



Consolidated Financial Report for the Fiscal Year Ended March 31, 2024 [IFRS]

April 30, 2024

BIPROGY Inc.

Stock Listing:	Tokyo Stock Exchange, Prime Market
Stock Code:	8056
URL:	https://www.biprogy.com/e/
Representative:	Noboru Saito, Representative Director, President & CEO
Scheduled Date for Ordinary General Meeting of Shareholders:	Jun 26, 2024
Scheduled Starting Date for Dividend Payment:	Jun 27, 2024
Scheduled Submission Date for Securities Report:	Jun 27, 2024
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts and the press)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for FY2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2024	370,142	8.9	33,287	12.2	34,164	13.9	25,246	25.0	35,252	75.5
FY2023	339,898	7.0	29,673	8.2	30,001	1.4	20,203	(1.4)	20,082	(15.6)

(Note) Adjusted operating profit FY2024 : 33,812 Million Yen (15.0%) FY2023 : 29,394 Million Yen (10.2%)

Adjusted operating profit is the result obtained after deducting cost of sales and selling, general and administrative expenses from revenue.

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Profit before tax to total assets	Operating Profit to net sales
	Yen	Yen	%	%	%
FY2024	251.15	250.47	16.5	11.5	9.0
FY2023	201.06	200.48	15.0	10.9	8.7

(Reference) Share of Profit of Entities Accounted for Using Equity Method FY2024: 156 Million Yen FY2023: 666 Million Yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of owners' equity to gross assets	Owners' equity per share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
FY2024	314,219	168,314	166,423	53.0%	1,654.93
FY2023	280,396	141,597	139,887	49.9%	1,391.89

(3) Consolidated Cash Flow Status

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2024	41,693	(8,550)	(17,621)	59,263
FY2023	28,419	(15,537)	(18,043)	43,645

2. Dividends

	Dividends Per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2023	—	40.00	—	40.00	80.00	8,039	39.8	6.0
FY2024	—	45.00	—	55.00	100.00	10,054	39.8	6.6
FY2025 (Forecast)	—	50.00	—	50.00	100.00		41.0	

3. Consolidated Earnings Forecast for FY2025 (from April 1, 2024 to March 31, 2025)

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2025	385,000	4.0	35,500	6.6	35,500	3.9	24,500	(3.0)	243.72

(Note1) Adjusted operating profit (Full Year) 35,000 Million Yen (3.5%)

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies as required by IFRS : Yes

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

Note: For details, please refer to “3. Consolidated Financial Statements and Material Notes, (5) Notes about Consolidated Financial Statements (Material Changes in Accounting Policies)” on page 14.

(3) Number of shares outstanding (common stock)

(shares)

1. Number of shares outstanding (including treasury shares)

FY2024	109,663,524	FY2023	109,663,524
--------	-------------	--------	-------------

2. Number of shares of treasury stock

FY2024	9,101,382	FY2023	9,161,560
--------	-----------	--------	-----------

3. Average number of shares outstanding (during the period)

FY2024	100,526,636	FY2023	100,480,688
--------	-------------	--------	-------------

* This Consolidated Financial Report is not subject to audit procedures.

* Comments regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Appendix)

Contents

1. Results of Business Operations and Financial Conditions	
(1) Summary of Business Operations	2
(2) Summary of Financial Condition	4
(3) Summary of Cash Flows	4
(4) Prospects for the Next Fiscal Year	6
(5) Basic Policy on Distribution of Profits	6
2. Basic Concept on the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Material Notes	7
(1) Consolidated Statements of Financial Position	7
(2) Consolidated Statements of Profit or Loss and Comprehensive Income	9
(3) Consolidated Statements of Changes in Equity	11
(4) Consolidated Statements of Cash Flows	13
(5) Notes on Consolidated Financial Statements	14
(Notes on Going Concern Assumption)	14
(Material Changes in Accounting Policies)	14
(Segment Information and Others)	15
(Business Combination)	18
(Per-Share Information)	20
(Significant Subsequent Events)	20

1. 【Results of Business Operations and Financial Conditions】

(1) Summary of Business Operations

For the fiscal year ended March 31, 2024, the Japanese economy continued to show signs of gradual recovery as a result of personal consumption picking up and companies resuming capital investments.

We have seen continued good appetite of companies mainly for digital transformation (DX) investment in the information services industry.

On the other hand, we are aware of inflation of prices, situations in the Middle East and fluctuations in the financial and capital market likely impacting companies' investment appetites in the future, as well as risks from economies abroad being dampened by impacts of globally tightening monetary measures and uncertain future of the Chinese economy exerting downward pressure upon the domestic economy in the future.

