



Consolidated Financial Result

(For the 9-month period ended September 30, 2025)



November 6, 2025

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 Stock exchange listings: Tokyo Stock Exchange (TSE)
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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 September 30, 2025)

(Percentages indicate year-on-year changes.)

(1) Consolidated business results

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
9-month period(2025/9)	13,605	-13.4	296	—	363	772.5	235	—
9-month period(2024/9)	15,717	34.3	-86	—	41	—	-12	—

(Note) Comprehensive income

As of Sep. 30, 2025: 218 million yen/ -%

As of Sep. 30, 2024: -19 million yen/ -%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
9-month period(2025/9)	27.19	-
9-month period(2024/9)	-1.46	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
9-month period(2025/9)	7,329	1,752	22.6
FY2024	8,085	1,537	17.7

(Reference) Equity

As of Sep. 30, 2025: 1,653 million yen

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

2. Cash dividends

	Dividend per share				
Record Date	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2024	-	0.00	-	0.00	0.00
FY2025	-	0.00	-		
FY2025 (expected)				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 profit		Ordinary profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2025	19,000	-7.6	320	811.8	400	111.6	270	-23.2	31.15

(Note) Revisions to recent business forecast: Yes

4. Others

(1) Reclassification of significant subsidiaries during the period (Reclassification due to change in scope of consolidation): Yes

New: 1 (Company name: Sandy Blue, Inc.)

(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)

(ii) Number of treasury stock

(iii) Average number of outstanding shares
(9-month period)

Third quarter of 2025	8,874,400 shares	FY2024	8,874,400 shares
Third quarter of 2025	205,338 shares	FY2024	205,838 shares
Third quarter of 2025	8,668,917 shares	Third quarter of 2024	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

- 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.
- Net income per share was calculated by the number of outstanding shares (excluding treasury stocks) at the end of fiscal year.
- 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.
- 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 Quarterly Results

(1) Results of Operations

During the nine months ended September 30, 2025, the Japanese economy experienced a moderate recovery trajectory. This recovery was characterized by positive developments in the labor market and the national per capita income, and was driven partly by the government's implementation of economic policy initiatives. Nevertheless, concerns remained evident about the possibility of an economic downturn due to a persistent inflationary trend and the volatile trade policies pursued by the U.S. administration. In the information service sector, where the SIOS Group ("the Group") operated, most businesses exhibited a proactive approach to investing in IT technologies to enhance their operational efficiency, productivity, and competitive advantages. The corporate demand for strategic IT investment is anticipated to remain robust, encompassing upgrades to enterprise systems and the adoption of generative AI and other emerging technologies.

In this business environment, the Group continued its efforts to bolster its long-term enterprise value and foster its sustainable business growth. This was addressed by remaining agile and flexible in responding 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, effective with the first quarter of the fiscal year 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 nine months ended September 30, 2024, were reported based on the reclassified reportable segments.

(i) Products & Services

The Group experienced a decline in net sales and an increase in profit in this segment. This outcome was primarily attributable to the divestiture of our management support systems business for financial institutions to a third party during the preceding fiscal year.

Our Gluegent series³ of solutions, including the Gluegent Flow cloud-based workflow management system, provided as a SaaS subscription-based service, and the Gluegent Gate cloud-based ID management service, attracted new corporate subscribers, resulting in an increase in revenue and profit in this segment. This accomplishment can be attributed to the incorporation of generative AI capabilities and other enhancements to their user-assist features.

Sales of LifeKeeper⁴, which is one of our core products in this segment, rebounded. Its profitability was up due to an improvement in its cost-of-sales ratio, which was accomplished by our U.S.-based consolidated subsidiary. Consequently, net sales amounted to 4,224 million yen in this segment, down 7.4% year on year, with a segment profit of 481 million yen, up 89.8%.

(ii) Consulting & Integration

The Group experienced a solid increase in both net sales and profit in this segment. This achievement was primarily attributed to a substantial surge in project orders, which reflected the aggressive IT investments made by corporate clients.

