

1. Business Highlights for the Three Months of 42nd Business Period (Fiscal Year Ending March 31, 2026)

(1) Qualitative Information on Consolidated Results of Operations

During the three months ended June 30, 2025, the Japanese economy continued to recover moderately amid an improved employment and income environment. Meanwhile, the economic outlook continues to be uncertain due to concerns over a global and Japanese economic slowdown caused by tariff measures imposed on other countries by the Trump administration, as well as soaring raw material and energy prices driven by such factors as the tension in the Middle East and the prolonged situation in Ukraine.

In the Information Infrastructure Business, as cyber-attacks continue to rise, the attack methods become more sophisticated and elaborate, and legal regulations and corporate governance are strengthened, cybersecurity measures are considered management issues. As a result, the demand for cybersecurity products and services remains strong. Under these circumstances, in the Information Infrastructure Business, the Company's core business, we continued to see growing demand for cloud-based security measure products.

In the Application Services Business, business has remained strong in the CRM field thanks to collaboration with a major system integrator and telemarketing vendor. Additionally, business has been steadily increasing through subscription-based products. In collaboration with our capital and business alliance partner, Mobilus Corporation, we have launched our in-house products that utilize generative AI technology. In the Software Quality Assurance field, demand remained robust for testing tools used to ensure the quality of enterprise systems and embedded software. In particular, with the further application of IT in automobiles, there was a strong demand for improvement in the quality of embedded software such as in-vehicle software, and orders continued to be favorable. We have launched "Quomiru," a dashboard tool that visualizes progress, quality, and risks in the software development process in real time. Quomiru is our first proprietary solution in this field. In the Business Solutions field, the accumulation of projects including bidding projects has slowed down and we are continuing to focus on accumulating orders. In the EdTech field, we are constantly receiving inquiries about our fully cloud-based school administration support system, "tsumugino," resulting in a steady increase in the number of new adoptions of our platform by both private and public schools. Moreover, tsumugino was officially adopted in the previous fiscal year as "Benesse School Admin Cloud," the school administration support system to be offered to high schools by Benesse Corporation. New projects are being created through the strengthened cooperation with Benesse.

In the Medical Systems Business, the new PSP Corporation ("PSP"), which was started on April 1, 2022, has been working to unify our customer base and integrate our products and services, as well as promoting the shift of PACS (medical imaging management) to recurring revenue business models. PSP is actively advancing a shift from the on-premise PACS offered by the pre-merger PSP Corporation to cloud-based PACS at the time of renewal. This initiative is progressing steadily, and we aim to accelerate the shift to cloud-based PACS at large medical institutions.

As a result of the above, consolidated revenue for the three months ended June 30, 2025 was ¥15,863 million, a year-on-year increase of ¥2,099 million (15.3%), achieving a record high for the first quarter. Gross profit amounted to ¥4,931 million, a year-on-year increase of ¥634 million (14.8%). Selling, general and administrative expenses were ¥3,659 million, a year-on-year increase of ¥467 million (14.6%), due to increases in personnel expenses and other costs. As a result, operating profit came to ¥1,274 million, a year-on-year increase of ¥160 million (14.4%).

Consequently, profit before tax was ¥1,281 million, a year-on-year increase of ¥150 million (13.3%), and profit attributable to owners of parent was ¥856 million, a year-on-year increase of ¥129 million (17.8%).

Results by operating segment were as follows:

1) Information Infrastructure Business

Results of the Information Infrastructure Business for the three months ended June 30, 2025 were strong thanks to orders for new projects, due to large orders for subscription-based cloud cybersecurity measure products and on-premise cybersecurity products. Additionally, there was a steady accumulation of renewal

orders including multi-year contracts. Revenue steadily increased thanks to the abundant order backlog accumulated in the previous fiscal year and orders for new projects. Operating profit also increased compared to the previous fiscal year. By product, in addition to cloud-based security measure products, e-mail security products designed to protect against attacks that use e-mail as an entry point for ransomware, a security awareness training solution, and solutions to visualize vulnerabilities inherent in companies and organizations, are increasingly adopted.

At CROSS HEAD, orders received and revenue were generally in line with the plan, while operating profit decreased compared to the previous fiscal year due to a lower engineer utilization rate caused by delays in receiving orders.

At OCH Co., Ltd., orders received, revenue, and operating profit fell short of the previous fiscal year. This is mainly due to the decrease in sales by major distributors of security products (UTM: Unified Threat Management^{*1}) geared to small and medium-sized businesses. The Company is currently working to strengthen sales of new distributors.

