

V. Financial Information

1. Approach for Preparing Financial Statements

Artner prepares its financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963).

2. Audit Certification

Artner had its financial statements for the fiscal year (from February 1, 2022 to January 31, 2023) audited by KPMG AZSA LLC in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Consolidated Financial Statements

Since it has no subsidiary, Artner does not prepare consolidated financial statements.

4. Special Efforts to Ensure the Appropriateness of Financial Statements

Artner makes special efforts to ensure the appropriateness of its financial statements. More specifically, we have joined the Financial Accounting Standards Foundation to keep ourselves updated in order to maintain a correct understanding of accounting standards and other rules, thereby preparing to take the right actions when any changes are made to these standards and rules.

1 【Non-consolidated Financial Statements, etc.】

(1) 【Non-consolidated financial statements】

(i) 【Non-consolidated balance sheets】

(Thousands of yen)

	As of January 31, 2022	As of January 31, 2023
Assets		
Current assets		
Cash and deposits	3,554,199	3,975,881
Accounts receivable - trade	1,011,154	1,129,522
Work in process	950	4,099
Raw materials and supplies	3,637	3,689
Prepaid expenses	31,293	30,788
Accounts receivable - other	1,336	365
Other	19,081	23,610
Allowance for doubtful accounts	△6,000	△6,700
Total current assets	4,615,653	5,161,256
Non-current assets		
Property, plant and equipment		
Buildings	108,238	109,981
Accumulated depreciation	△68,732	△72,934
Buildings, net	39,505	37,046
Structures	1,172	1,172
Accumulated depreciation	△1,172	△1,172
Structures, net	0	0
Tools, furniture and fixtures	47,567	51,188
Accumulated depreciation	△30,326	△33,494
Tools, furniture and fixtures, net	17,240	17,693
Land	25,685	25,685
Total property, plant and equipment	82,431	80,424
Intangible assets		
Software	35,489	25,715
Telephone subscription right	1,654	1,654
Total intangible assets	37,143	27,370
Investments and other assets		
Investment securities	8,805	10,099
Investments in capital	1,250	1,250
Long-term prepaid expenses	1,150	563
Deferred tax assets	256,431	296,162
Leasehold and guarantee deposits	84,959	94,876
Other	1,159	1,185
Total investments and other assets	353,755	404,137
Total non-current assets	473,330	511,932
Total assets	5,088,983	5,673,188

(Thousands of yen)

	As of January 31, 2022	As of January 31, 2023
Liabilities		
Current liabilities		
Accounts payable - other	255,536	279,675
Accrued expenses	74,585	82,074
Income taxes payable	232,197	179,813
Accrued consumption taxes	203,266	221,798
Deposits received	15,255	17,700
Unearned revenue	37	37
Provision for bonuses	141,450	165,195
Other	4,875	7,290
Total current liabilities	927,204	953,585
Non-current liabilities		
Provision for retirement benefits	579,533	671,645
Total non-current liabilities	579,533	671,645
Total liabilities	1,506,737	1,625,230
Net assets		
Shareholders' equity		
Share capital	238,284	238,284
Capital surplus		
Legal capital surplus	168,323	168,323
Total capital surplus	168,323	168,323
Retained earnings		
Legal retained earnings	10,460	10,460
Other retained earnings		
General reserve	40,000	40,000
Retained earnings brought forward	3,120,984	3,585,798
Total retained earnings	3,171,444	3,636,258
Treasury shares	△739	△739
Total shareholders' equity	3,577,312	4,042,126
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,933	5,832
Total valuation and translation adjustments	4,933	5,832
Total net assets	3,582,246	4,047,958
Total liabilities and net assets	5,088,983	5,673,188

(ii) 【Non-consolidated statements of income】

(Thousands of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Net sales	8,102,991	9,242,360
Cost of sales	5,302,936	6,168,503
Gross profit	2,800,055	3,073,856
Selling, general and administrative expenses	1,789,646	1,879,747
Operating profit	1,010,409	1,194,108
Non-operating income		
Interest income	1	1
Dividend income	281	284
Commission income	593	574
Sales income of training materials	625	593
Rental income from land and buildings	650	408
Dividend income of insurance	6,048	6,870
Subsidy income	14,794	594
Other	1,287	1,130
Total non-operating income	24,283	10,457
Non-operating expenses		
Interest expenses	98	130
Cancellation penalty	2,025	1,330
Other	227	49
Total non-operating expenses	2,351	1,511
Ordinary profit	1,032,341	1,203,054
Extraordinary income		
Gain on sale of non-current assets	25,523	—
Total extraordinary income	25,523	—
Extraordinary losses		
Loss on retirement of non-current assets	78	0
Total extraordinary losses	78	0
Profit before income taxes	1,057,786	1,203,054
Income taxes - current	368,774	348,034
Income taxes - deferred	△39,773	△40,127
Total income taxes	329,000	307,906
Profit	728,785	895,148

