COMPANY RESEARCH AND ANALYSIS REPORT

NCD Co., Ltd.

4783

Tokyo Stock Exchange Standard Market

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Contents

Summary

Promoting a shift toward high value-added business models under the new Medium-Term Management Plan

1. Operates three business pillars including IT-related businesses (System Development Business, Support and Service Business) and Parking System Business

NCD Co., Ltd. <4783> (hereafter, also "the Company") is a pioneering independent system integrator founded in 1967. The Company is developing and managing three business pillars: the System Development Business (hereafter, System Development) and the Support and Service Business (hereafter, Support and Service), which are IT-related businesses, and the Parking System Business (hereafter, Parking System), which is an unattended bicycle parking IoT-related business that it launched by utilizing its expertise in IT solutions. The Company's strength in IT-related businesses lies in providing one-stop total solutions. It has built a solid customer base, resulting in a stable earnings structure with over 80% of its sales coming from recurring sales. Parking System is the largest operator of electromagnetic lock-type bicycle parking lots in Japan, mainly as the direct manager and operator of self-operated bicycle parking lots.

2. For FY3/26, operating profit declined slightly because of a pullback from large-scale projects and the effects of temporary expenses

In the FY3/26 consolidated results, net sales increased 2.5% year on year (YoY) to ¥30,867mn, operating profit decreased 6.1% to ¥2,638mn, ordinary profit decreased 6.3% to ¥2,672mn, and profit attributable to owners of parent decreased 2.3% to ¥1,861mn. The Company secured an increase in net sales, albeit a slight one, while offsetting negative factors that included the completion of multiple large-scale projects in the previous fiscal year in System Development, a pullback from a large-scale equipment sales project won in the previous fiscal year in Parking System, and strategic withdrawal from certain low-margin projects. However, profit at each level declined slightly, impacted not only by the effects of the completion of and pullback from large-scale projects, but also by temporary expenses incurred and higher costs associated with growth investments, including wage increases and development of new services.

3. Operating profit and ordinary profit are forecast to increase in FY3/27, offsetting negative factors

In its forecast for consolidated results in FY3/27, the Company is working to acquire new customers and projects, anticipating an increase in sales and slight increases in operating profit and ordinary profit. It is forecasting net sales to increase 3.7% YoY to ¥32,000mn, operating profit to increase 4.2% to ¥2,750mn, ordinary profit to increase 4.0% to ¥2,780mn, and profit attributable to owners of parent to decrease 1.7% to ¥1,830mn. In terms of negative factors, the Company expects the impact of changes in customers' policies in IT-related businesses (including shifts to overseas locations) and the impact of temporary expenses in Parking System (switching expenses incurred as telecommunications carriers terminate provider services), as well as increased expenses accompanying proactive investment in human capital, new service development, and other areas. Operating profit by segment is forecast to increase 0.8% for System Development, increase 10.9% for Support and Service, and decrease 3.7% for Parking System.

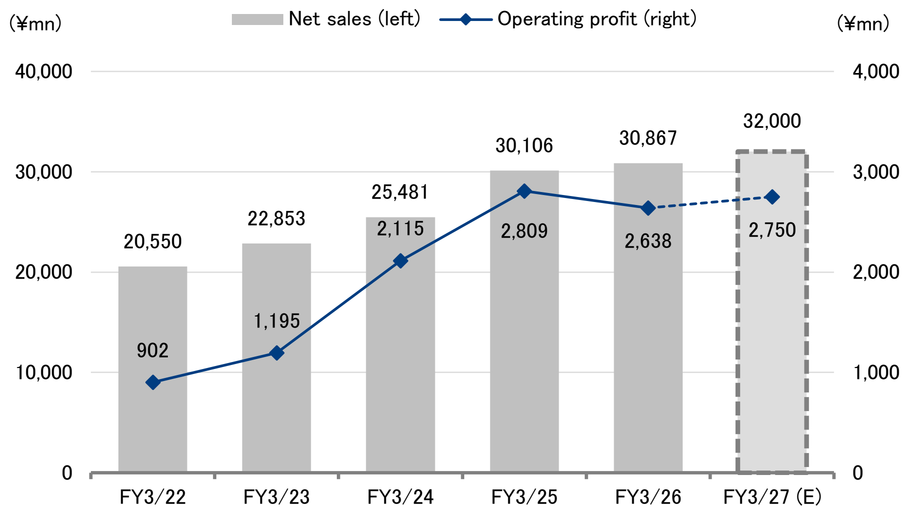
4. Promoting a shift toward high value-added business models while bolstering shareholder returns

The Company positioned "Vision 2029," the new medium-term management plan it formulated in May 2026 (FY3/27–FY3/29), as the second step toward achieving its Group Vision. Under the plan, it aims for the early realization of "a transition to a higher value-added business model with a high level of expertise and proposal capabilities" while working on improving current profitability and focusing on creating clearer "strengths" and growth areas. The Company's financial targets are net sales of ¥36.0bn, operating profit of ¥3.5bn, an operating profit margin of 9.7%, an ROE of 20% or higher, and an ROIC of 20% or higher for FY3/29. In IT-related businesses, the first half of the three-year period is positioned as a phase of building the foundation and making investments, and the second half as a step to reap the results, with the aim of achieving a qualitative transformation in the earnings structure. Parking System aims to build a long-term growth foundation with a focus on three pillars: next-generation bicycle parking systems, new market development, and deepening existing businesses. For shareholder returns, the Company newly introduced progressive dividends, and also expanded its shareholder benefit program.

Key Points

- Operates three business pillars including IT-related businesses (System Development Business, Support and Service Business) and Parking System Business
- For FY3/26, operating profit declined because of a pullback from the previous fiscal year's large-scale projects and the effects of temporary expenses
- Operating profit and ordinary profit are forecast to increase in FY3/27, offsetting negative factors
- Promoting a shift toward high value-added business models while bolstering shareholder returns

Result trends



Source: Prepared by FISCO from the Company's financial results

Company profile

Pioneering independent system integrator

1. Company profile

The Company is a pioneering independent system integrator founded in 1967. It advances its growth strategy of serving as a total solutions provider underpinned by its Group purpose of "Powering the world with passion." At the end of FY3/26, total assets were ¥16,886mn, net assets were ¥8,549mn, the equity ratio was 50.1%, and the number of issued shares was 8,300,000 (including 211,884 treasury shares).

The Company's business bases were its Head Office (Shinagawa Ward, Tokyo), Odaiba Office (Koto Ward, Tokyo), Koto Service Center (Koto Ward, Tokyo), Fukuoka Office (Hakata Ward, Fukuoka City), Kokura Office (Kitakyushu City, Fukuoka Prefecture), Nagasaki Office (Nagasaki City, Nagasaki Prefecture; including the MSC (Managed Service Center)), and Goto Office (Goto City, Nagasaki Prefecture). The Group encompasses the Company and its subsidiaries NCD Solutions Co., Ltd., NCD Technology Co., Ltd., NCD CHINA Co., Ltd., NCD EST Co., Ltd., NCD PROS Co., Ltd. (ownership ratio: 67.0%), and Japan Computer Services Inc. (hereafter, JCS).

