



Financial Results

Fiscal Year Ended December 31, 2025

ISB CORPORATION

February 13, 2026

Securities code: 9702

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An Independent System Integrator

Engaged in the Information Services Business and Security Systems Business

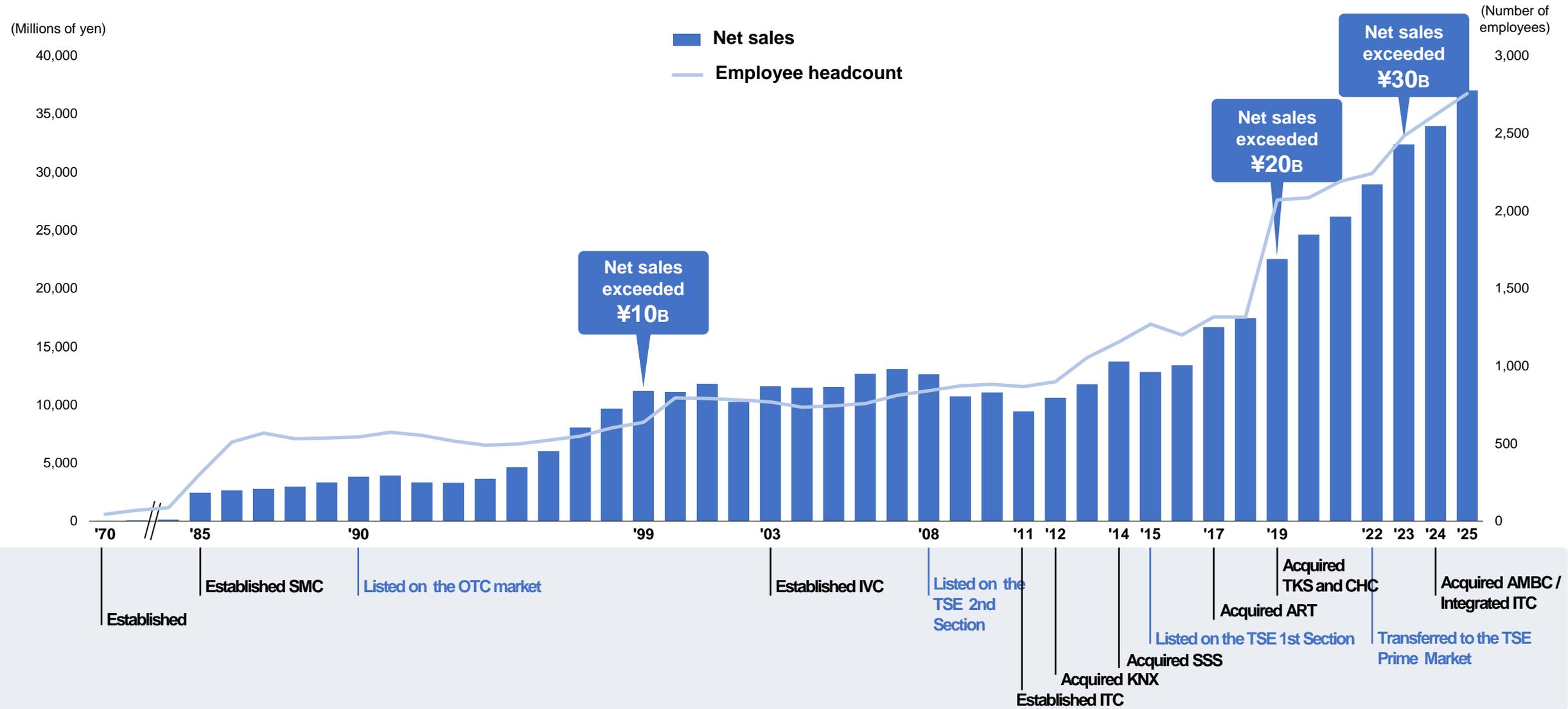


Kazufumi Wakao
Representative Director
and President

Company Name	ISB Corporation
Established	June 1970
Representative	Kazufumi Wakao Representative Director and President
Share Capital	¥2,410.24 million (as of April 28, 2025)
Stock Exchange Listing	Prime Market, Tokyo Stock Exchange (Securities code: 9702)
Business Description	<ul style="list-style-type: none">• Information Services Business (software development)• Security Systems Business (access control systems)
Employee Headcount (Consolidated)	2,757 (as of December 31, 2025) * including the part-time and contract employees
Group Companies	Consolidated subsidiaries: 7 in Japan, 1 overseas

ISB Group's Milestones

Expanded our business through a stable business foundation and growth driven by strategic M&A.



*Each company was acquired as a wholly owned subsidiary.

Business Areas of the ISB Group

Software developed by ISB is integrated into a wide range of products, supporting a safe, comfortable, and convenient society.

Mobility



Medical



Finance



One-stop service



Mobile wireless terminals base stations



Social infrastructure



Smart meter



FY2025 Overview

Net Sales

¥37.0B
(100% vs. plan)

Operating Profit

¥2.3B
(87% vs. plan)

Dividend plan

¥55

Dividend Payout Ratio plan

43.9%

- Achieved record-high net sales, exceeding the full-year plan revised in Q2 FY2025.
- Growth driven by digital transformation (DX), financial sector, public sector, and security systems.
- Greater profitability due to billing rate optimization, expansion of upstream projects, and growth in security systems.
- Operating profit fell short of plan, as temporary costs from unprofitable projects could not be fully absorbed.

FY2026 Plan

- Planned net sales of ¥38.5 billion and operating profit of ¥3.0 billion.
- Information Services: Leverage our areas of expertise and group synergies to enhance added value and expand our business foundation.
- Security Systems: Drive profit growth by expanding access control systems and the recurring revenue business.

Medium- to Long-Term Business Plan

- Formulated the Medium- to Long-Term Business Plan 2030.
- Formulated initiatives to advance management with an awareness of capital cost and share price.
New shareholder return policy: Dividend payout ratio of 50% or higher and a minimum dividend on equity (DOE) of 4% (FY2030)

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Part **1** **FY2025 Financial Results Overview**

Part **2** **Review of the Medium-Term
Business Plan 2026**

FY2025 Overview of Consolidated Financial Results

Net sales increased year on year, exceeding the upwardly revised full-year plan.

