Alpha-Win Company Research Report

PCA
(9629 TSE Prime)

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Alpha-Win Capital Research Department
https://www.awincap.com/

● Financial Results Flash Report

◆ A major player specialized in enterprise system software, leading the market as the No. 1 player in cloud-based software

・PCA CORPORATION (hereinafter, the "Company") and its group provide in-house developed, cloud-based business software (for accounting, sales management, purchasing and inventory management, payroll, human resources, work management, attendance management, and more), primarily to small and medium-sized enterprises (SMEs), along with related maintenance services. It sees its mission as contributing to society as a "Management Support Company" that supports companies in streamlining management and operation.
・It leads the market as the No. 1 player in cloud-based business software (PCA Cloud). Owing to its transition to a subscription-based business model, business stability and profitability have improved significantly.

・Record-high net sales and profits were achieved in FY2020 (note that the Company's fiscal years are March-ending, i.e., FY2020 ended in March 2020) due to a surge in demand in response to the consumption tax revision and the end of Windows 7 support. In FY2022, although there was a change in the revenue-recognition standard, strong performance was maintained due to high, event-driven demand for its products. In addition, a gain on sales of securities was recorded under extraordinary income, resulting in record-high net profit.
・In FY2024 and FY2025, the cloud services drove growth, resulting in record-high net sales for two consecutive fiscal years. Although profits did not reach record highs in either year, they increased sharply. Starting in FY2024, the Company strengthened shareholder returns by setting a 100% dividend payout ratio as its benchmark under a progressive dividend policy, resulting in consecutive dividend increases.

◆ Results for the First Quarter of the Current Fiscal Year: Slight net sales growth driven by continued expansion of the cloud services, but double-digit declines in profits.

First Quarter: Summary of Financial Results

・For the first quarter of FY2026 (April to June 2025; hereinafter, "Q1" stands for the period from April to June), the Company recorded net sales of 3,972 million yen (+2.4% year-on-year or YoY), operating profit of 589 million yen (−15.8% YoY), ordinary profit of 600 million yen (−15.2% YoY), and profit attributable to owners of parent (hereinafter, "net profit") of 348 million yen (−23.5% YoY). Despite a slight increase in net sales, profits declined by double digits compared to the same period of the previous fiscal year (Figure 1).

・Note that through Q1 of the previous fiscal year, the Company saw strong performance partly due to the effects of price revisions. Consequently, the YoY growth rates in Q1 of this fiscal year appear relatively slow.

【Figure 1】Q1 Results and Progress Toward the Full-Year Plan

First Quarter Results		Q1 FY2025	Q1 FY2026	% Change	Amount of Change	% of Total Net Sales Growth	% of Total Net Sales	Progress (%) Toward Full-Year Result or Forecast	
Unit: million yen		Apr-Jun 2024	Apr-Jun 2025	YoY: %	YoY: millions of yen	%	%	Apr-Jun 2024	Apr-Jun 2025
Consolidated Net Sales		3,879	3,972	2.4	93	100.0	100.0	23.9	22.5
Sales by Category	Cloud Services	2,204	2,547	15.6	343	368.8	64.1	23.5	23.0
	Maintenance Service	957	804	-16.0	-153	-164.5	20.2	25.8	25.0
	Products (Conventional Software)	156	118	-24.1	-38	-40.9	3.0	26.2	24.7
	Merchandise	107	101	-5.4	-6	-6.5	2.6	20.5	20.4
	Other Operating Revenue	453	400	-11.7	-53	-57.0	10.1	22.4	16.6
Gross Profit		2,546	2,434	-4.4	-112			24.9	21.8
	Gross Profit Margin (%)	65.6	61.3		-4.4				
SG&A Expenses		1,846	1,844	-0.1	-2			24.3	22.2
	SG&A Expense Ratio (%)	47.6	46.4		-1.2				
Operating Profit		700	589	-15.8	-111			26.5	20.9
	Operating Profit Margin (%)	18.0	14.8		-3.2				
Net Profit	Profit Attributable to Owners of Parent	455	348	-23.5	-107			26.1	18.3
	Net Profit Margin (%)	11.7	8.8		-3.0				

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

・While the cloud services' sales continued to grow steadily, this was offset by sales declines across the other four categories. SG&A expenses were flat compared to Q1 of the previous fiscal year, but a decline in the gross profit margin led to lower profits (see page 3, "Q1: Profits").
・Progress in this fiscal year's Q1 toward achieving the Company's full-year plan stood at 22.5% for net sales and 20.9% for operating profit—both falling short of the average for the past four fiscal years since the adoption of the new revenue-recognition standard (23.5% and 26.4%, respectively).
・The Company has not disclosed financial forecasts for either Q1 or the first half of the current fiscal year. Q1 results are presumed to have been somewhat below the Company's expectation for net sales but roughly in line with internal targets for profit.

Q1: Sales by Category

・Q1 sales of each category (the Company's sales segmentation) were as described below.
・To shift business resources toward the development and support of subscription-based services, the Company discontinued sales of its previously offered packaged software (on-premises PCA software) in March 2024. As a result, product sales declined sharply, while sales from the subscription & maintenance business—which consists of the cloud and maintenance services—accounted for 84.3% of total Q1 net sales in the current fiscal year (compared to 81.5% in Q1 of the previous fiscal year). Among all sales categories, only the cloud services recorded sales growth, driven by an increase in the number of subscriptions (Figure 1 on page 1).

