

Summary of Consolidated Financial Results for the Year Ended March 31, 2021

Company name: SRA Holdings, Inc. (URL: <https://www.sra-hd.co.jp/>)
Stock listing: Tokyo Stock Exchange
Code number: 3817
President: Toru Kashima
For inquiries, please contact: Toshiaki Kobayashi, Executive Officer, Group Finance & Accounting
Tel: +81-3-5979-2666
Date of ordinary general meeting of shareholders: June 24, 2021
Scheduled commencement of dividend payment: June 9, 2021
Scheduled date of submission of financial reports: July 24, 2021
Results Supplement Materials: Yes
Results Presentation Meeting : Yes

1. Consolidated Financial Results for Fiscal 2020(from April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(All amounts rounded down, % change YoY)

	Net Sales		Operating Profit		Ordinary Profit		Profit (loss) attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal 2021	39,386	(9.8)	5,026	1.6	5,268	6.4	3,073	-
Fiscal 2020	43,642	7.0	4,948	21.3	4,951	10.8	(612)	-

Note : Comprehensive Income

Fiscal 2021: ¥3,764 million (-%)

Fiscal 2020: ¥51 million ((95.9)%)

	Net Profit per Share	Net Profit per Share after Dilution	Ratio of Net Profit to Shareholders' Equity	Ratio of Ordinary Profit to Total Assets	Ordinary Profit Ratio
	Yen	Yen	%	%	%
Fiscal 2021	249.12	-	14.5	14.5	12.8
Fiscal 2020	(49.68)	-	(3.0)	13.8	11.3

Reference: Gain (loss) on equity method investments:

Fiscal 2021: ¥(306) million

Fiscal 2020: ¥(118) million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of Yen	Millions of Yen	%	Yen
Fiscal 2021	37,945	22,489	59.2	1,819.78
Fiscal 2020	34,934	20,052	57.4	1,624.61

Reference: Shareholders' equity

Fiscal 2021: ¥22,449 million

Fiscal 2020: ¥20,042 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal 2021	4,999	(135)	(1,372)	8,854
Fiscal 2020	3,392	(619)	(1,371)	5,370

2. Dividends

	Dividend per Share					Total Dividends (for the year)	Dividend Propensity (consolidated)	Net Assets to Dividend Ratio (consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	For the year			
Fiscal 2020	—	40.00	—	70.00	110.00	1,357	-	6.6
Fiscal 2021	—	40.00	—	80.00	120.00	1,480	48.2	7.0
Fiscal 2021(forecast)	—	40.00	—	80.00	120.00		50.2	

3. Consolidated Earnings Forecast for Fiscal 2022 (from April 1, 2021 to March 31, 2022)

(% change YoY is for the fiscal year or for interim period)

	Net Sales		Operating Profit		Ordinary Profit		Profit (loss) attributable to owners of parent		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	19,600	2.3	2,100	(3.2)	2,400	12.3	1,400	34.4	113.48
	42,000	6.6	5,060	0.7	4,760	(9.7)	2,950	(4.0)	239.13

Regarding the consolidated financial forecast for the fiscal year ending March 2022, it is difficult to calculate an accurate financial forecast because it is not possible to reasonably estimate the timing of the convergence of New Coronavirus Infection(COVID-19). Therefore the forecast is considered the apparent impact of COVID-19 only. The forecasts may change depending on the convergence of COVID-19 in the future.

