

Year ending December 31, 2025

Consolidated Financial Results for First Half (Interim Period)

FY2025 (Year Ending December 31, 2025)

August 6, 2025

(All financial information herein has been prepared in accordance with accounting principles generally accepted in Japan. This document is an English translation from the original Japanese-language document. This translation is not subject to auditing standards in the U.S.)

Listed company name: Original Engineering Consultants Co., Ltd.

Stock listing: Tokyo Stock Exchange, Standard Market

Code number: 4642

(URL <https://www.oec-solution.co.jp>)

Representative: (Title) President & Representative Director (Name) Nobuhiko Suga

Contact person: (Title) Director & General Manager of Financial Affairs Division (Name) Kaoru Kira Tel: (03) 6757-8800

Planned submission date of semiannual earnings report: August 6, 2025

Date of scheduled payment of dividends: —

Earnings supplementary explanatory documents: None

Earnings presentation: None

(Amounts less than ¥1 million are truncated)

1. CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST HALF (INTERIM PERIOD) OF FY2025 (January 1, 2025, to June 30, 2025)

(1) Consolidated Operating Results (year to date) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim period ended June 30, 2025	4,680	—	926	—	924	—	574	—
Interim period ended June 30, 2024	—	—	—	—	—	—	—	—

(Note) Comprehensive income Interim period ended June 30, 2025: ¥969 million (- %) Interim period ended June 30, 2024: ¥ - million (- %)

	Profit per share- basic	Profit per share- diluted
	Yen	Yen
Interim period ended June 30, 2025	97.24	—
Interim period ended June 30, 2024	—	—

(Note) As quarterly consolidated financial statements have been prepared from the first quarter of the FY2025 ending December 31, 2025, figures for the FY2024 ended December 31, 2024, and year-on-year changes are not shown.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Interim period ended June 30, 2025	11,564	7,662	66.3
FY2024 ended December 31, 2024	—	—	—

(Reference) Shareholders' equity: As of June 30, 2025: ¥7,662 million As of December 31, 2024: ¥ - million

(Note) As quarterly consolidated financial statements have been prepared from the first quarter of the FY2025 ending December 31, 2025, figures for the FY2024 ended December 31, 2024, are not shown.

2. DIVIDENDS

(Record date)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Full year
FY2024 ended December 31, 2024	Yen —	Yen 0.00	Yen —	Yen 32.00	Yen 32.00
FY2025 ending December 31, 2025	—	0.00			
FY2025 ending December 31, 2025 (forecast)			—	35.00	35.00

(Note) Revision to the recently announced forecast of dividends: None

3. FORECAST OF CONSOLIDATED RESULTS FOR FY2025 (January 1, 2025, to December 31, 2025)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	Profit per share-basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	8,400	—	930	—	920	—	560	94.69

(Note) Revision to the recently announced forecast of results: Yes

(Note) As quarterly consolidated financial statements have been prepared from the first quarter of the FY2025 ending December 31, 2025, year-on-year changes are not shown.

* NOTES

- (1) Significant changes in scope of consolidation during the current interim period: None
New - (company name), Excluded - (company name)
- (2) Application of accounting treatment unique to the preparation of semiannual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements:
 - (i) Changes in accounting policies in accordance with revision of accounting standards: Yes
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Retrospective restatements: None

(4) Number of outstanding shares (common stock)

- (i) Number of shares outstanding at end of period, including treasury stock
As of June 30, 2025: 7,396,800 shares As of December 31, 2024: 7,796,800 shares
- (ii) Number of shares of treasury stock at end of period
As of June 30, 2025: 1,484,262 shares As of December 31, 2024: 1,884,262 shares
- (iii) Average number of shares outstanding for each period (interim period)
As of June 30, 2025: 5,912,538 shares As of June 30, 2024: 5,893,867 shares

* The summary of financial results for the first half (interim period) of the fiscal year is not subject to reviews by certified public accountants or audit corporations.

* Note regarding forecasts and forward-looking statements

The forecasts presented above are based on information available to the Company at the present time, and, accordingly, actual results may differ from any future performance expressed herein due to various factors. For matters relating to consolidated results forecasts, please refer to “(3) Explanation Regarding Future Forecasts Such as Forecasts of Consolidated Results” on page 5.

