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Summary of financial results for the fiscal year ending September 2025 [J-GAAP] (non-consolidated)

13 November 2025

Company name Internetworking and Broadband Consulting Co., Ltd. Listed TSE
Code 3920 URL <https://www.ibc21.co.jp/>
Representative (Title) CEO and President (Name) Kato, Hiroyuki
Contact (Title) General Manager, Corporate Services Div. (Name) Matsumoto, Kazuhiko TEL 03-5117-2780
Scheduled date of the ordinary general meeting of shareholders 19 December 2025 Scheduled dividend payment date 22 December 2025
Scheduled submission date of the securities report 18 December 2025
Supplementary materials: Yes
Explanatory meeting: Yes (For institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Results for FYE Sep-2025 (1 Oct 2024 - 30 Sep 2025)

(1) Statement of income

(YoY%)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|--------------|-----------|------|------------------|-------|-----------------|-------|---------|-------|
| | JPY mil | % | JPY mil | % | JPY mil | % | JPY mil | % |
| FYE Sep-2025 | 2,404 | 15.0 | 565 | 46.9 | 574 | 45.3 | 410 | 78.5 |
| FYE Sep-2024 | 2,091 | 19.4 | 384 | 107.3 | 395 | 102.2 | 230 | 475.9 |

| | EPS | Diluted EPS | Return on equity | Return on assets | Operating profit margin |
|--------------|-------|-------------|------------------|------------------|-------------------------|
| | JPY | JPY | % | % | % |
| FYE Sep-2025 | 74.07 | — | 19.7 | 16.5 | 23.5 |
| FYE Sep-2024 | 41.63 | 41.46 | — | — | — |

(Reference) Equity in earnings of affiliates FYE Sep-2025 20 JPY mil FYE Sep-2024 18 JPY mil

Notes: 1. Diluted EPS for FYE Sep-2025 is not presented because there are no dilutive shares.

2. Consolidated results were disclosed for the fiscal year ended September 2024. However, following the transfer of the business of consolidated subsidiary Sunday Arts Co., Ltd. in that fiscal year, the company has been excluded from the scope of consolidation due to its reduced importance.

As a result, our financial statements from the first quarter of the fiscal year ending September 2025 are non-consolidated. Therefore, the return on equity, return on assets, and operating profit margin for the fiscal year ended in September 2024 are not provided.

(2) Financial Position

| | Total Assets | Net Assets | Equity-to-asset ratio | Net assets per share |
|--------------|--------------|------------|-----------------------|----------------------|
| | JPY mil | JPY mil | % | JPY |
| FYE Sep-2025 | 3,739 | 2,273 | 60.8 | 409.01 |
| FYE Sep-2024 | 3,240 | 1,905 | 58.8 | 344.57 |

(Reference) Equity FYE Sep-2025 2,273 JPY mil FYE Sep-2024 1,905 JPY mil

(3) Cash flow status

| | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at end of period |
|--------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | JPY mil | JPY mil | JPY mil | JPY mil |
| FYE Sep-2025 | 701 | (125) | (88) | 2,414 |
| FYE Sep-2024 | — | — | — | — |

Note: Although the Company disclosed its consolidated financial results for the fiscal year ended September 30, 2024, it has disclosed its non-consolidated financial results since the first quarter of the fiscal year ended September 30, 2025. Therefore, the status of cash flows for the fiscal year ended September 30, 2024 is not presented.

2. Dividend

| | Dividend | | | | | Total dividend amount (Total) | Payout ratio | Net assets Dividend ratio |
|---------------------|----------|-------|-----|-------|-------|-------------------------------|--------------|---------------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | | | |
| | JPY | JPY | JPY | JPY | JPY | JPY mil | % | % |
| FYE Sep-2024 | — | 4.00 | — | 4.00 | 8.00 | 44 | 17.6 | 2.3 |
| FYE Sep-2025 | — | 6.00 | — | 6.00 | 12.00 | 66 | 16.2 | 2.9 |
| FYE Sep-2026 (Est.) | — | 11.00 | — | 11.00 | 22.00 | | 29.2 | |

