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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 9, 2025

Company name: CRESCO LTD.
Listing: Tokyo Stock Exchange
Securities code: 4674
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Scheduled date of annual general meeting of shareholders: June 20, 2025
Scheduled date to commence dividend payments: June 23, 2025
Scheduled date to file annual securities report: June 19, 2025
Preparation of supplementary material on financial results: None
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|------|------------------|------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2025 | 58,760 | 11.4 | 5,983 | 16.8 | 6,290 | 11.2 | 4,405 | 18.2 |
| March 31, 2024 | 52,755 | 9.1 | 5,121 | 2.5 | 5,658 | 10.2 | 3,728 | 12.0 |

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 4,419 million [(15.9) %]
Fiscal year ended March 31, 2024: ¥ 5,254 million [61.7 %]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2025 | 106.89 | - | 15.1 | 15.1 | 10.2 |
| March 31, 2024 | 90.06 | - | 14.3 | 15.4 | 9.7 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ 62 million
Fiscal year ended March 31, 2024: ¥ 52 million

(Note) The Company implemented a 2-for-1 share split of common shares as of July 1, 2024. Assuming that the stock split was implemented at the beginning of the entire consolidated fiscal year, the net income per share is calculated.

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------------|-----------------|-----------------|------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2025 | 43,336 | 30,815 | 71.1 | 747.27 |
| March 31, 2024 | 39,714 | 27,681 | 69.7 | 671.89 |

(Reference) Equity: As of March 31, 2025: ¥ 30,815 million
As of March 31, 2024: ¥ 27,681 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 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
|--|--------------------------------------|--------------------------------------|--------------------------------------|--|

| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| March 31, 2025 | 4,762 | (2,293) | (2,084) | 15,244 |
| March 31, 2024 | 3,213 | 1,451 | (723) | 14,864 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------------|-----------------|----------|-------|-----------------|--------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| March 31, 2024 | - | 25.00 | - | 27.00 | 52.00 | 1,070 | 28.9 | 4.2 |
| March 31, 2025 | - | 19.00 | - | 23.00 | 42.00 | 1,731 | 39.3 | 5.9 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 29.00 | - | 29.00 | 58.00 | | 48.8 | |

(Note) The Company implemented a 2-for-1 share split of common shares as of July 1, 2024.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--------------------------------------|-----------------|-----|------------------|------|-----------------|------|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2025 | 31,100 | 9.1 | 2,870 | 10.0 | 2,890 | 4.6 | 1,950 | 3.8 | 47.29 |
| Full year | 64,000 | 8.9 | 7,000 | 17.0 | 7,140 | 13.5 | 4,900 | 11.2 | 118.82 |

* Notes:

- (1) Significant changes in the scope of consolidation during the period: Yes
- Newly included: 2 (Company name: Jet Technologies. Co., Ltd. , TAKAGI SYSTEM CO., LTD)
- Excluded: 2 (Company name: CRESCO Wireless, Inc. , Japan Software Design CO.,LTD.,)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

| | |
|-----------------|-------------------|
| March 31, 2025: | 42,000,000 shares |
| March 31, 2024: | 44,000,000 shares |

2) Number of treasury shares at the end of the period:

| | |
|-----------------|------------------|
| March 31, 2025: | 762,218 shares |
| March 31, 2024: | 2,800,764 shares |

3) Average number of shares outstanding during the period:

| | |
|-----------------------------------|-------------------|
| Fiscal Year ended March 31, 2025: | 41,217,485 shares |
| Fiscal Year ended March 31, 2024: | 41,401,064 shares |

(Note) The Company implemented a 2-for-1 share split of common shares as of July 1, 2024. Assuming that the stock split was implemented at the beginning of the entire consolidated fiscal year, Number of Shares Outstanding at End of Period, Number of Treasury Shares at End of Period, and Average Number of Shares During the Period are calculated. Additionally, the Company resolved to implement a cancellation of treasury shares, effective February 25, 2025, for 2,000,000 shares.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|-------------------|-----------------|-----|------------------|------|-----------------|------|-----------------|------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2025 | 30,885 | 4.6 | 3,670 | 22.6 | 4,324 | 11.2 | 3,309 | 19.1 |
| March 31, 2024 | 29,530 | 5.3 | 2,993 | 2.1 | 3,889 | 17.2 | 2,779 | 25.6 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2025 | 80.29 | - |
| March 31, 2024 | 67.13 | - |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|-----------------|-----------------|------------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2025 | 32,071 | 23,289 | 72.6 | 564.76 |
| March 31, 2024 | 30,928 | 21,201 | 68.5 | 514.60 |

(Reference) Equity: As of March 31, 2025: ¥ 23,289 million
As of March 31, 2024: ¥ 21,201 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

| | Net sales | | Ordinary profit | | Net income | | Basic earnings per share |
|--------------------------------------|-----------------|-----|-----------------|------|-----------------|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2025 | 16,600 | 7.9 | 2,430 | 12.5 | 2,020 | 23.0 | 48.98 |
| Full year | 33,500 | 8.5 | 4,778 | 10.5 | 3,760 | 13.6 | 91.18 |

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

In the fiscal year ended March 31, 2025, due to growing concerns over monetary policy in Japan and the United States, as well as leadership transitions in major countries, sharp fluctuations were seen in exchange rates and financial markets, which has led to instability in corporate performance. Furthermore, rising prices and declining real wages continue to be significant issues, making productivity improvement an urgent challenge for companies in Japan. Incidents such as cyberattacks involving ransomware and system failures have occurred in quick succession, which have drawn increased attention to the impact of IT on corporate operations in Japan.

Under this business environment, the Group has launched the “Medium-Term Management Plan 2026” starting from the fiscal year under review. With consolidated net sales of 70 billion yen, a consolidated operating profit ratio of 11.5%, and a consolidated ROE of 15% set as financial KPIs for fiscal 2026, the Group aims to achieve these KPIs and its mission of “continuously growing and moving society forward together with our customers” through the implementation of seven growth strategies: (1) Establish a co-creation model, (2) Exercise quality leadership, (3) Promote human capital management, (4) Expand technological and digital solutions, (5) Promote coordination among businesses, (6) Realize digital transformation, and (7) Integrated Group management.

