Second Quarter of Fiscal Year Ending January 31, 2025
Financial Results Briefing

Computer Engineering & Consulting Ltd. (9692)

September 9, 2024

Highlights of financial results for second quarter of the fiscal year ending January 31, 2025

Summary of performance in second quarter of the fiscal year ending January 31, 2025

- ■ +4.3% in net sales thanks to strong business performance and −7.8% in operating income due to investments in growth
- ■ 99.5% of first-half target for net sales and 102.8% of first-half target for operating income reached
- ■ Incoming orders grew by +6.6% in orders received and +4.7% in outstanding balance of orders, setting new record highs

Performance outlook for the fiscal year ending January 31, 2025

- ■ No change in full-year financial results forecasts announced March 8
- ■ Growth investments expected to proceed as planned

Shareholder returns

- ■ On June 7, we resolved to repurchase up to three billion yen worth of our own shares and retire them within the current fiscal year.

Contents

Consolidated business results

- With rising demand for DX, both **focus businesses and core businesses** trended **in line with targets**.
- Both **net sales and profits reached record highs**, although **expenses grew due to growth investments**.

(Million yen)

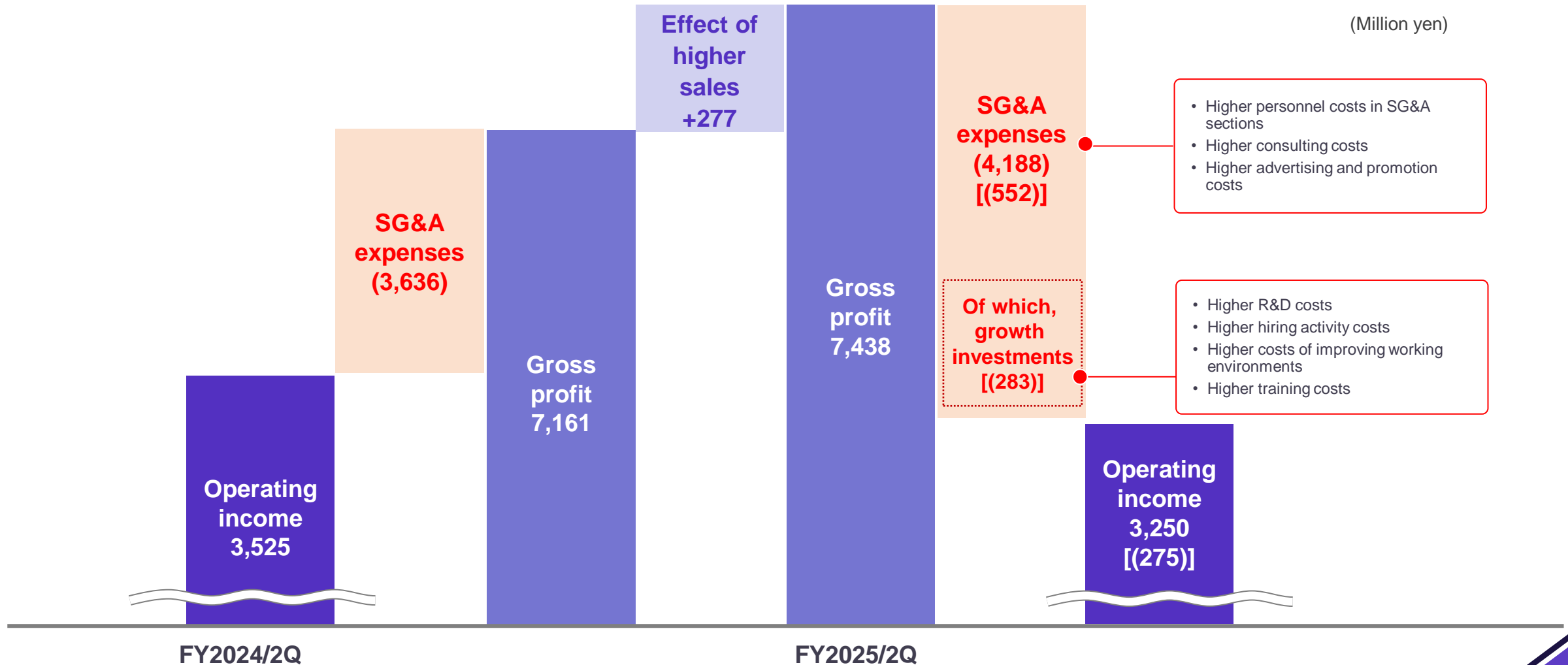|	FY2024/2Q	FY2025/2Q	YoY Amount	%
Net sales	26,445	👑 **27,570**	+1,124	+4.3%
Gross profit	7,161	👑 **7,438**	+277	+3.9%
Gross profit margin	27.1%	**27.0%**	–	(0.1)pt
Operating income	3,525	**3,250**	(275)	(7.8)%
Operating profit margin	13.3%	**11.8%**	–	(1.5)pt
Ordinary income	3,549	**3,268**	(280)	(7.9)%
Ordinary profit margin	13.4%	**11.9%**	–	(1.5)pt
Interim net income attributable to owners of parent	2,452	**2,213**	(238)	(9.7)%
Margin on net income attributable to owners of parent	9.3%	**8.0%**	–	(1.3)pt

Main factors affecting operating income

(Million yen)

Effect of higher sales +277

SG&A expenses (3,636)

Gross profit 7,161

Gross profit 7,438

SG&A expenses (4,188) [(552)]

Of which, growth investments [(283)]

Operating income 3,525

Operating income 3,250 [(275)]

- Higher personnel costs in SG&A sections
- Higher consulting costs
- Higher advertising and promotion costs

- Higher R&D costs
- Higher hiring activity costs
- Higher costs of improving working environments
- Higher training costs

FY2024/2Q

FY2025/2Q

Performance by business segment

- **Net sales and profits increased** in the Digital Industry segment due to strong performance in both core and focus businesses.
- **Net sales increased** in the Service Integration segment due to growth in focus businesses, although profits decreased due to a **decline relative to the effects of several large-scale projects in the preceding year**.
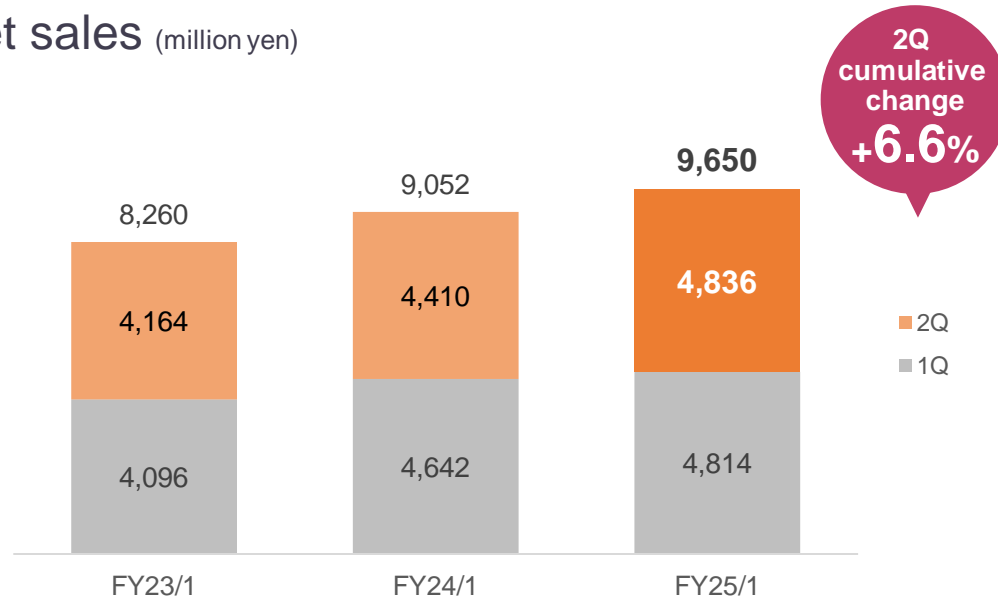
(Million yen)

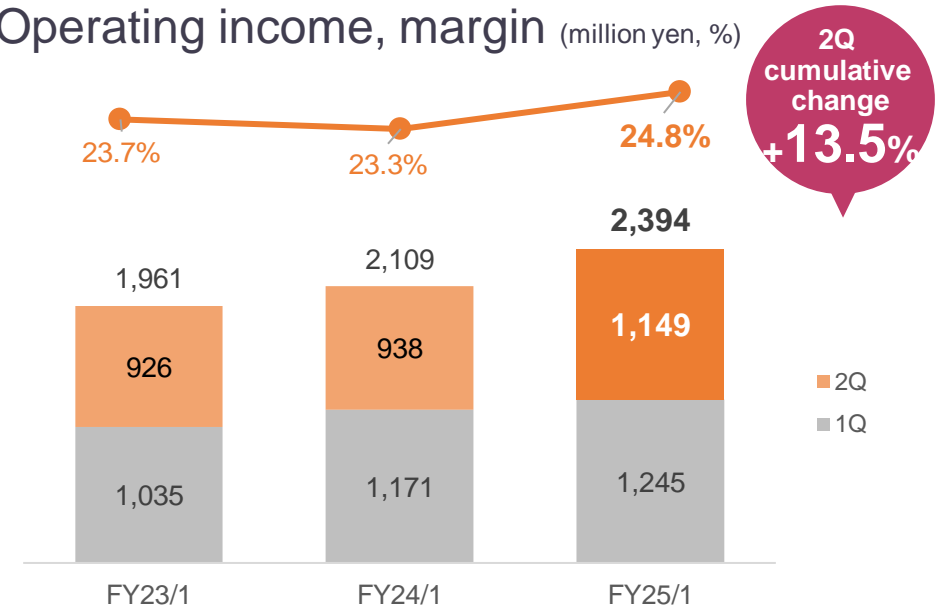|	FY2024/2Q		FY2025/2Q		YoY	
	Net sales	Operating income / operating profit margin	Net sales	Operating income / operating profit margin	Net sales (%)	Operating income (%)
Digital Industry	9,052	2,109 23.3%	**9,650**	**2,394** **24.8%**	+598 [+6.6%]	+284 [+13.5%]
Service Integration	17,393	3,524 20.3%	**17,919**	**3,343** **18.7%**	+525 [+3.0%]	(180) [(5.1)%]
Companywide costs*	–	(2,108)	–	**(2,487)**	–	(379)
Total	26,445	3,525 13.3%	**27,570**	**3,250** **11.8%**	+1,124 [+4.3%]	(275) [(7.8)%]

* Companywide costs consist mainly of administrative section costs not attributable to any reporting segment.

