Integrated Report 2025

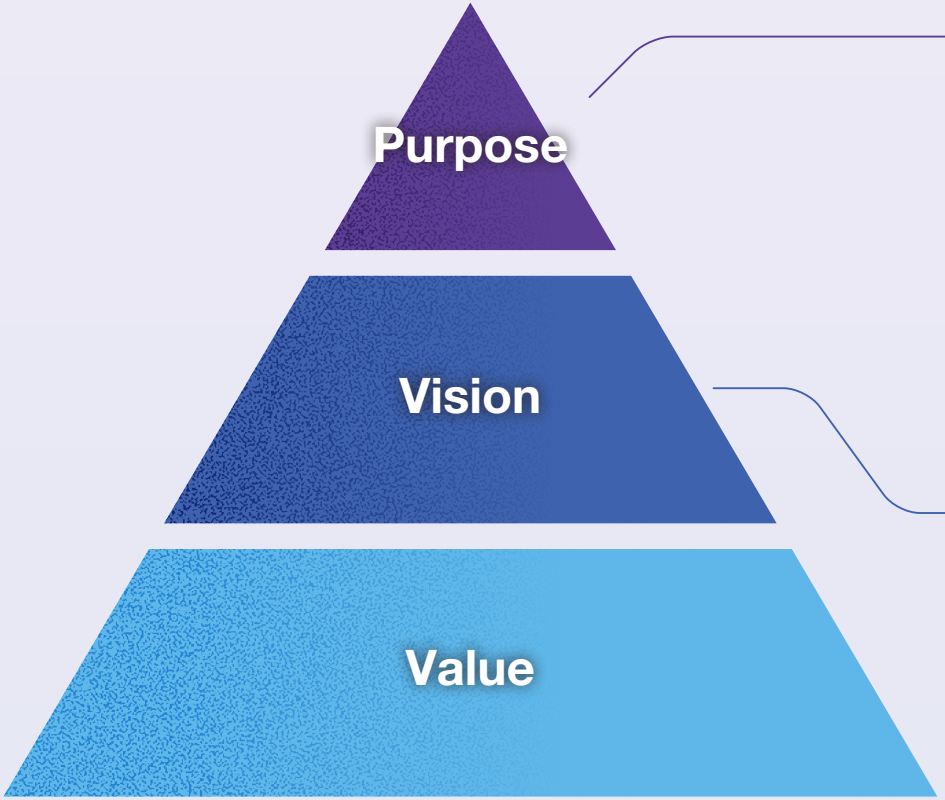


CEC
Computer Engineering & Consulting

The contemporary business environment is changing at a dizzying pace.
To ensure CEC continues to thrive and never loses its sense of direction, we have reexamined our social purpose and vision.
These serve as our new corporate philosophy, acting as a compass for our future.

Using the power of ICT to meet social challenges and deliver a brighter future for all our stakeholders.
Guided by this conviction, CEC continues to move forward.

Corporate slogan



Corporate slogan

Shape your future

Purpose

Toward a brighter future for society, customers, and employees by harnessing the power of ICT to create new value

Vision

Essential Company

Becoming an indispensable company for our stakeholders
Creating a prosperous future and realizing human happiness

Society

Supporting a sustainable society

As a corporate citizen with growing influence, we observe responsible corporate practices that comply with laws and regulations, respect human rights, embrace diversity, and promote a sustainable, circular society.

Customers

Delivering customer satisfaction

Through daily efforts to enhance our technical capabilities and strengthen our capability to propose and execute solutions, we pursue customer satisfaction, increase trust, and consistently meet expectations.

Employees

Meeting the challenge of transformation

Our unceasing commitment to self-improvement drives us to maintain a spirited pursuit of growth, a constant focus on transformation, and a passion for high performance, all of which contribute to the development of our company and to societal change.

Business Partners

Collaborative value creation and mutual prosperity

We strive to build long-lasting trust with our diverse business partners based on mutual respect, thereby maximizing further collaborative value creation and mutual prosperity.



Shareholders

Transparency and dialogue

We foster trust and enhance corporate value over the longer term by accurately communicating about our efforts to create economic and social value through appropriate information disclosure and proactive dialogue with shareholders and investors, while appropriately accepting their advice.

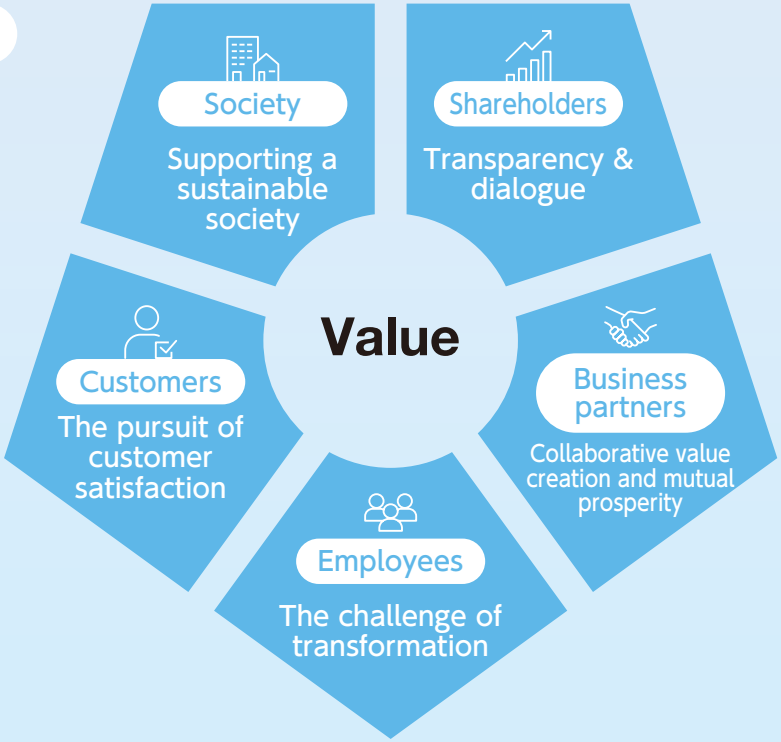


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Value Creation at CEC

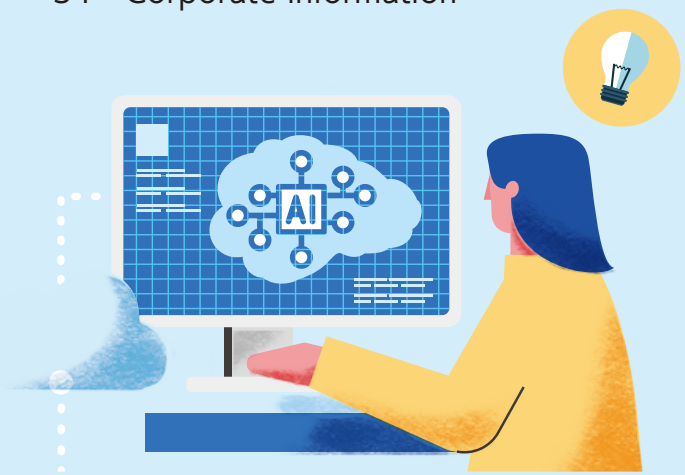
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Editorial policy
This report is published using the integrated report format to communicate CEC's purpose —using the power of ICT to create value and lead customers, employees, and society toward a brighter future— to all stakeholders, including shareholders and investors. It covers our business portfolio and performance and our sustainability initiatives. Detailed financial and sustainability information not included in this report is disclosed separately on our website.

IR information

To our shareholders
https://www.cec-ltd.co.jp/en/ir/

Sustainability information

Sustainability
https://www.cec-ltd.co.jp/esg
(Japanese only)

Reporting period
February 1, 2024, through January 31, 2025 (FY2024)
(Includes some information before and after this period)

Scope of reporting
CEC Corporation and its group companies

Guidelines referenced
- IFRS Foundation, "International Integrated Reporting Framework"
- Ministry of Economy, Trade and Industry, "Guidance for Integrated Corporate Disclosure And Company-Investor Dialogue for Collaborative Value Creation"

At a Glance

Business

Integration Segment

Providing comprehensive integration services above and beyond traditional systems development, from planning through infrastructure design, development, and operation, all based on our years of industry knowledge and understanding of customers

Connected Segment

Providing systems and platforms for data integration and analysis above and beyond industry boundaries by leveraging our accumulated data and analytical expertise in areas such as mobility and smart factories

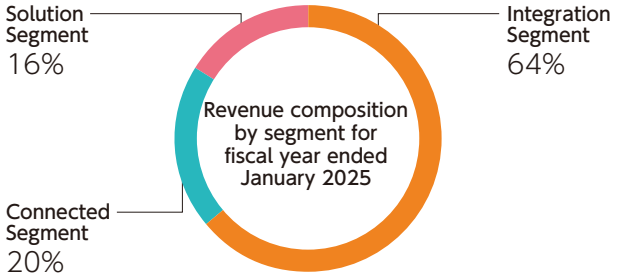
Solution Segment

Providing solutions based on the concepts of safety and security, centered on our own products and services by leveraging our ICT assets and expertise amassed in delivering products and services across industries

Fiscal year ended January 2025

Net sales:
56.2billion yen

Operating profit:
6.69billion yen



As an independent system integrator, we flexibly address the diverse needs of clients across a wide range of industries

Revenue composition by industry



Strengths

Hybrid Integrator

Providing optimal and comprehensive service combinations and integrations for our customers, adapting to increasingly diverse and complex environmental changes

Development capabilities

- Realizing customer DX and solutions based on our development track record in multiple businesses and industries
- Providing end-to-end services from planning and development to infrastructure construction and operation

Data utilization

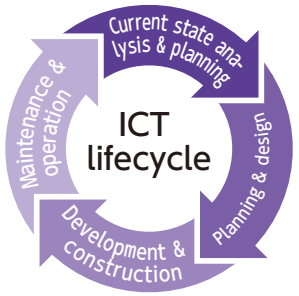
- Expansion of platform-based services such as big data analysis and data distribution
- Providing industry-specific data utilization services -Manufacturing, healthcare, education, automotive, logistics

Proprietary products and services

- Expansion of proprietary offerings aligned with customer IT strategies
- Provision of cloud services and platforms using data centers (hybrid environments)

Covering the entire ICT lifecycle

CEC leverages our group's comprehensive strength to provide full-range services for customers' ICT implementations.
From formulating the ICT strategy companies need to drive growth to designing and developing systems, constructing infrastructure, and delivering maintenance and operation services, we provide optimal solutions with one-stop convenience.



Message from the president

Reaching new heights by 2030
We aim to achieve operating income of ¥14 billion on net sales of ¥100 billion as we further evolve and grow as one of Japan's essential enterprises.



Takashi Himeno
President and Representative Director

Becoming an increasingly essential and indispensable company for our stakeholders

Since its founding in 1968, CEC has grown and developed in step with Japan's ICT industry. As an independent system integrator, we have broadened our business domain and range of services while meeting challenges across a diverse spectrum of industries and sectors in partnership with our customers.
Amid increasingly rapid social change, we have recognized that our group's sustainable growth hinges on a clearly defined raison d'etre that we share among our employees and translate into action. To this end, in January 2025 we issued a formal statement of purpose: "Toward a brighter future for society, customers, and employees by harnessing the power of ICT to create new value."
To realize our purpose, we released our latest long-term management strategy, "VISION 2030," which adopts as its fundamental direction the idea of evolving and growing as an essential company. Here, "essential" means more than merely being needed; we must make ourselves indispensable to society, customers, partners, and employees.
To achieve our vision, we must shift from a passive model driven by responding to customer requests to a proactive partner model that anticipates challenges, identifies solutions, and collaboratively drives transformation through concrete proposals. Moreover, it moves us to actively apply our energy to such social issues as environmental challenges and the declining birthrate and aging population. By establishing our technologies, systems, and products at the center of societal life, we aim to make CEC the indisputable and obvious choice.

Furthermore, in addition to continuously improving our workplace environment, work practices, and compensation, we are promoting a culture that celebrates challenges and expanding growth opportunities. We strive to be a company where employees genuinely want to stay. This goal aligns with my own personal experience. I began my career in 1992 in the harsh environment immediately after Japan's economic bubble burst. I experienced firsthand the decline in compensation due to worsening business performance and the stifling atmosphere of the workplace.

My abiding resolve to prevent employees from ever experiencing those bitter circumstances again is the basis of our current management philosophy. That is precisely why the first message I delivered upon becoming president was our intent to make this a company where people would want to keep working. Leading a company where employees can work with pride and peace of mind and continue their careers with confidence—that is my mission.



Next stage: Delivering new value beyond existing frameworks

Our VISION 2030 long-term management plan outlines a six-year growth strategy. We position the first three-year stage, defined under our Medium-term Management Plan 2025–2027, as a growth phase aimed at enhancing profitability and accelerating the transformation of our business.

The subsequent second three years covered by our Medium-term Management Plan 2028–2030 represents an expansion period focused on adding value. We have set targets of ¥100 billion in net sales and ¥14 billion in operating income by 2030. By innovating and expanding our business, we will elevate our company to its next level. details on pages 14–15

To realize VISION 2030, we have reviewed our business portfolio and established business strategy and corporate strategy as the two pillars of our growth strategy, while reorganizing into three new business segments—Integration Segment, Connected Segment, and Solution Segment.

Our restructuring effort is driven by a clear intent to shift from a labor-intensive model to one focused on service provision. We aim to enhance profitability through this transition from a traditional labor- and time-dependent approach to a service-focused model that emphasizes efficiency and added value. While some initial disruption occurred at the start of the reorganization, employees now understand their individual roles and the business's direction and are gradually adapting to the new structure.

What is more, we have begun creating new businesses that go beyond the scope of our existing operations. Led by the newly established Business Planning Department, we are considering such new commercial areas as (1) "green transformation" (GX), which aims to deliver both economic and social value while helping to meet environmental goals such as realizing a decarbonized society and improving energy efficiency; (2) regional revitalization, which targets the revitalization of regional economies and contributes to sustainable local communities; and (3) "life support," which promotes sustainable living through health and welfare.

We will evaluate and narrow down these candidates along with new opportunities as they emerge, aiming to formulate plans within this fiscal year and launch them during the term of the present Medium-term Management Plan, positioning these initiatives as future growth drivers.

Message from the president



Source of value creation: human resources

Promoting Value Creation through Mindset Reform and Skill Enhancement

To create this new value, strategy and organization-building alone are not sufficient. No matter how excellent our plan is, it is our people who execute it, and it is essential that we provide the support necessary for them to maximize their potential. We have placed this philosophy at the core of our corporate management outlook and are promoting human capital management, viewing our people as our most valuable asset.
Guided by the principle that the growth of each individual employee is linked to the growth of the company, we support value creation by both transforming people's mindsets and building their skills. Our employees are frequently praised for being sincere, honest, and open-minded. They offer a high level of technical expertise that enables them to earnestly address customer needs and bring solutions to fruition. Our corporate culture is steeped in commitment to exacting timeliness and quality, which has motivated many of our corporate customers to maintain long-term relationships with us.

However, these qualities can sometimes be perceived as conservative or reactive. Amid the demand for digital transformation (DX) that characterizes today's business environment, greater ability to proactively propose solutions is required, along with an attitude of discovering and solving problems that customers themselves have not yet recognized. To achieve this, a shift in mindset from conservative to proactive is necessary and, we believe, an unavoidable precondition for future growth.
To drive this attitudinal shift, we are focusing on developing DX specialists. Our goal is to raise a class of employee that not only possesses IT expertise but also deeply understands our clients' businesses and offers the management skills to solve problems with technology. We aim to increase our DX talent pool to over half of our entire workforce in the future. To achieve this, we are surfacing data on individual skill levels and improving our training curriculum. This program supports not only the enhancement of technical capabilities but also the development of capable project managers.
Moreover, to fully align with our clients' needs, we must recognize the limits to delivering solutions completely on our own. Realizing DX requires specialized expertise and deep understanding of specific industries, and it is crucial to incorporate external insight. For example, in the financial domain, we collaborate with financial consultants to complement our own abilities and otherwise work with external partners to deliver optimal solutions.
Rather than attempt to handle everything in-house, we relentlessly focus on discovering the optimal solution for the customer and strive to demonstrate our worth across the entire value chain.

Source of Value creation: technology

Meeting cutting-edge IT challenges

Over the many years since founding, we have accumulated a development track record across a diverse range of industries and sectors. The advanced technical capabilities we have cultivated by providing solutions to all manner of problems are emblematic of our strength. As of now, we offer a one-stop system supplying everything from consulting and system development to infrastructure construction and operation.
Among our various offerings is the security services business that I personally launched, which has continued to grow for over a decade and now serves more than 150 clients. This business goes beyond basic implementation support and extends to comprehensive services spanning consulting and post-implementation monitoring. It is backed by analytical capabilities and insights grounded in years of experience and proven outcomes.
In recent years, we have actively pursued the use of cutting-edge technologies in such domains as AI, blockchain, extended reality (XR), and security. We have already achieved a degree of success with AI and security and have begun incorporating these and other technologies into our commercial offerings.

To systematically move this initiative forward, we established an Advanced Technology Division in fiscal 2025 to deepen and accelerate the practical application of these technologies. For example, in the field of quantum technology, we are promoting joint industry–academia research. In the near future, we aim to differentiate ourselves from competitors by integrating these technologies into our services. details on pages 29-30

Our company operates a program called the Business Challenge Project, which provides an environment in which staff can freely share ideas and future-oriented suggestions inspired by their daily work. This program, which gives employees the opportunity to become leaders and launch projects, emblemizes our corporate culture of new value creation and is a source of our competitive advantage.



Source of value creation: customer base

Leveraging solid relationships to expand business

We have consistently accompanied our customers on their project journeys, building a stable client base. Many customers have been with us since our founding, and our relationships with them are a source of pride, a valuable asset, and a testament to our trustworthiness as a company. Currently, our major clients include roughly 30 companies, most being top domestic manufacturers. Many of our relationships span 40 to 50 years.

In line with VISION 2030, we leverage these strong relationships to expand services tailored to customer needs and transform our business model. We also work to contribute solutions to societal challenges through the application of cutting-edge technologies and the identification of new business opportunities.

Pioneering through independence and evolution

As I mentioned at the start, when I assumed the role of president, I communicated a vision of building a company where people truly want to work, and I introduced the expression “independence and evolution” to our employees. This phrase embodies sentiments rooted in my own experiences.

By “independence,” we mean standing on one's own two feet. Applied to the company as a whole, it signifies the independence of our business operations. For each individual employee, it means autonomy in their work and their approach to their job. It embodies my hope that everyone will think for themselves, make sound judgments, and act with initiative rather than simply following precedent. “Evolution” reflects my desire for each employee to adapt flexibly to shifts in technology and society and to continue to develop themselves.

The IT industry is particularly dynamic, so to deliver value within it, each employee must think flexibly and be proactive. Since joining this company as a new graduate, I have long adhered to the idea of never being satisfied with the status quo. It was this mindset that spurred me to challenge myself in launching and expanding our infrastructure construction and security businesses.

Drawing on my experience with driving new ventures and helping the company evolve, I am encouraging our employees to adopt a similarly adventurous mindset. I firmly believe that as each employee becomes more independent and the company evolves overall, we can achieve further growth as an “Essential Company.” We will continue to embrace challenges and strive toward realizing our VISION 2030 objectives. We invite you to look forward to our future growth.

Growth trajectory

An independent system integrator whose business continues to grow and evolve in concert with IT industry development

1960s Founding and early expansion

In February 1968, two years before IBM implemented its hardware-software separation policy known as "unbundling," Computer Engineers Co., Ltd. (now Computer Engineering & Consulting Ltd.) was established from the software development division of mitsuiwa corporation. The company began its journey performing sales and service functions on behalf of mitsuiwa corporation involving computers manufactured by Fujitsu Limited.

In 1972, the company received orders directly from what is now Toyota Motor Corporation, marking the start of direct business relationships. That same year, it also began strengthening its technical capabilities in earnest, entering fields, such as development of large-scale basic software and online control programs, that would eventually evolve into core businesses. The development know-how it gradually accumulated solidified into a firm technological foundation.

1980s Business expansion and response to IT innovation

In the 1970s, the company had secured contracts to develop basic software for Fujitsu Limited. By the 1980s, the business had expanded to receiving orders from all relevant business segments at Fujitsu. The company also acquired exclusive domestic distribution rights for various packaged software products running on general-purpose computers, marking its entrance into the packaged software import and sales business.

In 1990, the company was listed on the Second Section of the Tokyo Stock Exchange. Heading into the 1990s, the industry's emphasis was transitioning from centralized data control using mainframe computers to distributed systems, which accelerated corporate IT adoption. Against this shifting environmental backdrop, in 1996 the company launched a strategy to expand its network and service operations in an effort to strengthen business lines that generate recurring revenue.

Overall	Business
Founded	Contracted to handle Fujitsu computer-related operations from mitsuiwa corporation
	Started direct transactions with Toyota Motor Corporation
Company name change	Acquired exclusive domestic sales rights for SYNCSORT packaged software for general-purpose computers
Miyazakidai System Laboratory established	Launched sales of FOREST personnel data software
Sagamino System Laboratory established	
Listed on Tokyo Stock Exchange Second Section	
	Began offering WonderWeb SFA/CRM package



Sankei Ebisu Building, which housed the Computer Center and CEC's head office



Mainframe software package under our exclusive domestic distribution rights at the time



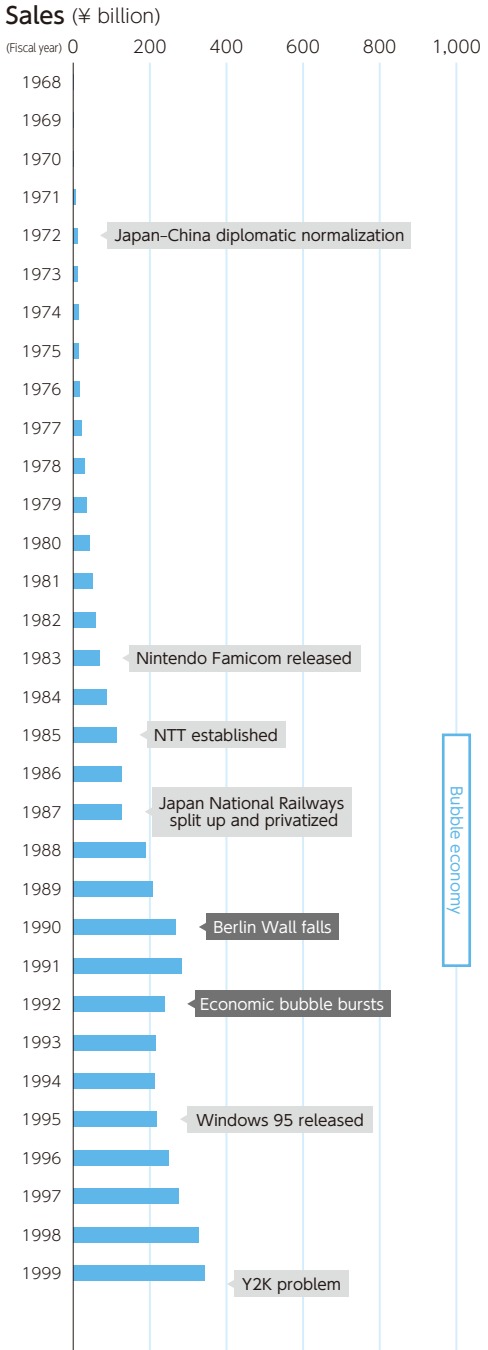
Sagamino System Laboratory: Serving not only as a development center but also as a hub for IT services



Listed on the Tokyo Stock Exchange Second Section in 1990



Oita System Laboratory



2000s

Evolution: creating new value

In 2001, the company listed on the First Section of the Tokyo Stock Exchange and began its full-scale buildout of the data center services business that same year. During the 2010s, CEC rode out the economic downturn precipitated by the Lehman Shock and the Great East Japan Earthquake and, from 2015 onward focused on strengthening competitiveness and improving business efficiency in line with its current medium-term management plan.
During this period, we created numerous solutions and services, including the security brand CyberNEXT® and the Convergent® business platform developed in collaboration with Microsoft. Furthermore, since 2018, we have focused on building a unique business model based on simultaneous business structural reform and operational efficiency improvement.

2020s

Business transformation and sustainable growth driven by our long-term management plan VISION 2030

As a countermeasure to the COVID pandemic that began in 2019, we introduced remote work including from home-based worksites. In February 2025, we formally redefined our declared purpose as a fresh guiding principle for the entire CEC Group and established a new philosophical framework. Subsequently, we created and release our long-term management plan VISION 2030, among whose goals is net sales of ¥100 billion.
To respond to rapid business environment shifts and technological innovation, we are accelerating the transformation of our operations. This involves reorganizing our business portfolio and segments and targeting further evolution through simultaneous advances in profitability and sustainable growth through the delivery of broad value to customers. This value ranges from legacy system support to cloud and AI technologies.