3. Financial Forecast for FYE September 2026 (1 Oct 2025 - 30 Sep 2026)

(YoY%)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | EPS |
|-----------------|-----------|------|------------------|--------|-----------------|--------|---------|--------|-------|
| | JPY mil | % | JPY mil | % | JPY mil | % | JPY mil | % | JPY |
| Up to end of 2Q | 1,100 | 2.5 | 210 | (16.8) | 209 | (20.3) | 145 | (21.5) | 26.09 |
| FYE Sep-2025 | 2,700 | 12.3 | 610 | 8.0 | 608 | 5.8 | 418 | 1.8 | 75.21 |

* Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatements

- ① Accounting policy changes in accordance with revision of Accounting Standard: None
- ② Accounting policy changes excluding ①: None
- ③ Accounting estimate changes: Yes
- ④ Restatement: None

(2) Number of outstanding shares (Ordinary shares)

| | | | | |
|--|--------------|-----------|--------------|-----------|
| ① Outstanding number of shares at FYE (incl. treasury shares) | FYE Sep-2025 | 5,751,600 | FYE Sep-2024 | 5,723,600 |
| ② Number of treasury shares at FYE | FYE Sep-2025 | 194,159 | FYE Sep-2024 | 194,159 |
| ③ Average number of shares | FYE Sep-2025 | 5,545,156 | FYE Sep-2024 | 5,529,441 |

* This Tanshin is out of scope of audit by Auditors.

*(Disclaimer)

(Disclaimer regarding forward-looking statements)

The description regarding estimation or forecast in this material is based on our information and assumptions that we have understood reasonably, and it does not constitute a promise by the Company to achieve that outcome. Actual results may differ materially from those expressed in forward-looking statements due to a variety of factors. For the assumptions underlying the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to "1. Overview of business results, etc. (5) Outlook" on page 3 of the attached documents.

(Results briefing and supplementary materials)

The Company plans to hold a briefing for institutional investors and analysts on Thursday, November 20, 2025. Supplementary materials will be posted on the Company's website promptly after the results briefing.

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1. Overview of Business Results, etc.

(1) Overview of business results for the period under review

During the fiscal year, the Japanese economic environment continued to grow moderately but steadily against the backdrop of widespread wage increases and a recovery in inbound demand. On the other hand, there are still factors that make the future uncertain, such as geopolitical risks, fluctuations in foreign exchange rates, and instability in energy prices.

In corporate activities, changes in the business environment are becoming even more pronounced, as seen in the acceleration of digital transformation (DX), the growing importance of green transformation (GX), and the advancement of cybersecurity measures. In light of these changes, ensuring the reliability, availability, maintainability, integrity, and confidentiality of IT infrastructure is becoming an element that is more important than ever as a foundation that supports the sustainable growth of companies.

Due to these factors, our business performance for the period saw a rise in both sales and profits, with net sales of 2,404,511 thousand yen (up 15.0% year-on-year), operating profit of 565,083 thousand yen (up 46.9% year-on-year), ordinary profit of 574,648 thousand yen (up 45.3% year-on-year), and profit of 410,714 thousand yen (up 78.5% year-on-year).

By business segment, license sales (the System Answer operation and management software series developed in-house), the Group's main business, increased significantly to 1,248,351 thousand yen (up 20.6% year-on-year). This is the result of an increase in new users, mainly in local governments and manufacturing industries, and the renewal of contracts by existing users, as 96% of customers renewed their contracts. Next, service sales (cloud services for operation and administration, security services, network services, etc.) were 625,609 thousand yen (down 5.8% year-on-year), and sales from the merchandising business were 530,550 thousand yen (up 35.3% year-on-year).

We will continue to expand our business by selling licenses for the System Answer series, while also expanding our business domain by providing detailed consulting and solution services according to the lifecycle of IT systems and by actively developing services that respond to market changes. In addition, we will work to further enhance our corporate value by expanding recurring business to stabilize management.

