

FY2022-2024 (Phase 2 of Midterm Management Plan)

VISION 2024

FUKUI COMPUTER HOLDINGS, Inc.

November 11, 2022

Midterm Management Plan Period

We regard the period up to FY2018, during which the Group has built the management foundation of its CAD business, to be the first founding period (Development Period I), and the period from FY2019 onward to be the second founding period (Development Period II).

We treat the period from FY2019 to FY2021 as the Phase 1 of Midterm Management Plan period, and this Midterm Management Plan period from FY2022 to FY2024 as the second period.

During this period, we will clarify the significance of the Group's existence in society and our long-term vision in the midst of the structural changes required in the construction industry as a whole, and establish a starting point for growth toward new steps in FY2025 and beyond.

Review of Phase 1 of Midterm Management Plan

■ Achievement of Quantitative Goals through the Promotion of Priority Measures

No	Items	Results of the final year	Comparison to the target
1	Consolidated sales	14.3 billion yen	+ 1.7 billion yen
2	Operating income	6.3 billion yen	+ 1.8 billion yen
3	Net profit margin	29.5%	+ 6.3% PT
4	ROE	24.4%	- *Achievement of 15% or more

- Profit plan was achieved in FY2019, the first year of midterm plan.

■ Major Factors

- Diffusion of information communication technology through IT introduction subsidies.
- Rising demand for IT and ICT products at construction sites due to i-Construction and BIM/CIM promotion.

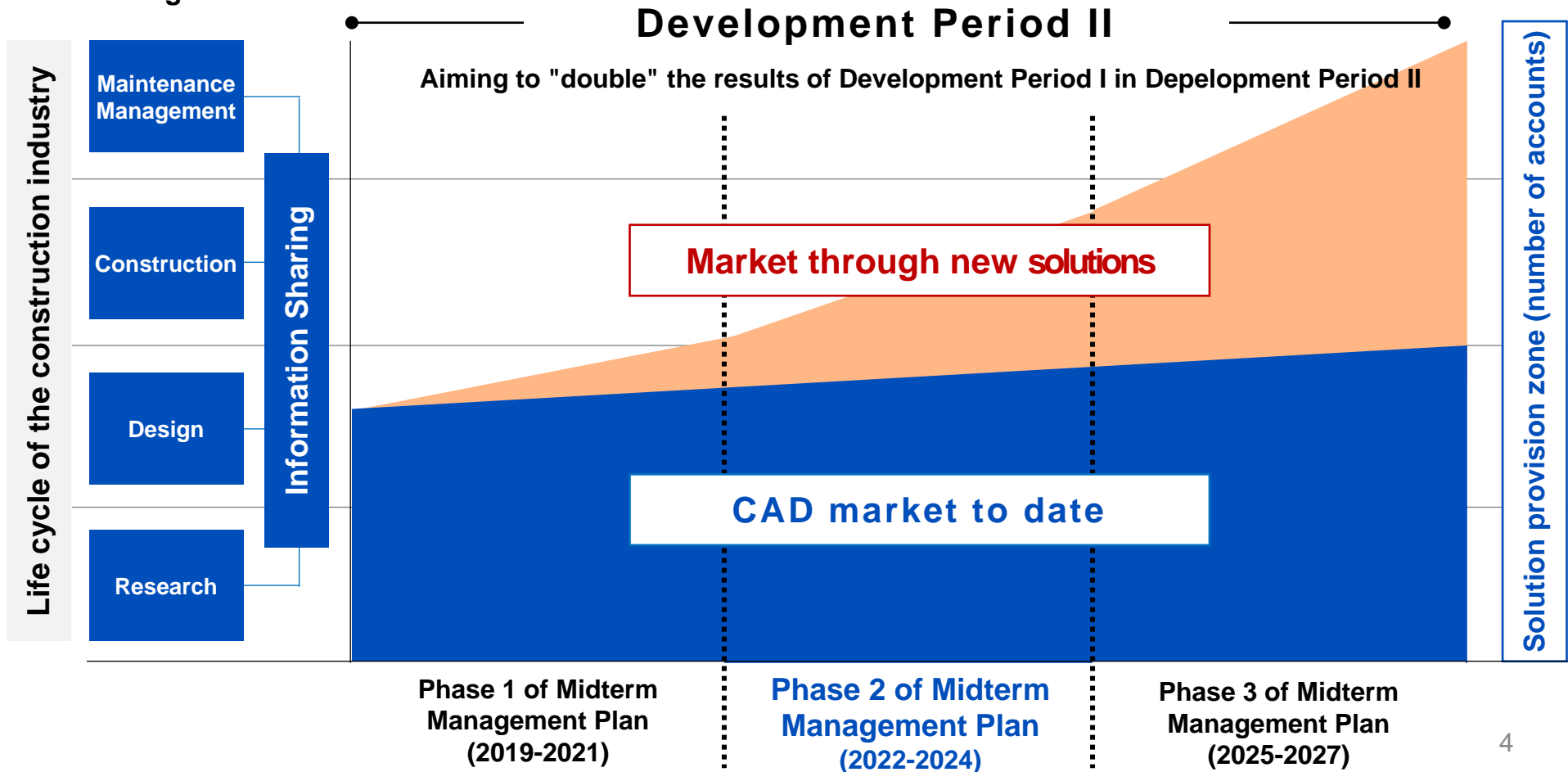
■ Tasks and the Future

- While existing businesses are strong, startup creation is limited.
- Response to changes in the external environment, such as a decrease in construction orders due to a lull in special demand related to the Olympics and a slowdown in private-sector capital investment, and the promotion of DX at construction sites.
- We achieved sustained growth while addressing internal tasks in our management system and business structure.

