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May 13, 2025

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: Systema Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 2317  
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 Scheduled date of annual general meeting of shareholders: June 20, 2025  
 Scheduled date to commence dividend payments: June 6, 2025  
 Scheduled date to file annual securities report: June 18, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

### 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.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	83,621	8.7	12,067	24.2	11,855	19.2	8,480	17.2
March 31, 2024	76,940	3.2	9,713	(1.3)	9,942	(0.1)	7,232	(1.2)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥8,375 million [12.4%]  
 For the fiscal year ended March 31, 2024: ¥7,451 million [1.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	23.17	—	24.0	22.4	14.4
March 31, 2024	18.67	—	20.0	19.3	12.6

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2025: ¥36 million  
 For the fiscal year ended March 31, 2024: ¥51 million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	51,762	32,950	62.7	90.82
March 31, 2024	54,038	38,601	70.5	98.34

Reference: Equity  
 As of March 31, 2025: ¥32,464 million  
 As of March 31, 2024: ¥38,099 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	7,979	(2,576)	(14,024)	21,464
March 31, 2024	9,036	(251)	(3,504)	30,092

**2. Cash dividends**

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	5.00	—	5.00	10.00	3,890	53.6	10.7
Fiscal year ended March 31, 2025	—	6.00	—	6.00	12.00	4,453	51.8	12.7
Fiscal year ending March 31, 2026 (Forecast)	—	6.00	—	6.00	12.00		48.5	

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from 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
Fiscal year ending March 31, 2026	89,100	6.6	12,700	5.2	12,700	7.1	8,850	4.4	24.76

**\* Notes**

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

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

Note: For details, please refer to “4. Consolidated financial statements, (5) Notes to the consolidated financial statements (Notes on changes in accounting policies)” on page 20 of the Attached Materials and “5. Non-consolidated financial statements, (4) Notes to the non-consolidated financial statements (Notes on changes in accounting policies)” on page 49 of the Attached Materials.

(3) Number of issued shares (common shares)

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

As of March 31, 2025	425,880,000 shares
As of March 31, 2024	450,880,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	68,424,163 shares
As of March 31, 2024	63,439,188 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	366,054,843 shares
Fiscal year ended March 31, 2024	387,440,812 shares

- Notes: 1 The total number of issued shares decreased by 25,000,000 due to the cancellation of treasury shares on September 20, 2024, based on the resolution of the Board of Directors meeting held on August 21, 2024.
- 2 The Company has introduced a stock compensation plan, and in calculating the number of treasury shares of common shares at the end of the period and the average number of shares outstanding during the period, the number of treasury shares includes shares of the Company held by Japan Custody Bank, Ltd. (the Trust Account) as trust assets for the “Trust for Granting Shares to Directors” and the “Trust for Granting Shares to Executive Officers.” The numbers of treasury shares held by the Trust Account included in the number of treasury shares at the ends of the fiscal years ended March 31, 2025 and March 31, 2024 were 1,552,600 shares and 1,567,700 shares, respectively, and the numbers of treasury shares held by the Trust Account excluded from the calculation of the average number of shares outstanding during the fiscal years ended March 31, 2025 and March 31, 2024 were as follows: the average numbers of treasury shares of common shares held by the Trust Account for the fiscal years ended March 31, 2025 and March 31, 2024 were 1,559,770 shares and 1,567,700 shares, respectively.

**[Reference] Overview of non-consolidated financial results**

**1. 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.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	74,889	10.8	11,689	34.0	11,412	28.4	8,100	24.5
March 31, 2024	67,603	2.7	8,725	(2.4)	8,887	(1.0)	6,503	(2.1)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	22.13	—
March 31, 2024	16.79	—

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	46,225	28,497	61.6	79.72
March 31, 2024	48,440	34,474	71.2	88.98

Reference: Equity

As of March 31, 2025: ¥28,497 million

As of March 31, 2024: ¥34,474 million

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

\* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For assumptions underlying the forecast and cautions regarding the use of earnings forecasts, please refer to “1. Overview of operating results, etc., (1) Overview of operating results for the period under review, (ii) Forecast for the next fiscal year” on page 4 of the Attached Materials.

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The Company will hold a briefing session for investors as follows. The materials distributed at the briefing will be posted on the Company's website immediately after the briefing.

- May 20, 2025 (Tuesday) Company Information Briefing for Institutional Investors and Analysts

## 1. Overview of operating results, etc.

Matters discussed here that are not historical fact reflect judgments made as of the end of the fiscal year under review.

### (1) Overview of operating results for the period under review

#### (i) Operating results for the period under review

During the fiscal year under review (April 1, 2024 to March 31, 2025), the Japanese economy continued moderate recovery against the backdrop of an improving employment and income environment. On the other hand, the outlook for the economy remains uncertain mainly due to persistently high energy costs and raw material prices affected by the global situation, exchange rate fluctuations as a result of an increase in policy interest rates in the U.S. and European countries, and movements of the new administration in the U.S.

Given these conditions, in addition to reallocating management resources and improving productivity, the Group has focused on recurring revenue businesses to secure earnings and promoted the expansion of high value-added businesses such as consulting services and PMO projects supporting DX promotion in the software development business and other businesses.

As a result of the above, consolidated results for the period under review were net sales of ¥83,621 million (up 8.7% year on year), operating profit of ¥12,067 million (up 24.2% year on year), ordinary profit of ¥11,855 million (up 19.2% year on year), and profit attributable to owners of parent of ¥8,480 million (up 17.2% year on year).

The following describes performance by segment. Note that net sales for each segment include inter-segment net sales or transfers.

#### a. Solution Design Business

This business, whose strength lies in its total solutions that consistently cover IT problem-solving support, project management, system development and verification, and IT services, offers these solutions across the “Social Infrastructure,” “Internet Business,” “Products,” and “DX Services” fields. In the fiscal year under review, while net sales decreased largely due to the effects of reassigning management resources to different businesses, profitability increased in IT problem-solving support, project management projects and system development, which are our main services.

Furthermore, we gained a high reputation by having deep involvement in our customers’ business issues and endeavoring to resolve them together. Efforts to promote smooth communication and operational improvements also led to the receipt of orders for high value-added projects.

As a result, net sales in this business amounted to ¥17,565 million (down 5.8% year on year) and operating profit was ¥3,048 million (up 37.6% year on year).

#### b. Next Generation Mobility Business

This business focuses on system development related to information displays for in-vehicle cockpits, such as IVI<sup>\*1</sup>, HUD<sup>\*2</sup> and CDC<sup>\*3</sup>. In the fiscal year under review, in addition to orders for our preexisting information display systems, we also received multiple new orders for development projects related to functions other than information systems. As a result, the in-vehicle software development domains handled by this business grew, and the fields it oversees further expanded. Additionally, the new orders we won over from finished vehicle manufacturers are anticipated to contribute to the future expansion of this business. We have taken advantage of our wealth of development experience in the mobile field cultivated in the Solution Design Business thus far, including that in embedded system development, smartphone application development and wireless communication technology, to deploy a wide range of technologies in the mobility domain. Of particular note is how we have boosted our technological prowess in the handling of connected cars through the implementation and verification of in-vehicle communication functions that include Bluetooth and Wi-Fi. Based on this track record, we will continue to further reinforce our handling of SDV development as we move forward.

In addition, we have collaborated with our base in the U.S. to successfully join new in-vehicle projects. In the future, we will go on to also meet the diverse needs of finished vehicle manufacturers and suppliers in both Japan and overseas.

As a result, net sales in this business amounted to ¥5,045 million (up 100.8% year on year) and operating profit was ¥1,779 million (up 177.1% year on year).

\*1: IVI: In-Vehicle Infotainment (integrated in-vehicle systems that provide both information and entertainment)

\*2: HUD: Head-Up Display (a display device that projects information superimposed onto the surrounding scene within the wearer’s field of vision)

\*3: CDC: Cockpit Domain Controller (integrates various cockpit functions into a single electronic

control unit) (In-vehicle)

c. Framework Design Business

This business focuses on business application development, providing core system development, cloud and DX solution implementation support, and technical consulting on advanced technologies for financial, public, and corporate clients.

In the financial sector, the Group has established a solid track record through the development of mission-critical core systems in the form of policy management systems for life and non-life insurance and account-related systems for banking. In recent years, we have seen a steady increase in projects related to DX in line with growing DX needs such as cloud and system migration.

In the public sector, projects from central government ministries and agencies with the My Number identification card system as their backdrop have continued to grow, with business expanding across extensive domains such as system renewal, infrastructure construction, and operation and maintenance. Efforts by local governments to promote DX have also been active, serving as a growth engine for this business.

In the corporate sector, we have been focusing on offering swift technical support services that make the use of low-code development tools and on winning system development projects that accelerate DX on the customer side. The support we provide through a lab structure that is integrated from system planning to post-development operation and maintenance has led to considerable customer praise and greater competitiveness.

Moreover, in the utilization of generative AI, we have been actively addressing both the enhancement of work efficiency and the improvement of development productivity, and are pursuing stronger technical capabilities.

As a result, net sales in this business amounted to ¥8,482 million (up 22.9% year on year) and operating profit was ¥1,883 million (up 14.7% year on year).

d. IT & DX Service Business

In this business, which mainly operates a variety of IT-related outsourcing services, including IT project promotion and PMO, DX support, and system services ranging from building to operation and user support, there have been a large number of inquiries related to system renewal and introduction, as well as business process optimization such as standardization and automation, amid increased IT investment appetite from companies hoping to increase their competitiveness in a wide range of industries. Meanwhile, companies that have made progress in optimization have started working on further use of IT technology for new businesses and innovation.

Given these market conditions, rather than simply making proposals to address the needs of customers, the Group visualized (assessed) latent issues they face, and focused on expanding accompanying PMO services for providing comprehensive assistance in the form of support for introduction of various tools, the promotion of operations after introduction, and business process rebuilding. In addition, to support further business development, we combined optimal service menus after forming a grasp of clients' IT investment plans and IT events, and also pursued the development of new departments within our clients as well as new clientele.

In the DX Testing Services Business, while the situations of clients in the internet business and gaming domains are difficult, we strengthened our efforts to revise wages and conduct recruitment activities in order to put a stop to competition for resources as well. Making use of our knowledge accumulated to date, we have pivoted to clients in the enterprise domain, strengthened our efforts to optimize staffing and procure human resources with immediate impact, and pursued the deepening of our client base and the cultivation of new clientele.

In addition, Tokyoto Business Service Co., Ltd., a special-purpose subsidiary, focused on enhancement of personnel cultivation, including building a system and training programs that allow persons with disabilities to play active roles and experience growth, and pursued the right personnel placing in the right positions and expansion of range of work to take advantage of their strengths. This yielded an increase in added value and led to orders for a wide range of service projects, primarily in business process outsourcing (BPO).

As a result, net sales in this business amounted to ¥19,750 million (up 7.9% year on year) and operating profit was ¥2,651 million (down 9.3% year on year).

e. Business Solution Business

For this business, where the Group is primarily engaged in B2B sales of IT-related products and system integration services mainly for foreign-affiliated and medium-sized companies, the outlook is uncertain because of the weak yen and soaring prices of raw materials and commodities. Even so, the number of

projects related to the use of DX and AI to increase productivity, reduce costs, and increase competitiveness is gradually trending upward.

Specifically, the Group received a number of orders in the cloud-related system integration business for various services, including lift and shift, which is a type of the method of cloud migration.

Furthermore, the Group received many inquiries relating to system development and maintenance and operation projects to digitalize corporations' businesses by making use of RPA and data linkage tools, as well as the security services and support services, increasing the number of orders received.