Although the business environment is uncertain due to the aforementioned global situation, we will continue to promote activities aimed at increasing sales and profits in the next fiscal year by continuing the momentum of this fiscal year.

(2) Overview of financial position for the period under review

(Assets)

Total Assets at the end of the fiscal year were 3,739,294 thousand yen (3,240,080 thousand yen at the end of the previous fiscal year), an increase of 499,214 thousand yen. This was mainly due to increases of 487,918 thousand yen in cash and deposits, 75,886 thousand yen in intangible assets, and 45,327 thousand yen in property, plant and equipment, while accounts receivable - trade decreased by 111,501 thousand yen.

(Liabilities)

Total liabilities at the end of the fiscal year were 1,466,218 thousand yen (1,334,807 thousand yen at the end of the previous fiscal year), an increase of 131,411 thousand yen. This was mainly due to a decrease of 50,018 thousand yen in the current portion of long-term borrowings, and a decrease of 44,224 thousand yen in accounts payable - other, while income taxes payable increased by 102,114 thousand yen, accrued expenses increased by 48,660 thousand yen, and asset retirement obligations increased by 45,175 thousand yen.

(Net Assets)

Total net assets at the end of the fiscal year were 2,273,076 thousand yen (1,905,273 thousand yen at the end of the previous fiscal year), an increase of 367,802 thousand yen. This was mainly due to an increase of 355,276 thousand yen in retained earnings as a result of the recognition of profit.

(3) Cash flow status for the period under review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year amounted to 2,414,134 thousand yen. The status of each cash flow during the fiscal year and the factors behind them are as follows:

(Cash flow from operating activities)

Cash flow from operating activities saw an inflow of 701,470 thousand yen. This was mainly due to profit before income taxes of 575,954 thousand yen, while trade receivables decreased by 111,501 thousand yen.

(Cash flow from investing activities)

Cash flow from investing activities saw an expenditure of 125,497 thousand yen. The main factor behind this was a decrease in funds due to expenditures of 95,675 thousand yen for the purchase of intangible assets and 26,552 thousand yen for the purchase of insurance funds.

(Cash flow from financing activities)

Cash flow from investing activities saw an expenditure of 88,054 thousand yen. The main factors for this were decreases in funds due to expenditures of 50,018 thousand yen for the repayment of long-term loans payable and 45,508 thousand yen for dividend payments.

(Reference) Trends in cash flow indicators

| | FYE Sep-2025 |
|--|--------------|
| Equity-to-asset ratio (%) | 60.8 |
| Equity-to-asset ratio at market value (%) | 149.5 |
| Ratio of cash flow to interest-bearing liabilities (years) | 1.14 |
| Interest coverage ratio (times) | 103.35 |

Note: Each indicator is calculated as follows:

Equity-to-asset ratio = Equity ÷ Total assets

Equity-to-asset ratio at market value = Market capitalization ÷ Total assets

* Market capitalization = Closing share price at the end of the period × Number of shares outstanding at the end of the period (excluding treasury shares)

Ratio of interest-bearing liabilities to cash flow = Interest-bearing liabilities ÷ Operating cash flow

Interest coverage ratio = Operating cash flow ÷ Interest payments

(4) Basic policies for distribution of profits and dividends for the period under review

Returning profits to shareholders is an important management priority for us. Our policy is to implement stable dividends as a means of returning profits to shareholders, taking into consideration future trends in business performance and financial conditions, as well as a comprehensive review of internal reserves for future business development.

The dividend for the previous fiscal year was 8 yen per share. We have already paid an interim dividend of 6 yen per share for the fiscal year under review, and we would like to propose a year-end dividend of 6 yen per share, thus increasing the annual dividend to 12 yen.

We will continue to pay progressive dividends* to provide even more proactive returns of profits to shareholders. For the fiscal year ending September 30, 2026, the Company plans to pay an interim dividend of 11 yen per share and a year-end dividend of 11 yen per share, for a total annual dividend of 22 yen per share, an increase of 10 yen per share.

*Progressive dividend is a dividend policy that, in principle, does not reduce dividends but maintains or increases dividends.

