Start date of electronic provision measures: May 27, 2025

The 60th Ordinary General Meeting of Shareholders Other Matters Subject to the Electronic Provision Measures (Matters Omitted from Documents to Be Delivered)

[Business Report]

Matters Concerning Company Officers

Matters Concerning the Accounting Auditor

Matters Concerning the Development and Operation of Systems to Ensure the Appropriateness of Business Operations

[Consolidated Financial Statements]

Consolidated Statement of Changes in Equity

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Non-consolidated Statement of Changes in Equity

Notes to Non-consolidated Financial Statements

(From April 1, 2024 to March 31, 2025)

NCD Co., Ltd.

Matters Concerning Company Officers

- Summary of Details of Liability Limitation Agreements

  Pursuant to Article 427, paragraph (1) of the Companies Act, the Company stipulates in its Articles of Incorporation that it may enter into an agreement to limit liability for damages under Article 423, paragraph (1) of the said Act, and has concluded liability limitation agreements with non-executive Directors. The maximum amount of liability for damages under the agreements is the amount stipulated by laws and regulations.

- Summary of Details of Directors and Officers Liability Insurance Agreement

  The Company has concluded a directors and officers liability insurance agreement, as stipulated in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. The scope of the insured under the said agreement is directors (including directors serving as Audit and Supervisory Committee members), company auditors, executive officers and important employees of the Company and its subsidiaries. The insured does not bear insurance premiums. The agreement will cover legal expenses and damages for claims brought against the insured during the insurance period.

  However, to ensure that it does not impair the insured's proper execution of his/her duties, certain exclusions apply, such as coverage not being available in the case of damage caused by an act committed by the insured with knowledge that the act was in violation of the law.

- Matters Concerning Outside Officers

  (i) Relationship between the Company and the entities where they hold significant concurrent positions

  Not applicable.

  (ii) Relationship with parties with important business relationships such as major business partners

  Not applicable.

  (iii) Major activities during the fiscal year under review

Classification	Name	Major activities
Outside Director	Haruo Miyata	Haruo Miyata attended the meetings of the Board of Directors (13 out of 13 meetings) and other important meetings held during the fiscal year under review and provided advice and recommendations mainly based on his extensive experience as a corporate executive.
Outside Director	Masaaki Yasuoka	Masaaki Yasuoka attended the meetings of the Board of Directors (13 out of 13 meetings) and other important meetings held during the fiscal year under review and provided advice and recommendations mainly based on his extensive experience as a corporate executive.
Outside Director (Audit and Supervisory Committee Member)	Katsuo Nakayama	Katsuo Nakayama attended the meetings of the Board of Directors (13 out of 13 meetings), those of the Audit and Supervisory Committee (12 out of 12 meetings) and other important meetings held during the fiscal year under review and provided advice and recommendations mainly from his professional perspective as a certified public accountant.
Outside Director (Audit and Supervisory Committee Member)	Shigeru Okuno	Shigeru Okuno attended the meetings of the Board of Directors (13 out of 13 meetings) and those of the Audit and Supervisory Committee (12 out of 12 meetings) held during the fiscal year under review and provided advice and recommendations mainly from his professional perspective as an attorney.
Outside Director (Audit and Supervisory Committee Member)	Kenichi Enkaku	Kenichi Enkaku attended the meetings of the Board of Directors (13 out of 13 meetings), those of the Audit and Supervisory Committee (12 out of 12 meetings) and other important meetings held during the fiscal year under review and provided advice and recommendations mainly based on his extensive experience as a corporate executive.

Matters Concerning the Accounting Auditor

(1) Name of the Accounting Auditor

Crowe Toyo & Co.

(2) Amount of compensation, etc., of the Accounting Auditor

Classification	Amount of compensation, etc.
(i) Amount of compensation, etc., as the Accounting Auditor for the fiscal year under review	48 million yen
(ii) Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	48 million yen

(Notes) 1. The audit contract between the Company and the Accounting Auditor does not distinguish between the amount of compensation, etc., for audits under the Companies Act and the amount of compensation, etc., for audits under the Financial Instruments and Exchange Act, and it is not practicable to do so. Therefore, the amount in (i) above is the sum of those amounts.

2. In light of the “Practical Guidelines for Cooperation with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee reviewed actual audit hours and changes in the amount of compensation by audit item and by audit tier in the audit plans for the past fiscal years and the status of the execution of duties by the Accounting Auditor, and examined the reasonableness of the audit plan and amount of compensation for the fiscal year under review. As a result, it gave consent under Article 399, paragraph (1) of the Companies Act to the compensation, etc., of the Accounting Auditor.

(3) Non-audit services

Not applicable.

(4) Policy on dismissal or non-reappointment of the Accounting Auditor

If the Company deems it necessary, such as when there is a hindrance in the execution of duties by the Accounting Auditor, it shall decide, by a resolution of the Audit and Supervisory Committee, to take up the dismissal or non-reappointment of the Accounting Auditor as the purpose of a general meeting of shareholders. In the event that the Accounting Auditor is deemed to fall under any of the items of Article 340, paragraph (1) of the Companies Act, the Audit and Supervisory Committee will dismiss the Accounting Auditor with the unanimous consent of the Audit and Supervisory Committee Members. In such case, an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee will report the dismissal of the Accounting Auditor and the reasons therefor at the first general meeting of shareholders convened after the dismissal.

