

Translation

Notice: This document has been translated from the original Japanese document and is only for reference purposes. In the case of any discrepancies between the two documents, the Japanese one shall prevail.

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

May 8, 2025

Company name: CUBE SYSTEM INC.
 Stock exchange listing: Tokyo
 Stock code: 2335 URL <https://www.cubesystem.co.jp/en/>
 Representative: Representative Director and President Masahiro Nakanishi
 Inquiries: Seniority Corporate Officer, Hirofumi Kitagaki TEL +81-(0)3-5487-6030
 President's Office
 Scheduled date of annual general meeting of shareholders: June 26, 2025
 Scheduled date to commence dividend payments: June 6, 2025
 Scheduled date to file annual securities report: June 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	18,351	1.8	1,380	(10.1)	1,393	(12.4)	1,261	18.2
Fiscal year ended March 31, 2024	18,021	10.4	1,536	5.8	1,590	7.5	1,067	7.8

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥1,522 million [29.1%]
 For the fiscal year ended March 31, 2024: ¥1,178 million [(10.0)%]

	Earnings per share	Diluted earnings per share	Return on equity	Return on Assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	83.81	—	12.0	10.0	7.5
Fiscal year ended March 31, 2024	70.39	—	10.8	12.2	8.5

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2025: ¥— million

For the fiscal year ended March 31, 2024: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	14,366	10,874	75.7	722.27
As of March 31, 2024	13,487	10,133	75.1	668.41

Reference: Equity As of March 31, 2025: ¥10,874 million
 As of March 31, 2024: ¥10,133 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	255	(68)	(780)	6,213
Fiscal year ended March 31, 2024	1,044	(259)	(672)	6,815

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	15.00	—	20.00	35.00	551	49.7	5.4
Fiscal year ended March 31, 2025	—	20.00	—	20.00	40.00	629	47.7	6.0
Fiscal year ending March 31, 2026 (Forecast)	—	20.00	—	22.00	42.00		52.4	

3. Forecast of consolidated financial results 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	9,300	3.1	540	1.2	550	4.1	460	(30.5)	30.21
Full year	19,500	6.3	1,750	26.7	1,760	26.3	1,220	(3.3)	80.13

4. Notes

- (1) Significant changes in scope of consolidation during the fiscal year ended March 31, 2025 No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- Restatement of prior period financial statements: No
- (Note) For details, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to consolidated financial statements (Notes on changes in accounting policies)” and “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to consolidated financial statements (Notes on changes in accounting estimates)” on page 13 of the attached document.

(3) Number of issued shares (common shares)

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

As of March 31, 2025	15,750,000 shares	As of March 31, 2024	15,750,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2025	693,536 shares	As of March 31, 2024	588,832 shares
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Average number of shares during the period

Fiscal year ended March 31, 2025	15,049,587 shares	Fiscal year ended March 31, 2024	15,161,168 shares
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- (Note) The total number of issued shares at the end of the period includes the number of the Company's shares held by the Board Incentive Plan (BIP) trust account and the stock-granting Employee Stock Ownership Plan (ESOP) trust account (690,734 shares for the fiscal year ended March 31, 2025; 586,100 shares for the fiscal year ended March 31, 2024). The Company's shares held by the BIP trust account and the stock-granting ESOP trust account (697,652 shares for the fiscal year ended March 31, 2025; 586,100 shares for the fiscal year ended March 31, 2024) are included in the treasury shares that are excluded from the calculation of the average number of shares during the period.

[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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	17,375	1.3	1,332	(10.5)	1,345	(13.5)	1,179	11.5
Fiscal year ended March 31, 2024	17,158	11.3	1,488	7.8	1,556	10.5	1,058	11.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	78.40	—
Fiscal year ended March 31, 2024	69.80	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	13,093	9,886	75.5	656.60
As of March 31, 2024	12,539	9,406	75.0	620.43

Reference: Equity As of March 31, 2025: ¥9,886 million

As of March 31, 2024: ¥9,406 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

(Cautions regarding forward looking statements and others)

The forward-looking statements, including earnings forecasts, contained in this report are based on the information currently available to the Company and certain assumptions judged to be reasonable by the Company, and are not intended for the Company to guarantee the attainment thereof. Actual results may turn out to be significantly different due to various factors. As for preconditions underlying the performance forecasts and cautions regarding the use of those performance forecasts, please see “(5) Business forecast” of “1. Overview of Operating Results, Etc.” on page 4 of the attached material.

