Confirmed Growth and Improved Profitability in Highly Anticipated AI-Related Businesses

Executive Summary

The company's consolidated financial results for the first quarter of the fiscal year ending March 31, 2027 were generally in line with projections. However, revenue and profits declined significantly due to the completion of a major project for a specific client. Revenue in the company's focus businesses also declined due to a pullback following the completion of large-scale projects, but a significant increase in AI-related sales contributed to an improvement in the sales ratio of these focus businesses. As a result, the company was able to absorb the weight of forward-looking investments, and the gross profit margin rose to 22.5% (up 0.6 percentage points year-on-year). While the results reflected the pullback related to completed large-scale projects, the company is making progress in improving its gross profit margin, and these results show signs of an improving revenue structure.

There is no change to the outlook for the current full fiscal year, which is expected to set a new record for performance. Although the growth rate is expected to slow slightly compared to the past three years due to a pullback following the completion of large-scale projects in the previous fiscal year and the weight of forward-looking investments in areas such as AI, earnings growth is anticipated through a shift towards growth areas and high-revenue businesses. Furthermore, the company plans a total payout ratio of 93% for the current fiscal year. While this 93% level should be understood as a transitional measure in the process of systematically reducing the percentage of cash on hand in total assets to 33% or less, it clearly demonstrates a shareholder-friendly stance that aligns management with shareholder expectations. Going forward, in addition to earnings growth, asset efficiency is expected to improve further through the company's asset-light financial strategy.

At NexIR, we believe attention should be focused on the fact that the company is enhancing its value-added capabilities over the medium to long term, transitioning from a traditional person-month-based system integrator ("SIer") to a high-value-added solutions provider that encompasses cloud, enterprise application services (EAS), and AI & generative AI solutions.

In a comparison of share price valuations among major Japanese companies primarily engaged in the SIer business, the company's shares are trading at undervalued levels based on metrics such as PER and EBITDA multiple. Among AI-related companies expected to grow in the future, DTS deserves to be re-evaluated as a high-dividend, undervalued company.

Key Statistics

Key Stock Statistics

Recent Price (10/13/2026)
¥1,144.00

52 Week High / Low
¥1,362.00 / ¥958.00

Shares Outstanding
(Excluding Treasury Shares)
159,149,028 shares

Market Cap
¥182,066 million

PER
15.6 times

PSR
1.28 times

Dividend (Dividend Yield)
CE ¥38.00 (3.32%)

Sector
Information and Communications

Financials (FY 03/2027 CE)

Net Sales
¥142,000 million

Operating Profit on Net Sales (%)
12.0%

EBITDA Margin (%)
12.9%

Management

President & CEO
Tomoaki Kitamura

URL
https://www.dts.co.jp/en/

*CE: "Company Estimate"

NexIR View

Despite Revenue and Profit Declines as a Pullback From Completed Large-Scale Projects, Signs Emerge of Medium- to Long-term Profitability Improvements

Although the first-quarter results were within expectations, revenue and profits declined due to a pullback related to the completion of a large-scale bank project. However, the ratio of focus businesses rose to 62.9% (up 2.2 percentage points year-over-year), which offset the weight of forward-looking investments in areas such as AI, resulting in an improvement in the gross profit margin to 22.5% (up 0.6 percentage points year-over-year). While revenue and profit declined due to the pullback following completed large-scale projects, we believe these financial results also revealed trends that will lead to improved medium- to long-term profitability, such as the improvement in the gross profit margin and growth in AI & generative AI.

AI & Generative AI Show Significant Growth in Focus Businesses

In the previous fiscal year, the company accurately captured strong, real demand from customers for migration from existing systems to cloud, SaaS, and in-house solutions, with the cloud computing & modernization and enterprise application services segments driving business expansion. Notably, in the first quarter, AI & generative AI showed significant growth. Although this is still based on first-quarter results and requires ongoing verification, the AI-related business has the potential to become a major driver of earnings growth. This is because it encompasses not only license sales of the company's own AI-powered products and standalone sales of specialized solutions but also integration demand associated with AI adoption, such as building the infrastructure to run AI and embedding AI into existing systems, making future developments worth watching.

