

Q&A Summary of Financial Results for Q2 FY'26/3

The following is a compilation of the main questions received from those who attended the financial results briefing.

Some of the content has been added or revised to facilitate understanding.

Q. On October 22, 2025, you revised your full-year forecast to JPY17.1 billion in net sales, an increase of JPY700 million from the initial forecast. Compared to the assumptions at the beginning of the fiscal year, which areas of the business have exceeded expectations?

A. The electric power field in energy sector, and the payment and credit card field in service sector, have performed well and we expect continued business expansion in the second half of the year and beyond. In addition, the transportation sector, especially the railway field, where we are actively allocating resources, has also shown strong growth. What these strong-performing areas have in common is an increased demand for digital transformation and modernization projects, as outlined in the medium-term management plan. This trend is expected to continue in the second half of the fiscal year and beyond. Capitalizing on this momentum, we are concentrating on resources and continuing to make proactive investments aimed at future growth, while targeting net sales of JPY17.1 billion for the current fiscal year.

Not only in terms of net sales but also profitability, these businesses are contributing significantly. We have revised our operating income forecast upward to JPY2.1 billion. Similar to net sales, increased revenues in energy (electric power), service (payment and credit card), and transportation sectors are expected to drive this growth. We hope you will look forward to it.

Q. With the advancement of AI and expected efficiency improvements, it seems that some companies are restraining their acquisition of human resources. In contrast, your company is strengthening its recruitment efforts. Could you tell us about the reasons behind this, as well as the outlook.

A. Considering our current scale and workforce, we believe that securing talent to strengthen our organizational structure is essential to execute the growth strategies we discussed today and achieve medium- to long-term growth. We recently held a job-offer ceremony attended by 72 prospective employees who are scheduled to join us next April.

Unlike large IT companies with thousands or tens of thousands of thousands of employees, we still face many challenges that require expanding and reinforcing our workforce. For example, to evolve into the next-generation SI business model outlined in our growth strategy and build a structure with 100 consultants and 100 AI experts, we currently lack sufficient talent.

While we are actively leveraging AI to develop IT systems and improve operational efficiency, we believe that forming a team of advanced IT professionals capable of mastering AI is essential for executing our growth strategy. Therefore, we plan to continue strengthening our recruitment efforts in the coming fiscal year and beyond.

Q. Operating income margin is expected to decline in H2 of the year compared to H1. Are there any factors other than growth investments that could cause a decline?

A. There are no factors other than growth investments. These specific investments include developing advanced IT professionals essential for our future growth and revising employee compensation. Additionally, we will continue to invest in the development and delivery of solutions such as +Aldea, LeapX, and DOCOYA. We also plan to actively invest in creating new solutions that align with client needs.

Q. I have the impression that your business has a high affinity with the theme of Prime Minister Takaichi's growth strategy for Japan. Please share your thoughts on the businesses and initiatives you plan to further strengthen and expand in line with this strategy.

A. Since our founding, we have focused on developing IT systems for social infrastructure. Our current core business is in the energy sector, particularly electric power and gas. Among the 17 areas highlighted in Prime Minister Takaichi's recently announced Japan Growth Strategy, several themes are relevant to us. In particular, we intend to focus on Information and Communications, which is our core business, as well as themes related to our main energy business, such as AI and Semiconductors and Resource and Energy Security / GX (Green Transformation).

In addition, as themes related to social infrastructure, we see strong potential for client investment in a wide range of areas such as Defense Industry, Disaster Prevention and National Resilience, and the fields we are focusing on, including Aerospace and Digital and Cybersecurity. We believe these areas will allow us to fully leverage our strengths. We are also considering incorporating specific measures into the next medium-term management plan, which we will announce in the future.

Q. I see that not only did you increase revenue in this period, but also the content of your net sales has increased in the next-generation SI business. Looking at H2 of the year and the next fiscal year, what percentage of orders and net sales will be for next-generation SI business?

