

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

February 6, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: Systema Corporation
Listing: Tokyo Stock Exchange
Securities code: 2317
URL: <https://www.systema.co.jp/>
Representative: Yoshichika Hemmi, Representative Director and Chairman
Inquiries: Hiroshi Kotani, Managing Director
Telephone: +81-3-6367-3840
Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2024	60,564	6.0	8,714	24.0	8,600	21.2	5,917	22.1
December 31, 2023	57,140	5.2	7,025	0.2	7,095	(1.2)	4,844	(1.3)

Note: Comprehensive income For the nine months ended December 31, 2024: ¥5,930 million [19.1%]
For the nine months ended December 31, 2023: ¥4,979 million [2.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	16.04	—
December 31, 2023	12.50	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	45,141	30,544	66.6	84.10
March 31, 2024	54,038	38,601	70.5	98.34

Reference: Equity

As of December 31, 2024: ¥30,062 million
As of March 31, 2024: ¥38,099 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	4,843	287	(13,975)	21,253
December 31, 2023	4,704	(465)	(3,486)	25,557

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2025	–	6.00	–		
Fiscal year ending March 31, 2025 (Forecast)				6.00	12.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	81,500	5.9	11,500	18.4	11,425	14.9	8,000	10.6	21.85

Notes: Revisions to the earnings forecasts most recently announced: Yes

For the consolidated earnings forecasts for the fiscal year ending March 31, 2025, please refer to the “Notice Concerning Revisions to Earnings Forecasts” announced today (February 6, 2025).

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to “2. Quarterly consolidated financial statements, (4) Notes to the quarterly consolidated financial statements (Notes on changes in accounting policies)” on page 12 of the Attached Materials.

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	425,880,000 shares
As of March 31, 2024	450,880,000 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2024	68,424,163 shares
As of March 31, 2024	63,439,188 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	368,869,063 shares
Nine months ended December 31, 2023	387,440,812 shares

- Notes: 1 The total number of issued shares decreased by 25,000,000 due to the cancellation of treasury shares on September 20, 2024, based on the resolution of the Board of Directors meeting held on August 21, 2024.
- 2 The Company has introduced a stock compensation plan, and in calculating the number of treasury shares of common shares at the end of the period and the average number of shares outstanding during the period, the number of treasury shares includes shares of the Company held by Japan Custody Bank, Ltd. (the Trust Account) as trust assets for the “Trust for Granting Shares to Directors” and the “Trust for Granting Shares to Executive Officers.” The numbers of treasury shares held by the Trust Account included in the number of treasury shares at the ends of the periods ended December 31, 2024 and March 31, 2024 were 1,552,600 shares and 1,567,700 shares, respectively, and the numbers of treasury shares held by the Trust Account excluded from the calculation of the average number of shares outstanding during the nine months ended December 31, 2024 and nine months ended December 31, 2023 were as follows: the average numbers of treasury shares of common shares held by the Trust Account for the nine months ended December 31, 2024 and nine months ended December 31, 2023 were 1,559,770 shares and 1,567,700 shares, respectively.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For assumptions underlying the forecast and cautions regarding the use of earnings forecasts, please refer to “1. Overview of operating results, etc., (3) Forward-looking forecasts, such as consolidated earnings forecasts” on page 5 of the Attached Materials.

Attached Materials Table of Contents

1. Overview of operating results, etc.	2
(1) Overview of operating results for the period under review	2
(2) Overview of financial position for the period under review	4
(3) Forward-looking forecasts, such as consolidated earnings forecasts	5
2. Quarterly consolidated financial statements	6
(1) Quarterly consolidated balance sheet	6
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	8
Quarterly consolidated statement of income (cumulative)	8
Quarterly consolidated statement of comprehensive income (cumulative)	9
(3) Quarterly consolidated statement of cash flows	10
(4) Notes to the quarterly consolidated financial statements	12
(Notes on premise of going concern)	12
(Notes on substantial changes in amount of shareholder's equity)	12
(Notes on changes in accounting policies)	12
(Notes on segment information, etc.)	12
3. Supplementary information	14
(1) Production results	14
(2) Order results	14
(3) Sales results	15

1. Overview of operating results, etc.

Matters discussed here that are not historical fact reflect judgments made as of the end of the quarter of the fiscal year under review.

(1) Overview of operating results for the period under review

During the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024), the Japanese economy continued moderate recovery against the backdrop of an improving employment and income environment. On the other hand, the outlook for the economy remains uncertain mainly due to persistently high energy costs and raw material prices affected by the global situation, exchange rate fluctuations as a result of an increase in policy interest rates in the U.S. and European countries, and movements of the new administration in the U.S.

