

**Translation**

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## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: CRESCO LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4674 URL <https://www.cresco.co.jp/ja/index.html> (in Japanese)  
 Representative: President, Executive Officer Hiroshi Tominaga  
 Inquiries: Director & Senior Managing Executive Kazuo Sugiyama TEL +81-3-5769-8011  
 Officer  
 Scheduled date of Ordinary General Meeting of Shareholders: June 21, 2024  
 Scheduled date to commence dividend payments: June 24, 2024  
 Scheduled date to file annual securities report: June 24, 2024  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

## (1) Consolidated operating results

Percentages indicate year-on-year changes

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	52,755	9.1	5,121	2.5	5,658	10.2	3,728	12.0
March 31, 2023	48,368	8.8	4,998	12.1	5,135	7.4	3,328	2.8

Note: Comprehensive income  
 Fiscal year ended March 31, 2024: ¥5,254 million [61.7%]  
 Fiscal year ended March 31, 2023: ¥3,249 million [(6.2)%]

Fiscal year ended	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
March 31, 2024	180.12	–	14.3	15.4	9.7
March 31, 2023	158.10	–	14.3	15.4	10.3

Reference: Share of profit (loss) of entities accounted for using equity method:  
 Fiscal year ended March 31, 2024: ¥52 million Fiscal year ended March 31, 2023: ¥54 million

## (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	39,714	27,681	69.7	1,343.78
March 31, 2023	33,635	24,449	72.7	1,160.39

Reference: Equity  
 As of March 31, 2024: ¥27,681 million As of March 31, 2023: ¥24,449 million

## (3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	3,213	1,451	(723)	14,864
March 31, 2023	1,679	(874)	(1,631)	10,915

## 2. Cash dividends

	Annual dividends per share					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	23.00	–	27.00	50.00	1,053	31.6	4.5
Fiscal year ended March 31, 2024	–	25.00	–	27.00	52.00	1,070	28.9	4.2
Fiscal year ending March 31, 2025 (Forecast)	–	19.00	–	19.00	38.00		39.1	

Note: Breakdown of the fiscal year-end dividend for the fiscal year ended March 31, 2023

Commemorative dividend: ¥4.00 Regular dividend: ¥23.00

Note: Dividends per share for the fiscal year ending March 31, 2025 (forecast)

Based on the resolution at the Board of Directors meeting held on May 10, 2024, the Company plans to conduct a 2-for-1 share split of shares of common shares, effective July 1, 2024. Accordingly, the amount presented for dividends per share for the fiscal year ending March 31, 2025 (forecast) takes into account the impact of the share split. The dividend per share for the fiscal year ending March 31, 2025 (forecast), without taking into account the share split, would be 38 yen at the second quarter-end and 38 yen at the fiscal year-end, for a total of 76 yen. For details, please refer to “\* Proper use of earnings forecasts, and other special matters.”

## 3. Forecast of consolidated financial results 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	27,800	8.5	2,440	23.3	2,475	1.4	1,610	(3.3)	39.08
Full year	58,500	10.9	5,900	15.2	6,000	6.0	4,000	7.3	97.09

Note: Earnings per share in the forecast for the fiscal year ending March 31, 2025 takes into account the effect of the share split. For details, please refer to “\* Proper use of earnings forecasts, and other special matters.”

## 4. Notes

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

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	22,000,000 shares	As of March 31, 2023	23,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	1,400,382 shares	As of March 31, 2023	1,929,934 shares
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Average number of shares during the period

Fiscal year ended March 31, 2024	20,700,532 shares	Fiscal year ended March 31, 2023	21,053,496 shares
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Note: Based on the resolution at the Board of Directors meeting held on May 10, 2023, the Company canceled 1,000,000 treasury shares on September 8, 2023.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	29,530	5.3	2,993	2.1	3,889	17.2	2,779	25.6
March 31, 2023	28,035	7.9	2,932	2.9	3,318	(1.8)	2,213	(10.4)

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	134.27	–
March 31, 2023	105.12	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	30,928	21,201	68.5	1,029.20
March 31, 2023	25,812	19,015	73.7	902.51

Reference: Equity

As of March 31, 2024 ¥21,201 million As of March 31, 2023 ¥19,015 million

2. Forecast of non-consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	15,000	4.3	1,957	4.1	1,500	(1.1)	36.41
Full year	31,500	6.7	4,000	2.8	2,960	6.5	71.85

Note: Earnings per share in the forecast for the fiscal year ending March 31, 2025 takes into account the effect of the share split. For details, please refer to “\* Proper use of earnings forecasts, and other special matters.”

\* **Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

\* **Proper use of earnings forecasts, and other special matters**

(Cautions on forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Outlook for the coming year, 1. Overview of operating results and others” on page 6 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of business results forecasts.

(Cash dividends and forecast of financial results after share split)

At the Board of Directors meeting held on May 10, 2024, the Company resolved to conduct a share split, and plans to conduct a 2-for-1 share split of shares of common shares, effective July 1, 2024. Accordingly, the dividend forecast and financial results forecast for the fiscal year ending March 31, 2025 before taking the share split into account are as follows.

1. Cash dividends for the fiscal year ending March 31, 2025 (Forecast)

Dividends per share

2nd quarter-end: ¥38.00	Fiscal year-end: ¥38.00	Total: ¥76.00
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2. Forecast of consolidated financial results for the fiscal year ending March 31, 2025

Earnings per share

Six months ending September 30, 2024: ¥78.16	Full year: ¥194.18
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3. Forecast of non-consolidated financial results for the fiscal year ending March 31, 2025

Earnings per share

Six months ending September 30, 2024: ¥72.82	Full year: ¥143.69
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# 1. Overview of operating results and others

## (1) Overview of operating results for the fiscal year under review

In the fiscal year ended March 31, 2024, the change in classification of COVID-19 under the Infectious Diseases Control Law has led to a recovery in crowds and accelerated the search for the new normal. At the same time, the yen has once again weakened, making businesses and households even more wary of rising costs.

In the IT industry, to which the Group belongs, there is increasing attention on the impact of generative AI on company measures to address labor shortages and improve productivity. The threat of cyber attacks is also coming under increasing scrutiny, and we believe that companies will be even more eager to invest in IT.

