

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

Company name: ITFOR Inc.
 Listing: Tokyo Stock Exchange Prime Market
 Securities code: 4743
 URL: <https://ir.itfor.co.jp/>
 Representative: Tsunenori Sato, President and Representative Director
 Inquiries: Katsuo Nakayama, Director and Executive Officer,
 General Manager of Administration Department
 Telephone: +81-(0)3-5275-7841
 Scheduled date of annual general meeting of shareholders: June 20, 2025
 Scheduled date to commence dividend payments: June 23, 2025
 Scheduled date to file securities report: June 13, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2025	20,552	(0.5)	3,532	(5.5)	3,668	(4.6)	2,914	5.2
March 31, 2024	20,652	12.7	3,737	16.2	3,846	17.3	2,770	20.9

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥2,887 million/(12.2%)
 For the fiscal year ended March 31, 2024: ¥3,289 million/43.1%

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2025	108.09	108.05	15.4	15.3	17.2
March 31, 2024	101.77	101.52	15.4	16.8	18.1

Reference: Share of profit (loss) of entities accounted for using equity method As of March 31, 2025: ¥12 million
 As of March 31, 2024: ¥20 million

Note: In calculating "Earnings per share" and "Diluted earnings per share," the shares of the Company held by "Stock Grant Trust for Officers and Employees" are included in the treasury stock which is excluded in calculation of the average number of shares during the period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-total assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2025	23,952	19,044	79.5	720.80
March 31, 2024	23,996	18,836	78.5	695.75

Reference: Equity As of March 31, 2025: ¥19,044 million
 As of March 31, 2024: ¥18,830 million

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2025	2,609	(2,508)	(2,672)	8,934
March 31, 2024	2,836	(504)	(1,623)	11,505

2. Cash Dividends

	Annual dividends per share					Total cash dividends	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	---	0.00	---	40.00	40.00	1,088	39.3	6.1
Fiscal year ended March 31, 2025	---	25.00	---	25.00	50.00	1,353	46.3	7.1
Fiscal year ending March 31, 2026 (Forecast)	---	30.00	---	30.00	60.00		53.8	

- Notes:
1. The total amount of dividends for the fiscal year ended March 31, 2024 includes dividends of ¥4 million paid to the shares of the Company held by "Stock Grant Trust for Officers."
 2. The total amount of dividends for the fiscal year ended March 31, 2025 includes dividends of ¥15 million paid to the shares of the Company held by "Stock Grant Trust for Officers and Employees."

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)									
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,700	0.8	1,550	2.4	1,600	1.3	1,070	1.0	40.50
Full year	23,400	13.9	4,100	16.1	4,200	14.5	3,000	2.9	113.54

Note: In calculating "Earnings per share," the shares of the Company held by "Stock Grant Trust for Officers and Employees" are included in the number of treasury stock at the end of the period, which is excluded from the number of issued shares at the end of the period.

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
New: --- (Company Name:), Exclusion: --- (Company Name:)
- (2) Changes in accounting policy and accounting estimates, and retrospective restatement
 - 1) Changes in the accounting policy in connection with revision of the accounting standards, etc.: Yes
 - 2) Changes in the accounting policy other than 1) above: None
 - 3) Changes in the accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Number of outstanding shares (common stock)
 - 1) Number of issued shares at the end of the period (including treasury stock):
 - As of March 31, 2025: 27,911,900 shares
 - As of March 31, 2024: 28,611,900 shares
 - 2) Number of shares of treasury stock at the end of period:
 - As of March 31, 2025: 1,490,308 shares
 - As of March 31, 2024: 1,547,498 shares
 - 3) Average number of shares outstanding during the period:
 - Fiscal year ended March 31, 2025: 26,962,390 shares
 - Fiscal year ended March 31, 2024: 27,224,509 shares

(Reference) Overview of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2025	18,012	(4.2)	3,223	(9.0)	3,357	(7.6)	2,571	(2.7)
March 31, 2024	18,796	13.5	3,543	13.8	3,632	15.4	2,642	17.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2025	95.34	95.30
March 31, 2024	97.03	96.79

Note: In calculating “Earnings per share” and “Diluted earnings per share,” the shares of the Company held by “Stock Grant Trust for Officers and Employees” are included in the treasury stock which is excluded in calculation of the average number of shares during the period.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-total assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2025	22,691	18,221	80.3	689.32
March 31, 2024	23,161	18,351	79.2	677.50

Reference: Equity As of March 31, 2025: ¥18,221 million
As of March 31, 2024: ¥18,344 million

* Financial results are not subject to audit by certified public accountants or auditing corporations.