In this environment, we have promoted initiatives as indicated in the “Management Policies (2021-2023)” with an eye on realizing the “Vision 2030 ^{Note 1},” which is envisioned by the Group. We have established the basic policies of: ‘For Customer,’ the promotion of customer DX that contributes to sustainable growth of customers; and ‘For Society,’ the promotion of social DX to solve social issues together with customers and partners in various industries and sectors. Furthermore, we promote corporate culture reforms in order to strengthen capabilities of value creation.

The Group has knowledge and expertise in a wide range of business sectors and industries, which we obtained from developing systems and providing IT solutions, in addition to capabilities of business creation and engineering skills that have developed and accumulated. The Group aims to create social and economic values by working on solving social issues based upon trust relationship with many customers and strong ties with its partners.

In the current fiscal year as well, we enhanced our initiatives from the viewpoints of ‘For Customers’ and ‘For Society,’ based upon a wide range of our knowledge and expertise that we obtained thus far.

In the financial sector, we have seen expanding net sales from the BankVision®, a full banking system in an open environment/public cloud, and the OptBAE®, a joint-use core-banking service.

The Group has provided financial institutions with a vast range of services and solutions from Front Office operations to Back Office operations, and have accumulated numerous track records of businesses in coordination with new players in FinTech and XTech fields. Leveraging these business expertise, technical capabilities, and alignment capabilities, we are advancing the “Financial Services Platform” concept ^{Note 2}, a new platform service that provides financial services on a function-by-function basis. The concept is exemplified by the “#tsumuGO_mobile® ^{Note 3},” a banking application of shared use designed for regional financial institutions released in March 2024. Multiple financial institutions have already decided their use of the app. We will be prepared to be helpful for creating towns and cities that enable comfortable living as well as vitalizing regional economies through continuously launching capabilities that can be used by whomever without difficulties, whenever and wherever.

In the distribution sector, our electronic shelf label (ESL) solution ^{Note 4}, retail shop DX solution conducive to a drastic reduction of shop operation duties, has increased its use among retailers that take on a challenge of short workforce. In February 2024, the Company launched “BIPROGY ESL SaaS™,” a cloud service specialized in electronic shelf labels. This service provides a total solution including system building, operation and maintenance, and business utilization, making it easy to introduce electronic shelf labels. Multiple food supermarkets have already decided their use of this service. We will continue to support the DX of the retail industry by providing sustainable support in aspects such as system scalability, flexibility, and maintenance management.

In the manufacturing sector, we received more inquiries about the DIVP® ^{Note 5}, automated driving simulation platform provided by V-Drive Technologies Inc. that we established in 2022. The platform is based upon the CAD and CG technologies that the Group accumulated for many years. The number of companies introduced this platform is steadily increasing. We have witnessed automated driving vehicles being furthermore accepted in society in Japan and overseas. With this in mind, we will take part in realizing an automated driving society conducive to solving social issues such as traffic accidents and driver shortage, in cooperation with automobile manufacturers, suppliers, universities and local governments.

In the public sector, as a step toward realizing carbon neutrality, we offer: Re:lviz®, an environmental value management service that reduces the burden of operations related to carbon offsetting ^{Note 6}, which is expected to increase the volume of transactions; and the “PV excess prediction service” that uses AI to predict the amount of excess electricity generated by solar power. We will contribute to the realization of carbon neutrality by providing a wide range of proposals and services tailored to objectives and issues of companies.

In addition, we have accelerated our initiatives to work on the customer DX through the use of AI.

Rising expectations for generative AI leads to the expanded introduction of the “Azure Open AI Service Starter Set Plus ^{Note 7},” a service of creating environments for using ChatGPT of corporate use. This service accompanies and supports our customers in the building of secure generative AI environments, and in the creation of use cases for their generative AI.

For the distribution industry, we have expanded the application of “AI-Order Foresight®,” an automatic order placement service using an AI-based demand forecasting mechanism. For the manufacturing industry, we have promoted our initiatives about Smart Factory and manufacturing DX through the coordination with Profet AI Technology Co., Ltd., an AI platform provider in Taiwan, and have received many inquiries mainly from production technology divisions.

UNIADDEX, Ltd. of the Group has begun to develop a new type of managed service to support autonomous operations through the use of AI, such as automated fault investigation, based upon numerous actual operations data that have been accumulated for many years. We will help companies solve problems and create new value by connecting businesses through the integration of data and AI.

