



<https://www.ncd.co.jp/>

NCD Group Integrated Report 2025

Powering the world with passion.

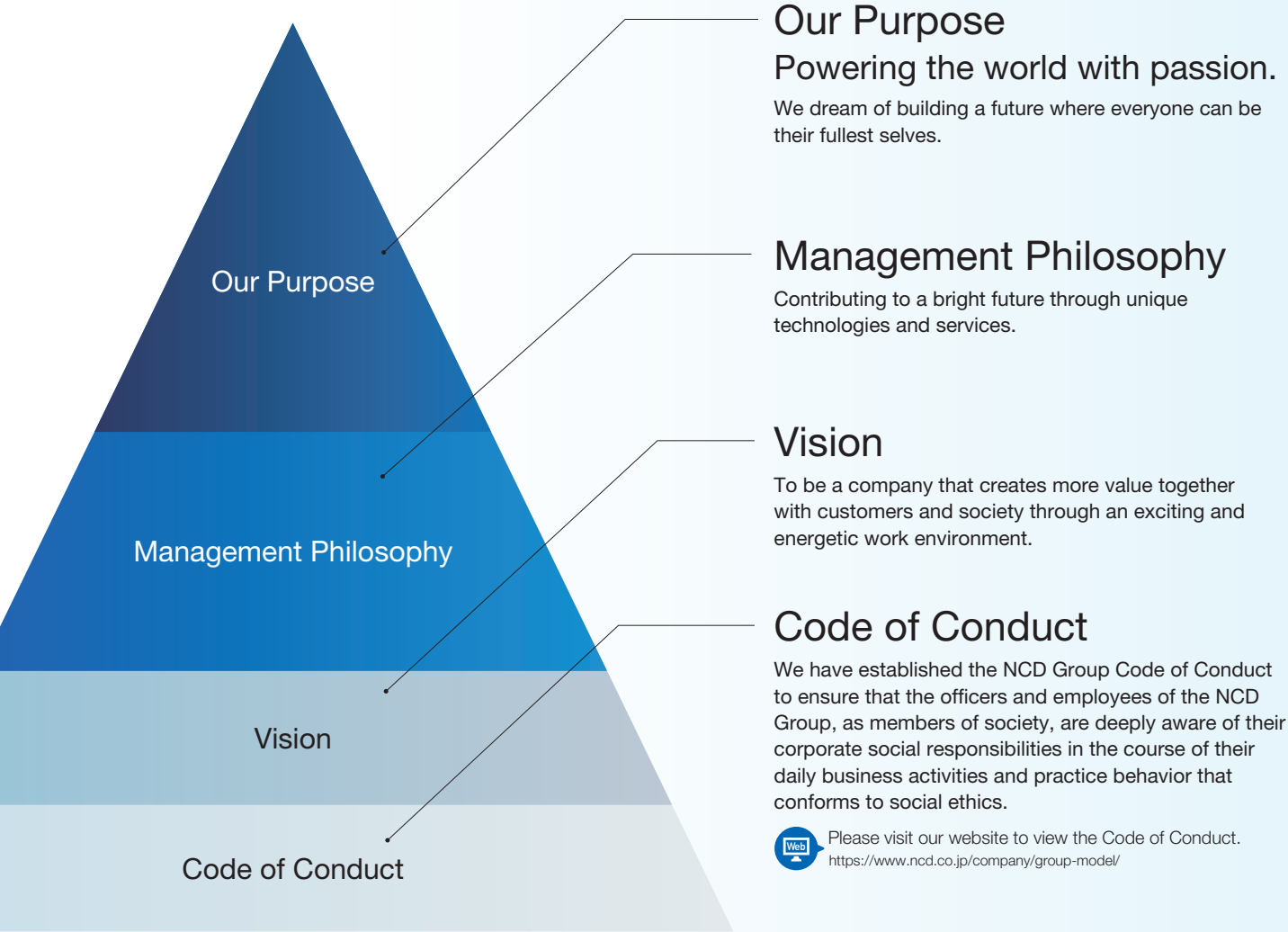
NCD Group

Integrated Report 2025



Purpose & Corporate Philosophy

● Corporate Philosophy Framework



● Corporate Culture

Respect for Diversity

Our goal is to create an environment in which each employee can proactively take responsibility for their own roles while being inclusive of diverse ideas and individual qualities.

Ambition

We support and learn from each other as we take on the challenge of creating new value.

Honesty

We value integrity and honesty in our daily work to meet the expectations of society and our customers.

Uniqueness

We are actively challenging ourselves to work creatively and create new value.

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Editorial Policy

NCD Co., Ltd. has produced and published this integrated report to provide a better understanding of our business activities for value creation. In editing this report, we have provided more fleshed out explanations of the Group's business model and competitive advantage to make our value creation story clearer. This will continue to be an important tool for us to build mutual understanding as we work toward enhancement of our corporate value.

Reporting Scope

NCD Co., Ltd. and its Group companies

Reporting Period

April 2024 to March 2025; includes some information from outside this period

Referenced Guidelines

The IFRS Foundation's Integrated Reporting Framework is used as a reference.

Special Notes Regarding Forward-looking Statements

Data and forward-looking projections disclosed in this integrated report are based on judgments and information available as of the report's publication. Said information is subject to uncertainties and does not constitute a guarantee, including but not limited to regarding future performance.

● Disclosure Framework

| Financial Information | | Non-Financial and ESG Information | |
|---|--|---|--|
| Integrated Report ▶ Web | | Targeting a wide range of stakeholders, this report provides comprehensive financial and non-financial information, including growth strategies, value creation models, materiality, and human capital to enhance corporate value over the medium to long term. | |
| Website IR Information ▶ Web | | Website Sustainability ▶ Web | |
| This section of our website contains mainly financial information about the Company for shareholders and investors. | | Provides information about our sustainability. | |
| <ul style="list-style-type: none">• Medium-term management plan• Financial results• Supplementary materials for financial statements• Securities reports | | <ul style="list-style-type: none">• Financial results briefing materials• Individual investor presentation materials• Shareholder newsletters | |
| Shareholders' Meeting Information ▶ Web | | <ul style="list-style-type: none">• Basic Policy on Sustainability• Materiality (material issues)• Major ESG initiatives• Disclosure based on TCFD recommendations• Human resource data• Contribution to society• Corporate governance and more | |
| Factbook ▶ Web | | Provides financial and non-financial information, also downloadable in Excel format. | |
| Note ▶ Web | | We provide financial and non-financial information in an approachable tone to primarily reach younger audiences. | |

Message from the President

Working as a unified Group to reach our vision for 2032, with focus on our Purpose, “Powering the world with passion”

From an Independent System Integrator to New Markets, Growing Business Scale

In March 1967, at the dawn of the computer age, our company was established as Nippon Computer Dynamics Co., Ltd., a pioneering IT venture specializing in software development at a time when software was considered an accessory to hardware. Since that time, we have steadily expanded our business, a result of strong recognition for our constant customer-oriented approach and high level of technical capabilities.

Later, in October 1995, we started our Support and Service Business to support our customers' requests to handle their system development plus maintenance and operation in a one-stop solution package. In addition, with abandoned bicycles becoming a more serious social problem, we launched the new Parking System Business in October 1997 to seek a solution to this issue. Today, as NCD Co., Ltd., we have two main business pillars: first, our IT-related Businesses; and second, our standalone Parking System Business.

There are two IT-related Businesses: the System Development Business and the Support and Service Business. Here, we have strengths in our long-standing customer relationships where we deepen understanding and trust by sincerely addressing challenges they are facing. We are also highly regarded for our one-stop services, handling everything from system development to maintenance and operation, and both prime projects (prime contractor ratio) and stock sales here account for approximately 80% of our IT-related Businesses (as of the fiscal year ended March 31, 2025).

Our commitment to always be close to our customers is no different in the Parking System Business. At the time when abandoned bicycles were becoming a social problem, bicycle parking lots were mostly manned. As a pioneer in IT ventures, we led initiatives to reduce manpower and enable unmanned bicycle parking by implementing electromagnetic lock

bicycle parking machines, leveraging our technological capabilities and track record accumulated over many years. We have also expanded our business by opening a 24/7/365 support center for bicycle parking facility users, and by operating ECOPOOL, a monthly management system that allows users to complete various procedures on a website.

Our unique business model consisting of these two pillars (the IT-related Businesses and Parking System Business) has led us to achieve sustained growth as a company. Today, we are listed on the Standard Market of the Tokyo Stock Exchange, and are striving to improve and strengthen our management base in order to reach even higher standards.

In April 2022, as part of reexamining our Group's meaning within society and to clarify the significance of contributing to the realization of a sustainable society, we established the Group's Purpose, “Powering the world with passion.” This Purpose expresses our desire to contribute to the realization of a bright society where everyone can be their fullest selves by solving social issues through unique technologies, services, and dynamic ideas, while respecting the corporate culture we have had since our founding, which is to be close to our employees, customers, and all people in society, and to respect diversity. With the determination to further enhance brand value and achieve sustainable growth toward the realization of this Purpose, we changed our company name to NCD Co., Ltd. and updated our corporate logo.

Creating Synergies Between the Two Business Pillars and Among Group Companies

The uniqueness of our business lies in the fact that the two pillars, the IT-related Businesses and Parking System Business, generate synergies with each other. For

example, the technology and expertise cultivated in the IT-related business have contributed to the labor-saving and unmanned bicycle parking lot management that we have been working on in the Parking System Business, playing a major role in the development and implementation of the management system associated with the aforementioned electromagnetic lock bicycle parking machines. As a result of our track record of improving the efficiency of bicycle parking lot operations, we have been selected and commissioned as a designated manager by local governments and railroad operators. We have used this position to help boost the efficiency of bicycle parking lot operations across a wider range of regions. In addition, we have digitalized bicycle parking lot patrol management operations from conventional paper-based reporting to reporting using smartphones and other terminals, reducing field workload and improving the immediacy of information.

Meanwhile, in the IT-related Businesses, we are strengthening our ability to make proposals and provide functions to customers by, for example, using the bicycle parking lot business as a venue for demonstrating new technologies and services. Having two core businesses provides the advantage that if one business experiences a temporary drop in demand, the other complements it, allowing the Group as a whole to achieve stable growth. For example, in the fiscal year ended March 31, 2021, sales and profits in the Parking System Business declined significantly due to the COVID-19 pandemic, but the strong performance of the IT-related Businesses minimized the disaster's impact on the Group's overall performance.

In addition to these synergies among businesses, we leverage our organizational capabilities to create synergies among Group companies.

In the IT-related Businesses, we have established a system that enables us to provide a wide range of services to our customers in cooperation with Group

Osamu Shimojo

President and Representative Director



companies such as NCD Technology Co., Ltd., which handles outsourcing operations, and Osaka-based NCD Solutions Co., Ltd. In December 2023, Japan Computer Services, Inc. (JCS) joined the Group, bringing previously-outsourced kitting operations in-house, and contributing to the expansion of services provided and control of costs as a Group. In addition, JCS has a unique customer base that differs from ours, allowing us to partner to acquire new customers.

In the Parking System Business, we are digitally transforming patrols to boost the efficiency of bicycle parking lot operations handled at NCD PROS Co., Ltd. Also, synergies have been created through collaboration with Fukuoka-based NCD EST Co., Ltd., including to expand sales of bicycle transport conveyors.

To further enhance synergies among Group companies by sharing each company's technological capabilities and achievements, we believe it is necessary to further vitalize personnel exchange and other activities within the Group. To this end, we are moving forward with efforts to unify personnel systems among Group companies to accelerate the creation and maximization of further synergies.

Our Vision for 2032: A Company “Excited for the Future”

We have formulated our Group vision, what we seek to be in 2032, as “To be a company that creates more value together with customers and society through an exciting and energetic work environment” to achieve sustainable growth and increase our corporate value. One of our basic policies is “To become a ‘Well-being Company’ where employees can feel happy working for the NCD Group and grow,” indicating our aim to achieve business growth and development by having each employee enjoy job fulfillment and mindfully put their own thoughts and feelings into their work.

As a path toward realizing this Group vision, we have identified materiality (material issues) and are carrying out specific initiatives to address them. As an example in our IT-related Businesses, we have established offices in Fukuoka and Nagasaki Prefectures, contributing to regional development through active recruitment of human resources. As for our Parking System Business, we will contribute to the realization of carbon neutrality through labor-saving and unmanned bicycle parking and the development of next-generation bicycle parking facilities. In line with the philosophy set forth by our founder, we have established our Management

Philosophy as “Contributing to a bright future through unique technologies and services.” We are not only pursuing our own profits, but also implementing measures to achieve business growth and development while continuing to contribute to a sustainable society.

Achieved Vision 2026 Performance Targets Ahead of Schedule

The medium-term management plan Vision 2026 was formulated by backcasting from the Group vision and is currently our top priority. In the fiscal year ended March 31, 2025, the second year of the plan's three-year period, we achieved a significant increase in sales and profits alongside a significant improvement in the operating profit margin.

One of the basic policies specified in Vision 2026 is “pursue further NCD value by enhancing existing businesses and creating new businesses.” In IT-related Businesses, we are evolving and expanding our high value-added NCD service model with the aim of moving away from a labor-intensive model and toward a service-providing model. In the fiscal year ended March 31, 2025, we primarily introduced the NCD service model for customers in the insurance industry. Going forward, we aim to further expand transactions by laterally deploying technological capabilities and achievements cultivated mainly in the insurance industry to other industries. In the Parking System Business, structural reforms underway since the COVID-19 pandemic have succeeded in improving the business's profitability. In addition, we are building next-generation bicycle parking facilities and creating new bicycle-related businesses.

As for the creation of new businesses, we have made some progress in the “co-do project,” in which promising business ideas are solicited from employees throughout the Group. The creation of new businesses is an urgent issue for the Group to continue its sustained growth and development. We will continue to take on the challenge of establishing a three-pillar system, adding a new business pillar to the two pillars of IT-related Businesses and the Parking System Business.

In Vision 2026, one of the basic policies of the corporate division that supports our business is to “strengthen human capital management initiatives.” For example, we hold Purpose Workshops for all managers across our Group. In addition, to help each employee resonate with the sentiment in our Group Purpose, “Powering the world with passion,” we are consistently engaged in initiatives encouraging them to explore how

this Purpose aligns with their individual life goals and meaning in their work (“My Purpose”). Another ongoing initiative is that all Directors and managers are being asked to share their My Purpose in the internal company newsletter, beginning with my own.

Increasing Corporate Value with a Diverse and Attractive Workforce

From my position at the highest level of corporate management, I would like to further enhance the ambitious spirit of each and every employee to always take on new challenges, and further establish it as part of our corporate culture and climate. For this reason, we are actively training next-generation leadership candidates as well as securing new human resources. One example is NCD Group Future Value Creation Project Research, an open-call program to learn about management resources and the search for solutions to social issues, business model building, monetization plans, etc., in collaboration with the Graduate School of Project Design, in which motivated members from each Group company are participating.

In addition, for the purpose of promoting the integration of management and human resource strategies, the Human Resource Development Department is playing a central role in promoting a variety of initiatives, including instilling the Group Purpose, training next-generation leaders, improving engagement, and promoting D&I. On the other hand, we see the further improvement of productivity and operational efficiency through the promotion of digital transformation (DX) as a challenge. In order to make sure we stay ahead of our customers' needs and enhance our ability to propose and support business transformation, we plan to review our relevant frameworks and collaborate with external parties.

We believe that demand for both the IT-related Businesses and the Parking System Business will remain high in the future, and that it is also necessary to strongly promote the fact that each of these businesses has room for growth in the future. As stated in Vision 2026, we are determined to accelerate the establishment of new businesses. This includes by investing in areas that are expected to grow in the future, such as the DX needs of the insurance industry, which is the mainstay of our IT-related Businesses, and by finding promising areas, such as bicycle-related businesses, in addition to bicycle parking lot operations.

In addition, the Group considers the return of profits

to shareholders to be one of its highest management priorities. While maintaining our basic policy of stable and consistent dividend payments, we will modify our policy as of the fiscal year ending March 31, 2026 to aim for a consolidated dividend payout ratio of 50% or more, revised upward from 30% or more.

Finally, the core of a company's ability to achieve growth is its people. Our Group has a large number of promising employees and a diverse workforce, both new graduates and mid-career workers. By recognizing each employee's individuality and capitalizing on these qualities together, we hope to achieve mutual growth and development both for our talent and for the enterprise. It is my hope that all of you, as our stakeholders, will look ahead with even greater excitement for our development as a Group, and will lend us even greater support.



Our History of Value Creation

Rapid economic growth

Collapse of the bubble economy

Rise of the Internet

Global economic crisis

Great East Japan Earthquake

Outbreak of COVID-19

1967—

Established at the dawn of the IT industry as an independent software specialist

In 1967, we were established as Nippon Computer Dynamics Co., Ltd. As a pioneer in the venture business, we expanded our operations with a focus on system development for large corporate customers.



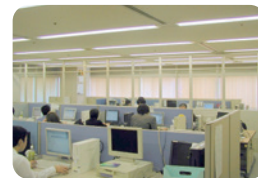
March 1967
Established Nippon Computer Dynamics Co., Ltd. in the Ebisu area of Tokyo



1995—

Launched the Support and Service Business and Parking System Business

In 1995, we launched our Support and Service Business, establishing a system to provide integrated support for maintenance and operation. Then, in 1997, we launched the Parking System Business.



October 1995
Launched the Support and Service Business



October 1997
Launched the Parking System Business

2000—

Focused on going public and expanding and developing the business base for further growth

In 2000, we went public via an over-the-counter stock listing. With offshore development gaining attention, we entered the Chinese market in 2005. In addition, we developed our business foundation by expanding our domestic bases.



September 2000
Registered shares with the Japan Securities Dealers Association for over-the-counter trading (listed on the Tokyo Stock Exchange Standard Market from 2022)



April 2005
Established NCD China Co., Ltd. in Tianjin, China

2024—

Changed our company name, aiming to accelerate the creation of social value through continuous evolution

In 2024, we changed our company name to NCD Co., Ltd., and redesigned our logo. Through continuous evolution, we aim to achieve further growth and value creation.

JCS
Japan Computer Services Inc.

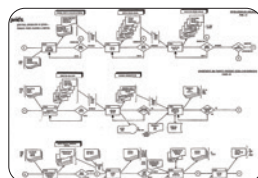
NCD

December 2023
Acquired Japan Computer Services Inc. (JCS) as a wholly-owned subsidiary

January 2024
Changed company name and logo



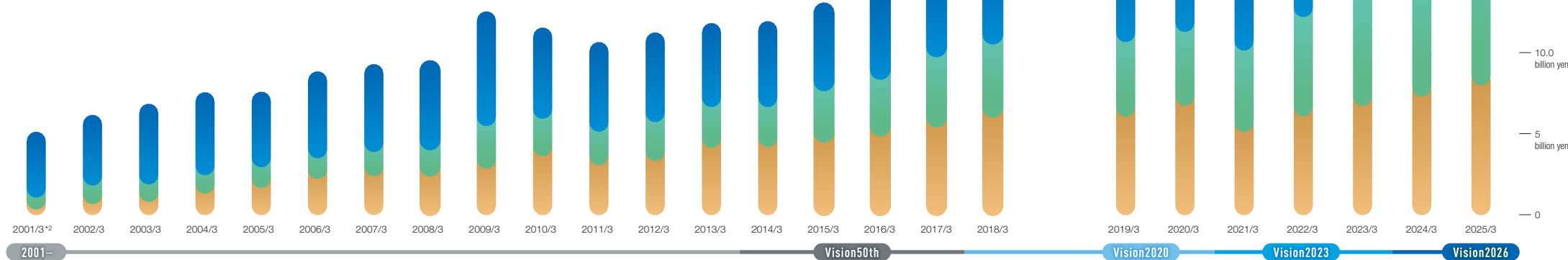
January 1970
Became Japan's first software developer to provide services overseas



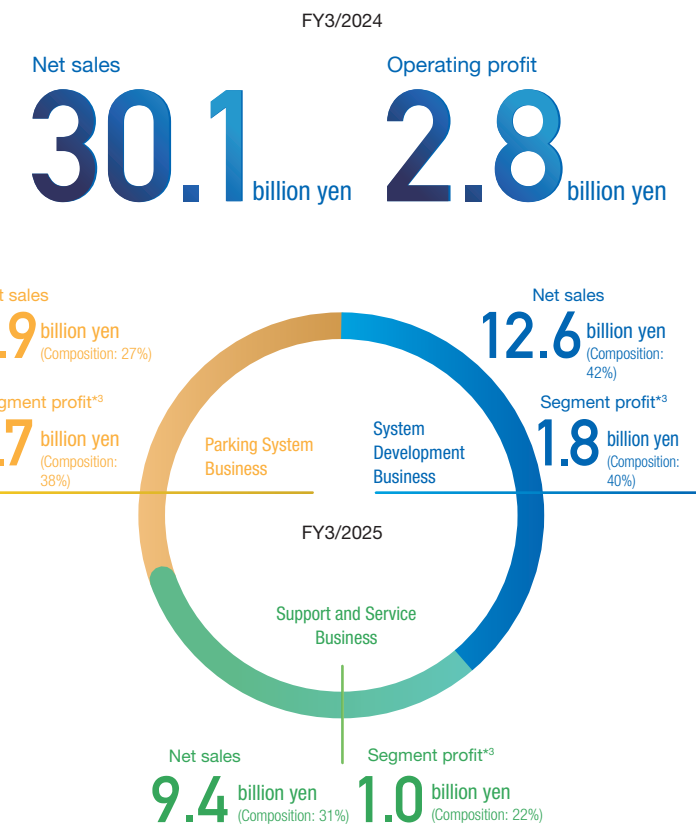
September 1976
Became Japan's first user of the PRIDE (developed by U.S.-based M. Bryce & Associates, Inc.) methodologies for system development

Net Sales Over Time*1

● System Development Business ● Support and Service Business ● Parking System Business



*1 Net sales are segmented into the three main businesses. *2 Figures for the fiscal year ended March 31, 2001 are non-consolidated figures. *3 Segment profit: Income before allocation of adjustments (general and administrative expenses related to the parent company)



Vision50th

(2014/3~2017/3)

- Established an IT service delivery system for the insurance industry
- Successfully launched ECOPOOL and cultivated markets

Vision2020

(2018/3~2020/3)

- Strengthened BCP by establishing near-shore bases
- Number of bicycle parking units managed exceeded 500,000*, establishing a solid position in the industry
- Made NCD EST Co., Ltd. and NCD PROS Co., Ltd. subsidiaries

* As of April 1, 2020

Vision2023

(2021/3~2023/3)

- Recovered from the COVID-19 pandemic and achieved net sales of 20 billion yen
- Achieved full-fledged sustainability management

Vision2026

(2024/3~2026/3)

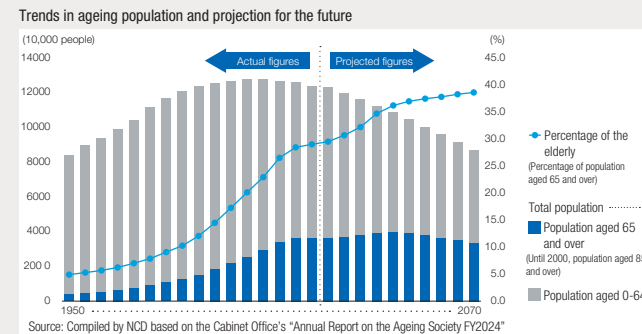
- Evolving and expanding the NCD service model
- Reinforcing the foundation of the Parking System Business through structural reforms
- Implementing measures to create new businesses

External Environment

Awareness of external environment

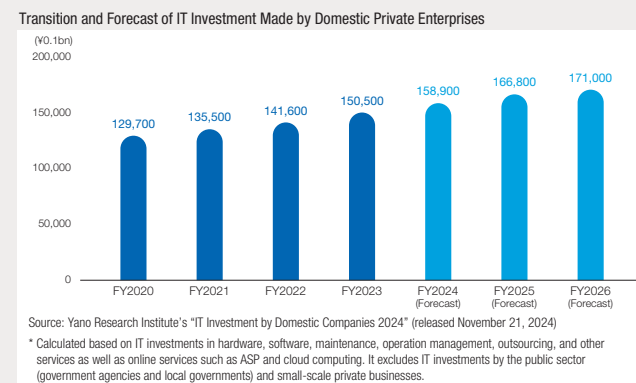
Declining and aging population

In Japan, the decline in the working-age population (ages 15 to 64) is raising concerns about the worsening of various social and economic challenges over the medium- to long-term, including labor shortages and a shrinking economy due to reduced domestic demand. To address these challenges, companies are required to implement measures that promote labor participation among diverse personnel such as women and the elderly, adopt flexible work arrangements like remote working, and achieve automation and labor-saving through digital transformation (DX).



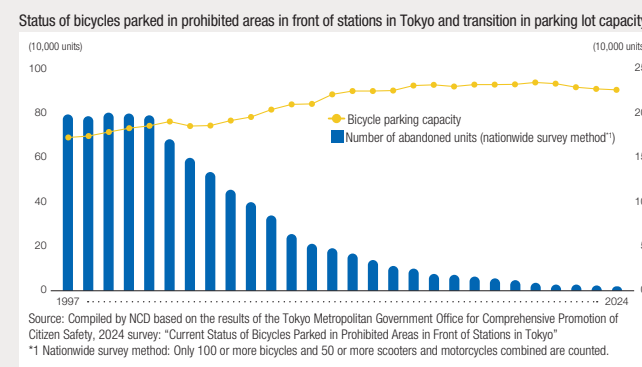
Growing demand for digital transformation

IT investments to drive DX remains at a high level. In addition to replacing core systems and servers and promoting cloud migration, investment in new business development and data utilization—referred to as “aggressive DX”—is also on the rise. However, the supply of IT talent is not keeping pace with the robust demand for IT investment, necessitating measures to address intensifying competition for talent and rising labor costs.



