



Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2024

[Japanese GAAP]

October 15, 2024

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Listing: Tokyo Stock Exchange (Standard Market)
 URL: <http://www.seraku.co.jp>

Scheduled date of Annual General Meeting of Shareholders: November 22, 2024
 Scheduled date of payment of dividend: November 25, 2024
 Scheduled date of filing of Annual Securities Report: November 26, 2024
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2024 (Sep. 1, 2023 to Aug. 31, 2024)

(1) Consolidated results of operations

(Percentages represent 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	%
Fiscal year ended Aug. 31, 2024	22,221	6.5	2,273	16.9	2,317	7.5	1,575	7.0
Fiscal year ended Aug. 31, 2023	20,858	16.8	1,944	119.4	2,156	50.4	1,472	52.4

Note: Comprehensive income (millions of yen) Fiscal year ended Aug. 31, 2024: 1,574 (up 7.0%)
 Fiscal year ended Aug. 31, 2023: 1,472 (up 51.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Aug. 31, 2024	114.24	114.09	21.6	19.9	10.2
Fiscal year ended Aug. 31, 2023	105.35	105.12	23.8	20.7	9.3

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Aug. 31, 2024: –
 Fiscal year ended Aug. 31, 2023: –

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Aug. 31, 2024	12,052	7,762	64.2	572.00
As of Aug. 31, 2023	11,253	6,904	61.0	490.98

Reference: Shareholders' equity (millions of yen) As of Aug. 31, 2024: 7,731 As of Aug. 31, 2023: 6,882

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Aug. 31, 2024	1,357	(404)	(923)	6,844
Fiscal year ended Aug. 31, 2023	2,027	(195)	(625)	6,814

2. Dividends

	Dividend per share					Total dividends	Payout ratio	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Aug. 31, 2023	Yen -	Yen 0.00	Yen -	Yen 10.40	Yen 10.40	Millions of yen 145	% 9.9	% 2.3
Fiscal year ended Aug. 31, 2024	Yen -	Yen 0.00	Yen -	Yen 13.00	Yen 13.00	Millions of yen 175	% 11.4	% 2.4
Fiscal year ending Aug. 31, 2025 (forecast)	Yen -	Yen 0.00	Yen -	Yen 13.20	Yen 13.20		% 10.4	

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2025 (Sep. 1, 2024 to Aug. 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	11,700	8.1	1,130	1.0	1,130	0.4	770	-	56.96
Full year	24,500	10.3	2,550	12.1	2,550	10.0	1,720	9.2	127.24

* Notes

(1) Significant changes in the scope of consolidation during the period: None
 Newly added: 2 companies (AND Think Corporation and MIND Co., Ltd.) Excluded: -

(2) Changes in accounting policies and accounting estimates, and restatements
 1) Changes in accounting policies due to revisions in accounting standards, others: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting estimates: None
 4) Restatements: None

(3) Number of shares issued (common shares)
 1) Number of shares issued as of the end of the period (including treasury shares)
 As of Aug. 31, 2024: 13,833,300 shares As of Aug. 31, 2023: 13,988,400 shares
 2) Number of treasury shares as of the end of the period
 As of Aug. 31, 2024: 315,770 shares As of Aug. 31, 2023: 130 shares
 3) Average number of shares during the period
 Fiscal year ended Aug. 31, 2024: 13,793,651 shares Fiscal year ended Aug. 31, 2023: 13,977,243 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended August 31, 2024 (Sep. 1, 2023 to Aug. 31, 2024)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Aug. 31, 2024	18,962	1.3	1,653	8.6	1,945	3.9	1,327	6.2
Fiscal year ended Aug. 31, 2023	18,717	8.0	1,522	71.1	1,872	29.7	1,250	29.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Aug. 31, 2024	96.24	96.12
Fiscal year ended Aug. 31, 2023	89.46	89.27

