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



March 13, 2024

Company name: NEOJAPAN Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3921

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Scheduled date of annual general meeting of shareholders: April 26, 2024

Scheduled date of commencing dividend payments: April 30, 2024

Scheduled date of filing securities report: April 26, 2024

Preparation of supplementary materials on annual financial results: Yes

Schedule of annual financial results briefing session: Scheduled (for analysts and institutional investors (online))

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

1. Consolidated Financial Results for the Fiscal Year Ended January 31, 2024 (February 1, 2023–January 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended January 31, 2024	6,615	10.1	1,296	4.5	1,375	2.9	956	17.7
January 31, 2023	6,007	1.5	1,241	(0.5)	1,335	(1.9)	812	(6.2)

(Note) Comprehensive income: Fiscal year ended January 31, 2024: ¥986 million [27.0%]

Fiscal year ended January 31, 2023: ¥776 million [(14.1)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended January 31, 2024	64.43	64.30	15.9	16.5	19.6
January 31, 2023	54.50	54.38	15.0	17.4	20.7

(Reference) Equity in earnings of affiliated companies: Fiscal year ended January 31, 2024: ¥- million

Fiscal year ended January 31, 2023: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2024	8,622	6,339	73.4	427.03
As of January 31, 2023	8,025	5,727	71.2	383.36

(Reference) Equity: As of January 31, 2024: ¥6,332 million

As of January 31, 2023: ¥5,717 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 year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
January 31, 2024	1,027	(359)	(389)	5,240
January 31, 2023	1,190	(174)	(207)	4,917

2. Dividends

	Annual dividends					Total 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	%	%
January 31, 2023	–	0.00	–	20.00	20.00	298	36.7	5.5
January 31, 2024	–	0.00	–	23.00	23.00	341	35.7	5.7
January 31, 2025 (Forecast)	–	0.00	–	27.00	27.00		34.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2025 (February 1, 2024–January 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	7,037	6.4	1,605	23.8	1,619	17.8	1,098	14.8	78.55

(Note) Basic earnings per share are calculated based on the estimated number of shares after deducting 850,000 shares (maximum), which are planned to be acquired as treasury shares.

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued and outstanding shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

January 31, 2024:	14,914,800 shares
January 31, 2023:	14,914,800 shares
 - 2) Total number of treasury shares at the end of the period:

January 31, 2024:	85,565 shares
January 31, 2023:	223 shares
 - 3) Average number of shares during the period:

Fiscal year ended January 31, 2024:	14,844,058 shares
Fiscal year ended January 31, 2023:	14,911,167 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended January 31, 2024 (February 1, 2023–January 31, 2024)****(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	%
January 31, 2024	4,584	8.8	1,224	(0.4)	1,265	(0.9)	874	26.1
January 31, 2023	4,212	7.3	1,229	5.5	1,277	0.6	694	(14.0)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
January 31, 2024	58.94	58.83
January 31, 2023	46.55	46.44

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
January 31, 2024	7,828	5,938	75.9	400.43
January 31, 2023	7,321	5,408	73.9	362.60

(Reference) Equity: As of January 31, 2024: ¥5,938 million

As of January 31, 2023: ¥5,408 million

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

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Group and certain premises that the Group deems to be reasonable, and are not guarantees of future performance. Actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The Japanese economy in the fiscal year ended January 31, 2024 saw signs of gradual recovery given the improving trend in personal consumption and capital investment. The economy is expected to continue its gradual recovery thanks to the effect of various government initiatives premised on the improvement of the employment and income environment. However, we recognize certain factors that need to be noted, such as global monetary tightening, rising prices, unstable exchange rate fluctuations, the situation in the Middle East, and concerns about the outlook of the Chinese economy.

The IT industry, to which the Group belongs, witnesses an increase in software investment, and is expected to continue to see solid investments in IT on the back of improvement in corporate earnings.

Under such circumstances, in March 2023, desknet's NEO version 7.5 was released as an updated version with enhancement of 50 items or more for 15 functions in response to the needs of users. In September 2023, we released desknet's NEO version 8.0 and business chat tool ChatLuck version 6.0, which enable secure and stable adoption of generative AI in the workplace, through integration with ChatGPT provided by OpenAI Inc.

In addition, groupware desknet's NEO and business chat tool ChatLuck received four awards in the respective categories in the BOXIL SaaS AWARD Winter 2023 (December 2023), which recognizes the most valued SaaS of the moment and is organized by SMARTCAMP Co., Ltd. Our three principal products received awards in the ITreview Grid Award 2024 Winter, organized by IT product comparison and review website ITreview in January 2024. Groupware desknet's NEO and our business chat tool ChatLuck were awarded as "LEADER" for the 19th consecutive term and 7th consecutive term, respectively, while AppSuite, a tool for creating apps with no coding, was awarded for the 3rd consecutive term.

In addition, following the selection as the first demonstration experiment provider for the "YOKOHAMA Hack!" project, which promotes digital transformation of administrative services by utilizing digital technology from the private sector solicited by the City of Yokohama, we implemented a demonstration experiment for "strengthening measures for evacuation security plans to ensure the safety of users of facilities requiring special consideration," utilizing our AppSuite, a tool for creating apps with no coding, and groupware desknet's NEO. We systemized the evacuation security plans and achieved a 41% reduction in the entire workload of concerned parties. Based on these results, in October 2023 we began providing the City of Yokohama with a system to help the city prepare evacuation security plans to ensure the safety of facility users requiring special consideration. Going forward, we will strive to provide the similar function to other local governments, in addition to the City of Yokohama.

