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Consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (Under Japanese GAAP)

August 8, 2025

Company name: BrainPad Inc.
Listing: Tokyo Stock Exchange
Securities code: 3655
URL: https://www.brainpad.co.jp/english/
Representative: Tomohiro Sekiguchi, Representative Director, President and CEO
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Date of general shareholders' meeting (as planned): September 25,2025
Dividend payable date (as planned): September 11,2025
Annual securities report filing date (as planned): September 25,2025
Supplemental material of financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Millions of yen, rounded down to the nearest million)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (July 1, 2024 to June 30, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	11,772	11.5	1,575	16.8	1,625	19.7	1,063	17.0
June 30, 2024	10,561	7.8	1,348	98.2	1,357	80.5	909	76.6

Note: Comprehensive income For the Fiscal Year Ended June 30, 2025: ¥1,068 million [17.2%]
For the Fiscal Year Ended June 30, 2024: ¥911 million [81.4%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2025	49.81	―	18.8	22.0	13.4
June 30, 2024	42.25	―	17.4	19.7	12.8

Reference:Investment profit (loss) on equity method For the Fiscal Year Ended June 30, 2025: ¥26 million
For the Fiscal Year Ended June 30, 2024: ¥(5) million

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	7,518	5,765	76.7	275.98
June 30, 2024	7,257	5,534	76.3	258.44

Reference:Owner's equity For the Fiscal Year Ended June 30, 2025: ¥5,765 million
For the Fiscal Year Ended June 30, 2024: ¥5,534 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2025	1,350	(439)	(870)	3,395
June 30, 2024	1,538	(317)	(372)	3,355

2. Cash dividends

	Annual dividends per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June30,2024	—	0.00	—	8.00	8.00	171	18.9	3.3
Fiscal year ended June 30,2025	—	0.00	—	8.00	8.00	167	16.1	3.0
Fiscal year ending June, 30,2026(forecast)	—	0.00	—	8.00	8.00		14.5	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending June 30, 2026 (July 1, 2025 - June 30, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	13,500	14.7	1,750	11.1	1,750	7.6	1,150	8.1	54.57

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: - companies

Excluded: - companies

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : None

(ii) Changes in accounting policies due to other reasons : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including Treasury Stocks)

As of June 30, 2025	22,300,596 shares
As of June 30, 2024	22,300,596 shares

(ii) Number of Treasury Stocks at the end of the period

As of June 30, 2025	1,409,037 shares
As of June 30, 2024	885,384 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of June 30, 2025	21,359,015 shares
As of June 30, 2024	21,526,466 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results of the Fiscal Year Ended June 30, 2025 (July 1, 2024 to June 30, 2025)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	11,085	10.6	1,445	11.5	1,510	13.1	1,032	8.7
June 30, 2024	10,022	5.7	1,296	71.0	1,336	61.0	949	59.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2025	48.35	—
June 30, 2024	44.12	—

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	7,487	5,856	78.2	280.32
June 30, 2024	7,220	5,656	78.3	264.12

Reference:Owner's equity As of June 30, 2025: ¥5,856 Millions of yen
As of June 30, 2024: ¥5,656 Millions of yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

1. The forward-looking statements such as earnings forecasts stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual performance may significantly differ from these forecasts due to various factors in the future. For the conditions on which financial results forecasts are based and the notes on the use of these forecasts, please refer to “1. Overview of Operating Results and Other Performance (4) Future Outlook” on page 4.
2. Supplementary material on quarterly financial results are disclosed on TDnet on the same day.

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1. Overview of Operating Results and Other Performance

(1) Overview of Operating Results for the Current Period

During the current consolidated fiscal year, the Japanese economy experienced a mixed performance. On one hand, the upward trend in personal consumption driven by wage increases from the 2025 Spring Struggle and stable prices, along with robust corporate investment in equipment, provided support. On the other hand, towards the end of the fiscal year, the downward pressure on the economy intensified due to the impact of the U.S. government's tariff policies, leading to a situation of stagnation.

