

First Half of Fiscal Year Ending March
2025 (1H FY3/25)

Results Briefing

SYSTEM RESEARCH CO., LTD.

(TSE Prime: 3771)

Vision Statement

Corporate Vision ———

An IT Partner that is Close to Your Business

- Become professionals who customers can rely on
- Refine our area of expertise and create new value, with technologies we can be proud of
- Grow through work and feel that we are contributing to society and playing an active role

Our mission is to contribute to our customers' business through solutions.

We aim to be close to our customers' business.

To do that, the most important thing is to have a good understanding of our customers.

Going forward, we will continue to work together as an IT partner that our customers trust and choose, and work to live up to that trust.

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Head office building, front entrance (Iwatsukahontori, Nakamura-ku, Nagoya)

1. Company Profile



Head office building (Iwatsukahontori, Nakamura-ku, Nagoya)

Company Profile

Established	March 1981
Listed stock exchange	TSE Prime * Listed on the First Section of the Tokyo Stock Exchange in December 2016
Representative	Toshiyuki Yamada, Representative Director and Chairman Hiroshi Hirayama, Representative Director and President
Capital	550.15 million yen
Number of employees (Consolidated)	1,527 Average age: 33.8 (As of September 30, 2024)
Consolidated subsidiaries	Sowel Co., Ltd.
Major shareholders	Toshiyuki Yamada (15.61%) The Master Trust Bank of Japan, Ltd. (7.05%) (As of September 30, 2024)

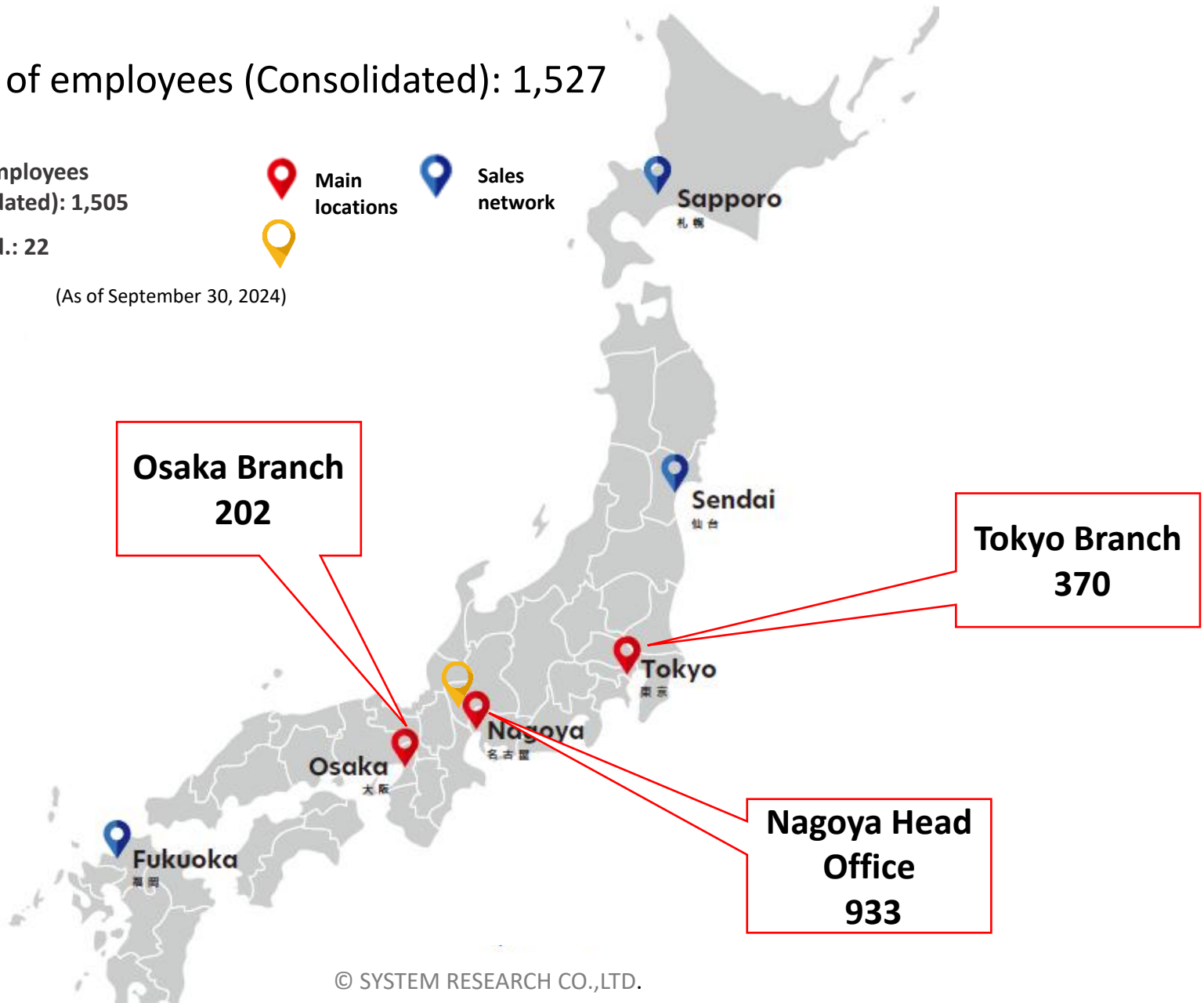
Branches and Sales Locations

Number of employees (Consolidated): 1,527

Number of employees
(Non-consolidated): 1,505

Sowel Co., Ltd.: 22

(As of September 30, 2024)



Business Activities of Subsidiaries

Business of Special Subsidiary Sowel Co., Ltd.

Address: 6-52-18 Imajuku, Ogaki-shi, Gifu

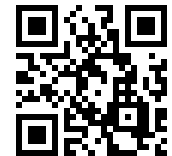
Investment ratio: SYSTEM RESEARCH CO., LTD. 75%,
Weltechnos Co., Ltd. 25%

Purpose

- Providing opportunities for people with disabilities, to support their independence and enjoy life
- One aspect of the Group's corporate social contributions
- Fulfilling our obligation to employ persons with disabilities



Sowel website
QR code



Sowel's main development achievements

System development

- Development and maintenance of corporate in-house operational management systems
- IoT system development
- Social infrastructure and control systems

App development

- Groupware apps
- Business card management apps
- E-commerce site and cart apps

Web solutions

- Site management and server maintenance
- Security log checks
- Software testing support
- Web conferencing introductory support
- Document PDF conversion

Corporate Vision

Corporate Vision

An IT Partner that is Close to Your Business

- ◎ Become professionals who customers can rely on
- ◎ Refine our area of expertise and create new value, with technologies we can be proud of
- ◎ Grow through work and feel that we are contributing to society and playing an active role

