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Consolidated Financial Results for the Three Months Ended June 30, 2026 [Japanese GAAP]

July 28, 2026

Company name: SYSTEM RESEARCH CO., LTD.
Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
Code number: 3771
URL: https://www.sr-net.co.jp/
Representative: Hiroshi Hirayama, Representative Director and President
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Phone: +81-52-413-6820
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 Three Months Ended June 30, 2026 (April 1, 2026 to June 30, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	7,431	7.0	540	(10.1)	540	(11.6)	390	(11.6)
June 30, 2025	6,940	12.1	601	26.8	611	24.8	441	25.3

(Note) Comprehensive income: Three months ended June 30, 2026: ¥390 million [(11.7)%]
Three months ended June 30, 2025: ¥442 million [25.7%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	23.52	–
June 30, 2025	26.66	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2026	17,385	12,714	73.0
As of March 31, 2026	19,458	13,485	69.1

(Reference) Equity: As of June 30, 2026: ¥12,691 million
As of March 31, 2026: ¥ 13,462 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	–	0.00	–	70.00	70.00
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		0.00	–	80.00	80.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes
Please refer to “Notice Concerning the Revision of Dividend Policy (Revision of the Target Dividend Payout Ratio and Adoption of a Progressive Dividend Policy) and the Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2027” announced on July 28, 2026.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(% 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
Six months ending September 30, 2026	15,082	6.2	1,419	(6.5)	1,418	(7.3)	1,041	(7.1)	62.78
Full year	32,276	10.9	3,850	10.9	3,907	10.0	2,836	8.6	171.01

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 June 30, 2026: 16,720,000 shares
As of March 31, 2026: 16,720,000 shares

(ii) Number of treasury shares at the end of the period:
As of June 30, 2026: 135,047 shares
As of March 31, 2026: 135,047 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):
Three months ended June 30, 2026: 16,584,953 shares
Three months ended June 30, 2025: 16,565,738 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.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2026, the Japanese economy was on a moderate recovery trend, supported by improvements in the employment and income environment and with signs of improvement in real wages due to the continued wage hikes by companies. Meanwhile, the economic outlook remained uncertain due to factors such as increasing geopolitical risks surrounding the tense situation in the Middle East, unstable foreign exchange fluctuations, and the impact of sustained price increases on personal consumption.

In the information service industry, in which the Group operates, software investment plans grew by 13.5% compared with a year earlier according to the Short-Term Economic Survey of Enterprises in Japan (“Tankan”) for June 2026 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 renew core enterprise systems. In addition, initiatives leveraging generative AI and agentic AI (commonly referred to as AI agents) are expanding into more areas, driven by the need for operational efficiency and productivity enhancement, and efforts toward their full-scale adoption are steadily advancing across companies.

In this business environment, for the three months ended June 30, 2026, net sales of SI Services Business, which centers on the development of corporate information systems, were 2,577 million yen (a decrease of 1.9% year on year), due to a decline in orders for lump-sum contracts from the Company’s major customer sectors. Net sales of Software Development Business were 4,458 million yen (an increase of 12.3% year on year), as the Company was able to steadily acquire maintenance service contracts with existing customers. Net sales of Software Products Business were 80 million yen (a decrease of 3.1% year on year) due to weak sales of packaged software for small and medium enterprises. Net sales of Merchandise Sales were 229 million yen (an increase of 24.6% 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 84 million yen (an increase of 6.0% year on year).

In terms of earnings, profit margin decreased due to increased personnel and training expenses associated with hiring new graduates, as well as higher advertising expenses.

As a result, for the three months ended June 30, 2026, net sales were 7,431 million yen (an increase of 7.0% year on year), with operating profit of 540 million yen (a decrease of 10.1% year on year), ordinary profit of 540 million yen (a decrease of 11.6% year on year), and profit attributable to owners of parent of 390 million yen (a decrease of 11.6% year on year), on a consolidated basis.

(2) Explanation of Financial Position

Total assets as of June 30, 2026 decreased by 2,073 million yen year on year to 17,385 million yen, due to decreases in cash and deposits, trade receivables and contract asset.

Liabilities as of June 30, 2026 decreased by 1,303 million yen year on year to 4,670 million yen, due to decreases in income taxes payable and provision for bonuses, among other factors.