1. **Cloud Services** (Accounted for 64.1% of total Q1 net sales—the highest among all categories)
   From Q1 of the previous fiscal year to Q1 of the current fiscal year (the same order applies hereinafter), sales rose significantly from 2,204 million yen to 2,547 million yen. This represents a YoY growth of 588 million yen (+36.4%) in the previous Q1 and 343 million yen (+15.6%) in the current Q1, indicating a slowdown in growth momentum, as the previous Q1 saw strong growth partly due to price revisions. While the number of corporate users of the PCA Cloud Series is no longer disclosed starting this fiscal year, the number of active subscriptions—including those for the cloud services—increased steadily from 29,000 to 36,000 (+24.3% YoY), driven by digital transformation demand and the shift from the products to the cloud services. As a result, a double-digit sales growth was recorded.
2. **Maintenance Service** (Accounted for 20.2% of total Q1 net sales)
   Sales declined from 957 million yen to 804 million yen (YoY: −153 million yen or −16.0%), marking a double-digit decrease. This was due to the ongoing shift from on-premises (products) to the cloud services, as well as some customers choosing not to renew their maintenance contracts after upgrading software in the previous fiscal year following the discontinuation of on-premises product sales.
3. **Products** (Accounted for 3.0% of total Q1 net sales)
   Due to the discontinuation of PCA's product sales and the ongoing shift to the cloud services at Xronos, sales declined from 156 million yen to 118 million yen (YoY: −38 million yen or −24.1%). As sales had already fallen significantly since Q1 of the previous fiscal year, the impact in this quarter was limited.
4. **Merchandise (Including Ledger Sheets)** (Accounted for 2.6% of total Q1 net sales)
   Amid the ongoing shift toward paperless operations driven by digitalization (e.g., electronic applications), sales saw a slight decline from 107 million yen to 101 million yen (YoY: −6 million yen or −5.4%).
5. **Other Operating Revenue** (Accounted for 10.1% of total Q1 net sales)
   Due to the shift from on-premises (products) to the cloud services, sales from the implementation support service declined significantly. As a result, sales of this category fell from 453 million yen to 400 million yen (YoY: −53 million yen or −11.7%), marking a double-digit decrease. Compared to the full-year sales growth plan, performance in this category was weak.

・The (net) number of corporate users of the PCA Cloud Series has increased from 12,070 at the end of March 2019 to 14,327 at the end of March 2020 (+2,257 YoY), 16,444 at the end of March 2021 (+2,117 YoY), 19,152 at the end of March 2022 (+2,708 YoY), 21,022 at the end of March 2023 (+1,870 YoY), 22,899 at the end of March 2024 (+1,877 YoY), and 24,570 at the end of March 2025 (+1,671 YoY). From this point forward, the Company has ceased disclosing the number of users and instead began disclosing KPIs for the subscription business, which includes the cloud services (Figures 3–6 on page 4).

・Quarterly sales (three-month basis) from the cloud services have continued to grow steadily (Figure 2). However, with greater adoption and scaling, the sales growth rate (both YoY and QoQ) has shown a gradual slowdown. One key factor, despite the continued increase in the number of corporate users through new customer acquisition, is the decline in the average revenue per subscription, driven by the launch of new services, cross-selling, and the expansion of low-priced services aimed at developing new customers.

【Figure 2】Quarterly Change in the Cloud Services' Sales

Quarter (Three-Month Period)	Cloud Services' Sales	Quarterly Change in Sales (Millions of Yen*)			
	Unit: million yen*	% Change (YoY)	Change in Amount* (YoY)	% Change (QoQ)	Change in Amount* (QoQ)
Mar. 2021 (Q4)	1,076	14.0	132	4.3	44
Jun. 2021 (Q1)	1,255	31.1	298	16.6	179
Sep. 2021 (Q2)	1,340	35.1	348	6.8	85
Dec. 2021 (Q3)	1,449	40.4	417	8.1	109
Mar. 2022 (Q4)	1,524	41.6	448	5.2	75
Jun. 2022 (Q1)	1,361	8.4	106	-10.7	-163
Sep. 2022 (Q2)	1,499	11.9	159	10.1	138
Dec. 2022 (Q3)	1,512	4.3	63	0.9	13
Mar. 2023 (Q4)	1,584	3.9	60	4.8	72
Jun. 2023 (Q1)	1,616	18.7	255	2.0	32
Sep. 2023 (Q2)	1,827	21.9	328	13.1	211
Dec. 2023 (Q3)	1,933	27.8	421	5.8	106
Mar. 2024 (Q4)	2,091	32.0	507	8.2	158
Jun. 2024 (Q1)	2,204	36.4	588	5.4	113
Sep. 2024 (Q2)	2,305	26.2	478	4.6	101
Dec. 2024 (Q3)	2,383	23.3	450	3.4	78
Mar. 2025 (Q4)	2,489	19.0	398	4.4	106
Jun. 2025 (Q1)	2,547	15.6	343	2.3	58

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

Q1: Profits

・Because the Company operates a business model with a high contribution margin ratio, fluctuations in net sales have a significant impact on profit margins and profit levels. In Q1 of the current fiscal year, the relatively high sales growth rate of the highly profitable cloud services was expected to improve the product mix and profit margins. However, this was likely partially offset by a decrease in profit due to lower sales of maintenance service, which also has high profit margins.