- Listed on the Tokyo Stock Exchange First Section
- Relocated headquarters office to Ebisu, Shibuya Ward
- Launched software e-commerce site SoftDirect.com
- Commenced data center operations
- Released workplace information security solution SmartSESAME
- Launched branding campaign for third-party verification service PROVEQ
- Launched branding campaigns for Cyber NEXT and Convergent
- Launched branding campaign for Smart Factory
- Commenced big data infrastructure construction services
- Acquired ISO 14001 certification
- Transitioned to the TSE Prime Market
- Released cloud integration platform BizAxis

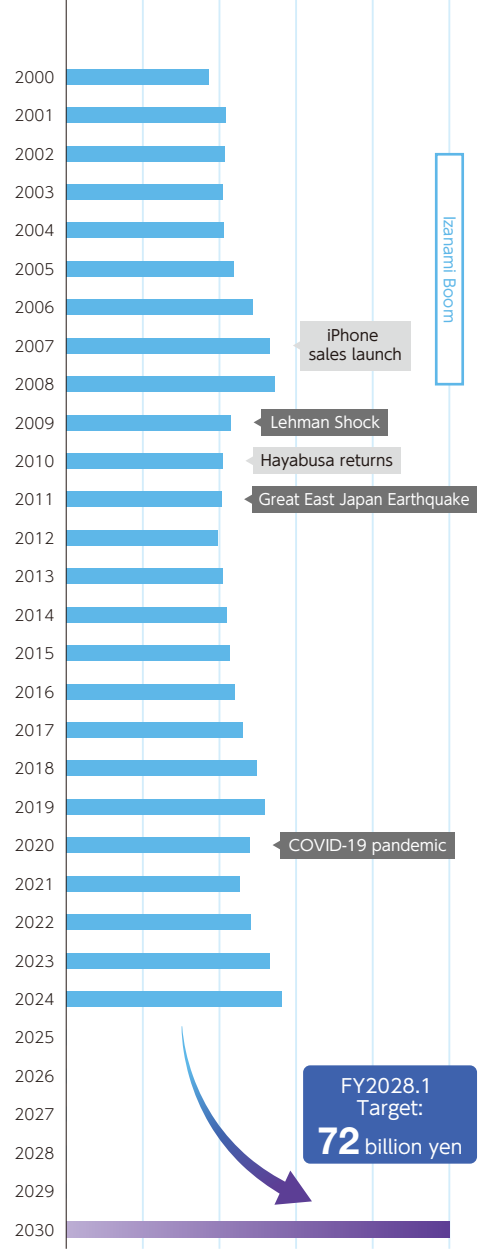
Connected / Solution / Integration


Listed on the Tokyo Stock Exchange First Section


Exhibited VR+R-branded products at an event held at Tokyo Big Sight


Celebrating the 50th anniversary with companywide event

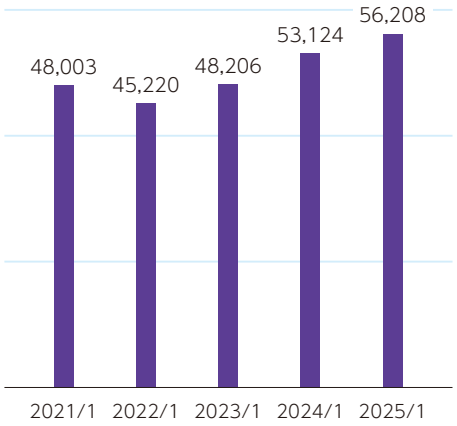

Launched the childcare support app "at Claps"



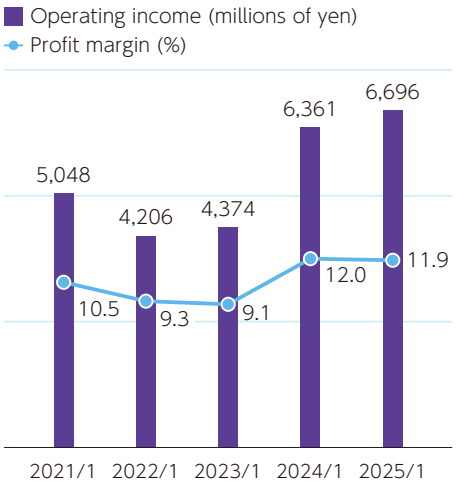
Financial highlights

*5-year trend

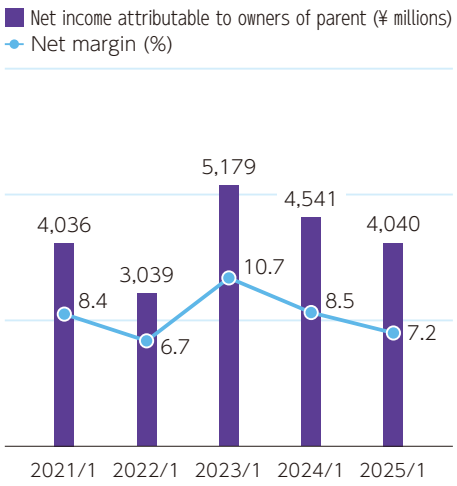
Net sales



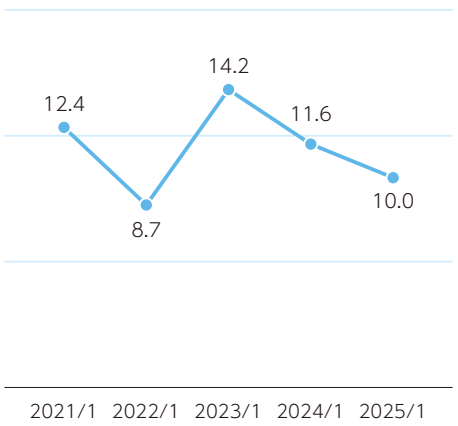
Operating income, operating margin



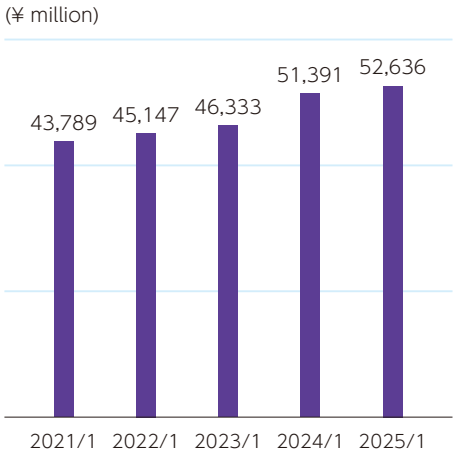
Net income attributable to owners of parent, margin



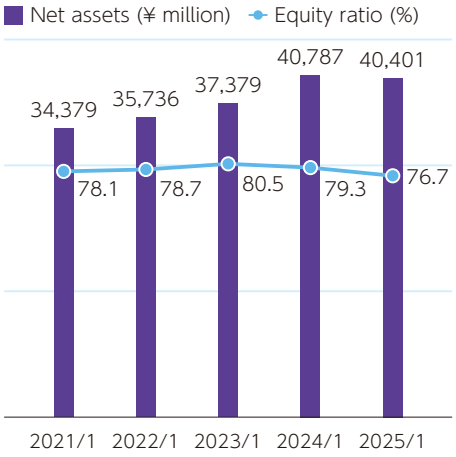
ROE



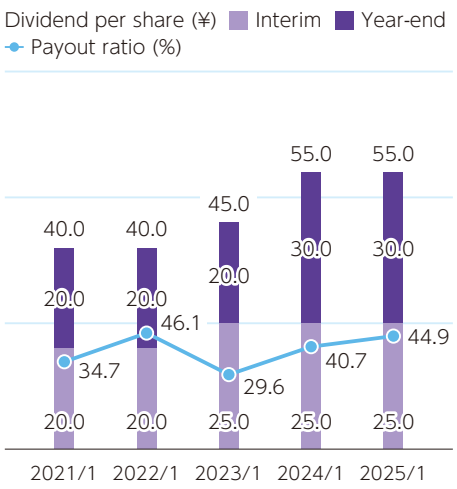
Total assets



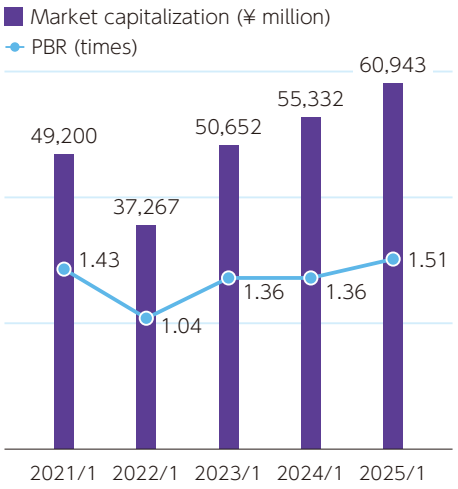
Net assets, equity ratio



Dividend per share, payout ratio

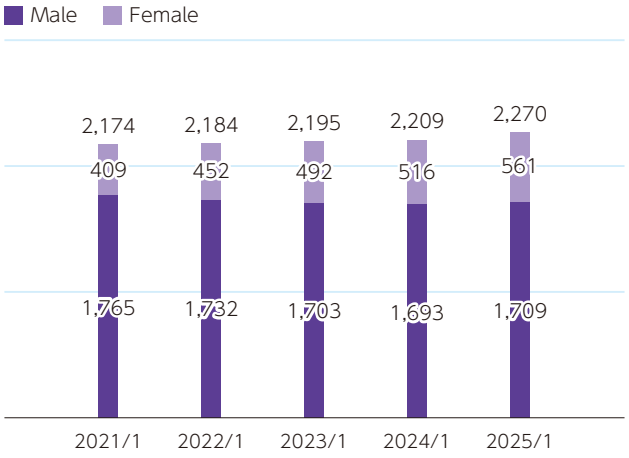


Market capitalization, PBR

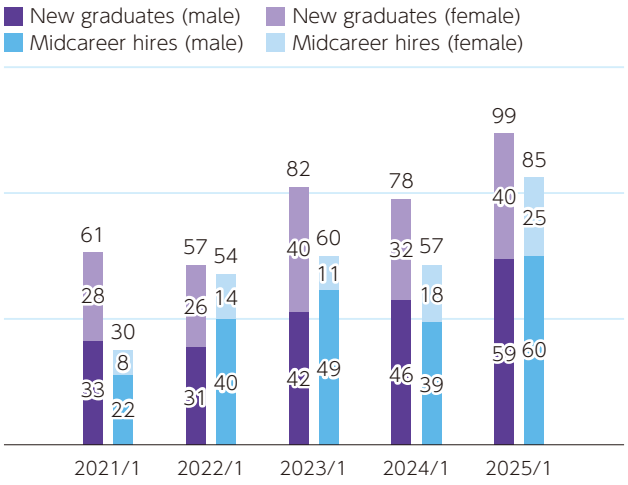


Nonfinancial highlights

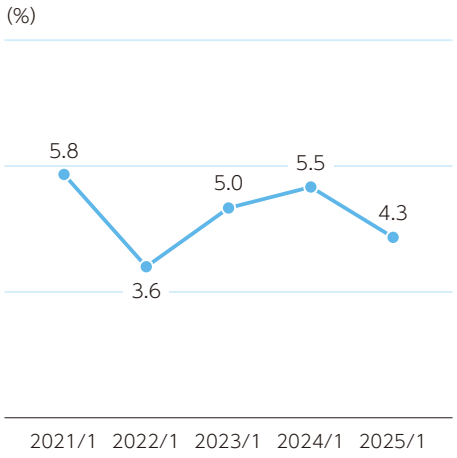
Number of Employees (consolidated)



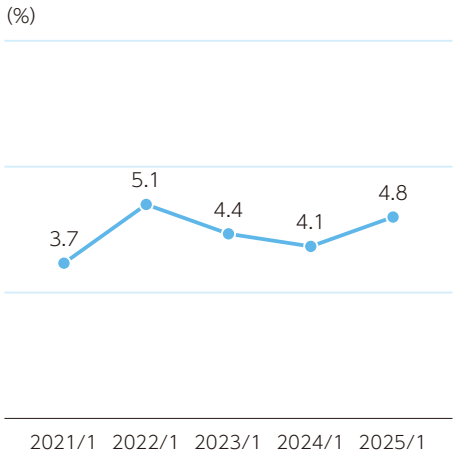
New hires1,2 ※1 ※2



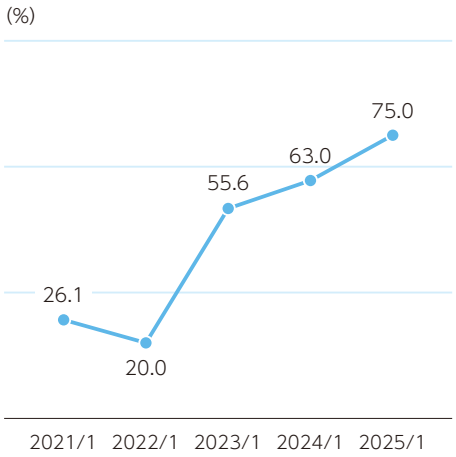
Turnover rate ※1 ※3



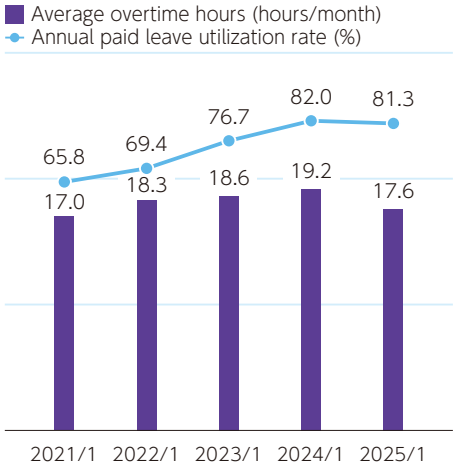
Ratio of female managers ※1



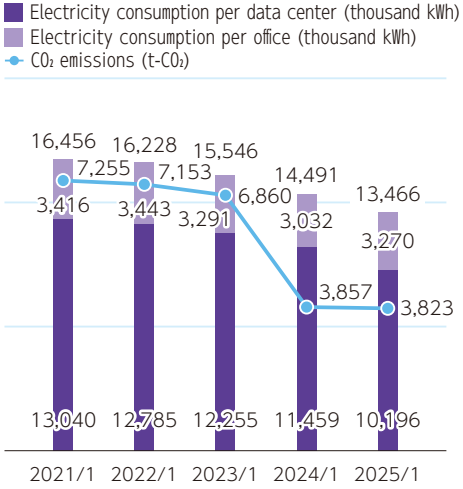
Male childcare leave utilization rate ※1



Average monthly overtime hours per employee / paid leave utilization rate ※1



Electricity consumption / CO_2 emissions



※1 Standalone company figures, ※2 Excludes transfers, etc., ※3 Voluntary resignations only

Value creation process

Purpose | Toward a brighter future for society, customers, and employees by harnessing the power of ICT to create new value

Vision | Essential Company
Becoming an indispensable company for our stakeholders; Creating a prosperous future and realizing human happiness

Shifting external environment

Rapid IT market growth
Working population decline
Cutting-edge technological advancement
Growing social demand for societal sustainability



INPUT

Social capital
Relationship of trust with customers and business partners

Human capital
Diverse staff offer advanced technical skills and know-how
Workplace environment encourages diversity of thought

Intellectual capital
High technical competence and adaptability gained from development work spanning a diverse range of industries
Deep understanding of and extensive expertise in customer industries
Cutting-edge technology research

Financial capital
Solid financial foundation for growth investment

Natural capital
Activities that reduce environmental impact

Manufacturing capital
Expansion of manufacturing and data center facilities

Responding to increasingly complex environmental changes with optimal comprehensive services for customers

Expansion of business domains

Integration Segment

Development capabilities
Solving customer challenges through deepening account relationships and expanding services



Hybrid Integrator

Data usage
Effectively leveraging **accumulated data to connect** across industries

Proprietary Products
Solutions that deliver **safety and peace** of mind

Connected Segment

Solution Segment

New business creation

Materiality

- Environmentally conscious business activities
- Collaborative value creation with society for a prosperous future
- Creating an environment that unlocks human potential
- Achieving sustainable corporate management

Human resources strategy | Financial strategy | Strengthening internal infrastructure

Corporate governance

OUTPUT

Products and services

Integration Segment
- System and infrastructure construction business
- Microsoft services business
- Migration services business

Connected Segment
- Data monetization business
- Cloud service development business
- Control simulation business
- Quality management business

Solution Segment
- Data center business
- Security business
- Industry-specific solutions



OUTCOME

Economic value creation
(Target for FY2031.1)

Net sales: **100** billion yen
Operating income (margin)
14.3 billion yen(**14.4**%)
Profit attributable to owners of parent (margin)
10.0 billion yen(**10.0**%)
ROE **20**% or higher

Creating social value

Society
Resolving social issues through ICT-driven innovation

Customers
Pursuing customer satisfaction through enhanced technical and consultative capabilities

Employees
Respecting employees' growth potential and diversity and providing an invigorating work environment

Business partners
Building long-term relationships of trust and achieving high levels of collaborative value creation and mutual prosperity

Shareholders
Enhancing medium-to-long-term shareholder value through sustainable growth

Long-term vision for 2030

New long- and medium-term management plans launched

We have established our long-term management plan, "VISION 2030." As the first stage toward achieving this vision, we have also formulated the "Medium-Term Management Plan 2025–2027."

Further evolution and growth as an essential enterprise

Accelerating business transformation to enhance profitability and grow sustainably

VISION 2030

Medium-term Management Plan 2022–2024

Results

Net sales: **56.2**billion yen ROE **10.0**%

Stage I Growth

Medium-term Management Plan 2025–2027

Establishing foundations for growth

- Expanding service offerings
- Strengthening project sales capabilities through the creation of a dedicated sales unit
- Enhancing our staff's technical capabilities through recruitment and PM training
- Strengthening management foundations through growth investment
- Business segment reorganization

Accelerating business transformation

- New segments drive business
- Service offerings and sales coverage broaden
- Growth investment and M&A accelerate
- Cutting-edge engineers recruited and developed

Targets

Net sales: **72**billion yen ROE **14**% or higher

Stage II Expansion

Medium-term Management Plan 2028–2030

Expanding value creation

- New core businesses established
- Business scale expansion accelerates
- Corporate culture of innovation promoted
- Business-driven social value expanded

Targets

Net sales: **100**billion yen ROE **20**% or higher

Management targets

	FY2025.1 actuals	Stage I FY2028.1 targets	Stage II FY2031.1 targets
Net sales	56.2billion yen	72billion yen	100billion yen
Operating income	6.69billion yen	8.6billion yen	14.3billion yen
Operating income margin	11.9%	11.9%	14.4%

	FY2025.1 actuals	Stage I FY2028.1 targets	Stage II FY2031.1 targets
Profit attributable to owners of parent	4billion yen	6.2billion yen	10billion yen
Net margin	7.2%	8.6%	10.0%
ROE	10.0%	14% or more	20% or more

Launch of new long- and medium-term management plans

Environmental assessment and response strategy

Seeing opportunity in the rapidly shifting business environment, we are driving business transformation and expanding value delivery for customers to society.

Environmental assessment	Strategic response
Rapid growth of the IT market and evolving business environment • Rapid growth of the cutting-edge IT market • While legacy systems require maintenance and renewal, businesses demand value delivery through cutting-edge IT	**Reorganization of business portfolio** • Reorganization into segments aligned with business models and strengths • Expansion and deployment of services leveraging expertise in cutting-edge and traditional IT to address increasingly sophisticated customer needs
The importance of technology transfer and talent development amid a shrinking workforce • Labor force contraction due to low birth rates and retirement of "baby boomer juniors" • Increased importance of skill transfer from aging master craftsmen and nurturing of young engineers	**Evolution of HR initiatives to strengthen recruiting and development** • Strengthening aligned with a talent portfolio linked to business strategy • Mechanisms to attract diverse talent and maximize their capabilities
Expanding customer needs served by advanced technologies • Accelerated advancement of cutting-edge technologies such as cloud and AI • Widening range of customer needs addressable via advanced technology	**Advancing new value creation through cutting-edge technologies** • Expanding value by merging traditional and cutting-edge technologies • Accessing cutting-edge technologists via collaboration with partners • Creating new businesses and expanding service offerings with cutting-edge technology
Growing societal demand for societal sustainability • Intensified ESG investing and heightened demand for nonfinancial information disclosure • Corporations pushed to support a sustainable society	**Resolving social issues through commercial activity** • Promoting sustainability management and proactive disclosure • Advancing HR management, including cultivating a diligent and persistent organizational culture enabling the realization of customer needs

Growth strategy

To achieve our VISION 2030 goals, we are accelerating sustainability management and creating new value through two growth strategies.

①Business strategy

Business model transformation
Tailor new service offerings to meet customer needs and transform the business model

Expand business scope
Expand business domains through vertical and horizontal development of core and focus businesses

New business creation
Creating new businesses that can become new revenue drivers

②Corporate strategy

HR strategy
Strengthening recruiting and training and fostering a workplace in which diverse staff can prosper

Financial strategy
Maintaining appropriate cash reserves and allocating surplus funds to shareholder returns and growth investments

Corporate governance
Strengthening governance systems and operations and enhancing disclosure

Fortifying Internal Infrastructure
Enhancing internal DX and facilities management

Sustainability management

Deriving long-term social and economic value through reduced environmental impact, heightened social contribution, and enhanced management transparency

Sustainability management






Basic framework

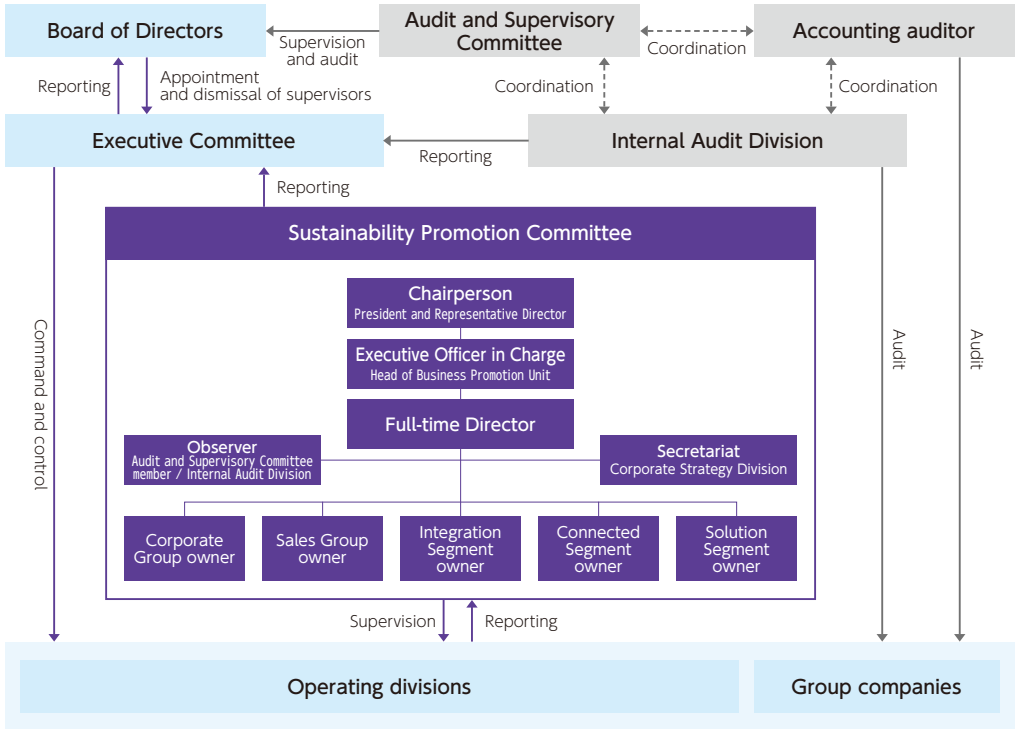
We at the CEC Group aspire to be an essential company benefiting all stakeholders—society, customers, employees, business partners, shareholders, and others—by creating a prosperous future through the power of ICT. We are meeting stakeholder expectations through consistent added value and contribution to society's sustainable development.
We also prioritize environmental, social, and governance (ESG) and the globally recognized sustainable development goals (SDGs) as key elements of corporate management. We particularly recognize climate change as a critical issue having broad implications for our business activities.
We are, accordingly, actively working to reduce CO_2 emissions, a major contributor to global warming and are striving toward our medium-to-long-term targets: a 46% reduction compared to FY2016 levels by FY2030 and achieving carbon neutrality (Scopes 1 & 2) by FY2050 (fiscal year ending January 2051).
Specifically, we have obtained ISO 14001 certification, the international standard for environmental management systems, at all company-owned facilities. We have also switched to renewably sourced electricity at some facilities and data centers. We will continue to strengthen measures to reduce greenhouse gases and maintain our ongoing environmental management cycle to promote a low-carbon society.
As part of our proactive ESG initiative, all parts of our organization will take action under the direction of the Sustainability Promotion Committee in an effort to achieve both societal development and growth for our corporate group.

