

Note) This is an English translation of Consolidated Financial Report prepared for readers' convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.



Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2025 [IFRS]

February 4, 2025

BIPROGY Inc.

Stock Listing:	Tokyo Stock Exchange, Prime Market
Stock Code:	8056
URL:	https://www.biprogy.com/e/
Representative:	Noboru Saito, Representative Director, President & CEO
Scheduled Starting Date for Dividend Payment:	—
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for FY2025 Q3 (from April 1, 2024 to December 31, 2024)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2025 Q3	279,265	7.9	25,166	4.3	25,585	4.5	17,456	(3.9)	16,863	(20.4)
FY2024 Q3	258,875	12.6	24,134	22.9	24,486	22.7	18,156	33.8	21,187	60.1

(Note) Adjusted operating profit FY2025 Q3 : 24,288 Million Yen (2.7%) FY2024 Q3 : 23,648 Million Yen (22.6%)

Adjusted operating profit is the result obtained after deducting cost of sales and selling, general and administrative expenses from revenue.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2025 Q3	176.11	175.70
FY2024 Q3	180.63	180.13

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of owners' equity to gross assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
FY2025 Q3	289,202	163,104	161,065	55.7%
FY2024	314,219	168,314	166,423	53.0%

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	—	45.00	—	55.00	100.00
FY2025	—	50.00	—		
FY2025 (Forecast)				50.00	100.00

(Note) Revisions to the latest forecast of dividends: No

3. Consolidated Earnings Forecast for FY2025 (from April 1, 2024 to March 31, 2025)

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2025	395,000	6.7	35,500	6.6	35,500	3.9	24,500	(3.0)	243.72

(Note1) Revisions to the latest forecast of consolidated earnings: Yes

(Note2) Adjusted operating profit (Full Year) 35,000 Million Yen (3.5%)

* Notes

(1) Significant changes in the scope of consolidation during the period : No

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS : Yes
2. Changes in accounting policies due to other reasons : No
3. Changes in accounting estimates : No

Note: For details, please refer to “2. Condensed Quarterly Consolidated Financial Statements and Material Notes, (5) Notes about Condensed Quarterly Consolidated Financial Statements (Change in Material Accounting Policies)” on page 14.

(3) Number of shares outstanding (common stock)

(shares)

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

FY2025 Q3	100,663,524	FY2024	109,663,524
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2. Number of treasury shares at the end of the period

FY2025 Q3	2,496,558	FY2024	9,101,382
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3. Average number of shares outstanding (during the period)

FY2025 Q3	99,120,320	FY2024 Q3	100,519,734
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* Review of the Japanese-language originals of the attached Condensed Quarterly Financial Statements by certified public accountants or an audit firm : No

* Comments regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Appendix)

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1. Summary of Business Operations and Financial Conditions

(1) Summary of Business Operations

In the nine-month period of the fiscal year ending March 31, 2025, the Japanese economy continued to show signs of gradual recovery in response to the employment and income situations improving.

We have continuously seen companies showing strong investment interests mainly in the field of digital transformation (DX) in the information services industry. Investments in software products in the fiscal year under review are expected to increase compared with the previous fiscal year, according to the Tankan Survey by Bank of Japan (BOJ) in December.

On the other hand, we are aware of the downturn in the overseas economies possibly exerting downward pressure upon the domestic economy. Furthermore, we foresee price increases and fluctuations in the financial and capital market likely impacting companies' investment appetites in the future.

In this environment, we have established the "Management Policies (2024-2026)" with an eye on realizing the "Vision 2030"^{Note 1}. We have been performing business pursuant to the basic policies to: increase corporate value by establishing a sustainable business portfolio; optimize an allocation of management resources; and strengthen the Group's management base. We have been enhancing business through core businesses (the existing revenue sources) in tandem with growth businesses (the new foundations of revenue).

We have defined five focus areas in the core business: Financial, Retail, Energy, Mobility, OT Infrastructure^{Note 2} where we can utilize our excellent customer base and our operational knowledge.