1. QUALITATIVE INFORMATION REGARDING FIRST HALF FINANCIAL RESULTS.....	2
(1) Explanation Regarding Business Results.....	2
(2) Explanation Regarding Financial Position.....	4
(3) Explanation Regarding Future Forecasts Such as Forecasts of Consolidated Results.....	5
2. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES.....	6
(1) Interim Consolidated Balance Sheet.....	6
(2) Interim Consolidated Statements of Operations and Interim Consolidated Statements of Comprehensive Income	8
(3) Interim Consolidated Statement of Cash Flows.....	10
(4) Notes regarding the Interim Consolidated Financial Statements	12
(Matters Affecting the Assumption of a Going Concern)	12
(Notes regarding Significant Changes in Shareholders' Equity)	12
(Changes in Accounting Policies).....	12
(Segment Information).....	12
(Significant Subsequent Events).....	13

1. QUALITATIVE INFORMATION REGARDING FIRST HALF FINANCIAL RESULTS

(1) Explanation Regarding Business Results

As the Group started preparing quarterly consolidated financial statements from the current interim consolidated accounting period, comparative analysis with the first six months of the previous consolidated accounting period and the end of the previous consolidated fiscal year were not performed. In January 2025, the Group acquired all the shares of, which became a new member of the Group.

Forward-looking statements in this document are based on the Company's judgment as of the last day of the current interim consolidated accounting period.

According to a provisional calculation of the Cabinet Office, Japan's water and sewerage infrastructure assets amount to approximately ¥130 trillion, which indicates that the water and sewerage infrastructure stock is the second-largest in the country by sector after that of roads. Among these, the penetration rate of water supplies is 98.3% as of March 31, 2022, with the total length of water pipes reaching around 740,000 kilometers across Japan. However, the national average annual rate of renewing water pipes is as low as 0.64%, which means that it will take about 130 years to renew all of these pipes. The statutory useful life of water pipes is 40 years, and much of the stock was built during the high-growth period of the 1970s. There are issues such as aging infrastructure, slow progress in making water pipes earthquake-resistant (with the earthquake-resistance conformity rate of key water pipes at the end of fiscal 2022 being 42.3%), and a decrease in water charges received due to a declining population and other factors. Further, many water utilities operators are of a small scale with a vulnerable management foundation, resulting in insufficient provision for systematic renewal. Water supply maintenance and management administration, which had been under the purview of the Ministry of Health, Labour and Welfare for many years, was transferred to the Ministry of Land, Infrastructure, Transport and Tourism for management and maintenance of the infrastructure and to the Ministry of Environment for water quality and hygiene in April 2024. As a result, the fiscal 2024 budget requests for water projects include the establishment of a new project to promote the integrated efficiency and strengthening of infrastructure of water and sewerage systems to support integrated measures for water supply and sewerage, and the expansion of project survey costs regarding water infrastructure improvement.

In the sewage field, the number of people with access to sewage treatment facilities is 93.3% in Japan (as of the end of FY2023), but only 81.4% have access to sewers, which means nearly 8.3 million people still live without access to wastewater treatment plants. Therefore, it is necessary to accelerate the spread of sewage treatment. While the need to construct new facilities is on the decrease, a great number of water and sewage facilities that were rapidly built during the high-growth period are reaching the end of their useful lives every year. Maintenance and renewal of these infrastructure assets, which are indispensable for ensuring a safe, secure and cultural life, are thus in demand. In addition, needs are growing for flood control measures to protect human lives and assets from localized torrential rainfall and large typhoons, which have occurred frequently in recent years, anti-seismic measures such as quake-resistant toilet facilities, measures for reinforcing water and sewerage systems to make them tsunami resistant, and initiatives to create "green innovation sewerage systems" in line with a shift to a decarbonized and recycling-oriented society.

Out of Japan's national budget for FY2025, passed and enacted in March 2025, the total amount to be allocated, as announced by the Ministry of Land, Infrastructure, Transport and Tourism, which is closely connected with the business of the Company, is approximately ¥471.9 billion in sewerage, about ¥32.5 billion in water supply and about ¥3.6 billion in integrated water supply and sewerage operations. The budgets of local governments across the country, which are responsible for executing water and sewerage projects, have also been announced.

