



Summary of Consolidated Financial Results

for the Second Quarter of the Fiscal Year Ending August 31, 2025

(Six Months Ended February 28, 2025)

[Japanese GAAP]

April 14, 2025

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Listing: Tokyo Stock Exchange (Standard Market)
 URL: <http://www.seraku.co.jp>

Scheduled date of filing of Semi-Annual Securities Report: April 14, 2025
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Six Months Ended February 28, 2025 (Sep. 1, 2024 to Feb. 28, 2025)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Feb. 28, 2025	12,295	13.6	1,365	22.0	1,388	23.4	918	19.4
Six months ended Feb. 29, 2024	10,825	6.5	1,119	2.6	1,125	(12.3)	769	(10.0)

Note: Comprehensive income (millions of yen) Six months ended Feb. 28, 2025: 917 (up 19.5%)
 Six months ended Feb. 29, 2024: 767 (down 10.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Feb. 28, 2025	68.08	67.95
Six months ended Feb. 29, 2024	55.42	55.34

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Feb. 28, 2025	12,486	8,420	67.2
As of Aug. 31, 2024	12,052	7,762	64.2

Reference: Shareholders' equity (millions of yen) As of Feb. 28, 2025: 8,386 As of Aug. 31, 2024: 7,731

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2024	-	0.00	-	13.00	13.00
Fiscal year ending Aug. 31, 2025	-	0.00			
Fiscal year ending Aug. 31, 2025 (forecast)			-	13.20	13.20

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2025 (Sep. 1, 2024 to Aug. 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,500	10.3	2,550	12.1	2,550	10.0	1,720	9.2	127.24

Note: Revisions to the most recently announced consolidated earnings forecast: None

* Notes

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

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the semi-annual consolidated financial statements: None

(3) Changes in accounting policies and accounting 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 estimates: None

4) Restatements: None

(4) Number of shares issued (common shares)

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

As of Feb. 28, 2025:	13,834,000 shares	As of Aug. 31, 2024:	13,833,300 shares
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2) Number of treasury shares as of the end of the period

As of Feb. 28, 2025:	372,470 shares	As of Aug. 31, 2024:	315,770 shares
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3) Average number of shares during the period

Six months ended Feb. 28, 2025:	13,499,237 shares	Six months ended Feb. 29, 2024:	13,886,065 shares
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Note: The number of treasury shares deducted to calculate the number of treasury shares as of the end of the period and the average number of shares during the period includes treasury shares held by the Employee Stock Ownership Plan (ESOP) trust account.

* The current financial report is not subject to review by certified public accountants or auditing firms.

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

Forecasts of future performance in these materials are based on assumptions judged to be reasonable and information available to the management of Seraku at the time these materials were prepared, and they do not represent guarantees of future performance. Actual results may differ materially from these forecasts for various reasons. For a discussion of the assumptions and other factors considered by Seraku in preparing the above projections, please refer to page 4 of the Attachments, "1. Qualitative Information on Semi-Annual Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Semi-Annual Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first six months of the fiscal year ending August 31, 2025, the Japanese economy was slowly recovering thanks to the effects of various policies. However, the economic outlook still remains uncertain due to rising prices, prospective policy trends in the US, the situation in the Middle East, the impact of fluctuations in financial markets, etc.

In Japan's IT sector, which is the primary business field where the Group provides its services, information technology/digital transformation (IT/DX)-related demand continued to grow in line with the progress and broader use of digital technologies in every business field, reflecting the purpose of improving productivity and strengthening competitiveness. Consequently, demand for investment in IT/DX-related technologies, such as system integration and the operation and maintenance of systems with the use of the cloud, remained solid. As indicated by the important role that an optimal IT infrastructure plays in supporting companies' business strategies, for example, demand for IT services and IT personnel continued to rise. However, addressing the lack of IT personnel and improving IT skills remained significant issues. While the Seraku Group works to recruit and develop highly qualified IT engineers, it also provides various IT services on our project-introduction-type platform (SERAKU Partner Platform), where we share and align projects received from business companies and leading system integrators with over 1,500 partner companies.

Given this environment, the Seraku Group sought to increase the value of its services mainly through the development of highly qualified engineers while simultaneously developing a business foundation to undertake, as a Digital Integrator, the social implementation and operation of digital technologies and services in the IT and DX fields, including leveraging the resources of business partners.

