

Alpha-Win Company Research Report

PCA
(9629 TSE Prime)

Issued: 12/16/2025

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

● Summary

Business Description

- PCA CORPORATION (hereafter, the “Company”) is an independent software manufacturer specializing in packaged enterprise system software. It is one of the leading specialized players 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 operations, with a focus on providing enterprise system software that realizes high levels of automation.

First-Half Results for the Current Fiscal Year

- In the first half of the current fiscal year (April–September 2025 of FY2026: note that the Company’s fiscal year is March-ending, i.e., FY2026 ends in March 2026), the Company posted net sales of 8,223 million yen (+4.2% year-on-year or YoY), operating profit of 1,211 million yen (–11.9% YoY), and profit attributable to owners of parent (“net profit”) of 759 million yen (–16.8% YoY). Although net sales increased, profits declined by double digits. The Company does not disclose its first-half forecast, but results appear to have fallen short of internal targets.
- Progress in the first half toward the Company’s full-year plan (revised forecast) was 46.9% for net sales, 47.6% for operating profit, and 46.0% for net profit. For each, progress was slower than the previous fiscal year, as well as the average of the past eight years.
- The Company discontinued sales of its on-premises products in March 2024 and has since been concentrating management resources on expanding its cloud and subscription services. All four sales categories excluding cloud services recorded lower sales, and the entire increase in first-half net sales came solely from the cloud services.
- In this first half, revenue per subscription in the subscription business declined due to a rising customer preference for lower-priced services. In addition, sales of maintenance service and implementation support service declined more than expected following the discontinuation of on-premises product sales. These factors contributed to the slowdown in the growth rate of net sales.
- The Company acquired Tyrell Systems Inc. in August 2025; however, its performance is not reflected in the first-half results (P&L).
- On the profit side, personnel and subcontracting costs increased significantly due to strengthened development, resulting in a decline in gross profit of 68 million yen (–1.3% YoY). Consequently, the gross profit margin fell by 3.5 percentage points from 65.7% to 62.2%.
- SG&A expenses increased by 95 million yen (+2.5% YoY) to 3,906 million yen, mainly due to higher personnel expenses. However, the rate of increase was lower than the net sales growth rate, and the SG&A expense ratio declined by 0.8 percentage point from 48.3% to 47.5%.
- As a result, the operating profit margin declined by 2.7 percentage points from 17.4% to 14.7%, leading to a double-digit decrease in operating profit.
- Regarding KPIs, the ARPU (Annual Average Revenue Per User or Per Subscription) for the subscription business declined due to the expansion of lower-priced services. However, the churn rate remained low at 0.25%, and the number of active subscriptions continued to grow strongly to 39,000 (+26% YoY). Consequently, the ARR (Annual Recurring Revenue, defined as Annual Subscription Revenue) increased steadily to 10.49 billion yen (+15% YoY).

Full-Year Forecast for the Current Fiscal Year

- Revenue per subscription has continued to decline, although this is in line with the Company’s strategic direction. In addition, the Company is increasing upfront investments to strengthen profitability for the next fiscal year and beyond. As a result, at the time of announcing its first-half results, the Company revised downward its full-year forecast for the current fiscal year (FY2026).
- The full-year forecast for net sales was revised slightly downward from the initial forecast of 17,689 million yen (+8.9% YoY) to 17,539 million yen (+8.0% YoY), a reduction of 149 million yen (–0.8% vs. the initial forecast). Net sales are still expected to reach a record high for the third consecutive fiscal year.

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- Operating profit was also revised downward from 2,824 million yen (+7.1% YoY) to 2,543 million yen (−3.6% YoY), a reduction of 280 million yen (−9.9% vs. the initial forecast). Net profit was revised from 1,897 million yen (+9.0% YoY) to 1,649 million yen (−5.3% YoY), a downward revision of 247 million yen (−13.0% vs. the initial forecast). Thus, the forecast has shifted from expecting profit growth to profit decline. However, the annual dividend forecast remains unchanged at 95 yen per share (+8 yen YoY).

Alpha-Win Research Department's Forecast

- Based on the Company's downward revision and recent conditions, the Alpha-Win Research Department ("Alpha-Win") has revised its forecast for the current fiscal year. While Alpha-Win had previously projected net sales and profit to slightly exceed the Company's plan, it has now lowered its forecasts to levels roughly in line with the Company's new forecast.
- Alpha-Win revised its full-year forecasts as follows: net sales from 17,800 million yen (+111 million yen or +0.6% vs. the Company's previous plan) to 17,600 million yen (+61 million yen or +0.3% vs. the Company's new plan); operating profit from 2,900 million yen (+76 million yen or +2.7% vs. the Company's previous plan) to 2,550 million yen (+7 million yen or +0.3% vs. the Company's new plan); and dividends from 97 yen per share (+2 yen vs. the Company's plan) to 95 yen per share (same as the Company's plan).
- These revisions reflect the decline in revenue per subscription in the subscription business, the larger-than-expected decrease in maintenance service's sales and other operating revenue, and the increase in upfront investment.
- Alpha-Win has also revised its forecasts for the next fiscal year (FY2027) and the following year (FY2028), lowering its projections for both net sales and profit. The revisions reflect expectations of a continued decline in revenue per subscription due to customers' preference for lower-priced options, leading to a slowdown in subscription revenue growth; ongoing upfront investments to strengthen service development; and continued declines in maintenance service sales driven by structural changes. Nonetheless, given the expectation of continued solid growth in cloud services and the anticipated earnings contributions from new services, Alpha-Win forecasts annual net sales growth of around 8–10%, double-digit profit growth, and dividend increases for both fiscal years (assuming the continuation of a 100% dividend payout ratio).
- Risks include higher-than-expected cost increases driven by inflation, deterioration in the macroeconomic environment leading to weaker corporate earnings and reduced appetite for IT investment, a further slowdown in subscription business growth, and delays in earnings contributions from acquired companies—Dreamhop and Tyrell Systems—as well as from new businesses.

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, and has been 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 laws and 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) and consolidated operating profit of 4.0 billion yen or more (consolidated operating profit margin of 18% or more).
- Compared with the revised forecast for the current fiscal year, the final-year performance targets are high. To achieve these targets, steady growth in the subscription business, the successful execution of new M&A, the establishment of a stable growth trajectory for new businesses alongside improved profitability, and profit-focused cost control—including upfront investments—will likely be essential.

Share Price and Characteristics

- 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.

- In the past, the Company's earnings and share price tended to exhibit heightened volatility before and after periods of event-driven high demand, especially for its products (on-premises). However, as the shift toward the subscription & maintenance business has progressed, the magnitude of this impact has been becoming smaller.
- Over the past approximately nine years, the Company's stock has significantly outperformed both the TOPIX and its industry peers. Since the announcement of the "Change in Dividend Policy" in January 2024, the share price has risen and shown relatively solid performance, supported by positive investor reception toward its proactive shareholder return measures.
- Following the announcement of first-half results, the share price temporarily declined in response to media reports of a downward revision. However, the high dividend yield has provided support, and the share price appears to be stabilizing. Over the past month or so, the stock has traded around the 1,800-yen level.
- The Company's forecast P/E ratio for the current fiscal year and its actual P/B ratio both exceed the averages of all stocks listed on the Prime Market of the Tokyo Stock Exchange (TSE). In contrast, its dividend yield is extremely high. Taking into account the P/E levels for the next fiscal year and beyond, the valuation appears relatively attractive.
- Given the stability, long-term viability, and profitability of the Company's subscription business—which serves as the 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.
- Looking ahead, the share price is expected to be driven by profit trends. 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 next fiscal year's forecast, the likelihood of achieving the numerical targets of the medium-term management plan, the success of new businesses (including future M&A), the sales growth rate of the cloud services, 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 achieve an ROE of 10% as early as possible and to turn the EVA spread positive. Until these targets are achieved, it plans to maintain a shareholder return policy of a 100% dividend payout ratio.
- Furthermore, the Company has stated that even after achieving 10% ROE, it will maintain its progressive dividend policy, indicating a strong commitment to shareholder returns.
- Although the Company has revised its forecast downward for the current fiscal year, it intends to maintain its initial plan of paying an annual dividend of 95 yen. The forecast dividend payout ratio is 115.5%, exceeding the target level. The forecast dividend yield for this fiscal year stands at a high 5.3% (ranking 33rd out of 1,610 TSE Prime Market companies; the top 2.0%), representing an attractive level.
- Over the medium term, in addition to dividend increases, further enhancement of shareholder returns—such as share buybacks, stock splits, and improvements to shareholder benefits—can be expected.

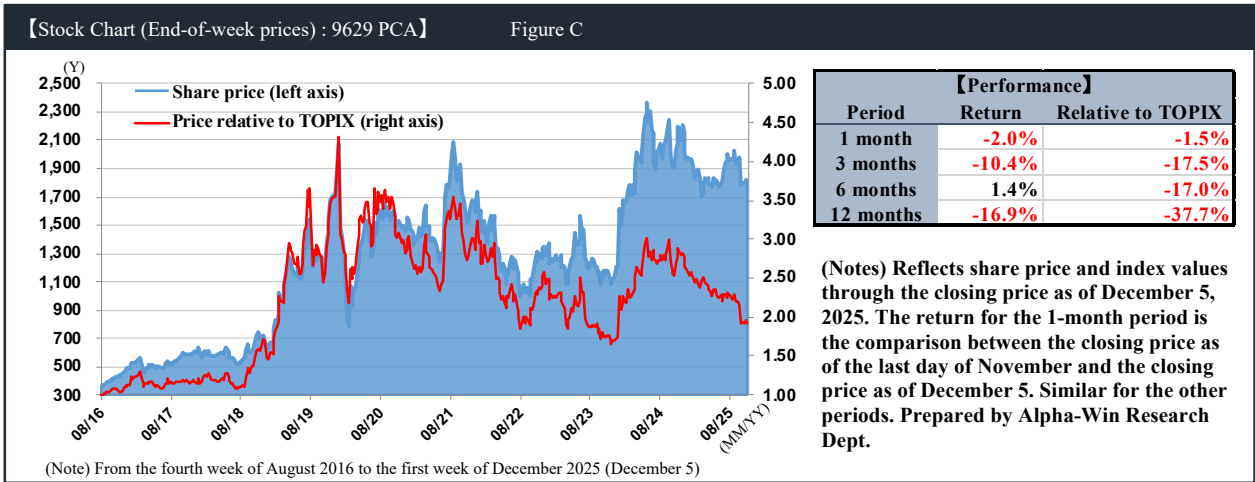
【 9629 PCA Sector: Information & Communication 】 Figure A												
FY		Net Sales (Millions of yen)	YoY (%)	Operating Profit (Millions of yen)	YoY (%)	Ordinary Profit (Millions of yen)	YoY (%)	Net Profit (Millions of yen)	YoY (%)	EPS (Yen)	BPS (Yen)	Dividend (Yen)
2021	A: Old Standard	13,308	-6.7	2,314	-16.8	2,340	-16.7	1,668	-8.1	83.50	791.64	11.33
2022	A: Old Standard	15,142	13.8	2,516	8.7	2,542	8.6					
2022	A: New Standard (Same applies to the rest)	13,382	0.6	2,655	14.7	2,697	15.2	2,367	41.9	118.36	847.14	24.00
2023	A	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	17,539	8.0	2,543	-3.6	2,530	-5.9	1,649	-5.3	82.26		95.00
2026	Previous CE	17,689	8.9	2,824	7.1	2,865	6.6	1,897	9.0	94.61		95.00
2026	New E	17,600	8.4	2,550	-3.3	2,530	-5.9	1,650	-5.2	82.29	944.97	95.00
2026	Previous E	17,800	9.6	2,900	10.0	2,950	9.7	1,950	12.0	97.25	959.93	97.00
2027	New E	19,000	8.0	2,850	11.8	2,900	14.6	1,980	20.0	98.74	948.71	99.00
2027	Previous 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	New E	21,000	10.5	3,750	31.6	3,800	31.0	2,580	30.3	128.67	978.38	129.00
2028	Previous E	21,500	8.6	3,870	15.2	3,920	15.0	2,650	14.7	132.16	995.29	132.00
2025	Q1	3,879	14.5	700	63.6	708	62.3	455	71.0	22.75	876.67	0.00
2026	Q1	3,972	2.4	589	-15.8	600	-15.2	348	-23.5	17.38	875.16	0.00
2025	Q2	4,016	8.9	675	18.4	700	18.6	458	16.2	22.84	-	0.00
2026	Q2	4,251	5.9	622	-7.9	606	-13.4	411	-10.3	20.52	-	0.00
2025	First Half	7,895	11.6	1,375	37.7	1,408	37.2	913	38.4	45.59	922.62	0.00
2026	First Half	8,223	4.2	1,211	-11.9	1,206	-14.3	759	-16.8	37.90	895.61	0.00
2025	Second Half	8,342	8.4	1,262	-25.1	1,280	-25.4	828	-21.9	41.27	-	87.00
2026	Second Half: CE	9,316	11.7	1,332	5.5	1,324	3.4	890	7.5	44.36	-	95.00

(Notes on Figure A) A: actual result. CE: the Company’s estimate/forecast. E: Alpha-Win Research Dept.’s estimate/forecast. New E: Alpha-Win’s current, new forecast. Past years’ figures 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.

【 Share Price and Valuation Indicators: 9629 PCA 】 Figure B						
Item	12/5/2025	Item	P/E Ratio	P/B Ratio	Dividend Yield	Dividend Payout Ratio
Share Price (Yen)	1,791	Results for the Previous Fiscal Year	20.6	1.9	4.9%	13.6%
Total Issued Shares (Thousands of Shares)	22,000	Forecast for the Current Fiscal Year	21.8	1.9	5.3%	115.5%
Market Capitalization (Millions of Yen)	39,402	Forecast for the Next Fiscal Year	18.1	1.9	5.5%	100.3%
Dilutive Shares (Thousands of Shares)	0	Forecast for the Fiscal Year After the Next	13.9	1.8	7.2%	100.3%
Equity Ratio for the Current Fiscal Year's First Half	54.3%	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.



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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.

- ◆ A leading specialized player in the enterprise system software industry, with 45 years of history. Develops and provides enterprise system software for Japanese SMEs.

(1) Enterprise systems: Mission-critical systems within a company's information infrastructure that handle key operational functions directly tied to business activities—such as financial accounting, production management, sales and inventory management, purchasing, and payroll and HR. They are collectively referred to as back-office applications. High levels of reliability, efficiency, stability, usability, security, scalability, and proven performance are required.

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

(2) Work management systems: Also called attendance management systems, these systems manage/utilize various data on working hours. They enable automatic aggregation of data such as working hours and integration with payroll software.

(3) PCA AWARD: Awarded to official partners that have achieved outstanding results in PCA's partner business.

- ◆ Sales are categorized into five categories.

1. Company Overview and Financial Performance Trends

◆ Business Description and Business Foundation

PCA CORPORATION (hereafter, the "Company") is a leading specialized provider of enterprise system software. Founded in 1980, it has 45 years of history. The Company is independent and is currently listed on the Prime Market of the Tokyo Stock Exchange (TSE).

The Company specializes in developing and providing cloud-based packaged software (software prepared for use in certain operations) for enterprise systems¹ and work management systems². Its customers are primarily sole proprietors, microbusinesses (including SOHOs), and 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 70-80% of the Company's net sales are through distributors, with the remaining coming from direct sales. Its customer base is well diversified. In terms of sales value, many of its top customers are large enterprises.

Its largest customer has been Ricoh Co., Ltd. (listed on the TSE 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 2024³. 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.

◆ Sales Composition

The Company discloses its sales in five categories: cloud services, maintenance service, products, merchandise, and other operating revenue (also referred to as "solutions and others") (Figure 1). Profit and loss by segment are not disclosed.