In this operating environment, with the themes set by the Water Supply and Sewerage Group of the Ministry of Land, Infrastructure, Transport and Tourism in mind, the Company pursues orders for services related to asset management in line with the new water supply vision in the water supply field, and those in line with seven major themes in the sewerage field. These are: strengthening earthquake recovery and reconstruction support and implementing national measures for safety and peace of mind; promptly reducing areas lacking sewerage infrastructure; promoting water environmental management; improving facility management and operations; strengthening sewerage management; promoting measures to achieve a low-carbon, recycling-oriented society; and promoting international water businesses through globalization and private-public initiatives.

One of the themes for the interim consolidated accounting period under review is an increasing number of entities investigating the possibility of introducing "Water PPP" (public-private partnerships) advocated by the government. In Japan, with the backdrop of a declining population, local governments, except for some municipalities such as ordinance-designated cities with large populations and those in their surrounding areas, are seeing a decline in the number of employees in charge of water supply and sewerage projects and are experiencing difficulty in securing

sufficient budgets. Under these circumstances, the government is promoting concession projects (which establish the right to operate a facility for the private sector while maintaining the ownership of the facility in the public sector) in water supply, sewerage, and industrial water supply. However, a concession which is supposed to be “partial privatization” is generally understood as “privatization,” causing such concession to be avoided by water utilities which are particularly allergic to privatization.

With this background, on June 2, 2023, the government approved the PPP/PFI Promotion Action Plan (revised in 2023) to newly establish a public-private partnership aimed at gradually shifting to concession projects in water supply, sewerage and industrial water supply as an integrated management and renewal system, and define it together with concession projects as “Water PPP.” The Action Plan considers water supply, sewerage, and industrial water supply as priority areas, and sets an ambitious target of realizing 100 water supply projects, 100 sewerage projects, and 25 industrial water supply projects, a total of 225, over 10 years from fiscal 2022 to fiscal 2031, with national subsidies planned. In response to such development, the Company is working to secure orders for services related to both schemes of “renewal support type,” a scheme that supports local governments in renewing infrastructure by formulating renewal plans and construction management (CM), and “renewal implementation type,” a scheme where entities maintain, manage and renew infrastructure in an integrated manner as a system to integrally optimize maintenance, management and renewal, under the Water PPP which is being strongly promoted by the government.

Summarizing our efforts to win orders in the domestic market, we are doubling down on sales activities to cultivate new fields and customers. We are doing so based on our long track record, while capturing project orders that have high order-repeat rates through offering fine-tuned technological proposals and flexible customer service. We do this on the back of our superiority resulting from accumulated knowledge of the status of facility development and operational issues in local public entities who are our existing customers.

In order to enter into new business domains, we are working to win orders for educational support projects that make use of virtual spaces created by the metaverse and regional promotion activities, for which needs are growing at some local governments. In overseas markets, the Company has been working to win orders by tapping into projects in emerging nations through public-private partnerships.

On the other hand, with regard to its internal work environment, the Company has provided more than 90% of its employees with smartphones and notebook PCs, and created an office environment with free addresses (no assigned seating). A flexible work style has been established, enabling employees to work at home and host/participate in web conferencing outside the office or on the go as needed.

As initiatives to improve productivity and easiness to work, the Company is providing the following internal systems which focus on the perspective of the employees: facilitating prompt information-sharing and chatting between different levels and groups; speedily responding to departmental issues by checking management targets by department when necessary; conducting appropriate execution budget management, process control, progress management, and outsourcing management for projects secured; upgrading in-house engineers’ skills; hosting career design training; newly establishing a recruiting group in the general affairs and human resources department to strengthen new graduates and mid-career hiring; reducing overtime; providing Apple Watches to all employees who wish to get them loaned (about 40% of employees) for voluntary health promotion (promoting well-being management); utilizing internal systems, such as a staggered working hours system; and promoting the use of maternity/parental leave systems and paid leaves, as well as a custom-made work system which enables each employee to work from a place according to his/her own circumstances. In the internal business management system which we developed in-house with function enhancements made over many years and have been operating, we have digitized the approval function for each business workflow, from receiving an order for investigation and design work, etc. starting the project, preparing and changing the execution budget, and completing the project, thereby accelerating budget management and enabling monthly financial reporting with higher accuracy. Through these efforts, we are striving to improve productivity and reduce costs, and to increase employee returns and earnings.

