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February 5, 2026

Non-consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)

Company name: FLECT Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4414
 URL: <https://www.flect.co.jp/> (in Japanese)
 Representative: Koji Kurokawa, Representative Director and CEO
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 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 nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2025	5,968	(0.2)	791	2.2	790	2.7	474	1.6
December 31, 2024	5,979	21.4	774	42.7	769	43.0	467	27.2

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	77.28	74.21
December 31, 2024	77.21	73.11

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2025	4,543	3,209	70.6
March 31, 2025	4,198	2,722	64.8

Reference: Equity

As of December 31, 2025 ¥3,209 million
 As of March 31, 2025 ¥2,722 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, 2025	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2026	–	0.00	–		
Fiscal year ending March 31, 2026 (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, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	8,237	3.6	1,204	11.0	1,202	11.2	644	△10.6	104.88

Note: Revisions to the earnings forecasts most recently announced: Yes

The forecasted value of basic earnings per share is calculated based on the average number of issued shares during the nine months of the fiscal year under review (excluding treasury shares). The number of shares related to the acquisition of treasury shares announced in the “Notice Regarding the Decision on Matters Related to the Acquisition of Treasury Shares” on February 5, 2026, is not included in the number of treasury shares deducted for the calculation of the average number of issued shares (excluding treasury shares).

*** Notes**

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

Note: For details, please refer to “2. Quarterly non-consolidated financial statements and significant notes thereto (3) Notes to quarterly non-consolidated financial statements (Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)” on page 7 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 December 31, 2025	6,192,560 shares
As of March 31, 2025	6,188,560 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2025	46,117 shares
As of March 31, 2025	52,628 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2025	6,143,082 shares
Nine months ended December 31, 2024	6,053,705 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 treasury shares deducted from the calculation of the average number of shares outstanding during the period.

- * Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

- * 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. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual performance and other results may differ substantially due to various factors.

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

Under its corporate vision of “realizing an ideal future with the cloud,” the Company is a multi-cloud integrator that supports digital transformation (DX) of companies through cutting-edge cloud technology and design.

In the nine months ended December 31, 2025, the outlook for the Japanese economy continued to remain uncertain due to factors such as price hikes and political and economic trends overseas, despite signs of gradual improvement in employment conditions.

Regarding the DX market to which the Company belongs, there are various definitions for DX. However, according to Keidanren (Japan Business Federation), DX cannot be described as simple improvement, automation, or greater efficiency. Rather, it is defined as reform to create new values in response to fundamental social changes. (Source: “Digital Transformation” (May 19, 2020), Keidanren) This means that a shift from “Defensive DX,” digitizing internal analog operations and data through replacement of paper documents with data in order to cut costs, to “Proactive DX,” creating new customer experiences designed to enhance revenue and customer engagement, is required. As “Proactive DX” involves steps toward customer contact transformation, service/product transformation, and business model transformation, it has a great difficulty in attainment. However, by achieving it, companies can acquire greater competitiveness. It can be said that this “Proactive DX” is indeed the core of DX.

Among Japanese companies, the percentage of companies that strongly feel the need for “Proactive DX,” such as business transformation, has reached approximately 90%. This is due to their concerns about the potential decline of their own advantage and competitiveness as digital technology becomes more widespread. (Source: “A Study on Functions and Roles of Human Resources Promoting Digital Transformation (May 17, 2019),” Information-technology Promotion Agency, Japan (IPA)) On the other hand, the percentage of companies that have produced results with DX that creates new value for customers is at only 8.3%. Among the top challenges in promoting DX are issues related to people and organizations, such as “a lack of human resources and skills.” (Source: “Corporate IT Trends Survey Report 2024 (March 31, 2024),” Japan Users Association of Information Systems (JUAS))

Furthermore, as a result of the impact following the spread of the COVID-19 pandemic, companies have accelerated efforts such as the online transition of operations, including remote communication, and the rapid shift to flexible working environments, making DX an urgent management issue.

