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Summary of Consolidated Financial Results for the Fiscal Year Ended January 31, 2026 [Japanese GAAP]

March 12, 2026

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Scheduled date of Ordinary General Meeting of Shareholders: April 21, 2026

Scheduled date of dividend payments: April 22, 2026

Scheduled submission date of Securities Report: April 21, 2026

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, 2026

(February 1, 2025 through January 31, 2026)

(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. 2026	65,882	17.2	7,338	9.6	7,435	9.2	5,201	28.8
FY ended Jan. 2025	56,208	5.8	6,696	5.3	6,807	6.2	4,040	(11.0)

(Note) Comprehensive income: FY ended Jan. 2026 6,084 million yen 36.9%

FY ended Jan. 2025 4,443 million yen (9.6)%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY ended Jan. 2026	165.67	165.56	12.5	12.9	11.1
FY ended Jan. 2025	122.39	122.26	10.0	13.1	11.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended Jan. 2026	62,210	42,603	68.4	1,364.32
FY ended Jan. 2025	52,636	40,401	76.7	1,258.46

(Reference) Total shareholders' equity: FY ended Jan. 2026 42,581 million yen

FY ended Jan. 2025 40,365 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. 2026	5,825	(2,184)	(3,914)	25,200
FY ended Jan. 2025	5,269	(1,667)	(4,850)	25,472

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. 2025	–	25.00	–	30.00	55.00	1,792	44.9	4.5
FY ended Jan. 2026	–	30.00	–	40.00	70.00	2,184	42.3	5.3
FY ending Jan. 2027 (Forecast)	–	35.00	–	45.00	80.00		44.6	

3. Forecasts of consolidated financial results for the fiscal year ending January 31, 2027 (February 1, 2026 through January 31, 2027)

(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	32,850	6.5	3,800	10.1	3,820	8.6	2,600	9.0	83.31
Full year	68,000	3.2	7,750	5.6	7,800	4.9	5,600	7.7	179.43

*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.: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatements: None

Note: For more information, see the Summary of Consolidated Financial Results for the Fiscal Year Ended January 31, 2026: Accompanying Materials: p. 14, 3. Consolidated Financial Statements and Major Notes: (5) Notes on the Consolidated Financial Statements: (Notes on Changes in Accounting Policies).

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

(i) Number of shares issued and outstanding (including treasury stock)	FY ended Jan. 2026	35,168,200 shares	FY ended Jan. 2025	36,059,600 shares
(ii) Ended number of shares of treasury stock	FY ended Jan. 2026	3,957,736 shares	FY ended Jan. 2025	3,983,910 shares
(iii) Average number of shares during period	FY ended Jan. 2026	31,398,733 shares	FY ended Jan. 2025	33,011,938 shares

(Reference) Nonconsolidated Financial Results

1. Nonconsolidated financial results for the fiscal year ended January 31, 2026
(February 1, 2025 through January 31, 2026)

(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. 2026	52,226	19.1	5,683	9.7	6,267	9.1	4,575	32.0
FY ended Jan. 2025	43,838	7.7	5,182	3.9	5,747	3.2	3,466	(16.7)

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Jan. 2026	145.71	145.62
FY ended Jan. 2025	105.00	104.89

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended Jan. 2026	51,257	34,002	66.3	1,088.76
FY ended Jan. 2025	43,201	32,790	75.8	1,021.18

(Reference) Total shareholder equity FY ended Jan. 2026 33,980 million yen
FY ended Jan. 2025 32,755 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 4 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 16, 2026.

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1. Overview of Business Results, etc.

(1) Overview of Business Results

During the consolidated fiscal year under review (February 1, 2025 through January 31, 2026), Japan's economy followed a path of gentle recovery, with employment and income conditions improving due in part to ongoing government stimulus policies. Nevertheless, the future outlook remained uncertain for various reasons, including the impact of continuing inflation driven by the rising cost of energy and raw materials, as well as fluctuations in capital and financial markets, in addition to downside risks to the Japanese economy posed by continuing geopolitical tensions and US trade policy.