Under this business environment, the Group has mainly implemented the following initiatives during the fiscal year under review.

### Organization and structure

At the Company, the Quality Control-Unit was reorganized as the Quality & Process Management-Unit in April 2023 with the aim of promoting further improvements in quality and operational efficiency. In addition, the Sales Division as an organization began reporting directly to the Business Enablement Service-Unit in order to drive expansion of our corporate group, primarily in the Digital solutions business.

Furthermore, we launched the “Integrated Report 2023” which organizes and explains in detail the CRESCO Group’s financial information and non-financial information (management principle, business details, value creation process, sustainability/ESG initiatives, etc.), and posted it on our website.

Moreover, in February 2024, we acquired company-wide ISMS certification, one of the targets of the “Medium-Term Management Plan 2023.”

### Financial affairs

Based on a resolution of the Board of Directors meeting held on May 10, 2023, the Company acquired 500,000 shares of treasury shares (aggregate purchase amount of 995,644,700 yen) through open-market purchase during the second quarter of the fiscal year under review and cancelled 1,000,000 shares of treasury shares on September 8, 2023. As a result, the total number of issued shares at the end of the fiscal year under review was 22,000,000 shares.

In addition, in February 2024, we decided to change our dividend policy and announced a dividend payout ratio of 40% starting with the interim dividend for the fiscal year ending March 31, 2025. In March, we also announced an increase of 2 yen in the year-end dividend amount for the fiscal year under review.

Furthermore, in March 2024, we raised a total of 1.9 billion yen in long-term borrowings for the purpose of funding future M&A and working capital.

### Business

#### The Company

With regard to our Digital solutions business, we were awarded “Revenue Growth Partner of the Year” at the UiPath Japan Partner Awards 2022 by UiPath, a leading RPA vendor, in April 2023. We concluded a distributorship agreement with WingArc1st Inc. in July and began offering a solution that realizes paperless and automation for accounting operations by linking UiPath with their “invoiceAgent” electronic form platform. Additionally, in February 2024, we began offering the “UiPath Support Service,” which supports the development of human resources capable of realizing business automation on their own.

In addition, in the area of AI, we built the “CrePT” generative AI chat service using Microsoft’s Azure OpenAI Service to improve internal operational efficiency and refine our proposals to customers, and began operating it for employees in May 2023. Furthermore, we began offering the “AI Escort” service provided by our own AI

experts in June. Moreover, in October, we released “RooMagic,” a tool for streamlining the hotel room assignment process using mathematical optimization techniques. In addition, in November 2023, we obtained a patent for an information processing device, method, and program for identifying individual teeth from dental x-ray images.

In the area of cloud computing, we began offering the “GPUSOROBAN Remote Workstation,” a service that allows users to comfortably operate CAD and other systems in a telework environment, in September 2023.

In the area of security, we expanded our lineup by adding a penetration testing service (identifying issues through pseudo-cyber attacks) and IoT security diagnostics to our Security Vulnerability Diagnostics lineup.

#### Capital and business alliance

Cognavi India Private Limited, an Indian corporation in which we have made a capital investment, opened the “Cognavi” job portal site for newly graduated Indian students in June 2023.

In addition, we invested in Vietnamese startup CAPICHI PTE. LTD. (head office: Singapore; hereinafter “CAPICHI”), which is focused on restaurant and retail tech, and concluded a business alliance agreement with it in September 2023. We became the Japanese distributor of “Capichi OI,” CAPICHI’s QR-based mobile ordering system through this business alliance. We will contribute to the digital transformation of restaurants, retail stores, and accommodations through inbound tourism measures and improvement of foreign customer satisfaction.

In December 2023, we concluded a capital and business agreement with Secure Innovation Inc. (head office: Naha-shi, Okinawa), an information security service provider, for the purpose of strengthening our security solutions.

#### Subsidiaries

CRESCO Digital Technologies Ltd. announced a “CROSS for Mist” subscription WiFi service and an integrated BOM management solution for the manufacturing industry. In addition, CRESCO VIETNAM CO., LTD. began selling production management systems to local Japanese manufacturing companies.

Furthermore, CRESCO e-Solution Co., Ltd. received the “Assessment Champion of the Year” award in the Partner Award 2023, which recognizes outstanding partners from Panaya Japan. In addition to that, Enisias Co., Ltd. acquired Partner Specialization in the area of data analytics under the Google Cloud Partner Advantage program, and was also certified as a Google Cloud generative AI partner.

On the other hand, personnel and education expenses increased compared to the same period of the previous year. This was due to the aggressive hiring of new graduates by the Company and some consolidated subsidiaries, salary level increases as a measure to recruit and retain employees, and increased investment in training. In addition, with respect to the IT services business, unprofitable projects occurred due to system specifications, functional requirements, and development systems for multiple large-scale outsourced projects.

In accordance with the agreement on a reorganization among the Company and its consolidated subsidiaries, Japan Software Design CO., LTD., and Mexess Co., Ltd., at meetings of the Board of Directors of each company in January 2024, the Company recorded an impairment losses (extraordinary losses) for goodwill related to Japan Software Design CO., LTD. of 209 million yen in the fiscal year under review, and an impairment losses (extraordinary losses) of 87 million yen for fixed assets in connection with the decision to relocate the head offices of the two consolidated subsidiaries.

In addition, in connection with the management of funds, the Company recorded a gain on valuation of derivatives (in non-operating income) of 273 million yen, a gain on sale of investment securities (in extraordinary income) of 323 million yen, and a gain on redemption of investment securities (in extraordinary income) of 108 million yen.

As a result of the above, both sales and profit increased, and for the fiscal year ended March 31, 2024, the Company recorded 52,755 million yen in net sales (9.1% increase from 48,368 million yen for the previous fiscal year), 5,121 million yen in operating profit (2.5% increase from 4,998 million yen for the previous fiscal year), 5,658 million yen in ordinary profit (10.2% increase from 5,135 million yen for the previous fiscal year), and 3,728 million yen in profit attributable to owners of parent (12.0% increase from 3,328 million yen for the previous fiscal year).

Operating results for each segment are as follows.