For replacement projects ahead of the end of support for Windows 10 (October 2025), which were pushed back overall, orders received have been increasing significantly as well since the third quarter. As we also have many client plans in sight for the next period, we will enhance proposal activities.

As a result, net sales in this business amounted to ¥29,729 million (up 8.2% year on year) and operating profit was ¥2,263 million (up 18.0% year on year).

f. DX & Subscription Business

In this business, which is responsible for promoting the subscription business model, we received numerous inquiries for our integrated offering that combines direction services—accompanying and supporting DX promotion in accordance with customer needs related to human resource shortages—with the Canbus. no-code DX platform, resulting in an increase in orders received. Additionally, we have seen an increase in public-sector projects from partner enterprises with which we have newly commenced collaborative efforts with Canbus. as the focus. This has helped push up sales.

Going forward, we will focus on expanding support for customer-side personnel shortage issues, while promoting the use of AI through the utilization of Canbus. data and the sale of packages tailored to specific industries and applications, thereby contributing to the expansion of our recurring revenue businesses.

As a result, net sales in this business amounted to ¥2,783 million (up 24.7% year on year) and operating profit was ¥460 million (up 98.1% year on year).

g. Other Businesses

Our U.S. subsidiary continued its sales activities in cooperation with the “Next Generation Mobility Business,” focusing on in-vehicle infotainment-related business. As a result, we succeeded in receiving new orders from multiple domestic finished vehicle manufacturers and Tier-1 enterprises.

In game development and related areas, we operate the horse racing game series “Keiba Densetsu” for PCs and smartphones, and design and develop applications for smartphones and tablets. For the smartphone game “Keiba Densetsu PRIDE,” we implemented a new feature called “Cross Fate,” which enables players to bolster their in-game competitiveness by obtaining and organizing specific racehorses, thereby further expanding the depth of the title. In contracted game development, we have achieved stable operations by carrying out PMO support for projects in progress and overall manpower management. Contracted development from existing customers in the non-gaming field remained steady as well.

As a result, net sales in this business amounted to ¥797 million (down 38.3% year on year) and operating loss was ¥19 million (versus operating profit of ¥142 million in the previous fiscal year).

(ii) Forecast for the next fiscal year

The outlook for the next fiscal year is as follows.

In the fiscal year ending March 31, 2026, the Group will bolster inter-division cooperation at an unprecedented level without being bound by the confines of business segments, and focus on improving productivity as well as on expanding businesses with greater added value under its “all-Systema” framework. It will proceed to meet the targets in the first year of the three-year Medium-Term Management Plan, which starts in the same fiscal year. In the course of doing so, in the Solution Design Business, which is currently experiencing a slowdown in growth, the Group will rebuild its business domains by continuing its efforts in the fiscal year under review to further cultivate various fields, and will recruit specialists with expertise in their respective industries to handle the preexisting models of specifications development and design processes that this business is adept in. In doing so, the Group will proceed to expand business domains to include IT problem-solving support that unifies project management for all processes with specifications design.

Additionally, given the increasingly serious human resource shortages across all industries, securing excellent talent has become an urgent issue for the Group as well. The Group will therefore continue to improve wages and working conditions for employees, while also actively engaging in hiring engineers with high-level technical capabilities in particular, identifying new partner companies, and investing in recurring revenue businesses to secure earnings. Furthermore, aside from increasing productivity, the Group will focus on expanding its high added-value businesses, including consulting operations and PMO projects aimed at



supporting the promotion of DX in the software development, to pass on increased costs to the price as soon as possible.

Based on the above, the Group's consolidated earnings forecasts for the fiscal year ending March 31, 2026 are as follows: net sales of ¥89,100 million (up 6.6% year on year), operating profit of ¥12,700 million (up 5.2% year on year), ordinary profit of ¥12,700 million (up 7.1% year on year), and profit attributable to owners of parent of ¥8,850 million (up 4.4% year on year).

## **(2) Overview of financial position for the period under review**

### **(i) Analysis of assets, liabilities and net assets**

Total assets at the end of the fiscal year under review amounted to ¥51,762 million (versus ¥54,038 million at the end of the previous fiscal year), a decrease of ¥2,276 million from the end of the previous fiscal year.

Current assets amounted to ¥44,184 million (versus ¥48,088 million at the end of the previous fiscal year), a decrease of ¥3,904 million from the end of the previous fiscal year. This was mainly due to an ¥8,308 million decrease in cash and deposits, and a ¥3,455 million increase in accounts receivable - trade.

Non-current assets amounted to ¥7,578 million (versus ¥5,950 million at the end of the previous fiscal year), an increase of ¥1,628 million from the end of the previous fiscal year. Property, plant and equipment amounted to ¥1,321 million (versus ¥1,395 million at the end of the previous fiscal year), a decrease of ¥74 million from the end of the previous fiscal year. Intangible assets amounted to ¥169 million (versus ¥254 million at the end of the previous fiscal year), a decrease of ¥85 million from the end of the previous fiscal year. Investments and other assets amounted to ¥6,087 million (versus ¥4,299 million at the end of the previous fiscal year), an increase of ¥1,788 million from the end of the previous fiscal year. This was mainly due to a ¥1,746 million increase in investment securities.

Total liabilities amounted to ¥18,812 million (versus ¥15,437 million at the end of the previous fiscal year), an increase of ¥3,374 million from the end of the previous fiscal year. This was mainly due to a ¥2,625 million increase in accounts payable - trade.

Net assets amounted to ¥32,950 million (versus ¥38,601 million at the end of the previous fiscal year), a decrease of ¥5,651 million from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of ¥8,480 million, dividends of surplus of ¥4,103 million, and purchase of treasury shares of ¥9,889 million.

As a result, the equity-to-asset ratio decreased 7.8 percentage points from the end of the previous fiscal year to 62.7%.

### **(ii) Analysis of cash flows**

Cash and cash equivalents ("net cash") at the end of the fiscal year under review amounted to ¥21,464 million, down ¥8,628 million from the end of the previous fiscal year.

The following outlines the status and underlying change factors of each classification of cash flows for the fiscal year under review.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities amounted to ¥7,979 million (versus ¥9,036 million provided in the previous fiscal year). The main inflows were profit before income taxes of ¥11,846 million, an increase in trade payables of ¥2,625 million, depreciation of ¥460 million, and an increase in provision for bonuses of ¥196 million. The main outflows were an increase in trade receivables of ¥3,691 million and income taxes paid of ¥2,873 million.

#### **(Cash flows from investing activities)**

Net cash used in investing activities amounted to ¥2,576 million (versus ¥251 million used in the previous fiscal year). The main outflows were ¥7,741 million for purchase of securities, ¥1,925 million for purchase of investment securities, and ¥318 million for purchase of property, plant and equipment and intangible assets. The main inflow was ¥7,356 million in proceeds from sale of securities.

#### **(Cash flows from financing activities)**

Net cash used in financing activities amounted to ¥14,024 million (versus ¥3,504 million used in the previous fiscal year). The main outflows were dividends paid of ¥4,095 million and purchase of treasury shares of ¥9,895 million.

Trends in the Group's cash flow indicators are shown below.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-to-asset ratio (%)	69.9	70.5	62.7
Equity-to-asset ratio on a market value basis (%)	229.9	195.0	249.3
Ratio of interest-bearing debt to cash flows (%)	20.3	17.2	19.4
Interest coverage ratio (times)	1,077.8	1,244.4	682.7

Equity-to-asset ratio: Shareholders' equity/Total assets

Equity-to-asset ratio on a market value basis: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest payments

- \* For each indicator, all calculations are based on consolidated financial figures.
- \* Market capitalization is calculated by multiplying the number of shares outstanding minus the number of treasury shares by the closing stock price, both as of the end of the fiscal year.
- \* Interest-bearing debt is all debt on the consolidated balance sheet for which interest is paid.
- \* Cash flows and interest payments refer to "Cash flows from operating activities" and "Interest paid" as reported in the consolidated statement of cash flows.

### (3) Basic policy on profit distribution and dividends for the fiscal year under review and the next fiscal year

The Company recognizes that returning profits to shareholders is an important management issue, and its basic policy is to distribute profits in accordance with business performance, with a foundation of ongoing, stable dividends.

The Company will be proactive in targeting a consolidated dividend payout ratio of 40% or more, taking into consideration its business performance and financial position for each fiscal year, as well as the strengthening of its management base and future business development.

The Company will also flexibly implement share repurchases as part of its profit return policy, taking into consideration such factors as its financial condition and stock price trends.

For the fiscal year under review, the Company plans to pay an annual dividend of ¥12 per share, consisting of a year-end dividend of ¥6 per share and an interim dividend of ¥6 per share.

Retained earnings will be effectively used, for investment in business fields where growth is expected, research and development of in-house products, and strengthening of recruitment and training of human resources in line with business expansion.

For the next fiscal year, the Company plans to pay an annual dividend of ¥12 per share (consisting of an interim dividend of ¥6 per share and a year-end dividend of ¥6 per share).

Note that the Company's Articles of Incorporation stipulate that the Company shall pay dividends from surplus, etc. by resolution of the Board of Directors pursuant to Article 459, Paragraph 1 of the Companies Act.

### (4) Business and other risks

The following is a list of major risk factors that may affect the Group's business development. While it is the Group's policy to recognize the possibility of the occurrence of these risks and to make every effort to avoid their occurrence and to address any that may occur, the Group believes that investment decisions regarding this stock should be made after careful consideration of the following content provided in this section as well as other matters listed.

This section includes forward-looking statements reflecting judgments made as of the end of the fiscal year under review.

#### (i) Management of confidential information

Since many of the Company's operations require a high degree of confidentiality in terms of both technology and sales strategy and information security is becoming increasingly important, the Company has obtained ISO 27001 certification, the international standard for information security management, and is taking rigorous action to ensure this certification is applied and enforced.

If, despite these actions, information leaks were to occur, the Company could face compensation for damages, decreasing business orders due to loss of trust, and other significant effects on the business, which could affect the Group's performance and financial position.

(ii) Legal regulations

The legal regulations surrounding the Group's business are as follows.

a. Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

This law specifies the obligation to deliver an order form, to prepare and preserve documents, to specify a due date for payment of subcontract proceeds (the obligation to pay within 60 days after the delivery of products or the provision of services), to pay interest on late payment, etc., when a corporation with capital of over ¥300 million subcontracts to a corporation with capital of ¥300 million or less.

The law was amended in June 2003 (effective April 1, 2004) to add subcontracting for the creation of information-based products (programs, broadcast programs, etc.), provision of services, and manufacture of metal dies to the scope of the law. As a result, subcontracting transactions for the creation of information-based products (programs) related to the Group are covered and subject to legal regulations.

b. Act on Securing the Proper Operation of Worker Dispatching Businesses and Protecting Dispatched Workers ("Worker Dispatching Act")

The purpose of this act is "to take measures for securing proper operation of a worker dispatching business for the proper adjustment of labor demand and supply, in conjunction with the Employment Security Act, as well as measures for protecting dispatched workers, and thereby to contribute to the stability of employment and otherwise to the promotion of the welfare of dispatched workers" (Article 1). In accordance with this act, the Group has been licensed for general worker dispatching business. Reasons for disqualification of license for general worker dispatching are stipulated in the items of Article 6 of this act. Furthermore, Article 14 of this act stipulates that if a general worker dispatching business operator (including its officers) falls under any of the items of Article 6 of the act after license registration, the Minister of Health, Labour and Welfare may rescind the license granted to said general worker dispatching business operator. Article 14 also stipulates that, when a general worker dispatching business operator violates the provisions of the act or the Employment Security Act, or any orders or dispositions based on these provisions, the Minister of Health, Labour and Welfare may order the operator to suspend all or part of the relevant worker dispatching business for a designated period of time.