【Figure 1】 Sales Classification (by Category)

Sales Classification by Category	Description	FY2026 First Half (Results)		
		Sales (Millions of yen)	% of Total Net Sales	Est. Gross Profit Margin
Cloud Services	Cloud-based subscription services for software use (PCA Cloud, PCA Subscription, PCA Hub, and Xronos Cloud)	5,184	63.0	Around 70%
Maintenance Service	By signing up to PSS membership, customers can gain access to inquiry and support services through call centers	1,633	19.9	Around 70%
Products	Sales of original packaged software (such as Xronos's work management software)	282	3.4	Around 50%
Merchandise	Sales of third-party products such as business forms	194	2.4	Around 30%
Other Operating Revenue	Sales of third-party products such as software/hardware combined with original products; also called "solutions and others"	928	11.3	Around 30%
Total		8,223	100.0	Result: 62.2%
Reference		Estimated weighted average: 62.3%		

(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.

- ◆ More than 80% of net sales come from originally developed services.

Cloud and maintenance services constitute the Company's subscription & maintenance business, which is characterized by a recurring-revenue model. Combined sales of these two categories, defined by the Company as subscription & maintenance revenue, accounted for 82.9% of total net sales in the first half of FY2026.

- ◆ The Company's main business is a subscription-based, recurring-revenue model characterized by high entry barriers, high contribution margin ratios, and strong renewal rates.
- ◆ Cloud services are the growth driver.
- ◆ The Company's earnings have experienced a V-shaped recovery and are now on a sustained growth trajectory, with net sales continuously reaching new record highs. Ordinary profit peaked in FY2020, when the Company benefited from event-driven high demand.
- ◆ In recent years, the Company has frequently exceeded its initial full-year forecasts for both net sales and profit.

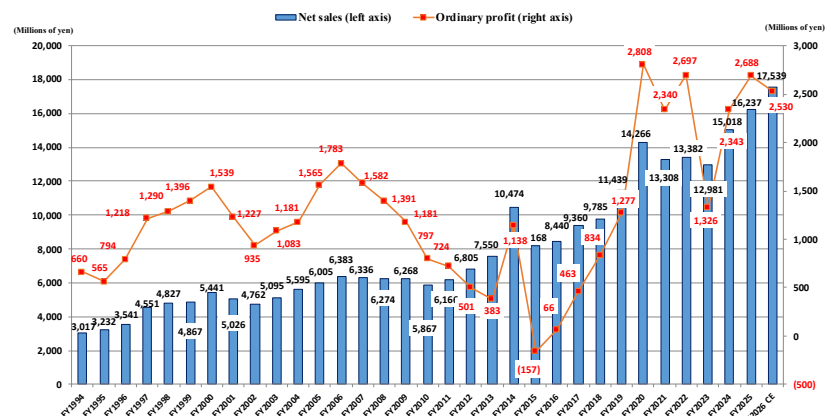
Cloud and maintenance services have high entry barriers, contribution margin ratios, profit margins, and renewal rates, making them stable profit sources that underpin the Company's operations. In recent years, cloud services in particular have grown significantly and have become a major driver of growth in both net sales and profit.

Historically, the Company's mainstay was the products category (on-premises software), which caused fluctuations in earnings before and after periods of event-driven high demand. However, with the termination of on-premises product sales in March 2024 and the reallocation of resources toward cloud and subscription services, earnings volatility has been declining. In addition, the Company plans to end maintenance (program updates) for its on-premises products in September 2028 and to discontinue all support in March 2029 (five years after discontinuation of sales).

◆ Historical Trends in Financial Performance

Since its founding in 1980, the Company has expanded its business as a specialized developer and provider of enterprise system software and related services. As shown in Figure 2, its long-term performance has undergone a V-shaped recovery and is now on a trajectory of sustained growth in both net sales and profit. For the current fiscal year, the Company plans to achieve a new record high in net sales. Alpha-Win also compared the Company's initial forecasts with actual results over the past 20+ years (Figure 3). While the Company previously tended to fall short of its plans for both net sales and profit, in recent years the opposite has been true, with actual results exceeding initial forecasts in many fiscal years.

【Figure 2】 Long-Term Trends in Financial Performance



(Source) Figures 2 and 3: Prepared by Alpha-Win Research Dept. based on the financial results summary.

(Note) CE: the Company's estimate/forecast.

【Figure 3】 Chronological Comparison of the Company's Initial Forecasts and Actual Results

Consolidated	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent ("net profit")		Net Sales	Operating Profit	Ordinary Profit	Net Profit	Net Sales	Operating Profit	Ordinary Profit	Net Profit	
Unit: million yen	Initial forecast	Result	Initial forecast	Result	Initial forecast	Result	Initial forecast	Result									
FY2001	-	5,026	-	1,224	-	1,227	-	695	-	-	-	-	-	-	-	-	
FY2002	5,634	4,762	-	925	1,215	935	-	533	-15.8%	-	-23.8%	-	-	-5.3%	-24.4%	-23.3%	
FY2003	5,104	5,095	-	1,073	1,015	1,083	589	576	-0.2%	-	6.7%	-2.2%	7.0%	16.0%	15.8%	8.1%	
FY2004	5,521	5,595	-	1,170	1,125	1,181	653	682	1.3%	-	5.0%	4.4%	9.8%	9.0%	18.4%	18.4%	
FY2005	6,096	6,005	-	1,551	1,293	1,565	769	915	-1.5%	-	21.0%	19.0%	7.3%	32.6%	32.5%	34.2%	
FY2006	6,870	6,383	-	1,747	1,780	1,783	1,059	327	-7.1%	-	0.2%	-69.1%	6.3%	12.6%	13.9%	-64.3%	
FY2007	6,660	6,336	-	1,533	1,530	1,582	922	852	-7.6%	-	2.1%	-7.6%	-0.7%	-12.2%	-11.2%	160.6%	
FY2008	6,790	6,274	1,321	1,325	1,365	1,391	912	644	-7.6%	0.3%	1.9%	-20.7%	-1.0%	-13.6%	-12.1%	-24.4%	
FY2009	6,800	6,268	1,294	1,117	1,360	1,181	809	680	-7.8%	-13.7%	-13.2%	-15.9%	-0.1%	-15.7%	-15.1%	5.6%	
FY2010	6,500	5,867	1,141	744	1,200	797	714	436	-9.7%	-34.8%	-33.6%	-38.9%	-6.4%	-33.4%	-32.5%	-35.9%	
FY2011	5,908	6,166	878	686	927	724	519	411	4.4%	-21.9%	-20.8%	-20.8%	5.1%	-7.8%	-9.3%	5.6%	
FY2012	6,305	6,805	806	468	835	501	381	75	4.6%	-41.9%	-40.0%	-41.9%	10.4%	-31.8%	-30.7%	-81.7%	
FY2013	7,025	7,550	56	354	84	383	29	181	7.5%	532.1%	356.0%	532.1%	10.9%	-24.3%	-23.4%	140.5%	
FY2014	8,641	10,474	284	1,110	311	1,138	141	604	21.2%	290.8%	265.9%	328.4%	38.7%	213.1%	196.6%	232.7%	
FY2015	9,198	8,168	453	-179	483	-157	283	-207	-11.2%	Downward revision	Downward revision	Downward revision	-22.0%	To loss	To loss	To loss	
FY2016	8,880	8,440	242	40	272	66	131	-93	-5.0%	-83.5%	-75.7%	Downward revision	3.3%	To profit	To profit	To profit	
FY2017	9,731	9,360	165	432	187	463	51	160	-3.8%	161.8%	147.6%	213.7%	10.9%	957.9%	593.6%	105.5%	
FY2018	9,875	9,785	645	807	669	834	425	441	0.9%	25.1%	24.7%	3.8%	4.5%	86.8%	79.9%	174.1%	
FY2019	10,486	11,439	825	1,248	842	1,277	588	906	9.1%	51.3%	51.7%	54.1%	16.9%	54.0%	53.0%	105.5%	
FY2020	12,783	14,266	1,478	2,781	1,499	2,808	976	1,816	11.6%	88.2%	87.3%	86.1%	24.7%	122.8%	119.9%	100.4%	
FY2021	13,280	13,308	2,054	2,314	2,055	2,340	1,358	1,668	0.2%	13.8%	13.9%	22.8%	-6.7%	-16.8%	-16.7%	-8.1%	
FY2022	12,447	13,382	1,866	2,655	1,899	2,697	1,192	2,367	7.5%	42.3%	42.8%	42.0%	98.6%	0.6%	14.7%	15.2%	41.9%
FY2023	12,927	12,981	1,700	1,288	1,732	1,326	639	883	0.4%	17.1%	17.1%	38.2%	-3.0%	-51.5%	-50.8%	-62.7%	
FY2024	14,700	15,018	1,445	2,309	1,478	2,343	925	1,611	2.2%	59.8%	58.5%	74.2%	15.7%	79.2%	76.6%	82.5%	
FY2025	16,507	16,237	2,357	2,637	2,391	2,688	1,656	1,741	-1.6%	11.9%	12.4%	5.1%	8.1%	14.2%	14.7%	8.0%	
FY2026 CE	17,539	-	2,543	-	2,530	-	1,649	-	-	-	-	-	8.6%	-14.6%	-5.4%	-5.3%	
Reference: Simple average of the differences (in %), calculated based on the longest period with data available for both net sales & profits (excluding periods with loss and this FY) ⇒										-0.4%	64.6%	39.4%	57.9%	5.6%	62.8%	45.2%	38.9%
Green highlight: Record high	Pink highlight: 2nd highest record	Yellow highlight: 3rd highest record	⇒All excluding this FY's forecast		Number of times revised upward/downward from initial forecast (unit: # of times)⇒		11:13		12:6		17:7		13:10		↑ Reference: Simple average of all periods (excluding this FY)		

- ◆ The PCA Group is composed of the Company and 5 subsidiaries. The Group is expanding business, with the acquisition of Dreamhop in 2020 and Tyrell Systems in August 2025. Also established Iidabashi Cross Partners in March 2025.

◆ Overview of Group Companies

As of the end of November 2025, the PCA Group consisted of a total of six companies: the Company and the five consolidated subsidiaries described below (Figure 4). The Group's total number of employees is 694 (as of the end of the previous fiscal year).

1. **Xronos Inc.** – Develops and sells work management systems. The Company holds a 92% stake; the 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 wholly owned by the Company.
5. **Tyrell Systems Inc.** – System development business established in 2021; wholly acquired by the Company at the end of September 2025. Consolidated (reflected in P&L) starting in October 2025. For details, see page 5 of the report issued on August 6, 2025.

【Figure 4】 Overview of the Five Consolidated Subsidiaries

Company Name	1. KEC Corporation	2. Xronos Inc.	3. Dreamhop Co., Ltd.	4. Iidabashi Cross Partners Inc.	5. Tyrell Systems Inc.
Head Office Location	Fujimi, Chiyoda-ku, Tokyo (PCA Building)	Kanda Neribeicho, Chiyoda-ku, Tokyo	Iidabashi, Chiyoda-ku, Tokyo	Iidabashi, Chiyoda-ku, Tokyo	Bunkyo-ku, Bongo, 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 2 cities of Osaka and Yokohama	Head office only	Malaysia subsidiary
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 system sales terminated on June 30, 2024) and time checks, as well as the provision of maintenance services	HR/Labor 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 physician 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)	Managing a CVC fund, supporting startups, fostering collaboration with startups, and driving business development aligned with these activities Investment Approach: Building long-term partnerships Investment Theme: Pursuit of a sustainable business environment Direction and Areas of Support: Growth support and funding; business co-creation and collaboration support; community building support; marketing and sales support; internal management support; and technology backup support	Various services and business development initiatives that leverage IT (including joint ventures); Internet-related development services (systems, design, and infrastructure); provision of various solutions based on the above track record; content creation including illustrations
Customer	More than 29,000 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 (end of June 2025) • Number of companies using Xronos Performance: 9,285 (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 (Aug. 2025) Xrnet • 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 Xrnet: 4,486 (6/7/2023) → 4,938 (12/6/2023) → 5,100 (2/6/2024) (As of Nov. 15, 2021 → May 9, 2022 → June 7, 2023 → Dec. 6, 2023 → 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 PCA Corporation; Ministry of Health, Labour and Welfare; Ministry of the Environment; Ministry of Land, Infrastructure, Transport and Tourism; Tokyo Metropolitan Government; Kanagawa Prefecture; Saitama Prefecture; Chiba Prefecture; City of Yokohama; Osaka City; City of Sapporo; various other government organizations and companies of the private sector. Used by companies and organizations of a scale of 10 to 100,000 people.	Fund investor	Many general corporations such as Nitta, Marumori, and Asimex, as well as health insurance associations, research institutes, and post offices.
Date of Establishment	April 1988	May 2011 (Business acquisition)	October 2020 (Date of acquisition; founded in June 2005)	March 2025	November 2001
Capital (Million of yen)	18	40	123 (Capital increased from 96.5 million yen)	29	18
PCA's Stake	100%	92%	100%	100%	100%
Number of Employees (As of the end of March 2025)	42	123	15	Several	22 (as of the end of June 2024)
Sales (For the most recent period)	Not disclosed	3,436 million yen (Fiscal year ended Mar. 2025; information on its website; -23% YoY sales growth)	Not disclosed	N/A	416 million yen (Fiscal year ended June 2024; -8.7% YoY)
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	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	-	Maintenance service and solutions
Website (URL)	https://www.kec.co.jp/en/	https://www.xronos.co.jp/en/	https://www.dreamhop.com/	http://icp-cvc.jp/	https://www.tyrell.co.jp/en/
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 into areas such as the construction industry. The company has solid business performance among the consolidated subsidiaries. Profitability seems high (Alpha-Win estimates net profit to be several hundred million yen). It is working on shifting to cloud services, strengthening related services, and acquiring new customers.	The company is strengthening projects for the private sector through collaboration with PCA. It has also started providing group analysis and consulting services for stress checks and is expanding business into areas with added value. It is currently rolling out new services such as the Psychological Correlation Diagram (for workplace environment improvement), Human (training and education), M&T (consultation desk service), and Bio-Q (biomarker analysis and prediction). However, the company still seems to be posting a net loss due to upfront investments.	The ICP-1 Investment Limited Partnership (ICP stands 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.	Provides service planning and consulting, service development and operation, digital marketing, and support for the global expansion of customers' services and media—primarily across Asia and English-speaking regions including the United States.

(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.

- ◆ The ratio of consolidated to parent-company net sales has been stable at around 1.1 to 1.3.
- ◆ The ratio of consolidated to parent-company ordinary profit has ranged from 1.0 to 1.6 during periods that the Company was profitable.
- ◆ The combined ordinary profit of the consolidated subsidiaries (consolidated minus parent company) has been a surplus and is expected to increase this fiscal year as well.

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, the ratio of consolidated to parent-company ordinary profit has ranged from 1.0 to 1.6. Based on the revised forecast for the current fiscal year, the ratio of consolidated to parent-company ordinary profit is 1.3.

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 623 million yen in FY2026 (rose from an initial forecast of 519 million yen). Among the subsidiaries, Xronos is presumed to be making a significant contribution to overall performance, supported by the ongoing work-style reform and the market transition to cloud services, as well as the strong performance of its work management systems.

- ◆ Xronos's sales have been growing and contributing to the Company's consolidated performance.
- ◆ Dreamhop is currently implementing management improvement measures.
- ◆ Through the acquisition of Tyrell Systems, the Company aims to accelerate development speed and generate synergies.
- ◆ The Company plans to invest in promising startups via its venture capital fund, with the objective of creating new business opportunities and generating synergies.

- ◆ Firm financial standing. Rich in cash. Debt-less management. Cash and deposits exceed annual net sales.

