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Non-consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

November 12, 2026

Company name: FLECT Co., Ltd. Listing: Tokyo Stock Exchange
Securities code: 4414 URL https://www.flect.co.jp/ (in Japanese)
Representative: (Title) Representative Director and CEO (Name) Koji Kurokawa
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Scheduled date to file semi-annual securities report: November 12, 2026
Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the first half (interim period) of the fiscal year ending March 31, 2027 (from April 1, 2026 to September 30, 2026)

(1) Non-consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Interim profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2026	4,544	19.2	174	△58.0	175	△57.8	105	△57.7
Six months ended September 30, 2025	3,813	△2.4	414	△3.9	415	△2.9	250	△2.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2026	19.64	18.94
Six months ended September 30, 2025	40.75	39.12

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	3,685	2,270	61.6
As of March 31, 2026	3,695	2,235	60.5

Reference: Equity As of September 30, 2026 2,270 million As of March 31, 2026 2,235 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2027	—	0.00			
Fiscal year ending March 31, 2027 (Forecast)			—	0.00	0.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Non-consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes for the full year.)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,400	26.0	1,247	0.3	1,246	0.1	751	9.8	139.30

(Note) Revisions to the earnings forecasts most recently announced: None

*Notes

(1) Adoption of accounting treatment specific to the preparation of interim non-consolidated financial statements: Yes

(Note) For details, please refer to page 7, “2. Interim Non-consolidated Financial Statements and Primary Notes (4) Notes to Interim Non-consolidated Financial Statements (Notes on Application of Accounting Treatment Specific to the Preparation of Interim Non-consolidated Financial Statements)” of the attached materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of September 30, 2026	6,211,600 shares	As of March 31, 2026	6,197,920 shares
(ii) Number of treasury shares at the end of the period	As of September 30, 2026	876,250 shares	As of March 31, 2026	804,871 shares
(iii) Average number of shares outstanding during the period (interim period)	Six months ended September 30, 2026	5,391,205 shares	Six months ended September 30, 2025	6,141,393 shares

(Note) The Company has introduced the BIP trust for remuneration for directors (and other officers) and the ESOP trust for share granting, and shares in the Company held by these trusts are included in the number of treasury shares at the end of the period and in the number of treasury shares deducted in calculating the average number of shares outstanding during the period.

* This interim financial results report is not subject to review by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements are not intended as a promise by the Company that they will be achieved. Actual performance and other results may differ substantially due to various factors.

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1. Qualitative Information on Interim Financial Results

(1) Explanation of Operating Results

The Company is a multi-cloud integrator that supports the digital transformation (DX) of its client companies with cutting-edge cloud and AI technologies, guided by its corporate vision of realizing an ideal future with the cloud.

In the interim period under review, while improvements were seen in the employment situation and other areas, the outlook for the Japanese economy remained uncertain, reflecting rising prices as well as overseas political and economic developments.

Regarding the DX market in which the Company operates, although DX has various definitions, the Japan Business Federation (Keidanren) defines it not as mere improvement, automation or efficiency gains, but as reform that creates new value in response to fundamental changes in society (Source: Japan Business Federation, "Digital Transformation (DX)," May 19, 2020). Companies need to shift from "defensive DX," which digitizes internal analog operations and data for the purpose of cost reduction, to "offensive DX," which creates new customer experiences for the purpose of enhancing revenue and customer engagement. "Offensive DX" advances in stages, from the transformation of customer touchpoints to the transformation of service products and then to the transformation of business models. Although it is highly difficult to achieve, companies that accomplish it can obtain a high level of competitiveness. This "offensive DX" may be regarded as the true essence of DX.