(How to obtain supplementary information on financial results and the contents of the financial results investor meeting)

The Company plans to hold a financial results meeting for investors and analysts on Tuesday, May 20, 2025.

The video and materials for the financial result meeting will be available on the IR Information section of the Company’s website

(<https://www.cubesystem.co.jp/en/ir/library/results/>) promptly after the meeting.

(Change in units of amounts presented)

The amounts of account items and other information presented in the consolidated financial statements of the Company were previously stated in units of thousand yen. However, from the fiscal year under review, the Company changed the method of presentation to units of million yen. The amounts for the previous fiscal year are also presented in millions of yen for easy comparison.

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1. Overview of Operating Results, Etc.

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

During the fiscal year under review, the Japanese economy was on a gradual recovery trend, mainly driven by an increase in income due to the improvement in corporate profits, expansion of exports due to the depreciation of yen, and expansion of consumption due to the increase of inbound tourists. The global economy, however, is facing heightened uncertainty driven by shifting U.S. policies, and the outlook remains unclear due to factors including a global surge in resource and raw material prices and rising prices.

Under these circumstances, the information service industry continues to see demand for digital transformation (business transformation and process transformation) against a backdrop of higher value-added customer services and a shortage of human resources, as well as active investments in and implementation support for informatization and IT accompanied by utilization of AI technologies. IT investment is expected to continue to grow due to strong needs for migrating legacy mission-critical systems to the cloud (Lift) and for building systems to improve convenience (Shift). On the other hand, there are concerns that the profit environment will deteriorate due to lost order opportunities arising from a prolonged shortage of IT personnel and increased labor costs resulting from intensified competition for human resources.

In the Digital Business and the Enhance Business, the Group has worked to optimize resources and secure development organization and facilities amid growing orders in the public and energy sectors, and implemented measures to expand business. However, the profit level declined due to a decrease in the number of high-profit projects that had been originally anticipated and the occurrence of unprofitable projects. Another factor that led to the decline was the labor costs, which increased by 11% due to factors including the enhanced treatment of employees and the introduction of an incentive plan as part of the human resources system reform, as well as the increase in the number of new employees hired. Moreover, manufacturing expenses and selling, general and administrative expenses significantly increased mainly due to investments in training at overseas subsidiaries and the implementation of measures to enhance employee engagement. The Company recorded extraordinary income due to gain on revision of retirement benefit plan resulting from the revision of the retirement benefit plan and sale of investment securities based on the policy for cross-shareholdings. For the fiscal year under review, the Company recorded ¥18,351 million in net sales (a year-on-year increase of 1.8%), ¥1,380 million in operating profit (a year-on-year decrease of 10.1%), ¥1,393 million in ordinary profit (a year-on-year decrease of 12.4%) and ¥1,261 million in profit attributable to owners of parent (a year-on-year increase of 18.2%).

In addition, the Group has been engaged in the following activities to achieve sustainable growth.

1) Human capital enhancement

- Introduced a new human resources system in April 2024 with an aim to improve the treatment of employees and respect abilities and values of each employee
- Introduced an employee incentive plan and a defined contribution pension plan for the Group companies in Japan

2) Reinforcement of development organization and facilities

- Accepted engineers from a subsidiary in Vietnam for the long term with an aim to strengthen adaptability and stabilize offshore sites

3) Initiatives for generative AI

- Shared AI-related project cases with TRIPLEIZE CO., LTD.; Held internal events using generative AI tools
- Received a special award for service development using generative AI at a contest hosted by Japan Information Technology Services Industry Association (JISA)
- Developing “H・CUBiC,” a service which provides multifaceted support for human capital management based on analysis using AI
- Developed “InCUBEator,” a conversational AI app for internal use, and added functions

Performance results by business model are as shown below.

