

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: ITFOR Inc.
 Listing: Tokyo Stock Exchange Prime Market
 Securities code: 4743
 URL: <https://ir.itfor.co.jp/>
 Representative: Tsunenori Sato, President and Representative Director
 Inquiries: Katsuo Nakayama, Director and Executive Officer,
 General Manager of Administration Department
 Telephone: +81-(0)3-5275-7841
 Scheduled date of annual general meeting of shareholders: June 21, 2024
 Scheduled date to commence dividend payments: June 24, 2024
 Scheduled date to file securities report: June 21, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	20,652	12.7	3,737	16.2	3,846	17.3	2,770	20.9
March 31, 2023	18,322	7.6	3,217	6.1	3,278	5.5	2,291	8.5

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥3,289 million/43.1%
 For the fiscal year ended March 31, 2023: ¥2,298 million/12.5%

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	101.77	101.52	15.4	16.8	18.1
March 31, 2023	82.96	82.74	14.0	15.7	17.6

Reference: Equity in earnings of affiliates As of March 31, 2024: ¥20 million
 As of March 31, 2023: ¥14 million

Note: In calculating “Earnings per share” and “Diluted earnings per share”, the shares of the Company held by “Stock Grant Trust for Officers” are included in the treasury stock which is excluded in calculation of the average number of shares during the period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-total assets ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	23,996	18,836	78.5	695.75
March 31, 2023	21,667	17,167	79.1	618.80

Reference: Equity As of March 31, 2024: ¥18,830 million
 As of March 31, 2023: ¥17,145 million

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	2,836	(504)	(1,623)	11,505
March 31, 2023	1,714	(758)	(744)	10,796

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

2. Cash Dividends

	Annual dividends per share					Total cash dividends	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, 2023	---	0.00	---	30.00	30.00	835	36.2	5.1
Fiscal year ended March 31, 2024	---	0.00	---	40.00	40.00	1,088	39.3	6.1
Fiscal year ending March 31, 2025 (Forecast)	---	25.00	---	25.00	50.00		49.1	

Notes: 1. The total amount of dividends for the fiscal year ended March 31, 2023 includes dividends of ¥3 million paid to the shares of the Company held by “Stock Grant Trust for Officers”.

2. The total amount of dividends for the fiscal year ended March 31, 2024 includes dividends of ¥4 million paid to the shares of the Company held by “Stock Grant Trust for Officers”.

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,500	0.5	1,300	(22.6)	1,350	(21.6)	932	(21.6)	34.44
Full year	22,000	6.5	3,800	1.7	3,850	0.1	2,750	(0.7)	101.61

Note: In calculating “Earnings per share”, the shares of the Company held by “Stock Grant Trust for Officers” are included in the number of treasury stock which is excluded from the number of issued shares at the end of the period.

* Notes

(1) Changes in material subsidiaries during the period (changes in specified subsidiaries accompanying changes in scope of consolidation): None
 New: --- (Company Name:), Exclusion: --- (Company Name:)

(2) Changes in accounting policy and accounting estimates, and retrospective restatement
 1) Changes in the accounting policy in connection with revision of the accounting standards, etc.: None
 2) Changes in the accounting policy other than 1) above: None
 3) Changes in the accounting estimates: None
 4) Retrospective restatement: None

(3) Number of outstanding shares (common stock)
 1) Number of issued shares at the end of the period (including treasury stock):
 As of March 31, 2024: 28,611,900 shares
 As of March 31, 2023: 29,430,000 shares
 2) Number of shares of treasury stock at the end of period:
 As of March 31, 2024: 1,547,498 shares
 As of March 31, 2023: 1,722,504 shares
 3) Average number of shares outstanding during the period:
 Fiscal year ended March 31, 2024: 27,224,509 shares
 Fiscal year ended March 31, 2023: 27,622,120 shares

(Reference) Overview of Non-consolidated Financial Results

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

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	18,796	13.5	3,543	13.8	3,632	15.4	2,642	17.8
March 31, 2023	16,554	7.4	3,113	8.2	3,147	6.7	2,243	9.8

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	97.03	96.79
March 31, 2023	81.20	80.99

Note: In calculating “Earnings per share” and “Diluted earnings per share”, the shares of the Company held by “Stock Grant Trust for Officers” are included in the treasury stock which is excluded in calculation of the average number of shares during the period.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity-to-total assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	23,161	18,351	79.2	677.50
March 31, 2023	21,069	16,806	79.7	605.49

Reference: Equity As of March 31, 2024: ¥18,344 million
As of March 31, 2023: ¥16,784 million

* Financial results are not subject to audit by certified public accountants or auditing corporations.

