

## Overview of Business Results

### Overview of Business Results for the First Quarter

#### <Business Results>

In the first quarter of the fiscal year under review (April 1, 2024 to June 30, 2024; hereinafter "the quarter under review"), the Japanese economy continued its gradual recovery, including improvements in employment and income conditions. However, the outlook remains uncertain due to notable risks including exchange rate fluctuations, prolonged overseas conflicts and other factors that have driven price increases and a downturn in overseas economies.

Under these economic conditions, in the business domain where the Company and its consolidated subsidiaries (hereinafter the "Group") operate, customers' willingness to invest varied from strong to weak depending on the sector. Overall, however, investment remained solid.

In the enterprises market, there has been a growing need for solutions that make use of DX and other cutting-edge technologies to provide new ways to work that are not constrained by location such as an office or home. There is also robust demand for the development of smart factories in the manufacturing sector and related revisions to network security. Telecommunications carriers have continued their reluctance to make infrastructure investments, which increased in intensity from the previous fiscal year. In the field of local 5G, the market has been slow to ramp up, but there have been gradual moves toward implementation from sectors in which the unique strengths of local 5G are essential even in high-speed wireless networks, such as places like power plants and medical institutions that demand high levels of security combined with stability. Looking at national and local governments as well as public interest-related institutions, in addition to workstyle innovation and DX utilization at national and local governments along with needs to improve networks based on disaster prevention, disaster mitigation and security themes, demand for updates to fire and emergency services networks has also risen.

Given these market conditions, the Group has been actively responding to demand in the areas of workstyle innovations, next-generation network security and fire and emergency services networks. At the same time, the Group has been focusing on the shift to a new business model involving consultation from customer perspectives leveraging our expertise in self-implementation and familiarity with customer sites, and spiral growth in step with customers, positioning DX and next-generation networks as the basis under our Shift up 2024 medium-term management plan for enhancing the value the Company provides to society to bring about a Sustainable Symphonic Society.

In the DX sector, the Company has continued to actively utilize DX technologies to complement the expertise and brand power it has cultivated in the workstyle innovation-related business pursued since 2007. Leveraging the technologies and expertise gained from those endeavors, the Company has developed services that help customers reinforce their management and operating capabilities and enhanced our proposal-based model (offering model). As a result, the Company made progress expanding its business domain to workstyle innovation at factories and other sites in addition to corporate offices. In operations targeting national and local governments with growing needs to implement local government DX, the Company is accelerating customer proposals that utilize a problem-solving showcase enabling customers to actually experience our solutions first-hand, while also working to strengthen collaboration in DX promotion with various local governments.

In operations aimed at telecommunications carriers, in the previous fiscal year the Company developed a more efficient framework in the infrastructure area where investment has been constrained, and looking to a future expansion in our areas of operation, the Company has utilized its knowledge of customer business processes to provide DX services that lead to operational streamlining, such as business automation services driven by DX technologies, as part of efforts to expand the domain in which the Company operates. Further, in the next-generation network domain including local 5G, the Company has bolstered its response to the early adoption market, sought improvements to our products and services through partnerships with Japanese and overseas firms, and in April 2024 released a competitive and unique product that can easily build a local 5G network environment with a single compact unit.

Operating under these conditions, the Group posted the following consolidated results in the first quarter under review.

Net sales	¥79,127 million	10.4% increase year on year
Operating income	¥ 2,384 million	113.1% increase year on year
Ordinary income	¥ 2,302 million	106.2% increase year on year
Net income attributable to owners of the parent	¥ 1,518 million	732.4% increase year on year
<Reference>		
Orders received	¥97,538 million	1.0% increase year on year

Despite continued challenges with telecommunications carriers, net sales increased mainly due to business from government agencies and companies mainly in the manufacturing sector, leading to a 10.4% year-on-year increase to ¥79,127 million. Accordingly, operating income rose 113.1% year on year, to ¥2,384 million, and ordinary income improved by 106.2%, to ¥2,302 million. Net income attributable to owners of the parent increased by 732.4%, to ¥1,518 million.

Orders increased significantly in workstyle innovation-related areas for companies, government agencies and local governments, along with public infrastructure including fire and disaster prevention. As a result, the impact from the absence of large-scale projects in the previous year was absorbed, leading to a 1.0% year-on-year increase to ¥97,538 million.

Operating results by business segment were as follows.

<Net sales by segment>

(Million yen)	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Total
1Q FY.2025/3	30,512	19,323	22,494	6,797	79,127
1Q FY.2024/3	27,759	21,039	20,176	2,709	71,683
Increase (decrease)	2,753	(1,715)	2,318	4,088	7,443
Growth rate (%)	9.9	(8.2)	11.5	150.9	10.4

<Ref.: Orders received by segment>

(Million yen)	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Total
1Q FY.2025/3	32,265	22,192	39,279	3,801	97,538
1Q FY.2024/3	27,208	22,958	44,595	1,767	96,529
Increase (decrease)	5,057	(766)	(5,315)	2,033	1,008
Growth rate (%)	18.6	(3.3)	(11.9)	115.1	1.0

1. DX Solutions Business:

With priority areas set out in the Group's Medium-term Management Plan, including DX technology-driven workstyle innovation and next-generation network security, recording growth, net sales increased 9.9% year on year, to ¥30,512 million.

2. Network Solutions Business:

While sales generated by a manufacturing subsidiary increased thanks to the capturing of demand related to newly designed banknotes, sluggish sales from telecommunications carriers combined with a decline in sales in the social infrastructure business. As a result, net sales decreased by 8.2% year on year to ¥19,323 million.

3. Environmental & Social Solutions Business:

Net sales increased primarily in the area of domestic ICT construction including roads and disaster prevention, expanding 11.5% year on year, rising to ¥22,494 million.

<Additional Notes>

Effective April 1, 2024 the Company transferred part of its operations from the Environmental & Social Solutions Business to the Network Solutions Business, resulting in a reorganization between segments. Note that information on reporting segments for the first quarter of the previous fiscal year has also been rearranged and disclosed to reflect the changes due to this reorganization.