Consolidated Financial Results for the fiscal year ended June 30, 2026 (Japanese GAAP)

August 5, 2026

Company name: AVANT GROUP CORPORATION   Stock exchange listing: Tokyo
Code number: 3836   URL: https://www.avantgroup.com/
Representative: (Title) Group CEO & Founder (Name) Tetsuji Morikawa
For inquiry: (Title) Director, Finance (Name) Naoyoshi Kasuga (Tel) 03-6388-6739
Scheduled date of Annual General Meeting of Shareholders: September 25, 2026
Scheduled dividend payment date: September 28, 2026
Scheduled filing date of Annual Securities Report: September 18, 2026
Supplementary information for financial statements: : Available
Explanatory meeting to be held: Yes (for analysts)

(Millions of yen, rounded down to the nearest unit)

1. Consolidated financial results for the fiscal year ended June 30, 2026 (July 1, 2025 to June 30, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	30,481	8.0	5,114	0.1	4,697	2.0	4,573	(0.9)	2,985	(13.1)
June 30, 2025	28,227	15.6	5,110	10.1	4,604	12.3	4,613	11.9	3,434	20.5

(Note) Comprehensive income: Fiscal year ended June 30, 2026 3,021 million yen (-4.0%)
Fiscal year ended June 30, 2025 3,146 million yen (7.5%)

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2026	83.41	-	19.8	18.9	15.4
June 30, 2025	94.15	-	23.8	19.9	16.3

(Reference) Equity in earnings of affiliates: Fiscal year ended June 30, 2026 (23) million yen
Fiscal year ended June 30, 2025 - million yen

* EBITDA is operating profit + depreciation + amortization of goodwill

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2026	24,147	14,570	60.3	422.90
June 30, 2025	24,373	15,597	63.9	426.96

(Reference) Shareholders' equity As of June 30, 2026 : 14,570 millions of yen
As of June 30, 2025 : 15,582 millions of yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2026	3,790	(1,338)	(4,257)	13,382
June 30, 2025	4,469	(201)	(1,036)	15,162

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
June 30, 2025	-	0.00	-	25.00	25.00	930	26.6	6.3
June 30, 2026	-	0.00	-	32.00	32.00	1,123	38.4	7.5
June 30, 2027 (forecast)	-	0.00	-	34.00	34.00		34.0	

3. Consolidated earnings forecast for the fiscal year ending June 30, 2027 (July 1, 2026 to June 30, 2027)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2027	32,800	7.6	5,000	6.4	5,000	9.3	3,450	15.6	100.13

(Note) Since the Company manages its operations on an annual basis, consolidated earnings forecasts for the second quarter (cumulative) are not provided. For details, please refer to "1. Overview of the operating results, etc. (4) Explanation on earnings forecast " on page 9 of the attached document.

Notes

(1) Significant changes in the scope of consolidation during the period : No

(2) Changes in accounting policies, accounting estimates and restatement

1) Changes in accounting policies due to revision of accounting standards : No

2) Changes in accounting policies due to reasons other than item 1) above : No

3) Changes in accounting estimates : No

4) Restatement : No

(3) Number of issued shares (common stock)

1)Total number of issued shares (including treasury shares)	As of June 30, 2026	35,509,251 shares	As of June 30, 2025	37,645,851 shares
2) Number of treasury shares held	As of June 30, 2026	1,054,899 shares	As of June 30, 2025	1,150,177 shares
3) Average number of shares	Fiscal year ended June 30, 2026	35,796,012 shares	Fiscal year ended June 30, 2025	36,479,901 shares

Notes: 1. Beginning with the fiscal year ended June 30, 2024 (28th term), the Company introduced a share issuance trust for employees and executive officers, and from the fiscal year ending June 30, 2025 (29th term), a share issuance trust for directors. The shares of the Company held by these trusts are included in the number of treasury shares held at the end of the period and the average number of treasury shares held during the period.

2. The total number of issued shares including treasury shares at the end of the fiscal year decreased by 2,136,600 shares due to the cancelation of treasury shares on March 31, 2026, and June 30, 2026.

* This release is outside the scope of audit procedures by certified public accountants and audit firms.

* Notes for using forecasted information and others

Forward-looking statements in this report, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements are not guarantees by the Company regarding future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Overview of the operating results, etc. (4) Explanation on earnings forecast " on page 9 of the attached document for the assumptions behind the earnings forecasts and notes for using earnings forecasts.

Accompanying Materials - Table of Contents

1. Overview of the operating results, etc.

(1) Explanation on operating results

Consolidated financial results for the current fiscal year are as follows

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026	Year-on-year change	
			Amount	%
Net sales	28,227	30,481	2,253	8.0
Operating profit	4,604	4,697	93	2.0
Ordinary profit	4,613	4,573	(39)	(0.9)
Profit attributable to owners of parent	3,434	2,985	(449)	(13.1)

Regarding net sales, investment demand among our Japanese corporate clients for maintaining and strengthening competitiveness through "upgrading corporate management and business activities using data and digital technologies"-a medium- to long-term trend has moderated somewhat following the completion of basic IT infrastructure upgrades but remains solid overall. With the Consolidated Financial Disclosure Business and Digital Transformation Promotion Business continuing to achieve strong sales growth, net sales increased to ¥30,481 million (8.0% increase year-on-year).

Regarding profits, despite increases in personnel, hiring and IT expenses in line with business expansion, office expenses associated with office relocation and expansion, investment expenses to achieve future growth centered on strengthening the software business, as well as the recognition of a provision for loss on orders received as a one-time expense, profits increased due to improved profit margins from growth in the software business and a decrease in outsourced processing expenses to supplement inhouse resources. Operating profit was ¥4,697 million (2.0% increase year-on-year), ordinary profit was ¥4,573 million (0.9% decrease year-on-year), and profit attributable to owners of parent was ¥2,985 million (13.1% decrease year-on-year).

Effective from the current fiscal year, the Company has reviewed its business segment classification method and has changed the classification of its operating segments so that "Consolidated Financial Disclosure Business," "Digital Transformation Promotion Business," and "Management Solutions Business" consist of one company per segment, and other small companies are categorized as "Other." In accordance with this change, results for the same period of the previous fiscal year for each segment have been restated to reflect the amended segment categories.

The status of each segment is as follows.