(Digital Business)

Net sales increased to ¥808 million (a year-on-year increase of 43.4%) because of the increase in the number of orders received for consulting and advanced technology assistance projects.

(SI Business)

Net sales decreased to ¥6,239 million (a year-on-year decrease of 6.5%) because of the decrease in projects for regional and online banks as well as education companies.

(Enhance Business)

Net sales increased to ¥11,303 million (a year-on-year increase of 4.8%) in accordance with the progress of development projects deriving from existing areas, such as projects for government ministries and agencies.

* Three business models

• Digital Business

This is a planning-type business originating from our company that utilizes digital technology. We aim to create new business through approaches that combine our unique know-how, such as consulting services, our own products, solutions originating from our company, and conversion into IP (intellectual property). Through DX, we support our customers' business reform.

• SI Business

This service covers everything from system planning to design, development, and implementation. We will establish a Lift & Shift model to migrate legacy environments to cloud environments (Lift) and to establish new methodologies (Shift), based on the theme of providing systems centered on multi-cloud and microservice projects and transforming to a new operational model.

• Enhance Business

This is a business model, in which we excel the most, providing services that improve the performance and quality of systems and increase their value in response to changes in the customer's business environment and the evolution of new technologies. We are going to accelerate the ongoing initiatives we have implemented to realize high productivity and high profitability.

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

Assets

The current assets at the end of the fiscal year under review amounted to ¥9,806 million, a decrease of ¥172 million compared with the end of the previous fiscal year. This result is mainly attributed to a decrease of ¥601 million in cash and deposits, an increase of ¥207 million in contract assets, and an increase of ¥197 million in accounts receivable - trade. The total non-current assets at the end of the fiscal year under review amounted to ¥4,560 million, an increase of ¥1,050 million compared with the end of the previous fiscal year. This result is mainly attributed to increases of ¥750 million in retirement benefit asset, ¥123 million in leasehold and guarantee deposits, and ¥102 million in investment securities.

Consequently, the total assets amounted to ¥14,366 million, an increase of ¥878 million compared with the end of the previous fiscal year.

Liabilities

The current liabilities at the end of the fiscal year under review amounted to ¥2,387 million, a decrease of ¥72 million compared with the end of the previous fiscal year. This result is mainly attributed to decreases of ¥78 million in deposits received, ¥71 million in accrued consumption taxes and ¥64 million in income taxes payable, and an increase of ¥108 million in provision for bonuses. The non-current liabilities at the end of the fiscal year under review amounted to ¥1,104 million, an increase of ¥209 million compared with the end of the previous fiscal year. This result is mainly attributed to increases of ¥233 million in deferred tax liabilities and ¥53 million in asset retirement obligations, and a decrease of ¥105 million in provision for share-based compensation.

Consequently, the total liabilities amounted to ¥3,491 million, an increase of ¥137 million compared with the end of the previous fiscal year.

Net assets

The net assets at the end of the fiscal year under review amounted to ¥10,874 million, an increase of ¥740 million compared with the end of the previous fiscal year. This is mainly attributed to increases of ¥631 million in retained earnings, ¥183 million in remeasurements of defined benefits plans and ¥80 million in valuation difference on available-for-sale securities, and a decrease of ¥151 million due to purchase of treasury shares.

Consequently, the equity ratio was 75.7% (75.1% at the end of the previous fiscal year).

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

Cash and cash equivalents (hereafter, "net cash") at the end of the fiscal year under review decreased to ¥6,213 million, a decrease of ¥601 million compared with the end of the previous fiscal year.

Status and factors for each cash flow category are as follows.

Cash flows from operating activities

Net cash provided from operating activities was ¥255 million (a year-on-year decrease of 75.5%). This result is mainly attributed to an increase in the amount reported as profit before income taxes of ¥1,771 million and decreases in the net cash of ¥473 million due to income taxes paid, ¥406 million due to an increase in trade receivables, ¥359 million due to gain on revision of retirement benefit plan, and ¥152 million due to an increase in retirement benefit liability.

