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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 10, 2023

Company name: SYSTEM RESEARCH CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3771

URL: <https://www.sr-net.co.jp/>

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Scheduled date of ordinary general meeting of shareholders: June 23, 2023

Scheduled date of commencing dividend payments: June 6, 2023

Scheduled date of filing annual securities report: June 23, 2023

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, 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	21,556	17.1	2,501	20.3	2,515	19.0	1,601	7.3
March 31, 2022	18,405	13.9	2,078	32.6	2,113	32.9	1,492	36.9

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

Fiscal year ended March 31, 2022: ¥1,471 million [15.9 %]

	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	191.61	-	18.5	18.5	11.6
March 31, 2022	178.52	-	19.5	17.5	11.2

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2023: ¥- million

Fiscal year ended March 31, 2022: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	14,181	9,135	64.3	1,091.55
As of March 31, 2022	12,884	8,134	63.0	972.05

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

As of March 31, 2022: ¥8,124 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	Million yen	Million yen	Million yen	Million yen
March 31, 2023	1,796	(273)	(501)	7,336
March 31, 2022	1,287	(254)	(526)	6,314

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, 2022	-	0.00	-	60.00	60.00	501	33.6	6.5
March 31, 2023	-	0.00	-	70.00	70.00	585	36.5	6.7
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	70.00	70.00		32.1	

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

(% 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, 2023	10,948	4.3	803	(24.8)	803	(24.8)	580	21.4	69.41
Full year	23,815	10.4	2,516	0.5	2,542	1.0	1,817	13.4	217.47

* 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, 2023: 8,360,000 shares
As of March 31, 2022: 8,360,000 shares
 - (ii) Number of treasury shares at the end of the period:
As of March 31, 2023: 2,008 shares
As of March 31, 2022: 1,928 shares
 - (iii) Average number of shares during the period:
Fiscal year ended March 31, 2023: 8,358,016 shares
Fiscal year ended March 31, 2022: 8,358,072 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	20,936	15.3	2,493	20.4	2,499	19.1	1,603	5.1
March 31, 2022	18,158	12.4	2,070	32.6	2,098	32.8	1,525	40.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	191.89	-
March 31, 2022	182.50	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	14,131	9,150	64.7	1,094.78
March 31, 2022	12,653	8,049	63.6	963.02

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

As of March 31, 2022: ¥8,049 million

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

(% indicates changes from the previous corresponding period.)

Six months ending	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
September 30, 2023	10,934	7.3	801	(23.6)	578	23.2	69.25
Full year	23,786	13.6	2,535	1.4	1,814	13.1	217.04

* 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 17, 2023, 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, 2023, the Japanese economy stayed on a path of moderate recovery due to the effects of various measures such as the government's support for domestic tourism and the relaxation of entry restrictions on foreign tourists, amid the ongoing normalization of economic and social activities as restrictions on movement were relaxed in the context of living with COVID-19. Meanwhile, its outlook remains uncertain due to surging raw materials and energy prices, constrained supply of components resulting from supply chain disruptions, the depreciation of the Japanese yen at a record pace, and fluctuations of financial and capital markets, among other factors.

In the information service industry, in which the Group operates, the industry's total net sales for February 2023 grew by 3.2% compared with a year earlier, marking a year-on-year increase for 11 months in a row, according to the Current Survey of Selected Service Industries of the Ministry of Economy, Trade and Industry. Specifically, sales of "Software Ordered," the main segment, increased by 6.1% year on year, while sales of "Software Products" and "System Management on Commission" decreased by 8.9% and 0.5%, respectively, year on year. These results show that sales increased in some types of information service but decreased in others, although 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 8,220 million yen (an increase of 14.3% year on year), due to increased orders for contract projects from the manufacturing industry and the financial industry, its major customer sectors. Net sales of Software Development Business were 12,393 million yen (an increase of 19.3% year on year), as the Company was able to steadily acquire maintenance service contracts with existing customers and also made General Software Corporation a subsidiary in January 2022. Net sales of Software Products Business were 343 million yen (an increase of 8.7% year on year), due to sales of Simplex, sales and customers management software for the mail order business, among other factors. Net sales of Merchandise Sales were 363 million yen (an increase of 18.9% 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 234 million yen (an increase of 12.4% year on year), backed by an increase in the number of new on-line shop openings and a growth in gross merchandise value (GMV). 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, while also working to avoid generating unprofitable projects through project risk management (PRM) activities. Meanwhile, the Company transitioned from the defined benefit corporate pension plan to the defined contribution pension plan and accordingly recorded loss on termination of retirement benefit plan of 363 million yen under extraordinary losses.