The Undervalued Share Price Warrants Re-Evaluation

A comparison of share price valuations among major Japanese domestic companies primarily engaged in the system integration (SI) business confirms that this company is currently undervalued. As a key player in the AI-related industry, where significant growth is anticipated, and as a company that continues to streamline its somewhat excessively robust equity capital through measures such as the purchase of treasury shares, a corrective re-evaluation of its share price is warranted, given the expected growth in both earnings and return on equity (ROE).

First-Quarter Financial Results Analysis for the Fiscal Year Ending March 31, 2027: Signs of Revenue Structure Improvement

Consolidated Financial Results Overview

The company's consolidated financial results for the first quarter of the fiscal year ending March 31, 2027 showed net sales of ¥31.02 billion (down 5.7% year-on-year), operating profit of ¥3.33 billion (down 11.1% year-on-year), and profit attributable to owners of parent of ¥2.31 billion (down 14.4% year-on-year). While these results were generally within the company's forecast range, both revenue and profit declined. Although the operating profit on net sales fell to 10.7% (down 0.7 percentage points year-on-year) due to a decline in sales, the gross profit margin rose to 22.5% (up 0.6 percentage points year-on-year). The company is continuing to improve its gross profit margin by offsetting the impact of the pullback following completed large-scale projects, and these results showed signs of an improvement in revenue structure.

Consolidated Financial Highlights (Millions of Yen, %)

	FY 03/2026 Q1	FY 03/2026 Q2	FY 03/2026 Q3	FY 03/2026 Q4	FY 03/2026 Full-Year	FY 03/2027 Q1
Net Sales	32,908	34,018	31,409	36,877	135,213	31,020
YoY	13.9%	9.9%	0.8%	5.6%	7.4%	-5.7%
Gross Profit	7,217	7,576	7,481	7,401	29,676	6,966
Gross Profit Margin	21.9%	22.3%	23.8%	20.1%	21.9%	22.5%
YoY	15.7%	8.6%	5.6%	-8.3%	4.6%	-3.5%
Selling, General, and Administrative Expenses	3,467	3,243	3,239	3,291	13,241	3,632
Operating Profit	3,750	4,332	4,242	4,109	16,434	3,334
Operating Profit Margin	11.4%	12.7%	13.5%	11.1%	12.2%	10.7%
YoY	26.0%	24.5%	9.3%	-1.1%	13.4%	-11.1%
Ordinary Profit	3,946	4,286	4,506	4,201	16,940	3,468
YoY	30.1%	19.4%	12.5%	-13.0%	9.6%	-12.1%
Profit Attributable to Owners of Parent	2,696	2,769	3,061	3,116	11,644	2,309
YoY	32.1%	14.7%	11.8%	-9.4%	9.5%	-14.4%

Source: Prepared by NexIR based on financial results briefing materials and financial results summaries.

Analysis by Segment: Shift Towards High-Value-Added Areas

While our view remains unchanged that cloud computing & modernization will drive growth in this segment among DTS's focus business areas, AI & generative AI, despite being forward-looking investment areas, have shown stronger-than-expected growth in response to external conditions, and their future development warrants close attention.

Operation & Solutions Segment

Although net sales decreased to ¥12.99 billion (down 2.9% year-over-year), operating profit increased to ¥1.78 billion (up 4.1% year-over-year). The decline in sales was due to the completion of a large-scale project for a specific megabank, which could not be fully offset by the expansion of projects for life insurance companies and the development of public-sector-related projects. On the other hand, the increase in profit appears to have been largely driven by higher unit prices. Excluding the impact of the completion of the megabank project, the segment is achieving sustained growth while also progressing in its transition from a core business to a focus business.

Technology & Solutions Segment

Net sales were ¥10.98 billion (down 1.7% year-on-year), and operating profit was ¥960 million (down 22.2% year-on-year). Profit declined due to a pullback following the completion of a large-scale core system renewal project and growth investments in areas such as human resource development. However, growth continues in areas such as the construction of cloud infrastructure for securities firms, the implementation of mcframe for the manufacturing sector, and workflow renewals utilizing ServiceNow. Therefore, we do not believe there is cause for concern regarding this quarter's results. This segment continues to have the highest proportion of focus businesses, which are projected to grow at a high rate, and our view that strong growth can be expected going forward remains unchanged.

