ROBOT PAYMENT Inc.

4374

Tokyo Stock Exchange Growth Market

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Contents

Summary

Maintains double-digit sales and profit, driven by Subscription Pay and Billing Management Robo

ROBOT PAYMENT Inc. <4374> (hereafter, also "the Company") is developing Subscription Pay, an online payment service focused on subscription business, and Billing Management Robo, which automates billing management tasks (issuing bills, payment, payment reconciliation, receivables management), as its mainstay services. Recurring revenue generated by ongoing income such as system usage fees and pay-per-use revenue accounts for around 98% of all its revenue, and it is maintaining sustainable growth due to growth in the number of customers and increases in the sales unit price per customer. In September 2021, its shares were listed on the Tokyo Stock Exchange Mothers Market (now the Tokyo Stock Exchange Growth Market).

1. Overview of 1H FY12/25 results

In the 1H FY12/25 (January to June 2025) results, there was double-digit growth in both sales and profit, with net sales rising 19.6% year on year (YoY) to ¥1,561mn and operating profit going up 65.6% to ¥384mn. Spurred by the growth of the subscription business market, acquisition of new customers and billings for existing customers increased steadily for Subscription Pay. Billing Management Robo also made progress in acquiring new customers amid the growing need to digitize and save bills due to companies increasing the efficiency of back office tasks, the start of the Qualified Invoice System, and so forth. As of June 30, 2025, the number of customer accounts had grown 4.9% YoY to 8,661 for Subscription Pay and 6.1% to 970 for Billing Management Robo, while the customer unit price had risen 13.3% to ¥18,511 for Subscription Pay and 12.0% to ¥104,850 for Billing Management Robo. All of these figures are record highs, and the overall ARR* increased 19.6% to ¥3,164mn.

* ARR stands for Annual Recurring Revenue. It is calculated by multiplying the monthly recurring revenue in June 2025 by 12.

2. FY12/25 forecasts

The Company has upwardly revised its projected FY12/25 results from the initial forecasts (net sales: ¥3,150mn, operating profit: ¥611mn) as follows: net sales is projected to increase 15.9% YoY to ¥3,200mn and operating profit to rise 42.8% to ¥685mn. This reflects the fact that acquisition of new customers is progressing steadily, the customer unit price is growing at a faster pace than anticipated due to increased activity by existing customers, and price revisions were implemented starting in July 2025. The price revisions are a factor in the expected sales and profit growth of around ¥40mn. The progress rate toward the full-year forecasts in 1H was 48.8% for net sales and 56.1% for operating profit. Compared to the results in the most recent two fiscal years (net sales: 46.9%, operating profit: 47.3%)*, the forecasts are somewhat conservative. In 2H, the Company expects increases in labor costs and development costs, but unless there is a significant change in the market environment, we at FISCO consider it highly likely that both net sales and operating profit will exceed expectations.

* This was calculated by dividing the total of the 1H results for FY12/23 and FY12/24 by the full-year results.

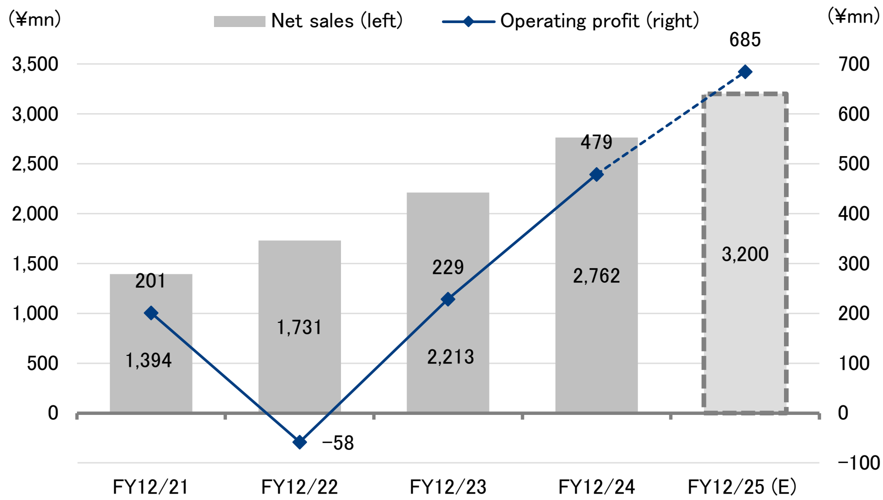
3. Long-term management strategy and shareholder return policy

On October 10, 2025, the Company announced its long-term management strategy. Since 2023, it had pursued profit-focused management, and it had become clear that the net sales growth rate was slowing down, which is an issue. To overcome this situation, the Company's strategy is to carry out growth investment by establishing clear criteria for such investment and accelerate net sales growth while maintaining profit growth. Based on the previous year's operating cash flow amount, it will implement growth investment by establishing capital allocation criteria for business investment, shareholder returns, and M&A / CVC (corporate venture capital) funds. If it were to maintain its previous investment policy, the net sales growth rate would be expected to slow to the 6% level in ten years. However, by implementing the new investment policy, it will maintain the growth rate at around the 15% range in the near term and anticipates reaching the 20% level by 2035. Based on this strategy, the results in FY12/35 are expected to be net sales of ¥15.0bn and operating profit of ¥2.4bn, both of which are about five times the FY12/24 results (not including the effect of M&A deals). Based on an ongoing dividend increase policy for shareholder returns, the Company plans to raise the dividend per share by ¥7.0 YoY to ¥22.0 in FY12/25. Furthermore, to mark the 25th anniversary of its founding in October 2025, it has announced that it will introduce a commemorative shareholder benefit. It will provide a digital gift worth ¥3,000 to all shareholders who hold at least 100 shares as of March 31, 2026. It seems that it will also consider shareholder returns for shareholders who continuously hold shares in the future.

Key Points

- IT company founded in 2000. Growth based on Subscription Pay and Billing Management Robo
- In 1H FY12/25 results, maintained high growth, including double-digit increase in sales and profit
- Formulated long-term management strategy aimed at accelerating net sales growth while maintaining profit growth
- Basic policy is to issue ongoing dividend increases. Announced implementation of commemorative shareholder benefit to mark 25th anniversary of founding

Results trends



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

Company profile

IT company founded in 2000. Growth based on Subscription Pay and Billing Management Robo

1. History

The Company was founded in October 2000 as the Japanese subsidiary of a US IT firm for the purpose of providing online payment services. At that time, the e-commerce market was just starting to take off, but GMO Payment Gateway, Inc. <3769> and DG Financial Technology, Inc. (then known as VeriTrans, Inc.), which is a subsidiary of Digital Garage, Inc. <4819>, had already entered the market as online payment service providers and established themselves to a certain extent. The Company had decided to develop a specialized product for e-commerce operators that provides subscription services such as flat-rate billing and to enter the e-commerce market with it. It invited engineers from the US head office, developed a product that became the prototype for Subscription Pay using agile development techniques, and began service provision in May 2001. Differentiating itself from rival services by enhancing the functions required for subscription services (price plan modification, setting of billing timing, etc.), it gradually gained visibility as a user-friendly system and acquired customers. Due to the pandemic in 2020, the market for online education services, gyms, yoga classes, etc. grew in particular, and the rate of the Company's growth accelerated as its target customers expanded to include self-employed people and the like.