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Aug. 31, 2024	11,187	7,322	65.2	539.43
As of Aug. 31, 2023	10,699	6,710	62.4	477.16

Reference: Shareholders' equity (millions of yen) As of Aug. 31, 2024: 7,291 As of Aug. 31, 2023: 6,674

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Forecasts of future performance in these materials are based on assumptions judged to be reasonable and information available to the management of Seraku at the time these materials were prepared and do not represent guarantees of future performance. Actual results may differ materially from these forecasts for various reasons. For a discussion of the assumptions and other factors considered by Seraku in preparing the above projections, please refer to page 4 of the attachments, "1. Overview of Results of Operations, (4) Outlook."

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended August 31, 2024, the Japanese economy was headed toward a moderate recovery, mainly due to the improving employment and income conditions resulting from the effects of various governmental measures, while the outlook remained uncertain due to overseas situations, including continued high interest rate levels in Europe and the US, rising tensions in the Middle East, and the concern about the future of Chinese economy.

In Japan's IT sector, which is the primary business field where the Group provides its services, IT/DX-related demand grew in line with the progress and broader use of digital technologies in every business field, reflecting the purpose of improving productivity and strengthening competitiveness. Consequently, demand for investment in IT-related technologies, such as system integration and the operation and maintenance of systems with the use of the cloud, remained solid. As indicated by the important role that an optimal IT infrastructure plays in supporting companies' business strategies, for example, demand for IT services and IT personnel continued to rise. However, addressing the lack of IT personnel and improving IT skills remained significant issues. The Seraku Group sought to recruit and develop highly qualified engineers while simultaneously providing a range of IT services by facilitating the use of business partners.

Given this environment, in the fiscal year under review, the Seraku Group sought to increase the value of services mainly through the development of highly qualified engineers and deployment of internal engineers to DX-related projects while simultaneously developing a business foundation to undertake, as a Digital Integrator, the social implementation and operation of digital technologies and services in the IT and DX fields, including leveraging the resources of business partners.

As a result, net sales at the Group increased 6.5% year on year, to 22,221,595 thousand yen, operating profit rose 16.9% year on year, to 2,273,862 thousand yen, and ordinary profit climbed 7.5% year on year, to 2,317,709 thousand yen. Profit attributable to owners of parent increased 7.0% year on year, to 1,575,719 thousand yen.

Results by business segment were as follows.

1) Digital Integration

In the Digital Integration business, we undertake the construction, operation, and maintenance of IT systems in the SI (System Integration) area. In the DX (Digital Transformation) area, we provide cloud infrastructure and IoT service operations on a 24x7 basis at the Cloud Support Center. We help companies introduce, operate, and fully deploy cloud systems centered around Salesforce, a customer and sales management system, and COMPANY, an integrated personnel affairs system. We also provide NewtonX, a business support service for corporate clients to introduce and utilize ChatGPT.

Looking at the fiscal year under review, we took steps to further expand transactions by capitalizing on solid demand for IT investments with a focus on the construction and operation of IT systems, the adoption of cloud platforms, and the implementation of 24x7 managed services. In addition, we sought to enhance services and improve value added by developing engineers who can handle data analysis and digital marketing.

As a result, net sales in this segment came to 21,342,828 thousand yen, up 7.1% year on year. Segment profit was 2,320,428 thousand yen, up 21.2% year on year.

2) Midori Cloud

The Midori Cloud business provides a platform service, including Midori Cloud and Farm Cloud, to support the DX of the agriculture, livestock, and fisheries sectors using IT and a solution service to solve individual issues, particularly those faced in primary industries.

In the fiscal year under review, we spared no effort to increase orders for solution services. We also make upfront investments for our future business expansion. One of the initiatives includes the expansion of Midori Cloud Rakuraku Shukka, a software-based solution released in March 2023, to help companies engaging in the distribution of vegetables and fruits adopt digital technologies that use bar codes, cloud systems, etc. With many farmers and shipping authorities facing the same issue with respect to the collection and shipping operation of agricultural products, we will promote the service with a focus on JA nationwide.

