

Netyear Group Corporation

3622

Tokyo Stock Exchange Growth Market

1-Jul.-2026

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Summary

New growth opportunities emerge in the digital marketing field through the utilization of generative AI

Netyear Group Corporation <3622> (hereafter, also “the Company”) has publicly declared its full commitment to generative AI both internally and externally and is strengthening efforts to maximize the effect of generative AI technology being utilized in its digital marketing support operations, which have thus far been centered on improving User/Customer Experience (UX/CX). The Company joined NTT DATA Corporation’s Group in March 2019. One of its growth strategies is to generate synergies by combining NTT DATA’s system development capabilities with the Company’s ability to support businesses using generative AI.

1. Overview of FY3/26 results

In FY3/26, results turned upward with net sales rising 8.7% year on year (YoY) to ¥3,672mn and operating income surging 301.6% to ¥331mn, marking the first increase in sales and profit in three fiscal years. Operating margin also improved significantly from 2.4% to 9.0%. Under the strong leadership of Ryuzo Hironaka, who became President & CEO in June 2024, the Company has seen results in order acquisition activities for digital marketing support services using generative AI technology and in initiatives to improve operational efficiency internally. Although sales to NTT Group clients continued to decline, sales to other major clients increased. In addition, the acquisition of three to four new clients with the potential to become major accounts in the future, as well as the receipt of new consulting projects from major clients, contributed to higher revenue. On the profit side, the main factors for increased profits were the reduction in outsourcing costs and the improved in-house production ratio, resulting in an improved cost of sales ratio (improved 4.0 percentage points (pp)), and a ¥45mn decrease in SG&A expenses due to operational efficiency gains from generative AI utilization and cost structure revisions.

2. FY3/27 forecasts

For FY3/27, the Company forecasts net sales of ¥4,100mn (up 11.6% YoY) and operating income of ¥350mn (up 5.5%). Net sales are targeted by expanding sales to major clients and winning new clients, centered on proposals for digital marketing support services that assume the use of generative AI—a growing demand from clients. On the profit side, as personnel investments such as hiring and training costs to strengthen the generative AI domain are expected to rise, the forecast is conservative with an anticipated single-digit increase in profit. In order to boost employee engagement, the Company is initiating human resources system reforms and actively promoting M&A and alliance strategies. The Company is considering as potential targets startups that use generative AI as their core technology. An example M&A strategy is to begin with collaborative projects, and if synergies seem likely, consider making equity investments. The Company has already started such collaborations with multiple firms.

Summary

3. Medium-term management plan

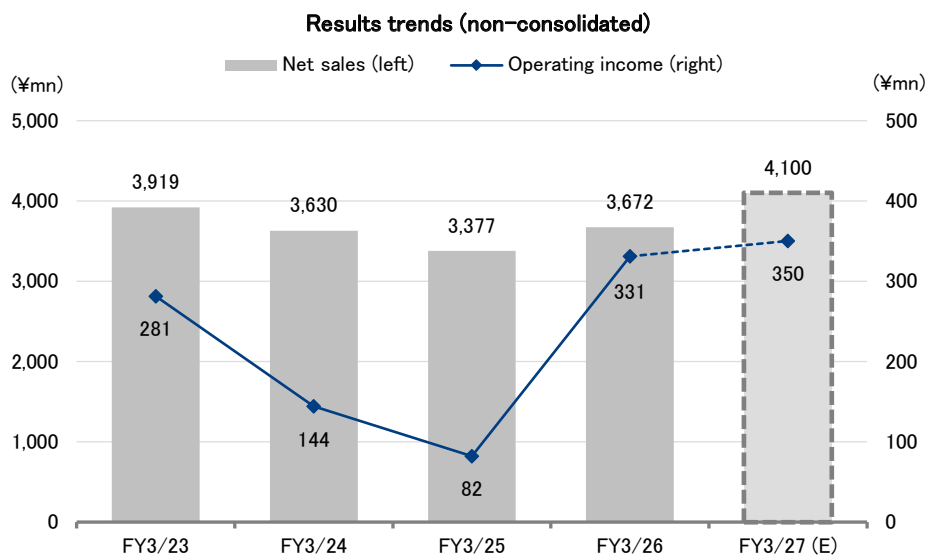
In its medium-term management plan announced in June 2025, the Company set a policy to pursue sustainable growth and improved profitability by viewing the spread of generative AI as a growth opportunity, working to enhance digital marketing support for client companies through generative AI, and improving internal operational efficiency with generative AI utilization. Over the past year, generative AI technology has advanced at a pace exceeding expectations, and even in the marketing field, measures premised on being ready for generative AI are increasingly being required. The Company sees these changes in market conditions as opportunities, and aims to further expand orders while proactively advancing its partner strategy, targeting net sales of ¥5.2bn and operating income of ¥0.52bn with a 10% operating margin in FY3/28. The Company will continue efforts to boost productivity, aiming for further improvement in operating margin.

