

Annual Securities Report

(Report pursuant to Article 24, paragraph (1) of the
Financial Instruments and Exchange Act)

For the 17th fiscal year

From April 1, 2024
to March 31, 2025

This document is the English translation of the legal disclosure material in Japanese released on June 23, 2025. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

SIGMAXYZ Holdings Inc.

4-1-28 Toranomon, Minato-ku, Tokyo, Japan

(E30130)

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[Audit Report]

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Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 23, 2025
Fiscal year	The 17th term (from April 1, 2024 to March 31, 2025)
Company name	株式会社シグマクシス・ホールディングス (Kabushiki Kaisha SIGMAXYZ Holdings)
Company name in English	SIGMAXYZ Holdings Inc.
Title and name of representative	Hiroshi Ota, Representative Director and President
Address of registered head office	4-1-28 Toranomom, Minato-ku, Tokyo, Japan
Telephone number	+81-3-6430-3400 (main switchboard)
Name of contact person	Shinya Tabata, Representative Director and CFO
Nearest place of contact	4-1-28 Toranomom, Minato-ku, Tokyo, Japan
Telephone number	+81-3-6430-3400 (main switchboard)
Name of contact person	Shinya Tabata, Representative Director and CFO
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. Company Information

I. Overview of Company

1. Key financial data

(1) Key financial data of group

Term	The 13th term	The 14th term	The 15th term	The 16th term	The 17th term
Fiscal year-end	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Revenue (Thousands of yen)	14,024,337	15,654,373	17,334,289	22,410,611	26,293,590
Ordinary profit (Thousands of yen)	1,797,699	2,764,993	3,265,047	4,338,231	5,876,902
Profit attributable to owners of parent (Thousands of yen)	1,210,026	1,664,390	2,204,098	3,232,107	4,394,662
Comprehensive income (Thousands of yen)	1,210,026	1,672,833	2,516,248	3,141,181	4,197,729
Net assets (Thousands of yen)	5,462,704	10,302,554	10,878,288	13,193,616	14,272,037
Total assets (Thousands of yen)	10,283,891	14,656,922	14,461,633	18,295,625	19,740,830
Net assets per share (Yen)	71.90	121.46	130.76	156.09	170.50
Profit per share (Yen)	15.83	19.81	26.16	38.31	51.93
Diluted profit per share (Yen)	15.82	—	—	—	—
Shareholders' equity ratio (%)	53.1	70.3	75.2	72.1	72.3
Rate of return on equity (%)	23.0	21.1	20.8	26.9	32.0
Price-earnings ratio (Times)	29.4	29.1	21.7	22.8	18.0
Cash flows from operating activities (Thousands of yen)	1,598,103	2,506,041	2,085,443	3,119,274	5,390,093
Cash flows from investing activities (Thousands of yen)	285,102	(546,247)	(4,684)	(1,035,397)	(1,542,192)
Cash flows from financing activities (Thousands of yen)	(783,648)	474,165	(2,696,554)	(2,016,104)	(4,073,014)
Cash and cash equivalents at end of period (Thousands of yen)	5,275,769	7,721,528	7,093,890	7,171,106	6,945,511
Number of employees (Persons)	554	560	595	665	730

- Notes:
1. In calculating “net assets per share,” the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) introduced from the 8th term and those held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan introduced from the 9th term were included in treasury shares excluded from the number of shares issued as of the end of the period. In addition, in calculating “profit per share” and “diluted profit per share,” the same shares were included in treasury shares excluded from the calculation of the average number of shares outstanding during the period.
 2. Diluted profit per share from the 14th term onward is not stated because there were no dilutive shares.
 3. The Company carried out a two-for-one split of its common stock effective April 1, 2022, and another effective December 1, 2024. The figures for “net assets per share,” “profit per share” and “diluted profit per share” were calculated on the assumption that the stock split was conducted at the beginning of the 13th term.
 4. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 14th term, and the key financial data for the 14th term onwards are those after applying the accounting standard and relevant ASBJ regulations.

(2) Key financial data of reporting company

Term	The 13th term	The 14th term	The 15th term	The 16th term	The 17th term
Fiscal year-end	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Revenue (Thousands of yen)	13,736,438	9,632,673	5,833,000	5,226,400	7,554,000
Ordinary profit (Thousands of yen)	1,792,089	2,099,120	2,612,654	1,823,010	4,161,373
Profit (Thousands of yen)	1,247,543	1,260,242	1,870,921	1,702,948	3,144,575
Share capital (Thousands of yen)	2,848,506	4,626,881	3,000,000	3,000,000	3,000,000
Total number of issued shares (Shares)	21,104,300	23,154,300	46,308,600	45,000,000	89,000,000
Net assets (Thousands of yen)	5,415,253	9,842,513	9,796,956	10,813,945	10,772,245
Total assets (Thousands of yen)	10,193,022	12,834,417	12,258,601	12,791,376	12,816,292
Net assets per share (Yen)	71.28	116.04	117.77	127.94	128.69
Dividend per share (Yen)	22.00	26.00	16.00	27.00	21.00
[Interim dividend paid per share]	[-]	[-]	[-]	[-]	[-]
Profit per share (Yen)	16.32	15.00	22.20	20.18	37.16
Diluted profit per share (Yen)	16.31	—	—	—	—
Shareholders' equity ratio (%)	53.1	76.7	79.9	84.5	84.1
Rate of return on equity (%)	24.1	16.5	19.1	16.5	29.1
Price-earnings ratio (Times)	28.5	38.4	25.5	43.3	25.2
Dividend payout ratio (%)	33.70	43.32	36.03	66.88	56.51
Number of employees (Persons)	548	73	68	75	77
Total shareholder return (%)	151.6	189.2	188.9	292.2	319.1
[Comparison benchmark: Dividend-included TOPIX] (%)	[142.1]	[145.0]	[153.4]	[216.8]	[213.4]
Highest share price (Yen)	1,993	1,184 [3,335]	1,446	1,852	1,020 [1,964]
Lowest share price (Yen)	1,089	1,127 [1,788]	923	1,018	840 [1,094]

- Notes:
1. In calculating “net assets per share,” the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) introduced from the 8th term and those held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan introduced from the 9th term were included in treasury shares excluded from the number of shares issued as of the end of the period. In addition, in calculating “profit per share” and “diluted profit per share,” the same shares were included in treasury shares excluded from the calculation of the average number of shares outstanding during the period.
 2. From April 4, 2022, the highest and lowest share prices are those recorded on the Tokyo Stock Exchange Prime Market, and before that date, the prices are those recorded on the Tokyo Stock Exchange First Section. The Company carried out a two-for-one split of its common stock effective April 1, 2022, and another effective December 1, 2024. Regarding our share prices for the 14th and 17th terms, the highest and lowest share prices on an ex-rights basis following the stock split are provided, and the highest and lowest share prices prior to the stock split (before ex-rights) are indicated in parentheses.
 3. Diluted profit per share from the 14th term onward is not stated because there were no dilutive shares.
 4. The Company carried out a two-for-one split of its common stock effective April 1, 2022, and another effective December 1, 2024. The figures for “net assets per share,” “profit per share” and “diluted profit per share” were calculated on the assumption that the stock split was conducted at the beginning of the 13th term. Furthermore, in the “dividend per share,” the actual value of the dividends prior to the stock split is provided. Moreover, “total shareholder return” is calculated considering the impact of the stock split.
 5. On October 1, 2021, the Company conducted a company split and transitioned to a holding company. As a result, there is significant variance when comparing financial data from the 14th term onward compared with those of the 13th term.
 6. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 14th term, and the key financial data for the 14th term onwards are those after applying the accounting standard and relevant ASBJ regulations.

2. History

Date	Description
May 2008	Established in Akasaka, Minato-ku, Tokyo as a joint venture of Mitsubishi Corporation and RHJ International S.A. to strengthen the IT and consulting services of the Mitsubishi Corporation group
Sept. 2008	Moved the head office to Toranomon, Minato-ku, Tokyo
Sept. 2013	To strengthen collaboration in IT consulting services, capital participation from Internet Initiative Japan Inc. To strengthen collaboration in IT services, capital participation from INTEC Inc.
Dec. 2013	Listed on Mothers market of the Tokyo Stock Exchange
Oct. 2014	Acquired shares of SXA Inc. (formerly T-Model Investment Inc.) and made it a consolidated subsidiary
Sept. 2016	Started a capital and business alliance with SX Capital, Inc.
Nov. 2017	Change in stock market listing to the First Section of the Tokyo Stock Exchange
July 2018	Changed corporate philosophy
Feb. 2019	Established SXF Inc.
Apr. 2019	Introduced an executive officer system
Apr. 2021	Established SIGMAXYZ Investment Inc. Concluded an alliance agreement with ITOCHU Corporation
June 2021	Transferred Investment Business to SIGMAXYZ Investment Inc.
Oct. 2021	Transitioned to a holding company system, changed trade name to SIGMAXYZ Holdings Inc. Established SIGMAXYZ Inc. and transferred Consulting Business
Jan. 2022	Obtained B Corporation Certification
Apr. 2022	Transferred from the First Section to the Prime Market of the Tokyo Stock Exchange
Jan. 2023	SXA Inc. removed from the scope of consolidation
Dec. 2024	Established SXD Inc.
Apr. 2025	SXF Inc. removed from the scope of consolidation

3. Description of business

We have organized the significant features of the Group's services as follows.

■ Supporting the “Three Innovations” of companies as professionals in a broad range of fields

Under our Purpose, “Create a Beautiful Tomorrow Together,” and our Mission, “Promote transformation in companies and contribute to attaining the SDGs together with clients and partners,” we propel our business with a dedication to promote corporate transformations and to create a beautiful society of tomorrow. In addition, with Group-wide effort we aim to achieve “Three Innovations,” the key transformations that companies must address in the digital economy, defined as follows:

“Three Innovations”: Key Transformations that Companies Must Address in the Digital Economy

- **Management Transformation (MX)**

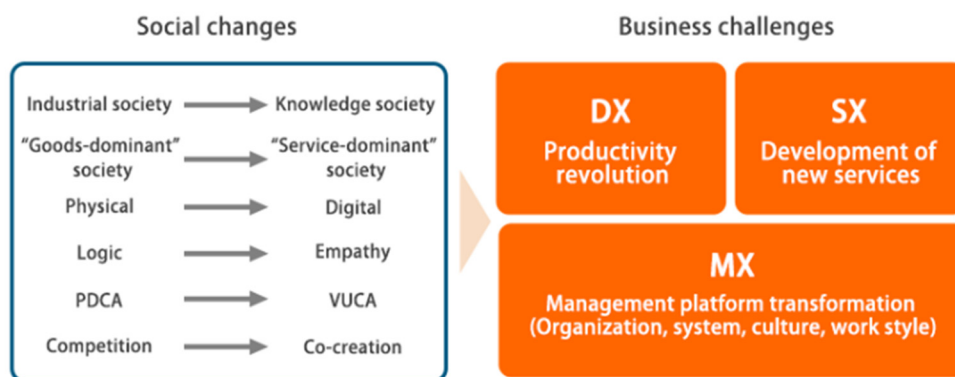
Build a platform that ensures the autonomy and psychological safety of people involved in the business, improves engagement, creates continuous innovation, and enables rapid individual-customer interaction

- **Digital Transformation (DX)**

Transform the core business model and achieve significant performance improvements through a productivity revolution

- **Service Transformation (SX)**

Build a business model that will serve as a new growth engine in growth markets



■ SIGMAXYZ Group's business structure

During the fiscal year under review, the Group worked to create value in wide range of industries and companies and to create new markets and businesses that solve social issues. In the consulting services, we define the key transformations that companies must address in the digital economy as; “Digital Transformation” to achieve significant performance improvements through a productivity revolution, “Service Transformation” to build a business model that will serve as a new growth engine in growth markets, and “Management Transformation” to build a management platform. We have professionals with diverse skills who are working to solve corporate issues, create new value, and co-create new businesses and industries through collaboration among companies.

■ Achieving goals through collaboration as a Sherpa

The Company aims to be a “Sherpa” for clients. Sherpas accompany climbers up and down Mount Everest and share their success in reaching the summit as well as their risks. We believe that this is the same process as creating corporate value. To resolve the major issues faced by management, the Group formulates business strategies, designs business models, and designs, builds and implements business operation platforms, thereby realizing results together with the client through collaboration that utilizes their mutual capabilities and strengths. Furthermore, with the purpose of increasing the level and speed of the resolution of management issues faced by client companies, professionals with diverse skills form a single team to carry out projects.

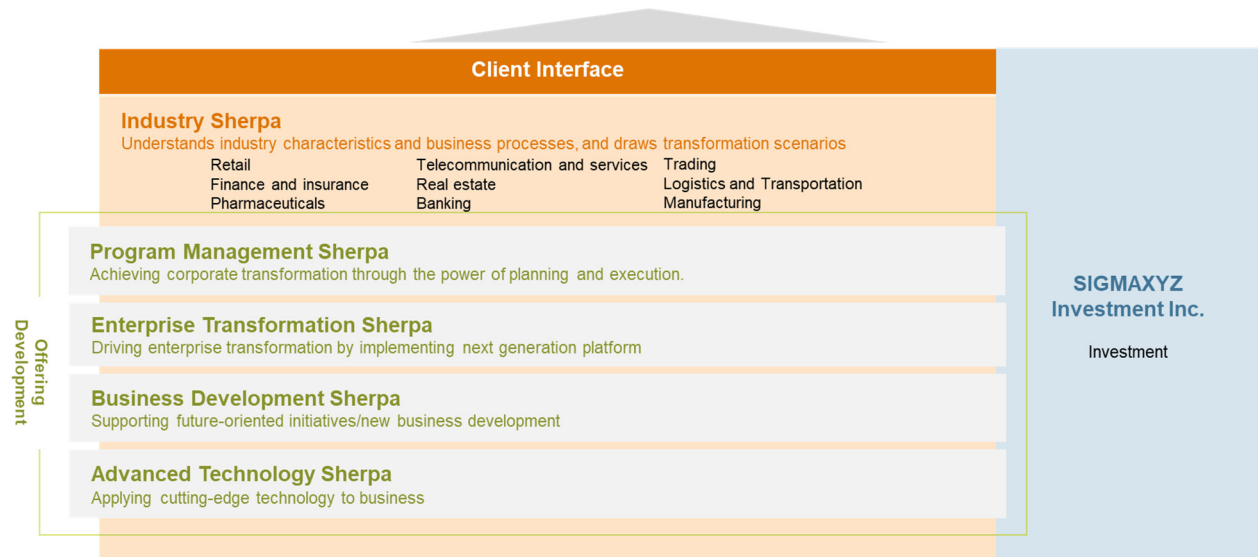
■ Building ecosystems through aggregation and maximizing value

To produce results, we acquire and combine the necessary abilities from both internal and external sources regardless of affiliation to form optimized project teams both flexibly and quickly. The Group formulates transformation scenarios aimed at realizing business models. At the same time, using networks that include internal and external sources such as the company itself, business partners, client companies and investees, we implement consulting services through strong leadership and utilize alliance networks to further expand our networks and build ecosystems.

We also envision transformation scenarios for the entire industry and operate business communities with the goal of creating innovation and resolving social issues through collaboration among companies.

We have organized the Group’s main skill sectors for the fiscal year ended March 31, 2025 as follows. We assembled professionals with the necessary skills and created and executed projects in response to the topics being pursued by our client companies.

Promote Blueprint proposals, taking into consideration fundamental issues of clients and the industries



- Client Interface

- Industry Sherpa (Understands industry characteristics and business processes, and draws transformation scenarios)
 - Retail
 - Finance and insurance
 - Pharmaceuticals
 - Telecommunication and services
 - Real estate
 - Banking
 - Trading
 - Logistics and Transportation
 - Manufacturing

- Program Management Sherpa (Achieving corporate transformation through the power of planning and execution)

- Enterprise Transformation Sherpa (Driving enterprise transformation by implementing next generation platform)

- Business Development Sherpa (Supporting future-oriented initiatives/new business development)

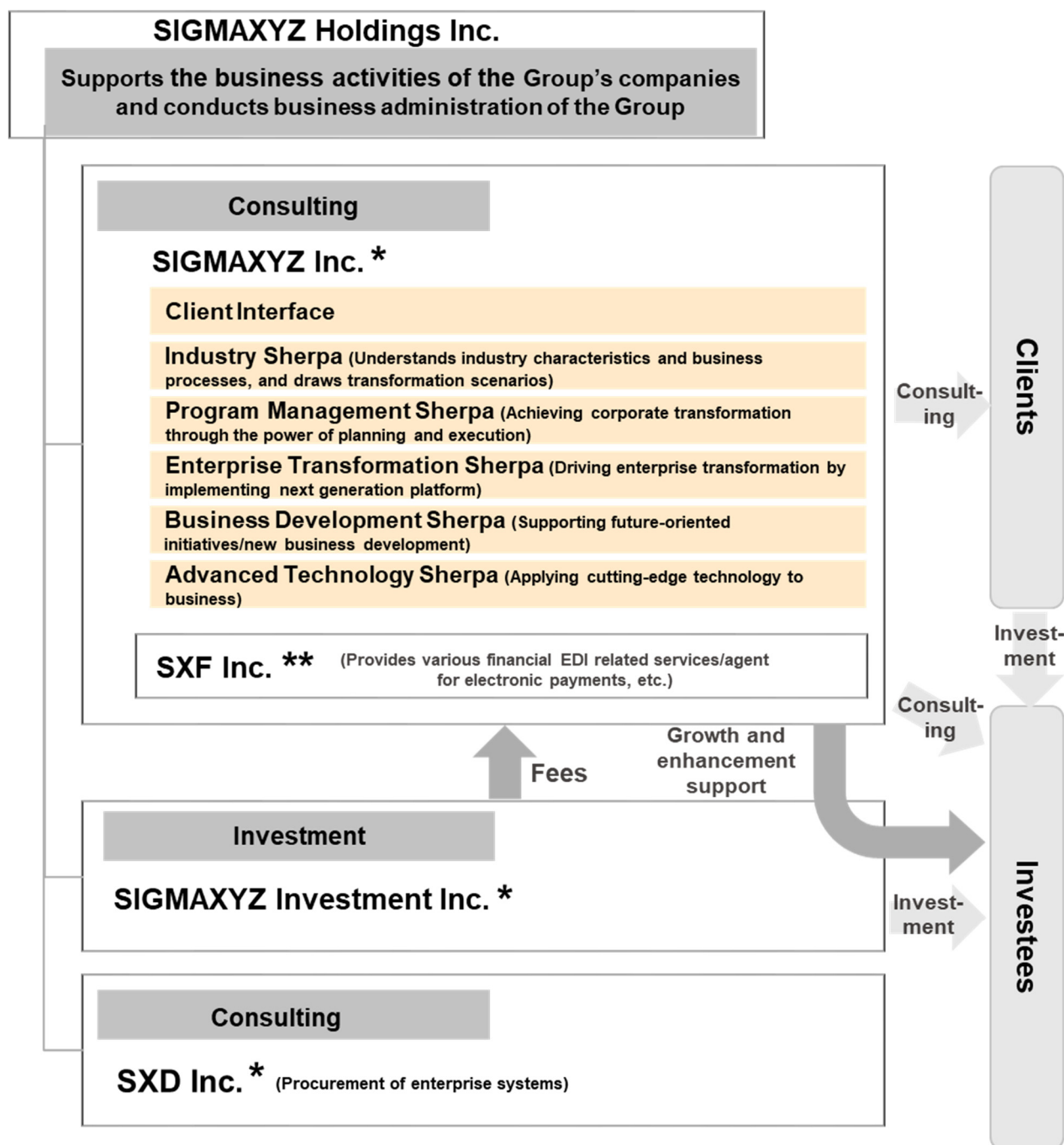
- Advanced Technology Sherpa (Applying cutting-edge technology to business)

- Investment Business (The Company discontinued its Investment Business in May 2025, and is scheduled to absorb SIGMAXYZ Investment Inc. in July 2025.)
 - Investment in stocks and debentures, etc.
 - Investment and management of the assets of investment partnerships
 - Consulting related to corporate management and M&A
 - Overall investment operations supporting value creation

- Other
 - Global financial management services (In April 2025, the Company transferred all shares of SXF Inc., and the company thereafter removed from the scope of consolidation.)
 - Procurement, design, development, and maintenance of enterprise systems

Business structure chart

Business structure of the Company is as follows:



- Notes:
- * Consolidated subsidiaries ** Consolidated subsidiary of SIGMAXYZ Inc.
 - Starting with April 2025, SXF Inc. was removed from the Company's scope of consolidation. SIGMAXYZ Investment Inc. has suspended operations and is scheduled to be absorbed by the Company in July 2025.

4. Subsidiaries and other affiliated entities

Name	Address	Share capital (Millions of yen)	Primary business	Percentage of voting rights holding (held) (%)	Relationship
(Consolidated subsidiaries)					
SIGMAXYZ Inc. (Note 1)	Minato-ku, Tokyo	200	Consulting Business	100	Providing back office services, etc. Concurrent service by officers: Yes
SIGMAXYZ Investment Inc. (Notes 2, 3)	Minato-ku, Tokyo	425	Investment Business	100	Providing back office services, etc. Concurrent service by officers: Yes
SXD Inc.	Minato-ku, Tokyo	25	Information Service Business	100	Providing back office services, etc. Concurrent service by officers: None
SXF Inc. (Notes 4, 5)	Minato-ku, Tokyo	30	Agency service for electronic payment and others	100 (100)	Providing back office services, etc. Concurrent service by officers: None

Notes: 1. Revenue of SIGMAXYZ Inc. (excluding internal revenue among consolidated companies) exceeds 10% of the consolidated revenue.

Key profit/loss information	(1) Revenue	¥25,541,907 thousand
	(2) Ordinary profit	¥4,802,985 thousand
	(3) Profit	¥3,431,241 thousand
	(4) Net assets	¥3,846,353 thousand
	(5) Total assets	¥7,497,282 thousand

- The company is classified as a specified subsidiary.
- At the Board of Directors meeting held on May 8, 2025, the Company resolved to conduct an absorption-type merger with SIGMAXYZ Investment Inc., which is scheduled to take effect on July 1, 2025.
- Figures in parentheses under “percentage of voting rights holding (held)” represent the percentage of voting rights held indirectly.
- All shares of SXF Inc., a consolidated subsidiary of SIGMAXYZ Inc., were transferred as of April 1, 2025.

5. Employees

(1) Information about group

As of March 31, 2025

Segment name	Number of employees (Persons)
Consulting Business	647
Investment Business	6
The Corporate Group (Common)	77
Total	730

- Notes:
1. The number of employees represents those at work.
 2. The number of employees listed as “The Corporate Group (Common)” is the number of employees belonging to administrative divisions that cannot be classified into specific businesses.

(2) Information about reporting company

As of March 31, 2025

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Yen)
77	45.4	8.9	12,077,458

Segment name	Number of employees (Persons)
The Corporate Group (Common)	77

- Notes:
1. The number of employees represents those at work.
 2. The number of employees listed as “The Corporate Group (Common)” is the number of employees belonging to administrative divisions that cannot be classified into specific businesses.
 3. Average annual salary includes extra wages, etc.

(Reference information) Average age and other information at consolidated companies

As of March 31, 2025

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Yen)
730	35.7	5.4	12,708,164

- Notes:
1. The number of employees represents those at work.
 2. Average annual salary includes extra wages, etc.

(3) Labor unions

No labor union has been formed, but labor-management relations are stable.

(4) Proportion of female in management positions, proportion of male employees taking childcare leave, and gender pay gap

Reporting company

As of March 31, 2025					Supplementary explanation
Proportion of female in management positions (%) (Note 1)	Proportion of male employees taking childcare leave (%) (Note 2)	Gender pay gap (%) (Note 3)			
		All employees	Full-time employees	Part-time /fixed-term employees	
52.6	—	—	—	—	—

- Notes:
1. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
 2. The figures have not been provided because the Company is not subject to the obligation to disclose information as stipulated by the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) or the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
 3. The figures have not been provided because the Company is not subject to the obligation to disclose information as stipulated by the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

Consolidated subsidiaries

Consolidated subsidiaries						
As of March 31, 2025						Supplementary explanation
Name	Proportion of female in management positions (%) (Note 1)	Proportion of male employees taking childcare leave (%) (Note 2)	Gender pay gap (%) (Note 1)			
			All employees	Full-time employees	Part-time /fixed-term employees	
SIGMAXYZ Inc.	15.0	100.0	77.3	78.3	56.5	The criteria for determining class and pay are the same for both male and female.

- Notes:
1. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
 2. Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), and specifically on Article 71-6, paragraph (2) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), the percentage of workers who have taken childcare leave, etc., and leave for the purpose of childcare was calculated.

II. Overview of Business

1. Management philosophy, business environment, issues to address

Forward-looking statements contained herein are determined by the Group at the end of the fiscal year ended March 31, 2025.

(1) Management philosophies

In the fiscal year ended March 31, 2025, the Group established the below “Purpose,” “Vision,” “Mission,” and “Value” demonstrating our corporate philosophy and promoted our business activities with these as our management guidelines.

- Purpose

“Create a Beautiful Tomorrow Together”

The concept of social capital based on the 3 axes of “trust,” “standards of reciprocities,” and “bonds,” and the importance of them being widely permeated, are being reevaluated in countries around the world.

Further, we believe that these social relationship assets themselves are the identity that we have cultivated in Japan and the beauty of society.

We aim to contribute to the creation of such a beautiful society.

A society in which we respect each other beyond generations and personalities and everyone can live and thrive comfortably with hope in daily life.

The SIGMAXYZ Group cooperates with clients, partners, and various individuals and organizations to create value as Sherpas.

We start with taking one step at a time for a more beautiful tomorrow.

- Vision | What We Want To Be

“LOVED by EVERYONE”

With us...

You can meet friends.

You can expand your opportunities.

You can take on challenges.

You can grow and be more capable.

You can contribute to society.

You can enrich your life.

- Mission | Our Social Duty

“Promote transformation in companies and contribute to attaining the SDGs together with clients and partners.”

- Value | What We Treasure

Human Value

“Openness & Trust”

Open ourselves, then trust our partners.

“Sincerity”

Be earnest about everything.

“Hospitality”

Carefully consider our partners’ thoughts and feelings before taking action.

“Sense of Beauty”

Strive to be esthetically beautiful.

“Respect for Difference”

Know, understand and respect a diverse range of values.

“Camaraderie”

Respect and help partners.

Business Value

“Sharing Thoughts”

Understand partners’ real intentions, and communicate our real intentions.

“Collaboration”

Share goals beyond differences in position, and create high value.

“Aggregation”

Combine all people, products, and experiences to create new value.

“Sherpa”

Act together all the way to completion.

“Agility & Speed”

Sense and respond to changes quickly.

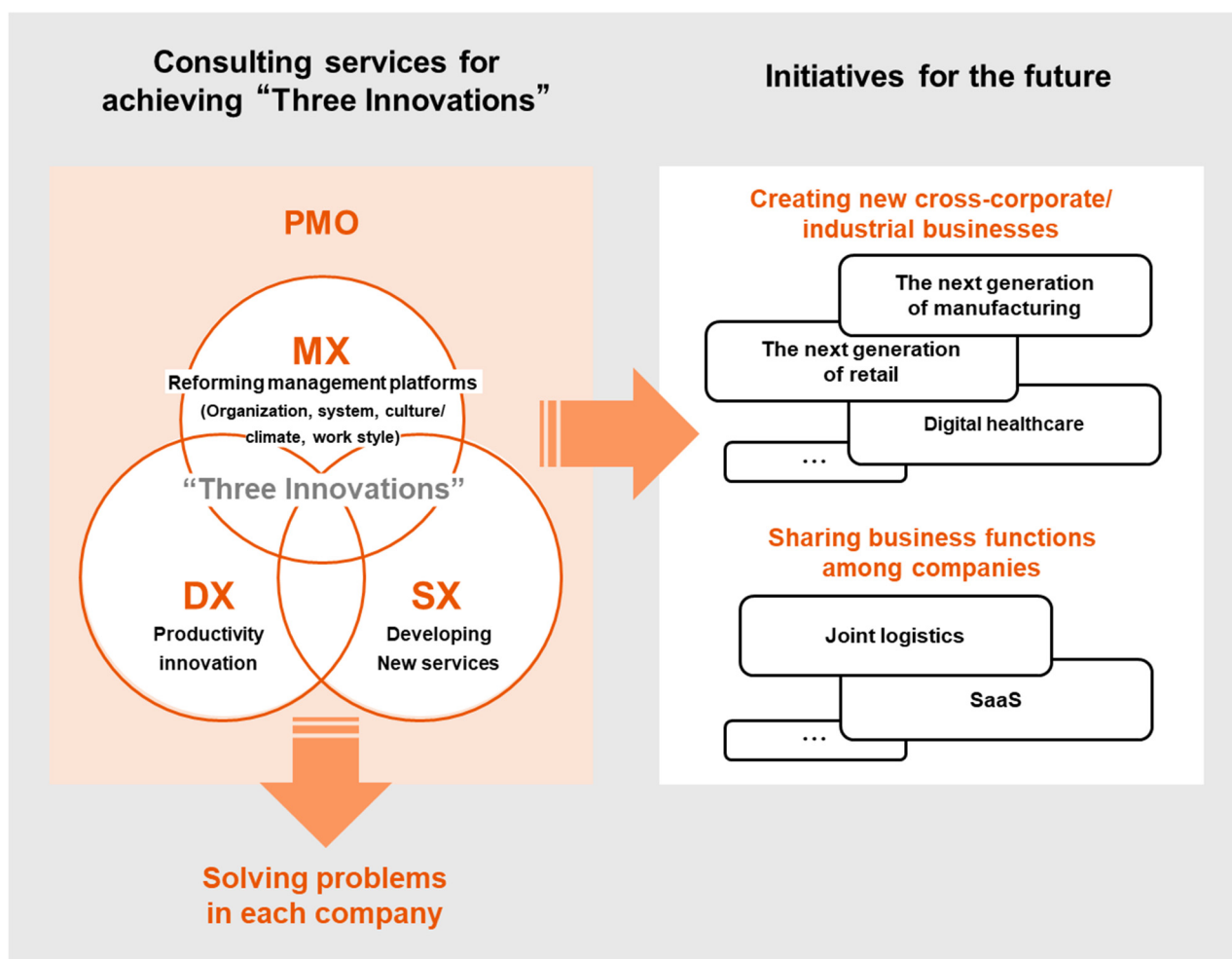
“Intellectual Fight”

Pursue outstanding quality without compromise.

(2) Management strategies, etc.

• SIGMAXYZ Inc. (Consulting Business)

SIGMAXYZ offers consulting services that combine diverse capabilities with the aim of achieving the “Three Innovations” of a company. We are working with clients and partners to create new value by drawing scenarios for collaboration among companies and joint ventures. We also envision the future of industry and society, and work to create new businesses that cut across companies and industries, and to share business functions among companies.



• SIGMAXYZ Investment Inc. (Investment Business)

SIGMAXYZ Investment Inc. was established as a wholly owned subsidiary of SIGMAXYZ Holdings Inc. in April 2021 with the aim of improving our ability to provide value through collaboration with our Consulting Business and creating synergies with clients. Since its establishment, it has invested primarily in the renewable energy and healthcare fields.

