

Translation

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2025 (Based on IFRS)

May 13, 2025

Company name BUSINESS BRAIN SHOWA・OTA INC. Stock exchange listings: Tokyo Prime
 Securities code 9658 URL <https://www.bbs.co.jp>
 Representative President (Name) Kazuhiro Komiya
 Senior Executive Officer
 Inquiries Group Management Supervisor (Name) Hitoshi Uehara Tel 03-3507-1302
 Date of general shareholders' meeting (as planned) June 23, 2025 Dividend payable date (as planned) June 24, 2025
 Scheduled date of ordinary general meeting of shareholders: June 23, 2025
 Scheduled date to file Securities Report: June 20, 2025
 Scheduled date to commence dividend payments: June 24, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

Percentages indicate year-on-year changes.

| | Revenue | | Business profit | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|-------|-----------------|-------|------------------|--------|-------------------|--------|-----------------|--------|---|--------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2025 | 38,804 | 13.4 | 2,871 | 13.2 | 2,872 | (86.1) | 3,352 | (83.7) | 2,510 | (82.3) | 2,469 | (82.5) |
| March 31, 2024 | 34,218 | (7.7) | 2,536 | △20.9 | 20,690 | 545.0 | 20,574 | 534.7 | 14,162 | 585.3 | 14,141 | 669.2 |

Note: 1. Total Comprehensive Income for the Fiscal Year March 31, 2025 2,647 Millions of yen (△81.6%) March 31, 2024 14,418 Millions of yen (562.3%)

2. Business Profit is calculated by excluding profits and losses incurred due to non-recurring factors from Operation profit.

3. As of March 31, 2025, we have finalized the provisional accounting treatment for the business combination, and the figures for March 31, 2024 reflect the details of the preliminary accounting treatment.

| | Basic earnings per share | Diluted earnings per share | Return on equity attributable to owners of parent | Ratio of profit before tax to total assets | Ratio of operating profit to revenue |
|-------------------|--------------------------|----------------------------|---|--|--------------------------------------|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2025 | 214.51 | 214.45 | 8.5 | 7.4 | 7.4 |
| March 31, 2024 | 1,224.05 | 1,223.94 | 64.4 | 54.7 | 60.5 |

Reference: Investments accounted for using equity method For the fiscal year ended March 31, 2025 460 Millions of yen For the fiscal year ended March 31, 2024 363 Millions of yen

(2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets | Equity attributable to owners of parent per share |
|----------------------|-----------------|-----------------|---|--|---|
| | Millions of yen | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2025 | 45,323 | 29,612 | 29,139 | 64.3 | 2,662.08 |
| As of March 31, 2024 | 44,804 | 29,398 | 28,962 | 64.6 | 2,500.47 |

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended | | | | |
| Year ended March 31, 2025 | 2,746 | 552 | (3,295) | 9,908 |
| Year ended March 31, 2024 | 3,150 | (2,067) | (1,397) | 9,906 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends | Dividend payout ratio | Ratio of dividends |
|--|----------------------------|-----------------|-----------------|-----------------|-------|----------------------|-----------------------|--------------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2024 | - | 36.00 | - | 39.00 | 75.00 | 909 | 6.1 | 4.0 |
| Fiscal year ended March 31, 2025 | - | 37.00 | - | 41.00 | 78.00 | 917 | 36.4 | 3.1 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 37.00 | - | 52.00 | 89.00 | | 40.0 | |

3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages indicate year-on-year changes

| | Revenue | | Business profit | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--------------------------------------|-----------------|------|-----------------|------|------------------|------|-------------------|------|-----------------|-----|---|-----|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | |
| Six months ending September 30, 2025 | 20,658 | 14.4 | 1,430 | 21.7 | 1,430 | 21.6 | 1,710 | 23.0 | 1,085 | 8.2 | 1,065 | 7.4 | 92.52 |
| Fiscal year ending March 31, 2026 | 42,600 | 9.8 | 3,300 | 14.9 | 3,300 | 14.9 | 3,970 | 18.4 | 2,600 | 3.6 | 2,560 | 3.7 | 222.35 |

* Notes

(1) Significant changes in the scope of consolidation during the period : None

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

(i) Changes in accounting policies required by IFRS : Yes

(ii) Changes in accounting policies due to other reasons : None

(iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

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

② Number of treasury shares at end of period

③ Average number of shares during period

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| As of March 31, 2025 | 12,725,000 shares | As of March 31, 2024 | 12,725,000 shares |
| As of March 31, 2025 | 1,779,249 shares | As of March 31, 2024 | 1,142,526 shares |
| Fiscal year ended March 31, 2025 | 11,511,538 shares | Fiscal year ended March 31, 2024 | 11,552,339 shares |

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

| | Sales | | Operation profit | | Ordinary profit | | Profit | |
|----------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2025 | 23,139 | 24.7 | 2,187 | 36.8 | 2,500 | 26.5 | 3,161 | 6.0 |
| March 31, 2024 | 18,550 | 5.5 | 1,599 | △9.7 | 1,976 | △1.2 | 2,982 | △3.3 |

| | profit per share | Per share adjusted for potential shares profit |
|----------------------|------------------|--|
| | Yen | Yen |
| As of March 31, 2025 | 274.59 | — |
| As of March 31, 2024 | 258.11 | — |

Note: The Company has changed the accounting treatment for asset retirement obligations from the current fiscal year. In line with this, the previous fiscal year is the index after retroactively applying the relevant accounting policy.