Vision of Growth That We Should Strive for

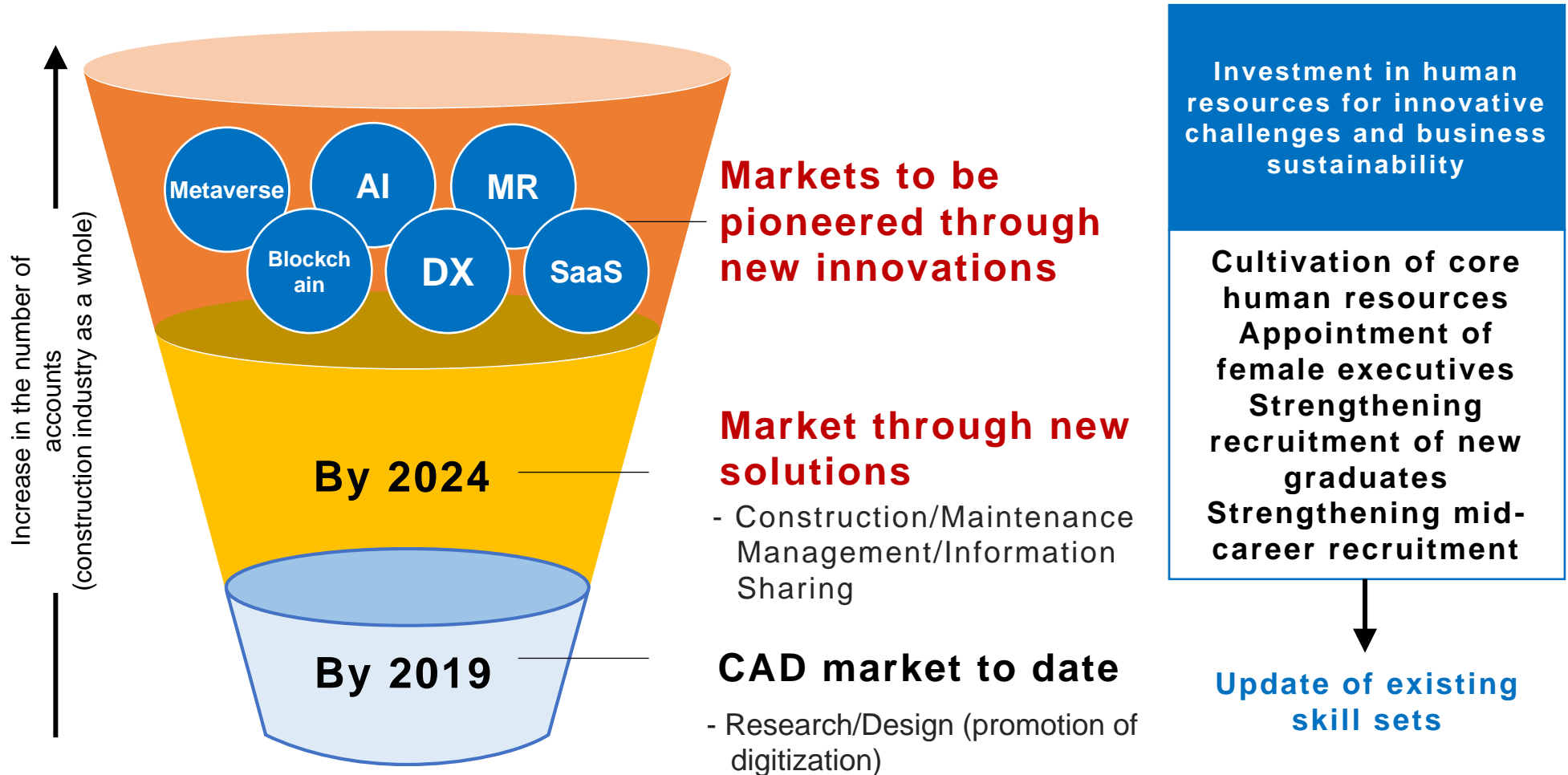
The construction-related systems business, which mainly consists of "Research" and "Design" services and makes up a substantial portion of the Group's sales and earnings, will grow by increasing the number of accounts while leveraging its sales base.

We will focus on business development in the "Construction," "Maintenance Management," and "Information Sharing" fields to expand the zone in which we provide solutions, aiming to achieve further growth by increasing the number of accounts.



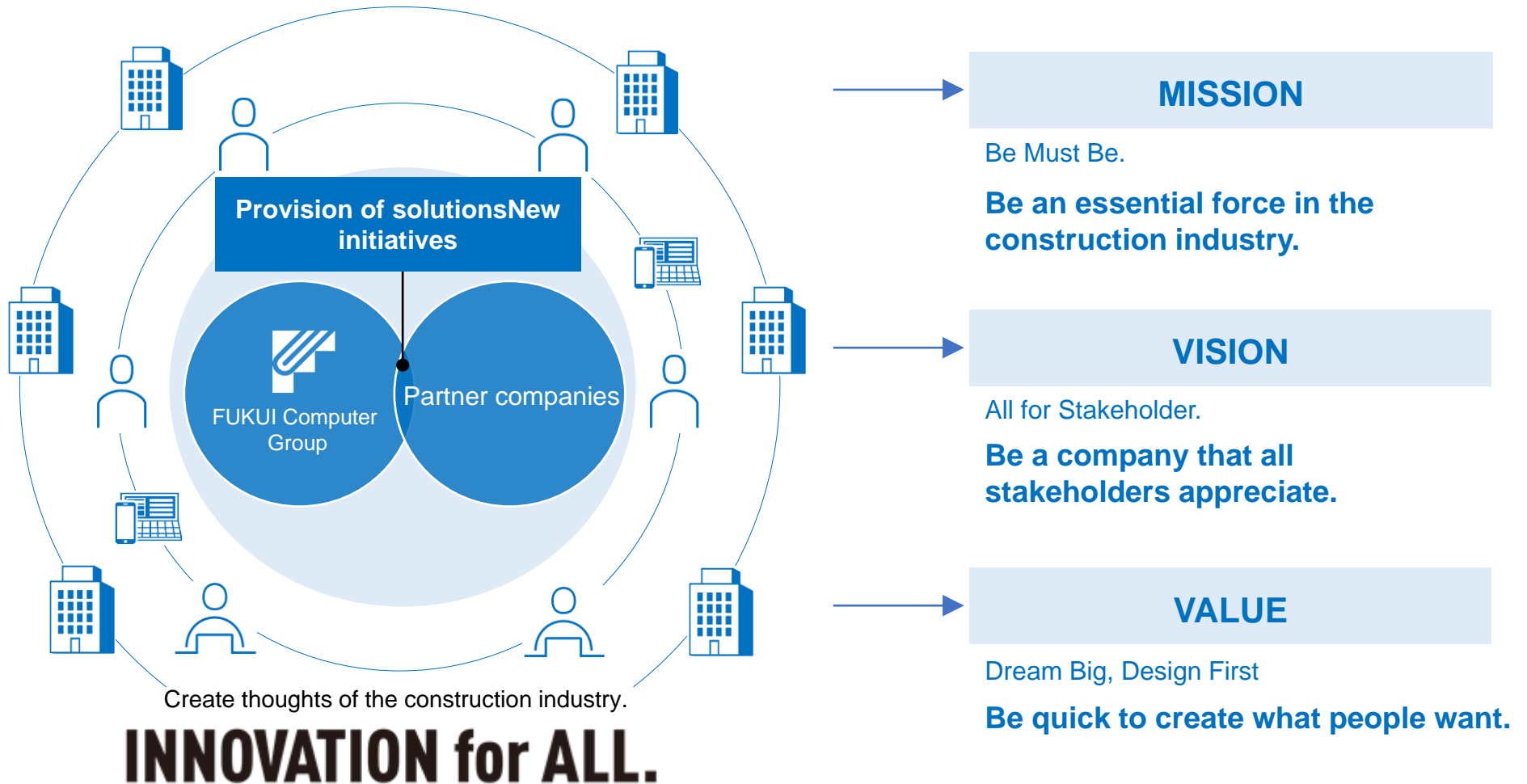
Future Vision

We aim to provide products that contribute to productivity improvement in the construction industry as a whole



Toward Realization of Future Vision

We will realize this vision through new initiatives on our own and with our partner companies.