During the interim consolidated accounting period under review which included the peak business season of the fiscal year-end of government offices, when in a typical year many contracts are to be delivered, we successfully managed to deliver smoothly. With the backlog of orders received from the previous fiscal year also piled up, we have made steady progress in both securing orders and production activities since April, which is in the new fiscal year, and managed to make progress in our work and get it completed. Our business activities progressed smoothly overall, including training for new employees, career design training, planning of and preparation for the largest exhibition in the industry, preparation of an integrated report, and promotion of the medium-term management plan.

As a result, orders received during the interim consolidated accounting period under review amounted to ¥4,058 million. On the other hand, net sales of contracts completed amounted to ¥4,680 million. Operating income, ordinary income and profit attributable to owners of parent were ¥926 million, ¥924 million and ¥574 million, respectively.

Results by segment of the Group were as follows.

[Engineering Consultant Business]

The Engineering Consultant Business received total orders of ¥3,547 million. Contracts completed by the business and operating income were ¥4,298 million and ¥1,035 million, respectively.

[Information Processing Services Business]

The Information Processing Services Business received total orders of ¥510 million. Contracts completed by the business and operating income were ¥380 million and ¥2 million, respectively.

(2) Explanation Regarding Financial Position

(i) Status of Assets, Liabilities and Net Assets

(Current assets)

Current assets for the interim consolidated accounting period under review amounted to ¥7,590 million. This was mainly due to cash and deposits, accounts receivable—completed operation and contract assets, which is accounts receivable—operating.

(Noncurrent assets)

Noncurrent assets for the interim consolidated accounting period under review amounted to ¥3,974 million. This was mainly due to goodwill arising from business combination.

(Current liabilities)

Current liabilities for the interim consolidated accounting period under review stood at ¥2,110 million. This was mainly due to advances received on uncompleted contracts, which are advances received for work in progress, and other for accrued expenses for summer bonuses.

(Noncurrent liabilities)

Noncurrent liabilities for the interim consolidated accounting period under review stood at ¥1,790 million. This was mainly due to long-term borrowings for business combination.

(Net assets)

Net assets for the interim consolidated accounting period under review amounted to ¥7,662 million. This was mainly due to an increase in retained earnings.

(ii) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) stood at ¥6,234 million at the end of the interim consolidated accounting period under review.

The main factors contributing to changes in cash flows during the interim consolidated accounting period under review were as follows:

(Cash flows from operating activities)

Net cash obtained from operating activities amounted to ¥3,298 million. The main factors contributing to this change were the posting of profit before income taxes and a decrease in accounts receivable—trade.

(Cash flows from investing activities)

Net cash used by investing activities amounted to ¥1,437 million. This was mainly due to the acquisition of the shares of a subsidiary arising from business combination.

(Cash flows from financing activities)

Net cash obtained from financing activities amounted to ¥1,242 million. This was mainly due to long-term borrowings arising from business combination.

(3) Explanation Regarding Future Forecasts Such as Forecasts of Consolidated Results

The forecast of consolidated results for FY2025 includes expenses related to the acquisition of shares of two companies acquired during the fiscal year and amortization of goodwill. Meanwhile, at the Company, progress in operations is expected to exceed the initial plan. This is due to the utilization of an operations management system that links plans and results of each division with data to enable the formulation of plans and the monitoring of results comprehensively. It is also due to an improvement in productivity through a work style that enables employees to work freely and flexibly at locations that accommodate their individual circumstances, appropriate outsourcing as needed, and an increase in the number of mid-career hires who have work experience in government offices or similar industries.

Based on the above, net sales of contracts completed is forecast to be ¥8,400 million. Operating income, ordinary income and profit attributable to owners of parent are forecast to be ¥930 million, ¥920 million and ¥560 million, respectively.