As a result, for the fiscal year ended March 31, 2023, net sales were 21,556 million yen (an increase of 17.1% year on year), with operating profit of 2,501 million yen (an increase of 20.3% year on year), ordinary profit of 2,515 million yen (an increase of 19.0% year on year), and profit attributable to owners of parent of 1,601 million yen (an increase of 7.3% year on year), on a consolidated basis.

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

Total assets as of March 31, 2023 increased by 1,297 million yen year on year to 14,181 million yen, due to increases in cash and deposits and accounts receivable - trade, among other factors.

Liabilities as of March 31, 2023 increased by 295 million yen year on year to 5,046 million yen, due to increases in provision for bonuses and other.

Net assets as of March 31, 2023 increased by 1,001 million yen year on year to 9,135 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, 2023 amounted to 7,336 million yen, an increase of 1,021 million yen from 6,314 million yen as of March 31, 2022.

Cash flows from operating activities, investing activities, and financing activities and their major factors for the fiscal year ended March 31, 2023 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the period under review amounted to 1,796 million yen (while net cash provided by operating activities during the previous period amounted to 1,287 million yen) due primarily to the effect of the factors contributing to an increase in cash, such as profit before income taxes of 2,152 million yen and loss on termination of retirement benefit plan of 363 million yen, more than offsetting the effect of the factors contributing to a decrease in cash, such as a decrease of 454 million yen due to an increase in trade receivables and income taxes paid of 703 million yen.

(Cash flows from investing activities)

Net cash used in investing activities during the period under review amounted to 273 million yen (while net cash used in investing activities during the previous period amounted to 254 million yen) due primarily to purchase of property, plant and equipment of 210 million yen, among other factors.

(Cash flows from financing activities)

Net cash used in financing activities during the period under review amounted to 501 million yen (while net cash used in financing activities during the previous period amounted to 526 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 1,780 million yen, and dividends paid of 501 million yen.

(4) Future Outlook

The Japanese economy is expected to recover, supported by measures such as the downgrading of COVID-19 to a Class V Infectious Disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases. Meanwhile, its outlook is expected to remain uncertain due to concerns over the risk that the inflationary pressure arising from surging raw material prices and the slowdown of the global economy due to monetary tightening by the U.S. and Europe will put downward pressure on the Japanese economy.

Even under these circumstances, regarding companies' IT investment, investment demand for maintaining and enhancing their competitiveness is expected to continue owing to factors such as strong desire to improve operational efficiency and productivity by utilizing DX technology 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, 2024, net sales of 23,815 million yen (an increase of 10.4% year on year), operating profit of 2,516 million yen due to an increase in advertising expenses to expand the EC business (an increase of 0.5% year on year), ordinary profit of 2,542 million yen (an increase of 1.0% year on year), and profit attributable to owners of parent of 1,817 million yen (an increase of 13.4% year on year) are projected.

In addition, for the full-year non-consolidated financial results forecast, the Company projects net sales of 23,786 million yen (an increase of 13.6% year on year), operating profit of 2,518 million yen (an increase of 0.9% year on year), ordinary profit of 2,535 million yen (an increase of 1.4% year on year), and profit of 1,814 million yen (an increase of 13.1% 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 70.00 yen per share as announced in its “Notice of Revisions to Dividend Forecast for the Fiscal Year Ending March 31, 2023” (available in Japanese only) on January 31, 2023. Regarding the annual dividend forecast for the next period, the Company plans to pay an annual dividend of 70.00 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,349,386	7,371,297
Accounts receivable - trade	3,653,461	4,100,919
Contract assets	318,931	320,001
Merchandise	1,886	2,948
Supplies	5,265	6,397
Other	87,126	102,975
Allowance for doubtful accounts	(384)	(427)
Total current assets	10,415,672	11,904,112
Non-current assets		
Property, plant and equipment		
Buildings and structures	909,020	903,391
Accumulated depreciation	(511,289)	(528,826)
Buildings and structures, net	397,730	374,564
Land	540,661	746,460
Other	170,593	164,789
Accumulated depreciation	(132,713)	(142,870)
Other, net	37,879	21,919
Total property, plant and equipment	976,272	1,142,943
Intangible assets		
Goodwill	311,288	245,754
Software	112,650	137,156
Other	7,128	6,941
Total intangible assets	431,066	389,852
Investments and other assets		
Investment securities	38,227	13,489
Retirement benefit asset	505,364	-
Deferred tax assets	306,957	513,243
Other	211,095	218,118
Total investments and other assets	1,061,645	744,851
Total non-current assets	2,468,984	2,277,647
Total assets	12,884,657	14,181,759

