Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2022 (Japanese GAAP)

May 12, 2022

Listed company name: Saison Information Systems Co., Ltd. Listed stock exchange: TSE
Code No.: 9640 URL: https://home.saison.co.jp/english/
Representative: Kazuhiro Uchida, President & CEO
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Planned date of annual shareholders meeting: June 21, 2022
Planned start date for dividend payments: June 22, 2022
Planned date of securities report submission: June 21, 2022
Supplemental earnings summary materials created: Yes
Earnings conference held: No

(Amounts below one million yen rounded off)

1. Consolidated Earnings for FYE March 2022 (April 1, 2021 to March 31, 2022)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FYE March 2022	23,218	3.2	2,916	-2.4	2,943	-2.0	2,051	-16.6
FYE March 2021	22,499	-4.5	2,989	-13.3	3,003	-13.9	2,460	123.9

Note: Comprehensive income
FYE March 2022 2,168 million yen (-16.3%)
FYE March 2021 2,591 million yen (171.8%)

	Net income per share	Net income per share after adjustment for dilutive shares	Return on equity	Return on assets	Operating profit margin
	yen	yen	%	%	%
FYE March 2022	126.64	—	14.3	14.3	12.6
FYE March 2021	151.91	—	18.3	15.0	13.3

Reference: Equity in income (losses) of affiliates
FYE March 2022 2 million yen
FYE March 2021 3 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FYE March 2022	20,833	14,748	70.8	910.41
FYE March 2021	20,471	14,037	68.6	866.53

Reference: Equity
FYE March 2022 14,748 million yen
FYE March 2021 14,037 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance for cash and cash equivalents
	million yen	million yen	million yen	million yen
FYE March 2022	3,236	-865	-1,502	12,911
FYE March 2021	4,094	-306	-1,424	11,930

2. Dividends

	Annual dividend amount					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Net dividend rate (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FYE March 2021	—	40.00	—	45.00	85.00	1,376	56.0	10.3
FYE March 2022	—	45.00	—	45.00	90.00	1,457	71.1	10.1
FYE March 2023 (forecast)	—	45.00	—	45.00	90.00		112.1	

3. Consolidated Earnings Forecast for FYE March 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2Q (cumulative)	11,000	−2.1	600	-51.1	600	-51.4	500	-47.8	30.87
Full-year	22,700	-2.2	1,600	-45.1	1,600	-45.6	1,300	-36.6	80.25

Note: For information on the impact of COVID-19, see Supplemental Materials P. 9 “1. Status of Operating Results, etc. (4) Future Outlook.”

* Notes

(1) Changes in important subsidiaries during fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation): None

New: – (company name) –,

Excluded: – (company name) –

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

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

(3) Number of issued shares (common stock)

i. Number of shares issued at end of fiscal year (including treasury stock)	FYE March 2022 16,200,000 shares	FYE March 2021 16,200,000 shares
ii. Number of treasury stock shares at end of fiscal year	FYE March 2022 584 shares	FYE March 2021 584 shares
iii. Average number of shares during fiscal year	FYE March 2022 16,199,416 shares	FYE March 2021 16,199,461 shares

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

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

(Precaution concerning forward-looking statements)

Earnings forecasts and other forward-looking statements made in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and such statements do not constitute a promise by our Company to fulfill said forecasts. Furthermore, actual earnings may differ significantly due to various factors. Review “1. Status of Operating Results, etc., (4) Future Outlook” on P. 9of the attached materials for more information concerning the conditions used as assumptions for earnings forecasts and precautions concerning the use of earnings forecasts.

Supplemental Material Contents

1. Status of Operating Results, etc.

(1) Status of Current Fiscal Year Operating Results

The Japanese economy during the current consolidated fiscal year saw no end of the COVID-19 pandemic that continued from the previous consolidated fiscal year. Additionally, the world has seen increasing geopolitical risks, including the situation in Ukraine, as strained global relations create a lack of transparency about the future.

Amid this environment, the information services industry in which our Group operates is projected to see continued growth on an increase in the number of companies positioning the use of IT innovation, including artificial intelligence (AI), the Internet of Things (IoT), big data, and cloud technology, to drive digital transformation (DX) as a priority management issue, despite concerns of companies limiting or postponing IT investments.

Under the vision of "Realize top position in category! - Achieve overwhelming presence in designated fields - ", our Group strives to be a data engineering company that uses flexible collaboration platforms and advanced technology such as AI to provide services that help customers intuitively link data to decision-making and that accelerates interdisciplinary collaborations. To achieve this status, during previous consolidated fiscal year, we began developing HULFT Square, a next-generation, cloud-based data collaboration platform that uses HULFT products and cloud technology to enable file links and data linkage services via the cloud.

During the current consolidated fiscal year, we continued to focus resources on the development of HULFT Square and, after a certain level of development progress, began offering trial use by beta users. Looking ahead to the future when we will offer services through HULFT Square, in the Financial IT Service Business, ahead of the termination of ISDN services, we launched the HULFT Multi Connect Service, a new service that enables secure file transfers via the Internet. In the Retail & IT Service Business, we released HULFT Master Entry Service, a new service that achieves quality improvements and time savings by automating product registration on EC sites. As future developments for HULFT Square, we are planning on a beta release in the first quarter of FYE March 2023 to early users after reflecting user feedback received from this most recent trial. We are then planning on simultaneous release in Japan and the USA in the fourth quarter of FYE March 2023.

Amid this environment, Group earnings for the current consolidated fiscal year resulted in net sales of 23,218 million yen (an increase of 3.2% YoY) and gross profit was 10,020 million yen (an increase of 5.2% YoY). While we experienced the contraction of certain existing businesses due to a business model shift, the Linkage Business and HULFT Business, which we position as growth pillars, recorded sales growth. Operating income was 2,916 million yen (a decrease of 2.4% YoY), ordinary income was 2,943 million yen (a decrease of 2.0% YoY), and net income attributable to owners of parent was 2,051 million yen (a decrease of 16.6% YoY). We position R&D expenses, education and training expenses, and internal IT investments as future business expenses and conducted investments related to our business model shift and in human resources. This included a increase in R&D expenses related to HULFT Square during the current consolidated fiscal year.

Initiatives implemented since the end of FYE March 2016 related to business selection and concentration, and workflow process innovation and optimization have resulted in productivity improvements. Per person net sales in FYE March 2022 were 32.9 million yen (an increase of 35.2% compared to FYE March 2016) and per person gross profit grew to 14.2 million yen (up 109.4% compared to same period). We will continue working to improve productivity.

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

(HULFT Business)
The HULFT business, the de facto standard in Japan for data collaboration platforms, is based on our mainstay HULFT series of products and the DataSpider series of products. Total number of shipments of "HULFT" increased by 7,422 units since the end of the previous consolidated fiscal year to 229,411 units. The number of companies using HULFT increased by 393 companies since the end of the previous consolidated fiscal year to a total of 10,913 companies, as well as a total of 933 overseas companies using HULFT (as of the end of March 2022). Looking at the number of companies engaged in DX and data utilization, we anticipate continued growth for the market and in our customer numbers.

Net sales were 8,775 million yen (an increase of 4.5% YoY) on steady renewals of support services for HULFT and DataSpider increased. Operating income was 3,245 million yen (an increase of 31.5% YoY) on a decline in selling, general and administrative expenses resulting from increased productivity thanks to improvements to sales activities, including providing more specific proposals to customers.

