

## Consolidated Financial Report for Fiscal 2023 Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

Listing: Tokyo Stock Exchange  
 Company name: **TDC SOFT Inc.**  
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Scheduled date of the ordinary general meeting of shareholders: June 27, 2024  
 Scheduled date of dividend payment: June 28, 2024  
 Scheduled date of filing securities report: June 27, 2024  
 Preparation of explanatory materials for annual financial results: Yes  
 Holding of a briefing on annual financial results: Yes (video streaming)

(Amounts are rounded down to the nearest million yen)

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

(1) Consolidated operating results (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal year ended March 31, 2024	39,698	12.6	3,807	10.1	4,253	14.5	3,089	24.1
Fiscal year ended March 31, 2023	35,242	14.0	3,458	16.6	3,714	20.5	2,490	20.4

Note: Comprehensive income

Fiscal year ended March 31, 2024      ¥3,405 million [33.1%]  
 Fiscal year ended March 31, 2023      ¥2,557 million [18.6%]

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit margin
	Yen Sen	Yen Sen	%	%	%
Fiscal year ended March 31, 2024	64.90	—	17.7	17.6	9.6
Fiscal year ended March 31, 2023	52.17	—	15.7	16.9	9.8

Reference: Equity gains/(Losses) of Affiliates

Fiscal year ended March 31, 2024      ¥— million  
 Fiscal year ended March 31, 2023      ¥— million

Note: The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. Net earnings per share have been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	Yen Sen
Fiscal year ended March 31, 2024	25,505	18,477	72.4	392.16
Fiscal year ended March 31, 2023	22,771	16,409	72.1	344.24

Reference: Owners' equity

As of March 31, 2024      ¥18,477 million  
 As of March 31, 2023      ¥16,409 million

Note: The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. Net assets per share have been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal year ended March 31, 2024	3,022	(296)	(1,357)	13,378
Fiscal year ended March 31, 2023	1,951	(354)	(1,440)	12,010

### 2. Dividends

	Dividends per share					Dividends (Total)	Dividend payout ratio (consolidated)	Dividend payout ratio on net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
Fiscal year ended March 31, 2023	Yen Sen —	Yen Sen 15.00	Yen Sen —	Yen Sen 30.00	Yen Sen 45.00	(Millions of yen) 1,089	% 43.1	% 6.8
Fiscal year ended March 31, 2024	—	0.00	—	48.00	48.00	1,148	37.0	6.5
Fiscal year ending March 31, 2025 (forecast)	—	0.00	—	24.00	24.00		36.6	

Notes: 1. The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. For the fiscal years ended March 31, 2023 and 2024, the indicated dividend amounts are from before the stock split. For the fiscal year ended March 31, 2025 (forecast), the indicated figures are from after the stock split.

2. Breakdown of dividend for the end of second quarter of fiscal year ended March 31, 2023:

Commemorative dividend of 15.00 yen (commemorating the 60th anniversary of the Company's founding)

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

(Full year and quarterly percentages represent changes from the previous fiscal year and the same quarter of the previous fiscal year, respectively)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	Yen Sen	
Second quarter (cumulative)	20,460	8.5	1,950	4.9	2,050	6.2	1,377	5.1	29.23	
Full year	43,000	8.3	4,300	12.9	4,600	8.1	3,090	0.0	65.58	

\*Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting from changes in the scope of consolidation) :

NoneNew: — (company name(s)) Excluded: — (company name(s))

(2) Changes in accounting policies and accounting-based estimates, and restatements

- a. Changes in accounting policies due to revisions in accounting standards, etc. : None
- b. Changes in accounting policies other than a. above : None
- c. Changes in accounting-based estimates : None
- d. Restatements : None

(3) Number of shares outstanding (common stock)

a. Number of shares outstanding at the end of period (including treasury stock)

b. Number of treasury shares at the end of period

c. Average number of shares during the period

Fiscal year ended March 31, 2024	50,227,200	Fiscal year ended March 31, 2023	50,227,200
Fiscal year ended March 31, 2024	3,110,158	Fiscal year ended March 31, 2023	2,556,878
Fiscal year ended March 31, 2024	47,603,615	Fiscal year ended March 31, 2023	47,734,019

Notes: 1. The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. The

number of shares outstanding at the end of

period, the number of treasury shares at the end of period, and the average number of shares during the period have been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

- 2. The number of treasury shares at the end of period includes the Company's shares (722,000 shares as of March 31, 2024 and 738,800 shares as of March 31, 2023) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets in a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP). In addition, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in the treasury shares deducted from the calculation of the average number of shares during the period (As of March 31, 2024: 724,479 shares; as of March 31, 2023: 740,812 shares).

