

Disclaimer:

This report is a partial translation of the Annual Securities Report of the Company originally prepared in Japanese, based on information gathered at the time of its preparation and is not in any way intended as a commitment to future implementation. In the event of any discrepancies in words, accounts, figures or the like between this report and the original, the original Japanese version shall govern.

# Annual Securities Report

(Report in accordance with Article 24,  
Paragraph 1 of the Financial Instruments and Exchange Act)  
English excerpt translation of the “Yukashoken-Hokokusho”  
For the 41<sup>st</sup> fiscal year from January 1, 2025 to December 31, 2025

Findex Inc.

(E25283)

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## Part 1 Corporate Information

### I. Corporate Overview

#### 1 Key Financial Data

##### (1) Consolidated Key Financial Data

Fiscal year	37th	38th	39th	40th	41st
Fiscal year ended	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Net sales (JPY in thousands)	4,968,885	4,541,242	5,191,735	5,841,379	6,109,941
Recurring profit (JPY in thousands)	944,593	1,055,708	1,527,453	1,544,705	1,840,735
Profit attributable to owners of parent (JPY in thousands)	636,027	722,779	1,059,140	1,162,365	1,256,970
Comprehensive income (JPY in thousands)	635,796	724,240	1,056,045	1,151,618	1,250,714
Net assets (JPY in thousands)	3,512,533	4,042,937	4,845,360	5,607,191	5,467,095
Total assets (JPY in thousands)	4,556,563	4,980,780	5,934,285	6,684,103	6,807,858
Net assets per share (JPY)	136.84	157.63	188.67	218.24	222.91
Basic earnings per share (JPY)	24.84	28.21	41.31	45.30	50.07
Diluted earnings per share (JPY)	—	—	—	—	—
Equity-to-asset ratio (%)	76.9	81.1	81.5	83.8	79.9
Return on equity (%)	19.4	19.2	23.9	22.3	22.8
Price earnings ratio (x)	40.50	17.51	24.93	18.90	18.13
Cash flows from operating activities (JPY in thousands)	750,353	693,848	842,844	1,898,767	1,652,441
Cash flows from investing activities (JPY in thousands)	(493,367)	(230,160)	(296,937)	(2,434,993)	(297,860)
Cash flows from financing activities (JPY in thousands)	(183,341)	(142,020)	(270,494)	(412,543)	(1,410,085)
Cash and cash equivalents at end of period (JPY in thousands)	2,045,974	2,287,747	2,563,160	1,614,390	1,558,886
Number of employees (persons)	282	282	290	311	325

- (Notes)
1. Diluted earnings per share for the 39<sup>th</sup> and 40<sup>th</sup> fiscal year are not described here because there are no issuable shares.
  2. Diluted earnings per share for the 37<sup>th</sup> and 38<sup>th</sup> fiscal years are not described here because there are no issuable shares with dilutive effects.
  3. The Company has introduced a Stock Benefit Trust (J-ESOP). For the purpose of calculation of net assets per share, the number of Company shares held by J-ESOP is included in the number of treasury shares deducted from the total number of shares issued and outstanding at the end of the fiscal year. In addition, for the purpose of calculating basic earnings per share, the average number of shares of the Company's share held by the stock benefit trust is included in the treasury shares deducted from the average number of shares outstanding during the fiscal year.
  4. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the 38<sup>th</sup> fiscal year, and the key financial data for the 38<sup>th</sup> fiscal year and onwards are those after the application of the said accounting standards.

## (2) Key Financial Data of Findex Inc.

Fiscal year		37th	38th	39th	40th	41st
Fiscal year ended		December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Net sales	(JPY in thousands)	4,924,598	4,487,352	5,153,469	5,800,482	5,930,949
Recurring profit	(JPY in thousands)	969,359	1,056,439	1,481,101	1,516,471	1,735,403
Profit	(JPY in thousands)	671,969	737,639	1,028,077	1,115,004	1,206,962
capital stock	(JPY in thousands)	254,259	254,259	254,259	254,259	254,259
Total number of issued shares	(shares)	26,608,800	26,608,800	26,608,800	26,608,800	26,608,800
Net assets	(JPY in thousands)	3,671,494	4,201,464	4,970,533	5,686,819	5,475,282
Total assets	(JPY in thousands)	4,678,409	5,146,346	6,057,614	6,767,531	6,764,848
Net assets per share	(JPY)	143.16	163.98	193.81	221.52	224.32
Dividends per share		8.50	9.50	13.00	15.00	22.00
[Interim dividend per share included above]	(JPY)	[2.50]	[3.00]	[4.00]	[7.00]	[8.00]
Basic earnings per share	(JPY)	26.24	28.79	40.10	43.45	48.08
Diluted earnings per share	(JPY)	—	—	—	—	—
Equity-to-asset ratio	(%)	78.4	81.6	82.1	84.0	80.9
Return on equity	(%)	19.6	18.7	22.4	20.9	21.6
Price earnings ratio	(x)	38.34	17.16	25.69	19.70	18.89
Payout ratio	(%)	32.4	33.0	32.4	34.5	45.8
Number of employees	(persons)	274	280	285	305	318
Total shareholder return	(%)	75.5	38.4	79.0	67.2	84.1
[Comparison benchmark: TOPIX]	(%)	[121.1]	[118.1]	[151.5]	[182.5]	[213.2]
Highest share price	(JPY)	1,345	1,078	1,054	1,289	1,011
Lowest share price	(JPY)	905	470	472	770	598

- (Notes)
1. Out of the annual dividend of ¥22.00 per share for the 41st fiscal year, the year-end dividend of ¥14.00 is subject to a resolution at the Annual General Meeting of Shareholders scheduled for March 26, 2026.
  2. Diluted net income per share for the 39th, 40th, and 41st fiscal years is not presented as there are no potential shares.
  3. Diluted net income per share for the 37th and 38th fiscal years is not presented as there are no potential shares with a dilutive effect.
  4. The Company has introduced a Stock Benefit Trust (J-ESOP). The Company's shares held by said trust are recorded as treasury shares in the financial statements. In the calculation of net assets per share, the Company's shares held by the trust are included in the number of treasury shares excluded from the total number of issued shares at the end of the period. Furthermore, in the calculation of net income per share, the weighted-average number of the Company's shares held by the trust is included in the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period.
  5. The highest and lowest share prices are those on the Tokyo Stock Exchange (Prime Market) from April 4, 2022, onwards; prices prior to that date are those on the Tokyo Stock Exchange (First Section).
  6. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related standards have been applied from the beginning of the 38th fiscal year. Major financial indicators for the 38th fiscal year and thereafter are presented after the application of said accounting standards.

## 2 History

Month/Year	matter
January 1985	Shikoku Kanei Kogyo Co., Ltd. established in Matsuyama City, Ehime Prefecture (capitalized at ¥5,000 thousand).
December 1987	Business closed and corporate status dormant.
May 1992	Company name changed to Shake Hands Inc. and reopened.
July 1993	Company name changed to Pioneer Shikoku Co.
May 1994	Started developing software for medical use
March 1998	Company name changed to PSC Inc.
September 2000	Joint research with Ehime Medical Association, Ehime University Medical Informatics Department, and others began on construction of medical association intranet work, etc.
March 2001	Participated in the development support of the Nichii-Medical Standard Receipt Software as a primary development member of the ORCA project from the Japan Medical Association.
May 2002	The business model of electronic medical record research and development was adopted as "Ehime Prefecture Active Venture Support Project" in FY2002 and FY2003.
December 2002	Released electronic medical record REMORA.
April 2003	Tokyo Branch opened in Minato-ku, Tokyo.
October 2003	Released Claio, a data management software for medical use.
February 2006	Head office relocated to Nagaki-cho, Matsuyama, Ehime.
October 2009	Osaka branch opened in Chuo-ku, Osaka.
March 2011	Listed on JASDAQ (Standard) of the Osaka Securities Exchange.
September 2011	Head office relocated to Sanbancho, Matsuyama, Ehime.
November 2012	Opened Sapporo Branch in Kita-ku, Sapporo City and Fukuoka Branch in Hakata-ku, Fukuoka City.
July 2013	Listed on the JASDAQ (Standard) of the Tokyo Stock Exchange following the merger of the Osaka Securities Exchange and the Tokyo Stock Exchange.
November 2014	Company name changed to Findex Inc.
November 2014	Listed on the First Section of the Tokyo Stock Exchange from JASDAQ (Standard).
March 2015	Fukuoka branch relocated to Chuo-ku, Fukuoka city.
June 2015	Tokyo branch renamed Tokyo head office, shifting to dual headquarters structure
July 2015	Acquired the business of Try For Inc.
January 2017	Matsuyama Head Office was renamed Shikoku Office and the Headquarter was centralized in Tokyo.
February 2017	Established consolidated subsidiary Eagle Matrix Consulting, Co., Ltd.
August 2018	Consolidated subsidiary Eagle Matrix Consulting, Co., Ltd changed its name to EMC Healthcare Co., Ltd.
February 2019	Released GAP-screener, the gaze analyzing perimeter.
August 2019	Naha Branch opened in Naha City.
December 2020	Tokyo Head Office relocated to Chiyoda-ku, Tokyo.
February 2021	Invested in Digital Entertainment Asset Pte. LTD.
March 2021	Invested in CROSS SYNC. Inc.
April 2021	Released GAP, the gaze analyzing perimeter.
April 2021	Established a consolidated subsidiary, Fitting Cloud Inc.
April 2021	Kyoto Branch opened in Nakagyo-ku, Kyoto.
May 2021	Niigata Branch opened in Chuo-ku, Niigata City.
April 2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market following the reorganization of the Tokyo Stock Exchange market.
April 2022	Registered head office changed to Tokyo Head Office.
July 2022	EMC Healthcare Co., Ltd. became an equity-method affiliate of the Company from a consolidated subsidiary as a result of the exercise of stock options by its managements and employees.
July 2024	Kagoshima Branch opened in Kagoshima City.
September 2025	Recognized as "Enterprise Certified for Entrustment with Handling Medical and Other Data" under The Next Generation Medical Infrastructure Act by the Cabinet Office

### 3 Description of Business

The Group consists of the Company, one consolidated subsidiary, and one equity-method affiliate.

The Group has defined “Medical Business”, “Public Sector Business”, and “Health Tech Business” as its reporting segments and is engaged in the sales of in house developed medical software and medical devices, as well as business expansion targeting the public sector.

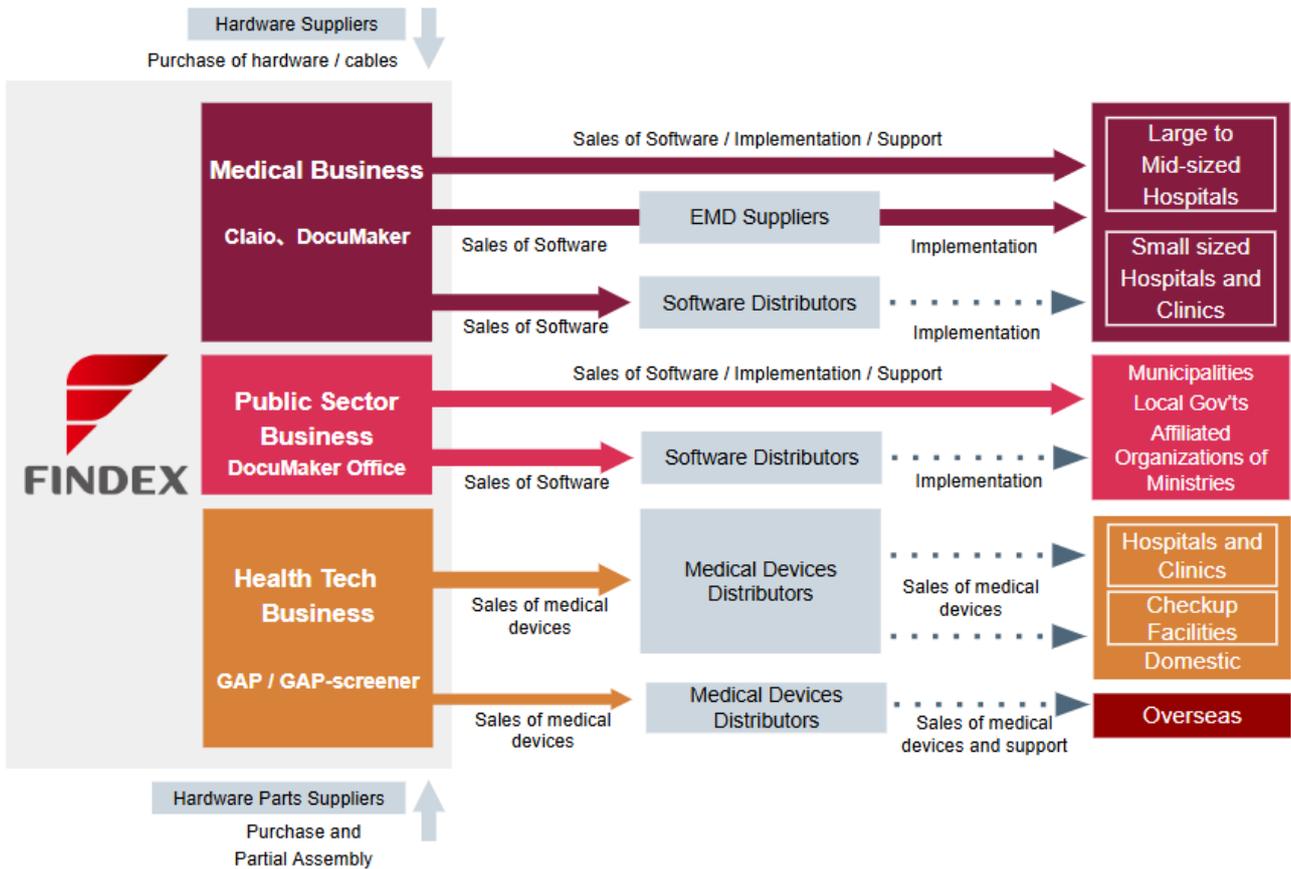
#### (1) About the Group’s Products

The main products and its features of the Group are as follows (\*indicates a consolidated subsidiary). Products from EMC Healthcare, which is an equity-method affiliate, are omitted here.

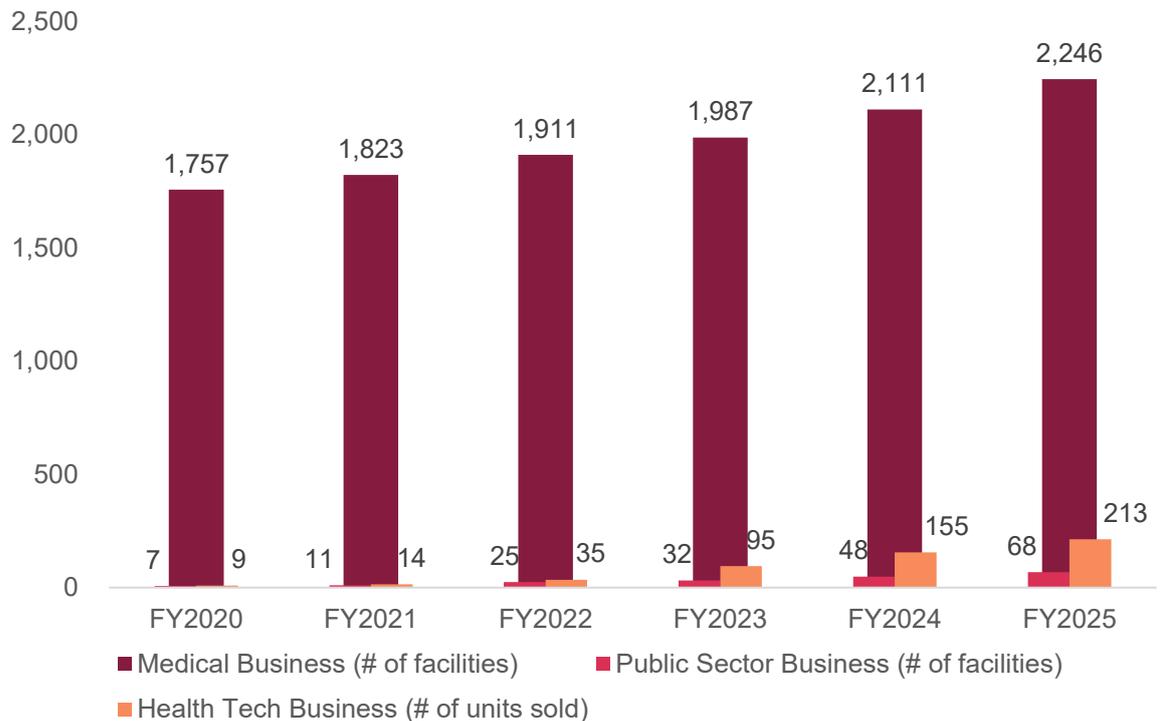
Reportable Segment	Main Products	
Medical Business	ClaioDashboard	Integrated Browsing System
	Claio	Data Management Software
	C-Scan	Document Integrated Archiving Software
	DocuMaker	Medical Document Management Software
	DocuMaker Cloud	Cloud based Medical Documentation Service
	PDI+MoveBy	PDI Import / Export Software
	C-Note	Clinical Record Entry Software
	MapleNote	Perinatal Software
	REMORA	Electronic Medical Record
	REMORA Cloud	Cloud based Electronic Medical Record
	ID-Cam/Claio-Cam	Digital Camera Solution
	UniversalSearcher	Medical Big Data Search Software
	ConnectFAX	Management System for Referrals by FAX
	LIS Endoscopy System	Endoscopy Department Software
	LIS Ultrasound System	Ultrasonic Division Software
	ProRad RS	Radiological Reporting Software
	Gateway System	
	Remotalk-Cloud	Information Sharing Service for Medical Professionals
	Cloud Backup Service	Security Service
	Dodo	Task Management Application for Families
	PiCIs Medical Avenue	Patient Information App
	PiCIs On-shin	Telemedicine Software
	PiCIs AAdE-Report	Electronic Tracing Report Service
	PiCIs Booking Assistant	Online Booking Service for First-Time Patients
	PiCIs Connect	Medical Information Transfer System
	Weberi*	Internet Browsing Virtualization Service
Bricks*	Cloud-based General-purpose EDC/Questionnaire System	
Valloon*	Closed-cloud Data Storage	
CocktailAI*	Documentation service utilizing generative AI	
Public Sector Business	DocuMaker Office (medical)	Document management Software for Administrative Sections of medical facilities
	DocuMaker Office (public sector)	Public Records Management and Electronic Approval software
	DocuMaker Shelf	Electronic Bookkeeping Solutions
Health Tech Business	GAP-screener (certified as a medical device)	Gaze Analyzing Perimeter for Checkup Facilities
	GAP (certified as a medical device)	Gaze Analyzing Perimeter for Eye Clinics and Hospitals

(2) Business Structure

The business diagram for transactions between the Company and its consolidated subsidiary and equity-method affiliate is omitted due to lack of materiality.



\*Reference: Trends in the number of facilities where the products have been installed or units of the products sold



#### 4 Subsidiaries and Other Affiliated Entities

Company Name	Address	Capital (JPY in thousands)	Principal Business	% of voting rights (%)	Business Transactions with the Company
[Consolidated Subsidiary]  Fitting Cloud Inc.	Nakagyo, Kyoto	10,000	Medical Business	70.0	The company provides cloud-based IT services. Directors serve concurrently. Some operations are contracted or outsourced.
[Equity-Method Affiliate]  EMC Healthcare Co., Ltd.	Chiyoda, Tokyo	100,000	Health Tech Business	18.9	The company offers medical facility management consulting and other proposals for medical data management solutions, as well as contracted R&D and development of health tech-related products. Directors serve concurrently. Bonds are underwritten.

## 5 Employees

### (1) Information about Consolidated Companies

As of December 31, 2025

Segments	Number of employees (persons)
Medical Business	293
Public Sector Business	17
Health Tech Business	15
Total	325

### (2) Information about Reporting Company

As of December 31, 2025

Number of employees (persons)	Average age (years)	Average years of service (years)	Average annual salary (JPY in thousands)
318	40.2	8.0	6,067

As of December 31, 2025

Segment	Number of employees (persons)
Medical Business	286
Public Sector Business	17
Health Tech Business	15
Total	318

- (Notes) 1. The number of employees is the number of full-time employees. The number of temporary employees (part-timers and employees from staffing agencies) is omitted as the number is less than 10/100 of the total number of employees.  
2. Average annual salary includes extra wages.

### (3) Status of Labor Unions

No labor union has been formed, but labor-management relations are amicable.

### (4) Percentage of female employees in management positions, rate of male employees taking childcare leave, and gender wage gap

#### (i) Reporting Company

FY2025					Remarks
Percentage of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender wage gap for workers (%) (Note 1)			
		All employees	Of which, full-time employees	Of which, non-full-time employees	
18.5	100.0	65.8	68.1	122.9	Compensations are set considering employees' knowledge, experience, and abilities, adjusting them according to the responsibility levels. While there may be differences in compensations based on role disparities, there are no distinctions based on age, gender, nationality, nor other similar factors when performing the same role.

Note 1 Calculated based on the provisions of "Act of the Promotion of Women's Active Engagement in Professional Life" (ACT No.64 of 2015).

Note 2 Calculated the rate of taking childcare leave in Article 71-4 item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) based on "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

#### (ii) Consolidated Subsidiary

This information is omitted because the consolidated subsidiary Fitting Cloud Inc. is not obligated to disclose the information pursuant to the provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015) and "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991)

## II. Overview of Business

### 1 Management Policy, Business Environment and Issues to Address

Matters related to business conditions, accounting conditions, etc., described in the Annual Securities Report that may have a material effect on investors' decisions include the following.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

#### (1) Management Policy

In order to realize its corporate philosophy of “enriching society with Technologies and Creation”, the Group believes it is essential to quickly develop and provide high-quality solutions that meet the needs of the medical community. Its basic management policy is to promote “research and development that allows its employees to feel the joy of creating things” based on “the search for new ideas and technologies” and to provide “products that exceed customer expectations and contribute to the further development of society”.

#### (2) Business Environment

##### [Medical Industry Segment]

The government-led medical DX initiative is accelerating in the medical industry. Demand for our systems remains at high levels, driven by the widespread adoption of My Number Cards as health insurance cards and the expanding use of electronic prescriptions. Furthermore, medical facilities increasingly require solutions that contribute to operational efficiency and improved productivity to address the deepening of regional healthcare cooperation and “Work-Style Reform” for physicians. Under this business environment, we will continue to drive product development and sales activities by proposing additional solutions to existing clients, managing system updates, and expanding our service coverage.

##### [Public Sector Segment]

In the public sector, demand for administrative DX is expanding rapidly, while competition in our target market remains limited. Our track record of implementations at prefectural governments and other entities has been highly evaluated by the market, leading to increased interest in our products and bolstering the acquisition of new projects. Backed by abundant market opportunities—including the replacement of existing systems and new adoptions by municipalities that have yet to implement such solutions—we will strive for steady growth by deploying efficient and strategic sales activities.

##### [HealthTech Segment]

In the HealthTech segment, inquiries from medical professionals remain steady as the gaze-analysis perimeter *GAP* gains wider recognition through academic conferences and exhibitions. In Japan, we have strengthened our sales structure through a distributorship agreement with Canon Medtech Supply Corp. (Headquarters: Kanagawa Prefecture), which has a strong presence in health checkup facilities. Internationally, we have expanded our distributor network to 72 companies, including those in Asia and South America. With its unique testing logic, *GAP* has established a competitive advantage that sets it apart from similar products both domestically and abroad. Regarding the testing device for Mild Cognitive Impairment (MCI) currently under joint development with Kyoto University, we plan to initiate clinical trials toward medical device approval based on accumulated clinical data. Following the review process by the PMDA (Pharmaceuticals and Medical Devices Agency), we aim for early market launch.

##### [Medical Data Platform Business]

Additionally, on September 30, 2025, the Company was certified by the Cabinet Office as a “Enterprise Certified for Entrustment with Handling Medical and Other Data” under the Next Generation Medical Infrastructure Act. To proactively promote the utilization of medical data, we established the “Medical Data Platform Business” within the HealthTech Business segment on November 1, 2025. By establishing an integrated system—from the secure management of medical information to support for its utilization—and through the social implementation of a medical data infrastructure, we will strengthen our position as a leading company in the medical information field.

#### (3) Priority Business and Financial Issues to Address

The Group will address the following priority business and financial issues.

##### (i) Retaining of right talents to strengthen product development and corporate value

The source of our Group’s competitiveness lies in our ability to accurately capture on-site needs, combined with the high level of organizational and development capabilities required to transform those needs into solutions rapidly. Currently, we are actively leveraging AI technology to drive operational efficiency and productivity, and we believe our current sales and development structures are sufficient. However, to achieve further business growth and establish a long-term competitive advantage, we believe that securing talented individuals with high-level skills and a strong sense of mission is indispensable. We remain committed to recruiting and developing personnel who possess a well-balanced combination of knowledge and expertise across all areas of our business.

##### (ii) Advancing the Utilization of Medical Data and Creating New Value

As a “Enterprise Certified for Entrustment with Handling Medical and Other Data” under the Next Generation Medical Infrastructure Act, the Group has established a robust framework to advance the secure management and utilization of medical data. We recognize that medical data serves as a critical social infrastructure for the future of the medical and healthcare sectors. We believe its appropriate and secure utilization will become a source of new added value and sustainable growth. By enhancing data reliability and expanding the scope of its application, the Group aims to strengthen our medium- to long-term earnings base and increase corporate value.

(iii) Extending the scope of business into peripheral areas

a. Development of Cloud Services

Since its founding, the Group has expanded its business by implementing products, centered on in-hospital information systems, in medical institutions nationwide. Moving forward, we will expand this foundation into a cloud-based medical cooperation platform, with a focused effort on forming medical communities that extend beyond the hospital walls. By promoting the digitalization of medical information and the shift toward cloud-based coordination, we will comprehensively connect various people, data, and services—including patients, pharmacies, local governments, and home nursing stations. Through these initiatives, we aim to achieve a dramatic improvement in the convenience and efficiency of the entire clinical care cycle.

b. Global Expansion of Medical Devices

To date, the Company has steadily maintained and expanded its business by providing systems to medical institutions across Japan. To accelerate our global expansion—an essential driver for our future growth—we have been scaling the international rollout of our proprietary medical device, the gaze-analysis perimeter *GAP*. Since December 2023, approximately 150 units in total have been shipped to the EU, Asia, and the South America. By securing regulatory approvals (pharmaceutical affairs approvals) in various countries, we will continue to aim for the phased expansion of our business scale and the realization of high profitability.