4. Others

(1) Changes to significant subsidiaries during the current period : No

(2) Changes in accounting principles, changes in accounting estimates, and restatements

1. Changes caused by revision of accounting standards, etc. : No
2. Changes other than 1. above: No
3. Changes in accounting estimates: No
4. Restatements: No

(3) Number of outstanding shares (common shares)

1. Shares issued at the end of term (including own shares)
 - Fiscal 2021: 15,240,000 shares
 - Fiscal 2020: 15,240,000 shares
2. Own shares at end of term
 - Fiscal 2021: 2,903,371 shares
 - Fiscal 2020: 2,903,279 shares
3. Average number of shares over period
 - Fiscal 2021: 12,336,670 shares
 - Fiscal 2020: 12,336,721 shares

(Reference) Non-Consolidated Financial Results for Fiscal 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

(% change YoY)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal 2021	540	(79.2)	185	(91.8)	165	(92.6)	120	(94.5)
Fiscal 2020	2,592	53.1	2,243	56.6	2,227	57.2	2,172	68.7

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Fiscal 2021	8.90	-
Fiscal 2020	160.63	-

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of Yen	Millions of Yen	%	Yen
Fiscal 2021	8,385	7,317	86.8	538.05
Fiscal 2020	8,926	8,621	96.5	636.59

Reference: Shareholders' equity:

Fiscal 2021: ¥7,278 million
Fiscal 2020: ¥8,611 million

*This earnings release is not subject to the quarterly review process as required by the Financial Instruments and Exchange Act of Japan.

*Explanation relating to the appropriate use of results forecasts, and other noteworthy items

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available and the certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements.

1. Analysis of Business Results and Financial Position

(1) Summary of Business Results

The SRA Group positioned fiscal 2021 (year ended March 31, 2021) as a “year for business development” to promote our growth strategies (Transforming the SRA business model, Expanding our global business and Responding to digital transformation (DX)) and implemented a variety of measures.

In the Systems Development business, System Operations and Infrastructure Development business and Product Sales business, we further expanded our achievements in fiscal 2021 (year ended March 31, 2021) and leveraged our business results in each industry and widely carried out our DX-related business as well as made progress in giving shape to collaboration with fast-growing companies involved with DX in the Asian region. Furthermore, we promoted DX-related business in multiple industries by combining the basic technologies the Group has cultivated over long years with cutting-edge technologies that support DX such as AI, the cloud, Big Data/analytics and security as well as IoT, which is a comprehensive technology. However, the business results of many of our customers were significantly affected by the spread of COVID-19 in Japan and overseas, and the environment surrounding the SRA Group’s business became even more severe than initially anticipated.

Due to the above initiatives, our consolidated business results for the fiscal year were as follows.

Sales of the System Operations and Infrastructure Development business increased, but sales in the Systems Development business and Product Sales business decreased. Therefore, consolidated net sales amounted to ¥39,386 million, a 9.8% decrease from the previous fiscal year. At the profit level, although gross profit remained virtually flat, we worked to enhance the efficiency of selling, general and administrative expenses. As a result, operating profit increased 1.6% from the previous year to ¥5,026 million and ordinary profit also increased 6.4% year on year to ¥5,268 million. Profit attributable to owners of parent (hereafter, net profit) amounted to ¥3,073 million.

As detailed above, although consolidated net sales fell short of the full-year forecast, operating profit and ordinary profit exceeded the full-year forecast. Net income fell slightly short of the full-year forecast.

Regarding dividends for the fiscal year ended March 31, 2021, operating profit and ordinary profit exceeded our full-year earnings forecast. Therefore, to enhance the redistribution of profits to shareholders, the Company will pay year-end cash dividends per share of ¥80.00, an increase of ¥10.00, and full-year cash dividends per share of ¥120.00.

Consolidated Business Results

(Millions of Yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	
					Most recent forecast figures (announced on May 27, 2020)	Actual
Net sales	39,142	39,410	40,793	43,642	42,700	39,386
Operating profit	4,180	4,175	4,078	4,948	4,500	5,026
Ordinary profit	4,211	4,762	4,469	4,951	4,500	5,268
Profit (loss) attributable to owners of parent	2,646	2,060	2,023	(612)	3,150	3,073

A summary of consolidated business results for the fiscal year by business segment is shown below.