Reference: Summary of Individual Financial Results

**1. Individual Financial Results for Fiscal 2023 Ended March 31, 2024(April 1, 2023 to March 31, 2024)**

(1) Individual operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	(Millions of yen)	%						
Fiscal year ended March 31, 2024	36,902	12.7	3,592	9.9	4,028	17.6	2,941	27.4
Fiscal year ended March 31, 2023	32,739	11.9	3,269	16.8	3,427	18.0	2,309	18.2

	Earnings per share		Diluted earnings per share	
	Yen	Sen	Yen	Sen
Fiscal year ended March 31, 2024	61.80		—	
Fiscal year ended March 31, 2023	48.39		—	

Note: The Company conducted a 2-for-1 share split of common stock , effective April 1, 2024. Net earnings per share have been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Individual financial position

	Total assets		Net assets		Owners' equity ratio		Net assets per share	
	(Millions of yen)		(Millions of yen)		%		Yen	Sen
Fiscal year ended March 31, 2024	24,045		17,489		72.7		371.19	
Fiscal year ended March 31, 2023	21,492		15,568		72.4		326.58	

Reference: Owners' equity

Fiscal year ended March 31, 2024: ¥17,489 million

Fiscal year ended March 31, 2023: ¥15,568 million

Note: The Company conducted a 2-for-1 share split of common stock , effective April 1, 2024. Net assets per share have been calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

\* The consolidated financial report is exempt from audits by certified public accountants or an audit firm.

\* Explanation about the proper use of financial results forecasts and other noteworthy items

The report contains statements about the future such as forecasts for financial results that are based on information available to the Company at the time of disclosure and certain assumptions the Company believes to be reasonable. The Company gives no assurance that these statements will prove to be accurate. Actual results may differ significantly from these forecasts due to various factors. For matters related to the abovementioned forecasts, please refer to "1. Overview of Operating Results and Related Information (4) Business Outlook" on Page 5 of the appendix.

## Table of Contents - Appendix

1. Overview of Operating Results and Related Information.....	2
(1) Overview of Operating Results for the Period.....	2
(2) Overview of the Financial Status for the Period.....	5
(3) Overview of Cash Flow for the Period.....	5
(4) Business Outlook.....	5
(5) Sustainability Initiatives.....	7
2. Basic View on the Choice of Accounting Standards.....	7
3. Consolidated Financial Statements and Primary Notes.....	8
(1) Consolidated Balance Sheet.....	8
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	10
Consolidated Statement of Income.....	10
Consolidated Statement of Comprehensive Income.....	11
(3) Consolidated Statement of Changes in Net Assets.....	12
(4) Consolidated Statement of Cash Flows.....	14
(5) Notes on Consolidated Financial Statements.....	15
(Notes on Going Concern Assumption).....	15
(Segment Information and Related Matters).....	15
(Per Share Information).....	16
(Significant Subsequent Events).....	17

## 1. Overview of Operating Results and Related Information

### (1) Overview of Operating Results for the Period

During this consolidated fiscal year (April 1, 2023 – March 31, 2024), although Japan’s economy showed signs of a gradual recovery due to improvements in the employment and income environment, the situation still remains uncertain due to the economic effects of chronic global geopolitical risks, interest rate policies, and other factors.

In the information services industry, investment in systems related to digital transformation (“DX”), including enhancing corporate competitiveness and cloud migration, remains strong, and the scale of the market is expected to continue to expand.

Operating under such a climate, the Group has formulated its medium-term management plan “Shift to the Smart SI Plus” for the period up through March 2025, and this plan maintains the basic concept of providing high value-added IT services that meet the potential needs of the market and society, and adopts a vision of evolving into a next-generation system integration (“SI”) business based on which to promote corporate activities.

In order to realize this vision, we have three Group-wide core strategies.

One is to “create high-value-added SI services.” We tap into the latest elemental technologies to pursue services designed to meet the needs of customers promoting DX for value creation.

Another is to “support SI model reforms.” We use innovative approaches to build infrastructure for high-value-added SI services and to develop an SI process designed to ensure high productivity and high quality, and promote initiatives to differentiate ourselves from competitors.