(5) Outlook

We will continue to expand our businesses by selling licenses for the System Answer series. We will also expand our system infrastructure domains by providing meticulous consulting and solution services according to the lifecycle of IT systems infrastructure and by actively developing services that respond to market changes. In addition, we will work to further enhance our corporate value by expanding recurring business to stabilize management.

For the fiscal year ending September 30, 2026, we forecast net sales of 2,700 million yen (up 12.3% year-on-year), operating profit of 610 million yen (up 8.0% year-on-year), ordinary profit of 608 million yen (up 5.8% year-on-year), and profit of 418 million yen (up 1.8% year-on-year).

The above forecasts are based on information available at the time of the release of this document. Actual results may differ significantly from the forecasts due to various uncertain factors.

2. Basic Policy on Selection of Accounting Standards

As the Company's business is currently concentrated in Japan, the Company plans to adopt Japanese GAAP for the time being. However, the Company will keep an eye on trends in the ratio of foreign shareholders and the adoption of IFRS (International Financial Reporting Standards) by listed companies and will consider the application of IFRS if necessary.

3. Financial Statements and Major Notes

(1) Balance sheet

(Unit: JPY thousand)

| | Previous fiscal year (30 Sep 2024) | Fiscal year under review (30 Sep 2025) |
|-------------------------------------|---------------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,926,216 | 2,414,134 |
| Accounts receivable – trade | 660,181 | 548,680 |
| Inventories | 34,085 | 33,800 |
| Advance payments | 2,065 | 4,515 |
| Prepaid expenses | 24,826 | 27,615 |
| Other | 21,463 | 5,098 |
| Total current assets | 2,668,839 | 3,033,844 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 23,330 | 63,651 |
| Vehicles | 0 | - |
| Tools, furniture and fixtures | 7,016 | 12,554 |
| Leased assets | 1,329 | 797 |
| Total property, plant and equipment | 31,676 | 77,003 |
| Intangible assets | | |
| Software | 24,349 | 29,941 |
| Software in progress | 20,886 | 91,181 |
| Total intangible assets | 45,235 | 121,122 |
| Investments and other assets | | |
| Investment securities | 169,866 | 176,324 |
| Affiliated company shares | 43,301 | 43,301 |
| Long-term loans receivable | - | 416 |
| Long-term prepaid expenses | 4,646 | 2,546 |
| Deferred tax assets | 35,208 | 17,005 |
| Membership | 14,091 | 14,091 |
| Insurance funds | 162,847 | 189,399 |
| Leasehold and guarantee deposits | 64,366 | 64,237 |
| Total investments and other assets | 494,328 | 507,323 |
| Total non-current assets | 571,240 | 705,449 |
| Total assets | 3,240,080 | 3,739,294 |

(Unit: JPY thousand)

| | Previous fiscal year (30 Sep 2024) | Fiscal year under review (30 Sep 2025) |
|---|---------------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 125,095 | 123,134 |
| Short-term loan payable | 800,000 | 800,000 |
| Current portion of long-term loans payable | 50,018 | - |
| Other accounts payable | 146,204 | 101,980 |
| Accrued expenses | 39,111 | 87,771 |
| Income taxes payable | 34,026 | 136,141 |
| Unpaid consumption tax, etc. | 39,772 | 42,430 |
| Contract liabilities | 91,554 | 110,449 |
| Deposits received | 6,299 | 7,405 |
| Lease liabilities | 928 | 938 |
| Other | 306 | 10,238 |
| Total current liabilities | 1,333,316 | 1,420,490 |
| Non-current liabilities | | |
| Lease liabilities | 1,491 | 552 |
| Asset retirement obligations | - | 45,175 |
| Total non-current liabilities | 1,491 | 45,728 |
| Total liabilities | 1,334,807 | 1,466,218 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 443,230 | 447,430 |
| Capital surplus | | |
| Legal capital surplus | 409,730 | 413,930 |
| Other capital surplus | 29,222 | 29,222 |
| Total capital surplus | 438,952 | 443,152 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 1,221,447 | 1,576,723 |
| Total retained earnings | 1,221,447 | 1,576,723 |
| Treasury shares | (221,114) | (221,114) |
| Total shareholders' equity | 1,882,515 | 2,246,191 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 22,758 | 26,884 |
| Total valuation and translation adjustments | 22,758 | 26,884 |
| Total net assets | 1,905,273 | 2,273,076 |
| Total liabilities and net assets | 3,240,080 | 3,739,294 |