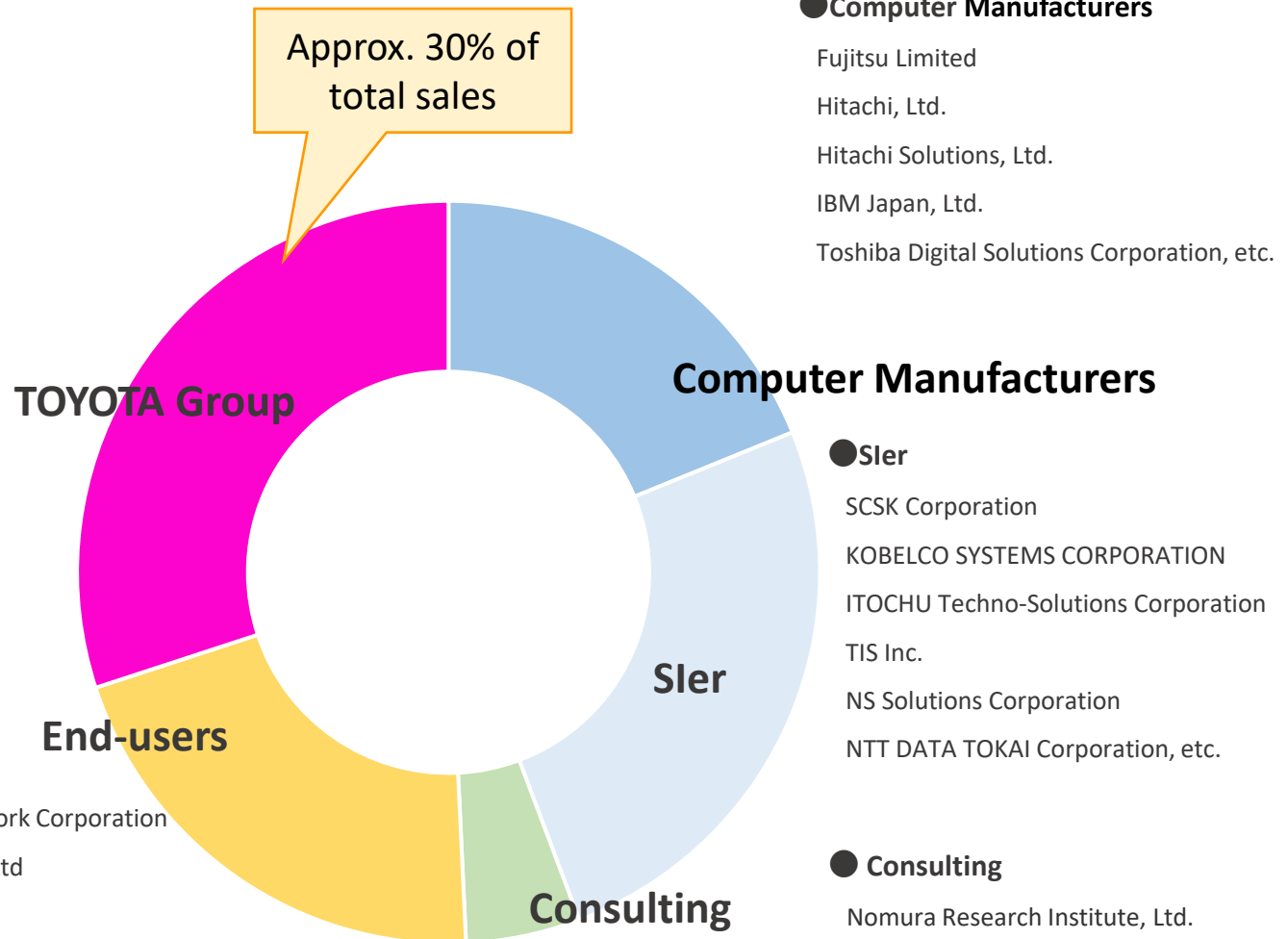
Major Customers

● TOYOTA Group

Toyota Motor Corporation
Toyota Systems Corporation
Toyota Industries Group
Toyota Tsusho Group
Denso Corp. , etc.

● End-users

Yamato Transport Group
NIPPON EXPRESS CO., LTD.
Meiko Trans Co., Ltd.
Daido IT Solutions Co.,Ltd.
NGK INSULATORS, LTD.
Daifuku Co., Ltd.
OKUMA Corporation
ASAHI INTECC CO., LTD
Mitsubishi Electric Information Network Corporation
Panasonic Information Systems Co., Ltd
KAGOME CO.,LTD.
TOPPAN Inc.
SoftBank Corp.
Pan Pacific International Holdings Corporation
(Don Quijote) , etc.



2. First Half FY3/25 Results

An IT Partner that is Close to Your Business

Our mission is to contribute to our customers' business through solutions.

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To do that, the most important thing is to have a good understanding of our customers.

Going forward, we will continue to work together as an IT partner that our customers trust and choose, and work to live up to that trust.



Summary of First Half of FY3/25 Results (Consolidated)

(Million yen)

Net sales **increased by 11.7%** year on year, setting a new record.
We also achieved record operating profit and ordinary profit.

	<i>Percentage of net sales (%)</i> 1H FY3/24 (April 2023 – September 2023)	<i>Percentage of net sales (%)</i> 1H FY3/25 (April 2024 – September 2024)	YoY changes
Net sales	11,308	12,635	+11.7%
Gross profit	22.2% 2,520	21.7% 2,742	+8.8%
Operating profit	10.5% 1,186	9.7% 1,221	+2.9%
Ordinary profit	10.6% 1,209	9.8% 1,238	+2.4%
Profit attributable to owners of parent	7.9% 898	7.1% 900	+0.2%

First Half of FY3/25 Sales by Category

(Million yen)

Business description	Sales fields	1H FY3/24	1H FY3/25	Changes	
		Net sales	Net sales		
SI service	SI services	4,279	5,071	+18.4%	Increased orders for contract-based projects
SI service	Software development	6,482	6,938	+7.0%	Securing repeat orders
Software products	Software products	180	214	+18.9%	Increased sales of packaged software and maintenance work for current customers
Software products	Merchandise sales	198	220	+11.4%	
Software products	Web services, etc.	167	190	+13.6%	New store openings and increased amount of distribution
	Total	11,308	12,635	+11.7%	

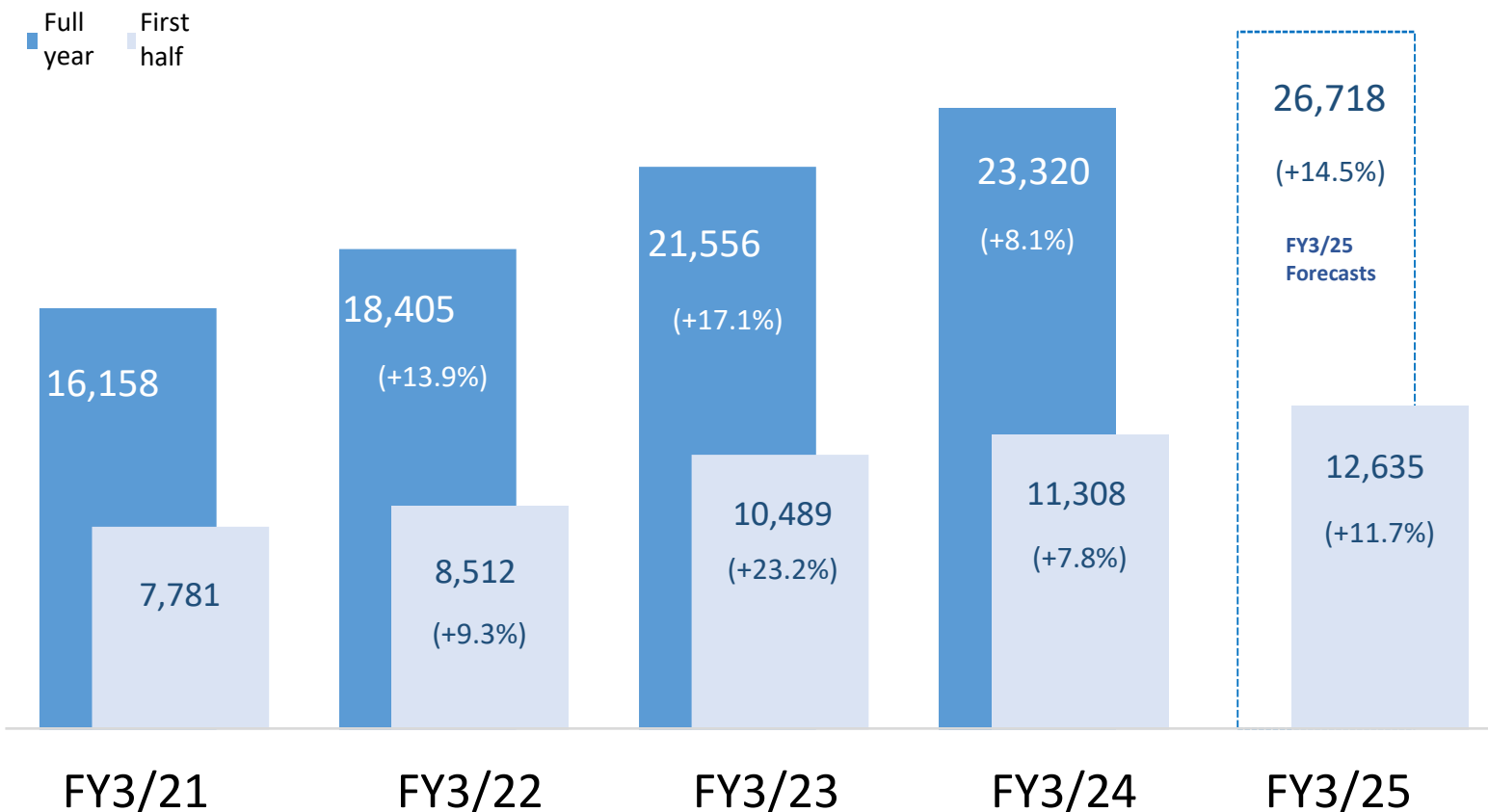
FY3/25 Results Forecast (Consolidated)

