

# CAC Holdings Corporation

4725

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## Contents

<b>Summary</b>	<b>01</b>
1. Company profile and business description	01
2. Overview of FY12/25 results	01
3. FY12/26 forecasts	01
4. Progress of medium-term management policy and Medium-Term Management Plan	02
<b>Company profile</b>	<b>03</b>
1. Period of IT business expansion, when the Company built an excellent customer base as an independent Sler pioneer	03
2. Period of CRO business development from 2006 to 2016, when M&A strategy was utilized	04
3. Period of full-fledged development of the Global IT business that began with the acquisition of an Indian company, and continued with M&A strategy after business restructuring	04
4. M&A for IT business enhancement and new business	04
<b>Business overview</b>	<b>06</b>
1. Japan IT business	06
2. Global IT business	08
<b>Results trends</b>	<b>11</b>
1. Overview of FY12/25 results	11
2. Financial position	12
<b>Outlook</b>	<b>13</b>
<b>Strengths and issues</b>	<b>15</b>
1. Strengths: “Corporate culture,” “customer base,” and “financial structure” that support the Company’s “transformational power”	15
2. Issues: How to improve high profitability and high growth	15
<b>Medium- to long-term management policies and progress</b>	<b>16</b>
1. Long-term vision CAC Vision 2030	16
2. Review of CAC Vision 2030 Phase 1 (FY12/22–FY12/25)	16
3. Management policies of CAC Vision 2030 Phase 2 (FY12/26–FY12/30)	17
<b>ESG</b>	<b>19</b>
1. Voice emotion analysis AI Empath expanding from disaster area support	19
2. Ongoing Boccia support since 2016	20

## Summary

### Medium-term management policy CAC Vision 2030 Phase 2 to start from FY12/26, promoting business transformation toward the AI era

#### 1. Company profile and business description

CAC Holdings Corporation <4725> (hereafter, also “the Company”) was established in August 1966 as a pioneering, independent, software specialist company in Japan and expanded its business domain by leveraging an aggressive M&A strategy. In June 2021, it decided to transfer its stake in CAC Croit Corporation (currently, EPS Corporation), a consolidated subsidiary engaged in the CRO business undertaking contracted and agency services for clinical trials and post-marketing operations performed by pharmaceutical companies during drug development. The Company now forms a corporate group that concentrates its management resources on the IT business in Japan and abroad.

#### 2. Overview of FY12/25 results

For FY12/25 consolidated results, net sales decreased 2.8% year on year (YoY) to ¥50.58bn, adjusted EBITDA (calculated by adding depreciation, goodwill amortization, and share-based compensation expenses to operating profit) decreased 16.6% to ¥3.81bn, operating profit decreased 24.0% to ¥2.58bn, ordinary profit decreased 28.8% to ¥2.39bn, and profit attributable to owners of parent increased 5.7% to ¥3.27bn. On the sales front, Global IT business sales expanded, increasing ¥570mn YoY owing to the strong performance of Indian and Indonesian subsidiaries, while Japan IT business sales decreased ¥2.04bn due to insourcing by specific customers and the winding down of large-scale projects. On the profit front, in addition to the impact of lower sales, adjusted EBITDA decreased 16.6% due to the implementation of growth investments. However, the sales decrease in the Japan IT business was largely impacted by individual factors, and excluding these, development and operation for existing customers were strong, maintaining the stability of the customer base.

#### 3. FY12/26 forecasts

For FY12/26 consolidated results, the Company expects increases in both net sales and profit, with net sales to increase 1.8% YoY to ¥51.50bn and adjusted EBITDA to increase 1.0% to ¥3.85bn. For net sales, although the impact of insourcing by specific customers and the winding down of large-scale projects remains in the Japan IT business, the impact has passed its peak, and a gradual increase in sales is expected due to the expansion of the Global IT business. On the profit front, the Company plans to continue human investments and investments in new businesses for future growth, and adjusted EBITDA is expected to maintain a stable level rather than significant growth. Although advancing investments in human resource recruitment and development, and initiatives in the AI and digital domains may result in up-front cost burdens in the short term, growth is expected from the shift to products and services in the Japan IT business and the expansion of business synergies centered on cross-selling in the Global IT business.

Summary

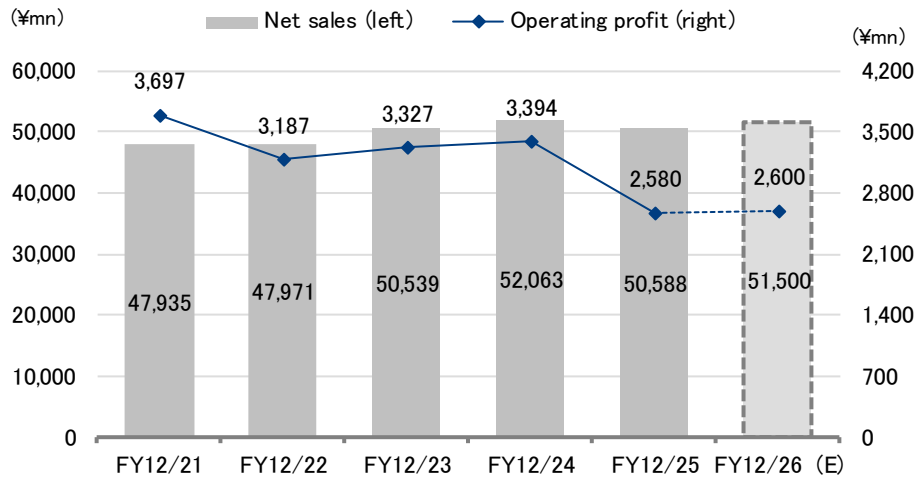
4. Progress of medium-term management policy and Medium-Term Management Plan

Under the medium-term management policy CAC Vision 2030 Phase 2 (FY12/26–FY12/30), the Company expects to break away from the conventional business structure centered on contracted IT services and transform into a business model corresponding to the AI era. For existing businesses, in response to the spread of generative AI and the progress of insourcing, the Company plans to advance the sophistication of system development and operations, and the expansion of product and service-type businesses, centered on AI Transformation, with the aim of expanding sales channels. At the same time, through the launch of new businesses and M&A, the Company intends to deploy multiple services contributing to the resolution of business issues in new markets, and to promote the diversification of the business portfolio by expanding business domains. It has set sales growth targets of an annual average of about 6% for the Japan IT business and 10% or more for the Global IT business by FY12/30. The Company plans to invest ¥13.0bn or more in M&A, and implement shareholder returns targeting a DOE of 5%.