Furthermore, we started a demonstration experiment from late December 2023 across Kamakura City government offices, using ChatLuck equipped with a function that allows integration with ChatGPT. Under a secure environment where work-related information will not be stored or learned externally, we will look into how local governments can utilize ChatGPT, and will work to expand its use.

With regard to the advertising investments scheduled for the fiscal year under review to increase awareness of our products and services, we took on the challenge of airing TV commercials at a scale unprecedented for us. While we had originally planned to spend ¥300,000 thousand, the series of advertising expenses totaled approximately ¥330,000 thousand. This is mainly due to the additional production expenses, etc. spent based on the outcome of the TV commercials aired in the first half of the fiscal year under review.

As a result, for the fiscal year ended January 31, 2024, the Company posted net sales of ¥6,615,676 thousand (up 10.1% year on year), operating profit of ¥1,296,834 thousand (up 4.5% year on year), ordinary profit of ¥1,375,051 thousand (up 2.9% year on year), and profit attributable to owners of parent of ¥956,350 thousand (up 17.7% year on year).

Operating results for the fiscal year ended January 31, 2024 by segment are as follows.

(Software business)

Business sector	For the fiscal year ended January 31, 2023		For the fiscal year ended January 31, 2024		
	Net sales (Thousand yen)	Percentage breakdown (%)	Net sales (Thousand yen)	Percentage breakdown (%)	Change (%)
Cloud services	2,702,621	64.1	2,951,377	64.4	9.2
Packaged products	1,435,839	34.1	1,562,474	34.1	8.8
Technological development	73,961	1.8	70,600	1.5	(4.5)
Total	4,212,421	100.0	4,584,451	100.0	8.8

1) Cloud services

Net sales by principal cloud service are as follows.

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024	Change (Thousand yen)	Change (%)
	Net sales (Thousand yen)	Net sales (Thousand yen)		
desknet's NEO cloud	2,236,647	2,445,300	208,652	9.3
AppSuite cloud	134,276	177,028	42,751	31.8
ChatLuck cloud	66,764	72,579	5,815	8.7
Other monthly recurring revenue	197,846	199,565	1,718	0.9
Total monthly recurring revenue	2,635,535	2,894,474	258,938	9.8
Other services, etc.	67,085	56,903	(10,182)	(15.2)
Cloud services total	2,702,621	2,951,377	248,756	9.2

Net sales of desknet's NEO cloud increased by ¥208,652 thousand year on year to ¥2,445,300 thousand (up 9.3% year on year), due to an increase in the number of users and price revisions following the termination of campaign pricing that had been offered in anticipation of the termination of services which allowed users to bring in their own license. The average number of users of the service is 85 users per company, indicating that most of the customers are with less than 100 users. Meanwhile, we see a gradual increase in the number of customers with 300 or more users choosing the cloud service. Since the churn rate (* 1) remains low at 0.30%, we recognize that its sales will remain stable in the future. Net sales of AppSuite cloud increased by ¥42,751 thousand year on year to ¥177,028 thousand (up 31.8% year on year), due to an increase in the number of users. At the end of the fiscal year under review, the number of users of the service accounted for about 10% of the number of desknet's NEO cloud users, and we continue to expect a high growth rate as there is large room for growth. Net sales of ChatLuck cloud increased by ¥5,815 thousand year on year to ¥72,579 thousand (up 8.7% year on year). Although this accounts for a small proportion of overall net sales, growth is expected in the field. We will therefore strive to expand the number of users by continuously working to enhance functions. Other monthly recurring revenue increased by ¥1,718 thousand year on year to ¥199,565 thousand (up 0.9% year on year), almost unchanged from the previous year. Net sales of other services, etc. decreased by ¥10,182 thousand year on year to ¥56,903 thousand (down 15.2% year on year). This was primarily due to lower customization sales to ASP providers.

As a result, the overall net sales of cloud services increased by ¥248,756 thousand year on year to ¥2,951,377 thousand (up 9.2% year on year).

(* 1) The churn rate for desknet's NEO cloud users is calculated by averaging the figures of "amount of MRR (* 2) decreased during a month caused by cancellation of the service ÷ MRR at the end of the previous month" for the fiscal year under review.

(* 2) MRR (Monthly Recurring Revenue) is calculated based on the monthly charge for continuously billed users

as of the end of the target month or the total amount of 1/12 of the annual charge.

2) Packaged products

Net sales by principal packaged product are as follows.

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024	Change (Thousand yen)	Change (%)
	Net sales (Thousand yen)	Net sales (Thousand yen)		
desknet's NEO Enterprise license	164,139	184,715	20,575	12.5
desknet's NEO Small license	40,889	52,144	11,254	27.5
AppSuite	79,309	116,079	36,770	46.4
ChatLuck	38,440	46,643	8,202	21.3
Other license sales	10,466	8,487	(1,978)	(18.9)
Total license sales	333,245	408,070	74,824	22.5
Support	801,083	843,471	42,388	5.3
Customization	73,020	106,445	33,425	45.8
Other services, etc.	228,489	204,486	(24,002)	(10.5)
Packaged products total	1,435,839	1,562,474	126,635	8.8

Net sales of desknet's NEO Enterprise license, which is for large-scale users, increased by ¥20,575 thousand year on year to ¥184,715 thousand (up 12.5% year on year), amid strong sales to government agencies and financial institutions.

Net sales of desknet's NEO Small license, which is for small- and medium-scale users, had been on the decline due to the increasing trend in the number of customers choosing cloud services, however, net sales for the fiscal year ended January 31, 2024 increased by ¥11,254 thousand year on year to ¥52,144 thousand (up 27.5% year on year). This is deemed to result from the switch to our products away from competing products that terminated provision of the packaged versions. We recognize the trend of decrease in desknet's NEO Small license sales as a result of the widespread use of the cloud services.