- ◆ Free cash flow has generally been positive, and cash and deposits had been increasing, although the balance has declined somewhat from its previous level.

- ◆ Free cash flow for the first half of the current fiscal year was negative.

- ◆ Sound financial ratios.

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), 2.80 billion yen in FY2024 (+11% YoY), and 3.44 billion yen in FY2025 (+23% YoY), according to Xronos's website. Although Xronos's profit is not disclosed, it has most likely been posting a profit, along with KEC, and contributing to consolidated profits.

On the other hand, Dreamhop appears to be continuing to post losses and is currently implementing management improvement measures.

Although no performance figures have been disclosed for Tyrell Systems following the acquisition, the Company expects the acquisition to generate synergies and enhance the Group's development speed. (Reference: Tyrell Systems' results for the fiscal year ended June 2024 — net sales: 416 million yen; operating profit: 3 million yen; net profit: 1 million yen.)

In March 2025, the Company established Iidabashi Cross Partners Inc. ("ICP"). ICP is a wholly owned subsidiary responsible for managing a corporate venture capital (CVC) fund. ICP will invest in promising startups through the CVC fund while also providing support to startups and fostering collaboration with them. As the business has only recently begun operations, further developments are anticipated going forward.

◆ Financial Position and Cash Flow

The Company has a solid financial standing and is a debt-free, cash-rich company. Compared to its net sales of 17.5 billion yen (this fiscal year's plan) and total assets of 33.1 billion yen, it holds 19.3 billion yen in cash and deposits, which is equivalent to 58% of total assets and approximately 13 months' worth of average monthly net sales (values as of the end of September 2025). In addition, it holds approximately 3.4 billion yen in securities, which are primarily corporate bonds and listed stocks.

Free cash flow (FCF) has generally remained positive, and cash and deposits on the balance sheet have generally been on an upward trend. However, due to upfront investments and the enhancement of shareholder returns, the balance has declined somewhat from its previous level (Figure 5).

This is primarily due to the larger negative cash flow from financing activities, caused by the sharp rise in the amount of dividend payments in line with the Company's policy of maintaining a 100% dividend payout ratio.

In the first half of the current fiscal year, FCF turned negative due to higher corporate income tax payments and more active investment activity.

The equity ratio stands at 54.3%. Although the current ratio declined from 188.6% at the end of the previous fiscal year to 182.0% at the end of this first half—reflecting the decrease in cash and deposits—the Company's financial position remains sound and stable.

【Figure 5】 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	FY2025 First Half	FY2026 First Half
Operating CF ①	627	488	141	847	1,048	547	1,427	1,533	1,270	2,141	3,328	1,632	3,684	2,641	3,456	2,853	1,395	116
Investing CF ②	-405	-127	185	-407	-750	-606	-627	-395	1,715	-80	-719	253	708	-308	112	-265	-498	-1,880
Financing CF	-207	-210	-205	-215	-216	-284	-214	-215	-216	-572	-225	-355	-254	-606	-457	-1,685	-1,654	-1,825
FCF (①-②)	222	361	326	440	299	-60	800	1,137	2,985	2,061	2,609	1,885	4,392	2,333	3,568	2,588	897	-1,764
Cash and Deposits (on Balance Sheet)	6,817	5,970	5,493	6,621	6,606	6,154	6,612	7,487	7,269	7,280	10,716	11,749	16,090	17,819	20,934	21,838	20,178	19,250

(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.

2. Shareholder Composition

◆ Major Shareholder Composition

Major shareholders as of the end of September 2025 are shown in Figure 6. Compared with the end of March 2025, there were no significant changes in the lineup of substantive top shareholders.

- ◆ Major shareholders continue to hold their shares.
- ◆ The Master Trust Bank of Japan increased its holdings and is now the second-largest shareholder.
- ◆ The Hikari Tsushin Group is the fifth-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.
- ◆ Invested by index funds.

- The Master Trust Bank of Japan increased its holdings from 1,233 thousand shares at the end of March to 1,626 thousand shares (+393 thousand shares), rising in rank from third to second. It now holds 8.11% of the total number of shares outstanding excluding treasury shares (the same basis applies hereafter).

- Hikari Tsushin (TSE Prime: 9435) became the sixth-largest shareholder in March 2025 (holding 391 thousand shares, or 1.95%), but by September, it was replaced by Hikari Tsushin KK Investment Business LLP as the fifth-largest shareholder (holding 448 thousand shares, or 2.24%). The name “Hikari Tsushin” itself no longer appears on the major shareholders list. While the investment purpose is unknown, Hikari Tsushin is known to make pure investments in at least 450 domestic stocks.

- INTERACTIVE BROKERS LLC increased its holdings from 334 thousand shares to 389 thousand shares, although it remained the ninth-largest shareholder (its ownership ratio rising from 1.67% to 1.94%). Its ultimate investors are unknown. Meanwhile, JP MORGAN CHASE BANK reduced its holdings by 31 thousand shares but continues to be the third-largest shareholder, holding 6.83%.

- 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 of the founder Masao Kawashima). Its holdings remain 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 seventh-largest shareholder is the Employee Stock Ownership Plan, and its shareholding has slightly increased.

Among domestic investment trusts, the Company's shares are incorporated primarily in index funds.

[Figure 6] Current Major Shareholders

(Note: “Sep. 2025 - Mar. 2025” in the far-right column is the change in the number of shares held during the period; shown as “—” when the number of shares held at the end of March 2025 is unknown.)

Unit: Thousands of shares for the number of shares held and % for the ratios	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	End of Sep. 2025	Shareholding Ratio	Ranking	Change (Sep. 2025 - Mar. 2025)
Kawashima Co., Ltd.	—	—	8,805	8,805	8,208	8,205	8,208	8,208	8,208	8,207	8,208	8,207	40.93	1	-1
PCA CORPORATION (treasury shares)	2,544	2,544	2,544	2,544	3,148	3,136	3,101	3,101	2,891	1,967	1,949	1,949	8.85	—	—
The Master Trust Bank of Japan, Ltd. (trust account)	—	—	—	—	—	—	284	1,137	940	1,081	1,233	1,626	8.11	2	393
JP MORGAN CHASE BANK 385632	—	—	—	—	—	—	1,014	1,399	1,399	1,398	1,399	1,368	6.83	3	-31
OBIC Business Consultants Co., Ltd.	762	762	762	762	762	762	762	762	762	762	762	762	3.80	4	-0
Hikari Tsushin KK Investment Business LLP	—	—	—	—	—	—	—	—	—	—	—	448	2.24	5	—
STATE STREET BANK AND TRUST COMPANY 505001	732	747	798	798	521	—	—	—	—	379	—	—	2.13	6	—
PCA Employee Stock Ownership Plan	330	357	381	381	406	300	337	349	392	412	405	424	2.12	7	19
Centody Bank of Japan, Ltd. (trust account)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INTERACTIVE BROKERS LLC	—	—	—	—	—	—	—	—	—	—	—	334	1.67	8	—
Logic System Co., Ltd.	342	342	342	342	342	342	342	342	342	342	342	342	1.71	9	0
HIKARI TSUSHIN, INC.	—	—	—	—	—	—	—	—	—	—	—	391	—	—	—
THE BANK OF NEW YORK MELLON 140044	—	—	—	—	—	—	—	—	—	—	—	297	—	—	—
Nagoya PCA Co., Ltd.	—	300	300	300	300	300	300	300	300	300	300	300	—	—	—
FCP SEKTANT AUTOUR DU MOUDE	—	—	—	—	—	—	—	377	450	300	—	—	—	—	—
INSP CLIENT SECURITIES	—	—	—	—	—	885	886	886	886	—	—	—	—	—	—
APPLIED SYSTEM LABORATORY Inc.	—	—	258	258	—	258	—	260	260	—	—	—	—	—	—
GOLDMAN SACHS INTERNATIONAL	—	—	—	—	909	—	—	—	—	—	—	—	—	—	—
BNY GCM CLIENT ACCOUNT FRO AC (ING (F&C))	—	—	—	—	—	—	465	—	—	—	—	—	—	—	—
JPMBI RE MONTEUR INTERNATIONAL PLC 1 COLLEQUITY	—	—	—	—	—	—	359	—	—	—	—	—	—	—	—
JP MORGAN LUXEMBOURG S.A. 1300000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
MSCO CUSTOMER SECURITIES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Credit Suisse Securities	—	—	—	—	—	—	1,416	—	—	—	—	—	—	—	—
Japan Trustee Services Bank, Ltd. (trust account)	—	—	—	—	—	—	267	—	—	—	—	—	—	—	—
SSBIC CLIENT OMNIBUS ACCOUNT	—	—	—	—	—	—	261	—	—	—	—	—	—	—	—
Mizuho Bank Ltd.	363	363	363	363	363	—	—	—	—	—	—	—	—	—	—
BNY M&A/NY FOR BNYM FOR BNY GCM CLIENT ACCOUNT M&LSB	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shigefumi Wada (individual)	543	543	543	453	335	—	—	—	—	—	—	—	—	—	—
KBL EPBSA 107784	—	—	—	270	282	—	—	—	—	—	—	—	—	—	—
Reiko Sato (individual): Heir to the founder Masao Kawashima	4,401	4,401	—	—	—	—	—	—	—	—	—	—	—	—	—
Tomohiko Kumamoto (individual): Heir to the founder Masao Kawashima	4,401	4,401	—	—	—	—	—	—	—	—	—	—	—	—	—
Hiroko Wada (individual)	1,074	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ratio (%) of treasury shares to total issued shares	11.0	11.0	11.1	11.0	13.6	13.4	13.4	13.4	13.4	9.4	8.94	8.85	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.

3. 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 number of SMEs, or the Company's main potential customers, has been on a declining trend due to closures 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) (no data disclosed thereafter). In recent years, rising labor costs, inflation, and labor shortages appear to have accelerated this downward trend through closures, bankruptcies, and M&A.

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

On the other hand, companies and organizations have been aiming to rebuild or strengthen their enterprise systems, as they have been experiencing an increasingly serious labor shortage and facing the need 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

- ◆ Planned software investment by SMEs and mid-tier companies is expected to recover significantly in FY2025, with a double-digit rate.

In the Bank of Japan's September 2025 Tankan survey, software investment by SMEs (all industries; the same basis hereafter) for FY2024 (actual) was revised downward, declining by 6.4% YoY (with manufacturing at +0.3% and non-manufacturing at −8.5%).

In contrast, SMEs' planned software investment for FY2025 shows a substantial increase of 28.1% (an upward revision of 5.3 percentage points from the previous survey). Manufacturing is expected to grow sharply at 42.8%, and non-manufacturing at 22.9%, indicating strong investment momentum for both. A similar trend is observed among mid-tier companies: for all industries, software investment declined by 4.8% in FY2024 (actual) but is planned to rise by 14.6% in FY2025.

- ◆ Business sentiment is positive but flat.

Regarding business sentiment among SMEs ("favorable" minus "unfavorable," in percentage points), the "current conditions" index was +10 in the June 2025 survey and +9 in September 2025. Meanwhile, the "outlook" index remains slightly more cautious, staying at +5.

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

As for sales and profit, SMEs' actual year-on-year sales growth rate for FY2024 was 4.0%, while the FY2025 plan stands at 0.4%. Similarly, ordinary profit increased by 9.9% in FY2024 but is forecast to decline by 8.5% in FY2025. These results indicate concerns over declining sales growth rates and a worsening earnings environment. Since IT investment tends to correlate with earnings trends, these developments warrant close monitoring.

- ◆ Labor shortage persists.

Regarding employment conditions ("excessive" minus "insufficient," in percentage points), the September 2025 survey shows that across all company sizes and industries, the index was −36 for "current conditions" and −40 for "outlook," indicating that the labor environment remains tight—particularly for SMEs.

4. First-Half Results and Full-Year/Second-Half Forecast for the Current Fiscal Year

◆ FY2026 First-Half Results

Overview

- ◆ First-half results showed higher net sales but lower profit.

For the first half of FY2026, the Company reported consolidated results of 8,223 million yen in net sales (+4.2% YoY), 1,211 million yen in operating profit (−11.9% YoY), 1,206 million yen in ordinary profit (−14.3% YoY), and 759 million yen in profit attributable to owners of parent (−16.8% YoY; hereafter, “net profit”). While net sales increased, profits declined by double digits (Figure 7).

【Figure 7】 First-Half Results for FY2026 (YoY Changes)(Unit: million yen or %)

Results	First-Half Results					% Progress in the First Half toward the Full-Year Plan	
	FY2025 First Half	FY2026 First Half	% Change	Change in Amount	% of Total	FY2025 First Half	FY2026 First Half
Unit: million yen	Apr–Sep 2024	Apr–Sep 2025	YoY: % or percentage point	YoY: million yen	%	Apr–Sep 2024	Apr–Sep 2025
Consolidated Net Sales	7,895	8,223	4.2	328	100.0	48.6	46.9
Sales by Category	Cloud Services	4,509	5,184	15.0	675	63.0	48.1
	Maintenance Service	1,906	1,633	-14.3	-273	19.9	51.3
	Products	299	282	-5.6	-17	3.4	50.2
	Merchandise	215	194	-9.5	-21	2.4	41.2
	Other Operating Revenue	967	928	-3.9	-39	11.3	47.8
Gross Profit	5,186	5,118	-1.3	-68		50.7	48.0
	Gross Profit Margin (%)	65.7	62.2	-3.4		2.7	-0.8
SG&A Expenses	3,811	3,906	2.5	95		50.2	48.1
	SG&A Expense Ratio (%)	48.3	47.5	-0.8		1.5	0.7
Operating Profit	1,375	1,211	-11.9	-163		52.1	47.6
	Operating Profit Margin (%)	17.4	14.7	-2.7		1.2	-1.5
Ordinary Profit	1,408	1,206	-14.3	-201		52.4	47.7
	Ordinary Profit Margin (%)	17.8	14.7	-3.2		1.3	-1.9
Net Profit	913	759	-16.9	-153		52.4	46.0
	Net Profit Margin (%)	11.6	9.2	-2.3		0.8	-1.5

(Source) Prepared by Alpha-Win Research Dept. based on the financial results summary. The progress for the first half of the current fiscal year is measured against the Company’s revised plan.

- ◆ Progress toward the full-year plan was somewhat weak, and the Company appears to have fallen short of its internal targets for both net sales and profits.

First-Half Progress toward the Full-Year Plan

The Company does not disclose forecasts for first-half results. However, given the low progress toward the initial full-year plan and the subsequent downward revision of the full-year forecast, Alpha-Win estimates that both net sales and profit fell short of the Company’s internal targets.

Based on the initial full-year plan, first-half progress was 46.5% for net sales, 42.9% for operating profit, and 40.0% for net profit. Even after the downward revision, progress was 46.9% for net sales, 47.6% for operating profit, and 46.0% for net profit.

All of these are lower than the progress in the previous fiscal year’s first half (first-half result ÷ full-year result: 48.6%, 52.1%, and 52.4%, respectively) and the average progress over the past eight years (48.9%, 50.6%, and 49.9%, respectively).

- ◆ The key factors behind the slower progress were the decline in revenue per subscription in the subscription business and the increase in upfront investment.

The primary reasons for the low first-half progress include (1) a decline in revenue per subscription in the subscription business, which resulted in cloud services sales increasing but still falling short of target, and (2) lower-than-expected sales of maintenance service and implementation support (other operating revenue) following the termination of on-premises product sales.

In addition, the Company increased upfront investments—such as personnel expenses and subcontracting costs for development, as well as sales promotion and advertising expenses—to expand earnings from next fiscal year onward. This also contributed significantly to the lower profit progress and the year-on-year decline in profits.