Digital Industry Business

■Net sales (million yen)

	FY23/1	FY24/1	FY25/1
Total	8,260	9,052	9,650
2Q	4,164	4,410	4,836
1Q	4,096	4,642	4,814

2Q cumulative change +6.6%

■Operating income, margin (million yen, %)

23.7%　23.3%　24.8%

	FY23/1	FY24/1	FY25/1
Total	1,961	2,109	2,394
2Q	926	938	1,149
1Q	1,035	1,171	1,245

2Q cumulative change +13.5%

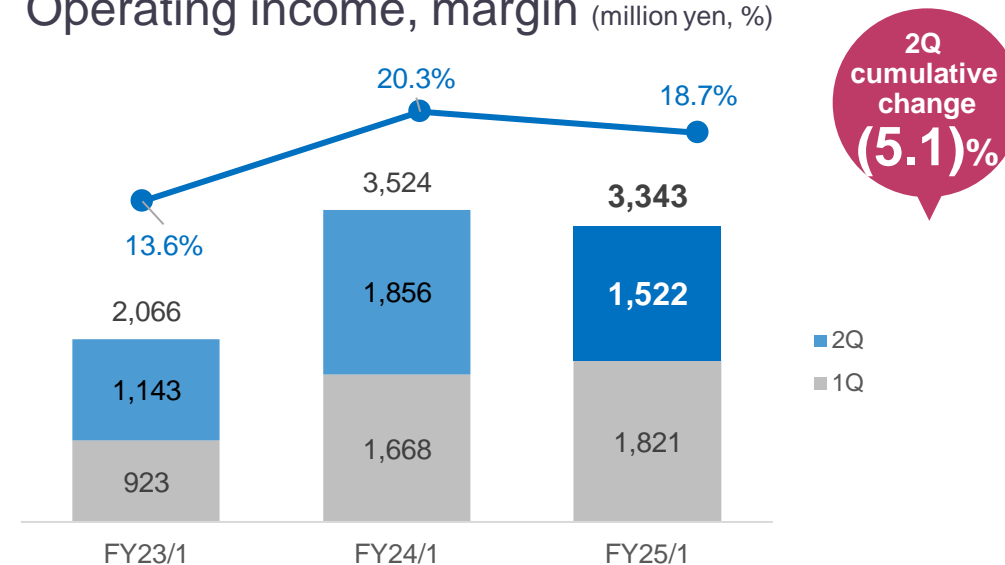| Business category	Change in net sales	Change in income	Points
Smart Factory			· **Investments in production systems development showed a recovery trend**, although the effects of restrained investment by machine tool makers continued to be felt. · Profits increased due to **expanding business negotiations for FA development** and resulting growth in the **development consulting support business**.
Connected Services			· Mobility-related **cloud development** and **Big Data analytics platform building** for the automotive industry were **firm**. · Profits rose due to growth in cloud development and Big Data analytics platform building.
Chubu Services			· **Systems development projects** for backbone systems (design field) at major customers were **strong**. · Profits rose due to an increase in systems development support.
Nishinihon Services			· **EOL services** associated with the replacement of customer systems grew, and the **LogiPull logistics solution** was firm. · EOL services boosted profits.

+ 10% or more　　+ 5 to less than 10%　　+/- less than 5%　　(5) to more than (10)%　　(10)% or less

Service Integration Business

■ Net sales (million yen)

- 2Q
- 1Q

FY23/1	FY24/1	FY25/1
15,218	17,393	**17,919**
7,514 (2Q)	8,813 (2Q)	**8,684** (2Q)
7,704 (1Q)	8,580 (1Q)	9,235 (1Q)

2Q cumulative change +3.0%

■ Operating income, margin (million yen, %)

- 2Q
- 1Q

FY23/1	FY24/1	FY25/1
2,066	3,524	**3,343**
1,143 (2Q)	1,856 (2Q)	**1,522** (2Q)
923 (1Q)	1,668 (1Q)	1,821 (1Q)
13.6%	20.3%	18.7%

2Q cumulative change (5.1)%

Business category	Change in net sales	Change in income	Points
Service Integration	☀	☀	・Both sales of **Microsoft-related** services and sales in the **migration** domain were strong. ・**Profits grew**, backed by systems development in core business areas and growth in focus business areas.
Platform Architect	☁	☂	・Although the **security business** was strong, **sales grew only slightly** due to various factors, including the effects of project delays in the **ICT infrastructure** development business. ・Profits declined in the **security business** due to a **decline relative to the effects of several large-scale projects in the preceding year**.
Group companies	☁	☁	・Despite sluggish trends in systems development for the financial industry, other **business negotiations on systems development remained unchanged from last year, resulting in slight growth in sales**.

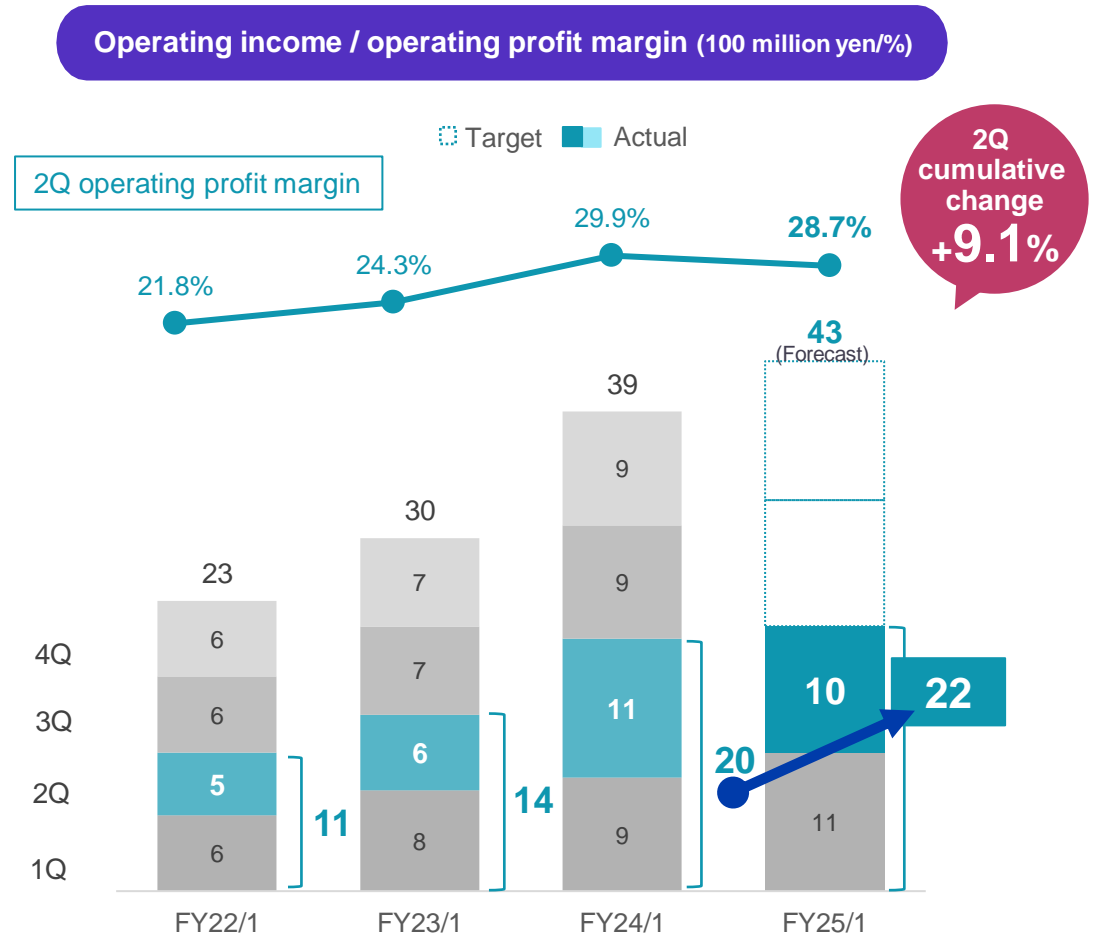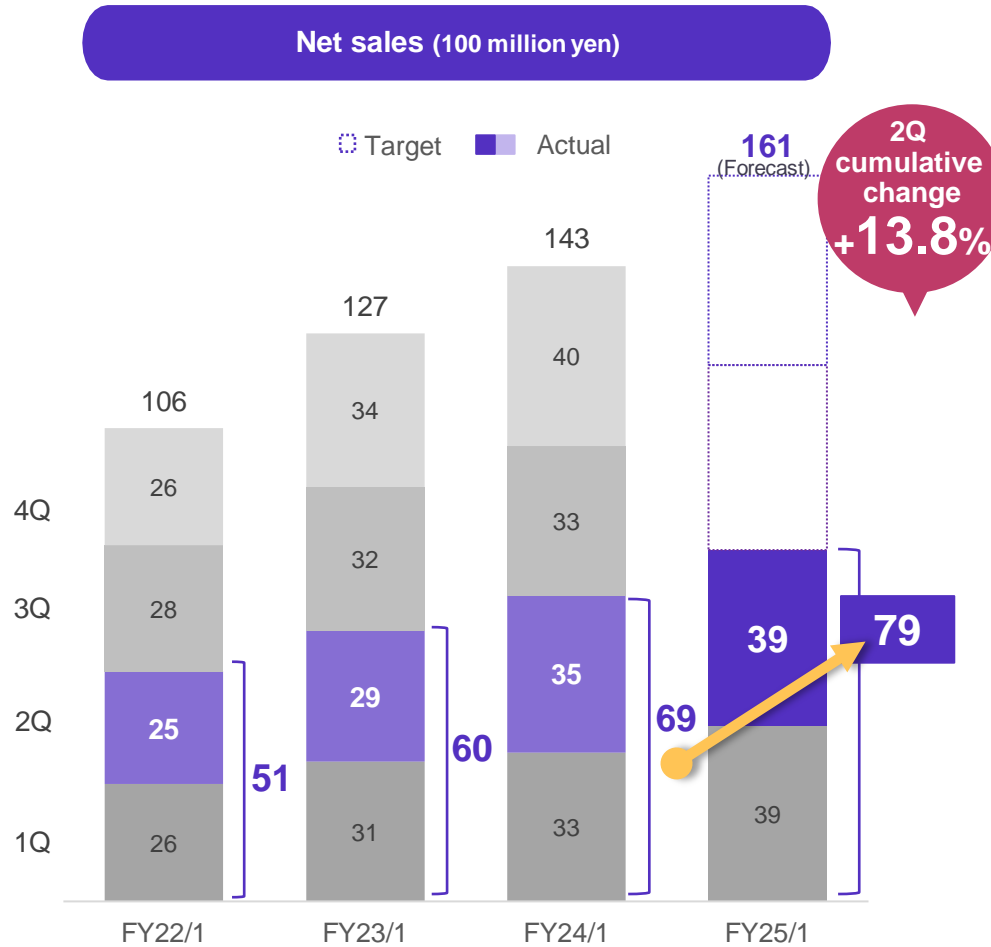☀ + 10% or more　☀ + 5 to less than 10%　☁ +/- less than 5%　☂ (5) to more than (10)%　☂ (10)% or less