Amid this environment, the domestic DX market is projected to expand from an estimated ¥5,275.9 billion in fiscal 2024 to ¥9,266.6 billion in fiscal 2030 (Source: Fuji Chimera Research Institute, Inc., "2025 Future Outlook of the Digital Transformation Market"). The domestic public cloud services market, which underpins the realization of DX, is projected to grow at a compound annual growth rate of 15.7% from 2023 to 2028, with the market size in 2028 reaching ¥6,514.6 billion, 2.1 times the 2023 level (Source: IDC Japan, Inc., "Japan Public Cloud Services Market Forecast, 2024–2028").

In addition, amid an intensifying labor shortage caused by the declining birthrate and aging population, companies' needs to improve operational efficiency and productivity through AI and to create new customer value are growing rapidly, and the implementation of AI in business operations has become an important management issue for companies. The domestic AI systems market is expected to achieve high growth as multi-AI agents are applied to specialized business operations and industries, with the market size (on a spending basis) projected to grow from ¥1,341.2 billion in 2024 to ¥4,187.3 billion in 2029 (Source: IDC Japan, Inc., "Japan AI Systems Market Forecast, 2024–2029").

The Company has been conducting its business operations through the "Cloud Integration Service." As the Company's business consists of a single segment, the Cloud Solution Business, disclosure by segment has been omitted.

With respect to operating results for the interim period under review, the Company achieved record-high net sales for a single quarter (three-month period) of ¥2,322 million. The number of "quarterly contracted customers (Note 2)" among major companies (Note 1) was 68 (63 in the same period of the previous fiscal year and 62 in the previous quarter).

The provision of total services that add AI to data linkage, ID integration and the construction of data integration platforms led to expanded transactions with certain existing customers, and the number of major companies with quarterly net sales of ¥50 million or more was 14 (10 in the same period of the previous fiscal year and 14 in the previous quarter).

The Company is also actively investing in areas such as human resources, the utilization of AI and the ID package business with a view to sustainable growth in the future. In addition, the recording of a provision for loss on orders received following the addition of resources to certain projects caused the gross profit margin for the second quarter (three-month period) to decline 7.0 percentage points year on year, which also contributed to a 10.1 percentage point year-on-year decline in the operating profit margin.

As specific initiatives, the Company provided total services that add AI to data linkage, ID integration and the construction of data integration platforms. The Company also continued to provide application development utilizing the Salesforce platform, including contact center services, community services, e-commerce services and IoT services. Among new customers, the Company received multiple orders, mainly in the public sector and financial industries, for the Salesforce platform as well as the autonomous AI agent "Agentforce" and "Data 360," and also received an order involving "Databricks." Among existing customers, projects utilizing the Salesforce platform contributed to operating results.

The number of professional employees such as cloud engineers (Note 3) was 456 as of the end of September 2026 (403 at the end of the same period of the previous fiscal year and 456 at the end of the previous quarter).

Notes

1. Major companies: Companies included in the Nikkei 225, Nikkei 400 or Nikkei 500, their group companies, or companies of a comparable scale with net sales of ¥100 billion or more
2. Quarterly contracted customers: The number of customers under contract during the quarter, excluding resale transactions and customers with quarterly net sales of ¥1 million or less. Resale transactions are the resale to customers of licenses purchased by the Company; as the amounts are immaterial for the Company, such customers are excluded.
3. Professional employees such as cloud engineers: Professional staff such as engineers and managers in the Cloud Integration

Service division, excluding administrative staff

As a result of the foregoing, the Company's operating results for the interim period under review were net sales of ¥4,544,268 thousand (up 19.2% year on year), gross profit of ¥1,899,157 thousand (up 6.9% year on year), operating profit of ¥174,352 thousand (down 58.0% year on year), ordinary profit of ¥175,258 thousand (down 57.8% year on year) and interim profit of ¥105,892 thousand (down 57.7% year on year).

(2) Explanation of Financial Position

The Company's financial position as of the end of the interim period under review comprised total assets of ¥3,685,409 thousand (down 0.3% from the end of the previous fiscal year), total liabilities of ¥1,415,362 thousand (down 3.1% from the end of the previous fiscal year) and total net assets of ¥2,270,046 thousand (up 1.6% from the end of the previous fiscal year).