* Appropriate use of the financial forecast and other matters

(Matters to be noted for statement about the future)

Forward-looking statements such as forecasts of financial results in this material are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and does not make assurances of the achievement thereof by the Company. Also, actual financial results may differ significantly due to various factors. For the conditions constituting the precondition of the forecast of financial results and the matters to be noted in using the forecast of financial results, refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on p.4 of the attached materials.

(How to obtain financial results briefing materials)

A financial results briefing for institutional investors and analysts is scheduled to be held on May 9, 2024 and will be live-streamed. A video of the day’s financial results briefing and financial results briefing materials will be posted on the Company’s IR website at a later date. (<https://ir.itfor.co.jp>)

○ Contents of Attachment

1. Overview of Operating Results, etc.....	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review	3
(4) Future Outlook	4
(5) Material Events Regarding Going Concern Assumption	4
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Major Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income	8
Consolidated Income Statement.....	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statements of Changes in Equity	10
(4) Consolidated Statements of Cash Flows	12
(5) Explanatory Notes to Consolidated Financial Statements.....	13
(Notes on Going Concern Assumption).....	13
(Changes in the Presentation Method).....	13
(Consolidated Statement of Cash Flows).....	13
(Segment Information).....	14
(Per Share Information)	17
(Significant Subsequent Events).....	17
(Status of Production, Orders, and Sales)	18

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

Overview of Business Results for the Fiscal Year under Review

For the current fiscal year (from April 1, 2023 to March 31, 2024), the Japanese economy saw a gradual recovery evidenced by moderate year-on-year GDP growth, with COVID-19 reclassified to a Class 5 infectious disease under the Infectious Diseases Control Law and socio-economic activities returning to normalcy in the wake of the pandemic. On the other hand, the outlook remains uncertain due to fluctuations in exchange rates and resource and energy prices, and concerns about a slowdown in private consumption stemming from inflation.

In these circumstances, ITFOR Inc. (the “Company”) and its consolidated subsidiaries (together with the Company, the “Company Group”) formulated the Medium-Term Management Plan for FY2021 through FY2023 (the “Plan”) and has promoted business activities in order to achieve the Plan, aiming at realizing sustainable growth with the “ability to be close to customers”, focusing on the three pillars of reinforcing the management base, enhancing profitability and advancing ESG management.

In the domestic IT service industry that surrounds the Company Group, the need for digitalization that realizes “contactless” and “non-face-to-face” remains strong, and companies continue to show a strong willingness to invest, mainly in DX (digital transformation) that transforms business processes and business models by utilizing digital technologies such as AI and blockchain.

As for our sales activities, mainly for financial institutions, in addition to stable orders for our flagship delinquent loan management system, sales of and addition of new functions to a product, which combines our personal loan operation support system “SCOPE” and the web-based loan application system “WELCOME” that enables non-face-to-face operations, remained solid on the back of high competitiveness in the market. These systems contribute to reducing time spent on credit screening while achieving environmental benefits by reducing the number of paper application forms and digitizing contract documents. Further, sales of “Robotic Call”, an unmanned system for delinquent loan reminders, were robust with expanding user base. In addition, as a result of strong orders for business process outsourcing (BPO) services for the public sector, new orders were ¥21,952 million (118.2% on a year-on-year basis) and orders backlogs were ¥16,599 million (108.5% on a year-on-year basis), both significantly surpassed the results in the same period of the previous fiscal year. We achieved an increase in sales due to increased sales to financial institutions, as well as increased sales of communications systems used in societal infrastructure and payment terminals.