Key Points

- In FY12/25, the Japan IT business was sluggish due to factors such as insourcing by specific customers and the winding down of large-scale projects, landing with lower sales and profits
- For FY12/26, the Company expects higher sales and profits due to the expansion of the Global IT business, continuing growth investments to promote foundation strengthening
- Under CAC Vision 2030 Phase 2, the Company will advance business model transformation toward the AI era and growth investments

Results trends



Source: Prepared by FISCO from the Company's financial results

## ■ Company profile

### Established in 1966. Independent Sler pioneer that has grown through aggressive M&A and overseas expansion

The Company was launched in August 1966 as Computer Applications Co., Ltd. (CAC), a pioneering, independent, software specialist company in Japan. Its founding philosophy was “independent/neutral,” “responsible for deliverables (contract)” and “user-oriented” with the idea of “creating new value with the latest ICT in the global field,” which has been passed on to the current corporate philosophy.

The Company currently concentrates its management resources on the IT business in Japan and abroad. There are 22 consolidated subsidiaries, 4 equity-method affiliates under the holding company, and 4,764 employees in the Group. (All as of December 31, 2025.) Looking back on the Company’s history of more than half a century, it is evident that the Company has continued to take on the challenge of creating new value with a keen sense of the changing times, while also nurturing and valuing its core competence.

#### 1. Period of IT business expansion, when the Company built an excellent customer base as an independent Sler pioneer

Soon after its foundation in 1966, CAC (the predecessor of the Company) expanded its business to become a system integrator (Sler) that undertakes various operations, including planning, construction, and support for system development. In 1988 when the Systems Integrator Registration and Certification System was launched, the Company became a certified Sler by the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry (METI)). It has continued to expand its business domain as a group. In 1971, it invested in Nippon System Service Co., Ltd. (SSK) based on the idea that “specialist companies should operate and manage information systems in order to support customers’ businesses,” and launched a business as the first company in Japan specializing in outsourcing services. In 1973, it established System Utility Co., Ltd. (SUC) with a main focus on information processing and filing services.

In 1994, the above three companies (CAC, SSK, and SUC) merged to become CAC Corporation, where a system was put in place in name and reality to provide all services from planning and development to operation, as it entered the phase of IT business expansion. In addition to organic growth, the Company has actively expanded the business even further through M&A since it was listed (as over-the-counter shares in 1999, then on the First Section of the Tokyo Stock Exchange (TSE) in 2000). Specifically, the Company made the following companies its subsidiaries: ARK Systems Co., Ltd. in 2000, YUASA KNOWLEDGE INDUSTRY Co., Ltd. in 2002 (changed name to CAC Knowledge Co., Ltd. and is currently known as YUASA SYSTEM SOLUTIONS Co., Ltd.), ORBIS CORPORATION (currently, CAC Corporation), and MARUHA SYSTEMS CORPORATION in 2003 (subsequently changed its name to CAC MARUHA NICHIRO SYSTEMS CORPORATION and is now known as Umios Tech Corporation). These companies are the IT subsidiaries of leading companies, i.e., the Company’s customers, and this sets a good example to show how the Company is well-positioned from the customers’ perspective. In an effort to strengthen relations with YUASA TRADING <8074> (capital and business alliance in October 2020), CAC Knowledge transitioned from a consolidated subsidiary to an equity-method affiliate in February 2021, and in April of the same year, it resolved to change its trade name to YUASA SYSTEM SOLUTIONS.

#### Company profile

The Company has been keen on providing optimized services for various industries from its position as a prime contractor. Since a prime-contractor agreement holds the Company responsible for product liability, the risk entailed in such agreement is greater compared with delegation agreements or subcontract agreements. However, the prime contractor can accurately and directly capture the needs of end customers (as a result, higher profits can be obtained if customer needs are met), which is consistent with the Company's founding philosophy of being "customer-oriented." These good relationships with customers as the prime contractor led to the expansion of outsourcing business through M&A and entry into the CRO (pharmaceutical BTO) area.

#### 2. Period of CRO business development from 2006 to 2016, when M&A strategy was utilized

As the Company has served large pharmaceutical companies as major customers in its Japan IT business, it embarked on clinical trial data input business in the 1970s and entered data management as one of its CRO businesses in the 1980s when the term "CRO" was yet to exist as a business in Japan. Thereafter, the Company promoted the expansion of its CRO business by deploying its M&A strategy, and in 2016, launched CAC Croit as a pioneering enterprise that combined CRO with information technology. To concentrate its management resources on its IT business, however, the Company transferred all of its shareholdings in CAC Croit to EPS in June 2021.

#### 3. Period of full-fledged development of the Global IT business that began with the acquisition of an Indian company, and continued with M&A strategy after business restructuring

In 2014, the Company took on the challenge of full-scale development of its overseas business through an M&A strategy after 1) entering the US in 1989 and Europe in 1990 in response to the overseas business development of customer companies, and after 2) entering the Asia region (China in 2000) with the aim of reducing development costs. Specifically, to strengthen its overseas support capabilities, in 2014, the Company invested more than ¥1.5bn in Accel Frontline Limited (currently, Inspirisys Solutions Limited (ISL)), an Indian-based IT company based in sites including the US, the UK, and the Middle East, and made it a subsidiary. In 2015, the Company made Sierra Solutions Pte. Ltd. (Sierra) a subsidiary. Sierra is an IT company based in Singapore, developing a business for medical institutions in the Asia region.

Subsequently, assuming that the initially expected results would not be achieved, the Company transferred in 2017 all of its shares in Sierra and Accel Systems & Technologies Pte. Ltd., a Singaporean cybersecurity system company owned by Accel Frontline Limited (currently, ISL) in order to proceed with restructuring of the Global IT business. In October 2019, the Company acquired all the shares of Mitrais Pte. Ltd. of Singapore (currently, PT Mitrais; hereafter, Mitrais) with a main base in Indonesia and made it a subsidiary while continuing to pursue its M&A strategy. Monetization focused on the Indian subsidiary had been a challenge, but profitability is improving thanks to progress on structural reforms. The Company continues to aim for expanding business.

#### 4. M&A for IT business enhancement and new business

During CAC Vision 2030 Phase 1 (FY12/22–FY12/25), the Company executed seven M&As, and some of the new consolidations are contributing to sales growth. In FY12/26, the Company has already executed one M&A transaction (JEMS Inc.; hereafter, JEMS), and it plans to continue considering M&A and promoting AI Transformation and new businesses.

