



Consolidated Financial Result

(For the fiscal year ended December 31, 2023)



February 8, 2024

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 Stock exchange listings: Tokyo Stock Exchange (TSE)
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Scheduled date of annual shareholders' meeting: March 28, 2024
 Scheduled date of financial report FSA filing: March 29, 2024
 Scheduled date of dividend payment: March 29, 2024

(Note) All figures in the financial statements are rounded down to the nearest millionth.
 '-' indicates a loss or negative figure.

1. Consolidated results (January 1, 2023 through December 31, 2023)

(% of change from previous year)

(1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	15,889	10.2	-208	-	-15	-	-18	-
FY2022	14,420	-8.3	-572	-	-499	-	-639	-

(Note) Comprehensive income : FY2023: 17 million yen/ -% FY2022: -548 million yen/ -%

	Net income per share - Basic	Net income per share - Diluted	Return on equity	Ratio of ordinary income to total assets	Operating income ratio
	Yen	Yen	%	%	%
FY2023	-2.18	-	-1.7	-0.2	-1.3
FY2022	-73.81	-	-42.6	-7.9	-4.0

(Note) Equity in earnings: FY2023: 56 million yen FY2022: 51 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	6,706	1,187	16.4	126.83
FY2022	6,022	1,243	19.4	134.76

(Reference) Equity: As of Dec. 31, 2023: 1,099 million yen As of Dec. 31, 2022: 1,168 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents - ending
	Million yen	Million yen	Million yen	Million yen
FY2023	28	188	-157	2,604
FY2022	-370	-107	-245	2,505

2. Cash dividends

Record Date	Dividend per share					Total of dividend (annual)	Payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	-	0.00	-	10.00	10.00	86	-	7.4
FY2023	-	0.00	-	5.00	5.00	43	-	3.9
FY2024 (forecast)	-	0.00	-	10.00	10.00		39.4	

3. Forecast of consolidated results for FY2024 (January 1, 2024 through December 31, 2024)

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
FY2024	16,600	4.5	250	-	330	-	220	-
								25.38

4. Others

- (1) Reclassification of significant subsidiaries during the period (Reclassification due to change in scope of consolidation): None
- (2) Change in accounting policies, accounting estimates and restatement
 - (i) Change in accounting policies associated with revision of accounting standards: None
 - (ii) Change arising from other factors: None
 - (iii) Change in accounting estimates: None
 - (iv) Restatement: None
- (3) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury stock)	FY2023	8,874,400 shares	FY2022	8,874,400 shares
(ii) Number of treasury stock	FY2023	205,838 shares	FY2022	205,838 shares
(iii) Average number of outstanding shares	FY2023	8,668,562 shares	FY2022	8,668,562 shares

(Reference)

1. Non-consolidated results (January 1, 2023 through December 31, 2023)

(% of change from previous year)

(1) Non-consolidated financial results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	1,020	-20.1	109	-65.5	174	-41.7	129	-54.7
FY2022	1,277	-2.2	318	-8.3	299	-11.8	285	-7.9

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2023	14.93	-
FY2022	32.97	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	3,060	2,066	67.5	238.36
FY2022	3,051	2,023	66.3	233.41

(Note) Equity As of Dec. 31, 2023: 2,066 million yen As of Dec. 31, 2022: 2,023 million yen

Explanation about proper use of forecasts of consolidated financial results and other special notes

1. Information Regarding the Audit Review Procedure: This report is outside the scope of the procedures for audit of financial statements as required under the financial instruments and Exchange Act of Japan. The aforementioned procedures have not been completed as of the time of disclosure of this document.
2. Forecasts announced by the company referred to above were prepared based on management's assumption with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts.
3. This information to above is an UNOFFICIAL English-language translation of the original Japanese-language version. The format and contents of this document are defined by the requirements of the Tokyo Stock Exchange's Standard. To the extent that there are discrepancies between this translation and the original version, the original version shall be definitive.

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1. Business Results

(1) Summary of Business Results

Overview of Consolidated Business Results for the Fiscal Year Ended December 31, 2023

During the fiscal year ended December 31, 2023, although the COVID-19 pandemic was settling down, the global economy continued to face lingering uncertainty, due to soaring materials prices amid rising geopolitical risks, and volatile foreign-exchange markets caused by a global monetary-tightening trend.