As a result, net sales in this segment amounted to 238,238 thousand yen, down 35.9% year on year. The segment loss was 109,172 thousand yen (segment loss of 31,828 thousand yen in the previous year).

3) Mechanical Design and Engineering

In the Mechanical Design and Engineering business, SERAKU Business Solutions, a consolidated subsidiary, provides 3D CAD technologies and technologies for the quality control of experiments and performance tests, as well as those for communications system construction and telecommunications.

In the fiscal year under review, we enhanced the training environment and took steps to recruit and develop engineers. Sales were strong, attributable to stable utilization rates and efforts to win projects in new technological fields. As we anticipate the further acquisition of projects in each field, we will strive to increase engineers' added value through training that aims at business scale and geographic expansion.

As a result, net sales in this segment came to 745,038 thousand yen, up 19.5% year on year. Segment profit was 44,887 thousand yen, down 15.9% year on year.

(2) Financial Position

Assets

Total assets increased by 798,457 thousand yen from the end of the previous fiscal year to 12,052,121 thousand yen as of the end of the current fiscal year. This was mainly due to increases of 184,599 thousand yen in work in process, 178,885 thousand yen in accounts receivable - trade and contract assets, 127,889 thousand yen in non-current assets (other), and 124,827 thousand yen in goodwill.

Liabilities

Total liabilities decreased by 59,939 thousand yen from the end of the previous fiscal year to 4,289,507 thousand yen. This was attributable largely to increases of 131,960 thousand yen in accounts payable - trade, 109,161 thousand yen in provision for bonuses, and 44,522 thousand yen in accounts payable - other, which more than offset decreases of 156,423 thousand yen in accrued consumption taxes, 144,120 thousand yen in current portion of long-term borrowings, and 58,718 thousand yen in income taxes payable.

Net assets

Total net assets increased by 858,396 thousand yen from the end of the previous fiscal year to 7,762,614 thousand yen. This was mainly due to an increase of 1,430,241 thousand yen in retained earnings, partially offset by 374,319 thousand yen in treasury shares and a decrease of 194,920 thousand yen in capital surplus.

(3) Cash Flows

Cash and cash equivalents ("net cash") at the end of the current fiscal year amounted to 6,844,087 thousand yen.

Cash flow in each section of the cash flow statement in the current fiscal year and the main factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 1,357,112 thousand yen.

Cash used for income taxes paid of 863,101 thousand yen, an increase in inventories of 165,598 thousand yen, a decrease in accrued consumption taxes of 161,788 thousand yen, among other factors, were offset by cash provided by profit before income taxes of 2,317,631 thousand yen, an increase in trade payables of 123,678 thousand yen, among other factors.

Cash flows from investing activities

Net cash used in investing activities totaled 404,100 thousand yen.

Cash was used for the purchase of property, plant and equipment of 199,205 thousand yen and the payments into time deposits of 102,400 thousand yen.

Cash flows from financing activities

Net cash used in financial activities totaled 923,341 thousand yen.

Cash was used mainly for the purchase of treasury shares of 601,145 thousand yen and repayments of long-term borrowings of 183,824 thousand yen.

Reference: Trends in cash flow indicators

	FY8/21	FY8/22	FY8/23	FY8/24
Equity ratio (%)	52.8	57.3	61.0	64.2
Market value-based equity ratio (%)	341.4	159.3	162.8	158.4
Interest-bearing debt to cash flow ratio (year)	0.7	1.1	0.1	0.1
Interest coverage ratio (time)	363.4	200.6	1,028.9	1,599.1

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

- Notes: 1. Cash flows are calculated using the figures for operating cash flows in the consolidated statement of cash flows.
2. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.

