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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 8, 2024

Company name: SYSTEM RESEARCH CO., LTD.
Stock exchange listing: Tokyo Stock Exchange
Code number: 3771
URL: https://www.sr-net.co.jp/
Representative: Hiroshi Hirayama, Representative Director and President
Contact: Yoshinobu Ohta, Operating Officer, General Manager, Public Relations Office
Phone: +81-52-413-6820
Scheduled date of ordinary general meeting of shareholders: June 25, 2024
Scheduled date of commencing dividend payments: June 4, 2024
Scheduled date of filing annual securities report: June 25, 2024
Availability of supplementary briefing materials on annual financial results: Available
Schedule of annual financial results briefing session: Scheduled (for investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	23,320	8.1	2,703	8.0	2,768	10.0	1,969	22.9
March 31, 2023	21,556	17.1	2,501	20.3	2,515	19.0	1,601	7.3

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥1,974 million [31.3%]
Fiscal year ended March 31, 2023: ¥1,502 million [2.1%]

	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, 2024	117.81	-	20.0	18.2	11.5
March 31, 2023	95.80	-	18.5	18.5	11.6

(Reference) Share of profit (loss) of entities accounted for using equity method
Fiscal year ended March 31, 2024: ¥- million
Fiscal year ended March 31, 2023: ¥- million

(Note) A two-for-one common share split was issued on April 1, 2024. Basic earnings per share is calculated on the assumption that the share split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	16,145	10,524	65.0	628.67
As of March 31, 2023	14,181	9,135	64.3	545.77

(Reference) Equity: As of March 31, 2024: ¥10,508 million
As of March 31, 2023: ¥9,123 million

(Note) A two-for-one common share split was issued on April 1, 2024. Net assets per share is calculated on the assumption that the share split was conducted at the beginning of the previous consolidated fiscal year.

(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	Million yen	Million yen	Million yen	Million yen
March 31, 2024	2,458	(926)	(546)	8,321
March 31, 2023	1,796	(273)	(501)	7,336

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	-	0.00	-	70.00	70.00	585	36.5	6.7
March 31, 2024	-	0.00	-	80.00	80.00	668	33.9	6.8
Fiscal year ending March 31, 2025 (Forecast)	-	0.00	-	40.00	40.00		30.4	

(Note) A two-for-one common share split was issued on April 1, 2024. For the fiscal year ended March 31, 2024, the actual dividend amount before the share split is shown.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2024	12,386	9.5	1,045	(11.8)	1,076	(10.9)	778	(13.4)	46.54
Full year	26,718	14.5	3,084	14.0	3,114	12.4	2,198	11.6	131.53

(Note) A two-for-one common share split was issued on April 1, 2024. “Basic earnings per share” in the consolidated financial results forecast is calculated based on the number of issued shares (excluding treasury shares) after the share split.

*** Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): No
Newly included: - (Company name)
Excluded: - (Company name)

(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: No
(ii) Changes in accounting policies due to other reasons: No
(iii) Changes in accounting estimates: No
(iv) Restatement: No

(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, 2024: 16,720,000 shares
As of March 31, 2023: 16,720,000 shares

(ii) Number of treasury shares at the end of the period:
As of March 31, 2024: 4,224 shares
As of March 31, 2023: 4,016 shares

(iii) Average number of shares during the period:
Fiscal year ended March 31, 2024: 16,715,873 shares
Fiscal year ended March 31, 2023: 16,716,032 shares

(Note) A two-for-one common share split was issued on April 1, 2024. Total number of issued shares at the end of the period (including treasury shares), number of treasury shares at the end of the period, and average number of shares during the period are calculated on the assumption that the share split was conducted at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	23,280	11.1	2,695	8.0	2,751	10.0	1,910	19.1
March 31, 2023	20,936	15.3	2,493	20.4	2,499	19.1	1,603	5.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	114.27	-
March 31, 2023	95.94	-

(Note) A two-for-one common share split was issued on April 1, 2024. Basic earnings per share is calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	16,088	10,476	65.1	626.75
As of March 31, 2023	14,131	9,150	64.7	547.39

(Reference) Equity: As of March 31, 2024: ¥10,476 million
As of March 31, 2023: ¥9,150 million

(Note) A two-for-one common share split was issued on April 1, 2024. Net assets per share is calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2024	12,364	9.5	1,074	(10.3)	776	(7.7)	46.46
Full year	26,675	14.5	3,108	12.9	2,195	14.9	131.32

(Note) A two-for-one common share split was issued on April 1, 2024. “Basic earnings per share” in the non-consolidated financial results forecast is calculated based on the number of issued shares (excluding treasury shares) after the share split.