Under the “Management Policies (2021-2023),” we aimed to become a group composed of companies which are continuously trusted and expected by our stakeholders by strengthening our capabilities to meet expectations and requests from society. The Group aims to see its employees themselves take initiatives in reaching out in society, enticing various stakeholders to take part, and taking on challenges with an eye on solving social issues. To this end, the Group will promote furthermore reforms to enable a corporate culture conducive to those employees.

The Group as a whole has been working in unison so far to the realization of Vision 2030. We will continue to further accelerate our efforts to achieve our goals under our newly established Management Policies (2024-2026).

(Notes)

1. For more information on Vision 2030, please refer to the Group’s web page below.
https://www.biprogy.com/com/management_policy.html (in Japanese)
https://www.biprogy.com/e/pdf/e/about/managementpolicy_e_2024-26.pdf (in English)
2. For more information on Financial Services Platform concept, please refer to the Group’s web page below.
<https://www.biprogy.com/solution/service/fsp.html> (in Japanese only)
3. For more information on #tsumuGO_mobile, please refer to the Group’s web page below.
<https://www.biprogy.com/solution/service/tsumugo.html> (in Japanese only)
4. For more information on electronic shelf label (ESL) solution, please refer to the Group’s web page below.
<https://www.biprogy.com/solution/service/shelf-tag.html> (in Japanese only)
5. DIVP: acronym for Driving Intelligence Validation Platform, referring to a platform conducive to enabling safety evaluation of automated vehicles in the virtual space through simulation models of highly real-virtual consistency rendered in highly reproducible traffic environments. DIVP is a registered trademark of Kanagawa Institute of Technology (formerly, Ikutoku College of Technology).
6. Carbon offsetting: compensating for generated greenhouse gases by non-fossil certificates and other environmental values.
7. For more information on Azure OpenAI Service Starter Set Plus, please refer to the Group’s web page below.
<https://www.biprogy.com/solution/service/rinzatalkplus.html> (in Japanese only)
8. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the fiscal year ended March 31, 2024, we posted revenue of ¥370,142 million, up by ¥30,244 million or 8.9% compared with the previous fiscal year. The increase is ascribable to a significant increase in products sales as well as all services segments such as system services and outsourcing based upon strong demands of customers for IT investments.

Gross profit was driven up by the increase in revenues of services businesses and products sales. The increase in gross profit absorbed an increase in selling, general and administrative (SG&A) expenses such as personnel costs and research and development (R&D) costs. As a result, we posted operating profit of ¥33,287 million, an increase of ¥3,614 million or 12.2 % compared with the previous fiscal year. We posted profit attributable to owners of parent of ¥25,246 million, an increase of ¥5,043 million or 25.0% compared with the previous fiscal year.

Adjusted operating profit* that is used by the Company group as an index for managing performance was ¥33,812 million, up by ¥4,418 million or 15.0 % on a year-over-year basis.

(*) Adjusted operating profit is the result obtained after deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Summary of Financial Condition

In the period of the fiscal year under review, due to an increase in cash and cash equivalents, intangible assets as well as deferred tax assets. Total assets were ¥314,219 million, an increase of ¥33,822 million compared with the end of the previous fiscal year.

Liabilities were ¥145,905 million, a ¥7,106 million increase from the end of the previous fiscal year, due to an increase in contract liabilities despite a decrease in lease liabilities.

Equity was ¥168,314 million. Ratio of equity attributable to owners of parent to total assets was 53.0%, up by 3.1 pts. from the end of the previous fiscal year.

(3) Summary of Cash Flows

Cash and cash equivalents at the end of the period of the fiscal year under review were ¥59,263 million, an increase of ¥15,618 million compared with the end of the previous fiscal year. The cash flow situations and relevant factors are stated below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥41,693 million (an increase of ¥13,273 million in proceeds compared with the previous period).

This reflects proceeds of ¥34,164 million in profit before income taxes, the elements of increasing the proceeds and the elements of decreasing the proceeds. The factors increasing proceeds include ¥17,860 million in depreciation and amortization, non-cash expenses. The factors decreasing the proceeds include an increase of ¥2,848 million in inventories, as well as an increase of ¥2,375 million in trade and other receivables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥8,550 million (a decrease of ¥6,986 million in expenditures compared with the previous period).

This includes expenditures of ¥2,176 million as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥10,593 million due to the acquisitions of intangible assets such as the investments in software for outsourcing; and, expenditures of ¥7,516 million by selling investment securities such as cross-shareholdings.

