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May 1, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 <under Japanese GAAP>

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 Stock code: 9682
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Scheduled date of General Shareholders' Meeting: June 23, 2026
 Scheduled date for commencing dividend payments: June 24, 2026
 Scheduled date to file annual securities report: June 17, 2026
 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, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	135,213	7.4	16,434	13.4	16,940	9.6	11,644	9.5
March 31, 2025	125,908	8.8	14,489	15.8	15,457	20.5	10,635	45.8

Note: Comprehensive income

For the fiscal year ended March 31, 2026: ¥13,277 million [17.5%]

For the fiscal year ended March 31, 2025: ¥11,295 million [33.0%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
March 31, 2026	72.94	—	19.2	20.5	12.2
March 31, 2025	63.45	—	17.7	18.7	11.5

Reference: Equity in earnings (losses) of associates

For the fiscal year ended March 31, 2026: ¥— million

For the fiscal year ended March 31, 2025: ¥— million

Note: The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025. Accordingly, basic earnings per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2025.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	85,248	64,691	74.5	398.60
March 31, 2025	80,387	59,344	72.2	360.22

Reference: Equity

As of March 31, 2026: ¥63,512 million

As of March 31, 2025: ¥58,061 million

Note: The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025. Accordingly, net assets per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2025.

(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, 2026	8,929	92	(8,089)	29,381
March 31, 2025	9,181	(2,322)	(16,087)	28,405

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, 2025	–	50.00	–	77.00	127.00	5,207	50.0	8.8
Fiscal year ended March 31, 2026	–	60.00	–	22.00	–	5,895	50.7	9.8
Fiscal year ending March 31, 2027 (Forecasts)	–	15.00	–	23.00	38.00		50.7	

Note: The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025.

The second quarter-end dividend per share for the fiscal year ended March 31, 2026 reflects the amount before the split, and the fiscal year-end dividend per share for the fiscal year ended March 31, 2026 reflects the amount after the split. The total annual dividend is shown as “–.” If the stock split is not considered, the fiscal year-end dividend for the fiscal year ended March 31, 2026 will be 88.00 yen per share, and the annual dividend will be 148.00 yen per share.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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, 2027	142,000	5.0	17,000	3.4	17,350	2.4	11,700	0.5	75.00

*** 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, 2026	163,954,928 shares
As of March 31, 2025	165,992,128 shares

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

As of March 31, 2026	4,614,875 shares
As of March 31, 2025	4,808,020 shares

- c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2026	159,653,673 shares
Fiscal year ended March 31, 2025	167,612,275 shares

Note: The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025. Accordingly, the number of issued shares (common stock) is calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2025.

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	88,235	2.3	12,583	10.2	13,681	1.0	9,937	1.4
March 31, 2025	86,263	6.8	11,422	9.7	13,544	19.7	9,802	47.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2026	62.24	—
March 31, 2025	58.48	—

Note: The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025. Accordingly, basic earnings per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2025.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	66,710	53,668	80.5	336.82
March 31, 2025	63,679	50,181	78.8	311.33

Reference: Equity

As of March 31, 2026: ¥53,668 million As of March 31, 2025: ¥50,181 million

Note: The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025. Accordingly, net assets per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2025.

* **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.

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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 is necessary to closely monitor the impact of the circumstances in the Middle East. Furthermore, we must be aware of the impact of fluctuations in the financial and capital markets, as well as developments surrounding trade policies in the United States, among others.

The environment surrounding the Group is such that, 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.

Against this backdrop, in the medium-term management plan (2025–2027), which is the 2nd Stage in Vision 2030, the Group is focusing 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 working on initiatives to promote our business growth and expansion as well as enhance stability and reliability.

Net sales for the fiscal year under review were ¥135,213 million (+7.4% year on year), operating profit was ¥16,434 million (+13.4% year on year), and EBITDA was ¥17,790 million (+13.9% year on year).

■ Evolution of focus businesses and deepening of core businesses

In the medium-term management plan (2025–2027), we have newly set “concentrated investment areas” (Note 2) and “forward-looking investment areas” (Note 3) within the “focus businesses” (Note 1) that we are strengthening as growth areas for the Group.

We are promoting our target of net sales of focus businesses making up 57% of total net sales by the fiscal year ending March 31, 2028. In the fiscal year under review, the focus business net sales ratio was 62.9%, showing steady progress toward our goal.

In April 2025, we established the Generative AI Business Promotion Office to promote customer support for AI utilization in the field of generative AI, integration into our own solutions, and utilization in our own development processes, as we expand forward-looking investment areas. We aim to achieve ¥10.0 billion in net sales related to AI and generative AI in fiscal 2030 by improving our clients’ business value through the use of generative AI and other technologies.