The Group’s key initiatives during the fiscal year under review are outlined below.

Organization and structure

The Company reorganized the Solution & Service Innovation-Unit into the Regional Innovation-Unit for the purpose of promoting nearshore development at regional offices and strengthening our product development and technological capabilities. Furthermore, we reorganized the Business Enablement Service-Unit into the Digital Modernization-Unit to promote the Digital solutions business and establish an organization capable of responding to cutting-edge technologies. In addition, we established the Quality Management Office and the Project Management Office under the Quality & Process Management-Unit to strengthen quality control, while aiming to consolidate and streamline internal administrative operations by establishing the Business Support Center. Moreover, we established the Global Business & Management Office under the Strategic Business Management-Unit for the purpose of expanding into the global market.

The Company has assigned executive officers who take charge of each of the seven growth strategies, aiming to realize the strategies.

In terms of the CRESCO Group companies, effective April 1, 2024, we acquired all outstanding shares of Jet Technologies Co., Ltd., making it a subsidiary, and the company has been included in the scope of consolidation for the fiscal year under review. The company possesses specialization in the IT infrastructure field and a broad customer base, which we believe will generate significant synergy effects. Moreover, during the fiscal year under review, we reorganized our consolidated subsidiary, Japan Software Design Co., LTD., and took over operations of its Nagoya branch. The company was dissolved through an absorption-type merger with our consolidated subsidiary, Mexess Co., Ltd., effective July 1, 2024.

In June 2024, we transferred all of our shares of CRESCO Wireless, Inc. to its Representative Director. As a result, the company has been excluded from the scope of consolidation for the fiscal year under review.

Financial affairs

Based on a resolution of the Board of Directors meeting held on May 10, 2024, the Company conducted a 2-for-1 share split of its common shares, effective July 1, 2024, to lower the unit investment amount, thereby broadening the shareholder base and increasing the market liquidity of its share.

Furthermore, based on a resolution of the Board of Directors meeting held on July 18, 2024, the Company disposed of 18,047 treasury shares as restricted shares remuneration granted to its Directors (excluding Outside Directors and Directors serving on the Audit and Supervisory Committee), employees of the

Company serving as Executive Officers, and some Directors of our subsidiaries (the total disposal amount was 25,680,881 yen).

In addition, based on a resolution of the Board of Directors meeting held on November 11, 2024, the Company disposed of 24,215 treasury shares as restricted shares remuneration granted to employees of the Company (the total disposal amount was 28,985,355 yen).

In February 2025, based on a resolution of the Board of Directors, the Company cancelled 2,000,000 treasury shares it held.

In March 2025, the Company announced an upward revision of its year-end dividend forecast for the fiscal year ended March 31, 2025. In May 2025, the Company announced another upward revision, setting the year-end dividend forecast at 23 yen per share and the annual dividend forecast at 42 yen per share.

Business

The Company

In the Digital solutions business, the Company launched new services of Creage, the comprehensive cloud computing support service, in June 2024: “Application Modernization Service,” “Creage DevOps Introduction Support Service,” which establishes a framework that enhances productivity and quality during cloud system implementation and upgrades, and “Control Tower Option,” a service designed to solve security and governance issues in AWS environments.

We also released the new version of “RooMagic,” a tool designed to optimize room assignment operations at hotels, and its implementation at Yokohama Bay Sheraton Hotel & Towers, operated by SOTETSU HOTEL Co., Ltd., has been decided.

Furthermore, in July, we established the “Generative AI Business Transformation Lab” as a virtual organization within the Group, which serves as a foundation for the appropriate use of AI technologies and for executing strategic initiatives with a view to future developments. We aim to improve both productivity and quality by continuously tracking the latest trends in AI technology and applying them to our development processes.

In October, we launched the “Generative AI Environment Setup Service,” which helps companies easily and quickly implement and utilize generative AI by building GPT environments within their cloud environments. In addition, in December, we began conducting a demonstration experiment on the “Multilingual Digital Menu,” using the “Capi Order” system from CAPICHI PTE. LTD. as part of the “Yatai DX” project, which aims to integrate yatai (food stalls) with digital technology, with the cooperation of Fukuoka-shi. In February 2025, we started offering the “AI Trend Briefing Seminar” to provide support for our customers to utilize AI. In March, we launched the “Internal DX Promotion Support Services,” which utilize generative AI.

In security-related fields, starting in November 2024, we began offering the “Compliance Support Service for Automobile Industry Cybersecurity Guidelines.”

In relation to the IT services business, we recorded a loss of 85 million yen as compensation for damages (in extraordinary losses) during the fiscal year under review.

Subsidiaries

In April 2024, CRESCO J Cube Co., Ltd. concluded a comprehensive cooperative partnership “Project Techno-Cube” with iS Technoport to revitalize market for the IBM OS “IBMi.” Furthermore, based on a resolution of the Board of Directors Meeting on September 10, 2024, the company acquired all outstanding shares of TAKAGI SYSTEM CO., LTD. (excluding treasury shares) as of October 1, making it a subsidiary.

In July 2024, CRESCO Digital Technologies Ltd. announced the launch of an implementation support service for “Prisma® Access,” a cloud-based next-generation firewall. The company also launched implementation support services for Microsoft’s virtual desktop “Azure Virtual Desktop” in November 2024 and for Fortinet’s “FortiSASE” in December 2024, and started implement support services through Cisco Systems’ “Cisco Secure Connect” in February 2025.

In October 2024, CRESCO VIETNAM CO., LTD. began offering “C-Rescue,” a new solution available on Cybozu’s “kintone,” a business management platform.

Aside from the above, in funds management, the Company recorded a gain on sale of investment securities (in extraordinary income) of 173 million yen, a gain on redemption of investment securities (in extraordinary income) of 57 million yen, and a loss on valuation of investment securities (in extraordinary losses) of 23 million yen.

