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 Stock exchange listings: Tokyo Stock Exchange (TSE)  
 Code number : 3744  
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Scheduled date of annual shareholders' meeting: March 26, 2026  
 Scheduled date of financial report FSA filing: March 25, 2026  
 Scheduled date of dividend payment: -

(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 December 31, 2025)

(% of change from previous year)

### (1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FY2025</b>	<b>19,059</b>	<b>-7.3</b>	<b>401</b>	<b>-</b>	<b>497</b>	<b>163.4</b>	<b>320</b>	<b>-9.0</b>
FY2024	20,561	29.4	35	-	189	-	351	-

(Note) Comprehensive income : FY2025: 317 million yen/ -16.2% FY2024: 378 million yen/ -%

	Net income per share - Basic		Net income per share - Diluted		Return on equity	Ratio of ordinary income to total assets	Operating income ratio
	Yen	%	Yen	%	%	%	%
<b>FY2025</b>	<b>36.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.1</b>	<b>5.9</b>	<b>2.1</b>
FY2024	40.57	-	-	-	26.8	2.6	0.2

(Note) Equity in earnings: FY2025: 35 million yen FY2024: 66 million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
<b>FY2025</b>	<b>8,662</b>	<b>1,856</b>	<b>20.2</b>	<b>202.12</b>
FY2024	8,085	1,537	17.7	165.51

(Reference) Equity: As of Dec. 31, 2025: 1,752 million yen As of Dec. 31, 2024: 1,434 million yen

### (3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents - ending
	Million yen	Million yen	Million yen	Million yen
<b>FY2025</b>	<b>196</b>	<b>-207</b>	<b>-70</b>	<b>3,586</b>
FY2024	865	298	-127	3,677

## 2. Cash dividends

Record Date	Dividend per share					Total of dividend (annual)	Payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2024	-	0.00	-	0.00	0.00	-	-	-
FY2025	-	0.00	-	0.00	0.00	-	-	-
FY2026 (forecast)	-	<b>0.00</b>	-	<b>5.00</b>	<b>5.00</b>		<b>11.7%</b>	

## 3. Forecast of consolidated results for FY2026 (January 1, 2026 through December 31, 2026)

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
<b>FY2026</b>	<b>20,000</b>	<b>4.9</b>	<b>450</b>	<b>12.1</b>	<b>510</b>	<b>2.5</b>	<b>370</b>	<b>15.6</b>	<b>42.68</b>

#### 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) 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
- (3) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury stock)	FY2025	8,874,400 shares	FY2024	8,874,400 shares
(ii) Number of treasury stock	FY2025	205,338 shares	FY2024	205,838 shares
(iii) Average number of outstanding shares	FY2025	8,668,954 shares	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.

#### (Reference)

#### 1. Non-consolidated results (January 1, 2025 through December 31, 2025) (% of change from previous year)

##### (1) Non-consolidated financial results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FY2025</b>	<b>967</b>	<b>-7.1</b>	<b>85</b>	<b>-15.6</b>	<b>90</b>	<b>-10.5</b>	<b>56</b>	<b>-</b>
FY2024	1,041	2.1	101	-7.5	100	-42.1	-569	-

	Net income per share - Basic		Net income per share - Diluted	
	Yen	Yen	Yen	Yen
<b>FY2025</b>	<b>6.48</b>	-	-	-
FY2024	-65.72	-	-	-

##### (2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
<b>FY2025</b>	<b>2,444</b>	<b>1,510</b>	<b>1,510</b>	<b>1,453</b>	<b>61.8</b>	<b>174.19</b>	<b>167.70</b>	
FY2024	2,509	1,453	1,453	1,453	57.9	167.70	167.70	

(Note) Equity As of Dec. 31, 2025: 1,510 million yen As of Dec. 31, 2024: 1,453 million yen

#### 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 audit 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. 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.
3. 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.