1) Net sales

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	8,301	9,648	1,346	16.2
Digital Transformation Promotion Business	10,318	11,022	703	6.8
Management Solutions Business	9,520	9,685	164	1.7
Other	437	531	94	21.5
Elimination of inter-segment transactions	(349)	(405)	(55)	-
Consolidated net sales	28,227	30,481	2,253	8.0

2) Operating profit

(Millions of yen, rounded down to the nearest unit)

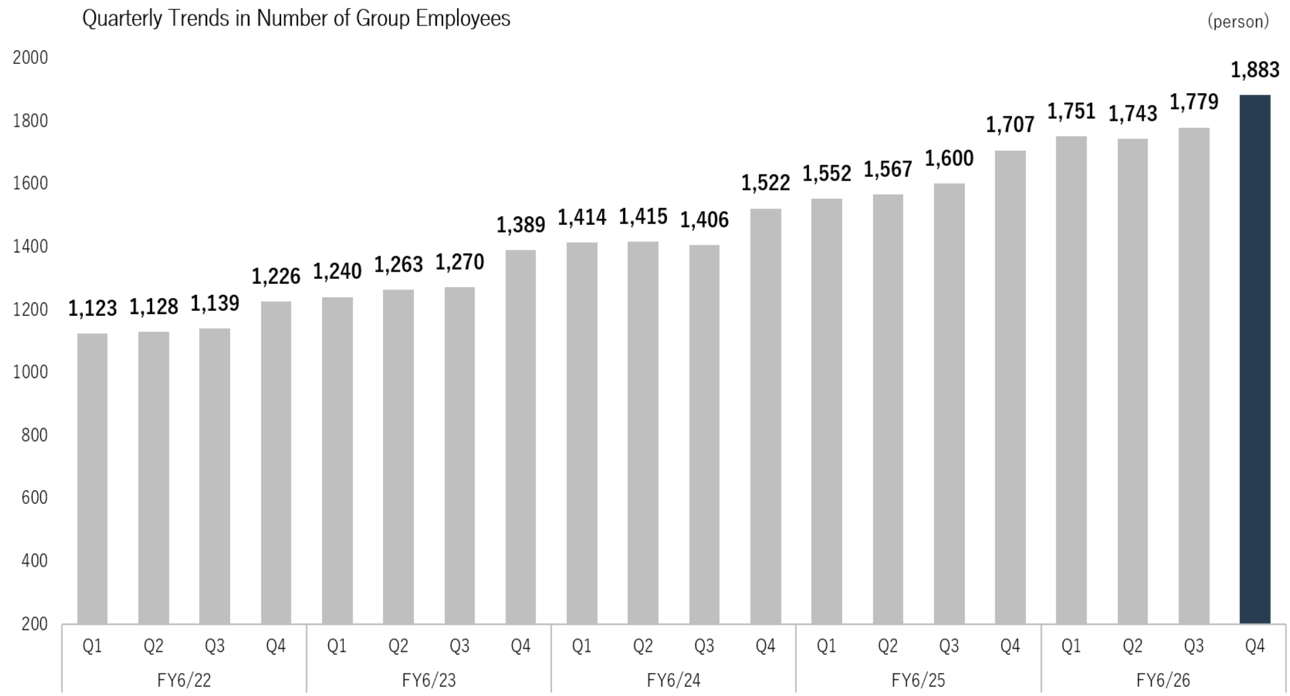
	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	2,006	2,923	917	45.7
Digital Transformation Promotion Business	1,716	1,717	1	0.1
Management Solutions Business	1,772	1,129	(643)	(36.3)
Other	99	104	4	4.7
Corporate expenses and elimination of inter-segment transactions	(990)	(1,176)	(186)	-
Consolidated operating profit	4,604	4,697	93	2.0

In the Consolidated Financial Disclosure Business, net sales increased to ¥9,648 million (16.2% increase year-on-year) as in addition to a transfer of some maintenance service transactions from the Management Solutions Business starting from the current consolidated fiscal year, the outsourcing business contributed to revenue growth. In terms of profitability, operating profit increased to ¥2,923 million (45.7% increase year-on-year), significantly outpacing net sales growth due to an improved profit margin resulting from a decrease in hiring expenses, the effects of improved productivity and promotion of cloud migration in the software business, despite factors that increased costs, such as increased personnel expenses and office expenses due to an increase in the number of employees and the expansion of office space.

In the Digital Transformation Promotion Business, while demand has moderated somewhat as client needs have become more sophisticated, and despite the cancellation of some projects, demand for leveraging data in management and business decision-making remains solid, resulting in net sales of ¥11,022 million (6.8% increase year-on-year). Although outsourcing costs to supplement internal resources declined, personnel expenses rose due to headcount increases to support sales growth, and temporary and ongoing office expenses increased due to an office relocation; furthermore, profitability was negatively impacted by the aforementioned cancellation of some projects, leading to operating profit of ¥1,717 million (0.1% increase year-on-year).

In the Management Solutions Business, despite an increase in software business sales, net sales increased only slightly to ¥9,685 million (1.7% increase year-on-year), due to the transfer of some maintenance service transactions to the Consolidated Financial Disclosure Business from the current consolidated fiscal year. Operating profit was ¥1,129 million (36.3% decrease year-on-year) due to the above-mentioned factors that kept the sales growth at a low level, as well as an increase in personnel expenses to secure personnel for future growth and in research and development expenses and marketing expenses, outsourcing expenses to strengthen the software business as well as the recognition of a provision for loss on orders received as a one-time expense.

The number of employees on a consolidated basis was 1,883 at the end of the current fiscal year, up 176 from the end of the previous fiscal year.



The status of orders and net sales by segment for the current fiscal year is as follows.

1) Orders

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2025		Fiscal year ended June 30, 2026		Year-on-year change	
					Amount	
	Orders received	Orders backlog	Orders received	Orders backlog	Orders received	Orders backlog
Consolidated Financial Disclosure Business	8,777	4,990	10,770	6,112	1,992	1,122
Digital Transformation Promotion Business	10,260	2,012	11,005	1,995	745	(16)
Management Solutions Business	9,694	4,175	10,274	3,761	580	(413)
Other	464	199	543	211	79	12
Elimination of inter-segment transactions	(472)	(1,879)	(492)	(963)	(19)	916
Total	28,724	9,497	32,102	11,118	3,378	1,620

2) Net sales

(Millions of yen, rounded down to the nearest unit)