(Current assets)

Current assets as of the end of the interim period under review increased ¥66,222 thousand from the end of the previous fiscal year to ¥3,406,116 thousand. This was mainly because, while accounts receivable – trade and contract assets decreased ¥371,858 thousand, cash and deposits increased ¥405,620 thousand.

(Non-current assets)

Non-current assets as of the end of the interim period under review decreased ¥76,265 thousand from the end of the previous fiscal year to ¥279,292 thousand. This was mainly due to a decrease of ¥55,894 thousand in investments and other assets and a decrease of ¥22,400 thousand in property, plant and equipment.

(Current liabilities)

Current liabilities as of the end of the interim period under review decreased ¥8,696 thousand from the end of the previous fiscal year to ¥1,066,873 thousand. This was mainly because, while provision for loss on orders received increased ¥98,925 thousand, income taxes payable decreased ¥237,099 thousand.

(Non-current liabilities)

Non-current liabilities as of the end of the interim period under review decreased ¥36,340 thousand from the end of the previous fiscal year to ¥348,489 thousand. This was due to a decrease of ¥33,876 thousand in long-term loans payable and a decrease of ¥2,464 thousand in long-term advances received.

(Net assets)

Net assets as of the end of the interim period under review increased ¥34,994 thousand from the end of the previous fiscal year to ¥2,270,046 thousand. This was mainly due to the recording of interim profit of ¥105,892 thousand, which increased retained earnings by the same amount.

(3) Explanation of Forward-Looking Information Including Earnings Forecasts

The Company has made no changes to the earnings forecasts for the fiscal year ending March 31, 2027 announced on May 14, 2026 in the "Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2026."

2. Interim Non-consolidated Financial Statements and Primary Notes

(1) Interim Non-consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (As of March 31, 2026)	Current interim period (As of September 30, 2026)
Assets		
Current assets		
Cash and deposits	1,136,760	1,542,381
Accounts receivable – trade and contract assets	1,931,665	1,559,806
Work in process	2,502	6,936
Supplies	192	148
Advance payments	3,334	81,309
Prepaid expenses	242,291	213,384
Other	23,147	2,148
Total current assets	3,339,894	3,406,116
Non-current assets		
Property, plant and equipment	148,583	126,182
Intangible assets	351	2,381
Investments and other assets	206,622	150,728
Total non-current assets	355,557	279,292
Total assets	3,695,451	3,685,409
Liabilities		
Current liabilities		
Accounts payable – trade	253,107	277,300
Current portion of long-term loans payable	67,752	67,752
Accounts payable – other	77,938	77,870
Accrued expenses	100,156	122,589
Income taxes payable	338,943	101,844
Advances received	37,550	73,045
Deposits received	11,163	31,470
Provision for bonuses	86,959	124,329
Provision for bonuses for directors (and other officers)	437	1,592
Provision for share-based payments	24,322	23,303
Provision for share-based payments to directors (and other officers)	6,079	5,678
Provision for loss on orders received	—	98,925
Other	71,158	61,169
Total current liabilities	1,075,569	1,066,873
Non-current liabilities		
Long-term loans payable	382,365	348,489
Long-term advances received	2,464	—
Total non-current liabilities	384,829	348,489
Total liabilities	1,460,399	1,415,362
Net assets		
Shareholders' equity		
Share capital	756,009	759,101
Capital surplus	746,007	749,099
Retained earnings	2,001,587	2,107,479
Treasury shares	(1,268,551)	(1,345,633)
Total shareholders' equity	2,235,052	2,270,046
Total net assets	2,235,052	2,270,046
Total liabilities and net assets	3,695,451	3,685,409