Last is to “expand our business domain.” We are promoting measures to expand our business into commodity fields, including our consulting business, which supports customers in formulating strategies for their digital transformation, our sales business, which includes products, services, etc. that meet a diverse array of customers’ IT needs, and our SI business, which includes the provision of managed services that integrate all aspects of IT solutions, starting from development through to operation and maintenance.

During this fiscal year, we worked on the initiatives stated in the medium-term management plan “Shift to the Smart SI Plus,” following the policy of flexibly adapting to changes in external environments and steadily dealing with and making improvements on issues that would arise from the initiatives. Major initiatives are as follows.

#### a. Initiatives for core strategy “create high-value-added SI services”

In order to expand high-value-added SI services that meet customers’ needs of creating value, the Company has proactively engaged in human resource development and business development, considering the technologies that will greatly impact future society and businesses as focus fields. In particular, agile development business and cloud business, which have been set as our key strategic fields since the fiscal year ended March 31, 2020, have grown steadily. Net sales from these businesses increased to ¥10,137 million, or 17.5% year on year, in the fiscal year ended March 31, 2024 and accounted for 25.5% of consolidated net sales, up 1.0 percentage points from the previous year.

#### b. Expansion of our service and product sales business

In this fiscal year, we focused on promoting collaboration with alliance partners to construct an ecosystem in the area of high-value-added SI services, including agile development business and information system security business.

In order to further improve the quality of our services and to increase the efficiency of quality assurance processes in development projects, we constructed a system for project performance evaluations called “PROJECT IQ.” By doing this, we implemented measures to streamline the SI business by utilizing even higher level of advanced technologies, including visualizing quantitative project performance and starting to utilize the results as support information when reviewing projects and judging orders.

#### c. Expansion of business domain

In this fiscal year, we promoted activities to acquire capabilities to expand our business domain. Specifically, we expanded our service product sales business by enhancing our marketing and product sales functions, and we promoted efforts to expand our consulting business by changing our expertise into assets and using them to train personnel. In the SI business, we are also promoting initiatives to expand business volume, including the provision of managed services in the areas of maintenance and upkeep.

During the consolidated fiscal year under review, due to strong results in each business field, our net sales were higher than planned, and we achieved increased revenue. In terms of profit, although our costs increased due to the active promotion of investment aimed at future business expansion, our operating profit increased even more, resulting in a net increase. Meanwhile, we systematically promoted a number of specific investment-related initiatives, including expanding the number of new graduate hires and taking steps to make them useful sooner, acquiring new technologies aimed at expanding our next-generation business, and relocating our head office with the aim of continuing to demonstrate a high level of productivity as part of our “Smart Work” workplace strategy.

In addition, the Company sold some of its investment securities in an attempt to enhance the efficiency of its owned assets and strengthen its financial position.

As a result, the Group’s business performance for the consolidated fiscal year under review was as follows: net sales amounted to ¥39,698 million, up 12.6% year on year; operating profit amounted to ¥3,807 million, up 10.1% year on year; ordinary profit amounted to ¥4,253 million, up 14.5% year on year; and quarterly profit attributable to owners of parent amounted to ¥3,089 million, up 24.1% year on year, due to a reduction in corporate taxes, etc. resulting from the application of the Wage Increase Promotion Tax System.

**Status of activities by field**

## &lt;IT consulting and services&gt;

In the IT consulting and services field, we offer services that include developing IT strategies and systemization planning to facilitate customers' DX and providing technical consulting and educational services about the latest technologies and development methodologies. We also provide our internally developed cloud application services, along with solution services, such as BI (Note 1)/DWH (Note 2) and ERP (Note 3)/CRM (Note 4). During this fiscal year, the Group made solid progress on SaaS (Note 5) solution projects for enterprises. As a result, net sales in this field increased 18.0% year on year to ¥6,768 million.

## &lt;IT solutions for financial services&gt;

In the field of IT solutions for financial services, we offer integrated IT solutions for the financial sector, including systemization planning, design, development, and maintenance. During this quarter, the Group made strong progress on development projects for banking systems. As a result, net sales in this field increased 10.8% year on year to ¥17,618 million.

## &lt;IT solutions for public corporations&gt;

In the field of IT solutions for public corporations, we offer integrated IT solutions for the logistics, manufacturing, and service industries as well as the public sector, including systemization planning, design, development, and maintenance. During this fiscal year, the Group made solid progress on development projects for public agencies and the transportation sector. As a result, net sales in this field increased 11.8% year on year to ¥10,637 million.