Segment	Net sales (thousand yen)			Segment profit and loss (thousand yen)		
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year on year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year on year
Enterprise	18,839,593	20,311,723	107.8%	2,374,134	2,073,551	87.3%
Finance	14,115,577	14,740,973	104.4%	1,820,790	2,073,169	113.9%
Manufacturing	12,657,507	13,855,853	109.5%	2,159,885	2,454,497	113.6%
Total IT services business	45,612,678	48,908,550	107.2%	6,354,810	6,601,218	103.9%
Digital solutions business	2,755,646	3,847,339	139.6%	165,998	225,621	135.9%
Total	48,368,324	52,755,890	109.1%	6,520,809	6,826,840	104.7%

(i) IT services business

Net sales were 48,908 million yen (7.2% increase year on year), and segment profit (operating profit) was 6,601 million yen (3.9% increase year on year). Business results for each subsegment are as follows.

(Enterprise)

Net sales were 20,311 million yen (7.8% increase year on year). This was mainly due to significant sales growth of certain consolidated subsidiaries in areas of “construction and real estate,” “information, communication and advertising,” and “resources and energy.”

The segment profit (operating profit) was 2,073 million yen (12.7% decrease year on year). This was mainly due to unprofitable projects in areas of “recruitment and dispatching” and “distribution services.”

(Finance)

Net sales were 14,740 million yen (4.4% increase year on year). This was due to the steady accumulation of orders from existing clients in the “banking” area, although orders decreased in both the “insurance” and “etc.” areas due to the conclusion of large-scale projects.

The segment profit (operating profit) was 2,073 million yen (13.9% increase year on year). This was due to the fact that, while unprofitable projects occurred in the “banking” area, they were concluded in the third quarter and several highly profitable projects passed their acceptance inspection in the fourth quarter.

(Manufacturing)

Net sales were 13,855 million yen (9.5% increase year on year). This was mainly due to an increase in net sales in the “machinery, electronics” at the Company and certain consolidated subsidiaries.

The segment profit (operating profit) was 2,454 million yen (13.6% increase year on year). This is for the same reason as that for the said increase in net sales.

(ii) Digital solutions business

Net sales were 3,847 million yen (39.6% increase year on year). This owes mainly to an increase in sales of Creage, our main cloud service, and RPA licenses.

The segment profit (operating profit) was 225 million yen (35.9% increase year on year). This is for the same reason as that for the said increase in net sales.

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

Total assets at the end of the fiscal year under review were 39,714 million yen, a year-on-year increase of 6,079 million yen.

Current assets rose by 5,415 million yen year on year to 27,902 million yen. This is mainly because, while accounts receivable - other, included in “other” in the previous fiscal year decreased by 360 million yen, there



were increases in cash and deposits, accounts receivable - trade, work in process, and prepaid expenses by 3,952 million yen, 1,425 million yen, 174 million yen and 80 million yen, respectively.

Non-current assets rose by 664 million yen year on year to 11,812 million yen. This is mainly because, while goodwill, deferred tax assets and software decreased by 420 million yen, 289 million yen and 104 million yen, respectively, there were increases in investment securities, and leasehold and guarantee deposits by 1,199 million yen and 243 million yen, respectively.

Total liabilities at the end of the fiscal year under review were 12,033 million yen, a year-on-year increase of 2,847 million yen.

Current liabilities increased by 1,338 million yen year on year to 8,588 million yen. This is mainly because there were increases in accounts payable - other, income taxes payable, provision for bonuses, current portion of long-term borrowings, and accounts payable - trade by 302 million yen, 247 million yen, 195 million yen, 157 million yen and 153 million yen, respectively.

Non-current liabilities increased by 1,509 million yen year on year to 3,444 million yen. This is mainly because, while retirement benefit liability decreased by 54 million yen, there were increases in long-term borrowings and deferred tax liabilities by 1,258 million yen and 316 million yen, respectively.

Total net assets at the end of the fiscal year under review were 27,681 million yen, a year-on-year increase of 3,231 million yen. This is mainly because, while capital surplus decreased by 424 million yen, retained earnings and valuation difference on available-for-sale securities increased by 1,792 million yen and 1,431 million yen, respectively and because treasury shares decreased by 337 million yen.

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

The balance of cash and cash equivalents at the end of the fiscal year under review was 14,864 million yen, a year-on-year increase of 3,949 million yen.

#### Cash flows from operating activities

There was a net cash inflow of 3,213 million yen from operating activities, compared to a net cash inflow of 1,679 million yen for the previous fiscal year.

This was primarily due to profit before income taxes of 5,700 million yen, depreciation of 311 million yen, impairment losses of 296 million yen, and amortization of goodwill of 210 million yen, despite income taxes paid of 1,800 million yen and increase in trade receivables of 1,365 million yen.

#### Cash flows from investing activities

There was a net cash inflow of 1,451 million yen from investing activities, compared to a net cash outflow of 874 million yen for the previous fiscal year.

This was primarily due to proceeds from redemption of investment securities of 2,186 million yen, proceeds from sale of investment securities of 511 million yen, and proceeds from sale of securities of 175 million yen, despite purchase of investment securities of 749 million yen, leasehold and guarantee deposits paid included in "other, net" of 276 million yen, purchase of property, plant and equipment of 184 million yen, and purchase of securities of 167 million yen.

#### Cash flows from financing activities

There was a net cash outflow of 723 million yen from financing activities, compared to a net cash outflow of 1,631 million yen for the previous fiscal year.

This was primarily due to dividends paid of 1,083 million yen, purchase of treasury shares of 998 million yen, and repayments of long-term borrowings of 524 million yen, despite proceeds from long-term borrowings of 1,940 million yen.

#### (4) Outlook for the coming year

With regards to the outlook for the fiscal 2024, there are concerns about negative impact on the political economy from the conflict in Russia and Ukraine as well as the growing tension in the Middle East. A number of other downside factors to business performance are recognized, including increased recruiting and training costs due to labor shortages as well as increased overhead costs due to the weak yen and soaring prices. However, we believe that investment in IT will grow as a result of DX promotion at client companies to improve productivity, and that orders for the Group will also grow steadily.

In April 2024, the Group started the “Medium-Term Management Plan 2026” with the financial targets of “consolidated net sales of 70 billion yen,” “consolidated operating profit ratio of 11.5%,” and “consolidated ROE of 15% or more” for fiscal 2026. In fiscal 2024, the first year of the “Medium-Term Management Plan 2026,” we will steadily implement the growth strategies we have formulated, aiming to increase net sales and improve profitability. Based on the prerequisites above, the forecast of consolidated financial results for the first six months ending September 30, 2024 and for the fiscal year ending March 31, 2025, has been made as follows.