● **Systems Development**

The Systems Development business posted a decrease in sales to manufacturing industries. As a result, net sales decreased 6.3% from the previous fiscal year to ¥20,704 million.

● **System Operations and Infrastructure Development**

Orders from companies increased. As a result, net sales of the System Operations and Infrastructure Development business increased 3.9% from the previous fiscal year to ¥5,500 million.

● **Product Sales**

Device sales by Advanced Integration Technology, Inc. decreased sharply and SRA and overseas subsidiaries also posted decreases in device sales. As a result, net sales of the Product Sales business decreased 18.9% from the previous fiscal year to ¥13,181 million.

(2) Summary of Financial Position

Total assets at the end of the fiscal year amounted to ¥37,945 million, an increase of 8.6% from the end of the previous fiscal year. Total liabilities increased 3.9% from the end of the previous fiscal year to ¥15,456 million and net assets increased 12.2% to ¥22,489 million from the end of the previous fiscal year.

Details of the principal increases and decreases from the end of the previous fiscal year are as follows.

(Assets)

Cash and deposits increased ¥3,450 million to ¥8,940 million and investment securities increased ¥499 million to ¥9,029 million. On the other hand, deferred tax assets decreased ¥592 million to ¥1,578 million and accounts receivable - other decreased ¥521 million to ¥2,599 million.

(Liabilities)

Income taxes payable increased ¥686 million to ¥1,235 million. On the other hand, accounts payable - trade decreased ¥364 million to ¥3,622 million.

(Net Assets)

Retained earnings increased ¥1,716 million to ¥17,780 million and valuation difference on available-for-sale securities increased ¥798 million to ¥1,513 million due to fluctuations in the market value of investment securities.

(3) Summary of Cash Flows

Cash and cash equivalents on a consolidated basis at the end of the fiscal year increased ¥3,483 million compared with the previous fiscal year-end to ¥8,854 million. The status of cash flows and factors underlying changes in cash flows for the fiscal year are shown below.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥4,999 million compared with ¥3,392 million in the previous fiscal year.

This consisted mainly of profit before income taxes of ¥4,956 million, loss on valuation of investment securities

of ¥404 million, share of loss of entities accounted for using equity method of ¥306 million, income taxes paid of ¥549 million and decrease in trade payables of ¥364 million.

Cash Flows from Investing Activities

Net cash used in investing amounted to ¥135 million compared with net cash used in investing activities of ¥619 million in the previous fiscal year. This consisted mainly of ¥447 million in proceeds from sale of investment securities, ¥349 million for purchase of investment securities and ¥143 million for loan advances.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥1,372 million compared with ¥1,371 million in the previous fiscal year. This was due mainly to ¥1,357 million in dividends paid.

Cash Flow Indicators

	FY2019	FY2020	FY2021
Shareholders' equity ratio (%)	57.9	57.4	59.2
Shareholders' equity ratio at market value (%)	82.5	75.5	88.1
Debt redemption years to cash flow (years)	—	0.1	—
Interest coverage ratio (times)	206.0	1,018.0	1,982.6

Notes:

Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio at market value: Market capitalization/total assets

Debt redemption years to cash flow: Interest-bearing debt/operating cash flow

Interest coverage ratio: Operating cash flow/interest expenses

1. All indicators were calculated using consolidated financial figures.
2. Market capitalization is calculated using the total number of shares outstanding at the end of the fiscal period excluding treasury stock.
3. Cash flows from operating activities is used for cash flow.
4. Interest-bearing debt includes all debt that pays interest as listed on the Consolidated Balance Sheets.

(4) Future Outlook

Based on the Medium-Term Management Strategy (year ending March 31, 2020 to year ending March 31, 2022), the SRA Group aims to improve corporate value and enhance shareholder returns and will strive to strengthen the foundation of its existing businesses while also vigorously promoting new businesses toward 1) achieving sustainable growth, 2) improving profitability and 3) further enhancing shareholder returns.

