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 Stock exchange listings: Tokyo Stock Exchange (TSE)
 Code number : 3744
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(Note) All figures in the financial statements are rounded down to the nearest millionth.
 ‘-’ indicates a loss or negative figure.

1. Consolidated results (January 1, 2025 through March 31, 2025)

(% of change from previous first quarter)

(1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3-month period(2025/3)	4,992	-22.1	68	272.0	73	29.2	38	0.5
3-month period(2024/3)	6,405	51.8	18	-25.3	57	-0.7	38	200.6

(Note) Comprehensive income

As of Mar.31, 2025: 22 million yen/ -55.0%

As of Mar. 31, 2024: 50 million yen/ 272.4%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
3-month period(2025/3)	4.49	-
3-month period(2024/3)	4.46	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3-month period(2025/3)	8,193	1,555	17.8
FY2024	8,085	1,537	17.7

(Reference) Equity

As of Mar. 31, 2025: 1,457 million yen

As of Dec. 31, 2024: 1,434 million yen

2. Cash dividends

	Dividend per share				
Record Date	End of Q1	Interim	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2024	-	0.00	-	0.00	0.00
FY2025	-				
FY2025 (expected)		0.00	-	0.00	0.00

(Note) Revisions to recent dividend forecast: None

3. Forecast of consolidated results for FY2025 (January 1, 2025 through December 31, 2025)

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2025	19,000	-7.6	70	99.5	160	-15.3	100	-71.6	11.54

(Note) Revisions to recent business forecast: None

4. Others

- (1) Reclassification of significant subsidiaries during the period (Reclassification due to change in scope of consolidation): None
- (2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements: None
- (3) Change in accounting policies, accounting estimates and restatement
 - (i) Change in accounting policies associated with revision of accounting standards: None
 - (ii) Change arising from other factors: None
 - (iii) Change in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury stock)	First quarter of FY2025	8,874,400 shares	FY2024	8,874,400 shares
(ii) Number of treasury stock	First quarter of FY2025	205,338 shares	FY2024	205,838 shares
(iii) Average number of outstanding shares (3-month period)	First quarter of FY2025	8,668,568 shares	First quarter of FY2024	8,668,562 shares

(Note) The Company's shares held by the Board Incentive Plan trust are included in the treasury stock deducted to calculate (ii) and (iii) above.

Explanation about proper use of forecasts of consolidated financial results and other special notes

1. Information Regarding the Audit Review Procedure: This report is outside the scope of the procedures for quarterly review of financial statements as required under the financial instruments and Exchange Act of Japan. The aforementioned procedures have not been completed as of the time of disclosure of this document.
2. Net income per share was calculated by the number of outstanding shares (excluding treasury stocks) at the end of fiscal year.
3. Forecasts announced by the company referred to above were prepared based on management's assumption with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts.
4. This information to above is an UNOFFICIAL English-language translation of the original Japanese-language version. The format and contents of this document are defined by the requirements of the Tokyo Stock Exchange's Standard.
To the extent that there are discrepancies between this translation and the original version, the original version shall be definitive.

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1. Qualitative Information on Consolidated Results

(1) Results of Operations

Overview of consolidated business performance for the three months ended March 31, 2025 (Q1 2025)

During the first three months of the fiscal year ending December 31, 2025, the Japanese economy continued to follow a moderate recovery trajectory, driven by positive developments in the labor market and per capita income. Nevertheless, economic uncertainties persisted due to several unfavorable factors, including rising prices of goods and services and the disruptive trade policies enforced by the U.S. Trump administration. In the information service sector, in which the SIOS Group ("the Group") operated, while businesses generally demonstrated a proactive approach to upgrading their enterprise ITC systems, some exhibited caution in investing in generative AI and other emerging digital technologies.

In this business environment, the Group continued its efforts to bolster enterprise value and foster sustainable business growth. This was achieved by remaining agile and flexible in response to evolving operating conditions, with a focus on expanding the Group's SaaS¹ and subscription²-based businesses and placing greater emphasis on its generative AI solutions business.