Cash flows from investing activities

Net cash used in investing activities was ¥68 million (a year-on-year decrease of 73.7%). This result is mainly attributed to the payments of leasehold and guarantee deposits of ¥127 million, purchase of property, plant and equipment of ¥39 million, purchase of investment securities of ¥20 million, and proceeds from sale of investment securities of ¥124 million.

Cash flows from financing activities

Net cash used in financing activities was ¥780 million (a year-on-year increase of 16.1%). This result is mainly attributed to the dividends paid of ¥629 million and an increase of ¥151 million in treasury shares.

Changes in cash flow metrics for the Group are as shown below.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	75.1	75.7
Market-value-based equity ratio (%)	129.0	109.4
Cash flow to interest-bearing debt ratio (years)	0.2	0.9
Interest coverage ratio (times)	817.4	150.2

* Equity ratio: Equity capital / Total assets

Market-value-based equity ratio: Market capitalization / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest

(Notes) 1. All the metrics were calculated with consolidated financial statement values.

2. The market capitalization was calculated by multiplying the stock price at the end of the fiscal year under review with the total number of issued shares at the end of the fiscal year under review.
3. The cash flow refers to the cash flow from operating activities.
4. The interest-bearing debt refers to all of the liabilities on the consolidated balance sheet on which interest has been paid. The amount paid as stated on the consolidated statement of cash flows was used as the amount of the interest.

(4) Profit distribution policy and dividends for the fiscal year under review and the next fiscal year

We understand that returning profits to our shareholders is a fundamental responsibility to fulfill as a listed company and overriding management objective. We are determined to improve our business performance in order to maintain stable dividend payments and increase the Company's aggregate market value and thereby contribute to heightening the value of assets owned by our shareholders.

We make it our basic policy to aim at a consolidated dividend payout ratio of 50%, so we can ensure internal reserves needed for the Company to keep growing while maintaining stable dividend payments.

In light of the aforementioned policy and the Group's performance results, we are going to pay a year-end dividend of ¥20 per share. That will make the total dividends for the fiscal year under review to be ¥40 per share, which includes the interim dividend of ¥20 per share that was paid out in December 2024.

For the next fiscal year, we are planning to pay dividends of ¥42 per share, which includes an interim dividend of ¥20 and a year-end dividend of ¥22 per share.

Internal reserves will be allocated to hiring and training employees, expenses for R&D activities aimed at acquiring new technologies and developing solutions, and the expansion of development bases.

(5) Business forecast

The information service industry is expected to see continued demand for digital transformation as well as an increase in demand for investments in informatization and IT accompanied by utilization of AI technologies and investments in labor-saving software. On the other hand, the rise in raw material prices and constraints in the supply of various resources continue, and the risks of fluctuations in financial and capital markets are exposing the direction of the economy to an uncertain situation. In such business conditions, companies are required to respond flexibly to risks, in addition to addressing medium- to long-term challenges.

The Group will drive its business with an aim to expand its business areas through one-stop services, establish a new collaboration style with system integrators, conduct activities to acquire projects for existing direct-contract customers and new customers, promote collaboration with cloud vendors, and create new services. Notably for FY2025, the Company plans to be in full gear to receive orders for large-scale Lift & Shift modernization projects in the area of the Digital Business. For the fiscal year ending March 31, 2026, the Group aims, by focusing on those initiatives, to post net sales of ¥19,500 million (a year-on-year increase of 6.3%), operating profit of ¥1,750 million (a year-on-year increase of 26.7%), ordinary profit of ¥1,760 million (a year-on-year increase of 26.3%) and profit attributable to owners of parent of ¥1,220 million (a year-on-year decrease of 3.3%).

The Group strives to develop its business and management foundations to realize its Medium- to Long-Term Management Vision “VISION 2026,” and to achieve exponential business growth under its Second Medium-Term Management Plan from FY2024 to FY2026.