2. History

The Company was established in March 1967 when it launched the System Development Business. It then launched the Support and Service Business in October 1995, and the Parking System Business in October 1997, then changed the Company name to NCD in January 2024. Regarding stock market-related matters, in September 2000, it registered for over-the-counter trading with the Japan Securities Dealers Association (it was listed on the Tokyo Stock Exchange (TSE) JASDAQ market following the merger of the exchanges). In April 2022, the Company was transferred to the TSE Standard Market following the reorganization of markets on the exchange. In Group companies, the Company established Nihon System Research Co., Ltd. (currently, NCD Technology) in November 2000, established NCD CHINA in April 2005, acquired ZEXIS CORPORATION (currently, NCD Solutions) as a subsidiary in December 2007 (made it a wholly owned subsidiary in August 2008), established NCD PROS in March 2018, acquired Yano Industrial Inc. (currently, NCD EST) as a wholly owned subsidiary in April 2019, and acquired JCS as a wholly owned subsidiary in December 2023.

History

Date	Event
March 1967	The Company was established in Ebisu, Shibuya Ward, Tokyo, as a software development company
January 1970	In the Middle and Near East, it succeeded in developing and installing comprehensive systems, becoming the first company in Japan to develop software overseas
September 1976	Deployed the PRIDE system development methodology (developed by US-based MBA) as the first user in Japan
April 1979	Opened the Fukuoka Sales Office as a business site (currently, the Fukuoka Office)
February 1990	Received certification as a “system integrator” from the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry)
October 1995	Launched the Support and Service Business
October 1997	Merger of Finetech Systems Co., Ltd., C.A.P Co., Ltd., and Holon Co., Ltd. Launched the Parking System Business
April 1999	Relocated the Head Office to Nishi-Gotanda, Shinagawa Ward, Tokyo
September 2000	Registered for over-the-counter trading with the Japan Securities Dealers Association
November 2000	Established Nihon System Research Co., Ltd. (currently, NCD Technology Co., Ltd.)
April 2005	Established NCD CHINA Co., Ltd. in the Huayuan Industry Area, Tianjin, China
June 2006	Acquired the Privacy Mark certification
May 2007	Acquired ISO 9001 certification (certification of the Fukuoka Sales Office as a related business office)
December 2007	Acquired ZEXIS CORPORATION (currently, NCD Solutions Co., Ltd.) as a subsidiary
May 2011	Opened the Nagasaki Sales Office as a business site (currently, the Nagasaki Office)
November 2015	Opened the Koto Service Center as a business site
March 2018	Established NCD PROS Co., Ltd. (subsidiary with a 67% stake)
April 2019	Acquired YANOSANGYO., Ltd. (renamed NCD EST in September 2021), as a subsidiary
October 2019	Opened the Odaiba Office as a business site
April 2020	Opened the Goto Office (Goto City, Nagasaki Prefecture) as a business site
April 2022	Transferred to the Tokyo Stock Exchange Standard Market
October 2023	Acquired AWS Solution Provider certification
December 2023	Acquired Japan Computer Services Inc. (JCS) as a subsidiary
January 2024	Changed company name from Nippon Computer Dynamics Co., Ltd. to NCD Co., Ltd.
November 2024	Issued Integrated Report 2024, the Group’s first integrated report
December 2024	Designated as a DX Certified Business Operator
March 2026	Announced JITERECO, a bicycle dash cam, as a new NCD brand

Source: Prepared by FISCO from the Company’s website and materials

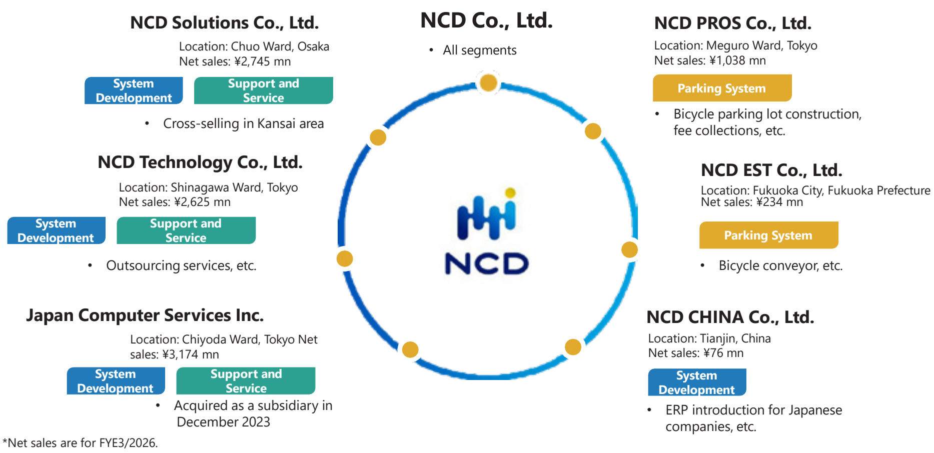
Business overview

Promotes IT-related businesses (System Development, Support and Service) and Parking System

1. Business overview and characteristics/strengths

The Company, as a total solutions provider, is developing and managing three business pillars: System Development (systems integration) and Support and Service (service integration), which are IT-related businesses, and Parking System (parking solutions), which is an unattended bicycle parking lot-related business that it launched by utilizing its expertise in IT solutions. The Company leverages advanced technologies and high-quality services cultivated through an extensive track record as an independent company, the latest information technology and abundant application knowledge, and one-stop service provision to deliver total solutions. Subsidiary NCD Solutions engages in system development and other IT-related businesses, mainly for the Panasonic Holdings <6752> Group; NCD Technology engages in IT-related outsourcing operations and other IT-related businesses; JCS engages in IT-related businesses including operation and maintenance of systems, mainly for Kao <4452>; NCD CHINA engages in ERP installation for Japanese companies in China; NCD PROS conducts bicycle parking lot construction and fee collection; and NCD EST manufactures bicycle transport conveyors and operates a bicycle parking lot business in Kyushu.

Group companies and business segments



Source: The Company's financial results and medium-term management plan briefing

System Development mainly handles development and maintenance consignments for core systems

2. System Development

System Development conducts outsourced system integration, which involves undertaking the planning, design, development, construction, testing, installation, maintenance and management mainly of core systems. Its services include systems construction solutions, infrastructure construction solutions, and package solutions, primarily for major corporate groups. Based on the expertise cultivated through its abundant track record, the Company has established its own proprietary systems development standard "NS-SD" (NCD Standard System Development) and project management standard "NS-PM" (NCD Standard Project Management), realizing system development that ensures stable quality.

For medium-sized companies looking to install systems in a short period of time at low cost, the Company provides package solutions including installation, customization, and management support for the package software of its strategic partner companies. It is especially adept at installing Oracle <ORCL>'s applications, OBIC BUSINESS CONSULTANTS <4733>'s Bugyo series of core business systems, and Panasonic Net Solutions Co., Ltd.'s MAJOR FLOW workflow management system. In addition, it acquired AWS Solution Provider certification and concluded an AWS Solution Provider Program (SPP) agreement in October 2023 for Amazon's (Amazon.com <AMZN>) Amazon Web Services (AWS). As a certified Japanese partner of Salesforce <CRM>, it has extensive experience assisting with installation of the Salesforce platform, and offers linked package tools developed in-house as a fee-based service to Salesforce users. Supporting Japanese companies' global development is also a feature of the Company, which helps install ERP packages such as "mcframe GA," Business Engineering <4828>'s globally compliant ERP, and "Yoyu U8," which has the No. 1 share for ERP in China.