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

(Notes on forward-looking statements, etc.)

The financial results forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not intend to guarantee that they will be achieved. In addition, actual results may differ significantly from these forecasts due to a wide range of factors. For the conditions assumed for the financial results forecast, precautions for the use of the financial results forecast, etc., please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 3 of the attachments.

(Access to supplementary briefing materials on annual financial results)

The Company will hold an annual financial results briefing session on Wednesday, May 22, 2024, for investors and securities analysts. The materials to be distributed at this session will be posted on the Company’s website immediately after it is held.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

During the fiscal year ended March 31, 2024, the Japanese economy continued on a moderate recovery trend due mainly to a steady recovery in the demand for inbound tourist following the normalization of economic activities and an increase in exports in the automotive industry, for which issues in supply shortages of parts have been resolved. Meanwhile, the outlook continues to remain uncertain due to the impact of disruptions to the global economy brought about by unstable international affairs, surging raw materials and energy prices, and soaring commodity prices in response to the depreciation of the Japanese yen.

In the information service industry, in which the Group operates, the industry's total net sales for February 2024 grew by 9.3% compared with a year earlier, according to the Ministry of Economy, Trade and Industry's Current Survey of Selected Service Industries. Sales of "Software Ordered," the main segment, increased by 10.6% year on year, sales of "Software Products" increased 10.3% year on year, and sales of "System Management on Commission" increased by 3.7% year on year. These results show that companies' IT investment demand continues to be strong amid the ongoing transformation of operation processes and business models utilizing digital transformation (DX) technology.

In this business environment, regarding the Group's net sales by business category in the period under review, net sales of SI Services Business, which centers on the development of corporate information systems, were 9,179 million yen (an increase of 11.6% year on year), due to steady IT investment demand from automotive related sectors in the manufacturing industry and the financial industry, which are the Company's major customer sectors in addition to increased orders for contract projects. Net sales of Software Development Business were 13,133 million yen (an increase of 5.9% year on year), as the Company was able to steadily acquire maintenance service contracts with existing customers. Net sales of Software Products Business were 355 million yen (an increase of 3.2% year on year), due mainly to sales of Simplex, sales and customers management software for the mail order business, and due to reactionary demand for the invoice system. Net sales of Merchandise Sales were 380 million yen (an increase of 4.7% year on year), due to purchase and sale of personal computers and IT devices as well as software products, among other items. Net sales of Website Administration and Cloud Services (SaaS) in other category were 272 million yen (an increase of 15.9% year on year), backed by growth in gross merchandise value (GMV) due to our effective advertising. In terms of earnings, the Company recorded stable profit as it successfully maintained a high operating rate of engineers due to increased volume of orders, increased net sales in SI services, which is a high-margin business, while also working to avoid generating unprofitable projects through project risk management (PRM) activities.

As a result, for the fiscal year ended March 31, 2024, net sales were 23,320 million yen (an increase of 8.1% year on year), with operating profit of 2,703 million yen (an increase of 8.0% year on year), ordinary profit of 2,768 million yen (an increase of 10.0% year on year), and profit attributable to owners of parent of 1,969 million yen (an increase of 22.9% year on year), on a consolidated basis.

(2) Overview of Financial Position for the Period Under Review

Total assets as of March 31, 2024 increased by 1,963 million yen year on year to 16,145 million yen, due to increases in cash and deposits, buildings and structures, among other factors.

Liabilities as of March 31, 2024 increased by 575 million yen year on year to 5,621 million yen, due to increases in provision for bonuses and other.

Net assets as of March 31, 2024 increased by 1,388 million yen year on year to 10,524 million yen, due to an increase in retained earnings, among other factors.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2024 amounted to 8,321 million yen, an increase of 985 million yen from 7,336 million yen as of March 31, 2023.

