

Summary of Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 [Japanese GAAP]

March 13, 2025

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Scheduled date of Ordinary General Meeting of Shareholders: April 22, 2025

Scheduled date of dividend payments: April 23, 2025

Scheduled submission date of Securities Report: April 22, 2025

Supplementary materials prepared for financial results: Yes

Briefing held on financial results: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended January 31, 2025

(February 1, 2024 through January 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Jan. 2025	56,208	5.8	6,696	5.3	6,807	6.2	4,040	(11.0)
FY ended Jan. 2024	53,124	10.2	6,361	45.4	6,409	45.2	4,541	(12.3)

(Note) Comprehensive income: FY ended Jan. 2025 4,443 million yen (9.6)%

FY ended Jan. 2024 4,916 million yen (4.1)%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Yen	Yen	%	%	%
FY ended Jan. 2025	122.39	122.26	10.0	13.1	11.9
FY ended Jan. 2024	135.15	135.00	11.6	13.1	12.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended Jan. 2025	52,636	40,401	76.7	1,258.46
FY ended Jan. 2024	51,391	40,787	79.3	1,212.54

(Reference) Total shareholders' equity: FY ended Jan. 2025 40,365 million yen

FY ended Jan. 2024 40,760 million yen

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended Jan. 2025	5,269	(1,667)	(4,850)	25,472
FY ended Jan. 2024	5,682	(747)	(1,526)	26,714

2. Dividends

	Annual dividends					Dividends (total)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	Q1 end	Q2 end	Q3 end	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended Jan. 2024	–	25.00	–	30.00	55.00	1,848	40.7	4.7
FY ended Jan. 2025	–	25.00	–	30.00	55.00	1,792	44.9	4.5
FY ending Jan. 2026 (Forecast)	–	30.00	–	35.00	65.00		42.6	

3. Forecasts of consolidated financial results for the fiscal year ending January 31, 2026 (February 1, 2025 through January 31, 2026)

(Percentages indicate year-on-year changes.)

	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
H1	29,300	6.3	3,270	0.6	3,280	0.4	2,220	0.3	69.21
Full year	60,500	7.6	6,780	1.2	6,820	0.2	4,900	21.3	152.76

*Notes

- (1) Significant changes in subsidiaries during the period (transfer of specific subsidiaries accompanying changes in scope of consolidation): None

Additions: 0 (company names)

Removals: 0 (company names)

- (2) Changes in accounting policies or estimates, restatements:

(i) Changes in accounting policies accompanying revisions of accounting standards, etc.: None

(ii) Changes other than those under (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

- (3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding (including treasury stock)	FY ended Jan. 2025	36,059,600 shares	FY ended Jan. 2024	37,600,000 shares
(ii) Ended number of shares of treasury stock	FY ended Jan. 2025	3,983,910 shares	FY ended Jan. 2024	3,983,862 shares
(iii) Average number of shares during period	FY ended Jan. 2025	33,011,938 shares	FY ended Jan. 2024	33,604,840 shares

(Reference) Nonconsolidated Financial Results

1. Nonconsolidated financial results for the fiscal year ended January 31, 2025
(February 1, 2024 through January 31, 2025)

- (1) Nonconsolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Jan. 2025	43,838	7.7	5,182	3.9	5,747	3.2	3,466	(16.7)
FY ended Jan. 2024	40,715	11.1	4,988	59.1	5,570	58.3	4,161	(11.1)

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Jan. 2025	105.00	104.89
FY ended Jan. 2024	123.83	123.70

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended Jan. 2025	43,201	32,790	75.8	1,021.18
FY ended Jan. 2024	42,699	33,785	79.1	1,004.25

(Reference) Total shareholder equity FY ended Jan. 2025 32,755 million yen

FY ended Jan. 2024 33,758 million yen

* The Summary of Financial Results is not subject to audits by a certified public accountant or audit firm.

* Note on forward-looking statements and other notes

(Forward-looking statements)

The forecasts of financial results above are based on information available as of the date this document is released.

