

February 13, 2026

**Consolidated Financial Results
for the Fiscal Year Ended December 31, 2025
(Under Japanese GAAP)**

| | |
|---|---|
| Company name: | ISB CORPORATION |
| Listing: | Tokyo Stock Exchange |
| Securities code: | 9702 |
| URL: | https://www.isb.co.jp/ |
| Representative: | Kazufumi Wakao, Representative Director and President |
| Inquiries: | Masaya Hirose, Director, Executive General Manager, Administrative Headquarters |
| Telephone: | +81-3-6775-3270 |
| Scheduled date of annual general meeting of shareholders: | March 27, 2026 |
| Scheduled date to commence dividend payments: | March 30, 2026 |
| Scheduled date to file annual securities report: | March 26, 2026 |
| Preparation of supplementary material on financial results: | Yes |
| Holding of financial results briefing: | Yes |

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | 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 | % |
| December 31, 2025 | 37,020 | 9.0 | 2,314 | (17.3) | 2,384 | (17.6) | 1,435 | (29.4) |
| December 31, 2024 | 33,954 | 4.8 | 2,800 | 2.4 | 2,892 | 2.9 | 2,032 | 38.0 |

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥1,600 million [(25.1)%]
For the fiscal year ended December 31, 2024: ¥2,135 million [36.9%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| Fiscal year ended | Yen | Yen | % | % | % |
| December 31, 2025 | 125.31 | - | 10.2 | 11.5 | 6.3 |
| December 31, 2024 | 177.80 | - | 16.1 | 15.3 | 8.2 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|-------------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| December 31, 2025 | 21,610 | 14,522 | 67.2 | 1,266.92 |
| December 31, 2024 | 19,942 | 13,504 | 67.7 | 1,180.73 |

Reference: Equity

As of December 31, 2025: ¥14,522 million
As of December 31, 2024: ¥13,504 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 |
| December 31, 2025 | 1,745 | (1,017) | (617) | 9,078 |
| December 31, 2024 | 1,880 | (1,354) | (480) | 8,975 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|----------------------------|--------------------|-------------------|-----------------|--------------|------------------------------|-----------------------------|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| Fiscal year ended December 31, 2024 | Yen - | Yen 0.00 | Yen - | Yen 54.00 | Yen 54.00 | Millions of yen 617 | % 30.4 | % 4.9 |
| Fiscal year ended December 31, 2025 | Yen - | Yen 0.00 | Yen - | Yen 55.00 | Yen 55.00 | Millions of yen 630 | % 43.9 | % 4.5 |
| Fiscal year ending December 31, 2026 (Forecast) | | 0.00 | | 70.00 | 70.00 | | 43.4 | |

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 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 |
| Six months ending June 30, 2026 | 18,700 | 1.4 | 1,410 | 0.5 | 1,430 | 0.7 | 860 | 10.0 | 75.00 |
| Fiscal year ending December 31, 2026 | 38,500 | 4.0 | 3,000 | 29.6 | 3,050 | 27.9 | 1,850 | 28.9 | 161.40 |

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (3) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of December 31, 2025 | 11,463,141 shares |
| As of December 31, 2024 | 11,437,521 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|-------------------------|------------|
| As of December 31, 2025 | 149 shares |
| As of December 31, 2024 | 149 shares |

- (iii) Average number of shares outstanding during the period

| | |
|-------------------------------------|-------------------|
| Fiscal year ended December 31, 2025 | 11,454,780 shares |
| Fiscal year ended December 31, 2024 | 11,431,153 shares |

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 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 | % |
| December 31, 2025 | 17,755 | 7.3 | 113 | (87.2) | 567 | (56.4) | 371 | (65.8) |
| December 31, 2024 | 16,551 | 3.5 | 885 | (6.2) | 1,302 | (9.6) | 1,088 | 39.8 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| December 31, 2025 | 32.38 | - |
| December 31, 2024 | 95.21 | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|-------------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| December 31, 2025 | 13,822 | 10,678 | 77.3 | 933.65 |
| December 31, 2024 | 13,359 | 10,726 | 80.3 | 937.89 |

Reference: Equity

As of December 31, 2025: ¥10,678 million
As of December 31, 2024: ¥10,726 million

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

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. For the conditions on which earnings forecasts are predicated and precautions for using earnings forecasts, see "1. Please refer to "Summary of Business Results (4) Future Outlook".