Basic Policy and Quantitative Goals

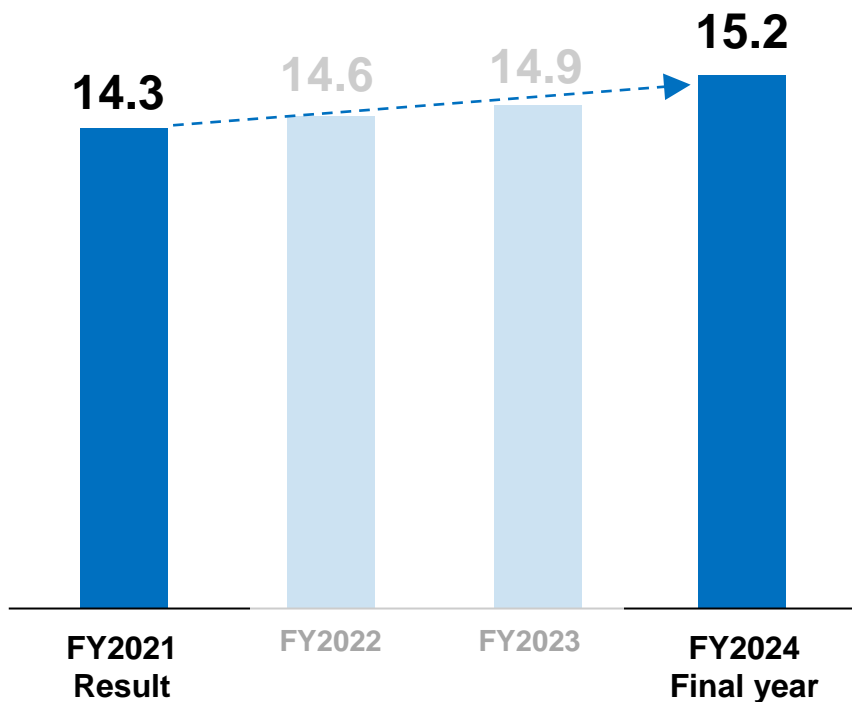
■ Basic Policy of This Midterm Management Plan

- Period to establish a growth starting point for rapid growth from FY2025 onward

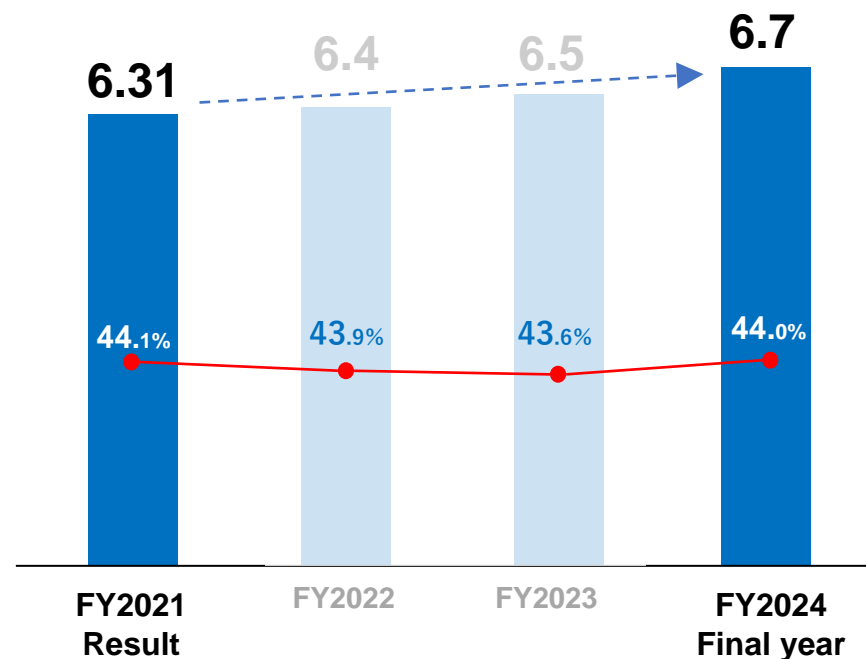
We will expand sales through sustained growth of existing products while maintaining profits, and develop new services and strengthen business sustainability.

In the final year, we aim to achieve 6.7 billion yen in operating income and a net profit margin of 44%.

■ Net sales (billion yen)



■ Operating income, operating margin (billion yen)



Priority Measures

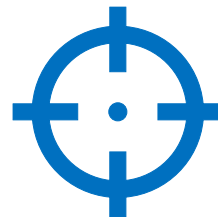
1

**Develop
account
strategies**



2

**Develop
strategies
according to
target size**



3

**Strengthen
governance
of human
resource
function**



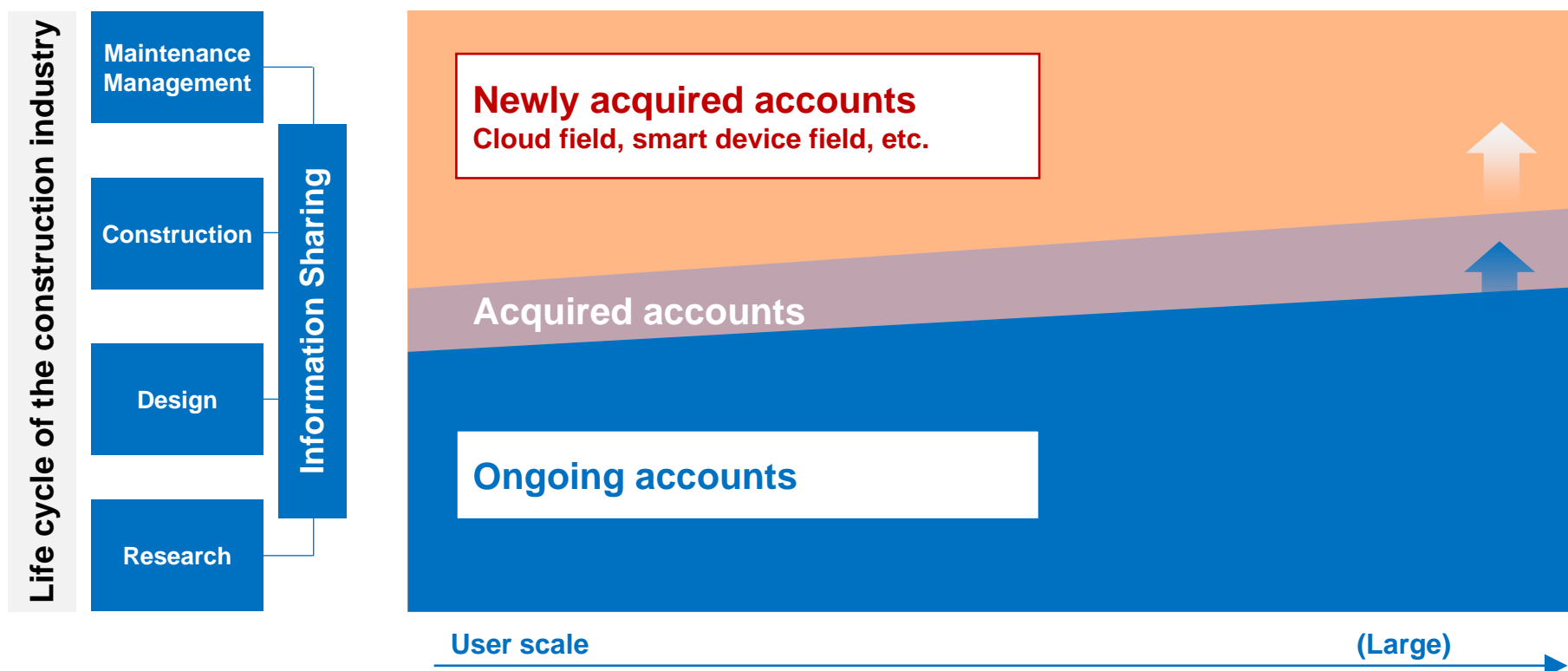
Priority Measure: Financial Strategy (1)

■ Develop Account Strategies

In the "Research" and "Design" fields, we will change the method of providing services to improve the repeat rate in line with the development of the next system.