Cash flows from operating activities, investing activities, and financing activities and their major factors for the fiscal year ended March 31, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the period under review amounted to 2,458 million yen (while net cash provided by operating activities during the previous period amounted to 1,796 million yen) due primarily to the effect of the factors contributing to an increase in cash, such as profit before income taxes of 2,676 million yen, more than offsetting the effect of the factors contributing to a decrease in cash, such as income taxes paid of 751 million yen.

(Cash flows from investing activities)

Net cash used in investing activities during the period under review amounted to 926 million yen (while net cash used in investing activities during the previous period amounted to 273 million yen) due primarily to purchase of property, plant and equipment of 868 million yen, among other factors.

(Cash flows from financing activities)

Net cash used in financing activities during the period under review amounted to 546 million yen (while net cash used in financing activities during the previous period amounted to 501 million yen) due primarily to proceeds from long-term borrowings and short-term borrowings of 1,780 million yen, repayments of long-term borrowings and short-term borrowings of 1,741 million yen, and dividends paid of 585 million yen.

(4) Future Outlook

The Japanese economy is expected to continue to recover against, among other factors, a backdrop of stronger demand for capital investment through corporate performance improvement and the continued demand for inbound tourism. Meanwhile, its outlook is expected to remain uncertain due to concerns over the risk that the inflationary pressure arising from surging raw material prices, the slowdown of overseas economies, and the supply constraints resulting from labor shortages—a problem symbolic of 2024— will put downward pressure on the Japanese economy.

Even under these circumstances, regarding demand for companies' IT investment, investment demand for maintaining and enhancing their competitiveness is expected to continue steadily owing to factors such as improved operational efficiency and productivity utilizing DX technology, measures to tackle labor shortages, and the renewal of corporate legacy systems, among others.

Considering these factors, for the Group's consolidated financial results forecast for the fiscal year ending March 31, 2025, net sales of 26,718 million yen (an increase of 14.5% year on year) are expected. Operating profit of 3,084 million yen (an increase of 14.0% year on year), ordinary profit of 3,114 million yen (an increase of 12.4% year on year), and profit attributable to owners of parent of 2,198 million yen (an increase of 11.6% year on year) are also expected.

In addition, for the full-year non-consolidated financial results forecast, the Company projects net sales of 26,675 million yen (an increase of 14.5% year on year), operating profit of 3,088 million yen (an increase of 14.5% year on year), ordinary profit of 3,108 million yen (an increase of 12.9% year on year), and profit of 2,195 million yen (an increase of 14.9% year on year).

(5) Basic Policy for the Distribution of Profit and the Dividend Payout for the Period Under Review and the Next Period

The Company has stipulated in its Articles of Incorporation that matters such as dividends of surplus shall be determined by resolution of the Board of Directors and considers return of profit to its shareholders as an important capital policy. In addition, regarding the distribution of profit, the Company has made it a basic policy to strive to increase business revenue and improve its return on equity from a long-term perspective, and also to endeavor to enhance its equity, strengthen its financial structure and maintain a stable level of dividends to its shareholders over the long term, and determines the amount of dividends based on this policy.

For the period under review, the Company plans to pay an annual dividend of 80.00 yen per share as announced in its “Notice on Share Split, Partial Amendment to Articles of Incorporation, and Revisions to Dividend Forecast” (available in Japanese only) on January 31, 2024. Regarding the annual dividend forecast for the next period, the Company plans to split each of its common shares into two shares, effective April 1, 2024, whereupon it will pay an annual dividend of 40.00 yen per share.

2. Basic Approach Concerning Choice of Accounting Standards

The Company will continue to adopt Japanese GAAP for the time being because the Group currently operates within Japan only and has no overseas operations. However, the Company will consider applying the International Financial Reporting Standards (IFRS), taking account of future changes in the percentage of foreign shareholders and how other Japanese companies will respond as to the adoption of IFRS.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,371,297	8,326,378
Accounts receivable - trade	4,100,919	4,227,768
Contract assets	320,001	357,782
Merchandise	2,948	1,771
Supplies	6,397	6,497
Other	102,975	68,992
Allowance for doubtful accounts	(427)	-
Total current assets	11,904,112	12,989,191
Non-current assets		
Property, plant and equipment		
Buildings and structures	903,391	1,363,531
Accumulated depreciation	(528,826)	(551,624)
Buildings and structures, net	374,564	811,906
Land	746,460	1,133,800
Other	164,789	221,122
Accumulated depreciation	(142,870)	(141,782)
Other, net	21,919	79,340
Total property, plant and equipment	1,142,943	2,025,047
Intangible assets		
Goodwill	245,754	180,219
Software	137,156	159,966
Other	6,941	7,956
Total intangible assets	389,852	348,141
Investments and other assets		
Investment securities	13,489	15,849
Deferred tax assets	513,243	526,922
Other	218,118	240,586
Total investments and other assets	744,851	783,358
Total non-current assets	2,277,647	3,156,547
Total assets	14,181,759	16,145,739