(“%” indicates year-on-year increase-decrease rate)

	First six months ending September 30, 2024		Full year ending March 31, 2025	
Net sales	27,800 million yen	8.5%	58,500 million yen	10.9%
Operating profit	2,440 million yen	23.3%	5,900 million yen	15.2%
Ordinary profit	2,475 million yen	1.4%	6,000 million yen	6.0%
Profit attributable to owners of parent	1,610 million yen	(3.3)%	4,000 million yen	7.3%

If any event that should be disclosed occurs due to any error in these prerequisites, etc., the Company will promptly announce it.

## 2. Basic policy on the selection of accounting standards

Taking into consideration the ability to compare not only consolidated financial statements for different accounting periods but also the Company to other companies, the Group has adopted, for the time being, a policy of creating consolidated financial statements based on Japanese generally accepted accounting principles.

As for the application of International Financial Reporting Standards (IFRS), the Company plans on appropriately responding after considering conditions both in Japan and overseas.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	11,027,078	14,979,921
Accounts receivable - trade	8,418,043	9,843,883
Contract assets	315,541	427,904
Electronically recorded monetary claims - operating	750,833	691,862
Securities	760,817	808,108
Money held in trust	76,173	107,113
Merchandise and finished goods	30,346	22,087
Work in process	197,589	372,387
Supplies	28,420	43,884
Prepaid expenses	410,977	491,325
Other	471,205	113,623
Total current assets	22,487,028	27,902,101
Non-current assets		
Property, plant and equipment		
Buildings	945,826	952,887
Accumulated depreciation	(402,165)	(456,219)
Buildings, net	543,661	496,668
Tools, furniture and fixtures	544,989	611,386
Accumulated depreciation	(403,525)	(430,112)
Tools, furniture and fixtures, net	141,463	181,274
Land	19,990	19,990
Leased assets	17,394	15,251
Accumulated depreciation	(11,458)	(12,146)
Leased assets, net	5,936	3,105
Total property, plant and equipment	711,051	701,038
Intangible assets		
Goodwill	1,565,504	1,145,242
Software	388,216	283,258
Other	14,629	14,334
Total intangible assets	1,968,351	1,442,835
Investments and other assets		
Investment securities	6,210,056	7,410,000
Leasehold and guarantee deposits	960,959	1,204,174
Insurance funds	54,190	45,396
Retirement benefit asset	–	30,483
Deferred tax assets	1,108,491	819,077
Other	242,094	266,508
Allowance for doubtful accounts	(107,209)	(107,209)
Total investments and other assets	8,468,582	9,668,430
Total non-current assets	11,147,985	11,812,303
Total assets	33,635,013	39,714,405

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,201,342	2,354,699
Short-term borrowings	130,000	100,000
Current portion of bonds payable	25,000	20,000
Current portion of long-term borrowings	484,237	641,938
Lease liabilities	2,502	1,386
Accounts payable - other	507,284	809,388
Income taxes payable	964,725	1,212,654
Accrued business office tax	36,951	39,851
Accrued consumption taxes	493,423	597,047
Contract liabilities	117,419	128,625
Provision for bonuses	1,573,923	1,769,243
Provision for bonuses for directors (and other officers)	82,283	65,892
Provision for loss on orders received	51,415	99,562
Other	579,778	748,338
<b>Total current liabilities</b>	<b>7,250,286</b>	<b>8,588,629</b>
<b>Non-current liabilities</b>		
Long-term borrowings	336,938	1,595,000
Bonds payable	50,000	30,000
Long-term accounts payable - other	52,918	52,834
Lease liabilities	3,319	1,996
Retirement benefit liability	1,379,644	1,325,471
Asset retirement obligations	112,454	122,789
Deferred tax liabilities	–	316,422
<b>Total non-current liabilities</b>	<b>1,935,274</b>	<b>3,444,514</b>
<b>Total liabilities</b>	<b>9,185,560</b>	<b>12,033,143</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,514,875	2,514,875
Capital surplus	3,403,940	2,979,869
Retained earnings	19,105,001	20,897,649
Treasury shares	(2,150,640)	(1,813,333)
<b>Total shareholders' equity</b>	<b>22,873,176</b>	<b>24,579,061</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,488,949	2,920,375
Foreign currency translation adjustment	18,076	26,614
Remeasurements of defined benefit plans	69,250	155,210
<b>Total accumulated other comprehensive income</b>	<b>1,576,276</b>	<b>3,102,199</b>
<b>Total net assets</b>	<b>24,449,452</b>	<b>27,681,261</b>
<b>Total liabilities and net assets</b>	<b>33,635,013</b>	<b>39,714,405</b>

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

### Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	48,368,324	52,755,890
Cost of sales	38,726,327	42,418,831
Gross profit	9,641,996	10,337,058
Selling, general and administrative expenses		
Advertising expenses	98,315	127,168
Remuneration, salaries and allowances for directors (and other officers)	1,900,533	2,155,745
Bonuses	124,626	167,441
Provision for bonuses	169,646	212,572
Provision for bonuses for directors (and other officers)	74,033	57,642
Retirement benefit expenses	61,487	61,443
Legal welfare expenses	299,162	346,218
Hiring expenses	173,336	192,381
Education expenses	124,715	169,921
Entertainment expenses	66,750	67,473
Rent expenses on land and buildings	182,793	186,914
Supplies expenses	62,342	81,893
Amortization of goodwill	209,580	210,697
Enterprise tax	206,398	223,659
Other	889,417	954,107
Total selling, general and administrative expenses	4,643,139	5,215,282
Operating profit	4,998,857	5,121,775
Non-operating income		
Interest income	264,387	250,725
Dividend income	51,375	65,686
Gain on sale of securities	15,965	20,942
Gain on investments in money held in trust	2,737	30,939
Gain on valuation of derivatives	–	273,440
Subsidy income	30,277	40,779
Share of profit of entities accounted for using equity method	54,058	52,107
Other	63,723	29,772
Total non-operating income	482,526	764,393
Non-operating expenses		
Interest expenses	3,722	2,687
Loss on valuation of securities	–	3,887
Loss on valuation of derivatives	226,523	–
Investment advisory fees	63,439	90,385
Donations	5,000	121,000
Other	47,070	9,673
Total non-operating expenses	345,755	227,633
Ordinary profit	5,135,627	5,658,535

