

# Summary of Consolidated Financial Results for the Fiscal Year ended December 31, 2023 (Japanese Accounting Standards)



February 14, 2024

Listed Company Name: FUJI SOFT INCORPORATED  
 Securities Code: 9749  
 Representative: Satoyasu Sakashita, President & Representative Director  
 Contact: Shinsuke Konishi, General Manager of Corporate Finance Department  
 Phone: +81-45-650-8811

Listing Exchanges: Tokyo Stock Exchange  
 URL <http://www.fsi.co.jp/>

Scheduled date of Annual General Meeting of Shareholders: March 15, 2024  
 Scheduled date of dividend payment: March 18, 2024  
 Scheduled date to submit the Quarterly Securities Report (*Yukashoken Hokokusho*): March 18, 2024  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: Yes

(Figures less than one million yen are omitted)

## 1. Consolidated Business Results for the Fiscal Year ended December 31, 2023 (January 1, 2023 – December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended 12/23	298,855	7.2	20,684	13.2	19,675	2.4	11,849	4.1
Year ended 12/22	278,783	8.1	18,272	8.5	19,205	6.8	11,379	24.6

(Note) Comprehensive income (million yen) Year ended 12/23: 15,116 (8.4%) Year ended 12/22: 13,939 (43.7%)

	Net profit per share	Net profit per share/diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended 12/23	188.48	188.11	9.2	7.9	6.9
Year ended 12/22	181.29	181.08	8.8	8.2	6.6

(Reference) Equity in earnings of affiliates (million yen) Year ended 12/23: -126 Year ended 12/22: 35

(Note) On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, net profit per share was calculated assuming the stock split was conducted at the beginning of the previous consolidated fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 12/23	257,596	128,921	48.1	1,970.02
Year ended 12/22	240,835	152,744	55.7	2,133.94

(Reference) Shareholders' equity (million yen) Year ended 12/23: 123,937 Year ended 12/22: 134,048

### (3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year ended 12/23	16,151	-9,209	-5,447	34,785
Year ended 12/22	13,519	-15,522	-5,911	33,086

## 2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends/net assets (consolidated)
	End of first quarter	End of interim period	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen			
Year ended 12/22	-	54.00	-	73.00	127.00	3,988	35.0	3.1
Year ended 12/23	-	68.00	-	34.50	-	4,308	36.3	3.3
Year ending 12/24 (forecast)	-	42.00	-	42.00	84.00		25.2	

(Note) On July 1, 2023, the Company conducted a two-for-one split of its common stock. The indicated interim dividend per share for the end of the second quarter of the fiscal year ended December 31, 2023 is the actual amount of the dividend before the stock split, and the total amount of the annual dividend for the fiscal year ended December 31, 2023 is indicated as "-." The year-end dividend per share for the fiscal year ended December 31, 2023 converted based on the number of shares before the stock split is 69 yen, and the annual dividend is 137 yen.

### 3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2024

(Jan. 1, 2024 – Dec. 31, 2024)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second consolidated quarter (cumulative)	158,600	4.7	10,300	5.2	10,000	-1.6	12,500	106.2	198.69
Full year	315,000	5.4	22,000	6.4	21,800	10.8	21,000	77.2	333.80

#### \* Notes

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Not applicable  
 New: — (company name)  
 Exception: — (company name)

(2) Changes in accounting principles and changes or restatement of accounting estimates  
 (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable  
 (ii) Changes in accounting principles other than (i): Not applicable  
 (iii) Changes in accounting estimates: Not applicable  
 (iv) Restatement: Not applicable

(3) Number of outstanding shares (common shares)  
 (i) Number of shares outstanding at the end of period (including treasury shares):  
 Year ended 12/23: 67,400,000 shares Year ended 12/22: 67,400,000 shares  
 (ii) Number of treasury shares at the end of period:  
 Year ended 12/23: 4,487,958 shares Year ended 12/22: 4,582,619 shares  
 (iii) Average number of shares during the period:  
 Year ended 12/23: 62,868,312 shares Year ended 12/22: 62,770,688 shares

\* On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, 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 were calculated assuming that the above stock split was conducted at the beginning of the previous consolidated fiscal year.

#### (Reference) Summary of Non-Consolidated Financial Results

##### 1. Non-Consolidated Business Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)

###### (1) Non-consolidated operating results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended 12/23	206,984	7.7	14,085	22.7	15,667	15.9	10,824	10.2
Year ended 12/22	192,271	9.4	11,483	19.0	13,512	19.0	9,818	4.1

	Net profit per share	Net profit per share/diluted
	Yen	Yen
Year ended 12/23	172.17	171.84
Year ended 12/22	156.42	156.24

###### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 12/23	230,622	127,426	55.1	2,020.76
Year ended 12/22	183,674	119,178	64.8	1,894.69

(Reference) Shareholders' equity (million yen) Year ended 12/23: 127,133 Year ended 12/22: 119,022

\* The summary of consolidated financial results is not subject to audits by certified public accountants and audit corporations.

#### \* Cautionary statement with respect to forward-looking statements

(Notes to forward looking statements)

The above forecast has been prepared based on date as of the announcement date. Since various uncertainties subsist in forecasts, actual results may differ from forecasted figures.

## Accompanying Materials – Contents

<b>1. Overview of Consolidated Results, Etc.</b> .....	<b>2</b>
(1) Overview of consolidated results for the fiscal year ended December 31, 2023 .....	2
(2) Overview of financial position for the fiscal year under review .....	4
(3) Overview of cash flows for the fiscal year under review .....	5
(4) Future outlook .....	5
<b>2. Basic Stance on Selection of Accounting Standards</b> .....	<b>6</b>
<b>3. Consolidated Financial Statements and Major Notes</b> .....	<b>7</b>
(1) Consolidated balance sheet .....	7
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	9
Consolidated statements of income .....	9
Consolidated statements of comprehensive income .....	11
(3) Consolidated statements of changes in net assets .....	12
(4) Consolidated cash flow statement .....	14
(5) Notes to consolidated financial statements .....	16
(Note on going concern assumptions) .....	16
(Changes in accounting principles) .....	16
(Changes in presentation methods) .....	16
(Business combinations) .....	16
(Additional information) .....	20
(Segment information) .....	20
(Per-share information) .....	23
(Post-balance sheet events) .....	24
<b>4. Other</b> .....	<b>25</b>
Production, orders, and sales situations .....	25

## 1. Overview of Consolidated Results, Etc.

### (1) Overview of consolidated results for the fiscal year ended December 31, 2023

During the consolidated fiscal year under review (from January 1, 2023 to December 31, 2023), the Japanese economy continued to recover amid signs of the improvement of corporate earnings and personal consumption reflecting the normalization of economic activity following its disruption during the COVID-19 pandemic. However, the economic outlook in Japan and other countries has remained uncertain due to the impact of inflation and monetary restraint measures mainly in Europe and the United States, concerns over the outlook for the Chinese economy and the impact of rising prices, which are attributed to the consistently high prices of raw materials and energy and the weaker yen, on consumption in Japan.