Based on the growth strategy set out in our new medium- to long-term growth vision, "Blueprint in FY29 (Fiscal Year Ending March 31, 2030)," announced by the Group, and taking into account the current growth market environment, we have decided to discontinue our Investment Business and absorb SIGMAXYZ Investment Inc. into the Company through a merger. The investment capabilities through our Investment Business will be utilized by the Company as a value co-creation function to support the Group's future business growth through M&A and co-investment with clients.

(3) Business environment

Currently, Japan is facing numerous social issues, such as economic growth slowdown and an aging population with a declining birthrate, and is rapidly losing its competitiveness in the global arena. In order to overcome this situation, it is urgent to restore the value creation capabilities of Japanese companies. We believe that it is necessary to accelerate the "Three Innovations" proposed by the Group: (1) "Digital Transformation (DX)" to achieve significant performance improvement through a productivity revolution, (2) "Service Transformation (SX)" to build business models that will serve as a new growth engine in growing markets, and (3) "Management Transformation (MX)" to build a management platform. We must also focus on mastering advanced technologies, such as generative AI, to improve productivity while using our human capabilities to shape the future.

Amid this environment, the Group will further evolve as a company that thoroughly utilizes technology while maximizing the value of human assets and co-creating value with clients.

(4) Business and financial issues of priority

We will promote our business in order to realize our "Blueprint" toward the fiscal year ending March 31, 2030, which is the Group's medium- to long-term growth vision.

Specifically, we will take actions in the following areas.

(i) Creating higher added value

- Realization of value co-creation with clients
- Improve consultant productivity through the use of advanced technologies, knowledge sharing, etc.

- (ii) Expansion of client base
 - Deepening expertise and expanding areas in each industry
 - Diversification of client segments
- (iii) Expand growth areas with competitive advantages
 - Further growth in the SaaS/AI area
- (iv) Enhancement of value creation capabilities
 - Strengthening hiring capabilities
 - Accelerating skills development
 - Forming alliances with external companies
- (v) Leveraging capital for growth
 - Absorb investment functions into the holding company, and consider M&A and business alliances for business growth

Additionally, we view how to best utilize our abundant funds as a financial challenge, and will invest in the initiatives mentioned above, including: (i) Higher added value creation – improving consultant productivity through the use of advanced technologies, knowledge sharing, etc.; (iii) Growth in competitive areas – expanding further in the SaaS/AI area; (iv) Enhancement of value creation capabilities – strengthening hiring capabilities and accelerating capability development; and (v) Growth through capital utilization – pursuing M&A and business alliances.

(5) Objective indicators, etc. for judging the achievement of management targets

To increase profitability while pursuing continuous growth, the Group has established management indicators including ordinary profit to revenue ratio, number of consultants and project satisfaction level in the Consulting Business. Project satisfaction level is an important indicator in continuously receiving orders from our client companies.

2. Approach to and initiatives for sustainability

The Group's approach to and initiatives on sustainability are as follows.

Forward-looking statements contained herein are based on assumptions that are deemed to be reasonable as of the filing date of this report, and actual results may differ as a consequence of numerous factors.

The Group believes that the value of a company is a synthesis of financial and non-financial value, and place importance on Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) factors in promoting our business. In our "Basic Sustainability Policy" that was established in 2021, we define our aim to create a sustainable and beautiful society through embodying "Create a Beautiful Tomorrow Together," the Group's "Purpose," and are pursuing a contribution to solving social issues through our business activities.

Furthermore, we position human assets as one of the most important management resources. The Group believes that value co-creators (human assets driving collaborative value creation) represent the source of the Group's business growth and ability to create a sustainable and beautiful society of tomorrow, and we are progressing with various initiatives under the "Human Assets Policy" established in 2023.

All group employees will strive to realize a high level of governance and solve social issues through value co-creation activities based on collaboration that combines diverse human assets, knowledge, capabilities, and technology.



**We aim to create a sustainable and beautiful society through embodying
"Create a Beautiful Tomorrow Together."**

(1) Governance

The Group's Sustainability Committee is strengthening our efforts to address ESG and SDGs challenges by examining the key issues related thereto and by monitoring risks and opportunities, and regularly reporting to the Board of Directors. A summary of the Sustainability Committee's operations is as follows.

- The Sustainability Committee is chaired by the Directors who execute operations and comprises Executive Officers responsible for their respective business segments. It also examines important issues from the three ESG criteria of "Environmental," "Social," and "Governance" (consideration of global environmental issues such as climate change, human assets and fair and appropriate treatment, fair and appropriate transactions with business partners, crisis response to natural disasters, etc.).
- Important issues related to sustainability initiatives are deliberated by the Management Meeting, and reported and supervised by the Board of Directors.
- The Sustainability Committee meets regularly to discuss initiatives to address issues surrounding sustainability. The Committee also examines measures to tackle sustainability issues and monitors the progress thereof.

Risks concerning human assets, an important issue of the Group, are identified and managed by the Risk Management Committee chaired by the Representative Director and CFO. In turn, the committee reports and provides recommendations to the Board of Directors. The identified human assets risks are addressed by having the Sustainability Committee examine measures and monitor the progress of these measures. With regard to other matters such as legal compliance, the Compliance Committee, chaired by the Executive Officer and Chief Compliance Officer (CCO) conducts supervision and examines measures.

As for climate related risks, the Sustainability Committee explores ways to address risks associated with the transition to a decarbonized society, risks concerning greenhouse gas reduction, and risks associated with the physical impacts of climate change.

Furthermore, the overview of corporate governance of the Company is stated in "IV. Information About Reporting Company, 4. Corporate governance, (1) Overview of corporate governance."

(2) Strategies

(i) Human assets

The Group's "Purpose" is to "Create a Beautiful Tomorrow Together," and through different people and organizations starting with our clients and partners working together, we hope to contribute to creating a society full of beauty. The Group has established the Mission to "Promote transformation in companies and contribute to attaining the SDGs together with clients and partners." Through value creation with a wide range of stakeholders, we are focused on creating new markets to resolve social issues, aiming to contribute to the realization of a sustainable society through our businesses themselves.

Based on this approach, the Group has positioned a "Value Co-Creator (human assets driving collaborative value creation)" as our most important management assets in business growth and creating a beautiful society in the future, and has arranged various environments and systems that support professionals' activities, promoting value co-creation with clients. In addition, the Group's work style is characterized as "Professional & Collaboration," and we have created an environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation with clients in their own way, while growing sustainably.

Our specific policies and initiatives related to human assets are as follows.

- a. Human Assets Policy (Established in March 2023)

Employees are human assets, not human resources

The growth and value creation of employees is the source of the organization's growth.

In other words, employees are assets.

SIGMAXYZ Group aims to establish a work environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation in their own way, while growing sustainably.

In addition, in April 2024, we have established the "SIGMAXYZ Group Human Rights Policy" to promote a work environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation in their own way, while growing sustainably.

The Group is advancing human rights initiatives in line with this policy.

- b. Work environment supporting value co-creation (policy for improving the internal environment)

The Group's work style is characterized as "Professional & Collaboration," and we have created an environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation in their own way, while growing sustainably.

<p>Holacracy-based organization</p> <p>Network-type organization emphasizing the autonomy of every individual</p>	<p>Capability development framework (CDF)</p> <p>Sustainable growth through work and learning based on personalized career plan</p>	<p>Learning program</p> <p>Access to various training opportunities internally and externally according to individual learning plans in a cafeteria-type format</p>	
	<p>Knowledge-sharing system</p> <p>Sharing of information, knowledge and experiences, and growing together</p>	<p>Professional personnel system</p> <p>Evaluate based on the performance they demonstrated, not the time they took on work</p>	<p>Digital and mobile workplace</p> <p>Fully digital environment allowing employees to freely select where and when they work</p>
<p>Free address system</p> <p>Work spaces emphasizing collaboration and value creation</p>	<p>Health management program</p> <p>Provision of various programs empowering employees to acquire health knowledge, know themselves, and take required actions autonomously</p>		<p>Benefits program</p> <p>Various programs allowing employees to concentrate on value creation while achieving work-life balance</p>

◆ Learning program

At the Group, which considers human assets the source of our value creation, we focus on providing learning opportunities and offer a wide variety of training in the form of cafeteria plans (a system in which members select and acquire skills that are useful for their work).

Cafeteria training

▲ Classroom sessions

These sessions are held in SIGMAXYZ Groups classrooms. For 30 or more days every year, SIGMAXYZ Group provides programs to enhance skills required to work in the company, such as problem-solving capabilities, chart formulation capabilities, business strategy models, financial analysis, and data science. Everyone is welcome to participate in the programs.

▲ Partner sessions

Sessions by business partners. Professionals can attend sessions regarding the various curriculums necessary for the service lines. They take part in over 200 sessions per year.



Knowledge Sharing / Learn from External Professionals

▲ Knowledge fair

In this event, internal professionals share within the company knowledge they have acquired through their projects or proposals, new services they have developed, and the latest information they have brought home from overseas events. The fair is held several times a month, and professionals are free to attend events related to themes they are interested in.

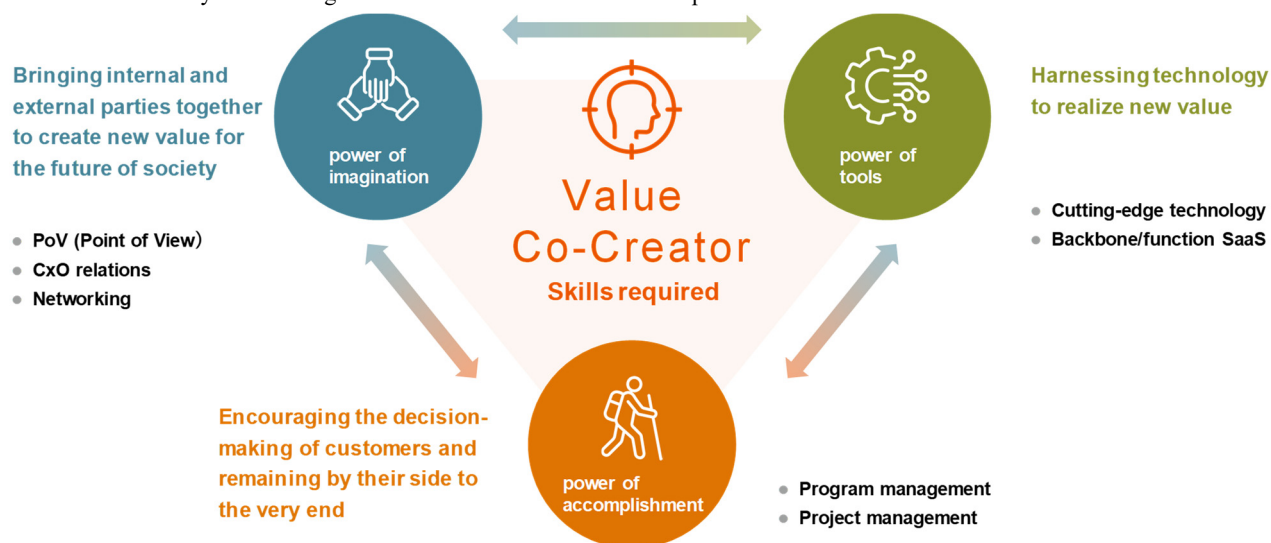
▲ External professional sessions (High-Touch Program)

These sessions provide opportunities for professionals to come into direct contact with the insights and experience of leading authorities in various fields, including academia, culture, and sports, to expand their knowledge, change their mindset, and elevate themselves. In the past, we have invited leading researchers, professional athletes, kabuki actors, rakugo storytellers, and comedians.



◆ Capability development framework (CDF)

We have defined the personnel capability categories in the Consulting Business. We are designing our evaluation framework based on the three elements of the power of imagination, the power of accomplishment, and the power of tools, with a view to develop the capabilities of human assets as Value Co-Creators that can take charge of creating new markets and businesses to solve issues in society and creating value for various industries and companies.



◆ Health management program

The Group regards “human assets,” the source of our value creation, as our most important management assets. We focus on our employees’ health management and have established a variety of environments and systems.

Under our health management program, we encourage employees to receive regular health checkups, provide optional subsidies for employees to offset some of the costs of gynecological exams, have a full system of industrial physicians and public health nurses, offer unlimited stress checks, and a health support system that allows employees to check their health checkup results online.

In 2023, we further enhanced measures to support the health management cycle by providing health-related information, subsidies for the cost of genetic testing, subsidies for the cost of gynecological examinations and tumor marker options with the eligible population expanded to those in their 20s when receiving health checkups, subsidies for medical expenses including those of family members, and support through coupons when visiting medical institutions, among other measures.

c. Diversity maximizes the value of collaboration

The Group values human assets with high aspirations to grow professionally who respect their own values and abilities. The more human assets with these qualities that join an organization, the more diverse that organization will become. By admitting and respecting differences among people, and creating value out of the collaboration, the Group believes that we can create significant value. The Group believes that only when there is a culture where employees embrace it will we become an organization where not only female and international personnel, but also human assets with diverse personalities, gather and thrive.

(ii) Climate change

The Group aims to create a sustainable and beautiful society by proactively participating in green transformation (realizing a decarbonized society by 2050) through educational and outreach activities to companies and industries and development of aggregator human assets, and by supporting advanced products and services that contribute to improving the global environment through our clients/partnerships and community.

Specific initiatives related to climate change are as described below.

- a. SIGMAXYZ Inc., a consulting business, participates in the “Working Group (WG) on Carbon Neutrality” of the Japan Association of New Economy.
- b. Energy analysts and consultants specializing in decarbonization proactively share information through book writing, journal contributions, media interviews, and seminar presentations.
- c. The entire Group is promoting efforts to go paperless for internal communication. In addition, we have completely eliminated the provision of beverages bottled in plastics within our premises, have fully switched ceiling lighting to LED lighting, and have switched from clear plastic folders to paper folders. We have procured FIT Non-Fossil Certificates at our headquarters and distributed their environmental value according to the electricity usage of other offices, meaning all of our offices can be deemed as using electricity derived from renewable energy sources, and are otherwise working to reduce our environmental impact.

(3) Risk management

(i) Human assets

Risks and opportunities concerning human assets, an important issue of the Group, are identified and managed by the Risk Management Committee chaired by the Representative Director and CFO. In turn, the committee reports and provides recommendations to the Board of Directors. The identified human assets risks and opportunities are addressed by having the Sustainability Committee examine measures and monitor the progress of these measures. With regard to other matters such as legal compliance, the Compliance Committee, chaired by the Executive Officer and CCO conducts supervision and examines measures.

We established and announced the “Anti-Bribery Policy” in September 2023. By prohibiting bribery and declaring our initiatives to prevent bribery, we will strive to detect and prevent fraudulent acts. Further, we established the “Human Rights Policy” in April 2024.

(ii) Climate change

As for climate related risks and opportunities, the Group’s Sustainability Committee explored ways to address risks associated with the transition to a decarbonized society, risks concerning greenhouse gas reduction, and risks associated with the physical impacts of climate change, and conducted scenario analysis for our main business, the Consulting Business.

Risks include the possibility of negative impacts due to macroeconomic stagnation caused by the introduction of carbon pricing (carbon taxes, etc.) and large-scale natural disasters caused by climate change.

The main opportunity is assumed to be increased demand for consulting support for the transition to a decarbonized society and adaptation to climate change.

(4) Indicators

(i) Human assets

Based on the Group's Human Assets Policy, we have set indicators related to human assets and diversity.

Item		Indicator	FY 2021	FY 2022	FY 2023	FY 2024	Target FY 2030
Human assets	Workstyle	Proportion of employees taking childcare leave (Group)	—	53%	50%	100%	100%
Diversity	Proportion of female in management positions (Group)		43 persons	50 persons	54 persons	54 persons	25%
			19%	20%	21%	21%	
	Proportion of mid-career personnel recruited in management positions (Group)		198 persons	202 persons	217 persons	209 persons	80%
			85%	82%	82%	80%	
	Proportion of foreigners in management positions (Group)		2 persons	1 person	1 person	3 persons	2.5%
			0.9%	0.4%	0.4%	1.3%	

- Notes:
- The figures for each indicator are for the consolidated Group.
 - Each indicator is calculated based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991) and the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).
 - Targets for FY2030 were set following deliberation at a Management Meeting of the reporting company held on April 25, 2023, and reports given at a meeting of the Board of Directors held on April 26, 2023.

For human assets indicators, additional items such as indicators related to employee engagement and capability development are being considered for inclusion in the future.

(ii) Climate change

The Group has established the following targets with respect to greenhouse gas emissions when assessing climate-related risks.

Scope 1, 2: Reduce greenhouse gas emissions 50% compared to FY 2021 by FY 2030

Net-zero by FY 2050

Scope 3: We will refine calculations and work toward establishing targets going forward.

KPI	FY 2021	FY 2022	FY 2023	FY 2024	Target (FY 2030)	Target (FY 2050)
Scope 1, 2 t-CO ₂ e	148.57t	127.91t	61.09t	26.79t	50% reduction compared to FY 2021	Net-zero

- Notes:
- In FY 2024, we procured 302,107 kWh of FIT non-fossil certificates (with tracking) at our headquarters and allocated their environmental value based on the ratio of electricity usage among the headquarters, Kamiyacho Training Center, and Harajuku Office.
 - Scope 1: Direct greenhouse gas emissions by the business itself; Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies; Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)

B Corporation Certification

We obtained “B Corporation Certification,” which is based on the international certification system established by B Lab, a non-profit organization in the U.S., for the business and activities of the Group (as of March 31, 2025).

B Corporation Certification is a system for certifying companies with excellent public interest in terms of environmental and social performance, management transparency, and business sustainability, etc. The Group is the first listed company in Japan to obtain this certification.



3. Business risks

Of the items related to the overview of business and financial information mentioned in this report, the main risks recognized by management that could have a significant impact on the financial position, operating results, and cash flows of our consolidated companies are as follows.

Forward-looking statements contained herein are determined by the Group as of the filing date of this report.

Shared group risk

(1) Risks relating to the macro-economic environment

The Group's main clients are leading companies in various industries, mostly major companies that conduct business in Japan and overseas. An economic downturn in Japan or overseas significantly impacting the management conditions or operating results of these main clients could also impact the Group's operating results. In this event, we will enact policies such as controlling costs to minimize the impact on the Group's operating results.

(2) Business continuity risk

The Group's business activities are not limited to Japan and also include the globalization of operations overseas and the development of information networks. The scale of potential damage is increasing every year for large-scale natural disasters, the spread of infectious diseases, large-scale systems disruptions, and other unforeseen events. As such, as a company we are called on to strengthen our initiatives further with respect to our crisis management systems and business continuity.

Given these conditions, to prepare for large-scale natural disasters, the spread of infectious diseases, and large-scale systems disruptions, the Group is building a crisis management system and strengthening our systems platform. The Group is also building and utilizing digital workplaces in various fields involved with business operations to ensure the smooth continuity of our business activities.

However, while we believe that the possibility of occurrence is extremely unlikely, if a special event or circumstances develop that cannot be controlled by a single company, it could make business continuity impossible.

(3) Market risk

The Group owns assets such as debentures that are impacted by price fluctuations in the process of fund management. Decision-making for fund management is implemented in accordance with internal regulations. While we strive to manage risk after owning assets, if the price of each managed asset drops significantly and recovery seems unlikely, the Group may record valuation losses due to impairment, potentially impacting the Group's financial position and operating results.

(4) Information management risk

There are cases where the Group must acquire and use the confidential information and personal information of our clients when providing services. Given this, the Group is under the obligation of confidentiality by concluding confidentiality agreements with clients and relevant companies.

The Group ensures compliance with our confidentiality obligations by Group officers and employees as well as the careful management of confidential information and personal information. However, in the event, for whatever reason, that this information leaks externally, the Group could experience the loss of trust or claims for compensation for damages.

(5) Compliance risk

To ensure that our legal compliance system is effective, we have established the Compliance Code of Conduct. We have also selected a Chief Compliance Officer, and through his/her direction, we are creating awareness of legal compliance among our Directors and employees. At present, no specific risks have materialized.

However, in the unlikely event that the Group's officers or employees engage in acts that violate compliance, the Group could experience the loss of trust and cause a decline in revenue.

(6) Legal risk

When determining contract conditions with our clients and business partners, the Group manages conditions in accordance with our internal regulations to avoid bearing risks of claims for significant compensation for damages, etc.

However, if for whatever reason a lawsuit is filed by another company for claims for compensation for damages, the Group could experience the loss of trust or claims for compensation for damages.

(7) Credit risk

The Group's main clients are leading companies in various industries, mostly major companies that conduct business in Japan and overseas. Therefore, in principle the possibility of an inability to collect receivables is low. Furthermore, when concluding agreements with new counterparties, we manage credit and check for links to organized crime according to our internal regulations before beginning transactions. In this way, the Group carefully and precisely manages our transactions.

However, if we are unable to collect receivables for whatever reason such as the client company experiencing declining operating results or bankruptcy, it could impact the Group's operating results.

(8) Reputation risk

The Group engages in sound corporate management through initiatives including providing high quality services, ensuring legal compliance among its officers and employees, practicing stringent information management, and building compliance systems.

However, if a third party acting with malice intentionally spreads inaccurate information such as rumors, speculation, or reputation, or if misunderstanding, mistaken impressions, or exaggerated beliefs about the Group are created, resulting in direct or indirect damage to the Group's business, it could impact the operating results of the Group.

(9) Risks relating to systems

The Group builds system platforms and manages a wide range of data starting with the client data, financial data, and personnel data. As such, it is essential for the Group to use the information within the system platform for everyday operations.

However, if a natural disaster, accident, or fire exceeding the Group's assumptions occurs and causes significant damage to our system facilities, or if a large-scale system failure occurs for some other reason and time is required until recovery, delays could occur in the consulting services provided to our clients or in our internal operations, which could lead to a decline in the Group's revenue or large-scale costs for recovery.

(10) Investment risk

The Investment Business was discontinued in May 2025 and SIGMAXYZ Investment Inc. is scheduled to be absorbed into the Company in July 2025. After the merger, risk management of the investment assets to be transferred will be carried out by the Company. However, depending on the business development and operating results of the investee companies, the Group may not see a return on its investment.

There can also be other restrictions on sales themselves such as reduced liquidity for stocks or the existence of lockup conditions. In these cases, where there is the possibility that the expected capital gains may not be realized, the invested funds may not be recovered, and loss on sales or valuation losses may be incurred, it could impact the Group's financial position and operating results.

Risks relating to Consulting Business

(11) Risks associated with using new technology

To encourage transformation among our client companies, the Group provides consulting services using new technologies such as AI.

However, as the technologies that we use include technologies in fields that are yet to be understood fully, unpredicted malfunctions could result in a slowdown in providing our consulting services and damages to our client companies, which could lead to a decline in the Group's revenue or claims for compensation for damages.

By acquiring and developing the capabilities of human assets who are well-versed in these new technologies and working to reduce the materialization of these risks while establishing contract conditions with client companies in which we do not bear responsibility for significant compensation for damages, we are working to minimize the impact should these risks materialize.

(12) Risks relating to securing consultants

The high-level knowledge and expertise possessed by individual consultants is the source of the high added-value services provided to our clients. Because of this, by hiring and developing the capabilities of excellent human assets with high-level knowledge and expertise and ensuring suitable positions and an appropriate salary structure, we are working to build a human assets platform.

However, if the hiring and developing the capabilities of excellent human assets that meet the standards demanded by the Group does not progress according to the Group's plan, or if we cannot secure sufficient human assets due to excellent personnel leaving by changing jobs, etc., it could impact the operating results of the Group. Furthermore, there is the possibility of rising costs for human assets investment in the future.

(13) Risks relating to outsourcing

To utilize the knowledge and knowhow of external experts or to increase productivity, the Group outsources part of our consulting operations.

We work to ensure a stable supply of excellent outsourcing contractors by performing regular reviews of quality standards and management systems and by providing guidance for improvement where necessary.

However, if unforeseen events occur at our outsourcing contractors, resulting in increased costs to maintain quality or delays in delivery, this could result in compensation for damages to clients, which could impact the operating results of the Group.

4. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

The following describes an overview of the financial position, operating results, and cash flows (“operating results, etc.”) of the Group for the fiscal year ended March 31, 2025.

Forward-looking statements contained herein are determined by the Group as of the filing date of this report.

(i) Financial position and operating results

The Group’s revenue for the fiscal year ended March 31, 2025 amounted to ¥26,293 million (up 17.3% year on year).

Cost of revenue stood at ¥14,561 million (up 17.4% year on year). In a response to strong demand, outsourcing expenses increased.

Selling, general and administrative expenses amounted to ¥6,092 million (up 5.5% year on year).

Due to an increase in revenue, gross profit increased by ¥1,721 million to ¥11,731 million (up 17.2% year on year), operating profit increased by ¥1,406 million to ¥5,638 million (up 33.2% year on year). Ordinary profit increased by ¥1,538 million to ¥5,876 million (up 35.5% year on year), due in part to the contribution of gains on the sale of surplus operating assets.

Profit before income taxes came to ¥5,819 million (up 34.1% year on year), and profit attributable to owners of parent came to ¥4,394 million (up 36.0% year on year). Comprehensive income attributable to owners of parent came to ¥4,197 million (up 33.6% year on year).

Operating results for each segment are as follows.

Consulting Business

The financial results of the Consulting Business for the fiscal year ended March 31, 2025 show revenue of ¥26,209 million (up 18.0% year on year) and segment profit of ¥7,728 million (up 26.5% year on year), due to strong client demand.

The Consulting Business was driven by projects supporting the introduction of SaaS core systems, the promotion of digital transformation, the launch of new services and the compliance with regulations for clients targeted by industry, mainly in the transportation, finance, information communication, retail, trading, and manufacturing industries. Project satisfaction remained high at 97 points.

On the hiring of human assets, the Consulting Business hired 73 mid-career recruits and 59 new graduates in the current fiscal year. The training for new graduates has been completed successfully, and they have started working on their project delivery. The number of consultants was 625 as of the end of March 2025.

All shares of SXF Inc., a consolidated subsidiary of SIGMAXYZ Inc., were transferred in April 2025. Until now, financial results of SXF Inc. have been reported in the financial results of the Consulting Business. However, as a result of this share transfer, starting with the fiscal year ending March 31, 2026, SXF Inc. will be removed from the Company’s scope of consolidation.

Investment Business

The financial results of the Investment Business for the fiscal year ended March 31, 2025 show revenue of ¥263 million (down 23.7% compared to the previous fiscal year), and segment loss of ¥374 million (compared to a segment loss of ¥117 million in the previous fiscal year).

The only new investment during the fiscal year under review was approximately ¥500 million in Syuppin Co., Ltd. in April 2024. We recorded impairment losses on listed shares in the second quarter and on unlisted shares in the third quarter. By the end of the third quarter, the Company sold all shares of one investee company and recorded a gain on the sale.

As a result, the cumulative investment balance as of March 31, 2025, including valuation differences, was approximately ¥3.7 billion.

Financial position as of March 31, 2025 were as follows.

Total assets as of March 31, 2025 amounted to ¥19,740 million, up ¥1,445 million compared to the end of the previous fiscal year. Total liabilities as of March 31, 2025 amounted to ¥5,468 million, up ¥366 million compared to the end of the previous fiscal year. Total net assets as of March 31, 2025 amounted to ¥14,272 million, up ¥1,078 million compared to the end of the previous fiscal year.

(ii) Status of cash flows

Cash and cash equivalents (hereinafter “net cash”) as of March 31, 2025 stood at ¥6,945 million (down ¥225 million from the previous fiscal year).

Cash flows from operating activities

Net cash provided by operating activities totaled ¥5,390 million (versus ¥3,119 million provided in the previous fiscal year). This mainly reflected ¥5,819 million in profit before income taxes and a ¥421 million change in accounts payable - other.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,542 million (versus ¥1,035 million used in the previous fiscal year). This is attributable mainly to purchase of investment securities of ¥2,356 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥4,073 million (versus ¥2,016 million used in the previous fiscal year). This is attributable mainly to ¥2,875 million in purchase of treasury shares.

The Group's funds are procured in principle mainly from equity capital. Furthermore, the Company's Board of Directors recognizes ROE as an important management indicator in terms of capital profitability. In addition to investing capital acquired through operating activities to capture future earnings and achieving profit growth, we engage in proactive shareholder returns through dividends and treasury share acquisitions. ROE was 32.0% in the fiscal year ended March 31, 2025, and we are aiming to raise this to 35% by the fiscal year ending March 31, 2030. We have set a new target for the dividend payout ratio and will raise it to 50% by the fiscal year ending March 31, 2030.

(iii) Production, orders received and revenue

a. Production

Not applicable, as the Company does not engage in production activities.

b. Orders received

Orders received in the fiscal year ended March 31, 2025 are as follows:

Service name	Orders received (Thousands of yen)	Year-on-year change (%)	Backlog of orders received (Thousands of yen)	Year-on-year change (%)
Consulting Business	27,530,679	118.4	6,499,130	128.7
Investment Business	173,715	60.9	88,884	329.2
Total	27,704,394	117.7	6,588,015	129.7

Note: Inter-segment transactions are offset and eliminated.

c. Revenue

Revenue results for the fiscal year ended March 31, 2025 are as follows:

Service name	Revenue (Thousands of yen)	Year-on-year change (%)
Consulting Business	26,209,427	118.0
Investment Business	263,669	76.3
Total	26,473,097	117.4

Notes: 1. Inter-segment transactions are not offset or eliminated.

2. Revenue results by major customer and the ratio of such revenue results to gross revenue for the two most recent fiscal years are as follows.

Transaction partner	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount (Thousands of yen)	Ratio (%)	Amount (Thousands of yen)	Ratio (%)
NYK Business Systems Co., Ltd.	1,353,120	6.0	3,544,172	13.4

(2) Analyses and examinations concerning the operating results, etc. from the viewpoint of the management

Recognitions, analyses and examinations concerning the Group's operating results, etc., from the viewpoint of management are as follows.

Forward-looking statements contained herein are determined by the Group as of the filing date of this report.

(i) Recognitions, analyses and examinations concerning the financial position and operating results

a. Operating results, etc.

i) Financial position

Assets

Current assets as of March 31, 2025 stood at ¥14,073 million (down ¥389 million from the previous fiscal year), mainly reflecting ¥6,945 million in cash and deposits and ¥3,797 million in operational investment securities. Non-current assets came to ¥5,666 million (up ¥1,835 million from the previous fiscal year), mainly comprising ¥3,024 million in investment securities and ¥375 million in buildings.

Liabilities

Current liabilities as of March 31, 2025 totaled ¥4,781 million (up ¥868 million from the previous fiscal year), mainly reflecting ¥1,372 million in accounts payable - other and ¥1,238 million in income taxes payable. Non-current liabilities came to ¥687 million (down ¥501 million from the previous fiscal year), mainly comprising ¥329 million in provision for share awards.

Net assets

Net assets as of March 31, 2025 amounted to ¥14,272 million (up ¥1,078 million from the previous fiscal year), mainly reflecting ¥3,000 million in capital surplus and ¥12,486 million in retained earnings.

ii) Operating results

Revenue

Revenue for the fiscal year ended March 31, 2025 amounted to ¥26,293 million (up 17.3% year on year). This is mainly due to continued orders received for consulting service projects.

Cost of revenue

Cost of revenue for the fiscal year ended March 31, 2025 amounted to ¥14,561 million (up 17.4% year on year). This is mainly due to personnel expenses and outsourcing expenses for consultants.