Going forward, we will closely examine various situations over time, and will promptly disclose information when a clear outlook is confirmed.

2. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Interim Consolidated Balance Sheet

	Interim consolidated accounting period under review (as of June 30, 2025)
Category	Amount (thousand yen)
Assets	
Current assets	
Cash and deposits	6,604,512
Accounts receivable—completed operation and contract assets	891,019
Other	95,046
Total current assets	7,590,578
Noncurrent assets	
Property, plant and equipment	
Buildings, net	190,393
Vehicles, net	0
Tools, furniture and fixtures, net	48,494
Land	47,658
Lease assets, net	56,824
Total property, plant and equipment	343,370
Intangible assets	
Goodwill	1,717,390
Other	118,674
Total intangible assets	1,836,064
Investments and other assets	
Investment securities	877,304
Other	917,632
Total investments and other assets	1,794,936
Total noncurrent assets	3,974,371
Total assets	11,564,950

	Interim consolidated accounting period under review (as of June 30, 2025)
Category	Amount (thousand yen)
Liabilities	
Current liabilities	
Accounts payable—operating	141,621
Short-term borrowings	99,996
Lease obligations	17,662
Income taxes payable	393,898
Advances received on uncompleted contracts	503,071
Provision for bonuses	111,427
Reserve for shareholder benefits	12,538
Provision for loss on orders received	9,028
Provision for share benefit	18,025
Provision for refund of commission fees	9,240
Other	795,086
Total current liabilities	2,111,596
Noncurrent liabilities	
Long-term borrowings	1,350,006
Provision for retirement benefits for directors (and other officers)	141,892
Retirement benefit liability	34,790
Provision for share benefit	23,192
Lease obligations	39,742
Asset retirement obligations	61,431
Deferred tax liabilities	139,774
Total noncurrent liabilities	1,790,829
Total liabilities	3,902,426
Net assets	
Shareholders' equity	
Capital stock	1,093,000
Capital surplus	2,575,370
Retained earnings	4,822,873
Treasury stock	-1,223,578
Total shareholders' equity	7,267,664
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	183,557
Total remeasurements of retirement benefit plans	211,302
Total accumulated other comprehensive income	394,859
Non-controlling interests	-
Total net assets	7,662,524
Total liabilities and net assets	11,564,950

(2) Interim Consolidated Statements of Operations and Interim Consolidated Statements of Comprehensive Income

Interim Consolidated Statements of Operations

	Interim consolidated accounting period under review (From January 1, 2025, to June 30, 2025)
Category	Amount (thousand yen)
Net sales of contracts completed	4,680,259
Costs of completed contracts	2,815,778
Gross profit	1,864,481
Selling, general and administrative expenses	938,133
Operating income	926,347
Non-operating income	
Interest income	139
Dividend income	6,934
Commission fee	540
Gain on investments in silent partnerships	3,213
Gain on sale of investment securities	725
Other	3,498
Total non-operating income	15,052
Non-operating expenses	
Interest expenses	6,409
Expenses for securities transactions	5,883
Loss on valuation of investment securities	3,277
Foreign exchange losses	511
Other	533
Total non-operating expenses	16,615
Ordinary income	924,783
Extraordinary loss	
Loss on retirement of noncurrent assets	64
Loss on valuation of golf club membership	350
Warranties for completed construction	4,070
Addition to provision for refund of commission fees	9,240
Total extraordinary loss	13,724
Profit before income taxes	911,058
Income taxes—current	360,561
Income taxes—deferred	-24,439
Total income taxes	336,121
Profit	574,937
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	574,937

Interim Consolidated Statements of Comprehensive Income

	Interim consolidated accounting period under review (From January 1, 2025, to June 30, 2025)
Category	Amount (thousand yen)
Profit	574,937
Other comprehensive income	
Valuation difference on available-for-sale securities	183,557
Remeasurements of retirement benefit plans	211,302
Total other comprehensive income	394,859
Interim comprehensive income	969,797
(Breakdown)	
Interim comprehensive income attributable to owners of parent	969,797
Interim comprehensive income attributable to non- controlling interests	-