(Method of accessing supplementary material on financial results and contents of the financial results briefing)

Supplementary financial results materials are disclosed on TDnet on the same day and are also posted on the Company's website.

A briefing for institutional investors and analysts is scheduled to be held on Wednesday, March 4, 2026, and a video of the briefing will be posted on the Company's website after the meeting.

Consolidated balance sheet

(Millions of yen)

| | As of December 31, 2024 | As of December 31, 2025 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,975 | 9,078 |
| Notes and accounts receivable - trade, and contract assets | 6,078 | 6,388 |
| Prepaid expenses | 195 | 277 |
| Merchandise | 921 | 1,131 |
| Work in process | 0 | 0 |
| Supplies | 0 | 1 |
| Other | 90 | 73 |
| Allowance for doubtful accounts | (4) | (5) |
| Total current assets | 16,257 | 16,947 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 608 | 1,237 |
| Accumulated depreciation and impairment | (259) | (190) |
| Buildings and structures, net | 349 | 1,047 |
| Land | 354 | 354 |
| Other | 1,090 | 1,067 |
| Accumulated depreciation and impairment | (760) | (544) |
| Other, net | 330 | 522 |
| Total property, plant and equipment | 1,033 | 1,923 |
| Intangible assets | | |
| Goodwill | 358 | 286 |
| Customer-related intangible assets | 409 | 368 |
| Other | 98 | 114 |
| Total intangible assets | 866 | 769 |
| Investments and other assets | | |
| Investment securities | 545 | 803 |
| Long-term prepaid expenses | 9 | 13 |
| Guarantee deposits | 816 | 764 |
| Deferred tax assets | 348 | 328 |
| Other | 65 | 59 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 1,784 | 1,969 |
| Total non-current assets | 3,684 | 4,663 |
| Total assets | 19,942 | 21,610 |

| | As of December 31, 2024 | As of December 31, 2025 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,296 | 2,373 |
| Short-term borrowings | 120 | 120 |
| Accounts payable - other | 1,453 | 1,586 |
| Accrued expenses | 195 | 294 |
| Contract liabilities | 171 | 185 |
| Income taxes payable | 524 | 600 |
| Accrued consumption taxes | 383 | 340 |
| Provision for bonuses | 28 | 34 |
| Provision for bonuses for directors (and other officers) | 89 | 54 |
| Provision for loss on orders received | - | 115 |
| Asset retirement obligations | 103 | - |
| Other | 418 | 403 |
| Total current liabilities | 5,785 | 6,109 |
| Non-current liabilities | | |
| Retirement benefit liability | 274 | 263 |
| Provision for retirement benefits for directors (and other officers) | 71 | 85 |
| Asset retirement obligations | 145 | 440 |
| Deferred tax liabilities | 141 | 172 |
| Other | 19 | 17 |
| Total non-current liabilities | 651 | 978 |
| Total liabilities | 6,437 | 7,087 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,392 | 2,410 |
| Capital surplus | 2,996 | 3,014 |
| Retained earnings | 7,787 | 8,605 |
| Treasury shares | (0) | (0) |
| Total shareholders' equity | 13,176 | 14,030 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 202 | 375 |
| Foreign currency translation adjustment | 124 | 116 |
| Total accumulated other comprehensive income | 327 | 492 |
| Total net assets | 13,504 | 14,522 |
| Total liabilities and net assets | 19,942 | 21,610 |

Consolidated statement of income

(Millions of yen)