Platform & Services Segment

Net sales were ¥7.03 billion (down 15.6% year-over-year), and operating profit was ¥580 million (down 27.1% year-over-year). Despite expanded solutions in the platform and infrastructure area, which captured demand for migration to virtualization platforms and backup services, the impact of factors such as a pullback following the completion of lifecycle management service projects was significant.

Financial Results by Segment

(Millions of Yen, %)

		FY 03/2026 Q1	FY 03/2026 Q2	FY 03/2026 Q3	FY 03/2026 Q4	FY 03/2026 Full-Year	FY 03/2027 Q1
Net Sales							
Operation & Solutions		13,390	13,289	12,778	13,351	52,810	12,997
	YoY	11.8%	-0.3%	-6.0%	-6.6%	-0.7%	-2.9%
Technology & Solutions		11,183	11,593	11,287	11,934	45,998	10,989
	YoY	10.8%	8.7%	7.4%	2.9%	7.3%	-1.7%
Platform & Services		8,334	9,135	7,343	11,592	36,405	7,033
	YoY	22.3%	31.1%	4.3%	28.8%	22.1%	-15.6%
Operating Profit							
Operation & Solutions		1,713	1,854	1,919	2,021	7,507	1,783
	YoY	13.5%	26.6%	12.8%	-5.0%	10.4%	4.1%
Technology & Solutions		1,236	1,563	1,456	1,223	5,478	961
	YoY	52.6%	23.6%	8.8%	4.5%	19.5%	-22.2%
Platform & Services		805	912	870	855	3,442	587
	YoY	20.3%	24.1%	3.3%	1.1%	11.3%	-27.1%

Source: Prepared by NexIR based on financial results briefing materials and financial results summaries.

Focus Business Overview: Rapid Expansion of AI & Generative AI

Net sales from focus businesses decreased by 4.3% to ¥19.52 billion, impacted by a pullback following the completion of projects such as lifecycle management services within other focus businesses. However, the net sales share of focus businesses stood at 62.9%, up 2.2 percentage points year-over-year, indicating steady progress in the company's focus on these businesses. In particular, net sales from AI & generative AI, which are forward-looking investment areas, expanded to ¥820 million, an increase of ¥590 million year-over-year, serving as the driving force that offset the overall decline. As the AI sector grows across all segments, the company is advancing AI-driven development and support for user adoption of AI, and this sector is expected to continue driving growth in the future.

Focus Business Trends (Unit: Billion Yen)

Segment		FY03/2027 Q1	YoY	
Focus Businesses		**19.52**	**(0.43)**	**Sales ratio rose by 2.2 percentage points to 62.9%**
Concentrated Investment Areas	(1) Cloud Computing & Modernization	6.82	0.02	Core system rebuilding, hybrid cloud environment construction
	(2) Data Utilization	0.66	0.04	Data integration platform development, Informatica development
	(3) Security & Managed Services	1.57	(0.09)	AMLion, ReSM, zero trust security
	(4) Enterprise Application Services	3.42	(0.08)	Mission-critical business solutions, housing solutions
	(5) IoT & Edge Technology	2.53	0.19	Embedded development, sales of in-vehicle development products, RFID-related solutions
Forward-Looking Investment Areas	(6) AI & Generative AI	0.82	0.59	AI infrastructure, HPC *Automated code generation using generative AI
	(7) CX (Customer Experience)	0.83	0.07	CRM system development, digital marketing operations
Other Focus Businesses		2.85	(1.18)	LCM for PCs and other devices *Use of low-code/no-code in service development projects

*HPC: High-Performance Computing *LCM: Lifecycle Management.
Source: Prepared by NexIR based on company materials.

