

Translation

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Summary of Consolidated Financial Results
for the Fiscal Year Ended December 31, 2025
(Based on IFRS)

February 13, 2026

Company name: ORO Co., Ltd
 Stock exchange listing: TSE
 Stock code: 3983 URL <https://www.oro.com>
 Representative: Atsushi Kawata, Representative Director, President and CEO
 Yasuhisa Hino, Director and Senior Managing Executive Officer, and General Manager
 Inquiries: for Corporate Department TEL: +81-3-5724-7001
 Scheduled date to hold ordinary general meeting of shareholders: March 24, 2026
 Scheduled date to file Annual Securities Report: March 19, 2026
 Scheduled date to commence dividend payments: March 27, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Fiscal Year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended December 31, 2025	8,307	5.2	2,649	(2.6)	2,656	(7.0)	1,895	(8.5)
Fiscal Year ended December 31, 2024	7,899	12.3	2,720	6.8	2,856	9.7	2,070	13.2
	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	Millions of yen	%	Millions of yen	%	Yen		Yen	
Fiscal Year ended December 31, 2025	1,896	(8.5)	1,890	(9.5)	120.25		-	
Fiscal Year ended December 31, 2024	2,072	12.9	2,088	12.8	128.56		-	
	Ratio of net income to equity attributable to owners of the parent		Ratio of income before income taxes to total assets		Ratio of operating income to revenue			
	%		%		%			
Fiscal Year ended December 31, 2025	18.4		19.4		31.9			
Fiscal Year ended December 31, 2024	21.6		22.0		34.4			

Reference: Share of profit or loss of entities accounted for using equity method: Fiscal Year Ended December 31, 2025: -million yen
 Fiscal Year Ended December 31, 2024: -million yen

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2025	13,747	10,353	10,357	75.3	664.60
As of December 31, 2024	13,590	10,281	10,283	75.7	641.09

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended December 31, 2025	2,018	(101)	(1,768)	10,058
Fiscal Year ended December 31, 2024	2,490	(163)	(1,183)	9,903

2. Cash dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends / net assets (consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Fiscal year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year ended December 31, 2024	-	0.00	-	35.00	35.00	561	27.2	5.9
Fiscal Year ended December 31, 2025	-	0.00	-	50.00	50.00	779	41.6	7.7
Fiscal Year ending December 31, 2026 (Forecasts)	-	25.00	-	25.00	50.00		36.3	

3. Forecast of consolidated financial results for the year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

Percentages indicate changes from the same period of the previous year

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen						
Six months ending June 30, 2026	4,654	19.6	1,384	15.1	1,400	28.3	1,014	33.8	1,014	34.4	65.09
Full year	9,572	15.2	2,930	10.6	2,964	11.6	2,147	13.3	2,147	13.2	137.81

(1) Changes in significant changes in scope of consolidation: None

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

Changes in accounting principles required by IFRS: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

(3) Number of issued shares (common shares)

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

As of December 31, 2025	15,949,053 shares	As of December 31, 2024	16,156,453 Shares
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Number of treasury shares at the end of the period

As of December 31, 2025	365,031 shares	As of December 31, 2024	115,305 Shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Fiscal Year ended December 31, 2025	15,773,419 shares	Fiscal Year ended December 31, 2024	16,123,909 shares
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Reference: Non-consolidated results

1. Non-consolidated operating results and financial position of the fiscal 2025 (January 1, 2025 – December 31, 2025)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended December 31, 2025	7,861	5.0	2,504	(3.6)	2,610	(7.7)	1,893	(8.8)
Fiscal Year ended December 31, 2024	7,483	11.5	2,597	7.0	2,829	3.5	2,074	5.3
	Profit per share		Profit per share after full dilution					
	Yen		Yen					
Fiscal Year ended December 31, 2025	120.01		-					
Fiscal Year ended December 31, 2024	128.69		-					

(2) Non-consolidated financial position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2025	12,584	9,977	79.3	640.24
As of December 31, 2024	12,719	9,901	77.8	617.27

Reference: Equity capital As of December 31, 2025: 9,977 million yen As of December 31, 2024: 9,901million yen

* These Consolidated basic Results are not included in the scope of audits by certified public accountants or audit corporations.

