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



May 12, 2023

Company name: Business Engineering Corporation
 Stock exchange listing: Tokyo Stock Exchange, Prime Market
 Code number: 4828
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 Scheduled date of the Annual General Meeting of Shareholders: June 23, 2023
 Scheduled date of commencing dividend payments: June 26, 2023
 Scheduled date of filing securities report: June 27, 2023
 Availability of supplementary briefing materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for 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	18,506	4.2	3,246	34.5	3,250	33.0	2,328	41.6
March 31, 2022	17,760	0.3	2,412	26.8	2,443	28.9	1,643	27.5

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥2,357 million [58.3%]
 Fiscal year ended March 31, 2022: ¥1,489 million [4.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	194.02	—	27.8	26.1	17.5
March 31, 2022	137.46	—	23.8	22.2	13.6

(Reference) Investment profit (loss) on equity method: Fiscal year ended March 31, 2023: ¥— million
 Fiscal year ended March 31, 2022: ¥— million

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. The basic earnings per share were calculated based on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2022.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	13,408	9,287	69.3	773.95
As of March 31, 2022	11,491	7,475	65.1	622.96

(Reference) Equity: As of March 31, 2023: ¥9,287 million
 As of March 31, 2022: ¥7,475 million

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. Net assets per share were calculated based on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2022.

(3) Status of 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	3,278	(696)	(549)	6,966
March 31, 2022	2,287	(713)	(701)	4,945

2. Dividends

	Annual dividends					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	35.00	–	49.00	84.00	503	30.6	7.3
March 31, 2023	–	21.00	–	43.00	64.00	767	33.0	9.2
March 31, 2024 (Forecast)	–	32.00	–	32.00	64.00		33.0	

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. The figures for the fiscal year ended March 31, 2022 are, therefore, the actual amounts of dividends prior to the share split.

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

(% represent changes from the previous fiscal year for full year, and on a year-on-year basis for quarterly results)

	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
First half	9,200	3.8	1,650	2.2	1,650	1.8	1,110	1.7	92.50
Full year	18,800	1.6	3,450	6.3	3,450	6.1	2,330	0.1	194.17

*** Notes:**

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
New subsidiaries: – Excluded subsidiaries: –
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2023: 12,000,000 shares
March 31, 2022: 12,000,000 shares
2) Total number of treasury shares at the end of the period:
March 31, 2023: 198 shares
March 31, 2022: 134 shares
3) Average number of shares during the period:
Fiscal year ended March 31, 2023: 11,999,833 shares
Fiscal year ended March 31, 2022: 11,957,060 shares

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. The total numbers of issued shares at the end of the period (including treasury shares), the total numbers of treasury shares at the end of the period and the average numbers of shares during the period were calculated based on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2022.

(Reference) Overview 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.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	18,047	3.7	2,806	33.8	2,785	33.3	2,003	41.7
March 31, 2022	17,403	0.6	2,097	28.1	2,088	31.4	1,414	29.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	166.93	–
March 31, 2022	118.26	–

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. The basic earnings per share were calculated on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2022.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	13,229	8,118	61.4	676.58
As of March 31, 2022	11,324	6,620	58.5	551.69

(Reference) Equity: As of March 31, 2023: ¥8,118 million

As of March 31, 2022: ¥6,620 million

(Note) The Company split its common shares at a ratio of two shares for one share on June 1, 2022. Net assets per share were calculated on the assumption that the share split had taken place at the beginning of the fiscal year ended March 31, 2022.

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

(Percentages represent changes from the previous fiscal year for full year, and on a year-on-year basis for quarterly results)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	9,000	4.4	1,440	1.0	980	1.6	81.67
Full year	18,400	2.0	3,000	7.7	2,010	0.3	167.50

* These 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

The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that are deemed reasonable. They are not a pledge by the Company to achieve the forecasted results. Actual results, etc. may differ significantly from these forecasts due to a wide range of factors. For more details on the above forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 5.

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1. Overview of Operating Results, etc.

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

During the fiscal year ended March 31, 2023, the Japanese economy picked up as overall corporate earnings remained high and efforts were made to balance measures to control COVID-19 with economic activities, although the country was affected by rising resource prices.

In the information service industry, customers' willingness to invest in digital transformations (DX) is robust, and investments in information technology in the manufacturing industry remained strong.