Promotion framework

To realize our company's purpose–using the power of ICT to create value and lead customers, employees, and society toward a brighter future–we established the Sustainability Promotion Committee in February 2025 through a resolution of the Board of Directors. This committee drives companywide efforts to address ESG and other social issues and leads with critical management challenges. It first formally convened in April.
The committee's secretariat function is handled by the Corporate Strategy Division, which collaborates with all departments to implement the following initiatives:
•Policy formulation
•Establishment of materiality and planning countermeasures
•Management of KPIs
Through these activities, the committee promotes and supports companywide sustainability management aligned with the company's Sustainability Policy.
The committee is chaired by the President and a cross-functional slate of members is selected from across the company by the Chair.

Sustainability Committee Meeting record Held four times (April, May, June, September)

<Key topics>
- Reviewing the direction of planned sustainability activity for FY2026.1
- Coordinating promotion policy and implementation status of sustainability management initiatives
- Clarifying the committee's operational policy and roles
- Promoting understanding and consolidating awareness of sustainability themes
- Reviewing and examining initiatives and KPIs (including validation)
- Comprehensively reviewing activities and devising upcoming policy



Materiality identification process

In identifying material sustainability issues, our group carefully examined topics requiring attention from the perspective of changes in society and the business environment and with regard to their relevance to our management strategy. Following discussions and approval at the meeting of the Board of Directors, we formalized our list of key material issues in February 2025.
Concurrently, we defined specific action items covering specified material issues that are to be periodically reviewed and revised based on future changes in social conditions, needs, and management strategy.

STEP 1

Identify issues

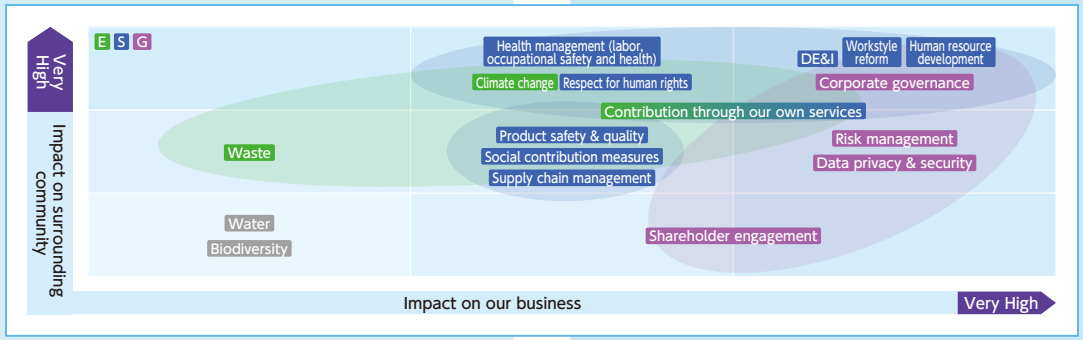
- Identify issues in accordance with the UN SDGs and other international frameworks, such international disclosure standards as GRI and SASB, external evaluation metrics like FTSE's ESG Index, prevailing megatrends, and industry practices as determined by competitive benchmarking studies
- Select issues deemed significant for the group's management strategy

STEP 2

Analyze material issues

- Evaluate the external environment based on issues derived from international disclosure standards, external evaluation metrics, and industry trends from competitive benchmarking
- Assess the materiality of ESG issues not only for their impact on group business but also on the surrounding community

Importance assessment for each ESG item



STEP 3

Specify material issues

- Based on Steps 1 and 2, narrow down issues requiring companywide action in reference to the company's philosophical framework and VISION 2030
- Identify four materiality issues following discussions in the Executive Committee and the Board of Directors
- Confirm alignment of KPIs for each materiality item with VISION 2030 and the current medium-term management plan and formalize if conformant

STEP 4

Monitor and review

- Progress on materiality initiatives, KPIs, and target achievement is regularly reported at meetings of the Executive Committee and Board of Directors; targets and actual results are disclosed externally
- Regular reviews are conducted in reflection of changes in the external environment and business developments

Policy & materiality

Sustainability policy

The CEC Group upholds the purpose: Using the power of ICT to create value and lead customers, employees, and society toward a brighter future.
We not only pursue economic value but also fulfill our social responsibilities with regard to ESG and the development of a sustainable society.

Materiality

Relevant SDGs Goals



Environmentally conscious business activities

In the course of our business activities, we are reducing our environmental impact to conserve resources and the global environment.
We follow initiatives to expand renewable energy use and promote a society oriented toward resource recycling.





Collaborative value creation with society for a prosperous future

We are deepening dialogue and collaboration with our wide range of stakeholders, including local communities and business partners. Through ICT-driven innovation, we are meeting social challenges and fulfilling our responsibility as a corporate member of society.





Creating an environment that unlocks human potential

We foster a workplace environment that maximizes the potential of every employee and respects diversity.
By supporting personal growth, we ensure that our employees can thrive.





Sustainable corporate management

We prioritize transparency and accountability as we practice sustainable management.
We accurately identify risks and opportunities with an eye to enhancing corporate value over the medium-to-long term.





Director's message



Hideki Takagi

Director and Executive Officer
Overseeing Solution Segment
Responsible for Marketing and
Business Strategy

Q Background of Initiatives for Marketing & Business Strategy

To achieve our target of ¥100 billion in net sales as stipulated in VISION 2030, it is essential that we implement a highly revenue-efficient business model. We believe that building a framework for accurately capturing customer needs and systematically delivering value is critical to building corporate value. Currently, individual organizations within the company are achieving success, but collaboration across business segments is insufficient, resulting in sales that are merely additive rather than synergistic.
Moving forward, we are shifting to a companywide strategy that produces multiplicative growth benefits. First, we prioritize building a stronger foundation for our brand's value by enhancing our marketing processes. We are developing and strengthening our sales organization and establishing a PMI system to promote the development of business processes that drive sales and maximize customer value throughout the entire company.
We are establishing systems for handling market research and customer analysis to facilitate process standardization and efficiency through data-driven marketing. Moreover, we are optimizing sales strategies based on insights gained from our marketing activities and collaborating with sales departments to clarify and streamline the deal-desk function. Additionally, we are strengthening our solution planning activities, which are rooted in customer requirements, and accelerating the building of businesses that balance profitability and growth potential (details on page 31).

Q Determination to achieve VISION 2030

We view the ¥100 billion net sales target set out in VISION 2030 as fully achievable, given our capabilities and growth strategy. Our objective is to further establish high-profit business models centered on the Solution Segment while creating solutions that contribute to resolving social issues as an essential corporate member of society.



Atsushi Ookita

Director and Executive Officer
Overseeing Integration Segment
Responsible for Quality Reforms

Q Background of Initiatives for Quality Reforms

The world of corporate IT infrastructure faces significant changes, including system obsolescence, a shortage of skilled engineers, and intensifying security threats. As exemplified by the "2025 Digital Cliff" highlighted in a Ministry of Economy, Trade and Industry report on DX, the renewal of legacy systems is an urgent necessity. However, rebuilding complex, black-boxed core systems is no easy task. As provider of development services, we prioritize customer-focused quality tailored to the current circumstances.
We are preparing companywide growth foundations that enable us to deliver an attractive sense of quality that goes beyond functional requirements. During the initial preparation phase, we are increasing the number of employees who can understand the risks inherent in business negotiations, thereby building a more resilient organization. With regard to development, we are invigorating our organization by expanding project management talent. In pursuit of independence, we are improving the quality of audits conducted by each business and establishing mechanisms whereby field staff drive quality improvement directly.
Furthermore, we are promoting the digital transformation (DX) of quality assurance as a foundational element, shifting from subjective judgment to data-driven quality management. We are emphasizing measurement as we quantitatively assess the customer experience and degree of satisfaction, and are continuously improving to make quality a lever for winning customer business.

Q Determination to achieve VISION 2030

We believe the achievement of VISION 2030 requires more than simply extending our current practices. In an industry marked by swift technological progress, it is essential to get out in front of change and continually evolve. Applying our cultivated strengths to new challenges to enhance both customer-focused quality and staff caliber will permit us to grow sustainably. Creating an environment in which every employee genuinely feels glad to work for the company is the most critical driving force in our quest to realize VISION 2030.



Yasuo Sakai

Director and Executive Officer
Overseeing Connected Segment
Responsible for Technology Reforms

Q Background of Initiatives for Technology Reforms

Advancement in the “Internet of things” (IoT) space has ushered in an era where nearly any type of product can connect to the Internet and data is aggregated in the cloud. Society as a whole is hungry not only for progress by existing businesses through data utilization; it is also looking for new revenue streams and value, as well as solutions to social problems through cross-industry information sharing. At the same time, cutting-edge technologies, including AI, are transforming the market environment at a pace that is fundamentally reshaping entire business domains.
We view these changes as an opportunity for growth and transformation. To enhance our competitive advantage, it is essential to radically strengthen our technological capabilities. Our power lies in surpassing technical expertise and extensive domain knowledge cultivated via collaboration with our customers across all our businesses. We believe that maximizing this potential and enhancing our integrated capabilities on a companywide basis are critical to future value creation. We are, therefore, putting together a companywide technology strategy aimed at shoring up our business competitiveness and improving our technical capabilities through the use of cutting-edge technologies.
Specifically, we are:

- Acquiring cutting-edge technologies based on our technical strategy and promoting commercialization through R&D
- Building out technological capabilities in regard to AI and cloud
- Enhancing intellectual property in the technology space by establishing a companywide knowledge-sharing platform (details on page 29)

Through these initiatives, we are set to achieve sustainable growth and create new value.

Q Determination to achieve VISION 2030

To grow businesses that create new value using digital data, as laid out in VISION 2030, we must recognize the importance of generative AI, which is poised to bring about intense environmental shifts and Industrial Revolution–level change, and implement strategies that maximize its use. We are establishing a workplace in which all employees can confidently apply generative AI to their work and actively pursue its incorporation into our own products and services.



Naoki Ishihara

Director and Executive Officer
Overseeing Integration Segment

Q Automotive industry market environment and initiatives

Our company maintains a host of business relationships with major automotive assemblers and parts suppliers. However, the automobile industry currently faces multiple challenges, including declining vehicle sales, limited semiconductor supply, soaring raw material costs, labor shortages, and US tariff policies. Leading automotive manufacturers and their group companies are nevertheless enjoying steady production and sales. These companies are pushing growth investment with a focus on the future while undergoing group restructuring and strengthening their management foundations.
Through our longstanding partnerships with leading automakers, we support a broad range of business functions, including design, engineering, procurement, production, logistics, human resources, and accounting. Our track record has enabled us to amass specialized expertise and build networks spanning both operations and systems. We have leveraged this experience to establish a project promotion framework offering high quality at low cost.
Moving forward, we will continue to refine the strength of our cyclical business model, which integrates operational and system expertise to build a development framework that offers high-quality at a reasonable cost when viewed from a medium-to-long-term perspective. This is achieved by linking development to maintenance and operation and, then, to work proposals and order acquisition. Moreover, in response to changes in the automotive industry (HEV, PHEV, BEV, FCV, etc.), we are simultaneously strengthening our “Three Capabilities” across three domains: (1) the workplace (refinement of professional skills), (2) SE mobilization; and (3) all-CEC (comprehensive strength). This will help expand the overall flow of business across the automotive industry.

Q Determination to achieve VISION 2030

Building on the trust cultivated with our customers through years of contract development and our deep understanding of their operations and challenges, we are positioned to advance the state of high-value-added solution services. Guided by our newly established purpose—toward a brighter future for society, customers, and employees by harnessing the power of ICT to create new value—we will strengthen our internal organization and strive as one company to become the obvious choice for our customers.

Medium-term Management Plan 2022–2024 in review

Our Group positioned the three-year period from the fiscal year ended January 2023 to the fiscal year ended January 2025 as a "Foundation Building for Growth" phase. We pursued business activities under three basic policies: "Strengthening Business Capabilities," "Strengthening Human Resources and Technical Capabilities," and "Strengthening Management Foundations," advancing preparations to move to the next stage. The status of target achievement, key results, and challenges are as follows.

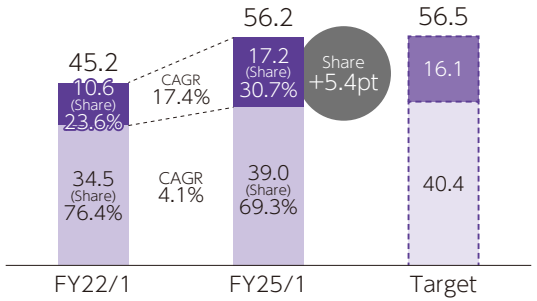
Regarding target achievement status: profit targets met after revision

	FY2022.1 results	FY2025.1 target*	FY2025.1 results (vs. FY2022.1)	
Net sales	45.2 billion yen	**56.5** billion yen	56.2 billion yen	CAGR 7.5%
Ordinary income	4,2 billion yen	**6,3** billion yen	6,8 billion yen	CAGR 16.7%
Ordinary income margin	9.5%	**11%** or higher	12.1%	+2.6pt
ROE	8.7%	**9.2%**	10.0%	+1.3pt
Dividend payout ratio	46.1%	**40%** or higher	44.9%	−1.2pt

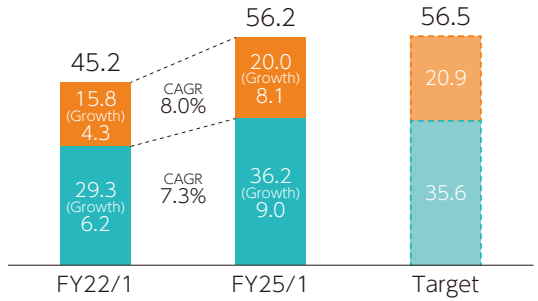
*Target revised to reflect FY2024.1 full-year results

Sales composition ratio increased as planned for both core/focus businesses and segments

Core and focus businesses (¥ billion)



By segment (¥ billion)



Initiatives under our basic policy framework have made progress, driving improvement in management capabilities steadily over the three-year period. However, the journey is not yet complete, with some targeted themes not having yet reached their targets.
To achieve growth in a rapidly changing market, further business transformation and advancement in corporate operations are needed. We will, therefore, thoroughly address the remaining challenges in our next stage of development.

Basic framework	Key achievements and challenges
Enhancing business capabilities	✓ While our focus businesses generally progressed as planned, the cloud business suffered delays and needs a momentum boost. ✓ The shift to service offerings based on recurring revenue models advanced gradually, but further transformation is needed to completely revise our revenue model and to create proprietary services. ✓ The establishment of the Sales Unit yielded some results in cross-company sales activities and comprehensive deepening of relationships with existing customers.
Enhancing human capital and technical strength	✓ Employee headcount growth, after falling behind the pace in the first fiscal year, recovered in the final year but nevertheless missed our target. Amid intensifying competition for talent, greater hiring efficiency must be achieved. ✓ We have revised our training system to bring greater visibility to our skill assessment process and link it with educational programs. Aligning our talent portfolio with our new business strategy is the next priority. ✓ Workstyle reforms are progressing smoothly and improving working conditions.
Strengthening our management foundation	✓ ESG initiatives have progressed steadily and governance advanced further. ✓ Internal DX faces challenges affecting the pace of operational reform. Full-scale investigation into a "grand design" strategy is urgently needed. ✓ Invigorating our financial foundation has hinged on the dual pursuit of growth investment and shareholder returns. More proactive financial initiatives are needed to increase corporate value.

Overview: new Medium-term Management Plan 2025–2027

The three-year period from FY2026.1 through FY2028.1 is positioned as a growth phase of robust business transformation and expansion of the value we provide to customers to society.

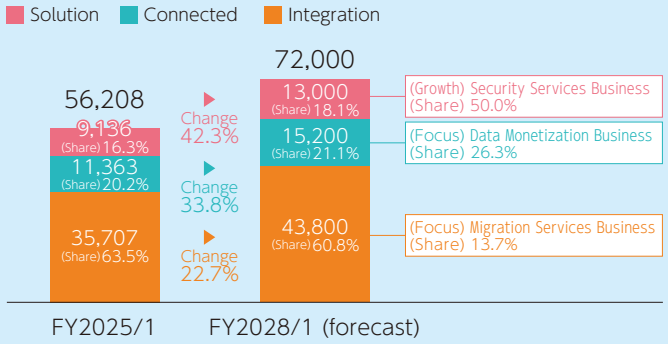
Financial and nonfinancial targets

		Fiscal year ending January 2028 targets
Financial targets	Net sales	72 billion yen
	Operating income /margin	8.6 billion yen /11.9%
	Net income /margin	6.2 billion yen /8.6%
	ROE	14% or higher
Nonfinancial targets	CO_2 emissions	Scopes 1 & 2 (nonconsolidated) Versus FY2016 −50.7%
	Employees	2,950

Segment targets and focus businesses

- Integration holds the highest sales composition ratio; Connected and Solutions prioritize growth rate
- Focus businesses are designated by anticipating their potential as future core businesses based on past performance and market trends

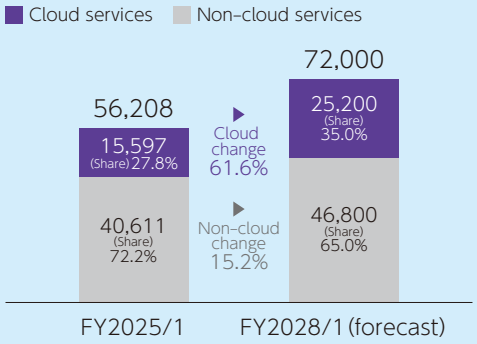
Segment targets (¥ million)



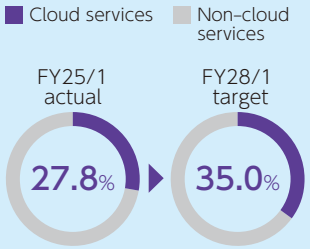
Centrally promoted business (cloud services)

- Accelerate the shift to cloud-based services and system infrastructure
- Increase cloud services' proportional contribution to further boost margins

Net sales (¥ million)



Cloud service share



Define focus businesses and areas of focus in each segment to expand, grow, and create social value

	VISION 2030 Future state	Stage I Medium-term focus areas	Focus businesses
Integration	Focus on deepening account relationships and expanding services to help meet social challenges through collaborative value creation with customers and partners	✓ Account penetration: Participation from early in the upstream process to provide end-to-end services ✓ Service expansion: Microsoft integration, migration-related services ✓ Collaborative creation and mutual prosperity : Strengthening initiatives through collaborative value creation with customers and partners	Migration services business 4.1 billion yen→ 6.0 billion yen
Connected	Providing a data integration platform that aggregates and uses information to connecting businesses and industries and offering unique data analysis solutions focused on social challenges	✓ Service transformation: Establishing proprietary services that leverage current strengths to expand domains and support data circulation ✓ Business Expansion: Further strengthen cloud service development capabilities and expand into multiple industries beyond the mobility market	Data monetization business 2.8 billion yen→ 4.0 billion yen
Solution	Bringing safety and security to our customers and society through solutions that leverage ICT assets and expertise in DC and security technologies	✓ Enhance In-House Services: Strengthen authentication security and industry-specific zero trust ✓ Expand DC Services: Transition from traditional to cloud-based service expansion ✓ Create Industry-Specific Solutions: Acquire industry expertise in healthcare, logistics, public sector, and education to develop specialized solutions	Security services business 4.5 billion yen→ 6.5 billion yen

Business strategy

Integration Segment



We surface customers' latent needs and contribute to solving social and customer challenges through proactive integration.

Naomichi Toki Executive Officer

Business description

Leveraging years of industry expertise and deep understanding of our customers, we deliver a one-stop integration experience that extends the bounds of traditional system development, covering everything from planning to infrastructure design, construction, and operation.

System & Infrastructure Development Business

We provide comprehensive services for customers in the manufacturing, finance, government agencies, and municipal sectors and spanning development, operation and maintenance of business systems as well as planning, design, construction, migration, and operation of infrastructure and cloud services.

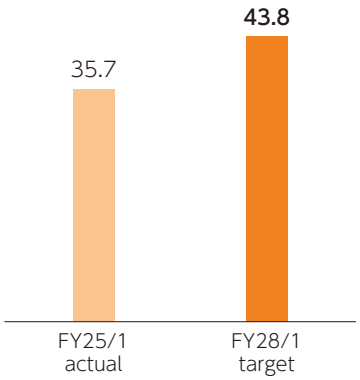
Microsoft Services Business

We offer consulting and system development, maintenance, and operational services supporting Microsoft cloud services (Dynamics 365, Power Platform, Azure, etc.).

Migration Services Business

Provides services for migrating infrastructure (mainframes, office computers, virtualization platforms) and applications to achieve digital transformation.

Net sales (¥ billion)



Key focus areas

Account penetration

Deliver enhanced proposals and support to deepening relationships with primary and secondary customers. Build mutually beneficial partnerships

Service expansion

Expand migration and Microsoft services to create new offerings

Collaborative value creation

Developing concepts, service offerings, planning, and execution optimized for collaborative creation and sustainability

Business environment assessment and countermeasures

Accelerating DX and technological evolution are causing customer requirements to diversify and expand. Simple system construction is no longer sufficient, as demand is now shifting toward ancillary services that offer consistent support from upstream consulting through infrastructure construction to maintenance and operation.
Furthermore, to respond flexibly and swiftly to market changes, it is essential to actively adopt new technologies and methodologies; for example, agile development and AI. Securing and developing skilled staff is also a critical challenge, and efforts to prevent talent leakage are indispensable. Companies that can adapt to these changes while consistently proposing solutions that look one step ahead will be the ones to survive in the coming era.

SWOT

Strengths × Opportunities

Proactive strategy

- Shift to DX support business (defensive DX + offensive DX)
- Progress in DX areas for key customers
- Ecosystem lock-in strategy using DX-related services (Microsoft services, migration services) as hooks
- Generate new high-quality customer relationships and build a valuable customer base
- Infrastructure + application synergy strategy (strengthening comprehensive system integration capabilities)

Strengths × Threats

Differentiation strategy

- Consulting and alliance initiatives with major system integrators
- Mid-market company focus
- In-house development with field support (Refining the field-support service style with our customers)
- Service expansion leveraging Convergent and Re@nove
- Strengthening all-in-one service capabilities

Weakness × Opportunities

Overcoming strategy

- Enhancing cloud and digital capabilities
- Refining and streamlining maintenance and support businesses
- Strengthening customer front-end capabilities (transforming staffing and on-site services)
- Establishing a cycle from expanding the customer base to deepening commercial service engagement
- Strengthening sales capabilities, promotions, and product offerings

Weakness × Threats

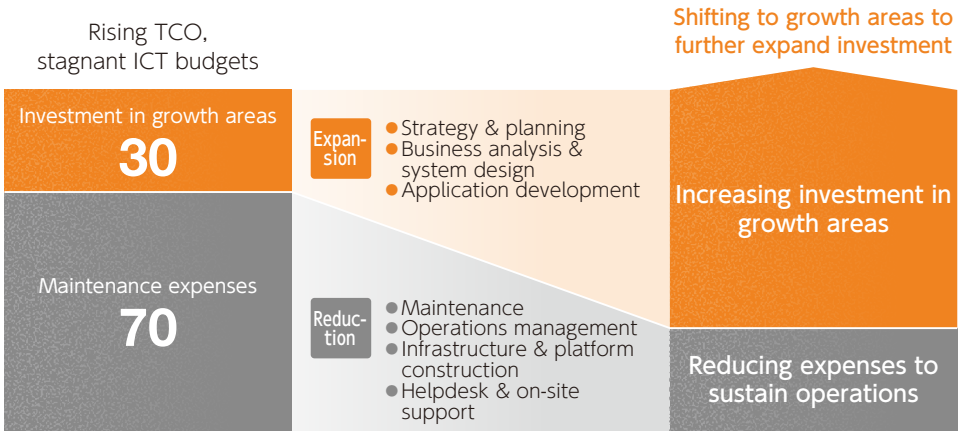
Defend and retreat strategy

- Strengthening DX consulting services (consulting, architecture, data use)
- Enhancing advanced technology application (R&D)
- Adopting agile development, no-code/low-code development
- Tightening relationships with business partners
- Developing offshore and nearshore capabilities
- Cultivating alliance partners

Focus businesses

We are focused on our migration services business. While traditional migration is often perceived as a form of refurbishment centered on maintaining and improving existing environments, CEC's approach is closer to renovation (regeneration and transformation). We call this process "ICT renovation". By leveraging existing ICT assets and innovatively combining them into strategic assets that flexibly adapt to changing business environments, we are able to create value through new business initiatives.
While the role of ICT systems in business grows daily, in reality, many companies' resources are stretched thin—both in terms of budget and resources—by the maintenance requirements of their current systems. At CEC, we help companies facing these challenges by reviewing their operational ICT processes and reducing their total cost of ownership (TCO), thus freeing up resources for investment in growth areas.