Amidst this environment, the scale of the domestic DX market is forecasted to grow from ¥3,483.8 billion in FY2022 to ¥8,035.0 billion in FY2030. (Source: “2024 Future Prospects of the Digital Transformation Market,” Fuji Chimera Research Institute, Inc.) Additionally, the domestic public cloud service market, which supports the realization of DX, is forecasted to grow at a compound annual growth rate of 15.7% from 2023 to 2028, with the market scale in 2028 expected to be 2.1 times larger than in 2023, reaching ¥6,514.6 billion. (Source: “Domestic Public Cloud Service Market Forecasts, 2024-2028,” International Data Corporation Japan)

The Company has been conducting business operations in “Cloud Integration Services.” The Company operates in a single segment of the Cloud Solutions Business, and therefore, segment-specific information is omitted.

In regard to the operating results for the nine months of the fiscal year under review, against a backdrop of strong demand for DX support, we achieved a record-high third quarter net sales of ¥2,154 million. For major companies (Note 1), the “number of quarterly contract customers (Note 2)” totaled 65 companies (51 companies in the corresponding period of the previous fiscal year; 63 companies in the previous quarter). The “quarterly average revenue per account (ARPA) (Note 3)” for major companies amounted to ¥30.8 million (¥37.8 million in the corresponding period of the previous fiscal year; ¥29.9 million in the previous quarter).

As our efforts to strengthen our proposal organization have led to expanded business with some existing customers, the number of customers with quarterly sales exceeding ¥50 million totaled 13 companies (10 companies in the corresponding period of the previous fiscal year; 10 companies in the previous quarter). The gross profit margin achieved a high level through operations ensuring healthy project management, optimal assignment of engineers, and utilization of AI within the Company.

As specific initiatives, in addition to building API (Note 4) integration, ID integration, and data integration platforms, we worked on the development of community services, e-commerce services, IoT services, and

other application coordination connecting with customers utilizing the Salesforce platform. Additionally, in the AI domain that is expected to expand, we provided one-stop solutions that combine AI, data integration, and API integration.

Projects utilizing the Salesforce platform in the key business areas of major companies and public sectors contributed to business performance. The “Agentforce” autonomous AI agent we are focused on secured orders from several new companies, while the “Data 360” data integration platform received orders from existing major clients, leading to an expansion of business.

We received orders from existing customers for the implementation support of the ID authentication platform “Okta (Auth0),” which led to the expansion of our business.

The number of cloud engineers and other employees (Note 5) totaled 408 people as of the end of December 2025 (353 people in the corresponding period of the previous fiscal year; 403 people in the previous quarter).

- Notes: 1. Major companies: Those listed in Nikkei 225, Nikkei 400, or Nikkei 500; or their group companies or those whose sales are equivalent (¥100 billion or more).
2. Number of quarterly contract customers: Number of contract customers in the quarterly accounting period excluding resales and quarterly sales of ¥1 million or less. Resales are where the Company resells purchased licenses to customers and are excluded because the amount at the Company is small.
3. Quarterly average revenue per account (ARPA): Abbreviation of average revenue per account (average sales per customer), or quarterly average sales per customer excluding resales and quarterly sales of ¥1 million or less. Calculated by dividing quarterly sales excluding resales and quarterly sales of ¥1 million or less by the number of quarterly contract customers.
4. API: Abbreviation of Application Programming Interface, or the interface specification used for multiple software products to exchange information with each other.
5. Cloud engineers and other employees: Professionals such as engineers and managers in Cloud Integration Services Division, excluding administrative personnel

Due to the above, regarding the operating results for the nine months of the fiscal year under review, net sales was ¥5,968,783 thousand (down 0.2% year on year), gross profit was ¥2,803,793 thousand (up 5.7% year on year), operating profit was ¥791,241 thousand (up 2.2% year on year), ordinary profit was ¥790,557 thousand (up 2.7% year on year) and profit was ¥474,733 thousand (up 1.6% year on year).