Progress of the focus businesses

- Proposal of ICT solutions in line with customer DX demand bore fruit, **increasing both sales and profit**.
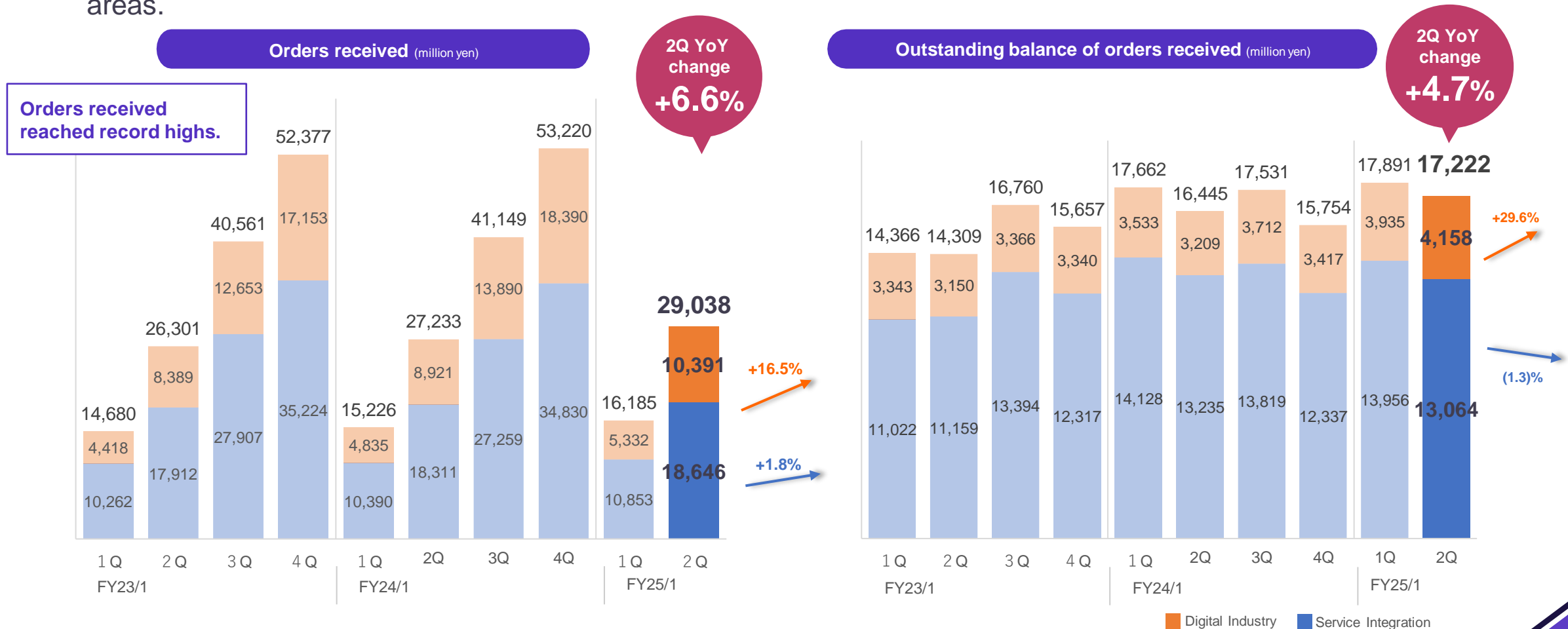
Details of progress on the focus businesses

- The leading factors were **mobility** and **Microsoft-related** services.

Digital Industry	**Production and logistics solutions**	**Change in net sales** **+17.1%**	· **Production: Side-by-side DX support services grew** despite the continuing effects of restrained investment by major customers. · **Logistics: Logistics systems development** for air transport **grew** against the backdrop of the 2024 logistics problem.
	Mobility services	**Percentage of full-year target achieved** **47.4%**	· **Positive performance** in cloud development and **Big Data analytics platform building** for the auto industry. · **BEV-related onboard controls development** is expanding.
Service Integration	**Microsoft-related services**	**Change in net sales** **+11.5%**	· Demand for low-code solutions increased. **Power Platform saw strong performance**. · Consulting-related business negotiations increased as we rolled out **services related to generative AI (Azure OpenAI)**.
	Migration services		· Negotiations on migration aimed at shifting to the **cloud and strengthening security** increased. · Despite increasing inquiries about legacy migrations, it has taken some time to reach the stage of business negotiations.
	Security services	**Percentage of full-year target achieved** **50.5%**	· **Security monitoring services (SOC)** grew alongside growth in the medical market. · **Our SmartSESAME product** sold well thanks to expanding sales of PCLogon products to financial institutions.
	DX cloud platform		· **Commercial introduction** planned for **the fiscal year ending January 2026**: Plans call for offering subscription services involving a migration of our products to SaaS.

Trends in orders received and outstanding balance of orders received

- Digital industry: Orders received grew, backed by strong ICT investment by manufacturing customers, centered on automakers.
- Service integration: Orders received grew thanks to growth in systems development projects and focus business areas.

Orders received (million yen)

2Q YoY change +6.6%

Orders received reached record highs.