Reference: Notice Concerning the Establishment of the Medium-Term Management Strategy (Announced on May 9, 2019)

https://www.sra-.co.jp/ir/manage_policy.html (Written in Japanese)

Since March 2020, the Japanese and overseas economies have been rapidly worsening due to the impact of COVID-19, and various industries beginning with manufacturing industries are facing extremely harsh conditions. Corporate profits have also been declining sharply because of the impact of COVID-19 and extremely harsh

conditions are expected to continue in the future due to the effects of the global spread of COVID-19. There are concerns that the impact of COVID-19 will also further undermine the Japanese and overseas economies.

The SRA Group as well has a high proportion of business in manufacturing industries and thus recognizes that it will be affected by COVID-19 to a measurable extent in the future.

With regards to the outlook for consolidated results for the fiscal year ending March 31, 2022, we forecast net sales of ¥42,000 million, operating profit of ¥5,060 million, ordinary profit of ¥4,760 million and profit attributable to owners of parent of ¥2,950 million.

Regarding dividends for the fiscal year ending March 31, 2022, we plan to pay ordinary cash dividends per share of ¥120.00 (ordinary cash dividends per share of ¥120.00 consisting of a ¥40.00 interim dividend and a year-end dividend of ¥80.00). In the event that these dividends are paid, the consolidated payout ratio is expected to be 50.2%.

Based on our policy of enhancing shareholder returns, we will strive to pay stable and high dividends with the aim of attaining a 50% payout ratio as in the past.

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2022, the SRA Group cannot reasonably estimate when COVID-19 will end. Therefore it is difficult to calculate a highly accurate results forecast and our forecast is thus based on the assumed amount of impact at the present time. Our earnings forecast could change depending on the ending of COVID-19 in the future.

2. Basic Thinking Concerning Adoption of Accounting Standard

In preparation for the future adoption of International Financial Reporting Standards (IFRS), discussion is progressing regarding the establishment of in-house manuals and guidelines and the timing of adoption.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
ASSETS		
Current assets:		
Cash and deposits	5,489	8,940
Notes and accounts receivable - trade	7,406	7,575
Securities	64	101
Merchandise and finished goods	1,176	1,050
Work in process	980	966
Short-term loans receivable	3,160	3,288
Accounts receivable - other	3,121	2,599
Other	649	580
Allowance for doubtful accounts	(11)	(7)
Total current assets	22,036	25,094
Non-current assets:		
Property, plant and equipment		
Buildings	405	409
Accumulated depreciation	(280)	(295)
Buildings, net	124	113
Machinery, equipment and vehicles	579	501
Accumulated depreciation	(533)	(466)
Machinery, equipment and vehicles, net	45	35
Other	163	156
Accumulated depreciation	(116)	(114)
Other, net	46	41
Total property, plant and equipment	217	189
Intangible assets		
Other	372	381
Total intangible assets	372	381
Investments and other assets		
Investment securities	8,530	9,029
Long-term loans receivable	852	912
Deferred tax assets	2,171	1,578
Guarantee deposits	410	400
Retirement benefit asset	50	49
Other	320	334
Allowance for doubtful accounts	(8)	(7)
Allowance for investment loss	(18)	(17)
Total investments and other assets	12,308	12,279
Total non-current assets	12,898	12,850
Total assets	34,934	37,945