Meanwhile, in order to develop a second pillar in the form of a new service expected to drive synergy with Subscription Pay, the Company developed a billing and receivables management system, Keiri no Mikata (now Billing Management Robo) and began service provision in August 2014. The service mainly targets BtoB businesses which issue 100 or more bills per month. It provides end-to-end automation of monthly billing management tasks, from issuing bills to payment (collection), payment reconciliation, and receivables management. It has gradually acquired customers as a service that supports improving the efficiency of back office management tasks. Since 2020, use of this service has also become more widespread as companies are more actively investing in DX, and demand grew further with the introduction of the Qualified Invoice System in 2023, which made electronic storage of bills mandatory.

The Company has established Subscription Pay and Billing Management Robo as its mainstay services and is engaged in expanding its business while enhancing peripheral services expected to create synergies with them. In September 2021, its shares were listed on the Tokyo Stock Exchange Mothers Market (now the Tokyo Stock Exchange Growth Market), and by working to improve its corporate value in the future, it ultimately intends to achieve listing on the Prime Market.

History

Month Year	Main events
October 2000	Founded as Ginix Japan, Inc. for the purpose of providing online payment services
May 2001	Started providing online payment services
December 2003	Changed company name to J-Payment Inc.
January 2004	Started in-store credit card terminal payment service
November 2010	Started direct debit service
August 2014	Started Keiri no Mikata (now Billing Management Robo) recurring billing management cloud service
September 2014	Changed company name to Cloud Payment, Inc.
September 2017	Changed company name to ROBOT PAYMENT Inc.
March 2019	Started provision of Billing Marunage Robo
September 2021	Shares listed on Tokyo Stock Exchange Mothers Market (now Tokyo Stock Exchange Growth Market)
January 2022	Changed name of online payment service to Subscription Pay
September 2022	Started provision of Subscription Pay Professional
October 2022	Started provision of 1Click Postpay
November 2022	Started provision of Billing Management Robo for Enterprise
September 2024	Started provision of Factoring Robo for SaaS
November 2024	Started provision of Subscription Pay Invoice Edition
December 2024	Started provision of 1Click Early Payment

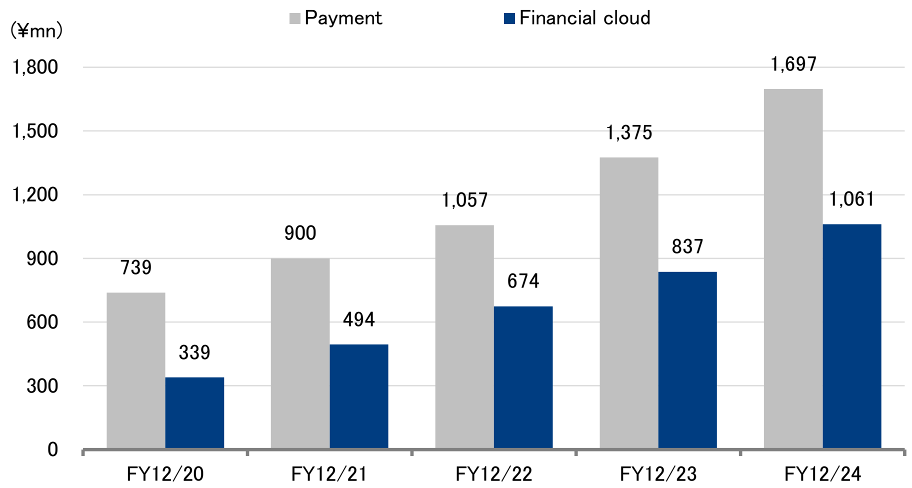
Source: Prepared by FISCO from the Company's financial securities reports

Maintains double-digit growth due to customer expansion and customer unit price increases in a business with high entry barriers

2. Business description

The Company's business segments consist of the payment business, with Subscription Pay as its mainstay service, and financial cloud business, with Billing Management Robo as its mainstay service. Looking at results trends since FY12/20 net sales in both businesses have been growing at a double-digit rate each year, with an average annual growth rate of 23.1% for the payment business and 33.0% for the financial cloud business. Factors in maintaining stable, high growth include the following: there is a large potential market in both fields, the Company is steadily acquiring customers, and, in the context of a business model with high entry barriers, the proportion of recurring revenue such as fixed usage fees and pay-per-use revenue is high, providing the Company with a stable revenue base. Furthermore, along with growth of the customer base, steady increases in the customer unit price (fixed usage fees and pay-per-use revenue) are supporting revenue growth. This is because the mechanism is designed so that payment volumes, number of processed payments, billing amount, number of bills, etc., which have an impact on pay-per-use revenue, increase in tandem with client companies' growth.

Net sales by business segment



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

Fee structure

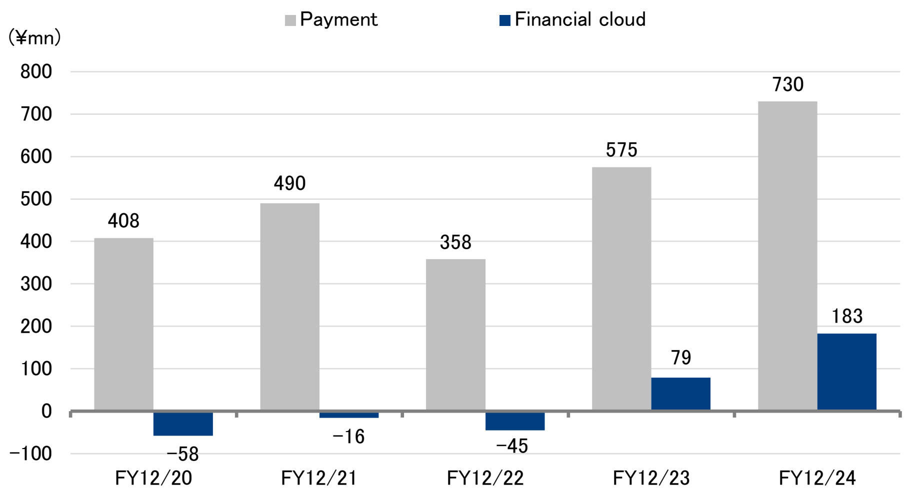
Subscription Pay

	Subscription Pay	Fees, commission rate	Billing Management Robo	Fees, commission rate
Fixed-rate fees	System usage fees, optional fees, ID billing based on number of users	From ¥8,000/ month	System usage fees, optional fees, ID billing based on number of users	From ¥59,000/month
Pay-per-use	Commission based on payment volume (spread)	From 2.65%	Payment revenue based on billing amount	Spread fee
	Commission based on number of payment transactions (fee)	¥5/payment	Storage based on number of bills, commission based on the outsourced receivables amount	From 2% of the billing receivables amount for each 100 bills
Factors in improving customer unit price	As payment volume/number of payment transactions increases, pay-per-use revenue increases		As Billing Marunage Robo receivables amount and Billing Management Robo billing amount/number of bills increases, pay-per-use revenue increases	

Source: Prepared by FISCO from the Company's results briefing materials

Meanwhile, looking at segment profit, the payment business has grown in a stable manner except in FY12/22, when profit declined due to a significant increase in personnel (up 24 YoY to 43 people). The profit margin in FY12/24 was 43.0%, which is a high level. Meanwhile, the financial cloud business continued to operate at a loss until FY12/22, but it became profitable in FY12/23 and profit has been trending upward since then. However, the profit margin in FY12/24 was 17.3%, which was low compared to the payment business. The recurring revenue proportion is around 98% for both businesses. Pay-per-use billing, which has few associated costs, accounts for over 50% of revenue for Subscription Pay, whereas it is relatively low, at under 20%, for Billing Management Robo, and the number of personnel in each business division is the same at 53. The high labor cost ratio may therefore be seen as a factor in the latter's lower profit margin. Since Billing Management Robo revamps companies' billing-related task workflow, stable system operation is required, and consultants provide accompaniment and support for around three months following its introduction. While this is labor-intensive, it makes it difficult to replace the product with another system once it is operational, leading to a low churn rate (0.74% in 1H FY12/25).

