

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2026
(Six Months Ended September 30, 2025)

[Japanese GAAP]

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Stock code: 3910

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Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2025

(April 1, 2025–September 30, 2025)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2025	1,531	1.6	2	–	5	–	(10)	–
Six months ended Sep. 30, 2024	1,506	34.8	(125)	–	(133)	–	(134)	–

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2025: (11) (–%)

Six months ended Sep. 30, 2024: (135) (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2025	(1.85)	–
Six months ended Sep. 30, 2024	(24.82)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2025	2,050	641	31.0
As of Mar. 31, 2025	2,440	674	27.3

Reference: Shareholders' equity (million yen) As of Sep. 30, 2025: 635 As of Mar. 31, 2025: 667

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2025	–	0.00	–	4.00	4.00
Fiscal year ending Mar. 31, 2026	–	0.00			
Fiscal year ending Mar. 31, 2026 (forecast)			–	8.00	8.00

Note: Revisions to the most recently announced dividend forecasts: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025–March 31, 2026)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	3,200	97.3	150	–	140	–	97	–	17.87

Note: Revisions to the most recently announced earnings forecasts: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting semi-annual consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of period (including treasury shares)

As of Sep. 30, 2025:	5,428,000 shares	As of Mar. 31, 2025:	5,428,000 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2025:	506 shares	As of Mar. 31, 2025:	506 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2025:	5,427,494 shares	Six months ended Sep. 30, 2024:	5,427,494 shares
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* This semi-annual financial report is not subject to review by certified public accountants or an auditing firm.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the MKSystem's management at the time the materials were prepared but are not promises by MKSystem regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Semi-Annual Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Semi-Annual Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending March 31, 2026 (hereinafter the “period under review”), the Japanese economy remained on a moderate recovery trend, supported by improvements in the employment and income environment, and by the effects of various policies, while the impact of U.S. trade policy is evident in certain industries, particularly the automotive sector. Meanwhile, downward pressure on the economy is being exerted due to the factors such as the impact of persistent price rises on consumer sentiment and heightened uncertainty stemming from fluctuations in financial capital markets. Therefore, it is necessary to continue monitoring the outlook going forward.

In the information service industry, where MKSystem Corporation and its group companies operate, the transitions toward business models based on cloud services and software as a service (SaaS) continue to progress, with the automation and optimization of business processes through integration with cutting-edge technologies such as generative AI and RPA accelerating rapidly. In addition, with a growing social demand for stronger privacy protection and compliance measures, providing both operational efficiency and advanced data analysis creates added value, becoming a key differentiator of competitive advantage.

Within the field of personnel and labor management, there are growing demand for strategic utilization of employee data, reflecting the rising trend of human capital management. In addition to streamlining core operations such as traditional payroll and attendance management, there is a demand for the development and provision of flexible and scalable services that contribute to solving multifaceted challenges such as improving engagement and preventing turnover.

Under the circumstance during the period under review, the Group focused on expanding sales of Shalom FOREVER, which was released in the previous fiscal year, and strived to promote upsells to higher-tier plans and cross-sells to other related products actively in response to customers’ needs. We will provide added values continuously and further enhance customer satisfaction by supporting them in enhancing operational efficiency and optimizing the utilization of human capital.

As a result, for the period under review, the Group reported net sales of 1,531 million yen (up 1.6% year on year), gross profit of 615 million yen (up 14.0%), operating profit of 2 million yen (compared with operating loss of 125 million yen for the same period of the previous fiscal year), ordinary profit of 5 million yen (compared with ordinary loss of 133 million yen for the same period of the previous fiscal year), and loss attributable to owners of parent of 10 million yen (compared with loss attributable to owners of parent of 134 million yen for the same period of the previous fiscal year). In addition, the return on equity (ROE), one of the KPIs for the Group, was at minus 1.5% (compared with minus 18.5% for the same period of the previous fiscal year) on a consolidated basis, and 7.6% (compared with minus 7.0% for the same period of the previous fiscal year) on a non-consolidated basis.

During the period under review, the consolidated operating profit turned to a surplus as a result of continuously implementing measures to improve the revenue structure, such as cost reductions and reviewing outsourcing expenses. This has led to an improvement in the Group's earnings structure. Meanwhile, the net loss attributable to owners of the parent persisted due to factors including the loss-making projects in the CuBe business in the first quarter, resulting from higher-than-expected outsourced development costs recorded.