In this business environment, the SIOS Group ("the Group") continued to restructure its business operations to make its revenue and profit base more robust, and expanded its offerings of SaaS¹ and other cloud-based products and services² to better assist corporate clients in implementing DX³ solutions.

The Group achieved consolidated business results by segment for the fiscal year under review as follows:

(i) Open System Infrastructure Business Segment

Sales of our products and services for on-premise application⁴ picked up, as chip shortages were resolved and the supply of hardware products started to clear a backlog of orders. As a result, sales of Red Hat Enterprise Linux⁵ and other software products sourced from Red Hat Inc.⁶, increased compared with the same period the previous year. We also enjoyed strong sales of LifeKeeper⁷, which is one of our core products, for both on-premise and cloud application. As a result, net sales in this segment increased 13.7% year on year to 9,909 million yen. The segment income was 90 million yen, compared with a loss of 13 million yen the year before.

(ii) Application Business Segment

Sales of the management support system to financial institutions were slow. In contrast, revenues from the provision of support for system development and implementation were up year on year, especially from the support provided for API⁸ projects and business management systems of stock brokerage firms. The Gluegent series⁹ also achieved a year-on-year increase in sales. As a result, net sales in this segment increased 4.8% to 5,967 million yen.

The Company posted a segment loss of 311 million yen, compared with a loss of 570 million yen the year before, due to rising personnel expenses and more aggressive investments in developing and marketing new products and services, mainly in the Med Tech¹⁰ business.

The Group's combined net sales in these two segments for the period under review were up 10.2% year on year, to 15,889 million yen. The Company posted a consolidated operating loss of 208 million yen, compared with a loss of 572 million yen the year before, and an ordinary loss of 15 million yen—which reflected a favorable impact of the share of profit of entities accounted for using the equity method, a gain on investments in investment partnerships, and a gain on valuation of derivatives—compared with an ordinary loss of 499 million yen a year earlier. As a result of posting a loss on valuation of shares of subsidiaries and associates, an impairment loss, and a loss on sales of businesses—which were partially offset by reduced income taxes from the posting of deferred tax assets—the loss attributable to owners of parent declined to 18 million yen from a loss of 639 million yen the previous year.

The Group's key management metrics EBITDA (the sum of operating profit, depreciation, and amortization of goodwill) and ROIC (ratio obtained by dividing operating profit after tax by the sum of shareholders' equity and interest-bearing debts) for the period under review were as follows:

EBITDA: -147 million yen, compared with -469 million yen for the previous year

ROIC (annualized): -10.1%, compared with -25.1% for the previous year

Notes: 1. SaaS

Software as a Service. A software licensing and distribution model that allows users to connect to and use cloud-based software applications over the internet.

2. Cloud

A user enterprise uses services provided by networks without owning servers or software on its premises.

3. DX(Digital transformation)

A process in which a company uses data and digital technology to transform its products, services, and business models to respond to constantly changing business environments more effectively and deliver greater value to customers and society as well as to transform its business processes and organizational structure and culture to gain greater competitive advantage.

4. On-premises

A user enterprise owns and operates servers and software on its premises.

5. Red Hat Enterprise Linux

Linux OS developed by Red Hat, Inc., a provider of open-source solutions.

6. Red Hat, Inc. Related Items

Linux OS product developed by Red Hat, Inc., a provider of open source solutions.

7. LifeKeeper

A failover software product that automatically switches a failed primary server to a backup server.

8. API

A set of protocols that enables different software programs and applications to share information and functions.

9. Gluegent series

Service products designed to assist corporate clients in achieving greater operational efficiency using cloud solutions. The series includes the Gluegent Gate cloud-based management of user IDs, the Gluegent Flow cloud-based workflow system, and the Gluegent Apps Group Scheduler, which incorporated a function to manage schedules of team members into Google Calendar.

10. Med Tech

Short for medical technology. It refers to technology that delivers medical services through software applications.

(2) Summary of Financial Position

Assets, Liabilities, and Net Assets

(i) Assets

Current assets amounted to 5,741 million yen as of December 31, 2023, up 10.5% from the end of the previous fiscal year, reflecting primarily an increase of 404 million yen in notes and accounts receivable trade, as well as contract assets.

Non-current assets amounted to 965 million yen, up 16.7%, reflecting primarily an increase of 100 million yen in deferred tax assets.

As a result, total assets increased 11.4% to 6,706 million yen.