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Company profile

History

Year	Event
1966	Computer Applications Co., Ltd. (CAC) was established as an independent, software specialist company
1971	Invested in Nippon System Service Co., Ltd., (SSK) and started a business as a company specializing in outsourcing services (the first in Japan)
1973	CAC established System Utility Co., Ltd. (SUC), a company specializing in system operation/management and software development, as its wholly owned subsidiary
1976	Completed the construction of the CAC FM Center (the Iidabashi Shogaku Building), a building dedicated to computer Holding a 56% stake in SSK, the Company made SSK a subsidiary
1977	Opened the Kansai Sales Office
1986	Going live on system consulting services
1988	Registered as a system integrator upon the launch of the Systems Integrator Registration System by the Ministry of International Trade and Industry (MITI; currently, METI)
1989	Established CAC AMERICA CORPORATION in New York City, US
1990	Established CAC EUROPE LIMITED in London, UK
1993	Started a desktop service business to support information system management Launched an information technology education service business
1994	Entered into a business alliance with SAP Japan Co., Ltd., a distributor of ERP package (Enterprise Resource Planning integrated business package) CAC, SSK, and SUC merged to launch CAC Corporation. In conjunction with the merger, the Company made Nihon System Information Co., Ltd. a subsidiary. (It is a data entry business, later changed its name to CAC Information Services Co., Ltd.)
1995	CAC Corporation was registered as a system integrator by MITI Certified as a "special system operating company, etc.," by MITI
1996	Entered into a business alliance with SHL Japan (currently, SHL-JAPAN Ltd.), a subsidiary of SHL of Canada that has strength in distributed system outsourcing, and started a distributed system operations and management service business
1998	Opened the NSM (Networked Systems Management) Center in Shinkawa, Chuo Ward, Tokyo
1999	The Company's shares were listed on the over-the-counter market
2000	Acquired all of the shares in ARK Systems Co., Ltd., a system operation and management service company, and made it a subsidiary Established the subsidiary, CAC PACIFIC CORPORATION in San Jose, US Established Web Progressive Inc., as a joint venture with SHOGAKUKAN Inc., and NEC Corporation for the purpose of Internet-based multimedia business Established CAC SHANGHAI CORPORATION in Shanghai, China, through a 100% investment by CAC PACIFIC CORPORATION Established NetAdvance Inc., to provide digital content services as a joint venture with SHOGAKUKAN Inc. and FUJITSU LIMITED Listed on the First Section of the TSE
2002	Acquired the shares of GoldenTech Computer Technology (Suzhou) Co., Ltd., and made it a subsidiary Established CEN Solutions Co., Ltd., as an affiliate through a joint venture with NEC Corporation and Kumagai Gumi Co., Ltd. Acquired the shares of YUASA KNOWLEDGE INDUSTRY Co., Ltd., made it a subsidiary, and changed its company name to CAC Knowledge Co., Ltd. Started providing PRASMA, a comprehensive support service for new drug research and development Made IXI Co., Ltd., a subsidiary (IXI is engaged in business-model construction, support, and systems-consulting operations)
2003	Acquired the shares of ORBIS CORPORATION (currently, CAC ORBIS CORPORATION) and made it a subsidiary Acquired the shares of MARUHA SYSTEMS CORPORATION (later changed its name to CAC MARUHA NICHIRO SYSTEMS CORPORATION and is now known as Umios Tech Corporation) and made it a subsidiary
2005	Established Catient Inc., which conducts surveys, analysis, and consulting for IT-based value creation Transferred all the shares held in CAC Information Services Co., Ltd. (currently, Recruit Staffing Information Services Co., Ltd.) to Recruit Staffing Co., Ltd. Relocated the head office to Nihonbashi-Hakozaki-cho, Chuo Ward, Tokyo
2006	Established CDI Solutions, Inc. (currently, Activation Strategy, Inc.), as a joint venture with Corporate Directions, Inc., and others for the purpose of IT-ROI consulting (management strategy x IT)
2007	Established kizasi Company, Inc., engaged in Internet-related businesses
2010	Established CAC India in Mumbai, India
2012	Established CAC EXICARE Corporation, which conducts CRO operations, as a result of a company split Transferred all shares held in MIC Medical Corp. Transferred some of the shares held in Sogo Rinsho Holdings Co., Ltd. (currently, EPS Holdings, Inc.)
2013	Dissolved CAC PACIFIC CORPORATION
2014	Acquired the shares of Accel Frontline Limited, an Indian IT company, (listed on the Bombay Stock Exchange and National Stock Exchange) and made it a subsidiary
2015	Acquired the shares of Sierra Solutions Pte. Ltd., a Singapore IT company, and made it a subsidiary
2016	Established CAC Croit Corporation (currently, EPS Corporation) through the merger of CAC EXICARE Corporation and Clinical Trust Co., Ltd. Invested in Affectiva, Inc., a leading US company in the emotion recognition AI market, and signed the first distributor agreement in Japan

Important disclosures and disclaimers appear at the back of this document.

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Company profile

Year	Event
2017	Transferred all of the shares in Accel Systems & Technologies Pte. Ltd., held by Accel Frontline Limited Transferred all of the shares in Sierra Solutions Pte. Ltd.
2018	Composed a CVC fund for domestic companies as part of measures to create new businesses (total amount, ¥3.0bn) Accel Frontline Limited revamped its internal structure and changed its trade name to Inspirisys Solutions Limited
2019	Dissolved consolidated subsidiary kizasi Company, Inc. Acquired all of the shares in Mitrais Pte. Ltd. (currently, PT Mitrais), a software company with main bases in Indonesia and made it a subsidiary
2020	Concluded a capital and business alliance with YUASA TRADING CO., LTD. (allocated 1.46% of the Company's total number of outstanding shares through a disposal of treasury shares)
2021	Changed investment ratio in CAC Knowledge (from 51% to 49%) and transitioned it from a consolidated subsidiary to an equity-method affiliate Transferred all of its shares in CAC Croit Corporation
2022	Moved from First Section to the Prime Market prompted by the revision of market categories of the TSE
2023	Transferred all the shares of CAC MARUHA NICHIRO SYSTEMS CORPORATION
2024	Established CAC CROSS FUSION CO, LTD, and made it a wholly-owned subsidiary CAC Corporation acquired all of the shares in CIM TECHNOLOGY Co., Ltd., and made it a subsidiary CAC Corporation acquired all of the shares in Rosso Co., Ltd., and made it a subsidiary
2025	CAC Corporation established Nagasaki Marine Farm Co., Ltd. CAC Corporation established CAC identity Corporation CAC Corporation acquired all of the shares in recomot Inc. and made it a subsidiary CAC Corporation acquired all of the shares in INCULEAD CONSULTING LTD. and made it a subsidiary The Company and CAC identity acquired all of the shares in PT Fata Organa Solusi of Indonesia and made it a subsidiary
2026	CAC Corporation acquired the shares of JEMS Inc. and made it a subsidiary (holding ratio: 78.2%)

Source: Prepared by FISCO from the Company's annual securities reports, news releases, and financial results

## Business overview

### Businesses operate in two segments: Japan IT and Global IT

The Company's two reporting segments are the Japan IT business and the Global IT business. To achieve prompt decision-making and agile execution of business, the Company assigns executive officers to take charge of each of five domains: core ICT, overseas supervision, new business promotion, management supervision, and strategic integration.

### Japan IT business has a prime-contractor rate of 90%

#### 1. Japan IT business

The Japan IT business, accounting for 73.7% exposure in its sales (FY12/25), is the Company's mainstay business, and is deemed to secure a gross profit margin around 25%. Through its domestic subsidiaries, the business provides services including system development services, system operation and management services, and human resource BPO services. As a prime contractor and an independent Sler, the Company has been keen on capturing the needs of end customers and providing optimal services to its customers. In fact, CAC Corporation, which plays a central role in the Japan IT business, keeps the prime-contractor rate at around 90% while serving nearly 400 customer companies.