(iv) Promoting Sustainable Management

As a business entity involved in sectors of high public interest, the Group prioritizes fulfilling its responsibilities to society. We are actively committed to achieving the Sustainable Development Goals (SDGs) advocated by the United Nations. Simultaneously, under a corporate governance framework that aligns with laws, regulations, and social expectations, we will contribute to the creation of a prosperous society through business activities that remain mindful of environmental protection and social demands.

(v) Further Strengthening of Information Security Measures

The Group handles a vast amount of information that requires the highest levels of security and appropriate management, including patient records from medical institutions and official documents from government administrations.

To protect all information from loss, misuse, alteration, or damage, we continuously implement physical, technical, and administrative security measures. In August 2012, we obtained Information Security Management System (ISMS) certification. We have strengthened our internal structure by establishing a personal information protection management system compliant with JISQ15001 (Personal Information Protection Management Systems – Requirements), while simultaneously reinforcing our management framework through ongoing employee education and awareness programs. We believe that being certified as a “Enterprise Certified for Entrustment with Handling Medical and Other Data” by the Cabinet Office in September 2025 serves as clear evidence that our safety management measures meet the highest domestic standards.

However, cyber-attack methods are becoming increasingly sophisticated and diverse each year, and incidents with a significant impact on organizational operations have occurred frequently within our industry. To appropriately manage both internal and external information assets, the Company regularly monitors its operational status in addition to maintaining various internal regulations. Furthermore, the Information Security Office, headed by a Director, continuously maintains and supervises our internal systems. As demand for cybersecurity and risk consulting services grows among medical institutions and government organizations, we will continue to provide optimal security measures to our clients and support the enhancement of their cyber resilience.

(v) Enhancing Shareholder Returns

The Company recognizes the enhancement of shareholder value as one of its most important management priorities. Regarding shareholder returns, we will maintain stable dividends that are not easily affected by single-year business performance by establishing a dividend floor. Specifically, we target a dividend payout ratio of 50%, with a DOE (Dividend on Equity ratio) of 8.5% set as the minimum level for our dividend payments.

Furthermore, we aim for sustainable dividend increases in line with profit growth while focusing on improving TSR (Total Shareholder Return). We will also proactively promote constructive dialogue with our shareholders.

## 2 Policy and Initiatives Related to Sustainability

The Group's approach to sustainability and its initiatives are as follows. Forward-looking statements are based on the judgment of the Group as of the end of the current consolidated fiscal year, and the results could differ significantly due to various factors.

As a business entity engaged in sectors of high public interest, the Group prioritizes fulfilling its responsibilities to society. We have expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD, dissolved in October 2023) and are actively committed to achieving the Sustainable Development Goals (SDGs) advocated by the United Nations. Through business activities that are mindful of Environmental, Social, and Governance (ESG) factors, we aim to contribute to the creation of a prosperous society. Regarding our Environmental initiatives, we contribute to environmental protection by reducing paper consumption through digitalization and efficiency, lowering CO2 emissions, and promoting clean energy. In terms of Social initiatives, we are dedicated to reducing operational tasks at medical sites, narrowing the healthcare gap, and establishing a healthy working environment that enhances employee engagement. In 2025, our Group's sustainable growth and ESG efforts were comprehensively recognized, leading to our inclusion in the "World's Best Companies in Sustainable Growth 2026," selected by TIME Magazine and Statista.

### ● Governance

The Group has established a "Sustainability Committee" to promote its efforts to solve social and corporate sustainability issues, including consideration of global environmental issues such as climate change, respect for human rights, and fair and appropriate business activities for all stakeholders including employees, as business opportunities. The Committee consists of the Representative Director, the Department Manager of the Administration Department, and an Executive Officer as its members. The Committee has established a forum to review, formulate, and evaluate measures twice a year to confirm the current status of climate-related issues and to discuss and take measures to resolve these issues. The Sustainability Committee discusses and finalizes the reported climate-related risks and response policies, which are then reflected in the business activities of each department through the Sustainability Team and monitors the status of the responses.



### ● Risk management

The Group is dedicated to recognizing, assessing, and overseeing the various risks linked to its business operations. The Group aims to handle these risks effectively, striving for sustainable growth and the long-term increase in corporate value. Its analysis encompasses a wide range of ESG related risks, including market trends, regulatory changes, technological advancements, and evolving societal needs. The Group also values internal feedback and the perspectives of its employees, integrating them into the risk evaluation process.

The effectiveness and progress of The Group's risk management strategies are consistently reviewed by the Sustainability Committee. These reviews are then communicated to both management and stakeholders. For details on how The Group manages risks associated with climate change, please see "1. Approach to sustainability and initiatives" Information on other types of risks can be found in "3. Business Risks".

(1) Approach and Efforts Towards Climate Change

In line with the Prime Market Corporate Governance Code, The Group has performed a scenario analysis on how climate change could affect its business, in alignment with the TCFD recommendations. We have made this information public and plan to extend its analysis scope in the future. This effort will guide its management strategies and enhance its reporting on the financial impacts of climate change. Although the software industry contributes minimally to greenhouse gas emissions, The Group acknowledges the significance of recognizing and managing business risks and opportunities related to climate change. This approach is essential for fostering a sustainable society. Additionally, The Group has enrolled in the Carbon Disclosure Project (CDP) to affirm its commitment. By endorsing the TCFD recommendations, The Group remains committed to contributing to the formation of a decarbonized society by closely monitoring the developments of the ISSB (International Sustainability Standards Board), which succeeds the role of the TCFD. At the same time, It will further advance its climate change initiatives.

●Governance

Under a robust governance framework, the Company considers climate change measures as one of its most critical issues. The Company actively discloses information about its efforts to stakeholders, continuously makes improvements, and manages through systems such as environmental management systems. Furthermore, the Company conducts management reviews on the outcomes.

●Strategy

In order to properly understand the risks and opportunities of climate change, the Group sets two scenarios and analyzed “acute” and “chronic” as 4°C scenarios, which are “scenarios in which temperatures rise as expected without progress in climate change measures, and physical risks and opportunities arise from this increase”. On the other hand, the Company analyzed “policy and regulation”, “market”, and “reputation” as the 1.5°C scenario, which is “a scenario in which various activities are implemented to prevent global warming and risks and opportunities arise from the transition to a decarbonized society”.

[Scenario setup]

Multiple internationally accepted climate change scenarios are referenced in the analysis of climate-related risks and opportunities.

1.5°C scenario	A scenario in which policies and regulations are implemented to achieve a decarbonized society and the global temperature increase from pre-industrial times is limited to less than 1.5°C. Transition risk is high, but physical risk is lower than in the 4°C scenario.
4°C scenario	This scenario assumes that the announced targets, such as national targets in the Paris Agreement, will be achieved. No new policies or regulations are introduced, and global energy-derived CO2 emissions continue to increase. Transition risk is low, but physical risk is high.

[Scenario Analysis Procedure]



[Scenario Analysis Results]

In the scenario analysis, specific studies were conducted for the Company's major businesses, and a qualitative analysis was conducted based on the major risks and opportunities as of 2030.

	Category	Class	Detail	Business Impact	Scale of Influence
Risks	Transition risks	Policy and Regulation	Introduction of carbon tax and increase in carbon tax rate	Regulations may increase the tax burden and restrict the available raw materials and manufacturing methods for the production of medical devices.	Small
		Market	Changing consumer preferences	Failure to meet customer needs for environmental impact reduction leads to lost business opportunities.	Small
		Reputation	Stakeholder criticism of inadequate disclosure	Stakeholders may view the company's response to climate change issues as inadequate, which will lead to lower reputation among stakeholders, higher recruitment and financing costs, and impact on the company's prices.	Medium
	Physical risks	Chronic	Deterioration in stable supply of raw materials, increase in procurement costs	There is a financial risk of increased power costs due to higher air conditioning loads in the data center resulting from higher average temperatures and the inability to pass these costs on to prices.	Small
		Acute	Increase in the rate and severity of extreme weather events	There is a possibility of data loss to the collapse of the data center or damage to in-house servers caused by extreme weather or natural disasters, or the suspension of operations and services due to human casualties.	Small
Opportunities	—	Energy Source	Promote introduction of energy-saving technologies	This leads to a reduction in production costs.	Medium
			Shift to energy security and decentralization	Increased stakeholder recognition and corporate value through proactive involvement in climate change issues. Expanding sales of products and services that contribute to reducing the environmental impact of society.	Large
	—	Product & Services	Services that contribute to supporting the transition to a decarbonized society	Growing social demand for environmentally friendly management has increased demand for the Group's DocuMaker, C-Scan, and other services that promote online and paperless operations. Sales are expected to improve as services that reduce opportunities for on-site visits and CO2 emission through the shift of medical systems to the cloud.	Large
		Market	Access to new markets	The widespread use of online medical care and GAP is expected to improve sales as a service that reduces the burden of patient travel and reduces CO2 emissions associated with travel.	Large
		Resilience	Deterioration in stable supply of raw materials, increase in procurement costs	By diversifying development and sales bases, we diversify risk by always approaching customers from the most suitable base for their environment.	Medium

Impact Levels Large : ≥100M yen, Medium : 10-100M yen, Small : <10M yen

●Risk Management

[Process for identifying and assessing climate-related risks]

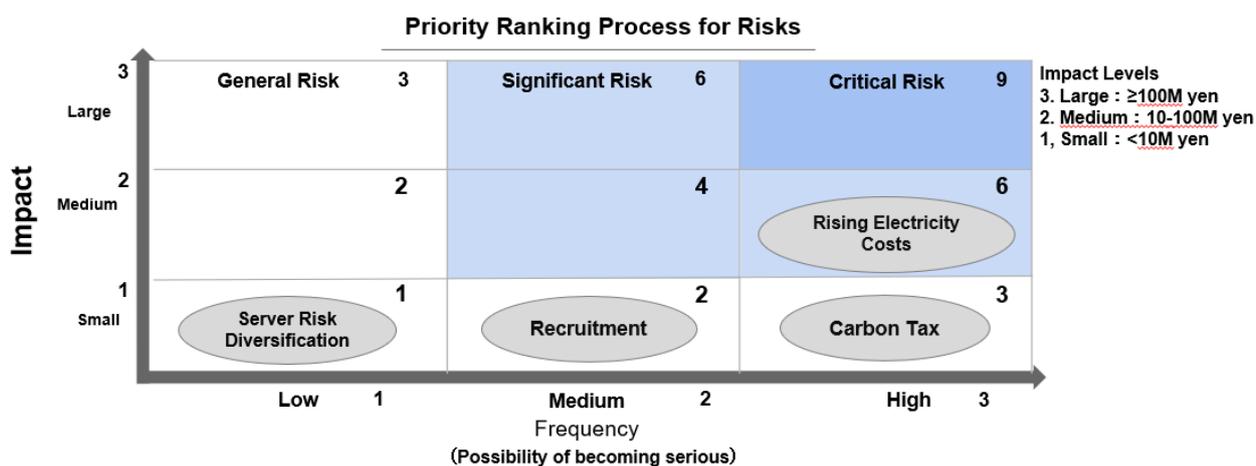
⟨Risk Identification Process⟩

The Sustainability Committee, led by the CEO, carries out a biannual screening for climate-related risks. This process draws on data consolidated from various departments. Risks are evaluated based on two criteria: their frequency and their impact on our business. This assessment helps in gauging their significance.

⟨Priority Setting Process for Risk Response⟩

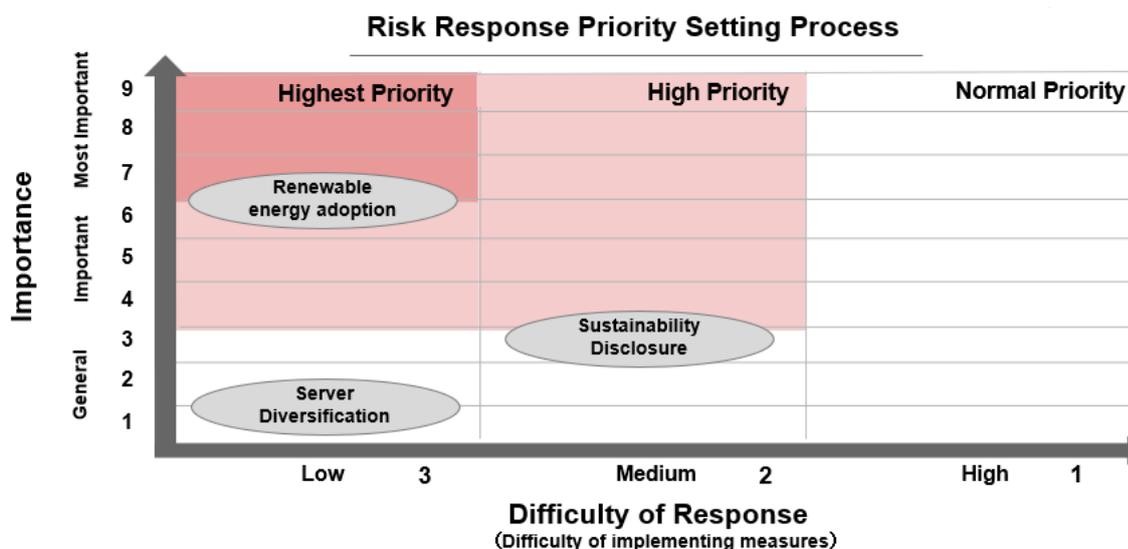
To determine the priority for addressing risks, The Group considers both their impact level and frequency. These factors are combined to assess risks in terms of their significance to The Group and the difficulty of implementing a response. For risks deemed significant, The Group develops a strategic response policy.

The following figure represents the results of the risk analysis in this scenario analysis.



**Impact Levels**  
 3. Large : ≥100M yen  
 2. Medium : 10-100M yen  
 1. Small : <10M yen

Risks with high impact and frequency are defined as critical risks



Identify measures with high-risk importance and low response difficulty as the highest priority

[Process for managing climate-related risks]

Climate-related risks identified and assessed by the Sustainability Committee and policies for addressing them are reported to the Board of Directors at least twice a year and as needed.

The Board of Directors discusses and finalizes the reported climate-related risks and response policies. The Sustainability Committee will then pass these policies on to the Sustainability Team, which will monitor the progress of each department's business activities.

## ●Indicators and Targets

By 2030, the Group aims to achieve a 4.2% reduction in Scope 1 and 2 emissions from the previous fiscal year's levels, in line with the SBT 1.5°C target. Additionally, it sets a goal to reduce Scope 3 GHG emissions by 50%, using a sales-based intensity target for measurement.

Actual GHG emissions in Scope 1, Scope 2 and Scope 3

	FY2022	FY2023	FY2024
Scope1	13 tCO2	13 tCO2	14 tCO2
Scope2	209 tCO2	177 tCO2	168 tCO2
Scope3	4,093 tCO2	3,962 tCO2	4,859 tCO2
Total	4,315 tCO2	4,152 tCO2	5,041 tCO2

## (2) Approach and Initiatives Regarding Human Capital

In recent years, building an organization that respects diversity has become an urgent priority in corporate management. This scope extends beyond the traditional promotion of women's participation to encompass a wide range of issues, including nationality, religion, and support for sexual minorities. The Group is sincerely addressing these new era challenges by striving to build and maintain a diverse workplace and promoting inclusive recruitment practices.

Furthermore, the Group regards creating an environment where every employee can work healthily and vibrantly as a critical management priority. As part of these efforts, we have focused on supporting the balance between work and childcare and promoting "Health and Productivity Management." We have implemented various measures to improve the working environment with an emphasis on work-life balance and to support the maintenance and promotion of employee health. As a result of these initiatives, we have received the "Kurumin" certification from the Ministry of Health, Labor and Welfare and the "Certified Health & Productivity Management Outstanding Organization" recognition from the Ministry of Economy, Trade and Industry (METI). We will continue to foster a corporate culture where employees can thrive both mentally and physically, while striving to strengthen our human capital for sustainable corporate growth.

Reference: <https://findex.co.jp/ir/management/health.html>



## ●Strategy

### 〈Talent Development Strategy〉

In the area of human resources development, The Group actively promote employees to key positions, regardless of gender, nationality, or age, but according to their past achievements and preferences. It also actively transfers authorities, creating many opportunities for employees to take on new challenges, such as considering new business opportunities and exploring new business fields. Approximately 98% of the Group's Directors and managers are mid-career hires. Although it is possible that the percentage of mid-career hires in management positions will decline in the future due to the promotion of experienced employees to management positions, the Group has not set a voluntary and measurable goal for the promotion of mid-career hires to management positions because the percentage is expected to remain high. Regarding the promotion of non-Japanese nationals to management positions, the Group recognizes that it will be a necessary challenge in the future to hire non-Japanese nationals as needed, promote them to management positions, and set voluntary and measurable targets, considering its business development. The Group's action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life sets a target of increasing the percentage of women in management positions to 20% by 2030 (18.5% as of December 31, 2025). The Group will measure the effectiveness of its action plan annually starting in March 2023 to achieve these goals, while promoting specific measures such as providing training and e-learning opportunities for female employees who wish to be promoted to management positions.

Following are the measures related to our Talent Development Strategy:

- Enhancing support for autonomous skill improvement and career development through internal initiatives.
- Promoting career autonomy by introducing internal job posting systems and ensuring the right person is in the right place, based on the employee's desired career path and aptitude.
- Fostering an organizational culture resilient to changes in the external environment by promoting recruitment and appointments that respect diversity.

〈Workplace Environment Improvement Policy〉

The Group regards maintaining an environment where employees can work comfortably as a critical management issue. A positive workplace environment not only enhances employee satisfaction but also directly contributes to increased productivity. Through these initiatives, the Group aims to support the well-being of its employees, thereby contributing to the long-term growth of the company. Following are the measures related to our Workplace Environment Improvement Policy:

- Building and maintaining a healthy work environment with high employee engagement.
- Establishing flexible work styles.
- Encouraging reskilling through the provision of sabbatical leave.

●Indicators and Targets

The Group is developing key performance indicators and setting goals focused on human capital to unlock the full potential of its employees and drive sustainable growth. Here are the specific strategies being put into place.

- Increase the ratio of female workers in managerial positions to 20% by 2030.
- Started from 2023, the Group has implemented a job-based approach to human resource management that includes opportunities for job rotation.

	2024 Actual	2025 Actual	2030 Target
Employee Survey Response Rate (%)	94.0	95.0	97.0
Employee Engagement (1-5 scale)	3.4	3.5	3.7
Stress Check Response Rate (%)	92.1	94.8	100
Turnover Rate (%)	5.6	4.9	5.0
Number of Employees with shorter Working Hours for Childcare	9	10	15
Ratio of Independent External Directors (%)	37.5	33.3	44.4
Number of Applications for Qualification Incentives *2	24	44	60
Average Annual Paid Leave Days Taken (days) *2	18.7	21.0	25.0
Average Monthly Overtime Hours (Hours)	16.8	18.5	13.5
Ratio of Women in Management Positions (%) *2	15.4%	18.5	20.0
Ratio of Female Board Members (%)	0	0	20.0

\*1 Figures represent the Group of companies

\*2 Figures represent the full-time employees of individual company

All other figures apply to individual company (including part-time employees and temporary staff)

### 3 Business Risks

The following are the major risks that management recognizes as having the potential to materially affect the consolidated company's financial position, operating results, and cash flows, among other matters related to the business and accounting conditions described in the Annual Securities Report.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

#### (1) Incidents and Accidents Related to Information Security

The Company handles a significant amount of information that should be managed with a high level of security, including patient information from hospitals and administrative documents. To protect all information from loss, misuse, alteration, and damage, it continuously implements physical, technical, and managerial security measures. In 2012, the Company obtained certification for Information Security Management System (ISMS) for maintenance services related to large-scale hospitals' medical information systems. Since then, the Company has expanded the scope of certification gradually, and currently, all information system maintenance services are ISMS certified. The Company has established a Personal Information Management System (PIMS) compliant with the Japanese Industrial Standards for Personal Information Protection Management System - Requirements (JIS Q 15001) to strengthen internal systems, and it conducts ongoing education and awareness campaigns for employees.

Furthermore, as the frequency and sophistication of cyber attacks increase, and incidents affecting organizational operations become more frequent, the Company recognizes the growing demand for cybersecurity and risk consulting services among medical institutions and government organizations. In response, it provides customers with optimal security measures and supports the enhancement of cyber resilience.

However, if an information security incident were to occur due to unforeseen circumstances, the Group's credibility could be damaged, its corporate image could be tarnished, or the ISMS certification could be revoked, which could affect the Group's business and earnings.

#### (2) Incidents and Accidents Concerning Personal Information

When providing medical system installation services to medical institutions, the Company may temporarily receive personal information stored by such institutions. The Company is fully aware of the importance and risks associated with the handling of personal information and have established personal information protection regulations to ensure that personal information is managed appropriately. In addition to disclosing its personal information protection policy on the website, the Company has established action guidelines and guidelines that conform to these rules and policies, and it ensures thorough management of personal information through education and training. In January 2008, the Company received the Privacy Mark certification.

However, in the event of a leakage of personal information due to unforeseen circumstances in the information management process, etc., there is a possibility that the Company may be subject to claims for substantial damages, revocation of Privacy Mark certification, or fines, which may affect its business and performance.

#### (3) Litigation, etc.

Although there are currently no ongoing lawsuits or disputes that would have a significant impact on the Group's financial performance, lawsuits, etc. may occur for some reason, such as (i) and (ii) listed below, which may affect its business performance. (However, the Group is prepared for the risk of compensation damages and expenses related to its IT business by purchasing liability insurance for such claims.)

(i) In the event that users suffer damages due to a defect in the Group's products caused by its negligence, its business performance may be affected due to monetary compensation or loss of trust.

(ii) When introducing its products to medical institutions, the Company may be entrusted with medical institution information, including patients' personal information, for data migration work. In the unlikely event that such information is leaked to outside parties due to a flaw in the internal information management system, the Group's business and earnings could be affected by financial compensation or loss of social credibility.

#### (4) Obsolescence of Products and Services

Our Group's development department is engaged in the improvement of existing products and the research and development of new products. However, in the unlikely event that new technologies or services that the Group does not anticipate become popular, the Group's products may become obsolete, which may affect the Group's business performance. In addition, a reduction in product prices due to intensified competition in the market may affect the business performance.

#### (5) Retaining and Training Right Talent

the Company's employees are required to have advanced knowledge of medical care and IT and the ability to make proposals. The Company will continue to strive to expand its workforce through ongoing recruiting activities and education and training programs. However, failure to hire and train employees in a planned manner could affect the business expansion and prospects.

#### (6) Relationship with Sales Partners

As an R&D-oriented organization, the Group has a policy of supplying products and expanding sales through its partners. The Company maintains good relationships with its sales partners. However, in the event that the Group's sales partners change their business strategies, switch to other companies' products, or for some other reason do not maintain good relationships and terminate their distributorship agreements, the Group will be forced to bear the financial or time burden of supporting users in

areas far from its sales bases, which may affect the Company's business results. In this case, the Company may incur financial or time-related burdens related to support for users in areas far from its sales offices, which may affect its business performance.

(7) Intellectual Property Rights

The Group strives to protect its independently developed logic, products, etc. by acquiring intellectual property rights, such as patent rights, in Japan and overseas. However, there is a possibility that these rights may be challenged, invalidated, or circumvented by third parties, and competitive advantage is not guaranteed by these patent rights, etc.

At this point in time, the Group has not confirmed that any invalidity claims have been filed against its patents, or that any other intellectual property rights such as patents, trademarks, or copyrights that would affect its business activities have been obtained by any other organization. However, due to significant technological innovation in software, there is a possibility that the Group's software may inadvertently infringe on the intellectual property rights of a third party, or that a patent right not recognized by the Group may have been granted, and that the third party may file a suit for damages or injunction against the use of the software, claiming infringement of its intellectual property rights, or seek monetary compensation for such a suit. In such cases, there is a possibility that the Group may be sued for damages, injunction of use, etc., and may be forced to bear the financial burden of such lawsuits, which may affect the business performance of itself.

(8) Impact of Infectious Diseases

Infectious disease outbreaks can have a significant impact on the operations of medical institutions, which are the key customers of the Group. If the situation worsens significantly, it could lead to prolonged or postponed system implementations in these institutions, potentially affecting the performance of the Group.

## 4 Management’s Discussion and Analysis of Financial Condition, Operating Results and Cash Flows

### (1) Business Overview of the Fiscal Year ended December 31, 2025

To realize our corporate philosophy, “Enriching society through the creation of valuable technologies”, the Group develops and provides products and services centered on medical software and devices, as well as solutions that promote digital transformation (DX) for governmental organizations. Our fundamental management policy is to drive “research and development that inspires the joy of craftsmanship” based on the “pursuit of innovative ideas and technologies”, and to deliver “products that exceed customer expectations and contribute to the development of society”.

Furthermore, the Group is further strengthening its initiatives related to sustainability. Regarding environmental efforts, we are proactively engaging with both domestic and international sustainability initiatives, including responding to the questionnaires from the Carbon Disclosure Project (CDP). In March 2025, our efforts to promote employee health and enhance job satisfaction were recognized, and we received certification as an “Outstanding Health and Productivity Management Organization”. As a result of these dedicated efforts, the Company was ranked in “World’s Best Companies in Sustainable Growth 2026”, selected by TIME magazine and Statista. We will continue to strive for sustainable growth and the enhancement of our corporate value over the medium to long term.

The consolidated financial results for the fiscal year ended December 31, 2025 are as follows.

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (amount)	Change (%)	FY2025 achievement rate
Net sales	5,841,379	6,109,941	268,561	4.6%	101.5%
Operating profit	1,525,418	1,790,029	264,611	17.3%	122.2%
Recurring profit	1,544,705	1,840,735	296,029	19.2%	121.5%
Profit attributable to owners of the parent	1,162,365	1,256,970	94,605	8.1%	113.4%

For the fiscal year ended December 31, 2025, consolidated net sales were ¥6,109,941 thousand (up 4.6% YoY), operating profit was ¥1,790,029 thousand (up 17.3% YoY), recurring profit was ¥1,840,735 thousand (up 19.2% YoY), and profit attributable to owners of the parent was ¥1,256,970 thousand (up 8.1%). The achievement rates against the full-year earnings forecasts were 101.5% for net sales, 122.2% for operating profit, 121.5% for recurring profit, and 113.4% for profit attributable to owners of parent.