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
LIABILITIES		
Current liabilities:		
Accounts payable – trade	3,987	3,622
Short-term borrowings	198	201
Accrued expenses	895	792
Income taxes payable	548	1,235
Accrued consumption taxes	629	735
Advances received	3,289	3,361
Provision for bonuses	546	583
Provision for bonuses for directors and other officers	23	60
Provision for loss on construction contracts	330	333
Other	148	176
Total current liabilities	10,599	11,104
Non-current liabilities:		
Deferred tax liabilities	40	117
Retirement benefit liability	4,018	3,983
Provision for retirement benefits for directors and other officers	218	246
Other	5	3
Total non-current liabilities	4,282	4,351
Total liabilities	14,881	15,456
NET ASSETS		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	4,702	4,702
Retained earnings	16,063	17,780
Treasury shares	(2,402)	(2,402)
Total shareholders' equity	19,363	21,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	715	1,513
Foreign currency translation adjustment	218	46
Remeasurements of defined benefit plans	(256)	(190)
Total accumulated other comprehensive income	678	1,369
Share acquisition rights	10	39
Total net assets	20,052	22,489
Total liabilities and net assets	34,934	37,945

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Net sales	43,642	39,386
Cost of sales	34,053	29,882
Gross profit	9,588	9,503
Selling, general and administrative expenses	4,639	4,477
Operating profit	4,948	5,026
Non-operating income		
Interest income	201	180
Dividend income	92	145
Foreign exchange gains	—	181
Compensation income	—	30
Other	54	55
Total non-operating income	348	593
Non-operating expenses		
Interest expenses	6	3
Foreign exchange losses	176	—
Stock transfer agency service fee	15	16
Share of loss of entities accounted for using equity method	118	306
Other	28	24
Total non-operating expenses	344	351
Ordinary profit	4,951	5,268
Extraordinary income		
Gain on sales of investment securities	35	97
Gain on reversal of loss on valuation of investment securities	7	—
Gain on reversal of share acquisition rights	25	0
Other	—	0
Total extraordinary income	68	98
Extraordinary losses		
Impairment loss	1,039	—
Loss on valuation of investment securities	3,958	404
Other	35	5
Total extraordinary losses	5,033	409
Profit (loss) before income taxes	(13)	4,956
Income taxes-current	970	1,599
Income taxes-deferred	(370)	284
Total income taxes	599	1,883
Profit (loss)	(612)	3,073
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(612)	3,073

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Profit (loss)	(612)	3,073
Other comprehensive income		
Valuation difference on available-for-sale securities	639	798
Foreign currency translation adjustment	(1)	(172)
Remeasurements of defined benefit plans, net of tax	25	65
Total other comprehensive income	664	691
Comprehensive income	51	3,764
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	51	3,764
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

FY2020 (April 1, 2019-March 31, 2020)

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	4,704	18,033	(2,402)	21,335
Changes during period					
Dividends of surplus			(1,357)		(1,357)
Profit (loss) attributable to owners of parent			(612)		(612)
Disposal of treasury shares		(1)			(1)
Net change of items other than shareholders' equity					—
Total changes during period	—	(1)	(1,969)	—	(1,971)
Balance at end of period	1,000	4,702	16,063	(2,402)	19,363

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	76	219	(282)	14	25	21,375
Changes during period						
Dividends of surplus				—		(1,357)
Profit (loss) attributable to owners of parent				—		(612)
Disposal of treasury shares				—		(1)
Net change of items other than shareholders' equity	639	(1)	25	664	(14)	649
Total changes during period	639	(1)	25	664	(14)	(1,322)
Balance at end of period	715	218	(256)	678	10	20,052

FY2021 (April 1, 2020-March 31, 2021)

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	4,704	16,063	(2,402)	19,363
Changes during period					
Dividends of surplus			(1,357)		(1,357)
Profit (loss) attributable to owners of parent			3,073		3,073
Disposal of treasury shares				(0)	(0)
Net change of items other than shareholders' equity					—
Total changes during period	—	—	1,716	(0)	1,716
Balance at end of period	1,000	4,702	17,780	(2,402)	21,080

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	715	218	(256)	678	10	20,052
Changes during period						
Dividends of surplus				—		(1,357)
Profit (loss) attributable to owners of parent				—		3,073
Disposal of treasury shares				—		(0)
Net change of items other than shareholders' equity	798	(172)	65	691	28	720
Total changes during period	798	(172)	65	691	28	2,436
Balance at end of period	1,513	46	(190)	1,369	39	22,489

