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Consolidated Financial Results for the Six Months Ended September 30, 2025 [Japanese GAAP]



October 28, 2025

Company name: SYSTEM RESEARCH CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Code number: 3771
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 Scheduled date to file semi-annual securities report: November 14, 2025
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing materials on financial results: Yes
 Schedule of financial results briefing session: Yes (for investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2025 (April 1, 2025 to September 30, 2025)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2025	14,194	12.3	1,519	24.3	1,531	23.6	1,121	24.5
September 30, 2024	12,635	11.7	1,221	2.9	1,238	2.4	900	0.2

(Note) Comprehensive income: Six months ended September 30, 2025: ¥ 1,124 million [24.6%]

Six months ended September 30, 2024: ¥ 901 million [0.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2025	67.68	-
September 30, 2024	54.21	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2025	17,017	11,995	70.3
As of March 31, 2025	17,526	11,829	67.3

(Reference) Equity: As of September 30, 2025: ¥11,973 million

As of March 31, 2025: ¥11,810 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2025	Yen -	Yen 0.00	Yen -	Yen 60.00	Yen 60.00
Fiscal year ending March 31, 2026	-	0.00			
Fiscal year ending March 31, 2026 (Forecast)			-	60.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	29,314	13.0	3,445	14.9	3,504	14.3	2,535	15.5	153.07

Note: Revisions to the financial result forecast most recently announced: No

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements:
Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: No
- (ii) Changes in accounting policies due to other reasons: No
- (iii) Changes in accounting estimates: No
- (iv) Restatement: No

(4) Number of issued shares (common shares)

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

As of September 30, 2025: 16,720,000 shares

As of March 31, 2025: 16,720,000 shares

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

As of September 30, 2025: 135,047 shares

As of March 31, 2025: 154,262 shares

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

Six months ended September 30, 2025: 16,571,223 shares

Six months ended September 30, 2024: 16,608,633 shares

* These semi-annual consolidated financial results are outside the scope of review by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

(Notes on forward-looking statements, etc.)

The financial results forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not intend to guarantee that they will be achieved. In addition, actual results may differ significantly from these forecasts due to a wide range of factors. For the conditions assumed for the financial results forecast, precautions for the use of the financial results forecast, etc., please refer to “(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information” on page 3 of the attachments.

(Access to supplementary briefing materials on semi-annual financial results)

The Company will hold a semi-annual financial results briefing session on Thursday, November 20, 2025, for investors and securities analysts. The materials to be distributed at this session will be posted on the Company’s website on the same day.

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2025, the Japanese economy continued on a moderate recovery trend, supported by improvements in the employment and income environment and growing demand from travelers to Japan. Meanwhile, the economic outlook remained uncertain due to factors such as the U.S. trade policies and surging prices of raw materials, energy, etc.

In the information service industry, in which the Group operates, software investment plans for September 2025, grew by 12.9% compared with a year earlier according to the Short-Term Economic Survey of Enterprises in Japan (“Tankan”) for September 2025 released by the Bank of Japan. This shows that companies’ IT investment demand continues to be strong as they look to address labor shortage issues utilizing digital transformation (DX) technology and upgrade their core systems.

In this business environment, for the six months ended September 30, 2025, net sales of SI Services Business were 5,346 million yen (an increase of 5.4% year on year), due to a steady IT investment demand from the manufacturing industry, including automotive related sectors, the Company’s major customer sectors. In addition, net sales of Software Development Business were 8,104 million yen (an increase of 16.8% year on year), as the Company stably secured continuing contracts with existing customers. Net sales of Software Products Business, which conducts businesses including sales of packaged software, were 189 million yen (a decrease of 11.8% year on year) due to weak sales of packaged software for small and medium enterprises. Net sales of Merchandise Sales were 405 million yen (an increase of 83.4% year on year), due to purchase and sale of personal computers and IT devices as well as software products, among other items. Net sales of Website Administration and Cloud Services (SaaS) in other categories were 148 million yen (a decrease of 21.8% year on year).

In terms of earnings, IT investment by client companies remained strong, and the Company successfully maintained a high operating rate of engineers. Additionally, the thorough management of project risks through project selection and PRM (Project Risk Management) activities has improved the gross profit margin. Furthermore, due to factors such as unspent advertising expenses, selling and administrative expenses were kept in check, resulting in an increase in profit.

As a result, for the six months ended September 30 2025, net sales were 14,194 million yen (an increase of 12.3% year on year), with operating profit of 1,519 million yen (an increase of 24.3% year on year), ordinary profit of 1,531 million yen (an increase of 23.6% year on year), and profit attributable to owners of parent of 1,121 million yen (an increase of 24.5% year on year), on a consolidated basis.