## Table of Contents of the Attached Document

Table of Contents of the Attached Document .....	3
1. Business Results .....	4
(1) Summary of Business Results .....	4
(2) Summary of Financial Position .....	5
(3) Summary of Cash Flows .....	5
(4) Forward-looking Statements .....	6
2. Basic Policy on the Selection of Accounting Standards .....	6
3. Consolidated Financial Statements .....	7
(1) Consolidated Balance Sheets .....	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	9
Consolidated Statements of Income .....	9
Consolidated Statements of Comprehensive Income .....	10
(3) Consolidated Statements of Changes in Equity .....	11
(4) Consolidated Statements of Cash Flows .....	13
(5) Notes on Consolidated Financial Statements .....	14
Notes on Going Concern Assumption .....	14
Changes in Presentation .....	14
Segment Information .....	15
Revenue Recognition .....	20
Per-Share Information .....	21
Significant Subsequent Events .....	21

## 1. Business Results

### (1) Summary of Business Results

#### Overview of Consolidated Business Results for the Fiscal Year Ended December 31, 2025

During the fiscal year ended December 31, 2025, the Japanese economy demonstrated a moderate recovery trajectory. This recovery was characterized by positive developments in the labor market and the national per capita income, and was sustained partly by the government's economic stimulus package. Nevertheless, concerns remained evident about the possibility of an economic downturn due to a persistent inflationary trend and the trade policies pursued by the U.S. administration. In the information service sector, where the SIOS Group ("the Group") operated, most businesses demonstrated a proactive approach to investing in IT technologies to enhance their operational efficiency, productivity, and competitive advantages. Notably, demand for strategic IT investment remained robust among businesses, creating increased need to overhaul enterprise systems and adopt AI agents and other advanced AI solutions for business transformation.

In this business environment, the Group continued its efforts to enhance its long-term enterprise value and sustain business growth. These efforts were addressed by maintaining agility and flexibility in responding to evolving operating conditions, with a focus on expanding the Group's recurring-revenue business models and placing greater emphasis on its AI and open-source software solutions businesses.

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

#### (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 through stock transfer of our management support systems business for financial institutions to a third party during the preceding fiscal year.

Our Gluegent series<sup>1</sup> of solutions, including the Gluegent Flow cloud-based workflow management system, provided as a SaaS<sup>2</sup> subscription<sup>3</sup>-based service, and the Gluegent Gate cloud-based ID management system, increased their annual recurring revenue (ARR), bolstering the 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 LifeKeeper<sup>4</sup>, which is one of our core products in this segment, increased. Its profitability was also up due to an improvement in its cost-of-sales ratio, which was accomplished by the Group's U.S.-based subsidiary. Consequently, net sales amounted to 5,751 million yen in this segment, down 7.3% year on year, with a segment profit of 726 million yen, up 48.0%.

#### (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 surge in project orders, which reflected aggressive IT investments 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 an increase in its net sales. However, the impact of low-margin projects and an increase in R&D personnel expenses negatively affected the profitability of this business. As a result, net sales in this segment amounted to 3,459 million yen, up 13.4% from the previous year, with a segment profit of 343 million yen, up 10.2%.

#### (iii) Software Sales & Solution

Net sales were down in this segment, primarily due to the absence of major projects for software products sourced from Red Hat, Inc.<sup>6</sup>, which had bolstered sales in the first quarter of the previous fiscal year. Conversely, increased revenue from a service product based on a solution provided by Elasticsearch K.K.<sup>7</sup>, with which we had entered into partnership the previous year, contributed to an increase in segment profit. Consequently, net sales amounted to 9,860 million yen in this segment, down 12.9% year on year, with a segment profit of 142 million yen, up 28.6%.