・In addition, the Company is currently focused on strengthening its development capabilities to achieve its medium-term management plan. Consequently, related personnel expenses and subcontracting costs rose by 10% YoY, leading to a decline in the gross profit margin from 65.6% in Q1 of the previous fiscal year to 61.3% in the current Q1—a decrease of 4.3 percentage points.

・On the other hand, SG&A expenses were held nearly flat at 1,844 million yen, down 2 million yen YoY (−0.1%), partly due to the transfer of certain expenses to cost of sales. As a result, the SG&A expense ratio decreased by 1.2 percentage points, from 47.6% to 46.4%.

・Consequently, the operating profit margin declined by 3.2 percentage points, from 18.0% to 14.8%, resulting in a decrease in operating profit. (The Company's assumed full-year operating profit margin is 16.0%.)

・Additionally, there were no significant non-operating or extraordinary income or expenses recorded in Q1, and net profit resulted in a decline.

KPI Changes

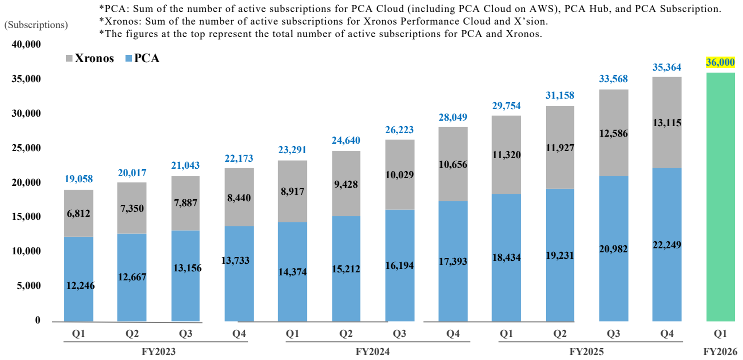
・The Company discloses four key performance indicators (KPIs) for its core business—the subscription model—which accounts for the majority of total net sales (Figures 3–6 on page 4). According to the Company's definition, the subscription business is a revenue-generation model that refines the focus of what has historically been considered a stable source of revenue for the Company—subscription & maintenance revenue—by excluding maintenance revenue pertaining to on-premises users. Instead, it emphasizes recurring profitability and growth, driven by subscription revenue from enterprise cloud services (such as PCA Cloud), peripheral cloud services (PCA Hub), and subscription-based on-premises offerings (PCA Subscription).

・As shown in Figures 3 through 6, ARPU (annual average revenue per user or per subscription) declined slightly to 274,000 yen from 279,000 yen at the end of March 2025 (quarter on quarter or QoQ: −5,000 yen). Meanwhile, the churn rate slightly rose to 0.25% (+0.01% QoQ from 0.24% at the end of FY2025), but remained at a low level. The number of active subscriptions increased significantly to approximately 36,000 (+24.3% YoY from approx. 29,000 in Q1 FY2025; +4.6% QoQ from approx. 35,000 at the end of FY2025). (Note: The number of active subscriptions above is based on preliminary figures disclosed in the Company's financial results summary; more precise data is expected to be released later.)

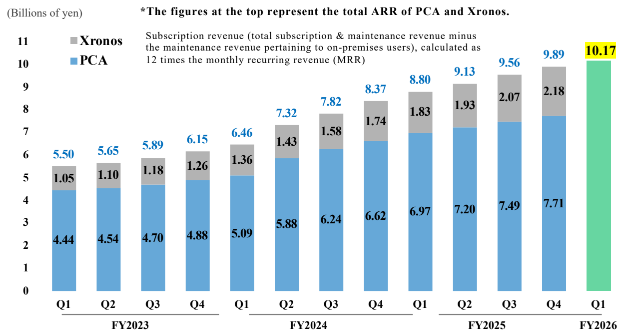
・As a result, ARR (annual recurring revenue, defined as annual subscription revenue) rose to 10.17 billion yen (+15.6% YoY from 8.80 billion yen at the end of Q1 FY2025; +2.8% QoQ from 9.89 billion yen at the end of FY2025).

・The subscription business is steadily expanding, supported by strong new demand and a low churn rate.

【Figure 3】Number of Active Subscriptions

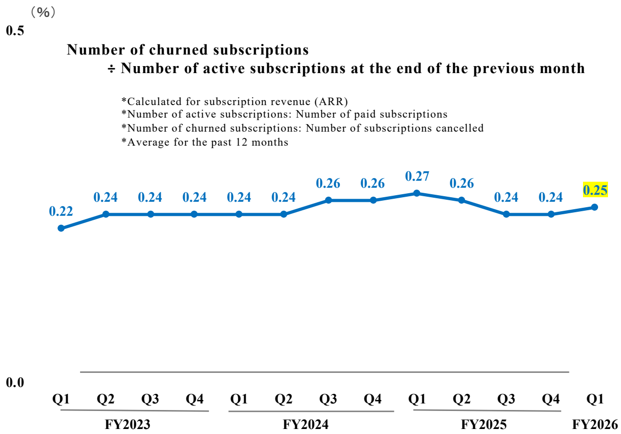


【Figure 4】ARR (Annual Recurring Revenue or Subscription Revenue)