AppSuite license and ChatLuck license are often purchased simultaneously with desknet's NEO Enterprise license. For the fiscal year ended January 31, 2024, net sales of AppSuite license increased by ¥36,770 thousand year on year to ¥116,079 thousand (up 46.4% year on year), and net sales of ChatLuck license increased by ¥8,202 thousand year on year to ¥46,643 thousand (up 21.3% year on year), due to additional installations for government agencies and financial institutions among other factors.

Net sales of customization increased by ¥33,425 thousand year on year to ¥106,445 thousand (up 45.8% year on year) mainly because of a year-on-year increase in the number of mid-sized projects. Net sales of support increased by ¥42,388 thousand year on year to ¥843,471 thousand (up 5.3% year on year), mainly because net sales of support for desknet's NEO increased by ¥16,068 thousand year on year to ¥705,752 thousand (up 2.3% year on year) and net sales of support for AppSuite increased by ¥17,471 thousand year on year to ¥63,249 thousand (up 38.2% year on year).

As a result, the overall net sales of packaged products increased by ¥126,635 thousand year on year to ¥1,562,474 thousand (up 8.8% year on year).

3) Technological development

Our policy is not to actively accept development contracts. Net sales of technological development decreased by ¥3,361 thousand year on year to ¥70,600 thousand (down 4.5% year on year). This was mainly because of the sales associated with ongoing projects from the past.

As a result, the software business posted net sales of ¥4,584,451 thousand (up 8.8% year on year). Meanwhile, segment profit fell to ¥1,224,099 thousand (down 0.4% year on year) due mainly to the impact of increases in advertising expenses for TV commercials, etc., research and development expenses for new services, and personnel expenses.

(System development service business)

The system development service business consists of businesses operated by our subsidiary, Pro-SPIRE Inc., develops engineers based on the cloud integration and system integration know-how it cultivated over the years, and mainly provides system engineering services that meet new customer needs by taking advantage of cutting-edge technologies.

For the fiscal year ended January 31, 2024, a recovery trend in net sales continued from the fourth quarter of the previous fiscal year, and net sales increased by ¥234,279 thousand to ¥2,049,942 thousand (up 12.9% year on year) as compared with the previous fiscal year in which net sales decreased due to the impact of a reduction in the size of systems undertaken by major customers and a decrease in the number of personnel for such reasons as retirement. Cost of sales also increased by ¥216,604 thousand due mainly to an increase in outsourcing expenses paid to partner companies associated with the increase in net sales. Selling, general and administrative expenses increased by ¥8,618 thousand due mainly to an increase in personnel expenses.

As a result, the system development service business posted net sales of ¥2,049,942 thousand (up 12.9% year on year) and segment profit of ¥103,146 thousand (up 9.6% year on year).

(Overseas business)

The overseas business consists of businesses of three overseas subsidiaries, which include selling desknet's NEO license and providing cloud services to local companies.

The main products sold in the ASEAN region are desknet's NEO and AppSuite. In Malaysia and Thailand where subsidiaries of the Company conduct business activities, we strive to raise awareness of our products and services by enhancing sales staff and opening booths at exhibitions, after resuming full-fledged sales activities in the previous fiscal year. In Thailand, we signed agreements with two new local sales agents in the fiscal year under review, and there have been several cases where we made sales through the sales agents. While sales are gradually increasing in the two subsidiaries in the ASEAN region, more time is needed to achieve positive profits stably on a monthly basis. We will focus our efforts on sales expansion by steadily accumulating recurring sales and focusing also on support for app creation with AppSuite. In addition, in the U.S., services that had been under development since the previous fiscal year based on local market surveys were transferred to the Company during the second quarter of the fiscal year under review.

As a result, the overseas business posted net sales of ¥93,973 thousand (up 856.7% year on year) and segment loss of ¥31,922 thousand (segment loss of ¥82,361 thousand for the same period of the previous fiscal year). The increase in net sales in the overseas business is mainly attributable to the transfer of rights to services that had been under development by our U.S. subsidiary to the Company.

(2) Analysis of Financial Position

(Assets)

Total assets as of January 31, 2024 increased by ¥597,448 thousand from the end of the previous fiscal year to ¥8,622,954 thousand. This was mainly due to increases of ¥367,901 thousand in cash and deposits resulting from profit, of ¥401,169 thousand in other under current assets resulting mainly from accounts receivable - other associated with sale of investment securities, and of ¥49,399 thousand in software (including software in progress) associated with product updates, etc., while securities and investment securities decreased by ¥275,351 thousand resulting mainly from redemption and sale of bonds.

(Liabilities)

Total liabilities as of January 31, 2024 decreased by ¥14,460 thousand from the end of the previous fiscal year to ¥2,283,133 thousand. This was mainly due to decreases of ¥47,030 thousand in income taxes payable and of

¥46,003 thousand in other under current liabilities resulting mainly from a decrease in accounts payable - other, despite an increase of ¥34,278 thousand in contract liabilities for cloud services, support services, etc. in line with an increase in the number of users and an increase of ¥26,208 thousand in provision for bonuses.

(Net assets)

Total net assets as of January 31, 2024 increased by ¥611,909 thousand from the end of the previous fiscal year to ¥6,339,821 thousand. This was mainly due to a recording of ¥956,350 thousand in profit attributable to owners of parent, while retained earnings increased by ¥658,059 thousand as a result of the payment of a dividend of surplus of ¥298,291 thousand.