In addition, the Group submits business reports and settlements of accounts associated with worker dispatching to the Minister of Health, Labour and Welfare in accordance with this act.

Since the Group has established a system that complies with laws and regulations, and its officers are also committed to compliance with laws and regulations, there are currently no factors present that could hinder business activities. Although the Group will continue to make every effort to comply with laws and regulations, any violation of laws and regulations may lead to restrictions on its business, which could affect the Group's performance.

**(5) Issues to be addressed**

Matters discussed here that are not historical fact reflect judgments made by the Group as of the end of the fiscal year under review. There are three issues.

(i) Revision and improvement of recruitment strategy

Due to high inflation, the Company's preexisting employee development strategy—hiring new graduates, educating and assigning them, providing on-the-job training, and expecting long-term retention—is becoming increasingly nonviable.

In an environment where employees will not hesitate to resign if they are presented with better conditions even after being trained over a number of years until they can work on their own, recruitment strategies centered on the hiring of new graduates have their limitations.

In the future, rather than incurring costs to train new graduates, the Company will shift to a strategy of focusing on securing job-ready human resources. However, since it is primarily homegrown employees who join the Company as new graduates that carry on the corporate culture, we will continue to hire new graduates on a selective basis.

(ii) Measures for lowering the employee turnover rate

To lower its employee turnover rate, which exceeds 10% every year, the Company believes that fundamental reforms are needed.

a. To cope with high inflation, the Company will improve working conditions through sizeable wage increases.

In the past two years, the Company has raised wages by 17%. Over the next three years, it will raise them by an additional 23%.

b. In its aim to improve employee motivation, the Company will introduce a highly transparent and open human resource evaluation system.

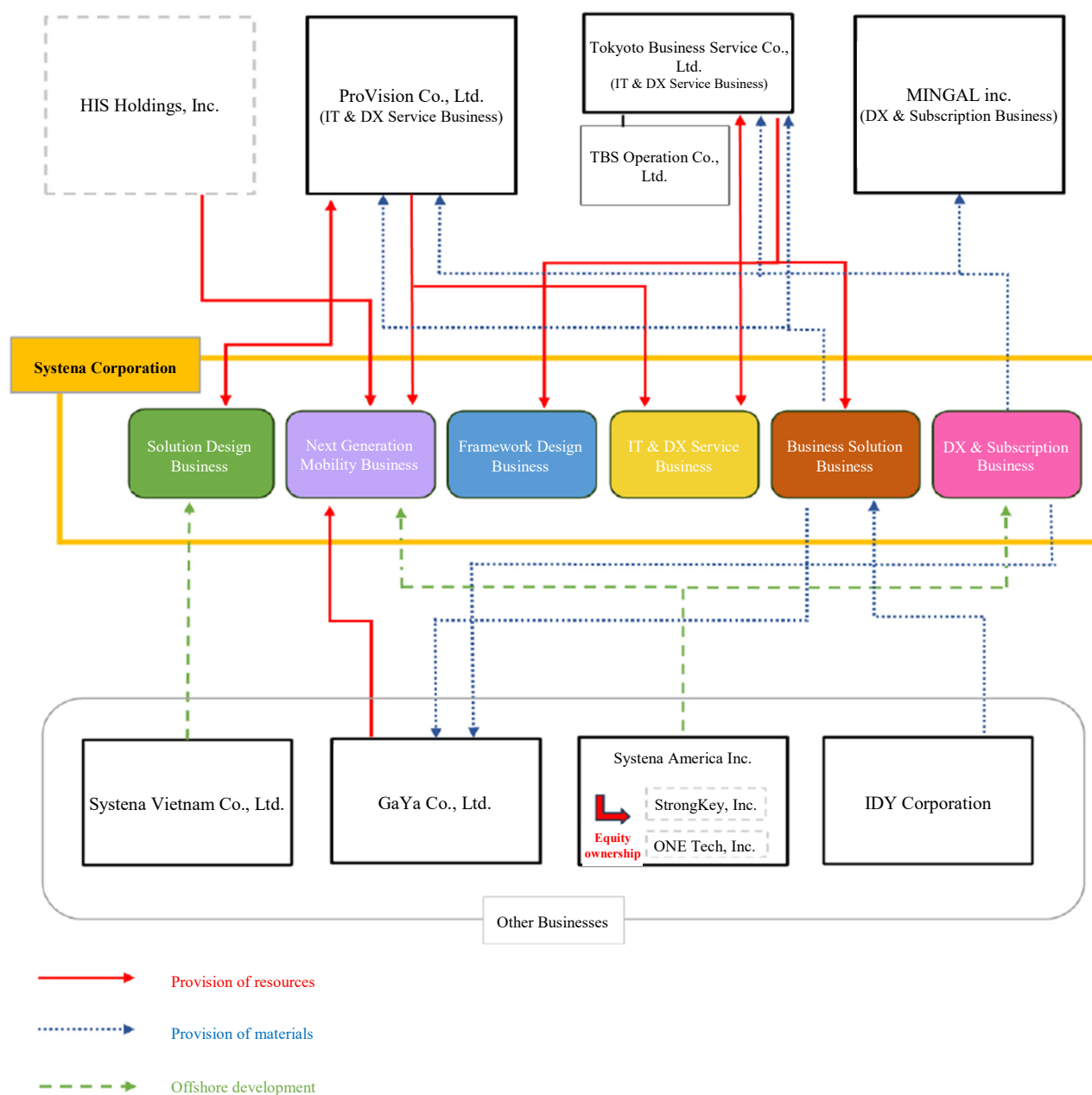
- (iii) Rebuilding of the Solution Design Business, which is experiencing a growth slowdown, and accompanying measures
- a. The Group's Mobile Communications Business made the shift from its growth phase to maturity phase. The expertise that it cultivated in the process covers diverse fields such as automobiles, AI, games, fintech, data centers, and DX. Going forward, the Group will further cultivate these various fields to elevate its specialization in each of them rather than view them as a single business segment in the form of the Solution Design Business. In doing so, it will proceed to rebuild its business domains.
  - b. Building on the strengths in specifications development and design processes cultivated over time in its Solution Design Business, the Group will recruit specialists with expertise in their respective industries to expand its business domains to include IT problem-solving support that unifies project management for all processes with specifications design.
  - c. The Group will push forward with the enhancement of its own products and services, position recurring revenue businesses as its core businesses, and pursue improved earnings power.
  - d. The Group will absorb higher costs by passing them on to prices.

The above three points constitute the Group's issues in the short term. The key issues that the Group should tackle over the long term are the weakening of connections between employees caused by the popularization of telecommuting in the COVID-19 pandemic and instability in the philosophy-based management that forms the backbone of the Company.

Being loved by customers, needed by society, and making others happy through hard work—this is the image the Company envisions for its employees and the ideal it strives to achieve.

The Company will harken back to the time of its founding to return to its roots once more and vigorously pursue philosophy-based management.

## 2. Corporate group



## 3. Basic approach to the selection of accounting standards

Since most of the Group's stakeholders are domestic shareholders, creditors, business partners, etc., and there is little need to raise funds from overseas, the Group applies accounting standards that are generally accepted in Japan (J-GAAP).

## 4. Consolidated financial statements

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	30,168	21,860
Notes receivable - trade	783	774
Accounts receivable - trade	13,576	17,031
Contract assets	557	799
Securities	727	833
Merchandise	1,216	2,053
Work in process	4	—
Other	1,054	830
Total current assets	48,088	44,184
Non-current assets		
Property, plant and equipment		
Buildings	1,171	1,226
Accumulated depreciation	(468)	(537)
Buildings, net	702	688
Vehicles	63	69
Accumulated depreciation	(41)	(44)
Vehicles, net	22	25
Tools, furniture and fixtures	2,479	2,620
Accumulated depreciation	(1,907)	(2,111)
Tools, furniture and fixtures, net	572	509
Land	97	97
Other	11	11
Accumulated depreciation	(10)	(11)
Other, net	0	0
Total property, plant and equipment	1,395	1,321
Intangible assets		
Software	251	153
Software in progress	—	12
Other	3	3
Total intangible assets	254	169
Investments and other assets		
Investment securities	*1 1,546	*1 3,293
Long-term loans receivable from subsidiaries and associates	498	417
Leasehold and guarantee deposits	1,649	1,676
Deferred tax assets	974	1,020
Other	129	97
Allowance for doubtful accounts	(498)	(417)
Total investments and other assets	4,299	6,087
Total non-current assets	5,950	7,578
Total assets	54,038	51,762

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,438	9,063
Short-term borrowings	*2 1,550	*2 1,550
Accounts payable - other, and accrued expenses	2,463	2,530
Income taxes payable	1,656	2,167
Accrued consumption taxes	926	888
Provision for bonuses	1,872	2,068
Other	366	353
Total current liabilities	15,273	18,621
Non-current liabilities		
Long-term accounts payable - other	13	12
Provision for share-based payments	141	169
Other	9	9
Total non-current liabilities	164	190
Total liabilities	15,437	18,812
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	2,188
Retained earnings	35,440	39,817
Treasury shares	(5,022)	(11,099)
Total shareholders' equity	37,955	32,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	(72)
Foreign currency translation adjustment	125	117
Total accumulated other comprehensive income	143	45
Non-controlling interests	501	485
Total net assets	38,601	32,950
Total liabilities and net assets	54,038	51,762

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

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*1 76,940	*1 83,621
Cost of sales	58,862	62,642
Gross profit	18,078	20,978
Selling, general and administrative expenses	*2, *3 8,364	*2 8,910
Operating profit	9,713	12,067
Non-operating income		
Interest income	30	55
Dividend income	11	10
Gain on sale of securities	86	—
Share of profit of entities accounted for using equity method	51	36
Subsidy income	39	33
Gain on investments in investment partnerships	42	—
Other	42	32
Total non-operating income	304	168
Non-operating expenses		
Interest expenses	7	11
Loss on sale of securities	—	182
Loss on valuation of securities	14	151
Loss on sale of investment securities	41	2
Loss on investments in investment partnerships	—	11
Other	12	21
Total non-operating expenses	76	380
Ordinary profit	9,942	11,855
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	—	9
Total extraordinary losses	—	9
Profit before income taxes	9,942	11,846
Income taxes - current	2,806	3,376
Income taxes - deferred	(117)	(4)
Total income taxes	2,688	3,371
Profit	7,253	8,474
Profit (loss) attributable to non-controlling interests	20	(5)
Profit attributable to owners of parent	7,232	8,480



## Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	7,253	8,474
Other comprehensive income		
Valuation difference on available-for-sale securities	109	(90)
Foreign currency translation adjustment	115	(10)
Share of other comprehensive income of entities accounted for using equity method	(26)	2
Total other comprehensive income	*1 198	*1 (98)
Comprehensive income	7,451	8,375
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,431	8,381
Comprehensive income attributable to non-controlling interests	20	(5)

**(3) Consolidated statement of changes in equity**

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,513	6,023	31,709	(5,022)	34,223
Changes during period					
Dividends of surplus			(3,501)		(3,501)
Profit attributable to owners of parent			7,232		7,232
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,731	—	3,731
Balance at end of period	1,513	6,023	35,440	(5,022)	37,955

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(91)	36	(54)	481	34,650
Changes during period					
Dividends of surplus					(3,501)
Profit attributable to owners of parent					7,232
Net changes in items other than shareholders' equity	109	88	198	20	218
Total changes during period	109	88	198	20	3,950
Balance at end of period	17	125	143	501	38,601

## Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,513	6,023	35,440	(5,022)	37,955
Changes during period					
Dividends of surplus			(4,103)		(4,103)
Profit attributable to owners of parent			8,480		8,480
Purchase of treasury shares				(9,889)	(9,889)
Disposal of treasury shares				6	6
Cancellation of treasury shares		(3,805)		3,805	—
Change in ownership interest of parent due to transactions with non-controlling interests		(29)			(29)
Net changes in items other than shareholders' equity					
Total changes during period	—	(3,835)	4,376	(6,077)	(5,535)
Balance at end of period	1,513	2,188	39,817	(11,099)	32,419

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	17	125	143	501	38,601
Changes during period					
Dividends of surplus					(4,103)
Profit attributable to owners of parent					8,480
Purchase of treasury shares					(9,889)
Disposal of treasury shares					6
Cancellation of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests					(29)
Net changes in items other than shareholders' equity	(90)	(7)	(98)	(16)	(115)
Total changes during period	(90)	(7)	(98)	(16)	(5,651)
Balance at end of period	(72)	117	45	485	32,950

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	9,942	11,846
Depreciation	576	460
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Increase (decrease) in provision for bonuses	411	196
Increase (decrease) in provision for share-based payments	27	27
Interest and dividend income	(42)	(65)
Interest expenses	7	11
Loss (gain) on sale of securities	(86)	182
Loss (gain) on valuation of securities	14	151
Loss (gain) on investments in investment partnerships	(42)	11
Loss (gain) on sale of investment securities	41	2
Share of loss (profit) of entities accounted for using equity method	(51)	(36)
Loss (gain) on liquidation of subsidiaries and associates	—	9
Decrease (increase) in trade receivables	86	(3,691)
Decrease (increase) in inventories	281	(833)
Decrease (increase) in advance payments to suppliers	(19)	20
Increase (decrease) in trade payables	341	2,625
Increase (decrease) in accounts payable - other, and accrued expenses	52	(2)
Increase (decrease) in accrued consumption taxes	132	(38)
Increase (decrease) in advances received	(23)	132
Other, net	20	(218)
<b>Subtotal</b>	<b>11,667</b>	<b>10,791</b>
Interest and dividends received	50	73
Interest paid	(7)	(11)
Income taxes paid	(2,674)	(2,873)
<b>Net cash provided by (used in) operating activities</b>	<b>9,036</b>	<b>7,979</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(101)	—
Proceeds from withdrawal of time deposits	100	0
Purchase of property, plant and equipment and intangible assets	(341)	(318)
Proceeds from sale of property, plant and equipment and intangible assets	4	2
Purchase of securities	(6,720)	(7,741)
Proceeds from sale of securities	6,064	7,356
Purchase of investment securities	(10,546)	(1,925)
Proceeds from sale of investment securities	11,231	33
Payments of leasehold and guarantee deposits	(91)	(66)
Proceeds from refund of leasehold and guarantee deposits	30	38
Proceeds from distributions from investment partnerships	121	39
Other payments	(5)	(6)
Other proceeds	1	11
<b>Net cash provided by (used in) investing activities</b>	<b>(251)</b>	<b>(2,576)</b>

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(40)
Purchase of treasury shares	—	(9,895)
Proceeds from sale of treasury shares	—	6
Dividends paid	(3,504)	(4,095)
Net cash provided by (used in) financing activities	(3,504)	(14,024)
Effect of exchange rate change on cash and cash equivalents	19	(7)
Net increase (decrease) in cash and cash equivalents	5,300	(8,628)
Cash and cash equivalents at beginning of period	24,792	30,092
Cash and cash equivalents at end of period	*1 30,092	*1 21,464

## **(5) Notes to the consolidated financial statements**

(Notes on premise of going concern)

No items to report.

(Significant matters that serve as the basis for preparing consolidated financial statements)

### **1. Matters concerning scope of consolidation**

#### **(1) Number of consolidated subsidiaries: 8 companies**

Names of consolidated subsidiaries

ProVision Co., Ltd.

Tokyo Business Service Co., Ltd.

GaYa Co., Ltd.

IDY Corporation

TBS Operation Co., Ltd.

Systema America Inc.

Systema Vietnam Co., Ltd.

MINGAL inc.

For the fiscal year under review, Systema (THAILAND) Co., Ltd. has been excluded from the scope of consolidation with the completion of liquidation.

#### **(2) Names of unconsolidated subsidiaries**

No items to report.

### **2. Matters concerning the application of the equity method**

#### **(1) Number of associates accounted for by the equity method: 3 companies**

HIS Holdings, Inc.

StrongKey, Inc.

ONE Tech, Inc.

#### **(2) Names of significant associates not accounted for by the equity method**

No items to report.

#### **(3) Of the companies accounted for by the equity method, three companies (HIS Holdings, Inc., StrongKey, Inc. and ONE Tech, Inc.) have a different account closing date from the consolidated account closing date. The fiscal year end for HIS Holdings, Inc. is August 31, and in preparing the consolidated financial statements, the Company uses financial statements based on a provisional settlement of accounts conducted as of February 28. Necessary adjustments are made for significant transactions that occurred between this date and the consolidated account closing date. The fiscal year end for StrongKey, Inc. and ONE Tech, Inc. is June 30 and December 31, respectively. In preparing the consolidated financial statements, the Company uses financial statements based on a provisional settlement of accounts conducted on the consolidated account closing date.**

#### **(4) Treatment of amounts equivalent to goodwill**

The amount of goodwill resulting from the application of the equity method for U.S. associates is amortized on a straight-line basis over a period not exceeding 10 years.

### **3. Matters concerning fiscal year, etc. of consolidated subsidiaries**

The account closing date of consolidated subsidiaries is the same as the consolidated account closing date.

### **4. Matters concerning accounting policies**

#### **(1) Valuation standards and valuation methods for significant assets**

##### **(i) Securities**

Trading securities

Stated at fair value (The selling cost is calculated by the moving average method)

Available-for-sale securities

Securities other than stocks and other securities with no market price

Stated at fair value (All valuation differences are processed by the direct net assets method, and selling cost is calculated by the moving average method)

Stocks and other securities with no market price

Stated at cost determined by the moving average method

Investments in limited liability investment partnerships are accounted for based on the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement, and the amount equivalent to the Company's equity interest in the partnerships is included at the net amount.

(ii) Inventories

Merchandise

Stated at cost determined by the moving average method (Calculated by writing down book values based on decreased profitability)

(2) Method of depreciation and amortization of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Declining-balance method (However, the straight-line method is adopted for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016)

The useful lives and residual values of assets are determined based on the standards stipulated in the Corporation Tax Act. Assets with an acquisition cost of ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

(ii) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized by the straight-line method over the estimated useful life (5 years). Software intended for market sale is amortized by the larger of amortization based on the estimated sales revenue over the estimated sales period (within 3 years) or equal amortization over the remaining salable period.

(iii) Long-term prepaid expenses

Amortized based on the straight-line method

(3) Standards for recognition of significant allowances and provisions

(i) Allowance for doubtful accounts

The estimated irrecoverable amount based on historical default rates for general receivables and individual assessments of recoverability for doubtful and other specific receivables is posted to provide for losses on default of receivables.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees, the amount accrued for the fiscal year under review is recorded based on the estimated amount of bonus payments.

(iii) Provision for share-based payments

To provide for the future delivery of Company shares to Directors and Executive Officers in accordance with the Company's rules on share delivery, the estimated payment amount is recorded based on the points allotted to Directors and Executive Officers as of the end of the fiscal year under review.

(4) Standards for recognition of significant revenue and expenses

The following is a description of the major performance obligations related to revenue from contracts with customers of the Company and its consolidated subsidiaries in their major businesses, and the normal point in time at which such performance obligations are satisfied (the normal point in time at which revenue is recognized).

(i) Software and system development, and IT services

In the Solution Design Business, Next Generation Mobility Business, Framework Design Business, Business Solution Business, and Other Businesses, the Group mainly provides planning, design, development, and verification support for software and system development.

In the IT & DX Service Business, the Group mainly provides IT outsourcing services such as operation, maintenance, and monitoring of systems and networks, as well as helpdesk services.

Contracts in this business involve transactions under contract or quasi-mandate contract, and performance obligations are recognized as follows depending on the contract.

For transactions entered into under contract, the Company recognizes revenue based on the degree of progress made in satisfying the performance obligation, as we consider the obligation to be satisfied over a specified period of time.

For transactions under quasi-mandate contract, the Company recognizes revenue as a prorated portion of the amount promised in the contract with the customer over the period during which the

services are provided, based on the judgment that the performance obligation is satisfied over time, since the Company generally provides a certain level of services over the term of the contract.

The consideration for performance obligations is received primarily within one year after the performance obligations are satisfied, and does not include significant financial components.

(ii) Sales of merchandise

In the Business Solution Business, the Group mainly sells servers, computers, peripherals, software, and other IT-related products to enterprises. For these sales of merchandise, revenue is recognized when the merchandise is delivered to the customer or at the time the customer completed inspection.

For sales of merchandise deemed as revenue for which the Company and its consolidated subsidiaries are agents, revenue is recognized at the net amount received in exchange for goods provided by the third party less the amount paid to said third party.

In addition, consideration for performance obligations is received primarily within one year after performance obligations are satisfied, and does not include significant financial components.

(iii) License sales

In the Business Solution Business and DX & Subscription Business, the Group mainly sells licenses for its in-house services, Canbus., Cloudstep, and Web Shelter, as well as for cloud-based services such as Google Workspace and Microsoft 365. For sales of licenses for in-house services, the Company recognizes revenue over the license period specified in the contract, based on the judgment that the performance obligation will be satisfied over a certain period of time. For other license sales, revenue is recognized when the license is granted to the customer.

The consideration for performance obligations is received primarily within one year after performance obligations are satisfied, and does not include significant financial components.

(5) Standards for translating significant foreign currency denominated assets or liabilities into Japanese currency

Receivables and payables denominated in foreign currencies are converted into yen at the spot exchange rate on the consolidated account closing date and translation differences are posted as profit or loss. Note that the assets and liabilities of overseas subsidiaries, etc. are converted to yen at the spot exchange rate on the day of the consolidated account closing, while related revenues and expenses are converted to yen at the average rate during the period. These translation differences are posted as foreign currency translation adjustments and non-controlling interests under net assets.

(6) Scope of funds in the consolidated statement of cash flows

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term investments with a maturity of 3 months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.

(Notes on changes in accounting policies)

(Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations)  
The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) and other relevant ASBJ regulations have been applied from the beginning of the fiscal year under review.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Guidance on the 2022 Revised Accounting Standard”). This change has no impact on the consolidated financial statements.

In addition, the Company has adopted the Guidance on the 2022 Revised Accounting Standard related to the revision of the treatment of the deferral for tax purposes of gains or losses on sales of investments in subsidiaries among consolidated companies in consolidated financial statements, effective from the beginning of the first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. This change has no impact on the consolidated financial statements for the previous fiscal year.



(Notes on significant accounting estimates)

Progress-based revenue recognition

- (1) Amounts recorded in the consolidated financial statements for the fiscal year under review

(Millions of yen)		
	Previous fiscal year	Fiscal year under review
Net sales (Portion not completed)	507	727

- (2) Details regarding significant accounting estimates for the identified item

- (i) Calculation method

For performance obligations within software and system development and IT services to be satisfied over a certain period of time, the Company estimates the degree of progress in satisfying the performance obligation and recognizes revenue over a certain period of time based on this degree of progress. The method of estimating the degree of progress in satisfying performance obligations is based on the ratio of the cost incurred (man-hours) to the total project cost (total man-hours) (input method).