Effects of migration services



Re@nove's future-oriented migration: three key features

End-to-end support from migration to subsequent maintenance and operations

We provide one-stop support for all processes involved in the system lifecycle, extending beyond tech stack conversion to consulting and to operation and maintenance.

Achieving high-quality, low-risk migration through proprietary methods

Leveraging accumulated expertise and automation tools, our specialized engineers propose and execute high-quality, low-risk migrations.

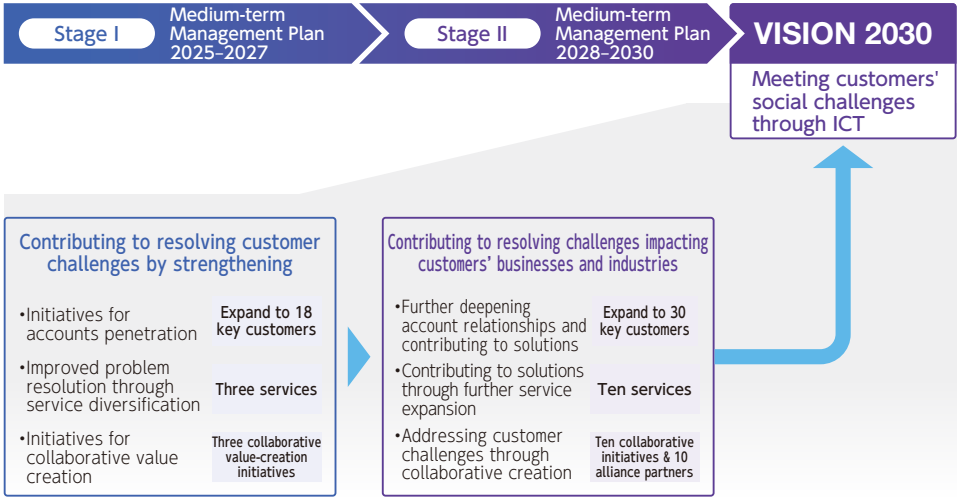
Multivendor, multiplatform support

Unbound by specific programming languages or products, we accurately grasp customers' business needs and execute migrations to the optimal environment.

Growth strategy

As the Integration Segment, we focus on two axes: "Account Penetration" and "Service Expansion." We will achieve our key initiatives and contribute to solving customer challenges. In the future, we will play a role in solving social issues through "Co-creation."

Positioning of VISION 2030 and the medium-term management plan



Key points of the medium-term management plan

	Key focus areas	Major key initiatives
Account penetration (Customer-centric)	Services focused on upstream processes End-to-end support Optimized service provision	**Problem resolution through account penetration and service expansion** •Expanding end-to-end support scope from planning and development to include applications and infrastructure •Enhancing cloud capabilities to flexibly align with customer IT strategies •Deepening account relationships to contribute to resolving challenges within customer industries •Leveraging experience with Microsoft implementations to expand service offerings through deployment and enhancement of other solutions •Providing end-to-end support by expanding from migration to modernization and from modernization to DX implementation •Offering migration services to user companies facing significant price increases due to product license changes
Service expansion (Function-centric)	Microsoft solutions Migration Services for transitioning off VMs	
Collaboration	Customers Partners Society	**Contributing to society through collaborative creation with customers and partners by applying our technological capabilities** •Creating standard frameworks, development methodologies, and processes (CEC Method) based on existing business values •Partnering to identify industry and customer pain points and being able to spot project opportunities the moment they materialize •Supporting paths to commercialization through ICT by leveraging ability to explore potential collaborators, posit collaborative creation hypotheses, and provide proof-of-concept support

Business strategy

Connected Segment



By transcending industry boundaries, leveraging digital technology and data, and connecting customers and businesses, we create new commercial opportunities through mutual collaboration as we contribute to realizing a creative society.

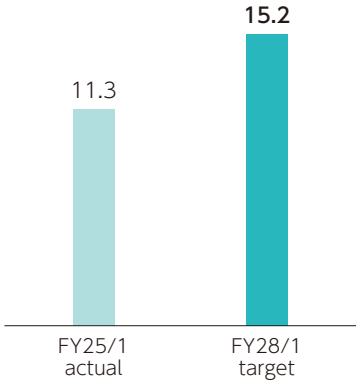
Shinichiro Tazo Executive Officer

Business overview

Generating synergy across four business lines, promoting the utilization of IoT big data, and adding value for customers' new businesses

Data monetization	Cloud service development	Controls simulation	Quality management
Constructing computing environments for big data analysis and supporting the discovery of new value through data use	Providing cloud appli-cation development support from planning through operation and maintenance; setting up DevOps environments	Integrating physical and cyber domains to enhance the development of efficient IoT systems and raise utilization rates for production infrastructure	Enhancing IoT system quality through a "product, process, and project" approach

Net sales (¥ billion)



Key focus areas

Growth of data monetization business

- Expand service domains leveraging expertise in big data from mobility and factory IoT, along with technologies for analyzing/processing and utilizing data. Plans to launch proprietary data utilization platform services

KPI New customers: 20+ companies

Expansion of cloud service development business

- Enhance and expand application development through DevOps support services and utilization of AI/cloud technologies
- Further strengthen development capabilities and expand into multiple industries beyond the mobility DX market

KPI New customers: 30+ companies

Business environment assessment and countermeasures

The recent rapid proliferation of sensor devices and IoT equipment, coupled with AI's advance, has exponentially increased the volume and variety of data society generates. In this environment, companies must position data not merely as an information resource, but as a source of value creation to be strategically accessed. Data use is not only crucial for improving operational efficiency and creating new services but also for its important role as means to address social challenges and contribute to sustainable economic growth. Furthermore, we believe that promoting the circulation and sharing of data will speed innovation across industries while enhancing Japan's national competitiveness and growth potential. However, numerous obstacles remain to be overcome, including compliance with privacy-focused regulations such as the Personal Information Protection Act, shortages of data scientists and AI engineers, and data quality assurance. Our response to these challenges is to provide secure and safe data environments and services that owe to both our technical solutions and talent development.

SWOT

Strengths

- Deep operational understanding of our customers in the automotive and manufacturing industries and solid relationships of trust with customers
- Digital technologies applicable across industries, covering such domains as IoT, AI, cloud, and DevSecOps
- Technology for building cloud-based data platforms enabling high-speed processing of large data sets

Weak-nesses

- Need for quantitative and qualitative enhancement of solution sales talent capable of identifying customers' true challenges and making proposals
- In-progress status of our effort to build a sustainable ecosystem through increased visibility into and collaboration with our partner companies

Opportu-nities

- Companies possess vast amounts of data, which has fueled expectations surrounding data use and data-driven management
- The Society 5.0 trend promoting cross-industry data collaboration and digital technology adoption to solve societal challenges
- Accelerating societal implementation of data and AI amid progress within government institutional frameworks, as demonstrated by the Cabinet Secretariat's publication of the Basic Policy on Ideal Data Utilization Systems

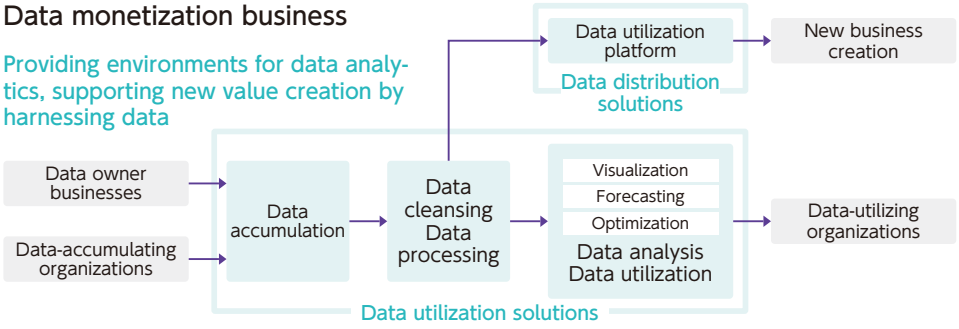
Threats

- Commoditization of application development services at the hands of technological innovations like generative AI and cloud computing
- Strengthening of regulations governing data handling, such as the Personal Information Protection Act
- Expanding geopolitical influence

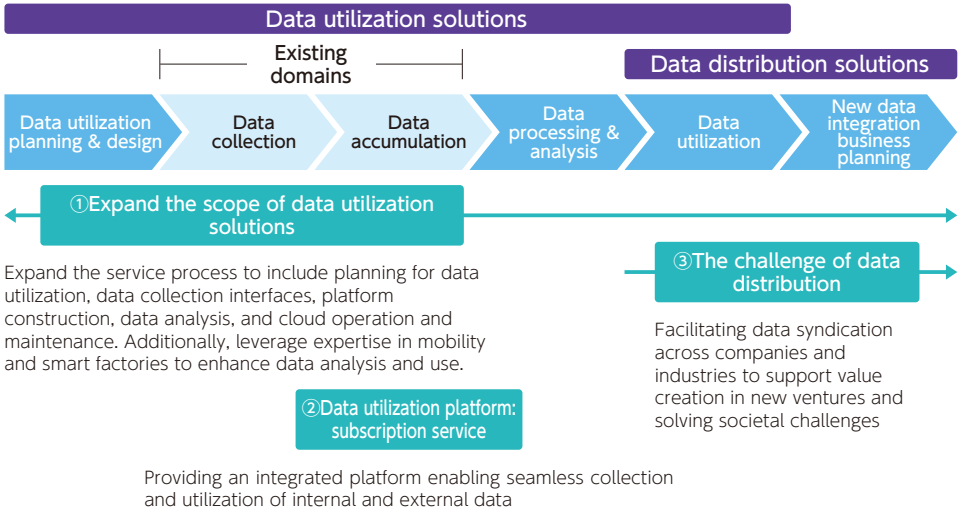
Focus businesses

Among our four business lines, we are focusing our efforts on advancing the data monetization business, which consists of two components: data utilization solutions and data distribution support solutions. Under our current medium-term management plan, we primarily focus on expanding our service lineup in the data utilization solutions space.
Specifically, we are providing services that span the entire data value chain, from planning for data utilization to providing collection and storage environments, analysis, and utilization. Furthermore, we have commenced the business planning phase toward deploying data distribution support solutions. In the future, we aim to support the creation of new value and the resolution of social issues through cross-industry innovation by promoting data distribution.

Data monetization business



Focus **Data monetization business**



Growth strategy

- In Stage I, we strengthen collaboration with partner companies on future business endeavors while generating synergies across businesses, focusing on investment in new solution development and the assembling of a customer base.
- In Stage II, we institute a hypothesis-driven story pattern for customer-targeted solution proposals that links our four business segments. We further expand our key data monetization business as part of our effort to achieve VISION 2030.

Stage I Medium-term Management Plan 2025–2027

Focus business

Expansion of big data collection, storage, and analysis services

Providing one-stop data utilization solutions from planning through collection, analysis, to operation Launching the data platform as an in-house service

Core and stable growth businesses

Cloud service development business

Expanding beyond cloud application development to deliver DevOps solutions covering the entire lifecycle

Controls simulation business

Delivering simulation and digital twin solutions by integrating automotive, FA, and factory IoT processes

Quality management business

Expanding industry-agnostic services including AI-driven test generation

Stage II Medium-term Management Plan 2028–2030

Focus business

Expansion of data monetization business

Launch data distribution support solutions to create added value for customer businesses and promote innovation

Core and stable growth businesses

Cloud service development business

Support from the nascent stages of cloud service development to monetize information and create new data-driven businesses

Controls simulation business

Connecting data across the factory floor, manufacturing execution systems, and data utilization platforms to drive data monetization while raising efficiency and creating new value

Quality management business

Assuring quality throughout the entire IoT system development process through the three "Ps": product, process, and project

VISION 2030

Contribute to a creative society by connecting customers and businesses across industries through digital technology and data

Key directives of the medium-term management plan

- Develop proprietary solutions that leverage our industry expertise and the technologies we have cultivated through system-integration transactions with major corporations
- Build a sustainable ecosystem centered on our solutions through collaboration with partner companies
- Establish hypothesis-driven story pattern for customer-targeted solution proposals that links our four business segments
- Expand our roster of proprietary solutions and our business portfolio through business alliances and M&A

Business strategy

Solution Segment



Leveraging our leading ICT technologies, in this medium-term plan we are focusing on strengthening our core competencies to enable us to contribute to a safe, secure, and convenient society. This we will do by providing business solutions in such key areas as healthcare, public services, and logistics.

Hideyuki Takai Executive Officer

Business description

Providing solutions over a diverse range of domains by leveraging security technology and data center services

Data center business

Our data center business runs out of six domestic locations and provides optimal solutions targeted at diversifying needs with traditional on-premises environments as well as cloud and hybrid environments

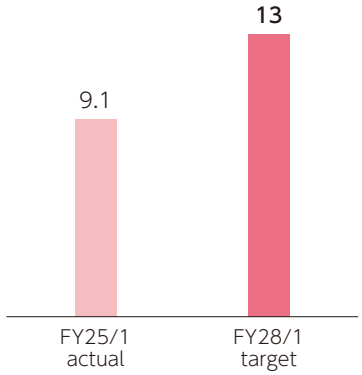
Security business

Defends against security threats and provide consulting, design, implementation, and operations services

Industry-specific solutions

Provides solutions tailored to such diverse fields as healthcare, public services, and logistics

Net sales (¥ billion)



Focus areas

Expansion of data center business

- Transition to a cloud service model

KPI New customers: 120+ companies

Strengthening the security business

- Enhancing authentication security
- Strengthening industry-specific zero trust

KPI New customers: 130+ companies

Industry-specific solutions

- Cultivating new businesses in healthcare, public services, logistics, and other sectors

KPI New customers: 50+ companies

Business environment assessment and countermeasures

Government initiatives to accelerate the promotion of digital transformation and expand digital administrative services are gaining steam as part of a drive to make citizens' lives and business activities more efficient. Particularly in public and quasi-public sectors such as local government, healthcare and nursing care, education, and disaster prevention, expectations are rising for the adoption digital technology to enhance service quality.
To respond to these external changes, we are promoting solutions that leverage our strengths. This includes our flagship product SmartSESAME, which holds the top market share for local governments, and the utilization of our proprietary data centers, which boast over 20 years of operational history. Furthermore, in the healthcare and logistics sectors, we are expanding into key areas by leveraging our track record in developing and commercializing systems specialized for specific operations.
Moving forward, we will further strengthen our efforts to realize a safe, secure, and convenient society within growing market segments, such as local government DX (2030 projected market size: ¥124.8 billion), healthcare and nursing care DX (¥200 billion), and education services DX (¥364.4 billion).

*Market size based on Fuji Keizai/Fuji Chimera Research Institute data

SWOT

Strengths

- Products developed in-house and expertise based on authentication technology, that enable end-to-end capabilities from planning to development and sales
- Expansive sales channels (IT vendors, system integrators, regional distributors, etc.)
- Top market share in municipal government sector with over 70% of implementations for document management products
- Operational expertise in medical information (electronic dispensary records)
- Own data center facilities

Weaknesses

- Aging of key technical personnel, shortage of mid-career/young talent
- Lag in adopting new technologies like AI/cloud
- Decline in dedicated sales personnel (product handover issues)

Opportunities

- Further strengthening of focus business (security) through effective M&A
- Leveraging operational expertise based on revised medical information guidelines to offer comprehensive segment solutions, including expansion of zero trust and data backup services
- Delays in addressing the 2024 logistics crisis (improvements underway, but significant obstacles remain)
- Delays in MHLW's Medical DX Reiwa Vision 2030 initiative

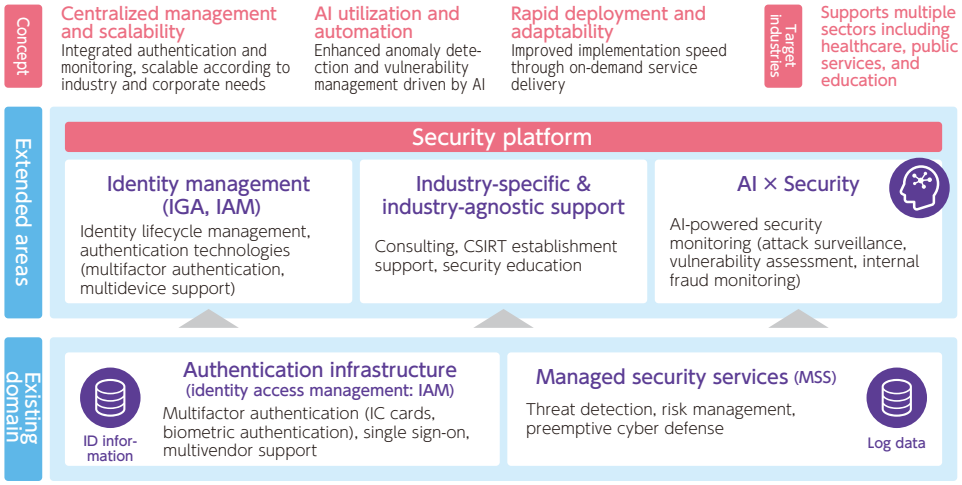
Threats

- Security product manufacturers entering the managed services domain
- GAFAM's massive investments in the healthcare sector pushing its technological capabilities forward apace

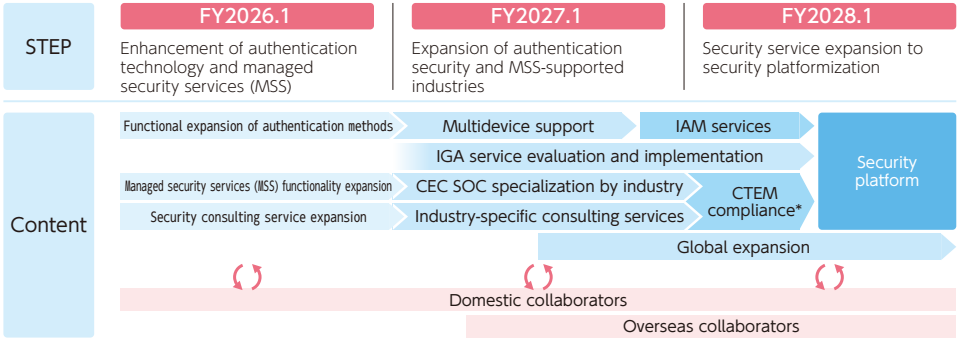
Focus business

Security is a priority growth business focused on authentication and managed security. We are further strengthening our authentication security capabilities by implementing identity lifecycle management and incorporating mechanisms to prevent information leaks caused by the growing threat of unauthorized account access. Managed security is driving the evolution of our SOC service, which is currently used by over 200 companies, into a service that proactively prevents risks by leveraging AI to monitor security incidents. We are transforming ourselves into an integrated security platform provider by leveraging our core strength in authentication security technology.

Evolving into an integrated security platform provider by bolstering our authentication security technologies



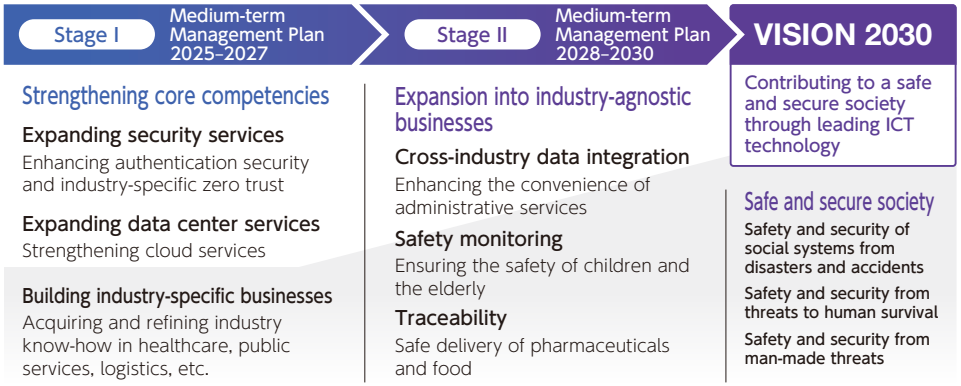
Security business roadmap



*CTEM: continuous threat exposure management – a program for continuously improving corporate security frameworks

Growth strategy

- In Stage I, under the theme of strengthening core competencies, we will expand our security and data center services. While industry-specific businesses remain development-focused, we have new solutions planned for them.
- In Stage II, under the theme expansion into industry-agnostic businesses, we plan to leverage insights gained from our experience with industry-specific services, advanced data management and privacy-secured data centers, and security technologies to enable data linkage and utilization in a variety of industries. We intend for this effort to contribute to a safe and secure society as envisioned in VISION 2030.



	Key focus areas
Service-centric	Data center business
	Security business Security platform Digital platform

	Key focus areas
Industry-centric	Industry-specific solutions Healthcare, public sector, logistics, etc. Exploration of next-generation key areas (disaster prevention/security, transportation, etc.)

Key elements of the medium-term management plan

- Standardize and systematize technological assets amassed through customer service delivery to create new solutions that reinforce social infrastructure
- Leverage technological assets cultivated through development and operation across multiple industries to develop services enabling collaboration beyond industrial sector boundaries
- Enable public-private partnerships by expanding services into more secure domains with partners while implementing safe and secure systems

Technology strategy

Advanced technology & enhanced collaborative creation unleashes new added value

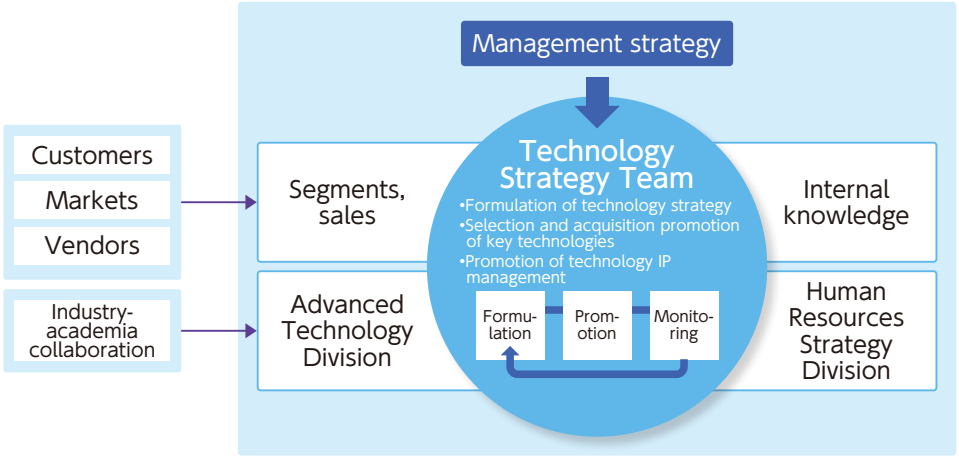


Shinya Kubota
Head of Advanced Technology Division

As the DX movement makes further inroads, the technological capabilities demanded by our customers are changing from single-domain expertise to comprehensive expertise capable of resolving complex, multifaceted challenges.
In response to this shift, we are strategically adding commercial value by combining such cutting-edge technologies as AI and cloud computing with our traditional strengths with regard to onsite technical services and domain knowledge accumulated through years of business activity.
To achieve this, we are working to become more effective in our role as a partner so as to better support our customers' business transformation by cross-functionally integrating the strengths of each of our business segments and continuously evolving our technological capabilities.

Technology strategy promotion framework

In coordination with our Technology Strategy Team, which reports directly to management, relevant departments collaborate to consistently execute all project phases from strategizing to implementation and monitoring. This involves a companywide, participatory approach that covers the selection of key technologies, acquisition planning, and the dissemination of information via internal company sites and technical events.



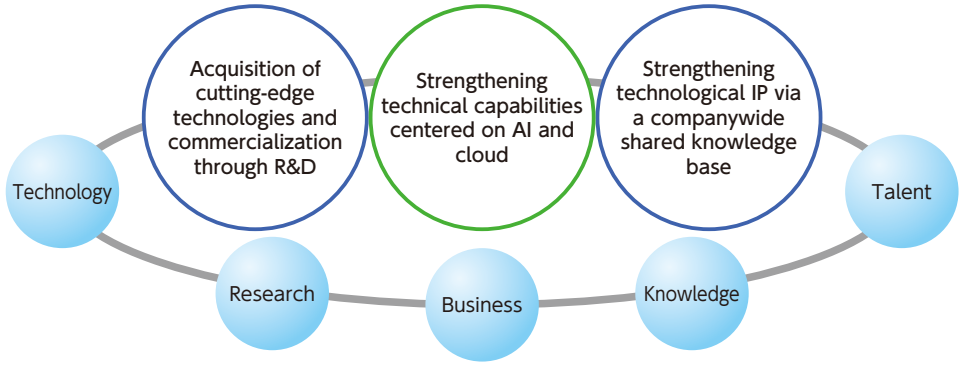
Key areas

We create solutions that flow from technological innovation and address our customers' latent challenges and future needs to achieve sustainable value creation. To this end, we are advancing the following three key initiatives:

1. Acquiring cutting-edge technologies and commercializing them through R&D
We will position AI (including generative AI) and cloud technologies at the core of our strategy, focusing our investment on themes directly linked to strengthening our business competitiveness. Alongside long-term R&D to build the pillars of our business for the next 5 to 10 years, we aim to rapidly deploy technologies that drive the transformation of existing businesses and create new business models. To accelerate this, we will promote collaborative technology creation that transcends departmental boundaries. By cross-functionally integrating cutting-edge technology research product with the unique core technologies we have cultivated over many years by each business unit, we will establish competitive advantages unattainable by any single business alone.