Selling, general and administrative expenses

Selling, general and administrative expenses for the fiscal year ended March 31, 2025 amounted to ¥6,092 million (up 5.5% year on year). This is mainly due to remuneration for Directors and personnel expenses in the administrative divisions.

Non-operating income/expenses

Non-operating income for the fiscal year ended March 31, 2025 amounted to ¥255 million (up 114.3% year on year). This is attributable mainly to gain on sale of investment securities. Non-operating expenses for the fiscal year ended March 31, 2025 amounted to ¥17 million (up 28.4% year on year). This is attributable mainly to non-deductible consumption taxes.

As a result of the above, operating profit for the fiscal year ended March 31, 2025 amounted to ¥5,638 million (up 33.2% year on year), ordinary profit amounted to ¥5,876 million (up 35.5% year on year), and profit attributable to owners of parent amounted to ¥4,394 million (up 36.0% year on year).

b. Recognitions, analyses and examinations concerning the operating results, etc.

Japan's economy has gradually recovered, but US trade policy and other factors have led to some uncertainty. In terms of future prospects, amid the improvements in employment and income, a gradual recovery is expected owing to the effects of various policies; however, there is an increasing risk of an economic downturn due to the impact of US trade policies. In addition, ongoing rises in prices also pose a risk of causing a downturn in the Japanese economy through declining consumer sentiment and its impact on personal consumption. Sufficient heed must be paid to impacts caused by changes in the financial and capital markets, etc.

In this environment, the Group has identified three key transformations "Three Innovations" that companies need to address in the digital economy, and our professionals with diverse skills are working to solve corporate issues, create new value, and co-create new businesses and industries through collaboration between companies. As provided in "II. Overview of Business, 3 Business risks," we recognize many risk factors that could have a significant impact on the Group's operating results, including economic volatility, the use of new technologies, investment, information management, compliance and internal management systems, the hiring and loss of human assets, and system malfunctions.

Therefore, the Group diversifies the risk factors that could have a significant impact on operating results by creating internal management systems, ensuring laws and regulations and other compliance, hiring and developing the capabilities of excellent human assets, and strengthening our system platform, working to limit and appropriately respond to risk.

c. Recognitions, analyses and examinations concerning the financial position and operating results by segment
Consulting Business

The Consulting Business was driven by projects supporting the introduction of SaaS core systems, the promotion of digital transformation, the launch of new services and the compliance with regulations, which had segment revenue of ¥26,209 million and a segment profit rate of 29.5%. By industry, demand for consulting services was extremely strong in the transportation, finance, information and telecommunications, retail, trading, and manufacturing industries, and we achieved a capacity ratio that exceeded our targets as well as an increase in operating profit.

Hiring of mid-career recruits is progressing steadily, and the number of consultants, one of our key performance indicators (KPI), increased from the previous year.

Investment Business

In the fiscal year ended March 31, 2025, the Group invested approximately ¥500 million in new projects. Segment revenue was ¥263 million, mainly due to gain on the sale of shares in one listed investee and support for our investees. Segment loss was ¥374 million as a result of recognizing impairment losses on listed shares in the second quarter and on unlisted shares in the third quarter.

Based on the growth strategy set out in our new medium- to long-term growth vision, “Blueprint in FY29 (Fiscal Year Ending March 31, 2030),” announced by the Group, and taking into account the current growth market environment, we have decided to discontinue our Investment Business as of May 2025 and absorb SIGMAXYZ Investment Inc. into the Company through a merger in July 2025.

d. Objective indicators for judging the achievement of management philosophy, strategies, and targets

Objective indicators are provided in “II Overview of Business, 1. Management philosophy, business environment, issues to address, (5) Objective indicators, etc. for judging the achievement of management targets.”

The Group’s consolidated ordinary profit to revenue ratio of 22.4% (19.4% in the previous fiscal year) was the highest ever. This was mainly due to an increase in the capacity ratio of our Consulting Business in response to robust client demand.

In the Consulting Business, the number of consultants rose to 625 (571 at the end of the previous fiscal year). This was mainly due to our aggressive hiring activities resulting in the hiring of 73 mid-career recruits and 59 new graduates. Furthermore, we achieved a record high level of project satisfaction among our clients, reaching a score of 97 (93 at the end of the previous fiscal year), and we expect to continue to win project orders by providing high-quality consulting services.

Our investment balance in our Investment Business as of March 31, 2025 was approximately ¥3.7 billion. Following the absorption-type merger of SIGMAXYZ Investment Inc., the Company is scheduled to succeed its assets.

Based on our strategies, we will continue to work to ensure that these indicators remain at appropriate levels.

(ii) Analysis and examinations of cash flows and information on capital resources and liquidity of funds

Analysis and examinations of cash flows and information on capital resources and liquidity of funds are described in “(1) Overview of operating results, etc., (ii) Status of cash flows.”

(iii) Significant accounting estimates and assumptions used therein

The Group’s consolidated financial statements are prepared using accounting standards generally accepted in Japan. The preparation of consolidated financial statements requires management’s selection and application of accounting policies and estimates by management that affect the reported amounts and disclosures of assets and liabilities and income and expenses. These estimates have been made based on reasonable standards.

Items requiring accounting estimates that can have a material impact on the Group’s financial position and operating results are as follows.

a. Valuation of securities and operational investment securities

The Group holds securities either for business investment or asset management purposes, as well as operational investment securities held for pure investment purposes, and conducts quarterly valuations. The valuations of these securities are impacted by the management conditions of their issuers.

b. Valuation of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are depreciated according to their useful lives.

Furthermore, the Group makes decisions on impairment at least once a year for property, plant and equipment and intangible assets, and where impairment has occurred, impairment losses are recognized. We recognized no issues with the recorded amounts at the end of the fiscal year ended March 31, 2025. However, given the dramatic progress in digital technologies, there is the risk particularly for software of sudden, functional depreciation.

We estimate costs to restore offices to their original conditions and their periods of use in recording expenses. Assumptions are used for the estimated amount by the real estate owner, etc. in costs to restore offices to their original conditions and for the remaining period in the real estate leasing agreement in the period of use. Therefore, there is the possibility of fluctuation in the costs to restore offices to their original conditions caused by fluctuations in construction costs, as well as the possibility of variance in the recorded amount of expenses (recorded in response to the period of extension when the office leasing agreement is extended) due to changes in the planned period of use (extending the office leasing agreement, etc.).

c. Valuation of deferred tax assets

Deferred tax assets are recognized for recoverable temporary differences for tax purposes. At the end of the fiscal year, the Group determines recoverability based on the assumption that taxable income will be generated over a certain period in the future. Going forward, where sufficient taxable income is not expected to be produced, there is the risk of the need for a reversal of deferred tax assets.

d. Provision for share awards

Directors, Executive Officers, and employees can be compensated with the Company's shares, and provision for share awards is recorded for these payments obligations. Shares are provided to Directors and employees through a method using a trust, and the amount of provisions can fluctuate with changes in the unit price of the shares held in the trust through an addition to the trust. Furthermore, we have recorded an amount of provisions that assume that those receiving shares will fulfill the conditions to do so, as there is a low possibility of them not fulfilling these conditions. However, if those receiving shares do not fulfill the conditions to receive them, the share awards may not be able to be granted.

5. Material contracts, etc.

No applicable matters to report.

6. Research and development activities

No applicable matters to report.

III. Information About Facilities

1. Overview of capital expenditures

In the fiscal year ended March 31, 2025, the Group carried out ¥529 million in capital expenditure. This was mainly attributable to an increase of ¥279 million in buildings due to expansion of head office floor space.

2. Major facilities

(1) Reporting company

As of March 31, 2025

Name of office (location)	Segment name	Description	Carrying amount (Thousands of yen)					Number of employees (Persons)
			Buildings	Tools, furniture and fixtures	Leased assets	Software	Total	
Head office (Minato-ku, Tokyo)	The Corporate Group (Common)	Headquarters office	335,306	134,320	2,246	—	471,873	77
	The Corporate Group (Common)	Internal systems	—	—	—	244,887	244,887	

Notes: 1. Headquarters offices are entirely rented. Furthermore, the breakdown of the above buildings mostly includes fixtures and furnishings.

2. Currently, none of our major facilities are idle.

(2) Domestic subsidiaries

The information is omitted as it is immaterial.

(3) Overseas subsidiaries

No applicable matters to report.

3. Planned addition, retirement, and other changes of facilities

(1) Additions, etc. of significant facilities

No applicable matters to report.

(2) Retirement, etc. of significant facilities

No applicable matters to report.

IV. Information About Reporting Company

1. Company's shares, etc.

(1) Total number of shares

(i) Authorized shares

Class	Total number of authorized shares (Shares)
Common stock	288,000,000
Total	288,000,000

Note: Based on the resolution of the Board of Directors held on November 6, 2024, a partial change was made effective as of December 1, 2024, in connection with the stock split, resulting in the total number of authorized shares increasing by 144,000,000 shares to 288,000,000 shares.

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (Shares) March 31, 2025	Number of issued shares as of filing date (Shares) June 23, 2025	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	89,000,000	89,000,000	Tokyo Stock Exchange, Inc. (Prime Market)	These are shares with full voting rights, which are standard shares of the Company with no limits on rights. Number of shares in a trading unit is 100 shares.
Total	89,000,000	89,000,000	—	—

Note: At the Board of Directors meeting held on November 6, 2024, the Company resolved to carry out a two-for-one split of its common stock effective December 1, 2024. As a result, the total number of issued shares increased by 44,500,000 shares, to 89,000,000 shares.

(2) Share acquisition rights

(i) Employee share option plans

No applicable matters to report.

(ii) Rights plans

No applicable matters to report.

(iii) Share acquisition rights for other uses

No applicable matters to report.

(3) Exercises of moving strike convertible bonds, etc.

No applicable matters to report.

(4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
From April 1, 2020 to March 31, 2021 (Note 1)	36,000	21,104,300	6,408	2,848,506	6,408	1,098,506
May 10, 2021 (Note 2)	2,050,000	23,154,300	1,778,375	4,626,881	1,778,375	2,876,881
April 1, 2022 (Note 3)	23,154,300	46,308,600	–	4,626,881	–	2,876,881
July 29, 2022 (Note 4)	–	46,308,600	(1,626,881)	3,000,000	(1,626,881)	1,250,000
February 29, 2024 (Note 5)	(1,308,600)	45,000,000	–	3,000,000	–	1,250,000
August 30, 2024 (Note 5)	(500,000)	44,500,000	–	3,000,000	–	1,250,000
December 1, 2024 (Note 3)	44,500,000	89,000,000	–	3,000,000	–	1,250,000

- Notes:
- This is due to exercise of share acquisition rights.
 - Capital increase with compensation through third-party allotment of shares
Allottee ITOCHU Corporation
Price of issue ¥1,735
Amount incorporated into capital ¥867.50
 - This is due to stock split (a 2-for-1 split).
 - Based on a resolution at the Annual General Meeting of Shareholders held on June 24, 2022, the capital reduction took effect on July 29, 2022, and our share capital and legal capital surplus both decreased by ¥1,626 million.
 - This is due to the cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2025

As of March 31, 2022

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institution	Financial instruments business operator	Other corporations	Foreign investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	–	12	31	39	133	28	6,209	6,452	–
Number of shares held (Unit)	–	216,622	29,449	229,307	220,935	195	193,307	889,815	18,500
Shareholding ratio (%)	–	24.34	3.31	25.77	24.83	0.02	21.72	100	–

Note: The 3,811,492 treasury shares include 38,114 units in “individuals and others” and 92 shares in “shares less than one unit.”

(6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku	10,134,400	11.90
ITOCHU Corporation	2-5-1 Kitaaooyama, Minato-ku	8,200,000	9.63
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku	8,044,520	9.44
Internet Initiative Japan Inc.	2-10-2 Fujimi, Chiyoda-ku	7,920,000	9.30
INTEC Inc.	5-5 Ushijimashinmachi, Toyama-shi	6,585,000	7.73
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku)	1,923,700	2.26
THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (2-15-1 Konan, Minato-ku)	1,835,968	2.16
SIGMAXYZ Employees Stock Ownership Plan	4-1-28 Toranomon, Minato-ku	1,620,700	1.90
Custody Bank of Japan, Ltd. (Trust Account E)	1-8-12 Harumi, Chuo-ku	1,207,000	1.42
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku)	1,183,464	1.39
Total	—	48,654,752	57.11

- Notes:
- 1,207,000 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and 275,520 shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan are included in the number of treasury shares presented in the consolidated financial statements and financial statements.
 - Because the Company is unable to gauge comprehensively the number of shares associated with the trust operations of trust banks, etc., the number of shares held by the name on the shareholder register is stated.
 - In the change report provided for public viewing on November 8, 2024, although we indicated that Mizuho Trust & Banking Co., Ltd. held the following shares as of October 31, 2024, because the Company could not verify the actual number of shares held as of March 31, 2025, the said company is not included in the above list of major shareholders. The contents of the change report are as follows.
The Company carried out a two-for-one split of its common stock with an effective date of December 1, 2024, while the figures stated below represent the number of shares prior to the stock split.

Name	Address	Number of stocks, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	603,500	1.36
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	3,452,200	7.76
Asset Management One International Ltd.	30 Old Bailey, London, EC4M 7AU, UK	230,700	0.52

(7) Voting rights

(i) Issued shares

As of March 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with full voting rights (Treasury shares, etc.)	Common stock 3,811,400	—	—
Shares with full voting rights (Other)	Common stock 85,170,100	851,701	—
Shares less than one unit	Common stock 18,500	—	—
Total number of issued shares	89,000,000	—	—
Total number of voting rights	—	851,701	—

Note: Common stock stated as “shares with full voting rights (other)” include 1,207,000 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and 275,520 shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan, which are included in the number of treasury shares presented in the consolidated financial statements and financial statements.

(ii) Treasury shares, etc.

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
SIGMAXYZ Holdings Inc.	4-1-28 Toranomon, Minato-ku, Tokyo	3,811,400	—	3,811,400	4.28
Total	—	3,811,400	—	3,811,400	4.28

Note: Although they are not held under the Company's own name, 1,207,000 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and 275,520 shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan are included in the number of treasury shares presented in the consolidated financial statements and financial statements.

(8) Share ownership plan for directors (and other officers) and employees

(i) Share ownership plan for employees

To encourage the desire and morale of employees to enhance the Company's share price and operating results by strengthening the link between the Company's share price and operating results and employee compensation and by sharing those economic benefits with our shareholders, the Company has introduced the incentive plan, “Employee Stock Ownership Plan (J-ESOP),” (hereinafter referred to as “Plan,” with the trust established for the Plan based on a trust agreement concluded with Mizuho Trust & Banking Co., Ltd. referred to as “Trust”) that grants the Company's shares to its employees.

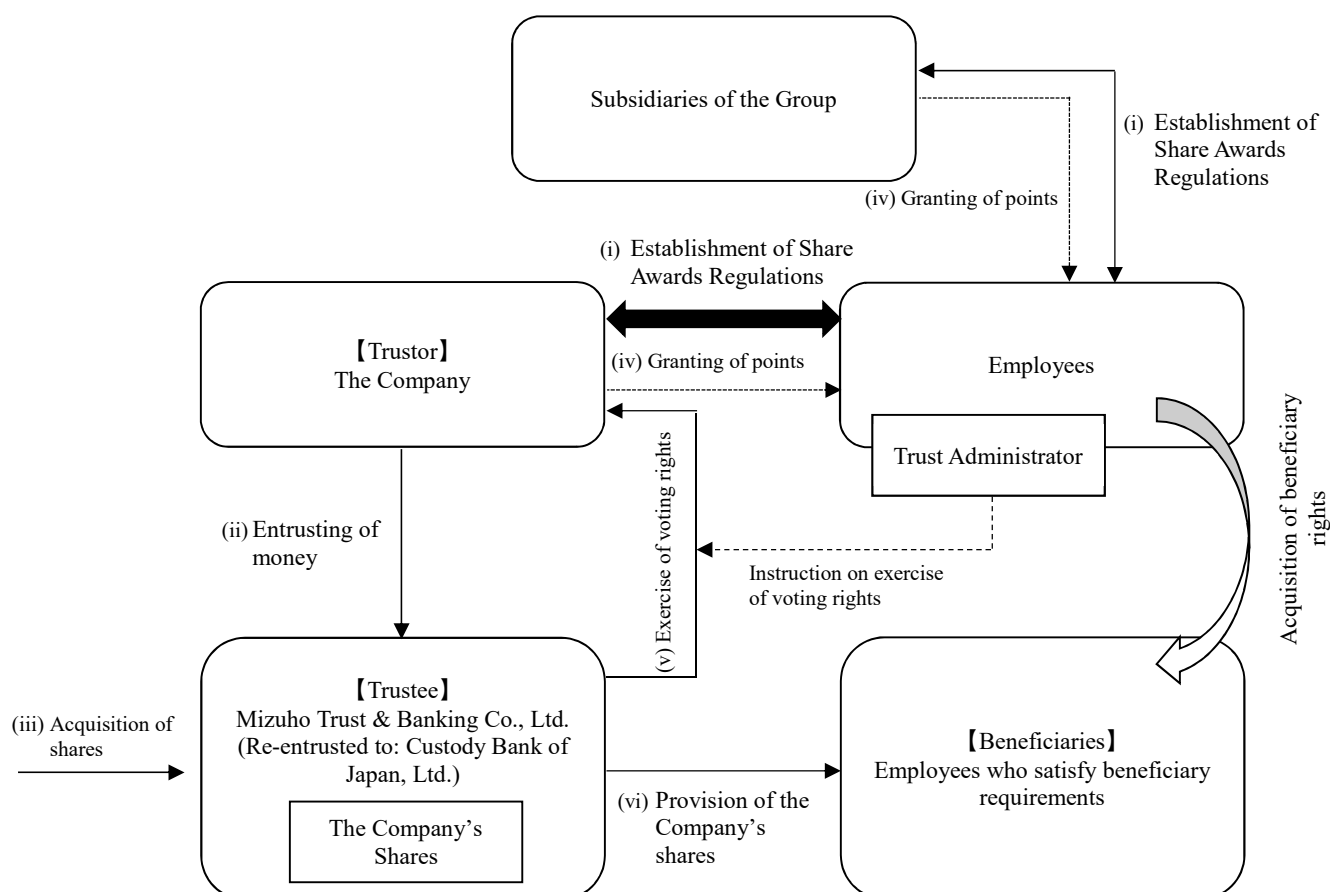
a. Overview of the Plan

Based on Share Awards Regulations previously established by the Group, the Plan grants the Company's shares to the Group's employees who have satisfied certain conditions.

The Group grants points to employees, and when employees receive rights to receive benefits based on certain conditions, they are granted a number of the Company's shares corresponding to the number of points granted. Regarding the shares that are to be granted to employees, the Trust is to acquire the number of shares that is expected to be needed in the future with funds already entrusted and separately manage them as trust assets.

Through the introduction of the Plan, we expect a greater level of interest among the Group's employees in enhancing the Company's share price and operating results and an even greater level of enthusiasm for their work.

Structure of the Plan



- i) The Company and its Group companies have established the “Share Awards Regulations” when introducing the Plan.
- ii) Based on the Share Awards Regulations, the Company entrusts funds in the Trust to acquire shares to grant to employees in the future.
- iii) The Trust acquires the Company’s shares through methods including acquisition through the stock market or disposal of treasury shares using the funds entrusted in ii).
- iv) The Company and its Group companies grant points to employees based on the Share Awards Regulations.
- v) The Trust exercises voting rights based on instructions from the trust administrator.
- vi) The Trust grants a number of the Company’s shares to employees who satisfy the beneficiary conditions provided in the Share Awards Regulations (hereinafter referred to as “Beneficiaries”), in accordance with the number of points granted to each Beneficiary.

b. Overview of the Trust (as of the filing date of this report)

- | | | |
|------|-------------------------|---|
| i) | Type of trust | Trust of money other than money trust (third-party-benefit trust) |
| ii) | Objectives of the trust | To award assets such as the Company’s shares, etc. to Beneficiaries based on the Share Awards Regulations |
| iii) | Trustor | The Company |
| iv) | Trustee | Mizuho Trust & Banking Co., Ltd.
Mizuho Trust & Banking Co., Ltd. has concluded a composite trust agreement with Custody Bank of Japan, Ltd. making, Custody Bank of Japan, Ltd. the re-trust trustee. |
| v) | Beneficiaries | Persons determined to have rights to be awarded assets according to the Share Awards Regulations |
| vi) | Trust agreement date | May 22, 2015 |
| vii) | Trust period | From May 22, 2015 until the conclusion of the trust |

c. Amount entrusted to the Trust by the Company (as of the filing date of this report)

¥2,193,269 thousand

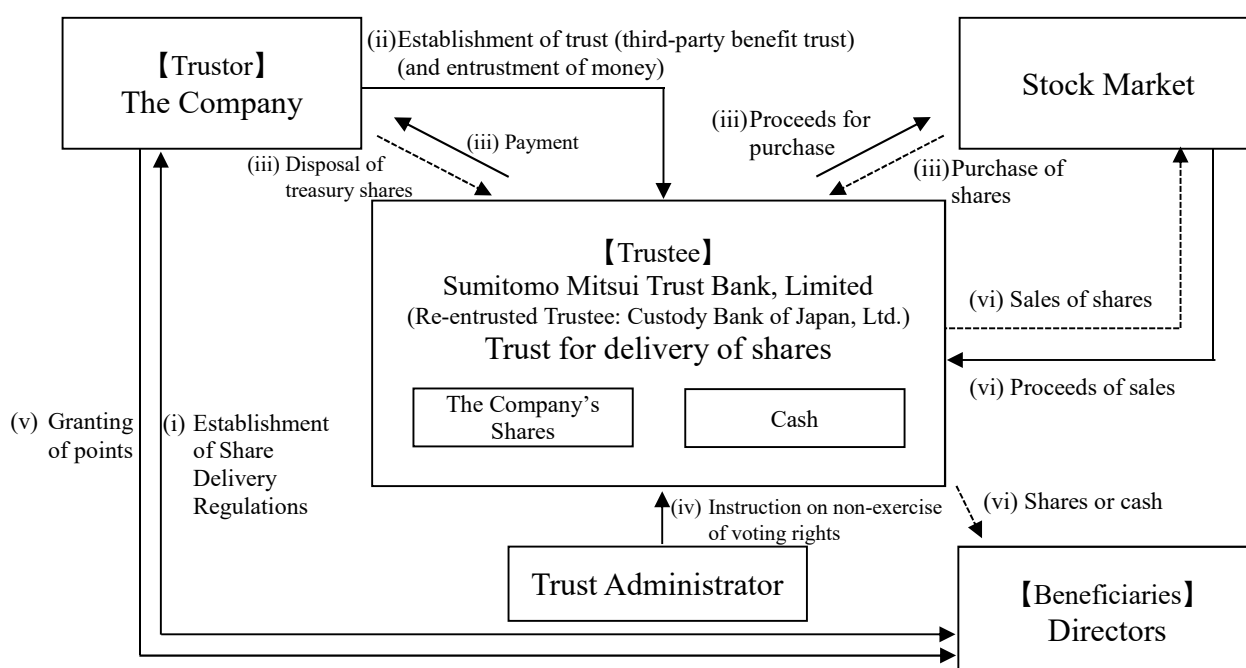
(ii) Details of performance-linked share-based remuneration plan for Directors

The performance-linked share-based remuneration plan (hereinafter referred to as “Plan”) for Directors (limited to Directors who execute operations, same below) has been established as a remuneration structure to secure management human assets. It has also been introduced as a new form of performance-linked share-based remuneration by changing part of existing monetary remuneration for Directors to share-based remuneration, to improve performance in the medium to long term and enhance corporate value of the Company.

a. Overview of the Plan

Under the Plan, a trust, established by the Company’s contribution of money (hereinafter referred to as “Trust”), acquires the Company’s shares and delivers to each Director through the Trust, a number of Company shares equivalent to the number of points granted by the Company to each Director in accordance with the degree of achievement of his/her performance, etc. Furthermore, in principle, the time period in which Directors are delivered the Company’s shares is when the Director retires. No additional trust shall be established for the Plan while the remuneration plan as described in “(iv) Details of share-based remuneration plan with restricted shares for Directors” is in place.

Structure of the Plan



Note: The broken lines indicate the flow of shares

- i) The Company has established a Share Delivery Regulations covering Directors.
- ii) The Company has established a share distribution trust (third-party-benefit trust) with the Directors as beneficiaries. When creating the share distribution trust, the Company entrusts an amount of funds equivalent to the amount to acquire shares to the trustee (however, the amount must be within the amount approved by the General Meeting of Shareholders).
- iii) The trustee acquires a lump sum of the Company’s shares in a number corresponding to the number expected to be delivered in the future (through methods including disposal of treasury shares or acquisition through the stock market).
- iv) A trust administrator is established to protect the interests of the beneficiaries covered by the Share Delivery Regulations and to supervise the trustee throughout the trust period (the trust administrator is a person independent from the Company and its officers).
Voting rights shall not be exercised for the Company’s shares held in the Trust throughout the trust period.
- v) Based on the Share Delivery Regulations, the Company grants points to Directors.
- vi) Directors who satisfy the conditions established by the trust agreement associated with the Share Delivery Regulations and the Trust are awarded the Company’s shares in a number equivalent to their accumulated points as beneficiaries of the Trust from the Trustee. Furthermore, in certain cases established by the Share Delivery Regulations or the trust agreement, a portion of the shares to be delivered may be sold on the stock market, and cash awarded instead.

b. Overview of the Trust (as of the filing date of this report)

- | | | |
|------|-------------------------|---|
| i) | Type of trust | Trust of money other than money trust (third-party-benefit trust) |
| ii) | Objectives of the trust | To award assets such as the Company's shares, etc. to Beneficiaries based on the Share Delivery Regulations |
| iii) | Trustor | The Company |
| iv) | Trustee | Sumitomo Mitsui Trust Bank, Limited
Sumitomo Mitsui Trust Bank, Limited has concluded a composite trust agreement with Custody Bank of Japan, Ltd., making Custody Bank of Japan, Ltd. the re-trust trustee. |
| v) | Beneficiaries | Directors of the Company |
| vi) | Trust agreement date | August 10, 2016 |
| vii) | Trust conclusion date | August 31, 2026 |

c. Amount entrusted to the Trust by the Company (as of the filing date of this report).

¥1,300,000 thousand

(iii) Details of share-based remuneration plan with restricted shares for Executive Officers

To encourage the sharing of value among the Group's Executive Officers and our shareholders, and to increase the desire of our Executive Officers to contribute to increasing our share price and enhancing our corporate value, we have introduced a share-based remuneration plan to distribute restricted shares (hereinafter referred to as "Plan") to the Group's Executive Officers.

Through the Plan, the Group's Executive Officers are paid monetary remuneration claims related to restricted shares. The Executive Officers are then allocated restricted shares by paying all such monetary remuneration claims by way of in-kind contribution. Decisions on the number of shares allocated and the amount of the monetary remuneration claims are made through resolutions by the Group's Board of Directors.

(iv) Details of share-based remuneration plan with restricted shares for Directors

The Company has introduced a share-based remuneration plan to distribute restricted shares (hereinafter referred to as "Plan") to the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors; hereinafter "Eligible Director") in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them.

Through the Plan, the Eligible Directors are paid monetary remuneration claims related to restricted shares of up to ¥400 million annually. The Eligible Directors are then allocated restricted shares by paying all such monetary remuneration claims by way of in-kind contribution. The number of restricted shares that can be allocated to Eligible Directors is limited to 400,000 shares per year. Furthermore, while the Plan is in place, no additional trust shall be established for the remuneration plan as described in "(ii) Details of performance-linked share-based remuneration plan for Directors."

The Company carried out two-for-one splits of its common stock, effective on April 1, 2022 and December 1, 2024, respectively. As a result, the total number of restricted shares that can be allocated to Eligible Directors is limited to 1,600,000 shares per year.

Additionally, at the Board of Directors meeting held on May 22, 2025, the Company decided to revise the officer remuneration system to enhance value sharing with shareholders, prevent impairment to the Company's corporate value, and provide incentives for maintaining credibility. As part of this revision, it was resolved to add Outside Directors (excluding Outside Directors who are Audit & Supervisory Committee Members) as Eligible Directors for the share-based remuneration plan to distribute restricted shares, and to change the total number of restricted shares to be allocated under the Plan to be not more than 400,000 shares per year (of which, no more than 10,000 shares per year to be allocated to outside Directors (excluding outside Directors who are Audit & Supervisory Committee Members)). A proposal regarding this revision will be submitted to the 17th Annual General Meeting of Shareholders scheduled to be held on June 24, 2025.

In addition to the above, at the Board of Directors meeting held on May 22, 2025, the Company resolved to allocate restricted shares to Directors who are Audit & Supervisory Committee Members, and a proposal regarding this allocation will be submitted to the 17th Annual General Meeting of Shareholders scheduled to be held on June 24, 2025. Details of the share-based remuneration with restricted shares plan for Directors who are Audit & Supervisory Committee Members are described in "4. Corporate Governance, (4) Remuneration for directors (and other officers)."

2. Acquisition and disposal of treasury shares

[Class of shares, etc.] Acquisition of common stock that falls under Article 155, item (iii) of the Companies Act

(1) Acquisitions by resolution of shareholders' meeting

No applicable matters to report.

(2) Acquisitions by resolution of board of directors meeting

Category	Number of shares (Shares)	Total price (Yen)
Resolution by Board of Directors meeting held on February 6, 2024 (Acquisition period: From February 26, 2024 to August 20, 2024)	600,000	600,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2025	58,000	101,299,200
Treasury shares acquired during the fiscal year ended March 31, 2025	333,800	498,668,000
Total number of remaining shares within the scope of resolution and total price	208,200	32,800
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2025 (%)	34.70	0.01
Treasury shares acquired during the current period	—	—
Percentage of unexercised acquisition as of the filing date (%)	34.70	0.01

Category	Number of shares (Shares)	Total price (Yen)
Resolution by Board of Directors meeting held on August 5, 2024 (Acquisition period: From August 22, 2024 to January 31, 2025)	2,000,000	1,200,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2025	—	—
Treasury shares acquired during the fiscal year ended March 31, 2025	1,516,000	1,199,915,400
Total number of remaining shares within the scope of resolution and total price	484,000	84,600
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2025 (%)	24.20	0.01
Treasury shares acquired during the current period	—	—
Percentage of unexercised acquisition as of the filing date (%)	24.20	0.01

Category	Number of shares (Shares)	Total price (Yen)
Resolution by Board of Directors meeting held on February 6, 2025 (Acquisition period: From February 7, 2025 to July 31, 2025)	1,700,000	1,200,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2025	—	—
Treasury shares acquired during the fiscal year ended March 31, 2025	753,600	737,232,500
Total number of remaining shares within the scope of resolution and total price	946,400	462,767,500
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2025 (%)	55.67	38.56
Treasury shares acquired during the current period	184,000	184,512,800
Percentage of unexercised acquisition as of the filing date (%)	44.85	23.19

- Notes:
1. Treasury shares acquired during the current period do not include treasury shares purchased between June 1, 2025 and the filing date of this Annual Securities Report.
 2. At the Board of Directors meeting held on August 5, 2024, it was resolved to amend the resolution of the Board of Directors meeting held on February 6, 2024, and to change the end date of the acquisition period from August 31, 2024, to August 20, 2024.
 3. The Company carried out a two-for-one split of its common stock effective December 1, 2024. The acquisition of treasury shares pursuant to the Board of Directors meeting held on February 6, 2024 was conducted before the stock split; accordingly, the number of shares prior to the stock split is stated. The breakdown of treasury shares acquired pursuant to the Board of Directors meeting held on August 5, 2024 was conducted both prior to and after the stock split: 1,228,800 shares prior and 287,200 shares after. The acquisition of treasury shares pursuant to the Board of Directors meeting held on February 6, 2025 was conducted after the stock split; accordingly, the number of shares after the stock split is stated.