(Cash flows from financing activities)

Net cash used in the financing activities was ¥17,621 million (a decrease of ¥421 million in expenditures from the previous period). This expenditure includes ¥9,048 million repayments of lease liabilities and dividends payment of ¥8,542 million.

(Reference) Changes in the equity attributable to owners of parent ratios and the indicators related to cash flows

	Fiscal Year ending March 2024	Fiscal Year ending March 2023
Equity attributable to owners of parent ratio (%)	53.0	49.9
Equity attributable to owners of parent ratio (Market cap.) (%)	145.0	116.5
Ratio of cash flow to interest-bearing debts (years)	0.9	1.3
Interest coverage ratio (times)	283.4	192.0

(Notes)

Equity attributable to owners of parent ratio: $\text{Equity attributable to owners of parent} / \text{Total assets}$

Equity attributable to owners of parent ratio (Market cap.): $\text{Market capitalization} / \text{Total assets}$

Ratio of cash flow to interest-bearing debt: $\text{Interest-bearing debt} / \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{Interest payments}$

* 1. All of the above indicators are calculated using financial figures on a consolidated basis.

* 2. Cash flows indicated above mean cash flows from operating activities.

(4) Prospects for the Next Fiscal Year

The Company plans to post revenue of ¥385,000 million, an increase of 4.0% as it projects for the next fiscal year on a consolidated basis. We plan to post operating profit of ¥35,500 million, up by 6.6%, profit before tax of 35,500 million, up by 3.9% and profit attributable to owners of parent of 24,500 million, down by 3.0%. Adjusted operating profit is projected to be ¥35,000 million, up by 3.5%.

Forecast of the consolidated performance for FY 2025

(Billions of Yen)

	Fiscal Year ending March 2025	Fiscal Year ending March 2024	Changes
Revenue	385.0	370.1	4.0 %
Operating Profit	35.5	33.2	6.6 %
Profit before Tax	35.5	34.1	3.9 %
Profit Attributable to Owners of Parent	24.5	25.2	(3.0 %)
Adjusted Operating Profit	35.0	33.8	3.5 %

(5) Basic Policy on Distribution of Profits

We have made the revision below to our prediction of the term-end dividends as of March 31, 2024, set as the record date, that we announced on February 1, 2024 (in Japanese only). This revision is described in the notice of a revision to dividend forecast (increase in the dividends) that we published today (in Japanese only).

The Company seeks to achieve a stable and continuous distribution of profits in line with a policy of paying dividends in accordance with our performance. The specific amount of dividends will be determined by taking into consideration the need to secure internal reserves for business development, and also comprehensively considering the business environment and other factors. We set the dividend payout ratio of approx. 40% on a consolidated basis as stipulated in the Management Policies (2021-2023).

For the fiscal year under review, we will pay a ¥100.0 annual dividend per share (¥45.0 for the mid-term dividend and ¥55.0 for the term-end dividend), with the dividend payout ratio of 39.8% on a consolidated basis, based upon the performance results on a consolidated basis as well as this basic policy.

Revision of Dividends Forecast (from April 1, 2023 to March 31, 2024)

	Annual Dividends		
	End of Quarter 2	End of the Fiscal Year	Total
	Yen	Yen	Yen
The Previous Forecast	—	50.00	95.00
This forecast revision	—	55.00	100.00
Performance of the fiscal year	45.00	—	—
Performance of the previous fiscal year (the fiscal year ended March 2023)	40.00	40.00	80.00

For the fiscal year ending March 2025, we plan an annual dividend of ¥100.0 per share (¥50.0 for the mid-term dividend and ¥50.0 for the term-end dividend).

2. 【Basic Concept on the Selection of Accounting Standards】

We have applied IFRS (International Financial Reporting Standards) in the first quarter of the fiscal year ending March 2022 and thereafter, in order to prepare our consolidated financial statements including the Consolidated Balance Sheets and Consolidated Statements of Income, in light of improving global comparability of financial information in the capital market.

3. Consolidated Financial Statements and Material Notes

(1) Consolidated Statements of Financial Position

	(Millions of Yen)	
	FY2023	FY2024
	(As of March 31, 2023)	(As of March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	43,645	59,263
Trade and other receivables	84,695	87,449
Contract assets	11,742	10,799
Inventories	10,166	13,015
Other financial assets	587	1,214
Other current assets	13,813	16,172
Total current assets	164,650	187,914
Non-current assets		
Property, plant and equipment	12,663	13,486
Right-of-use assets	16,110	13,438
Goodwill	1,906	1,926
Intangible assets	27,256	31,212
Investments accounted for using equity method	4,281	5,691
Other financial assets	43,385	41,944
Deferred tax assets	2,011	8,844
Retirement benefit asset	1,748	2,584
Other non-current assets	6,383	7,176
Total non-current assets	115,745	126,304
Total assets	280,396	314,219