(Millions of yen)

	FY2024 Results	FY2025 Results	YoY (Amount)	YoY (%)	FY2025 Plan	% of Plan
› Net Sales	33,954	37,020	3,066	109%	36,900	100%
› Operating Profit	2,800	2,314	(486)	83%	2,660	87%
› Operating Profit Margin	8.2%	6.3%	(190 bps)	-	7.2%	(90 bps)
› Ordinary Profit	2,892	2,384	(508)	82%	2,750	87%
› Profit Attributable to Owners of Parent	2,032	1,435	(597)	71%	1,690	85%
› Earnings Per Share (Yen)	177.80	125.31	(52.49)	70%	147.73	85%

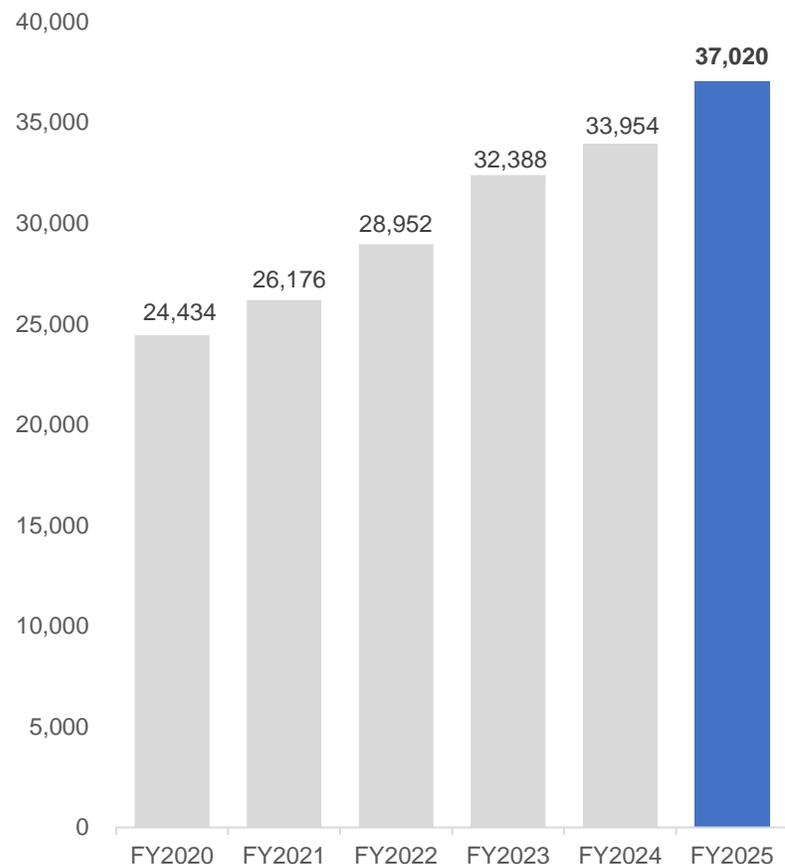
*Fiscal years are from January 1 to December 31.

Consolidated Financial Performance Trends

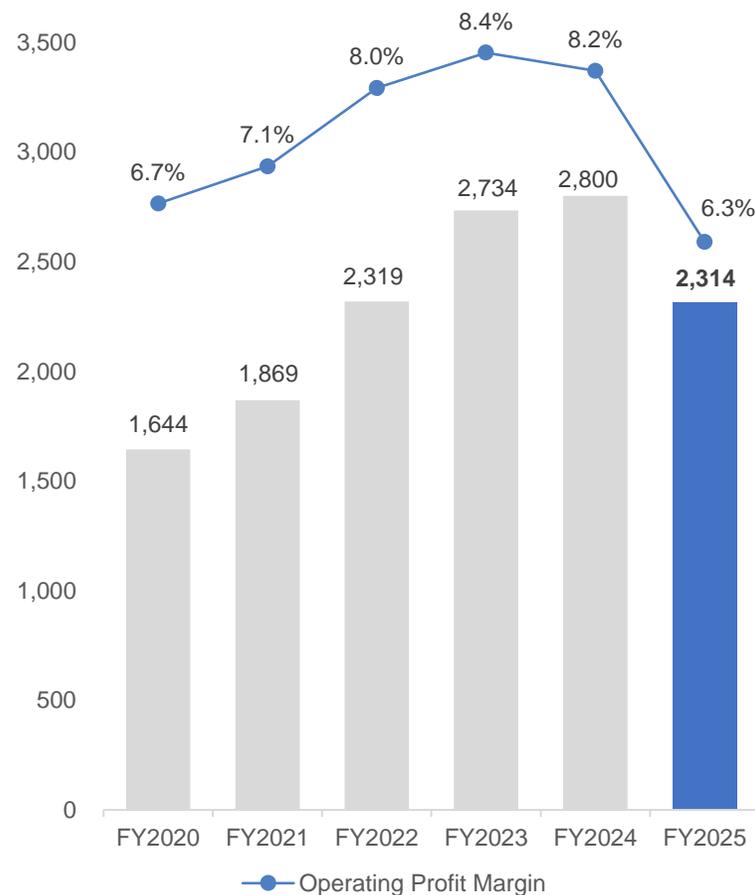
Net sales rose for the consecutive fiscal year to a record high, while profit levels temporarily declined due to growth investments and the impact of certain unprofitable projects.

(Millions of yen)