In terms of the financial results, we succeeded in reducing cost of sales including outsourcing processing fees through promotion of in-house development as an initiative for improving gross margins. Selling, general and administrative expenses increased to ¥4,015 million (114.2% on a year-on-year basis) as a result of focusing on human resources investments such as increases in personnel expenses along with a wage revision in April 2023 and increases in hiring and training expenses. Meanwhile, we have made corporate efforts to absorb the increase in expenses by strengthening of our business activities aimed at increasing orders and net sales.

As a result, the financial results for the current fiscal year were net sales of ¥20,652 million (112.7% on a year-on-year basis), operating income of ¥3,737 million (116.2% on a year-on-year basis), ordinary income of ¥3,846 million (117.3% on a year-on-year basis), and net income attributable to owners of the parent of ¥2,770 million (120.9% on a year-on-year basis), recording an increase in both sales and profit for the seventh consecutive year.

Financial results by reporting segment are as follows:

(System Development and Sales)

Sales have been solid through our core businesses of software development for financial institutions, particularly for the personal loan operation support system, and expansion of new transactions, such as for the renewal of infrastructure equipment. In addition, sales of multi-payment terminals “iRITSpay Payment Terminal” also remained strong. Furthermore, sales of communications systems for use in societal infrastructure also increased. As a result, new orders were ¥11,927 million (106.8% on a year-on-year basis), net sales were ¥12,117 million (114.2% on a year-on-year basis), and segment income was ¥1,994 million (112.2% on a year-on-year basis).

(Recurring Business)

In addition to maintenance services that are a stable source of earnings, BPO services for the public sector, mainly for ordinance-designated cities and core cities, have continued to be strong, with additional orders from existing contract customers and sales from new customers. As a result, new orders were ¥10,024 million (135.5% on a year-on-year basis), net sales were ¥8,534 million (110.7% on a year-on-year basis), and segment income was ¥1,743 million (121.1% on a year-on-year basis).

(2) Overview of Financial Position for the Fiscal Year under Review

Assets, Liabilities and Net Assets

Total assets as of the end of the current fiscal year were ¥23,996 million, an increase of ¥2,328 million as compared with the end of the previous fiscal year. Current assets were ¥19,498 million, an increase of ¥1,821 million. This was mainly due to increases in notes, accounts receivable-trade and contract assets of ¥878 million and in cash and deposits of ¥759 million. Fixed assets were ¥4,497 million, an increase of ¥507 million. This was mainly due to a decrease in deferred tax assets of ¥148 million, offset by an increase in investment securities of ¥708 million mainly as a result of mark-to-market revaluations.

Total liabilities as of the end of the current fiscal year were ¥5,159 million, an increase of ¥659 million as compared with the end of the previous fiscal year. Current liabilities were ¥4,878 million, an increase of ¥635 million. This was mainly due to a decrease in accounts payable-trade of ¥174 million, offset by increases in contract liabilities of ¥299 million, in other current liabilities of ¥283 million, and in corporate income tax and other taxes payable of ¥133 million. Fixed liabilities were ¥280 million, an increase of ¥24 million.

Net assets as of the end of the current fiscal year were ¥18,836 million, an increase of ¥1,668 million as compared with the end of the previous fiscal year. This was mainly due to a decrease of ¥835 million as a result of dividend payment from retained earnings, offset by an increase of ¥2,770 million due to the recording of net income attributable to owners of the parent.

As a result, the equity-to-total assets ratio was 78.5% from 79.1% as of the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “Funds”) as of the end of the current fiscal year were ¥11,505 million, an increase of ¥709 million as compared with the end of the previous fiscal year. The status of each cash flow and their factors for the current fiscal year are as follows:

(Cash Flow from Operating Activities)

Funds provided by operating activities were ¥2,836 million (165.5% on a year-on-year basis). The major factors contributing to the increase were net income before taxes of ¥3,849 million and depreciation of ¥326 million, and the major factors contributing to the decrease were corporate income tax and other taxes paid of ¥1,056 million, an increase in trade receivables of ¥874 million, and a decrease in trade payables of ¥174 million.