(2) Explanation of Financial Position

1) Analysis of the status of assets, liabilities and net assets

Total assets as of September 30, 2025 decreased by 509 million yen year on year to 17,017 million yen, due to decreases in cash and deposits, and other, net, under property, plant and equipment, among other factors, despite an increase in buildings and structures, net.

Liabilities as of September 30, 2025 decreased by 675 million yen year on year to 5,022 million yen, due to decreases in provision for bonuses and other under current liabilities, among other factors.

Net assets as of September 30, 2025 increased by 166 million yen year on year to 11,995 million yen, due to an increase in retained earnings, among other factors, despite the payment of dividends from retained earnings.

2) Analysis of the status of cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of September 30, 2025 amounted to 7,020 million yen, a decrease of 1,183 million yen from the end of the previous fiscal year (7,599 million yen as of September 30, 2024).

Cash flows from operating activities, investing activities, and financing activities and their major factors for the six months ended September 30, 2025 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the period under review amounted to 380 million yen (while

net cash provided by operating activities during the same period of the previous fiscal year amounted to 287 million yen) due primarily to the effect of the factors contributing to an increase in cash, such as profit before income taxes of 1,530 million yen, more than offsetting the effect of the factors contributing to a decrease in cash, such as income taxes paid of 509 million yen.

(Cash flows from investing activities)

Net cash used in investing activities during the period under review amounted to 480 million yen (while net cash used in investing activities during the same period of the previous fiscal year amounted to 244 million yen) due primarily to purchase of property, plant and equipment of 424 million yen, among other factors.

(Cash flows from financing activities)

Net cash used in financing activities during the period under review amounted to 1,082 million yen (while net cash used in financing activities during the same period of the previous fiscal year amounted to 764 million yen) due primarily to proceeds from long-term borrowings and short-term borrowings of 420 million yen, repayments of long-term borrowings and short-term borrowings of 544 million yen, and dividends paid of 993 million yen.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

No change has been made to the financial results forecasts for the six months ended September 30, 2025 and the full year ending March 31, 2026, announced on May 8, 2025.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	8,203,626	7,020,317
Trade receivables and contract asset	5,297,093	5,457,211
Merchandise	2,094	61,954
Supplies	6,599	6,606
Other	98,319	158,970
Total current assets	13,607,732	12,705,059
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	773,258	1,979,095
Land	1,095,230	1,095,230
Other, net	954,330	160,069
Total property, plant and equipment	2,822,819	3,234,394
Intangible assets		
Goodwill	114,685	81,918
Software	191,068	199,748
Other	7,688	9,656
Total intangible assets	313,441	291,322
Investments and other assets		
Other	782,383	786,595
Total investments and other assets	782,383	786,595
Total non-current assets	3,918,644	4,312,312
Total assets	17,526,376	17,017,371

(Thousand yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,063,703	1,148,434
Short-term borrowings	-	88,000
Current portion of long-term borrowings	730,534	647,240
Income taxes payable	591,302	476,891
Provision for bonuses	1,342,932	1,069,690
Other	1,402,172	1,154,545
Total current liabilities	5,130,645	4,584,801
Non-current liabilities		
Long-term borrowings	566,664	437,481
Total non-current liabilities	566,664	437,481
Total liabilities	5,697,309	5,022,282
Net assets		
Shareholders' equity		
Share capital	550,150	550,150
Capital surplus	517,550	525,556
Retained earnings	10,960,530	11,088,166
Treasury shares	(223,780)	(195,953)
Total shareholders' equity	11,804,450	11,967,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,043	5,882
Total accumulated other comprehensive income	6,043	5,882
Non-controlling interests	18,574	21,286
Total net assets	11,829,067	11,995,088
Total liabilities and net assets	17,526,376	17,017,371

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Thousand yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	12,635,691	14,194,435
Cost of sales	9,892,851	11,007,287
Gross profit	2,742,840	3,187,148
Selling, general and administrative expenses	1,521,039	1,667,520
Operating profit	1,221,800	1,519,627
Non-operating income		
Interest income	120	1,504
Subsidy income	21,085	14,720
Other	576	983
Total non-operating income	21,782	17,208
Non-operating expenses		
Interest expenses	4,968	5,761
Total non-operating expenses	4,968	5,761
Ordinary profit	1,238,614	1,531,073
Extraordinary losses		
Loss on retirement of non-current assets	413	269
Total extraordinary losses	413	269
Profit before income taxes	1,238,201	1,530,803
Income taxes	335,352	406,511
Profit	902,848	1,124,292
Profit attributable to non-controlling interests	2,337	2,712
Profit attributable to owners of parent	900,511	1,121,579