(Note 1) Focus businesses

Business fields on which the Group will focus

(Note 2) Concentrated investment areas

The five areas that we have redefined to further expand our business scale: i.e., (1) Cloud computing & modernization, (2) Data utilization, (3) Security & managed services, (4) Enterprise Application Services, and (5) IoT & Edge Technology. These are the areas that are expected to grow particularly within our focus businesses.

(Note 3) Forward-looking investment areas

Areas expected to see rapid market expansion and increased customer business value in the future, i.e., AI, generative AI, and customer experience value (CX)

■ Execution of strategic alliances

In September 2025, we began partnering with OpenAI Japan LLC to advance the practical application of generative AI technology. We will strive to increase sophistication of the value that we propose, enhance added value, and improve productivity by combining generative AI technologies with our comprehensive strengths as a total system integrator, including building AI technology into systems, developing our own AI-native solutions, and providing code generation support. In addition, we are utilizing generative AI to improve the efficiency of various operations such as research/analysis and inquiry handling. We will continue to pursue the creation of new value and business growth through the use of generative AI.

Moreover, in collaboration with the Yasuto Nakanishi Lab (Faculty of Environment and Information Studies, Keio University), we launched a joint research project on “Affective AI Agents” aimed at stimulating human creativity. We will facilitate the societal implementation of human-AI intellectual collaboration by positioning AI as a catalyst that attunes to human sensitivities and context and triggers new insights and ideas. This includes developing affective AI agent prototypes and systematizing their behavioral models.

■ Strengthening of the Group’s management foundation

To strengthen our management foundation, we will invest in human capital, reinforce group governance and system infrastructure, and improve capital efficiency, aiming for sustained, stable enhancement of corporate value.

To improve capital efficiency, implement cash allocation based on the medium-term management plan, and further increase returns to shareholders, we repurchased our treasury shares for approximately ¥2.5 billion from May through July 2025. All of the repurchased treasury shares for approximately ¥2.5 billion during the fiscal year under review have been canceled.

As a result of the above, the Group reported net sales of ¥135,213 million for the fiscal year under review (+7.4% year on year).

Gross profit was ¥29,676 million (+4.6% year on year) due to the increase in net sales.

Selling, general and administrative expenses were ¥13,241 million (-4.6% year on year). With the increase in gross profit, operating profit came to ¥16,434 million (+13.4% year on year), and ordinary profit came to ¥16,940 million (+9.6% year on year). Profit attributable to owners of parent was ¥11,644 million (+9.5% year on year), mainly due to the increase in ordinary profit.

(Millions of yen)

	Consolidated	Year-on-year change
		(%)
Net sales	135,213	7.4
Operating profit	16,434	13.4
Ordinary profit	16,940	9.6
Profit attributable to owners of parent	11,644	9.5

<Breakdown of net sales>

(Millions of yen)

	Consolidated	Year-on-year change
		(%)
Operation & Solutions	52,810	(0.7)
Technology & Solutions	45,998	7.3
Platforms & Services	36,405	22.1
Total	135,213	7.4

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

Operation & Solutions Segment

Net sales came to ¥52,810 million (−0.7% year on year) as a reaction to the temporary increase in projects for banks in the same period of the previous fiscal year, despite the expansion of fire service system renewal projects for local governments.

In initiatives for our “focus businesses,” we will combine industry expertise in areas such as the financial and public sectors with digital technology to expand areas of concentrated investment, such as cloud shifting and migration services, and drive business growth.

Tohoku Systems Support Co., Ltd., a group company, has released MR20 (wearable device) and SR160 (handheld device with barcode scanning functions), which are RFID readers designed to improve work efficiency in picking and inspection operations. We will continue to expand RFID solutions and contribute to DX promotion in the logistics, manufacturing, and retail industries.

Furthermore, we have been contracted by the National Institute of Technology and Evaluation (NITE) to redesign their Chemical Substance Control Act liaison system. We have commenced the development aimed at establishing an environment capable of securely managing highly confidential information, based on cloud services compliant with the Japanese government’s designated cloud security standard “ISMAP (Information system Security Management and Assessment Program),” while also targeting the prevention of misdelivery, streamlining inquiry and communication operations, and reducing operational maintenance costs. Moving forward, we will continue to contribute to the digital transformation of operations in the public sector through rapid development and operational improvements utilizing low-code/no-code solutions and cloud technology.

In March 2026, KYUSHU DTS CORPORATION opened the Kitakyushu Development Center in Kokurakita-ku, Kitakyushu City. We will contribute to the development of the local economy through local talent utilization and industry-academia collaboration, while strengthening the nearshore development system primarily for projects from the Tokyo metropolitan area.

Technology & Solutions Segment

Net sales came to ¥45,998 million (+7.3% year on year), due to the steady progress in various projects, including core system renewals for IP businesses, cloud infrastructure renewals and cybersecurity measures for securities firms, housing-related solutions, and embedded system projects.

In our initiatives for focus businesses, we will drive the expansion of the Group's focus businesses by expanding concentrated investment areas such as Enterprise Application Services, as well as forward-looking investment areas such as generative AI.