Reduction of bicycles parked in prohibited areas

In Tokyo, the number of bicycles parked in prohibited areas has been declining in recent years. This can be attributed to measures such as the expansion of no-parking zones, the development of more bicycle parking facilities (increasing overall capacity), and stricter enforcement. However, a certain number of bicycles parked in prohibited areas remain, and further improvements in user convenience, such as optimizing the location and accessibility of parking facilities and increasing the number of parking information signs, remain key challenges.



Risks

The decline in the working-age population may lead to labor shortages and intensify competition for IT talent. (IT-related Businesses)

IT investments made to drive DX may lead to lost future orders if they fail to deliver services that justify the cost. (IT-related Businesses)

Bicycle parking facilities near stations in Tokyo are beginning to have surplus capacity, and a significant expansion in parking demand may not be anticipated. (Parking System Business)

Opportunities

The decline in the working-age population presents an opportunity for increased IT investment to drive DX. (IT-related Businesses)

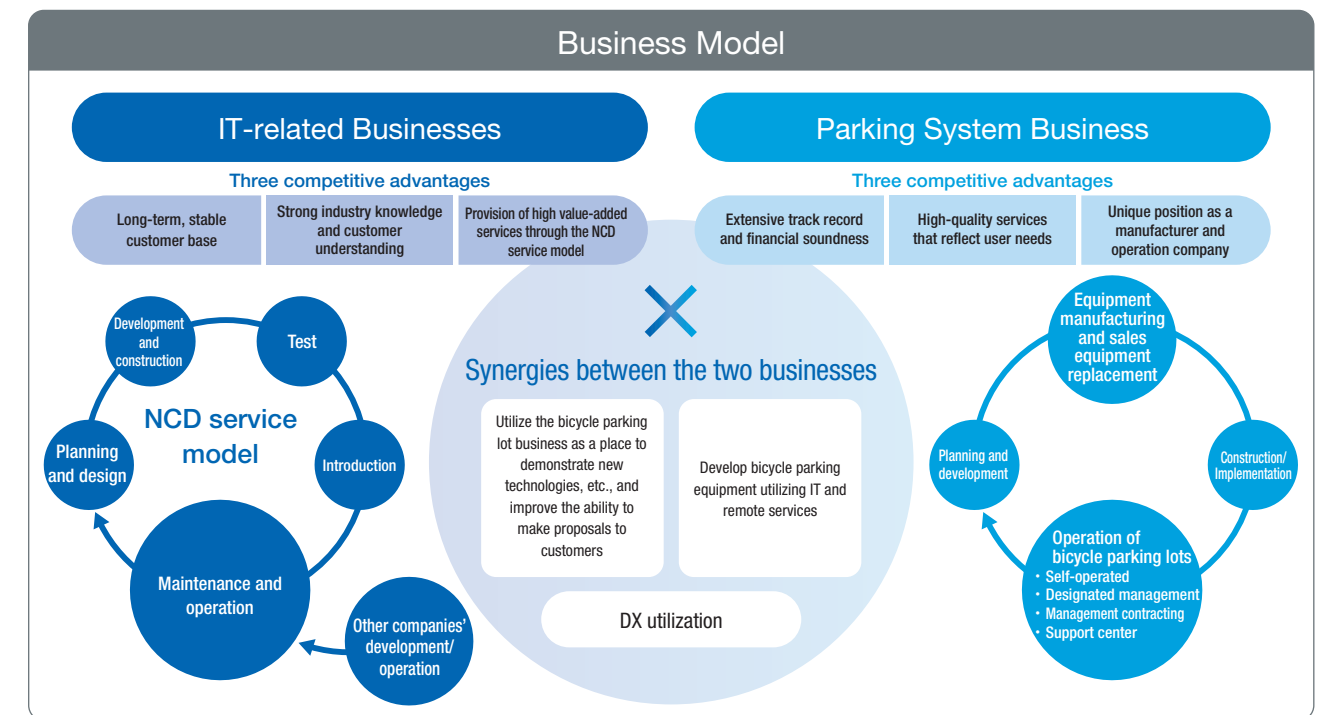
This presents an opportunity for railway companies and local governments seeking unmanned and labor-saving systems to introduce the ECOPOOL monthly bicycle parking system. (Parking System Business)

The continued existence of a certain number of bicycles parked in prohibited areas indicates upside for improvement in bicycle parking services, and addressing this need also presents an opportunity to attract new users. (Parking System Business)

Strengths and Businesses

Our Group's Business Model

The Group consists of seven companies, including NCD, and operates IT-related Businesses and the Parking System Business. The IT-related Businesses consist of the System Development Business and the Support and Service Business. Both the IT-related Businesses and the Parking System Business have business models generating stock sales in their business domains to accumulate and expand.



Four Strengths (Results from the Fiscal Year Ended March 31, 2025)

► Organizational Capabilities

Teamwork to Continue to Diligently Tackle Challenges until They Are Fully Addressed.

We respect the individuality of each person and provide services tailored to our customers' needs with sincerity under an organizational culture of co-creation.

► Technology and Insights

Providing Optimal Service with Industry Knowledge Based on 58 Years of Business Experience

Our extensive expertise and solid technical expertise in the industries and specific operations our customers are engaged in, as well as our ability to handle the entire IT lifecycle, are utilized in the development of bicycle parking systems.

Employee Engagement Index*¹ **72.7%**

*¹ For NCD Co., Ltd. on a non-consolidated basis; this indicator is based on the results of an annual survey of employees. It measures the state of engagement through questions related to multiple drivers, such as their job, personal growth, and organizational climate (average on a five-point scale, converted to a percentage).

► Service Quality

Providing Consistently High-Quality Service

By always listening sincerely to our customers and accurately understanding their needs, we are able to maintain and further improve the quality of our services.

Prime Project (Prime Contractor) Ratio **Over 80%** (IT-related Businesses)

Number of Managed Bicycle Parking Units **560,000** (As of April 1, 2025)

► Customer Base

Long-Term Business and Stable Revenues from Earning Customer Trust

We have been doing business with major and well-respected companies and local governments for many years based on strong relationships of trust. The high stock sales ratio also leads to stable revenues.

Stock Sales Ratio*² **Over 80%**

*² For NCD Co., Ltd. on a non-consolidated basis

Details and Strengths of IT-related Businesses

Business Overview

The IT-related Businesses consist of the System Development Business and the Support and Service Business. The System Development Business handles the development and maintenance of business applications, while the Support and Service Business handles infrastructure construction and operation. We are applying the NCD service model in a variety of domains and promoting the shift to high-value-added services and the realization of improved profitability.

Four Strengths

Organizational Capabilities

Synergies with Group companies

Strengthening cost competitiveness, BCP support, proposal capabilities, etc., through cooperation with Group companies

Service Quality

NCD service model

Standardization of services in specific domains of development, maintenance, and operations as a model to increase efficiency and achieve high service quality standards

Technology and Insights

Deep customer insights

Familiarity not only with client companies' systems, but also with their industry, business operations, and organizational structures

Customer Base

Direct business with major and well-respected companies

Long-term, ongoing direct business relationships with leading companies in a diverse range of industries, with a focus on the insurance industry

Value Created

In the System Development Business, we make our customers more competitive by providing support for the rapid development of business applications that meet their needs, the replacement of mission-critical systems and servers, and the shift to cloud computing, as well as system maintenance and operation.

In the Support and Service Business, we provide operational streamlining and quality improvement for IT infrastructure. Our BCP support through the use of near-shore locations also helps to build business value for our customers through the provision of a stable IT

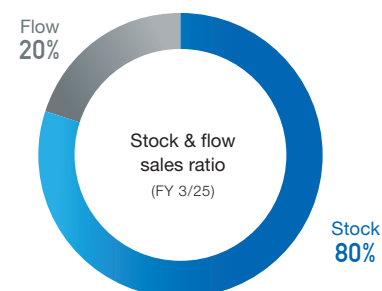
environment. In maintenance and operations, we are promoting a switch to more comprehensive managed services.

► Managed Service Center

The Managed Service Center provides comprehensive maintenance and operations outsourcing services to support the entirety of our customers' IT infrastructure. This team of specialized engineers takes over for our customers' system operations departments, with support 24 hours a day, 365 days a year.

Revenue Characteristics

This business has a stable revenue base with a stock ratio of approximately 80%. It has maintained a high stock ratio for revenue because undertaking contracted maintenance and operation of systems developed by third parties, in addition to those we have developed ourselves, has led to securing subsequent development projects.



Stock: System maintenance and operation, etc. Flow: System development and construction, etc.

Group Company Showcase

Japan Computer Services Inc.

Highlights

Joined the Group in December 2023. JCS has expertise in PC and mobile terminal kitting services not possessed by NCD, and a customer base that does not overlap with NCD's.

Synergies with the Group

The in-house production of kitting operations, which were previously outsourced, and the strengthening of our ability to make proposals to customers have led to an increase in profitability. We expect this will help expand our customer base going forward.

Details and Strengths of the Parking System Business

Business Overview

In addition to providing one-stop services ranging from the manufacture and sale of bicycle parking equipment to the management and operation of bicycle parking facilities, the company also offers brands such as ECOPOOL, a monthly bicycle parking lot. We actively incorporate IT to provide operation and management that balances user needs and efficiency.

Four Strengths

Organizational Capabilities

Synergies with IT-related Businesses

Developing bicycle parking equipment and services utilizing technology from IT-related Businesses

Service Quality

Bicycle Parking Lot Support Center

24/7/365 support by our in-house support center
High-quality services that reflect user feedback

Technology and Insights

ECOPool / EcoStation21

Monthly bicycle parking lot management system digitally transforming bicycle parking lots
Advanced information technologies for high-quality bicycle parking equipment and remote services

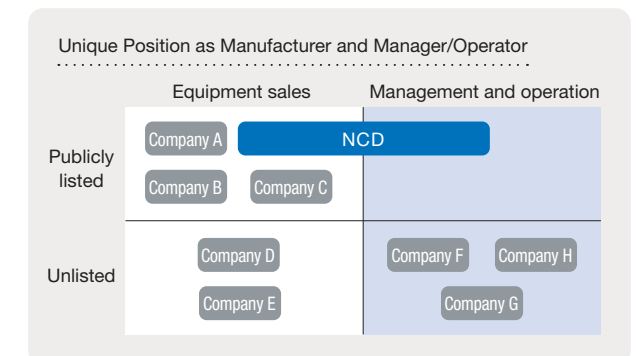
Customer Base

Plentiful results with municipalities and major private companies

Long-term business with various municipalities, major railroad companies, and well-known commercial facilities mainly in the Tokyo metropolitan area

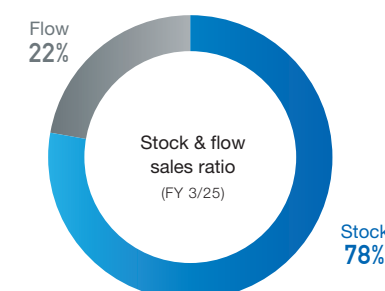
Value Created

In the Parking System Business, we provide services that combine efficient operations and attentive user support through energy- and labor-saving IT technology and our own support center. In addition, we have extensive insights into the equipment required for bicycle parking facilities, and our unique business model, which has strengths in both equipment sales and management and operation, allows us to provide a one-stop service from the implementation to the operation of bicycle parking facilities.



Revenue Characteristics

This business has a stable revenue base with a stock ratio of approximately 80%. The increase in the number of managed bicycle units leads to an increase in bicycle parking lot operations and usage fee revenues, resulting in a high stock ratio.



Stock: Bicycle parking lot management, intake of bicycle parking lot usage fees, etc.
Flow: Bicycle lot facility equipment sales, EC business, etc.

Group Company Showcase

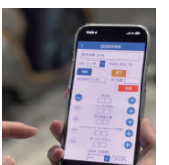
NCD PROS Co., Ltd.

Highlights

Established in March 2018. Licensed for construction and security services, this company has established a one-stop system to address customer needs, from bicycle parking lot patrol and money collection to equipment maintenance.

Synergies with the Group

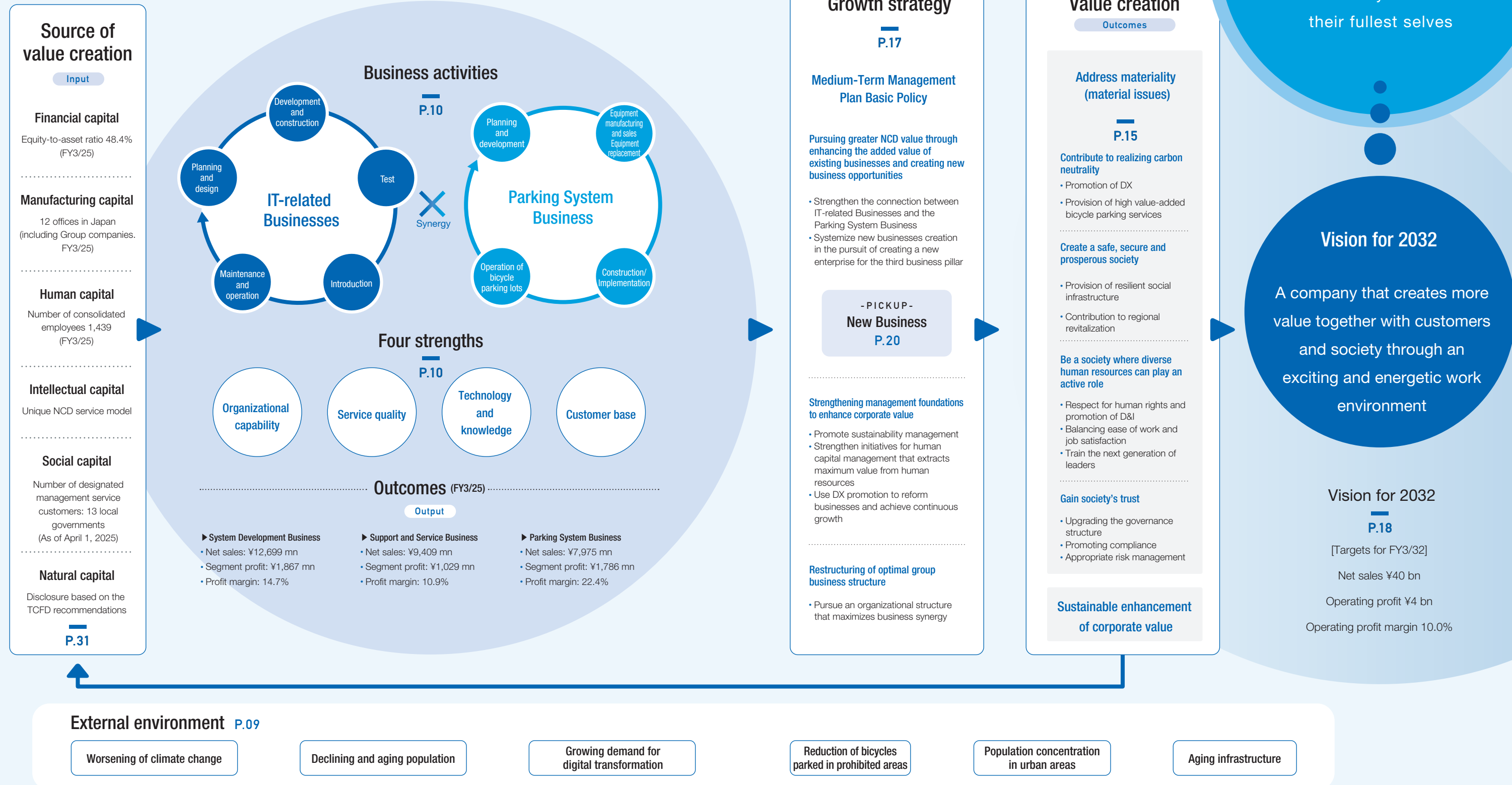
This company is strengthening the Group's business foundation by bringing processes related to management and operation in-house. In partnership with IT-related Businesses, it also introduced a bicycle parking lot patrol management system in March 2025.



Value Creation Model

Purpose

P.01 Powering the world with passion.



Materiality

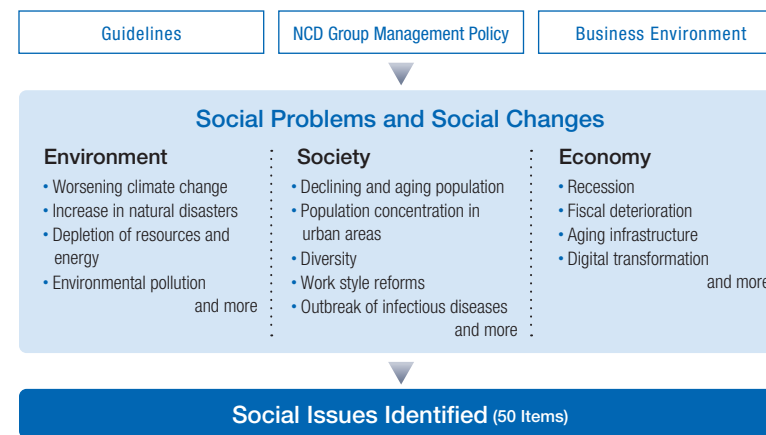
Basic Approach and Promotion Structure

The Group has identified materiality (material issues) as priorities to be addressed from a medium- to long-term perspective in order to realize a sustainable society and enhance corporate value. This is based on our Management Philosophy and is positioned as an important element in the formulation of management strategies and other activities. In addition, initiatives to address materiality are promoted and managed under the Sustainability Promotion Committee, and are regularly reported and discussed by the Board of Directors.

Materiality Identification Process

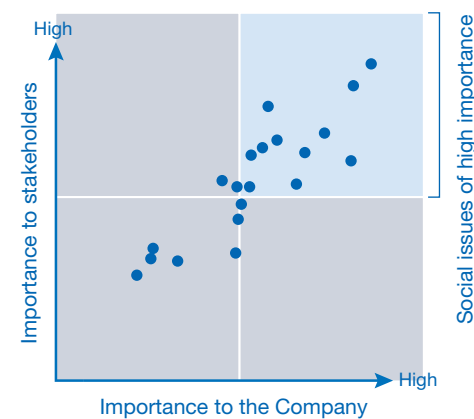
Step 1 Identification of Social Issues

Based on the SDGs, GRI Standards, ISO 26000, and other guidelines, the management policies of the Group itself, as well as our awareness of the challenges, risks, and opportunities facing the information services and bicycle parking industries to which we belong, we identified social issues that are expected to become more serious in the future and that are relevant to changes in the world.



Step 2 Assessment of Importance

Based on the Group's Basic Policy on Sustainability, each division examined various initiatives that can contribute to solving social issues from a medium- to long-term perspective, and narrowed down the issues identified in Step 1 from 50 items to 20 items. These 20 items were mapped onto a materiality matrix based on two axes, importance to stakeholders and importance to the Company, with input from Outside Directors and experts.



Step 3 Identification of Materiality

After renewed discussion of the appropriateness of the importance assessment in Step 2 from the perspective of the Group's uniqueness and ability to demonstrate its strengths, the Board of Directors identified the material issues that the Group should prioritize.

Materiality and Key Measures / KPIs

| Materiality | Key Measures | KPIs | (FY3/2024) Results | (FY3/2025) Results | (FY3/2026) Targets |
|---|--|--|---|---|---|
| 1 Contribute to realizing carbon neutrality <ul style="list-style-type: none">Promotion of DXProvision of high value-added bicycle parking services | <ul style="list-style-type: none">Development of advanced DX human resourcesImproved customer convenience and resolved labor shortages | <ul style="list-style-type: none">Implementation of DX human resources trainingNumber of cumulative ECOPOOL monthly bicycle parking lots (sites) | <ul style="list-style-type: none">Conducted training in data design, data science, etc.100,000 units (300 sites) | <ul style="list-style-type: none">Implemented a human resources development program for AI and data utilization128,000 units (380 sites) | <ul style="list-style-type: none">Implement a human resource development program for AI and data utilization (ongoing)138,000 units |
| 2 Create a safe, secure and prosperous society <ul style="list-style-type: none">Provision of resilient social infrastructureContribution to regional revitalization | <ul style="list-style-type: none">Acquisition of cloud projectsCreation of work opportunities through the use of regional offices | <ul style="list-style-type: none">Percentage of cloud qualification holdersHeadcount at regional offices (mainly at Nagasaki and Fukuoka offices) | <ul style="list-style-type: none">70.5%Over 320 | <ul style="list-style-type: none">72.5%398 | <ul style="list-style-type: none">80.0%440 |
| 3 Be a society where diverse human resources can play an active role <ul style="list-style-type: none">Respect for human rights and promotion of D&IBalancing ease of work and job satisfactionTrain the next generation leaders | <ul style="list-style-type: none">Strengthening initiatives to respect human rights | <ul style="list-style-type: none">Implementation of human rights due diligence | <ul style="list-style-type: none">Implemented human rights due diligenceEstablished the NCD Group Sustainable Procurement GuidelinesImplemented training for executives | <ul style="list-style-type: none">Continued to implement human rights due diligenceImplemented human rights education (twice)Established the Harassment Prevention Manual | <ul style="list-style-type: none">Continue to implement human rights due diligenceImplement human rights education (once)Implement harassment prevention training (once) |
| | <ul style="list-style-type: none">Continue to promote women's active participation | <ul style="list-style-type: none">Percentage of female managers | <ul style="list-style-type: none">12.4%Implemented D&I training for female employees | <ul style="list-style-type: none">12.9%Continued to implement D&I training for female employees | <ul style="list-style-type: none">14.0%Make efforts to obtain Eruboshi and Kurumin certificationImplement Group-wide joint measures (female managers' exchange meetings, diversity training for female employees) |
| | <ul style="list-style-type: none">Improvement of engagement | <ul style="list-style-type: none">Percentage of male employees taking childcare leave | <ul style="list-style-type: none">60.0% | <ul style="list-style-type: none">58.3% | <ul style="list-style-type: none">100% |
| | <ul style="list-style-type: none">Enhancement of autonomous career formation programs | <ul style="list-style-type: none">Reorganization of the training system | <ul style="list-style-type: none">Promoted integration of existing business skills training with the development of DX promoters | <ul style="list-style-type: none">Launched a collaborative program with the Graduate School of Project Design for the purpose of new business creation and talent developmentLaunch a program to develop the next generation of leaders (Implementing a leadership survey, initiating a business strategy program)Strengthen the structure of the Career Support Team | |
| 4 Gain society's trust <ul style="list-style-type: none">Upgrading the governance structurePromoting complianceAppropriate risk management | <ul style="list-style-type: none">Conducting Board of Directors effectiveness assessmentsImproving the effectiveness of the Compliance CommitteePromoting Company-wide risk management | <ul style="list-style-type: none">Conducting effectiveness assessmentsTraining participation rateConducting risk assessment based on Company-wide standardized items | <ul style="list-style-type: none">Conducted effectiveness assessment100%Conducted NCD Group risk assessment | <ul style="list-style-type: none">Conducted effectiveness assessment (see p.43)100%Added climate change risk to risk items and conducted risk assessment including JCS | <ul style="list-style-type: none">Conduct effectiveness assessment100%Conduct risk assessments based on specific risk impact criteria |

Vision and the Medium-term Management Plan

Previous medium-term management plan Vision 2023

Financial targets and results (FY3/2023)

| | Targets | Results |
|-------------------------|---------------|----------------|
| Net sales | ¥21.0 billion | ¥22.85 billion |
| Operating profit | ¥1.0 billion | ¥1.19 billion |
| Operating profit margin | 4.8% | 5.2% |
| ROE | 12.0% or more | 14.3% |

The Positioning of this Plan

Creating additional value by utilizing the know-how acquired through operations

Basic Policies

- Pursue and strengthen NCD value
- Further expand business domains that maximize NCD's unique features
- Enhance business structure
- Optimize the Group formation

Key Results and Issues

- Progressed the construction of the NCD service model centered on the infrastructure maintenance and operation domains run by the IT-related Businesses and contributed to acquiring large-scale projects
- Launched a structural reform of the Parking System Business and achieved a rapid recovery
- Expanded the introduction of the monthly bicycle parking lot management system ECOPOOL, with an approximately 143% increase in managed units (+26,538 units) vs the end of March 2020
- Seek to improve profitability, which is below the industry average, and disseminate non-financial information

Current medium-term management plan Vision 2026

Financial progress (FY3/2025)

| | |
|-------------------------|---------------|
| Net sales | ¥30.1 billion |
| Operating profit | ¥2.8 billion |
| Operating profit margin | 9.3% |
| ROE | 27.0% |

The Positioning of this Plan

Set future-forward investments and solidification of existing business foundations as the first steps toward achieving the Group vision, which will lead to a leap forward in the second step (the next medium-term management plan) and beyond.