(3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of January 31, 2024 was ¥5,240,215 thousand, an increase of ¥322,836 thousand compared with the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to ¥1,027,404 thousand (cash inflow of ¥1,190,208 thousand in the previous fiscal year). The main inflows were an increase of cash resulting from profit before income taxes of ¥1,398,273 thousand, depreciation of ¥223,788 thousand, and an increase in contract liabilities of ¥34,250 thousand, despite a decrease of cash resulting from income taxes paid of ¥532,984 thousand.

(Cash flows from investing activities)

Cash used in investing activities amounted to ¥359,171 thousand (cash outflow of ¥174,402 thousand in the previous fiscal year). This was mainly due to a decrease in cash due to purchase of intangible assets of ¥258,498 thousand and purchase of investment securities of ¥354,297 thousand, despite an increase in cash resulting from proceeds from redemption of investment securities of ¥150,553 thousand and proceeds from sale of investment securities of ¥120,716 thousand.

(Cash flows from financing activities)

Cash used in financing activities amounted to ¥389,511 thousand (cash outflow of ¥207,261 thousand in the previous fiscal year). This was mainly due to dividends paid of ¥298,024 thousand and purchase of treasury shares of ¥90,400 thousand.

(4) Future Outlook

For the fiscal year ending January 31, 2025, the Group forecasts consolidated net sales of ¥7,037 million (up 6.4% year on year), operating profit of ¥1,605 million (up 23.8% year on year), ordinary profit of ¥1,619 million (up 17.8% year on year), and profit attributable to owners of parent of ¥1,098 million (up 14.8% year on year).

As for net sales, we expect a continued increase mainly from the cloud services in the software business. In the cloud services of the software business, monthly net sales are expected to increase by approximately 8%, or ¥250 million, compared with the fiscal year ended January 31, 2024. By service, net sales of desknet’s NEO cloud are expected to increase approximately 8%, which would have a large impact on overall net sales. Meanwhile, net sales of AppSuite cloud are also expected to continue to increase by more than 30% in the fiscal year ending January 31, 2025. In the system development service business, we plan to increase sales by roughly 3%. In the previous fiscal year (fiscal year ended January 31, 2023), net sales decreased due to the impact of a reduction in the size of systems undertaken by major customers and a decrease in the number of personnel for such reasons as retirement. On the other hand, net sales remained on an improving trend in the fiscal year under review and showed a substantial year-on-year increase of approximately ¥230 million. However, for the fiscal year ending January 31, 2025, we expect a lower net sales growth rate compared with that for the fiscal year under review.

When it comes to expenses, we have reviewed the advertising plan in the software business and decided not to air TV commercials in the fiscal year ending January 31, 2025. Advertising expenses are therefore expected to

decrease by approximately ¥250 million. While we recognize that TV commercials were to some extent effective in raising awareness, we have decided not to plan them in the fiscal year ending January 31, 2025, taking into account such factors as cost effectiveness in comparison with advertising via the internet and other media. A renewed discussion on the advertising strategy for the fiscal year ending January 31, 2026 and onward, including whether to air TV commercials, will take place in consideration of the circumstances in the fiscal year ending January 31, 2025. On the other hand, as personnel expenses and software depreciation are expected to increase, we expect cost of sales and selling, general and administrative expenses in the software business to remain roughly the same year on year. In addition, the overseas business plans to recruit developers in the U.S. subsidiary, which is expected to result in an increase of approximately ¥100 million in expenses.

2. Basic Policy on Selection of Accounting Standards

The Company plans to prepare its consolidated financial statements in accordance with generally accepted accounting practices in Japan, taking into account the comparability of consolidated financial statements between different accounting periods and against different companies. In adopting the international financial reporting standards (IFRS), the Company will take appropriate action considering the conditions and trends in Japan and abroad.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2023	As of January 31, 2024
Assets		
Current assets		
Cash and deposits	4,841,218	5,209,119
Accounts receivable - trade, and contract assets	687,633	708,131
Securities	378,245	195,198
Supplies	2,797	2,644
Other	80,302	481,472
Allowance for doubtful accounts	(1,646)	(1,508)
Total current assets	5,988,551	6,595,058
Non-current assets		
Property, plant and equipment		
Buildings	92,575	92,792
Accumulated depreciation	(61,064)	(64,778)
Buildings, net	31,511	28,014
Vehicles	21,305	22,904
Accumulated depreciation	(12,672)	(10,629)
Vehicles, net	8,632	12,274
Tools, furniture and fixtures	109,519	109,421
Accumulated depreciation	(102,014)	(101,812)
Tools, furniture and fixtures, net	7,505	7,609
Right of use assets	1,003	1,065
Accumulated depreciation	(835)	(888)
Right of use assets, net	167	177
Total property, plant and equipment	47,816	48,076
Intangible assets		
Goodwill	92,208	78,377
Software	201,803	145,005
Software in progress	50,464	156,661
Other	677	677
Total intangible assets	345,154	380,722
Investments and other assets		
Investment securities	1,119,398	1,027,093
Deferred tax assets	276,487	306,254
Other	248,355	266,068
Allowance for doubtful accounts	(258)	(319)
Total investments and other assets	1,643,983	1,599,097
Total non-current assets	2,036,954	2,027,896
Total assets	8,025,505	8,622,954

(Thousand yen)