The Group's total net sales for the fiscal year under review were down 7.3% year on year, to 19,059 million yen. The Company posted a consolidated operating profit of 401 million yen, compared with an operating profit of 35 million yen the year before, and a record-breaking ordinary profit of 497 million yen, up 163.4%, which reflected 35 million yen of the share of profit of entities accounted for using the equity method and 28 million yen of interest income. The profit attributable to owners of parent amounted to 320 million yen after income taxes, down 9.0% year on year.

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: 460 million yen, up 428.6% year on year

ROIC (annualized): 14.2%, compared with 1.5% the previous year

Notes: 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 set of protocols that enables different software programs and applications to share information and functions.

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) Summary of Financial Position**

### **Assets, Liabilities, and Net Assets**

(i) Assets

Current assets amounted to 7,580 million yen as of December 31, 2025, up 5.6% from the end of the previous fiscal year, reflecting primarily an increase of 698 million yen in accounts receivable and contract assets.

Non-current assets increased 18.8% to 1,081 million yen, reflecting primarily an increase of 269 million yen in software.

As a result, total assets increased 7.1% to 8,662 million yen.

(ii) Liabilities

Current liabilities amounted to 6,404 million yen, up 3.6% from the previous fiscal year-end, reflecting primarily an increase of 459 million yen in accounts payable.

Non-current liabilities amounted to 400 million yen, up 9.7%, reflecting primarily an increase of 24 million yen in retirement benefit liability.

(iii) Net assets

Total net assets amounted to 1,856 million yen, up 20.8% from the previous fiscal year-end, reflecting primarily an increase of 320 million yen in retained earnings.

## **(3) Summary of Cash Flows**

The balance of cash and cash equivalents at the end of the fiscal year under review decreased by 91 million yen to 3,586 million yen, compared with the previous fiscal year-end.

(In millions of yen)

	FY 2024	FY 2025	Change
Cash flows from operating activities	865	196	-668
Cash flows from investing activities	298	-207	-505
Cash flows from financing activities	-127	-70	57

Net cash provided by operating activities amounted to 196 million yen for the fiscal year under review. This reflected primarily the profit before income taxes.

Net cash used in investing activities amounted to 207 million yen. This reflected primarily the purchase of intangible assets.

Net cash used in financing activities amounted to 70 million yen. This reflected primarily repayments of long-term borrowings.

#### **(4) Forward-looking Statements**

Despite signs of the Japanese economy's moderate recovery, prolonged labor shortages, rising interest rates, the weakening yen, soaring materials costs, and trade policies enacted by the U.S. administration collectively cast a shadow of uncertainty. In the information service sector, the ICT market is predicted to undergo accelerated changes, including those brought about by the increasingly versatile and widely available generative AI, AI agents, and other AI solutions. In this evolving business environment, the Group intends to maintain agility and flexibility in responding to dynamic operating conditions, with a strategic focus on expanding its recurring-revenue business models and bolstering its AI and open-source software solutions businesses.

The Group predicts consolidated net sales of 20,000 million yen for the fiscal year ending December 31, 2026 (an increase of 4.9% from the previous year). The Group also projects an operating profit of 450 million yen (an increase of 12.1% year on year, which reflects the expansion of high-margin recurring-revenue business models), an ordinary profit of 510 million yen (up 2.5% year on year), and a profit attributable to owners of parent company of 370 million yen (up 15.6% year on year).

We regretfully announce that, in light of the Group's results of operations and financial position for the fiscal year under review, we are unable to distribute year-end dividends for the year. We anticipate a dividend rate of 5.00 yen for the fiscal year ending December 31, 2026. We remain committed to enhancing our revenue and profit performance in the forthcoming years to provide a higher dividend distribution to our shareholders.

## **2. Basic Policy on the Selection of Accounting Standards**

The Group will, for the time being, continue to prepare its consolidated financial statements under the Japanese GAAP in consideration of comparability of period-to-period operating performance as well as comparability with other Japanese companies.

We will consider adopting IFRS in the preparation of consolidated financial statements if developments in Japan and abroad warrant it.