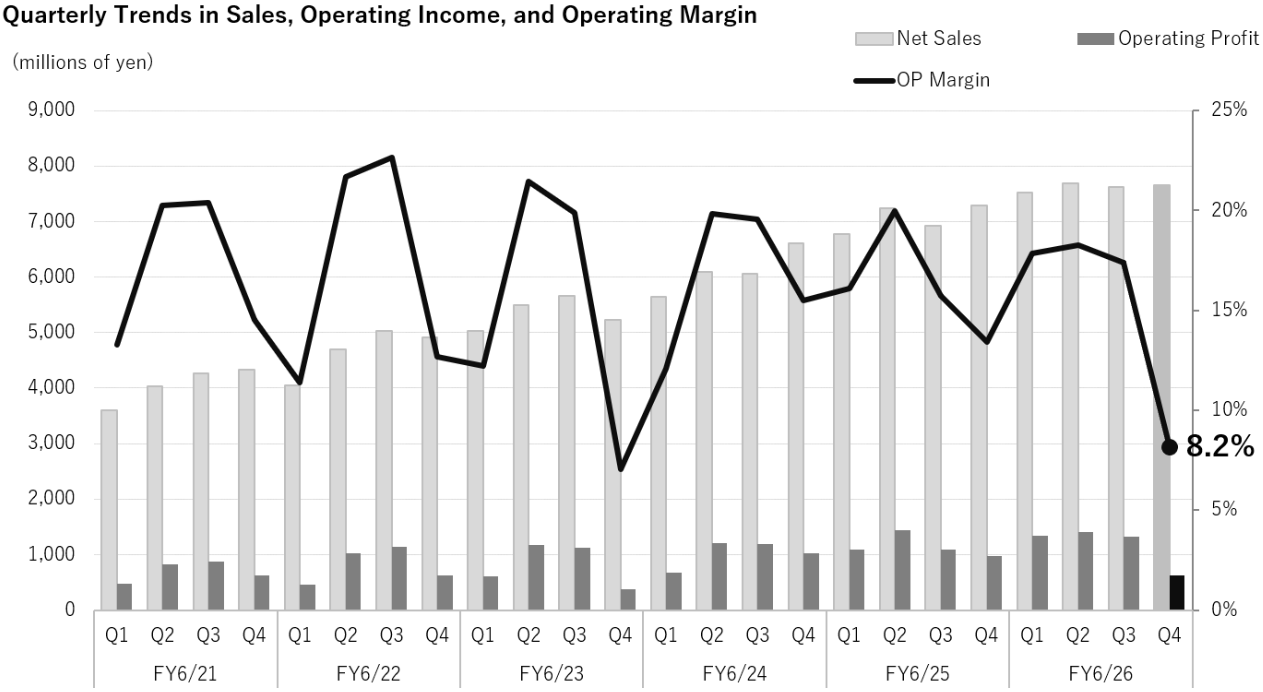
	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	8,301	9,648	1,346	16.2
Digital Transformation Promotion Business	10,318	11,022	703	6.8
Management Solutions Business	9,520	9,685	164	1.7
Other	437	531	94	21.5
Elimination of inter-segment transactions	(349)	(405)	(55)	-
Total	28,227	30,481	2,253	8.0

Quarterly trends in net sales and operating profit are as follows.
Net sales and operating profit for the last four quarters

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2026			
	First quarter	Second quarter	Third quarter	Fourth quarter
Net sales	7,515	7,686	7,625	7,653
Operating profit	1,341	1,404	1,326	624
Operating profit margin (%)	17.8	18.3	17.4	8.2

Quarterly Trends in Sales, Operating Income, and Operating Margin



(2) Explanation on financial position

Total assets at the end of the current consolidated fiscal year amounted to ¥24,147 million (a decrease of ¥225 million compared to the end of the previous consolidated fiscal year). This was primarily due to a decrease of ¥1,778 million in cash and deposits, an increase of ¥135 million in notes and accounts receivable - trade, and contract assets, an increase of ¥325 million in prepaid expenses, an increase of ¥579 million in buildings, an increase of ¥386 million in shares of subsidiaries and affiliates, and an increase of ¥166 million in long-term loans receivable.

On the other hand, total liabilities amounted to ¥9,577 million (an increase of ¥802 million from the end of the previous consolidated fiscal year). This was mainly due to an increase of ¥436 million in contract liabilities and an increase of ¥246 million in asset retirement obligations.

Total net assets amounted to ¥14,570 million (¥1,027 million decrease from the end of the previous consolidated fiscal year), mainly due to profit attributable to owners of parent of ¥2,985 million and payment of dividends of surplus of ¥930 million, a decrease of ¥135 million in capital surplus due to the cancelation of treasury shares, and a decrease of ¥3,095 million in retained earnings. As a result, the equity ratio was 60.3% (63.9% at the end of the previous consolidated fiscal year), a decline of 3.6 percentage points from the previous fiscal year, and the Company believes it maintains a highly stable financial balance with low interest-bearing liabilities.

(3) Explanation on cash flows

Cash and cash equivalents ("funds") at the end of the current consolidated fiscal year decreased ¥1,779 million from the end of the previous consolidated fiscal year to ¥13,382 million. The status of each cash flow and their factors are as follows.

(Cash flows from operating activities)

Funds generated from operating activities amounted to ¥3,790 million. (In the previous consolidated fiscal year, ¥4,469 million was generated.)

The main sources were profit before income taxes of ¥4,505 million and depreciation of ¥417 million, an increase of ¥238 million in provision for loss on orders received, and an increase of ¥436 million in contract liabilities. The main uses were an increase of ¥135 million in trade receivables and contract assets, an increase of ¥322 million in prepaid expenses, and ¥1,565 million in income taxes paid.

(Cash flows from investing activities)

Funds used in investing activities amounted to ¥1,338 million. (In the previous consolidated fiscal year, ¥201 million was used.)

The main expenditures were purchases of property, plant and equipment of ¥597 million, purchases of investment securities of ¥146 million, purchase of shares of subsidiaries and affiliates of ¥420 million, and long-term loan advances of ¥158 million.