For "Construction," "Maintenance Management," and "Information Sharing," we will acquire new accounts in the fields of new products, cloud, and smart devices.

$$\text{Sales} = \text{number of customers (number of accounts)} \times \text{unit price} \times \text{repeat rate}$$



Priority Measures: Financial Strategy (1)

■ Develop Account Strategies

For the next system development, we will implement a catch and release strategy on a continuous basis while catching up with the national policies so that we can provide steady support.

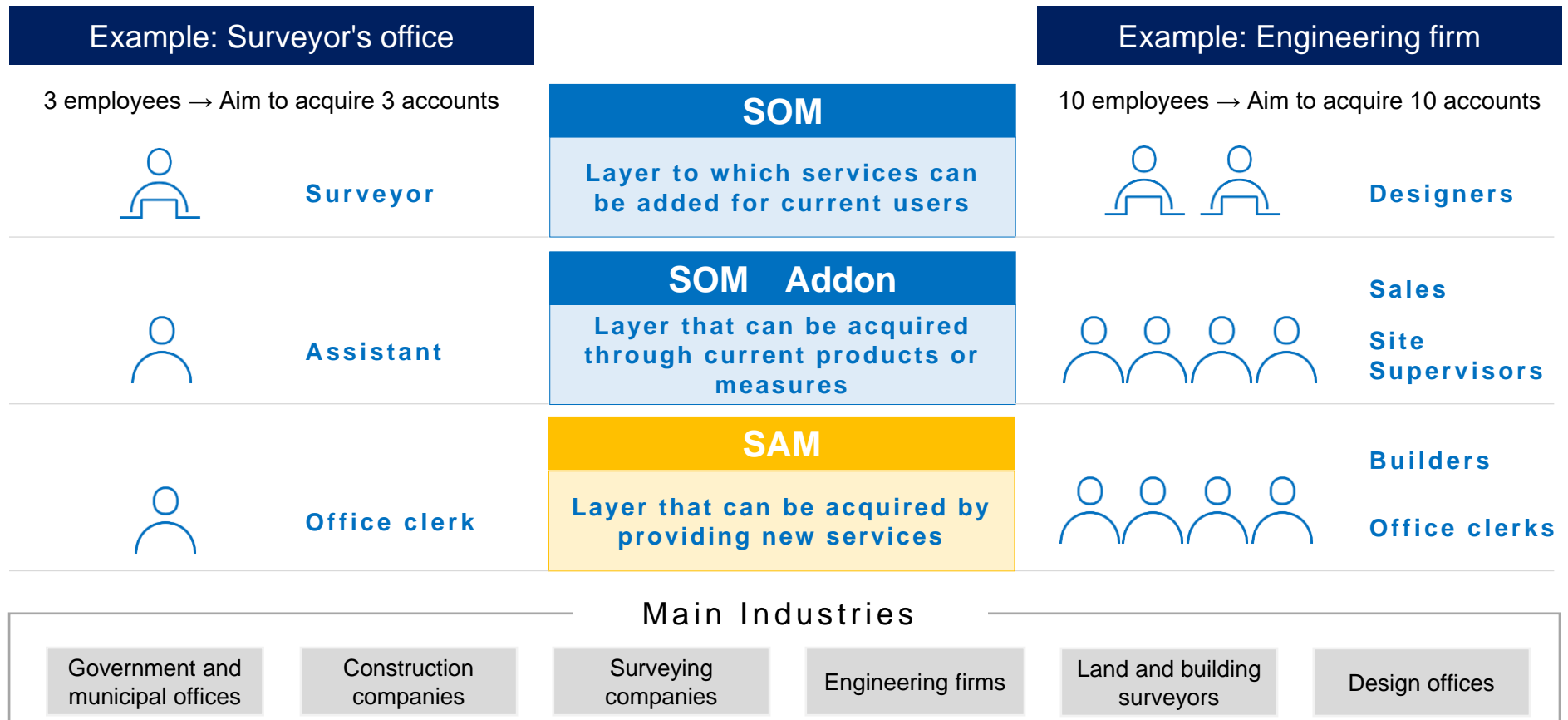
Key words to be caught in the next system development

Architecture System Business	Surveying/Civil Engineering System Business
- Revised Energy Conservation Law	- i-Construction
- Basic Plan for Housing and Living	- ICT Construction
- Digitalization of Building Permit Applications	- Long-term Plan for Basic Surveying
- DX at Construction Sites	- Review of the Real Estate Registration System
- CN and SDGs	- The Seventh Decadal Plan for the National Land Survey Project
- BIM/CIM in Principle	
- Basic Act on the Formation of a Digital Society	
- Work Style Reform Act	

Priority Measures: Financial Strategy (1)

■ Develop Account Strategies

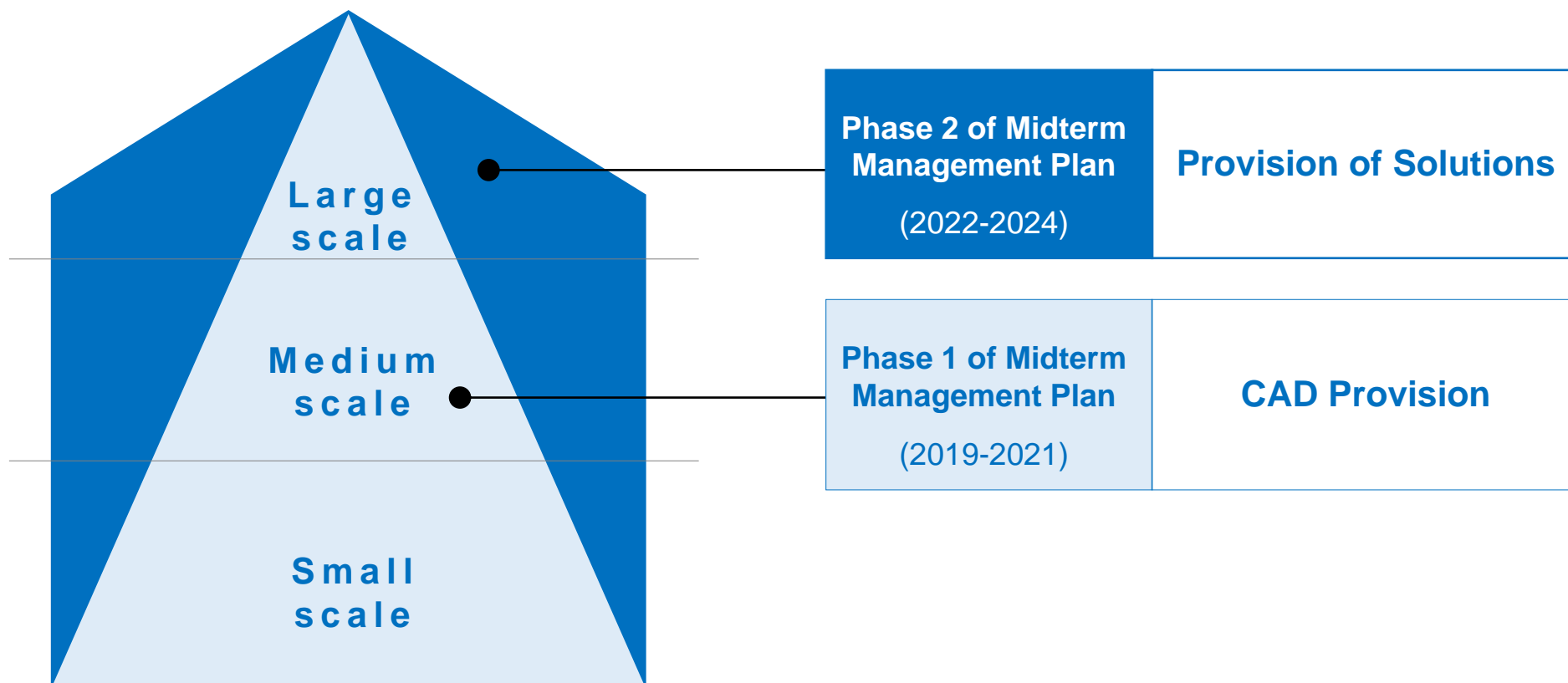
We will provide existing services and in addition, new services on an individual basis.



