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Consolidated Financial Results for the Six Months Ended July 31, 2025 [Under Japanese GAAP]



September 12, 2025

Company name: NEOJAPAN Inc.

Listing: Tokyo Stock Exchange

Securities code: 3921

URL: <https://www.neo.co.jp/en/>

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Scheduled date to file semi-annual securities report: September 12, 2025

Scheduled date to commence dividend payments: October 3, 2025

Preparation of supplementary material on financial results: Yes

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

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

1. Consolidated Financial Results for the Six Months Ended July 31, 2025 (February 1, 2025–July 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
July 31, 2025	3,973	18.0	1,250	47.4	1,294	44.4	889	47.6
July 31, 2024	3,366	4.4	847	40.8	896	38.4	602	25.0

(Note) Comprehensive income: Six months ended July 31, 2025: ¥866 million [37.3%]

Six months ended July 31, 2024: ¥631 million [33.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
July 31, 2025	63.53	63.42
July 31, 2024	42.49	42.40

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of July 31, 2025	9,849	6,835	69.3
As of January 31, 2025	9,240	6,313	68.3

(Reference) Equity: As of July 31, 2025: ¥6,828 million

As of January 31, 2025: ¥6,306 million

2. Cash dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2025	—	14.00	—	26.00	40.00
Fiscal year ending January 31, 2026	—	21.00			
Fiscal year ending January 31, 2026 (Forecast)			—	21.00	42.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2026 (February 1, 2025–January 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
	8,048	10.8	2,106	7.9	2,166	5.7	1,462	104.50

(Note) Revisions to the financial results forecasts most recently announced: None

* Notes:

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

Newly included: – (), Excluded: – ()

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

As of July 31, 2025: 14,086,400 shares

As of January 31, 2025: 14,073,200 shares

2) Total number of treasury shares at the end of the period:

As of July 31, 2025: 69,686 shares

As of January 31, 2025: 79,222 shares

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

Six months ended July 31, 2025: 13,997,567 shares

Six months ended July 31, 2024: 14,177,738 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Group and certain premises that the Group deems to be reasonable, and are not guarantees of future performance. Actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The Japanese economy in the six months ended July 31, 2025 continued on the gradual path to recovery against a backdrop of improving corporate earnings, employment and income. The economy is expected to continue its gradual recovery; however, there are certain factors which continuously require noting, including the trade policy in the U.S., continuous rising prices, and trends in financial markets.

The IT industry, to which the Group belongs, continues to witness an increase in software investment, and is expected to continue to see solid investments in IT on the back of corporate earnings improvement and labor shortages, among other factors.

Under such circumstances, regarding desknet's NEO, we started to provide "RoomMgr," a new cloud-based optional service for displaying meeting room reservations, in February 2025, and "Government Security Assessment Option," which is provided on a dedicated cloud platform based on the "Information system Security Management and Assessment Program (ISMAP)," in June 2025. In addition, we released desknet's NEO version 9.0 in March 2025, featuring a new "File Transfer" function for the cloud version that enables the transfer of large files via "desknet's Drive," a cloud storage service that provides standard capacity based on the number of contracted users. The Company also started providing an optional license for "desknet's Drive" for its package in June 2025. By using the "File Transfer," customers can easily, securely, and reliably send large files that are difficult to send by email.

In May 2025, our principal products of desknet's NEO and AppSuite were respectively selected for the Top 100 in the ITreview Best Software in Japan 2025, organized by IT product comparison and review website ITreview. In addition, in June 2025, our three principal products (desknet's NEO, AppSuite, and ChatLuck) received 11 awards in total across three categories in the BOXIL SaaS AWARD Summer 2025, organized by SMARTCAMP Co., Ltd., and in July 2025, our three principal products were respectively awarded "LEADER," the highest award, across four categories in the ITreview Grid Award 2025 Summer, organized by ITreview. Now desknet's NEO has received the award 25 consecutive times since 2019.