4. Shareholder return policy

The dividend policy remains unchanged, aiming to stably return profits with a target dividend payout ratio of about 20%. The FY3/26 dividend per share was ¥7.0 (dividend payout ratio of 28.2%), up ¥1.0 YoY, due to a commemorative dividend paid following the change from the Tokyo Stock Exchange (TSE) Growth Market to the Standard Market in April 2026. For FY3/27, only an ordinary dividend is planned, also at ¥7.0 (20.2% dividend payout ratio). The Company will likely consider increasing the dividend if earnings growth causes the dividend payout ratio to fall below 20%.

Key Points

- Returning to sales and profit growth for the first time in three fiscal years in FY3/26 due to profit structure reform
- Expecting continued sales and profit growth in FY3/27, buoyed by rising demand for generative AI utilization
- Poised to enter a growth phase, leveraging the proliferation of generative AI



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

Business overview

Provides digital marketing support services and joined the NTT DATA Group in 2019

1. Company profile

The Company's vision is to "create the future society by utilizing generative AI. Everything starts from the user experience," and it develops Strategic Internet Professional Services (SIPS) that provide digital transformation (DX) and digital marketing support services for companies and public administration utilizing Internet technology. Specifically, the Company provides services such as planning digital marketing measures, designing to realize optimal UX/CX, developing owned media and apps, managing digital ads and SEO, selling, implementing, and supporting a range of marketing tools, supporting e-commerce (EC) development, and assisting with new business development. All of these services are characterized by their focus on supporting the growth of client companies.

The Company was established in 1999, listed its shares on the TSE Mothers Market in 2008, transferred to the Growth Market in April 2022 due to reorganization of the TSE market categories, and changed its listing to the Standard Market in April 2026. In March 2019, NTT DATA became the largest shareholder, owning 48.5% of the Company's shares. The number of employees at the end of FY3/26 was 188 (including temporary employees).

A major strength is the extensive track record of supporting client company growth over 27 years

2. Business description and strengths

The Company's business area is digital marketing which encompasses the entire customer journey, beginning with initial points of contact such as advertisements and social media, followed by owned media, EC sites, and apps, ultimately leading users to take action, such as making purchases. It then analyzes customer purchasing behavior to drive repeat visits and foster customer loyalty. These services are for clients such as companies and local governments, and propose and implement new digital marketing strategies to produce the outcomes that the clients want, including improved brand value, sales growth, and the promotion of business transformations.

The Company's strength lies in its 27 years of accumulated experience working alongside clients to develop measures that promote their growth. The Company has worked with over 1,000 clients in total, undertaking more than 2,800 projects a year. With a track record of addressing the diverse challenges faced by client companies across different industries and sectors—and solving those challenges in collaboration with them—the Company has established a competitive edge that is difficult for rivals to match. Going forward, by promoting the use of rapidly spreading generative AI, the Company will not only enhance the efficiency and quality of conventional projects, but also build new forms of company-user relationships involving AI agents and support the formulation of digital marketing strategies for client companies.

Business overview

3. Future communication model envisioned by the Company

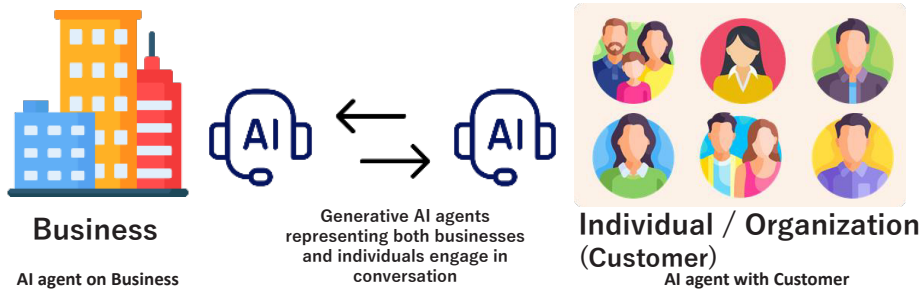
The Company is advocating the AI agent-Based Autonomous Communication (ABAC) model* as a future framework for marketing communications between companies and consumers. Specifically, the Company envisions a near future in which a world will emerge where generative AI agents acting on behalf of consumers and generative AI agents representing companies engage in direct conversations with one another to fulfill a wide range of consumer needs.

* AI agent-Based Autonomous Communication was trademarked in April 2026.

For example, suppose a consumer sees a polo shirt in a YouTube video before going to bed and asks their personal generative AI agent to find a similar item. While the consumer sleeps, their AI agent autonomously engages in conversations with the AI agents representing global apparel brands and shopping sites to locate a matching product. By morning, the polo shirt the customer was interested in might already be delivered to their doorstep. The Company anticipates such a future and has begun researching how to build the necessary technologies, systems, and databases to bring this vision to life.