Actual results may differ from forecasts for various reasons. Please see page 7 of the accompanying materials for the assumptions underlying forecasts and other related information.

(Financial results briefing, how to obtain supplementary briefing materials)

The Company plans to publish supplementary briefing materials on the Company website (<https://www.cec-ltd.co.jp>) when it publishes the Summary of Consolidated Financial Results. The Company also plans to release an on-demand video of today's financial results briefing for institutional investors and analysts on Monday, March 17, 2025.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for The Period under Review

Due to government economic stimulus policies, Japan's economy continued to experience gentle recovery during the consolidated fiscal year under review (February 1, 2024 through January 31, 2025), with improving employment and income conditions. One potential risk was that the downturn in overseas economies would exert downward pressure on the domestic economy. Key related factors included US policy trends, continuing high interest rates in Europe, and a stagnant Chinese economy. Other notable factors contributing to continuing uncertainty included inflation and fluctuations in financial and capital markets.

In the information services industry, appetite remained high for investments in digital transformation (DX) to improve corporate productivity and competitive strengths. Demand for digitalization was ongoing, including system upgrades and migration to the cloud as part of business structural reforms. In particular, with the spread of workstyle reforms and the use of AI to improve operational efficiency, there was growing interest in information security and high demand for cybersecurity solutions to safeguard against increasingly sophisticated cyberattacks.

Under these circumstances, the CEC Group entered the final year of its medium-term management plan for the three-year period from the fiscal year ended January 2023 through the fiscal year ending January 2025. In line with the goals of the plan—to realize a sustainable society and sustained growth—the CEC Group engaged in business activities in accordance with three basic policies: (i) strengthening business capabilities; (ii) strengthening human resources and technical capabilities; and (iii) strengthening management foundations. The Company acquired up to three billion yen in treasury shares by the end of December 2024 and retired all these shares in January 2025 as part of its efforts to improve capital efficiency in accordance with its capital policy.

During the consolidated fiscal year under review, thanks to increased ICT investments by customer companies, our core businesses*¹ performed well, while focus business areas*² outperformed planned targets. As a result, net sales grew 3,084 million yen (5.8%) YoY to 56,208 million yen. In terms of profit, despite rising selling, general, and administrative expenses, including investments targeting growth, operating income grew 334 million yen (5.3%) YoY to 6,696 million yen. Ordinary income was up by 397 million yen (6.2%) YoY to 6,807 million yen. Net income attributable to owners of parent declined YoY by 501 million yen (11.0%) to 4,040 million yen, due to various factors, including the recording of extraordinary losses on the restructuring of the data center business.

*1 Core businesses: The Company defines its core business as those that function as stable foundations supporting the Company's operations, including contracted development, which serves as the basis of Company sales; provision and operation of ICT infrastructure, development of onboard devices, embedded development, and the testing business.

*2 Focus business areas: The Company's six focus business areas are (1) production and logistics solutions, (2) mobility services, (3) services provided in cooperation with Microsoft Japan, (4) migration services, (5) security services, and (6) DX cloud platforms.

Business results in the individual segments are reviewed below.

(Digital Industry Business)

In the Smart Factory business, factory automation development grew despite the lingering effects of restrained investment by some customers. In the Connected Services business, the focus business of mobility services saw growth in Big Data analytics platform building and the development of onboard controls for battery-powered EVs (BEVs) and quality verification. In the Chubu Services business, favorable performance continued in the development of backbone systems, chiefly for the automotive industry. Logistics solutions and EOL services grew in the Nishinihon Services business. Overall, net sales grew 1,702 million yen (9.3%) YoY to 20,016 million yen. Growth in focus business areas and higher net sales boosted profits, with operating income growing by 948 million yen (23.1%) YoY to 5,048 million yen.

(Service Integration Business)

In the Service Integration Business, growth in Dynamics 365 (CRM) and the low-code development Power Platform drove growth in the focus business of Microsoft-related services. Migration services recorded higher sales and profit thanks to growing demand for cloud computing and security enhancements, backed by DX promotion. In the Platform Architect business, security demand remained steady among both private- and public-sector clients. Inquiries about the focus business of security services increased. The ICT infrastructure development business remained flat due to delays in local governments construction projects. As a result, net sales grew 1,381 million yen (4.0%) YoY to 36,192 million yen. Growth in focus business areas and higher net sales boosted profits, with operating income growing by 250 million yen (3.8%) YoY to 6,856 million yen.