In the Financial focus area among the focus areas, we launched Moneythor[®]^{Note 3}, personalized recommendation service, for a leading regional bank in October 2024. Moneythor generates personalized recommendations and campaign information and enables optimally timed distributions through the use of data held at a financial institution. It is a service conducive to strengthening customer engagement through digital channels. Again in October 2024, we had TrustPORT[®]^{Note 4}, comprehensive trust business system, begin to serve a trust company under the control of a housing manufacturer as the parent company. The trust market continuously grows, as partly reflected in the total amount of trust assets exceeding ¥1,500 trillion. More companies have been entering the field of business without a break. We have seen an increase in the TrustPORT users. We will broadly deliver these solutions to financial institutions across the nation.

We have witnessed an increase in projects about digitally transforming stores partly through the use of BIPROGY ESL SaaS[™]^{Note 5} in the Retail, part of our focus areas. The solution delivers cloud services specialized in electronic shelf label. We have seen BIPROGY ESL SaaS being implemented at multiple grocery stores avid for operating at optimal efficiency in control of labor crunch. We have seen more inquiries coming partly from specialty stores and drugstores. We will position our ESP solution as a communication channel bridging between shops and customers, beyond a substitute to the traditional sales popups and price cads. We will thus continuously help digital transformation at retail stores through the solution.

Our endeavors in the manufacturing sector are exemplified through our delivering eBuyerBrains[®]^{Note 6} (procurement and purchase solution for manufacturers) service at a leading heavy industry manufacturer. eBuyerBrains enables users to optimize daily business processes. Furthermore, the solution benefits users in light of a real-time utilization of data that are accumulated through business operations. In other words, eBuyerBrains users can make prompt decisions on procuring raw materials and parts. Thus, users can focus on data analyses that deliver higher value and devising strategies with an eye on reducing costs. We will continuously promote digital transformation (DX) in the manufacturing sector in light of procuring direct materials, with an eye on sophisticating and optimizing businesses about procuring and purchasing.

We have set forth the three areas, Market Development, Business Development and Global Initiatives for growth businesses. This is in line with our aiming to establish new revenue bases and provide value.

Our initiatives in the Business Development focus area are exemplified in our establishing a capital and business alliance with boost technologies, Inc. in October 2024. boost technologies, Inc. provides an integrated platform of sustainability transformation (SX^{Note 7}) for global companies to manage non-financial information through best practice approaches. Markets of digitalization are towards enabling a sustainable society and are in line with visualizing greenhouse gas emissions generated through corporate activities and promoting ESG management. Thus, the markets are expected to grow incessantly in the future. We will enhance services conducive to enabling the foregoing and strengthen our efforts to help companies promote ESG management, with an eye on realizing a sustainable society.

We have been promoting human resources strategy, technical strategy, investment strategy, and financial strategy, in collaboration with the business strategies, and also willingly investing management resources in areas where we have strength and towards providing new value in order to strengthen market competitiveness, as indicated in the Management Policies (2024-2026). We will evolve value chains for our group in order to cope with changes in the environments at home and abroad and improve value that we provide to customers.

(Notes)

1. For more information on Vision 2030, and the Management Policies (2024-2026), please refer to the Group's web page below.
https://www.biprogy.com/e/about/management_policy.html
2. OT is an abbreviation of Operational Technology. It refers to information system platform that supports design and manufacture processes mainly for factories and plants.
3. Please refer to the Group's web page about Moneythor, personalized recommendations services
<https://www.biprogy.com/solution/service/moneythor.html> (only in the Japanese language)
4. Please refer to the Group's web page about TrustPORT, system to comprehensively manage trust business
<https://www.biprogy.com/solution/service/trustport.html> (only in the Japanese language)
5. Please refer to the Group's web page about "BIPROGY ESL SaaS", cloud service specialized in electronic shelf label (ESL).
<https://www.biprogy.com/solution/service/shelf-tag.html> (only in the Japanese language)
6. Please refer to the Group's web page about "eBuyerBrains]", purchase and procurement solution for manufacturers.
<https://www.biprogy.com/solution/service/srm.html> (only in the Japanese language)
7. Abbreviation for sustainability transformation
8. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

In the nine-month period of the fiscal year ending March 31, 2025, demands from customers making IT investments continued to be strong. This is reflected in an increase in revenue from services businesses and products sales. As a result, revenue amounted to ¥279,265 million, an increase of ¥20,390million or 7.9% compared with the same period of the previous fiscal year.

