

# Alpha-Win Company Research Report

## PCA (9629 TSE Prime)

Issued: 6/20/2025

Alpha-Win Capital Research Department

<https://www.awincap.com/>

### ● Summary

#### Business Description

- PCA CORPORATION (hereinafter, the “Company”) is an independent software manufacturer specializing in packaged enterprise system software. It is a major specialized player in the industry.
- The Company was founded in 1980. Since then, it has been offering software targeting small and medium-sized enterprises (SMEs), now primarily delivered as cloud-based services. The Company sees its mission as contributing to society as a “Management Support Company” that supports companies in streamlining management and operation, with a focus on providing enterprise system software that realizes high levels of automation.

#### Results for the Previous Fiscal Year

- In the previous fiscal year (FY2025; note that the Company’s fiscal year is March-ending, i.e., FY2025 ended in March 2025), the Company posted net sales of 16,237 million yen (+8.1% year-on-year or YoY), operating profit of 2,637 million yen (+14.2% YoY), and profit attributable to owners of parent (hereinafter, “net profit”) of 1,741 million yen (+8.0% YoY). Net sales reached a record high for the second consecutive fiscal year, and each profit reached the third-highest level in the Company’s history.
- Net sales fell short of the Company’s forecast by 270 million yen (−1.6%), partly due to lower-than-expected sales of solutions and others. However, as cost of sales and SG&A expenses increased less than expected, both operating and ordinary profit exceeded the forecast by just under 300 million yen (about +12%). Consequently, the annual dividend was increased from the initial plan of 83 yen to 87 yen, a 5-yen increase from the previous fiscal year.
- Alpha-Win Research Department (hereinafter, “Alpha-Win”) had forecasted net sales of 16,700 million yen, but the actual result fell short by 463 million yen (−2.8%). On the other hand, Alpha-Win’s forecast for operating profit was 2,500 million yen, which was 143 million yen above the Company’s plan, but the actual result exceeded this forecast by 137 million yen (+5.5%). This difference was mainly due to greater-than-expected improvement in profit margins. For dividend, Alpha-Win had forecasted 84 yen, but the actual dividend was increased above this projection as EPS turned out higher than expected.
- FY2025 marked the final year of the Company’s previous medium-term management plan. Five indicators—consolidated net sales, consolidated operating profit, consolidated operating profit margin, dividend on equity (DOE) ratio, and dividend payout ratio—exceeded their targets, with the exception of ROE.
- The strong performance was driven by several factors: rising digital transformation demand, the shift to cloud services following the termination of on-premises product sales, and the price revision effect (Q1), which contributed to a substantial increase in cloud services’ sales by 1,914 million yen YoY (+25.6% YoY). The decline in product and solution sales was offset by the growth in cloud and maintenance services. As a result, the proportion of subscription & maintenance sales to total net sales rose from 73.5% to 80.6% at the end of the previous fiscal year. The number of corporate users of the PCA Cloud Series steadily increased to 24,570 (+1,671 companies or +7.3% YoY).
- Regarding KPIs (key performance indicators), ARPU (Average Revenue Per User) of the subscription business declined due to the expansion of low-priced services, but the churn rate remained low at the 0.2% level. The number of active subscriptions increased to about 35,000 (+25% YoY). Consequently, ARR (Annual Recurring Revenue) grew significantly to 9.89 billion yen (+18% YoY).
- On the profit side, although the product mix improved, costs such as subcontracting, development, and labor costs increased due to strengthened product development. As a result, the gross profit margin declined by 1.2 percentage points YoY to 63.0%. On the other hand, while advertising expenses, personnel expenses, and commission expenses increased, R&D expenses decreased, limiting the rise in SG&A expenses to 264 million yen (+3.6% YoY), which was 4.5 percentage points below the net sales growth rate. Consequently, the SG&A expense ratio decreased by 2.0 percentage points from 48.8% to 46.8%, and the operating profit margin improved by 0.8 percentage point from 15.4% to 16.2%. The combination of higher net sales and improved margins led to a double-digit increase in operating profit.

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## Financial Forecast for the Current Fiscal Year

- The Company has announced the following forecasts for the current fiscal year (FY2026): net sales of 17,689 million yen (+8.9% YoY), operating profit of 2,824 million yen (+7.1% YoY), net profit of 1,897 million yen (+9.0% YoY), and annual dividend of 95 yen per share (+8 yen YoY). Net sales are expected to hit a record high for the third consecutive year. Operating and ordinary profits are also projected to increase for the third year in a row and are projected to reach record highs for the first time in six fiscal years, surpassing the previous peak in FY2020.
- Although costs are expected to rise, the Company plans to manage them in line with net sales. As a result, both the gross profit margin and the operating profit margin are expected to remain at levels similar to the previous fiscal year. Cloud services, which have high profitability, are expected to drive overall performance with their forecasted sales growth of 18% YoY, and are expected to remain a key driver of profit growth. Note that the Company has not disclosed separate forecasts for the first and the second half of the year.

## Alpha-Win Research Department's Forecast of Financial Performance

- Alpha-Win revised its forecast for the current fiscal year. Full-year net sales are now projected at 17,800 million yen (+111 million yen or +0.6% compared to the Company's plan). Operating profit is forecast at 2,900 million yen (+76 million yen or +2.7% compared to the Company's plan), and the annual dividend is expected to be 97 yen per share (+2 yen compared to the Company's plan). These forecasts reflect the expected steady growth of subscription revenue centered on cloud services, as well as the positive impacts of accounting system revisions, legal reforms, and the end of support for Windows 10 on the Company's business.
- Alpha-Win also updated the forecast for the next fiscal year (FY2027) and added a new forecast for the fiscal year after the next (FY2028). Although upfront investments for strengthening product and service development will continue to weigh on costs, cloud services are projected to maintain solid growth, with new services contributing to earnings. Based on these factors, for both FY2027 and FY2028, Alpha-Win forecasts near double-digit annual net sales growth, profit growth of around 15%, and dividend increases (assuming the continuation of a 100% dividend payout ratio).
- On the other hand, downside risks include delays in the earnings contributions from new businesses such as the PCA Hub Series, PCA Subscription, and the business of the acquired company Dreamhop, as well as higher-than-expected cost increases due to inflation, weaker corporate earnings due to a deterioration of the macroeconomic environment, and a consequent decline in companies' appetite for IT investment.

## Competitiveness

- The Company has a customer base of approximately 240,000 companies. It has a high brand recognition and top-level market share in accounting and finance software targeting mainly SMEs. It is particularly leading in cloud services for core business operations in these fields, steadily expanding its business.
- Its strength is its concentration of resources in its fields of expertise as a specialist, enabling the development of products and services that meet various customer needs ahead of its competitors, including needs related to changes in the tax system and other regulations. It also has a stable customer base and provides high-quality products and services at reasonable prices.

## Business Strategy

- The Company has announced a new three-year medium-term management plan starting from FY2026 (the current fiscal year). The numerical targets for the final year, FY2028, are as follows: net sales of 22.0 billion yen or more (of which, 18.0 billion yen or more from subscription & maintenance), consolidated operating profit of 4.0 billion yen or more (consolidated operating profit margin of 18% or more), ROE of 10% or more, a positive EVA spread, and a dividend payout ratio of 100% (until ROE reaches 10%).
- Compared to this fiscal year's forecast, the final-year targets are ambitious. However, if the subscription business continues to grow steadily and the Company controls costs appropriately, the targets appear to be achievable.
- The PCA Group's growth strategy is to firmly establish the subscription model (subscription business) while implementing three priority measures as a Management Support Company: (1) strengthening the growth potential of the core businesses, (2) building the foundation for new businesses and making upfront investments, and (3) service-oriented creation. The Company is also actively engaged in ESG initiatives to promote sustainability.
- On the other hand, the biggest challenges are how effectively the Company can utilize its abundant cash and deposits, which exceed its annual net sales, for future growth, and how successfully it can put its new businesses—such as

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PCA Hub, PCA Subscription, hyper, the healthcare business, and the corporate venture capital business—on track and monetize them. The Company's initiatives aimed at continuously improving profit margins, as well as the results they deliver, should be closely monitored.

## Stock Characteristics and Price

- The Company is considered a defensive, small-cap, domestic demand-oriented growth stock with expectations of continued growth driven by its subscription business. Work-style reforms and revisions to accounting and tax systems are expected to positively impact its business.
- However, the Company's business performance and share price tend to show increased volatility before and after periods of event-driven high demand.
- Over the past approximately nine years, the Company's stock has significantly outperformed both the TOPIX and its competitors. Since the announcement of the "Change in Dividend Policy" in January 2024, the share price has risen and is showing relatively solid performance, supported by positive investor reception toward its proactive shareholder return measures.
- The Company's forecasted P/E ratio for this fiscal year and actual P/B ratio are both above the average of all stocks listed on the Prime Market of the Tokyo Stock Exchange (TSE), indicating a somewhat high valuation. On the other hand, the Company's dividend yield is relatively high, giving it a sense of undervaluation.
- Given the stability, long-term viability, and profitability of the Company's subscription business—which serves as a growth driver—along with the expected EPS growth and subsequent dividend increases in the next fiscal year and beyond, Alpha-Win believes that the stock has medium- to long-term upside potential.
- For the time being, key factors likely to influence the share price include trends in KPIs and profits (disclosed quarterly), full-year results for this fiscal year (and the extent to which they deviate from current forecasts), the likelihood of achieving the numerical targets of the medium-term management plan, the success of new businesses (including future M&A), the growth rate of the cloud business, the impact of revisions to accounting and tax systems on the Company's financial performance, and the level of dividends.

## Shareholder Returns

- The Company has announced that it will strengthen its capital policy to quickly achieve an ROE of 10% and to turn the EVA spread positive. Until these targets are achieved, it will maintain a shareholder return policy of a 100% dividend payout ratio. Furthermore, the Company has stated that even after achieving 10% ROE, it will continue to base its policy on progressive dividends, indicating a strong commitment to shareholder returns.
- Backed by strong financial performance, further enhancement of shareholder returns is anticipated, not only through increased dividends but also through measures such as share buybacks and stock splits.

【 9629 PCA Sector: Information & Communication 】 Figure A

FY		Net Sales	YoY	Operating Profit	YoY	Ordinary Profit	YoY	Net Profit	YoY	EPS	BPS	Dividend
		(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)	(Yen)
2022	<i>A: Old Standard</i>	15,142	13.8	2,516	8.7	2,542	8.6					
2022	A: New Standard	13,382	0.6	2,655	14.7	2,697	15.2	2,367	41.9	118.36	847.14	24.00
2023	New Standard (Same applies to the rest)	12,981	-3.0	1,288	-51.5	1,326	-50.8	883	-62.7	44.16	870.38	17.00
2024	A	15,018	15.7	2,309	79.2	2,343	76.6	1,611	82.5	80.48	932.76	81.00
2025	A	16,237	8.1	2,637	14.2	2,688	14.7	1,741	8.0	86.86	949.72	87.00
2025	CE (Most recent forecast)	16,507	9.9	2,357	2.1	2,391	2.1	1,656	2.8	82.70		83.00
2025	CE: Previous Medium-Term Plan	15,000	-0.1	2,500	8.3							
2025	New E (Most recent forecast)	16,700	11.2	2,500	8.3	2,530	8.0	1,700	5.5	84.78	935.61	84.00
2026	CE	17,689	8.9	2,824	7.1	2,865	6.6	1,897	9.0	94.61		95.00
2026	New E	17,800	9.6	2,900	10.0	2,950	9.7	1,950	12.0	97.25	959.93	97.00
2026	Old E	18,340	13.0	2,650	0.5	2,680	-0.3	1,800	3.4	89.77	937.60	89.00
2027	New E	19,800	11.2	3,360	15.9	3,410	15.6	2,310	18.5	115.20	978.13	115.00
2027	Old E	20,400	11.2	2,850	7.5	2,880	7.5	1,925	6.9	96.00	944.60	96.00
2028	CE: Current Medium-Term Plan	22,000		4,000								
2028	New E	21,500	8.6	3,870	15.2	3,920	15.0	2,650	14.7	132.16	995.29	132.00

(Notes) CE: the Company's estimate/forecast. E: Alpha-Win Research Dept.'s estimate/forecast. Forecasts of the current medium-term plan represent the lower end of the Company's target range. Past years have been retroactively revised for the stock split (3-for-1) conducted on October 1, 2021 (for EPS, BPS, and dividend). The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., have been applied starting in FY2022. "Old Standard" is the previous revenue-recognition standard. "New Standard" is the new revenue-recognition standard.

(Caution) In the text and figures of this Report, values for the same item may not match exactly with each other or with the Company's disclosed figures due to rounding, rounding during the calculation process, format of display, and other factors. Negative values are indicated by "—" or shown in parentheses.

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## 【 Share Price and Valuation Indicators: 9629 PCA 】 Figure B

Item	6/20/2025	Item	P/E Ratio	P/B Ratio	Dividend Yield	Dividend Payout Ratio
Share Price (Yen)	1,820	Results for the Previous Fiscal Year	21.0	1.9	4.8%	100.6%
Total Issued Shares (Thousands of shares)	22,000	Forecast for the Current Fiscal Year	18.7	1.9	5.3%	99.7%
Market Capitalization (Millions of yen)	40,040	Forecast for the Next Fiscal Year	15.8	1.9	6.3%	99.8%
Dilutive Shares (Thousands of shares)	0	Forecast for the Fiscal Year After the Next	13.8	1.8	7.3%	99.9%
Equity Ratio at the End of the Previous Fiscal Year	54.5%	Dividend on Equity (DOE) Ratio at the End of the Previous Fiscal Year	9.2%	Previous Fiscal Year's ROE	9.2%	

(Note) Forecasts were prepared by Alpha-Win Research Dept.

## 【 Stock Chart (end-of-week prices) : 9629 PCA 】 Figure C



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Notes: 1) Upon translating to English, when the page numbers differed from the original Japanese version, they were adjusted to those of the English version of this Report. 2) The Company's fiscal year is March-ending, i.e., FY2026 ends in March 2026.

## 1. Company Overview

- ♦ Major specialized player in the industry with 45 years of history. Develops and provides enterprise system software for Japanese SMEs.

(1) Enterprise system: Part of a company's information system that deals with matters directly related to business, such as financial accounting, production control, sales management, inventory management, purchases, HR, and payroll. A general term for back-office applications. Also called the mission-critical system, it serves as an important core system for operations and services.

- ♦ Its largest customer is Ricoh. Group companies of Fujifilm and Canon are also major customers.

(2) Work management system: Also called the attendance management system, it manages/utilizes various data on working hours. Enables automatic aggregation of data such as working hours and preparation of data to integrate with payroll software. Provided as on-premises or cloud-based software.

- ♦ The PCA Group is composed of the Company and 4 subsidiaries. Acquired Dreamhop in 2020.

- ♦ The ratio of consolidated net sales to parent-company net sales has been stable at around 1.1 to 1.3. The combined ordinary profit of the consolidated subsidiaries (consolidated minus parent company) has been a surplus.

### ◆ Major Specialized Player in Enterprise System Software

PCA CORPORATION (hereinafter, the "Company") is an independent, mid-tier company in the software industry. Founded in 1980, it has 45 years of history. The Company specializes in developing and providing packaged software (software prepared for use in certain operations) for enterprise systems<sup>1</sup>, such as those related to accounting and tax. It is a major specialized provider of such software for small and medium-sized companies (SMEs). In addition, it holds the top market share in accounting software for public interest corporations, with over 10,000 implementations.

The Company's products and services are actively used by about 240,000 companies. Sales to general business corporations account for over 90% of total net sales. The Company has particular strength in serving SMEs and mid-tier companies with 20 to 300 employees, which represent its core customer segment. Approximately 70% of the Company's net sales are made through distributors (the remaining 30% are direct sales). Its customer base is well diversified, and many of its top customers in terms of sales value are large enterprises.

Its largest customer has been Ricoh Co., Ltd. (listed on the Tokyo Stock Exchange's Prime Market; securities code 7752), accounting for approximately 26% of company-wide net sales in the previous fiscal year. Ricoh was awarded PARTNER OF THE YEAR in the PCA AWARD 2024, which recognizes official partners that have achieved outstanding results in PCA's partner business. The second-largest customer is FUJIFILM Business Innovation Corp., accounting for 10% of the Company's net sales. A Canon group company also received the Sales Division Award, suggesting that it is also a major customer.

As of the end of May 2025, the PCA Group consisted of a total of five companies: the Company and the four consolidated subsidiaries described below (Figure 1 on page 7). Its total number of employees is 694 (as of the end of the previous fiscal year).

1. **Xronos Inc.** – Develops and sells work management systems<sup>2</sup>. The Company holds a 92% stake; business was acquired in 2001.
2. **KEC Corporation** – Provides implementation support for PCA's products and services and sells business software. Established in 1998 and wholly owned by the Company.
3. **Dreamhop Co., Ltd.** – Operates a mental health-related business. Acquired in October 2020 and wholly owned by the Company.
4. **Iidabashi Cross Partners Inc.** – Manages the Company's CVC fund. Established in March 2025 and is wholly owned by the Company.

The ratio of consolidated net sales to the parent company's net sales has remained stable at approximately 1.1 to 1.3, indicating that the parent company's financial performance carries significant weight. Although the profits and losses of each subsidiary are not disclosed, during profitable periods—including the current fiscal year's forecast—the ratio of consolidated to parent-company ordinary profit has ranged from 1.0 to 1.6.

In addition, the combined profit/loss of the subsidiaries (calculated as consolidated minus parent-company ordinary profit) has remained in surplus since FY2016. This figure was a profit of 408 million yen in FY2024 and 429 million yen in FY2025, and is expected to increase to 519 million yen in FY2026. Among the subsidiaries, Xronos is presumed to

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- Xronos's business expansion is also most likely contributing to the Company's consolidated performance.
- Xronos has been on a growth trajectory in terms of sales.

continue making a significant contribution to overall performance, supported by the ongoing work-style reform.

Xronos's business is steadily growing, with sales of 1.5 billion yen in FY2019, 2.1 billion yen in FY2020, 2.16 billion yen in FY2021, 2.21 billion yen in FY2022, 2.53 billion yen in FY2023 (+14% YoY), and 2.80 billion yen in FY2024 (+11% YoY) (according to Xronos's website; results for FY2025 are not disclosed).