Basic Policies

Pursue further NCD value by enhancing existing businesses and creating new businesses

- Further strengthen collaboration between IT-related Businesses and the Parking System Business
- Pursue new businesses to build a third business pillar through the institutionalization of new business creation

Strengthening management foundation for enhancement of corporate value

- Promote sustainability management
- Strengthen human capital management initiatives to maximize the value of human resources
- Contribute to business transformation and sustainable growth by promoting DX

Rebuild optimal Group business structure

- Pursue organizational structure that maximizes business synergies

Financial targets* (FY3/2026)

| | |
|-------------------------|---------------|
| Net sales | ¥31.0 billion |
| Operating profit | ¥2.45 billion |
| Operating profit margin | 7.9% |
| ROE | 20.0% or more |

* Each target for net sales, operating profit, and operating profit margin was revised downward on November 7, 2025 from the previously published target value.

Results to Date

IT-related Businesses

- Improved profitability via the evolution and expansion of the NCD service model
- Advanced the transition to a managed service and smoothly pivoted the business model from a labor-intensive format to a high value-added service provision format

Parking System Business

- Improved profitability via revisions to bicycle parking lot usage fees and reviews of municipal strategies
- Used data to develop efficient and logical bicycle parking lots

New Business

- Advance the PoC (proof of concept) for the best business idea selected from the public solicitation for business ideas

Other

- Began disclosing information based on TCFD recommendations
- Actively deployed IR/PR activities

Group Vision for 2032

To be a company that creates more value together with customers and society through an exciting and energetic work environment

Financial targets (FY3/2032)

| | |
|-------------------------|---------------|
| Net sales | ¥40.0 billion |
| Operating profit | ¥4.0 billion |
| Operating profit margin | 10.0% |

Basic Policies

Reform toward a company with higher profitability and connect with the continuous growth of the NCD Group

Create the third business pillar by endeavoring into new business domains

Aim to become a "well-being company" where people feel happy working at the NCD Group and that growth is possible

Progress of the Current Medium-Term Management Plan

► Pursue further NCD value by improving the value-added of existing business and creating new business

We are strengthening the foundations of existing businesses, engaging in strategic long-term investment, and enacting a variety of policies aimed at increasing profit margins as the first steps toward realizing the Group vision.

Refer to the following sections for details on improving the value-added of existing businesses and creating new business.

IT-related Businesses p.23 Parking System Business p.27 Actions Toward Creating New Business p.20

Additionally, IT-related Businesses and the Parking System Business are further strengthening their relationship. Based in the accumulated expertise of the IT-related Businesses, the Parking System Business is using data to improve efficiency and productivity while simultaneously working to offer additional high value-added services such as developing the next generation of bicycle parking lots utilizing IT technologies. We will utilize these initiatives in the pursuit of furthering NCD value.

► Strengthen the management foundation in order to enhance corporate value

We are deploying materiality-based business management for the Group as a whole and seamlessly advancing sustainability management and human capital management. We focus on proactively sharing non-financial information such as disclosing information based on TCFD recommendations. We are also accelerating DX initiatives to achieve business transformations and ongoing growth.

See the following sections for details on each policy.

Materiality (performance) p.16 Social Initiatives (human capital management) p.34 Environmental Initiatives (disclosures based on TCFD recommendations) p.31 DX Strategy p.20

► Rebuild the Group's optimal business structure

In December 2023, IT-related Businesses added Japan Computer Services Inc. (JCS) and expanded into new service domains such as large-scale kitting functions. We will generate synergy and optimize business systems by linking NCD Solutions Co., Ltd. with its strong presence in the Kansai area, NCD Technology Co., Ltd. that handles IT outsourcing, NCD CHINA Co., Ltd. that works with Japanese companies based in China, and NCD PROS Co., Ltd. and NCD EST Co., Ltd. tasked with expanding and improving the efficiency of the bicycle parking lot business.

Future Investment Plans

Vision 2026, the current medium-term management plan, aims for a total of 1.8 billion yen over three years for investment and we are actively implementing that plan.

► Human capital investment

We are strategically investing in human capital as the foundation of ongoing growth and enhancing corporate value. The medium-term management plan budgets a total of 0.7 billion yen for human capital investment and we are reforming our human resources management under the two pillars of “Demonstrating self-leadership” for human resource development and “Improving engagement and transforming organizational culture” for organizational development. For details, see Social Initiatives (p.35). We are deploying a wide array of policies, such as DX human resource training, coaching training, autonomous career formation support, graduate school dispatchment, and more. We are also focusing on organizational development by conducting 1on1 meetings and having employees put their MY Purpose into words in order to achieve a human resource portfolio of the future. We are continually investing in our human capital for the future, including increasing employee salaries.

► R&D and new business development investment

We focus investment into R&D and new businesses so that we can create a business foundation for the next generation. The current medium-term management plan allocates 0.6 billion yen for investment and we are working to create new value, such as with the Parking System Business' next-generation bicycle parking services. Specifically, we are using ground-breaking technologies like contactless parking lots that utilize IT to increase convenience and efficiency, and strategically developing businesses that will link to increased competitiveness and higher added value.

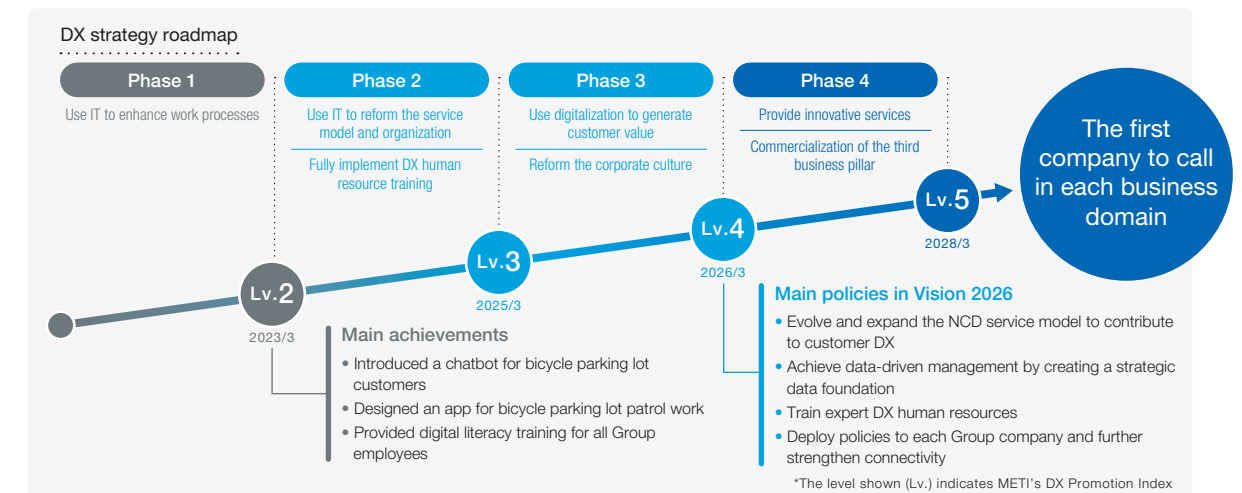
► Other investments

Another 0.5 billion yen is scheduled for investments into areas such as enhancing corporate governance so that we can further increase corporate value and strengthen our management foundation. In December 2023, we acquired shares of JSC for 0.38 billion yen and converted it into a subsidiary company.

DX Strategy

► Overview

Each and every Group employee utilizes the full extent of their knowledge and works to reform their awareness in an effort to generate new concepts for digital technologies and services. By advancing DX via the primary strategy set forth in the current medium-term management plan Vision 2026, we aim to increase the added value of our existing business models and further improve our business foundations. Specifically, advancing our DX strategy per the roadmap below will assert our position as the first company to call in each business domain.



► Examples of initiatives aimed at developing solutions

There is a growing demand to use AI to improve the efficiency and accuracy of work, particularly with the insurance industry. Through efforts such as automating scenario creation in the business application test process, we have realized an efficient, high quality development. As we continue to develop PoCs and enact other initiatives, we will promote AI-driven business reforms to customers.

► Internal initiatives

The introduction of a patrol support application reduced the workload on Parking System Business staff tasked with patrolling lots and head office staff that handle aggregate patrol results, instructions based on patrol reports, etc. We will continue to advance AI-driven PoCs aimed at creating systems that do not increase the workload of operators handling larger volumes of end users.

Actions Toward Creating New Business

The Group is undertaking a diverse range of initiatives to generate the new business that will become the third business pillar.

► “co-do project,” a system for publicly soliciting business ideas

As one initiative toward achieving the Group vision, we launched the co-do (heartbeat) project to create new business. Currently, we have promoted a PoC for the best idea elected during the fiscal year ended in March 2024 and are preparing it for commercialization and service launch. Under the working title of the Smart Bicycle Project, this idea utilizes our strengths as a company that manages IT and bicycle parking lots to improve safety by applying IT to bicycles.

► The NCD Group future value creation project research system

In the fiscal year ended March 31, 2025, we launched the NCD Group future value creation project research system in collaboration with The Graduate School of Project Design. While using management resources and addressing social issues, we intend to construct business models and review monetization plans to strengthen business conceptualization capabilities and develop human resources.

Financial Strategy

Aiming to increase corporate value by improving profitability and establishing a solid financial base

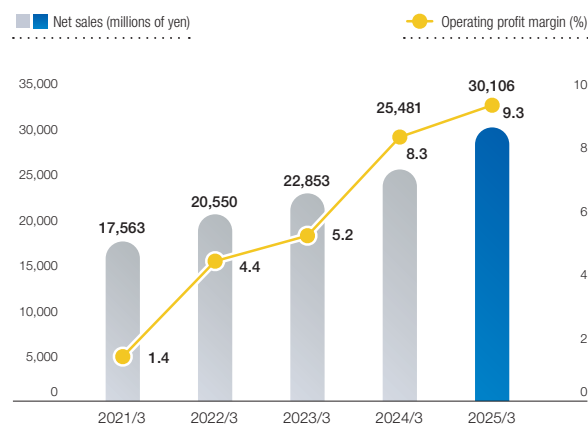
Improvements in Earning Power Helped Achieve Increased Sales and Profits in the Fiscal Year Ended March 31, 2025

For the fiscal year ended March 31, 2025, trends as a consolidated Group continued to be robust, with net sales increasing 18.1% year on year to 30.16 billion yen, operating profit rising 32.8% year on year to 2.89 billion yen, and our operating profit margin swelling 1.0 point to 9.3% year on year. This caused our ROE (return on equity) to also grow 2.5 points year on year to 27.0%.

Positive trends in demand among the System Development Business and the Support and Service Business that constitute our IT-related Businesses led to increased sales and profits for both businesses compared to the previous period. We believe that this is a result of successful price negotiations with client companies as well as the evolution and expansion of the NCD service model.

The Parking System Business also saw increased sales thanks to large-scale orders and other factors, as well as a significant increase in profits due to improved profitability following price revisions and reviews of municipal strategies. We confirmed successful results

Changes in Net Sales and Operating Profit (margin)



Yusuke Kato

Director, Senior Managing Executive Officer, General Manager of Administration Division

from the structural reform aimed at stabilizing our financial base.

Expenses increased this period as we implemented wage increases and relocated the Fukuoka office following a business expansion, however we improved our consolidated operating profit margin as all segments achieved increased sales. Additionally, as this increase in expenses came from securing personnel and expanding business, we are positioning it as a foundational investment that supports the Company's ongoing growth.

Continuing to Invest in Growth to Achieve Vision 2026

Vision 2026, our medium-term management plan, sets our three-year investment target at 1.8 billion yen as investment for business-supporting growth (excluding investment in bicycle parking facilities by the Parking System Business). Of this, 0.7 billion yen is scheduled for investment in human capital, specifically strengthening our ability to secure human resources of all experience levels, improving engagement and the penetration of our purpose, and investment in HR education such as training aimed at autonomous career development.

Beyond that, 0.6 billion yen is scheduled for use as investment into R&D and developing new business, while the remaining 0.5 billion yen is scheduled for M&As, enhancement of governance structure, and more. Progress is going more or less as planned.

In order to better exert the Group's collective power, we look to continuously improve responsiveness of the organization as a whole, optimize our outsourcing ratio by insourcing the services we offer, and improve earning power.

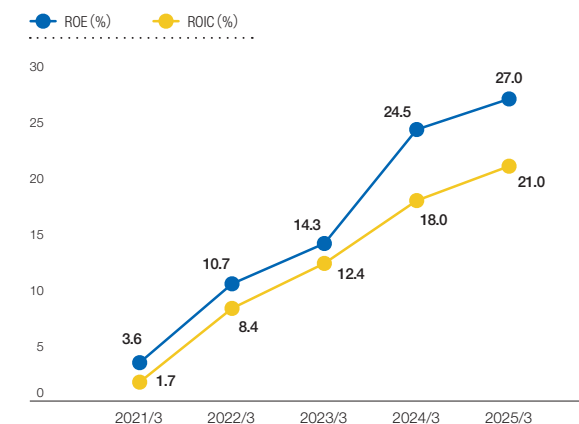
Aiming to Further Enhance Corporate Value

In our return on capital, for the past few years ROE and ROIC (Return on Invested Capital) have remained the Company's perceived capital cost (8 to 9%). However, when we break ROE into its three constituent components, asset turnover and financial leverage are the primary contributors, with net profit margin stagnant at a low level. Therefore, it is essential that we improve profitability by adding value to existing businesses and creating new businesses.

For our market valuation, our PBR (Price Book-value Ratio) as of the end of March 2025 vastly exceeded 1.0. Comparatively, our PER (Price-to-Earnings Ratio) is at a relatively low level compared to that of peer companies, which shows that the Group's mid- to long-term corporate value growth was not valued adequately. Also, shares have been increasing in value relative to the period up to the fiscal year ended March 31, 2024, and we recognize that low stock liquidity is an issue.

To continually enhance corporate value going forward, the Group believes that it must improve PER by reducing capital costs and improve the anticipated rate of growth. To achieve that, in addition to the previously mentioned improving profitability, we aim to optimally allocate capital via intense investment in growth, returns of profits to shareholders, and more, strengthen our sustainability initiatives and expansion of non-financial information disclosures starting with our human capital management, bolster our IR activities and expand dialogue with shareholders and investors, further

Changes in ROE/ROIC



strengthen corporate governance, and continue other similar initiatives to further enhance corporate value.

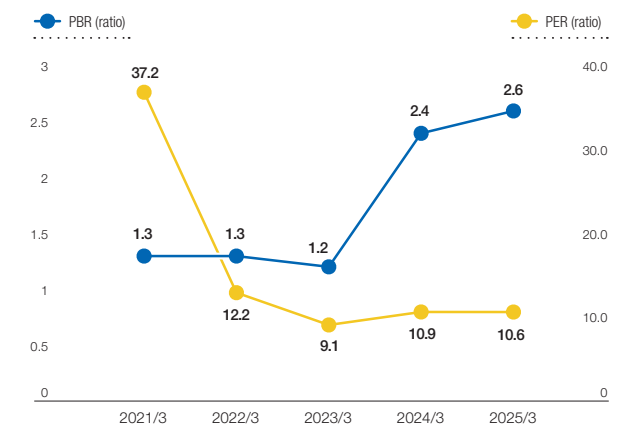
To Our Shareholders and Investors

As we respond to the various risks the future holds, we believe that it is essential to construct a robust financial position so that the Group grows continually. To that end, we aim to secure liquidity on hand by generating steady cashflows, while maintaining and improving financial soundness by properly balancing growth investment, shareholder returns, capital adequacy.

To achieve management that recognizes capital costs and share prices that target further enhancing corporate value, the Company has raised the consolidated dividend payout ratio from 30% or more to 50% or more from the fiscal year ending March 31, 2026 onwards in order to clarify and solidify our stance on returning profits to shareholders and to expand our shareholder base. Moving forward, we will position returning profits to shareholders as one of management's key issues as we continue to offer steady dividends while working to implement the growth investment capital adequacy required to enhance corporate value.

Moving forward, we will work to our fullest to continuously enhance corporate value while making decisions that incorporate the opinions shared in constructive dialogues with shareholders and investors. We thank you for your ongoing understanding and support.

Changes in PBR/PER



Overview and Strategies by Segment

IT-related Businesses

Breaking free of a labor-intensive business model and working to expand the high value-added NCD service model

FY3/2025 Results

A Customer-Support Stance that Provided Ongoing and Growing Business

In addition to steady and smooth favorable trends in projects during the fiscal year ended March 31, 2025, Japan Computer Services Inc. (JSC) that became our subsidiary in first part of the fiscal year contributed a full year's earnings for the fiscal year ended March 31, 2025. With these results, the System Development Business saw net sales rise 21.9% to 12.699 billion yen year on year, with segment profit rising 21.1% to 1.867 billion yen year on year. The Support and Service Business net sales grew 21.6% to 9.49 billion yen year on year, with segment profit moving favorably by 21.0% to 1.029 billion yen year on year.

As a mid-level stand-alone system integrator, we can respond flexibly to customer needs by offering combinations of new software and applications without relying on designated vendors. Additionally, the business we have accumulated with customers to date and our thorough understanding of the regulations and requisite application involved with each industry leads to further business continuity and expansion.

One of our strengths is having bases in Fukuoka and Nagasaki Prefectures in addition to our Tokyo and



Hiroshi Takagi

Director, Senior Managing Executive Officer, General Manager of IT Business Division and in charge of DX

Osaka locations. Securing IT personnel in the Tokyo metropolitan area is difficult and while some customers explore offshore developments in other countries as a necessity for strengthening BCP countermeasures, such moves require evaluating risks surrounding security, quality control, and more. Our nearshore development enables detailed communication, the construction of more robust security systems, and responses to other risks that offshore development struggles with.

These strengths lead to creating relationships of trust with customers, which has resulted in both the ratio of direct projects with major companies (prime contractor) and our stock sales ratio to hover around 80%.

NCD Service Model

Escaping the IT World's Standard "People-Centric" Model to Evolve and Expand a Service Model

New requirements emerge in the IT field, which increases the workload for IT engineers. The primary aim of conventional system development is to automate,

save on labor, and reduce costs in accounting, HR, and other domains that support a customer's day-to-day businesses. More customers demand services that support strategic action so that they can experience continuous growth. Our mission is not just to provide the maintenance and operation work for core systems, but to also support the growth of businesses that utilize IT. For example, as systems and data are being transferred to the cloud, the importance of cloud services and their usage efficiency increases. As we work to expand the implementation of cloud services, we also aim to further increase our competitiveness through actions such as setting the number of cloud qualification holders in the Company as a materiality KPI.

Within medium-term management plan Vision 2026, we have set the goal of breaking free of the labor intensive-based service traditionally used in the IT world and evolving and expanding the NCD service model that provides customers with one complete package of essential services. As we advance down this path, our employees will gradually begin to feel that they are providing a service only our company can offer. It is also useful in training young employees. Because this model offers high value-added services as a Group without relying on specialized personnel, it provides young employees with the opportunity to participate and learn knowledge and skills, while also linking to the active promotion of sub-leaders to leadership positions. In recent years, the range of work customers have entrusted to us has expanded. Transitioning to a service model steadily progresses each aspect of the IT lifecycle.

Promoting Expanded Business Scales

Be a Partner that Designs IT Strategies Together with Major Companies

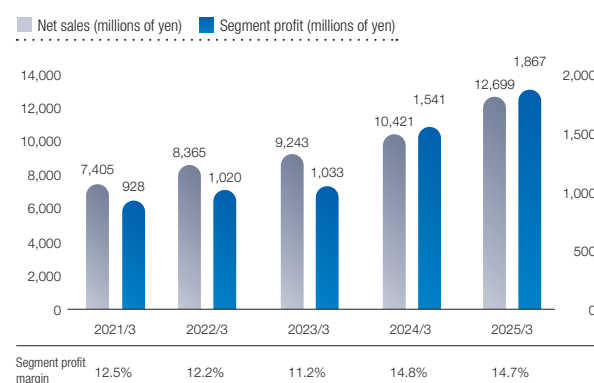
The scale of our IT-related Businesses is expanding. In particular, we are focusing on investment into human capital (for details, see Initiatives for Society on p.35) and are advancing the creation of systems that will handle IT strategy and all other IT processes for a customer's business through the evolution and expansion of the NCD service model. Going forward, we aim to grow into a full scale outsourcer offering services that can accommodate a diverse range of needs and larger-scale projects to a wide customer base.

In addition to IT-related Businesses, the Group is also involved in the Parking System Business. The technological capabilities and knowhow of the IT-related Businesses are used in the digitalization of bicycle parking lot management in the Parking System Business, which links with improvements in our ability to respond and propose solutions for customer requests regarding the development of business applications, AI utilization, and more. Such initiatives let employees of the business challenge themselves and utilize new technologies. This is the strength of the Group, which is involved in both the IT-related Businesses and the Parking System Business.

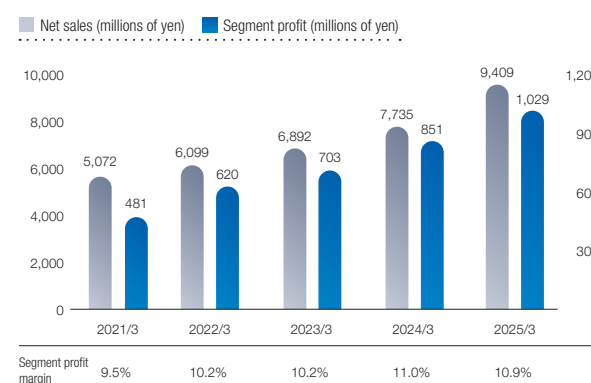
Moving forward, IT-related Businesses will create a positive cycle that contributes to society's efficiency by helping to formulate IT strategies for customers through evolving and expanding the NCD service model and refining our capabilities for development and promotion.

Changes in Net Sales and Segment Profit (margin)

System Development Business



Support and Service Business



Synergy with Group Companies

NCD Solutions Co., Ltd.

Accelerating Cooperation in the Kansai Area

Based in the City of Osaka, Osaka Prefecture, the business is expanding with a focus on the Kansai area. Similar to NCD's IT-related Businesses, we are comprised of two segments: the System Development Business and the Support and Service Business. One of the basic policies in the current medium-term management plan, Vision 2026, is "pursuing an organizational structure that maximizes business synergy" and so offering our services to the Kansai offices of NCD's corporate customers strengthens the Group's regional

responsiveness. Specifically, we focus on providing customers with comprehensive maintenance and operation services using the NCD-managed service center and the JCS kitting service. We also focus on improving work processes, enhancing service quality and operational efficiency by gradually introducing development process standards and project management standards formulated by NCD. We will continue to improve the quality of operations while utilizing group synergies to expand operations.



Akira Moriyama
Representative Director
and President,
NCD Solutions Co., Ltd.

Summary of the Fiscal Year Ended March 31, 2025

In the information service industry, the growth of the DX market and the increase in demand for business efficiency amidst a lack of workers has resulted in a rise in demand for cutting-edge IT such as cloud and AI services. The Group responded flexibly to the plethora of customer needs by nurturing human resources through digital training and support in acquiring cloud-related qualifications, enhancing mid-career recruitment, utilizing nearshore development, and pursuing synergy with our subsidiary JCS.

These efforts resulted in the IT-related Businesses (System Development Business, Support and Service Business) in the current consolidated fiscal year not only seeing steady progress in each project category, but significant growth in sales year on year, while JCS became a subsidiary and contributed to results throughout the year. On the profit side, expenses grew due to wage increases and the relocation of the Fukuoka office following its business expansion, but the effect of greater sales and price revisions resulted in increased profits year on year.

► System Development Business

Projects such as application maintenance for an insurance company, system development for a gas company, renovation of a core system for the manufacturing industry, and more contributed to a significant growth in sales year on year.

On the profit side, while relocation costs for the Fukuoka office and other costs increased expenses, harmonious price negotiations with customers increased profitability to provide increased profits year on year.

► Support and Service Business

The operation of cloud-based core systems utilizing Amazon Web Services, Microsoft Azure, etc., in the manufacturing industry, support for the introduction of IT asset management solutions via JCS, and more contributed to a significant increase in sales and profits year on year.

Summary and Major Policies of the Fiscal Year Ended March 31, 2025

In the fiscal year ended March 31, 2025 we fortified training of cloud-savvy talent and strengthened sales capabilities, further utilized AI, and created group synergies with JCS to respond to changing customer demands.

TOPIC

1

Order growth driven by cloud-savvy talent development and strengthened sales capabilities

- Promoted acquisition of cloud-related certifications to meet growing customer demand in industries such as manufacturing, construction, and finance
- Increase in cloud migration projects utilizing platforms such as Amazon Web Services (AWS) and Microsoft Azure

TOPIC

2

Promoted automation of testing processes for insurance companies through expanded use of AI

- Used AI to automate testing services for insurance companies' business applications
- With a view to utilizing AI for customers in other industries, formed a dedicated AI team to promote PoC

TOPIC

3

Creating group synergies with JCS

- Expanded number of sales and introduction of IT asset management solution packages in JCS, which handles a wealth of security services
- Streamlined Group work processes by internalizing kitting work

Core Strategies for the Fiscal Year Ending March 31, 2026

The Group's IT-related Business are making steady progress with IT investments in customer businesses, particularly in expanding the use of generative AI in the financial sector. They are also transitioning legacy systems to the cloud and migrating to open systems. However, payroll expenses are expected to rise due to increased contractor costs and higher wages to retain human resources. In this environment, as we train and nurture human resources, support the acquisition of qualifications, and increase mid-career hiring, we will focus on nurturing advanced IT personnel that can utilize generative AI and other groundbreaking technologies through the promotion of reskilling while simultaneously responding flexibly to the diversifying range of customer needs. Additionally, by utilizing nearshore bases and creating synergy with JCS and other Group companies, we will advance a full outsourcing system that supports the entire IT lifecycle, work to expand the range of services to existing customers while acquiring new customers, and grow our business foundation. We will complement these efforts with a pivot to a high value-added business model by evolving the NCD service model, offering conversions to managed services that provide customers with comprehensive services, and more. We aim to further expand business by fortifying a system that unites these technological capabilities with proposition capabilities.