2. Strengthening technical capabilities centered on AI and cloud
We are driving Center of Excellence activities centered on AI and cloud to consolidate specialized knowledge and best practices in specific technological domains, thereby enhancing companywide technical capabilities. By leading technology support and talent development for each business, we are improving the development quality and efficiency while strengthening the organization's overall technical foundation.

3. Strengthening Technical Intellectual Property through Company-Wide Knowledge Sharing Infrastructure
We will strategically utilize technologies and know-how acquired through past and ongoing R&D and defend our intellectual property (IP) rights as key components of our corporate value proposition. We hold intellectual property to be more than just information; it is an asset that increases our company's value. We are striving to maximize its worth.



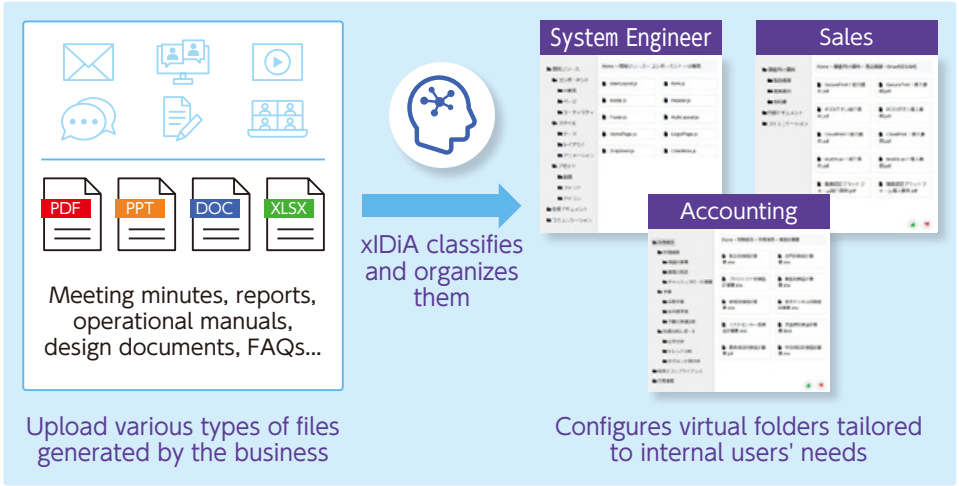
Approach to generative AI

Generative AI's rapid adoption is making it a critical element of corporate competitiveness. We view this change as an opportunity for growth and are committed to adding value through R&D into the latest technologies and the promotion of their safe internal use. Specifically, we position AI technology as a pillar of our company-wide efforts to enhance productivity. We have developed proprietary AI chatbots and AI-powered system development environments that carefully mitigate risks such as confidential information leaks, and we continuously improve their functionality.
Additionally, we enhance among all employees AI literacy through workshops and knowledge sharing. We have also established Generative AI Usage Guidelines to ensure employees can use these tools with confidence, strengthening governance from both technical and human perspectives. Through these initiatives, we support productivity gains and the promotion of digital transformation for our customers while fostering a corporate culture where all employees can safely and effectively use AI.

Use case **Maximizing the value of internal documentation with SmartSESAME xIDiA**

SmartSESAME xIDiA is a solution that transforms scattered information into valuable assets through DX. Its proprietary AI automatic category classification technology autonomously analyzes and structures internal documents. The AI also learns users' work habits to generate optimal virtual folder trees. This breaks down the traditional barriers that afflict search functionality confined to individual systems and enables cross-functional searches that account for connections across entire workflows. In this way, it facilitates instant access to necessary information and accelerates knowledge transfer.

*Service details are available on our website (URL: https://sesame.cec-ltd.co.jp/product/xidia)(Japanese only)



*This screen is an illustration

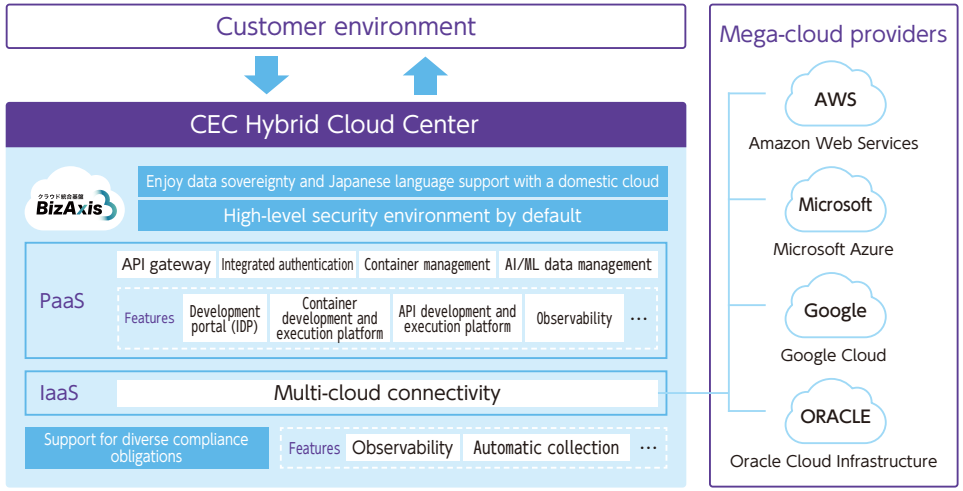
Our approach to cloud technology

We provide comprehensive support leveraging cloud technology to help our customers achieve digital transformation and sustainable growth.
We go beyond basic system renewal to offer one-stop solutions tailored to each customer's business technology situation—from strengthening management foundations through legacy system modernization to collaboratively creating new business value using cloud-native technologies (containers, microservices), data, and AI. We also focus on developing specialized staff capable of consistently and reliably delivering high-quality services. The advanced technical skills and know-how cultivated through this practice are highly regarded by our partner companies.

Use case **Domestic cloud integration platform supporting cloud service development**

From an economic security perspective, ensuring data sovereignty has become a key management challenge in cloud adoption. Cloud systems are becoming increasingly decentralized and complex, leading to greater development and operational burdens.
To address these challenges, we provide the cloud integration platform BizAxis. This platform runs in a domestic cloud environment hosted at our own data center, which ensures data sovereignty and security. It also reduces developer burden by providing a container environment for running microservices alongside operational tools. Multi-cloud connectivity encourages data and AI use and promotes digital transformation.

*Service details are available on our website (URL: https://service.cec-ltd.co.jp/cloud/bizaxis)(Japanese only)



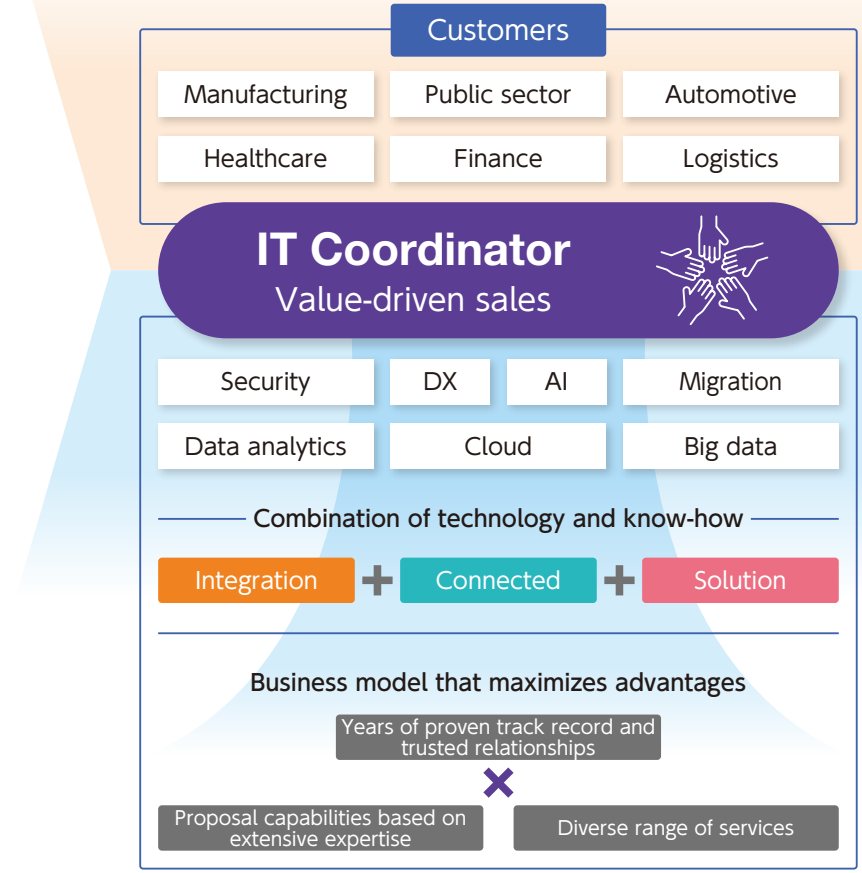
Sales strategy



We will strengthen collaboration between sales teams to provide seamless end-to-end solutions across all company businesses. This aims to expand customer transactions and establish a stable revenue base through stock accumulation.

Yuzuru Kakinuma
Executive Officer

Our vision As an IT coordinator connecting people and technology, we contribute to our customers' growth and the development of a prosperous society.



Sales organization: role and vision

Last year, we established a dedicated Sales Unit with the aim of maximizing customer value in ways that proved difficult under the previous structure. While each business group had previously been limited to proposing solutions based solely on its assigned product domain, cross-functional selling is now possible, which opens the door to comprehensive solutions combining the strengths of all the company's businesses. This has introduced the transformative ability to offer a wide range of solutions and services, particularly to our long-standing, high-value customers, through our whitespace strategy.

Furthermore, we are advancing a top-approach strategy in which we engage directly with management to tackle more fundamental challenges. Our shift from individual to team-based sales has strengthened our solution sales and execution capabilities. These initiatives, which are built upon long-term trust with our customers, have been crucial steps toward maximizing transactions and enhancing corporate value.

Our sales vision is to build a robust, sustainable business foundation that adapts to changing market conditions through proactive proposals, unaffected by external factors. Through cross-functional sales activities, we will contribute to our customers' growth and fulfill our role as a trusted partner.

Focus strategy

We are advancing strategies for sustainable growth, aiming to achieve ¥100 billion in net sales by 2030. The foundation for this lies in strengthening our sales DX and developing our sales talent. By leveraging digital technology for data-driven sales, we will enhance our operational foundation to maximize our strengths—technical capabilities and long-standing expertise—while improving the precision and speed of our proposals in response to market and customer needs.
We are also cultivating front-office personnel who offer solution sales expertise based on our accumulated know-how and their own problem-solving capabilities, thereby strengthening the organization's overall competitiveness in the market.
Furthermore, to maximize our competitive advantage, we are pushing initiatives centered on a master strategy consisting of three parts: the white-space strategy, the top-approach strategy, and the team sales strategy.

White-space strategy

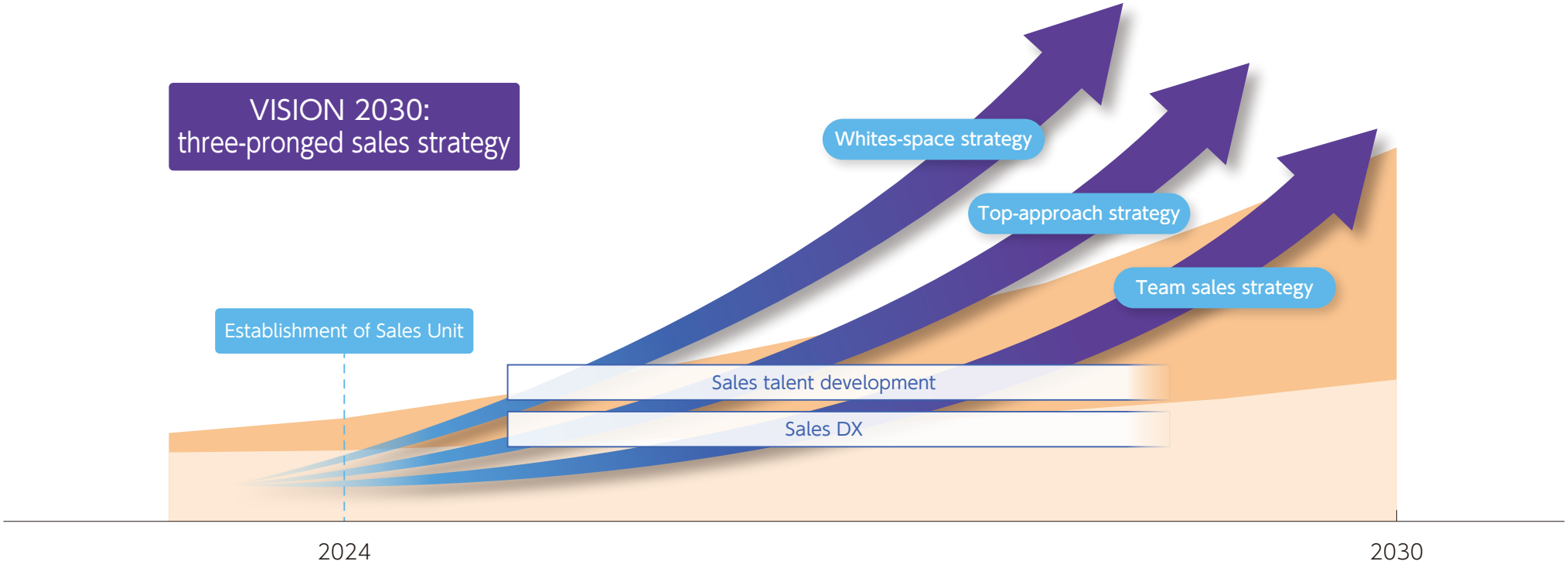
For existing customers, we leverage our core strengths (e.g., highly specialized technical capabilities) to present integrated proposals combining multiple business units. This enables us to address a diverse range of customer challenges, expand our solution sales scope, and strengthen account-based sales.

Top-approach strategy

We prioritize direct dialogue with management and employ a three-tier, three-function sales strategy. We tackle our customers' fundamental challenges by combining strategic, operational, and technical capabilities across three tiers—management, field operations, and decision-makers.

Team sales strategy

Moving beyond traditional individual sales, we strengthen cross-functional sales activities leveraging organizational strength. We proactively propose solutions to customer challenges arising from market changes, aiming to become the coordinator they want to consult first."



Message from the Head of Administration —Corporate strategy—

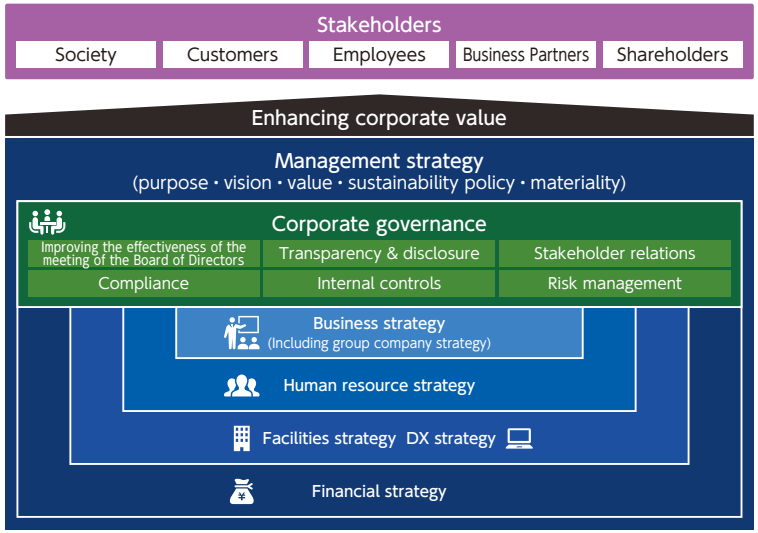
Foster a corporate culture that builds a robust management foundation aligned with business strategy to enhance corporate value



Futoshi Egami
Director and Executive Officer
Head of Administration

Enhancing enterprise value with integrated corporate and business strategies

To hasten the expansion of our business and achieve net sales of ¥100 billion as outlined in VISION 2030, we are making a crucial effort to strengthen our management foundation in such specific areas as human resources, facilities, data, and finance (aka: people, things, information, and money) that are aligned with our business strategy. In the meantime, we are also more firmly establishing corporate governance framework to control these elements.
We are prioritizing the development of a talent portfolio aligned with the newly restructured segment-oriented business portfolio introduced in the fiscal year under review. Specifically, we need to redefine what roles and manner of talent are required for each business segment as well as the sales and corporate functions and to assemble a portfolio of talent spanning the parent and its group companies. We believe it is crucial to attract higher-quality talent through midcareer recruitment (with the aid of external recruiters) and sign up new graduates who can contribute to the company's future. Our target talent pool includes highly specialized personnel who can add depth to our businesses and transformational leaders responsible for taking on new challenges.
At the same time, we are proceeding toward our goal of completing work facility improvements during the first stage of our medium-term plan to swiftly construct an environment where longer-serving and newly hired employees can work to their full potential.
Furthermore, to enhance employee performance, we are reviewing working conditions, HR systems, and welfare benefits. We are also moving forward with companywide digital transformation (DX) initiatives incorporating AI and other cutting-edge technologies aligned with our business portfolio with a net sales target of ¥100 billion in the fiscal year ending January 2031 (FY2030).



This fiscal year, we are comprehensively revising our training system and shifting from annual to qualification-based training, with a focus on developing highly specialized midcareer hires. Our training program focuses not only on knowledge-based outcomes but also on providing medium-to-long-term career paths across the whole company while offering developmental on-the-job training opportunities.
We are also strengthening our governance regime by, among other things, revising rules and systems to enable the delegation of authority. Thus, we aim to support the corporate and business strategies outlined above.
Moreover, we are clarifying the roles of group companies and initiating efforts to strengthen governance and groupwide controls to cover companies acquired through M&A. Additionally, we are advancing environmental and social contribution activities under the primary direction of the Sustainability Promotion Committee. The Risk Management Committee is also working to reclassify and proactively eliminate risks impacting our company.
Through these various initiatives, we are pursuing a 50% dividend payout ratio by FY2031.1 through targeted investments in each strategy. We are also optimizing cash allocation, balancing growth investment with shareholder returns.

Paramount importance of a psychologically safe work environment

To drive both business and corporate strategies forward as the two wheels of a bicycle, we view employee engagement as a supremely critical condition. Our company culture must ensure that each employee feels secure enough to voice their opinions without worrying about the reactions of superiors, seniors, or other members; a culture where mistakes are not met with blame, but rather with constructive discussion about the root cause, where opinions are shared, and where we help each other.
Furthermore, we want to foster a climate of respect for diversity that leverages individual strengths and enables harmonious and creative collaboration. Under such conditions, we will not automatically dismiss new ideas or proposals that challenge conventional wisdom; rather, we will actively consider them and embrace new challenges. This is to say that we aim to build a company with high psychological safety. To achieve this outcome, it is critically important for executives and management to take the lead in creating an environment in which younger employees feel secure enough to speak up about anything without fear or embarrassment.
Management must listen to the younger generation's ideas, recognize that our current norms may not be future norms, proactively accept opinions, and demonstrate appreciation for results and actions. Simultaneously, fostering relationships where every employee thinks independently, takes responsibility, and speaks up courageously will invigorate the entire company. We believe this is the most direct path to building a strong organization.
If psychological safety is not maintained in the workplace, no amount of systems or mechanisms can produce an environment where people of diverse backgrounds truly want to continue working. We aim to cultivate a culture where employees, investors, customers, and business partners perceive us as an indispensable corporate partner. Furthermore, we aspire to build a business in which this culture is passed down as though from parent to child.

Organizations thrive on psychological safety



Head of Administration Egami and the four department heads responsible for corporate strategy



From left: HR Strategy Div. Head Hiromi Nakagawa, Internal DX Development Div. Head Takuro Togashi, Head of Administration Futoshi Egami, General Affairs & HR Div. Head Saori Shinohara, Finance & Accounting Div. Head Yoshiyuki Nakamura

Human resources strategy

Basic approach

To realize our purpose—using the power of ICT to create value and lead customers, employees, and society toward a brighter future—we prioritize a workplace environment in which every employee can work with peace of mind, feel fulfilled, and maintain their physical and mental well-being. Our employees are our most valuable asset, and we are committed to creating growth opportunities and fostering a supportive environment so that each one of them feels indispensable to the company.
Moreover, we respect diversity and encourage an organizational culture that allows employees to maximize their potential while adding value for society and customers through the power of ICT. The growth of each individual employee enhances the company's competitiveness and drives us to pioneer a sustainable future.

Aligning business and talent strategies

As we realize that our business strategy requires us to not only recruit, develop, and retain talent who can keep pace with technological advancements and the changing market environment, but also that we institute a long-term talent strategy for leveraging external resources. Our sustainable growth strategy hinges on building a talent portfolio aligned with our business strategy and the promotion of concrete initiatives.

VISION 2030: Basic policy

Further evolution and growth as an essential corporate citizen
~Accelerating business transformation to enhance profitability and sustain growth~

Stage I	Medium-term Management Plan 2025–2027	Stage II	Medium-term Management Plan 2028–2030

Accelerating business transformation (growth phase)

- Advancing business through new segments
- Expanding service offerings and broadening sales reach
- Accelerating growth investments and M&A activities
- Promoting recruitment and development of cutting-edge engineers

Expanding value creation (expansion phase)

- Building new core businesses
- Accelerating business scale expansion
- A corporate culture that promotes innovation
- Business activities that drive social value

VISION 2030: Human resources strategy

Realizing human capital management

Enriching our talent portfolio
Corporate, Sales, Integration, Connected, Solution

①Recruiting	②Development	③Outsourcing
Graduate & midcareer recruiting	Skills training according to rank and job description	Accessing external resources
Recruiting numbers versus workforce plan targets Securing specialized talent	Per-person training hours, training plan budget utilization rate, enhancing PM and DX talent pool	Business process (BP) initiatives, external consultant usage, M&A, alliances (business partnerships)

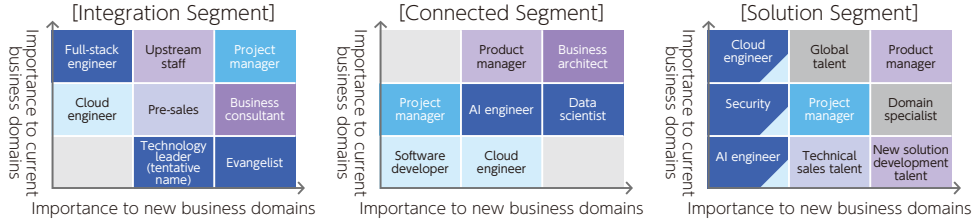
DEI (diversity, equity, and inclusion) (example: improving the disability employment rate, female management ratio, childcare leave utilization rate, maternity leave utilization rate, male childcare leave utilization rate)
④ **Employee retention (improving engagement score)**
(example: reducing overtime hours, enhancing personnel system and training programs, mental health and harassment prevention)

Foundations of human capital management at CEC

Human capital portfolio

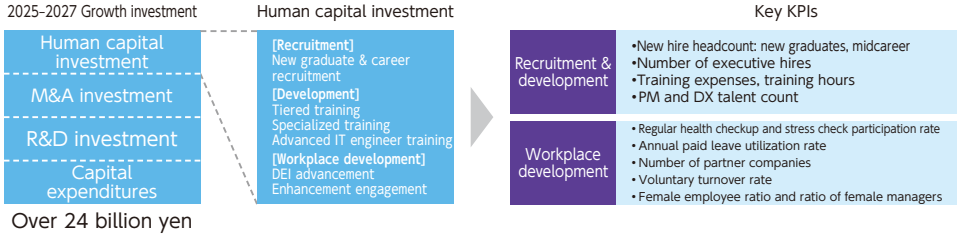
We regard assembling a human capital portfolio to be critical to management's ability to flexibly respond to changes in the business environment and to achieve sustainable growth. Establishing such a portfolio enables the systematic deployment of talent aligned with our management and business strategy, thereby strengthening our competitiveness and accelerating value creation across the entire organization.
In our areas of focus, we rely on highly specialized talent to drive digital technology and innovation and flexible professionals with the expertise and business acumen to support all IT-related aspects of our customers' operations. Therefore, we continuously take stock of our employees' current capabilities and potential and implement development plans to enhance overall organizational productivity.