(2) Interim Non-consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Net sales	3,813,880	4,544,268
Cost of sales	2,037,649	2,645,110
Gross profit	1,776,231	1,899,157
Selling, general and administrative expenses	1,361,402	1,724,805
Operating profit	414,829	174,352
Non-operating income		
Fees from contracted operations	1,332	—
Interest income	2,034	2,277
Foreign exchange gains	—	1,134
Miscellaneous income	164	98
Total non-operating income	3,531	3,509
Non-operating expenses		
Interest expenses	3,017	2,603
Total non-operating expenses	3,017	2,603
Ordinary profit	415,343	175,258
Extraordinary losses		
Loss on retirement of non-current assets	790	—
Loss on sale of non-current assets	—	182
Total extraordinary losses	790	182
Interim profit before income taxes	414,552	175,076
Income taxes	164,266	69,183
Interim profit	250,285	105,892

(3) Interim Non-consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Cash flows from operating activities		
Interim profit before income taxes	414,552	175,076
Depreciation and amortization	31,492	31,075
Increase (decrease) in provision for bonuses	(56,572)	37,370
Increase (decrease) in provision for bonuses for directors (and other officers)	(7,722)	1,155
Increase (decrease) in provision for share-based payments	7,832	11,172
Increase (decrease) in provision for share-based payments to directors (and other officers)	260	3,565
Increase (decrease) in provision for loss on orders received	—	98,925
Interest and dividend income	(2,034)	(2,277)
Interest expenses	3,017	2,603
Loss (gain) on sale of non-current assets	—	182
Decrease (increase) in trade receivables	27,346	371,858
Decrease (increase) in inventories	(13,965)	(4,390)
Decrease (increase) in prepaid expenses	(28,171)	70,723
Increase (decrease) in trade payables	(13,846)	24,192
Increase (decrease) in accounts payable – other	12,523	(67)
Increase (decrease) in accrued consumption taxes	(182,452)	(9,988)
Other, net	16,580	20,810
Subtotal	208,840	831,944
Interest received	2,034	2,277
Interest paid	(3,017)	(2,603)
Income taxes paid	(177,690)	(306,679)
Net cash provided by (used in) operating activities	30,167	524,938
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	—	0
Purchase of property, plant and equipment	(105,038)	(252)
Purchase of intangible assets	—	(2,300)
Proceeds from refund of leasehold and guarantee deposits	—	5,743
Payments of leasehold and guarantee deposits	(792)	—
Net cash provided by (used in) investing activities	(105,830)	3,190
Cash flows from financing activities		
Repayments of long-term loans payable	(33,876)	(33,876)
Proceeds from issuance of shares	1,532	6,184
Acquisition of treasury shares	—	(97,167)
Proceeds from disposal of treasury shares	3,435	2,351
Net cash provided by (used in) financing activities	(28,908)	(122,508)
Net increase (decrease) in cash and cash equivalents	(104,571)	405,620
Cash and cash equivalents at beginning of period	2,128,101	1,136,760
Cash and cash equivalents at end of interim period	2,023,529	1,542,381

(4) Notes to Interim Non-consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Application of Accounting Treatment Specific to the Preparation of Interim Non-consolidated Financial Statements)

(Calculation of Income Taxes)

Income taxes are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to profit before income taxes for the fiscal year that includes the interim period under review, and multiplying interim profit before income taxes by that estimated effective tax rate.

Income taxes – deferred is included in income taxes.

(Notes on Interim Statement of Cash Flows)

* The relationship between the balance of cash and cash equivalents at the end of the interim period and the amounts of items presented in the interim balance sheet is as follows.

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Cash and deposits	¥2,023,529 thousand	¥1,542,381 thousand
Cash and cash equivalents	2,023,529	1,542,381

(Notes on Segment Information, Etc.)

[Segment Information]

I. Six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

As the Company's business consists of a single segment, the Cloud Solution Business, disclosure has been omitted.

II. Six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

As the Company's business consists of a single segment, the Cloud Solution Business, disclosure has been omitted.

(Significant Subsequent Events)

Not applicable.