(4) Outlook

Looking ahead, we anticipate that conditions will continue to be uncertain, reflecting a rise in consumer prices and the impact of exchange rates in Japan, among other factors, while the outlook overseas is uncertain due to the economic risks of interest rate volatility in Europe and the US, and rising tensions in the Middle East, etc.

In the IT services industry, however, with companies continuing to show a potential appetite for IT investment, such as strategic investments to address the growing need to improve operational efficiency and facilitate digital transformation, we anticipate that demand will remain solid.

In this business environment, we will seek to train and develop personnel well versed in project management (PM), work more closely with business partners and facilitate collaboration with them, improve technological competitiveness in advanced IT areas, and further enhance our services. We believe that the development of new business structures through the expansion of the DX area, the acquisition of prime projects, and the use of business partners, among other means, will not only boost profitability but result in improvements in engineers' skills and will therefore serve as the source of further corporate growth.

Considering the above, we forecast net sales of 24,500,000 thousand yen, an operating profit of 2,550,000 thousand yen, an ordinary profit of 2,550,000 thousand yen and a profit attributable to owners of parent of 1,720,000 thousand yen.

This forecast is based on information available at the time this report was released. Actual results may differ for a variety of reasons.

2. Basic Approach to the Selection of Accounting Standards

The Seraku Group currently prepares consolidated financial statements using Generally Accepted Accounting Principles in Japan to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by considering the situation in Japan and overseas.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY8/23 (As of Aug. 31, 2023)	FY8/24 (As of Aug. 31, 2024)
Assets		
Current assets		
Cash and deposits	6,867,019	6,896,690
Accounts receivable - trade and contract assets	2,562,001	2,740,887
Work in process	34,497	219,097
Raw materials	60,820	47,055
Other	202,976	183,469
Allowance for doubtful accounts	(1,575)	(1,856)
Total current assets	9,725,739	10,085,344
Non-current assets		
Property, plant and equipment		
Buildings, net	175,696	195,904
Tools, furniture and fixtures, net	41,257	55,356
Other	5,746	133,636
Total property, plant and equipment	222,700	384,897
Intangible assets		
Goodwill	-	124,827
Software	794	435
Other	1,662	1,807
Total intangible assets	2,456	127,070
Investments and other assets		
Investment securities	108,991	3,496
Deferred tax assets	501,916	532,306
Leasehold and guarantee deposits	288,812	332,158
Insurance funds	375,892	465,282
Other	27,154	121,565
Total investments and other assets	1,302,767	1,454,809
Total non-current assets	1,527,925	1,966,777
Total assets	11,253,664	12,052,121

(Thousands of yen)

	FY8/23 (As of Aug. 31, 2023)	FY8/24 (As of Aug. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	130,402	262,363
Current portion of long-term borrowings	183,324	39,204
Accounts payable - other	1,417,198	1,461,721
Income taxes payable	500,088	441,369
Accrued consumption taxes	541,648	385,225
Provision for bonuses	1,105,938	1,215,100
Provision for loss on order received	-	468
Other	300,343	318,650
Total current liabilities	4,178,943	4,124,102
Non-current liabilities		
Long-term borrowings	61,122	45,698
Retirement benefit liability	102,318	91,382
Other	7,063	28,325
Total non-current liabilities	170,503	165,405
Total liabilities	4,349,447	4,289,507
Net assets		
Shareholders' equity		
Share capital	307,006	311,269
Capital surplus	504,756	309,835
Retained earnings	6,052,693	7,482,934
Treasury shares	(199)	(374,518)
Total shareholders' equity	6,864,256	7,729,520
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33	-
Remeasurements of defined benefit plans	3,656	2,474
Total accumulated other comprehensive income	3,690	2,474
Share acquisition rights	36,270	30,619
Total net assets	6,904,217	7,762,614
Total liabilities and net assets	11,253,664	12,052,121