Business overview

**(1) System development services with strengths in banks and trusts**

In system development services, the Company comprehensively develops client companies' information systems, from the planning of information systems, designing, development, testing, introduction, and to maintenance. Its top-ranking customers in terms of net sales include multiple financial institutions and major trust banks. As a prime contractor for over half a century, the Company has accumulated expertise of operational knowledge and experience. As a result, it has strengths in business (information and peripheral) systems for megabanks and pension-related systems for trust banks. From 2025, the Company is building systems and making management business more efficient through the introduction of AI agents.

**(2) System operation and management services to promote cloud-readiness**

The system operation and management services originate from the investment in an outsourcing service company (SSK) in 1971. The Company now provides comprehensive services for the functions required in system management, including operation process management, operation management, user support, client device management, application management, and infrastructure management. The Company's strengths lie in the experience of having incorporated management expertise accumulated through providing comprehensive services to major pharmaceutical companies as well as the needs of various industries (manufacturing industry, trading companies, fishery and foods) through M&A.

Since 2012, the Company has been strengthening its cloud support at a rapid pace. With a very good track record and a wealth of experiences in areas such as system integration and system development at Amazon Web Services (AWS), the Company has been certified as an APN Advanced Consulting Partner, and now supports over 40 companies including major financial institutions and pharmaceutical companies. Acceleration of the shift to the cloud is likely to cause reduction in existing businesses for IT vendors, but the Company analyzes that such impact is limited partly due to its focus on managed services. Moreover, it is working to improve operational efficiency by the active use of AI tools.

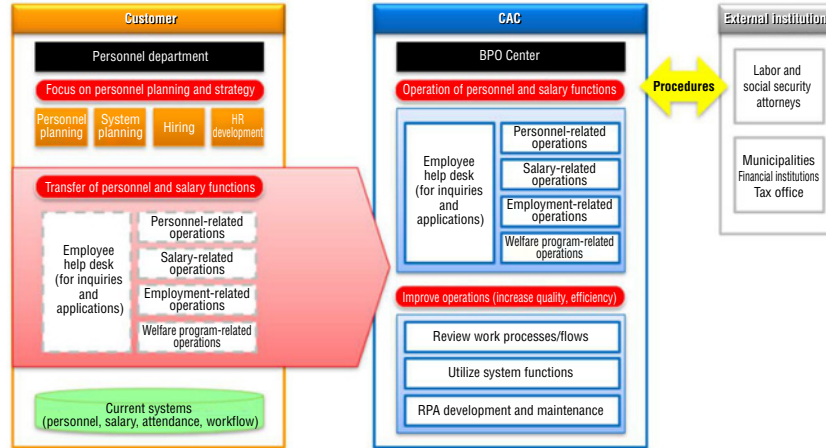
**(3) Human resource BPO services**

Human resource BPO services use IT to execute business processes including human resource operations on behalf of the responsible managers in companies. The contracted services are not limited to general payroll calculations but also include personnel system management, labor management, welfare management, and other overall HR operations. In July 2019, the Nagasaki BPO Center (within Nagasaki BizPORT) was opened, and in November 2021, Nagasaki NBC Office was opened in Nagasaki City as part of business expansion. In view of general affairs and accounting operations aside from overall HR operations, the Company aims to comprehensively conduct contracted back-office operations.

From July 2020, the Nagasaki BPO Center started providing pharmaceutical-related IT services. From December 2020, it started providing system development services for financial institutions. In addition to providing employee salary BPO services, the Nagasaki NBC Office engages in research and development of advanced technologies and also functions as a facilitator of IT use under the brand name, HCTech AI Lab Nagasaki. In so doing, the Company has contributed to addressing regional challenges and regional revitalization in Nagasaki. With an eye to business expansion in the Nagasaki area in 2025, the Company completed the integration of its two existing business bases in Nagasaki City and relocation to a larger space at the office building in Nagasaki Stadium City in February of the same year, officially opening the Nagasaki Office. For the Company, the Nagasaki business location has become more than just BPO center but an important nearshore base for Japan IT operations.

Business overview

Overall image of human resource BPO services



Source: Company website

**(4) Initiatives toward AI Transformation**

Regarding the recent evolution of ICT technology, the Company views the fact that the rise of generative AI is changing the very prerequisites of the IT business, not just the progress of conventional digital transformation (DX), as a structural turning point. The evolution of generative AI is not only creating new business opportunities, but also affecting the way system development and operations are conducted, and even the very source of value creation. Under these circumstances, there is a demand to evolve into a business structure predicated on AI, going beyond conventional contracted IT services.

Based on this recognition, the Company has positioned “the development of AI Transformation” as a priority measure and plans to fully embark on business transformation centered on AI. The priority measures will allow us to actively use AI in existing contracted business and generate new business opportunities by leveraging knowledge gained from these activities. The backdrop for these measures is the changes that rapid penetration of generative AI is bringing to society as a whole and the growing interest of customer companies in AI. Specifically, by introducing AI agents into its contracted business such as system construction and operation, the Company intends to promote the sophistication and automation of its operations and provide added value to customers by improving productivity and shortening lead times.

**Global IT business developing in the high-growth markets of Asia**

**2. Global IT business**

The Company conducts Global IT business mainly through its subsidiaries with large-scale businesses in India and Indonesia and provides services including system development, infrastructure development, and operation and management services.

Business overview

The Company has been advancing overseas expansion since the 1980s and cultivating the Global IT business as a growth area. The business scale expanded through M&A and other means, with net sales reaching ¥11.74bn in FY12/17, but unexpected losses were incurred at acquired companies, resulting in a segment loss of ¥600mn for the business. Subsequently, the Company proceeded with rebuilding the business, and in 2019 made Mitrais, a Singaporean software company with a main base in Indonesia, a wholly owned subsidiary. The incorporation of Mitrais, which has strengths in agile development, contributed, and the Company achieved a return to profitability with segment profit of ¥440mn in FY12/20.

In FY12/21, due to the impact of embarking on the business restructuring of the Indian subsidiary, ISL, net sales were ¥9.50bn and segment profit was ¥300mn. In FY12/22, in addition to the effect of yen depreciation, net sales expanded to ¥11.56bn and segment profit expanded to ¥710mn (¥1.08bn after the change in calculation method) due to the growth of Indian and Indonesian subsidiaries and improved profitability at ISL. Thereafter, the overseas business stably expanded, with net sales of ¥12.73bn and adjusted EBITDA of ¥1.72bn in FY12/24, and net sales of ¥13.30bn and adjusted EBITDA of ¥1.82bn in FY12/25. The earning capacity of overseas bases has increased, becoming one of the businesses supporting the Company's growth.