The Group will strengthen its project management framework and further enhance cost control during the second half of the year. Furthermore, we expect to achieve profitability for the full year, as we anticipate that recording project sales in the second half that significantly exceed the scale of those in the first half.

Results by business segment were as follows.

The Shalom Business

We provide business software to support labor and social security attorney offices, labor insurance administration associations, and general corporations by facilitating their operations and processes for the social security insurance, labor insurance, and payroll calculation in our Shalom business. Our mainstay products include the following cloud services: Shalom series as our flagship product, MYNABOX series as a My Number management system, and eNEN as a web-based year-end adjustment filing system.

A growing number of companies as well as labor and social security attorney offices are more interested in introducing relevant systems, amid an increasing need for operational efficiency following the work-style reforms including teleworking. At the same time, the market environment remains severe, anticipating intensified price competition with succession of active entries of competitors in the market.

Under such difficult circumstance, the business recorded an operating profit, owing to the successful containment of server and support costs through the stable operation of Shalom FOREVER, released in the previous fiscal year. The Group will continue to strive to improve our earnings structure through new product development initiatives and efforts to reduce costs.

As a result, net sales of the segment amounted to 1,195 million yen (up 1.3% year on year), of which the ASP services under the subscription model amounted to 1,130 million yen (up 2.3%), and the system construction services amounted to 33 million yen (down 1.7%). The segment recorded operating profit of 80 million yen (compared with operating loss of 62 million yen for the same period of the previous fiscal year). The ratio of operating profit (loss) to net sales, one of the KPIs for the Group, came in at 6.7% (compared with minus 5.3% for the same period of the previous fiscal year).

The CuBe Business

We have been engaged in the contracted development of individually customized front-end systems for the personnel and general affairs divisions of large companies to improve their business processes. The CuBe Business also provides cloud services, GooooN, which focuses on the convenience to small- and medium- sized companies by leveraging our know-how gained through the contracted development of systems for large companies.

In the contracted development of front-end systems, orders for new projects by large companies and local governments have successfully increased. Due to factors such as loss caused by excess work hours beyond initial estimates in certain projects in the first quarter, the segment recorded an operating loss for the period under review. Given that profits tend to be concentrated in the second half of the fiscal year, we will strengthen our efforts to achieve profitability for the full year.

As a result, the segment recorded net sales of 341 million yen (up 2.9% year on year) and operating loss of 83 million yen (compared with operating loss of 68 million yen for the same period of the previous fiscal year). Operating loss of the CuBe Business reflects amortization of goodwill of 19 million yen.

(2) Explanation of Financial Position

Cash flows

The balance of cash and cash equivalents (hereinafter “net cash”) at the end of the period under review increased 70 million yen from the end of the previous fiscal year to 677 million yen. The details of cash flows during the period under review from each activity and the major components of changes are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 347 million yen (compared with net cash provided of 131 million yen for the same period of the previous fiscal year). Major positive factors include a decrease in trade receivable of 308 million yen and depreciation of 181 million yen. Major negative factors include decreases in trade payables of 70 million yen and accrued consumption taxes of 50 million yen.

Cash flows from investing activities

Net cash used in investing activities was 73 million yen (compared with cash used of 164 million yen for the same period of the previous fiscal year). Major negative factors include purchase of intangible assets of 69 million yen and purchase of property, plant and equipment of 3 million yen.

Cash flows from financing activities

Net cash used in financing activities was 203 million yen (compared with cash used of 173 million yen for the same period of the previous fiscal year). Major negative factors include repayments of long-term borrowings of

181 million yen and dividends paid of 21 million yen.

Financial Resources and Liquidity of Funds

The Group's policy is to secure liquidity through its own funds in principle, as capital expenditure and loan repayments are funded from cash generated by operating activities. However, the Group plans to borrow from financial institutions to finance working capital and large-scale capital investment where necessary.

Assets, Liabilities and Net Assets

Assets

The balance of current assets at the end of the period under review decreased 258 million yen from the end of the previous fiscal year to 1,254 million yen. This was mainly due to an increase of 70 million yen in cash and deposits, and decreases of 308 million yen in accounts receivable-trade and 25 million yen in work in progress.

The balance of non-current assets decreased 131 million yen from the end of the previous fiscal year to 796 million yen. This was mainly due to decreases of 73 million yen in software, 25 million yen in software in progress, and 19 million yen in goodwill.