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)	FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)
Net sales	20,858,857	22,221,595
Cost of sales	15,680,105	16,521,542
Gross profit	5,178,752	5,700,052
SG&A expense	3,233,833	3,426,190
Operating profit	1,944,918	2,273,862
Non-operating income		
Interest and dividend income	1,635	1,806
Grant income	201,820	14,319
Subsidy income	-	26,093
Other	10,336	3,537
Total non-operating income	213,792	45,756
Non-operating expenses		
Interest expenses	2,211	848
Commission fee	-	1,048
Other	-	11
Total non-operating expenses	2,211	1,909
Ordinary profit	2,156,500	2,317,709
Extraordinary income		
Gain on reversal of share acquisition rights	372	6,094
Total extraordinary income	372	6,094
Extraordinary losses		
Loss on retirement of non-current assets	504	726
Loss on valuation of investment securities	9,284	5,445
Total extraordinary losses	9,788	6,172
Profit before income taxes	2,147,083	2,317,631
Income taxes-current	727,037	761,650
Income taxes-deferred	(52,406)	(19,738)
Total income taxes	674,630	741,912
Profit	1,472,452	1,575,719
Profit attributable to owners of parent	1,472,452	1,575,719

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)	FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)
Profit	1,472,452	1,575,719
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	(33)
Remeasurements of defined benefit plans, net of tax	(251)	(1,182)
Total other comprehensive income	(297)	(1,216)
Comprehensive income	1,472,155	1,574,503
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,472,155	1,574,503

(3) Consolidated Statement of Changes in Equity

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	306,232	503,982	4,700,243	(199)	5,510,259
Changes during period					
Issuance of new shares	774	774			1,548
Dividends of surplus			(120,003)		(120,003)
Profit attributable to owners of parent			1,472,452		1,472,452
Net changes in items other than shareholders' equity					
Total changes during period	774	774	1,352,449	-	1,353,997
Balance at end of period	307,006	504,756	6,052,693	(199)	6,864,256

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	79	3,908	3,987	4,906	5,519,152
Changes during period					
Issuance of new shares					1,548
Dividends of surplus					(120,003)
Profit attributable to owners of parent					1,472,452
Net changes in items other than shareholders' equity	(45)	(251)	(297)	31,364	31,067
Total changes during period	(45)	(251)	(297)	31,364	1,385,064
Balance at end of period	33	3,656	3,690	36,270	6,904,217

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	307,006	504,756	6,052,693	(199)	6,864,256
Changes during period					
Issuance of new shares	4,262	4,262			8,525
Dividends of surplus			(145,478)		(145,478)
Profit attributable to owners of parent			1,575,719		1,575,719
Purchase of treasury shares				(600,096)	(600,096)
Disposal of treasury shares		(3,485)		30,078	26,593
Cancellation of treasury shares		(195,698)		195,698	-
Net changes in items other than shareholders' equity					
Total changes during period	4,262	(194,920)	1,430,241	(374,319)	865,263
Balance at end of period	311,269	309,835	7,482,934	(374,518)	7,729,520

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	33	3,656	3,690	36,270	6,904,217
Changes during period					
Issuance of new shares				(1,503)	7,021
Dividends of surplus					(145,478)
Profit attributable to owners of parent					1,575,719
Purchase of treasury shares					(600,096)
Disposal of treasury shares					26,593
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	(33)	(1,182)	(1,216)	(4,146)	(5,362)
Total changes during period	(33)	(1,182)	(1,216)	(5,650)	858,396
Balance at end of period	-	2,474	2,474	30,619	7,762,614