Support and Service primarily conducts outsourcing of maintenance and operations

3. Support and Service

Support and Service undertakes service integration in the form of outsourcing services for the maintenance and operation of customers' IT assets, such as IT infrastructure maintenance and operation solutions and business process support solutions. It constructed the Company's "NS-OS" (NCD Standard Operation Service) operating standard based on the Information Technology Infrastructure Library (ITIL) framework. Through NS-OS, a specialized group of engineers capable of addressing even multiple system failures in areas such as network systems construction and maintenance and management provides comprehensive support on behalf of customers' system operations departments.

Managed service centers (MSCs) in Tokyo and Nagasaki coordinate to provide one-stop technical support for system and application maintenance and operations via 24-hour, 365-day remote monitoring, a service desk to address inquiries, and so forth. Another feature of this business segment is that its wealth of expertise and capabilities including rapid response, flexible service, and comprehensive support enable it to go beyond providing maintenance and operation services to customers for which the Company built systems to undertake maintenance and operation of applications and systems built by other companies. Support and Service bases are strengthening efforts to address business continuity planning (BCP) in the event of a disaster or critical situation, in a high-security environment.

IT-related businesses established a robust revenue base

4. Advantage in distribution channels: dominance in prime-contractor projects

In its IT-related businesses, the Company has many long-term, ongoing transactions with major insurance companies, energy companies, manufacturers, and other blue-chip companies, and has built a solid customer base. Generally, in the system development industry, mid-sized companies often become subcontractors to major system integrators under secondary- and tertiary-tier outsourcing arrangements. In the Company's case, direct transactions with end users (as the prime contractor) account for approximately 80% of its business. In addition, the Company is establishing a stable revenue base with recurring sales from services such as maintenance and operation of systems that it developed and constructed given its many long-term ongoing contracts with blue-chip companies.

Net sales from IT-related businesses in FY3/26 broke down by category as 8.1% from IT consulting, 53.8% from SI services (including business application maintenance), 5.4% from package installation, 25.7% from IT infrastructure, and 7.1% from service desk. By one-time and recurring sales, one-time sales business (system development and construction, etc.) accounted for 20% of net sales, and recurring sales business (system maintenance and operation, etc.) for 80%. Because the Company has many ongoing transactions with major companies, recurring sales account for a higher share of net sales, which demonstrates the high level of the Company's technological abilities and quality.

Parking System is the largest operator of electromagnetic lock-type bicycle parking lots in Japan

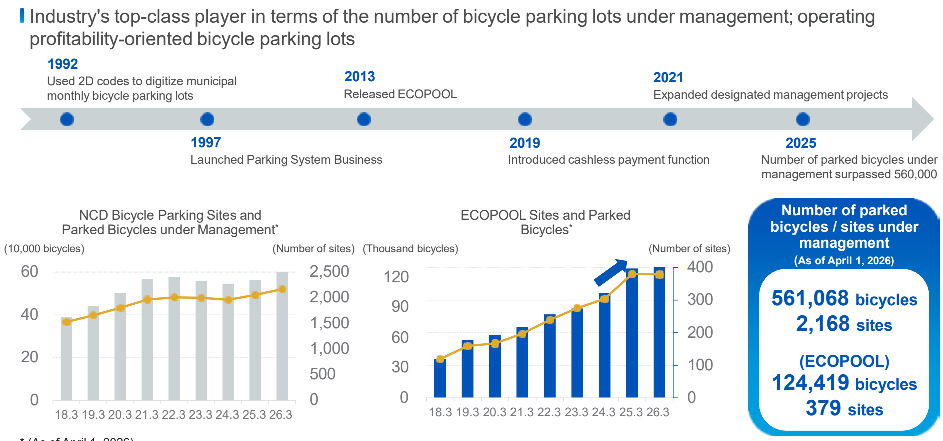
5. Parking System

Parking System mainly sells electromagnetic-lock bicycle parking equipment and manages bicycle parking lot operations. In addition to utilizing IT to manage bicycle parking lot operations in a more efficient and labor-saving manner, this business contributes to eliminating bicycle parking issues such as abandoned bicycles, easing traffic congestion, effective utilization of land, region and community building, and improvement of the global environment through reduced CO_2 emissions. Initially, the focus was on one-time sales of electromagnetic-lock bicycle parking equipment and payment machines. However, the Company expanded the business as a pioneer in coin-operated bicycle parking lots (unattended bicycle lots with spaces rented by the hour) in the bicycle parking lot industry where attended lots rented by the month had prevailed by leveraging the IT technology it had amassed to realize unattended management of bicycle lots through remote operation. Currently, it operates the EcoStation21 time-based unattended bicycle parking lots and the ECOPOOL monthly bicycle parking lots services primarily near commercial facilities, train stations, and so forth in metropolitan Tokyo, but also in Kansai, Chubu, and Kyushu (it consigns operations to partner companies in Kansai and Chubu). ECOPOOL is Japan's first online-based monthly bicycle parking lot service, which the Company independently developed in 2013. It reduces the cost of managing bicycle parking lots by allowing everything from searching for bicycle parking lots to contracting to be completed online.

The segment's sales categories are equipment sales, management and operations, and others (bicycle-related product sales, etc.). The management and operations category consists of self-operated bicycle parking lots that the Company operates and manages based on contracts with private-sector companies that own commercial facilities and so forth, designated management wherein the Company conducts management and operations as the manager designated by the local government (designated management system and usage fee system), and contracting wherein the Company is entrusted to manage bicycle parking lots operated by entities such as railway companies and local governments. In FY3/26, equipment sales accounted for 14.6% of net sales in Parking System, self-operated bicycle parking lots for 37.2%, designated management for 26.7%, contracting for 18.7%, and others (e-commerce business, etc.) for 3.0%. By one-time sales and recurring sales, one-time sales business (sales of bicycle parking equipment, e-commerce business, etc.) accounted for 18%, while the recurring sales business (bicycle parking lot usage fees, management and operations, etc.) accounted for 82%. Although equipment sales fluctuate depending on large-scale projects, revenue from usage fees at self-operated bicycle parking lots has expanded, and thus Parking System is based on a business model in which recurring sales account for approximately 80%.

The Company manages one of the largest domestic networks of electromagnetic lock-type bicycle parking lots, which are widely supported by local governments, railway companies, commercial facilities, and other organizations nationwide due to their ability to reduce the number of abandoned bicycles. As of April 1, 2026, the NCD Group had 2,168 sites and 561,068 bicycle parking spaces under management. (Among these, 379 sites and 124,419 bicycle parking spaces are managed under ECOPOOL.)

History of the Parking System Business



* (As of April 1, 2026)

Source: The Company's financial results and medium-term management plan briefing

As an example of large-scale projects, in September 2025, the Company delivered and installed 1,030 units of bicycle parking equipment at CROSS KANAMACHI, which opened as part of the Kanamachi Station North Exit redevelopment project. In October of the same year, the Company was selected as the designated manager of bicycle parking lot operations in Toda City (second period, with management and operation of 10,020 bicycle parking lot spaces starting April 2026). In January 2026, the Company was selected to be a local government bicycle parking lot management service provider in Suginami Ward, Tama City, Nakano Ward, and Setagaya Ward (and started management and operation of 73 bicycle parking lots with about 36,800 spaces in total starting April 2026).

