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Consolidated Financial Results for the Three Months Ended April 30, 2025 [Japanese GAAP]



June 13, 2025

Company name: NEOJAPAN Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3921

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Scheduled date of commencing dividend payments: –

Preparation of supplementary materials on financial results: Yes

Schedule of financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended April 30, 2025 (February 1, 2025–April 30, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 30, 2025	1,996	18.3	644	47.6	654	39.6	447	41.7
April 30, 2024	1,687	2.6	436	11.0	468	16.8	315	17.2

(Note) Comprehensive income: Three months ended April 30, 2025: ¥376 million [12.7%]

Three months ended April 30, 2024: ¥333 million [15.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
April 30, 2025	31.97	31.91
April 30, 2024	21.95	21.91

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of April 30, 2025	8,984	6,326	70.3
As of January 31, 2025	9,240	6,313	68.3

(Reference) Equity: As of April 30, 2025: ¥6,318 million

As of January 31, 2025: ¥6,306 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2025	–	14.00	–	26.00	40.00
Fiscal year ending January 31, 2026	–				
Fiscal year ending January 31, 2026 (Forecast)		21.00	–	21.00	42.00

(Note) Revision to the dividend forecast announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2026 (February 1, 2025–January 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
	8,048	10.8	2,106	7.9	2,166	5.7	1,462	104.50

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

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

Newly included: – (), Excluded: – ()

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued and outstanding shares (common shares)

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

April 30, 2025: 14,073,200 shares

January 31, 2025: 14,073,200 shares

2) Total number of treasury shares at the end of the period:

April 30, 2025: 80,842 shares

January 31, 2025: 79,222 shares

3) Average number of shares during the period:

Three months ended April 30, 2025: 13,993,868 shares

Three months ended April 30, 2024: 14,375,901 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Group and certain premises that the Group deems to be reasonable, and are not guarantees of future performance. Actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The Japanese economy in the three months ended April 30, 2025 continued on the gradual path to recovery against a backdrop of improving corporate earnings, employment and income. The economy is expected to continue its gradual recovery; however, there are certain factors which require noting, including trade policy trends in the U.S., rising prices, and trends in financial markets.

The IT industry, to which the Group belongs, continues to witness an increase in software investment, and is expected to continue to see solid investments in IT on the back of corporate earnings improvement and labor shortages, among other factors.

Under such circumstances, regarding desknet's NEO, we started to provide "RoomMgr," a new cloud-based optional service for displaying meeting room reservations, in February 2025. In addition, we released desknet's NEO version 9.0 in March 2025, featuring a new "File Transfer" function for the cloud version (*) that enables the transfer of large files via "desknet's Drive," a cloud storage service that provides standard capacity based on the number of contracted users. By using the "File Transfer," customers can easily, securely, and reliably send large files that are difficult to send by email.

In March 2025, our three principal products (desknet's NEO, AppSuite, and ChatLuck) received 11 awards across three categories in the BOXIL SaaS AWARD Spring 2025, which recognizes the most valued SaaS of the moment and is organized by SMARTCAMP Co., Ltd. In addition, in April 2025, our three principal products were respectively awarded "LEADER," the highest award, across four categories in the ITreview Grid Award 2025 Spring, organized by IT product comparison and review website ITreview. Now desknet's NEO has received the award 24 consecutive times since 2019.

Also in March 2025, the Company was certified as one of the 2025 Outstanding Organizations of KENKO Investment for Health (large enterprise category ("White 500" enterprises)), which is jointly established by the Ministry of Economy, Trade and Industry and the NIPPON KENKO KAIGI. Now the Company has been certified as one of the Outstanding Organizations of KENKO Investment for Health for six consecutive years, and of "White 500" enterprises for the first time.

As a result, for the three months ended April 30, 2025, the Company posted net sales of ¥1,996,382 thousand (up 18.3% year on year), operating profit of ¥644,035 thousand (up 47.6% year on year), ordinary profit of ¥654,572 thousand (up 39.6% year on year), and profit attributable to owners of parent of ¥447,365 thousand (up 41.7% year on year).

Operating results for the three months ended April 30, 2025 by segment are as follows.

Please note that, due to the expected increase in the importance of DELCUI Inc., a consolidated subsidiary, as an outsourcing partner for the Company's development, we have changed the method of reporting its results, which were previously included in the "Overseas business" segment, to including them in the "Software business" segment from the three months ended April 30, 2025.

For the details of changes in the method of calculating reportable segments, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on segment information, etc.) 2. Matters regarding changes in reportable segments, etc."