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of investment securities	3,126	323,351
Gain on redemption of investment securities	142,187	108,001
Surrender value of insurance policies	11,054	12,193
Other	8,240	–
Total extraordinary income	164,609	443,545
Extraordinary losses		
Loss on retirement of non-current assets	21,354	10,809
Loss on sale of investment securities	337	776
Loss on valuation of investment securities	170,368	5,807
Impairment losses	–	296,694
Corporate logo change costs	113,803	–
Other	49,879	87,683
Total extraordinary losses	355,743	401,772
Profit before income taxes	4,944,493	5,700,308
Income taxes - current	1,721,159	2,035,570
Income taxes - deferred	(105,263)	(63,843)
Total income taxes	1,615,895	1,971,727
Profit	3,328,597	3,728,580
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	3,328,597	3,728,580

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,328,597	3,728,580
Other comprehensive income		
Valuation difference on available-for-sale securities	(136,007)	1,431,425
Foreign currency translation adjustment	6,564	8,537
Remeasurements of defined benefit plans, net of tax	50,213	85,959
Total other comprehensive income	(79,229)	1,525,923
Comprehensive income	3,249,367	5,254,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,249,367	5,254,504
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statements of changes in equity**

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,514,875	3,382,707	16,765,589	(2,184,556)	20,478,616
Changes during period					
Dividends of surplus			(989,185)		(989,185)
Profit attributable to owners of parent			3,328,597		3,328,597
Purchase of treasury shares				(204)	(204)
Disposal of treasury shares		21,232		34,119	55,351
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity					
Total changes during period	–	21,232	2,339,412	33,915	2,394,559
Balance at end of period	2,514,875	3,403,940	19,105,001	(2,150,640)	22,873,176

	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	1,624,957	11,511	19,037	1,655,506	22,134,123
Changes during period					
Dividends of surplus					(989,185)
Profit attributable to owners of parent					3,328,597
Purchase of treasury shares					(204)
Disposal of treasury shares					55,351
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	(136,007)	6,564	50,213	(79,229)	(79,229)
Total changes during period	(136,007)	6,564	50,213	(79,229)	2,315,329
Balance at end of period	1,488,949	18,076	69,250	1,576,276	24,449,452



	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,514,875	3,403,940	19,105,001	(2,150,640)	22,873,176
Changes during period					
Dividends of surplus			(1,083,495)		(1,083,495)
Profit attributable to owners of parent			3,728,580		3,728,580
Purchase of treasury shares				(995,731)	(995,731)
Disposal of treasury shares		18,372		38,159	56,531
Cancellation of treasury shares		(1,294,880)		1,294,880	–
Transfer from retained earnings to capital surplus		852,437	(852,437)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(424,070)	1,792,648	337,307	1,705,885
Balance at end of period	2,514,875	2,979,869	20,897,649	(1,813,333)	24,579,061

	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	1,488,949	18,076	69,250	1,576,276	24,449,452
Changes during period					
Dividends of surplus					(1,083,495)
Profit attributable to owners of parent					3,728,580
Purchase of treasury shares					(995,731)
Disposal of treasury shares					56,531
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	1,431,425	8,537	85,959	1,525,923	1,525,923
Total changes during period	1,431,425	8,537	85,959	1,525,923	3,231,809
Balance at end of period	2,920,375	26,614	155,210	3,102,199	27,681,261

#### (4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,944,493	5,700,308
Depreciation	278,742	311,271
Amortization of goodwill	209,580	210,697
Impairment losses	–	296,694
Increase (decrease) in provision for bonuses	(68,632)	195,320
Increase (decrease) in provision for bonuses for directors (and other officers)	(14,236)	(16,391)
Increase (decrease) in provision for loss on orders received	45,037	48,146
Increase (decrease) in retirement benefit liability	(1,324,682)	90,513
Decrease (increase) in retirement benefit asset	–	(30,483)
Interest and dividend income	(315,763)	(316,411)
Interest expenses	3,722	2,687
Loss (gain) on sale of securities	(15,965)	(20,942)
Loss (gain) on valuation of derivatives	226,523	(273,440)
Share of loss (profit) of entities accounted for using equity method	(54,058)	(52,107)
Loss on retirement of non-current assets	21,354	10,809
Loss (gain) on valuation of investment securities	170,368	(322,574)
Loss (gain) on sale of investment securities	(2,788)	5,807
Loss (gain) on redemption of investment securities	(142,187)	(108,001)
Decrease (increase) in trade receivables	(685,729)	(1,365,967)
Decrease (increase) in inventories	20,271	(182,002)
Decrease (increase) in contract assets	(116,706)	(112,363)
Increase (decrease) in trade payables	86,257	147,070
Increase (decrease) in accounts payable - other	(98,082)	302,297
Increase (decrease) in long-term accounts payable - other	220	(84)
Increase (decrease) in accrued consumption taxes	(89,784)	100,400
Other, net	(14,175)	80,214
Subtotal	3,063,779	4,701,470
Interest and dividends received	312,741	317,703
Interest paid	(3,391)	(5,082)
Income taxes paid	(1,693,540)	(1,800,227)
Net cash provided by (used in) operating activities	1,679,590	3,213,864

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(3,601)	(3,601)
Purchase of securities	(37,998)	(167,018)
Proceeds from sale of securities	55,622	175,902
Purchase of property, plant and equipment	(294,574)	(184,613)
Purchase of intangible assets	(103,133)	(79,783)
Purchase of investment securities	(2,043,962)	(749,685)
Proceeds from sale of investment securities	12,828	511,313
Proceeds from redemption of investment securities	1,705,179	2,186,868
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(126,187)	–
Proceeds from cancellation of insurance funds	124,730	31,584
Other, net	(163,780)	(269,149)
Net cash provided by (used in) investing activities	(874,877)	1,451,815
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(30,000)
Proceeds from long-term borrowings	–	1,940,000
Repayments of long-term borrowings	(639,175)	(524,237)
Repayments of lease liabilities	(3,884)	(2,971)
Redemption of bonds	–	(25,000)
Dividends paid	(988,563)	(1,083,263)
Purchase of treasury shares	(204)	(998,220)
Net cash provided by (used in) financing activities	(1,631,826)	(723,692)
Effect of exchange rate change on cash and cash equivalents	4,508	7,254
Net increase (decrease) in cash and cash equivalents	(822,605)	3,949,240
Cash and cash equivalents at beginning of period	11,737,916	10,915,310
Cash and cash equivalents at end of period	10,915,310	14,864,551

## (5) Notes on consolidated financial statements

(Notes on the premise of going concern)

There is nothing to report.

