

1. Consolidated Results for the First Quarter (April 1, 2023 to June 30, 2023) of Fiscal Year ending March 31, 2024

(Rounded down to the nearest million yen.)

(1) Net Sales and Income

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
3 months ended June 2023	71,683	6.0	1,118	(25.4)	1,116	(26.8)
3 months ended June 2022	67,628	(0.1)	1,499	(49.2)	1,526	(49.9)

	Net income attributable to owners of the parent (¥ million)	Year-on-year change (%)	Net income per share (¥)	Net income per share (diluted) (¥)
3 months ended June 2023	182	(63.2)	1.22	—
3 months ended June 2022	496	(70.0)	3.33	—

c.f. Comprehensive income: 1Q/FY Mar 2024: (¥26million) < - %>; 1Q/FY Mar 2023: ¥1,074million <(54.7%)>

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
30/Jun/2023	248,736	142,235	55.3	924.01
31/Mar/2023	267,000	145,714	52.9	948.23

c.f. Owner's equity: 30/Jun/2023: ¥137,634 million; 31/Mar/2023 ¥141,242million

2. Dividends

	Dividends per share (¥)				
	1st quarter	Interim	3rd quarter	Year-end	Full year
FY ended Mar. 2022	—	23.00	—	23.00	46.00
FY ending Mar. 2024 (Forecast)	—	24.50	—	24.50	49.00

Note: Revisions to projected dividends for the quarter under review: no

3. Financial Forecasts for Fiscal Year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages represent change compared to the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY ending Mar. 2024	340,000	6.0	24,000	5.5	24,000	4.5	14,000	1.4	93.99

Note: Revisions to projected results for the quarter under review: no

Cautionary Statement

Forecasts of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	68,549	82,984
Notes, accounts receivable and contract assets	123,297	87,199
Electronically recorded obligations	1,165	2,200
Purchased goods, materials and supplies	3,151	3,063
Work in process	12,932	12,345
Other	11,724	15,170
Allowance for doubtful accounts	(85)	(33)
Total current assets	220,735	202,930
Non-current assets		
Property and equipment	14,343	14,363
Intangible assets		
Goodwill	153	135
Other	3,592	3,391
Total intangible assets	3,745	3,527
Investments and other assets		
Deferred tax assets	14,172	14,406
Other	14,100	13,609
Allowance for doubtful accounts	(97)	(100)
Total investments and other assets	28,175	27,916
Total non-current assets	46,264	45,806
Total assets	267,000	248,736
Liabilities		
Current liabilities		
Notes and accounts payable	44,571	31,792
Electronically recorded obligations	1,467	1,550
Short-term bank loans	8,653	8,274
Current installments of long-term debt	202	144
Accrued income taxes	4,493	1,116
Accrued bonuses to directors and corporate auditors	144	26
Accrued warranty on products	161	160
Accrued losses on sales contracts	515	374
Accrued compensation for damage	3	25
Accrued office transfer cost	394	158
Other current liabilities	26,282	28,784
Total current liabilities	86,890	72,410
Long-term liabilities		
Long-term debt	3,000	3,000
Liabilities for retirement benefits	28,424	28,155
Other liabilities	2,970	2,935
Total long-term liabilities	34,395	34,091
Total liabilities	121,285	106,501
Net assets		
Shareholders' equity		
Capital stock	13,122	13,122
Capital surplus	16,708	16,708
Retained earnings	112,486	109,242
Treasury stock, at cost	(252)	(252)
Total shareholders' equity	142,065	138,821
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	1,382	797
Deferred gains or losses on hedges	10	102
Foreign currency translation adjustments	(284)	(245)
Accumulated adjustments for retirement benefits	(1,930)	(1,842)
Total accumulated other comprehensive income	(822)	(1,186)
Non-controlling interests	4,471	4,601
Total net assets	145,714	142,235
Total liabilities and net assets	267,000	248,736