## &lt;Platform solutions&gt;

In the field of platform solutions, we offer services such as the environmental design and construction of IT infrastructure, along with operational support, network product development, and network integration. During this quarter, the Group made solid progress on projects to build infrastructure for the banking sector. As a result, net sales in this field increased 14.1% year on year to ¥4,675 million.

(Millions of yen)

Field	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Year-on-year percentage change
	Consolidated cumulative quarter		Consolidated cumulative quarter		
	Amount	Share	Amount	Share	
IT consulting and services	5,733	16.3%	6,768	17.0%	+18.0%
IT solutions for financial services	15,900	45.1%	17,618	44.4%	+10.8%
IT solutions for public corporations	9,511	27.0%	10,637	26.8%	+11.8%
Platform solutions	4,098	11.6%	4,675	11.8%	+14.1%
Total	35,242	100.0%	39,698	100.0%	+12.6%

Notes: 1. BI: Business intelligence. A process for analyzing a company's internal information to harness it in business management.

2. DWH: Data warehouse. An integrated database that collects necessary data from multiple systems, including core systems, to sort the data by objective and accumulate it chronologically for data analysis and decision-making.

3. ERP: Enterprise resource planning. A core information system.

4. CRM: Customer relationship management. A customer management system.

5. SaaS: An abbreviation for Software as a Service. Refers to providing software that runs on a server as a service.

## (2) Overview of the Financial Status for the Period

## State of assets, liabilities, and net assets

Total assets at the end of this consolidated fiscal year increased by ¥2,734 million from the end of the previous consolidated fiscal year to ¥25,505 million.

Current assets increased by ¥1,606 million from the end of the previous fiscal year to ¥20,434 million. This is mainly due to increases of ¥324 million in notes and accounts receivable - trade, and contract assets, and of ¥1,368 million in cash and deposits.

Non-current assets increased by ¥1,128 million from the end of the previous fiscal year to ¥5,071 million. This is mainly due to an increase of ¥774 million in property, plant and equipment along with an increase of ¥335 million in investment securities.

Current liabilities increased by ¥333 million from the end of the previous consolidated fiscal year to ¥6,378 million. This is mainly due to an increase of ¥197 million in accounts payable - trade along with an increase of ¥158 million in accrued consumption taxes.

Non-current liabilities increased by ¥333 million from the end of the previous fiscal year to ¥649 million. This is mainly due to an increase of ¥175 million in asset retirement obligations and ¥171 million in long-term accrued expenses included in other expenses.

Current assets increased by ¥2,067 million from the end of the previous fiscal year to ¥18,477 million. This is mainly due to an increase of ¥611 million in retained earnings, despite an increase of ¥2,363 million in treasury shares.

## (3) Overview of Cash Flow for the Period

The balance of cash and cash equivalents at the end of this fiscal year increased by ¥1,368 million from the end of the previous fiscal year to ¥13,378 million (¥12,010 million in the previous fiscal year).

Cash flow conditions and their factors are as stated below:

## (Cash flows from operating activities)

While an increase in notes and accounts receivable – trade and contract assets was ¥725 million and income taxes paid were ¥1,377 million, profit before income taxes was ¥4,253 million. As a result, cash flows from operating activities amounted to ¥3,022 million (¥1,951 million in the previous fiscal year).

## (Cash flows from investing activities)

While proceeds from sales of investment securities were ¥523 million, payments for the purchase of property, plant and equipment totaled ¥901 million. As a result of these and other factors, cash flows from investing activities amounted to negative ¥296 million (negative ¥354 million in the previous fiscal year).

## (Cash flows from financing activities)

With dividend payment of ¥726 million and purchase of treasury shares of ¥616 million, cash flows from financing activities amounted to negative ¥1,357 million (negative ¥1,440 million in the previous fiscal year).

## Reference: Trends in cash flow related indices

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Owners' equity ratio	72.7%	73.3%	72.4%	72.1%	72.4%
Equity ratio based on market value	115.0%	131.7%	133.7%	155.6%	214.5%
Ratio of interest-bearing liabilities to cash flow	0.3 year	0.2 year	0.2 year	0.2 year	0.2 year
Interest coverage ratio	391.9	684.2	620.8	567.2	811.4

Notes: Owners' equity ratio: Owners' equity / Total assets

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

Ratio of interest-bearing liabilities to cash flow: Interest-bearing liabilities / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payment

\* Calculated from consolidated financial figures.

