

# KEYWARE TIMES

Annual Report 2023

58th Term Business Report  
Year Ended March 31, 2023

## Special Feature

**Straight from the Key Persons**  
Supporting the realization of DX  
for society and customers  
**Initiatives to expand use of**  
low-code/no-code development,  
cloud services, etc.



**IT can create it.**

# Message from the President

We aim to achieve our Medium-term Management Plan by strengthening our support for our customers to realize their digital transformation.

President & CEO

*Masahiro Inoue*



Dear Stakeholders,

In FY2023, the Group launched its five-year Medium-term Management Plan “Vision 2026”, the first year of which is the FY2023, and has been working to achieve business expansion and high profitability based on the basic policies of “Qualitative transformation of foundational businesses\*1,” “Expansion of primary contract businesses\*2,” and “Taking on new domains.”

In the foundational business, in addition to expanding the use of various development tools and other development methods, such as products and cloud services, we worked to strengthen collaboration with the three companies that entered into a capital and business alliance in 2021 (JR East Information Systems Company, Kanematsu Electronics Ltd., and Canon Marketing Japan Inc.), expand contracting projects, and control unprofitable projects.

In primary contract businesses, we developed aggressive sales activities by participating in various events and exhibitions and holding seminars, and we also worked on training consultants and other personnel to strengthen our proposal capabilities.

As for new business domains, we studied and trained engineers to expand into new business domains, such as cyber security, for which countermeasures have recently become increasingly important, and the digital finance domain, which is projected to grow in the future.

In July last year, we established a consolidated subsidiary, Keyware Tohoku Inc.

In January of this year, the company took over the business of the systems division of Iwagin Lease Data Co., Ltd. and has been promoting proposal activities in cooperation with the Group for the realization of digital transformation (DX) of companies based in the Tohoku region.

As a result of these initiatives, for the fiscal year under review, the Keyware Group was able to bring in orders of 19,504 million yen (up 615 million yen or 3.3% from the previous fiscal year) and to achieve net sales of 19,173 million yen (up 746 million yen or 4.0%), operating income of 738 million yen (up 187 million yen or 34.0%), and net profit attributable to parent shareholders of 482 million yen (down 73 million yen or 13.2%).

In the information services industry that the Group operates in, demand for IT investment due to the acceleration of DX is expected to continue to grow.

IT technologies also continue to constantly evolve, with changes taking place at a dizzying pace in the social environment and needs of customers.

In order to achieve sustainable growth and further enhance corporate value in this business environment, the Group will continue to make steady progress toward achieving the goals of its Medium-term Management Plan.

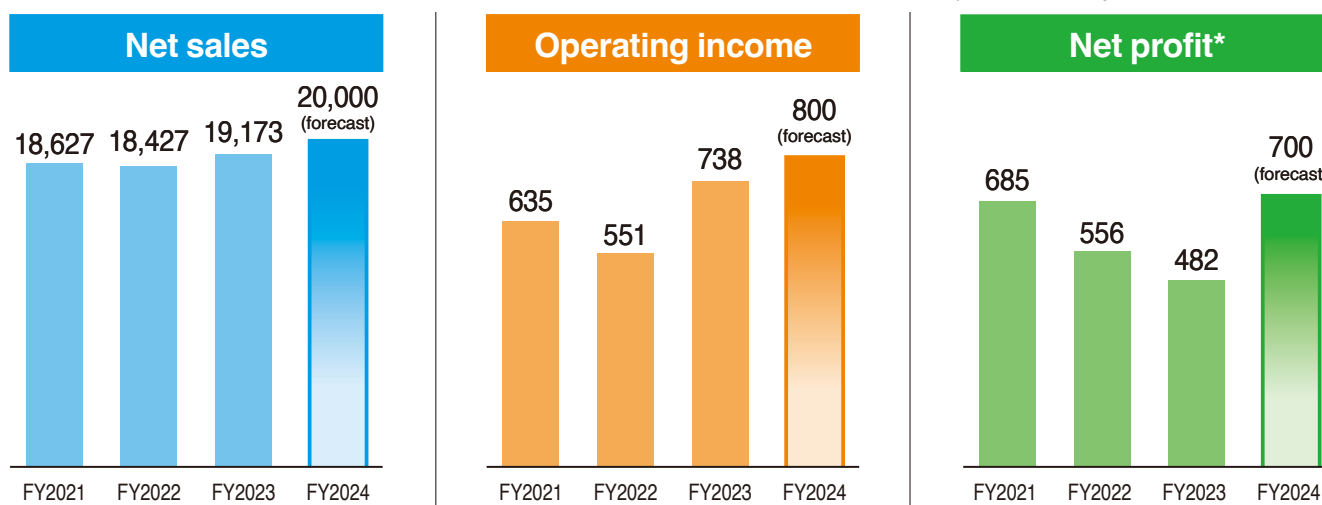
For these efforts, we would like to request the continued support of our shareholders and investors.