- (ii) Primary underlying assumptions

Recording sales revenue recognized in accordance with the measured degree of progress in satisfying a performance obligation affects the amount of revenue and profit or loss, depending on the estimate of the total project cost (total man-hours). The total project cost (total man-hours) is initially estimated in the working budget. When preparing a working budget, the total project cost (total man-hours) is estimated by setting assumptions for specifications and work content based on information available at the time of preparation and by estimating in detail the cost (man-hours) of each process required to complete the development plan. After development has begun, the actual cost incurred is managed for each project, and the total project cost (total man-hours) is reviewed in a timely and appropriate manner for changes in work content due to changes in circumstances, including additional development.

- (iii) Impact on the consolidated financial statements for the following fiscal year

If the degree of work progress changes due to the occurrence of costs (man-hours) that were not foreseen in the assumptions used to estimate the total project cost, net sales and cost of sales may change in the consolidated financial statements in the following fiscal year or later.

(Accounting standards, etc. that have not been applied)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, issued by the Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, issued by the Accounting Standards Board of Japan), etc.

- (1) Outline

The standard, etc. establish how a lessee should treat all of its leases, including recording them under assets and liabilities, similar to international accounting standards.

- (2) Expected date of application

The standard, etc. will be applied from the beginning of the fiscal year ending March 31, 2028.

- (3) The impact of the application of the accounting standard, etc.

The Company is currently estimating the amount of impact on its consolidated financial statements resulting from the application of the “Accounting Standard for Leases” and other related accounting regulations.

(Notes on additional information)

Stock compensation plan

The Company has introduced a stock compensation plan for the Company’s Directors (excluding Outside Directors) and Executive Officers (hereinafter collectively referred to as “Directors, etc.”).

1. Outline of transactions

This is a stock compensation plan under which the Company's shares, acquired by a trust using money contributed by the Company, are delivered to Directors, etc. in accordance with the number of points granted in accordance with rules on share delivery established by the Company.

2. Company shares remaining in trust

Company shares remaining in trust are recorded as treasury shares under net assets at the carrying value in trust (excluding the amount of incidental expenses). The book value and number of these treasury shares amounted to ¥706 million and 1,567,700 shares at the end of the previous fiscal year, and ¥699 million and 1,552,600 shares at the end of the fiscal year under review.

(On the consolidated balance sheet)

1. Items pertaining to associates are as follows.

	(Millions of yen)	
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Investment securities (shares)	550	577

2. Overdraft agreements

The Company and its consolidated subsidiaries have overdraft agreements with six transacting banks in order to raise working capital efficiently.

The unused portion of the lines of credit based on these agreements is as follows.

	(Millions of yen)	
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Maximum amount of overdraft	8,310	8,210
Outstanding balance of overdraft	1,550	1,550
Unused amount	6,760	6,660

(On the consolidated statement of income)

1. Revenue from contracts with customers

Net sales are not separately presented for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in "Information on breakdown of revenue from contracts with customers" under the revenue recognition section of notes to the consolidated financial statements.

2. Significant items and amounts of selling, general and administrative expenses are as follows.

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Payroll and allowances	2,864	2,965
Rent expenses	1,132	1,104
Provision for bonuses	249	303
Retirement benefit expenses	247	251
Provision for share-based payments	27	34

3. Research and development expenses included in general and administrative expenses

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)

(On the consolidated statement of comprehensive income)

1. Reclassification adjustments, income taxes and tax effects for other comprehensive income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Valuation difference on available-for-sale securities		
Incurred during the period	116	(134)
Reclassification adjustments	41	2
Before adjustment for income taxes and tax effect	158	(132)
Income taxes and tax effect amount	(48)	41
Valuation difference on available-for-sale securities	109	(90)
Foreign currency translation adjustment		
Incurred during the period	115	(10)
Foreign currency translation adjustment	115	(10)
Share of other comprehensive income of entities accounted for using equity method		
Incurred during the period	(26)	2
Share of other comprehensive income of entities accounted for using equity method	(26)	2
Total other comprehensive income	198	(98)

(On the consolidated statement of changes in equity)

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

1. Type and number of shares issued and treasury shares

(Shares)

	Number of shares at the beginning of the period	Increase in shares during the period	Decrease in shares during the period	Number of shares at the end of the period
Issued shares				
Common shares	450,880,000	—	—	450,880,000
Total	450,880,000	—	—	450,880,000
Treasury shares				
Common shares (Note)	63,439,188	—	—	63,439,188
Total	63,439,188	—	—	63,439,188

(Note) The 63,439,188 common shares in treasury shares at the end of the period include 1,567,700 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
May 18, 2023 Board of Directors meeting	Common shares	1,556	4.0	March 31, 2023	June 7, 2023
October 26, 2023 Board of Directors meeting	Common shares	1,945	5.0	September 30, 2023	December 5, 2023

(Notes) 1. The total dividend amount resolved by the Board of Directors meeting on May 18, 2023 includes ¥6 million in dividends paid to shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

2. The total dividend amount resolved by the Board of Directors meeting on October 26, 2023 includes ¥7 million in dividends paid to shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

(2) Dividends with a date of record during the fiscal year under review, but an effective date in the following fiscal year

Resolution	Class of shares	Total dividend amount (Millions of yen)	Source of dividend	Dividend per share (Yen)	Date of record	Effective date
May 17, 2024 Board of Directors meeting	Common shares	1,945	Retained earnings	5.0	March 31, 2024	June 7, 2024

(Note) The total dividend amount includes ¥7 million in dividends paid to shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

1. Type and number of shares issued and treasury shares

				(Shares)
	Number of shares at the beginning of the period	Increase in shares during the period	Decrease in shares during the period	Number of shares at the end of the period
Issued shares				
Common shares (Note 1)	450,880,000	—	25,000,000	425,880,000
Total	450,880,000	—	25,000,000	425,880,000
Treasury shares				
Common shares (Notes 2, 3 and 4)	63,439,188	30,000,075	25,015,100	68,424,163
Total	63,439,188	30,000,075	25,015,100	68,424,163

- (Notes)
1. The decrease of 25,000,000 shares in the number of issued common shares during the period is due to the cancellation of treasury shares.
  2. The 30,000,075 common shares in treasury shares which increased in the period consist of 30,000,000 shares acquired through market purchases pursuant to the resolution of the Board of Directors and 75 shares of fractional shares repurchased.
  3. The 25,015,100 common shares in treasury shares which decreased in the period consist of 25,000,000 shares due to the cancellation of treasury shares and 15,100 shares that were delivered from trust to eligible persons under the stock compensation plan for Directors and the stock compensation plan for Executive Officers.
  4. The 68,424,163 common shares in treasury shares at the end of the period include 1,552,600 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
May 17, 2024 Board of Directors meeting	Common shares	1,945	5.0	March 31, 2024	June 7, 2024
October 31, 2024 Board of Directors meeting	Common shares	2,158	6.0	September 30, 2024	December 3, 2024

- (Notes)
1. The total dividend amount resolved by the Board of Directors meeting on May 17, 2024 includes ¥7 million in dividends paid to shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.
  2. The total dividend amount resolved by the Board of Directors meeting on October 31, 2024 includes ¥9 million in dividends paid to shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

- (2) Dividends with a date of record during the fiscal year under review, but an effective date in the following fiscal year

Resolution	Class of shares	Total dividend amount (Millions of yen)	Source of dividend	Dividend per share (Yen)	Date of record	Effective date
May 13, 2025 Board of Directors meeting	Common shares	2,294	Retained earnings	6.0	March 31, 2025	June 6, 2025

(Note) The total dividend amount includes ¥9 million in dividends paid to shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

- (3) Significant changes in the shareholders' equity

The Company acquired 30,000,000 shares of treasury shares based on resolutions at the Board of Directors meetings on May 13, 2024 and August 21, 2024, and treasury shares increased by ¥9,889 million in the fiscal year under review.

In addition, the Company canceled 25,000,000 shares of treasury shares based on a resolution at the Board of Directors meeting on August 21, 2024, and capital surplus and treasury shares each decreased by ¥3,805 million in the fiscal year under review.

As a result, at the end of the fiscal year under review, capital surplus was ¥2,188 million and treasury shares was ¥11,099 million.

(On the consolidated statement of cash flows)

1. Relationship between cash and cash equivalents at end of period and the amount of items shown on the consolidated balance sheet

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Cash and deposits account	30,168	21,860
Time deposits with maturities longer than three months	(537)	(530)
Deposits paid account	462	134
Cash and cash equivalents	30,092	21,464

(Lease transactions)

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

Notes are omitted due to immateriality.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

Notes are omitted due to immateriality.

(Financial instruments)

1. Matters concerning status of financial instruments

- (1) Policy for financial instrument transactions

The Group raises short-term working capital and capital for equipment, etc. as needed through borrowings from banks. Derivative transactions are strictly managed in accordance with internal management rules governing transactions, and the Company's fundamental policy is not to engage in high-risk speculative transactions.

- (2) Nature and extent of risks arising from financial instruments and risk management

Notes and accounts receivable - trade, which are trade receivables, are exposed to credit risk from customers. With respect to this risk, the Company conducts credit checks when beginning transactions with customers, continuously monitors the collection status, and periodically reviews credit limits in accordance with the Company's credit management rules. Consolidated subsidiaries conduct similar management as in the Company.

The Company periodically monitors the fair value of securities and investment securities as well as financial condition of their issuers, etc., and continuously reviews its holdings in consideration of market conditions and other factors.

Short-term borrowings and long-term borrowings are mainly used as funding for working capital and capital investment. Although borrowings with floating interest rates are exposed to interest rate fluctuation risk, the Company is able to respond flexibly to interest rate fluctuations by maintaining short borrowing periods.

- (3) Supplementary information on fair value, etc. of financial instruments

The fair value of financial instruments reflects variable factors, and is therefore subject to change depending on different assumptions used.

2. Matters concerning fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheet, fair values, and the differences between them are shown below.

Previous fiscal year (As of March 31, 2024)

(Millions of yen)

	Carrying value on the consolidated balance sheet	Fair value	Difference
Securities and investment securities			
(1) Trading securities	727	727	—
(2) Available-for-sale securities	34	34	—
Total assets	762	762	—

Fiscal year under review (As of March 31, 2025)

(Millions of yen)

	Carrying value on the consolidated balance sheet	Fair value	Difference
Securities and investment securities			
(1) Trading securities	833	833	—
(2) Available-for-sale securities	1,437	1,437	—
Total assets	2,271	2,271	—

- (Notes) 1. “Cash and deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Accounts payable - trade,” “Short-term borrowings,” and “Accounts payable - other, and accrued expenses” are omitted as their fair values approximate their book values. This is due to their nature as cash and as accounts settled over the short term.
2. Stocks and other securities with no market price are not included in “Securities and investment securities.” The carrying values of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Classification	Previous fiscal year	Fiscal year under review
Unlisted stocks, etc.	558	584

3. Investments in partnerships and similar entities recorded at the net amount of equity interest on the consolidated balance sheet are omitted. The amount of these investments on the consolidated balance sheet is as follows.

(Millions of yen)

	Previous fiscal year	Fiscal year under review
Investment securities	953	1,270



4. Scheduled amount of redemption of monetary claims due after the consolidated account closing date

Previous fiscal year (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Notes receivable - trade	783	—	—	—
Accounts receivable - trade	13,576	—	—	—

Fiscal year under review (As of March 31, 2025)

(Millions of yen)

	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Notes receivable - trade	774	—	—	—
Accounts receivable - trade	17,031	—	—	—

5. Scheduled amount of repayment of short-term borrowings and long-term borrowings after the consolidated account closing date

Previous fiscal year (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term borrowings	1,550	—	—	—	—	—

Fiscal year under review (As of March 31, 2025)

(Millions of yen)

	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term borrowings	1,550	—	—	—	—	—

3. Matters concerning breakdown per level of fair value, etc. of financial instruments

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated with observable inputs which are quoted prices for identical assets or liabilities for calculation of fair value in active markets.