The Group achieved consolidated business results by segment for the period under review as follows:

Please note that, starting in the period under review, the Company has reclassified its reportable segments and changed the calculation methods for profit or loss for each segment. For details, refer to "2. Disclosure of changes in reportable segments" located under "Segment Information" in this document. Financial results presented below for comparative purposes, pertaining to the first quarter of the previous fiscal year, were reported based on the reclassified reportable segments.

(i) Products & Services

As the business of selling the management support system to financial institutions had been sold to a third party in the fourth quarter of the previous fiscal year, total net sales in this segment for the period under review declined year on year. On a positive note, however, sales of Gluegent Flow³, our cloud-based workflow management system, jumped, as the addition of generative AI-powered capabilities and other feature enhancements made it more competitive in the market. In addition, LifeKeeper⁴, which is one of the Group's core software products, and Gluegent Gate⁵, our cloud-based user ID management tool, achieved growth in sales and profit, compared with the same period a year earlier.

As a result, net sales amounted to 1,363 million yen in this segment, down 8.0% from the same period the previous year, with a segment profit of 111 million yen, up 68.1%.

(ii) Consulting & Integration

While net sales showed a modest year-on-year increase in this segment, the segment profit declined. This was primarily attributed to an increase in low-margin projects in the API⁶ solutions business and the addition of engineers to the R&D team as part of an initiative to expedite business growth.

As a result, net sales amounted to 871 million yen in this segment, up 2.8% year on year, with a segment profit of 99 million yen, down 37.0%.

(iii) Software Sales & Solution

While sales of Red Hat Enterprise Linux⁷ and other software products sourced from Red Hat, Inc.⁸, were down from the same period the previous year, when we received major project orders, their profit jumped due to an improvement in gross profit margin.

Consequently, net sales amounted to 2,757 million yen in this segment, down 32.3% year on year, with a segment profit of 49 million yen, up 114.6%.

The Group's net sales for the period under review were down 22.1% year on year, to 4,992 million yen. The Company posted a consolidated operating profit of 68 million yen, up 272.0%, and an ordinary profit of 73 million yen, up 29.2%—which reflected a favorable impact of the share of profit of entities accounted for using the equity method. The profit attributable to owners of parent amounted to 38 million yen, up 0.5%, which reflected a favorable impact of deferred income taxes.

The Group's key management metrics EBITDA (the sum of operating profit, depreciation, and amortization of goodwill) and ROIC (ratio obtained by dividing operating profit after tax by the sum of shareholders' equity and interest-bearing debts) for the period under review were as follows:

EBITDA: 76 million yen, up 144.9% from the previous year

ROIC (annualized): 11.2%, compared with 3.6% the previous year

1. SaaS

Software as a Service. A software licensing and distribution model that allows users to connect to and use cloud-based software applications over the internet.

2. Subscription business model

A business model that charges customers a recurring monthly or annual fee to access a software product or service.

3. Gluegent Flow

Cloud-based corporate workflow management system that uses digital solutions to streamline the end-to-end process for submitting, reviewing, and approving internal project proposals.

4. LifeKeeper

A failover software product that automatically switches a failed primary server to a backup server.

5. Gluegent Gate

Cloud-based user ID management system that provides a high level of security with single sign-on, multi-factor authentication, and access control, and integrated as well as streamlined user ID management.

6. API

A mechanism for software and applications to exchange information with each other.

7. Red Hat Enterprise Linux

Linux OS developed by Red Hat, Inc., a provider of open-source solutions.

8. Red Hat, Inc. Related Items

Linux OS product developed by Red Hat, Inc., a provider of open source solutions.

(2) Financial Position

i. Assets

Current assets amounted to 7,317 million yen as of March 31, 2025, up 2.0% from the end of the previous fiscal year, reflecting primarily an increase of 609 million yen in accounts receivable and contract assets.

Non-current assets decreased 3.8% to 875 million yen, reflecting primarily a decrease of 1 million yen in investment securities.