In such a business environment, under the 6-year management plan "Management Vision 2026" that started from the fiscal year ended March 31, 2022, the Group has worked to resolve management issues such as the promotion of DX and global expansion in the manufacturing industry, in order to support its main customers facing changes in the business environment of the manufacturing industry with products and services that leverage the strengths of the Group.

The main initiatives in the fiscal year under review are as follows:

- The Company promoted its customers to improve the efficiency of operations, as well as accumulated knowledge and know-how on various products, through providing complex solutions that link ERP systems and various systems and services.
- The Company worked to increase the added value of the solutions through efforts to enhance the solution portfolio and promote "Monozukuri Digitalization" toward a digitalized manufacturing industry by strengthening functions of in-house developed products and promoting collaboration with potent partners.
- The Company worked to expand the in-house developed ERP package "mcframe" series, including the development of a SaaS (Software as a Service) type product, which is one form of using cloud service, and the development of a CO2 emission calculation function.
- The Company worked on a new service that maximizes the value of data and leads to further growth of the manufacturing industry by allowing customers to analyze and utilize data accumulated after a system is introduced.
- Overseas, as the number of countries shifting to a post-pandemic phase increases, the head office in Tokyo and local subsidiaries and partners worked together to expand the integrated customer support system in order to strengthen our sales activities and development system. In addition, the Company focused on providing cloud-based system services, which enables cooperation between the customers' head office in Japan and their overseas bases, besides conventional introduction of IT at overseas locations of customers.
- As work styles diversify, we worked to maintain a smooth business execution system, by creating a flexible work style environment for a post-pandemic phase.

In the fiscal year under review, we achieved record highs in terms of orders, sales, and profit.

Orders received were ¥19,216 million (up 7.3% year on year) and net sales were ¥18,506 million (up 4.2% year on year), mainly due to increased orders and sales in the Solutions Business and increased license sales in the Product Business under robust investments in information technology. In terms of profits, the control of unprofitable projects and improvement of project profitability in the Solutions Business, steady license sales in the Products Business, and steady expansion in the Systems Support Business resulted in a record high for the seventh consecutive fiscal year in each of the following profit indicators: operating profit at ¥3,246 million (up 34.5% year on year), ordinary profit at ¥3,250 million (up 33.0% year on year), and profit attributable to owners of parent at ¥2,328 million (up 41.6% year on year).

Operating results by business segment are as follows.

(i) Solutions Business

The Solutions Business mainly engages in the consulting and system construction services, which are based on ERP package products developed by other companies.

- The Company continued to deepen relationships with customers, focused on activities for offering

proposals suited to customers' needs from medium- to long-term perspectives, and strove to acquire orders from a wide range of industries including pharmaceuticals, foods, machine and precision equipment, and chemicals.

- The Company focused on offering ERP system at the top and other systems such as the manufacturing execution system or the planning and analysis system for supply chains and business management, as well as cloud-based solutions.
- The Company focused on controlling unprofitable projects and improving project profitability, which led to a significant improvement in profits.

As a result, orders received and net sales for this segment were ¥12,089 million (up 6.2% year on year) and ¥11,689 million (up 2.4% year on year), respectively, and segment profit was ¥2,642 million (up 56.3% year on year).

(ii) Products Business

The Products Business mainly engages in sales of the in-house developed ERP package "mcframe" series products through business partners as well as consulting and system construction services based on these products.

- The Company focused on the enhancement of brand appeal for "mcframe," by strengthening functions of core product "mcframe 7" as well as other functions that contribute to global business development and digitalization for customers, and IoT services functions that contribute to improving work efficiency and acquiring work skills at manufacturing sites.
- The Company held many events and seminars to actively develop sales promotion activities.
- The Company achieved a significant increase in sales of licenses primarily with the core product "mcframe 7" as a result of the acquisition of new customers and projects that was realized under our long-term efforts to increase business partners and engineering partners and to strengthen relationships with them, in the backdrop of customers' strong investment trend in software.

As a result, orders received for this segment were ¥6,743 million (up 9.7% year on year), net sales were ¥6,393 million (up 6.5% year on year) and segment profit was ¥1,921 million (up 1.7% year on year). Net sales of mcframe license were ¥3,798 million (up 7.6% year on year), setting a consecutive record.

