May 1, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 <under Japanese GAAP>

Company name: **DTS CORPORATION**
Stock listing: Tokyo Stock Exchange
Stock code: 9682
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Scheduled date of General Shareholders' Meeting: June 24, 2025
Scheduled date for commencing dividend payments: June 25, 2025
Scheduled date to file annual securities report: June 25, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	125,908	8.8	14,489	15.8	15,457	20.5	10,635	45.8
March 31, 2024	115,727	9.0	12,508	7.0	12,831	7.5	7,293	(8.8)

Note: Comprehensive income
For the fiscal year ended March 31, 2025: ¥11,295 million [33.0%]
For the fiscal year ended March 31, 2024: ¥8,493 million [1.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	253.80	–	17.7	18.7	11.5
March 31, 2024	168.51	–	11.8	15.5	10.8

Reference: Equity in earnings (losses) of associates
For the fiscal year ended March 31, 2025: ¥– million
For the fiscal year ended March 31, 2024: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	80,387	59,344	72.2	1,440.87
March 31, 2024	84,882	63,402	73.4	1,451.61

Reference: Equity
As of March 31, 2025: ¥58,061 million As of March 31, 2024: ¥62,270 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	9,181	(2,322)	(16,087)	28,405
March 31, 2024	10,410	(8,516)	(7,817)	37,557

2. Dividends

	Annual dividends					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	45.00	–	58.00	103.00	4,436	61.1	7.2
Fiscal year ended March 31, 2025	–	50.00	–	77.00	127.00	5,207	50.0	8.8
Fiscal year ending March 31, 2026 (Forecasts)	–	60.00	–	80.00	140.00		51.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	135,000	7.2	15,500	7.0	15,850	2.5	10,900	2.5	274.07

*** Notes**

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

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common stock)

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

As of March 31, 2025	41,498,032 shares
As of March 31, 2024	46,854,132 shares

b. Number of treasury shares at the end of the period

As of March 31, 2025	1,202,005 shares
As of March 31, 2024	3,956,824 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2025	41,903,068 shares
Fiscal year ended March 31, 2024	43,281,898 shares

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	86,263	6.8	11,422	9.7	13,544	19.7	9,802	47.2
March 31, 2024	80,744	8.6	10,416	7.4	11,314	9.5	6,657	(5.9)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	233.93	–
March 31, 2024	153.82	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	63,679	50,181	78.8	1,245.32
March 31, 2024	70,064	55,570	79.3	1,295.42

Reference: Equity
As of March 31, 2025: ¥50,181 million As of March 31, 2024: ¥55,570 million

* **Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special matters**

  The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

  For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to '(1) Overview of operating results for the fiscal year under review in 1. Overview of Operating Results and Others' on page 2 of the attached materials.

Attached Materials

Contents

1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year under review

1) Operating results for the fiscal year under review

Forward-looking statements in this document are based on our views as of the end of the fiscal year under review.

In the fiscal year under review, the Japanese economy has been recovering moderately, although it occasionally came to a standstill in some sectors. There is a risk that business sentiment in Japan could be dampened by factors including the impact of sustained price increases on personal consumption through falling consumer confidence, as well as the impact of developments in trade and other policies in the United States. Furthermore, we must be fully aware of the impacts of fluctuations in the financial and capital markets.

Amid these conditions, the Group formulated “Vision 2030” as its management vision heading toward 2030.

The DTS Group aims to keep abreast of environmental changes in the IT market, technologies, ESG, and other areas, build a new growth model by proactively investing in digital, solution and service businesses, as well as human resources to realize these businesses, in addition to evolving existing SI business models, and further increase its corporate value through the dual approaches of creating social value and economic value.

To achieve these objectives, the Group has set “increase sophistication of the value that we propose,” “combination of SI x digital,” “advance into new fields as well as globally,” “strengthen ESG initiatives,” and “reform management foundation” as key challenges, and worked on initiatives.

Net sales for the fiscal year under review were ¥125,908 million, an increase of 8.8% year on year, and EBITDA was ¥15,618 million, an increase of 14.9% year on year.

■ “Increase sophistication of the value that we propose” and “combination of SI x digital”

We are enhancing our initiatives in “focus businesses” (Note 1) as the Group’s target areas to achieve rapid growth. In our medium-term management plan, we promoted our target of net sales of focus businesses making up 40% of total net sales by the fiscal year ended March 31, 2025. In the fiscal year under review, net sales of focus businesses made up 51.6% of total net sales, showing steady progress toward our goal.

Furthermore, the Company formed a capital and business alliance with Spice Factory Co., Ltd. The Company will continue to strengthen our response capabilities in the area of customer experience value (CX) and provide comprehensive support for our clients’ business growth by combining the upstream design with front-end development capabilities that leverage our system development know-how and service design capabilities of Spice Factory Co., Ltd.

(Note 1) Focus businesses
Business fields on which the Group will focus, composed of three growth engines: Digital Biz, Solution Biz and Service Biz.

■ “Strengthen ESG initiatives”

In April 2024, we formulated the DTS Group Human Rights Policy to clarify the Group’s stance on respecting human rights. We will continue to identify negative impacts on human rights, and strive to prevent and mitigate them through human rights due diligence.

Furthermore, in recognition of the results achieved in our health management initiatives, we received certification from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as “Health & Productivity Management Outstanding Organization (White 500)” for the fourth consecutive year. In addition, our “Company of Health Excellence Certification/Gold Certification” was renewed for the fifth consecutive year.

In our environmental efforts, we earned the highest rating of "A" in the assessment of climate change 2024 reporting by CDP, an international non-profit organization that operates an environmental disclosure platform.

■ "Shareholder returns"

Based on a comprehensive consideration of opportunities for growth investment, capital conditions, etc., to improve capital efficiency and to further improve returns for our shareholders, we acquired approximately ¥6.0 billion in treasury shares from April to December 2024. Furthermore, we acquired approximately ¥5.0 billion in treasury shares from December 2024 to March 2025. All of the above treasury shares of approximately ¥11.0 billion acquired during the fiscal year under review have been cancelled.

As a result of the above, the Group reported net sales of ¥125,908 million for the fiscal year under review (+8.8% year on year).

Gross profit was ¥28,370 million (+14.0% year on year) due to the increase in net sales.

Selling, general and administrative expenses were ¥13,880 million (+12.2% year on year). With the increase in gross profit, operating profit came to ¥14,489 million (+15.8% year on year), and ordinary profit came to ¥15,457 million (+20.5% year on year). Profit attributable to owners of parent was ¥10,635 million (+45.8% year on year), mainly due to the increase in ordinary profit.

(Millions of yen)

	Consolidated	Year-on-year change (%)
Net sales	125,908	8.8
Operating profit	14,489	15.8
Ordinary profit	15,457	20.5
Profit attributable to owners of parent	10,635	45.8

<Breakdown of net sales>

(Millions of yen)

	Consolidated	Year-on-year change (%)
Operation & Solutions	53,207	21.9
Technology & Solutions	42,877	1.6
Platforms & Services	29,823	(0.1)
Total	125,908	8.8

Summaries of the operational conditions of each segment are as follows.

Operation & Solutions Segment

Net sales came to ¥53,207 million (+21.9% year on year), due to the increased projects for the banking industry and the impact of new consolidations.

In initiatives for our "focus businesses," we strived to "strengthen application development capability based on cloud architecture," "strengthen capabilities for agile/low code development," and "expand and further create industry-specific solution services," among others.

