



## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)

October 31, 2023

Listed company name: Saison Information Systems Co., Ltd. Listed stock exchange: TSE  
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 Planned date of quarterly report submission: November 1, 2023  
 Planned start date for dividend payments: December 1, 2023  
 Quarterly supplemental earnings summary materials created: Yes  
 Quarterly earnings conference held: No

(Amounts below one million yen rounded off)

### 1. Consolidated Earnings for the second quarter of the fiscal year ending March 31, 2024 (April 1 to September 30, 2023)

(1) Consolidated operating results (cumulative) (% indicates rate of change based on year-on-year comparison)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
2Q/FYE March 2024	11,998	2.3	98	-91.3	121	-89.4	-14	-
2Q/FYE March 2023	11,728	4.4	1,130	-7.8	1,142	-7.5	654	-31.7

Note: Comprehensive income

2Q/FYE March 2024 122 million yen (-85.9%)

2Q/FYE March 2023 871 million yen (-11.3%)

	Quarterly net income per share	Quarterly net income per share after adjustment for dilutive shares
	yen	yen
2Q/FYE March 2024	-0.88	-
2Q/FYE March 2023	40.42	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2Q/FYE March 2024	22,787	14,136	62.0
FYE March 2023	21,299	14,742	69.2

Reference: Equity

2Q/FYE March 2024 14,136 million yen

FYE March 2023 14,742 million yen

### 2. Dividends

	Annual dividend amount				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	yen	yen	yen	yen	yen
FYE March 2023	-	45.00	-	45.00	90.00
FYE March 2024	-	45.00	-	-	-
FYE March 2024 (forecast)	-	-	-	45.00	90.00

Note: Revisions from most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for FYE March 2024 (April 1, 2023 to March 31, 2024)

(% indicates rate of change based on year-on-year comparison)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	24,000	0.2	1,100	-49.6	1,100	-50.5	570	-60.4	35.19

Note: Revisions from most recently announced earnings forecast: Yes

For details on revisions to the consolidated earnings forecast, refer to the “Notice on the Recording of Provision for Losses on Orders Received, Differences Between Second Quarter Consolidated Earnings Forecast and Results, and Revisions to the Full-Year Consolidated Earnings Forecast” released today (October 31, 2023). (Japanese Only)

\* Notes

(1) Changes in important subsidiaries during the current consolidated first six months (changes in specified subsidiaries accompanying changes in scope of consolidation): None

New: – (company name) –,  
Excluded: – (company name) –

(2) Application of specific accounting treatments during the creation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, changes in accounting estimates, restatements

- i. Change in accounting policies due to revisions to accounting standards, etc.: None
- ii. Changes in accounting policies other than i: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(4) Number of issued shares (common stock)

i. Number of shares issued at end of fiscal year (including treasury stock)	2Q/FYE March 2024	16,200,000 shares	FYE March 2023	16,200,000 shares
	2Q/FYE March 2024	584 shares	FYE March 2023	584 shares
ii. Number of treasury stock shares at end of fiscal year	2Q/FYE March 2024	16,199,416 shares	2Q/FYE March 2023	16,199,416 shares
iii. Average number of shares during fiscal year (first six months)				

\* Summary of quarterly consolidated financial results is not subject to a quarterly review by a certified public accountant or an auditing firm.

\* Explanation concerning appropriate use of earnings forecasts and other special notes

(Precaution concerning forward-looking statements)

Earnings forecasts and other forward-looking statements made in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and such statements do not constitute a promise by our Company to fulfill said forecasts. Furthermore, actual earnings may differ significantly due to various factors. Review “1. Qualitative Information for Quarterly Accounting, (3) Explanation of Consolidated Earnings Forecast and other Forward-Looking Statements” on P. 8 of the attached materials for more information concerning the conditions used as assumptions for earnings forecasts and precautions concerning the use of earnings forecasts.

(Method of acquiring supplemental materials to quarterly accounting)

We plan to post supplemental materials to quarterly accounting to our company website.

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## 1. Qualitative Information for Quarterly Accounting

### (1) Explanation of Business Results

The Japanese economy during the first six months of the period under review saw an overall mild recovery thanks to a resurgence in consumer spending and facility investments. At the same time, increasing geopolitical risks are driving an environment of global instability as the economy continues to lack transparency about the future.