In the information services industry, demand for strategic system investment to keep pace with the trend toward digital transformation (DX) has continued to increase, with companies in a wide range of industries remaining highly motivated to invest in systems to expand business or increase competitiveness.

Further, attention is being drawn to large language models (LLM), a kind of generative AI model, an example of which is ChatGPT, and models and tools which significantly facilitate and dramatically lower the cost of communication and information collection are expected to emerge. At the same time, it is expected that there will be innovations in various fields.

In this business environment, the FUJISOFT GROUP worked to achieve sustainable growth and improve its added value during the three years of the Medium-Term Management Plan up to the fiscal year ending December 31, 2024 and achieved its management targets set in the plan, including operating profit and ROE, one year earlier than planned. In response, the Group considered its future growth path exhaustively and formulated Medium-Term Management Plan 2028 for the next five years.

Further, the Company established the Corporate Value Committee in 2022 and announced initiatives to enhance its corporate value(\*).

Major initiatives to enhance corporate value

#### (i) Review of listing of subsidiaries

To maximize the dynamic operation of and synergy within the FUJISOFT GROUP as a whole, the Company made four listed subsidiaries into wholly owned subsidiaries.

#### (ii) Review of the real estate business

The Company has downscaled its real estate business and decided to liquidate properties that it holds. The liquidation process is under way.

#### (iii) Formulation of a capital allocation policy

The Company formulated a five-year allocation policy, aiming to increase growth investment and improve capital efficiency.

#### (iv) Setting of a management target

As its most important KPI, the Company set a target non-consolidated operating profit per person of at least 3 million yen, aiming to improve capital efficiency and other aspects of its business.

#### (v) Review of the governance structure

Reinforcement of the structure for strengthening governance

Regarding the business situation, in operation system development in the System Construction Segment, demand remained strong reflecting the movement toward the promotion of DX, mainly in the domain of system infrastructure construction realizing virtualization and the shift to cloud computing, which are essential for achievements including increased business efficiency and productivity, by utilizing the technologies of global vendors, the reconstruction of backbone systems to respond to the aging of systems or reinforce the business foundation, the domain of e-commerce where business is brisk as it has become a part of the lifestyles of many consumers, the domain of digital finance that is expected to expand and other domains, based on the wealth of expertise and technological capabilities that have been cultivated to date.

The Company has also been working on intelligent technologies and AI for many years. It has also been expanding business in the domain of cyber security, where countermeasures have been growing increasingly important, based on the wealth of expertise and technological capabilities that have been cultivated to date.

Further, the Company also began a validation of a service related to ChatGPT ahead of others and has been studying efficient, effective ways of using ChatGPT. The Company plans to provide customers with the results gained in the form of the transformation of internal operations and support for the system development process.

In embedded/control system development, the Company performed solidly in the machine control field, reflecting strong

performances in fields related to semiconductor manufacturing facilities due to the digitization of society, as well as continued investments in the digital consumer electronics field by major manufacturers. Further, the shift to EVs in the automobile industry has accelerated and capital investment in machine tools to increase the production of EV parts is expected. In response, the Company has been carrying out aggressive sales activities.

In the automotive sector, business remained strong due to robust investment in the CASE domain, including the shift to EVs for the achievement of global carbon neutrality and the continued evolution of autonomous vehicles. Further, partly reflecting an increase in investments in new domains including software-defined vehicles (SDV), where software enables the evolution of automobiles, the Company has been implementing an aggressive strategy to receive orders.

In the products and services segment, sales remained strong mainly in the license business operated in cooperation with a global vendor. Mobile routers remained strong with growing demand for rental equipment, reflecting gradual recovery of demand from inbound tourists that is attributed mainly to the easing of COVID-19 restrictions.

The Company will continue to provide high-quality products which meet customers' needs and develop and sell new products by responding flexibly to social change in its efforts to strengthen and expand its business.

The Company is contributing to the development of a sustainable global society through its business activities and various social contribution activities in cooperation with society with the basic policy of being a corporate group that is more helpful to society, more appreciated by customers, friendlier to the Earth, relaxed and rewarding.

With respect to CSR (corporate social responsibility) activities, FUJISOFT KIKAKU Inc., a special subsidiary, empathizes with the concept of the SDGs and has continued to focus on employment transition support activities to expand the employment of persons with disabilities and on the cultivation of shitake mushrooms as a new agriculture using ICT technologies, aiming to build a sustainable society with diversity and inclusion, where "no one is left behind."

In addition, the Company held the All Japan Robot-Sumo Tournament 2023. The Company has been driving this and other activities to provide opportunities to be motivated to engage in research and exercise creativity, introducing to a wide range of people the joy of making things, and improving robot technologies, through Robot-sumo.

The Company has been advancing initiatives to achieve sustainable growth and enhance its corporate value by positioning it as an important mission for contributing to the development of society through wide-ranging corporate activities. The Company's basic policy embraces the environment, social, and governance (ESG) concept. The Company is determined to continue to develop its businesses and fulfill its social responsibilities.

As a result of these initiatives, in the fiscal year under review, net sales stood at 298,855 million yen, up 7.2% year on year, thanks to the strong performance of the System Integration business. While SG&A expenses increased 7.5% year on year, to 46,552 million yen, the sales growth resulted in operating profit of 20,684 million yen, up 13.2% year on year. Ordinary profit stood at 19,675 million yen, up 2.4% year on year, due to an increase in expenses, including expenses related to the tender offer of the four listed subsidiaries. Profit attributable to owners of parent was 11,849 million yen, up 4.1% year on year.