ABAC model

AI agent-Based Autonomous Communication



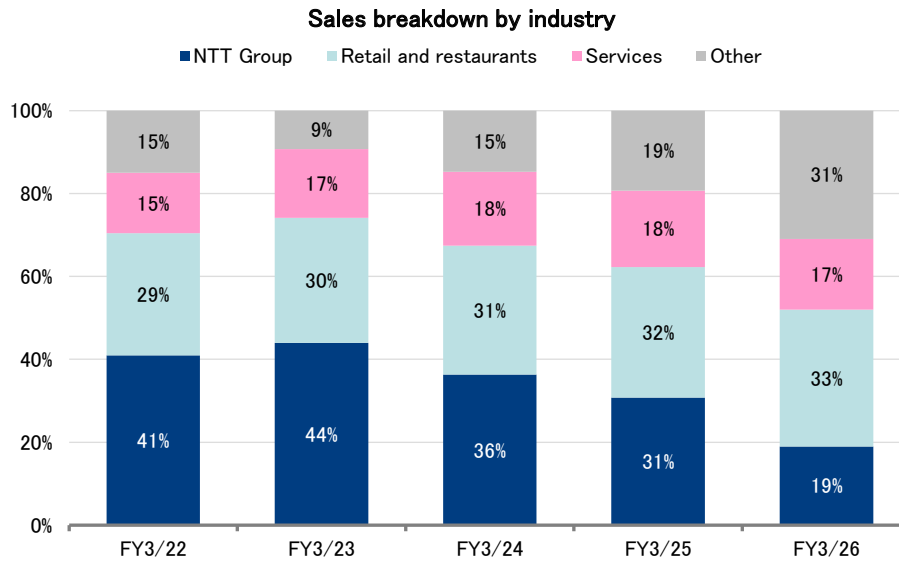
Source: "DESIGN FOR THE FUTURE," the Company's items related to business plans and growth potential

4. Collaboration with NTT DATA in the utilization of generative AI

While the Company is stepping up its focus on the generative AI field, its parent company NTT DATA entered into a strategic partnership with OpenAI, Inc. — a global leader in generative AI — in April 2025. As a member of the NTT DATA Group, the Company aims to further strengthen its competitiveness in the digital marketing market by fully leveraging the diverse generative AI-related capabilities held by the NTT DATA Group.

Looking at the breakdown of net sales by client segment for the five years through FY3/26, sales to the NTT Group—centered on NTT DATA—peaked at 44% in FY3/23, then declined to 19% in FY3/26. This was due to the downsizing and completion of certain large projects for major NTT Group clients. Meanwhile, the retail and restaurant sector remained stable at around 30%, the services sector at about 17%, and the share of other industries—mainly real estate—increased in the past two years. In terms of the sales breakdown by client for FY3/26, Starbucks Coffee Japan, Co., Ltd. was highest at 14.0%, followed by NTT DATA at 13.3%, and MOS FOOD SERVICES, INC. <8153> at 10.5%. The top three companies accounted for just under 40% of net sales. Many of the projects for NTT DATA involve collaboration in the telecommunications, finance, and public sectors. Due to the completion of large projects, the proportion dropped from a peak of 34.5% in FY3/23 and has continued to decline, but from FY3/27 onwards, the Company aims to raise the share back above 20% in the medium term by engaging in several new joint projects.

Business overview



Source: Prepared by FISCO from the Company's annual securities report; FY3/26 figures are based on interviews with the Company

Results trends

Returning to sales and profit growth for the first time in three fiscal years in FY3/26 due to profit structure reform

1. Overview of FY3/26 results

In FY3/26, net sales increased 8.7% YoY to ¥3,672mn, operating income rose 301.6% to ¥331mn, ordinary income increased 306.2% to ¥337mn, and net profit was ¥173mn (compared with a net loss of ¥33mn in the previous fiscal year), marking the first increase in sales and profit in three years. The strong performance was due both to tangible results from profit structure reforms implemented under the new management structure since the summer of 2024, and to promotion of sales activities aligned with customer needs, including announcing a full commitment to generative AI internally and externally in spring 2025, proposing not only digital marketing support services focused on improving UX/CX but also the use of generative AI technologies. Relative to the initial plan, both net sales and all profit measures exceeded targets. In addition, operating income and ordinary income also exceeded the revised plan announced in October 2025. Operating margin rose significantly from 2.4% to 9.0%, reaching the highest level since 10.4% in FY3/08. FISCO evaluates this as a shift to a highly profitable structure.