Level 2 fair value: Fair value calculated with observable inputs other than in Level 1.

Level 3 fair value: Fair value calculated using unobservable inputs.

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is assigned to the level with the lowest applicable priority among the relevant levels.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

Previous fiscal year (As of March 31, 2024)

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
(1) Trading securities				
Stocks	417	—	—	417
Other	309	—	—	309
(2) Available-for-sale securities				
Stocks	34	—	—	34
Total	762	—	—	762

Fiscal year under review (As of March 31, 2025)

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
(1) Trading securities				
Stocks	346	—	—	346
Other	487	—	—	487
(2) Available-for-sale securities				
Stocks	1,437	—	—	1,437
Total	2,271	—	—	2,271

(2) Financial instruments other than those recorded on the consolidated balance sheet at fair value

Previous fiscal year (As of March 31, 2024)

No items to report.

Fiscal year under review (As of March 31, 2025)

No items to report.

(Securities)

Previous fiscal year (As of March 31, 2024)

1. Trading securities

(Millions of yen)

Classification	Fiscal year under review
Valuation differences included in the profit (loss) for the fiscal year under review	(14)

2. Available-for-sale securities

(Millions of yen)

	Type	Carrying value on the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying values on the consolidated balance sheet exceed acquisition cost	Stocks	5	5	0
	Other	—	—	—
Securities whose carrying values on the consolidated balance sheet do not exceed acquisition cost	Stocks	28	31	(2)
	Other	—	—	—
Total		34	36	(1)

(Note) Unlisted stocks, etc. (carrying value of ¥7 million on the consolidated balance sheet) are not included in “Available-for-sale securities” above because they are stocks, etc. without market prices.

3. Available-for-sale securities sold during the fiscal year under review (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Type	Amount of sales	Total gain on sale	Total loss on sale
Stocks	5,501	166	22
Other	5,729	43	229
Total	11,231	210	251

Fiscal year under review (As of March 31, 2025)

1. Trading securities

(Millions of yen)

Classification	Fiscal year under review
Valuation differences included in the profit (loss) for the fiscal year under review	(151)

2. Available-for-sale securities

(Millions of yen)

	Type	Carrying value on the consolidated balance sheet	Acquisition cost	Difference
Securities whose carrying values on the consolidated balance sheet exceed acquisition cost	Stocks	—	—	—
	Other	—	—	—
Securities whose carrying values on the consolidated balance sheet do not exceed acquisition cost	Stocks	1,437	1,524	(87)
	Other	—	—	—
Total		1,437	1,524	(87)

(Note) Unlisted stocks, etc. (carrying value of ¥7 million on the consolidated balance sheet) are not included in “Available-for-sale securities” above because they are stocks, etc. without market prices.

3. Available-for-sale securities sold during the fiscal year under review (From April 1, 2024 to March 31, 2025)

(Millions of yen)

Type	Amount of sales	Total gain on sale	Total loss on sale
Stocks	33	—	2
Other	—	—	—
Total	33	—	2

(Retirement benefits)

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

1. Outline of retirement benefit plans adopted

The Company and some of its consolidated subsidiaries have both a defined contribution pension plan and a prepaid retirement benefit plan.

2. Matters on retirement benefit obligations

Due to adoption of a defined contribution pension plan, there are no retirement benefit obligations.

3. Matters on retirement benefit expenses

	(Millions of yen)
(1) Contributions to defined contribution pension plan	266
(2) Prepaid retirement benefits	1,352
Retirement benefit expenses	1,618

Fiscal year under review (From April 1, 2024 to March 31, 2025)

1. Outline of retirement benefit plans adopted

The Company and some of its consolidated subsidiaries have both a defined contribution pension plan and a prepaid retirement benefit plan.

2. Matters on retirement benefit obligations

Due to adoption of a defined contribution pension plan, there are no retirement benefit obligations.

3. Matters on retirement benefit expenses

	(Millions of yen)
(1) Contributions to defined contribution pension plan	285
(2) Prepaid retirement benefits	1,372
Retirement benefit expenses	1,658

(Tax effect accounting)

1. Deferred tax assets and deferred tax liabilities by major classification

	Previous fiscal year (March 31, 2024)	(Millions of yen) Fiscal year under review (March 31, 2025)
Deferred tax assets		
Accrued enterprise tax	124	125
Accrued business office tax	20	21
Provision for bonuses	581	637
Provision for share-based payments	43	53
Loss on valuation of membership	24	25
Unrealized profit	8	5
Loss carried forward	323	255
Valuation difference on available-for-sale securities	—	33
Allowance for doubtful accounts	278	205
Other	43	51
Subtotal of deferred tax assets	1,448	1,414
Valuation allowance	(466)	(391)
Total deferred tax assets	982	1,022
Deferred tax liabilities		
Enterprise tax refund receivable	—	(2)
Valuation difference on available-for-sale securities	(7)	—
Total deferred tax liabilities	(7)	(2)
Net deferred tax assets	974	1,020

2. Major components of significant differences arising between the statutory effective tax rate and effective income tax rate after application of tax effect accounting

	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Share of loss of entities accounted for using equity method	(0.2%)	(0.1%)
Inhabitant tax on per capita basis	0.5%	0.4%
Change in valuation allowance	(0.1%)	0.2%
Tax credits for wage increases	(4.3%)	(2.7%)
Other	0.5%	0.0%
Effective income tax rate after application of tax effect accounting	27.1%	28.5%

3. Revision of deferred tax assets and deferred tax liabilities due to changes in income tax rates

The “Act for Partial Revision of the Income Tax Act and Other Acts” (Article 12) was enacted by the Diet on March 31, 2025, and the “Defense Special Corporate Tax” will be imposed starting from the fiscal year beginning on or after April 1, 2026.

In conjunction with this, at the Company, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences, etc. expected to be eliminated in the fiscal year beginning on or after April 1, 2026, will be changed from 30.62% to 31.52%. The impact on the consolidated financial statements for the fiscal year under review if the revised statutory effective tax rate were applied would be immaterial.

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

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

(Millions of yen)

	Reportable segment							Total
	Solution Design Business	Next Generation Mobility Business	Framework Design Business	IT & DX Service Business	Business Solution Business	DX & Subscription Business	Other	
Goods or services transferred over a period of time	18,621	2,512	6,901	18,079	791	613	229	47,749
Goods or services transferred at a single point in time	—	—	—	—	26,659	1,577	953	29,190
Revenue from contracts with customers	18,621	2,512	6,901	18,079	27,450	2,191	1,182	76,940
Net sales to external customers	18,621	2,512	6,901	18,079	27,450	2,191	1,182	76,940

Fiscal year under review (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment							Total
	Solution Design Business	Next Generation Mobility Business	Framework Design Business	IT & DX Service Business	Business Solution Business	DX & Subscription Business	Other	
Goods or services transferred over a period of time	17,557	5,045	8,482	19,436	1,232	926	238	52,920
Goods or services transferred at a single point in time	—	—	—	—	28,473	1,799	428	30,700
Revenue from contracts with customers	17,557	5,045	8,482	19,436	29,705	2,725	667	83,621
Net sales to external customers	17,557	5,045	8,482	19,436	29,705	2,725	667	83,621

2. Fundamental explanation of revenue from contracts with customers

The fundamental explanation of revenue is as described in “(Significant matters that serve as the basis for preparing consolidated financial statements), 4. Matters concerning accounting policies, (4) Standards for recognition of significant revenue and expenses.”

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that exist at the end of the fiscal year under review.

(1) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	Previous fiscal year	Fiscal year under review
Contract assets (Balance at beginning of period)	599	557
Contract assets (Balance at end of period)	557	799
Contract liabilities (Balance at beginning of period)	83	59
Contract liabilities (Balance at end of period)	59	191

Contract assets relate to the rights of the Company and its consolidated subsidiaries to consideration not yet billed, though their contractual performance obligations have been satisfied as of the end of the fiscal year. Contract assets are reclassified as receivables arising from contracts with customers when the Company and its consolidated subsidiaries' rights to the consideration are unconditional.

Contract liabilities mainly relate to advance payments for customer order-based contracts and suspense payments for ongoing orders. Contract liabilities are reversed upon recognition of revenue.

(2) Transaction price allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply the practical expedient method in the notes to transaction prices allocated to remaining performance obligations. Contracts with an initial expected contract term of one year or less are not included in these notes.

(Notes on segment information, etc.)

Segment information

1. Overview of reportable segments

The Company's reportable segments are those components of the Group for which separate financial information is available and are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group has established business divisions by product and service. These divisions formulate comprehensive strategies for their respective products and services and carry out business activities.

Therefore, the Group consists of segments that are separated by products and services based on business divisions, and the business activities of each segment are as follows.

Business segment	Businesses
Solution Design Business	Planning, design, development, and verification support for various products and telecommunications carrier services. Planning, design, development, and verification support for Internet businesses, business applications, web services, social infrastructure-related systems, IoT, artificial intelligence, and robotics-related services.
Next Generation Mobility Business	Provision of engineering and in-house services such as MaaS for the automotive industry, mainly targeting finished vehicle manufacturers and suppliers.
Framework Design Business	Development of core systems in the areas of finance (life and non-life insurance, and banking) and public and corporate sectors. Introduction of DX solutions, building of infrastructure, and system operation. Infrastructure consulting services.
IT & DX Service Business	Provision of IT outsourcing services including IT project promotion/PMO, DX support, system construction and operation, data entry, large-volume output, software testing, and DX verification.
Business Solution Business	Sale of servers, computers, peripherals, software, and other IT-related products to enterprises. Provision of services related to IT equipment, including building infrastructure and virtualization. Planning, development, and provision of product implementation services such as RPA and business intelligence (BI) tools.
DX & Subscription Business	Provision of in-house services Canbus., Canbus.IoT, Cloudstep, and Web Shelter. Provision and implementation support of cloud-based services such as Google Workspace and Microsoft 365.



Business segment	Businesses
Other Businesses	Provision of mobile communications-related technical support, development and verification support, and various solutions; trend research and commercialization of the latest technologies and services in the overseas field. Planning, development, and sale of game content for smartphones and tablets in the investment & incubation field.

2. Calculation method of net sales, profit or loss, assets, and other items by reportable segment
- Accounting methods for reported business segments are the same as those described in “Significant matters that serve as the basis for preparing consolidated financial statements.”
- Profit by reportable segment is based on operating profit.
- Inter-segment net sales and transfers are based on prevailing market prices.

## 3. Information on net sales, profit or loss, assets, and other items by reportable segment

## I. Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment							Adjustment (Notes 2 and 3)	Total (Note 1)
	Solution Design Business	Next Generation Mobility Business	Framework Design Business	IT & DX Service Business	Business Solution Business	DX & Subscription Business	Other		
Net sales									
Net sales to external customers	18,621	2,512	6,901	18,079	27,450	2,191	1,182	–	76,940
Inter- segment net sales and transfers	20	–	–	217	30	40	109	(419)	–
Total	18,642	2,512	6,901	18,297	27,481	2,231	1,292	(419)	76,940
Segment profit (loss)	2,215	642	1,642	2,922	1,917	232	142	–	9,713
Segment assets	4,421	860	818	6,753	7,684	274	1,525	31,699	54,038
Other items									
Depreciation	320	33	25	144	44	6	1	–	576
Increase in property, plant and equipment and intangible assets	41	50	18	81	49	5	0	44	291
Investments in equity method associates	410	–	–	–	–	–	140	–	550

(Notes) 1. Segment profit (loss) is consistent with operating profit in the consolidated statement of income.