The information services industry in which our Group operates is projected to see continued growth thanks to IT investments being driven by companies and governments showing increased interest in digital transformation (DX) seeking to respond to rapid change and uncertainties in business environments caused by factors such as globalization, the diversification of consumer needs and a declining domestic worker population.

Our Group embraces a mission “connect the world’s data and make it useful for everyone”. Using technology cultivated over more than 50 years, we provide system development and management services and data linkage services for all types of businesses, from finance to retail. With HULFT Square, the iPaaS (cloud-based data collaboration platform) we released during the previous fiscal year, as a platform, we are promoting our next level of business structure transformation. Our strategy for this consolidated fiscal year is to execute four shifts: business shift, technological shift, organizational shift, and human resource shift.

Amid this environment, Group earnings for the consolidated first six months resulted in net sales of 11,998 million yen (an increase of 2.3% YoY). Operating income was 98 million yen (a decrease of 91.3% YoY), ordinary income was 121 million yen (a decrease of 89.4% YoY), and a quarterly net loss attributable to owners of parent was 14 million yen (the same period of the previous fiscal year resulted in quarterly net income of 654 million yen attributable to owners of parent).

Net sales increased on increased DX investment demand among companies and governments, which drove growth for the HULFT Business, the Data Platform Business and Retail & IT Service Business. Operating income and ordinary income decreased due to having recorded 1,272 million yen in provision for loss on order received of as cost of sales for the Retail & IT Service Business. This was despite favorable increases in revenue from the HULFT business. We recorded a quarterly net loss attributable to owners of parent. In addition to the decrease in operating income and ordinary income, during the consolidated first quarter of the current fiscal year we recorded impairment losses for the Data Platform Business.

Segment-specific earnings during the consolidated first six months are as follows. Furthermore, below we do not conduct eliminations for intersegment transactions.

Furthermore, while up to the previous consolidated fiscal year we treated expenses related to HULFT Square as Group expenses as it was a new service in the R&D phase, since the service was released in February 2023, we now categorize the service under the Data Platform Business as of the consolidated first quarter of the current fiscal year.

#### (i) HULFT Business

The HULFT Business conducts sales and provides support services for our mainstay HULFT series of products and the DataSpider Servista series of products, the standard in Japan for data linkage software and related products.

Net sales were 4,914 million yen (an increase of 6.6% YoY) on an increase in license sales and favorable renewals for support services. Compared to the same period of the previous fiscal year, support service contracts as of the end of September 2023 for HULFT increased by 2,524 to 61,188 and by 511 to 5,368 for DataSpider Servista. Operating income was 2,093 million yen (an increase of 12.8% YoY) on higher net sales.

(ii) Data Platform Business

The Data Platform Business uses our strengths in HULFT, DataSpider Servista, and HULFT Square to link corporate internal and external systems and data to SaaS solutions, providing various services for decision-making support and management innovation by optimizing customer administration workflows and creating visual representations of management information.

Net sales were 1,325 million yen (an increase of 25.0% YoY) on growth in the DX domain. On the other hand, cost accounting for HULFT Square, which is still in the service startup phase, resulted in an operating loss of 1,032 million yen (the same period of previous fiscal year was an operating loss of 373 million yen).

(iii) Retail & IT Service Business

The Retail & IT Service Business provides system development and management services for retail businesses and aerospace businesses.

Net sales were 1,463 million yen (an increase of 11.2% YoY) thanks to a recovery in customer IT investments. On the other hand, certain products in the development phase generated a high burden, resulting in recording 1,272 million yen as a provision for losses on orders received included under cost of sales as future development costs required for recovery. This resulted in an operating loss of 1,297 million yen (same period of previous fiscal year was an operating loss of 65 million yen).

(iv) Financial IT Service Business

The Financial IT Service Business provides system development and management for finance businesses.

Net sales were 4,295 million yen (a decrease of 9.9% YoY) on a decline in sales for information processing services in existing domains. Operating income was 335 million yen (a decrease of 38.0% YoY) due to a decline in net sales.

(Topics)

To achieve our mission “connect the world’s data and make it useful for everyone”, in April 2024 we will change our business name to Saison Technology, Ltd. Furthermore, topics for the consolidated first six months are as follows.

