baudroie inc.

Financial Results Briefing Material
for the Third Quarter of Fiscal Year Ending February 2026

Stock code：4413

January 2026

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

1. Business Overview P 3
2. Highlights of Consolidated Financial Results P 12
3. Medium-term Business Plan P 20
4. Growth Strategy P 24
5. Appendix P 32

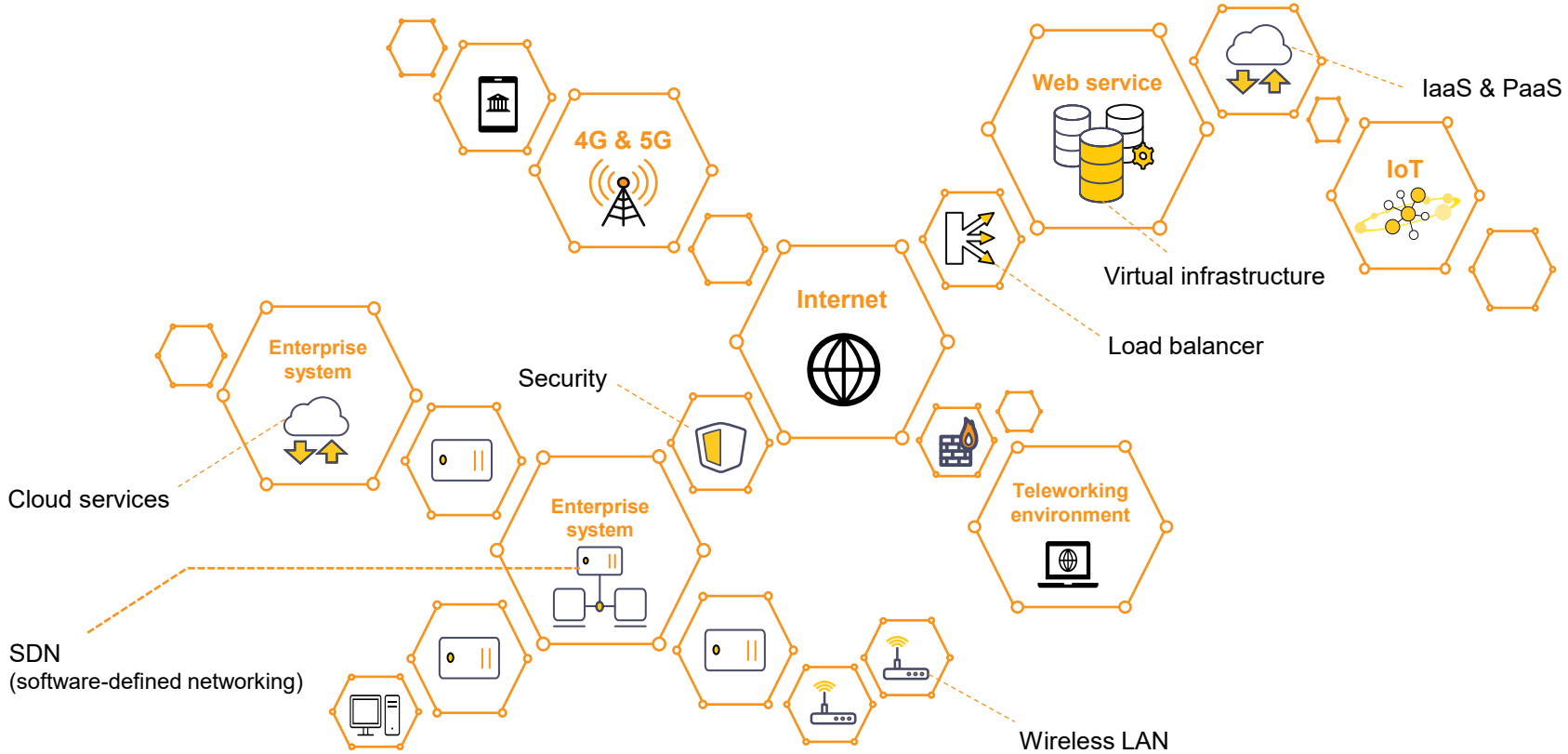
Business Overview

Company Overview

Company name	baudroie inc.
Directors	**President and Chief Executive Officer** Shigehiro Tominaga **Representative Director** Kazuya Fujii **Director** Yoshiaki Hodoshima **Director (Audit and Supervisory Committee Member)** Toshio Okamoto Kiyoko Yagami Anna Seo
Established	April 2007
Fiscal year-end	February
Listing Segment	TSE Prime Market
No. of employees	1294 (including full-time and contract employees) *As of November 2025
Line of business	IT infrastructure business
Major clients	SoftBank Corp. NTT DOCOMO BUSINESS, Inc. NTT EAST, Inc. KDDI CORPORATION Mitsubishi Research Institute, Inc. Nomura Research Institute, Ltd. SQUARE ENIX CO., LTD.
Subsidiaries	ZOSTEC Inc. ALJOY Inc. FunClock Inc. actias Inc. SPIN TECHNOLOGY Inc. GOKU TECHNOLOGIES INC. ONE-TECH Inc. RIKSOL Inc.
Head office	Azabudai Hills Mori JP Tower 17F, 1-3-1 Azabudai, Minato-ku, Tokyo
Second office	BPR Place Kamiyacho 5F, 1-11-9 Azabudai, Minato-ku, Tokyo

What Are IT Infrastructure Services?

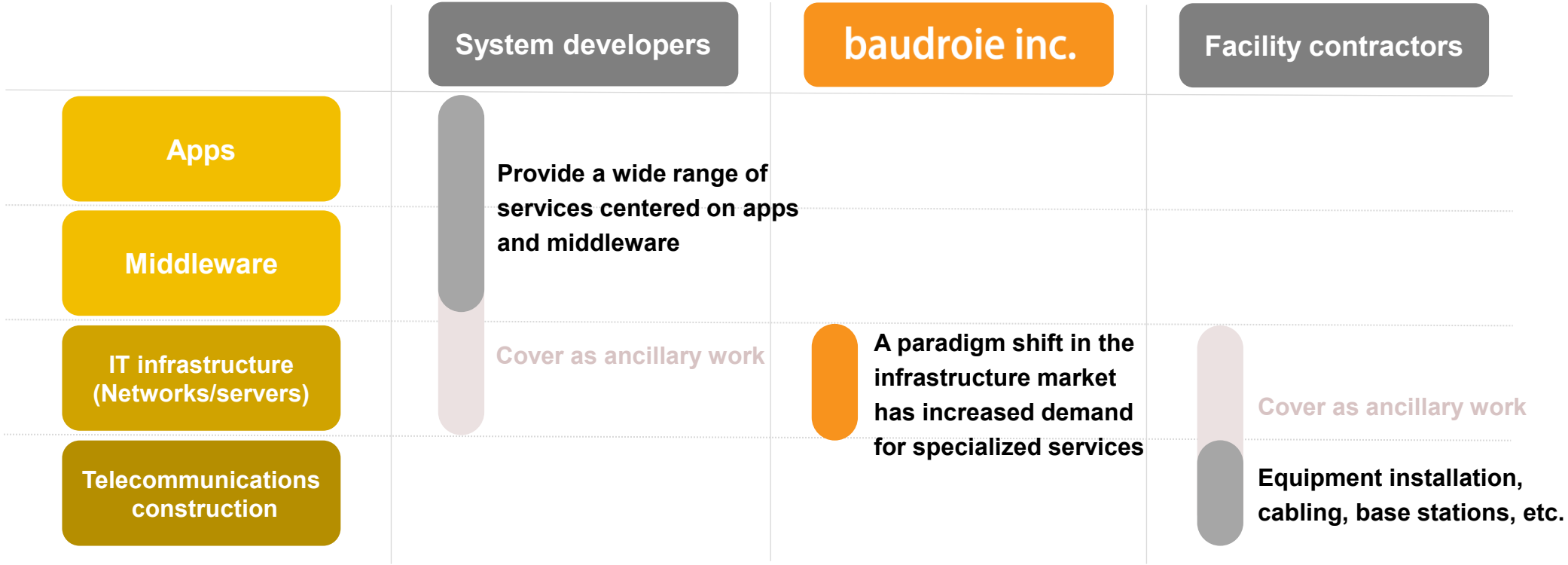
IT infrastructure services refer to designing and constructing complex IT infrastructure, including servers that operate systems, networks that connect devices to systems, and security solutions that protect secure communications and information, as well as conducting their operation and maintenance so that a variety of applications and systems can be utilized. These components constitute the IT infrastructure, which has become part of the infrastructure for living.



*Cloud services (IaaS/PaaS): mainly refer to cloud computing services.
*SDN: a technology for creating a virtual network environment using software, allowing flexible setting of network configuration free from physical restrictions.
*Virtual infrastructure: a mechanism for operating multiple hosts and operating systems on a single physical device.
*Load balancer: a mechanism for appropriately distributing communication from terminals for each resource (such as CPUs and memories) when a group of servers is used.
*Security solutions: refers to firewall, IPS (intrusion prevention system) / IDS (intrusion detection system), sandbox, web filtering, etc.

What Differentiates Us from System Developers and Facilities Contractors

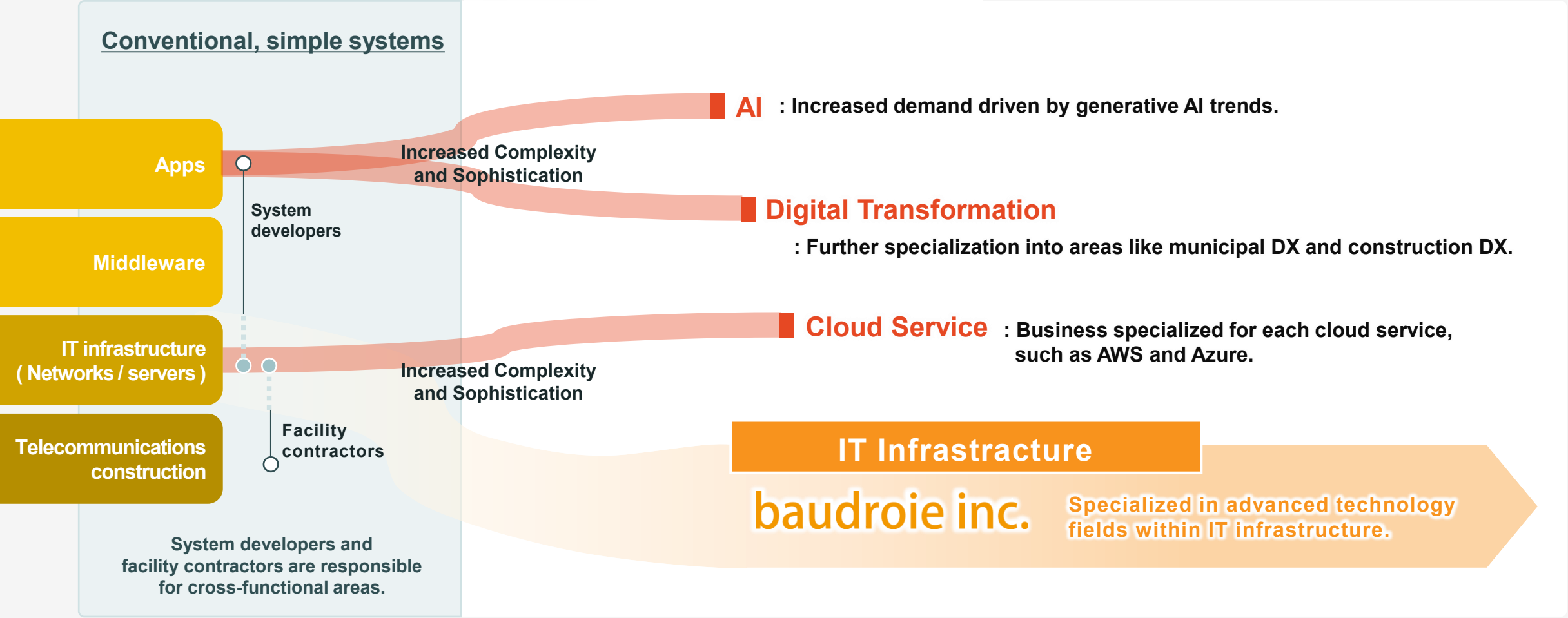
Due to diversifying social needs, IT systems command advanced knowledge and technologies in broader and deeper areas. As the era evolves in this way, attention is being paid to IT system companies with distinctive features, not covering the entire system. Given this trend, we differentiate ourselves as a company specializing in IT infrastructure.



*Apps (applications): refer to such programs as mission-critical systems (for enterprise resource planning), programs operated by users such as web and smartphone applications, groupware (like Microsoft Office 365), and AI and machine learning. These programs are developed using programming languages like Java, C, and Python.
*Middleware: refers to software that runs between applications and the operating system and includes Oracle Database, WebLogic, and Apache HTTP Server.
*Telecommunications construction: LAN wiring, construction of base station facilities, equipment installation, etc.

Specialized Systems Companies

Due to the diversification of societal demands for IT, technologies in various IT fields have become more complex and advanced. System companies specialized in each field have been gaining increasing attention.