(2) Non-consolidated financial position

| | Total assets | Total equity | Capital adequacy ratio | Total equity per share |
|----------------|-----------------|-----------------|------------------------|------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| March 31, 2025 | 22,522 | 14,956 | 66.4 | 1,366.37 |
| March 31, 2024 | 21,278 | 14,239 | 66.9 | 1,229.34 |

Note:1.Japan GAAP is applied to financial figures in the summary of individual business results.

2. The Company has changed the accounting treatment for asset retirement obligations from the current fiscal year.

In line with this, the previous fiscal year is the index after retroactively applying the relevant accounting policy.

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

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

Forward-looking statements, such as earnings forecasts, contained in this material are reasonable based on information currently available to the Company.

It is based on a certain premise, and is not intended to be a promise by the Company to achieve it. In addition, actual results may differ significantly due to various factors. For details on the conditions on which earnings forecasts are based and precautions for using earnings forecasts, please refer to Appendix P.2 "1. Overview of Operating Results".

(How to obtain supplementary financial results briefing materials and financial results briefing contents)

The Company plans to hold investor briefings as follows. The materials used in this briefing will be posted on our website as soon as possible after the event.

May 14, 2025(Wednesday)・・・・Briefing for institutional investors and analysts (Online)

May 21, 2025(Wednesday)・・・・Briefing for institutional investors and analysts

○Table of Contents of Attached Documents

| | |
|---|----|
| 1. Overview of operating results..... | 2 |
| (1) Overview of operating results for the fiscal year ended March 2025..... | 2 |
| (2) Overview of financial position for the fiscal year ended March 2025 | 3 |
| (3) Overview of cash flow for the fiscal year ended March 2025 | 3 |
| (4) Future outlook | 4 |
| 2. Fundamental considerations regarding the selection of accounting standards | 3 |
| 3. Consolidated financial statements and principal notes | 5 |
| (1) Consolidated statement of financial position | 5 |
| (2) Consolidated statement of income and consolidated statement of comprehensive income | 7 |
| (3) Consolidated statement of changes in equity | 9 |
| (4) Consolidated statement of cash flow | 11 |
| (5) Notes concerning consolidated financial statements | 12 |
| (Notes relating to going concern assumption) | 12 |
| (Changes in accounting policies) | 12 |
| (Segment information etc.) | 12 |
| (Per share information) | 15 |
| (Significant subsequent events) | 16 |

1. Overview of operating results

The following is the understanding, analysis and considerations of the Group's operating results, etc. from the management's perspective. Note that forward-looking statements were determined as of the end of the consolidated fiscal year ended March 2025.

(1) Overview of operating results for the fiscal year ended March 2025

During the consolidated fiscal year ended March 2025, the Japanese economy showed signs of a gentle recovery as a result of factors such as improvements in the employment and income environment and growth in inbound consumption. With regard to the future, the economic outlook remains uncertain due to the U.S.' policy direction, concern about China's economic outlook, the Russia-Ukraine situation and so forth.

Amid this economic environment, the overall orders received by the Group continued to be favorable.

Orders received by the Group in the consolidated fiscal year ended March 2025 totaled 40,377 million yen (up 16.4% from the previous consolidated fiscal year), and backlog of orders was 12,998 million yen (up 13.8% from the previous consolidated fiscal year).

Overall revenue rose by 13.4% as a result of sales from Twinkle Co., Ltd. and other subsidiaries acquired during the previous period contributing to the full fiscal year, together with the consulting and system development business and the management services (BPO) business, and favorable performances at existing businesses.

Where gross profit was concerned, it increased at a similar level to overall revenue, increasing by 9.1% year-on-year. Selling, general and administrative expenses climbed by 7.0% compared to the previous consolidated fiscal year despite efforts to constrain costs, as a result of the impact of the above-mentioned subsidiaries and other factors.

As a result, in the Company's operating results for the consolidated fiscal year ended March 2025, it reported revenue of 38,804 million yen (up 13.4% compared to the previous consolidated fiscal year), business profit of 2,871 million yen (up 13.2% compared to the previous consolidated fiscal year), operating profit of 2,872 million yen (down 86.1% compared to the previous consolidated fiscal year), profit before taxes of 3,352 million yen (down 83.7% compared to the previous consolidated fiscal year) and profit attributable to owners of the parent of 2,469 million yen (down 82.5% compared to the previous consolidated fiscal year).

Business profit is calculated by excluding from operating profit those profits or losses arising from non-recurring factors.