\* Market capitalization is calculated by multiplying the closing stock price at the fiscal year end by outstanding stock issued at the fiscal year end (after subtracting treasury shares).

\* The Company conducted a 2-for-1 share split of common stock , effective April 1, 2024. The number of shares outstanding at the end of period has been calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

\* Interest-bearing liabilities refer to all liabilities that bear interest out of those listed in the consolidated balance sheet. The interest payment is from the interest expenses amount in the consolidated statement of cash flows.

#### (4) Business Outlook

During the consolidated fiscal year under review (the year ended March 2024)—the second year of the period covered by “Shift to the Smart SI Plus,” our medium-term management plan, which was announced in May of 2022—our amount of orders received, net sales, and operating profit greatly exceeded the planned amounts, reaching record-high levels.

Given the solid business environment surrounding the Group as well as the effects of promoting active investment in acquiring advanced elemental technologies and in securing and training human resources, our results in each business field are exceeding our planned pace, and we expect to achieve ¥40 billion in net sales—our target for the final fiscal year of the plan period—around one year ahead of schedule.

In response to the above solid business environment, in the fiscal year ended March 31, 2025, we will continue to aggressively invest in acquiring advanced elemental technologies and in securing and training human resources in order to promote our medium-term management plan, while focusing on initiatives to expand our business.

Investments in specific technology areas will include the preemptive acquisition of elemental technologies that are likely to have a significant impact on the SI business in the future, such as security, UXD, cloud-native, data analytics platforms, and automated managed service network design, as well as the promotion of the development of services and products that meet the diverse IT needs of our customers.

Investments in the human resources field will continue to promote branding strategies, expansion of the recruitment system, strengthening of education measures, efforts to restructure the human resources system, and other efforts as well as the promotion of investments to create a system and environment in which a diverse workforce can work more enthusiastically.

Against this backdrop, our financial results forecast for the fiscal year ending March 31, 2025, is for net sales to increase 8.3% to ¥43,000 million, for operating profit to increase 12.9% to ¥4,300 million, for ordinary profit to increase 8.1% to ¥4,600 million, and for net profit attributable to owners of parent to increase 0.0% to ¥3,090 million.

Regarding the Group’s medium-term management plan “Shift to the Smart SI Plus,” we have also revised our performance targets upward to the figures above. For details, please see the “Notice Regarding Revisions to Our Medium-Term Management Plan,” which was published on May 10, 2024.

Note that the above forecasts were made based on economic trends, the market environment, and other information current as of the date that these materials were published and that the actual results might therefore differ from the predicted values depending on various future factors. In addition, the forecasts themselves are subject to change.

#### (5) Sustainability Initiatives

Sustainability management, in which each and every manager and employee considers what action they should take, reforms their behavior, and transforms the business itself, is important for the sustainable development of the Group moving forward. By focusing on addressing identified material ESG-related challenges with consideration given to the SDGs, social issues, etc., the Group aims to achieve a smart society alongside sustainable growth of the Company.

The Group is committed to supporting customer prosperity through the latest information technology and growing alongside society while placing value on employee fulfilment.

## 2. Basic View on the Choice of Accounting Standards

Since the Group operates mainly in Japan and the ratio of foreign shareholders is low, we have decided to adopt the Japanese accounting standards for the time being. Going forward, we plan to consider the application of IFRS (International Financial Reporting Standards), taking into account overseas business development and changes in the ratio of foreign shareholders.

**3. Consolidated Financial Statements and Primary Notes****(1) Consolidated Balance Sheet**

(Thousands of yen)

	Fiscal 2022 (as of March 31, 2023)	Fiscal 2023 (as of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	12,010,240	13,378,515
Notes and accounts receivable - trade, and contract assets	6,277,248	6,601,625
Work in process	58,808	49,292
Other	481,349	404,765
Total current assets	18,827,646	20,434,199
Non-current assets		
Property, plant and equipment		
Buildings	134,070	740,319
Tools, furniture and fixtures	51,645	229,867
Leased assets	33,285	23,157
Total property, plant and equipment	219,001	993,344
Intangible fixed assets		
Software	5,134	25,352
Software temporary account	9,283	16,955
Telephone subscription rights	4,973	4,973
Goodwill	69,789	46,526
Total intangible fixed assets	89,181	93,808
Investments and other assets:		
Investment securities	2,599,725	2,934,970
Shares of subsidiaries and associates	0	—
Deferred tax assets	240,185	233,621
Guarantee deposits	756,969	779,466
Other	38,509	36,587
Total investments and other assets	3,635,390	3,984,646
Total non-current assets	3,943,572	5,071,798
Total assets	22,771,219	25,505,998