In FY2024, which was the first year of the plan, we mainly focused on initiatives for reinforcement of development organization and facilities, research investment, and enrichment of human capital. While we achieved a certain level of results through collaboration with major system integrators to provide one-stop service for building systems, as well as promotion of research and development, some quality issues have surfaced. In FY2025, we will solve issues that were identified in the first year, and work on achieving the targets set in the Second Medium-Term Management Plan.

Financial targets for the final year of the Second Medium-Term Management Plan (fiscal year ending March 31, 2027) are net sales of ¥23 billion, operating profit ratio of 10.5%, and ROE of 14.0%.

2. Basic Policy Regarding the Adoption of Accounting Standards

The Group has adopted Japanese GAAP, because its shareholders, creditors, customers and most of its other interested parties reside in Japan and hence the Group has not had a need to finance outside the country.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	6,835	6,233
Accounts receivable - trade	2,795	2,992
Contract assets	137	345
Work in process	3	1
Other	207	232
Total current assets	9,978	9,806
Non-current assets		
Property, plant and equipment		
Buildings, net	120	206
Other, net	39	34
Total property, plant and equipment	160	240
Intangible assets	3	3
Investments and other assets		
Investment securities	2,068	2,170
Retirement benefit asset	617	1,367
Other	659	777
Total investments and other assets	3,345	4,316
Total non-current assets	3,509	4,560
Total assets	13,487	14,366
Liabilities		
Current liabilities		
Accounts payable - trade	821	802
Short-term borrowings	230	230
Income taxes payable	271	206
Contract liabilities	14	23
Provision for bonuses	356	465
Provision for bonuses for directors (and other officers)	8	4
Provision for loss on orders received	10	29
Other	746	625
Total current liabilities	2,459	2,387
Non-current liabilities		
Provision for share-based compensation	389	284
Provision for share awards	—	35
Asset retirement obligations	149	203
Deferred tax liabilities	150	384
Other	203	195
Total non-current liabilities	894	1,104
Total liabilities	3,353	3,491

	As of March 31, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	1,400	1,400
Capital surplus	1,491	1,491
Retained earnings	6,864	7,496
Treasury shares	(503)	(654)
Total shareholders' equity	9,252	9,733
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	646	727
Foreign currency translation adjustment	43	39
Remeasurements of defined benefit plans	190	374
Total accumulated other comprehensive income	880	1,141
Total net assets	10,133	10,874
Total liabilities and net assets	13,487	14,366

(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	18,021	18,351
Cost of sales	14,099	14,403
Gross profit	3,922	3,947
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	207	207
Provision for bonuses for directors (and other officers)	8	2
Salaries and allowances	666	752
Provision for bonuses	78	87
Retirement benefit expenses	7	11
Provision for share-based payments	57	39
Provision for share awards	—	4
Provision of allowance for doubtful accounts	—	0
Rent expenses	295	321
Commission expenses	335	395
Other	731	743
Total selling, general and administrative expenses	2,386	2,566
Operating profit	1,536	1,380
Non-operating income		
Interest income	5	5
Dividend income	20	17
Gain on sale of investment securities	38	—
Consumption tax difference	3	7
Insurance claim income	5	5
Other	6	6
Total non-operating income	79	41
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	11	5
Loss on investments in investment partnerships	7	19
Other	4	3
Total non-operating expenses	24	29
Ordinary profit	1,590	1,393
Extraordinary income		
Gain on revision of retirement benefit plan	—	359
Gain on sale of investment securities	—	52
Total extraordinary income	—	411
Extraordinary losses		
Retirement benefit expenses for prior periods	—	33
Total extraordinary losses	—	33
Profit before income taxes	1,590	1,771
Income taxes - current	485	406
Income taxes - deferred	38	103
Total income taxes	523	509
Profit	1,067	1,261
Profit attributable to owners of parent	1,067	1,261

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,067	1,261
Other comprehensive income		
Valuation difference on available-for-sale securities	137	80
Foreign currency translation adjustment	13	(3)
Remeasurements of defined benefit plans, net of tax	(39)	183
Total other comprehensive income	111	260
Comprehensive income	1,178	1,522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,178	1,522