Incidentally, with regard to the recent US tariff measures, as the Company mainly carries out its sales activities within Japan and does not sell to the US, the measures will have no direct impact. However, the Company's customers include customers in industries expected to be strongly impacted by the tariff measures, such as the automotive industry. The Company is currently in the process of investigating these indirect impacts.

[Consulting and system development business]

The consulting and system development business posted revenue of 27,705 million yen for the consolidated fiscal year ended March 2025, (up 7.1% compared to the previous consolidated fiscal year) and segment profit of 2,211 million yen (up 21.6% compared to the previous consolidated fiscal year).

The business' revenue for the consolidated fiscal year ended March 2025 increased thanks to growth in accounting system consulting and system development sales to customers in the infrastructure field, one of the Company's focus business categories, and widening synergy effects among Group companies. Additionally, at the PLM support solutions business, along with responses to a poorly performing project that surfaced in the previous period coming to an end and approaching a recovery, the year-round contribution of sales at Fresco Inc., which was acquired in the previous period, resulted in revenue growth of 314 million yen, and revenue as a whole increased substantially. The system development for the financial industry business mostly remained in line with the previous fiscal year, and as a result revenue across the segment as a whole increased compared to the previous consolidated fiscal year.

Segment profit was substantially higher than in the previous consolidated fiscal year as a result of favorable recoveries at the accounting system consulting and system development business and the PLM support solutions business.

[Management services (BPO) business]

The management services (BPO) business posted revenue of 11,451 million yen for the consolidated fiscal year ended March 2025, (up 31.1% from the previous consolidated fiscal year) and segment profit of 661 million yen (down 9.9% from the previous consolidated fiscal year).

The business' revenue for the consolidated fiscal year ended March 2025 grew substantially thanks to revenue growth of 2,086 million yen resulting from the year-round contribution of sales by Twinkle Co., Ltd., which was acquired in the

previous period, in the onsite BPO business, and revenue growth resulting from obtaining new customers in the outsourcing business for global companies.

Where segment profit is concerned also, the onsite BPO business recorded profit growth as a result of Twinkle Co., Ltd.'s contribution, but due to impacts such as restructuring costs at the human resources and payroll related outsourcing business, overall segment profit was lower than the previous year.

(2) Overview of financial position for the fiscal year ended March 2025

Assets

Total consolidated assets at the end of the current fiscal year were 45,323 million yen, up by 519 million yen from the end of the previous consolidated fiscal year.

Current assets totaled 18,251 million yen, an increase of 238 million yen when compared to the end of the previous consolidated fiscal year.

The main factors were a 933 million yen increase in contract assets, a 235 million yen increase in other current assets, a 2 million yen increase in cash and cash equivalents, a 793 million yen decrease in other financial assets, and a 146 million yen decrease in trade and other receivables accompanying a decrease in revenue.

Non-current assets totaled 27,072 million yen, an increase of 281 million yen when compared to the end of the previous consolidated fiscal year.

The main factors were a 337 million yen increase in investments accounted for using equity method, a 95 million yen increase in goodwill due to the acquisition of a consolidated subsidiary, an 88 million yen decrease due to the amortization of right of use assets, and an 86 million yen decrease in deferred tax assets due to offset with deferred tax liabilities.

Liabilities

Total consolidated liabilities at the end of the fiscal year were 15,711 million yen, an increase of 305 million yen from the end of the previous consolidated fiscal year.

Current liabilities totaled 7,940 million yen, a decrease of 108 million yen when compared to the end of the previous consolidated fiscal year.

The main factors were a 505 million yen decrease in trade and other payables, a 243 million yen decrease in income taxes payable, a 299 million yen decrease in other current liabilities, and a 135 million yen increase in contract liabilities.

Non-current liabilities totaled 7,770 million yen, an increase of 413 million yen from the end of the previous consolidated fiscal year.

The main factors were a 205 million yen increase in provisions resulting from a 127 million yen increase in asset retirement obligations, a 91 million yen increase in deferred tax liabilities, and a 125 million yen decrease in lease liabilities.

Net assets

Total consolidated shareholders' equity at the end of the consolidated fiscal year ended March 2025 amounted to 29,612 million yen, an increase of 214 million yen from the end of the previous consolidated fiscal year.

This was mainly due to an increase in retained earnings of 1,554 million yen and a 1,559 million yen decrease resulting from treasury share acquisitions.

(3) Overview of cash flow for the fiscal year ended March 2025

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year ended March 2025 amounted to 9,908 million yen, an increase of 2 million yen from the end of the previous consolidated fiscal year.

The status of each cash flow and its main factors for the consolidated fiscal year ended March 2025 are as follows.

Cash flow from operating activities

Funds obtained as a result of operating activities amounted to 2,746 million yen (income of 3,150 million yen in the previous consolidated fiscal year). The main factors were profit before tax of 3,352 million yen, along with a 1,370 million yen increase in funds due to adjustment of depreciation and amortization expenses and a 208 million yen increase in funds due to interest and dividends received, as well as a 974 million yen decrease in funds due to payment of income taxes and a 933 million yen decrease in funds due to an increase in contract assets.

