



## Supplementary Explanation Materials for Q2 FY12 / 2025 Financial Results

Securities code: 3968

August 13, 2025

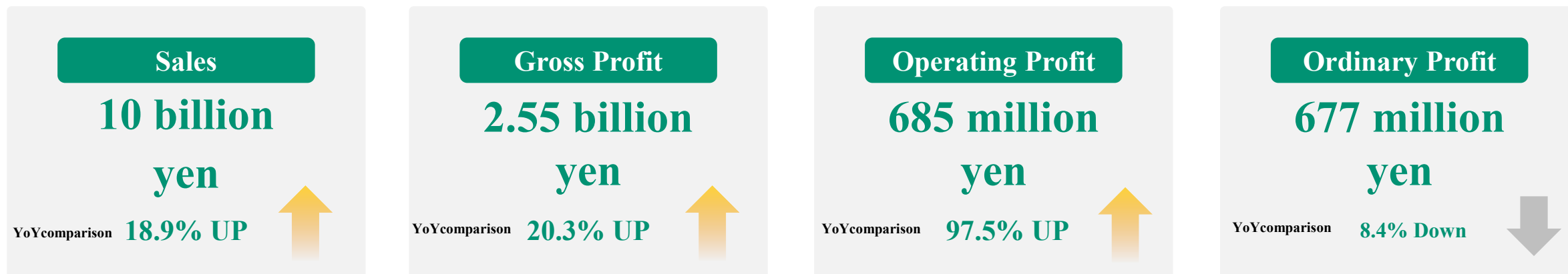
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**Sales exceeded ¥10 billion for the first time in half year!**