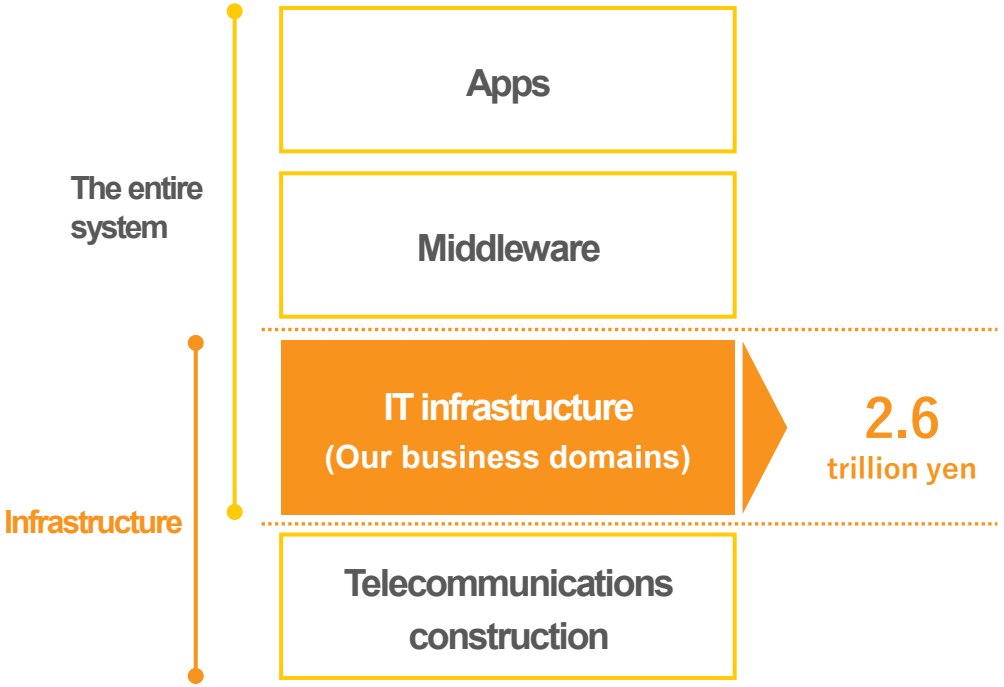


Business Domains

We are a professional operator specializing in IT infrastructure services, especially in advanced technology areas.

Where the IT infrastructure services market is positioned

In 2028, the entire Japanese IT market amounted to 30 trillion yen,
of which the IT infrastructure services market accounted for 2.6 trillion yen.

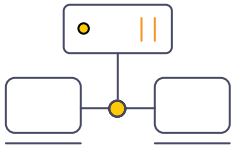


Advanced technology areas that are growing prominently in the IT infrastructure area

Cloud

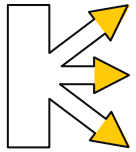
Security

Wireless LAN



SDN
（Software-Defined Networking）

Virtual infrastructure



Load balancer

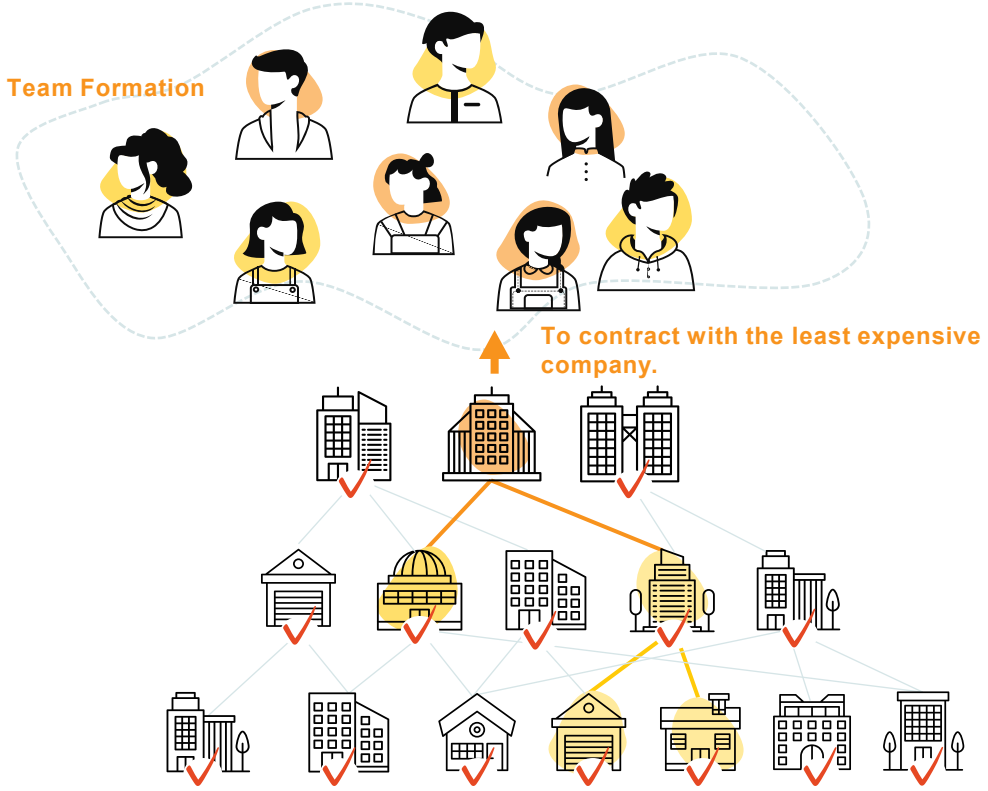
*Source: Press release by IDC Japan, "Latest Forecast for the Domestic IT Market by Industry and Employee Size for 2025" (January 15, 2025)
*Source: Press release by IDC Japan, "Announcement of the Domestic IT Infrastructure Services Market Forecast" (October 15, 2024)

Our Competitive Advantage

A typical case of team formation in general system companies.

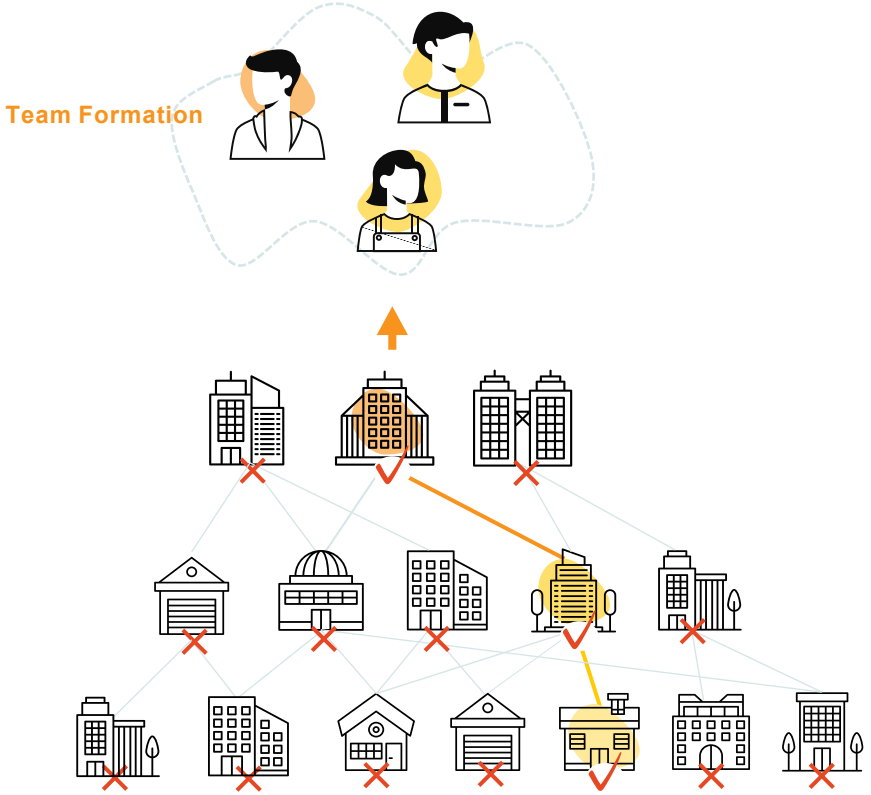
A system based on conventional technology

Since many companies have engineers, it is easier to gather people.
→ The project will involve hiring the most affordable company, resulting in a team composed of multiple firms.



A system incorporating advanced technology

Since there are few engineers with advanced technical skills, the difficulty of gathering people and forming a team increases.
→The rarer the skills, the more time and cost it takes to form a team.



Our Competitive Advantage

Efficient team formation is possible through specialization and the development of young talent.

baudroie inc.

We can form a team using only our company.

So we can create teams with consideration of the compatibility of the members.

Our engineers build their experience solely in IT infrastructure, from training through project assignments, which enables them to learn various technologies related to IT infrastructure.

➡The number of people forming the team becomes relatively small.

Our engineers specialize in building experience in IT infrastructure, so even engineers with the same skills as those from other companies tend to have a lower average age.

Our engineers (32 years old)

Years of experience

IT Infrastructure	10 years
Middleware	
Application	

General engineers*1 (40 years old)

IT Infrastructure	9 years
Middleware	4 years
Application	5 years

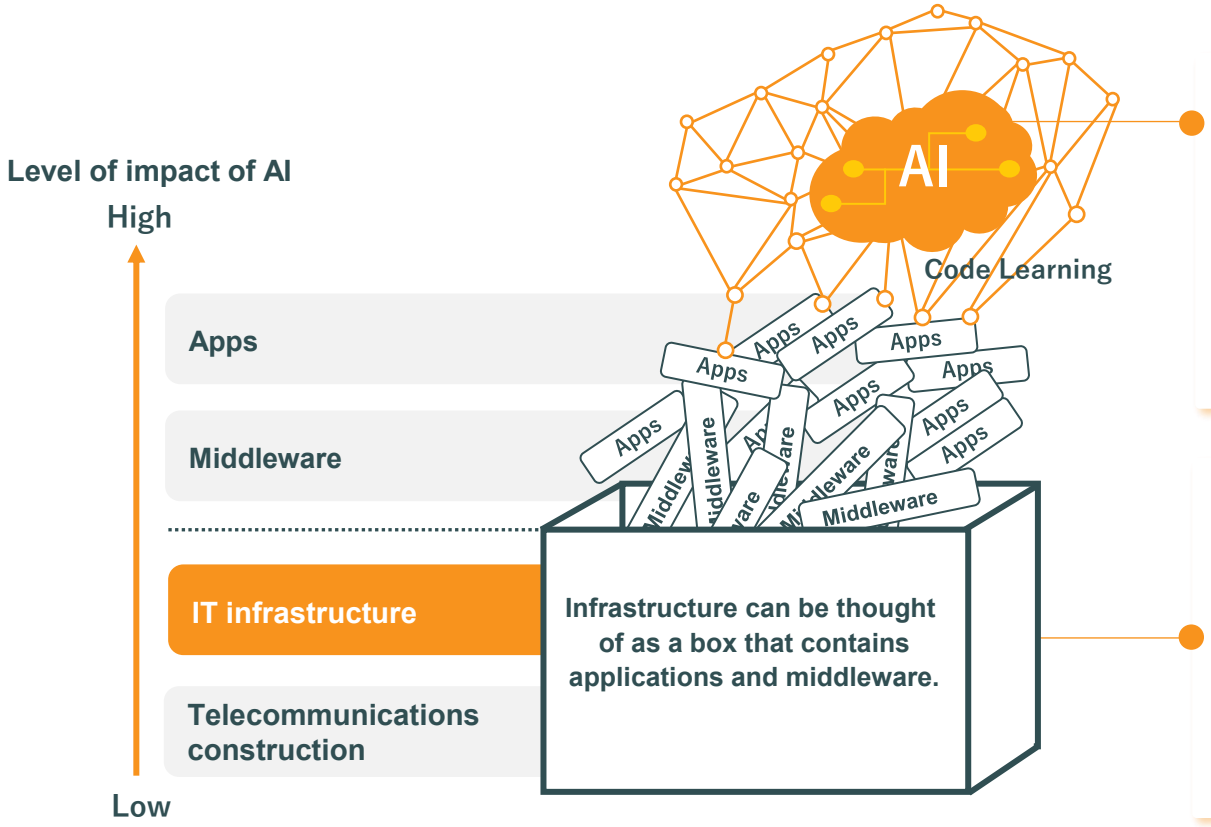
Compared to our company, general engineers tend to have a higher average age, leading to higher costs.
Inefficient team composition.

*1 Years of experience for a typical engineer is just a guess.

The possibility of jobs being replaced by generative AI

In the infrastructure domain, the risk of AI taking over human jobs is lower compared to the system development domain.

Meanwhile, given the advancement of AI agent-led application development across the IT industry, we will explore new business opportunities in this area.



System Development Domain

- AI excels at learning from vast amounts of code, identifying patterns, and generating or modifying code accordingly.
- Since source code is written based on formal and logical rules, it is relatively easy for AI to learn.

Infrastructure Domain

- The infrastructure domain can be seen as building the box for data. Since its deliverables are not data themselves, it is not something that can be replaced by AI, but rather an area where AI is used as a supplementary tool.

  ➡ for example, to create utilities or analyze logs.

Highlights of Consolidated Financial Results

Executive Summary

Revenue (Q1-Q3 [cumulative])

12.32 billion yen (up 46.3% YoY)

Operating profit (Q1-Q3 [cumulative])

2.36 billion yen (up 36.1% YoY)

✓ **In line with our typical seasonal patterns, earnings are expected to grow gradually from the second quarter onwards, and our performance is progressing as planned.**

✓ **Acquisition of RIKSOL Inc. as a subsidiary**

RIKSOL Inc. is scheduled to be consolidated starting from Q4 (Only for a two-month period).
While its contribution to the current fiscal year's profit will be minimal, we plan to develop specialized talent through PMI, as we have done with our other subsidiaries.