Cash flow from investment activities

Funds obtained as a result of investment activities amounted to 552 million yen (expenditures of 2,067 million yen in the previous consolidated fiscal year). The main factors were 715 million yen in income from the sale and redemption of securities,

and income of 400 million yen from withdrawals from time deposits, as well as 310 million yen in expenditure from payments into time deposits.

Cash flow from financing activities

Funds used as a result of financing activities amounted to 3,295 million yen (expenditures of 1,397 million yen in the previous consolidated fiscal year). The main factors were 1,601 million yen for the purchase of treasury shares, 881 million yen in dividend payments, 818 million yen of expenditures due to repayment of lease liabilities, as well as 25 million yen in income due to the sale of treasury shares.

(4) Future outlook

The forecast for the next fiscal year is revenue of 42,600 million yen, business profit of 3,300 million yen, operating profit of 3,300 million yen, profit before taxes of 3,970 million yen, net profit of 2,600 million yen, and profit attributable to owners of the parent of 2,560 million yen.

2. Fundamental considerations regarding the selection of accounting standards

The Group voluntarily adopted International Financial Reporting Standards (IFRS) from its financial results for the end of the year ended March 2021 with the goal of enhancing the international comparability of its financial information in the capital markets.

3. Consolidated financial statements and principal notes

(1) Consolidated statement of financial position

(Thousands of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 9,906,142 | 9,907,750 |
| Trade and other receivables | 5,238,772 | 5,092,915 |
| Contract assets | 978,154 | 1,911,182 |
| Other financial assets | 1,108,665 | 315,548 |
| Inventories | 96,536 | 103,533 |
| Other current assets | 684,778 | 920,032 |
| Total current assets | 18,013,047 | 18,250,960 |
| Non-current assets | | |
| Property, plant and equipment | 682,465 | 624,949 |
| Right-of-use assets | 2,716,010 | 2,628,077 |
| Goodwill | 2,063,630 | 2,158,630 |
| Intangible assets | 1,020,078 | 1,000,005 |
| Investments accounted for using equity method | 16,735,772 | 17,073,004 |
| Other financial assets | 2,840,260 | 2,908,888 |
| Deferred tax assets | 674,044 | 588,351 |
| Retirement benefit asset | 20,228 | 52,523 |
| Other non-current assets | 38,327 | 37,754 |
| Total non-current assets | 26,790,814 | 27,072,181 |
| Total assets | 44,803,861 | 45,323,141 |

(Thousands of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Borrowings | 15,034 | — |
| Lease liabilities | 747,149 | 807,825 |
| Trade and other payables | 2,620,548 | 2,115,788 |
| Other financial liabilities | 228,185 | 276,069 |
| Income taxes payable | 575,443 | 332,424 |
| Provisions | 43,389 | 156,093 |
| Contract liabilities | 310,020 | 444,883 |
| Other current liabilities | 3,508,564 | 3,807,241 |
| Total current liabilities | 8,048,332 | 7,940,323 |
| Non-current liabilities | | |
| Lease liabilities | 2,009,277 | 1,883,508 |
| Other financial liabilities | 66,726 | 40,912 |
| Retirement benefit liability | 319,532 | 446,156 |
| Provisions | 307,792 | 513,188 |
| Non-Current liability for stock benefit | 209,881 | 277,694 |
| Deferred tax liabilities | 4,133,174 | 4,224,234 |
| Other non-current liabilities | 310,856 | 384,744 |
| Total non-current liabilities | 7,357,238 | 7,770,436 |

| | | |
|---|-------------|-------------|
| Total liabilities | 15,405,570 | 15,710,759 |
| Equity | | |
| Share capital | 2,233,490 | 2,233,490 |
| Capital surplus | 4,480,606 | 4,487,356 |
| Retained earnings | 23,049,377 | 24,603,683 |
| Treasury shares | (1,082,122) | (2,640,821) |
| Other components of equity | 280,320 | 454,797 |
| Total equity attributable to owners of parent | 28,961,671 | 29,138,505 |
| Non-controlling interests | 436,619 | 473,877 |
| Total equity | 29,398,291 | 29,612,382 |
| Total liabilities and equity | 44,803,861 | 45,323,141 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Thousands of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|-------------------------------------|-------------------------------------|
| Revenue | 34,217,891 | 38,803,632 |
| Cost of sales | 26,343,664 | 30,213,419 |
| Gross profit | 7,874,227 | 8,590,213 |
| Selling, general and administrative expenses | 5,365,750 | 5,742,839 |
| Gain on loss of control of subsidiaries | 18,154,037 | — |
| Other income | 38,829 | 54,920 |
| Other expenses | 11,696 | 29,864 |
| Operating profit | 20,689,647 | 2,872,430 |
| Finance income | 64,742 | 113,146 |
| Finance costs | 27,104 | 45,922 |
| Share of profit (loss) of investments accounted for using equity method | 362,609 | 459,791 |
| Loss (profit) on change in equity | (515,621) | (47,884) |
| Profit before tax | 20,574,273 | 3,351,561 |
| Income tax expense | 6,412,750 | 841,339 |
| Profit | 14,161,523 | 2,510,222 |
| Profit attributable to | | |
| Owners of parent | 14,140,628 | 2,469,336 |
| Non-controlling interests | 20,895 | 40,886 |
| Profit | 14,161,523 | 2,510,222 |
| Earnings per share | | |
| Basic earnings per share | 1,224.05 | 214.51 |
| Diluted earnings per share | 1,223.94 | 214.45 |