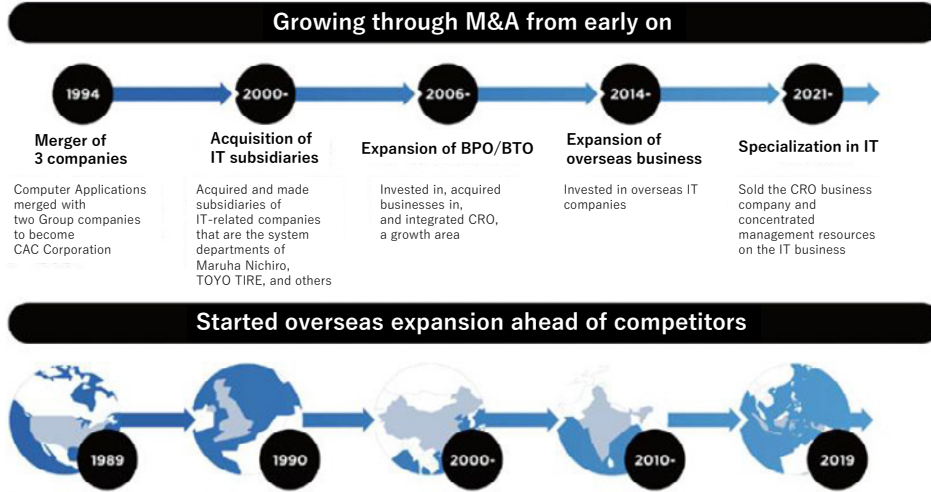
Group network



Source: The Company's website

Business overview

Growth trajectory



Source: The Company's website

The Company's Global IT business is rooted in global support for its Japanese customer companies and offshore utilization of overseas Group companies, but its position has risen in local markets, mainly in Asia-Oceania where growth is anticipated.

Notable in this business are the Indian subsidiary and Indonesian subsidiary. During Phase 1 of CAC Vision 2030, the Indian subsidiary proceeded with the disposal and restructuring of underperforming businesses and bases, and worked to improve business efficiency and profitability. The Indian subsidiary has retained good customers in its home country of India, including financial institutions and government agencies as well as in the US and other locations, and has potential to become a bridgehead for the development of overseas local markets. On the other hand, the Indonesian subsidiary has been steadily expanding business driven by business targeting Australia, and going forward it plans to advance the cultivation of businesses with strengths in specific areas such as cybersecurity, and aim to expand product and service-type businesses through coordination with the Japanese market. In FY12/22, the Indian subsidiary posted a slight loss before the change in the calculation method for segment profit, but profit improved in FY12/23 and onward as a result of structural reforms. Future developments centered on both subsidiaries will be closely watched.

## Results trends

### In FY12/25, the Japan IT business was sluggish due to factors such as insourcing by specific customers, landing with lower sales and profits

#### 1. Overview of FY12/25 results

For the FY12/25 consolidated results, net sales decreased 2.8% YoY to ¥50.58bn, adjusted EBITDA (calculated by adding depreciation, goodwill amortization, and share-based compensation expenses to operating profit) decreased 16.6% to ¥3.81bn, operating profit decreased 24.0% to ¥2.58bn, ordinary profit decreased 28.8% to ¥2.39bn, and profit attributable to owners of parent increased 5.7% to ¥3.27bn. From FY12/24 onward, the Company has adopted adjusted EBITDA that indicates actual ability to generate cash from its businesses for disclosure.

Looking at the factors behind the changes in net sales, Japan IT business sales decreased ¥2.04bn YoY. While they increased ¥540mn due to the effects of new consolidation through M&A, they decreased ¥2.59bn due to insourcing by specific customers in the pharmaceutical industry and the winding down of large-scale projects for the financial industry. Global IT business sales increased ¥570mn, and although they decreased ¥320mn due to forex impacts, the business expansion of the Indian and Indonesian subsidiaries contributed.

On the profit front, as factors behind the changes in adjusted EBITDA, they increased ¥50mn due to a decrease in M&A-related expenses, and increased ¥60mn due to the new consolidation effects of subsidiaries. On the other hand, profit decreased ¥210mn (including a ¥20mn decrease from forex impacts) due to the impact of lower sales, decreased ¥460mn due to investments to strengthen the growth foundation based on the Medium-Term Management Plan, and decreased ¥200mn due to other factors, resulting in adjusted EBITDA decreasing 16.6% YoY.

However, the sales decrease in the Japan IT business was largely impacted by the combination of individual factors such as insourcing by specific customers and the completion of large-scale projects. Looking at project trends excluding these factors, system development and operation services for existing customers trended steadily, and the stability of the Company's major customer base has been maintained. In the Global IT business, the Indian subsidiary made progress in acquiring projects, and the business is steadily expanding. In the medium term, it is believed that business expansion in growth markets through the execution of AI Transformation, the development of products and services (P&S) utilizing AI, and the promotion of cross-selling will be the key.

#### Overview of FY12/25 results

	FY12/24		FY12/25		YoY		Vs. forecast
	Results	% of net sales	Results	% of net sales			
Net sales	52,063	100.0%	50,588	100.0%	-2.8%	1.2%	
Cost of sales	38,491	73.9%	37,264	73.7%	-3.2%	-	
Gross profit	13,571	26.1%	13,323	26.3%	-1.8%	-	
SG&A expenses	10,177	19.5%	10,742	21.2%	5.6%	-	
Adjusted EBITDA	4,570	8.8%	3,813	7.5%	-16.6%	0.3%	
Operating profit	3,394	6.5%	2,580	5.1%	-24.0%	-	
Ordinary profit	3,361	6.5%	2,392	4.7%	-28.8%	-	
Profit attributable to owners of parent	3,096	5.9%	3,271	6.5%	5.7%	-	

Source: Prepared by FISCO from the Company's financial results

#### Results trends

Looking at the FY12/25 results by business segment, the Japan IT business saw profitability improve despite lower sales, and the Global IT business trended steadily with higher sales and profits. In the Japan IT business, order volume was ¥36.99bn, down 3.6% YoY, and net sales were ¥37.28bn, down 5.2%. Affected by factors such as the insourcing of system development by specific customers and the winding down of large-scale projects for the financial industry, both order volume and net sales were below the previous year's levels. On the other hand, adjusted EBITDA was ¥4.09bn, up 1.4%. Despite the impact of lower sales, the profit level improved slightly due to factors such as the full-year performance contribution of newly consolidated subsidiaries and the transfer of a portion of R&D and new business-related expenses accompanying organizational restructuring. System development and operation services for existing customers were relatively stable, and excluding the impact of specific customers, the business foundation has not changed significantly.