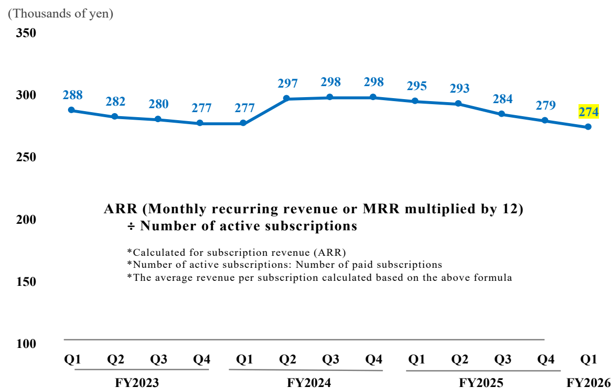


(Source) Figures 3-6: Prepared by Alpha-Win Research Dept. based on the financial results summary and financial results briefing materials.

【Figure 5】Churn Rate



【Figure 6】ARPU (Annual Average Revenue Per User or Per Subscription)



Balance Sheet

・The balance sheet at the end of Q1 in the current fiscal year (June 2025) showed no significant changes compared to the end of the previous fiscal year (March 2025). Cash and deposits declined by approximately 2.8 billion yen from the March-end level, mainly due to dividend payments, but still amount to approximately 19.0 billion yen, exceeding the annual net sales. The financial standing is sound, with an equity ratio of 54.7% and a current ratio of 181.6%.

・Contract liabilities (consideration received for services not yet provided under subscription contracts, such as those for the cloud services) stood at 10,482 million yen at the end of this fiscal year's Q1, representing a slight decline of 148 million yen (−1.4%) compared to the end of March 2025, but an increase of 419 million yen (+4.2%) year-on-year. While maintenance service sales are decreasing due to the ongoing shift to the cloud services, the Company continues to maintain a high level of contract liabilities.

◆Acquisition of Tyrell Systems

・The Company announced the acquisition of Tyrell Systems Inc. (hereinafter, "Tyrell"; headquartered in Bunkyo-ku, Tokyo), acquiring 100% of its shares to make it a wholly owned subsidiary. (Although not yet officially disclosed, it is presumed that Tyrell is highly likely to become consolidated).
・The acquisition value was 200 million yen, funded entirely through cash on hand. According to disclosed figures for Tyrell's most recent fiscal year (ended June 2024), the company recorded net sales of 416 million yen, net profit of 1 million yen, and total assets of 224 million yen. It is relatively small compared to the PCA Group on a consolidated basis (Figure 7).
・Based on the acquisition value, valuation of Tyrell's stock appears high in terms of the P/E ratio (200x), P/B ratio (6.5x), and dividend yield (0%, with no dividend). However, the P/S ratio is relatively low at 0.48x.

・Tyrell was founded in 2001 and engages in a variety of services and business development initiatives that leverage IT, including internet-related design and development services. The company is recognized for its strong technological expertise and extensive development experience.
・The acquisition is believed to have been driven by expectations of synergy with the PCA Group, including reducing subcontracting costs through the internalization of system development, strengthening engineering resources, and expanding scale via customer referrals. However, given Tyrell's small size, its flat sales trend in recent years, minimal profit despite remaining in the black, and expected amortization of goodwill, the impact on the PCA Group is likely to remain limited for the time being.

・Alpha-Win Research Department (hereinafter, "Alpha-Win") estimates that the goodwill arising from this M&A will amount to approximately 170 million yen (calculated as acquisition value minus Tyrell's net assets as of the fiscal year ended June 2024). Assuming straight-line amortization over five years under Japanese tax rules, annual amortization expenses are estimated at 34 million yen. (As of now, the Company has not finalized the amount of goodwill, the amortization method, or the amortization period.)
・Alpha-Win intends to monitor the progress of PMI (post-merger integration, the process of integrating management following an M&A), the realization of synergies within the Group—particularly in terms of enhancing capital, personnel, and operations—and the contribution to overall performance.

【Figure 7】Tyrell Systems' Business Results, Financial Position, and Comparison with the PCA Group (Consolidated)

Unit: million yen or %	Tyrell's Business Results and Financial Position			Comparison with the PCA Group's Consolidated Results for the Previous Fiscal Year (FY2025, Ended March 2025)	
	Fiscal Year Ended June 2022	Fiscal Year Ended June 2023	Fiscal Year Ended June 2024	Percentage of PCA's Consolidated Results	PCA's Consolidated Results
			A	B=A/C	C
Net Sales	425	419	416	2.6%	16,237
Operating Profit	3	2	3	0.1%	2,637
Operating Profit Margin	0.7%	0.5%	0.7%		16.2%
Profit Before Income Taxes	24	2	1	0.0%	2,664
Profit	24	2	1	0.1%	1,741
EPS	122,183	10,729	7,723		86.86
Dividends	0	0	0		87.00
Net Assets	27	29	31	0.2%	19,283
Total Assets	269	239	224	0.6%	34,974
Equity Ratio	10.0%	12.1%	13.8%		54.5%
BPS	136,608	147,337	155,061		949.72
ROE		7.1%	3.3%		9.2%
Market Capitalization			200	0.5%	41,140
P/S Ratio			0.48		2.53
P/E Ratio			200.0		21.5
P/B Ratio			6.5		2.1
Dividend Yield	0	0	0		4.7%

(Source) Prepared by Alpha-Win Research Dept. based on news releases and the financial results summary.
(Notes) Market capitalization: For Tyrell, based on the acquisition value; for PCA, based on the value as of the end of July 2025. PCA's valuation is based on actual results for the fiscal year ended March 2025 and the closing share price at the end of July.