During the consolidated fiscal year, overall revenue increased due to the steady accumulation of sales in the Public Business, as well as sales growth in the Medical Business during the fourth quarter. On the profit front, the gross profit margin increased as the cost of sales ratio declined, driven by the expansion of high-margin services and lower purchase costs. Although SG&A expenses rose due to HR investments, the higher gross profit absorbed this increase, resulting in profit growth at all levels.

Consolidated results by segment for the fiscal year ended December 31, 2025 are as follows.

#### 《Medical Business》

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (amount)	Change (%)
Net sales	5,494,943	5,691,403	196,459	3.6%
Operating profit	1,653,229	1,895,062	241,833	14.6%

In the Medical Business segment, our flagship products include the data management software *Claiο*, the clinical note system *C-Note*, and the document management software *DocuMaker*, all of which support digital transformation (DX) for medical institutions. In addition to conventional on-premises products, we are expanding our cloud services, such as the patient guidance app *PiClS Medical Avenue* and the electronic tracing report service *PiClS AAdE-Report*, to further drive DX in hospitals.

For the fiscal year ended December 31, 2025, we completed 80 projects for hospitals and 150 projects for clinics, including new installations, add-ons, and system updates. As a result, the segment recorded net sales of ¥5,691,403 thousand (up 3.6% YoY) and operating profit of ¥1,895,062 thousand (up 14.6% YoY). The primary drivers for the increase in both sales and profit were steady demand for system updates and the acquisition of new users. Furthermore, profitability increased due to a lower cost-of-sales ratio and higher gross margins, driven by the expansion of maintenance and cloud services, an increased sales mix of high-value-added products, and a reduction in procurement costs.

The *PiClS* series, a cloud service that assists large hospitals in improving profitability and reducing costs, as well as *CocktailAI*, a medical document generation solution leveraging generative AI from our subsidiary Fitting Cloud Inc., have received high acclaim, leading to an increase in installations for the full year. Additionally, the number of users for *DocuMaker Cloud*, our cloud-based SaaS for clinics, has grown, and we have begun to see a track record of users converting from free to paid plans.

Despite the challenging management environment many hospitals currently face, our products remain indispensable systems and services for medical professionals, maintaining a high retention rate of over 99% during this fiscal year. Our clinic client base primarily consists of medical specialties with stable business operations, and our hospital clients are centered around acute care hospitals. Consequently, we have achieved solid business operations supported by a highly stable customer base.

## 《Public Sector Business》

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (amount)	Change (%)
Net sales	289,548	355,184	65,635	22.7%
Operating profit	101,202	109,897	8,695	8.6%

The flagship product of our Public Business segment is *DocuMaker Office*, a SaaS-based DX solution. For public institutions and local governments, the segment provides high-performance electronic approval and official document management systems featuring superior UI/UX. For the administrative departments of medical institutions, it offers systems designed for automated administrative document creation and management, as well as electronic approvals.

For the fiscal year ended December 31, 2025, 16 packages for local governments and 4 packages for medical institutions went live. As a result, the segment recorded net sales of ¥355,184 thousand (up 22.7% YoY) and operating profit of ¥109,897 thousand (up 8.6% YoY). The primary drivers for the increase in both revenue and profit were the growth in the number of installations and operational facilities. The increase in revenue successfully offset rising costs, such as personnel expenses, allowing the segment to maintain high profitability.

Regarding our packages for local governments, our track record of installations at prefectural offices and other major entities has served as a positive catalyst. Consequently, we secured orders for four direct sales projects and four agency-mediated projects during the fourth quarter. We are also diligently proceeding with the implementation of a project for a municipality within Tokyo's 23 wards, which was ordered in the third quarter. We remain actively engaged in sales activities, with multiple negotiations currently underway for new projects in the coming and subsequent fiscal years, including proposal-based projects where we leverage our competitive strengths. With many local governments currently considering the replacement of existing systems or having yet to implement such systems, market opportunities remain abundant. By proactively reaching out to municipalities with these needs through efficient sales strategies, we aim to steadily accumulate projects and expand our business scale.

Since the launch of the service, a cumulative total of 55 packages for local governments and 13 packages for medical institutions have gone live, with the total number of users reaching approximately 48,000. The churn rate has remained at zero since the service began, and we continue to build a steady customer base. Given that our proposal capabilities and product quality are highly regarded, we expect the number of projects to grow steadily and the overall scale of this business to expand further.

## 《Health Tech Business》

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (amount)	Change (%)
Net sales	56,887	63,353	6,466	11.4%
Operating loss	(229,013)	(214,930)	14,082	-

Mainstay products in the Health Tech Business segment are the gaze analyzing perimeter *GAP*\*1 and *GAP-screener*\*2.

*GAP* is an affordable, groundbreaking wearable device that enhances availability by measuring a patient's visual field with a completely different approach to that of conventional examination methods. It can also contribute to the early detection of retinal diseases, such as glaucoma and other conditions that lack obvious symptoms in the early stages. Unlike a conventional visual field examination, the product does not require the use of a dark room, thus shortening the examination time and alleviating the burden on the patient. Moreover, by promoting the use of *GAP* at facilities that conduct medical exams and health checkups, data of patients with early-stage retinal disease can be shared with R&D centers in Japan and overseas with the potential for it to contribute to the innovation of technology and solutions in numerous fields, including pharmaceuticals and life insurance.

For the fiscal year ended December 31, 2025, a total of 58 units were sold. As a result, net sales in this segment were ¥63,353 thousand (up 11.4% YoY), with an operating loss of ¥214,930 thousand, compared to ¥229,013 thousand in the same period of the previous fiscal year. While overseas shipments contributed to higher sales, operating profit decreased due to an increase in development costs for the MCI (Mild Cognitive Impairment) testing device, which is currently being prepared for a Japanese medical device application, and higher expenses associated with the expansion of the AI analytics team for medical vital data.

In terms of sales structure, *GAP* is sold to ophthalmology hospitals and clinics through ophthalmic medical equipment distributors across Japan, while *GAP-screener* is sold to health checkup facilities. In the domestic market, a distributorship agreement has been entered into with CANON MEDTECH SUPPLY CORPORATION (headquartered in Kanagawa Prefecture), which has a strong sales network among health checkup facilities, thereby strengthening the sales framework through the expansion of distributor networks. In addition, we have launched new maintenance plans aimed at enhancing user convenience and improving our support framework. We have also introduced incentive programs for our sales agencies to strengthen our sales promotion structure. The number of overseas sales agencies has expanded to 72, spanning regions including Asia and South America. As a result, we anticipate a phased expansion of sales starting from the next fiscal year and beyond.

On September 30, 2025, the Company was officially certified by the Cabinet Office as a "Enterprises Certified for Entrustment with Handling Medical and Other Data" under the Next Generation Medical Infrastructure Act\*3. Following this certification, the Company has integrated this business area into the HealthTech Business segment and started its operation on November 1 2025.

This business aims to provide and support an environment where clinical data held by medical institutions is collected and integrated - following secure anonymous or pseudonymous processing - to be utilized for research and development by medical research institutions and corporations, drug discovery support, and policymaking. By facilitating the utilization of high-value-added medical data that reflects real-world clinical practice, we strive to contribute to the advancement and efficiency of R&D in the healthcare field.

Simultaneously, to promote the secure utilization of medical data based on the Act on Anonymous Medical Data to Contribute to Medical Research and Development (the “Next-Generation Medical Infrastructure Act”), the Company is developing a “Visiting Environment”<sup>4</sup> a secure workspace where data users can safely access and analyze information—with completion targeted for March 2026.

Moving forward, we will leverage synergies with our existing Medical and HealthTech businesses to build a comprehensive system that covers everything from medical information management to utilization support. Through these efforts, we aim to strengthen our business foundation in the medical data utilization sector.

(Note 1) Gaze Analyzing Perimeter, *GAP* (Notification No. of medical device manufacturing and sales 38B2X10003000002)

(Note 2) Gaze Analyzing Perimeter, *GAP-screener* (Notification No. of medical device manufacturing and sales 38B2X10003000003)

(Note 3) Next Generation Medical Infrastructure Act: The official name is the “Act on Anonymously Processed Medical Information and Pseudonymized Medical Information for the Purpose of Research and Development in the Medical Field”. This law promotes the utilization of medical data by allowing secondary use, such as for new drug development, after processing personal information, including clinical and physical data, so that individuals cannot be identified.

(Note 4) Visiting environment: A secure cloud-based environment defined under the Next-Generation Medical Infrastructure Act, which allows users to access and utilize necessary medical data safely.

## (2) Financial Position

(JPY in thousands)

	FY2024	FY2025	Change (amount)
Assets (Total)	6,684,103	6,807,858	123,754
Liabilities (Total)	1,076,912	1,340,763	263,850
Net assets (Total)	5,607,191	5,467,095	(140,096)

### (Assets)

Total assets amounted to ¥6,807,858 thousand, an increase of ¥123,754 thousand from the end of FY2024.

Current assets amounted to ¥3,743,671 thousand as of FY2025 end, an increase of ¥161,208 thousand from FY2024 end, mainly due to a decrease of ¥55,504 thousand in cash and deposits, offset by an increase of ¥84,859 thousand in accounts receivable – trade, and an increase of ¥158,751 thousand in contract assets.

Non-current assets amounted to ¥3,064,186 thousand as of FY2025 end, a decrease of ¥37,453 thousand from FY2024 end, which is mainly composed of an increase of ¥67,645 thousand in deferred tax assets, offset by a decrease of ¥97,440 thousand in investment securities.

### (Liabilities)

Liabilities totaled ¥1,340,763 thousand, increased by ¥263,850 thousand from the end of FY2025.

Current liabilities amounted to ¥1,026,550 thousand as of FY2025 end, an increase of ¥252,279 thousand from FY2024 end, which is mainly composed of an increase of ¥23,077 thousand in Accounts payable – other, and increase of ¥85,800 thousand in income taxes payable.

Non-current liabilities amounted to ¥314,213 thousand as of FY2025 end, a decrease of ¥11,571 thousand from FY2024 end.

### (Net assets)

Net assets amounted to ¥5,467,095 thousand as of FY2025 end, a decrease of ¥140,096 thousand from FY2024 end. This was primarily due to an increase of ¥848,092 thousand in retained earnings, offset by a decrease in shareholders' equity of ¥133,839 thousand, primarily due to the acquisition of treasury shares amounting to ¥980,494 thousand.

## (3) Cash Flows

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Change (amount)
Net cash provided by (used in) operating activities	1,898,767	1,652,441	(246,326)
Net cash provided by (used in) investing activities	(2,434,993)	(297,860)	2,137,133
Net cash provided by (used in) financing activities	(412,543)	(1,410,085)	(997,541)
Net increase (decrease) in cash and cash equivalents	(948,769)	(55,504)	893,265
Cash and cash equivalents at beginning of period	2,563,160	1,614,390	(948,769)
Cash and cash equivalents at end of period	1,614,390	1,558,886	(55,504)

Cash and cash equivalents (hereafter “cash”) as of FY2025 end amounted to ¥1,558,886 thousand, a decrease of ¥55,504 thousand from FY2024 end (down 3.4%). Cash flows from each activity and their significant components are as follows:

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,652,441 thousand, a decrease of ¥246,326 thousand compared to FY2024. This is mainly attributable to ¥1,784,035 thousand of income before income taxes, and ¥242,924 thousand of increase due to a decrease in trade receivables.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥297,860 thousand, an increase of ¥2,137,133 thousand compared to FY2024. This is mainly attributable to ¥259,832 thousand of acquisition payment for intangible assets (mainly software for sales).

### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,410,085 thousand, mainly attributable to ¥1,001,947 thousand for the acquisition of treasury shares and ¥408,138 thousand for the payment of dividends (The dividend payment for the previous consolidated fiscal year was ¥412,543 thousand).

## (4) Information Related to Capital Resources and Liquidity of Funds

With regard to the Company's financial resources for capital and liquidity of funds, its basic policy is to secure stable sources of liquidity and funds necessary for its business operations.

The main demand for funds is for personnel expenses related to research and development, as well as operating expenses such as selling, general and administrative expenses.

In principle, working capital is provided by cash flows from operating activities, but the Company's policy is to use direct and indirect financing as circumstances require.

### (i) Interest-bearing debt

N/A

(ii) Commitment Line

The Company has not established commitment lines of credit with correspondent banks.

(5) Critical Accounting Estimates and Assumptions used in Making such Estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. Significant accounting estimates used in the preparation of these consolidated financial statements and the assumptions used in making such estimates are described in "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, Significant Accounting Estimates".

(6) Management Policies and Strategies, Objective Indicators for Judging the Achievement of Management Objectives

The Company considers the ratio of ordinary income to net sales as a key management indicator for growth, and its goal is to improve and enhance these indicators.

The management of the Company strives to maximize corporate value by formulating the best management policies based on the current business environment and available information.

Based on the Company's corporate philosophy of "enriching society with technologies and creation", it will continue to ensure the efficiency, soundness, and transparency of its management, maximize its business capital, and strive to become a company that is highly trusted and appreciated by its shareholders, customers, and society at large.

(7) Production, Orders and Sales

(i) Production

The results of production by segments for FY2025 are as follows:

Segments	Production (JPY in thousands)	YoY change (%)
Medical Business	1,516,784	99.4
Public Sector Business	125,623	136.6
Health Tech Business	135,974	84.7
Total	1,778,382	100.0

(Note) Amounts are based on FY2025 total production costs.

(ii) Orders Received

The results for orders received by segments for FY2025 are as follows:

Segments	Orders received (JPY in thousands)	YoY change (%)	Order backlog (JPY in thousands)	YoY change (%)
Medical Business	4,331,562	134.6	1,715,779	137.5
Public Sector Business	193,382	70.3	71,151	42.4
Health Tech Business	63,295	113.3	11,818	100.0
Total	4,588,241	129.3	1,798,749	126.0

(iii) Sales results

The table below shows sales results by segments for FY2025 are as follows:

Segments	Sales (JPY in thousands)	YoY change (%)
Medical Business	5,691,403	103.6
Public Sector Business	355,184	122.7
Health Tech Business	63,353	111.4
Total	6,109,941	104.6

## 5 Important Management Contracts

- (1) Agreements concerning governance between the Company and its shareholders  
N/A
- (2) Agreements concerning the disposal or additional purchase of the Company's shares between the Company and its shareholders  
N/A
- (3) Financial covenants attached to loan agreements and bonds  
N/A
- (4) Other significant contracts, etc.  
N/A

## 6 Research and Development Activities

### 《Medical Business》

#### (1) Basic Policy on Research and Development Activities

In this segment, the Company enhances its corporate value as an R&D-oriented company specializing in hospital information systems and medical network solutions, and research and develop innovative technologies that will become the next-generation medical information infrastructure while responding quickly and accurately to the needs of the market. The core of its product development is the knowledge of medical information technology that the Company has accumulated up to today, as well as highly challenging research that is difficult for other companies to follow. Its basic policy is to pursue this and conduct research that will become part of the foundation for realizing a healthy and safe society through medical care.

#### (2) Research and Development Organizational Structure and its Management System

As of the end of the current fiscal year, 60 employees (representing 16.9% of the total workforce) are engaged in research and development (R&D) under the supervision of the Director in charge of the segment. In the development of medical systems, we formulate research themes by identifying products and services that will be required in the future—based on medical policy trends and technological innovations surrounding healthcare. These themes are developed in collaboration with numerous stakeholders, primarily through the Consulting Department and the Hospital Solution Department.

The selection of R&D themes, project organization, and budgeting are discussed and determined by the Board of Directors. Subsequently, the progress of each R&D project is reported to the Board of Directors, where decisions regarding the continuation or discontinuation of R&D activities are discussed and finalized.

#### (3) Research and Development Activities in FY2025

In this segment, we are engaged in fundamental research to establish a platform for the secure and sophisticated utilization of medical information accumulated within large-scale hospitals via the cloud. These efforts anticipate the government-led standardization of medical data and the formation of the “National Healthcare Information Platform”. Using this technology as a core pillar, we are developing services that support the formation of medical communities and the construction of regional cooperation networks that seamlessly connect large-scale hospitals, clinics, nursing care facilities, and government administrations.

Additionally, we have developed and sequentially implemented functional enhancements for our hospital information system package products and product improvements leveraging Generative AI. We have also focused on product development to facilitate the transition from on-premises to cloud-based systems for small- to medium-sized hospitals and clinics.

### 《Public Sector Business》

#### (1) Basic Policy on Research and Development Activities

As of the end of the current fiscal year, eight employees (representing 2.3% of the total workforce) are engaged in research and development (R&D) in this segment under the supervision of the Director in charge. We are advancing R&D on product functions for official document management and electronic approval systems tailored for local governments, public enterprises, and extra-departmental bodies of government ministries and agencies.

From the perspective of providing secure and stable services at public facilities, this segment shares common ground with the medical industry. Our fundamental policy is to develop enduring and sustainable technologies, bearing in mind that our R&D activities contribute to the formation of a vital part of the social infrastructure.

#### (2) Research and Development Organizational Structure and its Management System

In this segment, we are conducting new technological developments related to *DocuMaker Office*, by leveraging the extensive expertise accumulated through our hospital document management system, *DocuMaker* (Medical edition). Our sales consulting team captures market needs in real-time to continuously identify and evaluate new research themes.

The selection of R&D themes, project organization, and budgeting are discussed and determined by the Board of Directors. Subsequently, the progress of each R&D project is reported to the Board on a case-by-case basis, where decisions regarding the continuation or discontinuation of R&D activities are discussed and finalized.

#### (3) Research and Development Activities in FY2025

In this segment, we have implemented the following enhancements to our electronic approval and document management system, *DocuMaker Office*, to meet the complex and diverse operational needs arising from the acceleration of “Local

Government DX”. To improve the efficiency of official document creation and management, we expanded notification functions and strengthened disposal/handover capabilities. Furthermore, we significantly improved convenience and scalability by integrating the system with external cloud storage services, such as Box and Google Drive.

To address the diverse operational formats unique to local governments, we implemented comprehensive features that reflect meticulous on-site requirements. These include support for multiple document numbering systems, approval scheduling, splitting and merging of filing volumes, department-level maintenance functions, enhanced auditing capabilities, and multiple disposal/handover cycles within a single fiscal year. Additionally, from the perspective of protecting and utilizing official documents as “historical intellectual resources”, we newly implemented functions to support the smooth transfer of records to public archives.

In our development process, we have proactively introduced and leveraged generative AI technologies, including Copilot and Gemini. This has allowed us to optimize program code generation and improve the efficiency of quality control, resulting in a more agile and high-precision product development structure.

This combination of utilizing the latest technology and our meticulous development capabilities—aligned with on-site operational rules—has earned high praise from our clients for its “advanced operability and reliability tailored to practical business needs”.

## 《Health Tech Business》

### (1) Basic Policy on Research and Development Activities

As of the end of the current fiscal year, 14 employees (representing 4.0% of the total workforce) are engaged in research and development (R&D) in this segment under the supervision of the Director in charge. We are focused on R&D activities that contribute to improving people's health and Quality of Life (QOL) and enhancing the productivity of corporations and organizations. These efforts are designed to create new markets while increasing our corporate value as a healthcare services provider leveraging medical engineering, artificial intelligence (AI), and data analysis technologies.

Our fundamental policy is to conduct fundamental technology research—both internally and in collaboration with medical and research institutions globally—to provide innovative products and services that have already achieved international expansion.

### (2) Research and Development Organizational Structure and its Management System

In this segment, the R&D team is organized around the Business Strategy Office, conducting basic research in cutting-edge areas as well as developing core technologies for implementation in products. In addition to regular weekly meetings, the Company introduced a virtual office environment with constant connectivity so that meetings can be held at home or between sites in a timely manner when discussions are necessary. In addition, joint research with medical institutions is conducted and results are managed in collaboration with AMED and other organizations.

The Board of Directors discusses and decides on the selection of R&D themes, project organization, budgets, etc., and the progress of each R&D project is then reported to the Board of Directors, and the continuation or discontinuation of R&D activities is discussed and decided.

### (3) Research and Development Activities in FY2025

In this segment, we are working on implementing new features for the gaze-analysis perimeter *GAP*, such as contrast sensitivity measurement and the development of a stand-type *GAP* model. Simultaneously, we are conducting applied research on utilizing this device for the diagnosis of Mild Cognitive Impairment (MCI) in collaboration with Kyoto University, supported by a grant from AMED (Japan Agency for Medical Research and Development).

As a result of the activities described above, R&D expenses for the current consolidated fiscal year totaled ¥45,282 thousand, consisting of ¥35,671 thousand in the Medical Business, ¥1,937 thousand in the Public Sector Business, and ¥7,673 thousand in the HealthTech Business.

#### List of Patented Technologies and Logics

	Patent holder	Registration number	Country	Date of application	Summary
	Findex Inc.	4390222	Japan	28NOV2008	Electronic data authentication using timestamps
	Findex Inc.	5469985	Japan	06OCT2009	Data transfer between databases (optical character recognition)
	Findex Inc.	4917667	Japan	07DEC2010	Local application control via script
	Findex Inc.	6339312	Japan	28JUN2012	Application integration (launcher)
		9,280,253	U.S.	03AUG2012	
		2869195	The EU	03AUG2012	
	Findex Inc.	6080586	Japan	13FEB2013	Recognition of on-screen texts (dot pattern recognition)
		9,639,970	U.S.	29MAR2013	
		2024127	South Korea	29MAR2013	
		430486	India	29MAR2013	
		11201506275X MY-173006-A	Singapore Malaysia	29MAR2013 29MAR2013	
	Findex Inc.	6660193	Japan	29JAN2016	Electronic signature management system using degraded signature handwriting images

	Findex Inc.and Kyoto University	6474090	Japan	26SEP2018	A system for electronically handling documents related to patients (Findex holds 50% of the rights)
	Findex Inc.and Kyoto University	6606264	Japan	25DEC2018	Perimeter to test visual field (Findex holds 70% of the rights)
	Findex Inc.and Kyoto University	7129064	Japan	22JAN2019	A system for electronically handling documents that involve patients (Findex holds 50% of the rights)
	Findex Inc.	7246044	Japan	06MAR2019	Visual inspection system (virtual sphere)
*	Findex Inc.	- 17/937,780	PCT U.S.	27APR2021 04OCT2022	Perimeter for testing the central scotoma in subjects' visual fields
*	Findex Inc.	7574985 - 21888921.0 202347033652 18/305,325	Japan PCT The EU India U.S.	05NOV2020 13SEP2021 21APR2023 12MAY2023 22APR2023	Eye movement-based characteristic testing system
	Findex Inc.and Ehime University	7758289	Japan	21JAN2022	Visual field testing device utilizing machine learning
*	Findex Inc.	7802277 JP2022/041472 EP4427663 202447051089 18/743,015	Japan PCT The EU India U.S.	24DEC2021 08NOV2022 03JUN2024 03JUL2024 13JUN2024	Visual field testing device with visual feedback functionality
*	Findex Inc.	2024-094092	Japan	11JUN2024	Shape of lens holder
	Fitting Cloud Inc.	7624261	Japan	14MAY2024	Medical Writing Support Technology Using Generative AI
	Fitting Cloud Inc.	7702765	Japan	06DEC2024	AI-Driven Document Generation Based on Templates
*	Findex Inc., Kyoto University and Shizuoka Graduate University of Public Health	2025-079577	Japan	12MAY2025	Brain Function Evaluation Systems for MCI using Machine Learning

\* As the application is currently under review, we have filled in the registration number field with the application number.

### III. Information about Facilities

#### 1 Summary of Capital Investments

There were no disposals or sales of significant facilities in FY2025.

#### 2 Major Facilities

##### (1) Reporting Company

Major facilities of the Company are as follows:

As of December 31, 2025

Office Name (Location)	Segment	Equipment	Book value (JPY in thousands)			Number of Employees (persons)
			Building	Tools, furniture and fixtures	Total	
Headquarters (Chiyoda-ku, Tokyo)	Medical Business Public Sector Business Health Tech Business	Sales & Development	23,028	7,931	30,960	94
Shikoku Office (Matsuyama-shi, Ehime)	Medical Business Public Sector Business Health Tech Business	General Operations and Development facilities, etc.	6,641	27,264	33,905	143
Osaka Office (Chuo-ku, Osaka)	Medical Business	Sales & Development	908	683	1,591	39
Sapporo Office (Kita-ku, Hokkaido)	Medical Business	Sales & Development	1,253	0	1,253	12
Fukuoka Office (Chuo-ku, Fukuoka)	Medical Business	Sales & Development	905	449	1,354	9
Naha Office (Naha-shi, Okinawa)	Medical Business	Sales	618	—	618	3
Kyoto Office (Nakagyo-ku, Kyoto)	Medical Business	Sales & Development	5,947	1,913	7,860	10
Niigata Office (Chuo-ku, Niigata)	Medical Business	Sales & Development	5,950	452	6,403	8
Kagoshima Office (Kagoshima-shi, Kagoshima)	Medical Business	Salest	—	165	165	—

- (Notes)
1. The headquarters office is a leased property, and the rent for FY2025 was ¥92,384 thousand.
  2. The Shikoku office is a leased property, and the rent for FY2025 was ¥56,382 thousand.
  3. The Osaka office is a leased property, and the rent for FY2025 was ¥23,866 thousand.
  4. The Sapporo office is a leased property, and the rent for FY2025 was ¥6,793 thousand.
  5. The Fukuoka office is a leased property, and the rent for FY2025 was ¥12,819 thousand.
  6. The Naha office is a leased property, and the rent for FY2025 was ¥2,847 thousand.
  7. The Kyoto office is a leased property, and the rent for FY2025 was ¥9,404 thousand.
  8. The Niigata office is a leased property, and the rent for FY2025 was ¥7,600 thousand.
  9. The Kagoshima office is a leased property, and the rent for FY2025 was ¥2,509 thousand.