- (3) Acquisition not based on resolution of shareholders meeting or board of directors meeting
No applicable matters to report.

- (4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended March 31, 2025		Current period	
	Number of shares (Shares)	Total disposal price (Yen)	Number of shares (Shares)	Total disposal price (Yen)
Acquired treasury shares for which subscriptions by receiving parties has taken place	—	—	—	—
Acquired treasury shares for which disposal by cancellation has taken place	500,000	696,339,500	—	—
Acquired treasury shares for which transfers have taken place associated with mergers, share exchanges, share distributions, and company splits	—	—	—	—
Others				
(Disposal of treasury shares through third-party allotment associated with additional contributions to the Employee Stock Ownership Plan (J-ESOP))	140,000	223,440,000	—	—
(Disposal of treasury shares as share-based remuneration with restricted shares for Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors))	96,000	153,024,000	—	—
(Disposal of treasury shares as share-based remuneration with restricted shares for Executive Officers)	—	—	172,000	169,764,000
Number of treasury shares held	3,811,492	—	3,823,492	—

- Notes: 1. The number of treasury shares disposed of during the current period does not include shares less than one unit sold between June 1, 2025 and the filing date of this Annual Securities Report.
2. The number of treasury shares held during the current period does not include treasury shares acquired by resolutions of the Board of Directors meetings held between June 1, 2025 and the filing date of this Annual Securities Report, and shares less than one unit purchased or sold during the same period.
3. The Company carried out a two-for-one split of its common stock effective December 1, 2024. “Acquired treasury shares for which disposal by cancellation has taken place” during the fiscal year under review is stated based on the number of shares before the stock split, as the disposal was carried out prior to the stock split. “Other (disposal of treasury shares through third-party allotment with additional contributions to the J-ESOP)” during the fiscal year under review is stated based on the number of shares before the stock split, as the disposal was carried out prior to the stock split. “Other (disposal of treasury shares as share-based remuneration with restricted shares for Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors))” during the fiscal year under review is stated based on the number of shares before the stock split, as the disposal was carried out prior to the stock split.

3. Dividend policy

Regarding distribution of profits, the Company’s basic policy is to continue to pay stable dividends while striking a balance between strengthening our financial condition and maintaining sufficient internal reserves to be prepared for future business development.

Furthermore, when the Company distributes surplus, our basic policy is to pay a single, year-end dividend. However, the Company uses the interim dividend system provided in Article 454, paragraph (5) of the Companies Act, and our Articles of Incorporation stipulate that the Board of Directors is the body that decides dividends, including both interim and year-end dividends.

Moreover, dividends of surplus in the fiscal year ended March 31, 2025 are as follows.

Date of resolution	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)
Board of Directors meeting held on May 8, 2025	1,788,958	21

4. Corporate governance

- (1) Overview of corporate governance

- (i) Basic views on corporate governance

To respond to the trusts and expectations of all our stakeholders including our shareholders, counterparties, and employees, to enhance our corporate value, and to maximize shareholder profits, the Company believes that establishing corporate governance is essential.

Specifically, it is essential that the Company's Directors, including the Representative Director, discipline themselves, make appropriate management decisions based on their responsibilities, pursue profit through the Company's businesses, ensure the soundness and increase the trustworthiness of the Company's finances, take accountability for proactive information disclosure, and build effective internal control systems, and that the Audit & Supervisory Committee exercises its audit function sufficiently.

(ii) Overview of corporate governance system and reasons for its adoption

In the fiscal year ended March 31, 2025, the Company is a company with a board of directors, a company with an audit & supervisory committee, and a company with an accounting auditor. Overview of corporate governance system is as follows:

The details contained herein are current as of the filing date of this report excluding cases where notations of other time periods are provided.

a. Board of Directors and officer system

In addition to regular monthly meetings, the Board of Directors holds extraordinary meetings as necessary. Following laws and regulations and the Company's Articles of Incorporation, the Board of Directors conducts decision making on important items related to management and operational execution, such as legal matters to be resolved and management philosophy, as well as supervising the status of operational execution by the Directors. Directors who are Audit & Supervisory Committee Members attend every Board of Directors meeting and supervise the status of operational execution by the Directors. The chairperson of the Management Meeting is the Representative Director and President.

As of the filing date of this report, the Company has ten Directors (including Directors who are Audit & Supervisory Committee Members). Of these, six are outside Directors. Furthermore, based on decision making at the Board of Directors, full-time Directors (excluding Directors who are Audit & Supervisory Committee Members) execute operations. The members of the Board of Directors are as follows.

i) Full-time Directors (excluding Directors who are Audit & Supervisory Committee Members)

Directors Hiroshi Ota, Shunichi Shibamura, Shinya Tabata and Sono Uchiyama

ii) Outside Directors

Directors Komei Yamaguchi, Makiko Yamamoto and Makiko Yoshida

iii) Outside Directors who are Audit & Supervisory Committee Members

Directors Hiroshi Nakahara, Mitsuhiro Amitani and Mitsuru Komiyama

In the fiscal year ended March 31, 2025, the Company's Board of Directors met a total of 12 times, and the attendance status of each Director is as follows.

Position	Name	Attendance at Board of Directors meetings
Director and Chairman of the Board	Ryuichi Tomimura	2/2 meetings
Representative Director and President	Hiroshi Ota	12/12 meetings
Representative Director and Executive Vice President	Shunichi Shibamura	12/12 meetings
Representative Director and CFO	Shinya Tabata	12/12 meetings
Director	Sono Uchiyama	12/12 meetings
Outside Director	Shuichi Kondo	2/2 meetings
Outside Director	Komei Yamaguchi	12/12 meetings
Outside Director	Makiko Yamamoto	12/12 meetings
Outside Director	Makiko Yoshida	12/12 meetings
Outside Director (Audit & Supervisory Committee Member)	Fumio Sunami	2/2 meetings
Outside Director (Audit & Supervisory Committee Member)	Noburo Hata	2/2 meetings
Outside Director (Audit & Supervisory Committee Member)	Hiroshi Nakahara	10/10 meetings
Outside Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani	12/12 meetings
Outside Director (Audit & Supervisory Committee Member)	Mitsuru Komiyama	10/10 meetings

Notes: 1. Positions are as of March 31, 2025; for those who retired during the term, positions are as of time of retirement.

2. Ryuichi Tomimura, Shuichi Kondo, Fumio Sunami, and Noburo Hata retired from their positions as Directors and outside Directors at the conclusion of the 16th Annual General Meeting of Shareholders held on June 25, 2024, and therefore attended two Board of Directors meetings during the fiscal year under review. Hiroshi Nakahara and Mitsuru Komiyama assumed office as Directors at the conclusion of the same meeting and attended ten Board of Directors meetings.

The specific topics for evaluation at Board of Directors meetings include various management issues such as management philosophy, corporate governance, and sustainability, as well as key issues in our main businesses and operational execution.

b. Audit & Supervisory Committee

As of the filing date of this report, the number of Directors who are Audit & Supervisory Committee Members is three, of which, three are outside Directors and one is a full-time member.

In addition to holding regular monthly Audit & Supervisory Committee meetings, extraordinary Audit & Supervisory Committee meetings are also held when necessary, for example when important matters develop. Based on laws and regulations, the Company's Articles of Incorporation and Audit & Supervisory Committee Rules, the Committee resolves important matters and receives progress reports on operations.

Furthermore, the Audit & Supervisory Committee Members attend Board of Directors meetings and other important meetings, provide opinions as necessary on the operational execution of Directors, and oversee and audit overall operational execution. Additionally, the Audit & Supervisory Committee coordinates closely with the person responsible for internal auditing and the Accounting Auditor to implement audits based on the annual audit plan. Moreover, the Audit & Supervisory Committee may request reports from officers and employees as necessary, and where matters are identified through the audits, the Audit & Supervisory Committee discusses the matters and submits its audit findings to the Board of Directors. The members of the Audit & Supervisory Committee are as follows.

i) Audit & Supervisory Committee Member (full-time, committee chair)

Director Hiroshi Nakahara

ii) Audit & Supervisory Committee Member (part-time)

Directors Mitsuhiro Amitani and Mitsuru Komiyama

The status of the activities of the Audit & Supervisory Committee is provided in “(3) Audits.”

c. Remuneration Committee delegated by the Board of Directors

The Remuneration Committee delegated by the Board of Directors (Committee chair: Hiroshi Nakahara, Audit & Supervisory Committee Member and independent outside Director / Committee members: Hiroshi Ota, Director and Mitsuhiro Amitani, Audit & Supervisory Committee Member and independent outside Director) has the authority to decide the calculation method of remuneration, etc. and the amounts of individual remuneration within the scope of the policies regarding the determination of the amounts and calculation methods for the remuneration, etc. for the Company's Directors and within the scope of the remuneration amounts approved by the General Meeting of Shareholders. Furthermore, matters for decision shall be determined by the committee chair after discussions among the committee members, and be reported to the Board of Directors.

In the fiscal year ended March 31, 2025, the Company's Remuneration Committee met a total of two times, and the attendance status of the individual members is as follows:

Position	Name	Attendance at Remuneration Committee meetings
Committee chair: Outside Director (Audit & Supervisory Committee Member)	Fumio Sunami	1/1 meeting
Committee chair: Outside Director (Audit & Supervisory Committee Member)	Hiroshi Nakahara	1/1 meeting
Member: Director and Chairman of the Board	Ryuichi Tomimura	1/1 meeting
Member: Representative Director and President	Hiroshi Ota	1/1 meeting
Member: Outside Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani	2/2 meetings

Notes: 1. Positions are as of March 31, 2025; for those who retired during the term, positions are as of time of retirement.

2. Because Fumio Sunami and Ryuichi Tomimura retired from their positions as members on June 25, 2024, their attendance status is for one Remuneration Committee meetings. Because Hiroshi Nakahara and Hiroshi Ota assumed their office as members on June 25, 2024, their attendance status is for one Remuneration Committee meeting.

The status of the activities of the Remuneration Committee is provided in “(4) Remuneration for directors (and other officers).”

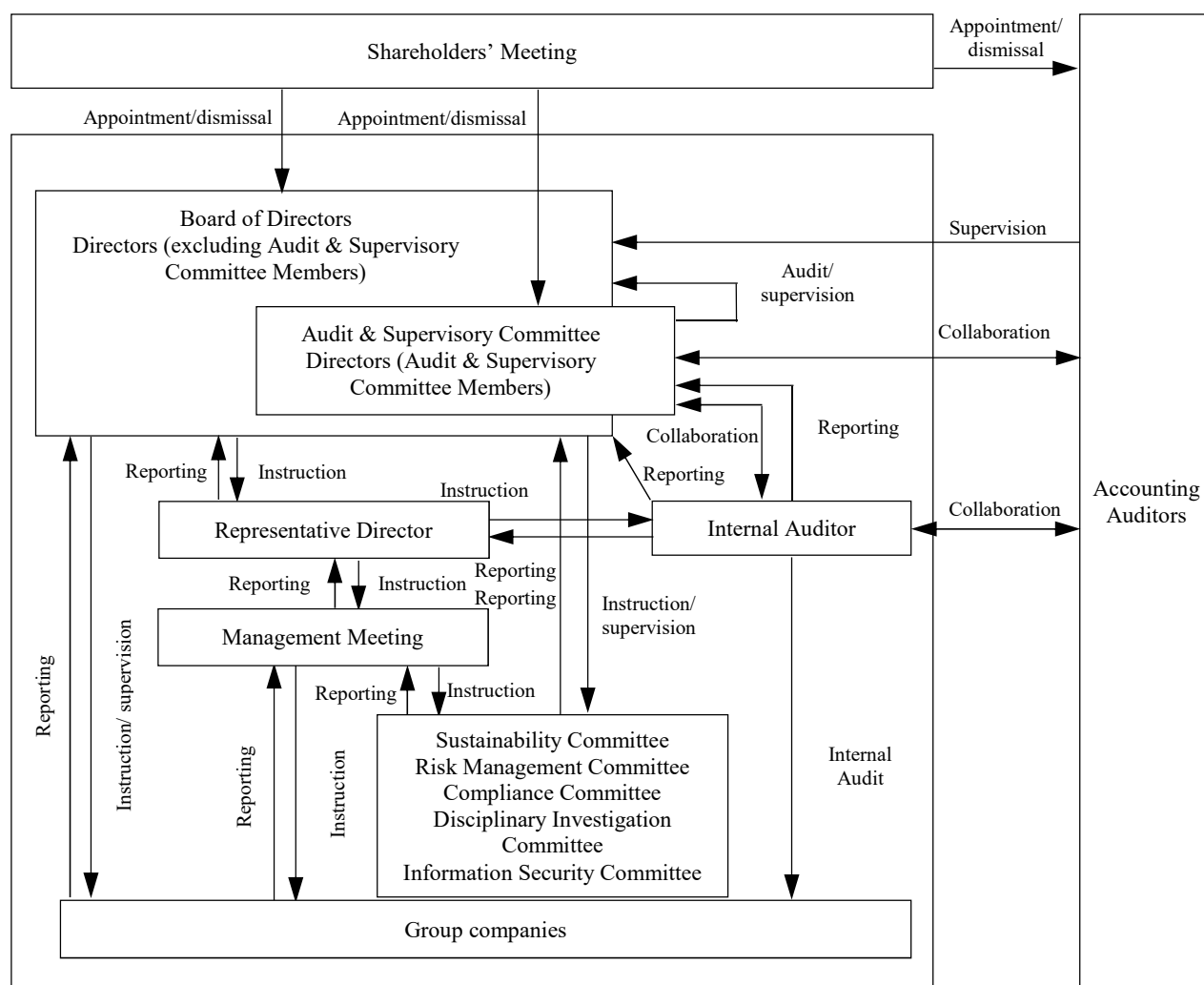
d. Management Meeting

The Management Meeting functions as a venue for important decision making outside of the matters to be resolved by Board of Directors meetings and as a venue for reports from various divisions. In addition to full-time Directors, Executive Officers and employees that the chairperson recognizes as necessary attend the Management Meeting. The chairperson of the Management Meeting is the Representative Director and President.

At the Annual General Meeting of Shareholders held on June 28, 2016, a resolution was passed to amend the Company's Articles of Incorporation to transition to a company with an audit & supervisory committee, and the Company made the transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee on the same date. We have adopted the following system based on the belief that, in order to further enhance our corporate governance framework, having an Audit & Supervisory Committee consisting of Directors who are Audit & Supervisory Committee Members, including several independent outside Directors, should further strengthen the supervisory function of the Board of Directors, secure management transparency, and enhance efficiency.

*The Company submitted a proposal for resolution at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025: "Election of Seven Directors." If the proposal is approved, the Company's Board of Directors will consist of ten members (four Full-time Directors (excluding Directors who are Audit & Supervisory Committee Members), three outside Directors, and three outside Directors who are Audit & Supervisory Committee Members). Additionally, a resolution on the "Appointment of the Chairperson and Members of the Remuneration Committee" is scheduled to be submitted at the Board of Directors meeting to be held immediately after the aforementioned Annual General Meeting of Shareholders." If these proposals are approved, the composition of the Board of Directors will be as described in "(2) Directors (and other officers) (i) b." below. The members of the Remuneration Committee will be: Hiroshi Nakahara, outside Director (Audit & Supervisory Committee Member); Hiroshi Ota, Representative Director and President; and Mitsuhiro Amitani, outside Director (Audit & Supervisory Committee Member).

Corporate governance system of the Company as of the filing date of this report is visualized in the following diagram:



(iii) Other matters concerning corporate governance

A summary of the matters resolved at the Board of Directors as a system to ensure properness of corporate operations is provided below.

i) System for retaining and managing information pertaining to the performance of duties by Directors of the Company

Following laws and regulations and internal regulations, the Company records and stores in the appropriate format as either printed documents or electronic media, the minutes from the General Meeting of Shareholders, the minutes from the Board of Directors, the minutes from the Management Meeting, and minutes from other important meetings, as well as other documents associated with the operational execution by the Directors. The Company establishes rules related to document management, and in addition to assigning a division responsible, the Company makes specific decisions on the management, storage methods, and storage periods of both printed documents and electronic media.

ii) Rules and other systems to manage financial risk of the Company

The risks associated with the Company's business operations are classified into quality risk associated with services provided by the Company, information management risk, compliance risk, legal risk, credit risk, market-related risk, investment risk, system risk, brand risk, human assets risk, intellectual property risk, and business continuity risk. A division responsible is assigned to each risk, which decides the policy, systems and procedures for risk management. When a new type of risk develops, a division responsible is quickly chosen to address the risk.

iii) System to ensure efficient execution of duties by Directors of the Company

Based on the policy regarding human assets development and working environment improvement in accordance with the content of the Company's business, the Board of Directors decides on the annual business plan, and each division formulates a strategy and implementation budget for achieving the business plan for that fiscal year.

iv) System to ensure that execution of duties by Directors and employees complies with laws and regulations, and the articles of incorporation of the Company

- i. To create a corporate culture in which Directors and employees comply with laws and regulations and act according to sound corporate ethics, the Company establishes SIGMAXYZ Group Human Rights Policy, Compliance Code of Conduct, Basic Sustainability Policy and rules on compliance organizations and operations.

- ii. To ensure that our legal compliance system is effective, the Company selects a Chief Compliance Officer at the Company's Management Meeting, and establishes a Compliance Committee chaired by the Chief Compliance Officer. The Chief Compliance Officer has organization-wide control of the compliance initiatives within the Company, and the Compliance Committee, under the direction of the Chief Compliance Officer, promotes awareness of legal compliance among Directors and employees by disseminating SIGMAXYZ Group Human Rights Policy, Compliance Code of Conduct, Basic Sustainability Policy, and rules on compliance organizations and operations, and it has established a system to promote and manage activities such as regular training.
- iii. In addition to establishing operating rules related to our whistleblowing system, based on these rules, the Company has established an internal and external consultation desks as part of our whistleblowing system as a means for employees to provide information directly to the Company on legal and regulatory violations and on actions and facts that may pose risks in terms of SIGMAXYZ Group Human Rights Policy, Compliance Code of Conduct, Basic Sustainability Policy, and rules on compliance organizations and operations.
- iv. The Company maintains absolutely no relationships with criminal elements, including transactional relationships, and takes a firm stand throughout our entire organization against improper requests from criminal elements.
- v. By prohibiting bribery and declaring our initiatives to prevent bribery, we strive to detect and prevent fraudulent acts.
- v) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries
 - i. Regarding the Company's subsidiaries and affiliates, a division in charge is established within each subsidiary and affiliate to ensure the suitability of operations by gauging quantitative and qualitative information, assigning officers and employees, establishing authority and responsibilities, and exercising voting rights.
 - ii. The Company requires the Directors and employees of its subsidiaries to report to the Company or obtain its approval regarding important matters related to the execution of operations, and conducts internal audits of its subsidiaries.
 - iii. The Company establishes internal regulations based on the characteristics of the businesses of its subsidiaries, and requests their participation in the Company's whistleblowing system.
 - iv. The risks associated with the business operations of the Company's subsidiaries are classified into quality risk associated with services provided by the Company's subsidiaries, information management risk, compliance risk, legal risk, credit risk, market-related risk, investment risk, system risk, brand risk, human assets risk, intellectual property risk, and business continuity risk. A division responsible is assigned to each risk, which decides the policy, systems, and procedures for risk management. When a new type of risk develops, a division responsible is quickly chosen to address the risk.
- vi) Matters regarding Directors and employees assigned to assist the Audit & Supervisory Committee of the Company in its duties

When a Director who is an Audit & Supervisory Committee Member (hereinafter "Audit & Supervisory Committee Member") requests the assignment of a Director or employee to assist in the duties of the Audit & Supervisory Committee, the Company shall promptly and appropriately assign a Director or employee.

- vii) Matters concerning the independence of Directors and employees assigned to assist the Audit & Supervisory Committee in its duties from other Directors (excluding Audit & Supervisory Committee Members), and matters regarding ensuring the effectiveness of their instructions

Regarding the supplementary services assigned by the Audit & Supervisory Committee Member, only the Audit & Supervisory Committee Member shall provide directions to the Director or employee that is providing the assistance, and the personnel rotations and evaluation of the employee assisting with the duties of the Audit & Supervisory Committee will be decided after hearing the opinions of the Audit & Supervisory Committee Members.

- viii) Systems for reporting to the Audit & Supervisory Committee by Directors (excluding Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries and other systems related to reporting to the Audit & Supervisory Committee
 - i. The Company's Directors (excluding Audit & Supervisory Committee Members) and employees, as well as the directors, audit & supervisory board members, and employees of the Company's subsidiaries will provide reports on the execution of the duties for which they are responsible at the Company's Board of Directors meetings, Management Meetings, and other important meetings attended by the Company's Audit & Supervisory Committee Members.
 - ii. If the Company's Directors (excluding Audit & Supervisory Committee Members) or employees, as well as the directors, audit & supervisory board members, and employees of the Company's subsidiaries discover matters that risk seriously impacting the operations or finances of the Company or its subsidiaries, or matters that otherwise risk causing serious damage, such as acts that violate laws and regulations, the Articles of Incorporation, SIGMAXYZ Group Human Rights Policy, Compliance Code of Conduct, Basic Sustainability Policy, or rules on compliance organizations and operations, or if they receive reports from Directors or employees of the Company's subsidiaries or other such persons to this effect, a report will be made immediately to the Company's Audit & Supervisory Committee Members, and the same shall apply to the person who receives a report of the findings of the relevant matter from such persons.
 - iii. A system shall be established so that persons responsible in the preceding item shall not be treated unfairly for making reports to the Audit & Supervisory Committee.
- ix) Matters concerning expenses or liabilities arising from the execution of duties by the Company's Audit & Supervisory Committee Members

The Company will promptly process any expenses or obligations incurred in the execution of duties by Audit & Supervisory Committee Members based on invoices from the Audit & Supervisory Committee Member.

- x) Other systems to ensure that auditing by the Company's Audit & Supervisory Committee functions effectively
 - i. The Company's Audit & Supervisory Committee Members shall exchange opinions with Directors who execute operations, internal auditors, the Accounting Auditor, or directors or employees of subsidiaries on issues to be addressed by the Company, the status of the preparation of an environment for auditing by the Audit & Supervisory Committee, and key issues in the auditing process.

- ii. Where the directors and employees of the Company and its subsidiaries are requested to provide a report on the business of the Company or its subsidiaries, or to assist in a study of the state of the business or finances of the Company or its subsidiaries by the Company's Audit & Supervisory Committee Members, they will cooperate in these processes.

(iv) Summary of details of limited liability agreement

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Directors (excluding Directors who execute operations) to limit their liability for damages provided for in Article 423, paragraph (1) of the said Act. The liability limit under these agreements is the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act. The above limitation of liability shall be applied only when the relevant Director has acted in good faith and without gross negligence in performing the duties giving rise to liabilities.

(v) Exemption of Directors from liability

To enable Directors to sufficiently fulfill their expected roles in the execution of their duties, the Company has stipulated in its Articles of Incorporation, pursuant to Article 425, paragraph (1) of the Companies Act, that it may, by resolution of the Board of Directors, exempt Directors (including former Directors) from liability for damages arising from neglect of duties, to the extent permitted by laws and regulations, provided that the Directors have acted in good faith and without gross negligence in the performance of the duties where the liability originated.

(vi) Summary of details of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy provided in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured under the said insurance policy includes directors and officers of the Company and its subsidiaries, and the insured does not bear the relevant premiums. Said insurance policy will cover the insured's damages and legal expenses.

(vii) Number of Directors

The Company stipulates in its Articles of Incorporation that it shall have no more than seven Directors (excluding Directors who are Audit & Supervisory Committee Members) and no more than three Directors who are Audit & Supervisory Committee Members.

(viii) Requirements for resolution on election of Directors

The Company stipulates in its Articles of Incorporation that a resolution on the appointment of Directors shall be made by a majority of the voting rights of shareholders who are in attendance, with shareholders who hold at least one-third of all voting rights of shareholders who may exercise voting rights in attendance.

The Articles of Incorporation also stipulates that a resolution on the appointment of Directors shall not be made by cumulative voting.

(ix) Requirements for the adoption of special resolutions by the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that resolutions of a General Meeting of Shareholders pursuant to Article 309, paragraph (2) of the Companies Act are to be adopted by a two-thirds majority of the voting rights of shareholders in attendance, provided that the shareholders holding at least one-third of the voting rights of shareholders entitled to exercise their voting rights are present. The purpose of this provision is to ensure smooth operation of General Meetings of Shareholders by easing the quorum for special resolutions by General Meetings of Shareholders.

(x) Acquisition of treasury shares

The Company stipulates in its Articles of Incorporation that, pursuant to Article 459, paragraph (1) of the Companies Act, it may acquire treasury shares by resolution of the Board of Directors. This is to allow for the agile execution of its capital strategy.

(xi) Interim dividends

The Company stipulates in its Articles of Incorporation that, pursuant to Article 454, paragraph (5) of the Companies Act, it may pay out interim dividends, with September 30 of each year as the record date, by a resolution of the Board of Directors. This is to provide flexible shareholder payouts.

(2) Directors (and other officers)

(i) List of Directors (and other officers)

- a. The status of Directors (and other officers) of the Company as of June 23, 2025 (filing date of this Annual Securities Report) is as follows.

7 males, 3 females (Ratio of female directors (and other officers): 30.0%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Representative Director, President	Hiroshi Ota	October 20, 1969	Apr. 1993 Oct. 1998 Jan. 2006 Apr. 2009 Apr. 2015 Apr. 2019 Oct. 2021 June 2022 June 2023 June 2023	Joined Japan Airlines Co., Ltd. Joined Pricewaterhouse Consultants Co., Ltd. Partner, IBM Business Consulting Services KK Partner, the Company Managing Director Senior Executive Officer Executive Officer Co-representative Director, SIGMAXYZ Inc. Director, the Company Representative Director, President (current position) Representative Director and President, SIGMAXYZ Inc. (current position)	(Note 3)	497,000
Representative Director, Executive Vice President	Shunichi Shibamura	March 27, 1973	Apr. 1995 Apr. 2004 Sept. 2006 Aug. 2010 Apr. 2015 Sept. 2016 Apr. 2019 Apr. 2021 Oct. 2021 June 2022 June 2023 Apr. 2025	Joined Bank of Japan (seconded to Ministry of Economy, Trade and Industry) Joined McKinsey & Company Incorporated Japan Executive Officer, Kazaka Securities Co., Ltd Partner, the Company Managing Director Director, SX Capital, Inc. (current position) Senior Executive Officer, the Company President and Representative Director, SIGMAXYZ Investment Inc. (current position) Executive Officer, the Company Director Representative Director, Executive Vice President (current position) Director, Executive Vice President and Executive Officer, SIGMAXYZ Inc. (current position)	(Note 3)	272,000
Representative Director, CFO	Shinya Tabata	March 5, 1963	Apr. 1985 Sept. 1989 Feb. 2004 July 2006 Oct. 2006 Sept. 2008 Sept. 2013 June 2019 June 2023	Joined Ishikawajima-Harima Heavy Industries Co., Ltd. Joined IBM Japan, Ltd. Global Business Service CFO, IBM Japan, Ltd. Global Business Service CFO, IBM Japan, Ltd. and CFO, IBM Business Consulting Services KK Global Financing CFO, IBM Japan, Ltd. CFO and Director of Corporate Planning and Finance Dept., the Company Director, CFO Managing Director, CFO Representative Director, CFO (current position)	(Note 3)	285,200
Director in charge of Communication & Capability	Sono Uchiyama	October 26, 1969	Apr. 1993 Apr. 2002 Apr. 2005 Apr. 2007 May 2008 Apr. 2017 Apr. 2020 June 2021 Apr. 2023	Joined Pricewaterhouse Consultants Co., Ltd. Director of Communication and PR, IBM Business Consulting Services KK Director of Communication and Branding, Japan Telecom Co., Ltd. PR Manager, RHJ International Japan, Inc. PR Manager, RHJ International Japan, Inc. and Director of Communication Dept., the Company Director of Communication / Knowledge Management Dept., the Company Director of Communication & Capability Section Director, Director of Communication & Capability Section Director in charge of Communication & Capability (current position)	(Note 3)	220,400

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Komei Yamaguchi (Note 1)	June 7, 1967	Apr. 1990 Apr. 2010 Apr. 2012 Oct. 2017 Apr. 2018 Oct. 2018 Apr. 2019 June 2022 Apr. 2023	Joined INTEC Inc. General Manager of Public Utilities Promotion Dept., INTEC Inc. General Manager of Public Utilities Sales Dept., INTEC Inc. General Manager of Public Utilities Sales Dept. and General Manager of Healthcare Sales Dept., INTEC Inc. General Manager of Metropolitan Social Infrastructure Headquarters and General Manager of Healthcare Sales Dept., INTEC Inc. General Manager of Metropolitan Social Infrastructure Headquarters, INTEC Inc. Executive Officer, General Manager of Social Infrastructure Business Division, INTEC Inc. Director, the Company (current position) Managing Executive Officer, General Manager, Social Infrastructure Business Division, INTEC Inc. (current position)	(Note 3)	—
Director	Makiko Yamamoto (Name as shown on the family register: Makiko Yasukawa) (Note 1)	May 29, 1971	July 1995 Apr. 1999 Oct. 2000 Sept. 2005 Sept. 2006 Feb. 2012 June 2012 Sept. 2014 June 2016 June 2018 June 2019 Feb. 2020 Mar. 2020 Sept. 2021 Sept. 2024	Joined TMI Associates Entered the Legal Training and Research Institute of the Supreme Court of Japan Registered Tokyo Bar Association Simmons & Simmons (London) TMI Associates Registered British Lawyer Solicitor Simmons & Simmons (London) TMI Associates Outside Corporate Auditor, Starzen Co., Ltd. Director, the Company (current position) Outside Director (Audit & Supervisory Committee Member), Musashi Seimitsu Industry Co., Ltd. (current position) Registered Fukuoka Bar Association TMI Partners LPC (Attorney at law) (current position) Outside Director, ASICS Corporation Outside Corporate Auditor, SUSMED, Inc. Audit and Supervisory Committee Member, SUSMED, Inc. (current position)	(Note 3)	—

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Makiko Yoshida (Note 1)	September 13, 1960	Apr. 1984	Joined the Ministry of Posts and Telecommunications of Japanese Government	(Note 3)	—
			July 2001	Director, Telecommunications User Policy Office, Telecommunications Bureau, Ministry of Internal Affairs and Communications		
			Feb. 2004	Deputy Mayor, Setagaya City		
			July 2007	Director, International Policy Division, International Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications		
			July 2010	Director, Budget and Accounts Division, Minister's Secretariat, Ministry of Internal Affairs and Communications		
			June 2013	Deputy Director-General (IT Policy), Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Nov. 2013	Executive Secretary to the Prime Minister, Cabinet Secretariat		
			July 2015	Director-General of the Global ICT Strategy Bureau, Ministry of Internal Affairs and Communications		
			June 2016	Director-General of Minister's Secretariat, Ministry of Internal Affairs and Communications		
			July 2017	Director-General, Information and Communication Bureau, Ministry of Internal Affairs and Communications		
			July 2019	Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications		
			Sept. 2020	Cabinet Public Relations Secretary, Cabinet Secretariat		
			June 2022	President, The Association for Promotion of Public Local Information and Communication		
			June 2022	Independent Director and Audit & Supervisory Committee Member, Tokai Tokyo Securities Co., Ltd. (current position)		
			June 2022	Visiting Professor, Showa Women's University (current position)		
			Sept. 2022	Senior Guest Researcher and Part-time Lecturer, Faculty of Science and Engineering, Waseda University (current position)		
			June 2023	Director, the Company (current position)		
			June 2024	Advisor, The Association for Promotion of Public Local Information and Communication (current position)		
			June 2024	Outside Director, Fuji Media Holdings, Inc. (scheduled to retire in June, 2025)		
			Apr. 2025	Member of the Management Council, National Graduate Institute for Policy Studies (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Hiroshi Nakahara (Note 2)	(July 24, 1958)	Apr. 1981 July 2002 July 2004 July 2005 July 2009 June 2013 July 2014 July 2015 June 2017 Oct. 2017 June 2022 June 2024 June 2024	Joined Ministry of Finance Counselor, the Supervision Bureau of Financial Services Agency Director for Fiscal Investment and Loan Appropriation, the Financial Bureau of Ministry of Finance Director, Government Financial Institutions Division of Minister's Secretariat Deputy Director-General, the Budget Bureau Director-General, Accounting Center and President of Policy Research Institute, Ministry of Finance Director-General, the Financial Bureau Commissioner, National Tax Agency (resigned in June 2016) Director, the Company (resigned in June 2022) Senior Director, Shinkin Central Bank Representative Director and Deputy President, Shinkin Central Bank Director, the Company (Audit & Supervisory Committee Member) (full-time) (current position) Outside Audit & Supervisory Board Member, MIROKU JYOHU SERVICE CO., LTD. (current position)	(Note 4)	–
Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani (Note 2)	June 2, 1956	Apr. 1985 Nov. 1989 Mar. 1990 June 2006 May 2013 June 2018 June 2022 June 2025	Registered as an attorney at law Joined Hashidate Law Office Joined Wakita Law Office Attorney at law, Shimada, Seno, and Amitani Law Office (currently SAH & Co.) (current position) Outside Audit & Supervisory Board Member, STANLEY ELECTRIC CO., LTD. (current position) Outside Audit & Supervisory Board Member, HUB CO., LTD. Director, the Company Director (Audit & Supervisory Committee Member) (current position) Outside Director (Audit & Supervisory Committee Member), KU HOLDINGS CO.,LTD. (scheduled to assume office on June 26, 2025)	(Note 4)	–
Director (Audit & Supervisory Committee Member)	Mitsuru Komiyama (Note 2)	July 28, 1954	Aug. 1977 Mar. 1979 Sept. 1983 Nov. 1984 Jan. 2007 July 2010 June 2015 June 2024	Joined Peat, Marwick, Mitchell & Co. (Tokyo) Registered as Certified Public Accountant Registered as U.S. Certified Public Accountant in the state of California Opened Komiyama & Co., CPAs Executive Representative Partner, Azabu Partners Tax & Accounting Co. (current position) Deputy President, the Japanese Institute of Certified Public Accountants Outside Director, NITTO KOHKI CO., LTD. (current position) Director (Audit & Supervisory Committee Member) (current position)	(Note 4)	–
Total						1,274,600

- Notes: 1. Directors (excluding Directors who are Audit & Supervisory Committee Members), Komei Yamaguchi, Makiko Yamamoto and Makiko Yoshida are outside Directors.
2. Directors Hiroshi Nakahara, Mitsuhiro Amitani and Mitsuru Komiyama are outside Directors who are Audit & Supervisory Committee Members.
3. The term of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) is from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025.
4. The term of office of Directors who are Audit & Supervisory Committee Members is from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.