AMLion, packaged software for anti-money laundering and combating the financing of terrorism that complies with the latest domestic and international guidelines, has so far been introduced mainly by major securities firms. In the fiscal year under review, we started to provide the life insurance industry with AMLion that meets the unique requirements and needs of the life insurance industry.

In addition, in order to encourage greater efficiency in transaction management at medium-sized financial institutions in Japan, we have begun offering an anti-money laundering case management tool (Note 1) with a low introduction cost.

For the upcoming fifth review of the FATF (Note 2), we will strengthen proposals to life insurance companies and contribute to the advancement and efficiency of anti-money laundering operations in all types of finance businesses.

Moreover, KYUSHU DTS CORPORATION opened the Nagasaki Development Center to strengthen the nearshore development system and to contribute to boosting the local economy by promoting cooperation with local universities and companies.

(Note 1) Anti-money laundering case management tool
A tool to electronically manage investigation histories, etc. for suspicious transaction data at financial institutions.

(Note 2) FATF
FATF stands for Financial Action Task Force. It refers to an organization established as a multinational framework to develop and implement international standards to combat money laundering.

Technology & Solutions Segment

Net sales came to ¥42,877 million (+1.6% year on year), due to the strong sales of cloud infrastructure projects and embedded system projects.

In our initiatives for focus businesses, we strived to enhance our cloud business technologies and reform our business models, enhance functions for the expansion of package sales, strengthen ERP business expansion, and establish the technologies for cyber security, among others.

We have positioned ServiceNow® as one of our key areas of focus in seeking to extend our business domain by creating new solutions and services that prompt evolution from existing SI business models centered on applications development. In the fiscal year under review, we launched Simple-Start-Pack, which enables the low-cost, speedy introduction of ServiceNow® by carefully selecting the functions necessary for internal help desk operations from among the rich menu functions available with ServiceNow®.

With regard to the housing solutions business, we launched “Walk in home 2024” with enhanced integration of structural calculation, the “Walk in home Property Management Web” subscription-based service that enables the safe management of property data in a cloud environment, and the “Walk in home 360x” service with enhanced mobile presentation functionality. Furthermore, “Walk in home Allowable Stress Calculation Option Version 3.0,” which contributes to shortening the review time for building permit application and streamlining design operations, obtained the Wooden Building Computer Program certification (Note 1). Moreover, a group company Anshin Project Japan Inc. has launched the KT-PLAN service, which provides support for designing and proposing barrier-free and other senior-friendly living environments, in collaboration with the company’s “Walk in home Plus” service to support the building of safe and secure homes.

In initiatives utilizing cyber security technologies, we established a new organization specializing in security, and began offering DX Security Introduction and Operation Monitoring Support Service, which provides one-stop support from introduction to operation for the realization of zero trust security meeting the requirement levels of financial institutions. Going forward, we will aim to realize a secure and reliable system environment by offering security solutions. In addition, we started offering the “SecureWorkplace” service, which is a combination of the foregoing service and the “DX Workplace Introduction Support Service.” This service provides a secure information security environment and enhances communication within companies, supporting flexible work styles for our clients.

(Note 1) Wooden Building Computer Program certification
A certification based on the Wooden Building Computer Program certification system implemented by Japan Housing and Wood Technology Center. It is granted to programs compliant with standards issued by the Center, such as “Allowable Stress Design for Houses Employing Wooden Framework Construction Method.”

Platforms & Services Segment

Net sales came to ¥29,823 million (−0.1% year on year) as a reaction to the temporary increase in hardware sales in the same period of the previous year, despite the expansion of operational and infrastructure construction projects.

In our initiatives for focus businesses, we strived to expand operational service menu centered on ReSM/ReSM plus, enhance and promote the sales of HybridCloud, Data Management, etc., and promote network integration business, among others.

We are working to grow sales of ReSM, which efficiently supports system operation and provides remote operation monitoring 24 hours a day, 7 days a week. The Company has assisted our client companies not only in switching their management and monitoring systems in a short period of time after starting to use a comprehensive set of our services, but also in reducing costs in the fiscal year under review.

We are additionally expanding the sales of ReSM plus, which promotes DX of helpdesk operations in client companies. ReSM plus combines a web portal and human operator and will provide a full range of FAQ services to streamline internal IT support operations in client companies. Our client companies successfully saw an improvement in user satisfaction in the fiscal year under review by introducing ReSM plus.

Going forward, we will continue to contribute to improving the service quality of our customers through the service provision of ReSM and ReSM plus.

Furthermore, we were certified as a Gold Solution Partner by Atlassian in recognition of our achievements in system integration, which includes the provision of introduction consulting and utilization support services for Jira Service Management and other Atlassian products, as well as engineer development.

2) Outlook for the next fiscal year

We formulated Vision2030 in 2022, aiming to further increase our corporate value through the dual approaches of creating social value and economic value. Based on Vision2030, we positioned the medium-term management plan (2025–2027) as the 2nd Stage, and established KPIs to achieve the plan.

In light of the above-mentioned policies, consolidated earnings forecasts for the fiscal year ending March 31, 2026 are as follows.

(Millions of yen)

	Consolidated	Year-on-year change (%)
Net sales	135,000	7.2
Operating profit	15,500	7.0
Ordinary profit	15,850	2.5
Profit attributable to owners of parent	10,900	2.5
EBITDA	16,700	6.9

Note: The forecasts for net sales and profits provided in this financial results report are made on the basis of projections derived from information currently available to the Company including industry trends and other economic conditions, as well as trends among customers, all of which are subject to the influence of a variety of uncertain factors. Consequently, actual net sales and profits may differ from the forecasts provided in this financial results report.

(2) Overview of financial position for the fiscal year under review

1) Overview of assets, liabilities and net assets

In terms of financial position, total assets decreased by ¥4,494 million from the end of the previous fiscal year to ¥80,387 million. This was mainly due to a decrease of ¥8,915 million in cash and deposits, despite increases of ¥1,740 million in investment securities, and ¥1,512 million in notes and accounts receivable - trade, and contract assets.

Liabilities decreased by ¥437 million from the end of the previous fiscal year to ¥21,042 million. This was mainly due to a decrease of ¥406 million in deposits received, which are included in other under current liabilities.

Net assets decreased by ¥4,057 million from the end of the previous fiscal year to ¥59,344 million. This was mainly due to an increase of ¥10,999 million in treasury shares due to the purchase of treasury shares and a decrease of ¥4,593 million in retained earnings due to the payment of dividends of surplus, despite an increase of ¥10,635 million in retained earnings, resulting from the recording of profit attributable to owners of parent. Treasury shares decreased by ¥14,965 million mainly due to the cancellation of treasury shares, while retained earnings and capital surplus decreased by ¥14,875 million and ¥89 million, respectively. These changes did not affect total net assets.

2) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2025 were ¥28,405 million, a decrease of ¥9,152 million from ¥37,557 million as of the previous fiscal year-end.

The respective cash flow positions in the fiscal year under review and comparisons with the previous fiscal year are as follows.

Net cash provided by operating activities was ¥9,181 million. There was a decrease in cash provided of ¥1,229 million compared with the previous fiscal year. This mainly reflected a ¥1,158 million decrease in revenue due to an increase in decrease (increase) in accounts receivable - trade, and contract assets.