Moreover, in order to further improve the profitability of Parking System, the Company is advancing initiatives that include introducing cashless payment, optimizing the usage fee structure (revising fees), withdrawing from low-margin designated management projects, and developing new sales channels (general contractors, developers, architectural offices, etc.). Additionally, the Company developed a bicycle parking patrol management system (a smartphone app for parking staff) and began using it in March 2025 to streamline patrol operations and make use of data collected through these operations, thereby also driving DX in bicycle parking management. Furthermore, in March 2026, the Company released JITERECO, a bicycle dash cam (with sales scheduled to begin in December 2026), and is also advancing development of next-generation bicycle parking systems (gate-type bicycle parking lots) in response to the emergence of diverse mobility options, including electric kick scooters.

IT-related businesses and Parking System on a growth trajectory

6. Performance by segment

In terms of performance by segment (regarding segment profit, from FY3/26, the Company made the change to a new standard that allocates company-wide expenses to each segment, with figures for FY3/25 and earlier also based on the new standard), IT-related businesses and Parking System are both on a growth trajectory.

From FY3/21 to FY3/26, net sales in each segment expanded: System Development from ¥7,405mn to ¥12,729mn, approximately 1.7 times; Support and Service from ¥5,072mn to ¥9,961mn, approximately 2.0 times; and Parking System from ¥5,060mn to ¥8,128mn, approximately 1.6 times. For Parking System, net sales were impacted by the COVID-19 pandemic in FY3/21, but recovered in FY3/24 to a level higher than before the COVID-19 pandemic, and have continued to expand thereafter. Net sales composition has generally trended at around 40% for System Development, around 30% for Support and Service, and around 30% for Parking System. Over the same period, segment profit expanded in System Development from ¥448mn to ¥942mn, approximately 2.1 times, and in Support and Service from ¥192mn to ¥631mn, approximately 3.3 times. Operating profit in the Parking System posted a loss of ¥396mn in FY3/21 due to the impact of the COVID-19 pandemic and declined to ¥35mn in FY3/22, but recovered sharply from FY3/23, eventually reaching ¥1,142mn in FY3/26. The segment profit margin (based on the new standard) rose from 6.0% to 7.4% for System Development, from 3.8% to 6.3% for Support and Service, and from -7.8% to 14.1% for Parking System.

FISCO believes that the growth trend seen across all segments remains unchanged.

Result trends by segment

(¥mn)

Item	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Consolidated net sales	17,563	20,550	22,853	25,481	30,106	30,867
System Development	7,405	8,365	9,243	10,421	12,699	12,729
Support and Service	5,072	6,099	6,892	7,735	9,409	9,961
Parking System	5,060	6,073	6,675	7,297	7,975	8,128
Composition						
System Development	42.2%	40.7%	40.4%	40.9%	42.2%	41.2%
Support and Service	28.9%	29.7%	30.2%	30.4%	31.3%	32.3%
Parking System	28.8%	29.6%	29.2%	28.6%	26.5%	26.3%
Consolidated operating profit	242	902	1,195	2,115	2,809	2,638
System Development	448	526	458	873	1,028	942
Support and Service	192	336	370	459	585	631
Parking System	-396	35	359	773	1,217	1,142
Consolidated operating profit margin	1.4%	4.4%	5.2%	8.3%	9.3%	8.5%
System Development	6.1%	6.3%	5.0%	8.4%	8.1%	7.4%
Support and Service	3.8%	5.5%	5.4%	5.9%	6.2%	6.3%
Parking System	-7.8%	0.6%	5.4%	10.6%	15.3%	14.1%

Notes 1: Net sales constitute net sales to external customers. Composition constitutes the share of consolidated net sales including others.
Notes 2: For segment profit, from FY3/26, the Company made the change to a new standard that allocates company-wide expenses to each segment, with figures for FY3/25 and earlier also based on the new standard.
Notes 3: The segment profit margin is the ratio of segment profit to net sales for each segment.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Thorough project management and quality control

7. Risk factors, income characteristics, challenges, and countermeasures

In IT-related businesses (System Development and Support and Service), a general risk is that profit is subject to fluctuations depending on the profitability of each project. To mitigate that risk, the Company conducts rigorous project and quality management to prevent losses and sustain profitability. Recurring sales are growing in System Development through the expansion of maintenance and operation services after development work and in Support and Service through growth in ongoing contracting projects. As such, the earnings structure is stable. In Parking System, recurring sales centered on bicycle parking lot fee income have become the segment's mainstay through an increase in the number of managed bicycle parking lots and spaces. The Company is also promoting BPR to improve profitability.

Results trends

For FY3/26, operating profit declined slightly because of a pullback from large-scale projects and effects of growth investments

1. Overview of FY3/26 consolidated results

In the FY3/26 consolidated results, net sales increased 2.5% YoY to ¥30,867mn, operating profit decreased 6.1% to ¥2,638mn, ordinary profit decreased 6.3% to ¥2,672mn, and profit attributable to owners of parent decreased 2.3% to ¥1,861mn. The Company secured an increase in net sales, albeit a slight one, while offsetting negative factors that included the completion of multiple large-scale projects in the previous fiscal year in System Development, a pullback from a large-scale equipment sales project won in the previous fiscal year in Parking System, and strategic withdrawal from certain low-margin projects. However, profits at each level declined slightly, impacted not only by the effects of the completion of and pullback from large-scale projects, but also by temporary expenses incurred and higher costs associated with growth investments, including wage increases and development of new services. Note that relative to the Company's previous forecast (revised figures dated November 7, 2025; net sales of ¥31,000mn, operating profit of ¥2,450mn, ordinary profit of ¥2,450mn, and profit attributable to owners of parent of ¥1,650mn), while net sales fell short by ¥133mn, operating profit exceeded expectations by ¥188mn, ordinary profit by ¥222mn, and profit attributable to owners of parent by ¥211mn.

Gross profit increased 2.7% YoY, and the gross profit margin remained flat at 21.8%. Cost of sales increased ¥581mn. This was mainly due to a ¥614mn increase in personnel expenses in cost of sales, a ¥309mn increase in outsourcing expenses, a ¥221mn increase in material costs, and a ¥70mn increase in temporary expenses associated with the transition in the Parking System's FOMA lines, which offset a ¥537mn decrease in external personnel expenses. SG&A expenses increased 9.3%, and the SG&A expense ratio increased 0.8 percentage points (pp) to 13.3%. SG&A expenses increased ¥349mn. This was mainly due to a ¥195mn increase in investment in human capital (¥165mn increase in personnel expenses, etc. and ¥29mn increase in education and training expenses), a ¥79mn increase in system-related expenses, and a ¥57mn increase in research and development expenses (a ¥60mn increase in those related to the new business JITERECO despite a ¥3mn decrease in those related to next-generation bicycle parking facility development). As a result, the operating profit margin decreased 0.8pp to 8.5%.

