

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2026
(Three Months Ended June 30, 2025)

[Japanese GAAP]

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Stock code: 3910

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Listing: Tokyo Stock Exchange

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Scheduled date of payment of dividend: –

Preparation of supplementary materials for financial results: None

Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2025 (April 1, 2025–June 30, 2025)**(1) Consolidated operating results**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2025	735	8.3	(35)	–	(32)	–	(35)	–
Three months ended Jun. 30, 2024	679	33.4	(71)	–	(71)	–	(74)	–

Note: Comprehensive income (million yen)

Three months ended Jun. 30, 2025: (37) (–%)

Three months ended Jun. 30, 2024: (75) (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2025	(6.56)	–
Three months ended Jun. 30, 2024	(13.77)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2025	2,131	615	28.6
As of Mar. 31, 2025	2,440	674	27.3

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2025:

610

As of Mar. 31, 2025:

667

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2025	–	0.00	–	4.00	4.00
Fiscal year ending Mar. 31, 2026	–				
Fiscal year ending Mar. 31, 2026 (forecast)		0.00	–	8.00	8.00

Note: Revisions to the most recently announced dividend forecasts: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025–March 31, 2026)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	3,200	97.3	150	–	140	–	97	–	17.87

Note: Revisions to the most recently announced earnings forecasts: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of period (including treasury shares)

As of Jun. 30, 2025:	5,428,000 shares	As of Mar. 31, 2025:	5,428,000 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2025:	506 shares	As of Mar. 31, 2025:	506 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2025:	5,427,494 shares	Three months ended Jun. 30, 2024:	5,427,494 shares
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* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the MKSystem's management at the time the materials were prepared but are not promises by MKSystem regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2026 (hereinafter the “period under review”), the Japanese economy remained on a moderate recovery trend, primarily driven by domestic demand, with improvements in employment and income conditions and signs of a rebound in personal consumption. However, signs of uncertainty stemming from U.S. trade policies and cautious consumer sentiment due to rising prices are raising concerns about a potential downturn.

In the information service industry, where MKSystem Corporation operates, there have been continued transitions toward business models based on cloud services and software as a service (SaaS). Amid this trend, the automation and optimization of business processes through integration with generative AI and RPA have been further accelerating. In addition, with a growing movement to strengthen privacy protection and compliance measures, the ability to deliver value-added services that enhance operational efficiency and meet advanced analytical needs has become a key driver of competitive advantage.

In particular, in the field of personnel and labor management, growing attention is being paid to strategic human resources practices that leverage employee data, reflecting the rising trend of human capital management. In addition to improving the efficiency of core operations such as payroll and attendance management, there is growing demand for multifaceted support, including measures to enhance employee engagement and prevent turnover, which calls for the development of systems with greater flexibility and scalability.

Under these circumstances during the period under review, the Group focused on expanding sales of Shalom FOREVER, which was released in the previous fiscal year, with the aim of supporting customers in improving operational efficiency and creating added value, thereby further enhancing customer satisfaction.

As a result, for the period under review, the Group reported net sales of 735 million yen (up 8.3% year on year), gross profit of 289 million yen (up 2.0%), operating loss of 35 million yen (compared with operating loss of 71 million yen for the same period of the previous fiscal year), ordinary loss of 32 million yen (compared with ordinary loss of 71 million yen for the same period of the previous fiscal year), and loss attributable to owners of parent of 35 million yen (compared with loss attributable to owners of parent of 74 million yen for the same period of the previous fiscal year). In addition, the return on equity (ROE), one of the KPIs for the Group, was at minus 5.6% (compared with minus 9.8% for the same period of the previous fiscal year) on a consolidated basis, and 3.7% (compared with minus 3.9% for the same period of the previous fiscal year) on a non-consolidated basis.

Results by business segment were as follows.

The Shalom Business

We provide business software to support labor and social security attorney offices, labor insurance administration associations, and general corporations by facilitating their operations and processes for the social security insurance, labor insurance, and payroll calculation. Our mainstay products include the following cloud services: Shalom series as our flagship product, MYNABOX series as a My Number management system, and eNEN as a web-based year-end adjustment filing system.

A growing number of companies as well as labor and social security attorney offices are more interested in introducing relevant systems, amid an increasing need for operational efficiency following the work-style reforms including teleworking. At the same time, the market environment remains severe, anticipating intensified price competition with succession of active entries of competitors in the market.

In this segment, sales and profit both increased year on year thanks to sales growth resulting from the stable operation of Shalom FOREVER, which was released in the previous fiscal year, and the reduction of support costs, resulting in operating profit. However, the operating cost of cloud services remains elevated, and the Group will continue to focus on new product development initiatives and efforts to reduce costs.