Net cash used in investing activities was ¥2,322 million. There was a decrease in cash used of ¥6,193 million compared with the previous fiscal year. This mainly reflected factors such as a ¥6,141 million decrease in purchase of shares of subsidiaries resulting in change in scope of consolidation.

Net cash used in financing activities was ¥16,087 million. There was an increase in cash used of ¥8,269 million compared with the previous fiscal year. This mainly reflected factors such as a ¥8,410 million increase in purchase of treasury shares.

The following table shows trends in cash flow indicators for the DTS Group.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	78.4	76.1	73.4	72.2
Market value equity ratio (%)	152.6	174.0	203.2	200.3
Interest-bearing debt to cash flow ratio (%)	3.1	2.6	6.2	2.2
Interest coverage ratio (times)	378.5	650.9	546.0	1,462.1

Note: Equity ratio: Equity / Total assets
Market value equity ratio: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest payment

* All calculations are made using consolidated financial figures.
* For the calculation of market capitalization, the total number of issued shares less treasury shares is used.
* Cash flow from operating activities is used for cash flow.
* Interest-bearing debt includes all debt reported on the consolidated balance sheets on which interest is paid.
* For interest payment, interest expenses paid on the consolidated statements of cash flows is used.

(3) Basic policy for profit sharing and dividends for the fiscal year under review and next fiscal year

The Company regards the return of profits to shareholders as one of the priority issues of management, and believes that medium- to long-term growth in corporate value is the largest source of profit return. The Company is working to pay stable dividends on an ongoing basis and implement a flexible capital policy such as purchase of treasury shares, aiming to ensure the return of profits to shareholders in the medium to long term, after making a comprehensive consideration of results trends, its financial position and other factors as well as cash reserves needed for business expansion.

Furthermore, during the period of the Medium-Term Management Plan, we will implement shareholder returns in the form of a payout ratio of at least 50% and a total return ratio of at least 70%.

The Company intends to make use of cash reserves for forward-looking investment to boost corporate value in the medium to long term, including development investment in new information technology, capital alliances for operational expansion and new business development, investment in employee training, and investment to strengthen managerial functions.

The Company plans to pay a year-end dividend of ¥77 per share for the fiscal year under review, an increase of ¥17 from the dividend forecast, as operating profit reached a new record high and profit attributable to owners of parent also reached a record high, both exceeding the initial earnings forecasts. As a result, the planned annual dividend is ¥127 per share, including the interim dividend of ¥50 per share already paid.

For annual dividend in the next fiscal year, the Company plans to pay ¥140 per share per annum (interim dividend of ¥60 and a year-end dividend of ¥80).

(4) Business and other risks

Risks that may impact the operating results and financial position of the DTS Group are as follows.

Forward-looking statements mentioned in this discussion of risks reflect the judgment of the DTS Group (the Company and its consolidated subsidiaries) as of March 31, 2025.

1) Changes of business environment

In the information services industry, the Group expects strong IT investment from all industries due to the expansion of digital business, etc. However, if there arises a change in the trends of IT investment from customers caused by the changes of social and economic conditions, then it may affect the results of the Group.

Since the Group has been providing IT services according to the needs of customers in a wide range of industries and types of business on the basis of quality that relies on business expertise and information technology, its businesses employ a structure that is unlikely to be affected by trends of investment in specific industries.

2) Price competition

In the information services industry, to which the DTS Group belongs, customers are becoming increasingly demanding with regard to investment in information technology. As such, customers constantly compare the relative merits of the DTS Group with those of industry competitors both in terms of price and service quality.

In particular, the Company expects more intense competition with regard to prices as a result of new entrants from other industries, entry into Japan by overseas companies and the expanded selection of software packages.

The results of the DTS Group may be affected if any external factor causes downward price pressure in excess of that anticipated by the Company.

Amid this market environment, the Company is endeavoring to minimize the effects of price competition from cost cutting by thoroughly promoting project profit management and working to improve productivity and train DX employees, as well as providing high-value added services that use new technology.

3) Business overseas

In line with our medium- to long-term overseas business expansion, strengthening of governance and management foundation is an important operational issue for the Group.

In carrying out overseas operations, the DTS Group anticipates exposure to a wide variety of risks. With respect to overseas business transactions, risks may include problems arising from insufficient understanding or research regarding country and local laws such as export control laws, and trade customs, or differences between such laws and customs, and with respect to establishment, share acquisition and operation of overseas subsidiaries, risks may include an inability to comply properly with local laws, accounting treatments, labor management practices, contracts and project management and consequent litigation and liability for compensation for damages. These risks may affect the results of the Group.

The DTS Group is aware of such risks and is establishing and strengthening the overseas Group administration system as well as the Group's administration operations and administration system.

4) Business models and technological innovation

The environment surrounding the Group is expected to change drastically. If the adaptation of the Group to any rapid change of customer needs, or to technological innovation is behind schedule, then it may affect the results of the Group.

The Group formulated Vision2030 in 2022, aiming to keep abreast of environmental changes in the IT market, technologies, ESG, and other areas, build a new growth model by proactively investing in digital, solution and service businesses, human resources who realize these businesses in addition to evolving existing SI business models, and further increase its corporate value through the dual approaches of creating social value and economic value.

To achieve these objectives, in our medium-term management plan (2025–2027), the Group will focus on three pillars: "evolution of focus businesses and deepening of core businesses," "execution of strategic alliances," and "strengthening of the Group's management foundation," and will continue to promote our business growth and expansion as well as enhance stability and reliability.

In "evolution of focus businesses and deepening of core businesses," which aims to build a new growth model, the Group will newly set "concentrated investment area" and "forward-looking investment area" in digital, solution and service businesses, seeking to expand business and make profits in our operations including the core businesses and global (overseas) fields.

5) M&A investments

The Group invests in Japanese and overseas companies that are expected to generate synergies and future returns on investments on the premise that said companies complement the Group's business strategies such as through the acquisition of new technologies, solutions, and development resources, and expansion into new business fields. These investments may affect the results of the Group if an unrecoverable amount of capital is put in, a problem previously unknown to the Group comes to the fore after the implementation of investment, or it becomes difficult to run smooth business operations as the Group fails to appropriately control investee companies.

For this reason, M&A investments are determined by evaluation criteria such as an assessment of returns on investment, and the results of third-party valuations using the DCF method and the comparable multiple valuation method.

Additionally, we require due diligence by outside experts such as financial advisors, certified public accountants, and attorneys. Each risk identified is deliberated at the Management Council, taking into account ways to counteract such risks, etc., before investments are ultimately resolved and approved by the Board of Directors. Furthermore, we strive to reduce risks by preparing a post-merger integration (PMI) plan and working on integration processes from an early stage to maximize M&A benefits.

6) Human resources, etc.

One of essential factors for sustainable growth of the Group is the securing and development of employees having high technical skills and expertise. However, if the securing of employees is not as successful as expected, or if an exodus of employees or the decrease of productivity caused by the deterioration of working environments occurs, then it may affect the results or the business development of the Group.

Respecting diversity, the Group establishes an environment to promote active involvement of such human resources, and encourages regular implementation of employee engagement survey as well as analysis and responses to the survey.

In addition, regarding securing of employees, the Group hires new graduates from a medium- to long-term perspective and career employees with excellent expertise, and also focuses on the development of employees, including learning of new techniques in the DX area, support for acquiring professional qualifications, etc.