As a result, revenue of the business amounted to ¥11,498 million, a year-on-year increase of ¥1,891 million (19.7%), achieving a record high for the first quarter. Operating profit amounted to ¥1,256 million, a year-on-year increase of ¥316 million (33.6%).

2) Application Services Business

Results of the Application Services Business for the three months ended June 30, 2025 exceeded those for the same period of the previous fiscal year for orders received and revenue, while operating profit fell short of the result for the same period of the previous fiscal year.

In the CRM field, both orders received and revenue exceeded those of the previous fiscal year. Revenue remained strong thanks to the accumulated sales of subscription-based services. Operating profit fell short of the previous fiscal year, due to higher personnel expenses resulting from an increased headcount and the rising cost of public cloud storage for customer data.

In the Software Quality Assurance field, strong demand continued for testing tools for in-vehicle software. In addition, orders received, revenue, and operating profit significantly exceeded those of the previous fiscal year, thanks to the accumulated sales of subscription-based services.

In the Business Solutions field, orders received, revenue, and operating profit fell short of the previous fiscal year, due to a slowdown in accumulation of orders including bidding projects. At ARECCIA Fintech Corp., orders received fell short of the previous fiscal year due to a slowdown in accumulation of orders, while revenue and operating profit were on par with the previous fiscal year. At CASAREAL, Inc., orders received, revenue, and operating profit exceeded the levels of the previous fiscal year, due to strong performance in the education business such as IT training.

In the EdTech field, our school communication platform is being adopted by national and other public schools, in addition to private advanced schools. Orders received fell short of the previous fiscal year due to a quarterly delay in order intake, but a recovery is expected in the first half of the current fiscal year. Revenue remained strong thanks to the accumulated sales of subscription-based services. The deficit in operating profit grew from the initial budget, primarily due to a change in the method of recording software development costs, with the entire amount now recorded as selling and administrative expenses (research and development expenses). Meanwhile, investments in product development, marketing, and increasing sales and engineering staff were made as planned.

As a result, revenue of the business amounted to ¥2,302 million, a year-on-year increase of ¥200 million (9.5%). Operating loss amounted to ¥44 million (compared to operating profit of ¥63 million in the same period of the previous fiscal year).

3) Medical Systems Business

For the three months ended June 30, 2025, the Medical Systems Business saw continued strong orders for “NOBORI,” a cloud service for medical information, and the cumulative number of contracting facilities increased. We have also secured orders for the renewal of agreements with existing users and orders received have exceeded the levels of the previous fiscal year. Revenue was on the same level as the previous fiscal year due to the impact of the shift to cloud-based medical imaging management (PACS), among others. Operating profit decreased compared to the previous fiscal year due to the shift to cloud-based PACS, the increase in personnel for the expansion of business, and aggressive investments into development, which had all been incorporated into the initial plan. The rising cost of public cloud storage for medical data also had a significant impact. Meanwhile, upfront investments are continuing in projects such as the development of PHR^{*2} (Personal Health Record) services targeted at general patients and the joint development with medical institutions, AI venture companies, and external partners to launch new businesses, and they have achieved strong results.

At Ichigo LLC, our medical-related consolidated subsidiary, orders received, revenue, and operating profit significantly exceeded the levels of the previous fiscal year.

At A-Line Co., another medical-related consolidated subsidiary, orders received for MINCADI, a radiation dose management system, exceeded the levels of the previous fiscal year, as medical institutions are increasingly willing to invest in safety management systems for medical radiation, resulting in a steady increase in revenue and a return to operating profitability.

As a result, revenue of the business amounted to ¥2,062 million, a year-on-year increase of ¥8 million (0.4%), while operating profit amounted to ¥62 million, a year-on-year decrease of ¥46 million (42.7%).

(2) Qualitative Information on Consolidated Financial Position

Current assets increased ¥2,071 million (2.4%) from March 31, 2025 to ¥87,517 million as of June 30, 2025. The principal factor in this change was an increase of ¥2,400 million in advance payments to suppliers. Non-current assets stood at ¥20,107 million, an increase of ¥112 million (0.6%) from March 31, 2025. The principal factor in this change was a ¥131 million increase in property, plant and equipment. As a result, total assets amounted to ¥107,625 million, an increase of ¥2,183 million (2.1%) from March 31, 2025.

Current liabilities stood at ¥69,964 million, an increase of ¥2,514 million (3.7%) from March 31, 2025. The principal factor in this change was an increase of ¥4,303 million in contract liabilities. Non-current liabilities stood at ¥7,736 million, a ¥258 million (3.2%) decrease from March 31, 2025. The principal factor in this change was a ¥174 million decrease in lease liabilities. As a result, total liabilities amounted to ¥77,701 million, an increase of ¥2,256 million (3.0%) from March 31, 2025.

