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Consolidated Financial Results for the Nine Months Ended December 31, 2025 [Japanese GAAP]



January 30, 2026

Company name: SYSTEM RESEARCH CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Code number: 3771
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 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing materials on financial results: Not available
 Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2025 (April 1, 2025 to December 31, 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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2025	21,420	11.4	2,403	16.7	2,436	14.8	1,785	14.8
December 31, 2024	19,213	11.4	2,059	4.7	2,121	6.4	1,554	5.3

(Note) Comprehensive income: Nine months ended December 31, 2025: ¥ 1,788 million [14.9%]
 Nine months ended December 31, 2024: ¥ 1,555 million [5.2%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	107.72	-
December 31, 2024	93.65	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2025	17,606	12,659	71.7
As of March 31, 2025	17,526	11,829	67.3

(Reference) Equity: As of December 31, 2025: ¥12,637 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)				70.00	70.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Please refer to “Notice Concerning Revision to Dividend Forecasts for the Fiscal Year Ending March 31, 2026” announced on January 30, 2026.

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 quarterly 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 December 31, 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 December 31, 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):

Nine months ended December 31, 2025: 16,575,342 shares

Nine months ended December 31, 2024: 16,595,768 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or audit firms: No

* 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 2 of the attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended December 31, 2025, the Japanese economy was on a moderate recovery trend, supported by improvements in the employment and income environment. Meanwhile, the economic outlook remained uncertain due to factors such as the worsening China-Japan relationship and an increasing risk of a decline in consumer confidence arising from price hikes, in addition to fluctuations in the financial and capital market and concern over a slowdown in the global economy due to the prolonged geopolitical risks.

In the information service industry, in which the Group operates, software investment plans for December 2025, grew by 12.2% compared with a year earlier according to the Short-Term Economic Survey of Enterprises in Japan (“Tankan”) for December 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 and operational reforms utilizing digital transformation (DX) technology and artificial intelligence (AI), and further, upgrade their core systems.

In this business environment, for the nine months ended December 31, 2025, net sales of SI Services Business were 8,094 million yen (an increase of 4.8% year on year), due to a steady IT investment demand from the manufacturing industry, the Company’s major customer sectors. In addition, net sales of Software Development Business were 12,315 million yen (an increase of 16.2% year on year), as the Company stably secured continuing contracts with existing customers. Net sales of Software Products Business were 265 million yen (a decrease of 16.5% year on year) due to weak sales of packaged software for small and medium enterprises. Net sales of Merchandise Sales were 516 million yen (an increase of 64.9% 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 228 million yen (a decrease of 14.2% 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. In addition, with the shift to high-profit projects and the thorough management of project risks through PRM (Project Risk Management) activities, profit margin improved.

As a result, for the nine months ended December 31, 2025, net sales were 21,420 million yen (an increase of 11.4% year on year), with operating profit of 2,403 million yen (an increase of 16.7% year on year), ordinary profit of 2,436 million yen (an increase of 14.8% year on year), and profit attributable to owners of parent of 1,785 million yen (an increase of 14.8% year on year), on a consolidated basis.

(2) Explanation of Financial Position

Total assets as of December 31, 2025 increased by 80 million yen year on year to 17,606 million yen, due to an increase in buildings and structures, despite a decrease in cash, deposits, and other related accounts.

Liabilities as of December 31, 2025 decreased by 750 million yen year on year to 4,947 million yen, due to decreases in income taxes payable and provision for bonuses, among other factors.

Net assets as of December 31, 2025 increased by 830 million yen year on year to 12,659 million yen, due to an increase in retained earnings, among other factors.

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

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

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	8,203,626	7,711,271
Trade receivables and contract asset	5,297,093	5,419,557
Merchandise	2,094	55,599
Supplies	6,599	6,614
Other	98,319	120,157
Total current assets	13,607,732	13,313,199
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	773,258	1,968,485
Land	1,095,230	1,095,230
Other, net	954,330	163,134
Total property, plant and equipment	2,822,819	3,226,850
Intangible assets		
Goodwill	114,685	65,534
Software	191,068	209,110
Other	7,688	9,553
Total intangible assets	313,441	284,198
Investments and other assets		
Other	782,383	782,235
Total investments and other assets	782,383	782,235
Total non-current assets	3,918,644	4,293,284
Total assets	17,526,376	17,606,484