In March 2025, the Company was certified as one of the 2025 Outstanding Organizations of KENKO Investment for Health (large enterprise category ("White 500" enterprises)), which is jointly established by the Ministry of Economy, Trade and Industry and the NIPPON KENKO KAIGI. Now the Company has been certified as one of the Outstanding Organizations of KENKO Investment for Health for six consecutive years, and of "White 500" enterprises for the first time.

In addition, in June 2025, the Company concluded a basic agreement with Invest Johor, the investment promotion agency of the Malaysian state government of Johor, regarding strategic cooperation for the establishment of the Southeast Asian Centre of Excellence in the Iskandar region of the state.

As a result, for the six months ended July 31, 2025, the Company posted net sales of ¥3,973,783 thousand (up 18.0% year on year), operating profit of ¥1,250,207 thousand (up 47.4% year on year), ordinary profit of ¥1,294,914 thousand (up 44.4% year on year), and profit attributable to owners of parent of ¥889,213 thousand (up 47.6% year on year).

Operating results for the six months ended July 31, 2025 by segment are as follows.

Please note that, due to the expected increase in the importance of DELCUI Inc., a consolidated subsidiary, as an outsourcing partner for the Company's development, we have changed the method of reporting its results, which were previously included in the "Overseas business" segment, to including them in the "Software business" segment from the six months ended July 31, 2025.

For the details of changes in the method of calculating reportable segments, please refer to "2. Semi-annual Consolidated Financial Statements and Principal Notes (4) Notes to Semi-annual Consolidated Financial Statements (Notes on segment information, etc.) 2. Matters regarding changes in reportable segments, etc."

(Software business)

The Software business consists of businesses operated by the Company and its subsidiary, DELCUI Inc.
The status by business sector is indicated as follows.

Business sector	For the six months ended July 31, 2024		For the six months ended July 31, 2025		
	Net sales (Thousand yen)	Percentage breakdown (%)	Net sales (Thousand yen)	Percentage breakdown (%)	Change (%)
Cloud services	1,541,880	65.4	2,090,569	70.1	35.6
Packaged products	777,638	33.0	814,719	27.3	4.8
Technological development	39,000	1.6	75,600	2.6	93.8
Total	2,358,518	100.0	2,980,889	100.0	26.4

1) Cloud services

Net sales by principal cloud service are as follows.

	For the six months ended July 31, 2024	For the six months ended July 31, 2025	Change (Thousand yen)	Change (%)
	Net sales (Thousand yen)	Net sales (Thousand yen)		
desknet's NEO cloud (*1)	1,289,084	1,743,495	454,410	35.3
AppSuite cloud (*1)	107,531	182,174	74,642	69.4
ChatLuck cloud (*1)	39,868	46,453	6,585	16.5
Other monthly recurring revenue	91,154	90,348	(806)	(0.9)
Total monthly recurring revenue	1,527,639	2,062,471	534,832	35.0
Other services, etc.	14,240	28,097	13,857	97.3
Cloud services total	1,541,880	2,090,569	548,689	35.6

(*1) Regarding the set plan introduced from September 1, 2024, the revised price of the previous plan is used to calculate the prorated amount for each service.

Net sales of desknet's NEO cloud increased significantly by ¥454,410 thousand year on year to ¥1,743,495 thousand (up 35.3% year on year), due mainly to the effect of the price revisions implemented in the previous fiscal year (September 2024). The average number of users of the service during the six months ended July 31, 2025 was 84 users per company, which is in line with that in the same period of the previous fiscal year. The monthly churn rate (*2) is 0.34%, which is almost in line with 0.35% in the same period of the previous fiscal year prior to the price revisions. We will continue working to keep the rate at a low level.