(Cash Flow from Investing Activities)

Funds used for investing activities were ¥504 million (66.5% on a year-on-year basis). The major factors contributing to the decrease were purchase of tangible fixed assets of ¥231 million and purchase of intangible fixed assets of ¥172 million.

(Cash Flow from Financing Activities)

Funds used for financing activities were ¥1,623 million (218.1% on a year-on-year basis). The factor contributing to the increase was proceeds from disposal of treasury stock of ¥112 million, and the factors contributing to the decrease were purchase of treasury stock of ¥900 million and dividends paid of ¥835 million.

[Reference] Cash Flows Indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity-to-total assets ratio	76.8	75.2	77.9	79.1	78.5
Equity-to-total assets ratio on a market price basis	94.8	121.8	108.4	110.1	153.5

Equity-to-total assets ratio: equity / total assets

Equity-to-total assets ratio on a market price basis: market capitalization / total assets

Notes: 1. The benchmarks are calculated based on consolidated financial figures.

2. Market capitalization is calculated based on the number of shares outstanding excluding treasury stock.

(4) Future Outlook

The Company Group has formulated the Medium-Term Management Plan for FY2024 through FY2026 (the “New Plan”), with the final year’s goals of net sales of ¥28,000 million, operating income of ¥4,800 million and ROE and ROIC of 15% or higher.

In the next fiscal year, which will be the first year of the New Plan, the Company Group will work to expand its business portfolio to achieve these targets. The Company forecasts consolidated net sales of ¥22,000 million (106.5% on a year-on-year basis), operating income of ¥3,800 million (101.7% on a year-on-year basis), ordinary income of ¥3,850 million (100.1% on a year-on-year basis), and net income attributable to owners of the parent of ¥2,750 million (99.3% on a year-on-year basis). The above forecasts and other forward-looking statements are based on information currently available to the Company and certain assumptions that the Company deems reasonable. However, actual financial results may differ significantly due to various factors, and the forecasts themselves are subject to change.

(5) Material Events Regarding Going Concern Assumption

No applicable matter.

2. Basic Approach to the Selection of Accounting Standards

For the time being, the Company Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and intercompany comparability. Our policy is to respond appropriately to the application of IFRS (International Financial Reporting Standards), taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	3,597,047	4,356,350
Notes, accounts receivable-trade and contract assets	3,660,860	4,539,168
Securities	9,499,685	9,599,513
Inventories	616,190	686,100
Other current assets	302,752	317,256
Total current assets	17,676,536	19,498,389
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,185,973	985,596
Accumulated depreciation	(851,745)	(613,921)
Buildings and structures, net	334,227	371,674
Machinery, equipment and vehicles	19,565	31,593
Accumulated depreciation	(19,565)	(14,702)
Machinery, equipment and vehicles, net	0	16,891
Land	149,565	149,565
Construction in progress	185,107	25,156
Other	1,288,666	1,325,852
Accumulated depreciation	(1,054,483)	(1,056,212)
Other, net	234,183	269,640
Total tangible fixed assets	903,083	832,927
Intangible fixed assets		
Goodwill	61,577	7,437
Other	393,891	423,513
Total intangible fixed assets	455,468	430,950
Investments and other assets		
Investment securities	1,770,808	2,479,046
Deferred tax assets	248,163	99,833
Other	613,372	655,215
Total investments and other assets	2,632,344	3,234,095
Total fixed assets	3,990,896	4,497,973
Total assets	21,667,433	23,996,362