Priority Measures: Financial Strategy (2)

■ Develop Strategies According to Target Size

- Segment targets and provide solutions that include existing products and new services in addition to CAD.
- Prioritize allocation of management resources to industries and businesses where improvement of profitability can be aimed.



Priority Measures: Non-financial Strategy

■ Strengthen Human Resource Functions

- Reorganize functions to enable sustained growth of existing businesses and development of new growth areas, with an eye on target-specific strategies



■ Strengthen Governance

- Further strengthen board effectiveness
- Expand weight of performance-linked compensation
- Improve the quantity and quality of dialogue with shareholders

Corporate Sustainability

■ Contribute to a Sustainable Society through Business Activities



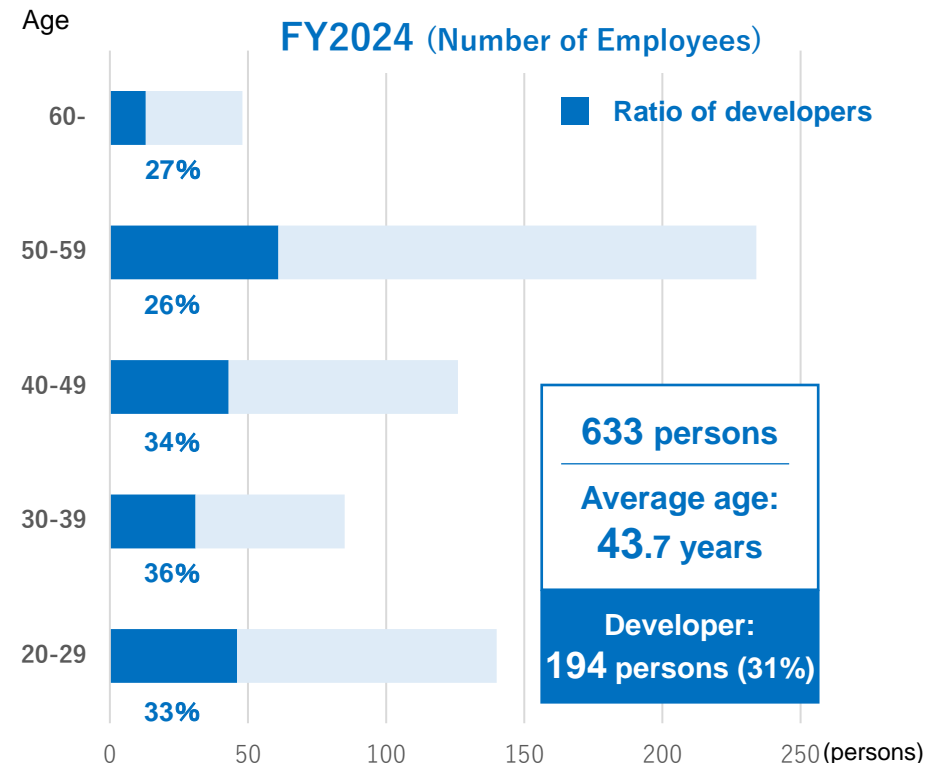
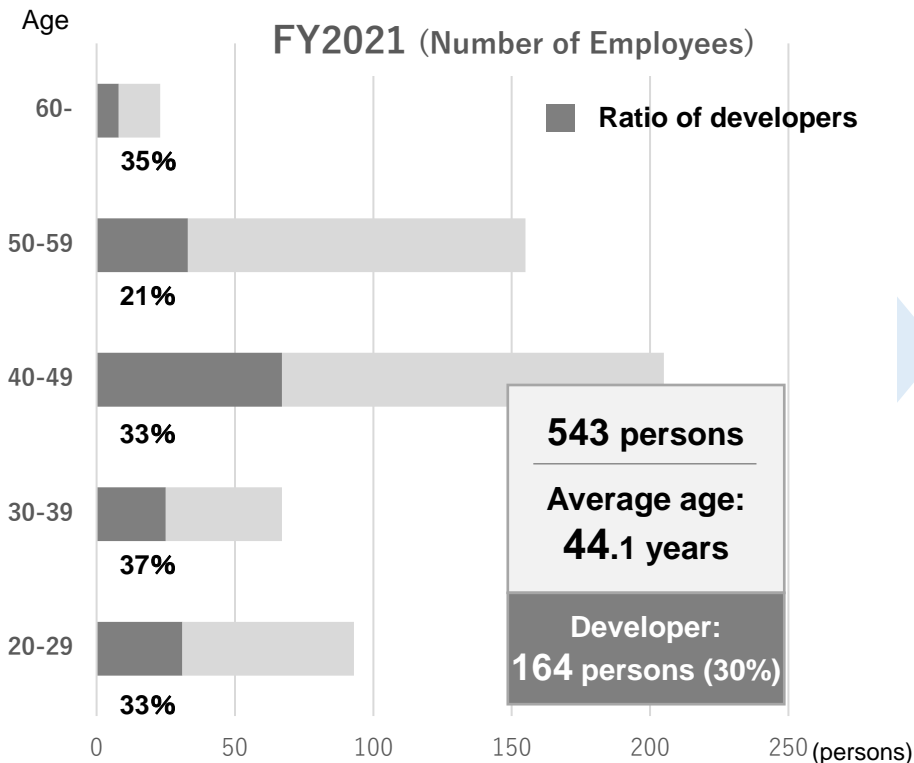
- Develop professional human resources
- Develop human resources who respect and accept diverse values
- Continuation of telework system

- Support for work toward mandatory two days off per week in the construction industry
- Promotion of residential solar power generation
- Public-private partnerships, open innovation, regional revitalization

Other Investments

■ Other Investments

- We will make investments in growth as part of our cash allocation philosophy (capital expenditures, M&A quota setting).
- We will invest in human resources for innovative challenges and business sustainability.
- We are permitting about 5% of profit level as R&D investment to lead business expansion.