Profit by business segment



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

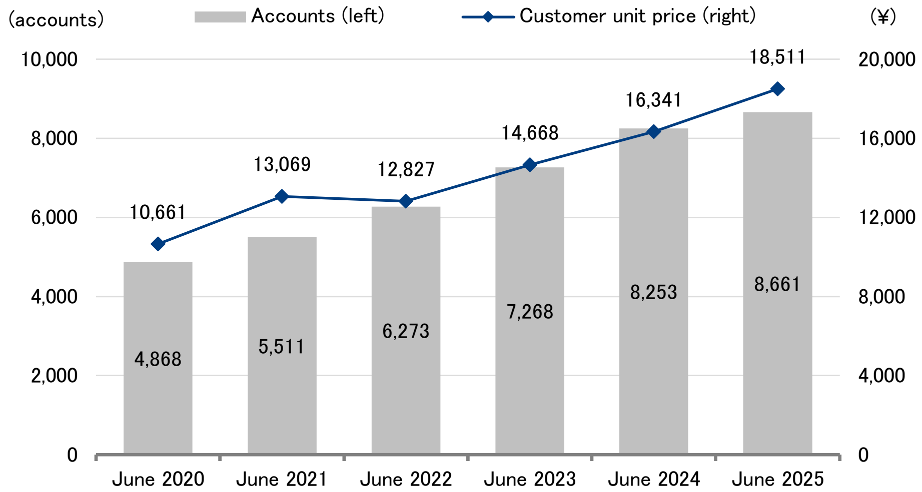
(1) Payment business

In the payment business, the Company provides Subscription Pay, a payment service mainly for operators who conduct online sales, etc. to consumers and operators who conduct BtoB business. The Company provides centralized handling of contract procedures and payment information integration with various payment providers such as financial institutions and card companies instead of merchants (customers). Customers can use a range of payment methods, including credit card payments, convenience store payments, direct debit, and bank transfers, without having to devote effort and time to these processes. The service includes functions that allow the flexible billing settings (including optional settings and modifications for billing cycles, contract periods, billing dates, free trial periods, etc.) required for subscription businesses, and the UI/UX, which is designed so that these setting operations are easy to perform, is an advantage. Based on this, the service is able to considerably reduce the payment-related task burden for customers. Furthermore, it includes customer management functions that make it possible to implement measures to maximize LTV, such as preventing churn and promoting repeat business by members who use customers' services. The fee structure includes fixed monthly system usage fees and optional fees, as well as payment commission based on payment volume (from 2.65%) and commission based on the number of payment transactions (¥5/transaction), which serve as pay-per-use billing. The Company has established a mechanism that increases its sales based on expansion of its customers' business.

Looking at KPIs as of June 2025, there were 8,661 customer accounts, the customer unit price*1 was ¥18,511, and the churn rate*2 was 0.44%. In the customer unit price, monthly fixed fees were around ¥9,000. The standard fee, which allows use of credit card payment functions, is around ¥12,000 to ¥13,000, but a plan that allows direct debit from bank accounts only is around ¥3,000 to ¥4,000. As of June 2020, there were 4,868 customer accounts and the customer unit price was ¥10,661, so both are rising steadily.

*1 Monthly recurring revenue per account (figure obtained by subtracting initial costs from monthly net sales)
*2 The churn rate is calculated based on the monetary amount. It is the average of "recurring revenue generated from customers who cancelled contracts in a given month / recurring revenue for all customers in the previous month" for each month from April to June 2025.

Subscription Pay KPIs



Source: Prepared by FISCO from the Company's results briefing materials

While there are several competing services specializing in subscription businesses, the Company has an excellent reputation among customers for the comprehensiveness of its functions, stability, operability, support system, etc., making Subscription Pay the product with the highest share of the subscription business management market. The churn rate is low at 0.4% to 0.5%, and the reasons for churn are mostly customer-dependent, such as customers discontinuing services. The high entry barriers are another reason why the Company is able to maintain high profitability. In particular, it is very difficult to enter into master merchant agreements with credit card companies. To sign a contract, there are essential requirements such as system connectivity with various payment providers (establishing a gateway system), round-the-clock system maintenance, security measures, stable operating structure, and compliance with laws and industry rules. Normally, it takes around three to five years.

The customer mix by sector is as follows, starting from the top: schools and e-learning (11.7%), unions and associations (8.7%), fundraising and donations (8.3%), events and conferences (6.3%), and gyms (5.7%). The service is also used in sectors that provide subscription services, such as merchandise sales of various kinds, real estate leasing, and media. Since the business is not skewed toward a specific type of sector or customer, it is resistant to the impact of economic volatility, which is a factor contributing to the realization of sustainable growth.

In terms of other services, the Company provides Subscription Pay Professional, which offers more advanced customer analysis than Subscription Pay, features an action recommendation function, and enables integration of customer data. Furthermore, the Company has expanded its payment-related services: for instance, in 2022, it launched 1Click Postpay, a service that enables payment of bills in BtoB transactions to be deferred by up to 60 days using card payment, and in December 2024, it launched 1Click Early Payment, a service that enables accounts receivable to be collected in as little as three business days.

(2) Financial cloud business

In the financial cloud business, the mainstay service is Billing Management Robo, a cloud service that provides end-to-end automation and streamlining of day-to-day billing management tasks, from issuing and sending invoices to collection, payment reconciliation, and receivables management. In addition, the Company offers Billing Marunage Robo, which fully outsources billing management tasks and guarantees accounts receivable, and in September 2024, it also launched Factoring Robo for SaaS*, which supports cash management for SaaS providers.

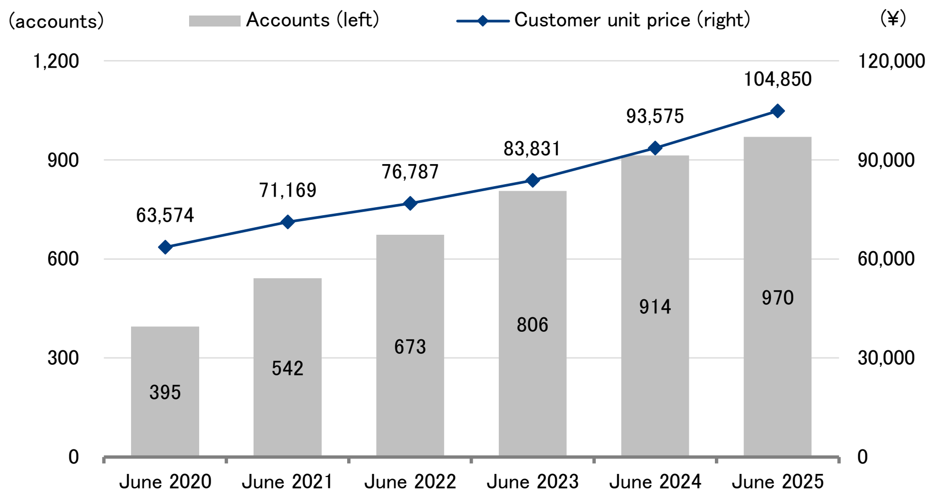
* This service enables SaaS providers to collect up to one year's worth of SaaS usage fees to be billed on a monthly basis in as little as five business days and monetize them. All billing tasks, including screening, issuing and sending bills, payment reconciliation, and reminders, are outsourced, and 100% of accounts receivable are guaranteed.