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Results trends

FY3/26 results

	FY3/25		FY3/26		YoY			
	Results	% of net sales	Initial forecast	Revised plan*1	Results	% of net sales	Change amount	Change (%)
Net sales	3,377	-	3,500	3,700	3,672	-	294	8.7%
Cost of sales	2,693	79.8%	-	-	2,784	75.8%	90	3.4%
Gross profit	683	20.2%	-	-	888	24.2%	204	29.8%
SG&A expenses	601	17.8%	-	-	556	15.1%	-45	-7.5%
Operating income	82	2.4%	100	250	331	9.0%	249	301.6%
Ordinary income	83	2.5%	100	250	337	9.2%	254	306.2%
Extraordinary income/losses	-90	-	-	-	-85	-	4	-
Net profit	-33	-1.0%	69	173	173	4.7%	207	-
Number of employees at the end of fiscal year*2 (persons)	208				188		-20	

*1 The revised plan was announced in October 2025.

*2 Including temporary employees

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

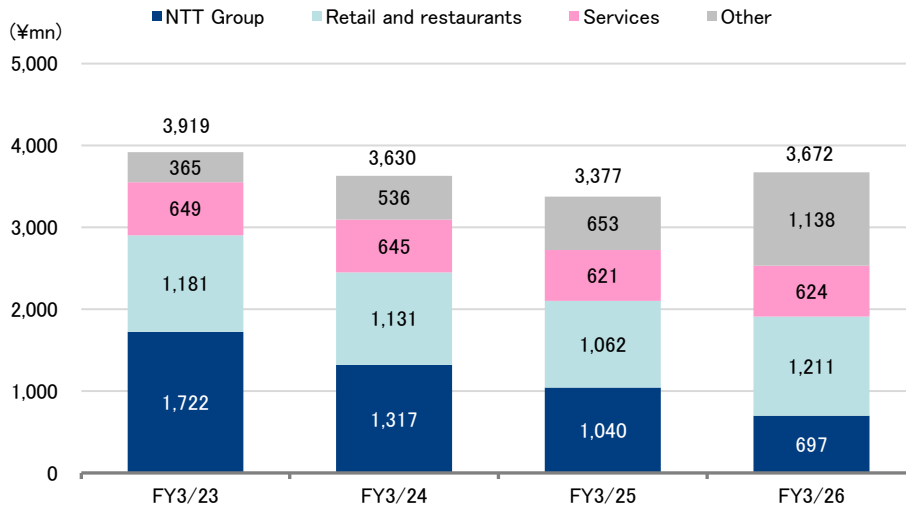
For net sales, revenue from NTT Group clients (centered on NTT DATA) remained on a declining trend, falling 30% YoY to around ¥700mn due to the completion of large projects. Revenue from the services sector was flat at about ¥600mn. In contrast, retail and restaurants sector sales grew 10% to about ¥1.2bn, mainly due to stronger sales to major clients such as Starbucks Coffee Japan and MOS FOOD SERVICES. Sales to other industries such as real estate also rose significantly—up 70% to about ¥1.1bn—driven by new client acquisitions. Full-funnel marketing*1 support projects, such as initiatives to build CRM system platforms focused on improving CX, performed well. In addition, demand increased for AI Optimization (AIO*2) measures to address the decline in corporate website visitors caused by the proliferation of zero-click searches. In the previous fiscal year, there were several cases where orders were lost because proposals did not meet customer requirements at the quotation stage. The Company analyzed such cases and worked to strengthen its value-added proposals, increasing its competitive win rate. Especially as generative AI technology has advanced faster than expected, since 2H, utilizing generative AI in proposals for marketing support has effectively become a requirement.

*1 Full-funnel marketing is an approach that comprehensively considers the entire processes in which consumers become aware of products and services, purchase them, and repeat the purchase (loyalty). It divides customer behavior into four stages: awareness, interest/attention, comparison/consideration, and action, and aims to maximize Lifetime Value (LTV) by implementing marketing measures suited for each stage.

*2 AIO stands for AI Optimization and refers to initiatives to optimize website content and presentation to make it more likely to be quoted or summarized by generative AI when it prepares answers.

Results trends

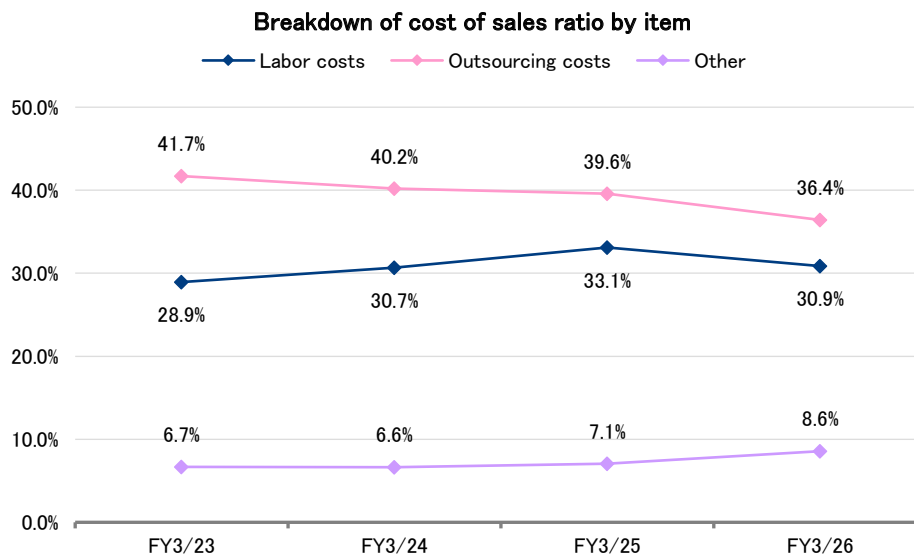
Breakdown of net sales by industry sector