**Sales, gross profit, and operating profit reached record highs!**

**Sales are basically in line with forecasts, operating profit exceeds forecasts.**

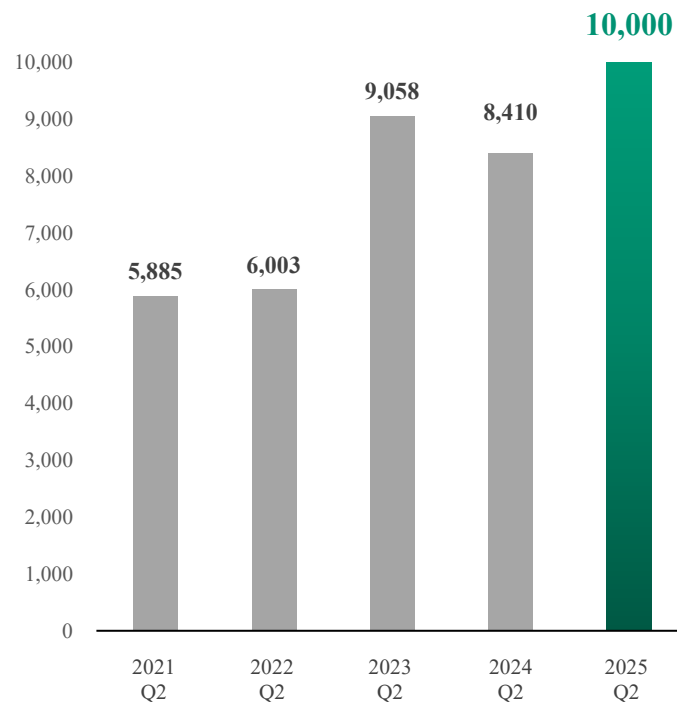


### Performance Summary

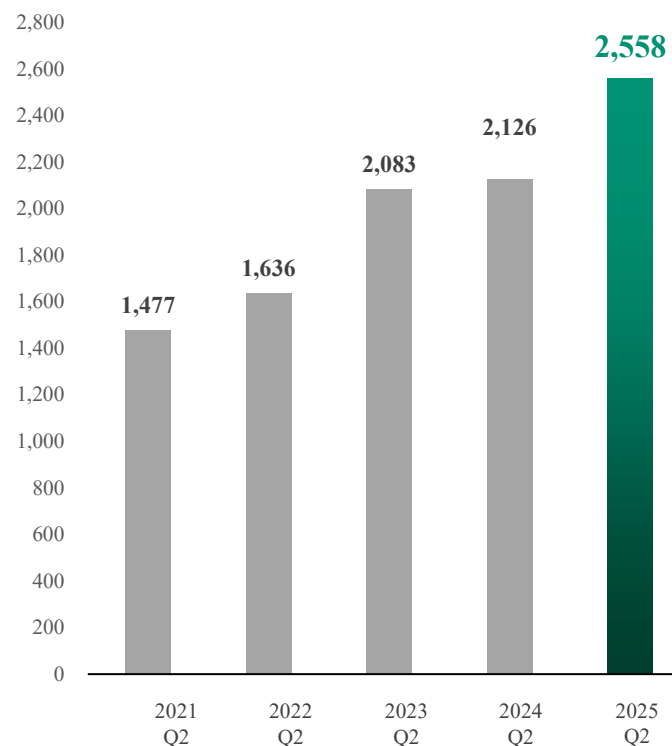
- **Sales:** Strong performance mainly in VAD businesses.
- **Gross Profit:** Increased due to growth in sales and improvement in gross profit margin.
- **Operating Profit:** In addition to an increase in gross profit, a review of the shareholder benefit program and elimination of one-time expenses related to M&A to a substantial increase in profits.
- **Ordinary Profit:** In the same period of the previous fiscal year, non-operating income (gain on cancellation of derivatives: 400 million yen) was recorded to a decline in profits.

**In significant progress on the orders of several large-scale projects**  
**Net sales, gross profit, and operating profit set new record highs for Q2**

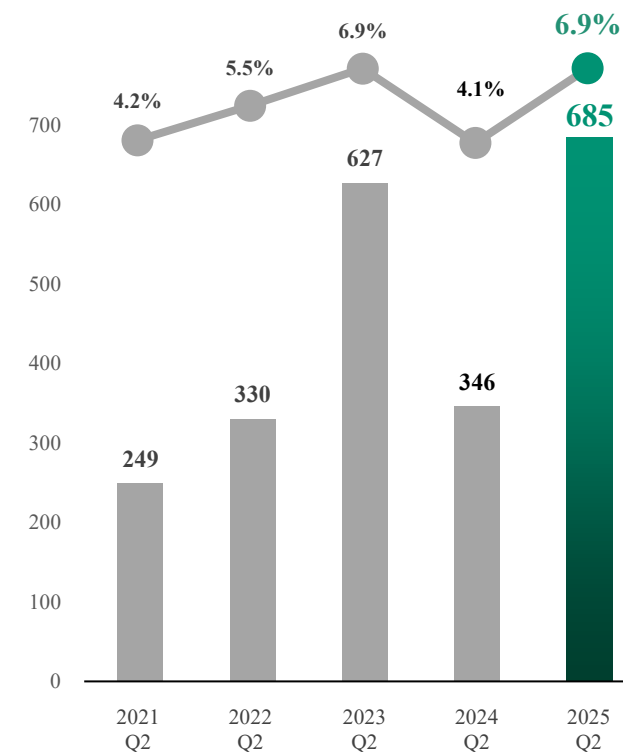
**Net Sales (Millions of yen)**



**Gross Profit (Millions of yen)**



**Operating Profit (Millions of yen)**  
**Operating profit to net sales ratio (%)**



Orders were very strong due to social DX and growing security-related demand.

Orders received and order backlog increased substantially due to orders received for ultra-large-scale projects, exceeding orders