Matters Concerning the Development and Operation of Systems to Ensure the Appropriateness of Business Operations

The Company’s system for ensuring that the execution of duties by Directors complies with laws and regulations and its Articles of Incorporation and other systems for ensuring the appropriateness of the Company’s operations, as well as the status of operation of such systems, are as follows.

(1) Details of the system to ensure the appropriateness of business operations

[Internal control system]

1. Basic Policy for Establishment of Internal Control System

(1) In developing its internal control system, the Company shall take various measures to ensure compliance with laws and regulations, management of risk of losses, and proper and efficient business operations.

(2) The Board of Directors shall establish a Compliance Committee, a Risk Management Committee, and an Internal Control Committee to develop and operate the internal control system, establish regulations and systems, and implement necessary improvements after evaluating the effectiveness of the internal control system.

2. Development of systems related to the internal control system

(1) System for ensuring that the execution of duties by Directors and employees complies with laws and regulations and its Articles of Incorporation

(i) The Group (referring to a corporate group consisting of the Company and its subsidiaries) shall establish the “NCD Group Code of Conduct” with the aim of establishing corporate ethics and ensuring compliance with laws and regulations, its Articles of Incorporation and internal rules by Directors and employees, and shall ensure that all employees are familiar with the code.

(ii) The Company shall establish a Compliance Committee to manage the Group’s efforts to promote compliance, the status of compliance implementation, etc., and develop a system to ensure that those activities are appropriately reported.

(iii) The Company shall establish an internal reporting system and promote its use for early detection of compliance violations or facts that may lead to such violations in the Group.

(iv) The Internal Audit Office shall conduct systematic audits of the daily activities of each division with respect to compliance with laws and regulations, and internal rules, and report to President and Representative Director and Audit and Supervisory Committee Members.

(v) The Company shall comprehensively gather all material information of the Group that needs to be disclosed, and disclose such information in a timely and appropriate manner in accordance with laws and regulations.

(2) System for storing and managing information related to the execution of duties by Directors

(i) The Company shall properly manage, in the department in charge, important documents and information (such as minutes, approval-related documents, contracts, accounting and financial documents) related to the execution of duties by Directors in accordance with internal rules for the management of documents and information.

(ii) The Company shall promptly submit such documents and information to a Director upon his/her request for access thereto.

(3) Rules and other systems for managing risk of loss

(i) To prepare for the risk of loss that may occur in the course of business (“risk” hereinafter), the Company shall establish the Risk Management Rules that stipulate basic matters concerning the risk management system of the Group.

(ii) The Company shall establish a Risk Management Committee to properly manage the Group’s risks and establish a system to ensure that those activities are properly reported.

(4) Systems to ensure efficient execution of duties by Directors

(i) To ensure efficient business operations through appropriate division of responsibilities and a supervisory framework for Directors, the Company shall establish the Organizational Rules and Rules on Authorities that stipulate organizational structure and the roles of each organization.

(ii) The Company shall stipulate the Board of Directors Rules, make decisions on important management matters at the Board of Directors, and report the status of execution of duties.

(iii) The Board of Directors shall promote prompt decision-making on business operations and flexible execution of duties by appointing Executive Officers and delegating authority to them. It shall also receive reports on the execution of their duties from Executive Officers at the Executive Officers meetings.

(5) System to ensure the appropriateness of business operations in the Group

(i) The Company shall provide guidance and support to subsidiaries in developing systems for subsidiaries' legal compliance and other systems to ensure the appropriateness of their operations, as well as dispatching directors to subsidiaries and sharing information on the execution of operations based on the "NCD Group Code of Conduct."

(ii) The Company shall have each company in the Group implement appropriate risk management in accordance with the business conditions and risk characteristics of each company.

(iii) Directors of a subsidiary shall attend the Executive Officers meetings held by the Company, or the Board of Directors' meetings as needed, and report on the management activities of the subsidiary.

(iv) The Company shall establish the Group Company Management Rules and conduct appropriate management to grasp the management status of subsidiaries and prevent the occurrence of fraud and errors.

(6) Matters concerning employees who are to assist the duties of Audit and Supervisory Committee Members and matters concerning the independence of such employees from Directors

(i) If an Audit and Supervisory Committee Member requests that an employee be assigned to assist him or her in performing his/her duties, the Company shall, after consultation with the Audit and Supervisory Committee Member, designate an employee who is to assist the Audit and Supervisory Committee Member.

(ii) The authority to direct the designated employee shall be transferred to the Audit and Supervisory Committee Member for the period of time during which the employee is to perform the work to be assisted, and the employee shall not be subject to any other direction or order during the performance of such work.

(iii) The opinion of the Audit and Supervisory Committee Member shall be respected for personnel changes, evaluations, etc., of such employee.

(7) Systems for reporting by Directors and employees to the Audit and Supervisory Committee Members and ensuring that audits by the Audit and Supervisory Committee Members are conducted effectively

(i) Audit and Supervisory Committee Members may attend the Executive Officers meetings and the Board of Directors' meetings and request various reports.

(ii) When requested by an Audit and Supervisory Committee Member to report on matters concerning the execution of duties, etc., Directors and employees shall promptly report on such matters.