Overview of FY3/26 consolidated results

(¥mn)

	FY3/25		FY3/26		YoY		Company forecasts	vs. forecast	
	Results	Composition / profit margin	Results	Composition / profit margin	Change	% change		Achieved amount	Achieved rate
Net sales	30,106	-	30,867	-	760	2.5%	31,000	-132	99.6%
Gross profit	6,565	21.8%	6,744	21.8%	179	2.7%	-	-	-
SG&A expenses	3,755	12.5%	4,105	13.3%	349	9.3%	-	-	-
Operating profit	2,809	9.3%	2,638	8.5%	-170	-6.1%	2,450	188	107.7%
Ordinary profit	2,852	9.5%	2,672	8.7%	-179	-6.3%	2,450	222	109.1%
Profit attributable to owners of parent	1,905	6.3%	1,861	6.0%	-44	-2.3%	1,650	211	112.8%
Segment net sales									
System Development	12,699	42.2%	12,729	41.2%	29	0.2%	12,700	29	100.2%
Support and Service	9,409	31.3%	9,961	32.3%	551	5.9%	9,940	21	100.2%
Parking System	7,975	26.5%	8,128	26.3%	153	1.9%	8,360	-231	97.2%
Segment gross profit									
System Development	2,533	19.9%	2,539	19.9%	6	0.2%	-	-	-
Support and Service	1,683	17.9%	1,804	18.1%	120	7.2%	-	-	-
Parking System	2,338	29.3%	2,381	29.3%	42	1.8%	-	-	-
Segment profit									
System Development	1,028	8.1%	942	7.4%	-86	-8.4%	-	-	-
Support and Service	585	6.2%	631	6.3%	46	7.9%	-	-	-
Parking System	1,217	15.3%	1,142	14.1%	-74	-6.1%	-	-	-

Notes 1. Segment net sales constitute net sales to external customers. Sales ratio constitutes the share of consolidated net sales including others.
Notes 2. The Company forecasts are the revised figures announced in November 2025.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Pullback from large-scale projects and increased costs having an impact

2. Trends by segment

In System Development, net sales increased 0.2% YoY to ¥12,729mn, gross profit increased 0.2% to ¥2,539mn, and segment profit decreased 8.4% to ¥942mn. The gross profit margin remained flat at 19.9% and the segment profit margin dropped 0.7pp to 7.4%. Regarding net sales and gross profit, the Company secured new projects, including those at subsidiaries, examples of which are expanded application maintenance for insurance companies, an implementation project for a cloud-based workflow system for the financial industry, and application maintenance for the construction industry. However, only slight increases in net sales and gross profit were posted due to the impact of the completion of several highly profitable large-scale projects in the previous fiscal year (net sales decreased ¥531mn and gross profit decreased ¥101mn) and the impact of strategic withdrawal from certain low-profitability projects (net sales decreased ¥536mn and gross profit decreased ¥141mn). Segment profit declined due largely to higher SG&A expenses.

In Support and Service, net sales increased 5.9% YoY to ¥9,961mn, gross profit increased 7.2% to ¥1,804mn, and segment profit increased 7.9% to ¥631mn marking increases in both net sales and profits. The gross profit margin rose 0.2pp to 18.1% and the segment profit margin rose 0.1pp to 6.3%. The Company offset increases in personnel expenses and other costs with orders for support desk projects in the retail industry and infrastructure build and operations projects for multiple insurance companies. Subsidiaries also generally made up for delays in project intake, with increases in net sales of ¥319mn at NCD Technology, ¥111mn at NCD Solutions, and ¥101mn at JCS.

Net sales from IT-related businesses (total sales for System Development and Support and Service) broke down by category as follows: IT consulting decreased 6.8% YoY to ¥1,829mn, SI services increased 2.1% to ¥12,199mn, package installation increased 25.7% to ¥1,227mn, IT infrastructure increased 2.9% to ¥5,829mn, and service desk increased 1.5% to ¥1,605mn. SI services remained steady, and package installation increased significantly.

In Parking System, net sales increased 1.9% YoY to ¥8,128mn, gross profit increased 1.8% to ¥2,381mn, and segment profit decreased 6.1% to ¥1,142mn. The gross profit margin remained flat at 29.3% and the segment profit margin dropped 1.2pp to 14.1%. Despite a pullback from the previous fiscal year's large-scale projects in equipment sales, revenue increased steadily, with a revision to usage fees for self-operated bicycle parking lots, which generate recurring earnings, also contributing. The breakdown of net sales shows that equipment sales decreased 18.7% to ¥1,183mn, self-operated bicycle parking lots increased 12.9% to ¥3,020mn, designated management increased 3.1% to ¥2,168mn, sales from contracting increased 7.9% to ¥1,517mn, and other sales decreased 28.1% to ¥240mn. Segment profit was also affected by the pullback from equipment sales in the previous fiscal year as well as a ¥70mn increase in temporary expenses for the transition in the FOMA network line used by payment machines following the termination of service by a telecommunications operator and a ¥60mn increase in development expenses related to the new business JITERECO.

Financial position remains favorable

3. Financial position

In terms of the Company's financial condition, at the end of FY3/26, total assets increased ¥790mn versus the end of FY3/25 to ¥16,886mn. This was mainly due to cash and deposits increasing ¥268mn, contract assets increasing ¥257mn, accounts receivable - trade increasing ¥193mn, and construction in progress increasing ¥160mn. Total liabilities increased ¥95mn to ¥8,336mn. This was mainly due to provision for share-based payments (current liabilities) increasing ¥199mn, contract liabilities increasing ¥124mn, and retirement benefit liabilities increasing ¥119mn, while income taxes payable decreased ¥196mn, lease obligations (current liabilities) decreased ¥139mn, and provision for share-based payments (non-current liabilities) decreased ¥132mn. Total net assets increased ¥695mn to ¥8,549mn. This was mainly due to capital surplus decreasing ¥199mn and treasury shares (deduction) increasing ¥96mn, while retained earnings increased ¥1,067mn. As a result, the equity ratio rose 1.7pp to 50.1%. The equity ratio has increased due to the accumulation of profits, and there are no particular matters of concern regarding the status of cash flows. FISCO's assessment is that the financial position of the Company remains favorable.

Financial statements and cash flow statement (simplified)

(¥mn)

Item	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	End of FY3/26	Change
Total assets	11,890	12,387	14,899	16,095	16,886	790
Current assets	7,949	8,579	11,044	12,586	13,251	665
Non-current assets	3,941	3,808	3,854	3,509	3,634	125
Total liabilities	7,422	7,342	8,495	8,241	8,336	95
Current liabilities	4,721	4,885	5,791	5,741	5,910	169
Non-current liabilities	2,701	2,456	2,704	2,500	2,425	-74
Total net assets	4,468	5,045	6,403	7,854	8,549	695
Shareholders' equity	4,406	4,966	6,236	7,594	8,366	772
Equity ratio	37.3%	40.4%	42.6%	48.4%	50.1%	1.7pp

Item	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Cash flows from operating activities	1,918	568	2,574	2,270	1,785
Cash flows from investing activities	-48	-171	-99	361	-138
Cash flows from financing activities	-779	-413	-508	-947	-1,382
Cash and cash equivalents at end of period	3,814	3,799	5,767	7,455	7,723

Source: Prepared by FISCO from the Company's financial results

Outlook

Operating profit and ordinary profit are forecast to increase in FY3/27, offsetting negative factors

● Overview of FY3/27 consolidated forecasts

For consolidated results in FY3/27, the Company is forecasting net sales to increase 3.7% YoY to ¥32,000mn, operating profit to increase 4.2% to ¥2,750mn, ordinary profit to increase 4.0% to ¥2,780mn, and profit attributable to owners of parent to decrease 1.7% to ¥1,830mn. It is working to acquire new customers and projects, and forecasts an increase in net sales and slight increases in operating profit and ordinary profit. In terms of negative factors, the Company expects higher costs due to changes in customers' policies in IT-related businesses (including shifts to overseas locations) and temporary expenses in Parking System as well as increased expenses accompanying proactive investment in human capital, new service development, and other areas.