(Millions of Yen)

	FY2023	FY2024
	(As of March 31, 2023)	(As of March 31, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	30,962	33,225
Contract liabilities	22,041	25,781
Borrowings	2,400	6,600
Lease liabilities	8,153	8,584
Other financial liabilities	2,264	2,893
Income taxes payable	5,731	7,815
Provisions	76	609
Other current liabilities	27,309	26,954
Total current liabilities	98,940	112,464
Non-current liabilities		
Borrowings	18,325	14,125
Lease liabilities	9,126	6,235
Other financial liabilities	265	207
Retirement benefit liability	8,398	7,606
Provisions	3,048	4,942
Deferred tax liabilities	679	323
Other non-current liabilities	15	1
Total non-current liabilities	39,858	33,440
Total liabilities	138,798	145,905
Equity		
Share capital	5,483	5,483
Capital surplus	14,955	15,004
Treasury shares	(13,315)	(13,226)
Other components of equity	8,302	8,556
Retained earnings	124,460	150,605
Total equity attributable to owners of parent	139,887	166,423
Non-controlling interests	1,710	1,890
Total equity	141,597	168,314
Total liabilities and equity	280,396	314,219

(2) Consolidated Statements of Profit or Loss and Comprehensive Income

(Consolidated Statements of Profit or Loss)

(Millions of Yen)

	FY2023 (Fiscal year ended March 31, 2023)	FY2024 (Fiscal year ended March 31, 2024)
Revenue	339,898	370,142
Cost of sales	250,547	272,968
Gross profit	89,350	97,173
Selling, general and administrative expenses	59,955	63,360
Share of profit (loss) of investments accounted for using equity method	666	156
Other income	180	243
Other expenses	567	924
Operating profit	29,673	33,287
Finance income	529	1,043
Finance costs	201	167
Profit before tax	30,001	34,164
Income tax expense	9,661	8,662
Profit	20,340	25,502
Profit attributable to		
Owners of parent	20,203	25,246
Non-controlling interests	137	255
Profit	20,340	25,502
Earnings per share		
Basic earnings per share (Yen)	201.06	251.15
Diluted earnings per share (Yen)	200.48	250.47

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2023 (Fiscal year ended March 31, 2023)	FY2024 (Fiscal year ended March 31, 2024)
Profit	20,340	25,502
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	535	3,546
Remeasurements of defined benefit plans	(1,088)	5,833
Total of items that will not be reclassified to profit or loss	(553)	9,380
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	280	284
Share of other comprehensive income of investments accounted for using equity method	15	86
Total of items that may be reclassified to profit or loss	295	370
Other comprehensive income, net of tax	(257)	9,750
Comprehensive income	20,082	35,252
Comprehensive income attributable to		
Owners of parent	19,941	34,987
Non-controlling interests	140	264
Comprehensive income	20,082	35,252

(3) Consolidated Statements of Changes in Equity
FY2023 (Fiscal year ended March 31, 2023)

(Millions of Yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			Share of other comprehensive income of investments accounted for using equity method
				Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Share acquisition rights	
As of April 1, 2022	5,483	14,944	(13,400)	7,698	—	485	3
Profit							
Other comprehensive income				535	(1,088)		15
Comprehensive income	—	—	—	535	(1,088)	—	15
Dividends of surplus							
Purchase of treasury shares			(1)				
Disposal of treasury shares		(16)	46			(29)	
Share-based payment transactions		37	40				
Changes in ownership interest in subsidiaries		(9)					
Transfer from other components of equity to retained earnings				(785)	1,088		
Other							
Total transactions with owners	—	10	85	(785)	1,088	(29)	—
As of March 31, 2023	5,483	14,955	(13,315)	7,447	—	456	18

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translation of foreign operations	Total					
As of April 1, 2022	104	8,290	113,599	128,917	1,757	130,674	
Profit			20,203	20,203	137	20,340	
Other comprehensive income	276	(261)		(261)	3	(257)	
Comprehensive income	276	(261)	20,203	19,941	140	20,082	
Dividends of surplus			(9,041)	(9,041)	(145)	(9,187)	
Purchase of treasury shares				(1)		(1)	
Disposal of treasury shares		(29)		0		0	
Share-based payment transactions				78		78	
Changes in ownership interest in subsidiaries				(9)	(42)	(52)	
Transfer from other components of equity to retained earnings		302	(302)			—	
Other			3	3		3	
Total transactions with owners	—	273	(9,341)	(8,971)	(187)	(9,159)	
As of March 31, 2023	381	8,302	124,460	139,887	1,710	141,597	