Source: Prepared by FISCO from the Company's annual securities report; FY3/26 figures are based on interviews with the Company

The cost of sales ratio improved 4.0pp YoY to 75.8%. By strengthening project management, controlling outsourcing costs, and optimizing personnel assignments to improve utilization rates, the profitability per project improved. In recent years, even with restrained outsourcing costs, the labor cost ratio continued to rise, hindering cost improvements. However, in FY3/26, with a return to revenue growth, both outsourcing and labor cost ratios declined. The ratio of personnel-related expenses to net sales, including outsourcing and labor costs, fell 5.4pp to 67.3%, returning to the 60% range for the first time in four fiscal years. The Company considers there is further room to reduce the overall personnel expense ratio, including outsourcing costs, by winning higher value-added projects and upskilling employees. On a monetary basis, outsourcing costs were flat at ¥1,337mn, while labor costs increased 1.3% to ¥1,133mn. Meanwhile, the other expense ratio rose 1.5pp to 8.6%, mainly due to increased software usage fees and service charges. As the ratio of indirect personnel decreased, a higher proportion of company-wide costs such as software usage fees were allocated to the cost of sales.

Results trends



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

SG&A expenses decreased ¥45mn YoY to ¥556mn. The reduction in SG&A expenses resulted from decrease in personnel expenses due to increased operational efficiency through proactive utilization of generative AI tools and more flexible staffing through organizational restructuring. In addition, efforts to control various other expenses also contributed to the decrease in SG&A expenses. At fiscal year-end, the total number of employees (including temporary employees) fell 20 compared with the end of the previous fiscal year, to 188, as the Company streamlined indirect departments. In addition, ¥85mn in consulting fees for financial strategy planning aimed at enhancing corporate value over the medium to long term was recorded as an extraordinary loss. However, this expense is only temporary.

Financial condition remains sound due to debt-free management; cash on hand is allocated to growth investment and shareholder returns

2. Financial position and management indicators

At the end of FY3/26, the financial position showed that total assets increased ¥292mn YoY to ¥3,428mn. Among the main factors, in current assets, cash and deposits increased ¥59mn, while accounts receivable increased ¥208mn. In non-current assets, property, plant and equipment and intangible assets each decreased ¥2mn, while deferred tax assets increased ¥14mn and deposits and guarantee deposits increased ¥4mn.

Total liabilities increased ¥160mn from the previous fiscal year-end to ¥654mn. Income taxes payable and accrued consumption taxes increased ¥100mn, accounts payable ¥34mn, and accrued expenses ¥20mn. Total net assets increased ¥131mn to ¥2,773mn. Retained earnings increased due to net profit of ¥173mn and dividend payments of ¥41mn.

Results trends

Regarding management indicators, the equity ratio remained high at 80.9%, and with no interest-bearing debt and ¥2,247mn in cash and deposits—an adequate level relative to the scale of operations—the Company is considered to be in a sound financial position. It plans to use its cash on hand for growth investments, including M&A and alliances, as well as for shareholder returns. For M&A and alliances, the Company envisions targeting startup companies with generative AI as a core technology. As an example of M&A strategy, the process may begin with collaboration to assess potential synergies, then move to investment if positive, and ultimately proceed to consolidation as a subsidiary. The Company has already initiated collaborations with multiple companies. With the rapid progress of generative AI technology, the proactive pursuit of M&A and alliance strategies is likely to be a key driver of the Company's future growth, making upcoming developments worthy of close attention.