* Appropriate use of the financial forecast and other matters

(Matters to be noted for statement about the future)

Forward-looking statements such as forecasts of financial results in this material are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and does not make assurances of the achievement thereof by the Company. Actual financial results may differ significantly due to various factors. For the conditions constituting the precondition of the forecast of financial results and the matters to be noted in using the forecast of financial results, refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on p. 4 of the attached materials.

(How to obtain financial results briefing materials)

A financial results briefing for institutional investors and analysts is scheduled to be held on May 13, 2025 and will be live-streamed. A video of the day’s financial results briefing and financial results briefing materials will be posted on the Company’s IR website at a later date. (<https://ir.itfor.co.jp>)

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

Overview of Business Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025), the Japanese economy saw a moderate recovery as demand from foreign visitors to Japan, private consumption, and the employment situation showed signs of improvement. On the other hand, the outlook remains uncertain due to impact from the prolonged invasion of Ukraine by Russia and rising tensions in the Middle East, trends in U.S. policies including trade policy, and fluctuations in the financial and capital markets.

In the domestic IT service industry that surrounds ITFOR Inc. (the “Company”) and its consolidated subsidiaries and affiliate (together with the Company, the “Company Group”), the need for improving productivity and addressing labor shortages is strong, and companies continue to show a strong willingness to invest, mainly in DX (digital transformation) that transforms business processes and business models by utilizing advanced digital technologies such as AI.

To achieve sustainable growth in these circumstances, the Company Group released its new long-term vision for FY2033, “HIGH FIVE 2033.” Led by this vision, the Company Group will utilize its current business base to expand and extend into new areas, establishing businesses that drive economy within a region, with the aim of becoming a company that creates businesses which generate regional economic circulation. Through our businesses, we will contribute to creating quality time for people. To achieve this “HIGH FIVE 2033,” we launched “FLY ON 2026,” our 4th Medium-Term Management Plan for the three years from FY2024 through FY2026. Based on the three pillars of reinforcing the management base, enhancing profitability and advancing ESG management, defined in the 3rd Medium-Term Management Plan, we will tackle the challenges of dynamically developing our existing businesses and achieving drastic growth through new businesses. In line with this theme, we are conducting activities led by our three categories of strategies: business strategy, human resource strategy, and corporate value enhancement strategy.

As for our sales activities, our packaged systems, including “SCOPE,” our personal loan operation support system, and “WELCOME,” the web-based loan application and contract system that enables non-face-to-face operations, are highly competitive as we are the only packaged system vendor that can combine and offer these systems, and we have begun receiving orders from Shinkin Banks in addition to our target clients of regional banks. These systems contribute to reducing the time required for credit screening while providing environmental benefits by reducing the number of paper application forms and digitizing contract documents. Moreover, we captured replacement demand from existing customers following the release of the cloud service version of the new “Servicer TCS (delinquent loan management system)” in June 2024. In addition, the sale of “Robotic Call,” an unmanned system for delinquent loan reminders, is contributing to solving the problem of personnel shortages caused by the declining working age population, and the sale of “iRITSpay Payment Terminal,” multi-payment terminals, is contributing to the promotion of the Ministry of Economy, Trade and Industry’s cashless policy, respectively. On the other hand, new orders and order backlogs both declined compared to the previous fiscal year, affected by the change in the timing of orders for department store systems and communication systems for electric power companies to FY2025. As a result, new orders were ¥20,247 million (92.2% on a year-on-year basis) and order backlogs were ¥16,295 million (98.2% on a year-on-year basis).

In terms of the financial results, initiatives to improve gross margins, such as the reduction of cost of outsourcing processing fees through the promotion of in-house development proved effective. Selling, general and administrative expenses increased to ¥4,337 million (108.0% on a year-on-year basis) as a result of an increase in personnel expenses due to the annual wage revisions initiated in April 2023 and increased investments in human resources including higher hiring and training expenses.

As a result, the financial results for the fiscal year ended March 31, 2025 were net sales of ¥20,552 million (99.5% on a year-on-year basis), operating income of ¥3,532 million (94.5% on a year-on-year basis), ordinary income of ¥3,668 million (95.4% on a year-on-year basis), and net income attributable to owners of the parent of ¥2,914 million (105.2% on a year-on-year basis), recording a decrease in net sales and an increase in net income (a decrease in operating income and ordinary income).