(iii) Systems Support Business

The Systems Support Business mainly engages in operation and maintenance services of systems introduced to customers, and offering proposals and additional development through these services, which is operated by Business System Service Corporation, a subsidiary of the Company.

- The Company worked to enhance life cycle support for the customers' systems.
- The Company focused on improving service quality and productivity as well as developing new customers and projects to establish a base for stable revenue and profits.

As a result, orders received for this segment were ¥384 million (up 1.4% year on year), net sales were ¥423 million (up 23.8% year on year) and segment profit was ¥450 million (up 30.7% year on year).

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

(Assets)

Current assets increased by ¥1,954 million from the end of the previous fiscal year to ¥10,821 million. This was mainly attributable to an increase in cash and deposits and a decrease in notes, accounts receivable – trade, and contract assets. The ratio of current assets to total assets at the end of the fiscal year under review was 80.7%.

Non-current assets decreased by ¥37 million from the end of the previous fiscal year to ¥2,587 million. This was mainly attributable to a decrease in deferred tax assets mainly due to a decrease in provision for bonuses, an increase in market value of investment securities, the purchase of intangible assets, which exceeded the depreciation of intangible assets, and the depreciation of property, plant, and equipment, which exceeded the purchase of property, plant, and equipment.

As a result, total assets at the end of the fiscal year under review increased by ¥1,916 million from the end of the previous fiscal year to ¥13,408 million.

(Liabilities)

Total liabilities at the end of the fiscal year under review increased by ¥105 million from the end of the previous fiscal year to ¥4,121 million. This was mainly attributable to an increase in advances received.

(Net assets)

Net assets at the end of the fiscal year under review increased by ¥1,811 million from the end of the previous fiscal year to ¥9,287 million. This was mainly attributable to an increase owing to the recording of profit attributable to owners of parent, a decrease due to dividends of surplus, and an increase in valuation difference on available-for-sale securities.

As a result, the equity ratio at the end of the fiscal year under review increased by 4.2 percentage points from the end of the previous fiscal year to 69.3%.

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

Cash and cash equivalents at the end of the fiscal year under review increased by ¥2,021 million from the end of the previous fiscal year to ¥6,966 million.

(Cash flows from operating activities)

Cash flows provided by operating activities during the fiscal year ended March 31, 2023 increased by ¥991 million from the end of the previous fiscal year to ¥3,278 million. This was mainly attributable to the recording of profit before income taxes of ¥3,250 million, income taxes paid of ¥1,027 million, depreciation of ¥699 million, a decrease in trade receivables of ¥207 million, a decrease in provision for bonuses of ¥167 million, and an increase in accrued consumption taxes of ¥163 million.

(Cash flows from investing activities)

Cash flows used in investing activities during the fiscal year ended March 31, 2023 decreased by ¥16 million from the end of the previous fiscal year to ¥696 million. This was mainly attributable to purchase of tangible and intangible assets (including developmental investment in “mcframe,” an in-house developed ERP package).

(Cash flows from financing activities)

Cash flows used by financing activities during the fiscal year ended March 31, 2023 decreased by ¥152 million from the end of the previous fiscal year to ¥549 million. This was mainly attributable to expenditure arising from the payment of dividends.

(Reference) Changes in indices related to cash flows

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	60.2	65.1	69.3
Equity ratio based on market price (%)	196.8	202.3	268.5
Ratio of interest-bearing liabilities to cash flows (%)	0.2	0.0	0.0
Interest coverage ratio (times)	739.1	549.7	1,334.5

Equity ratio: Equity/Total assets

Equity ratio based on market price: Market capitalization/Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest payment

(Notes) 1. Each index was calculated using consolidated financial figures.

2. Market capitalization is the amount of the closing price of share at the end of the period multiplied by the total number of issued shares at the end of the period (after deduction of treasury shares).

3. Operating cash flows were used for cash flows in the above indices.
4. Interest-bearing liabilities represent all liabilities recorded on the balance sheet for which interest was paid.

(4) Future Outlook

Despite downward pressure from rising resource prices and a slowdown in the pace of overseas economic recovery, the Japanese economy is expected to gradually recover, supported by an easing monetary environment, and the effects of economic measures by the government.

While investment in information technology in the manufacturing industry is expected to stay firm overall, there is an extremely high level of uncertainty, including risks originating overseas and trends in prices of commodities and resources, and the situation cannot completely dispel concerns that customers' motivation for investment in information technology may recede.

