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In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

February 12, 2025

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Japanese GAAP)

Name of listed company: DENTSU SOKEN INC.  
Listed exchange: Tokyo  
Code number: 4812  
URL: <https://www.dentsusoken.com/english>  
Representative: Hirohisa Iwamoto, President, CEO and COO  
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Date of the general meeting of the shareholders: March 24, 2025  
Date of scheduled payment of dividends: March 25, 2025  
Date of scheduled filing of securities report: March 24, 2025  
Supplementary explanatory documents: Yes  
Presentation: Yes (For analysts, institutional investors, etc.)

(Amounts less than one million yen are rounded down.)

### 1. Consolidated Business Performance for the FY2024 (from January 1, 2024, to December 31, 2024)

#### (1) Consolidated Operating Results

(% of change from previous year)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) *	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
<b>FY2024</b>	<b>152,642</b>	<b>7.0</b>	<b>21,039</b>	<b>0.1</b>	<b>21,093</b>	<b>(0.7)</b>	<b>15,117</b>	<b>3.1</b>
FY2023	142,608	10.5	21,028	13.1	21,244	15.7	14,663	16.4

\* Profit (loss) attributable to owners of parent

Note: Comprehensive profit: FY2024: 15,373 million yen (up 3.0%); FY2023: 14,924 million yen (up 16.2%)

	EPS	Diluted EPS	ROE	ROA	Ratio of operating profit to net sales
	(yen)	(yen)	(%)	(%)	(%)
<b>FY2024</b>	<b>232.32</b>	–	<b>17.4</b>	<b>15.0</b>	<b>13.8</b>
FY2023	225.35	–	18.7	16.6	14.7

Reference: Equity in earnings of affiliated companies: FY2024: (46) million yen; FY2023: (11) million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS
	(million yen)	(million yen)	(%)	(yen)
<b>FY2024</b>	<b>147,331</b>	<b>91,194</b>	<b>61.9</b>	<b>1,401.39</b>
FY2023	133,333	82,971	62.2	1,275.10

Reference: Total shareholders' equity: FY2024: 91,194 million yen; FY2023: 82,971 million yen

#### (3) Consolidated Cash Flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
<b>FY2024</b>	<b>23,721</b>	<b>(11,886)</b>	<b>(7,982)</b>	<b>61,722</b>
FY2023	13,046	(2,359)	(6,702)	57,515

### 2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
FY2023	(yen) –	(yen) 44.00	(yen) –	(yen) 56.00	(yen) 100.00	(million yen) 6,516	(%) 44.4	(%) 8.3
<b>FY2024</b>	–	<b>54.00</b>	–	<b>54.00</b>	<b>108.00</b>	<b>7,037</b>	<b>46.5</b>	<b>8.1</b>
FY2025 (forecast)	–	58.00	–	58.00	116.00		47.2	

### 3. Consolidated Forecasts for FY2025 (from January 1, 2025, to December 31, 2025)

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) *		EPS
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
First half	83,000	11.8	11,500	11.0	11,500	12.1	8,000	10.4	122.94
Full year	170,000	11.4	23,000	9.3	23,000	9.0	16,000	5.8	245.87

\*Profit attributable to owners of parent

#### Notes

1. Changes in the scope of consolidation for significant subsidiaries (Changes in specified subsidiaries resulting in change in the scope of consolidation): Yes

New: One company (Company name: Mitsue-Links Co., Ltd.), Exclusion: None (Company name: -)

2. Changes in accounting policies, changes in accounting estimates and restatements:

- 1) Changes in accounting policies in accordance with revision of accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimate: None
- 4) Restatements: None

3. Issued and outstanding common stock

- 1) Number of shares issued and outstanding at end of period, including treasury stock:
- 2) Number of treasury stock at end of period:
- 3) Average number of shares outstanding for each period:

	FY2024	FY2023
Number of shares issued and outstanding at end of period, including treasury stock:	65,182,480 shares	65,182,480 shares
Number of treasury stock at end of period:	107,821 shares	112,297 shares
Average number of shares outstanding for each period:	65,073,557 shares	65,069,650 shares