**3. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(In thousands of yen)

	December 31, 2024	December 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	3,677,914	3,586,717
Accounts receivable - trade, and contract assets	2,549,132	3,248,024
Merchandise	8,909	2,623
Advance payments to suppliers	645,085	437,766
Other	294,680	305,860
Total current assets	7,175,721	7,580,992
Non-current assets		
Property, plant and equipment		
Buildings, net	32,268	25,575
Tools, furniture and fixtures, net	29,394	20,815
Leased assets, net	5,738	17,194
Total property, plant and equipment	67,401	63,585
Intangible assets		
Software	8,485	277,815
Software in progress	95,218	—
Other	1,441	1,441
Total intangible assets	105,145	279,256
Investment and other assets		
Investment securities	427,662	448,425
Retirement benefit asset	2,401	4,974
Guarantee deposits	114,268	108,432
Deferred tax assets	141,225	122,497
Other	51,494	53,859
Total investment and other assets	737,052	738,189
Total non-current assets	909,599	1,081,031
Total assets	8,085,320	8,662,023

(In thousands of yen)

	December 31, 2024	December 31, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,546,836	2,006,139
Current portion of long-term borrowings	49,500	—
Lease liabilities	22,554	19,507
Income taxes payable	241,270	43,312
Contract liabilities	3,850,313	3,952,929
Provision for bonuses for directors (and other officers)	9,900	—
Provision for shareholder benefit program	—	12,564
Other	462,637	370,501
<b>Total current liabilities</b>	<b>6,183,013</b>	<b>6,404,953</b>
Non-current liabilities		
Retirement benefit liability	305,897	330,105
Lease liabilities	30,249	27,730
Provision for share awards for directors (and other officers)	15,200	30,865
Long-term deposits received	13,553	11,632
<b>Total non-current liabilities</b>	<b>364,900</b>	<b>400,333</b>
<b>Total liabilities</b>	<b>6,547,913</b>	<b>6,805,287</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,481,520	1,481,520
Retained earnings	65,359	385,493
Treasury shares	-80,794	-80,598
<b>Total shareholders' equity</b>	<b>1,466,084</b>	<b>1,786,415</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,145	-948
Deferred gains or losses on hedges	6,009	1,923
Foreign currency translation adjustment	-36,256	-35,231
<b>Total accumulated other comprehensive income</b>	<b>-31,392</b>	<b>-34,256</b>
Subscription rights to shares	102,715	104,577
<b>Total net assets</b>	<b>1,537,407</b>	<b>1,856,735</b>
<b>Total liabilities and net assets</b>	<b>8,085,320</b>	<b>8,662,023</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

## Consolidated Statements of Income

(In thousands of yen)

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2025
Net sales	20,561,583	19,059,817
Cost of sales	15,230,607	13,767,122
Gross profit	5,330,975	5,292,694
Selling, general and administrative expenses	5,295,883	4,891,176
Operating profit	35,092	401,518
Non-operating income		
Interest income	24,385	28,030
Foreign exchange gains	—	21,558
Dividend income	456	45
Outsourcing service income	2,147	2,226
Share of profit of entities accounted for using equity method	66,261	35,177
Gain on valuation of derivatives	91,243	6,142
Other	17,033	8,966
Total non-operating income	201,528	102,148
Non-operating expenses		
Interest expenses	853	422
Foreign exchange losses	37,752	—
Loss on investments in investment partnerships	4,585	2,646
Foreign withholding tax	2,846	2,801
Other	1,577	17
Total non-operating expenses	47,616	5,887
Ordinary profit	189,004	497,779
Extraordinary income		
Gain on sale of investment securities	23,623	—
Gain on sale of shares of subsidiaries and associates	442,875	—
Total extraordinary income	466,498	—
Extraordinary losses		
Loss on valuation of investment securities	2,566	1,439
Impairment losses	58,043	9,182
Loss on retirement of non-current assets	56	0
Total extraordinary losses	60,666	10,621
Profit before income taxes	594,836	487,158
Income taxes-current	252,170	146,129
Income taxes-deferred	-9,037	20,894
Total income taxes	243,132	167,023
Profit	351,703	320,134
Loss attributable to owners of parent	351,703	320,134