Orders received for products increased by approx. ¥7.8 billion to 230% YoY

Significant growth in orders for services with recurring revenue

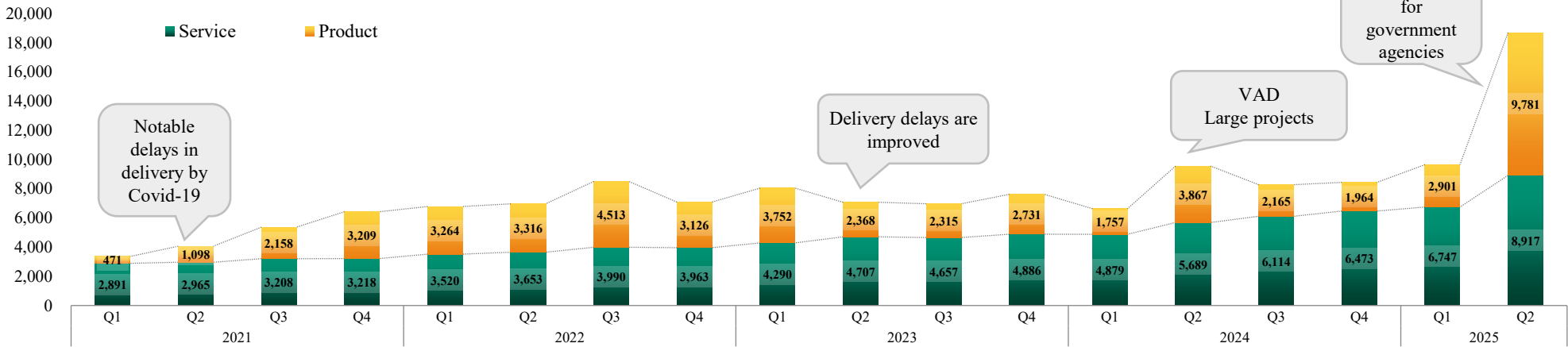
Order Intake Trends

Millions of yen

	2022. Q2	2023. Q2	2024. Q2	2025. Q2	Increase in year-over-year spending Rate of change
Product	3,738	5,037	5,968	13,740	+130.2%
Service	2,806	4,006	4,382	6,522	+48.8%
Total	6,545	9,043	10,350	20,262	+95.8%

Order Backlog Trends

(Millions of yen)



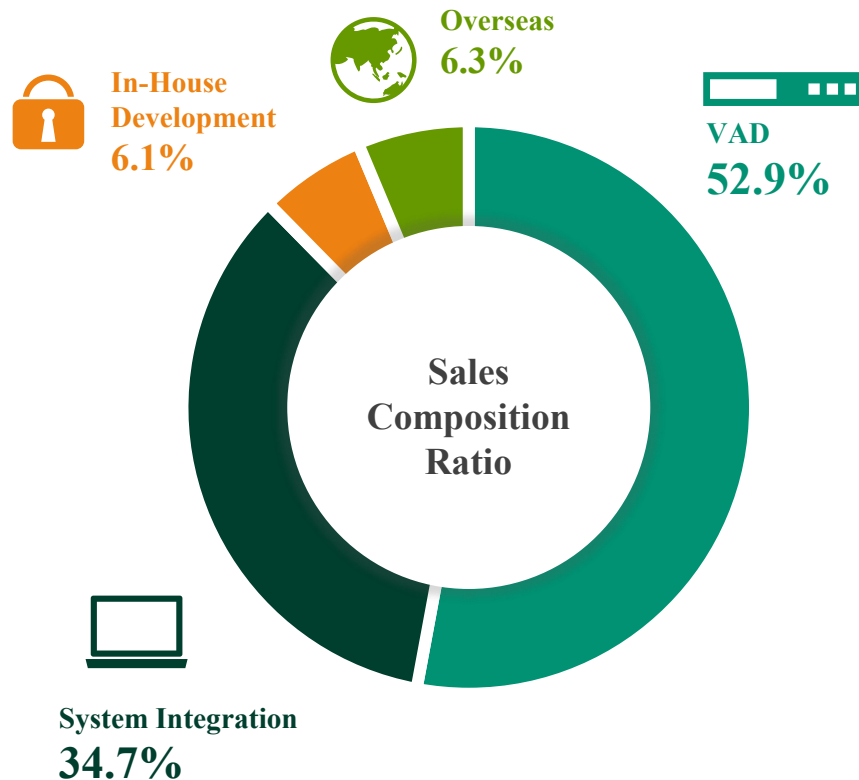
## Business-Specific Figures

In VAD, sales and profits increased due to the recording of sales from several large-scale projects and the steady growth in maintenance and improved profitability.

In System Integration, although sales increased due to academic and public projects and infrastructure system projects for the service industry, profits decreased.

In-House development, RevoWorks performed well, mainly in municipality-related projects. RevoWorks Cloud, which offer high stock value, and Segue Security are also showing steady growth.

In Overseas, sales and earnings increased due to the addition of First One Systems.