* Explanation concerning appropriate use of the earnings forecast and other matters to note

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements contained in this document are based on information available at the time of this document's preparation and on certain assumptions that are deemed to be reasonable. These forward-looking statements do not guarantee future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

(Method of obtaining supplementary materials to financial results)

The Company plans to hold a briefing for institutional investors and analysts online. The supplementary materials for the financial results to be used in this briefing will be disclosed on TDnet and the Company's website on the same day.

1. Overview of operating results	
(1) Overview of full-year results for the fiscal year ended December 31, 2025	5
(2) Overview of financial position for the fiscal year ended December 31, 2025	5
(3) Overview of cash flows for the fiscal year ended December 31, 2025	6
(4) Future outlook	7
(5) Basic policy on profit distribution and dividends for the current and next fiscal year	8
2. Basic policy for selection of accounting standards	8
3. Consolidated financial statement and key notes	9
(1) Consolidated statement of financial position	9
(2) Consolidated statement of income and consolidated statement of comprehensive income	11
Consolidated statement of income	11
Consolidated statement of comprehensive income	12
(3) Consolidated statement of changes in equity	13
(4) Consolidated statements of cash flows	14
(5) Notes on consolidated financial statements	15
(Note on the going-concern assumption)	15
(Segment information)	15
(Revenue)	17
(Information per share)	18
(Significant subsequent events)	18

1. Overview of operating results

(1) Overview of full-year results for the fiscal year ended December 31, 2025

For the fiscal year spanning January 1, 2025, to December 31, 2025, the Japanese economy has been gradually recovering overall, driven by an increase in service demand and inbound tourism, as well as growth in capital investment, including software, despite some areas experiencing stagnation. However, uncertainties persist due to ongoing inflation, geopolitical risks, concerns over overseas economies, and fluctuations in financial markets.

In the domestic information services sector, the demand for cloud services in corporate systems has been continuously increasing. Additionally, as enterprises pursue digital transformation (DX), there's a growing demand for information systems that offer superior cost efficiency and convenience for enhancing productivity and operational efficiency.

In the internet industry, while the DX trend continues to reshape existing business models and industry structures, primarily among major players, the advertising market is evolving to include not just a digital shift in media but also an integrated approach to customer engagement that incorporates traditional legacy media.

Against this backdrop, our group has maintained its integrated manufacturing and sales system, offering cloud services and supporting company marketings. Our cloud solution business's flagship products, Cloud ERP "ZAC" and "Reforma PSA," have seen stable growth and contributed significantly to our performance, demanded broadly across sectors that require project management. In our marketing solutions business, we have provided a range of solutions to support clients in implementing their marketing strategies by translating these strategies into actionable tactics, including strategy formulation, management, and performance evaluation of web advertising based on data analytics, creation of websites and digital content, and planning and development of applications and SNS strategy. Efforts have also been made to enhance corporate value sustainably by acquiring new clients, deepening relationships with key accounts, investing in marketing initiatives and research and development, as well as bolstering recruitment.

Consequently, the consolidated results for this fiscal year were as follows: revenues reached 8,307,953 thousand yen (an increase of 5.2% year-on-year), operating profit was 2,649,270 thousand yen (a decrease of 2.6% year-on-year), profit before tax stood at 2,656,671 thousand yen (a decrease of 7.0% year-on-year), and profit attributable to owners of parent was 1,896,738 thousand yen (a decrease of 8.5% year-on-year).

Segment-wise performance is detailed as follows:

(a) Cloud Solutions Business

In the current fiscal year, the number of new contracts for "ZAC" reached 82 (an increase of 14 year-on-year), showing a recovery in the acquisition of small clients which had stagnated since the fiscal year ended December 31, 2023. While the acquisition of medium clients fell below the initial plan, maintenance fees, SaaS fees, and other monthly service fees grew steadily. Furthermore, the trend of increasing large client acquisitions continued from the previous year. We also made progress in proposing transitions to new environments for existing customers, which led to growth in revenue from ZAC implementation support and customization during the second half of the year. As a result, revenue was 5,664,295 thousand yen (up 14.9% year-on-year), and segment profit was 2,498,593 thousand yen (up 15.6% year-on-year).

