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Consolidated Financial Results for the Second Quarter (Semi-annual) Ended June 30, 2026

February 13, 2026

Company name: BrainPad Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3655
 URL: <https://www.brainpad.co.jp/english/>
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

1. Consolidated financial results for the six months ended December 31, 2025 (July 1, 2025 – December 31, 2025)

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

	Net sales		Operating profit		Ordinary profit		Profit attributed to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Dec 31, 2025	5,867	0.3	425	△56.8	425	△58.8	△270	—
Six months ended Dec 31, 2024	5,851	13.7	984	59.7	1,031	57.1	691	68.3

Note: Comprehensive income For the six months ended Dec 31, 2025: ¥(275) million [—]
 For the six months ended Dec 31, 2024: ¥697 million [69.0%]

	Basic earnings (loss) per share	Diluted earnings per share
Six months ended Dec 31, 2025	Yen △12.95	Yen —
Dec 31, 2024	32.28	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2025	7,846	5,315	67.7
June 30, 2025	7,518	5,765	76.7

Reference: Equity As of December 31, 2025: ¥5,315 million
 As of June 30, 2025: ¥5,765 million

2. Cash dividends

	Annual dividends per share				
	Fiscal year-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2025	—	0.00	—	8.00	8.00
Fiscal year ending June 30, 2026	—	0.00			
Fiscal year ending June 30, 2026 (forecast)			—	0.00	0.00

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

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

(Percentage figures are changes from the previous year)

	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	500	△53.0	23.91

Note: Revisions to the forecast of financial results most recently announced: No

(1) Changes in significant subsidiaries during the period: Yes

- Newly included: 2 companies (BrainPad AAA Inc., activecore, Inc.)
- Excluded: 0 companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

- (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 shares issued shares (common stock)

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

As of December 31, 2025	22,300,596 shares
As of Jun 30, 2025	22,300,596 shares

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

As of December 31, 2025	1,391,615 shares
As of June 30, 2025	1,409,037 shares

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

Six months ended December 31, 2025	20,895,549 shares
Six months ended December 31, 2024	21,414,855 shares

* Second Quarterly (Semi-annual) financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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. Qualitative Information for Financial Results for the First Nine Months (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information” on page 4.
2. Supplementary material on quarterly financial results are disclosed on TDnet on the same day.

○Table of Contents of Attachments

1. Qualitative Information for Financial Results for the First Six Month of the Fiscal Year Ending June 30, 2026
 - (1) Explanation of Operating Results
 - (2) Explanation of Financial Condition
 - (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information
2. Semi-annual consolidated financial statements and major notes
 - (1) Semi-annual Consolidated Balance Sheets
 - (2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income
 - Semi-annual Consolidated Statements of Income
 - Semi-annual Consolidated Statement of Comprehensive Income
 - (3) Semi-annual Consolidated Statements of Cash Flows
 - (4) Notes to Semi-annual Consolidated Financial Statements
 - (Notes Regarding Changes in the Scope of Consolidation or Application of the Equity Method)
 - (Notes to Segment Information, etc.)
 - (Notes in the event of significant changes in shareholders' equity)
 - (Notes on going concern assumption)
 - (Significant subsequent events)

1. Qualitative Information for Financial Results for the First Six Months of the Fiscal Year Ending June 30, 2026

(1) Qualitative Information for Financial Results for the First Six Months of the Fiscal Year Ending June 30, 2026

During the six months ended December 31, 2025, the Japanese economy trended toward a moderate recovery. While exports which had declined by U.S. tariff policies and housing investment which had sharply declined due to institutional changes turned toward a recovery, personal consumption and capital investment remained resilient. The domestic ICT services market continued its solid growth, driven by active demand for the modernization of existing systems across a wide range of industries and expanding system investments for DX (Digital Transformation), supported by a steady appetite for corporate capital investment.