[Cost of Sales Statement]

Classification	Note number	FY2022 (Fiscal year ended January 31, 2022)		FY2023 (Fiscal year ended January 31, 2023)	
		Amount (thousands of yen)	Ratio (%)	Amount (thousands of yen)	Ratio (%)
I. Labor cost		5,137,009	96.9	5,981,094	96.9
II. Expenses	*2	165,884	3.1	190,557	3.1
Total manufacturing cost for the period		5,302,894	100.0	6,171,652	100.0
Beginning inventory of work in process		992		950	
Total		5,303,886		6,172,602	
Ending inventory of work in process		950		4,099	
Cost of sales for the period		5,302,936		6,168,503	

FY2022 (Fiscal year ended January 31, 2022)	FY2023 (Fiscal year ended January 31, 2023)
1. Cost accounting method Job costing based on actual costs *2 Details are as shown below: Travel and transportation JPY 71,952 thousand Rent JPY 14,901 thousand	1. Cost accounting method Job costing based on actual costs *2 Details are as shown below: Travel and transportation JPY 81,585 thousand Rent JPY 19,138 thousand

(iii) 【Non-consolidated statements of changes in equity】

Fiscal year ended January 31, 2022

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
				General reserve	Retained earnings brought forward		
Balance at beginning of period	238,284	168,323	168,323	10,460	40,000	2,663,150	2,713,610
Changes during period							
Dividends of surplus						△270,951	△270,951
Profit						728,785	728,785
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	457,834	457,834
Balance at end of period	238,284	168,323	168,323	10,460	40,000	3,120,984	3,171,444

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	△739	3,119,478	3,704	3,704	3,123,182
Changes during period					
Dividends of surplus		△270,951			△270,951
Profit		728,785			728,785
Net changes in items other than shareholders' equity			1,229	1,229	1,229
Total changes during period	—	457,834	1,229	1,229	459,063
Balance at end of period	△739	3,577,312	4,933	4,933	3,582,246

Fiscal year ended January 31, 2023

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
					General reserve	Retained earnings brought forward	
Balance at beginning of period	238,284	168,323	168,323	10,460	40,000	3,120,984	3,171,444
Changes during period							
Dividends of surplus						△430,334	△430,334
Profit						895,148	895,148
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	464,813	464,813
Balance at end of period	238,284	168,323	168,323	10,460	40,000	3,585,798	3,636,258

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	△739	3,577,312	4,933	4,933	3,582,246
Changes during period					
Dividends of surplus		△430,334			△430,334
Profit		895,148			895,148
Net changes in items other than shareholders' equity			898	898	898
Total changes during period	—	464,813	898	898	465,711
Balance at end of period	△739	4,042,126	5,832	5,832	4,047,958

(iv) 【Non-consolidated statements of cash flows】

(Thousands of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,057,786	1,203,054
Depreciation	28,675	25,922
Increase (decrease) in allowance for doubtful accounts	700	700
Increase (decrease) in provision for bonuses	24,663	23,745
Increase (decrease) in provision for retirement benefits	75,490	92,111
Interest and dividend income	△282	△285
Interest expenses	98	130
Gain on sale of non-current assets	△25,523	—
Loss on retirement of non-current assets	78	0
Decrease (increase) in accounts receivable – other	△76	970
Decrease (increase) in trade receivables	△115,227	△118,368
Decrease (increase) in inventories	787	△3,200
Increase (decrease) in accrued consumption taxes	19,695	18,531
Increase (decrease) in accounts payable – other	90,675	24,139
Other, net	△65,967	4,945
Subtotal	1,091,572	1,272,396
Interest and dividends received	282	285
Interest paid	△98	△130
Income taxes paid	△320,821	△399,953
Net cash provided by (used in) operating activities	770,935	872,598
Cash flows from investing activities		
Purchase of property, plant and equipment	△4,015	△7,042
Proceeds from sale of property, plant and equipment	43,779	—
Purchase of intangible assets	△6,248	△7,099
Payments of leasehold and guarantee deposits	△144	△10,154
Proceeds from refund of leasehold and guarantee deposits	298	238
Other, net	△26	△26
Net cash provided by (used in) investing activities	33,643	△24,085
Cash flows from financing activities		
Dividends paid	△270,037	△426,831
Net cash provided by (used in) financing activities	△270,037	△426,831
Net increase (decrease) in cash and cash equivalents	534,541	421,681
Cash and cash equivalents at beginning of period	3,019,657	3,554,199
Cash and cash equivalents at end of period	3,554,199	3,975,881