The domestic ICT services market continued to expand, driven by strong demand for digital business transformation among domestic companies. This led to increased spending on the modernization of existing systems and the construction of systems for digital innovation across various industrial sectors. In particular, the IT consulting and system integration areas led the market growth.

In this environment, our group significantly revamped its management policies and structure at the beginning of the previous consolidated fiscal year (July 1, 2023) and began operating under a new medium-term management plan (for the period ending June 30, 2024 to June 30, 2026). The Group has positioned this three-year period as a "structural reform period." In the first year of the plan, we were able to make faster-than-expected progress in recovering the profit margin, which had been set as the top priority. Based on this, in the current consolidated fiscal year, which is the second year of the plan, the Group shifted its top priority to expanding business scale and sales growth. We aimed to restore the sales growth rate of our existing businesses to a level far exceeding 10% while maintaining the improved profit margin achieved in the previous fiscal year.

During the current consolidated fiscal year, sales continued to grow steadily, driven by strong demand for data and AI utilization, and the sales growth rate remained above the initial target of 10%. On the profit front, in addition to increased profits resulting from sales expansion, initiatives to improve the income/expense of individual projects in the Professional Services Business and the optimization of the cost structure in the Product Business contributed to profit growth at a level exceeding the sales growth rate.

As a result, the consolidated business results for the current fiscal year were as follows: net sales of 11,772,254 thousand yen (up 11.5% year-on-year), operating profit of 1,575,749 thousand yen (up 16.8% year-on-year), ordinary profit of 1,625,850 thousand yen (up 19.7% year-on-year), and net profit attributable to parent company shareholders of 1,063,952 thousand yen (up 17.0% year-on-year).

The following is a summary of the results by reportable segment for the current fiscal year.

(Professional Services Business)

The Professional Services Business supports client companies in utilizing data through consulting, including data analysis and system development, as well as human resource support. In the current consolidated fiscal year, the business aimed to increase its sales growth rate to approximately 15%. To achieve this target, the highest priorities were maintaining and improving the paid utilization rate, developing and recruiting leaders and senior managers.

Sales remained strong through the third quarter consolidated cumulative period due to the expansion of existing projects and the development of new projects. However, in the fourth quarter consolidated accounting period, the sales growth rate temporarily slowed due to delays in new orders. On the profit front, in addition to increased profits resulting from sales expansion, the effective implementation of project income/expense management and monitoring methods, which have been established since the previous consolidated fiscal year, led to stable profit generation. As a result, both segment profit and segment profit margin improved compared to the same period of the previous year.

As a result, net sales amounted to 8,336,984 thousand yen (up 13.0% year-on-year), and segment profit amounted to 3,565,818 thousand yen (up 22.5% year-on-year).

(Product Business)

The Product Business supports client companies in utilizing data through the provision of in-house and third-party products. In the current consolidated fiscal year, the business aimed to increase its sales growth rate to approximately 10%. The key tasks were to reverse the declining trend in BrainPad's standalone sales, which had been ongoing in the previous consolidated fiscal year, and to drive sales growth through "Ligla," a product developed and offered by the consolidated subsidiary Time Technologies, Inc.

Sales remained strong, driven by continued growth in "Ligla" and a recovery in BrainPad's standalone sales, primarily due to new orders for large projects. On the profit front, in addition to increased profits resulting from sales expansion, the effects of phasing out less profitable products and ongoing optimization of the cost structure in line with sales contributed to improvements

in both segment profit and segment profit margin compared to the same period of the previous year.

As a result, net sales amounted to 3,435,870 thousand yen (up 7.9% year-on-year), and segment profit amounted to 870,457 thousand yen (up 13.2% year-on-year).

(2) Overview of Financial Position for the Current Period

Assets, Liabilities, and Net Assets

(Assets)

Total assets at the end of the current consolidated fiscal year amounted to 7,518,783 thousand yen, an increase of 261,064 thousand yen compared to the end of the previous consolidated fiscal year.

The balance of current assets amounted to 5,251,542 thousand yen, an increase of 211,551 thousand yen compared to the end of the previous consolidated fiscal year. This increase is primarily due to an increase in electronically recorded monetary claims and accounts receivable of 118,171 thousand yen, as well as an increase in cash and deposits of 40,344 thousand yen.