(Linkage Business)
The Linkage Business uses our strengths in HULFT and DataSpider to link corporate internal and external systems and data to leading SaaS solutions. These services enable decision-making support and management innovation by optimizing customer administration workflows and creating visual representations of management information. This business is comprised of three services: Modern Management Services, which support operational and administrative DX, Data Collaboration Platform Construction Services, through which we provide DX platforms, and Modern Finance Services, through which we support DX in finance and accounting.

Net sales were 1,953 million yen (an increase of 42.4% YoY) on growth in transaction scope for modern management services and data collaboration platform construction services and an increase in new customers for modern finance services, which support digitalization in the financial accounting sector. Also, profitability improved on an increase in per person gross profit thanks to the abovementioned service growth. As a result, operating losses improved to 221 million yen (previous consolidated fiscal year operating losses were 525 million yen).

(Retail & IT Service Business)
The Retail & IT Service Business provides new services based on new technology based on our knowhow cultivated through our experience developing systems for retail services. These services include migration to public cloud environments and workflow improvements through the digitalization of existing analog workflows.

Net sales were 3,059 million yen (a decrease of 4.8% YoY) due to factors such as selection and concentration into DX domains where we can apply strengths. Operating income was 147 million yen (a decrease of 10.9% YoY) due to decreased sales, among other factors.

(Financial IT Service Business)
In the Financial IT Service Business, we are working to provide new services in response to anticipation of a decline in scope of system development related to existing domains. These new services include RPA-based workflow improvement support and infrastructure environment construction for public clouds, services that take advantage of our experience in system development and management for credit card companies.

Net sales were 9,490 million yen (a decrease of 0.7% YoY). Although we made progress with the abovementioned new services provision and received payment for some highly profitable projects ahead of schedule, sales in existing domains declined. Operating income was 1,480 million yen (an increase of 40.9% YoY) due to an increase in gross profit thanks to a decrease in depreciation.

(Status of main initiatives for core policies)

Our Group aims to improve profitability by increasing production efficiency in existing businesses and by developing highly profitable businesses for new markets and customers. Specifically, we focus on four core policies: (1) New business creation, (2) Globalization of HULFT Business, (3) Strengthening service and product planning & development, and (4) Improving business activity quality. Major initiatives related to these core policies are as follows.

(1) New business creation

For the Linkage Business, we embrace the theme of creating new products and services for new technology and markets by applying one of our greatest strengths: the technology to connect businesses, people, and places. We use HULFT and DataSpider to link corporate internal and external systems and data to our powerful data SaaS solutions to provide services that help optimize customer workflows, support decision-making by visualizing management information, and promoting management innovation. Customer numbers for the Linkage Business have grown to 198 companies, mainly large corporations, establishing the Linkage Business as a pillar of our business (as of the end of March 2022). We will promote new growth by increasing resource distribution to further strengthen the Linkage Business. We are applying linkage services, HULFT products, and cloud technology to build HULFT Square.

(2) Globalization of HULFT Business

Since its launch in 1993, our original product HULFT has continued to provide the functions required to ensure the safety and reliability of the data flowing on IT systems while also enabling efficient data linkage. As a result, HULFT has been adopted by 78 companies out of the Fortune Global 500 (from Fortune Global FY2021 Top 500), and has expanded to 44 countries and regions around the world (as of 2022, based on our research).

Also, our group company HULFT, Inc. released two new services:

-HULFT Business Intelligence enables the visualization of KPI and performance data related to business and provides quick, flexible connections to various data sources.

-Electronic Data Interchange (EDI) connects companies involved in trade via the cloud.

Through these and other solutions, we provide a total of 5 managed services. We are working towards the global expansion of source data linkage and other services that utilize the HULFT product group.

(3) Strengthening service and product planning & development

Our Technovation Center and Business Innovation Center led our R&D and development standardization efforts. Also, our Service & Product Planning Committee (SPPC) provided Groupwide planning and development support for services and products. Through these efforts, we worked to improve the quality of services and products and promoted the development of new services utilizing HULFT Square. Looking ahead to the future when we will offer services through HULFT Square, in the Financial IT Service Business, ahead of the termination of ISDN services, we launched the HULFT Multi Connect Service, a new service that enables secure file transfers via the internet. In the Retail & IT Service Business, we released HULFT Master Entry Service, a new service that achieves quality improvements and time savings by automating product registration on EC sites.

(4) Improving business activity quality

We have worked on creating business processes based on the assumption of telecommuting and mobile work, and worked to innovate the systems that support those processes. Our cloud conversion rate for in-house systems has reached 90% (as of the end of March 2022), and we are giving lectures introducing these initiatives as case studies at external events and universities. To strengthen our international competitiveness, we also introduced a new job-type employment that seeks to enhance individual expertise and develop professional human resources. Part of this effort is a Skill Boot Camp. This is an original initiative that combines the hiring and training of human resources who can play an active role in the future social environments. This camp covers advanced skills required in the IT industry such as cloud technology, agile development, and data analyst techniques. This current consolidated fiscal year, we included themes such as security, service designer, and front engineer. The Skill Boot Camp gathered a total of 671 applicants from both inside and outside the company, resulting in the hiring of 22 people.

(Benchmarks for judging achievement status for management goals)

・TSR (total shareholder return)

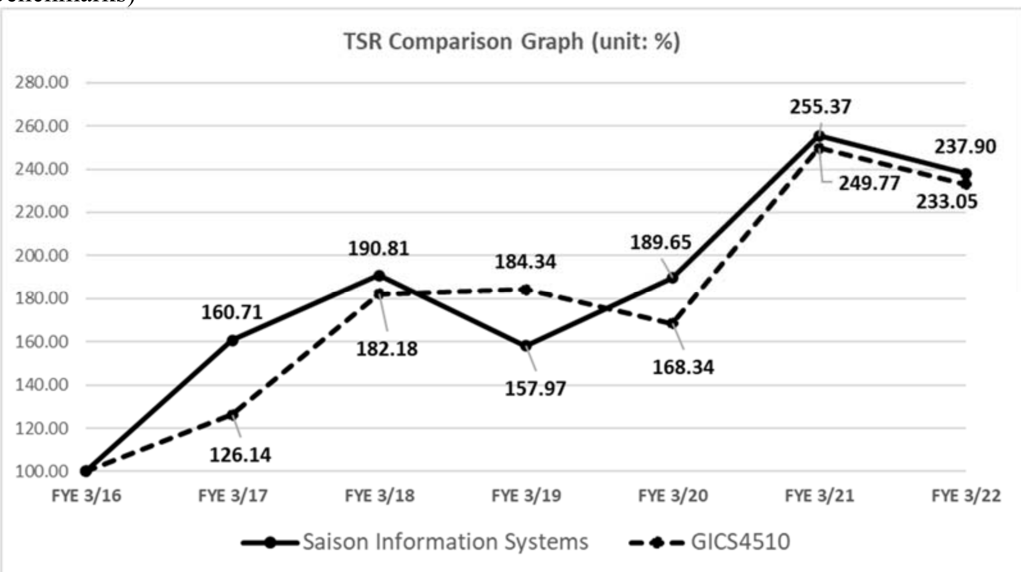
Our Group sets TSR as the management benchmark for achieving shareholder returns appropriate for a company aiming for high profits.

The business structure of our Group is balanced between system development and operation and packaged software sales. We believe that, even within the information technology industry, there are few companies with a similar business structure.

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

The valuation period sets the end of March 2016 as the period of reference. Trends for that period are as follows.

(TSR benchmarks)



(2) Current Fiscal Year Financial Status

Total assets as of the end of the current consolidated fiscal year were 20,833 million yen, an increase of 362 million yen from the end of the previous consolidated fiscal year. The major causes of increase include cash and deposits increasing by 980 million yen year on year, and retirement benefit assets increasing by 206 million yen year on year. Furthermore, major causes of decrease include deferred tax assets decreasing by 596 million yen year on year due to depreciation for property, plant and equipment and intangible assets decreasing by 461 million yen year on year, among other factors.