Consolidated Statements of Comprehensive Income

(In thousands of yen)

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2025
Profit	351,703	320,134
Other comprehensive income		
Valuation difference on available-for-sale securities	-10,941	196
Deferred gains or losses on hedges	5,821	-4,085
Foreign currency translation adjustment	31,216	-580
Share of other comprehensive income of entities accounted for using equity method	808	1,605
Total other comprehensive income	26,903	-2,864
Comprehensive income	378,607	317,270
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	378,607	317,270

### (3) Consolidated Statements of Changes in Equity

Fiscal Year Ended December 31, 2024

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,481,520	—	-236,541	-87,254	1,157,723
Changes during period					
Dividends of surplus			-43,342		-43,342
Profit attributable to owners of parent			351,703		351,703
Disposal of treasury shares		-6,459		85,839	79,380
Purchase of treasury shares				-79,380	-79,380
Transfer of loss on disposal of treasury shares		6,459	-6,459		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	301,901	6,459	308,360
Balance at end of period	1,481,520	—	65,359	-80,794	1,466,084

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	9,796	187	-68,280	-58,296	88,534	1,187,961
Changes during period						
Dividends of surplus						-43,342
Profit attributable to owners of parent						351,703
Disposal of treasury shares						79,380
Purchase of treasury shares						-79,380
Transfer of loss on disposal of treasury shares						—
Net changes in items other than shareholders' equity	-10,941	5,821	32,024	26,903	14,180	41,084
Balance at end of current period	-10,941	5,821	32,024	26,903	14,180	349,445
Balance at end of period	-1,145	6,009	-36,256	-31,392	102,715	1,537,407

Fiscal Year Ended December 31, 2025

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,481,520	—	65,359	-80,794	1,466,084
Restated balance					
Dividends of surplus					—
Profit attributable to owners of parent			320,134		320,134
Disposal of treasury shares				196	196
Purchase of treasury shares					—
Transfer of loss on disposal of treasury shares					—
Net changes in items other than shareholders' equity					—
Total changes of during period	—	—	320,134	196	320,330
Balance at end of period	1,481,520	—	385,493	-80,598	1,786,415

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-1,145	6,009	-36,256	-31,392	102,715	1,537,407
Restated balance						
Dividends of surplus				—		—
Profit (loss) attributable to owners of parent				—		320,134
Purchase of treasury shares				—		196
Disposal of treasury shares				—		—
Transfer of loss on disposal of treasury shares				—		—
Net changes in items other than shareholders' equity	196	-4,085	1,024	-2,864	1,862	-1,001
Total changes of during period	196	-4,085	1,024	-2,864	1,862	319,328
Balance at end of period	-948	1,923	-35,231	-34,256	104,577	1,856,735

**(4) Consolidated Statements of Cash Flows**

(In thousands of yen)