\* The Company's initiatives to enhance its corporate value

<https://www.fsi.co.jp/ir/management/kigyouchi.html>

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, both sales and profit from embedded/control software increased, despite a decline in mobile systems and social infrastructure systems, more than offset by the steady performance of development projects in the EV and advanced fields for automotive systems and development projects involving machine control systems in the industrial field. In operation software, sales increased because of the favorable results in the projects for the construction of system infrastructure and backbone systems mainly in the manufacturing and financial service industries, and operating profit increased due in part to the increase of sales and improvement of productivity. In Products and Services, sales and profit rose thanks to strong sales of licenses from other companies and products of the Company. In the outsourcing business, sales decreased mainly reflecting a decrease in IT services for overseas retailers, and operating profit also decreased due to the decrease of sales and the impact of rising electricity prices on data center services.

As a result, net sales stood at 282,418 million yen, up 7.3% year on year. Operating profit amounted to 18,904 million yen, up 12.7%.

\* The following table shows a breakdown of net sales and operating profit in the SI business.

(Million yen)				
	Net sales	YoY change (%)	Operating profit	YoY change (%)
SI business total	282,418	107.3	18,904	112.7
System Construction	181,728	110.4	13,406	120.5
Embedded/Control Software	78,553	105.5	6,695	112.1
Operation Software	103,174	114.5	6,710	130.2
Products and Services	100,690	102.2	5,498	97.4
Products and Services	86,546	103.2	4,806	104.1
Outsourcing	14,144	96.5	691	67.3

(Note) Operating profit includes the elimination of intersegment transactions of 0 million yen.

(ii) Facility business

In the facility business, net sales stood at 2,906 million yen, up 9.5% year on year, and operating profit amounted to 1,010 million yen, up 23.9%, mainly reflecting an increase in tenants.

(iii) Other businesses

Net sales from other businesses amounted to 13,530 million yen, up 4.2% year on year, thanks to the significant contribution of the pension-related operations which were started in the previous fiscal year for both call center services and BPO services. Operating profit stood at 768 million yen, up 12.6% year on year.

(2) Overview of financial position for the fiscal year under review

(Total assets)

Total assets stood at 257,596 million yen at the end of the consolidated fiscal year under review, up 16,761 million yen from the end of the preceding consolidated fiscal year. Current assets were 123,153 million yen (up 10,422 million yen from the end of the previous fiscal year), and non-current assets were 134,443 million yen (up 6,338 million yen).

The main factors for the change in current assets include an increase in notes and accounts receivable-trade and contract assets by 6,061 million yen from the end of the previous fiscal year, to 62,696 million yen, an increase in cash and deposits by 2,588 million yen, to 35,324 million yen, an increase in advance payments to suppliers by 756 million yen, to 3,461 million yen, an increase in work in process by 714 million yen, to 4,478 million yen, an increase in prepaid expenses of 657 million yen, to 6,547 million yen, and a decrease in securities of 400 million yen, to 8,100 million yen.

The main factors for the change in non-current assets include an increase in buildings and structures by 4,099 million yen from the end of the previous fiscal year, to 31,707 million yen, an increase in investment securities of 1,293 million yen, to 8,986 million yen, and an increase in construction in progress of 1,294 million yen, to 14,273 million yen.

(Liabilities)

At the end of the fiscal year under review, total liabilities amounted to 128,674 million yen, up 40,583 million yen from the end of the previous fiscal year. Current liabilities were 112,740 million yen (up 40,794 million yen from the end of the previous fiscal year), and non-current liabilities were 15,934 million yen (down 210 million yen).

Major factors of the change in current liabilities include an increase in short-term borrowings and current portion of long-term borrowings by 33,648 million yen from the end of the previous fiscal year, to 51,504 million yen, an increase in provision for bonuses by 4,269 million yen, to 11,739 million yen, and an increase in income taxes payable by 2,960 million yen, to 5,789 million yen.

The main factors in the change in non-current liabilities include a 259 million yen decrease in long-term borrowings from the end of the previous fiscal year, to 8,524 million yen.

(Net assets)

Net assets decreased 23,822 million yen from the end of the preceding fiscal year, to 128,921 million yen at the end of the consolidated fiscal year under review. The equity ratio decreased to 48.1%, from 55.7% at the end of the previous fiscal year.

## (3) Overview of cash flows for the fiscal year under review

Consolidated cash and cash equivalents (“cash”) at the end of the fiscal year under review were 34,785 million yen, an increase of 1,698 million yen from the end of the previous fiscal year.

## (Cash flows from operating activities)

Net cash provided by operating activities stood at 16,151 million yen.

This was mainly due to an increase in money received reflecting the increase in sales and profit, with an increase in cash due to profit before income taxes of 20,439 million yen and an increase in accounts payable - personnel expenses of 4,368 million yen associated with the change of the evaluation period, offsetting a decrease in cash due to income taxes paid of 4,642 million yen.

## (Cash flows from investment activities)

Net cash used in investing activities came to 9,209 million yen.

This reflects a decrease in cash due to payments of 11,120 million yen for property, plant and equipment and intangible assets, payments for purchase of securities of 8,400 million yen, and payments into time deposits of 3,928 million yen, offsetting an increase in cash of 5,754 million yen attributed to proceeds from withdrawal of time deposits.

## (Cash flows from financing activities)

Net cash used in financing activities was 5,447 million yen.

This was due to expenses of 34,220 million yen for the purchase of shares of subsidiaries not resulting in change in scope of consolidation, as well as proceeds from and repayments of borrowings that resulted in a cash inflow of 29,386 million yen.

## (Reference) Cash flow-related indicators

	Year ended 12/19	Year ended 12/20	Year ended 12/21	Year ended 12/22	Year ended 12/23
Equity ratio (%)	54.1	50.7	54.6	55.7	48.1
Equity ratio based on market value (%)	63.6	68.9	76.0	98.6	144.3
The ratio of interest-bearing debt to operating cash flow (years)	2.4	3.0	1.8	2.0	3.7
Interest coverage ratio (times)	157.8	224.6	272.9	274.5	358.3

Equity ratio: Shareholders' equity / Total assets

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

\* Total market value for stocks is calculated on the basis of the number of outstanding shares, excluding treasury stock.

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows from operating activities

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

\* All amounts are on a consolidated basis.

\* Cash flows are cash flows from operating activities.

\* Interest-bearing debt is all the debt with interest on the consolidated balance sheet.

## (4) Future outlook

For the fiscal year under review, the Group responded to strong IT investment demand and carried out productivity improvements, which resulted in the increase of both net sales and profit. Thus, the Group roughly achieved the management targets set in the three-year plan until FY2024 one year earlier planned.