Under these circumstances, the Group fundamentally overhauled its management policy and structure on July 1, 2023, and commenced operations based on its new medium-term management plan (covering the period from the fiscal year ended June 30, 2024, to the fiscal year ending June 30, 2026). The Group has positioned this three-year period as a "structural reform period." In the first year of the plan (ended June 30, 2024), we recovered the profit margin—the top priority—faster than initially anticipated. In the second year (ended June 30, 2025), we shifted the top priority to the expansion of business scale and sales growth, achieving both over 10% sales growth and the maintenance of the improved profit margin. Based on this steady progress, in the current consolidated fiscal year, which is the final year of the plan, we aim to complete the structural reform accompanied by the acceleration of sales growth through bold investments, including M&A.

For the current consolidated fiscal year, we have adopted a policy of investing in human resources by enhancing mid-career hiring and securing subcontracting partners to prepare for future sales expansion. During the six months ended December 31, 2025, the sales growth rate remained at the same level as the prior year's corresponding period. While the Product Business performed strongly, exceeding the initial plan, this was offset by the continuing impact of delays in new orders in the Professional Services Business that occurred in the fourth quarter of the previous consolidated fiscal year.

Regarding profit, while we consolidated BrainPad AAA Inc. and activecore, Inc. (a subsidiary specializing in BPaaS for marketing), these are currently in the up-front investment phase. Combined with flat sales growth, both profit amount and profit margin decreased compared to the prior year's corresponding period. However, we have optimized outsourcing costs relative to the sales outlook since the second quarter, leading to an improvement in the gross profit margin. Operating profit and ordinary profit for the period remain within the scope of the initial plan.

Note that following the tender offer for the Company's shares by Fujitsu Limited, we recorded an extraordinary loss of 716 million yen for advisory fees, legal fees, and other related expenses as tender offer-related expenses. This resulted in a significant decrease in profit attributable to owners of parent compared to the initial plan.

As a result, consolidated results were: net sales of 5,867,203 thousand yen (up 0.3% year-on-year), operating profit of 425,672 thousand yen (down 56.8% year-on-year), ordinary profit of 425,580 thousand yen (down 58.8% year-on-year), and an intermediate net loss attributable to owners of parent of 270,575 thousand yen (down 139.1% year-on-year).

The following is a summary of the results by reportable segment for the first six months of the fiscal year under review.

(Professional Services Business)

The professional service business aids customers in using data through data consulting and human support including data support and system development.

In the current consolidated fiscal year, this business aims to raise the sales growth rate to around 17%-18%. To achieve this goal, the business is operated with a focus on internal productivity reform utilizing AI and the refinement and sophistication of the in-house development support model as priority issues. Regarding the sales side for the first half of the current consolidated fiscal year, the impact of the delay in new orders that occurred in the fourth quarter of the previous consolidated fiscal year was not fully resolved, resulting in sales slightly below the prior year's corresponding period. On the profit front, while the strengthening of subcontracting partners in the first quarter was a factor in the decrease in profit, and the improvement of the gross profit margin through the optimization of outsourcing costs has been progressing since the second quarter, both segment profit amount and profit margin for the first half of the current consolidated fiscal year fell below the prior year's corresponding period. As a result, net sales amounted to 4,001,581 thousand yen (down 4.0% year-on-year) and segment profit amounted to 1,572,101 thousand yen (down 15.5% year-on-year).

(Product Business)

The Product Business assists client companies with data utilization through the provision of in-house and third-party products. In the current consolidated fiscal year, the sales growth rate for this business is planned at around 5%. The business is operated with a focus on the early monetization of new products and the AI agent business as priority issues, aiming to lead to sales expansion in the subsequent consolidated fiscal years and beyond. Regarding the sales side for the first half of the current consolidated fiscal year, net sales significantly exceeded the prior year's corresponding period, driven by the high growth rate of "Ligla," a product developed and offered by the consolidated subsidiary Time Technologies, Inc. On the profit front, both segment profit amount and segment profit margin fell below the prior year's corresponding period. This was primarily due to the increase in outsourcing costs from the strengthening of subcontracting partners, in addition to the consolidation of BrainPad AAA Inc. and activecore, Inc., which are in the up-front investment phase. As a result, net sales amounted to 1,870,421 thousand yen (up 11.1% year-on-year) and segment profit amounted to 259,665 thousand yen (down 47.5% year-on-year).