(2) Overview of Financial Position in The Period under Review

(Total assets)

Total assets grew 1,245 million yen from the end of the previous consolidated fiscal year to 52,636 million yen, due mainly to an increase of 1,090 million yen in notes and accounts receivable - trade, and contract assets.

(Liabilities)

Total liabilities amounted to 12,234 million yen, up 1,630 million yen from the end of the previous consolidated fiscal year, due mainly to increases of 808 million yen in income taxes payable and 345 million yen in accounts payable - trade.

(Net assets)

Net assets fell by 385 million yen from the end of the previous consolidated fiscal year to 40,401 million yen. This was mainly attributable to the fact that, while retained earnings were up 4,040 million yen due to the recording of net income attributable to owners of parent, treasury shares grew by 2,999 million yen's worth of treasury shares were acquired and dividend payments led to a drop of 1,838 million yen in retained earnings. Retirement of treasury shares reduced treasury shares by 1,802 million yen, retained earnings by 1,797 million yen, and capital surplus by 4 million yen. Thus there was no impact on total net assets.

(3) Overview of Cash Flows in The Period under Review

Cash and cash equivalents ("funds" hereinafter) as of the end of the consolidated fiscal year ended January 31, 2025 stood at 25,472 million yen, down 1,241 million yen from the end of the previous fiscal year.

(Cash flow from operating activities)

Funds increased by 5,269 million yen as a result of operating activities (for a decrease of 413 million yen in proceeds from the previous period). This was due mainly to income before income taxes of 5,795 million yen.

(Cash flow from investing activities)

Funds declined by 1,667 million yen due to investment activities (for an increase of 919 million yen in expenditures from the previous period). This was due mainly to expenditures of 767 million yen on the purchase of non-current assets and 403 million yen on guarantee and security deposits.

(Cash flow from financial activities)

Funds declined by 4,850 million yen due to financial activities (for an increase of 3,323 million yen in spending from the previous period). This was due mainly to expenditure of 2,999 million yen on the acquisition of treasury shares and payment of 1,836 million yen in dividends.

(Reference) Trends in indicators related to cash flow

	FY ended Jan. 2023	FY ended Jan. 2024	FY ended Jan. 2025
Equity ratio (%)	80.5	79.3	76.7
Equity ratio based on market value (%)	109.3	107.7	115.8
Cash flow-to-interest-bearing liabilities ratio (years)	0.2	0.1	0.1
Interest coverage ratio (times)	894.8	2,351.5	1,836.7

(Notes) 1. The indicators above were calculated as follows:

Equity ratio: $\text{total shareholder equity} / \text{total assets}$

Equity ratio based on market value: $\text{market capitalization} / \text{total assets}$

Cash flow-to-interest-bearing liabilities ratio: $\text{interest-bearing liabilities} / \text{cash flow from operating activities}$

Interest coverage ratio: $\text{cash flow from operating activities} / \text{interest payments}$

2. Each indicator was calculated using consolidated financial figures.

3. Market capitalization was calculated using the following formula: stock price at end of fiscal year \times (number of shares issued and outstanding at end of fiscal year - number of shares of treasury stock at end of fiscal year).

4. Operating cash flow refers to cash flow from operating activities as reported in the Consolidated Statement of Cash Flows.

5. Interest-bearing liabilities refer to all liabilities reported on the Consolidated Balance Sheet for which interest is currently being paid. Interest expenses reported on the Consolidated Statement of Income are used as interest payments.

(4) Research and Development Activities

During the consolidated period under review, research and development activities proceeded with the goal of creating distinctive products and services capable of meeting the changing needs of customers. These efforts were promoted mainly by the Company.