A. We are currently advancing our growth strategy to transition from the traditional contract-based SI business model to a next-generation SI business model, in which we proactively

propose offerings based on an analysis of our clients' challenges. Within this shift, we aim to increase the share of solutions, consulting, and advanced engineering proposals, including offerings such as LeapX and +Aldea. Although specific numerical targets are still under consideration, we believe that, for example, LeapX alone could potentially account for more than around 10% of net sales for the current fiscal year.

In the coming era, proactive proposals that respond accurately and swiftly to client needs will be essential. To realize this vision and drive significant growth from the next fiscal year onward, we will continue strengthening our solutions and investing in talent development. We appreciate your continued support and look forward to making further progress.

Q. What is the biggest differentiator of the newly released +Aldea from the AI services proposed by other companies, and what is your company's unique competitive advantage? Is it tailored to the needs of a specific industrial area? What is the current status, inquiries, and reactions for it?

A. +Aldea, which we launched in October, is merely a packaged product or a tool. It is a comprehensive service that integrates the expertise and know-how we have accumulated over many years in AI quality and AI governance, led by our AI Research Institute. The service focuses particularly on AI engineering and consulting.

As AI adoption rapidly expands, simply implementing AI is not enough to maximize its effectiveness. +Aldea is designed to help clients fully harness the value of AI and operate it appropriately.

Our most distinctive differentiator compared to competing services is our deep expertise in AI quality and AI governance, backed by extensive research and development over many years. This foundation enables clients to utilize AI with confidence, forming our core competitive advantage.

Q. Today, you explained three of the five strategic focus areas. From the president's perspective, which areas performed better than expected this fiscal year, and which areas left something to be somewhat dissatisfied with?

A. We should focus on consulting, agile development, AI, data management, and SI development, which we have been doing for the past 50 years. These can be broadly categorized into these five key domains.

Agile development and data management, in particular, performed very well during the first half of the fiscal year. With regard to agile development, the number of clients in Japan who are truly interested in utilizing it is increasing, and the number of orders and inquiries is also very large. This success is partly due to the establishment of the AgileLeap within LeapX series, and partly because we have a dedicated agile development team in Da Nang,

Vietnam, which I consider a major differentiating factor.

Regarding data management, as a result of establishing a dedicated organization for data management in response to the digital transformation trend, we have achieved significant growth over the past few years. This organization has evolved into a provider of advanced data management services, enabling us to expand our data management business beyond traditional social infrastructure domains to a wide range of industries and clients—a major accomplishment in our view.

On the other hand, I recognize that building a framework for consulting and proactive proposal offerings at an early stage—and establishing and operating a team of 100 consultants—is my goal and a key challenge.

In terms of solutions, particularly geographic information systems, we aim to drive further growth by expanding into agile development and data management, which forms the core of the next-generation SI business model, and by combining these with consulting and AI. It is crucial to create a mechanism where new engineering and services circulate and co-create, leveraging the foundational technologies we have cultivated through years of experience. I am committed to taking the lead in making this vision a reality.

Q. It seems that securing consultants will be a bottleneck for medium- to long-term growth. With the shortage of human resources in the industry, do you have any early training programs, partnership, mid-career, in-house production, or other measures to strengthen your own human resources?

A. Naturally, a significant amount of talent is needed, not only for the training of consulting personnel but also for the training of AI personnel. In addition to developing consultants, we also need to train AI experts, so a large number of personnel are required. Moreover, not only securing talent but also accelerating their development is crucial, making the education system a key factor.

We established the Human Resources Development Center in 2023, as an organization directly under the president, and we are working to build a strategic human resources training system through this development center. Unlike conventional year-round training programs, we focus on providing targeted training to strengthen specific skills. As a result, 85 consultants who have undergone our consulting training have already built a solid track record. To establish a consulting team of 100 professionals, we consider the Human Resources Development Center to be the core of our talent development initiatives and believe its active role is crucial for strengthening our workforce.

We do not provide consulting services for a variety of industries; instead, we specialize in social infrastructure consulting—a field we have been dedicated to for over 50 years. Leveraging the know-how and expertise cultivated during this time, we are able to

efficiently deliver consultant training focused specifically on social infrastructure.