(iii) The Company shall establish a system whereby, in the event that a director, company auditor or employee of any of the Group companies discovers a serious violation of laws and regulations, or internal rules in relation to the business execution of the Group companies, or a fact that may cause significant damage to the company, such person or a person who receives a report from such person reports to an Audit and Supervisory Committee Member of the Company.

(iv) The Company shall prohibit any person who makes a report described in (iii) above from being treated disadvantageously by reason of making such a report at any of the Group companies.

(v) The Company shall pay expenses, etc., related to the execution of duties by the Audit and Supervisory Committee Members, except in cases where the Company deems that such expenses are not necessary for the execution of duties by the Audit and Supervisory Committee Members.

(8) System to ensure the appropriateness of financial reporting

(i) To ensure the appropriateness of the Group's financial reporting, the Company shall establish the Rules on Internal Control over Financial Reporting.

(ii) The Company shall establish an Internal Control Committee to develop a system for the effective functioning of the Group's internal control over financial reporting.

[Exclusion of Anti-social Forces]

1. Basic approach to the exclusion of anti-social forces

The Company shall have no relationship with any group or individual that may disrupt the order and safety of society. If it is contacted by such groups or individuals, it shall promptly report to the police or other appropriate authorities, and shall organizationally deal with violent or unreasonable demands in cooperation with outside organizations, including attorneys.

2. Development of a system for the exclusion of anti-social forces

(1) The "NCD Group Code of Conduct" clearly states that the Company shall reject any relationship with anti-social forces or groups that threaten the order and safety of society, and the Company shall conduct educational activities for all officers and employees to exclude anti-social forces from its business activities in accordance with the "Rules on the Exclusion of Anti-social Forces."

(2) The Company is a member of the TOKUBOREN (Federation for the Prevention of Special Violence in the Tokyo Metropolitan Police Department's Jurisdiction), and gathers various information related to anti-social forces from this organization and the administrator of the shareholders' register, etc., to keep abreast of the latest trends in preparation for unforeseen circumstances.

(3) The General Affairs Department shall be in charge of dealing with those anti-social forces, cooperating with outside organizations such as attorneys and the police as necessary.

(2) Overview of status of operation of the system to ensure the appropriateness of business operations

The Company has established a system to ensure the appropriateness of business operations as described in the above "(1) Details of the system to ensure the appropriateness of business operations," and based on the contents of this system, the Company is working on the following initiatives.

1. In addition to posting a summary of the "NCD Group Code of Conduct" on our website, we have distributed a compliance handbook and portable cards containing the full text of the Code of Conduct to all employees of each Group company to ensure that all employees are fully aware of the Code of Conduct.
2. The Company held Compliance Committee meetings four times to promote various measures to prevent compliance violations at the Company and each Group company.
3. The Company held theme-specific compliance training four times. In addition, through regular and flexible compliance education and general inspections, including training for new employees, training by job level, and the establishment and dissemination of compliance enhancement months, the Company strives to foster and improve awareness of compliance.
4. As a compliance consultation desk, a hotline has been established internally and externally to allow Group employees to directly report problems anonymously, so that problems are detected at an early stage and improvement measures are taken.
5. The Company summarized the risks and events that could occur in the Group by type and held Risk Management Committee meetings twice. The Committee makes decisions on risk management measures and

strives to prevent the occurrence of risks and manage them appropriately. In addition, it conducted risk management training sessions four times to raise employees' awareness of risk management.

6. The Internal Audit Office conducted internal audits of the execution of operations of the Company and its Group companies in accordance with the internal audit policy and basic plan for the current fiscal year.
7. The Company held Internal Control Committee meetings four times to ensure the appropriateness of the Group's financial reporting.

Consolidated Statement of Changes in Equity (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the current period	438,750	1,019,556	5,007,649	(229,170)	6,236,785
Changes during period					
Dividends of surplus			(548,073)		(548,073)
Profit attributable to owners of parent			1,905,576		1,905,576
Purchase of treasury shares				(145)	(145)
Net changes of items other than shareholders' equity					
Total changes during period	-	-	1,357,502	(145)	1,357,357
Balance at the end of the current period	438,750	1,019,556	6,365,152	(229,315)	7,594,142

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Other comprehensive income Cumulative total		
Balance at the beginning of the current period	90,522	3,685	15,857	110,064	56,869	6,403,720
Changes during period						
Dividends of surplus						(548,073)
Profit attributable to owners of parent						1,905,576
Purchase of treasury shares						(145)
Net changes of items other than shareholders' equity	27,427	4,570	49,489	81,487	11,473	92,960
Total changes during period	27,427	4,570	49,489	81,487	11,473	1,450,318
Balance at the end of the current period	117,949	8,255	65,346	191,551	68,343	7,854,038

Notes to Consolidated Financial Statements

<Notes, etc., on important matters that form the basis for the preparation of the consolidated financial statements>

1. Scope of consolidation

Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries

6 companies

Names of consolidated subsidiaries

NCD Technology Co., Ltd.
NCD Solutions Co., Ltd.
NCD CHINA Co., Ltd.
NCD Pros Co., Ltd.
NCD EST Co., Ltd.
Japan Computer Services, Inc.