In the information services industry, appetite remained high for investments in digital transformation (DX) intended to improve corporate productivity and competitive strength. Demand continued to grow for digitalization as part of business structural reforms, including system upgrades and migration to the cloud. In particular, use of generative AI for business efficiency improvements and to achieve workstyle reforms continued to expand, while demand for cybersecurity solutions remained high amid growing awareness of information security and increasingly sophisticated cyberattacks.

Under these circumstances, the CEC Group promoted business activities reflecting both business and corporate strategies based on Medium-term Management Plan 2025-2027, launched in this consolidated fiscal year, striving to achieve sustained growth in corporate value by pursuing solutions to social and industrial challenges. Additionally, the Company acquired treasury shares (capped at 2,000 million yen through June 12, 2025) as part of its capital policy and to improve capital efficiency. All acquired shares were cancelled on January 16, 2026.

As a result of these initiatives, business results for the consolidated fiscal year under review showed net sales up 9,674 million yen (17.2%) from the previous fiscal year to 65,882 million yen, backed by strong ICT investment by customers. Despite higher SG&A expenses, growth in sales led to gains of 642 million yen (9.6%) in operating income to 7,338 million yen; 628 million yen (9.2%) in ordinary income to 7,435 million yen; and 1,161 million yen (28.8%) in net income attributable to owners of the parent to 5,201 million yen.

Business results for the individual segments are reviewed below.

Starting with the consolidated fiscal year under review, the Company reorganized its business segments in pursuit of sustained growth by responding to the changing marketplace and technological innovations. The segment categories have been revised from the two segments of the Digital Industry Business and the Service Integration Business to three segments: the Integration Segment, Connected Segment, and Solution Segment. Results for the previous fiscal year have been reclassified to reflect these new segments.

Segment	Business overview
Integration Segment	Providing comprehensive one-stop ICT services centered on traditional system development, ranging from information systems planning through infrastructure design, development, and operations
Connected Segment	Systems development in areas like mobility and smart factories and providing services based on the use and analysis of digital data
Solution Segment	Leveraging our security technologies and data centers to provide proprietary products and services to customers across diverse fields

(Integration Segment)

Performance in the focus business area of Migration Services remained flat from the previous year as competition within a maturing market intensified, despite growing numbers of inquiries concerning cloud migration and legacy migration backed by efforts to promote DX. Microsoft Services grew, primarily in Azure projects backed by growing AI-related demand. The System and Infrastructure Development business showed steady progress, primarily driven by core systems development for the automotive industry, while infrastructure development was led by large-scale projects for government agencies, including projects involving network equipment. As a result, segment net sales grew by 7,247 million yen (20.3%) to 42,953 million yen. Operating income rose 1,191 million yen (15.7%) to 8,786 million yen, driven by growth in the System and Infrastructure Development business.

(Connected Segment)

Big Data utilization infrastructure development drove performance in the focus business area of Data Monetization, which grew as planned. Despite high cloud-related demand, Cloud Service Development sales declined with the completion of specific projects. Controls Simulation showed growth centered on the development of IoT systems and embedded software for the auto industry. Growth of in-vehicle verification services contributed to a slight improvement in Quality Management. The resulting segment net sales grew by 419 million yen (3.7%) to 11,837 million yen, while operating income rose 206 million yen (9.9%) to 2,284 million yen, driven by growth in focus business areas and the increased profitability of businesses targeting the automotive industry.

(Solution Segment)

The focus business area of Security Services performed well, with double-digit growth in both in-house products and security surveillance services. The performance of the Data Center business remained flat due to temporary delays in securing new customers following business reorganization. Industry-specific solutions remained flat due to mixed trends across different business areas. As a result, segment net sales increased by 2,007 million yen (22.1%) to 11,091 million yen. Operating income rose 121 million yen (6.7%) to 1,939 million yen due to sales growth.

(2) Overview of Financial Position

(Total assets)

Total assets grew by 9,574 million yen from the end of the previous consolidated fiscal year to 62,210 million yen, due mainly to increases of 4,825 million yen in product, 2,180 million yen in notes and accounts receivable - trade, and contract assets, and 1,273 million yen in investment securities.