Net sales of AppSuite cloud increased significantly by ¥74,642 thousand year on year to ¥182,174 thousand (up 69.4% year on year), due to an increase in the number of users and the effect of the price revisions implemented in the previous fiscal year. The sales of the set plan for the combined use of desknet's NEO cloud and AppSuite cloud at a reasonable price, which was introduced in the previous fiscal year (September 2024), remained strong, and as of July 31, 2025, the number of users of AppSuite cloud accounted for about 17% of the number of desknet's NEO cloud users, increasing by 5.0 percentage points from the same period of the previous fiscal year. We will continue striving to make the plan more appealing and increase the number of users.

Net sales of ChatLuck cloud increased by ¥6,585 thousand year on year to ¥46,453 thousand (up 16.5% year on year). Although this accounts for a small proportion of overall net sales, growth is expected in the field. We will therefore strive to expand the number of ChatLuck users who also use desknet's NEO by continuously

working to enhance functions. Other monthly recurring revenue decreased by ¥806 thousand year on year to ¥90,348 thousand (down 0.9% year on year), primarily due to a decrease in individual projects other than the principal services. Net sales of other services, etc. increased by ¥13,857 thousand year on year to ¥28,097 thousand (up 97.3% year on year). This was primarily due to an increase in sales of data migration services.

As a result, the overall net sales of cloud services increased by ¥548,689 thousand year on year to ¥2,090,569 thousand (up 35.6% year on year).

(*2) The churn rate for desknet's NEO cloud users is calculated by averaging the figures of "amount of MRR (*3) decreased during a month caused by cancellation of the service ÷ MRR at the end of the previous month" for the six months ended July 31, 2025.

(*3) MRR (Monthly Recurring Revenue) is calculated based on the monthly charge for continuously billed users as of the end of the target month or the total amount of 1/12 of the annual charge.

2) Packaged products

Net sales by principal packaged product (on-premises licenses and related services, etc.) are as follows.

	For the six months ended July 31, 2024	For the six months ended July 31, 2025	Change (Thousand yen)	Change (%)
	Net sales (Thousand yen)	Net sales (Thousand yen)		
desknet's NEO	84,822	101,363	16,541	19.5
AppSuite	38,450	46,480	8,029	20.9
ChatLuck	18,348	7,025	(11,322)	(61.7)
Other license sales	5,533	4,169	(1,364)	(24.7)
Total license sales	147,154	159,038	11,884	8.1
Support	452,860	533,914	81,053	17.9
Customization	47,045	32,168	(14,876)	(31.6)
Other services, etc.	130,578	89,597	(40,980)	(31.4)
Packaged products total	777,638	814,719	37,081	4.8

Net sales of desknet's NEO license increased by ¥16,541 thousand year on year to ¥101,363 thousand (up 19.5% year on year) and remained solid, due mainly to an increase in new and additional licenses for less than 1,000 users.

AppSuite license and ChatLuck license are often purchased simultaneously with desknet's NEO license. Net sales of AppSuite license increased by ¥8,029 thousand year on year to ¥46,480 thousand (up 20.9% year on year) and remained solid, due mainly to a significant increase in new licenses for less than 1,000 users. Net sales of ChatLuck license decreased by ¥11,322 thousand year on year to ¥7,025 thousand (down 61.7% year on year), due mainly to a decline in new licenses for 1,000 users or more. However, the sales were generally in line with the initial plan.

Net sales of support increased by ¥81,053 thousand year on year to ¥533,914 thousand (up 17.9% year on year). This was mainly because net sales of support for desknet's NEO increased by ¥67,388 thousand year on year to ¥439,010 thousand (up 18.1% year on year). Net sales of customization decreased by ¥14,876 thousand year on year to ¥32,168 thousand (down 31.6% year on year) mainly because of a decrease in the number of mid-sized projects from the same period of the previous fiscal year. Net sales of other services, etc. decreased by ¥40,980 thousand year on year to ¥89,597 thousand (down 31.4% year on year), mainly because sales and services of other companies' ID integrated management systems decreased.

As a result, the overall net sales of packaged products increased by ¥37,081 thousand year on year to

¥814,719 thousand (up 4.8% year on year).