Although Xronos's profit is not disclosed, it has mostly likely been posting a profit, along with KEC, and contributing to consolidated profits. In contrast, Dreamhop has been posting losses and is currently undergoing management improvement measures as part of a strengthening initiative.

## 【Figure 1】 Overview of the Four Consolidated Subsidiaries

Company Name	1. KEC Corporation	2. Xronos Inc.	3. Dreamhop Co., Ltd.	4. Iidabashi Cross Partners Inc.
Head Office Location	Fujimi, Chiyoda-ku, Tokyo (PCA Building)	Kanda Nishiwachi, Chiyoda-ku, Tokyo	Iidabashi, Chiyoda-ku, Tokyo	Iidabashi, Chiyoda-ku, Tokyo
3 sales offices in Osaka, Nagoya, and Kyushu	6 sales offices in Sapporo, Sendai, Nagoya, Osaka, Hiroshima, and Fukuoka		Sales office and base in the cities of Osaka and Yokohama	
				Head office only
Business Description	Sales of packaged business software such as PCA Accounting and PCA Payroll, maintenance of network systems, software installation support, professional support for implementation, and various user support	In-house development and sales of work/attendance management systems (sales terminated on June 30, 2024) and time checks, as well as the provision of maintenance services	HR/other solutions: mental health-related businesses (providing stress check tests and feedback for early identification of individuals experiencing mental health issues, as well as providing services for preventing leave and resignation), occupational health physicians services (consultation with occupational health physicians only the necessary services can be used for a required amount of time), harassment prevention (law compliance, liability insurance, and training), and health management (solutions such as those for revitalizing the organization and improving productivity).	CVC fund management, startup support and collaboration promotion, and promotion of business development related to these activities.  <b>Investment Status:</b> Investment in startup companies <b>Investment Areas:</b> Pursuit of a sustainable business environment <b>Business and Areas of Support:</b> Growth support and funding; business co-creation and collaboration support; community building support; marketing and sales support; internal management support; and technology backup support
Customer	More than 20,000 companies (in Japan)	Xronos Performance: - Number of user accounts (millions of users): 1.7 → 1.9 → 2.5 → 2.6 → 2.6 → 2.8 → more than 3.0 (as of June 30, 2024) - Number of companies using Xronos Performance: 9,885 (6/7/2023) → 10,149 (12/6/2023) → 10,462 (2/6/2024) → more than 15,000 (end of April 2024) → more than 16,000 (June 30, 2025) Xronos: - Number of user accounts (persons): 431,784 → 515,412 → 682,465 → 755,708 → 768,641 → more than 900,000 (end of June 2025) - Number of companies using X: 4,406 (6/7/2023) → 4,938 (12/6/2023) → 5,100 (2/6/2024) (As of Nov. 15, 2024 → May 9, 2025 → June 7, 2025 → Dec. 6, 2025 → Feb. 6, 2024; information on its website; note that updated information has not been disclosed on its website)	1,500 companies; 16,000 offices; more than 2,000,000 users	Fund investor
Date of Establishment	April 1988	May 2011 (Business acquisition)	October 2020 (Date of acquisition; founded in June 2005)	March 2025
Capital (Millions of yen)	10	60	131 (Capital increased from 96.5 million yen)	50
PCA's Stake	100%	92%	100%	100%
Number of Employees (As of the end of March 2025)	42	133	15	Several
Sales (For the most recent period)	Not disclosed	2,802 million yen (Fiscal year ended Mar. 2024; information on its website; +11% YoY sales growth)	Not disclosed	N/A
Management Policy	Same as PCA	Formulates its own medium-term plan: Working on "investments for future growth" and "steady performance growth"	Same as PCA	Same as PCA
Category of Consolidated Sales	Primarily other operating revenue, in addition to products, merchandise, maintenance service, and cloud services	Primarily product sales and cloud services sales, in addition to maintenance service and other operating revenue	Other operating revenue	-
Website URL	<a href="http://www.kec.co.jp">http://www.kec.co.jp</a>	<a href="http://www.xronos.jp">http://www.xronos.jp</a>	<a href="http://www.dreamhop.co.jp">http://www.dreamhop.co.jp</a>	<a href="http://www.iidabashi-cross.com">http://www.iidabashi-cross.com</a>
Trends in Business Performance and Recent Situation	Business performance tends to be correlated with PCA's performance.	Market competition is intense, but it is a growing market with potential for expansion later on. It is currently shifting its focus to the private sector, such as expanding business into areas with added value. It is currently rolling out new services such as the Psychological Correction Diagram (for workplace environment improvement), Human Training (and education), M&IT (consultation desk service), and Res-Q (turnover analysis and training). However, the company still seems to be posting a net loss due to upfront investments.	The company is strengthening projects for the private sector through collaboration with PCA. It is currently shifting its focus to the private sector, such as expanding business into areas with added value. It is currently rolling out new services such as the Psychological Correction Diagram (for workplace environment improvement), Human Training (and education), M&IT (consultation desk service), and Res-Q (turnover analysis and training). However, the company still seems to be posting a net loss due to upfront investments.	The ICP (Investment Limited Partnership) (ICP Fund for Iidabashi Cross Partners) was launched in April 2025. The fund has a total size of 2 billion yen, with PCA, as a limited partner, contributing 99%, and ICP, as the general partner, contributing the remaining 1%. With a 10-year fund term, it aims to invest in startups that possess cutting-edge technologies or innovative business models contributing to new business development.

(Source) Prepared by Alpha-Win Research Dept. based on each company's website and securities report and interview with the Company. Each company's performance trends include estimates by Alpha-Win. The red text indicates the updated sections.

- Firm financial standing. Rich in cash. Debt-less management. Cash and deposits exceed annual net sales.
- With positive FCF, the balance of cash and deposits has been increasing, although the pace of growth has slowed. Its financial ratios are sound.

The Company has a solid financial standing and is a debt-free, cash-rich company. Compared to its net sales of 17.7 billion yen (this fiscal year's plan) and total assets of 35.0 billion yen, it holds 21.8 billion yen in cash and deposits, which is equivalent to 62% of total assets and approximately 15 months' worth of average monthly net sales (values as of the end of March 2025). In addition, it holds approximately 3.1 billion yen in securities, which are primarily corporate bonds and listed stocks.

Free cash flow (FCF) has remained positive except for a brief period, and cash and deposits on the balance sheet have generally been on an upward trend. However, in line with the Company's 100% dividend payout policy, dividend payments have sharply increased (resulting in a larger negative cash flow from financing activities), which has caused the pace of increase in cash and deposits to slow (Figure 2). The equity ratio stands at 54.5%, and the current ratio at 188.6%, both indicating strong financial soundness.

## 【Figure 2】 Change in Cash Flows (CF) (Unit: million yen)

Unit: million yen	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Operating CF ①	627	488	141	846	1,048	546	1,426	1,532	1,270	2,141	3,328	1,632	3,684	2,641	3,456	2,853
Investing CF ②	-405	-126	184	-406	-749	-606	-626	-395	1,714	-80	-719	253	708	-308	112	-265
Financing CF	-206	-209	-204	-214	-216	-284	-214	-214	-215	-572	-225	-355	-254	-606	-457	-1,685
FCF (①+②)	222	362	325	440	299	-60	800	1,137	2,984	2,061	2,609	1,885	4,392	2,333	3,568	2,588
Cash and Deposits (on Balance Sheet)	6,816	5,969	5,493	6,621	6,606	6,154	6,611	7,487	7,268	7,280	10,716	11,749	16,090	17,819	20,934	21,838

(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary

(Note) Cash and deposits shown are values from the balance sheet, not values used in the cash flow calculation.

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## 2. Business Description and Business Model

### ◆ Enterprise System Software Crucial for Streamlining Business Operations

- ♦ Enterprise systems are mission critical. Stability and reliability are crucial since they are used within companies.

- ♦ Provides original, in-house developed packaged enterprise system software (general-purpose software)

(3) Accounting software: Application software for the recording, processing, and integrated management of accounting data

(4) HR and payroll software: Software for payroll calculations and HR management

- ♦ Terminated the sales of products (on-premises software). Now focused on cloud and subscription services.

The Company's core business—enterprise systems that support internal operations—are not merely PC-based tools, but comprehensive computer systems designed to support an entire series of business processes across the organization. As mission-critical systems, they must meet high standards of reliability, efficiency, stability, operability, security, scalability, and proven performance.

The Company develops original enterprise system software tailored to one-person businesses, micro-sized businesses (SOHOs), SMEs, and mid-tier companies in areas such as accounting<sup>3</sup>, finance, HR and payroll<sup>4</sup>, sales management, purchase and inventory management, and tax. Its software is provided in a cloud-based format, either directly or through partners, allowing corporate users to access the enterprise system software easily and at low cost via the Internet without the need to prepare their own servers.

Sales of the Company's products (on-premises software: conventional products operated in-house by users) were terminated in March 2024, and management resources have since been shifted to PCA Cloud and PCA Subscription. Maintenance (program updates) will end in September 2028, and support will end in March 2029 (five years after sales termination).

In addition to developing and selling enterprise system software, the Company also provides proposal-based consulting services to its users. Together with its subsidiaries, it offers a wide range of support services, including those related to products, maintenance services, implementation, and operational guidance, thereby expanding its business. Going forward, the Company aims to further strengthen its business through intra-group collaboration and by promoting cross-selling and upselling.

### ◆ Business Model with a High Marginal Profit Ratio and Long-Term Viability

The PCA Group offers a total of about 60 to 70 software services, including group products, counted by product or service name (including optional features). It operates a business model based on high-volume production of a limited product variety, characterized by a high marginal profit ratio.

Original services (cloud services, maintenance service, and products) account for 80% of total net sales, while the remaining 20% come from other companies' products (purchased merchandise) categorized as merchandise or other operating revenue.

Given the nature of business-related software that requires high reliability, as well as the cost, effort, and data continuity involved in switching software, users rarely feel the need to frequently or proactively replace the Company's software with similar products from other providers.

Customer loyalty is consequently high, and contract renewal rates are strong. Market segmentation within the industry has also progressed to some extent, with companies taking strong positions in different niches. Additionally, reliability and brand recognition are essential, suggesting that the barriers to entry are high.

- ♦ 80% of net sales come from originally developed products and services. Business model with high marginal profit ratio.

- ♦ Business with long-term viability and high entry barriers.

- Sales are categorized into five categories.

## ◆ Expansion of the Subscription & Maintenance Business

The Company discloses its sales in five categories: cloud services, maintenance service, products, merchandise, and other operating revenue (also referred to as "solutions") (Figure 3). Profit and loss by segment are not disclosed.

【Figure 3】 Sales Classification (by Category)

Sales Classification by Category	Description	FY 2025 (Results)		
		Sales (Millions of yen)	% of Total	Est. Gross Profit Margin
Cloud Services	Cloud-based subscription services for software use	9,381	57.8	Around 70%
Maintenance Service	By signing up to PSS membership, customers can gain access to inquiry and support services through call centers	3,712	22.8	Around 70%
Products	Sales of original packaged software (accounting, sales management, purchase and inventory management, payroll, HR, etc.)	596	3.7	Around 50%
Merchandise	Sales of other companies' products such as ledger sheets	522	3.2	Around 30%
Other Operating Revenue	Sales of other companies' products such as software/hardware combined with original products; also called "solutions"	2,025	12.5	Around 30%
Total or Average		16,237	100.0	Result: 63.0%
Reference				Estimated weighted average: 63.0%

(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary.

(Notes) Cloud services and maintenance service are called the subscription & maintenance business. Gross profit margins were estimated by Alpha-Win.

- Subscription & maintenance business (cloud services + maintenance service) accounts for 81% of total net sales.

In recent years, sales of cloud services have grown significantly, becoming the Company's growth driver in terms of both its overall sales and profit. In FY2025, sales of cloud services were the largest among the sales categories, exceeding half of total net sales, followed by maintenance service. The combined sales of these two categories, described by the Company as subscription & maintenance revenue, have expanded to approximately 81% of total net sales. Since cloud and maintenance services have high profit margins and contract repeat rates, they have both been stable sources of profit, contributing to greater stability in business management.

## ◆ Cloud Business as the Growth Driver

The Company had long focused on selling conventional packaged software, known as on-premises software (sales of which were terminated at the end of March 2024). However, as the Internet became more sophisticated and widely used, the Company predicted that demand for cloud services will rise due to their convenience and cost performance. In 2008, it launched cloud services more than ten years ahead of its competitors. Since then, it has been offering cloud-based versions of its on-premises software.

- The rapidly growing cloud business is based on a stable, subscription-based business model.

In the cloud business, users pay fees continuously for some span to use the software (subscriptions). Along with maintenance service, it is attractive as a stable, subscription-based business model (average monthly usage fee of about 20 to 30 thousand yen per corporate user).

Due to its cost structure, this business has relatively small variable costs such as those for server maintenance, manufacturing, sales, and logistics. It consequently has a high marginal profit ratio.

- Leading the market with cloud services as the single and obvious top player, the Company has a strong competitive advantage.

The Company leads the industry as the top player in cloud-based, enterprise system software targeting SMEs. In recent years (2017-2018), its competitors have also entered the cloud services market in full scale as their "first year of the cloud." However, the Company has a number of advantages, including its long-accumulated operational know-how and support system, diverse lineup of highly functional services, high usability, originally developed open architecture, and economies of scale and price competitiveness due to its large number of cloud service users. It is therefore expected to maintain a competitive edge against its competitors for the time being.

Cloud services have been contributing significantly to the Company's financial performance, with both the number of corporate users and sales growing steadily (Figure 9 on page 18).

- ◆ PCA Hub was launched in March 2022, offering packaged software for peripheral operations via the cloud.

## ◆ PCA Hub Series

The PCA Hub service ("hub" meaning the center of something) was launched in March 2022. It is a suite of new services designed to help SMEs and mid-tier companies share core business data and transition to paperless internal operations and B2B transactions, thereby contributing to the digitization of the Japanese society.

The concept of the PCA Hub Series is to "support companies and the society through technology." Toward the creation of a sustainable society, the series will provide "levels of operation efficiency optimization that seemed out of reach" at "prices within reach" for operational challenges which have yet to be solved by systems due to high investment costs.

The PCA Hub Series offers cloud-based, monthly subscription services with high scalability. Each service is offered under a usage-based pricing model, making it accessible and easy to adopt. (The number of corporate users and sales figures are not disclosed.)

- ◆ The Company is enhancing the PCA Hub Series lineup and plans to release upgraded versions sequentially. The series is expected to serve as a future growth driver.

The Company is actively working to enhance the lineup of the PCA Hub Series by developing products in response to user needs. It intends to foster this series as both a future growth driver and a stable source of profit. In the current fiscal year, the Company plans to release various upgraded versions, starting with the launch of PCA Hub Expense Management in April 2025 (Figure 4). In addition, although not part of the PCA Hub Series, the Company plans to release an updated version of its PCA Cloud accounting software for public interest corporations in November 2025, in response to the legal reform of the public interest corporation system. This new release is also expected to contribute to business performance.

**【Figure 4】 Lineup of the PCA Hub Series and Upcoming Release Schedule (Including PCA Cloud)**

Date	Service/Product	Status	Notes (Characteristics)
<b>PCA Hub Series + PCA Cloud</b>			
March 2022	PCA Hub eDOC	Released / Service started	A new series of services that supports SMEs and mid-tier companies in shifting to paperless internal operations and B2B transactions for the digitization of the Japanese society.
March 2023	PCA Hub Invoice	Released / Service started	An online storage service for safe and secure sharing of important business data and files within a company. It is also compatible with the Electronic Books Preservation Act and can be used to store receipts, invoices, and other vouchers.
March 2023	PCA Hub Pay Slip	Released / Service started	A service for electronic delivery of invoices and transaction details that is also compatible with electronic invoices. It can be integrated with the PCA Shokon and Shokan Series and PCA Accounting hyper Receivables Management Option. Supports the shift to paperless invoicing and digitalization of the invoicing process itself. Advantages: - Web-based delivery of invoices reduces the cost of mailing paper invoices. - Significant reduction in the amount of time required to enclose and send invoices by mail. - Eliminates the need for employees to come to the office for invoicing work (eliminating a barrier to remote work) - Reduction in the workload necessary to reissue invoices
Summer 2024	PCA Hub Year-End Adjustment PCA Hub Labor Management PCA Hub HR Suite	Released / Service started	Service specialized in web-based pay slip delivery. Calculation results of the PCA Payroll Series can be imported into PCA Hub Pay Slip and sent to employees as a notification. Documents that can be delivered include pay slips, bonus slips, refund statements, and withholding tax slips. Advantages: Same as PCA Hub Invoice above
April 2025	PCA Hub Expense Management	Released (NEW) / Service started	A cloud service that digitizes expense reimbursement processes, enabling smooth day-to-day application and approval workflows. It integrates directly with the Financial Accounting Series of PCA Cloud and PCA Subscription.
July 2025	PCA Hub Invoice	To be released	• Addition of approval function and change in pricing structure
October 2025	PCA Hub eDoc	To be released	• File-sharing function that enables online information sharing through integration with PCA Cloud and Subscription
November 2025	Reference: PCA Cloud Public Interest Corporation Accounting	To be released	• In response to the legal reform of the public interest corporation system, the Company will release a cloud-based software version compliant with the new accounting standards. No. 1 market share in accounting software for public interest corporations, with a track record of implementation at over 10,000 companies.
Q4 FY2025	PCA Hub Year-End Adjustment	To be released	• Supports housing loan deduction certificates, multi-user verification, and group life insurance processing
Q4 FY2025	PCA Hub Labor Management	To be released	• Supports employment contracts and employment procedures
Not determined	Reference: PCA Cloud Fixed Assets Series	Preparing for release	• Version compliant with the new lease accounting standards (mandatory application of new standards starting in April 2027)

(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials and news release on the Company's website. Words in blue indicate this fiscal year's release schedules for the PCA Hub Series. Words in green indicate the release schedules for PCA Cloud.

## ◆Corporate Venture Capital Business (CVC Business)

- **Established a fund management subsidiary and launched a venture capital fund. Planning to invest in promising startups.**

In March 2025, the Company established Iidabashi Cross Partners Inc. ("ICP").