The balance of non-current assets was 2,267,241 thousand yen, an increase of 49,512 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in investment securities by 303,533 thousand yen and an increase in software by 28,795 thousand yen, offset by a decrease in goodwill by 131,077 thousand yen, a decrease in customer-related intangible assets by 69,415 thousand yen, and a decrease in buildings, net by 69,219 thousand yen.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year amounted to 1,753,054 thousand yen, an increase of 29,895 thousand yen compared to the end of the previous consolidated fiscal year.

The balance of current liabilities was 1,556,672 thousand yen, an increase of 50,853 thousand yen compared to the end of the previous consolidated fiscal year.This was mainly due to an increase in provision for bonuses by 56,123 thousand yen.

The balance of non-current liabilities was 196,382 thousand yen, a decrease of 20,958 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in deferred tax liabilities by 21,254 thousand yen.

(Net Assets)

Total net assets at the end of the current consolidated fiscal year amounted to 5,765,728 thousand yen, an increase of 231,168 thousand yen compared to the end of the previous consolidated fiscal year.

This was mainly due to an increase in retained earnings by 875,497 thousand yen, offset by a decrease due to the purchase of treasury shares by 649,094 thousand yen.

As a result, the equity ratio was 76.7%.

(3) Overview of Cash Flows for the Current Period

The balance of cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year was 3,395,540 thousand yen (an increase of 1.2% year-on-year). The status and factors of each cash flow are as follows:

(Cash Flows from Operating Activities)

Funds obtained from operating activities amounted to 1,350,975 thousand yen (a decrease of 12.2% year-on-year). This was mainly due to profit before income taxes of 1,625,726 thousand yen, depreciation of 256,552 thousand yen, and amortization of goodwill of 131,077 thousand yen, offset by income taxes paid of 554,130 thousand yen and an increase in notes and accounts receivable - trade of 118,171 thousand yen.

(Cash Flows from Investing Activities)

Funds used in investing activities amounted to 439,890 thousand yen (an increase of 38.5% year-on-year). This was mainly due to payments for purchase of investment securities of 300,720 thousand yen and payments for purchase of intangible assets of 109,872 thousand yen.

(Cash Flows from Financing Activities)

Funds used in financing activities amounted to 870,740 thousand yen (an increase of 134.1% year-on-year). This was mainly due to payments for purchase of treasury shares of 700,007 thousand yen and dividends paid of 170,729 thousand yen.

(Reference) Trends in Cash Flow-Related Indicators

	June 30, 2024	June 30, 2025
Equity Ratio (%)	76.3	76.7
Market-Based Equity Ratio (%)	312.5	375.4
Cash Flow to Interest-Bearing Debt Ratio (years)	―	―
Interest Coverage Ratio (times)	―	―

Notes

1. Equity Ratio: Equity / Total Assets
   Market-Based Equity Ratio: Market Capitalization / Total Assets
   Cash Flow to Interest-Bearing Debt Ratio: Interest-Bearing Debt / Cash Flow
   Interest Coverage Ratio: Cash Flow / Interest Payments
2. All calculations are based on consolidated financial figures.
3. Market capitalization is calculated based on the number of issued shares excluding treasury shares.
4. Cash flow refers to cash flows from operating activities.
5. Interest-bearing debt includes all debts recorded on the consolidated balance sheet that incur interest.

(4) Future Outlook

In June 2025, the Japanese government presented the "Basic Policy on Economic and Fiscal Management and Reform 2025"(“Honebuto Policy 2025”) and the "Grand Design and Action Plan for a New Form of Capitalism 2025 Revised Edition," which emphasize the promotion of strategic data policies through the promotion of AI and other innovations and the consideration of systems to promote data utilization for the growth of the Japanese economy. At the same time, the shortage of domestic IT personnel to promote DX and data/AI utilization continues to be a serious issue. Therefore, our group's medium-term management plan (fiscal year ending June 2024 to fiscal year ending June 2026) outlines a growth strategy that views both the investment in DX and data/AI utilization by companies (demand side) and the resolution of the IT personnel shortage supporting this promotion (supply side) as business opportunities.