(*) The Company started providing an optional license for using desknet's Drive for desknet's NEO package in June 2025.

(Software business)

The Software business consists of businesses operated by the Company and its subsidiary, DELCUI Inc.
The status by business sector is indicated as follows.

Business sector	For the three months ended April 30, 2024		For the three months ended April 30, 2025		
	Net sales (Thousand yen)	Percentage breakdown (%)	Net sales (Thousand yen)	Percentage breakdown (%)	Change (%)
Cloud services	768,298	65.0	1,029,379	68.7	34.0
Packaged products	394,689	33.4	438,808	29.3	11.2
Technological development	19,500	1.6	31,200	2.0	60.0
Total	1,182,487	100.0	1,499,387	100.0	26.8

1) Cloud services

Net sales by principal cloud service are as follows.

	For the three months ended April 30, 2024	For the three months ended April 30, 2025	Change (Thousand yen)	Change (%)
	Net sales (Thousand yen)	Net sales (Thousand yen)		
desknet's NEO cloud (*1)	643,306	856,486	213,180	33.1
AppSuite cloud (*1)	52,611	86,404	33,792	64.2
ChatLuck cloud (*1)	19,082	22,686	3,603	18.9
Other monthly recurring revenue	46,685	42,809	(3,875)	(8.3)
Total monthly recurring revenue	761,685	1,008,387	246,701	32.4
Other services, etc.	6,612	20,992	14,379	217.5
Cloud services total	768,298	1,029,379	261,081	34.0

(*1) Regarding the set plan introduced from September 1, 2024, the revised price of the previous plan is used to calculate the prorated amount for each service.

Net sales of desknet's NEO cloud increased by ¥213,180 thousand year on year to ¥856,486 thousand (up 33.1% year on year), due mainly to the effect of the price revisions implemented from September 2024. The increase in the number of users during the three months ended April 30, 2025 was roughly in line with that in the same period of the previous fiscal year. The average number of users of the service is 84 users per company. The monthly churn rate (*2) is 0.38%, which is almost in line with that in the same period of the previous fiscal year of 0.40%.

Net sales of AppSuite cloud increased by ¥33,792 thousand year on year to ¥86,404 thousand (up 64.2% year on year), due to an increase in the number of users and the effect of the price revisions implemented from September 2024. The sales of the set plan for the combined use of desknet's NEO cloud and AppSuite cloud at a reasonable price, which was introduced in September 2024, remained strong, and as of April 30, 2025, the number of users of AppSuite cloud accounted for about 17% of the number of desknet's NEO cloud users, increasing by 5.0 percentage points from the same period of the previous fiscal year. We will continue striving to make the plan more appealing and increase the number of users.

Net sales of ChatLuck cloud increased by ¥3,603 thousand year on year to ¥22,686 thousand (up 18.9% year on year). Although this accounts for a small proportion of overall net sales, growth is expected in the field. We will therefore strive to expand the number of ChatLuck users who also use desknet's NEO by continuously working to enhance functions. Other monthly recurring revenue decreased by ¥3,875 thousand year on year to

¥42,809 thousand (down 8.3% year on year), primarily due to a decrease in individual projects other than the principal services. Net sales of other services, etc. increased by ¥14,379 thousand year on year to ¥20,992 thousand (up 217.5% year on year). This was primarily due to an increase in sales of data migration services.

As a result, the overall net sales of cloud services increased by ¥261,081 thousand year on year to ¥1,029,379 thousand (up 34.0% year on year).

- (*2) The churn rate for desknet's NEO cloud users is calculated by averaging the figures of "amount of MRR (*3) decreased during a month caused by cancellation of the service ÷ MRR at the end of the previous month" for the three months ended April 30, 2025.
- (*3) MRR (Monthly Recurring Revenue) is calculated based on the monthly charge for continuously billed users as of the end of the target month or the total amount of 1/12 of the annual charge.

2) Packaged products

Net sales by principal packaged product (on-premises licenses and related services, etc.) are as follows.

	For the three months ended April 30, 2024	For the three months ended April 30, 2025	Change (Thousand yen)	Change (%)
	Net sales (Thousand yen)	Net sales (Thousand yen)		
desknet's NEO	49,691	54,394	4,702	9.5
AppSuite	27,251	29,723	2,471	9.1
ChatLuck	7,544	3,740	(3,803)	(50.4)
Other license sales	4,533	2,481	(2,052)	(45.3)
Total license sales	89,021	90,339	1,318	1.5
Support	220,302	263,914	43,611	19.8
Customization	16,725	27,302	10,576	63.2
Other services, etc.	68,640	57,252	(11,387)	(16.6)
Packaged products total	394,689	438,808	44,119	11.2

Net sales of desknet's NEO license increased by ¥4,702 thousand year on year to ¥54,394 thousand (up 9.5% year on year), exceeding the initial plan, due mainly to an increase in additional licenses for less than 300 users and new large-scale licenses for 5,000 users or more, although net sales of new licenses for scales of between 1,000 and 5,000 users decreased.