Under these circumstances, the Group will promote the management plan "Management Vision 2026," in which it will deepen relationships with customers to explore customers' needs, strengthen relationships with business partners for our in-house developed product "mcframe" to acquire orders and secure profitability. In addition, the Group will make aggressive investments systematically to achieve medium- to long-term growth and enhance corporate value. The Group plans to invest mainly in the following three areas: (1) product development, (2) human resources and human capital, and (3) enhancement of technological capabilities and systems.

The Group's outlook for the consolidated financial results for the next fiscal year, as it plans to make aggressive investments, is as shown below. Profit attributable to owners of parent for the full year is not expected to increase year on year as much as operating profit and ordinary profit as the tax incentives applied for the current fiscal year will not apply in the next fiscal year and the tax burden will increase.

[Consolidated]	2nd quarter Consolidated cumulative period	(Year on year)	Full year	(Year on year)
Net sales	¥9,200 million	(Up 3.8%)	¥18,800 million	(Up 1.6%)
Operating profit	¥1,650 million	(UP 2.2%)	¥3,450 million	(Up 6.3%)
Ordinary profit	¥1,650 million	(Up 1.8%)	¥3,450 million	(Up 6.1%)
Profit attributable to owners of parent	¥1,110 million	(Up 1.7%)	¥2,330 million	(Up 0.1%)

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Company is working to return profits to shareholders in consideration of overall factors including the business environment surrounding the Company, expected financial results, and the financial standing of the Company. The Company intends to provide shareholder returns through dividend payments, and its basic policy is to strive for stable, ongoing dividends and maintain a consolidated dividend payout ratio of over 30% in the medium to long term. In addition, the Company makes dividend payments twice a year as an interim dividend and year-end dividend under the basic policy.

Internal reserves are mainly allocated to investment for strengthening competitiveness and utilized for a stable business foundation and performance improvement.

In accordance with the above policy, the Company plans to pay a year-end dividend of ¥43 per share as an ordinary dividend for the fiscal year under review. Together with an interim dividend of ¥21 per share already paid, the annual dividend will be ¥64 per share for the fiscal year under review. The annual dividend for the fiscal year under review is expected to reach a record high and to increase for the eighth consecutive fiscal year, as the dividend for the fiscal year under review effectively increases compared to the previous fiscal year's actual dividend of ¥42 after taking into account the 1-for-2 stock split effective on June 1, 2022.

For the fiscal year ending March 31, 2024, the Company plans to pay an annual dividend of ¥64 per share (an interim dividend of ¥32 and a year-end dividend of ¥32).

2. Status of Corporate Group

The Group consists of the Company, two (2) consolidated subsidiaries, and five (5) non-consolidated subsidiaries and engages in the information service business. The segments include the “Solutions Business,” “Products Business,” and “Systems Support Business.”

The description of each business segment and the business structure are as follows.

(1) Solutions Business

This segment mainly utilizes ERP package products developed by other companies to provide services for design, development, and introduction of corporate information systems.