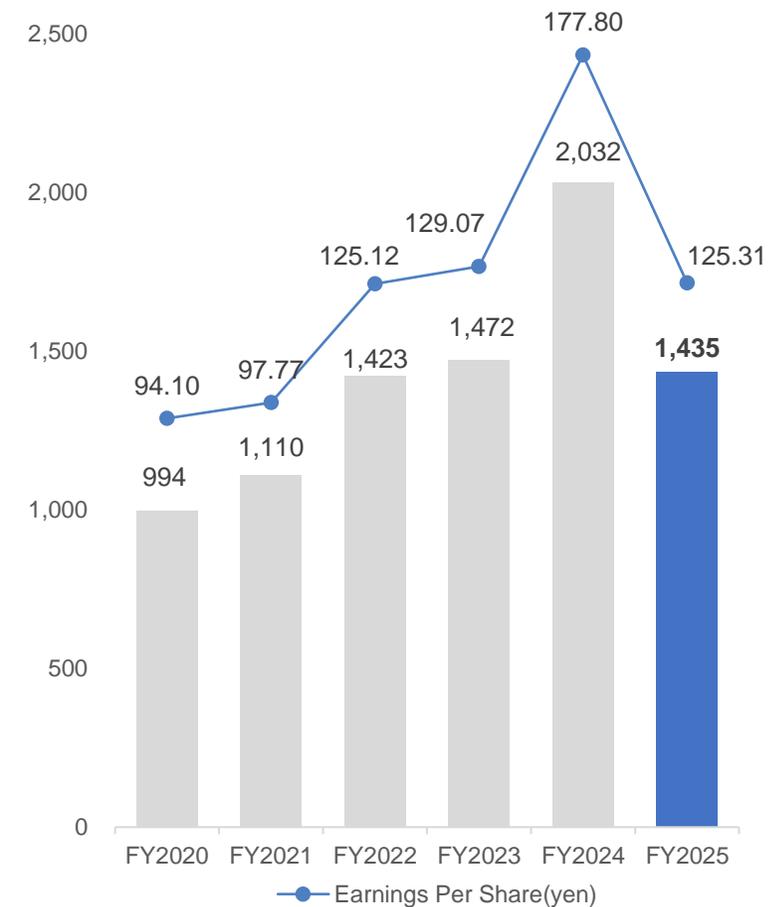
Net Sales



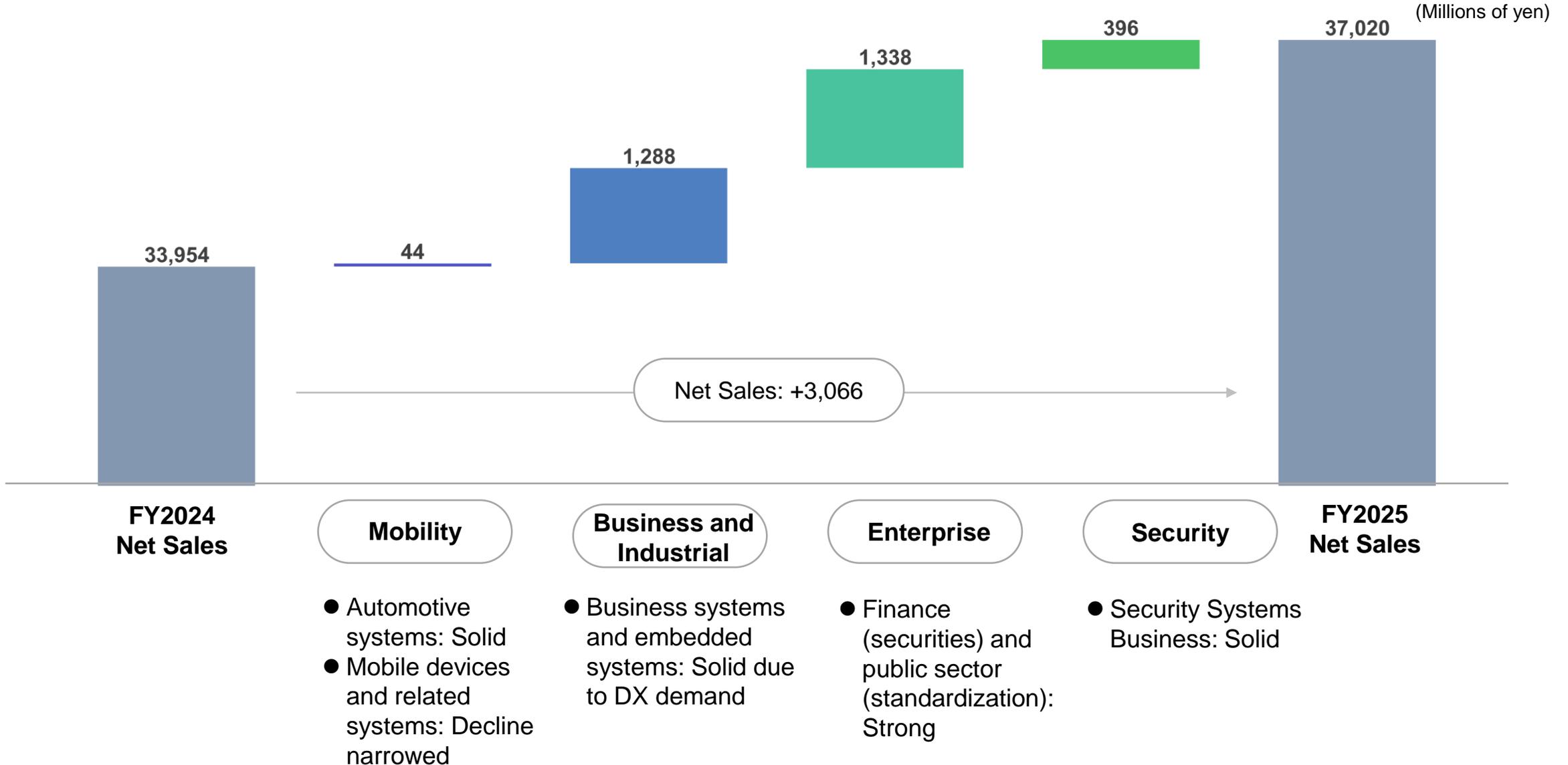
Operating Profit



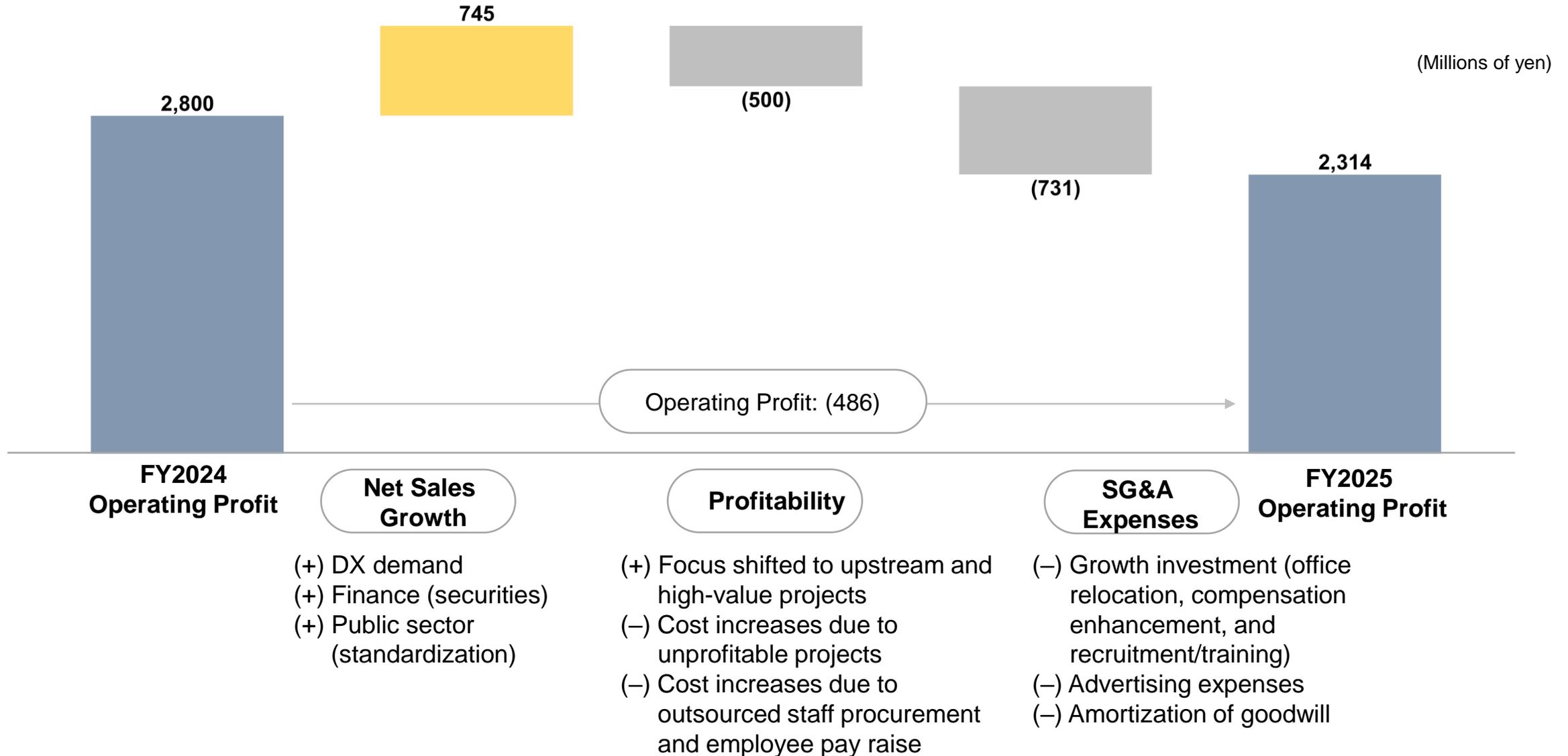
Profit Attributable to Owners of Parent

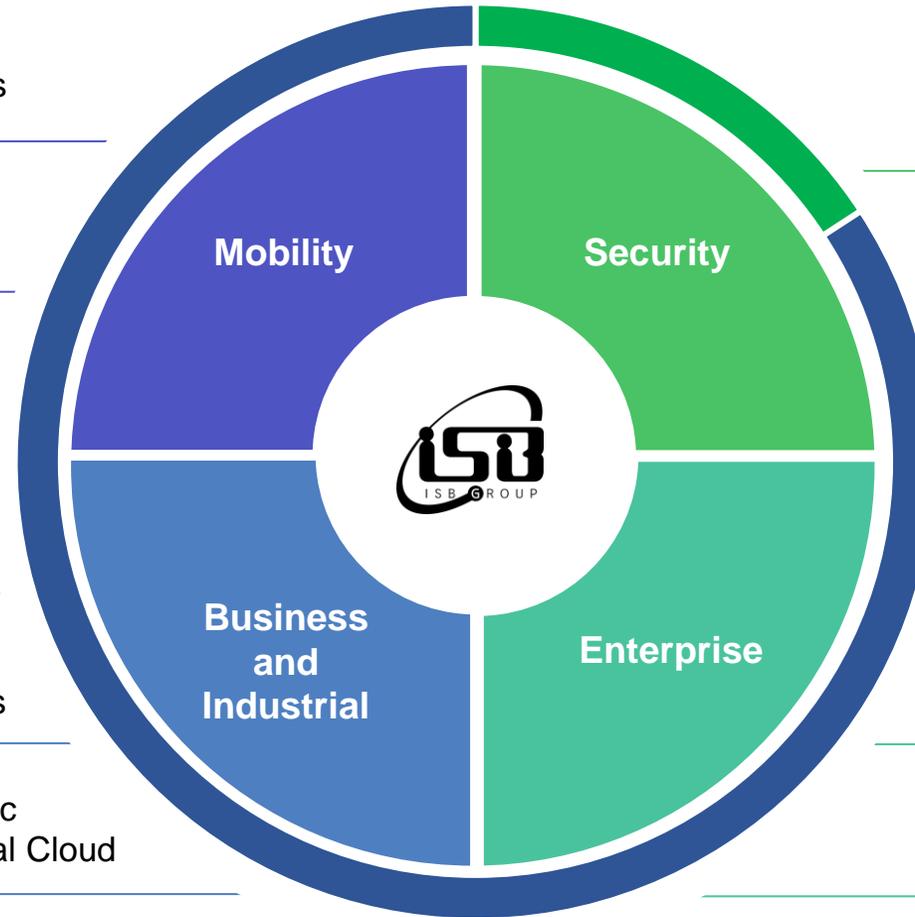


Breakdown of Consolidated Net Sales Growth



Breakdown of Consolidated Operating Profit Growth





■ **Mobile Devices / Smartphones**

■ **Telecommunications / Wireless Base Stations**

■ **Automotive / Automotive Systems**

