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August 13, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 3968
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Scheduled date of filing semi-annual securities report: August 13, 2026
 Scheduled date to commence dividend payments: September 10, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	15,907	59.1	2,196	220.6	2,191	223.3	1,361	238.1
June 30, 2025	10,000	18.9	685	97.5	677	(8.4)	402	(7.2)

Note: Comprehensive income For the six months ended June 30, 2026: 1,376 million yen [7.5%]
 For the six months ended June 30, 2025: 1,279 million yen [153.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	38.67	38.29
June 30, 2025	12.72	12.60

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	23,342	7,840	32.3
December 31, 2025	18,647	4,400	22.1

Reference: Equity

As of June 30, 2026: 7,546 million yen
 As of December 31, 2025: 4,112 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	—	6.00	—	7.00	13.00
Fiscal year ending December 31, 2026	—	9.00			
Fiscal year ending December 31, 2026 (Forecast)			—	9.00	18.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate YoY 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
Fiscal year ending December 31, 2026	30,000	19.6	2,600	40.2	2,600	29.9	1,600	34.3	45.44

(Note) Revisions to the most recently announced earnings forecast: Yes

* Notes

- (1) Significant changes in the scope of consolidation during the interim period: None
- (2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: None
- (3) 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
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2026	37,164,077 shares
As of December 31, 2025	32,564,077 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2026	707,800 shares
As of December 31, 2025	819,200 shares

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

Six months ended June 30, 2026	35,207,577 shares
Six months ended June 30, 2025	31,655,098 shares

(Note) The treasury shares deducted in the calculation of the number of treasury shares at the end of the period and the average number of shares outstanding during the period include the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account).

* This financial results report for the second quarter (interim period) is not subject to review by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including the earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable and do not constitute a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. For the assumptions underlying the earnings forecasts and notes on use, please refer to "1. Overview of Operating Results (3) Forward-looking statements, including consolidated earnings forecasts" on page 3 of the attached materials.

The Company plans to hold a financial results briefing for institutional investors and analysts on Monday, August 24, 2026. The materials distributed at this briefing are scheduled to be posted on the Company's website promptly after the briefing.

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Overview of Operating Results

(1) Overview of Operating Results

During the interim consolidated accounting period under review, although employment conditions in Japan remained generally firm, the outlook has continued to be uncertain due to rises in resource and raw material prices associated with the situation in the Middle East, the continuation of price increases, and fluctuations in the financial and capital markets.

In the IT industry in which the Group operates, DX (Digital Transformation) initiatives aimed at addressing labor shortages and improving productivity continued to advance, together with AI transformation driven by growing demand related to generative AI. Under such an environment, investment demand for the development of IT infrastructure and for cybersecurity measures at government agencies and private companies has remained firm. In particular, growth is expected in the digital and cybersecurity fields and in the information and communications field, which are included in the government's growth strategy, and a favorable business environment has continued for the Group.

Under these business conditions, the Group steadily worked through the order backlog carried over from the previous fiscal year, while also working to win new government-related projects, including GSS projects, and large-scale projects for private-sector companies and universities.

Regarding the status by business, in the VAD (Value Added Distribution) business, the acquisition of GSS projects and large-scale security software projects, together with growth in support services, contributed to increases in both net sales and profit.

In the System Integration business, in addition to recording sales of large-scale projects for major service-industry companies as in the first quarter, services such as design and construction related to GSS projects were also recorded, resulting in an increase in net sales.

In the In-house Development business, the acquisition of the largest-ever RevoWorks project for government ministries and agencies resulted in a significant increase in both net sales and profit. In addition, the Group has strengthened sales activities to acquire replacement demand from local government information system resilience enhancement projects in which RevoWorks was introduced in the past, and Segue Security has promoted the acquisition of SOC (Security Operations Center) projects for government ministries.

In the Overseas business, although ISS Resolution, Ltd. in the Kingdom of Thailand recorded a decrease in both net sales and profit, First One Systems Co., Ltd. continued to win projects for government institutions, educational institutions and the manufacturing industry, resulting in overall increases in both net sales and profit.