(ii) Liabilities

Current liabilities amounted to 5,130 million yen, up 18.3% from the previous fiscal year-end, reflecting primarily an increase of 451 million yen in contract liabilities.

Non-current liabilities amounted to 388 million yen, down 12.1%, reflecting primarily a decrease of 66 million yen in long-term borrowings.

As a result, total liabilities increased 15.5% to 5,518 million yen.

(iii) Net assets

Total net assets amounted to 1,187 million yen, down 4.5% from the previous fiscal year-end, reflecting primarily a decrease of 105 million yen in retained earnings.

(3) Summary of Cash Flows

The balance of cash and cash equivalents at the end of the fiscal year under review increased by 98 million yen to 2,604 million yen, compared with the previous fiscal year-end.

(In millions of yen)

	FY 2022	FY 2023	Change
Cash flows from operating activities	-370	28	398
Cash flows from investing activities	-107	188	295
Cash flows from financing activities	-245	-157	88

Net cash provided by operating activities amounted to 28 million yen for the fiscal year under review. The increase from the previous year was due primarily to an increase in contract liabilities.

Net cash provided by investing activities amounted to 188 million yen. The increase was due primarily to a gain in derivative transactions.

Net cash used in financing activities amounted to 157 million yen. This reflected primarily the payment of dividends and the repayment of long-term borrowings.

(4) Forward-looking Statements

The global economy is projected to face continued uncertainty due to inflationary trends amid rising geopolitical risks, and volatile financial markets. To remain flexible and agile in responding to a changing business environment, the Group intends to restructure its business operations while investing in its SaaS and subscription-based businesses. In addition, we intend to step up investing in developing and expanding new business lines. With these actions to be taken for FY2024 through FY2026, we expect we will be able to achieve an EBITDA of 880 million yen and a ROIC of 24.3% in FY2026.

The Group anticipates achieving consolidated net sales of 16,600 million yen for the fiscal year ending December 31, 2024, up 4.5% year on year; an operating profit of 250 million yen, compared with an operating loss of 208 million yen the previous year; an ordinary profit of 330 million yen, compared with an ordinary loss of 15 million yen the previous year; and a profit of 220 million yen attributable to owners of parent, compared with a loss of 18 million yen the previous year.

The Company plans to pay a year-end dividend of 5.0 yen per share for the fiscal year under review. The Company anticipates paying a year-end dividend of 10.0 yen per share for the fiscal year ending December 31, 2024, based on the consolidated financial guidance just provided.

2. Basic Policy on the Selection of Accounting Standards

The Group will, for the time being, continue to prepare its consolidated financial statements under the Japanese GAAP in consideration of comparability of period-to-period operating performance as well as comparability with other Japanese companies.

We will consider adopting IFRS in the preparation of consolidated financial statements if developments in Japan and abroad warrant it.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(In thousands of yen)

	December 31, 2022	December 31, 2023
Assets		
Current assets		
Cash and deposits	2,505,766	2,604,002
Notes and accounts receivable - trade, and contract assets	2,028,395	2,433,031
Merchandise	13,558	-
Work in process	13,267	2,267
Advance payments to suppliers	272,047	532,496
Other	362,291	169,429
Allowance for doubtful accounts	-200	-200
Total current assets	5,195,125	5,741,026
Non-current assets		
Property, plant and equipment		
Buildings	182,331	139,856
Accumulated depreciation	-132,199	97,706
Buildings, net	50,131	42,149
Tools, furniture and fixtures	173,538	182,162
Accumulated depreciation	-143,142	-152,925
Tools, furniture and fixtures, net	30,396	29,236
Leased assets	132,117	88,587
Accumulated depreciation	-99,814	-27,151
Leased assets, net	32,303	61,435
Total property, plant and equipment	112,830	132,822
Intangible assets		
Software	48,496	36,780
Software in progress	29,879	34,332
Other	1,441	1,441
Total intangible assets	79,817	72,554
Investment and other assets		
Investment securities	380,634	407,162
Retirement benefit asset	50,635	57,004
Guarantee deposits	127,063	119,273
Deferred tax assets	28,865	129,377
Other	47,359	47,359
Total investment and other assets	634,558	760,177
Total non-current assets	827,206	965,554
Total assets	6,022,332	6,706,581

(In thousands of yen)