Net sales at the Group increased 13.6% year-on-year to 12,295,496 thousand yen, operating profit rose 22.0% year-on-year to 1,365,247 thousand yen, and ordinary profit climbed 23.4% year-on-year to 1,388,664 thousand yen. Profit attributable to owners of parent increased 19.4% year-on-year to 918,986 thousand yen.

Results by business segment were as follows.

1) Digital Integration

In the Digital Integration business, we undertake the construction, operation, and maintenance of IT systems in the SI (System Integration) domain. In the DX (Digital Transformation) domain, we help companies implement, operate, and fully deploy cloud systems centered around Salesforce, a customer and sales management system, and COMPANY, an integrated personnel affairs system. We also provide cloud infrastructure and IoT service operations on a 24x7 basis at the IoT Cloud Support Center, as well as NewtonX, corporate business support services to implement and use ChatGPT.

During the first six months of the fiscal year ending August 31, 2025, we sought to expand our services and add value by developing engineers through the steady deployment of our business partners coupled with a stable demand for IT investments. In the DX domain, we did well in providing support to operate and fully deploy cloud systems centering around Salesforce and COMPANY.

Net sales in this segment came to 11,843,706 thousand yen, up 14.2% year-on-year. Segment profit was 1,399,812 thousand yen, up 24.8% year-on-year.

2) Midori Cloud

The Midori Cloud business provides a platform service, including Midori Cloud and Farm Cloud, to support the DX of the agriculture, livestock, and fisheries sectors using IT and a solution service to solve individual issues, particularly those faced in primary industries.

During the first six months of the fiscal year under review, the Group focused on expansive sales of Midori Cloud Rakuraku Shukka to introduce digital technologies based on barcode and cloud systems to the fruit and vegetable distribution scene, resulting in ongoing projects for its implementation at multiple JAs.

As a result, net sales in this segment amounted to 136,351 thousand yen, down 9.9% year-on-year. The segment loss was 49,318 thousand yen (segment loss of 28,032 thousand yen in the same period of the previous year).

3) Mechanical Design and Engineering

In the Mechanical Design and Engineering business, SERAKU Business Solutions, a consolidated subsidiary, provides 3D CAD technologies and technologies for the quality control of experiments and performance tests, as well as those for communications

system construction and telecommunications.

During the first six months of the fiscal year under review, the Group focused on recruiting and developing engineers for the prospective expansion of its organization while maintaining a high level of engineer utilization.

As a result, net sales in this segment amounted to 374,510 thousand yen, up 5.2% year-on-year. Segment profit was 4,415 thousand yen, down 74.4% year-on-year.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total net assets increased by 434,786 thousand yen from the end of the previous fiscal year to 12,486,908 thousand yen. This was mainly due to increases of 613,061 thousand yen in land, 175,313 thousand yen in accounts receivable - trade and contract assets, 128,913 thousand yen in current assets (other), 80,162 thousand yen in insurance funds, and 34,352 thousand yen in buildings, partially offset by decreases of 232,075 thousand yen in cash and deposits and 190,289 thousand yen in work in process.

Liabilities

Total liabilities decreased by 223,515 thousand yen from the end of the previous fiscal year to 4,065,992 thousand yen. This was attributable largely to increases of 72,932 thousand yen in accounts payable - other and 36,354 thousand yen in income taxes payable, partially offset by decreases of 57,848 thousand yen in provision for bonuses, 43,221 thousand yen in current liabilities (other), 34,562 thousand yen in long-term borrowings, and 35,506 thousand yen in accrued consumption taxes.

Net assets

Total net assets increased by 658,301 thousand yen from the end of the previous fiscal year to 8,420,915 thousand yen. This increase was attributable chiefly to increases of 743,258 thousand yen in retained earnings and 112,174 thousand yen in treasury shares.

2) Cash flows

Cash and cash equivalents ("net cash") at the end of the period under review amounted to 6,611,409 thousand yen.

The status of cash flow in each section, along with its main factors, during the period under review, is as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 705,366 thousand yen (compared with 258,638 thousand yen provided in the same period of the previous year).

Cash used for income taxes paid of 412,072 thousand yen, an increase in trade receivables of 179,428 thousand yen, an increase in prepaid expenses of 93,631 thousand yen, and a decrease in accounts payable - other of 81,176 thousand yen, among other factors, were offset by cash provided by profit before income taxes of 1,388,468 thousand yen.

Cash flows from investing activities

Net cash provided by investing activities totaled 632,977 thousand yen (compared with 155,937 thousand yen used in the same period of the previous year).