	As of January 31, 2023	As of January 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	141,938	156,793
Income taxes payable	295,087	248,057
Contract liabilities	999,091	1,033,370
Provision for bonuses	79,133	105,341
Lease liabilities	207	223
Other	386,672	340,669
Total current liabilities	1,902,131	1,884,455
Non-current liabilities		
Retirement benefit liability	367,845	371,099
Lease liabilities	104	67
Other	27,512	27,512
Total non-current liabilities	395,462	398,678
Total liabilities	2,297,594	2,283,133
Net assets		
Shareholders' equity		
Share capital	297,161	297,161
Capital surplus	333,445	334,566
Retained earnings	5,048,037	5,706,096
Treasury shares	(384)	(77,482)
Total shareholders' equity	5,678,260	6,260,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,836	53,282
Foreign currency translation adjustment	15,509	18,913
Total accumulated other comprehensive income	39,345	72,195
Non-controlling interests	10,304	7,282
Total net assets	5,727,911	6,339,821
Total liabilities and net assets	8,025,505	8,622,954

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

(Thousand yen)

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024
Net sales	6,007,080	6,615,676
Cost of sales	2,774,775	2,976,471
Gross profit	3,232,305	3,639,204
Selling, general and administrative expenses	1,991,138	2,342,370
Operating profit	1,241,167	1,296,834
Non-operating income		
Interest income	31,495	42,456
Gain on sale of securities	29,149	28,353
Foreign exchange gains	11,642	8,254
Other	23,313	6,336
Total non-operating income	95,600	85,400
Non-operating expenses		
Interest expenses	14	31
Loss on investments in investment partnerships	922	7,129
Other	69	23
Total non-operating expenses	1,006	7,183
Ordinary profit	1,335,761	1,375,051
Extraordinary income		
Gain on sale of non-current assets	–	4,375
Gain on sale of investment securities	–	7,307
Gain on redemption of investment securities	35,899	38,463
Total extraordinary income	35,899	50,146
Extraordinary losses		
Impairment losses	1,571	–
Loss on sale of investment securities	–	26,924
Loss on valuation of investment securities	37,813	–
Total extraordinary losses	39,384	26,924
Profit before income taxes	1,332,276	1,398,273
Income taxes - current	500,787	487,346
Income taxes - deferred	22,927	(42,386)
Total income taxes	523,714	444,960
Profit	808,561	953,312
Loss attributable to non-controlling interests	(4,079)	(3,037)
Profit attributable to owners of parent	812,641	956,350

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024
Profit	808,561	953,312
Other comprehensive income		
Valuation difference on available-for-sale securities	(44,122)	29,446
Foreign currency translation adjustment	11,776	3,419
Total other comprehensive income	(32,345)	32,866
Comprehensive income	776,216	986,178
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	779,637	989,200
Comprehensive income attributable to non-controlling interests	(3,421)	(3,022)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	296,672	332,956	4,449,727	(384)	5,078,973
Cumulative effects of changes in accounting policies			(5,611)		(5,611)
Restated balance	296,672	332,956	4,444,116	(384)	5,073,361
Changes during period					
Issuance of new shares - exercise of share acquisition rights	489	489			978
Dividends of surplus			(208,720)		(208,720)
Profit attributable to owners of parent			812,641		812,641
Net changes in items other than shareholders' equity					
Total changes during period	489	489	603,921	-	604,899
Balance at end of period	297,161	333,445	5,048,037	(384)	5,678,260

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	67,958	4,390	72,349	13,726	5,165,048
Cumulative effects of changes in accounting policies					(5,611)
Restated balance	67,958	4,390	72,349	13,726	5,159,437
Changes during period					
Issuance of new shares - exercise of share acquisition rights					978
Dividends of surplus					(208,720)
Profit attributable to owners of parent					812,641
Net changes in items other than shareholders' equity	(44,122)	11,118	(33,003)	(3,421)	(36,425)
Total changes during period	(44,122)	11,118	(33,003)	(3,421)	568,474
Balance at end of period	23,836	15,509	39,345	10,304	5,727,911

Fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	297,161	333,445	5,048,037	(384)	5,678,260
Changes during period					
Dividends of surplus			(298,291)		(298,291)
Profit attributable to owners of parent			956,350		956,350
Purchase of treasury shares				(90,400)	(90,400)
Disposal of treasury shares		1,121		13,301	14,422
Net changes in items other than shareholders' equity					
Total changes during period	-	1,121	658,059	(77,098)	582,081
Balance at end of period	297,161	334,566	5,706,096	(77,482)	6,260,342

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	23,836	15,509	39,345	10,304	5,727,911
Changes during period					
Dividends of surplus					(298,291)
Profit attributable to owners of parent					956,350
Purchase of treasury shares					(90,400)
Disposal of treasury shares					14,422
Net changes in items other than shareholders' equity	29,446	3,404	32,850	(3,022)	29,828
Total changes during period	29,446	3,404	32,850	(3,022)	611,909
Balance at end of period	53,282	18,913	72,195	7,282	6,339,821

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,332,276	1,398,273
Depreciation	258,900	223,788
Impairment losses	1,571	–
Amortization of goodwill	13,831	13,831
Increase (decrease) in allowance for doubtful accounts	(502)	(77)
Increase (decrease) in provision for bonuses	1,262	26,208
Increase (decrease) in retirement benefit liability	44,841	3,253
Interest and dividend income	(31,495)	(42,456)
Foreign exchange losses (gains)	(15,456)	(11,950)
Interest expenses	14	31
Loss (gain) on sale of securities	(29,149)	(28,353)
Loss (gain) on investments in investment partnerships	922	7,129
Loss (gain) on redemption of investment securities	(35,899)	(38,463)
Loss (gain) on valuation of investment securities	37,813	–
Loss (gain) on sale of investment securities	–	19,617
Loss (gain) on sale and retirement of non-current assets	–	(4,375)
Surrender value of insurance policies	(17,319)	(655)
Decrease (increase) in trade receivables and contract assets	(18,670)	(20,432)
Decrease (increase) in inventories	1,988	153
Decrease (increase) in advance payments to suppliers	(18)	(395)
Decrease (increase) in prepaid expenses	1,141	(34,905)
Increase (decrease) in trade payables	14,673	14,855
Increase (decrease) in accounts payable - other	8,530	(66,672)
Increase (decrease) in accrued expenses	(3,831)	7,061
Increase (decrease) in accrued consumption taxes	(24,372)	3,392
Increase (decrease) in deposits received	(11,192)	8,911
Increase (decrease) in contract liabilities	120,237	34,250
Other, net	(6,943)	11,620
Subtotal	1,643,152	1,523,640
Interest and dividends received	30,762	36,779
Interest paid	(14)	(31)
Income taxes paid	(483,692)	(532,984)
Net cash provided by (used in) operating activities	1,190,208	1,027,404