##### (2) Domestic Subsidiaries

As of December 31, 2025

Company Name	Office name (Location)	Segment	Equipment	Book value (JPY in thousands)			Number of Employees (persons)
				Building	Tools, furniture and fixtures	Total	
Fitting Cloud Inc.	Headquarters (Nakagyo-ku, Kyoto)	Medical Business	Administration Facility	-	602	602	7

##### (3) Overseas Subsidiaries

N/A

#### 3 Planned Additions, Retirements and Other Changes of Facilities

N/A

## IV. Information about Reporting Company

### 1 Company's Shares, etc.

#### (1) Total Number of Shares

##### (i) Total number of shares

Type	Total number of authorized shares (shares)
Common shares	78,336,000
Total	78,336,000

##### (ii) Issued shares

Type	Number of issued shares as of the end of the fiscal year (shares) (December 31, 2025)	Number of shares issued as of the date of submission (March 25, 2026)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	26,608,800	26,608,800	Tokyo Stock Exchange Prime Market	Number of shares in a trading unit: 100 shares
Total	26,608,800	26,608,800	-	-

#### (2) Share acquisition rights

##### (i) Stock option plans

N/A

##### (ii) Shareholder rights plans

N/A

##### (iii) Share acquisition rights for other uses

N/A

#### (3) Exercise of bonds with share acquisition rights with exercise price revision clause, etc.

N/A

#### (4) Changes in total number of issued shares, share capital, etc

Month/date/year	Change in total number of issued shares (shares)	Balance of total number of issued shares (share)	Change in share capital (JPY in thousands)	Balance of share capital (JPY in thousands)	Change in legal capital surplus (JPY in thousands)	Balance of legal capital surplus (JPY in thousands)
From Jan 1, 2018 To Dec 31, 2018*	470,400	26,608,800	4,939	254,259	4,939	224,259

(Note) Increase due to the exercise of stock acquisition rights.

#### (5) Shareholding by shareholder category

As of December 31, 2025

Category	Shareholding status (100 shares per unit)							Shares less than one unit (shares)	
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors, etc.		Individuals and other		Total
					Companies, etc.	Individuals			
Number of shareholders (persons)	-	12	23	23	48	13	3,620	3,739	-
Number of shares held (Units)	-	73,132	5,962	2,748	24,291	111	159,783	266,027	6,100
Shareholding ratio (%)	-	27.49	2.24	1.04	9.13	0.04	60.06	100.00	-

(Notes) 1. Financial institutions includes 1,322 units of the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the employee incentive plan "Stock Benefit Trust (J-ESOP)". The Company shares held by Custody Bank of Japan, Ltd. (Trust Account E) are presented as treasury shares in the financial statements.  
2. 20,680 units of treasury shares are included in "Individuals and Other" and 65 shares are included in "Shares less than one unit". The number of shares of treasury shares as recorded in the shareholders' register and the number of shares actually held by the Company as of the end of the fiscal year are the same as those recorded in the shareholders' register.

## (6) Major Shareholders

As of December 31, 2024

Name or designation	Address	Number of shares held (shares)	Ratio of shares held to total number of shares issued (excluding treasury shares) (%)
Teruo Aibara	Minato-ku, Tokyo	7,707,600	31.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	2,890,300	11.78
Mizuho Trust & Banking Co., Ltd. Securities Custody Trust 0700068	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,440,000	5.87
Mizuho Trust & Banking Co., Ltd. Securities Custody Trust 0700067	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,440,000	5.87
Ehime Bank, Ltd.	2-1 Katsuyama-cho, Matsuyama City, Ehime	967,200	3.94
Keiji Takemura	Matsuyama City, Ehime Prefecture	959,600	3.91
The Bank of New York Mellon 140040 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	884,000	3.60
Caceis Bank/Quintet Luxemburg Sub AC / Ucits Customers Account (Standing proxy: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch)	1-3 Place Valhubert 75013 Paris France 11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo	549,400	2.24
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	347,900	1.42
SCBHK AC Liechtensteinische Landesbank AG (Standing proxy: MUFG Bank, Ltd.)	Staedtle 44, 9490 Vaduz, Liechtenstein (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	275,000	1.12
Total	-	17,461,000	71.15

(Notes) 1. Of the above shares held, the number of shares related to trust activities are as follows:

The Master Trust Bank of Japan, Ltd. (Trust Account) 2,890,300 shares

Custody Bank of Japan, Ltd. (Trust Account) 345,900 shares

2. Although Baillie Gifford & Co are listed in the Large Shareholding Report made available for public inspection as of March 22, 2022 as owning the following shares as of March 15, 2022, the Company is unable to confirm the number of shares beneficially owned as of the voting rights exercise record date. Therefore, these shares are not included in the above list of major shareholders.

The contents of the change report are as follows.

Name	Address	Number of shares held (shares)	Percentage of share certificates, etc. held (%)
Baillie Gifford & Co	Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland	1,293,600	4.86

3. Although SBI Asset Management Co., Ltd. are listed in the Large Shareholding Report made available for public inspection as of April 7, 2025 as owning the following shares as of March 31, 2025, the Company is unable to confirm the number of shares beneficially owned as of the voting rights exercise record date. Therefore, these shares are not included in the above list of major shareholders.

The contents of such large shareholding report are as follows.

Name	Address	Number of shares held (shares)	Percentage of share certificates, etc. held (%)
SBI Asset Management Co., Ltd.	1-6-1. Roppongi, Minato-ku, Tokyo	930,000	3.50

## (7) Voting Rights

## (i) Issued shares

As of December 31, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) common shares 2,068,000	-	-
Shares with full voting rights (other)	common shares 24,534,700	245,347	Standard shares of the Company with no restrictions on rights
Shares less than one unit	common shares 6,100	—	-
Total number of issued shares	26,608,800	—	-
Aggregate voting rights of all shareholders	—	245,347	-

(Note) Common stock in “Fully Voting Shares (Other)” includes 132,200 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the employee incentive plan "Stock Benefit Trust (J-ESOP). The Company shares held by Custody Bank of Japan, Ltd. (Trust Account E) are presented as treasury shares in the financial statements.

## (ii) Treasury shares, etc.

As of December 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Ratio of shares held to total number of shares issued (%)
(Treasury share) Findex Inc.	7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	2,068,000	—	2,068,000	7.77
Total	-	2,068,000	—	2,068,000	7.77

(Note) In addition to the above, 132,200 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) are shown as treasury shares in the financial statements.

(8) Stock Ownership Plans for Directors, Other Officers and Employees

[Employee Stock Benefit Trust]

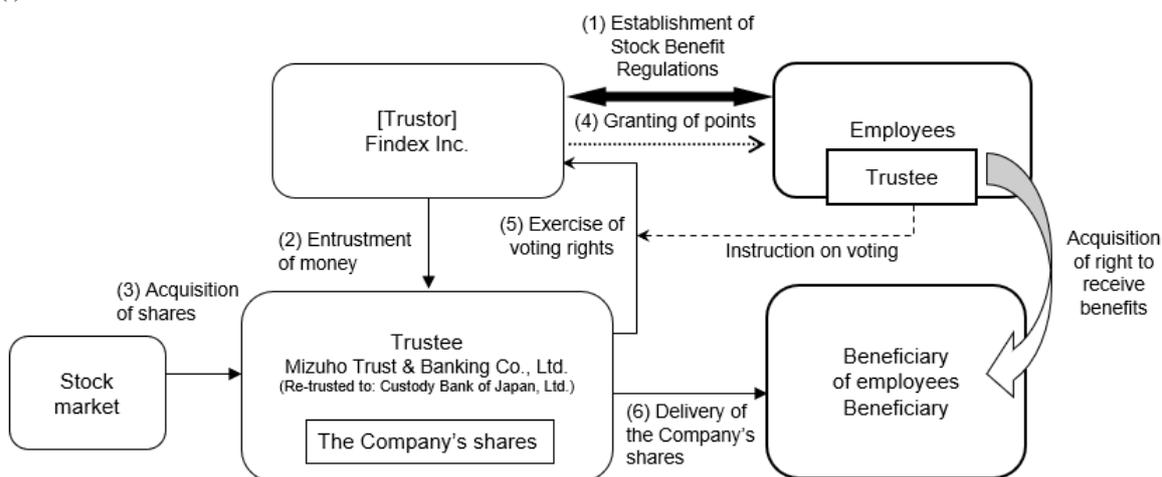
At the Board of Directors meeting held on October 29, 2015, the Company resolved to introduce an incentive plan called the “Stock Benefit Trust (J-ESOP)” (the “Plan”), to enhance the linkage between our share price, performance, and employee treatment, and to share economic benefits with our shareholders. This is aimed at boosting the motivation and morale of employees towards improving share price and performance. Under this Plan, employees are granted company shares purchased from the market.

This plan is a system to provide the Company’s shares to the Company’s employees who meet certain requirements in accordance with the Stock Benefit Trust Regulations established by the Company in advance.

The Company grants points to employees in accordance with their individual contribution levels, etc., and when they acquire the right to receive benefits under certain conditions, the Company grants them shares of the Company’s shares equivalent to the points granted. The Company shall acquire the shares to be granted to employees, including those for the future, with money set up in advance in a trust, and shall manage them separately as trust assets.

It is expected that the introduction of this system increases the Company’s employees’ interest in improving the Company’s share price and business performance and contribute to their being more motivated than ever to engage in their work.

(i) Overview of the Stock Benefit Trust



- a. The Company establishes “Stock Benefit Trust Regulations” upon the introduction of this plan.
- b. The Company will place money in trust (other benefit trust) with Mizuho Trust & Banking Co., Ltd. (re-trusted to: Custody Bank of Japan, Ltd).
- c. The trust bank acquires the Company’s shares with the money entrusted to it.
- d. The Company grants “points” to employees in accordance with the Stock Benefit Trust Regulations.
- e. The trust bank exercises voting rights in accordance with instructions from the trust manager.
- f. Employees receive a benefit in the form of Company shares equivalent to the “points” accumulated by the trust bank after the acquisition of the entitlement.

(ii) Total number of shares to be granted to employees

194,200 shares

Employees eligible to receive beneficiary rights and other rights under the Plan:

Employees who have vested the right to receive property benefits in accordance with the provisions of the Stock Benefit Trust Regulations

[Restricted Stock Compensation Plan]

The Company has introduced a Restricted Stock Compensation Plan for Directors (hereinafter referred to as “the Plan”) aimed at providing incentives to our Directors (excluding Directors who serve on Audit and Supervisory Committees, etc., and External Directors) to achieve sustainable improvement in our company’s value and further enhance value sharing with our shareholders.

(i) Overview of the Restricted Stock Compensation Plan

This system involves granting monetary compensation rights based on resolutions of our Board of Directors to allocate restricted stock to eligible directors, generally on an annual basis. These monetary compensation rights are then converted into tangible assets by providing them to the company, which issues or disposes of ordinary shares and holds them.

The total amount of monetary compensation rights granted to eligible directors under this system shall not exceed ¥100 million annually.

The payment amount per ordinary share issued or disposed of to eligible directors under this system is determined by the Board of Directors based on the closing price of the Company’s ordinary shares on the Tokyo Stock Exchange on the last business day before the date of each resolution of the Board of Directors to determine the terms of the offering of such ordinary shares (or, if no transactions are concluded on that date, the closing price on the most recent trading day before that date), provided that the amount shall not be unduly favorable to the eligible directors. The specific timing and allocation of payments to each eligible director shall be determined by the Board of Directors following deliberation by the Compensation Committee.

(ii) The type and total number of restricted shares with transfer restrictions issued or disposed of to the eligible directors

The restricted stock with transfer restrictions issued or disposed of to the eligible directors under this system shall be common shares of the Company, and the total number of common shares issued or disposed of within one year from the date of the regular general meeting of shareholders for each fiscal year shall not exceed 100,000 shares per year.

(iii) The scope of persons eligible to receive benefits or other rights under this system

Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and External Directors), executive officers who do not concurrently serve as directors of our company, and Directors of our subsidiaries.

## 2 Acquisition and Disposal of Treasury Shares

[Class of shares]

Acquisition of common shares under Article 155, Item 3 of the Companies Act

(1) [Acquisition by Resolution of General Meeting of Shareholders]

N/A

(2) [Acquisition by Resolution of Board of Directors' Meeting]

Category	Number of shares (shares)	Total amount (JPY in thousands)
Resolution Status at the Board of Directors Meeting (March 10, 2025) (Repurchase Period: March 14, 2025 – December 7, 2025)	1,333,300	1,000,000,000
Treasury shares acquired prior to FY2025	—	—
Treasury shares acquired in FY2025	1,285,100	999,947,400
Total number and total value of remaining shares under resolution	48,200	52,600
Unexercised ratio as of the end of FY2025 (%)	3.6	0.0
Treasury shares acquired during the period	—	—
Unexercised ratio as of the submission date (%)	3.6	0.0

(Notes) 1. The acquisition was conducted through open-market purchases on the Tokyo Stock Exchange.  
2. The acquisition of treasury shares pursuant to the aforementioned resolution was concluded as of November 26, 2025.

(3) [Acquisition Not based on Resolution of General Meeting of Shareholders or Board of Directors' Meeting]

Category	Number of shares (shares)	Total amount (JPY in thousands)
Treasury shares acquired through a public offering		
Treasury shares acquired in FY2025	2,643	-
Treasury shares acquired during the period	-	-

(Note) The acquisition of treasury shares during the current fiscal year was due to the acquisition of restricted stock without consideration.

(4) [Disposal of Acquired Treasury Shares and Number of Treasury Shares Held]

Category	FY2025		Current period	
	Number of shares (shares)	Total amount disposed (JPY in thousands)	Number of shares (shares)	Total amount disposed (JPY in thousands)
Treasury shares acquired through a public offering	-	-	-	-
Treasury shares acquired and canceled	-	-	-	-
Treasury shares transferred due to mergers, share exchanges, share transfers, or company splits	-	-	-	-
Other (Disposition of treasury shares under restricted stock compensation)	16,711	11,998	—	-
Number of Treasury shares held	2,068,065	—	2,068,065	-

(Notes) 1. The number of treasury shares held during the current period under review excludes shares repurchased based on board resolutions and fractional shares purchased from March 1, 2026, to the submission date of the Annual Securities Report.  
2. The “Others (Disposition of treasury shares under restricted stock compensation)” for FY2025 represents the disposition of treasury stock as restricted stock compensation conducted on April 14, 2025.  
3. In addition to the above, 132,200 shares of the Company’s share held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the employee incentive plan “Stock Benefit Trust (J-ESOP)” are shown as treasury shares in the financial statements.

### 3 Dividend policy

The Group intends to maximize its corporate value by establishing its position in the market through innovative product capabilities and advanced consulting skills. To achieve this, the Company's policy is to pay dividends based on a comprehensive assessment of its business performance, financial position, and achievement of its business plan, while maintaining and expanding internal reserves to continue to make necessary investments.

The Company's Articles of Incorporation stipulate that the Board of Directors may pay dividends from surplus in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act. In addition to year-end and interim dividends, the Articles of Incorporation stipulate that the Company may distribute dividends from surplus by specifying a record date.

The Company paid an interim dividend of ¥8.00 per share for the fiscal year 2025. Regarding the year-end dividend, taking into consideration our business performance and future business development, we plan to pay ¥14.00 per share. This payment is subject to a resolution at the Annual General Meeting of Shareholders to be held on March 26, 2026.

Internal reserves will be effectively used to secure talented human resources and to enhance software assets for sale, which are the foundation for business growth, and the Company will strive to build a system that returns profits to shareholders over the long term.

Dividends from surplus for the current fiscal year are as follows.

Date of resolution		Total amount of dividends (JPY in thousands)	Dividend per share (JPY)
August 13, 2025	Board of Directors	202,384	8.00
March 26, 2026	Ordinary General Meeting of Shareholders (Planned)	343,570	14.00

## 4 Corporate Governance

### (1) Overview of Corporate Governance

#### (i) Basic Policy on Corporate Governance

The Company regards corporate governance as a management governance function to maximize corporate value for stakeholders and recognizes that strengthening corporate governance is an important management responsibility.

The Company has adopted the current structure in order to establish a fair and transparent management system and internal control system in order to aggressively extend its business and increase its corporate value along with the growth of the digitalization market.

In order to respond appropriately and flexibly to changes in economic conditions and the market environment, the Company will strive to strengthen corporate governance by enhancing the functions of the Board of Directors, monitoring and supervising business execution, and further enhancing internal controls, while striving to disclose timely and appropriate information to stakeholders and respecting the rights of shareholders.

#### (ii) Overview of the corporate governance system and reasons for adopting the system

There is the Board of Directors and the Audit and Supervisory Committee within the Company. As of March 25, 2026, The Company's Board of Directors consists of six Directors (excluding Directors who are members of the Audit and Supervisory Committee), one of whom is an Outside Director, and three Directors who are members of the Audit and Supervisory Committee, two of whom are Outside Directors.

At the Board of Directors meetings, the Board of Directors confirms the progress of sales activities and budgets, examines performance forecasts and takes necessary measures, and actively discusses important management matters in order to invigorate the Board of Directors and ensure mutual checks and balances.

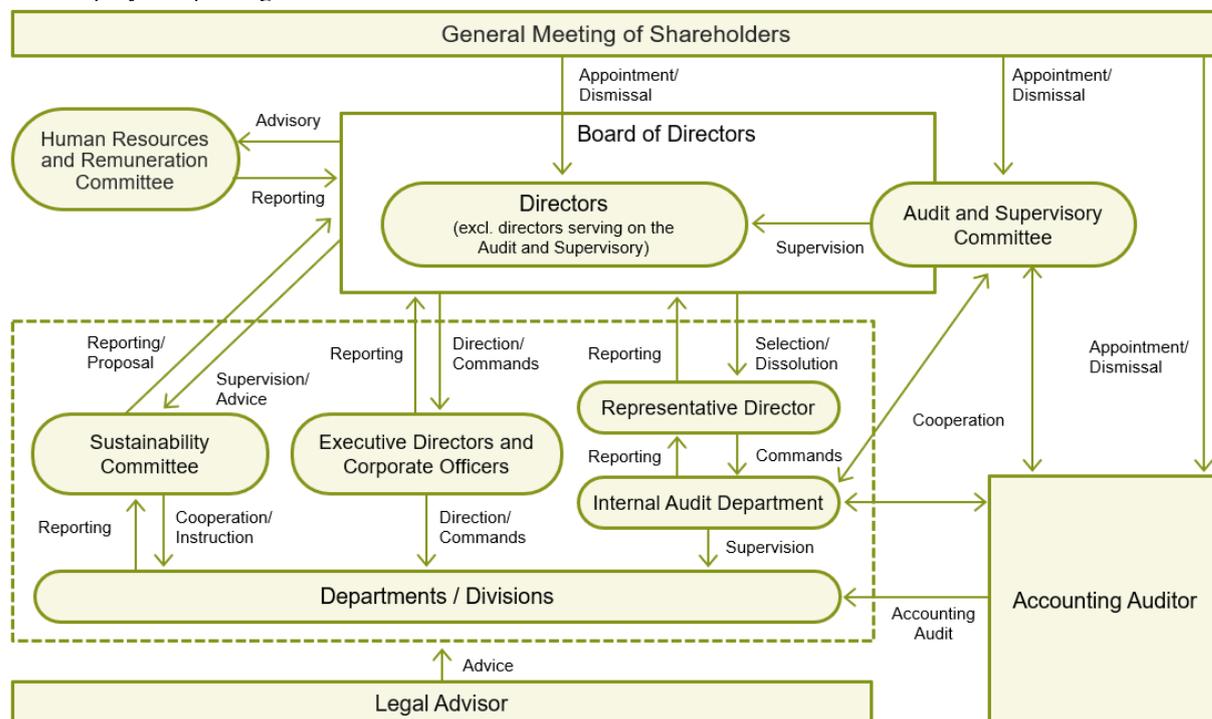
Audit and Supervisory Committee members fulfill their oversight function by attending meetings of the Board of Directors and other important meetings to express their opinions as necessary, inspecting important documents, and conducting interviews with Directors. In principle, the Audit and Supervisory Committee meets once a month to exchange information among the committee members, to further enhance the audit function, and to conduct effective audits in cooperation with the accounting auditors and the Internal Audit Office.

The Company has established the Human Resources and Remuneration Committee, a voluntary committee consisting of the President and CEO and three Outside Directors (all of whom are independent Outside Directors), to deliberate on the determination of individual compensation amounts, compensation levels, and compensation systems for management and Directors. The Board of Directors makes the final policy decision respecting the report of the Human Resources and Remuneration Committee.

At the 41st Annual General Meeting of Shareholders to be held on March 26, 2026, the Company will submit the following proposals: "Election of seven Directors (excluding Directors who are Audit and Supervisory Committee Members)" and "Election of four Directors who are Audit and Supervisory Committee Members".

If these proposals are approved as originally proposed, the Board of Directors will consist of eleven Directors in total: seven Directors (of whom one is an Outside Director) and four Directors who are Audit and Supervisory Committee Members (of whom three are Outside Directors). Consequently, the Board will include a total of four Outside Directors. For details regarding the members of the Board of Directors, please refer to section "(2) Officers, 1. List of Officers" below.

The Company's corporate governance structure is as follows:



(iii) Other matters regarding corporate governance

a. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of the Company

All Directors and employees of the Company are required to perform their duties with a high sense of ethics and conscience, to comply with laws, regulations, and internal rules, and to act in a responsible manner in line with social norms. In addition, the Company has established a whistle-blowing system that allows employees to directly provide information on violations of laws, regulations, and internal rules and regulations, and is working to enhance a more substantive control system.

b. System for the storage and management of information related to the execution of duties by the Directors

The Company's Directors appropriately store and manage important information, such as minutes of general meeting of shareholders and Board of Directors' meetings, in accordance with their respective duties and internal regulations. In addition, other important information and documents related to the execution of duties by Directors are appropriately stored and managed in accordance with the Document Management Regulations and are maintained in a condition that allows access as necessary.

c. Rules and other systems concerning the management of the risk of losses

The Company manages risks within the authority granted to each department, and cross-company risks are managed by the Administration Department. The Company takes necessary measures to prevent the occurrence of risks and eliminates and mitigates business risks after investigation and deliberation. In the unlikely event of the occurrence of a risk that could have a significant impact on the Company overall, a management-level risk task force chaired by the Representative Director has been established and a system is in place to ensure that a prompt and appropriate response is implemented.

d. System to ensure the efficient execution of duties by the Directors

To ensure the efficiency and appropriateness of the Board of Directors, the Company has established regulations regarding the operation of the Board of Directors. In order to better monitor, supervise, and execute business operations, the Board of Directors delegates duties to the CEO, Executive Directors, and corporate officers, and makes necessary decisions on matters to which it has delegated business execution decisions, in accordance with the organization or procedures stipulated in internal rules and regulations. In principle, the Board of Directors reviews the rules and regulations as necessary for the revision or abolition of laws and regulations and for the improvement of efficiency in the execution of duties.

e. The structure to ensure the proper conduct of business within the corporate group consisting of the Company and its subsidiary

The Company manages and operates its subsidiary in accordance with the "Regulations for Management of Subsidiaries and Affiliates of the Company". The Company's subsidiary is required to be audited by the Company's Internal Audit Department. The Company has a system in place to ensure that important matters affecting the Company and its group company is reviewed from multiple perspectives at the Executive Committee before being deliberated by the Board of Directors of the Company. As a system for reporting to the Company on the execution of duties by Directors of the subsidiary, the Company requires its subsidiary to report to the Company on a regular and ad hoc basis, including prior discussions on important matters. The Company requires its subsidiary to submit important management matters to the Board of Directors of the Company in advance in accordance with the "Regulations for Management of Subsidiaries and Affiliates of the Company". The Audit and Supervisory Committee members, either by themselves or through the Audit and Supervisory Committee, have established an appropriate system, including close cooperation with the accounting auditor and the Internal Audit Department of the Company, to monitor and audit the Company's subsidiary efficiently and appropriately.

f. Matters concerning the personnel to be appointed if requested by the Audit Committee to assist in its duties, matters related to ensuring the effectiveness of instructions from the Audit Committee to such personnel, and matters concerning the independence of such personnel from directors (excluding those who are Audit Committee members)

In the event that the Audit and Supervisory Committee assigns employees to assist it in the performance of its duties, to ensure the effectiveness of the Audit and Supervisory Committee's instructions to such employees, the employees shall not be subject to the direction or orders of Directors (excluding Directors who are members of the Audit and Supervisory Committee) or other employees, etc. in the performance of their duties. In addition, the Company has a system in place to take necessary measures to ensure independence, such as requiring the consent of the Audit and Supervisory Committee for the transfer, evaluation, and disciplinary action of employees who provide support services.

g. A system for Directors (excluding those who are audit committee members) and employees to report to the Audit Committee, as well as other reporting mechanisms to the Audit Committee, and a system to ensure that individuals who report to the Audit Committee are not treated unfavorably as a result of their reporting

The Company's Representative Director and Executive Directors shall report at Board of Directors meetings on the execution of business operations under their responsibility as well as important matters concerning the Group at appropriate times. If any violation of laws or ordinances, etc. or any other fact that may cause material damage to the Company or the Group is discovered, the Company's Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees, etc. are required to immediately report such violation to the Audit and Supervisory Committee. Directors, corporate auditors, and employees of the Company's subsidiaries are required to immediately report to the Audit and Supervisory Committee any violations of laws and regulations or other facts that may cause material damage to the Group. In addition, with regard to the status of internal control over financial reporting and accounting standards, etc., a system is maintained to enable Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees to respond appropriately to requests for explanations from the Audit and Supervisory Committee. Furthermore, the Company ensures that persons who report to the Audit and Supervisory Committee are not subjected to any disadvantageous treatment in terms of personnel affairs because of such reports.

h. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively and Matters related to the policy for the treatment of expenses or debts incurred in the execution of duties by Audit Committee members

The Audit and Supervisory Committee participates in important meetings, conducts audits of the effectiveness of internal controls, attends internal audits, exchanges opinions with auditing firms, and listens to audit results in order to enhance its auditing activities. In the event that an Audit and Supervisory Committee member requests advance payment or reimbursement of expenses incurred in the performance of their duties, the Company will pay such expenses, unless the payment is deemed unnecessary for the Audit and Supervisory Committee member's duties.

i. System for Eliminating Antisocial Forces

The Company and its group recognize that the elimination of anti-social forces is an important management issue from the perspective of corporate social responsibility and corporate defense. The Company and its group shall reject any and all relationships, including business transactions and support, with antisocial forces. The Company shall not accept any unreasonable requests from anti-social forces and shall take resolute action in cooperation with the police and other relevant agencies in the event of interference with management activities, slander, or other damage. In addition, in order to prevent and restrain transactions with anti-social forces, the Company has defined a clause for the elimination of organized crime groups to reject any relationship with such groups, and regularly trains its Directors, Officers, and employees to ensure that they are fully aware of this clause.