Given these conditions, in addition to reallocating management resources and improving productivity, the Group has focused on recurring revenue businesses to secure earnings and promoted the expansion of high value-added businesses such as consulting services and PMO projects supporting DX promotion in the software development business and other businesses.

Consolidated results for the third quarter of the fiscal year under review were net sales of ¥60,564 million (up 6.0% year on year), operating profit of ¥8,714 million (up 24.0% year on year), ordinary profit of ¥8,600 million (up 21.2% year on year), and profit attributable to owners of parent of ¥5,917 million (up 22.1% year on year).

The following describes performance by segment. Note that net sales for each segment include inter-segment net sales or transfers.

(i) Solution Design Business

In this business, which consists of “Social Infrastructure,” “Internet Business,” “Products,” and “DX Services” fields, with the strengths of offering total solutions covering IT consulting, project management, development and verification, and IT services, we pursued optimization through business selection and concentration, resulting in increased profitability of project management projects and system development, which are our main services. In addition, orders received for IT consulting and project management projects grew through strengthening of activities that accompany customers.

As a result, net sales in this business amounted to ¥13,214 million (down 5.3% year on year) and operating profit was ¥2,202 million (up 59.7% year on year).

(ii) Next Generation Mobility Business

We have proactively and continuously conducted redeployment of engineers in the Group and recruitment of those with experience in the in-vehicle development field in order to meet the demand for software development for finished vehicle manufacturers and suppliers, major customers for this business. In the business, which focuses on system development related to in-vehicle cockpit and information displays such as IVI*1, HUD*2 and CDC*3 in the in-vehicle development field, we also received multiple development projects related to functions other than information system in the third quarter of the fiscal year under review. In the mobility development field, we have been reinforcing the structure to fulfill customers’ demand for development by taking advantage of our track record of development in the mobile domain, such as embedded system development and smartphone development, and shifting the Company’s management resources. Furthermore, the business will respond to demand from finished vehicle manufacturers and suppliers in Japan and overseas by taking means such as winning new orders in the Company’s base in the U.S.

As a result, net sales in this business amounted to ¥3,598 million (up 109.7% year on year) and operating profit was ¥1,283 million (up 229.3% year on year).

*1: IVI: In-Vehicle Infotainment (integrated in-vehicle systems that provides both information and entertainment)

*2: HUD: Head-Up Display (a display device that projects superimposed information onto the surrounding scene wearer’s field of vision)

*3: CDC: Cockpit Domain Controller (integrates various cockpit functions into a single electronic control unit)

(iii) Framework Design Business

This business focuses on business application development, providing core system development, cloud and DX solution implementation support, and technical consulting on advanced technologies for financial, public, and corporate clients.

In the financial sector, the Group provides core system development services for customers in the banking industry and life and non-life insurance industries. In addition to long-term system development work in areas such as contract management systems and accounts systems, sales remained steady due to increased inquiries for DX projects such as cloud migration and the development of new services aimed at CX improvement.

In the public sector, orders have continued particularly from central government ministries and agencies for projects stemming from the My Number identification card, and the system renewal, infrastructure construction, and operation and maintenance business domains have expanded. Inquiries regarding DX projects for local governments have also increased, and this sector continues to grow as a main field of this business.

In the corporate sector, the Group received increased orders for technical support services using low-code development tools and system migration for DX. We have strengthened our competitiveness by providing total system support through our lab system which spans the system planning stage through to post-development operation and maintenance. As for the use of generative AI, we aim to further improve our capabilities by also expanding the applicability to the use for development productivity in addition to system utilization for business efficiency improvement, and building a track record.

As a result, net sales in this business amounted to ¥6,136 million (up 21.0% year on year) and operating profit was ¥1,361 million (up 8.2% year on year) due to aggressive investment in acquisition and training of human resources to increase sales.

(iv) IT & DX Service Business

In this business, which mainly operates a variety of IT-related outsourcing services, including helpdesk and user support services, system operation and maintenance, and PMO, amid increased IT investment appetite from companies hoping to increase their competitiveness, there are continuously a lot of inquiries related to optimization such as business standardization and automation. Meanwhile, companies that have made progress in optimization have started working on further use of IT technology for new businesses and innovation.