(Liabilities)

Total liabilities amounted to 19,607 million yen, up 7,373 million yen from the end of the previous consolidated fiscal year, due mainly to increases of 4,566 million yen in accounts payable - trade and 1,881 million yen in contract liabilities.

(Net assets)

Net assets grew by 2,201 million yen from the end of the previous consolidated fiscal year to 42,603 million yen. This was attributable mainly to an increase of 5,201 million yen in retained earnings, associated with the recording of net income attributable to owners of parent, while treasury shares increased by 1,999 million yen due to the acquisition of treasury shares; payment of dividends on surplus reduced retained earnings by 1,898 million yen; and valuation differences on available-for-sale securities grew by 528 million yen. Cancellation of treasury shares reduced treasury shares by 1,218 million yen, but this did not affect total net assets as retained earnings fell by the same amount.

(3) Overview of Cash Flows

Cash and cash equivalents ("funds" hereinafter) as of the end of the consolidated fiscal year ended January 31, 2026, stood at 25,200 million yen, down 272 million yen from the end of the previous fiscal year.

(Cash flow from operating activities)

Funds increased by 5,825 million yen as a result of operating activities (for an increase of 556 million yen in proceeds from the previous period). This was due mainly to income before income taxes of 7,350 million yen, increase in notes and accounts payable - trade of 4,566 million yen, increase in inventories of 4,879 million yen, and income taxes paid of 2,419 million yen.

(Cash flow from investing activities)

Funds declined by 2,184 million yen due to investing activities (for an increase of 516 million yen in expenditures from the previous period). This was due mainly to expenditures of 816 million yen on the purchase of non-current assets and 705 million yen in purchase of shares of subsidiaries resulting in a change in scope of consolidation.

(Cash flow from financial activities)

Funds declined by 3,914 million yen due to financing activities (for a decrease of 935 million yen in spending from the previous period). This was due mainly to expenditure of 1,999 million yen on the acquisition of treasury shares and payment of 1,901 million yen in dividends.

(Reference) Trends in indicators related to cash flow

	FY ended Jan. 2024	FY ended Jan. 2025	FY ended Jan. 2026
Equity ratio (%)	79.3	76.7	68.4
Equity ratio based on market value (%)	107.7	115.8	110.5
Cash flow-to-interest-bearing liabilities ratio (years)	0.1	0.1	0.1
Interest coverage ratio (times)	2,351.5	1,836.7	1425.6

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

Equity ratio: total shareholder equity / total assets

Equity ratio based on market value: market capitalization / total assets

Cash flow-to-interest-bearing liabilities ratio: interest-bearing liabilities / cash flow from operating activities

Interest coverage ratio: cash flow from operating activities / 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 × (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) R&D Activities

During the consolidated fiscal year under review, the reporting company played a central role in promoting R&D activities intended to create distinctive products and services capable of meeting changing client needs.

Specifically, we promoted activities like those following on from the themes of making our proprietary products more competitive through new product development and other efforts and strengthening the technological capabilities for providing valuable ICT services to clients.

R&D expenses during the consolidated fiscal year under review were up 10.1% YoY to 468 million yen. Reviewed below are the major R&D activities undertaken during the period:

(Integration Segment)

We pursued the following R&D activities in this segment, which draws on information systems planning, consulting, and applications development to provide comprehensive ICT solutions for customer businesses:

- Development to add functionality to Convergent[®]
- Development to expand Re@nove[®] functionality

As a result, R&D expenses during the consolidated fiscal year under review were down 85.7% YoY to 29 million yen.

(Connected Segment)

We pursued the following R&D activities in this segment, which provides products and services that support cloud-linked IoT systems development and analysis and utilization of data:

- Research and development of data analysis infrastructure
- Development to add functionality to Facteye[®]
- Improvements in Connected CI[®] functionality
- Research and development of new services

As a result, R&D expenses during the consolidated fiscal year under review were up 114.3% YoY to 113 million yen.