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	594,836	487,158
Depreciation	52,093	59,323
Impairment losses	58,043	9,182
Interest and dividend income	-24,842	-28,075
Interest expenses	853	422
Loss (gain) on investments in investment partnerships	4,585	2,646
Loss (gain) on sale of investment securities	-23,623	—
Loss (gain) on sale of shares of subsidiaries and associates	-442,875	—
Share of loss (profit) of entities accounted for using equity method	-66,261	-35,177
Decrease (increase) in accounts receivable - trade, and contract assets	-183,532	-696,249
Decrease (increase) in inventories	-12,509	6,286
Increase (decrease) in trade payables	321,558	459,303
Increase in retirement benefit liability	21,946	24,207
Increase (decrease) in provision for share awards for directors (and other officers)	15,200	15,847
Increase (decrease) in contract liabilities	743,338	110,630
Decrease (increase) in advance payments to suppliers	-112,588	207,318
Increase (decrease) in accrued consumption taxes	-24,965	-100,950
Other	-42,733	-2,884
Sub-total	878,524	518,987
Interest and dividends received	32,363	38,426
Interest paid	-853	-422
Income taxes refund	1,364	—
Income taxes paid	-45,871	-360,127
Net cash provided by (used in ) operating activities	865,527	196,864
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-8,120	-12,709
Purchase of intangible assets	-89,766	-203,131
Payments of guarantee deposits	-232	-63
Proceeds from refund of guarantee deposits	—	508
Proceeds from sale of shares of subsidiaries and associates	349,339	—
Purchase of investment securities	37,479	—
Proceeds from distributions from investment partnerships	—	1,774
Other	9,310	6,600
Net cash provided by (used in) investing activities	298,009	-207,021
<b>Cash flows from financing activities</b>		
Dividends paid	-43,614	-51
Purchase of treasury shares	-79,830	—
Proceeds from disposal of treasury shares	79,830	—
Repayments of long-term borrowings	-66,000	-49,500
Repayments of lease liabilities	-18,368	-21,424
Net cash provided by (used in) financing activities	-127,982	-70,976
Effect of exchange rate change on cash and cash equivalents	38,358	-10,064
Net increase (decrease) in cash and cash equivalents	1,073,912	-91,197
Cash and cash equivalents at beginning of period	2,604,002	3,677,914
Cash and cash equivalents at end of period	3,677,914	3,586,717

## **(5) Notes on Consolidated Financial Statements**

### **Notes on Going Concern Assumption**

Not applicable

### **Changes in Presentation**

(Consolidated Balance Sheets)

For the fiscal year ended December 31, 2024, the accumulated depreciation was presented separately for each asset under “Property, plant and equipment.” To enhance the clarity of consolidated financial statements for the fiscal year under review, the accumulated depreciation was directly deducted from the corresponding asset’s value, and the resulting balance is presented as the net value of each asset. To reflect this change, the results from the previous fiscal year were reclassified and presented accordingly in this document.

As a result, the balance between the amount of 107,053 thousand yen for “Buildings” and their accumulated depreciation of -74,785 thousand yen, the balance between the amount of 118,458 thousand yen for “Tools, furniture and fixtures” and their accumulated depreciation of -89,064 thousand yen, and the balance between the amount of 19,129 thousand yen for “Leased assets” and their accumulated depreciation of -13,390 thousand yen, presented under “Property, plant and equipment” in the consolidated financial statements for the previous fiscal year were reclassified and presented as “Buildings, net,” “Tools, furniture and fixtures, net,” and “Leased assets, net,” respectively, in this document.

## Segment Information

### 1. Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic reviews by the Company's Board of Directors to determine the allocations of resources and evaluate business performance.

The SIOS Group comprises divisions and subsidiaries that serve specific market and customer segments in the information service sector. Our businesses encompass the development, sales, and user support of in-house software products and SaaS applications, consulting services for the planning, development, and operation of enterprise information systems, system integration services, and the resale and technical support of leading-edge software products sourced domestically and internationally.

Accordingly, the Group's reportable segments comprise "Products & Services," "Consulting & Integration," and "Software Sales & Solution."

The description of each segment is as follows:

- Products & Services

In this segment, we sell and support LifeKeeper, which is a software application for automated failover in the event of system failures, software applications for MFPs, Gluegent Flow, which is a cloud-based application offered as a SaaS subscription model, and Gluegent Gate, which is a cloud-based ID management application.

- Consulting & Integration

In this segment, we provide comprehensive customer support for OSS products, assist financial institutions, and offer contracted development of enterprise information systems. We also provide assistance in implementing generative AI solutions in corporate environments, as well as consulting services for the development and implementation of diverse information systems.