5. In preparation for a case of a shortfall in the number of Directors who are Audit & Supervisory Committee Members stipulated by laws and regulations, the Company has elected one substitute Director who is an Audit & Supervisory Committee Member, pursuant to the provision in Article 329, paragraph (3) of the Companies Act. Career summary of the substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name	Date of birth	Career summary	Number of shares held (Shares)
Nobuko Aoki	April 13, 1964	<p>Apr. 1987 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)</p> <p>July 1995 Joined the Inter-American Development Bank</p> <p>July 1996 Joined Congrès Inc.</p> <p>Apr. 2002 Joined IBM Japan, Ltd.</p> <p>June 2015 Director of Systems Hardware Business Administration, IBM Japan, Ltd.</p> <p>June 2018 Director of Finance, Global Technology Services, IBM Japan, Ltd.</p> <p>Sept. 2021 Managing Executive Officer, CFO, Kyndryl Japan GK</p> <p>Feb. 2022 Director (Member of the Board), CFO, Kyndryl Japan KK</p>	—

(Reference) The Company adopts an executive officer system. Executive Officers as of the filing date of this report are as follows:

Name	Official title or position	Responsibility
Takuya Kawasaki	Executive Officer	Director, SIGMAXYZ Inc.
Kenichi Shibata	Executive Officer	Director, SIGMAXYZ Investment Inc.
Yutaro Tanaka	Executive Officer, Chief Compliance Officer (CCO)	Director, SIGMAXYZ Inc.

- b. Proposals (resolution items) submitted for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025 include “Election of Seven Directors (Excluding Directors who are Audit & Supervisory Committee Members).” If this proposal is approved, the status of the Company’s officers will be as follows.

Please note that the titles and positions of the officers include the content of the resolutions to be adopted at the Board of Directors meeting scheduled to be held immediately after the aforementioned Annual General Meeting of Shareholders.

7 males, 3 females (Ratio of female directors (and other officers): 30.0%)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Representative Director, President	Hiroshi Ota	October 20, 1969	<p>Apr. 1993 Joined Japan Airlines Co., Ltd.</p> <p>Oct. 1998 Joined Pricewaterhouse Consultants Co., Ltd.</p> <p>Jan. 2006 Partner, IBM Business Consulting Services KK</p> <p>Apr. 2009 Partner, the Company</p> <p>Apr. 2015 Managing Director</p> <p>Apr. 2019 Senior Executive Officer</p> <p>Oct. 2021 Executive Officer</p> <p> Co-representative Director, SIGMAXYZ Inc.</p> <p>June 2022 Director, the Company</p> <p>June 2023 Representative Director, President (current position)</p> <p>June 2023 Representative Director and President, SIGMAXYZ Inc. (current position)</p>	(Note 3)	497,000

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Representative Director, CFO	Shinya Tabata	March 5, 1963	Apr. 1985 Sept. 1989 Feb. 2004 July 2006 Oct. 2006 Sept. 2008 Sept. 2013 June 2019 June 2023	Joined Ishikawajima-Harima Heavy Industries Co., Ltd. Joined IBM Japan, Ltd. Global Business Service CFO, IBM Japan, Ltd. Global Business Service CFO, IBM Japan, Ltd. and CFO, IBM Business Consulting Services KK Global Financing CFO, IBM Japan, Ltd. CFO and Director of Corporate Planning and Finance Dept., the Company Director, CFO Managing Director, CFO Representative Director, CFO (current position)	(Note 3)	285,200
Director	Shunichi Shibamura	March 27, 1973	Apr. 1995 Apr. 2004 Sept. 2006 Aug. 2010 Apr. 2015 Sept. 2016 Apr. 2019 Apr. 2021 Oct. 2021 June 2022 June 2023 Apr. 2025 June 2025	Joined Bank of Japan (seconded to Ministry of Economy, Trade and Industry) Joined McKinsey & Company Incorporated Japan Executive Officer, Kazaka Securities Co., Ltd Partner, the Company Managing Director Director, SX Capital, Inc. (current position) Senior Executive Officer, the Company President and Representative Director, SIGMAXYZ Investment Inc. (current position) Executive Officer, the Company Director Representative Director, Executive Vice President Director, Executive Vice President and Executive Officer, SIGMAXYZ Inc. (current position) Director, the Company (current position)	(Note 3)	272,000
Director in charge of Communication & Capability	Sono Uchiyama	October 26, 1969	Apr. 1993 Apr. 2002 Apr. 2005 Apr. 2007 May 2008 Apr. 2017 Apr. 2020 June 2021 Apr. 2023	Joined Pricewaterhouse Consultants Co., Ltd. Director of Communication and PR, IBM Business Consulting Services KK Director of Communication and Branding, Japan Telecom Co., Ltd. PR Manager, RHJ International Japan, Inc. PR Manager, RHJ International Japan, Inc. and Director of Communication Dept., the Company Director of Communication / Knowledge Management Dept., the Company Director of Communication & Capability Section Director, Director of Communication & Capability Section Director in charge of Communication & Capability (current position)	(Note 3)	220,400

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Mariko Eguchi (Note 1)	March 13, 1966	Apr. 1988	Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)	(Note 3)	—
			Apr. 1999	Joined Nikko Salomon Smith Barney Limited (currently Citigroup Global Markets Japan Inc.), Vice President, Investment Banking Department		
			Aug. 2006	Joined UBS Investment Bank, Director, Investment Banking Department		
			May 2008	Director, Corporate Communications & Branding, UBS Group		
			May 2019	Head of Asia Pacific Corporate Communications, LaSalle Investment Management, Inc.		
			Feb. 2020	Executive Officer responsible for Corporate Communications & Branding and Corporate Social Responsibility Office, Aflac Life Insurance Japan Ltd.		
			Nov. 2021	Advisory Board Member for University of Tokyo, President's Office Future Society Initiatives (current position)		
			Jan. 2024	Advisor, Aflac Life Insurance Japan Ltd. (current position)		
			June 2025	Director, the Company (current position) Outside Director, TSUMURA & CO. (scheduled to assume office on June 27, 2025)		
Director	Komei Yamaguchi (Note 1)	June 7, 1967	Apr. 1990	Joined INTEC Inc.	(Note 3)	—
			Apr. 2010	General Manager of Public Utilities Promotion Dept., INTEC Inc.		
			Apr. 2012	General Manager of Public Utilities Sales Dept., INTEC Inc.		
			Oct. 2017	General Manager of Public Utilities Sales Dept. and General Manager of Healthcare Sales Dept., INTEC Inc.		
			Apr. 2018	General Manager of Metropolitan Social Infrastructure Headquarters and General Manager of Healthcare Sales Dept., INTEC Inc.		
			Oct. 2018	General Manager of Metropolitan Social Infrastructure Headquarters, INTEC Inc.		
			Apr. 2019	Executive Officer, General Manager of Social Infrastructure Business Division, INTEC Inc.		
			June 2022	Director, the Company (current position)		
			Apr. 2023	Managing Executive Officer, General Manager, Social Infrastructure Business Division, INTEC Inc. (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Makiko Yoshida (Note 1)	September 13, 1960	Apr. 1984	Joined the Ministry of Posts and Telecommunications of Japanese Government	(Note 3)	—
			July 2001	Director, Telecommunications User Policy Office, Telecommunications Bureau, Ministry of Internal Affairs and Communications		
			Feb. 2004	Deputy Mayor, Setagaya City		
			July 2007	Director, International Policy Division, International Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications		
			July 2010	Director, Budget and Accounts Division, Minister's Secretariat, Ministry of Internal Affairs and Communications		
			June 2013	Deputy Director-General (IT Policy), Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Nov. 2013	Executive Secretary to the Prime Minister, Cabinet Secretariat		
			July 2015	Director-General of the Global ICT Strategy Bureau, Ministry of Internal Affairs and Communications		
			June 2016	Director-General of Minister's Secretariat, Ministry of Internal Affairs and Communications		
			July 2017	Director-General, Information and Communication Bureau, Ministry of Internal Affairs and Communications		
			July 2019	Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications		
			Sept. 2020	Cabinet Public Relations Secretary, Cabinet Secretariat		
			June 2022	President, The Association for Promotion of Public Local Information and Communication		
			June 2022	Independent Director and Audit & Supervisory Committee Member, Tokai Tokyo Securities Co., Ltd. (current position)		
			June 2022	Visiting Professor, Showa Women's University (current position)		
			Sept. 2022	Senior Guest Researcher and Part-time Lecturer, Faculty of Science and Engineering, Waseda University (current position)		
			June 2023	Director, the Company (current position)		
			June 2024	Advisor, The Association for Promotion of Public Local Information and Communication (current position)		
			June 2024	Outside Director, Fuji Media Holdings, Inc. (scheduled to retire in June, 2025)		
			Apr. 2025	Member of the Management Council, National Graduate Institute for Policy Studies (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Hiroshi Nakahara (Note 2)	July 24, 1958	Apr. 1981 July 2002 July 2004 July 2005 July 2009 June 2013 July 2014 July 2015 June 2017 Oct. 2017 June 2022 June 2024 June 2024	Joined Ministry of Finance Counselor, the Supervision Bureau of Financial Services Agency Director for Fiscal Investment and Loan Appropriation, the Financial Bureau of Ministry of Finance Director, Government Financial Institutions Division of Minister's Secretariat Deputy Director-General, the Budget Bureau Director-General, Accounting Center and President of Policy Research Institute, Ministry of Finance Director-General, the Financial Bureau Commissioner, National Tax Agency (resigned in June 2016) Director, the Company (resigned in June 2022) Senior Director, Shinkin Central Bank Representative Director and Deputy President, Shinkin Central Bank Director, the Company (Audit & Supervisory Committee Member) (full-time) (current position) Outside Audit & Supervisory Board Member, MIROKU JYOHU SERVICE CO., LTD. (current position)	(Note 4)	–
Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani (Note 2)	June 2, 1956	Apr. 1985 Nov. 1989 Mar. 1990 June 2006 May 2013 June 2018 June 2022 June 2025	Registered as an attorney at law Joined Hashidate Law Office Joined Wakita Law Office Attorney at law, Shimada, Seno, and Amitani Law Office (currently SAH & Co.) (current position) Outside Audit & Supervisory Board Member, STANLEY ELECTRIC CO., LTD. (current position) Outside Audit & Supervisory Board Member, HUB CO., LTD. Director, the Company Director (Audit & Supervisory Committee Member) (current position) Outside Director (Audit & Supervisory Committee Member), KU HOLDINGS CO.,LTD. (scheduled to assume office on June 26, 2025)	(Note 4)	–
Director (Audit & Supervisory Committee Member)	Mitsuru Komiyama (Note 2)	July 28, 1954	Aug. 1977 Mar. 1979 Sept. 1983 Nov. 1984 Jan. 2007 July 2010 June 2015 June 2024	Joined Peat, Marwick, Mitchell & Co. (Tokyo) Registered as Certified Public Accountant Registered as U.S. Certified Public Accountant in the state of California Opened Komiyama & Co., CPAs Executive Representative Partner, Azabu Partners Tax & Accounting Co. (current position) Deputy President, the Japanese Institute of Certified Public Accountants Outside Director, NITTO KOHKI CO., LTD. (current position) Director (Audit & Supervisory Committee Member) (current position)	(Note 4)	–
Total						1,274,600

- Notes: 1. Directors (excluding Directors who are Audit & Supervisory Committee Members), Mariko Eguchi, Komei Yamaguchi and Makiko Yoshida are outside Directors.
2. Directors Hiroshi Nakahara, Mitsuhiro Amitani and Mitsuru Komiyama are outside Directors who are Audit & Supervisory Committee Members.
3. The term of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) is from the conclusion of the Annual General Meeting of Shareholders to be held on June 24, 2025, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.
4. The term of office of Directors who are Audit & Supervisory Committee Members is from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.

5. In preparation for a case of a shortfall in the number of Directors who are Audit & Supervisory Committee Members stipulated by laws and regulations, the Company has elected one substitute Director who is an Audit & Supervisory Committee Member, pursuant to the provision in Article 329, paragraph (3) of the Companies Act. Proposals (resolution items) submitted for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025 include “Election of One Substitute Director Who Is an Audit & Supervisory Committee Member.” If this proposal is approved, career summary of the substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name	Date of birth	Career summary	Number of shares held (Shares)
Jumpei Osada	December 25, 1980	<p>Apr. 2006 Entered the Legal Training and Research Institute of the Supreme Court of Japan</p> <p>Sept. 2007 Registered with the Dai-Ichi Tokyo Bar Association Joined TMI Associates</p> <p>Mar. 2010 Registered as Maritime Counselor</p> <p>Jan. 2016 Partner, TMI Associates (current position)</p> <p>Apr. 2023 Part-time Lecturer, Waseda Law School (International Carriage of Goods) (current position)</p> <p>Jan. 2025 Outside Director, KAMBARA KISEN Co., Ltd. (current position)</p>	—

(ii) Outside directors (and other officers)

As of the filing date of this report, the Company has six outside Directors.

Outside Director Komei Yamaguchi is Managing Executive Officer of INTEC Inc. INTEC Inc. is a shareholder owning 7.73% of the Company’s issued shares (excluding treasury shares) as of March 31, 2025 and its transactions with the Company do not exceed 1% of its annual consolidated revenue in the most recent business year.

TMI Partners LPC, which outside Director Makiko Yamamoto serves, operates jointly with TMI Associates. While the Company receives services from TMI Associates, the amount of transactions with the Company does not exceed 1% of its annual consolidated revenue in the most recent business year.

Outside Director Mitsuru Komiyama is Executive Representative Partner of Azabu Partners Tax & Accounting Co. While the Company receives services from Azabu Partners Tax & Accounting Co., the amount of transactions with the Company does not exceed 1% of its annual consolidated revenue in the most recent business year.

The outside Director Mariko Eguchi, who is scheduled to assume office on June 24, 2025, was previously Executive Officer at Aflac Life Insurance Japan Ltd., but she is currently Advisor (not an executive officer) at the said company. The Company continues to provide business consulting services to Aflac Life Insurance Japan Ltd., but the amount of transactions with the Company and its subsidiaries does not exceed 1% of its annual consolidated revenue in the most recent business year.

Besides these relationships, as an individual, there are no capital relationship, transactional relationship, or other vested interest between the outside Director and the Company.

These outside Directors are providing supervision and appropriate advice and suggestions on the Company’s management from an independent perspective utilizing his/her experience and knowledge, and enhancing governance at the Company.

The standard of independence from the Company used when selecting outside Directors is as follows.

The Company’s Rationale Regarding Independence for Outside Officers

- The Company has formulated its own “Independence Criteria for Independent Outside Directors” (Note) in addition to the requirements provided by the Companies Act. An outside Director to whom none of the conditions in the criteria apply is judged to be sufficiently independent.

Note: “Independence Criteria for Independent Outside Directors”

- The Company’s outside Directors to whom any of the following items apply shall be determined not to have independence:
 - (1) A major shareholder of the Company (i.e., a shareholder who holds 10% or more of voting rights) or any person who executes operations of such shareholder;
 - (2) A counterparty with whom the Company transacts in cases where said counterparty’s transaction amount with the Company in the most recent business year exceeded 5% of the annual consolidated revenue of the Company and its subsidiaries, or any person who executes operations of said counterparty;
 - (3) A counterparty that transacts with the Company in cases where said counterparty’s transaction amount with the Company and its subsidiaries in the most recent business year exceeded 5% of said counterparty’s annual consolidated revenue, or any person who executes operations of said counterparty;
 - (4) A certified public accountant or partner or staff member of an audit corporation serving as the Accounting Auditors of the Company;
 - (5) Any person who executes operations of an organization that received a donation or subsidy from the Company and its subsidiaries of 10 million yen or more per year in the most recent business year;
 - (6) An attorney at law, certified public accountant, certified tax accountant or any other consultant who received 10 million yen or more in the form of money or other financial benefits from the Company and its subsidiaries, other than remuneration as an officer of the Company;
 - (7) A person who has fallen under any of the items from (1) to (6) above in the past three years;

- (8) A relative within the second degree of kinship of a person falling under any of items (1) to (7) above;
- (9) A relative within the second degree of kinship of a director who executes operations, etc. (when said entity is a corporation, any member thereof who is in charge of such duty is included) of the Company or its subsidiary; or
- (10) A relative within the second degree of kinship of a person who has served as a director who executed operations, etc. (when said entity is a corporation, any member thereof who is in charge of such duty is included) of the Company or its subsidiary in the last three years.

As of the filing date of this report, more than half of the Company's ten Directors are independent outside Directors, which the Company believes ensures sufficient independence, objectivity, and accountability in the functions of the Board of Directors.

- (iii) Interconnection among the supervision by outside Directors and internal audits, audits by Audit & Supervisory Board Member, accounting audits, as well as the relationship with the internal control section

In principle, outside Directors attend Board of Directors meetings held every month, and in addition to monitoring management conditions, they provide advice and exchange opinions in making management decisions. To enable the Audit & Supervisory Committee to engage in effective auditing, detailed information exchange is conducted including receiving reports on the results of audits implemented by the person responsible for internal auditing and the Accounting Auditor. Moreover, in addition to assessing internal auditing conditions at the Audit Office and the conditions of auditing conditions at the Accounting Auditor, conditions surrounding the development and operation of internal control systems are audited, and where necessary, relevant bodies work together to pursue operational optimization.

(3) Audits

- (i) Audits by Audit & Supervisory Committee

- a. Organization, personnel and procedures of the audit by Audit & Supervisory Committee Members

The Company is a company with an audit & supervisory committee, which, in accordance with laws and regulations, audits the legality and appropriateness of the execution of duties by Directors, the appropriateness of processes, and other matters, prevents the occurrence of significant losses, supports the sound and sustainable growth of the Company, and ensures that the corporate governance system is always appropriate, thereby fulfilling its role.

As of the filing date of this report, the number of Directors who are Audit & Supervisory Committee Members is three, of whom are outside Directors and one is a full-time member. Full-time Audit & Supervisory Committee Member Hiroshi Nakahara and part-time Audit & Supervisory Committee Member Mitsuru Komiyama have many years of experience in finance and accounting departments as well as in corporate management, and possess insight in finance, accounting and management.

The Audit & Supervisory Committee meets approximately once a month and performs duties such as necessary deliberation and decision-making, in accordance with laws and regulations, the Audit & Supervisory Committee Rules, and audit plans.

The main auditing methods include utilizing internal control systems, reviewing important company documents, attending important meetings such as Board of Directors meetings and Management Meetings, conducting interviews and discussions with Directors and relevant internal departments, and coordinating with the directors and audit & supervisory board members of subsidiaries, which enables the exercise of management oversight functions.

In addition, the Audit & Supervisory Committee works closely with the Accounting Auditor, internal auditors, and internal control departments to ensure that audits are conducted accurately and efficiently, while also utilizing the support functions of the Committee Secretariat to gain a thorough understanding of the situation.

In conducting audits, the Company utilizes web conferencing, electronic information sharing, electronic documentation conversion, and electronic signatures as necessary, under the digital workplace environment that has been in place since its founding.

- b. Status of activities of the Audit & Supervisory Committee Members and the Audit & Supervisory Committee

In the fiscal year ended March 31, 2025, the Company's Audit & Supervisory Committee met a total of 13 times, and the attendance status of each Audit & Supervisory Committee Member is as follows:

Position	Name	Attendance at Audit & Supervisory Committee meetings
Full-time Audit & Supervisory Committee Member	Fumio Sunami	3/3 meetings
Full-time Audit & Supervisory Committee Member	Noburo Hata	3/3 meetings
Full-time Audit & Supervisory Committee Member	Hiroshi Nakahara	10/10 meetings
Audit & Supervisory Committee Member	Mitsuhiro Amitani	13/13 meetings
Audit & Supervisory Committee Member	Mitsuru Komiyama	10/10 meetings

- Notes:
- 1. Positions are as of March 31, 2025; for those who retired during the term, positions are as of time of retirement.
 - 2. Fumio Sunami and Noburo Hata resigned as Audit & Supervisory Committee Members as of the conclusion of the 16th Annual General Meeting of Shareholders held on June 25, 2024, and the applicable number of Audit & Supervisory Committee meetings they attended is three. Hiroshi Nakahara and Mitsuru Komiyama assumed office as Audit & Supervisory Committee Members as of the conclusion of the 16th Annual General Meeting of

Shareholders held on June 25, 2024, and the applicable number of Audit & Supervisory Committee meetings they attended is ten.

Specific matters to be considered by the Audit & Supervisory Committee include audit of the execution of duties by Directors, the preparation of audit reports, the decision on proposals regarding the appointment, dismissal, and non-reappointment of the Accounting Auditor, and deciding whether or not to provide opinions on the appointment, dismissal, and remuneration of Directors other than Audit & Supervisory Committee Members, and the Audit & Supervisory Committee makes necessary deliberations and resolutions in accordance with laws and regulations and the Audit & Supervisory Committee Rules.

Among the individual Audit & Supervisory Committee Members, Full-time Audit & Supervisory Committee Members utilize the Committee Secretariat to participate in important meetings such as the Management Meeting, internal audit review meetings, and various other committees, and strive to gain an understanding of the overall business operations of the Group, including its subsidiaries.

Part-time Audit & Supervisory Committee Members participate in monthly Audit & Supervisory Committee information sharing meetings where they receive information on the above-mentioned activities from Full-time Audit & Supervisory Committee Members and the Committee Secretariat, and hear reports on the financial situation and business execution status from relevant personnel, including Directors and other officers. Opinions and advice formed through these activities are reported to the Board of Directors as necessary, and are also proposed as appropriate to the Management Committee and Directors in charge through Full-time Audit & Supervisory Committee Members.

In addition, all three Committee Members hold individual interviews with Directors, Executive Officers, and key executive officers of subsidiaries, to gain a multi-faceted understanding of the overall business operations of the Group.

(ii) Internal audit

The Company's internal audits are conducted by the Audit Office, with one person responsible assigned. With the purpose of securing the effectiveness and ensuring the efficiency of operations, based on the internal audit plan approved by the Representative Director and President, the Audit Office conducts internal audits of each division, and in addition to reporting the audit results to the Representative Director and President, reports are given at the Board of Directors and Audit & Supervisory Committee. The Audit Office also makes recommendations to improve operations to each division that it audits and confirms the state of improvement thereafter.

The Audit Office maintains close coordination with the Audit & Supervisory Committee and the Accounting Auditor and ensures the effectiveness of auditing by sharing information necessary for audits.

(iii) Accounting audit

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Consecutive audit period

Since 2008

c. Certified public accountants who executed the audit duties

Ensei Son, Designated Engagement Partner

Teruo Tajima, Designated Engagement Partner

d. Breakdown of support staff for audit operations

They were assisted in the accounting audit of the Company by three certified public accountants and 16 others.

e. Policies and reasons for selecting audit firm

In selecting a certified public accountant for audits, the Company engages in a comprehensive consideration of the auditing quality, quality management, independence, effectiveness, and leadership of the Accounting Auditor.

Where the Audit & Supervisory Committee recognizes that the Accounting Auditor falls under any of the items in Article 340, paragraph (1) of the Companies Act, the Accounting Auditor will be dismissed with the agreement of every Audit & Supervisory Committee Member.

Furthermore, in addition to cases where the Accounting Auditor falls under any of the grounds for disqualification provided in Article 337, paragraph (3) of the Companies Act, or where the Company otherwise deems that the individual is no longer suitable to act as the Company's Accounting Auditor based on a comprehensive evaluation of the Accounting Auditor's auditing quality, quality management, independence, effectiveness, and leadership, the Audit & Supervisory Committee will hold a resolution on the dismissal or non-reappointment of the Accounting Auditor, and based on the results of the resolution, the Board of Directors will submit the proposal in question to the General Meeting of Shareholders.

f. Evaluation of audit firm by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee evaluates the Company's audit firm. Specifically, we receive briefings from the Accounting Auditor on the progress of quarterly accounting audits and the related audit system, as well as a briefing on the

Audit Plan in the middle of the fiscal year. We also conduct interviews as necessary. Based on these, we conduct an evaluation in accordance with the “policy on decisions of dismissal or non-reappointment of accounting auditor” formulated by the Audit & Supervisory Committee, and decisions on appointments are made every year.

(iv) Details of audit fees

a. Fees for certified public accountants for audits

(Thousands of yen)

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services	Fees for non-auditing services	Fees for audit certification services	Fees for non-auditing services
Reporting company	33,000	—	35,000	—
Consolidated subsidiaries	—	—	—	—
Total	33,000	—	35,000	—

(Fiscal year ended March 31, 2024)

No applicable matters to report.

(Fiscal year ended March 31, 2025)

No applicable matters to report.

b. Fees for entities that belong to the same network as the certified public accountants for audits (excluding a.)

No applicable matters to report.

c. Fees for other significant audit certification services

No applicable matters to report.

d. Policy for determining audit fees

Audit fees are based on factors including the scale and nature of business of the Company, number of days spent for audits, and determined upon approval by the Audit & Supervisory Committee.

e. Reason why the Audit & Supervisory Committee agreed to the fees, etc. for the Accounting Auditor

The reason why the Company’s Audit & Supervisory Committee, pursuant to Article 399, paragraph (1) of the Companies Act, agreed to the fees, etc. for the Accounting Auditor proposed by the Board of Directors is as follows:

As described in “Summarized Explanation of the Auditing and Interim Review Plan” dated November 6, 2024, prepared by the Accounting Auditor, it was determined that this was the level necessary to ensure appropriate audit quality. In addition, we have determined that the evaluation of audit quality and the proposed amount of fees in the “FY24 Tohmatsu Audit Fee Proposal” dated April 15, received from the Representative Director and CFO, are appropriate in relation to the audit quality.

(4) Remuneration for directors (and other officers)

(i) Matters pertaining to policy regarding the determination of amount of remuneration, etc. for officers and its calculation method

a. Policy, etc. regarding the determination of amount of remuneration, etc. for officers and its calculation method

The Company has established a policy regarding the determination of amount of remuneration, etc. for officers and its calculation method and resolved its policy on details of individual remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members; the same applies hereinafter) as below at the Board of Directors meetings held on March 25 and April 22, 2021, and May 22, 2025.

- i. Remuneration for Directors is composed of monetary remuneration (fixed remuneration) and non-monetary remuneration, and to secure management human assets and enhance corporate value in the medium to long term, the amounts and payment ratios are determined through a comprehensive consideration of Director’s position, responsibilities, and the Company’s operating results.
- ii. Non-monetary remuneration for Directors who execute operations is composed of performance-linked share-based remuneration on indicators of profit status and share-based remuneration with restricted shares based on a comprehensive consideration of position and responsibilities.
- iii. Regarding performance-linked share-based remuneration, a trust set by the Company shall acquire the Company’s shares, determine the number of points to be granted to each Director who executes operations based on performance evaluation indicators and calculation method, and through the trust, allot the Company’s shares equivalent to the points to Directors who execute operations.
- iv. The policy for determining the timing or conditions for granting remuneration, etc. is as follows: monetary compensation is paid monthly; points for performance-linked share-based remuneration are granted annually on June 20 (no additional trusts will be made while the remuneration system for restricted shares remuneration is in place); share-based remuneration with restricted shares is resolved at the Board of Directors (share-based remuneration with restricted shares: within one month after the conclusion of the shareholders’ meeting).