Specifically, we undertook the activities indicated below based on the following two themes: (i) strengthening the competitiveness of our products, including the development of new products; (ii) strengthening the technological capabilities that make it possible for us to provide valuable ICT services to our customers.

Research and development expenses during the consolidated period under review totaled 425 million yen (up 66.1% YoY). The major research and development activities were as follows:

(Digital Industry Business)

We undertook the following research and development activities in the area of Smart Factories, which supports the digitalization of manufacturing and logistics, and in the Connected Services area, which primarily develops products and services for the automotive industry.

- Technical research on Connected CI[®]
- Technical research in the Connected Services area
- Survey research into demand for the SimuField[®] series and verification of real-world applications
- Survey research on cloud-related services in the Connected Services area and verification of real-world applications
- Development to expand the functionality of LogiPull[®]

Research and development expenses during the consolidated period under review came to 69 million yen (down 46.3% YoY).

(Service Integration Business)

We pursued the following research and development activities in the Security Services area, which safeguards against a wide range of threats in the business environment, as well as in the area of Cloud Services, which are becoming indispensable in accelerating business growth.

- Development to add functionality to SmartSESAME[®], research studies on related services, and verification of real-world applications
- Verification of real-world applications for cloud-related services
- Development of at Claps[®]
- Development to expand Convergent[®] functionality
- Development to expand Re@nove[®] functionality

Research and development expenses during the consolidated period under review came to 356 million yen (up 179.7% YoY).

(5) Outlook

The Group announced Medium-term Management Plan 2025–2027, its new Medium-term Management Plan for the three-year period from the fiscal year ending January 31, 2026 through the fiscal year ending January 31, 2028. Having positioned this period as a growth phase toward the business structural reforms needed to achieve the targets set for VISION 2030 (by the fiscal year ending January 31, 2031), the Group is focusing on promoting business efforts in new business segments and M&A activities. Striving to achieve sustained growth in corporate value, the Group is currently accelerating sustainability initiatives while pursuing solutions to various social and industrial challenges based on the two new cornerstones of its growth strategy: (i) business strategy and (ii) corporate strategy. For the next consolidated fiscal year, the Group forecasts net sales of 60.5 billion yen, operating income of 6.78 billion yen, ordinary income of 6.82 billion yen, and net income attributable to owners of parent of 4.9 billion yen.

* For more information, refer to the materials to be used in the financial results briefing, released today.

* Forecasts of business results reflect judgments based on information currently available. They do not guarantee that the Company will achieve forecast results. Actual results may vary from forecast figure due to changing business conditions and other factors.

(6) Basic Policy Regarding The Distribution of Earnings and Dividends for This and The Next Fiscal Year

The Company recognizes returns of earnings to shareholders as a key issue. Our basic policy regarding the distribution of earnings is to continually pay stable dividends in a manner that reflects consideration of various factors, including trends in business results, financial position, and future business prospects. The Medium-term Management Plan announced March 17, 2022 sets as its quantitative target the maintenance of a dividend payout ratio of at least 40%.

The Company paid an interim dividend of 25 yen per share in this period. It plans to submit to the 57th Ordinary General Meeting of Shareholders, planned for April 22, 2025, a proposal to pay a year-end dividend of 30 yen per share with a basis date of January 31, 2025. This would result in annual dividends of 55 yen per share, including the interim dividend.

We plan to pay annual dividends of 65 yen per share in the next fiscal year, consisting of an interim dividend of 30 yen per share and a year-end dividend of 35 yen per share.

* A breakdown of annual dividends of surplus is provided below.

	Annual dividends		
	End of Q2	Year end	Total
Paid this fiscal year	25 yen	30 yen	55 yen
Paid last fiscal year (year ended January 2024)	25 yen	30 yen	55 yen

2. Basic Philosophy on Selection of Accounting Standards

The CEC Group will continue to prepare consolidated financial statements in accordance with Japanese GAAP for the time being, in consideration of comparability of consolidated financial statements among different financial periods and entities.