VAD Business	<div>Sales</div> <div>5.294 billion yen</div> <div>+11.6%</div>	<div>Gross Profit</div> <div>1.402 billion yen</div> <div>+36.2%</div>
System Integration Business	<div>Sales</div> <div>3.473 billion yen</div> <div>+20.5%</div>	<div>Gross Profit</div> <div>605 million yen</div> <div>-9.3%</div>
In-House Development Business	<div>Sales</div> <div>605 million yen</div> <div>+10.2%</div>	<div>Gross Profit</div> <div>344 million yen</div> <div>+2.1%</div>
Overseas Business	<div>Sales</div> <div>632 million yen</div> <div>+170.1%</div>	<div>Gross Profit</div> <div>206 million yen</div> <div>+123.9%</div>

### ■ VAD businesses

- ✓ Orders remained extremely strong due to demand for DX infrastructures and cybersecurity
- ✓ Recorded sales for several large-scale projects of Juniper and Extreme products
- ✓ Maintenance services, which generate recurring revenue, remained firm and profitability improved
- ✓ Large-scale digital governance-related orders received

#### [Initiatives Until Now to Acquire Large-Scale Projects for the Public Sector]

##### ◆ Developed the business in the core operating company, J's Communication

- January 2024: Began handling products from Extreme Networks
- October 2024: Established Digital Government Department

##### Conducted sales activities to promote Extreme Networks products

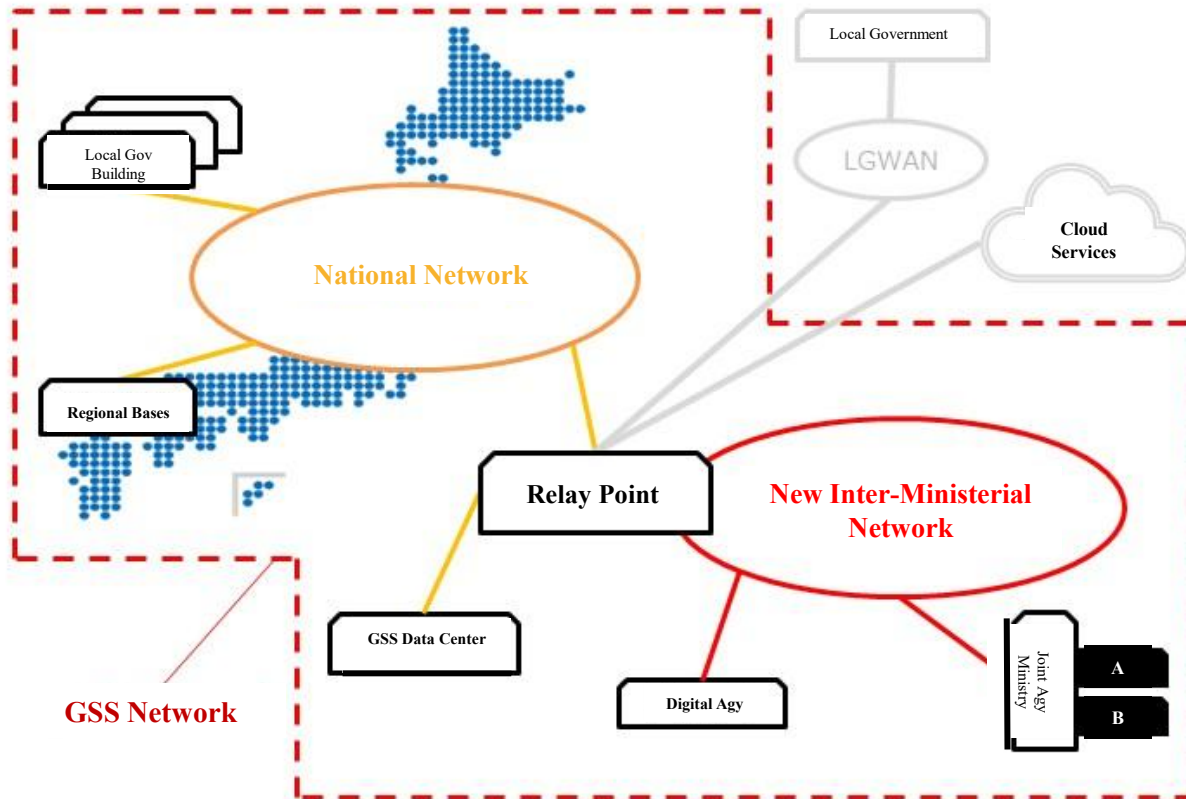
- Received orders from sales partners for three GSS (Government Solution Service) projects
- The majority of sales will be recorded after Q3, and some will also continue in 2026 onward.

※ For GSS, see the following page.