- v. The Company does not set policy by position regarding the determination of the amounts or calculation methods of remuneration for officers.
- vi. Performance evaluation indicators for performance-linked remuneration are consolidated revenue less project outsourcing expenses and outflow cost, consolidated ordinary profit, and Net Satisfaction Index. Performance-linked remuneration is determined using the achievement rate of performance evaluation indicators, which is calculated by reflecting the achievement rates of the basic indicators at weights of 50%, 25%, and 25%, respectively. These indicators were selected since the Company believes they are effective for improving performance in the medium to long term and enhancing corporate value in its primary business, consulting services. That is because consolidated revenue less project outsourcing expenses and outflow cost is the most appropriate way to manage the amount remaining in the Company after subtracting outflow cost from the revenue received from clients by each project; also, consolidated ordinary profit is an important indicator to see profits from an external perspective, and Net Satisfaction Index, which is an evaluation indicator of client satisfaction, is an important indicator for continuing and expanding the services going forward. Decisions on the amounts of the performance-linked remuneration in question are based on a calculation method (standard number of points granted \times performance achievement rate, maximum points granted: standard number of points granted \times 150%, no allotment if the achievement rate is less than 75%). Targets and actual results of the indicators for performance-linked remuneration for the fiscal year ended March 31, 2025 are as follows:

Consolidated revenue less project outsourcing expenses and outflow cost: Target ¥16,770 million / Actual result ¥17,210 million; Consolidated ordinary profit: Target ¥3,850 million / Actual result ¥4,338 million; Net Satisfaction Index: Target 90 / Actual result 93

- b. Resolution of the General Meeting of Shareholders regarding remuneration, etc. officers
- i. The date of resolution at the General Meeting of Shareholders on the monetary remuneration for the Company's Directors was June 24, 2021. The amount of the monetary remuneration for Directors was resolved to be no more than ¥500 million per year (of which, no more than ¥60 million per year for outside Directors). The amount of monetary remuneration for Directors does not include any employee salaries for Directors who serve concurrently as employees. The current number of Directors is seven (of which, three are outside Directors). The date of resolution at the General Meeting of Shareholders on remuneration for Directors who are Audit & Supervisory Committee Members was June 26, 2019. The amount of remuneration for Directors who are Audit & Supervisory Committee Members was resolved to be no more than ¥60 million per year. The current number of Directors who are Audit & Supervisory Committee Members is three (of which, three are outside Directors). The date of resolution at the General Meeting of Shareholders on the performance-linked share-based remuneration for the Company's Directors who execute operations was June 29, 2019. It was resolved that the Company would make an additional contribution to the trust, which was established by the Company's contribution of money, with the maximum amount set at ¥300 million multiplied by the number of years of the extended trust period. There are currently four Directors who execute operations who are eligible for this performance-linked share-based remuneration. Regarding the performance-linked share-based remuneration plan, no additional trust shall be established while the remuneration plan associated with restricted shares for Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors; hereinafter "Eligible Director") is in place.

In addition to the above, at the Board of Directors meeting held on May 22, 2025, the Company resolved to revise the officer remuneration system to continue appropriate monitoring activities and strengthen governance in an environment where future changes are difficult to predict. As part of this revision, we have resolved to amend the remuneration amount for Directors who are Audit & Supervisory Committee Members to an annual amount of up to ¥100 million. A proposal regarding this amendment will be submitted to the 17th Annual General Shareholders Meeting scheduled to be held on June 24, 2025 (hereinafter "General Shareholders Meeting").

The date of the resolution by the General Meeting of Shareholders related to share-based remuneration plan with restricted shares is June 24, 2021, on which date the resolution was approved to pay monetary remuneration claims of up to ¥400 million per year to grant restricted shares to Eligible Directors. The payment amount for restricted shares shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors' resolution to issue or dispose of the restricted shares (if no transaction is concluded on that day, the closing price on the most recent trading day preceding that date), within the scope of an amount that is not particularly advantageous to the Eligible Directors who subscribe for the restricted shares, and is decided by the Company's Board of Directors in an amount that is not particularly advantageous to the Eligible Directors receiving the restricted shares in question. The total number of restricted shares to be allotted to Eligible Directors shall be 400,000 shares, which shall serve as the upper limit for the number of shares to be allotted in each fiscal year. Currently, there are four Eligible Directors.

The Company carried out two-for-one splits of its common stock, effective on April 1, 2022 and December 1, 2024. As a result, the total number of restricted shares that can be allocated to Eligible Directors is limited to 1,600,000 shares per year. In addition to the above, at the Board of Directors meeting held on May 22, 2025, the Company resolved to revise the officer remuneration system to enhance value sharing with shareholders, prevent impairment to the Company's corporate value, and provide incentives for maintaining credibility. As part of this revision, it was resolved to add outside Directors (excluding outside Directors who are Audit & Supervisory Committee Members) as Eligible Directors for the share-based remuneration plan with restricted shares, and to change the total number of restricted shares to be allocated under the Plan to be not more than 400,000 shares per year (of which, no more than 10,000 shares per year to be allocated to outside Directors (excluding outside Directors who are Audit & Supervisory Committee Members)). A proposal regarding the revision has been submitted for this General Meeting of Shareholders.

The changes to the remuneration plan are as shown in the table below.

(The proposed amendments are underlined.)

	Current	Proposed Amendments
Eligible Directors	Directors of the Company (excluding <u>Directors who are Audit & Supervisory Committee Members and outside Directors</u>)	Directors of the Company (excluding <u>Directors who are Audit & Supervisory Committee Members</u>)
Monetary remuneration claims to be granted	No more than ¥400 million per year	No more than ¥400 million per year (<u>of which, no more than ¥10 million per year for monetary remuneration claims to be granted to outside Directors</u>)
Total number of restricted shares to be allocated to Eligible Directors	No more than <u>1,600,000</u> shares per year (Note)	No more than <u>400,000</u> shares per year (<u>of which, no more than 10,000 shares per year to be allocated to outside Directors</u>)

Note: The current total number of restricted shares to be allocated to Eligible Directors has been adjusted to no more than 1,600,000 shares after the stock splits carried out on April 1, 2022, and December 1, 2024.

In addition, at the Board of Directors meeting held on May 22, 2025, the Company resolved to revise the officer remuneration system to allocate restricted shares to Directors who are Audit & Supervisory Committee Members (hereinafter “Eligible Directors”), and a proposal regarding the allocation has been submitted for this General Meeting of Shareholders. The outline of the proposal is as follows.

This proposal aims to provide incentives to the Eligible Directors to prevent impairment to the Company’s corporate value and maintain its credibility by sharing value with shareholders. To this end, the Company will grant additional remuneration in the form of restricted shares, separate from the aforementioned remuneration framework, to the Eligible Directors.

Note that the current number of Eligible Directors subject to this proposal is three, and even if and when the resolution regarding the election of Directors is approved at said Annual General Meeting of Shareholders, the number of Eligible Directors subject to this proposal will remain three.

When granting restricted shares to Eligible Directors, the Company shall first pay a monetary compensation claim of up to an annual amount of ¥10 million per year to the Eligible Directors as compensation for the restricted shares, and each Eligible Director shall receive an allotment of the restricted shares by contributing the entire amount of the monetary compensation claim as in-kind contribution. The payment amount for restricted shares shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors’ resolution to issue or dispose of the restricted shares (if no transaction is concluded on that day, the closing price on the most recent trading day preceding that date), within the scope of an amount that is not particularly advantageous to the Eligible Directors who subscribe for the restricted shares. In addition, the above monetary remuneration claims shall be paid on the condition that the Eligible Directors have agreed to the above-mentioned in-kind contributions and have concluded a restricted share allotment agreement.

The total amount of such monetary compensation claims is determined by comprehensively taking into consideration various factors such as the degree of contribution of the Eligible Directors. In addition, the maximum number of restricted share units to be allocated in each fiscal year shall not exceed approximately 0.01% of the total number of issued shares (excluding treasury shares) as of March 31, 2025 (if such maximum number of restricted share units is issued over a 10-year period, the ratio to the total number of issued shares (excluding treasury shares) shall not exceed approximately 0.12%), and the dilution rate is therefore minimal. We consider this to be appropriate.

- ii. The Company’s Board of Directors has the authority to decide policy related to deciding the amounts and calculation method of remuneration provided to the Company’s Directors, and the details of that authority and the scope of discretion are based on resolutions by the General Meeting of Shareholders and the Company’s Articles of Incorporation. Within the limits of the above policies and the maximum amount of remuneration decided at the General Meeting of Shareholders, the Board of Directors shall delegate the authority to determine the calculation method for the remuneration etc., and the authority to determine the amount of individual remuneration to the Remuneration Committee (Committee chair: Hiroshi Nakahara, independent outside Director (Audit & Supervisory Committee Member) / Committee members: Hiroshi Ota, Representative Director and President, and Mitsuhiro Amitani, independent outside Director (Audit & Supervisory Committee Member)). Matters for decision shall be determined by the committee chair, who is selected from independent outside Directors after discussions among the committee members, and be reported to the Board of Directors. Furthermore, regarding the details of individual Director remuneration for the fiscal year ended March 31, 2025, to ensure objectivity and transparency, the authority to determine individual remuneration amounts was delegated to the Remuneration Committee (Committee chair: Hiroshi Nakahara, Audit & Supervisory Committee Member and independent outside Director / Committee members: Hiroshi Ota, Representative Director and President, and Mitsuhiro Amitani, Audit & Supervisory Committee Member and independent outside Director) and the details were determined. As the activities of the Remuneration Committee in the determination process of the amounts of remuneration for officers in the fiscal year ended March 31, 2025. On June 25, the committee determined monetary remuneration, performance-linked share-based remuneration, and performance evaluation indicators for Directors who execute operations, as well as determined monetary remuneration for outside Directors. The Board of Directors received reports from the Remuneration Committee on the same day.

(ii) Total amount of remuneration by category of officers, total amount of remuneration by type, and number of relevant officers

Officer type	Total amount of remuneration (Thousands of yen)	Total amount of remuneration by type (Thousands of yen)			Number of relevant officers (Persons)
		Monetary remuneration	Share-based remuneration	Of the left, non-monetary remuneration, etc.	
Directors (excluding Audit & Supervisory Committee Members and outside Directors)	414,728	238,398	176,330	176,330	5
Outside officers	98,550	98,550	—	—	4

- Notes: 1. The amounts related to points granted in the fiscal year ended March 31, 2025 are provided for share-based remuneration.
2. The breakdown of non-monetary remuneration, etc. to Directors (excluding Audit & Supervisory Committee Members and outside Directors) is ¥11 million in performance-linked share-based remuneration and ¥164 million in share-based remuneration with restricted shares.

(iii) Total amount of remuneration paid by group to each officer

(Thousands of yen)

Name (Officer type)	Total amount of remuneration paid by group	Company category	Total amount of remuneration by type		
			Monetary remuneration	Share-based remuneration	Of the left, non-monetary remuneration, etc.
Hiroshi Ota (Director)	138,944	Reporting company	50,742	58,202	58,202
		SIGMAXYZ Inc.	30,000	—	—
Shunichi Shibamura (Director)	123,078	Reporting company	43,245	49,833	49,833
		SIGMAXYZ Investment Inc.	30,000	—	—

- Notes: 1. Only individuals receiving total remuneration of ¥100 million or more are listed.
2. The amounts related to points granted in the fiscal year ended March 31, 2025 are provided for share-based remuneration.
3. The breakdown of the total amount of non-monetary remuneration, etc. for Hiroshi Ota (Director, reporting company) was ¥1 million in performance-linked share-based remuneration and ¥56 million in share-based remuneration with restricted shares each.
4. The breakdown of the total amount of non-monetary remuneration, etc. for Shunichi Shibamura (Director, reporting company) was ¥1 million in performance-linked share-based remuneration and ¥48 million in share-based remuneration with restricted shares each.

(5) Shareholdings

(i) Classification criteria and approaches for investment shares

Regarding the distinction between investment shares held for pure investment and investment shares held for purposes other than pure investment, pure investment is considered holding shares purely to benefit from changes in the stock price or by receiving dividends associated with the shares, and any other purposes are considered purposes other than pure investment.

(ii) Status of shareholdings by SIGMAXYZ Investment Inc.

Below is information on SIGMAXYZ Investment Inc., the company with the largest carrying amount (largest holding company) of investment shares (recorded amount of investment shares) among both the Company and its consolidated subsidiaries.

a. Investment shares held for purposes other than pure investment

(a) Details of evaluations by the Board of Directors, etc. related to the holding policy, method of evaluating the rationality of holding, and decisions to hold individual issues

The Group's policy is to make a comprehensive assessment of whether maintaining and strengthening business relationships with investee companies will contribute to the Group's sustainable growth and medium- to long-term corporate value. We evaluate economic rationality by comprehensively considering profitability, including business returns, resulting from the maintenance and strengthening of business relationships. For individual issues, we have assessed the profitability of the Consulting Business and Investment Business based on the content of business alliances.

The Investment Business was discontinued in May 2025 and the Company's wholly owned subsidiary SIGMAXYZ Investment Inc. is scheduled to be absorbed into the Company in July 2025.

(b) Number of issues and carrying amount

	Number of issues (Issues)	Carrying amount (Thousands of yen)
Shares not listed	—	—
Shares other than those not listed	1	517,382

Issues whose number of shares increased during the fiscal year ended March 31, 2025

	Number of issues (Issues)	Total acquisition cost for increased shares (Thousands of yen)	Reason for increase in number of shares
Shares not listed	—	—	—
Shares other than those not listed	1	517,382	For business collaboration

Issues whose number of shares decreased during the fiscal year ended March 31, 2025

No applicable matters to report.

- (c) Information on the number of shares and carrying amount for each issue of specified investment shares and deemed holding shares

Specified investment shares

Issues	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Shareholding in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amounts in the balance sheet (Thousands of yen)	Carrying amounts in the balance sheet (Thousands of yen)		
Syuppin Co., Ltd.	457,456	—	The purpose of holding shares is for the Company to obtain capital gains as success fees by enhancing corporate value through its business support, including the secondment of consulting personnel, and its various types of support for individual strategies aimed at achieving the Medium-Term Management Plan of Syuppin Co., Ltd. There is a quantitative effect of holding of approximately ¥100 million through secondment and the provision of consulting services. The number of shares has increased as they were acquired during the current fiscal year.	None
	517,382	—		

Note: “—” indicates that the relevant issue is not held.

Deemed holding shares

No applicable matters to report.

b. Investment shares held for pure investment

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2024	
	Number of issues (Issues)	Carrying amount (Thousands of yen)	Number of issues (Issues)	Carrying amount (Thousands of yen)
Shares not listed	8	1,806,616	10	2,735,523
Shares other than those not listed	5	1,602,285	3	618,442

(Thousands of yen)

Category	Fiscal year ended March 31, 2025		
	Total of dividends received	Total of gain (loss) on sale	Total of valuation gain (loss)
Shares not listed	—	—	(Note 1)
Shares other than those not listed	—	125,715	92,174 [(37,575)]

- Notes:
1. Because unlisted shares have no market price, they are not listed in “total of valuation gain (loss).”
 2. The figure in parentheses under “total of valuation gain (loss)” represents a separate amount that was recognized as an impairment in the fiscal year ended March 31, 2025.

c. Investment shares whose holding purpose changed from pure investment to a purpose other than pure investment during the fiscal year under review

No applicable matters to report.

d. Investment shares whose holding purpose changed from a purpose other than pure investment to pure investment during the fiscal year under review

No applicable matters to report.

(iii) Shareholdings at reporting company

a. Investment shares held for purposes other than pure investment

- (a) Details of evaluations by the Board of Directors, etc. related to the holding policy, method of evaluating the rationality of holding, and decisions to hold individual issues

As of the filing date of this report, the Company does not hold investment shares held for purposes other than pure investment. In cases where such shares are held, we comprehensively assess whether the holding contributes to the Group's sustainable growth and medium- to long-term corporate value through the maintenance and strengthening of relationships with investee companies. The Group also evaluates whether to continue to hold such shares based on this policy.

The Investment Business was discontinued in May 2025 and the Company's wholly owned subsidiary SIGMAXYZ Investment Inc. is scheduled to be absorbed into the Company in July 2025.

(b) Number of issues and carrying amount

	Number of issues (Issues)	Carrying amount (Thousands of yen)
Shares not listed	2	510,600
Shares other than those not listed	—	—

Issues whose number of shares increased during the fiscal year ended March 31, 2025

	Number of issues (Issues)	Total acquisition cost for increased shares (Thousands of yen)	Reason for increase in number of shares
Shares not listed	2	510,600	Maintain and strengthen business relationships.
Shares other than those not listed	—	—	—

Issues whose number of shares decreased during the fiscal year ended March 31, 2025

No applicable matters to report.

- (c) Information on the number of shares and carrying amount for each issue of specified investment shares and deemed holding shares

No applicable matters to report.

b. Investment shares held for pure investment

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2024	
	Number of issues (Issues)	Carrying amount (Thousands of yen)	Number of issues (Issues)	Carrying amount (Thousands of yen)
Shares not listed	—	—	—	—
Shares other than those not listed	4	417,194	—	—

Category	Fiscal year ended March 31, 2025		
	Total of dividends received (Thousands of yen)	Total of gain (loss) on sale (Thousands of yen)	Total of valuation gain (loss) (Thousands of yen)
Shares not listed	—	—	(Note)
Shares other than those not listed	—	—	16,708

Note: Because unlisted shares have no market price, they are not listed in "total of valuation gain (loss)."

- c. Investment shares whose holding purpose changed from pure investment to a purpose other than pure investment during the fiscal year under review

No applicable matters to report.

- d. Investment shares whose holding purpose changed from a purpose other than pure investment to pure investment during the fiscal year under review

No applicable matters to report.

V. Financial Information

1. Basis of preparation of the consolidated and non-consolidated financial statements

- (1) The Company has prepared the consolidated financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28, 1976).
- (2) The Company has prepared the non-consolidated financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59, 1963; the “Financial Statements Regulation”).
The Company falls under the category of a special company submitting financial statements and has prepared the non-consolidated financial statements in accordance with Article 127 of the Financial Statements Regulation.

2. Note on independent audit

The Japanese versions of the consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) and the non-consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) were audited by Deloitte Touche Tohmatsu LLC in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Special efforts to ensure the appropriateness of the consolidated financial statements, etc.

The Company makes special efforts to ensure the appropriateness of the consolidated financial statements, etc. Specifically, such efforts include joining the Financial Accounting Standards Foundation, establishing an internal system, subscribing to accounting journals, and participating in seminars to understand accounting standards properly and adapt to their changes appropriately.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	7,171,106	6,945,511
Notes and accounts receivable - trade, and contract assets	*1 2,795,564	*1 2,949,592
Operational investment securities	3,735,127	3,797,562
Other	762,108	381,310
Total current assets	14,463,907	14,073,977
Non-current assets		
Property, plant and equipment		
Buildings, net	*2 200,129	*2 375,270
Other, net	*2 102,551	*2 199,749
Total property, plant and equipment	*2 302,680	*2 575,020
Intangible assets		
Software	329,793	244,887
Software in progress	34,635	75,024
Other	5,969	4,685
Total intangible assets	370,398	324,597
Investments and other assets		
Investment securities	1,831,097	3,024,643
Deferred tax assets	458,833	756,416
Other	868,708	986,175
Total investments and other assets	3,158,639	4,767,235
Total non-current assets	3,831,718	5,666,852
Total assets	18,295,625	19,740,830

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	542,195	513,108
Accounts payable - other	1,785,334	1,372,260
Income taxes payable	1,012,554	1,238,732
Provision for bonuses	57,168	898,300
Provision for share awards	274,337	497,176
Other	*3 241,740	*3 261,906
Total current liabilities	3,913,332	4,781,485
Non-current liabilities		
Lease liabilities	21,908	16,262
Provision for share awards	406,314	329,981
Provision for share awards for directors (and other officers)	595,224	75,789
Asset retirement obligations	101,031	187,132
Other	64,197	78,140
Total non-current liabilities	1,188,676	687,307
Total liabilities	5,102,008	5,468,792
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	3,151,600	2,516,524
Retained earnings	9,283,020	12,486,582
Treasury shares	(2,470,670)	(3,763,801)
Total shareholders' equity	12,963,950	14,239,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229,666	32,732
Total accumulated other comprehensive income	229,666	32,732
Total net assets	13,193,616	14,272,037
Total liabilities and net assets	18,295,625	19,740,830

(ii) Consolidated statements of income and comprehensive income
Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	*1 22,410,611	*1 26,293,590
Cost of revenue	12,400,626	14,561,835
Gross profit	10,009,985	11,731,755
Selling, general and administrative expenses	*2 5,777,198	*2 6,092,836
Operating profit	4,232,786	5,638,918
Non-operating income		
Interest income	3,024	3,171
Gain on sale of investment securities	23,539	204,888
Miscellaneous income	92,864	47,882
Total non-operating income	119,429	255,942
Non-operating expenses		
Interest expenses	161	578
Commission for purchase of treasury shares	2,805	4,523
Non-deductible consumption taxes	3,379	7,413
Loss on investment securities	7,584	4,957
Miscellaneous losses	54	486
Total non-operating expenses	13,984	17,957
Ordinary profit	4,338,231	5,876,902
Extraordinary income		
Gain on sale of non-current assets	—	*3 935
Total extraordinary income	—	935
Extraordinary losses		
Loss on retirement of non-current assets	*4 56	*4 57,520
Other	*5 81	*5 770
Total extraordinary losses	137	58,291
Profit before income taxes	4,338,094	5,819,546
Income taxes - current	1,240,542	1,707,300
Income taxes - deferred	(134,554)	(282,416)
Total income taxes	1,105,987	1,424,883
Profit	3,232,107	4,394,662
Profit attributable to owners of parent	3,232,107	4,394,662

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	3,232,107	4,394,662
Other comprehensive income		
Valuation difference on available-for-sale securities	(90,925)	(196,933)
Total other comprehensive income	* (90,925)	* (196,933)
Comprehensive income	3,141,181	4,197,729
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,141,181	4,197,729

(iii) Consolidated statement of changes in equity
Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	4,768,396	6,762,154	(3,972,854)	10,557,696
Changes during period					
Dividends of surplus			(711,241)		(711,241)
Profit attributable to owners of parent			3,232,107		3,232,107
Purchase of treasury shares				(1,727,519)	(1,727,519)
Disposal of treasury shares		25,978		1,586,928	1,612,907
Cancellation of treasury shares		(1,642,774)		1,642,774	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,616,796)	2,520,866	1,502,184	2,406,254
Balance at end of period	3,000,000	3,151,600	9,283,020	(2,470,670)	12,963,950

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	320,592	320,592	10,878,288
Changes during period			
Dividends of surplus			(711,241)
Profit attributable to owners of parent			3,232,107
Purchase of treasury shares			(1,727,519)
Disposal of treasury shares			1,612,907
Cancellation of treasury shares			—
Net changes in items other than shareholders' equity	(90,925)	(90,925)	(90,925)
Total changes during period	(90,925)	(90,925)	2,315,329
Balance at end of period	229,666	229,666	13,193,616

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

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	3,151,600	9,283,020	(2,470,670)	12,963,950
Changes during period					
Dividends of surplus			(1,191,101)		(1,191,101)
Profit attributable to owners of parent			4,394,662		4,394,662
Purchase of treasury shares				(3,129,615)	(3,129,615)
Disposal of treasury shares		61,262		1,140,144	1,201,407
Cancellation of treasury shares		(696,339)		696,339	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(635,077)	3,203,561	(1,293,131)	1,275,354
Balance at end of period	3,000,000	2,516,524	12,486,582	(3,763,801)	14,239,304

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	229,666	229,666	13,193,616
Changes during period			
Dividends of surplus			(1,191,101)
Profit attributable to owners of parent			4,394,662
Purchase of treasury shares			(3,129,615)
Disposal of treasury shares			1,201,407
Cancellation of treasury shares			—
Net changes in items other than shareholders' equity	(196,933)	(196,933)	(196,933)
Total changes during period	(196,933)	(196,933)	1,078,421
Balance at end of period	32,732	32,732	14,272,037

(iv) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	4,338,094	5,819,546
Depreciation	203,440	243,989
Increase (decrease) in allowance for doubtful accounts	(116,122)	—
Increase (decrease) in provision for bonuses	57,168	841,131
Increase (decrease) in provision for share awards	489,439	426,465
Increase (decrease) in provision for share awards for directors (and other officers)	26,237	31,154
Interest and dividend income	(3,024)	(3,171)
Interest expenses	161	578
Foreign exchange losses (gains)	(9,442)	481
Loss (gain) on sale of non-current assets	81	(164)
Loss on retirement of non-current assets	56	57,520
Loss (gain) on sale of investment securities	(23,539)	(204,888)
Loss (gain) on investment securities	7,584	4,957
Decrease (increase) in operational investment securities	(1,880,465)	(186,970)
Decrease (increase) in trade receivables	(532,009)	(154,028)
Decrease (increase) in prepaid expenses	180,515	23,840
Increase (decrease) in trade payables	305,025	(29,086)
Increase (decrease) in accounts payable - other	803,012	(421,159)
Other, net	86,790	17,130
Subtotal	3,933,003	6,467,325
Interest and dividends received	3,024	3,171
Interest paid	(161)	(578)
Income taxes paid	(821,618)	(1,497,038)
Income taxes refund	5,026	417,213
Net cash provided by (used in) operating activities	3,119,274	5,390,093
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,596)	(358,587)
Proceeds from sale of property, plant and equipment	—	15,067
Purchase of intangible assets	(53,707)	(85,485)
Purchase of investment securities	(1,207,088)	(2,356,620)
Proceeds from sale and redemption of investment securities	491,152	1,274,663
Other payments	(241,553)	(74,300)
Other proceeds	10,395	43,069
Net cash provided by (used in) investing activities	(1,035,397)	(1,542,192)
Cash flows from financing activities		
Repayments of lease liabilities	(4,798)	(7,776)
Purchase of treasury shares	(1,301,267)	(2,875,015)
Dividends paid	(710,038)	(1,190,221)
Net cash provided by (used in) financing activities	(2,016,104)	(4,073,014)
Effect of exchange rate change on cash and cash equivalents	9,442	(481)
Net increase (decrease) in cash and cash equivalents	77,215	(225,594)
Cash and cash equivalents at beginning of period	7,093,890	7,171,106
Cash and cash equivalents at end of period	* 7,171,106	* 6,945,511

Notes to the consolidated financial statements
Uncertainties of entity's ability to continue as going concern
Not applicable

Basis of preparation of consolidated financial statements

1. Scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 4

Names of consolidated subsidiaries

SIGMAXYZ Inc.

SIGMAXYZ Investment Inc.

SXD Inc.

SXF Inc.

Changes in scope of consolidation

SXD Inc. was included in the scope of consolidation due to an incorporation-type demerger.

2. Fiscal year of consolidated subsidiaries

Consolidated subsidiaries' fiscal year-end is the same as the consolidated balance sheet date.

3. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Held-to-maturity securities

Stated at amortized cost (straight-line method)

(ii) Available-for-sale securities (including operational investment securities)

Items other than shares, etc. without market price

Stated at market value (The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)

Shares, etc. without market price

Stated at cost determined by the moving average method

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph (2) of the Financial Instruments and Exchange Act)

Stated using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Accounting methods for depreciation of significant depreciable assets

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

Depreciated using the declining balance method.

However, facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.

Major useful lives

Buildings: 15 to 39 years

Tools, furniture and fixtures: 2 to 15 years

(ii) Intangible assets (excluding leased assets)

Software for internal use

Depreciated using the straight-line method.

Major useful lives 5 years

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Accounting policy for significant provisions

(i) Provision for bonuses

To prepare for the payment of bonuses to employees, of the estimated amount of bonuses payable to employees, the portion attributable to the fiscal year ended March 31, 2025 is recorded.

(ii) Provision for share awards

To prepare for the granting of shares to employees of the Company and the Group in accordance with the Share Awards Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2025 is recorded.

In addition, to prepare for the granting of restricted shares to Executive Officers, the estimated amount of share granting obligations resolved at the Board of Directors meeting is recorded.

(iii) Provision for share awards for directors (and other officers)

To prepare for the granting of shares to Directors in accordance with the Share Delivery Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2025 is recorded.

(4) Recognition of significant revenues and expenses

The content of principal performance obligations in principal businesses regarding revenue from contracts with client of the Company and its consolidated subsidiaries, and the normal timing when those obligations are satisfied (normal timing when revenue is recognized) are described below.

In the Consulting Business, performance obligations are primarily consulting services agreed to with client. With respect to the normal timing of satisfaction of such performance obligations, the Company has determined that the performance obligations are satisfied over a certain period of time, principally the service period, and recognizes revenue based on the monthly progress rate agreed on with the clients upon conclusion of the contract.

(5) Accounting policy for translation of foreign currency assets and liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Available-for-sale securities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and the translation differences are included in the valuation difference on available-for-sale securities under net assets. There are no assets or liabilities of overseas subsidiaries subject to translation.

(6) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and deposits that can be withdrawn on demand.

(7) Other significant matters for preparing consolidated financial statements

Accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear

Performance-linked share-based remuneration for Directors is accounted for in conformance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issue Task Force (PITF) No. 30, March 26, 2015).

Share-based remuneration for Executive Officers is recognized as an expense based on the progress of the applicable service period (fiscal year), as it is a remuneration in the form of restricted shares, which the Executive Officers will receive after paying in, as in-kind contribution of property, monetary claims granted to them based on the results of their performance during the applicable service period. The expense amount is calculated based on the number of shares expected to be granted, the elapsed portion of the applicable service period, and the market value of the Company's stock.

Share-based remuneration with restricted shares for Directors is recorded as an expense based on the progress of the applicable period, since monetary claims are paid to Directors as remuneration to grant restricted shares for the applicable period, and the allottees pay all such monetary claims by way of in-kind contribution. The expense amount is calculated based on the number of shares, the elapsed portion of the applicable period, and the market value of the Company's stock.

Significant accounting estimates

Recoverability of deferred tax assets

In accordance with the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26), the Group recognizes deferred tax assets related to corporate taxes and local corporate taxes. The Group has determined that the future business plan underlying the recoverability of such deferred tax assets involves significant uncertainties, including future economic trends.

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Deferred tax assets	458,833	756,416

(2) Other information that helps users of consolidated financial statements understand matters on accounting estimates

(i) Method of calculation for the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

Deferred tax assets are recognized for recoverable temporary differences. At the end of the fiscal year, the Group determines recoverability based on the assumption that taxable income will be generated over a certain period in the future.

(ii) Major assumption used to calculate amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

Major assumptions are in the future business plan underlying the estimates of future taxable income. Future business plans may be affected by changes in the business environment and other factors; however, estimates are made with reasonable assumptions based on current conditions and available information.

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

The timing when taxable income arises and the amount thereof may be affected by changes in uncertain future economic conditions. If there are differences between the actual timing and amount and those estimated, this may have a significant impact on the amount for recognizing deferred tax assets in the consolidated financial statements for the following and subsequent fiscal years.