(b) Marketing Solutions Business

For the current fiscal year, we initially forecasted a decline in revenue from a certain major client due to reduced advertising budgets. Although we developed the initial plan expecting conditions to improve in the second half, actual business conditions failed to recover throughout the latter half of the year. As a result, revenue was 2,643,657 thousand yen (down 11.0% year-on-year), and segment profit was 148,192 thousand yen (down 73.4% year-on-year).

(2) Overview of financial position for the fiscal year ended December 31, 2025

Assets

Total assets at the end of the current fiscal year increased by 157,185 thousand yen from the previous fiscal year-end to 13,747,370 thousand yen. This was primarily due to increases of 154,916 thousand yen in cash and cash equivalents and 233,182 thousand yen in property, plant and equipment, partially offset by a 114,347 thousand yen decrease in deferred tax assets.

Liabilities

Total liabilities at the end of the current fiscal year increased by 85,405 thousand yen from the previous fiscal year-end to 3,393,964 thousand yen. The primary factor was a 351,233 thousand yen decrease in contract liabilities. This decrease resulted from the continued revenue recognition of ZAC

license fees that were collected upfront at contract inception under the one-time purchase-type contract (which has been phased out since January 2023).

Equity

Total equity at the end of the fiscal year ended December 31, 2025 increased by 71,780 thousand yen from the end of the previous fiscal year to 10,353,405 thousand yen. This was mainly because of a 1,896,738 thousand yen increase of retained earnings due to the recording of profit attributable to owners of the parent, a 1,276,018 thousand yen for the acquisition of treasury shares, which was partially offset by a 561,440 thousand yen decrease of retained earnings due to the cash dividends paid.

(3) Overview of cash flows for the fiscal year ended December 31, 2025

The balance of cash and cash equivalents (“net cash”) at the end of the current fiscal year was 10,058,039 thousand yen, an increase of 154,916 thousand yen compared to the end of the previous fiscal year (increased by 1.6% year-on-year). The respective cash flows for the current fiscal year and their contributing factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 2,018,005 thousand yen (2,490,780 thousand yen provided in the previous fiscal year). This was mainly due to profit before income taxes of 2,656,671 thousand yen, which was partially offset by a decrease of 536,072 thousand yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 101,773 thousand yen (163,780 thousand yen used in the previous fiscal year). This was mainly due to purchase of intangible assets of 97,316 thousand yen and purchase of property, plant and equipment of 20,394 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,768,926 thousand yen (1,183,789 thousand yen used in the previous fiscal year). This was mainly due to cash dividends paid of 561,378 thousand yen, and an expenditure of 1,276,018 thousand yen for the acquisition of treasury shares.

(Reference) Indicators related to cash flows

	Fiscal Year ended Dec. 31, 2021	Fiscal Year ended Dec. 31, 2022	Fiscal Year ended Dec. 31, 2023	Fiscal Year ended Dec. 31, 2024	Fiscal Year ended Dec. 31, 2025
Ratio of equity attributable to owners of the parent (%)	63.2	66.4	71.8	75.7	75.3
Ratio of equity attributable to owners of the parent based on market value (%)	516.8	277.0	337.4	304.3	243.1
Ratio of interest-bearing debt to cash flow (years)	0.3	0.3	0.2	0.1	0.3
Interest coverage ratio (times)	437.5	414.8	715.1	770.3	273.5

Ratio of equity attributable to owners of the parent: Equity attributable to owners of the parent/Total assets

Ratio of equity attributable to owners of the parent based on market value (%): Market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest payments

Note: Cash flows from operating activities in the consolidated statements of cash flows are used for cash flows. The amount of interest paid in the consolidated statements of cash flows is used for interest payments.

(4) Future outlook

1) Revenue

a) Cloud Solutions

In the next fiscal period (ending December 2026), we will focus on maximizing new contract acquisitions and expanding transactions with existing customers by improving the usability and increasing the added value of ZAC and our self-developed solutions compatible with ZAC (dxeco, Hayasub, and Perluna). Furthermore, as the next period marks the first year of ZAC sales in Vietnam, we aim to acquire several contracts throughout the year, and we will proceed by responding to local needs gathered while providing implementation support.