(Additional information)

(Reorganization between the Company and consolidated subsidiaries)

Based on the resolution at the Board of Directors meeting held on January 29, 2024, the Company, its consolidated subsidiary Japan Software Design CO., LTD., and Mexess Co., Ltd. agreed on a policy for organizational restructuring (the “Reorganization”). The Board of Directors meeting held on March 25, 2024 resolved that the method of the Reorganization will be an absorption-type merger with Mexess Co., Ltd. as the surviving company and Japan Software Design CO., LTD. as the absorbed company (the “Absorption-Type Merger”), and that the Company will take over a part of the business from Japan Software Design CO., LTD. (the “Acquisition of the Business”).

### 1. Purpose of the Reorganization

The purpose of the Reorganization is to promote rapid business expansion and to maintain and improve the Group’s competitive advantages in the industry by organizing and consolidating the know-how and resources of the three companies by region to effectively utilize personnel and management resources and by improving productivity and efficiently providing services.

### 2. Outline of the Absorption-Type Merger

#### (1) Form of the merger

Absorption-type merger with Mexess Co., Ltd. as the surviving company and Japan Software Design CO., LTD. as the absorbed company

#### (2) Details of share allocation pursuant to the Merger

The Merger is a merger between the Company’s wholly owned subsidiaries. Therefore, there will be no issuance of shares or allotments of money, etc. due to the Merger.

#### (3) Handling of share acquisition rights and bonds with share acquisition rights associated with the Merger

Not applicable.

#### (4) Overview of the companies involved in the Merger

(Surviving company)

Name Mexess Co., Ltd.

Line of business Business-related and control systems development, web design and production, development of mobile apps, system infrastructure architecture, etc.

(Absorbed company)

Name Japan Software Design CO., LTD.

Line of business Development and maintenance of computer software

#### (5) Schedule of the Absorption-Type Merger

April 10, 2024 General meeting of shareholders for approval of the merger agreement (Mexess Co., Ltd., Japan Software Design CO., LTD.)

July 1, 2024 Effective date of the Merger (planned)

### 3. Overview of the Acquisition of the Business

#### (1) Business to be acquired

The Company plans to take over all of the business operated by Japan Software Design CO., LTD. at its Nagoya office.

(2) Transfer price, settlement method, etc.

The Company plans to use the carrying amounts of the transferred assets and liabilities as of the effective date of the Acquisition of the Business as the basis. The settlement method will be determined following discussions between the companies involved.

(3) Schedule of the Acquisition of the Business (planned)

May 27, 2024 Board of Directors resolution regarding the business transfer agreement, and conclusion of the business transfer agreement (the Company, Japan Software Design CO., LTD.)

June 30, 2024 Effective date of the Acquisition of the Business

The Acquisition of the Business does not fall under the items of Article 467, paragraph (1) of the Companies Act. Therefore, the Company will not hold a general meeting of shareholders regarding the Acquisition of the Business. In addition, the Acquisition of the Business is a short-form business transfer as set forth in Article 468, paragraph (1) of the Companies Act. Therefore, Japan Software Design CO., LTD. will not hold a general meeting of shareholders regarding the Acquisition of the Business.

4. Impact on consolidated financial statements

In connection with the Reorganization, impairment losses of goodwill of 209,564 thousand yen related to the acquisition of Japan Software Design CO., LTD. was recorded in the consolidated statement of income.

In connection with the Reorganization, loss on valuation of shares of subsidiaries and affiliates of 301,002 thousand yen related to Japan Software Design CO., LTD. was recorded in the Company's statement of income, but there is no effect on the consolidated statement of income because offsetting eliminations have been made.

(Conclusion of basic agreement regarding a share transfer of consolidated subsidiaries)

Based on the resolution at the Board of Directors meeting held on March 25, 2024, the Company resolved to agree on the basic outline of a share transfer agreement with Shogo Moriyama, President and Representative Director of CRESCO Wireless, Inc., a consolidated subsidiary of the Company, to transfer all shares of CRESCO Wireless, Inc. and concluded the basic agreement on the same day.

1. Purpose of the basic agreement

CRESCO Wireless, Inc., which is engaged in the design and development of hardware and software and the sale of products specialized for Bluetooth wireless technology, was established by Mr. Moriyama as an in-house venture of the Company in October 2005. Since its establishment, CRESCO Wireless, Inc. has contributed to the Group, such as by actively promoting collaboration with manufacturers, telecommunications carriers and other companies that require short-range wireless communications devices and solutions utilizing those devices.

Over the past quarter century, Bluetooth wireless technology has been utilized extensively on a global scale and its use is expected to expand as an essential component of terminal infrastructure in the age of IoT. As a way to achieve further business growth of CRESCO Wireless, Inc., Mr. Moriyama, Representative Director and President of CRESCO Wireless, Inc., made a request regarding a share transfer through a management buyout, using the CRESCO Group's "Medium-Term Management Plan 2023" as the separating point, and we have held discussions on this matter. As a result, since we reached the conclusion that it is desirable for CRESCO Wireless, Inc. to promote its growth strategy independently and have determined that the share transfer is beneficial to both parties, we have concluded a basic agreement.

2. Schedule of the Share Transfer

The Company plans to conclude a share transfer agreement and execute the share transfer in June 2024.

3. Impact on consolidated financial statements

In connection with the basic agreement, valuation loss of 33,559 thousand yen for inventories held by CRESCO Wireless, Inc. was recorded in the consolidated statement of income.

In connection with the basic agreement, loss on valuation of shares of subsidiaries and affiliates of 88,101 thousand yen related to CRESCO Wireless, Inc. was recorded in the Company's statement of income, but there is no effect on the consolidated statement of income because offsetting eliminations have been made.