As a result, net sales of the segment amounted to 596 million yen (up 2.5% year on year), of which the ASP services under the subscription model amounted to 564 million yen (up 2.3%), and the system construction services amounted to 16 million yen (up 68.7%). The segment recorded gross profit of 293 million yen (up 12.0%), and

operating profit of 30 million yen (compared with operating loss of 39 million yen for the same period of the previous fiscal year).

This segment returned to profitability in the fourth quarter of the previous fiscal year and remained profitable during the period under review. The Group will continue working to strengthen its earnings base and aim for stable growth in performance.

The CuBe Business

We have been engaged in the contracted development of individually customized front-end systems for the personnel and general affairs divisions of large companies to improve their business processes. The CuBe Business also provides cloud services, GooooN, which focuses on the convenience to small- and medium- sized companies by leveraging our know-how gained through the contracted development of systems for large companies.

In the contracted development of front-end systems, orders for new projects by large companies and local governments have successfully increased, resulting in a year-on-year increase in sales. Due to factors such as loss caused by excess work hours beyond initial estimates in certain projects, the segment recorded a gross loss for the period under review. In the cloud service GooooN, we worked to expand our user base through collaboration with existing Shalom users.

As a result, the segment recorded net sales of 141 million yen (up 41.0% year on year), gross loss of 2 million yen (compared with gross profit of 22 million yen for the same period of the previous fiscal year), and operating loss of 68 million yen (compared with operating loss of 35 million yen for the same period of the previous fiscal year). Operating loss of the CuBe Business reflects amortization of goodwill of 9 million yen.

(2) Explanation of Financial Position

Assets

The balance of current assets at the end of the period under review decreased by 237 million yen from the end of the previous fiscal year to 1,275 million yen. This was mainly due to an increase of 135 million yen in cash and deposits and a decrease of 368 million yen in accounts receivable-trade.

The balance of non-current assets decreased 71 million yen from the end of the previous fiscal year to 856 million yen. This was mainly due to decreases of 51 million yen in software and 9 million yen in goodwill.

As a result, the balance of total assets decreased 309 million yen from the end of the previous fiscal year to 2,131 million yen.

Liabilities

The balance of current liabilities at the end of the period under review decreased 161 million yen from the end of the previous fiscal year to 1,049 million yen. This was mainly due to decreases of 73 million yen in accounts payable-trade, 50 million yen in accrued consumption taxes, 33 million yen in provision for bonuses, and 22 million yen in accounts payable-other.

The balance of non-current liabilities decreased 89 million yen from the end of the previous fiscal year to 467 million yen. This was mainly due to a decrease of 90 million yen in long-term borrowings.

As a result, the balance of total liabilities decreased 250 million yen from the end of the previous fiscal year to 1,516 million yen.

Net assets

The balance of shareholders' equity at the end of the period under review decreased 57 million yen from the end of the previous fiscal year to 610 million yen. This was mainly due to a decrease of 57 million yen in retained earnings.

Consequently, the balance of net assets decreased 58 million yen from the end of the previous fiscal year to 615 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

The consolidated earnings forecast for the fiscal year ending March 31, 2026 is based on the information stated in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Japanese GAAP)” on May 7, 2025.

While the CuBe business temporarily posted a loss for the period under review, orders remained strong as of the end of the quarter, and the business is expected to return to profitability for the full fiscal year. Accordingly, no revisions have been made to the earnings forecast as of the date of this report.

If the future development of business performance causes us to revise the forecasts for the fiscal year ending March 31, 2026, we will disclose them promptly.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY3/25 (As of Mar. 31, 2025)	First quarter of FY3/26 (As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	606,324	741,718
Accounts receivable-trade	811,363	442,501
Merchandise	4,283	8,086
Work in process	46,651	39,817
Supplies	560	565
Prepaid expenses	41,998	39,742
Other	1,970	3,078
Allowance for doubtful accounts	(158)	(429)
Total current assets	1,512,994	1,275,081
Non-current assets		
Property, plant and equipment		
Buildings, net	95,315	92,337
Vehicles, net	0	0
Tools, furniture and fixtures, net	22,400	19,416
Total property, plant and equipment	117,716	111,754
Intangible assets		
Software	553,913	501,977
Software in progress	30,444	30,444
Trademark right	395	337
Telephone subscription right	1,218	1,218
Goodwill	58,233	48,528
Total intangible assets	644,205	582,505
Investments and other assets		
Investments in capital	70	70
Guarantee deposits	156,859	156,789
Deferred tax assets	6,060	2,626
Distressed receivables	—	63
Other	3,049	2,965
Allowance for doubtful accounts	—	(63)
Total investments and other assets	166,039	162,452
Total non-current assets	927,961	856,712
Total assets	2,440,956	2,131,793