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2023	5,483	14,955	(13,315)	7,447	—	456	18
Profit							
Other comprehensive income				3,546	5,833		86
Comprehensive income	—	—	—	3,546	5,833	—	86
Dividends of surplus							
Purchase of treasury shares			(1)				
Disposal of treasury shares		(6)	49			(42)	
Share-based payment transactions		55	40				
Obtaining of control of subsidiaries							
Loss of control of subsidiaries							
Transfer from other components of equity to retained earnings				(3,610)	(5,833)		
Other							
Total transactions with owners	—	48	88	(3,610)	(5,833)	(42)	—
As of March 31, 2024	5,483	15,004	(13,226)	7,383	—	413	104

	Equity attributable to owners of parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
As of April 1, 2023	381	8,302	124,460	139,887	1,710	141,597
Profit			25,246	25,246	255	25,502
Other comprehensive income	274	9,740		9,740	9	9,750
Comprehensive income	274	9,740	25,246	34,987	264	35,252
Dividends of surplus			(8,544)	(8,544)	(145)	(8,689)
Purchase of treasury shares				(1)		(1)
Disposal of treasury shares		(42)		0		0
Share-based payment transactions				95		95
Obtaining of control of subsidiaries					136	136
Loss of control of subsidiaries					(76)	(76)
Transfer from other components of equity to retained earnings		(9,444)	9,444			—
Other			(2)	(2)		(2)
Total transactions with owners	—	(9,487)	898	(8,451)	(84)	(8,536)
As of March 31, 2024	655	8,556	150,605	166,423	1,890	168,314

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2023 (Fiscal year ended March 31, 2023)	FY2024 (Fiscal year ended March 31, 2024)
Cash flows from operating activities		
Profit before tax	30,001	34,164
Depreciation and amortization	16,227	17,860
Impairment losses	264	763
Interest and dividend income	(411)	(396)
Interest expenses	146	149
Share of loss (profit) of investments accounted for using equity method	(666)	(156)
Decrease (increase) in trade and other receivables	(4,393)	(2,375)
Decrease (increase) in contract assets	(5,275)	943
Decrease (increase) in inventories	(614)	(2,848)
Increase (decrease) in trade and other payables	1,135	2,179
Increase (decrease) in contract liabilities	2,061	3,259
Increase or decrease in retirement benefit asset or liability	(1,028)	(1,563)
Other	1,010	(971)
Subtotal	38,461	51,009
Interest and dividends received	413	401
Interest paid	(148)	(147)
Income taxes paid	(10,307)	(9,569)
Net cash provided by (used in) operating activities	28,419	41,693
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,733)	(2,176)
Proceeds from sale of property, plant and equipment	1	1
Purchase of intangible assets	(11,875)	(10,593)
Purchase of investment securities	(2,793)	(1,781)
Proceeds from sale of investment securities	2,280	7,516
Payments for acquisition of subsidiaries	—	(930)
Purchase of investments accounted for using equity method	(668)	(908)
Other	251	323
Net cash provided by (used in) investing activities	(15,537)	(8,550)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100	2,300
Proceeds from long-term borrowings	5,700	—
Repayments of long-term borrowings	(5,925)	(2,300)
Repayments of lease liabilities	(8,603)	(9,048)
Dividends paid	(9,039)	(8,542)
Dividends paid to non-controlling interests	(145)	(145)
Other	(129)	114
Net cash provided by (used in) financing activities	(18,043)	(17,621)
Effect of exchange rate changes on cash and cash equivalents	103	97
Net increase (decrease) in cash and cash equivalents	(5,058)	15,618
Cash and cash equivalents at beginning of period	48,703	43,645
Cash and cash equivalents at end of period	43,645	59,263

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Material Changes in Accounting Policies)

The material accounting policies adopted for the Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended March 31, 2023, except for the following standard.

Standard Document	Standard Name	New and revision contents
IAS 12	Income Taxes	Amendments on deferred taxes related to assets and liabilities arising from a single transaction, as well as clarification of accounting treatment and disclosure of income tax by tax laws enacted or substantively enacted to implement Pillar Two model rules published by the Organization for Economic Co-operation and Development

There was no material impact on the Consolidated Financial Statements for the fiscal year under review resulting from the adoption of the standard above.

(Segment Information and Others)

(1) Overview of reportable segments

The reportable segments of the Company are those among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them.