(Cash flows from financing activities)

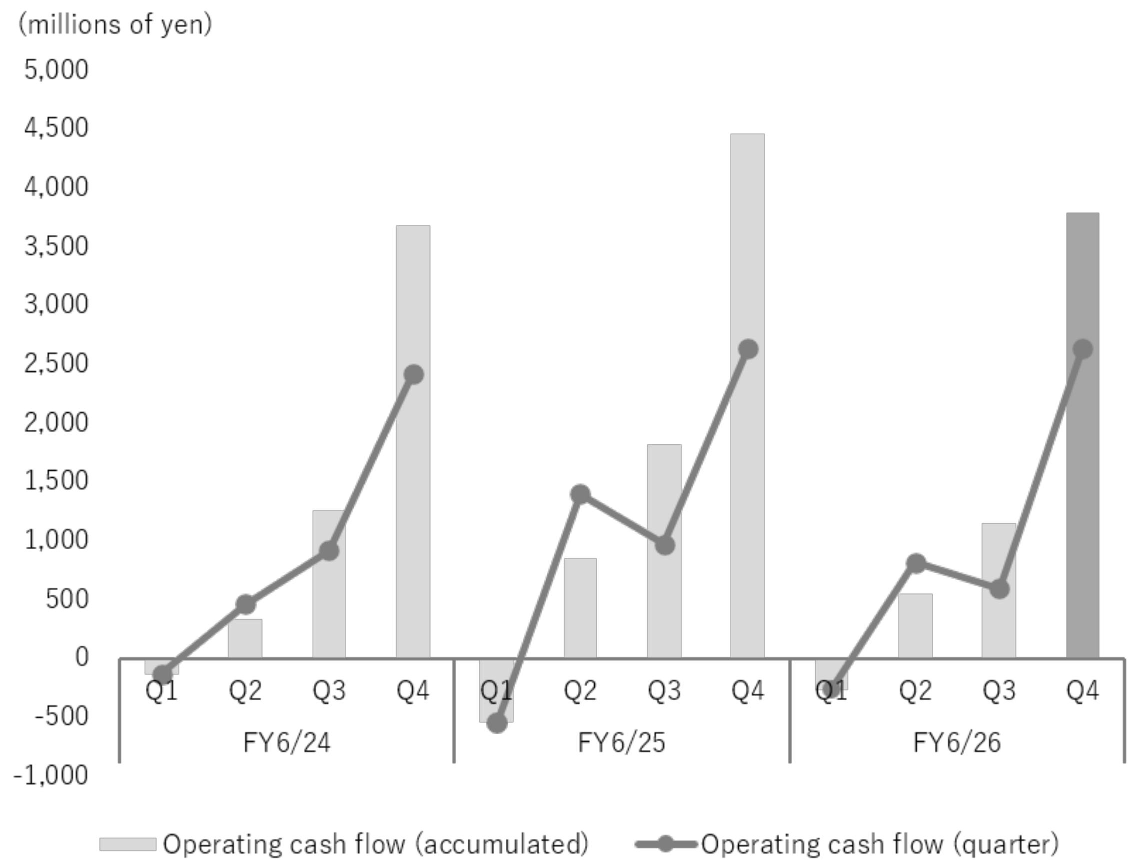
Funds used in financing activities amounted to ¥4,257 million. (In the previous consolidated fiscal year, ¥1,036 million was used.)

The main cash outflows were ¥3,231 million for purchase of treasury shares and ¥930 million for dividends paid.

In the Group, cash flows from operating activities in the first quarter is typically at a low level due to the payment of income taxes and the payment of performance-based bonuses to officers and employees. It then gradually increases from the second quarter onward, and is usually positive over the full fiscal year.

Maintenance fees in the Consolidated Financial Disclosure Business and the Management Solutions Business and commissions for the outsourcing business are paid annually in advance before the services are provided, making this a business model that requires almost no working capital. On the other hand, since outsourcing expenses and other payments for the Digital Transformation Promotion Business are incurred in advance, the demand for working capital increases as sales grow. However, by concentrating on the Group's surplus funds at the holding company, smooth inter-group financing is made possible. In addition to the Group's total cash holdings, commitment lines totaling ¥3.5 billion have been established with the Group's banking partners, so there are currently no cash flow concerns. Rather, we intend to utilize surplus funds for strategic investments going forward.

Quarterly Trends in Operating Cash Flow



(4) Explanation on earnings forecast

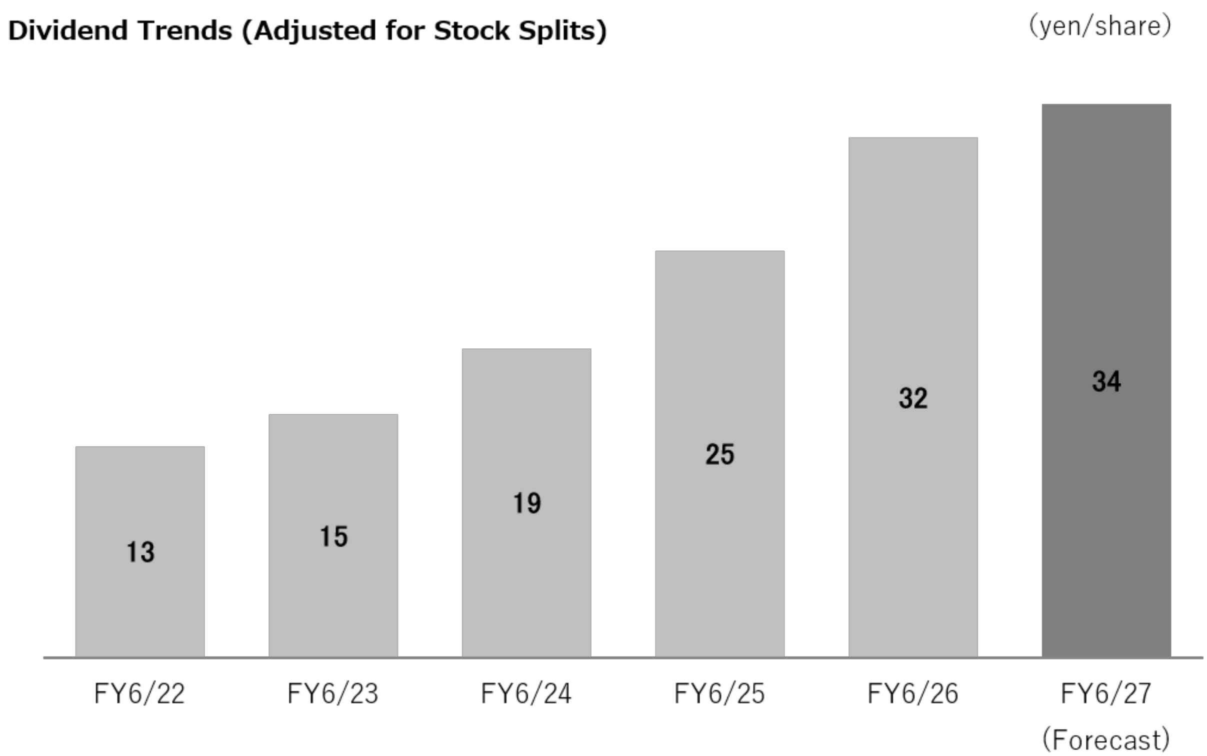
In August 2023, the Company announced a medium-term management plan, a five-year plan through the fiscal year ending June 2028, with targets to be achieved in five years. In the fiscal year ending June 2027, the fourth year of the plan, the Group will continue to promote measures to realize the AVANT GROUP’s materiality ('Becoming a software company that contributes to enhancing corporate value'), with a focus on strengthening the software business. We expect that the growth investments necessary to realize the Group's materiality will continue to be implemented continuously and flexibly, primarily centered on the Group’s operating companies, and additionally, we anticipate that R&D expenses for new product development and recruitment of management personnel to execute the Group's strategy will also be incurred at the holding company level.