Given these market conditions, the Group visualized (assessed) latent customer issues, and then not only provided support for introduction of various tools but also focused on expanding accompanying PMO services, including promotion of operations after the introduction and business process rebuilding.

In addition, to support further business development, we have promoted proposals for new service menus for clients' IT investment plans and IT events, and worked to develop new departments within our clients.

In the DX Testing Services Business, while situations of clients in the Internet Business/gaming domains are difficult, the Group has been making use of our knowledge accumulated to date and pivoting to clients in the enterprise domain, as well as strengthening our efforts to optimize staffing and procure human resources with immediate impact, and pursuing deepening our existing client base and cultivating new ones.

In addition, regarding promoting engagement of persons with disabilities, the Group improved the right personnel placing in the right positions and expansion of range of work to take advantage of their strengths by focusing on enhancement of personnel cultivation, including building a system and training programs that allow them to experience growth. This led to orders for a wide range of service projects, primarily in business process outsourcing (BPO).

As a result, net sales in this business amounted to ¥14,501 million (up 6.5% year on year) and operating profit was ¥1,877 million (down 13.6% year on year).

(v) Business Solution Business

For this business, where the Group is primarily engaged in B2B sales of IT-related products and system integration services mainly for foreign-affiliated and medium-sized companies, the outlook is uncertain because of the weak yen and soaring prices of raw materials and commodities. Even so, the number of projects related to the use of DX and AI to increase productivity, reduce costs, and increase competitiveness is gradually trending upward.

Specifically, the Group received a number of orders in the cloud-related system integration business for various services including lift and shift, which is a type of the method of cloud migration.

Furthermore, the Group received many inquiries relating to system development and maintenance and operation projects to digitalize corporations' businesses by making use of RPA and data linkage tools, as well as the security services and support services, increasing the number of orders received.

For replacement projects ahead of the end of support for Windows 10 (October 2025) which were pushed back overall, the numbers of both proposals and orders received have been increasing

significantly as well. As we also have many plans in sight for the fourth quarter for the clients and the next period, we will enhance proposal activities.

As a result, net sales in this business amounted to ¥20,916 million (up 1.7% year on year) and operating profit was ¥1,679 million (up 12.0% year on year).

(vi) DX & Subscription Business

In this business, which is responsible for promoting the subscription business model, we enhanced proposals that integrate direction services to accompany and support DX promotion in accordance with customers' needs in relation to shortages in their DX human resources and Canbus. no-code DX platform, by leveraging our experience in systems development and systems integration, and there were a lot of inquiries.

We will further promote proposals for utilizing Canbus. data to help companies' "use of AI," and accompany and support DX promotion and introduction of AI based on SaaS services in order to lead to expansion of recurring revenue businesses.

As a result, net sales in this business amounted to ¥1,913 million (up 25.6% year on year) and operating profit was ¥325 million (up 106.3% year on year).

(vii) Other Businesses

In the overseas field, our U.S. subsidiary continued its sales activities in cooperation with the "Next Generation Mobility Business," focusing on in-vehicle infotainment-related business. These efforts resulted in receiving the first order from a finished vehicle manufacturer. In addition, we will conduct further sales activities as one of the few vendors capable of supporting software engineering in Japan and the U.S. through measures such as also winning additional orders for derivative projects.

Moreover, StrongKey, Inc., a U.S. company the subsidiary has invested in, has received growing inquiries for security services based on FIDO authentication, an order for an FIDO project from a major bank in Brazil as well, and growing inquiries from other banks in the said country.

In the investment cultivation field, GaYa Co., Ltd., operates the horse racing game "Keiba Densetsu" for PCs and smartphones and designs and develops business applications for smartphones and tablets.

In the third quarter of the fiscal year under review, we focused on vitalization in the smartphone game "Keiba Densetsu PRIDE" by taking measures such as holding a gorgeous campaign in conjunction with a season update which is made once a year. In contracted game development, we have achieved stable operations by carrying out PMO support for projects in progress and overall manpower management. Contracted development from existing customers in the non-gaming field remained steady. We will continue to promote its stabilization.

As a result, net sales in this business amounted to ¥573 million (down 42.4% year on year) and the operating loss was ¥15 million (versus operating profit of ¥168 million in the same period of the previous fiscal year).