Source: Digital Agency  
From expert meeting materials May 29, 2024

## What is Government Solution Service?

In order to realize digital companies,  
it is necessary to improve the digital infrastructure used by government agencies.



### Summary of the "Priority Plan for the Realization of a Digital Society" (Cabinet Decision)

#### [Network]

- ✓ The currently used "Common Government Network" will be abolished, and a new inter-ministerial network will be constructed and put into operation.
- ✓ To connect the national government with local branch offices, etc., we will begin using and operating our own line network (nationwide network), for which the installation has been completed.

#### [Business Environment]

- ✓ Providing a standard business environment common to the government.  
Each government agency will take the opportunity to upgrade their network to integrate into this environment.

### ■ System Integration Business

- ✓ Infrastructure system projects for end users in the service industry and academic and public-sector projects contributed to the results.
- ✓ Some profit margins declined due to the use engineers of partner companies.
- ✓ Slump in the service Kaetec business for end users.

### ■ In-House Development Business

- ✓ Steady acquisition of various projects for RevoWorks Browser local governments and healthcare institutions.
- ✓ Contribution of RevoWorks cloud services to major financial institutions.
- ✓ Seghi Security's security management services grew as planned,  
Acronis MSSP certified for the first time in Asia and further strengthen security service development.

### ■ Overseas Business

- ✓ Although the start-up of new businesses in ISS Resolution is delayed, First One Systems remains both sales and profits increased year on year due to the inclusion of consolidated subsidiaries.
- ✓ Concentrating business activities focused on DX infrastructures and cybersecurity demand in the future.



# Consolidated Income Statement

Sales, gross profit, and operating income hit record highs with strong results!

Super-large orders received in the first half will contribut to results from the second half

Millions of Yen

	2024.12 Q2	2025.12 Q2	YoY change		Full-Year forecast (Initial)	Rate of Progress
			Increased/Decrea sed amount	Rate of change		
Net Sales	8,410	10,000	+1,590	+18.9%	22,500	44.4%
Gross profit	2,126	2,558	+432	+20.3%		
(Profit Margin)	25.3%	25.6%	+0.3pt			
Selling and General Administrative Expenses	1,779	1,873	+93	+5.3%		
Operating income	346	685	+338	+97.5%	1,260	54.4%
(Profit Margin)	4.1%	6.9%	+2.7pt		5.6%	
Ordinary Profit	739	677	▲62	▲8.4%	1,260	53.7%
(Profit Margin)	8.8%	6.8%	▲2.0pt		5.6%	
Net Income ※	434	402	▲32	▲7.2%	701	57.3%
EBITDA ※	446	891	+445	+99.8%		