\*1 The System Development Business and System Integration Business, which comprises most of the net sales in the Keyware Group, is positioned as a foundational business.

\*2 The “primary contract businesses” is the business in which the Group provides services and solutions under direct contracts with customers.

## Highlights of consolidated business performance

(Unit: million yen, rounded down)



\* Refers to net profit attributable to owners of parent.

▶ More detailed information on our consolidated financial results is presented in our results briefing video. Please use the QR code on the back cover of this pamphlet to access the video.

## Special Feature | Straight from the Key Persons

# Supporting the realization of DX for society and customers Initiatives to expand use of low-code/no-code development, cloud services, etc.

We interviewed three key persons about their efforts to realize the Medium-term Management Plan “Vision 2026”.

The departments, positions, and other information in this section are current as of the time of the interview in March 2023.

### Q How does each department utilize things such as low-code/no-code development and cloud services?



Division Manager of the  
Social Systems Division

**Masahiro Komori**

**Komori:** The Social Systems Division handles projects in a wide range of fields, including road, aviation, communications, space, and media-related fields, and conducts both development from scratch\* and low-code development using WebPerformer and other tools.

Low-code development is a method of building systems based on development tools that have been prepared in advance, reducing programming work as much as possible.

Low-code development contributes to higher productivity and quality because it shortens the development period compared to development from scratch and ensures quality with fewer defects caused by programming.

**Akiyama:** Sales person and consultants work together to develop proposals in the Customer's Success Division.

We propose the use of no-code development tools such as ASTERIA Warp as a solution to help customers improve their operations.

No-code development is a method of using tools that can be operated intuitively without programming.

For example, data can be linked between systems simply by connecting icons on the screen with lines, making it possible for customers who are not familiar with IT to develop systems quickly.

**Mizuta:** The IoT & Cloud System Division is engaged in the development of IoT solutions for the manufacturing and automotive industries and development using cloud services called ServiceNow.

Cloud services are services that provide software and hardware functions via the Internet.

Because there is no need to prepare the equipment on your own, you can quickly build a system at a lower cost.

## Q Why are customers' needs increasing?



Division Manager of the  
Customer's Success Division

**Yoshinari Akiyama**

**Akiyama:** One of the reasons why customers' needs are increasing is the promotion of DX.

In order to transform their businesses, they need to build the systems they need when they need them and change them flexibly to meet market needs.

I believe that the use of this type of development method is required to solve these issues.

**Mizuta:** ServiceNow also has many customers who are adopting it for the purpose of data digitization.

The use of such products is spreading not only in the private sector but also in government.

**Komori:** We are also receiving an increasing number of inquiries for development projects in the social infrastructure area.

I believe that the trend toward low-code/no-code development and development using cloud services is accelerating for large-scale projects that used to be done through development from scratch.

## Q Please tell us about future initiatives.

**Komori:** Our division has a track record of developing large outsourcing projects using WebPerformer, and inquiries are increasing.

We will strengthen the training of engineers, including increasing the number of certified engineers, and work to expand the number of outsourcing projects in the social infrastructure area.

**Akiyama:** Proposing no-code development as a solution to support DX is very effective in broadening our customer base.

We will acquire customers that we have not been able to approach up to now and link this to the expansion of our primary contract businesses through means such as seminars.