(consolidated statement of comprehensive income)

(Thousands of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Profit | 14,161,523 | 2,510,222 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income | 147,264 | 117,013 |
| Remeasurements of defined benefit plans | 114,773 | (37,543) |
| Share of other comprehensive income of investments accounted for using equity method | (9,409) | 59,447 |
| Total of items that will not be reclassified to profit or loss | 252,628 | 138,917 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 3,561 | (2,011) |
| Total of items that may be reclassified to profit or loss | 3,561 | (2,011) |
| Other comprehensive income, net of tax | 256,189 | 136,906 |
| Comprehensive income | 14,417,712 | 2,647,128 |
| Comprehensive income attributable to | | |
| Owners of parent | 14,392,011 | 2,608,128 |
| Non-controlling interests | 25,701 | 39,000 |
| Comprehensive income | 14,417,712 | 2,647,128 |

(3) Consolidated statement of changes in equity

(Thousands of yen)

| | Equity attributable to owners of parent | | | | | |
|---|---|-----------------|-------------------|-----------------|---|--|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | |
| | | | | | Exchange differences on translation of foreign operations | Financial assets measured at fair value through other comprehensive income |
| Balance at beginning of period | 2,233,490 | 4,235,878 | 9,489,583 | (1,159,720) | 7,120 | 152,101 |
| Profit | | | 14,140,628 | | | |
| Other comprehensive income | | | | | 3,088 | 147,738 |
| Total | - | - | 14,140,628 | - | 3,088 | 147,738 |
| Purchase of treasury shares | | | | (545) | | |
| Disposal of treasury shares | | | | | | |
| Dividends | | | (715,204) | | | |
| Share-based payment transactions | | 245,895 | | 78,143 | | |
| Increase (decrease) by business combination | | | | | | |
| Changes in ownership interest in subsidiaries | | (959) | | | | |
| Loss of control of subsidiaries | | | 20,316 | | | (20,316) |
| Transfer to retained earnings | | | 109,966 | | | |
| Other | | (208) | 4,088 | | | |
| Total transactions with owners | - | 244,728 | (580,834) | 77,598 | - | (20,316) |
| Balance at end of period | 2,233,490 | 4,480,606 | 23,049,377 | (1,082,122) | 10,208 | 279,523 |
| Profit | | | 2,469,336 | | | |
| Other comprehensive income | | | | | (1,451) | 116,481 |
| Total | - | - | 2,469,336 | - | (1,451) | 116,481 |
| Purchase of treasury shares | | | | (1,601,361) | | |
| Disposal of treasury shares | | | | 24,995 | | |
| Dividends | | | (881,691) | | | |
| Share-based payment transactions | | 8,877 | | 17,667 | | |
| Increase (decrease) by business combination | | | | | | |
| Changes in ownership interest in subsidiaries | | (2,127) | | | | |
| Loss of control of subsidiaries | | | | | | |
| Transfer to retained earnings | | | (35,685) | | | |
| Other | | | 2,346 | | | |
| Total transactions with owners | - | 6,750 | (915,030) | (1,558,699) | - | - |
| Balance at end of period | 2,233,490 | 4,487,356 | 24,603,683 | (2,640,821) | 8,756 | 396,003 |

| | Equity attributable to owners of parent | | | | Non-controlling interests | Total |
|---|--|---|---------|------------|---------------------------|------------|
| | Other components of equity | | | Total | | |
| | Share of other comprehensive income of investments accounted for using equity method | Remeasurements of defined benefit plans | Total | | | |
| Balance at beginning of period | - | - | 159,220 | 14,958,451 | 1,237,275 | 16,195,726 |
| Profit | | | - | 14,140,628 | 20,895 | 14,161,523 |
| Other comprehensive income | (9,409) | 109,966 | 251,382 | 251,382 | 4,807 | 256,189 |
| Total | (9,409) | 109,966 | 251,382 | 14,392,011 | 25,702 | 14,417,712 |
| Purchase of treasury shares | | | - | (545) | | (545) |
| Disposal of treasury shares | | | - | - | | - |
| Dividends | | | - | (715,204) | (10,350) | (725,554) |
| Share-based payment transactions | | | - | 324,038 | 3,380 | 327,418 |
| Increase (decrease) by business combination | | | - | - | 90,000 | 90,000 |