(3) Interim Consolidated Statement of Cash Flows

	Interim consolidated accounting period under review (From January 1, 2025, to June 30, 2025)
Category	Amount (thousand yen)
Cash flows from operating activities	
Profit before income taxes	911,058
Depreciation and amortization	51,568
Amortization of goodwill	49,068
Increase (decrease) in allowance for doubtful accounts	-4,526
Interest and dividends income	-7,074
Interest expenses	6,409
Decrease (increase) in notes and accounts receivable– trade	2,027,683
Decrease (increase) in costs on uncompleted contracts	-7,079
Increase (decrease) in assets for retirement benefit	-61,422
Increase (decrease) in notes and accounts payable– trade	-257,474
Increase (decrease) in advances received on uncompleted contracts	388,786
Increase (decrease) in provision for bonuses	14,242
Increase (decrease) in provision for shareholder benefits	7,537
Increase (decrease) in provision for loss on orders received	2,171
Increase (decrease) in provision for refund of commission fees	9,240
Loss on retirement of property, plant and equipment	64
Loss on valuation of golf club membership	350
Warranties for completed construction	4,070
Other	271,359
Subtotal	3,406,033
Interest and dividends income received	7,084
Interest expenses paid	-6,409
Payment of warranties for completed construction	-4,070
Income taxes paid	-105,334
Refund of income taxes	946
Cash flows from operating activities	3,298,250

	Interim consolidated accounting period under review (From January 1, 2025, to June 30, 2025)
Category	Amount (thousand yen)
Cash flows from investing activities	
Purchase of property, plant and equipment	-29,513
Purchase of intangible assets	-21,626
Payments for lease and guarantee deposits	-16,830
Proceeds from collection of lease and guarantee deposits	706
Purchase of investment securities	-100,000
Proceeds from sale of investment securities	1,300
Proceeds from withdrawal of investments in silent partnerships	2,282
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,636,745
Proceeds from collection of loans receivable	289
Proceeds from withdrawal of time deposits	346,009
Other	16,315
Cash flows from investing activities	-1,437,812
Cash flows from financing activities	
Proceeds from long-term borrowings	1,500,000
Repayments of long-term borrowings	-49,998
Repayments of lease obligations	-15,483
Cash dividends paid	-192,334
Cash flows from financing activities	1,242,184
Effect of exchange rate change on cash and cash equivalents	-511
Net increase (decrease) in cash and cash equivalents	3,102,110
Balance of cash and cash equivalents at beginning of the year	3,132,180
Balance of cash and cash equivalents at the end of the interim period	6,234,291

(4) Notes regarding the Interim Consolidated Financial Statements

(Matters Affecting the Assumption of a Going Concern)

Not applicable.

(Notes regarding Significant Changes in Shareholders' Equity)

CRUXSYSTEM INC. was included in the scope of consolidation, starting from the current interim consolidated accounting period. As a result, retained earnings decreased by ¥119,645 thousand in the interim consolidated accounting period under review to stand at ¥4,822,873 thousand.

Also, based on the resolution of the Board of Directors held on March 26, 2025, 400,000 shares of treasury stock were cancelled on April 24, 2025. As a result, retained earnings and treasury stock each decreased by ¥324,584 thousand in the interim consolidated accounting period under review, resulting in capital surplus of ¥2,575,370 thousand and treasury stock of ¥1,223,578 thousand at the end of the interim consolidated accounting period under review.

(Changes in Accounting Policies)

(Application of Accounting Standards for Current Income Tax, etc.)

“Accounting Standard for Current Income Tax, etc.” (ASBJ Statement No. 27, October 28, 2022), “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022), and “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) have been applied from the beginning of the current interim consolidated accounting period. There is no impact on the interim consolidated financial statements.