[Notes]

(Significant Accounting Policies)

1. Basis and method for valuation of securities

Available-for-sale securities

Securities other than shares that do not have a market value

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)

2. Basis and method for valuation of inventories

(1) Work in process

Job costing method (with the amount shown on balance sheet written down as profitability declines)

(2) Supplies

Job costing method (with the amount shown on balance sheet written down as profitability declines)

3. Depreciation method for non-current assets

(1) Property, plant and equipment

Declining balance method (note: straight-line method for buildings (excluding facilities attached to the buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016)

Service life of the assets is mostly as shown below:

Buildings: 8 - 26 years

Tools, furniture and fixtures: 4 - 15 years

(2) Intangible assets

Straight-line method is applied to software for internal use. The calculation is based on usable life within the Company (5 years).

4. Recognition criteria for provisions

(1) Allowance for doubtful accounts

To make allowances for the non-payment of receivables, the historical default rate is used for general receivables; and receivables designated as potentially irrecoverable is determined by reviewing actual collectability on an individual claim basis to record the estimated amount that is deemed irrecoverable.

(2) Provision for bonuses

To make allowances for the payment of bonuses to employees, the amount that should be paid in the fiscal year under review is recorded, out of the estimated payment in the following fiscal year.

(3) Provision for retirement benefits

To make allowances for the payment of retirement benefits to employees, this is recorded based on the estimate for retirement benefit liabilities as of the end of the fiscal year under review.

(i) Method for attributing estimated retirement benefit payments to the period

When calculating retirement benefit liabilities, the method for attributing estimated benefit payments to the period that lasts until the end of the fiscal year under review is as per the benefit formula basis.

(ii) Method for processing actuarial gains and losses as expenses

Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise. The amount is proportionally divided using the straight-line method over a certain number of years (five years) that is within the average number of employees' remaining service years at the time the differences emerge each fiscal year.

5. Recognition criteria for revenue and expenses

(1) Engineer dispatching services

Artner assigns its engineers to client companies based on staffing agreements to offer services over the terms of the agreements.

We judge that our obligation is fulfilled with the passing of engineers' hours of operation, and thus we recognize revenue based on engineers' records of operation during the term.

(2) Contracting

Artner receives contracts from client companies for design and development, along with other relevant work. We ensure that completed work is delivered or operations are performed according to our instructions pursuant to each agreement with a client.

We recognize revenue upon completion of the client's inspection or of operations performed, as we judge that our obligation is fulfilled then.

6. Cash included in the statement of cash flows

The cash included in the statement of cash flows consists of cash on hand, savings available for withdrawal at any time, and short-term investments that can easily be converted into cash, have only a limited risk of price fluctuations, and are redeemed within three months from the date of acquisition.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition)

Artner began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”) and other relevant rules from the beginning of the fiscal year under review to recognize revenue at the amount it expects to receive in exchange for promised goods or services as soon as the control of these goods or services is transferred to a client.

The application of the Standard has no impact on profit or loss for the fiscal year under review.

We apply the Revenue Recognition Accounting Standard and other relevant rules in accordance with the transitional measure set forth in the provisory clause under Paragraph 84 of the Revenue Recognition Accounting Standard, which has no impact on the balance of retained earnings brought forward at the beginning of the period.

This report does not include “Notes Regarding Revenue Recognition” pertaining to the previous fiscal year in accordance with the transitional measure prescribed in Paragraph 89-3 of the Revenue Recognition Accounting Standard.

(Application of the Accounting Standard for Fair Value Measurement)

Artner began to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Accounting Standard”) and other relevant rules from the beginning of the fiscal year under review.

We will be applying the new accounting policies prescribed in the Fair Value Measurement Accounting Standard and other relevant rules in accordance with the transitional measures specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the Standard and policies has no impact on the financial statements.