◆Financial Forecast for the Current Fiscal Year and Beyond

The Company's Financial Forecast for the Current Fiscal Year

・The Company has maintained its full-year financial forecast announced at the beginning of the fiscal year. It projects full-year net sales of 17,689 million yen (+8.9% YoY), operating profit of 2,824 million yen (+7.1% YoY), and net profit of 1,897 million yen (+9.0% YoY).

・Although a decline in maintenance and product sales is expected due to the ongoing shift to the cloud services, the subscription business—centered on the cloud services—is forecast to grow steadily again this fiscal year, supporting the planned growth in overall net sales. Since the Company anticipates products and upfront investments for the next stage of growth (i.e., higher personnel expenses and system usage fees), the operating profit margin is expected to decline from 16.2% in the previous fiscal year to 16.0% in the current fiscal year (a decrease of 0.2 percentage point). As a result, the operating profit growth rate is expected to be somewhat lower than the net sales growth rate; however, the increase in net sales is expected to more than offset the rise in costs, resulting in profit growth (Figure 8 on page 7).

・If the Company achieves its plan, net sales will reach a record high for the fourth consecutive year, and both operating and ordinary profit will surpass the previous record set in FY2020 (a year boosted by event-driven high demand), marking a new high for the first time in six years. Net profit is expected to be the second highest on record, following FY2022 when an extraordinary income was recorded.

・On a company-wide basis, a net sales growth of 1,452 million yen (+8.9% YoY) is expected for the current fiscal year. Due to the end of packaged software (product) sales, maintenance sales are expected to decline by 500 million yen (−13.5% YoY), and product sales are projected to decrease by 119 million yen (−19.9% YoY).

・In contrast, sales from the cloud services are projected to grow significantly again this fiscal year, with an increase of 1,715 million yen (+18.3% YoY), driven by a rising number of active subscriptions. This growth is expected to be the main contributor to the overall increase in net sales, accounting for 118% of the Company's total net sales growth. In addition, sales from solutions and others are projected to rise by 383 million yen (+18.9% YoY), supported by stronger sales efforts and an expanded lineup.

・The Company's forecasts for the remaining nine months of this fiscal year (Q2 through Q4), calculated by subtracting actual Q1 results from the full-year forecasts, are as follows: net sales of 13,717 million yen (+11.1% YoY), operating profit of 2,235 million yen (+15.4% YoY), and net profit of 1,549 million yen (+20.5% YoY). The Company expects not only net sales growth but also an improvement in the operating profit margin from 15.7% to 16.3% during this period, resulting in double-digit profit growth.

・The annual dividend is planned at 95 yen per share, an 8 yen increase over the previous fiscal year. The Company plans for a dividend payout ratio of 100.4%, marking the third consecutive fiscal year in which it will achieve its 100% target. Meanwhile, the DOE (dividend on equity ratio) is expected to rise to around 10% (Alpha-Win's estimate), up from 9.2% in the previous fiscal year, remaining at a high level.

Alpha-Win Research Department's Forecasts for the Current Fiscal Year and Beyond

・Alpha-Win forecasts net sales for the current fiscal year at 17,800 million yen, nearly in line with the Company's forecast of 17,689 million yen. Profit forecasts are also largely in line: operating profit is projected at 2,900 million yen (+76 million yen or +2.7% compared to the Company's forecast of 2,824 million yen), and net profit is projected at 1,950 million yen (+53 million yen or +2.8% compared to the Company's forecast of 1,897 million yen).

・As noted earlier, Q1 progress toward the full-year plan was somewhat below average compared to past years and fell somewhat short of Alpha-Win's expectations. However, on a quarterly basis, the amount of upfront investments such as development costs can fluctuate, and it is presumed that a larger amount of such costs was recorded in Q1 of the current fiscal year compared to the same period of the previous fiscal year.

・Looking ahead, new service launches and version upgrades—primarily scheduled for the second half (described later on page 8, "Service Upgrades and New Services")—are expected to contribute to both net sales and profit. In addition, as the Company intends to control costs in line with net sales expansion, Alpha-Win believes the downside risk to the Company's profit plan is limited.

・Regarding dividends for the current fiscal year, while the Company plans to pay 95 yen per share, Alpha-Win forecasts 97 yen per share, reflecting a difference in EPS projections.

・Alpha-Win's forecasts for this fiscal year, the next, and the year after remain unchanged from the previous report (Figure 8; see the report published on June 20, 2025, for details).

・It should also be noted that rising prices, higher domestic interest rates, the impact of U.S. tariff policies, and labor shortages could potentially lead to a deterioration in the business performance of SME customers and a slowdown in their IT investments. These risks, along with the Company's cost execution, should be considered potential factors affecting its business performance.