- ◆ Cloud services were the only category to record sales growth, fully offsetting declines in the other categories.
- ◆ The shift from on-premises products to cloud and subscription services continued to progress.
- ◆ Due to lower revenue per subscription, the sales growth rate slowed.
- ◆ Cloud services' share of total net sales rose to 63%.
- ◆ Maintenance service posted a double-digit decline in sales.

Sales (YoY Change)

The breakdown of the year-on-year change in net sales by sales category for the first half is shown in Figure 8. Cloud services were the only category that recorded an increase in sales, fully offsetting the declines in the other four categories.

Comparing sales by category with the same period of the previous fiscal year, sales of cloud services increased from 4,509 million yen in the previous first half to 5,184 million yen in the current first half, an increase of 675 million yen (+15.0% YoY; the same comparison applies hereafter). This increase accounted for 205.8% of the Company's total net sales increase for this first half. The rising demand for digital transformation (DX) contributed to the shift from on-premises to cloud services and the migration to subscription services.

However, as noted earlier, customers' growing preference for lower-priced options increased the proportion of PCA Cloud on AWS and PCA Subscription users, resulting in a greater-than-expected decline in revenue per subscription. Consequently, the sales growth rate slowed from the previous annual pace of 20–30%.

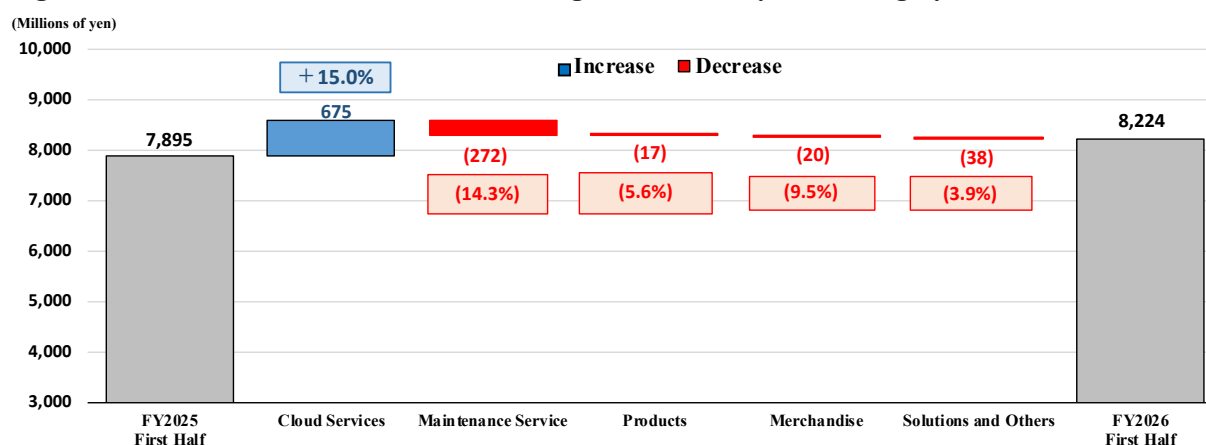
That said, the proportion of cloud services in total net sales rose from 57.1% to 63.0%, accounting for the majority.

Maintenance service, the other pillar of the subscription & maintenance business, had been expected to decline due to the termination of on-premises product sales, but the decrease exceeded expectations. Maintenance service sales fell from 1,906 million yen to 1,633 million yen, a decline of 272 million yen (–14.3% YoY), marking the largest decrease both in amount and rate among all sales categories.

As a result, maintenance service's share of total net sales decreased from 24.1% to 19.9%. Combined with cloud services, the subscription & maintenance business accounted for 82.9% of total net sales, up slightly from 81.2%.

In addition, reflecting the decline in on-premises product sales, revenue from the professional support service and other related services also decreased. Consequently, sales of solutions and others declined by 38 million yen (–3.9% YoY) and merchandise sales declined by 20 million yen (–9.5% YoY). Sales of products (conventional on-premises software) decreased slightly by 17 million yen (–5.6% YoY). However, the impacts of these declines were limited.

【Figure 8】 Breakdown of the Year-on-Year Change in Net Sales by Sales Category in FY2026 First Half



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

- ◆ The number of corporate users of cloud services has been steadily growing, surpassing 24,000 as of the end of the previous fiscal year, although its absolute growth has slowed.

- ◆ Cloud services sales continue to grow steadily, although the growth rate has gradually slowed.

Cloud Services (Supplemental Information)

Number of Corporate Users (Non-Consolidated PCA)

The number of corporate users of PCA Cloud (non-consolidated PCA) had shown some deceleration in both absolute growth and growth rate compared with certain past periods, but overall continued to increase steadily. However, due to changes in disclosure standards, the Company ceased disclosure after the figure of 24,570 corporate users as of the end of March 2025 (+1,671; +7.3% YoY).

Cloud Services Sales (Non-Consolidated PCA + Xronos)

The consolidated annual sales of cloud services—which serve as the Company's growth driver—and their growth rates are shown in Figures 9 and 10.

Cloud services sales include not only PCA Cloud but also the cloud services of Xronos, as well as PCA Hub and PCA Subscription.

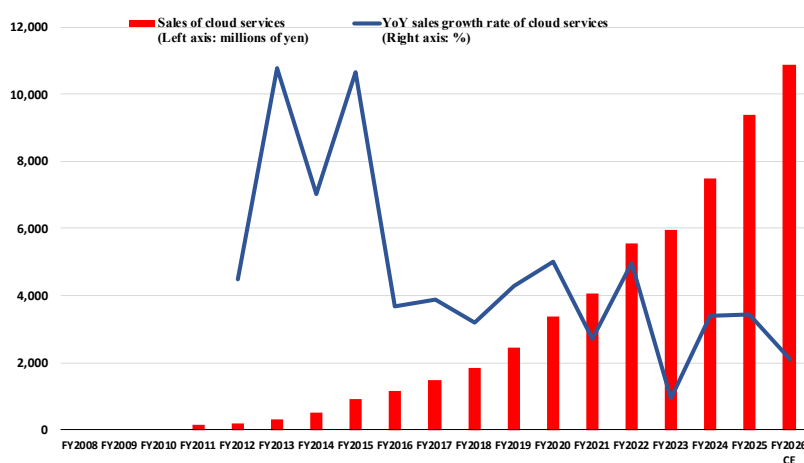
Sales have continued to increase steadily; however, the growth rate has gradually slowed as the business has scaled.

While the full-year growth rate previously exceeded 30%, it has somewhat slowed to 25.4% in FY2024 and 25.6% in FY2025. Nevertheless, sales have continued to grow solidly in terms of amount, rising from 7,467 million yen (+1,511 million yen YoY) to 9,381 million yen (+1,914 million yen YoY).

Looking at the year-on-year growth rate of cloud services sales for the first half over the past five fiscal years, growth has fluctuated but remained in the double digits. The rates were 33.2%, 10.2%, 20.4%, 30.9%, and 15.0% for the first halves of FY2022 through FY2026, respectively (Figure 10).

In the previous first half, the Company benefited from price revision effects in Q1; however, these effects tapered off in the current fiscal year's first half, and combined with the decline in revenue per subscription, the sales growth rate of cloud services was effectively halved.

【Figure 9】 Changes in the Full-Year Sales of Cloud Services (Consolidated)



【Figure 10】 Changes in the Sales of Cloud Services (Consolidated)

Fiscal Year	Sales of Cloud Services		
	Sales for the Period: Millions of Yen	YoY % Change (%)	YoY Change in Amount (Millions of Yen)
FY2019	2,452	32.3	598
FY2020	3,374	37.6	922
FY2021	4,057	20.2	683
FY2022	5,568	37.2	1,511
FY2023	5,956	7.0	388
FY2024	7,467	25.4	1,511
FY2025	9,381	25.6	1,914
FY2022 First Half	2,595	33.2	646
FY2023 First Half	2,860	10.2	265
FY2024 First Half	3,443	20.4	583
FY2025 First Half	4,509	30.9	1,066
FY2026 First Half	5,184	15.0	675

(Source) Prepared by Alpha-Win Research Dept. based on the Company's financial results summary. CE: the Company's estimates/forecasts.

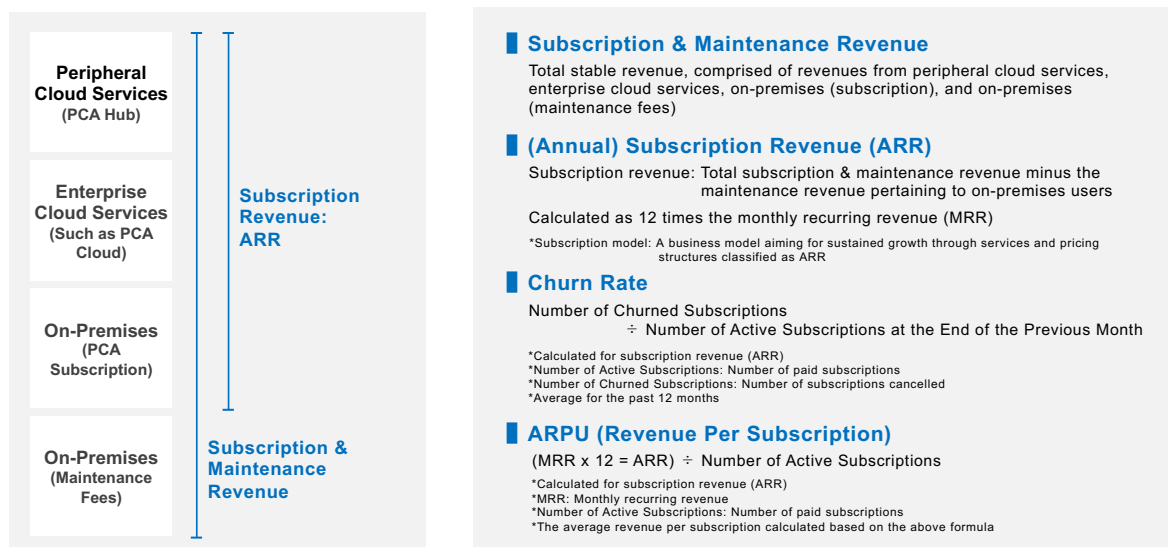
(Note) Sales from FY2008 to FY2010 are not disclosed.

- ◆ The Company announces the KPIs for its subscription business quarterly.

Subscription-Based Business Model

The Company defines its subscription business—its core business—as shown in Figure 11, and discloses four KPIs on a quarterly basis (Figures 12 and 13, and Figures 14 and 15 on page 16).

【Figure 11】 Categories and Definitions (Terminology) of the Company's Subscription Business



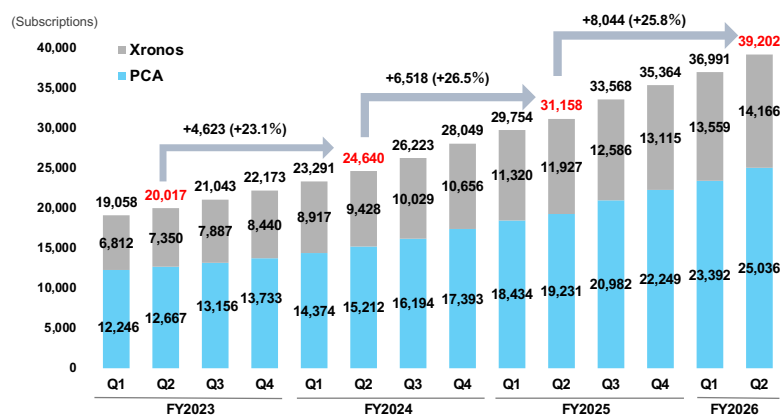
(Source) Excerpt from the Company's financial results briefing materials.

- ◆ With strong growth in new subscriptions and a low churn rate, the number of active subscriptions has continued to increase steadily.

At the end of the first half of the current fiscal year, the number of active subscriptions was 39,202, an increase of 8,044 subscriptions or 25.8% YoY (Figure 12), indicating steady growth. The growth rate has remained high, at a level comparable to the previous first half (26.5%) and the first half of the year before the previous (23.1%).

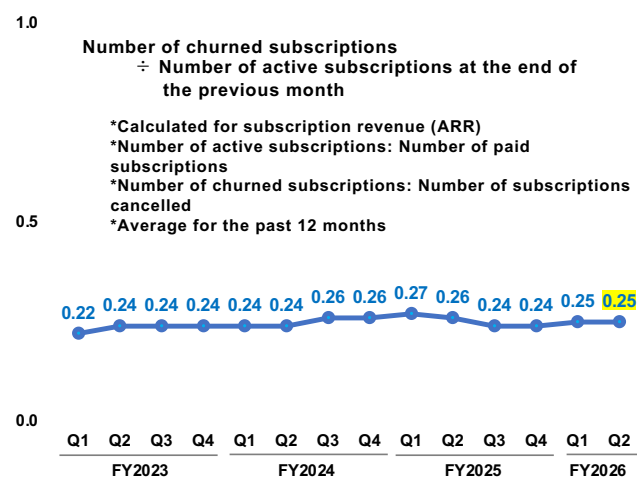
The churn rate has remained in the low range of 0.24% to 0.27% in recent years (Figure 13), and stood at 0.25% at the end of the current first half. Strong growth in new subscriptions combined with a low churn rate continues to drive the increase in the total number of active subscriptions.

【Figure 12】 Changes in the Number of Active Subscriptions
(Unit: number of subscriptions)



*PCA: Sum of the number of active subscriptions for PCA Cloud (including PCA Cloud on AWS), PCA Hub, and PCA Subscription.
*Xronos: Sum of the number of active subscriptions for Xronos Performance Cloud and X'sion.

【Figure 13】 Changes in the Churn Rate (Unit: %)



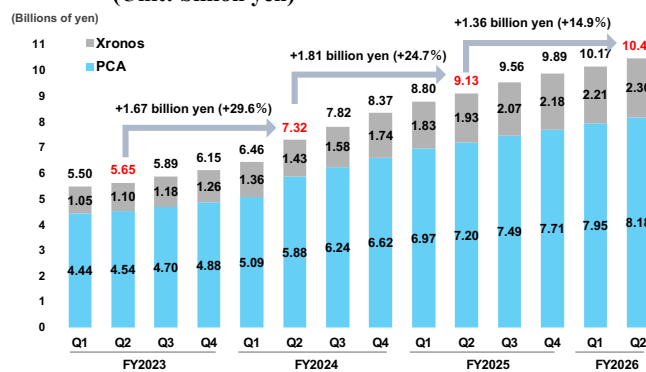
(Source) Figures 12 and 13: Excerpts from the Company's financial results briefing materials.

- Although revenue per subscription has been on a gradually declining trend, ARR continues to grow at a double-digit pace; however, the momentum of its growth rate has weakened.

Meanwhile, ARR (annual subscription revenue) reached 10.49 billion yen in Q2 of the current fiscal year, up 14.9% YoY (Figure 14), maintaining a double-digit growth rate.

However, momentum has slowed compared with the 24.7% growth rate in Q2 of the previous fiscal year and 29.6% in Q2 of the year before that.

【Figure 14】 Changes in ARR (Annual Subscription Revenue)
(Unit: billion yen)



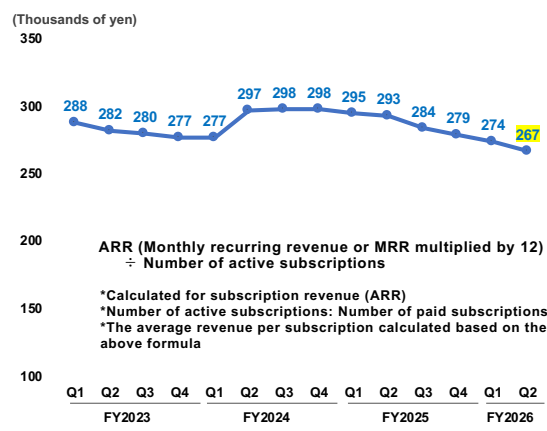
*Subscription revenue (total subscription & maintenance revenue minus the maintenance revenue pertaining to on-premises users), calculated as 12 times the monthly recurring revenue (MRR)
*Subscription model: A business model aiming for sustained growth through services and pricing structures classified as ARR

(Source) Excerpt from the Company's financial results briefing materials.