(2) Explanation of Financial Condition

(i) Analysis of Financial Condition

(Assets)

The balance of current assets at the end of the first half of the current consolidated fiscal year amounted to 5,182,309 thousand yen, a decrease of 69,233 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in cash and deposits of 166,465 thousand yen. The balance of non-current assets totaled 2,664,608 thousand yen, an increase of 397,367 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to increases in investments and other assets of 210,691 thousand yen, goodwill of 232,872 thousand yen, and software of 37,339 thousand yen, while property, plant and equipment decreased by 49,014 thousand yen. As a result, total assets increased by 328,134 thousand yen from the end of the previous consolidated fiscal year to 7,846,918 thousand yen.

(Liabilities)

The balance of current liabilities at the end of the first half of the current consolidated fiscal year amounted to 1,887,227 thousand yen, an increase of 330,554 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in accounts payable-trade of 41,492 thousand yen and an increase in accounts payable-other of 477,106 thousand yen.

The balance of non-current liabilities totaled 644,117 thousand yen, an increase of 447,735 thousand yen from the end of the previous consolidated fiscal year. This was primarily due to the occurrence of long-term borrowings of 471,213 thousand yen.

As a result, total liabilities increased by 778,289 thousand yen from the end of the previous consolidated fiscal year to 2,531,344 thousand yen.

(Net assets)

Total net assets at the end of the first half of the current consolidated fiscal year amounted to 5,315,573 thousand yen, a decrease of 450,154 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of 473,636 thousand yen, while there was an increase of 25,650 thousand yen due to the disposal of treasury shares.

As a result, the equity ratio was 67.7%.

(ii) Analysis of Cash Flows

The balance of cash and cash equivalents (hereinafter referred to as "funds") at the end of the first half of the current consolidated fiscal year amounted to 3,229,074 thousand yen, a decrease of 166,465 thousand yen from the end of the previous consolidated fiscal year.

The status of each cash flow and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 61,926 thousand yen (down 92.1% year-on-year). This was mainly due to the recording of tender offer-related expenses of 716,719 thousand yen, depreciation of 120,214 thousand yen, and amortization of goodwill of 76,591 thousand yen, while there was the recording of loss before income taxes of 316,639 thousand yen, income taxes paid of 324,635 thousand yen, and payments for tender offer-related expenses of 199,399 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 743,446 thousand yen (up 383.9% year-on-year). This was mainly due to purchase of shares of subsidiaries resulting in change in scope of consolidation of 317,558 thousand yen, purchase of investment securities of 186,153 thousand yen, and payments of leasehold and guarantee deposits of 166,098 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 332,774 thousand yen (compared to 170,631 thousand yen used in the same period of the previous year). This was mainly due to proceeds from long-term borrowings of 520,000 thousand yen, while there were dividends paid of 167,130 thousand yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information

The "Basic Policy for Economic and Fiscal Management and Reform 2025" and the "Grand Design and Action Plan for a New Form of Capitalism 2025 Revision," presented by the Japanese government in June 2025, advocate for promoting innovation such as AI and advancing strategic data policies by considering systems to promote data utilization for the growth of the Japanese economy. Concurrently, the shortage of domestic IT human resources to drive DX and data/AI utilization continues to be serious. Therefore, the Group's medium-term management plan (for the period ending June 30, 2024, to June 30, 2026) outlines a growth strategy that perceives the two-pronged management challenges—corporate investment in DX and data/AI utilization (demand side) and solving the IT human resource shortage supporting that promotion (supply side)—as business opportunities.

The Group aims to complete the structural reform accompanied by the acceleration of sales growth through bold investments, including M&A, in the current consolidated fiscal year, which is the final year of the plan. Accordingly, the full-year consolidated earnings forecast 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 500 million yen. Although the sales progress in the first half of the current consolidated fiscal year was slightly below plan, the sales pipeline for the third quarter and beyond is ample, and the profit trend is within the scope of the initial plan's assumptions. Therefore, there is no change to the full-year consolidated earnings forecast announced by the Company on January 27, 2026.

(The forecasts are based on information currently available to the Company and include potential risks and uncertainties. Therefore, actual results may differ from these forecasts due to changes in various factors, including the economic environment.)