Cash was used for the purchase of property, plant and equipment of 541,787 thousand yen, the purchase of insurance funds of 80,162 thousand yen, and payments of leasehold and guarantee deposits of 11,192 thousand yen.

Cash flows from financing activities

Net cash used in financing activities totaled 305,067 thousand yen (compared with 420,397 thousand yen used in the same period of the previous year).

Cash was used mainly for payments of dividends of 175,631 thousand yen, the purchase of treasury shares of 88,474 thousand yen,

and repayments of long-term borrowings of 40,442 thousand yen.

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

There are no revisions to the full-year earnings forecasts for the fiscal year ending August 31, 2025, which were announced on October 15, 2024, in the Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2024.

2. Semi-Annual Consolidated Financial Statements and Notes

(1) Semi-Annual Consolidated Balance Sheet

(Thousands of yen)

	FY8/24 (As of Aug. 31, 2024)	Second Quarter of FY8/25 (As of Feb. 28, 2025)
Assets		
Current assets		
Cash and deposits	6,896,690	6,664,615
Accounts receivable - trade and contract assets	2,740,887	2,916,201
Work in process	219,097	28,808
Raw materials	47,055	43,351
Other	183,469	312,382
Allowance for doubtful accounts	(1,856)	(2,051)
Total current assets	10,085,344	9,963,307
Non-current assets		
Property, plant and equipment		
Buildings, net	195,904	230,257
Tools, furniture and fixtures, net	55,356	50,704
Land	-	613,061
Other	133,636	2,825
Total property, plant and equipment	384,897	896,849
Intangible assets		
Software	435	255
Goodwill	124,827	111,965
Other	1,807	1,807
Total intangible assets	127,070	114,028
Investments and other assets		
Investment securities	3,496	3,496
Deferred tax assets	532,306	511,935
Leasehold and guarantee deposits	332,158	337,376
Insurance funds	465,282	545,445
Other	121,565	118,582
Allowance for doubtful accounts	-	(4,115)
Total investments and other assets	1,454,809	1,512,721
Total non-current assets	1,966,777	2,523,600
Total assets	12,052,121	12,486,908

(Thousands of yen)

	FY8/24 (As of Aug. 31, 2024)	Second Quarter of FY8/25 (As of Feb. 28, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	262,363	274,942
Current portion of long-term borrowings	39,204	33,324
Accounts payable - other	1,461,721	1,388,788
Income taxes payable	441,369	477,724
Accrued consumption taxes	385,225	349,718
Provision for bonuses	1,215,100	1,157,252
Provision for loss on order received	468	-
Other	318,650	275,429
Total current liabilities	4,124,102	3,957,178
Non-current liabilities		
Long-term borrowings	45,698	11,136
Retirement benefit liability	91,382	88,978
Other	28,325	8,700
Total non-current liabilities	165,405	108,814
Total liabilities	4,289,507	4,065,992
Net assets		
Shareholders' equity		
Share capital	311,269	311,725
Capital surplus	309,835	333,991
Retained earnings	7,482,934	8,226,192
Treasury shares	(374,518)	(486,693)
Total shareholders' equity	7,729,520	8,385,216
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	2,474	1,237
Total accumulated other comprehensive income	2,474	1,237
Share acquisition rights	30,619	34,462
Total net assets	7,762,614	8,420,915
Total liabilities and net assets	12,052,121	12,486,908

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

Semi-Annual Consolidated Statement of Income

(Thousands of yen)

	First six months of FY8/24 (Sep. 1, 2023 – Feb. 29, 2024)	First six months of FY8/25 (Sep. 1, 2024 – Feb. 28, 2025)
Net sales	10,825,441	12,295,496
Cost of sales	8,136,643	9,018,243
Gross profit	2,688,798	3,277,252
Selling, general and administrative expenses	1,569,687	1,912,004
Operating profit	1,119,110	1,365,247
Non-operating income		
Interest and dividend income	817	2,890
Grant income	4,490	-
Rental income from real estate	-	1,457
Surrender value of insurance policies	-	5,216
Subsidy income	-	15,127
Other	1,642	116
Total non-operating income	6,950	24,807
Non-operating expenses		
Interest expenses	473	262
Commission fee	405	1,121
Other	-	7
Total non-operating expenses	878	1,391
Ordinary profit	1,125,181	1,388,664
Extraordinary income		
Gain on reversal of share acquisition rights	353	19
Total extraordinary income	353	19
Extraordinary losses		
Loss on valuation of investment securities	3,339	-
Loss on retirement of non-current assets	89	215
Total extraordinary losses	3,428	215
Profit before income taxes	1,122,106	1,388,468
Income taxes-current	333,402	448,565
Income taxes-deferred	19,077	20,916
Total income taxes	352,479	469,482
Profit	769,627	918,986
Profit attributable to owners of parent	769,627	918,986