**Mizuta:** We made progress in acquiring large outsourcing projects using ServiceNow in the previous fiscal year.

Going forward, we will leverage our experience in developing large projects and provide services that contribute to the business of more customers by combining various products and services.

\*A development method in which an original system is created from scratch.



Division Manager of the IoT  
& Cloud System Division

**Takayuki Mizuta**

# Keyware Up Close

Introducing business expansion and initiatives of the Keyware Group

## >>> IT Event

### ■ Exhibiting at events and holding seminars on the theme of DX promotion

The Group exhibited at an event themed on DX promotion, where we demonstrated and introduced case studies of our AI-OCR KeyRex with AI inside\*<sup>1</sup>, RPA\*<sup>2</sup>, and other services that support the digitization of business operations, and one of our evangelists gave a lecture on the theme of DX promotion realized with no code.

We will continue to conduct activities to make our services known to as many people as possible.



AXIES Annual Conference 2022



TOHOKU DX WORLD 2023

\*<sup>1</sup> AI-OCR KeyRex with AI inside:

A service that reads handwritten documents and forms using OCR (optical character recognition) and converts them into digital data using AI.

\*<sup>2</sup> RPA (Robotic Process Automation): Automation of operations through robots.

Track record of exhibiting at events on the theme of DX promotion

- AXIES Annual Conference 2022 (December 2022)  
DX up to DATE —Toward a New World—
- TOHOKU DX WORLD 2023 (February to March 2023)

## >>> IT Event

### ■ Introduced “Personal Health Record Solution LifeRoute” at “Care Show Japan 2023”

The Company exhibited at “Care Show Japan 2023”, one of the largest health tech events in Japan, held at Tokyo Big Sight in February 2023, and introduced the functions and services of its smartphone-linked health management support service, “Personal Health Record Solution LifeRoute”, as well as case studies of its use by local governments and other organizations. Many visitors came to the booth during the show.



Care Show Japan 2023

## >>> Brand-New Business

### ■ Keyware Tohoku started to take over operations from Iwagin Lease Data Co., Ltd.

Our consolidated subsidiary, Keyware Tohoku Inc., took over the system division of Iwagin Lease Data Co., Ltd. from January 1, 2023 and started operation.

In addition, the head office was relocated to Morioka City, Iwate Prefecture on that date.

The company will make further contributions to solving business issues of companies in the Tohoku region and creating a sustainable community.

### CSR Activities Participation in the “Tokyo Bay Cleanup Operation FY2022”

In November 2022, a total of 28 employees and their family members from our two Group companies in the Tokyo area participated in the “Tokyo Bay Cleanup Operation”, a cleanup campaign held at Odaiba Seaside Park in Tokyo.



A total of 582 people participated in the beach cleanup and collected approximately 97 kg of trash.

We will continue to conduct social contribution activities in which employees can participate together with their families.



Keyware issues the “CSR Report” every year. Please view this report from the Company website.

▶ <https://www.keyware.co.jp/about/csr/report-index.html>



#### TOPIC

### Awarded as an excellent site in “the All Listed Company Website Quality Ranking”

We received “the Excellent Site award” in the Standard Market Division of “the FY2022 All Listed Company Website Quality Ranking” selected by Nikko Investor Relations Co., Ltd.

We will continue to enhance our IR website and strive to provide timely and easy-to-understand information.



# Financial Statements (Summary)

Unit: million yen, rounded down

## Consolidated Balance Sheet

	<b>Previous fiscal year</b> As of March 31, 2022	<b>Current fiscal year</b> As of March 31, 2023
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### (Assets)

Current assets	7,048	7,368
Non-current assets	3,696	3,784
Property, plant and equipment	88	100
Intangible assets	366	487
Investments and other assets	3,241	3,196
<b>Total assets</b>	<b>10,745</b>	<b>11,153</b>

#### POINT: Assets

Despite a decrease in contract assets and investment securities, the increase in cash and deposits, accounts receivable - trade, and intangible assets resulted in an increase of 408 million yen from the end of the previous fiscal year, to 11,153 million yen.