As a result of the above, both sales and profit increased, and for the fiscal year ended March 31, 2025, the Company recorded 58,760 million yen in net sales (11.4% increase from 52,755 million yen for the previous fiscal year), 5,983 million yen in operating profit (16.8% increase from 5,121 million yen for the previous fiscal year), 6,290 million yen in ordinary profit (11.2% increase from 5,658 million yen for the previous fiscal year), and 4,405 million yen in profit attributable to owners of parent (18.2% increase from 3,728 million yen for the previous fiscal year).

Operating results for each segment are as follows.

| Segment | | Net sales (thousand yen) | | | Segment profit and loss (thousand yen) | | |
|---------|----------------------------|----------------------------------|----------------------------------|--------------|--|----------------------------------|--------------|
| | | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 | Year on year | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 | Year on year |
| | Enterprise | 20,311,723 | 22,050,907 | 108.6% | 2,073,551 | 2,498,338 | 120.5% |
| | Finance | 14,740,973 | 17,165,646 | 116.4% | 2,073,169 | 2,392,828 | 115.4% |
| | Manufacturing | 13,855,853 | 14,866,436 | 107.3% | 2,454,497 | 2,786,321 | 113.5% |
| | Total IT services business | 48,908,550 | 54,082,989 | 110.6% | 6,601,218 | 7,677,488 | 116.3% |
| | Digital solutions business | 3,847,339 | 4,677,602 | 121.6% | 225,621 | 167,071 | 74.0% |
| | Total | 52,755,890 | 58,760,592 | 111.4% | 6,826,840 | 7,844,559 | 114.9% |

(i) IT services business

Net sales from the IT services business were 54,082 million yen (10.6% increase year on year), and segment profit (operating profit) was 7,677 million yen (16.3% increase year on year). Business results for each subsegment are as follows.

(Enterprise)

Net sales from the enterprise segment were 22,050 million yen (8.6% increase year on year). This is because growth in orders in each area of “information, communication and advertising,” “transportation,” and “others” significantly exceeded the decline in orders in each area of “construction and real estate,” “resources and energy,” “distribution services,” and “recruitment and dispatching.”

The enterprise segment profit (operating profit) was 2,498 million yen (20.5% increase year on year). This was due not only to the increase in net sales mentioned above, but also to the fact that multiple unprofitable projects had occurred at the Company during the same period of the previous fiscal year.

(Finance)

Net sales from the finance segment were 17,165 million yen (16.4% increase year on year). This was due to growth in orders in the “banking” area for the Company and certain subsidiaries, as well as the inclusion of Jet Technologies Co., Ltd. in consolidation.

The finance segment profit (operating profit) was 2,392 million yen (15.4% increase year on year). This was due not only to the increase in net sales mentioned above, but also to the fact that unprofitable projects had occurred at the Company during the same period of the previous fiscal year.

(Manufacturing)

Net sales from the manufacturing segment were 14,866 million yen (7.3% increase year on year). This was due to increased orders in the “automotive, transport equipment” area and “others” areas across the Group as a whole, as well as the inclusion of Jet Technologies Co., Ltd. and TAKAGI SYSTEM CO., LTD. in consolidation, despite sluggish order growth in the “machinery, electronics” area for the Company.

The manufacturing segment profit (operating profit) was 2,786 million yen (13.5% increase year on year). This is for the same reason as that for the said increase in net sales.

(ii) Digital solutions business

Net sales from the Digital solutions business were 4,677 million yen (21.6% increase year on year). This was mainly due to the inclusion of Jet Technologies Co., Ltd. and TAKAGI SYSTEM CO., LTD. in consolidation.

The segment profit (operating profit) was 167 million yen (26.0% decrease year on year). This was due to a decline in the profit margin on product and license sales at the Company and certain subsidiaries, despite the increase in net sales mentioned above.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the fiscal year under review were 43,336 million yen, a year-on-year increase of 3,622 million yen.

Current assets rose by 548 million yen year on year to 28,451 million yen. This is mainly because, while there were decreases in electronically recorded monetary claims - operating, money held in trust and work in process by 205 million yen, 107 million yen and 55 million yen, respectively, there were increases in cash and deposits, prepaid expenses and accounts receivable - trade by 354 million yen, 273 million yen and 262 million yen, respectively.

Non-current assets rose by 3,073 million yen year on year to 14,885 million yen. This is mainly because there were increases in goodwill, investment securities, leasehold and guarantee deposits, buildings, and deferred tax assets by 1,610 million yen, 693 million yen, 343 million yen, 185 million yen, and 118 million yen, respectively.

Total liabilities at the end of the fiscal year under review were 12,520 million yen, a year-on-year increase of 487 million yen.

Current liabilities increased by 382 million yen year on year to 8,971 million yen. This is mainly because, while there were decreases in current portion of long-term borrowings, accounts payable - other, and income taxes payable by 198 million yen, 146 million yen, and 97 million yen, respectively, there were increases in accounts payable - trade, provision for bonuses, and contract liabilities by 332 million yen, 246 million yen, and 220 million yen, respectively.

Non-current liabilities increased by 105 million yen year on year to 3,549 million yen. This is mainly because, while there were decreases in long-term borrowings and bonds payable by 434 million yen and 30 million yen, respectively, there were increases in provision for retirement benefits for directors (and other officers), retirement benefit liability, and asset retirement obligations by 400 million yen, 103 million yen, and 40 million yen, respectively.

Total net assets at the end of the fiscal year under review were 30,815 million yen, a year-on-year increase of 3,134 million yen. This is mainly because, while remeasurements of defined benefit plans decreased by 46 million yen, retained earnings and valuation difference on available-for-sale securities increased by 1,799 million yen and 65 million yen, respectively and because treasury shares decreased by 1,321 million yen.

(3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents at the end of the fiscal year under review was 15,244 million yen, a year-on-year increase of 380 million yen.

Cash flows from operating activities

There was a net cash inflow of 4,762 million yen from operating activities, compared to a net cash inflow of 3,213 million yen for the previous fiscal year.

This was primarily due to profit before income taxes of 6,243 million yen, decrease in trade receivables of 426 million yen, amortization of goodwill of 344 million yen, and depreciation of 282 million yen, despite income taxes paid of 2,166 million yen, decrease in accounts payable - other of 231 million yen, and decrease in provision for retirement benefits for directors (and other officers) of 102 million yen.