(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	1,361,709	1,187,216
Corporate income tax and other taxes payable	614,638	748,346
Provision for bonuses	547,334	640,650
Contract liabilities	717,642	1,017,321
Other current liabilities	1,001,834	1,285,257
Total current liabilities	4,243,160	4,878,791
Fixed liabilities		
Liabilities for retirement benefit	202,707	209,214
Provision for stock-based remuneration	38,850	67,414
Long-term payables	4,278	4,278
Other fixed liabilities	10,767	---
Total fixed liabilities	256,602	280,906
Total liabilities	4,499,762	5,159,698
Net assets		
Shareholders' equity		
Capital stock	1,124,669	1,124,669
Capital surplus	1,367,439	1,221,189
Retained earnings	15,403,603	16,798,657
Treasury stock	(1,179,155)	(1,261,612)
Total shareholders' equity	16,716,556	17,882,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	428,436	952,183
Deferred gains or losses on hedges	1,158	2
Accumulated adjustment for retirement benefits	(871)	(5,046)
Total accumulated other comprehensive income	428,723	947,139
Subscription rights to shares	22,390	6,622
Total net assets	17,167,670	18,836,664
Total liabilities and net assets	21,667,433	23,996,362

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement

(Unit: thousand yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Net sales	18,322,382	20,652,793
Cost of sales	11,587,396	12,899,218
Gross profit on sales	6,734,985	7,753,575
Selling, general and administrative expenses	3,517,417	4,015,893
Operating income	3,217,567	3,737,681
Non-operating income		
Interest income	3,737	3,616
Dividend income	56,315	58,964
Gain on sale of investment securities	2,561	---
Equity in earnings of affiliates	14,203	20,970
Miscellaneous income	35,194	39,194
Total non-operating income	112,011	122,746
Non-operating expenses		
Commissions fee	5,847	7,619
Loss on retirement of fixed assets	13,543	2,699
Loss on valuation of investment securities	17,861	---
Loss on sale of investment securities	2,125	---
Loss on valuation of membership	10,646	---
Miscellaneous losses	1,334	3,618
Total non-operating expenses	51,357	13,937
Ordinary income	3,278,222	3,846,490
Extraordinary income		
Gain on reversal of subscription rights to shares	5,362	2,750
Total extraordinary income	5,362	2,750
Net income before taxes	3,283,584	3,849,240
Corporate income taxes - current	1,043,560	1,114,790
Corporate income taxes - deferred	(51,450)	(36,203)
Total corporate income taxes	992,109	1,078,587
Net income	2,291,474	2,770,652
Net income attributable to owners of the parent	2,291,474	2,770,652

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Net income	2,291,474	2,770,652
Other comprehensive income		
Valuation difference on available-for-sale securities	4,573	523,528
Deferred gains or losses on hedges	1,158	(1,156)
Adjustment for retirement benefits	843	(4,175)
Share of other comprehensive income of affiliates accounted for by the equity method	(6)	218
Total other comprehensive income	6,569	518,415
Comprehensive income	2,298,043	3,289,068
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,298,043	3,289,068
Comprehensive income attributable to non-controlling interests	---	---

(3) Consolidated Statements of Changes in Equity

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	1,124,669	1,359,266	13,943,432	(1,270,459)	15,156,908
Changes during period					
Dividends of surplus			(831,302)		(831,302)
Net income attributable to owners of the parent			2,291,474		2,291,474
Disposal of treasury stock		8,172		91,303	99,476
Net changes in items other than shareholders' equity					
Total changes during period	---	8,172	1,460,171	91,303	1,559,647
Balance at the end of period	1,124,669	1,367,439	15,403,603	(1,179,155)	16,716,556

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	423,869	---	(1,715)	422,154	27,867	15,606,930
Changes during period						
Dividends of surplus						(831,302)
Net income attributable to owners of the parent						2,291,474
Disposal of treasury stock						99,476
Net changes in items other than shareholders' equity	4,566	1,158	843	6,569	(5,477)	1,092
Total changes during period	4,566	1,158	843	6,569	(5,477)	1,560,740
Balance at the end of period	428,436	1,158	(871)	428,723	22,390	17,167,670

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	1,124,669	1,367,439	15,403,603	(1,179,155)	16,716,556
Changes during period					
Dividends of surplus			(835,313)		(835,313)
Net income attributable to owners of the parent			2,770,652		2,770,652
Purchase of treasury stock				(900,027)	(900,027)
Disposal of treasury stock		(10,785)		141,820	131,035
Cancellation of treasury stock		(675,750)		675,750	---
Transfer from retained earnings to capital surplus		540,285	(540,285)		---
Net changes in items other than shareholders' equity					
Total changes during period	---	(146,250)	1,395,053	(82,456)	1,166,346
Balance at the end of period	1,124,669	1,221,189	16,798,657	(1,261,612)	17,882,902