Overview of FY3/27 consolidated forecasts

(¥mn)

	FY3/26		FY3/27		YoY	
	Results	Composition / profit margin	Forecasts	Composition / profit margin	Change	% change
Net sales	30,867	-	32,000	-	1,132	3.7%
Gross profit	6,744	21.8%	7,400	23.1%	655	9.7%
SG&A expenses	4,105	13.3%	4,650	14.5%	544	13.3%
Operating profit	2,638	8.5%	2,750	8.6%	111	4.2%
Ordinary profit	2,672	8.7%	2,780	8.7%	107	4.0%
Profit attributable to owners of parent	1,861	6.0%	1,830	5.7%	-31	-1.7%
Segment net sales						
System Development	12,729	41.2%	13,300	41.6%	570	4.5%
Support and Service	9,961	32.3%	10,500	32.8%	538	5.4%
Parking System	8,128	26.3%	8,200	25.6%	71	0.9%
Segment gross profit						
System Development	2,539	19.9%	2,800	21.1%	260	10.3%
Support and Service	1,804	18.1%	2,100	20.0%	295	16.4%
Parking System	2,381	29.3%	2,500	30.5%	118	5.0%
Segment profit						
System Development	942	7.4%	950	7.1%	7	0.8%
Support and Service	631	6.3%	700	6.7%	68	10.9%
Parking System	1,142	14.1%	1,100	13.4%	-42	-3.7%

Note: Segment net sales constitute net sales to external customers. Sales ratio constitutes the share of consolidated net sales including others.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

In System Development, net sales are forecast to increase 4.5% YoY to ¥13,300mn, gross profit to increase 10.3% to ¥2,800mn, and segment profit to increase 0.8% to ¥950mn. The Company expects to increase net sales and profits by working to acquire new customers and projects. The gross profit margin is forecast to rise 1.2pp to 21.1%, and the segment profit margin to drop 0.3pp to 7.1%. Note that as a negative impact of customers' policy changes (which include a shift to overseas locations), the Company expects net sales to decrease ¥400–500mn and gross profit to decrease ¥100mn.

In Support and Service, net sales are forecast to increase 5.4% YoY to ¥10,500mn, gross profit to increase 16.4% to ¥2,100mn, and segment profit to increase 10.9% to ¥700mn. The Company expects higher net sales and profit through an accumulation of projects. The gross profit margin is forecast to rise 1.9pp to 20.0% and the segment profit margin to rise 0.4pp to 6.7%. Note that as a negative impact of customers' policy changes (which include a shift to overseas locations), the Company expects net sales to decrease ¥100–200mn and gross profit to decrease ¥30mn.

In Parking System, net sales are forecast to increase 0.9% YoY to ¥8,200mn, gross profit to increase 5.0% to ¥2,500mn, and segment profit to decrease 3.7% to ¥1,100mn, with a slight decline in operating profit anticipated. The gross profit margin is forecast to rise 1.2pp to 30.5%, and the segment profit margin to drop 0.7pp to 13.4%. While the gross profit margin is expected to rise through price revisions and productivity improvements, among other efforts, segment profit will be affected by temporary expenses (a factor reducing gross profit by ¥50mn) as well as by higher development expenses for next-generation bicycle parking facilities.

Growth strategy

Promoting a shift toward high value-added business models

1. New Medium-Term Management Plan "Vision 2029"

In order to accelerate its growth strategy as a total solutions provider, in May 2023, the Company set out its 2032 Vision (NCD Group Vision), setting medium- to long-term targets of ¥40.0bn in net sales, ¥4.0bn in operating profit, and an operating profit margin of 10.0% for FY3/32. The Company formulated "Vision 2026," its previous medium-term management plan (FY3/24–FY3/26), back cast from its vision. The plan was positioned as the first step in realizing the Group's vision. Under it, the Company advanced the pursuit of NCD value by raising the added-value of existing businesses and creating new businesses (further strengthening of coordination between the IT-related businesses and Parking System and pursuit of new businesses to build a third business pillar), strengthening of the management base to increase corporate value (promotion of sustainability management, strengthening of initiatives for human capital management to maximize human resources value, and business transformation and sustainable growth through DX promotion), and the rebuilding of an optimal Group business system (pursuit of an organizational structure that maximizes business synergies).

For FY3/26, the final year of Vision 2026, results were net sales of ¥30,867mn, operating profit of ¥2,638mn, an operating profit margin of 8.5%, and an ROE of 22.9%, significantly exceeding the original targets announced in May 2023 (net sales of ¥26,000mn, operating profit of ¥1,800mn, an operating profit margin of 6.9%, and an ROE of 15% or higher). However, relative to the targets revised upward that were announced in November 2024 (net sales of ¥32,000mn, operating profit of ¥3,000mn, an operating profit margin of 9.4%, and an ROE of 20% or higher), the Company fell short of all targets except ROE. Meanwhile, relative to the re-revised targets announced in November 2025 (net sales of ¥31,000mn and operating profit of ¥2,450mn), net sales came in at 99.5%, nearly right on target, and operating profit at 107.7%, above target. Additionally, regarding investment targets, progress in human capital investment stood at 85.7%, and progress in research and development and new business investment stood at 33.3%, with 88.9% of the total three-year investment amount executed.

Key numerical targets

	(Million yen)	A Initial plan	B Revised plan*	C Revised plan II*	D FYE3/2026 results	Difference (D-C)	Achievement (D/C)
Financial targets	Net sales	26,000	32,000	31,000	30,867	-133	99.5 %
	Operating profit	1,800	3,000	2,450	2,638	188	107.7 %
	Operating profit margin	6.9 %	9.4 %	7.9 %	8.5 %	0.6 pt.	-
	ROE	15% or higher	20% or higher	-	22.9 %	-	-
Investment target	Human capital	0.7 billion yen	-	-	0.6 billion yen	-0.1 billion yen	85.7 %
	R&D/new business	0.6 billion yen	-	-	0.2 billion yen	-0.4 billion yen	33.3 %
	Other	0.5 billion yen	-	-	0.8 billion yen	0.3 billion yen	160.0 %
	3-year investment total	1.8 billion yen	-	-	1.6 billion yen	-0.2 billion yen	88.9 %

* The revised plan and the revised plan II were released in November 2024 and November 2025, respectively.

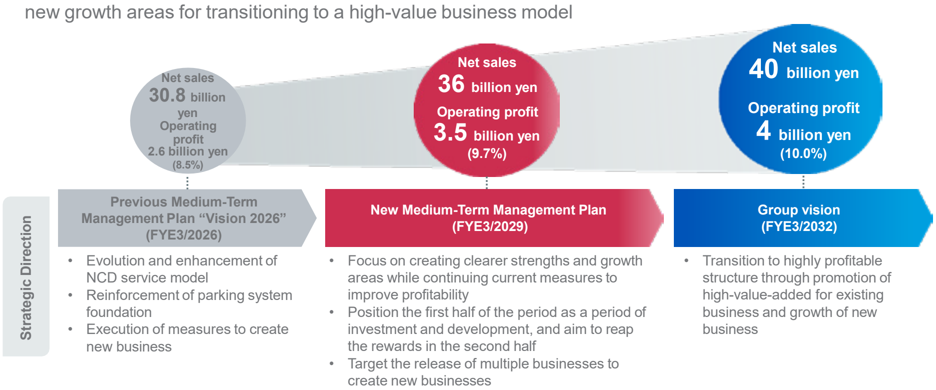
Source: The Company's financial results and medium-term management plan briefing

With the operating profit margin having risen significantly from 5.2% in FY3/23 to 8.5%, the Company achieved certain results through shoring up the foundation of existing businesses (including sales growth in IT-related businesses and a higher gross profit margin in Parking System), strengthening the management base (including the execution of human capital investments totaling about ¥600mn), and rebuilding an optimal group business structure (including the implementation of M&A in IT-related businesses and transfers of operations among Group companies in Parking System). On the other hand, significant hurdles remain to achieving an operating profit margin of 10%, and building the “strengths” needed to drive medium- to long-term growth remains a work in progress.