As a result, the balance of total assets decreased 390 million yen from the end of the previous fiscal year to 2,050 million yen.

Liabilities

The balance of current liabilities at the end of the period under review decreased 177 million yen from the end of the previous fiscal year to 1,032 million yen. This was mainly due to decreases of 70 million yen in accounts payable-trade, 49 million yen in accrued consumption taxes, 34 million yen in advances received, and 25 million yen in accrued expenses.

The balance of non-current liabilities decreased 179 million yen from the end of the previous fiscal year to 377 million yen. This was mainly due to a decrease of 181 million yen in long-term borrowings.

As a result, the balance of total liabilities decreased 356 million yen from the end of the previous fiscal year to 1,409 million yen.

Net assets

The balance of shareholders' equity at the end of the period under review decreased 31 million yen from the end of the previous fiscal year to 635 million yen. This was mainly due to a decrease of 31 million yen in retained earnings.

Consequently, the balance of net assets decreased 33 million yen from the end of the previous fiscal year to 641 million yen.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2026 is based on the information stated in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Japanese GAAP)," on May 7, 2025.

Although the CuBe business recorded a loss during the period under review, we do not currently plan to revise our consolidated earnings forecast, as we anticipate recording project sales in the second half that significantly exceed the scale of those in the first half.

If the future development of business performance causes us to decide to revise the consolidated earnings forecasts for the fiscal year ending March 31, 2026, we will disclose them promptly.

2. Semi-Annual Consolidated Financial Statements and Notes**(1) Semi-Annual Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/25 (As of Mar. 31, 2025)	Second quarter of FY3/26 (As of Sep. 30, 2025)
Assets		
Current assets		
Cash and deposits	606,324	677,253
Accounts receivable-trade	811,363	502,563
Merchandise	4,283	8,464
Work in process	46,651	21,505
Supplies	560	605
Prepaid expenses	41,998	42,030
Other	1,970	2,038
Allowance for doubtful accounts	(158)	(344)
Total current assets	1,512,994	1,254,117
Non-current assets		
Property, plant and equipment		
Buildings, net	95,315	89,359
Vehicles, net	0	0
Tools, furniture and fixtures, net	22,400	16,906
Total property, plant and equipment	117,716	106,266
Intangible assets		
Software	553,913	480,224
Software in progress	30,444	4,717
Trademark right	395	279
Telephone subscription right	1,218	1,218
Goodwill	58,233	38,822
Total intangible assets	644,205	525,263
Investments and other assets		
Investments in capital	70	70
Guarantee deposits	156,859	156,789
Deferred tax assets	6,060	5,241
Distressed receivables	—	63
Other	3,049	2,881
Allowance for doubtful accounts	—	(63)
Total investments and other assets	166,039	164,982
Total non-current assets	927,961	796,512
Total assets	2,440,956	2,050,629

	(Thousands of yen)	
	FY3/25 (As of Mar. 31, 2025)	Second quarter of FY3/26 (As of Sep. 30, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	121,273	50,711
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	363,624	363,644
Accounts payable-other	124,561	99,483
Accrued expenses	15,178	15,840
Income taxes payable	20,364	22,663
Accrued consumption taxes	81,276	31,426
Advances received	100,588	66,488
Provision for bonuses	70,211	73,936
Other	13,000	8,132
Total current liabilities	1,210,080	1,032,327
Non-current liabilities		
Long-term borrowings	539,670	357,838
Retirement benefit liability	16,733	19,403
Total non-current liabilities	556,403	377,241
Total liabilities	1,766,483	1,409,568
Net assets		
Shareholders' equity		
Share capital	219,110	219,110
Capital surplus	202,122	202,122
Retained earnings	246,695	214,944
Treasury shares	(499)	(499)
Total shareholders' equity	667,428	635,678
Non-controlling interests	7,043	5,382
Total net assets	674,472	641,060
Total liabilities and net assets	2,440,956	2,050,629

(2) Semi-Annual Consolidated Statements of Income and Comprehensive Income**Semi-Annual Consolidated Statement of Income**