(Million yen)

[Full year]	FY3/24 Results	FY3/25 Forecast	YoY changes	
Net sales	23,320	26,718	3,398	+14.5%
Operating profit	2,703	3,084	380	+14.0%
Ordinary profit	2,768	3,114	346	+12.4%
Profit attributable to owners of parent	1,969	2,198	229	+11.6%

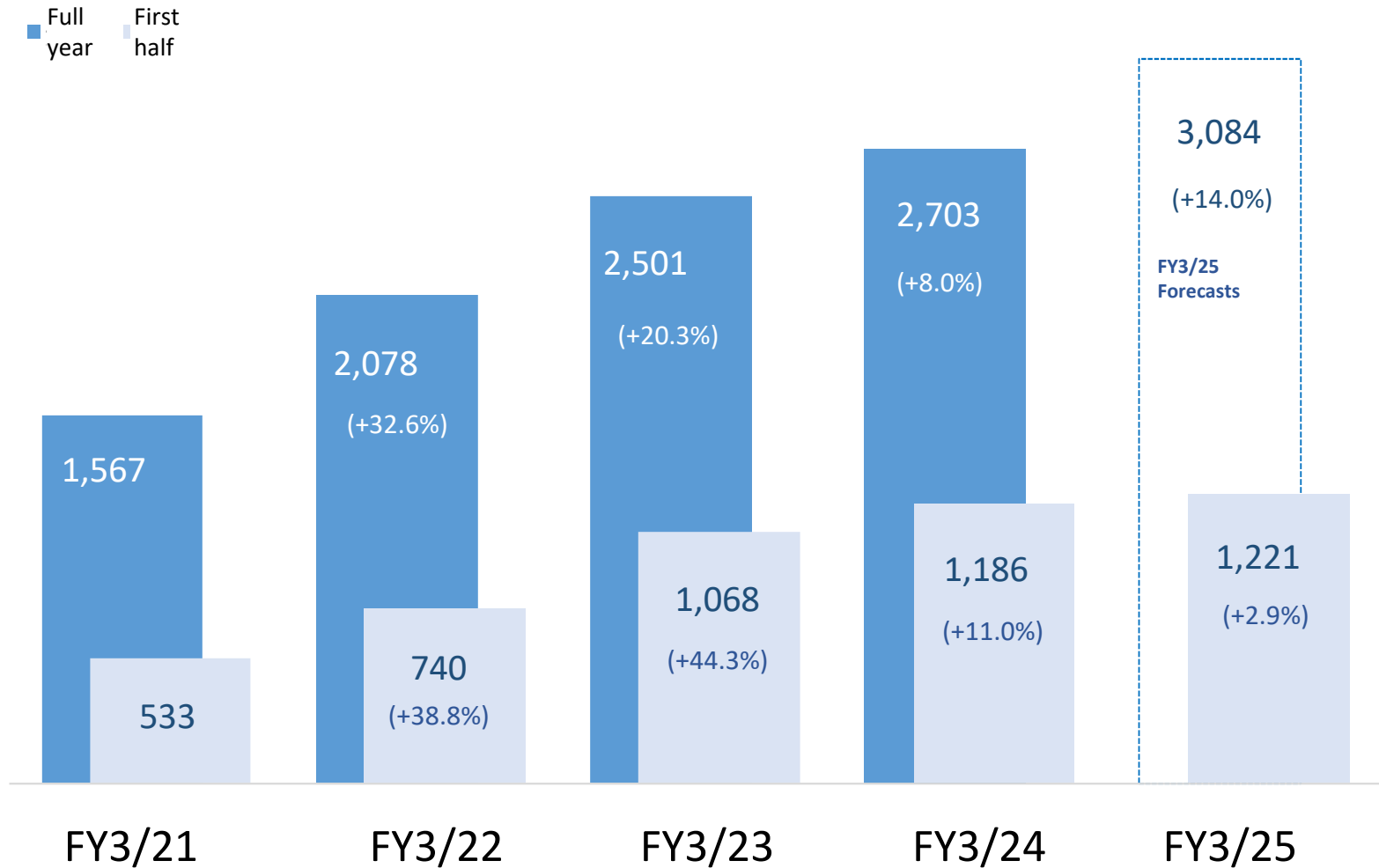
Net Sales (First Half/Full Year) (Consolidated)

(Million yen)



Operating Profit (First Half/Full Year) (Consolidated)

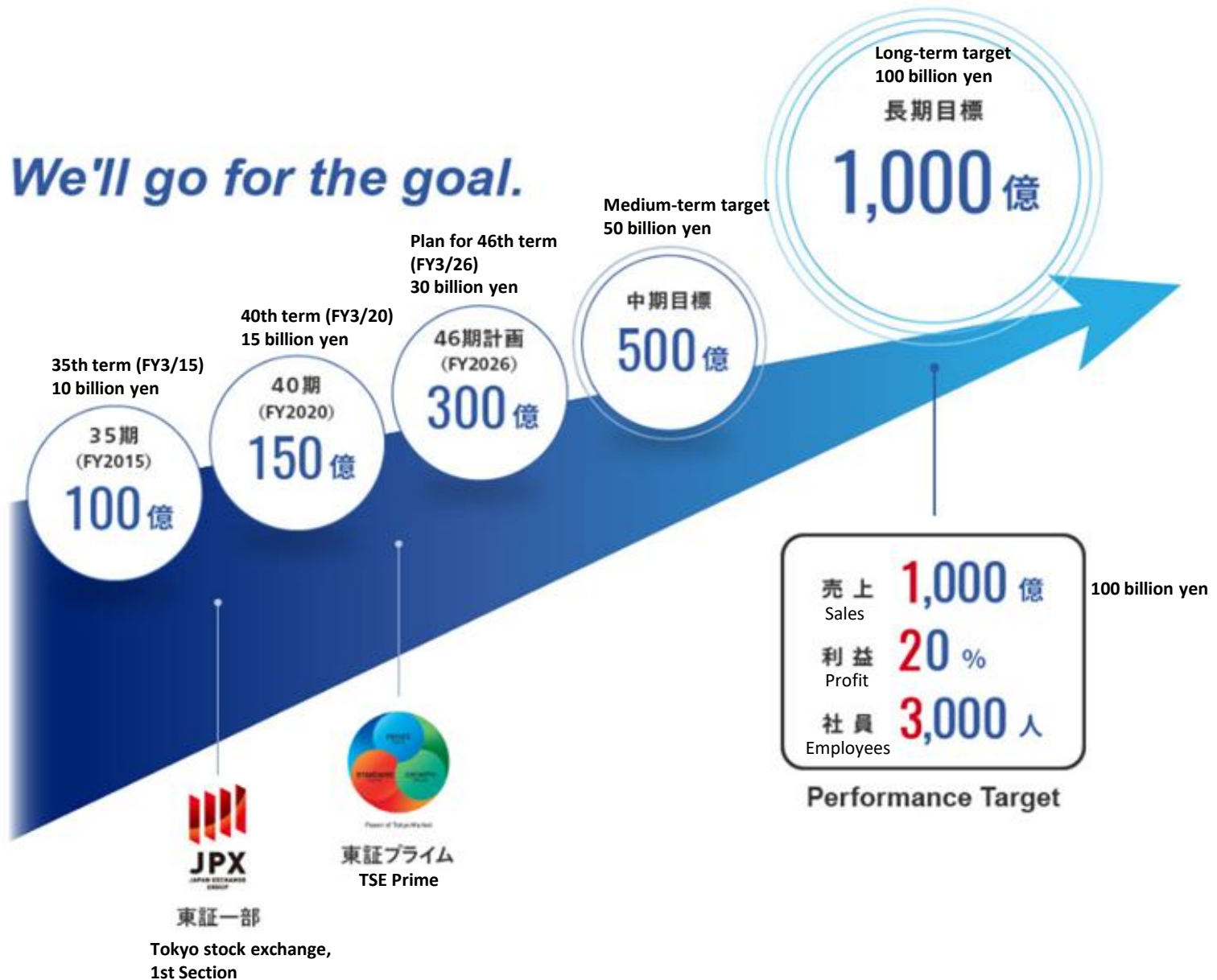
(Million yen)