(Solution Segment)

Drawing on advanced security technologies and robust data center services, we undertook the following R&D to provide solutions in a wide range of fields, including the public sector, education, logistics, medicine, and healthcare:

- Development of systems for various services and verification of their feasibility in the SmartSESAME[®] series
- Development to add functionality to LogiPull[®]
- Research and development of new services

As a result, R&D expenses during the consolidated fiscal year under review were up 57.9% YoY to 266 million yen.

(Companywide)

We undertook the following R&D for cloud infrastructure for use across all segments:

- Development and implementation of a shared BizAxis[®] cloud integration platform

As a result, R&D expenses during the consolidated fiscal year under review were 58 million yen (N/A YoY).

(5) Outlook

The CEC Group positioned the three-year period from the fiscal year ending January 31, 2026, through the fiscal year ending January 31, 2028 covered by the Medium-term Management Plan 2025–2027 as a growth phase to accelerate business structural reforms with the aim of achieving the goals of the VISION 2030 Long-term Management Plan through the fiscal year ending January 31, 2031. The next year will be the second year of this period. Under the VISION 2030 Basic Policy, “Ongoing evolution and growth as an essential company,” we are striving to achieve sustained growth in corporate value by accelerating sustainability initiatives while pursuing solutions to various social and industrial challenges, based on two growth strategy cornerstones: business strategy and corporate strategy. For the next consolidated fiscal year, the Group forecasts net sales of 68.0 billion yen, operating income of 7.75 billion yen, ordinary income of 7.80 billion yen, and net income attributable to owners of parent of 5.60 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 improving returns 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 2025–2027, announced March 13, 2025, sets as its quantitative target a dividend payout ratio of at least 45% in the fiscal year ending January 31, 2028. While the Company had planned to pay a year-end dividend of 35 yen per share at the end of the fiscal year under review, since performance during the period showed greater than planned growth, a proposal will be submitted to the 58th Ordinary General Meeting of Shareholders, planned for April 21, 2026, to pay a year-end dividend of 40 yen per share, up five yen from initial plans. This would result in annual dividends of 70 yen per share (up 15 yen from the previous year), including the interim dividend, for a planned dividend payout ratio of 42.3%. We plan to pay annual dividends of 80 yen per share in the next fiscal year, consisting of an interim dividend of 35 yen per share and a year-end dividend of 45 yen per share. This would result in an increase of 10 yen from the fiscal year under review for a projected dividend payout ratio of 44.6%.

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

	Annual dividends		
	End of Q2	Year end	Total
Paid this fiscal year	30 yen	40 yen	70 yen
Paid last fiscal year (year ended January 2025)	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, 2025)	Current Consolidated Fiscal Year (January 31, 2026)
Assets		
Current assets		
Cash and deposits	25,472	25,200
Notes and accounts receivable - trade, and contract assets	11,433	13,613
Product	307	5,133
Work in progress	574	632
Other accounts receivable	34	8
Other	1,293	1,625
Allowance for doubtful accounts	(1)	(2)
Total current assets	39,114	46,210
Non-current assets		
Property, plant, and equipment		
Buildings and structures	11,038	11,309
Accumulated depreciation	(7,096)	(7,358)
Buildings and structures, net	3,941	3,951
Land	2,004	2,007
Other	3,952	3,858
Accumulated depreciation	(3,077)	(2,966)
Other, net	875	892
Total property, plant, and equipment	6,821	6,851
Intangible assets		
Goodwill	143	638
Software	199	160
Software in progress	25	-
Other	27	27
Total intangible assets	395	827
Investments and other assets		
Investment securities	2,231	3,505
Deferred tax assets	292	94
Net defined benefit asset	1,945	2,780
Other	1,846	1,953
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	6,303	8,321
Total non-current assets	13,521	16,000
Total assets	52,636	62,210

(Unit: Million yen)