Total liabilities declined 348 million yen year on year to 6,085 million yen. The major causes of decrease includes accounts payable – facilities decreasing by 281 million yen year on year and unpaid consumption taxes included under other current liabilities decreasing by 150 million yen year on year. Furthermore, a major cause of increase was an increase of 213 million yen year on year in advances received.

Total net assets were 14,748 million yen, an increase of 710 million yen year on year. While net assets decreased by 1,457 million yen year on year due to the disposal of surplus via allocation towards dividend funds, net assets increased by 2,051 million yen year on year due to having recorded net income attributable to owners of parent.

As a result of the above, equity ratio increased by 2.2 points compared to the end of the previous consolidated fiscal year to 70.8%.

(3) Status of Current Fiscal Year Cash Flow

Cash and cash equivalents (hereinafter, "capital") for the current consolidated fiscal year increased by 980 million yen from the previous consolidated fiscal year to 12,911 million yen. Causes for increases or decreases in cash flow are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 3,236 million yen (previous consolidated fiscal year was income of 4,094 million yen).

Major causes for increase include income before income taxes of 2,920 million yen and increased advances received resulted in income of 210 million yen. The major causes for decrease include 261 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 865 million yen (previous consolidated fiscal year resulted in use of 306 million yen).

The major causes for decrease included expenditures of 886 million yen for software development and the purchase of hardware.

(Cash flows from financing activities)

Net cash used in financing activities was 1,502 million yen (previous consolidated fiscal year resulted in use of 1,424 million yen).

Major causes for decrease included dividend payments of 1,457 million yen, among other factors.

Transitions in cash flow-related benchmarks

	51st Fiscal Period FYE March 2020	52nd Fiscal Period FYE March 2021	53rd Fiscal Period FYE March 2022
Equity ratio (%)	65.5	68.6	70.8
Equity ratio (%) based on market price	136.8	169.3	148.0
Ratio of interest-bearing debt to cash flow (%)	2.8	1.4	0.3
Interest coverage ratio (times)	2,618.8	3,977.4	5,987.6

*Equity ratio: Equity / Total assets
Equity ratio based on market price: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest payments
1 Benchmark figures are calculated based on consolidated financial figures.
2 Market capitalization is calculated based on the number of issued shares excluding treasury shares.
3 Cash flows from operating activities are used for cash flow.
4 Interest-bearing debt includes all liabilities recorded on consolidated balance sheets for which interest is being paid.

(4) Future outlook

Looking ahead to 2070, the 100th anniversary of our founding, we have begun working towards solidifying our presence and value on the global stage.

We are in an age where changes in the social environment require that companies address ESG and other social issues head on, but many of these issues transcend national, regional, or industrial borders, and cannot be resolved by any individual or any single company. This is why we believe it is our mission to provide a world (spaces) where the necessary personnel and data can be linked and accessed immediately for use when needed. As a symbol of this vision, we are developing HULFT Square, an innovative platform service for flexible and safe data utilization. Through HULFT Square, which features advanced security to reduce data utilization risks and complexity, and enable diverse data links, we will provide services that support the realization of the data businesses that our customers envision.

Our management policy moving forward will be to increase profitability for existing businesses by improving productivity and achieve growth by developing highly profitable businesses targeting new markets and customers. Specifically, this entails: (1) Having all business divisions engage in the DX data linkage platform business, (2) A competitive strategy for new business creation, (3) Strengthening alliances, (4) Strengthening structure ahead of the simultaneous release of HULFT Square in Japan and the USA, and (5) Human resource strategy. We will work to achieve business growth by implementing these five core measures.

As part of implementing these core measures, we conducted structural reforms and personnel changes that took effect on April 1, 2022.

- Aiming to further strengthen data engineering services that connect data globally across countries, regions, and industries, we created a new DI (Data Integration) Business Managing Office, with the Data Platform Business Unit *1, HULFT Business Unit, and the Global Business Unit* 2 subordinate to this Division.
  *1: We renamed the Linkage Business Unit to the Data Platform Business Unit as we seek to expand into the platform business with a focus on the data linkage domain.
  *2: The Global Business Unit has been made independent of the HULFT Business Unit.

- To strengthen our DX proposals to important customers, we established a new Core Business Managing Office, under which we positioned the Retail & IT Service Business Unit and the Financial IT Service Business Unit.

- To strengthen our product and service development capabilities and to enable the quick and sustainable reflection of customer feedback, we established a new DevOps Managing Office that will oversee product and service development functions and customer success functions. We also made the Product Development Center*3, Technovation Center, and Customer Success Center*4 subordinate to this division.
  *3: We made the Product Development Center independent of the Technovation Center.
  *4: We renamed the Customer Service Center to the Customer Success Center in light of our transition to a focus on reflecting customer feedback in products and services achieving customer success that will drive growth for recurring business.

- To further generate synergy between the DI Business and the core businesses, we established a new Business Planning Center that will handle business planning and marketing activities across the entire company, with the Business Planning Center and Marketing Department made subordinate to this Center.

We are forecasting a decrease in net sales FYE March 2023 due to the contraction of existing domains for the Financial IT Service Business despite increased sales for the HULFT Business, the Data Platform Business, and the Retail & IT Service Business. Furthermore, we are in the process of a business model shift with the goal of becoming a data engineering company in 2024. As such, we will invest a total of approximately 2.5 billion yen and additional investment in future business expenses (R&D expenses, education and training expenses, in-house IT investments), employee compensation, and costs related to strengthening systems and the simultaneous release of HULFT Square in Japan and the USA. Due to these additional upfront investments and a decrease in net sales, we forecast operating income and ordinary income for FYE March 2023 will decrease. Our full-year consolidated earnings forecast for FYE March 2023 is as follows.

There is still strong uncertainty about the future due to concerns of the prolonged and continued impact of COVID-19. However, despite the difficult economic environment, we anticipate that demand for digitalization in society and among enterprises will remain firm.

(Unit: million yen)

Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
22,700	1,600	1,600	1,300

* Due to the impact of COVID-19, our operating environment is changing daily. We will make immediate disclosure in the event of changes that may have a significant impact on Group earnings.

To engage in management with a focus on balance sheet management that ensures an optimal capital structure, we set performance indicators for equity ratio and total shareholder return (TSR), as well as focus on achieving shareholder returns befitting of a high-ROE corporation. Our basic dividend policy is to strive for an optimal capital structure based on a DOE (dividend on equity) ratio of 10% while maintaining an equity ratio of 50% to 75%. Furthermore, we strive for an interim dividend amount that is roughly one-half of the dividend amount of our annual forecast.

In accordance with this policy, we are planning on full-year dividends of 90 yen per share for FYE March 2023.

2. Corporate Group

Our Group is comprised of a total of four companies, Saison Information Systems Co., Ltd. (this Company) and three subsidiaries (two consolidated subsidiaries, one nonconsolidated subsidiary). The business of each company and the structure of our Group are as follows.