Major company in charge: The Company

(2) Products Business

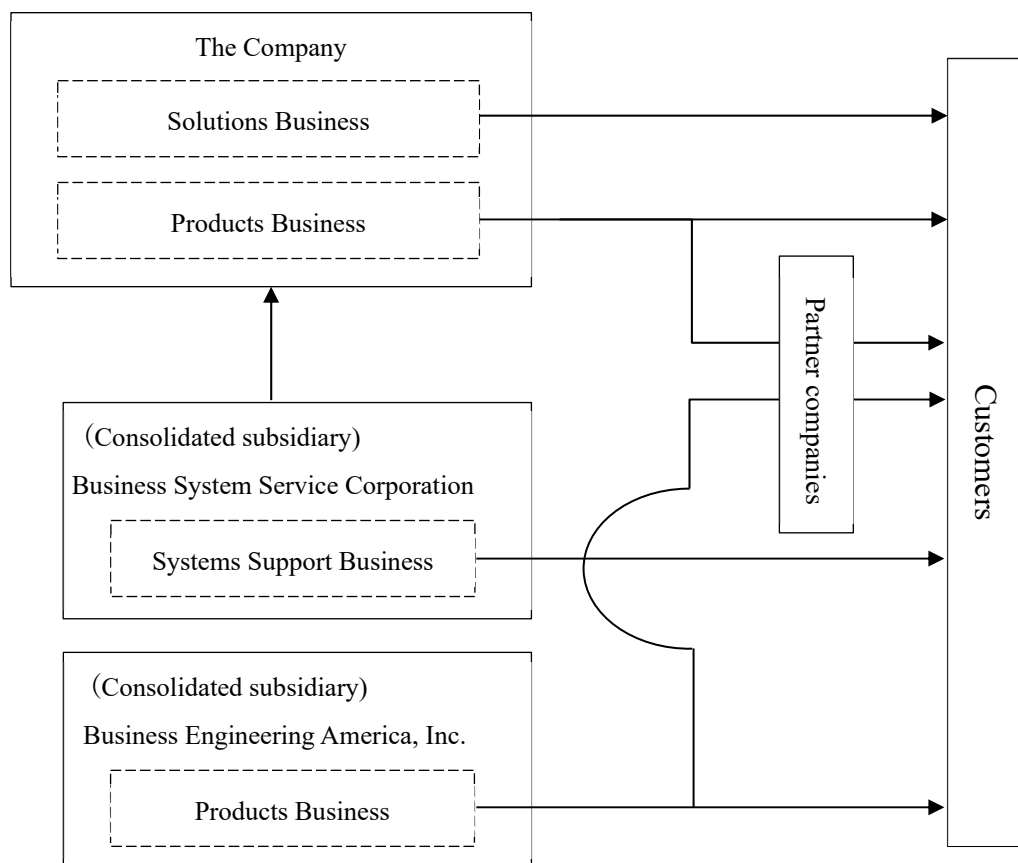
This segment sells ERP package products developed by the Company through partner companies and provides services for design, development, and introduction of corporate information systems utilizing those products.

Major company in charge: The Company, Business Engineering America, Inc.

(3) Systems Support Business

This segment provides support services including operation and maintenance of systems for companies that have introduced core business systems.

Major company in charge: Business System Service Corporation



(Notes) 1. Provision of various information services: —————→

2. In addition to the above consolidated subsidiaries, there are five (5) non-consolidated subsidiaries.

3. Management Policies

(1) Basic Policy on Management

As a corporate group that utilizes the new value of information technologies (IT) for customer success, the Group supports business innovation for customers in a wide range of industries including manufacturing.

In order to meet customers' needs that have become more sophisticated, complicated, and globalized, the Group works on the provision of software products and services of a high quality through evaluation and introduction of advanced technologies.

[Corporate philosophy]

With customer satisfaction as its foremost goal, the Group is committed, as a professional group, to contributing to society through the creation of new value.

(2) Target Business Indicators

The management goal of the Group is to improve corporate value through continuous expansion of businesses. The Group focuses on return on equity (ROE) among other business indicators and strives for a higher ROE.

(3) Medium-to-Long-term Management Strategies and Issues to be Addressed

• **Management environment and medium-to-long-term management strategy of the Group**

The Group works on the strategies of the “three pillars” of the management plan “Management Vision 2026” to support the manufacturing industry with products and services that leverage its strengths in response to changes in the business environment in the manufacturing industry where the Group’s major customers operate business.

<Changes in business environment of customers>

1. Digital transformation

As a way to respond to Japan’s 2025 Digital Cliff and the impact of COVID-19, digital transformation will further accelerate in the future.

2. Innovation of business models in manufacturing

As values in society shift along with the end of the era of mass production and mass consumption, innovation in manufacturing business models will progress.

3. Globalization

With an increasingly multipolar global economy and a shrinking Japanese market, overseas relocation will advance. COVID-19 will cause changes in needs for the global supply chain.

<Strength and resources of B-EN-G>

- Achievements in IT support services in manufacturing
The Company has supported implementation of IT in manufacturing for over 20 years.^(*1)
- Product planning and development skills for in-house products
The Company boasts development skills for its highly acclaimed in-house products utilizing its technologies and expertise.
- Relationships of trust with customers
The Company boasts strong relationships with customers based on trust and issue-solving skills established over 20 years.
- Achievements in global development
The Company supports global development by utilizing its ample experience and expertise based on its development track record in 25 countries worldwide.