### (Liabilities)

Current liabilities	3,167	3,015
Non-current liabilities	122	330
<b>Total liabilities</b>	<b>3,290</b>	<b>3,345</b>

#### POINT: Liabilities

Despite a decrease in accounts payable - trade and short-term borrowings, the increase in contract liabilities, accrued consumption taxes, and retirement benefit liability resulted in an increase of 55 million yen from the end of the previous fiscal year, to 3,345 million yen.

### (Net assets)

Shareholders' equity	7,372	7,760
Accumulated other comprehensive income	83	47
<b>Total net assets</b>	<b>7,455</b>	<b>7,807</b>
<b>Total liabilities and net assets</b>	<b>10,745</b>	<b>11,153</b>

#### POINT: Net assets

Net assets increased 352 million yen from the end of the previous fiscal year to 7,807 million yen, mainly due to an increase in retained earnings. As a result, shareholders equity ratio became 70.0%.



## Consolidated Income Statements

	<b>Previous fiscal year</b> April 1, 2021 to March 31, 2022	<b>Current fiscal year</b> April 1, 2022 to March 31, 2023
Net sales	18,427	19,173
Cost of sales	15,466	15,732
Gross profit	2,961	3,441
Selling, general and administrative expenses	2,410	2,702
Operating income	551	738
Ordinary income	755	921
Profit attributable to owners of parent	556	482

### POINT: Net sales

Net sales increased 746 million yen from the end of the previous fiscal year to 19,173 million yen due to progress in the development of large projects for transportation and core systems, as well as increased orders for public systems and cloud computing.

### POINT: Operating income

Operating income increased 187 million yen from the end of the previous fiscal year to 738 million yen due to an increase in net sales, the convergence of unprofitable projects, and streamlining of development operations.

## Consolidated Statement of Cash Flows

	<b>Previous fiscal year</b> April 1, 2021 to March 31, 2022	<b>Current fiscal year</b> April 1, 2022 to March 31, 2023
Net cash provided by (used in) operating activities	552	653
Net cash provided by (used in) investing activities	-394	-50
Net cash provided by (used in) financing activities	-343	-474
Net increase (decrease) in cash and cash equivalents	-184	-128
Balance of cash and cash equivalents at the beginning of year	1,095	910
Balance of cash and cash equivalents at the end of the fiscal year	910	1,038

### POINT: Consolidated cash flow

In operating activities, there was a positive cash flow of 653 million yen due to booking a profit in net income before income taxes despite an increase in accounts receivable and a decrease in trade payables. In investment activities, there was a negative cash flow of 50 million yen due to such factors as acquisition of intangible assets. In financing activities, there was a negative cash flow of 474 million yen due to decreases in short-term borrowings. As a result, the balance of cash and cash equivalents at the end of the fiscal year became 1,038 million yen, up 128 million yen from the end of the previous fiscal year.

# Stock Information (as of March 31, 2023) *Stock Information*

## Stock Information

● Authorized shares ..... 36,440,000	● Major shareholders HBA Corporation JR East Information Systems Company Kanematsu Electronics Ltd. Canon Marketing Japan Inc. Sumitomo Life Insurance Company Sumitomo Mitsui Banking Corporation
● Outstanding shares ..... 9,110,000	
● Shareholders ..... 4,015	

## Notes for Shareholders

Fiscal year	April 1 to March 31
Date of ordinary general meeting of shareholders	Every June
Shareholder registration date	Ordinary general meeting of shareholders and fiscal year-end dividend: Every March 31 Interim dividend: Every September 30 If another date is necessary, the prescribed date notified in advance.
Shareholder's register manager and administrator of special account	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Shareholder's register manager administration office	Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
[Contact and postal address]	Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan
[Phone]	(Toll-free in Japan) 0120-782-031
[Internet website URL]	<a href="https://www.smtb.jp/personal/procedure/agency/">https://www.smtb.jp/personal/procedure/agency/</a>
Method of public notice	The Company provides electronic public notices. However, notices shall be provided by publication in the Nihon Keizai Shimbun if an accident or other unavoidable circumstances prevent the use of electronic public notices.
Listing exchange	Tokyo Stock Exchange, Standard Market

### Procedures concerning shares of stock

- **Notification and inquiry for address change**  
Please contact the securities company which you use. Shareholders who do not use a securities company account should contact the phone number listed above for Sumitomo Mitsui Trust Bank.
- **Payment of dividends payable**  
Please apply to Sumitomo Mitsui Trust Bank, which is the administrator of the shareholder register.