2. Semi-annual consolidated financial statements and major notes

(1) Semi-annual Consolidated Balance Sheets

(Unit: thousand yen)

	As of June 30, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	3,395,540	3,229,074
Accounts receivable - trade	1,316,528	1,382,984
Electronically recorded monetary claims	40,810	22,220
Work in process	16,657	30,199
Prepaid expenses	459,515	506,354
Other	22,491	11,476
Total current assets	5,251,542	5,182,309
Non-current assets		
Property, plant and equipment	406,197	357,182
Intangible assets		
Software	137,236	174,575
Goodwill	294,924	527,796
Other	171,470	136,949
Total intangible assets	603,631	839,322
Investments and other assets	1,257,411	1,468,103
Total non-current assets	2,267,241	2,664,608
Total assets	7,518,783	7,846,918

(Unit: thousand yen)

	As of June 30, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	131,790	173,282
Current portion of long-term borrowings	—	80,364
Accounts payable - other	279,123	756,230
Accrued expenses	152,181	190,842
Income taxes payable	365,108	101,125
Contract liabilities	243,135	282,134
Provision for bonuses	161,681	190,769
Provision for bonuses for directors (and other officers)	9,992	24,723
Provision for loss on order received	6,130	—
Other	207,529	87,753
Total current liabilities	1,556,672	1,887,227
Non-current liabilities		
Long-term borrowings	—	471,213
Asset retirement obligations	148,558	148,706
Other	47,823	24,197
Total non-current liabilities	196,382	644,117
Total liabilities	1,753,054	2,531,344
Net assets		
Shareholders' equity		
Share capital	597,809	597,809
Capital surplus	574,509	577,425
Retained earnings	6,362,645	5,889,008
Treasury stocks	△1,776,699	△1,751,048
Total shareholders' equity	5,758,265	5,313,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,462	2,378
Total accumulated other comprehensive income	7,462	2,378
Total net assets	5,765,728	5,315,573
Total liabilities and net assets	7,518,783	7,846,918

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income
(Semi-annual Consolidated Statements of Income)

(Unit: thousand yen)

	Six months ended December 31,2024	Six months ended December 31,2025
Net sales	5,851,194	5,867,203
Cost of sales	3,005,841	3,240,968
Gross profit	2,845,353	2,626,234
Selling, general and administrative expenses	1,860,407	2,200,562
Operating profit	984,946	425,672
Non-operating income		
Interest and dividend income	197	2,478
Sales incentives received	5,145	4,899
Subsidy income	28,181	—
Share of profit of entities accounted for using equity method	14,020	1,920
Other	6,940	7,141
Total non-operating income	54,484	16,439
Non-operating expenses		
Interest expenses	—	2,365
Foreign exchange losses	895	1,004
Loss on investments in investment partnerships	6,568	6,778
Commission expenses	3	6,270
Other	6	113
Total non-operating expenses	7,474	16,531
Ordinary profit	1,031,956	425,580
Extraordinary losses		
Tender offer-related expenses	—	716,719
Other	0	25,500
Total extraordinary losses	0	742,219
Profit (loss) before income taxes	1,031,956	△316,639
Income taxes - current	384,624	73,211
Income taxes - deferred	△43,927	△119,274
Total income taxes	340,697	△46,063
Profit (loss)	691,259	△270,575
Profit attributable to noncontrolling interests	—	—
Profit (loss) attributable to owners of parent	691,259	△270,575

(Semi-annual Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

	Six months ended December 31,2024	Six months ended December 31,2025
Semi-annual net income (loss) or Semi-annual Profit (loss)	691,259	△270,575
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	5,865	△5,084
Total other comprehensive income	5,865	△5,084
Semi-annual comprehensive income (loss)	697,124	△275,660
(Breakdown)		
Comprehensive income (loss) attributable to owners of the parent	697,124	△275,660
Comprehensive income (loss) attributable to noncontrolling interests	—	—

(3) Semi-annual Consolidated Statements of Cash Flows

(Unit: thousand yen)