This slowdown is primarily due to the Company's strategic shift toward offering lower-priced services—such as PCA Cloud on AWS and PCA Subscription—to broaden its customer base amid a rising preference for lower prices. As a result, ARPU (revenue per subscription) has been on a gradually declining trend (Figure 15).

ARPU peaked at 298,000 yen at the end of Q3 and Q4 of FY2024, but has declined for six consecutive quarters since then, falling to 267,000 yen at the end of the current first half (end of September 2025), a decrease of 10.4%. Compared with the end of the previous first half (293,000 yen), ARPU declined by 26,000 yen, or 8.9%.

【Figure 15】 Changes in ARPU (Annualized Revenue Per Subscription)
(Unit: thousand yen)

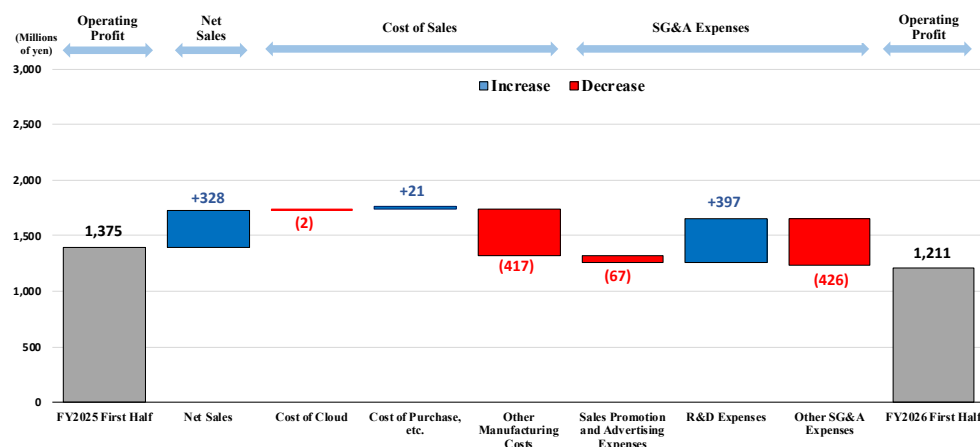


(Source) Excerpt from the Company's financial results briefing materials.

Profit

Figure 16 shows the breakdown of the year-on-year change in consolidated operating profit in this first half.

【Figure 16】 Breakdown of the YoY Change in Operating Profit in FY2026 First Half



(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.

Due in part to the Company's proactive execution of strategic upfront investments—such as personnel expenses and subcontracting related to development—operating profit for the first half of FY2026 declined by 164 million yen year-on-year on a company-wide basis. Although the increase in net sales (+328 million yen YoY) was the primary factor contributing to profit growth, it was insufficient to offset the negative impact of various cost increases.

- ◆ R&D expenses, subcontracting costs, and labor costs increased, resulting in a 3.5-percentage-point decline in the gross profit margin.

Cost of sales rose by 396 million yen (+14.6% YoY). Other manufacturing costs increased by 417 million yen, with the main components being higher R&D expenses (+184 million yen YoY), subcontracting costs (+95 million yen YoY; associated with strengthening product development), and labor and related costs (+84 million yen YoY). As a result, gross profit decreased by 68 million yen (−1.3% YoY), and the gross profit margin declined by 3.5 percentage points, from 65.7% to 62.2%.

- ◆ SG&A expenses such as sales promotion, advertising, and personnel expenses increased; however, due to the reduction in R&D expenses, the SG&A expense ratio improved by 0.8 percentage point.

SG&A expenses increased by 95 million yen (+2.5% YoY). R&D expenses within SG&A decreased by 397 million yen due to lower transfers from cost of sales, contributing positively to profit. On the other hand, the Company held events such as the PCA FES, resulting in a 67 million yen increase in sales promotion and advertising expenses. In addition, other SG&A expenses—including personnel expenses (+89 million yen), system usage fees, and development management costs—increased by 426 million yen, negatively impacting profit.

However, since the growth rate of SG&A expenses (2.5%) remained below the growth rate of net sales (4.2%), the SG&A expense ratio improved by 0.8 percentage point, from 48.3% to 47.5%. Even so, the operating profit margin declined from 17.4% to 14.7%, a decrease of 2.7 percentage points, resulting in a double-digit decline in operating profit despite higher net sales.

Furthermore, due to the recording of a loss on investments in investment partnerships (−56 million yen) under non-operating expenses, the rate of decline in ordinary profit and net profit exceeded the rate of decline in operating profit.

Quarterly Financial Results

Looking at the current first half on a quarterly basis, both Q1 and Q2 recorded year-on-year increases in net sales, but profit declined due to lower profit margins (Figure 17).

- Both Q1 and Q2 posted higher net sales but lower profit YoY. The Company achieved its 11th consecutive quarter of YoY sales growth, and Q2 recorded the highest quarterly net sales in its history.
- Operating profit margins in both Q1 and Q2 declined compared with the same periods of the previous fiscal year.

- In Q1, the Company posted net sales of 3,972 million yen (+2.4% YoY) and operating profit of 589 million yen (–15.8% YoY), resulting in lower profit despite modest sales growth.
- Q2 marked the 11th consecutive quarter of year-on-year sales growth since Q1 of FY2023, with net sales reaching a quarterly record high of 4,251 million yen (+5.9% YoY). However, operating profit declined to 622 million yen due to a lower profit margin (–53 million yen; –7.9% YoY).

For reference, the quarterly operating profit margins in the previous fiscal year (FY2025) were 18.0%, 16.8%, 17.6%, and 12.7% from Q1 through Q4, respectively. In the current fiscal year, margins have remained below the prior-year levels, coming in at 14.8% in Q1 and 14.6% in Q2.

[Figure 17] Quarterly Changes in Financial Performance

		FY2024				FY2025				FY2026		FY2026: YoY Change in Amount		FY2026: YoY % Change	
Results		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q1	Q2
Unit: million yen		Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024	Oct-Dec 2024	Jan-Mar 2025	Apr-Jun 2025	Jul-Sep 2025	Apr-Jun 2025	Jul-Sep 2025	Apr-Jun 2025	Jul-Sep 2025
Consolidated Net Sales		3,387	3,687	3,888	4,056	3,879	4,016	4,166	4,176	3,972	4,251	93	235	2.4	5.9
Sales by Category	Cloud Services	1,616	1,827	1,933	2,091	2,204	2,305	2,383	2,489	2,547	2,637	343	332	15.6	14.4
	Maintenance Service	839	876	911	942	957	949	916	890	804	829	-153	-120	-16.0	-12.6
	Products	349	364	244	265	156	143	148	149	118	164	-38	21	-24.4	14.7
	Merchandise	95	103	216	118	107	108	203	104	101	93	-6	-15	-5.6	-13.9
Other Operating Revenue		486	516	584	641	453	514	514	544	400	528	-53	14	-11.7	2.7
Gross Profit		2,116	2,313	2,511	2,696	2,546	2,640	2,615	2,427	2,434	2,684	-112	44	-4.4	1.7
Gross Profit Margin (%)		62.5	62.7	64.6	66.5	65.7	65.7	62.8	58.1	61.3	63.1	-4.4	-2.6	-	-
SG&A Expenses		1,688	1,742	1,810	2,086	1,846	1,965	1,882	1,898	1,844	2,062	-2	97	-0.1	4.9
SG&A Expense Ratio (%)		49.8	47.2	46.6	51.4	47.6	48.9	45.2	45.3	46.4	48.5	-1.2	-0.4	-	-
Operating Profit		428	570	701	610	700	675	732	530	589	622	-111	-53	-15.9	-7.9
Operating Profit Margin (%)		12.6	15.5	18.0	15.0	18.0	16.8	17.6	12.7	14.8	14.6	-3.2	-2.2	-	-
Ordinary Profit		436	590	708	609	708	700	739	541	600	606	-108	-94	-15.3	-13.4
Ordinary Profit Margin (%)		1.3	1.6	18.2	15.0	1.8	1.7	17.7	13.0	1.5	1.4	-0.3	-0.3	-	-
Net Profit		266	394	502	449	455	458	530	298	348	411	-107	-47	-23.5	-10.3
Net Profit Margin (%)		7.9	10.7	12.9	11.1	11.7	11.4	12.7	7.1	8.8	9.7	-3.0	-1.7	-	-

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

◆ PCA's Second-Half Forecast for FY2026**Overview of the Second-Half Forecast (Sales and Profit)**

The Company's plan for the second half of the current fiscal year—calculated by subtracting the first-half results from the full-year forecast—is as follows (Figure 18).

[Figure 18] Second-Half Forecast

		Second-Half Results and Forecasts				
Results and Forecasts		FY2025 Second Half	FY2026 Second Half: CE	% Change	Change in Amount	% of Total
Unit: million yen		Oct 2024 – Mar 2025	Oct 2025 – Mar 2026	YoY: %	YoY: million yen or percentage point	%
Consolidated Net Sales		7,895	8,223	4.2	328	100.0
Sales by Category	Cloud Services	4,509	5,184	15.0	675	63.0
	Maintenance Service	1,906	1,633	-14.3	-273	19.9
	Products	299	282	-5.6	-17	3.4
	Merchandise	215	194	-9.5	-21	2.4
	Other Operating Revenue	967	928	-3.9	-39	11.3
Gross Profit		5,186	5,118	-1.3	-68	
Gross Profit Margin (%)		65.7	62.2		-3.4	
SG&A Expenses		3,811	3,906	2.5	95	
SG&A Expense Ratio (%)		48.3	47.5		-0.8	
Operating Profit		1,375	1,211	17.8	-164	
Operating Profit Margin (%)		17.4	14.7		-2.7	
Ordinary Profit		1,408	1,206	17.8	-202	
Ordinary Profit Margin (%)		17.8	14.7		-3.2	
Net Profit		913	759	33.5	-154	
Net Profit Margin (%)		11.6	9.2		-2.3	

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

- ◆ For this second half, the Company forecasts an 11.7% increase in net sales and a 5.5% rise in operating profit.
- ◆ Services that have been under development will be launched in the second half.
- ◆ Cloud services and other operating revenue are expected to post sales growth.
- ◆ Profit margins are projected to somewhat decline, but the Company anticipates higher profits driven by sales growth.
- ◆ Tyrell Systems' contribution to second-half results is expected to be limited.

(4) PCA Arch: A next-generation platform designed for SMEs and mid-tier enterprises. It serves as a portal that comprehensively supports core business operations by facilitating the sharing of operational know-how, optimizing human resources, and supporting the digitalization of workflows. Equipped with features such as an AI Assistant and PCA Hub eDoc, it offers high convenience and enables greater automation and efficiency in business processes.

- ◆ In this second half, the Company will begin providing the services it has been developing. Expectations are high for the new PCA Arch series, although its full contribution to earnings is expected from the next fiscal year onward.

For the second half of FY2026, the Company forecasts net sales of 9,316 million yen (+11.7% YoY), operating profit of 1,332 million yen (+5.5% YoY), ordinary profit of 1,324 million yen (+3.4% YoY), and net profit of 890 million yen (+7.5% YoY), anticipating both sales and profit growth.

In this second half, the Company plans to begin selling the products (services) that have been under development. It appears to expect that these launches will both reduce development costs and generate associated sales, thereby improving profits.

For the second half, cloud services sales are projected to increase by 16.4% year-on-year, and other operating revenue is also expected to rise by 46.2%. In contrast, sales of maintenance services and products are each forecast to decline by around 14%.

Each profit margin for the second half is expected to worsen by 0.8 percentage point year-on-year and by 0.4 percentage point relative to this first half. The Company still forecasts higher profits, driven by sales growth.

The acquired Tyrell Systems is expected to contribute to net sales (estimated at roughly 200 million yen for this second half), but its impact on profit is likely to be limited. This is because its pre-acquisition profitability was only slightly positive, synergies are expected to take time to materialize, and the consolidation will generate amortization expenses. The Company recorded goodwill of 211 million yen related to the acquisition, and although the amortization method has not been determined, assuming equal amortization over five years under tax rules, the half-year amortization expense would be approximately 21 million yen.

◆Product/Service Release Schedule for the Current Fiscal Year and Beyond

The Company's product (service) release schedule for the current fiscal year is shown in Figure 19.

Between October and November, the Company released three feature enhancements (PCA Hub eDoc, PCA Hub Expense Management, and PCA Public Interest Corporation Accounting) and three new services (all part of the PCA Arch⁴ Series: Accounting & Finance, HR & Labor Management, and Sales Management). In Q4, it plans to release two additional PCA Hub services (Year-End Adjustment and Labor Management).

All of these fall under the subscription business, and because sales will begin partway through the fiscal year, their contribution to this year's results will be limited. Their earnings contribution is expected to gradually increase from the next fiscal year onward.

[Figure 19] Product/Service Release Schedule

	Release Date	Service/Product	Status	Notes (Characteristics)
FY2026 First Half	April 2025	PCA Hub Expense Management	Released (NEW)	• 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	Released	• Addition of approval feature and change in pricing structure.
	October 2025	PCA Hub eDoc	Released	• File-sharing feature that enables online information sharing through integration with PCA Cloud and Subscription
FY2026 Second Half	October 2025	PCA Hub Expense Management	Released	• Feature additions: New IC card reading feature using the smartphone app, a feature for automatically generating receipt and invoice details by tax rate, "Register for Reuse" feature, and a feature for excluding final-day allowances when submitting applications.
	November 2025	PCA Cloud Public Interest Corporation Accounting	Released	• Cloud-based software version compliant with the new accounting standards, in line with the legal reform of the public interest corporation system.
	November 2025	PCA Arch Accounting & Finance	Released	• Equipped with a "Business Workflow" feature that visualizes the operational know-how of accounting, HR, and sales staff, enabling automation and knowledge sharing through AI assistance. Business procedures and work histories can be shared and reused.
	November 2025	PCA Arch HR & Labor Management	Released	• Adopts passkeys, a passwordless authentication method.
	November 2025	PCA Arch Sales Management	Released	• An AI-enabled chat window for asking questions is permanently displayed on the Arch Portal. The AI is available 24 hours a day, 365 days a year.
	Q4	PCA Hub Year-End Adjustment	To be released	• Now supports housing loan deduction certificates, multi-user verification, and group life insurance processing.
	Q4	PCA Hub Labor Management	To be released	• Now supports employment contracts and employment procedures.
FY2027	April 2026	PCA Hub Invoice	To be released	• Feature addition: now supports PDF import and distribution.
	Autumn 2026	PCA Cloud Fixed Assets Series	To be released	• 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 the Company's website.

◆ PCA's Full-Year Forecast for FY2026 (Current Fiscal Year)

Overview of the Full-Year Forecast

- ◆ The Company revised downward its full-year forecast for the current fiscal year.

• At the time of announcing the first-half results (October 28, 2025), the Company revised downward its full-year forecast for FY2026 (the current fiscal year). The revision reflects the slower-than-planned acquisition of new cloud service customers, the greater-than-expected decline in revenue per subscription, and an increase in upfront investment aimed at strengthening its earnings power for the next fiscal year and beyond.

- ◆ Net sales were revised slightly downward.

• The full-year forecast for net sales was revised from the initial forecast of 17,689 million yen (+8.9% YoY) to 17,539 million yen (+8.0% YoY), representing a slight downward revision of 149 million yen (−0.8% vs. the initial forecast) (Figure 20).

Even after this downward revision, net sales are still expected to reach a new record high for the third consecutive year, supported by continued double-digit growth in cloud services and the contribution from the acquisition of Tyrell Systems.