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|--|--|--|
| Net sales | 33,954 | 37,020 |
| Cost of sales | 25,713 | 28,534 |
| Gross profit | 8,241 | 8,486 |
| Selling, general and administrative expenses | 5,440 | 6,171 |
| Operating profit | 2,800 | 2,314 |
| Non-operating income | | |
| Interest income | 13 | 15 |
| Dividend income | 30 | 20 |
| Dividend income of insurance | 40 | 31 |
| Insurance claim income | 8 | 5 |
| Compensation income | 22 | - |
| Other | 15 | 16 |
| Total non-operating income | 130 | 89 |
| Non-operating expenses | | |
| Interest expenses | 0 | 1 |
| Share issuance costs | 0 | 0 |
| Settlement payments | 6 | - |
| Loss on sale of non-current assets | 8 | - |
| Loss on sale of notes receivable - trade | 1 | 1 |
| Foreign exchange losses | 18 | 8 |
| Other | 2 | 9 |
| Total non-operating expenses | 38 | 20 |
| Ordinary profit | 2,892 | 2,384 |
| Profit before income taxes | 2,892 | 2,384 |
| Income taxes - current | 856 | 977 |
| Income taxes - deferred | 3 | (28) |
| Total income taxes | 860 | 948 |
| Profit | 2,032 | 1,435 |
| Profit attributable to owners of parent | 2,032 | 1,435 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|--|--|
| Profit | 2,032 | 1,435 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 39 | 173 |
| Foreign currency translation adjustment | 62 | (8) |
| Total other comprehensive income | 102 | 164 |
| Comprehensive income | 2,135 | 1,600 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,135 | 1,600 |

Consolidated statement of changes in equity

Fiscal year ended December 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|---|--|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at beginning of period | 2,378 | 2,983 | 6,235 | (0) | 11,596 | 162 | 61 | 224 | 11,821 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | 13 | 13 | | | 27 | | | | 27 |
| Dividends of surplus | | | (479) | | (479) | | | | (479) |
| Profit attributable to owners of parent | | | 2,032 | | 2,032 | | | | 2,032 |
| Net changes in items other than shareholders' equity | | | | | | 39 | 62 | 102 | 102 |
| Total changes during period | 13 | 13 | 1,552 | - | 1,579 | 39 | 62 | 102 | 1,682 |
| Balance at end of period | 2,392 | 2,996 | 7,787 | (0) | 13,176 | 202 | 124 | 327 | 13,504 |

Consolidated statement of changes in equity

Fiscal year ended December 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|---|--|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at beginning of period | 2,392 | 2,996 | 7,787 | (0) | 13,176 | 202 | 124 | 327 | 13,504 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | 17 | 17 | | | 35 | | | | 35 |
| Dividends of surplus | | | (617) | | (617) | | | | (617) |
| Profit attributable to owners of parent | | | 1,435 | | 1,435 | | | | 1,435 |
| Net changes in items other than shareholders' equity | | | | | | 173 | (8) | 164 | 164 |
| Total changes during period | 17 | 17 | 817 | - | 853 | 173 | (8) | 164 | 1,018 |
| Balance at end of period | 2,410 | 3,014 | 8,605 | (0) | 14,030 | 375 | 116 | 492 | 14,522 |

Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,892 | 2,384 |
| Depreciation | 253 | 381 |
| Amortization of goodwill | - | 71 |
| Increase (decrease) in allowance for doubtful accounts | (1) | 0 |
| Increase (decrease) in provision for bonuses | (4) | 5 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 39 | (35) |
| Increase (decrease) in provision for loss on orders received | (88) | 115 |
| Increase (decrease) in retirement benefit liability | 19 | (11) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (132) | 13 |
| Interest and dividend income | (44) | (36) |
| Dividend income of insurance | (40) | (31) |
| Interest expenses | 0 | 1 |
| Compensation income | (22) | - |
| Settlement payments | 6 | - |
| Loss (gain) on sale of property, plant and equipment | 8 | - |
| Decrease (increase) in trade receivables | (224) | (296) |
| Decrease (increase) in inventories | (228) | (210) |
| Increase (decrease) in trade payables | 157 | 76 |
| Increase (decrease) in accounts payable - other | (21) | 137 |
| Increase (decrease) in accrued consumption taxes | (74) | (35) |
| Decrease (increase) in other current assets | 15 | (73) |
| Increase (decrease) in other current liabilities | 185 | 94 |
| Other, net | 15 | 20 |
| Subtotal | 2,712 | 2,572 |
| Interest and dividends received | 44 | 36 |
| Insurance amount of dividends received | 40 | 31 |
| Interest paid | (0) | (1) |
| Proceeds from insurance income | 8 | 5 |
| Proceeds from compensation | 22 | - |
| Settlement paid | (6) | - |
| Income taxes paid | (939) | (898) |
| Net cash provided by (used in) operating activities | 1,880 | 1,745 |