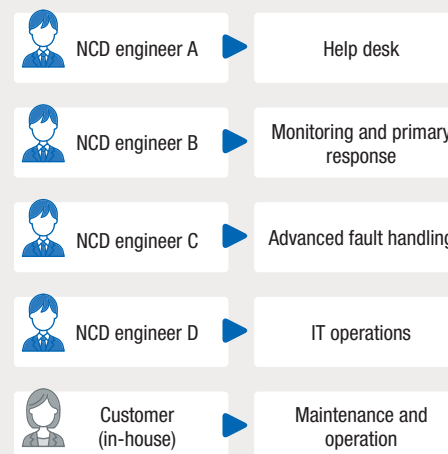
Core strategies

- Evolution of NCD service model through service menu expansion
- Promotion of IT full outsourcing by expanding application of managed services
- Development of advanced IT personnel by promoting generative AI and other skills
- Promotion of synergies with JCS and other Group companies

Case study of switching to managed services

Conventional contracts

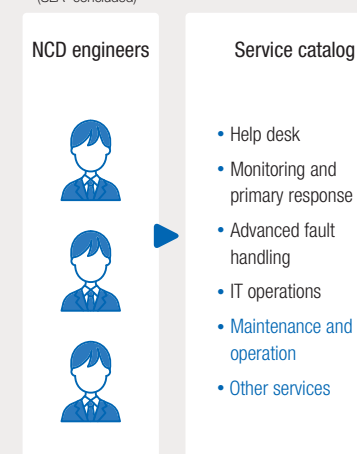
Man-month calculation



* Service level agreement

Managed service

Compensation for services (SLA* concluded)



Customer benefits

- Quality and security improvement
- Business streamlining
- Management cost reduction



NCD benefits

- Quality improvement and stable operation
- Expansion of business scope
- Improvement in profitability

Overview and Strategies by Segment

Parking System Business

Using our successes and expertise to create next-generation bicycle parking lot services

FY3/2025 Results

Accomplished an Almost 4-Year Long Structural Reform to Achieve a Tremendous Boost to Sales and Profit

Business results as of the fiscal year ended March 31, 2025 not only were positive for sales of bicycle parking facility-related equipment, but the results of the successful structural reform that has been ongoing since 2019 led to a significant growth in sales and profit, with net sales increasing 9.3% year on year to reach 7.975 billion yen and segment profit swelling 39.1% to 1.786 billion yen.

Our business began in 1997 as a service aimed at addressing the social issue of abandoned bicycles. Nearly thirty years later, the need to address abandoned bicycles has lessened, but bicycle parking equipment lasts for about ten years, so a certain level of demand for replacement constantly exists. Under this environment, we have gained the esteem of our customers by offering quality, value-added services that make full use of our core competencies, which are a diverse perspective on the equipment and management of bicycle parking lots, a solid financial foundation, and our presence as an independent system integrator.

The State of Progress on Medium-term Management Plan Vision 2026

Utilizing Data Acquired from Bicycle Parking Lot Operations for the Next Generation of Services

One of the Company's core services is the monthly bicycle parking lot ECOPOOL. Users can apply, renew, unsubscribe, and wait for cancellations completely online. We lead the industry in the introduction of technological capabilities and, as of the fiscal year ended March 31, 2025 have reached approximately 120,000 units.

Under medium-term management plan Vision 2026, we are focusing on optimizing our business structure and constructing a new business model.

To optimize our business structure, we are analyzing the state of use for our bicycle parking lots while further improving profitability by fortifying the operations and



Junichi Nakane
Executive Officer, General Manager of Parking System Division

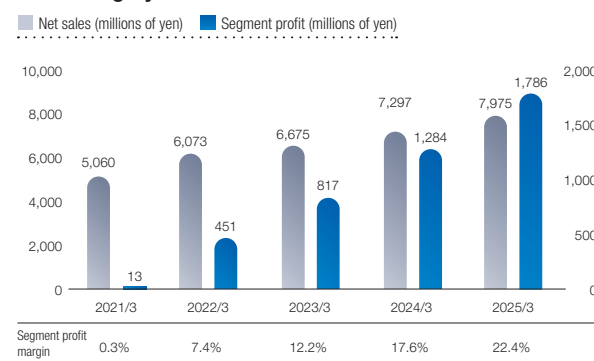
management systems of self-operated bicycle parking lots. By advancing various policies such as increasing synergy between the Group companies NCD EST Co., Ltd. and NCD PROS., Ltd., developing and launching the patrol support application that propels internal DX, modifying prices for bicycle parking lots, reviewing municipal strategies, and more, we were able to further stabilize our profit base.

For constructing a new business model, we are developing the next generation of bicycle parking lot services. Recent years have seen a diversification in the demands for transportation means and payment methods. We are proposing a new ideal for bicycle parking lots that can respond to a range of mobilities based on changes to the social environment.

We are greatly expanding business as a unified Group to move toward the vision for 2032. Moving forward, we will analyze our accumulated data and work with the unified Group to utilize DX and AI technologies to nurture human resources, optimize our business structure, and construct a new business model. We provide various services from the perspective of bicycle parking sites, so please keep an eye out for future developments in the Parking System Business.

Changes in Net Sales and Segment Profit (margin)

► Parking System Business



Summary and Major Policies of the Fiscal Year Ended March 31, 2025

Sales grew as the replacement of aging equipment at municipal bicycle parking lots, the sale and installation of bicycle parking equipment accompanying large-scale station-front redevelopment, and railway companies' transition to electromagnetic locking bicycle parking facilities resulted in increased equipment sales from large project orders. Also, the rapid growth in the number of units managed by ECOPOOL following increased demand from municipalities and railway companies for bicycle parking lot DX has driven steady changes in the amount of bicycle parking lot fees taken in. As a result, net sales have increased over the previous year.

On the profit side, in addition to the impacts from increased sales, price revisions have greatly increased self-operated bicycle parking lot profitability, and reviews of municipal strategies has improved the profitability of designated management operations. As a result, segment profit increased significantly year on year.

In March 2025, the Group began using the bicycle parking lot patrol management system for all lots patrolled by the Group, continuing to further improve bicycle parking lot management efficiency.

Core Strategies for the Fiscal Year Ending March 31, 2026

We anticipate a fall in the number of projects for the fiscal year ending March 31, 2026 as a reaction to the multiple large-scale orders received in the fiscal year ended March 31, 2025. The Group will continue to expand ECOPOOL and improve the profitability of municipal bicycle parking facilities. Also, as we use the constructed data foundation available through the reformed system to improve efficiency in bicycle parking lot management, we will also introduce next-generation bicycle parking lot services that utilize IT.

Core strategies

- Further expansion of ECOPOOL with a focus on railway companies and local governments
- Efficient and streamlined bicycle parking lot deployment through data-driven approach
- Improving the profitability of designated management bicycle parking lots through local government strategy
- Promote next generation bicycle parking lot services

Synergy with Group Companies

NCD EST Co., Ltd.

Strengthening the Business Activity Connections of Bicycle Conveyors

The Parking System Business reaches into the Kyushu and Shikoku areas from our base in Fukuoka City, Fukuoka Prefecture. Like NCD, we provide a one-stop service, from bicycle parking equipment manufacturing and sales through to bicycle parking lot management and operation. We not only handle bicycle conveyors, sliding bike racks, lot roofs, and other equipment, but install them as well.

Bicycle conveyors, our primary product, are pieces of equipment in multi-level bicycle parking facilities where a bicycle, motorcycle, etc., rides on a conveyor belt to facilitate its safe transportation to upper floors and, with the recent popularity of heavy electric bicycles,

demand for conveyors is rising.

We are working with NCD with the goal of serving not only the Kyushu area, but the Kanto area as well and have already secured several projects.

As Fukuoka City, our base and a hub for business into Asia, continues to grow, the Tenjin area in Fukuoka City's Chuo-ku is currently housing Tenjin Big Bang, a large-scale redevelopment project led by the city.

We will wield the full power of the NCD Group in responding to the increased demand for bicycle parking lots with its development and are proactively capturing the market.



Shintaro Ueda
President, NCD EST Co., Ltd.

NCD's Sustainability Management

Basic Approach and Promotion System

The NCD Group aims to continue to provide new value to society and to remain an enterprise that is trusted by all its stakeholders. To achieve this, the Group has established the following Basic Policy on Sustainability and promotes sustainability activities accordingly.



Basic Policy on Sustainability

Based on the NCD Group's management philosophy of "contributing to a bright future through unique technologies and services," we will strive to solve social issues through our business and contribute to the realization of a sustainable society, while appropriately collaborating with various stakeholders and aiming to enhance our corporate value.

Promotion System

► Responsible Manager

The President and Representative Director of the Company is responsible for the Group's sustainability promotion activities. The President and Representative Director also serves as the Chairman of the Sustainability Promotion Committee and as the Director in charge of sustainability promotion, overseeing sustainability promotion activities across the Group.

► Reporting and Supervision System

This committee meets at least twice a year. Activity status and other information is reported to the Board of Directors, establishing a system to ensure appropriate supervision from the perspective of Group-wide management.

► Roles of Committees and Other Organizations

Sustainability Promotion Committee

Deliberates on important sustainability-related policies and promotional activity plans.

Investor Relations and Sustainability Promotion Office

Newly established in April 2025 as an organization focusing on investor relations (IR), public relations, and sustainability-related tasks. It serves as the secretariat for the Sustainability Promotion Committee.

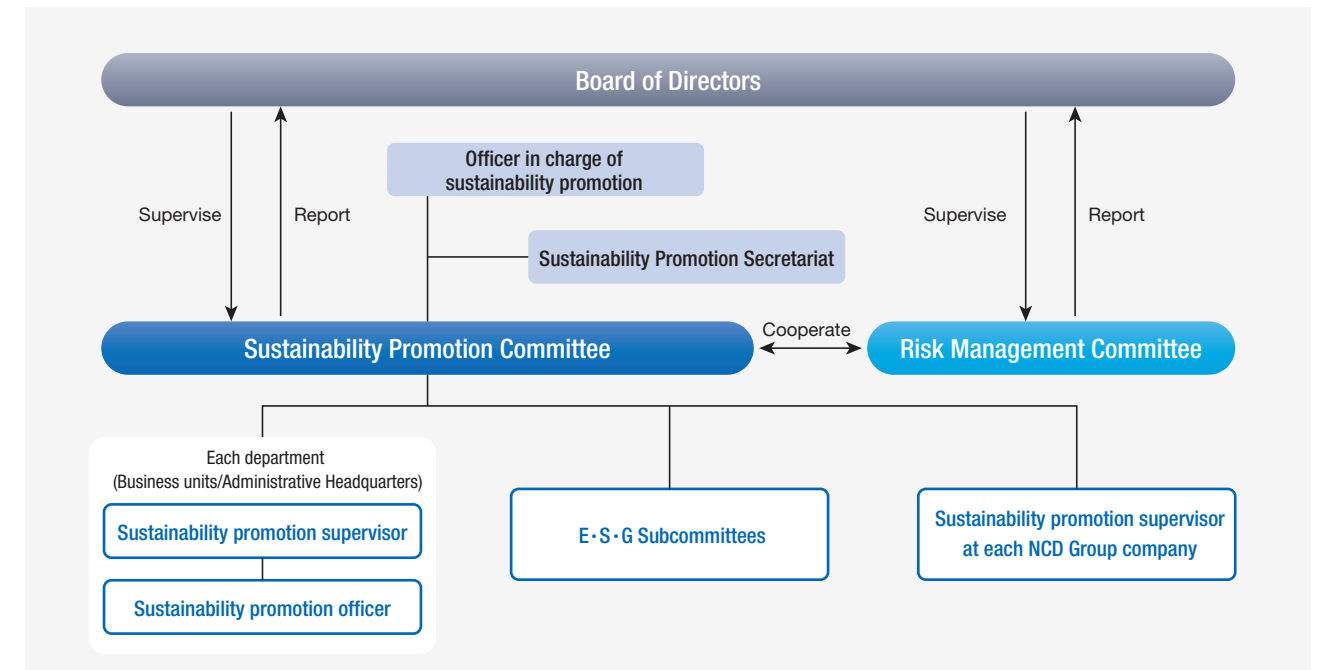
Risk Management Committee

Responsible for Group-wide risk management. This committee and the Sustainability Promotion Committee work together organically to address risks related to sustainability, such as climate change and human rights.

E·S·G Subcommittees

Responsible for discussions regarding initiatives and progress on materiality and KPIs for each of the E (environment), S (social), and G (governance) domains.

Sustainability Promotion System



Activities of the Sustainability Promotion Committee

► Activities in the Fiscal Year Ended March 31, 2025

Reinforcement of Group promotion system

- Japan Computer Services Inc. joined the committee for the first time
- Strengthened collaboration with the Risk Management Committee (sharing of climate change risks, participation of Risk Management Committee members in the committee)

Monitoring of sustainability goals

- Checked progress of the three-year sustainability promotion activity plan formulated in conjunction with the medium-term management plan

Monitoring of materiality KPIs

- Checked KPI progress and held discussions on the disclosure of KPI targets

Enhancement of information disclosed

- Disclosed the past two years' results and targets in the fiscal year ending March 31, 2026, for key measures and KPIs for each materiality (June 2025)
- Published first integrated report by the Group (November 2024)
- Issued disclosure based on TCFD recommendations (June 2025)

Challenges and Future Directions for Sustainability Promotion Activities

► Future Direction

Referring to feedback from experts on the integrated report issued in the previous fiscal year, we identified issues such as weak linkage between materiality and financial targets and unclear linkage between sustainability initiatives and enhancement of corporate value. These issues will also be considered in the next medium-term management plan starting from the fiscal year ending March 31, 2027.

Environmental Initiatives

Basic Approach

The NCD Group has established “protection of the global environment” in the NCD Group Code of Conduct and “contribute to realizing carbon neutrality” as a materiality. Based on the belief that efforts to protect the global environment are important for both corporate and individual activities, we will strive to reduce the environmental burden of our business activities and contribute to global environmental protection and the realization of a sustainable society through our business.

Disclosure based on TCFD Recommendations

► Response to Climate Change

The Group recognizes that while climate change poses risks such as weather disasters and rising energy costs, it also represents a new growth opportunity to create environmental value toward the realization of a low-carbon society and other goals.

Governance

Please refer to Sustainability Management on p.29.

Strategy

The Group has analyzed two external scenarios (1.5°C and 4°C scenarios) to identify risks related to the transition to a low-carbon economy (transition risks) and risks and opportunities related to the physical impact of climate change (physical risks). The Group conducts qualitative and quantitative assessments of the impact caused by the identified risks and opportunities, then devises countermeasures.

Please refer to Identification of Risks and Opportunities and Countermeasures on p.32.

Risk Management

 For information on our climate change-related risk management, please refer to p.17 of the Annual Securities Report for the fiscal year ended March 31, 2025.
https://ssl4.eir-parts.net/doc/4783/yuho_pdf/S100VZQZ/00.pdf

Indicators and Targets

The Company has calculated GHG emissions as an indicator for assessing and managing the impact of climate-related risks on our businesses. In the future, we will work to expand the scope of calculation to Group companies and formulate medium- to long-term GHG reduction targets.

► Actual GHG Emissions

| Unit: t-CO ₂ e | | |
|---------------------------|----------------------|----------------------|
| Scope ^{*1} | FY2023 ^{*2} | FY2024 ^{*2} |
| Scope 1 | 0 | 0 |
| Scope 2 (market-based) | 1,243 | 1,127 |
| Scope 2 (location-based) | 1,425 | 1,289 |
| Scope 3 | 8,477 | 9,560 |

^{*1}. Scope 1: Direct greenhouse gas emissions by businesses themselves (fuel combustion, industrial processes)
Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies
Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)
^{*2}. Scope of calculation: NCD Co., Ltd.
Calculation tool: ASUENE, a cloud service for CO₂ visualization, reduction, and reporting of CO₂ by ASUENE Inc.

► Identification of Risks and Opportunities and Countermeasures

| | Classification | Description of Major Risks/ Opportunities Identified | Applicable Businesses | Timeframe ^{*1} | Degree of Impact ^{*2} | Countermeasures |
|------------------|--------------------------------|--|------------------------------|-------------------------|-----------------------------------|---|
| Transition risks | Laws, regulations and policies | Increase in business costs due to introduction and expansion of carbon pricing | All businesses | Short to medium term | Medium | • Expansion of introduction of renewable energy • Promotion of energy conservation |
| | Markets | Decrease in sales due to lost orders resulting from customers' demands for decarbonization and inability to meet environmental standards in tenders, etc. | All businesses | Short to medium term | Medium | • Investigation of trends in bidding participation requirements and examination of measures to address them • Examination of acquisition of certification as requirement for participation |
| | Reputation | Loss of reputation among stakeholders due to delayed response to climate change | All businesses | Short to medium term | Medium | • Proactive disclosure of information to stakeholders • Consideration of enhancement of information disclosure through CDP, etc. • Establishment of mid- to long-term GHG reduction targets |
| Physical risks | Acute | Decrease in usage fee revenues due to damage to bicycle parking facilities and suspension of operation following intensified weather-related disasters | Parking System Business | Short to long term | Medium | • Periodic review of BCPs (Business Continuity Plans) • Examination of introduction of disaster risk assessment at time of site selection |
| | | Repair and replacement costs due to damage to bicycle parking facilities following intensified weather-related disasters | Parking System Business | Short to long term | Medium | • Periodic review of BCPs (Business Continuity Plans) • Consideration of improving availability of water resistance, etc. of bicycle parking facilities |
| | Chronic | Increase in costs for safety considerations and health measures related to heat stroke countermeasures, etc., for on-site bicycle parking lot attendants due to rising average outdoor temperatures and increasing difficulty in recruiting personnel due to worsening of working conditions | Parking System Business | Short to long term | Medium | • Promotion of health and productivity management as well as countermeasures against heat stroke, etc. • Promotion of labor savings and efficiency enhancement through further promotion of DX for bicycle parking lot operation |
| | | Decrease in bicycle parking usage fee revenues due to lower bicycle usage resulting from increase in number of extremely hot days | Parking System Business | Short to long term | Medium | • Continuation of flexible rate revisions using databases of utilization rates and other information • Promotion of labor savings and efficiency enhancement through further promotion of DX for bicycle parking lot operation |
| Opportunities | Products and services | Increase in sales by responding to growing demand for IT-related services that accommodate low-carbon society | System Development Business | Medium to long term | Large | • Strengthening of business foundation by acquiring and developing advanced DX/advanced IT technology personnel • Evolution and enhancement of NCD service model that contributes to client DX |
| | Markets | Increase in customers using bicycle parking lots and sales of related services due to expanded bicycle use | Parking System Business | Medium to long term | Medium | • Promotion of labor savings and efficiency enhancement through further promotion of DX for bicycle parking lot operation • Creation of high value-added business through promotion of proposal-based business and provision of new services |
| | Resilience | Increase in sales due to meeting growing demand for resilience-related services for disaster preparedness | Support and Service Business | Medium to long term | Large | • Strengthening of business foundation by acquiring and developing advanced DX/advanced IT technology personnel • Further promotion of full IT outsourcing using near-shore sites and managed service centers |

^{*1} Short term: 1-3 years; medium term: 4-9 years; long term: 10 years and up
^{*2} Large: Businesses are affected to the extent that they are shut down or significantly reduced or expanded; medium: businesses are partially affected; small: businesses are only slightly affected

Initiatives to Reduce Our Environmental Burden

► Initiatives at Regional Sites

The NCD Group is participating in the GOTO RE100 Initiative with the aim of contributing to the realization of carbon neutrality. The GOTO RE100 Initiative aims to increase the business value of companies in Goto City, Nagasaki Prefecture, and strengthen the industrial base by converting the electricity used for their businesses to renewable energy produced in Goto City, and to achieve zero CO₂ emissions from business activities. Under the GOTO RE100 Initiative, we have declared that all electricity used at our GOTO Office will be generated from local GOTO renewable energy sources from fiscal year 2023 onward. In 2025, the use of renewable energy is scheduled to increase as a result of office renovations. Although the number of employees is expected to increase, the environmental burden per employee is expected to be further reduced.

Social Initiatives

Basic Approach

The Group recognizes the importance of building cooperative relationships with society as a corporate citizen. Based on this idea, we aim to contribute to society by solving social issues through unique technologies and services and dynamic ideas, while valuing a corporate culture that respects diversity and promotes the growth of our employees.

The NCD Group's Human Capital Management

Message from the Director in Charge

Taking Actions to Harness the Power of Each Individual to Enhance Corporate Value

We recognize that human resources are the most important management capital for our Group and that employee growth is essential for improving our corporate value over the medium to long term. The Group will improve its corporate value by developing a philosophy framework originating in our Purpose and promoting strategic measures that leverage management strategies and individuals. In order to ensure that individuals can demonstrate their strengths and the organization can continue to

grow sustainably, the Human Resources Department and Human Resource Development Department report and submit to the Board of Directors important agenda items related to human capital management, such as human rights due diligence, engagement management, and D&I promotion activities. The Board of Directors actively promotes human capital investment that leads to increased corporate value by reviewing and discussing the contents of reports.



Noriko Goto

Director, Executive Officer,
Deputy General Manager of
Administration Division and
General Manager of Human
Resource Development

Human Resource Strategy

► Relationship Between the Long-term Vision and Human Resource Strategy

The Group has established the Human Resource Visions to realize its Purpose and Management Philosophy. This vision is also the base of our human resource strategy. We have established Group shared standards for human resource value and rules for evaluation and compensation, and have set forth policies for each area to promote optimal and fair human resource management. With “the transformation of organizational culture through autonomous career development and dialogue” as the basic concept of our human resource strategy, the Group will transform human resource management through both human resource development and organizational development. We will improve corporate value by enhancing the growth of each individual and the capability of the organization.

► The NCD Group's Ideal Employee Profile

A challenger's spirit

People who are willing to be the standard-bearers of change and take on challenges with dreams and courage.

Co-creation

People who can collaborate with diverse people and create new value through friendly competition.

Dignity

People who meet society's expectations with sincerity and possess high ethical standards and pride.

► Human Resource Visions

- Promotion of optimal and fair personnel evaluations and treatment shared across the Group
- Provision of opportunities for employees to demonstrate their individuality and abilities to the fullest extent
- Methodical development of next-generation leaders
- Creation of a workplace environment in which each individual can work cheerfully and energetically with a sense of satisfaction and pride
- Fostering of a corporate culture full of opportunities for change and challenge

Initiatives to Reduce Society's Environmental Burden

► Supporting Corporate Digital Transformation with Cloud Services

By building cloud infrastructure and providing a secure remote access environment, the Group supports its customers' remote working efforts and indirectly contributes to the reduction of transportation-derived GHG emissions generated during commuting and travel. In addition, by supporting digital transformation (DX), we contribute to paperless and energy-efficient operations through the digitalization of customer operations. The Group will continue to focus on expanding the adoption of cloud services and other efforts to help customers and society reduce their environmental impact.

Message from the Field

Cloud Migration Contributes to Our Customers' Labor and Energy Savings

The need to migrate digital assets such as software and data from in-house servers to the cloud is high, and the life insurance company I work with migrated several hundred servers to a cloud environment over several years. My counterpart was anxious about taking on an entirely unfamiliar large-scale system migration project like this, but by working with NCD, they were able to take advantage of our abundant knowledge in design and construction and

complete the project successfully. They expressed their satisfaction to me afterward, saying that going forward, they would be able to drastically reduce server management workload, leading to greater labor and energy savings. Going forward, we will continue to leverage our strengths in supporting the two major cloud services, Amazon Web Services (AWS) and Microsoft Azure, to meet the needs of our customers.



Chika Haruyama

Senior Manager,
Sales Group, Support &
Service Business Division

► Supporting Municipalities with Zero Carbon City Goals

Local governments are making steady efforts to achieve carbon neutrality. In 2022, Ebina City in Kanagawa Prefecture declared that the city, its citizens, and businesses will work together to make it a Zero Carbon City. Among its diverse measures is the promotion of bicycle use. NCD has been selected as the designated manager for Ebina City paid bicycle parking facilities, as part of a joint venture with Odakyu Electric Railway, for a period of five years. We support Ebina City, which promotes the use of bicycles, by managing and operating bicycle parking facilities. In addition, the introduction of ECOPOOL, a monthly bicycle parking lot management system that completes everything from registration to start of use online, has greatly reduced the amount of paperwork required for usage procedures and fee payments, contributing to sustainable bicycle parking lot management.

Eligible Facilities Ebina City paid parking lots for bicycles and other vehicles Capacity 3,138 vehicles (bicycles: 2,801, motorized bicycles: 337)

Message from the Field

ECOPOOL Improves Convenience of Bicycle Parking and Reduces Environmental Burden

In this new project, we proposed the introduction of ECOPOOL at Ebina City's paid parking lots for bicycles and other vehicles. We believe that the introduction of ECOPOOL has contributed to Ebina City's carbon-neutral city planning, in addition to improving convenience for users and achieving DX. Public bicycle parking lots in the Ebina Station area previously required paper applications for use, but with the introduction of

ECOPOOL, the number of application forms submitted for the approximately 3,000 to 4,000 units per year has been reduced to almost zero. In addition, the use of the custodian's office has been reduced from three rooms to one as fewer custodians are stationed there to handle usage procedures and other matters, leading to a reduction in the amount of electricity consumed by air conditioners.