Semi-annual Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit	902,848	1,124,292
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,310)	(160)
Total other comprehensive income	(1,310)	(160)
Comprehensive income	901,538	1,124,131
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	899,201	1,121,419
Comprehensive income attributable to non-controlling interests	2,337	2,712

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	1,238,201	1,530,803
Depreciation	69,059	85,640
Amortization of goodwill	32,767	32,767
Increase (decrease) in provision for bonuses	(292,340)	(273,242)
Decrease (increase) in trade receivables	(149,356)	(140,320)
Decrease (increase) in inventories	(787)	(59,866)
Increase (decrease) in trade payables	43,827	89,909
Other, net	(282,253)	(371,419)
Subtotal	659,116	894,271
Income taxes paid	(366,404)	(509,834)
Other, net	(5,035)	(4,344)
Net cash provided by (used in) operating activities	287,676	380,093
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	5,000	-
Purchase of property, plant and equipment	(188,925)	(424,328)
Purchase of intangible assets	(60,659)	(56,485)
Net cash provided by (used in) investing activities	(244,585)	(480,814)
Cash flows from financing activities		
Proceeds from short-term borrowings	440,000	220,000
Repayments of short-term borrowings	(264,000)	(132,000)
Proceeds from long-term borrowings	400,000	200,000
Repayments of long-term borrowings	(449,982)	(412,477)
Purchase of treasury shares	(222,150)	(67)
Proceeds from sale of treasury shares	-	35,901
Dividends paid	(668,631)	(993,944)
Net cash provided by (used in) financing activities	(764,763)	(1,082,587)
Net increase (decrease) in cash and cash equivalents	(721,671)	(1,183,308)
Cash and cash equivalents at beginning of period	8,321,378	8,203,626
Cash and cash equivalents at end of period	7,599,707	7,020,317

(4) Notes to the Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

There are no relevant matters.

(Notes in the case of significant changes in shareholders' equity)

There are no relevant matters.

(Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

The Company reasonably estimates the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year ending March 31, 2026, and multiplies profit before income taxes for the semi-annual period by the estimated effective tax rate. However, if the estimated effective tax rate used to calculate tax expenses would be significantly unreasonable, the normal effective statutory tax rate is used.

3. Other

Status of Production, Receipt of Orders, and Sales

(1) Production

The amount of production by business category for the six months ended September 30, 2025 is as follows:

Business category	For the six months ended September 30, 2025	
	Amount of production (million yen)	Change from the previous corresponding period (%)
SI Services Business	5,346	105.4
Software Development Business	8,104	116.8
Software Products Business	189	88.1
Other	148	78.1
Total	13,788	111.0

(Note) Amounts are presented based on sales prices.

(2) Outsourcing

The amount of outsourcing by business category for the six months ended September 30, 2025 is as follows:

Business category	For the six months ended September 30, 2025	
	Amount of outsourcing (million yen)	Change from the previous corresponding period (%)
SI Services Business	2,200	100.4
Software Development Business	3,313	117.6
Software Products Business	45	87.5
Other	—	—
Total	5,560	109.9

(3) Purchases

The amount of purchases by business category for the six months ended September 30, 2025 is as follows:

Business category	For the six months ended September 30, 2025	
	Amount of purchases (million yen)	Change from the previous corresponding period (%)
Merchandise Sales	383	204.3

(Note) Amounts are presented based on purchase prices.

(4) Receipt of Orders

The amount of orders received by business category for the six months ended September 30, 2025 is as follows:

Business category	For the six months ended September 30, 2025			
	Orders received (million yen)	Change from the previous corresponding period (%)	Backlog of orders (million yen)	Change from the previous corresponding period (%)
SI Services Business	7,297	125.0	3,753	122.0
Software Development Business	9,946	136.1	3,516	124.7
Software Products Business	171	86.0	105	95.8
Merchandise Sales	396	194.0	94	384.4
Total	17,811	131.4	7,470	123.9

(5) Sales

The amount of sales by business category for the six months ended September 30, 2025 is as follows:

Business category	For the six months ended September 30, 2025	
	Amount of sales (million yen)	Change from the previous corresponding period (%)
SI Services Business	5,346	105.4
Software Development Business	8,104	116.8
Software Products Business	189	88.2
Merchandise Sales	405	183.4
Other	148	78.2
Total	14,194	112.3

(Note) The amount of sales by major customer and the share of the sales in total sales are as follows:

Customer	For the six months ended September 30, 2024		For the six months ended September 30, 2025	
	Amount of sales (million yen)	Share (%)	Amount of sales (million yen)	Share (%)
TOYOTA SYSTEMS CORPORATION	2,215	17.5	2,482	17.4