#### (Reference) Summary of Non-consolidated Business Performance

##### 1. Non-consolidated Business Performance for the FY2024 (from January 1, 2024, to December 31, 2024)

###### (1) Non-consolidated Operating Results

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net Profit (loss)	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
<b>FY2024</b>	<b>132,065</b>	<b>7.0</b>	<b>18,117</b>	<b>7.5</b>	<b>20,739</b>	<b>7.5</b>	<b>16,420</b>	<b>15.2</b>
FY2023	123,469	10.5	16,859	14.8	19,287	17.1	14,249	24.0

	EPS	Diluted EPS
	(yen)	(yen)
<b>FY2024</b>	<b>252.34</b>	—
FY2023	218.98	—

###### (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS
	(million yen)	(million yen)	(%)	(yen)
<b>FY2024</b>	<b>134,782</b>	<b>82,671</b>	<b>61.3</b>	<b>1,270.41</b>
FY2023	122,879	73,464	59.8	1,129.00

Reference: Shareholders' equity: FY2024: 82,671 million yen; FY2023: 73,464 million yen

**Consolidated financial report is outside the scope of audit procedures by certified public accountants or an audit corporation.**

#### Explanation regarding the appropriate use of forecasts of business results

Forecast figures are projections based on information available at the time of release and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

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## I. Overview of Business Results

### 1. Analysis of Business Results

(1) Results for FY2024 (Ended December 31, 2024)

(Millions of yen)

	FY2023 (cumulative)	FY2024 (cumulative)	YoY	
			Variance	% change
Net sales	142,608	152,642	10,034	7.0
Operating profit	21,028	21,039	11	0.1
Operating profit margin	14.7%	13.8%	(0.9p)	–
Ordinary profit	21,244	21,093	(151)	(0.7)
Profit attributable to owners of parent	14,663	15,117	454	3.1
ROE	18.7%	17.4%	(1.3p)	–

During the current consolidated fiscal year under review (from January 1, 2024, to December 31, 2024), the Japanese economy continued to show a moderate recovery trend, despite downward risks associated with fluctuations in financial capital markets and rising prices, supported by improvements in the employment and income environment. Regarding the business environment surrounding our group, companies are actively investing in digital initiatives, and our performance has been steady.

Amid these circumstances, on January 1, 2024, we changed our company name from "Information Services International-Dentsu, Ltd." to "DENTSU SOKEN INC." and promoted the expansion of our business functions. We made a fresh start as a "Contributing to Progress in Society" company that combines system integration, consulting, and think tank functions.

The current consolidated fiscal year is the final year of the medium-term management plan "X(Cross) Innovation 2024," which started in 2022. Under the four activity policies of "Business domain expansion," "New capability acquisition," "Earnings model innovation," and "Management foundation innovation," we have been working to maximize our new corporate brand and business functions to expand our performance.

As a result of these initiatives, for the current consolidated fiscal year, net sales was ¥152,642 million (up 7.0% year on year), operating profit was ¥21,039 million (up 0.1% year on year), ordinary profit was ¥21,093 million (down 0.7% year on year), and profit attributable to owners of parent was ¥15,117 million (up 3.1% year on year).

Net sales increased in all four segments, mainly in the Manufacturing Solutions segment. Operating profit increased due to the effect of increased sales and improved gross profit margin resulting from a decrease in unprofitable projects, despite an increase in expenses driven by increased personnel costs resulting from an increase in the number of employees, raised base salaries, and an increase in the man-hours spent on sales support by engineers. Ordinary profit decreased mainly due to an increase in foreign exchange losses but profit attributable to owners of parent increased mainly due to the recording of gain on sale of investment securities.

As a result, net sales have reached record highs for nine consecutive years, and operating profit and profit attributable to owners of parent have reached record highs for seven consecutive years.