(Thousands of yen)

	Fiscal 2022 (as of March 31, 2023)	Fiscal 2023 (as of March 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable – trade	1,507,332	1,705,273
Short-term borrowings	453,000	453,000
Accounts payable – other	459,978	450,871
Accrued expenses	2,077,943	2,189,653
Asset retirement obligations	57,922	–
Income taxes payable	815,962	692,725
Accrued consumption taxes	340,340	498,931
Provision for bonuses for directors (and other officers)	138,220	143,258
Other	194,447	244,782
<b>Total current liabilities</b>	<b>6,045,147</b>	<b>6,378,496</b>
<b>Non-current liabilities</b>		
Provision for share-based remuneration for employees	57,842	54,047
Provision for share-based remuneration for directors (and other officers)	77,228	83,110
Retirement benefit liability	38,755	40,733
Asset retirement obligations	55,176	230,684
Other	87,176	241,390
<b>Total non-current liabilities</b>	<b>316,179</b>	<b>649,966</b>
<b>Total liabilities</b>	<b>6,361,326</b>	<b>7,028,462</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	970,400	970,400
Capital surplus	986,256	986,256
Retained earnings	13,939,945	16,303,215
Treasury shares	(674,231)	(1,285,727)
<b>Total shareholders' equity</b>	<b>15,222,370</b>	<b>16,974,143</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,187,522	1,503,392
<b>Total accumulated other comprehensive income</b>	<b>1,187,522</b>	<b>1,503,392</b>
<b>Total net assets</b>	<b>16,409,892</b>	<b>18,477,535</b>
<b>Total liabilities and net assets</b>	<b>22,771,219</b>	<b>25,505,998</b>

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

## Consolidated Statement of Income

(Thousands of yen)

	Fiscal 2022 (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
Net sales	35,242,866	39,698,050
Cost of sales	27,763,088	31,585,745
Gross profit	7,479,778	8,112,305
Selling, general and administrative expenses	4,020,865	4,304,611
Operating profit	3,458,912	3,807,693
Non-operating income		
Interest income	159	120
Dividend income	71,175	76,933
Surrender value of insurance policies	84,753	—
Subsidy income	21,154	9,770
Gain on investments in partnerships	1,556	—
Gain on sales of investment securities	71,212	380,487
Other	11,992	9,023
Total non-operating income	262,004	476,335
Non-operating expenses		
Interest expenses	3,446	3,503
Loss on investments in partnerships	—	25,591
Loss on valuation of investment securities	2,769	—
Other	255	1,375
Total non-operating expenses	6,471	30,470
Ordinary profit	3,714,445	4,253,558
Profit before income taxes	3,714,445	4,253,558
Income taxes – current	1,272,834	1,247,453
Income taxes – deferred	(48,546)	(83,301)
Income taxes	1,224,288	1,164,151
Profit	2,490,157	3,089,406
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,490,157	3,089,406

## Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	Fiscal 2022 (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
Profit	2,490,157	3,089,406
Other comprehensive income		
Valuation difference on available- for-sale securities	67,493	315,869
Total other comprehensive income	67,493	315,869
Comprehensive income	2,557,651	3,405,276
attributable to		
Owners of parent	2,557,651	3,405,276
Non-controlling interests	—	—

## (3) Consolidated Statement of Changes in Net Assets

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

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of the period	970,400	986,256	12,555,835	(374,322)	14,138,168	1,116,901	1,116,901	15,255,069
Changes of items during the period								
Dividends of surplus			(1,097,758)		(1,097,758)			(1,097,758)
Profit attributable to owners of parent			2,490,157		2,490,157			2,490,157
Purchase of treasury shares				(304,209)	(304,209)			(304,209)
Disposal of treasury shares				4,301	4,301			4,301
Change in scope of consolidation			(8,288)		(8,288)			(8,288)
Net changes of items other than shareholders' equity					—	70,621	70,621	70,621
Total changes of items during the period	—	—	1,384,109	(299,908)	1,084,201	70,621	70,621	1,154,822
Balance at the end of the period	970,400	986,256	13,939,945	(674,231)	15,222,370	1,187,522	1,187,522	16,409,892