In May 2025, our first mcframe implementation project won the Take Off Award, part of the mcframe Award 2025 sponsored by Business Engineering Corporation, for our high-quality implementation support and proposal capabilities with a focus on scalability. We will maintain our efforts to promote business innovation and digitalization in the manufacturing industry.

With regard to the 3D home CAD system "Walk in home" housing solution, we have enhanced design expression for stairs and balconies and improved rendering speed. We have also improved the convenience of proposals and information sharing with customers through web browser compatibility for presentation boards and the use of animation in presentations. In addition, we are improving sales effectiveness and promoting the efficiency and standardization of design operations through an AI-powered image generation function for proposals, a 3D markup function, and enhanced integration with "Walk in home 360x." Furthermore, to align with the Building Information Modeling (BIM) drawing review system scheduled for implementation in April 2026, we plan to release the next version this autumn. This update will enable the output of IFC data (Note 1) and a Declaration of Compliance with Input/Output Standards.

In July 2025, we launched "DTS Managed Services for ServiceNow," providing comprehensive support ranging from routine ServiceNow operations to in-house development assistance. We will continue to support our customers' digital transformation by reducing operational burdens, driving continuous operational improvements, and maximizing IT investment returns through advanced initiatives such as operational standardization, automation, AI utilization, and ITSM integration.

In addition, we have been certified under Microsoft's Solutions Partner program in two areas: Infrastructure (Azure) and Security. We will continue to support customers in migrating to the Azure cloud more quickly and effectively, while also promoting the design, construction, and operational support of secure and reliable security environments utilizing Microsoft 365 Security and other solutions.

(Note 1) IFC data

IFC stands for Industry Foundation Classes. It refers to an international standard format designed for data sharing among software applications.

Platforms & Services Segment

Net sales came to ¥36,405 million (+22.1% year on year), due to strong progress mainly in generative AI infrastructure construction for data centers and areas of operations.

In our initiatives for focus businesses, in addition to expanding our operational service menu centered on ReSM and ReSM plus, we will advance our operational services through the use of AI to shorten failure recovery time and other measures.

In August 2025, we enhanced the capabilities of our in-house help desk outsourcing service, “ReSM plus,” and launched a new service integrating generative AI with human operators. By combining automated responses using natural language processing with human support for unresolved inquiries, we will continuously enhance the knowledge base of FAQs and internal documentation while improving response accuracy. This approach will ultimately lead to increased user satisfaction.

In addition, by organizing a joint team, including Digital Technologies Corporation, one of our group companies, we were contracted to build the system for the Quantum-HPC (Note 1) Integrated Platform Supercomputer Project led by RIKEN. We provided support throughout every phase, from equipment sourcing to system development and installation, as well as maintenance and operation. The development of the system was completed by the end of FY2025.

Furthermore, we have achieved the “Service Management Specialization” certification in Atlassian Pty Ltd’s Partner Program. Going forward, we will support the implementation, adoption, and continuous improvement of cross-organizational service management based on Jira Service Management, including the utilization of AI features in Atlassian Pty Ltd products. This will contribute to enhancing our customers’ business value and advancing their digital transformation.

(Note 1) High Performance Computing

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, 2027 are as follows.

(Millions of yen)

	Consolidated	
		Year-on-year change (%)
Net sales	142,000	5.0
Operating profit	17,000	3.4
Ordinary profit	17,350	2.4
Profit attributable to owners of parent	11,700	0.5
EBITDA	18,355	3.2

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 increased by ¥4,860 million from the end of the previous fiscal year to ¥85,248 million. This was mainly due to increases of ¥3,882 million in notes and accounts receivable - trade, and contract assets, and ¥1,260 million in investment securities.

Liabilities decreased by ¥485 million from the end of the previous fiscal year to ¥20,556 million. This was mainly due to a decrease of ¥761 million in accounts payable - trade.

Net assets increased by ¥5,346 million from the end of the previous fiscal year to ¥64,691 million. This was mainly due to a decrease of ¥5,493 million in retained earnings resulting from the payment of dividends of surplus and an increase of ¥2,500 million in treasury shares following the share repurchase, despite increases of ¥11,644 million in retained earnings and ¥1,278 million in valuation difference on available-for-sale securities resulting from the recording of profit attributable to owners of parent. The cancellation of treasury shares reduced treasury shares by ¥2,055 million. However, retained earnings decreased by ¥2,002 million and capital surplus decreased by ¥53 million, resulting in no impact on total net assets.

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

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2026 were ¥29,381 million, an increase of ¥975 million from ¥28,405 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 ¥8,929 million. There was a decrease in cash provided of ¥251 million compared with the previous fiscal year. This mainly reflected a ¥2,582 million increase in decrease (increase) in accounts receivable - trade, and contract assets, despite an increase in revenue due to a ¥1,753 million increase in profit before income taxes.