Full-Year Outlook for the Fiscal Year Ending March 31, 2027: Record-High Financial Results and Financial Streamlining

Record-High Revenue Expected Again This Fiscal Year

For the current full fiscal year, the outlook remains unchanged: net sales of ¥142 billion (up 5.0% year-over-year), operating profit of ¥17 billion (up 3.4%), ordinary profit of ¥17.35 billion (up 2.4%), and profit attributable to owners of parent of ¥11.7 billion (up 0.5%), all of which are expected to set new records. Although growth rates are expected to slow slightly compared to the past three years due to a pullback following the completion of large-scale projects in the previous fiscal year and the weight of forward-looking investments in areas such as AI, earnings growth is anticipated as a result of the shift towards growth sectors and high-revenue businesses.

Revenue Trends by Segment and Company Plan for the Current Fiscal Year (Millions of Yen, %)

	FY 03/2024	FY 03/2025	FY 03/2026	FY 03/2027 CE
Net Sales	115,727	125,908	135,213	142,000
YoY	9.0%	8.8%	7.4%	5.0%
Operation & Solutions	43,663	53,207	52,810	57,000
Technology & Solutions	42,214	42,877	45,998	49,500
Platform & Services	29,849	29,823	36,405	35,500
Operating Profit	12,508	14,489	16,434	17,000
YoY	7.0%	15.8%	13.4%	3.4%
Operating Profit Margin	10.8%	11.5%	12.2%	12.0%
Operation & Solutions	5,331	6,802	7,507	7,600
Technology & Solutions	4,193	4,583	5,478	5,800
Platform & Services	2,978	3,092	3,442	3,600
Ordinary Profit	12,831	15,457	16,940	17,350
YoY	7.5%	20.5%	9.6%	2.4%
Profit Attributable to Owners of Parent	7,293	10,635	11,644	11,700
YoY	7.5%	20.5%	9.6%	0.5%
EBITDA	13,587	15,618	17,790	18,350
YoY	9.3%	14.9%	13.9%	3.1%

CE: “Company Estimate”
Source: Prepared by NexIR based on company materials.

Growth in Concentrated Investment Areas and Increased Profit Per Employee

The company places strong emphasis on improving profitability through high value-added initiatives resulting from active growth investments, as well as on enhancing productivity (operating profit per employee).

The company is currently strategically expanding its licensing business and hardware & infrastructure construction business (such as GPU servers and quantum HPC). Although the profit margins for these businesses tend to be lower than those of contract development, they boost top-line revenue without requiring additional personnel and, as a result, efficiently increase labor productivity. The M&A investments totaling ¥10 billion planned over three years will significantly contribute to rapid net sales growth. However, in the short term, they will act as a drag on the company-wide profit margin due to weights such as goodwill amortization and startup costs. It will take a corresponding amount of time for them to contribute to profits.

Therefore, the scenario outlined in the medium-term management plan (2025–2027) does not aim for a sharp rise in the operating profit margin. Instead, it is a realistic and capital-efficient strategy that seeks to maintain a stable operating profit margin of approximately 11.5–12.0%, while steadily scaling operating profit from ¥14.48 billion (actual for the fiscal year ended March 31, 2025) to ¥18.7 billion (target for the fiscal year ending March 31, 2028) through growth investments and high-added-value business initiatives. In the current fiscal year as well, by pursuing high-value-added businesses and improving productivity in line with the current medium-term management plan, the company is expected to offset the weight of forward-looking investments and achieve record-high revenue.

Expectations and Concerns Amid AI Field Expansion

AI & generative AI are positioned as forward-looking investment areas in the company's strategy. While they are currently believed to be at the cusp of transitioning from the introduction phase to the growth phase, they are expected to contribute to dramatic growth in business performance in the near future. The term "AI" here encompasses not only license sales from the company's own AI-powered products and standalone sales of specialized solutions, but also the integration needs associated with AI adoption, such as building the infrastructure to run AI and embedding AI into existing systems. The company has set a target of ¥10 billion in net sales from the AI field by 2030. However, given its track record as a high-level systems integrator (SIer), it is highly likely that actual results will significantly exceed this target.

In the SIer business model, if, for example, AI adoption improves development productivity by 30%, net sales could potentially decrease by 30% under the traditional business model approach that multiplies a unit price per person-month by labor-hours (person-month-based business). It is believed that the stock market has been wary of this structural risk. However, considering that the company has implemented the following two measures to address this risk, we believe it has largely mitigated the negative impacts and is highly likely to reap significant benefits from the expansion of the AI market.