Revenue from the cloud solutions business is estimated by aggregating monthly revenue projections, which are calculated based on the order backlog at the end of the current fiscal year and past performance trends. We project the number of new ZAC contracts to increase by 22 companies to 104 companies, compared to this fiscal year. Additionally, we expect ARPA (Average Revenue Per Account) to rise by 46.0 thousand yen to 599.9 thousand yen. The Net Retention Rate (NRR) is anticipated to be 115.9%, a decrease of 0.2 points from this fiscal year's performance, and the monthly churn rate (12-month moving average) is projected to be 0.33%, an increase of 0.04 points from this fiscal year. Consequently, we anticipate the cloud solutions business's revenue to grow by 16.6% year-on-year to 6,603 million yen.

b) Marketing Solutions

In the next fiscal period, following the current fiscal year (fiscal year ended December 31, 2025), uncertainty remains regarding the advertising budget of a key client. In light of these changes in the external environment, we have been preparing for business revitalization since the current fiscal year; we established the Engineering Division as a cross-functional organization in January 2026, and a leadership transition is scheduled for March 2026. Under the new leadership, we will focus on deepening transactions and strengthening relationships with existing clients and advertising agencies, and also promote the expansion of transactions through enhanced overseas sales leveraging our consolidated subsidiaries.

Revenue forecasts for the marketing solutions business are based on the order backlog at the current fiscal year's end and monthly revenue estimates, incorporating past performance. As a result, we forecast a 12.3% increase in revenue year-on-year to 2,968 million yen.

2) Cost of sales

The cost of revenue for the cloud solutions and marketing solutions businesses consists of labor costs associated with development and implementation support, alongside subcontracting expenses. Our anticipated increase in staffing, underpinned by aggressive recruitment strategies, is reflected in our labor cost projections across all departments. We calculate subcontracting expenses based on the cost-to-revenue ratio specific to each business unit. As a result, we project the cost of revenue in the cloud solutions business to escalate by 29.5% year-on-year, reaching 1,959 million yen, and in the marketing solutions business, to also increase by 15.3% year-on-year, totaling 1,543 million yen.

3) Selling, general and administrative expenses and others

Selling, General, and Administrative (SG&A) expenses primarily consist of personnel costs for the sales and corporate departments, along with other miscellaneous expenses. These expenses are projected by aggregating individual costs. In the next fiscal year, we anticipate increases in personnel expenses due to staff expansion. In the cloud solutions business, we plan to enhance our product offerings through increased R&D expenses, engage in ZAC sales activities in Vietnam in 2026, and work on strengthening the sales of the SaaS management tool, dxeco, as well as developing other solutions. Therefore, SG&A expenses and others are expected to increase by 11.8% year-on-year to 3,138 million yen.

4) Finance income (costs)

No foreign exchange gains or losses are incorporated into the forecast, while interest income is projected at 33 million yen.

Accordingly, at this point, the Group's consolidated financial results for the next period ending December 31, 2026, are estimated as follows:

Revenue	9,572 Millions of yen (increased by 15.2% year-on-year)
Operating profit	2,930 Millions of yen (increased by 10.6% year-on-year)
Profit before tax	2,964 Millions of yen (increased by 11.6% year-on-year)
Profit attributable to owners of parent	2,147 Millions of yen (increased by 13.2% year-on-year)

(5) Basic policy on profit distribution and dividends for the current and next fiscal year

The Company's priority is to continuously enhance corporate value while providing consistent shareholder returns. To deliver stable returns alongside sustainable growth, we maintain a progressive dividend policy—aiming to maintain or increase dividends per share—while taking into account business performance, financial position, and future growth investments. Interim dividends are resolved by the Board of Directors, and year-end dividends are approved at the Annual General Meeting of Shareholders.

For the current fiscal year, despite revising our earnings forecast, we plan to pay an annual dividend of 50 yen per share (up 15 yen year-on-year), in line with our initial plan. For the next fiscal year, based on the earnings forecast, we expect to maintain the annual dividend at 50 yen per share. Furthermore, for the purpose of enhancing opportunities for returning profits to shareholders and as our Articles of Incorporation permit interim dividends with a record date of June 30, we will implement an interim dividend starting in the fiscal year ending December 31, 2026. We plan to pay an interim dividend of 25 yen and a year-end dividend of 25 yen, for a total annual dividend of 50 yen per share.