Although unstable factors such as continued inflation, fluctuations in financial and capital markets, and concerns of an economic recession against the backdrop of heightened geopolitical risks in the Middle East and Ukraine may affect the Group's performance, the Group believes that demand for the Group's businesses, such as an increase in the number of companies that want to utilize data for management and strengthen group governance, will continue to increase in the medium to long term.

As a result, the Company forecasts net sales of ¥32,800 million and operating profit of ¥5,000 million in the next consolidated fiscal year.

In accordance with our existing dividend policy, we will raise the ratio of total amount of dividends to net assets, always being conscious of exceeding the average of all listed companies, while at the same time striving to maintain stable dividends (in principle, dividends per share should not fall below the level of the previous fiscal year). The dividend for the current fiscal year will remain unchanged from the forecast at ¥32 per share, which will be submitted to the Company's general meeting of shareholders to be held on September 25, 2026.

For the next fiscal year, the above policy itself remains unchanged, and we forecast dividends of ¥34 per share, aiming to achieve the ratio of total amount of dividends to net assets (consolidated) of 8%, which is our target to be achieved within the period of our new medium-term management plan.



2. Basic rationale for selection of accounting standards

For the time being, the Group's policy is to prepare consolidated financial statements in accordance with Japanese GAAP.
The Group's policy is to adopt IFRS as appropriate, taking into consideration various circumstances in Japan and overseas.

3. Consolidated financial statements and notes

(1) Consolidated balance sheet

(Thousands of yen)

	Previous fiscal year (June 30, 2025)	Current fiscal year (June 30, 2026)
Assets		
Current assets		
Cash and deposits	14,593,169	12,815,077
Notes and accounts receivable - trade, and contract assets	4,228,796	4,364,133
Securities	500,000	500,000
Work in process	17,868	6,974
Raw materials and supplies	55,016	158,640
Prepaid expenses	1,163,320	1,488,650
Accounts receivable - other	5,728	14,928
Other	205,558	230,364
Allowance for doubtful accounts	(3,516)	(3,108)
Total current assets	20,765,941	19,575,660
Non-current assets		
Property, plant and equipment		
Buildings	691,499	1,342,656
Accumulated depreciation	(341,024)	(412,925)
Buildings, net	350,475	929,730
Vehicles	1,956	843
Accumulated depreciation	(1,956)	(843)
Vehicles, net	0	0
Tools, furniture and fixtures	653,884	669,396
Accumulated depreciation	(501,797)	(526,506)
Tools, furniture and fixtures, net	152,087	142,890
Right-of-use assets	30,968	3,129
Accumulated depreciation	(3,946)	(1,055)
Right-of-use assets, net	27,022	2,073
Construction in progress	19,580	440
Total property, plant and equipment	549,165	1,075,135
Intangible assets		
Trademark rights	37,802	33,077
Software	342,474	206,816
Other	225	225
Total intangible assets	380,502	240,119
Investments and other assets		
Investment securities	830,184	877,134
Shares of subsidiaries and affiliates	-	386,743
Long-term loans receivable	-	166,523
Long-term prepaid expenses	10,158	8,678
Leasehold and guarantee deposits	826,752	752,258
Deferred tax assets	864,785	952,503
Other	145,566	113,066
Total investments and other assets	2,677,446	3,256,908
Total non-current assets	3,607,114	4,572,162
Total assets	24,373,055	24,147,822

(Thousands of yen)

	Previous fiscal year (June 30, 2025)	Current fiscal year (June 30, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	769,142	673,622
Lease liabilities	6,112	2,888
Accounts payable - other, and accrued expenses	783,077	876,591
Income taxes payable	797,648	855,094
Contract liabilities	3,766,666	4,202,695
Asset retirement obligations	49,224	30,217
Provision for bonuses	1,232,404	1,173,888
Provision for bonuses for directors (and other officers)	140,888	79,387
Provision for loss on orders received	11,363	249,873
Provision for stock benefits	131,442	130,248
Accrued consumption taxes	523,566	507,721
Deposits received	227,053	234,700
Other	2,030	760
Total current liabilities	8,440,619	9,017,689
Non-current liabilities		
Lease liabilities	27,111	3,724
Asset retirement obligations	305,984	552,748
Deferred tax liabilities	1,350	2,913
Total non-current liabilities	334,446	559,386
Total liabilities	8,775,065	9,577,076
Net assets		
Shareholders' equity		
Share capital	345,113	345,113
Capital surplus	417,417	270,367
Retained earnings	16,490,130	15,449,311
Treasury shares	(1,688,845)	(1,553,512)
Total shareholders' equity	15,563,815	14,511,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,193)	12,874
Deferred gains or losses on hedges	(2,921)	3,150
Foreign currency translation adjustment	22,354	43,441
Total accumulated other comprehensive income	18,239	59,466
Non-controlling interests	15,934	-
Total net assets	15,597,989	14,570,746
Total liabilities and net assets	24,373,055	24,147,822

(2) Consolidated statement of income and statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Net sales	28,227,703	30,481,393
Cost of sales	15,649,179	16,958,328
Gross profit	12,578,523	13,523,065
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	424,236	425,587
Employees' salaries and bonuses	2,149,746	2,627,812
Provision for bonuses	1,225,693	1,129,897
Provision for bonuses for directors (and other officers)	206,777	87,941
Legal welfare expenses	338,761	402,891
Share-based payment expenses	143,954	136,160
Outsourcing expenses	160,216	191,044
Rent expenses on land and buildings	218,777	299,372
Utilities expenses	80,696	84,479
Commission expenses	1,005,262	1,057,108
Depreciation	267,495	282,690
Research and development expenses	360,974	361,117
Other	1,391,782	1,739,195
Total selling, general and administrative expenses	7,974,374	8,825,298
Operating profit	4,604,149	4,697,766
Non-operating income		
Interest income	11,572	37,075
Dividend income	11,238	3,333
Foreign exchange gains	1,641	-
Subsidy income	16,593	3,212
Other	4,521	10,678
Total non-operating income	45,566	54,299
Non-operating expenses		
Interest expenses	1,751	2,422
Share of loss of entities accounted for using equity method	-	23,002
Loss on investments in investment partnerships	16,035	79,629
Commission expenses	17,079	62,949
Foreign exchange losses	-	7,197
Other	1,829	3,135
Total non-operating expenses	36,696	178,336
Ordinary profit	4,613,019	4,573,729