As a result, total assets increased 1.3% to 8,193 million yen.

ii. Liabilities

Current liabilities amounted to 6,276 million yen, up 1.5% from the previous fiscal year-end, reflecting primarily an increase of 714 million yen in accounts payable.

Non-current liabilities amounted to 360 million yen, down 1.1%, reflecting primarily a decrease of 6 million yen in lease liabilities.

As a result, total liabilities increased 1.4 % to 6,637 million yen.

iii. Net assets

Total net assets amounted to 1,555 million yen, up 1.2% from the previous fiscal year-end, reflecting primarily the posting of 38 million yen in profit attributable to owners of parent.

(3) Forward-looking Statements Including Consolidated Business Forecasts

The Group's consolidated business forecasts for the fiscal year ending December 31, 2025, remain unchanged from those previously announced in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2024, released on February 14, 2025. The Company will promptly provide an update on consolidated business forecasts should any material changes occur.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(In thousands of yen)

	December 31, 2024	March 31, 2025
Assets		
Current assets		
Cash and deposits	3,677,914	3,283,516
Notes and accounts receivable - trade, and contract assets	2,549,132	3,159,029
Work in process	8,909	6,773
Advance payments to suppliers	645,085	595,938
Other	294,680	272,336
Total current assets	7,175,721	7,317,594
Non-current assets		
Property, plant and equipment		
Buildings, net	32,268	31,021
Other, net	35,132	32,632
Total property, plant and equipment	67,401	63,653
Intangible assets		
Software	8,485	6,817
Software in progress	95,218	95,218
Other	1,441	1,441
Total intangible assets	105,145	103,477
Investments and other assets		
Investment securities	427,662	425,844
Retirement benefit asset	2,401	2,449
Guarantee deposits	114,268	113,242
Other	192,720	166,844
Total investments and other assets	737,052	708,381
Total non-current assets	909,599	875,512
Total assets	8,085,320	8,193,106

(In thousands of yen)

	December 31, 2024	March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,546,836	2,261,532
Current portion of long-term borrowings	49,500	33,000
Lease liabilities	22,554	20,675
Income taxes payable	241,270	4,745
Contract liabilities	3,850,313	3,514,295
Provision for bonuses for directors (and other officers)	9,900	-
Other	462,637	442,575
Total current liabilities	6,183,013	6,276,824
Non-current liabilities		
Retirement benefit liability	305,897	304,872
Lease liabilities	30,249	23,834
Provision for share awards for directors (and other officers)	15,200	18,577
Long-term deposits received	13,553	13,553
Total non-current liabilities	364,900	360,838
Total liabilities	6,547,913	6,637,663
Net assets		
Shareholders' equity		
Share capital	1,481,520	1,481,520
Retained earnings	65,359	104,252
Treasury shares	-80,794	-80,598
Total shareholders' equity	1,466,084	1,505,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,145	-1,126
Deferred gains or losses on hedges	6,009	-608
Foreign currency translation adjustment	-36,256	-45,888
Total accumulated other comprehensive income	-31,392	-47,623
Share acquisition rights	102,715	97,892
Total net assets	1,537,407	1,555,443
Total liabilities and net assets	8,085,320	8,193,106

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

For three months ended March 31

(In thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	6,405,925	4,992,860
Cost of sales	5,076,242	3,742,088
Gross profit	1,329,682	1,250,772
Selling, general and administrative expenses	1,311,307	1,182,407
Operating profit	18,375	68,364
Non-operating income		
Interest income	5,624	7,621
Foreign exchange gains	—	22,982
Gain on valuation of derivatives	42,392	—
Share of profit of entities accounted for using equity method	24,228	8,815
Other	1,700	1,573
Total non-operating income	73,945	40,992
Non-operating expenses		
Interest expenses	185	124
Foreign exchange losses	34,098	—
Loss on valuation of derivatives	—	34,657
Other	878	704
Total non-operating expenses	35,162	35,486
Ordinary profit	57,157	73,871
Extraordinary income		
Gain on sale of investment securities	23,623	—
Total extraordinary income	23,623	—
Profit before income taxes	80,781	73,871
Income taxes-current	40,710	3,510
Income taxes-deferred	1,385	31,467
Total income taxes	42,095	34,978
Profit	38,685	38,893
Profit attributable to owners of parent	38,685	38,893