*1: The Company has track record of more than 30 years including experience in the plant systematization support business of Tokyo Engineering Corporation, the predecessor company, prior to its business launch in April 1999.

<Three pillars>

1) Deepen “Monozukuri Digitalization”^(*)2)

We will promote DX for efficient operations with “Monozukuri Digitalization,” aiming at optimal provision of products and services.

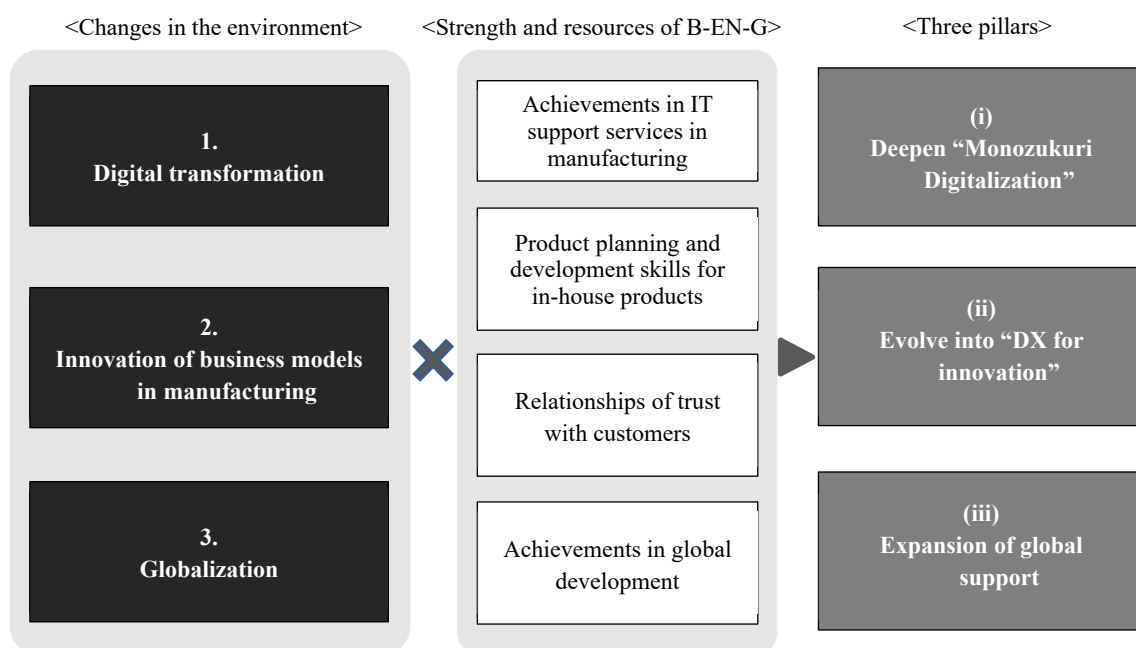
2) Evolve into “DX for innovation”

While supporting innovation in business models for customers, we will work on our own business innovation through creation of new types of business.

3) Expansion of global support

We continuously reinforce global development for the Japanese manufacturing industry to expand our own businesses.

^{*}2: To realize efficiency by digitalizing operations related to “Monozukuri (manufacturing in Japanese),” leading to business innovation.



• Issues to be Addressed

With an expected moderate economic recovery, investment in information technology is anticipated to stay firm overall. However, there is an extremely high level of uncertainty, including risks originating overseas and trends in prices of commodities and resource, and the situation cannot completely dispel concerns that customers’ motivation for investment in information technology may recede.

Under these circumstances, we will promote the management plan “Management Vision 2026” mentioned above, work on creation of business opportunities and enhancement of our merchandise and services, and take the next step toward securing stable profits and development of our business foundation.

- Improve quality and productivity of system integration, secure profitability, and suppress unprofitable projects.
- Deepen relationships with customers, strengthen proposals and solutions that capture customer needs, build stronger alliances with potent partners, and strengthen relationships with business partners.
- Respond flexibly to customer needs according to their usage types (owner or user). Expand SaaS-type products and services.
- Expand products and services that contribute to solving social issues, supporting sustainability of the manufacturing industry.

- Nurture and secure human resources, reform workstyles, promote sustainability as well as diversity and inclusion, implement ongoing improvement in corporate governance, and strengthen business continuity activities.