Total equity was ¥29,923 million, a decrease of ¥72 million (0.2%) from March 31, 2025. The principal factor in this change was a decrease of ¥70 million in other components of equity. As a result, the ratio of equity attributable to owners of parent to total assets was 22.4%.

(3) Qualitative Information on Consolidated Financial Results Forecast and Other Forward-looking Statements

At this point, the financial results forecast is unchanged from the figures announced on May 9, 2025.

(Glossary)

*1	UTM	UTM (Unified Threat Management) is an approach that efficiently and comprehensively protects computer networks against threats such as computer viruses and hacking.
*2	PHR	A PHR (Personal Health Record) is a tool or system that allows individuals to manage and consolidate their personal health information.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousand yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and cash equivalents	27,325,233	29,197,884
Trade and other receivables	7,699,566	4,714,607
Inventories	293,804	616,420
Advance payments to suppliers	35,844,151	37,976,047
Advance payment - cost of maintenance service	12,762,530	13,380,303
Other current assets	1,521,407	1,632,736
Total current assets	85,446,693	87,517,999
Non-current assets		
Property, plant and equipment	5,987,743	6,119,153
Goodwill	4,092,972	4,091,572
Intangible assets	3,255,783	3,272,549
Investments accounted for using equity method	716,997	727,866
Other financial assets	3,716,107	3,616,523
Deferred tax assets	1,715,137	1,709,666
Other non-current assets	509,927	569,801
Total non-current assets	19,994,670	20,107,133
Total assets	105,441,363	107,625,133

(Thousand yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Trade and other payables	2,166,939	1,713,536
Borrowings	510,000	460,000
Lease liabilities	749,328	738,819
Income taxes payable	1,208,343	404,073
Contract liabilities	57,663,116	61,966,443
Other financial liabilities	631,685	627,246
Provisions	75	548
Other current liabilities	4,520,038	4,053,730
Total current liabilities	67,449,528	69,964,397
Non-current liabilities		
Borrowings	1,750,000	1,700,000
Lease liabilities	2,593,465	2,418,929
Other financial liabilities	1,170,186	1,083,138
Retirement benefit liability	1,937,441	1,984,566
Provisions	167,874	168,209
Deferred tax liabilities	124,051	127,585
Other non-current liabilities	252,212	254,552
Total non-current liabilities	7,995,231	7,736,982
Total liabilities	75,444,759	77,701,380
Equity		
Share capital	1,298,120	1,298,120
Capital surplus	4,799,261	4,801,019
Treasury shares	(921,995)	(921,995)
Retained earnings	18,912,936	18,885,418
Other components of equity	118,896	48,399
Total equity attributable to owners of parent	24,207,219	24,110,961
Non-controlling interests	5,789,384	5,812,791
Total equity	29,996,604	29,923,753
Total liabilities and equity	105,441,363	107,625,133

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

For the three months ended June 30

(Thousand yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Revenue	13,763,829	15,863,485
Cost of sales	(9,467,244)	(10,932,440)
Gross profit	4,296,585	4,931,044
Selling, general and administrative expenses	(3,191,984)	(3,659,134)
Other income	10,703	2,848
Other expenses	(1,671)	(423)
Operating profit	1,113,633	1,274,335
Finance income	53,717	18,851
Finance costs	(11,408)	(22,699)
Share of profit (loss) of investments accounted for using equity method	(25,183)	10,868
Profit before tax	1,130,759	1,281,356
Income tax expense	(354,911)	(390,685)
Profit	775,847	890,670
Profit attributable to:		
Owners of parent	726,775	856,192
Non-controlling interests	49,072	34,478
Earnings per share		
Basic earnings per share (Yen)	18.11	21.31
Diluted earnings per share (Yen)	18.05	21.25

Condensed Quarterly Consolidated Statement of Comprehensive Income
For the three months ended June 30

(Thousand yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	775,847	890,670
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	67,300	(97,016)
Total of items that will not be reclassified to profit or loss	67,300	(97,016)
Items that may be reclassified to profit or loss		
Cash flow hedges	73,592	3,801
Exchange differences on translation of foreign operations	177	12,157
Total of items that may be reclassified to profit or loss	73,769	15,958
Other comprehensive income, net of tax	141,069	(81,057)
Comprehensive income	916,917	809,613
Comprehensive income attributable to:		
Owners of parent	863,008	776,562
Non-controlling interests	53,908	33,050

(3) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

1) Overview of reportable segments

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

The Group has established a business division for each company's product/service, and each business division formulates comprehensive strategies for the product/service it handles and undertakes business activities based on these strategies.