There was an increase in Sales, General and Administrative expenses partly due to renewing core systems and revising a personnel system. On the other hand, gross profit was driven by the increase in revenue. As a result, operating income was ¥25,166 million, an increase of ¥1,032 million or 4.3% on a year-over-year basis. Profit attributable to owners of parent was ¥17,456 million, a decrease of ¥700 million or 3.9% compared with the same period of the previous fiscal year.

Adjusted operating profit* that is used by the Company group as an index for managing performance was ¥24,288 million, up by ¥639 million or 2.7% on a year-over-year basis.

(*) Adjusted operating profit is the result obtained after deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Summary of Financial Conditions

① Summary of Assets, Liabilities and Equity

In the nine-month period of the fiscal year under review, partly due to a decrease in cash & cash equivalents, total assets were ¥289,202 million, a decrease of ¥25,016 million compared with the end of the previous fiscal year.

Liabilities were ¥126,098 million, a ¥19,806 million decrease from the end of the previous fiscal year, partly due to a decrease in trade payables.

Equity was ¥163,104 million. Ratio of owners' equity to gross assets was 55.7%, up by 2.7 pts. from the end of the previous fiscal year.

② Summary of Cash Flows

Cash and cash equivalents at the end of the nine-month period of the fiscal year under review were ¥35,684 million, a decrease of ¥23,578 million compared with the end of the previous fiscal year. The cash flow situations and relevant factors are stated below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥14,864 million (a decrease of ¥16,370 million in proceeds compared with the same period of the previous period).

This reflects proceeds of ¥25,585 million in profit before income taxes, the elements of increasing the proceeds and the elements of decreasing the proceeds. The factors increasing proceeds include ¥13,586 million in depreciation and amortization, non-cash expenses, and a decrease of ¥18,178 million in trade and other receivables. The factors decreasing the proceeds include an increase of ¥8,823 million in inventories decrease of ¥9,211 million in trade and other payables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥8,492 million (an increase of ¥3,577 million in expenditures compared with the same period of the previous fiscal year).

This includes: expenditures of ¥1,871 million as a result of purchasing property, plant and equipment such as computers for business activities, and expenditures of ¥7,811 million due to the acquisitions of intangible assets such as the investments in software for outsourcing, as well as proceeds of ¥2,866 million due to selling investment securities.

(Cash flows from financing activities)

Net cash used in the financing activities was ¥30,024 million (an increase of ¥14,724 million in expenditures from the same period of the previous fiscal year).

This expenditure includes ¥11,188 million purchase of treasury shares, and dividends payment of ¥10,425 million.

(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts

The performance forecast on a consolidated basis announced on April 30, 2024 is revised hereunder. This revision is based upon the results of performance of the third quarter on a consolidated basis and the current situations of orders.

Revision of Consolidated Performance Forecast (from April 1, 2024 to March 31, 2025)

	Revenue	Operating Profit	Profit before Tax	Profit attributable to Owners of Parent	Basic Earnings per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous Forecast (A)	385,000	35,500	35,500	24,500	243.72
Revised Forecast (B)	395,000	35,500	35,500	24,500	243.72
Change Amount (B – A)	10,000	–	–	–	–
Change %	2.6	–	–	–	–

(Reasons for Revising the Performance Forecast)

The Company revised the revenue forecast upward, taking into account an increase in the revenue of the nine-month period of the fiscal year ending March 2025 and order backlogs to be posted as revenue within the fiscal year.

Please note that the Company has not revised the forecasts of profits and earnings that were part of the Consolidated Performance Forecast announced on April 30, 2024. This is due to the Company's taking into account: products sales being conducive limitedly to profits despite the continuing strength; SG&A expenses driven up mainly by personnel costs and sales support costs; and the uncertainty at present about posting highly profitable projects as revenue within the fiscal year, among others.