(2) Explanation of financial position

Regarding the financial position as of the end of the third quarter of the fiscal year under review, total assets was ¥4,543,527 thousand (up 8.2% from the end of the previous fiscal year), total liabilities was ¥1,333,539 thousand (down 9.7% from the end of the previous fiscal year) and total net assets was ¥3,209,987 thousand (up 17.9% from the end of the previous fiscal year).

Current assets

Current assets as of the end of the third quarter of the fiscal year under review amounted to ¥4,096,444 thousand, an increase of ¥363,438 thousand compared to the end of the previous fiscal year. This was mainly attributable to an increase of ¥167,247 thousand in accounts receivable - trade, and contract assets and an increase of ¥139,578 thousand in prepaid expenses.

Non-current assets

Non-current assets as of the end of the third quarter of the fiscal year under review amounted to ¥447,082 thousand, a decrease of ¥18,416 thousand compared to the end of the previous fiscal year. This was mainly attributable to a decrease of ¥78,429 thousand in investments and other assets, despite an increase of ¥60,407 thousand in property, plant and equipment.

Current liabilities

Current liabilities as of the end of the third quarter of the fiscal year under review amounted to ¥924,377 thousand, a decrease of ¥69,659 thousand compared to the end of the previous fiscal year. This was mainly attributable to a decrease of ¥195,271 thousand in accrued consumption taxes, despite an increase of ¥102,274 thousand in income taxes payable.

Non-current liabilities

Non-current liabilities as of the end of the third quarter of the fiscal year under review amounted to ¥409,162 thousand, a decrease of ¥72,997 thousand compared to the end of the previous fiscal year. This was mainly attributable to the repayment of long-term borrowings of ¥50,814 thousand and a decrease of ¥22,183 thousand in long-term advances received.

Net assets

Net assets as of the end of the third quarter of the fiscal year under review amounted to ¥3,209,987 thousand, an increase of ¥487,679 thousand compared to the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings due to the recording of ¥474,733 thousand in profit.

(3) Explanation of earnings forecasts and other forward-looking statements

In view of recent performance trends, the Company has revised the earnings forecasts released on May 8, 2025. For details, please refer to the “Notice of Revision to Full-Year Earnings Forecast and Expected Extraordinary Loss (Valuation Loss on Shares in an Associate)” released today.

2. Quarterly non-consolidated financial statements and significant notes thereto

(1) Quarterly non-consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	2,128,101	2,182,128
Accounts receivable - trade, and contract assets	1,412,319	1,579,566
Work in process	4,450	3,155
Supplies	92	192
Advance payments to suppliers	–	5,960
Prepaid expenses	185,496	325,074
Other	2,545	365
Total current assets	3,733,005	4,096,444
Non-current assets		
Property, plant and equipment	101,986	162,394
Intangible assets	856	462
Investments and other assets	362,656	284,226
Total non-current assets	465,499	447,082
Total assets	4,198,504	4,543,527
Liabilities		
Current liabilities		
Accounts payable - trade	222,560	220,433
Current portion of long-term borrowings	67,752	70,512
Accounts payable - other	49,632	92,627
Accrued expenses	66,653	120,688
Capital investment payable	1,260	–
Income taxes payable	200,218	302,492
Accrued consumption taxes	204,644	9,372
Advances received	37,817	36,603
Deposits received	20,608	9,381
Provision for bonuses	99,045	38,337
Provision for bonuses for directors (and other officers)	7,722	–
Provision for share awards	11,122	19,672
Provision for share awards for directors (and other officers)	4,999	4,255
Total current liabilities	994,036	924,377
Non-current liabilities		
Long-term borrowings	450,117	399,303
Long-term advances received	32,042	9,859
Total non-current liabilities	482,159	409,162
Total liabilities	1,476,196	1,333,539
Net assets		
Shareholders' equity		
Share capital	753,641	754,407
Capital surplus	743,639	744,405
Retained earnings	1,317,317	1,792,051
Treasury shares	(92,290)	(80,876)
Total shareholders' equity	2,722,308	3,209,987
Total net assets	2,722,308	3,209,987
Total liabilities and net assets	4,198,504	4,543,527