ICP is a wholly owned fund management subsidiary of the Company responsible for managing a CVC fund (corporate venture capital fund), supporting startups, and promoting collaboration.

With capital of 50 million yen, ICP is headquartered inside the PCA head office building in Chiyoda-ku, Tokyo. Its CEO is Masaki Hasegawa, who also serves as an employee of PCA.

In April, ICP launched the ICP-1 Investment Limited Partnership ("ICP-1 Fund"), which targets promising startup companies for investment.

- **The first fund was launched in April 2025, with assets under management of 2.0 billion yen and a 10-year investment period.**

The ICP-1 Fund has total assets under management of 2.0 billion yen (99% funded by PCA as a limited partner and 1% funded by ICP as a general partner), with an investment period of 10 years. The fund will invest in startups with cutting-edge technologies and innovative business models that can contribute to new business development, while also aiming for co-creation opportunities.

Specifically, the following benefits are expected:

- Effective use of the Company's abundant capital may generate future capital gains (opportunities for pure investment).
- Strengthening and innovating existing businesses, creating synergies, forming business alliances, and accelerating the development of new businesses can contribute to the growth of the entire PCA Group (opportunities for strategic business investment).
- New value can be created and delivered, unrestricted by existing organizational structures or services.
- The initiative can help invigorate the internal organization and foster talent development.

That said, direct contributions to the Group's profits are expected to remain limited for the time being.

The Company has prior experience investing—both directly and indirectly through investment partnerships—in unlisted companies engaged in businesses related to its core operations.

If the ICP-1 Fund gains traction, there is potential to increase its size (possibly through the launch of successive funds), making it a possible pillar of the Company's future growth strategy.

### 3. Shareholder Composition

#### ◆ Composition by Type of Shareholder

As of the end of March 2025, shareholders classified as “other corporate entities” held approximately 48% of the Company’s shares. While the proportion held by financial institutions has been gradually increasing, the shareholding ratio of individuals and others (approximately 18%) has been on a declining trend.

#### ◆ Major Shareholder Composition

As of the end of March 2025, the major shareholders are as shown in Figure 5. Compared with the end of March 2024, the following are the notable changes (many major shareholders remain unchanged):

♦ Major shareholders continue to hold their shares.

♦ Multiple trust banks have increased their holdings. Hikari Tsushin appeared for the first time as the sixth-largest shareholder.

♦ As of now, no activist activity has been observed.

♦ The largest shareholder is the founder family’s asset management company.

♦ PCA owns about 9% of its own shares and is effectively the second-largest shareholder.

♦ Actively managed domestic investment trusts have also invested in the Company.

• Among the existing major shareholders, The Master Trust Bank of Japan (ranked third) and THE BANK OF NEW YORK MELLON increased their shareholdings.

• Hikari Tsushin (TSE Prime: 9435) newly appeared among the major shareholders, ranking sixth with a 1.95% stake (as a percentage of total shares outstanding excluding treasury shares; the same applies hereinafter). Although the purpose of this holding is unknown, Hikari Tsushin is known to invest in about 400 Japanese stocks for pure investment purposes.

• INTERACTIVE BROKERS LLC entered the ranking as the ninth-largest shareholder, with a 1.67% stake. The ultimate investor is unknown.

• As of now, no activist activity has been observed.

• The Company has not adopted any anti-takeover measures.

The largest shareholder, Kawashima Co., Ltd. (classified as “other corporate entities”) is an asset management company of two directors of the Company (Fumiaki Sato, President, and Hiroshi Kumamoto, Director) and their relatives (descendants to the founder Masao Kawashima). Its shareholding ratio remains unchanged at approximately 41%. Although not listed among the major shareholders, the Company itself (treasury shares) is effectively the second-largest shareholder, holding 8.85% of total issued shares. The fifth-largest shareholder is the Employee Stock Ownership Plan, and its shareholding has remained largely unchanged.

Among domestic investment trusts outside of index funds (i.e., active funds), Nikko Asset Management’s low-priced stock fund includes the Company’s shares in its portfolio.

【Figure 5】 Current Major Shareholders

(Note: “Mar. 2025 – Mar. 2024” in the far-right column is the change in the number of shares held during the period; when the number of shares held at the end of March 2024 was unknown, it was assumed to be zero in the calculation)

Unit: Thousands of shares for the number of shares held and % for the ratios and proportions	End of Mar. 2015	End of Mar. 2016	End of Mar. 2017	End of Mar. 2018	End of Mar. 2019	End of Mar. 2020	End of Mar. 2021	End of Mar. 2022	End of Mar. 2023	End of Mar. 2024	End of Mar. 2025	Shareholding Ratio	Ranking	Change (2025 minus 2024)	
Kawashima Co., Ltd.	—	—	—	—	8,805	8,805	8,208	8,205	8,208	8,208	8,207	8,208	40.93	1	—
PCA CORPORATION (treasury shares)	2,544	2,544	2,544	2,544	—	—	—	—	—	—	—	—	—	—	—
JP MORGAN CHASE BANK 38562	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
The Master Trust Bank of Japan, Ltd. (trust account)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Obic Financial Consultants Co., Ltd.	762	762	762	762	762	762	762	762	762	762	762	762	3.80	4	0
PCA Employee Stock Ownership Plan	310	357	381	381	406	300	337	349	349	392	412	405	2.28	5	—
HIKARI TSUSHIN, INC.	—	—	—	—	—	—	—	—	—	—	—	—	39.91	1.95	0
THE BANK OF NEW YORK MELLON 140044	—	—	—	—	—	—	—	—	—	—	—	—	—	—	39.5
Logic Systems Co., Ltd.	342	342	342	342	342	342	342	342	342	342	342	342	1.71	8	0
INTERACTIVE BROKERS LLC	—	—	—	—	—	—	—	—	—	—	—	—	33.4	1.67	9
Ngoya PCA Co., Ltd.	—	300	300	300	300	300	300	300	300	300	300	300	1.50	10	0
STATE STREET GLOBAL TRUST COMPANY 505001	732	747	798	798	521	—	—	—	—	—	—	379	—	—	—
PEP INTERNATIONAL SA	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
MSNP CLIENT SECURITIES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
APPLIED SYSTEM LABORATORY INC.	—	—	—	258	258	258	258	258	260	260	260	260	—	—	—
GOLDMAN SACHS INTERNATIONAL	—	—	—	—	—	989	—	—	—	—	—	—	—	—	—
Custody Bank of Japan, Ltd. (trust account)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
JPMORGAN LUXEMBOURG PLC 1 COLLEQUITY	—	—	—	—	—	—	—	—	359	—	—	—	—	—	—
JP MORGAN LUXEMBOURG PLC 1300000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
MSCO CUSTOMER SECURITIES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Credit Suisse Securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Japan Trustee Services Bank, Ltd. (trust account)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
SSBTIC CLIENT OMNIBUS ACCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mizuho Bank	363	363	363	363	363	363	—	—	—	—	—	—	—	—	—
BNY MELLON FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shigefumi Wada (individual)	543	543	543	543	453	335	270	282	—	—	—	—	—	—	—
KBL EPH S.A. 107704	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reiko Sato (individual); Heir to the founder Masao Kawashima	4,401	4,401	—	—	—	—	—	—	—	—	—	—	—	—	—
Tomoko Kumamoto (individual); Heir to the founder Masao Kawashima	4,401	4,401	—	—	—	—	—	—	—	—	—	—	—	—	—
Hiroko Wada (individual)	1,074	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proportion (%) of treasury shares to total issued shares	11.0	11.0	11.1	11.0	13.6	13.4	13.4	13.4	9.1	8.94	8.85	—	—	—	—

(Source) Prepared by Alpha-Win Research Dept. based on the securities report.

(Note) The number of shares has been retroactively adjusted for the 3-for-1 stock split in October 2021.

## 4. ESG and SDGs

With a focus on the sustainability of the environment, society, and the economy, the Company is engaged in the following initiatives.

### ◆ Sustainability

With the goal to “contribute to the resolution of social issues through the Group’s business itself in order to build a more prosperous and sustainable society,” the Company has established three basic policies: “value creation by contributing to a sustainable society,” “responsible business activities,” and “promotion of an active workplace culture.”

### ◆ Environment

By expanding its cloud services, the Company helps users reduce their in-house computer server usage, thereby promoting energy savings. In addition, through services such as PCA Hub eDOC, the Company promotes digitalization, paperless operations, and enhanced operational efficiency. These efforts contribute to greater efficiency in business activities, energy conservation, and recycling.

### ◆ Society

By offering services centered on PCA Cloud, the Company helps streamline and automate data entry tasks, thereby contributing to improved productivity in back-office operations. It also supports SMEs in achieving data-driven, rational management and secure business operations, facilitating their transition to digital organizations. These efforts reflect the Company’s commitment to fulfilling its social responsibilities. In addition, the Company engages in various social initiatives, such as discovering and developing talented programmers who will shape the future (U-22 Programming Contest), promoting sports such as marathons, basketball, professional baseball, and golf (through advertising and sponsorship), and supporting the employment of people with physical disabilities.

The Company believes that its people are the most important business resource for sustainable growth. Accordingly, as one of its key management priorities, it emphasizes the development of a work environment where each employee can maintain physical and mental well-being, feel a sense of purpose and personal growth, and continue to take on challenges. It was certified as a 2025 Health and Productivity Management Outstanding Organization (Large Enterprise Category), as an excellent corporation working on health management, in the Health and Productivity Management Outstanding Organization Recognition System sponsored by the Ministry of Economy, Trade, and Industry and Nippon Kenko Kaigi.

### ◆ Governance

To clarify the management responsibilities of directors and establish a management structure that can respond swiftly to changes in the business environment, the Company has shortened the term of office for directors from two years to one year.

There are a total of 12 directors and auditors: eight directors (four of whom are external directors, including a certified public accountant) and four auditors (three of whom are external auditors, including a tax accountant, a certified public accountant, and a lawyer). Of these members, three are women (25%). To enhance the fairness, transparency, objectivity, and accountability of procedures related to the nomination and compensation of directors, and to further strengthen corporate governance, the Company has also established the Nomination and Compensation Committee.

- ◆ Initiatives toward sustainability-oriented management.

- ◆ Supporting energy conservation and the digitalization and streamlining of operations by SMEs.

- ◆ Proactively supporting sports, people with physical disabilities, and the discovering and developing of IT talents

- ◆ Certified as a 2025 Health and Productivity Management Outstanding Organization (Large enterprise Category)

- ◆ Of the total of 12 directors and auditors, three are women. The total number of external directors and external auditors is 7.

(5) The government target is to increase the ratio of female executives in companies listed on the TSE Prime Market to at least 30% by 2030.

## 5. History of Growth

### ◆ Company History

- ♦ Founded upon recognizing the importance and promising future of computers and enterprise system software in Japan
- ♦ With a pioneering spirit, the Company became the first to launch cloud services in the industry, driving significant growth.

(6) SaaS (Software as a Service): Software (or the providing of such software) that allows users to access the necessary function for the required amount of time. Instead of users installing the software, the vendor hosts it and provides the necessary functions to users via a network.

- ♦ Changed its market listing from the Second to the First Section of the TSE in Dec. 2014. Its listing was transferred to the Prime Market in April 2022.

- ♦ Long-term trend of increasing sales and profit

A group of five certified public accountants with the late Masao Kawashima as the leader founded the Company in 1980 upon recognizing the importance and promising future of computers and software businesses in Japan. At first, they developed and sold business accounting software for small business computers. In 1995, expecting to eventually shift away from users of small business computers, the Company began focusing on the development and sales of packaged software for PCs.

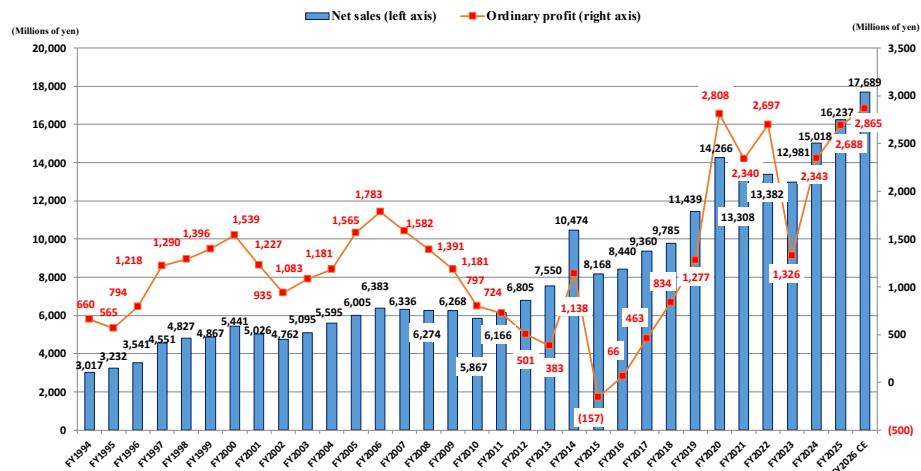
Then, with the emergence of the PC era, the Company grew mainly through the following four strategies: 1) creation of a greater variety of packaged software for Japanese customers as well as their version upgrades, 2) expansion of the maintenance service, 3) development of the cloud business, and 4) expansion of the solutions business which includes providing other companies' products. Furthermore, by increasing the number of offices and cooperating with manufacturers and distributors, the Company has developed a nationwide sales/support system that has contributed to the rapid expansion of its business. It is also seen as a pioneer in the conservative industry, having been the first in the industry to begin providing cloud services (SaaS<sup>6</sup>) in 2008.

Regarding its shares, the first public offering was made in 1994. The Company became listed on the Second Section of the Toyo Stock Exchange (TSE) in 2000 and then on the First Section in 2014. In April 2022, its listing was transferred to the TSE Prime Market.

### ◆ Past Transition in Financial Performance

As described above, the Company has expanded its business since foundation until now as a specialist in the development and sales of enterprise system software, along with related businesses. The long-term performance trends are shown in Figure 6 (for supplementary explanations, please refer to Alpha-Win's past full reports). Over the long term, the Company has maintained a trend of increasing sales and profit. For the current fiscal year, it plans to achieve record-high net sales as well as new highs in operating and ordinary profit (see page 22).

【Figure 6】 Long-Term Transition in Financial Performance



(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary. Estimate/forecast (CE) for FY2026 is from the Company's plan. (Note) The new revenue-recognition standard, etc., have been applied since FY2022.

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## 6. Industry Landscape

### ◆ Trends of the Software Market

#### Number of SMEs (Potential Users) in Japan

♦ Declining number of SMEs (the Company's current and potential users) in Japan

♦ The size of the enterprise system software market is expected to steadily grow over the medium to long term (especially for cloud-based software).

♦ Planned software investment by SMEs and mid-tier companies is expected to recover significantly in FY2025, to above 10%.

♦ Business sentiment is positive but flat.

♦ Declining sales growth rates and deteriorating earnings environment of SMEs are concerns.

♦ Labor shortage persists.

The number of SMEs, or the Company's main potential customers, has been on a declining trend due to the closure of businesses in response to the decreasing and aging population of Japan. According to the Small and Medium Enterprise Agency, the number of SMEs (in thousands) has decreased from 3,809 in July 2014 to 3,578 in June 2016 (-231 YoY) and 3,365 in June 2021 (-213 YoY). In recent years, rising labor costs, inflation, and labor shortages have accelerated this trend through closures, bankruptcies, and M&A activities.

On the other hand, companies and organizations have been working on rebuilding or strengthening their enterprise systems, as they have been experiencing an increasingly serious labor shortage and facing needs to improve operational efficiency and financial performance. While the number of SMEs will likely continue to decrease, Alpha-Win predicts that the size of the enterprise system software market (especially cloud services and other subscription services) will continue to steadily grow over the medium to long term with rising demand for software to streamline and digitalize operations.

#### Current Conditions of SMEs (Main Users): The BOJ Tankan

In the Bank of Japan's March 2025 Tankan survey, the planned software investment by SMEs across all industries for FY2024 was revised downward to flat growth at 0.0% YoY (with manufacturing at +20.4% and non-manufacturing at -6.7%). In contrast, the FY2025 plans indicate a significant increase of 14.9% in software investment across all industries among SMEs. The non-manufacturing sector is expected to grow by 10.7%, and together with the manufacturing sector (+24.9%), steady growth is expected.

A similar upward trend is seen among mid-tier companies, with planned software investment at -1.3% for FY2024 but 8.4% for FY2025 across all industries.

Regarding business sentiment among SMEs (all industries, measured as the percentage of respondents saying "favorable" minus those saying "unfavorable," in percentage points), the index for "current conditions" was +8 in the September 2024 survey and +10 in both December 2024 and March 2025. The "outlook" index remained mostly flat at around +5 to +6.

As for sales and profit, the year-on-year sales growth rate planned by SMEs (all industries) is 2.8% for FY2024 and 0.1% for FY2025. The year-on-year ordinary profit growth rate is planned to be 2.6% for FY2024, but is projected to decline to -4.9% in FY2025. These suggest concerns about declining sales growth rates and a deteriorating earnings environment. Since IT investment trends often correlate with earnings performance, these trends warrant close monitoring.

Regarding employment conditions (measured as the percentage of respondents indicating "excessive" minus those indicating "insufficient," in percentage points), the March 2025 survey shows that, across all company sizes and industries, the figures were -37 for "current conditions" and -39 for "outlook," indicating that the tight labor market remains a persistent challenge.

## 7. Previous Fiscal Year's Results and Current Fiscal Year's Forecast

### ◆ FY2025 Full-Year Results

#### Overview

- Previous fiscal year's results were strong, with increases in both sales and profit.

For FY2025, the Company recorded consolidated full-year results of 16,237 million yen in net sales (+8.1% YoY), 2,637 million yen in operating profit (+14.2% YoY), 2,688 million yen in ordinary profit (+14.7% YoY), and 1,741 million yen in profit attributable to owners of parent (+8.0% YoY; hereinafter, "net profit"), achieving both net sales growth and a significant increase in profit (Figure 7).