■ **Business Systems / Digital Transformation & AI Integration**

■ **Embedded Devices / POS & Communication Modules**

■ **Medical Systems / Diagnostic Equipment Systems & Medical Cloud**

■ **Access Control Systems / ALLIGATE**

■ **Mobile Device Management (MDM)**

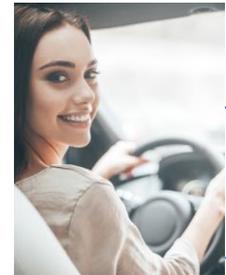
■ **IoT / Wi-SUN**

■ **Public Services / Resident Services Systems**

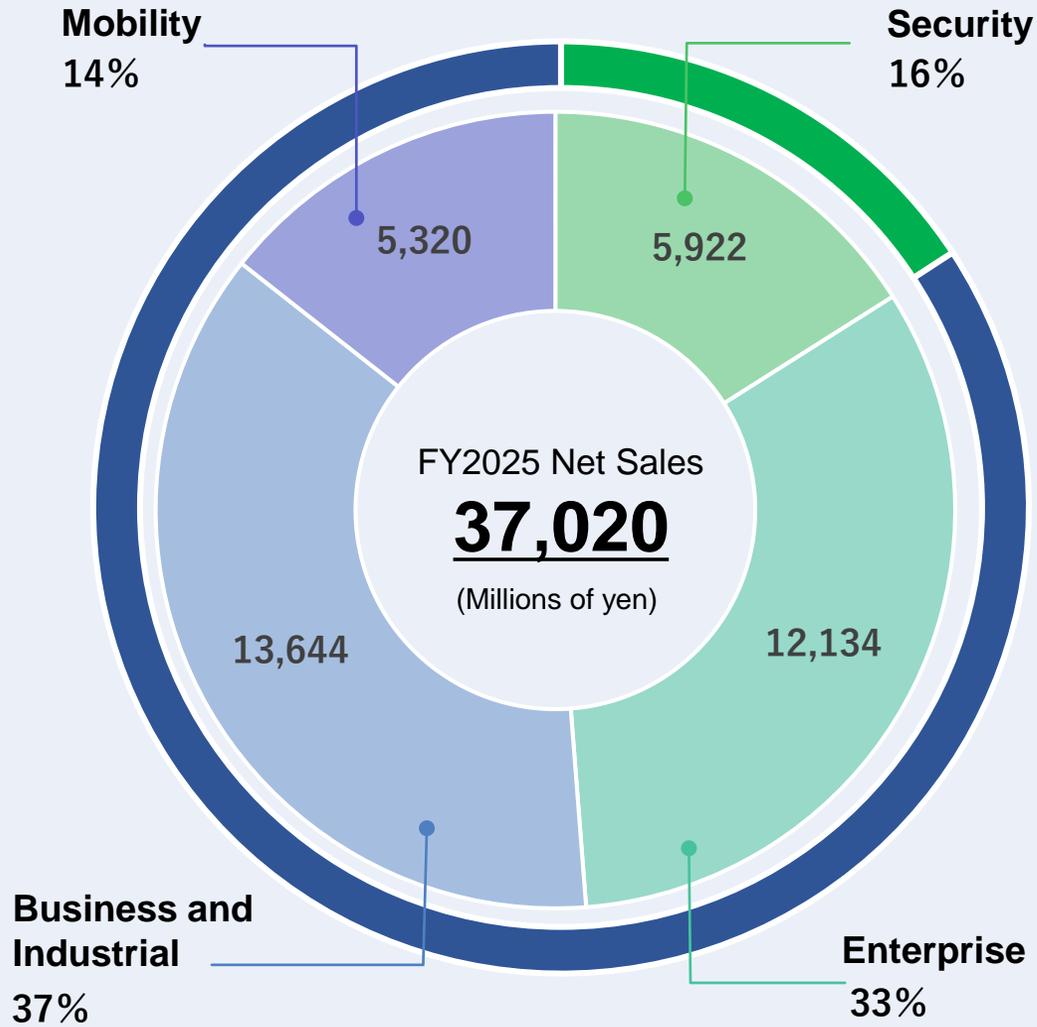
■ **Banking and Securities / Financial Systems**