2. Condensed Quarterly Consolidated Financial Statements and Material Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	FY2024 (As of March 31, 2024)	FY2025 Q3 (As of December 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	59,263	35,684
Trade and other receivables	87,449	69,331
Contract assets	10,799	14,989
Inventories	13,015	21,840
Other financial assets	1,214	2,749
Other current assets	16,172	20,587
Total current assets	187,914	165,182
Non-current assets		
Property, plant and equipment	13,486	12,928
Right-of-use assets	13,438	8,882
Goodwill	1,926	2,459
Intangible assets	31,212	33,841
Investments accounted for using equity method	5,691	5,511
Other financial assets	41,944	37,662
Deferred tax assets	8,844	9,458
Retirement benefit asset	2,584	2,612
Other non-current assets	7,176	10,664
Total non-current assets	126,304	124,020
Total assets	314,219	289,202

(Millions of Yen)

	FY2024 (As of March 31, 2024)	FY2025 Q3 (As of December 31, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	33,225	24,103
Contract liabilities	25,781	31,745
Borrowings	6,600	5,001
Lease liabilities	8,584	7,060
Other financial liabilities	2,893	4,774
Income taxes payable	7,815	3,345
Provisions	609	1,305
Other current liabilities	26,954	19,977
Total current liabilities	112,464	97,313
Non-current liabilities		
Borrowings	14,125	14,125
Lease liabilities	6,235	3,069
Other financial liabilities	207	317
Retirement benefit liability	7,606	6,824
Provisions	4,942	4,012
Deferred tax liabilities	323	436
Other non-current liabilities	1	—
Total non-current liabilities	33,440	28,784
Total liabilities	145,905	126,098
Equity		
Share capital	5,483	5,483
Capital surplus	15,004	13,746
Treasury shares	(13,226)	(5,061)
Other components of equity	8,556	6,469
Retained earnings	150,605	140,428
Total equity attributable to owners of parent	166,423	161,065
Non-controlling interests	1,890	2,038
Total equity	168,314	163,104
Total liabilities and equity	314,219	289,202

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(Millions of Yen)

	FY2024 Q3 (Nine months ended December 31, 2023)	FY2025 Q3 (Nine months ended December 31, 2024)
Revenue	258,875	279,265
Cost of sales	190,222	206,609
Gross profit	68,652	72,655
Selling, general and administrative expenses	45,004	48,367
Share of profit (loss) of investments accounted for using equity method	385	601
Other income	241	321
Other expenses	141	44
Operating profit	24,134	25,166
Finance income	474	642
Finance costs	121	223
Profit before tax	24,486	25,585
Income tax expense	6,236	8,059
Profit	18,250	17,526
Profit attributable to		
Owners of parent	18,156	17,456
Non-controlling interests	93	70
Profit	18,250	17,526
Earnings per share		
Basic earnings per share (Yen)	180.63	176.11
Diluted earnings per share (Yen)	180.13	175.70

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2024 Q3 (Nine months ended December 31, 2023)	FY2025 Q3 (Nine months ended December 31, 2024)
Profit	18,250	17,526
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	2,452	(876)
Total of items that will not be reclassified to profit or loss	2,452	(876)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	366	170
Share of other comprehensive income of investments accounted for using equity method	117	42
Total of items that may be reclassified to profit or loss	484	213
Other comprehensive income, net of tax	2,936	(662)
Comprehensive income	21,187	16,863
Comprehensive income attributable to		
Owners of parent	21,081	16,778
Non-controlling interests	106	85
Comprehensive income	21,187	16,863

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

FY2024 Q3 (Nine months ended December 31, 2023)

(Millions of Yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2023	5,483	14,955	(13,315)	7,447	456	18
Profit						
Other comprehensive income				2,452		117
Comprehensive income	—	—	—	2,452	—	117
Dividends of surplus						
Purchase of treasury shares			(1)			
Disposal of treasury shares		(1)	13		(11)	
Share-based payment transactions		55	40			
Obtaining of control of subsidiaries						
Loss of control of subsidiaries						
Transfer from other components of equity to retained earnings				(3,685)		
Other						
Total transactions with owners	—	53	52	(3,685)	(11)	—
As of December 31, 2023	5,483	15,009	(13,263)	6,215	444	136