Accordingly, the reportable segments of the Group comprise segments by product/service based on their business divisions, and the three reportable segments are the "Information Infrastructure Business," the "Application Services Business," and the "Medical Systems Business."

The Information Infrastructure Business comprises the Company and its subsidiaries CROSS HEAD, OCH Co., Ltd., Firmus Sdn. Bhd., Firmus Consulting Sdn. Bhd., and Firmus Pte. Ltd., and engages in the sale of network, security, storage products, etc., and provides integration as well as services involving maintenance, operations, monitoring, etc. The Application Services Business comprises the Company and its subsidiaries CASAREAL, Inc., ARECCIA Fintech Corp., TechMatrix Asia Holdings Co., Ltd., and TechMatrix Asia Co., Ltd. and provides business solutions, software quality assurance, system development for CRM face-to-face markets, application packages, cloud SaaS services, application and services with high added value such as tests. The Medical Systems Business comprises PSP Corporation, Ichigo LLC, and A-Line Co., and engages in the development/integration of medical-related software, cloud services, etc. for the medical market.

2) Information on reportable segments

The accounting methods for reportable segments are the same as the accounting policy for the preparation of the Group's Condensed Quarterly Consolidated Financial Statements. The profit figures of reportable segments are based on operating profit. Intersegment revenues are based on market prices.

For the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(Thousand yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount reported in the Condensed Quarterly Consolidated Financial Statements
	Information Infrastructure Business	Application Services Business	Medical Systems Business			
Revenue						
Revenue from outside customers	9,606,888	2,102,674	2,054,266	13,763,829	—	13,763,829
Intersegment revenue	52,442	73,404	—	125,847	(125,847)	—
Total	9,659,330	2,176,078	2,054,266	13,889,676	(125,847)	13,763,829
Segment profit (Note 2)	940,663	63,912	109,056	1,113,633	—	1,113,633
Finance income						53,717
Finance costs						(11,408)
Share of profit (loss) of investments accounted for using equity method						(25,183)
Profit before tax						1,130,759

Notes: 1. Adjustment of intersegment revenue is the amount of elimination of intersegment transactions.

2. Total segment profit represents the amount of operating profit in the Condensed Quarterly Consolidated Statement of Profit or Loss.

For the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(Thousand yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount reported in the Condensed Quarterly Consolidated Financial Statements
	Information Infrastructure Business	Application Services Business	Medical Systems Business			
Revenue						
Revenue from outside customers	11,498,420	2,302,724	2,062,339	15,863,485	—	15,863,485
Intersegment revenue	63,875	82,610	—	146,486	(146,486)	—
Total	11,562,296	2,385,335	2,062,339	16,009,971	(146,486)	15,863,485
Segment profit (loss) (Note 2)	1,256,775	(44,942)	62,501	1,274,335	—	1,274,335
Finance income						18,851
Finance costs						(22,699)
Share of profit (loss) of investments accounted for using equity method						10,868
Profit before tax						1,281,356

Notes: 1. Adjustment of intersegment revenue is the amount of elimination of intersegment transactions.

2. Total segment profit (loss) represents the amount of operating profit in the Condensed Quarterly Consolidated Statement of Profit or Loss.

(Notes on Quarterly Statements of Cash Flows)

Condensed Quarterly Consolidated Statement of Cash Flows has not been prepared for the three months ended June 30, 2025.

Meanwhile, depreciation and amortization for the three months ended June 30, 2024 and 2025 are as follows:

(Thousand yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation and amortization	608,893	672,090

(Significant Subsequent Events)

Not applicable.

3. Supplementary Information

Supplementary information on orders received and stock-type sales ratio

(1) Status of orders received

The status of orders received and order backlog of each segment during the three months ended June 30, 2025 is as follows.

Segment	Orders received (Million yen)	Order backlog (Million yen)
Information Infrastructure Business	14,878	69,746
Application Services Business	2,789	6,558
Medical Systems Business	2,876	16,531
Total	20,544	92,836

(2) Supplementary information on stock-type sales ratio

The stock-type sales ratio of each segment during the three months ended June 30, 2025 is as follows. Regarding the stock-type sales ratio, for the Information Infrastructure Business and the Application Services Business, non-consolidated figures for the Company are stated and for the Medical Systems Business, the figures for PSP Corporation, the consolidated subsidiary, are stated.

Segment	Stock type net sales (Million yen)	Flow-type net sales (Million yen)	Stock-type sales ratio (%)
Information Infrastructure Business	8,798	1,006	89.7
Application Services Business	1,418	508	73.6
Medical Systems Business	1,435	507	73.9
Total	11,651	2,023	85.2