Financial results by reporting segment are as follows:

(System Development and Sales)

New orders were affected by the change in the timing of orders for department store systems and communication systems for electric power companies to FY2025. With regard to net sales, although software system development for financial institutions, centered on our core business of personal loan operation support systems, has been solid, sales of CTI systems, communication systems, and payment systems were sluggish. As a result, new orders were ¥10,974 million (92.0% on a year-on-year basis), net sales were ¥11,524 million (95.1% on a year-on-year basis), and segment income was ¥1,700 million (85.3% on a year-on-year basis).

(Recurring Business)

With regard to new orders, although orders were stable for maintenance services, we were affected by the loss of a large project in BPO services for the public sector. With regard to net sales, in addition to the stability of maintenance services, we steadily recorded sales from the order backlogs of BPO services, mainly for ordinance-designated cities and core cities. As a result, new orders were ¥9,272 million (92.5% on a year-on-year basis), net sales were ¥9,027 million (105.8% on a year-on-year basis), and segment income was ¥1,832 million (105.1% on a year-on-year basis).

(2) Overview of Financial Position for the Fiscal Year under Review

Assets, Liabilities and Net Assets

Total assets as of March 31, 2025 were ¥23,952 million, a decrease of ¥43 million as compared with the end of the previous fiscal year. Current assets were ¥18,460 million, a decrease of ¥1,037 million. This was mainly due to increases in cash and deposits of ¥681 million and notes, accounts receivable-trade, and contract assets of ¥203 million, offset by a decrease in securities of ¥1,904 million. Fixed assets were ¥5,492 million, an increase of ¥994 million. This was mainly due to increases in investment securities of ¥518 million as a result of acquisitions, in deferred tax assets of ¥210 million, and in other under investments and other assets of ¥160 million.

Total liabilities as of March 31, 2025 were ¥4,907 million, a decrease of ¥251 million as compared with the end of the previous fiscal year. Current liabilities were ¥4,512 million, a decrease of ¥366 million. This was mainly due to decreases in corporate income tax and other taxes payable of ¥223 million, and in contract liabilities of ¥189 million. Fixed liabilities were ¥395 million, an increase of ¥114 million. This was mainly due to an increase in provision for stock-based remuneration of ¥106 million.

Net assets as of March 31, 2025 were ¥19,044 million, an increase of ¥207 million as compared with the end of the previous fiscal year. This was mainly due to a decrease of ¥1,768 million as a result of dividend payments from retained earnings and a decrease of ¥1,434 million due to purchase of treasury stock. These were offset by an increase of ¥2,914 million as a result of recording of net income attributable to owners of the parent and an increase of ¥367 million due to disposal of treasury stock.

As a result, the equity-to-total assets ratio was 79.5% compared to 78.5% as of the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “Funds”) as of March 31, 2025 were ¥8,934 million, a decrease of ¥2,571 million compared with the end of previous fiscal year. The status of each cash flow and their factors for the fiscal year ended March 31, 2025 are as follows:

(Cash Flow from Operating Activities)

Funds provided by operating activities were ¥2,609 million (92.0% on a year-on-year basis). The major factors contributing to the increase were net income before taxes of ¥3,671 million, depreciation of ¥345 million, and an increase in provision for stock-based remuneration of ¥106 million, and the major factors contributing to the decrease were corporate income tax and other taxes paid of ¥1,314 million and an increase in trade receivables of ¥138 million.

(Cash Flow from Investing Activities)

Funds used for investing activities were ¥2,508 million (497.4% on a year-on-year basis). The major factors contributing to the decrease were an increase in securities of ¥1,395 million, purchase of investment securities of ¥571 million, purchase of tangible fixed assets of ¥275 million, purchase of intangible fixed assets of ¥178 million, and payments of leasehold and guarantee deposits of ¥149 million.

(Cash Flow from Financing Activities)

Funds used for financing activities were ¥2,672 million (164.6% on a year-on-year basis). The factor contributing to the increase was proceeds from disposal of treasury stock of ¥527 million, and the factors contributing to the decrease were dividends paid of ¥1,765 million and purchase of treasury stock of ¥1,434 million.