With respect to share repurchases, we make decisions after considering growth investment opportunities in light of the business environment and the impact on our financial condition. In the current fiscal year, we executed share repurchases totaling 1,276 million yen, which includes the continued execution of the repurchase resolved on November 14, 2024, in addition to the repurchase resolved on May 14, 2025. We will continue to evaluate share repurchases in line with our Basic Policy on Shareholder Return.

2. Basic policy for selection of accounting standards

For enhancing the international comparability of its financial information in capital markets, the Company has adopted the International Financial Reporting Standards (IFRS) starting with its consolidated financial statements in Annual Securities Report (Yukashoken Hokokusho) for the fiscal year ended December 31, 2021.

3. Consolidated financial statement and key notes

(1) Consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	9,903,123	10,058,039
Trade and other receivables	974,577	1,112,306
Contract assets	434,012	399,873
Other financial assets	746,188	717,702
Other current assets	397,363	143,719
Total current assets	12,455,265	12,431,641
Non-current assets		
Property, plant and equipment	574,214	807,396
Intangible assets	119,889	170,908
Other financial assets	113,626	118,481
Deferred tax assets	287,019	172,671
Other non-current assets	40,169	46,270
Total non-current assets	1,134,918	1,315,728
Total assets	13,590,184	13,747,370

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	472,523	440,653
Contract liabilities	1,600,707	1,249,474
Lease liabilities	140,310	205,674
Income tax payables	233,141	344,414
Provisions	45,396	19,366
Other current liabilities	494,532	582,712
Total current liabilities	2,986,612	2,842,296
Non-current liabilities		
Lease liabilities	195,519	432,045
Provisions	126,427	119,622
Total non-current liabilities	321,946	551,667
Total liabilities	3,308,559	3,393,964
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,202	1,095,202
Treasury shares	(313,398)	(1,051,399)
Retained earnings	8,202,954	9,018,728
Other components of equity	105,470	101,092
Equity attributable to owners of the parent	10,283,756	10,357,152
Non-controlling interests	(2,131)	(3,746)
Total equity	10,281,625	10,353,405
Total liabilities and equity	13,590,184	13,747,370

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

Fiscal Year ended December 31, 2024 and 2025

(Thousands of yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Revenue	7,899,305	8,307,953
Cost of sales	2,622,020	2,851,396
Gross profit	5,277,284	5,456,556
Selling, general and administrative expenses	2,458,513	2,746,226
Research and development	98,675	63,542
Other income	2,496	14,285
Other expenses	2,149	11,801
Operating profit	2,720,442	2,649,270
Finance income	143,105	29,400
Finance costs	7,159	21,999
Profit before tax	2,856,388	2,656,671
Income tax expenses	785,699	761,273
Profit	2,070,689	1,895,398
Profit attributable to:		
Owners of parent	2,072,900	1,896,738
Non-controlling interests	(2,211)	(1,339)
Profit	2,070,689	1,895,398
Earnings per share		
Basic earnings per share (Yen)	128.56	120.25
Diluted earnings per share (Yen)	-	-

Consolidated statement of comprehensive income

Fiscal Year ended December 31, 2024 and 2025

(Thousands of yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Profit	2,070,689	1,895,398
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	18,005	(4,652)
Total of items that may be reclassified subsequently to profit or loss	18,005	(4,652)
Other comprehensive income, net of taxes	18,005	(4,652)
Comprehensive income	2,088,694	1,890,745
Attributable to:		
Owners of the parent	2,091,052	1,892,360
Non-controlling interests	(2,358)	(1,615)
Comprehensive income	2,088,694	1,890,745

(3) Consolidated statement of changes in equity

(Thousands of yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Treasury shares	Retained earnings
Balance on January 1, 2024	1,193,528	1,095,202	(112,862)	6,620,867
Profit				2,072,900
Other comprehensive income				
Total comprehensive income	-	-	-	2,072,900
Restricted Stock-based payment transactions			25,522	(7,028)
Dividends			-	(483,785)
Acquisition of treasury stock			(226,057)	
Total transactions with owners	-	-	(200,535)	(490,814)
Balance on December 31, 2024	1,193,528	1,095,202	(313,398)	8,202,954
Profit				1,896,738
Other comprehensive income				
Total comprehensive income	-	-	-	1,896,738
Restricted Stock-based payment transactions			19,310	(816)
Dividends				(561,440)
Acquisition of treasury stock			(1,276,018)	
Cancellation of treasury stock			518,707	(518,707)
Total transactions with owners	-	-	(738,000)	(1,080,963)
Balance on December 31, 2025	1,193,528	1,095,202	(1,051,399)	9,018,728