【Figure 7】 Full-Year Results for FY2025 (YoY Changes) (Unit: million yen or %)

Full-Year Results	FY2024	FY2025	Amount of Change	% Change	FY2025	Result – Forecast	Result/Forecast	FY2025	Result – Forecast	Result/Forecast
Unit: million yen	Results	Results	YoY: Millions of Yen	YoY: %	The Company's Plan	Difference: Millions of Yen	Difference: %	Alpha-Win's Forecast	Difference: Millions of Yen	Difference: %
Consolidated Net Sales	15,018	16,237	1,219	8.1	16,507	-270	-1.6	16,700	-463	-2.8
Gross Profit	9,636	10,228	592	6.1	10,441	-213	-2.0	10,400	-172	-1.7
Gross Profit Margin (%)	64.2	63.0	-1.2		63.3	-0.3		62.3	0.7	
SG&A Expenses	7,326	7,591	265	3.6	8,084	-93	-6.1	7,900	309	-3.9
SG&A Expense Ratio (%)	48.8	46.8	-2.0		49.0	-2.2		47.3	-0.6	
Operating Profit	2,309	2,637	328	14.2	2,357	280	11.9	2,500	137	5.5
Operating Profit Margin (%)	15.4	16.2	0.9		14.3	2.0		15.0	1.3	
Net Profit	1,611	1,741	130	8.0	1,656	85	5.1	1,700	41	2.4
Net Profit Margin (%)	10.7	10.7	0.0		10.0	0.7		10.2	0.5	

(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary. The Company's plan has not changed since the initial forecast that it announced at the beginning of the fiscal year (on April 25, 2024).

#### Comparison with Forecast

- While net sales slightly fell short of the Company's plan, profits exceeded expectations.

The Company did not revise the initial forecast that it announced at the beginning of the fiscal year. Compared to its plan, net sales fell short by 270 million yen (-1.7% compared to the plan; same comparison for the rest).

Net sales fell short despite greater-than-expected sales of maintenance service and products, since solutions and others fell short by 489 million yen (-9.1%) and cloud services by 81 million yen (-0.9%).

Due to the shortfall in net sales and a somewhat lower-than-expected gross profit margin (at 63.0% compared to the planned 63.3%; -0.3 percentage point), gross profit fell short of the plan by 213 million yen (-2.1%). This was because a larger portion of R&D expenses was allocated to cost of sales than initially budgeted (conversely, R&D expenses recorded under SG&A expenses declined).

While SG&A expenses increased year on year, they were 493 million yen (-6.1%) below the plan due to unused expenses such as advertising expenses and the aforementioned reallocation of R&D expenses to cost of sales (SG&A expense ratio was 46.8%, 2.2 percentage points lower than the planned 49.0%).

As a result, operating profit exceeded the plan by 280 million yen (+11.8%) (operating profit margin was 16.2%, 2.0 percentage points above the planned 14.3%). Ordinary profit and net profit also surpassed the plan by 297 million yen (+12.4%) and 85 million yen (+5.1%), respectively.

- The significant increase in cloud services' sales offset the decline in product and solution sales.
- The price revision also contributed for one quarter (Q1).
- Product sales were halved.
- Cloud services' sales increased by approximately 26%, with its proportion to total net sales rising to 57%.
- Sales of maintenance service, which had been expected to decline, saw an increase due to last-minute demand.
- Merchandise and solutions and others posted a decline in sales.

## Sales (YoY Change)

Breakdown of the year-on-year change in net sales by sales category in the previous fiscal year is shown in Figure 8. Declines in sales of products (whose sales were terminated as of March 2024) and solutions and others were offset by the growth in subscription & maintenance revenue (subscription business), which drove overall performance.

In addition, the price revision implemented in July 2023 (approximately a 20% increase in prices) contributed to higher sales across the Company, although its effective contribution to the previous fiscal year was limited to Q1 (the three months from April to June).

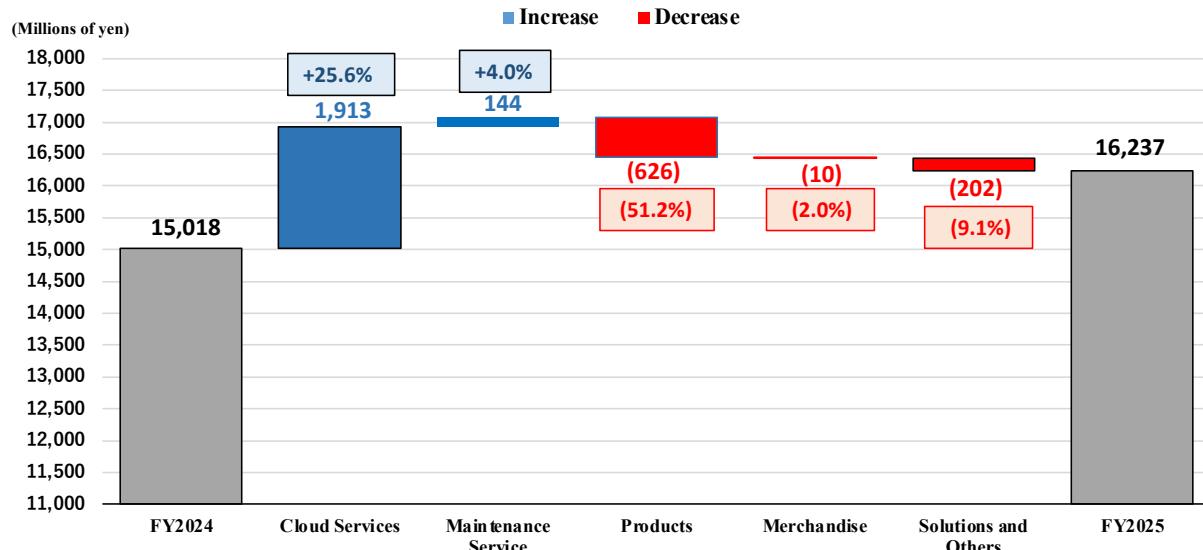
Looking at sales by category compared to the same period of the previous fiscal year, product sales were halved (–626 million yen or –51.2% YoY), though this was within expectations due to conservative forecasting.

Amid advancing digital transformation (DX), the termination of product sales led to a shift in demand from on-premises to cloud services, resulting in steady growth in the number of corporate users of PCA Cloud. As a result, cloud services' sales increased significantly by 1,913 million yen YoY (+25.6%), making it the primary growth driver (accounting for 157.0% of the Company's total net sales increase of 1,219 million yen). Consequently, the proportion of cloud services' sales to total net sales rose from 49.7% in the fiscal year before the previous to 57.8% in the previous fiscal year.

Maintenance service, the other pillar of the subscription & maintenance business, was expected to see a sales decline, but experienced a net increase in the number of contracts due to last-minute demand before the termination of on-premises product sales, resulting in a sales increase of 144 million yen (+4.0%).

Meanwhile, due to the decline in product sales, revenue from the professional support service also decreased, leading to a drop in the sales of solutions and others by 202 million yen (–9.1%). Merchandise sales also fell slightly by 10 million yen (–2.0%). However, their impacts were limited.

**【Figure 8】 Each Sales Category's Impact on Overall Net Sales in FY2025 (YoY Change for the Full Fiscal Year)**



(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials

## Cloud Services

### Number of Corporate Users

- The number of corporate users of the cloud service is increasing steadily, although its net growth rate has declined compared to a certain period in the past.
- The number of corporate users of the cloud service surpassed 24,000 as of the end of the previous fiscal year.

- A high sales growth rate has been maintained for the cloud services.

The number of corporate users of PCA Cloud (non-consolidated PCA) has continued to grow steadily, although both the number of increase and rate of increase have slowed compared to a certain period in the past.

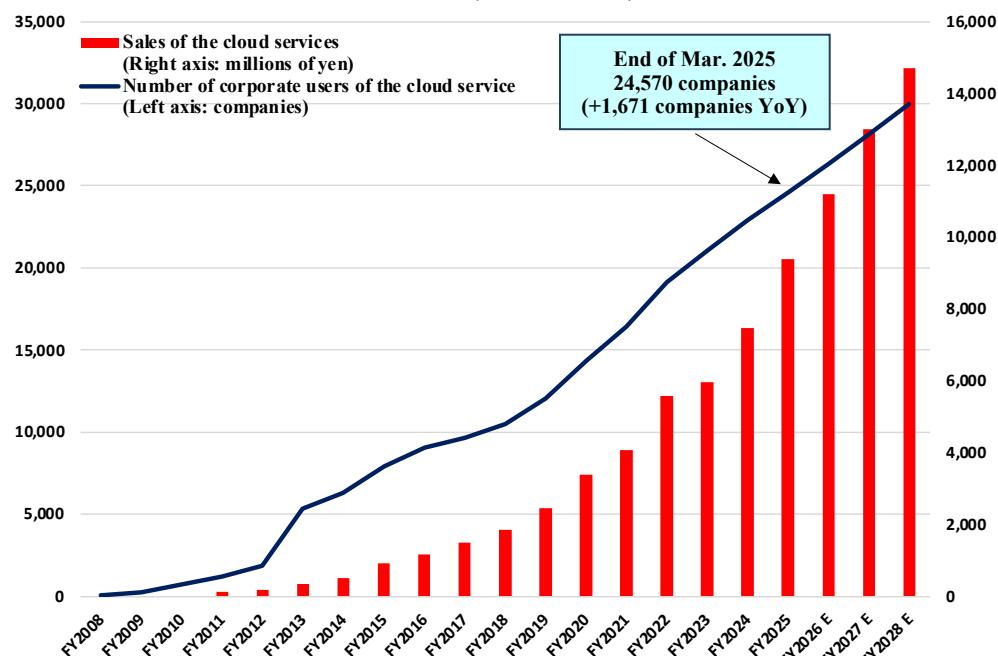
The number of corporate users of PCA Cloud reached 10,000 in January 2018. Since then, the number of corporate users has increased steadily from 12,070 as of the end of March 2019 to 14,327 as of the end of March 2020 (+2,257 YoY), 16,444 as of the end of March 2021 (+2,117 YoY), 19,152 as of the end of March 2022 (+2,708 YoY; the largest net increase ever), 21,022 as of the end of March 2023 (+1,870 or +9.8% YoY), 22,899 as of the end of March 2024 (+1,877 or +8.9% YoY), and 24,570 as of the end of March 2025 (+1,671 or +7.3% YoY) (Figure 9).

### Cloud Services' Sales (Non-Consolidated PCA + Xronos)

Cloud services' sales have increased from 2,452 million yen in FY2019 (+598 million yen or +32.3% YoY) to 3,374 million yen in FY2020 (+922 million yen or +37.6% YoY), 4,057 million yen in FY2021 (+683 million yen or +20.2% YoY), 5,568 million yen in FY2022 (+1,511 million yen or +37.2% YoY), 5,956 million yen in FY2023 (the fiscal year before the previous; +388 million yen or +7.0% YoY), 7,467 million yen in FY2024 (+1,511 million yen or +25.4% YoY), and 9,381 million yen in FY2025 (previous fiscal year; +1,914 million yen or +25.6% YoY).

Cloud services' sales reflect the effects of the price revision, as well as sales from Xronos, PCA Hub, and PCA Subscription. Consequently, the cloud services' sales growth rate exceeds the rate of increase in the number of corporate users of PCA Cloud (non-consolidated PCA).

**【Figure 9】 Changes in the Number of Corporate Users of PCA Cloud (Non-Consolidated) and Sales of the Cloud Services (Consolidated)**



(Source) Prepared by Alpha-Win Research Dept. based on the Company's financial results briefing materials and interview.

“E” represents estimates/forecasts made by Alpha-Win.

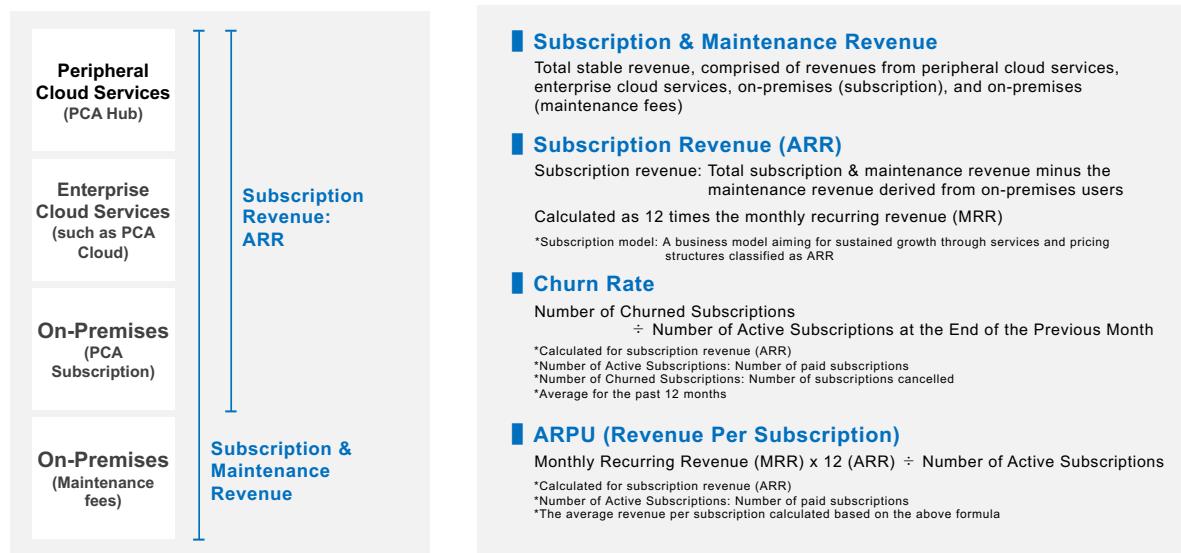
(Notes) Sales from FY2008 to FY2010 are not disclosed. The number of corporate users of the cloud service includes estimates.

- The Company announced the KPIs for its subscription business.

## Subscription-Based Business Model

The Company has defined its subscription-based business model under the new medium-term management plan as shown in Figure 10 and has disclosed its KPIs (Figures 11 to 14). These figures are expected to be disclosed on an ongoing basis going forward, as data that clearly represent the actual status of the Company's core business.

**【Figure 10】 Categories and Definitions (Terminology) of the Company's Subscription Business**



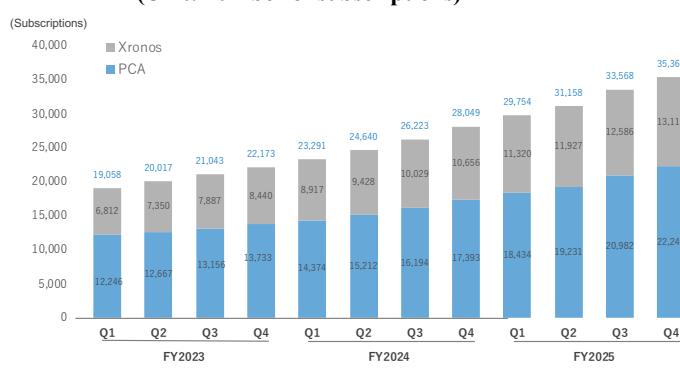
(Source) Prepared by Alpha-Win Research Dept. based on the Company's financial results materials

- In addition to an increase in the number of new subscriptions, the low churn rate has led to a steady rise in the number of active subscriptions. Although revenue per subscription has been gradually declining, the ARR has grown at a double-digit rate.

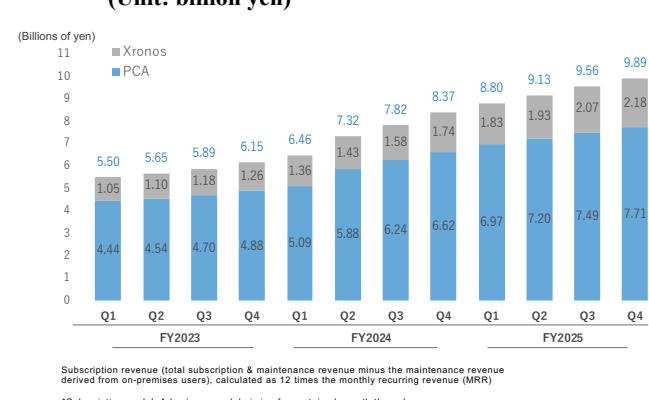
The number of active subscriptions at the end of the previous fiscal year was 35,364, representing a 26% increase YoY (Figure 11), and the ARR (annual subscription revenue) also increased steadily by 18% (Figure 12).

The churn rate has remained at a low level, ranging from 0.24% to 0.27% (Figure 13 on page 20). Due to the Company's strategic promotion of cross-selling and low-priced services, the ARPU (annual revenue per subscription) has been gradually declining (Figure 14 on page 20).

**【Figure 11】 Change in the Number of Active Subscriptions (Unit: number of subscriptions)**

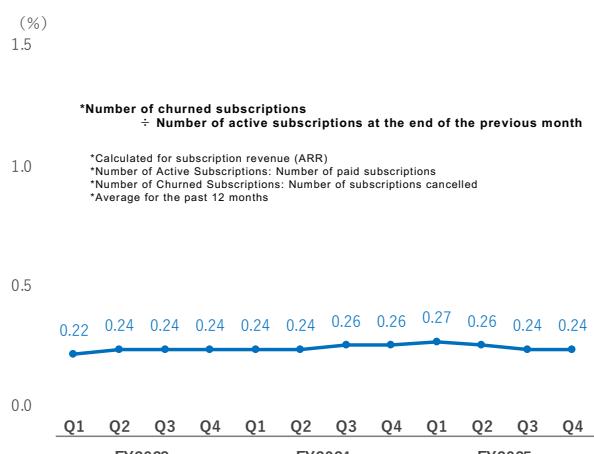


**【Figure 12】 Change in the ARR (Annual Subscription Revenue) (Unit: billion yen)**

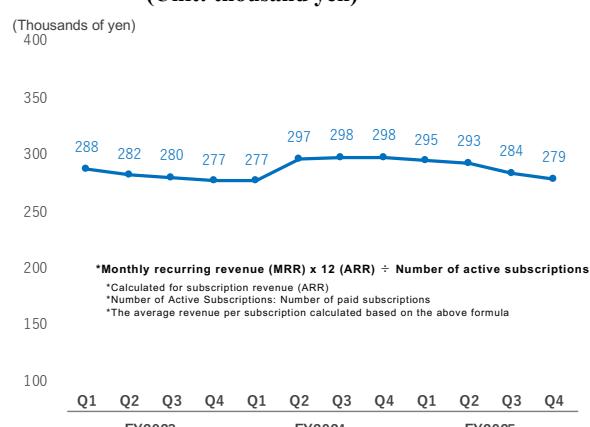


(Source) Figures 11 and 12: Prepared by Alpha-Win Research Dept. based on the Company's financial results briefing materials.