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	885,608	945,181
Current portion of long-term borrowings	741,676	780,510
Income taxes payable	458,257	428,087
Provision for bonuses	1,130,038	1,266,018
Other	1,169,550	1,540,600
Total current liabilities	4,385,131	4,960,397
Non-current liabilities		
Long-term borrowings	661,036	661,086
Total non-current liabilities	661,036	661,086
Total liabilities	5,046,167	5,621,483
Net assets		
Shareholders' equity		
Share capital	550,150	550,150
Capital surplus	517,550	517,550
Retained earnings	8,050,238	9,434,561
Treasury shares	(1,252)	(1,571)
Total shareholders' equity	9,116,686	10,500,689
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,545	8,183
Total accumulated other comprehensive income	6,545	8,183
Non-controlling interests	12,360	15,382
Total net assets	9,135,592	10,524,256
Total liabilities and net assets	14,181,759	16,145,739

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	21,556,087	23,320,409
Cost of sales	16,740,363	17,962,956
Gross profit	4,815,724	5,357,453
Selling, general and administrative expenses	2,314,220	2,653,713
Operating profit	2,501,504	2,703,739
Non-operating income		
Interest income	16	17
Dividend income	542	164
Subsidy income	14,569	66,663
Dividend income of insurance	2,955	1,575
Other	4,397	5,351
Total non-operating income	22,481	73,771
Non-operating expenses		
Interest expenses	7,910	8,506
Other	261	18
Total non-operating expenses	8,171	8,525
Ordinary profit	2,515,813	2,768,986
Extraordinary income		
Gain on sale of non-current assets	76	-
Gain on sale of investment securities	2,260	-
Total extraordinary income	2,336	-
Extraordinary losses		
Loss on retirement of non-current assets	1,439	522
Loss on termination of retirement benefit plan	363,811	-
Impairment losses	-	91,814
Total extraordinary losses	365,251	92,337
Profit before income taxes	2,152,899	2,676,648
Income taxes - current	710,456	718,645
Income taxes - deferred	(161,673)	(14,401)
Total income taxes	548,783	704,243
Profit	1,604,116	1,972,404
Profit attributable to non-controlling interests	2,556	3,022
Profit attributable to owners of parent	1,601,559	1,969,382

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	1,604,116	1,972,404
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,076)	1,637
Remeasurements of defined benefit plans, net of tax	(100,102)	-
Total other comprehensive income	(101,179)	1,637
Comprehensive income	1,502,937	1,974,042
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,500,380	1,971,020
Comprehensive income attributable to non-controlling interests	2,556	3,022

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	550,150	517,550	6,950,163	(1,093)	8,016,769
Changes during period					
Dividends of surplus			(501,484)		(501,484)
Profit attributable to owners of parent			1,601,559		1,601,559
Purchase of treasury shares				(158)	(158)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,100,075	(158)	1,099,916
Balance at end of period	550,150	517,550	8,050,238	(1,252)	9,116,686

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,622	100,102	107,725	9,803	8,134,298
Changes during period					
Dividends of surplus					(501,484)
Profit attributable to owners of parent					1,601,559
Purchase of treasury shares					(158)
Net changes in items other than shareholders' equity	(1,076)	(100,102)	(101,179)	2,556	(98,622)
Total changes during period	(1,076)	(100,102)	(101,179)	2,556	1,001,294
Balance at end of period	6,545	-	6,545	12,360	9,135,592