(Thousands of yen)

	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Extraordinary profit		
Gain on sales of investment securities	318,265	-
Insurance income	300	-
Total extraordinary income	318,565	-
Extraordinary losses		
Loss on valuation of investment securities	-	68,372
Loss on retirement of non-current assets	252	-
Loss on cancellation of leases	86	-
Total extraordinary losses	339	68,372
Profit before income taxes	4,931,245	4,505,356
Income taxes - current	1,535,316	1,620,082
Income taxes - deferred	(33,485)	(95,172)
Total income taxes	1,501,831	1,524,909
Profit	3,429,414	2,980,446
Profit attributable to non-controlling interests	(5,273)	(5,159)
Profit attributable to owners of parent	3,434,688	2,985,606

Consolidated statement of comprehensive income

(Thousands of yen)

	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Profit	3,429,414	2,980,446
Other comprehensive income		
Valuation difference on available-for-sale securities	(225,212)	14,068
Deferred gains or losses on hedges	(5,784)	6,072
Foreign currency translation adjustment	(51,821)	42,205
Share of other comprehensive income of entities accounted for using equity method	-	(21,721)
Total other comprehensive income	(282,818)	40,623
Comprehensive income	3,146,596	3,021,070
Comprehensive income attributable to		
Owners of parent	3,153,341	3,026,833
Non-controlling interests	(6,745)	(5,763)

(3) Consolidated statement of changes in net assets

Previous fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	345,113	281,913	13,763,738	(1,396,622)	12,994,141
Changes during period					
Dividends of surplus			(708,296)		(708,296)
Disposal of treasury shares		135,504		409,041	544,545
Increase in consolidated subsidiaries - non-controlling interests					-
Profit attributable to owners of parent			3,434,688		3,434,688
Purchase of treasury shares				(351,351)	(351,351)
Purchase of treasury shares through a share issuance trust				(349,911)	(349,911)
Net changes in items other than shareholders' equity					
Total changes during period	-	135,504	2,726,391	(292,222)	2,569,673
Balance at end of period	345,113	417,417	16,490,130	(1,688,845)	15,563,815

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	224,019	2,862	72,704	299,586	-	13,293,728
Changes during period						
Dividends of surplus						(708,296)
Disposal of treasury shares						544,545
Increase in consolidated subsidiaries - non-controlling interests					22,680	22,680
Profit attributable to owners of parent						3,434,688
Purchase of treasury shares						(351,351)
Purchase of treasury shares through a share issuance trust						(349,911)
Net changes in items other than shareholders' equity	(225,212)	(5,784)	(50,349)	(281,346)	(6,745)	(288,091)
Total changes during period	(225,212)	(5,784)	(50,349)	(281,346)	15,934	2,304,261
Balance at end of period	(1,193)	(2,921)	22,354	18,239	15,934	15,597,989

Current fiscal year (July 1, 2025 to June 30, 2026)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	345,113	417,417	16,490,130	(1,688,845)	15,563,815
Changes during period					
Dividends of surplus			(930,856)		(930,856)
Disposal of treasury shares				135,332	135,332
Cancellation of treasury shares		(135,504)	(3,095,569)	3,231,073	-
Purchase of shares of consolidated subsidiaries		(11,545)			(11,545)
Profit attributable to owners of parent			2,985,606		2,985,606
Purchase of treasury shares				(3,231,073)	(3,231,073)
Net changes in items other than shareholders' equity					
Total changes during period	-	(147,049)	(1,040,818)	135,332	(1,052,536)
Balance at end of period	345,113	270,367	15,449,311	(1,553,512)	14,511,279

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(1,193)	(2,921)	22,354	18,239	15,934	15,597,989
Changes during period						
Dividends of surplus						(930,856)
Disposal of treasury shares						135,332
Cancellation of treasury shares						-
Purchase of shares of consolidated subsidiaries						(11,545)
Profit attributable to owners of parent						2,985,606
Purchase of treasury shares						(3,231,073)
Net changes in items other than shareholders' equity	14,068	6,072	21,086	41,227	(15,934)	25,292
Total changes during period	14,068	6,072	21,086	41,227	(15,934)	(1,027,243)
Balance at end of period	12,874	3,150	43,441	59,466	-	14,570,746

(4) Consolidated statement of cash flows

(Thousands of yen)

	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Cash flows from operating activities		
Profit before income taxes	4,931,245	4,505,356
Depreciation	506,567	417,015
Share-based payment expenses	9,704	2,512
Insurance income	(300)	-
Increase (decrease) in allowance for doubtful accounts	(625)	(407)
Increase (decrease) in provision for bonuses	(87,363)	(58,516)
Increase (decrease) in provision for bonuses for directors (and other officers)	(29,266)	(61,501)
Increase (decrease) in provision for loss on orders received	(6,549)	238,510
Increase (decrease) in provision for share benefits	1,823	(1,193)
Interest and dividend income	(22,810)	(40,408)
Interest expenses	1,751	2,422
Commission expenses	17,079	62,949
Share of loss (profit) of entities accounted for using equity method	-	23,002
Loss (gain) on investments in investment partnerships	16,035	79,629
Subsidy income	(16,593)	(3,212)
Loss (gain) on valuation of investment securities	-	68,372
Loss (gain) on sale of investment securities	(318,265)	-
Loss (gain) on sale and retirement of property, plant and equipment	140	(39)
Decrease (increase) in notes and accounts receivable trade and contract assets	211,272	(135,312)
Decrease (increase) in inventories	14,867	(92,730)
Decrease (increase) in prepaid expenses	(12,569)	(322,238)
Increase (decrease) in trade payables	(32,245)	(95,482)
Increase (decrease) in accounts payable - other, and accrued expenses	(327,789)	215,568
Increase (decrease) in accrued consumption taxes	62,504	(34,578)
Increase (decrease) in contract liabilities	421,182	436,028
Increase (decrease) in deposits received	5,077	7,647
Other	480,750	98,492
Subtotal	5,825,623	5,311,887
Interest and dividends received	16,548	43,337
Interest paid	(1,751)	(2,422)
Subsidies received	16,593	3,212
Amount of insurance proceeds received	300	-
Income taxes paid	(1,727,241)	(1,565,950)
Income taxes refund	339,657	-
Cash flows from operating activities	4,469,729	3,790,065