Semi-Annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First six months of FY8/24 (Sep. 1, 2023 – Feb. 29, 2024)	First six months of FY8/25 (Sep. 1, 2024 – Feb. 28, 2025)
Profit	769,627	918,986
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	-
Remeasurements of defined benefit plans, net of tax	(1,828)	(1,237)
Total other comprehensive income	(1,848)	(1,237)
Comprehensive income	767,778	917,749
Comprehensive income attributable to:		
Owners of parent	767,778	917,749

(3) Semi-Annual Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY8/24 (Sep. 1, 2023 – Feb. 29, 2024)	First six months of FY8/25 (Sep. 1, 2024 – Feb. 28, 2025)
Cash flows from operating activities		
Profit before income taxes	1,122,106	1,388,468
Depreciation	20,778	25,939
Amortization of goodwill	-	12,861
Gain on reversal of share acquisition rights	(353)	(19)
Loss (gain) on valuation of investment securities	3,339	-
Increase (decrease) in allowance for doubtful accounts	0	4,310
Increase (decrease) in provision for bonuses	(9,276)	(76,648)
Increase (decrease) in retirement benefit liability	(6,560)	(4,187)
Interest and dividend income	(817)	(2,890)
Grant income	(4,490)	-
Subsidy income	-	(15,127)
Interest expenses	473	262
Loss on retirement of non-current assets	-	215
Decrease (increase) in trade receivables	(15,157)	(179,428)
Decrease (increase) in inventories	11,830	193,993
Decrease (increase) in prepaid expenses	(42,482)	(93,631)
Increase (decrease) in trade payables	6,571	12,578
Increase (decrease) in accounts payable - other	(97,777)	(81,176)
Increase (decrease) in accrued consumption taxes	(212,640)	(35,506)
Other	(52,496)	(49,962)
Subtotal	723,046	1,100,051
Interest and dividends received	694	2,448
Interest paid	(468)	(187)
Proceeds from grant income	4,490	-
Proceeds from subsidy income	-	15,127
Income taxes paid	(469,123)	(412,072)
Cash flows from operating activities	258,638	705,366
Cash flows from investing activities		
Payments into time deposits	(600)	(603)
Purchase of property, plant and equipment	(23,958)	(541,787)
Purchase of insurance funds	(82,650)	(80,162)
Payments of leasehold and guarantee deposits	(50,855)	(11,192)
Proceeds from refund of leasehold and guarantee deposits	927	768
Proceeds from withdrawal of time deposits	1,200	-
Cash flows from investing activities	(155,937)	(632,977)
Cash flows from financing activities		
Repayments of long-term borrowings	(16,662)	(40,442)
Purchase of treasury shares	(266,987)	(88,474)
Repayments of lease obligations	(353)	(353)
Dividends paid	(141,644)	(175,631)
Proceeds from issuance of share acquisition rights	1,947	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,068	599
Other	(766)	(766)
Cash flows from financing activities	(420,397)	(305,067)
Net increase (decrease) in cash and cash equivalents	(317,696)	(232,678)
Cash and cash equivalents at beginning of period	6,814,417	6,844,087
Cash and cash equivalents at end of period	6,496,720	6,611,409

(4) Notes to Semi-Annual Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Semi-Annual Consolidated Statement of Income

*Key items and their amounts of SG&A expenses are as follows.