Ryusei Aki

Sales Section 1,
Sales Department, Parking
System Business Division

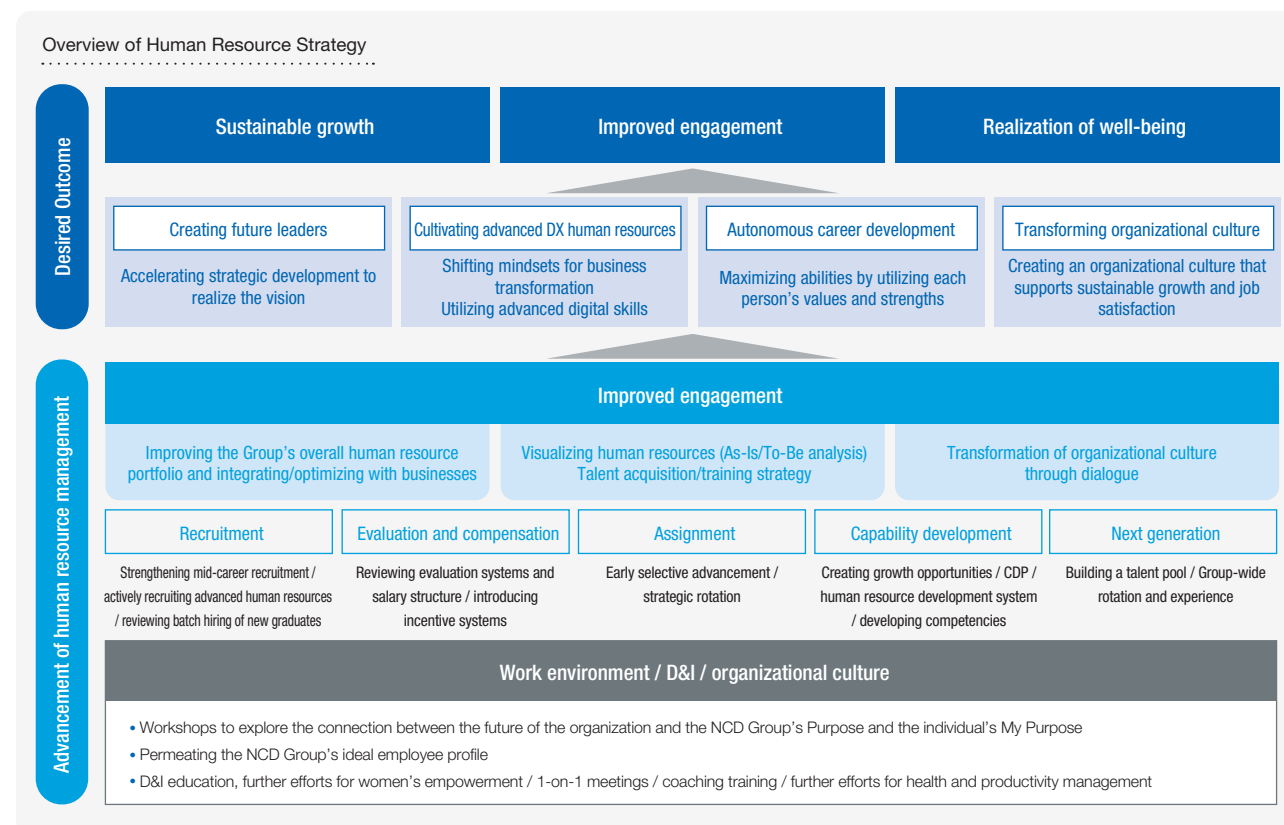
► Human Resource Strategy Illustration

Transformation of Organizational Culture Through Autonomous Career Development and Dialogue



► Relationship between Human Resource Strategy and Growth Strategy (Group Vision, Vision 2026)

Our Group vision for 2032 calls for net sales of 40 billion yen and operating profit of 4 billion yen. In order to realize the Group vision, it is essential to develop next-generation leaders, cultivate advanced DX human resources, create mindsets and frameworks that allow each individual to develop their careers autonomously, and foster an organizational climate that is resilient amid change. Therefore, over the three years covered by Vision 2026, we plan to invest a total of 700 million yen in human capital. We aim to realize our Group vision by further promoting human capital management as a unified Group.



Initiatives to Strengthen Recruitment of Human Resources

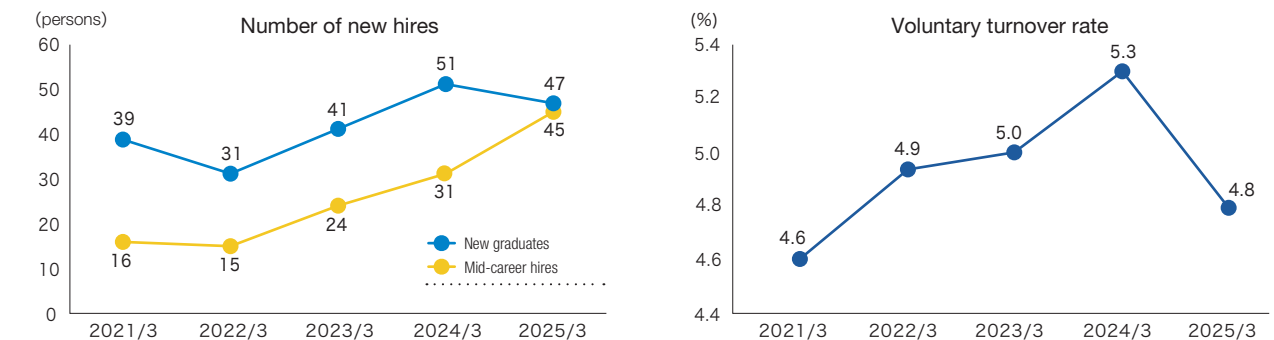
► Recruitment Branding

In order to strengthen recruitment, we are focusing on measures to strengthen recruitment public relations and branding. For example, we produce collaborative videos with famous YouTubers and recruitment PR magazines.

► Strengthening Recruitment of New Graduates and Mid-career Professionals

For the hiring of new graduates, the Group is reviewing its batch hiring practices and conducting other activities such as recruiting young, inexperienced employees throughout the year. Every year we hire new graduates who work not only in Tokyo but also in regional offices (Fukuoka and Nagasaki), as well as new non-Japanese graduates through strengthened cooperation with several Korean universities, leading to a workplace with a diverse workforce. When hiring experienced professionals, as well as the introduction of an employee referral system, we are engaged in recruitment activities that actively approach those who may be interested in changing jobs through the use of direct recruiting. In mid-career hiring, we are also strengthening recruitment at regional offices.

► Achievements



Initiatives for Human Resource Development and Capability Development

► Support for Autonomous Career Development

The Group promotes human resource education, career development, leadership development, reskilling, and more by providing a capability development environment to acquire the knowledge and skills necessary for performing duties, accommodate technological innovations, and cultivate corporate professionals with good sense. Additionally, the Group has established a Career Support Team with various career counseling and one-on-one promotion consultation counter functions, supporting autonomous career development. The skill system organized by business is diagnosed and analyzed Company-wide once a year. Based on the results of the diagnosis, current capabilities and expectations for future success are reflected in the development plan, which is used to develop and nurture individual skills. Furthermore, we have established an in-house open recruitment system and a self-assessment system to stimulate career development.

► Development of Next-generation Leaders

In order to realize the sustainable growth of our Group and increase its value over the medium to long term, we are methodically developing next-generation leaders, currently through the following two programs.

NCD Group Future Value Creation Project Research

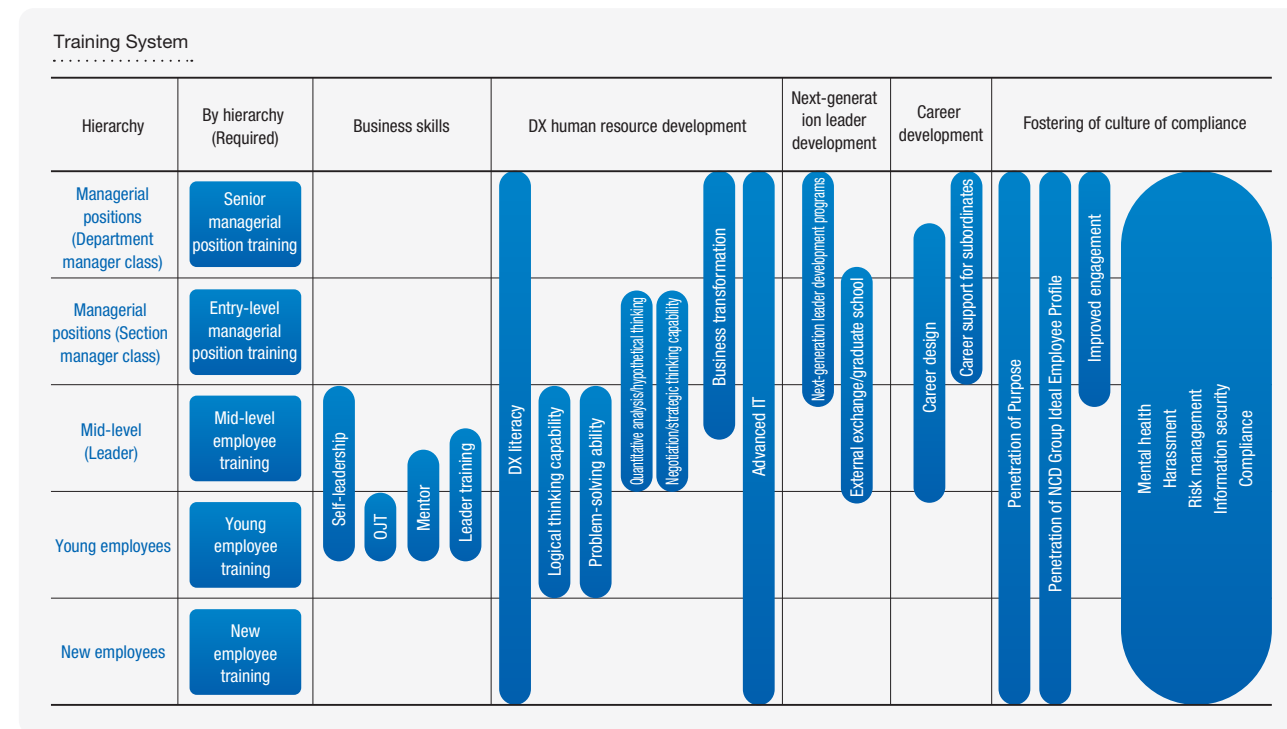
Business Strategy Program

For the Future Value Creation Project, please refer to Actions Toward Creating New Business on p.20.

Through these activities, we will pool and cultivate promising human resources through advanced education and work experience, including experience outside of their comfort zone.

► Initiatives for New Graduates and Young Inexperienced Hires

New graduates and young inexperienced hires for IT engineering positions are trained through a three-month new employee training program. The curriculum is structured so that even those with no IT experience can acquire the fundamental skills required of working professionals in addition to basic knowledge of engineering. The Parking System Business' career-track employees are temporarily assigned from May, and are trained through on-the-job training. In addition, new employee training, which is conducted jointly among all Group companies, encourages interaction between companies. After their assignment, employees are trained through a mentor system, on-the-job training, and additional technical training in order to become competitive and independent as soon as possible.



Development of DX Human Resources

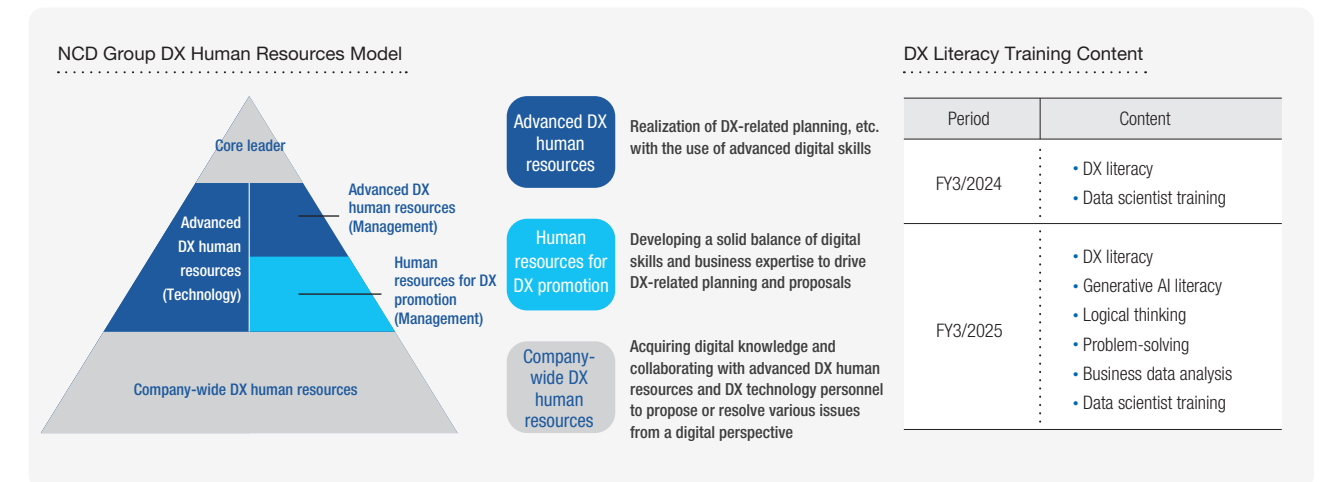
► Support for Autonomous Career Development

We have established the NCD Group Basic Policy on DX Human Resources, which outlines our ideal employee profile and development initiatives. In terms of development, we offer a program that provides a balance of digital skills and business expertise. Ongoing DX literacy training is provided for all Group employees. In addition, logical thinking and problem-solving training, which were previously elective as part of business skills education, are now mandatory training for all employees in their second year or above as essential knowledge for DX promotion. In the development of advanced DX human resources, we are working to cultivate data scientists. Furthermore, we are promoting practical training, which combines education and practice, to achieve speedy results and share knowledge throughout the organization, in order to improve operational efficiency and services using generative AI. Going forward, we plan to promote measures such as business transformation to develop management personnel.

► Reskilling Initiatives

The Group has defined reskilling as skill improvement that goes beyond the acquisition of digital skills. Accordingly, we seek to develop each individual's abilities and skills so that they can demonstrate their capabilities through their work and experiences both inside and outside the Group. This includes, for example, skill enhancement in technical skills, improvement of business expertise, and skill development required for job type/area transition. We have identified the

relationships with measures such as autonomous career development and next-generation leader development, and seek to both improve organizational capability and achieve individual career visions through both experience and learning by visualizing each person's different skills.

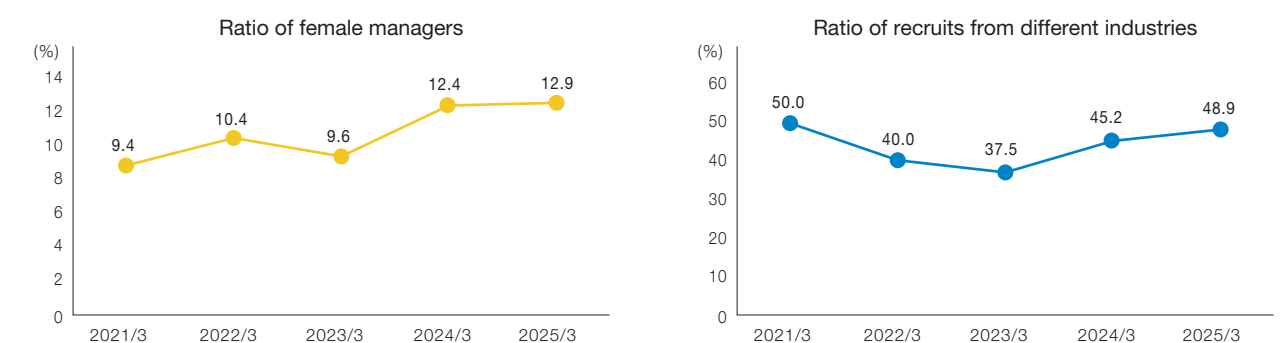


Promotion of Diversity & Inclusion (D&I)

In the NCD Group Code of Conduct, the Group sets forth that "We will not discriminate against any individual on the basis of nationality, ethnicity, race, religion, creed, gender, age, social status or disability, nor engage in any conduct that harms individual dignity," and that "We will create a work climate that values autonomy and creativity and respect each other's personality and individuality in order to maximize each person's abilities and produce results." The Human Resource Policy also clearly states that "We will implement various personnel and human resource development measures based on the belief that the realization of a corporate culture that respects and recognizes individuality and encourages friendly competition will lead to each employee's autonomous growth, sustainable business development, and contribution to society." As such, the Group is working on various measures for human resource development, career development, and organizational development. Further, as "the promotion of diversity and inclusion" was identified as one of the material issues in its sustainability management, the Group is developing its internal environment to ensure diversity among our human resources. In D&I, we are working to ensure diversity not only at the surface level, such as fundamental characteristics, but also at a deeper level (diversity in knowledge, experience, and values).

► Ongoing Training for Women's Empowerment

In our work for women's empowerment, we continue to hold training sessions for female employees to foster awareness. In addition, the President of the Company regularly sends messages to all employees regarding the Group's approach to D&I and our status of achieving targets for the relevant indicators. In the future, we plan to expand our activities to each Group company and promote D&I initiatives for the Group overall.



Improvement of Engagement

Engagement is a state in which employees are attached to and proud of their company and work, and in which individuals and the organization have a win-win relationship (both parties contribute to each other's growth). We believe that engagement is the foundation that connects individuals and the organization, and that the Group's efforts to improve engagement will realize individual well-being and a workplace that is fulfilling to work in, which will lead to higher productivity and corporate value. Specifically, we continue to provide coaching training for the Group's managers for the purpose of organizational transformation through dialogue. Furthermore, we use one-on-one meetings and other communication measures, as well as monthly pulse surveys, to understand the status of each employee and how to respond to them. In addition, in order to foster a culture of volunteering for assignments, we invite employees to participate in advanced DX human resource development and other programs through an open recruitment system, fostering a culture of self-directed learning. We have identified the relationships between the multiple drivers that affect engagement, such as their job, personal growth, and organizational climate, and each measure within the above, including skill enhancement, career development, culture building, and next-generation leader development. Engagement survey questions are tied to drivers and measures that affect engagement, and the results of the annual engagement survey are used to verify the effectiveness of our measures. The Group defines these activities as "engagement management" and reports regularly to the Board of Directors. Going forward, we will continue to promote engagement management to create an organization with high psychological safety.

Please refer to Financial and Non-Financial Highlights on p.56 for our engagement index results.

Respect for Human Rights

▶ Human Rights Policy

In order to realize its Purpose, the Group recognizes that the human rights of all people affected by the Group's business activities must be respected, and has formulated the NCD Group Human Rights Policy in order to fulfill its responsibility to respect human rights.

Please visit our website to view the Human Rights Policy:
<https://www.ncd.co.jp/sustainability/society/human-rights-policy/>

▶ Implementation of Human Rights Due Diligence

We are working to identify, prevent, mitigate, and correct potential human rights issues throughout our business and supply chain, and to raise human rights awareness and improve human rights management in a unified manner across the Group.

Human Rights Issues to be Addressed with Top Priority

- Insufficient or unpaid wages • Excessive or unreasonable working hours • Harassment • Violation of rights of non-Japanese workers
- Violation of the right to privacy

▶ Implementation of Education and Training

Every year, we conduct an e-learning course on human rights for all Group employees, providing each employee with an opportunity to consider and become aware of discrimination on the basis of nationality, ethnicity, race, religion, creed, gender, age, social status, disability, or other factors. In addition to this, we regularly provide all employees with training to prevent harassment, and are working to eliminate any conduct that constitutes a violation of human rights.

▶ Establishment of Reporting and Consultation Services

The NCD Group Hotline has been established to receive reports and consultations regarding harassment and other human rights violations. Reports, inquiries, and consultations received are handled with care to ensure privacy protection, including

guaranteeing anonymity unless the reporting or consulting individual consents, and to prevent any disadvantageous treatment. In response to individual cases, the Compliance Committee investigates and deliberates on the facts, provides guidance and education to those involved, and works toward appropriate resolution.

Health and Productivity Management Initiatives

In order to put our Management Philosophy into practice, the entire company must first be in good health. For this to happen, it is essential that each and every employee is healthy, both physically and mentally. With the aim of becoming a brighter and more energetic company, the Group is advancing its efforts to maintain and promote mental and physical health that it has implemented up to this point, and is promoting health and productivity management so that all employees can fully demonstrate their capability while being healthy in both mind and body. The Company has been recognized for its efforts in this area. We have continuously obtained Gold Certification for Excellent Health Company under the Certification System for Excellent Health Companies operated by the Healthy Enterprise Declaration Tokyo Promotion Council. Also, following 2024, the Company was once again certified as a 2025 Outstanding Organization of KENKO Investment for Health (Large Enterprise Category) under the Recognition Program for the Outstanding Organizations of KENKO Investment for Health jointly implemented by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



Fostering Culture

▶ Initiatives through Workshops

We regularly hold Purpose Exploration Workshops to explore the connection between the Group's Purpose and an individual's My Purpose (their life purpose and meaning of work). By implementing these initiatives across the management level of our Group, we will improve engagement and transform the organizational culture, which is the foundation for realizing job satisfaction and well-being.

Maintaining and Improving Service Quality

Based on our Group's Management Philosophy of "Contributing to a bright future through unique technologies and services," we strive to provide optimal systems and attentive services with customer satisfaction as our top priority. We have also clearly stated this concept in our Quality Policy, under which the entire Group is committed to maintaining and improving quality.

Please visit our website to view the Quality Policy:
<https://www.ncd.co.jp/sustainability/society/quality-policy/>

Sustainable Procurement

The NCD Group has established the NCD Group Sustainable Procurement Guidelines based on the belief that it is important for not only our Group companies but also the entire supply chain to fulfill their social responsibilities toward the realization of a sustainable society. We ask our partners and suppliers to understand the purpose of these guidelines and apply them to their business activities to promote sustainable procurement.

Please visit our website to view the Sustainable Procurement Guidelines:
<https://www.ncd.co.jp/sustainability/society/sustainable-purchasing/>

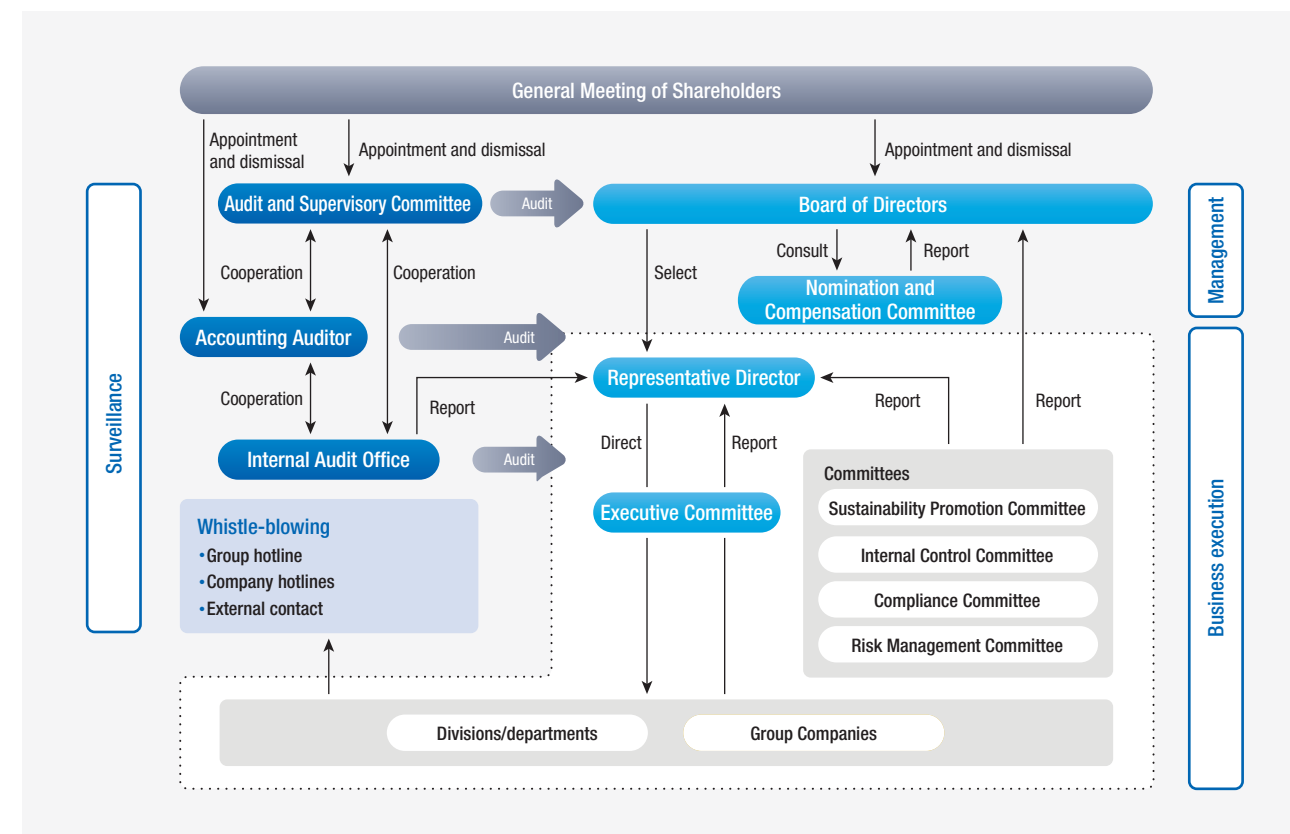
Governance

Corporate Governance

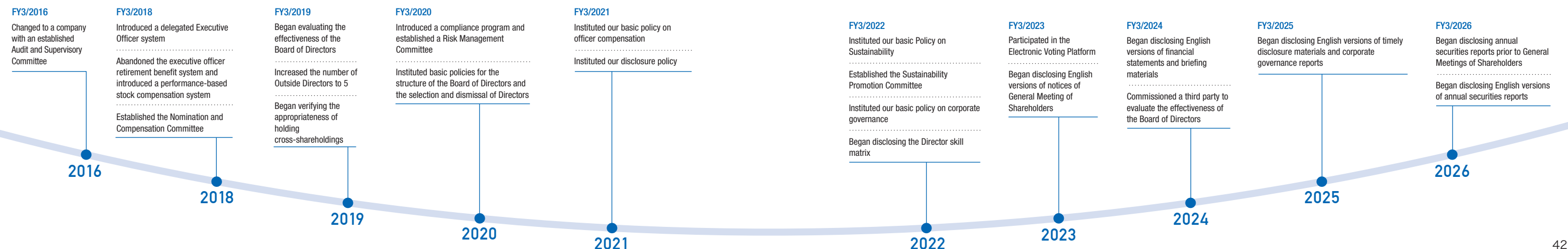
Basic Approach

Based on our management philosophy of “contributing to a bright future through unique technologies and services,” the Group recognizes that meeting the expectations of all stakeholders in good faith and ensuring sound, transparent, and efficient management are essential to the Group’s sustainable growth and improvement of its corporate value over the medium- to long-term, and so we pursue the enhancement of corporate governance as our key management issue.