Regarding the forecast consolidated financial results for the next fiscal year, the Group foresees a shrinkage of the facility business and an expansion of office relocation spending in association with real estate liquidation and it will be investing in new businesses with an eye towards medium- and long-term growth. While these moves will impact the Group, it will seek synergy within the Group, offer greater value to customers and properly allocate capital for continued growth and the improvement of profitability and capital efficiency. The Group forecasts that net sales will be 315.0 billion yen, operating profit will be 22.0 billion yen, ordinary profit will come to 21.8 billion yen and profit attributable to owners of parent will be 21.0 billion yen. With regard to dividends for the next fiscal year, the consolidated dividend payout ratio will be 35% or greater, comprehensively considering growth potential, stability, capital efficiency, and other factors of the business.

The Group has set a consolidated dividend payout ratio of 25.2%(\*1) in the dividend plan for FY2024 and is planning to pay a

dividend of 84.00 yen per share(\*2).

- \*1 If the after-tax gain on sale of owned properties (A-rated properties) is disregarded, the consolidated dividend payout ratio for FY2024 will be 35.1%. The Group is considering appropriating the gain on sale of properties to the acquisition of treasury shares in accordance with the capital allocation policy of the medium-term management plan (2024-2028).
- \*2 On July 1, 2023, the Company conducted a two-for-one split of its common stock. The amount of the dividend in the FY2024 plan is the amount after the stock split.
- \*3 The above forecast has been prepared based on data as of the announcement date. Actual results may differ materially from the forecast figures due to various factors.

## **2. Basic Stance on Selection of Accounting Standards**

Taking the comparability of accounts between periods and the comparability of accounts between companies into consideration, the FUJISOFT Group plans to prepare its consolidated financial statements based on Japan GAAP for the present time.

The Group's policy is to respond appropriately to the application of IFRS in view of developments both in Japan and overseas.



**3. Consolidated Financial Statements and Major Notes**

## (1) Consolidated balance sheet

(Million yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	32,736	35,324
Notes and accounts receivable - trade, and contract assets	56,634	62,696
Securities	8,500	8,100
Merchandise	1,732	1,350
Work in process	3,763	4,478
Raw materials and supplies	55	91
Other	9,421	11,214
Allowance for doubtful accounts	-113	-102
Total current assets	112,730	123,153
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,733	64,846
Accumulated depreciation	-32,125	-33,138
Buildings and structures, net	27,607	31,707
Land	55,892	55,322
Construction in progress	12,979	14,273
Other	13,041	13,175
Accumulated depreciation	-10,360	-10,315
Other, net	2,680	2,859
Total property, plant and equipment	99,160	104,163
Intangible assets		
Goodwill	336	272
Software	5,050	5,242
Other	39	30
Total intangible assets	5,426	5,544
Investments and other assets		
Investment securities	7,693	8,986
Retirement benefit asset	7,274	7,400
Deferred tax assets	3,454	3,904
Deferred tax assets for land revaluation	-	64
Other	5,117	4,459
Allowance for doubtful accounts	-20	-81
Total investments and other assets	23,518	24,734
Total non-current assets	128,104	134,443
Total assets	240,835	257,596

(Million yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	14,083	13,664
Short-term borrowings	12,141	47,245
Commercial papers	—	4,000
Current portion of long-term borrowings	5,714	259
Accrued expenses	5,503	5,375
Income taxes payable	2,828	5,789
Provision for bonuses	7,470	11,739
Provision for bonuses for directors (and other officers)	286	349
Provision for loss on construction contracts	421	345
Provision for loss on withdrawal from business	30	21
Provision for subsidy repayment	429	454
Provision for compensation loss	212	151
Other	22,823	23,344
<b>Total current liabilities</b>	<b>71,945</b>	<b>112,740</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,783	8,524
Provision for retirement benefits for directors (and other officers)	410	443
Retirement benefit liability	4,504	4,519
Other	2,447	2,448
<b>Total non-current liabilities</b>	<b>16,145</b>	<b>15,934</b>
<b>Total liabilities</b>	<b>88,091</b>	<b>128,674</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	26,200	26,200
Capital surplus	29,089	9,688
Retained earnings	91,020	98,283
Treasury shares	-4,593	-4,453
<b>Total shareholders' equity</b>	<b>141,717</b>	<b>129,718</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,224	2,556
Deferred gains or losses on hedges	-0	-0
Revaluation reserve for land	-8,228	-7,939
Foreign currency translation adjustment	485	1,342
Remeasurements of defined benefit plans	-1,149	-1,740
<b>Total accumulated other comprehensive income</b>	<b>-7,668</b>	<b>-5,781</b>
<b>Stock acquisition rights</b>	<b>646</b>	<b>410</b>
<b>Non-controlling interests</b>	<b>18,049</b>	<b>4,573</b>
<b>Total net assets</b>	<b>152,744</b>	<b>128,921</b>
<b>Total liabilities and net assets</b>	<b>240,835</b>	<b>257,596</b>

## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

(Million yen)

	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Net sales	278,783	298,855
Cost of sales	217,216	231,619
Gross profit	61,567	67,236
Selling, general and administrative expenses		
Advertising expenses	353	413
Directors' compensations	937	967
Employees' salaries	19,542	19,613
Provision for bonuses	1,502	2,641
Retirement benefit expenses	901	999
Legal welfare expenses	3,386	3,645
Provision for directors' retirement benefits	56	43
Provision for directors' bonuses	286	349
Welfare expenses	1,259	1,173
Recruiting and training expenses	1,442	1,459
Traveling and transportation expenses	380	564
Stationery expenses	1,247	1,159
Commission fee	921	1,168
Rents	1,084	981
Taxes and dues	1,926	2,089
Provision of allowance for doubtful accounts	9	62
Depreciation	608	658
Research study expenses	577	918
Operations consignment expenses	3,711	4,035
Amortization of goodwill	61	63
Other	3,097	3,541
Total selling, general and administrative expenses	43,294	46,552
Operating profit	18,272	20,684
Non-operating income		
Interest income	109	215
Dividends income	209	267
Share of profit of entities accounted for using equity method	35	—
Foreign exchange gains	620	236
Insurance claim income	—	151
Subsidy income	34	32
Other	246	122
Total non-operating income	1,255	1,025
Non-operating expenses		
Interest expenses	49	45
Share of loss of entities accounted for using equity method	—	126
Loss on retirement of non-current assets	104	72
Expenses for dealing with system failure	83	43
Commission fee	—	1,581
Other	86	166
Total non-operating expenses	323	2,034
Ordinary profit	19,205	19,675

(Million yen)