(2) Income statement

(Unit: JPY thousand)

| | Previous fiscal year (from 1 Oct 2023 to 30 Sep 2024) | Fiscal year under review (From 1 October 2024 to 30 Sep 2025) |
|--|---|---|
| Net sales | 2,091,026 | 2,404,511 |
| COGS | 536,744 | 554,515 |
| Gross profit | 1,554,282 | 1,849,996 |
| Selling, general and administrative expenses | 1,169,727 | 1,284,912 |
| Operating profit | 384,554 | 565,083 |
| Non-operating income | | |
| Interest income | 25 | 445 |
| Commission income | 1,432 | 505 |
| Surrender value of insurance policies | 31,890 | - |
| Subsidy income | - | 15,248 |
| Other | 27 | 197 |
| Total non-operating income | 33,376 | 16,397 |
| Non-operating expenses | | |
| Interest expenses | 3,891 | 6,832 |
| Loss on cancellation of insurance policies | 17,950 | - |
| Other | 630 | - |
| Total non-operating expenses | 22,472 | 6,832 |
| Ordinary profit | 395,458 | 574,648 |
| Extraordinary income | | |
| Reversal of allowance for investment loss in subsidiaries and associates | 5,519 | - |
| Gain from liquidation of affiliated companies | - | 2,788 |
| Total extraordinary income | 5,519 | 2,788 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | - | 1,482 |
| Loss on sale of investment securities | 131,641 | - |
| Total extraordinary losses | 131,641 | 1,482 |
| Profit before income taxes | 269,336 | 575,954 |
| Income taxes - current | 55,377 | 149,367 |
| Income taxes - deferred | (16,212) | 15,872 |
| Total income taxes | 39,165 | 165,239 |
| Profit | 230,171 | 410,714 |

Detailed schedule of manufacturing cost

| | | Previous fiscal year (from 1 Oct 2023 to 30 September 2024) | | Fiscal year under review (From 1 October 2024 to 30 September 2025) | |
|---|----------------|---|----------------------------------|---|----------------------------------|
| Categories | Note Number | Amount (JPY thousand) | Percentage composition (%) | Amount (JPY thousand) | Percentage composition (%) |
| I. Material cost | | 36,952 | 11.9 | 28,034 | 9.9 |
| II. Labor | | 37,289 | 12.1 | 38,012 | 13.4 |
| III. Expenses | | 235,155 | 76.0 | 216,748 | 76.6 |
| Total manufacturing costs for the period | | 309,397 | 100.0 | 282,796 | 100.0 |
| Beginning work in process inventory | | 17,119 | | 13,408 | |
| Total | | 326,517 | | 296,205 | |
| Ending work in process inventory | | 13,408 | | 9,385 | |
| Cost of products manufactured | | 313,109 | | 286,819 | |
| Beginning merchandise inventory | | 4,945 | | 3,416 | |
| Cost of purchased goods | | 222,106 | | 268,355 | |
| Total | | 227,051 | | 271,771 | |
| Ending merchandise inventory | | 3,416 | | 4,074 | |
| COGS | | 536,744 | | 554,515 | |
| | | | | | |

Note: *1 The breakdown of labor cost is as follows:

| | Previous fiscal year (from 1 Oct 2023 to 30 September 2024) | Fiscal year under review (From 1 October 2024 to 30 September 2025) |
|------------------------|---|---|
| Wages | 32,287 thousand yen | 32,934 thousand yen |
| Legal welfare expenses | 5,001 thousand yen | 5,078 thousand yen |

*2 The breakdown of main expenses is as follows:

| | Previous fiscal year (from 1 Oct 2023 to 30 September 2024) | Fiscal year under review (From 1 October 2024 to 30 September 2025) |
|-------------------------------------|---|---|
| Outsourcing expenses | 169,729 thousand yen | 147,318 thousand yen |
| Depreciation expenses | 21,863 thousand yen | 27,048 thousand yen |
| Rent expenses on land and buildings | 2,281 thousand yen | 2,281 thousand yen |
| System usage fees | 40,904 thousand yen | 39,679 thousand yen |

(Method of cost accounting)

The Company use actual job-order costing system.