	Previous Consolidated Fiscal Year (January 31, 2025)	Current Consolidated Fiscal Year (January 31, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	2,557	7,123
Short-term loans payable	350	352
Current portion of long-term loans payable	–	2
Income taxes payable	1,603	1,429
Contract liabilities	2,283	4,165
Allowance for bonuses	636	905
Provision for loss on orders received	2	4
Asset retirement obligations	69	23
Other	2,887	3,394
Total current liabilities	10,389	17,400
Non-current liabilities		
Long-term loans payable	–	13
Long-term accounts payable - other	22	22
Deferred tax liabilities	0	88
Provision for directors' retirement benefits	7	2
Net defined benefit liability	109	106
Asset retirement obligations	1,704	1,973
Other	1	–
Total non-current liabilities	1,844	2,206
Total liabilities	12,234	19,607
Net assets		
Shareholder equity		
Capital stock	6,586	6,586
Capital surplus	6,733	6,733
Retained earnings	30,539	32,619
Treasury shares	(4,660)	(5,408)
Total shareholder equity	39,198	40,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	824	1,352
Foreign currency translation adjustment	20	22
Remeasurements of defined benefit plans	322	674
Total accumulated other comprehensive income	1,167	2,049
Subscription rights to shares	35	22
Total net assets	40,401	42,603
Total liabilities and net assets	52,636	62,210

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

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)	Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)
Net sales	56,208	65,882
Cost of sales	40,863	49,019
Gross profit	15,344	16,863
Selling, general, and administrative expenses	8,647	9,524
Operating income	6,696	7,338
Non-operating income		
Interest income	4	23
Dividends received	26	34
Dividends from insurance	7	9
Insurance income	80	—
Subsidy income	—	18
Miscellaneous income	18	18
Total non-operating income	136	104
Non-operating expenses		
Interest expenses	2	4
Loss on retirement of non-current assets	13	1
Foreign exchange loss	5	0
Commission for purchase of treasury shares	2	1
Miscellaneous loss	0	0
Total non-operating expenses	25	7
Ordinary income	6,807	7,435
Extraordinary loss		
Impairment loss	1,011	84
Total extraordinary loss	1,011	84
Profit before income taxes	5,795	7,350
Income taxes - current	2,097	2,243
Income taxes - deferred	(341)	(94)
Total income taxes	1,755	2,149
Net income	4,040	5,201
Net income attributable to owners of parent	4,040	5,201

(Consolidated Statement of Comprehensive Income)

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)	Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)
Net income	4,040	5,201
Other comprehensive income		
Valuation difference on available-for-sale securities	368	528
Foreign currency translation adjustment	8	1
Remeasurements of defined benefit plans	26	351
Total other comprehensive income	403	882
Comprehensive income	4,443	6,084
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,443	6,084

(3) Consolidated Statement of Changes in Equity

Previous 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					
Cancellation 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						
Cancellation 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

Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)

(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	30,539	(4,660)	39,198
Changes in items during the period					
Dividends of surplus			(1,898)		(1,898)
Net income attributable to owners of parent			5,201		5,201
Purchase of treasury shares				(1,999)	(1,999)
Disposal of treasury shares			(4)	33	29
Cancellation of treasury shares			(1,218)	1,218	–
Net changes in items other than shareholder equity					
Total changes in items during period	–	–	2,080	(747)	1,332
Balance at end of period	6,586	6,733	32,619	(5,408)	40,531

	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	824	20	322	1,167	35	40,401
Changes in items during the period						
Dividends of surplus						(1,898)
Net income attributable to owners of parent						5,201
Purchase of treasury shares						(1,999)
Disposal of treasury shares						29
Cancellation of treasury shares						–
Net changes in items other than shareholder equity	528	1	351	882	(13)	868
Total changes in items during period	528	1	351	882	(13)	2,201
Balance at end of period	1,352	22	674	2,049	22	42,603