(iv) Status of development of risk management system

This item is same to (iii) Other matters regarding corporate governance, C. "Rules and other systems concerning the management of the risk of losses".

(v) Outline of the contents of the liability limitation agreement with the Directors (excluding those who are Executive Directors, etc.)

The Articles of Incorporation of the Company stipulate that the Company and its Directors (excluding those who are Executive Directors, etc.) may enter into an agreement to limit liability for damages due to negligence of duties in accordance with Article 427, Paragraph 1 of the Companies Act, and the Company has entered into such agreement. The maximum amount of such contract is the minimum liability amount stipulated by laws and regulations.

(vi) Matters relating to liability insurance contracts for Directors and Officers

The Company has concluded a Directors' and Officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured under such insurance policy is the Directors of the Company, and the insured does not bear the premiums. The insurance policy is intended to cover the insured's compensation for damages and litigation costs. However, in order to ensure that the insured's performance of his/her duties is not compromised, the policy does not provide coverage for certain exclusions, such as acts committed with knowledge that the acts are in violation of laws and regulations.

(vii) Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 12 Directors and no more than 6 Directors who are Audit and Supervisory Committee members.

(viii) Election of Directors

The Company's Articles of Incorporation stipulate that resolutions for the election of Directors shall be adopted by a majority of the votes of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The Articles of Incorporation also stipulate that the resolution for the election of Directors shall not be made by cumulative voting.

(ix) Decision-making body of dividends from surplus

The Company's Articles of Incorporation stipulate that matters stipulated in Article 459, Paragraph 1 of the Companies Act, such as dividends from surplus, may be determined by resolution of the Board of Directors, except as otherwise provided by law. The purpose of this is to ensure and return profits to shareholders in a flexible manner by making both resolutions by the authority of the Board of Directors.

(x) Exemption of Directors from liability

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that Directors (including former Directors) may be exempted from liability for damages due to negligence of duties by a resolution of the Board of Directors to the extent permitted by law. The Company's Articles of Incorporation stipulate that Directors (including former Directors) may be exempted from liability for damages for negligence of their duties by a resolution of the Board of Directors to the extent permitted by laws and regulations. The purpose of this provision is to create an environment in which Directors can fully demonstrate their abilities and fulfill their expected roles in the performance of their duties.

(xi) Requirements for special Resolution at the General Meeting of Shareholders

The Company's Articles of Incorporation stipulate that the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this provision is to facilitate smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

(xii) Decision-making body for share buyback

The Company's Articles of Incorporation stipulate that the Company may acquire treasury shares by a resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act, in order to achieve a flexible capital policy in response to the business environment.

(xiii) Basic Policy Concerning the Control of Stock Companies

The Company recognizes that the basic policy regarding the control of stock companies is an important matter and is continuously reviewing it but has not adopted any specific policy or anti-takeover measures at this time.

(xiv) Activities of the Board of Directors

During FY2025, the Company held 17 meetings of the Board of Directors, and the attendance record for each Director is as follows:

Title	Name	Number of times attended	Attendance ratio
President & CEO	Teruo Aibara	17	100%
Director and Department Manager of Medical Sales Solutions Dept.	Kohji Kondo	17	100%
Director and Department Manager of Consulting Dept.	Hiroaki Hasegawa	17	100%
Director and Department Manager of Information Security Office	Riki Miyakawa	17	100%
Director and Department Manager of Hospital Sales Solutions Dept.	Keisuke Kakiuchi	17	100%
Director	Akira Ono	17	100%
Director (Audit & Supervisory Committee Member)	Kouji Yamauchi	17	100%
Director (Audit & Supervisory Committee Member)	Takashi Kitada	17	100%
Director (Audit & Supervisory Committee Member)	Akira Yamada	17	100%

The major deliberation items of the meetings of Board of Directors for FY2025 are as follows:

- Statutory matters
- Matters related to management, business, and financial strategies
- Matters related to organizational restructuring, business allocation, and personnel changes
- Matters related to financial statements, performance, and investments
- Matters related to compliance, governance, and sustainability, etc.

During FY2025, the Company held the Human Resources and Remuneration Committee meetings twice, and the attendance status for each meeting is as follows:

Title	Name	Number of times attended	Attendance ratio
President & CEO	Teruo Aibara	2	100%
Director	Akira Ono	2	100%
Director (Audit & Supervisory Committee Member)	Takashi Kitada	2	100%
Director (Audit & Supervisory Committee Member)	Akira Yamada	2	100%

The major deliberation items of the Human Resources and Remuneration Committee meetings for FY2025 are as follows:

- Policies and procedures regarding the nomination of Directors
- Policies and procedures for determining compensation and other benefits for Directors (excluding audit committee members)

## (2) Officers

## (1) List of Officers

a. As of March 25, 2026 (the filing date of the Securities Report), the Company's Officers are as follows:

Nine male board members and zero female board member (Ratio of female board members: -%)

Title	Name	Date of Birth	Career summary	Term of office	Number of the Company's shares held (shares)
Board member President and CEO	Teruo Aibara	September 25, 1966	April 1990 Joined Shikoku Nippon Denki Software K.K. July 1993 Joined Pioneer Shikoku K.K. (now the Company) February 1994 Director of the Company May 1994 President & CEO of the Company (present post)	(Note 3)	7,707,600
Board member Director and Department Manager of Medical Sales Solutions Dept.	Kohji Kondo	March 22, 1964	August 1984 Joined Suncherry Data Systems Co. April 2005 Joined the Company April 2007 Corporate Officer of the Company July 2008 Director of the Company (present post)	(Note 3)	127,564
Board member Director and Department Manager of Consulting Dept.	Hiroaki Hasegawa	August 5, 1968	April 1993 Joined TEIJIN Limited December 2008 Joined BML, INC. July 2009 Joined the Company April 2010 Corporate Officer of the Company December 2010 Director of the Company (present post)	(Note 3)	19,564
Board member Director and General Manager of Information Security Office	Riki Miyakawa	July 17, 1972	April 1998 Joined NEC Corporation August 2009 Joined the Company June 2012 Corporate Officer of the Company July 2014 Corporate Officer and General Manager of System Development March 2016 Director of the Company (present post)	(Note 3)	7,564
Board member Director and Department Manager of Hospital Sales Solutions Dept.	Keisuke Kakiuchi	June 7, 1973	April 1996 Joined NEC Corporation April 2014 Joined the Company April 2018 Corporate Officer of the Company March 2025 Director of the Company (present post)	(Note 3)	6,342
Board member	Akira Ono	February 4, 1954	April 1980 Joined the Japan Chamber of Commerce and Industry (JCCI) April 2005 General Manager in charge of new projects at JCCI April 2007 General Manager of Business Section and General Manager in charge of promoting new business at JCCI April 2010 General Manager of International Section and Administration Secretary-General of APEC SME Summit Secretariat at JCCI April 2012 Director treatment and General Manager of International Section at JCCI April 2014 Director and Administration Secretary- General, Japan Chamber of Commerce- Tokyo Chamber of Commerce Alliance April 2016 Director and Administration Secretary- General, Tokyo Chamber of Commerce Alliance March 2022 Director of the Company (present post) April 2023 Councilor, Tokyo Chamber of Commerce Alliance June 2024 Director, Japan Consulting Institute for the Betterment of Retail-Businesses (present post)	(Notes 1, 3)	-
Board member (Audit & Supervisory Board Member)	Kouji Yamauchi	October 3, 1965	February 1995 Joined Honda Service Center Ltd. May 2008 Joined the Company July 2008 Corporate Auditor of the Company March 2016 Director of the Company (Audit and Supervisory Committee Member) (present post)	(Notes 2, 4)	-
Board member (Audit & Supervisory Board Member)	Takashi Kitada	February 24, 1956	March 1985 Registered as a Certified Public Accountant April 1998 Joined Deloitte Touche Tohmatsu LLC July 1999 Partner, Deloitte Touche Tohmatsu LLC October 2014 Certified Public Accountant Takashi Kitada Accounting Office (present post) March 2016 Director of the Company (Audit and Supervisory Committee Member) (present post)	(Notes 1, 2, 4)	1,000
Board member (Audit & Supervisory Board Member)	Akira Yamada	November 4, 1963	April 1987 Joined Shinwakai Sugunami Hospital June 1991 Joined Umezono Hospital (now Tama Rehabilitation Hospital) June 1993 Joined Hojo Hospital July 1999 Representative Director of Best Care K.K. December 2017 Representative Director, J-Top Inc. (present post) February 2019 Representative Director, Valupp Inc. October 2021 Director of the Company (Audit and Supervisory Board Member) (present post)	(Notes 1, 2, 4)	-
Total					7,869,634

- (Notes) 1. Akira Ono, Takashi Kitada and Akira Yamada are Outside Directors.  
 2. The Company's Audit and Supervisory Committee is as follows:  
 Chairperson: Kouji Yamauchi, Committee Member: Takashi Kitada, Committee Member: Akira Yamada  
 3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2025  
 4. Two years from the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2024  
 5. The Company has appointed one Alternate Audit and Supervisory Board Member as provided for in Article 329, Paragraph 3 of the Companies Act to fill a vacancy in the number of Directors who are Audit & Supervisory Board Members as provided for in laws and regulations. The biography of the alternate Audit and Supervisory Board Member is as follows:

Name	Date of Birth	Career summary	Term of office	Number of the Company's shares held (shares)
Takuya Ayukawa	January 17, 1992	December 2017 Registered as an attorney-at-law June 2019 Joined Sato Sogo Law Office (present post)	(Notes 6, 7)	-

6. Mr. Takuya Ayukawa is an attorney at Sato Sogo Law Office and the Company has a legal advisory agreement with the Company.

7. Two years from the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2024

b. The Company will submit proposals for the "Election of seven Directors (excluding Directors who are Audit and Supervisory Committee Members)", the "Election of four Directors who are Audit and Supervisory Committee Members", and the "Election of one Substitute Director who is an Audit and Supervisory Committee Member" at the 41st Annual General Meeting of Shareholders to be held on March 26, 2026.

If these proposals are approved as originally proposed, the status of the Company's officers will be as described below.

Furthermore, the titles and brief biographies include matters to be resolved at the Board of Directors meeting scheduled to be held immediately following the conclusion of the 41st Annual General Meeting of Shareholders.

Nine male board members and two female board member (Ratio of female board members: 18%)

Title	Name	Date of Birth	Career summary	Term of office	Number of the Company's shares held (shares)
Board member President and CEO	Teruo Aibara	September 25, 1966	April 1990 Joined Shikoku Nippon Denki Software K.K. July 1993 Joined Pioneer Shikoku K.K. (now the Company) February 1994 Director of the Company May 1994 President & CEO of the Company (present post)	(Note 3)	7,707,600
Board member Director and Department Manager of Medical Sales Solutions Dept.	Kohji Kondo	March 22, 1964	August 1984 Joined Suncherry Data Systems Co. April 2005 Joined the Company April 2007 Corporate Officer of the Company July 2008 Director of the Company (present post)	(Note 3)	127,564
Board member Director and Department Manager of Consulting Dept.	Hiroaki Hasegawa	August 5, 1968	April 1993 Joined TEIJIN Limited December 2008 Joined BML, INC. July 2009 Joined the Company April 2010 Corporate Officer of the Company December 2010 Director of the Company (present post)	(Note 3)	19,564
Board member Director and General Manager of Information Security Office	Riki Miyakawa	July 17, 1972	April 1998 Joined NEC Corporation August 2009 Joined the Company June 2012 Corporate Officer of the Company July 2014 Corporate Officer and General Manager of System Development March 2016 Director of the Company (present post)	(Note 3)	7,564
Board member Director and Department Manager of Hospital Sales Solutions Dept.	Keisuke Kakiuchi	June 7, 1973	April 1996 Joined NEC Corporation April 2014 Joined the Company April 2018 Corporate Officer of the Company March 2025 Director of the Company (present post)	(Note 3)	6,342
Board member Director, Finance and Investor Relations	Takahiro Yazawa	January 8, 1964	April 1988 Joined Sumitomo Bank January 1994 Deputy General Manager, Corporate Planning Department, Sumitomo Bank April 2001 Senior Deputy General Manager, Corporate Planning Department, Sumitomo Mitsui Banking Corporation December 2002 Senior Deputy General Manager, Investor Relations Office, Corporate Planning Department, Sumitomo Mitsui Financial Group, Inc. April 2004 General Manager, Investor Relations Office, Corporate Planning Department, Sumitomo Mitsui Financial Group, Inc. October 2007 General Manager, Investor Development Department, Sumitomo Mitsui Banking Corporation April 2009 General Manager, Product Strategy Office, Investment Banking Group, Sumitomo Mitsui Banking Corporation April 2013 Corporate Officer, Deputy Head of Overseas Business, SMBC Nikko Securities Inc.	(Note 3)	-

			<p>April 2014 Corporate Officer, Head of International Business, SMBC Nikko Securities Inc.</p> <p>May 2016 Corporate Officer, Deputy Head of International Business, SMBC Nikko Securities Inc.</p> <p>Advisor, SMBC Nikko Capital Markets Limited (UK)</p> <p>December 2016 Managing Corporate Officer, Deputy Head of International Business, SMBC Nikko Securities Inc.</p> <p>Chairman, SMBC Nikko Capital Markets Limited (UK)</p> <p>March 2022 Senior Managing Corporate officer, Head of Global Planning, SMBC Nikko Securities Inc.</p> <p>*Concurrently served in the following position from April 2022</p> <p>April 2022 Managing Corporate Officer, Deputy Head of Global Business Unit, Sumitomo Mitsui Financial Group, Inc.</p> <p>April 2024 Senior Advisor, SMBC Nikko Securities Inc.</p> <p>January 2025 Executive Partner, Vision Consulting, Inc.</p> <p>March 2026 Joined the Company, Director of the Company (present post)</p>		
Board member	Kyoko Matsuba	April 6, 1974	<p>April 1997 Joined the Ministry of Posts and Telecommunications (currently the Ministry of Internal Affairs and Communications)</p> <p>August 2002 Joined Caggemini U.S. LLC</p> <p>August 2004 Joined Navigant Consulting, Inc.</p> <p>March 2006 Joined Columbia University Medical Center (currently Columbia University Irving Medical Center)</p> <p>September 2008 Director, Office of the CEO, Columbia University Medical Center</p> <p>April 2010 Joined GE Healthcare Japan K.K.</p> <p>October 2015 General Manager, Healthcare Digital Business Unit, GE Healthcare Japan K.K.</p> <p>April 2018 General Manager, Academic Business Unit, GE Healthcare Japan K.K.</p> <p>January 2019 Corporate Officer, GE Healthcare Japan K.K.</p> <p>July 2020 General Manager, Edison Solutions Business Unit, GE Healthcare Japan K.K. (concurrently serving as General Manager, Academic Business Unit)</p> <p>January 2024 General Manager Strategic Business Unit, GE Healthcare Japan K.K.</p> <p>June 2025 Retired from GE Healthcare Japan K.K.</p> <p>March 2026 Director of the Company (present post)</p>	(Note 1, 3)	-
Board member (Audit & Supervisory Board Member)	Kouji Yamauchi	October 3, 1965	<p>February 1995 Joined Honda Service Center Ltd.</p> <p>May 2008 Joined the Company</p> <p>July 2008 Corporate Auditor of the Company</p> <p>March 2016 Director of the Company (Audit and Supervisory Committee Member) (present post)</p>	(Notes 2, 4)	-
Board member (Audit & Supervisory Board Member)	Takashi Kitada	February 24, 1956	<p>March 1985 Registered as a Certified Public Accountant</p> <p>April 1998 Joined Deloitte Touche Tohmatsu LLC</p> <p>July 1999 Partner, Deloitte Touche Tohmatsu LLC</p> <p>October 2014 Certified Public Accountant Takashi Kitada Accounting Office (present post)</p> <p>March 2016 Director of the Company (Audit and Supervisory Committee Member) (present post)</p>	(Notes 1, 2, 4)	1,000
Board member (Audit & Supervisory Board Member)	Akira Yamada	November 4, 1963	<p>April 1987 Joined Shinwakai Suginami Hospital</p> <p>June 1991 Joined Umezono Hospital (now Tama Rehabilitation Hospital)</p> <p>June 1993 Joined Hojo Hospital</p> <p>July 1999 Representative Director of Best Care K.K.</p> <p>December 2017 Representative Director, J-Top Inc. (present post)</p> <p>February 2019 Representative Director, Valupp Inc.</p> <p>October 2021 Director of the Company (Audit and Supervisory Board Member) (present post)</p>	(Notes 1, 2, 4)	-
Board member (Audit & Supervisory Board Member)	Akane Yui	September 6, 1980	<p>October 2003 Joined JA amenity house Co., Ltd.</p> <p>October 2008 Joined Masashi Senzaki Certified Tax Accountant Office</p> <p>April 2009 Joined Yui Certified Tax Accountant Office</p> <p>August 2013 Registered as a Certified Tax Accountant</p> <p>June 2019 Outside Audit &amp; Supervisory Committee Member, KYOWANISSEI Co., Ltd. (current position)</p> <p>January 2021 Representative Partner, Yui Tax Accountant Corporation (current position)</p> <p>September 2025 Audit &amp; Supervisory Committee Member, Tokai Building Maintenance Co., Ltd. (current position)</p> <p>September 2025 Audit &amp; Supervisory Committee Member, Sun Tokai Building Maintenance Co., Ltd. (current position)</p>	(Notes 1, 2, 4)	-

			March 2026 Director of the Company (Audit and Supervisory Board Member) (present post)		
Total					7,869,634

(Notes) 1. Kyoko Matsuba, Takashi Kitada, Akira Yamada, and Yui Akane are Outside Directors.

2. The Company's Audit and Supervisory Committee is as follows:

Chairperson: Kouji Yamauchi, Committee Member: Takashi Kitada, Committee Member: Akira Yamada, Committee Member: Akane Yui

3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2026

4. Two years from the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2026

5. The Company has appointed one Alternate Audit and Supervisory Board Member as provided for in Article 329, Paragraph 3 of the Companies Act to fill a vacancy in the number of Directors who are Audit & Supervisory Board Members as provided for in laws and regulations. The biography of the alternate Audit and Supervisory Board Member is as follows:

Name	Date of Birth	Career summary	Term of office	Number of the Company's shares held (shares)
Takuya Ayukawa	January 17, 1992	December 2017 Registered as an attorney-at-law June 2019 Joined Sato Sogo Law Office (present post)	(Notes 6, 7)	-

6. Mr. Takuya Ayukawa is an attorney at Sato Sogo Law Office and the Company has a legal advisory agreement with the Company.

7. Two years from the conclusion of the Ordinary General Meeting of Shareholders held on March 26, 2026

(ii) Outside Directors

As of the filing date of this Securities Report, the Company has three Outside Directors. At the 41st Annual General Meeting of Shareholders to be held on March 26, 2026, the Company will submit proposals for the "Election of seven Directors (excluding Directors who are Audit and Supervisory Committee Members)" and the "Election of four Directors who are Audit and Supervisory Committee Members". If these proposals are approved as originally proposed, the number of Outside Directors is expected to increase to four.

While the Company has not established specific standards or policies regarding independence for the selection of Outside Directors, our fundamental approach is to ensure sufficient independence. We determine candidates based on their professional backgrounds and relationship with the Company, ensuring they can perform their duties from a standpoint independent of the current management team.

As of the filing date, the status of the three Outside Directors is as follows:

Outside Director Akira Ono: Mr. Ono has accumulated extensive knowledge and guidance experience regarding policy requests to the government and corporate promotion/support during his tenure at the Japan Chamber of Commerce and Industry. Additionally, he has twice served as Secretary General of Japanese Chambers of Commerce overseas and supported international operations as an executive in charge of global affairs. Given his current role, we expect him to provide appropriate advice and supervision regarding both governance and business promotion as the Group expands its business domestically and internationally. He has no special interest in the Company.

Outside Director (Audit and Supervisory Committee Member) Takashi Kitada: Mr. Kitada was appointed for his extensive auditing experience as a Certified Public Accountant and his specialized knowledge of finance and accounting. He previously belonged to Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC), the Company's accounting auditor. While the Company pays audit fees to said firm, the amount is negligible, representing less than 0.1% of the firm's total revenue. Although he was involved in the Company's audits until FY2011, he has had no involvement since then; therefore, the Company deems his independence to be fully secured. He holds 1,000 shares of the Company, but otherwise has no personnel, capital, or business relationships or other interests.

Outside Director (Audit and Supervisory Committee Member) Akira Yamada: Mr. Yamada was appointed for his specialized knowledge based on years of experience in medical institutions and his broad insight as a business owner in the nursing care industry. He has no special interest in the Company.

Following the approval of the proposals at the 41st Annual General Meeting of Shareholders, the status of the four (4) Outside Directors will be as follows: (Status for Mr. Kitada and Mr. Yamada remain as stated above)

Outside Director Kyoko Matsuba: Ms. Matsuba has held key positions including hospital management consulting in both Japan and the U.S., participation in university hospital management, and Head of Digital Business at a major foreign-affiliated company. In addition to her broad financial and management knowledge, she is well-versed in the latest trends in medical transformation using digital technology, such as optimizing hospital operations via medical IT and building platforms for medical data utilization. We have determined that her deep insight into the healthcare industry and strategic execution are indispensable for the sustainable enhancement of our corporate value. She has no special interest in the Company.

Outside Director (Audit and Supervisory Committee Member) Akane Yui: Ms. Yui possesses specialized tax and accounting knowledge as a Certified Public Tax Accountant and has been involved in organizational management as a representative partner of a tax accountant corporation. She has also served as an outside auditor for several companies, including listed ones, and has extensive experience in ensuring corporate transparency and compliance. We expect her to provide appropriate advice and supervision from a neutral standpoint as we expand our business and further strengthen our governance system. She has no special interest in the Company.

(iii) Relationship between supervision or auditing by Outside Directors and internal audits, audit committee audits, and accounting audits, and relationship with the internal control division

The majority of the Audit and Supervisory Committee consists of Outside Directors. By attending meetings of the Board of Directors and other key committees, the members receive reports from the internal audit department regarding the previous year's audit results, the current year's audit plan, and the progress of ongoing audits. They are also briefed on important projects and specific themes as needed. Furthermore, the committee maintains close coordination to enhance the management oversight function, which includes regular and as-needed exchanges of opinions with both the internal audit department and the accounting auditor.

### (3) Audits

#### (i) Audits by the Audit and Supervisory Committee

As of March 25, 2026 (the filing date of the Securities Report), the Audit and Supervisory Committee consists of three (3) Directors who are Audit and Supervisory Committee Members (including two (2) Outside Directors). The Committee performs its oversight function by attending the Board of Directors and other important meetings to express necessary opinions, reviewing significant documents, and conducting interviews with Directors. Furthermore, the Committee strives to enhance the quality of its audits by evaluating the effectiveness of internal controls, witnessing internal audits, and exchanging opinions with the accounting auditor to review audit results.

In principle, the Audit and Supervisory Committee meets once a month to facilitate the exchange of information among its members and further strengthen its oversight capabilities. It ensures the effectiveness of its audits through close coordination with the accounting auditor and the Internal Audit Office.

During the current fiscal year, the Company held 16 meetings of the Audit and Supervisory Committee. The professional backgrounds and attendance records of the individual members are as follows:

Name	Professional background	Number of times attended/held
Kouji Yamauchi	Has extensive auditing experience accumulated through their career as a Full-time Corporate Auditor and a Full-time Director who is an Audit and Supervisory Committee Member of the Company.	16/16 times
Takashi Kitada	Possesses extensive auditing experience as a Certified Public Accountant, along with specialized expertise in finance and accounting.	16/16 times
Akira Yamada	Possesses specialized expertise derived from years of operational experience in medical institutions, as well as broad insight as a corporate executive.	16/16 times

The detailed matters considered by the Audit and Supervisory Committee are the preparation of the audit report, the audit policy and audit plan, and other matters related to the execution of duties by the Audit and Supervisory Committee members, as well as the independence of the accounting auditor, matters related to audit services, and consent to compensation and other matters as resolved by the Audit and Supervisory Committee. The key audit items for the 40th fiscal year are as follows:

- a. Decision-making process at the Board of Directors and other important meetings
- b. Status of establishment and operation of internal control systems
- c. Status of establishment and operation of corporate information disclosure system
- d. Business Report and Consolidated Financial Statements and Non-Consolidated Financial Statements
- e. Independence of the accounting auditor, audit methodology, audit quality, and appropriateness of audit results
- f. Sustainability-related matters

In addition, as activities of full-time Audit and Supervisory Board Members, based on their characteristics, they closely cooperate with the accounting auditors and the Internal Audit Office, actively strive to improve the audit environment and collect internal information, monitor and verify the status of establishment and operation of internal control systems on a daily basis, and share information and communicate with the part-time Outside Audit and Supervisory Board Members.

The Company will submit a proposal for the “Election of four Directors who are Audit and Supervisory Committee Members” at the 41st Annual General Meeting of Shareholders to be held on March 26, 2026. If this proposal is approved as originally proposed, the composition and functions of the Audit and Supervisory Committee will be as follows:

The Audit and Supervisory Committee will consist of four Directors who are Audit and Supervisory Committee Members (including three Outside Directors). The Committee performs its oversight function by attending the Board of Directors and other important meetings to express necessary opinions, reviewing significant documents, and conducting interviews with Directors. Furthermore, the Committee strives to enhance the quality of its audits by evaluating the effectiveness of internal controls, witnessing internal audits, and exchanging opinions with the accounting auditor to review audit results.

In principle, the Audit and Supervisory Committee meets once a month to facilitate the exchange of information among its members and further strengthen its oversight capabilities. It ensures the effectiveness of its audits through close coordination with the accounting auditor and the Internal Audit Office.