【Figure 8】Financial Forecasts for the Current Fiscal Year and Medium Term

	Unit: million yen or %	FY2024	FY2025	FY2026 CE	FY2026 E	FY2027 E	FY2028 E
Net Sales		15,018	16,237	17,689	17,800	19,800	21,500
Category	Cloud Services	7,467	9,381	11,096	11,200	13,340	15,500
	Maintenance Service	3,568	3,712	3,212	3,300	3,040	2,600
	Products	1,222	596	477	480	460	450
	Merchandise	532	522	494	490	460	450
	Other Operating Revenue	2,227	2,025	2,408	2,330	2,500	2,500
Gross Profit		9,636	10,228	11,142	11,200	12,500	13,600
Gross Profit Margin	(Ratio to sales)	64.2%	63.0%	63.0%	62.9%	63.1%	63.3%
SG&A Expenses		7,326	7,591	8,318	8,300	9,140	9,730
SG&A Expense Ratio	(Ratio to sales)	48.8%	46.8%	47.0%	46.6%	46.2%	45.3%
Operating Profit		2,309	2,637	2,824	2,900	3,360	3,870
Operating Profit Margin	(Ratio to sales)	15.4%	16.2%	16.0%	16.3%	17.0%	18.0%
Ordinary Profit		2,343	2,688	2,865	2,950	3,410	3,920
Ordinary Profit Margin	(Ratio to sales)	15.6%	16.6%	16.2%	16.6%	17.2%	18.2%
Net Profit		1,611	1,741	1,897	1,950	2,310	2,650
Net Profit Margin	(Ratio to sales)	10.7%	10.7%	10.7%	11.0%	11.7%	12.3%
Net Sales (YoY Growth Rate)		15.7%	8.1%	8.9%	9.6%	11.2%	8.6%
Category	Cloud Services	34.1%	25.6%	18.3%	19.4%	19.1%	16.2%
	Maintenance Service	7.6%	4.0%	-13.5%	-11.1%	-7.9%	-14.5%
	Products	-58.6%	-51.2%	-19.9%	-19.5%	-4.2%	-2.2%
	Merchandise	21.2%	-1.9%	-5.3%	-6.1%	-6.1%	-2.2%
	Other Operating Revenue	101.9%	-9.1%	18.9%	15.1%	7.3%	0.0%
Gross Profit Margin (% YoY Diff.)		-1.7%	-1.2%	-0.0%	-0.1%	0.2%	0.2%
SG&A Expenses (% Growth)		19.1%	3.6%	9.6%	9.3%	10.1%	6.5%
Operating Profit (% Growth)		79.2%	14.2%	7.1%	10.0%	15.9%	15.2%
Ordinary Profit (% Growth)		76.6%	14.7%	6.6%	9.7%	15.6%	15.0%
Net Profit (% Growth)		82.5%	8.0%	9.0%	12.0%	18.5%	14.7%

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

Service Upgrades and New Services

・Regarding the PCA Hub Series—centered around an online storage service that enables the secure sharing of important business data and files within an organization—the Company launched a new service, PCA Hub Expense Management, in April of this year and released an upgraded version of PCA Hub Invoice in July. It also plans to release upgrades of PCA Hub eDoc in October, PCA Hub Year-End Adjustment and PCA Hub Labor Management in Q4, and PCA Cloud Public Interest Corporation Accounting (PCA Cloud Series) in November. Furthermore, with Microsoft's support for Windows 10 ending on October 14, 2025, the Company is expected to see significant business opportunities this fiscal year and beyond. Development of services appears to be progressing largely as planned.

・In July 2025, the Company announced the PCA Arch initiative, a new business platform concept targeting SMEs and mid-tier enterprises. This initiative aims to provide a next-generation platform for SMEs and mid-tier enterprises seeking operational efficiency and digital transformation. It is positioned as "a bridge that connects people (executives, operational staff, employees, and specialists), services (PCA products and third-party offerings), and information (knowledge and operational know-how), to comprehensively support customers' core operations such as accounting and finance, human resources and labor management, and sales management."

・Based on this initiative, the Company plans to launch three new services—PCA Arch Accounting & Finance, PCA Arch HR & Labor Management, and PCA Arch Sales Management—in the latter half of 2025 (by year-end). These services will come standard with the PCA Arch Portal (an all-in-one gateway for PCA's cloud-based services), AI Assistant, and PCA Hub eDoc. By leveraging AI and other cutting-edge technologies, the platform is designed to support business operations in accounting and finance, HR and labor management, and sales management.

◆ Share Price and Characteristics

・The Company is considered a small-cap, domestic demand-oriented growth stock with a subscription-based business. It has been significantly outperforming the TOPIX since December 2018. In particular, following the announcement in January 2024 of strengthened shareholder return measures—including changes to its capital and dividend policies—the share price surged and substantially outperformed both the TOPIX and industry peers. However, partly as a pullback from that sharp rise, the stock has underperformed over the past 12 months.

・Following the sharp market rally triggered by the US-Japan tariff negotiation agreement, export-related stocks remained relatively firm, supported by a weaker yen. In contrast, due to the Company's defensive sector characteristics, slightly low Q1 progress toward its full-year forecast, a Q1 profit decline, and slowing momentum (sales growth rate) in its key growth driver—the cloud services—its share price temporarily weakened. However, since July 24 (the date of the Q1 results announcement), the Company's stock has performed roughly in line with the TOPIX index (Figure C on page 10).