(2) Overview of financial position for the period under review

(Assets)

Total assets at the end of the third quarter of the fiscal year under review amounted to ¥45,141 million (versus ¥54,038 million at the end of the previous fiscal year), a decrease of ¥8,897 million from the end of the previous fiscal year. Current assets amounted to ¥39,818 million (versus ¥48,088 million at the end of the previous fiscal year), a decrease of ¥8,269 million from the end of the previous fiscal year. This was mainly due to an ¥9,353 million decrease in cash and deposits, and a ¥796 million increase in notes and accounts receivable - trade, and contract assets. Non-current assets amounted to ¥5,322 million (versus ¥5,950 million at the end of the previous fiscal year), a decrease of ¥627 million from the end of the previous fiscal year. Property, plant and equipment amounted to ¥1,328 million (versus ¥1,395 million at the end of the previous fiscal year), a decrease of ¥67 million from the end of the previous fiscal year. Intangible assets amounted to ¥190 million (versus ¥254 million at the end of the previous fiscal year), a decrease of ¥64 million from the end of the previous fiscal year. Investments and other assets amounted to ¥3,803 million (versus ¥4,299 million at the end of the previous fiscal year), a decrease of ¥495 million from the end of the previous fiscal year. This was mainly due to a ¥433 million decrease in deferred tax assets.

(Liabilities)

Total liabilities amounted to ¥14,596 million (versus ¥15,437 million at the end of the previous fiscal year), a decline of ¥841 million from the end of the previous fiscal year. This was mainly due to a ¥966 million decrease in provision for bonuses, a ¥623 million decrease in income taxes payable, and a ¥806 million increase in accounts payable - other, and accrued expenses.

(Net assets)

Net assets amounted to ¥30,544 million (versus ¥38,601 million at the end of the previous fiscal year), a decrease of ¥8,056 million from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of ¥5,917 million, dividends of surplus of ¥4,103 million, and purchase of treasury shares of ¥9,889 million. As a result, the equity-to-asset ratio decreased 3.9 percentage points from the end of the previous fiscal year to 66.6%.

(3) Forward-looking forecasts, such as consolidated earnings forecasts

For the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2025, please refer to the “Notice Concerning Revisions to Earnings Forecasts” separately announced today.

2. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	30,168	20,814
Notes and accounts receivable - trade, and contract assets	14,917	15,713
Securities	727	226
Merchandise	1,216	1,060
Work in process	4	–
Other	1,054	2,003
Total current assets	48,088	39,818
Non-current assets		
Property, plant and equipment		
Buildings, net	702	695
Tools, furniture and fixtures, net	572	507
Land	97	97
Other, net	23	27
Total property, plant and equipment	1,395	1,328
Intangible assets		
Software	251	165
Software in progress	–	21
Other	3	3
Total intangible assets	254	190
Investments and other assets		
Investment securities	1,546	1,486
Long-term loans receivable from subsidiaries and associates	498	458
Leasehold and guarantee deposits	1,649	1,675
Deferred tax assets	974	540
Other	129	100
Allowance for doubtful accounts	(498)	(458)
Total investments and other assets	4,299	3,803
Total non-current assets	5,950	5,322
Total assets	54,038	45,141

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	6,438	6,126
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,463	3,270
Income taxes payable	1,656	1,032
Provision for bonuses	1,872	905
Other	1,293	1,532
Total current liabilities	15,273	14,416
Non-current liabilities		
Provision for share-based payments	141	157
Other	22	22
Total non-current liabilities	164	179
Total liabilities	15,437	14,596
Net assets		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	2,217
Retained earnings	35,440	37,254
Treasury shares	(5,022)	(11,099)
Total shareholders' equity	37,955	29,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	12
Foreign currency translation adjustment	125	164
Total accumulated other comprehensive income	143	176
Non-controlling interests	501	482
Total net assets	38,601	30,544
Total liabilities and net assets	54,038	45,141

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	57,140	60,564
Cost of sales	43,827	45,296
Gross profit	13,313	15,268
Selling, general and administrative expenses	6,287	6,553
Operating profit	7,025	8,714
Non-operating income		
Interest income	21	33
Dividend income	10	10
Gain on valuation of securities	–	14
Share of profit of entities accounted for using equity method	32	20
Subsidy income	34	13
Other	33	34
Total non-operating income	132	126
Non-operating expenses		
Interest expenses	5	7
Loss on sale of securities	–	220
Loss on sale of investment securities	48	2
Other	8	10
Total non-operating expenses	62	241
Ordinary profit	7,095	8,600
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	9
Total extraordinary losses	–	9
Profit before income taxes	7,095	8,591
Income taxes - current	1,946	2,256
Income taxes - deferred	295	436
Total income taxes	2,242	2,693
Profit	4,853	5,898
Profit (loss) attributable to non-controlling interests	8	(18)
Profit attributable to owners of parent	4,844	5,917