- Launching provision of the iPaaS HULFT Square for Europe and the Americas

We decided to start providing the iPaaS HULFT Square, which we launched domestically during the previous fiscal year, in European and American markets. Our target in these Western markets will be supply chain management for manufacturing businesses. To increase brand recognition in the West, we are planning to have an exhibition booth at an event taking place in Las Vegas, Nevada (USA) in November.

- Launched provision of generative AI integration support services for enterprises

Currently, many enterprises are evaluating the use of generative AI as an effective tool for applications like increasing productivity and generating new ideas. At the same time, the commercial use of generative AI faces numerous issues, including the need for outlining rules and ensuring security. Our Group began providing generative AI integration support services for enterprises, which helps resolve these issues and enables the use of generative AI through a messaging app.

- Nagano Prefecture adopts HULFT series data linkage platform

Nagano Prefecture adopted DataSpider Servista and HULFT DataCatalog as their data linkage platform for flood predictions and other initiatives to increase resident quality of life.

(TSR (total shareholder return))

Our Group sets TSR as one of our management benchmarks for achieving shareholder returns appropriate for a company aiming for high profits.

The business structure of our Group is balanced between system development and management and packaged software sales.

We believe that, even within the information technology industry, there are few companies with a similar business structure.

As such, the benchmark TSR is designed to eliminate arbitrariness, including among certain listed companies. To achieve this, we base TSR off a comparison with listed Japanese companies registered under the same industrial grouping (4510: Software, services) as defined by the Global Industry Classification Standards (GICS).

The valuation period sets the end of March 2019 as the period of reference (100%). Trends for that period are as follows.

	End of March 2020	End of March 2021	End of March 2022	End of March 2023	End of September 2023
Our Company	119.2%	160.5%	149.6%	151.1%	164.3%
Competitor average	87.0%	135.6%	121.9%	124.4%	134.0%

Furthermore, our TSR remains above the industry average. We believe that addition to DX-related stocks, which includes our company, seeing a boost in their TSR due to market conditions caused by COVID-19, our business shift from entrusted development to service provider, which we have been promoting for some time, has been favorably evaluated by the capital market. We are working to communicate with capital markets.

## (2) Explanation of Financial Position

Total assets as of the end of consolidated first six months were 22,787 million yen, an increase of 1,488 million yen from the end of the previous consolidated fiscal year. The major causes of increase include cash and deposits increasing by 1,240 million yen year on year, and prepaid expenses, which are included in others under current liabilities, increased by 171 million yen year on year. Furthermore, major causes of decrease include recording impairment losses and depreciation, causing property, plant and equipment and intangible assets to be decreased by 218 million yen year on year.

Total liabilities increased by 2,094 million yen year on year to 8,650 million yen. The major causes of increase include the provision for loss on order received increasing by 1,134 million yen year on year, advances received increasing by 895 million yen year on year, and accrued expenses increasing by 167 million yen year on year. Furthermore, a major cause of decrease was a decrease of 204 million yen year on year in income taxes payable.

Total net assets were 14,136 million yen, a decrease of 606 million yen year on year. Retained earnings decreased by 728 million yen year on year due to the disposal of surplus via allocation towards dividend funds and decreased by 14 million yen year on year due to having recorded quarterly net loss attributable to owners of parent.

As a result of the above, equity ratio decreased by 7.2 points compared to the end of the previous consolidated fiscal year to 62.0%.

### (Status of cash flows)

Cash and cash equivalents (hereinafter, "capital") for the end of consolidated first six months increased by 1,240 million yen from the previous consolidated fiscal year to 14,439 million yen. Causes for increases or decreases in cash flow during the consolidated first six months are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 1,977 million yen (the same period of the previous fiscal year resulted in income of 1,855 million yen).

Major causes for increase include provision for loss on order received increased by 1,134 million yen and advances received increased by 891 million yen. The major causes for decrease include other assets increasing by 360 million yen and 250 million yen of income taxes paid.

#### (Cash flows from investing activities)

Net cash used in investing activities was 117 million yen (the same period of previous fiscal year resulted in use of 346 million yen).

The major causes for decrease included expenditures of 120 million yen for software development and the purchase of hardware.

#### (Cash flows from financing activities)

Net cash used in financing activities was 731 million yen (the same period of previous fiscal year resulted in use of 731 million yen).