Consolidated Statements of Comprehensive Income

For three months ended March 31

(In thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit	38,685	38,893
Other comprehensive income		
Valuation difference on available-for-sale securities	-11,205	19
Deferred gains or losses on hedges	547	-6,617
Foreign currency translation adjustment	21,445	-9,329
Share of other comprehensive income of entities accounted for using equity method	876	-301
Total other comprehensive income	11,664	-16,230
Comprehensive income	50,350	22,662
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	50,350	22,662

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Quarterly Consolidated Statements of Cash Flows)

The Company did not prepare a quarterly consolidated cash flow statement for the period under review. The amount of depreciation, including amortization of intangible assets, recorded for the period under review is as follows:

(In thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation	12,766	7,905

(Segment Information)

I Three months ended March 31, 2024

1. Information regarding the amount of net sales and profit by reportable segment

(In thousands of yen)

	Reportable segment				Adjustments ¹	Amount recorded in quarterly consolidated statements of income ²
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Net sales						
Sales to external customers	1,481,286	848,245	4,075,243	6,404,775	1,150	6,405,925
Intersegment sales and transfers	267	2,535	—	2,803	-2,803	—
Total	1,481,554	850,780	4,075,243	6,407,578	-1,653	6,405,925
Segment profit	66,543	157,583	23,188	247,315	-228,939	18,375

Note 1: The breakdown of adjustments is as follows:

- (i) The adjustment of -1,653 thousand yen to the segment net sales includes intersegment sales and transfers of -2,803 thousand yen and incidental revenue of 1,150 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.
- (ii) The adjustment of -228,939 thousand yen to the segment profit includes intersegment sales and transfers of -2,803 thousand yen and the corporate expenses of -226,137 thousand yen, which are expenses associated with the Company's back-office departments, not attributable to reportable segments.

Note 2: The total amount of segment profit is the same as the amount of operating profit presented in the Consolidated Statements of Income.

(Supplementary Information)

1. Information by region

In addition to the disclosure required by the “Accounting Standard for Quarterly Financial Statements,” information (net sales) by region is disclosed in accordance with the “Accounting Standard for the Disclosure of Segment Information” for the purpose of providing users of financial statements with valuable information.

Net sales

For three months ended March 31, 2024

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
6,225,649	111,501	44,496	24,276	6,405,925

Note: Sales are classified by country or region in which customers are located.

2. Information regarding loss on impairment of non-current assets or goodwill by reportable segment

Not applicable

II Three months ended March 31, 2025

1. Information regarding the amount of net sales and profit by reportable segment

(In thousands of yen)

	Reportable segment				Adjustments ¹	Amount recorded in quarterly consolidated statements of income ²
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Net sales						
Sales to external customers	1,363,412	871,971	2,757,327	4,992,710	150	4,992,860
Intersegment sales and transfers	313	2,616	—	2,929	△2,929	—
Total	1,363,725	874,587	2,757,327	4,995,639	△2,779	4,992,860
Segment profit	111,891	99,330	49,756	260,977	△192,612	68,364

Note 1: The breakdown of adjustments is as follows:

- (i) The adjustment of -2,779 thousand yen to the segment net sales includes intersegment sales and transfers of -2,929 thousand yen and incidental revenue of 150 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.
- (ii) The adjustment of -192,612 thousand yen to the segment profit includes intersegment sales and transfers of -2,929 thousand yen and the corporate expenses of -189,683 thousand yen, which are expenses associated with the Company's back-office departments, not attributable to reportable segments.

Note 2: The total amount of segment profit is the same as the amount of operating profit presented in the Consolidated Statements of Income.