Cash flows from investing activities

There was a net cash outflow of 2,293 million yen from investing activities, compared to a net cash outflow of 1,451 million yen for the previous fiscal year.

This was primarily due to purchase of investment securities of 1,413 million yen, purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,165 million yen, leasehold and guarantee deposits paid included in “other, net” of 461 million yen, purchase of property, plant and equipment of 411 million yen, and purchase of intangible assets of 183 million yen, despite proceeds from redemption of investment securities of 817 million yen, proceeds from sale of investment securities of 409 million yen, and proceeds from sale of securities of 132 million yen.

Cash flows from financing activities

There was a net cash outflow of 2,084 million yen from financing activities, compared to a net cash outflow of 723 million yen for the previous fiscal year.

This was primarily due to dividends paid of 1,337 million yen and repayments of long-term borrowings of 703 million yen.

(4) Outlook for the coming year

With regard to the outlook for the fiscal 2025, due to shifts in the US administration’s response to the Russia-Ukraine conflict and fluctuating reciprocal tariff policies, uncertainty has increased mainly among large global companies. In particular, in Japan, there are growing concerns about negative impacts on the automotive industry, to which the Company’s major customers belong.

As a result, both the financial and foreign exchange markets have lost their sense of direction, and the ongoing labor shortage and rising cost trends, which have persisted in Japan for several years, are not expected to be resolved in the short term.

Thus, there is growing uncertainty as to whether strong capital expenditures that have driven the Japanese economy will continue. Nonetheless, we believe that DX investments to enhance productivity will continue, and expect that the Group will see steady growth in orders.

Based on the above preconditions, we set performance forecasts for the first six months ending September 30, 2025 and for the full fiscal year ending March 31, 2026 as below, with the aim of achieving the financial targets in Medium-Term Management Plan 2026: consolidated net sales of 70 billion yen, consolidated operating profit ratio of 11.5%, consolidated ROE of 15% or higher.

(“%” indicates year-on-year increase-decrease rate)

| | First six months ending September 30, 2025 | | Full year ending March 31, 2026 | |
|---|--|-------|---------------------------------|-------|
| Net sales | 31,100 million yen | 9.1% | 64,000 million yen | 8.9% |
| Operating profit | 2,870 million yen | 10.0% | 7,000 million yen | 17.0% |
| Ordinary profit | 2,890 million yen | 4.6% | 7,140 million yen | 13.5% |
| Profit attributable to owners of parent | 1,950 million yen | 3.8% | 4,900 million yen | 11.2% |

If any event that should be disclosed occurs due to any revision to these prerequisites, etc., the Company will promptly announce it.

2. Basic policy on the selection of accounting standards

Taking into consideration the ability to compare not only consolidated financial statements for different accounting periods but also the Company to other companies, the Group has adopted, for the time being, a policy of creating consolidated financial statements based on Japanese generally accepted accounting principles.

As for the application of International Financial Reporting Standards (IFRS), the Company plans on appropriately responding after considering conditions both in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 14,979,921 | 15,334,671 |
| Accounts receivable - trade | 9,843,883 | 10,106,343 |
| Contract assets | 427,904 | 383,291 |
| Electronically recorded monetary claims - operating | 691,862 | 485,899 |
| Securities | 808,108 | 815,839 |
| Money held in trust | 107,113 | - |
| Merchandise and finished goods | 22,087 | 48,376 |
| Work in process | 372,387 | 316,708 |
| Supplies | 43,884 | 36,419 |
| Prepaid expenses | 491,325 | 765,104 |
| Other | 113,623 | 158,370 |
| Total current assets | 27,902,101 | 28,451,026 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 952,887 | 1,165,467 |
| Accumulated depreciation | (456,219) | (482,862) |
| Buildings, net | 496,668 | 682,604 |
| Tools, furniture and fixtures | 611,386 | 763,351 |
| Accumulated depreciation | (430,112) | (472,476) |
| Tools, furniture and fixtures, net | 181,274 | 290,874 |
| Land | 19,990 | 19,990 |
| Leased assets | 15,251 | 24,490 |
| Accumulated depreciation | (12,146) | (8,874) |
| Leased assets, net | 3,105 | 15,615 |
| Total property, plant and equipment | 701,038 | 1,009,084 |
| Intangible assets | | |
| Goodwill | 1,145,242 | 2,755,749 |
| Software | 283,258 | 319,848 |
| Other | 14,334 | 14,088 |
| Total intangible assets | 1,442,835 | 3,089,686 |
| Investments and other assets | | |
| Investment securities | 7,410,000 | 8,103,753 |
| Leasehold and guarantee deposits | 1,204,174 | 1,548,056 |
| Insurance funds | 45,396 | 45,319 |
| Retirement benefit asset | 30,483 | - |
| Deferred tax assets | 819,077 | 938,002 |
| Other | 266,508 | 254,303 |
| Allowance for doubtful accounts | (107,209) | (102,425) |
| Total investments and other assets | 9,668,430 | 10,787,011 |
| Total non-current assets | 11,812,303 | 14,885,781 |
| Total assets | 39,714,405 | 43,336,808 |