Name	Professional background
Kouji Yamauchi	Has extensive auditing experience accumulated through their career as a Full-time Corporate Auditor and a Full-time Director who is an Audit and Supervisory Committee Member of the Company.
Takashi Kitada	Possesses extensive auditing experience as a Certified Public Accountant, along with specialized expertise in finance and accounting.
Akira Yamada	Possesses specialized expertise derived from years of operational experience in medical institutions, as well as broad insight as a corporate executive.
Akane Yui	Possesses specialized expertise as a Certified Public Tax Accountant, along with a proven track record of leadership in organizational management as a Representative Partner and extensive experience serving as an Outside Corporate Auditor for multiple companies.

(ii) Internal audit

To strengthen our compliance structure, the Company has established an Internal Audit Office under the direct authority of the Representative Director and President. The office is led by one dedicated Internal Audit Manager, with additional audit staff appointed from other departments on an as-needed basis depending on the scope of the audit. The Internal Audit Manager and designated auditors conduct audits across all departments to ensure that operations are performed efficiently and in accordance with applicable laws, regulations, and internal rules, and to verify that internal controls are functioning effectively. Audit results are reported to the Representative Director and President, who then provides recommendations and advice to facilitate operational improvements and appropriate management.

Initiatives to Enhance the Effectiveness of Internal Audits

To ensure the effectiveness of our internal audits, results are reported to the Board of Directors, the Audit and Supervisory Committee, and the Accounting Auditor. By receiving advice from these bodies and coordinating with them as necessary—such as by identifying priority areas for follow-up audits—we strive to conduct audits with a high degree of practical effectiveness.

(iii) Accounting audits

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing

21 years

c. Certified public accountants who executed the audit duties

Hidetoshi Yoshida  
Keita Ochi

d. Composition of assistants for audit engagement

Ten certified public accountants and five others

e. Policy and reasons for appointing audit firm

As a policy for deciding on the dismissal or non-reappointment of the accounting auditor, the Audit and Supervisory Committee will decide the content of the proposal for the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders when it determines that such action is necessary, such as when there is a problem with the accounting auditor's performance of its duties.

In the event that the accounting auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the accounting auditor shall be dismissed with the unanimous consent of the Audit and Supervisory Committee members. In this case, the Audit and Supervisory Committee member selected by the Audit and Supervisory Committee will report the dismissal of the accounting auditor and the reason for the dismissal at the first general meeting of shareholders convened after the dismissal.

f. Evaluation of the Audit Firm by the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee evaluates the audit firm.

The Audit and Supervisory Committee collected information from the Company's finance and accounting department, internal audit department, and the accounting auditor itself regarding the independence of the accounting auditor, the audit system, and the status and quality of audits, and found the independence of the accounting auditor and the auditing methods and results to be appropriate. In addition, based on the policy for determining the dismissal or non-reappointment of the accounting auditor and other evaluation criteria, the Company evaluated that an appropriate audit can be expected to continue, and determined that it is appropriate to reappoint Deloitte Touche Tohmatsu LLC.

(iv) Details of audit fees, etc.

a. Audit fees paid to auditing certified public accountants, etc.

Category	FY2024		FY2025	
	Fees for audit certification services (JPY in thousands)	Fees for non-audit services (JPY in thousands)	Fees for audit certification services (JPY in thousands)	Fees for non-audit services (JPY in thousands)
Reporting company	28,000	-	28,000	-
Consolidated subsidiaries	-	-	-	-
Total	28,000	-	28,000	-

b. Audit fees paid to the same network (Deloitte) to which certified public accountants, etc. belong (excluding fees specified in a. above)

Category	FY2024		FY2025	
	Fees for audit certification services (JPY in thousands)	Fees for non-audit services (JPY in thousands)	Fees for audit certification services (JPY in thousands)	Fees for non-audit services (JPY in thousands)
Reporting company	-	1,920	-	2,710
Consolidated subsidiaries	-	-	-	-
Total	-	1,920	-	2,710

Non-audit services for the Company include tax return review services for Deloitte Tohmatsu Tax Co, which belongs to the same network as the Company's certified public accountants.

c. Other important information on audit fees, etc.

N/A

d. Policy on determination of audit fees

The number of audit days, the nature of the audit, and the size of the Company are comprehensively taken into consideration when determining the audit fee.

e. Reasons for the Audit and Supervisory Committee's consent to fees, etc. for the accounting auditor

The Audit Committee considered the appropriateness and reasonableness of the content of the results of the audit by the accounting auditor, the performance of the duties of the accounting audit, and the basis for the calculation of the remuneration estimate, and as a result, decided to consent to the amount of remuneration, etc. paid to the accounting auditor.

#### (4) Remuneration, etc. of Officers

##### (i) Matters concerning the policy regarding the determination of the amount of remuneration, etc. for officers or the method for calculation thereof

At a meeting of the Board of Directors held on February 10, 2021, the Company adopted a resolution on the policy for determining the details of individual remuneration, etc. of Directors (excluding Directors who are members of the Audit and Supervisory Committee. Furthermore, at the Board of Directors meeting held on February 13, 2023, certain revisions were resolved.

Regarding the individual compensation of Directors for the current fiscal year, it is determined in accordance with the “Policy for Determining Director Remuneration”. The Board of Directors consults with the Human Resources and Remuneration Committee for the initial proposal, considers the committee’s recommendations, and makes decisions at the Board of Directors’ meetings.

The decision policy regarding the Individual Director’s remuneration is as follows:

##### a. Basic Policy

The Company’s basic policy is to link the remuneration of Directors to shareholders’ profits so that it can function as an incentive to continuously increase corporate value, and to set the remuneration of Individual Directors at an appropriate level based on their respective responsibilities.

Specifically, the remuneration for Executive Directors shall consist of base remuneration as fixed remuneration and share-based remuneration, while Outside Directors and Directors who are members of the Audit and Supervisory Committee, who are responsible for the supervisory function, shall be paid only base remuneration in consideration of their duties.

##### b. Policy regarding the determination of the amount of remuneration, etc. for each Director for basic remuneration (monetary remuneration) (including policy regarding the determination of the timing or conditions of granting remuneration, etc.)

The basic remuneration of the Company’s Directors shall be a fixed monthly amount, which shall be determined by the Board of Directors based on the report of the Human Resources and Remuneration Committee, taking into consideration the Company’s performance, position, responsibilities, and years in office, among other factors.

However, the remuneration of Directors who are members of the Audit and supervisory Committee shall be determined by consultation among the Directors who are members of the Audit and supervisory Committee.

The basic remuneration shall be a fixed remuneration as compensation for “fulfillment of responsibilities” and to ensure a stable livelihood and shall be paid in cash at the end of each month, divided by 12.

The base remuneration is annually reviewed by April, and the revised base remuneration is applied from the April payment.

##### c. Policy for determining the details of non-monetary remuneration and the method for calculating the amount or number of non-monetary remuneration, etc.

Non-monetary compensation shall be in the form of restricted stock. In principle, restricted transferable shares shall be granted every year. The number of shares of such non-monetary compensation, etc. shall be determined by the Board of Directors based on the report of the Human Resources and Remuneration Committee, taking into consideration the Company’s performance, position, responsibilities, and years in office.

##### d. Policy on determining the amount of monetary and non-monetary remuneration as a ratio of the amount of remuneration, etc., paid to each Director

The Human Resources and Remuneration Committee shall consider the ratio of remuneration by type of Director, based on the Company’s performance level and the remuneration level benchmarked to other companies of the same type and size as the Company. The Board of Directors shall respect the report of the Personnel and Compensation Committee and determine the details of individual remuneration, etc. for each Director based on the proposed remuneration by type indicated in the said report. The Board of Directors shall determine the proportion of each type of remuneration based on the report of the Human Resources and Remuneration Committee, taking into consideration the Company’s business performance, position, responsibilities, and years in office, etc. In the case of full-time Directors, in principle, monetary remuneration shall be 80% to 90% and non-monetary remuneration shall be 10% to 20%.

##### e. Matters concerning the determination of Individual Director’s remuneration and other benefits

The determination of Individual Director’s remuneration and other benefits shall be referred to the Human Resources and Compensation Committee by the Board of Directors for consultation on the draft proposal, taking into account the committee’s recommendation, and decided upon by the Board of Directors.

Remuneration for Directors is limited to the total amount of remuneration determined by the General Meeting of Shareholders, with the specific amount of each individual remuneration to be determined by the Board of Directors. In order to enhance fairness and transparency, the amount, level, and system of remuneration for management and directors are deliberated by the Human Resources and Compensation Committee (chaired by the President and CEO and composed of three Independent Outside Directors), the majority of whose members are Outside Directors. The Board of Directors makes the final policy decision based on the report of the Human Resources and Compensation Committee. In addition, the remuneration of Directors who are Audit and Supervisory Committee members is determined through consultation among the Directors who are Audit and Supervisory Committee members.

The maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members is ¥150,000 thousand and ¥30,000 thousand per year,

respectively, as resolved at the 31st Ordinary General Meeting of Shareholders held on March 29, 2016. As of the conclusion of the Ordinary General Meeting of Shareholders, the number of Directors excluding members of the Audit and Supervisory Committee was six, and the number of Directors who are members of the Audit and Supervisory Committee was five. In addition, at the 38th Ordinary General Meeting of Shareholders held on March 28, 2023, the Company passed a resolution to pay remuneration to Directors (excluding Directors who are members of the Audit and Supervisory Committee and Outside Directors) in an amount separate from the above remuneration limit. The amount of the monetary remuneration receivable shall be no more than ¥100,000 thousand per year. As of the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors excluding members of the Audit and Supervisory Committee was five, and the number of Directors who are members of the Audit and Supervisory Committee was three.

(ii) Total amount of remuneration by title, total amount of remuneration, type of remuneration, and number of eligible Directors and Officers of the reporting company

Category	Total amount of compensation (JPY in thousands)	Total amount of remuneration by each category (JPY in thousands)		Number of eligible Officers (persons)
		Basic remuneration	Non-monetary remuneration	
Directors (excluding Audit and Supervisory Committee members and Outside Directors)	79,263	73,050	6,213	5
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	7,320	7,320	—	1
Outside Officers	17,004	17,004	—	3

(Notes) 1 Amounts paid to Directors do not include employee salaries of Directors who concurrently serve as employees.

2 Non-monetary compensation includes the amount of expenses recognized in the current fiscal year based on the Restricted Stock Compensation System.

(iii) Total amount of consolidated remuneration by Director

Not stated as there are no persons whose total amount of consolidated remuneration is ¥ 100 million or more.

(iv) Employee salaries of officers concurrently serving as employees

N/A

(5) Shares held

(i) Standards for and views on classification of investment shares

The Company classifies investment shares as pure investment if the investment is solely for the purpose of benefiting from changes in the value of the shares or dividends on the shares, and as non-pure investment if the purpose of holding the shares is to strengthen business ties, maintain good business relationships, or build long-term relationships of trust. When the purpose of investment is to strengthen business collaboration, maintain good business relationships, or build long-term relationships of trust, the shares are classified as investment shares for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

a. Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of appropriateness of shareholdings in individual issues.

The Company holds investment shares for purposes other than pure investment when it judges that holding such shares will lead to the continuation of good business relationships and the building of long-term relationships of trust and will contribute to the enhancement of the Company's corporate value over the medium to long term. In accordance with this policy, the Company's Board of Directors examines the rationale for holding such shares at each annual meeting and reviews the holding/sale of each individual issue. The rationale for holding each share is verified by qualitatively examining the purpose of holding the share, as well as quantitatively examining the benefits of holding the share, such as trading conditions, share price, and dividend amount, to determine if the cost of capital is commensurate with the benefits. Quantitative holding effects for each individual share are not described as they are related to the Company's trade secrets and confidentiality obligations.

b. Number of issues and balance sheet amount

	Number of issues (issues)	Total carrying amount (JPY in thousands)
Unlisted shares	2	157,130
Shares other than unlisted shares	-	-

[Issues whose number of shares increased in the fiscal year 2025]

N/A

[Shares whose number of shares decreased in the fiscal year 2025]

N/A

c. Information on the number of shares for each specified investment stock and deemed holding stock, carrying amount on the balance sheet, etc Deemed shareholdings

N/A

(iii) Investment shares held for pure investment purposes

N/A

(iv) Investment shares whose purpose of holding was changed from pure investment to purposes other than pure investment during the current fiscal year

N/A

(v) Investment shares whose purpose of holding was changed from purposes other than pure investment to pure investment during the current fiscal year or the four preceding fiscal years

N/A

## V. Financial Information

### 1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).
- (2) The Company’s non-consolidated financial statements are prepared in accordance with the “Regulations Concerning Terms, Forms and Preparation Method of Financial Statements” (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as “Regulations for Financial Statements”).  
The Company falls under a special company submitting financial statements and prepares its financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

### 2. Audit Certificate

The Company’s consolidated and non-consolidated financial statements for the fiscal year (January 1, 2025 through December 31, 2025) have been audited by Deloitte Touche Tohmatsu LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

### 3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company takes special measures to ensure the appropriateness of its consolidated financial statements. Specifically, the Company joins the Financial Accounting Standards Foundation (FASF) for the purpose of properly understanding the content of accounting standards, or accurately responding to changes in accounting standards. In addition, the Company participates in seminars on accounting standards held by auditing firms.

# 1 Consolidated Financial Statements, etc.

(1) [Consolidated Financial Statements]

(i) [Consolidated Balance Sheets]

(JPY in thousands)

	As of December 31, 2024	As of December 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	1,734,390	1,678,886
Notes receivable - trade	6,764	6,077
Accounts receivable - trade	863,188	948,048
Contract assets	680,224	838,976
Merchandise and finished goods	184,197	164,166
Work in process	5,304	7,232
Raw materials and supplies	50,383	19,964
Other	58,010	80,320
Total current assets	3,582,463	3,743,671
Non-current assets		
Property, plant and equipment		
Buildings	74,300	77,163
Accumulated depreciation	(27,108)	(31,909)
Buildings, net	47,192	45,254
Other	177,282	185,508
Accumulated depreciation	(144,261)	(144,781)
Other, net	33,020	40,727
Total property, plant and equipment	80,213	85,981
Intangible assets		
Software	310,519	299,227
Other	344	344
Total intangible assets	310,863	299,571
Investments and other assets		
Investment securities	2,315,050	2,217,610
Leasehold deposits	172,196	167,827
Deferred tax assets	213,935	281,580
Other	9,380	11,615
Total investments and other assets	2,710,563	2,678,633
Total non-current assets	3,101,640	3,064,186
Total assets	6,684,103	6,807,858
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	67,289	36,090
Accounts payable - other	104,913	127,991
Income taxes payable	259,266	345,067
Other	* 342,800	* 517,400
Total current liabilities	774,270	1,026,550
Non-current liabilities		
Provision for share awards	271,210	314,130
Other	31,430	83
Total non-current liabilities	302,641	314,213
Total liabilities	1,076,912	1,340,763
<b>Net assets</b>		
Shareholders' equity		
Share capital	254,259	254,259
Capital surplus	227,222	225,785
Retained earnings	5,907,136	6,755,228
Treasury shares	(771,816)	(1,752,311)
Total shareholders' equity	5,616,802	5,482,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14,317)	(42,005)
Total accumulated other comprehensive income	(14,317)	(42,005)
Non-controlling interests	4,706	26,138
Total net assets	5,607,191	5,467,095
Total liabilities and net assets	6,684,103	6,807,858

(ii) [Consolidated Statements of Income and Consolidated Statements of Comprehensive Income]  
[Consolidated Statements of Income]

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	*1 5,841,379	*1 6,109,941
Cost of sales	*2 2,287,952	*2 2,124,961
Gross profit	3,553,427	3,984,979
Selling, general and administrative expenses	*3, *4 2,028,008	*3, *4 2,194,949
Operating profit	1,525,418	1,790,029
Non-operating income		
Interest income	3,733	48,382
Subsidy income	13,530	—
Royalty income	1,660	1,660
Other	362	2,662
Total non-operating income	19,287	52,706
Non-operating expenses		
Commission for purchase of treasury shares	—	1,999
Other	—	1
Total non-operating expenses	—	2,000
Recurring profit	1,544,705	1,840,735
Extraordinary losses		
Loss on valuation of investment securities	—	*5 56,700
Impairment losses	1,944	—
Total extraordinary losses	1,944	56,700
Profit before income taxes	1,542,760	1,784,035
Income taxes - current	417,584	560,226
Income taxes - deferred	(35,373)	(54,593)
Total income taxes	382,211	505,632
Profit	1,160,548	1,278,403
Profit (loss) attributable to non-controlling interests	(1,816)	21,432
Profit attributable to owners of parent	1,162,365	1,256,970

[Consolidated Statements of Comprehensive Income, Cumulative]

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	1,160,548	1,278,403
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,930)	(27,688)
Total other comprehensive income	* (8,930)	* (27,688)
Comprehensive income	1,151,618	1,250,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,153,434	1,229,282
Comprehensive income attributable to non-controlling interests	(1,816)	21,432

## (iii) [Consolidated Statement of Changes in Equity]

Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

(JPY in thousands)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	254,259	224,259	5,157,662	(791,956)	4,844,223	(5,386)	(5,386)	6,522	4,845,360
Changes during period									
Dividends of surplus			(412,890)		(412,890)				(412,890)
Profit attributable to owners of parent			1,162,365		1,162,365				1,162,365
Disposal of treasury shares		2,963		20,139	23,103				23,103
Net changes in items other than shareholders' equity						(8,930)	(8,930)	(1,816)	(10,747)
Total changes during period	-	2,963	749,474	20,139	772,578	(8,930)	(8,930)	(1,816)	761,831
Balance at end of period	254,259	227,222	5,907,136	(771,816)	5,616,802	(14,317)	(14,317)	4,706	5,607,191

Fiscal year ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

(JPY in thousands)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	254,259	227,222	5,907,136	(771,816)	5,616,802	(14,317)	(14,317)	4,706	5,607,191
Changes during period									
Dividends of surplus			(408,878)		(408,878)				(408,878)
Profit attributable to owners of parent			1,256,970		1,256,970				1,256,970
Purchase of treasury shares				(999,947)	(999,947)				(999,947)
Disposal of treasury shares		(1,437)		19,452	18,015				18,015
Net changes in items other than shareholders' equity						(27,688)	(27,688)	21,432	(6,256)
Total changes during period	-	(1,437)	848,092	(980,494)	(133,839)	(27,688)	(27,688)	21,432	(140,096)
Balance at end of period	254,259	225,785	6,755,228	(1,752,311)	5,482,962	(42,005)	(42,005)	26,138	5,467,095

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,542,760	1,784,035
Depreciation	41,411	37,980
Amortization of software	249,321	269,331
Impairment losses	1,944	—
Loss (gain) on valuation of investment securities	—	56,700
Share-based payment expenses	6,556	12,284
Increase (decrease) in provision for share awards	49,193	48,936
Interest and dividend income	(3,734)	(48,382)
Subsidy income	(13,530)	—
Commission for purchase of treasury shares	—	1,999
Decrease (increase) in trade receivables	373,926	(242,924)
Decrease (increase) in inventories	99,303	48,522
Increase (decrease) in trade payables	27,910	(31,199)
Increase (decrease) in accounts payable - other	7,517	21,437
Other, net	3,609	125,233
Subtotal	2,386,191	2,083,954
Interest and dividends received	620	45,699
Income taxes paid	(488,044)	(477,213)
Net cash provided by (used in) operating activities	1,898,767	1,652,441
<b>Cash flows from investing activities</b>		
Payments into time deposits	(170,000)	(180,000)
Proceeds from withdrawal of time deposits	180,000	180,000
Purchase of property, plant and equipment	(31,076)	(36,906)
Proceeds from sale of property, plant and equipment	194	—
Purchase of intangible assets	(271,585)	(259,832)
Purchase of investment securities	(2,128,770)	—
Payments of leasehold deposits	(13,148)	—
Proceeds from refund of leasehold deposits	235	220
Other, net	(844)	(1,341)
Net cash provided by (used in) investing activities	(2,434,993)	(297,860)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	—	(1,001,947)
Dividends paid	(412,543)	(408,138)
Net cash provided by (used in) financing activities	(412,543)	(1,410,085)
Net increase (decrease) in cash and cash equivalents	(948,769)	(55,504)
Cash and cash equivalents at beginning of period	2,563,160	1,614,390
Cash and cash equivalents at end of period	* 1,614,390	* 1,558,886

[Notes to the Consolidated Financial Statements]

[Basis of Presenting Consolidated Financial Statements]

1. Disclosure of scope of consolidation  
Number of consolidated subsidiaries: 1  
Name of the consolidated subsidiary: Fitting Cloud Inc.
2. Disclosure about application of the equity method  
Number of affiliates accounted for using the equity method: 1  
Name of the equity-method affiliate: EMC Healthcare Co., Ltd.
3. Disclosure about fiscal year of consolidated subsidiaries  
The fiscal year end of the consolidated subsidiary, Fitting Cloud Inc. is March 31.  
The consolidated financial statements are prepared based on the provisional settlement of accounts as of the consolidated balance sheet date.
4. Disclosure of Accounting Policies
  - (1) Valuation standards and methods for significant assets
    - (i) Securities  
Other securities  
Other than Non-marketable Securities, etc.  
The fair value method is adopted, where valuation differences are processed using the full net asset direct transfer method, and the selling cost is calculated using the moving-average method.  
Non-marketable securities, etc.  
Stated at cost determined by the moving-average method.
    - (ii) Inventories  
Merchandise and finished goods, goods in progress, raw materials  
Stated at cost determined by the specific identification method (the amount stated in the balance sheet is calculated by writing down the book value based on any decline in profitability).  
  
Supplies  
Last purchase price method (the amount on the balance sheet is calculated by writing down the book value based on any decline in profitability).
  - (2) Depreciation method for significant depreciable assets
    - (i) Property, plant and equipment  
The declining-balance method is used. However, the straight-line method is used for buildings and structures acquired on or after April 1, 2016. The useful lives of major depreciable assets are as follows:  
Buildings: 8-18 years  
Vehicles: 2- 4 years  
Tools, furniture and fixtures: 2-15 years
    - (ii) Intangible assets  
Software for sale  
The larger of the amortized amount based on the estimated sales volume or the equally allocated amount based on the expected sales period (within 2 years) is recorded.  
  
Software for internal use  
The straight-line method is used based on the estimated useful life (5 years) within the Company.
  - (3) Accounting policy for significant reserves  
Provision for share awards  
To provide for the payment of Company shares to employees in accordance with stock benefit regulations, the Company records an amount based on the estimated amount of stock benefit obligations as of the end of the current fiscal year.
  - (4) Accounting policies for significant revenues and expenses  
The main performance obligations in the Group's main businesses related to revenue from contracts with customers and the usual time at which these performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.
    - (i) Software  
These transactions are related to the sale of self-developed software, including medical solutions such as *Claio* the data management software and *DocuMaker* the document management software, and *DocuMaker Office* the document management software mainly targeting municipalities and public corporations. With respect to software, the Company believes that performance obligations are fulfilled in accordance with the progress of system implementation. Therefore, except for contracts with very short terms, the Company estimates the degree of completion of performance obligations and recognizes revenue over a certain period based on the degree of completion. The percentage-of-completion estimate is based on the actual percentage of

the estimated total cost incurred (input method).

For contracts with very short durations, revenue is recognized at one point in time on the date of acceptance.

(ii) Hardware

These transactions are related to sales of commercial hardware products such as servers and PCs, which occur incidental to the sale of the Group's product, software. For sales of products, revenue is recognized at the time the products are delivered to the customer.

(iii) Support

These transactions are related to maintenance services and other services that are provided on an ongoing basis after the software is newly introduced. Since the Group's products are often used by both medical institutions and local governments to manage important information, maintenance contracts are concluded with users. Under these contracts, the Group is obligated to provide services over the contract period and recognizes revenue over the service period specified in the contract because the Group believes that the customer will receive benefits as it fulfills its obligations over the service period specified in the contract.

(iv) Other

These are transactions related to entrusted development, system services and engineering. The Group sometimes undertakes entrusted development, system services and engineering utilizing its knowledge, know-how, and experience in healthcare and medical solutions. With regard to contracted development, etc., the Company believes that performance obligations are fulfilled in accordance with the progress of the work. Therefore, except for contracts with very short durations, the Company estimates the degree of progress in satisfying performance obligations and recognizes revenue over a certain period based on the degree of progress. The percentage-of-completion estimate is based on the actual percentage of the estimated total cost incurred (input method).

For contracts with very short durations, revenue is recognized as of the date of acceptance.

(5) Scope of funds in the consolidated statements of cash flows

Cash on hand, readily available deposits, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are exposed to insignificant risk of changes in value.

(6) Other significant matters to the preparation of the consolidated financial statements

Restricted Stock Compensation Plan

Under our Restricted Stock Compensation Plan, compensation provided to the Directors and Executive Officers is expended over the relevant service period.

[Significant Accounting Estimates]

Revenue recognition using the input method based on an estimate of total cost

(1) Amount recorded in the financial statements for FY2025

(JPY in thousands)

	FY2024	FY2025
Net sales based on input method	1,608,967	1,775,955
Net sales from projects in progress at the end of FY2025	444,385	762,705

(2) Information of Significant Accounting Estimates Related to the Identified Items

The Group estimates the progress of fulfilling obligations that are to be met over a certain period, except for very short-term contracts, and recognizes revenue over this period based on the estimated progress. To estimate progress, the Group uses the input method, which is based on the ratio of actual costs incurred to the total estimated costs. The estimation of total costs takes into account the size and complexity of each project and is individually performed by department managers. These managers possess specialized knowledge and experience in project management, as well as system integration and linkage, and base their estimations on customer specifications.

The primary assumptions in estimating the total costs, which form the basis for revenue recognition, include the man-hours and outsourced expenses expected from development and implementation work. Given that these estimates carry a degree of uncertainty, revisions may be required in response to changes in the scope of work or the emergence of additional tasks. Such revisions could significantly affect the consolidated financial statements in the subsequent fiscal year and beyond.

[Changes in Accounting Policies]

[Application of the Accounting Standard for Current Income Taxes, etc.]

The Company has applied the Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “2022 Revised Accounting Standard”), etc. from the beginning of the current consolidated fiscal year.