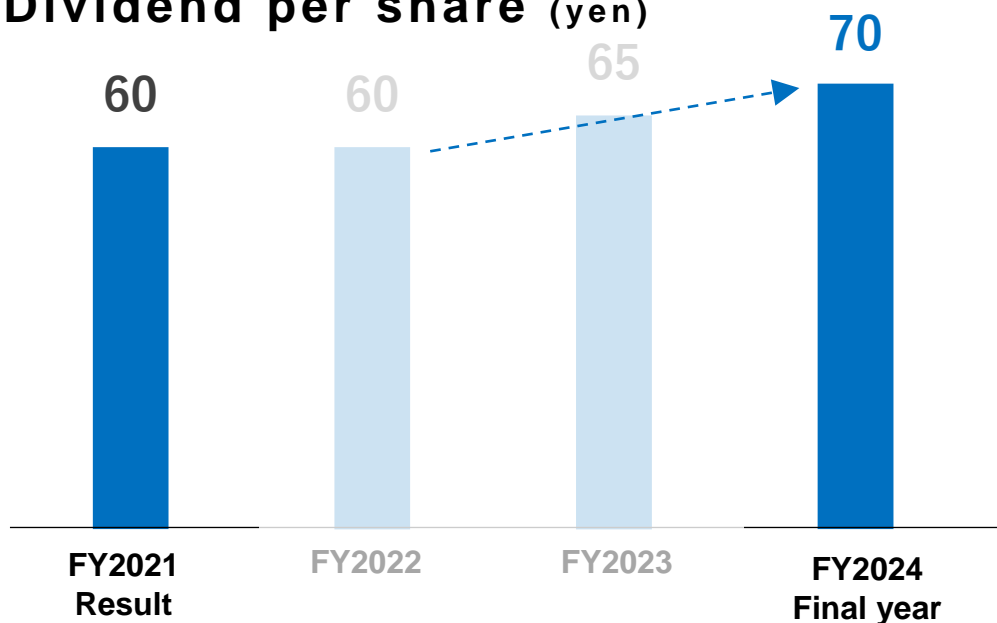


Shareholder Return Policy

■ Shareholder Return Policy

- Our basic policy on profit distribution is “to pay stable and continuous dividends with emphasis on returning profits to shareholders.”
- We aim to increase dividends by 5 yen per year to 70 yen in the final year.

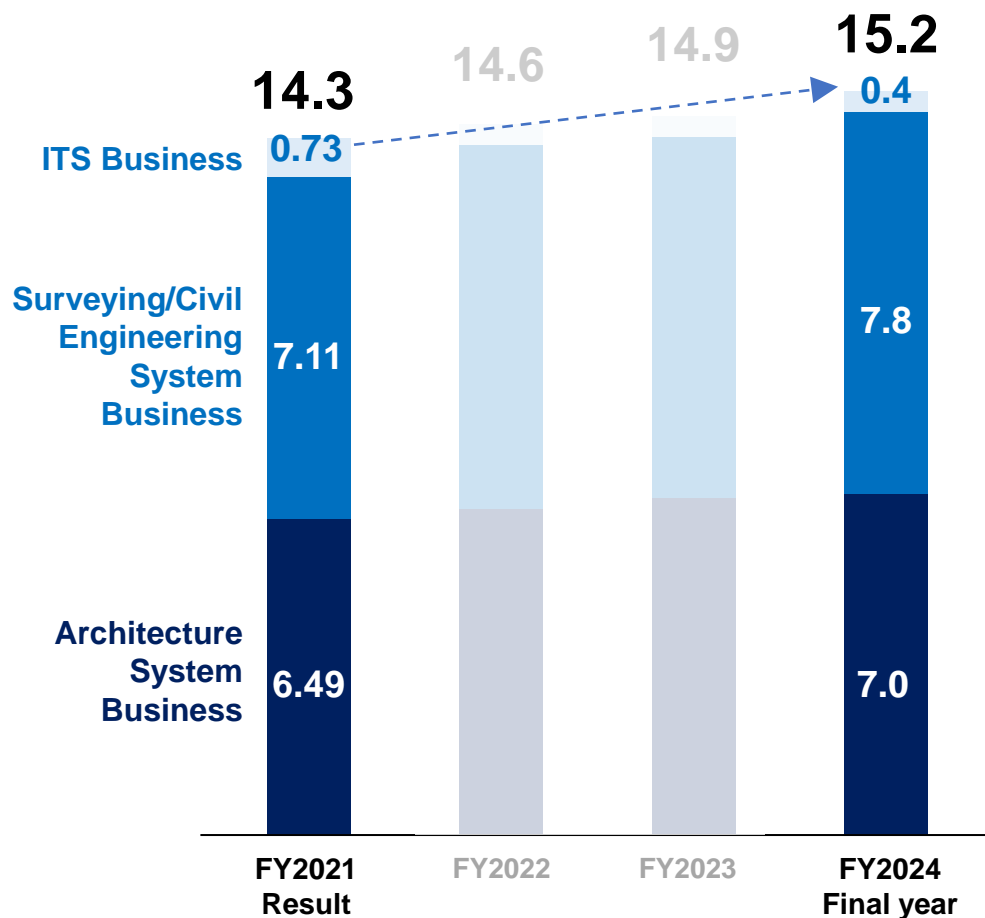
■ Dividend per share (yen)



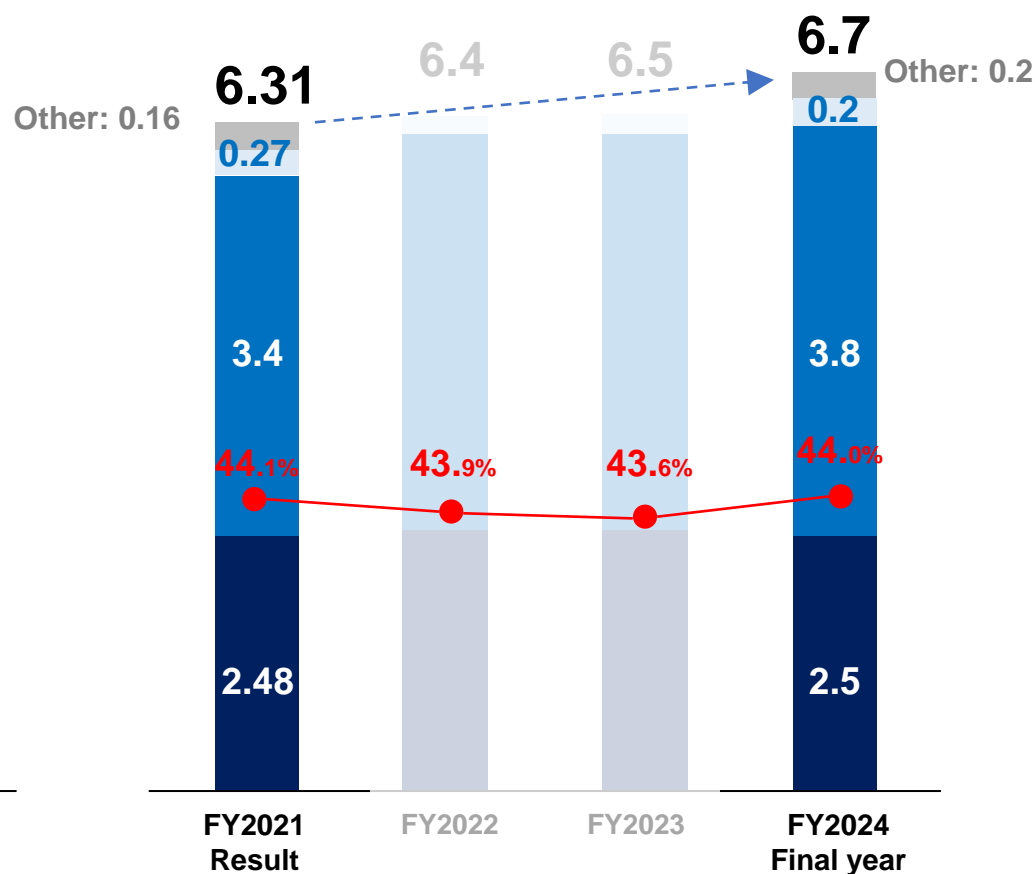
APPENDIX

Quantitative Goals (by segment)