(Regarding Non-consolidated Balance Sheet)

1 Artner has entered into overdraft agreements with its six banks in order to ensure efficient financing for working capital. The table below shows the balances of borrowings available for withdrawal according to the agreements.

	FY2022 (As of January 31, 2022)	FY2023 (As of January 31, 2023)
Overdraft limit	JPY 1,450,000 thousand	JPY 1,450,000 thousand
Outstanding borrowing	—	—
Balance	1,450,000	1,450,000

(Regarding Non-consolidated Statement of Income)

*1 Selling expenses accounted for approximately 7% in FY2022, and 7% in FY2023, and general and administrative expenses 93% in FY2022, and 93% in FY2023.

The table below shows the main item of selling, general and administrative expenses, and the amounts thereof.

	FY2022 (Fiscal year ended January 31, 2022)	FY2023 (Fiscal year ended January 31, 2023)
Salaries and allowances	JPY 714,072 thousand	JPY 668,997 thousand
Travel and transportation	65,327	75,885
Rent	173,104	168,516
Provision for bonuses	21,528	23,799
Retirement benefit expenses	26,122	28,826
Depreciation	28,544	25,626
Provision of allowance for doubtful accounts	700	700

(Regarding Non-consolidated Statement of Changes in Equity)

FY2022 (Fiscal year ended January 31, 2022)

1. Matters concerning the type and total number of shares issued, and the type and total number of treasury shares

	Number of shares at beginning of FY2022 (shares)	Increase in shares during FY2022 (shares)	Decrease in shares during FY2022 (shares)	Number of shares at end of FY2022 (shares)
Shares issued				
Common shares	10,627,920	—	—	10,627,920
Total	10,627,920	—	—	10,627,920
Treasury shares				
Common shares	2,376	—	—	2,376
Total	2,376	—	—	2,376

2. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on April 22, 2021	Common shares	122,193	11.50	January 31, 2021	April 23, 2021
Board of Directors Meeting on September 8, 2021	Common shares	148,757	14.00	July 31, 2021	October 7, 2021

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year

Resolution	Type of shares	Total amount of dividends (thousands of yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on April 21, 2022	Common shares	217,823	Retained earnings	20.50	January 31, 2022	April 22, 2022

FY2023 (February 1, 2022 to January 31, 2023)

1. Matters concerning the type and total number of shares issued, and the type and total number of treasury shares

	Number of shares at beginning of FY2023 (shares)	Increase in shares during FY2023 (shares)	Decrease in shares during FY2023 (shares)	Number of shares at end of FY2023 (shares)
Shares issued				
Common shares	10,627,920	—	—	10,627,920
Total	10,627,920	—	—	10,627,920
Treasury shares				
Common shares	2,376	—	—	2,376
Total	2,376	—	—	2,376

2. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on April 21, 2022	Common shares	217,823	20.50	January 31, 2022	April 22, 2022
Board of Directors Meeting on September 8, 2022	Common shares	212,510	20.00	July 31, 2022	October 7, 2022

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year

Resolution	Type of shares	Total amount of dividends (thousands of yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on April 27, 2023	Common shares	425,021	Retained earnings	40.00	January 31, 2023	April 28, 2023

(Regarding Non-consolidated Statement of Cash Flows)

*1 Relationship between cash and cash equivalents at the end of the period and the amount for the account title shown in the balance sheet

	FY2022 (Fiscal year ended January 31, 2022)	FY2023 (Fiscal year ended January 31, 2023)
Cash and deposit account	JPY 3,554,199 thousand	JPY 3,975,881 thousand
Cash and cash equivalents	3,554,199	3,975,881

(Regarding Lease Transactions)

Notes on this matter have been omitted because they are of little importance.

(Regarding Financial Instruments)

1. Matters concerning financial instruments

(1) Policy on financial instruments

Artnr limits its fund management to short-term deposits or any equivalents, and it has the policy that it raises funds mostly by borrowing from banks.

(2) Description of financial instruments, risks involved therein, and risk management framework

Accounts receivable are exposed to clients' credit risk. We mitigate this risk in line with our credit management policy.

(3) Supplementary explanations about matters concerning the fair values of financial instruments

Variable factors are taken into account when the fair value of a financial instrument is calculated. Hence, the value may fluctuate when different prerequisites are used.

2. Matters concerning the fair values of financial instruments

Notes on cash, deposits, and accounts receivable have been omitted because they are in cash, and because their fair value approximates carrying amounts as they are paid/made in a short term.