Net cash provided by investing activities was ¥92 million. There was a decrease in cash used of ¥2,415 million compared with the previous fiscal year. This mainly reflected factors such as a ¥1,197 million decrease in purchase of investment securities and a ¥1,167 million increase in proceeds from withdrawal of time deposits.

Net cash used in financing activities was ¥8,089 million. There was a decrease in cash used of ¥7,997 million compared with the previous fiscal year. This mainly reflected factors such as a ¥8,512 million decrease in purchase of treasury shares.

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity ratio (%)	76.1	73.4	72.2	74.5
Market value equity ratio (%)	174.0	203.2	200.3	208.7
Interest-bearing debt to cash flow ratio (%)	2.6	6.2	2.2	3.1
Interest coverage ratio (times)	650.9	546.0	1,462.1	2,634.1

- 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 ¥22 per share for the fiscal year under review, an increase of ¥2 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 ¥37 per share, including the interim dividend of ¥15 per share already paid.

For annual dividend in the next fiscal year, the Company plans to pay ¥38 per share per annum (interim dividend of ¥15 and a year-end dividend of ¥23).

(Note) The Company conducted a 4-for-1 stock split of common shares effective October 1, 2025. Accordingly, the second quarter-end dividend per share for the fiscal year ended March 31, 2026 is stated on the assumption that the stock split took place at the beginning of the fiscal year ended March 31, 2026.

(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, 2026.

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 and the rapid evolution of generative AI, 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. However, we will continue to closely monitor changes in business environment.

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 develop highly skilled employees, as well as providing high-value added services that use new technology and insights into customer operations.

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 including generative AI 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 has newly set “concentrated investment area” and “forward-looking investment area” within our focus businesses, seeking to expand business and make profits in our operations including the core businesses.

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.

The information services industry to which the DTS Group belongs is experiencing rapid technological advancements and there is a growing need to secure IT talent in a manner that responds to changes in demand patterns. If securing talent, including those from business partners, is not as successful as expected due to an exodus of employees caused by the deterioration of working environments, shifts in the supply-demand balance, or intensifying competition for talent, then it may affect the results or the business development of the Group.

For this reason, to develop and secure talent, the Group is working to improve employee engagement while promoting investment in human capital. Regarding talent development, we are promoting the establishment and operation of training programs in the areas with growth potential, while strengthening our efforts to develop highly skilled employees. Regarding securing of employees, we are promoting recruitment of new graduates from a medium- to long-term perspective and career employees with excellent expertise, while improving internal talent mobility by diversifying career paths and refining our internal job posting system. Furthermore, to share profits with our employees, we have implemented base salary increases, paid performance-based special bonuses, and granted restricted shares, among other initiatives.

With regard to business partners, in addition to organizing opportunities such as events and award ceremonies, we are working to strengthen partnerships and enhance value delivery to customers by periodically exchanging information on our respective technological capabilities and talent, as well as by discussing future visions.

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.

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.

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) Internal control requirements

The Group is engaged in designing and operating internal controls related to accounting and finance. However, if compliance with the internal control framework is not properly established, communicated, or monitored, material weaknesses may arise, which could affect management's assessments and reporting under applicable regulations in each country.

For this reason, as we design and operate internal controls, we conduct management's assessments of such internal controls.

14) Financial reporting and disclosure

The Group is striving to ensure appropriateness of financial reporting and disclosure. However, if financial reporting and disclosure processes are inadequate, material misstatements or omissions of material facts may occur in financial reports issued to existing and prospective investors, creditors, and regulatory agencies. This could lead to non-compliance with applicable accounting and reporting standards, affecting the credibility and business performance of the Group.

For this reason, as we design and operate internal controls, we conduct management's assessments of such internal controls.

15) Data privacy

The Group is committed to proper management of its data and confidential information related to its employees, customers, and business operations. However, if access controls for IT systems and applications are insufficient, such information may be obtained by unauthorized third parties, which could result in loss of credibility of the Group and affect its business performance.

For this reason, in addition to setting system access permissions based on job responsibilities, we specify appropriate access permissions according to appointment, dismissal, and relief of duties as well as organizational restructuring. We also review access permissions at the end of each fiscal year.

16) Corruption

The Group is working to maintain compliance with corporate ethics in business transactions. However, any involvement in corruption may affect the Group's business performance due to factors such as payment of substantial fines, loss of credibility, and deterioration of relationships with regulatory authorities and business partners.

For this reason, in addition to establishing a Compliance Guide outlining a code of conduct, the Group has provided compliance training and formulated Anti-Bribery Guidelines.

2. Status of the Corporate Group

The corporate group consists of the Company (DTS CORPORATION), 14 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.