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	428,436	1,158	(871)	428,723	22,390	17,167,670
Changes during period						
Dividends of surplus						(835,313)
Net income attributable to owners of the parent						2,770,652
Purchase of treasury stock						(900,027)
Disposal of treasury stock						131,035
Cancellation of treasury stock						---
Transfer from retained earnings to capital surplus						---
Net changes in items other than shareholders' equity	523,747	(1,156)	(4,175)	518,415	(15,767)	502,647
Total changes during period	523,747	(1,156)	(4,175)	518,415	(15,767)	1,668,994
Balance at the end of period	952,183	2	(5,046)	947,139	6,622	18,836,664

(4) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Cash flow from operating activities		
Net income before taxes	3,283,584	3,849,240
Depreciation	362,260	362,415
Amortization of goodwill	54,139	54,139
Stock-based compensation	13,525	5,627
Increase (decrease) in provision for bonuses	16,691	93,315
Increase (decrease) in liabilities for retirement benefit	2,272	464
Increase (decrease) in provision for stock-based remuneration	23,310	28,564
Loss (gain) on sale of investment securities	(436)	---
Interest income and dividend income	(60,052)	(62,580)
Equity in (earnings) losses of affiliates	(14,203)	(20,970)
Loss (gain) on valuation of investment securities	17,861	---
Loss on retirement of fixed assets	13,543	2,699
Loss on valuation of membership	10,646	---
Gain on reversal of subscription rights to shares	(5,362)	(2,750)
Decrease (increase) in trade receivables	(1,037,986)	(874,721)
Decrease (increase) in inventories	55,424	(69,909)
Increase (decrease) in trade payables	414,706	(174,493)
Other	(287,702)	675,034
Subtotal	2,862,222	3,830,074
Interest and dividends received	60,153	62,580
Corporate income tax and other taxes paid	(1,208,031)	(1,056,011)
Net cash provided by operating activities	1,714,343	2,836,642
Cash flow from investing activities		
Payments into time deposits	(100,000)	---
Net decrease (increase) in securities	(100,001)	(99,996)
Purchase of tangible fixed assets	(358,583)	(231,423)
Purchase of intangible fixed assets	(184,330)	(172,717)
Purchase of investment securities	(101,932)	(953)
Proceeds from sale of investment securities	103,318	---
Net decrease (increase) in loans	8,250	---
Other	(25,501)	740
Net cash provided by investing activities	(758,781)	(504,350)
Cash flow from financing activities		
Purchase of treasury stock	---	(900,027)
Proceeds from disposal of treasury stock	85,835	112,414
Dividends paid	(830,206)	(835,570)
Net cash provided by financing activities	(744,370)	(1,623,184)
Increase (decrease) in cash and cash equivalents	211,191	709,107
Cash and cash equivalents at beginning of period	10,585,599	10,796,791
Cash and cash equivalents at the end of period	* 10,796,791	* 11,505,898

(5) Explanatory Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

No applicable matter.

(Changes in the Presentation Method)

(Consolidated statements of income)

The “miscellaneous income” that was contained in “other non-operating income” under “non-operating income”, and the “miscellaneous losses” that were contained in “other non-operating expenses” under “non-operating expenses” during the previous fiscal year became material in terms of amount, and are therefore listed separately from the current fiscal year.

For the previous fiscal year, “miscellaneous income” was ¥35,194 thousand and “miscellaneous losses” were ¥1,334 thousand.