(Segment Information)

[Segment Information]

Interim consolidated accounting period under review (from January 1, 2025, to June 30, 2025)

1. Information on the amount of net sales and profit or loss by reportable segment and information on the breakdown of revenue

(thousand yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded on interim consolidated statements of operations (Note 2)
	Engineering Consultant Business	Information Processing Services Business	Subtotal			
Net sales						
Revenue from customer contracts	4,298,448	381,811	4,680,259	4,680,259	—	4,680,259
Other revenues	—	—	—	—	—	—
Sales to external customers	4,298,448	381,811	4,680,259	4,680,259	—	4,680,259
Inter-segment sales or transfers	—	—	—	—	—	—
Total	4,298,448	381,811	4,680,259	4,680,259	—	4,680,259
Segment profit	1,035,925	2,326	1,038,251	1,038,251	-111,904	926,347

(Notes) 1. Adjustments to segment profit of minus ¥111,904 thousand include company-wide expenses of ¥111,904 thousand that are not allocated to each reportable segment. Company-wide expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.

2. Segment profit is reconciled with operating income in the interim consolidated statements of operations.

2. Information on impairment losses of noncurrent assets or goodwill, etc. by reportable segment

In January 2025, we acquired all of the shares of CRUXSYSTEM INC. This resulted in goodwill of ¥1,766,458 thousand in the Information Processing Services Business segment.

This amount of goodwill is a tentative estimate because the allocation of the acquisition cost has not been completed at the end of the current interim consolidated accounting period.

3. Matters related to changes in reportable segments

The Group had been reporting its business operations as a single reportable segment of “engineering consulting and related services.” It reviewed the classification method of business segments as a result of the acquisition of CRUXSYSTEM INC. as a subsidiary to change to two reportable segments of “Engineering Consultant Business” and “Information Processing Services Business.”

(Significant Subsequent Events)

(Acquisition of Company, etc., through Share Acquisition)

At the meeting of its Board of Directors held on July 28, 2025, the Company resolved to acquire all of the shares (excluding treasury stock) of NIHON ENGINEERING SERVICE CO., LTD. and make it a subsidiary. The Company concluded a share transfer agreement on July 28, 2025, and acquired the shares on the following day.

1. Outline of Business Combination

(1) The name of the acquiree and its business

Name of the acquiree NIHON ENGINEERING SERVICE CO., LTD.

Description of business: Construction consulting (design and construction management, etc. of water supply and sewerage projects)

(2) Main reasons for the business combination

The Company is primarily engaged in consulting services such as investigation, planning, design and management of water infrastructure, centering on water supply and sewerage. In recent years, as demand for maintenance and management as well as renewal of aging water infrastructure, increases, the Company has been focusing on consulting services that utilize solution systems, such as facility information management and asset management system construction, based on our abundant experience and system development capabilities. Meanwhile, NES Solution is primarily engaged in the design and management of water supply systems, and has extensive track records mainly in western Japan.

As disclosed in the “Notice Concerning Formulation of Medium-term Management Plan” dated May 9, 2025, the Company has been earnestly engaged in business activities to achieve the goals of the Medium-term Management Plan (Visionary MAP2025, hereinafter referred to as “VM2025”) by 2029. One of the strategic themes of VM2025 is to provide water consulting services sustainably by strengthening the water supply business and promoting public-private partnerships such as water PPP. Strengthening the water supply business is, for the Company which has strengths in the design and management of sewerage systems, a response to changes in the business needs toward integrated water supply and sewerage operations.

We have decided to acquire the shares of NES Solution Co., Ltd. as we judged it to be a great opportunity for further growth of the Group as a whole after careful internal consideration.

(3) Date of business combination

July 29, 2025 (deemed acquisition date: September 30, 2025)

(4) Legal form of business combination

Acquisition of shares

(5) Name of the company after the combination

No change.

(6) Percentage of voting rights to be acquired

100.0%

(7) Main grounds for deciding on the acquiring company

It is because the Company acquires the shares in exchange for cash.

2. Breakdown of Acquisition Cost of the Acquiree and Consideration by Type

Consideration for the acquisition	Cash and deposits	¥201,638 thousand
Acquisition cost		¥201,638 thousand

3. Description and amount of major acquisition-related expenses
They have not been finalized at this time.
4. Amount and cause of resulting goodwill, and amortization method and period thereof
They have not been finalized at this time.
5. Amounts of assets accepted and liabilities assumed as of the date of the business combination, and the major breakdown thereof
They have not been finalized at this time.