In the Global IT business, order volume was ¥13.28bn, down 9.1% YoY. In addition to downward pressure from forex fluctuations, the reduction of projects for some customers at the US and UK subsidiaries and the reduction of information and communication services at the Indonesian subsidiary had an impact. On the other hand, net sales were ¥13.30bn, up 4.5%, and the business expansion of the Indian subsidiary contributed, complementing the negative impact of forex and the reduction of projects at Western bases. Adjusted EBITDA expanded to ¥1.82bn, up 6.1%, due to the effects of sales growth and other factors.

#### Overview of FY12/25 results by business segment

	FY12/24			FY12/25			
	Results	% of net sales	Profit margin	Results	% of net sales	Profit margin	YoY
<b>Net sales</b>	52,063	100.0%	-	50,588	100.0%	-	-2.8%
Japan IT	39,328	75.5%	-	37,282	73.7%	-	-5.2%
Global IT	12,734	24.5%	-	13,306	26.3%	-	4.5%
<b>Adjusted EBITDA</b>	4,570	-	8.8%	3,813	-	7.5%	-16.6%
Japan IT	4,038	-	10.3%	4,093	-	11.0%	1.4%
Global IT	1,723	-	13.5%	1,828	-	13.7%	6.1%
Adjustments	-1,191	-	-	-2,108	-	-	-

Source: Prepared by FISCO from the Company's financial results

## Maintains high financial soundness and financial leeway to agilely execute growth investments and M&A

### 2. Financial position

Looking at the financial position at the end of FY12/25, the Company continues to maintain high financial soundness. The equity ratio was secured at a high level of 65.6%, maintaining a stable financial foundation backed by sufficiently thick equity capital for an IT services company. There is also room in terms of short-term solvency. The current ratio is 208.3%, indicating high safety in terms of working capital. The cash position is also stable. Net cash, calculated by subtracting interest-bearing debt from cash and deposits, is ¥9,046mn, giving the Company the financial leeway to agilely execute growth investments and M&A. A review of the asset composition on the balance sheet is also progressing. Investment securities decreased ¥6,007mn YoY due to the promotion of the reduction of cross-shareholdings. This is considered a move conscious of improving capital efficiency and liquidating assets, and the review of the capital policy is steadily progressing. Backed by a stable financial foundation and abundant liquidity on hand, the Company is expected to aim to improve capital efficiency while balancing growth investments and shareholder returns going forward.

## Results trends

## Consolidated balance sheet

	End of FY12/21	End of FY12/22	End of FY12/23	End of FY12/24	End of FY12/25	Changes
	(¥mn)					
<b>Current assets</b>	21,804	24,758	25,408	25,095	28,183	3,087
Cash and deposits	10,532	12,491	11,039	12,869	11,769	-1,100
Notes and accounts receivable - trade and contract assets	8,568	9,287	11,934	9,811	10,224	413
<b>Non-current assets</b>	25,457	19,454	23,124	29,637	25,536	-4,101
Property, plant and equipment	1,313	1,489	1,701	1,634	1,705	71
Intangible assets	1,679	1,856	1,901	4,174	5,720	1,546
Investments and other assets	22,464	16,108	19,522	23,828	18,109	-5,719
Investment securities	20,623	14,543	17,508	21,820	15,812	-6,007
<b>Total assets</b>	47,261	44,213	48,532	54,733	53,719	-1,014
<b>Current liabilities</b>	8,879	9,199	12,558	10,407	13,530	3,123
Notes and accounts payable - trade	2,701	3,172	4,356	2,732	3,317	585
Short-term borrowings	678	606	2,476	153	1,096	943
<b>Non-current liabilities</b>	6,982	5,713	3,627	6,612	4,376	-2,235
Bonds payable	0	0	0	10	0	-10
Long-term borrowings	2,000	2,000	0	1,713	1,627	-86
<b>Total liabilities</b>	15,862	14,912	16,185	17,019	17,907	888
Interest-bearing debt	2,678	2,606	2,476	1,876	2,723	847
<b>Total net assets</b>	31,398	29,300	32,346	37,714	35,812	-1,902
Retained earnings	19,408	20,498	21,780	23,482	25,007	1,525
[Key financial indicators]						
ROE	8.8%	7.1%	8.2%	8.9%	9.0%	0.1pp
Equity ratio	65.1%	64.7%	65.8%	68.3%	65.6%	-2.7pp
Current ratio	245.6%	269.1%	202.3%	241.1%	208.3%	32.8pp
Net cash	7,854	9,885	8,563	10,993	9,046	-1,947

Note: Short-term borrowings include current portion of bonds payable, and current portion of long-term borrowings  
 Source: Prepared by FISCO from the Company's financial results

## Outlook

### For FY12/26, higher sales and profits expected from expansion of Global IT business, continuing growth investments to promote foundation strengthening

For FY12/26 consolidated results, the Company expects net sales to increase 1.8% YoY to ¥51.50bn and adjusted EBITDA to increase 1.0% to ¥3.85bn. Figures it has disclosed for reference are operating profit of ¥2.6bn and profit attributable to owners of parent of ¥2.6bn.

For net sales, the Company expects a gradual increase in sales due to the expansion of the Global IT business. In FY12/25, insourcing by specific customers and the winding down of large-scale projects were factors for lower sales, but the Company recognizes that these impacts have passed their peak. Although the aftermath is expected to remain for a certain period in FY12/26, growth is expected from the shift to products and services in the Japan IT business and the expansion of business synergies centered on cross-selling in the Global IT business.

### Outlook

On the profit front, the Company plans to continue human investments and investments in new businesses for future growth, and adjusted EBITDA is expected to maintain a stable level rather than significant growth. Advancing investments in human resource recruitment and development and initiatives in the AI and digital domains may result in up-front cost burdens in the short term. On the other hand, growth is expected from the shift to products and services in the Japan IT business and the expansion of business synergies centered on cross-selling in the Global IT business. If the improvement of the earnings structure gradually progresses, the room for profit growth is expected to expand in the medium term.

Regarding the two subsidiaries acquired in November 2025, the Company plans to reflect them in its earnings forecasts after assessing the status of post-merger integration (PMI) following the consolidation. As the emergence of integration synergies was limited in past M&As, the Company is taking a cautious stance this time. As they are not factored into the earnings forecasts at this point, they may become an upside factor for earnings if PMI proceeds smoothly.

As a recent topic, the Company acquired the shares of JEMS, which provides IT services in the industrial waste management field, in February 2026, making it a subsidiary. JEMS provides Kankyo Shogun R, an industry-specific core system for industrial waste disposal and recycling companies, and deploys IT services and BPO services for industrial waste management for waste-generating businesses such as the manufacturing and construction industries. It also provides Circular Navi, a platform that manages the traceability of resource circulation, and features a business foundation built in fields related to realizing a circular economy. Through this acquisition, the Company will enter the industrial waste disposal-related market, which has a different market structure from existing IT services, and will aim to expand into new business domains. Collaboration in the system development area, service sophistication through AI utilization, and cross-sectional utilization of Group technologies are also expected, and the strengthening of digital services in the environment and resource circulation fields may contribute to medium- to long-term growth.