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	821,770	885,608
Current portion of long-term borrowings	780,562	741,676
Income taxes payable	445,251	458,257
Provision for bonuses	1,003,145	1,130,038
Other	1,033,820	1,169,550
Total current liabilities	4,084,550	4,385,131
Non-current liabilities		
Long-term borrowings	622,162	661,036
Retirement benefit liability	43,646	-
Total non-current liabilities	665,808	661,036
Total liabilities	4,750,359	5,046,167
Net assets		
Shareholders' equity		
Share capital	550,150	550,150
Capital surplus	517,550	517,550
Retained earnings	6,950,163	8,050,238
Treasury shares	(1,093)	(1,252)
Total shareholders' equity	8,016,769	9,116,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,622	6,545
Remeasurements of defined benefit plans	100,102	-
Total accumulated other comprehensive income	107,725	6,545
Non-controlling interests	9,803	12,360
Total net assets	8,134,298	9,135,592
Total liabilities and net assets	12,884,657	14,181,759

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

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	18,405,466	21,556,087
Cost of sales	14,287,426	16,740,363
Gross profit	4,118,039	4,815,724
Selling, general and administrative expenses	2,039,764	2,314,220
Operating profit	2,078,275	2,501,504
Non-operating income		
Interest income	13	16
Dividend income	421	542
Subsidy income	37,930	14,569
Dividend income of insurance	-	2,955
Other	7,478	4,397
Total non-operating income	45,843	22,481
Non-operating expenses		
Interest expenses	7,910	7,910
Loss on cancellation of insurance policies	1,708	-
Other	959	261
Total non-operating expenses	10,578	8,171
Ordinary profit	2,113,540	2,515,813
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	0	1,439
Loss on termination of retirement benefit plan	-	363,811
Total extraordinary losses	0	365,251
Profit before income taxes	2,113,540	2,152,899
Income taxes - current	631,445	710,456
Income taxes - deferred	(11,973)	(161,673)
Total income taxes	619,471	548,783
Profit	1,494,068	1,604,116
Profit attributable to non-controlling interests	1,941	2,556
Profit attributable to owners of parent	1,492,127	1,601,559

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,494,068	1,604,116
Other comprehensive income		
Valuation difference on available-for-sale securities	(793)	(1,076)
Remeasurements of defined benefit plans, net of tax	(21,821)	(100,102)
Total other comprehensive income	(22,615)	(101,179)
Comprehensive income	1,471,453	1,502,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,469,511	1,500,380
Comprehensive income attributable to non-controlling interests	1,941	2,556

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	550,150	517,550	5,940,580	(1,093)	7,007,186
Cumulative effects of changes in accounting policies			18,939		18,939
Restated balance	550,150	517,550	5,959,520	(1,093)	7,026,126
Changes during period					
Dividends of surplus			(501,484)		(501,484)
Profit attributable to owners of parent			1,492,127		1,492,127
Purchase of treasury shares			-		
Net changes in items other than shareholders' equity					
Total changes during period	-	-	990,642	-	990,642
Balance at end of period	550,150	517,550	6,950,163	(1,093)	8,016,769

	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	8,415	121,924	130,340	7,862	7,145,389
Cumulative effects of changes in accounting policies					18,939
Restated balance	8,415	121,924	130,340	7,862	7,164,329
Changes during period					
Dividends of surplus					(501,484)
Profit attributable to owners of parent					1,492,127
Purchase of treasury shares					-
Net changes in items other than shareholders' equity	(793)	(21,821)	(22,615)	1,941	(20,673)
Total changes during period	(793)	(21,821)	(22,615)	1,941	969,968
Balance at end of period	7,622	100,102	107,725	9,803	8,134,298

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
Cumulative effects of changes in accounting policies					-
Restated balance	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
Cumulative effects of changes in accounting policies					-
Restated balance	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