2. Disclosure of changes in reportable segments

(Changes in reportable segments)

Starting in the period under review, the Company has reclassified its reportable segments to align them with the Group's core business models outlined in the Medium-Term Business Plan (MTBP) for FY2025-2027, which was unveiled on February 14, 2025. This reclassification facilitates more effective monitoring of our business performance by segment against the targets set forth in the MTBP.

Specifically, the two previous segments—Open System Infrastructure Business and Application Business—have been reclassified into three segments—Products & Services Business, Consulting & Integration Business, and Software Sales and Solutions Business.

(i) Products & Services

Develop, sell, and support software products developed in-house—such as LifeKeeper, Gluegent Flow, Gluegent Gate, and software applications for MFPs—and SaaS products

(ii) Consulting & Integration

Provide consulting in planning, developing, and operating information systems for financial services, education, medical care services, and APIs, and offer system integration services for them

(iii) Software Sales & Solution

Sell third-party software products sourced in Japan and from abroad, such as from Red Hat, Inc. and Elasticsearch K.K., and provide technical support for them

The segment information for the first quarter of the previous fiscal year, as reported in this document, is presented based on the reclassified reportable segments and revised calculation methods.

(Changes in calculation methods for profit or loss for each reportable segment)

Head-office overhead costs, which include personnel expenses and depreciation associated with the provision of back-office and administrative support by the Company to its subsidiaries, are no longer allocated to each reportable segment. They are now reported as corporate expenses under “Adjustments.” This change facilitates a more effective assessment of business performance by reportable segment against the MTBP.

The segment information for the first quarter of the previous fiscal year, as reported in this document, is presented based on the reclassified reportable segments and revised calculation methods.

(Supplementary Information)

1. Information by region

In addition to the disclosure required by the “Accounting Standard for Quarterly Financial Statements,” information (net sales) by region is disclosed in accordance with the “Accounting Standard for the Disclosure of Segment Information” for the purpose of providing users of financial statements with valuable information.

Net sales

For three months ended March 31, 2025

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
4,796,542	114,258	59,690	22,370	4,992,860

Note: Sales are classified by country or region in which customers are located.

2. Information regarding loss on impairment of non-current assets or goodwill by reportable segment

Not applicable

(Revenue Recognition)

Breakdown of revenue from contracts with customers

For the nine months from January 1, 2024, through March 31, 2024

(In thousands of yen)

	Reportable segment				Adjustments*	Total
	Products& Services	Consulting & Integration	Software Sales & Solution	Total		
Timing of revenue recognition						
Performance obligation to provide goods and services satisfied at a point in time	316,305	103,334	3,999,458	4,419,098	—	4,419,098
Performance obligation to provide services satisfied over time	1,164,981	744,910	75,784	1,985,676	1,150	1,986,826
Revenue from contracts with customers	1,481,286	848,245	4,075,243	6,404,775	1,150	6,405,925
Other revenue	—	—	—	—	—	—
Sales to external customers	1,481,286	848,245	4,075,243	6,404,775	1,150	6,405,925

Note: "Adjustments" refers to incidental revenue of 1,150 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.

For the nine months from January 1, 2025, through March 31, 2025

(In thousands of yen)

	Reportable segment				Adjustments*	Total
	Products& Services	Consulting & Integration	Software Sales & Solution	Total		
Timing of revenue recognition						
Performance obligation to provide goods and services satisfied at a point in time	238,502	93,130	2,669,812	3,001,445	—	3,001,445
Performance obligation to provide services satisfied over time	1,124,909	778,840	87,514	1,991,265	150	1,991,415
Revenue from contracts with customers	1,363,412	871,971	2,757,327	4,992,710	150	4,992,860
Other revenue	—	—	—	—	—	—
Sales to external customers	1,363,412	871,971	2,757,327	4,992,710	150	4,992,860

Note: "Adjustments" refers to incidental revenue of 150 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.

(Significant Subsequent Events)

Not applicable