### FY12/26 financial results forecast

	(¥mn)			
	FY12/25	FY12/26 (E)	Changes	YoY
Net sales	50,588	51,500	921	1.8%
Adjusted EBITDA	3,813	3,850	37	1.0%
Operating profit	2,580	2,600	20	0.8%
Profit attributable to owners of parent	3,271	2,600	-671	-20.5%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

## ■ Strengths and issues

### Greatest strength is its “transformational power”

#### 1. Strengths: “Corporate culture,” “customer base,” and “financial structure” that support the Company’s “transformational power”

FISCO evaluates that the Company’s greatest strength lies in its “transformational power,” namely the ability to transform itself (corporate reforms) in response to changing needs and issues of society over time. The Company has not rested on its laurels as a growing independent software specialist and has continued to transform itself by weaving “structural reforms through selection and concentration” with “business expansion through M&A.” The “transformational power” is underpinned by “a corporate culture that encourages the act of taking on challenges (management’s intention),” “an excellent customer base as the core of business expansion,” and “a solid financial structure that enables an agile financial strategy.”

The Company considers that its clear mission and purpose (management philosophy) of being “customer oriented” and “emphasizing on CSV (creating shared value: social contribution through business)” has helped a corporate culture of taking on challenges to achieve goals to take root. It has continued to expand and achieve growth by “taking on challenges,” including advancing into overseas markets in the Global IT business ahead of its competitors and accessing to the BPO and CRO businesses. This act of “taking on challenges” can be considered a fruit of its good relations with the “excellent customer base” it has built as Japan’s first independent Sler. In other words, its “excellent customer base” serves as the source for “taking on challenges.”

#### 2. Issues: How to improve high profitability and high growth

The Company’s issue is how to improve high profitability and high growth. However, achieving this solely as an extension of existing businesses will not be easy. This is because the conventional labor-intensive business structure centered on contracted development and operations has a limit to its room for growth. In CAC Vision 2030, the Company has set a policy of breaking away from dependence on specific industries and customers and expanding its business into new areas such as environmental business, fintech, and AI utilization. The aim is to self-cultivate businesses that play a role in solving social issues and to build a highly scalable earnings foundation. It is considered that the future focus lies in whether the Company can build its next growth foundation in new areas while securing stable earnings in the existing IT business.

## ■ Medium- to long-term management policies and progress

### Realizing corporate transformation with a long-term vision for the future

#### 1. Long-term vision CAC Vision 2030

In February 2022, the Company released its long-term vision, CAC Vision 2030. CAC Vision 2030 has been formulated with the aim of aligning the vectors of the Group by defining the “vision” and the “direction” of the Group toward 2030 based on its corporate philosophy of “Creating new value on a global level with the use of the latest ICT.” Under CAC Vision 2030, the Company has positioned FY12/22–FY12/25 as Phase 1 devoted to securing stable earnings in existing contracted businesses in Japan and overseas and building a product and service infrastructure (mechanisms and business infrastructure to continuously launch new businesses), and plans to transform into a business structure leading to “solving social issues” during FY12/26–FY12/30 thereafter. Specifically, the Company positions this as Phase 2 aimed at growth through expanding sales channels and diversifying business domains by advancing a transformation from conventional businesses centered on “solving customers’ IT issues” to businesses contributing to “solving issues faced by customers’ business operations, industries, and even society” through AI Transformation, the creation and development of new businesses, the execution of M&A, etc., and ultimately intends to break away from dependence on specific industries and customers and move society as a player itself in new domains such as environmental business, fintech, and AI utilization.

#### 2. Review of CAC Vision 2030 Phase 1 (FY12/22–FY12/25)

In CAC Vision 2030 Phase 1, the main focus was placed on building a mechanism to continuously generate new product and service businesses while maintaining stable earnings from existing contracted IT services. It was a phase with a strong characteristic as a preparatory period to develop a business portfolio that will become a future earnings source, rather than just business expansion.

In its growth strategy, the Company set the creation of product and service businesses as an important theme, and advanced co-creation-type business development with customers and partners under the concept of “Human Centered Technology.” The Company advanced the creation of mechanisms and development of business infrastructure to continuously create new businesses, and executed business investments and human investments. For existing contracted businesses, it also aimed to maintain and expand the business foundation through securing human resources and strengthening the development structure. Although these measures themselves generally progressed as planned, monetization of new businesses and business expansion through M&A are taking more time than expected, and their contribution to earnings was limited.

In the high-profitability strategy aimed at improving profitability, structural reforms centered on the disposal of underperforming businesses and improvement of business efficiency were implemented. Particularly in the Global IT business, uneven profitability caused by past M&As was an issue, but profitability has gradually improved due to the review of the business portfolio and the strengthening of profitability management.

Medium- to long-term management policies and progress

On the corporate front, a review of the governance system was advanced toward the sophistication of Group management. In addition to advancing the sorting of roles of operating companies and the development of decision-making processes, initiatives related to improving employee engagement and reforming organizational culture were also implemented. For the Company, which considers human resources as important management resources, strengthening the organizational foundation is a factor directly linked to medium- to long-term competitiveness, and it is expected that these measures will build a foundation that supports future business growth.

On the other hand, issues remained from the perspective of achieving quantitative targets. Although Phase 1 targeted net sales of ¥58.0bn and adjusted EBITDA of ¥5.5bn, the Company did not reach those levels. This was mainly due to the time required to launch new products and services and the delay in business expansion through M&A. However, regarding shareholder returns, the Company maintained stable dividends with a DOE of 4.8% in FY12/25 under its policy of targeting a DOE of 5%.

Looking back on Phase 1, the initially stated results of growth investments did not manifest as financial performance. On the other hand, it was a period in which foundation building for the next growth stage, such as creating mechanisms for new business creation, improving the earnings structure of the overseas business, and governance reform, steadily progressed.

### 3. Management policies of CAC Vision 2030 Phase 2 (FY12/26–FY12/30)

Under CAC Vision 2030 Phase 2, the Company positions it as a period to go a step beyond the framework as an IT services company thus far and transform its business structure. The rapid progress of AI technologies, including generative AI, is changing not only the nature of system development but also the form of customers' IT utilization. As the expansion of insourcing and the sophistication of development processes progress, a business portfolio dependent on conventional contracted IT services may become a constraint on future growth. Based on this recognition of the environment, the Company plans to advance the expansion of business domains while using existing businesses as a foundation, and shift its focus to businesses that contribute to solving social issues. A major feature of Phase 2 is that the conventional planning framework was reviewed on the premise of uncertainty in the business environment. Instead of fixedly setting quantitative targets for the final fiscal year as in the past, it changed to a format of updating them every year. This is because it determined that prioritizing agile management decisions over fixing long-term numerical targets is reasonable in a rapidly changing environment. The major indicators for FY12/26 are net sales of ¥51.50bn, adjusted EBITDA of ¥3.85bn, ROE of 7.5%, an equity spread of 0.5%, and DOE of 5.0%, and the Company plans to continue management conscious of both earnings growth and capital efficiency.