Additionally, although we did not achieve the revised targets announced on July 31, 2023 (net sales of ¥150 billion, operating profit of ¥22.5 billion, operating profit margin of 15.0%, and ROE of 18.0%), we did achieve all the initial targets set (net sales of ¥150 billion, operating profit of ¥18 billion, operating profit margin of 12.0%, and ROE of 15.0%). As the first medium-term management plan of Vision 2030, our long-term management vision, we believe we have made a smooth start.

In the new medium-term management plan starting in the next fiscal year, we will leverage the strengthened business and management foundation from the current medium-term management plan to aim for higher growth through even more aggressive challenges.

Net sales, operating profit, and business results by reportable segment are as follows.

Net sales and operating profit (loss) by reportable segment

(Millions of yen)

Reportable segment	FY2023 (cumulative)			FY2024 (cumulative)			YoY Variance	
	Net sales	Operating profit	Operating margin	Net sales	Operating profit	Operating margin	Net sales	Operating profit
Financial Solutions	30,598	3,498	11.4%	31,910	3,674	11.5%	1,312	176
Business Solutions	23,107	5,770	25.0%	23,324	5,497	23.6%	217	(273)
Manufacturing Solutions	41,118	5,106	12.4%	47,353	5,418	11.4%	6,235	312
Communication IT	47,784	6,652	13.9%	50,053	6,448	12.9%	2,269	(204)
Total	142,608	21,028	14.7%	152,642	21,039	13.8%	10,034	11

Status of business operations by reportable segment

#### Financial Solutions

The main business of this segment is providing IT solutions that support various financial operations of financial institutions and other companies.

Net sales and operating profit increased due to expanded sales and implementation of third-party software in the accounting area and customer contact reform area to the banking industry.

#### Business Solutions

The main business of this segment is providing IT solutions for business management operations, centered on accounting and human resources.

Net sales increased due to expanded sales and implementation of POSITIVE, integrated HCM solution, mainly for the insurance industry. However, operating profit decreased due to a significant increase in personnel expenses associated with strategic staffing.

#### Manufacturing Solutions

The main business of this segment is providing IT solutions for the entire product lifecycle, from product development and production to sales and maintenance in the manufacturing industry.

Net sales and operating profit increased due to the expansion of consulting to support system grand design and engineering, as well as the sales and implementation of Teamcenter, product lifecycle management solution, mainly for the transportation equipment industry and electric appliances and precision instruments industry.

#### Communication IT

The main business of this segment is providing IT solutions that support companies optimize their value chains and business processes, from marketing to core business areas.

Net sales increased due to expanded sales and implementation of SAP solutions mainly for the machinery and energy industries. However, operating profit decreased due to an increase in personnel expenses associated with an increase in the number of employees and the occurrence of goodwill amortization and other expenses resulting from the acquisition of Mitsue-Links Co., Ltd. as a subsidiary.

(2) Forecasts for FY2025 (Ending December 31, 2025)

In the next fiscal year, IT investment demand is expected to increase further, backed by the progress of DX initiatives by society and companies. We will strive for further business growth while strengthening human capital investment, investment in the development of various solutions, including in-house software products, and M&A investment.

The forecast of consolidated financial results for the next fiscal year is as follows.

Consolidated Earnings Forecasts for FY 2025 (from January 1, 2025, to December 31, 2025)

(Millions of yen)

	Amount	YoY % change
Net sales	170,000	11.4
Operating profit	23,000	9.3
Ordinary profit	23,000	9.0
Profit attributable to owners of parent	16,000	5.8

Note: Forecast figures are projections based on information available at the time of release, are not intended as a guarantee that we will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

## 2. Analysis of Financial Position

### (1) Status of Assets, Liabilities and Net Assets

#### Assets

Total assets at the end of the current consolidated fiscal year increased by ¥13,998 million from the end of the previous consolidated fiscal year to ¥147,331 million. Current assets increased by ¥4,245 million from the end of the previous consolidated fiscal year to ¥119,058 million. This was due to an increase in cash (cash and deposits, and deposits paid) resulting from an increase in contract liabilities and progress in the collection of accounts receivable - trade, and an increase in advance payments related to maintenance and subscription-type service contracts for customers, despite the expenditure for the acquisition of shares of Mitsue-Links Co., Ltd. Non-current assets increased by ¥9,753 million from the end of the previous consolidated fiscal year to ¥28,273 million, mainly due to an increase in goodwill and customer-related assets resulting from the acquisition of shares of Mitsue-Links Co., Ltd.