AppSuite license and ChatLuck license are often purchased simultaneously with desknet's NEO license. Net sales of AppSuite license increased by ¥2,471 thousand year on year to ¥29,723 thousand (up 9.1% year on year), which were generally in line with the initial plan, due mainly to an increase in the number of new large-scale licenses for 5,000 users or more, although net sales of new licenses for scales of between 1,000 and 5,000 users decreased, as with desknet's NEO license. Net sales of ChatLuck license decreased by ¥3,803 thousand year on year to ¥3,740 thousand (down 50.4% year on year), due mainly to a decline in new licenses for scales of between 1,000 and 5,000 users. However, the sales were generally in line with the initial plan.

Net sales of customization increased by ¥10,576 thousand year on year to ¥27,302 thousand (up 63.2% year on year) mainly because of a year-on-year increase in the number of mid-sized projects. Net sales of support increased by ¥43,611 thousand year on year to ¥263,914 thousand (up 19.8% year on year). This was mainly because net sales of support for desknet's NEO increased by ¥36,210 thousand year on year to ¥217,033 thousand (up 20.0% year on year). Net sales of other services, etc. decreased by ¥11,387 thousand year on year to ¥57,252 thousand (down 16.6% year on year), mainly because sales and services of other companies' ID integrated management systems decreased.

As a result, the overall net sales of packaged products increased by ¥44,119 thousand year on year to

¥438,808 thousand (up 11.2% year on year).

3) Technological development

Our policy is not to actively accept development contracts. However, net sales of technological development increased by ¥11,700 thousand year on year to ¥31,200 thousand (up 60.0% year on year). This was mainly because of an increase in sales associated with ongoing projects from the past.

As a result, the software business posted net sales of ¥1,499,387 thousand (up 26.8% year on year) and segment profit of ¥652,891 thousand (up 48.5% year on year).

(System development service business)

The system development service business consists of businesses operated by our subsidiary, Pro-SPIRE Inc., develops engineers based on the cloud integration and system integration know-how it cultivated over the years, and mainly provides system engineering services that meet new customer needs by taking advantage of cutting-edge technologies.

For the three months ended April 30, 2025, net sales remained roughly in line with the previous fiscal year. Cost of sales decreased by ¥23,173 thousand overall, due mainly to a reduction in outsourcing expenses, despite an increase in personnel expenses resulting from the increased number of personnel. Selling, general and administrative expenses increased by ¥4,518 thousand due to an increase in personnel expenses.

As a result, the system development service business posted net sales of ¥482,356 thousand (down 4.4% year on year) and segment profit of ¥10,430 thousand (down 24.2% year on year).

(Overseas business)

The overseas business consists of businesses of three subsidiaries in the ASEAN region, which include selling desknet's NEO license and providing cloud services to local companies.

The main products sold in the overseas business are desknet's NEO and AppSuite. We are also making efforts such as training our sales staff to enhance their sales capabilities, raising awareness of our products and services on a local level by opening booths at exhibitions, and developing new local sales agents. We will continue to focus our efforts on marketing activities for a steady accumulation of recurring sales.

As a result, the overseas business posted net sales of ¥17,686 thousand (an increase of ¥11,846 thousand year on year) and segment loss of ¥19,362 thousand (segment loss of ¥17,053 thousand for the same period of the previous fiscal year).

(2) Analysis of Financial Position

(Assets)

Total assets as of April 30, 2025 decreased by ¥255,603 thousand from the end of the previous fiscal year to ¥8,984,757 thousand. This was mainly due to decreases of ¥273,140 thousand in cash and deposits resulting mainly from dividends paid and income taxes paid, and of ¥89,023 thousand in securities and investment securities due to the decline in market value of bonds in U.S. dollars caused by the appreciation of the yen, while other under current assets increased by ¥67,677 thousand mainly due to an increase in prepaid expenses.

(Liabilities)

Total liabilities as of April 30, 2025 decreased by ¥267,767 thousand from the end of the previous fiscal year to ¥2,658,707 thousand. This was mainly due to decreases of ¥241,592 thousand in income taxes payable resulting mainly from the payment of income taxes and ¥58,409 thousand in provision for bonuses, while contract liabilities for cloud services increased by ¥72,728 thousand.