For the fiscal year ended March 31, 2024

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	550,150	517,550	8,050,238	(1,252)	9,116,686
Changes during period					
Dividends of surplus			(585,059)		(585,059)
Profit attributable to owners of parent			1,969,382		1,969,382
Purchase of treasury shares				(319)	(319)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,384,323	(319)	1,384,003
Balance at end of period	550,150	517,550	9,434,561	(1,571)	10,500,689

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,545	-	6,545	12,360	9,135,592
Changes during period					
Dividends of surplus					(585,059)
Profit attributable to owners of parent					1,969,382
Purchase of treasury shares					(319)
Net changes in items other than shareholders' equity	1,637	-	1,637	3,022	4,660
Total changes during period	1,637	-	1,637	3,022	1,388,663
Balance at end of period	8,183	-	8,183	15,382	10,524,256

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,152,899	2,676,648
Depreciation	96,867	111,801
Amortization of goodwill	65,534	65,534
Loss on termination of retirement benefit plan	363,811	-
Increase (decrease) in allowance for doubtful accounts	43	(427)
Increase (decrease) in provision for bonuses	126,893	135,979
Increase (decrease) for retirement benefits asset liability	(46,334)	-
Interest and dividend income	(559)	(181)
Interest expenses	7,910	8,506
Gain on sale of non-current assets	(76)	-
Loss on retirement of non-current assets	1,439	522
Impairment losses	-	91,814
Gain on sales of investment securities	(2,260)	-
Decrease (increase) in trade receivables	(454,722)	(150,761)
Decrease (increase) in inventories	(2,193)	1,076
Increase (decrease) in trade payables	65,005	72,232
Decrease (increase) in other assets	(18,628)	(8,647)
Increase (decrease) in other liabilities	151,683	213,733
Subtotal	2,507,312	3,217,833
Interest and dividends received	559	181
Interest paid	(7,944)	(8,622)
Income taxes paid	(703,065)	(751,110)
Net cash provided by (used in) operating activities	1,796,861	2,458,282
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	30,000
Purchase of property, plant and equipment	(210,680)	(868,755)
Proceeds from sale of property, plant and equipment	76	-
Purchase of intangible assets	(79,748)	(87,950)
Proceeds from sale of investment securities	17,047	-
Refundment of investment in capital	10	-
Net cash provided by (used in) investing activities	(273,295)	(926,705)
Cash flows from financing activities		
Proceeds from short-term borrowings	880,000	880,000
Repayments of short-term borrowings	(880,000)	(880,000)
Proceeds from long-term borrowings	900,000	900,000
Repayments of long-term borrowings	(900,012)	(861,116)
Purchase of treasury shares	(158)	(319)
Dividends paid	(501,484)	(585,059)
Net cash provided by (used in) financing activities	(501,654)	(546,495)
Net increase (decrease) in cash and cash equivalents	1,021,911	985,081
Cash and cash equivalents at beginning of period	6,314,386	7,336,297
Cash and cash equivalents at end of period	7,336,297	8,321,378

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There are no relevant matters.

(Segment information, etc.)

The Group omits the description of business segments because it has only one segment, the software related business.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	545.77 yen	628.67 yen
Basic earnings per share	95.80 yen	117.81 yen

(Notes) 1. Diluted earnings per share is not presented because there are no potential shares.

2. On April 1, 2024, the Company performed a share split comprising splitting each of the Company's common shares into two shares. The figures for net assets per share and basic earnings per share have been calculated assuming that the share split was performed at the beginning of the fiscal year ended March 31, 2023.

3. The basis for the calculation of net assets per share is as follows:

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Total net assets on the consolidated balance sheets (thousand yen)	9,135,592	10,524,256
Deductions from total net assets (thousand yen)	12,360	15,382
Non-controlling interests included in the deductions (thousand yen):	(12,360)	(15,382)
Total net assets relating to common shares at end of period (thousand yen)	9,123,231	10,508,873
Number of common shares at end of period used for the calculation of net assets per share (shares)	16,715,984	16,715,776

4. The basis for the calculation of basic earnings per share is as follows:

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit attributable to owners of parent (thousand yen)	1,601,559	1,969,382
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent relating to common shares (thousand yen)	1,601,559	1,969,382
Average number of common shares during the period (shares)	16,716,032	16,715,873

(Material subsequent events)

(Share split and partial amendment to the Articles of Incorporation)

At a Board of Directors meeting held on January 31, 2024, the Company resolved to perform a share split and partially amend its Articles of Incorporation, with said share split executed on April 1, 2024.