(Thousand yen)

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024
Cash flows from investing activities		
Payments into time deposits	(7,202)	(7,202)
Purchase of property, plant and equipment	(1,933)	(15,893)
Proceeds from sale of property, plant and equipment	–	9,982
Purchase of intangible assets	(231,375)	(258,498)
Purchase of investment securities	(110,000)	(354,297)
Proceeds from redemption of investment securities	137,910	150,553
Proceeds from sale of investment securities	–	120,716
Proceeds from collection of loans receivable	24,599	–
Proceeds from distributions from investment partnerships	2,500	6,400
Payments of leasehold and guarantee deposits	(848)	(1,151)
Proceeds from refund of leasehold and guarantee deposits	1,155	818
Purchase of insurance funds	(16,007)	(16,074)
Proceeds from maturity of insurance funds	33,539	5,874
Other, net	(6,738)	(397)
Net cash provided by (used in) investing activities	(174,402)	(359,171)
Cash flows from financing activities		
Proceeds from issuance of shares	978	–
Dividends paid	(208,794)	(298,024)
Purchase of treasury shares	–	(90,400)
Other, net	554	(1,086)
Net cash provided by (used in) financing activities	(207,261)	(389,511)
Effect of exchange rate change on cash and cash equivalents	49,446	44,114
Net increase (decrease) in cash and cash equivalents	857,991	322,836
Cash and cash equivalents at beginning of period	4,059,387	4,917,378
Cash and cash equivalents at end of period	4,917,378	5,240,215

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the “Fair Value Measurement Implementation Guidance”) from the beginning of the fiscal year under review, and has decided to prospectively apply the new accounting policies stipulated by the Fair Value Measurement Implementation Guidance in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This application has no impact on the Company’s consolidated financial statements.

(Changes in presentation)

(Consolidated statements of income)

“Surrender value of insurance policies” under “non-operating income,” which was presented independently in the previous fiscal year, is included in “other” in the fiscal year under review because it has become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥17,319 thousand presented as “surrender value of insurance policies” under “non-operating income” and “other” of ¥5,994 thousand in the consolidated statements of income for the previous fiscal year have been reclassified into “other” of ¥23,313 thousand.

(Revenue recognition accounting)

1. Disaggregation of revenue from contracts with customers

For the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(Thousand yen)

	Reportable segment			Total
	Software business	System development service business	Overseas business	
Recurring revenue (Note 1)	3,445,595	1,683,145	4,790	5,133,531
One-time revenue (Note 2)	764,377	104,139	5,031	873,549
Revenue from contracts with customers	4,209,972	1,787,284	9,822	6,007,080
Net sales to outside customers	4,209,972	1,787,284	9,822	6,007,080

For the fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

(Thousand yen)

	Reportable segment			Total
	Software business	System development service business	Overseas business	
Recurring revenue (Note 1)	3,744,748	1,934,706	9,747	5,689,201
One-time revenue (Note 2)	835,581	77,322	13,570	926,474
Revenue from contracts with customers	4,580,329	2,012,028	23,317	6,615,676
Net sales to outside customers	4,580,329	2,012,028	23,317	6,615,676

(Notes) 1. Main contents of recurring revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from usage fees for cloud services provided, packaged software support fees, ASP license fees, etc.	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts (including contracts covering 12 months or longer through renewal of contracts) under which sales are recognized for the same customer for consecutive 12 months or longer immediately before the last day of each accounting period	Over a certain period of time

2. Main contents of one-time revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from packaged products license fees	At a point in time
	Revenue from service contracts such as product customization and services including product installation, data migration and education	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts, dispatching contracts and service contracts, which does not fall under the category of recurring revenue	Over a certain period of time

2. Information providing a basis for understanding revenue from contracts with customers

The principal performance obligations in the Company and its consolidated subsidiaries' principal businesses relating to revenue from contracts with customers and the usual time at which such performance obligations are fulfilled (the usual time at which revenue is recognized) are as follows.

1) Software business and overseas business

In the software business and overseas business, the Company mainly provides cloud services, such as groupware desknet's NEO, license sales (licensing), support services, and product customization.

For cloud services and support services, the Company discerns a performance obligation as the provision of services based on a contract with a customer over the contract period. The performance obligation is determined to be fulfilled over time, and revenue is recognized over the contract period in the amount of consideration promised in the contract with the customer.

For license sales, the Company discerns a performance obligation as the granting of a license based on a contract with a customer. The performance obligation is deemed to be fulfilled at the time the license is granted and revenue is recognized at the time (point in time) the license is granted. When license sales include support services, the Company discerns license sales and support services as separate performance obligations, allocates the transaction prices based on their stand-alone selling prices, and recognizes revenue for license sales and support services separately.