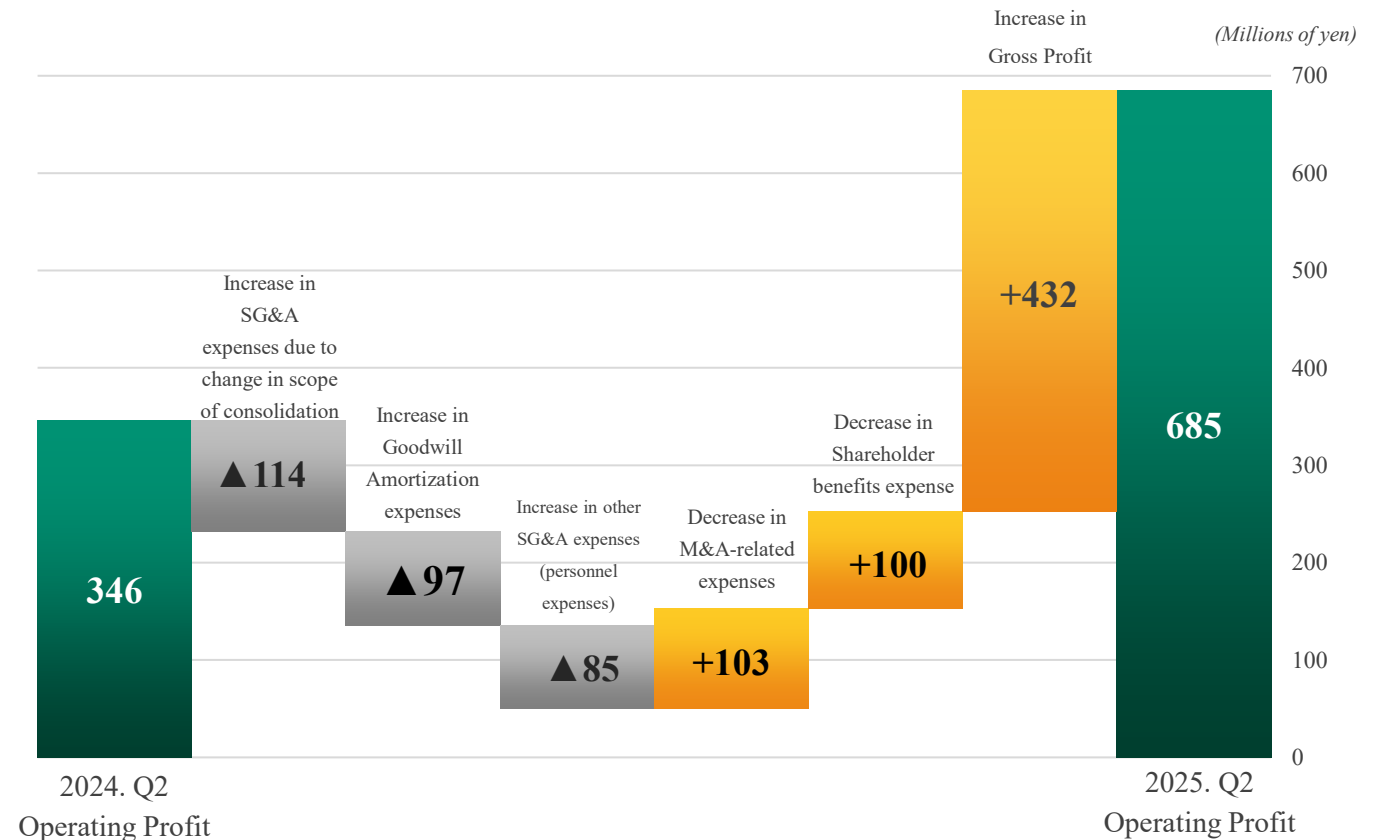
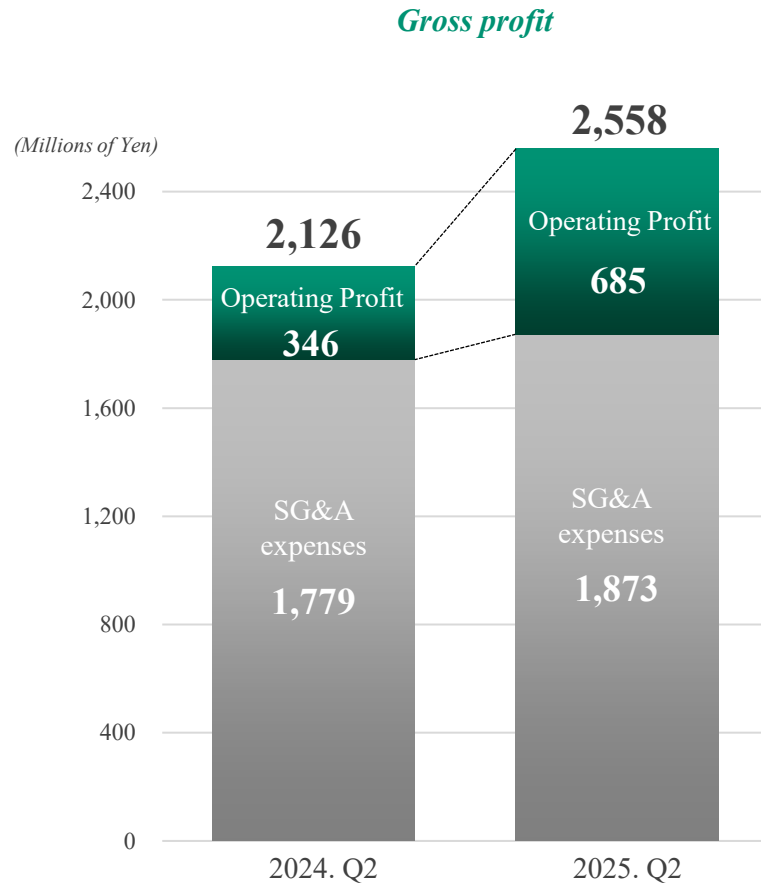
※Disclosed in the Announcement of Revisions to the Full-Year Consolidated Financial Forecasts (Upward Revisions) dated August 13, 2025