(Consolidated Statements of Cash Flows)

* Cash and cash equivalents at the end of period in the consolidated statement of cash flows are reconciled to the amounts of accounts in the consolidated balance sheet as follows:

	(Unit: thousand yen)	
	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Cash and deposits account	3,597,047	4,356,350
Other in investments and other assets (long-term deposits)	50,000	---
Securities account	9,499,685	9,599,513
Total	13,146,732	13,955,864
Time deposits with a deposit period of over three months	(150,000)	(150,000)
Securities and investment securities with maturities exceeding three months	(2,199,941)	(2,299,965)
Cash and cash equivalents	10,796,791	11,505,898

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company Group are components of the Company Group for which separate financial information is available, and which are subject to review by the Board of Directors on a regular basis to determine the allocation of management resources and evaluate performance.

The Company Group is composed of segments classified based on the business characteristics of products and services, and has two reportable segments: “System Development and Sales” and “Recurring Business”.

(2) Types of products and services that belong to each reportable segment

“System Development and Sales” segment mainly engages in the sale of system equipment, and provides integrated services ranging from design and development to implementation and installation related to software and system infrastructure networks.

“Recurring Business” segment mainly provides software maintenance, hardware maintenance and operation, cloud, and BPO services.

2. Calculation method for net sales, income or loss, assets, liabilities, and other amounts for each reportable segment

The accounting methods for the reportable segments are, in general, the same as those described in the “Basis of preparation of consolidated financial statements”.

The income of each reportable segment is an amount based on operating income.

Intersegment sales or transfers are based on prevailing market prices.

3. Information on net sales, income or loss, and other amounts by reportable segment

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: thousand yen)

	Reportable segment			Adjustment (Note)	Amount recorded in the Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	10,611,902	7,710,480	18,322,382	---	18,322,382
Intersegment sales or transfers	7,049	2,845	9,894	(9,894)	---
Total	10,618,951	7,713,325	18,332,276	(9,894)	18,322,382
Segment income	1,778,146	1,439,421	3,217,567	---	3,217,567
Segment assets	3,248,096	2,371,947	5,620,044	16,047,389	21,667,433
Other items					
Depreciation	181,169	181,091	362,260	---	362,260
Increase in tangible fixed assets and intangible fixed assets	224,170	323,071	547,242	---	547,242

Note: Adjustments are as follows.

Adjustment of segment assets of ¥16,047,389 thousand includes corporate assets that are not allocated to each reportable segment and consist mainly of surplus funds under management (cash and deposits, and securities) and long-term investment funds (investment securities).

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Reportable segment			Adjustment (Note)	Amount recorded in the Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	12,117,864	8,534,929	20,652,793	---	20,652,793
Intersegment sales or transfers	8,002	2,240	10,242	(10,242)	---
Total	12,125,866	8,537,169	20,663,035	(10,242)	20,652,793
Segment income	1,994,211	1,743,470	3,737,681	---	3,737,681
Segment assets	3,455,547	2,527,136	5,982,684	18,013,678	23,996,362
Other items					
Depreciation	122,912	203,502	326,415	---	326,415
Increase in tangible fixed assets and intangible fixed assets	195,433	185,730	381,163	---	381,163

Note: Adjustments are as follows.

Adjustment of segment assets of ¥18,013,678 thousand includes corporate assets that are not allocated to each reportable segment and consist mainly of surplus funds under management (cash and deposits, and securities) and long-term investment funds (investment securities).

[Related information]

1. Information by product and service

Previous fiscal year (from April 1, 2022 to March 31, 2023) and current fiscal year (from April 1, 2023 to March 31, 2024)

Information by product and service is omitted, because similar information is provided in Segment Information.

2. Information by geographical area

(1) Net sales

Previous fiscal year (from April 1, 2022 to March 31, 2023) and current fiscal year (from April 1, 2023 to March 31, 2024)

No applicable matter.

(2) Tangible fixed assets

Previous fiscal year (from April 1, 2022 to March 31, 2023) and current fiscal year (from April 1, 2023 to March 31, 2024)

No applicable matter since there are no tangible fixed assets located outside of Japan.

3. Information by major customers

Previous fiscal year (from April 1, 2022 to March 31, 2023) and current fiscal year (from April 1, 2023 to March 31, 2024)

Because there are no customers that account for over 10% of sales stated in the consolidated statements of income for sales to external customers, this information is omitted.