- Software Sales & Solution

In this segment, we resell and support OSS products sourced from Red Hat, Inc., Elasticsearch, and other technology vendors.

### 2. Basis for calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods used for the reported business segments are essentially the same as those used for the preparation of the consolidated financial statements.

Profit of reportable segments is based on operating profit. Intersegment sales and transfers are calculated based on market prices. Please note that the Company does not report assets or liabilities by segment.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended December 31, 2024

(In thousands of yen)

	Reportable segment				Adjustments	Amount on consolidated financial statements*
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Net sales						
Sales to external customers	6,203,075	3,038,335	11,318,573	20,559,983	1,600	20,561,583
Intersegment sales and transfers	1,193	11,906	—	13,100	-13,100	—
Total	6,204,269	3,050,241	11,318,573	20,573,084	-11,500	20,561,583
Segment profit	490,609	311,752	110,605	912,967	-877,875	35,092
Other items						
Depreciation	40,164	7,594	4,335	52,093	—	52,093

\* Note 1: The adjustment of -11,500 thousand yen to the segment net sales includes intersegment sales and transfers of -13,100 thousand yen and incidental revenue of 1,600 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not allocated to reportable segments.

Note 2: The total amount of segment profit after adjustments is consistent with the amount of operating profit presented in the Consolidated Statements of Income for the period under review.

Fiscal year ended December 31, 2025

(In thousands of yen)

	Reportable segment				Adjustments	Amount on consolidated financial statements*
	Products & Services	Consulting & Integration	Software Sales & Solution	Products & Services		
Net sales						
Sales to external customers	5,750,058	3,448,353	9,860,806	19,059,217	600	19,059,817
Intersegment sales and transfers	1,460	10,932	—	12,393	-12,393	—
Total	5,751,518	3,459,285	9,860,806	19,071,610	-11,793	19,059,817
Segment profit	726,235	343,526	142,271	1,212,032	-810,514	401,518
Other items						
Depreciation	33,785	10,049	15,488	59,323	—	59,323

\* Note 1: The adjustment of -11,793 thousand yen to the segment net sales includes intersegment sales and transfers of -12,393 thousand yen and incidental revenue of 600 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not allocated to reportable segments.

Note 2: The total amount of segment profit after adjustments is consistent with the amount of operating profit presented in the Consolidated Statements of Income for the period under review.

#### 4. 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 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 previous fiscal year, as reported in this document, is presented based on the reclassified reportable segments and revised calculation methods.

## Related Information

### Fiscal year ended December 31, 2024

#### 1. Information by product and service

Information is omitted as similar information is disclosed in the Segment Information section.

#### 2. Information by region

##### (1) Net sales

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
19,727,942	467,595	244,553	121,493	20,561,583

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

##### (2) Property, plant and equipment

(In thousands of yen)

Japan	Americas	Total
67,401	—	67,401

#### 3. Information by major customer

(In thousands of yen)

Name of customer	Net sales	Relevant segments
Otsuka Corporation	6,067,031	Products & Services, Consulting & Integration, and Software Sales & Solutions
Networld Corporation	2,599,494	Products & Services, Consulting & Integration, and Software Sales & Solutions

### Fiscal year ended December 31, 2025

#### 1. Information by product and service

Information is omitted as similar information is disclosed in the Segment Information section.