As a result, for the interim consolidated accounting period under review, net sales of the Solution Products business were 10,873,316 thousand yen (+83.6% YoY), net sales of the Solution Services business were 5,034,604 thousand yen (+23.5% YoY), and consolidated net sales were 15,907,920 thousand yen (+59.1% YoY). With respect to profits, gross profit was 4,242,118 thousand yen (+65.8% YoY), operating profit was 2,196,173 thousand yen (+220.6% YoY), ordinary profit was 2,191,155 thousand yen (+223.3% YoY), and profit attributable to owners of parent was 1,361,544 thousand yen (+238.1% YoY).

(2) Overview of Financial Position

(i) Status of assets, liabilities and net assets

(Assets)

At the end of the interim consolidated accounting period under review, total assets amounted to 23,342,130 thousand yen, an increase of 4,694,872 thousand yen compared to the end of the previous fiscal year. Current assets amounted to 20,333,422 thousand yen, an increase of 4,753,696 thousand yen compared to the end of the previous fiscal year. Non-current assets amounted to 3,008,708 thousand yen, a decrease of 58,824 thousand yen compared to the end of the previous fiscal year.

The main factor for the increase in current assets was that, while inventories and other items decreased, cash and deposits increased, among other factors.

The main factor for the decrease in non-current assets was that, while deferred tax assets increased, goodwill decreased, among other factors.

(Liabilities)

Total liabilities at the end of the interim consolidated accounting period under review amounted to 15,502,102 thousand yen, an increase of 1,255,404 thousand yen compared to the end of the previous fiscal year. Current liabilities amounted to 14,439,782 thousand yen, an increase of 1,650,484 thousand yen compared to the end of the previous fiscal year. Non-current liabilities amounted to 1,062,319 thousand yen, a decrease of 395,079 thousand yen compared to the end of the previous fiscal year.

The main factor for the increase in current liabilities was an increase in accounts payable - trade and advances received, among other factors.

The main factor for the decrease in non-current liabilities was a decrease in long-term borrowings and other items, among other factors.

(Net assets)

At the end of the interim consolidated accounting period under review, net assets amounted to 7,840,028 thousand yen, an increase of 3,439,467 thousand yen compared to the end of the previous fiscal year. The main factors were an increase in share capital of 1,137,856 thousand yen and an increase in capital surplus of 1,137,856 thousand yen due to the issuance of new shares, and an increase in retained earnings of 1,138,384 thousand yen, among other factors.

(ii) Status of cash flows

Cash and cash equivalents for the interim consolidated accounting period under review amounted to 10,060,295 thousand yen, an increase of 7,525,095 thousand yen compared to the end of the previous fiscal year.

The status of each category of cash flows and the factors behind them are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 8,197,810 thousand yen, an increase of 7,733,410 thousand yen compared to the previous interim consolidated accounting period. This was mainly due to profit before income taxes of 2,185,510 thousand yen and an increase in advances received of 2,112,145 thousand yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities was 81,836 thousand yen, a decrease in cash used of 23,317 thousand yen compared to the previous interim consolidated accounting period. This was mainly due to expenditures of 85,783 thousand yen for the purchase of property, plant and equipment, among other factors.

(Cash flows from financing activities)

Net cash used in financing activities was 693,292 thousand yen, an increase in cash used of 306,333 thousand yen compared to the previous interim consolidated accounting period. This was mainly due to a decrease in short-term borrowings of 1,850,481 thousand yen and expenditures of 868,678 thousand yen for the repayments of long-term borrowings, while there were proceeds from the issuance of shares of 2,275,712 thousand yen, among other factors.

(3) Explanation of Forward-looking Information such as Consolidated Earnings Forecast

With respect to the consolidated financial results for the fiscal year ending December 31, 2026, the Company has revised its full-year earnings forecast upward. For details, please refer to the timely disclosure material announced today.