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Equity
	Exchange differences on translation of foreign operations	Total			
Balance on January 1, 2024	87,318	87,318	8,884,053	227	8,884,280
Profit			2,072,900	(2,211)	2,070,689
Other comprehensive income	18,152	18,152	18,152	(146)	18,005
Total comprehensive income	18,152	18,152	2,091,052	(2,358)	2,088,694
Restricted Stock-based payment transactions			18,493		18,493
Dividends			(483,785)		(483,785)
Acquisition of treasury stock			(226,057)		(226,057)
Total transactions with owners	-	-	(691,349)	-	(691,349)
Balance on December 31, 2024	105,470	105,470	10,283,756	(2,131)	10,281,625
Profit			1,896,738	(1,339)	1,895,398
Other comprehensive income	(4,377)	(4,377)	(4,377)	(275)	(4,652)
Total comprehensive income	(4,377)	(4,377)	1,892,360	(1,615)	1,890,745
Restricted Stock-based payment transactions			18,494		18,494
Dividends			(561,440)		(561,440)
Acquisition of treasury stock			(1,276,018)		(1,276,018)
Cancellation of treasury stock			-		-
Total transactions with owners	-	-	(1,818,964)	-	(1,818,964)
Balance on December 31, 2025	101,092	101,092	10,357,152	(3,746)	10,353,405

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal Years ended December 31, 2024	Fiscal Year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,856,388	2,656,671
Depreciation and amortization	358,189	335,766
Finance income	(137,354)	(29,400)
Finance costs	3,233	17,147
Gain on liquidation of subsidiaries	-	(7,181)
Settlement payment	-	3,813
Decrease (increase) in trade and other receivables	22,108	(134,620)
Decrease (increase) in contract assets	13,987	34,443
Increase (decrease) in trade and other payables	35,126	(39,117)
Increase (decrease) in contract liabilities	(158,913)	(351,330)
Increase (decrease) in provision	17,646	(25,897)
Other	29,478	72,736
Subtotal	3,039,891	2,533,030
Interest received	34,613	32,238
Interest paid	(3,233)	(7,378)
Settlement paid	-	(3,813)
Income taxes paid	(580,490)	(536,072)
Cash flows from operating activities	2,490,780	2,018,005
Cash flows from investing activities		
Payments into time deposits	(29,077)	(29,088)
Proceeds from withdrawal of time deposits	-	49,925
Purchase of property, plant and equipment	(67,161)	(20,394)
Purchase of intangible assets	(74,362)	(97,316)
Payments for lease and guarantee deposits	(2,536)	(6,034)
Proceeds from collection of lease and guarantee deposits	10,296	1,135
Other	(938)	0
Cash flows from investing activities	(163,780)	(101,773)
Cash flows from financing activities		
Repayments of lease liabilities	(199,351)	(203,938)
Cash dividends paid	(483,549)	(561,378)
Payments for acquisition of treasury shares	(226,057)	(1,276,018)
Decrease (increase) in deposits for acquisition of treasury shares	(274,831)	272,409
Cash flows from financing activities	(1,183,789)	(1,768,926)
Net increase (decrease) in cash and cash equivalents	1,143,211	147,305
Cash and cash equivalents at beginning of period	8,707,486	9,903,123
Effect of exchange rate change on cash and cash equivalents	52,426	7,610
Cash and cash equivalents at end of period	9,903,123	10,058,039

(5) Notes on consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Segment information)

(1) Summary of reportable segments

The Group's reportable segments are the Company's structural units of which segregated financial information is available and that is subject to a periodical review by the Board of Directors so that the allocation of management resources can be determined and financial results can be evaluated.

The Group establishes Cloud Solutions and Marketing Solutions as two separate reportable segments, each of which plans and determines a strategy for the Group.