4. Basic Views on Selecting Accounting Standards

The Group adopts Japanese GAAP (Japanese accounting standards).

In view of various situations, the Group will also proceed to consider the application of IFRS (International Financial Reporting Standards).

5.Consolidated Financial Statements
(1) Consolidated Balance Sheet

	(thousands of yen)	
	FY03/2022 (As of Mar. 31, 2022)	FY03/2023 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	4,945,888	6,966,947
Notes and accounts receivable - trade, and contract assets	3,468,634	3,261,012
Work in process	7,454	2,487
Other	445,018	591,179
Total current assets	8,866,995	10,821,627
Non-current assets		
Property, plant and equipment		
Buildings	235,886	234,415
Accumulated depreciation	△176,504	△182,226
Buildings, net	59,382	52,188
Tools, furniture and fixtures	411,086	412,516
Accumulated depreciation	△319,787	△333,819
Tools, furniture and fixtures, net	91,298	78,696
Total property, plant and equipment	150,681	130,885
Intangible assets		
Software	1,320,781	1,341,840
Other	1,167	5,524
Total intangible assets	1,321,949	1,347,364
Investments and other assets		
Investment securities	327,743	371,714
Leasehold deposits	296,951	295,985
Deferred tax assets	389,435	316,819
Other	143,500	129,768
Allowance for doubtful accounts	△5,499	△5,499
Total investments and other assets	1,152,131	1,108,787
Total non-current assets	2,624,761	2,587,038
Total assets	11,491,757	13,408,665

	(thousands of yen)	
	FY03/2022 (As of Mar. 31, 2022)	FY03/2023 (As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	465,861	498,809
Short-term borrowings	100,000	100,000
Accrued expenses	544,154	537,503
Income taxes payable	584,448	406,246
Advances received	983,064	1,128,019
Provision for bonuses	861,353	693,722
Provision for bonuses for directors (and other officers)	50,000	80,000
Reserve for guarantee for after-care of products	23,915	22,507
Provision for loss on orders received	16,161	23,334
Other	387,373	631,280
Total current liabilities	<u>4,016,333</u>	<u>4,121,422</u>
Total liabilities	<u>4,016,333</u>	<u>4,121,422</u>
Net assets		
Shareholders' equity		
Share capital	697,600	697,600
Capital surplus	565,273	565,273
Retained earnings	6,251,448	8,033,699
Treasury shares	△156	△304
Total shareholders' equity	<u>7,514,164</u>	<u>9,296,267</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△29,590	11,979
Foreign currency translation adjustment	△9,149	△21,005
Total accumulated other comprehensive income	<u>△38,740</u>	<u>△9,025</u>
Total net assets	<u>7,475,423</u>	<u>9,287,242</u>
Total liabilities and net assets	<u>11,491,757</u>	<u>13,408,665</u>

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

(thousands of yen)

	FY03/2022 (Apr. 1, 2021 – Mar. 31, 2022)	FY03/2023 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	17,760,122	18,506,410
Cost of sales	11,877,585	11,511,527
Gross profit	5,882,537	6,994,883
Selling, general and administrative expenses	3,469,591	3,748,481
Operating profit	2,412,945	3,246,402
Non-operating income		
Interest income	273	14
Dividend income	7,022	9,964
Foreign exchange gains	3,082	—
Subsidy income	26,348	356
Other	2,780	1,479
Total non-operating income	39,507	11,815
Non-operating expenses		
Interest expenses	4,209	2,456
Foreign exchange losses	—	365
Commission expenses	4,752	3,999
Other	24	1,052
Total non-operating expenses	8,985	7,875
Ordinary profit	2,443,467	3,250,342
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	645	—
Total extraordinary losses	645	—
Profit before income taxes	2,442,822	3,250,342
Income taxes - current	849,081	851,883
Income taxes - deferred	△49,926	70,214
Total income taxes	799,155	922,098
Profit	1,643,667	2,328,244
Profit attributable to owners of parent	1,643,667	2,328,244

Consolidated Statement of Comprehensive Income

(thousands of yen)

	FY03/2022 (Apr. 1, 2021 – Mar. 31, 2022)	FY03/2023 (Apr. 1, 2022 – Mar. 31, 2023)
Profit	1,643,667	2,328,244
Other comprehensive income		
Valuation difference on available-for-sale securities	△149,162	41,570
Foreign currency translation adjustment	△4,547	△11,855
Total other comprehensive income	△153,710	29,715
Comprehensive income	1,489,956	2,357,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,489,956	2,357,959
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