Our Corporate Governance System



Transitions to Strengthen Corporate Governance



The Meeting Frequency and Purpose of Each Committee

► Board of Directors

The Board of Directors consists of 10 Directors (of which five are Outside Directors) and, in principle, meets each month, with extraordinary meetings held as necessary. The Board of Directors discusses and determines the matters stipulated by law and the Articles of Incorporation as well as important matters related to business operations. It also supervises general management, including the execution of duties by Directors. The Board of Directors met 13 times in the fiscal year ended March 31, 2025.

► Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Directors who are Audit and Supervisory Committee Members (of which three are Outside Directors), and, in principle, meets monthly. The Audit and Supervisory Committee discusses and determines the details of proposals concerning audits of the execution of duties by Directors, the preparation of audit reports, and the appointment, dismissal, and non-reappointment of accounting auditors. The Audit and Supervisory Committee met 13 times in the fiscal year ended March 31, 2025.

► Nomination and Compensation Committee

The Nomination and Compensation Committee consists of a majority of Independent Outside Directors, with an Independent Outside Director serving as Chairperson. It was established as a voluntary advisory body to the Board of Directors to deliberate matters related to the selection, appointment, and dismissal of Directors and Executive Officers, as well as compensation. This ensures objectivity and transparency, and further enhances the corporate governance system. The Nomination and Compensation Committee met six times in the fiscal year ended March 31, 2025 to discuss the selection of candidates for Director and Executive Officers, determinations on individual compensation for Directors and Executive Officers, executive appointments at subsidiaries, and more.

► Executive Committee

The Company adopted the Executive Officer system to strengthen the supervisory functions of the Board of Directors and expedite decision making. The Executive Committee consists of Executive Officers who are appointed by the Board of Directors and are responsible for business execution, Directors (including Outside Directors), General Manager of the Internal Audit Office, officers of subsidiaries, and General Managers who are appointed by Representative Director. In principle, it meets once per month. The Executive Committee receives reports on the status of business execution by each division/department, reviews issues, deliberates on business management policies, and more. The Executive Committee met 10 times in the fiscal year ended March 31, 2025.

Main Matters Reviewed by the Board of Directors

► Main matters reviewed by the Board of Directors (FY3/2025)

Management/business

- Measures to realize management with an awareness of the cost of capital and stock price
- Revisions to targets in the medium-term management plan
- The state of business with a major customer and future direction
- New business planning

Governance

- Evaluations on the effectiveness of the Board of Directors
- Reports and discussions on the activities of the Risk Management Committee
- Reports and discussions on the activities of the Compliance Committee
- Dialogues with shareholders, etc.
- Unwinding of cross-shareholding

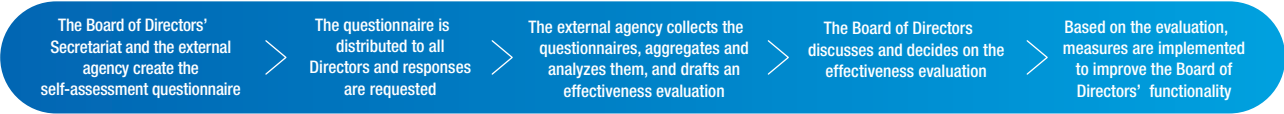
Sustainability

- Reports and discussions on the activities of the Sustainability Promotion Committee
- Engagement management
- D&I promotion activities
- Human rights due diligence
- Publishing of integrated reports

Evaluating the Effectiveness of the Board of Directors

Each year we analyze and evaluate the effectiveness of the Board of Directors via self-assessment questionnaires from each Director and other means, then appropriately disclose a summary of the results and address areas in need of improvement. We also utilize an external agency to aggregate and analyze survey results to ensure transparency and objectivity.

► The Evaluation Process



► Evaluation Results (FY3/2025)

Based on discussions during the May 2025 Board of Directors meeting concerning the analysis and evaluation of questionnaire results, it has been concluded that the effectiveness of the Company's Board of Directors has largely ensured. Also, the strengths of the Company's Board of Directors were confirmed as “free and open discussions,” “enactment and supervision of the Code of Conduct,” “operation of the Nomination and Compensation Committee,” “verifying the effectiveness of the internal reporting system,” and more. Additionally, the state of implementation to address the primary issues of the fiscal year ended March 31, 2025 has been confirmed as follows.

State of measures to address the main issues in the fiscal year ended March 31, 2025

| | |
|---|--|
| Management that is conscious of the cost of capital Achieved a certain degree of improvement to increase opportunities for discussions related to “measures to realize management with an awareness of the cost of capital and stock price” | Director training Conducted numerous site visits, study sessions, etc. |
| Promoting strategies for the ongoing growth of corporate value Achieved a certain degree of improvement through recognizable advancements in DX promotion, HR strategy, etc. | Monitoring of strategies Achieved a certain degree of improvement versus previous years with environmental analyses and other similar activities |
| Providing information necessary for deliberating strategies Provided a certain degree of information on business environments, risk conditions, etc. to the Executive Committee and the Board of Directors | |

Additionally, the following main measures and issues for the fiscal year ending March 31, 2026 have been proposed to further improve the effectiveness of the Board of Directors.

Main issues and measures for the fiscal year ending March 31, 2026

| | |
|---|---|
| Management that is conscious of the cost of capital Continuously refine initiatives and information related to management that is conscious of the cost of capital | Director training Continue generating opportunities that heighten an understanding of business and review the content of Director training |
| Promoting strategies for the ongoing growth of corporate value Hold thorough discussions on key strategies (DX promotion, HR strategies, etc.) and the state to achieve when formulating the next medium-term management plan | Promote constructive dialogue with shareholders and investors Enhance feedback to management on shareholder and investor opinions and requests and hold discussions for improving the quality of dialogue |
| Providing information necessary for deliberating strategies Systemize the provision of information on business environments and risk conditions and organize the requisite indices for business environment analyses | |

Director Compensation

► Basic Policy on Director Compensation

The Company determines director compensation, etc., in accordance with the following basic policy:

- Compensation should provide directors with a strong incentive to perform their duties in line with the Group's management philosophy and Code of Conduct and contribute to attracting, retaining, and motivating talented management team members in order to achieve the Group's management strategy.
- Compensation should foster shared awareness of profits with shareholders and improve shareholder-oriented management.
- Compensation should raise awareness of contributing to the Group's ongoing growth and enhancement of corporate value over the medium- to long-term, be appropriately linked to business performance, and function as a sound incentive.
- The process should be transparent and objective.

► Overall Picture of Director Compensation

Compensation for Company Directors consists of a fixed amount of base compensation, bonuses as short-term performance-based compensation, and stock compensation as medium- to long-term performance-based compensation. Compensation, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by the Board of Directors within the maximum aggregate amount of compensation resolved by the General Meeting of Shareholders, after a review by the Nomination and Compensation Committee. Compensation, etc., for Directors who are Audit and Supervisory Committee Members is determined through discussion by Directors who are Audit and Supervisory Committee Members, within the maximum aggregate amount of compensation resolved by the General Meeting of Shareholders.

| Calculation Methods for Director Compensation | |
|--|---|
| Base compensation | A base level is determined according to position and responsibilities, and paid in cash on a monthly basis. |
| Bonuses | Calculated for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) in accordance with the criteria set forth in the Company's internal regulations, based on the performance of Company business for each fiscal year. (Calculation method) Director's monthly compensation x Number of months paid x Performance-based payment rate ^{*1} |
| Performance-based stock compensation plan ^{*2} | A performance-based stock compensation system (Performance Share Unit) under which monetary compensation claims for the delivery of shares of the Company's common stock and money to secure funds for tax payments are delivered to Directors, etc., as compensation for the subject period, depending on the degree of achievement of the Company's performance targets for the final fiscal year of the subject period, which consists of three fiscal years corresponding to the Company's medium-term management plan. ^{*3} |
| ^{*1} The performance-based payment rate ranges from 0% to 150%, depending on the degree of target achievement, with the level corresponding to each Director's numerical targets (in terms of net sales and operating profit) as 100%. ^{*2} This plan was introduced to better clarify the interrelation between compensation for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) and Executive Officers (hereinafter collectively referred to as "Directors, etc.") and the Company performance and stock value, and to improve awareness of making significant contributions to ongoing growth and corporate value via improvements to performance in the medium- and long-term. ^{*3} Since monetary compensation claims for the delivery of shares of the Company's common stock and money to secure funds for tax payments are to be provided to Directors, etc., in accordance with the degree of achievement of corporate performance targets, the Company has not, as of the introduction of the plan, determined whether these will be delivered or provided, the number of shares of the Company's common stock to be delivered, nor the amount of monetary compensation claims for the delivery of the Company's common stock and the money to be provided. | |

► Policy on determining the percentage of performance-based and non-performance-based compensation

With respect to the determination of the payment ratio between performance-based compensation and compensation other than performance-based compensation, in the standard case (payment ratio of 100%), the ratio for the President and Representative Director is generally set at 25:75. The payment ratio for other Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) is determined with regard to their responsibilities and compensation level.

► Benchmarks for performance-based compensation, the reasons for selecting such benchmarks, and the method of determining the amount of performance-based compensation

The benchmarks applied to performance-based compensation for short-term performance-based compensation (bonuses) are the rate of achievement for net sales and operating profit targets for each fiscal year, and those for medium- to long-term performance-based compensation (stock compensation) are the rate of achievement for consolidated net sales and consolidated operating profit targets for the final fiscal year of the medium-term management plan. These benchmarks have been selected because they are generally accepted measures of corporate performance and profitability, and their connection with share value is judged to be reasonable. The amount of such performance-based compensation is calculated in accordance with the Company's Regulations of Officers and Regulations on Stock Compensation and is determined by the Board of Directors following a review by the Nomination and Compensation Committee.

Results of Director Compensation (FY3/2025)

| Classification | Total amount of compensation, etc. | Total amount by compensation type | | | Number of applicable Officers |
|--|------------------------------------|-----------------------------------|--|-----------------------------------|-------------------------------|
| | | Basic compensation | Performance-based compensation, etc.*1 | Non-monetary compensation, etc.*2 | |
| Directors other than Audit and Supervisory Committee Members (Outside Directors) | ¥150 million (¥12 million) | ¥91 million (¥12 million) | ¥13 million (—) | ¥46 million (—) | 5 (2) |
| Directors who are Audit and Supervisory Committee Members (Outside Directors) | ¥27 million (¥15 million) | ¥27 million (¥15 million) | — | — | 4 (3) |

*1 Performance Share Unit, etc., represents accrued bonuses for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members).
*2 Non-monetary compensation, etc., represents the provision for performance-based stock compensation to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members).

Director Support and Training

Basic policy

The Company has established the following training policy for Directors.

- (1) Basic policy
The Company shall provide Directors with opportunities to acquire knowledge and other skills necessary to fulfill their respective roles and duties. In addition, the Company shall encourage them to participate in training and other activities necessary for this purpose and will bear the costs thereof.
- (2) When taking office
Promptly after new Inside Directors take office, the Company shall provide them with opportunities to deepen their understanding of laws and regulations, compliance, corporate governance, etc., as necessary for them to fulfill their required responsibilities. In addition, sufficient explanations, etc., shall be provided to new Outside Directors regarding the details of the Group's business operations, financial condition, management strategies, etc.
- (3) After taking office
The Company is committed to supporting Directors in their continual acquisition of knowledge after taking office and providing them with training to gain a deeper understanding of the knowledge and other matters required for management, as appropriate.

Activities in the Fiscal Year Ended March 31, 2025

In the fiscal year ended March 31, 2025, the Group conducted site visits of its Fukuoka office, NCD EST Co., Ltd., and bicycle parking lots in the Fukuoka City area to give Directors a better understanding of Group businesses, and also held a study session on contingency planning with an outside speaker for the development of an internal emergency preparedness system.

Policy on Cross-Shareholdings

Our policy on cross-shareholdings is as follows.

- (1) Basic policy
In some cases, the Company holds a limited number of listed shares for the purpose of building and maintaining good business relationships or partnerships and promoting smooth business operations for the improvement of corporate value over the medium- to long-term. The Board of Directors conducts periodic reviews annually on the appropriateness of an individual cross-shareholding, based on whether the benefits and risks associated with said holding are commensurate with the cost of capital, with a focus on whether the holding aligns with the aforementioned purposes. If the holding is identified as inappropriate, it will then be reduced.
- (2) Policy on exercising voting rights
When exercising voting rights associated with cross-shareholding, we properly assess their contribution to the ongoing growth and medium- to long-term enhancement of corporate value for both the Company and the companies that hold our shares.
- (3) Response to requests from cross-shareholders to sell the Company shares
If a company (cross-shareholder) that holds the Company shares as a cross-shareholding expresses its intent to sell the shares, the Company will not attempt to obstruct the sale by suggesting a reduction in transactions or taking other actions, but will accept the same.
- (4) Status of cross-shareholdings
As of the end of March 2025, the Company has cross-shareholdings in five listed companies. The total amount for cross-held shares on the balance sheet is 144,122,000 yen.

Risk Management

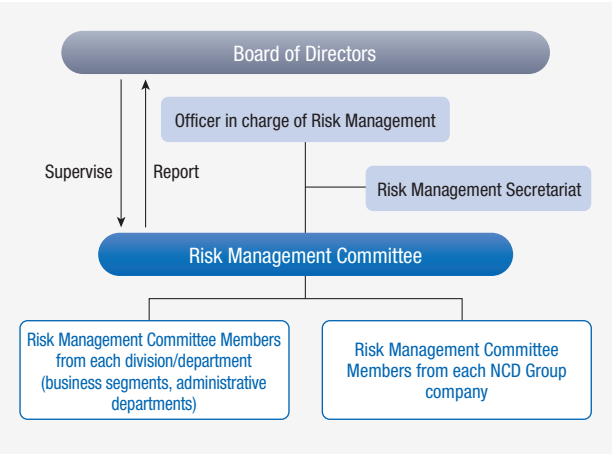
Basic Policy and Promotion System

Basic Policy

To ensure the Group's financial soundness and the appropriateness of its business, we comprehensively understand each risk emerging from the execution of our business to the most uniform scale possible, then comprehensively manage those risks, thereby preventing their occurrence and minimizing losses in the event that a risk materializes.

Promotion System

The person responsible for promoting risk management within the Group is the Company's President and Representative Director. He also serves as the Chairman of the Risk Management Committee and the Officer in charge of Risk Management. In addition to semiannual meetings, the Risk Management Committee convenes as needed and formulates an appropriate risk management system. The activities of the committee are reported to the Board of Directors every six months.



Risk Management Process

Risk Management Process

Each business division and Group company identifies and evaluates risks using indices standardized across the Group. The Risk Management Committee re-evaluates the compiled results as risks to the NCD Group and designates critical risks for priority response. It also discusses risk response policies and monitors the state of measure implementation. The results of the committee are reported to the Board of Directors, after which initiatives to minimize critical risks are listed on the Company website as business and other risks.

Please visit our website to review our business and other risks:
<https://www.ncd.co.jp/sustainability/governance/risk-management/risk.html>

Initiatives to Reduce Risk

Formulating BCP

The Group promotes BCM (Business Continuity Management) on a group-wide basis to prepare for unforeseen circumstances. We have established the BCM Promotion Committee with the Company's President and Representative Director as Chairperson and the General Manager of each business division and the president of each Group company as committee members. The Committee deliberates on the identification of business, and the business continuity policies, and periodically conducts reviews and drills of BCP (Business Continuity Plans).

Decentralizing Operations by Utilizing Regional Bases

Designating the Nagasaki Office as a BCP site, the Company strives to enhance the effectiveness of its business continuity by dispersing managed service operations in the IT-related business (24/7/365 accident monitoring and recovery, application upkeep and maintenance, etc.) and support center operations in the Parking System Business.

Opening of an Order Review Committee

The Group holds an Order Review Committee for projects that satisfy certain standards to prevent the occurrence of unprofitable projects. Placing a full-time Company Director as an Order Review Committee Member allows for verification of the purpose of ordering a project from an objective standpoint that includes third party perspectives along with the relevant business segments as well as recognition of issues stemming from promotion risks and external environments, the ordering of appropriate projects, and thorough project management.

Information Security

Basic Policy and Promotion System

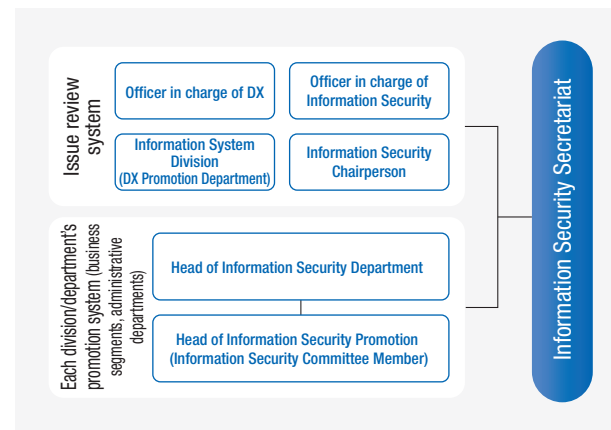
Basic Policy

We established our Information Security Basic Policy to create a unified understanding of information security throughout the Company and ensure proper protection for the information assets that are our customer information assets and the Company's resources.

Please visit our website to read our Information Security Basic Policy:
<https://www.ncd.co.jp/company/authorization/isms/>

Promotion System

The Officer in charge of Information Security and the Officer in charge of DX, both appointed by the Company's President and Representative Director, determine measures to address issues such as cyberattacks, incident-related fraud or loss, and more. The matters they decide are communicated to the Information Security Committee Members that promote information security in each department and the general manager of each department/division, who then promote information security measures throughout all companies. The state of information security promotion is reported to the Risk Management Committee, which strengthens their connection.



Information Security Risk Management Process

Company-wide Initiatives

The Information Security Secretariat is the central hub that identifies issues from external environments, department activities, and the state of any incident that has occurred. The Information System Division, the Officer in charge of Information Security, and the Officer in charge of DX work together to determine response measures. In recent years, cybersecurity countermeasures have been a focus of attention, and the following measures are being advanced inside Group companies.

- Vulnerability assessments and penetration tests
- Zero trust security measures
- Providing information on cyber attacks

Thanks to these efforts, the Group has experienced no major data breaches.

Acquired ISO/IEC27001:2022 Certification

In 2024, we obtained Company-wide certification under the latest international information security standard, ISO/IEC27001:2022. In response to the growing use of cloud services and heightened awareness of personal information protection, we reformed internal regulations and revised each category of safety management measures to strengthen our responses to information security risks.

Future Initiatives to Strengthen Security

As we continue to bolster security responses to the threat of cyber risks, we will advance initiatives to support the training of cybersecurity personnel.

Intra-Department Initiatives

The Head of Information Security Promotion within each department is the center of information security activities. Every year they inventory information assets, evaluate risks, and specify critical assets. They then submit security targets for their department in line with Company-wide targets aimed at securing critical assets, then deploy and promote them within their department.

Employee Training

In addition to training when new or mid-career hires join the Company, we conduct periodic training for all employees including Directors and dispatched workers. Company newsletters and e-mail magazines published for the NCD Group include articles on information security to cultivate awareness of information security.

Compliance

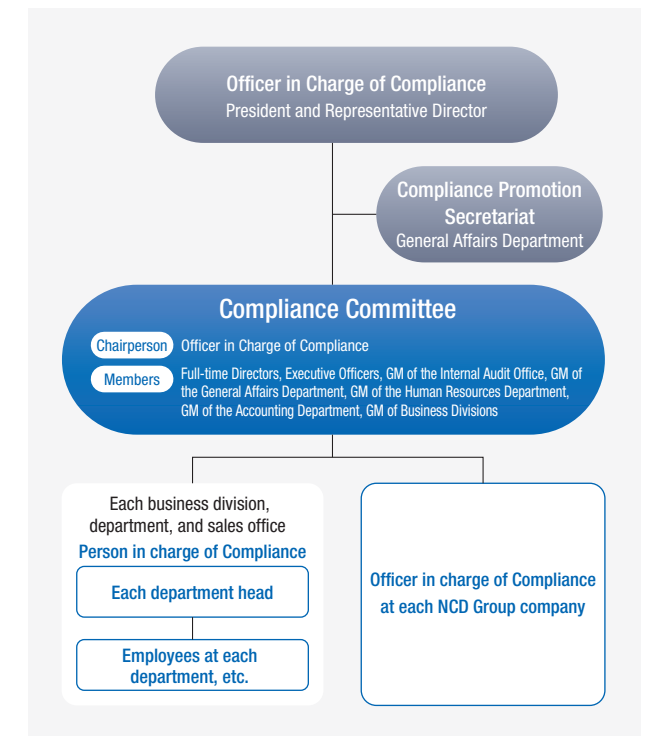
Basic Policy and Promotion System

Basic Policy

We position thorough compliance as a basic management principle and strive to practice a high level of corporate ethics, including compliance with laws and regulations as well as internal regulations, corporate ethics, social norms, and more.

Compliance Committee

We have established a Compliance Committee with the Company President as Chairman. In addition to regular quarterly meetings, this committee also convenes as needed to discuss compliance-related matters and the state of implementation for compliance programs. The committee also reports the state of its activities to the Board of Directors every six months.



Initiatives

Compliance Training

All Group Directors and employees receive ongoing education and awareness training on preventing insider trading, stopping harassment, proper work management, information security, and more.

Compliance Awareness Surveys

To evaluate the effectiveness of the Group's compliance activities, we contract an external agency to conduct anonymous surveys of all Group employees once every two years. The results of these surveys are subjected to multifaceted analysis and are used to improve and strengthen compliance activities.

Anti-Corruption Initiatives

The Group considers anti-corruption initiatives throughout the entire supply chain as essential in realizing a sustainable society. To prevent corruption, employees are provided training on stopping bribery and other forms of corruption. We have also established the NCD Group Sustainable Procurement Guidelines and provide it to our suppliers.

Whistleblowing System

Basic Approach

We established the NCD Group Hotline to respond appropriately to any compliance-related issues such as violations of laws and regulations, illegal actions, violations of internal regulations, incidents of harassment, actions that could be considered against corporate ethics or social norms, or any actions that could potentially lead to such compliance issues in the Group.

Information Hotline

Beyond providing both internal consultations and external consultations (lawyers), the NCD Group Hotline also incorporates a dedicated external reporting service to ensure that the whistleblowing system is operated appropriately.

Usage Results

In the fiscal year ended March 31, 2025, there were 16 whistleblowing reports through the NCD Group Hotline. None of those reports represented major impacts to our business.

Outside Directors Roundtable

A free and open exchange of ideas to build a medium- to long-term growth story together



Toshiya Koyama
Outside Director

Masaaki Yasuoka
Outside Director
(Audit and Supervisory Committee Member)

Katsuo Nakayama
Outside Director
(Audit and Supervisory Committee Member)

NCD selects five Outside Directors for the purpose of strengthening corporate governance, ensuring transparency in the Board of Directors, and more. Here, we asked three of those Outside Directors about the ideal state of NCD Group management, their opinions on the progress of the medium-term management plan Vision 2026, and their prospects for the future.

Outside Directors' Views of NCD's Value

Attractive Workplaces with Flexible and Open Corporate Culture

Nakayama: The appeal of the NCD Group is that it values its employees, and provides a flexible internal atmosphere. One of the unique characteristics that permeates the Group's organization is perhaps the DNA that has been passed on from our founder (and formerly Honorary Chairman), the late Takeo Shimojo, to serve society if a business was to be founded.