(Thousands of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 2,354,699 | 2,687,261 |
| Short-term borrowings | 100,000 | 100,000 |
| Current portion of bonds payable | 20,000 | - |
| Current portion of long-term borrowings | 641,938 | 443,336 |
| Lease liabilities | 1,386 | 4,405 |
| Accounts payable - other | 809,388 | 663,107 |
| Income taxes payable | 1,212,654 | 1,115,265 |
| Accrued business office tax | 39,851 | 46,131 |
| Accrued consumption taxes | 597,047 | 650,935 |
| Contract liabilities | 128,625 | 349,171 |
| Provision for bonuses | 1,769,243 | 2,016,047 |
| Provision for bonuses for directors (and other officers) | 65,892 | 65,808 |
| Provision for loss on orders received | 99,562 | 43,057 |
| Other | 748,338 | 786,496 |
| Total current liabilities | 8,588,629 | 8,971,024 |
| Non-current liabilities | | |
| Long-term borrowings | 1,595,000 | 1,160,274 |
| Bonds payable | 30,000 | - |
| Long-term accounts payable - other | 52,834 | 52,772 |
| Lease liabilities | 1,996 | 12,771 |
| Provision for retirement benefits for directors (and other officers) | - | 400,000 |
| Retirement benefit liability | 1,325,471 | 1,428,595 |
| Asset retirement obligations | 122,789 | 163,104 |
| Deferred tax liabilities | 316,422 | 326,827 |
| Other | - | 5,520 |
| Total non-current liabilities | 3,444,514 | 3,549,865 |
| Total liabilities | 12,033,143 | 12,520,890 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,514,875 | 2,514,875 |
| Capital surplus | 2,979,869 | 2,979,869 |
| Retained earnings | 20,897,649 | 22,696,786 |
| Treasury shares | (1,813,333) | (491,536) |
| Total shareholders' equity | 24,579,061 | 27,699,995 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,920,375 | 2,986,227 |
| Foreign currency translation adjustment | 26,614 | 20,878 |
| Remeasurements of defined benefit plans | 155,210 | 108,815 |
| Total accumulated other comprehensive income | 3,102,199 | 3,115,921 |
| Total net assets | 27,681,261 | 30,815,917 |
| Total liabilities and net assets | 39,714,405 | 43,336,808 |

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Net sales | 52,755,890 | 58,760,592 |
| Cost of sales | 42,418,831 | 46,980,908 |
| Gross profit | 10,337,058 | 11,779,684 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 127,168 | 157,448 |
| Remuneration, salaries and allowances for directors (and other officers) | 2,155,745 | 2,219,409 |
| Bonuses | 167,441 | 187,963 |
| Provision for bonuses | 212,572 | 223,479 |
| Provision for bonuses for directors (and other officers) | 57,642 | 59,058 |
| Retirement benefit expenses | 61,443 | 51,540 |
| Provision for retirement benefits for directors (and other officers) | - | 680 |
| Legal welfare expenses | 346,218 | 362,760 |
| Hiring expenses | 192,381 | 228,722 |
| Education expense | 169,921 | 131,802 |
| Entertainment expenses | 67,473 | 85,479 |
| Rent expenses on land and buildings | 186,914 | 226,610 |
| Supplies expenses | 81,893 | 86,737 |
| Amortization of goodwill | 210,697 | 344,322 |
| Enterprise tax | 223,659 | 227,231 |
| Other | 954,107 | 1,202,615 |
| Total selling, general and administrative expenses | 5,215,282 | 5,795,861 |
| Operating profit | 5,121,775 | 5,983,822 |
| Non-operating income | | |
| Interest income | 250,725 | 233,905 |
| Dividend income | 65,686 | 79,189 |
| Gain on sale of securities | 20,942 | 18,062 |
| Gain on investments in money held in trust | 30,939 | 3,964 |
| Gain on valuation of derivatives | 273,440 | 30,103 |
| Subsidy income | 40,779 | 51,367 |
| Share of profit of entities accounted for using equity method | 52,107 | 62,812 |
| Other | 29,772 | 31,192 |
| Total non-operating income | 764,393 | 510,597 |
| Non-operating expenses | | |
| Interest expenses | 2,687 | 11,243 |
| Loss on valuation of securities | 3,887 | 25,436 |
| Investment advisory fee | 90,385 | 131,692 |
| Donations | 121,000 | 12,000 |
| Other | 9,673 | 23,406 |
| Total non-operating expenses | 227,633 | 203,778 |
| Ordinary profit | 5,658,535 | 6,290,640 |

(Thousands of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 983 |
| Gain on sale of investment securities | 323,351 | 173,288 |
| Gain on redemption of investment securities | 108,001 | 57,315 |
| Gain on sale of shares of subsidiaries and associates | - | 1,626 |
| Surrender value of insurance policies | 12,193 | 11,599 |
| Other | - | 3,197 |
| Total extraordinary income | 443,545 | 248,010 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 10,809 | 16,663 |
| Loss on sale of investment securities | 776 | 5,380 |
| Loss on valuation of investment securities | 5,807 | 23,209 |
| Office relocation expenses | 3,838 | 42,008 |
| Impairment losses | 296,694 | 89,459 |
| Loss on compensations | - | 85,475 |
| Other | 83,845 | 33,199 |
| Total extraordinary losses | 401,772 | 295,397 |
| Profit before income taxes | 5,700,308 | 6,243,253 |
| Income taxes - current | 2,035,570 | 1,924,200 |
| Income taxes - deferred | (63,843) | (86,514) |
| Total income taxes | 1,971,727 | 1,837,686 |
| Profit | 3,728,580 | 4,405,567 |
| Profit attributable to non-controlling interests | - | - |
| Profit attributable to owners of parent | 3,728,580 | 4,405,567 |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|--|---|---|
| Profit | 3,728,580 | 4,405,567 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,431,425 | 65,851 |
| Foreign currency translation adjustment | 8,537 | (5,735) |
| Remeasurements of defined benefit plans, net of tax | 85,959 | (46,394) |
| Total other comprehensive income | 1,525,923 | 13,721 |
| Comprehensive income | 5,254,504 | 4,419,289 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,254,504 | 4,419,289 |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2024

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,514,875 | 3,403,940 | 19,105,001 | (2,150,640) | 22,873,176 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,083,495) | | (1,083,495) |
| Profit attributable to owners of parent | | | 3,728,580 | | 3,728,580 |
| Purchase of treasury shares | | | | (995,731) | (995,731) |
| Disposal of treasury shares | | 18,372 | | 38,159 | 56,531 |
| Cancellation of treasury shares | | (1,294,880) | | 1,294,880 | - |
| Transfer from retained earnings to capital surplus | | 852,437 | (852,437) | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (424,070) | 1,792,648 | 337,307 | 1,705,885 |
| Balance at end of period | 2,514,875 | 2,979,869 | 20,897,649 | (1,813,333) | 24,579,061 |

| | Accumulated other comprehensive income | | | | 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 | 1,488,949 | 18,076 | 69,250 | 1,576,276 | 24,449,452 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (1,083,495) |
| Profit attributable to owners of parent | | | | | 3,728,580 |
| Purchase of treasury shares | | | | | (995,731) |
| Disposal of treasury shares | | | | | 56,531 |
| Cancellation of treasury shares | | | | | - |
| Transfer from retained earnings to capital surplus | | | | | - |
| Net changes in items other than shareholders' equity | 1,431,425 | 8,537 | 85,959 | 1,525,923 | 1,525,923 |
| Total changes during period | 1,431,425 | 8,537 | 85,959 | 1,525,923 | 3,231,809 |
| Balance at end of period | 2,920,375 | 26,614 | 155,210 | 3,102,199 | 27,681,261 |