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,113,540	2,152,899
Depreciation	103,321	96,867
Amortization of goodwill	16,383	65,534
Loss on termination of retirement benefit plan	-	363,811
Increase (decrease) in allowance for doubtful accounts	69	43
Increase (decrease) in provision for bonuses	156,528	126,893
Increase (decrease) for retirement benefits asset liability	(27,140)	(46,334)
Interest and dividend income	(434)	(559)
Interest expenses	7,910	7,910
Loss (gain) on cancellation of insurance policies	(1,117)	-
Gain on sale of non-current assets	-	(76)
Loss on retirement of non-current assets	0	1,439
Gain on sales of investment securities	-	(2,260)
Decrease (increase) in trade receivables	(589,787)	(454,722)
Decrease (increase) in inventories	2,975	(2,193)
Increase (decrease) in trade payables	205,263	65,005
Decrease (increase) in other assets	29,648	(18,628)
Increase (decrease) in other liabilities	(226,624)	151,683
Subtotal	1,790,535	2,507,312
Interest and dividends received	434	559
Interest paid	(7,852)	(7,944)
Income taxes paid	(495,930)	(703,065)
Net cash provided by (used in) operating activities	1,287,186	1,796,861
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,839)	(210,680)
Proceeds from sale of property, plant and equipment	-	76
Purchase of intangible assets	(51,430)	(79,748)
Proceeds from sale of investment securities	-	17,047
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(197,380)	-
Refundment of investment in capital	-	10
Net cash provided by (used in) investing activities	(254,650)	(273,295)
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	(925,267)	(900,012)
Purchase of treasury shares	-	(158)
Dividends paid	(501,484)	(501,484)
Net cash provided by (used in) financing activities	(526,751)	(501,654)
Net increase (decrease) in cash and cash equivalents	505,784	1,021,911
Cash and cash equivalents at beginning of period	5,808,602	6,314,386
Cash and cash equivalents at end of period	6,314,386	7,336,297

(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, 2022	For the fiscal year ended March 31, 2023
Net assets per share	972.05 yen	1,091.55 yen
Basic earnings per share	178.52 yen	191.61 yen

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

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

Item	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Total net assets on the consolidated balance sheets (thousand yen)	8,134,298	9,135,592
Deductions from total net assets (thousand yen)	9,803	12,360
Non-controlling interests included in the deductions (thousand yen):	9,803	12,360
Total net assets relating to common shares at end of period (thousand yen)	8,124,494	9,123,231
Number of common shares at end of period used for the calculation of net assets per share (shares)	8,358,072	8,357,992

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

Item	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to owners of parent (thousand yen)	1,492,127	1,601,559
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent relating to common shares (thousand yen)	1,492,127	1,601,559
Average number of common shares during the period (shares)	8,358,072	8,358,016

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, 2023 is as follows:

Business category	For the fiscal year ended March 31, 2023	
	Amount of production (million yen)	Change from the previous corresponding period (%)
SI Services Business	8,220	116.0
Software Development Business	12,393	119.3
Software Products Business	343	108.7
Other	234	112.4
Total	21,192	117.8

(Note) Amounts are presented based on sales prices.

(2) Outsourcing

The amount of outsourcing by business category for the fiscal year ended March 31, 2023 is as follows:

Business category	For the fiscal year ended March 31, 2023	
	Amount of outsourcing (million yen)	Change from the previous corresponding period (%)
SI Services Business	3,271	120.8
Software Development Business	5,121	117.5
Software Products Business	56	98.9
Other	0	117.6
Total	8,451	118.6

(3) Purchases

The amount of purchases by business category for the fiscal year ended March 31, 2023 is as follows:

Business category	For the fiscal year ended March 31, 2023	
	Amount of purchases (million yen)	Change from the previous corresponding period (%)
Merchandise Sales	301	127.7

(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, 2023 is as follows:

Business category	For the fiscal year ended March 31, 2023			
	Orders received (million yen)	Change from the previous corresponding period (%)	Backlog of orders (million yen)	Change from the previous corresponding period (%)
SI Services Business	8,207	104.7	1,980	99.3
Software Development Business	12,876	121.1	2,421	124.8
Software Products Business	347	111.0	105	103.2
Merchandise Sales	371	117.3	49	119.9
Total	21,802	114.1	4,557	111.8

(5) Sales

The amount of sales by business category for the fiscal year ended March 31, 2023 is as follows:

Business category	For the fiscal year ended March 31, 2023	
	Amount of sales (million yen)	Change from the previous corresponding period (%)
SI Services Business	8,220	114.3
Software Development Business	12,393	119.3
Software Products Business	343	108.7
Merchandise Sales	363	118.9
Other	234	112.4
Total	21,556	117.1

(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, 2022		For the fiscal year ended March 31, 2023	
	Amount of sales (million yen)	Share (%)	Amount of sales (million yen)	Share (%)
TOYOTA SYSTEMS CORPORATION	2,958	16.0	3,187	14.7