In the second year of this plan, the current consolidated fiscal year, our group achieved both over 10% sales growth and maintained profit margins. Based on this, in the final year of the plan, we aim to complete structural reforms accompanied by accelerated sales growth through bold investments, including M&A.

Based on the above, our group's consolidated earnings forecast for the next consolidated fiscal year (fiscal year ending June 2026) is net sales of 13,500 million yen, operating profit of 1,750 million yen, ordinary profit of 1,750 million yen, and profit attributable to owners of parent of 1,150 million yen. Additionally, by achieving M&A, we aim to reach net sales of 14,000 million yen.

(Note: The earnings forecast is based on information available at the time of preparation and includes uncertain factors. Therefore, actual results may differ due to changes in various factors, including the economic environment.

2. Basic Policy on the Selection of Accounting Standards

Our group applies Japanese accounting standards to ensure comparability with other domestic companies in the same industry.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	3,355,195	3,395,540
Accounts receivable - trade	1,186,514	1,316,528
Electronically Recorded Monetary Claims	52,651	40,810
Work in process	15,189	16,657
Prepaid expenses	425,276	459,515
Other	5,162	22,491
Total current assets	5,039,990	5,251,542
Non-current assets		
Property, plant and equipment		
Buildings	547,666	547,666
Accumulated depreciation	(144,763)	(213,982)
Buildings, net	402,903	333,684
Tools, furniture and fixtures	245,760	288,885
Accumulated depreciation	(172,273)	(216,372)
Tools, furniture and fixtures, net	73,487	72,513
Total property, plant and equipment	476,391	406,197
Intangible assets		
Software	108,440	137,236
Software in progress	8,256	15,286
Goodwill	426,002	294,924
Customer-related intangible assets	225,599	156,184
Total intangible assets	768,298	603,631
Investments and other assets		
Investment securities	443,171	746,704
Guarantee deposits	263,238	263,238
Deferred tax assets	196,943	202,750
Other	69,686	44,718
Total investments and other assets	973,039	1,257,411
Total non-current assets	2,217,728	2,267,241
Total assets	7,257,719	7,518,783

(Thousands of yen)

	As of June 30, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	116,430	131,790
Accounts payable - other	318,329	279,123
Accrued expenses	230,904	152,181
Income taxes payable	329,367	365,108
Contract liabilities	196,318	243,135
Provision for bonuses	105,557	161,681
Provision for bonuses for directors (and other officers)	—	9,992
Provision for loss on orders received	—	6,130
Other	208,910	207,529
Total current liabilities	1,505,818	1,556,672
Non-current liabilities		
Asset retirement obligations	148,261	148,558
Deferred tax liabilities	69,078	47,823
Total non-current liabilities	217,340	196,382
Total liabilities	1,723,159	1,753,054
Net assets		
Shareholders' equity		
Share capital	597,809	597,809
Capital surplus	574,509	574,509
Retained earnings	5,487,148	6,362,645
Treasury shares	(1,127,604)	(1,776,699)
Total shareholders' equity	5,531,863	5,758,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,696	7,462
Total accumulated other comprehensive income	2,696	7,462
Total net assets	5,534,559	5,765,728
Total liabilities and net assets	7,257,719	7,518,783

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Net sales	10,561,125	11,772,254
Cost of sales	5,857,409	6,126,336
Gross profit	4,703,715	5,645,918
Selling, general and administrative expenses	3,354,782	4,070,168
Operating profit	1,348,933	1,575,749
Non-operating income		
Interest and dividend income	15	1,325
Sales promotion premium fee	12,292	11,855
Subsidy income	32,253	28,181
Share of profit of entities accounted for using equity method	—	26,222
Other	12,645	6,395
Total non-operating income	57,206	73,980
Non-operating expenses		
Foreign exchange losses	885	749
Loss on investments in investment partnerships	41,143	13,140
Commission expenses	1,195	9,940
Share of loss of entities accounted for using equity method	5,089	—
Other	0	47
Total non-operating expenses	48,315	23,878
Ordinary profit	1,357,825	1,625,850
Extraordinary income		
Gain on sale of non-current assets	279	—
Gain on extinguishment of debt	35,031	—
Gain on sale of contracts	19,860	—
Total extraordinary income	55,172	—
Extraordinary losses		
Loss on sale of non-current assets	32	—
Loss on retirement of non-current assets	—	124
Loss on valuation of investment securities	19,192	—
Loss on liquidation of subsidiaries and associates	611	—
Total extraordinary losses	19,836	124
Profit before income taxes	1,393,161	1,625,726
Income taxes - current	481,326	588,835
Income taxes - deferred	2,357	(27,061)
Total income taxes	483,684	561,774
Profit	909,477	1,063,952
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	909,477	1,063,952