The Company positioned “Vision 2029,” the new medium-term management plan it formulated in May 2026 (FY3/27–FY3/29), as the second step toward achieving its Group Vision. Under the plan, it aims for the early realization of “a transition to a higher value-added business model with a high level of expertise and proposal capabilities” while working to improve current profitability and focusing on creating clearer strengths and growth areas.

Positioning of the new medium-term management plan to realize the Group Vision

- The new Medium-Term Management Plan “Vision 2029” is positioned as the second step to achieving the Group vision
- We will continue to work on improving current profitability and focus on creating clearer strengths and new growth areas for transitioning to a high-value business model



Source: The Company’s financial results and medium-term management plan briefing

The Company’s financial targets are net sales of ¥32.0bn, operating profit of ¥2.75bn, and an operating profit margin of 8.6% for FY3/27; net sales of ¥34.0bn, operating profit of ¥3.0bn, and an operating profit margin of 8.8% for FY3/28; and net sales of ¥36.0bn, operating profit of ¥3.5bn, an operating profit margin of 9.7%, an ROE of 20% or higher, and an ROIC of 20% or higher for FY3/29. By segment, targets for FY3/29 are net sales of ¥15.0bn, gross profit of ¥3.4bn, a gross profit margin of 22.7%, segment profit of ¥1.3bn, and a segment profit margin of 8.7% for System Development; net sales of ¥12.0bn, gross profit of ¥2.5bn, a gross profit margin of 20.8%, segment profit of ¥0.85bn, and a segment profit margin of 7.1% for Support and Service; and net sales of ¥9.0bn, gross profit of ¥2.9bn, a gross profit margin of 32.2%, segment profit of ¥1.35bn, and a segment profit margin of 15.0% for Parking System. Additionally, the cumulative investment amount over three years is planned at ¥1.3bn for human capital investment, ¥0.9bn for research and development/IT/DX investments, ¥1.2bn for capital investment/others, and ¥1.0bn for M&A.

Key numerical targets

Consolidated financial targets

	(FYE3/2027)	(FYE3/2028)	(FYE3/2029)
Net sales	32 billion yen	34 billion yen	36 billion yen
Operating profit	2.75 billion yen	3 billion yen	3.5 billion yen
Operating profit margin	8.6 %	8.8 %	9.7 %
ROE			20 % or higher
ROIC			20 % or higher

Investment targets* (Total of FYE3/2027-FYE3/2029)

3-year investment total	4.5 billion yen
• Human capital investment	1.3 billion yen
• R&D/IT/DX investments	0.9 billion yen
• Capital investment / others	1.2 billion yen
• M&A	1 billion yen

* Excluding investment in bicycle parking facilities related to Parking System Business

Financial targets by segment (FYE3/2029)

	Net sales	Gross profit	Gross profit margin	Segment profit	Segment profit margin
System Development	15 billion yen	3.4 billion yen	22.7 %	1.3 billion yen	8.7 %
Support and Service	12 billion yen	2.5 billion yen	20.8 %	0.85 billion yen	7.1 %
Parking System	9 billion yen	2.9 billion yen	32.2 %	1.35 billion yen	15.0 %

Source: The Company's financial results and medium-term management plan briefing

In its IT-related businesses, the Company has set forth the following basic policy: "As a business transformation partner of our clients, add value to existing services by making full use of advanced IT and expand high-value-added areas by acquiring upstream process projects."

The key strategies it has adopted for these businesses are improving profitability by restructuring its customer portfolio, enhancing the value of existing services through maintenance and operation services using advanced IT, and expanding the scope of upstream processes by leveraging industry and business knowledge. For its key measures under IT-related businesses, the Company will promote the following: Strengthening the sales structure (strengthening the acquisition of new customers and deepening relationships with potential customers, strategically withdrawing from low-profit projects/customers, etc.), strengthening the use of advanced IT (contributing to customer business process reforms through strong business expertise/knowledge × AI, etc. and strengthening internal systems to promote AI, automation, data utilization, etc., enhancing utilization of external assets, etc.), expanding consulting functions (strengthening the acquisition of upstream projects mainly in the life insurance industry and IT infrastructure areas and strengthening the development and recruitment of business analyst personnel, etc.), and maximizing Group synergies (clarifying roles of Group companies and strengthening cross-selling, establishing NCD Group CoE (Centers of Excellence) in technical areas, etc.).

For its strategic roadmap under these businesses, the Company will promote the following: In FY3/27, the Company will start selecting and withdrawing from low-profit projects, strengthen the foundation for AI utilization and roll out services, strengthen the development and recruitment of business analyst personnel, etc. In FY3/28, it will expand advanced IT utilization services, increase the acquisition of upstream projects, roll out Group CoE in earnest, etc. In FY3/29, the Company will monetize business knowledge × AI services, establish and further expand upstream and integrated models, etc. The first half of the three-year period is positioned as a phase of building the foundation and making investments, and the second half as a step to reap the results, with the aim of achieving a qualitative transformation in the earnings structure.

In Parking System, the Company has set forth the following basic policy: "As a leading company in the industry, realize next-generation bicycle parking systems that respond to social environmental changes and take on the challenge of entering new business domains."

The key strategies it has adopted for this business are the early realization of next-generation bicycle parking systems to accommodate the diversification of mobility and the rollout of membership services, the development of new markets and growth areas, and the further strengthening of its existing revenue base by expanding self-operated businesses and municipality businesses. For its key measures under Parking System, the Company will promote the following: Development for the release of next-generation-type products (conducting early validation/development of PoC for the release of the next generation bicycle parking system, developing application services to support EcoStation21 and ECOPOOL and implementing a membership service, etc.), further enhancement of service lineup (developing new products in terms of both hardware and software to support the diversifying mobility environment, expanding service plans to meet diversifying customer needs, etc.), strengthening product development structure (strengthening the product development structure and proactively utilizing external assets, strengthening the development and recruitment of management personnel, etc.), and strengthening sales structure (strengthening service promotion and proposal capabilities and sales structure, strengthening cross-selling between Group companies, etc.).

For its strategic roadmap under this business, the Company will promote the following: In FY3/27, the Company will develop next-generation bicycle parking systems, consider a collaborative scheme for mobility hubs, research and analyze overseas candidate countries, introduce new operating plans; in FY3/28, it will start the introduction of next-generation bicycle parking systems, roll out member apps, implement mobility hub PoC, consider collaboration with overseas partners, etc.; and in FY3/29, the Company will roll out next-generation bicycle parking systems in earnest, assess feasibility for mobility hub business/overseas expansion, etc. For this business, the Company aims to achieve an operating profit margin of 15.0% and build a long-term growth foundation by responding to changes in the market environment and focusing on the three pillars: next-generation bicycle parking systems, new market development, and deepening existing businesses.

Additionally, as part of its new business strategy, the Company aims to steadily commercialize its JITERECO, a bicycle dash cam business (aiming to begin sales in December 2026, with product development currently in its final stage), and is also implementing measures to create new business ideas, expanding and energizing its in-house idea solicitation system, and strengthening the development of human resources to lead new businesses.