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	4,853	5,898
Other comprehensive income		
Valuation difference on available-for-sale securities	85	(5)
Foreign currency translation adjustment	53	47
Share of other comprehensive income of entities accounted for using equity method	(12)	(8)
Total other comprehensive income	126	32
Comprehensive income	4,979	5,930
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,971	5,949
Comprehensive income attributable to non-controlling interests	8	(18)

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	7,095	8,591
Depreciation	399	331
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(637)	(966)
Increase (decrease) in provision for share-based payments	21	16
Interest and dividend income	(31)	(43)
Interest expenses	5	7
Loss (gain) on sale of securities	–	220
Loss (gain) on valuation of securities	–	(14)
Loss (gain) on sale of investment securities	48	2
Share of loss (profit) of entities accounted for using equity method	(32)	(20)
Loss (gain) on liquidation of subsidiaries and associates	–	9
Decrease (increase) in trade receivables	476	(798)
Decrease (increase) in inventories	374	160
Increase (decrease) in trade payables	(763)	(312)
Increase (decrease) in accounts payable - other, and accrued expenses	292	439
Increase (decrease) in accrued consumption taxes	22	(74)
Increase (decrease) in advances received	(30)	(18)
Other, net	100	114
Subtotal	7,339	7,643
Interest and dividends received	40	51
Interest paid	(5)	(7)
Income taxes paid	(2,669)	(2,843)
Net cash provided by (used in) operating activities	4,704	4,843
Cash flows from investing activities		
Payments into time deposits	(0)	(100)
Proceeds from withdrawal of time deposits	56	197
Purchase of property, plant and equipment and intangible assets	(286)	(273)
Proceeds from sale of property, plant and equipment and intangible assets	4	0
Purchase of securities	–	(4,214)
Proceeds from sale of securities	–	4,622
Purchase of investment securities	(10,546)	–
Proceeds from sale of investment securities	10,265	33
Payments of leasehold and guarantee deposits	(45)	(64)
Proceeds from refund of leasehold and guarantee deposits	25	38
Proceeds from distributions from investment partnerships	60	39
Other payments	(0)	(0)
Other proceeds	1	8
Net cash provided by (used in) investing activities	(465)	287

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Purchase of treasury shares	–	(9,895)
Proceeds from sale of treasury shares	–	6
Dividends paid	(3,486)	(4,086)
Net cash provided by (used in) financing activities	(3,486)	(13,975)
Effect of exchange rate change on cash and cash equivalents	11	4
Net increase (decrease) in cash and cash equivalents	764	(8,839)
Cash and cash equivalents at beginning of period	24,792	30,092
Cash and cash equivalents at end of period	25,557	21,253

(4) Notes to the quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Notes on substantial changes in amount of shareholder's equity)

The Company acquired 30,000,000 shares of treasury shares based on resolutions at the Board of Directors meetings on May 13, 2024 and August 21, 2024, and treasury shares increased by ¥9,889 million in the nine months ended December 31, 2024.

In addition, the Company cancelled 25,000,000 shares of treasury shares based on a resolution at the Board of Directors meeting on August 21, 2024, and capital surplus and treasury shares each decreased by ¥3,805 million in the nine months ended December 31, 2024.

As a result, as of December 31, 2024, capital surplus was ¥2,217 million and treasury shares was ¥11,099 million.

(Notes on changes in accounting policies)

(Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) have been applied from the beginning of the first quarter of the current fiscal year.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Guidance on the 2022 Revised Accounting Standard”). This change has no impact on the quarterly consolidated financial statements.

In addition, the Company has adopted the Guidance on the 2022 Revised Accounting Standard on related to the revision of the treatment of the deferral for tax purposes of gains or losses on sales of investments in subsidiaries among consolidated companies in consolidated financial statements, effective from the beginning of the first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. This change has no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes on segment information, etc.)

Segment information

I Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Solution Design Business	Next Generation Mobility Business	Framework Design Business	IT & DX Service Business	Business Solution Business	DX & Subscription Business	Other Businesses	Adjustment	Amount on quarterly consolidated statement of income (see Notes)
Net sales									
Net sales to external customers	13,942	1,715	5,073	13,450	20,535	1,514	907	–	57,140
Inter-segment net sales and transfers	16	–	–	163	26	8	88	(303)	–
Total	13,958	1,715	5,073	13,614	20,562	1,523	996	(303)	57,140
Segment profit	1,379	389	1,258	2,172	1,499	157	168	–	7,025

(Note) Segment profit (loss) is consistent with operating profit in the quarterly consolidated statement of income.