	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Extraordinary income		
Gain on sale of investment securities	4	473
Reversal of allowance for doubtful accounts	94	0
Reversal of provision for retirement benefits	80	–
Gain on sale of non-current assets	–	472
Gain on sale of shares of subsidiaries	–	16
Other	11	10
Total extraordinary income	190	973
Extraordinary losses		
Impairment losses	620	127
Provision for loss on business liquidation	47	–
Office transfer expenses	66	48
Expenses for measures against infectious diseases	99	9
Provision for compensation loss	212	–
Other	64	24
Total extraordinary losses	1,111	209
Profit before income taxes	18,284	20,439
Income taxes-current	4,931	7,584
Income taxes-deferred	-35	-837
Total income taxes	4,896	6,747
Profit	13,388	13,691
Profit attributable to non-controlling interests	2,009	1,842
Profit attributable to owners of parent	11,379	11,849

## Consolidated statements of comprehensive income

(Million yen)

	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Profit	13,388	13,691
Other comprehensive income		
Valuation difference on available-for-sale securities	-489	1,315
Revaluation reserve for land	—	133
Foreign currency translation adjustment	385	259
Remeasurements of defined benefit plans, net of tax	636	-284
Share of other comprehensive income of entities accounted for using equity method	18	0
Total other comprehensive income	551	1,424
Comprehensive income	13,939	15,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,688	13,110
Comprehensive income attributable to non-controlling interests	2,251	2,005

## (3) Consolidated statements of changes in net assets

FY2022 (From January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at the beginning of current period	26,200	28,979	82,645	-4,748	133,076	1,709	-0
Cumulative effects of changes in accounting policies			-493		-493		
Restated balance	26,200	28,979	82,152	-4,748	132,583	1,709	-0
Changes of items during the period							
Dividends from surplus			-2,510		-2,510		
Profit attributable to owners of parent			11,379		11,379		
Purchase of treasury shares				-1	-1		
Disposal of treasury shares		164		156	321		
Reversal of revaluation reserve for land					-		
Change in scope of consolidation					-		
Change in ownership interest of parent due to transactions with non-controlling interests		-54			-54		
Net changes of items other than shareholders' equity						-484	-
Total changes of items during the period	-	110	8,868	154	9,133	-484	-
Balance at the end of current period	26,200	29,089	91,020	-4,593	141,717	1,224	-0

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	-8,228	246	-1,756	-8,029	620	17,300	142,968
Cumulative effects of changes in accounting policies						-413	-906
Restated balance	-8,228	246	-1,756	-8,029	620	16,886	142,061
Changes of items during the period							
Dividends from surplus							-2,510
Profit attributable to owners of parent							11,379
Purchase of treasury shares							-1
Disposal of treasury shares							321
Reversal of revaluation reserve for land							-
Change in scope of consolidation							-
Change in ownership interest of parent due to transactions with non-controlling interests							-54
Net changes of items other than shareholders' equity	-	238	606	360	26	1,162	1,549
Total changes of items during the period	-	238	606	360	26	1,162	10,682
Balance at the end of current period	-8,228	485	-1,149	-7,668	646	18,049	152,744

FY2023 (From January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at the beginning of current period	26,200	29,089	91,020	-4,593	141,717	1,224	-0
Changes of items during the period							
Dividends from surplus			-4,430		-4,430		
Profit attributable to owners of parent			11,849		11,849		
Purchase of treasury shares				-4	-4		
Disposal of treasury shares		361		144	506		
Reversal of revaluation reserve for land			-155		-155		
Change in scope of consolidation			-0		-0		
Change in ownership interest of parent due to transactions with non-controlling interests		-19,762			-19,762		
Net changes of items other than shareholders' equity						1,332	-0
Total changes of items during the period	-	-19,400	7,262	140	-11,998	1,332	-0
Balance at the end of current period	26,200	9,688	98,283	-4,453	129,718	2,556	-0

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	-8,228	485	-1,149	-7,668	646	18,049	152,744
Changes of items during the period							
Dividends from surplus							-4,430
Profit attributable to owners of parent							11,849
Purchase of treasury shares							-4
Disposal of treasury shares							506
Reversal of revaluation reserve for land							-155
Change in scope of consolidation							-0
Change in ownership interest of parent due to transactions with non-controlling interests							-19,762
Net changes of items other than shareholders' equity	289	857	-590	1,887	-235	-13,475	-11,824
Total changes of items during the period	289	857	-590	1,887	-235	-13,475	-23,822
Balance at the end of current period	-7,939	1,342	-1,740	-5,781	410	4,573	128,921

## (4) Consolidated cash flow statement

(Million yen)

	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	18,284	20,439
Depreciation	4,072	4,121
Impairment losses	620	127
Expenses for measures against infectious diseases	99	9
Amortization of goodwill	61	63
Increase (decrease) in provision for loss on construction contracts	121	-105
Increase (decrease) in retirement benefit liability	-178	37
Decrease (increase) in retirement benefit asset	-572	-690
Transfer of securities to retirement benefit trust	-1,000	-
Share of loss (profit) of entities accounted for using equity method	-35	126
Interest expenses	49	45
Foreign exchange losses (gains)	-470	-197
Loss (gain) on sale of investment securities	-0	-473
Loss (gain) on sale of shares of subsidiaries and associates	-	-16
Loss (gain) on sale of non-current assets	-	-472
Office transfer expenses	66	48
Commission fee	-	1,581
Decrease (increase) in notes and accounts receivable - trade and contract assets	264	-5,640
Decrease (increase) in inventories	-1,096	-365
Increase (decrease) in trade payables	1,362	-458
Decrease (increase) in prepaid expenses	-2,936	-636
Increase (decrease) in accounts payable - other	579	707
Increase (decrease) in accrued consumption taxes	-514	1,294
Increase (decrease) in accounts payable - personnel expenses	570	4,368
Decrease (increase) in long-term prepaid expenses	1,035	751
Other	515	-3,133
Subtotal	20,897	21,530
Interest and dividends income received	318	476
Interest paid	-49	-54
Income taxes paid	-7,527	-4,642
Income taxes refund	-	30
Payments for loss on withdrawal from business	-22	-13
Expenses for measures against infectious diseases paid	-97	-9
Commission expenses	-	-1,165
Net cash provided by (used in) operating activities	13,519	16,151



(Million yen)