**Figure 13】 Change in the Churn Rate (Unit: %)**



**Figure 14】 Change in the ARPU (Annualized Revenue Per Subscription) (Unit: thousand yen)**

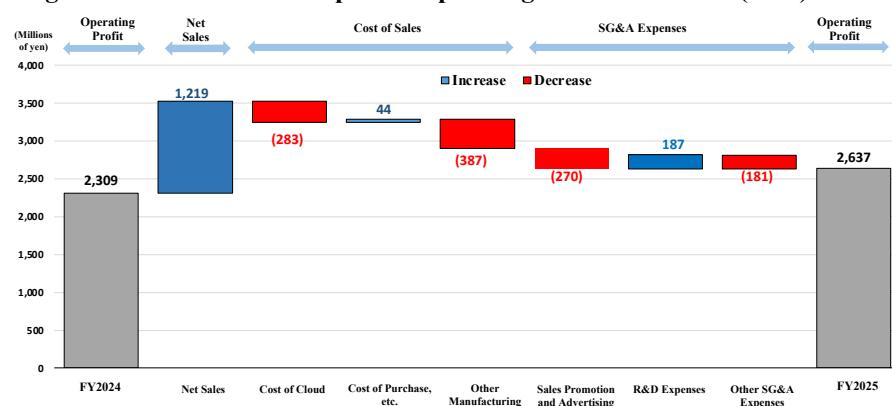


(Source) Figures 13 and 14: Prepared by Alpha-Win Research Dept. based on the Company's financial results briefing materials.

## Profit

Figure 15 shows the factors that contributed to a year-on-year increase or decrease in consolidated operating profit in the previous fiscal year.

**Figure 15】 Factors that Impacted Operating Profit in FY2025 (YoY)**



(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials.

(Note) Amounts of increases and decreases shown are the amount of impact of each on operating profit.

- The increase in net sales absorbed the rise in costs.

In FY2025, the Company recorded an increase in operating profit of 328 million yen YoY on a company-wide basis. The main factor behind the increase in profit was the rise in net sales (+1,219 million yen YoY), which more than offset the negative impact of various cost increases.

Cost of cloud rose due to the expansion of the cloud business (+283 million yen), and other manufacturing costs such as development and labor costs also increased (+387 million yen). Due to these significant increases, the cost of sales rose, leading to a decline in the profit margin from 64.2% to 63.0%. However, the gross profit itself grew by 592 million yen (+6.1% YoY) due to the increase in net sales.

Meanwhile, SG&A expenses increased by 265 million yen, negatively impacting profit. Although R&D expenses decreased by 187 million yen, other SG&A expenses rose by 181 million yen, mainly due to higher personnel expenses associated with increased headcount and higher system usage fees. Additionally, the Company held events such as the PCA FES,

- Increase in operating profit was driven by higher net sales and an improved operating profit margin resulting from a decline in the SG&A expense ratio.

- YoY sales growth was recorded in every quarter from Q1 to Q4.

- Profit increased YoY in Q1 through Q3, while Q4 saw a decline in profit due to lower margin caused by increased costs.

leading to an increase of 270 million yen in sales promotion and advertising expenses.

However, the growth rate of SG&A expenses was 3.6%, lower than the net sales growth rate of 8.1%, resulting in a decrease of 2.0 percentage points in the SG&A expense ratio from 48.8% to 46.8%. Consequently, the operating profit margin improved by 0.8 percentage point from 15.4% to 16.2%. The combination of increased net sales and a higher operating profit margin led to a double-digit increase in operating profit.

## Quarterly Financial Results

Looking at the previous fiscal year's (FY2025) performance by quarter, although the YoY growth rate of net sales declined sequentially from Q1 through Q4, all quarters recorded YoY sales growth. In addition, Q2 through Q4 each achieved quarter-on-quarter (QoQ) sales growth, indicating solid performance (Figure 16).

- In Q1, the Company posted net sales of 3,879 million yen (+14.5% YoY) and operating profit of 700 million yen (+63.6% YoY), resulting in significant increases in both sales and profit, mainly due to the effect of the price revision.
- In Q2, the Company maintained growth with net sales of 4,016 million yen (+8.9% YoY) and operating profit of 675 million yen (+18.4% YoY). In Q3, it posted net sales of 4,166 million yen (+7.2% YoY) and operating profit of 732 million yen (+4.4% YoY), continuing the trend of YoY increases in both sales and profit.
- In Q4, net sales rose to 4,176 million yen (+3.0% YoY), but operating profit declined to 530 million yen (-13.1% YoY) due to increased SG&A expenses.

Operating profit margin by quarter in the previous fiscal year or FY2025 (with figures in parentheses showing the results from FY2024, the fiscal year before the previous) was as follows: 18.0% (12.6%) in Q1, 16.8% (15.5%) in Q2, 17.6% (18.0%) in Q3, and 12.7% (15.0%) in Q4. While the margin exceeded the previous year's level in the first half, it fell short in the second half.

**【Figure 16】 Quarterly Change in Financial Performance**

Results	FY 2024						FY 2025							
	Q1	Q2	Q3	Q4	First Half	Second Half	Full Year	Q1	Q2	Q3	Q4	First Half	Second Half	Full Year
Unit: million yen	Apr-Jan	Jul-Sep	Oct-Dec	Jan-Mar 2024	Apr-Sep 2024	Oct 2023 - Mar 2024	Apr 2023 - Mar 2024	Apr-Jan	Jul-Sep	Oct-Dec	Jan-Mar 2025	Apr-Sep 2024	Oct 2024 - Mar 2025	Apr 2024 - Mar 2025
Consolidated Net Sales	3,387	3,687	3,889	4,056	7,074	7,044	15,018	3,879	4,016	4,166	4,176	8,095	8,427	16,237
Sales by Category														
Cloud Services	1,616	1,827	1,923	2,091	3,443	4,074	15,467	2,204	2,383	2,489	2,427	5,186	5,872	9,381
Maintenance Services	839	843	842	843	1,725	1,725	3,568	859	849	849	849	1,986	1,973	3,713
Products	349	364	244	265	713	809	1,222	156	148	149	149	299	297	596
Merchandise	95	103	216	118	198	334	532	102	108	203	104	215	307	522
Other Operating Revenue	486	516	584	641	1,002	1,225	2,227	453	514	544	967	1,058	2,025	
Gross Profit	2,116	2,313	2,511	2,696	4,429	5,207	9,636	2,546	2,640	2,615	2,427	5,186	5,042	10,228
Gross Profit Margin (%)	62.5	62.7	64.5	66.5	62.6	65.5	64.3	65.6	65.7	65.7	65.1	65.1	66.4	63.0
SG&A Expenses	1,688	1,742	1,810	2,086	3,430	3,896	7,326	1,846	1,965	1,882	1,998	3,811	3,780	7,591
SG&A Expense Ratio (%)	49.8	47.3	46.3	51.4	48.5	49.0	48.8	47.6	48.9	45.5	45.5	48.3	45.3	46.8
Operating Profit	428	570	701	610	1,311	1,309	700	675	721	730	1,375	1,262	2,637	
Operating Profit Margin (%)	12.6	15.2	18.4	15.0	14.1	16.5	15.1	18.0	16.3	17.1	17.1	15.1	16.2	
Ordinary Profit	386	520	600	600	1,026	1,017	2,043	708	708	722	1,400	1,280	2,688	
Ordinary Profit Margin (%)	10.0	12.0	13.0	13.0	10.0	12.0	12.0	11.0	11.0	11.0	11.0	10.0	11.0	
Net Profit	266	394	503	449	660	951	1,611	455	458	530	398	933	828	1,741
Net Profit Margin (%)	7.5	10.5	12.5	11.0	11.0	12.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0
Consolidated Net Sales	433	478	518	608	911	1,126	2,037	492	329	278	120	821	398	1,239
Sales by Category														
Cloud Services	245	272	421	507	583	728	1,511	589	478	495	598	1,046	848	1,911
Maintenance Services	100	104	104	104	104	104	104	104	104	104	104	104	104	104
Products	100	104	104	104	104	104	104	104	104	104	104	104	104	104
Merchandise	115	113	113	113	113	113	113	113	113	113	113	113	113	113
Other Operating Revenue	82	86	43	47	168	90	258	33	2	2	27	35	165	202
Gross Profit	287	230	447	621	517	1,068	1,585	430	327	104	269	757	165	592
Gross Profit Margin (%)	6.6	-2.2	3.5	6.3	-0.9	4.8	2.1	3.2	2.0	-1.0	8.4	3.1	8.1	-1.2
SG&A Expenses	168	197	240	42	365	198	563	158	233	72	188	381	116	265
SG&A Expense Ratio (%)	1.6	-0.9	0.9	-10.3	-1.2	-5.2	-3.3	2.2	1.7	-1.4	-6.0	-0.2	3.7	-2.0
Operating Profit	119	32	208	662	151	870	1,021	272	105	31	80	377	-49	328
Operating Profit Margin (%)	2.3	-1.3	3.4	16.5	0.4	10.0	5.5	5.4	1.3	-0.5	-3.3	3.3	-1.4	0.9
Ordinary Profit	121	24	207	655	155	862	1,017	272	110	31	68	382	-37	345
Ordinary Profit Margin (%)	2.3	-1.3	3.2	16.3	0.6	9.9	5.4	5.4	1.4	-0.5	-3.1	12.7	-1.2	1.0
Net Profit	123	42	172	290	168	362	728	189	84	25	231	253	223	120
Net Profit Margin (%)	3.0	-4.0	5.1	9.4	1.2	8.3	5.5	5.5	1.1	-0.1	-2.9	2.1	2.0	0.0
Consolidated Net Sales	14.7	14.9	15.4	17.6	14.8	16.5	15.7	14.5	8.9	7.2	3.0	11.6	5.0	8.1
Sales by Category														
Cloud Services	18.7	21.9	27.8	32.0	20.4	25.4	36.4	26.2	23.3	19.0	31.0	21.1	25.6	
Maintenance Services	0.1	1.1	13.9	17.3	1.6	13.1	7.2	14.1	8.3	0.3	11.1	2.5	4.0	
Products	44.3	17.2	20.4	26.7	17.0	6.2	32.2	40.7	39.7	33.3	33.3	11.1	51.2	
Merchandise	1.1	1.1	2.5	2.5	1.1	1.1	12.6	12.6	12.6	0.0	0.0	0.0	0.0	
Other Operating Revenue	15.5	11.0	21.7	29.9	13.2	25.8	19.7	20.3	14.1	4.0	-10.0	17.1	-3.2	6.1
Gross Profit	11.1	12.8	15.3	2.0	11.9	5.4	8.3	9.4	12.8	4.0	-9.0	11.1	-3.0	3.6
SG&A Expenses	38.5	5.9	42.2	To profit	17.8	197.3	79.3	63.0	18.4	4.4	-13.1	37.8	-3.7	14.2
Operating Profit	38.4	6.1	41.3	To profit	17.8	189.5	76.7	62.4	18.6	4.4	-11.2	37.2	-2.8	14.7
Ordinary Profit	38.3	11.9	52.1	661.0	33.6	144.5	82.4	71.1	16.2	5.6	-33.6	38.3	-12.9	8.1

(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary.

## ◆ PCA's Financial Forecast for FY2026 (Current Fiscal Year)

- The Company expects high single-digit growth in both net sales and profits for the current fiscal year.
- Net sales and operating profit are projected to reach record highs.
- Some level of cost control may be implemented to ensure achievement of the full-year profit targets.

### Overview of the Full-Year Forecast

For FY2026 (the current fiscal year), the Company forecasts net sales of 17,689 million yen (+8.9% YoY), operating profit of 2,824 million yen (+7.1% YoY), ordinary profit of 2,865 million yen (+6.6% YoY), and net profit of 1,897 million yen (+9.0% YoY), expecting high single-digit growth in both net sales and profits (Figure 17).

Net sales for the current fiscal year are projected to reach a record high for the fourth consecutive year. Operating profit and ordinary profit are also expected to surpass the previous record highs from FY2020 (which saw a one-time surge in demand), marking a new record for the first time in six fiscal years. Net profit is projected to be the second highest on record, following FY2022, when an extraordinary income was recorded.

To achieve these full-year profit targets, the Company may increase or limit the execution of expenses depending on the circumstances. For this reason, it has not disclosed forecasts for the first half.

【Figure 17】 Financial Forecast for the Current Fiscal Year (The Company's plan and Alpha-Win's forecast)

Consolidated Results (Unit: million yen)		FY2025		FY2026: The Company's Forecast			FY2026: Alpha-Win's Forecast		
		New Revenue-Recognition Standard	YoY: Change in Amount / Diff.	YoY: % Change	New Revenue-Recognition Standard	YoY: Change in Amount / Diff.	YoY: % Change		
Net Sales		16,237		17,689	1,452	8.9%	17,800	1,563	9.6%
Sales by Category	Cloud Services	9,381	11,096	1,715	18.3%	11,200	1,819	19.4%	
	Maintenance Service	3,712	3,212	-500	-13.5%	3,300	-412	-11.1%	
	Products	596	477	-119	-20.0%	480	-116	-19.5%	
	Merchandise	522	494	-28	-2.7%	490	-32	-6.1%	
	Other Operating Revenue	2,025	2,408	383	18.9%	2,330	305	15.1%	
Gross Profit		10,228	11,142	914	8.9%	11,200	972	9.5%	
Gross Profit Margin		63.0%	63.0%	0.0%		62.9%	-0.1%		
SG&A Expenses		7,591	8,318	727	9.6%	8,300	709	9.3%	
SG&A Expense Ratio		46.8%	47.0%	0.3%		46.6%	-0.1%		
Operating Profit		2,637	2,824	187	7.1%	2,900	263	10.0%	
Operating Profit Margin		16.2%	16.0%	-0.3%		16.3%	0.1%		
Ordinary Profit		2,688	2,865	177	2.1%	2,950	262	9.7%	
Ordinary Profit Margin		16.6%	16.2%	-0.4%		16.6%	0.0%		
Profit Attributable to Owners of Parent		1,741	1,897	156	9.0%	1,950	209	12.0%	
Net Profit Margin		10.7%	10.7%	0.0%		11.0%	0.2%		
Annual Dividend Per Share (Yen)		87.00	95.00	8.00		97.00	10.00		

(Source) Prepared by Alpha-Win Research Dept.

### Full-Year Forecast (Sales)

In the current fiscal year, the effect of the price revision implemented in July 2023 (approx. +20%) will completely disappear. However, due to continued growth of the subscription business—particularly PCA Cloud, PCA Subscription, and the PCA Hub Series—the Company expects an overall increase in net sales of 1,452 million yen (+8.9% YoY).

By sales category, cloud services' sales are expected to exceed 10 billion yen for the first time, reaching 11,096 million yen. The proportion of cloud services' sales to total net sales is expected to rise from 57.8% in the previous fiscal year to 62.7% (Figure 18 on page 23).

- By sales category, continued growth of cloud services and solutions is expected to offset the decline in sales of maintenance service, products, and merchandise.

Continuing significant growth, cloud services' sales are forecast to increase by 1,715 million yen (+18.3% YoY), accounting for 118% of the total projected increase in net sales.

Sales of solutions and others are also expected to grow by 383 million yen (+18.9% YoY), accounting for 26% of the total projected increase in net sales. This is due to enhancements in the Company's sales capabilities and in the lineup of other companies' products that it offers.

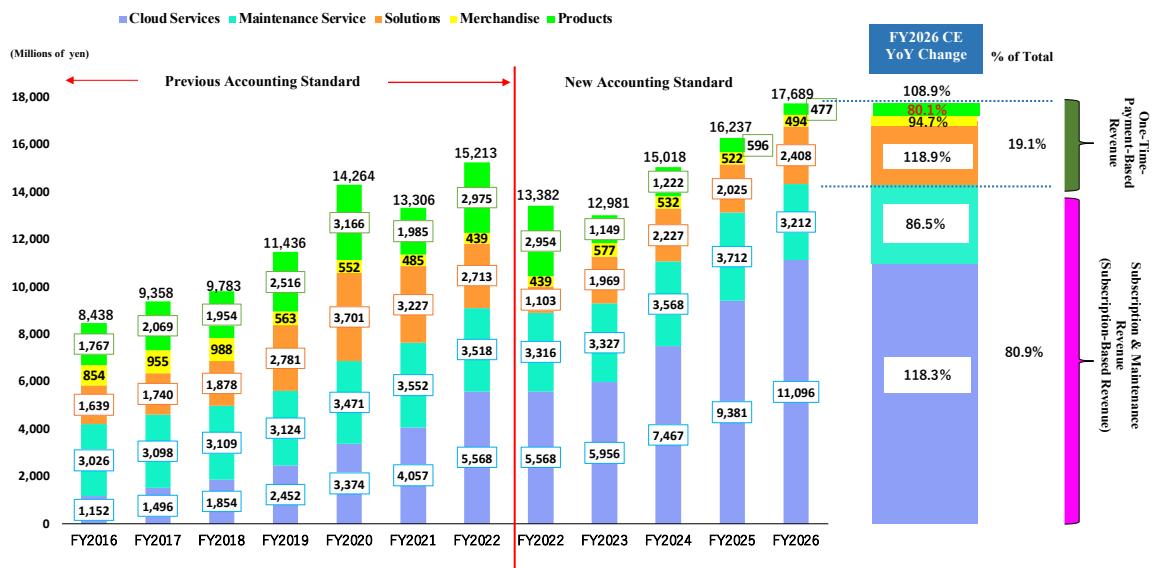
On the other hand, no last-minute surge in on-premises product demand is expected this year, unlike the previous fiscal year when PCA (the parent company) terminated product sales. Additionally, with Xronos (a consolidated subsidiary) shifting from product sales to cloud services, the Company anticipates a continued decline in product sales from 596 million yen to 477 million yen (-119 million yen or -19.9% YoY).

Sales of maintenance service, which are correlated with product sales, are expected to decline by 500 million yen (-13.5% YoY). Merchandise sales are also projected to decrease by 28 million yen (-5.4% YoY), partly due to the shift to paperless operations such as electronic filing.