(3) Statement of changes in equity

Previous fiscal year (from October 1, 2023 to September 30, 2024)

(Unit: JPY thousand)

(Cmt. 31.1 thousands)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | Treasury shares | Shareholders' equity Total |
| | | Legal capital surplus | Other capital surplus | Capital surplus Total | Other retained earnings | Retained earnings Total | | |
| | | | | | Retained earnings brought forward | | | |
| Balance at beginning of period | 443,230 | 409,730 | 29,222 | 438,952 | 1,046,569 | 1,046,569 | (221,114) | 1,707,637 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | (55,294) | (55,294) | | (55,294) |
| Profit | | | | | 230,171 | 230,171 | | 230,171 |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | - | - | - | - | 174,877 | 174,877 | - | 174,877 |
| Balance at end of period | 443,230 | 409,730 | 29,222 | 438,952 | 1,221,447 | 1,221,447 | (221,114) | 1,882,515 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Other securities Valuation difference on securities | Total valuation and translation adjustments | |
| Balance at beginning of period | 54,446 | 54,446 | 1,762,084 |
| Changes during period | | | |
| Dividends of surplus | | | (55,294) |
| Profit | | | 230,171 |
| Net changes in items other than shareholders' equity | (31,688) | (31,688) | (31,688) |
| Total changes during period | (31,688) | (31,688) | 143,188 |
| Balance at end of period | 22,758 | 22,758 | 1,905,273 |

Fiscal year under review (from October 1, 2024 to September 30, 2025)

(Unit: JPY thousand)

(Unit: JPY thousands)

| | Shareholders' equity | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | Treasury shares | Shareholders' equity Total |
| | | Legal capital surplus | Other capital surplus | Capital surplus Total | Other retained earnings | Retained earnings Total | | |
| | | | | | Retained earnings brought forward | | | |
| Balance at beginning of period | 443,230 | 409,730 | 29,222 | 438,952 | 1,221,447 | 1,221,447 | (221,114) | 1,882,515 |
| Changes during period | | | | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 4,200 | 4,200 | | 4,200 | | | | 8,400 |
| Dividends of surplus | | | | | (55,438) | (55,438) | | (55,438) |
| Profit | | | | | 410,714 | 410,714 | | 410,714 |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | 4,200 | 4,200 | - | 4,200 | 355,276 | 355,276 | - | 363,676 |
| Balance at end of period | 447,430 | 413,930 | 29,222 | 443,152 | 1,576,723 | 1,576,723 | (221,114) | 2,246,191 |

| | Valuation and translation adjustments | | Total net assets |
|---|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | 22,758 | 22,758 | 1,905,273 |
| Changes during period | | | |
| Issuance of new shares - exercise of share acquisition rights | | | 8,400 |
| Dividends of surplus | | | (55,438) |
| Profit | | | 410,714 |
| Net changes in items other than shareholders' equity | 4,126 | 4,126 | 4,126 |
| Total changes during period | 4,126 | 4,126 | 367,802 |
| Balance at end of period | 26,884 | 26,884 | 2,273,076 |