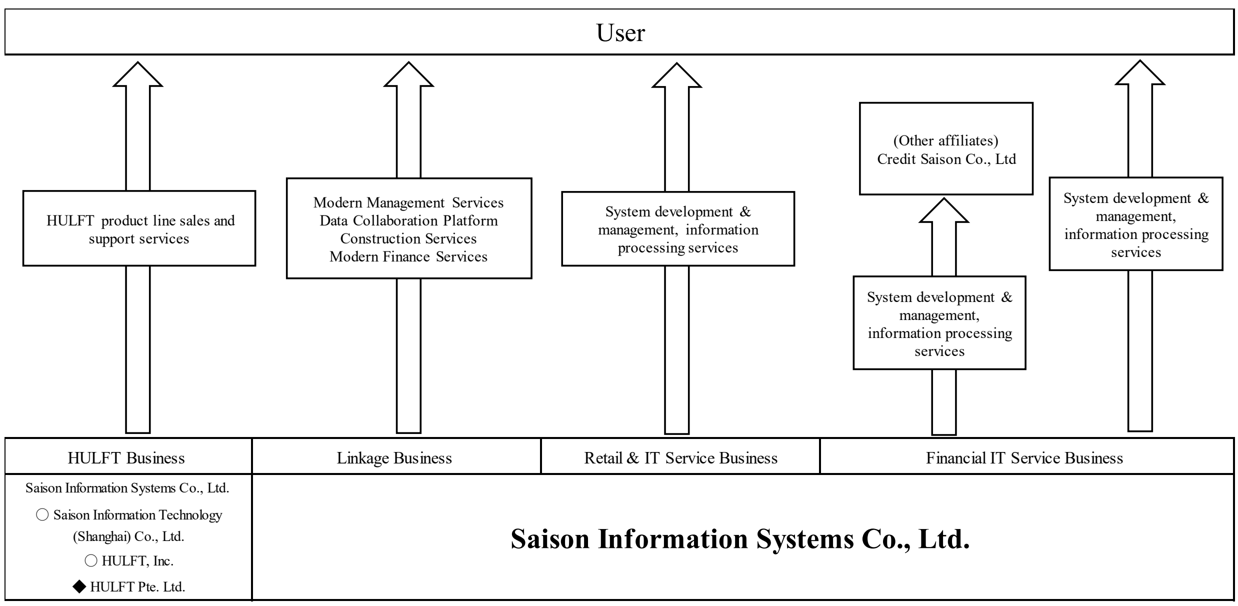
For this Company and affiliate businesses, the positioning of this Company and our affiliates and their respective correlation to segments are as shown below. Furthermore, the categories indicated below are the same as segment categories.
Furthermore, we concluded a capital partnership agreement with Melco Holdings Inc. on October 29, 2021. The company became Other affiliates of this Company through the acquisition of our stock.

HULFT Business
We provide sales and support services for the HULFT line of data collaboration platform products.
(Major affiliates) this Company, Saison Information Technology (Shanghai) Co., Ltd., HULFT, Inc and HULFT Pte. Ltd..

Linkage Business
We provide Modern Management Services, which support operational and administrative DX, Data Collaboration Platform Construction Services, through which we provide DX platforms, and Modern Finance Services, through which we support DX in finance and accounting.
(Major affiliates) this Company

Retail & IT Service Business
We apply our track record and advanced technology related to retail business system development and management to provide DX support services for a wide range of customers, from logistics and retail to air transportation, life insurance, and non-life insurance.
(Major affiliates) this Company

Financial IT Service Business
We apply our track record and advanced technology related to credit card company system development and management to provide DX support services for the finance industry.
(Major affiliates) this Company



* 1 ○ indicates consolidated subsidiary
2. ◆ indicates a nonconsolidated subsidiary to which we apply the equity method

3. Basic Policy to Selecting Accounting Standards

Due to low reliance on financing from overseas markets, our Group applies the principles of Japanese accounting standards.

Furthermore, our policy concerning the application of IFRS will be considered based on our future overseas business strategy and trends among other companies in relation to the adoption of IFRS.

4. Consolidated Financial Statements and Notes to Financial Statements

(1) Consolidated Balance Sheets

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	11,430,201	12,411,100
Notes and accounts receivable - trade	2,496,847	—
Accounts receivable - trade	—	2,571,092
Contract assets	—	154,901
Securities	500,000	530,098
Merchandise	4,693	479
Work in process	82,959	11,650
Supplies	1,827	122
Other	634,448	685,765
Allowance for doubtful accounts	-108	-149
Total current assets	15,150,869	16,365,063
Non-current assets		
Property, plant and equipment		
Buildings and structures	839,176	832,337
Accumulated depreciation	-301,614	-368,342
Buildings and structures, net	537,562	463,995
Tools, furniture and fixtures	3,333,275	2,855,990
Accumulated depreciation	-2,732,772	-2,283,268
Tools, furniture and fixtures, net	600,503	572,721
Leased assets	1,453,803	461,852
Accumulated depreciation	-1,396,935	-453,452
Leased assets, net	56,868	8,400
Construction in progress	—	260
Total property, plant and equipment	1,194,934	1,045,377
Intangible assets		
Software	1,614,909	1,392,014
Goodwill	175,825	88,748
Other	14,712	12,837
Total intangible assets	1,805,447	1,493,600
Investments and other assets		
Investment securities	* 310,896	* 299,929
Lease deposits	580,379	569,156
Retirement benefit assets	68,635	275,264
Deferred tax assets	1,279,629	682,703
Other	86,148	108,008
Allowance for doubtful accounts	-5,362	-5,362
Total investments and other assets	2,320,327	1,929,700
Total non-current assets	5,320,709	4,468,678
Total assets	20,471,578	20,833,742

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	899,751	804,269
Lease obligations	49,288	3,667
Accounts payable - facilities	347,706	65,915
Accrued expenses	515,343	461,753
Income taxes payable	153,269	179,398
Advances received	2,999,893	3,213,359
Provision for bonuses	492,682	545,052
Provision for loss on business liquidation	75,876	—
Other	567,748	481,746
Total current liabilities	6,101,559	5,755,163
Non-current liabilities		
Lease obligations	8,685	5,017
Asset retirement obligations	324,036	325,495
Total non-current liabilities	332,721	330,513
Total liabilities	6,434,281	6,085,677
Net assets		
Shareholders' equity		
Capital stock	1,367,687	1,367,687
Capital surplus	1,454,233	1,454,233
Retained earnings	11,196,167	11,789,632
Treasury shares	-865	-865
Total shareholders' equity	14,017,223	14,610,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,248	16,549
Foreign currency translation adjustment	-16,247	104,477
Remeasurements of defined benefit plans	24,072	16,349
Accumulated other comprehensive income	20,073	137,376
Total net assets	14,037,297	14,748,065
Total liabilities and net assets	20,471,578	20,833,742

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

(Unit: 1,000 yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	22,499,749	23,218,882
Cost of sales	12,971,379	13,198,642
Gross profit	9,528,369	10,020,239
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	-23	40
Directors' compensations	190,486	189,273
Employees' salaries and bonuses	2,065,148	2,165,544
Provision for bonuses	181,693	193,724
Retirement benefit expenses	136,230	128,077
Welfare expenses	396,098	407,852
Depreciation	132,836	114,416
Amortization of goodwill	87,076	87,076
Research and development expenses	1,370,720	1,743,145
Other	1,979,057	2,074,992
Total selling, general and administrative expenses	6,539,324	7,104,145
Operating income	2,989,045	2,916,094
Non-operating income		
Interest income	3,335	4,668
Dividend income	4,244	174
Insurance payments received	—	5,822
Gain on investments in partnership	4,860	12,437
Share of profit of entities accounted for using equity method	3,342	2,044
Other	3,736	6,755
Total non-operating income	19,520	31,903
Non-operating expenses		
Interest expenses	1,029	540
Foreign exchange losses	3,435	3,747
Other	515	90
Total non-operating expenses	4,980	4,378
Ordinary income	3,003,585	2,943,620
Extraordinary income		
Gain on sales of non-current assets	—	105
Total extraordinary income	—	105
Extraordinary losses		
Loss on disposal of non-current assets	*2 1,149	*2 22,370
Impairment losses	*3 18,232	—
Loss on valuation of investment securities	—	497
Total extraordinary losses	19,381	22,867
Income before income taxes and minority interests	2,984,203	2,920,857
Income taxes - current	311,235	281,623
Income taxes - deferred	212,185	587,821
Total income taxes	523,421	869,444
Net income	2,460,782	2,051,413
Net income attributable to non-controlling interests	—	—
Net income attributable to owners of parent	2,460,782	2,051,413