The core of the growth strategy is AI Transformation. The Company categorizes this initiative into three areas. First is the sophistication of system construction through AI. In addition to programming support by generative AI, the concept is to expand the scope of utilizing uniquely developed AI agents, and it aims to transform the development process, which was labor-intensive, while flexibly incorporating external advanced AI agents. Second is the sophistication of system operations and business operations. It will significantly advance the automation of operational processes by developing conventional RPA utilization and combining AI and multiple AI tools. The intention is to aim for the sophistication of operations, not limited to improving the efficiency of IT operations and business operations. Third is the development of an AI platform and conversion into products and services. It will advance solution development utilizing AI and cultivate product-type businesses centered on the deployment of OCTOps, an AI-driven platform. It is also advancing development predicated on AI utilization in new businesses, and aims to develop from a business centered on conventional contracted development to a solution-type business that combines products and services.

Medium- to long-term management policies and progress

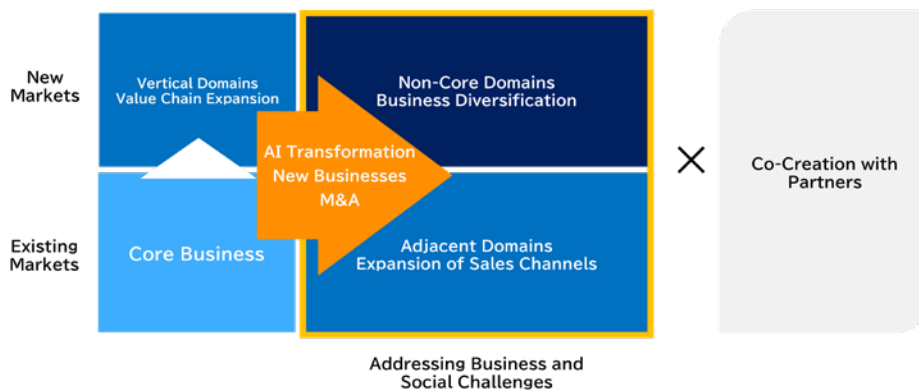
Conceptual diagram of AI Transformation



Source: The Company's results briefing materials

Expansion of the business portfolio is also an important theme. Based on its track record of working to solve corporate IT issues, the Company plans to advance the deployment of high-value-added services utilizing AI and the expansion of sales channels in existing markets. On top of that, in adjacent domains originating from existing businesses, it will broaden its deployment domain from contracted businesses corresponding to individual requirements for each company to solutions and products that solve issues common to industries and multiple customers. At the same time, in non-core domains, it intends to go beyond the framework of an IT company and take on the challenge of creating markets that did not exist before. AI Transformation, expansion of new businesses, and strategic utilization of M&A are positioned as growth drivers that support this transformation of the business portfolio, and the concept is to diversify earnings sources and strengthen the medium- to long-term growth foundation. Furthermore, the Company does not seek to realize growth solely with intra-Group resources, but views collaboration with outside parties as an important element. By building co-creation relationships with partners such as companies and universities, and advancing the creation of new business opportunities and expansion of business domains, it aims to build a business portfolio that supports sustainable growth by expanding to both adjacent domains and non-core domains starting from existing businesses.

Conceptual diagram of business portfolio expansion



Source: The Company's results briefing materials

Medium- to long-term management policies and progress

By business segment, the Japan IT business expects an average annual sales growth rate of 6% through FY12/30. In addition to expanding projects centered on AI and high-value-added services, the Company plans to advance co-creation-type business deployment conscious of solving social issues. It will also aim to expand the value chain by utilizing strategic M&A. The Global IT business expects growth of 10% or more, and will advance business expansion particularly in high-growth markets such as India and Indonesia. It plans to strengthen cross-selling and service coordination among global bases and expand the earnings foundation of the overseas business.

In cash allocation, M&A is positioned as an important growth investment. The Company intends to establish a quota of ¥13.0bn or more for the period up to FY12/30, and advance the expansion of the business portfolio while maintaining financial soundness and utilizing external funds as necessary. On the other hand, it plans to implement shareholder returns using cash flows generated from businesses as a source, and is expected to maintain a capital policy that emphasizes a balance between growth investments and returns, targeting a DOE of 5%.

## ■ ESG

### Promoting initiatives to increase the non-financial value of human capital

In 2022, the Company organized, prioritized, and set goals for material issues with stakeholders to balance corporate growth with the achievement of a sustainable society through business activities carried out by IT experts. It is promoting sustainability management by setting “solving social issues through business activities” as its top priority. The Company is also promoting measures that aim to raise non-financial value through problem-solving services in the social infrastructure field.

#### 1. Voice emotion analysis AI Empath expanding from disaster area support

The voice emotion analysis AI Empath provided by the Company is a technology that analyzes characteristics of a human voice, such as tone and speed, using AI to instantly determine five emotions: joy, calm, anger, sorrow, and vigor. Its development began with the purpose of understanding the mental conditions of volunteers working in the disaster areas of the Great East Japan Earthquake, and it was utilized as a mechanism to estimate psychological states from voices and grasp whether they were pushing themselves too hard. It is currently provided as a cloud-based API, and its strength is that it can utilize AI models built based on massive voice data accumulated in the past. It has high implementation flexibility and is used in over 50 countries globally and for over 4,600 applications. Its main field of application is call centers, where it grasps changes in emotions during customer interactions and the stress states of operators, helping with early care and preventing employee turnover. Because its application areas are broad, including interactive robots, 1-on-1 meeting support, and character expression linkage in game production, the Company is advancing the development of AI that deeply understands human-to-human and human-to-machine communication by combining language understanding and emotion analysis through linkage with LLMs.

## ESG

**2. Ongoing Boccia support since 2016**

As part of its ESG activities, the Company has been promoting and supporting Boccia, the sport for the physically challenged since 2016. Through these activities, the Company aims to help its employees keep connected with the community, thereby contributing to society. The activities are not merely financial support but emphasize planning and implementation by the employees themselves. Boccia is conceived as the sport for the physically challenged and spreading throughout the world (adopted as an official event of the Paralympics in 1988). While it can be enjoyed by people with and without physical challenges regardless of age or nationality, it also requires strategic thinking. Considering this feature, the Company has not only incorporated Boccia in the training programs of new employees and existing employees but also provided employees' families with opportunities to get hands-on experience of Boccia. Many domestic Group employees have already experienced Boccia, and the Company employed two athletes for Boccia as of April 2026. In addition, the Company was highly evaluated for these activities and has been certified as a Tokyo Sports Promotion Company for the 10th consecutive year. The Company's involvement in Boccia goes beyond the framework of encouraging participation and support, and contributes to facilitating communication among Group employees and improving their awareness of social contribution.



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