For the fiscal year ended March 31, 2025

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,514,875 | 2,979,869 | 20,897,649 | (1,813,333) | 24,579,061 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,339,300) | | (1,339,300) |
| Profit attributable to owners of parent | | | 4,405,567 | | 4,405,567 |
| Purchase of treasury shares | | | | | - |
| Disposal of treasury shares | | 27,309 | | 27,356 | 54,666 |
| Cancellation of treasury shares | | (1,294,440) | | 1,294,440 | - |
| Transfer from retained earnings to capital surplus | | 1,267,130 | (1,267,130) | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 1,799,136 | 1,321,796 | 3,120,933 |
| Balance at end of period | 2,514,875 | 2,979,869 | 22,696,786 | (491,536) | 27,699,995 |

| | Accumulated other comprehensive income | | | | 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 | 2,920,375 | 26,614 | 155,210 | 3,102,199 | 27,681,261 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (1,339,300) |
| Profit attributable to owners of parent | | | | | 4,405,567 |
| Purchase of treasury shares | | | | | - |
| Disposal of treasury shares | | | | | 54,666 |
| Cancellation of treasury shares | | | | | - |
| Transfer from retained earnings to capital surplus | | | | | - |
| Net changes in items other than shareholders' equity | 65,851 | (5,735) | (46,394) | 13,721 | 13,721 |
| Total changes during period | 65,851 | (5,735) | (46,394) | 13,721 | 3,134,655 |
| Balance at end of period | 2,986,227 | 20,878 | 108,815 | 3,115,921 | 30,815,917 |

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,700,308 | 6,243,253 |
| Depreciation | 311,271 | 282,701 |
| Amortization of goodwill | 210,697 | 344,322 |
| Impairment losses | 296,694 | 89,459 |
| Increase (decrease) in provision for bonuses | 195,320 | 170,518 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (16,391) | (2,857) |
| Increase (decrease) in provision for loss on orders received | 48,146 | (56,505) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | - | (102,960) |
| Increase (decrease) in retirement benefit liability | 90,513 | 24,865 |
| Decrease (increase) in retirement benefit asset | (30,483) | 30,483 |
| Interest and dividend income | (316,411) | (313,094) |
| Interest expenses | 2,687 | 11,243 |
| Loss (gain) on sale of securities | (20,942) | (18,062) |
| Loss (gain) on valuation of derivatives | (273,440) | (30,103) |
| Share of loss (profit) of entities accounted for using equity method | (52,107) | (62,812) |
| Loss on retirement of non-current assets | 10,809 | 16,663 |
| Loss (gain) on valuation of investment securities | 5,807 | 23,209 |
| Loss (gain) on sale of investment securities | (322,574) | (167,908) |
| Loss (gain) on redemption of investment securities | (108,001) | (57,315) |
| Decrease (increase) in trade receivables | (1,365,967) | 426,218 |
| Decrease (increase) in inventories | (182,002) | 54,147 |
| Decrease (increase) in contract assets | (112,363) | 44,612 |
| Increase (decrease) in trade payables | 147,070 | (10,599) |
| Increase (decrease) in accounts payable - other | 302,297 | (231,639) |
| Increase (decrease) in long-term accounts payable - other | (84) | (61) |
| Increase (decrease) in accrued consumption taxes | 100,400 | 3,401 |
| Other, net | 80,214 | (88,552) |
| Subtotal | 4,701,470 | 6,622,631 |
| Interest and dividends received | 317,703 | 316,149 |
| Interest paid | (5,082) | (10,672) |
| Income taxes paid | (1,800,227) | (2,166,067) |
| Net cash provided by (used in) operating activities | 3,213,864 | 4,762,042 |

(Thousands of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|--|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (3,601) | (2,410) |
| Proceeds from withdrawal of time deposits | - | 47,912 |
| Purchase of securities | (167,018) | (220,412) |
| Proceeds from sale of securities | 175,902 | 132,286 |
| Purchase of property, plant and equipment | (184,613) | (411,120) |
| Purchase of intangible assets | (79,783) | (183,834) |
| Purchase of investment securities | (749,685) | (1,413,860) |
| Proceeds from sale of investment securities | 511,313 | 409,071 |
| Proceeds from redemption of investment securities | 2,186,868 | 817,092 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | (1,165,882) |
| Income for sales of shares of subsidiaries resulting in change in scope of consolidation | - | 6,099 |
| Proceeds from cancellation of insurance funds | 31,584 | 24,556 |
| Other, net | (269,149) | (333,067) |
| Net cash provided by (used in) investing activities | 1,451,815 | (2,293,567) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (30,000) | - |
| Proceeds from long-term borrowings | 1,940,000 | 10,000 |
| Repayments of long-term borrowings | (524,237) | (703,451) |
| Repayments of lease liabilities | (2,971) | (3,582) |
| Redemption of bonds | (25,000) | (50,000) |
| Dividends paid | (1,083,263) | (1,337,546) |
| Purchase of treasury shares | (998,220) | - |
| Net cash provided by (used in) financing activities | (723,692) | (2,084,579) |
| Effect of exchange rate change on cash and cash equivalents | 7,254 | (3,652) |
| Net increase (decrease) in cash and cash equivalents | 3,949,240 | 380,242 |
| Cash and cash equivalents at beginning of period | 10,915,310 | 14,864,551 |
| Cash and cash equivalents at end of period | 14,864,551 | 15,244,793 |

(5) Notes on consolidated financial statements
(Notes on the premise of going concern)

There is nothing to report.