(Net assets)

Total net assets as of April 30, 2025 increased by ¥12,163 thousand from the end of the previous fiscal year to ¥6,326,050 thousand. This was mainly due to a recording of ¥447,365 thousand in profit attributable to owners of parent, while retained earnings increased by ¥83,521 thousand as a result of the payment of a dividend of surplus of ¥363,843 thousand and valuation difference on available-for-sale securities decreased by ¥67,460 thousand as a result of the valuation of available-for-sale securities at market value.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has made no changes to the full-year consolidated financial results forecast announced in “Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 [Japanese GAAP]” dated March 13, 2025, because although there is uncertainty about the impact of U.S. tariff policies, we consider that there will be no significant impact at this point.

We will promptly disclose any revisions to our financial results forecasts if necessary.

The consolidated financial results forecast was prepared based on currently available information, and actual consolidated financial results may vary from the forecast due to various reasons.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2025	As of April 30, 2025
Assets		
Current assets		
Cash and deposits	5,396,914	5,123,773
Accounts receivable and contract assets	904,740	921,444
Securities	154,052	146,827
Supplies	2,687	2,722
Other	113,322	180,999
Allowance for doubtful accounts	(1,594)	(1,519)
Total current assets	6,570,121	6,374,248
Non-current assets		
Property, plant and equipment	89,200	104,538
Intangible assets		
Goodwill	64,545	61,088
Other	325,364	312,153
Total intangible assets	389,910	373,241
Investments and other assets		
Investment securities	1,540,928	1,459,129
Other	650,560	674,194
Allowance for doubtful accounts	(359)	(594)
Total investments and other assets	2,191,129	2,132,730
Total non-current assets	2,670,240	2,610,509
Total assets	9,240,361	8,984,757

(Thousand yen)

	As of January 31, 2025	As of April 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	152,397	145,145
Income taxes payable	458,844	217,252
Contract liabilities	1,301,743	1,374,471
Provision for bonuses	142,395	83,985
Other	459,398	415,950
Total current liabilities	2,514,779	2,236,805
Non-current liabilities		
Retirement benefit liability	384,159	394,241
Other	27,535	27,660
Total non-current liabilities	411,695	421,901
Total liabilities	2,926,474	2,658,707
Net assets		
Shareholders' equity		
Share capital	297,846	297,846
Capital surplus	287,846	287,846
Retained earnings	5,699,099	5,782,621
Treasury shares	(87,561)	(87,561)
Total shareholders' equity	6,197,231	6,280,753
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	96,149	28,689
Foreign currency translation adjustment	13,222	9,324
Total accumulated other comprehensive income	109,372	38,014
Non-controlling interests	7,282	7,282
Total net assets	6,313,886	6,326,050
Total liabilities and net assets	9,240,361	8,984,757

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended April 30

(Thousand yen)

	For the three months ended April 30, 2024	For the three months ended April 30, 2025
Net sales	1,687,611	1,996,382
Cost of sales	751,774	840,475
Gross profit	935,837	1,155,906
Selling, general and administrative expenses	499,441	511,870
Operating profit	436,395	644,035
Non-operating income		
Interest income	17,403	16,541
Gain on sale of securities	3,904	—
Gain on investments in investment partnerships	—	9,767
Foreign exchange gains	8,983	—
Other	6,348	7,564
Total non-operating income	36,640	33,873
Non-operating expenses		
Interest expenses	6	24
Loss on investments in investment partnerships	1,397	—
Organization expenses	2,572	—
Foreign exchange losses	—	21,081
Other	106	2,231
Total non-operating expenses	4,083	23,337
Ordinary profit	468,952	654,572
Profit before income taxes	468,952	654,572
Income taxes	153,342	207,207
Profit	315,610	447,365
Profit attributable to owners of parent	315,610	447,365

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended April 30

(Thousand yen)

	For the three months ended April 30, 2024	For the three months ended April 30, 2025
Profit	315,610	447,365
Other comprehensive income		
Valuation difference on available-for-sale securities	16,072	(67,460)
Foreign currency translation adjustment	1,986	(3,898)
Total other comprehensive income	18,058	(71,358)
Comprehensive income	333,668	376,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	333,668	376,006

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes” and other standards)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022), and “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the first quarter of the fiscal year under review. These changes in accounting policies do not affect the quarterly consolidated financial statements.

(Notes in case of significant changes in shareholders’ equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting for profit before income taxes in the fiscal year that includes the first quarter of the fiscal year under review, and multiplying profit before income taxes by the estimated effective tax rate.