	December 31, 2022	December 31, 2023
Liabilities		
Current liabilities		
Accounts payable-trade	1,084,110	1,235,031
Current portion of long-term borrowings	66,000	66,000
Lease liabilities	29,700	59,039
Income taxes payable	-	30,509
Contract liabilities	2,760,665	3,212,077
Other	396,729	527,833
Total current liabilities	4,337,206	5,130,492
Non-current liabilities		
Long-term borrowings	115,500	49,500
Retirement benefit liability	302,712	320,317
Lease liabilities	11,746	6,676
Long-term deposits received	11,632	11,632
Total non-current liabilities	441,591	388,127
Total liabilities	4,778,798	5,518,619
Net assets		
Shareholders' equity		
Capital stock	1,481,520	1,481,520
Retained earnings	-130,975	-236,541
Treasury shares	-87,254	-87,254
Total shareholders' equity	1,263,289	1,157,723
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,147	9,796
Deferred gains or losses on hedges	-	187
Foreign currency translation adjustment	-100,273	-68,280
Total accumulated other comprehensive income	-95,125	-58,296
Subscription rights to shares	75,369	88,534
Total net assets	1,243,534	1,187,961
Total liabilities and net assets	6,022,332	6,706,581

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In thousands of yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Net sales	14,420,269	15,889,487
Cost of sales	9,753,613	10,673,285
Gross profit	4,666,656	5,216,202
Selling, general and administrative expenses	5,239,539	5,424,916
Operating loss	-572,883	-208,713
Non-operating income		
Interest income	6,435	16,437
Dividend income	1,310	1,098
Outsourcing service income	1,711	1,898
Gain on investments in investment partnerships	-	82,586
Share of profit of entities accounted for using equity method	51,710	56,667
Gain on valuation of derivatives	75,384	37,648
Other	9,777	6,133
Total non-operating income	146,328	202,469
Non-operating expenses		
Interest expenses	1,541	947
Foreign exchange losses	64,915	3,897
Loss on investments in investment partnerships	6,364	2,395
Foreign withholding tax	-	2,059
Other	-	3
Total non-operating expenses	72,821	9,303
Ordinary loss	-499,376	-15,547
Extraordinary income		
Gain on sale of non-current assets	-	124
Total extraordinary income	-	124
Extraordinary losses		
Loss on valuation of investment securities	-	19,000
Loss on retirement of non-current assets	40,609	30,744
Loss on sale of businesses	2,409	123
Total extraordinary losses	-	27,933
Loss before income taxes	43,019	77,801
Income taxes-current	-542,395	-93,224
Income taxes-deferred	44,435	32,444
Total income taxes	52,962	-106,788
Profit (Loss)	97,397	-74,344
Loss attributable to owners of parent	-639,793	-18,880

Consolidated Statements of Comprehensive Income

(In thousands of yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Loss	-639,793	-18,880
Other comprehensive income		
Valuation difference on available-for-sale securities	8,740	4,648
Deferred gains or losses on hedges	-	187
Foreign currency translation adjustment	81,966	30,275
Share of other comprehensive income of entities accounted for using equity method	462	1,716
Total other comprehensive income	91,168	36,828
Comprehensive income	-548,624	17,948
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	-548,624	17,948

(3) Consolidated Statements of Changes in Equity

Fiscal Year Ended December 31, 2022

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,481,520	630,831	-87,254	2,025,096
Cumulative effects of changes in accounting policies		8,014		8,014
Restated balance	1,481,520	638,846	-87,254	2,033,111
Changes during period				
Dividends of surplus		-130,028		-130,028
Loss attributable to owners of parent		-639,793		-639,793
Net changes in items other than shareholders' equity				
Total changes during period	-	-769,821	-	-769,821
Balance at end of period	1,481,520	-130,975	-87,254	1,263,289

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-3,592	-182,701	-186,294	58,882	1,897,685
Cumulative effects of changes in accounting policies					8,014
Restated balance	-3,592	-182,701	-186,294	58,882	1,905,699
Changes during period					
Dividends of surplus					-130,028
Loss attributable to owners of parent					-639,793
Net changes in items other than shareholders' equity	8,740	82,428	91,168	16,487	107,656
Balance at end of current period	8,740	82,428	91,168	16,487	-662,165
Balance at end of period	5,147	-100,273	-95,125	75,369	1,243,534

Fiscal Year Ended December 31, 2023

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,481,520	-130,975	-87,254	1,263,289
Restated balance				
Dividends of surplus		-86,685		-86,685
Loss attributable to owners of parent		-18,880		-18,880
Net changes in items other than shareholders' equity				
Total changes of during period	-	-105,566	-	-105,566
Balance at end of period	1,481,520	-236,541	-87,254	1,157,723