(2) Quarterly non-consolidated statement of income

(Thousands of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	5,979,194	5,968,783
Cost of sales	3,326,572	3,164,989
Gross profit	2,652,621	2,803,793
Selling, general and administrative expenses	1,878,128	2,012,552
Operating profit	774,493	791,241
Non-operating income		
Interest income	106	2,034
Outsourcing service income	1,500	1,332
Other	84	396
Total non-operating income	1,691	3,762
Non-operating expenses		
Interest expenses	6,210	4,446
Total non-operating expenses	6,210	4,446
Ordinary profit	769,974	790,557
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	508	–
Total extraordinary income	508	–
Extraordinary losses		
Loss on retirement of non-current assets	–	1,078
Total extraordinary losses	–	1,078
Profit before income taxes	770,483	789,478
Income taxes	303,047	314,745
Profit	467,435	474,733

(3) Notes to quarterly non-consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on changes in accounting policies)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements)

Calculation of tax expense

Tax expense is calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the third quarter of the fiscal year under review, and multiplying profit before income taxes by this estimated effective tax rate.

Also, income taxes - deferred is included in income taxes.

(Notes on quarterly non-consolidated balance sheet)

Not applicable.

(Notes on quarterly non-consolidated statement of income)

Not applicable.

(Notes on quarterly non-consolidated statement of cash flows)

The Company has not prepared a quarterly non-consolidated statement of cash flows for the nine months of the fiscal year under review. In addition, the amounts of depreciation (including amortization related to intangible assets) for the nine months of the fiscal year under review are as stated below.

(Thousands of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Depreciation	75,249	50,651

(Notes on segment information, etc.)

[Segment information]

I Nine months ended December 31, 2024

This information is omitted as the Company operates in a single segment of the Cloud Solutions Business.

II Nine months ended December 31, 2025

This information is omitted as the Company operates in a single segment of the Cloud Solutions Business.

(Significant events after reporting period)

(Acquisition of treasury shares)

At a meeting of the Board of Directors held on February 5, 2026, the Company resolved on the acquisition of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act.

1. Details of resolution concerning acquisition of treasury shares

(1) Reason for acquisition of treasury shares

As the Company has been considering the resolution of its accumulated earning tax issue as an important management matter, it approached KURO LLC. (an asset management company of which 100% of the voting rights are held by Koji Kurokawa, Representative Director and CEO of the Company, as per his own account) regarding the potential sale of a portion of the Company's share held by KURO LLC. As a result, the Company confirmed KURO LLC.'s intention to sell part of such shares. Although this acquisition of treasury shares alone will not satisfy the requirement that the controlling shareholder's voting rights ratio be reduced to 50% or less, which is necessary to resolve the accumulated earning tax issue, after considering the Company's stock price, financial condition, and market trends, the Company has decided to acquire these shares as treasury shares. We believe that this acquisition of treasury shares will lead to an increase in the value per share, improved capital efficiency and enhanced governance through the reduction of the controlling shareholder's ownership ratio.

The treasury shares acquired through this acquisition of treasury shares may be utilized for M&A and capital and business alliances using shares as consideration, or for stock compensation plans.