(Millions of yen)

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|--|--|--|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (372) | (895) |
| Proceeds from sale of property, plant and equipment | 108 | - |
| Payments for asset retirement obligations | (28) | (105) |
| Purchase of intangible assets | (64) | (57) |
| Purchase of investment securities | (5) | (5) |
| Proceeds from sale of investment securities | 0 | - |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (626) | - |
| Payments of leasehold and guarantee deposits | (405) | (20) |
| Proceeds from refund of leasehold and guarantee deposits | 47 | 70 |
| Proceeds from maturity of insurance funds | 0 | 9 |
| Purchase of long-term prepaid expenses | (11) | (13) |
| Other, net | 3 | 0 |
| Net cash provided by (used in) investing activities | (1,354) | (1,017) |
| Cash flows from financing activities | | |
| Repayments of lease liabilities | (0) | (0) |
| Dividends paid | (479) | (616) |
| Net cash provided by (used in) financing activities | (480) | (617) |
| Effect of exchange rate change on cash and cash equivalents | 56 | (6) |
| Net increase (decrease) in cash and cash equivalents | 102 | 103 |
| Cash and cash equivalents at beginning of period | 8,872 | 8,975 |
| Cash and cash equivalents at end of period | 8,975 | 9,078 |

(Notes on segment information, etc.)

Segment Information

1. Overview of Reporting Segments

The Group's reporting segments are those of the Company's constituent units for which segregated financial information is available and are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance. The Group classifies its main businesses into "Information Services Business" and "Security Systems Business," and these businesses are the reporting segments.

The business activities of each reporting segment are as follows.

| Reportable segments | Description of Business |
|------------------------------|---|
| Information Service Business | Embedded and control software development and verification for automotive, medical, industrial equipment, mobile and information home appliances, etc. Software development data center services (housing, hosting) for distribution, finance, and public solutions, infrastructure construction, operation design, operation and maintenance services for cloud services, etc., Development and sales of system operation services, commercial packages, medical and communication solutions, and sales of equipment associated with the solutions |
| Security Systems Business | Development, sales and maintenance of access control systems, electric locks, numeric keypads, etc. |

2. Method of calculating the amount of sales, profits or losses, assets and other items for each reporting segment

The method of accounting for the reported business segments is in accordance with the accounting policy adopted to prepare consolidated financial statements. Profit in the reporting segment is equal to operating income. Internal sales and transfers between segments are based on prevailing market prices.

3. Information on sales, profits or losses, assets, and other items for each reporting segment

The previous fiscal year (January 1, 2024 to December 31, 2024)

(Millions of yen)

| | Reportable segments | | | Adjustment amount (Note) 1, 2 | Per consolidated financial statements |
|---|---------------------------------|--------------------|--------|----------------------------------|--|
| | Information service business | Security system | Total | | |
| Sales | | | | | |
| Revenues from external customers | 28,991 | 4,962 | 33,954 | - | 33,954 |
| Transactions with other segments | 131 | 155 | 287 | (287) | - |
| Total | 29,123 | 5,118 | 34,241 | (287) | 33,954 |
| Segment Profit | 2,087 | 676 | 2,764 | 35 | 2,800 |
| Segment Assets | 16,976 | 3,901 | 20,877 | (935) | 19,942 |
| Other items | | | | | |
| Depreciation | 159 | 99 | 259 | (5) | 253 |
| Increase in property, plant and equipment and intangible assets | 54 | 224 | 278 | (1) | 276 |

Note: 1. Segment profit is adjusted to operating income in the consolidated statements of income.