- The proportion of subscription & maintenance sales to total net sales is expected to remain above 80%

As a result, the proportion of subscription & maintenance sales to total net sales is planned to rise to 80.9% for the full fiscal year (compared to 73.5% two fiscal years ago and 80.6% in the previous fiscal year).

【Figure 18】 Change in Sales by Category and This Fiscal Year's Forecasted Net Sales Breakdown (Unit: million yen or %)



(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials and financial results summary. Sales forecasts (amounts) are the Company's forecasts (CE).

(Notes) Since the accounting standard for the posting of sales as merchandise or solutions was partially changed in FY2020, adjustments have been retroactively made for FY2019 according to this new standard. However, for the two categories, there is no continuity with the years before FY2019. Also, starting in FY2022, the new revenue-recognition standard, etc., have been applied. For FY2022, the Company announced sales forecasts based on both the previous and the new standard. "% of Total" is based on the Company's forecast for FY2026.

- ♦ Profit margins are expected to remain flat; profit growth will be driven by higher net sales.

- ♦ The Company plans to control costs in line with sales growth.

## Full-Year Forecast (Profit)

The Company assumes that profit margins will remain at the same levels as the previous fiscal year and expects an increase in profit to be driven by higher net sales.

The projected breakdown of factors that will impact the YoY change in consolidated operating profit for the current fiscal year is shown in Figure 19.

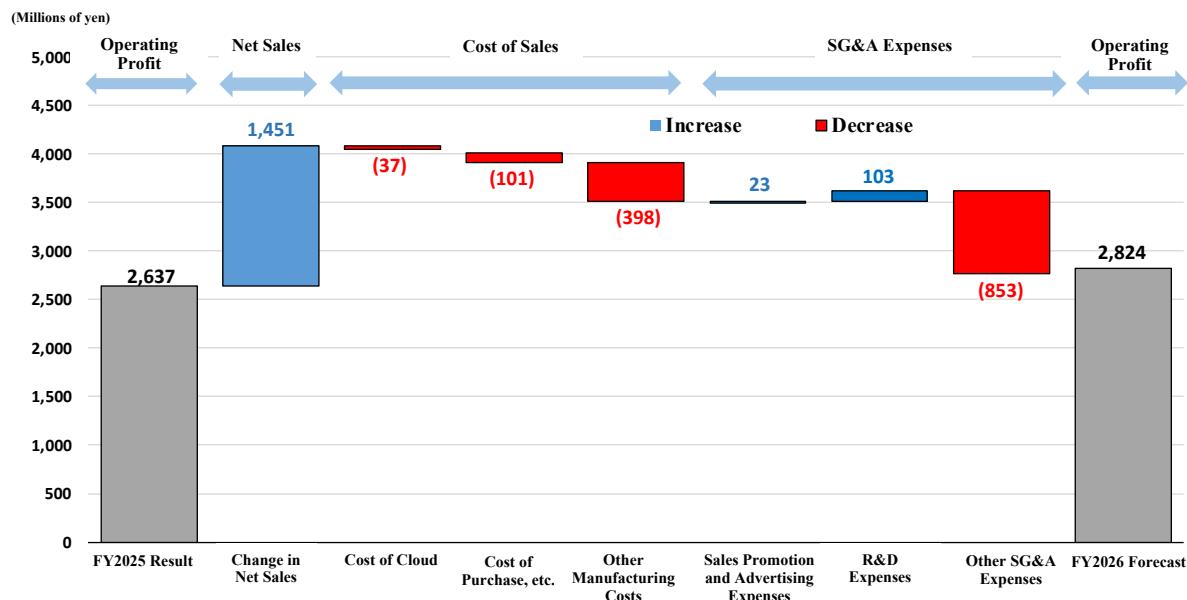
Although development costs (other manufacturing costs, subcontracting costs, and labor costs) are expected to increase, the Company intends to control costs in line with sales growth. As a result, the gross profit margin is projected to remain at the same level as the previous fiscal year at 63.0%.

While R&D expenses will decrease, SG&A expenses are expected to rise due to increases in personnel expenses (from increased headcount and wage increases) and system usage fees under other SG&A expenses. Consequently, the SG&A expense ratio is forecast to rise by 0.2 percentage point to 47.0%.

As a result, the operating profit margin is expected to decline slightly by 0.2 percentage point YoY to 16.0%. However, the net profit margin is projected to remain at the same level as the previous fiscal year at 10.7%.

The Company also does not anticipate any significant non-operating or extraordinary income/loss for the current fiscal year.

**【Figure 19】 Factors Expected to Impact Operating Profit in FY2026 (Current fiscal year) (The Company's plan)**



(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials.

## ◆ Alpha-Win Research Department's Financial Forecast for FY2026 (Current Fiscal Year)

### Overview

- ♦ Alpha-Win revised the current fiscal year's financial forecast, with net sales adjusted downward and profit revised upward. Both forecasts are somewhat above the Company's forecasts.

Alpha-Win revised its financial forecast for the current fiscal year based on the results of the previous fiscal year and the current situation (Figure 17 on page 22 and Figure 22 on page 31).

From the previous forecast (as of February 2025), the net sales forecast for the current fiscal year was lowered to a level slightly above the Company's plan (from 18,340 million yen to 17,800 million yen; -540 million yen or -2.9% compared to Alpha-Win's previous forecast; +111 million yen or +0.6% compared to the Company's plan).

The assumptions used by the Company for forecasting the growth rate of cloud services' sales and the decline rate of maintenance service's sales appear somewhat conservative. Accordingly, Alpha-Win's revised net sales forecast is somewhat higher than the Company's plan.

On the other hand, the operating profit forecast was revised upward to a level somewhat exceeding the Company's plan (from 2,650 million yen to 2,900 million yen; +250 million yen or +9.4% compared to Alpha-Win's previous forecast; +76 million yen or +2.7% compared to the Company's plan).

While the Company projects a slight decline in operating profit margin from 16.2% in the previous fiscal year to 16.0% in the current fiscal year, this is considered a somewhat conservative assumption.

Improvement in profitability appears to be progressing more than initially expected, suggesting additional upside potential for profit. Some degree of cost control is also considered achievable. For these reasons, Alpha-Win believes that the downside risk to profit is limited.

The projected profit level for the current fiscal year is nearly equivalent to the level previously forecasted for FY2027 by Alpha-Win, indicating that the target may be achieved a year ahead.

Given the Company's stated policy of maintaining a 100% dividend payout ratio, Alpha-Win revised the dividend forecast upward to 97 yen per share in line with the upward profit revision (+8 yen from Alpha-Win's previous forecast of 89 yen, and +2 yen from the Company's plan of 95 yen).

This fiscal year, replacement demand is expected in response to revisions of accounting standards and legal reforms (including the legal reform of the public interest corporation system, amendments to the Act on Childcare Leave and Caregiver Leave, amendments to the Construction Business Act and related laws, and the end of support for Windows 10), although the ongoing shift from on-premises products to cloud services will likely smooth out the impact. These are expected to promote the transition to the higher-margin cloud services, suggesting that the profit growth rate could reasonably exceed the net sales growth rate.

However, given the disappearance of the price revision effect and anticipated increases in personnel expenses, subcontracting costs, and system usage fees, Alpha-Win forecasted the operating profit growth rate to be around the same level as the net sales growth rate.

Current business conditions remain solid, and the development and rollout of services appear to be progressing according to plan.

The impact of the services that are scheduled to be launched this fiscal year—such as PCA Cloud for public interest corporation accounting and upgraded versions of the PCA Hub Series—will depend on their sales performance. However, the Company does not appear to have factored in significant contributions from these new services to net sales at this stage.

- **The key risk factor is a decline in IT investment interest due to cost increases and a deteriorating macroeconomic environment.**
- **Risks are limited, since the Company is mainly focused on a subscription business that benefits from digitalization and work-style reforms.**
- **The earnings performance of Dreamhop and the presence or absence of M&A activity are also factors that may impact results.**

(7) Mandatory stress check: The interim report (disclosed in November 2024) of the Study Group on Mental Health Measures Including the Stress Check Program (Ministry of Health, Labour and Welfare) included plans to expand mandatory stress checks and other mental health measures to all workplaces.

## **Risks and Variables Affecting Current Fiscal Year Performance**

Key risk factors for the current fiscal year include the following: rising domestic interest rates; rapid cost increases driven by yen depreciation and inflation; the expansion of geopolitical risks; global economic downturns and trade friction caused by Trump tariffs and other factors; and stagnation in economic activity due to a resurgence or prolonged spread of infectious diseases. These could lead to a deterioration in business performance and IT investment sentiment among corporate users, resulting in restrained purchasing or postponed implementation of products and services.

However, the PCA Group's core services are based on a stable, subscription-based business model and benefit from societal and corporate trends such as digitalization and the work-style reform. Consequently, its core business is relatively less susceptible to such risks.

Corporate earnings in Japan are expected to remain generally solid this fiscal year, and macro-level risks are considered limited.

Among the subsidiaries, Dreamhop is believed to continue operating in the red, and its earnings trend will likely be a variable factor. While the expansion of mandatory stress checks to all workplaces<sup>7</sup> is expected to provide tailwinds, there remains a need for fundamental business restructuring through stronger collaboration within the Group, strategic alliances, capital reinforcement, or M&A of related businesses.

If any new M&A activity takes place during the fiscal year, the associated costs and outcomes will also become factors that may affect performance.

## 8. Growth Strategy

### ◆ Long-Term Vision and the Medium-Term Management Plan's Growth Strategy

#### Long-Term Vision

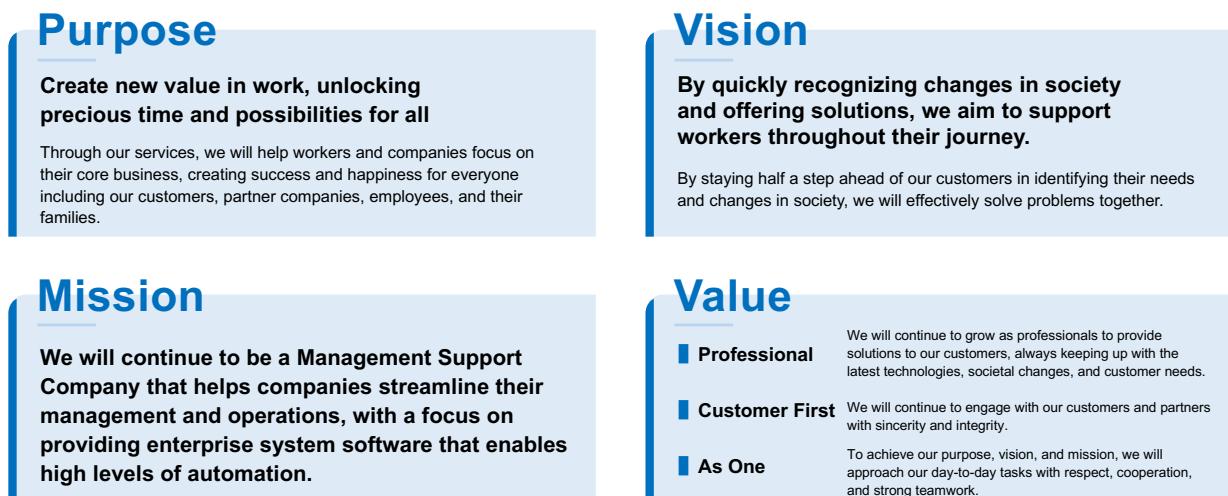
- Long-term vision is to become a "Management Support Company" focused on the management support business for corporate customers.
- The new medium-term management plan has started, covering FY2026 (the current fiscal year) through FY2028.

#### Period and Philosophy of the Medium-Term Management Plan

The Company has traditionally formulated its medium-term management plans in three-year intervals. In December 2024, it announced its new plan, 2027 Medium-Term Management Plan, covering the period from FY2026 to FY2028. The plan began in the current fiscal year.

In the new plan, the Company redefined its purpose, vision, mission, and values (Figure 20). The mission has been set as follows: "We will continue to be a Management Support Company that helps companies streamline their management and operations, with a focus on providing enterprise system software that enables high levels of automation."

【Figure 20】 Purpose, Vision, Mission, and Value



(Source) Financial results briefing materials.

- The growth strategy centers on firmly establishing the subscription model through three priority measures.

#### Growth Strategy under the Medium-Term Management Plan

The Company is advancing three priority measures to drive growth, as described below, with a primary focus on firmly establishing the subscription model. As key performance indicators (KPIs), it has designated ARR, churn rate, and ARPU.

##### (1) Strengthening the Growth Potential of the Core Businesses

- **Drive the Cloud Transition:** Driving the transition to the cloud services while improving profitability through cross-selling and up-selling.

- **Expand and Enhance the Hub Services:** Enhancing the lineup of peripheral, in-house solutions to diversify the overall product lineup. Includes improving user experience (UX), raising the ARPU, and reducing the churn rate.
- **Strengthen Sales and Marketing:** Strengthen engagement with new marketing channels, in addition to existing channels, while also directly addressing needs through user support.

## (2) Building the Foundation for New Businesses and Making Upfront Investments

- **Build a Unified ID Platform and Leverage ID Assets:** In November 2024, the Company launched “PCA ID,” a unified ID system to consolidate customer IDs previously managed separately, enabling use in various business strategies.
- **Generative AI Deployment and Research on Business Automation:** In collaboration with various expert partner companies, the Company is conducting both implementation-focused and applied research to enhance and automate enterprise systems using AI.
- **Upfront Investment for Diversified Growth Through CVC:** With the establishment of a corporate venture capital (CVC) arm, the Company will make strategic investments across three categories: complementary, transformational, and divergent.

## (3) Service-Oriented Creation

- **Drive the Four Initiatives and the Development Investment Plan:** Through four initiatives (service design, product ownership, ROI-based evaluation of development investment, and modernization) the Company will advance the development investment plan of investing more than 12 billion yen over the course of the medium-term plan, especially in personnel expenses, subcontracting costs, and R&D expenses pertaining to areas such as new development and feature enhancements.
- **Drive the Group Product Development Plan in the HR Domain:** Group-based service offerings through collaboration among Dreamhop, Xronos, and PCA’s personnel and labor solutions, in an aim to realize future visualization of non-financial data.

## ◆ Management Targets in the Medium-Term Management Plan

### Target Management Indicators

As numerical targets of the current medium-term plan (whose final year is FY2028), the Company has newly set seven targets from the perspective of business performance and capital policy (capital efficiency and shareholder returns) (Figure 21).

- As numerical targets of the medium-term plan, seven targets have been set from the perspectives of business performance, capital efficiency, and shareholder returns.

**【Figure 21】 Targets of the Medium-Term Management Plan and Their Progress/Outlook**

Targets of the Current Medium-Term Management Plan (FY2026 - FY2028)		FY2028: The Company's Medium-Term Plan A	FY2026: The Company's Initial Forecast B	Medium-Term Plan Minus the Current Fiscal Year's Forecast C=A-B	Record High	Targets for the Final Year of the Previous Medium-Term Management Plan (FY2025)	
						Results	Initial Targets (as of April 2022)
Business Performance: Numerical Targets	• Consolidated Net Sales	22.0 billion yen or more	17.69 billion yen	4.31 billion yen or more	16.24 billion yen (FY2025)	16.24 billion yen <span style="color: red;">○</span>	15.0 billion yen or more
	Of which, sales of the subscription & maintenance business (cloud and maintenance services)	18.0 billion yen or more	14.31 billion yen	3.69 billion yen or more	13.09 billion yen (FY2025)	13.09 billion yen <span style="color: red;">○</span>	9.5 billion yen or more
	• Consolidated Operating Profit	4.0 billion yen or more	2.82 billion yen	1.18 billion yen or more	2.78 billion yen (FY2020)	2.64 billion yen <span style="color: red;">○</span>	2.5 billion yen or more
Capital Policy: Numerical Targets	• Consolidated Operating Profit Margin	18% or more	16.0%	2.0% or more	During the past ten years: 19.8% (FY2022) During the longest period with data available: 28.5% (FY1999)	16.2% <span style="color: red;">○</span>	16% or more
	• ROE	10% or more (Aim for early achievement)	N/A	(Improvement)	45.4% (FY2022)	9.2% <span style="color: red;">Not achieved</span>	10% or more
	• EVA Spread	Positive	N/A	(Expansion of positive spread)	-	(DOE) 9.2% <span style="color: red;">○</span>	(DOE) 2.5%
	• Dividend Payout Ratio	100%	100.4%	0.4% <span style="color: red;">○</span>	-	100.2% <span style="color: red;">○</span>	30%

(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials.

(Note) Values have been rounded to the nearest unit.

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Compared to the previous medium-term plan, the target items remain unchanged except for the replacement of dividend on equity (DOE) ratio with EVA spread. However, the numerical targets have been significantly raised.

For the final year of the plan, the Company aims to achieve record-high levels in three key areas: consolidated net sales, subscription & maintenance sales, and operating profit.

- The targets for net sales and operating profit in the final year are considered somewhat ambitious.

However, the targets for consolidated net sales and operating profit in the final year of the medium-term plan are significantly above the current fiscal year's forecast, indicating a somewhat high hurdle.

On the other hand, the targets for operating profit margin, ROE, EVA spread, and dividend payout ratio have all been achieved in the past, and therefore appear reasonably attainable by the final year of the plan.

- Alpha-Win revised the forecast for the next fiscal year and prepared a new forecast for the fiscal year after the next.

## ◆ Alpha-Win Research Department's Forecast of Medium-Term Financial Performance

Alpha-Win revised the financial forecast for the next fiscal year in line with the updated forecast for the current fiscal year, and added a new forecast for the fiscal year after the next (Figure 22 on page 31).

### Assumptions for Net Sales, Expenses, and Profit

A continued shift toward a subscription-based business model—particularly the sustained growth of cloud services' sales (around 20% annually) and expanded sales of the PCA Hub Series—along with company-wide operational efficiency improvements, supports expectations of steady sales and profit growth over the medium term.

- The subscription business, particularly the cloud services, is expected to remain the primary growth driver.
- Product mix improvements are projected to offset rising costs, with operating profit margin expected to increase gradually YoY.

The improved product mix driven by sales growth of the high-margin subscription business, such as cloud-based accounting and work management software, is expected to offset the rising cost of sales, leading to a gradual increase in the gross profit margin (assumed improvement of 0.2 percentage point per year).

