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November 12, 2026

Company name:	FLECT Co., Ltd.
Listing:	Tokyo Stock Exchange
Securities code:	4414
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Matters Expected to Attract Strong Interest Financial Results for the Second Quarter of the Fiscal Year Ending March 2027

We have outlined below matters that we expect will be of high interest to investors regarding our results for the second quarter of the fiscal year ending March 2027.

Q1. Results for the Fiscal Year Ending March 2027 Q2 and Outlook from Q3 Onward

A1. Achieved record-high quarterly net sales (Earnings presentation materials p. 6, 8)

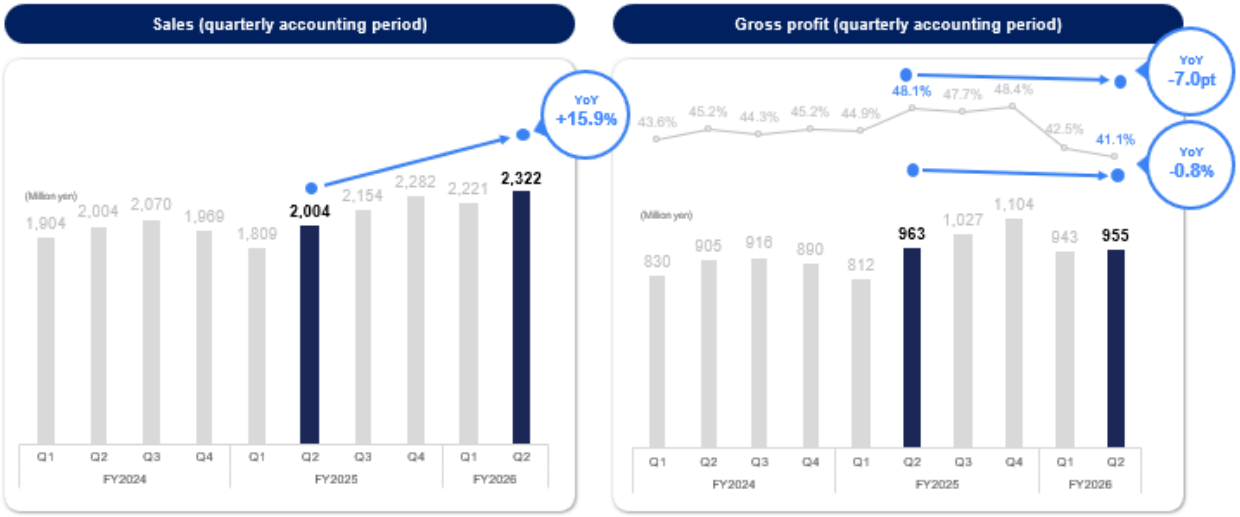
Net sales for 2Q of the fiscal year ending March 2027 reached a record-high 2,322 million yen (up 15.9% year on year), as AI total services — combining data coordination, ID integration, and data integration platform development — led to broadly expanded transactions with existing customers. We are actively investing in human resources, AI utilization, and the ID package business, among others, to drive sustainable future growth.

While we prioritized quality and progress management on certain projects, these are moving toward resolution from 3Q onward, and we expect follow-on orders to build up. In the public sector, a newly focused area, we have steadily won large-scale projects, and in the financial sector, we are making progress in expanding transactions with newly acquired customers. Furthermore, we have converted large-scale inquiries from existing private-sector customers into orders, and we expect these to drive sales growth from 3Q onward.

Regarding profitability, additional resources allocated to certain projects caused the gross profit margin to decline by 7.0pts and the operating profit margin to decline by 10.1pts, both year on year. As these projects reach completion, the provision for loss on orders received recorded in 2Q is expected to be reversed from 3Q onward. In addition, we will make up for the profit shortfall through sales expansion, recovery of the gross profit margin, and a narrower focus on investment areas.

(2nd Quarter, Fiscal Year Ending March 2027) Results Trends

AI total services combining data coordination, ID integration, and data integration platforms led to broadly expanded transactions with existing customers, resulting in net sales of 2,322 million yen (up 15.9% year on year), the highest ever for any quarterly accounting period. However, due to the addition of resources on certain projects, the gross profit margin declined to 41.1% (down 7.0pt year on year), with gross profit of 955 million yen (down 0.8% year on year).



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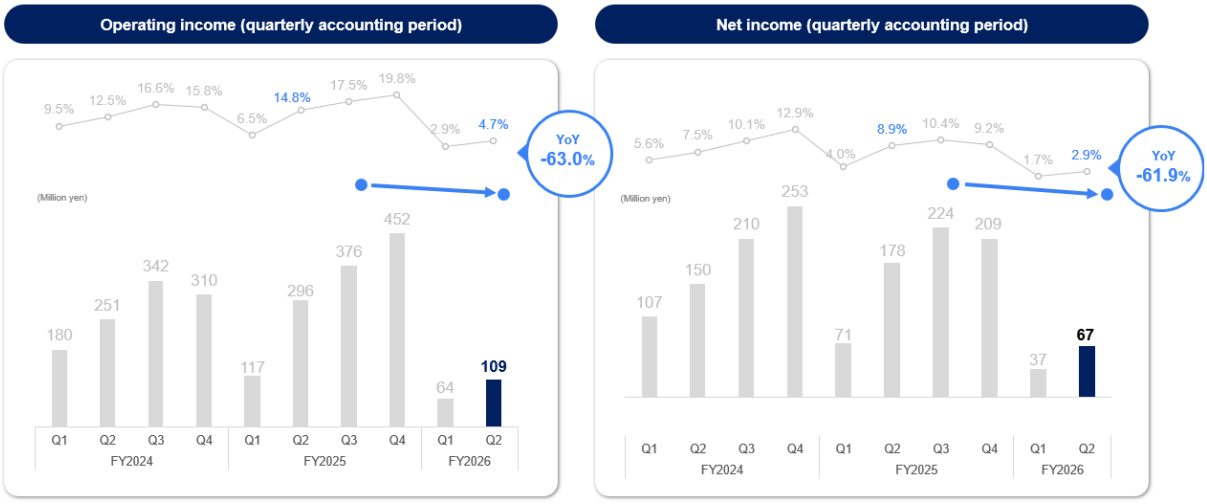
(2nd Quarter, Fiscal Year Ending March 2027) Results Trends

Due to the decline in gross profit margin, operating income was 109 million yen (down 63.0% year on year), and net income was 67 million yen (down 61.9% year on year).



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Q2. Recording of a 98 Million Yen Provision for Loss on Orders Received

A2. For certain ongoing projects, prioritizing quality and progress management resulted in costs that are now expected to exceed the plan. In 2Q, we recorded a 98 million yen provision for loss on orders received in cost of sales to cover the expected losses on these projects. This is not attributable to our overall business structure, and work related to these projects is scheduled to be completed within the fiscal year ending March 2027.

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