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

August 13, 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
Inquiries: (Title) Executive Officer, Head of Finance & Accounting Division, CFO (Name) Hiroshi Kawata Telephone 03(5159)2090

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 quarter of the fiscal year ending March 31, 2027 (from April 1, 2026 to June 30, 2026)

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

	Net sales		Operating profit		Ordinary profit		Quarterly profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2026	2,221	22.8	64	△45.3	63	△46.3	37	△47.3
Three months ended June 30, 2025	1,809	△5.0	117	△34.6	117	△33.8	71	△32.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2026	7.03	6.78
Three months ended June 30, 2025	11.73	11.25

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	3,528	2,289	64.9
As of March 31, 2026	3,695	2,235	60.5

Reference: Equity As of June 30, 2026 2,289 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	—				
Fiscal year ending March 31, 2027 (Forecast)		0.00	—	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 quarterly non-consolidated financial statements: Yes

(Note) For details, please refer to page 8, “2. Quarterly Non-consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Non-consolidated Financial Statements (Notes on Application of Accounting Treatment Specific to the Preparation of Quarterly 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 June 30, 2026	6,197,920 shares	As of March 31, 2026	6,197,920 shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2026	795,676 shares	As of March 31, 2026	804,871 shares
(iii) Average number of shares outstanding during the period (cumulative)	Three months ended June 30, 2026	5,398,576 shares	Three months ended June 30, 2025	6,138,520 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.

○ Contents of Attached Materials

1. Qualitative Information on Quarterly 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 first quarter 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, while there are various definitions of DX, the Japan Business Federation (Keidanren) defines DX 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 are required 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" can be said to be 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, corporate needs to improve operational efficiency and productivity through AI and to create new customer value are rising 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 in distinctive operational and industrial fields, 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 conducted its business operations in 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 first quarter under review, the Company achieved record-high first-quarter net sales of ¥2,221 million. The number of "quarterly contracted customers (Note 2)" among major companies (Note 1) was 62 (57 in the same period of the previous fiscal year and 70 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 (9 in the same period of the previous fiscal year and 13 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 gross profit margin declined 2.4 percentage points year on year as a result of the temporary addition of resources to certain projects, which also contributed to a 3.6 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 for the autonomous AI agent "Agentforce" and for "Data 360," mainly in the financial industry, and also received orders from multiple companies for the API integration platform "MuleSoft." 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 June 2026 (402 at the end of the same period of the previous fiscal year and 415 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 first quarter under review were net sales of ¥2,221,747 thousand (up 22.8% year on year), gross profit of ¥943,553 thousand (up 16.1% year on year), operating profit of ¥64,466 thousand (down 45.3% year on year), ordinary profit of ¥63,238 thousand (down 46.3% year on year) and quarterly profit of ¥37,947 thousand (down 47.3% year on year).

(2) Explanation of Financial Position

The Company's financial position as of the end of the first quarter under review comprised total assets of ¥3,528,717 thousand (down 4.5% from the end of the previous fiscal year), total liabilities of ¥1,239,598 thousand (down 15.1% from the end of the previous fiscal year) and total net assets of ¥2,289,118 thousand (up 2.4% from the end of the previous fiscal year).

(Current assets)

Current assets as of the end of the first quarter under review decreased ¥103,985 thousand from the end of the previous fiscal year to ¥3,235,908 thousand. This was mainly because, while cash and deposits increased ¥360,530 thousand, accounts receivable – trade and contract assets decreased ¥543,586 thousand.

(Non-current assets)

Non-current assets as of the end of the first quarter under review decreased ¥62,748 thousand from the end of the previous fiscal year to ¥292,808 thousand. This was mainly due to a decrease of ¥11,305 thousand in property, plant and equipment and a decrease of ¥51,339 thousand in investments and other assets.