3) Technological development

Our policy is not to actively accept development contracts. However, net sales of technological development increased by ¥36,600 thousand year on year to ¥75,600 thousand (up 93.8% year on year). This was mainly because of an increase in sales associated with ongoing projects from the past.

As a result, the software business posted net sales of ¥2,980,889 thousand (up 26.4% year on year) and segment profit of ¥1,262,457 thousand (up 47.2% year on year).

(System development service business)

The system development service business consists of businesses operated by our subsidiary, Pro-SPIRE Inc., develops engineers based on the cloud integration and system integration know-how it cultivated over the years, and mainly provides system engineering services that meet new customer needs by taking advantage of cutting-edge technologies.

For the six months ended July 31, 2025, net sales decreased by ¥39,987 thousand year on year to ¥963,052 thousand, due mainly to downsizing of projects for existing customers. Cost of sales decreased by ¥47,466 thousand overall, due mainly to a reduction in outsourcing expenses, despite an increase in personnel expenses resulting from the increased number of personnel. Selling, general and administrative expenses increased by ¥9,275 thousand due to an increase in personnel expenses.

As a result, the system development service business posted net sales of ¥963,052 thousand (down 4.0% year on year) and segment profit of ¥29,120 thousand (down 5.8% year on year).

(Overseas business)

The overseas business consists of businesses of three subsidiaries in the ASEAN region, primarily providing cloud services of desknet's NEO and AppSuite to local companies.

For the six months ended July 31, 2025, net sales increased by ¥22,786 thousand year on year to ¥36,428 thousand, as a result of efforts such as training our sales staff to enhance their sales capabilities, raising awareness by opening booths at exhibitions, and developing new sales agents. Regarding the Philippines subsidiary established in the previous fiscal year, which posted sales lower than the initial plan, we will focus on penetrating local company networks while reviewing the management structure.

As a result, the overseas business posted net sales of ¥36,428 thousand (up 167.0% year on year) and segment loss of ¥41,420 thousand (segment loss of ¥41,715 thousand for the same period of the previous fiscal year).

(2) Analysis of Financial Position

[1] Status of assets, liabilities, and net assets

(Assets)

Total assets as of July 31, 2025 increased by ¥608,715 thousand from the end of the previous fiscal year to ¥9,849,077 thousand. This was mainly due to increases of ¥601,641 thousand in cash and deposits and of ¥61,413 thousand in other under current assets resulting mainly from an increase in pre-paid usage fees for partner services, while accounts receivable and contract assets decreased by ¥46,125 thousand.

(Liabilities)

Total liabilities as of July 31, 2025 increased by ¥86,911 thousand from the end of the previous fiscal year to ¥3,013,386 thousand. This was mainly due to an increase of ¥200,492 thousand in contract liabilities such as cloud services, while other under current liabilities decreased by ¥55,040 thousand resulting mainly from a decrease of ¥45,448 thousand in accrued consumption taxes, income taxes payable decreased by ¥33,599 thousand, and provision for bonuses decreased by ¥27,825 thousand.

(Net assets)

Total net assets as of July 31, 2025 increased by ¥521,804 thousand from the end of the previous fiscal year to ¥6,835,691 thousand. This was mainly due to a recording of ¥889,213 thousand in profit attributable to owners of parent, while retained earnings increased by ¥525,369 thousand as a result of the payment of a dividend of surplus of ¥363,843 thousand.

[2] Status of cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of July 31, 2025 were ¥5,985,933 thousand, an increase of ¥606,272 thousand compared with the end of the previous fiscal year.

The status of cash flows and their factors in the six months ended July 31, 2025 are as follows.

(Cash flows from operating activities)

Cash provided by operating activities amounted to ¥1,173,393 thousand. This was mainly due to an increase of cash resulting from the recording of profit before income taxes of ¥1,294,914 thousand, an increase of ¥200,419 thousand in contract liabilities, and the recording of depreciation of ¥164,294 thousand, despite a decrease of cash resulting from income taxes paid of ¥439,295 thousand.