| | | | | | | |
|---|---------|-----------|-----------|-------------|-----------|-------------|
| Changes in ownership interest in subsidiaries | | | - | (959) | 3,320 | 2,361 |
| Loss of control of subsidiaries | | | (20,316) | - | (912,338) | (912,338) |
| Transfer to retained earnings | | (109,966) | (109,966) | - | - | - |
| Other | | | - | 3,879 | (370) | 3,511 |
| Total transactions with owners | - | (109,966) | (130,282) | (388,791) | (826,358) | (1,215,147) |
| Balance at end of period | (9,409) | - | 280,320 | 28,961,671 | 436,619 | 29,398,291 |
| Profit | | | | 2,469,336 | 40,886 | 2,510,222 |
| Other comprehensive income | 59,447 | (35,685) | 138,792 | 138,792 | (1,886) | 136,906 |
| Total | 59,447 | (35,685) | 138,792 | 2,608,128 | 39,000 | 2,647,128 |
| Purchase of treasury shares | | | - | (1,601,361) | | (1,601,361) |
| Disposal of treasury shares | | | - | 24,995 | | 24,995 |
| Dividends | | | - | (881,691) | (9,337) | (891,028) |
| Share-based payment transactions | | | - | 26,544 | (158) | 26,386 |
| Increase (decrease) by business combination | | | - | - | | - |
| Changes in ownership interest in subsidiaries | | | - | (2,127) | 7,127 | 5,000 |
| Loss of control of subsidiaries | | | - | - | | - |
| Transfer to retained earnings | | 35,685 | 35,685 | - | | - |
| Other | | | - | 2,346 | 626 | 2,971 |
| Total transactions with owners | - | 35,685 | 35,685 | (2,431,294) | (1,742) | (2,433,037) |
| Balance at end of period | 50,037 | - | 454,797 | 29,138,505 | 473,877 | 29,612,382 |

(4) Consolidated statement of cash flow

(Thousands of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 20,574,273 | 3,351,561 |
| Depreciation and amortization | 1,047,700 | 1,369,796 |
| Share of loss (profit) of investments accounted for using equity method | (362,609) | (459,791) |
| Loss (gain) on change in equity | 515,621 | 47,884 |
| Finance income | (64,742) | (113,146) |
| Finance costs | 27,104 | 45,922 |
| Decrease (increase) in inventories | 16,409 | (6,998) |
| Gain on loss of control of subsidiaries | (18,154,037) | - |
| Decrease (increase) in trade and other receivables | 1,159,882 | 146,076 |
| Increase (decrease) in trade and other payables | (34,423) | (280,978) |
| Decrease (increase) in contract assets | 238,518 | (933,028) |
| Increase (decrease) in contract liabilities | 43,058 | 134,863 |
| Other | 228,302 | 394,480 |
| Subtotal | 5,235,057 | 3,696,641 |
| Interest and dividends received | 94,078 | 207,586 |
| Interest paid | (2,125) | (2,350) |
| Income taxes paid | (2,199,764) | (974,045) |
| Income taxes refund | 22,655 | (182,206) |
| Net cash provided by (used in) operating activities | 3,149,901 | 2,745,626 |
| Cash flows from investing activities | | |
| Payments into time deposits | (500,000) | (310,000) |
| Proceeds from withdrawal of time deposits | 500,000 | 400,000 |
| Purchase of property, plant and equipment | (110,974) | (41,237) |
| Proceeds from sale of property, plant and equipment | 8,014 | 1,010 |
| Purchase of intangible assets | (300,522) | (169,001) |
| Purchase of investments | (871,429) | (43,182) |
| Proceeds from sale and redemption of investments | 831,240 | 714,647 |
| Payments for acquisition of subsidiaries | (2,017,329) | - |
| Proceeds of control of subsidiaries | 394,130 | - |
| Net cash provided by (used in) investing activities | (2,066,870) | 552,237 |
| Cash flows from financing activities | | |
| Repayments of long-term borrowings | (35,809) | (15,034) |
| Repayments of lease liabilities | (725,983) | (817,672) |
| Proceeds from exercise of share acquisition rights of subsidiaries | 1,046 | - |
| Proceeds from sale of treasury shares | 89,660 | 24,995 |
| Purchase of treasury shares | (545) | (1,601,361) |
| Dividends paid | (714,571) | (881,167) |
| Capital contribution from non-controlling interests | - | 5,000 |
| Dividends paid to non-controlling interests | (10,350) | (9,337) |
| Net cash provided by (used in) financing activities | (1,396,552) | (3,294,576) |
| Net increase (decrease) in cash and cash equivalents | (313,522) | 3,287 |
| Cash and cash equivalents at beginning of period | 10,217,084 | 9,906,142 |
| Effect of exchange rate changes on cash and cash equivalents | 2,580 | (1,679) |
| Cash and cash equivalents at end of period | 9,906,142 | 9,907,750 |

(5) Notes concerning consolidated financial statements

(Notes relating to going concern assumption)

There are no relevant items.