(Consolidated Statement of Comprehensive Income)

(Unit: 1,000 yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Net income	2,460,782	2,051,413
Other comprehensive income		
Valuation difference on available-for-sale securities	-767	4,300
Foreign currency translation adjustment	6,401	110,333
Remeasurements of defined benefit plans, net of tax	118,119	-7,722
Share of other comprehensive income of entities accounted for using equity method	7,272	10,391
Total other comprehensive income	* 131,026	* 117,302
Comprehensive income	2,591,809	2,168,715
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,591,809	2,168,715
Comprehensive income attributable to non-controlling interests	―	―

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: 1,000 yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,367,687	1,454,233	10,112,339	-707	12,933,553
Changes of items during period					
Surplus dividends			-1,376,955		-1,376,955
Net income attributable to owners of parent			2,460,782		2,460,782
Purchase of treasury shares				-157	-157
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,083,827	-157	1,083,670
Balance at end of period	1,367,687	1,454,233	11,196,167	-865	14,017,223

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	13,016	-29,922	-94,046	-110,952	12,822,600
Changes of items during period					
Surplus dividends					-1,376,955
Net income attributable to owners of parent					2,460,782
Purchase of treasury shares					-157
Net changes of items other than shareholders' equity	-767	13,674	118,119	131,026	131,026
Total changes of items during period	-767	13,674	118,119	131,026	1,214,696
Balance at end of period	12,248	-16,247	24,072	20,073	14,037,297

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: 1,000 yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,367,687	1,454,233	11,196,167	-865	14,017,223
Changes of items during period					
Surplus dividends			-1,457,947		-1,457,947
Net income attributable to owners of parent			2,051,413		2,051,413
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	593,465	—	593,465
Balance at end of period	1,367,687	1,454,233	11,789,632	-865	14,610,688

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	12,248	-16,247	24,072	20,073	14,037,297
Changes of items during period					
Surplus dividends				—	-1,457,947
Net income attributable to owners of parent				—	2,051,413
Net changes of items other than shareholders' equity	4,300	120,724	-7,722	117,302	117,302
Total changes of items during period	4,300	120,724	-7,722	117,302	710,768
Balance at end of period	16,549	104,477	16,349	137,376	14,748,065

(4) Consolidated Statements of Cash Flow

(Unit: 1,000 yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Income before income taxes and minority interests	2,984,203	2,920,857
Depreciation	1,518,515	1,167,798
Amortization of goodwill	87,076	87,076
Impairment losses	18,232	—
Increase (decrease) in allowance for doubtful accounts	-23	40
Increase (decrease) in provision for bonuses	-29,001	51,644
Increase (decrease) in provision for loss on business liquidation	-363,050	-75,876
Increase (decrease) in net defined benefit liability	-101,137	—
Decrease (increase) in retirement benefit assets	-68,635	-207,143
Interest and dividend income	-7,580	-4,843
Interest expenses	1,029	540
Foreign exchange losses (gains)	-195	1,652
Loss (gain) on sales of investment securities	—	497
Loss (gain) on disposal of non-current assets	1,149	22,264
Loss (gain) on investments in partnership	-4,860	-12,437
Share of (profit) loss on equity method investments	-3,342	-2,044
Decrease (increase) in notes and accounts receivable – trade	400,798	—
Decrease (increase) in notes and accounts receivable – trade and contract assets	—	-222,522
Decrease (increase) in inventories	-46,290	77,634
Increase (decrease) in notes and accounts payable - trade	128,800	-102,017
Increase (decrease) in advances received	143,878	210,825
Decrease (increase) in other assets	-122,568	-253,379
Increase (decrease) in other liabilities	29,842	-166,846
Subtotal	4,566,842	3,493,722
Interest and dividend income received	7,577	4,823
Interest paid	-1,029	-540
Income taxes paid	-479,054	-261,202
Cash flows from operating activities	4,094,335	3,236,803
Cash flows from investing activities		
Revenues from collection of loans	650	1,000
Proceeds from distribution of investment in partnerships	23,700	11,440
Purchase of property, plant and equipment and intangible assets	-332,896	-886,288
Proceeds from sales of property, plant and equipment and intangible assets	96	105
Payments for lease and guarantee deposits	-845	-826
Proceeds from collection of lease and guarantee deposits	2,885	9,108
Cash flows from investing activities	-306,409	-865,460
Cash flows from financing activities		
Repayments of lease obligations	-48,476	-45,458
Expenditures for acquisition of treasury shares	-157	—
Cash dividends paid	-1,375,668	-1,457,147
Cash flows from financing activities	-1,424,302	-1,502,605
Effect of exchange rate change on cash and cash equivalents	5,627	112,161
Net increase (decrease) in cash and cash equivalents	2,369,250	980,899
Cash and cash equivalents at beginning of period	9,560,951	11,930,201
Cash and cash equivalents at end of period	* 11,930,201	* 12,911,100

(5) Notes Concerning Consolidated Financial Statements

(Notes concerning the premise of a going concern)

Not applicable.

(Significant matters that constitute the basis for presentation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries – 2 companies

Names of consolidated subsidiaries

Saison Information Technology (Shanghai) Co., Ltd.

HULFT, Inc.

(2) Name of nonconsolidated subsidiary

HULFT Pte., Ltd.

Reason for exclusion from scope of consolidation

The nonconsolidated company is small-scale companies and their total assets, net sales, net income/loss (amount relative to held equity), and retained earnings (amount relative to held equity), etc. do not have a major impact on our consolidated financial statements.

2. Application of equity method

Number of nonconsolidated subsidiaries to which we apply the equity method – 1 company

Name of nonconsolidated subsidiary

HULFT Pte., Ltd.

3. Fiscal year, etc., for consolidated subsidiaries

Of our consolidated subsidiaries, the Saison Information Technology (Shanghai) Co., Ltd. fiscal year closes on December 31. As such, we use financial statements based on provisional calculations conducted on the consolidated accounting date.

The financial accounting date for HULFT, Inc. is the same as the consolidated accounting date.

4. Accounting policies

1) Assessment standards and methods for major assets

a. Held-to-maturity securities

Amortized cost method (straight-line method)

b. Other Securities

Securities other than stocks without a market price

Market price method (valuation differences are treated as a component of shareholder's equity and costs of securities sold are calculated via the moving-average method)

Stocks without a market price

Cost method based on the moving-average method

2) Derivatives

Market price method

3) Inventory assets

The assessment standard for inventory assets is based on the cost method (the amount indicated on the consolidated balance sheet is based on a book value write-down due to a decline in profitability).

a. Merchandise	Actual cost method
b. Work in process	Actual cost method
c. Supplies	First-in, first-out method

(2) Method of depreciation for major depreciable assets

1) Property, plant and equipment

a. Property, plant and equipment (other than leased assets)

Based on straight-line method.

Service lives for major assets are as follows.

Buildings and structures	8 to 18 years
Tools, furniture and fixtures	2 to 20 years

b. Leased assets

Leased assets related to finance lease transactions not involving the transfer of property rights

The lease period is set as the service life and treated based on straight-line method that records residual value as zero.