✓ **The expected timeline for inclusion in TOPIX**

Removal of adjustment factor(April 2026)

The 0.75 adjustment factor will be removed, and the remaining 0.25 is expected to be included.

Summary of Consolidated Financial Results

✓ **Revenue and profit are showing strong growth momentum.**

RIKSOL Inc. is scheduled to be consolidated starting from the Q4 (Only for a two-month period).

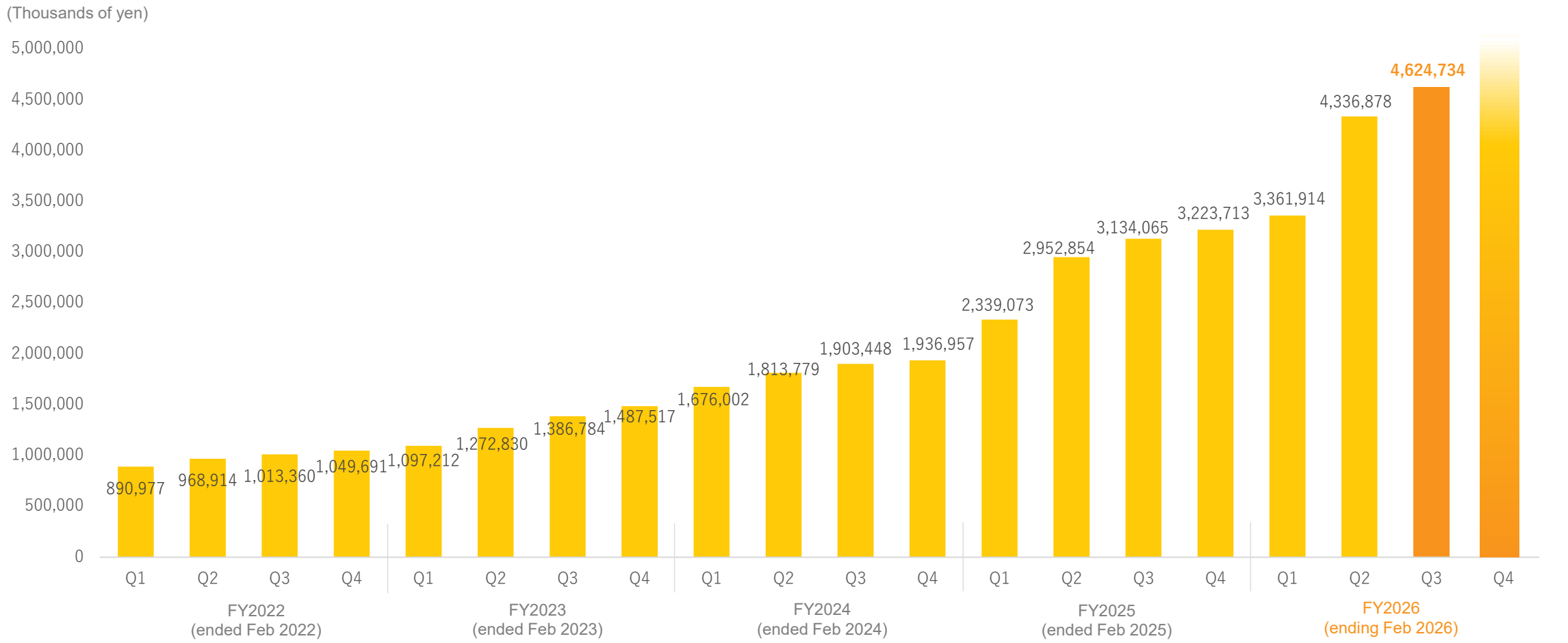
(Thousands of yen)	Q1-Q3 FY2025 Results (Cumulative)＊	Q1-Q3 FY2026 Results (Cumulative)＊	YoY (First half-year)	FY2026 Full-year Forecast (Revised)	YoY (Full year)
Revenue	8,425,993	12,323,526	+46.3%	17,100,000	**+46.8%**
Operating profit	1,732,219	2,358,099	+36.1%	3,250,000	**+32.1%**
Profit before tax	1,736,529	2,341,873	+34.9%	3,234,890	**+31.4%**
Profit	1,251,718	1,702,042	+36.0%	2,345,295	**+30.3%**

* The figures for the fiscal year ended February 2025 reflect the finalized content of the provisional accounting treatment related to the business combination.

Trends in Quarterly Consolidated Revenue

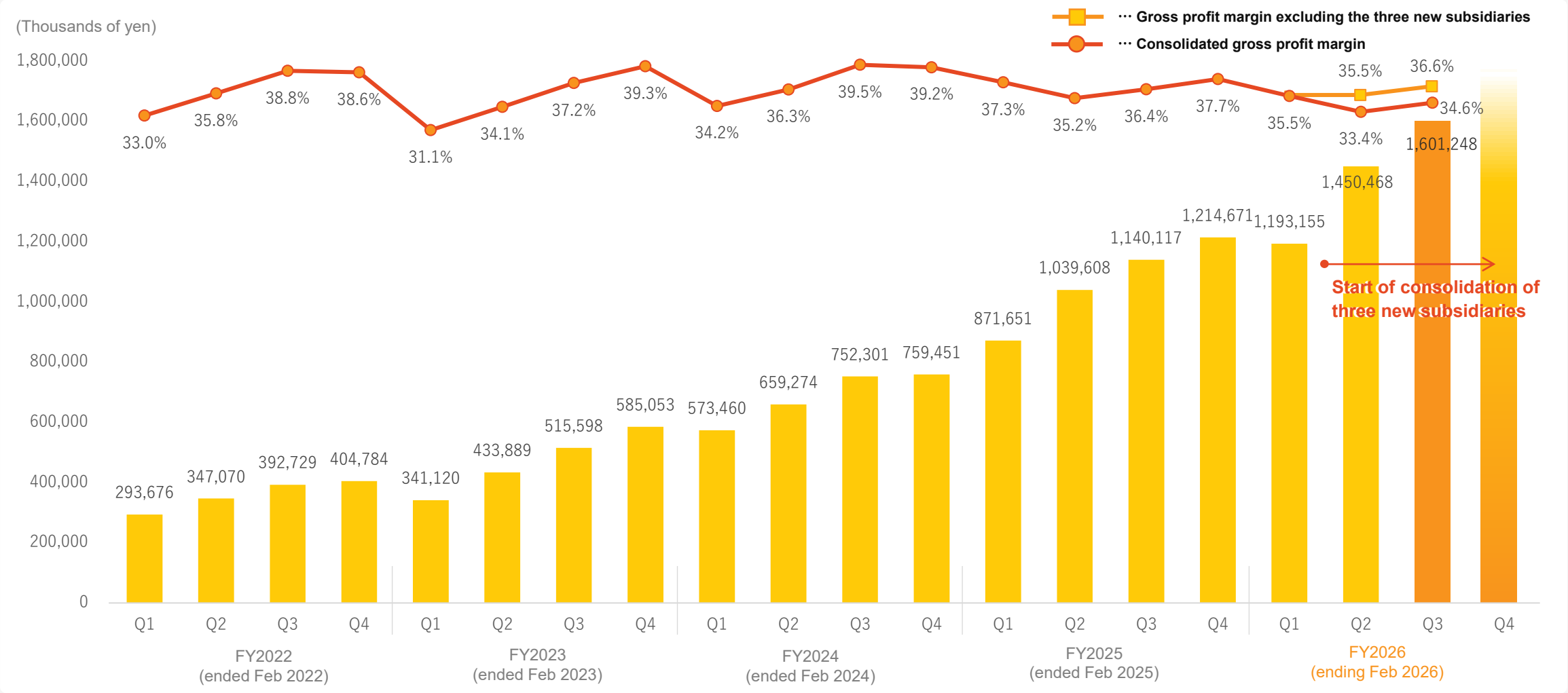
✓ **As before, revenue are expected to increase gradually in the remaining quarters of FY2026 for the following reasons.**

- **The number of acceptance inspections will further rise in Q2 through the end of the fiscal year.**
- **With engineers (new graduate employees in the second or more year of employment) becoming capable of conducting actual work, reassignment of specialized talents (new graduate employees in the third or more year of employment) and highly specialized talents will be conducted in Q2 through the end of the fiscal year.**



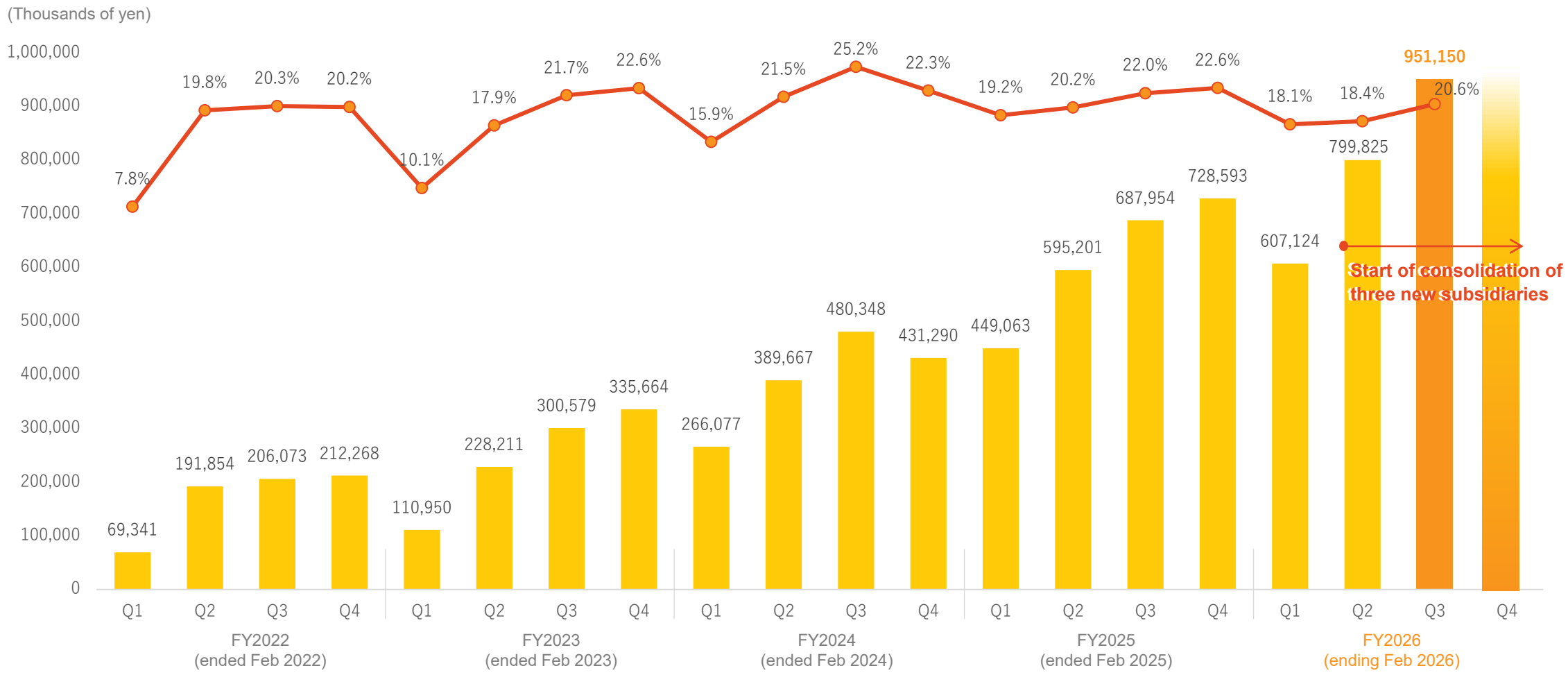
Trends in Quarterly Consolidated Gross Profit

✓ **Excluding the three newly consolidated companies, the gross profit margin exceeded that of the previous year.**



Trends in Quarterly Consolidated Operating Profit

✓ **While impacted by the lower profit margins of our subsidiaries, profitability in Q3 has improved compared to the first half, following the annual trend of gradual increases starting from Q2.**



Progress on the Full-Year Consolidated Earnings Forecast

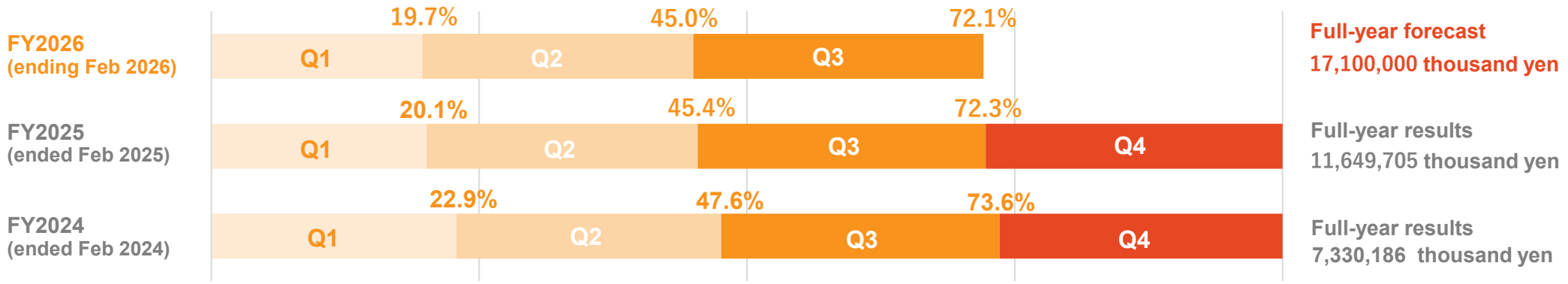
✓ **Following our seasonal trend where earnings gradually increase from Q2 onward, we are progressing steadily with the aim of exceeding our full-year forecast.**