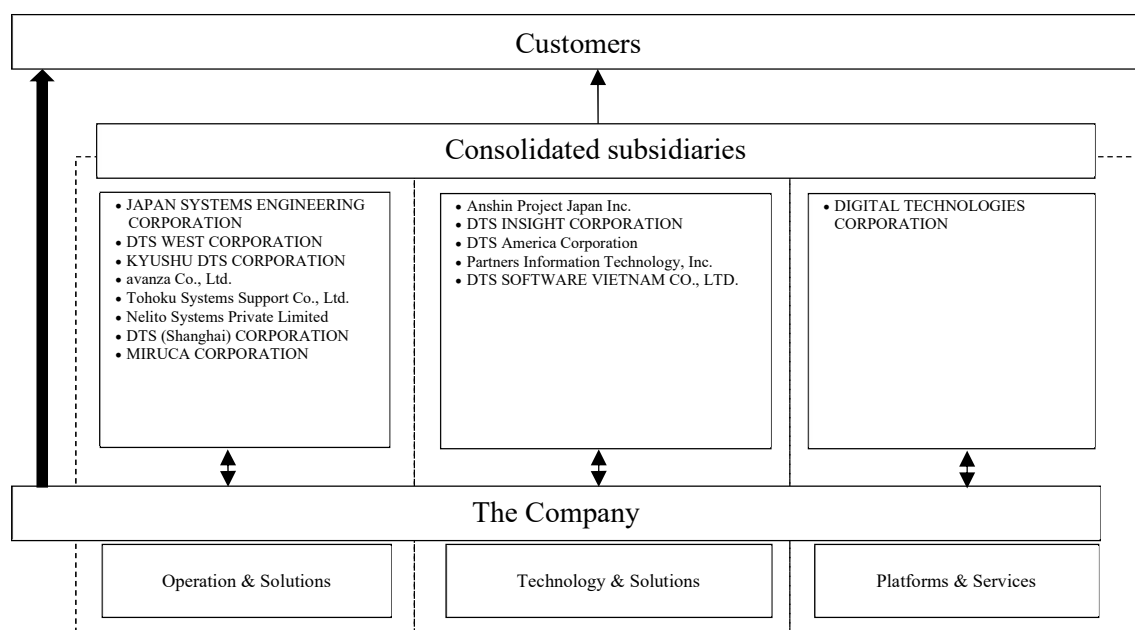
- Consulting in relation to the deployment of systems
- Design, development, operation, maintenance, etc. of systems (including design, construction and embedding of platforms, networks and so on)
- Deployment, operation, maintenance, etc. of (in-house or other companies’) solutions

[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 stationed 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
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

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

(*2) Reduction of CO2 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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	29,922	29,775
Notes and accounts receivable - trade, and contract assets	23,847	27,729
Securities	596	791
Merchandise and finished goods	1,130	1,033
Work in process	368	169
Raw materials and supplies	86	76
Other	1,869	1,864
Allowance for doubtful accounts	(22)	(18)
Total current assets	57,798	61,422
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,403	3,719
Accumulated depreciation	(1,985)	(2,120)
Buildings and structures, net	1,417	1,599
Land	2,285	2,254
Other	2,745	2,793
Accumulated depreciation	(2,112)	(2,005)
Other, net	633	788
Total property, plant and equipment	4,335	4,642
Intangible assets		
Goodwill	4,988	4,578
Software	900	882
Other	10	21
Total intangible assets	5,900	5,482
Investments and other assets		
Investment securities	7,447	8,707
Retirement benefit asset	792	1,502
Deferred tax assets	1,528	713
Other	2,591	2,784
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	12,353	13,700
Total non-current assets	22,588	23,826
Total assets	80,387	85,248

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	7,566	6,804
Accounts payable - other	2,071	1,770
Income taxes payable	3,160	3,087
Provision for bonuses	3,754	3,224
Provision for bonuses for directors (and other officers)	72	91
Provision for loss on orders received	27	561
Other	3,792	4,094
Total current liabilities	20,445	19,634
Non-current liabilities		
Retirement benefit liability	254	239
Other	341	683
Total non-current liabilities	596	922
Total liabilities	21,042	20,556
Net assets		
Shareholders' equity		
Share capital	6,113	6,113
Capital surplus	4,992	4,992
Retained earnings	48,562	52,674
Treasury shares	(4,412)	(4,645)
Total shareholders' equity	55,255	59,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,726	3,004
Foreign currency translation adjustment	263	243
Remeasurements of defined benefit plans	816	1,130
Total accumulated other comprehensive income	2,805	4,379
Non-controlling interests	1,283	1,178
Total net assets	59,344	64,691
Total liabilities and net assets	80,387	85,248