By introducing Billing Management Robo, customers can significantly reduce the billing-related task burden. The fee structure includes fixed monthly system usage fees and optional fees, as well as setting payment revenue based on the billing amount, commission fees based on the number of bills (invoiced per hundred bills), and commission fees based on the outsourced receivables amount (from 2% of the receivables amount) as pay-per-use billing. The mechanism increases the Company's sales based on expansion of its customers' business.

Looking at KPIs as of June 2025, there were 970 customer accounts, the customer unit price was ¥104,850, and the churn rate was 0.74%. As of June 2020, there were 395 customer accounts and the customer unit price was ¥63,574, so both are rising steadily. In the customer unit price, the fixed monthly fee is around ¥70,000 to ¥80,000, which is somewhat expensive compared to competing services*, but this is due to the broad scope of the service. Like Subscription Pay, customer satisfaction is high, and once the product has been introduced, the retention rate is almost 100%, excluding cancelations for customer-dependent reasons.

* RakuRaku Seikyu provided by RAKUS Co., Ltd. <3923> costs ¥35,000 per month or higher.

Billing Management Robo's KPIs



Source: Prepared by FISCO from the Company's results briefing materials

The customer mix by sector is as follows, starting from the top: real estate (12.7%), SaaS (11.4%), staffing (8.8%), professional offices (7.4%), and healthcare/beauty (5.7%). Among these, venture companies with a lack of back office resources, new businesses belonging to large corporate groups, consulting firms, etc. are relatively common. Like Subscription Pay, the service is not skewed toward a specific type of sector or customer, so it is resistant to the impact of economic volatility, which is a factor contributing to the realization of sustainable growth.

(3) The Company's strengths

The Company's three strengths are as follows: it has established a revenue structure in which the total sales brought in by the customers acquired each year will build up over time without decreasing (recurring revenue proportion: 98%); it is able to continuously acquire new customers since it is difficult for new competitors to enter the market; and its customers cover a wide range of sectors, meaning that it is resistant to the impact of ups and downs in a specific sector. These are factors supporting sustainable growth.

Results trends

In the 1H FY12/25 results, maintained high growth, including double-digit increase in sales and profit

1. Overview of 1H FY12/25 results

In the 1H FY12/25 results, net sales rose 19.6% YoY to ¥1,561mn, operating profit increased 65.6% to ¥384mn, ordinary profit grew 66.0% to ¥385mn, and net profit attributable to owners of parent went up 67.0% to ¥268mn, setting new record highs for 1H results. Gross profit also increased 20.7% to ¥1,420mn, due to steady growth in the number of customer accounts and customer sales unit price for both Subscription Pay and Billing Management Robo. SG&A expenses, especially labor costs and advertising costs, rose 9.7% to ¥1,036mn, but the SG&A expense ratio decreased YoY from 72.4% to 66.4% due to the impact of increased profit. As a result, the operating profit margin also rose from 17.8% to 24.6%, reaching a new record high.

1H FY12/25 results

(¥mn)

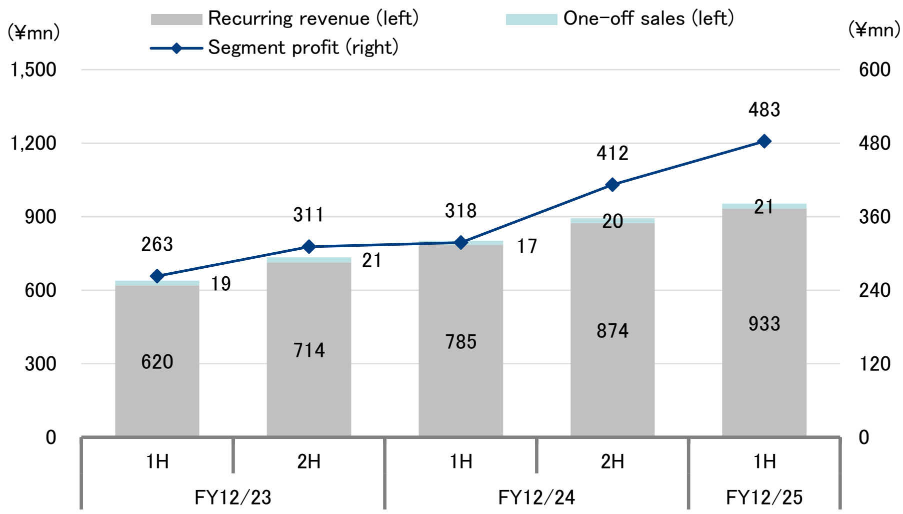
	1H FY12/24		1H FY12/25		YoY	
	Results	vs net sales	Results	vs net sales	Change	% change
Net sales	1,305	-	1,561	-	256	19.6%
Gross profit	1,177	90.2%	1,420	91.0%	243	20.7%
SG&A expenses	945	72.4%	1,036	66.4%	91	9.7%
Operating profit	232	17.8%	384	24.6%	152	65.6%
Ordinary profit	232	17.8%	385	24.7%	153	66.0%
Net profit attributable to owners of parent	160	12.3%	268	17.2%	107	67.0%

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

(1) Payment business

Net sales in the payment business increased 18.8% YoY to ¥954mn and segment profit rose 52.0% to ¥483mn. Spurred by the expansion of the e-commerce market, recurring revenue rose 18.8% to ¥933mn, reaching a record high level, due to growth in the billings for existing Subscription Pay customers and steady progress in acquiring new customers. Profit margin rose from 39.6% to 50.7% due to factors such as high growth in pay-per-use revenue, which has few associated costs. The ARR as of June 2025 was up 19.5% to ¥1,933mn.

Payment business results trends

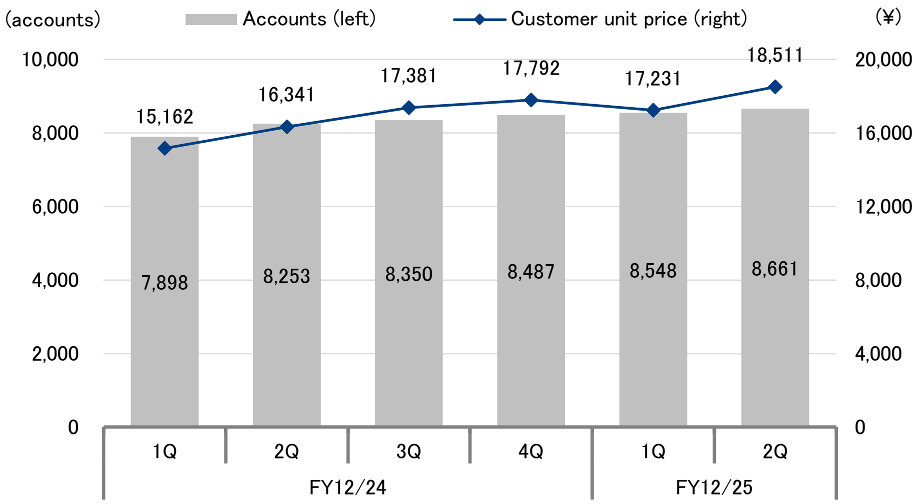


Source: Prepared by FISCO from the Company's financial results

Looking at quarterly KPIs for Subscription Pay, which is the mainstay service of this business, net sales in 2Q FY12/25* rose 19.5% YoY to ¥499mn. Customer accounts increased steadily 4.9% to 8,661, while the customer unit price grew 13.3% to ¥18,511, which were factors in the increase in sales. Over 50% of the rise in customer unit price was attributable to growth in pay-per-use revenue, while the remainder was due to an increase in the fixed fee unit price resulting from price revisions implemented in July 2024 and a decline in the proportion of customers with low-fee plans.