	(Thousands of yen)	
	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)	First six months of FY3/26 (Apr. 1, 2025–Sep. 30, 2025)
Net sales	1,506,432	1,531,048
Cost of sales	966,168	915,147
Gross profit	540,264	615,901
Selling, general and administrative expenses	665,293	613,649
Operating profit (loss)	(125,029)	2,251
Non-operating income		
Interest income	45	588
Dividend income	1	1
Insurance claim income	–	3,143
Rental income	20,046	21,913
Outsourcing service income	1,800	1,800
Other	2,095	2,126
Total non-operating income	23,987	29,572
Non-operating expenses		
Interest expenses	4,565	6,377
Rental costs	18,120	19,987
Miscellaneous losses	9,429	–
Other	621	167
Total non-operating expenses	32,735	26,532
Ordinary profit (loss)	(133,777)	5,291
Profit (loss) before income taxes	(133,777)	5,291
Income taxes-current	1,194	16,174
Income taxes-deferred	992	819
Total income taxes	2,186	16,993
Loss	(135,964)	(11,701)
Loss attributable to non-controlling interests	(1,278)	(1,661)
Loss attributable to owners of parent	(134,686)	(10,040)

Semi-Annual Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)	First six months of FY3/26 (Apr. 1, 2025–Sep. 30, 2025)
Loss	(135,964)	(11,701)
Comprehensive income	(135,964)	(11,701)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(134,686)	(10,040)
Comprehensive income attributable to non-controlling interests	(1,278)	(1,661)

(3) Semi-Annual Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)	First six months of FY3/26 (Apr. 1, 2025–Sep. 30, 2025)
Cash flows from operating activities		
Profit (loss) before income taxes	(133,777)	5,291
Depreciation	177,687	181,520
Amortization of goodwill	19,411	19,411
Increase (decrease) in retirement benefit liability	4,087	2,669
Increase (decrease) in provision for bonuses	(5,311)	3,725
Increase (decrease) in allowance for doubtful accounts	–	249
Interest and dividend income	(46)	(589)
Interest expenses	4,565	6,377
Decrease (increase) in trade receivables	1,559	308,736
Decrease (increase) in inventories	12,862	20,920
Increase (decrease) in trade payables	(7,628)	(70,562)
Increase (decrease) in accrued consumption taxes	37,562	(50,023)
Increase (decrease) in accounts payable-other	61,454	(22,206)
Other, net	(20,884)	(40,412)
Subtotal	151,542	365,108
Interest and dividends received	46	589
Interest paid	(4,565)	(6,377)
Income taxes paid	(15,079)	(11,631)
Net cash provided by (used in) operating activities	131,944	347,688
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,626)	(3,817)
Purchase of intangible assets	(155,070)	(69,592)
Other, net	–	69
Net cash provided by (used in) investing activities	(164,696)	(73,340)
Cash flows from financing activities		
Repayments of long-term borrowings	(152,214)	(181,812)
Dividends paid	(21,580)	(21,607)
Net cash provided by (used in) financing activities	(173,794)	(203,419)
Net increase (decrease) in cash and cash equivalents	(206,546)	70,928
Cash and cash equivalents at beginning of period	711,780	606,324
Cash and cash equivalents at end of period	505,233	677,253

(4) Notes to Semi-Annual Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)

Information related to net sales and profit for each reportable segment

(Thousands of yen)

	Shalom Business	CuBe Business	Total	Adjustment (Note)	Amounts recorded in semi-annual consolidated statement of income
Net sales					
External sales	1,179,381	327,051	1,506,432	–	1,506,432
Inter-segment sales and transfers	729	4,762	5,491	(5,491)	–
Total	1,180,110	331,813	1,511,923	(5,491)	1,506,432
Segment loss	(62,662)	(68,458)	(131,120)	6,091	(125,029)

Notes: 1. The adjustment to segment loss is the elimination of inter-segment transactions.

2. Segment loss is adjusted to be consistent with operating loss presented on the semi-annual consolidated statement of income.

First six months of FY3/26 (Apr. 1, 2025–Sep. 30, 2025)

Information related to net sales and profit/loss for each reportable segment

(Thousands of yen)

	Shalom Business	CuBe Business	Total	Adjustment (Note)	Amounts recorded in semi-annual consolidated statement of income
Net sales					
External sales	1,194,995	336,053	1,531,048	–	1,531,048
Inter-segment sales and transfers	17	5,454	5,472	(5,472)	–
Total	1,195,012	341,508	1,536,521	(5,472)	1,531,048
Segment profit (loss)	80,634	(83,447)	(2,812)	5,064	2,251

Notes: 1. The adjustment to segment profit (loss) is the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to be consistent with operating profit presented on the semi-annual consolidated statement of income.

This financial report is solely a translation of MKSystem's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.