Balance sheets and management indicators

	End-FY3/23	End-FY3/24	End-FY3/25	End-FY3/26	Change
	(¥mn)				
Current assets	3,075	3,003	3,049	3,328	279
Cash and deposits	2,220	2,160	2,188	2,247	59
Non-current assets	101	185	86	99	13
Total assets	3,176	3,188	3,135	3,428	292
Current liabilities	520	464	488	649	161
Non-current liabilities	5	7	5	5	-0
Total liabilities	525	471	494	654	160
Interest-bearing debt	-	-	-	-	-
Total net assets	2,651	2,717	2,641	2,773	131
<Stability>					
Equity ratio	83.5%	85.2%	84.2%	80.9%	-3.3pp
Interest-bearing debt ratio	-	-	-	-	-
<Profitability>					
ROA	8.9%	4.5%	2.6%	10.3%	7.7pp
ROE	7.8%	4.0%	-1.3%	6.4%	7.7pp
Operating margin	7.2%	4.0%	2.4%	9.0%	6.6pp

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

■ Outlook

With the expansion of generative AI utilization needs as a tailwind, revenue and profit are expected to grow further in FY3/27

1. FY3/27 forecasts

For FY3/27, the Company expects net sales to rise 11.6% YoY to ¥4,100mn, operating income to increase 5.5% to ¥350mn, ordinary income to grow 5.2% to ¥355mn, and net profit to increase 39.8% to ¥243mn. Although uncertainty over the economic outlook is growing due to factors such as rising prices and ongoing turmoil in the Middle East, the rapid spread of generative AI is accelerating moves by BtoC companies to formulate digital marketing strategies on the premise of being ready for generative AI, and this is expected to create further opportunities for the Company to expand earnings.

Outlook

In fact, the number of consultations from client companies on generative AI themes is increasing, and the Company aims to win more orders by offering multiple solutions comprehensively, such as incorporating generative AI solutions into full-funnel marketing support. In addition, by co-creation with a diverse range of partner companies, the Company will promote the development of next-generation products and new services that combine digital technology with generative AI technology.

Net sales to major clients are expected to see double-digit growth, and business with NTT DATA—which has stagnated—aims to achieve the first increase in four fiscal years by securing collaborative projects related to generative AI. The Company will also continue to focus on developing new clients who could grow into key business partners in the future. On the profit side, securing and developing outstanding talent—the source of future growth—has been positioned as the most important issue, with efforts underway to strengthen recruitment activities and promote original training programs for developing digital talent. The plan is to hire around 20 mid-career recruits. Factoring in the increase in costs of these talent investments and temporary productivity declines as personnel are brought up to speed, the operating margin is conservatively forecast to be 8.5%, down from 9.0% in the previous fiscal year.

FY3/27 forecasts

(¥mn)

	FY3/26		FY3/27		
	Results	% of net sales	Forecast	% of net sales	YoY
Net sales	3,672	-	4,100	-	11.6%
Operating income	331	9.0%	350	8.5%	5.5%
Ordinary income	337	9.2%	355	8.7%	5.2%
Net profit	173	4.7%	243	5.9%	39.8%
Net profit per share (¥)	24.84		34.72		

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

As part of the partner strategy, in July 2025, the Company entered into a partnership agreement with Braze, Inc. (headquartered in the US), which provides the customer engagement platform Braze adopted by over 2,000 global companies. This was followed by an August agreement with US-based Amplitude, Inc., a leading company in digital analytics platforms, and a March 2026 partnership agreement with Adjust Japan K.K. (headquartered in Germany), a leading company in mobile app measurement, analytics, and ad fraud prevention. With consumer and corporate digital touchpoints rapidly shifting to mobile apps, enhancing UX via mobile apps has become a critical management issue for companies. Integrating these advanced tools enables more precise visualization of user behavior on mobile apps, and by further integrating data from other digital touchpoints (such as PCs), the Company can maximize the cost-effectiveness of digital marketing investments for client companies. In particular, data quality is highly important for success in AI-powered prediction and personalization. Since accurate measurement of inflow channel data is critical for subsequent analysis and AI utilization, the Company will meet client needs by making proposals premised on being ready for generative AI.

In February 2026, the Company also entered into a partnership agreement with Mastercard (headquartered in the US) regarding the business forecasting and analytics platform Test & Learn. This tool maximizes the cost-effectiveness by scientifically measuring the effect of small-scale tests of initiatives in real markets using machine learning algorithms, enabling confident decision-making before full-scale rollout. Specifically, it enables predictive analysis of product/service pricing, promotional initiatives, and store opening plans, and has been adopted by over 300 global companies worldwide. The Company serves a large number of clients in retail and restaurants and will focus on proposing implementations of this tool to such companies.

Riding the wave of generative AI adoption, the Company is entering a phase of growth in performance

2. Medium-term management plan

(1) Overview of the medium-term management plan

In June 2025, the Company announced a three-year medium-term management plan. Under the strong leadership of President and CEO Ryuzo Hironaka, who took office in June 2024, the Company announced its full commitment to maximum utilization of generative AI as an activity guideline. Over the next three years, the Company is working to achieve four initiatives: shifting target market to high-value-added domains and employees to high-value-added personnel, supporting corporate marketing with digital × AI, building a framework for stably achieving a 10% operating margin, and strengthening company branding in the market.