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,147	-	-100,273	-95,125	75,369	1,243,534
Restated balance						
Dividends of surplus						-86,685
Loss attributable to owners of parent						-18,880
Net changes in items other than shareholders' equity	4,648	187	31,992	36,828	13,164	49,993
Total changes of during period	4,648	187	31,992	36,828	13,164	-55,572
Balance at end of period	9,796	187	-68,280	-58,296	88,534	1,187,961

(4) Consolidated Statements of Cash Flows

(In thousands of yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Cash flows from operating activities		
Loss before income taxes	-542,395	-93,224
Depreciation	103,079	61,034
Impairment losses	40,609	30,744
Loss on sale of businesses	-	27,933
Interest and dividend income	-7,745	-17,535
Interest expenses	1,541	947
Loss (gain) on investments in investment partnerships	6,364	-80,191
Share of loss (profit) of entities accounted for using equity method	-51,710	-56,667
Decrease (increase) in accounts receivable - trade, and contract assets	177,759	-393,749
Decrease (increase) in inventories	-9,335	23,124
Increase (decrease) in trade payables	-132,389	150,920
Increase in retirement benefit liability	30,868	17,604
Increase in contract liabilities	265,931	399,386
Increase in advance payments to suppliers	-48,729	-260,449
Increase (decrease) in accrued consumption taxes	-144,217	117,495
Other	-5,504	50,326
Sub-total	-315,873	-22,299
Interest and dividends received	13,320	25,308
Interest paid	-1,541	-947
Income taxes refund	40,802	45,078
Income taxes paid	-107,086	-18,650
Net cash provided by (used in) operating activities	-370,380	28,490
Cash flows from investing activities		
Purchase of property, plant and equipment	-43,146	-16,983
Purchase of intangible assets	-18,996	-24,517
Payments of guarantee deposits	-447	-551
Proceeds from refund of guarantee deposits	8,918	49,229
Purchase of investment securities	-45,000	-1,000
Proceeds from collection of loans receivable	6,583	7,031
Payments for asset retirement obligations	-35,864	-
Proceeds from derivative transaction	20,237	103,840
Proceeds from sale of businesses	-	-26,150
Proceeds from distributions from investment partnerships	-	97,100
Other	-	128
Net cash provided by (used in) investing activities	-107,717	188,128
Cash flows from financing activities		
Dividends paid	-129,638	-86,270
Repayments of long-term borrowings	-109,000	-66,000
Repayments of lease liabilities	-7,232	-5,447
Net cash provided by (used in) financing activities	-245,871	-157,718
Effect of exchange rate change on cash and cash equivalents	80,929	39,335
Net increase (decrease) in cash and cash equivalents	-643,038	98,235
Cash and cash equivalents at beginning of year	3,148,805	2,505,766
Cash and cash equivalents at end of year	2,505,766	2,604,002

(5) Notes on Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable

Segment Information

1. Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic reviews by the Company's Board of Directors to determine the allocations of resources and evaluate business performance.

The Company has established business units and subsidiaries, each of which serves specific markets and customers as well as specializes in specific technology fields: Some provide products and services in the open system infrastructure field, which includes operating systems and middleware, and some in the application field, which includes enterprise applications.

Therefore, the Group has two reportable segments: the open system infrastructure business segment, and the application business segment.

The description of each segment is as follows:

- **Open System Infrastructure Business Segment**

In this business segment, the Group markets LifeKeeper, which automatically switches a failed primary system to a backup system, and OSS-related software products, including those sourced from Red Hat, Inc., and provides OSS support services as well as consulting services for a wide range of information systems.

- **Application Business Segment**

In this business segment, the Group markets software applications for MFPs, management support system for financial institutions, and the Gluegent series, which is a SaaS product that works with cloud, develops enterprise information systems for corporate clients on a contract basis, and provides consulting services for a wide range of information systems.

2. Basis for calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods used for the reported business segments are the same as those described in "Basis for the Preparation of the Consolidated Financial Statements."