#### 2. Information by region

##### (1) Net sales

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
18,234,906	456,356	237,068	131,485	19,059,817

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

##### (2) Property, plant and equipment

(In thousands of yen)

Japan	Americas	Total
63,585	—	63,585

#### 3. Information by major customer

(In thousands of yen)

Name of customer	Net sales	Relevant segments
Otsuka Corporation	5,435,903	Products & Services, Consulting & Integration, and Software Sales & Solutions
Networld Corporation	2,279,192	Products & Services, Consulting & Integration, and Software Sales & Solutions

**Information Regarding Impairment Loss on Non-Current Assets by Reportable Segment**

Fiscal year ended December 31, 2024

	Reportable segment				Adjustment	Total
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Year-end balance	58,043	—	—	58,043	—	58,043

Fiscal year ended December 31, 2024

	Reportable segment				Adjustment	Total
	Products & Services	Consulting & Integration	Software Sales & Solution	Total		
Year-end balance	7,292	1,889	—	9,182	—	9,182

**Information Regarding Amortization of Goodwill and Remaining Goodwill Balance by Reportable Segment**

Fiscal year ended December 31, 2024

Not applicable

Fiscal year ended December 31, 2025

Not applicable

**Information Regarding Gain on Negative Goodwill by Reportable Segment**

Fiscal year ended December 31, 2024

Not applicable

Fiscal year ended December 31, 2025

Not applicable

## Revenue Recognition

Breakdown of revenue from contracts with customers

Fiscal year ended December 31, 2024

(In thousands of yen)

	Reportable segment				Adjustments	Amount on consolidated financial statements*
	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	1,410,520	320,958	11,017,259	12,748,738	—	12,748,738
Performance obligation to provide goods and services satisfied over time	4,792,554	2,717,376	301,313	7,811,244	1,600	7,812,844
Revenue from contracts with customers	6,203,075	3,038,335	11,318,573	20,559,983	1,600	20,561,583
Other revenue	—	—	—	—	—	—
Sales to external customers	6,203,075	3,038,335	11,318,573	20,559,983	1,600	20,561,583

\* Note: "Adjustments" refers to incidental revenue of 1,600 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.

Fiscal year ended December 31, 2025

(In thousands of yen)

	Reportable segment				Adjustments	Amount on consolidated financial statements*
	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	1,274,284	331,929	9,487,325	11,093,539	—	11,093,539
Performance obligation to provide goods and services satisfied over time	4,475,773	3,116,424	373,480	7,965,677	600	7,966,277
Revenue from contracts with customers	5,750,058	3,448,353	9,860,806	19,059,217	600	19,059,817
Other revenue	—	—	—	—	—	—
Sales to external customers	5,750,058	3,448,353	9,860,806	19,059,217	600	19,059,817

\* Note: "Adjustments" refers to incidental revenue of 600 thousand yen, which includes revenue from the back-office and administrative support provided by the Company, not attributable to reportable segments.

**Per-Share Information**

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net assets per share	165.51yen	202.12yen
Profit per share	40.57yen	36.93yen

Notes: 1. Diluted profit per share is not presented because the Company has no outstanding dilutive shares.

2. The common stock remaining in the employee stock ownership plan, which was part of shareholders' equity, was included in the deducted average number of common shares outstanding during the period for the calculation of net income per share, and was included in the deducted number of common shares outstanding at the end of the year for the calculation of net assets per share for the period.

When calculating a profit per share for the fiscal year under review, 205,446 shares were deducted as the average number of common shares outstanding during the period. When calculating net assets per share for the fiscal year under review, 205,338 shares were deducted as the number of common shares outstanding at the end of the year.

3. The basis for calculating profit per share is as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net income (loss) per share		
Profit (loss) attributable to owners of parent (thousand yen)	351,703	320,134
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Profit (loss) attributable to owners of parent, related to common stock (thousand yen)	351,703	320,134
Average number of common stock outstanding during the period (shares)	8,668,562	8,668,954
Descriptions of potentially dilutive common shares that were not included in the calculation of diluted profit per share	Share options for 655,333 common shares resolved by the Board of Directors on May 22, 2012  Share options for 227,146 common shares resolved by the Board of Directors on May 30, 2022	Share options for 582,271 common shares resolved by the Board of Directors on May 22, 2012  Share options for 312,125 common shares resolved by the Board of Directors on May 30, 2022

**Significant Subsequent Events**

Not applicable