※Profit attributable to owners of parent

※EBITDA is calculated by "Operating profit + Depreciation + Amortization of goodwill"

## Breakdown of Changes in Operating Income

**Gross Profit increased substantially due to sales growth and business replacement (M&A/Carve-out)**  
**Operating Profit increased significantly (198% YoY) with the elimination of one-time expenses incurred in the previous fiscal year.**



**Advance received increased significantly due to steady growth in stock-type services,  
which will be sales in the future.**

**Investment-securities value increased by the listing of ZenmuTech on the TSE Growth Market.**

Millions of yen

	2024.12 Q2	2024.12 Term end	2025.12 Q2
<b>Current assets</b>	<b>11,072</b>	<b>10,795</b>	<b>12,782</b>
Cash & deposits	4,144	3,909	3,983
Trade notes receivable, Trade account receivable, And Electronically recorded monetary claims.	2,118	3,094	3,681
Inventories	2,546	1,687	2,663
Others	2,262	2,105	2,453
<b>Fixed Assets</b>	<b>3,119</b>	<b>2,837</b>	<b>4,131</b>
Tangible fixed assets	389	377	401
Intangible assets	1,584	1,575	1,422
Other Investments	1,145	884	2,307
<b>Total Assets</b>	<b>14,192</b>	<b>13,633</b>	<b>16,913</b>

	2024.12 Q2	2024.12 Term end	2025.12 Q2
<b>Current Liabilities</b>	<b>8,759</b>	<b>8,312</b>	<b>10,571</b>
Trade accounts payable	2,128	1,410	2,691
Short-term debt and other	560	632	903
Advance received	4,591	4,873	5,673
Other liabilities	1,479	1,396	1,303
<b>Fixed Liabilities</b>	<b>1,938</b>	<b>2,127</b>	<b>2,039</b>
<b>Total Liabilities</b>	<b>10,698</b>	<b>10,440</b>	<b>12,610</b>
<b>Total Equity</b>	<b>3,493</b>	<b>3,193</b>	<b>4,302</b>
<b>Total Liabilities and Equity</b>	<b>14,192</b>	<b>13,633</b>	<b>16,913</b>

## Revisions to Forecasts (Upward Revisions)

Full-year earnings forecast revised upward due to recent strong performance and orders for super-large projects