2. The ¥31,699 million adjustment to segment assets consists wholly of corporate assets that do not belong to any reportable segment, and is mainly cash and deposits and investment securities. Depreciation of property, plant and equipment and intangible assets included in corporate assets is allocated to reportable segments.

3. The adjustment of ¥44 million for the increase in property, plant and equipment and intangible assets under other items represents corporate assets and mainly consists of capital investment related to the renewal of the corporate website.

II. Fiscal year under review (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment							Adjustment (Notes 2 and 3)	Total (Note 1)
	Solution Design Business	Next Generation Mobility Business	Framework Design Business	IT & DX Service Business	Business Solution Business	DX & Subscription Business	Other		
Net sales									
Net sales to external customers	17,557	5,045	8,482	19,436	29,705	2,725	667	—	83,621
Inter- segment net sales and transfers	8	—	—	313	23	57	130	(534)	—
Total	17,565	5,045	8,482	19,750	29,729	2,783	797	(534)	83,621
Segment profit (loss)	3,048	1,779	1,883	2,651	2,263	460	(19)	—	12,067
Segment assets	4,453	1,804	1,036	7,346	10,361	381	1,346	25,030	51,762
Other items									
Depreciation	183	82	23	123	40	6	0	—	460
Increase in property, plant and equipment and intangible assets	87	15	16	82	27	15	9	48	302
Investments in equity method associates	425	—	—	—	—	—	152	—	577

- (Notes) 1. Segment profit (loss) is consistent with operating profit in the consolidated statement of income.
2. The ¥25,030 million adjustment to segment assets consists wholly of corporate assets that do not belong to any reportable segment, and is mainly cash and deposits and investment securities. Depreciation of property, plant and equipment and intangible assets included in corporate assets is allocated to reportable segments.
3. The adjustment of ¥48 million for the increase in property, plant and equipment and intangible assets under other items represents corporate assets and mainly consists of capital investment related to the renewal of the corporate website.
4. Matters concerning changes in reportable segments, etc.  
Effective from the fiscal year under review, “Reportable Segments” have been reclassified and some names have been changed in accordance with changes in each segment’s content and main fields of business. Some businesses previously classified in the “Solution Design Business” segment are now included in a new segment, the “Next Generation Mobility Business” segment. Similarly, some businesses that were classified in the “Solution Design Business” have been reclassified into the “DX & Subscription Business.” In addition, IDY Corporation, which was classified under “Business Solution Business,” “Overseas Business,” and “Investment & Incubation Business” have been reclassified under “Other Businesses.” The “IT Service Business” has been renamed the “IT & DX Service Business” while the “Cloud Business” has been renamed the “DX & Subscription Business.” In accordance with these changes, segment information for the previous fiscal year is disclosed based on the new reportable segment classifications.

## Related information

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

### 1. Information by product and service

This information is omitted because the same information is disclosed as segment information.

### 2. Information by geographic area

#### (1) Net sales

This information is omitted because net sales to external customers in Japan are in excess of 90% of net sales on the consolidated statement of income.

#### (2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

### 3. Information by major customer

This information is omitted because there are no customers that account for 10% or more of net sales on the consolidated statement of income.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

### 1. Information by product and service

This information is omitted because the same information is disclosed as segment information.

### 2. Information by geographic area

#### (1) Net sales

This information is omitted because net sales to external customers in Japan are in excess of 90% of net sales on the consolidated statement of income.

#### (2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

### 3. Information by major customer

This information is omitted because there are no customers that account for 10% or more of net sales on the consolidated statement of income.

## Information about impairment loss on non-current assets by reportable segment

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

No items to report.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

No items to report.

## Information about amortization and unamortized balance of goodwill by reportable segment

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

No items to report.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

No items to report.

## Information about gain on bargain purchase by reportable segment

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

No items to report.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

No items to report.

(Information on related parties)

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

1. Transactions with related parties

No items to report.

2. Notes on parent company and significant associates

No items to report.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

1. Transactions with related parties

No items to report.

2. Notes on parent company and significant associates

No items to report.

(Notes on per share information)

(Yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Net assets per share	98.34	90.82
Basic earnings per share	18.67	23.17

(Notes) 1. Diluted earnings per share is not shown in the above table, as there are no residual shares with dilutive effects.

2. The basis for calculation of basic earnings per share is as follows.

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	7,232	8,480
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent available to common shares (Millions of yen)	7,232	8,480
Average number of shares during the period (Shares)	387,440,812	366,054,843

3. The Company has introduced a stock compensation plan, and in calculating the average number of common shares during the period, the number of treasury shares includes shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the Trust for Granting Shares to Directors and the Trust for Granting Shares to Executive Officers.

The number of treasury shares held by the trust account included in the number of treasury shares at the end of the fiscal year under review and previous fiscal year were 1,552,600 shares and 1,567,700 shares, respectively. The average number of treasury shares held by the trust account excluded from the calculation of the average number of shares during the fiscal year under review and previous fiscal year were 1,559,770 shares and 1,567,700 shares, respectively.

(Notes on significant subsequent events)

No items to report.

## 5. Non-consolidated financial statements

### (1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	25,863	17,688
Notes receivable - trade	783	774
Accounts receivable - trade	12,576	16,054
Contract assets	512	748
Securities	727	833
Merchandise	1,133	1,998
Work in process	4	—
Advance payments to suppliers	0	0
Prepaid expenses	355	390
Other	530	197
Total current assets	42,489	38,685
Non-current assets		
Property, plant and equipment		
Buildings	896	940
Accumulated depreciation	(386)	(437)
Buildings, net	510	502
Structures	0	0
Accumulated depreciation	(0)	(0)
Structures, net	0	0
Vehicles	55	60
Accumulated depreciation	(33)	(42)
Vehicles, net	22	18
Tools, furniture and fixtures	1,877	1,963
Accumulated depreciation	(1,480)	(1,611)
Tools, furniture and fixtures, net	397	352
Land	92	92
Total property, plant and equipment	1,021	966
Intangible assets		
Software	219	133
Other	1	1
Total intangible assets	220	134
Investments and other assets		
Investment securities	856	2,542
Shares of subsidiaries and associates	1,394	1,360
Long-term prepaid expenses	96	69
Long-term loans receivable	1	0
Long-term loans receivable from subsidiaries and associates	370	370
Leasehold and guarantee deposits	1,380	1,404
Deferred tax assets	839	888
Other	0	0
Allowance for doubtful accounts	(228)	(197)
Total investments and other assets	4,708	6,439
Total non-current assets	5,951	7,539
Total assets	48,440	46,225

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,263	9,039
Short-term borrowings	*1 1,550	*1 1,550
Accounts payable - other	1,869	1,895
Income taxes payable	1,495	2,161
Accrued consumption taxes	759	788
Accrued expenses	47	64
Advances received	39	169
Deposits received	198	98
Provision for bonuses	1,568	1,744
Other	24	37
Total current liabilities	13,815	17,550
Non-current liabilities		
Long-term lease and guarantee deposited	9	9
Provision for share-based payments	141	169
Total non-current liabilities	150	178
Total liabilities	13,965	17,728
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus		
Legal capital surplus	1,428	1,428
Other capital surplus	4,623	817
Total capital surplus	6,051	2,246
Retained earnings		
Other retained earnings		
General reserve	0	0
Retained earnings brought forward	31,913	35,909
Total retained earnings	31,913	35,910
Treasury shares	(5,022)	(11,099)
Total shareholders' equity	34,456	28,570
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17	(72)
Total valuation and translation adjustments	17	(72)
Total net assets	34,474	28,497
<b>Total liabilities and net assets</b>	<b>48,440</b>	<b>46,225</b>

**(2) Non-consolidated statement of income**

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales		
Service sales	38,758	43,675
Net sales of goods	28,845	31,214
Total net sales	67,603	74,889
Cost of sales		
Cost of service sales	27,745	30,054
Cost of goods sold		
Beginning merchandise inventory	1,438	1,133
Cost of purchased goods	24,132	27,008
Total	25,571	28,142
Ending merchandise inventory	1,133	1,998
Cost of goods sold	24,437	26,143
Total cost of sales	52,183	56,198
Gross profit	15,420	18,691
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	314	308
Payroll and allowances	2,243	2,218
Provision for share-based payments	27	34
Retirement benefit expenses	203	198
Bonuses	59	80
Provision for bonuses	219	280
Legal welfare expenses	401	410
Travel and transportation expenses	125	128
Recruiting expenses	167	496
Advertising expenses	106	88
Supplies expenses	19	33
Taxes and dues	419	410
Commission expenses	450	578
Rent expenses	1,012	970
Depreciation	441	336
Provision of allowance for doubtful accounts	0	(0)
Other	483	428
Total selling, general and administrative expenses	6,694	7,001
Operating profit	8,725	11,689



(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Non-operating income		
Interest income	2	4
Dividend income	19	18
Gain on sale of securities	86	—
Gain on investments in investment partnerships	51	—
Subsidy income	8	12
Reversal of allowance for doubtful accounts	*1 30	*1 31
Other	30	17
Total non-operating income	230	*1 85
Non-operating expenses		
Interest expenses	7	11
Loss on sale of securities	—	182
Loss on valuation of securities	14	151
Loss on sale of investment securities	41	2
Other	4	15
Total non-operating expenses	68	362
Ordinary profit	8,887	11,412
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	9	0
Loss on valuation of shares of subsidiaries and associates	—	73
Total extraordinary losses	9	74
Profit before income taxes	8,877	11,337
Income taxes - current	2,494	3,246
Income taxes - deferred	(120)	(8)
Total income taxes	2,373	3,237
Profit	6,503	8,100

**(3) Non-consolidated statement of changes in equity**

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total share-holders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of period	1,513	1,428	4,623	6,051	0	28,910	28,910	(5,022)	31,454
Changes during period									
Dividends of surplus						(3,501)	(3,501)		(3,501)
Profit						6,503	6,503		6,503
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	3,002	3,002	—	3,002
Balance at end of period	1,513	1,428	4,623	6,051	0	31,913	31,913	(5,022)	34,456

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(91)	(91)	31,362
Changes during period			
Dividends of surplus			(3,501)
Profit			6,503
Net changes in items other than shareholders' equity	109	109	109
Total changes during period	109	109	3,112
Balance at end of period	17	17	34,474

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total share-holders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of period	1,513	1,428	4,623	6,051	0	31,913	31,913	(5,022)	34,456
Changes during period									
Dividends of surplus						(4,103)	(4,103)		(4,103)
Profit						8,100	8,100		8,100
Purchase of treasury shares								(9,889)	(9,889)
Disposal of treasury shares								6	6
Cancellation of treasury shares			(3,805)	(3,805)				3,805	–
Net changes in items other than shareholders' equity									
Total changes during period	–	–	(3,805)	(3,805)	–	3,996	3,996	(6,077)	(5,886)
Balance at end of period	1,513	1,428	817	2,246	0	35,909	35,910	(11,099)	28,570

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	17	17	34,474
Changes during period			
Dividends of surplus			(4,103)
Profit			8,100
Purchase of treasury shares			(9,889)
Disposal of treasury shares			6
Cancellation of treasury shares			–
Net changes in items other than shareholders' equity	(90)	(90)	(90)
Total changes during period	(90)	(90)	(5,977)
Balance at end of period	(72)	(72)	28,497

#### **(4) Notes to the non-consolidated financial statements**

(Notes on premise of going concern)

No items to report.