1. Purpose of the share split

The share split aims at increasing the liquidity of the Company's shares through a reduced minimum investment amount to facilitate investment for investors and further expand the Company's investor base.

2. Overview of the share split

(1) Method

On the record date March 31, 2024, each of the Company's common shares held by shareholders listed or recorded in the closing register of shareholders on that day were split into two shares.

(2) Increases in shares upon the share split

- Total number of issued shares before the share split	8,360,000 shares
- Increase in shares due to the share split	8,360,000 shares
- Total number of issued shares after the share split	16,720,000 shares
- Total number of authorized shares after the share split	54,400,000 shares

(3) Schedule of share split

(i) Public notice of record date	March 14, 2024
(ii) Record date	March 31, 2024
(iii) Effective date	April 1, 2024

(4) Impact on per share information

The impact on per share information is reflected in "Per share information."

3. Partial amendment to the Articles of Incorporation for the share split

(1) Reason for the amendment

In line with the above share split, pursuant to Article 184, Paragraph 2 of the Companies Act, the Company amended the total number of authorized shares in Article 6 of its Articles of Incorporation effective April 1, 2024.

(2) Detail of the amendment

The amendment is as follows.

(Underlines indicate amended sections.)

Current Articles of Incorporation	Proposed amendment
(Total number of authorized shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>twenty-seven million and two hundred thousand (27,200,000)</u> shares.	(Total number of authorized shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>fifty-four million and four hundred thousand (54,400,000)</u> shares.

(3) Schedule of the amendment to the Articles of Incorporation

Effective date April 1, 2024

4. Other

Status of Production, Receipt of Orders, and Sales

(1) Production

The amount of production by business category for the fiscal year ended March 31, 2024 is as follows:

Business category	For the fiscal year ended March 31, 2024	
	Amount of production (million yen)	Change from the previous corresponding period (%)
SI Services Business	9,179	111.6
Software Development Business	13,133	105.9
Software Products Business	355	103.2
Other	272	115.9
Total	22,940	108.2

(Note) Amounts are presented based on sales prices.

(2) Outsourcing

The amount of outsourcing by business category for the fiscal year ended March 31, 2024 is as follows:

Business category	For the fiscal year ended March 31, 2024	
	Amount of outsourcing (million yen)	Change from the previous corresponding period (%)
SI Services Business	3,742	114.3
Software Development Business	5,344	104.3
Software Products Business	79	139.5
Other	0	64.7
Total	9,166	108.4

(3) Purchases

The amount of purchases by business category for the fiscal year ended March 31, 2024 is as follows:

Business category	For the fiscal year ended March 31, 2024	
	Amount of purchases (million yen)	Change from the previous corresponding period (%)
Merchandise Sales	308	102.2

(Note) Amounts are presented based on purchase prices.

(4) Receipt of Orders

The amount of orders received by business category for the fiscal year ended March 31, 2024 is as follows:

Business category	For the fiscal year ended March 31, 2024			
	Orders received (million yen)	Change from the previous corresponding period (%)	Backlog of orders (million yen)	Change from the previous corresponding period (%)
SI Services Business	9,508	115.8	2,309	116.5
Software Development Business	13,161	102.2	2,450	101.1
Software Products Business	375	108.2	126	119.6
Merchandise Sales	372	100.2	41	83.9
Total	23,418	107.4	4,927	108.1

(5) Sales

The amount of sales by business category for the fiscal year ended March 31, 2024 is as follows:

Business category	For the fiscal year ended March 31, 2024	
	Amount of sales (million yen)	Change from the previous corresponding period (%)
SI Services Business	9,179	111.6
Software Development Business	13,133	105.9
Software Products Business	355	103.2
Merchandise Sales	380	104.7
Other	272	115.9
Total	23,320	108.1

(Note) The amount of sales by major customer and the share of the sales in total sales are as follows:

Customer	For the fiscal year ended March 31, 2023		For the fiscal year ended March 31, 2024	
	Amount of sales (million yen)	Share (%)	Amount of sales (million yen)	Share (%)
TOYOTA SYSTEMS CORPORATION	3,187	14.7	3,742	16.0