	Previous Semi-annual Consolidated fiscal Period	Current Semi-annual consolidated fiscal period
Cash flows from operating activities		
Profit (loss) before income taxes	1,031,956	△316,639
Depreciation	121,682	120,214
Amortization of goodwill	65,538	76,591
Increase (decrease) in provision for bonuses	128,274	28,668
Increase (decrease) in provision for bonuses for directors (and other officers)	3,991	14,731
Increase (decrease) in provision for loss on orders received	—	△6,130
Interest and dividend income	△197	△2,478
Interest expenses	—	2,365
Share of loss (profit) of entities accounted for using equity method	△14,020	△1,920
Loss (gain) on investments in investment partnerships	6,568	6,778
Tender offer-related expenses	—	716,719
Decrease (increase) in trade receivables	△221,878	△19,254
Decrease (increase) in inventories	△2,018	△13,541
Decrease (increase) in prepaid expenses	85,984	△53,001
Increase (decrease) in trade payables	35,646	42,386
Increase (decrease) in accounts payable - other	△146,144	△88,515
Increase (decrease) in accrued expenses	△64,244	32,009
Increase (decrease) in contract liabilities	△16,079	38,999
Other	50,949	7,867
Subtotal	1,066,010	585,848
Interest and dividends received	197	2,478
Interest paid	—	△2,365
Income taxes paid	△282,745	△324,635
Payments for tender offer-related expenses	—	△199,399
Net cash provided by (used in) operating activities	783,462	61,926
Cash flows from investing activities		
Purchase of property, plant and equipment	△5,867	△16,052
Purchase of intangible assets	△47,050	△57,583
Purchase of investment securities	△100,720	△186,153
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△317,558
Payments of leasehold and guarantee deposits	—	△166,098
Net cash provided by (used in) investing activities	△153,637	△743,446
Cash flows from financing activities		
Proceeds from long-term borrowings	—	520,000
Repayments of long-term borrowings	—	△20,091
Purchase of treasury shares	△27	—
Dividends paid	△170,600	△167,130
Other	△3	△3
Net cash provided by (used in) financing activities	△170,631	332,774
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	459,193	△348,744
Cash and cash equivalents at beginning of year	3,355,195	3,395,540
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	182,279
Cash and cash equivalents at end of period	3,814,388	3,229,074

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes Regarding Changes in the Scope of Consolidation or Application of the Equity Method)

(Significant Changes in the Scope of Consolidation)

From the semi-annual consolidated fiscal period under review, BrainPad AAA Inc. has been included in the scope of consolidation as its importance has increased. Additionally, activecore, Inc. has been included in the scope of consolidation from the semi-annual consolidated fiscal period under review, following the acquisition of its shares.

(Notes to Segment Information, etc.)

【Segment information】

I. The Previous Semi-annual Consolidated Fiscal Period (From July 1, 2024 To December 31, 2024)

1. Information on net sales and profit or loss by reportable segment

(Unit: thousand yen)

	Reportable Segment			Reportable Segment	Adjustment (Note 1)
	Professional Services Business	Product Business	Total		
Net sales					
Sales to external customers	4,167,474	1,683,720	5,851,194	—	5,851,194
Intersegment sales and transfers	300	—	300	△300	—
Total	4,167,774	1,683,720	5,851,494	△300	5,851,194
Segment profit	1,859,656	494,573	2,354,229	△1,369,283	984,946

(Notes) 1.The adjustment of segment profit includes corporate expenses of 1,369,283 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of selling, general and administrative expenses of the Group's sales and administrative departments, etc., which do not belong to any reportable segment.

2.Segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.

(Significant impairment losses on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. Semi-annual period ended December 31, 2025 (July 1, 2025 through December 31, 2025)

1. Information on net sales and profit or loss by reportable segment

(Unit: thousand yen)

	Reportable Segment			Adjustment (Note1)	Amount recorded in Semi-annual Consolidated statement of income (Note 2)
	Professional Services Business	Product Business	Total		
Net sales					
Sales to external customers	3,996,781	1,870,421	5,867,203	—	5,867,203
Intersegment sales and transfers	4,800	—	4,800	△4,800	—
Total	4,001,581	1,870,421	5,872,003	△4,800	5,867,203
Segment profit	1,572,101	259,665	1,831,766	△1,406,093	425,672

(Notes) 1.The adjustment of segment profit includes corporate expenses of 1,406,093 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of selling, general and administrative expenses of the Group's sales and administrative departments, etc., which do not belong to any reportable segment.