(Significant accounting policies)

1. Valuation standards and valuation methods for securities
  - (1) Trading securities  
Stated at fair value (The selling cost is calculated by the moving average method)
  - (2) Shares of subsidiaries and associates  
Stated at cost determined by the moving average method
  - (3) Available-for-sale securities  
Securities other than stocks and other securities with no market price  
Stated at fair value (All valuation differences are processed by the direct net assets method, and selling cost is calculated by the moving average method)  
Stocks and other securities with no market price  
Stated at cost determined by the moving average method  
Investments in limited liability investment partnerships are accounted for based on the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement, and the amount equivalent to the Company's equity interest in the partnerships is included at the net amount.
2. Valuation standards and valuation methods for inventories  
Merchandise  
Stated at cost determined by the moving average method (Writing down book values based on decreased profitability)
3. Method of depreciation of non-current assets
  - (1) Property, plant and equipment (excluding leased assets)  
Declining-balance method (However, the straight-line method is adopted for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016)  
The useful lives and residual values of assets are determined based on the standards stipulated in the Corporation Tax Act. Assets with an acquisition cost of ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.
  - (2) Intangible assets (excluding leased assets)  
Straight-line method  
Software for internal use is amortized using the straight-line method over the estimated internal useful life (5 years).
  - (3) Long-term prepaid expenses  
Amortized based on the straight-line method
4. Standards for recognition of allowances and provisions
  - (1) Allowance for doubtful accounts  
The estimated irrecoverable amount based on historical default rates for general receivables and individual assessments of recoverability for doubtful and other specific receivables is posted to provide for losses on default of receivables.
  - (2) Provision for bonuses  
To provide for the payment of bonuses to employees, the amount accrued for the fiscal year under review is recorded based on the estimated amount of bonus payments.
  - (3) Provision for share-based payments  
To provide for the future delivery of Company shares to Directors and Executive Officers in accordance with the Company's rules on share delivery, the estimated payment amount is

recorded based on the points allotted to Directors and Executive Officers as of the end of the fiscal year under review.

#### 5. Standards for recognition of revenue and expenses

The following is a description of the major performance obligations related to revenue from contracts with the customers in the Company's major businesses, and the normal point in time at which such performance obligations are satisfied (the normal point in time at which revenue is recognized).

##### (1) Software and system development, and IT services

In the Solution Design Business, Next Generation Mobility Business, Framework Design Business, and Business Solution Business, the Group mainly provides planning, design, development, and verification support for software and system development.

In the IT & DX Service Business, the Group mainly provides IT outsourcing services such as operation, maintenance, and monitoring of systems and networks, as well as helpdesk services.

Contracts in this business involve transactions under contract or quasi-mandate contract, and performance obligations are recognized as follows depending on the contract.

For transactions entered into under contract, the Company recognizes revenue based on the degree of progress made in satisfying the performance obligation, as we consider the obligation to be satisfied over a specified period of time.

For transactions under quasi-mandate contract, the Company recognizes revenue as a prorated portion of the amount promised in the contract with the customer over the period during which the services are provided, based on the judgment that the performance obligation is satisfied over time, since the Company generally provides a certain level of services over the term of the contract.

The consideration for performance obligations is received primarily within one year after the performance obligations are satisfied, and does not include significant financial components.

##### (2) Sales of merchandise

In the Business Solution Business, the Group mainly sells servers, computers, peripherals, software, and other IT-related products to enterprises. For these sales of merchandise, revenue is recognized when the merchandise is delivered to the customer or at the time the customer completed inspection.

For sales of merchandise deemed as revenue for which the Company is an agent, revenue is recognized at the net amount received in exchange for goods provided by the third party less the amount paid to said third party.

In addition, consideration for performance obligations is received primarily within one year after performance obligations are satisfied, and does not include significant financial components.

##### (3) License sales

In the Business Solution Business and DX & Subscription Business, the Group mainly sells licenses for its in-house services, Canbus., Cloudstep, and Web Shelter, as well as for cloud-based services such as Google Workspace and Microsoft 365. For sales of licenses for in-house services, the Company recognizes revenue over the license period specified in the contract, based on the judgment that the performance obligation will be satisfied over a certain period of time. For other license sales, revenue is recognized when the license is granted to the customer.

The consideration for performance obligations is received primarily within one year after performance obligations are satisfied, and does not include significant financial components.

#### 6. Standards for translating significant foreign currency denominated assets or liabilities into Japanese currency

Receivables and payables denominated in foreign currencies are converted into yen at the spot exchange rate at the end of the fiscal year and translation differences are posted as profit or loss.

#### (Notes on changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and other relevant ASBJ regulations have been applied from the beginning of the fiscal year under review.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022

Revised Accounting Standard and the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). This change has no impact on the non-consolidated financial statements.

(Notes on significant accounting estimates)

Progress-based revenue recognition

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

	(Millions of yen)	
	Previous fiscal year	Fiscal year under review
Net sales (Portion not completed)	466	680

(2) Details regarding significant accounting estimates for the identified item

The method of calculating the amounts in (1) is the same as that described in under “(2) Details regarding significant accounting estimates for the identified item” in the progress-based revenue recognition section of (Notes on significant accounting estimates) to the consolidated financial statements.

(Notes on additional information)

Stock compensation plan

The Company has introduced a stock compensation plan for the Company’s Directors (excluding Outside Directors) and Executive Officers (hereinafter collectively referred to as “Directors, etc.”).

1. Outline of transactions

This is a stock compensation plan under which the Company’s shares, acquired by a trust using money contributed by the Company, are delivered to Directors, etc. in accordance with the number of points granted in accordance with rules on share delivery established by the Company.

2. Company shares remaining in trust

Company shares remaining in trust are recorded as treasury shares under net assets at the carrying value in trust (excluding the amount of incidental expenses). The book value and number of these treasury shares amounted to ¥706 million and 1,567,700 shares at the end of the previous fiscal year, and ¥699 million and 1,552,600 shares at the end of the fiscal year under review.

(On the non-consolidated balance sheet)

1. Overdraft agreements

The Company has overdraft agreements with six transacting banks in order to raise working capital efficiently.

The unused portion of the lines of credit based on these agreements is as follows.

	(Millions of yen)	
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Maximum amount of overdraft	8,100	8,100
Outstanding balance of overdraft	1,550	1,550
Unused amount	6,550	6,550

(On the non-consolidated statement of income)

1. The following items related to transactions with subsidiaries and associates are included.

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Reversal of allowance for doubtful accounts	30	31

The total amount of non-operating income for subsidiaries and associates was ¥10 million for the fiscal year under review, exceeding 10% of the total amount of non-operating income.

(Securities)

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

Shares of subsidiaries and associates (carrying value of ¥1,288 million and ¥105 million on the non-consolidated balance sheet, respectively) are stocks, etc. with no market prices. Accordingly, they are omitted.

Fiscal year under review (From April 1, 2024 to March 31, 2025)

Shares of subsidiaries and associates (carrying value of ¥1,255 million and ¥105 million on the non-consolidated balance sheet, respectively) are stocks, etc. with no market prices. Accordingly, they are omitted.

(Tax effect accounting)

1. Deferred tax assets and deferred tax liabilities by major classification

	(Millions of yen)	
	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Deferred tax assets		
Accrued enterprise tax	108	125
Accrued business office tax	15	16
Provision for bonuses	479	528
Allowance for doubtful accounts	135	62
Provision for share-based payments	43	53
Loss on valuation of membership	24	25
Loss on valuation of shares of subsidiaries and associates	847	865
Valuation difference on available-for-sale securities	—	33
Other	35	43
Subtotal of deferred tax assets	1,689	1,754
Valuation allowance	(842)	(865)
Total deferred tax assets	846	888
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(7)	—
Total deferred tax liabilities	(7)	—
Net deferred tax assets	839	888

2. Major components of significant differences arising between the statutory effective tax rate and effective income tax rate after application of tax effect accounting

	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Tax credits for wage increases	(4.3%)	(2.6%)
Change in valuation allowance	—	0.2%
Other	0.4%	0.4%
Effective income tax rate after application of tax effect accounting	26.7%	28.6%

3. Revision of deferred tax assets and deferred tax liabilities due to changes in income tax rates

The “Act for Partial Revision of the Income Tax Act and Other Acts” (Article 12) was enacted by the Diet on March 31, 2025, and the “Defense Special Corporate Tax” will be imposed starting from the fiscal year beginning on or after April 1, 2026.

In conjunction with this, at the Company, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences, etc. expected to be eliminated in the fiscal year beginning on or after April 1, 2026, will be changed from 30.62% to 31.52%. The impact on the non-consolidated financial statements for the fiscal year under review if the revised statutory effective tax rate were applied would be immaterial.

(Revenue recognition)

Notes have been omitted because the fundamental explanation of revenue from contracts with customers is identical to the “(Revenue recognition)” section of notes to the consolidated financial statements.

(Notes on significant subsequent events)

No items to report.



## 6. Other

### Production, orders, and sales results

Effective from the fiscal year under review, “Reportable Segments” have been reclassified and some names have been changed in accordance with changes in each segment’s content and main fields of business. Some businesses previously classified in the “Solution Design Business” segment are now included in a new segment, the “Next Generation Mobility Business” segment. Similarly, some businesses that were classified in the “Solution Design Business” have been reclassified into the “DX & Subscription Business.” In addition, IDY Corporation, which was classified under “Business Solution Business,” “Overseas Business,” and “Investment & Incubation Business” have been reclassified under “Other Businesses.” The “IT Service Business” has been renamed the “IT & DX Service Business” while the “Cloud Business” has been renamed the “DX & Subscription Business.”

Year-on-year changes are calculated after reclassification to the new reportable segments.

### (1) Production results

Production results per business segment for the fiscal year under review are as follows.

Business segment	Fiscal year under review (From April 1, 2024 to March 31, 2025) (Millions of yen)	Year-on-year change (%)
Solution Design Business	12,407	90.0
Next Generation Mobility Business	2,509	172.8
Framework Design Business	5,886	124.4
IT & DX Service Business	13,879	110.0
Business Solution Business	1,275	134.4
Total	35,957	107.2

- (Notes) 1. Within the Group, only segments that involve made-to-order activities are shown due to the nature of services.  
2. The above amounts are stated at production cost.

### (2) Order results

Order results per segment for the fiscal year under review are as follows.

Business segment	Order value (Millions of yen)	Year-on-year change (%)	Backlog of orders (Millions of yen)	Year-on-year change (%)
Solution Design Business	18,158	104.8	6,264	110.6
Next Generation Mobility Business	6,831	266.4	2,693	296.7
Framework Design Business	8,908	126.3	3,691	113.0
IT & DX Service Business	19,829	107.9	7,209	105.8
Business Solution Business	1,683	109.1	862	103.3
Total	55,412	118.3	20,722	118.5

(Note) Within the Group, only segments that involve made-to-order activities are shown due to the nature of services.

### (3) Sales results

Sales results per business segment for the fiscal year under review are as follows.

Business segment	Fiscal year under review (From April 1, 2024 to March 31, 2025) (Millions of yen)	Year-on-year change (%)
Solution Design Business	17,557	94.3
Next Generation Mobility Business	5,045	200.8
Framework Design Business	8,482	122.9
IT & DX Service Business	19,436	107.5

Business segment	Fiscal year under review (From April 1, 2024 to March 31, 2025) (Millions of yen)	Year-on-year change (%)
Business Solution Business	29,705	108.2
DX & Subscription Business	2,725	124.4
Other	667	56.4
Total	83,621	108.7

(Note) Inter-segment transactions are offset and eliminated.