FY23/1: 1Q 14,680 (10,262 / 4,418); 2Q 26,301 (17,912 / 8,389); 3Q 40,561 (27,907 / 12,653); 4Q 52,377 (35,224 / 17,153)

FY24/1: 1Q 15,226 (10,390 / 4,835); 2Q 27,233 (18,311 / 8,921); 3Q 41,149 (27,259 / 13,890); 4Q 53,220 (34,830 / 18,390)

FY25/1: 1Q 16,185 (10,853 / 5,332); 2Q 29,038 (18,646 / 10,391)

+16.5%
+1.8%

Outstanding balance of orders received (million yen)

2Q YoY change +4.7%

FY23/1: 1Q 14,366 (11,022 / 3,343); 2Q 14,309 (11,159 / 3,150); 3Q 16,760 (13,394 / 3,366); 4Q 15,657 (12,317 / 3,340)

FY24/1: 1Q 17,662 (14,128 / 3,533); 2Q 16,445 (13,235 / 3,209); 3Q 17,531 (13,819 / 3,712); 4Q 15,754 (12,337 / 3,417)

FY25/1: 1Q 17,891 (13,956 / 3,935); 2Q 17,222 (13,064 / 4,158)

+29.6%
(1.3)%

Digital Industry   Service Integration

Sales by industry

(Million yen)

	FY2024/2Q	FY2025/2Q	YoY	
			Amount	%
Manufacturing [Share of total]	11,423 [43.2%]	**12,521** **[45.4%]**	+1,097	+9.6%
Telecommunications/ information services [Share of total]	7,003 [26.5%]	**6,929** **[25.1%]**	(73)	(1.0)%
Finance [Share of total]	2,436 [9.2%]	**2,369** **[8.6%]**	(66)	(2.7)%
Distribution [Share of total]	1,539 [5.8%]	**1,840** **[6.7%]**	+300	+19.6%
Government agencies [Share of total]	1,946 [7.4%]	**1,727** **[6.3%]**	(218)	(11.2)%
Other [Share of total]	2,096 [7.9%]	**2,181** **[7.9%]**	+84	+4.0%
Total	26,445 [100%]	**27,570** **[100%]**	+1,124	+4.3%

Key points by industry

[Manufacturing]
Strong systems development sales to automakers and other major customers

[Telecommunications, information services]
Lower orders for carrier systems development

[Distribution]
Growth in Microsoft-related businesses (Power Platform)

[Government agencies]
Decreased despite growth in systems development projects for the public sector due to a decline relative to the effects of several large-scale projects in the preceding year

Balance Sheet

(Million yen)

	January 31, 2024	July 31, 2024	Amount	%
Current assets	39,005	**39,137**	+131	+0.3%
Cash and deposits (included above)	26,714	**26,265**	(449)	(1.7)%
Non-current assets	12,385	**13,302**	+916	+7.4%
Total assets	51,391	**52,439**	+1,048	+2.0%
Current liabilities	9,006	**9,249**	+242	+2.7%
Non-current liabilities	1,597	**1,628**	+30	+1.9%
Shareholder equity	40,760	**41,525**	+765	+1.9%
Equity ratio	79.3%	**79.2%**	–	(0.1)pt

Points

Assets: Up
Increased assets related to retirement benefits
Increased revaluation on investment securities
Decreased cash and deposits due to acquisition of treasury stock

Liabilities: Up
Increased income taxes payable

Shareholder equity: Up
Growth in retained earnings
Increased treasury stock

Contents

Full-year forecasts for the fiscal year ending January 31, 2025

■ No change in full-year financial results forecasts announced March 8

(Million yen)

	FY ending January 2025				FY ended January 2024		
	1H results	Progress	2H forecasts	Full-year forecasts	Full-year results	YoY	
						Amount	%
Net sales	27,570	48.8%	28,930	56,500	53,124	+3,376	+6.4%
Gross profit	7,438	48.0%	8,062	15,500	14,096	+1,404	+10.0%
Gross profit margin	27.0%	–	27.9%	27.4%	26.5%	–	+0.9pt
Operating income	3,250	51.8%	3,030	6,280	6,361	(81)	(1.3)%
Operating profit margin	11.8%	–	10.5%	11.1%	12.0%	–	(0.9)pt
Ordinary income	3,268	51.9%	3,032	6,300	6,409	(109)	(1.7)%
Ordinary profit margin	11.9%	–	10.5%	11.2%	12.1%	–	(0.9)pt
Net income attributable to owners of parent	2,213	51.5%	2,087	4,300	4,541	(241)	(5.3)%
Margin on net income attributable to owners of parent	8.0%	–	7.2%	7.6%	8.5%	–	(0.9)pt

FY25/1 forecasts by business segment

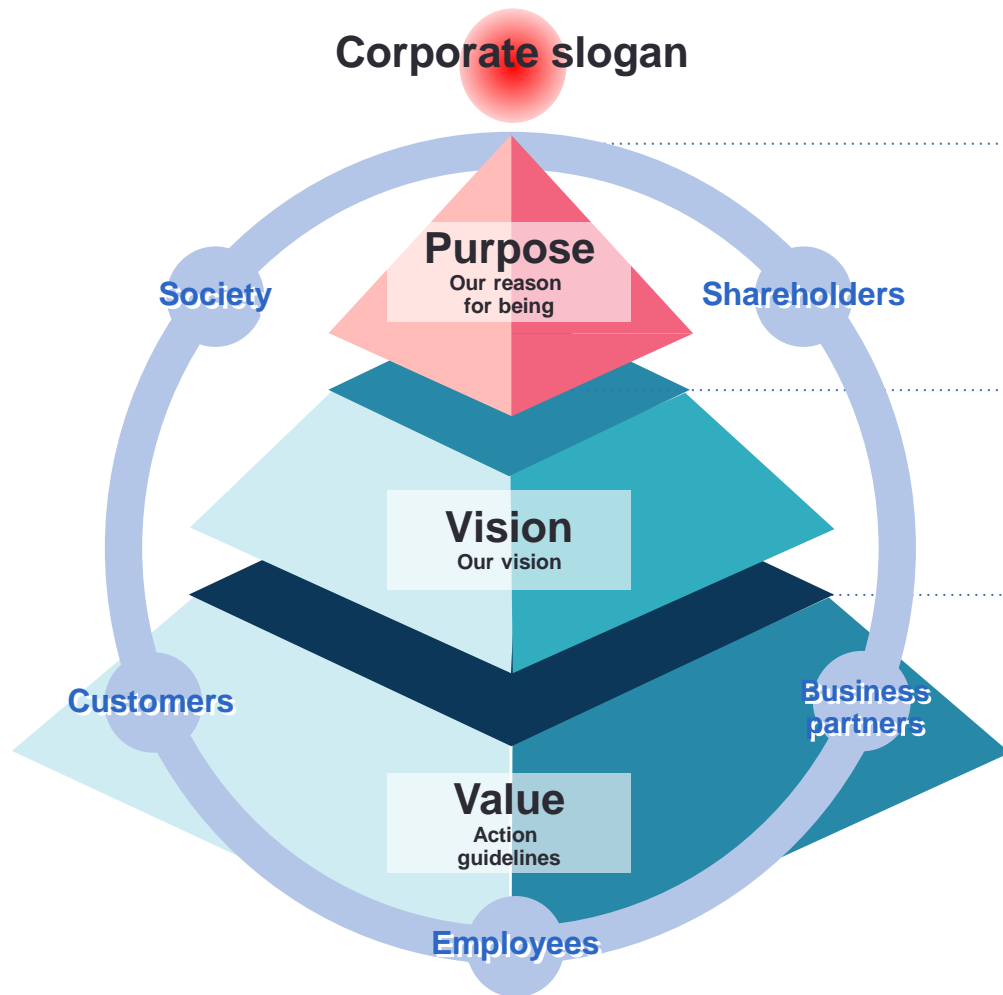■ Forecasts by business segment also remain unchanged from the forecasts announced March 8.

(Million yen)

	FY25/1 1H		FY25/1 full year		Progress	
	Net sales	Operating income [margin]	Net sales	Operating income [margin]	Net sales	Operating income
Digital Industry Business	9,650	2,394 [24.8%]	**20,200**	**4,800 [23.8%]**	47.8%	49.9%
Focus businesses (included above)	3,463	–	**7,300**	–	47.4%	–
Service Integration Business	17,919	3,343 [18.7%]	**36,300**	**6,110 [16.8%]**	49.4%	54.7%
Focus businesses (included above)	4,448	–	**8,800**	–	50.5%	–
Companywide costs	–	(2,487)	**–**	**(4,630)**		53.7%
Total	27,570	3,250 [11.8%]	**56,500**	**6,280 [11.1%]**	48.8%	51.8%

Contents

Restructuring the corporate philosophy

■ **Restructuring the corporate philosophy to illustrate the path to the VISION 2030 goals**

Corporate slogan

Purpose
Our reason for being

Society

Shareholders

Vision
Our vision

Value
Action guidelines

Customers

Business partners

Employees

Shape your future

Creating new value through the power of ICT and a brighter future for society, customers, and employees