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)	Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)
Cash flow from operating activities		
Profit before income taxes	5,795	7,350
Depreciation	818	737
Impairment loss	1,011	84
Amortization of goodwill	20	74
Increase (decrease) in provision for bonuses	(81)	268
Increase (decrease) in provision for loss on orders received	(0)	1
Increase (decrease) in provision for directors' retirement benefits	(7)	(5)
Increase (decrease) in net defined benefit liability	(1)	(3)
Decrease (increase) in net defined benefit asset	(340)	(315)
Increase (decrease) in allowance for doubtful accounts	(7)	1
Interest and dividend income	(30)	(58)
Interest expenses	2	4
Loss on retirement of non-current assets	13	1
Increase (decrease) in contract liabilities	(48)	1,881
Decrease (increase) in notes and accounts receivable - trade	(1,088)	(2,179)
Decrease (increase) in inventories	(30)	(4,879)
Decrease (increase) in other accounts receivable	(4)	26
Decrease (increase) in other current assets	(216)	(337)
Increase (decrease) in notes and accounts payable - trade	345	4,566
Increase (decrease) in accrued consumption taxes	(161)	(69)
Increase (decrease) in accounts payable - other	84	610
Increase (decrease) in accrued expenses	165	234
Increase (decrease) in other current liabilities	89	34
Other	200	159
Subtotal	6,529	8,190
Interest and dividend income received	30	58
Interest expenses paid	(2)	(4)
Income taxes paid	(1,287)	(2,419)
Cash flow from operating activities	5,269	5,825

(Unit: Million yen)

	Previous Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)	Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)
Cash flow from investing activities		
Purchase of non-current assets	(767)	(816)
Proceeds from sale of non-current assets	8	3
Payments for asset retirement obligations	(101)	(69)
Payments for lease and guarantee deposits	(403)	(170)
Proceeds from collection of lease and guarantee deposits	40	119
Payments for purchase of investment securities	(100)	(372)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(164)	(705)
Other	(180)	(173)
Cash flow from investing activities	(1,667)	(2,184)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	–	(8)
Repayment of long-term loans payable	(13)	(4)
Purchase of treasury shares	(2,999)	(1,999)
Dividend payment amount	(1,836)	(1,901)
Proceeds from exercise of stock options	–	0
Cash flow from financing activities	(4,850)	(3,914)
Effect of exchange rate change on cash and cash equivalents	7	0
Net increase (decrease) in cash and cash equivalents	(1,241)	(272)
Cash and cash equivalents at the beginning of period	26,714	25,472
Cash and cash equivalents at the end of period	25,472	25,200

(5) Notes on the Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable

(Notes on Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes and other applicable standards)

The Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan [ASBJ] Statement No. 27, October 28, 2022; “2022 Revised Accounting Standard” hereinafter) and other applicable standards have been applied since the start of the consolidated fiscal year under review.

The transitional treatment specified in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment specified in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; “2022 Revised Guidance” hereinafter) have been applied for revisions related to the accounting classifications of income tax (taxation on other comprehensive income). This change in accounting policies does not affect the consolidated financial statements.

For changes related to the revised handling in the consolidated financial statements of gains/losses on sales arising in connection with sale of assets such as stock in subsidiaries among consolidated companies when deferred for tax purposes, we have applied the 2022 Revised Guidance since the start of the consolidated fiscal year under review. This change in accounting policies is applied retroactively; the consolidated financial statements for the previous fiscal year reflect this retroactive application. This change does not affect the consolidated financial statements for the previous fiscal year.

(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.

Starting with the current consolidated fiscal year, the Group restructured its business segments in pursuit of sustained growth by responding to the changing marketplace and technological innovations. The segment categories have been revised from the two segments of the Digital Industry Business and the Service Integration Business to three segments: the Integration Segment, Connected Segment, and Solution Segment.

Results for the previous fiscal year have been restated based on these new segments.

The details of each segment reported are described below.

Segment	Business overview
Integration Segment	Providing comprehensive one-stop ICT services centered on traditional system development, ranging from information systems planning through infrastructure design, development, and operations
Connected Segment	Systems development in areas like mobility and smart factories and providing services based on the use and analysis of digital data
Solution Segment	Leveraging our security technologies and data centers to provide proprietary products and services to customers across diverse fields

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, 2024 - January 31, 2025)

(Unit: Million yen)