#### Liabilities

Total liabilities at the end of the current consolidated fiscal year increased by ¥5,775 million from the end of the previous consolidated fiscal year to ¥56,137 million. Current liabilities increased by ¥4,922 million from the end of the previous consolidated fiscal year to ¥52,544 million, mainly due to an increase in trade payables and an increase in contract liabilities associated with the provision of maintenance and subscription-type services. Non-current liabilities increased by ¥853 million from the end of the previous consolidated fiscal year to ¥3,592 million, mainly due to an increase in deferred tax liabilities.

#### Net assets

Net assets at the end of the current consolidated fiscal year increased by ¥8,223 million from the end of the previous consolidated fiscal year to ¥91,194 million, mainly as a result of an increase in retained earnings due to the recording of profit attributable to owners of parent, despite the payment of dividends from retained earnings.

## (2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") on a consolidated basis at the end of the fiscal year under review increased by ¥4,207 million from the end of the previous consolidated fiscal year to ¥61,722 million.

### Cash flows from operating activities

Cash increased by ¥23,721 million due to income before income taxes and the collection of accounts receivable - trade. Compared with the same period of the previous consolidated fiscal year, there was an increase of ¥10,675 million mainly due to the collection of trade receivables and an increase in contract liabilities associated with the provision of maintenance and subscription-type services.

### Cash flows from investing activities

Cash decreased by ¥11,886 million due to expenditures for the acquisition of shares of Mitsue-Links Co., Ltd. and the acquisition of fixed assets (mainly software). Compared with the same period of the previous consolidated fiscal year, there was an increase in expenditures of ¥9,527 million, mainly due to the expenditure for the acquisition of shares of Mitsue-Links Co., Ltd.

### Cash flows from financing activities

Cash decreased by ¥7,982 million due to the payment of dividends and the repayment of lease obligations. Compared with the same period of the previous consolidated fiscal year, cash outflow increased by ¥1,280 million due to an increase in dividend payments.

Major indicators are as follows.

	FY2022	FY2023	FY2024
Shareholders' equity ratio (%)	60.6	62.2	61.9
Equity ratio based on market value (%)	209.5	279.2	258.4
Interest-bearing debt to cash flow ratio (years)	0.2	0.2	0.1
Interest coverage ratio (times)	533.1	473.0	648.1

Equity ratio = Equity capital/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt/cash flow

Interest coverage ratio: Cash flows/Interest payments

(Note 1) All figures are calculated based on consolidated financial figures.

(Note 2) Market capitalization is calculated based on the number of shares issued excluding treasury stock.

(Note 3) Cash flow is based on operating cash flow.

(Note 4) Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid.

### **3. Basic Policy Regarding Earnings Distribution, and Dividends for FY2024 and FY2025**

We recognize that returning profits to shareholders is an important management issue, and we have established a basic policy for continually providing an appropriate and stable dividend, while retaining earnings to realize sustainable growth. Also, we set a target consolidated dividend payout ratio of 40% or more.

We planned to pay year-end dividend of ¥54 per share as announced on February 14, 2024, together with the already paid second quarter-end dividend, we plan to pay an annual dividend of ¥108 per share, up ¥8 from the previous year, for a consolidated dividend payout ratio of 46.5%.

The dividend forecast for the next fiscal year (ending December 31, 2025) is ¥116 per share (¥58 at the end of the first half and ¥58 at year-end) in accordance with our basic policy. The consolidated dividend payout ratio is expected to be 47.2%.

## **II. Basic Approach to Selection of Accounting Standards**

Our group applies Japanese GAAP. The Company's policy is to respond to the application of IFRS (International Financial Reporting Standards) after considering various domestic and overseas conditions.