* The payment business figures exclude payment sales via CAT terminals (credit card payment terminals).

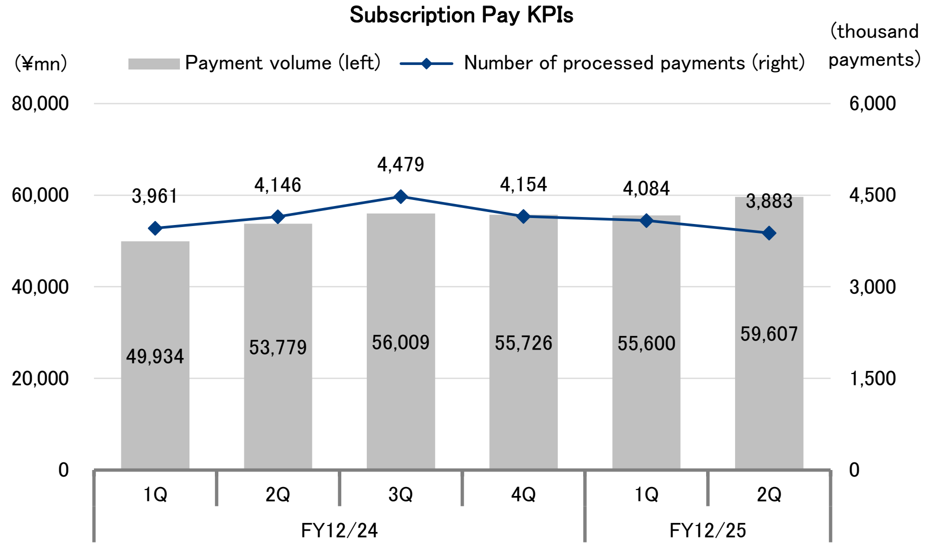
Subscription Pay KPIs



Source: Prepared by FISCO from the Company's results briefing materials

Payment volume increased 10.8% YoY to ¥59,607mn, and payment volume per account also rose. Since 3Q FY12/24, it had continued to decrease slightly YoY for two consecutive quarters, but it started to trend upward again in 2Q FY12/25 due to the contribution of new customers. On the other hand, the number of processed payments has started to trend downward, dropping 6.3% to 3,883,000. It has decreased YoY for three consecutive quarters. There are two reasons for this. First, in 4Q FY12/24, credit card companies' customer screening criteria became more stringent, and as a result, compulsory cancelation of customers who did not meet the applicable screening criteria* occurred through 1Q FY12/25. Second, due to the strengthening of security measures beginning in 2025, the use of 3-D Secure functions was made mandatory in association rules. At this time, in some cases the initial adaptation to the new functions (which were previously offered as optional functions) at client companies and authentication operations by consumers did not go smoothly. The number of payments was therefore temporarily inhibited. However, these negative factors ran their course in 2Q, so the outlook is more favorable in 3Q and beyond.

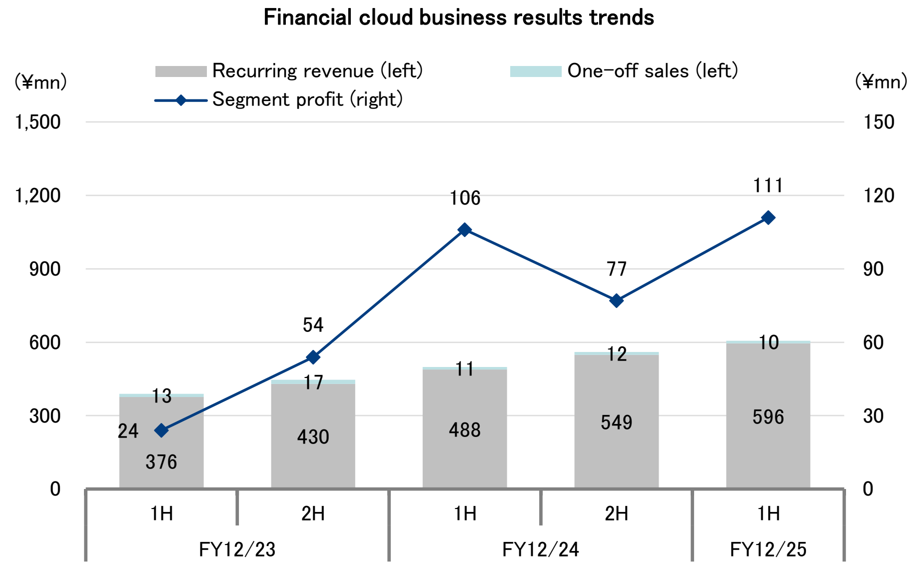
* For example, compulsory cancelation of contracts occurred for businesses providing services that differed from the details in their application for a card payment usage contract.



Source: Prepared by FISCO from the Company's results briefing materials

(2) Financial cloud business

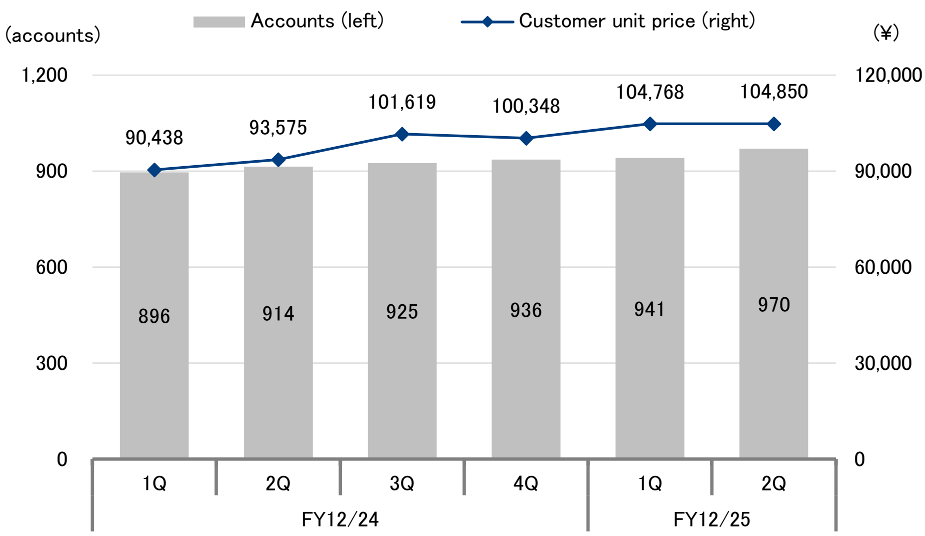
Net sales in the financial cloud business rose 21.6% YoY to ¥607mn and segment profit grew 4.7% to ¥111mn. With a growing number of companies engaged in improving operational efficiency via DX, Billing Management Robo, which helps increase the efficiency of back office tasks, acquired new customers, and the customer unit price rose due to increases in billing amounts and the number of bills as customers' business grew. Due to factors such as these, recurring revenue maintained high growth, going up 22.1% to ¥596mn. In terms of profit, the profit margin dropped from 21.3% to 18.3% due to increased labor costs associated with enhancing the sales structure, higher advertising costs in order to acquire new customers, etc. However, profit growth was achieved due to the impact of higher sales, setting a new record high on a half-year basis. The ARR as of June 2025 was up 20.0% to ¥1,231mn.