3. Medium-Term Management Plan



Medium- and Long-term Targets



Next Vision 50th

With Next Vision 50th, we aim to secure continuous profits, enhance corporate value, and create employment opportunities, while taking into account changes in the external environment (economic conditions and technological innovations).

System Research

Five Initiatives

Deepen employee engagement

従業員エンゲージメント
の深化

Share our management philosophy and vision, increase the sense of solidarity among employees, build a system for the company and employees to grow together, and drive forward together.

Strengthen human capital and back-office operations

人的資本と
バックオフィスの強化

Drive internal digital transformation (DX), enhance security, and improve governance.
Back up the organization's expansion by enhancing our branding and recruitment.



Expansion and increased sophistication of core businesses

コア事業の
拡大と高度化

In addition to the Chubu region, we aim to acquire good customers in the Kanto and Kansai markets, and increase our business specialization and solutions in our area of expertise.

Next事業への
挑戦

Take on the
challenge of
creating next-
generation
businesses

Utilize know-how and knowledge cultivated in our core businesses to take on the challenges of creating new businesses that can become core businesses for our next generation.

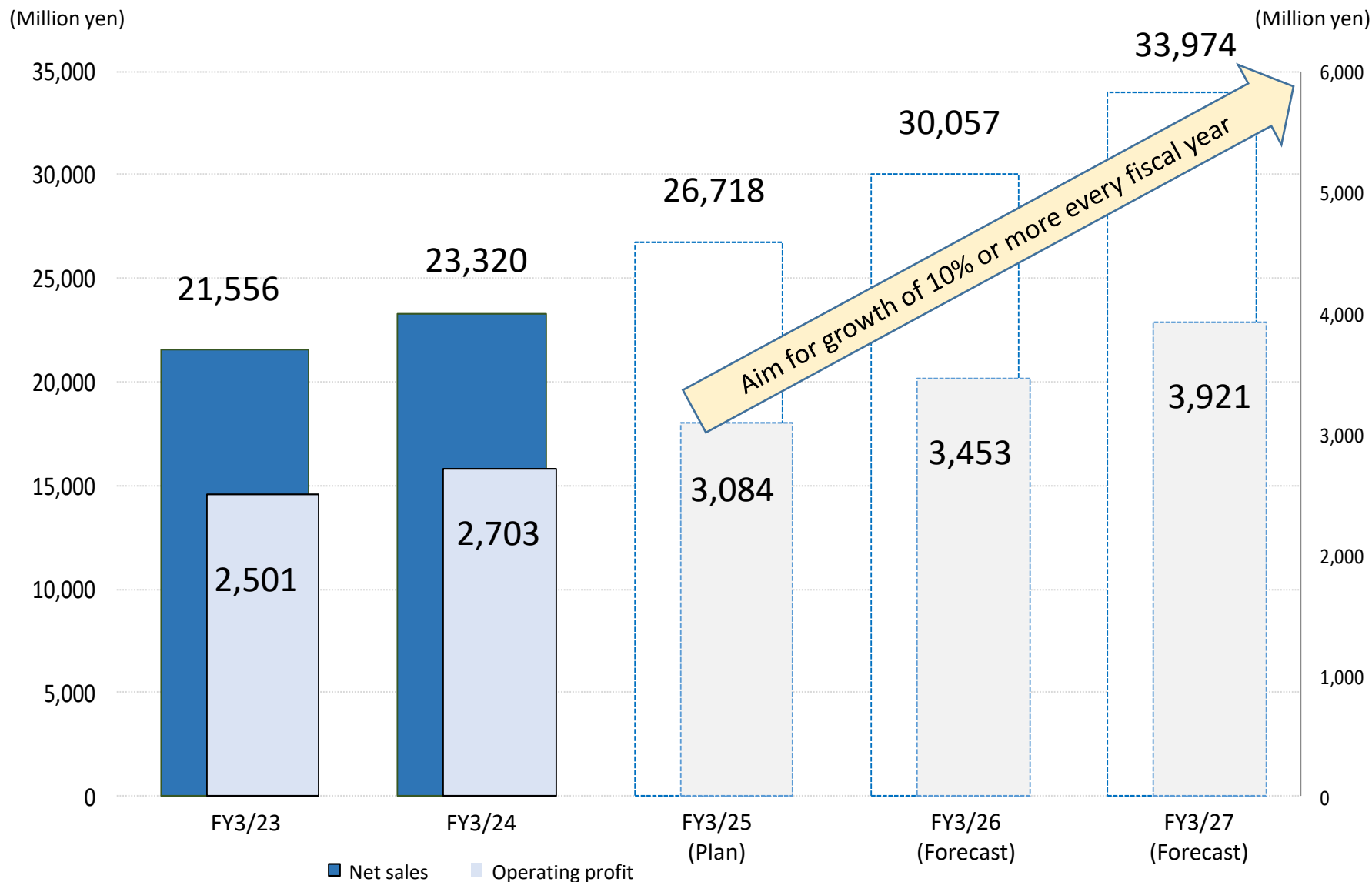
新たな価値を
創出する技術力

Technological
capabilities to
create new
value

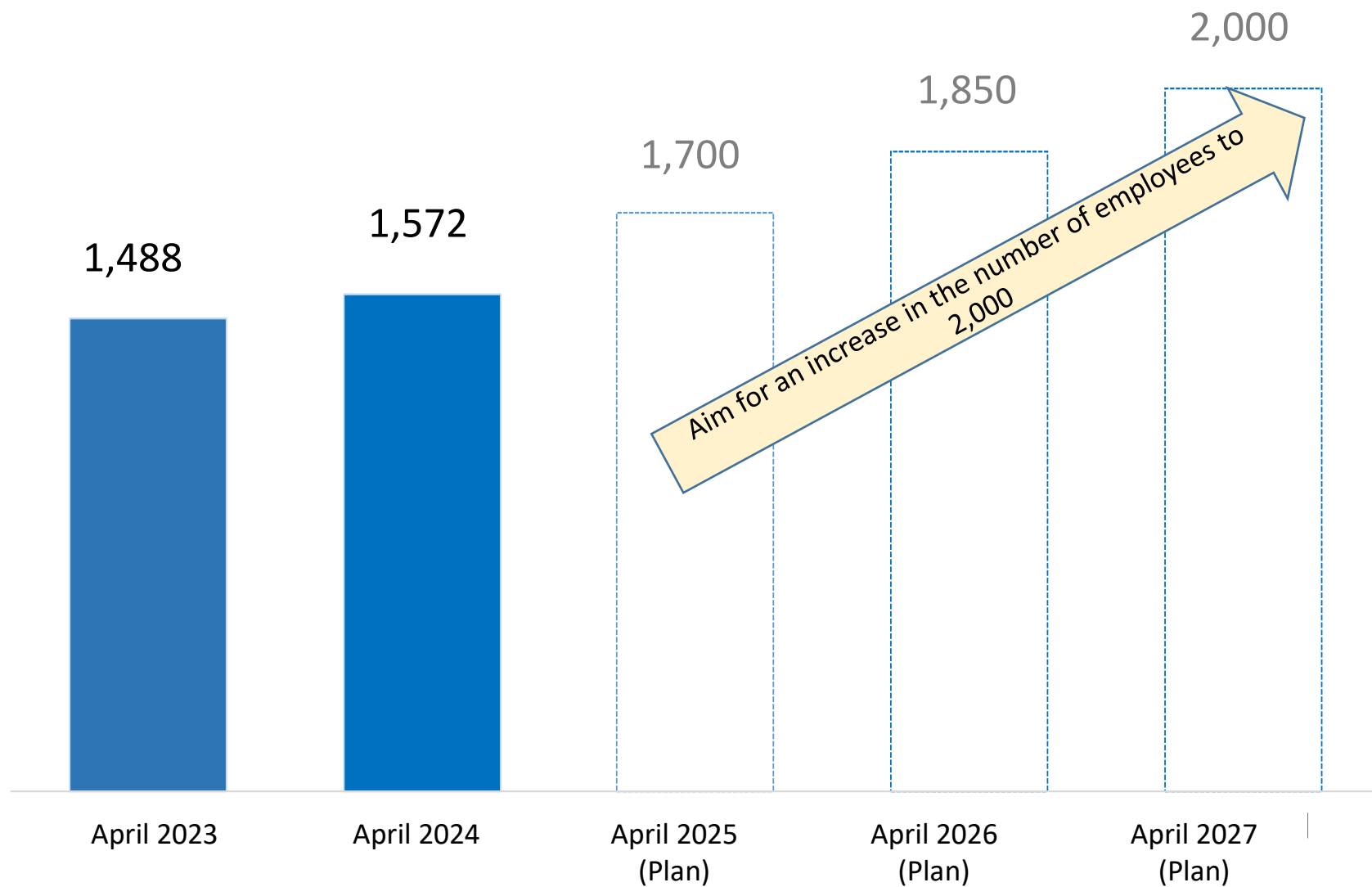
Design engineering capabilities that utilize digital technologies to solve social and management issues.

Medium-Term (3-year) Management Plan

(Consolidated Net Sales and Consolidated Operating Profit)



Medium-Term (3-year) Management Plan (Consolidated Employees)



Construction of New Office Buildings

Opening new offices to keep pace with business expansion and increased staff

First Development Center

Opened in April 2024

Site area/total floor area: 624.58m²/1,484.01m²
Building structure: Three floors/Steel framed
Capacity: 270 persons



Second Development Center

Scheduled to open in summer of 2025

Site area/total floor area: 1,802.28m²/3,636.47m²
Building structure: Five floors/Steel framed
Capacity: 500 persons



4. Sustainability



Sustainability Initiatives

Encourage diversity and inclusion

Relationship with the SDGs (focus goals)



Main Initiatives

Promote active participation of diverse individuals (women, persons with disabilities, LGBT, seniors, etc.)
Reform corporate culture and foster awareness to support long-term career development for employees
Plan and implement career training

Health and productivity management initiatives