An essential company

Becoming a company essential to our stakeholders: Creating a more prosperous future and bringing joy to others
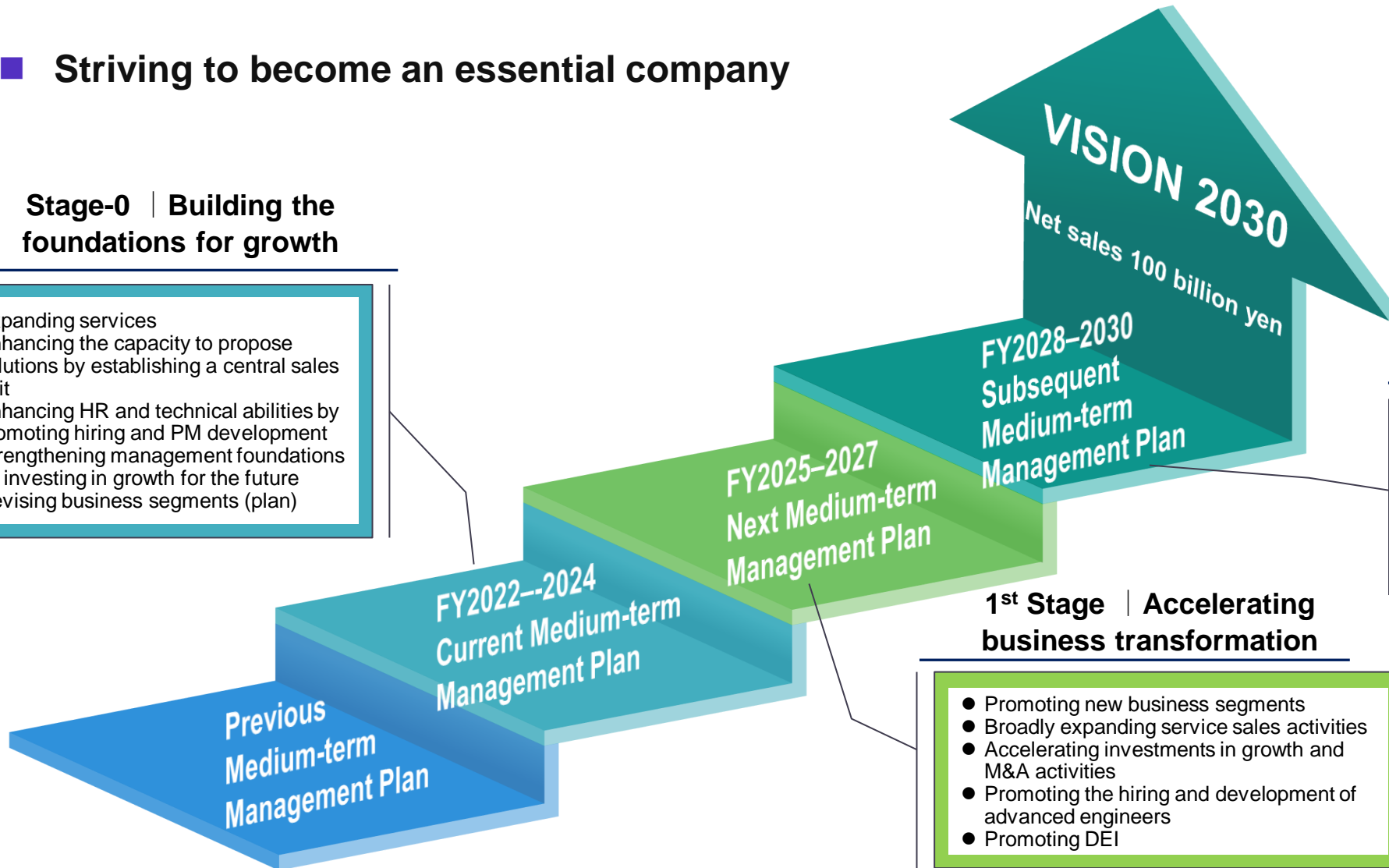
[**essentials**]

| Society | Customers | Employees | Business partners | Shareholders |

Vision 2030 outline

CEC
Computer Engineering & Consulting

■ **Striving to become an essential company**

VISION 2030
Net sales 100 billion yen

Stage-0 │ **Building the foundations for growth**

- Expanding services
- Enhancing the capacity to propose solutions by establishing a central sales unit
- Enhancing HR and technical abilities by promoting hiring and PM development
- Strengthening management foundations by investing in growth for the future
- Revising business segments (plan)

FY2028–2030 Subsequent Medium-term Management Plan

FY2025–2027 Next Medium-term Management Plan

FY2022–2024 Current Medium-term Management Plan

Previous Medium-term Management Plan

2nd Stage │ **Expanding value creation**

- Establishing new business pillars
- Accelerating growth in the scale of our businesses
- Fostering a corporate culture to generate innovation
- Growing social value through our businesses

1st Stage │ **Accelerating business transformation**

- Promoting new business segments
- Broadly expanding service sales activities
- Accelerating investments in growth and M&A activities
- Promoting the hiring and development of advanced engineers
- Promoting DEI

Next-period business segments (summary)

■ Revising business segments to adapt swiftly to changing environments

Current segments

Digital Industry Business

Provides ICT services and products that support business efficiency improvements, quality improvements, and more attractive product development, chiefly to manufacturers.

Service Integration Business

Supports all aspects of the ICT life cycle as needed in corporate and organizational business reforms and improvements. Offers comprehensive ICT services and products, including cloud computing and security.

Next-period business segments

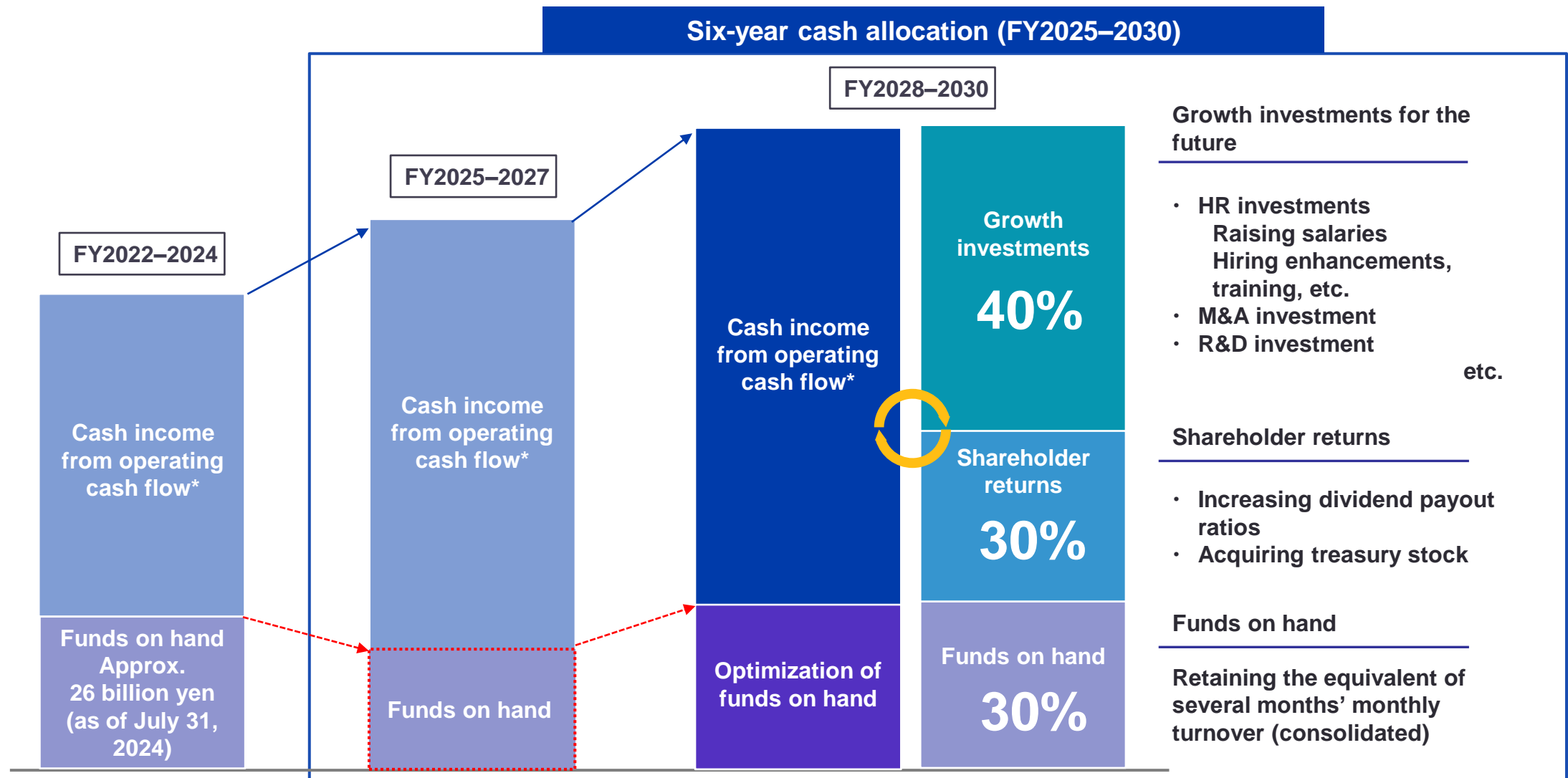|	
Integration Business (tentative name)	Based on our business acumen and understanding of customer needs developed over the years, providing one-stop integration services from planning through infrastructure design, development, and operation, above and beyond existing systems development
Connected Business (tentative name)	Leveraging our extensive track record and knowhow in various areas, including IoT and SF, to offer data integration and analytics platforms that transcend industry boundaries
Solutions Business (tentative name)	Harnessing the ICT assets and knowhow gathered in providing products and services to customers across diverse industries to offer solutions based on security and safety, centered on our own products and services