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,400	1,491	6,459	(503)	8,847
Changes during period					
Dividends of surplus			(661)		(661)
Profit attributable to owners of parent			1,067		1,067
Purchase of treasury shares					—
Disposal of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	405	—	405
Balance at end of period	1,400	1,491	6,864	(503)	9,252

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	509	30	230	769	9,616
Changes during period					
Dividends of surplus					(661)
Profit attributable to owners of parent					1,067
Purchase of treasury shares					—
Disposal of treasury shares					—
Net changes in items other than shareholders' equity	137	13	(39)	111	111
Total changes during period	137	13	(39)	111	517
Balance at end of period	646	43	190	880	10,133

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,400	1,491	6,864	(503)	9,252
Changes during period					
Dividends of surplus			(629)		(629)
Profit attributable to owners of parent			1,261		1,261
Purchase of treasury shares				(186)	(186)
Disposal of treasury shares				34	34
Net changes in items other than shareholders' equity					
Total changes during period	–	–	631	(151)	480
Balance at end of period	1,400	1,491	7,496	(654)	9,733

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	646	43	190	880	10,133
Changes during period					
Dividends of surplus					(629)
Profit attributable to owners of parent					1,261
Purchase of treasury shares					(186)
Disposal of treasury shares					34
Net changes in items other than shareholders' equity	80	(3)	183	260	260
Total changes during period	80	(3)	183	260	740
Balance at end of period	727	39	374	1,141	10,874

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,590	1,771
Depreciation	43	57
Increase (decrease) in provisions	69	54
Increase (decrease) in assets and liabilities related to retirement benefits	(183)	(152)
Interest and dividend income	(26)	(22)
Interest expenses	1	1
Loss (gain) on investments in investment partnerships	7	19
Loss (gain) on sale of investment securities	(38)	(52)
Insurance claim income	(5)	(5)
Gain on revision of retirement benefit plan	—	(359)
Retirement benefit expenses for prior periods	—	33
Decrease (increase) in trade receivables	(229)	(406)
Decrease (increase) in inventories	7	1
Decrease (increase) in prepaid expenses	(11)	(74)
Increase (decrease) in trade payables	24	(18)
Increase (decrease) in accrued consumption taxes	94	(71)
Increase (decrease) in accounts payable - other	36	(4)
Increase (decrease) in accrued expenses	84	(24)
Increase (decrease) in deposits received	43	(78)
Other, net	39	38
Subtotal	1,549	706
Interest and dividends received	21	22
Interest paid	(1)	(1)
Income taxes paid	(524)	(473)
Income taxes refund	—	0
Net cash provided by (used in) operating activities	1,044	255
Cash flows from investing activities		
Proceeds from redemption of securities	100	—
Purchase of property, plant and equipment	(69)	(39)
Purchase of investment securities	(251)	(20)
Proceeds from sale of investment securities	2	124
Purchase of membership	(13)	(6)
Proceeds from sale of membership	10	—
Payments of leasehold and guarantee deposits	(63)	(127)
Proceeds from refund of leasehold and guarantee deposits	—	3
Other, net	24	(2)
Net cash provided by (used in) investing activities	(259)	(68)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10)	—
Decrease (increase) in treasury shares	—	(151)
Dividends paid	(661)	(629)
Repayments of lease liabilities	(0)	—
Net cash provided by (used in) financing activities	(672)	(780)
Effect of exchange rate change on cash and cash equivalents	(1)	(8)
Net increase (decrease) in cash and cash equivalents	111	(601)
Cash and cash equivalents at beginning of period	6,703	6,815
Cash and cash equivalents at end of period	6,815	6,213

(5) Notes to consolidated financial statements

(Notes regarding going concern)

Not applicable.

(Notes on changes in accounting policies)

(Application of the “Accounting Standard for Current Income Taxes,” Etc.)