Major causes for decrease included dividend payments of 728 million yen, among other factors.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

Today, we revised the consolidated earnings forecast released on May 11, 2023. For details, refer to the “Notice on the Recording of Provision for Losses on Orders Received, Differences Between Second Quarter Consolidated Earnings Forecast and Results, and Revisions to the Full-Year Consolidated Earnings Forecast” released today (October 31, 2023). (Japanese Only)

Furthermore, with the change in market segments on the Tokyo Stock Exchange, we did not fulfill the issued share ratio criteria required to maintain listing the Standard Market to which we are moving. As such, on December 15, 2021, we changed our listing to the Standard Market after having disclosed a Plan for Compliance with Listing Maintenance Criteria for the new market segments. As of March 31, 2023, our issued share ratio still does not fulfill said listing maintenance criteria. As such, on May 11, 2023 we updated our Plan for Compliance with Listing Maintenance Criteria for the new market segments. As of September 30, 2023, the issued share ratio does not meet the listing maintenance criteria thus, in accordance with this plan, we will continue implementing initiatives towards being in compliance with listing maintenance criteria.



## 2. Consolidated Financial Statements and Notes to Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated second quarter (September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	12,699,075	13,939,384
Notes and accounts receivable – trade and contract assets	3,462,303	3,540,284
Securities	500,000	500,000
Merchandise	211	2,295
Work in process	23,166	34,283
Supplies	984	6,584
Other	753,444	933,258
Allowance for doubtful accounts	-169	–
Total current assets	17,439,016	18,956,090
Non-current assets		
Property, plant and equipment		
Buildings and structures	823,461	821,552
Accumulated depreciation	-430,383	-460,921
Buildings and structures, net	393,077	360,630
Tools, furniture and fixtures	1,763,255	1,753,684
Accumulated depreciation	-1,330,755	-1,364,927
Tools, furniture and fixtures, net	432,500	388,756
Leased assets	471,852	252,340
Accumulated depreciation	-458,242	-241,245
Leased assets, net	13,609	11,095
Total property, plant and equipment	839,187	760,482
Intangible assets		
Software	1,071,950	913,817
Goodwill	1,672	1,098
Other	82,757	101,965
Total intangible assets	1,156,380	1,016,882
Investments and other assets		
Investment securities	335,348	353,634
Lease deposits	564,322	563,874
Retirement benefit assets	242,174	311,818
Deferred tax assets	663,476	657,540
Other	64,526	172,188
Allowance for doubtful accounts	-5,374	-5,374
Total investments and other assets	1,864,473	2,053,681
Total non-current assets	3,860,041	3,831,046
Total assets	21,299,058	22,787,136

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated second quarter (September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	839,344	896,460
Lease obligations	4,085	3,183
Accounts payable - facilities	16,221	20,523
Accrued expenses	470,448	637,597
Income taxes payable	318,455	114,264
Advances received	3,357,657	4,253,514
Provision for bonuses	657,599	593,100
Provision for loss on order received	–	1,134,390
Other	555,631	661,580
Total current liabilities	6,219,444	8,314,616
Non-current liabilities		
Lease obligations	9,907	8,300
Asset retirement obligations	326,976	327,724
Total non-current liabilities	336,883	336,025
Total liabilities	6,556,328	8,650,641
Net assets		
Shareholders' equity		
Capital stock	1,367,687	1,367,687
Capital surplus	1,454,233	1,454,233
Retained earnings	11,772,453	11,029,167
Treasury shares	-865	-865
Total shareholders' equity	14,593,509	13,850,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,134	19,610
Foreign currency translation adjustment	221,965	346,540
Remeasurements of defined benefit plans	-85,879	-79,878
Accumulated other comprehensive income	149,220	286,272
Total net assets	14,742,730	14,136,495
Total liabilities and net assets	21,299,058	22,787,136

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

(Quarterly Consolidated Statement of Income)

(Consolidated first six months)

(Unit: 1,000 yen)