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total	Retained earnings			
As of April 1, 2023	381	8,302	124,460	139,887	1,710	141,597
Profit			18,156	18,156	93	18,250
Other comprehensive income	354	2,924		2,924	12	2,936
Comprehensive income	354	2,924	18,156	21,081	106	21,187
Dividends of surplus			(8,544)	(8,544)	(145)	(8,689)
Purchase of treasury shares				(1)		(1)
Disposal of treasury shares		(11)		0		0
Share-based payment transactions				95		95
Obtaining of control of subsidiaries					136	136
Loss of control of subsidiaries					(76)	(76)
Transfer from other components of equity to retained earnings		(3,685)	3,685			—
Other			(2)	(2)		(2)
Total transactions with owners	—	(3,696)	(4,861)	(8,451)	(84)	(8,536)
As of December 31, 2023	735	7,531	137,755	152,516	1,731	154,248

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2024	5,483	15,004	(13,226)	7,383	413	104
Profit						
Other comprehensive income				(876)		42
Comprehensive income	—	—	—	(876)	—	42
Dividends of surplus						
Purchase of treasury shares			(11,188)			
Disposal of treasury shares		(233)	276		(42)	
Cancellation of treasury shares		(19,033)	19,033			
Share-based payment transactions		86	43			
Obtaining of control of subsidiaries						
Changes in investments accounted for using equity method interests in their subsidiaries		(644)				
Transfer from retained earnings to capital surplus		18,566				
Transfer from other components of equity to retained earnings				(1,366)		
Other						
Total transactions with owners	—	(1,258)	8,165	(1,366)	(42)	—
As of December 31, 2024	5,483	13,746	(5,061)	5,140	370	147

	Equity attributable to owners of parent					
	Other components of equity			Non-controlling interests	Total equity	
	Exchange differences on translation of foreign operations	Total	Retained earnings			Total
As of April 1, 2024	655	8,556	150,605	166,423	1,890	168,314
Profit			17,456	17,456	70	17,526
Other comprehensive income	155	(678)		(678)	15	(662)
Comprehensive income	155	(678)	17,456	16,778	85	16,863
Dividends of surplus			(10,438)	(10,438)	(148)	(10,587)
Purchase of treasury shares				(11,188)		(11,188)
Disposal of treasury shares		(42)		0		0
Cancellation of treasury shares						—
Share-based payment transactions				129		129
Obtaining of control of subsidiaries					211	211
Changes in investments accounted for using equity method interests in their subsidiaries				(644)		(644)
Transfer from retained earnings to capital surplus			(18,566)			—
Transfer from other components of equity to retained earnings		(1,366)	1,366			—
Other			5	5		5
Total transactions with owners	—	(1,409)	(27,633)	(22,135)	62	(22,072)
As of December 31, 2024	811	6,469	140,428	161,065	2,038	163,104

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2024 Q3 (Nine months ended December 31, 2023)	FY2025 Q3 (Nine months ended December 31, 2024)
Cash flows from operating activities		
Profit before tax	24,486	25,585
Depreciation and amortization	13,270	13,586
Impairment losses	1	28
Interest and dividend income	(390)	(466)
Interest expenses	105	127
Share of loss (profit) of investments accounted for using equity method	(385)	(601)
Decrease (increase) in trade and other receivables	20,875	18,178
Decrease (increase) in contract assets	(1,665)	(4,160)
Decrease (increase) in inventories	(4,536)	(8,823)
Increase (decrease) in trade and other payables	(7,106)	(9,211)
Increase (decrease) in contract liabilities	4,238	5,637
Increase or decrease in retirement benefit asset or liability	(1,333)	(837)
Other	(7,060)	(11,526)
Subtotal	40,499	27,515
Interest and dividends received	391	490
Interest paid	(92)	(117)
Income taxes paid	(9,562)	(13,024)
Net cash provided by (used in) operating activities	31,234	14,864
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,421)	(1,871)
Proceeds from sale of property, plant and equipment	0	2
Purchase of intangible assets	(8,188)	(7,811)
Purchase of investment securities	(1,420)	(1,699)
Proceeds from sale of investment securities	7,471	2,866
Payments for acquisition of subsidiaries	(930)	(510)
Purchase of investments accounted for using equity method	(744)	—
Proceeds from sale of investments accounted for using equity method	—	26
Other	318	504
Net cash provided by (used in) investing activities	(4,915)	(8,492)