	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Cash flows from investing activities		
Payments into time deposits	-9,828	-3,928
Proceeds from withdrawal of time deposits	10,834	5,754
Purchase of property, plant and equipment	-9,274	-8,622
Proceeds from sale of property, plant and equipment	—	967
Purchase of intangible assets	-3,010	-2,498
Purchase of securities	-4,500	-8,400
Proceeds from sale of securities	500	6,300
Purchase of investment securities	-0	-0
Proceeds from sale of investment securities	0	990
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	144	—
Other	-386	227
Net cash provided by (used in) investing activities	-15,522	-9,209
Cash flows from financing activities		
Proceeds from short-term borrowings	13,000	50,359
Repayments of short-term borrowings	-5,599	-15,259
Proceeds from long-term borrowings	5,000	—
Repayments of long-term borrowings	-14,765	-5,714
Net increase (decrease) in commercial papers	—	4,000
Purchase of treasury shares	-1	-4
Dividends paid	-2,508	-4,427
Dividends paid to non-controlling interests	-790	-888
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-4	-34,220
Repayments of lease obligations	-4	-1
Proceeds from exercise of employee share options	210	764
Other	-446	-54
Net cash provided by (used in) financing activities	-5,911	-5,447
Effect of exchange rate change on cash and cash equivalents	123	204
Net increase (decrease) in cash and cash equivalents	-7,789	1,698
Cash and cash equivalents at beginning of period	40,876	33,086
Cash and cash equivalents at end of period	33,086	34,785

(5) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Changes in accounting principles)

Not applicable.

(Changes in presentation methods)

(Consolidated statements of income)

Cancellation income for system services, which was shown separately under non-operating income in the previous consolidated fiscal year, is included in other under non-operating income in the consolidated fiscal year under review, because it has become insignificant in monetary terms. The consolidated financial statements for the previous consolidated fiscal year have been restated to reflect these changes in presentation.

As a result, both cancellation income for system services amounting to 100 million yen and other amounting to 146 million yen that were shown separately under non-operating income in consolidated financial results for the previous consolidated fiscal year are reclassified under other amounting to 246 million yen under non-operating income.

(Business combinations)

Transactions involving entities under common control

(Acquisition of shares of Cybernet Systems Co., Ltd. through a tender offer, etc.)

The Company resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares of Cybernet Systems Co., Ltd. (stock code: 4312; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter the “Tokyo Stock Exchange”); hereinafter the “Target Company”) through a tender offer (hereinafter the “Tender Offer”) under the Financial Instruments and Exchange Act for the purpose of making the Target Company its wholly owned subsidiary. The Tender Offer was completed on December 21, 2023.

1. Overview of transaction

(1) Name of combined entity and description of its business

Name of combined entity: Cybernet Systems Co., Ltd.

Business: Sale and development of scientific and technological computation software in the following fields

- CAE solutions (mechanical, control, electronic system, optical, optical measurement systems)
- IT solutions (cloud security, endpoint security, IT asset management, IT infrastructure, CAE cloud)
- AR/VR, visualization solutions (visualization, image analysis, AR/VR, medical AI diagnostic support)
- Big data solutions (IoT data visualization, analysis)

IoT/digital twin/AI development support services

Various engineering services (contract analysis, system development, consulting, technical support, introduction support seminars, CAE comprehensive training)

(2) Date of the business combination

December 21, 2023 (deemed acquisition date is December 31, 2023) (acquisition through a tender offer)

(3) Legal form of the business combination

Share acquisition in exchange for cash

(4) Names of entity after the business combination

No change

(5) Shareholding at the subsidiary after additional acquisition

Shareholding before business combination: 54.39%

Shareholding after tender offer: 90.55%

(6) Other matters related to outline of the transaction

By making the Target Company its wholly owned subsidiary, the Company will work to improve the value provided to customers, such as by sharing intellectual property and research achievements and improving sales efficiency, in addition to strengthening each business and creating new and integrated fields, thereby accelerating the achievement of its future vision and maximizing the Group's value. It is for this purpose that the Company has acquired the shares of the Target Company held by non-controlling shareholders.

2. Overview of accounting procedures implemented

The transaction is accounted for as a transaction with non-controlling shareholders of common control transactions pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

3. Matters to be presented when additional shares of a subsidiary have been acquired

Acquisition cost and transactions for each type of consideration

Consideration for acquisition (cash): 12,235 million yen

Acquisition cost: 12,235 million yen

4. Change in equity of the Company related to transaction with non-controlling shareholders

(1) Main factor for change in capital surplus

Acquisition of additional shares in subsidiary

(2) Amount of decrease in capital surplus due to the transaction with non-controlling shareholders

7,102 million yen

(Acquisition of shares of VINX CORP. through a tender offer, etc.)

The Company resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares and the Share Warrants of VINX CORP. (stock code: 3784; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter the "Tokyo Stock Exchange"); hereinafter the "Target Company") through a tender offer (hereinafter the "Tender Offer") under the Financial Instruments and Exchange Act for the purpose of making the Target Company its wholly owned subsidiary. The Tender Offer was completed on December 21, 2023.

1. Overview of transaction

(1) Name of combined entity and description of its business

Name of combined entity: VINX CORP.

Business: - Development of solutions related to core systems, store systems, e-commerce systems, etc.

- System operation, monitoring and maintenance, helpdesk services

- Development of own-brand products and sale of licenses

- Sale of POS hardware, network construction and other ancillary services

(2) Date of the business combination

December 21, 2023 (deemed acquisition date is December 31, 2023) (acquisition through a tender offer)

(3) Legal form of the business combination

Share acquisition in exchange for cash

(4) Names of entity after the business combination

No change

(5) Shareholding at the subsidiary after additional acquisition

Shareholding before business combination: 60.02%

Shareholding after tender offer: 96.03%

(6) Other matters related to outline of the transaction

By making the Target Company its wholly owned subsidiary, the Company will work to improve the value provided to customers, such as by sharing intellectual property and research achievements and improving sales efficiency, in addition to strengthening each business and creating new and integrated fields, thereby accelerating the achievement of its future vision and maximizing the Group's value. It is for this purpose that the Company has acquired the shares of the Target Company held by non-controlling shareholders.

2. Overview of accounting procedures implemented

The transaction is accounted for as a transaction with non-controlling shareholders of common control transactions pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

3. Matters to be presented when additional shares of a subsidiary have been acquired

Acquisition cost and transactions for each type of consideration

Consideration for acquisition (cash): 12,520 million yen

Acquisition cost: 12,520 million yen

4. Change in equity of the Company related to transaction with non-controlling shareholders

(1) Main factor for change in capital surplus

Acquisition of additional shares in subsidiary

(2) Amount of decrease in capital surplus due to the transaction with non-controlling shareholders

7,598 million yen

(Acquisition of shares of FUJI SOFT SERVICE BUREAU INCORPORATED through a tender offer, etc.)

