



December 9, 2024

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Announcement of Recording of Extraordinary Loss and Revision of Full-Year Financial Forecasts in Connection with the Reorganization of the Data Center Business

The Company hereby announces that its Board of Directors resolved at a meeting held December 9, 2024 to record an extraordinary loss in connection with the reorganization of its Data Center Business, as detailed below. In addition, the Company announced a revision to its full-year financial forecasts to reflect the impact of the aforementioned resolution.

1. Reorganization of the Data Center Business

(1) Overview of the Reorganization of the Data Center Business

The Company operates four data centers in Japan and offers a wide range of related services, with a focus on cloud services, housing services, and hosting services.

During the fiscal year under review, work proceeded on formulating VISION 2030, our new long-term vision, as well as our next medium-term management plan, both of which will apply from February 2025. As part of this effort, we revised our business strategy to accelerate the shift away from the current Data Center Business to a business centered on cloud services. At the same time, we began formulating plans to reorganize our data centers.

As we work to strengthen our cloud services in the future, it appears highly likely that the specifications and capabilities of our existing data center facilities will be insufficient to adequately meet the needs of our customers. Given the recent rapid progress in cloud computing and changing market needs, it is therefore obvious that we must expand or relocate the facilities of our existing data centers and convert one to a hybrid data center.*

In connection with this reorganization, the Company has decided to record the entire book value of property, plant, and equipment not expected to be used in the future as an extraordinary loss (impairment loss).

*Hybrid data center:

A computing environment that combines on-premises and cloud-based infrastructure. This facilitates the sharing of applications and data between on-premise information assets and the multi-cloud environment, thereby improving customer convenience.

(2) Data Centers Subject to Reorganization and Reasons for Reorganization

(i) Establishing a new data center as the relocation destination

(Reason for opening) Expanding the business by relocating to new hybrid data center

(ii) Renovation of Kanagawa Data Center 1

(Reason for renovation) To expand data center facilities

(iii) Relocation and restoration of Tokyo Data Center 2

(Reason for relocation) Aging facilities, need for future scalability, insufficient power supply facilities

(3) Overview of Reorganization Schedule

- (i) The new data center will begin coming online in February 2025.
- (ii) The expansion of facilities at Kanagawa Data Center 1 will be completed by the end of April 2026.
- (iii) The relocation of customer equipment at Tokyo Data Center 2 is to be completed by the end of October 2026.
- (iv) The restoration and vacation of Tokyo Data Center 2 is to be completed by the end of April 2027.

(4) Cost Estimates and Accrual Timing

In connection with the reorganization of the data centers, the entire book value of property, plant, and equipment not expected to be used in the future will be recorded as an extraordinary loss (impairment loss).

(i) Impairment loss on property, plant, and equipment

FY ending Jan. 2025: 850 million yen

(ii) Future business development

We will make an announcement regarding income and expenses associated with expanding the facilities of new and existing data centers in VISION 2030, our new long-term vision, and in our next medium-term management plan, both of which are scheduled to be announced in March 2025.

2. Revision of Financial Forecasts

(1) Revision of Full-Year Financial Forecast

Revision of Forecasts of Consolidated Financial Results for the FY Ending Jan. 2025 (February 1, 2024 – January 31, 2025)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	56,500	6,280	6,300	4,300	127.91
Revised forecast (B)	56,500	6,280	6,300	3,700	112.04
Change (B–A)	—	—	—	(600)	—
Change (%)	—	—	—	(14.0)	—
(Reference) Results for the previous period (FY ended Jan. 2024)	53,124	6,361	6,409	4,541	135.15

(2) Reason for Revision

The Company will record an extraordinary loss of 850 million yen for the current fiscal year due to the shift to a business centered on cloud services and the reorganization of its data centers, as described in “1. (1) Overview of the Reorganization of the Data Center Business” above.

(3) Scheduled Year-end Dividend

There will be no revision of the year-end dividend forecast (30 yen) in connection with this revision of the full-year earnings forecast.