Koyama: I was elected as an Outside Director at the General Meeting of Shareholders in June 2025. Immediately after assuming office, I was surprised to find that NCD placed such importance on the spirit of wajifudō, or to have harmony, but not conformity. The quote is said to be from the Analects of Confucius, and it conveys how NCD's founder aimed to create a company where people would work without deviating from the path of humanity. This also connects to our Group vision: "To be a company that creates more value

together with customers and society through an exciting and energetic work environment."

Yasuoka: NCD has an open corporate culture that values the opinions of those in the field. President Shimojo, other managers and senior staff listen to the open comments of those on the front lines and reflect them in the Group's business and initiatives.

Role of Outside Directors

Reflecting the Demands of Society in Management from an Independent Standpoint as an Outside Director

Nakayama: In order to make governance effective, Outside Directors who are Audit and Supervisory Committee Members, recognizing that their roles are different from those of the full-time Audit and Supervisory Committee Member, work together as appropriate to discuss agenda items at Board of Directors meetings. Since the Outside Directors also come from various backgrounds, they are encouraged to speak at Board

meetings from the perspective of enhancing the Company's corporate value while drawing on their respective experience and expertise.

Yasuoka: As an Outside Director, I am mindful that I am expected to play a role in representing the opinions of stakeholders, including general shareholders. We are then conscious of making recommendations to the Board of Directors from a perspective of common sense as seen in the world outside. It is often said that the common sense of a company that has disgraced itself is, in fact, ludicrous to society. If our Company's common sense deviates from the social norm, we, the Outside Directors, should point it out.

Koyama: I worked for Teijin Limited for a total of 39 years. In my experience as an officer in charge of Teijin's audit office for two years prior to my retirement, where I oversaw the company's CSR activities, I felt it was important to communicate to management the details of operational audits and to exchange opinions based on the actual situation. Based on this experience, it is my advice that NCD nips any seeds of misconduct in the bud while they are still small. In addition, sustainability efforts must promote a balance between financial and non-financial aspects. Since NCD is a for-profit company, I will provide oversight and advice to ensure that economic rationality and sustainability initiatives are compatible.

Yasuoka: The Group has been taking actions to strengthen its governance. Specifically, these include the establishment of the Nomination and Compensation Committee in the fiscal year ended March 31, 2018, the development of a corporate philosophy framework, the formulation of basic policies regarding the selection and dismissal of Directors and the determination of



compensation and other matters for Directors, and the establishment of the Sustainability Promotion Committee (see Governance on page 41 for details). I believe that NCD is in the process of establishing a governance structure that is comparable to levels sought at the Tokyo Stock Exchange Prime Market, even though it is only listed on the Standard Market.

Boardroom Atmosphere

Healthy Discussions in a Free and Open Atmosphere to Further Improve Capital Efficiency

Nakayama: The Board of Directors operates in an atmosphere where we, Outside Directors, can easily express our opinions. At each meeting, the Director or division/department head in charge of each agenda item gives a detailed explanation before proceeding to deliberations.

Koyama: NCD has enjoyed the fortune of continued business since its founding thanks to the trust of its customers. The premise of this customer trust is NCD's open corporate culture. We believe that fostering a climate of openness is a prerequisite for appropriate decision-making by the Board of Directors. This is true not only for the Board of Directors, but also for the NCD Group as a whole. The NCD Group has fostered a culture of adherence to norms, and this culture has led to the steady expansion of the scale of its business.

Yasuoka: Many companies are keenly interested whether their ROE and ROIC exceed their cost of capital, and if their P/B ratio is not above 1x, they discuss what measures to take. Both ROE and ROIC of the Group are above the recognized cost of capital, and



the P/B ratio is well above 1x. However, I believe that there is still room for improvement in capital efficiency, due to the fact that NCD's business model allows it to operate with a small amount of equity capital.

The executive side is by no means satisfied with the current levels and is proactively leading discussions on further capital efficiency improvements.

I expect to see further improvement in the P/E ratio, which is currently lower than the industry average, and in fact, the Board of Directors is frequently discussing ways to strengthen profitability.

About the Nomination and Compensation Committee

Ensuring Fair and Transparent Selection and Compensation of Board Members from Both Inside and Outside Perspectives

Nakayama: The Nomination and Compensation Committee has healthy discussions under the supervision of its Chairman, who is an Outside Director. These discussions include considering proposed appointments of officers from both inside and outside perspectives, and evaluations of candidates based on quantitative and qualitative presentations regarding their performance. At times, after consultation with the Board of Directors, the resolution is reshaped from the original

draft. We are also in a position to communicate and deliberate on the succession plan for the CEO. The Committee also receives presentations on proposed compensation for Directors and Executive Officers from the executive side, which examines them in a flat manner and reports the results to the Board of Directors.

Yasuoka: I have served as Chairman of the Nomination and Compensation Committee since the fiscal year ending March 31, 2026. As Chairman of the Committee, I would like to discuss the following two points going forward. The first is the succession plan, which is mentioned in the Corporate Governance Code and must be discussed for disclosure purposes. The second is a review of officer compensation. Currently, net sales and operating profit are used as indicators for performance-based compensation, but in the medium to long term, we would like to consider incorporating an employee engagement index or similar indicator. About 10 years ago, NCD transitioned to become a company with an Audit and Supervisory Committee. I feel that the Company's Board of Directors exists between being a monitoring body and a managing body. Though it could move to be more of a monitoring Board, given the size of the Company and the current state of discussions, my assessment is that the current blended framework is appropriate.



Creation of New Businesses

Multiple Approaches to Establishing a Third Business Pillar

Yasuoka: The three basic policies of the current medium-term management plan, Vision 2026, are "pursuing greater NCD value through enhancing the added value of existing businesses and creating new business opportunities," "strengthening management foundations to enhance corporate value," and "restructuring of optimal group business structure." While my assessment is that steady progress is being made in strengthening the management foundation and building an optimal Group business structure, the creation of new businesses is still a significant challenge.

Nakayama: Selection and concentration alone limit the possibilities. We are required to steer toward many milestones in multiple areas. In terms of creating new businesses, we believe that it is important to diversify and select, so to speak, rather than select and concentrate.

Koyama: The launch of a new business must be judged on three axes: strategic fit, economic rationality, and maximum loss. Given the high degree of uncertainty in new business, the maximum loss should be carefully assessed. When investing in new businesses, the scale of the Group's operations should also be taken into consideration. We will also discuss how to delineate investment in new business.

Reaching NCD's Vision for 2032

Investment in Human Capital: An Essential Element for Increasing Corporate Value

Yasuoka: The Group has established its Group Vision for 2032. I will closely monitor the next medium-term management plan to see if it fills in the missing elements toward the realization of this Group vision. My focus will be on steady action to finally achieve this vision, rather than on whether or not it can be achieved during the period of the medium-term management plan.

Nakayama: When considering the next medium-term management plan, we will discuss where we want to evolve from a medium- to long-term perspective. I would like to ensure that the Board of Directors has time to discuss the Group's long-term vision. Some parts of the growth story may need to be presented more diligently than in the past. It is important to extract a variety of ideas from opinions expressed freely and openly and support them with quantitative data, so that useful ideas can be incorporated into concrete measures. I would like to be actively involved in this process.



Yasuoka: In contrast to the recently emerging term "Proactive governance," we Outside Directors tend to speak mainly of "Protective governance" I would like to provide support for taking risks by making rational judgments based on a firm recognition of the facts at the decision-making stage.

To Our Stakeholders

Steady Implementation of the Medium-term Management Plan Will Enhance Corporate Value

Yasuoka: I think NCD's unique and inimitable trait is that, while being a system integrator, it also handles bicycle parking lot management. In the process of resolving each business strategy and governance issue, our role is to check for omissions, oversights, areas left unaddressed, and risks. Going forward, I will continue to support fact-checking and making rational judgments in the decision-making phase.

Nakayama: I believe that stakeholders, including shareholders, investors, customers, and business partners, perceive corporate value differently depending on their position. I believe that the honest accomplishment of management plans for the future will lead to increased corporate value, and we Outside Directors would like to contribute by asking necessary questions and offering our multifaceted opinions.

Koyama: It is said that business should be managed with integrity and in line with ethical principles, and I will constantly ask myself whether NCD is conducting its business in a way that does not stray from the path of humanity. As part of our investor relations activities, we, as Outside Directors, would like to have more opportunities to explain the Group's activities to institutional investors.

Board of Directors and Executive Officers

* As of the end of September 2025



Back row, from left to right: Katsuo Nakayama, Haruo Miyata, Toshiya Koyama, Shigeru Okuno, Masaaki Yasuoka
Front row, from left to right: Noriko Goto, Yusuke Kato, Osamu Shimojo, Hiroshi Takagi, Yuki Kobayashi

Directors

Osamu Shimojo President and Representative Director

| Brief personal record | |
|-----------------------|---|
| Mar. 1986 | Joined the Company |
| Oct. 1997 | Manager of Hokkaido Branch of the Company |
| Nov. 2000 | Director, Nihon System Research Co., Ltd. (currently NCD Technology Co., Ltd.) (present position) |
| Apr. 2005 | President and Representative Director, Nihon System Research Co., Ltd. (currently NCD Technology Co., Ltd.) |
| Jun. 2008 | Director and Executive Officer of the Company |
| Apr. 2010 | General Manager of Second System Solution Division of the Company |
| Apr. 2012 | President and Representative Director of the Company (present position) |
| May 2016 | Director, ZEXIS CORPORATION (currently NCD Solutions Co., Ltd.) |
| Apr. 2021 | In charge of Parking System Business Division of the Company (present position) |
| Jul. 2022 | Director, NCD EST Co., Ltd. (present position) |
| Dec. 2023 | Director, Japan Computer Services Inc. (present position) |

Hiroshi Takagi Director, Senior Managing Executive Officer

| Brief personal record | |
|---|---|
| Apr. 2016 | Joined the Company, Executive Officer of the Company |
| Jun. 2016 | Director of the Company (present position) in charge of IT Business Division |
| Apr. 2017 | In charge of IT Business Division and Information Management Division of the Company |
| Aug. 2017 | Chairperson, NCD CHINA Co., Ltd. (present position) |
| Mar. 2018 | Director, NCD Technology Co., Ltd. |
| Apr. 2018 | President and Representative Director, NCD Technology Co., Ltd. (present position) |
| May 2019 | General Manager of IT Business Division and in charge of Information Management Division and Management Support Office of the Company |
| Director, ZEXIS CORPORATION (currently NCD Solutions Co., Ltd.) (present position) | |
| Apr. 2020 | General Manager of IT Business Division of the Company |
| Jun. 2021 | Senior Managing Executive Officer of the Company (present position) |
| General Manager of IT Business Division and in charge of DX of the Company (present position) | |
| Dec. 2023 | Director, Japan Computer Services Inc. (present position) |

Yusuke Kato Director, Senior Managing Executive Officer

| Brief personal record | |
|---|--|
| Jul. 2018 | Joined the Company |
| General Manager of General Affairs Department | |
| Apr. 2019 | Company Auditor, Yano Industrial Inc. (currently NCD EST Co., Ltd.) (present position) |
| May 2019 | Company Auditor, NCD Technology Co., Ltd. (present position) |
| Jun. 2019 | Executive Officer of the Company |
| Apr. 2020 | General Manager of Administration Division of the Company (present position) |
| May 2020 | Director, ZEXIS CORPORATION (currently NCD Solutions Co., Ltd.) (present position) |
| Director, NCD PROS Co., Ltd. | |
| Jun. 2020 | Director of the Company (present position) |
| Jun. 2021 | Senior Managing Executive Officer of the Company (present position) |
| Dec. 2023 | Director, Japan Computer Services Inc. (present position) |
| May 2025 | Company Auditor, NCD PROS Co., Ltd. (present position) |

Noriko Goto Director, Executive Officer

| Brief personal record | |
|--|--|
| Apr. 2006 | Joined the Company |
| Apr. 2018 | General Manager of Technology Services Department, IT Business Division of the Company |
| Apr. 2020 | General Manager, Human Resource Development Office, Administration Division of the Company |
| Jun. 2023 | Executive Officer of the Company (present position) |
| Apr. 2025 | General Manager, Human Resource Development Department, Administration Division of the Company |
| Jun. 2025 | Director of the Company (present position) |
| Deputy General Manager of Administration Division and General Manager of Human Resource Development Department of the Company (present position) | |

Haruo Miyata Outside Director

| Brief personal record | |
|-----------------------|---|
| Apr. 1976 | Joined YAMAZAKI BAKING CO., LTD. |
| July 1982 | Joined Allu Insurance Company |
| Aug. 1987 | Joined American Life Insurance Company (currently MetLife Insurance K.K.) |
| Jan. 2002 | Vice-President, American Life Insurance Company (currently MetLife Insurance K.K.) |
| Aug. 2004 | RVP & CIO in charge of life insurance, AIG East Asia Holdings Management, Inc. |
| Mar. 2009 | Vice-President in charge of systems, American Life Insurance Company (currently MetLife Insurance K.K.) |
| Dec. 2012 | Senior Vice-President & CTO, MetLife Insurance K.K. |
| Jun. 2018 | Outside Director of the Company (present position) |

Toshiya Koyama Outside Director

| Brief personal record | |
|--|--|
| Apr. 1986 | Joined Teijin Limited |
| Apr. 2013 | Corporate Officer (Riji), Teijin Group, General Manager of New Materials Business Development Department |
| Chief Representative of Teijin Electronics Korea Co., Ltd. | |
| Apr. 2015 | Corporate Officer, Teijin Group |
| Apr. 2017 | Executive Officer, Teijin Group |
| General Manager, Material Business Group | |
| Apr. 2020 | President, Material Business of the Teijin Group |
| Jun. 2020 | Executive Officer, Director, Teijin Limited |
| Apr. 2021 | Executive Officer, Director, Chief Social Responsibility Officer, Responsible for Corporate Audit Department, Teijin Limited |
| Apr. 2023 | Mission Executive and Member of the Board, Teijin Limited |
| Jun. 2023 | Mission Executive, Teijin Limited |
| Jun. 2024 | Outside Director of Arakawa Chemical Industries Ltd. (present position) |
| Jun. 2025 | Outside Director of the Company (present position) |

Yuki Kobayashi Director (Full-time Audit and Supervisory Committee Member)

| Brief personal record | |
|-----------------------|--|
| Dec. 1998 | Joined the Company |
| Apr. 2006 | General Manager of Accounting Department of the Company |
| Apr. 2013 | Executive Officer of the Company |
| Apr. 2015 | General Manager of Administration Division and General Manager of Accounting Department of the Company |
| May 2016 | Director, ZEXIS CORPORATION (currently NCD Solutions Co., Ltd.) |
| Jun. 2016 | Director of the Company |
| Aug. 2017 | Company Auditor, NCD CHINA Co., Ltd. (present position) |
| Mar. 2018 | Director, NCD PROS Co., Ltd. |
| Aug. 2019 | General Manager of Administration Division of the Company |
| Apr. 2020 | In charge of Administration Division of the Company |
| Jun. 2020 | Director (Audit and Supervisory Committee Member) of the Company (present position) |

Katsuo Nakayama Outside Director (Audit and Supervisory Committee Member)

| Brief personal record | |
|-----------------------|---|
| Oct. 1991 | Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) |
| Mar. 1992 | Registered as a certified public accountant |
| Jun. 2007 | Outside Company Auditor of the Company |
| Jun. 2010 | Director, ITFOR Inc. (present position) |
| Jun. 2015 | Outside Director (Audit and Supervisory Committee Member) of the Company (present position) |

Shigeru Okuno Outside Director (Audit and Supervisory Committee Member)

| Brief personal record | |
|--|--|
| Apr. 1985 | Registered as an attorney |
| Apr. 2004 | Vice President, the Daini Tokyo Bar Association |
| Executive Governor, the Japan Federation of Bar Associations | |
| Jan. 2007 | Corporate Attorney of the Company |
| Apr. 2007 | Secretary General, the Daini Tokyo Bar Association |
| May 2007 | Secretary, the Japan Bar Association (present position) |
| Dec. 2011 | Mediation Committee Member, the Nuclear Damage Compensation Dispute Resolution Center (present position) |
| Apr. 2017 | Chairperson of the Permanent Committee, the Daini Tokyo Bar Association |
| Jun. 2017 | Outside Director of the Company (Audit and Supervisory Committee Member) of the Company (present position) |

Masaaki Yasuoka Outside Director (Audit and Supervisory Committee Member)

| Brief personal record | |
|--|--|
| Apr. 1979 | Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.) |
| May 2006 | Executive Officer of Credit Supervision Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) |
| Jun. 2008 | President and Representative Director, Mobit Co., Ltd. (currently Sumitomo Mitsui Card Company, Limited) |
| Jun. 2013 | Full-time Auditor, Mitsubishi UFJ NICOS Co., Ltd. |
| Feb. 2015 | Advisor, UNITIKA LTD. |
| Apr. 2015 | Senior Managing Executive Officer, UNITIKA LTD. |
| Jun. 2015 | Representative Director, Senior Managing Executive Officer, UNITIKA LTD. |
| Jun. 2020 | Director (Audit and Supervisory Committee Member), DAISUE CONSTRUCTION CO., LTD. (present position) |
| Outside Director of the Company (present position) | |
| Jun. 2025 | Outside Director (Audit and Supervisory Committee Member) of the Company (present position) |

Executive Officers

Junichi Nakane

General Manager of
Parking System Division

Tsutomu Karibe

General Manager of
Solution Services Division 1,
IT Business Division

Toshio Andoh

General Manager of
General Affairs Department,
Administration Division

Takato Kikuchi

General Manager of
Solution Services Division 2,
IT Business Division

Atsuya Moroguchi

Deputy General Manager of
Parking System Division and
General Manager of
Business Promotion Office

Skill Matrix of Directors

| | | Expertise and experience | | | | | | |
|-----------------|---|--------------------------|-------------------------------|--|---|------------|---------------------|----------------|
| Name | Position | Corporate management | Financial accounting, Finance | Legal, Compliance, and Risk Management | Personnel and labor, Human resource development | Technology | Industry experience | Sustainability |
| Osamu Shimojo | President and Representative Director | ● | | | ● | | ● | ● |
| Hiroshi Takagi | Director (Senior Managing Executive Officer) | ● | | | | ● | ● | ● |
| Yusuke Kato | Director (Senior Managing Executive Officer) | | ● | ● | ● | | | ● |
| Noriko Goto | Director (Executive Officer) | | | | ● | ● | ● | ● |
| Haruo Miyata | Outside Director | ● | | | | ● | ● | ● |
| Toshiya Koyama | Outside Director | ● | | ● | | ● | | ● |
| Yuki Kobayashi | Director (Full-time Audit and Supervisory Committee Member) | | ● | ● | | | | |
| Katsuo Nakayama | Outside Director (Audit and Supervisory Committee Member) | ● | ● | | | | ● | ● |
| Shigeru Okuno | Outside Director (Audit and Supervisory Committee Member) | | | ● | ● | | | |
| Masaaki Yasuoka | Outside Director (Audit and Supervisory Committee Member) | ● | ● | ● | | | | ● |

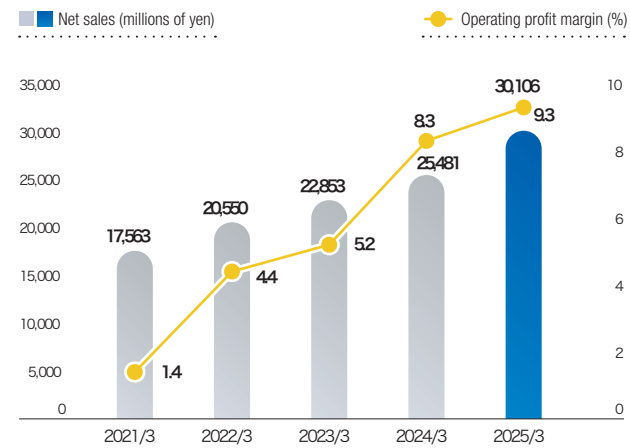
Description of each skill and reason for selection

| | |
|---|---|
| Corporate management | Broad knowledge of corporate management in general and experience in managing organizations as a member of the management team are necessary to exercise appropriate decision-making and supervisory functions in a significantly changing business environment. |
| Financial accounting, Finance | Knowledge and experience in financial accounting and finance are necessary to build a sound financial base and to invest in growth and enhance shareholder returns toward sustainable corporate value enhancement. |
| Legal, Compliance, and Risk Management | Knowledge and experience in legal, compliance, and risk management are necessary to establish an appropriate governance structure and secure the trust of stakeholders, which are prerequisites for sustainable corporate value enhancement. |
| Personnel and labor, Human resource development | Knowledge and experience in personnel and labor, and human resource development are necessary to formulate strategies and create an environment so that each and every one of our diverse human resources can maximize their abilities, play an active role, and grow to realize the Group's vision and sustainable growth. |
| Technology | Knowledge and experience in all aspects of technology are necessary to create new value and transform business through innovation, while enhancing the Group's competitiveness and productivity. |
| Industry experience | Knowledge and experience of the industry and business in which the Group operates are necessary to develop, implement, and supervise business strategies for sustainable growth. |
| Sustainability | Knowledge of the sustainability field and practical experience in corporate management are necessary to solve social issues and increase corporate value through business by promoting sustainability management for the realization of a sustainable society |

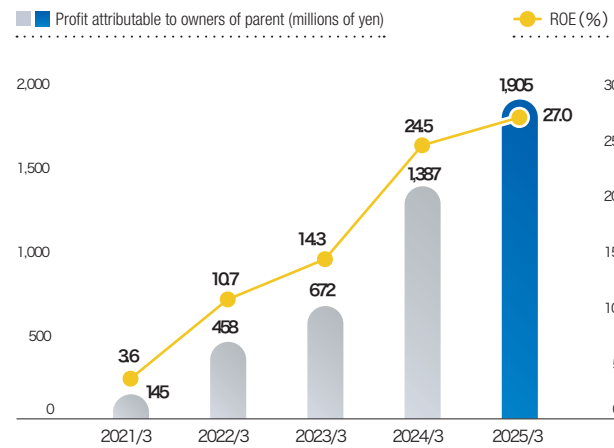
Financial and Non-Financial Highlights

Financial Highlights

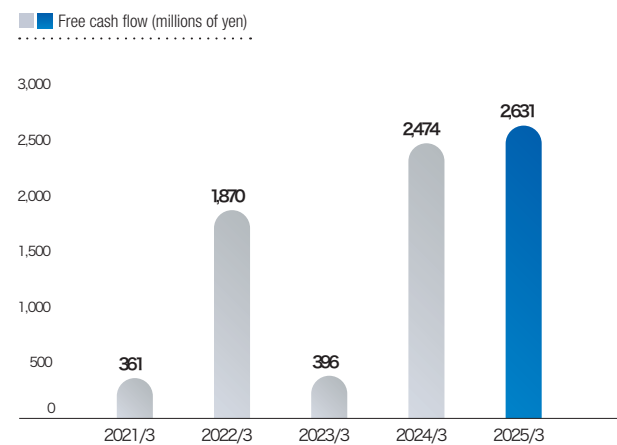
Net Sales / Operating Profit Margin



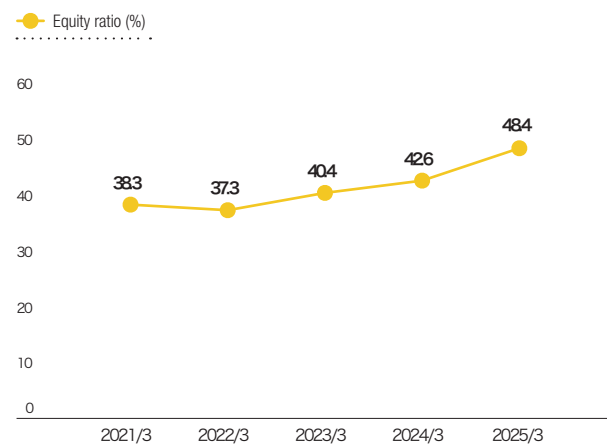
Profit Attributable to Owners of Parent / ROE



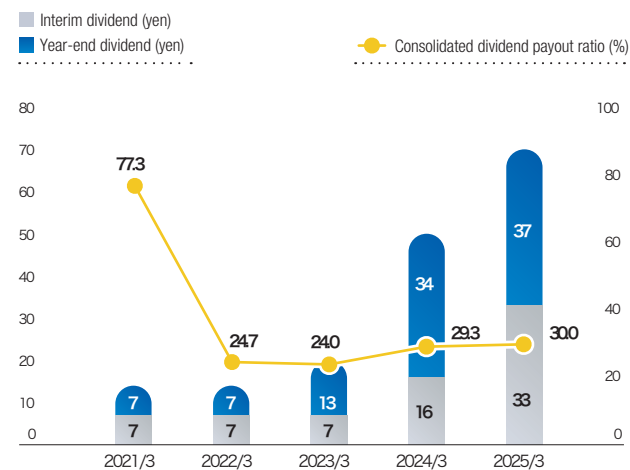
Free Cash Flow



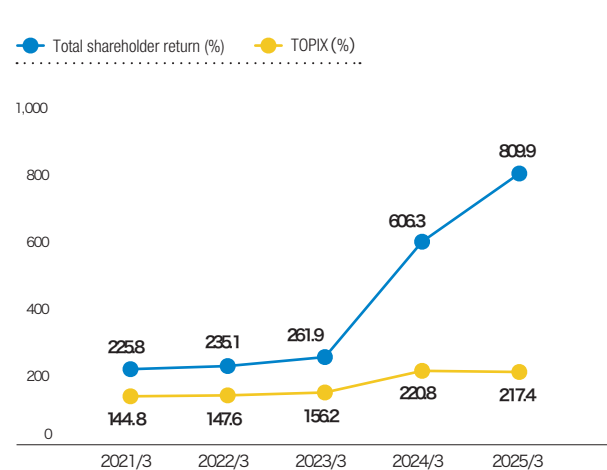
Equity Ratio



Dividend per Share / Dividend Payout Ratio



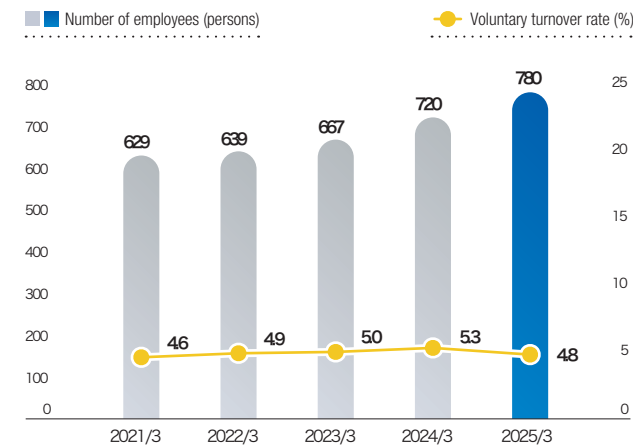
Total Shareholder Return / TOPIX*



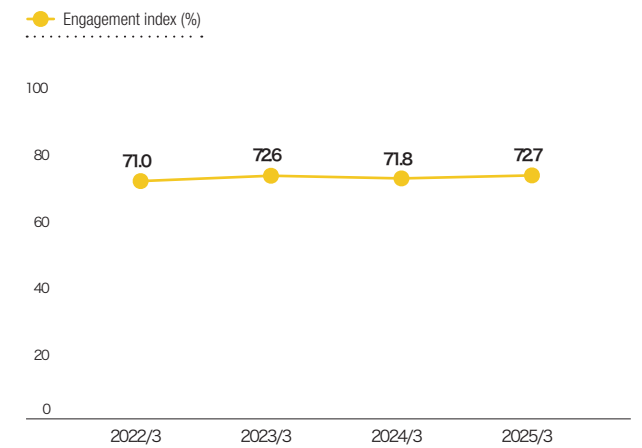
* Indexed to the closing price on March 31, 2015 as 100.