Major lease periods are 5 to 6 years.

2) Intangible assets

a. Software for commercial sales

Amortization based on either the amount calculated by treating the amortization balance for each product as the projected sales revenue and calculating the difference compared to actual sales income for the current consolidated fiscal year or uniform allocation amount based on the remaining service life period, whichever is higher.

b. Software for internal use (other than leased assets)

Straight-line method based on internal period of use (5 years)

c. Leased assets

Leased assets related to finance lease transactions not involving the transfer of property rights

The lease period is set as the service life and treated based on straight-line method that records residual value as zero.

Major lease periods are 5 to 6 years.

(3) Calculation standards for major provisions

1) Allowance for doubtful accounts

As a provision for losses related to doubtful accounts, we record amounts for accounts deemed unrecoverable based on the actual rate of losses from bad debts for general debts, and an evaluation of individual recoverability for bond with default possibility and other designated debts.

2) Provision for bonuses

As a provision for employee bonuses, of future projected payment amounts we record the amount applicable to the current consolidated fiscal period.

3) Provision for loss on order received

As a provision for future losses related to orders received, we record the loss amount projected to occur during the following consolidated fiscal year and beyond for orders received that, as of the end of the current consolidated fiscal year, are projected to incur future losses and for which said loss amount can be reasonably estimated. Furthermore, for this provision, the amount indicated is the relative amount offset with the relative work in progress.

4) Provision for loss on business liquidation

In account for future losses that may be incurred in relation to business liquidation, we recorded the amount projected to be incurred in the future.

(4) Method of accounting treatments related to retirement bonuses

1) Period attribution method for projected retirement benefit payment amounts

During the calculation of retirement benefit debts, the method of attributing the projected retirement benefit amount to the period through to the end of the current consolidated fiscal period is based on benefit calculation standards.

2) Treatment method for actuarial differences and prior service costs

Actuarial differences are proportionally divided via the straight-line method across the average remaining service period, which shall be no more than a specified number of years (10 years), at the time of occurrence within each consolidated fiscal period and treated as expenses during the consolidated fiscal period after the year of occurrence.

Prior service costs are treated as expenses via the straight-line method across the average remaining service period, which shall be no more than a specified number of years (10 years), at the time of occurrence.

(5) Recording standards for major income and expenses

Details of our primary obligations during main operations related to revenue generated from contracts with customers held by this Company and our consolidated subsidiaries, as well as the typical timing of obligation fulfillment (normal point of revenue recognition) are as described below. Furthermore, we typically receive payment of compensation promised for goods and services within roughly one year of obligation fulfillment and do not include important financing elements in compensation amounts.

(1) Packaged product sales

In the HULFT Business, we conduct sales of packaged software products developed by this Company and our consolidated subsidiaries. We recognize revenue at the point of shipment based on the fact that there is no important difference between shipment to the customer and the point of transfer and, since the customer gains control of the product at the point of shipment, we can judge that we have fulfilled our obligations at the point of shipment.

(2) Support services

In the HULFT Business, we provide technical support services for the packaged software products developed by this Company and our consolidated subsidiaries. We set the support contract period as the obligation fulfillment period and recognize revenue over a specified period of time with the ongoing fulfillment of our obligations.

(3) System development

In the Linkage Business, Retail & IT Service Business, and the Financial IT Service Business, we provide contracted system development, system development and integration support, and information and communications facility architecture in accordance with contracts with customers. We recognize revenue over a specified period of time based on progress relative to our fulfillment of obligations or we recognize revenue based on cost recovery standards through a period estimated based on practical standards for progress related to the fulfillment of obligations. However, for very short development periods involving minor monetary amounts, we recognize revenue at the point of the acceptance inspection by the customer.

(4) Information processing services

In the Linkage Business, Retail & IT Service Business, and the Financial IT Service Business, we provide outsourcing for accounting and other services, cloud, SaaS, EDI, and other application services, and infrastructure services such as housing, hosting, and platforms in accordance with contracts with customer. We set the period of service provision outlined in the contract as the obligation fulfillment period and recognize revenue over a specified period of time with the ongoing fulfillment of our obligations.

(6) Goodwill amortization method and amortization period

Amortized over a 10-year period via the straight-line method.

(7) Scope of cash within consolidated cash flow statement

Cash (cash and cash equivalents) indicated on the consolidated cash flow statement is comprised of cash on hand, immediately accessible deposits, and short-term investments that mature within three months of the acquisition date that are easily converted and which bear limited price fluctuation risks.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition)

As of the beginning of the current consolidated fiscal year, we apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Accounting Standard"). With this change, we now recognize revenue based on the amount projected to be received in exchange for goods or services at the point ownership of promised goods or services are transferred to the customer. As a result, while were previously recognized revenue for certain system development projects at the time of the acceptance inspection, we have switched to a method that recognizes revenue over a specified period due to the fact that obligations are fulfilled over the course of the development period.

Our application of the Revenue Recognition Accounting Standard is in accordance with the transitional handling provided in Addendum to Paragraph 84 of the Revenue Recognition Accounting Standard. As such, the cumulative impact amount of applying the new accounting policy retroactively to fiscal years prior to the beginning of the current consolidated fiscal year is added to or subtracted from retained earnings at the beginning of the current consolidated fiscal year, and then the new accounting policy is applied from the beginning of the said consolidated fiscal year. Furthermore, we apply the method provided in Paragraph 86 of the Revenue Recognition Accounting Standard, whereby the new accounting policy is not retroactively applied to contracts for which we recognized nearly the entire revenue amount in accordance with the previous treatment prior to the beginning of the current consolidated fiscal year. Furthermore, for contract changes conducted prior to the beginning of the current consolidated fiscal year for which we have applied the method provided in Paragraph 86-(1) of the Revenue Recognition Accounting Standard, we conduct accounting treatments in accordance with contract conditions reflecting all contract changes and then add or subtract that cumulative impact amount from retained earnings at the beginning of the current consolidated fiscal year.

As we have applied the Revenue Recognition Accounting Standard, "Notes and accounts receivable - trade" recorded under "Current assets" on the consolidated balance sheet for the previous consolidated fiscal year is now recorded under "accounts receivable - trade" and "contract assets" as of the beginning of the current consolidated fiscal year. Furthermore, "Decrease (increase) in notes and accounts receivable - trade" previously recorded under "Cash flows from operating activities" on the consolidated cash flow statement is now recorded under "Decrease (increase) in notes and accounts receivable – trade and contract assets" as of the current consolidated fiscal year. However, in accordance with the transitional handling provided in Paragraph 89-2 of the Revenue Recognition Accounting Standard, we have not modified figures for the previous consolidated fiscal year using the new recording method.

As a result, compared to prior to the application of the Revenue Recognition Accounting Standard, contract assets increased by 46,763 thousand yen and works in process decreased by 46,763 thousand yen on the consolidated balance sheet for the current consolidated fiscal year. On the consolidated statements of income for the current consolidated fiscal year, net sales and cost of sales decreased by 24,210 thousand yen but there was no impact on operating income, ordinary income, or income before income taxes and minority interests.

Reflecting the cumulative impact amount in net assets at the beginning of the current consolidated fiscal year had no impact on the balance of retained earnings indicated on the Consolidated Statements of Changes in Shareholders' Equity at the beginning fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

We apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter, "Fair Value Measurement Accounting Standard) from the beginning of the current consolidated fiscal year. In accordance with the transitional handling provided in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (Corporate Accounting Standard No. 10, July 4, 2019), we will apply the new accounting policies set forth in the Fair Value Measurement Accounting Standard over time.

There is no impact on our consolidated financial statements.