For development contracts, such as product customization, the Company discerns a performance obligation as the provision of software with specifications required based on a contract with a customer. The performance obligation is deemed to be fulfilled over a certain period of time, and the Company estimates the degree of progress toward fulfilling the performance obligation and recognizes revenue over a certain period of time based on the degree of completion of the performance obligation. The progress of the fulfillment of performance obligations is estimated by the input method, calculating the ratio of costs incurred to the total estimated amount of costs. If the progress of completion cannot be reasonably estimated, but it is expected that the costs incurred will be recovered, revenue is recognized using the cost recovery method.

2) System development service business

In the system development service business, the Company mainly provides system engineering services based on quasi-entrustment contracts with customers.

For systems engineering services under quasi-entrustment contracts with customers, the Company discerns a performance obligation as the provision of engineering work based on a contract with a customer. The performance obligation is deemed to be fulfilled over time, and the amount of consideration promised in the contract with the customer is recognized as revenue over the contract period.

According to the terms of payment related to the Company and its consolidated subsidiaries' transactions, payment is generally due within a short period of time and significant financial elements are not included in a contract.

3. Information about the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the following fiscal year or later from contracts with customers that existed at the end of the fiscal year under review

For the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

- 1) Balance of contract assets and contract liabilities, etc.

(Thousand yen)

	Fiscal year ended January 31, 2023	
	Balance at February 1, 2022	Balance at January 31, 2023
Claims arising from contracts with customers	663,361	676,355
Contract assets	5,573	11,277
Contract liabilities	878,850	999,091

Contract assets primarily relate to the Group's rights to consideration for contracts for made-to-order software, such as product customization, for which revenue is recognized because the performance obligation has been fulfilled as of the balance sheet date, but an invoice has not been issued. Once the Group has unconditional rights to consideration, it reclassifies contract assets to receivables from contracts with customers.

Contract liabilities primarily relate to advances received from customers for cloud and support services. Contract liabilities are reversed when revenue is recognized.

The amount of revenue recognized in the fiscal year ended January 31, 2023 that was included in the contract liability balance as of February 1, 2022 was ¥604,146 thousand. The increase in contract liabilities of ¥120,240 thousand in the fiscal year ended January 31, 2023 was mainly due to an increase in advances received for support services.

In addition, the amount of revenue recognized from performance obligations that were fulfilled (or partially fulfilled) in prior periods was insignificant in the fiscal year ended January 31, 2023.

- 2) Transaction prices allocated to remaining performance obligations

The aggregate transaction prices allocated to the remaining performance obligations and the period over which revenue is expected to be recognized are as follows.

(Thousand yen)

	Fiscal year ended January 31, 2023
Within 1 year	707,851
More than 1 year but within 2 years	122,547
More than 2 years but within 3 years	93,843
More than 3 years	74,848
Total	999,091

For the fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

- 1) Balance of contract assets and contract liabilities, etc.

(Thousand yen)

	Fiscal year ended January 31, 2024	
	Balance at February 1, 2023	Balance at January 31, 2024
Claims arising from contracts with customers	676,355	707,728
Contract assets	11,277	403
Contract liabilities	999,091	1,033,370

Contract assets primarily relate to the Group's rights to consideration for contracts for made-to-order software, such as product customization, for which revenue is recognized because the performance obligation has been fulfilled as of the balance sheet date, but an invoice has not been issued. Once the Group has unconditional rights to consideration, it reclassifies contract assets to receivables from contracts with customers.

Contract liabilities primarily relate to advances received from customers for cloud and support services. Contract liabilities are reversed when revenue is recognized.

The amount of revenue recognized in the fiscal year ended January 31, 2024 that was included in the contract liability balance as of February 1, 2023 was ¥707,851 thousand. The increase in contract liabilities of ¥34,747 thousand in the fiscal year ended January 31, 2024 was mainly due to an increase in advances received for cloud services.

In addition, the amount of revenue recognized from performance obligations that were fulfilled (or partially fulfilled) in prior periods was insignificant in the fiscal year ended January 31, 2024.

2) Transaction prices allocated to remaining performance obligations

The aggregate transaction prices allocated to the remaining performance obligations and the period over which revenue is expected to be recognized are as follows.

(Thousand yen)	
	Fiscal year ended January 31, 2024
Within 1 year	759,036
More than 1 year but within 2 years	133,379
More than 2 years but within 3 years	82,849
More than 3 years	58,105
Total	1,033,370

(Segment information, etc.)

(Segment information)

1. Summary of reportable segments

The Group's reportable segments are the units of the Group for which discrete financial information is available and for which the Board of Directors regularly conducts reviews to make decisions on the allocation of management resources and evaluates the segments' performances.

The Company has been conducting performance evaluations for the Company and each consolidated subsidiary. Therefore, the Company defines each company as constituent units of business segments and designates three reportable segments: "Software business," "System development service business" and "Overseas business."

The "software business" is a business operated by the Company and it mainly provides groupware products through cloud service, having desknet's NEO as the flagship product. The software business also sells licenses as packaged products, provides services related to the above products, and undertakes contract development of products that will lead to future products and services.

The "system development service business" is operated by Pro-SPIRE Inc., develops engineers based on the cloud integration and system integration know-how it cultivated over the years, and mainly provides system engineering services that meet new customer needs by taking advantage of cutting-edge technologies.

The "overseas business" is operated by overseas subsidiaries and sells our products and services mainly in the ASEAN region.

2. Method of calculating the amounts of net sales, profit or loss, assets, liabilities and other accounts by reportable segment

The accounting procedures for reportable business segments use the same principles and procedures of the accounting procedures adopted to prepare the consolidated financial statements. Segment profit consists of figures based on operating profit. Intersegment net sales or transfers are based on prevailing market prices.

Segment assets and liabilities are not disclosed as they are not provided to the Board of Directors on a regular basis and are not subject to examinations for decisions on the allocation of management resources and performance evaluations.