[Information on impairment loss on fixed assets by reportable segment]

Previous fiscal year (from April 1, 2022 to March 31, 2023) and current fiscal year (from April 1, 2023 to March 31, 2024)

No applicable matter.

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

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: thousand yen)

	Reportable segment			Corporate and elimination	Total
	System Development and Sales	Recurring Business	Total		
Goodwill amortization in the fiscal year	24,389	29,750	54,139	---	54,139
Balance at the end of period	24,389	37,187	61,577	---	61,577

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Reportable segment			Corporate and elimination	Total
	System Development and Sales	Recurring Business	Total		
Goodwill amortization in the fiscal year	24,389	29,750	54,139	---	54,139
Balance at the end of period	---	7,437	7,437	---	7,437

[Information on gains incurred from negative goodwill by reportable segment]

Previous fiscal year (from April 1, 2022 to March 31, 2023) and current fiscal year (from April 1, 2023 to March 31, 2024)

No applicable matter.

(Per Share Information)

Previous fiscal year (from April 1, 2022 to March 31, 2023)		Current fiscal year (from April 1, 2023 to March 31, 2024)	
Net assets per share	¥618.80	Net assets per share	¥695.75
Earnings per share	¥82.96	Earnings per share	¥101.77
Diluted earnings per share	¥82.74	Diluted earnings per share	¥101.52

Notes: 1. In calculating “Net assets per share”, the shares of the Company held by “Stock Grant Trust for Officers” are included in the number of treasury stock, which is excluded from the number of issued shares at the end of the period (123,796 shares in the previous fiscal year and 123,796 shares in the current fiscal year).

In calculating “Earnings per share”, these shares are included in the treasury stock which is excluded in calculation of the average number of shares during the period (123,796 shares in the previous fiscal year and 123,796 shares in the current fiscal year).

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

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Earnings per share		
Net income attributable to owners of the parent (thousand yen)	2,291,474	2,770,652
Amount not attributable to common stockholders (thousand yen)	---	---
Net income attributable to common stockholders of the parent (thousand yen)	2,291,474	2,770,652
Average number of shares during the period	27,622,120	27,224,509
Diluted earnings per share		
Adjustment of net income attributable to owners of the parent (thousand yen)	---	---
Increase in common stock (shares)	71,965	67,744
(Of which, subscription rights to shares)	(71,965)	(67,744)
Overview of latent shares that were not included in the calculation of diluted earnings per share because they have no dilutive effects	No applicable matter.	No applicable matter.

(Significant Subsequent Events)

No applicable matter.

(Status of Production, Orders, and Sales)

(1) Purchases

The purchase results by segment for the current fiscal year are as follows.

Item	Current fiscal year (from April 1, 2023 to March 31, 2024)	YoY change (%)
System Development and Sales (thousand yen)	3,958,299	127.0
Recurring Business (thousand yen)	---	---
Total (thousand yen)	3,958,299	127.0

- Notes: 1. There are no intersegment transactions.
2. The above amounts do not include consumption taxes.

(2) Orders received

The status of orders received by segment in the current fiscal year are as follows.

Item	Current fiscal year (from April 1, 2023 to March 31, 2024)			
	New orders (thousand yen)	YoY change (%)	Order backlogs (thousand yen)	YoY change (%)
System Development and Sales	11,927,832	106.8	6,546,486	97.2
Recurring Business	10,024,867	135.5	10,053,481	117.4
Total	21,952,699	118.2	16,599,967	108.5

- Notes: 1. Intersegment transactions are offset and eliminated.
2. The above amounts do not include consumption taxes.

(3) Sales

The sales results by segment for the current fiscal year are as follows.

Item	Current fiscal year (from April 1, 2023 to March 31, 2024)	YoY change (%)
System Development and Sales (thousand yen)	12,117,864	114.2
Recurring Business (thousand yen)	8,534,929	110.7
Total (thousand yen)	20,652,793	112.7

- Notes: 1. Intersegment transactions are offset and eliminated.
2. The above amounts do not include consumption taxes.