Valuation of operational investment securities

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operational investment securities (Shares not listed)	2,732,723	1,806,616

(2) Other information that helps users of consolidated financial statements understand matters on accounting estimates

(i) Method of calculation for the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

For the purpose of creating value in a wide range of industries and companies and creating new markets and businesses that solve social issues, the Group leverages the knowledge it has developed through its Consulting Business to add value to multiple unlisted companies. By making such efforts, the Group anticipates excess earning capacity through their future growth, and invests in these companies at a price that is significantly higher than the amount based on net assets per share. Shares not listed are shares without market price and their acquisition cost is the carrying amount in the balance sheet. In valuing such share not listed, an impairment loss is recognized when the net asset value of the shares reflecting the excess earning capacity at the time of investment declines significantly. However, if the recoverability is estimated to be sufficient, no impairment loss may be recognized. In assessing whether excess earning capacity was maintained as of the end of the fiscal year ended March 31, 2025, the Group collected the most recent performance data available for each investee company. Based on their performance and fund-raising situation, the Group comprehensively assessed the progress of the investee's business, the status of value-adding activities by the Group, the market environment, business characteristics, and other relevant factors.

(ii) Major assumption used to calculate amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

Major assumptions are the key performance indicators included in the business plans of each investee company (such as revenue, profit, and specific items according to business characteristics).

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

The valuation of these operational investment securities may be affected by changes in the market environment of each investee company, etc. If the net asset value of the securities reflecting excess earning capacity at the time of investment significantly declines or if the recoverability is estimated to be insufficient, valuation losses on operational investment securities may be recorded in the consolidated financial statements for the following fiscal year and thereafter.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes, etc.

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) and other relevant ASBJ regulations are applied from the beginning of the fiscal year ended March 31, 2025. This has no impact on the consolidated financial statements for the fiscal year ended March 31, 2025. There is no impact on the opening balance of retained earnings,

capital surplus and other accumulated comprehensive income for this fiscal year.

Accounting standards issued but not yet applied

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

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Scheduled date of application

These accounting standards and relevant ASBJ regulations will be applied effective from the beginning of the fiscal year ending March 31, 2028.

(3) Effect of applying the accounting standard, etc.

The effect of the application of “Accounting Standard for Leases” and relevant ASBJ regulations on the consolidated financial statements is currently under assessment.

Changes in presentation

Consolidated statement of income

“Lectures fee income” and “Sponsorship money income,” which were stated as individual items under non-operating income in the previous fiscal year, have been included in “Miscellaneous income” under non-operating income from the fiscal year ended March 31, 2025, because they became immaterial in terms of amount.

As a result, in the consolidated statement of income for the previous fiscal year, “Lectures fee income” of ¥47,481 thousand, “Sponsorship money income” of ¥21,977 thousand and “Miscellaneous income” of ¥23,406 thousand under non-operating income have been reclassified as “Miscellaneous income” of ¥92,864 thousand.

“Loss on sale of non-current assets,” which was stated as an individual item under extraordinary losses in the previous fiscal year, has been included in “Other” under extraordinary losses from the fiscal year ended March 31, 2025, because it became immaterial in terms of amount.

As a result, in the consolidated statement of income for the previous fiscal year, “Loss on sale of non-current assets” of ¥81 thousand under extraordinary losses has been reclassified as “Other” of ¥81 thousand.

Additional information

Transactions to offer the Company’s shares to employees, etc. through trust

The Company introduced the Employee Stock Ownership Plan (J-ESOP; hereinafter, the “Program”). Through granting the Company’s shares to employees of the Company and the Group companies who meet certain requirements (hereinafter, the “Employees”) in accordance with the Share Awards Regulations pre-established by the Company, the Program aims to bolster employee morale and motivation towards improved company performance and stock price by enhancing the interrelationship among stock price, company performance and employee remuneration and by sharing economic benefits of improved company performance with shareholders. Shares to be granted to employees of the Company, including shares to be granted in the future, will be purchased with funds placed in trust in advance and managed separately as trust assets.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company’s shares held in the trust account, liabilities, expenses and income of the trust are included in the Company’s consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows, with the Company’s shares held in the trust account recognized as treasury shares under net assets in the consolidated balance sheet. The book value and the number of the Company’s shares held in the trust account as of March 31, 2024 and 2025, were ¥741,650 thousand and 1,471,200 shares and ¥690,752 thousand and 1,207,000 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

Performance-linked share-based remuneration for Directors

The Company introduced the performance-linked share-based remuneration (hereinafter, the “Program”). Under the Program, a trust, established by the Company’s contribution of money, acquires the Company’s shares and delivers to each Director through the trust a number of Company shares equivalent to the number of points granted by the Company to each Director in accordance with the degree of achievement of his/her performance, etc. The Program is intended to establish a remuneration system to secure management human assets.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company’s shares held in the trust account, liabilities, expenses and income of the trust are included in the Company’s consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows, with the Company’s shares held in the trust account recognized as treasury shares under net assets in the consolidated balance sheet. The book value and the number of the Company’s shares held in the trust account as of March 31, 2024 and 2025, were ¥595,378 thousand and 2,231,780 shares and ¥75,932 thousand and 275,520 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

Consolidated balance sheet

- *1 Among notes and accounts receivable - trade, and contract assets, receivables arising from contracts with clients are as follows:

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	—	—
Accounts receivable - trade	2,721,420	2,910,613
Contract assets	74,144	38,978

- *2 Accumulated depreciation of property, plant and equipment

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Accumulated depreciation of property, plant and equipment	640,248	647,177

- *3 Among other current liabilities, the amounts of contract liabilities are as follows:

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Contract liabilities	82,155	81,754

Consolidated statement of income

- *1 Revenue from contracts with clients

Revenue is not categorized separately and stated as revenue from contracts with clients and revenue from other sources. Amounts of revenue from contracts with clients are stated in “Notes to the consolidated financial statements, *Revenue recognition*, 1. Information on disaggregation of revenue from contracts with clients” of the consolidated financial statements.

- *2 Major items and amounts included in selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Remuneration for directors (and other officers)	816,348	686,086
Salaries and allowances	1,126,506	1,235,450
Entertainment expenses	635,851	669,508
Provision for share awards	181,899	244,738
Provision for share awards for directors (and other officers)	26,237	31,154
Provision for bonuses	28,313	140,977

*3 Details of gain on sale of non-current assets are as follows:

(Thousands of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Vehicles	—	935
Total	—	935

*4 Details of loss on retirement of non-current assets are as follows:

(Thousands of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Buildings	—	44,964
Tools, furniture and fixtures	56	389
Software	—	12,018
Patent right	—	148
Total	56	57,520

*5 Other under extraordinary losses consists of loss on sale of non-current assets, and the details are as follows:

(Thousands of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Vehicles	—	770
Tools, furniture and fixtures	81	—
Total	81	770

Consolidated statement of comprehensive income

* Reclassification adjustments and income taxes and tax effects relating to other comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Valuation difference on available-for-sale securities:		
Amount arising during period	18,804	(127,749)
Reclassification adjustments	(134,099)	(85,128)
Before income taxes and tax effect adjustments	(115,295)	(212,877)
Income taxes and tax effect	24,369	15,944
Valuation difference on available-for-sale securities	(90,925)	(196,933)
Total other comprehensive income	(90,925)	(196,933)

Consolidated statement of changes in equity

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

1. Issued shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	46,308,600	—	1,308,600	45,000,000

- Notes: 1. The Company carried out a two-for-one split of its common stock effective December 1, 2024, and the above figures represent the number of shares prior to the stock split.
2. The decrease of 1,308,600 shares in issued shares of common stock was due to the cancellation of treasury shares.

2. Treasury shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	4,713,594	1,310,332	3,287,290	2,736,636

Notes: 1. The Company carried out a two-for-one split of its common stock effective December 1, 2024, and the above figures represent the number of shares prior to the stock split.

2. The number of treasury shares of common stock includes the Company's shares held in trust account for the J-ESOP (756,100 shares at the beginning of the fiscal year and 735,600 shares at the end of the fiscal year) and the Company's shares held in the trust account for the performance-linked share-based remuneration plan (2,101,480 shares at the beginning of the fiscal year and 1,115,890 shares at the end of the fiscal year).

3. The increase of 1,310,332 shares in treasury shares of common stock represents an increase of 940,400 shares due to the purchase of treasury shares by resolution of the Board of Directors meeting, an increase of 369,900 shares due to the purchase by the trust account under the J-ESOP, and an increase of 32 shares due to purchase requests for shares less than one unit.

The decrease of 3,287,290 shares in treasury shares of common stock represents a decrease of 1,375,990 shares due mainly to the delivery of shares to the Company's employees under the J-ESOP, a decrease of 348,700 shares due to the disposal of treasury shares through third-party allotment in connection with additional contribution to the J-ESOP, a decrease of 145,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Directors, a decrease of 109,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Executive Officers, and a decrease of 1,308,600 shares due to the cancellation of treasury shares.

3. Share acquisition rights and treasury share acquisition rights

Not applicable

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 9, 2023	Common stock	711,241	Retained earnings	16	March 31, 2023	June 7, 2023

Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024. Dividends per share are the dividend amounts before the stock split.

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 8, 2024	Common stock	1,191,101	Retained earnings	27	March 31, 2024	June 5, 2024

Notes: 1. The Company carried out a two-for-one split of its common stock effective December 1, 2024. Dividends per share are the dividend amounts before the stock split.

2. The total amount of dividends includes dividends of ¥49,990 thousand paid for the Company's shares held in trust accounts for the J-ESOP and performance-linked share-based remuneration.

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

1. Issued shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	45,000,000	44,500,000	500,000	89,000,000

Notes: 1. The Company carried out a two-for-one split of its common stock effective December 1, 2024.

2. The increase of 44,500,000 shares in issued shares of common stock was due to the stock split. The decrease of 500,000 shares in issued shares of common stock was due to the cancellation of treasury shares.

2. Treasury shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	2,736,636	4,564,406	2,007,030	5,294,012

- Notes:
- The Company carried out a two-for-one split of its common stock effective December 1, 2024.
 - The number of treasury shares of common stock includes the Company's shares held in trust account for the J-ESOP (735,600 shares at the beginning of the fiscal year and 1,207,000 shares at the end of the fiscal year) and the Company's shares held in the trust account for the performance-linked share-based remuneration plan (1,115,890 shares at the beginning of the fiscal year and 275,520 shares at the end of the fiscal year).
 - The increase of 4,564,406 shares in treasury shares of common stock represents an increase of 2,126,606 shares due to a stock split, an increase of 2,277,000 shares due to the purchase of treasury shares by resolution of the Board of Directors meeting, and an increase of 160,800 shares due to the purchase by the trust account under the J-ESOP. The decrease of 2,007,030 shares in treasury shares of common stock represents a decrease of 1,271,030 shares due mainly to the delivery of shares to the Company's employees under the J-ESOP, a decrease of 140,000 shares due to the disposal of treasury shares through third-party allotment in connection with additional contribution to the J-ESOP, a decrease of 96,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Directors, and a decrease of 500,000 shares due to the cancellation of treasury shares.

3. Share acquisition rights and treasury share acquisition rights

Not applicable

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 8, 2024	Common stock	1,191,101	Retained earnings	27	March 31, 2024	June 5, 2024

Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024. Dividends per share are the dividend amounts before the stock split.

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 8, 2025	Common stock	1,788,958	Retained earnings	21	March 31, 2025	June 6, 2025

- Notes:
- The Company carried out a two-for-one split of its common stock effective December 1, 2024. Dividends per share are the dividend amounts after the stock split.
 - The total amount of dividends includes dividends of ¥31,132 thousand paid for the Company's shares held in trust accounts for the J-ESOP and performance-linked share-based remuneration.

Consolidated statement of cash flows

* Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Thousands of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash and deposits	7,171,106	6,945,511
Cash and cash equivalents	7,171,106	6,945,511

Leases

Lessees' accounting

- Finance lease transactions
 - Finance lease transactions that do not transfer ownership
 - (1) Components of leased assets
 - Property, plant and equipment

They primarily consist of a hydroponic system.

(2) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described in “Notes to the consolidated financial statements, *Basis of preparation of consolidated financial statements*, 3. Accounting policies, (2) Accounting methods for depreciation of significant depreciable assets” of the consolidated financial statements.

2. Operating lease transactions

Future lease payments to be received under non-cancellable leases of operating lease transactions

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Due within one year	243,820	316,134
Due after one year	587,770	296,924
Total	831,590	613,058

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

In principle, the Group uses its own funds to meet its capital needs. Surplus funds are invested in highly secure financial assets. In addition, the Group, through its subsidiaries, is engaged in the investment business of managing securities for investment purposes.

(2) Description of financial instruments and their risks

Trade receivables, which include notes and accounts receivable - trade, and contract assets, are exposed to the credit risk of our clients.

Operational investment securities are investments through subsidiaries mainly for managing securities, and they are exposed to credit risks of the share issuing organizations.

Investment securities include held-to-maturity bonds and investment in limited partnership for investment, and they are exposed to credit risks of the share issuing organizations.

Trade payables including accounts payable - trade and accounts payable - other are mostly due within two months.

(3) Risk management system for financial instruments

(i) Management of credit risk

For trade receivables, in accordance with its credit management rules, the Group periodically monitors the status of major clients and manages due dates and outstanding balances of receivables by clients, and also works to early identify and mitigate concerns about collection due to deterioration of financial conditions of clients and other factors.

For held-to-maturity bonds and operational investment securities, the Group periodically monitors the financial condition of the issuing organizations.

(ii) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The department in charge prepares and updates cash flow plans in a timely manner based on reports from each department, and manages liquidity risk by maintaining liquidity on hand and other measures.

(4) Supplementary explanation on fair values of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the use of different assumptions may change the fair value.

2. Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and the differences between them were as follows:

As of March 31, 2024

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Securities, operational investment securities, and investment securities	1,910,075	1,909,415	(660)
Total assets	1,910,075	1,909,415	(660)

Notes: 1. Cash is omitted from the notes, and deposits, notes and accounts receivable - trade, and contract assets, accounts payable - trade, accounts payable - other, income taxes payable and short-term borrowings are omitted because they are settled

in a short period of time and their fair value approximates their book value.

2. Shares, etc. without market price are not included in “Securities, operational investment securities, and investment securities.” In addition, investments in investment partnerships, etc. stated at the net amount equivalent to equity on the consolidated financial statements are not included in “Securities, operational investment securities, and investment securities” applying the transitional treatment provided for in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”). Carrying amounts of these financial instruments in the consolidated balance sheet are as follows:

(Thousands of yen)	
Category	As of March 31, 2024
Shares not listed	2,732,723
Investment in limited partnership for investment, etc.	923,425

3. In accordance with generally accepted accounting principles, the net asset value of investment trusts is regarded as their fair value, and they are included in “Securities, operational investment securities, and investment securities.”

As of March 31, 2025

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Securities, operational investment securities, and investment securities	3,158,524	3,154,834	(3,690)
Total assets	3,158,524	3,154,834	(3,690)

- Notes:
1. Cash is omitted from the notes, and deposits, notes and accounts receivable - trade, and contract assets, accounts payable - trade, accounts payable - other, income taxes payable and short-term borrowings are omitted because they are settled in a short period of time and their fair value approximates their book value.
 2. Shares, etc. without market price are not included in “Securities, operational investment securities, and investment securities.” In addition, investments in investment partnerships, etc. stated at the net amount equivalent to equity on the consolidated financial statements are not included in “Securities, operational investment securities, and investment securities” applying the transitional treatment provided for in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”). Carrying amounts of these financial instruments in the consolidated balance sheet are as follows:

(Thousands of yen)	
Category	As of March 31, 2025
Shares not listed	2,317,216
Investment in limited partnership for investment, etc.	1,346,465

3. In accordance with generally accepted accounting principles, the net asset value of investment trusts is regarded as their fair value, and they are included in “Securities, operational investment securities, and investment securities.”

3. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date
As of March 31, 2024

(Thousands of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	7,171,106	—	—	—
Notes and accounts receivable - trade, and contract assets	2,795,564	—	—	—
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds	—	200,000	—	—
Total	9,966,670	200,000	—	—

As of March 31, 2025

(Thousands of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	6,945,511	—	—	—
Notes and accounts receivable - trade, and contract assets	2,949,592	—	—	—
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds	—	300,000	100,000	—
Total	9,895,103	300,000	100,000	—

4. Scheduled repayment amounts of lease liabilities after the consolidated balance sheet date

As of March 31, 2024

(Thousands of yen)

Category	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Lease liabilities	7,776	5,645	5,759	5,538	4,965

As of March 31, 2025

As stated in “Detailed schedule of borrowings” of (v) Annexed consolidated detailed schedules of the consolidated financial statements.

5. Breakdown of financial instruments by level of fair values, etc.

Fair values of financial instruments are categorized into the following three levels in accordance with the observability of inputs used to determine fair values and their significance.

Fair values of Level 1: Fair values measured by quoted prices related to assets and liabilities subject to measurement of fair values formed in active markets from among the observable inputs related to measurement of fair values

Fair values of Level 2: Fair values measured using inputs related to measurement of fair values other than Level 1 inputs from among observable inputs related to measurement of fair values

Fair values of Level 3: Fair values measured using unobservable inputs related to measurement of fair values

Where multiple inputs are used that have a significant impact on measurement of fair value, the fair value is categorized in the level that has the lowest level of priority in measurement of fair value from among the levels those inputs belong.

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

As of March 31, 2024

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Available-for-sale securities				
Shares	617,762	—	—	617,762
Investment trusts	707,314	—	—	707,314
Total assets	1,325,076	—	—	1,325,076

As of March 31, 2025

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Available-for-sale securities				
Shares	2,019,480	—	—	2,019,480
Investment trusts	292,889	—	—	292,889
Total assets	2,312,370	—	—	2,312,370

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

As of March 31, 2024

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds				
Corporate bonds	—	199,340	—	199,340
Total assets	—	199,340	—	199,340

As of March 31, 2025

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds				
Corporate bonds	—	396,310	—	396,310
Total assets	—	396,310	—	396,310

- Notes:
- Explanation of valuation techniques and inputs related to measurement of fair values used to measure fair value
Listed shares, listed investment trusts, and bonds are valued using the quoted price. Listed shares and listed investment trusts are traded on active markets, so their fair values are categorized as fair values of Level 1. On the other hand, because bonds held by the Company are infrequently traded in markets and quoted prices of bonds are not regarded as the quoted prices in active markets, their fair values are classified as Level 2 fair value.
 - In accordance with generally accepted accounting principles, investment trusts whose net asset value is regarded as their fair value are not included in the above table. The carrying amount in the consolidated balance sheet for the investment trusts is ¥446,154 thousand (the carrying amount in the consolidated balance sheet for the previous fiscal year was ¥384,999 thousand).

Securities

- Held-to-maturity bonds

As of March 31, 2024

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Bonds with fair value exceeding book value	—	—	—
Bonds with fair value not exceeding book value	200,000	199,340	(660)
Total	200,000	199,340	(660)

As of March 31, 2025

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Bonds with fair value exceeding book value	–	–	–
Bonds with fair value not exceeding book value	400,000	396,310	(3,690)
Total	400,000	396,310	(3,690)

2. Available-for-sale securities

As of March 31, 2024

(Thousands of yen)

	Type	Carrying amounts in the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	Operational investment securities			
	(1) Shares	179,366	74,840	104,525
	(2) Bonds	–	–	–
	(3) Others	132,752	109,628	23,124
	Subtotal	312,119	184,469	127,649
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	1,092,313	856,035	236,277
	Subtotal	1,092,313	856,035	236,277
	Total	1,404,432	1,040,504	363,927
Items whose carrying amount does not exceed acquisition cost	Operational investment securities			
	(1) Shares	3,171,120	3,325,014	(153,894)
	(2) Bonds	–	–	–
	(3) Others	251,888	350,000	(98,111)
	Subtotal	3,423,008	3,675,014	(252,005)
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	538,783	550,000	(11,216)
	Subtotal	538,783	550,000	(11,216)
	Total	3,961,792	4,225,014	(263,221)
Total		5,366,225	5,265,519	100,705

As of March 31, 2025

(Thousands of yen)

	Type	Carrying amounts in the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	Operational investment securities			
	(1) Shares	1,134,105	1,015,357	118,748
	(2) Bonds	—	—	—
	(3) Others	128,792	109,628	19,163
	Subtotal	1,262,898	1,124,985	137,912
	Other than operational investment securities			
	(1) Shares	322,850	303,752	19,097
	(2) Bonds	—	—	—
	(3) Others	551,638	408,968	142,670
	Subtotal	874,488	712,720	161,767
Total		2,137,386	1,837,706	299,679
Items whose carrying amount does not exceed acquisition cost	Operational investment securities			
	(1) Shares	2,274,796	2,811,807	(537,010)
	(2) Bonds	—	—	—
	(3) Others	259,867	370,000	(110,132)
	Subtotal	2,534,664	3,181,807	(647,142)
	Other than operational investment securities			
	(1) Shares	604,944	607,332	(2,388)
	(2) Bonds	—	—	—
	(3) Others	1,145,211	1,170,644	(25,433)
	Subtotal	1,750,155	1,777,977	(27,822)
Total		4,284,819	4,959,784	(674,965)
Total		6,422,206	6,797,491	(375,285)

3. Available-for-sale securities sold

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

(Thousands of yen)

Type	Sale proceeds	Total gain on sale	Total loss on sale
Operational investment securities			
(1) Shares	294,911	202,870	123
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	294,911	202,870	123
Other than operational investment securities			
(1) Shares	—	—	—
(2) Bonds	—	—	—
(3) Others	273,586	23,539	—
Subtotal	273,586	23,539	—
Total	568,497	226,410	123

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

(Thousands of yen)

Type	Sale proceeds	Total gain on sale	Total loss on sale
Operational investment securities			
(1) Shares	201,035	125,715	—
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	201,035	125,715	—
Other than operational investment securities			
(1) Shares	—	—	—
(2) Bonds	—	—	—
(3) Others	1,151,431	204,888	—
Subtotal	1,151,431	204,888	—
Total	1,352,467	330,603	—

4. Securities subject to recognition of impairment losses

Impairment loss of ¥92,186 thousand was recognized for operational investment securities (shares) in the previous fiscal year.

Impairment loss of ¥245,475 thousand was recognized for operational investment securities (shares) in the fiscal year ended March 31, 2025.

Tax effect accounting

1. Major components of deferred tax assets and liabilities

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Provision for share awards	124,413	101,040
Provision for share awards for directors (and other officers)	182,257	23,881
Share-based remuneration with restricted shares	370,064	369,187
Others	354,708	636,525
Subtotal	1,031,444	1,130,634
Valuation allowance for the total of deductible temporary difference, etc.	(456,890)	(259,485)
Valuation allowance subtotal (Note)	(456,890)	(259,485)
Total deferred tax assets	574,553	871,149
Elimination with deferred tax liabilities	(115,719)	(114,732)
Net deferred tax assets	458,833	756,416
Deferred tax liabilities		
Valuation difference on available-for-sale securities	117,119	101,174
Others	7,314	21,493
Total deferred tax liabilities	124,434	122,668
Elimination with deferred tax assets	(115,719)	(114,732)
Net deferred tax liabilities	8,714	7,936

Note: Major changes in valuation allowance

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

Major changes in the amount deducted from deferred tax assets (valuation allowance) are a decrease in provision for share awards for directors (and other officers) (down ¥156,432 thousand from the previous fiscal year) and an increase in share-based remuneration with restricted shares (up ¥14,781 thousand from the previous fiscal year).

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

Major changes in the amount deducted from deferred tax assets (valuation allowance) are a decrease in provision for share awards for directors (and other officers) (down ¥182,257 thousand from the previous fiscal year) and a decrease in share-based remuneration with restricted shares (down ¥133,262 thousand from the previous fiscal year).

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

(%)

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	3.4	2.4
Income not taxable permanently, such as dividend income	(0.0)	0.0
Inhabitant per capita taxes	0.1	0.1
Increase (decrease) in valuation allowance	(2.9)	(4.4)
Tax deduction	(4.9)	(4.1)
Impact from consolidation adjustments	—	(0.2)
Others	(0.8)	0.2
Effective rate of income taxes after application of deferred tax accounting	25.5	24.5

3. Accounting of corporate taxes, local corporate taxes and tax effect accounting for these items

The Company and its consolidated subsidiaries have applied the group tax sharing system, and account for and disclose corporate taxes, local corporate taxes and tax effect accounting for these items in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026 are calculated by changing the statutory effective tax rate from 30.6% to 31.5%.

The impact of this change in tax rate is immaterial.

Asset retirement obligations

In accordance with real estate lease contracts for its head office and other facilities, the Company recognizes obligations to restore them to the original state when vacating them as asset retirement obligations. However, this information is omitted as the total amount of such obligations is immaterial.

Revenue recognition

1. Information on disaggregation of revenue from contracts with clients

Disaggregation by the timing of revenue recognition is as follows:

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

(Thousands of yen)

	Reportable segment		
	Consulting Business	Investment Business	Total
Goods or services transferred at a point in time	567,149	—	567,149
Goods or services transferred over time	21,556,628	74,100	21,630,728
Revenue from contracts with clients	22,123,777	74,100	22,197,877
Other revenue	—	212,734	212,734
Revenue from external clients	22,123,777	286,834	22,410,611

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

(Thousands of yen)

	Reportable segment		
	Consulting Business	Investment Business	Total
Goods or services transferred at a point in time	750,006	–	750,006
Goods or services transferred over time	25,369,387	48,000	25,417,387
Revenue from contracts with clients	26,119,394	48,000	26,167,394
Other revenue	–	126,195	126,195
Revenue from external clients	26,119,394	174,195	26,293,590

2. Information that forms the basis for understanding revenue

Information that forms the basis for understanding revenue is as described in “Notes to the consolidated financial statements, *Basis of preparation of consolidated financial statements*, 3. Accounting policies, (4) Recognition of significant revenues and expenses” of the consolidated financial statements.

3. Information that forms the basis for understanding revenue for the current and subsequent fiscal years

(1) Balances of contract assets and contract liabilities

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Receivables from contracts with clients (balance at beginning of period)	2,168,255	2,721,420
Receivables from contracts with clients (balance at end of period)	2,721,420	2,910,613
Contract assets (balance at beginning of period)	95,299	74,144
Contract assets (balance at end of period)	74,144	38,978
Contract liabilities (balance at beginning of period)	84,416	82,155
Contract liabilities (balance at end of period)	82,155	81,754

Contract assets primarily consist of unbilled trade receivables related to revenues from performance obligations satisfied in the Consulting Business. Contract assets are transferred to accounts receivable - trade upon billing. Contract liabilities primarily consist of advances received from clients in the Consulting Business.

Of revenue recognized in the previous fiscal year, the amount included in the balance of contract liabilities at beginning of period was ¥76,358 thousand. Of revenue recognized in the fiscal year ended March 31, 2025, the amount included in the balance of contract liabilities at beginning of period was ¥81,518 thousand.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient method and omitted the transaction price allocated to remaining performance obligations, since there are no significant contracts with an initially expected contract term exceeding one year. In addition, there are no significant amounts of consideration from contracts with clients that are not included in the transaction price.

Segment information, etc.

Segment information

1. Overview of reportable segments

(1) Determining reportable segments

The reportable segments of the Group are components for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of management assets and to assess their performance.

(2) Types of products and services that belong to each reportable segment

With a synergy between “consulting services” and “investment,” the Group creates value in a wide range of industries and companies and creates new markets and businesses that solve social issues. In the Consulting Business, we define the key three transformations that companies must address in the digital economy as; “Digital Transformation” to achieve significant performance improvements through a productivity revolution, “Service Transformation” to build a business model that will serve as a new growth engine in growth markets, and “Management Transformation” to build a management platform. We have professionals with diverse skills who are working to solve corporate issues, create new value, and co-create new businesses and industries through collaboration among companies. In the Investment Business, through the linkage with our consulting business, we

supported the growth and enhancement of our investee companies' corporate value. We also pursued activities with a view to co-investing with clients.

2. Method for calculating amounts of revenue, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for the operating segments that are reportable is the same as described in "Basis of preparation of consolidated financial statements." Profit figures for the reportable segments are based on operating profit.

Transaction prices and transfer prices between reportable segments are determined based on market prices, etc.

3. Information on amounts of revenue, profit or loss, assets, liabilities and other items by reportable segment

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

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1) (Note 3)	Amounts recorded on consolidated financial statements (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	22,123,777	286,834	22,410,611	—	22,410,611
Internal revenue or transfer among segments	79,957	58,875	138,832	(138,832)	—
Total	22,203,735	345,709	22,549,444	(138,832)	22,410,611
Segment profit (loss)	6,109,964	(117,301)	5,992,662	(1,759,876)	4,232,786
Segment assets	6,831,594	4,026,663	10,858,258	7,437,367	18,295,625
Other items					
Depreciation	360	—	360	203,080	203,440

- Notes:
1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of negative ¥1,776,441 thousand and the elimination of intersegmental transactions of ¥16,565 thousand.
 2. Segment profit (loss) is adjusted with operating profit recorded in the consolidated statement of income.
 3. Adjustments of segment assets include the Corporate Group (Common) assets and the elimination of intersegmental receivables and liabilities, etc.

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

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1) (Note 3)	Amounts recorded on consolidated financial statements (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	26,119,394	174,195	26,293,590	—	26,293,590
Internal revenue or transfer among segments	90,032	89,474	179,507	(179,507)	—
Total	26,209,427	263,669	26,473,097	(179,507)	26,293,590
Segment profit (loss)	7,728,562	(374,408)	7,354,154	(1,715,235)	5,638,918
Segment assets	7,831,810	4,071,524	11,903,335	7,837,494	19,740,830
Other items					
Depreciation	4,591	—	4,591	239,398	243,989

- Notes:
1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of negative ¥1,732,971 thousand and the elimination of intersegmental transactions of ¥17,735 thousand.
 2. Segment profit (loss) is adjusted with operating profit recorded in the consolidated statement of income.
 3. Adjustments of segment assets include the Corporate Group (Common) assets and the elimination of intersegmental receivables and liabilities, etc.

Related information

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

1. Information by products and services

This information has been omitted as revenue from external clients in a single product/service category exceeds 90% of the revenue in the consolidated statement of income.

2. Information by geographic segment

(1) Revenue

This information has been omitted as revenue from Japan exceeds 90% of the revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment in Japan exceeds 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted as none of our clients account for 10% or more of the revenue in the consolidated statement of income.

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

1. Information by products and services

This information has been omitted as revenue from external clients in a single product/service category exceeds 90% of the revenue in the consolidated statement of income.

2. Information by geographic segment

(1) Revenue

This information has been omitted as revenue from Japan exceeds 90% of the revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment in Japan exceeds 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major client

(Thousands of yen)

Name of client	Revenue	Related segment name
NYK Business Systems Co., Ltd.	3,544,172	Consulting Business

Information regarding impairment losses on non-current assets by reportable segment

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

Not applicable

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

Not applicable

Information regarding amortization of goodwill and unamortized balance by reportable segment

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

Not applicable

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

Not applicable

Information regarding gains on bargain purchases by reportable segment

Not applicable

Related party information

1. Related party transactions

(1) Transactions of the Company with related parties

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

Class	Name of company or individual	Location	Capital or investment (thousands of yen)	Description of business or occupation	Percentage of voting rights, etc. holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (thousands of yen)	Item	Balance at end of period (thousands of yen)
Officers and their close relatives	Hideki Kurashige (Note 2. (3))	—	—	Founder and Honorary Chairman of the Company	(Held) Direct: 1.9	Founder and Honorary Chairman of the Company	Purchase of treasury shares (Note 2. (1))	421,032	—	—
							Appointment as Founder and Honorary Chairman (Note 2. (2))	108,000	—	—

- Notes:
- Of the stated amounts, the transaction amount does not include consumption taxes, etc., while the balance at end of period includes consumption taxes, etc.
 - Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.
 - Based on the resolution of the Board of Directors meeting held on May 31, 2023, the treasury shares were purchased through the off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange. The transaction price was the closing price on June 28, 2023.
 - The terms and conditions of the transactions were determined based on the contents of the contract through consultation between the parties.
 - He has retired as Representative Director and President of the Company.