2. Matters concerning application of equity method

There are no unconsolidated subsidiaries or affiliates accounted for by the equity method.

3. Fiscal year, etc., of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year of NCD CHINA Co., Ltd. ends on December 31.
In preparing consolidated financial statements, its financial statements as of the said date are used, and adjustments necessary for consolidation are made for significant transactions that have occurred between the consolidated closing date and that date.

4. Matters concerning accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

Other than equity securities, etc., without market prices

Fair value method

(Unrealized gains and losses are included directly in net assets, and the cost of securities sold is determined by using the moving average method)

Equity securities, etc., without market prices

Cost method based on the moving average method

(ii) Inventories

Inventories held for sale in the ordinary course of business

Stated at cost method (with carrying amounts to be written down based on any decreased profitability)

Merchandise and finished goods

Mainly weighted average method

Work in progress

Identified cost method

(2) Depreciation methods for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Declining balance method (however, the straight-line method is applied to buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016)

Main useful lives are as follows:

Buildings and structures	3 to 34 years
Tools, furniture and fixtures	3 to 20 years

(ii) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized over the estimated useful life (5 years) by using the straight-line method.

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

They are depreciated using the straight-line method over a lease period as the useful life with a residual value of zero.

(3) Accounting standard for significant reserves / provisions

(i) Allowance for doubtful accounts

To provide for credit losses on accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided at the amount estimated by using the historical rate of credit losses for general receivables, and based on individual assessments of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for employees' bonus payment, provision for bonuses is recorded based on the estimated payment amount.

(iii) Provision for loss on orders received

To provide for future losses on orders received, provision for loss on orders received is recorded at the estimated amount of future losses for the contracts that are expected to incur losses and the amount of such losses can be reasonably estimated.

(iv) Provision for share-based payments

To provide for the delivery of the Company's shares under the performance-based stock compensation plan for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and Executive Officers, the estimated amount of shares to be delivered is recorded pursuant to the Rules on Stock Compensation.

(v) Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits to officers, the amount payable at the end of the period based on internal regulations is recorded.

(4) Accounting method for retirement benefits

(i) Method of attributing estimated retirement benefits to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits is allocated equally to each service year up to the fiscal year under review.

(ii) Method of amortizing actuarial gains and losses and prior service cost

Actuarial gains and losses are amortized as a lump-sum expense in the following fiscal year.

Prior service cost is amortized using the straight-line method over a fixed number of years (5 years) within the average remaining service period of employees when prior service cost was incurred in each fiscal year.

(iii) Adoption of the simplified method for small-scale enterprises, etc.

Certain consolidated subsidiaries apply a simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses, using the amount payable for retirement for voluntary reasons at the end of the fiscal year as retirement benefit obligations.

(5) Accounting standard for recognition of significant revenues and expenses

(i) Accounting standard for recognition of revenues and expenses

Major performance obligations in the principal businesses relating to revenue arising from contracts with the Company and its consolidated subsidiaries and the usual timing at which such performance obligations are satisfied (the usual timing at which revenue is recognized) are as follows. The promised consideration for each product or service is generally paid within one year from the time the performance obligation is satisfied.

A. IT-related Business (System Development Business, Support and Service Business)

For system development contracts, the Company mainly provides made-to-order production of software and system development and implementation support based on contracts with customers.

For service contracts by which the Company will assume the responsibility for deliverables, such as all-in contracts, the Company recognizes revenue over the service period by estimating the degree of progress toward satisfying such performance obligations, since the outcomes are transferred to customers as the work progresses. Where the period between the transaction start date and the point in time when performance obligations in a contract is expected to be fully satisfied is short and the amount is immaterial, revenue is recognized at the point of acceptance by the customer. The Company uses the input method based on the cost incurred to estimate the degree of progress in satisfying performance obligations.

In addition, for a service contract that provides services on an ongoing basis, the Company recognizes as revenue the amount promised in the contract with the customer over the period in which the services are rendered, since we consider that performance obligations are satisfied over time as we generally provide a certain level of services over the term of the contract.

B. Parking System Business

In the Parking System Business, the Company mainly engages in the sale of bicycle parking lot-related equipment, and manages and operates bicycle parking facilities on consignment.

In the sales of bicycle parking lot-related equipment, performance obligations are satisfied at the time of customer acceptance, and revenue is recognized at that timing.

Bicycle parking lot usage fees and management service contract fees for the management and operation of bicycle parking facilities are recognized as revenue when services are provided, considering that performance obligations are satisfied based on customer usage. Further, the Company deducts from net sales the consideration paid to customers and variable consideration for certain service contracts for the management and operation of bicycle parking facilities.

(ii) Accounting standard for recognition of income related to finance lease transactions

The Company recognizes income by recording net sales and cost of sales at the time of receipt of lease payments.

(6) Amortization method and period of goodwill

Goodwill is amortized over the period of three years by the straight-line method.

<Notes on Changes in Accounting Policies>

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") , etc. have been applied from the beginning of the consolidated fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). This change in accounting policies had no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the consolidated fiscal year under review. This change in accounting policies had no impact on the consolidated financial statements.