Interim Consolidated Financial Statements and Main Notes

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	2,382,084	9,938,719
Notes and accounts receivable - trade	4,822,341	3,926,297
Electronically recorded monetary claims	678,867	49,761
Securities	153,115	121,575
Inventories	3,909,030	2,069,594
Advance payments to suppliers	2,908,772	3,183,346
Accounts receivable - other	376,651	722,284
Other	358,865	331,148
Allowance for doubtful accounts	(10,002)	(9,305)
Total current assets	15,579,725	20,333,422
Non-current assets		
Property, plant and equipment		
Buildings and structures	172,003	184,260
Accumulated depreciation	(69,943)	(75,295)
Buildings and structures, net	102,060	108,964
Vehicles	8,558	—
Accumulated depreciation	(6,073)	—
Vehicles, net	2,485	—
Tools, furniture and fixtures	1,339,743	1,398,700
Accumulated depreciation	(1,035,775)	(1,098,163)
Tools, furniture and fixtures, net	303,967	300,537
Leased assets	80,844	57,686
Accumulated depreciation	(57,857)	(6,181)
Leased assets, net	22,987	51,504
Land	639	639
Total property, plant and equipment	432,140	461,646
Intangible assets		
Goodwill	1,225,147	1,089,195
Software	80,854	79,424
Software in progress	38,473	16,483
Other	1,314	1,314
Total intangible assets	1,345,790	1,186,418
Investments and other assets		
Investment securities	579,128	572,391
Long-term guarantee deposits	194,011	197,841
Deferred tax assets	219,253	290,155
Insurance funds	81,876	83,130
Other	215,331	217,124
Total investments and other assets	1,289,602	1,360,643
Total non-current assets	3,067,533	3,008,708
Total assets	18,647,258	23,342,130

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	1,368,866	2,555,950
Short-term borrowings	2,267,107	411,069
Current portion of long-term borrowings	762,578	320,384
Lease obligations	11,413	15,076
Accounts payable - other	249,301	141,571
Accrued expenses	417,010	633,345
Income taxes payable	493,336	836,619
Accrued consumption taxes	109,058	561,871
Advances received	6,759,701	8,877,562
Provision for bonuses	23,201	13,197
Provision for bonuses for directors (and other officers)	19,730	—
Provision for share awards	15,617	16,641
Provision for shareholder benefit program	198,788	—
Other provisions	2,304	2,472
Other	91,282	54,020
Total current liabilities	12,789,298	14,439,782
Non-current liabilities		
Long-term borrowings	925,594	485,104
Retirement benefit liability	394,384	397,012
Provision for share awards	14,821	—
Deferred tax liabilities	46,875	88,792
Long-term accounts payable - other	64,648	64,648
Lease obligations	11,074	26,760
Total non-current liabilities	1,457,399	1,062,319
Total liabilities	14,246,697	15,502,102
Net assets		
Shareholders' equity		
Share capital	528,629	1,666,485
Capital surplus	—	1,137,856
Retained earnings	3,633,061	4,771,446
Treasury shares	(442,697)	(413,584)
Total shareholders' equity	3,718,994	7,162,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241,699	255,478
Deferred gains or losses on hedges	14,618	8,929
Foreign currency translation adjustment	137,310	120,312
Total accumulated other comprehensive income	393,629	384,719
Share acquisition rights	77,097	91,497
Non-controlling interests	210,839	201,607
Total net assets	4,400,561	7,840,028
Total liabilities and net assets	18,647,258	23,342,130

(2) Interim consolidated statement of income and interim consolidated statement of comprehensive income

Interim Consolidated Statement of Income

	(Thousands of yen)	
	Six months ended June 30, 2025	Six months ended June 30, 2026
Net sales	10,000,990	15,907,920
Cost of sales	7,442,475	11,665,801
Gross profit	2,558,515	4,242,118
Selling, general and administrative expenses	1,873,490	2,045,945
Operating profit	685,025	2,196,173
Non-operating income		
Interest and dividend income	2,956	3,764
Foreign exchange gains	—	25,959
Subsidy income	5,296	7,054
Grant income	8,000	5,446
Other	3,225	10,819
Total non-operating income	19,478	53,045
Non-operating expenses		
Interest expenses	19,518	21,984
Guarantee commission	195	195
Foreign exchange losses	7,081	—
Share issuance costs	—	20,044
Miscellaneous losses	—	15,105
Other	33	733
Total non-operating expenses	26,828	58,063
Ordinary profit	677,675	2,191,155
Extraordinary income		
Gain on sales of investment securities	—	17,500
Total extraordinary income	—	17,500
Extraordinary losses		
Impairment loss	—	23,144
Total extraordinary losses	—	23,144
Profit before income taxes	677,675	2,185,510
Income taxes - current	304,028	804,112
Income taxes - deferred	(39,433)	(10,036)
Total income taxes	264,595	794,075
Profit	413,079	1,391,434
Profit attributable to non-controlling interests	10,317	29,890
Profit attributable to owners of parent	402,762	1,361,544