### III. Consolidated Financial Statements

#### 1. Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	5,626	6,354
Notes and accounts receivable - trade, and contract assets	35,437	33,560
Merchandise and finished goods	65	106
Raw materials and supplies	12	14
Advance payments to suppliers	19,611	21,629
Deposits paid	52,406	55,961
Other	1,656	1,430
Allowance for doubtful accounts	(4)	—
<b>Total current assets</b>	<b>114,813</b>	<b>119,058</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	1,065	1,137
Vehicles, net	—	17
Tools, furniture and fixtures, net	414	415
Land	524	524
Leased assets, net	1,370	1,455
Construction in progress	11	22
<b>Total property, plant and equipment</b>	<b>3,386</b>	<b>3,572</b>
Intangible assets		
Software	4,893	5,581
Goodwill	143	5,532
Leased assets	717	481
Customer-related intangible assets	—	3,096
Other	4	5
<b>Total intangible assets</b>	<b>5,758</b>	<b>14,696</b>
Investments and other assets		
Investment securities	3,071	3,388
Deferred tax assets	2,647	2,608
Leasehold and guarantee deposits	3,512	3,849
Other	145	158
Allowance for doubtful accounts	(1)	(1)
<b>Total investments and other assets</b>	<b>9,375</b>	<b>10,004</b>
<b>Total non-current assets</b>	<b>18,520</b>	<b>28,273</b>
<b>Total assets</b>	<b>133,333</b>	<b>147,331</b>

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,358	15,083
Lease liabilities	741	807
Accrued expenses	6,403	6,485
Income taxes payable	3,462	3,721
Contract liabilities	15,872	18,939
Provision for loss on orders received	180	98
Provision for share awards	18	256
Other	6,586	7,152
<b>Total current liabilities</b>	<b>47,622</b>	<b>52,544</b>
Non-current liabilities		
Lease liabilities	1,362	1,149
Retirement benefit liability	71	103
Asset retirement obligations	849	954
Provision for share awards	147	—
Other	308	1,385
<b>Total non-current liabilities</b>	<b>2,739</b>	<b>3,592</b>
<b>Total liabilities</b>	<b>50,362</b>	<b>56,137</b>
Net assets		
Shareholders' equity		
Share capital	8,180	8,180
Capital surplus	15,270	15,270
Retained earnings	58,909	66,858
Treasury shares	(406)	(389)
<b>Total shareholders' equity</b>	<b>81,953</b>	<b>89,920</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	285	222
Foreign currency translation adjustment	732	1,051
<b>Total accumulated other comprehensive income</b>	<b>1,018</b>	<b>1,274</b>
<b>Total net assets</b>	<b>82,971</b>	<b>91,194</b>
<b>Total liabilities and net assets</b>	<b>133,333</b>	<b>147,331</b>

**2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
[Consolidated Statements of Income]

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	142,608	152,642
Cost of sales	90,827	96,519
Gross profit	51,780	56,123
Selling, general and administrative expenses	30,752	35,083
Operating profit	21,028	21,039
Non-operating income		
Interest and dividend income	55	188
Foreign exchange gains	50	—
Dividend income of insurance	47	51
Subsidy income	44	48
Gain on investments in investment partnerships	55	—
Miscellaneous income	14	29
Total non-operating income	267	318
Non-operating expenses		
Interest expenses	27	36
Share of loss of entities accounted for using equity method	11	46
Foreign exchange losses	—	123
Loss on investments in investment partnerships	—	50
Miscellaneous losses	11	7
Total non-operating expenses	51	264
Ordinary profit	21,244	21,093
Extraordinary income		
Gain on sale of investment securities	135	326
Total extraordinary income	135	326
Extraordinary losses		
Impairment losses	102	67
Loss on valuation of investment securities	326	—
Total extraordinary losses	429	67
Profit before income taxes	20,951	21,351
Income taxes - current	6,046	6,128
Income taxes - deferred	240	105
Total income taxes	6,286	6,233
Profit	14,664	15,117
Profit attributable to non-controlling interests	1	—
Profit attributable to owners of parent	14,663	15,117