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	125,908	135,213
Cost of sales	97,538	105,537
Gross profit	28,370	29,676
Selling, general and administrative expenses		
Salaries and allowances	4,258	4,497
Provision for bonuses	987	474
Amortization of goodwill	430	410
Commission expenses	2,700	2,134
Other	5,502	5,725
Total selling, general and administrative expenses	13,880	13,241
Operating profit	14,489	16,434
Non-operating income		
Interest income	111	125
Dividend income	112	127
Foreign exchange gains	–	106
Gain on investments in investment partnerships	570	–
Other	244	298
Total non-operating income	1,039	658
Non-operating expenses		
Interest expenses	6	5
Loss on investments in investment partnerships	–	139
Commission for purchase of treasury shares	16	3
Foreign exchange losses	35	–
Other	13	3
Total non-operating expenses	71	152
Ordinary profit	15,457	16,940
Extraordinary income		
Gain on sale of non-current assets	6	13
Gain on sale of investment securities	–	67
Total extraordinary income	6	80
Extraordinary losses		
Loss on sale of non-current assets	–	0
Impairment losses	249	–
Loss on retirement of non-current assets	24	5
Loss on valuation of investment securities	47	–
Loss on sale of shares of subsidiaries and associates	–	129
Office relocation expenses	11	–
Total extraordinary losses	332	135
Profit before income taxes	15,131	16,885
Income taxes - current	4,551	5,076
Income taxes - deferred	(89)	96
Total income taxes	4,462	5,172
Profit	10,669	11,712
Profit attributable to non-controlling interests	34	67
Profit attributable to owners of parent	10,635	11,644

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	10,669	11,712
Other comprehensive income		
Valuation difference on available-for-sale securities	162	1,278
Foreign currency translation adjustment	309	(28)
Remeasurements of defined benefit plans, net of tax	153	314
Total other comprehensive income	626	1,564
Comprehensive income	11,295	13,277
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,144	13,218
Comprehensive income attributable to non-controlling interests	151	58

(3) Consolidated statements of changes in equity
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

For the fiscal year ended March 31, 2026

(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	48,562	(4,412)	55,255
Changes during period					
Dividends of surplus			(5,493)		(5,493)
Profit attributable to owners of parent			11,644		11,644
Purchase of treasury shares				(2,500)	(2,500)
Disposal of treasury shares		53		210	264
Cancellation of treasury shares		(2,055)		2,055	–
Change in scope of consolidation			(38)		(38)
Transfer from retained earnings to capital surplus		2,002	(2,002)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,111	(233)	3,877
Balance at end of period	6,113	4,992	52,674	(4,645)	59,133

	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	1,726	263	816	2,805	1,283	59,344
Changes during period						
Dividends of surplus						(5,493)
Profit attributable to owners of parent						11,644
Purchase of treasury shares						(2,500)
Disposal of treasury shares						264
Cancellation of treasury shares						–
Change in scope of consolidation						(38)
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	1,278	(19)	314	1,573	(104)	1,468
Total changes during period	1,278	(19)	314	1,573	(104)	5,346
Balance at end of period	3,004	243	1,130	4,379	1,178	64,691

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	15,131	16,885
Depreciation	703	843
Impairment losses	249	–
Amortization of goodwill	430	410
Increase (decrease) in provision for bonuses	97	(525)
Increase (decrease) in provision for bonuses for directors (and other officers)	(26)	18
Increase (decrease) in provision for loss on orders received	(56)	533
Decrease (increase) in retirement benefit asset	(396)	(224)
Increase (decrease) in retirement benefit liability	187	(32)
Loss (gain) on valuation of investment securities	47	–
Loss (gain) on investments in investment partnerships	(570)	139
Loss (gain) on sale of shares of subsidiaries and associates	–	129
Decrease (increase) in accounts receivable - trade, and contract assets	(1,413)	(3,996)
Decrease (increase) in inventories	(693)	301
Increase (decrease) in trade payables	850	(691)
Increase (decrease) in accounts payable - other	81	3
Other, net	(1,382)	120
Subtotal	13,241	13,916
Interest and dividends received	174	308
Interest paid	(6)	(3)
Income taxes paid	(4,228)	(5,291)
Net cash provided by (used in) operating activities	9,181	8,929
Cash flows from investing activities		
Purchase of securities	(351)	(5,199)
Proceeds from sale and redemption of securities	810	5,459
Purchase of property, plant and equipment	(531)	(467)
Purchase of intangible assets	(498)	(326)
Purchase of investment securities	(1,197)	(0)
Proceeds from sale and redemption of investment securities	–	115
Payments into time deposits	(296)	(284)
Proceeds from withdrawal of time deposits	177	1,344
Purchase of shares of subsidiaries and associates	(704)	(30)
Proceeds from distributions from investment partnerships	487	33
Purchase of long-term prepaid expenses	(231)	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(325)
Payments for contingent considerations of shares of subsidiaries	–	(296)
Other, net	11	70
Net cash provided by (used in) investing activities	(2,322)	92
Cash flows from financing activities		
Repayments of long-term borrowings	(362)	(32)
Purchase of treasury shares	(11,016)	(2,503)
Dividends paid	(4,584)	(5,483)
Other, net	(123)	(69)
Net cash provided by (used in) financing activities	(16,087)	(8,089)
Effect of exchange rate change on cash and cash equivalents	76	42
Net increase (decrease) in cash and cash equivalents	(9,152)	975
Cash and cash equivalents at beginning of period	37,557	28,405
Cash and cash equivalents at end of period	28,405	29,381

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in presentation)

(Consolidated statements of income)

“Surrender value of insurance policies,” which was separately presented under “Non-operating income” in the previous fiscal year, has been included in “Other” from the fiscal year under review because it is no longer material in amount. To reflect this change in method of presentation, the Company has reclassified the consolidated financial statements for the previous fiscal year.