(Additional information)

(Accounting estimates for the impact of the COVID-19 pandemic)

While conditions make it difficult to accurately estimate how COVID-19 will spread moving forward or when the pandemic will subside, we project a mild economic recovery thanks to vaccination efforts and other measures. Assuming the impact on future earnings will be limited, we are conducting impairment accounting for non-current assets and accounting estimates for the recoverability of deferred tax assets.

Furthermore, accounting estimates and decisions are based on currently available information. However, due to uncertainties related to the status of infections and the impact of the pandemic, certain conditions may impact Group financial status and operating results.

(Matters concerning consolidated balance sheets)

*Amounts corresponding to nonconsolidated subsidiaries are as follows.

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Investment securities (stocks)	102,245 thousand yen	114,680 thousand yen

(Matters concerning consolidated statements of income)

*1: The details of gain on sales of non-current assets are as follows.

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Tools, furniture and fixtures	— thousand yen	105 thousand yen

*2 The details of loss on disposal of non-current assets are as follows.

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Buildings and structures (loss on retirement)	203 thousand yen	1,462 thousand yen
Tools, furniture and fixtures (loss on sales or retirement)	704	1,753
Software (loss on retirement)	241	19,154
Total	1,149	22,370

*3 Impairment losses

Our Group recorded impairment losses for the following assets.

Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)

Purpose	Type	Location
Linkage Business asset	Tools, furniture and fixtures Software	Koto, Tokyo

Our Group reports business assets based on each business segment while also conducting grouping into business management units.

For Linkage Business assets, while we increased contracts with new customers, particularly for data collaboration platform construction services, and increased transactions with existing customers, selling, general and administrative expenses increased due to an increase in personnel necessary to support future business expansion. This is expected to cause a decline in profitability over a certain period of time moving forward. As a result, we reduced the book value of retained non-current assets to a recoverable amount. The reduced value was recorded under extraordinary losses as impairment losses of 18,232 thousand yen.

The breakdown of impairment losses consists of 7,533 thousand yen for tools, furniture and fixtures, and 10,698 thousand yen for software.

Furthermore, the recoverable amount for Linkage Business assets is estimated based on asset utilization value. Due to the assessment of the assets producing no foreseeable utilization value based on a valuable of future cash flows, we assess the recoverable amount as zero.

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

(Matters concerning consolidated statement of comprehensive income)

* Reclassification adjustments and tax effect related to other comprehensive income

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities		
Current period amount	3,754 thousand yen	18,634 thousand yen
Reclassification adjustments	-4,860	-12,437
Before tax effect adjustment	-1,105	6,196
Tax effect	338	-1,896
Valuation difference on available-for-sale securities	-767	4,300
Foreign currency translation adjustment		
Current period amount	6,401	110,333
Foreign currency translation adjustment	6,401	110,333
Remeasurements of defined benefit plans, net of tax		
Current period amount	60,962	-29,215
Reclassification adjustments	57,156	28,701
Before tax effect adjustment	118,119	-513
Tax effect	—	-7,209
Remeasurements of defined benefit plans, net of tax	118,119	-7,722
Share of other comprehensive income of entities accounted for using equity method		
Current period amount	7,272	10,391
Share of other comprehensive income of entities accounted for using equity method	7,272	10,391
Total other comprehensive income	131,026	117,302

(Matters concerning statement of changes in consolidated shareholders' equity)

Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)

1. Matters concerning type and total number of issued shares and the type and number of treasury shares

	Start of previous consolidated fiscal year No. of shares (1,000 shares)	Increase during previous consolidated fiscal year No. of shares (1,000 shares)	Decrease during previous consolidated fiscal year No. of shares (1,000 shares)	End of previous consolidated fiscal year No. of shares (1,000 shares)
Issued shares				
Common shares	16,200	—	—	16,200
Total	16,200	—	—	16,200
Treasury shares				
Common shares	0	0	—	0
Total	0	0	—	0

2. Matters concerning dividends

(1) Dividend payment amount

Resolution	Stock type	Total dividend payment amount ((1,000 yen)	Per-share dividend amount (yen)	Date of record	Effective date
June 17, 2020 Ordinary General Meeting of Shareholders	Common shares	728,977	45.00	March 31, 2020	June 18, 2020
October 29, 2020 Board of Directors	Common shares	647,977	40.00	September 30, 2020	December 4, 2020

(2) Dividends whose record dates are in the current consolidated fiscal year but whose effective dates fall in the next fiscal year

Resolution	Stock type	Source of funds for dividends	Total dividend payment amount (thousand yen)	Per-share dividend amount (yen)	Date of record	Effective date
June 23, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	728,973	45.00	March 31, 2021	June 24,2021

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)

1. Matters concerning type and total number of issued shares and the type and number of treasury shares

	Start of current consolidated fiscal year No. of shares (1,000 shares)	Increase during current consolidated fiscal year No. of shares (1,000 shares)	Decrease during current consolidated fiscal year No. of shares (1,000 shares	End of current consolidated fiscal year No. of shares (1,000 shares)
Issued shares				
Common shares	16,200	—	—	16,200
Total	16,200	—	—	16,200
Treasury shares				
Common shares	0	—	—	0
Total	0	—	—	0

2. Matters concerning dividends

(1) Dividend payment amount

Resolution	Stock type	Total dividend payment amount (thousand yen)	Per-share dividend amount (yen)	Date of record	Effective date
June 23, 2021 Ordinary General Meeting of Shareholders	Common shares	728,973	45.00	March 31, 2021	June 24, 2021
October 28, 2021 Board of Directors	Common shares	728,973	45.00	September 30, 2021	December 3, 2021

(2) Dividends whose record dates are in the current consolidated fiscal year but whose effective dates fall in the next fiscal year

Resolution	Stock type	Source of funds for dividends	Total dividend payment amount (thousand yen)	Per-share dividend amount (yen)	Date of record	Effective date
June 21, 2022 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	728,973	45.00	March 31, 2022	June 22, 2022

(Matters concerning consolidated statements of cash flow)

* Cash and cash equivalents at end of the period reconciled to the accounts reported in the consolidated balance sheet are as follows.

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Cash and deposit accounts	11,430,201 thousand yen	12,411,100 thousand yen
Jointly managed designated monetary trust included in securities accounts	500,000	500,000
Cash and cash equivalents	11,930,201	12,911,100

(Segment information, etc.)

Segment information

1. Summary of reporting segments

Our Group reporting segments consist of Group structural units for which separate financial information is available and that are subject to regular examination for the purpose of decision-making related to the distribution of management resources and the evaluation of performance conducted by the Board of Directors.

Our Group categorizes operations into the HULFT Business, Linkage Business, Retail & IT Service Business, and Financial IT Service Business depending mainly on product, service, and client type, and uses these as reporting segments.

The product and service types attributable to each reporting segment are as follows.

HULFT Business	Provides sales and support services for the HULFT line of data collaboration platform products.
Linkage Business	Provides Modern Management Services, which support operational and administrative DX, Data Collaboration Platform Construction Services, through which we provide DX platforms, and Modern Finance Services, through which we support DX in finance and accounting.
Retail & IT Service Business	Uses track record and advanced technology related to retail business system development and management to provide DX support services for a wide range of customers, from logistics and retail to air transportation, life insurance, and non-life insurance.
Financial IT Service Business	Uses track record and advanced technology related to credit card company system development and management to provide DX support services for the finance industry.

2. Method of calculating amounts for net sales, income, assets, and other within each reporting segment

The method of accounting treatment for reported business segments is largely the same as that which is indicated in "Significant matters that constitute the basis for presentation of consolidated financial statements."