Net assets as of June 30, 2026 decreased by 770 million yen year on year to 12,714 million yen, due to a payment of dividends of surplus, 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 six months ending September 30, 2026 and the full year ending March 31, 2027, announced on May 11, 2026.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	8,429,775	7,450,574
Trade receivables and contract asset	6,206,739	5,026,940
Merchandise	49,971	59,954
Supplies	7,813	7,812
Other	103,573	184,744
Total current assets	14,797,873	12,730,027
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,947,902	1,928,951
Land	1,401,875	1,402,967
Other, net	154,166	184,311
Total property, plant and equipment	3,503,944	3,516,230
Intangible assets		
Goodwill	49,150	32,767
Software	214,796	212,494
Other	9,451	9,349
Total intangible assets	273,399	254,610
Investments and other assets		
Other	883,578	884,175
Total investments and other assets	883,578	884,175
Total non-current assets	4,660,922	4,655,016
Total assets	19,458,796	17,385,043

(Thousand yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	1,483,980	1,257,052
Short-term borrowings	–	105,000
Current portion of long-term borrowings	580,580	515,588
Income taxes payable	656,613	187,916
Provision for bonuses	1,493,513	488,952
Other	1,382,673	1,817,287
Total current liabilities	5,597,360	4,371,797
Non-current liabilities		
Long-term borrowings	376,357	298,259
Total non-current liabilities	376,357	298,259
Total liabilities	5,973,717	4,670,056
Net assets		
Shareholders’ equity		
Share capital	550,150	550,150
Capital surplus	525,556	525,556
Retained earnings	12,577,539	11,806,748
Treasury shares	(195,953)	(195,953)
Total shareholders’ equity	13,457,292	12,686,501
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,685	5,223
Total accumulated other comprehensive income	5,685	5,223
Non-controlling interests	22,100	23,261
Total net assets	13,485,078	12,714,987
Total liabilities and net assets	19,458,796	17,385,043

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	6,940,180	7,431,117
Cost of sales	5,459,881	5,868,165
Gross profit	1,480,298	1,562,951
Selling, general and administrative expenses	878,999	1,022,669
Operating profit	601,299	540,281
Non-operating income		
Subsidy income	12,680	2,650
Other	105	479
Total non-operating income	12,785	3,129
Non-operating expenses		
Interest expenses	2,612	2,920
Total non-operating expenses	2,612	2,920
Ordinary profit	611,471	540,490
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	611,471	540,490
Income taxes	168,357	149,173
Profit	443,113	391,317
Profit attributable to non-controlling interests	1,407	1,161
Profit attributable to owners of parent	441,706	390,155

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	443,113	391,317
Other comprehensive income		
Valuation difference on available-for-sale securities	(183)	(461)
Total other comprehensive income	(183)	(461)
Comprehensive income	442,930	390,855
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	441,522	389,693
Comprehensive income attributable to non-controlling interests	1,407	1,161

(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, 2027, 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 three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

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

II. For the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

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 three months ended June 30, 2026 are not prepared. Depreciation, which includes depreciation for intangible assets excluding goodwill, and amortization of goodwill for the three months ended June 30, 2026 are as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Depreciation	39,488 thousand yen	57,061 thousand yen
Amortization of goodwill	16,383 thousand yen	16,383 thousand yen

3. Other

Status of Production, Receipt of Orders, and Sales

(1) Production

The amount of production by business category for the three months ended June 30, 2026 is as follows:

Business category	For the three months ended June 30, 2026	
	Amount of production (million yen)	Change from the previous corresponding period (%)
SI Services Business	2,577	98.1
Software Development Business	4,458	112.3
Software Products Business	80	96.9
Other	84	106.0
Total	7,201	106.5

(Note) Amounts are presented based on sales prices.

(2) Outsourcing

The amount of outsourcing by business category for the three months ended June 30, 2026 is as follows:

Business category	For the three months ended June 30, 2026	
	Amount of outsourcing (million yen)	Change from the previous corresponding period (%)
SI Services Business	1,027	92.5
Software Development Business	1,787	111.1
Software Products Business	17	81.7
Total	2,833	103.4

(3) Purchases

The amount of purchases by business category for the three months ended June 30, 2026 is as follows:

Business category	For the three months ended June 30, 2026	
	Amount of purchases (million yen)	Change from the previous corresponding period (%)
Merchandise Sales	206	97.2

(Note) Amounts are presented based on purchase prices.

(4) Receipt of Orders

The amount of orders received by business category for the three months ended June 30, 2026 is as follows:

Business category	For the three months ended June 30, 2026			
	Orders received (million yen)	Change from the previous corresponding period (%)	Backlog of orders (million yen)	Change from the previous corresponding period (%)
SI Services Business	3,122	71.7	3,360	95.2
Software Development Business	4,407	81.2	3,590	114.6
Software Products Business	71	95.3	105	90.8
Merchandise Sales	567	307.2	476	457.6
Total	8,169	81.4	7,533	109.5

(5) Sales

The amount of sales by business category for the three months ended June 30, 2026 is as follows:

Business category	For the three months ended June 30, 2026	
	Amount of sales (million yen)	Change from the previous corresponding period (%)
SI Services Business	2,577	98.1
Software Development Business	4,458	112.3
Software Products Business	80	96.9
Merchandise Sales	229	124.6
Other	84	106.0
Total	7,431	107.0

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

Customer	For the three months ended June 30, 2025		For the three months ended June 30, 2026	
	Amount of sales (million yen)	Share (%)	Amount of sales (million yen)	Share (%)
TOYOTA SYSTEMS CORPORATION	1,169	16.8	1,484	19.9