The Group will respond appropriately to application of the International Financial Reporting Standards (IFRS) in consideration of related domestic and international developments.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: Million yen)

	Previous Consolidated Fiscal Year (January 31, 2024)	Current Consolidated Fiscal Year (January 31, 2025)
Assets		
Current assets		
Cash and deposits	26,714	25,472
Notes and accounts receivable - trade, and contract assets	10,343	11,433
Product	319	307
Work in progress	531	574
Other accounts receivable	30	34
Others	1,075	1,293
Allowance for doubtful accounts	(9)	(1)
Total current assets	39,005	39,114
Non-current assets		
Property, plant, and equipment		
Buildings and structures	11,220	11,038
Accumulated depreciation	(6,658)	(7,096)
Buildings and structures, net	4,561	3,941
Land	2,004	2,004
Others	3,818	3,952
Accumulated depreciation	(2,946)	(3,077)
Other, net	871	875
Total property, plant, and equipment	7,438	6,821
Intangible assets		
Software	156	199
Software in progress	43	25
Others	39	170
Total intangible assets	239	395
Investments and other assets		
Investment securities	1,600	2,231
Deferred tax assets	178	292
Net defined benefit asset	1,566	1,945
Others	1,374	1,846
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	4,707	6,303
Total non-current assets	12,385	13,521
Total assets	51,391	52,636

(Unit: Million yen)

	Previous Consolidated Fiscal Year (January 31, 2024)	Current Consolidated Fiscal Year (January 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	2,211	2,557
Short-term loans payable	350	350
Current portion of long-term loans payable	13	—
Income taxes payable	795	1,603
Allowance for bonuses	716	636
Provision for loss on orders received	2	2
Asset retirement obligations	1	69
Others	4,914	5,170
Total current liabilities	9,006	10,389
Non-current liabilities		
Long-term accounts payable - other	22	22
Deferred tax liabilities	53	0
Provision for directors' retirement benefits	15	7
Net defined benefit liability	111	109
Asset retirement obligations	1,396	1,704
Other	—	1
Total non-current liabilities	1,597	1,844
Total liabilities	10,603	12,234
Net assets		
Shareholder equity		
Capital stock	6,586	6,586
Capital surplus	6,737	6,733
Retained earnings	30,135	30,539
Treasury shares	(3,462)	(4,660)
Total shareholder equity	39,997	39,198
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	455	824
Foreign currency translation adjustment	12	20
Remeasurements of defined benefit plans	295	322
Total accumulated other comprehensive income	763	1,167
Subscription rights to shares	26	35
Total net assets	40,787	40,401
Total liabilities and net assets	51,391	52,636

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)	Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)
Net sales	53,124	56,208
Cost of sales	39,027	40,863
Gross profit	14,096	15,344
Selling, general, and administrative expenses	7,734	8,647
Operating income	6,361	6,696
Non-operating income		
Interest income	0	4
Dividends received	24	26
Dividends from insurance	7	7
Insurance income	—	80
Miscellaneous income	21	18
Total non-operating income	54	136
Non-operating expenses		
Interest expenses	2	2
Loss on retirement of non-current assets	—	13
Foreign exchange loss	3	5
Commission for purchase of treasury shares	—	2
Miscellaneous loss	0	0
Total non-operating expenses	6	25
Ordinary income	6,409	6,807
Extraordinary loss		
Loss on retirement of non-current assets	15	—
Impairment loss	—	1,011
Total extraordinary loss	15	1,011
Profit before income taxes	6,393	5,795
Income taxes - current	1,340	2,097
Income taxes - deferred	511	(341)
Total income taxes	1,851	1,755
Net income	4,541	4,040
Net income attributable to owners of parent	4,541	4,040

(Consolidated Statement of Comprehensive Income)

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)	Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)
Net income	4,541	4,040
Other comprehensive income		
Valuation difference on available-for-sale securities	84	368
Foreign currency translation adjustment	5	8
Remeasurements of defined benefit plans	284	26
Total other comprehensive income	374	403
Comprehensive income	4,916	4,443
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,916	4,443

(3) Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)

(Unit: Million yen)