1. **Enhancing the Pricing Model**
   The company is shifting its focus from simply providing labor to delivering business solution value in specific fields (such as fire service systems, anti-financial crime solutions, and housing CAD). Specifically, through measures such as applying proprietary development standards based on the use of AI, the company aims to transition to a pricing model based on value delivered to customers rather than simply providing workload hours. As a result, even if development periods are shortened, the company's revenue levels are maintained, and it is advancing a structural shift that leads to improved profitability.

2. **Improving Throughput (Project Turnover Rate)**
   Currently, the system integrator (SI) industry is facing a severe labor shortage, and the company is also in a situation where, in segments such as Technology & Solutions, while there is demand, the company lacks the resources and therefore limits the number of orders it accepts. Furthermore, even among system engineers, each individual has a different set of areas of expertise, and the tendency for labor shortages to worsen during the initial rollout and implementation phases of new technologies remains largely unchanged from the past. However, if the use of AI in development can boost individual engineers' productivity by 30%, this does not represent a decline in sales. Rather, it can be leveraged as a 30% expansion of capacity to capture demand that was previously left unmet. In other words, for SI firms that are actively advancing the use of AI, as long as market demand for digital transformation (DX) exceeds supply capacity, increased productivity will directly translate into top-line growth and improved profit margins.

Financial Strategy and Dividend Policy

The defining characteristic of an SIer's business model is that its fundamental operations involve building systems that combine the most suitable new IT technologies, as they continue to emerge, to enable users to leverage them effectively for their businesses. Consequently, even within the AI industry, which is expected to grow, SIers do not require the massive capital expenditures on large-scale servers that big tech companies do, nor do they need to make massive R&D investments in areas such as large language models (LLMs) or generative AI. While it is unlikely to achieve the exceptionally high earnings ratios seen in some global big tech companies, this business model can be described as one that is asset-light and capable of securing stable, relatively high profitability. A look at the company's performance in the previous fiscal year, with an operating profit on net sales of 12.2%, an asset turnover ratio of 1.58, an ROE of 19.2%, and an equity ratio of 74.5%, clearly illustrates the high profitability DTS is currently achieving as a leading company under this business model, as well as the accumulation of revenue over time. On the other hand, it is also evident that reducing the equity ratio, which is somewhat excessively high, would improve asset efficiency, a factor favored by many investors.

Given these circumstances, the company explains that it will allocate the cash it generates according to the following priorities.

1. **Reinvestment in Focus Businesses**
   As growth investments (excluding M&A), funds will be allocated to investment in human resources, capital expenditures, research and development, and other business investments. In addition to advancing development standards, the company is promoting the development of highly skilled professionals, including AI specialists.

2. **Strategic Alliances (M&A, Capital Alliances, Business Alliances, Industry-Academia-Regional Partnerships; ¥10 Billion Budget)**
   Although there were no such activities in the fiscal year ended March 31, 2026, the company aims to pursue acquisitions and partnerships from the fiscal year ending March 31, 2027 onward based on the following policies:

   (1) Strengthening focus businesses (companies with strengths in DTS's concentrated investment areas and expected to generate business synergies with the DTS Group)

   (2) Expanding new businesses (companies with strengths in DTS's forward-looking investment areas and expected to generate business synergies with the DTS Group)

   (3) Expanding regional locations

   (4) Securing talent

3. **Direct Returns to Shareholders**
   The company plans to continue increasing dividends and conducting purchases of treasury shares. Furthermore, the company has announced a policy of utilizing debt financing for attractive M&A opportunities, and expects to successfully balance growth and shareholder returns at a high level.

Plan for Shareholder Returns for the Current Fiscal Year

The plan for shareholder returns for the current fiscal year is as follows.