2. The adjustment amount of segment assets is the amount of inter-segment transaction elimination.

The current fiscal year (January 1, 2025 to December 31, 2025)

(Millions of yen)

| | Reportable segments | | | Adjustment amount (Note) 1, 2 | Per consolidated financial statements |
|---|---------------------------------|--------------------|--------|----------------------------------|--|
| | Information service business | Security system | Total | | |
| Sales | | | | | |
| Revenues from external customers | 31,508 | 5,512 | 37,020 | - | 37,020 |
| Transactions with other segments | 121 | 46 | 167 | (167) | - |
| Total | 31,629 | 5,558 | 37,188 | (167) | 37,020 |
| Segment Profit | 1,517 | 760 | 2,277 | 37 | 2,314 |
| Segment Assets | 18,180 | 4,279 | 22,460 | (850) | 21,610 |
| Other items | | | | | |
| Depreciation | 230 | 156 | 387 | (5) | 381 |
| Increase in property, plant and equipment and intangible assets | 445 | 175 | 621 | - | 621 |

Note: 1. Segment profit is adjusted to operating income in the consolidated statements of income.

2. The adjustment amount of segment assets is the amount of inter-segment transaction elimination.

Related Information

The previous fiscal year (January 1, 2024 to December 31, 2024)

1. Product and Service Information

Since it is the same category as the reporting segment, the description is omitted.

2. Regional Information

(1) Net sales

Since sales to external customers in Japan exceed 90% of sales in the consolidated statements of income, the description is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, so the description is omitted.

3. Information per main customer

Since there are no counterparties that account for more than 10% of sales in the consolidated statements of income out of sales to external customers, the description is omitted.

The current fiscal year (January 1, 2025 to December 31, 2025)

1. Product and Service Information

Since it is the same category as the reporting segment, the description is omitted.

2. Regional Information

(1) Net sales

Since sales to external customers in Japan exceed 90% of sales in the consolidated statements of income, the description is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, so the description is omitted.

3. Information per main customer

Since there are no counterparties that account for more than 10% of sales in the consolidated statements of income out of sales to external customers, the description is omitted.

Information on impairment losses on fixed assets by reporting segment

The previous fiscal year (January 1, 2024 to December 31, 2024)

Not applicable.

The current fiscal year (January 1, 2025 to December 31, 2025)

Not applicable.

Information on amortization and unamortized balances of goodwill by reporting segment

The previous fiscal year (January 1, 2024 to December 31, 2024)

(Millions of yen)

| | Information service business | Security system | Total |
|---|------------------------------|-----------------|-------|
| Depreciation for the period | - | - | - |
| Balance at the end of the current fiscal year | 358 | - | 358 |

Note: As described in the "Business Combinations, etc." section, the provisional accounting treatment for the business combination was finalized in the current fiscal year, and the segment information for the previous fiscal year is based on the amount after the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment was reflected.

The current fiscal year (January 1, 2025 to December 31, 2025)

(Millions of yen)

| | Information service business | Security system | Total |
|---|------------------------------|-----------------|-------|
| Depreciation for the period | 71 | - | 71 |
| Balance at the end of the current fiscal year | 286 | - | 286 |

Information on Negative Goodwill Accrual Gains by Reporting Segment

The previous fiscal year (January 1, 2024 to December 31, 2024)

Not applicable.

The current fiscal year (January 1, 2025 to December 31, 2025)

Not applicable.

(Business Combinations and Divestitures)

Regarding the business combination with AMBC Inc. for which the deemed acquisition date was December 31, 2024, provisional accounting treatment was applied in the previous consolidated fiscal year and has been finalized in the current consolidated fiscal year.

Due to the finalization of this provisional accounting treatment, significant revisions to the initial allocation of the acquisition cost have been reflected in the comparative information included in the consolidated financial statements for the current fiscal year.

As a result, the provisionally calculated amount of goodwill of 625 million yen decreased by 267 million yen to 358 million yen upon the finalization of the accounting treatment. Additionally, at the end of the previous consolidated fiscal year, customer-related assets and deferred tax liabilities increased by 409 million yen and 141 million yen, respectively. The amortization period for goodwill is 5 years, and the amortization period for customer-related assets allocated to intangible fixed assets other than goodwill is 10 years.