Reporting segment income is based on operating income. Intersegment sales or transactions are based on current market prices.

3. Information concerning amounts for net sales, income, assets, and other within each reporting segment

Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: 1,000 yen)

	Reporting segment			
	HULFT Business	Linkage Business	Retail & IT Service Business	Financial IT Service Business
Net sales				
Net sales to outside customers	8,362,896	1,371,171	3,212,452	9,553,229
Intersegment sales or transactions	35,914	—	—	—
Total	8,398,810	1,371,171	3,212,452	9,553,229
Segment income or losses (-)	2,468,027	-525,210	165,052	1,050,938
Segment assets	4,500,766	429,668	694,636	2,707,436
Other items				
Depreciation	656,703	4,494	9,497	661,889
Amortization of goodwill	87,076	—	—	—
Impairment losses	—	18,232	—	—
Increase in property, plant and equipment and intangible assets	312,214	8,438	102,221	295,190

	Reporting segment	Adjustment (Note) 1	Amounts in the consolidated financial statements (Note) 2
	Total		
Net sales			
Net sales to outside customers	22,499,749	—	22,499,749
Intersegment sales or transactions	35,914	-35,914	—
Total	22,535,663	-35,914	22,499,749
Segment income or losses (-)	3,158,808	-169,762	2,989,045
Segment assets	8,332,508	12,139,070	20,471,578
Other items			
Depreciation	1,332,584	185,931	1,518,515
Amortization of goodwill	87,076	—	87,076
Impairment losses	18,232	—	18,232
Increase in property, plant and equipment and intangible assets	718,065	93,167	811,233

(Notes) 1. Adjustments are as follows.

(1) The segment income or loss adjustment amount of -169,762 thousand yen includes Group expenses not allocated to any specific reporting segment.

(2) The segment assets adjustment of 12,139,070 thousand yen includes offset claims, etc. of -49,744 thousand yen and Group assets of 12,188,814 thousand yen not attributable to any reporting segment. Group assets mainly includes cash and deposits not allocated to any reporting segment and non-current assets such as data center server equipment.

(3) The depreciation adjustment amount of 185,931 thousand yen represents depreciation related to joint assets and Group assets not allocated to any reporting segment. Furthermore, for segment income calculations, depreciation for joint assets is allocated to each reporting segment based on practical standards.

(4) The property, plant and equipment and intangible assets increase adjustment of 93,167 thousand yen represents Group assets not allocated to any reporting segment.

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

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: 1,000 yen)

	Reporting segment			
	HULFT Business	Linkage Business	Retail & IT Service Business	Financial IT Service Business
Net sales				
Net sales to outside customers	8,716,079	1,953,029	3,059,730	9,490,042
Intersegment sales or transactions	59,353	—	—	—
Total	8,775,432	1,953,029	3,059,730	9,490,042
Segment income or losses (-)	3,245,224	-221,837	147,021	1,480,293
Segment assets	3,802,716	548,985	764,873	2,743,207
Other items				
Depreciation	619,153	—	12,257	392,766
Amortization of goodwill	87,076	—	—	—
Increase in property, plant and equipment and intangible assets	246,628	1,039	10,081	434,683

	Reporting segment	Adjustment (Note) 1	Amounts in the consolidated financial statements (Note) 2
	Total		
Net sales			
Net sales to outside customers	23,218,882	—	23,218,882
Intersegment sales or transactions	59,353	-59,353	—
Total	23,278,235	-59,353	23,218,882
Segment income or losses (-)	4,650,702	-1,734,608	2,916,094
Segment assets	7,859,783	12,973,959	20,833,742
Other items			
Depreciation	1,024,177	143,621	1,167,798
Amortization of goodwill	87,076	—	87,076
Increase in property, plant and equipment and intangible assets	692,432	134,000	826,432

(Notes) 1. Adjustments are as follows.

(1) The segment income or loss adjustment amount of -59,353 thousand yen includes Group expenses not allocated to any specific reporting segment.

(2) The segment assets adjustment of 12,973,959 thousand yen represent Group assets not attributed to any reporting segment. Group assets mainly includes cash and deposits not allocated to any reporting segment and non-current assets such as data center server equipment.

(3) The adjusted depreciation amount of 143,621 thousand yen represents depreciation for joint assets and Group assets not allocated to any reporting segment. Furthermore, for segment income estimates, we allocate depreciation expenses for joint assets to reporting segments based on practical standards.

(4) The property, plant and equipment and intangible assets increase adjustment of 134,000 thousand yen represents increased Group assets not allocated to any reporting segment.

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

Related information
Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

1. Product and service-specific information
Information is omitted since the same information is disclosed under Segment information.

2. Region-specific information
(1) Net sales
Information is omitted since net sales to non-Group customers in Japan account for more than 90% of net sales recorded on the consolidated statements of income.

(2) Property, plant and equipment
Information is omitted since property, plant and equipment located in Japan accounts for more than 90% of property, plant and equipment amount recorded on the consolidated balance sheet.

3. Information by principal customers

(Unit: 1,000 yen)

Customer name or title	Net sales	Related segment name
Credit Saison Co., Ltd	7,859,406	Financial IT Service Business Linkage Business Retail & IT Service Business

* Qubitous Co., Ltd. was absorbed by Credit Saison Co., Ltd. in a merger on April 1, 2020.

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
1. Product and service-specific information
Information is omitted since the same information is disclosed under Segment information.

2. Region-specific information
(1) Net sales
Information is omitted since net sales to non-Group customers in Japan account for more than 90% of net sales recorded on the consolidated statements of income.

(2) Property, plant and equipment
Information is omitted since property, plant and equipment located in Japan accounts for more than 90% of property, plant and equipment amount recorded on the consolidated balance sheet.

3. Information by principal customers

(Unit: 1,000 yen)

Customer name or title	Net sales	Related segment name
Credit Saison Co., Ltd	7,907,319	Financial IT Service Business Linkage Business Retail & IT Service Business

Information related to impairment loss on non-current assets for each reporting segment
Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Information is omitted since the same information is disclosed under Segment information.

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Information is omitted since the same information is disclosed under Segment information.

Information related to amortization of goodwill and unamortized balance for each reporting segment
Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: 1,000 yen)

	Reporting segment					Other	Corporate/ Eliminations	Total
	HULFT Business	Linkage Business	Retail & IT Service Business	Financial IT Service Business	Total			
Balance at end of period	175,825	—	—	—	175,825	—	—	175,825

(Note) Amortization of goodwill is omitted since the same information is disclosed under Segment information.

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: 1,000 yen)

	Reporting segment					Other	Corporate/ Eliminations	Total
	HULFT Business	Linkage Business	Retail & IT Service Business	Financial IT Service Business	Total			
Balance at end of period	88,748	—	—	—	88,748	—	—	88,748

(Note) Amortization of goodwill is omitted since the same information is disclosed under Segment information.

Information related to gain on negative goodwill for each reporting segment
Not applicable.

(Per-share information)

Net assets per share, net income per share, and the basis for these calculations are as follows.

Item	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	866.53 yen	910.41 yen
Net income per share	151.91 yen	126.64 yen

(Notes) 1. Net income per share after adjustment for dilutive shares is not indicated because there is no residual stock.

2. Actuarial basis for net income per share amount is as indicated below.

Item	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Net income attributable to owners of parent (1,000 yen)	2,460,782	2,051,413
Net income attributable to owners of parent (1,000 yen)	—	—
Net income related to common stock attributable to owners of parent (1,000 yen)	2,460,782	2,051,413
Average number of shares of common stock during current year (shares)	16,199,461	16,199,416

(Major events after the reporting period)

Not applicable.