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

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

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

(Notes on changes in accounting estimates)

(Changes in estimated amount of asset retirement obligations and depreciation period)

In the fiscal year under review, the Company resolved to partially terminate the leasing of office in the Tokyo head office, and to extend the leasing period for the area the Company will continue to lease. Accordingly, for asset retirement obligations recorded as the obligation of restoration under the real estate leasing contract, the Company changed the estimated amount based on new information obtained, and changed the depreciation period to the end of the leasing period.

As a result of this change, ¥98 million was added to the balance of asset retirement obligations. In addition, operating profit, ordinary profit, and profit before income taxes for the fiscal year under review decreased by ¥2 million, respectively, compared to the previous method.

(Notes on additional information)

(Transactions related to the stock-granting Employee Stock Ownership Plan trust)

The Company and its consolidated subsidiaries in Japan have introduced the “stock-granting Employee Stock Ownership Plan trust,” which is an employee incentive plan for employees in managerial and supervisory positions who assume important responsibilities as well as some of the employees with fixed-term employment (e.g., contract employees).

(1) Overview of transaction

This stock-granting Employee Stock Ownership Plan trust (the “ESOP trust”) is an employee incentive plan that references ESOPs in the U.S. The ESOP trust, based on the prescribed share granting regulations, grants and pays the Company’s shares acquired by the trust and cash equivalent to the conversion amount of the Company’s shares to eligible employees who meet certain requirements.

For accounting treatments of the plan, the Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ Practical Solution No. 30, March 26, 2015).

(2) Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying amount in the trust (excluding the amount of incidental expenses). The carrying amount and number of these treasury shares were ¥186 million and 168,700 shares as of the end of the fiscal year under review.

(Partial transfer of the defined benefit corporate pension plan to the defined contribution pension plan)

The Company and its consolidated subsidiaries in Japan revised the retirement benefit plan on December 1, 2024 and partially transferred the defined benefit corporate pension plan to the defined contribution pension plan, and applied the “Guidance on Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ Practical Solution No. 2).

The amount of impact by this transfer, ¥359 million, was recorded as extraordinary income for the fiscal year under review.

(Notes on segment information, etc.)

Previous Fiscal Year (April 1, 2023 to March 31, 2024) and the Fiscal Year Under Review (April 1, 2024 to March 31, 2025)

The information is omitted, as the Group has no segment other than the System Solution Service Business.

(Notes on information per share)

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	668.41	722.27
Earnings per share	70.39	83.81

(Notes) 1. Diluted earnings per share is not presented, because there are no dilutive shares.

2. The bases of the calculated earnings per share are as shown below.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (million yen)	1,067	1,261
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent pertaining to common shares (million yen)	1,067	1,261
Average number of common shares during the period (thousand shares)	15,161	15,049

(Note) 3. The bases of the calculated net assets per share are as shown below.

	As of March 31, 2024	As of March 31, 2025
Total net assets (million yen)	10,133	10,874
Amount deducted from total net assets (million yen)	—	—
[Of which non-controlling interests (million yen)]	[—]	[—]
Net assets attributable to common shares at the end of the period (million yen)	10,133	10,874
Number of common shares at the end of the period used in calculation of net assets per share (thousand shares)	15,161	15,056

(Note) 4. The Company's shares held by the BIP trust account and the stock-granting ESOP trust account (586,100 shares for the previous fiscal year; 690,734 shares for the fiscal year under review) are included in the treasury shares which are deducted from the year-end total number of issued shares when the "net assets per share" is calculated. The Company's shares held by the BIP trust account (586,100 shares for the previous fiscal year; 697,652 shares for the fiscal year under review) are included in the treasury shares that are excluded from the calculation of the average number of shares during the period when the "earnings per share" is calculated.

(Notes on material subsequent events)

Not applicable.

4. Changes in Officers

(i) Changes in Representative Directors

Retiring Representative Director

Representative Director and Chairman Osamu Sakiyama (scheduled to take office as Director and Chairman)

(ii) Changes in Other Officers

Candidate for Director

Director Minoru Odaka (currently Executive Managing Officer)

(iii) Date of appointment and retirement

June 26, 2025