	Reporting segment				Adjustment (Note 1)	Amount recognized on Consolidated Financial Statements (Note 2)
	Integration Segment	Connected Segment	Solution Segment	Total		
Net sales						
Sales to external customers	35,706	11,418	9,083	56,208	–	56,208
Inter-segment sales or transfers	184	247	59	491	(491)	–
Total	35,891	11,665	9,143	56,700	(491)	56,208
Segment profit	7,595	2,078	1,817	11,491	(4,794)	6,696
Segment assets	12,439	3,197	3,629	19,266	33,369	52,636
Other						
Depreciation	56	7	320	385	432	818
Increase in the value of tangible and intangible assets	70	6	254	331	435	767

(Notes) 1. Adjustment amounts are shown below:

- (1) The adjustment of (negative) 4,794 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 33,369 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 432 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 investment amounts related to administrative sections 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, 2025 - January 31, 2026)

(Unit: Million yen)

	Reporting segment				Adjustment (Note 1)	Amount recognized on Consolidated Financial Statements (Note 2)
	Integration Segment	Connected Segment	Solution Segment	Total		
Net sales						
Sales to external customers	42,953	11,837	11,091	65,882	–	65,882
Inter-segment sales or transfers	121	379	36	537	(537)	–
Total	43,074	12,216	11,128	66,420	(537)	65,882
Segment profit	8,786	2,284	1,939	13,010	(5,671)	7,338
Segment assets	21,005	3,393	4,244	28,643	33,567	62,210
Other						
Depreciation	65	8	222	296	440	737
Amortization of goodwill	47	–	–	47	27	74
Increase in the value of tangible and intangible assets	44	7	373	425	391	816

(Notes) 1. Adjustment amounts are shown below:

- (1) The adjustment of (negative) 5,671 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 33,567 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 440 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 391 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 investment amounts related to administrative sections not allocated to individual reporting segments.
2. Segment profits are adjusted against operating income reported on the Consolidated Statement of Income.

(Notes on Per-Share Information)

	Previous Consolidated Fiscal Year (February 1, 2024 - January 31, 2025)	Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)
Net assets per share	1,258.46 yen	1,364.32 yen
Net income per share	122.39 yen	165.67 yen
Diluted net income per share	122.26 yen	165.56 yen

(Notes) 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, 2024 - January 31, 2025)	Current Consolidated Fiscal Year (February 1, 2025 - January 31, 2026)
Net income per share		
Net income attributable to owners of parent (million yen)	4,040	5,201
Amount not attributable to common shareholders (million yen)	–	–
Net income attributable to common shareholders of the parent (million yen)	4,040	5,201
Weighted average of the number of common shares outstanding during the period (shares)	33,011,938	31,398,733
Diluted net income per share		
Adjustments to net income attributable to owners of parent (million yen)	–	–
Increase in the number of common shares (shares)	34,381	20,547
(Subscription rights to shares [shares], included above)	(34,381)	(20,547)
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, 2025)	Current Consolidated Fiscal Year (January 31, 2026)
Total net assets (million yen)	40,401	42,603
Deduction from the total net asset value (million yen)	35	22
(Subscription rights to shares [million yen], included in deduction from the total net asset value)	(35)	(22)
(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)	40,365	42,581
The number of common shares outstanding at end of fiscal year used to calculate net asset value per share (shares)	32,075,690	31,210,464

(Notes on Significant Subsequent Events)

Not applicable

4. Other

Orders received and order backlog

Orders received and the order backlog in the Integration Segment during the consolidated fiscal year under review were strong thanks to success in securing orders for large-scale projects for government agencies, including network equipment. While orders received in the Connected Segment were down due to a rebound reduction at subsidiaries, the order backlog increased, centered on Big Data utilization infrastructure development for the automotive industry. Orders received and the order backlog in the Solution Segment increased due to growth in security monitoring services.

Orders received during the third quarter consolidated cumulative period are broken down below by business segment.

Segment	Orders received (million yen)	YoY change (%)	Order backlog (million yen)	YoY change (%)
Integration Segment	49,109	137.8	14,716	171.9
Connected Segment	11,884	98.8	2,367	102.0
Solution Segment	11,676	130.6	5,868	111.1
Total	72,671	128.4	22,952	142.0

Note: The Company has revised its reporting segments starting with the consolidated fiscal year under review. Figures for the same period of the previous fiscal year above have been restated to reflect these changes.