As a result, ¥98 million shown as “Surrender value of insurance policies” under “Non-operating income” and ¥145 million shown as “Other” in the consolidated statements of income for the previous fiscal year are reclassified as “Other” of ¥244 million.

(Consolidated statements of cash flows)

“Net decrease (increase) in short-term loans receivable,” which was separately presented under “Cash flows from investing activities” in the previous fiscal year, has been included in “Other, net” from the fiscal year under review because it is no longer material in amount. To reflect this change in method of presentation, the Company has reclassified the consolidated financial statements for the previous fiscal year.

As a result, ¥1 million shown as “Net decrease (increase) in short-term loans receivable” under “Cash flows from investing activities” and ¥10 million shown as “Other, net” in the consolidated statements of cash flows for the previous fiscal year are reclassified as “Other, net” of ¥11 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 in the past fiscal year, 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.

(Revenue recognition)

Disaggregation of revenue from contracts with customers

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

(Millions of yen)

	Reportable segment			Total
	Operation & Solutions	Technology & Solutions	Platforms & Services	
Services	5,462	13,786	23,040	42,288
SI and development	47,016	28,670	1,447	77,134
Products	729	420	5,336	6,485
Revenue from contracts with customers	53,207	42,877	29,823	125,908
Sales to external customers	53,207	42,877	29,823	125,908

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment			Total
	Operation & Solutions	Technology & Solutions	Platforms & Services	
Services	7,683	15,262	20,437	43,383
SI and development	44,182	30,169	5,022	79,374
Products	944	565	10,945	12,455
Revenue from contracts with customers	52,810	45,998	36,405	135,213
Sales to external customers	52,810	45,998	36,405	135,213

(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, 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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment			
	Operation & Solutions	Technology & Solutions	Platforms & Services	Total
Net sales				
Sales to external customers	52,810	45,998	36,405	135,213
Intersegment sales or transfers	1,263	76	421	1,761
Total	54,074	46,074	36,827	136,975
Segment profit	7,507	5,478	3,442	16,428
Other				
Depreciation	255	481	101	839
Amortization of goodwill	240	141	27	410

	Adjustment (Note 1)	Amount reported on the consolidated statements of income (Note 2)
Net sales		
Sales to external customers	–	135,213
Intersegment sales or transfers	(1,761)	–
Total	(1,761)	135,213
Segment profit	6	16,434
Other		
Depreciation	(1)	837
Amortization of goodwill	–	410

- 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, 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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

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, 2025 (from April 1, 2024 to March 31, 2025)

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

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

No items to report.

[Information about Amortization and Unamortized Balance of Goodwill by Reportable 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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Operation & Solutions	Technology & Solutions	Platforms & Services	Total
Amortization	240	141	27	410
Unamortized balance as of March 31, 2026	3,639	883	55	4,578

(Significant changes in amount of goodwill)

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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

No items to report.

[Information about Gain on Bargain Purchase by Reportable Segment]

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

No items to report.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

No items to report.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	360.22	398.60
Basic earnings per share	63.45	72.94

- Notes: 1. Diluted earnings per share is not presented since no potential shares exist.
2. The Company conducted a 4-for-1 stock split of common shares on October 1, 2025. Accordingly, net assets per share and basic earnings per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2025.
3. Calculation basis of net assets per share is as follows.

	As of March 31, 2025	As of March 31, 2026
Total net assets (Millions of yen)	59,344	64,691
Amount subtracted from total net assets (Millions of yen)	1,283	1,178
(Non-controlling interests (Millions of yen))	1,283	1,178
Net assets at the end of the period related to common stock (Millions of yen)	58,061	63,512
Number of common stock at the end of the period used for the calculation of net assets per share (Shares)	161,184,108	159,340,053

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

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit attributable to owners of parent (Millions of yen)	10,635	11,644
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	10,635	11,644
Average number of outstanding shares of common stock during the period (Shares)	167,612,275	159,653,673

(Significant subsequent events)

Acquisition and cancellation of treasury shares

At a meeting of the Board of Directors held on May 1, 2026, 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 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

5,050,000 shares (maximum)

(3) Total acquisition price of shares to be acquired

¥5,000 million (maximum)