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Profit	413,079	1,391,434
Other comprehensive income		
Valuation difference on available-for-sale securities	940,738	13,778
Deferred gains or losses on hedges	(22,051)	(5,689)
Foreign currency translation adjustment	(51,862)	(23,377)
Total other comprehensive income	866,825	(15,288)
Comprehensive income	1,279,905	1,376,146
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,278,250	1,352,634
Comprehensive income attributable to non-controlling interests	1,654	23,511

(3) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	677,675	2,185,510
Depreciation	92,182	103,481
Amortization of goodwill	114,373	119,885
Share-based compensation expenses	6,681	14,399
Increase (decrease) in provision for share awards	(8,868)	(13,797)
Increase (decrease) in allowance for doubtful accounts	2,330	(521)
Increase (decrease) in provision for bonuses for directors (and other officers)	(10,540)	(19,730)
Increase (decrease) in retirement benefit liability	16,657	2,849
Increase (decrease) in provision for shareholder benefit program	—	(198,788)
Interest and dividend income	(2,956)	(3,764)
Interest expenses	19,518	21,984
Loss (gain) on sales of investment securities	—	(17,500)
Foreign exchange losses (gains)	(105,037)	(109,834)
Decrease (increase) in trade receivables	(603,267)	1,517,155
Decrease (increase) in accounts receivable - other	(104,366)	(363,219)
Decrease (increase) in inventories	(977,092)	1,835,917
Decrease (increase) in advance payments to suppliers	(248,896)	(274,751)
Increase (decrease) in trade payables	1,289,969	1,193,485
Increase (decrease) in advances received	804,471	2,112,145
Other	(151,579)	535,500
Subtotal	811,254	8,640,408
Interest and dividends received	2,956	3,764
Interest paid	(19,489)	(21,458)
Income taxes paid	(330,321)	(424,904)
Net cash provided by (used in) operating activities	464,399	8,197,810
Cash flows from investing activities		
Purchase of investment securities	(425)	(487)
Proceeds from sales of investment securities	—	20,000
Purchase of property, plant and equipment	(67,439)	(85,783)
Purchase of intangible assets	(31,634)	(4,332)
Payments of leasehold and guarantee deposits	(6,213)	(11,516)
Proceeds from refund of leasehold and guarantee deposits	558	283
Net cash provided by (used in) investing activities	(105,154)	(81,836)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	93,811	(1,850,481)
Repayments of long-term borrowings	(300,156)	(868,678)
Proceeds from issuance of shares	3	2,275,712
Proceeds from sales of treasury shares	15,038	17,227
Repayments of finance lease liabilities	(5,778)	(12,113)
Dividends paid	(189,878)	(222,214)
Dividends paid to non-controlling interests	—	(32,744)
Net cash provided by (used in) financing activities	(386,959)	(693,292)
Effect of exchange rate change on cash and cash equivalents	85,421	102,414
Net increase (decrease) in cash and cash equivalents	57,707	7,525,095
Cash and cash equivalents at beginning of period	4,066,365	2,535,199
Cash and cash equivalents at end of interim period	4,124,072	10,060,295

(4) Notes to Interim Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

By the public offering of new shares (general subscription) with a payment date of February 9, 2026, 4,600,000 common shares of the Company were issued, increasing share capital and capital surplus by 1,137,856 thousand yen each.

As a result, at the end of the interim consolidated accounting period under review, share capital was 1,666,485 thousand yen and capital surplus was 1,137,856 thousand yen.

(Notes on segment information, etc.)

The Group's business segment is a single segment of the IT solutions business, and therefore the disclosure of segment information has been omitted.

(Revenue recognition)

Information on disaggregation of revenue from contracts with customers

	(Thousands of yen)	
	Six months ended June 30, 2025	Six months ended June 30, 2026
Solution Products business	5,923,020	10,873,316
Solution Services business	4,077,970	5,034,604
Total	10,000,990	15,907,920

(Significant subsequent events)

Not applicable.