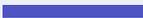
■ **IT Infrastructure / Core IT Systems**

*Reporting Segments: ■ Information Services Business ■ Security Systems Business



Net Sales by Business Category and Segment

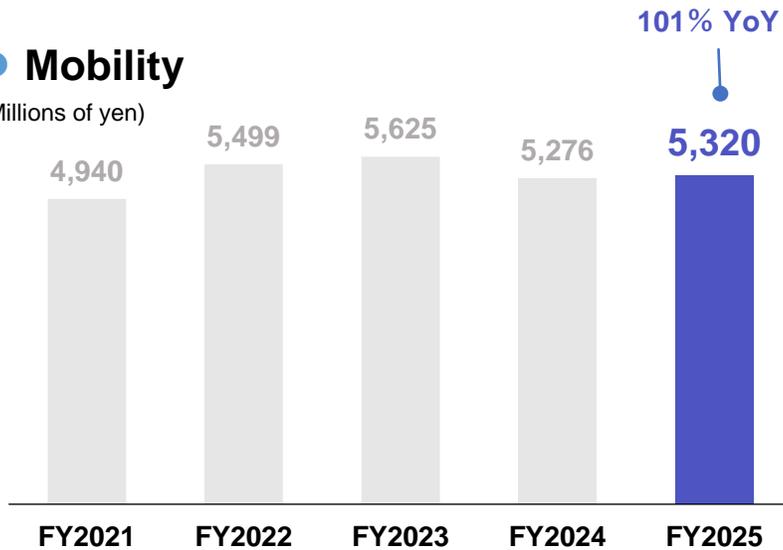


*Reporting Segments:  Information Services Business
 Security Systems Business

Results for the Business Categories

● Mobility

(Millions of yen)



FY2025 Results

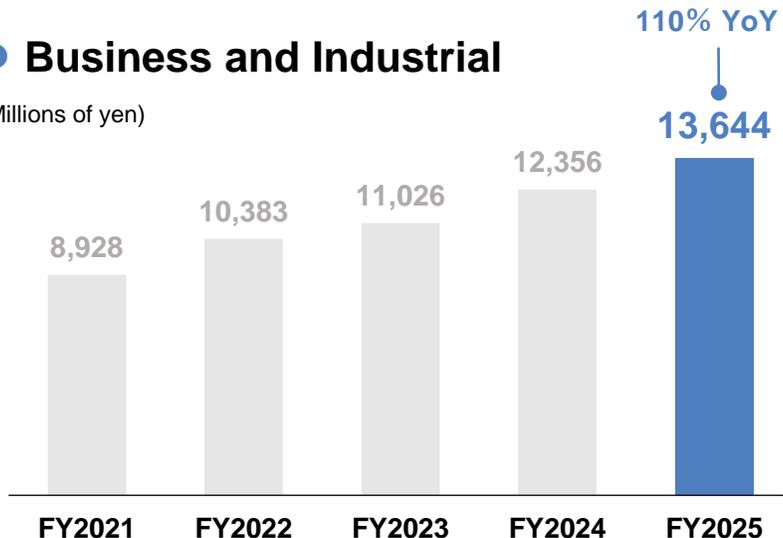
- **Automotive**
Solid orders from existing clients, primarily in instrument cluster systems. Steady growth of off-board systems.
- **Mobile Network Infrastructure**
Decline in 5G and base station-related sales. Wi-SUN-related projects remained solid due to heightened demand for smart meters.
- **Mobile Wireless Devices**
The rate of decline in device software development sales has stabilized.

FY2026 Outlook

- **Automotive**
Focus on strengthening our engineering workforce and scaling development efforts. Proactively expand our client base.
- **Mobile Network Infrastructure**
Gradual decline in 5G-related sales, but Wi-SUN to remain solid. Continue the shift toward automotive and other embedded systems.
- **Mobile Wireless Devices**
Increase our share of business with existing clients. Continue the shift toward automotive and other embedded systems.

● Business and Industrial

(Millions of yen)



FY2025 Results

- **Business Systems**
Business performance remained solid, supported by continued large-scale orders from existing clients. While some business opportunities were lost due to unprofitable projects, the order environment, including DX-related demand, remained robust.
- **Embedded Devices**
Security, medical, AI, IoT-related, and other projects remained solid.

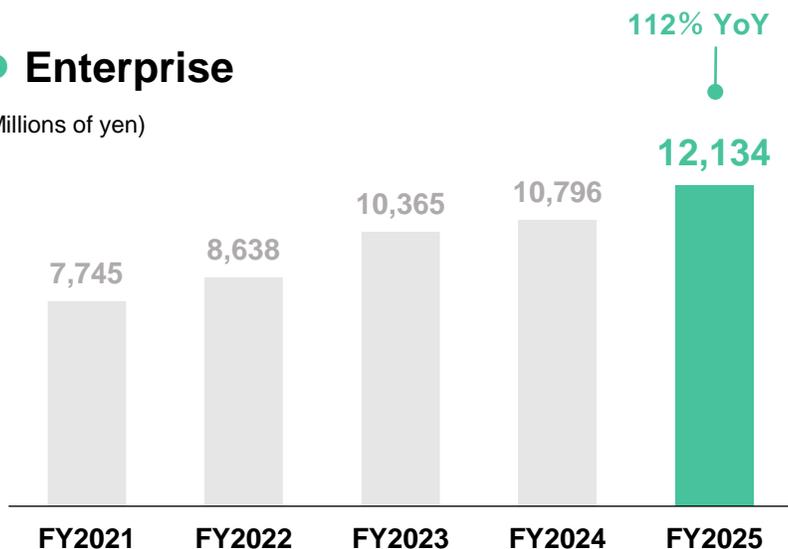
FY2026 Outlook

- **Business Systems**
Drive growth of business systems with high productivity and profitability, focusing on strengthening quality and project management.
- **Embedded Devices**
Focus on expanding existing projects while acquiring new ones. Drive the expansion of projects, including Qt-based initiatives.