	Shareholder equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder equity
Balance at beginning of period	6,586	6,733	27,105	(3,505)	36,920
Changes in items during the period					
Dividends of surplus			(1,511)		(1,511)
Net income attributable to owners of parent			4,541		4,541
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		42	46
Net changes in items other than shareholder equity					—
Total changes in items during period	—	4	3,029	42	3,076
Balance at end of period	6,586	6,737	30,135	(3,462)	39,997

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	371	7	10	388	70	37,379
Changes in items during the period						
Dividends of surplus						(1,511)
Net income attributable to owners of parent						4,541
Purchase of treasury shares						(0)
Disposal of treasury shares						46
Net changes in items other than shareholder equity	84	5	284	374	(44)	330
Total changes in items during period	84	5	284	374	(44)	3,407
Balance at end of period	455	12	295	763	26	40,787

Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)

(Unit: Million yen)

	Shareholder equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder equity
Balance at beginning of period	6,586	6,737	30,135	(3,462)	39,997
Changes in items during the period					
Dividends of surplus			(1,838)		(1,838)
Net income attributable to owners of parent			4,040		4,040
Purchase of treasury shares				(2,999)	(2,999)
Disposal of treasury shares		(4)	(1,797)	1,802	—
Net changes in items other than shareholder equity					—
Total changes in items during period	—	(4)	403	(1,197)	(798)
Balance at end of period	6,586	6,733	30,539	(4,660)	39,198

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	455	12	295	763	26	40,787
Changes in items during the period						
Dividends of surplus						(1,838)
Net income attributable to owners of parent						4,040
Purchase of treasury shares						(2,999)
Disposal of treasury shares						—
Net changes in items other than shareholder equity	368	8	26	403	9	413
Total changes in items during period	368	8	26	403	9	(385)
Balance at end of period	824	20	322	1,167	35	40,401

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)	Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)
Cash flow from operating activities		
Profit before income taxes	6,393	5,795
Depreciation	672	818
Impairment loss	—	1,011
Increase (decrease) in provision for bonuses	129	(81)
Increase (decrease) in provision for loss on orders received	(485)	(0)
Increase (decrease) in provision for directors' retirement benefits	(4)	(7)
Increase (decrease) in net defined benefit liability	4	(1)
Decrease (increase) in net defined benefit asset	(325)	(340)
Increase (decrease) in allowance for doubtful accounts	7	(7)
Interest and dividend income	(25)	(30)
Interest expenses	2	2
Loss on retirement of non-current assets	15	13
Increase (decrease) in contract liabilities	617	(48)
Decrease (increase) in notes and accounts receivable - trade	(238)	(1,088)
Decrease (increase) in inventories	(90)	(30)
Decrease (increase) in other accounts receivable	2	(4)
Decrease (increase) in other current assets	(70)	(216)
Increase (decrease) in notes and accounts payable - trade	(40)	345
Increase (decrease) in accrued consumption taxes	256	(161)
Increase (decrease) in accounts payable - other	114	84
Increase (decrease) in accrued expenses	72	165
Increase (decrease) in other current liabilities	18	89
Others	139	220
Subtotal	7,168	6,529
Interest and dividend income received	25	30
Interest expenses paid	(2)	(2)
Income taxes paid	(1,509)	(1,287)
Cash flow from operating activities	5,682	5,269

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)	Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)
Cash flow from investing activities		
Purchase of non-current assets	(430)	(767)
Proceeds from sale of non-current assets	0	8
Payments for asset retirement obligations	(15)	(101)
Payments for lease and guarantee deposits	(105)	(403)
Proceeds from collection of lease and guarantee deposits	10	40
Payments for purchase of investment securities	(150)	(100)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(164)
Others	(57)	(180)
Cash flow from investing activities	(747)	(1,667)
Cash flow from financing activities		
Repayment of long-term loans payable	(13)	(13)
Purchase of treasury shares	—	(2,999)
Dividend payment amount	(1,512)	(1,836)
Proceeds from exercise of stock options	0	—
Cash flow from financing activities	(1,526)	(4,850)
Effect of exchange rate change on cash and cash equivalents	4	7
Net increase (decrease) in cash and cash equivalents	3,412	(1,241)
Cash and cash equivalents at the beginning of period	23,302	26,714
Cash and cash equivalents at the end of period	26,714	25,472

(5) Notes on The Consolidated Financial Statements

(Notes on The Going Concern Assumption)

Not applicable

(Segment Information, etc.)