* We plan to announce the specifics in the Medium-term Management Plan materials to be released in March 2025.
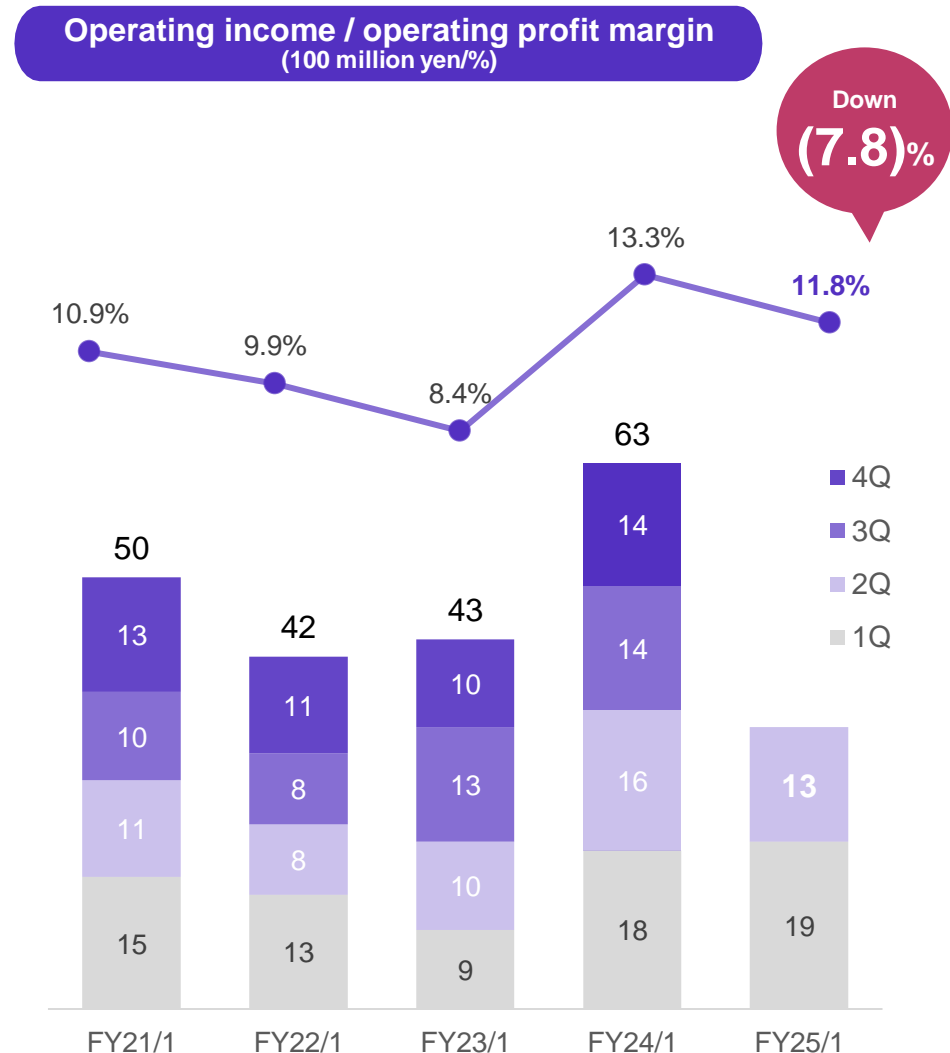
Vision 2030 cash allocation policy

Six-year cash allocation (FY2025–2030)

FY2022–2024
Cash income from operating cash flow*
Funds on hand Approx. 26 billion yen (as of July 31, 2024)

FY2025–2027
Cash income from operating cash flow*
Funds on hand

FY2028–2030
Cash income from operating cash flow*
Optimization of funds on hand

Growth investments **40%**
Shareholder returns **30%**
Funds on hand **30%**

Growth investments for the future

- HR investments
  Raising salaries
  Hiring enhancements, training, etc.
- M&A investment
- R&D investment

etc.

Shareholder returns

- Increasing dividend payout ratios
- Acquiring treasury stock

Funds on hand

Retaining the equivalent of several months' monthly turnover (consolidated)

* Operating cash flow: Planned operating cash flow + HR investment + R&D investment

Contents

Quarterly performance trend

Net sales (100 million yen)

Up **+4.3%**

	FY21/1	FY22/1	FY23/1	FY24/1	FY25/1
Total	480	452	482	531	
4Q	120	116	129	138	
3Q	114	110	118	128	
2Q	119	109	116	132	**135**
1Q	126	114	118	132	140

Operating income / operating profit margin
(100 million yen/%)

Down **(7.8)%**

10.9% 9.9% 8.4% 13.3% **11.8%**

	FY21/1	FY22/1	FY23/1	FY24/1	FY25/1
Total	50	42	43	63	
4Q	13	11	10	14	
3Q	10	8	13	14	
2Q	11	8	10	16	**13**
1Q	15	13	9	18	19
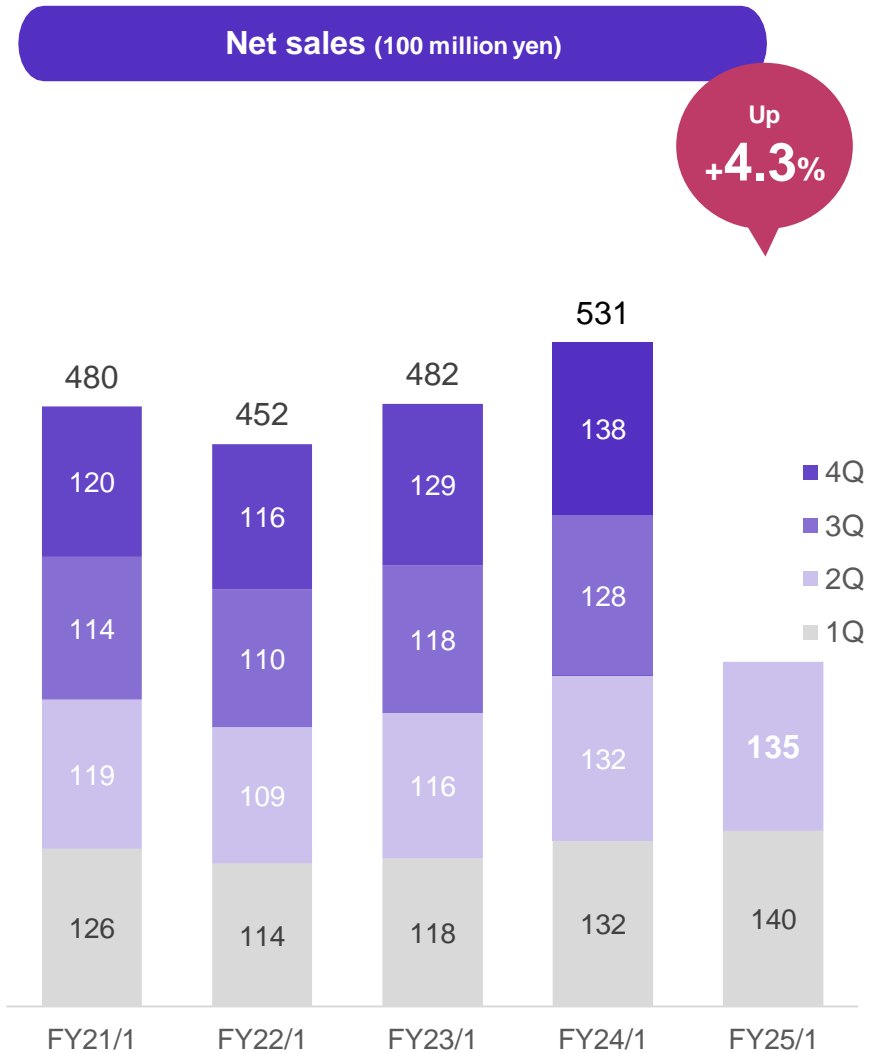
Details of orders received

■ Orders received for **Connected Services** and **Service Integration** increased.
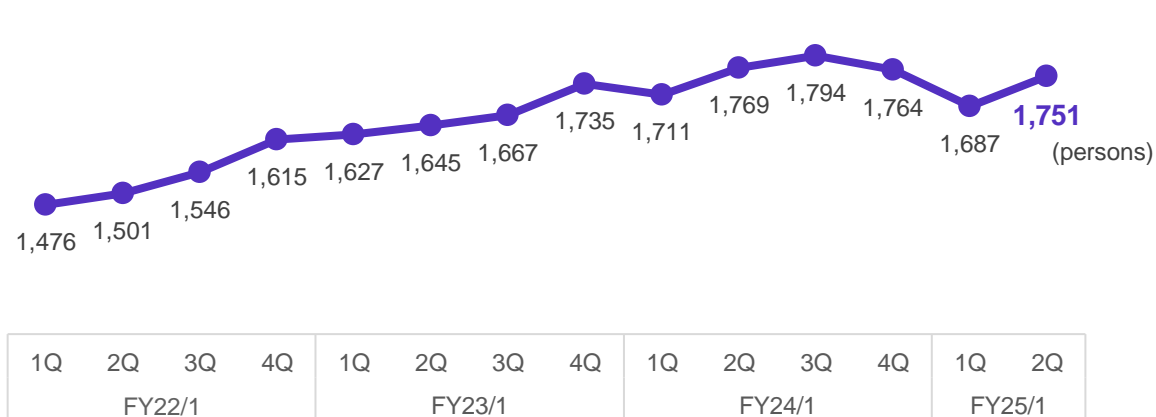
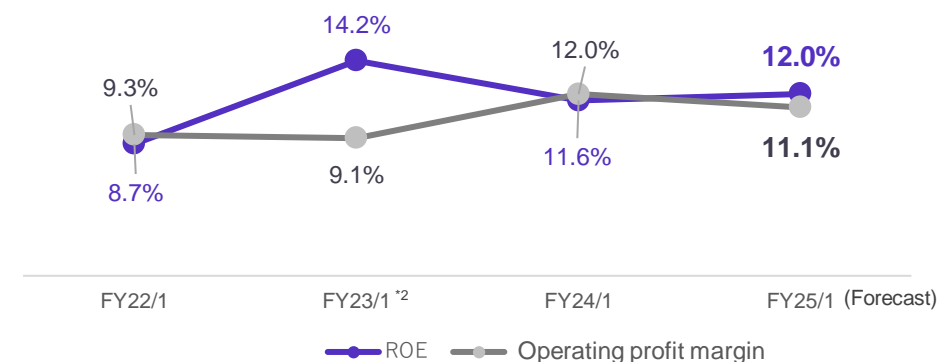|		
Digital Industry	**Smart Factory**	・**Inquiries related to factory DX projects increased**, despite persisting caution in investments by machine tool manufacturers. ・Support for the development of production management systems increased as **side-by-side DX support services showed an increasing trend**.
	Connected Services	・**Big Data analytics platform building and cloud development** for the auto industry **remained strong**. ・**Onboard verification for BEVs** rose **alongside growth in BEV onboard control software development**.
	Chubu Services	・**Projects to upgrade production management systems** and **BOM systems** increased at major customers.
	Nishinihon Services	・Orders related to the **LogiPull** logistics solution **grew following negotiations for major air transport contracts**.
Service Integration	**Service Integration**	・For services provided in partnership with Microsoft Japan, orders received **grew for** both Dynamics 365 and **Power Platform projects**. ・**Cloud migration projects were strong**, with growth in numbers of upgrade projects.
	Platform Architects	・**Government cloud-related remote operation projects** and security monitoring services (SOCs) increased. ・Orders received for our SmartSESAME product to the financial industry were strong, as sales of PCLogon products expanded.
	Group companies	・Orders from major customers were flat, but **business negotiations expanded** for other **systems development**.