(Changes in accounting policies)

The Group is applying the following standards from the consolidated fiscal year ended March 2025.

| IFRS Accounting Standards | | Summary of New and Amended Standards |
|---------------------------|--|--|
| IAS No. 1 | Presentation of financial statements | Clarification of requirements on classification of liabilities as current or non-current Amendment requiring the disclosure of information on long-term debt with covenants |
| IAS No. 7 IFRS No. 7 | Statement of cash flows Financial instruments: Disclosures | Amendment requiring disclosure to enhance the transparency of supplier finance arrangements |
| IFRS No. 16 | Leases | Clarification of accounting treatment subsequent to sale and leaseback transactions |

The application of the above-mentioned statement of standards does not have a material impact on the Group's consolidated financial statements.

(Segment information etc.)

(1) Summary of reporting segments

The Group's reporting segments are those segments of the Group's constituent units for which separate financial information can be obtained, and which are the subject of regular review by the Company's board of directors for making decisions about business resource allocation and assessing performance.

The Group demarcates organizations according to the differences in the main services they provide, and it plans, executes and evaluates business operations in terms of these organizations as units. Consequently, business segments are identified on the basis of the content of their services. In addition, the Group undertakes system development for accounting and peripheral accounting duties, but because the systems are positioned as tools for realizing operating objectives, after consulting on basic concepts and defining the requirements while keeping the realization of operating objectives in mind, system development is carried out in parallel to business improvement, and subsequently is consistently undertaken to the point where the manifestation of improvement outcomes becomes entrenched. These processes come together to produce effects and are indivisible, and as such, services belonging to this realm are consolidated as the consulting and system development business. Additionally, in association with the business improvement carried out alongside system development, BPO (Business Process Outsourcing) needs also emerge, and services belonging to this realm are consolidated as the management services (BPO) business. Accordingly, the Group's reporting segments are the consulting and system development business, and the management services (BPO) business.

The consulting and system development business undertakes consulting on accounting systems and related peripheral systems, system development and entrenchment, and system development for the financial industry etc. The management services (BPO) business undertakes system support for human resources, payroll, and labor; accounting and financial; and non-life insurance agencies.

(2) Segment revenue and financial results

The Group's reporting segment profit is "business profit."

From the second quarter consolidated financial period, profit from reporting segments has changed from "operating profit" to "business profit" with the goal of grasping the profit resulting from conventional business execution.

Note that inter-segment revenue is based on market prices.

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

| | Reporting Segment | | | Adjustments (Note 1) | Consolidated |
|---|---|------------------------------|------------------|-------------------------|------------------|
| | Consulting and system development | Management services (BPO) | Total | | |
| | Thousands of yen | Thousands of yen | Thousands of yen | Thousands of yen | Thousands of yen |
| Revenue | | | | | |
| External customers | 25,723,377 | 8,494,514 | 34,217,891 | - | 34,217,891 |
| Inter-segment revenue | 152,175 | 241,484 | 393,659 | (393,659) | - |
| Total | 25,875,552 | 8,735,998 | 34,611,550 | (393,659) | 34,217,891 |
| Business profit (Note 2) | 1,818,936 | 733,999 | 2,552,935 | (17,325) | 2,535,610 |
| Segment assets | 34,991,374 | 9,934,872 | 44,926,246 | (122,385) | 44,803,861 |
| Investments accounted for using equity method | 16,552,483 | - | 16,552,483 | 183,289 | 16,735,772 |
| Depreciation and amortization expenses (Note 3) | 826,894 | 225,881 | 1,052,775 | (5,075) | 1,047,700 |

(Note 1) Adjustments are as follows:

- (1) Inter-segment adjustments are from eliminating inter-segment transactions.
- (2) Business profit adjustments are adjustments of unrealized profits pertaining to inter-segment transactions and settlement adjustments not allocated to segments.
- (3) Segment asset adjustments include the offsetting of segment liabilities, and assets of companies that submit consolidated financial statements not allocated to reporting segments.
- (4) Adjustments of investments accounted for using equity method are investments accounted for using equity method of companies that submit consolidated financial statements not allocated to reporting segments.
- (5) Adjustments of depreciation and amortization expenses are adjustments of unrealized profits pertaining to inter-segment transactions and settlement adjustments not allocated to segments.

(Note 2) Business profit is calculated by excluding from operating profit those profits or losses arising from non-recurring factors.

(Note 3) Depreciation and amortization expenses include amounts pertaining to right of use assets.

(Note 4) In the second quarter consolidated financial period of year ended March 2025, the finalization of the provisional accounting process relating to business combinations was carried out, and the respective figures relating to the year ended March 2024 have been made to reflect the content of the finalization of the provisional accounting process.