Additionally, with business scale expansion, the SG&A expense ratio is expected to gradually decline. The Company will also most likely strengthen cost control to achieve its management targets. Based on these factors, operating profit margin is assumed to improve annually by around 1 percentage point. Given both sales growth and improved profit margins, profit is projected to grow at a double-digit rate.

Furthermore, if the new businesses—such as the currently underperforming mental health business and Hyper business, the strategically focused PCA Hub Series and PCA Subscription, and the newly launched CVC—can be successfully monetized, the upward trend in sales and profit will likely be reinforced.

- The net sales forecast for the next fiscal year has been revised downward, while the profit forecast has been revised upward due to stronger-than-expected margin improvement.

### Forecast for the Next Fiscal Year (FY2027)

The net sales forecast for the next fiscal year has been revised downward (from 20,400 million yen to 19,800 million yen).

On the other hand, profit margin improvements are progressing faster than previously expected, placing profit levels one year ahead of Alpha-Win's

- Continued growth in both sales and profit is expected for the next fiscal year, along with a consecutive increase in dividends.

previous forecasts. Reflecting continued margin improvement, the profit forecasts have been revised upward (operating profit was revised from 2,850 million yen to 3,360 million yen, and net profit was revised from 1,925 million yen to 2,310 million yen).

Compared with Alpha-Win's forecast for the current fiscal year, its new FY2027 forecast represents an 11.2% YoY increase in net sales and a 15.9% YoY increase in operating profit. Operating profit margin is expected to rise from 16.3% (Alpha-Win's forecast for the current fiscal year) to 17.0%, improving by 0.7 percentage point YoY.

The dividend forecast was also revised upward in line with the upwardly revised net profit forecast.

As FY2027 marks the second year of the medium-term management plan, the performance improvement is assumed to reflect the results of growth-oriented investments made through the current fiscal year.

- Cloud services are expected to drive overall performance.

Aside from subscription & maintenance revenue (cloud services + maintenance service), sales of products and merchandise are expected to decline slightly, while other operating revenue is projected to rise modestly.

While maintenance sales is expected to decline in the next fiscal year, too, due to the termination of on-premises PCA product sales, cloud services' sales are forecast to continue expanding steadily, supporting an overall growth in subscription & maintenance revenue. Assuming that cloud services' sales will grow by just under 20%, the amount of increase would be approximately 1.8 billion yen. Based on an estimated marginal profit ratio of 60% to 70%, this could yield over 1 billion yen in marginal profit.

However, a decline in sales of the highly profitable maintenance service, combined with substantial upfront investments and rising costs from inflation, is expected to limit the extent of profit growth. These factors have been reflected in the above financial forecast.

The dividend per share is forecast at 115 yen for FY2027, an increase of 18 yen from FY2026, assuming the Company maintains a dividend payout ratio of around 100%.

## **Forecast for the Fiscal Year After the Next (FY2028)**

A forecast has been newly prepared for FY2028, or the fiscal year after the next.

To achieve the Company's medium-term net sales target of 22,000 million yen, a compound annual growth rate (CAGR) of 11.5% would be required, based on the Company's forecast for the current fiscal year.

Similarly, since the targeted operating profit margin of 18.0% exceeds the FY2026 target of 16.0% by 2 percentage points, achieving the operating profit target of 4,000 million yen will require a high CAGR of 19.0%.

These targets are considered ambitious based on the Company's historical performance. However, if the subscription business centered on cloud services expands as expected, and if the Company scales down or withdraws from unprofitable businesses and cost controls are rigorously implemented, the targets may be achievable.

Taking macroeconomic conditions and inflation-related risks into account, Alpha-Win made a somewhat conservative forecast compared to the Company's medium-term plan: net sales of 21,500 million yen (-500 million yen compared to the medium-term plan), operating profit of 3,870 million yen (-130 million yen compared to the medium-term plan), operating profit margin of 18.0% (same as the medium-term plan), and net profit of 2,650 million yen.

By sales category, cloud services' sales are projected to increase by 16.2% YoY, while the other four categories are expected to see either flat or declining sales.

The dividend per share for FY2028 is forecast at 135 yen, an increase of 20 yen from FY2027.

## 【Figure 22】 Medium-Term Financial Forecast

	Unit: million yen or %	FY2024	FY2025	FY2026 CE	FY2026 E	FY2027 E	FY2028 E	FY2028 Medium-Term Plan	FY2026 Old E	FY2027 Old E	
Category	Net sales	15,018	16,237	17,689	17,800	19,800	21,500	22,000	18,340	20,400	
	Cloud Services	7,467	9,381	11,096	11,200	13,340	15,500	18,000	11,400	13,520	
	Maintenance Service	3,568	3,712	3,212	3,300	3,040	2,600		3,450	3,400	
	Products	1,222	596	477	480	460	450		490	500	
	Merchandise	532	522	494	490	460	450		500	480	
	Other Operating Revenue	2,227	2,025	2,408	2,330	2,500	2,500		2,500	2,500	
	Gross Profit	9,636	10,228	11,142	11,200	12,500	13,600		11,250	12,350	
	Gross Profit Margin (Ratio to sales)	64.2%	63.0%	63.0%	62.9%	63.1%	63.3%		61.3%	60.5%	
	SG&A Expenses		7,326	7,591	8,318	8,300	9,140	9,730		8,600	9,500
	SG&A Expense Ratio (Ratio to sales)		48.8%	46.8%	47.0%	46.6%	46.2%	45.3%		46.9%	46.6%
	Operating Profit		2,309	2,637	2,824	2,900	3,360	3,870	4,000	2,650	2,850
	Operating Profit Margin (Ratio to sales)		15.4%	16.2%	16.0%	16.3%	17.0%	18.0%	18.2%	14.4%	14.0%
	Ordinary Profit		2,343	2,688	2,865	2,950	3,410	3,920		2,680	2,880
	Ordinary Profit Margin (Ratio to sales)		15.6%	16.6%	16.2%	16.6%	17.2%	18.2%		14.6%	14.1%
	Net Profit		1,611	1,741	1,897	1,950	2,310	2,650		1,800	1,925
	Net Profit Margin (Ratio to sales)		10.7%	10.7%	10.7%	11.0%	11.7%	12.3%		9.8%	9.4%
Category	Net Sales (YoY Growth Rate)		15.7%	8.1%	8.9%	9.6%	11.2%	8.6%		13.0%	11.2%
	Cloud Services		34.1%	25.6%	18.3%	19.4%	19.1%	16.2%		21.5%	18.6%
	Maintenance Service		7.6%	4.0%	-13.5%	-11.1%	-7.9%	-14.5%		-7.1%	-1.4%
	Products		-58.6%	-51.2%	-20.0%	-19.5%	-4.2%	-2.2%		-17.8%	2.0%
	Merchandise		21.2%	-1.9%	-5.4%	-6.1%	-6.1%	-2.2%		-4.2%	-4.0%
	Other Operating Revenue		101.9%	-9.1%	18.9%	15.1%	7.3%	0.0%		23.5%	0.0%
	Gross Profit Margin (% YoY Diff.)		-1.7%	-1.2%	-0.0%	-0.1%	0.2%	0.2%		-1.7%	-2.5%
	SG&A Expenses (% Growth)		19.1%	3.6%	9.6%	9.3%	10.1%	6.5%		13.3%	10.5%
	Operating Profit (% Growth)		79.2%	14.2%	7.1%	10.0%	15.9%	15.2%		0.5%	7.5%
	Ordinary Profit (% Growth)		76.6%	14.7%	6.6%	9.7%	15.6%	15.0%		-0.3%	7.5%
	Net Profit (% Growth)		82.5%	8.0%	9.0%	12.0%	18.5%	14.7%		3.4%	6.9%

(Source) Prepared by Alpha-Win Research Dept. CE: the Company's forecast/estimate. E: Alpha-Win's forecast/estimate.

(Note) "Old" is Alpha-Win's previous forecast.

## 9. Analyst's View

### ◆ PCA's Strengths and Challenges (SWOT Analysis)

The Company's SWOT analysis has been updated, and the results are listed in Figure 23. There have been no major changes.

**【Figure 23】 SWOT Analysis**

Strength	<ul style="list-style-type: none"> <li>Brand recognition and credibility earned over many years (major specialized player in enterprise system software for SMEs)</li> <li>Firm financial standing (debtless management) and stable cash flow, with ample cash and deposits exceeding annual sales; expansion capability (including investment capacity for M&amp;A) based on this financial strength</li> <li>Growth of the subscription &amp; maintenance business, which provides a stable source of recurring, subscription-based revenue (it has become a cash-cow business); subscription &amp; maintenance sales account for approximately 80% of total net sales</li> <li>Strong and diversified customer base (240,000 corporate users in total); largest customer is RICOH (25.5 % of total net sales) and the second-largest is the Fujifilm Group's subsidiary (10.0% of total net sales)</li> <li>Leading the market in cloud services (top-level company in enterprise system software for SMEs, with high expertise; approximately 24,600 corporate users of the PCA Cloud)</li> <li>High barriers to market entry</li> <li>Highly experienced call center staff and engineers (support capability)</li> <li>A proven track record in providing a wide range of software services, with strong capabilities in cloud-based service delivery and development</li> <li>Sales capability: sales network with sales offices throughout Japan (13 offices) and 2,000 partnered companies</li> </ul>
Weakness	<ul style="list-style-type: none"> <li>Financial performance susceptible to events such as revisions to accounting and tax systems and the end of OS support (e.g., changes in consumption tax, the name of the era, and Windows version)</li> <li>Sluggish performance of Dreamhop (little synergy with the company acquired through M&amp;A); delays in the contribution of new services and products to earnings</li> <li>Relatively somewhat low profit margins</li> <li>Absence of a major, next-generation, growth-driving product/service</li> <li>Domestic-demand oriented; overseas expansion difficult</li> <li>Increasing demand (for business software in general) due to labor shortages and the need to streamline operations; work-style reform (work management system)</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>Potential for further cloud adoption (driven by digital transformation and the end of on-premises support prompting a shift from on-premises to cloud services among customers); strong market reach in the SME and mid-tier enterprise segment</li> <li>New products and businesses (enhancement of the PCA Hub Series lineup, subscription versions of on-premises, CVC, etc.) and innovations in technology (AI deployment)</li> <li>Development of the HR business (new services and contents, as well as synergies through cross-selling and collaboration within the Group)</li> <li>Regulatory and system changes, such as revisions to accounting and tax systems (e.g., legal reform of the public interest corporation system, mandatory e-filing of statutory tax reports, amendments to the Act on Childcare Leave and Caregiver Leave, amendments to the Construction Business Act and related laws, end of support for Windows 10, rise in the tax threshold from 1.03 million yen, and mandatory application of new lease accounting standards).</li> <li>Emergence of alternatives due to the widespread adoption of advanced AI technologies, delays in product development, defects in products, etc.</li> <li>High competition (other companies catching up to the Company in the cloud business; risks of new companies entering the market in the low price range due to the emergence of new business models or technologies)</li> </ul>
Threat	<ul style="list-style-type: none"> <li>Geopolitical risks (e.g., war), deterioration in global macroeconomic conditions (e.g., tariffs), and rising domestic interest rates, which may negatively impact the performance of domestic SMEs; as well as the potential spread and prolonged impact of infectious diseases</li> <li>Contract termination risk and litigation risk</li> <li>Risks such as system failures, data breaches, and natural disasters</li> <li>Risks in subcontracting, personnel, and development costs; risks related to securing, hiring, and retaining talents</li> </ul>

(Source) Prepared by Alpha-Win Research Dep. Words in green indicate additions or revision made in this Report.

- Strengths include long-standing credibility, proven track record, a strong customer base, technological capabilities, abundant cash, and a solid financial foundation. In cloud services, the Company boasts strong competitiveness and industry-leading performance, with significant growth potential.
- Challenges include the development of new products and services as the next core business pillar.
- Although the Company aims to avoid price-based competition, competitive dynamics remain a point of concern (threat).
- External factors such as geopolitical risks, tariffs, and rising domestic interest rates are areas of concern.
- Temporary surges in demand tend to occur around accounting standard revisions and legal reforms, increasing business volatility. Upcoming changes and reforms over the next few years are expected to act as tailwinds.

The Company's strengths include its long-standing business history and credibility, strong brand recognition and technological capabilities, proven track record (particularly in specific areas such as accounting software for SMEs), a loyal customer base, and a solid financial foundation. It has also established a stable and highly profitable subscription-based business model. It is a frontrunner in cloud services, an area with high growth potential, demonstrating strong competitiveness and market-leading results.

On the other hand, a weakness lies in its limited success in cultivating other businesses—beyond cloud services—that can fully benefit from economies of scale, including both new businesses and acquired companies.

In the cloud services domain, the Company aims to avoid price-based competition. However, the competitive landscape continues to evolve, with major competitors entering the space and low-priced service providers offering simplified feature sets. Further concerns (threats) include geopolitical risks (e.g., wars), deterioration of global macroeconomic conditions (e.g., tariffs), and rising domestic interest rates, all of which could directly or indirectly worsen the financial performance of domestic SMEs.

Meanwhile, as seen in the past, events such as accounting standard revisions, legal reforms, and the end of OS support often trigger temporary spikes in demand. These events tend to increase earnings volatility around their timing, presenting both opportunities and weaknesses (risks). Over the next several years, multiple accounting standard revisions and legal reforms are scheduled, which could serve as tailwinds (opportunities) for the Company's business. These may be opportunities to accelerate growth of its subscription business, including PCA Cloud, PCA Subscription, and the PCA Hub Series.

- The Company has introduced a new capital and dividend policy. In addition to targeting ROE, it has set new goals to turn the EVA spread positive and to maintain and expand it. Through the implementation of balance sheet management, it aims to enhance capital efficiency.

- As its enhanced shareholder return measure, the Company has announced that it will maintain a 100% consolidated dividend payout ratio until ROE reaches 10%, after which it will adopt a progressive dividend policy.

(8) EVA (Economic Value Added): Represents the economic value added, calculated by subtracting the cost of invested capital from the annual return on operations. A positive EVA means that the company is generating economic value that is greater than investor expectations. The EVA spread is an indicator that measures whether a company's intrinsic profitability exceeds its cost of raising capital (= ROIC-WACC).

(9) ROIC: Return on invested capital = NOPAT / (Net assets + Interest-bearing debt), an indicator of the efficiency of profits relative to invested capital. NOPAT (Net Operating Profit After Tax) is calculated as operating profit minus income taxes, and represents the profit attributable to both creditors and shareholders.

(10) WACC: Weighted average cost of capital, a weighted average of shareholders' expected rate of return (cost of equity) and interest rate (after-tax cost of debt rate).

## ◆ Shareholder Returns and Shareholder Benefit Program

### Capital Policy and Dividend Policy

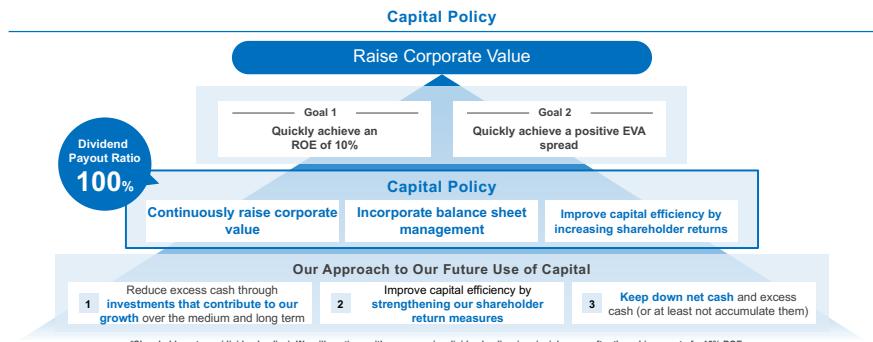
Under the 2027 Medium-Term Management Plan (FY2026–FY2028), the Company has introduced a new capital and dividend policy. It aims to achieve (1) ROE of 10% or higher, and (2) a positive EVA spread<sup>8</sup>, thereby pursuing capital efficiency through balance sheet management (Figure 24).

The Company has adopted a dividend policy to maintain a 100% consolidated dividend payout ratio until the ROE target of 10% is achieved (ROE was around 9% in the most two recent fiscal years). It has also announced that even after the target is achieved, it will adopt a progressive dividend policy, under which dividends will not be reduced and will either be maintained or increased in line with profit growth.

As for the EVA spread (ROIC<sup>9</sup> – WACC<sup>10</sup>), it used to be negative (-2.6% in FY2023), but turned positive in FY2024 at 0.9%, and remained positive at 0.7% in the previous fiscal year, albeit at a modest level. The Company intends to further expand the positive spread from the current fiscal year onward (Figure 25).

To achieve the above targets, the Company aims to improve profitability through the expansion of existing businesses and cost reductions, while also expecting earnings contributions from initiatives such as its CVC activities.

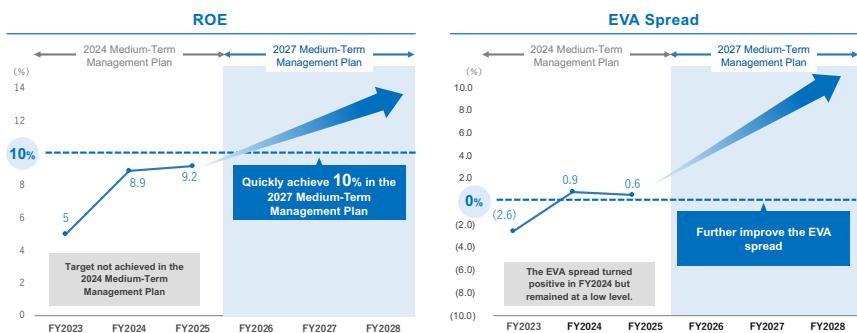
**【Figure 24】 Capital Policy (Targets) and Cash Allocation**



(Source) Figures 24 and 25: Extracted from the financial results briefing materials.

(Note) ROE and EVA spread figures in Figure 25 represent values as of the end of March for each fiscal year.