Example of talent portfolio defined by segment



Human capital investment

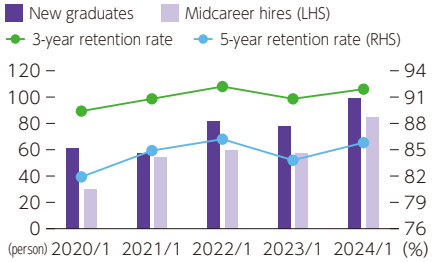
We prioritize human capital development as a key support for management and business strategies through building a talent portfolio, actively making necessary investments to achieve this. These investments are focused on three areas: recruiting, development, and work environment enhancement. They aim to establish systems that allow each employee to maximize their potential. We are steadily executing our talent strategy by setting specific KPIs for 2030 and conducting regular monitoring.



①Recruiting strategy Acquiring and developing diverse talent to shape the future

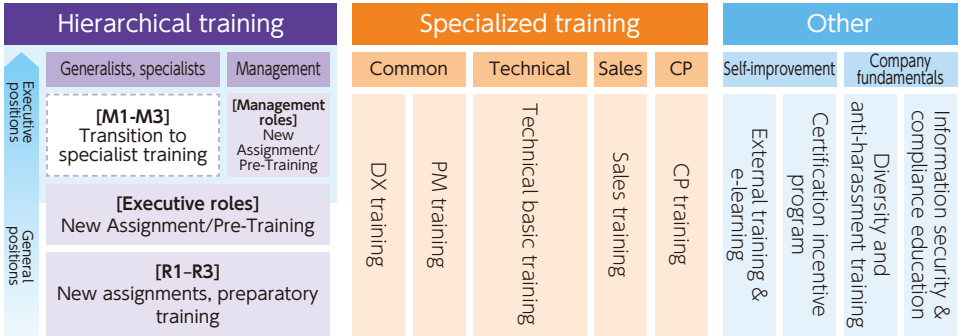
We recruit actively as a means of adapting to the constantly evolving IT landscape and to contribute to a sustainable society. Pursuing both experienced professionals with advanced expertise who are ready to contribute immediately and high-potential new graduates, we use in-person interviews as well as online screening and AI interviewing tools to run an efficient and fair selection process.
Furthermore, we foster an environment that supports employee growth and retention through post-hire onboarding and clear career path definition. This promotes the active participation of diverse talent and aims to enhance corporate value. Moving forward, we will continue providing an environment where every employee can grow sustainably, thereby strengthening the competitiveness of the entire organization.

New hire head count and retention rates



②Training strategy Creating an environment and framework that support talent development

CEC positions human resource development as a key pillar of its management strategy based on the idea that the growth of all employees directly impacts the sustainable development of the company. In line with this philosophy, the company first offers formal learning opportunities through role-based education based on the personnel system and via training programs aimed at advancing skills in specialized areas. The company further supports career development by visualizing career paths and holding regular meetings with employees so that they can clarify their own development goals and pursue ongoing self-directed learning. Moreover, to promote skill development on the job, the company provides practical project-based opportunities and encourages knowledge sharing through cross-departmental interaction. Through these initiatives, we aim to provide an environment in which employees can maximize their potential while raising the competitiveness of the entire organization. The company will further strengthen human resource development so that we can respond to changing business conditions.



③Outsourcing strategy

CEC maximizes business value and pursues sustainable growth through the strategic application of external resources. In a rapidly changing market, obtaining expertise in fields where our knowledge is underdeveloped is essential to approaching new business domains. To ensure our success with this, we collaborate with consulting firms and other external specialists to efficiently access advanced expertise in data analysis, strategy, and industry intelligence. This enables us to develop existing businesses and attempt to enter new domains, thereby increasing our competitiveness.
Moreover, to collaborate most effectively with corporate partners and consultants, we have established a clear project management framework. Through visualizing outcomes and conducting reviews, we strengthen these cooperative relationships. These efforts position outsourcing not merely as a supplementary measure, but as a strategic element supporting our company's growth. Moving forward, we will continue to actively pursue new possibilities, building on the trust established with our existing partners.

④Employee retention Creating a supportive environment for security and growth

We aim for sustainable growth by creating an environment where every employee can work with a sense of security, find meaning in their work, and trust in the organization. With high priority, we ensure conditions that help employees resonate with our purpose and vision and actively contribute as a key element business foundation. Improving engagement is, therefore, a major plank in our strategic management platform.
We have put in place a transparent evaluation system and feedback mechanisms. Through regular engagement surveys, we surface and analyze employee feedback to address organizational challenges. To enhance our organizational culture, we host an annual “bring your children to work day” event to deepen connections among colleagues and their families and instill corporate unity.
Furthermore, we provide a workplace where employees can work in a relaxed and low-stress manner, both physically and mentally. We do this by promoting flexible work arrangements, health management initiatives, office environment upgrades, and welfare benefits enhancements. Additionally, we focus on mental health care by establishing return-to-work support programs and instituting a consultation service with the help of occupational physicians, public health nurses, and specialized counselors.
Through these initiatives, we aim to boost employee engagement and build a robust organizational foundation as we strive for both individual growth and overall organizational performance.





Financial strategy

VISION 2030: overview of financial strategy

We strive to improve cash generation and capital efficiency to sustainably build corporate value. As a top priority, we are investing aggressively in growth opportunities to realize our VISION 2030 targets. We are also maintaining stable dividends commensurate with profit growth and flexibly buying back shares with a careful eye to capital efficiency.

(FY2026.1 to FY2031.1)

Growth investment

Six-year cumulative: **43** billion yen or more

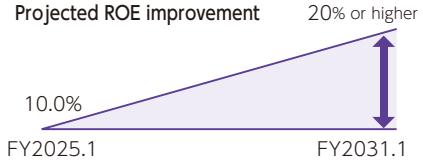
Enhanced shareholder returns

Dividend payout ratio: **50**% or higher

Share buybacks: **12** billion yen

Sustainable corporate value enhancement

ROE **20**% or higher



Cash allocation policy

We are working to increase cash from operations* and allocate it to appropriate growth investments and shareholder returns. We are actively targeting strategic investments for the future in such areas as human capital investment, M&A, and research and development expenditure.
We maintain cash reserves equivalent to three months of monthly sales to mitigate liquidity risk and manage surplus funds safely and securely until investment opportunities arise.

Funding sources

Revenue from operations: approximately **72.5** billion yen (6-year cumulative)

Cash on hand: approximately **25.5** billion yen (as of January 31, 2025)

Cash allocation

Growth investments: 43 billion yen or more	Human capital investment
	R&D investment
	M&A investment
	Other
Shareholder returns: dividends of 30 billion yen or more	Dividends
	Share buybacks
Cash on hand: approximately 25 billion yen	Target reserves: equivalent to 3 months' sales

※Revenue from operations = projected operating cash flow + human capital investment + R&D expenses

Enhanced shareholder returns

Throughout the term of VISION 2030, we target a dividend payout ratio of 50% or higher. We are also flexibly repurchasing shares as part of our profit distribution strategy.

	FY2028.1 target	FY2031.1 target
Dividend payout ratio	45% or higher	50% or higher
Total dividend payout (cumulative)	FY2026.1 to FY2028.1 target: 6.5 billion yen	FY2026.1 to FY2031.1 target: 18 billion yen
Share buybacks (cumulative)	FY2026.1 to FY2028.1 target: 6 billion yen	FY2026.1 to FY2031.1 target: 12 billion yen

Sustainable corporate value expansion

We are committed to sustainably enhancing corporate value by growing our business, raising profitability, and bolstering capital efficiency. In the medium term, we aim to grow net sales from ¥56.2 billion to ¥100 billion and significantly increase operating income. Moreover, by raising ROE from the current 10% to over 20%, we will enhance capital efficiency and maximize shareholder value.

	FY2025.1 actual	FY2028.1 target	FY2031.1 target
Business growth Net sales:	56.2 billion yen	72 billion yen	100 billion yen
Strengthening profitability Operating income:	6.69 billion yen	8.6 billion yen	14.3 billion yen
Improving capital efficiency ROE	10.0%	14% or higher	20% or higher

Capital structure policy

Regarding our capital structure, our funding strategy targets a debt-to-equity ratio of 0.5x, which we believe provides greater funding flexibility compared to the current ratio of 0.01x. Should future growth investment plans demand additional funding, we will consider debt financing. From a capital efficiency perspective, we will utilize debt to some degree, as it offers lower funding costs than equity, thereby optimizing our capital structure.

Growth strategy

Growth investment

We actively invest in human capital via recruiting, staff development, and improved compensation, and also undertake M&A based on our medium-term management plan to expand our business. R&D investment is budgeted to steadily advance with regard to new and focus businesses. Growth investment for the six-year period from FY2026.1 to FY2031.1 is as follows.

Human capital investment

Strengthening recruiting
To expand our business, we are intensifying efforts to attract immediately productive talent and recruit young leaders of tomorrow. We are establishing systems to welcome diverse talent, expand recruiting channels, and enhance our brand as an employer.

Improving compensation
We will review our compensation structure based on market standards to create an environment where top talent can thrive long-term with peace of mind. We will introduce a fair evaluation system based on performance to boost motivation.

Education and professional development
We are enhancing our training programs with a focus on teaching specialized skills and developing leadership. Combining on-the-job training (OJT) with external instruction, we help develop the careers of all employees.

R&D investment

Strengthening the competitiveness of our proprietary cloud integration platform, BizAxis
We are strengthening digital collaboration both internally and externally to build a foundation that supports our competitive service offerings.

Development of advanced solutions
We will intensify investment in developing more advanced, high-value-added solutions by leveraging cutting-edge technologies.

M&A investment

Our M&A strategy aims to increase our competitive advantage and pursue inorganic growth through proactive acquisitions. These acquisitions target capabilities essential for business expansion: technology, products, customer bases, and expanded geographic coverage.



We are pursuing growth across our entire business by prioritizing synergies with target companies through M&A, our aim being to strengthen our technologies, products, talent pool, and customer base and also enhance our regional hub structure.

Katsuichi Yamagata Executive Officer

Positioning of M&A strategy for achieving VISION 2030

We are actively promoting M&A as a key strategic element of our growth strategy for expanding our management foundation and strengthening our business portfolio. These objectives are designed to achieve our targets of ¥100 billion in net sales and ¥14.3 billion in operating income by FY2031.1 and support sustainable growth. We aim to further enhance corporate value by simultaneously making our existing businesses more competitive and acquiring new domains. We plan to achieve this via optimal partnerships that leverage our expertise and execution, as well as the creation of new business opportunities.

M&A achievements

Investment case study: broadening geographic coverage

On April 2, 2025, we acquired Jyoho System Service Co., Ltd., as a subsidiary.
By securing top-notch engineering resources in the Kinki region, we aim to further enhance our domestic competitiveness.

New business development

Under its development strategy, CEC promotes new businesses initiatives to create the underpinnings of future growth in challenging new commercial domains.
Moreover, to drive new business creation, we integrate diverse insights from our existing portfolio, R&D breakthroughs, and market-driven proposals, allowing us to adopt flexible development models tailored to the unique demands of each business.

Information disclosure based on TCFD recommendations

Governance

The company positions its environmental response to such issues as climate change as a key management issue. As it does with other management priorities, the Executive Committee deliberates on environmental policies, budgets for energy-saving infrastructure, and green power essential to climate change countermeasures, and reports on environmental targets and progress. Important matters are reported to and deliberated upon by the Board of Directors.
Instructions presented to the Executive Committee and Board of Directors are disseminated to each business group by the chief environmental management officer and environmental management officers through our ISO 14001–certified environmental management system, and we strive for continuous improvement.

Risk management

The company manages business risks, including climate change, at its Executive Committee meetings, facilitating prompt reporting and management decisiveness with respect to business risk. Climate change and other environmental risks are identified and assessed using the framework defined by our ISO 14001–certified environmental management system. Responses to identified risks are also implemented and managed by the system.

Indicators and targets

The company manages greenhouse gas emissions, a key indicator for assessing climate-related risks and opportunities. To achieve carbon neutrality by FY2050, we have established the following medium-to-long-term emissions targets under Scope 1 and Scope 2.

FY2030	46% reduction compared to FY2016 (Scope 1 and 2)
FY2050	Aiming for carbon neutrality (Scope 1 and 2)

As of FY2024, we had adopted net-zero CO_2 electricity contracts for all company-owned buildings, including the Kanagawa Daiichi Data Center and the Sagamino System Laboratory, thereby achieving a 47.3% reduction. We are continuing to reduce CO_2 emissions and aim to achieve carbon neutrality by FY2050. Furthermore, we will expand the measurement scope to include the entire group and promote the management and reduction of greenhouse gas emissions across Scopes 1 to 3. We intend to periodically disclose our results and initiatives for the entire group on our corporate website.

Fiscal year		FY2016	FY2024	FY2030 target (vs FY2016)
CO_2 emissions (tCO_2)	Scope1、2	9,282	4,888	5,012(−46%)

*Calculation Scope: Computer Engineering & Consulting Ltd. (Non-consolidated)

Strategy

We have analyzed climate-related risks and opportunities impacting our business operations and identified priority areas that demand action. Our analysis, which is based on the Paris Agreement and the Glasgow Agreement adopted at COP26 in November 2021, considered two target outcomes: a 1.5℃ scenario (global warming limited to 1.5° C) and a 4.0℃ scenario (the estimated maximum temperature rise if no action is taken beyond current measures).

Risks and opportunities

	Risks	Anticipated risks	Impact level	Time horizon
Transition risk	Policy and legal risk	・Cost increases due to the introduction of carbon taxes and a rise in market prices for electricity ・Increased capital expenditures imposed by environmental regulations	High	Medium-term
	Technology risk	・Loss of business opportunities due to failure to keep pace with technological advancements in renewable energy-powered data centers and environmentally beneficial ICT solutions ・Cost increases due to the transition to renewable energy (e.g., solar power)	High	Medium-term
	Market risk	・Loss of business opportunities due to delayed response to rising demand for lower-GHG services (e.g., data center operations)	High	Medium-term
	Reputational risk	・Less favorable investor evaluation due to delayed ESG initiatives/disclosure ・Loss of business opportunities with key customers due to delayed climate change initiatives	Medium	Short-term
Physical risk	Acute risk (e.g., extreme weather)	・Decreased ICT investment and reduced demand due to customer disasters ・Difficulty procuring products due to damage to manufacturers' factories (e.g., servers, semiconductors) ・Increased insurance expenses due to the rising cost of disaster recovery amid increasingly abnormal weather events	Medium	Short-term
	Chronic risks (e.g., rising average temperatures)	・Increased air conditioning costs due to rising temperatures	High	Long-term

	Opportunity	Potential opportunities	Impact level	Time horizon
Opportunity	Resource efficiency	・Increased demand for factory automation and efficiency improvements using ICT technologies ・Increased demand for paperless solutions and labor-savings through the promotion of digital transformation	High	Medium-term
	Energy sources	・Increased demand for data center services using renewable energy	High	Long-term
	Products and services	・Increased demand for highly efficient data centers and ICT systems that reduce customers' GHG emissions	High	Medium-term
	Market Resilience	・Increased demand for cloud services to mitigate the risk of information loss due to extreme weather events ・Increased demand for mobility-related development amid the global shift to EVs	High	Medium-term

※GHG(Greenhouse gas)

Countermeasures

Response Policy	Specific measures
Reduction in the company's GHG emissions (Scopes 1 and 2)	・Shift to renewable energy ・Design and installation of energy-saving equipment ・Purchase of green power to achieve reduction targets
Reduction of GHG emissions from the supply chain (upstream)	・Selecting procurement items with lower GHG emissions during manufacturing ・Choosing suppliers committed to reducing GHG emissions ・Reducing travel through the use of online meetings
Reduction of GHG emissions by customers and society through products and services	・ICT services using cloud technology ・ICT services that boost operational efficiency ・ICT services that facilitate mobility services ・Energy-efficient hardware

*TCFD-based disclosure details are available on our website. (URL: https://www.cec-ltd.co.jp/esg/climate_change.html) (Japanese only)

Environmental contribution & ICT solutions

Sustainability policy

The CEC Group defines its purpose: “Toward a brighter future for society, customers, and employees by harnessing the power of ICT to create new value.” We are fulfilling our social responsibilities not only by pursuing economic value but also by contributing to the development of a sustainable, ESG-conscious society.

*The full text of our Sustainability Policy is available on our website
(URL: https://www.cec-ltd.co.jp/esg/sustainability.html)
(Japanese only)

Environmental management system

Our environmental management system was brought into ISO 14001–compliance in 2021. We are continuing our efforts as we pursue ISO 14001 certification at all our locations.

ISO 14001 certification history

July 2021	Ebisu Headquarters
July 2022	Sagamino Main Office, Greater Tokyo Area offices, data center
July 2023	Fukuoka, Nagoya, Osaka offices
July 2024	All locations certified
July 2025	Commencement of certification program for group companies

Solar power generation initiatives

At the Oita System Laboratory, solar panels have been installed since 2013 and have generated an approximate cumulative 3.47 million kWh of electricity.



Solar power generation (kWh)

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
318,822	329,678	309,950	326,082	317,411	327,108	321,334	312,527

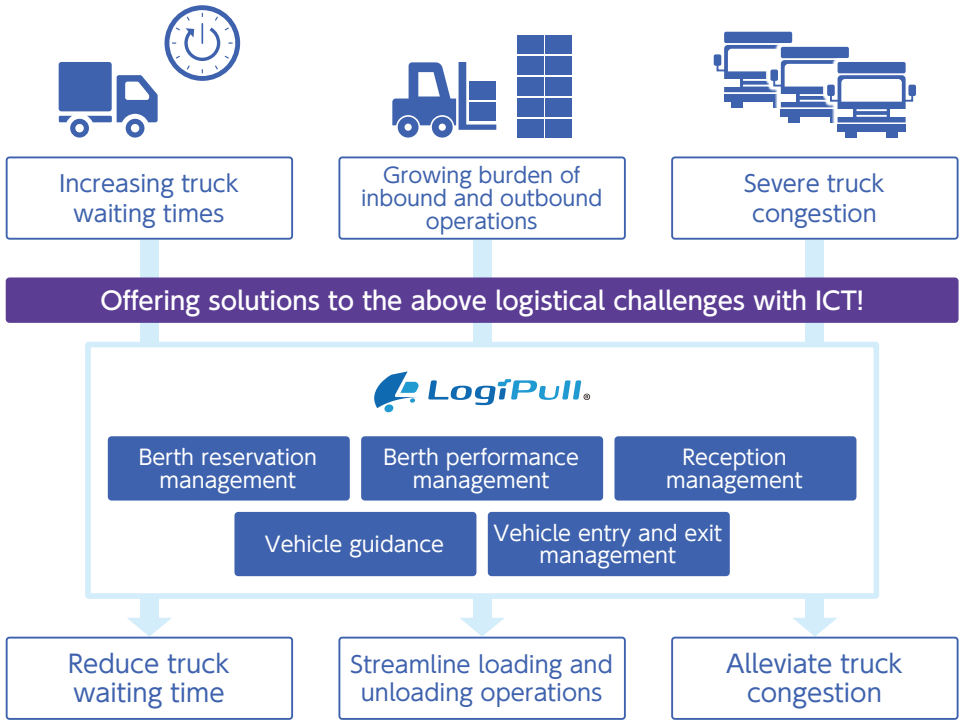
*Data covers the most recent eight years

Cumulative (grand total from FY2014 to FY2024)	3,474,341

ICT solution case studies

Logistics efficiency ICT solution LogiPull Reduces truck waiting time, cutting carbon dioxide emissions and overtime work

A number of logistics issues have recently become apparent, including increased truck waiting times, higher loading and unloading workloads, and vehicle downtime due to cargo delays. Solutions to the problems are gaining momentum and include stronger regulations on cargo waiting time countermeasures, the creation of subsidy programs, and the promotion of the Japanese government’s “white logistics” movement. Through “LogiPull,” our company helps resolve loading and unloading challenges and implement white logistics principles using ICT. This includes measures to minimize truck waiting times, streamlined inbound and outbound operations, and reducing personnel for reception tasks and truck guidance through automation.



*Service details are available on our website (URL: https://logistics.cec-ltd.co.jp)
(Japanese only)

Social contribution & ICT services

Development and release of the childcare App “at Claps”

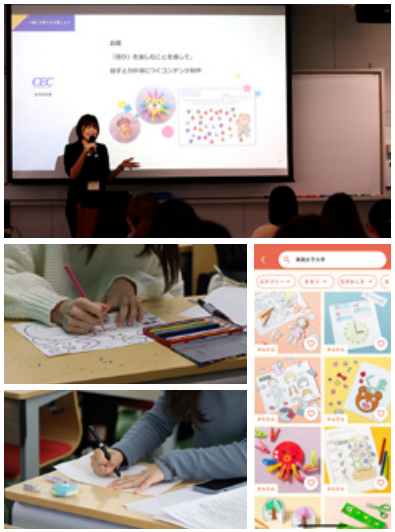
In March 2024, we released our childcare app “at Claps,” which allows users to easily print paper toys. It is available free of charge.
Currently, we distribute paper toy data provided by approximately 80 companies and organizations through the app, where it is used at home and in childcare settings. We also organize volunteer events using this content at local medical and welfare facilities, creating new opportunities for interaction and learning with local seniors and children.
In November 2024, we received the BabyTech® Awards 2024 Grand Prize in the Children's Play and Learning category and received high praise from app users. We will continue to expand our relationships with local communities and municipalities to enhance social and corporate value.

For iOS Users (Japanese only) Download on the App Store

For Android Users (Japanese only) GET IT ON Google Play

Industry–academia collaboration: cooperative content with Jissen Women's University

We collaborated with students from Jissen Women's University (Department of Life and Culture, Faculty of Life Sciences), many of whom aspire to work in childcare and education, to create paper toy content for the “at Claps” app.
Each student, drawing on their teaching practicum experience, designed and crafted paper play content usable in childcare and educational settings. Publishing this content on the app allowed childcare providers and parents nationwide to print and use it and enabled social implementation.
By addressing this challenge, students gained experience in conceptualizing content needed in childcare settings and bringing their ideas to life in society via the app.
We will continue to further enhance our “Education × at Claps” program to connect student learning with social contribution.



Internal activities (summer school)



To boost employee engagement and nurture the next generation, our company hosts an annual summer school program in which we invite employees' elementary school–aged children to work. Through experiences like programming and business card creation, children gain insight into their parents' work and develop greater interest in careers. This program also incorporated playtime using paper toys created with “at Claps”.
Children relaxed by freely playing with toys between learning sessions. Participants shared feedback like, “We were looking forward to it again this year.” Through events like this one, “at Claps” supports children's experiences and is used as an internally developed social contribution aid that helps bring up the next generation. We will continue to expand opportunities that support children's learning and growth.

External activities (community engagement)

Our company continues to promote activities that deepen community engagement using paper toys featured on “at Claps.” In summer 2025, we conducted two programs at a day service center near our development base (Minato-ku, Tokyo) with local residents and employees' families.

① Elderly day care service center visit (collaboration with local residents)
We invited area students and adult community members to our company to create paper toys together with our employees.
Afterward, participants and employees visited an elderly day care center to interact with the residents, playing games and enjoying conversation. For the children and students, this provided an intergenerational connection opportunity through the toys they made. For adult guests and employees, it was a valuable chance to collaborate with the local community.



② Summer Festival volunteers (employee and family participation)
Some days later, our staff and their children volunteered at the summer festival held at the same facility. Using paper toys and origami, they mingled with the center's residents and added to the festive atmosphere. Participating in such activities with their families allowed employees to feel a tangible connection to the local community while offering a valuable experience for the families themselves.



Looking ahead
As our company values these interactions with the community and works to fulfill our responsibility as a local corporate citizen, we actively create opportunities for employees, their families, and local residents to unite and enjoy intergenerational exchange.

Promoting health management

Basic approach

Faced with an aging population, declining birthrates, diversifying work styles, and other challenging social conditions, the CEC Group hold the health of our employees as the most critical element supporting the company's sustainable growth. We therefore position health management as one of our key initiatives and promote an environment where employees can work healthily and energetically. In this way, we work to build sustainable value and support the health and development of our staff.

Key initiatives

We are enhancing systems and support structures designed to maintain the physical and mental health of our employees.