(Thousand yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,063,703	1,134,251
Short-term borrowings	—	165,000
Current portion of long-term borrowings	730,534	605,576
Income taxes payable	591,302	258,405
Provision for bonuses	1,342,932	860,906
Other	1,402,172	1,536,964
Total current liabilities	5,130,645	4,561,103
Non-current liabilities		
Long-term borrowings	566,664	386,065
Total non-current liabilities	566,664	386,065
Total liabilities	5,697,309	4,947,168
Net assets		
Shareholders' equity		
Share capital	550,150	550,150
Capital surplus	517,550	525,556
Retained earnings	10,960,530	11,752,195
Treasury shares	(223,780)	(195,953)
Total shareholders' equity	11,804,450	12,631,949
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,043	5,381
Total accumulated other comprehensive income	6,043	5,381
Non-controlling interests	18,574	21,984
Total net assets	11,829,067	12,659,315
Total liabilities and net assets	17,526,376	17,606,484

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Net sales	19,213,150	21,420,845
Cost of sales	14,887,194	16,544,518
Gross profit	4,325,955	4,876,327
Selling, general and administrative expenses	2,266,545	2,472,464
Operating profit	2,059,409	2,403,862
Non-operating income		
Interest income	120	1,504
Subsidy income	64,261	35,486
Other	5,977	5,050
Total non-operating income	70,359	42,041
Non-operating expenses		
Interest expenses	7,859	8,754
Other	—	604
Total non-operating expenses	7,859	9,358
Ordinary profit	2,121,909	2,436,545
Extraordinary income		
Gain on sale of non-current assets	7,614	—
Total extraordinary income	7,614	—
Extraordinary losses		
Loss on retirement of non-current assets	652	269
Total extraordinary losses	652	269
Profit before income taxes	2,128,871	2,436,276
Income taxes	571,600	647,255
Profit	1,557,271	1,789,020
Profit attributable to non-controlling interests	3,052	3,410
Profit attributable to owners of parent	1,554,218	1,785,609

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Profit	1,557,271	1,789,020
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,959)	(661)
Total other comprehensive income	(1,959)	(661)
Comprehensive income	1,555,311	1,788,358
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,552,258	1,784,947
Comprehensive income attributable to non-controlling interests	3,052	3,410

(3) Notes to the Quarterly 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 quarterly 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 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.

(Notes to segment information, etc.)

[Segment information]

I. For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

The Group omits the description of business segments because it has only one segment, the software related business.

II. For the nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

The Group omits the description of business segments because it has only one segment, the software related business.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2025 are not prepared. Depreciation, which includes depreciation for intangible assets excluding goodwill, and amortization of goodwill for the nine months ended December 31, 2025 are as follows:

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Depreciation	104,258 thousand yen	143,758 thousand yen
Amortization of goodwill	49,150 thousand yen	49,150 thousand yen

3. Other

Status of Production, Receipt of Orders, and Sales

(1) Production

The amount of production by business category for the nine months ended December 31, 2025 is as follows:

Business category	For the nine months ended December 31, 2025	
	Amount of production (million yen)	Change from the previous corresponding period (%)
SI Services Business	8,094	104.8
Software Development Business	12,315	116.2
Software Products Business	265	83.4
Other	228	85.7
Total	20,904	110.6

(Note) Amounts are presented based on sales prices.

(2) Outsourcing

The amount of outsourcing by business category for the nine months ended December 31, 2025 is as follows:

Business category	For the nine months ended December 31, 2025	
	Amount of outsourcing (million yen)	Change from the previous corresponding period (%)
SI Services Business	3,330	101.1
Software Development Business	5,057	117.4
Software Products Business	67	85.2
Other	0	110.5
Total	8,456	110.1

(3) Purchases

The amount of purchases by business category for the nine months ended December 31, 2025 is as follows:

Business category	For the nine months ended December 31, 2025	
	Amount of purchases (million yen)	Change from the previous corresponding period (%)
Merchandise Sales	468	175.9

(Note) Amounts are presented based on purchase prices.

(4) Receipt of Orders

The amount of orders received by business category for the nine months ended December 31, 2025 is as follows:

Business category	For the nine months ended December 31, 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	10,229	117.8	3,936	120.3
Software Development Business	13,981	128.9	3,340	123.7
Software Products Business	243	81.2	101	94.4
Merchandise Sales	508	167.9	95	308.6
Total	24,961	124.0	7,473	122.3

(5) Sales

The amount of sales by business category for the nine months ended December 31 2025 is as follows:

Business category	For the nine months ended December 31, 2025	
	Amount of sales (million yen)	Change from the previous corresponding period (%)
SI Services Business	8,094	104.8
Software Development Business	12,315	116.2
Software Products Business	265	83.5
Merchandise Sales	516	164.9
Other	228	85.8
Total	21,420	111.4

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

Customer	For the nine months ended December 31, 2024		For the nine months ended December 31, 2025	
	Amount of sales (million yen)	Share (%)	Amount of sales (million yen)	Share (%)
TOYOTA SYSTEMS CORPORATION	3,415	17.7	3,847	17.9