7) Management of software development projects

In order to secure competitive advantages for themselves, customers are becoming increasingly demanding with regard to shortening system development turnaround times. As a result, project management and quality management are becoming even more important than before. The results of the DTS Group may be affected if projects with a negative impact on profitability occur due to unforeseen circumstances, notwithstanding the measures taken to prevent such occurrences.

The Group is striving to disseminate its own development standards within the company. Moreover, we are engaged in the prevention of unprofitable projects by ascertaining the status of projects through the establishment of the Project Promotion Committee, which aims to deliberate on whether or not to accept projects with an order value exceeding a certain level or deemed necessary, and to periodically monitor the status of project progress. At the current time, there are no unprofitable projects which risk posing a significant impact on the Group.

8) Labor-related regulations

The Group promotes businesses with the highest priority on compliance with labor-related regulations and government regulatory requirements. However, if a serious compliance violation or an event that conflicts with laws and regulations occurs, then that may deteriorate the social credibility and affect the results of the Group.

For this reason, we provide compliance training to the Group corporate officers and employees as well as partner company employees, monitor working conditions and issue alerts, and report to the Management Council to help prevent violations of laws and regulations.

9) Cybersecurity

Companies operating in the information service business, an area of strength for the DTS Group, come into contact with important information of various customers due to the nature of the business. As a consequence, security management is an important operational issue.

The Group has established a risk management framework to control cybersecurity and information security risks, and has established the Risk Management Committee composed of the Representative Director and President as well as managers of related divisions.

Furthermore, the Company and the Group have established the Information Security Committee and the Security Liaison Council, respectively, and have been considering and promoting the expansion of comprehensive security measures.

If an information security event or incident occurs, the Information Security Committee considers permanent countermeasures, promotes internal responses, and shares information with group companies through the Security Liaison Council.

As announced in “Notice Concerning Unauthorized Access of a Group Company’s System” dated February 27, 2025, the Group has discovered that unauthorized access by a third party has occurred in the system of one of its group companies, and that there is a possibility that some information held by the company has been leaked.

We are currently conducting an investigation to identify information that may have been leaked (e.g., personal information and other confidential information) with the assistance of experts, including an external digital security company. We will promptly disclose any matters that may arise in the course of our investigation.

10) Business continuity

Many bases including the corporate headquarters are concentrated in greater metropolitan areas, and therefore, in case of an unexpected event, such as an outbreak of a large-scale natural disaster or a spread of a contagious disease, then it may affect the results of the Group because of service provision delayed by restoration.

The Company has established a framework for business continuity by formulating a disaster response manual (for normal times) and a business continuity plan implementation manual.

11) Litigation, etc.

The Group is not currently subject to any lawsuits that could affect its financial position or results. However, the Group could become the subject of litigation including claims for compensation for damages with regard to faults, defects, or delivery delays in the services provided by the Group, infringement of the rights of third parties, customer information leaks including personal information, defamation, inappropriate personnel and labor management, or other matters. Depending on the details and results, such litigation, etc., could affect the results of the Group.

For this reason, the Group recognizes that strengthening and enhancement of corporate governance is an important management priority, and has established the necessary systems for compliance, information security, and quality management, etc.

12) Internal fraud, waste, and abuse

The Group is striving to prevent internal fraud, waste, and abuse. However, in case of failure to prevent them, a legal violation may result causing us to lose the opportunity to recover the damages from a wrongful act.

For this reason, the Company's Board of Directors monitors the corporate officers. Furthermore, we are disseminating the whistleblowing hotline throughout the Company and the group companies. We also provide compliance training to employees for awareness building.

13) Harassment

The Group recognizes that failure to prevent or respond to harassment may cause a negative impact on the organization, such as reduced work performance, decreased productivity and profitability, increased absenteeism, or litigation.

For this reason, not only has the Group formulated a harassment prevention guideline, but it has also been providing compliance training for education and awareness.

2. Status of the Corporate Group

The corporate group consists of the Company (DTS CORPORATION), 16 consolidated subsidiaries, and two non-consolidated subsidiaries, and is primarily engaged in the information service business. Taking into account the industries and regions to which customers belong and the nature of solutions and services provided, the Group classifies its reportable segments into “Operation & Solutions,” “Technology & Solutions,” and “Platforms & Services,” and engages in its business activities accordingly.

The contents of the corporate group’s businesses and the relationships among each of the companies in the group are as follows.

[Operation & Solutions]

Offer the following services by adding digital technology to project management capabilities and industry insights, which are some of our strengths, to generate new added values.

- Consulting in relation to the deployment of systems
- Design, development, operation, maintenance, etc. of systems (including design and construction of platforms, networks and so on)
- Development of industry-specific solutions

[Technology & Solutions]

Offer the following services across industries and regions by specializing in digital technology and solutions, in order to use the latest technologies to meet the diverse needs of customers.

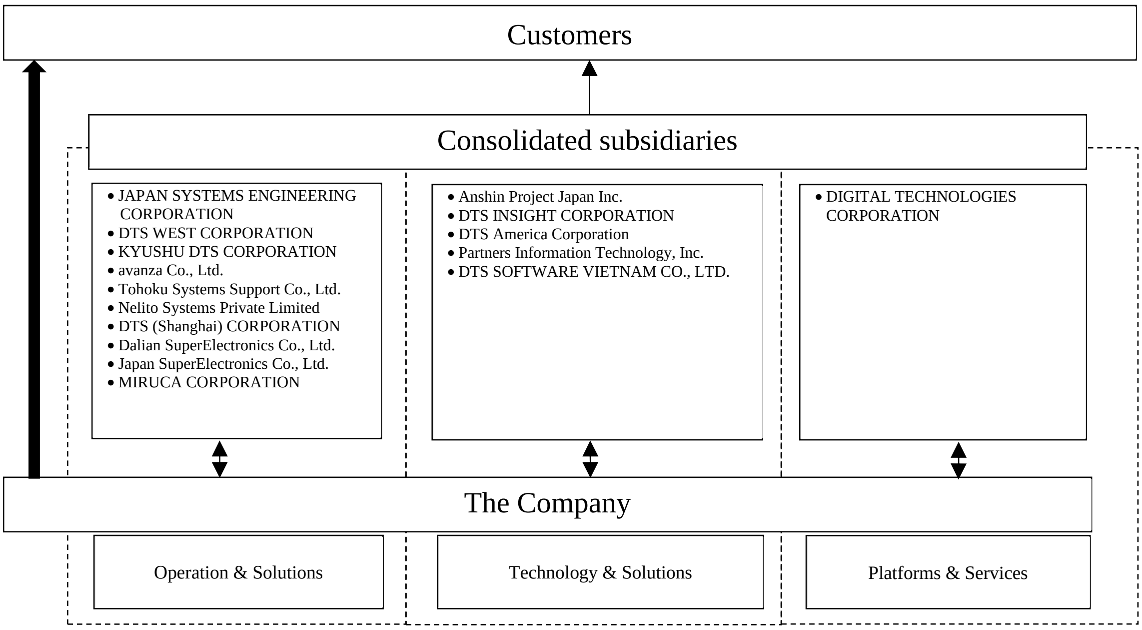
- Consulting in relation to the deployment of systems
- Design, development, operation, maintenance, etc. of systems (including design, construction and embedding of platforms, networks and so on)
- Deployment, operation, maintenance, etc. of (in-house or other companies’) solutions

[Platforms & Services]

Offer the following services across industries and regions in order to support IT environments in which customers can feel reassured.