The Company resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares of FUJI SOFT SERVICE BUREAU INCORPORATED (stock code: 6188; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter the "Tokyo Stock Exchange"); hereinafter the "Target Company") through a tender offer (hereinafter the "Tender Offer") under the Financial Instruments and Exchange Act for the purpose of making the Target Company its wholly owned subsidiary. The Tender Offer was completed on December 21, 2023.

1. Overview of transaction

(1) Name of combined entity and description of its business

Name of combined entity: FUJI SOFT SERVICE BUREAU INCORPORATED

Business: Call center services and BPO services

(2) Date of the business combination

December 21, 2023 (deemed acquisition date is December 31, 2023) (acquisition through a tender offer)

(3) Legal form of the business combination

Share acquisition in exchange for cash

(4) Names of entity after the business combination

No change

(5) Shareholding at the subsidiary after additional acquisition

Shareholding before business combination: 57.93%  
 Shareholding after tender offer: 96.21%

(6) Other matters related to outline of the transaction

By making the Target Company its wholly owned subsidiary, the Company will work to improve the value provided to customers, such as by sharing intellectual property and research achievements and improving sales efficiency, in addition to strengthening each business and creating new and integrated fields, thereby accelerating the achievement of its future vision and maximizing the Group's value. It is for this purpose that the Company has acquired the shares of the Target Company held by non-controlling shareholders.

2. Overview of accounting procedures implemented

The transaction is accounted for as a transaction with non-controlling shareholders of common control transactions pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

3. Matters to be presented when additional shares of a subsidiary have been acquired

Acquisition cost and transactions for each type of consideration

Consideration for acquisition (cash): 3,051 million yen

Acquisition cost: 3,051 million yen

4. Change in equity of the Company related to transaction with non-controlling shareholders

(1) Main factor for change in capital surplus

Acquisition of additional shares in subsidiary

(2) Amount of decrease in capital surplus due to the transaction with non-controlling shareholders

1,792 million yen

(Acquisition of shares of Cyber Com Co., Ltd. through a tender offer, etc.)

The Company resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares of Cyber Com Co., Ltd. (stock code: 3852; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter the "Tokyo Stock Exchange"); hereinafter the "Target Company") through a tender offer (hereinafter the "Tender Offer") under the Financial Instruments and Exchange Act for the purpose of making the Target Company its wholly owned subsidiary. The Tender Offer was completed on December 21, 2023.

1. Overview of transaction

(1) Name of combined entity and description of its business

Name of combined entity: Cyber Com Co., Ltd.

Business: Software development business, service business, facility business

(2) Date of the business combination

December 21, 2023 (deemed acquisition date is December 31, 2023) (acquisition through a tender offer)

(3) Legal form of the business combination

Share acquisition in exchange for cash

(4) Names of entity after the business combination

No change

(5) Shareholding at the subsidiary after additional acquisition

Shareholding before business combination:	51.89%
Shareholding after tender offer:	92.72%

(6) Other matters related to outline of the transaction

By making the Target Company its wholly owned subsidiary, the Company will work to improve the value provided to customers, such as by sharing intellectual property and research achievements and improving sales efficiency, in addition to strengthening each business and creating new and integrated fields, thereby accelerating the achievement of its future vision and maximizing the Group's value. It is for this purpose that the Company has acquired the shares of the Target Company held by non-controlling shareholders.

2. Overview of accounting procedures implemented

The transaction is accounted for as a transaction with non-controlling shareholders of common control transactions pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

3. Matters to be presented when additional shares of a subsidiary have been acquired

Acquisition cost and transactions for each type of consideration

Consideration for acquisition (cash): 6,239 million yen

Acquisition cost: 6,239 million yen

4. Change in equity of the Company related to transaction with non-controlling shareholders

(1) Main factor for change in capital surplus

Acquisition of additional shares in subsidiary

(2) Amount of decrease in capital surplus due to the transaction with non-controlling shareholders

3,282 million yen

(Additional information)

(Acquisition of 100% ownership of Cyber Com Co., Ltd.)

After the above Tender Offer, the Company demanded the sale of shares pursuant to Article 179, paragraph (1) of the Companies Act and made the Target Company its wholly owned subsidiary effective February 13, 2024.

(Segment information)

[Segment information]

1. Overview of reported segments

The reported segments of the Group are its constituents for which separate financial information is available and which the Board of Directors regularly examines to determine the distribution of management resources and evaluate performance.

The Group consists of two service units, or reported segments: the SI (system integration) business and the facility business.

SI (system integration) business

Overall system integration including embedded/control software development related to machine control and auto-related projects, the development of operation software used in various industries, products and services, and systems construction, maintenance and operations services.

Facility business

The leasing of office buildings that the Company and certain consolidated subsidiaries own

## 2. Calculating of net sales, profit, loss, assets, liabilities and other items by reported segment

The accounting method for reported business segments is generally the same as the details stated in the “Important basic matters for the preparation of consolidated financial statements”.

Reported segments’ profit is based on operating profit. Internal revenue and the transfer amount among the segments are based on the actual market prices.

## 3. Information on net sales, profit (loss), assets, liabilities and other items by reported segment and the breakdown of revenue

FY2022 (From January 1, 2022 to December 31, 2022)

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustment (Note 2)	Amounts recorded in the consolidated financial statements (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	213,689	394	214,084	1,495	215,579	–	215,579
Goods transferred over time	49,453	–	49,453	11,481	60,935	–	60,935
Revenue from contracts with customers	263,143	394	263,537	12,976	276,514	–	276,514
Other revenue (Note 4)	0	2,260	2,260	9	2,269	–	2,269
Sales to outside customers	263,143	2,654	265,798	12,985	278,783	–	278,783
Inter-segment sales or transfers	104	532	637	738	1,375	-1,375	–
Total	263,248	3,187	266,435	13,724	280,159	-1,375	278,783
Segment profit	16,775	815	17,591	682	18,273	-0	18,272
Segment assets	233,126	177	233,303	7,531	240,835	–	240,835
Other items							
Depreciation	3,820	20	3,841	231	4,072	–	4,072
Amortization of goodwill	61	–	61	–	61	–	61
Increase in property, plant and equipment and intangible assets	19,460	20	19,480	406	19,886	–	19,886

(Notes) 1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.