The sales strategy focuses on increasing the number of top-priority clients (annual transaction value of ¥500mn or more) by developing and fostering new clients eligible for this tier (annual transaction value of ¥100mn–¥500mn). For the long-tail group of client companies (annual transaction value under ¥100mn), the Company aims to improve profitability through the thorough use of generative AI. In addition, the Company aims to expand its collaboration with the NTT DATA Group, especially in consulting projects focused on generative AI utilization. In April 2025, NTT DATA Group announced a strategic partnership with OpenAI and began providing ChatGPT Enterprise as OpenAI’s first authorized distributor in Japan. The Company may have opportunities to participate in upcoming projects such as industry-specific AI agent development efforts.

As performance targets, the Company is aiming for net sales of ¥5.2bn, operating income of ¥520mn, and a 10% operating margin in FY3/28. The Company positioned FY3/26 as a turning point for utilizing generative AI in business operations, focusing on expanding orders and improving productivity. As already described, both net sales and operating income exceeded the initial plan, getting off to a solid start. For FY3/27, the sales target remains the same at the initial goal of ¥4.1bn, but the operating income target has been raised from ¥200mn to ¥350mn. Given that generative AI technology is advancing faster than expected, the Company plans to strengthen full-funnel marketing support based on the assumption of being ready for generative AI and to review the medium-to long-term management plan as needed. With a view to further enhancing the productivity of projects through in-house use of generative AI, the Company envisions expanding net sales to about double the current level with a workforce of around 200 employees, and improving the profit margin to well above 10% over the long term.

Business plan

	FY3/26		FY3/27		FY3/28
	Initial forecast	Results	Initial forecast	Latest forecast	Initial forecast
Net sales	3.50	3.67	4.10	4.10	5.20
Operating income	0.10	0.33	0.20	0.35	0.52
(margin)	2.9%	9.0%	4.9%	8.5%	10.0%

Note: Initial forecast is as announced in June 2025.

Source: Prepared by FISCO from the Company’s financial results and new medium-term management plan materials

Outlook

(2) Priority areas for generative AI**a) Transitioning existing clients' digital media to a generative AI-based format**

In terms of information search behavior on the Internet, browser searches were previously the mainstream, and companies implemented SEO measures for their digital media (own websites) in accordance with browser search algorithms. However, over the past one to two years, the shift to generative AI tools for search behavior has led to a decline in browser-search-based traffic. In response, demand is rising to convert digital media to formats compatible with AIO/LLMO measures. This presents an excellent opportunity for the Company, which has strong experience supporting many firms' digital media with UX/CX as a starting point, to expand orders.

b) Improving productivity both inside and outside the Company through the use of generative AI tools

The Company actively promotes productivity improvements by utilizing generative AI tools both internally and externally. The effects are already starting to be seen in improved cost ratios and reduced SG&A expenses, and further promotion of generative AI utilization is expected to continue boosting overall profitability. For external use, by leveraging generative AI technology in digital media development, the Company has managed to reduce personnel even while maintaining unit prices at nearly the same level as before. In addition, the Company has increased deployments of AI tools for night-time front desk operations in the hotel industry and for some call center work.

c) Focusing on developing AI agents for enterprises in the era of the ABAC model

The Company anticipates that corporate-client (including consumer) communication will be completed between AI agents on both sides in the near future, and refers to this as the ABAC model. As the first phase of service development for this new era, the Company is advancing the development of AI agents for the corporate side. Partnering with NTT DATA Group, which has a strategic alliance with OpenAI, is also expected to boost competitiveness over rivals.