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(13)	4,956
Depreciation	466	145
Impairment loss	1,039	–
Increase (decrease) in retirement benefit liability	91	(35)
Increase (decrease) in provision for retirement benefits for directors and other officers	36	28
Increase (decrease) in provision for bonuses	(18)	36
Increase (decrease) in provision for bonuses for directors and other officers	(52)	37
Increase (decrease) in allowance for doubtful accounts	(4)	(4)
Increase (decrease) in allowance for investment loss	0	0
Increase (decrease) in provision for loss on construction contracts	(9)	2
Interest and dividend income	(293)	(326)
Interest expenses	6	3
Commission expenses	13	13
Foreign exchange losses (gains)	176	(181)
Share of loss (profit) of entities accounted for using equity method	118	306
Loss (gain) on valuation of investment securities	3,958	404
Loss (gain) on sales of investment securities	(35)	(97)
Loss on retirement of non-current assets	34	4
Decrease (increase) in trade receivables	(463)	(174)
Decrease (increase) in inventories	(90)	86
Increase (decrease) in trade payables	377	(364)
Decrease (increase) in other current assets	(174)	258
Increase (decrease) in other liabilities	(533)	11
Increase (decrease) in accrued consumption taxes	92	105
Other, net	79	26
Subtotal	4,801	5,245
Interest and dividends received	278	306
Interest paid	(3)	(2)
Income taxes paid	(1,683)	(549)
Net cash provided by operating activities	3,392	4,999
Cash flows from investing activities		
Purchase of property, plant and equipment	(64)	(35)
Proceeds from sale of property, plant and equipment	–	0
Purchase of intangible assets	(509)	(103)
Purchase of investment securities	(1,064)	(349)

Proceeds from sales of investment securities	86	447
Loan advances	(188)	(143)
Proceeds from collection of loans receivable	157	41
Payments into time deposits	(312)	(0)
Proceeds from withdrawal of time deposits	1,324	—
Payments for guarantee deposits	(27)	(0)
Proceeds from refund of guarantee deposits	0	1
Other, net	(23)	7
Net cash used in investing activities	(619)	(135)
Cash flows from financing activities		
Purchase of treasury shares	—	(0)
Dividends paid	(1,357)	(1,357)
Commission expenses	(11)	(13)
Other, net	(2)	(2)
Net cash used in financing activities	(1,371)	(1,372)
Effect of exchange rate change on cash and cash equivalents	(27)	(7)
Net increase (decrease) in cash and cash equivalents	1,373	3,483
Cash and cash equivalents at beginning of period	3,997	5,370
Cash and cash equivalents at end of period	5,370	8,854

(5) Notes to the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

None

Segment Information and Others

Segment Information

1. Summary of Reporting Segments

The SRA Holdings Group's reporting segments are those for which financial information separate from that of other units comprising the SRA Holdings Group can be obtained. Periodic reviews are made of reporting segments by the Board of Directors for determining the allocation of management resources and assessment of business results.

The Company carries out overall management of subsidiaries engaged in the three businesses of "Systems Development," "System Operations and Infrastructure Development" and "Product Sales." Therefore, the SRA Holdings Group's three reporting segments are "Systems Development," "System Operations and Infrastructure Development" and "Product Sales."

Principal contents of business in each segment

Business segment	Content of business
Systems Development	<ul style="list-style-type: none"> ● Integrated system development ranging from defining requirements to development and maintenance of mainframe-based large systems ● System integration covering system planning, development and introduction of open systems ● Solutions business offering business tools that utilize various products and tools ● Open source business that offers technical support for systems through open source software
System Operations and Infrastructure Development	<ul style="list-style-type: none"> ● Operation management of computer systems and network systems ● Overall operation that includes data management and facilities management ● Building of network systems ● Outsourcing services
Product Sales	<ul style="list-style-type: none"> ● Sales of packaged software that includes licensing ● Sales of system devices, centering on servers, in integration services ● Consulting services related to the introduction of IT

2. Accounting Treatment Method of Net Sales and Income or Losses, Assets, Liabilities and Others for Each Reporting Segment

The accounting treatment method for the reporting business segments is the same as that described in Principal Items That Serve as the Basis for Preparing the Consolidated Financial Statements.