Note: Planned redemption amounts after the closing date for monetary claims

FY2022 (As of January 31, 2022)

	Within 1 year (thousands of yen)	More than 1 year, within 5 years (thousands of yen)	More than 5 years, within 10 years (thousands of yen)	More than 10 years (thousands of yen)
Cash and deposits	3,554,055	—	—	—
Accounts receivable - trade	1,011,154	—	—	—
Total	4,565,210	—	—	—

FY2023 (As of January 31, 2023)

	Within 1 year (thousands of yen)	More than 1 year, within 5 years (thousands of yen)	More than 5 years, within 10 years (thousands of yen)	More than 10 years (thousands of yen)
Cash and deposits	3,975,707	—	—	—
Accounts receivable - trade	1,129,522	—	—	—
Total	5,105,230	—	—	—

3. Matters concerning the breakdown of financial instruments by each fair value level

Notes on the matters have been omitted because they are of little importance.

(Regarding Investment Securities)

1. Available-for-sale securities

FY2022 (As of January 31, 2022)

	Type	Amount recorded on balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities recorded on balance sheet at amount that exceeds acquisition cost	Stock	8,805	1,697	7,107
	Subtotal	8,805	1,697	7,107
Securities recorded on balance sheet at amount that does not exceed acquisition cost	Stock	—	—	—
	Subtotal	—	—	—
Total		8,805	1,697	7,107

FY2023 (As of January 31, 2023)

	Type	Amount recorded on balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities recorded on balance sheet at amount that exceeds acquisition cost	Stock	10,099	1,697	8,401
	Subtotal	10,099	1,697	8,401
Securities recorded on balance sheet at amount that does not exceed acquisition cost	Stock	—	—	—
	Subtotal	—	—	—
Total		10,099	1,697	8,401

2. Available-for-sale securities sold

Not applicable.

(Regarding Derivatives)

Not applicable, as Artner does not trade derivatives.

(Regarding Retirement Benefits)

1. Summary of the retirement benefit plan used

Artner uses the defined benefit retirement lump sum payment plan and the define contribution pension plan to pay retirement benefits to its employees.

2. Defined benefit plan

(1) Reconciliation of the beginning and ending balances of retirement benefit liabilities

	FY2022 (Fiscal year ended January 31, 2022)	FY2023 (Fiscal year ended January 31, 2023)
Balance of retirement benefit liabilities at beginning of period	JPY 569,633 thousand	JPY 653,266 thousand
Service expenses	60,534	69,665
Interest expenses	4,767	5,467
Actuarial gains and losses incurred	29,571	(186,550)
Retirement benefit payments	(11,240)	(12,489)
Balance of retirement benefit liabilities at end of period	653,266	529,360

(2) Reconciliation of the ending balance of retirement benefit liabilities and the provision for retirement benefits recorded on the balance sheet

	FY2022 (As of January 31, 2022)	FY2023 (As of January 31, 2023)
Retirement benefit liabilities in non-savings-type plan	JPY 653,266 thousand	JPY 529,360 thousand
Retirement benefit liabilities unfunded	653,266	529,360
Unrecognized actuarial gains and losses	(73,733)	142,284
Net liabilities and assets recorded on balance sheet	579,533	671,645
Provision for retirement benefits	579,533	671,645
Net liabilities and assets recorded on balance sheet	579,533	671,645

(3) Itemized retirement benefit expenses

	FY2022 (Fiscal year ended January 31, 2022)	FY2023 (February 1, 2022 to January 31, 2023)
Service expenses	JPY 60,534 thousand	JPY 69,665 thousand
Interest expenses	4,767	5,467
Actuarial gains and losses processed as expenses	21,427	29,468
Retirement benefit expenses for defined benefit plan	86,730	104,600

(4) Matters concerning the basis for actuarial calculations

Basis for key actuarial calculations

	FY2022 (As of January 31, 2022)	FY2023 (As of January 31, 2023)
Discount rate	0.8%	1.7%

To project the rates of increase in salary, we use pay raise indexes by age calculated with September 1 of the fiscal year being the base date.

3. Defined contribution plan

Artner's required contributions to the defined contribution plan were JPY 55,362 thousand for the previous fiscal year and JPY 60,975 thousand for the fiscal year under review.

(Regarding Stock Options)

Not applicable.