**【Figure 25】 Changes in the ROE and EVA Spread (Capital Efficiency and Shareholder Return Policy)**



### Changed in Dividends and Dividend Payout Ratio

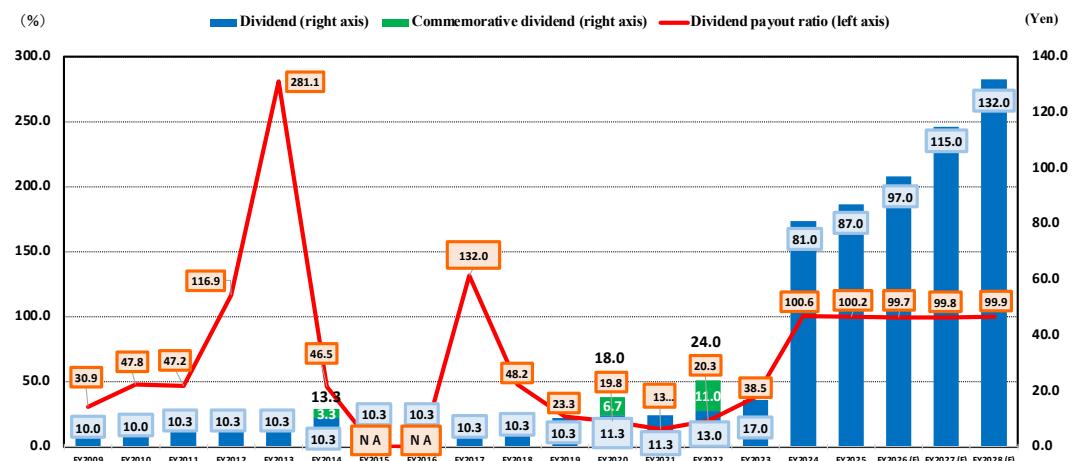
For many years after the Company's shares became listed, ordinary dividends had stayed fixed with no increase or decrease. Since FY2020, though, the Company has generally been gradually increasing ordinary dividends and has also paid commemorative dividends (Figure 26).

- ♦ A strong trend of substantial dividend increases.
- ♦ Dividend yield of 5.2% ranks the Company 108th out of 1,626 companies on the TSE Prime Market.

In line with its enhanced shareholder return policy (100% consolidated dividend payout ratio), the Company significantly raised its FY2024 dividend from the initial plan of 17 yen to a final amount of 81 yen (dividend payout ratio: 100.6%). For FY2025, the dividend was increased by 6 yen to 87 yen (dividend payout ratio: 100.2%), and for the current fiscal year, it is expected to be raised by another 8 yen to 95 yen (based on the Company's forecast; dividend payout ratio of 100.4%).

Following the announcement of the new shareholder return measure, the share price surged. As of June 20, 2025, the expected dividend yield remains high at 5.2%, ranking the Company 108th among all 1,626 companies listed on the TSE Prime Market (top 6.6%).

【Figure 26】 Changes in Dividends and Dividend Payout Ratio (Reflecting Stock Split)



(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary.

(Notes) Retroactively adjusted for the 3-for-1 stock split on October 1, 2021. Estimates/forecasts (E) were made by Alpha-Win.

### Use of Surplus Funds

Previously, Alpha-Win had noted that "the Company's business is a cash cow, with cash and deposits accumulating year after year, and its challenges are to improve capital efficiency, execute investment strategies for growth, and develop businesses that will become the next pillars of revenue generation." The Company's bold decision to adopt a 100% dividend payout ratio as part of its shareholder return policy reflects a management policy focused on capital efficiency, with conscious attention to the effective use of surplus funds—an approach that can be viewed positively.

- ♦ The capital and dividend policies are viewed positively.
- ♦ A key challenge is to use surplus funds to establish new, high-return businesses. Share buybacks that contribute to higher ROE are also an important strategic option.

At present, capital outflows through shareholder returns are preceding other uses. However, ideally, the Company should build a business portfolio—at an early stage—that reallocates newly generated cash flows (retained earnings) into high-return businesses, in order to improve profit margins and accelerate profit growth. Share buybacks and cancellations to enhance ROE are also considered important strategic options.

**Actual Dividend Yield Reflecting the Shareholder Benefit Program**

As a shareholder return measure, the Company has a shareholder benefit program in which Quo Cards are granted to shareholders based on the number of shares they held as of the end of March of every year.

- The actual annual net yield including the shareholder benefit program is high at approximately 5.6% (at maximum), significantly outperforming its competitors.

For example, shareholders with equal to or greater than 300 shares and less than 900 shares are granted 2,000 yen of Quo Card. Based on a share price of 1,820 yen (closing price as of June 20, 2025), the actual annual net yield for a shareholder holding 300 shares is approximately 5.6% (at maximum), reflecting both an ordinary dividend of 95 yen and the shareholder benefit program (Figure 27).

Based on the same conditions, the actual annual net yield of its two competitors is approx. 1.6% for OBC (4733: Obic Business Consultants), including its shareholder benefit program, and approx. 3.4% for MJS (9928: Miroku Jyoho Service), reflecting only dividend yield since it does not have a shareholder benefit program. The Company's actual dividend yield including the shareholder benefit program is significantly higher than that of its competitors.

**【Figure 27】 Shareholder Benefit Program and Actual Net Yield**

Number of Shares Held (Greater than or equal to)	(Less than)	Shareholder Benefit (Quo Card: yen)	Dividend: Yen	Net Yield (Maximum): %
300	900	2,000	95	5.59
900	1500	3,000	95	5.40
1,500		4,000	95	5.37

(Source) Prepared by Alpha-Win Research Dept.

(Note) Actual net yield = (Dividend + Shareholder benefit program's value) / Share price; calculated based on the minimum number of shares held in each range. Share price: 1,820 yen (closing price as of June 20, 2025).

**Stock Split, Share Cancellation, and Treasury Shares**

A 1.3-for-1 stock split was conducted in May 2000. Then, for the first time in approximately ten years, it conducted another stock split (3-for-1 stock split) on October 1, 2021. There has been no stock split since then.

In December 2022, the Company cancelled 1,100 thousand shares (4.8% of total issued shares before the cancellation) out of approx. 3,001 thousand shares held as treasury shares.

As of the end of March 2025, total issued shares amount to 22,000 thousand shares, of which the Company holds 1,948 thousand shares as treasury shares (8.85% of total issued shares).

◆ **Share Price and Factors that May Impact Share Price Performance**

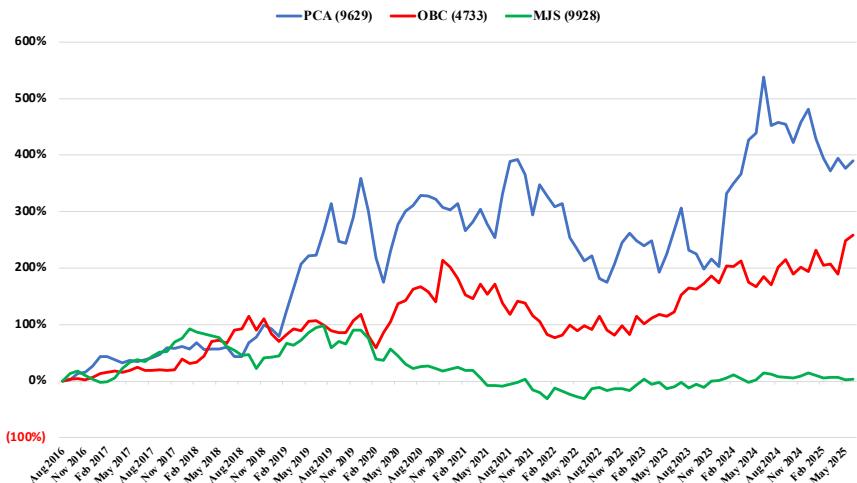
The Company's share price and relative share price compared to the TOPIX over the past approximately eight years and ten months since August 2016 are shown in the summary section (Figure C on page 4). Its share price has risen by approx. 4.9x during this period, significantly outperforming the TOPIX which has meanwhile only increased by 2.4x.

During the same period, the Company's stock performance has been extremely strong among the three competing companies (the Company and its two competitors [4733 Obic Business Consultants or OBC and 9928 Miroku Jyoho Service or MJS]) (Figure 28 on page 36).

- Partly due to a reaction to the share price strength in the previous year, driven by positive investor sentiment toward the enhanced shareholder return measure, the Company's stock has underperformed its two competitors and the TOPIX on a YTD basis.

However, partly due to a reaction to the share price strength since January 2024, driven by positive investor sentiment toward the enhanced shareholder return measure, the Company's stock has underperformed its two competitors and the TOPIX on a year-to-date basis in 2025 (Figure 29).

**【Figure 28】 Comparison of Stock Performance with Competitors**



(Source) Prepared by Alpha-Win Research Dept.

(Notes) Share price as of the end of August 2016 was indexed to zero upon creating the graph. Reflects prices up through the closing price as of June 20, 2025.

## Valuation

- Its stock is somewhat overvalued compared to the TSE Prime's average, excluding dividend yield.

Compared to the average valuation of all listed companies on the TSE Prime Market, the Company's stock offers a high dividend yield, while its P/E and P/B ratios are somewhat high (Figure 29).

Compared to the TSE Prime's forecasted average P/E ratio of 15.26, the Company's P/E ratio based on its forecast is 19.24. Similarly, compared to TSE Prime's actual P/B ratio of 1.34, the Company's is 1.92, and compared to the TSE Prime's forecasted dividend yield (simple average) of 2.70%, the Company's is 5.22% (based on the closing price as of June 20, 2025).

Based on Alpha-Win's profit forecast, the Company's P/E ratio is projected at 18.7 for the current fiscal year, 15.8 for the next fiscal year, and 13.8 for the fiscal year after the next.

**【Figure 29】 Comparison of Valuation and Performance with Major Indices**

Closing Price as of June 20, 2025	Share Price / Indices	The Current Fiscal Year's Forecasted P/E Ratio	Actual P/B Ratio (At the end of quarter)	Dividend Yield (Simple average)	YTD Return	Return Since April 25, 2025	Return Since January 29, 2024
PCA (PRM 9629)	1,820	19.24	1.92	5.22	-15.6	-0.8	50.3
Average of All TSE Prime Stocks: PRM	1,426.11	15.26	1.34	2.70	-0.5	5.4	9.6
Average of All TSE Standard Stocks: STD	1,370.62	14.93	1.09	2.57	7.7	8.6	12.1
Average of All TSE Growth Stocks: GRT	965.49	36.71	3.56	0.80	17.1	13.2	8.0
TOPIX	2,771.26	-	-	-	-0.5	5.5	9.6
Nikkei Stock Average	38,403.23	15.46	1.40	2.21	-3.7	7.6	6.6

(Source) Prepared by Alpha-Win Research Dept. based on various stock price data.

(Notes) PCA's P/E ratio and dividend yield are based on its forecast and actual figures. Year-to-date return is calculated from the closing price as of December 31, 2024, to the closing price on June 20, 2025. April 25, 2025, was the announcement date of the previous fiscal year's financial results. January 29, 2024, was the date that the enhanced shareholder return measure was announced.

# Alpha-Win Company Research Report

PCA (9629 TSE Prime)

Issued: 6/20/2025

- The Company's stock appears somewhat undervalued compared to its two listed competitors.

In comparison with its two competitors (OBC and MJS), the Company's dividend yield is significantly high, while its P/B ratio is low and nearly the same level as MJS. The other valuation indicators (P/E ratio, P/S ratio, and EV/EBITDA) are in the middle range, suggesting that the Company's stock is somewhat undervalued (Figure 30).

## 【Figure 30】 Comparison of Valuation with Competitors

Company Name	PCA (Consolidated)	Obic Business Consultants (OBC: non-consolidated)	Miroku Jyoho Service (MJS: consolidated)	Money Forward (MF: consolidated)	freee (FR: consolidated)
Code (TSE Market)	9629 (PRM)	4733 (PRM)	9928 (PRM)	3994 (PRM)	4478 (GRT)
Share price (closing price as of June 20, 2025)	1,820	8,462	1,787	4,788	3,740
Market capitalization (millions of yen)	40,040	638,069	57,731	265,773	221,429
P/E ratio (price-to-earnings ratio)	19.2	36.7	10.9	-	-
P/B ratio (price-to-book ratio)	1.9	4.0	2.0	7.1	11.9
Dividend yield (%)	5.2	1.3	3.4	-	-
EV/EBITDA	5.9	19.4	5.4	74.4	Negative
P/S ratio (price-to-sales ratio)	2.3	12.3	1.2	5.3	6.7
Net sales (millions of yen)	17,689	51,700	49,000	50,800	33,060
Gross profit margin (%)	63.0	83.4	61.6	Not disclosed	Not disclosed
Operating profit (millions of yen)	2,824	24,000	6,700	-3,500	(Adjusted) 2,150
Operating profit margin (%)	16.0	46.4	13.7	-6.9	6.5
EPS (company forecast): YoY change (%)	8.9	7.2	11.8	-	-
Dividend on equity ratio (%): actual	9.2	4.9	5.9	-	-
Equity ratio (%)	54.5	76.2	64.6	34.3	38.6
Past 15 years' net sales growth rate (FY ended March 2025 + FY ended March 2010)	276.8	298.3	245.0	(Over the past 9 years: approximately 92x, from 441 million yen to 40,363 million yen)	(Over the past 9 years: approximately 118x, from 216 million yen to 25,430 million yen)
Past 15 years' operating profit growth rate (Same conditions as above)	354.4	337.6	537.8	(Over the past 9 years: -834 million yen to -4,735 million yen)	(Over the past 5 years: -2,830 million yen to -8,386 million yen)

(Notes)

- PRM and GRT of the TSE Market stands for the Prime Market and the Growth Market, respectively.
- Market capitalization = Total issued shares x Market share price [closing price as of June 20, 2025]
- EV/EBITDA = (Market capitalization + Interest-bearing debt - Cash & deposits) / (Operating profit + Depreciation + Intangible fixed asset amortization, etc.)
- Interest-bearing debt and cash & deposits are actual quarterly figures. Operating profit is based on this fiscal year's company forecasts. Depreciation and intangible fixed asset amortization have been calculated for the full year based on actual figures (or the company's full-year forecast).
- In the P/E calculations, the companies' forecasted EPS for this fiscal year was used (fiscal year ending March 2026 for PCA, OBC, and MJS; ending November 2025 for MF; and ending June 2025 for FR).
- Fiscal years of PCA, OBC, and MJS are March-ending, MF's fiscal year is November-ending, and FR's fiscal year is June-ending.
- BPS values used in the P/B calculations are the actual figures of the most recent quarter.
- Dividends are based on the companies' forecasts for this fiscal year.
- P/S ratio = Market capitalization / Net sales [the companies' forecast]
- The average value was used in estimation when a forecast was disclosed as a range.
- Past 15 years' growth rates for PCA, OBC, and MJS are a simple comparison of the most recent full-year result (fiscal year ended March 2025) to the full-year result of the fiscal year ended March 2010.
- Equity ratios are based on the latest quarterly results.

(Source) Prepared by Alpha-Win Research Dept. based on the financial results summaries.

- The two competitors in the area of cloud-based accounting have extremely high valuations.

Money Forward (PRM: 3994) and freee (GRT: 4478) are also the Company's competitors among listed companies, mainly in the area of cloud-based accounting software.

Both companies have maintained exceptionally high annual sales growth rates in recent years—around 30% to 40%. However, due to their continued losses (or low profitability and limited disclosure of forecasts) or absence of dividend payments, they are not suitable as valuation benchmarks.

Their valuations are extremely high compared to the Company in terms of the P/S and P/B ratios, which are the comparable valuation indicators (rightmost two columns in Figure 30).

- Domestic demand-oriented growth stock with high growth potential. The key themes are the following: accounting system revisions and legal reforms, cloud, subscription, DX, work-style reform, mental health, and CVC.

- Trends of increasing sales, profits, and dividends are also expected to continue in the next fiscal year and beyond.

- Considering the medium-term growth potential, Alpha-Win believes that the stock has an upside.

- Key points are as follows: KPIs, this fiscal year and next fiscal year's financial performance, profit growth rate over the medium term, the subscription business' growth rate (including cloud services), monetization of new businesses and services (especially PCA Hub and Dreamhop), shareholder return measures, and effective use of cash.

## Share Price Outlook

The Company has strengths and significant growth potential in its subscription & maintenance business (largely synonymous as the subscription business), including maintenance service for its packaged, enterprise system software and their cloud or subscription versions.

It will most likely continue to be evaluated as a small-cap, domestic demand-oriented growth stock which will benefit from the upcoming accounting system revisions and legal reforms, the government's promotion of the work-style reform, digitalization, and the expansion of the mental health-related market.

Cloud services (including work management systems) are expected to remain the primary growth driver. Alpha-Win believes that if new businesses such as PCA Subscription, the Hub Series, and the CVC initiative begin contributing to business performance, the Company is likely to return to a high-growth trajectory.

IT investment by corporate users remains solid, supported by favorable business conditions, and the effects of upfront investments are expected to support the launch of new businesses. As a result, sales and profit growth trends are anticipated to continue.

While there is a possibility that this fiscal year's results may exceed expectations through proper cost control, significant upside surprises appear unlikely.

However, from the next fiscal year onward, a medium-term trend of profit growth is projected, along with increases in EPS and dividends. Accordingly, the stock is considered to have upside potential.

Going forward, the following will be the key factors that may potentially impact share price:

1. Quarterly trends in key performance indicators (KPIs) such as the number of active subscriptions, ARR, churn rate, ARPU, and the number of corporate users of PCA Cloud, as well as changes in the growth rate of PCA Cloud's sales
2. Development and sales progress of the PCA Hub Series, a key area of focus, as well as its contribution to profit
3. Sales progress of PCA Subscription, launch of other new products and services, progress with new business development, the amount of upfront investment, each business' contribution to profit, and market competition
4. Financial results of this fiscal year (full year) and the level of financial performance in the next fiscal year
5. Financial performance in the final year of the medium-term management plan (the likelihood of achieving the numerical targets), and any changes in expectations for medium-term profit growth
6. Financial performance of Dreamhop, an acquired company, and Xronos, which has high growth potential
7. Shareholder return measures such as dividend increases, share buybacks, stock splits, and enhanced shareholder benefit program
8. How its ample cash will be effectively used
9. Progress in the CVC business, M&A activities, and strategic partnerships
10. Reforms or revisions of accounting and tax systems, and their impact on business performance