(Thousands of yen)	Q1-Q3 FY2025 Results (Cumulative)	FY2025 full-year results	Progress rate	Q1-Q3 FY2026 Results (Cumulative)	FY2026 full-year Forecast (Revised)	Progress rate toward revised forecast
Revenue	8,425,993	11,649,705	72.3%	12,323,526	17,100,000	72.1%
Operating profit	1,732,219	2,460,813	70.4%	2,358,099	3,250,000	72.6%
Profit before tax	1,736,529	2,461,226	70.6%	2,341,873	3,234,890	72.4%
Profit	1,251,718	1,799,365	69.6%	1,702,042	2,345,295	72.6%

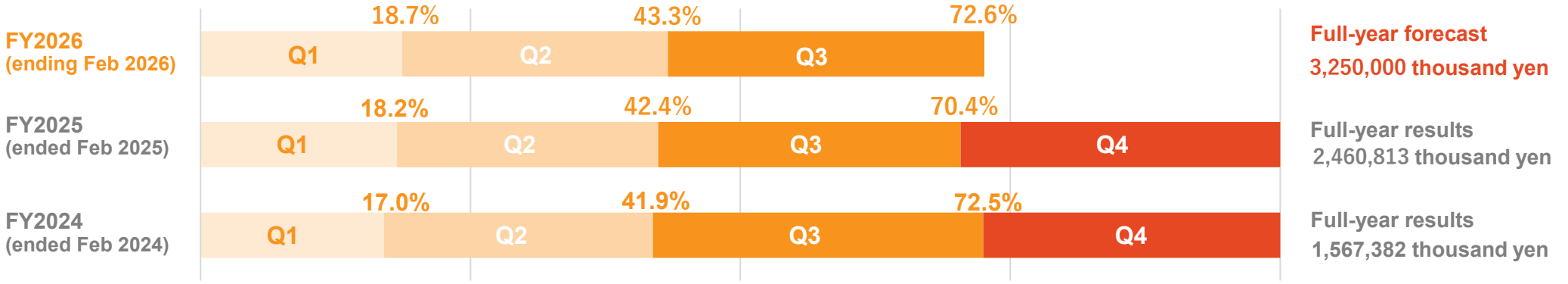
Status of Progress Against the Full-Year Consolidated Earnings Forecast

Revenue

・SPIN TECHNOLOGY, GOKU TECHNOLOGIES and ONE-TECH will be consolidated starting from Q2.



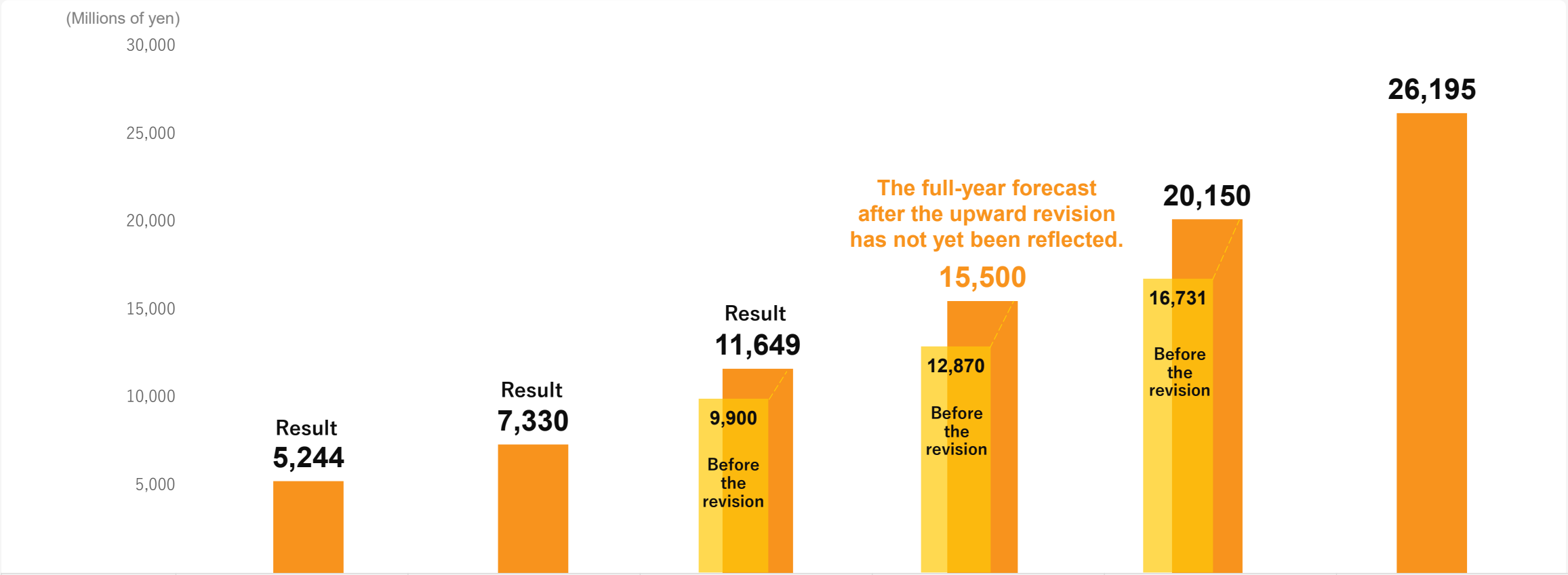
Operating profit



Medium-Term Management Plan

Medium-Term Business Plan: Revenue

✓ **The revised full-year forecast already exceeds the plan below, and we expect to revise it upward at the time of the full-year financial results announcement.**

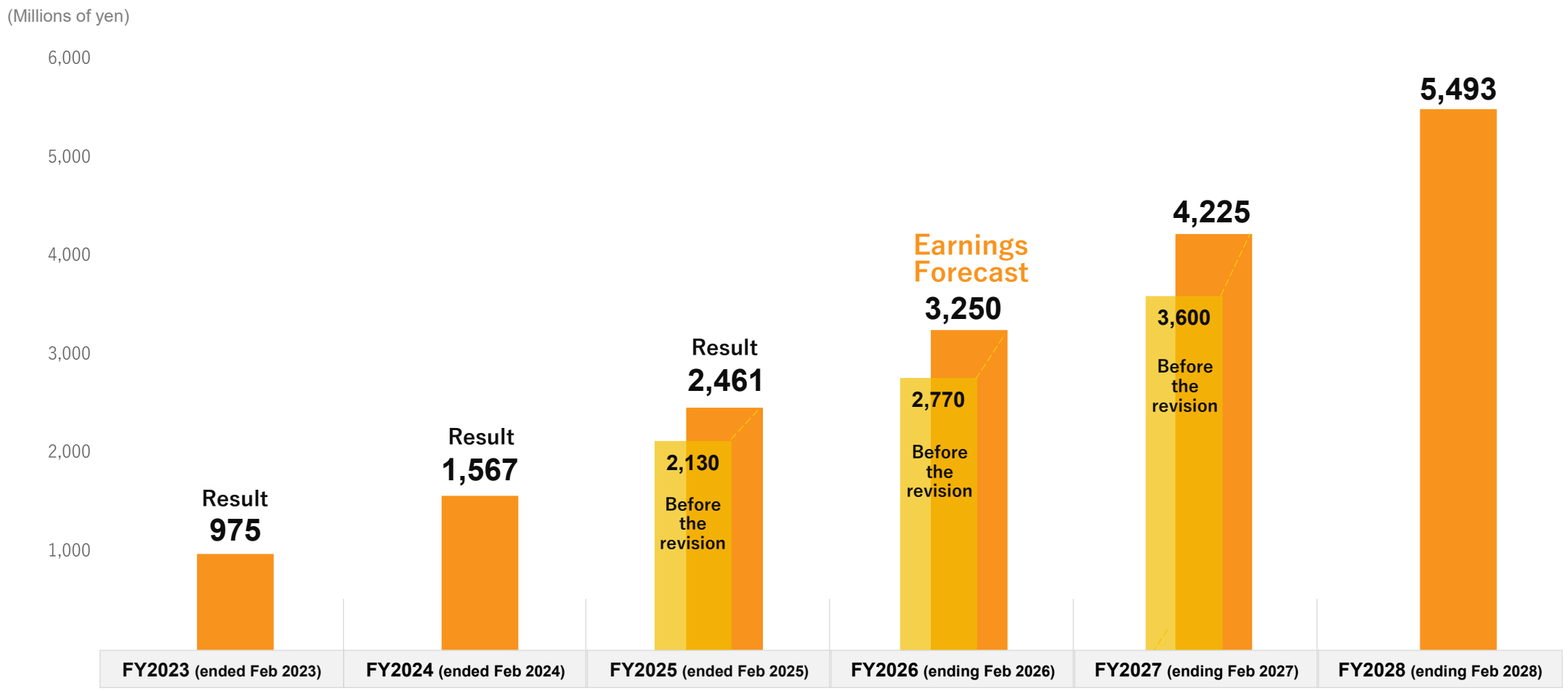


	FY2023 (ended Feb 2023)	FY2024 (ended Feb 2024)	FY2025 (ended Feb 2025)	FY2026 (ending Feb 2026)	FY2027 (ending Feb 2027)	FY2028 (ending Feb 2028)
Highly specialized Talents	135	165	223	295	380	470
Specialized Talents	247	334	408	505	690	910

* Subsidiary personnel are expected to be included in the specialized talents from FY2026 by sharing our skills with those who wish to do. Therefore, it already reflects the approximate number of people.

Medium-Term Business Plan: Operating Profit

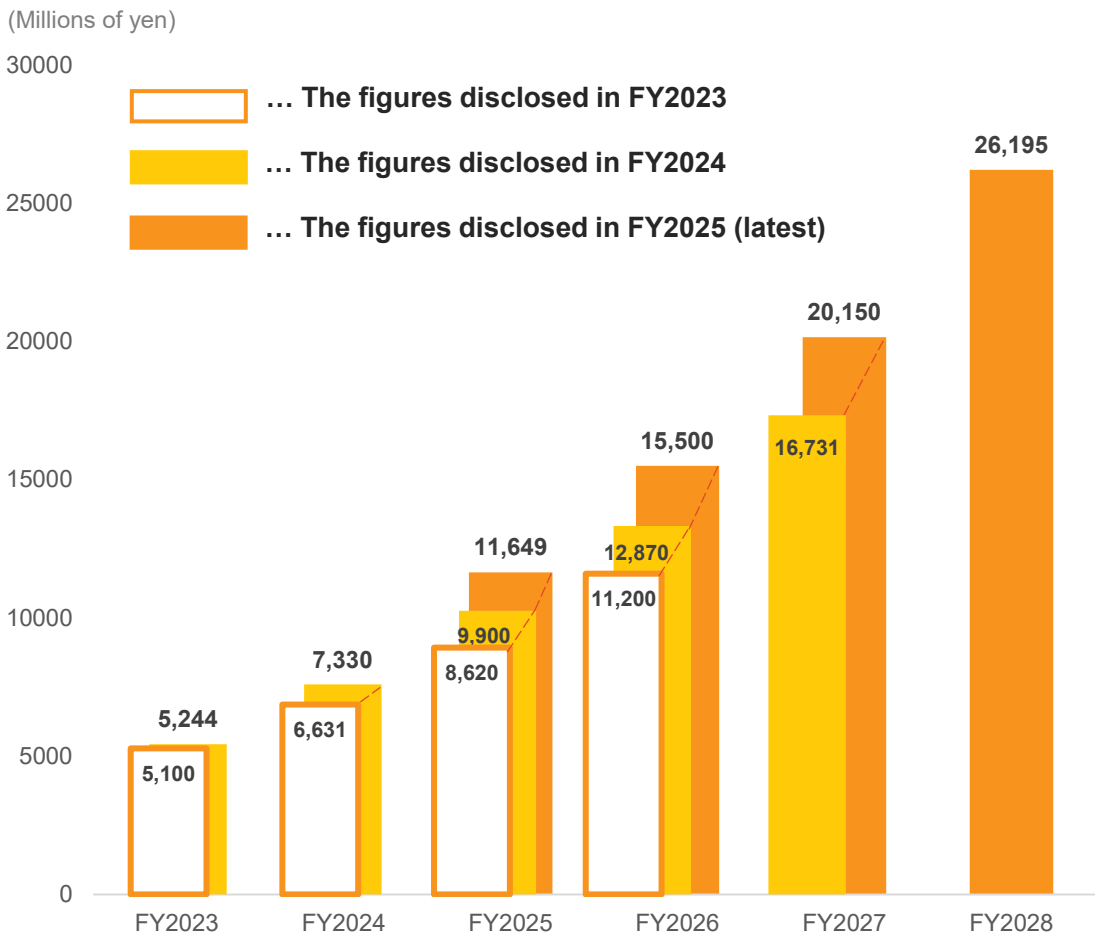
✓ **Even after the transition to the Prime Market, we aim to maintain strong growth.**