(Regarding Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by main cause

	FY2022 (As of January 31, 2022)	FY2023 (As of January 31, 2023)
Deferred tax assets		
Enterprise tax payable	JPY 12,885 thousand	JPY 13,287 thousand
Accrued expenses	10,726	12,848
Provision for bonuses	43,255	50,516
Provision for retirement benefits	177,221	205,389
Allowance for doubtful accounts	1,834	2,048
Impairment loss	4,642	4,642
Other	8,038	9,999
Total deferred tax assets	258,604	298,731
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(2,173)	(2,569)
Total deferred tax liabilities	(2,173)	(2,569)
Net deferred tax assets	256,431	296,162

2. Statutory effective tax rate and main causes of the difference from the income tax burden rate after the application of tax effect accounting

	FY2022 (As of January 31, 2022)	FY2023 (As of January 31, 2023)
Statutory effective tax rate		30.6%
(Adjustments)	Notes have been omitted	
Items that are permanently excluded from deductible expenses such as entertainment expenses	because the difference between the statutory effective tax rate and the income tax burden rate after the application of tax effect accounting is five-hundredths or less of the statutory effective tax rate.	0.1
Inhabitant tax on per capita basis		0.2
Tax credit through taxation as an incentive to hire human resources and for other purposes		(5.0)
Other		(0.3)
Income tax burden rate after the application of tax effect accounting		25.6

(Equity in Earnings)

Not applicable.

(Regarding Business Combination)

Not applicable.

(Regarding Asset Retirement Obligations)

Notes on this matter have been omitted because they are of little importance.

(Regarding Investment and Rental Property)

Notes on this matter have been omitted because the total amount of investment and rental property is of little importance.

(Regarding Revenue Recognition)

1. Disaggregation of revenue generated from contracts with clients

	FY2023 (Fiscal year ended January 31, 2023)
Engineer dispatching services	JPY 8,413,395 thousand
Contracting	794,627
Other	34,337
Revenue generated from contracts with clients	9,242,360
Other revenue	—
Net sales to external clients	9,242,360

2. Basic information for understanding revenue generated from contracts with clients

Basic information for understanding revenue is as stated in “(Significant Accounting Policies) 5. Recognition criteria for revenue and expenses.”

3. Information for understanding the revenue amounts in the fiscal year under review and subsequent fiscal years

Balance of receivables arisen from contracts with clients

	FY2023
Receivables arisen from contracts with clients	
Accounts receivable - trade (beginning balance)	JPY 1,011,154 thousand
Accounts receivable - trade (ending balance)	1,129,522

(Segment Data)

[Segment data]

Since we have only one reportable segment, notes on this matter have been omitted.

[Related information]

FY2022 (Fiscal year ended January 31, 2022)

1. Information by product and service

Since our business is in a single segment, notes on this matter have been omitted.

2. Information by region

(1) Net sales

Not applicable because we have no sales to external clients outside Japan.

(2) Property, plant and equipment

Not applicable because none of our property, plant and equipment are located outside Japan.

3. Information by major customer

(Unit: thousands of yen)

Client name / Company name	Net sales
Honda R&D Co., Ltd.	1,017,018
Honda Motor Co., Ltd.	826,783

Note: Since our business is in a single segment, names of related segments have been omitted.

FY2023 (February 1, 2022 to January 31, 2023)

1. Information by product and service

Since our business is in a single segment, notes on this matter have been omitted.

2. Information by region

(1) Net sales

Not applicable because we have no sales to external clients outside Japan.

(2) Property, plant and equipment

Not applicable because none of our property, plant and equipment are located outside Japan.

3. Information by major customer

(Unit: thousands of yen)

Client name / Company name	Net sales
Honda Motor Co., Ltd.	1,051,753

Note: Since our business is in a single segment, names of related segments have been omitted.

[Information about impairment loss on non-current assets in each reportable segment]

Not applicable.

[Information about amortization and unamortized balance of goodwill in each reportable segment]

Not applicable.

[Information about gain on bargain purchase in each reportable segment]

Not applicable.

[Information about related parties]

Not applicable.

(Per Share Information)

	FY2022 (Fiscal year ended January 31, 2022)	FY2023 (Fiscal year ended January 31, 2023)
Net assets per share	JPY 337.14	JPY 380.96
Earnings per share	JPY 68.59	JPY 84.24

Notes: 1. Diluted earnings per share are not shown because we have no dilutive shares.