(4) Cash flow statements

(Unit: JPY thousand)

| | Fiscal year under review (From 1 October 2024 to 30 September 2025) |
|---|---|
| Cash flow from operating activities | |
| Profit before income taxes | 575,954 |
| Depreciation expenses | 37,303 |
| Interest expenses | 6,832 |
| Loss on retirement of non-current assets | 1,482 |
| Subsidy income | (15,248) |
| Loss (gain) on liquidation of subsidiaries | (2,788) |
| Changes in trade accounts receivable (parentheses indicates increase) | 111,501 |
| Changes in inventories (parentheses indicates increase) | 284 |
| Changes in trade payable (parentheses indicates decrease) | (1,961) |
| Changes in contract liabilities (parentheses indicates decrease) | 18,895 |
| Changes in other accounts payable (parentheses indicates decrease) | (61,289) |
| Changes in accrued expenses (parentheses indicates decrease) | 48,660 |
| Changes in unpaid consumption tax, etc. (parentheses indicates decrease) | 5,657 |
| Changes in deposits (parentheses indicates increase) | 16,257 |
| Changes in income taxes payable etc. (pro forma standard taxation) (parentheses indicates decrease) | 5,507 |
| Other | (1,726) |
| Subtotal | 745,323 |
| Cash received from interest | 445 |
| Interest payment | (6,787) |
| Income taxes paid | (52,759) |
| Subsidies received | 15,248 |
| Cash flow from operating activities | 701,470 |
| Cash flow from investing activities | |
| Purchase of property, plant and equipment | (5,144) |
| Purchase of intangible assets | (95,675) |
| Purchase of insurance funds | (26,552) |
| Proceeds from liquidation of subsidiaries | 2,788 |
| Other | (913) |
| Cash flow from investing activities | (125,497) |
| Cash flow from financing activities | |
| Repayment of long-term loans payable | (50,018) |
| Proceeds from issuance of shares | 8,400 |
| Dividend payment | (45,508) |
| Other | (928) |
| Cash flow from financing activities | (88,054) |
| Changes in cash and cash equivalents (parentheses indicates decrease) | 487,918 |
| Cash and cash equivalents at beginning of period | 1,926,216 |
| Cash and cash equivalents at end of period | 2,414,134 |

(5) Notes regarding financial statements

(Notes regarding going concern assumptions)

There are no applicable items.

(Significant accounting policies)

1. Valuation standards and methods for securities

(1) Shares of subsidiaries and associates

Moving average cost method

(2) Other securities

- Shares, etc. without market value

Moving average cost method

2. Valuation standards and methods for inventories

(1) Merchandise, raw materials and supplies

Weighted average cost method (the values on the balance sheet are calculated by the book value reduction method based on decreased profitability)

(2) Work in process

Identified cost method (the values on the balance sheet are calculated by the book value reduction method based on decreased profitability)

3. Accounting policy for depreciation of non-current assets

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

The declining-balance method is applied. However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.

The useful lives of property, plant and equipment are as follows.

Buildings: 8 to 18 years

Vehicles: 6 years

Tools, furniture and fixtures: 5 to 20 years

(2) Intangible assets

The straight-line method is applied.

- Software for sale in the market

The larger of the amortization amount based on the estimated sales revenue or the amount equally allocated based on the estimated salable period is recognized.

The products are expected to be marketed for three years.

- Software for internal use

Internal-use software is amortized using the straight-line method over the estimated useful life in the Company (5 years).

(3) Leased assets

Leased assets related to finance lease transactions that transfer ownership

The same depreciation method used for the Company's non-current assets is applied.

4. Accounting policy for provisions

Allowance for doubtful accounts

To provide for losses due to doubtful accounts, the allowance for doubtful accounts is provided for general receivables based on the historical write-off ratio and for specific receivables such as doubtful receivables based on an assessment of individual collectability.

5. Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over five years.

6. Accounting policy for recognition of revenues and expenses

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations. The details of the main performance obligations in the main businesses and the normal procedure for recognizing revenue are as follows. In all cases, revenue is measured at the amount of consideration promised in the contract with the customer, net of discounts, rebates, etc.

(License sales)

The revenue from the sale of licenses is mainly the sale of licenses (software usage rights) for the Company's internally developed System Answer series, and the Company has a performance obligation to make the target system monitoring available by using the software. The form of business is to provide licenses that are appropriate for the customer's system environment and to sell housings, etc. with the software installed. The performance obligation is deemed satisfied and revenue is recognized when the license key is issued in the case of a new license offer, or at the start of the renewed license period in the case of a renewal. In the case of sales of housings, the Company deems the performance obligation satisfied and recognizes revenue when the customer completes the acceptance inspection of the housing with the software installed.