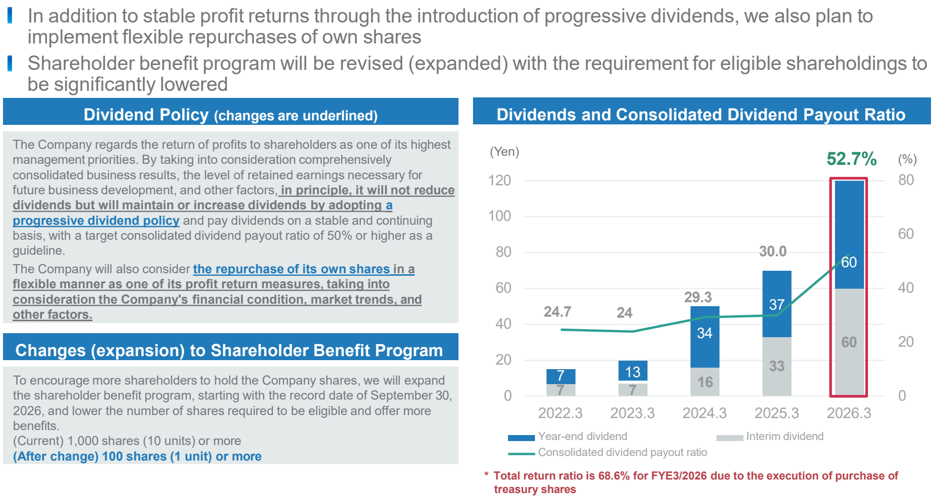
As for its initiatives to enhance corporate value, the Company will promote the following: Improving profitability (customer portfolio restructuring, new businesses/services creation, etc.), optimal allocation of capital (balance sheet control to maintain ROE of 20% or higher, consolidated dividend payout ratio of 50% or higher, flexible purchase of treasury shares, etc.), further strengthening sustainability initiatives and expanding non-financial information disclosures (establishing an effective sustainability promotion cycle, developing and strengthen such systems, conducting disclosures based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations, etc.), strengthening IR activities and expanding dialogue with shareholders and investors (holding briefings for institutional/individual investors and online seminars, participating in IR fairs, hosting bicycle parking lot tours for individual shareholders, etc.), and further strengthening corporate governance (enhancing English-language disclosure, compiling and analyzing the results of the Board of Directors effectiveness evaluation questionnaires through the use of external organizations, etc.). Moreover, in IR activities, the number of individual meetings with institutional investors increased from around 40 in FY3/25 to over 60 in FY3/26. Also, the English translation of disclosure materials is largely completed. Furthermore, in May 2026, the Company announced the introduction of an incentive plan for managerial employees in the form of an Employee Stock Ownership Plan (ESOP) trust.

Shareholder returns will be made with a dividend payout ratio of 50% or higher under a progressive dividend policy, and the shareholder benefit program will be expanded

2. Shareholder return policy

Regarding shareholder returns, alongside the start of "Vision 2026," its previous medium-term management plan, the Company set a target consolidated dividend payout ratio of 30% or higher starting in FY3/24, and raised the target dividend payout ratio for FY3/26 to 50% or higher. Based on this policy, it implemented a dividend of ¥120.00 (interim dividend of ¥60.00; year-end dividend of ¥60.00), an increase of ¥50.00 YoY, for FY3/26. The dividend payout ratio was 52.7%. Under "Vision 2029," its new medium-term management plan, the Company adopted a progressive dividend policy under which, in principle, it will not reduce dividends, but will maintain or increase them, and will pay dividends on a stable and continuing basis, with a target consolidated dividend payout ratio of 50% as a guideline. Accordingly, the dividend for FY3/27 is expected to be ¥120.00 (interim dividend of ¥60.00; year-end dividend of ¥60.00) which is identical to the amount for the previous fiscal year. The dividend payout ratio would be 52.6%. Regarding its shareholder benefit program, the Company will expand the eligible shareholding criteria and program benefits starting with the record date of September 30, 2026. Shareholders holding at least 100 shares (1 unit) on September 30 of each year will be eligible under the expanded program, through which they will receive a gift (QUO cards) depending on the number of shares they hold and the continuous period of time they have held them. Additionally, on February 13, 2026, the Company canceled 500,000 treasury shares, and during the period from February 9, 2026 to April 30, 2026, it repurchased 160,000 shares of treasury shares. The Company also intends to execute repurchases of treasury shares in a flexible manner. Looking ahead, FISCO expects further enhancement of shareholder returns as the Company's performance continues to grow.

Shareholder returns



Source: The Company's financial results and medium-term management plan briefing

Promoting sustainability management

3. Sustainability management

With respect to sustainability management, the Company organized the Sustainability Promotion Committee in October 2021 and established the Group's sustainable procurement guidelines in August 2023. In August 2024, it released a Partnership Building Declaration, and in November 2024, it issued Integrated Report 2024, the Group's first integrated report. The Company also started disclosing information based on the TCFD recommendations from its annual securities report issued in June 2025, and in September of the same year, responded for the first time to the "Climate Change Questionnaire" in the CDP survey (a global non-profit that operates an environmental disclosure system for companies and municipalities). That December, the Company received a "B–" score, the fourth grade within the eight-stage evaluation framework.

The basic concept of the Company's HR strategy is to focus on autonomous career formation and reforms to the organizational culture through dialogue. Based on this concept, it continues to promote health and productivity management, maintaining a pleasant workplace, work style reforms, career support, in-house ventures, diversity and inclusion, and increasing engagement. Since 2021, it has received Gold Certification as an excellent health company in the Healthy Company Declaration® program administered by the Kenko Kigyo Sengen Tokyo Suishin Kyogikai. In March 2025, the Company received certification as one of the 2025 Health & Productivity Management Outstanding Organizations (Large Enterprise Category) under the Ministry of Economy, Trade and Industry's program (second certification since the previous year). That October, the Company obtained the Kurumin Certification, awarded by the Minister of Health, Labour and Welfare to child-care support companies.

In "Vision 2029," its new medium-term management plan, the Company defines materialities and core KPIs, including the number of new ECOPOOL installations for reducing environmental impact, the number of projects utilizing advanced IT for creating a safe, secure, and prosperous society, the engagement index for aiming for society where diverse human resources can play an active role, and the positive evaluation rate for earning trust from society. It has set target figures for FY3/29 for each, and is promoting related initiatives.

Potential to move into a new growth stage

4. FISCO's view

The Company's FY3/26 results saw profits decline due to a pullback from large-scale projects and other factors, resulting in slower growth. However, when viewed in terms of trends, not only did sales volume expand during the period of "Vision 2026," the previous medium-term management plan, but profitability also improved by a considerable margin. FISCO positively views this as the result of the various initiatives the Company has advanced under its key strategies. In "Vision 2029," the Company's new medium-term management plan, growth in the first half is expected to be moderate due to that period being positioned as a phase of building the foundation and making investments. Osamu Shimojo, the President and Representative Director of the Company, enthusiastically expressed the following with respect to the new medium-term management plan: "Growth will slow down somewhat in the first half of the three-year period due to the impact of our business portfolio transformation and investment in human capital. However, the fruits of our various initiatives are expected to become apparent in the second half." Given that it is highly likely that the Company will move into a new stage of growth, FISCO is focusing on the progress in the Company's key strategies.

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