With respect to the revisions regarding the classification of income taxes (taxation on other comprehensive income), the Company has followed the transitional treatment prescribed in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to paragraph 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “2022 Revised Guidance”). This application had no impact on the consolidated financial statements.

In addition, with respect to the revisions related to the review of the accounting treatment in the consolidated financial statements in cases where gains or losses on the sale of shares of subsidiaries, etc. arising from transactions between consolidated companies are deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the current consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous consolidated fiscal year have been restated accordingly. This change had no impact on the consolidated financial statements for the previous consolidated fiscal year.

[Unapplied accounting standards, etc.]

- “Accounting Standard for Leases” (ASBJ Statement No. 34, issued on September 13, 2024, by the ASBJ)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued on September 13, 2024, by the ASBJ), etc.

(1) Overview

As part of the Accounting Standards Board of Japan's (ASBJ) initiatives to bring Japanese GAAP into international convergence, a new accounting standard for leases was developed. This development involved deliberations based on international accounting standards with the aim of recognizing assets and liabilities for all of a lessee's leases.

The fundamental policy of this new standard is to adopt a single accounting model based on the core principles of IFRS 16. However, rather than incorporating every single provision of IFRS 16, the ASBJ focused on adopting only its major provisions. This approach aims to ensure simplicity and convenience while ensuring that, in principle, no adjustments would be required even if IFRS 16 provisions were applied to individual financial statements.

Regarding lessee accounting, a single accounting model will be applied to the method of cost allocation. Similar to IFRS 16, regardless of whether a lease is classified as a finance lease or an operating lease, lessees will be required to record depreciation for right-of-use (ROU) assets and interest expense for lease liabilities for all leases.

(2) Expected date of application

The accounting standard will be applied from the beginning of the fiscal year ending December 31, 2028.

(3) Effect of adoption of the said accounting standard, etc.

The effect of the application of the “Accounting Standard for Lease Transactions” and other related accounting standards on the consolidated financial statements is currently under evaluation.

[Additional information]

[Accounting Method in Stock Benefit Trust (J-ESOP)]

At the Board of Directors meeting held on October 29, 2015, the Company resolved to introduce the “Stock Benefit Trust (J-ESOP)”, an incentive plan to provide employees with shares of the Company purchased from the market in order to further link the Company’s stock price and performance with the treatment of employees and share the economic benefits with shareholders, thereby increasing employees’ motivation and morale toward improving the share price and performance. The Company resolved to introduce an incentive plan, “Stock Benefit Trust (J-ESOP)”, which provides employees with shares of the Company purchased from the market.

In connection with this introduction, Trust & Custody Services Bank, Ltd. (Trust Account E) (currently Custody Bank of Japan, Ltd. (Trust Account E)) acquired 194,200 shares of the Company’s shares between November 13, 2015 and November 26, 2015.

For accounting treatment of the said stock benefit trust, the gross amount method is applied to record the assets and liabilities of the trust as corporate assets and liabilities in the consolidated balance sheets, in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using a Trust” (Practical Issues Task Force No. 30, March 26, 2015). The Company has adopted the gross amount method.

(Trust Account E) are presented as treasury shares in the net assets section of the consolidated balance sheets. The amount recorded at the end of FY2024 was ¥108,000 thousand and the number of shares was 140,000. The amount recorded at the end of FY2025 was ¥101,983 thousand and the number of shares was 132,200.

[Disposal of Treasury shares as Restricted Stock Compensation]

The Company completed the payment procedures on March 27, 2025, for the disposal of treasury shares as restricted stock, which was resolved at the Board of Directors meeting held on April 14, 2025.

(1) Overview

(i)	Disposal date	April 14, 2025
(ii)	Class and number of shares subject to Disposal	16,711 shares of common shares of the Company
(iii)	Disposal price	¥718 per share
(iv)	Total value of Disposal	¥11,998,498
(iv)	Allottees of shares and number thereof; number of shares to be allotted	Directors of the Company (excluding Directors who are the member of the Audit & Supervisory Committee, and Outside Directors): 4 Directors, 10,696 shares Executive Officers of the Company: 3 Executive Officers, 6,015 shares

(2) Purpose and Reasons for Disposal

At the Board of Directors meeting held on February 13, 2023, the Company decided to introduce the Restricted Stock Compensation Plan (hereinafter the “Plan”) for its Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) and Executive Officers (hereafter referred to as “Eligible Recipients”). Following this decision, a resolution to distribute treasury shares was passed at the Board of Directors meeting on March 27, 2025. The purpose of introducing the Plan is to provide incentives for the sustainable growth in corporate value and to encourage a deeper alignment of interests with our shareholders.

[Notes to Consolidated Balance Sheets]

\* Contract liabilities in the other category are as follows:

(JPY in thousands)

	FY2024, Consolidated (January 1, 2024 to December 31, 2024)	FY2025, Consolidated (January 1, 2025 to December 31, 2025)
Current liabilities (Other)	129,672	172,542

[Notes to Consolidated Statements of Income]

\*1 Revenue from contracts with customers

Net Sales are not broken down into revenues arising from contracts with customers and other revenues. The amount of revenue arising from contracts with customers is presented in “Notes to the Consolidated Financial Statements (Revenue Recognition), 1. Information on revenue broken down from contracts with customers”.

\*2 Ending inventory is the amount after devaluation of book value due to decline in profitability, and the following loss on valuation of inventories is included in cost of sales.

(JPY in thousands)

	FY2024, Consolidated (January 1, 2024 to December 31, 2024)	FY2025, Consolidated (January 1, 2025 to December 31, 2025)
	65,925	33,481

\*3 Major items and amounts of selling, general and administrative expenses are as follows.

(JPY in thousands)

	FY2024, Consolidated (January 1, 2024 to December 31, 2024)	FY2025, Consolidated (January 1, 2025 to December 31, 2025)
Salary supplement	1,034,255	1,124,491

\*4 Total research and development expenses included in general and administrative expenses and manufacturing costs for the period under review are as follows.

(JPY in thousands)

	FY2024, Consolidated (January 1, 2024 to December 31, 2024)	FY2025, Consolidated (January 1, 2025 to December 31, 2025)
	40,430	45,282

\*5 Loss on valuation of investment securities

FY2024 (January 1, 2024 to December 31, 2024)

N/A

FY2025 (January 1, 2025 to December 31, 2025)

Loss on valuation of investment securities resulted from the recognition of impairment losses on securities classified as “investment securities” held by the Company whose substantial value had declined significantly.

[Notes to Consolidated Statements of Comprehensive Income]

\*Reclassification adjustments for other comprehensive income and tax effect amount

(JPY in thousands)

	FY2024, Consolidated (January 1, 2024 to December 31, 2024)	FY2025, Consolidated (January 1, 2025 to December 31, 2025)
Valuation difference on available-for-sale securities		
Current period amount	(12,850)	(40,740)
Reclassification adjustments	—	—
Income taxes before tax effect accounting	(12,850)	(40,740)
Income taxes and tax effect	3,919	13,051
Valuation difference on available-for-sale securities	(8,930)	(27,688)
Total accumulated other comprehensive income	(8,930)	(27,688)

[Notes to Consolidated Statement of Changes in Equity]  
 FY2024 (January 1, 2024 to December 31, 2024)

1. Matters concerning the class and total number of outstanding shares and the class and number of treasury shares

	Number of shares as of January 1, 2024 (shares)	Number of shares increased in FY2024 (shares)	Number of shares decreased in FY2024 (shares)	Number of shares as of December 31, 2024 (shares)
Issued shares				
Common shares	26,608,800	-	-	26,608,800
Total	26,608,800	-	-	26,608,800
Treasury shares				
Common shares (Notes 1.2)	962,288	-	25,255	937,033
Total	962,288	-	25,255	937,033

(Notes) 1. The decrease of 25,255 shares in the number of common shares of treasury shares is due to the issuance of 10,855 shares as restricted stock and the withdrawal of 14,400 shares from the Stock Benefit Trust Account resulting from the retirement of employees.  
 2. The number of shares of treasury shares at the beginning and end of FY2024 include 154,400 shares and 140,000 shares, respectively, of the Company's shares held by Custody Bank of Japan, Ltd.

2. Matters concerning share acquisition rights  
 N/A

3. Matters related to dividends

(1) Dividends paid

(Resolution adopted)	Class of shares	Aggregate dividends (JPY in thousands)	Dividend per share (JPY)	Record date	Effective date
March 27, 2024 Ordinary General Meeting of Shareholders	Common shares	232,208	9.00	December 31, 2023	March 28, 2024
August 13, 2024 Board of Directors' Meeting	Common shares	180,682	7.00	June 30, 2024	September 12, 2024

(Notes) 1. The "Total amount of dividends" resolved at the Ordinary General Meeting of Shareholders on March 27, 2024 includes dividends of ¥1,389 thousand paid to the Company's shares (treasury shares) held by Custody Bank of Japan, Ltd.  
 2. "Total amount of dividends" resolved by the Board of Directors on August 13, 2024 includes ¥1,028 thousand of dividends for the Company's shares (treasury shares) held by Custody Bank of Japan, Ltd.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution adopted)	Class of shares	Aggregate dividends (JPY in thousands)	Source of dividends	Dividend per share (JPY)	Record date	Effective date
March 27, 2025 Ordinary General Meeting of Shareholders	Common shares	206,494	Retained earnings	8.00	December 31, 2024	March 28, 2025

(Note) "Total amount of dividends" resolved at the Ordinary General Meeting of Shareholders on March 27, 2025 includes dividends of ¥1,120 thousand for the Company's shares (treasury shares) held by Custody Bank of Japan, Ltd.

FY2025 (January 1, 2025 to December 31, 2025)

1. Matters concerning the class and total number of outstanding shares and the class and number of treasury shares

	Number of shares as of January 1, 2025 (shares)	Number of shares increased in FY2025 (shares)	Number of shares decreased in FY2025(shares)	Number of shares as of December 31, 2025 (shares)
Issued shares				
Common shares	26,608,800	-	-	26,608,800
Total	26,608,800	-	-	26,608,800
Treasury shares				
Common shares (Notes 1.2.3)	937,033	1,287,743	24,511	2,200,265
Total	937,033	1,287,743	24,511	2,200,265

- (Notes)
- The increase of 1,287,743 shares in treasury shares of common shares consisted of an increase of 1,285,100 shares due to the acquisition of treasury shares pursuant to a resolution of the Board of Directors and an increase of 2,643 shares due to the acquisition without consideration of restricted stock.
  - The decrease of 24,511 shares in treasury shares of common shares consisted of a decrease of 16,711 shares due to the issuance of restricted stock and a decrease of 7,800 shares held in the stock benefit trust account following employees' retirement.
  - The number of treasury shares at the beginning of the current consolidated fiscal year and at the end of the current consolidated fiscal year includes shares of the Company held by Custody Bank of Japan, Ltd. (Trust E Account) of 140,000 shares and 132,200 shares, respectively.

2. Matters concerning share acquisition rights

N/A

3. Matters related to dividends

(1) Dividends paid

(Resolution adopted)	Type of shares	Aggregate dividends (JPY in thousands)	Dividend per share (JPY)	Record date	Effective date
March 27, 2025 Ordinary General Meeting of Shareholders	Common share	206,494	8.00	December 31, 2024	March 28, 2025
August 13, 2025 Board of Directors' Meeting	Common share	202,384	8.00	June 30, 2025	September 12, 2025

- (Notes)
- "Total amount of dividends" resolved at the Ordinary General Meeting of Shareholders on March 27, 2025 includes dividends of ¥1,120 thousand for the Company's shares (treasury shares) held by Custody Bank of Japan, Ltd.
  - "Total amount of dividends" resolved by the Board of Directors on August 13, 2025 includes ¥1,028 thousand of dividends for the Company's shares (treasury shares) held by Custody Bank of Japan, Ltd.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution adopted)	Class of shares	Aggregate dividends (JPY in thousands)	Source of dividends	Dividend per share (JPY)	Record date	Effective date
March 26, 2026 Ordinary General Meeting of Shareholders	Common share	343,570	Retained earnings	14.00	December 31, 2025	March 27, 2026

- (Note) "Total amount of dividends" resolved at the Ordinary General Meeting of Shareholders on March 26, 2026 includes dividends of ¥1,850 thousand for the Company's shares (treasury shares) held by Custody Bank of Japan, Ltd.

[Notes to Consolidated Statements of Cash Flows]

Relationship between cash and cash equivalents at the end of the period and the amount of items shown on the consolidated balance sheets

	FY2024 (January 1, 2024 to December 31, 2024)	FY2025 (January 1, 2025 to December 31, 2025)
Cash on hand and in banks	1,734,390	1,678,886
Time deposits with original maturities exceeding three months	(120,000)	(120,000)
Cash and cash equivalents	1,614,390	1,558,886

[Leases]

Operating lease transactions  
Future lease payments under for non-cancellable leases

(JPY in thousands)

	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Due within one year	153,838	155,657
Due after one year	171,988	42,258
Total	325,827	197,915

[Financial instruments]

1. Status of Financial Instruments

(1) Policies for financial instruments

The Group's policy on fund management is to focus primarily on highly liquid deposits and highly safe securities. For fundraising, The Group will procure the necessary working capital based on our business plan, using the most appropriate method depending on the nature of the funds. It is its policy not to engage in derivative transactions or speculative transactions. If it becomes necessary to engage in derivative transactions in the future to avoid risks, the Company's policy is to execute such transactions after establishing rules and regulations.

(2) Description of financial instruments and their risks

Trade notes and accounts receivable are exposed to customer credit risk. Investment securities mainly consist of bonds and stocks. Bonds are exposed to market price fluctuation risks, while stocks, particularly unlisted stocks, are subject to the credit risk of the issuing entity.

All accounts payable, which are trade payables, are due within one year. Accounts payable are exposed to liquidity risk.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk related to nonperformance by counterparties)

In accordance with the receivable management rules and credit management rules, the Group's administration department periodically monitors the status of business partners with respect to operating receivables, and manages due dates and outstanding balances for each business partner in cooperation with the department in charge to early identify and alleviate concerns about collection. The bonds in investment securities are limited to highly rated instruments in accordance with the fund management regulations, resulting in minimal credit risk. As for stocks, the financial condition of counterparties is monitored, and the holding status is continuously reviewed, taking into account the relationship with each counterparty.

(ii) Management of market risk (risk of fluctuations in interest rates, etc.)

The Group regularly monitors investment securities. For bonds, we periodically obtain information on market value and credit ratings and continuously review our holding status.

(iii) Management of liquidity risk (risk of being unable to make payments on due dates) related to fund procurement

The Group manages liquidity risk by maintaining liquidity on hand while the administrative department manages the cash flow situation on a monthly basis.

(4) Supplementary explanation concerning fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the adoption of different assumptions may cause the relevant value to fluctuate.

2. Fair value of financial instruments

The balance sheet carrying amount and fair value of financial instruments and their differences are as follows:

FY2024 (As of December 31, 2024)

(JPY in thousands)

	Amount on Consolidated Balance Sheet	Market Value	Difference
Investment securities	2,099,600	2,099,600	-
Leasehold deposits	172,196	169,504	(2,691)
Total amount assets	2,271,796	2,269,104	(2,691)

FY2025 (As of December 31, 2025)

(JPY in thousands)

	Amount on Consolidated Balance Sheet	Market Value	Difference
Investment securities	2,060,480	2,060,480	-
Leasehold deposits	167,827	164,155	(3,671)
Total amount assets	2,228,307	2,224,635	(3,671)

(Notes) \*1 "Cash and deposits", "Notes receivable", "Accounts receivable", "Accounts payable", and "Income taxes payable" are omitted because they are cash and their fair value approximates their book value due to their short maturities.

\*2 Shares, etc. without market quotations are not included in the above table. The consolidated balance sheet amounts of such financial instruments are as follows.

Category	FY2024	FY2025
Unlisted investment securities	215,450	157,130

(Note) 1. Estimated Redemption Amount of Financial Receivables After the Consolidated Balance Sheet Date

FY2024 (As of December 31, 2024)

(JPY in thousands)

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash on hand and in banks	1,734,390	-	-	-
Notes receivable	6,764	-	-	-
Accounts receivable	863,188	-	-	-
Leasehold deposits	26,782	145,414	-	-
Total	2,631,126	145,414	-	-

FY2025 (As of December 31, 2025)

(JPY in thousands)

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash on hand and in banks	1,678,886	-	-	-
Notes receivable	6,077	-	-	-
Accounts receivable	948,048	-	-	-
Leasehold deposits	23,037	144,790	-	-
Total	2,656,049	144,790	-	-

(Note) 2. The expected redemption subsequent to the consolidated balance sheet date for other interest-bearing liabilities

FY2024 (As of December 31, 2024)

N/A

FY2025 (As of December 31, 2025)

N/A

3. The breakdown for each level of fair value of financial instruments

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs used to measure fair value.

Level 1 fair value: The fair value determined by quoted prices for the assets or liabilities in question in an active market, among the inputs related to the calculation of observable fair value.

Level 2 fair value: The fair value determined using observable inputs other than Level 1 inputs for the calculation of fair value.

Level 3 fair value: The fair value determined using unobservable inputs for the calculation of fair value.

If multiple inputs are used that are significant to their fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

FY2024 (As of December 31, 2024)

Category	Market value (JPY in thousands)			
	Level 1	Level 2	Level 3	Total
Investment securities	-	2,099,600	-	2,099,600
Total	-	2,099,600	-	2,099,600

FY2025 (As of December 31, 2025)

Category	Market value (JPY in thousands)			
	Level 1	Level 2	Level 3	Total
Investment securities	-	2,060,480	-	2,060,480
Total	-	2,060,480	-	2,060,480

(2) Financial instruments other than those measured at fair value

FY2024 (As of December 31, 2024)

Category	Market value (JPY in thousands)			
	Level 1	Level 2	Level 3	Total
Leasehold deposits	-	169,504	-	169,504
Total	-	169,504	-	169,504

FY2025 (As of December 31, 2025)

Category	Market value (JPY in thousands)			
	Level 1	Level 2	Level 3	Total
Leasehold deposits	-	164,155	-	164,155
Total	-	164,155	-	164,155

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

The bonds held by the Company are valued based on prices quoted by financial institutions with which the Company conducts transactions. Since these bonds are infrequently traded in the market and their prices are not considered market prices in an active market, their fair value is classified as Level 2 fair value.

Leasehold deposits

The fair value of leasehold deposits is measured based on the present value of the expected collection amount discounted at the risk-free rate based on a reasonably estimated collection period, and is classified as Level 2 fair value.

[Securities]

1. Other securities

FY2024 (As of December 31, 2024)

(JPY in thousands)

	Types	Consolidated balance sheet carrying amount	Acquisition cost	Difference
Items for which the consolidated balance sheet carrying amount exceeds the acquisition cost	(i) Stock	158,750	150,180	8,570
	(ii) Accounts Receivable	-	-	-
	(iii) Other	-	-	-
	Subtotal	158,750	150,180	8,570
Items for which the consolidated balance sheet carrying amount does not exceed the acquisition cost	(i) Stock	-	-	-
	(ii) Accounts Receivable	2,099,600	2,128,770	(29,170)
	(iii) Other	-	-	-
	Subtotal	2,099,600	2,128,770	(29,170)
Total		2,258,350	2,278,950	(20,600)

(Note) Unlisted securities (amount on the consolidated balance sheet: ¥56,700 thousand) are not stated as they do not have market prices.

FY2025 (As of December 31, 2025)

(JPY in thousands)

	Types	Consolidated balance sheet carrying amount	Acquisition cost	Difference
Items for which the consolidated balance sheet carrying amount exceeds the acquisition cost	(i) Stock	157,130	150,180	6,950
	(ii) Accounts Receivable	-	-	-
	(iii) Other	-	-	-
	Subtotal	157,130	150,180	6,950
Items for which the consolidated balance sheet carrying amount does not exceed the acquisition cost	(i) Stock	-	-	-
	(ii) Accounts Receivable	2,060,480	2,128,770	(68,290)
	(iii) Other	-	-	-
	Subtotal	2,060,480	2,128,770	(68,290)
Total		2,217,610	2,278,950	(61,340)

2. Securities Subject to Impairment Loss

During the current fiscal year, the Company recognized an impairment loss of ¥56,700 thousand on unlisted shares classified as other securities.

[Tax effect accounting]

1. The breakdown of the main causes of deferred tax assets and deferred tax liabilities

	(JPY in thousands)	
	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Deferred tax assets		
Accrued enterprise taxes	15,822	21,004
Depreciation	46,216	50,482
Provision for share awards	82,719	99,013
Loss on valuation of inventory	34,464	45,279
Loss on valuation of investment securities		17,871
Tax carryforward loss	6,878	—
Other	29,368	49,548
Total deferred tax assets	215,470	283,200
Deferred tax liabilities		
Prepaid labor insurance premiums	(1,534)	(1,620)
Total deferred tax liabilities	(1,534)	(1,620)
Net deferred tax assets	213,935	281,580

2. Significant differences between the statutory effective tax rate and after the application of tax effect accounting, by major category that caused the differences

	(JPY in thousands)	
	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Statutory effective tax rate	30.50%	30.62%
(Adjustments)		
Corporate tax rate for prior years	(2.91)	-
Tax credits	(2.82)	(1.79)
Adjustment to increase deferred tax assets at year-end due to a change in tax rates	-	(0.55)
Other	-	0.06
Tax burden rate after applying tax effect accounting	24.77	28.34

3. Revision of the Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to a Change in Tax Rates  
 Following the enactment of the Act for partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) by the National Diet on March 31, 2025, the Special Defense Corporation Tax will be imposed for fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in fiscal years beginning on or after January 1, 2027 have been calculated using a revised statutory effective tax rate of 31.52%, instead of 30.62%.  
 The impact of this change in tax rates was immaterial.

[Revenue Recognition]

1. Information on disaggregation of revenue from contracts with customers  
 FY2024 (January 1, 2024 to December 31, 2024)

	(JPY in thousands)			Total
	Reportable Segments			
	Medical Business	Public Sector Business	Health Tech Business	
Timing of revenue recognition				
Revenue recognized at one point in time	2,145,942	64,665	45,069	2,255,676
Revenue recognized over a period of time	3,349,000	224,883	11,818	3,585,702
Revenue from contracts with customers	5,494,943	289,548	56,887	5,841,379
Net sales to external customers	5,494,943	289,548	56,887	5,841,379

(JPY in thousands)

	Reportable Segments			Total
	Medical Business	Public Sector Business	Health Tech Business	
By Service Type				
Software	3,013,800	273,978	—	3,287,778
Hardware	471,187	7,668	—	478,855
Support	1,591,972	—	—	1,591,972
Other	417,983	7,902	56,887	482,772
Revenue from contracts with customers	5,494,943	289,548	56,887	5,841,379
Sales to external customers	5,494,943	289,548	56,887	5,841,379

FY2025 (January 1, 2025 to December 31, 2025)

(JPY in thousands)

	Reportable Segments			Total
	Medical Business	Public Sector Business	Health Tech Business	
Timing of revenue recognition				
Revenue recognized at one point in time	2,168,959	69,478	51,535	2,289,973
Revenue recognized over a period of time	3,522,443	285,705	11,818	3,819,967
Revenue from contracts with customers	5,691,403	355,184	63,353	6,109,941
Net sales to external customers	5,691,403	355,184	63,353	6,109,941

(JPY in thousands)

	Reportable Segments			Total
	Medical Business	Public Sector Business	Health Tech Business	
By Service Type				
Software	2,959,928	354,491	—	3,314,419
Hardware	420,569	693	—	421,262
Support	1,710,620	—	—	1,710,620
Other	600,284	—	63,353	663,637
Revenue from contracts with customers	5,691,403	355,184	63,353	6,109,941
Sales to external customers	5,691,403	355,184	63,353	6,109,941

## 2. Information that forms a basis for understanding revenue from contracts with customers

The foundational information for understanding revenue is as stated in the consolidated financial statements, “Notes to the Consolidated Financial Statements (Basis of Presenting Consolidated Financial Statements) 4. Disclosure of Accounting Policies (4) Accounting policies for significant revenues and expenses”.

3. Information on the relation between satisfaction of performance obligations based on contracts with customers and cash flows arising from the contracts, and amount and timing of revenue that is expected to be recognized in and after FY2026 from contracts with customers that existed as of December 31, 2025

(1) Balance of contract assets and contract liabilities

(JPY in thousands)

	FY2004	FY2025
Receivables arising from contracts with customers (beginning balance)	1,187,321	869,953
Receivables arising from contracts with customers (ending balance)	869,953	954,126
Contract assets (beginning balance)	736,783	680,224
Contract assets at end of period	680,224	838,976
Contract liabilities (beginning balance)	117,622	129,672
Contract liabilities at end of period	129,672	172,542

Contract assets mainly relate to the rights of the Company and its consolidated subsidiary to unbilled consideration for software and contracted development and other revenue recognized based on the stage of completion as of the balance sheet date. Contract assets are reclassified to receivables arising from contracts with customers when the Company and its subsidiary's rights to the consideration become unconditional.

Contract liabilities primarily relate to advances received from customers for maintenance and other services with customers for which revenue is recognized over a specified period of time. Contract liabilities are reversed upon revenue recognition.

The amount of revenue recognized in FY2024 that was included in the contract liability balance at the beginning of the period was ¥72,325 thousand. There was no amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in prior periods.

The amount of revenue recognized in FY2025 that was included in the contract liability balance at the beginning of the period was ¥117,884 thousand. There was no amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in prior periods.

(2) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiary apply the practical expedient method to note the transaction prices allocated to the remaining performance obligations and do not include in the notes contracts that are initially expected to be in effect for one year or less.

The total transaction price allocated to the remaining performance obligation at the end of FY2024 was ¥1,450,779 thousand. The Company and its consolidated subsidiary expect to recognize revenue from these remaining performance obligations generally within five years.

The total transaction price allocated to the remaining performance obligation at the end of FY2025 was ¥1,603,100 thousand. The Company and its consolidated subsidiary expect to recognize revenue from these remaining performance obligations generally within five years.

[Segment Information]

Segment information

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial statements are available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group has three reportable segments: the Medical Business, the Public Sector Business, and the Health Tech Business. The business activities of each reportable segment are as follows.