Furthermore, our services go beyond consulting alone. We offer a one-stop solution covering system development, implementation, maintenance, and operation. To support this comprehensive approach, we place strong emphasis not only on employee training but also on collaboration with our partner companies and on providing training for our partner companies. In Vietnam, we are gradually advancing not only agile development but also the training of consulting.

Through this clear focus on social infrastructure consulting and our rich track record and expertise in this domain, we have established a systematic training framework. We remain committed to strengthening our consulting capabilities at an early stage going forward.

Q. It seems to me that as AI increases efficiency, the qualities required by IT engineers will also change. Are there any plans to change the recruitment policy?

A. We do not plan to make any major changes to our recruitment policy.

However, in recent years we have been placing strong emphasis on hiring talent with specialized talent—not only in AI, but also in fields where our company has distinctive strengths. For example, in geographic information systems, one of our priority areas, we have a solid track record of actively hiring students who have studied geographic information systems or location-based systems at university. Similarly, in the AI domain, we aim to recruit individuals who have studied AI technologies, as well as students with strong skills in prompt engineering, which is becoming essential for effective AI utilization.

From a recruitment standpoint, we have adopted a job-based HR system that allows us to hire specialized talent with clearly defined roles from the time of new graduate recruitment. This enables us to shorten training periods and achieve more efficient talent development, while ensuring we remain competitive in a business environment increasingly shaped by AI-driven efficiency.

Q. Since the mainstay of your company's business is IT system development, the pace of workforce expansion is a critical factor. For example, when do you expect to reach a workforce of 1,000 employees?

A. As we continue to advance our various business initiatives, we have set a target of building a 1,000-employee workforce as one of our key milestones. Looking ahead over the next three to five years, I personally view 2030 as an important milestone and a realistic goal for achieving this scale.

Some may question how far we should expand our workforce at a time when AI-driven efficiency is rapidly advancing. However, we are still a mid-sized company with just over 600 employees, and we believe that reaching a certain scale—namely a 1,000-employee

organization—is essential to reliably execute our growth strategy.

Beyond achieving 1,000 employees, we also envision a total structure of approximately 2,000 personnel by combining this with our partnerships and alliances, as well as our development capabilities in Vietnam through our group company, Ad-Sol Asia Corporation. With an organization of this scale, we believe we can maintain a strong presence among major domestic and global IT companies and continue driving sustainable growth.

Q. We understand that you provide training for prospective employees. Will the process of making new graduates productive accelerate from the next fiscal year? Also, has early development already begun for new graduates? Finally, as productivity improvement is seen as a prerequisite for better compensation, could you share your thoughts on that as well?

A. We have provided training for prospective employees, so the timing of their assignment to actual projects is not expected to change significantly this year. That said, in areas such as AI, new technologies are emerging every day. For this reason, we continuously update and strengthen our training programs to keep them aligned with market trends, customer needs, and our business strategy. At the same time, we remain committed to our long-standing approach of offering well-structured, comprehensive training while maintaining a sense of speed. Since our founding, we have placed strong emphasis on improving employee motivation through education and support for certification acquisition—one of our core strengths. We will continue to invest in these efforts.

As you pointed out, we recognize that improving productivity is an important factor in enhancing compensation. At the same time, we are accelerating our transition from traditional contract-based development to a next-generation SI business model. By strengthening upstream processes such as consulting and proactive offering proposals, and by expanding solutions including +Aldea, LeapX, and geographic information systems, we aim to significantly increase the proportion of revenue generated beyond development activities, which we believe will lead to improved profitability. Through these comprehensive initiatives, we intend to strengthen our earning power and implement compensation enhancements in a phased manner.

We appreciate your continued interest and look forward to delivering on these commitments.

(Note) English documents are prepared as a courtesy to our stakeholders. In the event of any inconsistency between English-language documents and Japanese-language documents, the Japanese-language documents will prevail.