（Consolidated Statement of Comprehensive Income）

(Thousands of yen)

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Profit	909,477	1,063,952
Other comprehensive income		
Valuation difference on available-for-sale securities	2,100	4,766
Total other comprehensive income	2,100	4,766
Comprehensive income	911,577	1,068,718
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	911,577	1,068,718
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year (From July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	597,809	574,509	4,801,394	(1,078,764)	4,894,950
Changes during period					
Dividends of surplus			(171,791)		(171,791)
Profit attributable to owners of parent			909,477		909,477
Purchase of treasury shares				(199,967)	(199,967)
Disposal of treasury shares			(51,931)	151,126	99,195
Net changes in items other than shareholders' equity					
Total changes during period	—	—	685,753	(48,840)	636,913
Balance at end of period	597,809	574,509	5,487,148	(1,127,604)	5,531,863

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	596	596	4,895,546
Changes during period			
Dividends of surplus			(171,791)
Profit attributable to owners of parent			909,477
Purchase of treasury shares			(199,967)
Disposal of treasury shares			99,195
Net changes in items other than shareholders' equity	2,100	2,100	2,100
Total changes during period	2,100	2,100	639,013
Balance at end of period	2,696	2,696	5,534,559

Current Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	597,809	574,509	5,487,148	(1,127,604)	5,531,863
Changes during period					
Dividends of surplus			(171,321)		(171,321)
Profit attributable to owners of parent			1,063,952		1,063,952
Purchase of treasury shares				(700,007)	(700,007)
Disposal of treasury shares			(17,133)	50,912	33,779
Net changes in items other than shareholders' equity					
Total changes during period	—	—	875,497	(649,094)	226,402
Balance at end of period	597,809	574,509	6,362,645	(1,776,699)	5,758,265

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	2,696	2,696	5,534,559
Changes during period			
Dividends of surplus			(171,321)
Profit attributable to owners of parent			1,063,952
Purchase of treasury shares			(700,007)
Disposal of treasury shares			33,779
Net changes in items other than shareholders' equity	4,766	4,766	4,766
Total changes during period	4,766	4,766	231,168
Balance at end of period	7,462	7,462	5,765,728

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	1,393,161	1,625,726
Depreciation	281,789	256,552
Amortization of goodwill	131,077	131,077
Increase (decrease) in provision for bonuses	(4,006)	56,123
Increase (decrease) in provision for loss on orders received	(17,926)	6,130
Increase (decrease) in provision for loss on contract	(64,714)	—
Interest and dividend income	(15)	(1,325)
Share of loss (profit) of entities accounted for using equity method	5,089	(26,222)
Gain on extinguishment of debt	(35,031)	—
Gain on transfer of contract	(19,860)	—
Loss (gain) on investments in investment partnerships	41,143	13,140
Decrease (increase) in trade receivables	46,745	(118,171)
Decrease (increase) in inventories	14,034	(1,468)
Decrease (increase) in prepaid expenses	(94,009)	(39,780)
Increase (decrease) in trade payables	(17,112)	16,586
Increase (decrease) in accounts payable - other	158,866	(53,538)
Increase (decrease) in accrued expenses	26,293	(79,340)
Increase (decrease) in accrued consumption taxes	(48,672)	8,962
Increase (decrease) in contract liabilities	3,426	40,321
Other, net	107,553	55,293
Subtotal	1,907,832	1,890,065
Interest and dividends received	7,535	15,039
Income taxes paid	(377,041)	(554,130)
Net cash provided by (used in) operating activities	1,538,326	1,350,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(55,223)	(29,297)
Purchase of intangible assets	(44,481)	(109,872)
Purchase of investment securities	(240,000)	(300,720)
Proceeds from gain on transfer of contract	21,411	—
Other, net	633	—
Net cash provided by (used in) investing activities	(317,660)	(439,890)
Cash flows from financing activities		
Purchase of treasury shares	(201,153)	(700,007)
Dividends paid	(170,863)	(170,729)
Other, net	(9)	(3)
Net cash provided by (used in) financing activities	(372,026)	(870,740)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	848,639	40,344
Cash and cash equivalents at beginning of period	2,506,556	3,355,195
Cash and cash equivalents at end of period	3,355,195	3,395,540