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

(1) Method for determining reportable segments

The Company's reportable segments are based on those units within the Company where separate financial information is available and where the Board of Directors periodically reviews matters such as the distribution of management resources and financial performance.

The Company has established divisions for product and service type, and each division creates a comprehensive strategy for the products and services it handles and conducts related business activities.

Therefore, the Company are composed of segments by products and services based on divisions, and its reportable segments consist of "IT services business" and "Digital solution business."

In addition, the segment of IT services business is subdivided into three subsegments based on types of business of end users per contract: "Enterprise," "Finance" and "Manufacturing."

Subsegment	Types of end users' business
Enterprise	Information, communication and advertising, distribution services, transport, recruitment and dispatching, public services, resources and energy, construction and real estate, travel and hotels, medical and healthcare, etc.
Finance	Banking, insurance, etc.
Manufacturing	Automotive, transport equipment, machinery, electronics, etc.

(2) Types of products and services belonging to each reportable segment

The IT service business segment is mainly engaged in the comprehensive service for consulting as well as IT planning, development and maintenance, covering enterprise systems, financial systems, embedded systems, AI systems, mobile systems, platform, agile, near-shore and off-shore development, RPA introduction support, data analytics, UX design, etc.

The digital solution business segment mainly provides groups of solutions consisting of products and services supporting the realization of digital transformation by customers, which cover cloud computing, robotics, AI & data, security, UX/UI, etc.

2. Method for calculating net sales, profit (loss), assets, liabilities, and other items for each segment

The accounting treatment for business segments reported is generally the same as those given in "Significant Matters Forming the Basis of Preparing the Consolidated Financial Statements."

Segment profit is based on operating profit.

Inter-segment earnings sales or transactions are based on actual market prices.

3. Information regarding amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2023

(Thousands of yen)

	Reportable segments						Adjustment Note: 1	Amounts on consolidated financial statements Note: 2
	IT services business				Digital solutions business	Total		
	Enterprise	Finance	Manufacturing	Total				
Net sales								
Net sales to external customers	18,839,593	14,115,577	12,657,507	45,612,678	2,755,646	48,368,324	–	48,368,324
Inter-segment sales or transactions	–	–	–	–	–	–	–	–
Total	18,839,593	14,115,577	12,657,507	45,612,678	2,755,646	48,368,324	–	48,368,324
Segment profit	2,374,134	1,820,790	2,159,885	6,354,810	165,998	6,520,809	(1,521,952)	4,998,857
Segment assets	8,650,726	5,791,275	5,408,779	19,850,781	991,195	20,841,977	12,793,035	33,635,013
Other items								
Depreciation	95,314	73,717	68,337	237,369	17,369	254,738	24,003	278,742
Increase in property, plant and equipment and intangible assets	190,691	166,368	79,211	436,271	20,054	456,325	5,405	461,731

Notes: 1. The following adjustments have been made.

- (1) The negative 1,521,952 thousand yen adjustment to segment profit includes negative 1,521,952 thousand yen in all corporate expenses not allocated to reportable segments. All corporate expenses are mainly general and administrative expenses not attributed to reportable segments.
  - (2) The 12,793,035 thousand yen adjustment to segment assets is all corporate assets not allocated to reportable segments. All corporate assets are primarily unused operating funds not attributed to reportable segments (cash and deposits and securities), long-term investments funds (investment securities), and assets, etc. related to administrative divisions.
  - (3) The 5,405 thousand yen adjustment to increase in property, plant and equipment and intangible assets is for capital expenditures by the headquarters' administrative divisions.
2. Segment profit is calculated by making adjustments to the operating profit appearing in the consolidated statement of income.

Fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segments						Adjustment Note: 1	Amounts on consolidated financial statements Note: 2
	IT services business				Digital solutions business	Total		
	Enterprise	Finance	Manufacturing	Total				
Net sales								
Net sales to external customers	20,311,723	14,740,973	13,855,853	48,908,550	3,847,339	52,755,890	–	52,755,890
Inter-segment sales or transactions	–	–	–	–	–	–	–	–
Total	20,311,723	14,740,973	13,855,853	48,908,550	3,847,339	52,755,890	–	52,755,890
Segment profit	2,073,551	2,073,169	2,454,497	6,601,218	225,621	6,826,840	(1,705,064)	5,121,775
Segment assets	9,158,773	6,028,767	5,827,897	21,015,439	1,367,679	22,383,118	17,331,286	39,714,405
Other items								
Depreciation	110,752	81,796	73,597	266,147	24,129	290,276	20,994	311,271
Increase in property, plant and equipment and intangible assets	121,878	59,439	50,950	232,268	17,307	249,576	6,021	255,598

Notes: 1. The following adjustments have been made.

- (1) The negative 1,705,064 thousand yen adjustment to segment profit includes negative 1,705,064 thousand yen in all corporate expenses not allocated to reportable segments. All corporate expenses are mainly general and administrative expenses not attributed to reportable segments.
  - (2) The 17,331,286 thousand yen adjustment to segment assets is all corporate assets not allocated to reportable segments. All corporate assets are primarily unused operating funds not attributed to reportable segments (cash and deposits and securities), long-term investments funds (investment securities), and assets, etc. related to administrative divisions.
  - (3) The 6,021 thousand yen adjustment to increase in property, plant and equipment and intangible assets is for capital expenditures by the headquarters' administrative divisions.
2. Segment profit is calculated by making adjustments to the operating profit appearing in the consolidated statement of income.

(Related information)

Fiscal year ended March 31, 2023

1. Information by product and service

This has been omitted since the same information is provided in segment information.

2. Information by geographical area

(1) Net sales

This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This has been omitted because the value of property, plant and equipment in Japan accounts for more than 90% of the value of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information has been omitted because no net sales to external customers represent 10% or greater of the net sales reported in the consolidated statement of income.

Fiscal year ended March 31, 2024

1. Information by product and service

This has been omitted since the same information is provided in segment information.



## 2. Information by geographical area

### (1) Net sales

This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

### (2) Property, plant and equipment

This has been omitted because the value of property, plant and equipment in Japan accounts for more than 90% of the value of property, plant and equipment on the consolidated balance sheets.