The Company's operations therefore consist of segments composed of products and services that constitute our IT solution services.

We have five reportable segments: System Services, Support Services, Outsourcing, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Software contract development business, system engineer services, and consulting
- Support Services: Software and hardware maintenance, installation support and related services
- Outsourcing: System operation by contract, and related services
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware partly based on equipment sales agreements

(2) Information about performance by reportable segment

FY2023 (from April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	115,726	52,401	66,730	37,410	56,665	328,934	10,963	339,898	—	339,898
Segment profits (Note 4)	39,603	16,079	17,039	5,097	9,043	86,864	2,485	89,350	(59,955)	29,394
Share of profit (loss) of investments accounted for using equity method										666
Other income										180
Other expense										567
Operating profit										29,673
Finance income										529
Finance costs										201
Profit before tax										30,001

(Millions of Yen)

	Reportable Segments						Other (Note 1)	Total	Adjustment (Note 2)	Consolidation
	System services	Support services	Out sourcing	Software	Hardware	Total				
Segment assets	1,544	1,409	25,203	5,642	7,820	41,620	109	41,730	238,665	280,396
Other items										
Depreciation and amortization	175	89	5,773	1,124	193	7,355	24	7,379	8,847	16,227
Impairment loss	—	—	256	—	—	256	—	256	8	264
Investments accounted for using equity method	—	—	—	—	—	—	—	—	4,281	4,281
Capital expenditures (Note 3)	465	278	9,542	1,560	196	12,042	49	12,091	7,827	19,919

(Note)

- The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
- The contents of adjustment are described below.
 - The adjustment to segment profits represents selling, general and administrative expenses that have not been distributed to each segment.
 - The adjustment to segment assets represents the corporate assets that have not been distributed to each reportable segment.
 - The adjustment to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
 - The adjustment to investments accounted for using equity method represents the investments accounted for using equity method that have not been distributed to each reportable segment.
 - The adjustment to capital expenditures represents an increase in the corporate assets that have not been distributed to each reportable segment.
- Capital expenditures include amounts that are related to right-of-use assets and goodwill.
- Segment profits are represented by adjusted operating profit which is the result of deducting cost of sales and selling, general and administrative expenses from revenue.

FY2024 (from April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	127,039	54,881	76,582	38,330	60,471	357,305	12,836	370,142	—	370,142
Segment profits (Note 4)	44,137	16,743	16,908	5,853	10,544	94,187	2,986	97,173	(63,360)	33,812
Share of profit (loss) of investments accounted for using equity method										156
Other income										243
Other expense										924
Operating profit										33,287
Finance income										1,043
Finance costs										167
Profit before tax										34,164

(Millions of Yen)

	Reportable Segments						Other (Note 1)	Total	Adjustment (Note 2)	Consolidation
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Segment assets	1,644	1,394	28,805	6,151	9,561	47,556	181	47,738	266,480	314,219
Other items										
Depreciation and amortization	213	202	6,778	1,292	172	8,660	30	8,690	9,170	17,860
Impairment loss	425	297	25	1	—	750	—	750	13	763
Investments accounted for using equity method	—	—	—	—	—	—	—	—	5,691	5,691
Capital expenditures (Note 3)	667	877	9,946	818	72	12,382	86	12,468	8,627	21,096

(Note)

- The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
- The contents of adjustment are described below.
 - The adjustment to segment profits represents selling, general and administrative expenses that have not been distributed to each segment.
 - The adjustment to segment assets represents the corporate assets that have not been distributed to each reportable segment.
 - The adjustment to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
 - The adjustment to investments accounted for using equity method represents the investments accounted for using equity method that have not been distributed to each reportable segment.
 - The adjustment to capital expenditures represents an increase in the corporate assets that have not been distributed to each reportable segment.
- Capital expenditures include amounts that are related to right-of-use assets and goodwill.
- Segment profits are represented by adjusted operating profit which is the result of deducting cost of sales and selling, general and administrative expenses from revenue.

(3) Information by product and service

Information by product and service is not described because the same information is stated as part of segment information.

(4) Information by region

① Revenue from external customers

Revenue by region is not disclosed because the amount of revenue from external customers in Japan accounts for a large portion of the amount of revenue of consolidated statements of income.

② Non-current assets

Non-current assets by region are not disclosed because the amount of non-current assets that are located in Japan accounts for a large portion of the amount of non-current assets of consolidated balance sheets.

(5) Information by major customer

No major customer is stated because no customer accounted for 10% or more of the amount of revenue as stated in the consolidated statements of income.