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

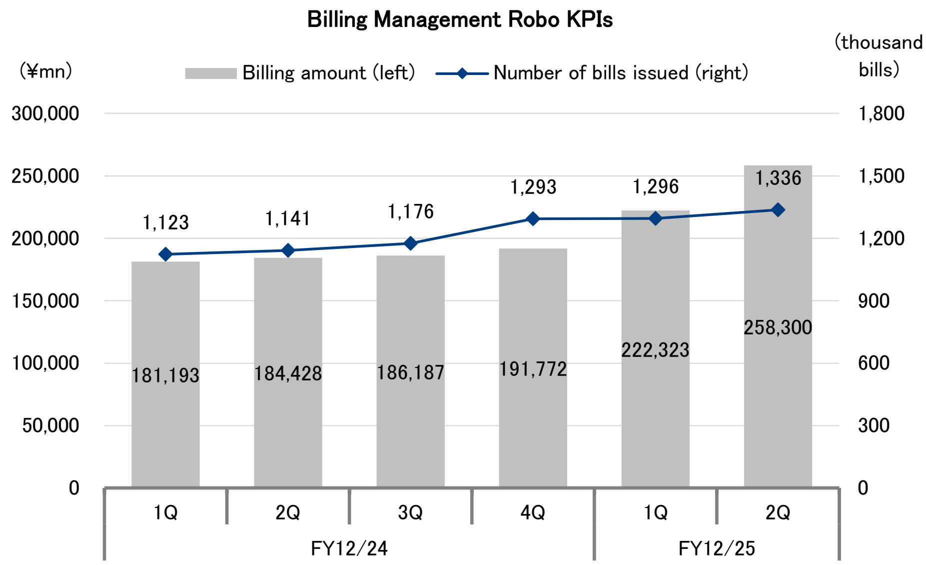
Looking at quarterly KPIs for Billing Management Robo, net sales in 2Q FY12/25 rose 21.4% YoY to ¥313mn. Customer accounts increased steadily 6.1% to 970, while the customer unit price grew 12.0% to ¥104,850, which were the main factors in the increase in sales. The rise in customer unit price is attributable to an increase in the fixed-rate fee unit price due to price revisions implemented in July 2024 and an increase in customers for Billing Management Robo for Enterprise, a service for large companies, and an increase in pay-per-use revenue due to an increase in the customer billing amount and the number of bills issued.

Billing Management Robo KPIs



Source: Prepared by FISCO from the Company's results briefing materials

The billing amount grew considerably by 40.1% YoY to ¥258,300mn. This was mainly due to the acquisition of new customers with large billing amounts in 1Q. The number of bills issued grew 17.1% to 1,336,000, rising steadily in conjunction with an increase in the number of customers and the expansion of existing customers' business. The billing amount per bill went up 19.6% from ¥162,000 to ¥193,000. It seems that this was due to the contribution from the major customers acquired in 1Q.



Source: Prepared by FISCO from the Company's results briefing materials

With real equity ratio in the 60% range, financial performance is healthy

2. Financial position and management indicators

Total assets at the end of 1H FY12/25 increased ¥862mn from the end of the previous fiscal year to ¥7,469mn. Looking at the main variable factors, in current assets, cash and deposits rose ¥2,216mn due to an increase in deposits received, while advance payments to suppliers was down ¥1,365mn. In non-current assets, intangible assets was down ¥42mn as amortization of software assets progressed, while investments and other assets decreased ¥39mn due to a drop in the market value of investment securities.

Total liabilities increased ¥960mn YoY to ¥6,421mn. This was mainly because deposits received from customers in the payment business rose ¥947mn. Total net assets were down ¥97mn to ¥1,048mn. While net profit of ¥268mn was recorded in 1H, this was due to the acquisition of 121,800 treasury shares for ¥319mn in February 2025.

In terms of management indicators, the equity ratio—which indicates the security of management—decreased from 17.2% at the end of the previous fiscal year to 13.9%, but it should be noted that this figure reflects the impact of Subscription Pay cash flow and is lower than the real equity ratio. This is because client companies' sales proceeds are retained by the Company for up to 50 days after they are deposited to it by various payment providers. The payment cycle established between various payment providers and the Company is either payment by the end of the month for transactions settled by the 15th of the month or payment on the 15th of the following month for transactions settled by the end of the month, whereas the Company's payment cycle to its client companies is mainly payment by the end of the following month or payment on the 20th of the month after that for transactions settled by the end of the month. Customer sales proceeds are recorded as deposits received under current liabilities, while the corresponding amount is recorded as cash and deposits under current assets. Since the amount of deposits received increases as the Subscription Pay business expands, the equity ratio appears to be kept at a low level.

The equity ratio if the above impact of deposits received is excluded is 61.4%, which is high, and management is debt-free. Furthermore, recurring revenue, which is income that may be expected to continue each month, accounts for 98% of net sales, and the mainstay services are already being monetized. Given factors such as these, we at FISCO deem that the Company has a high level of financial soundness.

Balance sheet

(¥mn)

	End-FY12/22	End-FY12/23	End-FY12/24	End-1H FY12/25	Change
Current assets	4,133	5,132	6,015	6,960	944
Cash and deposits	2,734	3,332	3,883	6,099	2,216
Trade receivables	169	210	272	289	17
Non-current assets	508	586	591	508	-82
Total assets	4,641	5,719	6,607	7,469	862
Current liabilities	4,080	4,942	5,456	6,421	964
Deposits received	3,764	4,349	4,835	5,782	947
Non-current liabilities	6	0	4	-	-4
Total liabilities	4,087	4,943	5,461	6,421	960
Interest-bearing liabilities	38	6	-	-	-
Total net assets	554	775	1,146	1,048	-97
Security					
Equity ratio	11.9%	13.5%	17.2%	13.9%	-3.3pp
Adjusted equity ratio*	63.1%	56.3%	64.0%	61.4%	-2.6pp
Interest-bearing debt ratio	6.9%	0.8%	-	-	-

* Adjusted equity ratio = equity / (total assets – deposits received)
Source: Prepared by FISCO from the Company's financial results

Outlook

Following upward revision, FY12/25 results still have room for further upside

1. FY12/25 forecasts

For the FY12/25 results, the Company has upwardly revised its initial forecasts as follows: net sales are expected to rise 15.9% YoY to ¥3,200mn, operating profit to increase 42.8% to ¥685mn, ordinary profit to go up 42.7% to ¥685mn, and net profit attributable to owners of parent to grow 39.4% to ¥447mn. In both the payment business and financial cloud business, acquisition of new customers is progressing well and the customer unit price continues to rise as activity by existing customers increases more than expected. When the effect of price revisions implemented starting in July 2025* was added as well, the net sales forecast was revised upward by ¥49mn from the initial forecast. Meanwhile, in terms of profit, the Company continues to make investments in view of business expansion, but due to its efforts to cut back on various expenses and the impact of higher sales, it upwardly revised operating profit and ordinary profit forecasts by ¥73mn and net profit attributable to owners of parent by ¥25mn.

* It implemented a price hike of ¥1,500 per month for Subscription Pay (credit card) and ¥3,000 per month for Billing Management Robo. For existing customers, applying the price hike was decided on a case-by-case basis, based on factors such as the contract details and usage conditions (customers such as those who signed their contract less than a year ago and those with a large sales unit price were exempt from the price hike). The price hike applied to around 50% of customer accounts as of the end of 1Q FY12/25.