Fiscal 2023 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of the period	970,400	986,256	13,939,945	(674,231)	15,222,370	1,187,522	1,187,522	16,409,892
Changes of items during the period								
Dividends of surplus			(726,136)		(726,136)			(726,136)
Profit attributable to owners of parent			3,089,406		3,089,406			3,089,406
Purchase of treasury shares				(616,809)	(616,809)			(616,809)
Disposal of treasury shares				5,313	5,313			5,313
Change in scope of consolidation					—			—
Net changes of items other than shareholders' equity					—	315,869	315,869	315,869
Total changes of items during the period	—	—	2,363,269	(611,496)	1,751,773	315,869	315,869	2,067,643
Balance at the end of the period	970,400	986,256	16,303,215	(1,285,727)	16,974,143	1,503,392	1,503,392	18,477,535

## (4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	Fiscal 2022 (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,714,445	4,253,558
Depreciation and amortization	63,729	130,943
Amortization of goodwill	23,263	23,263
Increase (decrease) in provision for bonuses for directors (and other officers)	(1,020)	5,038
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	822	5,882
Increase (decrease) in provision for share-based remuneration for employees	(6,103)	1,518
Increase (decrease) in retirement benefit liability	(2,484)	1,978
Interest and dividend income	(71,335)	(77,053)
Interest expenses	3,446	3,503
Loss (gain) on sales of investment securities	(71,212)	(380,487)
Loss (gain) on valuation of investment securities	2,769	—
Loss (gain) on investments in partnerships	(1,556)	25,591
Decrease (increase) in notes and accounts receivable – trade and contract assets	(814,265)	(725,257)
Decrease (increase) in inventories	(25,543)	9,515
Increase (decrease) in notes and accounts payable-trade	231,118	197,940
Increase (decrease) in accounts payable – other	(74,535)	(9,106)
Increase (decrease) in accrued expenses	130,328	283,061
Increase (decrease) in accrued consumption taxes	(69,977)	158,591
Other	73,795	491,082
Subtotal	3,105,684	4,399,563
Income taxes paid	(1,153,949)	(1,377,061)
<b>Cash flows from operating activities</b>	<b>1,951,735</b>	<b>3,022,502</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(14,586)	(901,295)
Purchase of intangible fixed assets	(600)	(24,998)
Purchase of investment securities	(4,184)	(98,613)
Proceeds from sales of investment securities	93,569	523,209
Proceeds of dividend distributions from partnerships	13,464	789
Payments of loans receivable to employees	(3,490)	(2,600)
Collection of loans receivable from employees	5,947	3,267
Payments for guarantee deposits	(515,812)	(240)
Payments due to fulfillment of asset retirement obligations	—	(57,922)
Interest and dividend income received	71,335	77,053
Other	75	184,739
<b>Cash flows from investing activities</b>	<b>(354,282)</b>	<b>(296,611)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(26,000)	—
Purchase of treasury shares	(304,209)	(616,809)
Interest expenses	(3,441)	(3,527)
Dividend payment	(1,097,758)	(726,136)
Repayments of lease obligations	(9,325)	(11,140)
<b>Cash flows from financing activities</b>	<b>(1,440,735)</b>	<b>(1,357,614)</b>
Net increase (decrease) in cash and cash equivalents	156,717	1,368,275
Balance of cash and cash equivalents at the beginning of the period	11,702,407	12,010,240
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	151,114	—
<b>Balance of cash and cash equivalents at the end of the period</b>	<b>12,010,240</b>	<b>13,378,515</b>

## (5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Segment Information and Related Matters)

## Segment Information

As the Group has only one segment, the System Development segment, segment information and related matters are omitted in this consolidated financial report.

## Related Information

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023) 1. Information by product and service

As net sales of one segment/service to external customers exceeds 90% of net sales in the consolidated statement of income, information by product and service is omitted in this consolidated financial report.

## 2. Information by region

## (1) Net sales

As net sales to external customers in Japan exceeds 90% of net sales in the consolidated statement of income, information on net sales by region is omitted in this consolidated financial report.

## (2) Property, plant and equipment

As the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet, information on property, plant and equipment by region is omitted in this consolidated financial report.

## 3. Key customer information

(Thousands of yen)

Customer name	Net sales	Related segment
NTT DATA Corporation	6,156,267	System development

Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024) 1. Information by product and service

As net sales of one segment/service to external customers exceeds 90% of net sales in the consolidated statement of income, information by product and service is omitted in this consolidated financial report.