2.Segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant impairment losses on fixed assets)

Not applicable.

(Significant changes in the amount of goodwill)

In the semi-annual consolidated fiscal period under review, the amount of goodwill in the "Product Business" increased due to the acquisition of shares of activecore, Inc. and its inclusion in the scope of consolidation. The increase in the amount of goodwill due to this event was 309,463 thousand yen in the semi-annual consolidated fiscal period under review. Note that the amount of goodwill is a provisionally calculated amount as the allocation of the acquisition cost has not been completed as of the end of the semi-annual consolidated fiscal period under review.

(Significant gain on negative goodwill)

Not applicable.

3. Matters related to changes in reportable segments

From the semi-annual consolidated fiscal period under review, the Group has revised its method of classifying business segments following the reorganization effective July 1, 2025, and has changed a portion of the former "Professional Services Business" to the "Product Business." Segment information for the previous semi-annual consolidated fiscal period has been prepared and presented based on the revised classification method.

(Notes in the event of significant changes in shareholders' equity)

Not applicable.

(Notes on going concern assumption) Not applicable.

(Significant subsequent events)

(Share Consolidation, Abolition of the Provision on the Number of Shares Constituting One Unit, and Partial Amendment to the Articles of Incorporation)

The Company resolved at the Board of Directors meeting held on October 30, 2025, to express an opinion in support of the tender offer (hereinafter, the "Tender Offer") by Fujitsu Limited (hereinafter, the "Tender Offeror") for the Company's common shares (hereinafter, the "Company Shares") and to recommend that our shareholders tender their shares in the Tender Offer. The Tender Offer was conducted from October 31, 2025, to December 15, 2025, and the Tender Offeror came to own 18,044,811 Company Shares as of December 22, 2025 (the commencement date of settlement for the Tender Offer).

As the Tender Offeror was unable to acquire all of the Company Shares through the Tender Offer, the Company, upon request from the Tender Offeror, resolved at the Board of Directors meeting held on January 27, 2026, to hold an extraordinary general meeting of shareholders on February 26, 2026, and to submit proposals for a share consolidation in which 2,787,398 Company Shares will be consolidated into one share, the abolition of the provision on the number of shares constituting one unit, and a partial amendment to the Articles of Incorporation to the said extraordinary general meeting of shareholders, subject to approval by the shareholders at the said meeting.

If the share consolidation is carried out as planned, the Company Shares will be designated as stock to be delisted on February 26, 2026, in accordance with the delisting criteria of the Tokyo Stock Exchange, Inc., and are expected to be delisted as of March 17, 2026. The effective date of the share consolidation is scheduled for March 19, 2026. Upon the consolidation becoming effective, the total number of issued shares will be 7 shares, and the total number of authorized shares as of the effective date will be 28 shares.

For details, please refer to the "Notice Regarding the Share Consolidation, the Abolition of the Provision on the Number of Shares Constituting One Unit, and a Partial Amendment to the Articles of Incorporation" announced on January 27, 2026.

(Cancellation of Treasury Shares)

The Company resolved at the Board of Directors meeting held on January 27, 2026, to cancel its treasury shares pursuant to the provisions of Article 178 of the Companies Act, and hereby announces as follows. The cancellation of the treasury shares is subject to the condition that the proposal regarding the share consolidation with an effective date of March 19, 2026, as stated

in the Company's press release dated today titled "Notice Regarding the Share Consolidation, the Abolition of the Provision on the Number of Shares Constituting One Unit, and a Partial Amendment to the Articles of Incorporation," is approved as originally proposed at the extraordinary general meeting of shareholders scheduled to be held on February 26, 2026.

1. Class of shares to be cancelled

Common shares of the Company

2. Number of shares to be cancelled

1,468,388 shares (6.58% of the total number of issued shares before the cancellation)

3. Scheduled date of cancellation

March 18, 2026