(Cash flows from investing activities)

Cash used in investing activities amounted to ¥188,713 thousand. This was mainly due to a decrease of cash due to purchase of intangible assets of ¥136,771 thousand and purchase of property, plant and equipment of ¥66,281 thousand.

(Cash flows from financing activities)

Cash used in financing activities amounted to ¥362,994 thousand. This was mainly due to dividends paid of ¥363,693 thousand.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has made no changes to the full-year consolidated financial results forecast announced in “Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 [Japanese GAAP]” dated March 13, 2025, because although there is continuous uncertainty about the impact of U.S. tariff policies, we consider that there will be no significant impact at this point.

We will promptly disclose any revisions to our financial results forecasts if necessary.

The consolidated financial results forecast was prepared based on currently available information, and actual consolidated financial results may vary from the forecast due to various reasons.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2025	As of July 31, 2025
Assets		
Current assets		
Cash and deposits	5,396,914	5,998,555
Accounts receivable and contract assets	904,740	858,614
Securities	154,052	162,283
Supplies	2,687	2,238
Other	113,322	174,735
Allowance for doubtful accounts	(1,594)	(4,165)
Total current assets	6,570,121	7,192,262
Non-current assets		
Property, plant and equipment	89,200	104,736
Intangible assets		
Goodwill	64,545	57,630
Other	325,364	307,075
Total intangible assets	389,910	364,705
Investments and other assets		
Investment securities	1,540,928	1,518,349
Other	650,560	669,657
Allowance for doubtful accounts	(359)	(633)
Total investments and other assets	2,191,129	2,187,373
Total non-current assets	2,670,240	2,656,815
Total assets	9,240,361	9,849,077

(Thousand yen)

	As of January 31, 2025	As of July 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	152,397	149,111
Income taxes payable	458,844	425,244
Contract liabilities	1,301,743	1,502,235
Provision for bonuses	142,395	114,569
Other	459,398	404,357
Total current liabilities	2,514,779	2,595,519
Non-current liabilities		
Retirement benefit liability	384,159	390,306
Other	27,535	27,559
Total non-current liabilities	411,695	417,866
Total liabilities	2,926,474	3,013,386
Net assets		
Shareholders' equity		
Share capital	297,846	298,922
Capital surplus	287,846	293,440
Retained earnings	5,699,099	6,224,469
Treasury shares	(87,561)	(75,479)
Total shareholders' equity	6,197,231	6,741,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	96,149	79,177
Foreign currency translation adjustment	13,222	7,878
Total accumulated other comprehensive income	109,372	87,055
Non-controlling interests	7,282	7,282
Total net assets	6,313,886	6,835,691
Total liabilities and net assets	9,240,361	9,849,077

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

(Thousand yen)

	For the six months ended July 31, 2024	For the six months ended July 31, 2025
Net sales	3,366,193	3,973,783
Cost of sales	1,500,397	1,682,810
Gross profit	1,865,795	2,290,973
Selling, general and administrative expenses	1,017,880	1,040,766
Operating profit	847,915	1,250,207
Non-operating income		
Interest income	34,842	33,265
Gain on sale of securities	3,904	–
Foreign exchange gains	5,901	–
Other	8,034	19,785
Total non-operating income	52,683	53,051
Non-operating expenses		
Interest expenses	18	48
Loss on investments in investment partnerships	1,397	–
Organization expenses	2,513	–
Foreign exchange losses	–	6,056
Loss on extinguishment share-based compensation expenses	–	1,739
Other	109	498
Total non-operating expenses	4,039	8,343
Ordinary profit	896,559	1,294,914
Profit before income taxes	896,559	1,294,914
Income taxes	294,187	405,701
Profit	602,371	889,213
Profit attributable to owners of parent	602,371	889,213

Semi-annual Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the six months ended July 31, 2024	For the six months ended July 31, 2025
Profit	602,371	889,213
Other comprehensive income		
Valuation difference on available-for-sale securities	30,997	(16,971)
Foreign currency translation adjustment	(1,816)	(5,344)
Total other comprehensive income	29,181	(22,316)
Comprehensive income	631,552	866,896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	631,552	866,896