■ Net sales (billion yen)



■ Operating income, operating margin (billion yen)



Priority Measures: Financial Strategy (1)

(Provision of Solutions)

House Construction

	Research	Design	Construction	Maintenance Management	Information Sharing
Engineering firms		◎ ARCHITREND ZERO Modelio	△ 現場Plus	—	△ 3Dカタログ.com TREND Net
Design offices		◎ ARCHITREND ZERO			△ 3Dカタログ.com TREND Net

Surveying and Civil Engineering

	Research	Design	Construction	Maintenance Management	Information Sharing
Government and municipal offices			○ 官公庁シリーズ	△ Project progress	—
Design consultants	—	△ TREND ROAD Designer	—	—	—
Construction companies		○ TREND-CORE	◎ TREND-POINT	—	△ CIMPHONY
Surveying companies	◎ TREND-ONE TREND-FIELD TREND-POINT			—	—

General Construction

	Research	Design	Construction	Maintenance Management	Information Sharing
Construction companies		△ GLOCOBE Architect	△ GLOCOBE Construction	—	—

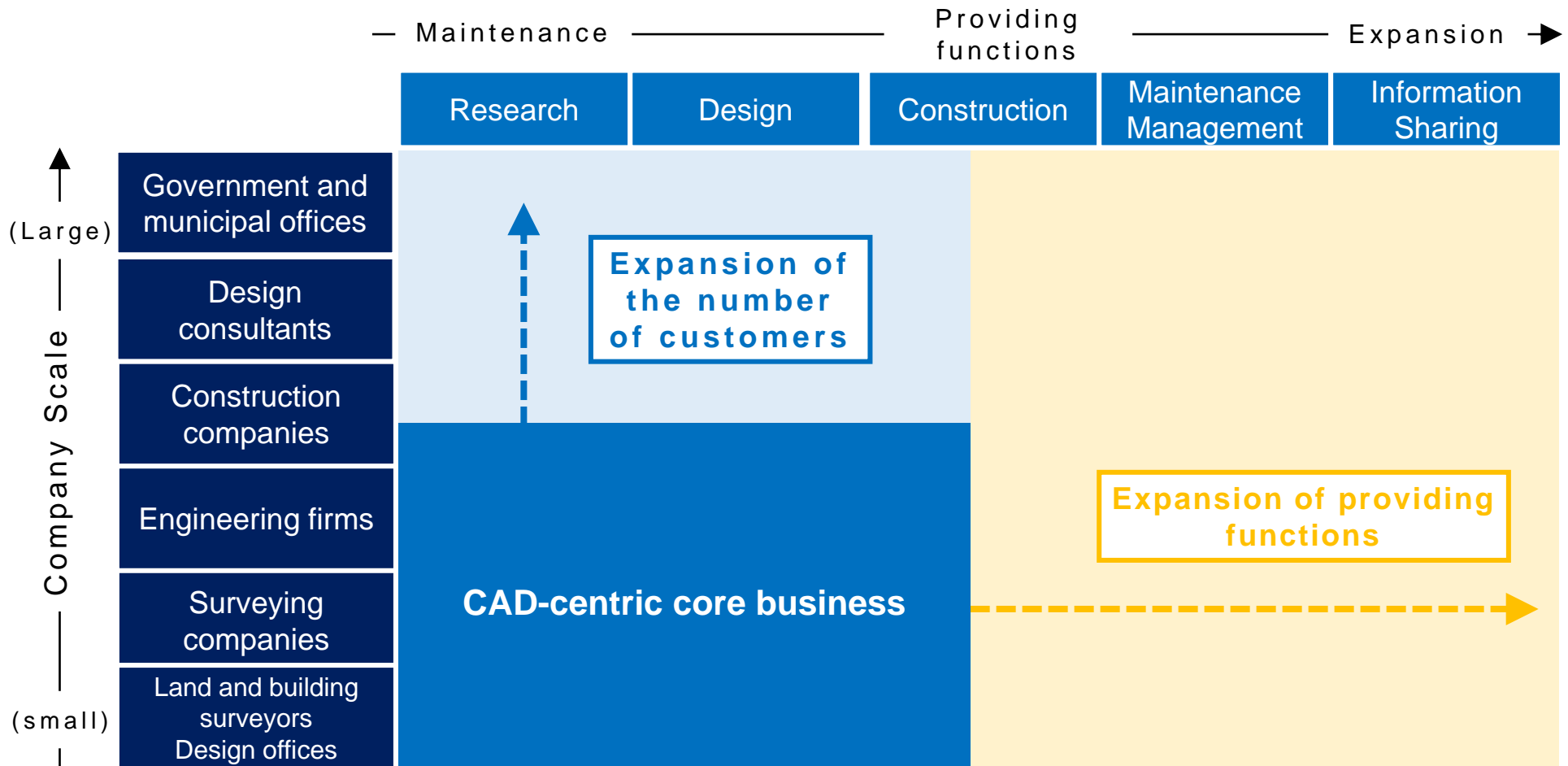
Market needs (high) → → (low)

Provision of solutions (many) ◎ → ○ → △ → — (Nil)

Priority Measures: Financial Strategy (1)

(Growth Vector)

Starting from our core business, we aim to strengthen our support for the industry by expanding the number of customers and providing functions.



Priority Measures: Financial Strategy (2) (Business Development and Track Records)

We continue transactions with 30,000 or more companies in the construction, surveying, and civil engineering segments, mainly in Japan.