## [Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	14,664	15,117
Other comprehensive income		
Valuation difference on available-for-sale securities	51	(63)
Foreign currency translation adjustment	207	319
Total other comprehensive income	259	256
Comprehensive income	14,924	15,373
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,922	15,373
Comprehensive income attributable to non-controlling interests	1	—

### 3. Consolidated Statements of Changes in Net Assets

The previous consolidated fiscal year (from January 1, 2023, to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,180	15,270	50,045	(416)	73,080
Changes during period					
Dividends of surplus			(5,799)		(5,799)
Profit attributable to owners of parent			14,663		14,663
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				10	10
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	8,863	9	8,872
Balance at end of period	8,180	15,270	58,909	(406)	81,953

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	234	524	758	32	73,871
Changes during period					
Dividends of surplus					(5,799)
Profit attributable to owners of parent					14,663
Purchase of treasury shares					(1)
Disposal of treasury shares					10
Purchase of shares of consolidated subsidiaries					(0)
Net changes in items other than shareholders' equity	51	207	259	(32)	226
Total changes during period	51	207	259	(32)	9,099
Balance at end of period	285	732	1,018	–	82,971

The current consolidated fiscal year (from January 1, 2024, to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,180	15,270	58,909	(406)	81,953
Changes during period					
Dividends of surplus			(7,168)		(7,168)
Profit attributable to owners of parent			15,117		15,117
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				18	18
Net changes in items other than shareholders' equity					
Total changes during period	–	–	7,949	17	7,967
Balance at end of period	8,180	15,270	66,858	(389)	89,920

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	285	732	1,018	82,971
Changes during period				
Dividends of surplus				(7,168)
Profit attributable to owners of parent				15,117
Purchase of treasury shares				(0)
Disposal of treasury shares				18
Net changes in items other than shareholders' equity	(63)	319	256	256
Total changes during period	(63)	319	256	8,223
Balance at end of period	222	1,051	1,274	91,194

#### 4. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	20,951	21,351
Depreciation	3,200	3,449
Amortization of goodwill	90	371
Impairment losses	102	67
Increase (decrease) in allowance for doubtful accounts	—	(4)
Increase (decrease) in retirement benefit liability	15	22
Increase (decrease) in provision for loss on orders received	(605)	(81)
Increase (decrease) in provision for share awards	101	90
Interest and dividend income	(55)	(188)
Interest expenses	27	36
Share of loss (profit) of entities accounted for using equity method	55	81
Loss (gain) on sale of investment securities	(135)	(326)
Loss (gain) on valuation of investment securities	326	—
Loss (gain) on investments in investment partnerships	(55)	50
Decrease (increase) in accounts receivable - trade, and contract assets	(4,932)	2,568
Decrease (increase) in inventories	73	(43)
Decrease (increase) in advance payments to suppliers	(2,251)	(1,965)
Increase (decrease) in trade payables	135	610
Increase (decrease) in accrued expenses	(196)	(291)
Increase (decrease) in contract liabilities	1,416	2,932
Increase (decrease) in accrued consumption taxes	474	573
Other, net	(19)	127
Subtotal	18,717	29,434
Interest and dividends received	49	163
Interest paid	(27)	(36)
Income taxes paid	(5,693)	(5,839)
Net cash provided by (used in) operating activities	13,046	23,721
<b>Cash flows from investing activities</b>		
Payments into time deposits	(126)	(508)
Proceeds from withdrawal of time deposits	81	478
Purchase of property, plant and equipment	(184)	(333)
Purchase of intangible assets	(2,194)	(2,848)
Payments for asset retirement obligations	(8)	(19)
Purchase of investment securities	(300)	(0)
Proceeds from sale of investment securities	207	453
Purchase of shares of subsidiaries and associates	—	(577)
Proceeds from distributions from investment partnerships	142	81
Payments of leasehold and guarantee deposits	(16)	(50)
Proceeds from refund of leasehold and guarantee deposits	24	21
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(8,591)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	25	—
Other, net	(12)	8
Net cash provided by (used in) investing activities	(2,359)	(11,886)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from financing activities		
Repayments of lease liabilities	(875)	(825)
Dividends paid	(5,799)	(7,168)
Purchase of treasury shares	(1)	(0)
Proceeds from sale of treasury shares	7	12
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(33)	—
Net cash provided by (used in) financing activities	(6,702)	(7,982)
Effect of exchange rate change on cash and cash equivalents	225	353
Net increase (decrease) in cash and cash equivalents	4,210	4,206
Cash and cash equivalents at beginning of period	53,305	57,515
Cash and cash equivalents at end of period	57,515	61,722