FY12/25 forecasts

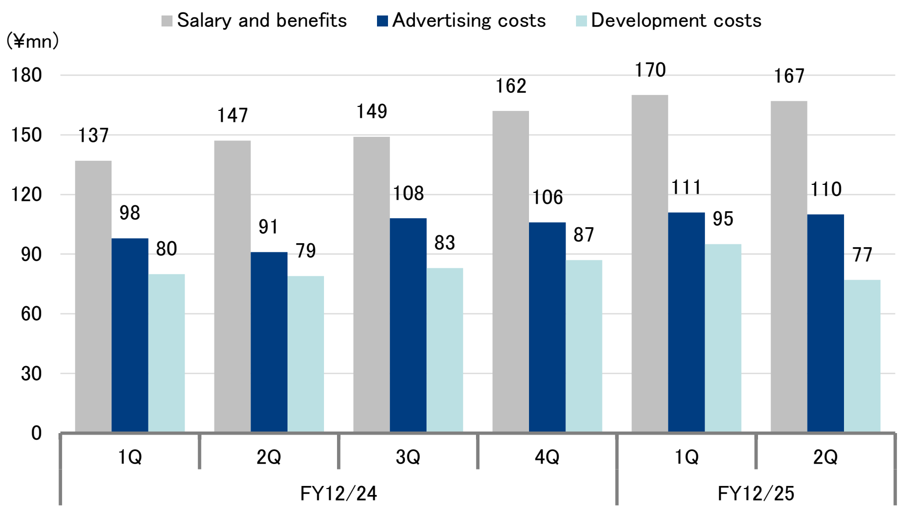
(¥mn)

	FY12/24 Result	FY12/25			YoY		1H progress rate
		Initial forecast	Revised forecast	Revision amount	Change	% change	
Net sales	2,762	3,150	3,200	49	437	15.9%	48.8%
Operating profit	479	611	685	73	205	42.8%	56.1%
Ordinary profit	480	611	685	73	204	42.7%	56.3%
Net profit attributable to owners of parent	320	421	447	25	126	39.4%	60.0%
Profit per share (¥)	85.28	112.11	120.96	8.85			

Note: The revised forecasts are figures announced in August 2025.
Source: Prepared by FISCO from the Company's results briefing materials

The progress rate in 1H toward the full-year forecasts was 48.8% for net sales and 56.1% for operating profit. Compared to the average for the most recent two fiscal years (net sales: 46.9%, operating profit: 47.3%), the forecasts seem conservative. Looking at it on a half-year basis, in 2H the Company forecasts that operating profit will decrease by ¥83mn even though net sales are expected to increase by ¥76mn. In the main items under SG&A expenses, advertising costs are expected to remain stable while labor costs will rise by over ¥60mn and development costs by around ¥20mn, which are the reasons why operating profit will decline in 2H. However, according to the Company's estimates, the amount of the positive impact on MRR due to fee revisions is around ¥690mn (including around ¥560mn for Subscription Pay and ¥130mn for Billing Management Robo), so the impact of price revisions is a factor that will increase sales and profit by around ¥41mn in 2H.

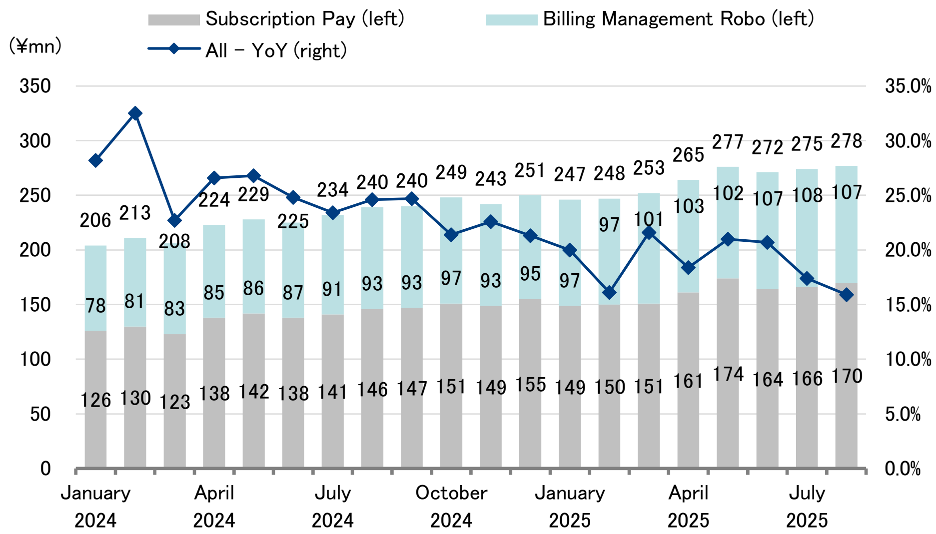
Main expenses (quarterly)



Source: Prepared by FISCO from the Company's results briefing materials

According to monthly net sales data disclosed by the Company each month, net sales in July 2025 were up 17.4% YoY to ¥275mn (¥166mn for Subscription Pay, ¥108mn for Billing Management Robo). This was an increase of only ¥3mn from the previous month, which seems small if one considers that the impact of price revisions was ¥6.9mn. This may have been impacted by the fact that there was ¥4mn of one-off sales in June, which is unusually high. If this factor is excluded, the price revisions appear to be reflected more or less as projected by the Company. Furthermore, in August, net sales also increased steadily 15.9% to ¥278mn. Since the revised sales forecast for 2H is an increase of 12.5% YoY, the start made in July and August 2025 may be considered favorable. The Company tends to make conservative forecasts based on its past results, so unless there is a sudden change in the market going forward, we at FISCO consider it highly likely that it is progressing at a pace somewhat ahead of the revised plan.

Changes in monthly net sales



Source: Prepared by FISCO from the Company's IR news

Formulates long-term management strategy aimed at accelerating net sales growth while maintaining profit

2. Long-term management strategy

(1) Overview of long-term management strategy

On October 10, 2025, the Company announced its long-term management strategy. Since 2023, profit growth has continued due to switching to a management policy that focused on operating profit. However, it has been unable to implement new initiatives aimed at business expansion, and as a result, the net sales growth rate was slowing down. Under the new strategy, which is premised on continuous profit growth, it has established a policy of targeting growth with a 70% focus on net sales and 30% focus on operating profit and aiming to realize its CPS*.

* As its corporate purpose statement (CPS: activities to be carried out by the company and related targets for the purpose of resolving social issues), the Company has set forth the following vision: "empowering Japan through a payment infrastructure that liberates commerce." It aims to resolve social issues through innovative services that connect money and to make transactions smoother and create new value by streamlining the flow of money, enabling small and medium-sized enterprises and essential industries to unleash their full potential.

Specifically, it will establish capital allocation criteria based on the previous year's operating cash flow amount and accelerate growth by developing new businesses, further expanding existing businesses, and investing in M&A and CVC. In terms of the capital allocation criteria based on the previous year's operating cash flow amount, for net assets of up to ¥5.0bn, 15% of the previous year's operating cash flow amount will be allocated to business investments (20% for new businesses, 80% for existing businesses). For net assets exceeding ¥5.0bn, it aims to invest around 20% of the previous year's operating cash flow amount. The criteria for selecting a new business area are whether it is a growth market and whether there are few competitors that have already entered the market. Investment in existing businesses includes development investment for the purpose of deploying new marketing techniques or expanding service functions, expansion of sales areas, and talent acquisition and development costs. In the past, no clear criteria were specified for carrying out growth investment; as a result, the portion of the previous year's operating cash flow amount allotted to business investment was a mere 2% or so. The recent clarification of the investment rules will enable active growth investment, which is likely to accelerate the growth of existing businesses and accelerated the speed at which new businesses are developed and cultivated.