(Business Combination)

(Acquisition of AFON IT Ptd. Ltd. and its two subsidiaries)

(1) Summary of Business Combination

① Name of the acquired companies and the contents of its business operations

Name of the acquired companies:	AFON IT Pte. Ltd. AFON Systems Pte. Ltd. AFON Technologies Pte. Ltd.
---------------------------------	--

Contents of the business operations:

Services of applying ERP products and services of maintenance and operations of ERP products

② Main reason for the business combination

The ERP software market tends to grow overseas as well as in Japan due to companies keen on promoting DX attempts through the use of the ERP capabilities of integrating key operations in order to optimize business management.

Japanese companies advancing overseas are faced with issues such as visualizing business management information at local business sites and making well-timed business decisions. They turn to implementing ERP solutions in order to solve the issues.

We acquired the Axxis group companies that provide SAP solutions in Singapore and Malasia in the fiscal year ended March 2020. We acquired the shares of AFON IT companies in order to increase and strengthen the ERP business in the Southeast Asian area.

This will enable us to furthermore enhance our ERP services product portfolio and thus strengthen our brand presence in the Southeast Asian area. We will develop our arrangements for supporting customers both in Japan and the Southeast Asian area.

③ Ratios of voting rights acquired

AFON IT Pte. Ltd.	100.0%
AFON Systems Pte. Ltd.	81.4%
AFON Technologies Pte. Ltd.	84.0%

④ Acquisition date

April 3, 2023

⑤ Method of acquiring controls of acquired companies

Acquisition of shares for cash consideration

(2) Acquisition-related costs

Acquisition-related costs to the business combination is ¥165 million, including ¥53 million that is posted in selling, general and administrative expenses of the fiscal year.

¥112 million out of the acquisition costs was posted in selling, general and administrative expenses of the previous fiscal year.

(3) Fair value and non-controlling interests of consideration paid, acquired assets and assumed costs on the date of acquisition

(Millions of Yen)	
	Amount
Fair value of consideration paid (cash)	1,347
Fair value of acquired assets and assumed debts	
Cash and cash equivalents	416
Trade and other receivables	141
Other assets	207
Intangible assets ^(Note 1)	865
Contract liabilities	(438)
Other liabilities	(290)
Fair value of acquired assets and assumed debts (net)	900
Non-controlling interests	136
Goodwill ^(Note 2)	583

(Note 1) Main contents of intangible assets are related to customers, and are calculated by excess earnings method (EEM).

(Note 2) Goodwill mainly consists of excess earning power as well as synergy effects (expected to be produced by existing businesses and acquired businesses), each of which does not meet recognition requirements.

(4) Cash flows arising from the acquisition

(Millions of Yen)	
	Amount
Cash and cash equivalents expended by acquisition	1,347
Cash and cash equivalents that had been held by the acquired companies when the acquisition took place	(416)
Payments for acquisition of subsidiaries	930

(5) Impacts upon the business performance

Profit and loss information on and after the day of acquisition of the companies due to the business combination and that based upon the supposition that the business combination took effect at the beginning of the fiscal year under review are little material in light of impacts upon the Consolidated Financial Statements. Thus, descriptions of the information are omitted.

(Per-Share Information)

(1) Calculation basic data for basic earnings per share

	FY 2023 (from April 1, 2022 to March 31, 2023)	FY 2024 (from April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (¥ Mil)	20,203	25,246
Profit not attributable to ordinary shareholders of parent (¥ Mil)	—	—
Profit used for calculating basic earnings per share (¥ Mil)	20,203	25,246
Weighted-average number of shares outstanding (thousand shares)	100,480	100,526
Basic earnings per share (¥)	201.06	251.15

(2) Calculation basic data for diluted earnings per share

	FY 2023 (from April 1, 2022 to March 31, 2023)	FY 2024 (from April 1, 2023 to March 31, 2024)
Profit used for calculating basic earnings per share (¥ Mil)	20,203	25,456
Profit adjustments (¥ Mil)	—	—
Profit used for calculating diluted earnings per share (¥ Mil)	20,203	25,456
Weighted-average number of shares outstanding (thousand shares)	100,480	100,526
Increase in the number of ordinary shares		
Share acquisition rights (thousand shares)	291	272
Weighted-average number of shares outstanding used for calculating diluted earnings per share (thousand shares)	100,772	100,799
Diluted earnings per share (¥)	200.48	250.47
Dilutive shares, which were not included in the calculation of diluted earnings per share, due to lack of dilution effect	—	—

(Significant Subsequent Events)

None