	(Thousands of yen)	
	FY3/25 (As of Mar. 31, 2025)	First quarter of FY3/26 (As of Jun. 30, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	121,273	48,228
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	363,624	363,624
Accounts payable-other	124,561	102,161
Accrued expenses	15,178	17,772
Income taxes payable	20,364	3,707
Accrued consumption taxes	81,276	30,432
Advances received	100,588	113,021
Provision for loss on order received	—	2,464
Provision for bonuses	70,211	36,995
Other	13,000	30,635
Total current liabilities	1,210,080	1,049,042
Non-current liabilities		
Long-term borrowings	539,670	448,764
Retirement benefit liability	16,733	18,388
Total non-current liabilities	556,403	467,152
Total liabilities	1,766,483	1,516,194
Net assets		
Shareholders' equity		
Share capital	219,110	219,110
Capital surplus	202,122	202,122
Retained earnings	246,695	189,407
Treasury shares	(499)	(499)
Total shareholders' equity	667,428	610,141
Non-controlling interests	7,043	5,458
Total net assets	674,472	615,599
Total liabilities and net assets	2,440,956	2,131,793

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)	First three months of FY3/26 (Apr. 1, 2025–Jun. 30, 2025)
Net sales	679,301	735,582
Cost of sales	395,125	445,727
Gross profit	284,175	289,854
Selling, general and administrative expenses	356,008	325,042
Operating loss	(71,832)	(35,188)
Non-operating income		
Dividend income	1	1
Insurance claim income	–	3,000
Commission income	1,995	–
Rental income	10,023	10,956
Outsourcing service income	900	900
Other	99	766
Total non-operating income	13,018	15,624
Non-operating expenses		
Interest expenses	2,209	3,336
Rental costs	9,060	9,993
Other	1,350	83
Total non-operating expenses	12,619	13,413
Ordinary loss	(71,433)	(32,977)
Loss before income taxes	(71,433)	(32,977)
Income taxes-current	597	751
Income taxes-deferred	3,424	3,433
Total income taxes	4,021	4,185
Loss	(75,455)	(37,163)
Loss attributable to non-controlling interests	(733)	(1,585)
Loss attributable to owners of parent	(74,721)	(35,577)

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)	First three months of FY3/26 (Apr. 1, 2025–Jun. 30, 2025)
Loss	(75,455)	(37,163)
Comprehensive income	(75,455)	(37,163)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(74,721)	(35,577)
Comprehensive income attributable to non-controlling interests	(733)	(1,585)

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)

Information related to net sales and profit/loss for each reportable segment

(Thousands of yen)

	Shalom Business	CuBe Business	Total	Adjustment (Note)	Amounts recorded in quarterly consolidated statement of income
Net sales					
External sales	581,490	97,810	679,301	–	679,301
Inter-segment sales and transfers	129	2,436	2,565	(2,565)	–
Total	581,619	100,246	681,866	(2,565)	679,301
Segment loss	(39,891)	(35,067)	(74,959)	3,126	(71,832)

Notes: 1. The adjustment to segment loss is the elimination of inter-segment transactions.

2. Segment loss is adjusted to be consistent with operating loss presented on the quarterly consolidated statement of income.

First three months of FY3/26 (Apr. 1, 2025–Jun. 30, 2025)

Information related to net sales and profit/loss for each reportable segment

(Thousands of yen)

	Shalom Business	CuBe Business	Total	Adjustment (Note)	Amounts recorded in quarterly consolidated statement of income
Net sales					
External sales	596,369	139,213	735,582	–	735,582
Inter-segment sales and transfers	12	2,157	2,169	(2,169)	–
Total	596,381	141,370	737,751	(2,169)	735,582
Segment profit (loss)	30,507	(68,227)	(37,720)	2,532	(35,188)

Notes: 1. The adjustment to segment profit (loss) is the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to be consistent with operating loss presented on the quarterly consolidated statement of income.

Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows for the first three months of FY3/26 has not been prepared.

Depreciation (includes amortization expenses related to intangible assets minus goodwill) and amortization of goodwill for the first three months of each fiscal year are as follows.

(Thousands of yen)

	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)	First three months of FY3/26 (Apr. 1, 2025–Jun. 30, 2025)
Depreciation	87,923	92,435
Amortization of goodwill	9,705	9,705

This financial report is solely a translation of MKSystem's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.