<Notes on Accounting Estimates>

Impairment of non-current assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Property, plant and equipment: 1,293,059 thousand yen

Impairment losses: 63,984 thousand yen (Parking System Business 27,678 thousand yen)

(2) Information on significant accounting estimates for identified items

(i) Calculation method

The Group considers a business division based on the business classification for management accounting purpose as the smallest unit that generates cash flows except for the Parking System Division, and in the Parking System Division, each bicycle parking facility is considered as such unit. As for idle assets that are not expected to be used in the future, each asset is treated as the smallest unit.

For an asset group for which there is an indication of impairment, the Group compares the undiscounted future cash flows to the carrying amount of the asset group, and if the total undiscounted future cash flows from the asset group are less than the carrying amount of the asset group and it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount and the amount of the reduction is recognized as an impairment loss.

In recognizing and measuring impairment losses on non-current assets for which there are indications of impairment, such as a continuing loss from operating activities after the allocation of head office expenses, the Group determines the recoverable amount of the asset group based on its net realizable value or value in use.

(ii) Major assumptions

Future cash flows for the Parking System Business are estimated primarily based on the figures assumed in the business plan approved by management and by taking into account past performance and other factors. The major assumption is the growth rate of net sales by asset group, which is the basis for the estimated future profit and loss.

(iii) Effect on the consolidated financial statements for the following fiscal year

Future cash flows may be affected by uncertain future economic conditions and changes in the external environment, and if it becomes necessary to revise estimates of future cash flows, this may affect the financial position and operating results in the following fiscal year.

<Notes on Changes in Accounting Estimates>

Change in estimate of asset retirement obligations

In the consolidated fiscal year under review, with regard to the asset retirement obligations that had been recorded as restoration obligations in connection with real estate lease contracts, etc., the Company changed its estimate for the restoration cost due to the acquisition of new information such as an increase in construction costs.

The increase (87,387 thousand yen) due to this change in estimate was added to the balance of asset retirement obligations before the change.

The effect of this change in estimate on profit and loss for the consolidated fiscal year under review was not material.

<Notes to Consolidated Balance Sheet>

Accumulated depreciation of property, plant and equipment 1,466,853 thousand yen

<Notes to Consolidated Statement of Income>

Impairment losses

During the fiscal year under review, the Group recorded impairment losses on the following asset groups.

(Thousands of yen)

Location	Use	Classification	Impairment losses
Tokyo, etc.	Bicycle parking lots (6)	Tools, furniture and fixtures	5,445
		Leased assets	18,342
		Future lease payments	3,890
	Corporate assets (1)	Land	33,534
		Buildings and structures	2,771
		Tools, furniture and fixtures	0
Total			63,984

The Group considers a business division based on the business classification for management accounting purpose as the smallest unit that generates cash flows, and in the Parking System Division, each bicycle parking facility is considered as such unit.
The carrying value of business assets was reduced to the recoverable amount because the initially expected earnings could no longer be expected, and the amount of the reduction was recorded as an impairment loss (27,678 thousand yen) in extraordinary losses.
The recoverable amount of those assets is measured by its value in use, which is calculated by discounting future cash flows at a rate of 7.46%.
The carrying value of corporate assets was reduced to the recoverable amount due to the decision to sell them, and the amount of the reduction was recorded as an impairment loss (36,305 thousand yen) in extraordinary losses.
The recoverable amount of the said assets was calculated based on the net sales price based on the sales contract.

<Notes to Consolidated Statement of Changes in Equity>

1. Total number of shares issued at the end of the fiscal year under review 8,800,000 shares

2. Matters concerning dividends of surplus

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors on May 13, 2024	Common stock	278,128 thousand yen	34.00 yen	March 31, 2024	June 27, 2024
Board of Directors on November 8, 2024	Common stock	269,945 thousand yen	33.00 yen	September 30, 2024	December 6, 2024

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Source of dividends	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors on May 13, 2025	Common stock	Retained earnings	302,665 thousand yen	37.00 yen	March 31, 2025	June 25, 2025

<Notes on Financial Instruments>

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group limits fund investment to short-term deposits, etc., and raises funds mainly through borrowings from banks and other financial institutions. The Group's policy is not to engage in speculative transactions.

(2) Information on financial instruments and their risks

Notes receivable - trade and accounts receivable - trade, which are trade receivables, are exposed to credit risk of customers.
Lease receivables and investments in leases are mainly related to sublease contracts and are exposed to credit risk of the sublessors. Held-to-maturity debt securities are highly rated and have insignificant credit risk.
Equity securities, which are investment securities, are exposed to the risk of fluctuations in market prices.
Accounts payable - trade, which is trade payables, is all due within one year.
Short-term borrowings are mainly for financing operating transactions, and lease liabilities are mainly for financing capital expenditures. Of which, borrowings with floating interest rates are exposed to interest rate fluctuation risk.

In addition, trade payables and borrowings are exposed to liquidity risk.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk related to nonperformance, etc., by counterparties)

In accordance with its Credit Management Rules, the Company sets credit limits for each counterparty based on credit checks, etc., manages due dates and outstanding balances of individual trade receivables, and strives to early identify and mitigate concerns about collection due to deterioration of financial conditions, etc.

Our consolidated subsidiaries also manage such risk in the same manner in accordance with the Credit Management Rules of the Company.

(ii) Management of market risk (risk of fluctuations in foreign exchange rates, interest rates, etc.)