[Reference] Cash Flows Indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-to-total assets ratio	75.2	77.9	79.1	78.5	79.5
Equity-to-total assets ratio on a market price basis	121.8	108.4	110.1	153.5	163.8

Equity-to-total assets ratio: equity / total assets

Equity-to-total assets ratio on a market price basis: market capitalization / total assets

Notes: 1. The benchmarks are calculated based on consolidated financial figures.

2. Market capitalization is calculated based on the number of shares outstanding excluding treasury stock.

(4) Future Outlook

The Company Group has formulated the Medium-Term Management Plan for FY2024 through FY2026 (the “Plan”), with the final year’s goals of net sales of ¥28,000 million, operating income of ¥4,800 million and ROE and ROIC of 15% or higher.

In the next fiscal year, which will be the second year of the Plan, the Company Group will work to expand its business portfolio to achieve these targets. The Company forecasts consolidated net sales of ¥23,400 million (113.9% on a year-on-year basis), operating income of ¥4,100 million (116.1% on a year-on-year basis), ordinary income of ¥4,200 million (114.5% on a year-on-year basis), and net income attributable to owners of the parent of ¥3,000 million (102.9% on a year-on-year basis). The above forecasts and other forward-looking statements are based on information currently available to the Company and certain assumptions that the Company deems reasonable. However, actual financial results may differ significantly due to various factors, and the forecasts themselves are subject to change.

(5) Material Events Regarding Going Concern Assumption

No applicable matters.

2. Basic Approach to the Selection of Accounting Standards

For the time being, the Company Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and intercompany comparability. Our policy is to respond appropriately to the application of IFRS (International Financial Reporting Standards), taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	4,356,350	5,037,547
Notes, accounts receivable-trade and contract assets	4,539,168	4,742,770
Securities	9,599,513	7,694,996
Inventories	686,100	629,479
Other	317,256	355,654
Total current assets	19,498,389	18,460,447
Fixed assets		
Tangible fixed assets		
Buildings and structures	985,596	1,094,056
Accumulated depreciation	(613,921)	(637,802)
Buildings and structures, net	371,674	456,253
Machinery, equipment and vehicles	31,593	31,593
Accumulated depreciation	(14,702)	(16,695)
Machinery, equipment and vehicles, net	16,891	14,898
Land	149,565	169,145
Construction in progress	25,156	26,540
Other	1,325,852	1,276,291
Accumulated depreciation	(1,056,212)	(1,040,703)
Other, net	269,640	235,587
Total tangible fixed assets	832,927	902,424
Intangible fixed assets		
Goodwill	7,437	---
Other	423,513	466,010
Total intangible fixed assets	430,950	466,010
Investments and other assets		
Investment securities	2,479,046	2,997,342
Deferred tax assets	99,833	310,530
Other	655,215	815,719
Total investments and other assets	3,234,095	4,123,592
Total fixed assets	4,497,973	5,492,026
Total assets	23,996,362	23,952,474

(Unit: thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	1,187,216	1,241,287
Corporate income tax and other taxes payable	748,346	524,764
Provision for bonuses	640,650	614,229
Contract liabilities	1,017,321	827,693
Other	1,285,257	1,304,275
Total current liabilities	4,878,791	4,512,250
Fixed liabilities		
Liabilities for retirement benefit	209,214	217,550
Provision for stock-based remuneration	67,414	173,789
Long-term accounts payable-other	4,278	4,278
Total fixed liabilities	280,906	395,617
Total liabilities	5,159,698	4,907,868
Net assets		
Shareholders' equity		
Capital stock	1,124,669	1,124,669
Capital surplus	1,221,189	1,221,189
Retained earnings	16,798,657	17,392,253
Treasury stock	(1,261,612)	(1,613,696)
Total shareholders' equity	17,882,902	18,124,414
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	952,183	929,653
Deferred gains or losses on hedges	2	---
Remeasurements of defined benefit plans	(5,046)	(9,462)
Total accumulated other comprehensive income	947,139	920,191
Stock acquisition rights	6,622	---
Total net assets	18,836,664	19,044,606
Total liabilities and net assets	23,996,362	23,952,474

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement

(Unit: thousands of yen)

	Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Net sales	20,652,793	20,552,254
Cost of sales	12,899,218	12,681,836
Gross profit on sales	7,753,575	7,870,417
Selling, general and administrative expenses	4,015,893	4,337,541
Operating income	3,737,681	3,532,875
Non-operating income		
Interest income	3,616	19,844
Dividend income	58,964	77,054
Gain on sale of investment securities	---	15,811
Share of profit of entities accounted for using equity method	20,970	12,995
Miscellaneous income	39,194	30,361
Total non-operating income	122,746	156,067
Non-operating expenses		
Commissions fee	7,619	8,251
Loss on retirement of fixed assets	2,699	5,236
Foreign exchange losses	48	5,950
Miscellaneous losses	3,570	1,450
Total non-operating expenses	13,937	20,888
Ordinary income	3,846,490	3,668,054
Extraordinary income		
Gain on reversal of stock acquisition rights	2,750	3,588
Total extraordinary income	2,750	3,588
Net income before income taxes	3,849,240	3,671,642
Corporate income taxes - current	1,114,790	962,134
Corporate income taxes - deferred	(36,203)	(204,828)
Total corporate income taxes	1,078,587	757,306
Net income	2,770,652	2,914,336
Net income attributable to owners of the parent	2,770,652	2,914,336

Consolidated Statement of Comprehensive Income

(Unit: thousands of yen)

	Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Net income	2,770,652	2,914,336
Other comprehensive income		
Valuation difference on available-for-sale securities	523,528	(22,661)
Deferred gains or losses on hedges	(1,156)	(2)
Remeasurements of defined benefit plans	(4,175)	(4,415)
Share of other comprehensive income of affiliates accounted for using equity method	218	131
Total other comprehensive income	518,415	(26,947)
Comprehensive income	3,289,068	2,887,388
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	3,289,068	2,887,388
Comprehensive income attributable to non-controlling interests	---	---

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	1,124,669	1,367,439	15,403,603	(1,179,155)	16,716,556
Changes during period					
Dividends of surplus			(835,313)		(835,313)
Net income attributable to owners of the parent			2,770,652		2,770,652
Purchase of treasury stock				(900,027)	(900,027)
Disposal of treasury stock		(10,785)		141,820	131,035
Cancellation of treasury stock		(675,750)		675,750	---
Transfer from retained earnings to capital surplus		540,285	(540,285)		---
Net changes in items other than shareholders' equity					
Total changes during period	---	(146,250)	1,395,053	(82,456)	1,166,346
Balance at the end of period	1,124,669	1,221,189	16,798,657	(1,261,612)	17,882,902

	Accumulated other comprehensive income				Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	428,436	1,158	(871)	428,723	22,390	17,167,670
Changes during period						
Dividends of surplus						(835,313)
Net income attributable to owners of the parent						2,770,652
Purchase of treasury stock						(900,027)
Disposal of treasury stock						131,035
Cancellation of treasury stock						---
Transfer from retained earnings to capital surplus						---
Net changes in items other than shareholders' equity	523,747	(1,156)	(4,175)	518,415	(15,767)	502,647
Total changes during period	523,747	(1,156)	(4,175)	518,415	(15,767)	1,668,994
Balance at the end of period	952,183	2	(5,046)	947,139	6,622	18,836,664

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	1,124,669	1,221,189	16,798,657	(1,261,612)	17,882,902
Changes during period					
Dividends of surplus			(1,768,747)		(1,768,747)
Net income attributable to owners of the parent			2,914,336		2,914,336
Purchase of treasury stock				(1,434,299)	(1,434,299)
Disposal of treasury stock		162,882		367,340	530,222
Cancellation of treasury stock		(714,875)		714,875	---
Transfer from retained earnings to capital surplus		551,992	(551,992)		---
Net changes in items other than shareholders' equity					
Total changes during period	---	---	593,596	(352,084)	241,511
Balance at the end of period	1,124,669	1,221,189	17,392,253	(1,613,696)	18,124,414

	Accumulated other comprehensive income				Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	952,183	2	(5,046)	947,139	6,622	18,836,664
Changes during period						
Dividends of surplus						(1,768,747)
Net income attributable to owners of the parent						2,914,336
Purchase of treasury stock						(1,434,299)
Disposal of treasury stock						530,222
Cancellation of treasury stock						---
Transfer from retained earnings to capital surplus						---
Net changes in items other than shareholders' equity	(22,529)	(2)	(4,415)	(26,947)	(6,622)	(33,570)
Total changes during period	(22,529)	(2)	(4,415)	(26,947)	(6,622)	207,941
Balance at the end of period	929,653	---	(9,462)	920,191	---	19,044,606