Other indicators

■ Trends in numbers of employees (persons)

													(persons)
2,248	2,231	2,212	2,184	2,265	2,239	2,207	2,195	2,288	2,260	2,230	2,209	2,324	2,320
1,518	1,513	1,501	1,483	1,553	1,536	1,512	1,506	1,558	1,539	1,519	1,505	1,618	1,607

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
FY22/1				FY23/1				FY24/1				FY25/1	

— Consolidated   — Nonconsolidated

■ Trends in ROE and operating profit margin

9.3%
14.2%
12.0%
12.0%
8.7%
9.1%
11.6%
11.1%

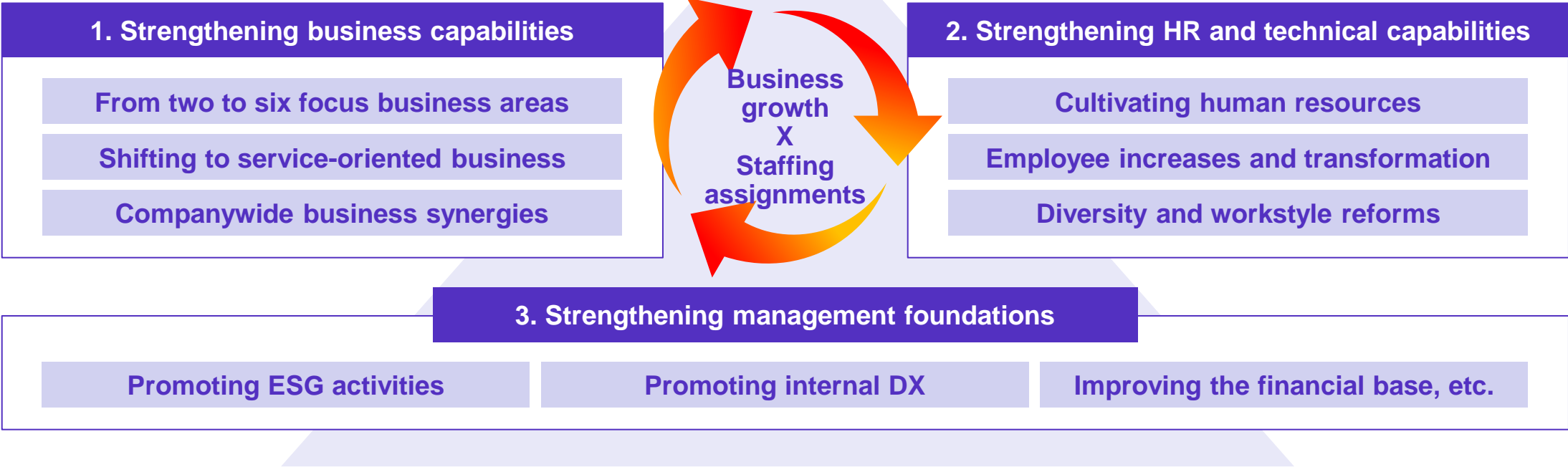| FY22/1 | FY23/1 [*2] | FY24/1 | FY25/1 (Forecast) |

— ROE   — Operating profit margin

[*2] A special dividend of 5 yen was paid in H1 FY23/1 due to gains on sales of investment securities.

■ Trends in number of partners [*1]

1,476	1,501	1,546	1,615	1,627	1,645	1,667	1,735	1,711	1,769	1,794	1,764	1,687	**1,751**

(persons)

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
FY22/1				FY23/1				FY24/1				FY25/1	

[*1] CEC nonconsolidated, not including subcontracts

■ Trends in payout ratio and dividends

(yen)

	FY22/1	FY23/1	FY24/1	FY25/1 (Forecast)
Payout ratio	46.1%	29.6%	40.7%	**43.0%**
Total	40	45	55	**55**
Year-end	20	20	30	**30**
Interim	20	25	25	**25**

Interim   Year-end   — Payout ratio
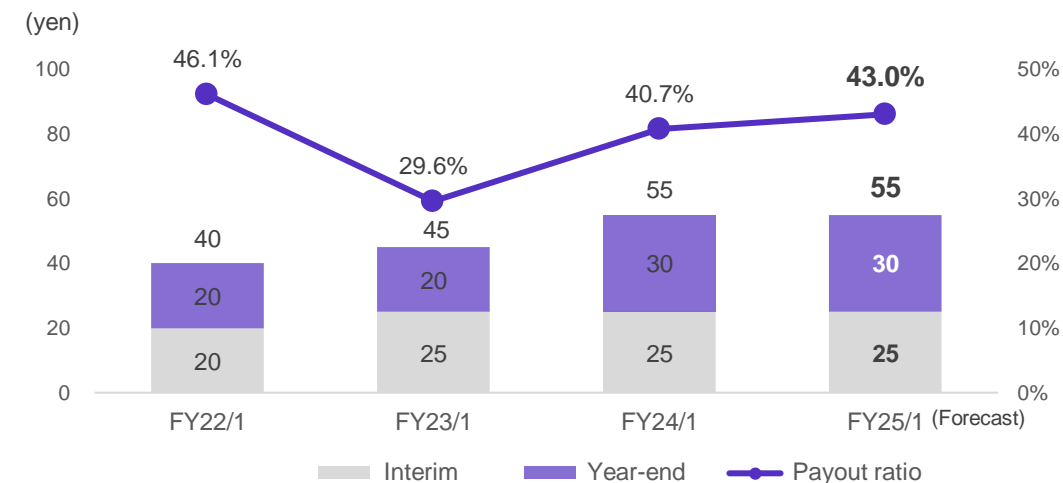
Vision 2025: To a Company That Creates the Future with ICT Technologies

1. Strengthening business capabilities

- From two to six focus business areas
- Shifting to service-oriented business
- Companywide business synergies

Business growth X Staffing assignments

2. Strengthening HR and technical capabilities

- Cultivating human resources
- Employee increases and transformation
- Diversity and workstyle reforms

3. Strengthening management foundations

- Promoting ESG activities
- Promoting internal DX
- Improving the financial base, etc.

Target management indicators	Net sales	Ordinary income	Ordinary profit margin	ROE, payout ratio
	56.5 billion yen	6.3 billion yen	11% or more	ROE: 12.0% or more Payout ratio: 40% or more

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Company overview

Name Computer Engineering & Consulting Ltd.

Established February 24, 1968

Date of listing April 2022 (Prime Market, Tokyo Stock Exchange)
July 2001 (First Section, Tokyo Stock Exchange)

Capital 6,586 million yen

Net Sales 53,124 million yen (FY2024/1)

Employees 2,320 (as of July 31, 2024)

Consolidated Subsidiaries 8 companies

Head Office JR Ebisu Bldg., 1-5-5 Ebisu Minami, Shibuya-ku, Tokyo, 150-0022, Japan

Representative Takashi Himeno, President

Licenses and Certifications

- Registered in the System Audit Corporate Ledger of the Ministry of Economy, Trade and Industry
- Registered in the Information Security Audit Corporate Ledger of the Ministry of Economy, Trade and Industry
- Privacy Mark Certification No. 11820032 (13)
- JQA Certifications
  - Quality Management System
    ISO 9001:2015 (Certification No. JQA-1481)
  - Information Security Management System
    ISO/IEC 27001 (Certification No. JQA-IM0007)
  - Information Security Controls for Cloud Services
    ISO/IEC 27017 (Certification No. JQA-IC0040)
  - Information Technology Service Management System
    ISO/IEC 20000 (Certification No. JQA-IT0005)
  - Environmental Management System
    ISO 14001:2015 (Certification No. JQA-EM7701)
- Telecommunications Construction Business License No. 28700 from the Ministry of Land, Infrastructure, Transport and Tourism (General-4) (Licensed November 21, 2022)
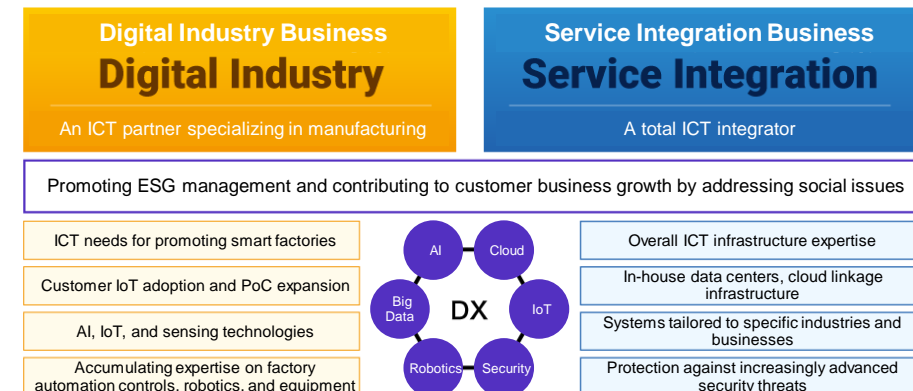
Business Segments