The Company manages the market risk of equity securities which are investment securities, by periodically monitoring their market value and the financial conditions of the issuers.

Borrowings with floating interest rates are used primarily as a short-term financing instrument.

(iii) Management of liquidity risk related to financing (risk of becoming unable to make payments on due dates)

The Company manages liquidity risk by preparing and updating monthly cash management plans for trade payables and borrowings.

(4) Supplementary explanation on matters concerning fair value, etc., of financial instruments

Since variable factors are incorporated in determining fair value of financial instruments, such value may change due to the adoption of different assumptions and others.

2. Matters concerning fair value, etc., of financial instruments

Carrying values on the consolidated balance sheet, fair value and their differences as of March 31, 2025 are as follows.

(Thousands of yen)

	Carrying value on the consolidated balance sheet	Fair value	Difference
(1) Accounts receivable - trade	4,032,809	4,032,031	(777)
(2) Investment securities			
Available-for-sale securities	235,528	235,528	-
(3) Lease receivables and investments in leases	96,262	95,751	(511)
Total Assets	4,364,600	4,363,312	(1,288)
Lease liabilities	785,756	777,844	(7,911)
Total liabilities	785,756	777,844	(7,911)

(Note 1) Information on “Cash and deposits,” “Notes receivable - trade,” “Accounts payable - trade” and “Short-term borrowings” are omitted because they are in cash and their fair value approximates their book value due to short maturities.

(Note 2) Equity securities, etc., without market prices are not included in “(3) Investment securities.” The carrying values of such financial instruments in the consolidated balance sheet are as follows.

(Thousands of yen)

Classification	Carrying value on the consolidated balance sheet
Unlisted equity securities	200

3. Matters concerning breakdown, etc., of financial instruments by level of fair value

Fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used in determining fair value.

Level 1 fair value: Fair value determined using quoted market prices in an actively traded market of assets or liabilities for which such fair value is to be determined, among observable inputs for the determination of fair value

Level 2 fair value: Fair value determined using observable inputs for the determination of fair value, other than Level 1 inputs

Level 3 fair value: Fair value determined using unobservable inputs for the determination of fair value

When multiple inputs that have a significant impact on the determination of fair value are used, fair value is classified into the level with the lowest priority in the determination of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

(Thousands of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	235,528	-	-	235,528
Assets total	235,528	-	-	235,528

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

(Thousands of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	-	4,032,031	-	4,032,031
Lease receivables and investments in leases	-	95,751	-	95,751
Assets total	-	4,127,783	-	4,127,783
Lease liabilities	-	777,844	-	777,844
Liabilities total	-	777,844	-	777,844

(Note) Explanation of valuation techniques used in the determination of fair value and inputs for the determination of fair value

Accounts receivable - trade
Since their fair value is almost equal to their book value due to short maturities, they are recorded at book value. Since a portion of accounts receivable - trade is collected in installments, it is calculated by reference to information on municipal bond yields for each category based on the period of collection of accounts receivable - trade.

Investment securities
Fair value of equity securities is based on prices on securities exchanges, and that of bonds is based on prices on securities exchanges or prices quoted by financial institutions with which the Company has transactions. Since listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. On the other hand, bonds are classified as Level 2 fair value because they are not considered to have quoted prices in an active market.

Lease receivables and investments in leases, and lease liabilities
Fair value of these items is based on the present value of future cash flows for each lease receivable discounted at an interest rate that takes into account the period to maturity and credit risk, and such fair value is classified as Level 2 fair value.

<Notes on Revenue Recognition>

1. Information on breakdown of revenue from contracts with customers

(Thousands of yen)

	Reportable segment				Other	Total
	System Development Business	Support and Service Business	Parking System Business	Total		
Revenue from contracts with customers	12,699,516	9,409,949	7,956,612	30,066,078	22,107	30,088,185
Other revenue	-	-	18,497	18,497	-	18.497
Sales to external customers	12,699,516	9,409,949	7,975,110	30,084,576	22,107	30,106,683

(Note) “Other” is a business segment not included in the reportable segments.

2. Information that provides a basis for understanding revenue from contracts with customers
Information that provides a basis for understanding revenue is stated in “(Notes) 4. Matters concerning accounting policies, (5) Accounting standard for recognition of significant revenues and expenses.”

3. Information to understand the amount of revenue for the current and subsequent fiscal years
(i) Balance of contract assets and contract liabilities, etc.

(Thousands of yen)

	Current Fiscal Year	
	Balance at the beginning of the period	Balance at the end of the period
Claims arising from contracts with customers	3,690,994	4,068,967
Contract assets	91,089	26,898
Contract liabilities	223,155	278,638

Contract assets consist primarily of unbilled accounts receivable for revenue recognized based on the measurement of progress in the development of systems under contract and other contracts.

Contract assets are transferred to receivables arising from contracts with customers upon customer acceptance.

Contract liabilities mainly consist of advances received from customers under outsourcing service contracts and maintenance service contracts, etc., and are reversed as revenue is recognized.

The amount of revenue that was included in the balance of contract liabilities at the beginning of the fiscal year under review out of revenue recognized in the fiscal year is 179,163 thousand yen. The decrease in contract assets of 64,191 thousand yen in the fiscal year under review was mainly due to a decrease in contracts subject to the input method of accounting based on incurred costs.