## 3. Information by major customer

This information has been omitted because no net sales to external customers represent 10% or greater of the net sales reported in the consolidated statement of income.

### (Information on impairment losses of non-current assets by reportable segment)

Fiscal year ended March 31, 2023

(Thousands of yen)

	Reportable segments						Unallocation or elimination	Total
	IT services business				Digital solutions business	Total		
	Enterprise	Finance	Manufacturing	Subtotal				
Impairment losses	–	–	–	–	–	–	–	

Fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segments						Unallocation or elimination	Total
	IT services business				Digital solutions business	Total		
	Enterprise	Finance	Manufacturing	Subtotal				
Impairment losses	94,197	46,387	148,186	288,771	7,923	296,694	–	

### (Information on amortization and unamortized balance of goodwill by reportable segment)

Fiscal year ended March 31, 2023

(Thousands of yen)

	Reportable segments						Unallocation or elimination	Total
	IT services business				Digital solutions business	Total		
	Enterprise	Finance	Manufacturing	Subtotal				
Amortization of goodwill	71,686	55,651	77,538	204,876	4,704	209,580	–	
Unamortized balance at the fiscal year-end	495,707	378,993	677,396	1,552,097	13,407	1,565,504	–	

Fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segments						Unallocation or elimination	Total
	IT services business				Digital solutions business	Total		
	Enterprise	Finance	Manufacturing	Subtotal				
Amortization of goodwill	63,626	53,012	91,743	208,381	2,315	210,697	–	
Unamortized balance at the fiscal year-end	322,640	313,498	498,012	1,134,151	11,091	1,145,242	–	

(Information on gain on bargain purchase by reporting segment)

There is nothing to report.

(Per share information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	1,160.39 yen	1,343.78 yen
Earnings per share	158.10 yen	180.12 yen
Diluted earnings per share	– yen	– yen

Notes: 1. Diluted earnings per share is not presented because no potentially dilutive shares exist.

2. The basis of calculating earnings per share is as follows:

Item	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Earnings per share		
Profit attributable to owners of parent (Thousands of yen)	3,328,597	3,728,580
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent related to common shares (Thousands of yen)	3,328,597	3,728,580
Average number of common shares during the period (Shares)	21,053,496	20,700,532

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

Item	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Total net assets (Thousands of yen)	24,449,452	27,681,261
Amount deducted from total net assets (Thousands of yen)	–	–
Net assets related to common shares at the fiscal year-end (Thousands of yen)	24,449,452	27,681,261
Number of common shares at the fiscal year-end used for the calculation of net assets per share (Shares)	21,070,066	20,599,618

(Significant subsequent events)

(Business combination through acquisition)

Based on the resolution at the Board of Directors meeting held on February 26, 2024, the Company acquired all issued shares of Jet Technologies Co., Ltd. on April 1, 2024, making it a subsidiary of the Company.

(1) Purpose of share acquisition

The Group has grown into an IT conglomerate currently with 12 subsidiaries and two entities accounted for using equity method under their parent company, the Company. Leveraging the organic interconnections linking each of the companies together, we develop and provide services that meet a broad range of needs including consultation for corporate IT strategy planning, development, and operation and maintenance.

Jet Technologies Co., Ltd. possesses professional personnel in various specialist fields related to IT infrastructure (project managers, infrastructure design and construction, middleware design and construction). Jet Technologies Co., Ltd. has been certified as a Finance Segment Platinum Partner by Hitachi, Ltd. It also has received numerous partner certifications from other companies. With its high level infrastructure design and construction capabilities and organizational capabilities, Jet Technologies Co., Ltd. has earned a strong reputation working on projects through major system integrators such as Hitachi, Ltd. and the Hitachi Group for end users that include leading Japanese financial, logistics, and manufacturing firms. It provides integrated services covering all stages from upstream processes such as project management and requirement definition to design and construction.

On the other hand, the Group includes CRESCO Digital Technologies Ltd., which specializes in network, server, and security construction, and C3 Co., Ltd., which has an extensive record of doing business with the Hitachi Group, including Hitachi, Ltd.

This share acquisition will realize a collaborative relationship between Jet Technologies Co., Ltd. and the Group, strengthening the Group's IT infrastructure-related service capabilities and enabling it to expand its group account strategy. The Group therefore expects to realize a high level of synergy effects (business synergies and customer synergies).

(2) The major counterparty for the share acquisition

Tsugunori Hoshino and three other individual shareholders

There are also no particularly notable capital, personal or business relationships between the related persons and affiliates of the Company and the relevant individuals.

(3) Summary of shares acquired (as of April 1, 2024)

Trade name	Jet Technologies Co., Ltd.
Representative	Tsugunori Hoshino, Director and President
Location	7-21-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Date of establishment	March 2005
Capital	14 million yen
Line of business	<ul style="list-style-type: none"><li>• System consulting</li><li>• Infrastructure design, construction, and operation</li><li>• Installation of various middleware products</li><li>• Web application technology development</li><li>• Business application design and development</li><li>• Customization of various packages</li><li>• Sales of various products, hardware and software</li></ul>

(4) Period of share acquisition

April 1, 2024

(5) Number of shares acquired and shareholding ratio after the acquisition

Number of shares acquired	850 shares
Shareholding ratio after the acquisition	100.0%

(6) Financing

Cash on hand and bank loans

(Share split)

At the Board of Directors meeting held on May 10, 2024, the Company resolved to conduct a share split and to partially amend the Articles of Incorporation in connection with the share split. The details of the share split are as follows.

(1) Purpose

The purpose of the share split is to lower the unit investment amount, thereby broadening the shareholder base and increasing the market liquidity of the Company's share.

(2) Ratio and timing of share split

On July 1, 2024, the Company will implement a 2-for-1 share split of shares owned by shareholders recorded in the closing register of shareholders as of June 30, 2024 (effectively June 28, 2024, since June 30, 2024 is a holiday for the administrator of the register of shareholders).

(3) Increase in number of shares due to the split

Common shares            22,000,000 shares

(4) Effect on per share information

The following table shows per share information based on the assumption that the share split was conducted at the beginning of the previous fiscal year.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	580.19 yen	671.89 yen
Earnings per share	79.05 yen	90.06 yen
Diluted earnings per share	– yen	– yen