FY03/2022(Apr. 1, 2021 – Mar. 31, 2022)

(thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	697,600	565,273	5,105,777	△170,854	6,197,795
Changes during period					
Dividends of surplus			△497,996		△497,996
Profit attributable to owners of parent			1,643,667		1,643,667
Purchase of treasury shares				△81	△81
Disposal of treasury shares				170,779	170,779
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,145,670	170,698	1,316,368
Balance at end of period	697,600	565,273	6,251,448	△156	7,514,164

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	119,572	△4,602	114,969	6,312,765
Changes during period				
Dividends of surplus				△497,996
Profit attributable to owners of parent				1,643,667
Purchase of treasury shares				△81
Disposal of treasury shares				170,779
Net changes in items other than shareholders' equity	△149,162	△4,547	△153,710	△153,710
Total changes during period	△149,162	△4,547	△153,710	1,162,658
Balance at end of period	△29,590	△9,149	△38,740	7,475,423

FY03/2023(Apr. 1, 2022 – Mar. 31, 2023)

(thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	697,600	565,273	6,251,448	△156	7,514,164
Changes during period					
Dividends of surplus			△545,993		△545,993
Profit attributable to owners of parent			2,328,244		2,328,244
Purchase of treasury shares				△147	△147
Disposal of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,782,250	△147	1,782,103
Balance at end of period	697,600	565,273	8,033,699	△304	9,296,267

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	△29,590	△9,149	△38,740	7,475,423
Changes during period				
Dividends of surplus				△545,993
Profit attributable to owners of parent				2,328,244
Purchase of treasury shares				△147
Disposal of treasury shares				—
Net changes in items other than shareholders' equity	41,570	△11,855	29,715	29,715
Total changes during period	41,570	△11,855	29,715	1,811,818
Balance at end of period	11,979	△21,005	△9,025	9,287,242

(4) Consolidated Statement of Cash Flows

(thousands of yen)

	FY03/2022 (Apr. 1, 2021 – Mar. 31, 2022)	FY03/2023 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,442,822	3,250,342
Depreciation	691,416	699,857
Increase (decrease) in provision for bonuses	267,239	△167,631
Increase (decrease) in provision for bonuses for directors (and other officers)	15,000	30,000
Increase (decrease) in reserve for guarantee for after-care of products	7,331	△1,408
Increase (decrease) in provision for loss on orders received	2,832	7,173
Interest and dividend income	△7,296	△9,979
Interest expenses	4,209	2,456
Foreign exchange losses (gains)	△3,082	365
Loss (gain) on liquidation of subsidiaries and associates	645	—
Decrease (increase) in trade receivables	△296,783	207,621
Decrease (increase) in inventories	60,449	4,966
Decrease (increase) in advance payments to suppliers	4,179	△131,005
Increase (decrease) in trade payables	△296,511	79,585
Increase (decrease) in accrued consumption taxes	57,493	163,469
Increase (decrease) in advances received	24,375	144,954
Other, net	△14,383	17,562
Subtotal	2,959,935	4,298,330
Interest and dividends received	7,296	9,979
Interest paid	△4,160	△2,456
Income taxes refund	443	—
Income taxes paid	△676,390	△1,027,250
Net cash provided by (used in) operating activities	2,287,124	3,278,602
Cash flows from investing activities		
Purchase of property, plant and equipment	△63,351	△32,021
Purchase of intangible assets	△668,733	△679,411
Other, net	18,910	14,806
Net cash provided by (used in) investing activities	△713,174	△696,626
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△200,000	—
Repayments of long-term borrowings	△170,779	—
Purchase of treasury shares	△81	△147
Proceeds from disposal of treasury shares	170,779	—
Dividends paid	△497,578	△544,813
Other, net	△4,099	△4,099
Net cash provided by (used in) financing activities	△701,759	△549,061
Effect of exchange rate change on cash and cash equivalents	△4,547	△11,855
Net increase (decrease) in cash and cash equivalents	867,642	2,021,059
Cash and cash equivalents at beginning of period	4,078,245	4,945,888
Cash and cash equivalents at end of period	4,945,888	6,966,947