[Segment information]

1. Overview of reporting segments

The Group's reporting segments are constituent units of the Group for which separate financial information is available. They are subject to regular consideration by the board of directors to determine a suitable allocation of management resources and to assess business performance.

The details of each segment reported are described below.

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

2. Methods for calculating net sales, income or loss, assets, liabilities, and other accounts by reporting segment

Account processing for individual reporting segments generally conforms to methods used to prepare the Consolidated Financial Statements.

Reporting segment profit is based on operating income.

Internal sales and transfers between segments are based on market prices and other considerations.

3. Information on net sales, income or loss, assets, liabilities, and other accounts by reporting segment
Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)

(Unit: Million yen)

	Reporting segment			Adjustment (Note 1)	Amount recognized on Consolidated Financial Statements (Note 2)
	Digital Industry Business	Service Integration Business	Total		
Net sales					
Sales to external customers	18,313	34,810	53,124	—	53,124
Inter-segment sales or transfers	0	674	674	(674)	—
Total	18,313	35,485	53,798	(674)	53,124
Segment profit	4,100	6,606	10,706	(4,344)	6,361
Segment assets	4,706	12,981	17,688	33,703	51,391
Others					
Depreciation	11	271	283	389	672
Increase in the value of tangible and intangible assets	8	216	224	205	430

(Notes) 1. Adjustment amounts are shown below:

- (1) The adjustment of (negative) 4,344 million yen to segment profit consists mainly of Companywide expenses not allocated to individual reporting segments. Companywide expenses consist mainly of administrative-section expenses not allocated to individual reporting segments.
- (2) The adjustment of 33,703 million yen to segment assets consists mainly of Companywide assets not allocated to individual reporting segments. Companywide assets consist mainly of administrative-section assets not allocated to individual reporting segments.
- (3) The adjustment of 389 million yen to depreciation consists mainly of Companywide expenses not allocated to individual reporting segments. Companywide expenses consist mainly of administrative-section expenses not allocated to individual reporting segments.
- (4) The adjustment of 205 million yen to the increase in tangible and intangible assets consists mainly of Companywide assets not allocated to individual reporting segments. Companywide assets consist mainly of administrative-section assets not allocated to individual reporting segments.

2. Segment profits are adjusted against operating income reported on the Consolidated Statement of Income.

Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)

(Unit: Million yen)

	Reporting segment			Adjustment (Note 1)	Amount recognized on Consolidated Financial Statements (Note 2)
	Digital Industry Business	Service Integration Business	Total		
Net sales					
Sales to external customers	20,016	36,192	56,208	—	56,208
Inter-segment sales or transfers	0	601	601	(601)	—
Total	20,016	36,793	56,809	(601)	56,208
Segment profit	5,048	6,856	11,905	(5,208)	6,696
Segment assets	5,596	13,645	19,241	33,394	52,636
Others					
Depreciation	11	367	378	439	818
Increase in the value of tangible and intangible assets	8	323	331	435	767

(Notes) 1. Adjustment amounts are shown below:

- (1) The adjustment of (negative) 5,208 million yen to segment profit consists mainly of Companywide expenses not allocated to individual reporting segments. Companywide expenses consist mainly of administrative-section expenses not allocated to individual reporting segments.
 - (2) The adjustment of 33,394 million yen to segment assets consists mainly of Companywide assets not allocated to individual reporting segments. Companywide assets consist mainly of administrative-section assets not allocated to individual reporting segments.
 - (3) The adjustment of 439 million yen to depreciation consists mainly of Companywide expenses not allocated to individual reporting segments. Companywide expenses consist mainly of administrative-section expenses not allocated to individual reporting segments.
 - (4) The adjustment of 435 million yen to the increase in tangible and intangible assets consists mainly of Companywide assets not allocated to individual reporting segments. Companywide assets consist mainly of administrative-section assets not allocated to individual reporting segments.
2. Segment profits are adjusted against operating income reported on the Consolidated Statement of Income.