Profit of reportable segments is based on operating profit. Intersegment sales and transfers are calculated based on market prices. Please note that the Company does not report assets or liabilities by segment.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended December 31, 2022

(In thousands of yen)

	Reportable segment			Adjustments	Amount on consolidated financial statements*
	Open system infrastructure business	Application business	Total		
Net sales					
Sales to external customers	8,716,945	5,691,612	14,408,558	11,711	14,420,269
Intersegment sales and transfers	—	6,651	6,651	-6,651	—
Total	8,716,945	5,698,263	14,415,209	5,060	14,420,269
Segment loss	-13,792	-570,802	-584,594	11,711	-572,883
Other items					
Depreciation	26,383	76,695	103,079	—	103,079

* Note: The total amount of segment loss is the same as the amount of operating loss presented in the Consolidated Statements of Income.

Fiscal year ended December 31, 2022

(In thousands of yen)

	Reportable segment			Adjustments	Amount on consolidated financial statements*
	Open system infrastructure business	Application business	Total		
Net sales					
Sales to external customers	9,909,414	5,967,473	15,876,887	12,600	15,889,487
Intersegment sales and transfers	—	5,927	5,927	-5,927	—
Total	9,909,414	5,973,400	15,882,814	6,672	15,889,487
Segment profit (loss)	90,085	-311,399	-221,313	12,600	-208,713
Other items					
Depreciation	22,433	38,600	61,034	—	61,034

* Note: The total amount of segment income or loss is the same as the amount of operating profit or loss presented in the Consolidated Statements of Income.

Related Information

Fiscal year ended December 31, 2022

1. Information by product and service

Information is omitted as similar information is disclosed in the Segment Information section.

2. Information by region

(1) Net sales

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
13,627,952	522,702	169,900	99,713	14,420,269

Note: Sales are classified by country or region in which customers are located.

(2) Property, plant and equipment

(In thousands of yen)

Japan	Americas	Total
85,515	27,315	112,830

3. Information by major customer

(In thousands of yen)

Name of customer	Net sales	Relevant segments
Otsuka Corporation	3,895,330	Open system infrastructure business and application business
Networld Corporation	1,612,241	Open system infrastructure business and application business

Fiscal year ended December 31, 2023

1. Information by product and service

Information is omitted as similar information is disclosed in the Segment Information section.

2. Information by region

(1) Net sales

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
15,068,145	536,857	175,994	108,490	15,889,487

Note: Sales are classified by country or region in which customers are located.

(2) Property, plant and equipment

(In thousands of yen)

Japan	Americas	Total
75,011	57,810	132,822

3. Information by major customer

(In thousands of yen)

Name of customer	Net sales	Relevant segments
Otsuka Corporation	4,229,893	Open system infrastructure business and application business
Networld Corporation	2,026,750	Open system infrastructure business and application business

Information Regarding Impairment Loss on Non-Current Assets by Reportable Segment

Fiscal year ended December 31, 2022

	Reportable segment			Adjustment	Total
	Open system infrastructure business	Application business	Total		
Year-end balance	—	40,609	40,609	—	40,609

Fiscal year ended December 31, 2023

	Reportable segment			Adjustment	Total
	Open system infrastructure business	Application business	Total		
Year-end balance	—	30,744	30,744	—	30,744

Information Regarding Amortization of Goodwill and Remaining Goodwill Balance by Reportable Segment

Fiscal year ended December 31, 2022

Not applicable

Fiscal year ended December 31, 2023

Not applicable

Information Regarding Gain on Negative Goodwill by Reportable Segment

Fiscal year ended December 31, 2022

Not applicable

Fiscal year ended December 31, 2023

Not applicable

Per-Share Information

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net assets per share	134.76 yen	126.83 yen
Profit per share	-73.81 yen	-2.18 yen

Notes: 1. Diluted profit per share is not presented because the Company posted a loss per share and had no outstanding dilutive shares.

2. The basis for calculating loss per share is as follows:

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Loss per share		
Loss attributable to owners of parent (thousand yen)	-639,793	-18,880
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Loss attributable to owners of parent relating to common stock (thousand yen)	-639,793	-18,880
Average number of common stock outstanding during the period (shares)	8,668,562	8,668,562
Descriptions of potentially dilutive common shares that were not included in the calculation of diluted profit per share	Share options for 570,750 common shares resolved by the Board of Directors on May 22, 2012 Share options for 107,000 common shares resolved by the Board of Directors on May 30, 2022	Share options for 638,917 common shares resolved by the Board of Directors on May 22, 2012 Share options for 197,125 common shares resolved by the Board of Directors on May 30, 2022

Significant Subsequent Events

Not applicable