Results for the Business Categories

Enterprise

(Millions of yen)



FY2025 Results

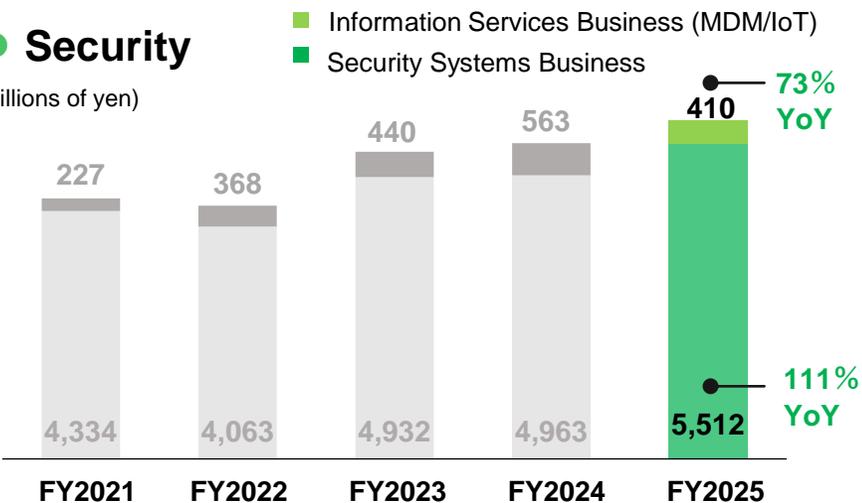
- Finance**
 Orders remained strong, primarily from major securities industry clients.
- Public Sector**
 Expanded business locations and increased orders for standardization projects from local governments, resulting in strong sales.
- IT Infrastructure**
 Strong orders from major securities industry clients. Cloud migration projects also remained strong.

FY2026 Outlook

- Finance**
 Drive expansion in the banking sector through strategic upskilling of financial engineers.
- Public Sector**
 Sales expected to remain solid. Drive expansion in the social infrastructure sector through strategic upskilling of specialized engineers.
- IT Infrastructure**
 Expand securities infrastructure projects and capture opportunities in healthcare. Develop cloud technology specialists.

Security

(Millions of yen)



FY2025 Results

- Information Services Business (MDM/IoT)**
 For FiT SDM, overall revenue declined as growth in large-client IDs was offset by a slowdown in device deployments and the absence of prior-year one-time projects.
- Security Systems Business**
 Captured strong security demand and expanded orders, resulting in solid overall sales. Recurring revenue increased significantly, supported by the acquisition of a large-scale ALLIGATE contract.

FY2026 Outlook

- Information Services Business (MDM/IoT)**
 Continue acquiring large-scale contracts for FiT SDM and expanding business with existing clients. High-precision positioning solutions to remain solid.
- Security Systems Business**
 Expand proposal scope through initiatives including enhanced functionality of access control systems, aiming to increase orders. In the recurring revenue business, further increase users by expanding the ALLIGATE lineup through new product launch.

Project Example: Healthcare DX

A Case Study of Next-Generation Healthcare DX Implementation

We developed and delivered a healthcare system for medical professionals through a direct client project, covering requirements definition, development, and evaluation.

Through close collaboration with the client, we built mechanisms that improve operational efficiency and reduce workload, supporting sustainable improvements in healthcare settings and contributing to healthcare digital transformation.

Advancing AI Technology

Developed and Patented EGAM, a Technology for Effective Generative AI Management (July 2025)

We developed a proprietary technology that optimizes the operation of generative AI, improving machine resource efficiency and reducing power consumption.

This technology enables sustainable AI operations with lower environmental impact. Going forward, we plan to apply EGAM (Effective Generative AI Management) across various industries and system domains to deliver efficient and energy-saving AI solutions.

Talent Development

Strengthening Strategic Alliances Across Key Platforms and Technologies

Expanding into high-value and complex domains across cloud, core, and embedded systems through strategic platform alliances, while enhancing our development organization and upskilling engineers to strengthen our long-term growth foundation.

Quality Management

Initiatives to Strengthen Project Risk Management

Following the occurrence of certain unprofitable projects, we conducted a root-cause analysis and revised our project screening and execution management processes. For large-scale projects, cross-functional review frameworks and information sharing have been enhanced to prevent recurrence, stabilize profitability, and reinforce our capability to consistently undertake direct client projects.

FY2025 Topics: Growth of Recurring Revenue Products

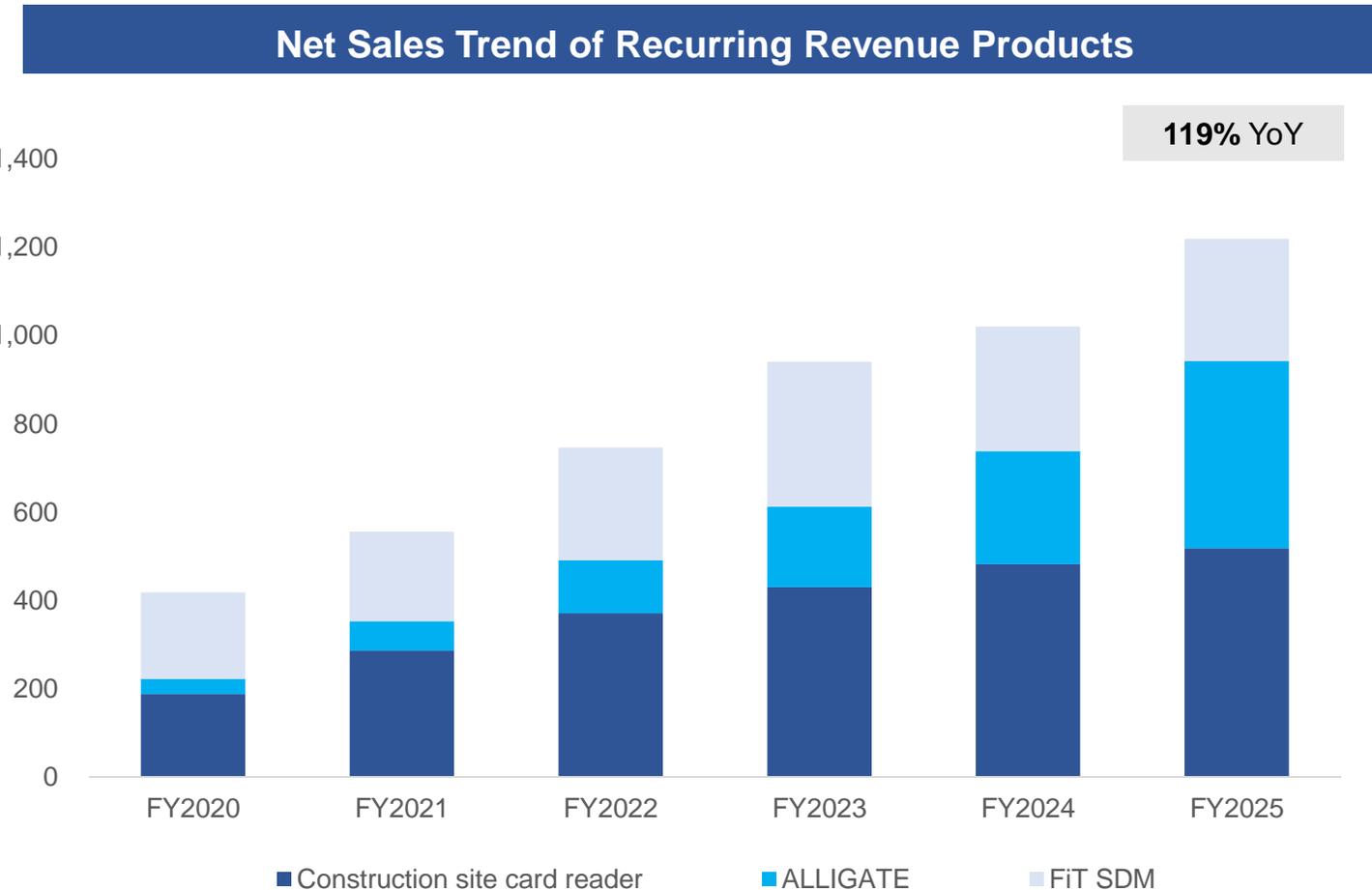
Steady net sales growth driven by three products: ALLIGATE, the construction site card reader and FiT SDM.