Relationship with the SDGs (focus goals)



Main Initiatives

Promote diverse working styles and work-life balance
Continue the Good Job Challenge (curbing long working hours and increasing the rate of paid leave taken)
Mental health education

Technology support in the DX era

Relationship with the SDGs (focus goals)



Main Initiatives

Take on the challenge of creating added value using DX technologies
Develop DX engineers
Promote PM development curriculum

Initiatives for creating safe, secure, and enriched lifestyles

Relationship with the SDGs (focus goals)



Main Initiatives

Strengthen PRM (Project Risk Management) activities
Information security, protection of personal protection, and legal compliance
Reduce the environmental burdens (promotion of energy conservation)
Ensure a comfortable working environment and respect human rights (signing the UN Global Compact)

Results of Initiatives in Numbers (as of March 31, 2024)

Percentage of female
employees in management
positions

8.9%

Target 7.0%

Percentage of female
employees in continuous
employment

95.5%

Target 80.0%

Percentage of employees
taking childcare leave

Female 100%
Male 66%

Percentage of male employees taking
childcare leave (17.1%)

(Research by the Ministry of Health,
Labour and Welfare in 2022)

Average monthly overtime

14.2 hours

Decrease of 1.2 hours
year on year

Ratio of employees who
took paid leave

82.4%

Increase of 2.3pt year on
year

Turnover rate

6.7%

Industry average 12.8%

(Research by the Ministry of Health,
Labour and Welfare in 2023)

Recognition and Certification (External Evaluation)



DX認定

Digital Transformation
Certification

Received DX
Certified Business
Operator
certification



Received certification of
Health & Productivity
Management Outstanding
Organizations 2024 by the
Ministry of Economy, Trade
and Industry, Nihon Keiei
kaigi



Received iCD Company
Certification Gold★★
certification



Received Kurumin
certification by the
Ministry of Health, Labour
and Welfare



IS 81748/ISO(JIS Q)27001

Obtained Information
Security Management System

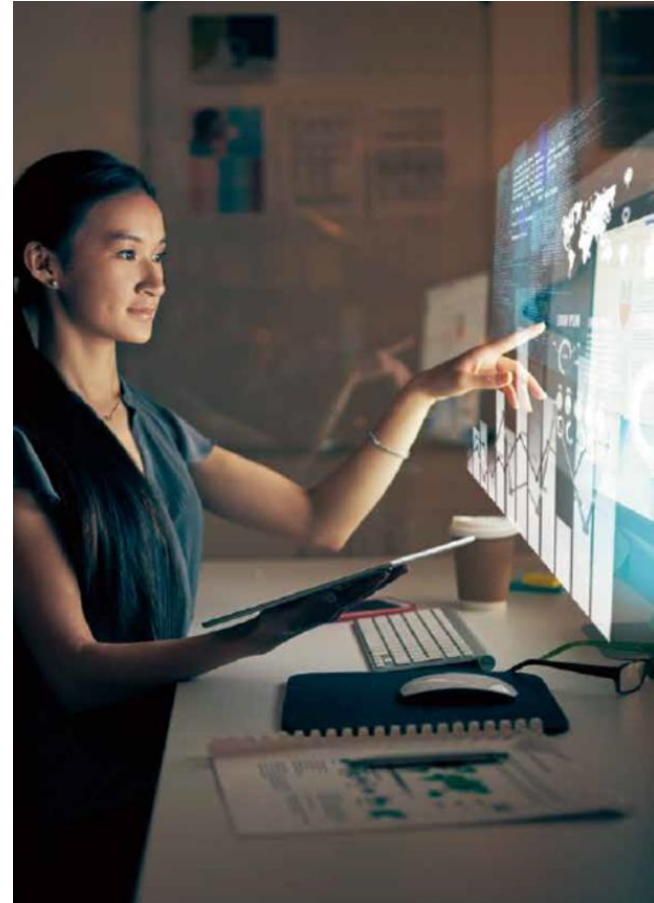
Scope of registration:

Design, development, introduction, operation, monitoring,
proposal, and maintenance services of contracted systems,
management of stationed and dispatched personnel (SE service
business), product development, maintenance service business,
and web service business.



Acquired Privacy Mark

5. Solutions



SI Service and Software Development

We face up to customer management issues and provide services that satisfy them, using the know-how and advanced technologies that we have cultivated.