	Previous consolidated first six months (From April 1 to September 30, 2022)	Current consolidated first six months (From April 1 to September 30, 2023)
Net sales	11,728,693	11,998,634
Cost of sales	7,102,267	8,834,691
Gross profit	4,626,426	3,163,943
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	-8	-169
Directors' compensations	78,172	97,105
Employees' salaries and bonuses	1,039,952	1,051,041
Provision for bonuses	169,886	221,053
Retirement benefit expenses	63,243	68,788
Welfare expenses	203,609	204,063
Depreciation	55,613	62,052
Amortization of goodwill	43,538	573
Research and development expenses	694,733	91,133
Other	1,147,099	1,270,006
Total selling, general and administrative expenses	3,495,841	3,065,649
Operating income	1,130,584	98,294
Non-operating income		
Interest income	7,613	11,306
Dividend income	87	87
Foreign currency exchange gains	-	10,539
Gain on investments in partnership	9,191	-
Share of profit of entities accounted for using equity method	1,083	1,350
Other	2,125	1,296
Total non-operating income	20,101	24,579
Non-operating expenses		
Interest expenses	268	266
Foreign exchange losses	8,185	-
Loss on investments in partnership	-	1,362
Other	143	10
Total non-operating expenses	8,596	1,639
Ordinary income	1,142,089	121,234
Extraordinary losses		
Loss on disposal of non-current assets	1,852	1,416
Loss on rebuilding backbone system	305,090	-
Impairment losses	-	87,378
Total extraordinary losses	306,943	88,795
Quarterly income before income taxes and minority interests	835,146	32,438
Income taxes	180,361	46,750
Quarterly net income (loss)	654,784	-14,311
Quarterly net income (loss) attributable to owners of parent	654,784	-14,311

(Quarterly Consolidated Statement of Comprehensive Income)  
(Consolidated first six months)

(Unit: 1,000 yen)

	Previous consolidated first six months (From April 1 to September 30, 2022)	Current consolidated first six months (From April 1 to September 30, 2023)
Net income (loss)	654,784	-14,311
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,121	6,475
Foreign currency translation adjustment	194,305	113,106
Remeasurements of defined benefit plans, net of tax	9,911	6,000
Share of other comprehensive income of entities accounted for using equity metho	13,476	11,468
Total other comprehensive income	216,571	137,051
Quarterly Comprehensive income	871,356	122,739
(Comprehensive income attributable to)		
Quarterly Comprehensive income attributable to owners of parent	871,356	122,739

## (3) Consolidated Statements of Cash Flow

(Unit: 1,000 yen)

	Previous consolidated first six months (From April 1 to September 30, 2022)	Current consolidated first six months (From April 1 to September 30, 2023)
<b>Cash flows from operating activities</b>		
Quarterly income before income taxes and minority interests	835,146	32,438
Depreciation	381,955	327,894
Amortization of goodwill	43,538	573
Loss on rebuilding backbone system	305,090	–
Impairment losses	–	87,378
Increase (decrease) in allowance for doubtful accounts	-8	-169
Increase (decrease) in provision for bonuses	-80,138	-66,875
Increase (decrease) in provision for loss on order received	–	1,134,390
Decrease (increase) in retirement benefit assets	-69,502	-60,998
Interest and dividend income	-7,701	-11,394
Interest expenses	268	266
Foreign exchange losses (gains)	4,878	5,760
Loss (gain) on disposal of non-current assets	1,852	1,416
Loss (gain) on investments in partnership	-9,191	1,362
Share of (profit) loss on equity method investments	-1,083	-1,350
Decrease (increase) in notes and accounts receivable - trade and contract assets	198,087	-68,147
Decrease (increase) in inventories	-23,562	-18,797
Increase (decrease) in notes and accounts payable - trade	-8,151	54,638
Increase (decrease) in advances received	515,332	891,292
Decrease (increase) in other assets	-184,905	-360,482
Increase (decrease) in other liabilities	70,322	267,297
Subtotal	1,972,227	2,216,497
Interest and dividend income received	7,680	11,393
Interest paid	-268	-266
Income taxes paid	-124,585	-250,500
<b>Cash flows from operating activities</b>	<b>1,855,053</b>	<b>1,977,123</b>
<b>Cash flows from investing activities</b>		
Proceeds from distribution of investment in partnerships	11,080	2,440
Purchase of property, plant and equipment and intangible assets	-357,048	-120,920
Payments for lease and guarantee deposits	-1,744	-297
Revenue from refund of lease and guarantee deposits received	1,141	1,253
Revenues from collection of loans	–	150
<b>Cash flows from investing activities</b>	<b>-346,572</b>	<b>-117,374</b>
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	-2,365	-2,508
Cash dividends paid	-729,090	-728,779
<b>Cash flows from financing activities</b>	<b>-731,456</b>	<b>-731,288</b>
Effect of exchange rate change on cash and cash equivalents	198,690	111,847
Net increase (decrease) in cash and cash equivalents	975,715	1,240,308
Cash and cash equivalents at beginning of period	12,911,100	13,199,075
Cash and cash equivalents at end of period	13,886,816	14,439,384

(4) Notes Concerning Consolidated Financial Statements

(Notes concerning the premise of a going concern)

Not applicable

(Indication of notable change in shareholders ' equity amount)

Current consolidated first six months (from April 1 to September 30, 2023)

Not applicable.