- ◆ Each profit forecast was revised down by roughly 10% compared with the initial forecast.

• Operating profit was revised from 2,824 million yen (+7.1% YoY) to 2,543 million yen (−3.6% YoY), a downward revision of 280 million yen (−9.9% vs. the initial forecast). Net profit was revised from 1,897 million yen (+9.0% YoY) to 1,649 million yen (−5.3% YoY), a downward revision of 247 million yen (−13.0% vs. the initial forecast). As a result, the Company shifted from an initial expectation of profit growth to a forecast of profit decline.

- ◆ Each profit is still expected to be maintained at historically high levels.

At the beginning of the fiscal year, both operating and ordinary profit had been expected to increase for the third consecutive year and surpass the previous record set in FY2020 (a year in which event-driven high demand occurred), marking a new high for the first time in six years. After the downward revision, operating and ordinary profit are no longer expected to reach record levels; however, they are still expected to be the fourth highest on record (net profit to be the fifth highest).

【Figure 20】 Forecast for the Current Fiscal Year (The Company's initial plan vs. revised forecast)

Consolidated (Unit: million yen)		FY2025	FY2026: The Company's Forecast (Previous: Initial Forecast)				FY2026: The Company's Forecast (New: Revised)				The Company's Forecast: Difference between New and Previous	
		New Revenue- Recognition Standard	New Revenue- Recognition Standard	YoY: Change in Amount / Diff.	YoY: % Change	New Revenue- Recognition Standard	YoY: Change in Amount / Diff.	YoY: % Change			Difference	% Difference
Net Sales		16,237	17,689	1,452	8.9%	17,539	1,302	8.0%			-149	-0.8%
Sales by Category	Cloud Services	9,381	11,096	1,715	18.3%	10,853	1,472	15.9%			-243	-2.2%
	Maintenance Service	3,712	3,212	-500	-13.5%	3,200	-512	-13.7%			-12	-0.4%
	Products	596	477	-119	-20.0%	527	-69	-11.6%			50	10.5%
	Merchandise	522	494	-28	-5.4%	482	-40	-7.7%			-12	-2.4%
	Other Operating Revenue	2,025	2,408	383	18.9%	2,475	450	22.2%			67	2.8%
Gross Profit		10,228	11,142	914	8.9%	10,669	441	4.3%			-473	-4.2%
Gross Profit Margin		63.0%	63.0%	0.0%		60.8%	-2.2%					
SG&A Expenses		7,591	8,318	727	9.6%	8,126	535	7.0%			-192	-2.3%
SG&A Expense Ratio		46.8%	47.0%	0.3%		46.3%	-0.4%					
Operating Profit		2,637	2,824	187	7.1%	2,543	-94	-3.6%			-280	-9.9%
Operating Profit Margin		16.2%	16.0%	-0.3%		14.5%	-1.7%					
Ordinary Profit		2,688	2,865	177	6.6%	2,530	-158	-5.9%			-335	-11.7%
Ordinary Profit Margin		16.6%	16.2%	-0.4%		14.4%	-2.1%					
Profit Attributable to Owners of Parent		1,741	1,897	156	9.0%	1,649	-92	-5.3%			-247	-13.0%
Net Profit Margin		10.7%	10.7%	0.0%		9.4%	-1.3%					
Annual Dividend Per Share (Yen)		87.00	95.00	8.00		95.00	8.00				0.00	

(Source) Prepared by Alpha-Win Research Dept. (Note) Both the Company's forecasts and our estimates reflect the revised figures.

Full-Year Forecast (Sales)

- ◆ Full-year net sales were revised downward by 0.8% from the initial forecast.

In the previous fiscal year, the price revision implemented in July 2023 (approx. +20%) contributed to results for three months, but in the current fiscal year this effect has fully tapered off.

- ◆ Even under the revised full-year forecast, cloud services are expected to show strong sales growth, with sales projected to exceed 10 billion yen.

- ◆ For the full year, the increase in the sales of cloud services and solutions are expected to offset the decline in maintenance, merchandise, and products.

At the company-wide level, net sales were revised downward by 150 million yen (−0.8% vs. the initial forecast). By sales category, reflecting first-half results and recent trends, the Company revised cloud services sales downward by 243 million yen (−2.2% vs. the initial forecast), and maintenance service and merchandise sales downward by 12 million yen each. On the other hand, sales of solutions and others (other operating revenue) were revised upward by 67 million yen (+2.8% vs. the initial forecast), and products sales were revised upward by 50 million yen (+10.5% vs. the initial forecast).

Even in the revised plan, sales growth is expected to continue for the subscription business—driven by continued expansion of PCA Cloud, PCA Subscription, Xronos Cloud, and the PCA Hub Series. Cloud services sales are projected to exceed 10 billion yen for the first time, reaching 10,853 million yen. The ratio of cloud services sales to total net sales is also expected to rise from 57.8% in the previous fiscal year to 61.9%. However, the ratio of sales of the subscription & maintenance business, including maintenance service, to total net sales is projected to somewhat decline from 80.9% to 80.1% (Figure 21).

Cloud services are expected to continue to be the driver of growth. Of the Company's projected net sales increase of 1,302 million yen, cloud services are expected to contribute 1,472 million yen (+15.9% YoY), accounting for 113.1% of total net sales growth.

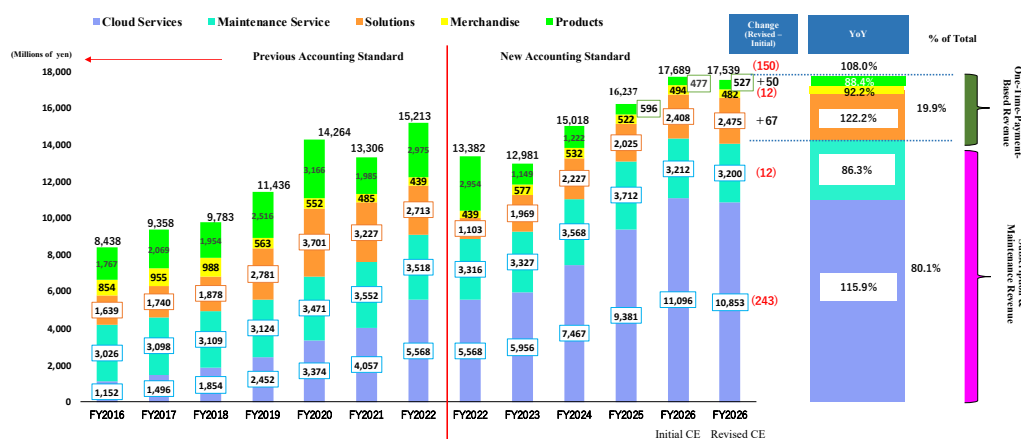
Supported by strengthened sales capabilities and an expanded lineup of third-party products, sales of solutions and others are expected to increase by 450 million yen (+22.2% YoY), contributing 34.6% to total net sales growth.

On the other hand, maintenance service—which is linked to on-premises product sales—is projected to decline from 3,712 million yen to 3,200 million yen (−512 million yen; −13.7% YoY), resulting in a −39.3% contribution to total net sales growth.

In addition, with PCA (the parent company) having ended on-premises product sales and shifting toward cloud and subscription services, the Company expects products sales to decrease again, from 596 million yen to 527 million yen (−69 million yen; −11.6% YoY), resulting in a −5.3% contribution to total net sales growth.

Merchandise sales are also expected to decline by 40 million yen (−7.7% YoY; −3.1% contribution to total net sales growth), partly due to the transition toward paperless operations such as electronic filing.

【Figure 21】 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. "YoY" is based on the Company's forecast for FY2026.

- ◆ Although net sales are expected to increase, profit margins are projected to decline, resulting in lower profits.

Full-Year Forecast (Profit)

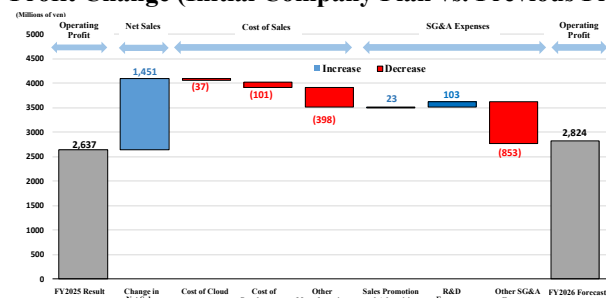
The factors behind the downward revision to full-year profit are largely the same as those that caused the profit decline in this first half. Under the revised plan, the gross profit margin is expected to decline by 2.2 percentage points—from 63.0% in the previous fiscal year to 60.8% in the current fiscal year—although gross profit is still projected to increase by 441 million yen (+4.3% YoY) due to higher net sales.

SG&A expenses are forecast to rise by 535 million yen (+7.0% YoY). However, because the increase rate of SG&A expenses is expected to be somewhat lower than the sales growth rate, the SG&A expense ratio is expected to decline by 0.4 percentage point. As a result, the operating profit margin is expected to fall by 1.7 percentage points, from 16.2% in the previous fiscal year to 14.5% in the current fiscal year.

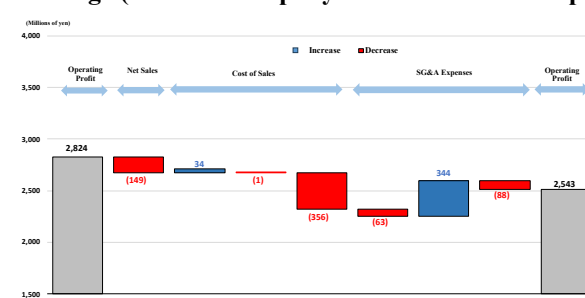
Consequently, operating profit is expected to decline by 94 million yen—from 2,637 million yen to 2,543 million yen—a 3.6% decrease YoY.

Figure 24 shows the analysis of projected factors behind the YoY change in operating profit, from the previous fiscal year's result to this fiscal year's revised plan. It combines (1) the YoY factor analysis for the initial plan (Figure 22) and (2) the factor analysis of the revised plan versus the initial plan (Figure 23).

【Figure 22】 Projected Breakdown of FY2026 Operating Profit Change (Initial Company Plan vs. Previous Fiscal Year)

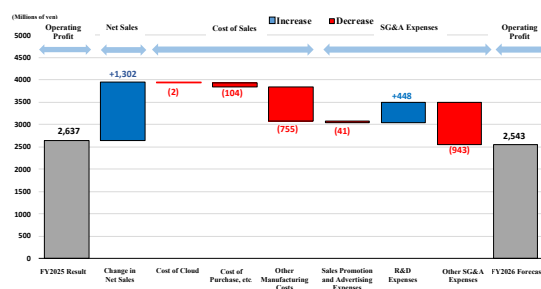


【Figure 23】 Projected Breakdown of FY2026 Operating Profit Change (Revised Company Plan vs. Initial Company Plan)



【Figure 24】 Projected Breakdown of FY2026 Operating Profit Change (Revised Company Plan vs. Previous Fiscal Year)

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



In the analysis of the projected factors behind the YoY change in profit in the revised plan, compared to the initial plan, the negative factors are each expected to be larger: increases in other manufacturing costs (reflecting higher subcontracting and labor costs, as well as transfers of R&D expenses) and increases in other SG&A expenses (development management costs, personnel expenses, and system usage fees). Meanwhile, the positive factor—the reduction in R&D expenses—is projected to widen.

Compared to the initial plan, the gross profit margin is expected to decline by 2.2 percentage points, from 63.0% to 60.8%. On the other hand, the SG&A expense ratio is forecast to somewhat improve, from 47.0% to 46.3%, an improvement of 0.7 percentage point. As a result, the operating

profit margin is projected to fall from 16.0% to 14.5%, a decrease of 1.5 percentage points.

Non-operating income/expense has been revised downward from +41 million yen in the initial forecast to –13 million yen, a downward revision of 53 million yen. This likely reflects the loss on investments in investment partnerships of 56 million yen recorded in this first half.

Note that the Company does not expect any extraordinary income or losses for the current fiscal year.

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

Overview

Following the Company's announcement of its downward forecast revision, and taking into account recent conditions, the Alpha-Win Research Department has revised its forecast for the current fiscal year (Figure 25).

While Alpha-Win's previous forecast had projected both net sales and profit to slightly exceed the Company's full-year forecasts, it has now lowered its estimates to levels nearly in line with the Company's new forecasts.

Alpha-Win revised its full-year forecast as follows: net sales from 17,800 million yen (+111 million yen vs. the Company's previous plan; +0.6%) to 17,600 million yen (+61 million yen vs. the Company's new plan; +0.3%); operating profit from 2,900 million yen (+76 million yen vs. the Company's previous plan; +2.7%) to 2,550 million yen (+7 million yen vs. the Company's new plan; +0.3%); and the annual dividend from 97 yen per share (+2 yen vs. the Company's plan) to 95 yen per share (same as the Company's plan).

The reasons for these revisions are largely the same as those behind the Company's own downward revision: a greater-than-expected decline in revenue per subscription in the subscription business, which has continued into the second half, as well as larger-than-anticipated decreases in maintenance sales and other operating revenue and an intentional increase in upfront investment by the Company.

However, current business conditions—such as the steady increase in the number of active subscriptions—remain solid, and the development and rollout of upcoming services appear to be progressing according to plan. In addition, Alpha-Win expects the Company to strengthen cost control efforts in the second half to achieve its full-year targets. For these reasons, Alpha-Win considers the downside risk to profit to be limited.

- ◆ Alpha-Win revised its forecast for the current fiscal year and lowered both net sales and profits to levels in line with the Company's plan.

- ◆ Given the planned rollout of additional services and expected cost-control efforts, Alpha-Win believes the downside risk to profit relative to the Company's plan is limited.

【Figure 25】 Forecast for the Current Fiscal Year (Comparison of Alpha-Win's Previous and New Forecast, and Comparison of Alpha-Win's New Forecast with the Company's Revised Plan)

Consolidated (Unit: million yen)	FY2025	FY2026: The Company's Forecast (New; Revised)				FY2026: Alpha-Win's Forecast (New)				Difference between Alpha-Win and the Company's Forecasts		FY2026: Alpha-Win's Previous Forecast		Difference between Alpha-Win's Previous and New Forecasts	
	New Revenue- Recognition Standard	New Revenue- Recognition Standard	YoY: Change in Amount / Diff.	YoY: % Change	New Revenue- Recognition Standard	YoY: Change in Amount / Diff.	YoY: % Change	Difference	% Difference	New Revenue-Recognition Standard	% Difference	New Revenue-Recognition Standard	% Difference	Difference	% Difference
Net Sales	16,237	17,539	1,302	8.0%	17,600	1,363	8.4%	-61	-0.3%	17,800	200	1,111	6.2%	-1,111	-6.2%
Sales by Category															
Cloud Services	9,381	10,853	1,472	15.7%	11,000	1,619	17.3%	-147	-1.4%	11,200	200	1,819	16.2%	-1,819	-16.2%
Maintenance Service	3,712	3,200	-512	-13.8%	3,200	-512	-13.8%	0	0.0%	3,300	100	3,300	0.0%	0	0.0%
Products	596	527	-69	-11.6%	530	-66	-11.1%	-3	-0.6%	480	50	480	0.0%	0	0.0%
Merchandise	522	482	-40	-7.7%	480	-42	-8.0%	2	0.4%	490	10	490	0.0%	0	0.0%
Other Operating Revenue	2,025	2,475	450	22.2%	2,390	365	18.0%	85	3.4%	2,330	60	2,330	0.0%	0	0.0%
Gross Profit	10,228	10,669	441	4.3%	10,700	472	4.6%	-31	-0.3%	11,200	531	11,200	0.0%	0	0.0%
Gross Profit Margin	63.0%	60.8%	-2.2%		60.8%	-2.2%		0.0%		62.9%	2.1%	62.9%		0	
SG&A Expenses	7,591	8,126	535	7.0%	8,150	559	7.4%	-24	-0.3%	8,300	150	8,300	0.0%	0	
SG&A Expense Ratio	46.8%	46.3%	-0.4%		46.3%	-0.4%		0.0%		46.6%	0.3%	46.6%		0	
Operating Profit	2,637	2,543	-94	-3.6%	2,550	-87	-3.3%	7	0.3%	2,900	350	2,900	0.0%	0	
Operating Profit Margin	16.2%	14.5%	-1.7%		14.5%	-1.8%		0.0%		16.3%	1.8%	16.3%		0	
Ordinary Profit	2,688	2,530	-158	-5.9%	2,530	-158	-5.9%	0	0.0%	2,950	420	2,950	0.0%	0	
Ordinary Profit Margin	16.6%	14.4%	-2.1%		14.4%	-2.2%		0.0%		16.6%	2.2%	16.6%		0	
Profit Attributable to Owners of Parent	1,741	1,649	-92	-5.3%	1,650	-91	-5.2%	1	0.1%	1,950	300	1,950	0.0%	0	
Net Profit Margin	10.7%	9.4%	-1.3%		9.4%	-1.3%		0.0%		11.0%	1.6%	11.0%		0	
Annual Dividend Per Share (Yen)	87.00	95.00	8.00	8.0%	95.00	8.00	8.0%	0.00	0.0%	97.00	2.00	97.00	0.0%	0.00	0.0%

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

- ◆ The new medium-term management plan has started, covering FY2026 (the current fiscal year) through FY2028.
- ◆ As numerical targets of the medium-term plan, seven targets have been set from the perspectives of business performance, capital efficiency, and shareholder returns.