Automotives



Logistics



Distribution



Telecommunications and control



Plant and production line control



ICT base



Consulting



ERP



Low-code development



Main Development Achievements in the SI Services (1)



A sales information management system for an automobile dealer

Client: Major automobile manufacturer

Development of a system for managing business negotiations/quotations and receipt and placement of orders, and for managing sales support and customer management, for dealers across the country

A freight delivery and management system for a home delivery company

Client: Major parcel delivery company

Development of a slip issuance system
Development of a system for issuing duplicate delivery slips upon request from contracting companies



Main Development Achievements in the SI Services (2)



A control and management system for automated warehouses

Client: Major & manufacturing company

Development of a system that automates the management of processes from receipt to shipping at logistics centers. The system is also equipped with inventory management and conveyance control functions.

An operation management system for steelworks

Client: Major steel manufacturer

Development of a system for the operation of equipment and production lines and quality management in the production process, from the acceptance of raw materials to shipping at the steelworks



E-commerce Support

Easy My Shop
QR code



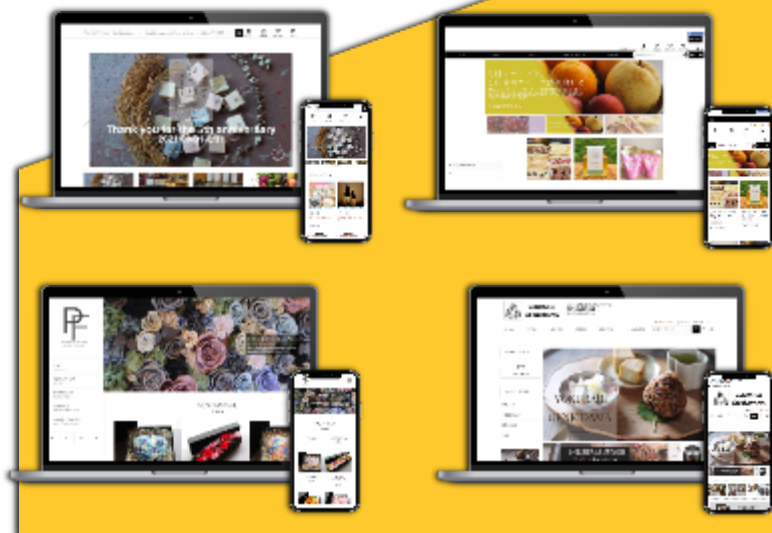
Creator's Mall
ALULU QR Code



Online store creation and operation web service

Easy My Shop

- Easily create an online store the way you want
- A total of 30,000 stores
- Bundle sales, custom-made products, dynamic pricing, subscription support, and many other unique features



A shopping promotion site where you can encounter works instilled with the passions of creators

Creator's Mall ALULU

Approx. **410,000** works
created by creators



Acts as a bridge
between creators and
consumers



Care about **who** you
buy **from**



Encounter
wonderful
products



ilii Solutions (Business Package for Small and Medium Enterprises)

Leveraging know-how accumulated over more than 40 years of experience in business software development, we have introduced software to many customers, from back-office systems such as finance and payroll to front-end systems such as CTI and mail order.



Compatible with the invoice system and the Electronic Books Maintenance Act



Mail order / shopping

Sales management and CRM for mail order business



CTI & call center

Add-on CTI



CRM

Cloud-based CRM



BIG series

On-premises customer management



B-to-B sales management



Management from payroll to year-end tax adjustment



Management from journal entry to account settlement

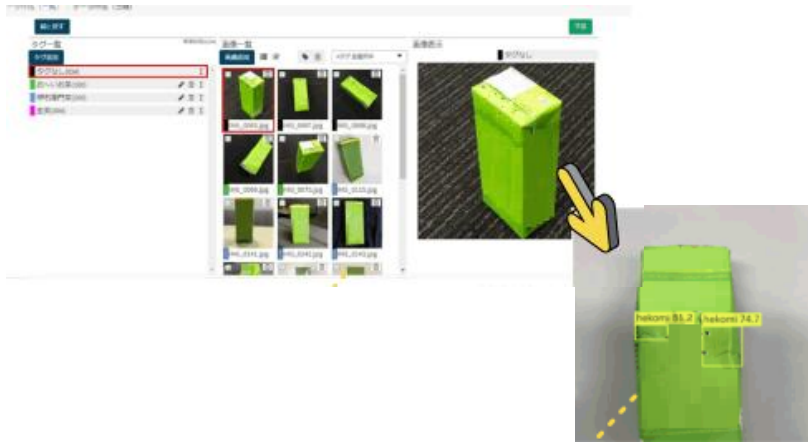


AI Solution

Image recognition



AI support for visual product inspection and sorting operations



MODEWO: 3 features



AI-based image recognition

The system provides a mechanism for image recognition using AI-based deep learning.



Simple user interface

Users can build and tune the AI (the brain of the system) themselves using a simple user interface.



Device free (non-device-dependent)

Users can flexibly choose the device used for image recognition.

Document Solution

Paperless solutions



Digitalizing large amounts of paper-based documentation and input work

氏名	ヤマダ	タロウ
姓	山田	太郎
生年	42	52
月	05	05
日	25	25
性別	男	男
職業	会社員	会社員
住所	愛知県名古屋市中村区岩塚本通	
郵便番号	〒453-0861	
電話番号	-	
E-mail	-	



氏名	ヤマダ	タロウ
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郵便番号	〒453-0861	
電話番号	-	
E-mail	-	



Paperless digitalization

Existing form templates such as handwritten daily work reports and purchase orders can be digitalized and made paperless in their existing form. Tablet-based input is also possible.



System integration

New systems can be linked with existing mission-critical systems and databases. It is also possible to import daily reports entered in the field into mission-critical systems.



Attach and write in photos

Users can freely paste photos and write handwritten notes on the form displayed on a tablet or smartphone.



High recognition accuracy

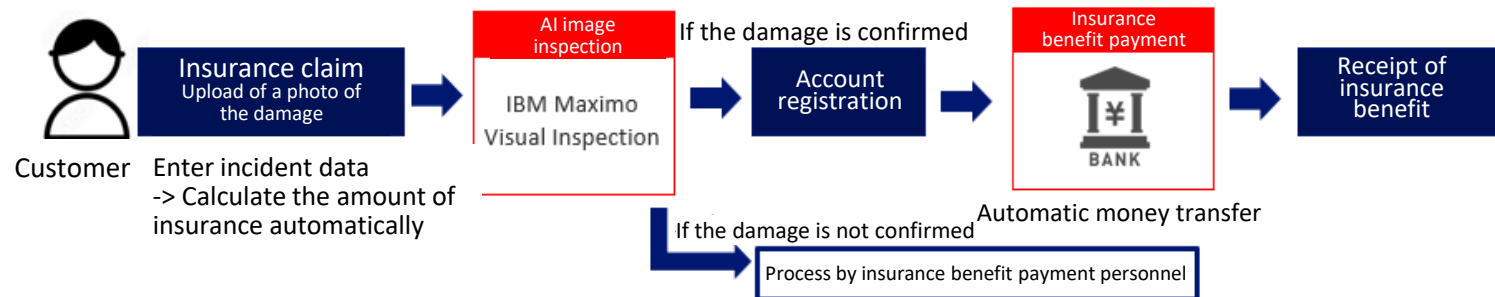
The system boasts overwhelming accuracy in converting handwritten characters into text, since it recognizes not only the shape of characters but also stroke order, and the contextual relationship between the characters before and after them.

Example of Introduce with AI Solutions

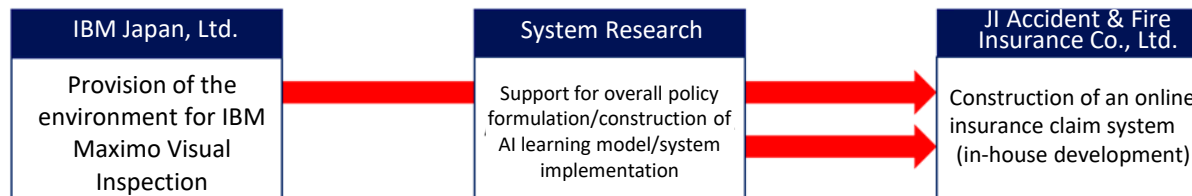
JI Accident & Fire Insurance Co., Ltd.