The businesses included in each of the reportable segments are as follows:

Cloud Solutions: development and sale, etc. of cloud-based enterprise systems

Marketing Solutions: provision of a variety of digitally-driven solutions that transform customer experience, such as planning digital transformation strategies and digital marketing services including management of digital advertisements

(2) Information on reportable segments

Revenues and results for each reportable segment of the Group are as follows:

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Marketing Solutions	Total		Consolidated
Revenue					
Revenue from external customers	4,929,715	2,969,590	7,899,305	—	7,899,305
Intersegment revenue	—	—	—	—	—
Total	4,929,715	2,969,590	7,899,305	—	7,899,305
Segment income	2,162,269	557,826	2,720,095	346	2,720,442
Finance income					143,105
Finance costs					7,159
Profit before tax					2,856,388
Other					
Depreciation and amortization	237,571	120,617	358,189	—	358,189

(Note)

1. The adjustment of 346 thousand yen to segment income mainly consists of "Other income" and "Other expense" that are not attributable to any reportable segment.
2. Segment income corresponds to operating profit in the consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented since they are not subject to a review to determine the allocation of management resources and evaluate financial results.

Fiscal Year ended December 31, 2025

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Consolidated
	Cloud Solutions	Marketing Solutions	Total		
Revenue					
Revenue from external customers	5,664,295	2,643,657	8,307,953	—	8,307,953
Intersegment revenue	—	—	—	—	—
Total	<u>5,664,295</u>	<u>2,643,657</u>	<u>8,307,953</u>	<u>—</u>	<u>8,307,953</u>
Segment income	<u>2,498,593</u>	<u>148,192</u>	<u>2,646,786</u>	<u>2,483</u>	<u>2,649,270</u>
Finance income					29,400
Finance costs					<u>21,999</u>
Profit before tax					<u><u>2,656,671</u></u>
Other					
Depreciation and amortization	<u>230,136</u>	<u>105,630</u>	<u>335,766</u>	<u>—</u>	<u>335,766</u>

(Note)

1. The adjustment of 2,483 thousand yen to segment income mainly consists of “Other income” and “Other expense” that are not attributable to any reportable segment.
2. Segment income corresponds to operating profit in the consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented since they are not subject to a review to determine the allocation of management resources and evaluate financial results.

(Revenue)

The breakdown of revenue from contracts with customers

The Group establishes cloud solutions and marketing solutions as two separate reportable segments. The breakdown of revenue from contracts with customers in each business segment is as follows:

(Thousands of yen)

	Fiscal Year ended December 31, 2024			Fiscal Year ended December 31, 2025		
	Cloud Solutions	Marketing Solutions	Total	Cloud Solutions	Marketing Solutions	Total
ZAC license fee, maintenance fee, and SaaS and other monthly service fees	3,830,533	—	3,830,533	4,274,762	—	4,274,762
ZAC ERP installation consultation, customization	583,655	—	583,655	789,365	—	789,365
Reforma PSA	183,324	—	183,324	215,706	—	215,706
dxeco, Semrush, and other products, etc.	332,201	—	332,201	384,460	—	384,460
Marketing / promotion	—	1,407,293	1,407,293	—	1,118,328	1,118,328
System / website integration, etc.	—	899,934	899,934	—	893,857	893,857
Operation support / operation office	—	662,362	662,362	—	631,471	631,471
Total	4,929,715	2,969,590	7,899,305	5,664,295	2,643,657	8,307,953

Cloud Solutions

1. The business segment “ZAC license fee, maintenance fee, and SaaS and other monthly service fees” includes sales of software license, maintenance of systems, provision of cloud environment and monthly service on SaaS contract, regarding “ZAC.” The Company provides a combination of software licensing, system maintenance, cloud environment provision, and other services that are necessary for customers to use the systems to allow the customers to enjoy the benefits of using the systems, and thus these are considered a single performance obligation. There are two types of software licensing contracts: one-time purchase contract and SaaS contract.

Under a one-time purchase contract, software license fees are received in a lump sum at the time of the conclusion of the contract, and maintenance and other fees are received monthly. Software licensing and maintenance and other services are recognized together as a single performance obligation to be satisfied over time during the period such fees are expected to provide the customer with material rights. The period the fees are expected to provide the customer with material rights is determined by considering the characteristics of the software licensing and related services (history of continued use by the customer, quality, etc.) since the contract period is not specified in the contracts concluded with customers. Specifically, as the one-time purchase fee is approximately equivalent to the 30-month fee of a SaaS contract, the amount of such a one-time purchase fee is allocated to the material rights and recognized as revenue over the 30 months.