・Compared to the TSE Prime average, the Company's stock appears relatively expensive in terms of its forward P/E ratio (based on the Company's forecast for this fiscal year) and actual P/B ratio. On the other hand, it appears undervalued based on its forecast dividend yield, which is relatively high (based on the closing price as of July 31, 2025: TSE Prime averages – forward P/E of 16.24x, actual P/B of 1.42x, and simple average forecast dividend yield of 2.54%; the Company – forward P/E of 19.77x, actual P/B of 2.14x, and forecast dividend yield of 5.08%).

・Comparing key valuation indicators with industry peers—OBIC Business Consultants and Miroku Jyoho Service—the Company ranks in the middle for P/E, P/B, P/S, and EV/EBITDA. However, its dividend yield is the highest among the three companies (Figure 9 on page 9).

・As mentioned earlier, Alpha-Win forecasts a slight upward revision to the Company's full-year profit for this fiscal year compared to the Company's forecast. Based on Alpha-Win's current forecast for this fiscal year, the estimated P/E ratio is 19.2x. However, based on forecasts for the next fiscal year and the year after, the P/E is expected to decline to 16.2x and 14.1x, respectively, indicating a gradual correction of the current valuation premium (Figure B on page 10). In contrast, assuming the Company maintains its 100% dividend payout ratio, the level of P/B ratio is expected to remain unchanged.

・Over the medium term, Alpha-Win expects EPS to grow. Assuming the 100% payout ratio continues, the dividend yield is forecast to rise accordingly—from 5.2% this fiscal year to 6.1% in the next year and 7.1% in the year after—suggesting that the stock appears undervalued even at current price levels.

・Going forward, the following key points should be monitored: quarterly business performance trends from Q2 onward (specifically, YoY rates of change in profit, progress toward the full-year plan, and profit margins); changes in upfront investment levels; the growth rate of the Company's main growth driver (cloud services); the four KPIs of the subscription business; the sales performance of upcoming new and upgraded services such as those of the PCA Hub Series and PCA Subscription; and the business performance trends of the subsidiaries Dreamhop, Xronos, and the newly acquired Tyrell.

・In addition, given the Company's strong cash position, Alpha-Win will also monitor the potential for share buybacks, additional M&A activity, or a stock split, all of which could significantly impact the share price.

・While the shift from product sales to the subscription business has reduced the Company's sensitivity to external events compared to the past, it remains important to note that high demand caused by events such as changes in tax policy and accounting standards can still lead to greater volatility in the Company's business performance and share price before and after such events.

・The current fiscal year includes many events, such as the end of Windows 10 support, accounting system changes, and legal reforms, which are likely to positively impact the Company's business.

【Figure 9】Comparison with Industry Peers (Valuation, Business Performance, and Financial Indicators)

	Company Name	PCA (Consolidated)	Obic Business Consultants (OBC: non-consolidated)	Miroku Jyoho Service (MJS: consolidated)
Market Where Listed, Share Price, and Valuation	Code (TSE market segment)	9629（PRM）	4733（PRM）	9928（PRM）
	Share price (closing price as of July 31, 2025)	1,870	8,762	1,881
	Market capitalization (millions of yen)	41,140	660,690	60,768
	P/E ratio (price-to-earnings ratio)	19.8	38.0	11.5
	P/B ratio (price-to-book ratio)	2.1	4.1	2.0
	Dividend yield (%)	5.1	1.2	3.2
	EV/EBITDA	7.1	20.4	6.6
	P/S ratio (price-to-sales ratio)	2.3	12.8	1.2
Company Forecasts for the Current Fiscal Year (Full Year): FY2026 Forecasts	Net sales (millions of yen)	17,689	51,700	49,000
	Gross profit margin (%)	63.0	83.4	61.6
	Operating profit (millions of yen)	2,824	24,000	6,700
	Operating profit margin (%)	16.0	46.4	13.7
	EPS (company forecast): YoY change (%)	8.9	7.2	11.8
Previous Fiscal Year's Full-Year Results: FY2025	Dividend on equity ratio (%)	9.2	4.9	5.9
Most Recent Results: Q1 FY2026	Equity ratio (%)	54.7	78.2	64.4
Past Growth Rates	Past 15 years' net sales growth rate (FY ended March 2025 ÷ FY ended March 2010)	276.8	298.3	245.0
	Past 15 years' operating profit growth rate (Same conditions as above)	354.4	337.6	537.8
Q1 FY2026 Results (Current Fiscal Year)	Net sales (millions of yen)	3,972	12,150	11,568
	Operating profit (millions of yen)	589	5,570	1,244
% Progress in Q1 FY2025 (Compared to Full-Year Plan)	Net sales (%)	22.5	23.5	23.6
	Operating profit (%)	20.9	23.2	18.6
% Change in Q1 FY2026 (YoY)	Net sales (%)	2.4	8.2	3.7
	Operating profit (%)	-15.8	7.5	-9.4