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

| | Reporting Segment | | | Adjustments (Note 1) | Consolidated |
|---|---|------------------------------|------------------|-------------------------|------------------|
| | Consulting and system development | Management services (BPO) | Total | | |
| | Thousands of yen | Thousands of yen | Thousands of yen | Thousands of yen | Thousands of yen |
| Revenue | | | | | |
| External customers | 27,602,150 | 11,201,482 | 38,803,632 | - | 38,803,632 |
| Inter-segment revenue | 103,323 | 249,536 | 352,859 | (352,859) | - |
| Total | 27,705,473 | 11,451,018 | 39,156,491 | (352,859) | 38,803,632 |
| Business profit (Note 2) | 2,211,431 | 661,101 | 2,872,532 | (1,262) | 2,871,270 |
| Segment assets | 33,681,137 | 11,704,264 | 45,385,401 | (62,260) | 45,323,141 |
| Investments accounted for using equity method | 16,853,421 | - | 16,853,421 | 219,583 | 17,073,004 |
| Depreciation and amortization expenses (Note 3) | 978,633 | 401,854 | 1,380,487 | (10,691) | 1,369,796 |

(Note 1) Adjustments are as follows:

- (1) Inter-segment adjustments are from eliminating inter-segment transactions.
- (2) Business profit adjustments are adjustments of unrealized profits pertaining to inter-segment transactions and settlement adjustments not allocated to segments.
- (3) Segment asset adjustments include the offsetting of segment liabilities, and assets of companies that submit consolidated financial statements not allocated to reporting segments.
- (4) Adjustments of investments accounted for using equity method are investments accounted for using equity method of companies that submit consolidated financial statements not allocated to reporting segments.
- (5) Adjustments of depreciation and amortization expenses are adjustments of unrealized profits pertaining to inter-segment transactions and settlement adjustments not allocated to segments.

(Note 2) Business profit is calculated by excluding from operating profit those profits or losses arising from non-recurring factors.

(Note 3) Depreciation and amortization expenses include amounts pertaining to right of use assets.

Adjustments to profit before tax are as follows:

(Thousands of yen)

| | Previous consolidated fiscal period (From April 1, 2023 to March 31, 2024) | Current consolidated fiscal period (From April 1, 2024 to March 31, 2025) |
|--|--|---|
| Business profit | 2,535,610 | 2,871,270 |
| Gain on loss of control of subsidiaries | 18,154,037 | - |
| Other | - | 1,160 |
| Operating profit | 20,689,647 | 2,872,430 |
| Finance income | 64,742 | 113,146 |
| Finance costs | 27,104 | 45,922 |
| Share of profit (loss) of investments accounted for using equity method | 362,609 | 459,791 |
| Profit (loss) on change in equity | (515,621) | (47,884) |
| Profit before tax | 20,574,273 | 3,351,561 |

(3) Information concerning products and services

Because the demarcation of products and services is the same as reporting segments, the information has been omitted.

(4) By-region information

Revenue to external customers

Because revenue to Japan's external customers accounts for most of the consolidated profit and loss statement's revenue, the information has been omitted.

Non-current assets

Because the amount of non-current assets located in Japan accounts for most of the non-current assets amount presented in the consolidated statement of financial position, mention has been omitted.

(5) Information relating to major customers

Of the revenue to external customers, there are no parties that account for 10% or more of the revenue in the consolidated profit and loss statement, and consequently mention has been omitted.

(Per share information)

The basis for the calculation of basic earnings per share and diluted earnings per share is as follows:

| | Previous consolidated fiscal period (From April 1, 2023 to March 31, 2024) | Current consolidated fiscal period (From April 1, 2024 to March 31, 2025) |
|--|--|---|
| Profit attributable to owners of parent (thousands of yen) | 14,140,628 | 2,469,336 |
| Adjustments to profit | | |
| Adjustments relating to dilutive shares issued by subsidiaries (thousands of yen) | (1,245) | (630) |
| Profit used in the calculation of diluted earnings per share (thousands of yen) | 14,139,383 | 2,468,706 |
| Weighted average number of ordinary shares (thousands of shares) | 11,552 | 11,512 |
| Increase in number of ordinary shares | | |
| Share acquisition rights (thousands of shares) | — | — |
| Weighted average number of ordinary shares following dilution (thousands of shares) | 11,552 | 11,512 |
| Basic earnings per share (yen) | 1,224.05 | 214.51 |

| | Previous consolidated fiscal period (From April 1, 2023 to March 31, 2024) | Current consolidated fiscal period (From April 1, 2024 to March 31, 2025) |
|----------------------------------|---|--|
| Diluted earnings per share (yen) | 1,223.94 | 214.45 |

(Note) Shares of the Company owned by the Stock-granting ESOP Trust, the Board Incentive Plan (BIP) Trust and the E-Ship employees' shareholding association are included in the treasury shares excluded when working out the average number of shares during the period, for the purposes of calculating "basic earnings per share" and "diluted earnings per share" (570,000 shares at the end of the previous consolidated fiscal year, 470,000 shares at the end of the current consolidated fiscal year).

(Significant subsequent events)

There are no applicable items.