(ii) Transaction price allocated to remaining performance obligations

Information on the transaction price allocated to remaining performance obligations is omitted, because there are no material contracts with an initially expected contract term of more than one year and the practical expedient method is applied.

<Notes to Per Share Information>

1. Net assets per share	951.77 yen
2. Basic earnings per share	232.95 yen

Non-consolidated Statement of Changes in Equity (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						General reserve	Retained earnings brought forward
Balance at the beginning of the current period	438,750	903,593	115,962	1,019,556	59,000	1,000,000	2,644,788
Changes during period							
Dividends of surplus							(548,073)
Profit							1,530,779
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes during period	-	-	-	-	-	-	982,705
Balance at the end of the current period	438,750	903,593	115,962	1,019,556	59,000	1,000,000	3,627,493

	Shareholders' equity			Valuation and translation adjustments	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Total retained earnings				
Balance at the beginning of the current period	3,703,788	(229,170)	4,932,923	58,971	4,991,895
Changes during period					
Dividends of surplus	(548,073)		(548,073)		(548,073)
Profit	1,530,779		1,530,779		1,530,779
Purchase of treasury shares		(145)	(145)		(145)
Net changes of items other than shareholders' equity				16,593	16,593
Total changes during period	982,705	(145)	982,560	16,593	999,153
Balance at the end of the current period	4,686,493	(229,315)	5,915,484	75,565	5,991,049

Notes to Non-consolidated Financial Statements

<Notes on Matters Related to Significant Accounting Policies>

1. Valuation standards and methods for assets
   (1) Valuation standards and methods for securities
      (i) Shares of subsidiaries
         Cost method based on the moving average method
      (ii) Available-for-sale securities
         Other than equity securities, etc., without market prices
            Fair value method
            (Unrealized gains and losses are included directly in net assets, and the cost of securities sold is determined by using the moving average method)
         Equity securities, etc., without market prices
            Cost method based on the moving average method

   (2) Valuation standards and methods for inventories
      Inventories held for sale in the ordinary course of business
      Stated at cost method (with carrying amounts to be written down based on any decreased profitability)
      (i) Merchandise and finished goods
         Mainly weighted average method
      (ii) Work in progress
         Identified cost method

2. Depreciation methods for non-current assets
   (1) Property, plant and equipment (excluding leased assets)
      Declining balance method (however, the straight-line method is applied to buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016)
      Main useful lives are as follows:

Buildings	3 to 34 years
Tools, furniture and fixtures	3 to 20 years

   (2) Intangible assets (excluding leased assets)
      Straight-line method
      Software for internal use is amortized over the estimated useful life (5 years) by using the straight-line method.

   (3) Leased assets
      Leased assets related to finance lease transactions that do not transfer ownership
      They are depreciated using the straight-line method over a lease period as the useful life with a residual value of zero.

3. Accounting standards for reserves / provisions
   (1) Allowance for doubtful accounts
      To provide for credit losses on accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided at the amount estimated by using the historical rate of credit losses for general receivables, and based on individual assessments of collectability for specific receivables such as highly doubtful receivables.

   (2) Provision for bonuses
      To provide for employees' bonus payment, provision for bonuses is recorded based on the estimated payment amount.

   (3) Provision for loss on orders received
      To provide for future losses on orders received, provision for loss on orders received is recorded at the estimated amount of future losses for the contracts that are expected to incur losses and the amount of such losses can be reasonably estimated.

   (4) Provision for share-based payments
      To provide for the delivery of the Company's shares under the performance-based stock compensation plan for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and Executive Officers, the estimated amount of shares to be delivered is recorded pursuant to the Rules on Stock Compensation.

   (5) Provision for retirement benefits
      To provide for the payment of retirement benefits to employees, provision for retirement benefits is recorded based on the estimated benefit obligations and plan assets as of the end of the fiscal year under review.
      (i) Method of attributing estimated retirement benefits to periods
         In calculating retirement benefit obligations, the estimated amount of retirement benefits is allocated equally to each service year up to the end of the fiscal year under review.

(ii) Method of amortizing actuarial gains and losses and prior service cost

Actuarial gains and losses are amortized as a lump-sum expense in the following fiscal year.

Prior service cost is amortized using the straight-line method over a fixed number of years (5 years) within the average remaining service period of employees when prior service cost was incurred in each fiscal year.

4. Accounting standard for recognition of revenues and expenses

(i) Accounting standard for recognition of revenues and expenses

Major performance obligations in the principal businesses relating to revenue arising from contracts with the Company, and the usual timing at which such performance obligations are satisfied (the usual timing at which revenue is recognized), are as follows. The promised consideration for each product or service is generally paid within one year from the time the performance obligation is satisfied.

A. IT-related Business (System Development Business, Support and Service Business)

For system development contracts, the Company mainly provides made-to-order production of software and system development and implementation support based on contracts with customers.

For service contracts by which the Company will assume the responsibility for deliverables, such as all-in contracts, the Company recognizes revenue over the service period by estimating the degree of progress toward satisfying such performance obligations, since the outcomes are transferred to customers as the work progresses. Where the period between the transaction start date and the point in time when performance obligations in a contract is expected to be fully satisfied is short and the amount is immaterial, revenue is recognized at the point of acceptance by the customer. The Company uses the input method based on the cost incurred to estimate the degree of progress in satisfying performance obligations.