Under a SaaS contract, software license fees are received monthly, the same as system maintenance fees, cloud environment provision service fees and other monthly service fees under a one-time purchase contract. These performance obligations are primarily satisfied over time, and thus the monthly fees are recognized as monthly revenue over the period the services are rendered.

2. The business segment “ZAC ERP installation consultation, customization” includes installation support service related to “ZAC” and additional development required at the time of installation. If the contract amount or the total cost to completion can be estimated reliably, revenue is recognized as the performance obligation is satisfied based on the progress towards satisfaction of the performance obligation measured as of the end of the reporting period. The progress towards satisfaction of the performance obligation is measured using the input method (the cost-to-cost method) at the costs incurred relative to the estimated total cost to completion. If the contract amount or the total cost to completion cannot be estimated reliably, revenue is recognized in an amount equal to the portion of the costs incurred that is considered highly recoverable (the cost recovery method).

3. The business segment “Reforma PSA” includes provision of monthly license for Reforma PSA. Its performance obligation is to provide an environment for the use of software. This performance obligation is primarily satisfied over time, and thus revenue is recognized over the period the service is rendered.

4. The business segment “dxeco, Semrush, and other products, etc.” includes monthly service fee for SaaS contracts of dxeco and sales of an agent of software developed by other vendors.

For SaaS contracts related to the SaaS management tool “dxeco,” software license fees are collected monthly. The performance obligation is primarily fulfilled over time, so the monthly fee is recognized as monthly revenue throughout the service period.

Regarding the sale of third-party software as an agent, the performance obligation for these sales is satisfied when the contractual delivery conditions are met, such as when the product is transferred to, or accepted, by the customer, and thus revenue is recognized at that point in time. As the Group is considered to be an agent in the nature of the business, given its primary responsibility for fulfilling promises, its exposure to inventory risk, and its discretion in establishing prices, revenue is recognized in the net amount of consideration received as a fee from the customer for the services rendered, less related costs, or in the amount of consideration as a certain fee in the form of a commission.

Marketing Solutions

5. The business segment “Marketing / promotion” includes planning of customer’s marketing and promotion, placement of advertisements,

and research (including sales from advertisement management and those achieved as an agency). Revenue is recognized depending on the nature of the rights granted to the customer. When the rights are transferred to the customer at a certain point in time, revenue is recognized at that point in time, and when the rights are available for use by the customer over a certain period, revenue is recognized over that period of time. For sales from advertisement management and those achieved as an agency, the Group is considered to be an agent in the nature of the business, given its primary responsibility for fulfilling promises, its exposure to inventory risk, and its discretion in establishing prices, revenue is recognized in the net amount of consideration received as a fee from the customer for the services rendered, less related costs, or in the amount of consideration as a certain fee in the form of a commission.

6. The business segment “System / website integration, etc.” includes construction and renewal of websites, and contracted development and maintenance of systems as a system integrator, etc. For construction and renewal of websites and contracted development, if the contract amount or the total cost to completion can be estimated reliably, revenue is recognized as the performance obligation is satisfied based on the progress towards satisfaction of the performance obligation measured as of the end of the reporting period. The progress towards satisfaction of the performance obligation is measured using the input method (the cost-to-cost method) at the costs incurred relative to the estimated total cost to completion. If the contract amount or the total cost to completion cannot be estimated reliably, revenue is recognized in an amount equal to the portion of the costs incurred that is considered highly recoverable (the cost recovery method). For maintenance of systems, etc., revenue is recognized when the services are completed and billable.

7. The business segment “Operation support / operation office” includes operation, updating and other services on websites. The performance obligation is satisfied when the service rendered is accepted by the customer, and thus revenue is recognized at that point in time.

(Information per share)

Basic earnings per share and the basis for its calculation are as follows. Note that there are no potentially dilutive common shares.

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2025
Profit attributable to owners of parent (thousands of yen)	2,072,900	1,896,738
Average number of shares during the fiscal year (shares)	16,123,909	15,773,419
Basic earnings per share (yen)	128.56	120.25

(Significant subsequent events)

Not applicable