- **Annual dividend: ¥38 (dividend payout ratio: 50.7%)**
- **Purchase of treasury shares: ¥5 billion**
- **Total return ratio: 93.0%**

While we understand that the 93% total return ratio is a transitional figure resulting from the planned reduction of cash on hand in total assets to 33% or less, it clearly demonstrates a shareholder-friendly stance that aligns management with shareholder expectations. Going forward, in addition to earnings growth, the company's asset-light financial strategy will further improve asset efficiency. Therefore, we believe that DTS's position warrants re-evaluation as a high-dividend, undervalued company among AI-related firms expected to grow.

Consolidated Financial Results

Accounting Period	Net Sales (mn)	YoY (%)	Operating Profit (mn)	YoY (%)	Ordinary Profit (mn)	YoY (%)	Profit (mn)	YoY (%)	EPS (Yen)	PER (Times)
FY 03/2019	86,716	104.3	9,789	114.8	9,929	115.8	6,817	118.2	292.2	14.0
FY 03/2020	94,618	109.1	10,674	109.0	10,849	109.3	7,317	107.3	158.0*	11.9
FY 03/2021	90,493	95.6	10,817	101.3	11,131	102.6	7,593	103.8	165.4	15.3
FY 03/2022	94,452	104.4	11,196	103.5	11,403	102.4	7,853	103.4	172.7	15.5
FY 03/2023	106,132	112.4	11,694	104.4	11,932	104.6	8,001	101.9	181.4	17.8
FY 03/2024	115,727	109.0	12,508	107.0	12,831	107.5	7,293	91.2	168.5	23.9
FY 03/2025	125,908	108.8	14,489	115.8	15,457	120.5	10,635	145.8	253.8	15.7
FY 03/2026	135,213	107.4	16,434	113.4	16,940	109.6	11,644	109.5	72.94**	14.1
FY 03/2027 CE	142,000	105.0	17,000	103.4	17,350	102.4	11,700	100.5	75.00	14.4

Source: Prepared by NexIR based on company securities reports and company IR materials.
Note: Figures are rounded to the nearest million yen, or to the first decimal place. CE: “Company Estimate”

*) A 2-for-1 stock split was implemented effective July 1, 2019; the EPS for the fiscal year ended March 31, 2020 was calculated assuming the split took place at the beginning of the fiscal year.
**) A 4-for-1 stock split was implemented effective October 1, 2025; the EPS for the fiscal year ended March 31, 2026 was calculated assuming the split took place at the beginning of the fiscal year.

Comparing Share Price Valuations with Japanese Domestic Competitors

DTS Appears Greatly Undervalued When Comparing Key Share Valuation Metrics

In the Japanese domestic system integrator (SIer) industry, NTT Data, the largest player, was delisted after becoming a wholly owned subsidiary of NTT (June 2025), and SCSK, another major player, was also delisted following a tender offer by Sumitomo Corporation aimed at making it a wholly owned subsidiary (March 2026). While it can be said that the industry is in an unusual situation where major companies, including the industry leader, are delisting for the purpose of strengthening group strategies, this also underscores the significant strategic importance of the business.

The share price valuations and financial metrics of major companies that primarily engage in the Japanese domestic SI business are shown below. Since this comparison is strictly limited to such companies, it does not include companies whose core business appears to be trading. When comparing key revenue metrics such as PER and EV/EBITDA, DTS is currently valued at a discount. As a major player in the AI-related industry, where significant growth is anticipated, and as the company continues to trim its somewhat excessively robust equity capital through the purchase of treasury shares and other measures, a corrective re-evaluation of its share price is warranted, given the expected growth in both earnings and ROE.

Comparison of Market Capitalization, Share Price Valuations, and Financial Metrics for Major Japanese Companies Primarily Engaged in SIer Business (Unit: Million Yen, Times, %)