(Application of specific accounting treatments during the creation of quarterly consolidated financial statements)

	Current consolidated first six months (from April 1 to September 30, 2023)
Calculation of tax expenses	Our method of calculating tax expenses is to reasonably estimate the effective tax rate after applying tax effect accounting to consolidated net income before taxes for the consolidated fiscal year including the current consolidated second quarter, and then multiply quarterly net income before taxes by the estimated effective tax rate.

(Additional information)

(Provision for loss on order received)

As a provision for future losses related to orders received, we record estimated loss amounts if future losses are expected at the end of the current consolidated second quarter and the amount of such loss can be reasonably estimated.

(Segment information, etc.)

Segment information

I. Previous consolidated first six months (from April 1 to September 30, 2022)

1. Information concerning amounts for net sales, income, and losses within each reporting segment

(Unit: 1,000 yen)

	Reporting segment					Adjustment (Note) 1	Amounts in the consolidated statements of income (Note) 2
	HULFT Business	Data Platform Business	Retail & IT Service Business	Financial IT Service Business	Total		
Net sales							
Net sales to outside customers	4,586,817	1,060,778	1,315,299	4,765,798	11,728,693	–	11,728,693
Intersegment sales or transactions	21,474	–	–	–	21,474	-21,474	–
Total	4,608,291	1,060,778	1,315,299	4,765,798	11,750,168	-21,474	11,728,693
Segment income or losses (-)	1,854,776	-373,659	-65,887	540,575	1,955,805	-825,220	1,130,584

(Notes) 1. The segment income or loss adjustment of -825,220 thousand yen represents Group expenses not allocated to any reporting segment. Group expenses are R&D expenses related to HULFT Square, which are not allocated to any reporting segment.

2. Segment income and losses are adjusted based on operating income recorded on the quarterly consolidated statement of income.

2. Information related to impairment loss on non-current assets and goodwill or each reporting segment  
(Significant impairment losses related to non-current assets)

For corporate expenses not allocated to any reporting segment, we reduced the software book value to the recoverable amount following a review of our backbone system integration plans. As said reduced amount, we recorded 211,293 thousand yen in extraordinary losses as impairment losses included in loss on rebuilding backbone system.

II. Consolidated first six months (from April 1 to September 30, 2023)

1. Information concerning amounts for net sales, income, and losses within each reporting segment

(Unit: 1,000 yen)

	Reporting segment					Adjustment (Note) 1	Amounts in the consolidated statements of income (Note) 2
	HULFT Business	Data Platform Business	Retail & IT Service Business	Financial IT Service Business	Total		
Net sales							
Net sales to outside customers	4,914,635	1,325,567	1,463,149	4,295,281	11,998,634	–	11,998,634
Intersegment sales or transactions	–	–	–	–	–	–	–
Total	4,914,635	1,325,567	1,463,149	4,295,281	11,998,634	–	11,998,634
Segment income or losses (-)	2,093,058	-1,032,140	-1,297,925	335,301	98,294	–	98,294

(Notes) 1. While up to the previous consolidated fiscal year, we treated expenses related to HULFT Square as Group expenses as it was a new service in the R&D phase, since the service was released in February 2023, we now categorize the service under the Data Platform Business as of the consolidated first quarter of the current fiscal year.

2. Segment income and losses are adjusted based on operating income recorded on the quarterly consolidated statement of income.

3. We recorded a provision for losses on orders received of 1,272,939 thousand yen for the Retail & IT Service Business segment and recorded a provision for losses on orders received of 6,841 thousand yen for the Financial IT Services Business. These amounts were recorded as cost of sales.

2. Information related to impairment loss on non-current assets and goodwill or each reporting segment

(Significant impairment losses related to non-current assets)

In the Data Platform Business, due to projections that certain provided services will no longer generate revenue, we recorded impairment losses of 87,378 thousand yen.