	First six months of FY8/24 (Sep. 1, 2023 – Feb. 29, 2024)	First six months of FY8/25 (Sep. 1, 2024 – Feb. 28, 2025)
Remuneration for directors (and other officers)	50,898 thousand yen	63,729 thousand yen
Payroll and allowances	640,668 thousand yen	739,384 thousand yen
Bonuses	(4,551) thousand yen	4,959 thousand yen
Provision for bonuses	130,335 thousand yen	134,255 thousand yen
Provision for retirement benefits for directors and other officers	- thousand yen	(18,800) thousand yen
Legal welfare expenses	125,114 thousand yen	136,363 thousand yen
Depreciation	12,398 thousand yen	17,787 thousand yen
Hiring costs	107,889 thousand yen	158,063 thousand yen
Provision of allowance for doubtful accounts	0 thousand yen	4,310 thousand yen

Semi-Annual Consolidated Statement of Cash Flows

*The relationship between cash and cash equivalents at the end of the period and the amounts of corresponding items recorded in the semi-annual consolidated balance sheet is as follows:

	First six months of FY8/24 (Sep. 1, 2023 – Feb. 29, 2024)	First six months of FY8/25 (Sep. 1, 2024 – Feb. 28, 2025)
Cash and deposits	6,548,723 thousand yen	6,664,615 thousand yen
Time deposits for more than 3 months	(52,002) thousand yen	(53,206) thousand yen
Cash and cash equivalents	6,496,720 thousand yen	6,611,409 thousand yen

Segment and Other Information

Segment information

First six months of FY8/24 (Sep. 1, 2023 – Feb. 29, 2024)

1. Information related to net sales and profit/loss in reportable segments

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amount in the Semi-Annual Consolidated Statement of Income (Note 2)
	Digital Integration	Midori Cloud	Mechanical Design and Engineering	Total			
Net sales							
Sales to external customers	10,366,591	151,262	307,586	10,825,441	10,825,441	-	10,825,441
Inter-segment sales and transfers	-	-	48,312	48,312	48,312	(48,312)	-
Total	10,366,591	151,262	355,899	10,873,753	10,873,753	(48,312)	10,825,441
Segment profit (loss)	1,121,892	(28,032)	17,270	1,111,130	1,111,130	7,980	1,119,110

- Notes:
1. The adjustment to segment profit (loss) includes corporate costs that are not allocated to any of the reportable segments. Corporate costs mainly include general and administrative expenses that cannot be attributed to any of the reportable segments. The adjustment to segment profit (loss) includes inter-segment transaction elimination of (48,312) thousand yen.
 2. The adjustment to segment profit (loss) of 7,980 thousand yen is a difference in the elimination of sales expenses and non-operating income borne by each segment, among other factors.
 3. Segment profit (loss) is adjusted with the operating profit shown on the semi-annual consolidated statement of income.

First six months of FY8/25 (Sep. 1, 2024 – Feb. 28, 2025)

1. Information related to net sales and profit/loss in reportable segments

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amount in the Semi-Annual Consolidated Statement of Income (Note 2)
	Digital Integration	Midori Cloud	Mechanical Design and Engineering	Total			
Net sales							
Sales to external customers	11,843,706	136,351	315,439	12,295,496	12,295,496	-	12,295,496
Inter-segment sales and transfers	-	-	59,071	59,071	59,071	(59,071)	-
Total	11,843,706	136,351	374,510	12,354,567	12,354,567	(59,071)	12,295,496
Segment profit (loss)	1,399,812	(49,318)	4,415	1,354,909	1,354,909	10,338	1,365,247

- Notes:
1. The adjustment to segment profit (loss) includes corporate costs that are not allocated to any of the reportable segments. Corporate costs mainly include general and administrative expenses that cannot be attributed to any of the reportable segments. The adjustment to segment profit (loss) includes inter-segment transaction elimination of (59,071) thousand yen.
 2. The adjustment to segment profit (loss) of 10,338 thousand yen is a difference in the elimination of sales expenses and non-operating income borne by each segment, among other factors.
 3. Segment profit (loss) is adjusted with the operating profit shown on the semi-annual consolidated statement of income.

2. Information on impairment loss on non-current assets or goodwill by reportable segment

Important impairment loss on non-current assets

Not applicable.

Significant changes in amount of goodwill

Not applicable.

Significant gain on negative goodwill

Not applicable.

3. Additional Information

Sales results

	Previous fiscal year		Fiscal year under review		Year-on-year change (%)
	Net sales (thousands of yen)	Ratio to net sales (%)	Net sales (thousands of yen)	Ratio to net sales (%)	
System Integration	7,205,917	66.6	8,075,805	65.7	12.1
Digital Transformation	3,160,674	29.2	3,767,900	30.6	19.2
Midori Cloud	151,262	1.4	136,351	1.1	(9.9)
Mechanical Design and Engineering	307,586	2.8	315,439	2.6	2.6
Total	10,825,441	100.0	12,295,496	100.0	13.6