## 5. Notes on Consolidated Financial Statement

(Notes regarding Assumption of a Going Concern)  
Not applicable

(Reportable Segment and Others)

### ■ Reportable Segment

#### 1. The outline of any reportable segment

The reportable segments of our group are our constituent units for which separate financial information is available, and which are subject to regular review by the Board of Directors in order to decide how to allocate management resources and evaluate business performance.

Our Group is engaged in the information services business, including consulting services, custom system development, sales of in-house software and third-party software, outsourcing and operation and maintenance services, and sales of information equipment. We have business divisions by industry and solution, and each division formulates business strategies on a consolidated basis and develops business activities.

Accordingly, our group consists of segments by industry and solutions based on our business divisions. We have four reportable segments: Financial Solutions, Business Solutions, Manufacturing Solutions, and Communication IT.

The business operations of the four reportable segments are as follows.

Reportable segment	Business content
Financial Solutions	The main business of this segment is providing IT solutions that support various financial operations of financial institutions and other companies.
Business Solutions	The main business of this segment is providing IT solutions for business management operations, centered on accounting and human resources.
Manufacturing Solutions	The main business of this segment is providing IT solutions for the entire product lifecycle, from product development and production to sales and maintenance in the manufacturing industry.
Communication IT	The main business of this segment is providing IT solutions that support companies optimize their value chains and business processes, from marketing to core business areas.

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

The fiscal method for reportable segments is the same as the accounting method used for the preparation of the consolidated financial statements.

Income of reportable segments is based on operating profit.

Assets and liabilities are not allocated to reportable segments.

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

The previous consolidated fiscal year (from January 1, 2023, to December 31, 2023)

(Millions of yen)

	Reportable segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	30,598	23,107	41,118	47,784	142,608
Inter-segment sales and transfers	–	–	–	–	–
Total	30,598	23,107	41,118	47,784	142,608
Segment profit	3,498	5,770	5,106	6,652	21,028
Other items					
Depreciation and amortization	362	979	753	1,103	3,200

Notes: Total values for segment income match those for the operating profit on the “Consolidated Statements of Income.”

The current consolidated fiscal year (from January 1, 2024, to December 31, 2024)

(Millions of yen)

	Reportable segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	31,910	23,324	47,353	50,053	152,642
Inter-segment sales and transfers	–	–	–	–	–
Total	31,910	23,324	47,353	50,053	152,642
Segment profit	3,674	5,497	5,418	6,448	21,039
Other items					
Depreciation and amortization	448	1,106	713	1,182	3,450

Notes: Total values for segment income match those for the operating profit on the “Consolidated Statements of Income.”

■Related Information

The previous consolidated fiscal year (from January 1, 2023, to December 31, 2023)

1. Information for each product and service

(Millions of yen)

	Consulting Services	Custom System Development	In-house Software	Third-party Software	Outsourcing, Operation and Maintenance Services	IT Equipment Sales and Others	Total
Sales to customers	8,611	30,913	30,237	48,184	17,108	7,553	142,608

2. Information by region

(1) Net sales

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

(2) Tangible fixed assets

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customers

(Millions of yen)

Name of customer	Net sales	Associated segment name
Dentsu Group Inc. and its subsidiaries	22,691	Communication IT, Manufacturing Solutions, Financial Solutions, and Business Solutions

The current consolidated fiscal year (from January 1, 2024, to December 31, 2024)