2. An adjustment of segment profit of -0 million yen includes an elimination of inter-segment transactions of -0 million yen.

3. The segment profit has been adjusted to the operating profit stated in the consolidated statements of income.

4. The main components of other revenue include income from lease based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

FY2023 (From January 1, 2023 to December 31, 2023)

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustment (Note 2)	Amounts recorded in the consolidated financial statements (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	226,917	396	227,313	1,785	229,098	–	229,098
Goods transferred over time	55,500	–	55,500	11,735	67,236	–	67,236
Revenue from contracts with customers	282,418	396	282,814	13,520	296,335	–	296,335
Other revenue (Note 4)	0	2,510	2,510	10	2,520	–	2,520
Sales to outside customers	282,418	2,906	285,324	13,530	298,855	–	298,855
Inter-segment sales or transfers	102	532	634	854	1,489	-1,489	–
Total	282,520	3,438	285,959	14,385	300,345	-1,489	298,855
Segment profit	18,904	1,010	19,915	768	20,683	0	20,684
Segment assets	249,153	238	249,391	8,205	257,596	–	257,596
Other items							
Depreciation	3,825	32	3,857	264	4,121	–	4,121
Amortization of goodwill	63	–	63	–	63	–	63
Increase in property, plant and equipment and intangible assets	15,189	104	15,294	321	15,616	–	15,616

- (Notes) 1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
3. The segment profit has been adjusted to the operating profit stated in the consolidated statements of income.
4. The main components of other revenue include income from lease based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).



(Per-share information)

(Yen)

	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Net assets per share	2,133.94	1,970.02
Net profit per share	181.29	188.48
Fully diluted net profit per share	181.08	188.11

(Notes) 1. On July 1, 2023, the Company split its common stock 2 for 1. Net assets per share, net profit per share and the fully diluted net profit per share have been calculated on the assumption that the said stock split was performed at the beginning of the previous fiscal year.

2. The calculation basis of net profit per share and fully diluted net profit per share are as follows:

Item	FY2022 (From January 1, 2022 to December 31, 2022)	FY2023 (From January 1, 2023 to December 31, 2023)
Net profit per share		
Profit attributable to owners of parent (million yen)	11,379	11,849
Amounts which do not belong to ordinary shareholders (million yen)	–	–
Profit attributable to owners of parent on common shares (million yen)	11,379	11,849
Average number of common shares during the fiscal year (thousand shares)	62,770	62,868
Fully diluted net profit per share		
Adjustment of profit attributable to owners of parent (million yen)	–	–
(of which adjustment through dilutive shares issued by subsidiaries [million yen])	–	–
Number of increase in common shares	72,545	122,163
Outlines of potential shares not included in the computation of fully diluted net profit per share because of the absence of diluting effect	(Submitting Company) Board of Directors' meeting on March 29, 2022: Number of share warrants 1,370 Number of common shares 274,000 (Consolidated Subsidiary) VINX CORP. Board of Directors' meeting on May 9, 2019: Number of share warrants 8,230 Number of common shares 823,000	(Consolidated Subsidiary) VINX CORP. Board of Directors' meeting on May 9, 2019: Number of share warrants 4,451 Number of common shares 445,100

3. The calculation basis of net assets per share is as follows:

Item	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Total net assets (million yen)	152,744	128,921
Amount to be subtracted from total net assets (million yen)	18,695	4,984
Stock acquisition rights (million yen)	646	410
Non-controlling interests (million yen)	18,049	4,573
Net assets pertaining to common shares at the year end (million yen)	134,048	123,937
Number of common shares at the year end used in calculation of net assets per share (thousand shares)	62,817	62,912

(Post-balance sheet events)

(Transfer of non-current assets)

The Company resolved at a meeting of its Board of Directors held on January 30, 2024 to transfer its non-current assets as follows.

1. Reason for the transfer

The Company decided to transfer the following assets to liquidate real estate and thereby improve its capital efficiency and corporate value.

2. Assets to be transferred

Location: 3-7-20, Hakataeki-Minami, Hakata-ku, Fukuoka City, Fukuoka Prefecture

Assets: Land (2,517.51 m<sup>2</sup>) and building (4,073.49 m<sup>2</sup>)

Current status: Office and machine room

Gain on transfer: Approx. 3,188 million yen

(The gain on transfer is estimated by subtracting the estimated book value and other estimates from the transfer price.)

3. Outline of transferee

There is no information to note regarding capital ties, personal relationships, business relationships or related party matters between the Company and the transferee.

4. Schedule

Board of Directors resolution: January 30, 2024

Date of conclusion of the transfer agreement and date of delivery: February 27, 2024 (plan)

5. Impact on profit and loss

As a result of the transfer of these non-current assets, the Company expects to post an approx. 3,188 million yen gain on sale of non-current assets as extraordinary income in the financial results for the first quarter of the fiscal year ending December 31, 2024.

#### 4. Other

##### Production, orders, and sales situations

###### (1) Production performance

The table below shows production performance by business segment in the fiscal year under review.

Segment by business type	Amount (million yen)	YoY change (%)
SI business	218,362	106.5
Facility business	1,783	128.8
Other	11,473	105.9
Total	231,619	106.6

- (Notes)
1. Inter-segment transactions were canceled out.
  2. The amount is calculated based on the manufacturing cost.
  3. Amounts are not inclusive of the consumption tax.

###### (2) Orders

The table below shows orders received by business segment in the fiscal year under review.

Segment by business type	Amount of orders (million yen)	YoY change (%)	Outstanding balance of orders (million yen)	YoY change (%)
SI business	284,230	103.5	74,775	102.5
Facility business	2,850	101.4	1,144	95.3
Other	13,369	98.3	3,446	95.5
Total	300,450	103.2	79,367	102.1

- (Notes)
1. Inter-segment transactions were canceled out.
  2. Amounts are not inclusive of the consumption tax.

###### (3) Sales performance

The table below shows sales performance by business segment in the fiscal year under review.

Segment by business type	Amount (million yen)	YoY change (%)
SI business	282,418	107.3
Facility business	2,906	109.5
Other	13,530	104.2
Total	298,855	107.2

- (Notes)
1. Inter-segment transactions were canceled out.
  2. Amounts are not inclusive of the consumption tax.
  3. Sales by major customer and the ratio of sales by major customer to total sales in the fiscal year under review were omitted, since the ratio was less than 10%.