(4) Consolidated Statements of Cash Flows

(Unit: thousands of yen)

	Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash flow from operating activities		
Net income before taxes	3,849,240	3,671,642
Depreciation	326,415	345,713
Amortization of goodwill	54,139	7,437
Stock-based remuneration	5,627	---
Increase (decrease) in provision for bonuses	93,315	(26,420)
Increase (decrease) in liabilities for retirement benefit	464	1,972
Increase (decrease) in provision for stock-based remuneration	28,564	106,375
Loss (gain) on sale of investment securities	---	(15,811)
Interest income and dividend income	(62,580)	(96,898)
Share of loss (profit) of entities accounted for using equity method	(20,970)	(12,995)
Loss on retirement of fixed assets	2,699	5,236
Gain on reversal of stock acquisition rights	(2,750)	(3,588)
Decrease (increase) in trade receivables	(874,721)	(138,720)
Decrease (increase) in inventories	(69,909)	56,621
Increase (decrease) in trade payables	(174,493)	54,071
Other	675,034	(127,464)
Subtotal	3,830,074	3,827,169
Interest and dividends received	62,580	96,761
Corporate income tax and other taxes paid	(1,056,011)	(1,314,535)
Net cash provided by (used in) operating activities	2,836,642	2,609,395
Cash flow from investing activities		
Net decrease (increase) in securities	(99,996)	(1,395,942)
Purchase of tangible fixed assets	(231,423)	(275,578)
Purchase of intangible fixed assets	(172,717)	(178,439)
Purchase of investment securities	(953)	(571,882)
Proceeds from sale of investment securities	---	55,945
Purchase of membership	---	(11,187)
Proceeds from sale of membership	---	4,900
Payments of leasehold and guarantee deposits	---	(149,602)
Proceeds from refund of leasehold and guarantee deposits	---	60,440
Other	740	(47,169)
Net cash provided by (used in) investing activities	(504,350)	(2,508,516)
Cash flow from financing activities		
Purchase of treasury stock	(900,027)	(1,434,299)
Proceeds from disposal of treasury stock	112,414	527,188
Dividends paid	(835,570)	(1,765,220)
Net cash provided by (used in) financing activities	(1,623,184)	(2,672,332)
Net increase (decrease) in cash and cash equivalents	709,107	(2,571,453)
Cash and cash equivalents at beginning of period	10,796,791	11,505,898
Cash and cash equivalents at the end of period	* 11,505,898	* 8,934,445

(5) Explanatory Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

No applicable matters.

(Changes in Accounting Policies)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “Revised Accounting Standard of 2022”) and related accounting guidance since the beginning of the fiscal year ended March 31, 2025.

With regard to the revision concerning where to recognize current income taxes (taxes on other comprehensive income), the Company has followed the transitional treatments provided for in the proviso clause of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments provided for in proviso clause of paragraph 65-2(2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “Revised Implementation Guidance of 2022”). This change in accounting policies has no impact on the consolidated financial statements.

As for the revision related to the change in the treatment in consolidated financial statements of tax deferral of gain on sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Implementation Guidance of 2022 since the beginning of the fiscal year ended March 31, 2025. This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the fiscal year ended March 31, 2024 have been restated accordingly. This change in accounting policies has no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

(Changes in the Presentation Method)

(Consolidated statements of income)

The “foreign exchange losses” that was contained in “miscellaneous losses” under “non-operating expenses” during the previous fiscal year has exceeded 10% of the total amount of non-operating expenses, and is therefore listed separately from the current fiscal year. The financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥3,618 thousand presented in “miscellaneous losses” under “non-operating expenses” in the consolidated statement of income for the previous fiscal year has been reclassified as “foreign exchange losses” of ¥48 thousand and “miscellaneous losses” of ¥3,570 thousand.

(Consolidated Statements of Cash Flows)

* Cash and cash equivalents at the end of period in the consolidated statement of cash flows are reconciled to the amounts of accounts in the consolidated balance sheet as follows:

	(Unit: thousands of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash and deposits account	4,356,350	5,037,547
Other in investments and other assets (long-term deposits)	---	50,000
Securities account	9,599,513	7,694,996
Total	13,955,864	12,782,544
Time deposits with a deposit period of over three months	(150,000)	(150,000)
Securities and investment securities with maturities exceeding three months	(2,299,965)	(3,698,098)
Cash and cash equivalents	11,505,898	8,934,445

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company Group are components of the Company Group for which separate financial information is available, and which are subject to review by the Board of Directors on a regular basis to determine the allocation of management resources and evaluate performance.