(5) Notes to Consolidated Financial Statements

(Notes on the Going Concern Assumption)

There are no applicable matters.

(Change in accounting policy)

"Accounting Standards for Corporate Income Tax, Resident Tax, Business Tax, etc." (Corporate Accounting Standard No. 27, October 28, 2022) "Accounting Standards for the Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022), and "Guidance on the Application of Accounting Standards for Tax Effects" (ASBJ Guidance No. 28, October 28, 2022) have been applied from the beginning of the current fiscal year.

There is no impact on the consolidated financial statements as a result of this.

(Segment Information, etc.)

[Segment Information]

1. Overview of Reportable Segments

The reportable segments of our company and consolidated subsidiaries (hereinafter referred to as our group) are those for which separate financial information is available and which are subject to regular review by the Board of Directors to make decisions about the allocation of management resources and assess performance.

Our group has established divisions and subsidiaries based on products and services, and conducts business activities accordingly. Therefore, our group consists of segments based on products and services provided by divisions and subsidiaries, and we have two reportable segments: "Professional Services Business" and "Product Business."

The Professional Services Business supports client companies in utilizing data through consulting, including data analysis and system development, and human resource support. The Product Business supports client companies in utilizing data through the provision of both our own and third-party products.

2. Method of Calculating Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting methods for the business segments reported are generally the same as those described in "Important Matters that Form the Basis for Preparing Consolidated Financial Statements."

The profit of the reportable segments is based on operating profit.

3. Information on Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Previous Consolidated Fiscal Year (From July 1, 2023 to June 30, 2024)

(Unit: Thousand Yen)

	Reportable Segment			Adjustments (Note1)	Amounts recorded in the consolidated statements of income (Note2)
	Professional Services Business	Product Business	Total		
Sales					
Sales to External Customers	7,377,804	3,183,320	10,561,125	—	10,561,125
Internal Sales or Transfers between Segments	—	—	—	—	—
Total	7,377,804	3,183,320	10,561,125	—	10,561,125
Segment Profit	2,911,140	769,011	3,680,151	△2,331,217	1,348,933

(Notes)

1. The adjustment amount for segment profit includes corporate expenses of 2,331,217 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of selling, general, and administrative expenses related to sales and administrative departments that do not belong to any reportable segment.
2. Segment profit is adjusted with the operating profit in the consolidated statements of income.
3. Since assets are not allocated to each reportable segment for internal management purposes, assets by reportable segment are not listed.

Current Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

（Unit: Thousand Yen）

	Reportable Segment			Adjustments（Note1）	Amounts recorded in the consolidated statements of income（Note2）
	Professional Services Business	Product Business	Total		
Sales					
Sales to External Customers	8,336,384	3,435,870	11,772,254	－	11,772,254
Internal Sales or Transfers between Segments	600	－	600	△600	－
Total	8,336,984	3,435,870	11,772,854	△600	11,772,254
Segment Profit	3,565,818	870,457	4,436,276	△2,860,526	1,575,749

（Notes）

1. The adjustment amount for segment profit includes corporate expenses of 2,860,526 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of selling, general, and administrative expenses related to sales and administrative departments that do not belong to any reportable segment.
2. Segment profit is adjusted with the operating profit in the consolidated statements of income.
3. Since assets are not allocated to each reportable segment for internal management purposes, assets by reportable segment are not listed.