(Notes on segment information, etc.)

[Segment information]

I. For the three months ended April 30, 2024

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Software business	System development service business	Overseas business	Total		
Net sales						
Net sales to outside customers	1,181,325	500,446	5,840	1,687,611	—	1,687,611
Intersegment net sales or transfers	1,162	3,900	—	5,062	(5,062)	—
Total	1,182,487	504,346	5,840	1,692,674	(5,062)	1,687,611
Segment profit (loss)	439,697	13,765	(17,053)	436,408	(13)	436,395

(Notes) 1. The segment profit (loss) adjustment of ¥(13) thousand represents the elimination of intersegment transactions.

2. Segment profit (loss) was adjusted based on operating profit reported on the quarterly consolidated statements of income.

II. For the three months ended April 30, 2025

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Software business	System development service business	Overseas business	Total		
Net sales						
Net sales to outside customers	1,496,980	481,714	17,686	1,996,382	—	1,996,382
Intersegment net sales or transfers	2,407	641	—	3,048	(3,048)	—
Total	1,499,387	482,356	17,686	1,999,430	(3,048)	1,996,382
Segment profit (loss)	652,891	10,430	(19,362)	643,959	76	644,035

(Notes) 1. The segment profit (loss) adjustment of ¥76 thousand represents the elimination of intersegment transactions.

2. Segment profit (loss) was adjusted based on operating profit reported on the quarterly consolidated statements of income.

2. Matters regarding changes in reportable segments, etc.

We have revised our results management sectors and changed the method of reporting the results of DELCUI Inc., a consolidated subsidiary, which were previously included in the “Overseas business” segment, to including them in the “Software business” segment from the first quarter of the fiscal year under review.

The segment information for the three months ended April 30, 2024 was prepared using the new classification method.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows have not been prepared for the three months ended April 30, 2025. Depreciation (including depreciation related to intangible assets excluding goodwill) for the three months ended April 30, 2024 and 2025, are as follows.

(Thousand yen)

	Three months ended April 30, 2024	Three months ended April 30, 2025
Depreciation	56,352	86,400
Amortization of goodwill	3,457	3,457

(Revenue recognition accounting)

Disaggregation of revenue from contracts with customers

For the three months ended April 30, 2024

(Thousand yen)

	Reportable segment			Total
	Software business	System development service business	Overseas business	
Recurring revenue (Note 1)	982,483	477,656	5,500	1,465,640
One-time revenue (Note 2)	198,841	22,790	339	221,971
Revenue from contracts with customers	1,181,325	500,446	5,840	1,687,611
Net sales to outside customers	1,181,325	500,446	5,840	1,687,611

(Notes) 1. Main contents of recurring revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from usage fees for cloud services provided, packaged software support fees, ASP license fees, etc.	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts (including contracts covering 12 months or longer through the renewal of contracts) under which sales are recognized for the same customer for consecutive 12 months or longer immediately before the last day of each accounting period	Over a certain period of time

2. Main contents of one-time revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from packaged products license fees	At a point in time
	Revenue from service contracts such as product customization and services including product installation, data migration and education	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts and service contracts, which does not fall under the category of recurring revenue	Over a certain period of time

For the three months ended April 30, 2025

(Thousand yen)

	Reportable segment			Total
	Software business	System development service business	Overseas business	
Recurring revenue (Note 1)	1,271,720	448,831	9,360	1,729,912
One-time revenue (Note 2)	225,260	32,883	8,325	266,469
Revenue from contracts with customers	1,496,980	481,714	17,686	1,996,382
Net sales to outside customers	1,496,980	481,714	17,686	1,996,382

(Notes) 1. Main contents of recurring revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from usage fees for cloud services provided, packaged software support fees, ASP license fees, etc.	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts (including contracts covering 12 months or longer through the renewal of contracts) under which sales are recognized for the same customer for consecutive 12 months or longer immediately before the last day of each accounting period	Over a certain period of time

2. Main contents of one-time revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from packaged products license fees	At a point in time
	Revenue from service contracts such as product customization and services including product installation, data migration and education	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts and service contracts, which does not fall under the category of recurring revenue	Over a certain period of time

3. From the first quarter of the fiscal year under review, we have changed the classification method of reportable segments, and the information for the three months ended April 20, 2024 was prepared using the new classification method. The details are as shown in “2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on segment information, etc.) 2. Matters regarding changes in reportable segments, etc.”

(Significant subsequent events)

Not applicable.