(Millions of Yen)

	FY2024 Q3	FY2025 Q3
	(Nine months ended December 31, 2023)	(Nine months ended December 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(1,600)
Repayments of long-term borrowings	—	(5)
Repayments of lease liabilities	(6,735)	(6,956)
Purchase of treasury shares	(1)	(11,188)
Dividends paid	(8,534)	(10,425)
Dividends paid to non-controlling interests	(145)	(148)
Other	115	299
Net cash provided by (used in) financing activities	(15,300)	(30,024)
Effect of exchange rate changes on cash and cash equivalents	124	74
Net increase (decrease) in cash and cash equivalents	11,143	(23,578)
Cash and cash equivalents at beginning of period	43,645	59,263
Cash and cash equivalents at end of period	54,788	35,684

(5) Notes about Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Change in Material Accounting Policies)

The material accounting policies adopted for the Condensed Quarterly Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended March 31, 2024, except for the following standard.

The income taxes for the nine-month period of the fiscal year ending March 31, 2025 are calculated based on the estimated annual effective tax rate.

Standard Document	Standard Name	New and Revision Contents
IFRS 16	Lease	Clarify accounting after the date of the transaction for a sale and leaseback

There was no material impact on the Condensed Quarterly Consolidated Financial Statements for the third quarter resulting from the adoption of the standard above.

(Segment Information and Others)

(1) Overview of reportable segments

The reportable segments of the Company are those among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them.

The Company's operations therefore consist of segments composed of products and services that constitute our IT solution services.

We have five reportable segments: System Services, Support Services, Outsourcing, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Software contract development business, system engineer services, and consulting
- Support Services: Software and hardware maintenance, installation support and related services
- Outsourcing: System operation by contract, and related services
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware partly based on equipment sales agreements

(2) Information about performance by reportable segment

FY2024 Q3 (Nine months ended December 31, 2023)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	(Million Yen)
	System Services	Support Services	Out sourcing	Software	Hardware	Total				Amount recorded in the consolidated financial statements
Revenue	92,039	40,243	55,049	24,526	38,679	250,537	8,337	258,875	—	258,875
Segment profits (Note 3)	31,714	12,631	12,348	3,455	6,632	66,780	1,872	68,652	(45,004)	23,648
Share of profit (loss) of investments accounted for using equity method										385
Other income										241
Other expense										141
Operating profit										24,134
Finance income										474
Finance costs										121
Profit before tax										24,486

(Note)

1. The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
2. The adjustment to segment profits represents selling, general and administrative expenses that have not been distributed to each segment.
3. Segment profits are represented by adjusted operating income which is the result of deducting cost of sales and selling, general and administrative expenses from revenue.

FY2025 Q3 (Nine months ended December 31, 2024)

(Million Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	93,477	42,843	62,387	28,209	43,925	270,845	8,420	279,265	—	279,265
Segment profits (Note 3)	31,909	14,316	13,416	3,692	7,323	70,659	1,996	72,655	(48,367)	24,288
Share of profit (loss) of investments accounted for using equity method										601
Other income										321
Other expense										44
Operating profit										25,166
Finance income										642
Finance costs										223
Profit before tax										25,585

(Note)

1. The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
2. The adjustment to segment profits represents selling, general and administrative expenses that have not been distributed to each segment.
3. Segment profits are represented by adjusted operating income which is the result of deducting cost of sales and selling, general and administrative expenses from revenue.