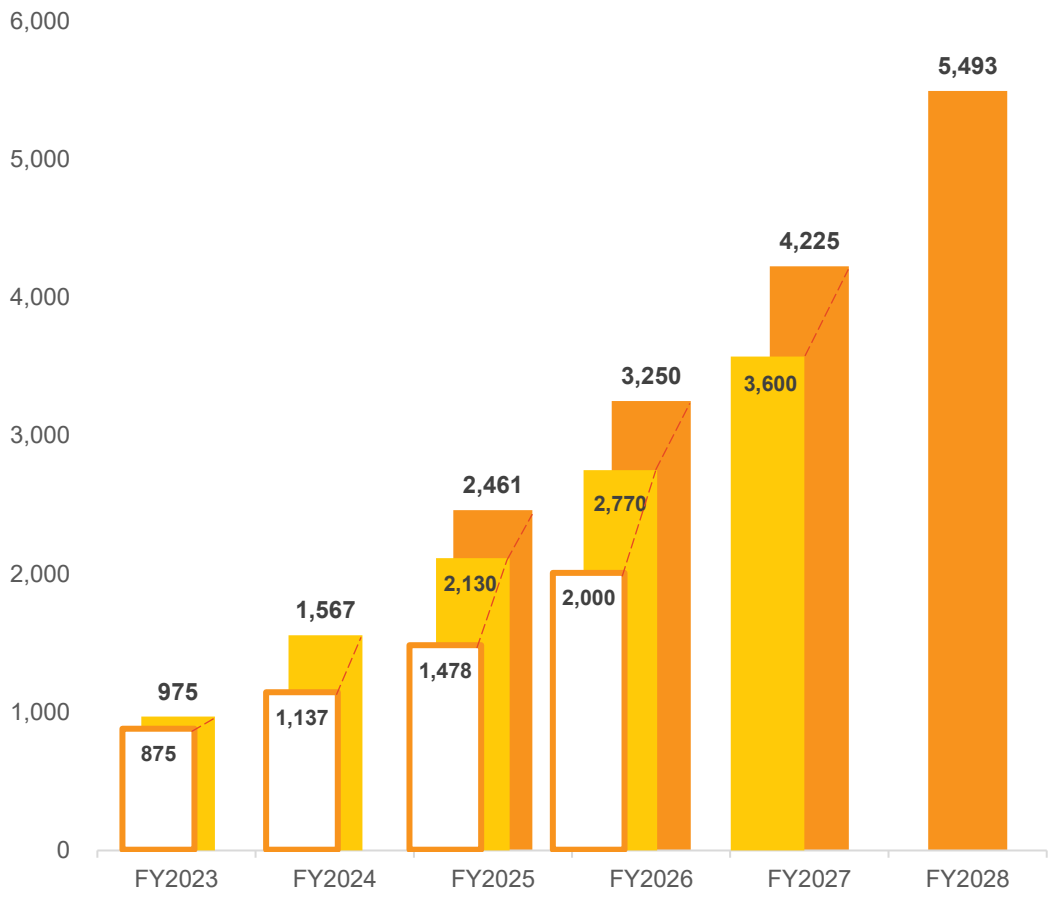
Past revisions to the medium-term management plan

✓ **We exceeded the targets set in the previously disclosed medium-term management plan, and the plan has been updated twice in the past.**

Revenue



Operating Profit



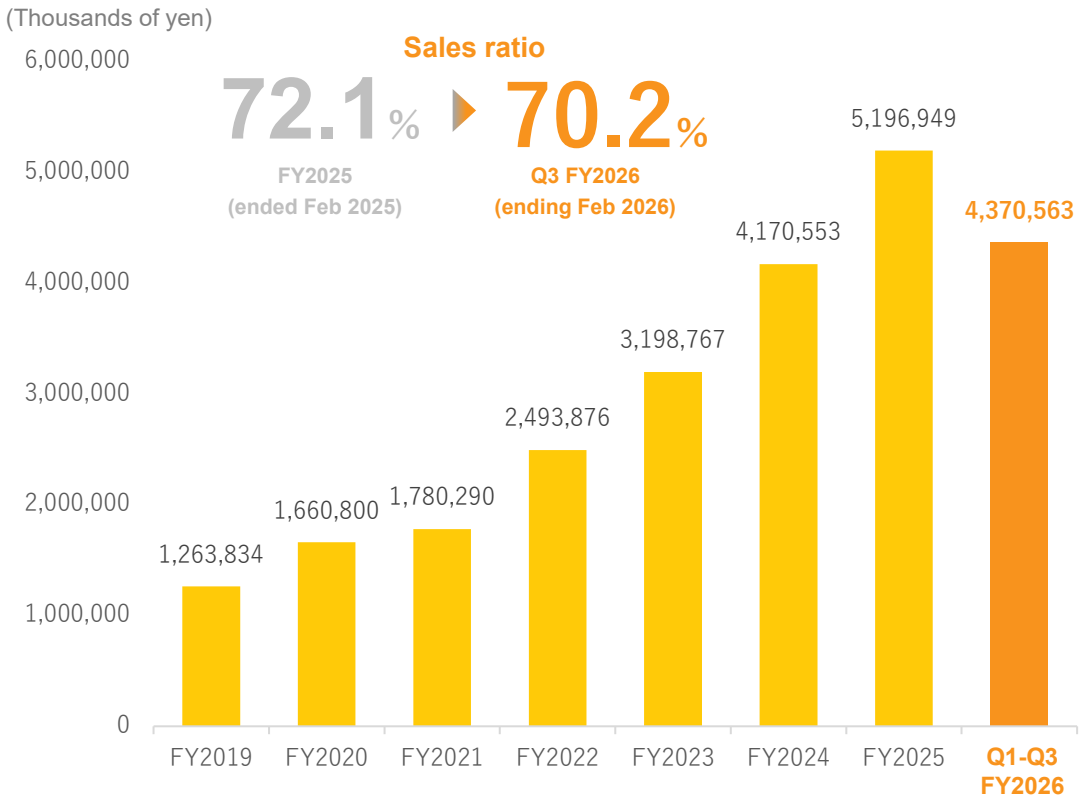
Growth Strategy

Sales to Enterprise Clients (Non-consolidated)

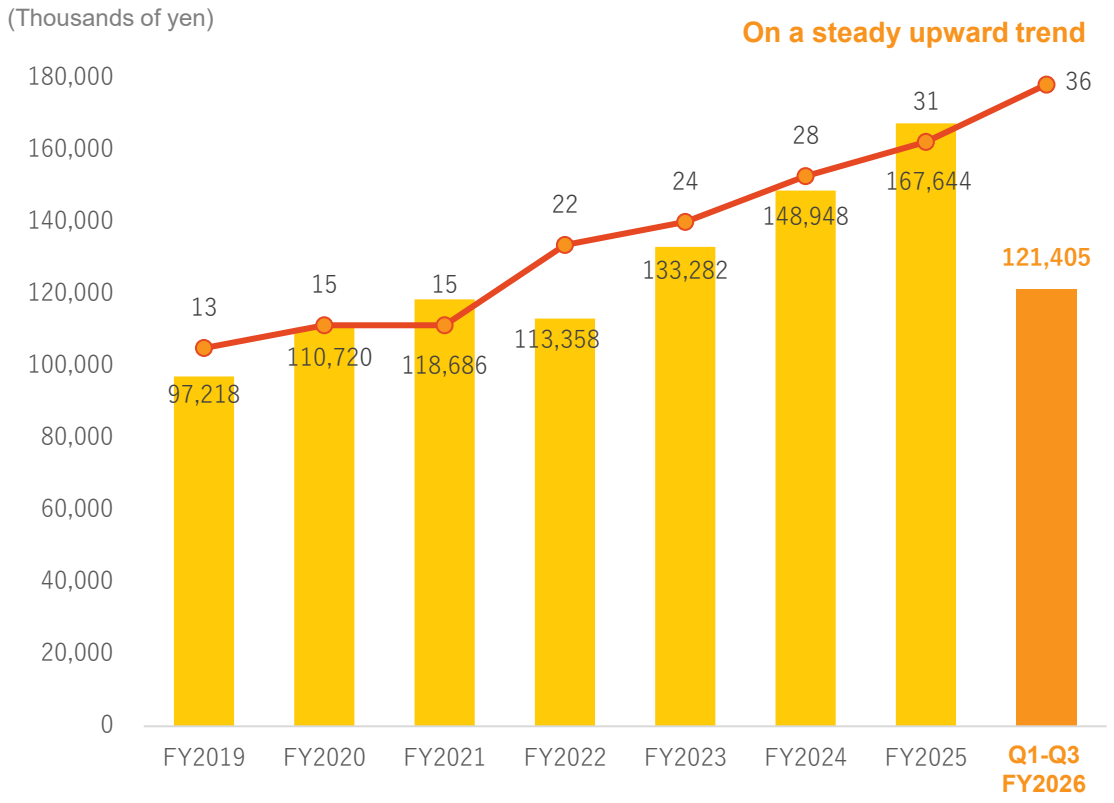
✓ **Driven by group management, SMB customer sales are trending upward this fiscal year. From the next fiscal year, we plan to shift our focus back to increasing the proportion of sales from enterprise customers.**

→We will control costs with an awareness of the expected year-end profit, while operating on the basis of achieving results above the full-year forecast.

Total sales to enterprise clients



Average sales per company and the number of enterprise clients



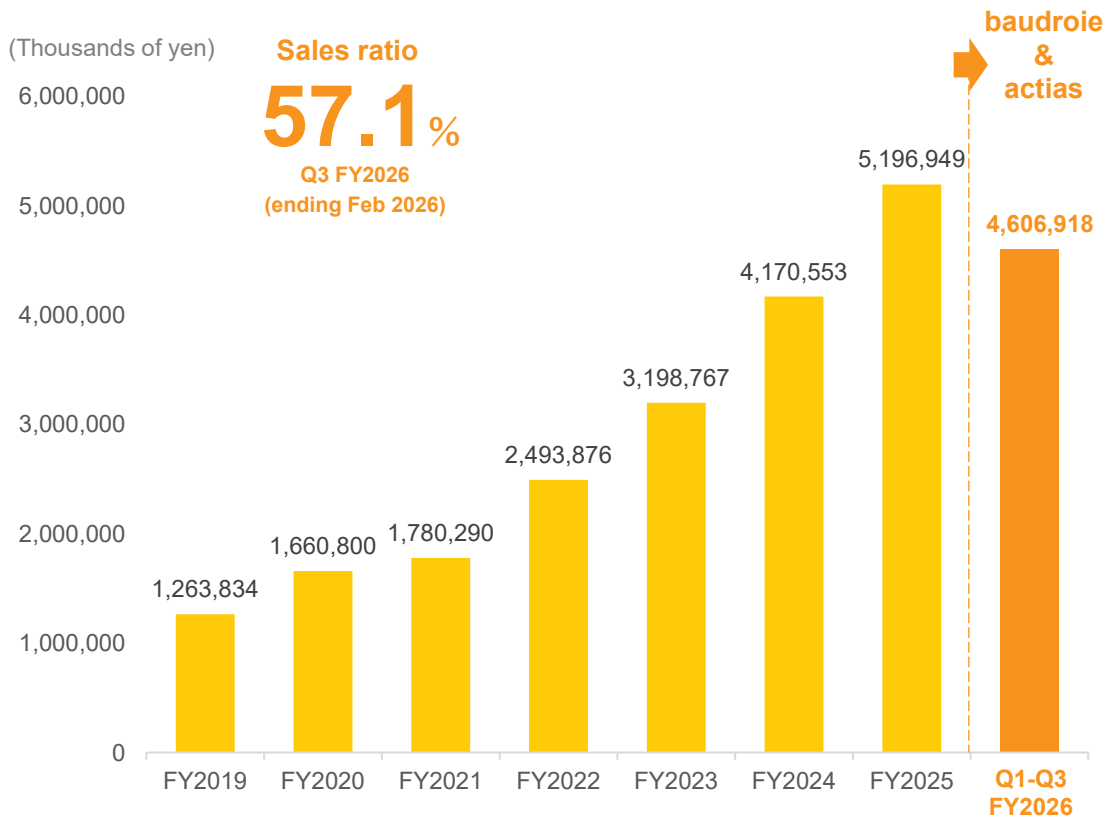
*Enterprise clients are defined as companies selected for either the Nikkei 225, Nikkei 400, or Nikkei 500, or companies with sales of 50 billion yen or more.