(4) Acquisition period

From May 2, 2026 to September 18, 2026

(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

September 30, 2026

6. Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	14,940	14,267
Notes and accounts receivable - trade, and contract assets	16,161	19,988
Securities	497	398
Merchandise	568	65
Work in process	183	-
Supplies	7	7
Advance payments to suppliers	137	64
Prepaid expenses	579	680
Other	262	171
Allowance for doubtful accounts	(3)	(3)
Total current assets	33,334	35,640
Non-current assets		
Property, plant and equipment		
Buildings	908	1,080
Tools, furniture and fixtures	210	208
Land	1,965	1,965
Total property, plant and equipment	3,085	3,255
Intangible assets		
Software	850	669
Other	1	1
Total intangible assets	851	671
Investments and other assets		
Investment securities	6,672	7,933
Shares of subsidiaries and associates	15,768	15,768
Investments in capital of subsidiaries and associates	327	266
Long-term loans receivable from subsidiaries and associates	184	105
Distressed receivables	1	1
Long-term prepaid expenses	724	641
Deferred tax assets	1,689	1,144
Other	1,045	1,288
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	26,407	27,143
Total non-current assets	30,344	31,069
Total assets	63,679	66,710

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	4,783	4,530
Accounts payable - other	1,292	1,065
Accrued expenses	410	326
Income taxes payable	2,335	2,221
Contract liabilities	210	188
Deposits received	115	116
Provision for bonuses	2,593	2,026
Provision for bonuses for directors (and other officers)	39	53
Provision for loss on orders received	–	510
Other	1,071	1,398
Total current liabilities	12,853	12,438
Non-current liabilities		
Provision for retirement benefits	468	302
Asset retirement obligations	175	301
Total non-current liabilities	644	603
Total liabilities	13,497	13,041
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	62
Retained earnings brought forward	28,919	31,361
Total retained earnings	40,563	43,005
Treasury shares	(4,412)	(4,645)
Total shareholders' equity	48,455	50,663
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,726	3,004
Total valuation and translation adjustments	1,726	3,004
Total net assets	50,181	53,668
Total liabilities and net assets	63,679	66,710

(2) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	86,263	88,235
Cost of sales	67,201	68,799
Gross profit	19,061	19,436
Selling, general and administrative expenses	7,639	6,852
Operating profit	11,422	12,583
Non-operating income		
Interest income	11	15
Interest on securities	17	22
Dividend income	1,105	1,150
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	81	54
Total non-operating income	2,142	1,242
Non-operating expenses		
Loss on investments in investment partnerships	–	139
Commission for purchase of treasury shares	16	3
Other	4	1
Total non-operating expenses	20	144
Ordinary profit	13,544	13,681
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on sale of investment securities	–	67
Total extraordinary income	–	67
Extraordinary losses		
Impairment losses	110	–
Loss on retirement of non-current assets	3	0
Loss on valuation of investments in capital of subsidiaries and associates	–	60
Total extraordinary losses	113	60
Profit before income taxes	13,430	13,689
Income taxes - current	3,597	3,795
Income taxes - deferred	30	(43)
Total income taxes	3,628	3,751
Profit	9,802	9,937

(3) Non-consolidated statements of changes in equity

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

For the fiscal year ended March 31, 2026

(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	62	28,919	40,563
Changes during period									
Dividends of surplus								(5,493)	(5,493)
Profit								9,937	9,937
Purchase of treasury shares									
Disposal of treasury shares			53	53					
Cancellation of treasury shares			(2,055)	(2,055)					
Transfer from retained earnings to capital surplus			2,002	2,002				(2,002)	(2,002)
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	—	—	2,442	2,442
Balance at end of period	6,113	6,190	—	6,190	411	11,170	62	31,361	43,005

	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	(4,412)	48,455	1,726	1,726	50,181
Changes during period					
Dividends of surplus		(5,493)			(5,493)
Profit		9,937			9,937
Purchase of treasury shares	(2,500)	(2,500)			(2,500)
Disposal of treasury shares	210	264			264
Cancellation of treasury shares	2,055	—			—
Transfer from retained earnings to capital surplus		—			—
Net changes in items other than shareholders' equity			1,278	1,278	1,278
Total changes during period	(233)	2,208	1,278	1,278	3,487
Balance at end of period	(4,645)	50,663	3,004	3,004	53,668

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	52,810	(0.7)
Technology & Solutions	45,998	7.3
Platforms & Services	36,405	22.1
Total	135,213	7.4

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	52,817	(5.3)	15,566	(1.9)
Technology & Solutions	46,229	3.0	12,926	0.8
Platforms & Services	35,102	10.4	9,314	(12.5)
Total	134,149	1.3	37,807	(3.9)

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	52,810	(0.7)
Technology & Solutions	45,998	7.3
Platforms & Services	36,405	22.1
Total	135,213	7.4

Note: Inter-segment transactions have been eliminated.