(Changes in accounting policies)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This change in accounting policies has no impact on the consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal year under review. This change in accounting policies has been applied retrospectively, and is reflected in the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

(1) Method for determining reportable segments

The Company’s reportable segments are based on those units within the Company where separate financial information is available and where the Board of Directors periodically reviews matters such as the distribution of management resources and financial performance.

The Company has established divisions for product and service type, and each division creates a comprehensive strategy for the products and services it handles and conducts related business activities.

Therefore, the Company is composed of segments by products and services based on divisions, and its reportable segments consist of “IT services business” and “Digital solutions business.”

In addition, the segment of IT services business is subdivided into three subsegments based on types of business of end users per contract: “Enterprise,” “Finance” and “Manufacturing.”

| Subsegment | Types of end users’ business |
|---------------|--|
| Enterprise | Information, communication and advertising, distribution services, transportation, recruitment and dispatching, public services, resources and energy, construction and real estate, travel and hotels, medical and healthcare, others |
| Finance | Banking, insurance, others |
| Manufacturing | Automotive, transport equipment, machinery, electronics, others |

(2) Types of products and services belonging to each reportable segment

The IT services business segment is mainly engaged in the comprehensive service for consulting as well as IT planning, development and maintenance, covering enterprise systems, financial systems, embedded systems, AI systems, mobile systems, platform, agile, near-shore and off-shore development, RPA introduction support, data analytics, UX design, etc.

The Digital solutions business segment mainly provides groups of solutions consisting of products and services supporting the realization of digital transformation by customers, which cover cloud computing, robotics, AI & data, security, UX/UI, etc.

2. Method for calculating net sales, profit (loss), assets, liabilities, and other items for each segment

The accounting treatment for business segments reported is generally the same as those given in “Significant Matters Forming the Basis of Preparing the Consolidated Financial Statements.”

Segment profit is based on operating profit.

Inter-segment earnings sales or transactions are based on actual market prices.

3. Information regarding amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2024

(Thousands of yen)

| | Reportable segments | | | | | | Adjust- ment Note: 1 | Amounts on consolidated financial statements Note: 2 |
|---|----------------------|------------|--------------------|------------|----------------------------------|------------|----------------------------|--|
| | IT services business | | | | Digital solutions business | Total | | |
| | Enterprise | Finance | Manufac- turing | Total | | | | |
| Net sales | | | | | | | | |
| Net sales to external customers | 20,311,723 | 14,740,973 | 13,855,853 | 48,908,550 | 3,847,339 | 52,755,890 | — | 52,755,890 |
| Inter-segment sales or transactions | — | — | — | — | — | — | — | — |
| Total | 20,311,723 | 14,740,973 | 13,855,853 | 48,908,550 | 3,847,339 | 52,755,890 | — | 52,755,890 |
| Segment profit | 2,073,551 | 2,073,169 | 2,454,497 | 6,601,218 | 225,621 | 6,826,840 | (1,705,064) | 5,121,775 |
| Segment assets | 9,158,773 | 6,028,767 | 5,827,897 | 21,015,439 | 1,367,679 | 22,383,118 | 17,331,286 | 39,714,405 |
| Other items | | | | | | | | |
| Depreciation | 110,752 | 81,796 | 73,597 | 266,147 | 24,129 | 290,276 | 20,994 | 311,271 |
| Increase in property, plant and equipment and intangible assets | 121,878 | 59,439 | 50,950 | 232,268 | 17,307 | 249,576 | 6,021 | 255,598 |

Notes: 1. The following adjustments have been made.

- (1) The negative 1,705,064 thousand yen adjustment to segment profit includes negative 1,705,064 thousand yen in all corporate expenses not allocated to reportable segments. All corporate expenses are mainly general and administrative expenses not attributed to reportable segments.
- (2) The 17,331,286 thousand yen adjustment to segment assets is all corporate assets not allocated to reportable segments. All corporate assets are primarily unused operating funds not attributed to reportable segments (cash and deposits and securities), long-term investments funds (investment securities), and assets, etc. related to administrative divisions.
- (3) The 6,021 thousand yen adjustment to increase in property, plant and equipment and intangible assets is for capital expenditures by the headquarters' administrative divisions.

2. Segment profit is calculated by making adjustments to the operating profit appearing in the consolidated statement of income.

Fiscal year ended March 31, 2025

(Thousands of yen)

| | Reportable segments | | | | | | Adjust- ment Note: 1 | Amounts on consolidated financial statements Note: 2 |
|---|----------------------|------------|--------------------|------------|----------------------------------|------------|----------------------------|--|
| | IT services business | | | | Digital solutions business | Total | | |
| | Enterprise | Finance | Manufac- turing | Total | | | | |
| Net sales | | | | | | | | |
| Net sales to external customers | 22,050,907 | 17,165,646 | 14,866,436 | 54,082,989 | 4,677,602 | 58,760,592 | — | 58,760,592 |
| Inter-segment sales or transactions | — | — | — | — | — | — | — | — |
| Total | 22,050,907 | 17,165,646 | 14,866,436 | 54,082,989 | 4,677,602 | 58,760,592 | — | 58,760,592 |
| Segment profit | 2,498,338 | 2,392,828 | 2,786,321 | 7,677,488 | 167,071 | 7,844,559 | (1,860,737) | 5,983,822 |
| Segment assets | 10,003,584 | 7,682,273 | 6,733,998 | 24,419,856 | 2,046,119 | 26,465,975 | 16,870,832 | 43,336,808 |
| Other items | | | | | | | | |
| Depreciation | 104,514 | 71,217 | 67,752 | 243,484 | 22,921 | 266,405 | 16,295 | 282,701 |
| Increase in property, plant and equipment and intangible assets | 187,159 | 132,134 | 124,058 | 443,351 | 47,443 | 490,794 | 58,498 | 549,293 |

Notes: 1. The following adjustments have been made.