- Deployment of advanced IT equipment and building of IT platforms
- Operational design and maintenance of total information systems, including cloud-related services and virtualization systems
- System operation either through permanently station personnel or remote access, monitoring services
- System operational diagnosis and optimization services, primarily for IT infrastructure
- Fee-based businesses, such as subscription and recurring business

An organizational chart of the businesses in the DTS Group is as follows.



Consolidated subsidiaries

Name	Share capital	Ratio of voting rights held	Main business lines
KYUSHU DTS CORPORATION	¥100 million	100.00%	Information Service
JAPAN SYSTEMS ENGINEERING CORPORATION	¥310 million	100.00%	Information Service
DTS WEST CORPORATION	¥100 million	100.00%	Information Service
MIRUCA CORPORATION	¥100 million	100.00%	Information Service
DIGITAL TECHNOLOGIES CORPORATION	¥100 million	100.00%	Information Service
DTS (Shanghai) CORPORATION	CNY 14 million	100.00%	Information Service
DTS America Corporation	US $200,000	100.00%	Information Service
DTS INSIGHT CORPORATION	¥200 million	100.00%	Information Service
DTS SOFTWARE VIETNAM CO.,LTD.	US $1.2 million	100.00%	Information Service
Nelito Systems Private Limited	INR 20.6 million	98.80%	Information Service
Dalian SuperElectronics Co., Ltd. (Note)	CNY 10.3 million	51.00% (51.00%)	Information Service
Japan SuperElectronics Co., Ltd. (Note)	¥20 million	51.00% (51.00%)	Information Service
Partners Information Technology, Inc.	US $5,000	51.00%	Information Service
Anshin Project Japan Inc.	¥88 million	100.00%	Information Service
avanza Co., Ltd.	¥60 million	100.00%	Information Service
Tohoku Systems Support Co., Ltd.	¥98.8 million	100.00%	Information Service

Note: The number within the ( ) of the ratio of voting rights held is the ratio of voting rights which are indirectly held.

3. Management Policies

(1) Basic management policies

The DTS Group believes that it is vitally important to strive to strengthen its business performance and secure a certain level of results as a group of enterprises with a long track record in the information services industry, while also returning profits to stakeholders on the basis of that performance and working to increase medium- to long-term corporate value. Furthermore, the DTS Group's corporate philosophy is to utilize "potential to bring joy to people and affluence to society" as one of the "skills" of the Group, and to "utilize its skills to build up the trust of customers, expand corporate value, enhance the lives of employees, and contribute to society." Based on this philosophy, the DTS Group aims to be a group of enterprises that is trusted by all its stakeholders and provides a sense of reassurance, and will work to enhance its presence in the information services industry as a group of independent, comprehensive information service providers that is always at the forefront of the industry. The DTS Group also intends to achieve further development by establishing a sound and strong management foundation.

(2) Medium- to long-term management strategies and issues to be addressed

With advances in technology, executive agendas are increasingly centered around themes such as strengthening customer relationships and data-driven management. In line with and influenced by these shifts, corporate IT investments are expected to move toward information systems and customer contact services.

To achieve these objectives, in our medium-term management plan (2025–2027), which is the 2nd Stage in Vision2030, the Group will focus on three pillars: "evolution of focus businesses and deepening of core businesses," "execution of strategic alliances," and "strengthening of the Group's management foundation," and will work on initiatives to promote our business growth and expansion as well as enhance stability and reliability.

(3) Targeted management indicators

In the medium-term management plan (2025–2027), which is the 2nd Stage in Vision2030, the Group has set the following goals.

<Management goals for the fiscal year ending March 31, 2028>

Operating revenue	Consolidated net sales	¥160.0 billion
	Operating profit	¥18.7 billion
	EBITDA	¥20.0 billion
	EBITDA margin	12.5%
	Percentage of focus businesses' net sales to total (*1)	57.0% or more
	Productivity (operating profit per employee)	¥3.2 million
Management efficiency	ROE	18% or more
Investment	Growth investment (cumulative total for three years)	¥32.5 billion
Shareholder returns	Payout ratio	50% or more
	Total return ratio	70% or more
Cash on hand	Percentage of cash on hand in total assets	33% or less
Non-financial targets (*2)	Engagement score	55 or more
	Ratio of female managers	8.5% or more
	Ratio of female Directors	20% or more
	Percentage of Independent Outside Directors	Majority

(*1) Business fields on which the Group will focus, composed of three growth engines: Digital Biz, Solution Biz and Service Biz.

(*2) Reduction of CO_2 emissions (relative to FY2021): 60% (reference value)

4. Basic Concept Regarding Selection of Accounting Standard

At the moment, the DTS Group's fund procurement activities are limited to domestic capital markets. The Company will continue to use the generally accepted accounting standards in Japan (Japanese GAAP) for the time being, but given this limitation, it will consider adopting International Financial Reporting Standards (IFRS) while monitoring trends in IFRS adoption by other Japanese companies.

5. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	38,838	29,922
Notes and accounts receivable - trade, and contract assets	22,334	23,847
Securities	562	596
Merchandise and finished goods	548	1,130
Work in process	277	368
Raw materials and supplies	67	86
Other	1,423	1,869
Allowance for doubtful accounts	(32)	(22)
Total current assets	64,019	57,798
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,470	3,403
Accumulated depreciation	(2,028)	(1,985)
Buildings and structures, net	1,441	1,417
Land	2,285	2,285
Other	2,563	2,745
Accumulated depreciation	(1,932)	(2,112)
Other, net	631	633
Total property, plant and equipment	4,358	4,335
Intangible assets		
Goodwill	5,540	4,988
Software	763	900
Other	10	10
Total intangible assets	6,315	5,900
Investments and other assets		
Investment securities	5,707	7,447
Retirement benefit asset	396	792
Deferred tax assets	1,603	1,528
Other	2,488	2,591
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	10,189	12,353
Total non-current assets	20,862	22,588
Total assets	84,882	80,387

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	6,697	7,566
Accounts payable - other	2,068	2,071
Income taxes payable	2,934	3,160
Provision for bonuses	3,656	3,754
Provision for bonuses for directors (and other officers)	98	72
Provision for loss on orders received	84	27
Other	4,658	3,792
Total current liabilities	20,199	20,445
Non-current liabilities		
Retirement benefit liability	288	254
Other	991	341
Total non-current liabilities	1,280	596
Total liabilities	21,479	21,042
Net assets		
Shareholders’ equity		
Share capital	6,113	6,113
Capital surplus	4,992	4,992
Retained earnings	57,396	48,562
Treasury shares	(8,527)	(4,412)
Total shareholders’ equity	59,973	55,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,563	1,726
Foreign currency translation adjustment	70	263
Remeasurements of defined benefit plans	662	816
Total accumulated other comprehensive income	2,296	2,805
Non-controlling interests	1,132	1,283
Total net assets	63,402	59,344
Total liabilities and net assets	84,882	80,387