5. Growth Strategy

◆ Numerical Targets for the Medium-Term Management Plan

Target Performance Indicators

In December 2024, the Company announced its new plan, the 2027 Medium-Term Management Plan, covering the period from FY2026 to FY2028. The plan began in the current fiscal year.

As numerical targets for FY2028, the final year of the medium-term plan, the Company has set the following seven targets from the perspective of business performance and capital policy (capital efficiency and shareholder returns) (Figure 26).

【Figure 26】 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 Revised 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	17.54 billion yen	16.24 billion yen (FY2025)	16.24 billion yen ○	15.0 billion yen or more
	Of which, sales of the subscription & maintenance business (cloud and maintenance services)	18.0 billion yen or more	14.05 billion yen	13.09 billion yen (FY2025)	13.09 billion yen ○	9.5 billion yen or more
	• Consolidated Operating Profit	4.0 billion yen or more	2.54 billion yen	2.78 billion yen (FY2020)	2.64 billion yen ○	2.5 billion yen or more
	• Consolidated Operating Profit Margin	18% or more	14.5%	During the past ten years: 19.8% (FY2022) During the longest period with data available: 28.5% (FY1999)	16.2% ○	16% or more
Capital Policy: Numerical Targets	• ROE	10% or more (Aim for early achievement)	N/A	45.4% (FY2022)	9.2% Not achieved	10% or more
	• EVA Spread	Positive	N/A	-	(DOE) 9.2% ○	(DOE) 2.5%
	• Dividend Payout Ratio	100%	115.5%	15.5% ○	100.2% ○	30%

(Source) Prepared by Alpha-Win Research Dept. based on the financial results briefing materials. (Note) Values have been rounded to the nearest unit.

- ◆ The targets for net sales and operating profit in the final year of the medium-term plan are considered a high hurdle.
- ◆ Alpha-Win reviewed the forecasts for the next fiscal year and the fiscal year after that.
- ◆ Alpha-Win revised net sales and profit forecasts for the next fiscal year downward.

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. 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 revised forecast, indicating a high hurdle.

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

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

In line with revising its forecast for the current fiscal year, Alpha-Win also reviewed its forecasts for the next fiscal year and the fiscal year after that (FY2027 and FY2028) (Figure 27 on page 26).

Based on the situation in the first half of the current fiscal year, Alpha-Win believes the decline in revenue per subscription in the subscription business will continue over the medium term. Accordingly, Alpha-Win mainly revised cloud services sales downward, and in line with this, it also revised profit forecasts downward.

However, as the shift to a subscription-based business model continues and the Company expands its service lineup, cloud services are expected to remain the primary driver of growth. For this reason, Alpha-Win continues to forecast increases in net sales, profit, and dividends for both FY2027 and FY2028.

Forecast for the Next Fiscal Year (FY2027)

Alpha-Win revised its net sales forecast for FY2027 downward from 19,800 million yen to 19,000 million yen.

- ◆ Net sales and profit are all still expected to increase, with dividends rising consecutively.

- ◆ The subscription business—centered on cloud services—is expected to remain the primary growth driver next fiscal year as well.

- ◆ The gross profit margin is expected to decline slightly, while the SG&A expense ratio is projected to improve, resulting in a higher operating profit margin YoY.

- ◆ Alpha-Win's forecasts are somewhat conservative relative to the Company's medium-term management plan.

- ◆ Net sales, profits, and dividends are all expected to increase in the fiscal year after the next as well.

On the other hand, assuming that no additional upfront investment expenses will be recorded as in the current fiscal year, Alpha-Win expects a slight improvement in the operating profit margin to 15.0%, compared with 14.5% projected for the current fiscal year (Alpha-Win's previous forecast assumed 17.0%). Operating profit was revised downward from 3,360 million yen to 2,850 million yen, and net profit from 2,310 million yen to 1,980 million yen. However, Alpha-Win still expects profit growth year-on-year.

Reflecting the downward revision to net profit, Alpha-Win revised the dividend forecast from 115 yen per share to 99 yen per share (+4 yen vs. the Company's plan for the current fiscal year; payout ratio: 100.3%).

Assuming a continued decline in revenue per subscription, Alpha-Win lowered the assumed sales growth rate (YoY) of cloud services from 19.4% to 15.0%. While this is somewhat below the 15.7% growth rate in the Company's plan for the current fiscal year, Alpha-Win expects steady growth as cloud services scheduled for release in this second half begin to contribute gradually to sales.

No major revisions were made to forecasts for the other sales categories: modest growth for solutions and others, and flat or declining sales for the remaining three categories.

Although sales growth in the subscription business, which has a high contribution margin ratio, should contribute to improved profits, the increasing weight of lower-priced services will likely prevent the Company from fully absorbing rising costs. Consequently, Alpha-Win expects the gross profit margin to decline by 0.8 percentage point.

On the other hand, with business scale expansion, the SG&A expense ratio is expected to gradually decline (−1.3 percentage points YoY), and cost-control efforts are assumed to be strengthened to achieve the Company's profit targets. Based on these factors, Alpha-Win estimates that the operating profit margin will improve by roughly 0.5 percentage point compared with the current fiscal year. As a result, double-digit profit growth is expected, driven by both higher net sales and improved profitability.

Forecast for the Fiscal Year After the Next (FY2028)

FY2028 is the final year of the medium-term management plan, and Alpha-Win's forecast assumes that the results of growth investments made through the current fiscal year will begin to contribute to earnings.

However, taking into account risks such as the macroeconomic environment and inflation, continued growth investments, and the expectation that revenue per subscription in the Company's core subscription business will continue to gradually decline, Alpha-Win revised its forecast to be somewhat conservative compared with the Company's medium-term plan.

By sales category, cloud services sales are projected to increase by 15.0% year-on-year and solutions and others by 21.4%, while the remaining three categories are expected to see either flat or declining sales.

As a result, Alpha-Win revised its forecast as follows: net sales from 21,500 million yen (−500 million yen vs. the medium-term plan) to 21,000 million yen (−1,000 million yen vs. the medium-term plan), operating profit from 3,870 million yen (−130 million yen vs. the medium-term plan) to 3,750 million yen (−250 million yen vs. the medium-term plan), and operating profit margin from 18.0% (the medium-term target) to 17.9%, a somewhat lower level. Net profit was revised from 2,650 million yen to 2,580 million

- ◆ Alpha-Win also forecasts a dividend increase for the fiscal year after the next.

- ◆ Achieving the Company's medium-term targets would require an annual growth of 12.0% in net sales and 25.4% in operating profit.

- ◆ These are demanding targets.

- ◆ To achieve the targets, strategic measures to drive sales growth—including M&A—and initiatives to improve profitability will be essential.

yen. Compared with its FY2027 forecast, Alpha-Win still expects double-digit increases in both net sales and profit.

Alpha-Win also revised the forecast dividend per share from 132 yen to 129 yen—still a 30-yen increase over FY2027—based on a projected payout ratio of 100.3%.

To achieve the Company's net sales target of 22,000 million yen in the medium-term plan, a compound annual growth rate (CAGR) of 12.0% would be required, starting from the Company's revised forecast for the current fiscal year.

Similarly, achieving the operating profit target of 4,000 million yen would require an exceptionally high CAGR of 25.4%. The target operating profit margin of 18.2% is 3.7 percentage points above the current fiscal year's planned level of 14.5%.

Considering the Company's current forecast for this fiscal year and its historical track record (growth rates), Alpha-Win views both the net sales and operating profit targets as high hurdles.

To achieve these targets, key factors will include accelerating growth in the subscription business (through higher revenue per subscription and rapid increases in the number of active subscriptions), scaling down or exiting unprofitable businesses, bringing new businesses onto a profitable trajectory, the successful execution of new M&A initiatives, and cost control—including for upfront investments.

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 thus appear highly attainable by the final year of the plan.

【Figure 27】 Medium-Term Forecasts

	Unit: million yen or %	FY2024	FY2025	FY2026 Previous CE	FY2026 CE	FY2026 E	FY2027 E	FY2028 E	FY2028 Medium-Term Plan	FY2026 Previous E	FY2027 Previous E	FY2028 Previous E
Net sales		15,018	16,237	17,689	17,539	17,600	19,000	21,000	22,000	17,800	19,800	21,500
Category	Cloud Services	7,467	9,381	11,096	10,853	11,000	12,650	14,550	18,000	11,200	13,340	15,500
	Maintenance Service	3,568	3,712	3,212	3,200	3,200	3,000	2,600		3,300	3,040	2,600
	Products	1,222	596	477	527	530	460	450		480	460	450
	Merchandise	532	522	494	482	480	460	450		490	460	450
	Other Operating Revenue	2,227	2,025	2,408	2,475	2,390	2,430	2,950		2,330	2,500	2,500
Gross Profit		9,636	10,228	11,142	10,669	10,700	11,400	12,600		11,200	12,500	13,600
Gross Profit Margin	(Ratio to sales)	64.2%	63.0%	63.0%	60.8%	60.8%	60.0%	60.1%		62.9%	63.1%	63.3%
SG&A Expenses		7,326	7,591	8,318	8,126	8,150	8,550	8,850		8,300	9,140	9,730
SG&A Expense Ratio	(Ratio to sales)	48.8%	46.8%	47.0%	46.3%	46.3%	45.0%	42.1%		46.6%	46.2%	45.3%
Operating Profit		2,309	2,637	2,824	2,543	2,550	2,850	3,750	4,000	2,900	3,360	3,870
Operating Profit Margin	(Ratio to sales)	15.4%	16.2%	16.0%	14.5%	14.5%	15.0%	17.9%	18.2%	16.3%	17.0%	18.0%
Ordinary Profit		2,343	2,688	2,865	2,530	2,530	2,900	3,800		2,950	3,410	3,920
Ordinary Profit Margin	(Ratio to sales)	15.6%	16.6%	16.2%	14.4%	14.4%	15.3%	18.1%		16.6%	17.2%	18.2%
Net Profit		1,611	1,741	1,897	1,649	1,650	1,980	2,580		1,950	2,310	2,650
Net Profit Margin	(Ratio to sales)	10.7%	10.7%	10.7%	9.4%	9.4%	10.4%	12.3%		11.0%	11.7%	12.3%
Net Sales (YoY % Growth)		15.7%	8.1%	8.9%	8.0%	8.4%	8.0%	10.5%		9.6%	11.2%	8.6%
Category	Cloud Services	34.1%	25.6%	18.3%	15.7%	17.3%	15.0%	15.0%		19.4%	19.1%	16.2%
	Maintenance Service	7.6%	4.0%	-13.5%	-13.8%	-13.8%	-6.3%	-13.3%		-11.1%	-7.9%	-14.5%
	Products	-58.6%	-51.2%	-20.0%	-11.1%	-11.1%	-13.2%	-2.2%		-19.5%	-4.2%	-2.2%
	Merchandise	21.2%	-1.9%	-5.4%	-7.7%	-8.0%	-4.2%	-2.2%		-6.1%	-6.1%	-2.2%
	Other Operating Revenue	101.9%	-9.1%	18.9%	22.2%	18.0%	1.7%	21.4%		15.1%	7.3%	0.0%
Gross Profit Margin (YoY Difference)		-1.7%	-1.2%	-0.8%	-2.2%	-2.2%	-0.8%	0.0%		-0.1%	0.2%	0.1%
SG&A Expenses (% Growth)		19.1%	3.6%	9.6%	7.0%	7.4%	4.9%	3.5%		9.3%	10.1%	6.5%
Operating Profit (% Growth)		79.2%	14.2%	7.1%	-3.6%	-3.3%	11.8%	31.6%		10.0%	15.9%	15.2%
Ordinary Profit (% Growth)		76.6%	14.7%	6.6%	-5.9%	-5.9%	14.6%	31.0%		9.7%	15.6%	15.0%
Net Profit (% Growth)		82.5%	8.0%	9.0%	-5.3%	-5.2%	20.0%	30.3%		12.0%	18.5%	14.7%

(Source) Prepared by Alpha-Win Research Dept. "CE" and "Medium-Term Plan" are the Company's plan. "E" is Alpha-Win's forecast/estimate.

(Note) "Previous E" is Alpha-Win's previous forecast/estimate.

- ◆ 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 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% and maintain a progressive dividend policy.

(5) 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).

(6) 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.

(7) 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).

(Source) Figures 28 and 29: Extracted from the financial results briefing materials.

(Note) ROE and EVA spread figures in Figure 29 represent values as of the end of March for each fiscal year.

6. Analyst's View

◆ Shareholder Returns

Capital Policy and Dividend Policy: No change

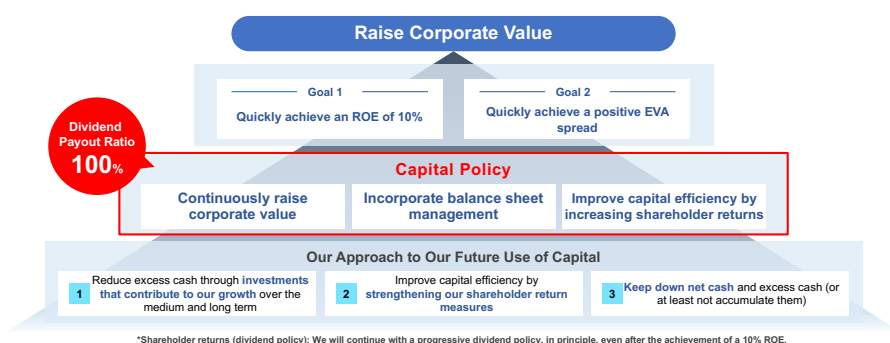
Under the 2027 Medium-Term Management Plan (FY2026–FY2028), the Company introduced a new capital and dividend policy. It aims to achieve (1) ROE of 10% or higher, and (2) a positive EVA spread⁵, thereby pursuing capital efficiency through balance sheet management (Figure 28).

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 two most recent fiscal years). It has also announced that even after the target is achieved, it will maintain a progressive dividend policy, under which dividends will not be reduced and will either be maintained or increased in line with profit growth. The Company's approach to shareholder returns is proactive.