Recurring Revenue Products:

Among the products and services offered in the ISB Group's Security business category, we classify services provided on a monthly subscription basis as "recurring revenue products." These products help establish a stable revenue base and contribute to improved profitability.

(Millions of yen)



Consolidated Balance Sheets

Non-current assets increased mainly due to capital investments.

Through profit accumulation, the Company continues to maintain a sound financial foundation.

(Millions of yen)

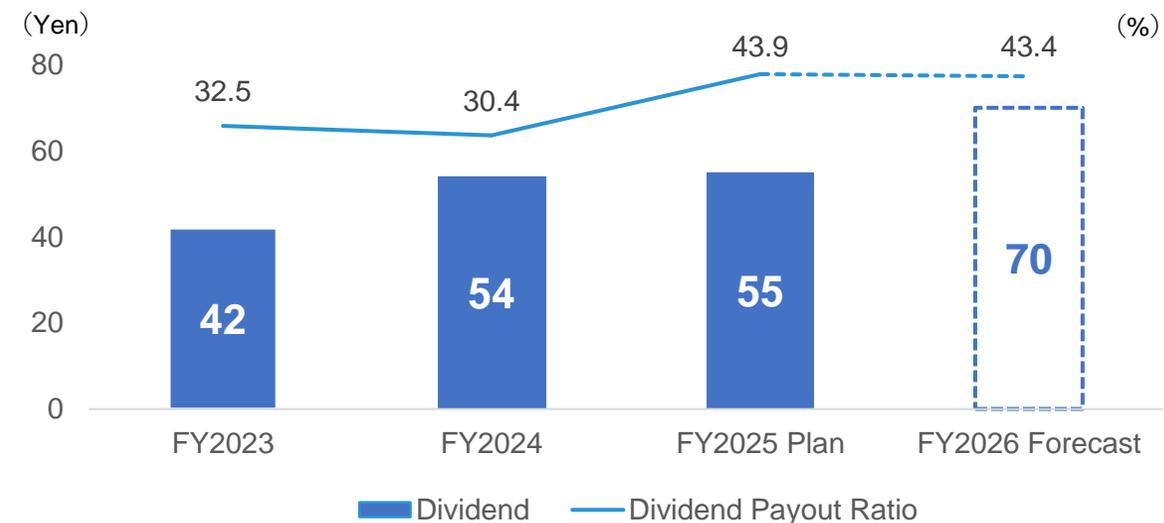
Assets		
	As of December 31, 2024	As of December 31, 2025
Current assets	16,257	16,947
Non-current assets	3,684	4,663
Property, plant and equipment	1,033	1,923
Intangible assets	866	769
Investments and other assets	1,784	1,969
Total assets	19,942	21,610

Liabilities and Net Assets		
	As of December 31, 2024	As of December 31, 2025
Current liabilities	5,785	6,109
Non-current liabilities	651	978
Total liabilities	6,437	7,087
Shareholders' equity	13,176	14,030
Accumulated other comprehensive income	327	492
Total net assets	13,504	14,522
Total liabilities and net assets	19,942	21,610

FY2026: Forecasts of Consolidated Financial Results and Dividends

Financial Forecasts (Change from 2025 Results)	
Net Sales	¥38.5B (+¥1.5B)
Operating Profit	¥3.0B (+¥0.7B)
Ordinary Profit	¥3.0B (+¥0.7B)
Profit Attributable to Owners of Parent	¥1.8B (+¥0.4B)

Dividend and Dividend Payout Ratio Trend



	FY2024	FY2025 Plan	FY2026 Forecast
Dividend	¥54	¥55	¥70
Dividend Payout Ratio	30.4%	43.9%	43.4%

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Part **1** FY2025 Financial Results Overview

Part **2** Review of the Medium-Term
Business Plan 2026

Review of the Medium-Term Business Plan 2026: Management Targets and Key Strategies

Net Sales

(Millions of yen)

- **FY2024: 33,954 (101% vs. plan)**
- **FY2025: 37,020 (100% vs. plan)**

Achieved record-high net sales in both FY2024 and FY2025.

Operating Profit

(Millions of yen)

- **FY2024: 2,800 (113% vs. plan)**
- **FY2025: 2,314 (87% vs. plan)**

Operating profit missed the FY2025 plan, reflecting losses from unprofitable projects, despite gains from high-value projects and security expansion.

Key Strategies

Evaluation

Initiatives / Results

Human Resources Strategy

Talent Acquisition

++
positive results

- Established a framework for attracting and retaining talent to support sustained business growth
 - Achieved the FY2025 plan to hire 120 new graduates; mid-career hiring also reached a record high
 - Maintained high rankings over multiple years in employer rankings among National Institute of Technology graduates

Talent Development

++
positive results

- Enhanced skills in key technology areas and promoted certification acquisition through ongoing training
- Established a Talent Development Section to strengthen talent development
 - Increased the number of certified personnel, particularly in technical qualifications
- Enhanced compensation to improve employee retention and motivation and to support stable talent recruitment
 - Base salary increases and enhanced employee benefits