## Company Profile

Trade name	Keyware Solutions Inc.
Address	5-37-18, Kamikitazawa, Setagaya-ku, Tokyo 156-8588, Japan
Date of establishment	May 1965
Capital	1,737 million yen
Sales	19,173 million yen (Consolidated, fiscal year ended March 31, 2023)
Employees	1,262 (Consolidated, as of March 31, 2023)
Certifications	Registered as a Quality Management Systems Company Firm Permitted to use the JIPDEC Privacy Mark Registered as an Information Security Management Systems Company Registered as an Environmental Management Systems Company “Kurumin” Certification as a Company Supporting Childcare Certified as Health & Productivity Management Outstanding Organizations Recognition Program (the large enterprise category)

## Executives

President & CEO	Masahiro Mita
Director	Shinichi Arakawa
Director	Toshikazu Ogawa
Director	Ikuo Saito
Director	Tetsuro Kato
Director	Takuya Suetsuna
Outside Director	Katsutoshi Okada
Outside Director	Makiko Noda
Outside Director	Stefan Gustafsson

Auditor	Nobuyuki Sawada
Auditor	Keiji Ushirone
Outside Auditor	Hiroshi Takita
Outside Auditor	Kenichi Ota

\* Directors Katsutoshi Okada, Makiko Noda, and Stefan Gustafsson are Outside Directors as provided in Article 2, item (xv) of the Companies Act.

\* Auditors Hiroshi Takita and Kenichi Ota are Outside Auditors as provided in Article 2, item (xvi) of the Companies Act.

\* Directors Katsutoshi Okada, Makiko Noda, and Stefan Gustafsson, and Auditors Hiroshi Takita and Kenichi Ota are independent officers who do not have the potential to cause conflicts of interest against general shareholders, the designation of which is required by the Tokyo Stock Exchange.

## ■ Internet IR Information

Keyware Solutions aims to distribute timely and easy-to-follow information to shareholders and investors, and endeavors to improve its IR activities by enriching its company website.

Keyware IR English

Search

<https://www.keyware.co.jp/english/ir/index.html>

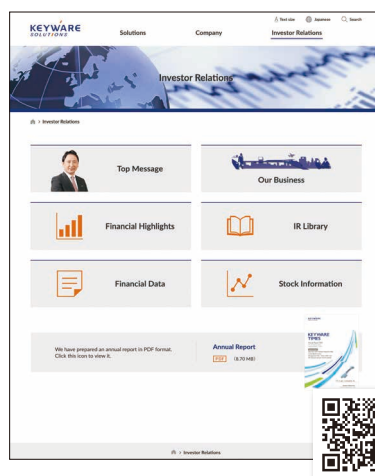
### English language site

In English language site, information is provided in order to generate a deeper understanding of the operations of Keyware Group.



<https://www.keyware.co.jp/english/index.html>

### IR Information



<https://www.keyware.co.jp/english/ir/index.html>

### Results briefing (video dissemination)

A video of the results briefing is disseminated together with the results briefing documentation.

The information contains explanations concerning the business report and future strategies of Keyware.



<https://irp-system.net/presenter/?conts=01gs4gn7va5sh1qg39974g6qp9>

## Keyware Solutions Inc.

5-37-18, Kamikitazawa, Setagaya-ku, Tokyo 156-8588, Japan  
Corporate Planning Division, Public Relations & Investor Relations Office  
<https://www.keyware.co.jp/english/>



JUSE-RA-034  
QMS, EMS, ISMS JUSE-EG-266  
Registrations JUSE-IR-001

\* The company names and product names listed are trademarks or registered trademarks of their respective owners.