(Thousands of yen)

	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Cash flows from investing activities		
Purchase of property, plant and equipment	(75,541)	(597,508)
Payments for asset retirement obligations	-	(45,858)
Purchase of intangible assets	(56,484)	(70,623)
Purchase of investment securities	(242,731)	(146,984)
Proceeds from sale and redemption of investment securities	410,025	6,850
Purchase of shares of subsidiaries and affiliates	-	(420,981)
Payments of leasehold and guarantee deposits	(344,289)	(59,768)
Proceeds from refund of leasehold and guarantee deposits	149,599	133,514
Purchase of insurance funds	(4,459)	(4,459)
Payments into time deposits	(37,590)	(15,996)
Proceeds from withdrawal of time deposits	-	40,420
Long-term loan advances	-	(158,392)
Other	228	799
Cash flows from investing activities	(201,243)	(1,338,987)
Cash flows from financing activities		
Repayments of finance lease liabilities	(9,024)	(9,332)
Commission fee paid	(17,083)	(64,071)
Purchase of treasury shares	(701,263)	(3,231,073)
Dividends paid	(708,296)	(930,856)
Proceeds from share issuance to non-controlling shareholders	22,680	-
Proceeds from sale of treasury shares	376,265	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(21,717)
Other	(91)	-
Cash flows from financing activities	(1,036,813)	(4,257,050)
Effect of exchange rate change on cash and cash equivalents	(46,212)	26,746
Net increase (decrease) in cash and cash equivalents	3,185,460	(1,779,226)
Cash and cash equivalents at beginning of period	11,976,585	15,162,045
Cash and cash equivalents at end of period	15,162,045	13,382,819

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable.

(Changes in presentation)

(Consolidated balance sheet)

'Deposits paid,' which were previously presented separately under 'Current assets' in the previous fiscal year, are now included in 'Other' beginning with the current fiscal year as the amount has become immaterial. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the "Deposits paid" of 314 thousand yen and "Other" of 205,244 thousand yen, which were presented under "Current assets" on the consolidated balance sheets for the previous fiscal year, have been reclassified as "Other" in the amount of 205,558 thousand yen.

(Additional information)

(Transaction for the issuance of company shares to employees through a trust)

Starting from the fiscal year ending June 2024 (the 28th term), the Company has introduced a share issuance trust as an incentive for its employees and executive officers (hereinafter referred to as 'Employees, etc.') to provide benefits and to enhance the Company's corporate value.

1. Outline of the transaction

Under this scheme, in accordance with the share issuance regulations established by the Company in advance, points are granted to Employees, etc. who fulfil certain requirements, and the Company common shares (hereinafter referred to as "the Company's shares") corresponding to the number of points granted to such beneficiaries are delivered to those Employees, etc. who fulfil the requirements to be beneficiaries as stipulated in the share delivery regulations. The shares to be issued are acquired in accordance with the amount set in the trust in advance, including the future portion, and are segregated and managed as trust assets.

2. Company shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets based on the book value (excluding incidental expenses) in the trust. The book value and number of shares of such treasury shares were ¥788,116 thousand and 559,778 shares at the end of the previous consolidated fiscal year and ¥652,784 thousand and 463,799 shares at the end of the current consolidated fiscal year.

(Performance-linked share-based payment plan for directors (and other officers))

Starting from the fiscal year ending June 2025 (the 29th term), the Company has introduced a stock-based compensation plan utilizing a trust (the "Plan") for its directors (excluding directors who are Audit Committee Members and outside directors).

The purpose of this system is to provide directors (excluding directors who are Audit Committee Members and outside directors) with long-term incentives to enhance corporate value, including the period after stocks have been granted.

1. Outline of the transaction

The Plan is a stock compensation plan under which a trust (the "Trust") established through monetary contributions by the Company acquires shares of the Company's stock and a number of the Company's shares equivalent to the points granted to each director (excluding directors who are Audit Committee Members and outside directors) by the Company are delivered to each director (excluding directors who are Audit Committee Members and outside directors) through the Trust.

2. Company shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets based on the book value (excluding incidental expenses) in the trust. The book value and number of shares of such treasury shares were ¥349,911 thousand and 178,800 shares at the end of the previous consolidated fiscal year and ¥349,911 thousand and 178,800 shares at the end of the current consolidated fiscal year.

(Segment information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

(2) Products and services in each reportable segment

The Consolidated Financial Disclosure Business supports corporate value creation through the development and maintenance of our proprietary software DivaSystem for consolidated management support and consolidated accounting, as well as the provision of outsourcing of consolidated and non-consolidated financial statements using this software. With regards the segment's position within the Group, we aim to establish a business model that combines both software and outsourcing businesses.

The Digital Transformation Promotion Business supports the promotion of digital transformation at companies and data-driven management through consulting and system development services, including the provision of a data platform for utilizing all kinds of data related to companies, to AI and BI solutions that can analyze, predict and enable data visualization. From major cloud vendors to multi-cloud compatible software, customers can find out about the latest data utilization methods and generative AI specializing in data utilization, as well as train engineers and develop their own data utilization platform products. The suite of products offered is also slated for expansion.

The Management Solutions Business focuses on group management, consolidated accounting, and business management, with the aim of visualizing and maximizing the "invisible value" of companies. We provide comprehensive support, from consulting to system planning, development, implementation, operation, and maintenance, all in a one-stop manner. In addition to developing our own software, we also integrate software developed by other companies. By making full use of the Group assets, we continuously create solutions that provide management information to enhance corporate value.

(3) Matters regarding changes, etc. in reportable segments

Effective from the current consolidated fiscal year, the Company has reviewed its performance management categories and added a new operating segment, "Other". Segment information for the previous consolidated fiscal year is disclosed based on the amended segment categories.

2. Method of calculating net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the reportable business segments is generally the same as the accounting method used in preparing the consolidated financial statements.

Reportable segment income figures are based on operating profit.

Inter-segment net sales and transfers are based on prevailing market prices.