Sales to Enterprise Clients (baudroie & actias)

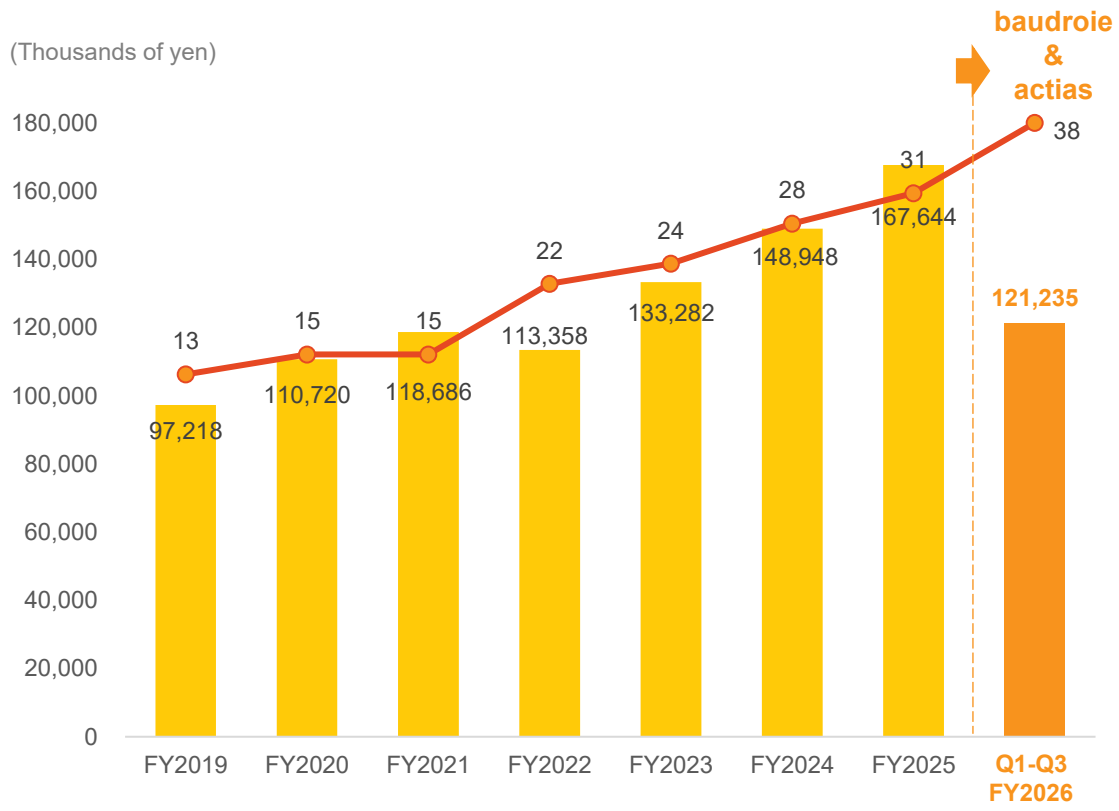
✓ Starting from Q1 of this fiscal year, we have begun aggregating the enterprise customer sales of baudroie inc. and actias Inc.

✓ In the medium to long term, we aim to increase the combined enterprise customer sales ratio of the two companies.

Total sales to enterprise clients



Average sales per company and the number of enterprise clients

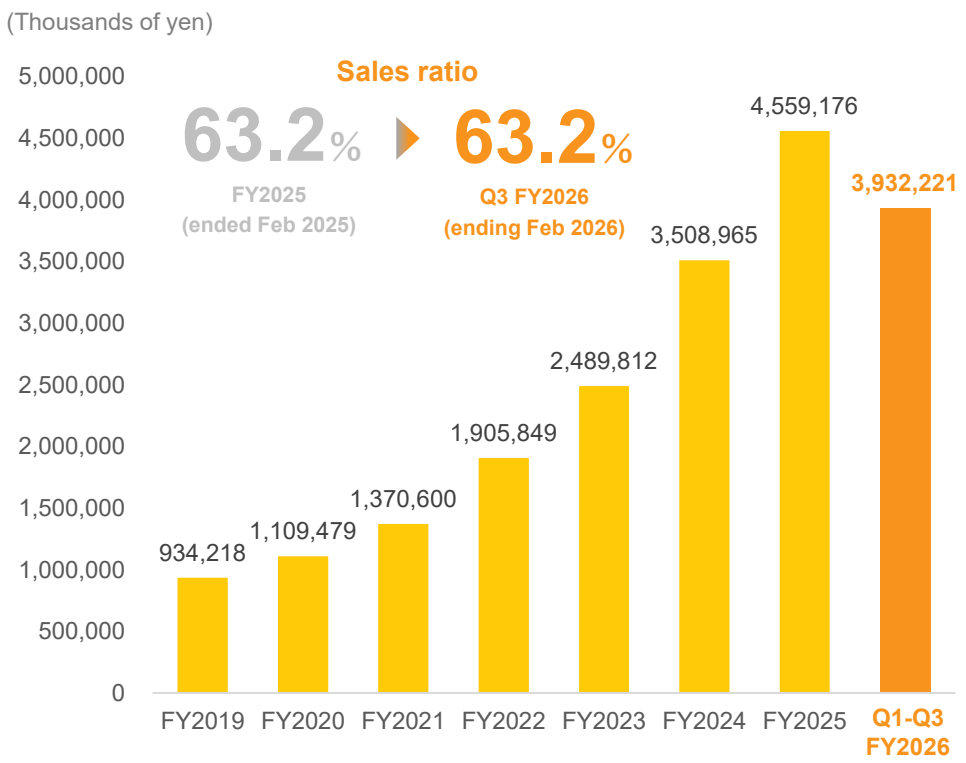


※ For Q1 – Q3 of the fiscal year ending February 2026, the number of companies excludes customers that overlap between baudroie and actias.

Sales in Advanced Technology Areas

✓ **We are proactively securing security-related projects, with a recent increase in cloud security engagements driven by SASE implementation.**

Sales trends in the advanced technology areas



Advanced technology areas expected to have high growth potential

	Forecasted market size	CAGR of the market	Our sales ratio ※6
Wireless (global market)	US$**130.6** billion (2026)*1	**15**%	**19**% ↑1p
Load balancer (global market)	US$**8.9** billion (2027)*2	**13**%	**21**% ↓1p
Network virtualization (domestic market)	Approx. ¥**50** billion (2026) *3	**3**%	**10**% 0p
Cloud (domestic market)	¥**4.3** trillion (2026)※4	**21**%	**23**% ↓3p
Security (Domestic market: software, appliances)	¥**531.7** billion (2026) *5	**4**%	**21**% ↑3p

*Advanced technology areas: technology areas where we are deemed to have high specialty and that are related to any of the wireless, load balancer, SDN, cloud, security, or server virtualization technologies.

*1 Source: "Global Wireless Connectivity Market" by BCC Research (provided by Global Information, Inc. as agent)
*2 Source: "Load Balancer Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast" by IMARC Services Private Limited (provided by Global Information, Inc. as agent)
*3 Source: Press release by IDC Japan, "Announcement of Domestic Network Virtualization/Automation Market and NFV Market Forecasts" (May 11, 2022)
*4 Source: Press release by IDC Japan, "Announcement of Domestic Public Cloud Service Market Forecast" (September 15, 2022)
*5 Source: Press release by IDC Japan, "Announcement of Latest Domestic Information Security Market Forecasts" (May 26, 2022)
*6 The changes in "our sales ratio" (indicated by arrows) show comparison with FY2025 results and include overlapping sales in two or more areas.

Development of Specialized and Highly Specialized Talent

- ✓ **Develop highly specialized talents based on our education and training systems dedicated to IT infrastructure.**
- ✓ **The increase in the number of highly specialized talents are becoming larger as a result of intensified recruitment prior to the listing.**

	Specialized talents	Highly specialized talents
FY2021 (ended Feb 2021)	122	97
FY2022 (ended Feb 2022)	174	109
FY2023 (ended Feb 2023)	247	135
FY2024 (ended Feb 2024)	334	165
FY2025 (ended Feb 2025)	408	223
Q3 FY2026 (ending Feb 2026)	**490**	**293**

*For the definition of specialized and highly specialized talents, refer to the Appendix.

Illustrative Drawing of Our Strategy

Prepare for high growth to be achieved in FY2028 and onward.

Transform sales composition

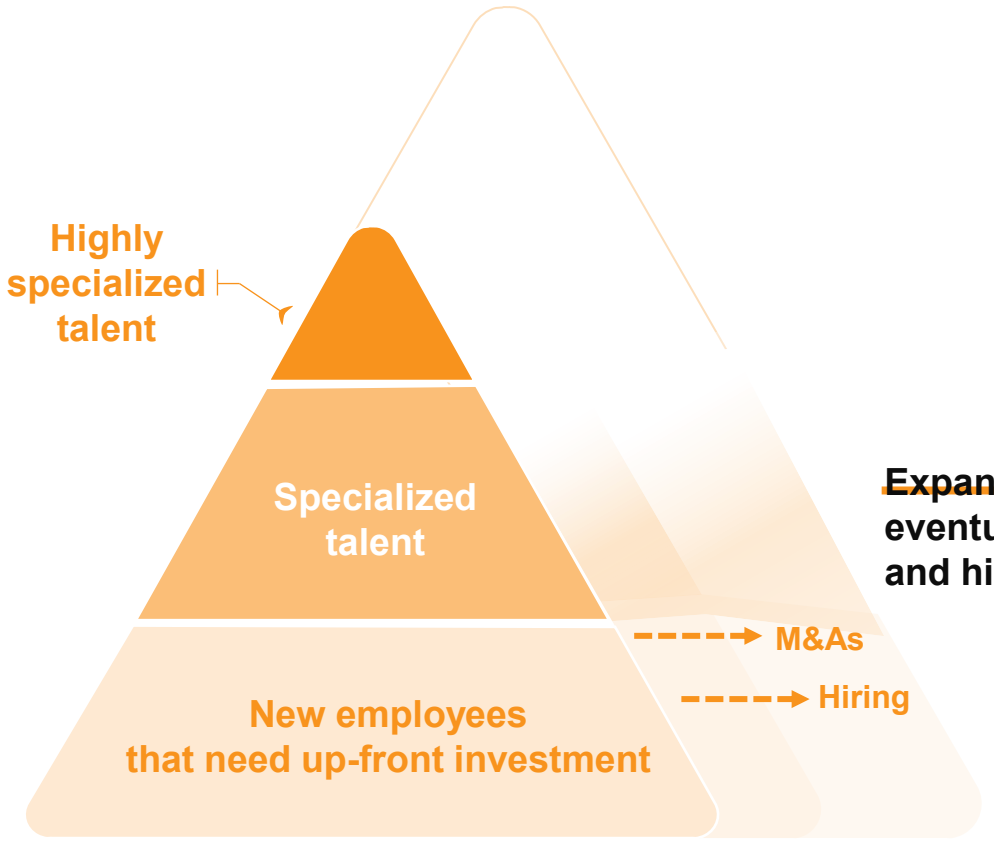
Raise the sales ratio

of advanced technology areas and enterprise clients

Transform talent structure

Raise the ratio of specialized

and highly specialized talents



Expand the talent base that will eventually grow into specialized and highly specialized talent

PMI Overview

Through PMI, we aim to raise the subsidiaries' profit margins to the level of baudroie inc.
Enhancing each subsidiary's competitive advantages to achieve overall group growth.

SPIN TECHNOLOGY
GOKU TECHNOLOGIES
ONE-TECH
RIKSOL

Operating profit margin
8～10%

ZOSTEC
ALJOY

FunClock

actias

baudroie

Operating profit margin
24～26%

Training and development of engineers

- CCNA* Training
- Follower Training for Junior & Mid-level Staff
- Recreation & Awards for Organizational Culture

Building a highly engaged engineering group

Development of specialized talents and future leaders

- baudroie College & CCNP* Training Sharing
- Team Leader Training for PL Development
- Collaborative Team Projects for PL Experience

Developing highly specialized talents with even higher engagement

Developing Highly specialized talents and future managers

- Advanced Training (Virtualization, Cloud, Security)
- Manager Training (Business & Org Management Skills)
- Large-Scale Projects for PM Experience
- Dining with officers
  (Broadening Perspective with Management)

Producing highly specialized talens who embody the group's DNA

Enhancing Competitive Advantage

Project transfer

- Transferring baudroie's SMB projects to the subsidiary.

Acquisition of enterprise and advanced technology projects

- Optimization of sales personnel allocation
- Sharing and referral of customer information
- Promotion of joint proposals and generation of projects

*CCNA and CCNP … Certification programs offered by Cisco Systems, a leading network equipment vendor.

Summary of Highlights

01

- ✓ Raise the ratio of specialized talents and highly specialized talents.
- ✓ Expand and deepen projects in advanced technology areas and for enterprise clients.
- ✓ M&A

02

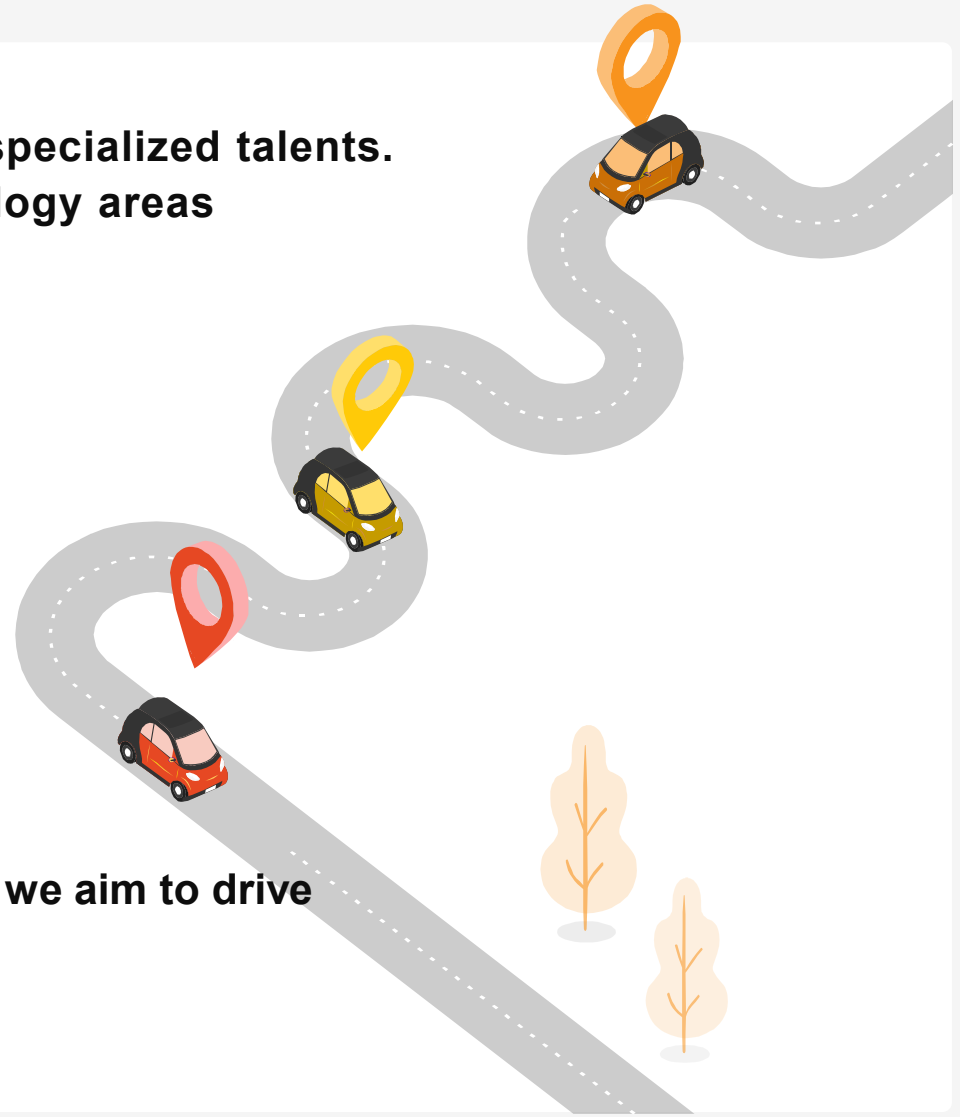
- ✓ Maintain high growth rates
- ✓ Medium-term business plan

03

- ✓ Transition to the TSE Prime market.
- ✓ Start paying dividends.