(Current liabilities)

Current liabilities as of the end of the first quarter under review decreased ¥201,397 thousand from the end of the previous fiscal year to ¥874,171 thousand. This was mainly because, while other current liabilities increased ¥37,943 thousand, income taxes payable decreased ¥297,150 thousand.

(Non-current liabilities)

Non-current liabilities as of the end of the first quarter under review decreased ¥19,402 thousand from the end of the previous fiscal year to ¥365,427 thousand. This was due to a decrease of ¥16,938 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 first quarter under review increased ¥54,066 thousand from the end of the previous fiscal year to ¥2,289,118 thousand. This was mainly due to an increase in retained earnings resulting from the recording of quarterly profit of ¥37,947 thousand.

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

There is no change to the earnings forecasts for the fiscal year ending March 31, 2027 from the earnings forecast figures announced on May 14, 2026 in the "Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2026."

2. Quarterly Non-consolidated Financial Statements and Primary Notes

(1) Quarterly Non-consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (As of March 31, 2026)	First quarter of the current fiscal year (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	1,136,760	1,497,291
Accounts receivable – trade and contract assets	1,931,665	1,388,078
Work in process	2,502	2,438
Supplies	192	148
Advance payments	3,334	71,849
Prepaid expenses	242,291	271,085
Other	23,147	5,016
Total current assets	3,339,894	3,235,908
Non-current assets		
Property, plant and equipment	148,583	137,277
Intangible assets	351	248
Investments and other assets	206,622	155,282
Total non-current assets	355,557	292,808
Total assets	3,695,451	3,528,717
Liabilities		
Current liabilities		
Accounts payable – trade	253,107	258,241
Current portion of long-term loans payable	67,752	67,752
Accounts payable – other	77,938	87,627
Accrued expenses	100,156	102,043
Income taxes payable	338,943	41,793
Advances received	37,550	42,149
Deposits received	11,163	48,431
Provision for bonuses	86,959	60,875
Provision for bonuses for directors (and other officers)	437	1,143
Provision for share-based payments	24,322	13,706
Provision for share-based payments to directors (and other officers)	6,079	10,862
Provision for loss on orders received	—	30,442
Other	71,158	109,101
Total current liabilities	1,075,569	874,171
Non-current liabilities		
Long-term loans payable	382,365	365,427
Long-term advances received	2,464	—
Total non-current liabilities	384,829	365,427
Total liabilities	1,460,399	1,239,598
Net assets		
Shareholders' equity		
Share capital	756,009	756,009
Capital surplus	746,007	746,007
Retained earnings	2,001,587	2,039,535
Treasury shares	(1,268,551)	(1,252,433)
Total shareholders' equity	2,235,052	2,289,118
Total net assets	2,235,052	2,289,118
Total liabilities and net assets	3,695,451	3,528,717

(2) Quarterly Non-consolidated Statement of Income

(Thousands of yen)

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)
Net sales	1,809,522	2,221,747
Cost of sales	996,911	1,278,194
Gross profit	812,611	943,553
Selling, general and administrative expenses	694,727	879,086
Operating profit	117,883	64,466
Non-operating income		
Fees from contracted operations	1,332	—
Miscellaneous income	164	98
Total non-operating income	1,496	98
Non-operating expenses		
Interest expenses	1,531	1,326
Total non-operating expenses	1,531	1,326
Ordinary profit	117,849	63,238
Quarterly profit before income taxes	117,849	63,238
Income taxes	45,862	25,290
Quarterly profit	71,986	37,947

(3) Notes to Quarterly 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 Quarterly 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 first quarter under review, and multiplying quarterly profit before income taxes by that estimated effective tax rate.

Income taxes – deferred is included in income taxes.

(Notes on Quarterly Statement of Cash Flows)

A quarterly statement of cash flows for the first quarter under review has not been prepared. Depreciation and amortization (including amortization of intangible assets) for the three months ended June 30, 2026 was as follows.

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)
Depreciation and amortization	¥13,707 thousand	¥15,575 thousand

(Notes on Segment Information, Etc.)