2. Information about impairment loss or goodwill for non-current assets by reporting segment
No items to report.

II Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Solution Design Business	Next Generation Mobility Business	Framework Design Business	IT & DX Service Business	Business Solution Business	DX & Subscription Business	Other Businesses	Adjustment	Amount on quarterly consolidated statement of income (see Notes)
Net sales									
Net sales to external customers	13,207	3,598	6,136	14,333	20,894	1,902	491	–	60,564
Inter-segment net sales and transfers	7	–	–	167	21	11	82	(290)	–
Total	13,214	3,598	6,136	14,501	20,916	1,913	573	(290)	60,564
Segment profit	2,202	1,283	1,361	1,877	1,679	325	(15)	–	8,714

(Note) Segment profit (loss) is consistent with operating profit in the quarterly consolidated statement of income.

2. Matters related to changes in reportable segments, etc.

Effective from the first quarter of the current fiscal year, “Reportable Segments” have been reclassified and some names have been changed in accordance with changes in each segment’s content and main fields of business.

Some businesses previously classified in the “Solution Design Business” segment are now included in a new segment, the “Next Generation Mobility Business” segment. Similarly, some businesses that were classified in the “Solution Design Business” have been reclassified into the “DX & Subscription Business.” In addition, IDY Corporation, which was classified under “Business Solution Business,” “Overseas Business,” and “Investment & Incubation Business” have been reclassified under “Other Businesses.” The “IT Service Business” has been renamed the “IT & DX Service Business” while the “Cloud Business” has been renamed the “DX & Subscription Business.”

Segment information for the nine months ended December 31, 2023 is disclosed based on the new reportable segment classifications.

3. Information about impairment loss or goodwill for non-current assets by reporting segment
No items to report.

3. Supplementary information

Production, orders, and sales results

Effective from the first quarter of the current fiscal year, “Reportable Segments” have been reclassified and some names have been changed in accordance with changes in each segment’s content and main fields of business.

Some businesses previously classified in the “Solution Design Business” segment are now included in a new segment, the “Next Generation Mobility Business” segment. Similarly, some businesses that were classified in the “Solution Design Business” have been reclassified into the “DX & Subscription Business.” In addition, IDY Corporation, which was classified under “Business Solution Business,” “Overseas Business,” and “Investment & Incubation Business” have been reclassified under “Other Businesses.” The “IT Service Business” has been renamed the “IT & DX Service Business” while the “Cloud Business” has been renamed the “DX & Subscription Business.”

Year-on-year comparisons are calculated after reclassification to the new reportable segments.

(1) Production results

Production results per business segment for the nine months ended December 31, 2024 are as follows.

Business segment	Production (Millions of yen)	Year-on-year change (%)
Solution Design Business	9,415	90.1
Next Generation Mobility Business	1,798	173.2
Framework Design Business	4,248	123.5
IT & DX Service Business	10,224	108.8
Business Solution Business	902	132.9
Total	26,588	106.3

- (Notes) 1. Within the Group, only segments that involve made-to-order activities are shown due to the nature of services.
2. The above amounts are stated at production cost.

(2) Order results

Order results per segment for the nine months ended December 31, 2024 are as follows.

Business segment	Order value (Millions of yen)	Year-on-year change (%)	Backlog of orders (Millions of yen)	Year-on-year change (%)
Solution Design Business	13,447	109.6	5,903	111.4
Next Generation Mobility Business	5,124	321.3	2,433	331.1
Framework Design Business	6,314	123.1	3,443	108.7
IT & DX Service Business	14,419	105.7	6,903	102.7
Business Solution Business	1,120	115.5	713	125.8
Total	40,426	120.3	19,396	117.6

- (Note) Within the Group, only segments that involve made-to-order activities are shown due to the nature of services.

(3) Sales results

Sales results per business segment for the nine months ended December 31, 2024 are as follows.

Business segment	Net sales (Millions of yen)	Year-on-year change (%)
Solution Design Business	13,207	94.7
Next Generation Mobility Business	3,598	209.7
Framework Design Business	6,136	121.0
IT & DX Service Business	14,333	106.6
Business Solution Business	20,894	101.7
DX & Subscription Business	1,902	125.6
Other Businesses	491	54.2
Total	60,564	106.0

(Note) Inter-segment transactions are offset and eliminated.