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	1Q, FY March 2023 (3 months ended June 2022)	1Q, FY March 2024 (3 months ended June 2023)
Net sales	67,628	71,683
Cost of sales	55,528	59,157
Gross profit	12,099	12,526
Selling, general and administrative expenses	10,600	11,407
Operating income	1,499	1,118
Non-operating income		
Interest income	4	1
Reversal of provision for office transfer cost	—	87
Other	123	132
Total non-operating income	127	221
Non-operating expenses		
Interest expenses	32	90
Foreign exchange loss	8	50
Other	60	81
Total non-operating expenses	101	223
Ordinary income	1,526	1,116
Extraordinary losses		
Expenses relating to move of the head office	519	—
Total extraordinary losses	519	—
Income before income taxes	1,006	1,116
Income taxes	397	818
Net income	608	297
Net income attributable to non-controlling interests	112	115
Net income attributable to owners of the parent	496	182

(Millions of yen)

	1Q, FY March 2023 (3 months ended June 2022)	1Q, FY March 2024 (3 months ended June 2023)
Net income (loss)	608	297
Other comprehensive income		
Net unrealized holding loss on other securities	253	(584)
Deferred gains or losses on hedges	—	92
Foreign currency translation adjustments	119	80
Adjustments for retirement benefit	93	88
Share of other comprehensive income of associates accounted for using equity method	(1)	(0)
Total other comprehensive income	465	(324)
Comprehensive income (loss)	1,074	(26)
Comprehensive income (loss) attributable to:		
Owners of the parent	922	(181)
Non-controlling interests	152	155

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	1Q, FY March 2023 (3 months ended June 2022)	1Q, FY March 2024 (3 months ended June 2023)
Cash flows from operating activities		
Net income before income taxes	1,006	1,116
Depreciation and amortization	947	994
Amortization of goodwill	58	17
Increase (decrease) in allowance for doubtful receivables	(2)	(53)
Increase (decrease) in asset for retirement benefit	(52)	(56)
Increase (decrease) in liability for retirement benefits	121	(240)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(105)	(117)
Increase (decrease) in accrued warranty on products	10	(0)
Increase (decrease) in accrued losses on sales contracts	237	(151)
Increase (decrease) in accrued compensation for damage	0	21
Interest and dividend income	(32)	(26)
Interest expense	32	90
(Increase) decrease in notes and accounts receivable, and contract assets	29,491	35,299
(Increase) decrease in inventories	(765)	680
Increase (decrease) in notes and accounts payable	(9,873)	(12,716)
Increase (decrease) in accrued consumption taxes	92	1,090
Other, net	(1,514)	(746)
Subtotal	19,653	25,202
Interest and dividend income received	32	26
Interest paid	(29)	(93)
Income taxes paid	(3,385)	(4,208)
Net cash provided by (used in) operating activities	16,270	20,927
Cash flows from investing activities		
Purchase of property and equipment	(426)	(1,880)
Proceeds from sale of property and equipment	0	—
Purchase of intangibles	(198)	(313)
Purchase of investment securities	(264)	(99)
Payments of loans receivable	(6)	(0)
Collection of loans receivable	0	0
Other, net	(767)	(182)
Net cash used in investing activities	(1,662)	(2,475)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	454	(530)
Repayments of long-term debt	(74)	(57)
Net (increase) decrease in treasury shares	(0)	(0)
Dividends paid to shareholders	(3,549)	(3,404)
Dividends paid to minority shareholders of subsidiaries	(25)	(25)
Other, net	(53)	(48)
Net cash provided by used in financing activities	(3,249)	(4,067)
Effect of exchange rate changes on cash and cash equivalents	72	50
Net increase (decrease) in cash and cash equivalents	11,431	14,435
Cash and cash equivalents at beginning of period	79,732	68,549
Cash and cash equivalents at end of period	91,163	82,984

(4) Segment Information

Business Segment Information

First quarter of fiscal March 2024 (3 months ended June 2023)

(Millions of yen)

	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Adjustments	Total
Sales						
(1) Sales to third parties	27,759	18,125	23,089	2,709	–	71,683
(2) Intersegment sales	–	–	–	–	–	–
Total	27,759	18,125	23,089	2,709	–	71,683
Operating income and loss	2,694	1,203	152	37	(2,969)	1,118

First quarter of fiscal March 2023 (3 months ended June 2022)

(Millions of yen)

	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Adjustments	Total
Sales						
(1) Sales to third parties	24,736	16,547	24,232	2,110	–	67,628
(2) Intersegment sales	–	–	–	–	–	–
Total	24,736	16,547	24,232	2,110	–	67,628
Operating income and loss	2,282	1,039	386	47	(2,256)	1,499