The Company Group is composed of segments classified based on the business characteristics of products and services, and has two reportable segments: “System Development and Sales” and “Recurring Business.”

(2) Types of products and services that belong to each reportable segment

“System Development and Sales” segment mainly engages in the sale of system equipment, and provides integrated services ranging from design and development to implementation and installation related to software and system infrastructure networks.

“Recurring Business” segment mainly provides software maintenance, hardware maintenance and operation, cloud, and BPO services.

2. Calculation method for net sales, income or loss, assets, liabilities, and other amounts for each reportable segment

The accounting methods for the reportable segments are, in general, the same as those described in the “Basis of preparation of consolidated financial statements.”

The income of each reportable segment is an amount based on operating income.

Intersegment sales or transfers are based on prevailing market prices.

3. Information on net sales, income or loss, and other amounts by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Unit: thousands of yen)

	Reportable segment			Adjustment (Note)	Amount recorded in the Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	12,117,864	8,534,929	20,652,793	---	20,652,793
Intersegment sales or transfers	8,002	2,240	10,242	(10,242)	---
Total	12,125,866	8,537,169	20,663,035	(10,242)	20,652,793
Segment income	1,994,211	1,743,470	3,737,681	---	3,737,681
Segment assets	3,455,547	2,527,136	5,982,684	18,013,678	23,996,362
Other items					
Depreciation	122,912	203,502	326,415	---	326,415
Increase in tangible fixed assets and intangible fixed assets	195,433	185,730	381,163	---	381,163

Note: Adjustments are as follows.

Adjustment of segment assets of ¥18,013,678 thousand includes corporate assets that are not allocated to each reportable segment and consist mainly of surplus funds under management (cash and deposits, and securities) and long-term investment funds (investment securities).

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Unit: thousands of yen)

	Reportable segment			Adjustment (Note)	Amount recorded in the Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	11,524,496	9,027,757	20,552,254	---	20,552,254
Intersegment sales or transfers	22,225	1,760	23,985	(23,985)	---
Total	11,546,722	9,029,517	20,576,239	(23,985)	20,552,254
Segment income	1,700,555	1,832,543	3,533,099	(223)	3,532,875
Segment assets	4,158,583	2,410,237	6,568,821	17,383,653	23,952,474
Other items					
Depreciation	161,003	184,710	345,713	---	345,713
Increase in tangible fixed assets and intangible fixed assets	260,550	254,793	515,343	---	515,343

Note: Adjustments are as follows.

Adjustment of segment assets of ¥17,383,653 thousand includes corporate assets that are not allocated to each reportable segment and consist mainly of surplus funds under management (cash and deposits, and securities) and long-term investment funds (investment securities).

[Related information]

1. Information by product and service

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Information by product and service is omitted, because similar information is provided in Segment Information.

2. Information by geographical area

(1) Net sales

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

No applicable matters.

(2) Tangible fixed assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

No applicable matters since there are no tangible fixed assets located outside of Japan.

3. Information by major customers

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Because there are no customers that account for over 10% of sales stated in the consolidated income statement for sales to external customers, this information is omitted.

[Information on impairment loss on fixed assets by reportable segment]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

No applicable matters.

[Information on goodwill amortization and unamortized balance by reportable segment]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Unit: thousands of yen)

	Reportable segment			Corporate and elimination	Total
	System Development and Sales	Recurring Business	Total		
Goodwill amortization in the fiscal year	24,389	29,750	54,139	---	54,139
Balance at the end of period	---	7,437	7,437	---	7,437

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Unit: thousands of yen)

	Reportable segment			Corporate and elimination	Total
	System Development and Sales	Recurring Business	Total		
Goodwill amortization in the fiscal year	---	7,437	7,437	---	7,437
Balance at the end of period	---	---	---	---	---

[Information on gains incurred from negative goodwill by reportable segment]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

No applicable matters.