We won and carried out new projects to develop and implement systems for financial institutions and universities, which generated additional sales and profit. As a result of intensified sales and R&D efforts for our API⁵ solution business, which was one of our high-growth categories, we experienced the negative impact of low-margin projects and an increase in personnel expenses, which affected the profitability of this segment. As a result, net sales in this segment amounted to 2,647 million yen, up 16.3% from the previous year, with a segment profit of 308 million yen, up 20.9%.

(iii) Software Sales and Solution

Net sales were down in this segment, primarily due to the absence of major projects for software products sourced from Red Hat, Inc.⁶, which had bolstered sales in the first quarter of the preceding fiscal year. Conversely, increased revenue from a service product based on a solution provided by Elasticsearch.K.K.⁷, with which we had entered into partnership the previous year, contributed to an increase in segment profit. Consequently, net sales amounted to 6,742 million yen in this segment, down 24.1% year on year, with a segment profit of 90 million yen, up 14.4%.

The Group's total net sales for the period under review were down 13.4% year on year, to 13,605 million yen. The Company posted a consolidated operating profit of 296 million yen, compared with an operating loss of 86 million yen the year before, and an ordinary profit of 363 million yen, up 772.5%—which reflected a favorable impact of foreign exchange gains and the share of profit of entities accounted for using the equity method. The profit attributable to owners of parent amounted to 235 million yen, compared with a loss of 12 million yen a year earlier, 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: 328 million yen, compared with -47 million yen the previous year

ROIC (annualized): 14.7%, compared with -6.1% 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 series

Service products designed to assist corporate clients in achieving greater operational efficiency using cloud solutions. The series includes the Gluegent Gate cloud-based management of user IDs, the Gluegent Flow cloud-based workflow system, and the Gluegent Apps Group Scheduler, which incorporated a function to manage schedules of team members into Google Calendar.

4 LifeKeeper

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

5 API

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

6 Red Hat, Inc. Related Items

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

7 Elasticsearch K.K. Related Items

Consulting service for supporting RAG implementation projects, using Elasticsearch, an open-source high-speed search and analysis engine, to improve the accuracy rate of generative AI.

(2) Financial Position

(i) Assets

Current assets amounted to 6,241 million yen as of September 30, 2025, down 13.0% from the end of the previous fiscal year, reflecting primarily a decrease of 513 million yen in cash and deposits.

Non-current assets increased 19.6% to 1,087 million yen, reflecting primarily an increase of 273 million yen in software.

As a result, total assets decreased 9.4% to 7,329 million yen.

(ii) Liabilities

Current liabilities amounted to 5,174 million yen, down 16.3% from the previous fiscal year-end, reflecting primarily a decrease of 351 million yen in accounts payable trade.

Non-current liabilities amounted to 402 million yen, up 10.2%, reflecting primarily an increase of 22 million yen in retirement benefit liability.

As a result, total liabilities decreased 14.8% to 5,576 million yen.

(iii) Net assets

Total net assets amounted to 1,752 million yen, up 14.0% from the previous fiscal year-end, reflecting primarily an increase of 235 million yen in retained earnings.

(3) Forward-looking Statements Including Consolidated Business Forecasts

We have updated the consolidated financial guidance for the fiscal year ending December 31, 2025, which was previously announced on August 7, 2025.

For details, refer to "An Update on Consolidated Financial Guidance," announced on November 6, 2025.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	FY 2024 (as of December 31, 2024)	FY 2025 Q3 (as of September 30, 2025)
Assets		
Current assets		
Cash and deposits	3,677,914	3,164,084
Accounts receivable - trade, and contract assets	2,549,132	2,282,914
Work in progress	8,909	2,489
Advance payments to suppliers	645,085	517,644
Other	294,680	274,135
Allowance for doubtful accounts	7,175,721	6,241,268
Total current assets	3,677,914	3,164,084
Fixed assets		
Tangible fixed assets		
Buildings (net)	32,268	28,918
Other (net)	35,132	44,620
Total tangible fixed assets	67,401	73,539
Intangible fixed assets		
Software	8,485	281,658
Software in progress	95,218	-
Other	1,441	1,441
Total intangible fixed assets	105,145	283,099
Investment and other assets		
Investment securities	427,662	441,914
Retirement benefit asset	2,401	4,649
Guarantee deposits	114,268	109,738
Other	192,720	174,923
Total investment and other assets	737,052	731,225
Total fixed assets	909,599	1,087,865
Total assets	8,085,320	7,329,133