Inventories are valued at an amount prior to the writing down of carrying value.

The figures for segment profits are on the basis of operating profit.

Intersegment sales or transfers are based on current market prices.

3. Information Concerning Net Sales and Income or Losses, Assets, Liabilities and Others for Each Reporting Segment

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Systems Development	System Operations and Infrastructure Development	Product Sales	Total	Adjustment amount* ¹	Amount recorded on the consolidated statements of income * ²
Sales						
(1) Sales to customers	22,104	5,292	16,245	43,642	—	43,642
(2) Intersegment sales or transfers	11	239	147	398	(398)	—
Total sales	22,116	5,531	16,392	44,040	(398)	43,642
Operating profit	3,840	1,425	1,020	6,287	(1,338)	4,948
Assets	9,738	1,601	5,317	16,657	18,277	34,934
Others						
Depreciation	48	9	407	465	0	466
Increase of tangible and intangible assets	69	21	458	548	1	550

Notes:

1. The adjustment amounts are as follows:

- (1) The segment income adjustment of minus ¥1,338 million is a company-wide expense not apportioned to any reporting segment. Company-wide expenses are general and administrative expenses and R&D expenses not attributed to any reporting segment.
- (2) The segment asset adjustment of ¥18,277 million includes intersegment eliminations of minus ¥289 million and company-wide assets of ¥18,566 million not apportioned to any reporting segment. Company-wide assets consisted mainly of the SRA Holdings Group's surplus operating assets (cash, deposits and marketable securities), short-term loans receivable, long-term invested assets (investment securities and long-term loans receivable) and deferred tax assets.

2. Depreciation expenses and increases of tangible and intangible assets included depreciation and additions to long-term prepaid expenses, respectively.

3. Segment operating profit is adjusted in operating profit on the consolidated statements of income.

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Systems Development	System Operations and Infrastructure Development	Product Sales	Total	Adjustment amount* ¹	Amount recorded on the consolidated statements of income * ²
Sales						
(1) Sales to customers	20,704	5,500	13,181	39,386	—	39,386
(2) Intersegment sales or transfers	54	235	93	383	(383)	—
Total sales	20,758	5,735	13,275	39,796	(383)	39,386
Operating profit	3,540	1,598	1,308	6,448	(1,421)	5,026
Assets	10,059	1,673	5,160	16,893	21,051	37,945
Others						
Depreciation	52	11	80	144	0	145
Increase of tangible and intangible assets	28	3	104	136	—	136

Notes:

1. The adjustment amounts are as follows:

(1) The segment income adjustment of minus ¥1,421 million is a company-wide expense not apportioned to any reporting segment. Company-wide expenses are general and administrative expenses and R&D expenses not attributed to any reporting segment.

(2) The segment asset adjustment of ¥21,051 million includes intersegment eliminations of minus ¥322 million and company-wide assets of ¥21,374 million not apportioned to any reporting segment. Company-wide assets consisted mainly of the SRA Holdings Group's surplus operating assets (cash, deposits and marketable securities), short-term loans receivable, long-term invested assets (investment securities and long-term loans receivable) and deferred tax assets.

2. Depreciation expenses and increases of tangible and intangible assets included depreciation and additions to long-term prepaid expenses, respectively.