- **Digital Industry Business**
  Providing ICT products and services to improve business efficiency and quality and to support the production of attractive products, chiefly for customers in manufacturing industries
- **Service Integration Business**
  Supporting the entire ICT life cycle as needed to achieve corporate and organizational business reforms and improvements; comprehensive provision of ICT products and services, including cloud computing and security solutions

<Two businesses contributing to a sustainable society>

Digital Industry Business **Digital Industry**	Service Integration Business **Service Integration**
An ICT partner specializing in manufacturing	A total ICT integrator

Promoting ESG management and contributing to customer business growth by addressing social issues

ICT needs for promoting smart factories	Overall ICT infrastructure expertise
Customer IoT adoption and PoC expansion	In-house data centers, cloud linkage infrastructure
AI, IoT, and sensing technologies	Systems tailored to specific industries and businesses
Accumulating expertise on factory automation controls, robotics, and equipment	Protection against increasingly advanced security threats

AI, Cloud, Big Data, DX, IoT, Robotics, Security

Segment Information: Digital Industry Business

An ICT partner specializing in manufacturing

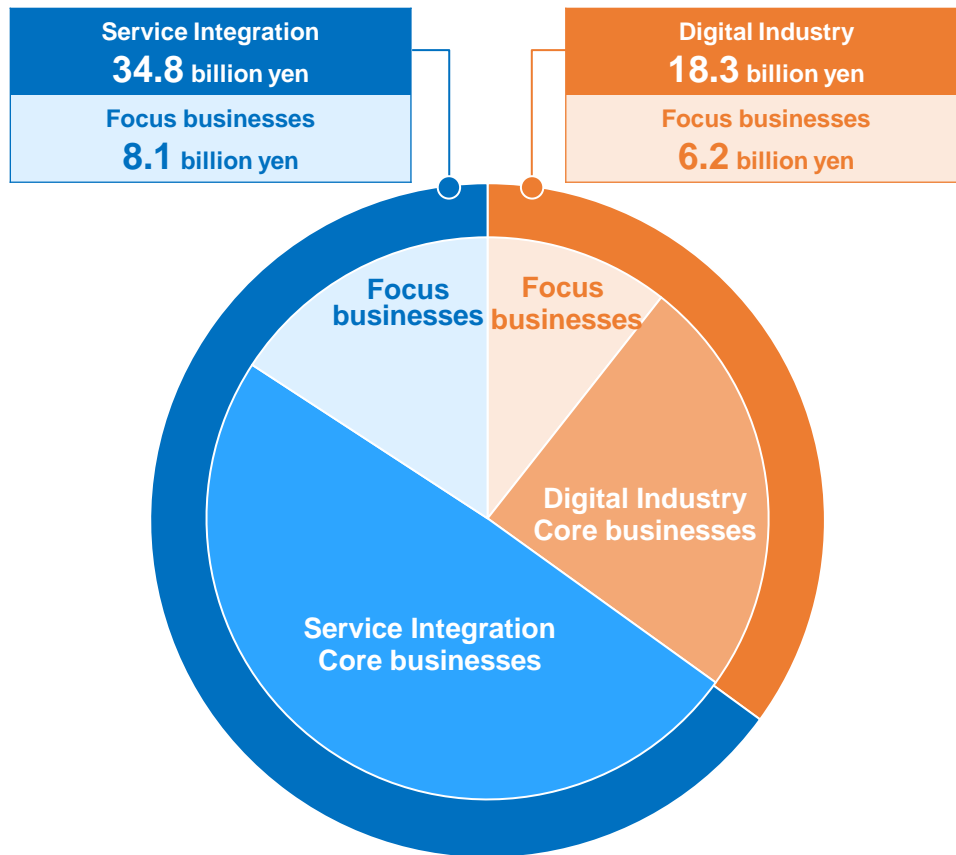|	Business overview	Strengths
Smart Factory	● Addresses the production and logistics fields for manufacturers. Product planning, product and systems development, maintenance, solutions services	● In-the-field factory information infrastructure ● AI image recognition and detection ● Expertise in the OT field ● A lineup of our own products
Connected Services	● Consulting, systems development, maintenance/operations in IoT and connected fields centered on mobility, and solutions services ● Businesses related to embedded software development, centered on onboard devices ● Auto-testing, CI/CD development, and other businesses related to quality solutions	● Engineers with expertise in areas such as cloud computing and vehicle controls ● Development knowledge and expertise related to mobility services ● One-step service capabilities for handling planning, development, and maintenance
Chubu Services	● Provides the auto industry with general ICT services for the technical information segment (Bill of materials, PDM, and CAD) and corporate information segments (sales, finance, and accounting; HR and production logistics).	● Connections with and related business expertise for major automakers ● Relationships characterized by mutual trust built through direct transactions since CEC's founding ● Knowledge of legacy systems based on a wealth of business experience (parts lists, production management, procurement, HR, accounting)
Nishinihon Services	● Provides SI services based on business SI and EOS solutions in the Kansai and Hokuriku areas. ● Provides product planning, development, maintenance, operation, and product services centered on the IoT field in the logistics and manufacturing domains. ● Provides systems development, verification, maintenance, operation, and adoption services centered on the factory automation/industrial machinery and medicine/healthcare fields.	● Customization for individual customers in logistics solutions ● A track record with airports, manufacturing plants, and other special projects

Segment Information: Service Integration Business

A total ICT integrator

		Business overview	Strengths
Service Integration	**Enterprise**	• Consulting, systems development, and maintenance/operations using Microsoft cloud services like Dynamics 365, Microsoft 365, and Azure • Solutions, systems development, and maintenance/operations for government agencies and local governments	• Track record and expertise in the SFA domain • Track record in cloud development for government agencies and local governments
	AX Services	• Consulting, systems development, and maintenance/operations related to ICT modernization based on migration services	• One-step services capable of handling multiple solutions • A wealth of expertise, automation tools, and specialized engineers
	Business Systems	• Systems development and maintenance/operations for the financial sector, including banks, insurance, credit cards, securities, and leasing	• Engineers with expertise in the financial business • Capacity to propose comprehensive solutions from development through operations
Platform Architects	**Security**	• Monitoring and operating security services and devices • Product development and sales, solutions services, systems development, and maintenance/operations related to office security based on recognition technologies	• Products: capacity to handle multiple makers, nationwide sales channels • Services: capacity to handle multiple vendors, wide-ranging monitoring compatibility
	Platforms	• Operations related to the management of entire life cycles, from planning and study through design, development, migration, and operation of ICT systems and cloud services	• One-step service capabilities ranging from ICT infrastructure design through development, migration, and operation • Capacity to handle multiple vendors and multiple cloud platforms
	Data Centers	• Businesses related to data center services and cloud services • Businesses related to system operation design, adoption support, and operation management services	• Capacity to provide 24-hour service 365 days/year through on-site engineers • Uses 100% green power
	Group companies	• Near-shore development, integration, and maintenance/operations • HR dispatch services	• Ties to major manufacturers and business expertise

(Reorganized markers shown beside Enterprise/AX Services/Business Systems and Platforms/Data Centers)

* The Service Integration Business was reorganized in February 2024.

Focus Businesses (FY2024/1 Results)

Companywide sales: 53.1 billion yen

Service Integration **34.8** billion yen	Digital Industry **18.3** billion yen
Focus businesses **8.1** billion yen	Focus businesses **6.2** billion yen

Focus businesses / Focus businesses

Digital Industry Core businesses

Service Integration Core businesses

Focus businesses: Business fields leveraging our unique strengths

Digital Industry	Production/ Logistics Solutions	Visual Factory® / LogiPull®	Offers, in addition to products and services for manufacturers, LogiPull logistics solutions and support for digitalization and DX strategy from production workplaces through logistics.
	Mobility Services	PlusLocation® / SimuField®-SC	Deploys services utilizing onboard and transportation Big Data, mainly for connected solutions in the automotive field.
Service Integration	Microsoft-related Services	Convergent®	Promotes businesses in cooperation with Microsoft Japan, chiefly through DX support in management analysis and marketing based on Dynamics 365 and Azure.
	Migration Services	Re@nove® リノーブ	Supports DX for legacy ICT upgrades, cloud migration, and system/app environments.
	Security Services	Cyber NEXT® / SmartSESAME	Offers a line of products to safeguard networked ICT elements from security threats, as well as security consulting, design, development, and operation services.
	DX Cloud Platforms	BizVision	Promotes cloud computing by integrating our products and applications with cloud platforms.

Disclaimers

✓ This document is not intended for purposes of soliciting investment.

✓ The forecasts of future financial results included in this document have been prepared based on Japanese economic and information-service industry trends and other information available as of the date of preparation. Note that actual results may vary due to various factors such as uncertainties inherent to forecasts and changing domestic and international business conditions.

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