Code	Company Name	Corporate Value	Market Cap	PER	PBR	EV/ EBITDA	Dividend Yield Forecast	ROE	Equity Ratio
9682	DTS	148,300	176,579	**15.1**	**2.8**	**8.1**	**3.6%**	**19.2%**	**74.6%**
4307	Nomura Research Institute	2,843,883	2,756,040	23.2	6.4	12.6	1.7%	31.5%	41.2%
3626	TISI	777,437	797,724	**14.0**	**2.5**	**7.8**	2.4%	18.7%	55.7%
2327	NS Solutions	601,486	700,532	21.7	**2.5**	9.6	2.3%	11.3%	**66.8%**
4812	DENTSU SOKEN	553,023	559,070	31.1	5.6	18.4	0.8%	17.1%	58.0%
8056	BIPROGY	471,067	446,428	**13.9**	**2.5**	**7.1**	3.0%	18.0%	48.6%
9759	NSD	209,483	241,961	18.5	3.3	9.5	**3.5%**	**18.9%**	**76.0%**
2317	Systena	155,143	182,277	17.1	4.6	9.5	**4.2%**	**26.4%**	**67.8%**

Note: Prepared by NexIR based on the closing price as of September 10, 2026 for the share price; the company's current-term plan for the financial results used to calculate share metrics; the actual results of the previous full fiscal year for the depreciation used to calculate EBITDA; the actual results of the most recent quarter for the net assets used to calculate ROE; the actual results of the previous fiscal year for the balance sheet metrics; and market capitalization plus net-interest-bearing debt for the enterprise value.

Management Indicators

Financial Data (Consolidated: Quarterly) (Millions of Yen)

Accounting Period	FY 03/2023	FY 03/2024	FY 03/2025	FY 03/2026	FY 03/2027 Q1	FY 03/2027 CE
Net Sales	106,132	115,727	125,908	135,213	31,020	142,000
YoY (%)	112.4	109.0	108.8	107.4	94.3	105.0
Profit Before Tax	11,637	11,592	15,131	16,885	3,473	-
YoY (%)	102.2	99.6	130.5	111.6	86.5	-
Profit Before Tax Margin (%)	11.0	10.0	12.0	12.5	11.1	-
Profit Attributable to Owners of Parent	8,001	7,293	10,635	11,644	2,309	11,700
YoY (%)	101.9	91.2	145.8	109.5	85.6	100.5
Profit Margin (%)	7.5	6.3	8.4	8.6	7.4	8.2

Per Share Data (Consolidated)

Accounting Period	FY 03/2022	FY 03/2023	FY 03/2024	FY 03/2025	FY 03/2026
Total Number of Shares Issued and Outstanding (Thousand Shares)	49,073	47,591	46,854	41,498	163,955
EPS	172.78	181.41	168.51	253.80	72.94
EPS Adjusted	43.20	45.35	42.13	63.45	72.94
BPS	1,376.05	1,408.81	1,451.61	1,440.87	398.60
DPS	70.00	120.00	103.00	127.00	37.00

Note: Because a 4-for-1 stock split was implemented effective October 1, 2025, the EPS and BPS for the fiscal year ended March 31, 2026 are calculated assuming the split occurred at the beginning of the fiscal year. Adjusted EPS figures are calculated by retroactively applying the stock split to prior fiscal periods. DPS figures shown are adjusted for the stock split, with a breakdown of ¥60.00 at the end of the second quarter (pre-split) and ¥22.00 at the end of the fiscal year (post-split). The annual dividend on a pre-split basis, excluding the stock split, is ¥148.

Cash Flows (Millions of Yen)

Accounting Period	FY 03/2022	FY 03/2023	FY 03/2024	FY 03/2025	FY 03/2026
Depreciation and Amortization	532	608	628	703	843
Cash Flows from Operating Activities	7,589	7,642	10,410	9,181	8,929
Cash Flows from Investing Activities	(139)	(931)	(8,516)	(2,322)	92
Cash Flows from Financing Activities	(5,025)	(9,095)	(7,817)	(16,087)	(8,089)

Financial Ratios (%)

Accounting Period	FY 03/2022	FY 03/2023	FY 03/2024	FY 03/2025	FY 03/2026
Ordinary Profit on Total Assets (ROA)	14.8	14.9	15.5	18.7	20.5
Return on Equity (ROE)	13.0	13.0	11.8	17.7	19.2
Equity Ratio	78.4	76.1	73.4	72.2	74.5

Source: Prepared by NexIR based on company securities reports and company IR materials.
Note: Figures are rounded to the nearest million yen, or to the first decimal place. *Calculated by NexIR*. CE: "Company Estimate"

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