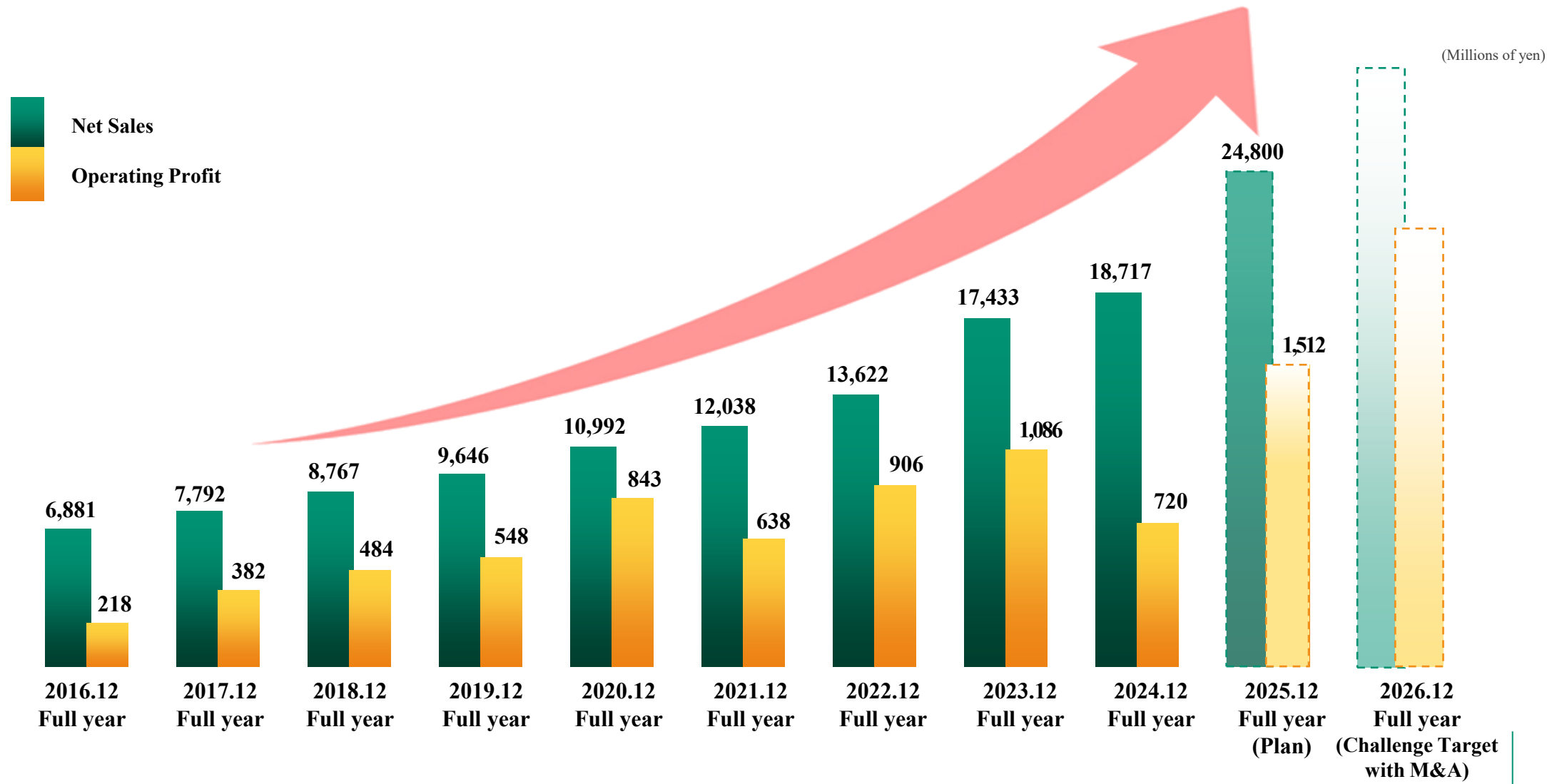
Investment for the next fiscal year and beyond will also be implemented in this year.

Millions of yen

	Year ending December 2025 Earnings forecast (Before revision)	Year ending December 2025 Earnings forecast (After revision)	Change
Net Sales	22,500	24,800	+2,300
Operating Profit	1,260	1,512	+252
(Profit margin)	5.6%	6.1%	
Ordinary Profit	1,260	1,480	+220
(Profit margin)	5.6%	6.0%	
Net Income attributable to owners of parent	701	780	+79
Net Income per share (yen)	22.15	24.58	+2.43

## Performance Trends and Forecasts

Achievement of medium-term challenge targets is in sight based on upward revisions to earnings forecasts for the current fiscal year. We will strive for continuous growth to achieve "further growth" beyond that.



## Reference : "Segue300 Performance Targets" in the Medium-Term Management Plan

From the company's "Notice Concerning the Formulation of a New Medium-Term Management Plan (FY2024-FY2026)" dated May 22, 2024

Millions of Yen

	2024.12 Full year	2025.12 Full year	2026.12 Full year	2026.12 Full year (Challenge Target with M&A)
<b>Net Sales</b>	<b>18,800</b>	<b>22,500</b>	<b>26,000</b>	<b>30,000</b>
<b>Gross Profit</b>	<b>4,680</b>	<b>5,750</b>	<b>6,880</b>	<b>7,840</b>
(Profit Margin)	24.9%	25.6%	26.5%	26.1%
<b>Selling and General Administrative Expenses</b>	<b>3,720</b>	<b>4,490</b>	<b>5,080</b>	<b>5,840</b>
<b>Operating Profit</b>	<b>960</b>	<b>1,260</b>	<b>1,800</b>	<b>2,000</b>
(Profit Margin)	5.1%	5.6%	6.9%	6.7%
<b>Ordinary Profit</b>	<b>1,330</b>	<b>1,260</b>	<b>1,800</b>	<b>2,000</b>
<b>Net Income ※</b>	<b>773</b>	<b>701</b>	<b>1,050</b>	<b>1,178</b>
<b>EBITDA ※</b>	<b>1,150</b>	<b>1,600</b>	<b>2,160</b>	<b>2,610</b>

※Profit attributable to owners of parent

※EBITDA is calculated by "Operating profit + Depreciation + Amortization of goodwill"

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