- (1) The negative 1,860,737 thousand yen adjustment to segment profit includes negative 1,860,737 thousand yen in all corporate expenses not allocated to reportable segments. All corporate expenses are mainly general and administrative expenses not attributed to reportable segments.
 - (2) The 16,870,832 thousand yen adjustment to segment assets is all corporate assets not allocated to reportable segments. All corporate assets are primarily unused operating funds not attributed to reportable segments (cash and deposits and securities), long-term investments funds (investment securities), and assets, etc. related to administrative divisions.
 - (3) The 58,498 thousand yen adjustment to increase in property, plant and equipment and intangible assets is for capital expenditures by the headquarters' administrative divisions.
2. Segment profit is calculated by making adjustments to the operating profit appearing in the consolidated statement of income.

(Related information)

Fiscal year ended March 31, 2024

1. Information by product and service

This has been omitted since the same information is provided in segment information.

2. Information by geographical area

(1) Net sales

This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This has been omitted because the value of property, plant and equipment in Japan accounts for more than 90% of the value of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information has been omitted because no net sales to external customers represent 10% or greater of the net sales reported in the consolidated statement of income.

Fiscal year ended March 31, 2025

1. Information by product and service

This has been omitted since the same information is provided in segment information.

2. Information by geographical area

(1) Net sales

This has been omitted because net sales to external Japanese customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This has been omitted because the value of property, plant and equipment in Japan accounts for more than 90% of the value of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information has been omitted because no net sales to external customers represent 10% or greater of the net sales reported in the consolidated statement of income.

(Information on impairment losses of non-current assets by reportable segment)

Fiscal year ended March 31, 2024

(Thousands of yen)

| | Reportable segments | | | | | | Unallocation or elimination | Total |
|-------------------|----------------------|---------|-------------------|----------|----------------------------------|---------|--------------------------------|---------|
| | IT services business | | | | Digital solutions business | Total | | |
| | Enterprise | Finance | Manufacturin g | Subtotal | | | | |
| Impairment losses | 94,197 | 46,387 | 148,186 | 288,771 | 7,923 | 296,694 | — | 296,694 |

Fiscal year ended March 31, 2025

(Thousands of yen)

| | Reportable segments | | | | | | Unallocation or elimination | Total |
|-------------------|----------------------|---------|-------------------|----------|----------------------------------|--------|--------------------------------|--------|
| | IT services business | | | | Digital solutions business | Total | | |
| | Enterprise | Finance | Manufacturin g | Subtotal | | | | |
| Impairment losses | 27,409 | 27,805 | 25,386 | 80,601 | 8,858 | 89,459 | – | 89,459 |

(Information on amortization and unamortized balance of goodwill by reportable segment)

Fiscal year ended March 31, 2024

(Thousands of yen)

| | Reportable segments | | | | | | Unallocation or elimination | Total |
|--|----------------------|---------|---------------|-----------|----------------------------|-----------|-----------------------------|-----------|
| | IT services business | | | | Digital solutions business | Total | | |
| | Enterprise | Finance | Manufacturing | Subtotal | | | | |
| Amortization of goodwill | 63,626 | 53,012 | 91,743 | 208,381 | 2,315 | 210,697 | – | 210,697 |
| Unamortized balance at the fiscal year-end | 322,640 | 313,498 | 498,012 | 1,134,151 | 11,091 | 1,145,242 | – | 1,145,242 |

Fiscal year ended March 31, 2025

(Thousands of yen)

| | Reportable segments | | | | | | Unallocation or elimination | Total |
|---|----------------------|-----------|-------------------|-----------|----------------------------------|-----------|--------------------------------|-----------|
| | IT services business | | | | Digital solutions business | Total | | |
| | Enterprise | Finance | Manufacturin g | Subtotal | | | | |
| Amortization of goodwill | 82,955 | 134,878 | 110,944 | 328,778 | 15,543 | 344,322 | – | 344,322 |
| Unamortized balance at the fiscal year-end | 534,879 | 1,059,892 | 928,591 | 2,523,363 | 232,386 | 2,755,749 | – | 2,755,749 |

(Information on gain on bargain purchase by reporting segment)

There is nothing to report.

(Per share information)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|----------------------------|----------------------------------|----------------------------------|
| Net assets per share | 671.89 yen | 747.27 yen |
| Earnings per share | 90.06 yen | 106.89 yen |
| Diluted earnings per share | – yen | – yen |

Notes: 1. Diluted earnings per share is not presented because no potentially dilutive shares exist.

2. The Company implemented a 2-for-1 share split of common shares with an effective date of July 1, 2024. Net assets per share and earnings per share are calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

3. The basis of calculating earnings per share is as follows:

| Item | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|----------------------------------|----------------------------------|
| Earnings per share | | |
| Profit attributable to owners of parent (Thousands of yen) | 3,728,580 | 4,405,567 |
| Amounts not attributable to common shareholders (Thousands of yen) | – | – |
| Profit attributable to owners of parent related to common shares (Thousands of yen) | 3,728,580 | 4,405,567 |
| Average number of common shares during the period (Shares) | 41,401,064 | 41,217,485 |

4. The basis of calculating net assets per share is as follows:

| Item | Previous fiscal year (March 31, 2024) | Current fiscal year (March 31, 2025) |
|---|--|---|
| Total net assets (Thousands of yen) | 27,681,261 | 30,815,917 |
| Amount deducted from total net assets (Thousands of yen) | – | – |
| Net assets related to common shares at the fiscal year-end (Thousands of yen) | 27,681,261 | 30,815,917 |
| Number of common shares at the fiscal year-end used for the calculation of net assets per share (Shares) | 41,199,236 | 41,237,782 |

(Significant subsequent events)

(Purchase of treasury shares)

At the Board of Directors meeting held on May 9, 2025, the Company resolved as follows to purchase treasury shares pursuant to the Articles of Incorporation, as stipulated in Article 459, paragraph (1) of the Companies Act.

(1) Reasons for the purchase of treasury shares

To improve capital efficiency while enhancing shareholder returns

(2) Matters related to purchase

- | | |
|--|--|
| (i) Type of shares to be purchased: | Common shares of the Company |
| (ii) Number of shares to be purchased: | 1,000,000 shares (maximum) |
| (iii) Aggregate purchase amount of shares: | 1,500,000 thousand yen (maximum) |
| (iv) Period of share acquisition: | From May 12, 2025 to November 28, 2025 |
| (v) Method of acquisition: | Open-market purchase on the Tokyo Stock Exchange |