## 2. Information by region

## (1) Net sales

As net sales to external customers in Japan exceeds 90% of net sales in the consolidated statement of income, information on net sales by region is omitted in this consolidated financial report.

## (2) Property, plant and equipment

As the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet, information on property, plant and equipment by region is omitted in this consolidated financial report.

## 3. Key customer information

(Thousands of yen)

Customer name	Net sales	Related segment
NTT DATA Corporation	6,169,313	System development

## (Per Share Information)

	Fiscal 2022 (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
Book value per share	¥344.24	¥392.16
Earnings per share	¥52.17	¥64.90

Notes: 1. Diluted earnings per share is not listed as there are no dilutive shares.

2. The Company conducted a 2-for-1 share split of common stock, effective April 1, 2024. The book value per share and net earnings per share have been calculated assuming that the stock split was implemented at the start of the previous consolidated fiscal year.

3. Calculation of earnings per share is based on the following information:

	Fiscal 2022 (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (thousands of yen)	2,490,157	3,089,406
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent on common shares (thousands of yen)	2,490,157	3,089,406
Average number of common shares during the period (shares)	47,734,019	47,603,615

4. Calculation of book value per share is based on the following information:

	Fiscal 2022 (as of March 31, 2023)	Fiscal 2023 (as of March 31, 2024)
Total net assets (thousands of yen)	16,409,892	18,477,535
Amount to be deducted from total net assets (thousands of yen)	—	—
Net assets of common shares at the end of the period (thousands of yen)	16,409,892	18,477,535
Number of common shares at the end of the period used for calculating book value per share (shares)	47,670,322	47,117,042

5. The Company's shares remaining in the trust, which are reported as treasury shares in shareholders' equity, are included in treasury shares to be deducted from the total number of shares outstanding at the end of the fiscal year for the purpose of calculating book value per share, and are included in treasury shares to be deducted for the purpose of calculating net earnings per share for the fiscal year for the average number of shares outstanding. The number of treasury shares at the end of the fiscal year, which are deducted for the purpose of calculating book value per share, was 738,800 shares in the previous consolidated fiscal year and 722,000 shares in the consolidated fiscal year under review, and the average number of treasury shares during the fiscal year, which are deducted for the purpose of calculating earnings per share, was 740,812 shares in the previous consolidated fiscal year and 724,479 shares in the consolidated fiscal year under review.

(Significant Subsequent Events)

(Stock split and partial change to the Articles of Incorporation regarding the stock split)

At the Board of Directors meeting held on March 8, 2024, the Company implemented a stock split and partially changed its Articles of Incorporation based on this split as described below.

1. Stock split

(1) Purpose of the stock split

The purpose of the stock split is to reduce the amount per investment unit in order to increase the liquidity of the Company's shares and further expand its investor class.

(2) Overview of the stock split

a. Splitting method

On the record date of Sunday, March 31, 2024 (actually Friday, March 29, 2024, due to the fact that the shareholder list manager was off on March 31, each common stock owned by a shareholder as recorded in the final shareholder list for the day was split into two stocks.

b. Increase in the number of shares due to splitting

Total number of issued shares before the stock split	25,113,600 shares
Increase in the number of shares due to the recent split	25,113,600 shares
Total number of issued shares after the stock split	50,227,200 shares
Total number of authorized shares after the stock split	200,000,000 shares

c. Splitting dates

Date of record-date announcement	Tuesday, March 12, 2024
Record date	Sunday, March 31, 2024 (actually Friday, March 29, 2024)
Effective date	Monday, April 1, 2024

(3) Effects on information per share

Effects on information per share are indicated where appropriate.

2. Partial change to the Articles of Incorporation regarding the stock split

(1) Reasons for the change

Due to the stock split, in accordance with Article 184-2 of the Companies Act, the Company changed the total number of authorized shares in Article 5 of its Articles of Incorporation effective April 1, 2024.

(2) Details of the amendment

(Underlined parts are amended.)

Before the change	After the change
(Total number of authorized shares) Article 5: The Company's total number of authorized shares is <u>100,000,000 shares.</u>	(Total number of authorized shares) Article 5: The Company's total number of authorized shares is <u>200,000,000 shares.</u>

(3) Change date

Effective date of changes to the Articles of Incorporation: Monday, April 1, 2024