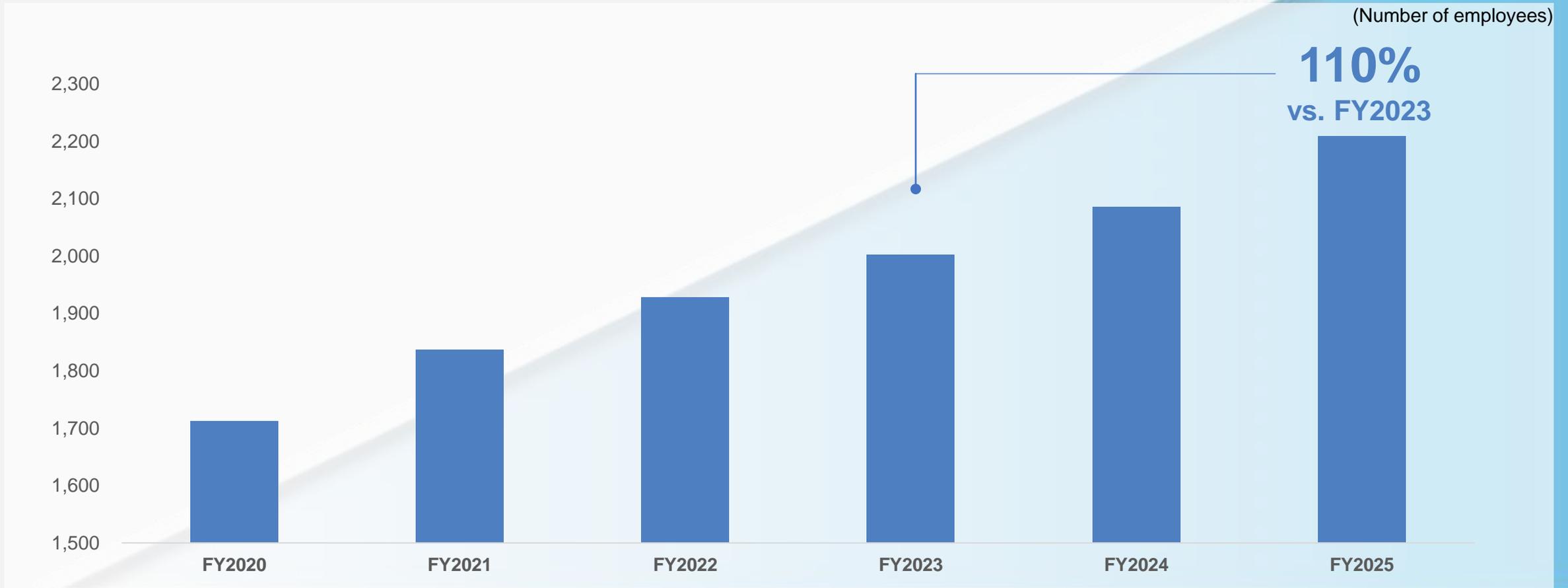
Employee Engagement

++
positive results

- Office relocation and consolidation
 - Improved productivity and facilitated smoother project execution through the development of a comfortable workplace environment
 - Contributed to employee retention, stronger hiring competitiveness
 - Employee engagement survey results improved from FY2024 to FY2025
- Launched employee engagement surveys and established a foundation for employee-focused initiatives and effectiveness measurement

Change in Consolidated IT Engineer Headcount

Consolidated IT engineer headcount has shown a steady increase, reaching 110% of the FY2023 level (prior to the start of the current medium-term business plan).



Note: Includes fixed-term employees; excludes business partners

Review of the Medium-Term Business Plan 2026: Key Strategies

Key Strategies	Evaluation	Initiatives / Results
Information Services Business Strategy	Expanding the Business Foundation and Securing Stable Earnings	++ positive results <ul style="list-style-type: none"> Accelerated the expansion into upstream processes by acquiring AMBC INC. as a subsidiary Implemented group reorganization and strengthened the business foundation to effectively leverage group synergies
	Expanding the Scale and Profitability of the Solutions Business	+ steady results (despite one-off loss-making items)
Security Systems Business Strategy	Core Businesses	++ positive results <ul style="list-style-type: none"> Improved profitability beyond prior levels through strengthened sales efforts and technological innovation
	Recurring Revenue Business	++ positive results <ul style="list-style-type: none"> Expanded functionality and product lineup, including facial recognition features Enhanced brand recognition and achieved scale expansion of the recurring revenue business through branding strategies Contributed to improved profitability
	New Businesses	++ positive results <ul style="list-style-type: none"> Entered the engineering services business and expanded the business portfolio

Review of the Medium-Term Business Plan 2026: Growth Investment

As strategic growth investment to build a foundation for sustainable growth and to support future expansion, a total of **¥2,460 million** was invested in FY2024 and FY2025.

	FY2024 Investment	FY2025 Investment	Total	Initiatives / Results
Recruitment & Training	¥70 million	¥260 million	¥330 million	<ul style="list-style-type: none"> • E-learning programs and expanded training opportunities • Strengthened recruitment-focused PR activities
Compensation Enhancement	¥450 million	¥520 million	¥970 million	<ul style="list-style-type: none"> • Base salary increases • Enhanced employee benefits
Workplace Environment	¥310 million	¥700 million	¥1,010 million	<ul style="list-style-type: none"> • Office relocation and consolidation
IT	¥30 million	¥50 million	¥80 million	<ul style="list-style-type: none"> • Strengthened security and introduced IT infrastructure and systems • Developed internal systems aimed at risk reduction
Other	¥40 million	¥30 million	¥70 million	<ul style="list-style-type: none"> • Continued PR initiatives to enhance corporate recognition • Continued and expanded IR activities aimed at strengthening engagement with investors
Total	¥900 million	¥1,560 million	¥2,460 million	

* Growth investment amounts are recognized as expenses in accordance with accounting standards.



Driving ISB Innovation toward Breakthrough Growth: Formulation of Our New Medium- to Long-Term Business Plan

We formulated our Medium-Term Business Plan 2026 with the aim of “Drive change to thrive.” Guided by this plan, we have made upfront strategic investments in human capital and initiatives such as enhancing our working environment. As a result, we are beginning to see tangible progress, including business scale expansion and positive developments in recruitment and organizational vitality.

At the same time, as we enter the final year of the plan, responding to the accelerating pace of change in the broader social environment—including rapid advances in digital technologies—has become an urgent challenge.

In response, we have redefined our material issues and set out three key strategies, and on that basis, reached the decision to launch our Medium- to Long-Term Business Plan 2030, aimed at enhancing both social value and economic value.

At the core of ISB lies our founding spirit of “Envision a dream, and strive for it.”

By fostering corporate growth driven by the sense of fulfillment and motivation of each employee, the ISB Group will continue to unite as one and take on new and uncharted challenges, contributing to the creation of a society where people can live enriched and fulfilling lives.

Materials Released Concurrently, February 13, 2026

- **ISB Group Medium- to Long-Term Business Plan 2030**

Outlines the ISB Group's medium- to long-term strategic direction through 2030.

- **Initiatives to Advance Management with an Awareness of Capital Cost and Share**

New medium- to long-term business plan through fiscal year ending December 2030, outlining policies to further enhance capital efficiency and improve market valuation, including the price-to-earnings (P/E) ratio.

The above materials are available at the following URL: <https://www.isb.co.jp/en/>



This material is intended to provide information on our company's business performance for the fiscal year ended December 31, 2025, and to promote a deeper understanding of our company. It is not intended as a solicitation to invest in any securities issued by our company.

This material has been prepared based on the situation as of the end of December 2025. The opinions, forecasts, and other statements contained in this material are based on our judgment at the time of the preparation of this material. We do not guarantee or promise the accuracy or completeness of the information, which is subject to change without prior notice.