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	115,727	125,908
Cost of sales	90,851	97,538
Gross profit	24,876	28,370
Selling, general and administrative expenses		
Salaries and allowances	4,013	4,258
Provision for bonuses	1,046	987
Amortization of goodwill	458	430
Commission expenses	2,011	2,700
Other	4,836	5,502
Total selling, general and administrative expenses	12,367	13,880
Operating profit	12,508	14,489
Non-operating income		
Interest income	78	111
Dividend income	103	112
Gain on investments in investment partnerships	―	570
Surrender value of insurance policies	112	98
Other	126	145
Total non-operating income	420	1,039
Non-operating expenses		
Interest expenses	19	6
Loss on investments in investment partnerships	20	―
Commission for purchase of treasury shares	5	16
Foreign exchange losses	36	35
Commission expenses	11	―
Other	5	13
Total non-operating expenses	98	71
Ordinary profit	12,831	15,457
Extraordinary income		
Gain on sale of non-current assets	0	6
Total extraordinary income	0	6
Extraordinary losses		
Impairment losses	1,237	249
Loss on retirement of non-current assets	1	24
Loss on valuation of investment securities	―	47
Office relocation expenses	―	11
Total extraordinary losses	1,238	332
Profit before income taxes	11,592	15,131
Income taxes - current	4,532	4,551
Income taxes - deferred	(346)	(89)
Total income taxes	4,186	4,462
Profit	7,406	10,669
Profit attributable to non-controlling interests	113	34
Profit attributable to owners of parent	7,293	10,635

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	7,406	10,669
Other comprehensive income		
Valuation difference on available-for-sale securities	637	162
Foreign currency translation adjustment	220	309
Remeasurements of defined benefit plans, net of tax	228	153
Total other comprehensive income	1,087	626
Comprehensive income	8,493	11,295
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,318	11,144
Comprehensive income attributable to non-controlling interests	175	151

(3) Consolidated statements of changes in equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,113	4,992	56,577	(7,534)	60,148
Changes during period					
Dividends of surplus			(5,000)		(5,000)
Profit attributable to owners of parent			7,293		7,293
Purchase of treasury shares				(2,600)	(2,600)
Disposal of treasury shares		59		73	132
Cancellation of treasury shares		(1,533)		1,533	–
Transfer from retained earnings to capital surplus		1,474	(1,474)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	818	(993)	(174)
Balance at end of period	6,113	4,992	57,396	(8,527)	59,973

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	926	(87)	433	1,272	956	62,376
Changes during period						
Dividends of surplus						(5,000)
Profit attributable to owners of parent						7,293
Purchase of treasury shares						(2,600)
Disposal of treasury shares						132
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	637	158	228	1,024	175	1,200
Total changes during period	637	158	228	1,024	175	1,025
Balance at end of period	1,563	70	662	2,296	1,132	63,402

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,113	4,992	57,396	(8,527)	59,973
Changes during period					
Dividends of surplus			(4,593)		(4,593)
Profit attributable to owners of parent			10,635		10,635
Purchase of treasury shares				(10,999)	(10,999)
Disposal of treasury shares		89		149	239
Cancellation of treasury shares		(14,965)		14,965	–
Transfer from retained earnings to capital surplus		14,875	(14,875)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(8,833)	4,115	(4,717)
Balance at end of period	6,113	4,992	48,562	(4,412)	55,255

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,563	70	662	2,296	1,132	63,402
Changes during period						
Dividends of surplus						(4,593)
Profit attributable to owners of parent						10,635
Purchase of treasury shares						(10,999)
Disposal of treasury shares						239
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	162	192	153	509	151	660
Total changes during period	162	192	153	509	151	(4,057)
Balance at end of period	1,726	263	816	2,805	1,283	59,344

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	11,592	15,131
Depreciation	628	703
Impairment losses	1,237	249
Amortization of goodwill	458	430
Increase (decrease) in provision for bonuses	547	97
Increase (decrease) in provision for bonuses for directors (and other officers)	6	(26)
Increase (decrease) in provision for loss on orders received	64	(56)
Decrease (increase) in retirement benefit asset	—	(396)
Increase (decrease) in retirement benefit liability	(97)	187
Loss (gain) on valuation of investment securities	—	47
Loss (gain) on investments in investment partnerships	—	(570)
Decrease (increase) in accounts receivable - trade, and contract assets	(254)	(1,413)
Decrease (increase) in inventories	356	(693)
Increase (decrease) in trade payables	(480)	850
Increase (decrease) in accounts payable - other	342	81
Other, net	89	(1,382)
Subtotal	14,492	13,241
Interest and dividends received	141	174
Interest paid	(19)	(6)
Income taxes paid	(4,203)	(4,228)
Net cash provided by (used in) operating activities	10,410	9,181
Cash flows from investing activities		
Purchase of securities	(154)	(351)
Proceeds from sale and redemption of securities	800	810
Purchase of property, plant and equipment	(285)	(531)
Purchase of intangible assets	(420)	(498)
Purchase of investment securities	(800)	(1,197)
Payments into time deposits	(1,221)	(296)
Proceeds from withdrawal of time deposits	108	177
Purchase of shares of subsidiaries and associates	—	(704)
Net decrease (increase) in short-term loans receivable	(0)	1
Proceeds from distributions from investment partnerships	21	487
Purchase of long-term prepaid expenses	(426)	(231)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,141)	—
Other, net	5	10
Net cash provided by (used in) investing activities	(8,516)	(2,322)
Cash flows from financing activities		
Repayments of long-term borrowings	—	(362)
Purchase of treasury shares	(2,606)	(11,016)
Dividends paid	(4,993)	(4,584)
Other, net	(218)	(123)
Net cash provided by (used in) financing activities	(7,817)	(16,087)

Effect of exchange rate change on cash and cash equivalents	117	76
Net increase (decrease) in cash and cash equivalents	(5,806)	(9,152)
Cash and cash equivalents at beginning of period	43,364	37,557
Cash and cash equivalents at end of period	37,557	28,405

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in presentation)

(Consolidated statements of cash flows)

“Dividends paid to non-controlling interests,” which was separately presented under “Cash flows from financing activities” in the previous fiscal year, has been included in “Other, net” from the fiscal year under review because it is no longer material. To reflect these changes in method of presentation, the Company has reclassified the consolidated financial statements for the previous fiscal year.

As a result, ¥(0) million shown as “Dividends paid to non-controlling interests” under “Cash flows from financing activities” and ¥(218) million shown as “Other, net” in the consolidated statements of cash flows for the previous fiscal year are reclassified as “Other, net” of ¥(218) million.

(Consolidated balance sheets)

(Contingent liabilities)

Improper payments were made to individuals deemed to be public officials at a specific overseas subsidiary of the Company, and it has been recognized that these payments could be in violation of local anti-corruption laws and other laws and regulations. Accordingly, there is a possibility that investigations and prosecutions may be conducted by local authorities in the future, but the situation is uncertain at this point in time. There are also many uncertainties in estimating fines and penalties to be imposed by the authorities at this time, and it is therefore difficult to reasonably estimate the specific amount of future losses.

(Segment information, etc.)

[Segment Information]

1. Overview of reportable segments

The Group identifies a reportable segment as a component unit that constitutes a business for which discrete financial information is available and is regularly reviewed by the Board of Directors to make decisions on the allocation of management resources to the segments and assess its performance.

The contents of each segment's business activities are as follows.

(1) Operation & Solutions

Offer the following services by adding digital technology to project management capabilities and industry insights, which are some of our strengths, to generate new added values.

- Consulting in relation to the deployment of systems
- Design, development, operation, maintenance, etc. of systems (including design and construction of platforms, networks and so on)
- Development of industry-specific solutions

(2) Technology & Solutions

Offer the following services across industries and regions by specializing in digital technology and solutions, in order to use the latest technologies to meet the diverse needs of customers.