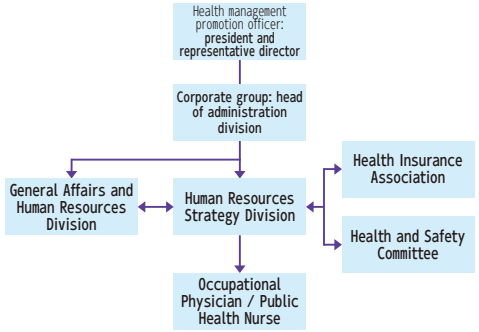
Health maintenance promotion

- Follow-up on health checkup results by occupational physicians
- Full subsidization of milestone health checkups for insured employees and dependents turning 30
- Partial subsidy for comprehensive health checkup costs for insured employees and dependents aged 35 and above
- Organization of walking events and similar activities by the Health Insurance Association

Mental health

- Stress checks for all employees
- Individual counseling and consultations with occupational physicians for highly stressed employees
- Telephone consultation service connecting to specialists
- Return-to-work support program for employees rejoining the workforce after leave

Organizational implementation



*Other initiatives can be viewed on our company website (URL: https://www.cec-ltd.co.jp/esg/health_management.html) (Japanese only)

External recognition: Ranked by METI among its Outstanding Organizations of KENKO Investment for Health for 2025

As a result of these initiatives driven by our Health Management Policy, we obtained certification as a "Outstanding Organizations of KENKO Investment for Health (large-company division)" in FY2023. In March 2025, we achieved this certification for the third consecutive year. Moving forward, we are pushing initiatives to help us obtain "White 500" certification through the use of digital health technologies and flexible measures tailored to specific health challenges.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Initiatives for protecting human rights

CEC Group Human Rights Policy

The CEC Group Human Rights Policy (hereinafter referred to as the Policy) outlines the fundamental principles for respecting human rights within our group and serves as a guideline for all of our businesses. We respect the rights of all individuals affected by our commercial activities and are committed to being responsible corporate citizens by clarifying our approach and responsibilities.

Basic approach

We respect internationally recognized human rights norms, including the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact. We also undertake our business activities pursuant to the UN Guiding Principles on Business and Human Rights.

Key initiatives

Human rights due diligence

To identify, prevent, mitigate, and remedy adverse impacts on human rights that arise from our business activities, we initiated a program of Human Rights Due Diligence in 2025. As a first step, we are identifying human rights issues that are highly relevant to our Group from among the 26 categories defined in the guidelines and assessing and analyzing their causes and impacts.

Human rights education

We administer annual human rights training via e-learning for all group employees. This centers on our policy, Business and Human Rights, and general compliance awareness.

Remedies and consultative measures

We have established an Internal Reporting Channel and an external Corporate Ethics Hotline as consultation points for potential human rights issues, such as harassment, that may arise in the workplace. We strictly safeguard the privacy of those who seek advice and have established a system to ensure fair and impartial handling in a manner consistent with respect for human rights. These channels are available not only to group employees but also to employees of partner companies.

Diversity, equity, and inclusion (DEI)

Fundamental approach



In line with our statement of purpose, which is to use the power of ICT to create value and lead customers, employees, and society toward a brighter future, CEC Group management prioritizes a workplace where diverse talents can thrive.
Diversity, equity, and inclusion (DEI) is a driving force for innovation that is essential for sustainable corporate progress. By fostering a culture that respects each individual's differences and embraces diverse values and perspectives, we aim to create a workplace where everyone can perform with confidence.

Promoting women's participation

We actively recruit female employees and strive to increase the proportion of women in our workforce. To create an environment that helps female employees balance work and childcare while working long-term, we have significantly extended the age range* covered by our work-life balance support program.
Going forward, in addition to continuing to promote female representation in the workforce and extend work-life balance support, we will further strengthen career support for our female employees to advance women's involvement even more.

*Revised eligibility from "until the child enters sixth grade" to "until March 31st of the year the child turns 18"

Promoting participation by people with disabilities

Our fundamental policy is to actively employ people with disabilities, including someone who is a key member of our recruiting team. We aim to distribute work in a way that maximizes the unique strengths of all employees, regardless of disability status.
Furthermore, to more deeply understand the characteristics of and accommodations required by individuals with specific disabilities, our recruiting team has obtained the Disability Employment Counselor certification, thereby demonstrating a strong sense of ownership in supporting the success of employees with disabilities. These efforts have been prominently recognized and have afforded us opportunities to speak as instructors at seminars for central government ministries.
We will continue to cherish this culture while striving for further growth as we work to provide a better workplace environment for all employees.

Fostering an inclusive workplace culture

To create an environment in which diverse employees can perform to their full potential, we continuously provide training targeted at all staff, management, and employees experiencing major life events.
As part of this effort, during the fiscal year under review, we added unconscious bias training to our companywide education curriculum to help cultivate an awareness of respecting diversity among all employees.

Theme	Target	Major training and seminar initiatives of the past
Women's advancement	Applicable personnel	External mentoring
	Management (managers and executives)	Fundamentals of diversity (the importance of supporting women's advancement)
Childcare	Applicable individuals	Fatherhood preparation classes, pre-maternity seminars
	Managers	Work-life balance research, male parental leave promotion seminars
Caregiving	Interested individuals	Caregiving seminars
	Managers	Balancing work and caregiving management training
Culture building	All employees	DEI workshops, workplace initiatives for male parental leave, workshops on balancing work and caregiving, unconscious bias training

Supporting work-life and career balance

Our company has established diverse systems, including support for balancing work with childcare, caregiving, and medical treatment, as well as flexible working arrangements, all of which help employees to thrive whatever their life stage.
We are working to create an environment where employees can easily utilize our systems, such as improving male paternity leave uptake rates. We have also established systems that extend beyond legal requirements to include paid maternity leave and expanded childcare and nursing care leave (eligibility for the latter lasting up to 365 days). These efforts have helped create an environment where HR systems are easy to access, with the male paternity leave usage now reaching 75%.
Moreover, we are working to create an environment where employees can balance caregiving responsibilities with their work and maintain their careers with peace of mind. Specific measures include the establishment of a caregiving consultation desk.

Promoting the active participation of senior employees

To further promote the active participation of senior employees, we have created a medium-to-long-term roadmap that includes revisions to our post-retirement re-employment system.
As part of our 58th fiscal year agenda, we implemented expanded allowances and a review of our compensation structure. Moving forward, we will maintain our support for a corporate culture that leverages the experience of senior employees across the entire company by creating an environment where they can fully apply their experience and expertise, engage in mentoring younger employees, and facilitate knowledge transfer.

Corporate governance

Basic framework

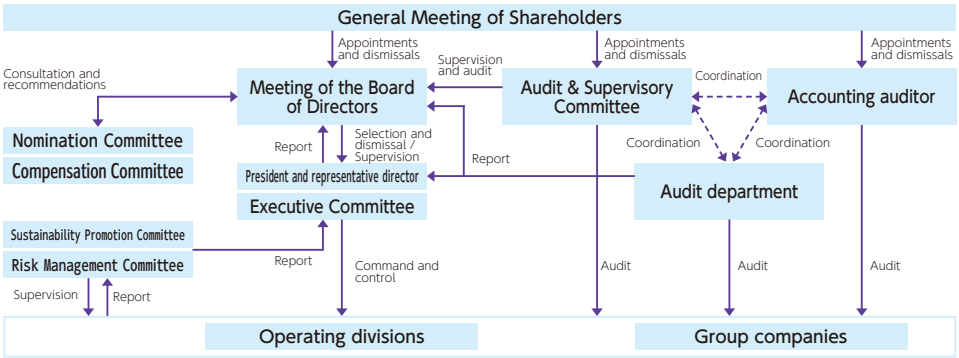
The CEC group views the thorough application of corporate ethics as foundational to corporate governance, along with enhanced management transparency and efficiency. We operate our business based on the following policies, referencing our Corporate Code of Conduct as the benchmark against which actions of our officers and employees are measured.

1. **We comply with all applicable laws, regulations, guidelines, and internal rules and act in accordance with principles of corporate ethics and social common sense.**
2. **We engage in fair and free competition and proper transactions and show respect for all parties.**
3. **We strive for management efficiency through swift decision-making and action leading to improved profitability and capital efficiency. In this way, we earn the trust of our shareholders, customers, partner companies, and other stakeholders, as we pursue sustainable corporate value creation and development.**

Corporate governance structure

CEC is organized as a company with an Audit & Supervisory Committee. Accordingly, our system of corporate governance revolves around the meeting of the Board of Directors and the Audit & Supervisory Committee overseeing and auditing the directors' performance of their duties. To govern the execution of duties, we have introduced an executive officer system to swiftly and accurately implement decisions made by the Board. Delegation of execution to executive officers and clarification of their responsibilities enhances management efficiency. With regard to director nominations and compensation, we have established a Nomination Committee and a Compensation Committee, both of which are advisory bodies to the Board of Directors and are constituted with a majority of members being independent outside directors. Decisions are made with respect for the recommendations of each committee, ensuring transparency and fairness in the deliberative process.

Corporate governance structure



Committee structure overview

Meeting of the Board of Directors

Chairperson: President and Representative Director

12members
Five independent outside directors (including two women), seven inside directors

At the Meeting of the Board of Directors, members rule—in accordance with internal procedure—on fundamental management policies, matters stipulated by law, regulations, and the company's Articles of Incorporation, and other important management concerns and dictate the execution of duty. The Board also receives reports on the status of each director's execution of his or her duties. The company holds a meeting of the Board of Directors at least once a month, with a total of 16 meetings having been held during the fiscal year ended January 2025. In addition to resolving statutory items, the Board held discussions on such topics as the Medium-to-Long-Term Management Plan, growth investment, and sustainability.

Audit & Supervisory Committee

Chairperson: Full-time inside director

3members
Two independent outside directors, one inside director

Based on its audit policy and plan, the Audit & Supervisory Committee audits directors' execution of their duties in a process that involves obtaining accurate and timely information regarding management decision-making processes through regular interviews with the Representative Director and other directors, attendance at key meetings such as the meeting of the Board of Directors, Nomination Committee, Compensation Committee, and Management Committee, collaboration with the Internal Audit Division and external auditors, and investigations into the status of operations and assets. During fiscal year ended January 2025, the Audit & Supervisory Committee convened a total of 14 times.

Nomination Committee

Chairperson : Independent outside director

7members
Five independent outside directors (including two women), two inside directors

The Nomination Committee deliberates on important matters concerning the nomination of directors and other officers and reports its findings to the meeting of the Board of Directors. To ensure its independence, the majority of the Nomination Committee members are independent outside directors, and the chairperson is selected from among the outside directors. During fiscal year ended January 2025, the Nomination Committee convened a total of seven times and reported at meetings of the Board of Directors on its deliberations regarding proposals for candidates for president, director, Audit Committee membership, executive officer, and other executive officers, as well as on the selection and development plans for successor candidates.

Compensation Committee

Chairperson: Independent outside director

7members
Five independent outside directors (including two women), two inside directors

The Compensation Committee deliberates on important matters concerning the compensation of directors and other officers and reports its findings at meetings of the Board of Directors. To ensure its independence, the majority of the Compensation Committee members are independent outside directors, and the chair is selected from among the outside directors. During fiscal year ended January 2025, the Compensation Committee convened a total of nine times. Matters discussed included the determination of the calculation method for performance-based compensation and the compensation amounts for the president and directors, recommendations regarding which were submitted to the Board of Directors.

Management Committee

The Management Committee conducts preliminary reviews of agenda items for meetings of the Board of Directors and also deliberates on investment related to the execution of business directives and the establishment of new businesses. Moreover, directors who are standing members of the Audit Committee attend Management Committee meetings. While they are not empowered to vote, they provide sage advice and guidance as needed and request important information, thereby strengthening the supervisory function over business execution.

List of Officers

Director

Representative Director & President

Takashi Himeno



April	1992	Joined the Company
February	2011	General Manager, Services Division 1, Platform Services Unit
February	2013	Unit President, Platform Services Unit
February	2014	Executive Officer
February	2020	Unit President, Security Services Unit, Platform Architect Business Group
April	2020	Director, Unit President, Security Services Unit, Platform Architect Business Group Representative Director and President, COMSTAFF Co., Ltd.
February	2022	Group President, Platform Architect Business Group
February	2023	Representative Director & President (incumbent)

Director

Hideki Takagi



April	1992	Joined the Company
February	2011	Manager, Sales Division 3, PROVEQ Service Unit
February	2014	Unit President/Manager, Sales Division, PROVEQ Service Unit
February	2015	Unit President, Digital Engineering Unit Unit President, Product Development Support Unit
May	2020	Executive Officer (incumbent) Unit President, Data Center Services Unit, Service Integration Business Group
February	2021	Unit President, Security Services Unit, Platform Architect Business Group
February	2022	Unit President, Security Services Unit, Platform Architect Business Group
February	2023	Group President, Platform Architect Business Group (incumbent)
April	2023	Director
February	2024	Representative Director and President, Oita Computer Engineering & Consulting Ltd. (incumbent)
February	2025	Director, Responsible for Marketing and Business Strategy (incumbent)

Director

Atsushi Ookita



April	1990	Joined Robin Co., Ltd. (now CEC Customer Service Ltd.)
July	2007	Transferred to the Company
February	2013	General Manager, Service Division 2, Chubu Service Unit
February	2017	Unit President, Chubu Service Division 1, Industry Automation Business Group
May	2020	Executive Officer (incumbent) Unit President, Chubu Service Unit, Digital Industry Business Group
February	2022	Unit President, Nishinihon Service Unit, Area Control Business Group
February	2023	Group President, Service Integration Business Group
February	2023	President & CEO, Computer Engineering & Consulting (Shanghai), Ltd.
April	2023	Director
February	2024	Representative Director and President, COMSTAFF Co., Ltd. (incumbent)
February	2024	President, Computer Engineering & Consulting (Shanghai), Ltd. (incumbent)
February	2025	Director, Responsible for Quality Reforms (incumbent)

Director

Yasuo Sakai



April	1989	Joined the Company
February	2013	General Manager, Service Division 5, Chubu Service Unit
February	2017	Unit President, Chubu Service Unit 2, Industry Automation Business Group
May	2020	Executive Officer (incumbent) Unit President, Mobility Services Unit, Digital Industry Business Group
February	2022	Unit President, Connected Services Unit, Digital Industry Business Group
February	2023	Group President, Digital Industry Business Group (incumbent)
April	2023	Director
February	2025	Director, Responsible for Technology Reforms (incumbent)

Director

Futoshi Egami



April	1989	Joined the Company
February	2008	Manager, Systems Department 1, Automotive Systems Division
February	2013	Unit President, Chubu Service Unit
February	2014	Executive Officer (incumbent) Unit President, Chubu Service Unit
February	2017	Unit President, Smart Factory Unit, Industry Automation Business Group
February	2023	Unit President, Corporate Administration Unit, Corporate Management Group
February	2025	Unit President, Corporate Administration Unit, Corporate Group
April	2025	Director, Responsible for Corporate Administration Unit, Corporate Group (incumbent)

Director

Naoki Ishihara



April	1989	Joined TOYOTA MOTOR CORPORATION
January	2003	Seconded to Toyota Motor Manufacturing France S.A.S.
January	2017	General Manager, Systems Design Office, IT Management Department, TOYOTA MOTOR CORPORATION
January	2019	Seconded to TOYOTA SYSTEMS CORPORATION
June	2020	Deputy General Manager, Strategic Planning Group
July	2023	Affiliation formally transferred to TOYOTA SYSTEMS CORPORATION
February	2025	Joined the Company; Executive Officer (incumbent)
April	2025	Director (incumbent)

Skills matrix

Name	Business Administration/Governance	Legal/Compliance	HR/Labor	Finance/Accounting	Sales/Marketing	ICT
Takashi Himeno	●					
Hideki Takagi					●	●
Atsushi Ookita					●	●
Yasuo Sakai					●	●
Futoshi Egami		●	●	●		
Naoki Ishihara					●	●

Outside Director

Shizuyo Takahashi



Outside Independent

April	1984	Joined Tokyo Branch, Chase Manhattan Bank (now JPMorgan Chase & Co.)
December	1990	Joined Chuo Coopers & Lybrand Consulting Co., Ltd.
October	1994	Joined Future System Consulting Corp. (now Future Corporation)
April	2004	Executive Director, Unit President
April	2008	Executive officer Unit Manager, Human Resources Unit
January	2016	Joined Business Brain Showa-Ota Inc.
July	2017	Joined WELLNET CORPORATION
September	2017	Director, Administration Manager
July	2020	Outside Director, baby calendar Inc. (incumbent)
April	2023	Outside Director, the Company (incumbent)
June	2023	Outside Director, IINO KAIUN KAISHA, LTD. (incumbent)

Outside Director

Noriko Kosugi



Outside Independent

April	1990	Joined Kawasaki Steel Corporation (now JFE Steel Corporation)
April	2005	Manager, Finance and IR Department, JFE Holdings, Inc.
May	2006	Manager, Accounting Section, Planning Department, East Japan Works, JFE Steel Corporation
August	2008	Director, Division Planning, Finance, Molex Japan Co., Ltd. (now Molex Japan LLC)
October	2011	Senior Director, Division Strategy Planning
January	2016	Senior Director, Management System, Operations
August	2017	Financial Controller, Imerys Minerals Japan KK
April	2018	Managing Executive Officer; Financial Planning Department (Deputy in charge) and Corporate Planning Department (Deputy in charge), UNIZO Holdings Company, Limited
June	2019	Executive Managing Officer and Board Director, Financial Planning Department
August	2020	Bursar, The British School in Tokyo (incumbent)
April	2023	Outside Director, the Company (incumbent)
March	2025	Outside Director, artience Co., Ltd. (incumbent)

Outside Director

Ryoichi Nawa



Outside Independent

April	1981	Joined Information Services International-Dentsu, Ltd. (now DENTSU SOKEN INC.)
April	2011	Executive Officer
January	2017	Senior Executive Officer
March	2018	Director/Managing Executive Officer
March	2019	Representative Director and President & COO
January	2020	Board Member, Dentsu Japan Network, Dentsu Group Inc.
March	2024	Corporate Advisor, DENTSU SOKEN INC.
April	2025	Outside Director, the Company (incumbent)

Directors who are Audit and Supervisory Committee Member

Director (Full-time Audit and Supervisory Committee Member)

Toshiharu Sakai



April	1987	Joined the Company
February	2007	Manager, Sales Division, IT Solution Group
February	2017	Manager, General Affairs Division, Corporate Support Unit
February	2020	Manager, General Affairs Division, Corporate Administration Unit
April	2022	Manager, Internal Audit Division
February	2023	Executive Officer
April	2023	Director (Full-time Audit and Supervisory Committee Member) (incumbent)

Outside Director (Audit and Supervisory Committee Member)

Katsunori Taniguchi



Outside Independent

April	1981	Joined Tohmatsu & Aoki Audit Corporation (now Deloitte Touche Tohmatsu LLC)
April	1988	Registered as a certified public accountant
April	1993	Senior Manager, Tohmatsu & Aoki Audit Corporation (now Deloitte Touche Tohmatsu LLC)
April	1999	Principal, Deloitte Tohmatsu Consulting Co., Ltd. (now Abeam Consulting Ltd.)
September	2002	Chief Researcher, The Japan Research Institute, Limited
December	2006	Associate Partner, IBM Business Consulting Services KK (now IBM Japan, Ltd.)
April	2007	Part-time Lecturer, Nihonbashi Gakkan University (now Kaichi International University)
June	2007	Corporate Auditor, NJK Corporation (now NTT DATA NJK Corporation)
September	2012	President, Katsunori Taniguchi Certified Public Accountant Office (incumbent)
April	2014	Associate Professor, Nihonbashi Gakkan University (now Kaichi International University)
April	2017	Part-time Lecturer, Kaichi International University
April	2019	Outside Corporate Auditor, the Company
June	2020	Outside Corporate Auditor, Happinet Corporation (incumbent)
April	2022	Outside Director (Audit and Supervisory Committee Member) of the Company (incumbent)

Outside Director (Audit and Supervisory Committee Member)

Motoaki Kuniyasu



Outside Independent

April	1978	Joined Mitsui & Co., Ltd.
May	1989	Manager, Business Department, Mitsui & Co. Europe
		Manager, Business Department, Mitsui & Co. UK
March	2004	General Manager, Business Division/ CCO, Mitsui & Co. Germany
April	2009	Deputy General Manager, Planning Office, Internal Auditing Division, Mitsui & Co., Ltd.
July	2010	General Manager, Internal Controls Office, Business Division, Mitsui & Co. (Asia Pacific) Pte. Ltd.
June	2012	Full-time Corporate Auditor, Trinet Logistics Co., Ltd.
July	2014	Full-time Corporate Auditor, Unicarrier Holdings Co., Ltd.
December	2014	Director/Managing Executive Officer, General Manager, Management Strategy Office, General Manager, Administration Division
October	2017	Special Advisor, Mitsubishi Logisnext Co., Ltd.
July	2018	Full-time Corporate Auditor, Curves Holdings Co., Ltd.
November	2019	Director (Full-time Audit and Supervisory Committee Member)
April	2024	Outside Director (Audit and Supervisory Committee Member) of the Company (incumbent)
October	2025	Assistant General Manager, Chair of the Corporate Governance Committee, Directforce (current position)

Skills matrix

Name	Business Administration/Governance	Legal/Compliance	HR/Labor	Finance/Accounting	Sales/Marketing	ICT
Shizuyo Takahashi			●	●		●
Noriko Kosugi			●	●		
Ryoichi Nawa	●				●	●
Toshiharu Sakai		●			●	
Katsunori Taniguchi		●		●		
Motoaki Kuniyasu	●	●				

Board effectiveness assessment

Assessing effectiveness

Our company pursues corporate value by ensuring the effectiveness of the Board of Directors, which we accomplish through regular annual questionnaires surveying the Board's effectiveness. The surveys target all of our directors, including those serving on the Audit and Supervisory Committee and outside directors, and utilize the services of an external third-party organization. The Board of Directors discusses the results, addresses shortcomings identified through the questionnaire, and implements countermeasures.

Assessment process

Step	1. Assessment plan	2. Questionnaire development	3. Request responses from specific individuals	4. External analysis and reporting	5. Analysis of survey results	6. Exchange of opinions at the Board of Directors meeting	7. Board of Directors consensus
Content	Schedule the Board of Directors effectiveness survey	Develop questionnaire items based on issues identified in the previous fiscal year's Board of Directors	Elicit responses to the questionnaire from each director	Enlist third-party organization to analyze the data and compilation report	Analyze and organize issues based on the survey results report from the external organization	Report survey results and analysis to the Board of Directors	Reach agreement on report content and prioritize issues and actions to address at the Board of Directors meeting

○ Main survey items

1. Nature of the Board of Directors
2. Composition of the Board of Directors
3. Board of Directors deliberations
4. Director performance
5. Board of Directors operation
6. Dialogue with shareholders (investors)
7. Nomination Committee and Compensation Committee operations

Issues in FY2023

- Board of Directors Structure (separation of management and execution)
- Board of Directors deliberations
  Discussions on the alignment of management strategy and planning with sustainable growth of the business and the creation of corporate value
  Thorough discussion regarding updates and revisions to management strategy and plans in response to changes in the external environment
- Board of Directors monitoring function
  Appropriate oversight of potential risks to the group's management strategy and plans and the procedures for their mitigation
- Support system for directors (including Audit Committee members)
- Operation of the Nomination Committee and Compensation Committee

Summary of FY2024 assessment

The survey results indicate a positive evaluation of the Board's clear understanding that management strategies and plans align with the company's sustainable growth and medium-to-long-term corporate value creation, as well as the active discussions held on these matters. The Board was also commended for its thorough discussions on updating and revising strategies in response to changes in the external environment. Conversely, some feedback highlighted challenges to improving Board effectiveness—specifically the need to strengthen Board functions and enrich strategic discussions.

Response to challenges FY2024

Key challenges identified

1. Establishing a foundation to strengthen the Board of Directors' functions
2. Deepening and enriching discussions on medium-to-long-term strategy
3. Enhancing coordination between the Board of Directors and its committees
4. Enhancing the quality of dialogue with outside directors

Addressing key issues

1. Further strengthening the Board's functionality through promoting the diversity of its members and ensuring necessary skills are represented
2. Deepening Board discourse and strengthening oversight of medium-to-long-term management and business strategy
3. Tightening collaboration with the Sustainability and Risk Management Committees
4. Elevating discussions through dialogue with the Nomination Committee, Compensation Committee, and outside directors

Message from outside directors



Shizuyo Takahashi
Outside Director
Chair, Nomination Committee

Our first Integrated Report: Resolving to forge a solid future together.

