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Non-consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: TOHO SYSTEM SCIENCE CO.,LTD.

Stock exchange listing: Tokyo

Code number: 4333

URL: <https://www.tss.co.jp/>

Representative: TOMOYASU KOSAKA

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Scheduled date of filing annual securities report: June 26, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

PRESIDENT, REPRESENTATIVE DIRECTOR
EXECUTIVE OFFICER, MANAGER OF CORPORATE
PLANNING DEPARTMENT

(Amounts of less than one million yen are rounded down)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	15,446	8.7	1,514	14.1	1,522	13.8	1,116	18.4
March 31, 2022	14,211	16.6	1,327	23.3	1,337	23.2	942	25.9

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	92.04	-	13.2	12.2	9.8
March 31, 2022	77.95	-	12.0	11.4	9.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
March 31, 2023	12,813	8,773	68.5	722.29
March 31, 2022	12,131	8,122	67.0	670.96

(Reference) Equity: As of March 31, 2023: ¥ 8,773 million
As of March 31, 2022: ¥ 8,122 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2023	1,189	(68)	(424)	9,118
March 31, 2022	942	(39)	(482)	8,421

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	15.00	-	15.00	30.00	363	38.5	4.6
March 31, 2023	-	20.00	-	20.00	40.00	485	43.5	5.7
Fiscal year ending								
March 31, 2024 (Forecast)	-	20.00	-	20.00	40.00		45.9	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2023	7,888	4.8	703	(5.1)	707	(5.1)	481	(5.7)	39.57
Full year	16,500	6.8	1,550	2.3	1,558	2.4	1,061	(5.0)	87.23

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

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

March 31, 2023:	13,865,992 shares
March 31, 2022:	13,865,992 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	1,718,866 shares
March 31, 2022:	1,759,814 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	12,132,205 shares
Fiscal Year ended March 31, 2022:	12,093,356 shares

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	8,431,467	9,128,356
Trade receivables and contract asset	2,140,815	2,156,982
Work in process	544	258
Prepaid expenses	79,988	85,270
Other	2,477	2,223
Allowance for doubtful accounts	(6,426)	(6,474)
Total current assets	10,648,866	11,366,618
Non-current assets		
Property, plant and equipment		
Buildings	122,011	145,752
Accumulated depreciation	(66,275)	(72,817)
Buildings, net	55,735	72,935
Tools, furniture and fixtures	76,286	90,051
Accumulated depreciation	(60,732)	(66,359)
Tools, furniture and fixtures, net	15,554	23,692
Total property, plant and equipment	71,290	96,628
Intangible assets		
Software	54,370	43,940
Telephone subscription right	188	188
Total intangible assets	54,558	44,128
Investments and other assets		
Investment securities	483,235	368,836
Long-term prepaid expenses	270	325
Deferred tax assets	754,593	802,627
Leasehold deposits	103,701	118,884
Other	20,671	20,671
Allowance for doubtful accounts	(5,675)	(5,675)
Total investments and other assets	1,356,798	1,305,669
Total non-current assets	1,482,647	1,446,427
Total assets	12,131,513	12,813,045

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Liabilities		
Current liabilities		
Accounts payable - trade	776,029	843,447
Accounts payable - other	192,834	208,182
Accrued expenses	118,011	120,883
Income taxes payable	293,109	222,520
Accrued consumption taxes	128,418	132,377
Deposits received	20,389	21,729
Provision for bonuses	346,927	355,939
Other	10,906	11,872
Total current liabilities	1,886,625	1,916,952
Non-current liabilities		
Provision for retirement benefits	2,066,219	2,080,773
Other	55,865	41,619
Total non-current liabilities	2,122,084	2,122,393
Total liabilities	4,008,710	4,039,346
Net assets		
Shareholders' equity		
Share capital	526,584	526,584
Capital surplus		
Legal capital surplus	531,902	531,902
Other capital surplus	44,503	68,498
Total capital surplus	576,405	600,400
Retained earnings		
Legal retained earnings	10,500	10,500
Other retained earnings		
Retained earnings brought forward	7,336,416	8,028,500
Total retained earnings	7,346,916	8,039,000
Treasury shares	(610,372)	(596,163)
Total shareholders' equity	7,839,532	8,569,821
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	283,270	203,877
Total valuation and translation adjustments	283,270	203,877
Total net assets	8,122,803	8,773,699
Total liabilities and net assets	12,131,513	12,813,045

Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales		
Sales of software development	13,947,550	15,063,931
Sales of information system service	263,505	382,383
Total net sales	14,211,055	15,446,315
Cost of sales		
Cost of sales of software development	11,455,932	12,363,818
Cost of sales of information system service	223,861	299,121
Total cost of sales	11,679,793	12,662,939
Gross profit	2,531,261	2,783,375
Selling, general and administrative expenses	1,203,442	1,268,406
Operating profit	1,327,819	1,514,968
Non-operating income		
Dividend income	4,560	5,167
Insurance claim income	1,500	-
Commission for insurance office work	853	814
Dividend income of insurance	1,412	331
Gain on forfeiture of unclaimed dividends	1,132	911
Other	27	6
Total non-operating income	9,487	7,231
Non-operating expenses		
Loss on retirement of non-current assets	10	45
Other	-	3
Total non-operating expenses	10	48
Ordinary profit	1,337,297	1,522,151
Profit before income taxes	1,337,297	1,522,151
Income taxes - current	460,837	418,558
Income taxes - deferred	(66,274)	(13,027)
Total income taxes	394,563	405,531
Profit	942,733	1,116,619

Non-consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2022

(Thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward
Balance at beginning of period	526,584	531,902	22,298	554,200	10,500	6,876,930
Cumulative effects of changes in accounting policies						113
Restated balance	526,584	531,902	22,298	554,200	10,500	6,877,044
Changes during period						
Dividends of surplus						(483,362)
Profit						942,733
Disposal of treasury shares			22,205	22,205		
Net changes in items other than shareholders' equity						
Total changes during period	-	-	22,205	22,205	-	459,371
Balance at end of period	526,584	531,902	44,503	576,405	10,500	7,336,416

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	6,887,430	(622,901)	7,345,313	233,805	233,805	7,579,119
Cumulative effects of changes in accounting policies	113		113			113
Restated balance	6,887,544	(622,901)	7,345,427	233,805	233,805	7,579,232
Changes during period						
Dividends of surplus	(483,362)		(483,362)			(483,362)
Profit	942,733		942,733			942,733
Disposal of treasury shares		12,528	34,733			34,733
Net changes in items other than shareholders' equity				49,464	49,464	49,464
Total changes during period	459,371	12,528	494,105	49,464	49,464	543,570
Balance at end of period	7,346,916	(610,372)	7,839,532	283,270	283,270	8,122,803

For the fiscal year ended March 31,2023

(Thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
					Retained earnings brought forward	
Balance at beginning of period	526,584	531,902	44,503	576,405	10,500	7,336,416
Cumulative effects of changes in accounting policies						
Restated balance	526,584	531,902	44,503	576,405	10,500	7,336,416
Changes during period						
Dividends of surplus						(424,535)
Profit						1,116,619
Disposal of treasury shares			23,995	23,995		
Net changes in items other than shareholders' equity						
Total changes during period	-	-	23,995	23,995	-	692,084
Balance at end of period	526,584	531,902	68,498	600,400	10,500	8,028,500

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	7,346,916	(610,372)	7,839,532	283,270	283,270	8,122,803
Cumulative effects of changes in accounting policies	-		-			-
Restated balance	7,346,916	(610,372)	7,839,532	283,270	283,270	8,122,803
Changes during period						
Dividends of surplus	(424,535)		(424,535)			(424,535)
Profit	1,116,619		1,116,619			1,116,619
Disposal of treasury shares		14,208	38,204			38,204
Net changes in items other than shareholders' equity				(79,393)	(79,393)	(79,393)
Total changes during period	692,084	14,208	730,288	(79,393)	(79,393)	650,895
Balance at end of period	8,039,000	(596,163)	8,569,821	203,877	203,877	8,773,699

Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from operating activities		
Profit before income taxes	1,337,297	1,522,151
Depreciation	47,619	37,969
Share-based payment expenses	32,305	36,461
Increase (decrease) in provision for retirement benefits	88,310	14,554
Increase (decrease) in allowance for doubtful accounts	688	48
Increase (decrease) in provision for bonuses	5,759	9,012
Increase (decrease) in provision for product warranties	(8,200)	-
Interest and dividend income	(4,560)	(5,167)
Loss on retirement of non-current assets	10	45
Decrease (increase) in trade receivables	(227,558)	(16,167)
Decrease (increase) in inventories	509	285
Increase (decrease) in trade payables	75,647	67,418
Increase (decrease) in accrued expenses	14,879	2,871
Increase (decrease) in accrued consumption taxes	(23,202)	3,959
Other, net	71,468	2,975
Subtotal	1,410,971	1,676,416
Interest and dividends received	4,560	5,167
Income taxes paid	(472,915)	(492,132)
Net cash provided by (used in) operating activities	942,616	1,189,452
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,993)	(43,488)
Purchase of intangible assets	(34,963)	(3,081)
Payments of leasehold deposits	-	(21,780)
Other, net	(10)	(0)
Net cash provided by (used in) investing activities	(39,966)	(68,350)
Cash flows from financing activities		
Dividends paid	(482,010)	(424,212)
Net cash provided by (used in) financing activities	(482,010)	(424,212)
Net increase (decrease) in cash and cash equivalents	420,639	696,889
Cash and cash equivalents at beginning of period	8,000,659	8,421,299
Cash and cash equivalents at end of period	8,421,299	9,118,188