1. Information for each product and service

(Millions of yen)

	Consulting Services	Custom System Development	In-house Software	Third-party Software	Outsourcing, Operation and Maintenance Services	IT Equipment Sales and Others	Total
Sales to customers	10,480	31,013	30,095	54,372	18,498	8,182	152,642

2. Information by region

(1) Net sales

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

(2) Tangible fixed assets

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customers

(Millions of yen)

Name of customer	Net sales	Associated segment name
Dentsu Group Inc. and its subsidiaries	21,449	Communication IT, Manufacturing Solutions, Financial Solutions, and Business Solutions

■Information on impairment loss on non-current assets by reportable segment

The previous consolidated fiscal year (from January 1, 2023, to December 31, 2023)

Impairment loss: 102 million yen

(Note) The impairment loss is not allocated to business segments.

The current consolidated fiscal year (from January 1, 2024, to December 31, 2024)

Impairment loss: 67 million yen

(Note) The impairment loss is not allocated to business segments.

■Information on amortization of goodwill and unamortized balance by reportable segment

The previous consolidated fiscal year (from January 1, 2023, to December 31, 2023)

(Millions of yen)

	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Others	Total
Amortization for the current period	33	2	2	52	—	90
Balance at the end of the current period	57	4	7	72	—	143

The current consolidated fiscal year (from January 1, 2024, to December 31, 2024)

(Millions of yen)

	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Others	Total
Amortization for the current period	36	2	5	327	—	371
Balance at the end of the current period	21	1	2	5,506	—	5,532

■Information on gain on negative goodwill by reportable segment

The previous consolidated fiscal year (from January 1, 2023, to December 31, 2023)

Not applicable

The current consolidated fiscal year (from January 1, 2024, to December 31, 2024)

Not applicable

(Per Share Information)

	FY2023	FY2024
Earnings per share	¥1,275.10	¥1,401.39
Book-value per share	¥225.35	¥232.32

Note

- 1: Diluted net profit per share is not presented because there are no dilutive shares.
- 2: We have introduced the Executive Compensation BIP Trust. Our shares owned by the Executive Compensation BIP Trust are included in treasury shares, which are deducted from the total number of issued shares. (94,000 shares in the previous consolidated fiscal year, 89,000 shares in the current consolidated fiscal year)
- 3: The basis for calculating net profit per share is as follows.

	FY2023	FY2024
Profit attributable to owners of parent (Millions of yen)	14,663	15,117
Net income not applicable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	14,663	15,117
Average number of shares outstanding for each period (thousand shares)	65,069	65,073

(Significant Subsequent Events)

Not applicable

## IV. Others

### 1. Changes in Officers

#### (1) Change of representative director

Not applicable

#### (2) Changes in other officers

##### •Candidates for new directors

Reiko Yasue	Director who is not an Audit and Supervisory Committee Member (Current position) Outside Director, TOMY Company, Ltd., External Director, Lion Corporation Senior Officer, JSR Corporation
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##### •Retiring directors

Kazuo Ichijo	Director who is not an Audit and Supervisory Committee Member (Current position) IMD (International Institute for Management Development) Professor Outside Director, SHIMANO INC. Outside Director, PIA CORPORATION
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##### •Candidates for new alternate directors

Koichiro Tanaka	Substitute Outside Director who is an Audit and Supervisory Committee Member (Current position) Certified public accountant Certified public tax accountant Founder and Head of Tanaka Sogo Kaikei Jimusho Outside Audit & Supervisory Board Member of ODAWARA ENGINEERING CO., LTD. Auditor of Japan Automobile Research Institute Outside Audit & Supervisory Board Member of Arisawa Manufacturing Co., Ltd. Outside Audit & Supervisory Board Member of TEN ALLIED CO.,LTD.
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#### (3) Date of appointment and retirement

March 24, 2025

#### (4) Number of officers of the Company by gender and ratio of women

Since the appointment of the new officers, the Company has a total of nine officers, including five men and four women. The percentage of women is 44%.