3. Segment operating profit is adjusted in operating profit on the consolidated statements of income.

(Per share information)

	As of March 31, 2020	As of March 31, 2021
Net assets per share	1,624.61	1,819.78
Earnings (loss) per share	(49.68)	249.12

Notes:

1. Although there were potentially dilutive shares, diluted earnings per share for the previous consolidated fiscal year is omitted because a net loss per share was recorded. Diluted earnings per share for the current consolidated fiscal year is omitted because potentially dilutive shares had no dilutive effects.

2. The basis for calculation of earnings per share and net loss per share is as follows.

	As of March 31, 2020	As of March 31, 2021
Earnings per share		
Profit (loss) attributable to owners of parent (million yen)	(612)	3,073
Amount not belonging to ordinary shareholders (million yen)	—	—
Profit (loss) attributable to owners of parent in relation to common stock (million yen)	(612)	3,073
Average number of shares during the fiscal year (1,000 shares)	12,336	12,336
Outline of potential shares not included in calculation of current net income per share after adjustments on potential shares due to no dilution effect.	The 17th subscription rights to shares 154,000 shares	The 17th subscription rights to shares 152,136 shares The 18th subscription rights to shares 154,400 shares

(Significant subsequent events)

Not applicable

(Additional information)

(Accounting estimates concerning the impact of the spread of COVID-19)

Based on information available at the time of the preparation of the consolidated financial statements, the SRA Group makes accounting estimates with the belief that the impact of the spread of COVID-19 will be limited. Nonetheless, there are numerous uncertainties regarding the future impact of the spread of COVID-19 and this could have an impact on the financial condition and business results of the Group from the next consolidated fiscal year onward.

(Regarding the filing of a damage lawsuit)

Software Research Associates, Inc. (a company subsidiary, hereafter SRA) filed a damage lawsuit against Sanko Estate Co., Ltd., (hereafter Sanko Estate) on August 25, 2015. In response, Sanko Estate filed a lawsuit against SRA in the Tokyo District Court on October 6, 2015. These cases are currently being litigated. In accordance with the progress of the lawsuits, we will promptly provide information on any matters requiring disclosure.

4. Other Information

1. Status of Production, Orders and Sales

(1) Production amounts

Production by segment in the fiscal year ended March 31, 2021 is as follows.

Segment information by type of business	As of March 31, 2021 (April 1, 2020-March 31, 2021)	% change YoY
Systems Development (Millions of Yen)	20,472	(8.6)
System Operations and Infrastructure Development (Millions of Yen)	5,498	4.3
Total (Millions of Yen)	25,971	(6.1)

Notes:

1. Amounts are based on sales price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.

(2) Purchase amounts

Purchases by segment in the fiscal year ended March 31, 2021 are as follows.

Segment information by type of business	As of March 31, 2021 (April 1, 2020-March 31, 2021)	% change YoY
Product Sales (Millions of Yen)	6,766	(28.7)
Total (Millions of Yen)	6,766	(28.7)

Notes:

1. Amounts are based on purchase price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.

(3) Status of orders

Status of orders by segment in the fiscal year ended March 31, 2021 is as follows.

Segment information by type of business	Orders received (Millions of Yen)	% change YoY	Order backlog (Millions of Yen)	% change YoY
Systems Development	20,682	(6.8)	4,081	(0.5)
System Operations and Infrastructure Development	5,411	(1.8)	2,343	(3.7)
Product Sales	12,325	(25.2)	3,366	(20.3)
Total	38,419	(13.0)	9,791	(9.0)

Notes:

1. Amounts are based on sales price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.

(4) Sales amounts

Sales by segment in the fiscal year ended March 31, 2021 are as follows.

Segment information by type of business	As of March 31, 2021 (April 1, 2020-March 31, 2021)	% change YoY
Systems Development (Millions of Yen)	20,704	(6.3)
System Operations and Infrastructure Development (Millions of Yen)	5,500	3.9
Product Sales (Millions of Yen)	13,181	(18.9)
Total (Millions of Yen)	39,386	(9.8)

Notes:

1. Amounts are based on sales price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.