- Consulting in relation to the deployment of systems
- Design, development, operation, maintenance, etc. of systems (including design, construction and embedding of platforms, networks and so on)
- Deployment, operation, maintenance, etc. of (in-house or other companies') solutions

(3) Platforms & Services

Offer the following services across industries and regions in order to support IT environments in which customers can feel reassured.

- Deployment of advanced IT equipment and building of IT platforms
- Operational design and maintenance of total information systems, including cloud-related services and virtualization systems
- System operation either through permanently station personnel or remote access, monitoring services
- System operational diagnosis and optimization services, primarily for IT infrastructure
- Fee-based businesses, such as subscription and recurring business

2. Method for calculating net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method used for the business segments reported is the same as the accounting method employed to prepare the consolidated financial statements. Segment profit of the reportable segments are on an operating profit basis and intersegment revenues and transfers are based on general transactions identical to arm's length transactions.

3. Information about net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment			
	Operation & Solutions	Technology & Solutions	Platforms & Services	Total
Net sales				
Sales to external customers	43,663	42,214	29,849	115,727
Intersegment sales or transfers	1,480	72	1,356	2,909
Total	45,144	42,287	31,206	118,637
Segment profit	5,331	4,193	2,978	12,503
Other				
Depreciation	201	348	71	621
Impairment losses	229	1,007	−	1,237
Amortization of goodwill	−	430	27	458

	Adjustment (Note 1)	Amount reported on the consolidated statements of income (Note 2)
Net sales		
Sales to external customers	−	115,727
Intersegment sales or transfers	(2,909)	−
Total	(2,909)	115,72
Segment profit	5	12,508
Other		
Depreciation	(2)	619
Impairment losses	−	1,237
Amortization of goodwill	−	458

Notes:
1. There were no material segment profit adjustments.
2. Segment profit is reconciled to operating profit in the consolidated statements of income.
3. Assets are not allocated to business segments.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment			
	Operation & Solutions	Technology & Solutions	Platforms & Services	Total
Net sales				
Sales to external customers	53,207	42,877	29,823	125,908
Intersegment sales or transfers	1,433	113	581	2,128
Total	54,641	42,990	30,405	128,036
Segment profit	6,802	4,583	3,092	14,478
Other				
Depreciation	206	404	89	700
Impairment losses	—	249	—	249
Amortization of goodwill	216	185	27	430

	Adjustment (Note 1)	Amount reported on the consolidated statements of income (Note 2)
Net sales		
Sales to external customers	—	125,908
Intersegment sales or transfers	(2,128)	—
Total	(2,128)	125,908
Segment profit	11	14,489
Other		
Depreciation	(2)	697
Impairment losses	—	249
Amortization of goodwill	—	430

Notes:
1. There were no material segment profit adjustments.
2. Segment profit is reconciled to operating profit in the consolidated statements of income.
3. Assets are not allocated to business segments.

[Related Information]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

   This information is omitted as it is identical to that in segment information.

2. Information by geographical area

   (1) Net sales

   It is omitted since net sales to external customers in Japan exceeds 90% of net sales on the consolidated statements of income.

   (2) Property, plant and equipment

   It is omitted since the amount of property, plant and equipment held in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

   It is omitted since the amount of net sales to any single external customer is less than 10% of consolidated net sales.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

   This information is omitted as it is identical to that in segment information.

2. Information by geographical area

   (1) Net sales

   It is omitted since net sales to external customers in Japan exceeds 90% of net sales on the consolidated statements of income.

   (2) Property, plant and equipment

   It is omitted since the amount of property, plant and equipment held in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

   It is omitted since the amount of net sales to any single external customer is less than 10% of consolidated net sales.

[Information about Impairment Loss on Non-current Assets by Reportable Segment]
For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
This information is omitted as it is identical to that in segment information.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
This information is omitted as it is identical to that in segment information.

[Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment]
For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Operation & Solutions	Technology & Solutions	Platforms & Services	Total
Amortization	―	430	27	458
Unamortized balance as of March 31, 2024	4,097	1,331	111	5,540

Note: The impairment losses of ¥1,007 million was recorded for goodwill attributable to the Technology & Solutions segment.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Operation & Solutions	Technology & Solutions	Platforms & Services	Total
Amortization	216	185	27	430
Unamortized balance as of March 31, 2025	3,880	1,024	83	4,988

Note: The impairment losses of ¥138 million was recorded for goodwill attributable to the Technology & Solutions segment.

(Significant changes in amount of goodwill)

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

The consolidation of avanza Co., Ltd. and Tohoku Systems Support Co., Ltd. led to goodwill arising in the Operation & Solutions segment. The increase in goodwill from these events was ¥4,097 million.

In addition, the consolidation of Anshin Project Japan Inc. led to goodwill arising in the Technology & Solutions segment. The increase in goodwill from this event was ¥1,271 million.

On the other hand, in the Technology & Solutions segment, there was a significant change in the amount of goodwill due to the recording of impairment losses on goodwill. The decrease in goodwill from this event was ¥1,007 million.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

In the Technology & Solutions segment, there was a significant change in the amount of goodwill due to the recording of impairment losses on goodwill. The decrease in goodwill from this event was ¥138 million.

[Information about Gain on Bargain Purchase by Reportable Segment]
For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
No items to report.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
No items to report.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,451.61	1,440.87
Basic earnings per share	168.51	253.80

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.

2. Calculation basis of net assets per share is as follows.

	As of March 31, 2024	As of March 31, 2025
Total net assets (Millions of yen)	63,402	59,344
Amount subtracted from total net assets (Millions of yen)	1,132	1,283
(Non-controlling interests (Millions of yen))	1,132	1,283
Net assets at the end of the period related to common stock (Millions of yen)	62,270	58,061
Number of common stock at the end of the period used for the calculation of net assets per share (Shares)	42,897,308	40,296,027

3. Calculation basis of earnings per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (Millions of yen)	7,293	10,635
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	7,293	10,635
Average number of outstanding shares of common stock during the period (Shares)	43,281,898	41,903,068

(Significant subsequent events)

Acquisition and cancellation of treasury shares

At a meeting of the Board of Directors held on May 1, 2025, the Company resolved on matters relating to the acquisition of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act. The Company also resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

1. Reasons for acquisition and cancellation of treasury shares

   Based on a comprehensive consideration of opportunities for growth investment, capital conditions, and the market environment, to achieve our medium-term management goals of cash allocation,to improve capital efficiency and to further improve returns for our shareholders, we flexibly implement treasury share acquisition and cancellation.

2. Details of the acquisition of treasury shares resolved by the Board of Directors

   (1) Class of shares to be acquired

   Common shares

   (2) Total number of shares to be acquired

   750,000 shares (maximum)

   (3) Total acquisition price of shares to be acquired

   ¥2,500 million (maximum)

   (4) Acquisition period

   From May 2, 2025 to July 31, 2025

   (5) Method of acquisition

   Market purchases on the Tokyo Stock Exchange (discretionary trading by securities companies, and off-auction own share repurchase trading [ToSTNet-3])

3. Details of cancellation of treasury shares resolved by the Board of Directors

   (1) Class of shares to be cancelled

   Common shares

   (2) Number of shares to be cancelled

   All the shares repurchased in 2 above.