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)	FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,147,083	2,317,631
Depreciation	39,888	46,230
Amortization of goodwill	6,843	3,791
Share-based payment expenses	31,736	-
Increase (decrease) in allowance for doubtful accounts	(79)	280
Increase (decrease) in provision for bonuses	193,022	92,464
Increase (decrease) in retirement benefit liability	(11,119)	(12,639)
Interest and dividend income	(1,635)	(1,806)
Grant income	(201,820)	(14,319)
Subsidy income	-	(26,093)
Commission fee	-	1,048
Gain on reversal of share acquisition rights	(372)	(6,094)
Loss (gain) on valuation of investment securities	9,284	5,445
Interest expenses	2,211	848
Loss on retirement of non-current assets	504	726
Decrease (increase) in trade receivables	(225,364)	(121,317)
Decrease (increase) in inventories	(9,297)	(165,598)
Decrease (increase) in prepaid expenses	(23,960)	15,065
Increase (decrease) in trade payables	(29,187)	123,678
Increase (decrease) in accounts payable - other	186,589	(14,897)
Increase (decrease) in accrued consumption taxes	132,828	(161,788)
Other	54,421	96,090
Subtotal	2,301,575	2,178,749
Interest and dividends received	1,385	1,792
Interest paid	(1,970)	(741)
Proceeds from grant income	201,820	14,319
Proceeds from subsidy income	-	26,093
Income taxes paid	(475,056)	(863,101)
Net cash provided by (used in) operating activities	2,027,754	1,357,112
Cash flows from investing activities		
Payments into time deposits	(3,100)	(102,400)
Proceeds from withdrawal of time deposits	1,200	2,400
Proceeds from the redemption of investment securities	-	100,000
Purchase of property, plant and equipment	(55,289)	(199,205)
Payments of leasehold and guarantee deposits	(57,971)	(51,800)
Proceeds from refund of leasehold and guarantee deposits	3,079	1,638
Purchase of insurance funds	(83,602)	(83,752)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(70,980)
Net cash provided by (used in) operating activities	(195,684)	(404,100)
Cash flows from financing activities		
Proceeds from long-term borrowings	100,000	-
Repayments of long-term borrowings	(605,554)	(183,824)
Repayments of lease obligations	(706)	(706)
Purchase of treasury shares	-	(601,145)
Dividends paid	(119,567)	(145,102)
Proceeds from issuance of share acquisition rights	-	1,947
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,548	7,021
Other	(1,532)	(1,532)
Net cash provided by (used in) financing activities	(625,812)	(923,341)
Net increase (decrease) in cash and cash equivalents	1,206,257	29,670
Cash and cash equivalents at beginning of period	5,608,159	6,814,417
Cash and cash equivalents at end of period	6,814,417	6,844,087

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Not applicable.

Segment and Other Information

Segment information

1 Overview of reportable segments

Segments used for financial reporting are the Seraku Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

2 Calculation methods for net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies." The profit for reportable segments is operating profit.

3 Information related to net sales, profit/loss, assets, liabilities and other items in reportable segments

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount in the consolidated financial statements (Note 2)
	Digital Integration	Midori Cloud	Mechanical Design and Engineering	Total		
Net sales						
Sales to external customers	19,920,430	371,718	566,708	20,858,857	-	20,858,857
Inter-segment sales and transfers	-	-	56,992	56,992	(56,992)	-
Total	19,920,430	371,718	623,700	20,915,849	(56,992)	20,858,857
Segment profit (loss)	1,913,900	(31,828)	53,354	1,935,426	9,492	1,944,918
Segment assets	2,527,863	67,546	276,793	2,872,203	8,381,461	11,253,664
Other items						
Amortization of goodwill	-	-	6,843	6,843	-	6,843
Depreciation	38,796	762	329	39,888	-	39,888
Increase in property, plant and equipment, and intangible assets	-	-	-	-	55,289	55,289

- Notes: 1. The adjustment to segment profit (loss) includes corporate costs that are not allocated to any of the reportable segments. Corporate costs mainly include general and administrative expenses that cannot be attributed to any of the reportable segments. The adjustment to segment profit (loss) includes inter-segment transaction elimination of 56,992 thousand yen.
2. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.
3. The adjustment of 8,381,461 thousand yen to segment assets includes corporate assets that are not allocated to reportable segments.
4. Corporate assets are not allocated to specific reportable segments, but corporate costs and other expenses associated with these assets are allocated to specific reportable segments using reasonable standards.
5. The 55,289 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes capital expenditures of 49,407 thousand yen associated with the expansion of branches' floor spaces.

FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount in the consolidated financial statements (Note 2)
	Digital Integration	Midori Cloud	Mechanical Design and Engineering	Total		
Net sales						
Sales to external customers	21,342,828	238,238	640,528	22,221,595	-	22,221,595
Inter-segment sales and transfers	-	-	104,510	104,510	(104,510)	-
Total	21,342,828	238,238	745,038	22,326,105	(104,510)	22,221,595
Segment profit (loss)	2,320,428	(109,172)	44,887	2,256,143	17,718	2,273,862
Segment assets	3,006,100	53,330	301,134	3,360,564	8,691,556	12,052,121
Other items						
Amortization of goodwill	3,791	-	-	3,791	-	3,791
Depreciation	45,203	689	337	46,230	-	46,230
Increase in property, plant and equipment, and intangible assets	128,618	-	-	128,618	204,277	332,896

- Notes: 1. The adjustment to segment profit (loss) includes corporate costs that are not allocated to any of the reportable segments. Corporate costs mainly include general and administrative expenses that cannot be attributed to any of the reportable segments. The adjustment to segment profit (loss) includes inter-segment transaction elimination of 104,510 thousand yen.
2. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.
3. The adjustment of 8,691,556 thousand yen to segment assets includes corporate assets that are not allocated to reportable segments.
4. Corporate assets are not allocated to specific reportable segments, but corporate costs and other expenses associated with these assets are allocated to specific reportable segments using reasonable standards.
5. The 204,277 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes capital expenditures of 173,487 thousand yen associated with the expansion of the head office's floor spaces, etc.

Information concerning amortization and unamortized balance of goodwill by reportable segment

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

(Thousands of yen)

	Reportable segment				Adjustment	Amount in the consolidated financial statements
	Digital Integration	Midori Cloud	Mechanical Design and Engineering	Total		
Amortization during period	-	-	6,843	6,843	-	6,843
Balance at end of period	-	-	-	-	-	-

FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)

(Thousands of yen)

	Reportable segment				Adjustment	Amount in the consolidated financial statements
	Digital Integration	Midori Cloud	Mechanical Design and Engineering	Total		
Amortization during period	3,791	-	-	3,791	-	3,791
Balance at end of period	124,827	-	-	124,827	-	124,827

Per Share Information

(Yen)

	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)	FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)
Net assets per share	490.98	572.00
Net income per share	105.35	114.24
Diluted net income per share	105.12	114.09

Note: The basis of calculating the net income per share and diluted net income per share is as follows:

(Thousands of yen)

	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)	FY8/24 (Sep. 1, 2023 – Aug. 31, 2024)
Net income per share		
Profit attributable to owners of parent	1,472,452	1,575,719
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	1,472,452	1,575,719
Average number of common shares outstanding during the period (Shares)	13,977,243	13,793,651
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares (Shares)	29,764	17,989
[of which share acquisition rights (Shares)]	(29,764)	(17,989)
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	Four types of share acquisition rights (Number of share acquisition rights: 3,020)	Five types of share acquisition rights (Number of share acquisition rights: 4,036)

Material Subsequent Events

Not applicable.

4. Additional Information

Sales results

(Thousands of yen)

	Previous fiscal year		Fiscal year under review		Year-on-year change (%)
	Net sales	Ratio to total net sales (%)	Net sales	Ratio to total net sales (%)	
System Integration	14,400,412	69.0	14,785,582	66.5	2.7
Digital Transformation	5,520,018	26.5	6,557,245	29.5	18.8
Midori Cloud	371,718	1.8	238,238	1.1	-35.9
Mechanical Design and Engineering	566,708	2.7	640,528	2.9	13.0
Total	20,858,857	100.0	22,221,595	100.0	6.5