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended July 31, 2024	For the six months ended July 31, 2025
Cash flows from operating activities		
Profit before income taxes	896,559	1,294,914
Depreciation	120,706	164,294
Amortization of goodwill	6,915	6,915
Increase (decrease) in allowance for doubtful accounts	184	2,757
Increase (decrease) in provision for bonuses	(9,959)	(27,825)
Increase (decrease) in retirement benefit liability	2,154	6,147
Interest and dividend income	(34,842)	(33,265)
Interest expenses	18	48
Foreign exchange losses (gains)	(5,757)	4,747
Loss (gain) on sale of securities	(3,904)	–
Loss (gain) on investments in investment partnerships	1,397	(9,767)
Decrease (increase) in accounts receivable - trade, and contract assets	(21,373)	46,347
Decrease (increase) in inventories	232	448
Decrease (increase) in prepaid expenses	(13,950)	(56,650)
Increase (decrease) in trade payables	(718)	(3,286)
Increase (decrease) in accounts payable - other	(16,991)	14,733
Increase (decrease) in accrued expenses	13,276	10,711
Increase (decrease) in accrued consumption taxes	18,218	(49,700)
Increase (decrease) in deposits received	12,248	13,048
Increase (decrease) in contract liabilities	185,133	200,419
Other, net	595	77
Subtotal	1,150,141	1,585,115
Interest and dividends received	23,360	27,854
Interest paid	(18)	(280)
Income taxes paid	(236,211)	(439,295)
Net cash provided by (used in) operating activities	937,271	1,173,393
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,182)	(66,281)
Proceeds from sale of property, plant and equipment	128	–
Purchase of intangible assets	(149,798)	(136,771)
Purchase of investment securities	(537,499)	–
Proceeds from sale of investment securities	371,511	–
Proceeds from distributions from investment partnerships	7,500	20,000
Payments into time deposits	(3,600)	(3,600)
Payments of leasehold and guarantee deposits	(41,240)	(450)
Purchase of insurance funds	(7,748)	(7,817)
Proceeds from maturity of insurance funds	1,275	6,604
Other, net	(587)	(397)
Net cash provided by (used in) investing activities	(361,243)	(188,713)

(Thousand yen)

	For the six months ended July 31, 2024	For the six months ended July 31, 2025
Cash flows from financing activities		
Proceeds from issuance of shares	586	2,151
Purchase of treasury shares	(951,199)	—
Dividends paid	(341,023)	(363,693)
Other, net	(594)	(1,452)
Net cash provided by (used in) financing activities	(1,292,231)	(362,994)
Effect of exchange rate change on cash and cash equivalents	8,233	(15,412)
Net increase (decrease) in cash and cash equivalents	(707,969)	606,272
Cash and cash equivalents at beginning of period	5,240,215	5,379,660
Cash and cash equivalents at end of period	4,532,245	5,985,933

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes” and other standards)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022), and “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the six months ended July 31, 2025. These changes in accounting policies do not affect the semi-annual consolidated financial statements.

(Notes in case of significant changes in shareholders’ equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting for profit before income taxes in the fiscal year that includes the six months ended July 31, 2025, and multiplying profit before income taxes by the estimated effective tax rate.

(Notes on segment information, etc.)

[Segment information]

I. For the six months ended July 31, 2024

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

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in semi-annual consolidated statements of income (Note 2)
	Software business	System development service business	Overseas business	Total		
Net sales						
Net sales to outside customers	2,355,811	996,740	13,641	3,366,193	—	3,366,193
Intersegment net sales or transfers	2,707	6,300	—	9,007	(9,007)	—
Total	2,358,518	1,003,040	13,641	3,375,200	(9,007)	3,366,193
Segment profit (loss)	857,621	30,917	(41,715)	846,824	1,090	847,915

(Notes) 1. The segment profit (loss) adjustment of ¥1,090 thousand represents elimination of intersegment transactions.