   (3) Scheduled date of cancellation

   August 13, 2025

6. Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	25,513	14,940
Notes and accounts receivable - trade, and contract assets	15,037	16,161
Securities	401	497
Merchandise	33	568
Work in process	128	183
Supplies	7	7
Advance payments to suppliers	98	137
Prepaid expenses	432	579
Other	117	262
Allowance for doubtful accounts	(3)	(3)
Total current assets	41,766	33,334
Non-current assets		
Property, plant and equipment		
Buildings	992	908
Tools, furniture and fixtures	205	210
Land	1,965	1,965
Total property, plant and equipment	3,164	3,085
Intangible assets		
Software	705	850
Other	1	1
Total intangible assets	706	851
Investments and other assets		
Investment securities	5,621	6,672
Shares of subsidiaries and associates	15,033	15,768
Investments in capital of subsidiaries and associates	327	327
Long-term loans receivable from subsidiaries and associates	—	184
Distressed receivables	1	1
Long-term prepaid expenses	493	724
Deferred tax assets	1,825	1,689
Other	1,131	1,045
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	24,426	26,407
Total non-current assets	28,297	30,344
Total assets	70,064	63,679

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	4,591	4,783
Accounts payable - other	1,367	1,292
Accrued expenses	411	410
Income taxes payable	2,102	2,335
Contract liabilities	166	210
Deposits received	292	115
Provision for bonuses	2,594	2,593
Provision for bonuses for directors (and other officers)	69	39
Provision for loss on orders received	54	—
Other	1,360	1,071
Total current liabilities	13,010	12,853
Non-current liabilities		
Provision for retirement benefits	600	468
Provision for loss on guarantees for subsidiaries and associates	119	—
Provision for loss on business of subsidiaries and associates	236	—
Asset retirement obligations	224	175
Other	302	—
Total non-current liabilities	1,484	644
Total liabilities	14,494	13,497
Net assets		
Shareholders' equity		
Share capital	6,113	6,113
Capital surplus		
Legal capital surplus	6,190	6,190
Total capital surplus	6,190	6,190
Retained earnings		
Legal retained earnings	411	411
Other retained earnings		
General reserve	11,170	11,170
Reserve for tax purpose reduction to promote open innovation	—	62
Retained earnings brought forward	38,648	28,919
Total retained earnings	50,230	40,563
Treasury shares	(8,527)	(4,412)
Total shareholders' equity	54,006	48,455
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,563	1,726
Total valuation and translation adjustments	1,563	1,726
Total net assets	55,570	50,181
Total liabilities and net assets	70,064	63,679

(2) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	80,744	86,263
Cost of sales	63,396	67,201
Gross profit	17,347	19,061
Selling, general and administrative expenses	6,931	7,639
Operating profit	10,416	11,422
Non-operating income		
Interest income	4	11
Interest on securities	16	17
Dividend income	868	1,105
Gain on investments in investment partnerships	—	570
Gain on reversal of allowance for loss on guarantees of subsidiaries and associates	—	119
Reversal of business loss reserve of subsidiaries and associates	—	236
Other	49	81
Total non-operating income	938	2,142
Non-operating expenses		
Loss on investments in investment partnerships	20	—
Commission for purchase of treasury shares	5	16
Foreign exchange losses	13	—
Other	2	4
Total non-operating expenses	41	20
Ordinary profit	11,314	13,544
Extraordinary losses		
Impairment losses	—	110
Loss on retirement of non-current assets	0	3
Loss on valuation of shares of subsidiaries and associates	1,737	—
Provision for loss on guarantees for subsidiaries and associates	119	—
Provision for loss on business of subsidiaries and associates	236	—
Total extraordinary losses	2,094	113
Profit before income taxes	9,220	13,430
Income taxes - current	3,499	3,597
Income taxes - deferred	(936)	30
Total income taxes	2,562	3,628
Profit	6,657	9,802

(3) Non-consolidated statements of changes in equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						General reserve	Reserve for tax purpose reduction to promote open innovation	Retained earnings brought forward	
Balance at beginning of period	6,113	6,190	－	6,190	411	11,170	－	38,465	50,047
Changes during period									
Dividends of surplus								(5,000)	(5,000)
Profit								6,657	6,657
Purchase of treasury shares									
Disposal of treasury shares			59	59					
Cancellation of treasury shares			(1,533)	(1,533)					
Transfer from retained earnings to capital surplus			1,474	1,474				(1,474)	(1,474)
Provision of reserve for open innovation									
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–	–	－	182	182
Balance at end of period	6,113	6,190	－	6,190	411	11,170	－	38,648	50,230

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(7,534)	54,816	926	926	55,743
Changes during period					
Dividends of surplus		(5,000)			(5,000)
Profit		6,657			6,657
Purchase of treasury shares	(2,600)	(2,600)			(2,600)
Disposal of treasury shares	73	132			132
Cancellation of treasury shares	1,533	－			－
Transfer from retained earnings to capital surplus		－			－
Provision of reserve for open innovation		－			－
Net changes in items other than shareholders' equity			637	637	637
Total changes during period	(993)	(810)	637	637	(173)
Balance at end of period	(8,527)	54,006	1,563	1,563	55,570

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						General reserve	Reserve for tax purpose reduction to promote open innovation	Retained earnings brought forward	
Balance at beginning of period	6,113	6,190	―	6,190	411	11,170	―	38,648	50,230
Changes during period									
Dividends of surplus								(4,593)	(4,593)
Profit								9,802	9,802
Purchase of treasury shares									
Disposal of treasury shares			89	89					
Cancellation of treasury shares			(14,965)	(14,965)					
Transfer from retained earnings to capital surplus			14,875	14,875				(14,875)	(14,875)
Provision of reserve for open innovation							62	(62)	―
Net changes in items other than shareholders' equity									
Total changes during period	―	―	―	―	―	―	62	(9,729)	(9,666)
Balance at end of period	6,113	6,190	―	6,190	411	11,170	62	28,919	40,563

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(8,527)	54,006	1,563	1,563	55,570
Changes during period					
Dividends of surplus		(4,593)			(4,593)
Profit		9,802			9,802
Purchase of treasury shares	(10,999)	(10,999)			(10,999)
Disposal of treasury shares	149	239			239
Cancellation of treasury shares	14,965	―			―
Transfer from retained earnings to capital surplus		―			―
Provision of reserve for open innovation		―			―
Net changes in items other than shareholders' equity			162	162	162
Total changes during period	4,115	(5,550)	162	162	(5,388)
Balance at end of period	(4,412)	48,455	1,726	1,726	50,181

7. Others

Results of production, orders and sales

(1) Production

Production in the fiscal year under review is as follows.

Segment	Production (Millions of yen)	Year-on-year change (%)
Operation & Solutions	53,207	21.9
Technology & Solutions	42,877	1.6
Platforms & Services	29,823	(0.1)
Total	125,908	8.8

Note: Inter-segment transactions have been eliminated.

(2) Orders

Orders in the fiscal year under review are as follows.

Segment	Order volume (Millions of yen)	Year-on-year change (%)	Order backlog (Millions of yen)	Year-on-year change (%)
Operation & Solutions	55,802	23.9	15,864	27.6
Technology & Solutions	44,892	10.1	12,820	22.7
Platforms & Services	31,788	11.0	10,646	17.8
Total	132,482	15.7	39,331	23.2

Note: Inter-segment transactions have been eliminated.

(3) Sales

Sales in the fiscal year under review are as follows.

Segment	Sales (Millions of yen)	Year-on-year change (%)
Operation & Solutions	53,207	21.9
Technology & Solutions	42,877	1.6
Platforms & Services	29,823	(0.1)
Total	125,908	8.8

Note: Inter-segment transactions have been eliminated.