04

- ✓ While enhancing baudroie's competitive advantage, we aim to drive growth for the entire group company.
- ✓ Dividend Policy



Appendix

FY2026 Dividend Forecast

- ✓ We will begin paying dividends from FY2026.
- ✓ According to the material on the right, it appears that transitioning from no dividend paying to dividend paying may lead to a decrease in volatility.

Dividend Forecast

Purpose

To encourage investment from investors who focus solely on dividend-paying companies, thereby broadening our investor base.

By transitioning from no dividends to dividend payments, there is a possibility of reduced volatility, and we are optimistic about the potential impact of this effect.

Dividend Payout Ratio	10%
Annual Dividend	7.58 yen

The Effect of Dividends on Volatility	Number of companies	90-day volatility median	Dividend payout ratio median
Group 1 total (The highest dividend payout ratio)	303	21.24	101.2%
Group 2 total	303	22.84	56.8%
Group 3 total	303	23.80	46.1%
Group 4 total	303	24.63	39.5%
Group 5 total	303	24.78	34.4%
Group 6 total	303	27.25	30.6%
Group 7 total	304	25.11	27.2%
Group 8 total	304	26.49	22.8%
Group 9 total	304	26.75	18.1%
Group 10 total (The lowest dividend payout ratio)	304	29.33	10.6%
The total number of companies with a positive dividend payout ratio	3034	25.07	32.2%
Non-dividend paying companies	721	45.66	0.0%
The total number of companies with a negative dividend payout ratio	181	26.40	-25.4%

The difference in value is the largest when transitioning from no dividends to dividend payments.

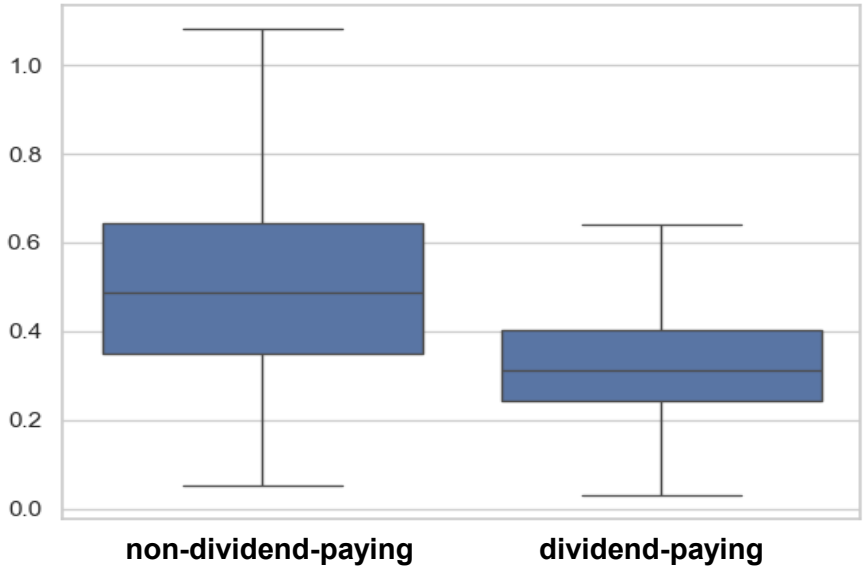
* Reference: Data from Nezu Asia Capital Limited's report as of December 2024.

Approach to Dividends

- ✓ **There is a tendency for stock price volatility to decrease when a company transitions from being non-dividend-paying to dividend-paying.**
- ✓ **Accordingly, we are initiating dividend payments as a management initiative with an awareness of the capital markets.**

Comparison of non-dividend-paying and dividend-paying companies

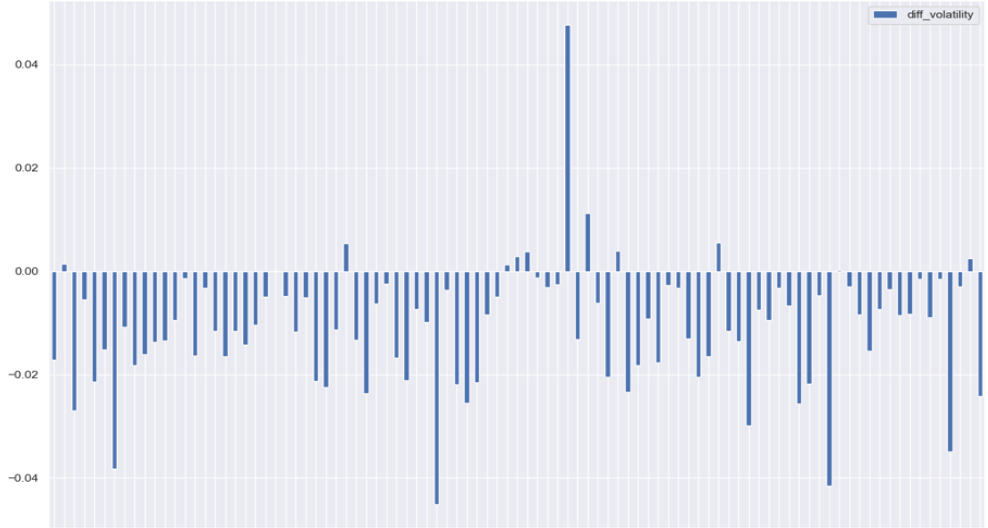
Dividend-paying stocks tend to have lower volatility.



* Daily volatility (annualized) was calculated for the 250 trading days following the forecast dividend announcement date, and aggregated separately for non-dividend and dividend-paying stocks. The analysis covers the period from 2009 to 2024. In the chart, the black line in the center represents the average, while the other lines indicate the maximum, minimum, and quartile values.

The relationship between dividend initiation and stock price volatility

After the initiation of dividends, approximately 90% of the stocks experienced a decrease in volatility.



* Among the non-dividend-paying stocks as of 2015, those that issued dividends five or more times by 2024 were selected. For each, the daily volatility (annualized) was calculated for the 250 trading days before and after the first dividend announcement, and the difference was computed. The results were sorted by stock code.

* Reference: Data from Acropolis Advisors, Inc's report as of December 2024.

Past M&A Results and Future M&As Utilizing Treasury Shares

Company Name	ZOSTEC Inc.	ALJOY Inc.	FunClock Inc.	actias Inc.
Business Description	Network and Server Integration	Network and Server Integration	Testing and Validation	Network and Server Integration
Revenue Operating Profit	224 million yen -8 million yen (At the time of acquisition)	389 million yen 6 million yen (At the time of acquisition)	1 billion yen 50 million yen (FY2023 ended in June)	1.7 billion yen -30 million yen (FY2024 ended in January)
Acquisition Date	April 2022	March 2023	March 2024	June 2024

Revenue and Operating Profit Trends of ZOSTEC and ALJOY (Combined Total for Both Companies)

	At the time of acquisition	FY2024 results (full-year)	FY2025 results (full-year)
Net sales	613,703 thousand yen	1,339,199 thousand yen	1,693,779 thousand yen
Operating profit	-2,136 thousand yen	135,273 thousand yen	236,001 thousand yen

Post-merger integration (PMI) is sufficiently conducted even now, but we will achieve more effective PMI by using the following method.

Going forward, we will use part of our treasury shares to acquire companies. By retaining their ownership not only at the management team of the parent company but also at the management team of the acquired companies, we will build an organizational structure that can generate further added value.

Our Stance for Implementing Future M&As

As an acquisition scheme to deepen collaboration among the Group, we will pay part of the consideration for the acquisition of a subsidiary's shares by using our treasury shares. By doing so, we intend to let the president of the acquired company retain part of its ownership while giving incentives to commit himself or herself to expanding the corporate value of the Group from the perspective of the founder.

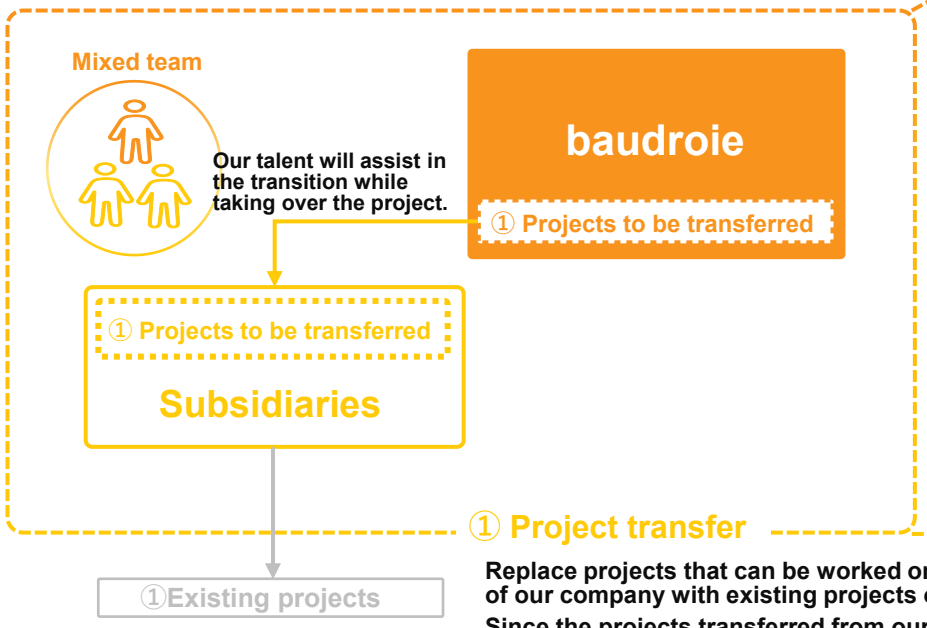
	No participation in the Group	Participation in the Group (100% share transfer)	Participation in the Group (Partial share exchange)
Consideration for acquisition	No consideration	Consideration in money only ▸ No ownership With a weak sense of unity in the Group, it is difficult to conduct PMI for deeper collaboration.	Cash + Treasury shares ▸ Retain ownership With a strong sense of unity in the Group, it is possible to conduct PMI for deeper collaboration.
Company growth	Realistic and achievable growth	Growth through PMI	Accelerated growth through PMI

Image of M&A Strategy

As M&A targets, 1–3 are included, with the three subsidiaries consolidated from Q2 FY2026 classified as Category 1.

1. M&A of Companies mainly staffed by young employees
   → Companies primarily composed of young employees and engaged in comprehensive IT support services are easier to reskill.
2. Companies that are not primarily composed of young employees, but already possess advanced expertise in a specific field.
   → Since it is difficult to reskill them, their business domain needs to be closely aligned with ours.
3. Companies operating in areas closely aligned with IT infrastructure, including AI, IoT, and DX.

Short-term purposes of M&A

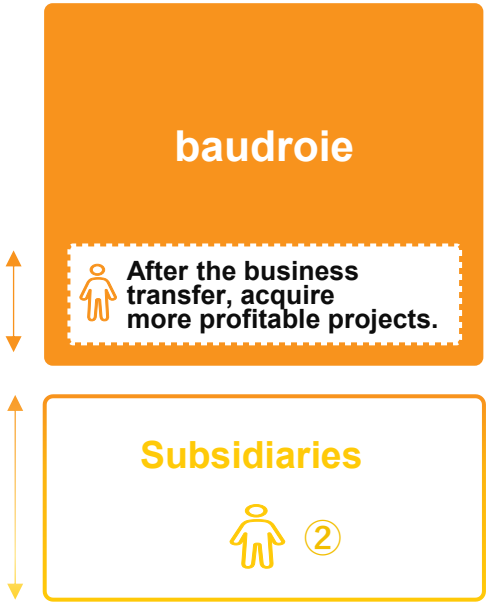


① Project transfer

Replace projects that can be worked on independently of our company with existing projects of the subsidiary.

Since the projects transferred from our company are more profitable than the existing projects of the subsidiary, profitability will improve post-M&A.