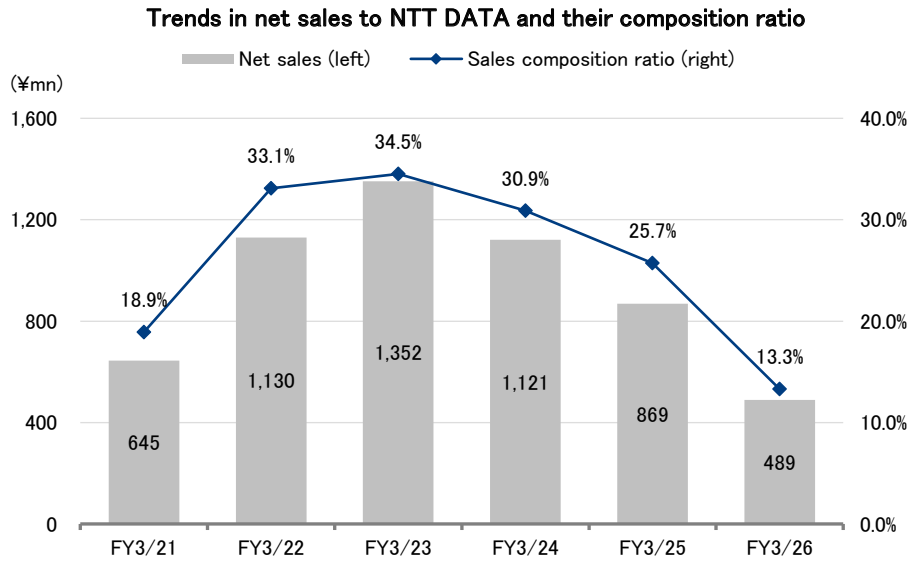
(3) Human resources strategy

Regarding the human resources strategy, the Company is strengthening both the development and recruitment of engineers in generative AI domains. For development, the Company is conducting internal reskilling. For mid-career recruiting, the Company is narrowing down recruitment agencies and increasing incentives to attract top talent. To further enhance recruiting power, the Company is also actively promoting case studies involving generative AI and raising awareness by giving presentations at conferences and similar events, thereby strengthening its brand presence in the generative AI field. The Company is also taking a medium- to long-term perspective to identify key personnel who will drive the business, strategically secure and develop them, and is launching human resources system reforms to maximize their performance. Although the specific launch schedule for the new systems has not been determined, the Company aims to start operations as soon as possible. While recruitment up to now has been limited to mid-career hires, the Company is also considering the introduction of new graduate hiring in the future. As generative AI engineers are in high demand and limited in supply, hiring and training new graduates has become a viable option.

(4) Collaborating with the NTT DATA Group

Since forming a capital and business alliance with NTT DATA, the Company has leveraged NTT DATA's customer base and technological capabilities to achieve tangible results in project expansion and new client acquisition. Recently, however, revenue has been on a downward trend due to the downsizing or conclusion of certain projects, and in FY3/26, NTT DATA's share of sales fell to 13.3%, less than half of the 34.5% peak in FY3/23. However, from FY3/27 onward, the Company aims to handle more collaborative projects and raise the sales composition ratio to over 20% in the medium term.

Outlook



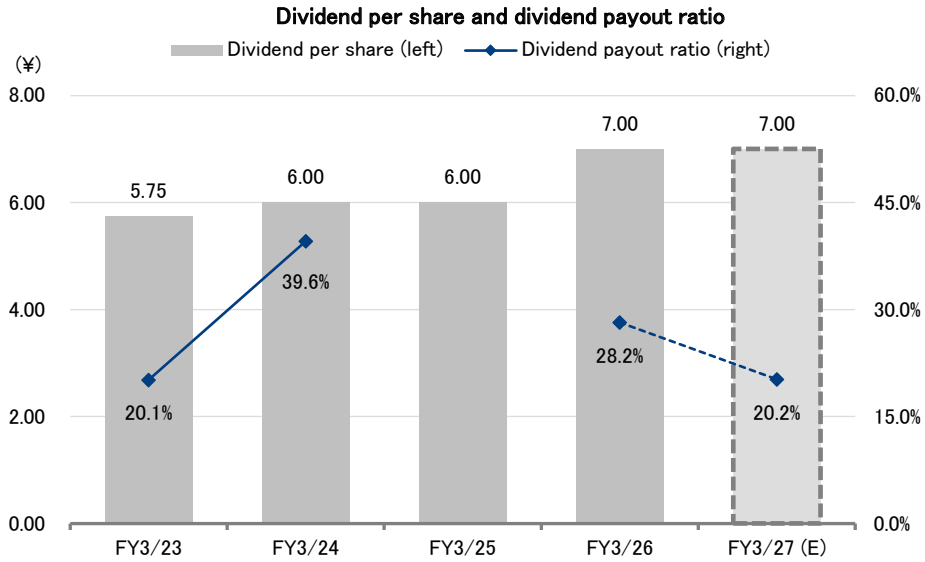
Source: Prepared by FISCO from the Company's financial results

Shareholder return policy

Stably and continuously pay dividends with a target dividend payout ratio of approximately 20%

The Company pays dividends as a measure to return profits to shareholders. Regarding the dividend policy, since FY3/23, the Company has adopted a basic policy of stably and continuously paying dividends with a target dividend payout ratio of approximately 20%. For FY3/26, the Company announced a commemorative dividend of ¥1.0 per share for its listing on the Tokyo Stock Exchange Standard Market, bringing the total dividend per share to ¥7.0 (dividend payout ratio: 28.2%), an increase of ¥1.0 YoY. Although the commemorative dividend will no longer apply in FY3/27, the regular dividend is scheduled to be ¥7.0 per share (dividend payout ratio: 20.2%). The Company will likely consider increasing the dividend if the dividend payout ratio were to drop below 20%. The quantitative standard will be reviewed as appropriate going forward, comprehensively taking into account future changes in the external environment, financial condition, business development, and other factors.

Shareholder return policy



Note: The FY3/26 dividend includes a commemorative dividend of ¥1.0.
 Source: Prepared by FISCO from the Company's financial results and Company's releases



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