(2) Details of resolution of the Board of Directors concerning acquisition of treasury shares

- | | |
|--|---|
| (i) Class of shares to be acquired: | Common shares |
| (ii) Total number of shares to be acquired: | 860,000 shares (upper limit)
(13.99% of total number of issued shares (excluding treasury shares)) |
| (iii) Total amount of share acquisition costs: | ¥1.2 billion (upper limit) |
| (iv) Acquisition period: | From February 6, 2026 to February 27, 2026 |
| (v) Method of acquisition: | Purchase through off-auction treasury share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange |

Note: 45,909 shares of the Company held by the BIP trust and the ESOP trust are included in the number of treasury shares.

(3) Matters Concerning Transactions with Controlling Shareholder

In connection with this acquisition of treasury shares, KURO LLC., the Company's controlling shareholder, is scheduled to sell a portion of its shareholdings, and this transaction constitutes "material transactions, etc. with a controlling shareholder" as prescribed in Article 441-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

As stipulated in the "Guidelines on measures to protect minority shareholders when conducting transactions with its controlling shareholder, etc." in the Corporate Governance Report disclosed on June 19, 2025, the Company's basic policy regarding transactions with its controlling shareholder is not to conduct such transactions unless it is ensured that there is a rational basis (business necessity) for entering into the transaction and that the transaction terms are appropriate (i.e., they are on terms equivalent to those offered to other counterparties and the appropriateness of such terms can be confirmed on a case-by-case basis), and unless the transaction is not in a situation that could harm the Company's interests. When implementing a transaction with the controlling shareholder, the Company recognizes that a high level of caution is required from the perspective of maintaining sound management, and will carefully determine whether the above is ensured and, after sufficient deliberation by the Board of Directors, obtain appropriate approval.

The acquisition of treasury shares through the ToSTNeT-3 market is an in-market transaction based on prior announcement, and under the system, purchases from a specified counterparty are not guaranteed. Therefore, it is not a bilateral transaction, and no direct conflicts of interest arise. However, considering the possibility of it becoming a transaction with an asset management company, which constitutes the controlling shareholder, of which 100% of the voting rights are held by Koji Kurokawa, Representative Director and CEO of the Company, we have decided to take the same procedures as those for a conflict-of-interest transaction. Koji Kurokawa did not participate in any discussions or resolutions concerning this acquisition of treasury shares. At the meeting of the Board of Directors held today, in accordance with the guidelines for measures to protect minority shareholders when conducting transactions with the controlling shareholder as set forth in the Corporate Governance Report, the Board deliberated on the business necessity of this acquisition of treasury shares with the aim of resolving the accumulated earnings tax issue, and confirmed that the appropriateness of the transaction terms is ensured through the in-market transaction based on prior announcement on the ToSTNeT-3 market. Following such deliberations and confirmation, this acquisition of treasury shares was resolved with the approval of all four Directors excluding Koji Kurokawa (including External Directors).

The acquisition of treasury shares through the ToSTNeT-3 ensures that if the number of shares offered for sale exceeds the number of shares to be purchased, the transaction will be executed on a pro-rata basis, thereby providing equal trading opportunities to our shareholders. Furthermore, acquisition of these treasury shares is conducted after disclosing all material facts related to insider trading regulations and publicly announcing the specific details of the purchase in advance. Therefore, it is believed that issues of disadvantage to minority shareholders due to information asymmetry are unlikely to arise.

Furthermore, opinions have been received today from three External Directors, who are independent officers of the Company—Yosuke Tetsukawa, Shoichi Fujiwara, and Shuya Ogawa—stating that this acquisition of treasury shares is not disadvantageous to the Company's minority shareholders. These External Directors noted, among other things, that the purpose of the acquisition is to resolve the accumulated earnings tax issue; that measures have been taken to ensure the fairness of the decision-making process and to avoid conflicts of interest by conducting the deliberation and decision-making procedures solely by directors without interests in the transaction; and that, because the acquisition is to be conducted through the ToSTNeT-3 market, there is no arbitrariness in the transaction price, the fairness of the price is ensured, and equal transaction opportunities are provided to other shareholders as well, in light of the purpose, decision-making process, and method of acquisition.