(Per-Share Information)

	Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)	Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)
Net assets per share	1,212.54 yen	1,258.46 yen
Net income per share	135.15 yen	122.39 yen
Diluted net income per share	135.00 yen	122.26 yen

(Note) 1. The bases for calculations of net income per share and diluted net income per share are shown below.

Account	Previous Consolidated Fiscal Year (February 1, 2023 - January 31, 2024)	Current Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)
Net income per share		
Net income attributable to owners of parent (million yen)	4,541	4,040
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to common shareholders of the parent (million yen)	4,541	4,040
Weighted average of the number of common shares outstanding during the period (shares)	33,604,840	33,011,938
Diluted net income per share		
Adjustments to net income attributable to owners of parent (million yen)	—	—
Increase in the number of common shares (shares)	36,310	34,381
(Subscription rights to shares [shares], included above)	(36,310)	(34,381)
Summary of potentially dilutive common shares not included in computation of diluted net income per share due to a lack of dilutive effects	—	—

2. The bases for calculations of net assets per share are shown below.

Account	Previous Consolidated Fiscal Year (January 31, 2024)	Current Consolidated Fiscal Year (January 31, 2025)
Total net assets (million yen)	40,787	40,401
Deduction from the total net asset value (million yen)	26	35
(Subscription rights to shares [million yen], included in deduction from the total net asset value)	(26)	(35)
(Non-controlling interests [million yen], included in deduction from the total net asset value)	(—)	(—)
Net asset value attributable to common shareholders at end of fiscal year (million yen)	40,760	40,365
The number of common shares outstanding at end of fiscal year used to calculate net asset value per share (shares)	33,616,138	32,075,690

(Significant Subsequent Events)

(Acquisition and retirement of treasury shares)

In its meeting held March 13, 2025, the Company Board of Directors resolved to acquire treasury shares pursuant to Article 156 of the Companies Act, applicable mutatis mutandis under Article 165, Paragraph 3 of the same Act, and to retire treasury shares under Article 178 of that Act.

1. Reasons for acquisition and retirement of treasury shares

The Company decided to acquire and retire treasury shares to strengthen capital efficiency and enhance the return of earnings to shareholders.

2. Details of matters related to this acquisition

- (1) Class of shares to be acquired: Company common stock
- (2) Total number of shares to be acquired: 1,200,000 shares (maximum)
(3.74% of total shares issued and outstanding [not including treasury shares])
- (3) Total acquisition price of shares to be acquired: 2,000,000,000 yen (maximum)
- (4) Acquisition period: March 14–October 31, 2025
- (5) Acquisition method: Market purchase on the Tokyo Stock Exchange
(Market purchase under a discretionary contract on acquisition of treasury stock)

3. Details of matters related to the retirement of shares

- (1) Class of shares to be retired: Company common stock
- (2) Total number of shares to be retired: Total number of treasury shares acquired under 2 above
(3.33% of total shares issued and outstanding prior to retirement)
- (3) Planned date of retirement: January 16, 2026

(Reference)

Holdings of treasury shares as of January 31, 2025

Total shares issued and outstanding (excluding treasury shares): 32,075,690 shares

Treasury shares: 3,983,910 shares

4. Other

Orders received and outstanding balances of orders received

Orders received and the outstanding balance of orders received in the Digital Industry Business remained strong during the consolidated fiscal year under review. We were able to steadily capture ICT investment demand, particularly in the automotive industry. Backed by DX promotion, orders received grew in the Service Integration Business, especially in focus business areas. However, the outstanding balance of orders declined YoY due to lower stock sales.

Orders received during the consolidated fiscal year under review are broken down below by business segment.

Segment	Orders received (million yen)	YoY change (%)	Balance of orders received (million yen)	YoY change (%)
Digital Industry Business	20,533	111.7	3,935	115.2
Service Integration Business	36,083	103.6	12,228	99.1
Total	56,617	106.4	16,163	102.6