In addition, for a service contract that provides services on an ongoing basis, the Company recognizes as revenue the amount promised in the contract with the customer over the period in which the services are rendered, since we consider that performance obligations are satisfied over time as we generally provide a certain level of services over the term of the contract.

B. Parking System Business

In the Parking System Business, the Company mainly engages in the sale of bicycle parking lot-related equipment, and manages and operates bicycle parking facilities on consignment.

In the sales of bicycle parking lot-related equipment, performance obligations are satisfied at the time of customer acceptance, and revenue is recognized at that timing.

Bicycle parking lot usage fees and management service contract fees for the management and operation of bicycle parking facilities are recognized as revenue when services are provided, considering that performance obligations are satisfied based on customer usage. Further, the Company deducts from net sales the consideration paid to customers and variable consideration for certain service contracts for the management and operation of bicycle parking facilities.

(ii) Accounting standard for recognition of income related to finance lease transactions

The Company recognizes income by recording net sales and cost of sales at the time of receipt of lease payments.

5. Other important matters that form the basis for the preparation of the financial statements

Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses on retirement benefits differ from that on the consolidated financial statements.

<Notes on Changes in Accounting Policies>

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) , etc. have been applied from the beginning of the fiscal year under review.

This change in accounting policies had no impact on the financial statements.

<Notes on Accounting Estimates>

Impairment of non-current assets

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

Property, plant and equipment: 1,060,272 thousand yen

Impairment losses: 63,984 thousand yen (Parking System Business 27,678 thousand yen)

(2) Information on significant accounting estimates for identified items

It is the same as described in “Notes to Consolidated Financial Statements, (Notes on Accounting Estimates) 1. Impairment of non-current assets.”

<Notes on Changes in Accounting Estimates>

It is the same as described in “Notes to Consolidated Financial Statements, (Notes on Changes in Accounting Estimates) Change in estimate of asset retirement obligations.”

<Notes on Changes in Method of Presentation>

Balance Sheet

The "Investments in leases" (327 thousand yen in the current fiscal year) in Investments and other assets, which had been posted separately in the previous fiscal year, was included in "Other" in the current fiscal year because the amount was insignificant.

<Notes to Non-consolidated Balance Sheet>

1. Accumulated depreciation of property, plant and equipment		1,206,864 thousand yen
2. Monetary claims from and obligations to subsidiaries and affiliates	Short-term monetary claims	67,848 thousand yen
	Short-term monetary obligations	175,052 thousand yen
	Long-term monetary obligations	8,529 thousand yen

<Notes to Non-consolidated Statement of Income>

1. Transactions with subsidiaries and affiliates	Transaction volume due to operating transactions	
	Net sales	230,169 thousand yen
	Purchases	1,850,850 thousand yen
	Transaction volume due to transactions other than operating transactions	23,334 thousand yen

2. Impairment losses

During the fiscal year under review, the Company recorded impairment losses on the following asset groups.

(Thousands of yen)

Location	Use	Classification	Impairment losses
Tokyo, etc.	Bicycle parking lots (6)	Tools, furniture and fixtures	5,445
		Leased assets	18,342
		Future lease payments	3,890
	Corporate assets (1)	Land	33,534
		Buildings	2,771
		Tools, furniture and fixtures	0
Total			63,984

The Group considers a business division based on the business classification for management accounting purpose as the smallest unit that generates cash flows, and in the Parking System Division, each bicycle parking facility is considered as such unit.

The carrying value of business assets was reduced to the recoverable amount because the initially expected earnings could no longer be expected, and the amount of the reduction was recorded as an impairment loss (27,678 thousand yen) in extraordinary losses.

The recoverable amount of those assets is measured by its value in use, which is calculated by discounting future cash flows at a rate of 7.46%.

The carrying value of corporate assets was reduced to the recoverable amount due to the decision to sell them, and the amount of the reduction was recorded as an impairment loss (36,305 thousand yen) in extraordinary losses. The recoverable amount of the said assets was calculated based on the net sales price based on the sales contract.

<Notes to Non-consolidated Statement of Changes in Equity>

Number of treasury shares at the end of the fiscal year under review	Common stock	619,838 shares

<Notes on Tax Effect Accounting>

Significant components of deferred tax assets and liabilities (Thousands of yen)

Deferred tax assets	
Provision for retirement benefits	429,410
Provision for bonuses	250,157
Depreciation expense of leased assets	60,739
Asset retirement obligations	96,006
Accrued social insurance premiums	35,813
Impairment losses	20,893
Other	160,376
Deferred tax assets subtotal	1,053,398
Valuation allowance	(149,828)
Deferred tax assets total	903,569
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(34,748)
Property, plant and equipment corresponding to asset retirement obligations	(40,962)
Total deferred tax liabilities	(75,711)
Deferred tax assets, net	827,858

<Notes on Revenue Recognition>

Notes are omitted because the same information is stated as information that provides a basis for understanding revenue in the Notes to Consolidated Financial Statements (Notes on Revenue Recognition).

<Notes to Per Share Information>

1. Net assets per share 732.38 yen

2. Basic earnings per share 187.13 yen