(In thousands of yen)

	December 31, 2024	September 30, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	1,546,836	1,195,360
Current portion of long-term borrowings	49,500	-
Lease liabilities	22,554	18,360
Income taxes payable	241,270	2,403
Contract liabilities	3,850,313	3,532,285
Provision for bonuses for directors (and other officers)	9,900	-
Other	462,637	426,377
Total current liabilities	6,183,013	5,174,787
Non-current liabilities		
Retirement benefit liability	305,897	328,696
Lease liabilities	30,249	32,244
Long-term deposits received	13,553	13,553
Provision for share awards for directors (and other officers)	15,200	27,524
Total non-current liabilities	364,900	402,018
Total liabilities	6,547,913	5,576,805
Net assets		
Shareholders' equity		
Share capital	1,481,520	1,481,520
Retained earnings	65,359	301,079
Treasury shares	-80,794	-80,598
Total shareholders' equity	1,466,084	1,702,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,145	-1,027
Deferred gains or losses on hedges	6,009	639
Foreign currency translation adjustment	-36,256	-48,161
Total accumulated other comprehensive income	-31,392	-48,549
Subscription rights to shares	102,715	98,877
Total net assets	1,537,407	1,752,327
Total liabilities and net assets	8,085,320	7,329,133

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**Quarterly Consolidated Statements of Income
Nine months ended September 30**

(In thousands of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Net sales	15,717,350	13,605,217
Cost of sales	11,771,573	9,717,829
Gross profit	3,945,777	3,887,388
Selling, general and administrative expenses	4,032,267	3,590,559
Operating profit (loss)	△86,490	296,828
Non-operating profit		
Interest income	18,627	21,879
Foreign exchange gains	30,838	45,938
Gain on valuation of derivatives	21,647	-
Share of profit of entities accounted for using equity method	46,661	25,496
Other	13,430	10,022
Total non-operating profit	131,204	103,337
Non-operating expenses		
Interest expenses	713	304
Loss on valuation of derivatives	-	34,120
Foreign withholding tax	2,127	2,073
Other	190	2
Total non-operating expenses	3,031	36,501
Ordinary profit	41,682	363,663
Extraordinary profit		
Gain on sale of investment securities	23,623	-
Total extraordinary profit	23,623	-
Extraordinary losses		
Loss on retirement of non-current assets	56	-
Total extraordinary losses	56	-
Profit before income taxes	65,249	363,663
Income taxes - current	67,750	98,246
Income taxes - deferred	10,178	29,696
Total income taxes	77,929	127,943
Profit (loss)	-12,679	235,719
Profit (loss) attributable to owners of parent	-12,679	235,719

Quarterly Consolidated Statements of Comprehensive Income
Nine months ended September 30

(Unit: thousand yen)

	Nine months ended September 30, 2024 (From January 1, 2024 through September 30, 2024)	Nine months ended September 30, 2025 (From January 1, 2025 through September 30, 2025)
Profit (loss)	-12,679	235,719
Other comprehensive income		
Valuation difference on available-for-sale securities	-11,402	118
Deferred gains or losses on hedges	-1,992	-5,370
Foreign currency translation adjustment	-3,086	-10,893
Share of other comprehensive income of entities accounted for using equity method	9,989	-1,011
Total other comprehensive income	-6,492	-17,157
Quarterly comprehensive income	-19,171	218,562
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	-19,171	218,562

(3) Notes to Quarterly Consolidated Financial Statements (Notes to Going Concern Assumption)

Not applicable

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

Not applicable

(Consolidated Statements of Cash Flows)

We have not prepared consolidated statements of cash flows for the period under review. The amount of depreciation, including amortization of intangible assets, recorded for the period under review is as follows:

(Unit: thousand yen)		
	Nine months ended September 30, 2024 (From January 1, 2024 through September 30, 2024)	Nine months ended September 30, 2025 (From January 1, 2025 through September 30, 2025)
Depreciation	38,551	31,719

(Segment Information)

【Segment Information】

I. For the nine months ended September 30, 2024 (From January 1, 2024 through September 30, 2024)

1. Information on the amount of sales and income/loss by reportable segment

(In thousands of yen)

	Reportable segment				Adjustments	Total
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Net sales						
Sales to external customers	4,562,920	2,268,419	8,884,560	15,715,900	1,450	15,717,350
Inter-segment sales and transfers	891	8,538	—	9,429	-9,429	—
Total	4,563,811	2,276,957	8,884,560	15,725,329	-7,979	15,717,350
Segment profit (loss)	253,490	254,758	78,863	587,112	-673,603	-86,490

Note 1: The breakdown of adjustments is as follows:

- (1) The adjustment of -7,979 thousand yen to the segment net sales includes intersegment sales and transfers of -9,429 thousand yen and incidental revenue of 1,450 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.
- (2) The adjustment of -673,603 thousand yen to the segment profit includes intersegment sales and transfers of -9,429 thousand yen and the corporate expenses of -664,174 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 or losses after adjustments is consistent with the amount of operating loss presented on the Consolidated Statements of Income for the period under review.

(Supplementary Information)

Information by region

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

Net sales

Nine months ended September 30, 2024

(From January 1, 2024 through September 30, 2024)

(Unit: thousand yen)

Japan	Americas	Europe	Other regions	Total
15,123,788	345,497	158,772	89,292	15,717,350

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

2. Information on impairment loss of fixed assets or goodwill by reportable segment

Not applicable

II. For the nine months ended September 30, 2025 (From January 1, 2025 through September 30, 2025)

1. Information on the amount of sales and income/loss by reportable segment

	Reportable segment				Adjustments	Total
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Net sales						
Sales to external customers	4,223,096	2,638,730	6,742,940	13,604,767	450	13,605,217
Inter-segment sales and transfers	1,058	8,287	—	9,346	-9,346	—
Total	4,224,155	2,647,018	6,742,940	13,614,114	-8,896	13,605,217
Segment profit (ross)	481,013	308,108	90,239	879,362	-582,533	296,828

Note 1: The breakdown of adjustments is as follows:

- (1) The adjustment of -8,896 thousand yen to the segment net sales includes intersegment sales and transfers of -9,346 thousand yen and incidental revenue of 450 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.
- (2) The adjustment of -582,533 thousand yen to the segment profit includes intersegment sales and transfers of -9,346 thousand yen and the corporate expenses of -573,187 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)

Information by region

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

Net sales

For the nine months ended September 30, 2025 (From January 1, 2025 through September 30, 2025)

(Unit: thousand yen)

Japan	Americas	Europe	Other regions	Total
12,990,237	348,243	177,402	89,333	13,605,217

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

3. Information on impairment loss of fixed 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 September 30, 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	986,666	269,607	8,660,428	9,916,702	—	9,916,702
Performance obligation to provide services satisfied over time	3,576,253	1,998,811	224,132	5,799,197	1,450	5,800,647
Revenue from contracts with customers	4,562,920	2,268,419	8,884,560	15,715,900	1,450	15,717,350
Other revenue	—	—	—	—	—	—
Sales to external customers	4,562,920	2,268,419	8,884,560	15,715,900	1,450	15,717,350

Note: “Adjustments” refers to incidental revenue of 1,450 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 September 30, 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	889,613	289,792	6,466,956	7,646,363	—	7,646,363
Performance obligation to provide services satisfied over time	3,333,482	2,348,937	275,984	5,958,404	450	5,958,854
Revenue from contracts with customers	4,223,096	2,638,730	6,742,940	13,604,767	450	13,605,217
Other revenue	—	—	—	—	—	—
Sales to external customers	4,223,096	2,638,730	6,742,940	13,604,767	450	13,605,217

Note: “Adjustments” refers to incidental revenue of 450 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