	Target industries	Number of active companies	Cumulative number of companies	Business segment
House Construction	Engineering firms Design offices	12,500 companies	42,000 companies	Architecture System Business <ul style="list-style-type: none"> - Housing Business - Building Materials Business - BIM Business Surveying/Civil Engineering System Business <ul style="list-style-type: none"> - Surveying Business - Civil Engineering Business - Construction Infrastructure Business
General Construction	Construction companies (Construction)	900 companies	1,800 companies	
Surveying	Surveying companies Land and building surveyors	7,800 companies	21,000 companies	
Civil Engineering Construction	Government and municipal offices Construction companies (Civil engineering)	9,400 companies	18,000 companies	
		Total: 30,600 companies	Total: 82,000 companies	

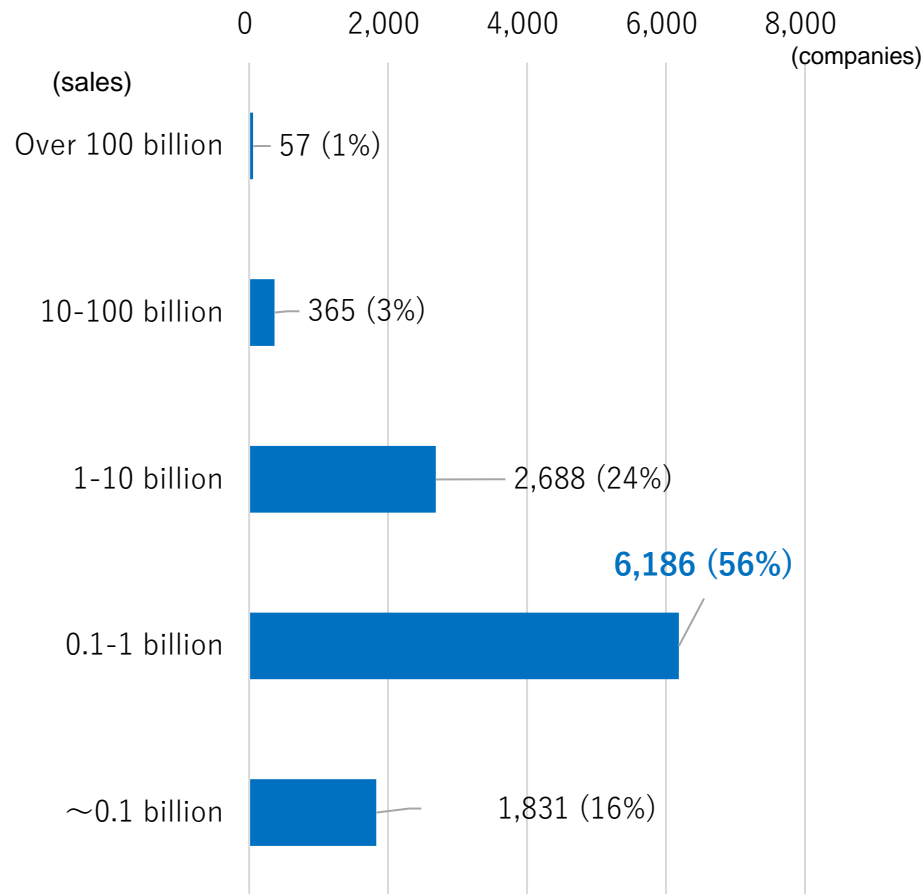
*Industries other than the above: approx. 3,000 companies

*As of April 2022

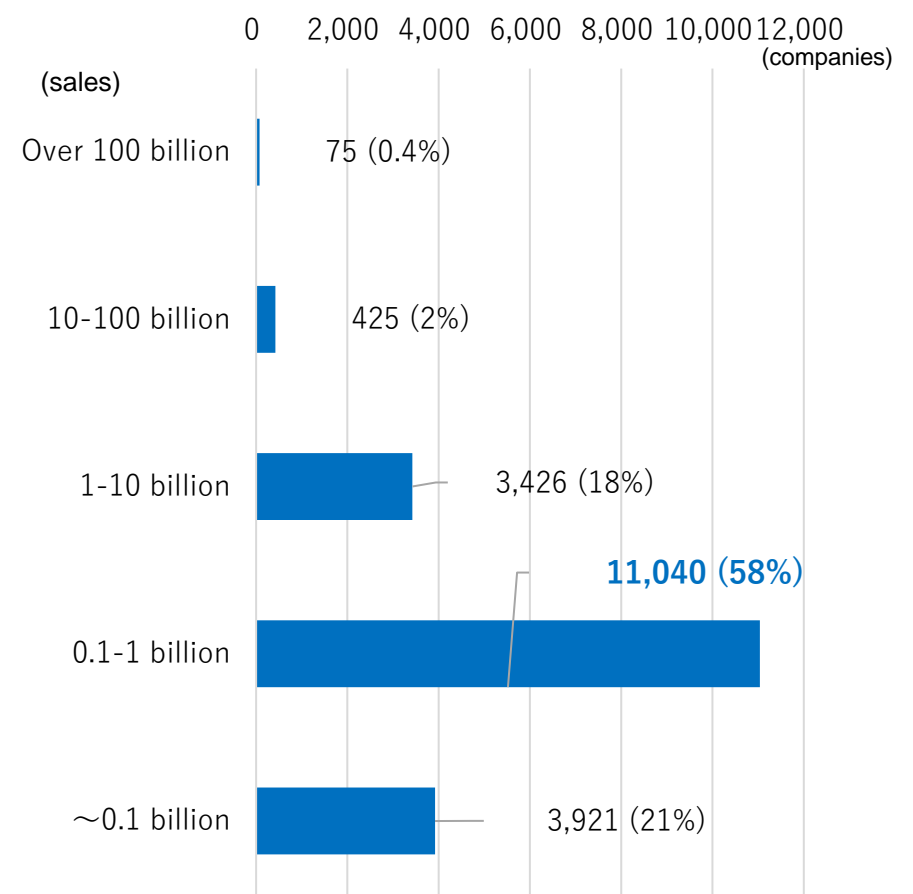
Priority Measures: Financial Strategy (2)

(Track Records by Company Size)

Construction
(By Company Sales, Track Records)



Surveying and Engineering
(By Company Sales, Track Records)



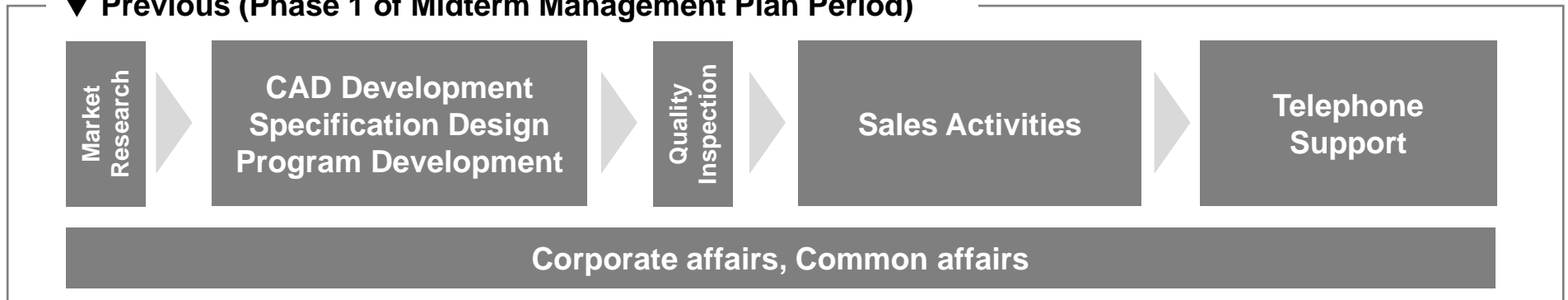
*Reference: Data from CIIC Construction Industry Information Center (as of April 2022)

Non-financial Strategy (Comparison with the Previous Figures)

■ Strengthen Human Resource Functions

- Reorganization of functions to enable sustained growth of existing businesses and development of new growth areas

▼ Previous (Phase 1 of Midterm Management Plan Period)



▼ Phase 2 of Midterm Management Plan Period