(Source) Prepared by Alpha-Win Research Department based on each company's financial results summary and stock price data.
(Notes)
・PRM stands for the Prime Market of the Tokyo Stock Exchange. Fiscal years are March-ending for each company.
・Market capitalization = Total issued shares × Market share price (closing price as of July 31, 2025)
・In the P/E calculations, the companies' forecast EPS for the current fiscal year (FY2026) was used.
・In the P/B calculations, the actual BPS for this fiscal year's Q1 was used.
・EV/EBITDA = (Market capitalization + Interest-bearing debt - Cash & deposits) / (Operating profit + Depreciation + Intangible fixed asset amortization, etc.)
・Interest-bearing debt and cash & deposits also reflect the results of this fiscal year's Q1.
・Operating profit is based on each company's forecast for this full fiscal year. Depreciation and intangible fixed asset amortization, etc., were estimated for the full fiscal year by Alpha-Win based on Q1 results.
・P/S ratio = Market capitalization / Net sales (based on the companies' forecasts for FY2026)

【9629 PCA Sector: Information & Communication】 Figure A

FY		Net Sales (Millions of yen)	YoY (%)	Operating Profit (Millions of yen)	YoY (%)	Ordinary Profit (Millions of yen)	YoY (%)	Net Profit (Millions of yen)	YoY (%)	EPS (Yen)	BPS (Yen)	Dividend (Yen)
2022	*A: Old Standard*	*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
2026	CE	17,689	8.9	2,824	7.1	2,865	6.6	1,897	9.0	94.61		95.00
2026	E	17,800	9.6	2,900	10.0	2,950	9.7	1,950	12.0	97.25	959.93	97.00
2027	E	19,800	11.2	3,360	15.9	3,410	15.6	2,310	18.5	115.20	978.13	115.00
2028	CE: Current Medium-Term Plan	22,000		4,000								
2028	E	21,500	8.6	3,870	15.2	3,920	15.0	2,650	14.7	132.16	995.29	132.00
2022	Q1: New Standard	3,328	19.3	975	109.4	987	109.4	614	125.4	30.75	810.96	—
2023	Q1: New Standard	2,954	-11.2	309	-68.3	315	-68.0	142	-76.8	7.13	830.18	—
2024	Q1: New Standard	3,387	14.7	428	38.5	436	38.4	266	86.9	13.33	867.22	—
2025	Q1: New Standard	3,879	14.5	700	63.6	708	62.3	455	71.0	22.75	876.67	—
2026	Q1: New Standard	3,972	2.4	589	-15.6	600	-15.2	348	-23.5	17.38	875.16	—

(Source) Prepared by Alpha-Win Research Dept.

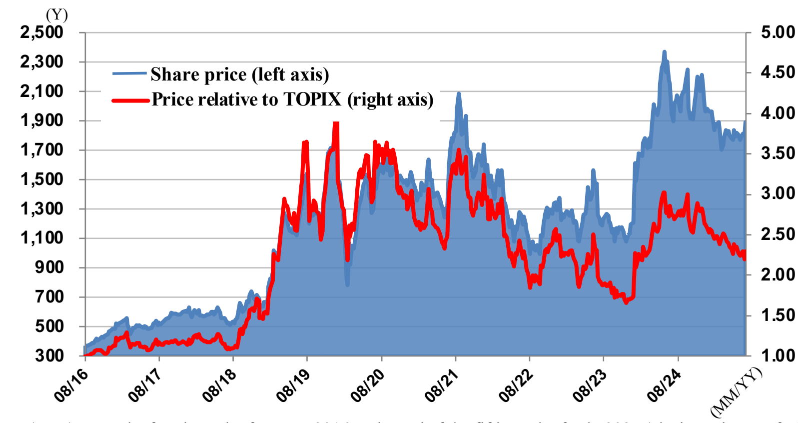
(Notes) CE: the Company's forecast/estimate. E: Alpha-Win's forecast/estimate. Q1: results for the period from April to June. EPS, BPS, and dividends are actual values that retrospectively reflect the 3-for-1 stock split conducted on October 1, 2021. "Old Standard" stands for the previous revenue-recognition standard and "New Standard" stands for the new revenue-recognition standard.

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

Item	7/31/2025	Item	P/E Ratio	P/B Ratio	Dividend Yield	Dividend Payout Ratio
Share Price (Yen)	1,870	Results for the Previous Fiscal Year	21.5	2.0	4.7%	100.2%
Total Issued Shares (Thousands of Shares)	22,000	Forecast for the Current Fiscal Year	19.2	1.9	5.2%	99.7%
Market Capitalization (Millions of Yen)	41,140	Forecast for the Next Fiscal Year	16.2	1.9	6.1%	99.8%
Dilutive Shares (Thousands of Shares)	0	Forecast for the Fiscal Year After the Next	14.1	1.9	7.1%	99.9%
Equity Ratio at the End of the Current Fiscal Year's Q1	54.7%	Dividend on Equity (DOE) Ratio at the End of the Prevoius Fiscal Year	9.2%	Previous Fiscal Year's ROE		9.2%

(Source) Prepared by Alpha-Win Research Dept. Forecasts were made by Alpha-Win.

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



【Performance】

Period	Return	Relative to TOPIX
1 month	3.8%	0.6%
3 months	1.9%	-8.4%
6 months	-4.8%	-10.4%
12 months	-8.8%	-14.1%

(Notes) Data reflects share price and index values through the closing price on July 31, 2025. Relative performance to TOPIX is calculated by subtracting TOPIX's performance from the Company's stock performance.

(Note) From the fourth week of August 2016 to the end of the fifth week of July 2025 (closing price as of 7/31)

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

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