Medium- and long-term purposes



② Technical knowledge sharing and development

We will support the subsidiary's growth by sharing technical knowledge according to their needs and fostering specialized talent, enabling them to grow independently.

Enhance the competitive advantages of each company and aim for overall performance growth of the group.

ZOSTEC Inc.and ALJOY Inc, which were previously acquired through M&A, have improved their profitability post-acquisition due to factor ① from FY2024.

- Since the previous fiscal year (FY2025), ZOSTEC Inc.and ALJOY Inc. have also experienced growth driven by factor ②.
- actias Inc. is expected to develop approximately 50 specialized talents starting from FY2027.

Effective Utilization of Shares

Maximize the benefits of direct financing to increase corporate value

✓ **Acquisition of treasury stock**

December 2024～April 2025, acquired treasury shares

Number of treasury shares acquired	610,400

✓ **Three companies were newly made subsidiaries through the use of treasury shares.**

- SPIN TECHNOLOGY Inc.

  2,300 shares out of 4,000 shares issued were acquired through a share exchange.

Number of treasury shares delivered	115,000

- GOKU TECHNOLOGIES INC.

  1,150 shares out of 2,000 shares issued were acquired through a share exchange.

Number of treasury shares delivered	116,150

- ONE-TECH Inc.

  1,100 shares out of 4,000 shares issued were acquired through a share exchange.

Number of treasury shares delivered	36,300

✓ **Share-based compensation**

Regularly grant share-based compensation to employees

＋

✓ **Call options from major shareholders**

Employees purchases call options

Number of eligible allottees of the share	Unrealized profit per person(approximation)※
436	7.5 million yen
(As of August 31, 2025)	(Calculated based on the closing price as of August 31, 2025)

* Includes unexercised stock options and call options; does not take into account sales after exercise.
* Call options are traded relative to major shareholders. And are different from share-based compensation plans implemented by the Company itself.
* 2.62% residual potential shares from share acquisition rights; 231,200 call options from major shareholders.

Purpose and Timing of the Offering / Acquisition of Own Shares for the Next M&A

- The offering was conducted in December 2024 to comply with the circulating stock ratio requirement for transitioning to the Prime Market.
  ➡ Current free float ratio: approximately 26% → After offering: approximately 37% (Excluding the 2.25% for the over-allotment option and the estimated 4% for acquisition of own shares)
- As the number of IR meetings with overseas institutional investors has increased recently, we need to increase liquidity so that new investors can purchase our shares.
- This will also increase the likelihood of inclusion in the next TOPIX (top 97% criterion based on the cumulative free float market capitalization weight).
  ➡ Since the judgment will be based on the figures from the annual securities report for the FY2025, our company needed to take action within this fiscal year to meet the criteria. Therefore, the offering was carried out simultaneously with the resolution for the market change application.

The idea is to connect supply and demand events for the stock.

An amount approximately equal to that in March is expected to be included in TOPIX.

December 2024 | March 2025 | April 2025 | October 2025 | April 2026 | August 2026

Offering

Free float ratio: approximately 26%
→ After offering 41%

The listing was changed to the Prime Market(3/10)

Our company's stock is expected to be purchased in anticipation of inclusion in the TOPIX index.

The free float ratio stated in the annual securities report for FY2024 serves as the criterion.

Since the offering for the transition to the Prime Market was completed at the time of the application, we anticipate that the inclusion in the TOPIX index will not occur amid a deterioration in stock supply and demand.

Regular review

After reflecting the shares from the offering
The free float ratio stated
in the annual securities report
for FY2025 serves as the criterion.

Removal of adjustment factor

The adjustment factor of 0.75 has been lifted, and the remaining 0.25 will be included in TOPIX.

Judgment on inclusion in the next TOPIX

After reflecting the shares
from the offering
The free float ratio stated
in the annual securities report
for FY2025 serves as the criterion.

Acquisition of own shares

We use treasury shares as part of the acquisition consideration, leaving ownership with the subsidiary's management to drive the expansion of corporate value.
The treasury shares repurchased previously were fully used for the acquisition of the two subsidiaries, so we plan to acquire of our own shares in preparation for future M&As.

Free float ratio: approximately 37%

Commenced inclusion into current TOPIX.
(Late April)

Full-Year Financial Results Announcement for the FY2025

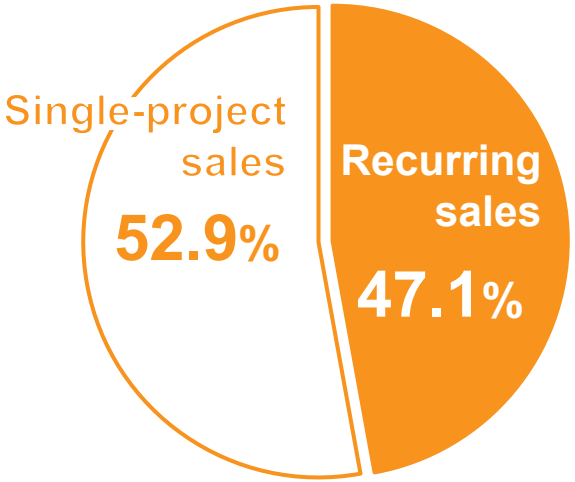
Trends in Financial Results

(Thousands of yen)	FY2017 10th period	FY2018 11th period	FY2019 12th period	FY2020 13th period	FY2021 14th period	FY2022 15th period	FY2023 16th period	FY2024 17th period	FY2025 18th period ※Transitioned to IFRS
Revenue	**1,626,968**	**2,087,013**	**2,261,561**	**2,648,008**	**3,084,973**	**3,922,944**	**5,244,343**	**7,330,186**	**11,649,705**
Operating profit	131,471	230,012	274,696	409,339	509,439	679,536	975,404	1,567,382	2,460,813
Ordinary profit	116,255	217,992	237,982	395,841	542,494	688,011	1,033,662	1,558,439	—
Profit*	79,757	135,544	162,557	278,824	415,711	542,774	793,970	1,171,690	1,799,365
Operating profit margin	**8.1%**	**11.0%**	**12.1%**	**15.5%**	**16.5%**	**17.3%**	**18.6%**	**21.4%**	**21.1%**
Ordinary profit margin(%)	7.1%	10.4%	10.5%	14.9%	17.6%	17.5%	19.7%	21.3%	—
Net sales growth rate (%)	-	28.3%	8.4%	17.1%	16.5%	27.2%	33.7%	39.8%	58.9%
Operating profit growth rate (%)	-	75.0%	19.4%	49.0%	24.5%	33.4%	43.5%	60.7%	55.2%

Recurring Sales through Continuous Services with Retained Clients (Non-consolidated)

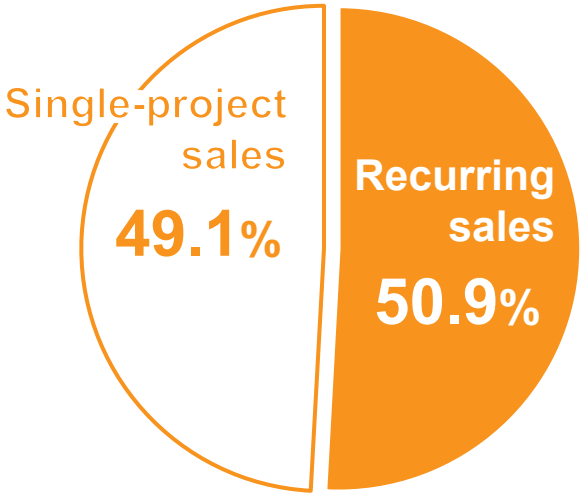
✓ **Continued stable earnings from recurring sales.**

FY2025 (ended Feb 2025)



Recurring sales: 3,398,923 thousand yen

Q1 - Q3 FY2026 (ending Feb 2026)



Recurring sales: 3,165,221 thousand yen

Definitions of Specialized and Highly Specialized Talents

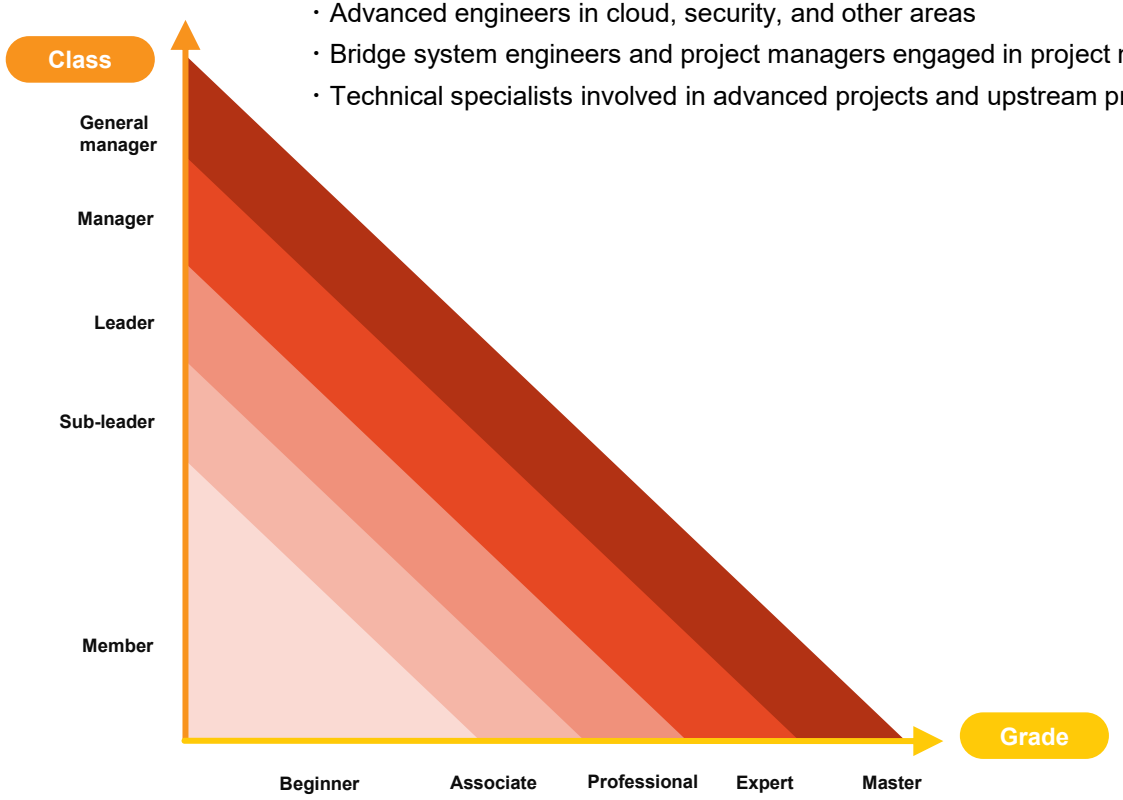
Specialized talents

Employees at sub-leader or higher levels in comprehensive capabilities, which are rated by class, or associate or higher levels in technical capabilities, which are rated by grade, in our personnel assessment and who are certified as CCNP or have passed the in-house certification exam Level 2 or above. (excluding highly specialized talents)

Highly specialized talents

Employees in our personnel assessment at leader or higher levels in comprehensive capabilities, which are rated by class, or professional or higher levels in technical capabilities, which are rated by grade, and who fall under any of the following categories:

- IT consultants, system architects
- Advanced engineers in cloud, security, and other areas
- Bridge system engineers and project managers engaged in project management
- Technical specialists involved in advanced projects and upstream processes



Class

Comprehensive capabilities as a generalist, including such aspects as business improvement, client coordination, guidance, and development of talents.
(classified into 5 levels of member, sub-leader, leader, manager, and general manager)
Leader: can understand the plan for the project in which he or she is engaged, execute it, produce results, and give accurate guidance to juniors.

Grade

Technical capabilities as a player, including knowledge, experience and skills
(classified into 5 levels of beginner, associate, professional, expert and master)
Professional: has basic knowledge and experience in his or her job domain and can handle routine work by himself or herself.

Corporate Social Responsibility

SUSTAINABLE DEVELOPMENT GOALS

We believe that developing young people who are capable of creating new IT industry areas and down-to-earth young people with advanced IT skills should lead to the development of a sustainable society.
The Company not only conducts education and training for its employees but also provides training for general university students, who will play an active role in society, to acquire IT qualifications.
(More than 150 such university students acquire the qualification annually.)

We propose to our clients that they adopt virtualization of servers and storage devices, etc., and promote the use of such services.
Enhancing the use efficiency of IT infrastructure equipment should lead to consolidation of servers and storage devices in terms of their unit numbers, and fewer such units will reduce the amount of heat generated from them and the power required for the equipment to cool them.
We will contribute to energy savings in IT infrastructure equipment with such virtualization technologies.

IT, which has brought convenience to people, is now beginning to play a more important role in protecting people, securing people’s lives, and other aspects.
With new IT services being created on a daily basis and gradually becoming a reality all around the world, we want to make the most of the power of IT to create a better future.

Disclaimer

This material contains forward-looking statements.These statements are based only on information available to the Company at the time they were prepared.

Moreover, such statements do not guarantee the future outcomes, and involve risks and uncertainties.

Please note that actual results may differ materially from future projections due to changes in the business environment and other factors.

Such factors that may affect the actual results include, but are not limited to, domestic and overseas economic conditions and trends in industries that are related to the Company.

We assume no obligation to update or revise any forward-looking statements contained in this material if new information arises or any event occurs in the future.

In addition, the information contained in this material with respect to anything other than the Company has been cited from public information, and we have not verified or guaranteed the accuracy or appropriateness of such information.

baudroie inc.