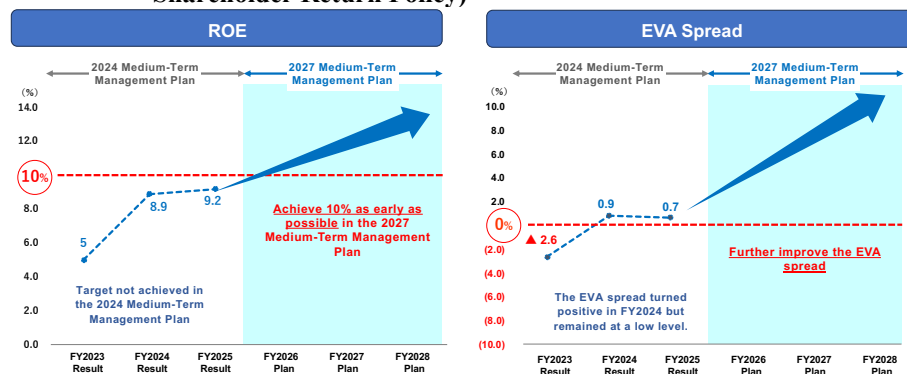
As for the EVA spread (ROIC⁶ – WACC⁷), it used to be negative (–2.6% in FY2023), but turned positive in FY2024 at 0.9%, and remained positive at 0.7% in the previous fiscal year, albeit at a flat and modest level. The Company intends to further expand the positive spread from the current fiscal year onward (Figure 29).

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 new businesses such as its CVC.

【Figure 28】 Capital Policy (Targets) and Cash Allocation



【Figure 29】 Changes in ROE and EVA Spread (Capital Efficiency and Shareholder Return Policy)



- ◆ The Company has been on a trend of substantial dividend increases.

- ◆ It plans to maintain its initial dividend plan for the current fiscal year and raise the annual dividend by 8 yen to 95 yen.

- ◆ The dividend yield of 5.3% ranks the Company 33rd out of 1,610 companies on the TSE Prime Market (top 2.0%).

Changes 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 30).

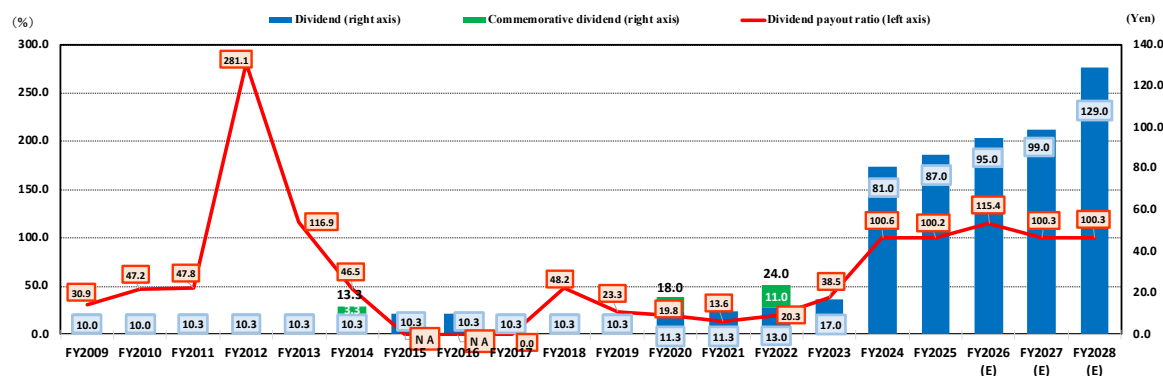
In line with its enhanced shareholder return policy (100% consolidated dividend payout ratio), the Company significantly raised its FY2024 dividend from the initial plan of 17 yen to a final amount of 81 yen (dividend payout ratio: 100.6%). For FY2025, the dividend was increased again by 6 yen to 87 yen (dividend payout ratio: 100.2%).

Although the Company revised its full-year forecast downward for the current fiscal year, it still plans to increase the annual dividend by 8 yen as originally scheduled, bringing the total dividend to 95 yen (forecast dividend payout ratio: 115.5%).

Following the announcement of the downward revision to its full-year forecast, the share price fell sharply. However, the forecast dividend yield remains extremely high at 5.3%, ranking the Company 33rd out of all 1,610 companies listed on the TSE Prime Market (top 2.0%), as of December 5, 2025.

In addition, as part of its shareholder return measure, the Company has a shareholder benefit program. Shareholders receive QUO Cards based on the number of shares they hold as of the end of each March. This is another indication of the Company's shareholder-focused management approach.

【Figure 30】 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.

- ◆ The capital and dividend policies are viewed positively.
- ◆ A key challenge is to use the Company's ample financial resources to establish new, high-profitability businesses. Share buybacks, which would contribute to improving ROE, are also an important capital allocation option.

Use of Surplus Funds

The Company's clear 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.

At present, capital outflows through dividend increases 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.

- ◆ With strong financial performance, share price has increased largely and has been significantly outperforming the TOPIX and its two industry peers over the past approximately nine years.
- ◆ 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, as well as due to the downward revisions to this fiscal year's forecast, the Company's stock has underperformed its industry peers and the TOPIX on a YTD basis.

◆ Share Price and Factors that May Impact Share Price

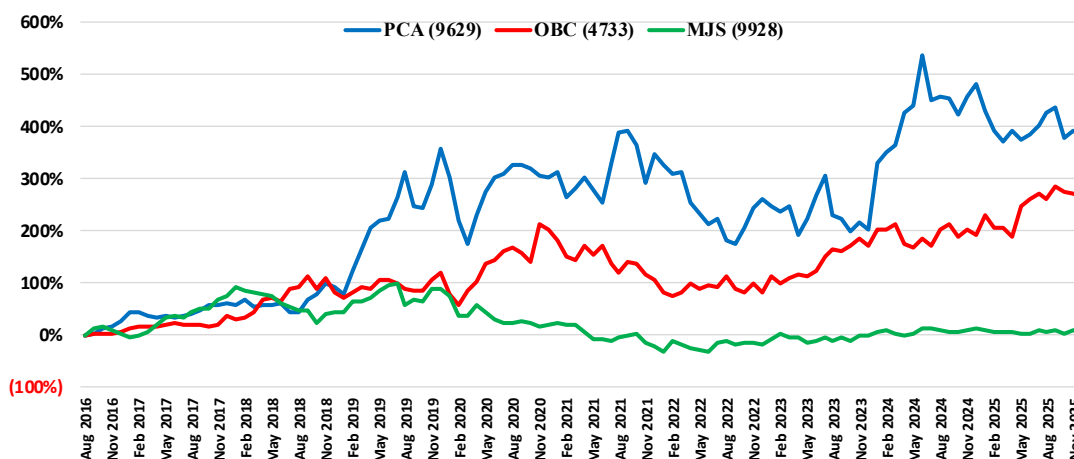
Performance

The Company's share price and relative share price compared to the TOPIX over the past approximately nine years and three months since August 2016 are shown in the summary section (Figure C on page 4). Its share price has risen by approx. 4.8x during this period, significantly outperforming the TOPIX which has meanwhile only increased by 2.5x.

During the same period, the Company's stock performance has been extremely strong among the three industry peers (the Company and two companies with similar businesses [4733 Obic Business Consultants or "OBC" and 9928 Miroku Jyoho Service or "MJS"]) (Figure 31).

However, after the share price strengthened from January 2024 on the back of positive investor sentiment toward the enhanced shareholder return measures, it subsequently declined due to a reactionary pullback and the downward revision to the full-year forecast announced on October 28, 2025. As a result, on a year-to-date basis in 2025, the stock has underperformed its two industry peers as well as the TOPIX (Figure 31, and Figure 32 on page 30). Since then, supported by its high dividend yield, the downside has been gradually solidifying, with the price trading around the 1,800-yen level.

【Figure 31】 Comparison of Stock Performance with Industry Peers



(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 December 5, 2025.

- ◆ Compared with the TSE Prime Market averages, the Company's valuation multiples (P/E and P/B) are somewhat high, but the dividend yield is at an attractive level.

Valuation

Compared with the average valuation of all stocks listed on the TSE Prime Market, the Company's shares trade at somewhat higher P/E and P/B ratios, but the dividend yield is exceptionally high and therefore attractive (Figure 32 on page 30). Against the TSE Prime's forecast average P/E of 17.91x, the Company's forecast-based P/E is 21.77x; compared with the TSE Prime's actual P/B of 1.57x, the Company's stands at 2.00x; and against the TSE Prime's simple-average forecast dividend yield of 2.41% (weighted average: 2.20%), the Company's yield is 5.30% (based on the closing price on December 5, 2025). Based on Alpha-Win's profit forecast, the Company's P/E ratio is projected at 21.8x for the current fiscal year (roughly the same as the figure based on the Company's forecast), 18.1x for the next fiscal year, and 13.9x for the fiscal year after that, gradually declining over time.

【Figure 32】 Comparison of Valuation and Performance with Major Indices

Notes						Date of Announcement of First-Half Results	Date of Announcement of Shareholder Return Enhancement
Closing Price on December 5, 2025	Share Price / Indices	The Current Fiscal Year's Forecast P/E Ratio	Actual P/B Ratio (At the end of quarter)	Dividend Yield (Simple average)	YTD Return	Return Since October 28, 2025	Return Since January 29, 2024
PCA (PRM 9629)	1,791	21.78	2.00	5.30	-16.9	-8.4	47.9
Average of All TSE Prime Stocks: PRM	1,731.75	17.91	1.57	2.41	20.8	2.4	33.0
Average of All TSE Standard Stocks: STD	1,498.11	15.06	1.10	2.41	17.8	0.2	22.6
Average of All TSE Growth Stocks: GRT	874.17	34.15	3.35	0.89	6.0	-7.0	-2.3
TOPIX	3,362.56	-	-	-	20.7	2.3	32.9
Nikkei Stock Average	50,491.87	18.79	1.67	1.86	26.6	0.5	40.2

(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 on December 31, 2024, to the closing price on December 5, 2025. October 28, 2025, was the date that the Company announced its first-half results for the current fiscal year. January 29, 2024, was the date that the enhanced shareholder return measure was announced.

- ◆ Compared with two listed peer companies across major valuation measures, the Company ranks in the middle, but its dividend yield is exceptionally high.

- ◆ The two industry peers in the area of cloud-based accounting have extremely high valuations.

Compared with its two industry peers (OBC and MJS) in terms of key valuation measures (P/E, P/B, P/S, and EV/EBITDA), the Company ranks in the middle, but its dividend yield is exceptionally high (Figure 33).

Companies such as Money Forward (TSE Prime: 3994) and free (TSE Growth: 4478) are also the Company's industry peers among listed companies, mainly competing in the area of cloud-based accounting software. However, both have low profit levels and pay no dividends, and their valuations are extremely expensive compared to the Company's (Figure 33: two rightmost columns).

【Figure 33】 Comparison of Valuation with Industry Peers

	Company Name	PCA (Consolidated)	OBC Business Consultants (OBC: non-consolidated)	Miroku Jyoho Service (MJS: consolidated)	Money Forward (MF: consolidated)	free (FR: consolidated)
	Code (TSE Market)	9629 (PRM)	4733 (PRM)	9928 (PRM)	3994 (PRM)	4478 (GRT)
Market Where Listed, Share Price, and Valuation	Share price (closing price on December 5, 2025)	1,791	8,581	1,843	4,093	2,989
	Market capitalization (millions of yen)	39,402	647,042	59,540	227,263	178,089
	P/E ratio (price-to-earnings ratio)	21.8	37.2	11.3	-	-
	P/B ratio (price-to-book ratio)	2.0	3.9	1.8	6.4	8.9
	Dividend yield (%)	5.3	1.2	3.3	-	-
	EV/EBITDA	7.6	19.7	6.8	Negative	46.2
Company Forecasts for the Current Fiscal Year (Full Year)	P/S ratio (price-to-sales ratio)	2.2	12.5	1.2	5.6	4.3
	Net sales (millions of yen)	17,539	51,700	49,000	49,500~52,100	40,930~41,590
	Gross profit margin (%)	60.8	83.4	61.6	Not disclosed	Not disclosed
	Operating profit (millions of yen)	2,543	24,000	6,700	-4,700~-2,300	(Adjusted) 2,460~2,500
	Operating profit margin (%)	14.5	46.4	13.7	-	6.0
	EPS (company forecast): YoY change (%)	-5.3	7.2	11.8	-	-
Previous Fiscal Year's Full-Year Results	Dividend on equity ratio (%): actual	9.2	4.9	5.9	-	-
Past Growth Rates	Past 10 years' net sales growth rate	92.4	114.3	95.3	(Over the past 9 years: approximately 92%, from 443 million yen to 40,363 million yen)	(Over the past 9 years: approximately 118%, from 216 million yen to 25,430 million yen)
	Past 10 years' operating profit growth rate	6492.5	137.6	106.9	(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)
Results for the First Half of the Current Fiscal Year (Excluding MR and FR)	Equity ratio (%)	54.3	77.5	66.6	31.4	37.1
	Net sales (millions of yen)	8,223	24,931	24,172	35,306	9,743
	Net sales growth rate	4.2	9.6	6.3	19.0	32.1
	Operating profit (millions of yen)	1,211	11,160	3,151	-1,979	271
	Operating profit margin (%)	14.7	44.8	13.0	-	2.8
	Net sales progress toward full-year plan (%)	46.9%	48.2%	49.3%	69.5%	23.6%
	Operating profit progress toward full year plan (%)	47.6%	46.5%	47.0%	-	27.1%

(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 December 5, 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 into the full year based on actual figures (or the company's full-year forecast).
- In the P/E calculations, the companies' forecast EPS for this fiscal year was used (fiscal year ending March 2026 for PCA, OBC, and MJS; ended November 2025 for MF; and ending June 2026 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 for this fiscal year]
- The average value was used in estimation when a forecast was disclosed as a range.
- Past 10 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.

♦ 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 to watch include KPIs, financial performance for the current and the next fiscal years, the growth rate of the subscription business, the performance of new businesses and services (such as PCA Arch, the Hub Series, PCA Subscription, Dreamhop, and Tyrell Systems), shareholder return measures, the use of cash, and the impact of revisions to legal and accounting systems.

Share Price Outlook

The Company has strengths and significant growth potential in its subscription & maintenance business (largely synonymous with 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 are expected to remain the primary growth driver. Alpha-Win believes that if new businesses such as PCA Arch, 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.

Although high levels of development investment are expected to continue, if the Company exercises appropriate cost control, profits are anticipated to return to a growth trajectory from the next fiscal year onward, with increases in both EPS and dividends. For this reason, Alpha-Win believes the stock has 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)—the number of active subscriptions, ARR, churn rate, and ARPU—as well as changes in the growth rate of cloud services sales.
2. Sales progress of the PCA Hub Series, a key area of focus, and the new service PCA Arch, as well as their contribution to profit.
3. Sales progress of PCA Subscription, the launch of other new products and services, progress in new business development (including CVC and M&A), and the partnership strategy.
4. The impact on earnings from changes in upfront investment—such as strengthened development, enhanced sales promotion, and increased workforce—as well as cost increases driven by inflation. Particular attention should be given to the effects of the amended Labor Standards Act (effective April 2026), the mandatory adoption of the new lease accounting standards (from April 2027), and the mandatory implementation of stress checks (from April 2028).
5. Financial results of this fiscal year (full year) and the levels forecasted for the next fiscal year.
6. 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 rates.
7. The monetization of Dreamhop, the synergy effects with Tyrell Systems, and the performance trends of Xronos, which carries high growth expectations.
8. Shareholder return measures such as dividend increases, share buybacks, stock splits, and enhanced shareholder benefits.
9. How its ample cash will be effectively used.
10. Reforms or revisions of accounting and tax systems, and their impact on financial performance.