（Per Share Information）

	Previous Consolidated Fiscal Year (From July 1, 2023 to June 30, 2024)	Current Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)
Net Assets per Share	258.44円	275.98円
Net Income per Share	42.25円	49.81円

(Note)

1. The diluted net income per share is not stated as there are no potential shares.

2. The basis for calculating the net assets per share is as follows.

	Previous Consolidated Fiscal Year (June 30, 2024)	Current Consolidated Fiscal Year (June 30, 2025)
Total Net Assets (thousand yen)	5,534,559	5,765,728
Amounts Deducted from Total Net Assets (thousand yen)	－	－
Net Assets Attributable to Common Stock at End of Period (thousand yen)	5,534,559	5,765,728
Number of Common Shares Used for Calculation of Net Assets per Share at End of Period (shares)	21,415,212	20,891,559

3. The basis for calculating net income per share is as follows.

	Previous Consolidated Fiscal Year (From July 1, 2023 to June 30, 2024)	Current Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)
Net Income per Share		
Net Income Attributable to Owners of Parent (thousand yen)	909,477	1,063,952
Amounts Not Attributable to Common Shareholders (thousand yen)	—	—
Net Income Attributable to Owners of Parent for Common Stock (thousand yen)	909,477	1,063,952
Average Number of Common Shares During the Period (shares)	21,526,466	21,359,015

（Changes in Presentation Methods）

(Consolidated Balance Sheet)

In the previous consolidated fiscal year, electronic recorded monetary claims, which were presented under "Notes Receivable" in "Current Assets," are now presented as "Electronically Recorded Monetary Claims" in the current consolidated fiscal year. To reflect this change in presentation method, we have reclassified the consolidated financial statements for the previous consolidated fiscal year.

As a result, the amount of 52,651 thousand yen, which was presented as "Notes Receivable" in the consolidated balance sheet of the previous consolidated fiscal year, has been reclassified as "Electronically Recorded Monetary Claims."

(Consolidated Statement of Cash Flows)

In the previous consolidated fiscal period, the "Increase/Decrease in Prepaid Expenses (△ indicates increase)" included in "Other" under "Cash Flows from Operating Activities" has been presented separately from the current consolidated fiscal period due to its increased materiality. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal period have been reclassified.

As a result, the amount of △94,009 thousand yen, which was included in "Other" under "Cash Flows from Operating Activities" in the consolidated statement of cash flows for the previous consolidated fiscal period, has been reclassified as "Increase/Decrease in Prepaid Expenses (△ indicates increase)."

（Significant Subsequent Events）

（Acquisition of a company through the purchase of shares）

Our company hereby announce that at the Board of Directors meeting held on August 8, 2025, we resolved to acquire all shares of activecore, inc. (hereinafter referred to as " activecore") and make it a subsidiary,

1．Reasons for Acquiring Shares

In our current medium-term management plan (three years from the fiscal year ending June 2024 to the fiscal year ending June 2026), we have positioned not only the growth of our existing businesses through our own management resources but also the discontinuous growth through business alliances and M&A with technology companies as important measures in our business strategy.

Through the participation of activecore in our group, we will add a new service form called BPaaS (Business Process as a Service,) provided by activecore to the MarTech and professional services by experts that our group has been refining since the 2000s, and provide data-driven "marketing execution power through co-creation with AI."

2．Overview of the Counterparty for the Share Acquisition

（1）Name	activecore, inc.
（2）Location	3-7-1 Minatomirai, Yokohama, Kanagawa, 8th Floor
（3）Representative's Position and Name	President and CEO Hidehiko Hashiba
（4）Business Description	Provision of IT services in the marketing field, etc.
（5）Capital	10,000 thousand yen
（6）Major Shareholders and Shareholding Ratio	Hidehiko Hashiba 50.0%, others

3．Schedule of Acquisition of Shares

Share Transfer Execution Date	October 1, 2025 (planned)

4．Number of Shares Acquired, Acquisition Price, and Ownership Status Before and After Acquisition

（1）Number of Shares Acquired	20,000shares
（2）Acquisition Price	Undisclosed
（3）Ownership Status After Acquisition	100%