(Service provision)

The revenue from the provision of these services is derived from the provision of analysis and analysis services and various other services that utilize the Company's accumulated expertise based on the data from the aforementioned products developed in-house, and the Company has a performance obligation to provide these services based on the contract with the customer. These contracts take two forms: services transferred at a point in time and transactions in which the performance obligation is satisfied over a certain period of time. For the former, the Company deems the performance obligation satisfied and recognizes revenue when the customer's acceptance inspection for the service is completed. For the latter, the Company recognizes revenue corresponding to the performance obligation satisfied each month, because the obligation in the contract with the customer is fulfilled on an ongoing basis and the customer receives benefits over a certain period of time.

(Other merchandise, etc.)

Other merchandise, etc. are sales of various system equipment and software associated with products and solution services of other companies designed to solve customers' issues. The Group has a performance obligation to deliver products based on a sales contract with a customer and to supply products of other companies, etc. over a certain period of time. For the former, the Company deems the performance obligation satisfied and recognizes revenue at the time of delivery of the products and merchandise, as the customer obtains control over the products and merchandise at the time of delivery. For the latter, the Company recognizes revenue corresponding to the performance obligation satisfied each month, because the obligation in the contract with the customer is fulfilled on an ongoing basis and the customer receives benefits over a certain period of time.

For certain transactions in which the Company acts as an agent, the Company recognizes revenue at the net amount after deducting the amount paid to suppliers from the amount received from customers. There is no significant financing component.

(Accounting policy changes)

There are no applicable items.

(Accounting estimate changes)

Although the Company had obligations related to restoration of the office used under the lease agreement when vacating, the Company did not used to record asset retirement obligations because the period of use of the leased assets related to these obligations was not clear, there were no plans to vacate in the future, and it was not possible to reasonably estimate asset retirement obligations.

In the fiscal year under review, the Company newly recorded asset retirement obligations because it became possible to estimate the cost of removing the head office building, etc., when vacating it, as a result of obtaining new information. As a result of this change in estimate, asset retirement obligations of 45,114 thousand yen were recorded in the fiscal year under review. As a result of this change, operating profit, ordinary profit, and profit before income taxes for the fiscal year under review each decreased by 470 thousand yen.

(Notes on equity method profits and losses, etc.)

| | Fiscal year under review (From 1 October 2024 to 30 September 2025) |
|---|---|
| Amount of investment in affiliated companies | 16,861 thousand yen |
| Amount of investment when applying the equity method | 80,829 thousand yen |
| Amount of investment profit when applying the equity method | 20,422 thousand yen |

(Segment information, etc.)

As we operate in a single segment involving only software and service-related businesses, segment information has been omitted.

(Revenue recognition)

The information that forms the basis for understanding revenue from contracts with customers is omitted because the same information is presented in "(Significant accounting policies), 6. Accounting policy for recognition of revenues and expenses."

(Per share information)

| | Fiscal year under review (From 1 October 2024 to 30 September 2025) |
|----------------------|---|
| Net assets per share | 409.01 yen |
| EPS | 74.07 yen |
| Diluted EPS | — |

Notes: 1. Diluted EPS for the fiscal year under review is not presented because there are no dilutive shares.

2. The basis for calculating EPS and diluted EPS is as follows.

| | Fiscal year under review (From 1 October 2024 to 30 September 2025) |
|--|---|
| EPS | |
| Profit (thousand yen) | 410,714 |
| Amounts not attributable to common shareholders (thousand yen) | — |
| Profit attributable to common shares (thousand yen) | 410,714 |
| Average number of shares | 5,545,156 |
| Diluted EPS | |
| Adjustment to profit (thousand yen) | — |
| Number of common shares | 6,510 |
| (of which share acquisition rights) | (6,510) |
| Securities excluded from the computation of diluted EPS because they do not have dilutive effects | — |

(Significant subsequent events)

There are no applicable items.