With regards to M&A and CVC capital, 65% of the previous year's operating cash flow amount will be set aside as internal reserves for net assets of up to ¥5.0bn, 50% will be set aside for net assets between ¥5.0bn and ¥10.0bn, 30% will be set aside for net assets over ¥10.0bn in anticipation of major M&A deals or promising CVC investment opportunities. In terms of shareholder returns, the Company's policy is to gradually raise the return rate as net assets increase, with distribution based on the following guidelines: 20% of the previous year's operating cash flow amount for up to ¥5.0bn of net assets, 30% for ¥5.0bn to ¥10.0bn, and 50% for over ¥10.0bn. In some cases, the return rate will be less than the guideline level, but fundamentally, the basic policy is to issue ongoing dividend increases.

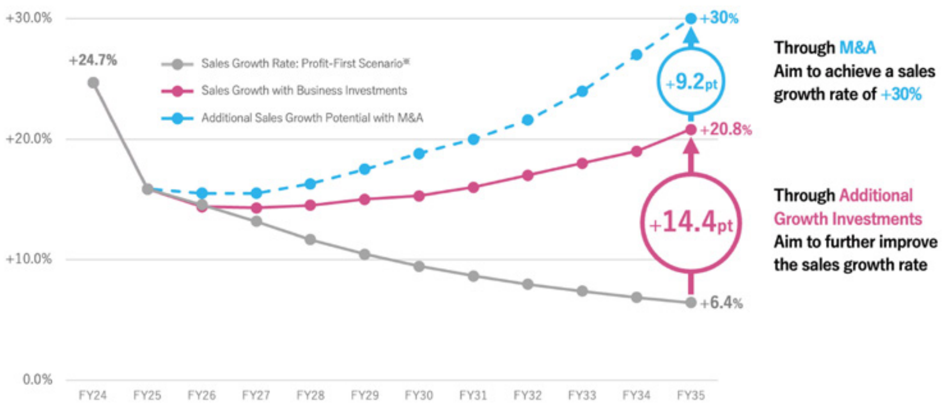
The Company has also set investment criteria that specify the payback period for new businesses, existing businesses, M&A, and CVC, respectively. It will consider withdrawing from a new business if the single-year operating cash flow does not become profitable within 5 years and the cumulative operating cash flow does not succeed in becoming positive within 10 years. In the case of an existing business, single-year operating cash flow should become profitable within three years and cumulative operating cash flow should become positive within five years. With regards to M&A, it considered a deal for a company with operating profit that exceeds goodwill (single-year operating profit > goodwill amortization amount), but it did not carry it out, in part because it had not established clear investment rules. Under the newly established investment criteria, companies will be considered if the period in which cumulative operating cash flow after the M&A will exceed goodwill is less than the amortization period (typically five years) and the goodwill amount is less than 40% of net assets. Based on this, an M&A deal is possible if a company is expected to grow, even if it has not made a profit recently. The Company intends to consider targeting companies that are developing areas adjacent to its existing businesses and may be expected to generate group synergies. Similarly, for CVC, it will target companies that may be expected to generate synergies with its existing businesses and for which the unrealized gain amount will surpass the investment amount within five years of investing in them.

(2) Results targets

In terms of the anticipated results targets if business investments* are made, the Company is aiming for net sales of ¥15.0bn and operating profit of ¥2.4bn by FY12/35. The average growth rate over 10 years is 17% for net sales and 13% for operating profit (not including the effects of M&A). Since the Company will focus on the next five years as the development period for new businesses, it aims to maintain the growth rate at around the 15% level during that time; from FY12/31 onward, it will accelerate the growth rate, which will reach the 20% range by FY12/35. If the Company were to maintain its previous investment policy, it is estimated that the growth rate would slow to the 6% level by FY12/35.

* Business investment according to capital allocation criteria based on previous year's operating cash flow amount

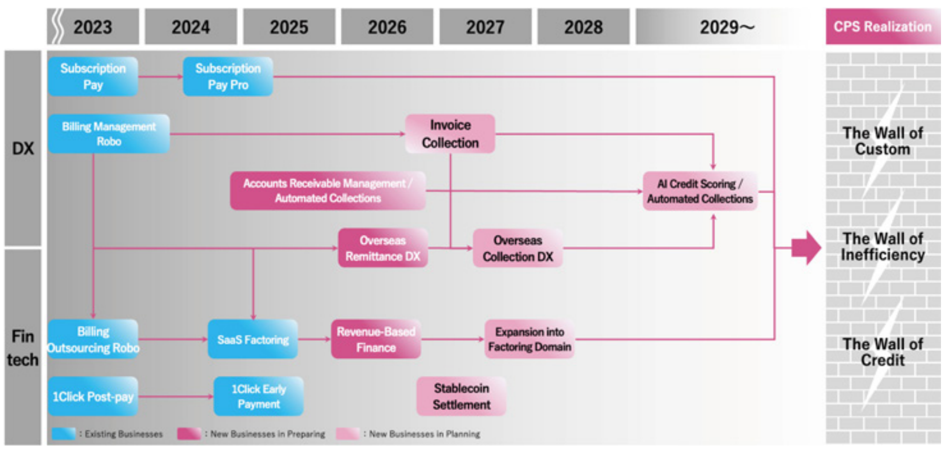
Changes in net sales growth rate



Source: The Company's long-term management strategy materials

In terms of new businesses, the Company plans to launch an accounts receivable management and automatic collection service and a revenue-based financing business in 2026. It is also pursuing development aimed at the release of an overseas money transfer DX service. Along with actively investing in further expanding its existing businesses and launching these new businesses, it aims to achieve accelerated growth by considering M&A deals in adjacent business areas and the like.

Areas where business development is expected



Source: The Company's long-term management strategy materials

In terms of the timing for transitioning to the Prime Market, the Company plans to begin preparations once it has achieved ordinary profit of around ¥1.25bn and net assets of around ¥4.0bn (expected to occur around 2031 or 2032), then make the transition two to three years after that.

Shareholder return policy

Since FY12/24, the Company's basic policy has been to issue shareholder returns aimed at enhancing shareholder value in a stable, ongoing manner based on ongoing dividend increases. Under this policy, it issued its first dividends in FY12/24, which were ¥15.0 per share. In FY12/25, given its favorable results, it has upwardly revised the initially forecast dividend of ¥20.0 to ¥22.0. Furthermore, based on a major shareholder's intention to sell, it also conducted a share buyback (121,800 shares, ¥319mn) in February 2025.

In October 2025, to mark the 25th anniversary of its founding, the Company announced that it will introduce a new commemorative shareholder benefit. It will provide a digital gift* worth ¥3,000 to all shareholders who hold at least 100 shares as of March 31, 2026. While this shareholder benefit is for commemorative purposes, it seems that the Company will also consider shareholder returns for shareholders who continuously hold shares in the future.

* Shareholders may choose one of the following to receive in exchange: Bitcoin, Amazon gift card, QUO card Pay, PayPay Money Lite, d POINTs, au PAY gift card, etc.

Disclaimer

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