Non-Financial Highlights

Number of Employees / Voluntary Turnover Rate

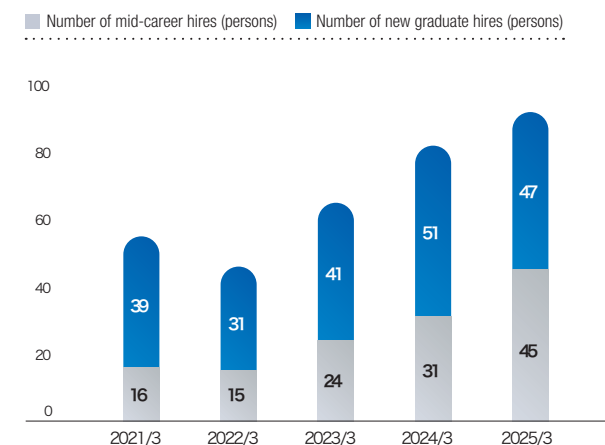


Engagement Index*

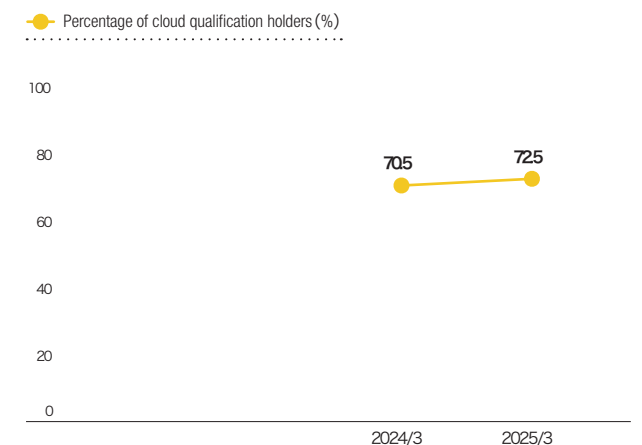


* This indicator is based on the results of an annual survey of employees. It measures the state of engagement through questions related to multiple drivers, such as their job, personal growth, and organizational climate (average of five points, converted to a percentage).

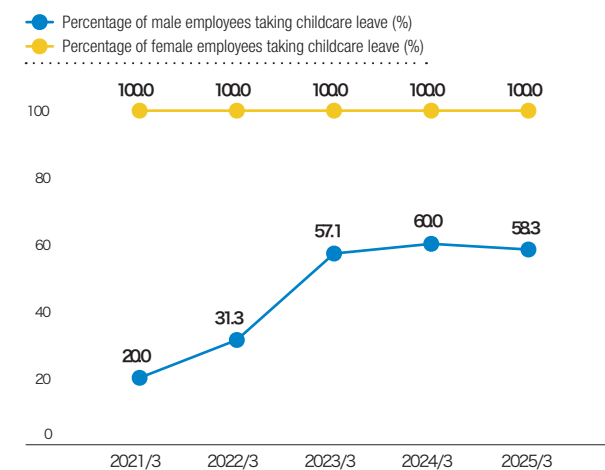
Number of New Graduate Hires / Number of Mid-career Hires



Percentage of Cloud Qualification Holders

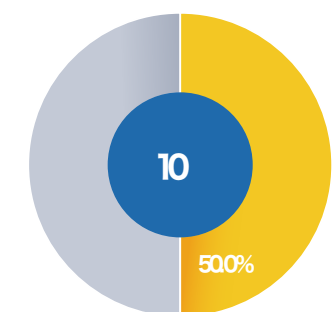


Percentage of Male Employees Taking Childcare Leave / Percentage of Female Employees Taking Childcare Leave



Number/Ratio of Independent Outside Directors (as of October 31, 2025)

Number of Directors (persons) Ratio of independent Outside Directors (%)



11-year Key Financial and Non-financial Data (Consolidated)

| Financial Data | (Millions of yen) | | | | | | | | | | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | [50th Fiscal Year] 2015/3 | [51th Fiscal Year] 2016/3 | [52th Fiscal Year] 2017/3 | [53th Fiscal Year] 2018/3 | [54th Fiscal Year] 2019/3 | [55th Fiscal Year] 2020/3 | [56th Fiscal Year] 2021/3 | [57th Fiscal Year] 2022/3 | [58th Fiscal Year] 2023/3 | [59th Fiscal Year] 2024/3 | [60th Fiscal Year] 2025/3 |
| Net sales | 13,115 | 13,843 | 15,405 | 16,237 | 17,007 | 18,390 | 17,563 | 20,550 | 22,853 | 25,481 | 30,106 |
| System Development | 5,454 | 5,515 | 5,672 | 5,738 | 6,329 | 7,073 | 7,405 | 8,365 | 9,243 | 10,421 | 12,699 |
| Support and Service | 3,111 | 3,480 | 4,308 | 4,524 | 4,611 | 4,568 | 5,072 | 6,099 | 6,892 | 7,735 | 9,409 |
| Parking System | 4,440 | 4,818 | 5,392 | 5,948 | 6,026 | 6,693 | 5,060 | 6,073 | 6,675 | 7,297 | 7,975 |
| Other ¹ | 109 | 29 | 31 | 24 | 39 | 54 | 23 | 11 | 41 | 26 | 22 |
| Gross profit | 1,742 | 2,076 | 2,127 | 2,684 | 3,081 | 3,143 | 2,507 | 3,257 | 3,840 | 5,162 | 6,565 |
| Gross profit margin (%) | 13.3 | 15.0 | 13.8 | 16.5 | 18.1 | 17.1 | 14.3 | 15.9 | 16.8 | 20.3 | 21.8 |
| Selling, general and administrative expenses | 1,499 | 1,694 | 1,780 | 1,901 | 2,036 | 2,206 | 2,265 | 2,354 | 2,644 | 3,047 | 3,755 |
| Operating profit | 243 | 382 | 347 | 783 | 1,045 | 936 | 242 | 902 | 1,195 | 2,115 | 2,809 |
| System Development (segment profit) | 214 | 403 | 389 | 549 | 726 | 799 | 928 | 1,020 | 1,033 | 1,541 | 1,867 |
| Support and Service (segment profit) | 151 | 120 | 127 | 267 | 374 | 224 | 481 | 620 | 703 | 851 | 1,029 |
| Parking System (segment profit) | 619 | 653 | 744 | 925 | 883 | 944 | 13 | 451 | 817 | 1,284 | 1,786 |
| Other ¹ | (26) | (38) | (15) | (87) | (63) | (14) | (3) | 3 | 6 | 7 | 8 |
| Operating profit margin (%) | 1.9 | 2.8 | 2.3 | 4.8 | 6.1 | 5.1 | 1.4 | 4.4 | 5.2 | 8.3 | 9.3 |
| Ordinary profit | 257 | 389 | 333 | 807 | 1,089 | 953 | 388 | 956 | 1,212 | 2,140 | 2,852 |
| Profit attributable to owners of parent | 41 | 205 | 249 | 526 | 615 | 648 | 145 | 458 | 672 | 1,387 | 1,905 |
| Comprehensive income | 79 | 28 | 417 | 631 | 483 | 571 | 264 | 412 | 689 | 1,475 | 1,998 |
| Cash flows from operating activities | 554 | 480 | 782 | 791 | 416 | 376 | 218 | 1,918 | 568 | 2,574 | 2,270 |
| Cash flows from investing activities | (286) | (207) | (72) | (554) | (219) | (164) | 142 | (48) | (171) | (99) | 361 |
| Cash flows from financing activities | (322) | (201) | (227) | (271) | (312) | (370) | (61) | (779) | (413) | (508) | (947) |
| Free cash flow | 267 | 273 | 710 | 237 | 196 | 211 | 361 | 1,870 | 396 | 2,474 | 2,631 |
| Cash and cash equivalents at end of the period | 2,181 | 2,252 | 2,734 | 2,700 | 2,579 | 2,420 | 2,721 | 3,814 | 3,799 | 5,767 | 7,455 |
| Net assets | 2,573 | 2,514 | 2,550 | 3,089 | 3,453 | 3,913 | 4,165 | 4,468 | 5,045 | 6,403 | 7,854 |
| Net assets per share (yen) | 295.09 | 288.33 | 321.20 | 387.80 | 433.34 | 490.66 | 512.95 | 549.14 | 619.62 | 775.87 | 951.77 |
| Basic earnings per share (yen) | 4.80 | 23.59 | 30.00 | 66.31 | 77.45 | 81.62 | 18.11 | 56.78 | 83.31 | 170.38 | 232.95 |
| Dividend per share (yen) | 10.00 | 10.00 | 12.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 20.00 | 50.00 | 70.00 |
| Interim dividend (yen) | 5.00 | 5.00 | 5.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 16.00 | 33.00 |
| Year-end dividend (yen) | 5.00 | 5.00 | 7.00 | 8.00 | 7.00 | 7.00 | 7.00 | 7.00 | 13.00 | 34.00 | 37.00 |
| Equity ratio (%) | 25.6 | 24.6 | 23.5 | 27.8 | 31.1 | 33.5 | 38.3 | 37.3 | 40.4 | 42.6 | 48.4 |
| Return on equity (ROE) (%) | 1.6 | 8.1 | 9.8 | 18.7 | 18.9 | 17.7 | 3.6 | 10.7 | 14.3 | 24.5 | 27.0 |
| Return on assets (ROA) (%) | 2.6 | 3.8 | 3.2 | 7.4 | 9.8 | 8.4 | 3.5 | 8.4 | 10.0 | 15.7 | 18.4 |
| D/E ratio (times) | 1.4 | 1.5 | 1.6 | 1.2 | 1.0 | 1.0 | 0.8 | 0.6 | 0.5 | 0.3 | 0.2 |
| Price-earnings ratio (P/E ratio) (times) | 69.4 | 33.2 | 18.0 | 19.8 | 12.8 | 7.7 | 37.2 | 12.2 | 9.1 | 10.9 | 10.6 |
| Price-to-book ratio (P/B ratio) (times) | 1.1 | 2.7 | 1.7 | 3.4 | 2.3 | 1.3 | 1.3 | 1.3 | 1.2 | 2.4 | 2.6 |
| Dividend payout ratio (%) | 208.3 | 42.4 | 40.0 | 21.1 | 18.1 | 17.2 | 77.3 | 24.7 | 24.0 | 29.3 | 30.0 |
| Total shareholder return (%) | 100.0 | 238.1 | 168.5 | 406.0 | 312.0 | 208.1 | 225.8 | 235.1 | 261.9 | 606.3 | 809.9 |
| TOPIX (including dividends) (%) | 100.0 | 89.2 | 102.3 | 118.5 | 112.5 | 101.8 | 144.8 | 147.6 | 156.2 | 220.8 | 217.4 |
| Capital expenditure | 277 | 339 | 323 | 768 | 187 | 456 | 335 | 773 | 678 | 306 | 391 |
| Depreciation and amortization | 245 | 212 | 211 | 227 | 234 | 204 | 263 | 277 | 337 | 359 | 405 |

| Non-financial Data ^{*2} | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2015/3 | 2016/3 | 2017/3 | 2018/3 | 2019/3 | 2020/3 | 2021/3 | 2022/3 | 2023/3 | 2024/3 | 2025/3 |
| Number of employees (persons) | 561 | 554 | 563 | 577 | 579 | 593 | 629 | 639 | 667 | 720 | 780 |
| Male (persons) | 462 | 451 | 452 | 455 | 448 | 448 | 463 | 465 | 466 | 487 | 514 |
| Female (persons) | 99 | 103 | 111 | 122 | 131 | 145 | 166 | 174 | 201 | 233 | 266 |
| Number of new graduate hires (persons) | 13 | 16 | 20 | 27 | 29 | 32 | 39 | 31 | 41 | 51 | 47 |
| Number of mid-career hires (persons) | 0 | 0 | 1 | 3 | 5 | 12 | 16 | 15 | 24 | 31 | 45 |
| Voluntary turnover rate (%) | 2.6 | 5.1 | 2.6 | 4.2 | 6.8 | 5.9 | 4.6 | 4.9 | 5.0 | 5.3 | 4.8 |
| Engagement index (%) ^{*3} | - | - | - | - | - | - | - | 71.0 | 72.6 | 71.8 | 72.7 |
| Average total monthly hours of overtime worked (hours) | - | - | - | - | 17.0 | 16.7 | 14.8 | 17.8 | 17.7 | 15.6 | 15.9 |
| Rate of annual paid leave taken (%) | - | - | - | - | - | 84.6 | 72.4 | 76.9 | 84.6 | 87.0 | 83.4 |
| Percentage of male employees taking childcare leave (%) | - | - | - | - | - | - | 20.0 | 31.3 | 57.1 | 60.0 | 58.3 |
| Ratio of female managers (%) | 4.2 | 5.1 | 6.2 | 7.1 | 7.5 | 7.8 | 9.4 | 10.4 | 9.6 | 12.4 | 12.9 |
| Percentage of cloud qualification holders (%) | - | - | - | - | - | - | - | - | - | 70.5 | 72.5 |
| Headcount at regional offices (persons) | - | - | - | - | - | - | - | - | - | 322 | 398 |
| Number of Directors (persons) ^{*4} | 6 | 10 | 10 | 8 | 10 | 10 | 10 | 9 | 9 | 9 | 9 |
| Number of Independent Outside Directors (persons) ^{*4} | 1 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Ratio of independent Outside Directors (%) | 16.7% | 40.0% | 40.0% | 50.0% | 50.0% | 50.0% | 50.0% | 55.6% | 55.6% | 55.6% | 55.6% |
| Number of managed bicycle parking lots (sites) | 1,155 | 1,293 | 1,408 | 1,528 | 1,658 | 1,807 | 1,965 | 2,009 | 2,000 | 1,962 | 2,057 |
| Number of managed bicycle parking spaces (units) | 286,871 | 324,055 | 352,978 | 388,814 | 438,545 | 501,360 | 564,807 | 575,623 | 556,301 | 544,017 | 560,066 |

^{*1} Businesses that do not belong to the three main segments of System Development, Support and Service, and Parking System.

^{*2} Non-financial data, except for the number of managed bicycle parking lots and units, are data for NCD on a non-consolidated basis.

^{*3} This indicator is based on the results of an annual survey of employees. It measures the state of engagement through questions related to multiple drivers, such as their job, personal growth, and organizational climate (average of five points, converted to a percentage).

^{*4} Shows the number of directors after the Ordinary General Meeting of Shareholders in June of the relevant fiscal year. The number of Audit and Supervisory Committee Members (3) and Independent Outside Audit and Supervisory Committee Members (2) are excluded for 2015/3, when the Company was a company with a Board of Corporate Auditors.

Company Information / Stock Information

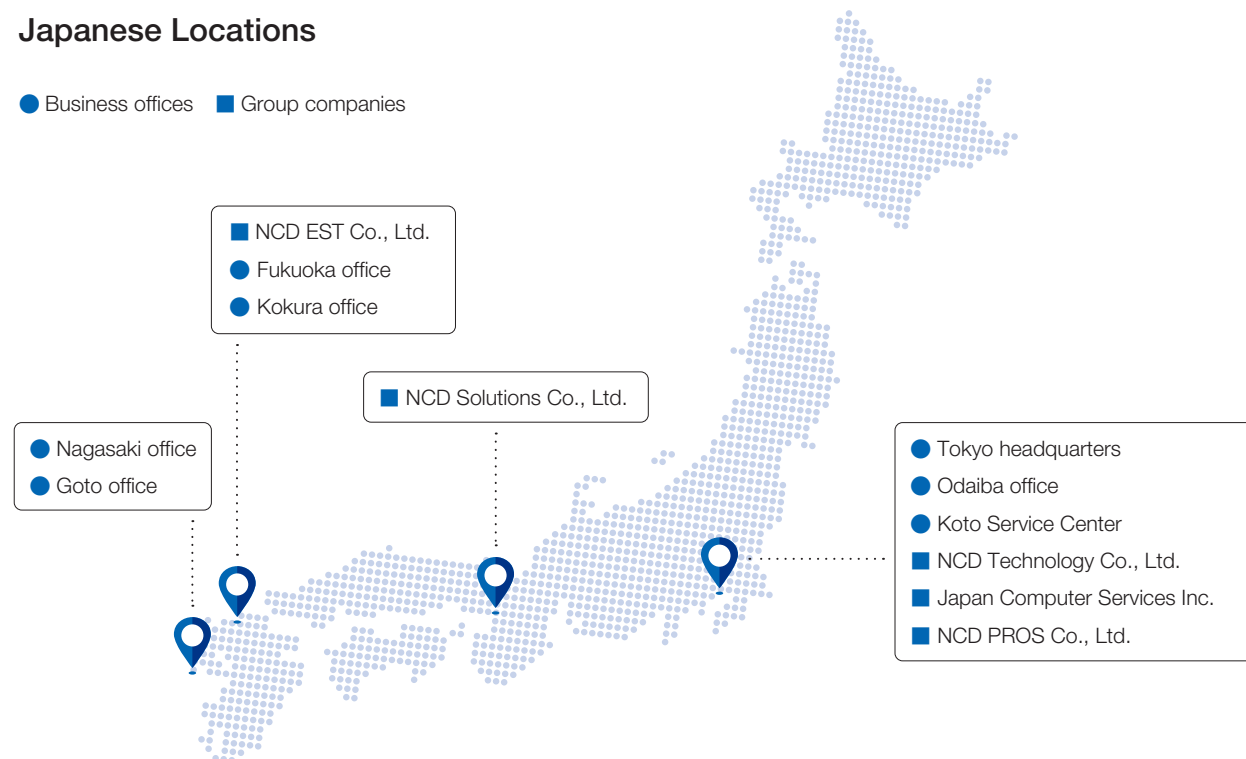
* All information listed is as of March 31, 2025.

Company Information

| | |
|---------------------|---|
| Name | NCD Co., Ltd. |
| Date established | March 16, 1967 |
| Share capital | 438 million yen |
| Number of employees | 1,439 (consolidated) * The above number does not include contract employees, part-time workers, and employees on temporary contracts. |
| Chairman | Osamu Shimojo, President and Representative Director |
| Office locations | Tokyo, Osaka, Fukuoka, Nagasaki, Tianjin (China) (including subsidiaries) |
| Subsidiaries | NCD Solutions Co., Ltd. NCD Technology Co., Ltd. Japan Computer Services Inc. NCD CHINA Co., Ltd. NCD PROS Co., Ltd. NCD EST Co., Ltd. |

Japanese Locations

● Business offices ■ Group companies

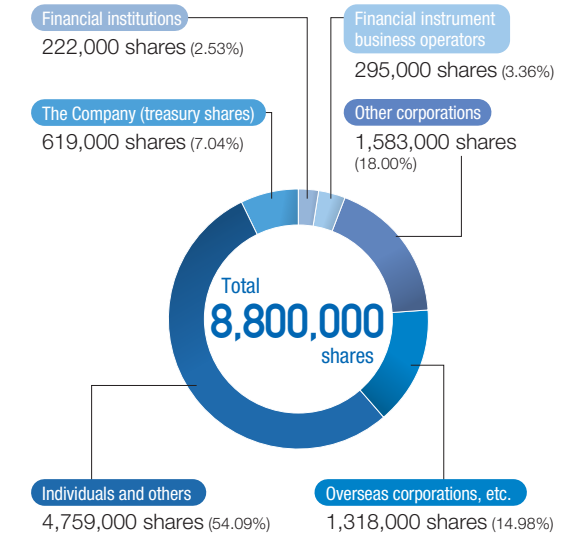


Stock Information

(as of March 31, 2025)

| | |
|--|--|
| Securities code | 4783 |
| Listed stock exchange | Japan Exchange Group - Standard Market |
| Last date of fiscal year | March 31 |
| Ordinary General Meeting of Shareholders | June |
| Number of shares constituting one unit | 100 |
| Total number of shares authorized to be issued | 14,000,000 |
| Aggregate total number of shares issued | 8,180,162 (excluding 619,838 treasury shares) |
| Number of shareholders | 2,913 |
| Administrator of shareholders' register | Mitsubishi UFJ Trust and Banking Corporation |
| Vesting dates of dividend payments | Annually on March 31 and September 30 |

Shareholding ratio by category



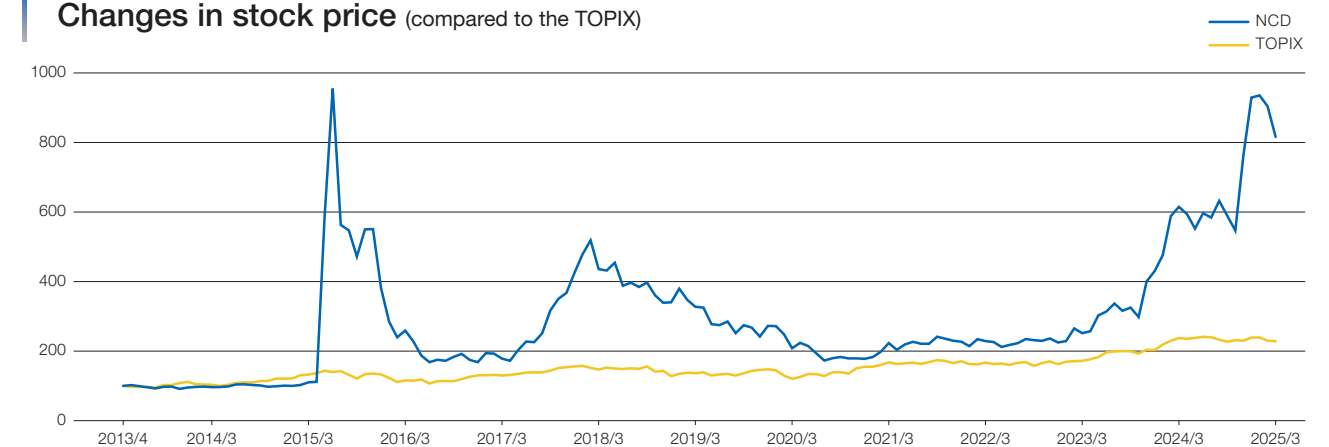
Major shareholders (top 10)

(as of March 31, 2025)

| Shareholder name | Shares held (thousand) | Percentage held (%) |
|---|------------------------|---------------------|
| HIKARI TSUSHIN, INC. | 604 | 7.38 |
| Hokuto Corporation | 430 | 5.25 |
| NCD Employee Shareholding Association | 404 | 4.94 |
| STICHTING DEPOSITARY ASCENDER GLOBAL VALUE FUND | 326 | 3.99 |
| Osamu Shimojo | 286 | 3.50 |
| Setsuko Oguro | 280 | 3.42 |
| Masakatsu Yamada | 172 | 2.10 |
| UH Partners 2, Inc. | 159 | 1.94 |
| SIL, Inc. | 157 | 1.93 |
| Yoshi Shimojo | 155 | 1.89 |

* The percentage held is the percentage of all shares minus treasury shares (619,838).

Changes in stock price (compared to the TOPIX)



* Calculated with the final price on April 2013 as 100.