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

Class	Name of company or individual	Location	Capital or investment (thousands of yen)	Description of business or occupation	Percentage of voting rights, etc. holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (thousands of yen)	Item	Balance at end of period (thousands of yen)
Officers and their close relatives	Hideki Kurashige (Note 2. (5))	—	—	Founder and Honorary Chairman of the Company	(Held) Direct: 1.2	Founder and Honorary Chairman of the Company	Purchase of treasury shares (Note 2. (1))	589,800	—	—
							Appointment as Founder and Honorary Chairman (Note 2. (4))	144,000	—	—
	Ryuichi Tomimura (Note 2. (5))	—	—	Chairman of the Company and Chairman, Director of the Board of SIGMAXYZ Inc.	(Held) Direct: 0.7	Chairman of the Company and Chairman, Director of the Board of SIGMAXYZ Inc.	Purchase of treasury shares (Note 2. (2))	362,950	—	—
							Purchase of treasury shares (Note 2. (3))	492,802	—	—
							Appointment as an advisor (Note 2. (4))	69,300	—	—

- Notes:
- Of the stated amounts, the transaction amount does not include consumption taxes, etc., while the balance at end of period includes consumption taxes, etc.
 - Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.
 - Based on the resolution of the Board of Directors meeting held on February 6, 2025, the treasury shares were

purchased through the off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange. The transaction price was the closing price on February 10, 2025.

- (2) Based on the resolution of the Board of Directors meeting held on June 26, 2024, the treasury shares were purchased through the off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange. The transaction price was the closing price on June 26, 2024.
- (3) Based on the resolution of the Board of Directors meeting held on August 5, 2024, the treasury shares were purchased through the off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange. The transaction price was the closing price on August 21, 2024.
- (4) The terms and conditions of the transactions were determined based on the contents of the contract through consultation between the parties.
- (5) He has retired as Representative Director and President of the Company.

- (2) Transactions of the subsidiaries of the Company with related parties
Not applicable

2. Notes on the parent company or major associates
Not applicable

Per share information

(Yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net assets per share	156.09	170.50
Profit per share	38.31	51.93

- Notes:
1. The Company carried out a two-for-one split of its common stock with an effective date of December 1, 2024. The figures for “Net assets per share,” “Profit per share” and the average number of shares outstanding during the period were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.
 2. In calculating “Net assets per share,” shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked share-based remuneration plan were included in treasury shares excluded from the number of shares issued as of the end of the period (3,702,980 shares in the fiscal year ended March 31, 2024; 1,482,520 shares in the fiscal year ended March 31, 2025).
In addition, in calculating “Profit per share,” the same shares were included in treasury shares excluded from the calculation of the average number of shares outstanding during the period (4,336,720 shares in the fiscal year ended March 31, 2024; 1,873,031 shares in the fiscal year ended March 31, 2025).
 3. Diluted profit per share is not stated because there are no dilutive shares.
 4. The basis used for calculating “Profit per share” is as follows:

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Profit per share		
Profit attributable to owners of parent (thousands of yen)	3,232,107	4,394,662
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of the parent pertaining to common stock (thousands of yen)	3,232,107	4,394,662
Average number of outstanding common stock during the period (shares)	84,371,305	84,625,018

(v) Annexed consolidated detailed schedules

Consolidated detailed schedule of corporate bonds

Not applicable

Consolidated detailed schedule of borrowings

Category	Balance at beginning of period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate (%)	Payment due
Current portion of lease liabilities	7,776	5,645	—	—
Lease liabilities (excluding current portions)	21,908	16,262	—	2026 - 2029
Total	29,685	21,908	—	—

- Notes:
1. Average interest rates for lease liabilities are not stated, because lease liabilities are recorded at amounts before deduction of the amount equivalent to interest included in the total amount of lease payments.
 2. The repayment schedule of lease liabilities (excluding current portions) for five years following the consolidated balance sheet date is as follows:

(Thousands of yen)

Category	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Lease liabilities	5,759	5,538	4,965	—

Consolidated detailed schedule of asset retirement obligations

Pursuant to the provision of Article 92-2 of the Regulations on Consolidated Financial Statements, the information is omitted because the amount of asset retirement obligations as of March 31, 2025 was not more than 1% of the total of liabilities and net assets as of March 31, 2025.

(2) Others

Semi-annual information for the fiscal year ended March 31, 2025

(Thousands of yen)

Cumulative period	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Revenue	12,558,226	26,293,590
Profit before income taxes	2,946,297	5,819,546
Profit attributable to owners of parent	2,292,097	4,394,662
Profit per share (yen)	27.04	51.93

- Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024, and per share information is calculated using the number of shares after the stock split.

2. Financial statements, etc.

(1) Financial statements

(i) Balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	3,473,383	2,594,202
Notes and accounts receivable - trade, and contract assets	* 156,838	* 178,695
Prepaid expenses	148,771	169,673
Other	* 836,772	* 324,009
Total current assets	4,615,765	3,266,580
Non-current assets		
Property, plant and equipment		
Buildings	200,129	373,760
Tools, furniture and fixtures	58,085	136,207
Leased assets	5,136	2,246
Other, net	18,090	42,616
Total property, plant and equipment	281,440	554,831
Intangible assets		
Software	329,793	244,887
Software in progress	34,635	75,024
Other	5,969	4,442
Total intangible assets	370,398	324,354
Investments and other assets		
Investment securities	1,831,097	3,024,643
Shares of subsidiaries and associates	1,251,853	400,000
Long-term loans receivable from subsidiaries and associates	* 3,420,000	* 3,930,000
Deferred tax assets	183,331	409,450
Other	837,489	940,777
Allowance for doubtful accounts	—	(34,346)
Total investments and other assets	7,523,771	8,670,525
Total non-current assets	8,175,610	9,549,712
Total assets	12,791,376	12,816,292

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Lease liabilities	3,208	953
Accounts payable - other	* 456,291	* 416,808
Income taxes payable	14,682	293,329
Deposits received	33,689	31,032
Provision for bonuses	27,848	128,150
Provision for share awards	274,337	497,176
Other	6,721	11,844
Total current liabilities	816,780	1,379,294
Non-current liabilities		
Lease liabilities	2,597	1,643
Provision for share awards	406,314	329,981
Provision for share awards for directors (and other officers)	595,224	75,789
Asset retirement obligations	101,031	187,132
Other	55,483	70,204
Total non-current liabilities	1,160,650	664,752
Total liabilities	1,977,431	2,044,047
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus		
Legal capital surplus	1,250,000	1,250,000
Other capital surplus	1,901,600	1,266,524
Total capital surplus	3,151,600	2,516,524
Retained earnings		
Other retained earnings		
Retained earnings brought forward	6,969,085	8,922,560
Total retained earnings	6,969,085	8,922,560
Treasury shares	(2,470,670)	(3,763,801)
Total shareholders' equity	10,650,015	10,675,282
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	163,929	96,962
Total valuation and translation adjustments	163,929	96,962
Total net assets	10,813,945	10,772,245
Total liabilities and net assets	12,791,376	12,816,292

(ii) Statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	*1 5,226,400	*1 7,554,000
Gross profit	5,226,400	7,554,000
Selling, general and administrative expenses	*1, *2 3,487,401	*1, *2 3,682,384
Operating profit	1,738,998	3,871,615
Non-operating income		
Interest income	*1 34,388	*1 50,639
Gain on sale of investment securities	23,539	204,888
Miscellaneous income	*1 36,651	*1 48,439
Total non-operating income	94,579	303,967
Non-operating expenses		
Interest expenses	123	167
Commission for purchase of treasury shares	2,805	4,523
Non-deductible consumption taxes	—	4,386
Loss on investment securities	7,584	4,957
Miscellaneous losses	54	174
Total non-operating expenses	10,567	14,209
Ordinary profit	1,823,010	4,161,373
Extraordinary income		
Gain on sale of non-current assets	—	1,688
Total extraordinary income	—	1,688
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	851,853
Other	137	92,637
Total extraordinary losses	137	944,490
Profit before income taxes	1,822,873	3,218,571
Income taxes - current	104,618	278,739
Income taxes - deferred	15,306	(204,743)
Total income taxes	119,925	73,995
Profit	1,702,948	3,144,575

(iii) Statement of changes in equity

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

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	3,000,000	1,250,000	3,518,396	4,768,396	5,977,378	5,977,378
Changes during period						
Dividends of surplus					(711,241)	(711,241)
Profit					1,702,948	1,702,948
Purchase of treasury shares						
Disposal of treasury shares			25,978	25,978		
Cancellation of treasury shares			(1,642,774)	(1,642,774)		
Net changes in items other than shareholders' equity						
Total changes during period	—	—	(1,616,796)	(1,616,796)	991,707	991,707
Balance at end of period	3,000,000	1,250,000	1,901,600	3,151,600	6,969,085	6,969,085

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(3,972,854)	9,772,920	24,036	24,036	9,796,956
Changes during period					
Dividends of surplus		(711,241)			(711,241)
Profit		1,702,948			1,702,948
Purchase of treasury shares	(1,727,519)	(1,727,519)			(1,727,519)
Disposal of treasury shares	1,586,928	1,612,906			1,612,906
Cancellation of treasury shares	1,642,774	—			—
Net changes in items other than shareholders' equity			139,893	139,893	139,893
Total changes during period	1,502,184	877,095	139,893	139,893	1,016,988
Balance at end of period	(2,470,670)	10,650,015	163,929	163,929	10,813,945

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

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	3,000,000	1,250,000	1,901,600	3,151,600	6,969,085	6,969,085
Changes during period						
Dividends of surplus					(1,191,101)	(1,191,101)
Profit					3,144,575	3,144,575
Purchase of treasury shares						
Disposal of treasury shares			61,262	61,262		
Cancellation of treasury shares			(696,339)	(696,339)		
Net changes in items other than shareholders' equity						
Total changes during period	—	—	(635,077)	(635,077)	1,953,474	1,953,474
Balance at end of period	3,000,000	1,250,000	1,266,524	2,516,524	8,922,560	8,922,560

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,470,670)	10,650,015	163,929	163,929	10,813,945
Changes during period					
Dividends of surplus		(1,191,101)			(1,191,101)
Profit		3,144,575			3,144,575
Purchase of treasury shares	(3,129,615)	(3,129,615)			(3,129,615)
Disposal of treasury shares	1,140,144	1,201,406			1,201,406
Cancellation of treasury shares	696,339	—			—
Net changes in items other than shareholders' equity			(66,966)	(66,966)	(66,966)
Total changes during period	(1,293,131)	25,266	(66,966)	(66,966)	(41,699)
Balance at end of period	(3,763,801)	10,675,282	96,962	96,962	10,772,245

Notes to the financial statements

Significant accounting policies

1. Valuation basis and methods for assets
 - (1) Valuation basis and methods for securities
 - (i) Held-to-maturity securities
Stated at amortized cost (straight-line method)
 - (ii) Shares of subsidiaries and associates
Stated at cost determined by the moving average method
 - (iii) Available-for-sale securities
Items other than shares, etc. without market price
Stated at market value (The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)
Shares, etc. without market price
Stated at cost determined by the moving average method
Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph (2) of the Financial Instruments and Exchange Act)
Stated using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.
2. Accounting method for depreciation of non-current assets
 - (1) Property, plant and equipment (excluding leased assets)
Depreciated using the declining balance method.
However, facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.
Major useful lives
Buildings: 15 to 39 years
Tools, furniture and fixtures: 2 to 15 years
 - (2) Intangible assets (excluding leased assets)
Software for internal use
Depreciated using the straight-line method.
Major useful lives 5 years
 - (3) Leased assets
Leased assets related to finance lease transactions that do not transfer ownership
The straight-line method is applied assuming the lease period as the useful life without residual value.
3. Accounting policy for provisions
 - (1) Allowance for doubtful accounts
To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.
 - (2) Provision for bonuses
To prepare for the payment of bonuses to employees, of the estimated amount of bonuses payable to employees, the portion attributable to the fiscal year ended March 31, 2025 is recorded.
 - (3) Provision for share awards
To prepare for the granting of shares to employees of the Company and the Group companies in accordance with the Share Awards Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2025 is recorded.
In addition, to prepare for the granting of restricted shares to Executive Officers, the estimated amount of share granting obligations resolved at the Board of Directors meeting is recorded.
 - (4) Provision for share awards for directors (and other officers)
To prepare for the granting of shares to Directors in accordance with the Share Delivery Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2025 is recorded.
4. Recognition of revenues and expenses
The Company's revenue consists of fee income from providing back office services to subsidiaries and dividend income from subsidiaries. The Company's performance obligation is to provide contracted services to its subsidiaries. Since the

Company provides uniform services for back office and other services over the contract period, the Company has determined that performance obligation will be satisfied over time and recognizes revenue over the period in which the services are provided. Dividend income is recognized on the effective date of the dividends.

5. Other significant matters forming the basis for preparing the financial statements

Accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear

Performance-linked share-based remuneration for Directors is accounted for in conformance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

Share-based remuneration for Executive Officers is recognized as an expense based on the progress of the applicable service period (fiscal year), as it is a remuneration in the form of restricted shares, which the Executive Officers will receive after paying in, as in-kind contribution of property, monetary claims granted to them based on the results of their performance during the applicable service period. The expense amount is calculated based on the number of shares expected to be granted, the elapsed portion of the applicable service period, and the market value of the Company’s stock.

Share-based remuneration with restricted shares for Directors is recorded as an expense based on the progress of the applicable period, since monetary claims is paid to Directors as remuneration to grant restricted shares for the applicable period, and the allottees pay all such monetary claims by way of in-kind contribution. The expense amount is calculated based on the number of shares, the elapsed portion of the applicable period, and the market value of the Company’s stock.

Significant accounting estimates

Valuation of shares of subsidiaries

(1) Amount recorded in the financial statements for the fiscal year ended March 31, 2025

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Shares of subsidiaries and associates	1,251,853	400,000
Loss on valuation of shares of subsidiaries and associates	—	851,853

(2) Other information that helps users of financial statements understand matters on accounting estimates

The Company determines whether or not to recognize impairment losses on shares of subsidiaries and associates by comparing the book value with the net asset value. If the net asset value of the shares has declined significantly compared to the book value, the Company’s policy is to recognize impairment down to the net asset value when, after a comprehensive consideration of the recoverability, it determines that recovery is not probable. If changes in the external environment and other factors significantly impact the net asset value, it may affect the valuation of shares of subsidiaries and associates in the following fiscal years and thereafter.

In the fiscal year ended March 31, 2025, the Company wrote down its shares of SIGMAXYZ Investment Inc. to their net asset value and recorded an impairment loss of ¥851,853 thousand.

Valuation of loans receivable

(1) Amount recorded in the financial statements for the fiscal year ended March 31, 2025

	As of March 31, 2024	As of March 31, 2025
Long-term loans receivable from subsidiaries and associates	3,420,000	3,930,000
Allowance for doubtful accounts on long-term loans receivable from subsidiaries and associates	—	34,346

(2) Other information that helps users of financial statements understand matters on accounting estimates

The Company determines whether or not to record an allowance for doubtful accounts on loans receivable by assessing the financial condition of borrowers. If a borrower’s financial position has deteriorated and there is a high likelihood of significant collection issues, the Company is to record an allowance for doubtful accounts on an individual basis. If changes in the external environment and other factors alter the estimated financial position and related conditions of the borrower, it may affect the Company’s operating results in the following fiscal years and thereafter.

The entire amount of long-term loans receivable from subsidiaries and associates at the end of the fiscal year ended March 31, 2025 was a loan receivable from SIGMAXYZ Investment Inc. A provision of allowance for doubtful accounts of ¥34,346 thousand was included in “Other” under extraordinary losses for the fiscal year ended March 31, 2025.

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and other relevant ASBJ regulations are applied from the beginning of the fiscal year ended March 31, 2025. This has no impact on the financial statements. There is no impact from this change in accounting policy.

Changes in presentation

Balance sheet

“Accounts receivable - other,” which was stated as an individual item under current assets in the previous fiscal year, has been included in “Other” under current assets from the fiscal year ended March 31, 2025, because it became immaterial in terms of amount. To reflect the change in the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the balance sheet for the previous fiscal year, “Accounts receivable - other” of ¥818,598 thousand and “Other” of ¥18,174 thousand under current assets have been reclassified as “Other” of ¥836,772 thousand under current assets.

“Vehicles,” which was stated as an individual item in the previous fiscal year, has been included in “Other” under current assets from the fiscal year ended March 31, 2025, because it became immaterial in terms of amount. To reflect the change in the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the balance sheet for the previous fiscal year, “Vehicles” of ¥15,065 thousand and “Other, net” of ¥3,025 thousand under property, plant and equipment have been reclassified as “Other, net” of ¥18,090 thousand under property, plant and equipment.

Statement of income

“Outsourcing service income,” which was stated as an individual item under non-operating income in the previous fiscal year, has been included in “Miscellaneous income” under non-operating income from the fiscal year ended March 31, 2025, because it became immaterial in terms of amount. To reflect the change in the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statement of income for the previous fiscal year, “Outsourcing service income” of ¥14,935 thousand and “Miscellaneous income” of ¥21,716 thousand under non-operating income have been reclassified as “Miscellaneous income” of ¥36,651 thousand.

“Loss on sale of non-current assets” and “Loss on retirement of non-current assets,” which were stated as individual items under extraordinary losses in the previous fiscal year, have been included in “Other” under extraordinary losses from the fiscal year ended March 31, 2025, because they became immaterial in terms of amount. To reflect the change in the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statement of income for the previous fiscal year, “Loss on sale of non-current assets” of ¥81 thousand and “Loss on retirement of non-current assets” of ¥56 thousand under extraordinary losses have been reclassified as “Other” of ¥137 thousand under extraordinary losses.

Additional information

Transactions to offer the Company’s shares to employees, etc. through trust

The Company introduced the Employee Stock Ownership Plan (J-ESOP; hereinafter, the “Program”). Through granting the Company’s shares to employees of the Company and the Group companies who meet certain requirements in accordance with the Share Awards Regulations pre-established by the Company, the Program aims to bolster employee morale and motivation towards improved company performance and stock price by enhancing the interrelationship among stock price, company performance and employee remuneration and by sharing economic benefits of improved company performance with shareholders. Shares to be granted to employees of the Company, including shares to be granted in the future, will be purchased with funds placed in trust in advance and managed separately as trust assets.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company’s shares held in the trust account, liabilities, expenses and income of the trust are included in the Company’s balance sheet, statement of income, and statement of changes in equity, with the Company’s shares held in the trust account recognized as treasury shares under net assets in the balance sheet. The book value and the number of the Company’s shares held in the trust account as of March 31, 2024 and 2025, were ¥741,650 thousand and 1,471,200 shares and ¥690,752 thousand and 1,207,000 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

Introduction of performance-linked share-based remuneration for Directors

The Company introduced the performance-linked share-based remuneration (hereinafter, the “Program”). Under the Program, a trust, established by the Company’s contribution of money, acquires the Company’s shares and delivers to each Director through the trust a number of Company shares equivalent to the number of points granted by the Company to each Director in accordance with the degree of achievement of his/her performance, etc. The Program is intended to establish a remuneration

system to secure management human assets. It has also been introduced as performance-linked share-based remuneration to improve performance in the medium to long term and enhance corporate value of the Company.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company's shares held in the trust account, liabilities, expenses and income of the trust are included in the Company's balance sheet, statement of income, and statement of changes in equity, with the Company's shares held in the trust account recognized as treasury shares under net assets in the balance sheet. The book value and the number of the Company's shares held in the trust account as of March 31, 2024 and 2025, were ¥595,378 thousand and 2,231,780 shares and ¥75,932 thousand and 275,520 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective December 1, 2024, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

Balance sheet

* Monetary receivables from and payables to subsidiaries and associates

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Short-term monetary receivables	468,711	490,917
Long-term monetary receivables	3,420,000	3,930,000
Short-term monetary payables	4,544	11,407

Statement of income

*1 Amount of transactions with subsidiaries and associates

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Volume of business transactions		
Operating revenue	5,315,878	7,610,269
Volume of other transactions	46,321	66,110

*2 Major items and amounts included in selling, general and administrative expenses and the approximate percentage are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Remuneration for directors (and other officers)	655,712	470,659
Payroll and allowances	861,019	991,438
Depreciation	203,080	239,410
System expenses	393,928	396,805
Provision for share awards	177,874	237,486
Provision for share awards for directors (and other officers)	26,237	31,154
Provision for bonuses	27,848	128,369
Approximate percentage		
Selling expenses	3.33%	3.11%
General and administrative expenses	96.67%	96.89%

Securities

Shares of subsidiaries and associates

Amounts recorded on the balance sheet of shares, etc. without market price

	(Thousands of yen)	
Category	As of March 31, 2024	As of March 31, 2025
Shares of subsidiaries	1,251,853	400,000

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	As of March 31, 2024	(Thousands of yen) As of March 31, 2025
Deferred tax assets		
Provision for share awards for directors (and other officers)	182,257	23,881
Share-based remuneration with restricted shares	370,064	369,187
Others	126,046	460,879
Subtotal	678,368	853,948
Valuation allowance for the total of deductible temporary difference, etc.	(415,373)	(372,030)
Valuation allowance subtotal	(415,373)	(372,030)
Total deferred tax assets	262,994	481,917
Deferred tax liabilities		
Valuation difference on available-for-sale securities	72,348	50,972
Others	7,314	21,493
Total deferred tax liabilities	79,662	72,466
Net deferred tax assets (liabilities)	183,331	409,450

Note: The information on changes in the amount deducted from deferred tax assets (valuation allowance) has been omitted as the consolidated financial statements have been prepared.

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

	As of March 31, 2024	(%) As of March 31, 2025
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	1.4	0.7
Income not taxable permanently, such as dividend income	(16.8)	(25.7)
Inhabitant per capita taxes	0.2	0.1
Increase (decrease) in valuation allowance	(7.3)	(1.8)
Tax deduction	(0.9)	(1.4)
Others	(0.6)	(0.2)
Effective rate of income taxes after application of deferred tax accounting	6.6	2.3

3. Accounting of corporate taxes, local corporate taxes and tax effect accounting for these items

The Company has applied the group tax sharing system, and accounts for and discloses corporate taxes, local corporate taxes and tax effect accounting for these items in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026 are calculated by changing the statutory effective tax rate from 30.6% to 31.5%.

The impact of this change in tax rate is immaterial.

Revenue recognition

Information that forms the basis for understanding revenue is as described in “Notes to the financial statements, *Significant accounting policies*, 4. Recognition of revenues and expenses” of the financial statements.

Subsequent events

Absorption-type merger of consolidated subsidiary

At a meeting of the Company's Board of Directors held on May 8, 2025, the Company resolved to conduct an absorption-type merger of SIGMAXYZ Investment Inc., and plans to absorb and merge with SIGMAXYZ Investment Inc. on July 1, 2025.

1. Overview of transaction

(1) Name and business description of entity involved in the business combination

Name SIGMAXYZ Investment Inc.

Business description

- Investment in stocks and debentures, etc.
- Investment and management of the assets of investment partnerships
- Consulting related to corporate management and M&A
- Overall investment operations supporting value creation

(2) Date of business combination

July 1, 2025 (scheduled)

(3) Legal form of the business combination

Form of absorption-type merger in which the Company is the surviving company and SIGMAXYZ Investment Inc. is the disappearing company (simplified merger and short-form merger)

As this merger constitutes a simplified absorption-type merger for the Company, as stipulated in Article 796, paragraph (2) of the Companies Act, and a short-form merger for SIGMAXYZ Investment Inc., as stipulated in Article 784, paragraph (1) of the same Act, neither company will convene a general meeting of shareholders to approve the merger agreement.

(4) Objectives of the business combination

Based on the Group's growth strategy and considering the current environment of the Growth Market, we have decided to discontinue the investment business and implement an absorption-type merger to merge SIGMAXYZ Investment Inc. into the Company. The investment capabilities we have accumulated in the Investment Business will be utilized at the holding company as a value co-creation function to drive future business growth for the Group through M&A and co-investment with clients.

(5) Description of allotment concerning the combination

No issuance of new shares or delivery of cash, etc. will be made in this merger as it is a merger with a wholly owned subsidiary of the Company.

2. Overview of accounting treatment

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company will account for the business combination as a transaction under common control.

(iv) Annexed detailed schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Thousands of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Amortization in the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	200,129	279,998	49,218	57,148	373,760	339,419
	Vehicles	15,065	2,472	13,495	4,041	0	2,472
	Tools, furniture and fixtures	58,085	122,266	389	43,753	136,207	297,542
	Land	3,025	—	—	—	3,025	—
	Construction in progress	—	39,591	—	—	39,591	—
	Leased assets	5,136	—	—	2,890	2,246	2,808
	Total	281,440	444,328	63,103	107,834	554,831	642,242
Intangible assets	Software	329,793	45,167	12,018	118,054	244,887	—
	Software in progress	34,635	78,050	37,662	—	75,024	—
	Other	5,969	—	394	1,131	4,442	—
	Total	370,398	123,218	50,075	119,186	324,354	—

Notes: 1. Of increase during period, major items were as follows:

Buildings	Mainly purchase of attached facilities in connection with the expansion of head office floor space	¥158,656 thousand
Tools, furniture and fixtures	Mainly purchase of attached facilities in connection with the expansion of head office floor space	¥122,266 thousand
Software	Development expenses for in-house systems	¥78,050 thousand

2. Of decrease during period, major items were as follows:

Buildings	Retirement of attached facilities	¥44,964 thousand
Software in progress	Transfer to software due to start of operation	¥36,939 thousand

Annexed detailed schedule of provisions

(Thousands of yen)

Item	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	—	34,346	—	34,346
Provision for bonuses	27,848	128,369	28,068	128,150
Provision for share awards	680,652	437,440	290,934	827,158
Provision for share awards for directors (and other officers)	595,224	31,154	550,588	75,789

(2) Components of major assets and liabilities

This information has been omitted as the consolidated financial statements have been prepared.

(3) Others

Not applicable

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends of surplus	March 31 and September 30
Number of shares constituting one unit	100 shares
Additional purchase of shares less than one unit	
Office for handling business	Stock Transfer Agency, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Additional purchase fee	No fee
Method of public notice	Public notices of the Company shall be given by electronic means. https://www.sigmaxyz.com/ However, if the Company is unable to give an electronic public notice because of an accident or any other unavoidable reason, public notices of the Company may be given in “The Nikkei” newspaper.
Special benefits for shareholders	Not applicable

Note: The Company’s Articles of Incorporation stipulate that the Company’s shareholders may not exercise any right other than the following rights, with respect to its shares less than one unit.

- (i) The rights stipulated in each item of Article 189, paragraph (2) of the Companies Act
- (ii) The right to make a claim under Article 166, paragraph (1) of the Companies Act
- (iii) The right to receive an allotment of offered shares and offered subscription warrants in proportion to the number of shares held by the shareholder

VII. Reference Information of Reporting Company

1. Information about parent of reporting company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

From the beginning of the fiscal year ended March 31, 2025 until the filing date of this Annual Securities Report, the Company has filed the following documents:

- (1) Annual Securities Report, Attached Documents, and Confirmation Letter
For the fiscal year (16th term) (from April 1, 2023 to March 31, 2024)
Filed to Director-General of the Kanto Local Finance Bureau on June 26, 2024
- (2) Internal Control Report and Attached Documents
Filed to Director-General of the Kanto Local Finance Bureau on June 26, 2024
- (3) Semi-annual Securities Report and Confirmation Letter
First six months of 17th term (from April 1, 2024 to September 30, 2024)
Filed to Director-General of the Kanto Local Finance Bureau on November 8, 2024
- (4) Extraordinary Securities Reports
Filed to the Kanto Local Finance Bureau on June 26, 2024
Extraordinary Securities Report based on Article 19, paragraph (2), item (ix)-2 (Results of Exercise of Voting Rights at Shareholder Meetings) of the Cabinet Office Order on Disclosure of Corporate Affairs.
Filed to the Kanto Local Finance Bureau on July 1, 2024
Extraordinary Securities Report based on Article 19, paragraph (2), item (ii)-2 (Disposal of Treasury Shares as Restricted Stock Remuneration) of the Cabinet Office Order on Disclosure of Corporate Affairs.
Filed to the Kanto Local Finance Bureau on May 8, 2025
Extraordinary Securities Report based on Article 19, paragraph (2), item (ii)-2 (Disposal of Treasury Shares as Restricted Stock Remuneration) of the Cabinet Office Order on Disclosure of Corporate Affairs.
Filed to the Kanto Local Finance Bureau on May 8, 2025
Extraordinary Securities Report based on Article 19, paragraph (2), item (iii) (Changes in Specified Subsidiaries) of the Cabinet Office Order on Disclosure of Corporate Affairs.
Filed to the Kanto Local Finance Bureau on May 8, 2025
Extraordinary Securities Report based on Article 19, paragraph (2), item (xii) (Occurrence of an Event That May Have Serious Effects on the Financial Position, Operating Results and Cash Flow Status) of the Cabinet Office Order on Disclosure of Corporate Affairs.
Filed to the Kanto Local Finance Bureau on May 8, 2025
Extraordinary Securities Report based on Article 19, paragraph (2), item (ix) (Change to Representative Directors) of the Cabinet Office Order on Disclosure of Corporate Affairs.
- (5) Securities Registration Statements and Attached Documents
Filed to the Kanto Local Finance Bureau on May 8, 2024
- (6) Reports on Own Share Repurchase
Reporting period (from June 1, 2024 to June 30, 2024): Filed to Director-General of the Kanto Local Finance Bureau on July 2, 2024
Reporting period (from July 1, 2024 to July 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on August 5, 2024
Reporting period (from August 1, 2024 to August 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on September 4, 2024
Reporting period (from September 1, 2024 to September 30, 2024): Filed to Director-General of the Kanto Local Finance Bureau on October 1, 2024
Reporting period (from October 1, 2024 to October 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on November 6, 2024
Reporting period (from November 1, 2024 to November 30, 2024): Filed to Director-General of the Kanto Local Finance Bureau on December 4, 2024
Reporting period (from December 1, 2024 to December 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on January 6, 2025
Reporting period (from January 1, 2025 to January 31, 2025): Filed to Director-General of the Kanto Local Finance Bureau on February 5, 2025
Reporting period (from February 1, 2025 to February 28, 2025): Filed to Director-General of the Kanto Local Finance Bureau on March 5, 2025
Reporting period (from March 1, 2025 to March 31, 2025): Filed to Director-General of the Kanto Local Finance Bureau on April 1, 2025

Reporting period (from April 1, 2025 to April 30, 2025): Filed to Director-General of the Kanto Local Finance Bureau on May 7, 2025

Reporting period (from May 1, 2025 to May 31, 2025): Filed to Director-General of the Kanto Local Finance Bureau on June 4, 2025

Part II. Information About Reporting Company’s Guarantor, Etc.

Not applicable