2. Segment profit (loss) was adjusted based on operating profit reported on the semi-annual consolidated statements of income.

II. For the six months ended July 31, 2025

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

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in semi-annual consolidated statements of income (Note 2)
	Software business	System development service business	Overseas business	Total		
Net sales						
Net sales to outside customers	2,975,744	961,611	36,428	3,973,783	—	3,973,783
Intersegment net sales or transfers	5,145	1,441	—	6,586	(6,586)	—
Total	2,980,889	963,052	36,428	3,980,370	(6,586)	3,973,783
Segment profit (loss)	1,262,457	29,120	(41,420)	1,250,157	49	1,250,207

(Notes) 1. The segment profit (loss) adjustment of ¥49 thousand represents elimination of intersegment transactions.

2. Segment profit (loss) was adjusted based on operating profit reported on the semi-annual consolidated statements of income.

2. Matters regarding changes in reportable segments, etc.

We have revised our results management sectors and changed the method of reporting the results of DELCUI Inc., a consolidated subsidiary, which were previously included in the “Overseas business” segment, to including them in the “Software business” segment from the six months ended July 31, 2025.

The segment information for the six months ended July 31, 2024 was prepared using the new classification method.

(Revenue recognition accounting)

Disaggregation of revenue from contracts with customers

For the six months ended July 31, 2024

(Thousand yen)

	Reportable segment			Total
	Software business	System development service business	Overseas business	
Recurring revenue (Note 1)	1,980,950	941,607	10,628	2,933,186
One-time revenue (Note 2)	374,861	55,132	3,012	433,006
Revenue from contracts with customers	2,355,811	996,740	13,641	3,366,193
Net sales to outside customers	2,355,811	996,740	13,641	3,366,193

(Notes) 1. Main contents of recurring revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from usage fees for cloud services provided, packaged software support fees, ASP license fees, etc.	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts (including contracts covering 12 months or longer through the renewal of contracts) under which sales are recognized for the same customer for consecutive 12 months or longer immediately before the last day of each accounting period	Over a certain period of time

2. Main contents of one-time revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from packaged products license fees	At a point in time
	Revenue from service contracts such as product customization and services including product installation, data migration and education	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts and service contracts, which does not fall under the category of recurring revenue	Over a certain period of time

For the six months ended July 31, 2025

(Thousand yen)

	Reportable segment			Total
	Software business	System development service business	Overseas business	
Recurring revenue (Note 1)	2,594,769	924,695	20,478	3,539,943
One-time revenue (Note 2)	380,974	36,916	15,949	433,840
Revenue from contracts with customers	2,975,744	961,611	36,428	3,973,783
Net sales to outside customers	2,975,744	961,611	36,428	3,973,783

(Notes) 1. Main contents of recurring revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from usage fees for cloud services provided, packaged software support fees, ASP license fees, etc.	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts (including contracts covering 12 months or longer through the renewal of contracts) under which sales are recognized for the same customer for consecutive 12 months or longer immediately before the last day of each accounting period	Over a certain period of time

2. Main contents of one-time revenue are as follows.

Segment	Main contents	When to recognize revenue
Software business and overseas business	Revenue from packaged products license fees	At a point in time
	Revenue from service contracts such as product customization and services including product installation, data migration and education	Over a certain period of time
System development service business	Revenue from quasi-entrustment contracts and dispatching contracts and service contracts, which does not fall under the category of recurring revenue	Over a certain period of time

3. From the six months ended July 31, 2025, we have changed the classification method of reportable segments, and the information for the six months ended July 31, 2024 was prepared using the new classification method. The details are as shown in “2. Semi-annual Consolidated Financial Statements and Principal Notes (4) Notes to Semi-annual Consolidated Financial Statements (Notes on segment information, etc.) 2. Matters regarding changes in reportable segments, etc.”

(Significant subsequent events)

Not applicable.