Our founding parent company, the Mitsuiwa Group, was established in the 1960s when IT services were still in their infancy and developed as an ICT service provider. In the 1970s-1980s, in anticipation of the future growth of software, our company was newly established as an independent company focusing primarily on software services.
In a departure from the hardware-centric strategies of manufacturers at the time, the group steered its core business focus toward software as well as maintenance and operations. Furthermore, its development effort focused not only on application software but also on operating systems and other core infrastructure. Even in those early days, we included “consulting” in our company name—a concept that had not been popularized at the time. This foresight and drive are what underlie our steady growth in this rapidly evolving industry. We maintain the highest regard for our historical DNA, which continues to be passed down and define our group today.
VISION 2030 began with a redefined purpose. While management led extensive discussions on our group's raison d'être and ideal target state, our entire staff simultaneously reaffirmed our company's value by reflecting on our achievements. We are now united as one company, committed to making a fresh start as we head into the future.
One cause of Japanese companies’ “lost decades” lay in the neglect of human capital—treating people as a cost—and an excessive focus on physical assets and hardware. This strategy, which misconstrued and underestimated the value of software and computer engineers, widened the gap with global standards, and obstructed productivity gains. Even now, while companies face an urgent need for reform, they remain mired in complex technical debt arising from numerous partial optimizations. They have not yet committed to truly fundamental reform.
At this precise moment, what many enterprises need is a partner who can leverage its independence and ability to approach optimization from a holistic vantage to stand side-by-side with clients and devise the most suitable solutions. Only we can offer this perspective, which reflects our thorough understanding of our clients' realities and our expertise in both hardware and software. Moreover, in projects demanding uncompromising intellect, physical stamina, and mental fortitude, we are the partner who can run tirelessly alongside our clients to the finish line.
Our true strengths are our foresight, the technical expertise we have gained through deep understanding of ICT principles, and the profound trust earned from a host of clients through our commitment to independence. Our journey reflects a strategic choice that avoids the easy path and demands that we handle operations and field maintenance under intense pressure. As our strategy makes clear, we are confident that committing to our clients as a true partner and supporting their emergent futures through reform will also shape the future of Japan.
The Nomination Committee has reviewed and agreed upon the basic policy for our successor development plan. This initiative, which is central to our management, ensures the continuous availability of outstanding management talent. It supports our sustainability and medium-to-long-term business strategies and serves as a key guiding principle for building our talent pool. We have renewed this plan with a strong message. Human capital is integral to our strategy. Strengthening our talent pool by leveraging diversity and inclusion enables each individual to maximize their unique value and aptitudes, significantly improving the value of our services and directly translating into corporate value. Moreover, elevating the value of engineers has the potential to drive transformation not only within our company but also across Japanese society.
The Nomination Committee will uphold its responsibilities, focusing on key nominations, as part of our efforts to strengthen governance and, crucially, to sustainably bolster our fundamental earning power. Personally, I am committed to continuing to work alongside the company as a supervisor and a good partner to increasingly meet the expectations of our shareholders and investors and to jointly enhance corporate value.

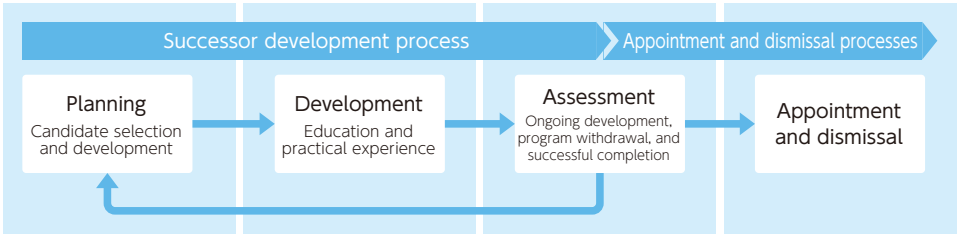
Succession planning and officer appointment process

Succession planning and officer appointment process

At CEC, we promote sustainability by prioritizing corporate value and strengthening corporate governance, and our management strategy emphasizes the appropriate selection and development of personnel who can fill future executive and officer roles, such as CEO and director. The Nomination Committee plays a crucial role in officer selection and development, advising on the underlying policies and fundamental principles of the development plan, consulting on the importance of relevant processes, and interviewing candidates.

Overall overview

Elements of our succession planning and officer appointment and dismissal procedures are summarized below and categorized into four stages: Planning (candidate selection and development), Development (education and practical experience), Assessment (development, program withdrawal, and successful completion), and Appointment and dismissal.



Personnel requirements

Personnel requirements are defined based on management strategy, comprehensively incorporating qualifications under the Board of Directors Regulations, as well as knowledge, experience, skills, and track record. Beyond the expertise required (based on skill matrices) to fulfill operational management board roles, we emphasize the following three perspectives:

- Management ability: Leadership and decision-making skills needed to implement business plans
- Human skills: High ethical standards and the ability to build trust with diverse stakeholders
- Behavioral qualities: Embodiment of our corporate values and the execution capability to adapt flexibly to the business environment and business strategy

These requirements, along with the balance and diversity that the entire Board of Directors should embody, define the ideal talent profile for growing the business.

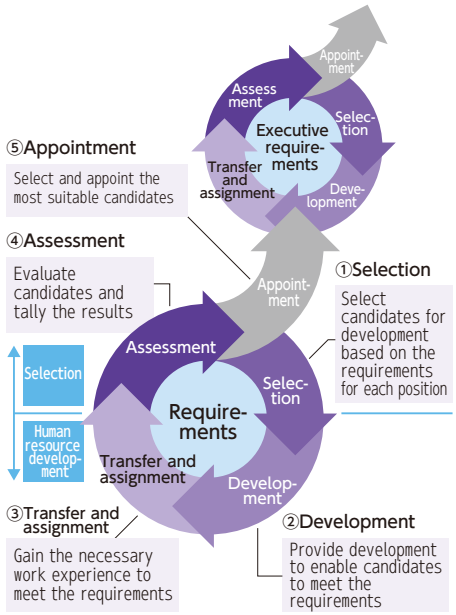
Planning (successor candidate selection and development)

During the planning phase, we select candidates and formulate individual development plans based on their skills and experience. These development plans are created collaboratively by the candidate and their development mentor, emphasizing alignment between capability development and career planning. Even if a candidate is removed from the list, we implement continuous development through tiered training and career reassessment. Throughout the entire successor development process, we promote initiatives that balance planning and flexibility.

Development (education and practical experience)

Our company adopts a dual-track approach to development, combining education and practical experience, the latter primarily focusing on developing skills and gaining experience with a strategic emphasis on assigning new tasks and responsibilities.
Meanwhile, education centers on skill development in accordance with medium-to-long-term development programs. This prepares selected successor candidates to face management challenges and assume new roles.
Specifically, we implement the following initiatives:

- Individual development programs and progress tracking
- Defining and monitoring qualitative and quantitative performance metrics
- One-on-one interviews with each candidate



Appointment and dismissal

The appointment and dismissal process for directors, including the CEO, proceeds through discussion among the executive team in coordination with the General Meeting of Shareholders, the Board of Directors, the Nomination Committee, and the Audit & Supervisory Committee. The appointment of director candidates who are not Audit Committee members begins with advice by the Nomination Committee and a resolution of the Board of Directors, followed by submission to the General Meeting of Shareholders. For the appointment of director candidates who are Audit Committee members, selection and interviews are conducted by the Audit Committee, and appointments and dismissals otherwise follow the same process.

Executive compensation system

Overview of the executive compensation system

The company has established policies for determining compensation calculation methods and amounts for directors who are not members of the Audit & Supervisory Committee. Director compensation is set by the Board of Directors after consultation with the Compensation Committee based on principles of fairness and transparency and with the aim of achieving the Company's stated goals and enhancing corporate and shareholder value.

Policy for determining individual compensation for directors other than Audit Committee members

Various types of compensation for each director are guided by the table below

Position	Fixed salary		Performance incentives	
	Cash	Stock options	Cash	Stock options
Director	61.8～92.3%	5.2～7.7%	0～30.5%	0～2.5%
Outside	100%		0%	

Director compensation breakdown

[Fixed salary]
A fixed monthly amount is paid during the term of office, within the standard amount established for each position.

[Performance bonus]
Performance bonuses consist of compensation linked with the performance of the company and the individual and are paid annually at 100% of the standard amount upon achieving targets established at the start of the period.

[Equity award (options)]
A system of equity-based compensation in the form of stock options has been adopted to replace the previous retirement allowance system for officers. By granting options to purchase newly issued shares in the company, our directors participate in the benefits and risks of stock price fluctuations just as our shareholders do and are granted these options to clarify their responsibility as managers for enhancing corporate value. The number of options granted is determined based on each director's fixed salary plus a further amount linked to the monthly prorated value of the performance bonus, with both sums not to exceed maximum thresholds approved at the General Meeting of Shareholders. These options are granted during the director's tenure and may be exercised after retirement.

Total compensation by officer category, compensation type, and number of eligible officers

Officer category	Total compensation amount (¥ million)	Total compensation by type			Number of eligible officers
		Fixed salary	Performance bonus	Of which, non-cash compensation, etc.	
Directors (excluding Audit and Supervisory Committee members and outside directors)	160	124	36	12	6
Audit and Supervisory Committee members (excluding outside directors)	15	15	—	—	1
Outside directors	27	27	—	—	6

*1 All noncash compensation consists of options on stock in the company.
*2 Fixed salaries and performance incentives may include cash and noncash compensation.

Message from outside directors

Backcasting to forge our path toward 2030: Pursuing growth through active HR-centered investment



Noriko Kosugi
Outside director
Chair, Compensation Committee

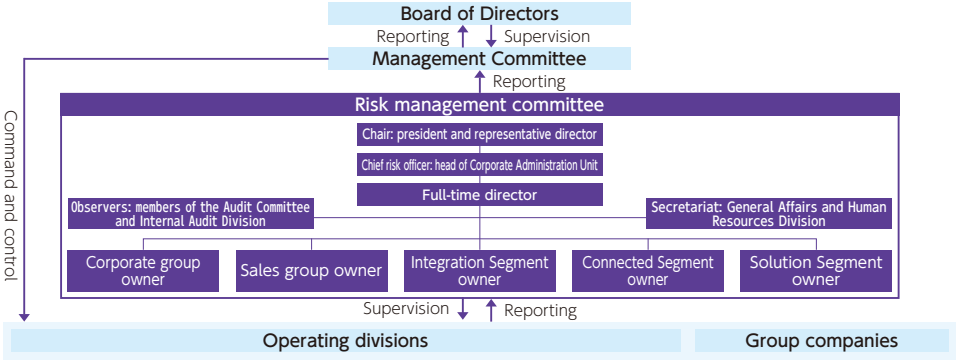
VISION 2030 reflects a complete revamp of the medium-term management plan process. We discarded the status quo, set an ambitious target, from which we then worked backward to determine how to reach it. A key achievement was creating conditions under which the entire company can unite in support of growth. This succeeded not only owing to the president's leadership, which was evident from the initial goal-setting phase and persisted throughout, but also by the success of the project team. With segment restructuring in mind, this team was formed by pulling from among our various business groups. Of course, further tactical refinement is still needed. However, precisely because we are in an era characterized by the VUCA (volatility, uncertainty, complexity, ambiguity) model, I expect we will keep moving fast and flying by the seat of our pants.
Our strength lies in our reliable quality and capabilities in the contract development market and the solid customer base we have attracted. VISION 2030 is designed to expand subscription-based business atop this foundation, but this requires the introduction of groundbreaking new services ahead of competitors. Which is to say we understand that that our revenue derives from human capital. While much of our spending on human capital weighs on profits as it is expensed immediately, we nevertheless remain committed to investing in our people as necessary.
Furthermore, VISION 2030 promotes M&A as a means to acquire talent and technology. When vetting investment opportunities, we emphasize proactive governance to ensure our approach to risk is neither too permissive nor restrictive.

Risk management

Risk management initiatives

To control risk and minimize losses to the company, we have formalized principles of risk management and taken measures to properly avoid and mitigate risks in business operations. Specifically, we monitor projects for budget overruns, manage and direct labor affairs, and maintain proper documentation within our various business units. Also, to enable swift and appropriate responses during emergencies, we are reviewing relevant procedures and documentation, including our rules for disaster prevention and recovery, and strengthening our organizational framework.
In February 2025, based on the belief that promoting systematic responses to management risks leads to sound corporate operations, we established the "Risk Management Committee," which commenced activities in April.

Corporate governance (risk management organization)



Risk management

The Risk Management Committee has catalogued risks that impacting our business and devised a risk map that helps visualize risks by plotting them on two axes: impact and frequency of occurrence.
We are working with risk owners to implement appropriate measures against the various risks affecting our company. We regularly report on these activities to the Executive Committee and the Board of Directors in order to enhance our risk management program's quality.

Risk management at CEC



Key risks

Risk	Risk description and mitigation
Project management	Description: Delays arising from management shortcomings, budget overruns, or inadequate incident response Mitigation: Reduce the risk of delay and related losses through monitoring and other measures
Attracting and developing talent	Description: Failure to adequately attract and develop talented personnel Mitigation: Reduce staffing risks through engagement surveys, professional development initiatives, and recruitment system enhancements
Information security, cyberattacks	Description: Confidentiality breaches and reputational damage due to targeted attacks Mitigation: Reduce the risk of information leakage by implementing security infrastructure and establishing rules
Intellectual property rights	Description: Unintentional rights infringement by the company Mitigation: Regular surveys of rights information, internal education and awareness campaigns
Generative AI	Description: Information leaks and legal violations arising from uploading confidential information into generative AI models Mitigation: Establish usage guidelines and thoroughly explain appropriate use cases
Compliance	Description: Reputational risk to compliance infractions Mitigation: Reduce fraud and labor-related risk through action guidelines, education, and an internal whistle-blower system
Investment	Description: Increased business risk, including capital losses, due to inappropriate investments or faulty investment decisions Mitigation: Verify investment effectiveness and risk in advance; formulate concrete investment plans
Large-scale disasters or pandemics	Description: Disruption to business continuity due to force majeure or infectious diseases Mitigation: Establish response rules for infectious diseases and physical disasters to ensure employees' safety and also strengthen rapid recovery procedures
Outsource transactions	Description: Increased procurement costs, delivery delays, or quality deterioration attributable to outsourcing partners Mitigation: Reduce risk by avoiding dependence on specific customers or industries

Information security and personal data

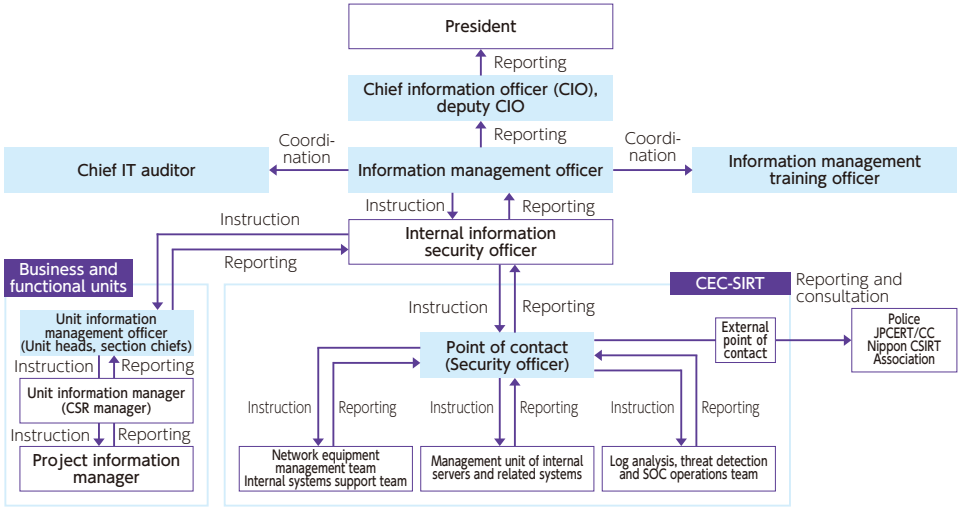
Information security initiatives

Our company handles various types of information and handles confidential information concerning our customers and internal affairs with the greatest of care. Given the importance of managing information risk, we protect information assets from threats such as unauthorized access and information leaks. The proper management of data under our information security regime is based on the following fundamental policy.

Information security measures in practice	Information security training
Information security framework	Response to information security incidents
Proper handling of information assets	Information security audits
Compliance with laws, regulations, and confidentiality agreements	Continuous information security improvement

Information security framework

CEC has established a framework under which the president serves as the company's information management officer and oversees the security arrangements of each business unit. To minimize damage in the event of a computer security incident, we have also established an incident response organization called CEC-SIRT that includes our own Security Operation Center (SOC). We have thus built a system capable of providing effective response 24 hours a day, 365 days a year. CEC-SIRT also collaborates with external organizations such as the Japan CSIRT Association and JPCERT/CC.



Information security risk mitigation approach

Ransomware attacks and other recent incidents have resulted in numerous leaks of personal and confidential information. To counter the risks of ransomware infection and information exfiltration, our group implements countermeasures as followings.

Response Perspective	Measures
Intrusion defenses	Implement multilayered defenses using systems to block unauthorized communications and monitor suspicious traffic
Malware countermeasures	Monitor endpoint behavior 24/7/365 via our SOC and using endpoint detection and response (EDR) strategies. Isolate any endpoints exhibiting suspicious activity. To defend against information exfiltration, we have established surveillance capabilities that automatically detect communications suspected of unauthorized external data transfer and trigger an immediate response.
Rapid response measures for contingencies	We respond via a group-wide computer security incident response team (CSIRT) framework. Regular training ensures appropriate responses.

Information security education and awareness

At least twice a year, the CEC group holds e-learning sessions to provide education on information security rules and enhance awareness among executives, employees, and partner staff. Moreover, we run training on the handling personal information to raise awareness and ensure all staff understand its importance and act appropriately.

Personal information protection initiatives



In accordance with our personal information protection policy, each group company sets rules regarding the handling of personal data and ensures the proper management of information entrusted to us by stakeholders such as customers and employees.
We have also established our own Personal Information Management System and continue to implement risk-mitigation measures and employee training on an ongoing basis. As a result of these initiatives, the Company obtained PrivacyMark certification in March 1999, based on the Japanese Industrial Standard “JIS Q 15001: Personal Information Protection Management Systems – Requirements,” covering the entire organization, and we have maintained this certification ever since. We will continue to appropriately maintain and enhance our policies and management framework to ensure highly reliable information management.

Compliance

Basic approach

We have established our CEC Group Code of Conduct to clearly define the fundamental principles that govern our corporate activities. This code centers on enhancing management transparency and efficiency and stipulates the thorough adoption of corporate ethics and governance. We require all officers and employees to comply with laws, regulations, and internal rules and to act in accordance with social norms.

Compliance framework



Status of compliance framework development

- We have established the CEC Group Code of Conduct to clarify the fundamental philosophy of our corporate activities. For employees, we have defined the CEC Group Conduct Guidelines, which underpins their daily actions.
- To instill compliance awareness among our employees, we develop compliance training materials for use with our staff education program.
- Based on our whistleblower system, we have established internal and external communication channels and created a mechanism that allows unrestricted reporting via email, telephone, and web.
- The Audit & Supervisory Committee and the Internal Audit Division work together to evaluate the companywide compliance framework, monitor for any legal and compliance issues, and ensure the transparency and reliability of our business processes.
- In case of serious violations of laws, regulations, or the Articles of Incorporation, disciplinary actions are determined by the Disciplinary Committee.

Compliance training

Our annual training program is designed to enhance compliance awareness, prevent misconduct, and ensure the thorough understanding of the CEC Group Code of Conduct and CEC Group Conduct Guidelines. This training, which is mandatory for all officers and employees of our group, uses actual incidents affecting listed companies as instructional illustrations to help raise awareness of the need to act with integrity and fulfill our social responsibilities as corporate citizens.

Training content	Company-wide training	New-employee training (FY2024)	New-employee training (Planned for FY2025)
Causes of compliance violations	◎	◎	○
Consequences of compliance violations	◎	○	○
Purpose and compliance			○
Criminal offenses	◎	○	○
Contractual issues	◎		
Information leakage	◎	◎	◎
Intellectual property rights			○
Insider trading			○
Preventing corruption	◎		
Power harassment		○	○
Sexual harassment		○	○
Whistleblower system	○	○	○

◎ : Training as a key theme

Whistleblower system

We have established an internal Multipurpose Consultation Room and an external Corporate Ethics Hotline as whistleblowing channels. In the current fiscal year, we received 23 inquiries. We promote the whistleblower system by posting updated information about the system and instructions for its use on the company intranet at the beginning of each month. We also encourage its use through our compliance training.

Anti-corruption policy

The CEC Group has formulated this policy in connection with its Code of Conduct to reaffirm our commitment to preventing corruption and promoting proper business dealings.

1. Prevention of corrupt practices
   In all domestic and international transactions, we promote fair, transparent, and free competition along with proper dealings. We do not in any way tolerate illegal transactions involving money laundering, cartels, or insider trading.
2. Prohibition of bribery
   We will not engage in any illegal actions or improperly obtain improper or unlawful benefits through such unethical actions as the exchange of money, goods, or other benefits and favors, with public officials or any other stakeholders, domestically or internationally.
3. Legal compliance and establishment of and adherence to company policy
   We will comply with all laws and regulations related to anti-corruption. Furthermore, to further promote anti-corruption, we will establish and adhere to regulations such as the CEC Group Code of Conduct and the company's Compliance Guidelines.
4. Anti-corruption framework
   We have established a system to ensure that any violation or potential violation of company policy is immediately raised with the internal reporting office, the head of the relevant department, the Legal & Compliance Division, or other relevant departments, thus enabling appropriate action to be taken.
5. Anti-corruption measures: education and awareness
   We educate all employees on anti-corruption principles and ensure thorough awareness as we continuously work to prevent corruption.

Corporate information

Company overview (as of July 31, 2025)

Company name	Computer Engineering & Consulting Ltd.
Address	JR Ebisu Building, 1-5-5 Ebisuminami, Shibuya-ku, Tokyo 150-0022, Japan
TEL	03-5789-2441 (reception)
Established	February 24, 1968
Capital	¥6,586 million
Employees	nonconsolidated: 1,681; consolidated: 2,441

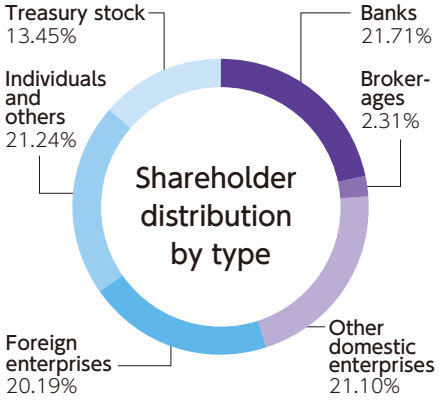
Major group companies

Name	Business description
Foresight System Co., Ltd.	System development, construction, maintenance, and operation services
CEC Customer Service Ltd.	System construction, ICT implementation support, operation services, and package sales
Oita Computer Engineering & Consulting Ltd.	System development services
Computer Engineering & Consulting (Shanghai), Ltd.	Package software implementation support services
Comstaff Co., Ltd.	Staffing services
Jyoho System Service Co., Ltd.*	System development, package software development and sales

*Group company since April 2025.

Stock status (as of July 31, 2025)

Total authorized shares	80,000,000
Total shares in issue	36,059,600
Number of shareholders	6,432

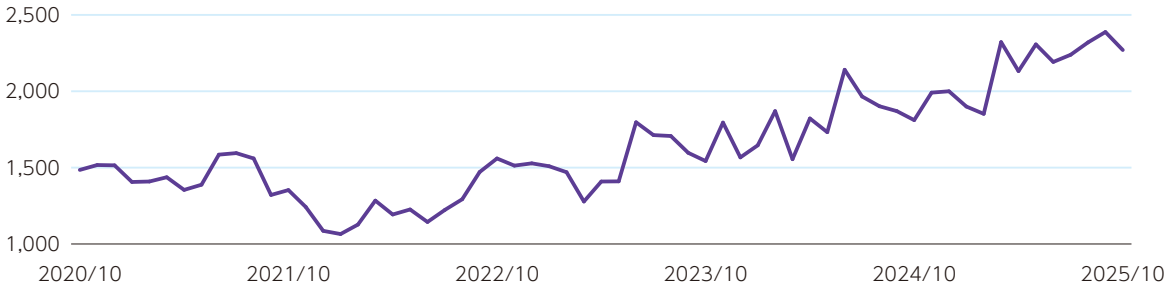


Major shareholders

Name	Number of shares held	Shareholding ratio (%)
mitsuiwa corporation	4,447,200	14.24
The Master Trust Bank of Japan, Ltd. (trust account)	3,978,000	12.74
Custody Bank of Japan, Ltd. (trust account)	2,279,100	7.30
Hirosato Iwasaki	1,335,100	4.27
Fujitsu Limited	1,240,000	3.97
CEC Employee Stock Ownership Association	1,069,200	3.42
BNP Paribas Luxembourg/2S/JASDEC/FIM/ Luxembourg Funds/UCITS Assets	975,000	3.12
Japan Foresight Electronics Co., Ltd.	930,960	2.98
MSIP Client Securities	649,741	2.08
State Street Bank and Trust Company 505001	479,236	1.53

*The shareholding ratio is calculated after deducting treasury shares (4,849,136 shares).

Stock price (JPY)



Caution regarding forward-looking statements

The forward-looking statements regarding future performance contained in this report are based on judgments and assumptions made using information available at the time of preparation, including trends in the Japanese economy and the service industry. Therefore, please be aware that these statements are subject to change due to inherent uncertainties and future changes in internal and external circumstances affecting business operations.

Toward a brighter future for society,
customers, and employees by harnessing
the power of ICT to create new value

CEC
Computer Engineering & Consulting

Computer Engineering & Consulting Ltd.
JR Ebisu Building, 1-5-5 Ebisuminami,
Shibuya-ku, Tokyo150-0022
https://www.cec-ltd.co.jp/en/