Support for development of the automatic insurance benefit payment service in the event of suitcase damage

Automatic insurance benefit payment service in the event of suitcase damage



Three-company collaboration scheme



Other Solutions

Document solutions



RPA



BI



Operations packages

Development platform



"FLEXSCHE" is a registered trademark of FLEXSCHE Corporation.

Other logo marks are registered trademarks of their respective owners.

"WinActor" is a registered trademark of NTT Advanced Technology Corporation.

6. Shareholder Return



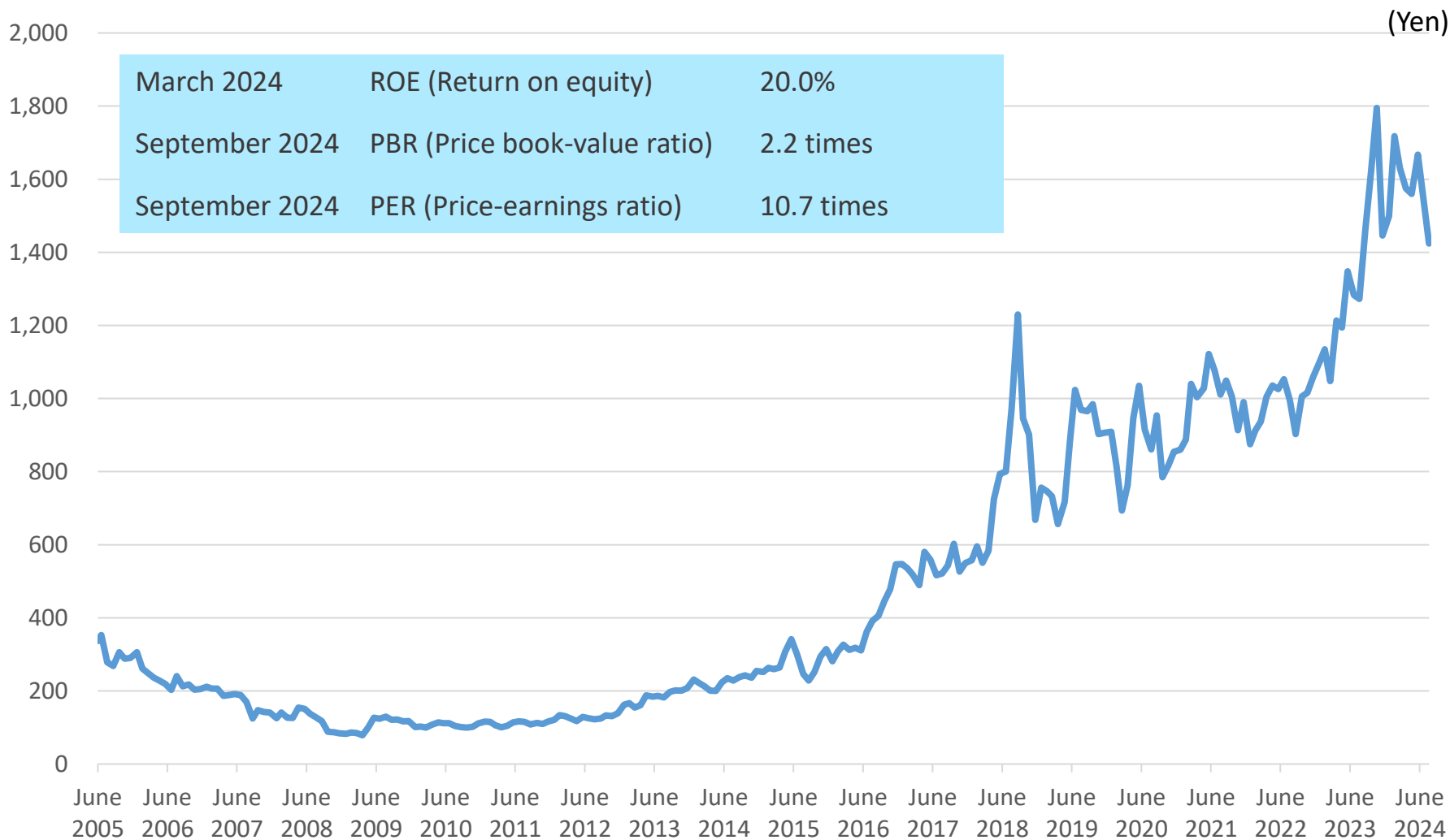
Shareholder Return

In terms of dividend payouts to shareholders, in order to ensure that our shares are held in a long-term and stable manner, we intend to maintain stable dividends. To increase distributions to shareholders, we are targeting a dividend payout ratio of 40%.

	FY3/22	FY3/23	FY3/24	FY3/25 Forecast
EPS (Earnings per share)	89.26 yen	95.80 yen	117.81 yen	131.53 yen
ROE (Return on equity)	19.55%	18.57%	20.06%	19.54%
Dividend per share	60.0 yen	70.0 yen	80.0 yen	40.0 yen

* The Company implemented a 2-for-1 split of its common stock on April 1, 2024. EPS was calculated on the assumption that a share split occurred at the beginning of FY3/22.

Stock Chart



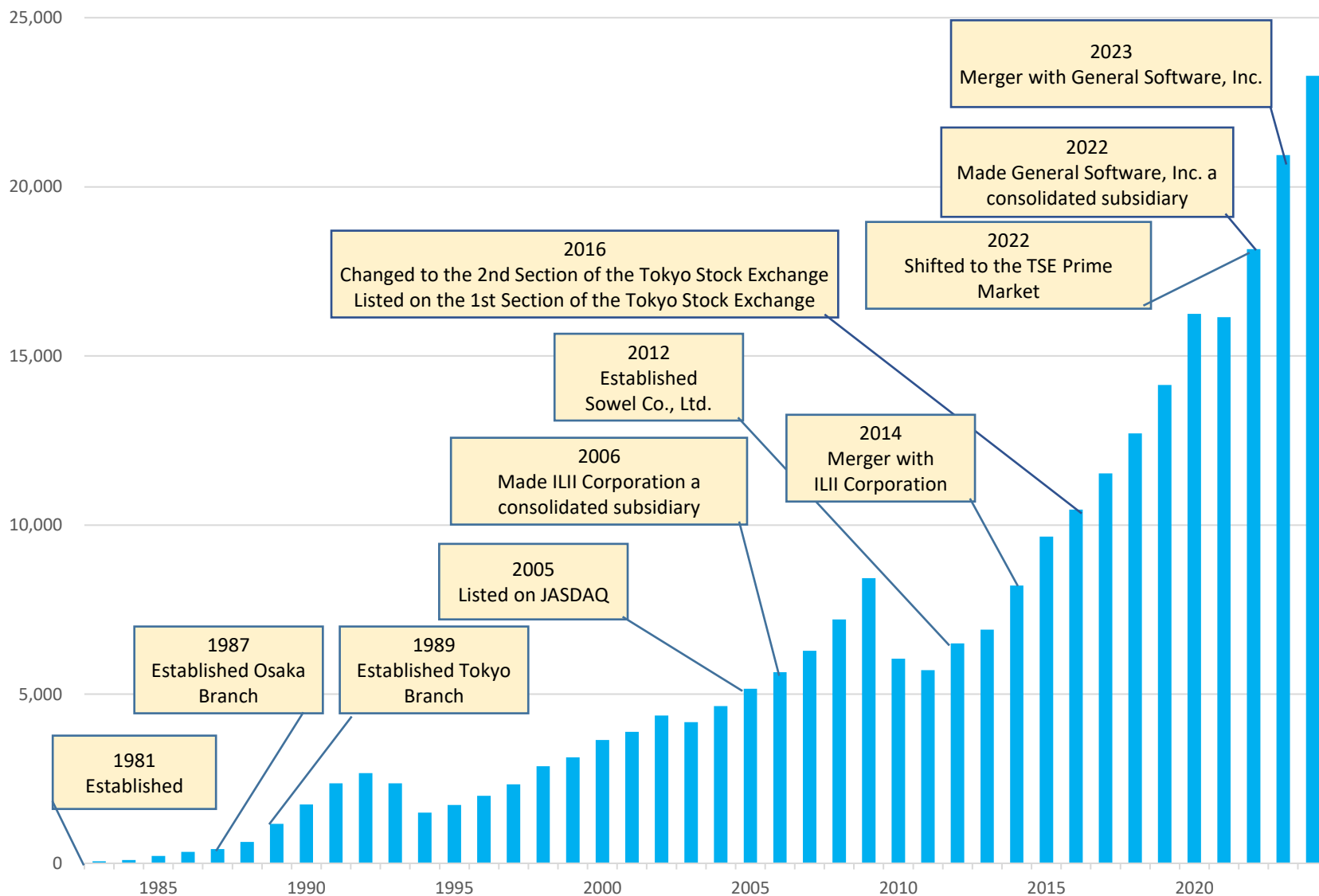
Note: The Company conducted a 2-for-1 split of its common stock on October 1, 2006, April 1, 2016, October 1, 2019 and April 1, 2024. The share price and turnover figures before the stock split have been adjusted to the levels after the split for the purpose of maintaining continuity.