[Medical Business]

The development and sales of DX solutions in medical industry, consulting services, aggregation and analysis of medical data

[Public Sector Business]

The development and sales of DX solutions in public sector, including archive management and digital approval systems

[Health Tech Business]

The development and sales of medical devices and the analysis of medical data

2. Calculation of net sales, income or loss, assets, and other items by reportable segments

The accounting treatment of the reported business segments is generally the same as that described in the "Basis of Presenting Consolidated Financial Statements".

The profit of each reportable segment is based on operating profit.

Internal sales or transfers between segments are based on market prices.

3. Information on net sales, income or losses, assets, and other items by reportable segments

FY2024 (January 1, 2024 to December 31, 2024)

(JPY in thousands)

	Reportable Segments			Total	Adjustment (Note 1)	Total amount on consolidated Financial Statements (Note 2)
	Medical Business	Public Sector Business	Health Tech Business			
Net sales						
Sales to external customers	5,494,943	289,548	56,887	5,841,379	-	5,841,379
Intersegment sales or transfers	-	-	-	-	-	-
Total	5,494,943	289,548	56,887	5,841,379	-	5,841,379
Segment income (loss)	1,653,229	101,202	(229,013)	1,525,418	-	1,525,418
Segment assets	2,075,097	201,983	156,318	2,433,398	4,250,705	6,684,103
Other Items						
Depreciation and amortization	236,050	25,039	29,643	290,733	-	290,733
Increase in tangible and intangible assets	231,465	49,707	18,837	300,009	-	300,009

(Notes) 1. The adjustment amount for segment assets is corporate assets not allocated to any reporting segment (primarily cash and deposits not attributable to any reporting segment of ¥1,727,778 thousand, and investment securities of ¥2,315,050 thousand).

2. Total segment income or losses are the same as operating income in the consolidated statements of income.

FY2025 (January 1, 2025 to December 31, 2025)

(JPY in thousands)

	Reportable Segments			Total	Adjustment (Note 1)	Total amount on consolidated Financial Statements (Note 2)
	Medical Business	Public Sector Business	Health Tech Business			
Net sales						
Sales to external customers	5,691,403	355,184	63,353	6,109,941	-	6,109,941
Intersegment sales or transfers	-	-	-	-	-	-
Total	5,691,403	355,184	63,353	6,109,941	-	6,109,941
Segment income (loss)	1,895,062	109,897	(214,930)	1,790,029	-	1,790,029
Segment assets	2,370,151	199,861	69,863	2,639,876	4,167,981	6,807,858
Other Items						
Depreciation and amortization	236,793	48,344	22,173	307,311	-	307,311
Increase in tangible and intangible assets	227,037	61,449	9,152	297,638	-	297,638

(Notes) 1. The adjustment amount for segment assets is corporate assets not allocated to any reporting segment (primarily cash and deposits not attributable to any reporting segment of ¥1,669,320 thousand, and investment securities of ¥2,217,610 thousand).

2. Total segment income or losses are the same as operating income in the consolidated statements of income.

[Related information]

FY2024 (January 1, 2024 to December 31, 2024)

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by geographic area

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, thus this information is omitted.

3. Information by major customers

N/A

FY2025 (January 1, 2025 through December 31, 2025)

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by geographic area

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, thus this information is omitted.

3. Information by major customer

N/A

[Impairment losses on non-current assets by reportable segments]

FY2024 (January 1, 2024 to December 31, 2024)

(JPY in thousands)

	Reportable segments			Corporate and Eliminations	Total
	Medical Business	Public Sector Business	Health Tech Business		
Impairment losses	—	—	1,944	—	1,944

FY2025 (January 1, 2025 through December 31, 2025)

N/A

[Amortization of goodwill and unamortized balance by reportable segments]

FY2024 (January 1, 2024 to December 31, 2024)

N/A

FY2025 (January 1, 2025 through December 31, 2025)

N/A

[Gain recognized on negative goodwill by reportable segments]

FY2024 (January 1, 2024 to December 31, 2024)

N/A

FY2025 (January 1, 2025 to December 31, 2025)

[Information on related parties]

FY2024 (January 1, 2024 to December 31, 2024)

N/A

FY2025 (January 1, 2025 to December 31, 2025)

N/A

[Per Share Information]

	FY2024 (January 1, 2024, to December 31, 2024)	FY2025 (January 1, 2025, to December 31, 2025)
Net assets per share (JPY)	218.24	222.91
Basic earnings per share (JPY)	45.30	50.07

(Notes) 1. Diluted earnings per share for FY2023 are not described here because there are no issuable shares.

2. Earnings per share and diluted earnings per share were calculated based on the following:

	FY2024 (January 1, 2024, to December 31, 2024)	FY2025 (January 1, 2025, to December 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (JPY in thousands)	1,162,365	1,256,970
Profit not belonging to common shareholders (JPY in thousands)	—	—
Profit attributable to owners of parent related to common shares (JPY in thousands)	1,162,365	1,256,970
Average number of outstanding common shares during the period (shares)	25,661,312	25,105,070
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	—	—

(Notes): 1. For the purpose of calculating basic earnings per share, the average number of the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) during FY2024 and FY2025 are 147,430 shares and 135,041 shares, respectively.

[Significant Events after Reporting Period]

N/A

5. [Consolidated annexed detailed statements]

[Schedule of bonds payable]

N/A

[Schedule of borrowings]

N/A

[Schedule of asset retirement obligations]

N/A

(2) [Other]

Quarterly financial information for FY2025

Cumulative period	Six Months ended June 30, 2025	Year ended December 31, 2025
Net sales (JPY in thousands)	3,125,603	6,109,941
Profit before income taxes (JPY in thousands)	985,539	1,784,035
Profit attributable to owners of the parent (JPY in thousands)	685,697	1,256,970
Basic earnings per share (JPY)	26.88	50.07

2 [Non-consolidated Financial Statements, etc.]

(1) [Non-consolidated Financial Statements]

(i) [Non-consolidated Balance Sheet]

(JPY in thousands)

	As of December 31, 2024	As of December 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	1,727,778	1,669,320
Notes receivable - trade	6,764	6,077
Accounts receivable - trade	855,714	* 943,177
Contract assets	680,224	700,370
Merchandise and finished goods	184,197	164,166
Work in process	5,304	7,232
Raw materials and supplies	50,383	19,964
Prepaid expenses	39,967	58,666
Other	* 28,159	* 39,474
Total current assets	3,578,492	3,608,449
Non-current assets		
Property, plant and equipment		
Buildings	47,192	42,254
Vehicles	0	1,283
Tools, furniture and fixtures	31,982	38,860
Total property, plant and equipment	79,174	85,398
Intangible assets		
Software	310,519	299,227
Other	344	344
Total intangible assets	310,863	299,571
Investments and other assets		
Investment securities	2,315,050	2,217,610
Shares of subsidiaries and associates	7,000	7,000
Leasehold deposits	172,196	167,827
Long-term prepaid expenses	7,793	9,145
Deferred tax assets	295,372	367,377
Other	1,587	2,469
Total investments and other assets	2,799,000	2,771,429
Total non-current assets	3,189,038	3,156,399
Total assets	6,767,531	6,764,848

(JPY in thousands)

	As of December 31, 2024	As of December 31, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	67,289	36,090
Accounts payable - other	* 112,922	* 118,707
Accrued expenses	83,827	86,877
Income taxes payable	259,214	316,999
Accrued consumption taxes	97,403	128,305
Advances received	128,608	171,346
Deposits received	28,803	117,026
Total current liabilities	778,070	975,352
Non-current liabilities		
Long-term deposits received	31,277	—
Provision for share awards	271,210	314,130
Other	153	83
Total non-current liabilities	302,641	314,213
Total liabilities	1,080,711	1,289,566
<b>Net assets</b>		
Shareholders' equity		
Share capital	254,259	254,259
Capital surplus		
Legal capital surplus	224,259	224,259
Other capital surplus	2,963	1,526
Total capital surplus	227,222	225,785
Retained earnings		
Other retained earnings		
Retained earnings brought forward	5,991,471	6,789,554
Total retained earnings	5,991,471	6,789,554
Treasury shares	(771,816)	(1,752,311)
Total shareholders' equity	5,701,136	5,517,288
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(14,317)	(42,005)
Total valuation and translation adjustments	(14,317)	(42,005)
Total net assets	5,686,819	5,475,282
Total liabilities and net assets	6,767,531	6,764,848

## (ii) [Non-consolidated Statement of Income and Comprehensive Income]

(JPY in thousands)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	5,800,482	*1 5,930,949
Cost of sales	*1 2,304,872	*1 2,091,386
Gross profit	3,495,610	3,839,563
Selling, general and administrative expenses	*1,*2 1,999,914	*1,*2 2,156,437
Operating profit	1,495,695	1,683,125
Non-operating income		
Interest income	616	3,470
Interest on securities	*1 3,114	*1 44,879
Subsidy income	13,530	—
Other	*1 3,514	*1 5,928
Total non-operating income	20,776	54,278
Non-operating expenses		
Commission for purchase of treasury shares	—	1,999
Other	—	1
Total non-operating expenses	—	2,000
Recurring profit	1,516,471	1,735,403
Extraordinary losses		
Loss on valuation of investment securities	—	*4 56,700
Impairment losses	*3 38,944	—
Total extraordinary losses	38,944	56,700
Profit before income taxes	1,477,526	1,678,703
Income taxes - current	417,514	530,693
Income taxes - deferred	(54,992)	(58,952)
Total income taxes	362,522	471,741
Profit	1,115,004	1,206,962

(iii) [Non-consolidated Statement of Changes Equity]  
FY2024 (From January 1, 2024 to December 31,2024)

(JPY in thousands)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at beginning of period	254,259	224,259	-	224,259	5,289,358	5,289,358	(791,956)
Changes during period							
Dividends of surplus					(412,890)	(412,890)	
Profit					1,115,004	1,115,004	
Disposal of treasury shares			2,963	2,963			20,139
Net changes in items other than shareholders' equity							
Total changes during period	-	-	2,963	2,963	702,113	702,113	20,139
Balance at end of period	254,259	224,259	2,963	227,222	5,991,471	5,991,471	(771,816)

	Shareholders' equity	Valuation and translation adjustments		Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	4,975,919	(5,386)	(5,386)	4,970,533
Changes during period				
Dividends of surplus	(412,890)			(412,890)
Profit	1,115,004			1,115,004
Disposal of treasury shares	23,103			23,103
Net changes in items other than shareholders' equity		(8,930)	(8,930)	(8,930)
Total changes during period	725,216	(8,930)	(8,930)	716,286
Balance at end of period	5,701,136	(14,317)	(14,317)	5,686,819

FY2025 (From January 1, 2025 to December 31, 2025)

(JPY in thousands)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at beginning of period	254,259	224,259	2,963	227,222	5,991,471	5,991,471	(771,816)
Changes during period							
Dividends of surplus					(408,878)	(408,878)	
Profit					1,206,962	1,206,962	
Purchase of treasury shares							(999,947)
Disposal of treasury shares			(1,437)	(1,437)			19,452
Net changes in items other than shareholders' equity							
Total changes during period	-	-	(1,437)	(1,437)	798,083	798,083	(980,494)
Balance at end of period	254,259	224,259	1,526	225,785	6,789,554	6,789,554	(1,752,311)

	Shareholders' equity	Valuation and translation adjustments		Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	5,701,136	(14,317)	(14,317)	5,686,819
Changes during period				
Dividends of surplus	(408,878)			(408,878)
Profit	1,206,962			1,206,962
Purchase of treasury shares	(999,947)			(999,947)
Disposal of treasury shares	18,015			18,015
Net changes in items other than shareholders' equity		(27,688)	(27,688)	(27,688)
Total changes during period	(183,848)	(27,688)	(27,688)	(211,537)
Balance at end of period	5,517,288	(42,005)	(42,005)	5,475,282

[Notes to Non-consolidated Financial Statements]

[Significant accounting policies]

1. Accounting policy for measuring assets

(1) Accounting policy for measuring securities

Shares issued by a subsidiary and an equity method affiliate

Stated at cost using the moving-average method

Other securities

Shares with no market price, etc.

The mark-to-market method is adopted (valuation differences are accounted for by directly recording them in net assets, and the cost of sales is calculated using the moving average method).

Stated at cost using the moving-average method

(2) Accounting policy for measuring inventories

Merchandise and finished goods, work in process, raw materials

Stated at cost using the identified cost method (Cost of inventories is written-down when their carrying amounts become unrecoverable).

Supplies

Stated at cost determined by last purchase price method (Cost of inventories is written-down when their carrying amounts become unrecoverable).

2. Accounting policy for depreciation of assets

(1) Property, plant and equipment

Facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method, and other property, plant and equipment are depreciated using the declining-balance method.

The useful lives of major assets are as follows:

Buildings 8-18 years

Vehicles 2-4 years

Tools, furniture and fixtures 2-15 years

(2) Intangible assets

Software for sale in the market

The larger of the amortized amount based on the estimated sales volume or the amortized amount evenly distributed over the estimated salable period (2 years) is recorded.

Software for internal use

Amortization of software for internal use is calculated by the straight-line method over the estimated useful life (5 years).

Other intangible assets

Other intangible assets are stated at cost determined by straight-line method.

3. Basis for reserves

Provision for share awards

The Company records an amount based on the estimated amount of stock benefit obligations as of the end of the fiscal year to prepare for providing the payment of the Company share to employees in accordance with stock benefit regulations.

4. Reporting of significant revenues and expenses

The following is a description of the main performance obligations in the Company's main business related to revenue from contracts with customers and the usual time at which the performance obligation is satisfied (the usual point of revenue recognition)

(1) Software

The transactions are related to sales of self-developed software such as the document management software *Claiio* and the documentation software for municipalities and public organizations *DocuMaker Office*. With regard to software, the Company has determined that performance obligations are fulfilled in accordance with the progress of software implementation. Therefore, except for contracts with very short terms, the Company estimates the degree of progress toward fulfillment of performance obligations and recognizes revenue over a certain period of time based on the degree of progress. For progress estimates calculated based on the actual occurrence rate against total estimated cost (input method).

For contracts with very short terms, revenue is recognized at a point in time on the date of acceptance.

(2) Hardware

These are transactions related to the sale of commercial hardware products such as servers and PCs that occur in conjunction with the sale of software, which are the Company's products. For sales of products, revenue is recognized at the time the products are delivered to the customer.

(3) Support

These are transactions related to maintenance services that are provided on an ongoing basis after software is

newly introduced. The Company has maintenance agreements with its users, since the Company's products manage important information both in medical institutions and in local governments. Under these contracts, the Company is obligated to provide services over the contract period and recognizes revenue over the service period specified in the contract because the Company believes that the customer will receive benefits as it fulfills its obligations over the service period specified in the contract.

(4) Other

These are transactions related to entrusted development, system services and engineering. The Company undertakes entrusted development, system services and engineering utilizing its knowledge, know-how, and experience in healthcare and medical software. With regard to entrusted development, etc., the Company has determined that performance obligations will be fulfilled in accordance with the progress of the work. Therefore, except for contracts with very short terms, the Company estimates the degree of progress toward fulfillment of performance obligations and recognizes revenue over a certain period of time based on the degree of progress. For progress estimates calculate based on the actual occurrence rate against total estimated cost (input method).

For contracts with short terms, revenue is recognized at points in time on the dates of acceptance.

5. Other Significant Matters Fundamental to the Preparation of the Consolidated Financial Statements

Restricted Stock Compensation Plan

Under our Restricted Stock Compensation Plan, compensation provided to the Directors and Executive Officers is expensed over the relevant service period.

[Significant accounting estimates]

The following is a list of items for which an accounting estimate has been made and the amount has been recorded in the financial statements for FY2025 that may have a material effect on the financial statements for FY2026.

(Revenue recognition using the input method based on an estimate of total cost)

(1) Amount recorded in the financial statements for FY2025

	(JPY in thousands)	
	FY2024	FY2025
Net sales based on input method	1,608,967	1,649,950
Net sales from projects in progress at the end of FY2025	444,385	636,700

(2) Details of significant accounting estimates related to the identified items

Details of significant accounting estimates related to the identified items is omitted because the same information is stated in the "Notes to the consolidated financial statements".

[Changes in Accounting Policies]

[Application of the Accounting Standard for Current Income Taxes, etc.]

The Company has applied the Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "2022 Revised Accounting Standard"), etc. from the beginning of the current fiscal year. With respect to the revisions regarding the classification of income taxes, the Company has followed the transitional treatment prescribed in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard. This application had no impact on the financial statements.

[Additional information]

[Valuation Method in "Stock Benefit Trust" (J-ESOP)]

Notes have been omitted because the same information on transactions in which the Company's shares are issued to employees through a trust is presented in the "Notes to Consolidated Financial Statements".

[Disposal of Treasury Shares as Restricted Stock Compensation]

The disposal of treasury shares as restricted stock compensation is not noted here because the same information is included in the "Notes to Consolidated Financial Statements (Additional Information)".

[For non-consolidated balance sheets]

\*Monetary receivables from and payables to a subsidiary and an equity method affiliate are as follows

	(JPY in thousands)	
	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Short-term monetary receivables	753	2,571
Short-term monetary payables	15,672	8,879

[For non-consolidated statement of income, cumulative]

1. Transactions with a subsidiary and an equity method affiliate are as follows.

	(JPY in thousands)	
	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Operating transactions	94,580	123,227
Non-operating transactions	1,545	1,650

2. The approximate percentages of expenses included in selling expenses were 60% in FY2024 and 60% in FY2025, and the approximate percentages of expenses included in general and administrative expenses were 40% in FY2024 and 40% in FY2025.

Major components of selling, general and administrative expenses are as follows.

	(JPY in thousands)	
	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Salaries	1,023,756	1,112,548
Depreciation	26,356	24,872

3. Impairment losses

FY2024 (From January 1, 2024 to December 31, 2024)

The Company has recognized impairment losses on the following assets.

(JPY in thousands)			
Usage	Type	Location	Impairment losses
Business assets	Tools, furniture, and fixtures	Chiyoda-ku, Tokyo	1,944
Business assets	Manufacturing know-how	Chiyoda-ku, Tokyo	37,000
合計			38,944

After reviewing the business plan for the Health Tech business, the Company recognized an impairment loss as the initially expected revenue is no longer anticipated. For the application of impairment accounting, asset grouping is conducted based on the smallest unit that generates independent cash flows. The recoverable amount of the relevant assets is measured based on their value in use. Since the value in use, calculated based on future cash flows, is negative, the recoverable amount is assessed as zero.

FY2025 (From January 1, 2025 to December 31, 2025)

N/A

4. Compensation for Damages

FY2024 (From January 1, 2024 to December 31, 2024)

The Company compensated for damages caused by malfunctions in its software at a client's site.

FY2025 (From January 1, 2025 to December 31, 2025)

Loss on valuation of investment securities resulted from the recognition of impairment losses on securities classified as "investment securities" held by the Company whose substantial value had declined significantly.

[Tax effect accounting]

1. Significant components of deferred tax assets and liabilities

	FY2024 (As of December 31, 2024)	(JPY in thousands) FY2025 (As of December 31, 2025)
Deferred tax assets		
Accrued enterprise taxes	15,822	18,485
Depreciation	91,187	97,131
Valuation of bonds of subsidiaries and affiliates	30,500	31,520
Impairment losses	11,878	12,090
Provision for share awards	82,719	99,013
Long-term deposits received	9,539	-
Loss on valuation of inventory	34,464	45,279
Loss on valuation of investment securities	-	17,871
Valuation difference on available-for-sale securities	6,283	19,334
Other	14,512	28,270
Total deferred tax assets	<u>296,907</u>	<u>368,997</u>
Deferred tax liabilities		
Prepaid labor insurance premiums	<u>(1,534)</u>	<u>(1,620)</u>
Total deferred tax liabilities	<u>(1,534)</u>	<u>(1,620)</u>
Net deferred tax assets	<u>295,372</u>	<u>367,377</u>

2. Significant differences between the statutory effective tax rate and after the application of tax effect accounting, by major category that caused the differences

	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Statutory effective tax rate	30.50%	30.62%
(Adjustments)		
Corporate tax rate for prior years	(3.04)	-
Tax credits	(2.94)	(1.90)
Adjustment to increase deferred tax assets at year-end due to a change in tax rates	-	(0.59)
Other	0.02	(0.03)
Tax burden rate after applying tax effect accounting	<u>24.54</u>	<u>28.10</u>

3. Revision of the Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to a Change in Tax Rates

Following the enactment of the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) by the National Diet on March 31, 2025, the Special Defense Corporation Tax will be imposed for fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in fiscal years beginning on or after January 1, 2027 have been calculated using a revised statutory effective tax rate of 31.52%, instead of 30.62%.

The impact of this change in tax rates was immaterial.

[Revenue Recognition]

Information that provides a basis for understanding revenue from contracts with customers is presented in [Revenue Recognition] in “Notes to the consolidated financial statements”, and therefore, notes have been omitted.

[Significant Events after Reporting Period]

N/A

## (iv) Non-consolidated annexed schedules

## [Schedule of total property, plant and equipment]

(JPY in thousands)

Category	Types of assets	Balance at the beginning of FY2025	Increase in FY2025	Decrease in FY2025	Depreciation or amortization for FY2025	Balance at the end of FY2025	Accumulated depreciation	Original cost acquired at the end of FY2025
Property, plant and equipment	Buildings	47,192	2,863	-	4,801	45,254	31,909	77,163
	Vehicles	0	1,710	0	427	1,283	2,725	4,008
	Tools, furniture and fixtures	31,982	32,940	551	25,510	38,860	139,814	178,675
	Total	79,174	37,515	551	30,739	85,398	174,449	259,847
Intangible assets	Software	310,519	259,832	-	271,124	299,227	3,894,086	4,193,313
	Other	344	-	-	-	344	-	344
	Total	310,863	259,832	-	271,124	299,571	3,894,086	4,193,657

- (Notes)
1. The increase in buildings for the fiscal year was primarily attributable to the expansion of the Kyoto Branch, and the increase in tools, furniture and fixtures was primarily due to the purchase of PCs.
  2. The breakdown of increase in software (for sale on the market) by major product is as follows: *Claiο*: ¥23,419 thousand, *REMORA*: ¥39,740 thousand, *DocuMaker*: ¥41,905 thousand, *C-Scan*: ¥9,530 thousand, *PDI+MoveBy*: ¥5,409 thousand, *ProRad*: ¥1,307 thousand, *GAP*: ¥8,372 thousand, *PiCls*: ¥68,558 thousand, *DocuMaker Office*: ¥61,325 thousand.

## [Schedule of allowances and provisions]

(JPY in thousands)

Account	Balance at the beginning of FY2025	Increase in FY2025	Decrease in FY2025	Balance at the end of FY2025
Provision for share awards	271,210	49,999	7,080	314,130

## (2) [Major assets and liabilities]

This information is omitted as indicated in “Consolidated financial statements”.

## (3) [Others]

N/A

## VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From January 1 to December 31
General Meeting of Shareholders	Within 3 months after the end of each fiscal year
Record date for dividend	December 31
Record dates for dividend of surplus	June 30 December 31
Number of shares per unit of the Company's stock	100 shares
Repurchase of shares of less than a standard unit	
Address where repurchases are processed	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited
Administrator of shareholders' register	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Offices available for repurchase	—
Charges for repurchase	Free of charge
Method of public notice	Public notices of the Company shall be given by electronic means. <a href="https://findex.co.jp">https://findex.co.jp</a> However, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the Nihon Keizai Shimbun.
Special benefits to shareholders	None

(Notes) According to the Company's Articles of Incorporation where the rights of shareholders holding shares of less than a standard unit are prescribed, the holder of shares of less than a standard unit shall not be entitled to exercise the rights of shareholders in connection with such below-unit shares other than those rights listed below:

- (i) The rights stipulated in each item of Article 189, Paragraph 2, of the Companies Act.
- (ii) The right to request acquisition of share with put option.
- (iii) The right to receive allotment of offered shares or offered share subscription rights.

## VII. Reference Information of Reporting Company

### 1 [Information on the Parent of Reporting Company]

The Company has no parent company or equivalent as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2 [Other Reference Information]

The Company filed the following documents between the beginning of the fiscal year ended December 31, 2025 and the date when this Securities Report (Yukashoken-Hokokusho) was filed.

- (1) Securities Report and Accompanying Documents and Confirmation Note  
Fiscal Year the 40th (From January 1, 2024 to December 31, 2024) Submitted to the Director of the Kanto Local Finance Bureau on March 28, 2025
- (2) Internal Control Report and Attached Documents  
Submitted to the Director of the Kanto Local Finance Bureau on March 28, 2025
- (3) Semi-Annual Securities Reports and Confirmation Notes  
The semi-annual of 41st period (from January 1, 2025 to June 30, 2025) Submitted to the Director of the Kanto Local Finance Bureau on August 13, 2025
- (4) Extraordinary Report  
Submitted to the Director of the Kanto Local Finance Bureau on March 28, 2025  
An extraordinary report according to the provision of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (Matters that require a resolution of a general meeting of shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.
- (5) Share Buyback reports  
Filed for the reporting period from March 14 to March 31, 2025, with the Director of the Kanto Local Finance Bureau on April 10, 2025.  
Filed for the reporting period from April 1 to April 30, 2025, with the Director of the Kanto Local Finance Bureau on May 1, 2025.  
Filed for the reporting period from May 1 to May 31, 2025, with the Director of the Kanto Local Finance Bureau on June 2, 2025.  
Filed for the reporting period from June 1 to June 30, 2025, with the Director of the Kanto Local Finance Bureau on July 1, 2025.  
Filed for the reporting period from July 1 to July 31, 2025, with the Director of the Kanto Local Finance Bureau on August 13, 2025.  
Filed for the reporting period from August 1 to August 31, 2025, with the Director of the Kanto Local Finance Bureau on September 9, 2025.  
Filed for the reporting period from September 1 to September 30, 2025, with the Director of the Kanto Local Finance Bureau on October 10, 2025.  
Filed for the reporting period from October 1 to October 31, 2025, with the Director of the Kanto Local Finance Bureau on November 10, 2025.  
Filed for the reporting period from November 1 to November 30, 2025, with the Director of the Kanto Local Finance Bureau on December 10, 2025.  
Filed for the reporting period from December 1 to December 31, 2025, with the Director of the Kanto Local Finance Bureau on January 13, 2026.

Part II Information on Guarantors, etc. for Reporting Company

N/A