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

Previous fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total				
Net sales								
Net sales to external customers	8,018,776	10,300,384	9,488,980	27,808,142	419,561	28,227,703	-	28,227,703
Inter-segment net sales or transfers	282,740	17,874	31,591	332,206	17,572	349,778	(349,778)	-
Total	8,301,517	10,318,259	9,520,572	28,140,348	437,133	28,577,482	(349,778)	28,227,703
Segment profit	2,006,594	1,716,053	1,772,581	5,495,229	99,435	5,594,665	(990,516)	4,604,149
Segment assets	5,712,403	3,769,052	7,785,416	17,266,872	1,313,737	18,580,610	5,792,445	24,373,055
Segment liabilities	3,463,914	1,925,309	4,884,185	10,273,408	350,123	10,623,531	(1,848,466)	8,775,065
Other items								
Depreciation	132,775	11,995	237,963	382,733	23,770	406,504	100,063	506,567
Increase in property, plant and equipment, intangible assets	52,623	17,795	21,077	91,495	3,275	94,770	37,254	132,025

Notes: 1. The "Other" category refers to business segments not included in the reportable segments, such as information and service businesses.

2. The segment profit adjustment of ¥(990,516) thousand includes elimination of inter-segment transactions of ¥1,060,576 thousand, corporate expenses ¥(2,051,495) thousand not allocated to each reportable segment and ¥402 thousand of non-current assets adjustment. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

3. Segment profit is adjusted to reconcile with operating profit in the consolidated statement of income.

4. The adjustments to depreciation mainly refer to depreciation of assets not attributable to reportable segments.

5. The adjustments to the increase in property, plant and equipment and intangible assets are primarily related to assets not attributable to the reportable segments.

Current fiscal year (July 1, 2025 to June 30, 2026)

(Thousands of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total				
Net sales								
Net sales to external customers	9,345,491	11,016,014	9,653,197	30,014,704	466,689	30,481,393	-	30,481,393
Inter-segment net sales or transfers	302,757	6,212	32,076	341,047	64,459	405,506	(405,506)	-
Total	9,648,249	11,022,227	9,685,274	30,355,751	531,148	30,886,900	(405,506)	30,481,393
Segment profit	2,923,682	1,717,760	1,129,101	5,770,544	104,115	5,874,659	(1,176,893)	4,697,766
Segment assets	6,627,938	4,154,730	6,251,414	17,034,083	1,319,532	18,353,615	5,794,207	24,147,822
Segment liabilities	3,780,422	2,387,097	3,873,456	10,040,975	334,844	10,375,820	(798,743)	9,577,076
Other items								
Depreciation	124,072	33,109	153,270	310,453	19,645	330,098	86,917	417,015
Loss on valuation of investment securities	-	-	-	-	68,372	68,372	-	68,372
Increase in property, plant and equipment, intangible assets	119,803	439,839	2,776	562,419	2,941	565,360	102,770	668,131

Notes: 1. The "Other" category refers to business segments not included in the reportable segments, such as information and service businesses.

2. The segment profit adjustment of ¥(1,176,893) thousand includes elimination of inter-segment transactions of ¥1,262,353 thousand, corporate expenses ¥(2,453,067) thousand not allocated to each reportable segment and ¥13,820 thousand of non-current assets adjustment. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

3. Segment profit is adjusted to reconcile with operating profit in the consolidated statement of income.

4. The adjustments to depreciation mainly refer to depreciation of assets not attributable to reportable segments.

5. The adjustments to the increase in property, plant and equipment and intangible assets are primarily related to assets not attributable to the reportable segments.

(Revenue recognition)

Breakdown of net sales from contracts with customers

Previous fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Reportable segments				Other	Total
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Sub-total		
Goods or services transferred at a point in time	255,124	41,494	90,439	387,058	-	387,058
Goods or services that are transferred over a period of time	7,763,651	10,258,889	9,398,541	27,421,083	419,561	27,840,645
Sales from contracts with customers	8,018,776	10,300,384	9,488,980	27,808,142	419,561	28,227,703
Other sales	-	-	-	-	-	-
Net sales to external customers	8,018,776	10,300,384	9,488,980	27,808,142	419,561	28,227,703

Current fiscal year (July 1, 2025 to June 30, 2026)

(Thousands of yen)

	Reportable segments				Other	Total
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Sub-total		
Goods or services transferred at a point in time	370,684	55,799	65,979	492,462	-	492,462
Goods or services that are transferred over a period of time	8,974,807	10,960,215	9,587,218	29,522,241	466,689	29,988,930
Sales from contracts with customers	9,345,491	11,016,014	9,653,197	30,014,704	466,689	30,481,393
Other sales	-	-	-	-	-	-
Net sales to external customers	9,345,491	11,016,014	9,653,197	30,014,704	466,689	30,481,393

(Per share information)

	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Net assets per share	426.96 yen	422.90 yen
Earnings per share	94.15 yen	83.41 yen

Notes 1. Diluted earnings per share is not provided as there are no dilutive shares.

2. Basis for calculation of net assets per share is as follows

Item	End of the previous consolidated fiscal year (June 30, 2025)	End of the current consolidated fiscal year (June 30, 2026)
Total of net assets (thousands of yen)	15,597,989	14,570,746
Amount deducted from total of net assets (thousands of yen)	15,934	-
(of which non-controlling interests) (thousands of yen)	(15,934)	(-)
Net assets attributable to common shares (thousands of yen)	15,582,055	14,570,746
Number of common shares outstanding for calculating net assets per share (shares)	36,495,674	34,454,352

Note: The Company has established a stock delivery trust for employees and executive officers, as well as a trust for the stock remuneration plan for directors. For the purpose of calculating net assets per share, the Company’s shares held by these trusts are included in the treasury shares deducted from the number of issued and outstanding shares at the end of fiscal year (including treasury stock). For the purpose of calculating net assets per share, the number of such treasury shares deducted at the fiscal year-end was 738,578 shares for the previous fiscal year and 642,599 shares for the current fiscal year.

3. The basis for calculating earnings per share is as follows.

Item	Previous fiscal year (July 1, 2024 to June 30, 2025)	Current fiscal year (July 1, 2025 to June 30, 2026)
Profit attributable to owners of parent (thousands of yen)	3,434,688	2,985,606
Amounts not attributable to owners of common shares (thousands of yen)	-	-
Profit attributable to owners of common shares of parent (thousands of yen)	3,434,688	2,985,606
Average number of common shares (shares)	36,479,901	35,796,012

Note: The Company has established a stock delivery trust for employees and executive officers, as well as a trust for the stock remuneration plan for directors. For the purpose of calculating net assets per share, the Company’s shares held by these trusts are included in the treasury shares deducted from the number of issued and outstanding shares at the end of fiscal year (including treasury stock). For the purpose of calculating net assets per share, the number of such treasury shares deducted at the fiscal year-end was 640,834 shares for the previous fiscal year and 669,110 shares for the current fiscal year.

(Subsequent events)

Not applicable.