[Segment Information]

I. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

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

II. Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

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

(Significant Subsequent Events)

Acquisition of Shares in Connection with the Revision of the Share-Based Compensation Plan

On May 14, 2026, the Company announced a revision (the "Revision," comprising the extension of the trust periods, a shift to a performance-linked structure and other changes) to its share-based compensation plan (the "Plan"), which consists of the BIP trust for remuneration for directors (and other officers) (the "BIP Trust") and the ESOP trust for share granting (the "ESOP Trust" and, together with the BIP Trust, the "Trusts"). At the Board of Directors meeting held today, the Company resolved on the acquisition of shares in the Company for the Trusts during the trust periods extended in connection with the Revision, and on other related matters.

1. Timing, etc. of the acquisition of shares in the Company by the BIP Trust in connection with the Revision

   The timing, etc. of the acquisition of shares in the Company by the BIP Trust during the extended trust period following the Revision is as follows.

   (i) Type of shares to be acquired: Common shares of the Company
   (ii) Total acquisition amount: ¥24 million (planned) (including trust fees and trust expenses)
   (iii) Period of acquisition of shares in the Company: August 21, 2026 (planned) to October 30, 2026 (planned)
   (iv) Method of acquisition of shares in the Company: Acquisition through the stock market

2. Timing, etc. of the acquisition of shares in the Company by the ESOP Trust in connection with the Revision

   The timing, etc. of the acquisition of shares in the Company by the ESOP Trust during the extended trust period following the Revision is as follows.

   (i) Type of shares to be acquired: Common shares of the Company
   (ii) Total acquisition amount: ¥82 million (planned) (including trust fees and trust expenses)
   (iii) Period of acquisition of shares in the Company: August 21, 2026 (planned) to October 30, 2026 (planned)
   (iv) Method of acquisition of shares in the Company: Acquisition through the stock market

3. Principal terms of the trust agreements

[Principal Terms of the BIP Trust Agreement]

Type of trust	A money trust other than a specified single-management money trust (a trust for the benefit of a third party)
Purpose of trust	To provide incentives to the Company's directors who are not Audit and Supervisory Committee members and directors who are Audit and Supervisory Committee members (the "Directors, etc.")
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Those among the Directors, etc. who satisfy the beneficiary requirements
Trust administrator	A third party with no interest in the Company (a certified public accountant)
Trust period	August 13, 2026 to August 31, 2028
Exercise of voting rights	Voting rights will not be exercised.
Type of shares to be acquired	Common shares of the Company
Total acquisition amount	¥24 million (planned) (including trust fees and trust expenses)
Period of acquisition of shares	August 21, 2026 (planned) to October 30, 2026 (planned)
Method of acquisition of shares	Acquisition through the stock market
Person entitled to residual assets	The Company

[Principal Terms of the ESOP Trust Agreement]

Type of trust	A money trust other than a specified single-management money trust (a trust for the benefit of a third party)
Purpose of trust	To provide incentives to the Company's executive officers and managerial employees (the "Employees, etc.")
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Those among the Employees, etc. who satisfy the beneficiary requirements
Trust administrator	A third party with no interest in the Company
Trust period	August 13, 2026 to August 31, 2028
Exercise of voting rights	The trustee will exercise the voting rights of shares in the Company in accordance with instructions from the trust administrator that reflect the intentions of the beneficiary candidates.
Type of shares to be acquired	Common shares of the Company
Total acquisition amount	¥82 million (planned) (including trust fees and trust expenses)
Period of acquisition of shares	August 21, 2026 (planned) to October 30, 2026 (planned)
Method of acquisition of shares	Acquisition through the stock market
Person entitled to residual assets	The Company

(Note) Shares in the Company and cash remaining in the Trusts at the time of the extension will be carried over to the Trusts following the extension. In addition, the timing and amounts indicated above may be changed to appropriate timing, methods and terms in consideration of market conditions and other circumstances and in light of applicable laws and regulations.