(Per Share Information)

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	
Net assets per share	¥695.75	Net assets per share	¥720.80
Earnings per share	¥101.77	Earnings per share	¥108.09
Diluted earnings per share	¥101.52	Diluted earnings per share	¥108.05

- Notes: 1. In calculating “Net assets per share,” the shares of the Company held by “Stock Grant Trust for Officers and Employees” are included in the number of treasury stock, which is excluded from the number of issued shares at the end of the period (123,796 shares in the fiscal year ended March 31, 2024 and 483,791 shares in the fiscal year ended March 31, 2025). In calculating “Earnings per share,” these shares are included in the treasury stock which is excluded in calculation of the average number of shares during the period (123,796 shares in the fiscal year ended March 31, 2024 and 164,781 shares in the fiscal year ended March 31, 2025).
2. The basis for calculation of earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Earnings per share		
Net income attributable to owners of the parent (thousand yen)	2,770,652	2,914,336
Amount not attributable to common stockholders (thousand yen)	---	---
Net income attributable to common stockholders of the parent (thousand yen)	2,770,652	2,914,336
Average number of shares during the period	27,224,509	26,962,390
Diluted earnings per share		
Adjustment of net income attributable to owners of the parent (thousand yen)	---	---
Increase in common stock (shares)	67,744	10,718
(Of which, stock acquisition rights)	(67,744)	(10,718)
Overview of latent shares that were not included in the calculation of diluted earnings per share because they have no dilutive effects	No applicable matters.	No applicable matters.

(Significant Subsequent Events)

1. Absorption merger of consolidated subsidiaries

At the meeting of the Board of Directors held on January 21, 2025, the Company resolved to carry out an absorption merger (a simplified merger) between two wholly-owned subsidiaries, effective on April 1, 2025, with ITFOR BeX Inc. (hereinafter referred to as “BeX”) as the surviving company and ICR Co., Ltd. (hereinafter referred to as “ICR”) as the dissolved company.

(1) Purpose of the absorption merger

In order to contribute to the development of a sustainable future through social contribution based on regional revitalization, the Company Group is dedicated to supporting digital transformation (DX) in regional communities by providing solutions to regional financial institutions, as well as systems and BPO services to regional governments.

Both companies have been engaged in BPO services for regional governments. Therefore, we determined that the merger would strengthen collaboration within the Company Group, enabling us to more strategically and quickly support regional governments and other communities that support the livelihoods of the community.

We will strive to further enhance the corporate value of the Company Group by enhancing efficiency in group management.

(2) Time table for the merger

Date of conclusion of the agreement: January 28, 2025

Date of approval of the agreement at the General Meeting of Shareholders: March 18, 2025

Date of merger (effective date): April 1, 2025

(Note) As the merger is a simplified merger based on the provisions of Article 796, Paragraph 2 of the Companies Act, BeX will not hold a General Meeting of Shareholders to approve the merger.

(3) Form of the absorption merger

The merger was conducted as an absorption-type merger, with BeX as the surviving company, and ICR was dissolved.

(4) Details of allotment related to the absorption merger

There was no issuance of new shares or allocation of cash or other assets in the merger.

(5) Handling of stock acquisition rights and bonds with stock acquisition rights of the dissolved company

No applicable matters.

(6) Overview of accounting treatment to be applied

The merger will be accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2024).

(Status of Production, Orders, and Sales)

(1) Purchases

The purchase results by segment for the fiscal year ended March 31, 2025 are as follows.

Item	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	YoY change (%)
System Development and Sales (thousand yen)	3,108,621	78.5
Recurring Business (thousand yen)	---	---
Total (thousand yen)	3,108,621	78.5

- Notes: 1. There are no intersegment transactions.
2. The above amounts do not include consumption taxes.

(2) Orders received

The status of orders received by segment in the fiscal year ended March 31, 2025 are as follows.

Item	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)			
	New orders (thousand yen)	YoY change (%)	Order backlogs (thousand yen)	YoY change (%)
System Development and Sales	10,974,777	92.0	5,996,767	91.6
Recurring Business	9,272,943	92.5	10,298,667	102.4
Total	20,247,720	92.2	16,295,434	98.2

- Notes: 1. Intersegment transactions are offset and eliminated.
2. The above amounts do not include consumption taxes.

(3) Sales

The sales results by segment for the fiscal year ended March 31, 2025 are as follows.

Item	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	YoY change (%)
System Development and Sales (thousand yen)	11,524,496	95.1
Recurring Business (thousand yen)	9,027,757	105.8
Total (thousand yen)	20,552,254	99.5

- Notes: 1. Intersegment transactions are offset and eliminated.
2. The above amounts do not include consumption taxes.