3. Information on the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment
For the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(Thousand yen)

	Reportable segment				Adjustment	Amount recorded in consolidated financial statements
	Software business	System development service business	Overseas business	Total		
Net sales						
Net sales to outside customers	4,209,972	1,787,284	9,822	6,007,080	–	6,007,080
Intersegment net sales or transfers	2,448	28,377	–	30,826	(30,826)	–
Total	4,212,421	1,815,662	9,822	6,037,906	(30,826)	6,007,080
Segment profit (loss)	1,229,464	94,088	(82,361)	1,241,192	(25)	1,241,167
Other accounts						
Depreciation	253,701	3,495	1,703	258,900	–	258,900
Amortization of goodwill	–	13,831	–	13,831	–	13,831
Impairment losses	–	–	1,571	1,571	–	1,571

(Notes) 1. The segment profit (loss) adjustment of ¥(25) thousand represents elimination of intersegment transactions.

2. Segment profit (loss) was adjusted based on operating profit reported on the consolidated statements of income.

3. Depreciation includes amortization of long-term prepaid expenses.

For the fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

(Thousand yen)

	Reportable segment				Adjustment	Amount recorded in consolidated financial statements
	Software business	System development service business	Overseas business	Total		
Net sales						
Net sales to outside customers	4,580,329	2,012,028	23,317	6,615,676	–	6,615,676
Intersegment net sales or transfers	4,122	37,913	70,655	112,691	(112,691)	–
Total	4,584,451	2,049,942	93,973	6,728,367	(112,691)	6,615,676
Segment profit (loss)	1,224,099	103,146	(31,922)	1,295,323	1,511	1,296,834
Other accounts						
Depreciation	218,876	3,495	1,416	223,788	–	223,788
Amortization of goodwill	–	13,831	–	13,831	–	13,831
Impairment losses	–	–	–	–	–	–

(Notes) 1. The segment profit (loss) adjustment of ¥1,511 thousand represents elimination of intersegment transactions.

2. Segment profit (loss) was adjusted based on operating profit reported on the consolidated statements of income.

3. Depreciation includes amortization of long-term prepaid expenses.

[Related information]

Fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

1. Information for each product and service

Description is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

Description is omitted as net sales to external customers in Japan exceed 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

Description is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information on major customer

(Thousand yen)

Customer	Net sales	Relevant segment
DAIWABO INFORMATION SYSTEM CO., LTD.	766,132	Software business

Fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

1. Information for each product and service

Description is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

Description is omitted as net sales to external customers in Japan exceed 90% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

Description is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information on major customer

(Thousand yen)

Customer	Net sales	Relevant segment
DAIWABO INFORMATION SYSTEM CO., LTD.	837,046	Software business

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(Thousand yen)

	Reportable segment				Corporate and elimination	Total
	Software business	System development service business	Overseas business	Total		
Impairment losses	–	–	1,571	1,571	–	1,571

For the fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

Not applicable.

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

For the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(Thousand yen)

	Reportable segment				Corporate and elimination	Total
	Software business	System development service business	Overseas business	Total		
Depreciation for the period under review	–	13,831	–	13,831	–	13,831
Balance at end of period	–	92,208	–	92,208	–	92,208

For the fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

(Thousand yen)

	Reportable segment				Corporate and elimination	Total
	Software business	System development service business	Overseas business	Total		
Depreciation for the period under review	–	13,831	–	13,831	–	13,831
Balance at end of period	–	78,377	–	78,377	–	78,377

[Information on gain on negative goodwill by reportable segment]

Not applicable.

(Per share information)

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024
Net assets per share	¥383.36	¥427.03
Basic earnings per share	¥54.50	¥64.43
Diluted earnings per share	¥54.38	¥64.30

(Notes) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows:

	For the fiscal year ended January 31, 2023	For the fiscal year ended January 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	812,641	956,350
Amount not attributable to shareholders of common shares (thousand yen)	–	–
Profit attributable to owners of parent relevant to common shares (thousand yen)	812,641	956,350
Average number of common shares during the period (shares)	14,911,167	14,844,058
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (thousand yen)	–	–
Increase in common shares (shares)	32,507	29,076
(Of which, number of share acquisition rights (shares))	(32,507)	(29,076)
Overview of potential shares that were not included in the calculation of diluted earnings per share due to no diluting effect	–	–

2. The basis for calculating net assets per share is as follows:

	As of January 31, 2023	As of January 31, 2024
Total amount of net assets (thousand yen)	5,727,911	6,339,821
Amount to be deducted from total net assets (thousand yen)	10,304	7,282
Net assets at the end of the period associated with common shares (thousand yen)	5,717,606	6,332,538
Number of common shares at the end of the period used to calculate net assets per share (shares)	14,914,577	14,829,235

(Significant subsequent events)

(Purchase of treasury shares)

At a meeting of the Board of Directors held on March 13, 2024, the Company resolved to purchase treasury shares based on Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of same Act.

1. Reason for purchase of treasury shares

As one of the measures to boost market capitalization, the Company will purchase as treasury shares part of the shares held by Mr. Katsuya Otsubo, a major shareholder and former Director of the Company.

2. Details of matters related to the purchase

- | | |
|--|---|
| (1) Type of shares to be acquired: | Common shares of the Company |
| (2) Total number of shares that may be acquired: | 850,000 shares (maximum)
(5.73% of the total number of issued shares
(excluding treasury shares)) |
| (3) Total purchase price of shares: | ¥951,150,000 (maximum) |
| (4) Period of purchase: | March 14, 2024 |
| (5) Method of purchase: | Purchase through off-auction own share repurchase trading (ToSTNeT-3) |