7. References



Appendix (1) History (Non-consolidated Net Sales)

(Million yen)



Appendix (2) Consolidated Statements of Income

First Half of FY3/25

(Million yen)

Item	Non-consolidated		Consolidated	
	Amount	Percentage	Amount	Percentage
Net sales	12,611	100.0%	12,635	100.0%
Cost of sales	9,856	78.1%	9,892	78.2%
Gross profit	2,755	21.8%	2,742	21.7%
Selling, general and administrative expenses	1,540	12.2%	1,521	12.0%
Operating profit	1,214	9.6%	1,221	9.6%
Ordinary profit	1,226	9.7%	1,238	9.8%
Profit	893	7.0%	900	7.1%

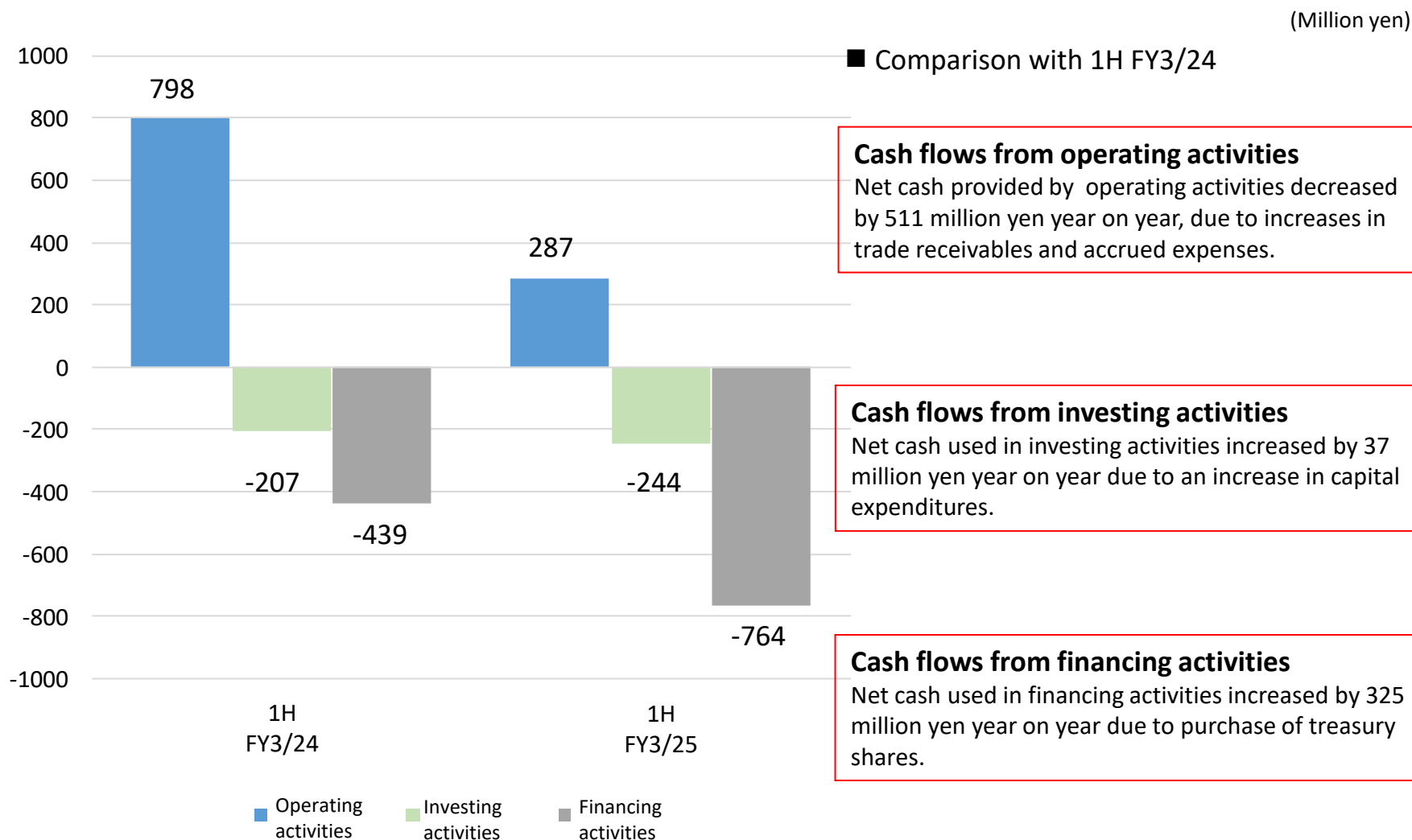
Appendix (3) Consolidated Balance Sheets

As of September 30, 2024

(Million yen)

Item	Amount (Non-consolidated)	Amount (Consolidated)	Account item	Amount (Non-consolidated)	Amount (Consolidated)
Cash and deposits	7,523	7,599	Accounts payable-trade	995	995
Accounts receivable-trade and contract assets	4,757	4,762	Short-term interest-bearing debt	939	939
Inventories	8	9	Income taxes payable	384	387
Other current assets	103	104	Other current liabilities	2,094	2,099
Property, plant and equipment	1,996	1,996	Long-term interest-bearing debt	627	627
Intangible assets	339	336			
Investments and other assets	789	776	Net assets	10,478	10,535
Total assets	15,519	15,584	Total liabilities and net assets	15,519	15,584

Appendix (4) Consolidated Cash Flows



Appendix (5) Medium-Term (3-year) Management Plan

(Consolidated)

(Million yen)

Item	FY3/25 (plan)	FY3/26 (forecast)	FY3/27 (forecast)
Net sales	26,718	30,057	33,974
Operating profit	3,084	3,453	3,921
Ordinary profit	3,114	3,480	3,947
Profit	2,198	2,414	2,738

Operation category	FY3/25 (plan)	FY3/26 (forecast)	FY3/27 (forecast)
SI services	10,917	11,917	12,944
Software development	14,584	16,719	19,467
Software products	429	583	639
Merchandise sales	348	353	384
Other	438	483	538
Total	26,718	30,057	33,974



* Note pertaining to this data:

- The purpose of these materials is to provide information about the Group's financial results and business strategies. They are not intended to solicit any purchase or sale of shares of the Company's stock.
- The forward-looking statements of the Group described in these materials are based on current information, and are subject to change due to various uncertainties inherent in forecasts, and future changes in the state of business operations.
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distribution service

<https://rims.tr.mufig.jp/?sn=3771>