2. The table below shows the bases for calculations of earnings per share.

	FY2022 (Fiscal year ended January 31, 2022)	FY2023 (Fiscal year ended January 31, 2023)
Profit (thousands of yen)	728,785	895,148
Amounts not attributable to common shareholders (thousands of yen)	—	—
Profit pertaining to common shares (thousands of yen)	728,785	895,148
Average number of common shares outstanding during the period	10,625,544	10,625,544

(Material Post-Balance Sheet Events)

Not applicable.

(v) Supplementary schedule

[Statement of property, plant and equipment]

Asset Type	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of period (thousands of yen)	Accumulated depreciation/ amortization at end of period (thousands of yen)	Amortization in period (thousands of yen)	Balance at end of period (thousands of yen)
Property, plant and equipment							
Buildings	108,238	1,743	—	109,981	72,934	4,202	37,046
Structures	1,172	—	—	1,172	1,172	—	0
Tools, furniture and fixtures	47,567	5,299	1,679	51,188	33,494	4,847	17,693
Land	25,685	—	—	25,685	—	—	25,685
Total property, plant and equipment	182,663	7,042	1,679	188,026	107,602	9,049	80,424
Intangible assets							
Software	120,142	7,099	—	127,241	101,525	16,872	25,715
Telephone subscription right	1,654	—	—	1,654	—	—	1,654
Total intangible assets	121,796	7,099	—	128,895	101,525	16,872	27,370

[Statement of bonds]

Not applicable.

[Statement of borrowings]

Not applicable.

[Statement of provisions]

Classification	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (spending for purpose) (thousands of yen)	Decrease during period (other) (thousands of yen)	Balance at end of period (thousands of yen)
Allowance for doubtful accounts	6,000	6,700	—	6,000	6,700
Provision for bonuses	141,450	165,195	141,450	—	165,195

Note: "Decrease during period (other)" under allowance for doubtful accounts is the amount updated using the loan loss ratio for general receivables.

[Statement of asset retirement obligations]

Not applicable.

(2) Details of Main Assets and Liabilities

(i) Assets

(a) Cash and deposits

Classification	Amount (thousands of yen)
Cash	173
Deposits	
Current deposits	3,882,031
Ordinary deposits	31,467
Special deposits	2,208
Time deposits	60,000
Subtotal	3,975,707
Total	3,975,881

(b) Accounts receivable

Breakdown by client

Client	Amount (thousands of yen)
Honda Motor Co., Ltd.	171,193
Honda R&D Co., Ltd.	123,582
Lasertec Corporation	76,764
Nikon Corporation	65,546
Bosch Corporation	40,462
Other	651,972
Total	1,129,522

Accounts receivable accrued, collected, or outstanding

Balance at beginning of period (thousands of yen)	Accrued during period (thousands of yen)	Collected during period (thousands of yen)	Balance at end of period (thousands of yen)	Collection rate (%)	Overdue (days)
(A)	(B)	(C)	(D)	$\frac{(C)}{(A) + (B)} \times 100$	$\frac{(A) + (D)}{2} - (B)$
1,011,154	10,166,579	10,048,211	1,129,522	89.9	38.4

Note: The accrued amount includes consumption tax.

(c) Work in process

Item	Amount (thousands of yen)
Contracting business	4,099
Total	4,099

(d) Raw materials and supplies

Item	Amount (thousands of yen)
Printed matter	3,187
Quo cards	500
Revenue stamps	2
Total	3,689

(e) Deferred tax assets

Deferred tax assets totaled JPY 296,162 thousand. Details thereof are stated in "1. Financial Statements and Other Documents (1) Financial Statements Notes (Regarding Tax Effect Accounting)."

(ii) Liabilities

(a) Provision for retirement benefits

Classification	Amount (thousands of yen)
Retirement benefit liabilities	529,360
Unrecognized actuarial gains and losses	142,284
Total	671,645

(3) Other

Quarterly financial information for the fiscal year under review

(Cumulative)	Q1	Q2	Q3	Full year
Net sales (thousands of yen)	2,232,489	4,522,954	6,891,658	9,242,360
Profit before income taxes (thousands of yen)	379,081	691,862	942,014	1,203,054
Profit (thousands of yen)	263,308	479,740	653,262	895,148
Earnings per share (yen)	24.78	45.15	61.48	84.24

(Accounting period)	Q1	Q2	Q3	Q4
Earnings per share (yen)	24.78	20.37	16.33	22.76