

System Support Holdings Inc.

4396

Tokyo Stock Exchange Prime

16-Apr.-2026

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FISCO Ltd.

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

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Summary

Cloud Integration Business drives growth, sustaining double-digit increases in revenue and profit

System Support Holdings Inc. <4396> is an independent IT company that continues to grow by leveraging its industry-leading technological capabilities to support the implementation and utilization of various cloud infrastructure platforms, ERP systems, databases, and related solutions. In addition, recurring-revenue businesses, including data center services and the Company's own SaaS products, continue to expand steadily, supporting sustained double-digit growth in both revenue and profit in recent years.

1. Overview of 1H FY6/26 results

In the consolidated results for 1H FY6/26 (July–December 2025), net sales increased 19.0% year on year (YoY) to ¥15,546mn and operating profit rose 30.1% to ¥1,580mn, with both figures exceeding the Company's initial forecasts and marking consecutive record highs. To meet strong corporate demand for DX, the Company continued to invest actively in hiring and developing talent, resulting in a 26.2% YoY increase in net sales in the core Cloud Integration Business, which drove overall earnings growth. High growth continued not only in ServiceNow*¹-related services but also in migration and utilization support for cloud platforms such as AWS and Google Cloud, as well as in resale income. In addition, the newly consolidated subsidiary Echo System Co., Ltd.*² contributed approximately ¥853mn to net sales and about ¥89mn to operating profit (after deducting ¥12mn in goodwill amortization), serving as another driver of revenue and earnings growth.

*¹ A cloud platform provided by US-based ServiceNow <NOW> that standardizes and automates business processes and supports productivity improvement for employees and organizations. The Company was also among the earliest in Japan to enter into a partner agreement with ServiceNow and has built a top-tier track record in deploying the platform domestically.

*² A system development company headquartered in Hiroshima. For FY7/24, it recorded net sales of ¥1,415mn and operating profit of ¥123mn. The acquisition price was ¥520mn, and goodwill amounted to ¥240mn, amortized on a straight-line basis over 10 years.

2. FY6/26 forecasts

For the consolidated forecast for FY6/26, the Company expects net sales of ¥32,060mn, up 19.0% YoY, and operating profit of ¥2,842mn, up 28.1% YoY. Both figures represent upward revisions from the initial plan, with net sales raised by ¥60mn and operating profit by ¥155mn. The increase reflects the upside recorded in the first half, and the Company expects the cost of sales ratio to improve more than initially anticipated as productivity continues to rise. Demand for cloud integration services remains strong, and engineers continue to operate at full capacity. As corporate demand for generative AI continues to rise, the Company has been expanding its solutions in this field, including the launch in January 2026 of "GEN-STEP*," a generative-AI solution for e-commerce operators. These initiatives are expected to contribute to future revenue growth.

* By leveraging Google Cloud's advanced AI technologies, the solution generates essential e-commerce content such as product images, videos, and descriptions. This solution significantly reduces production costs and lead times, alleviates the workload on staff, and supports the growth of e-commerce transaction volume.

Summary

3. Medium-term management plan

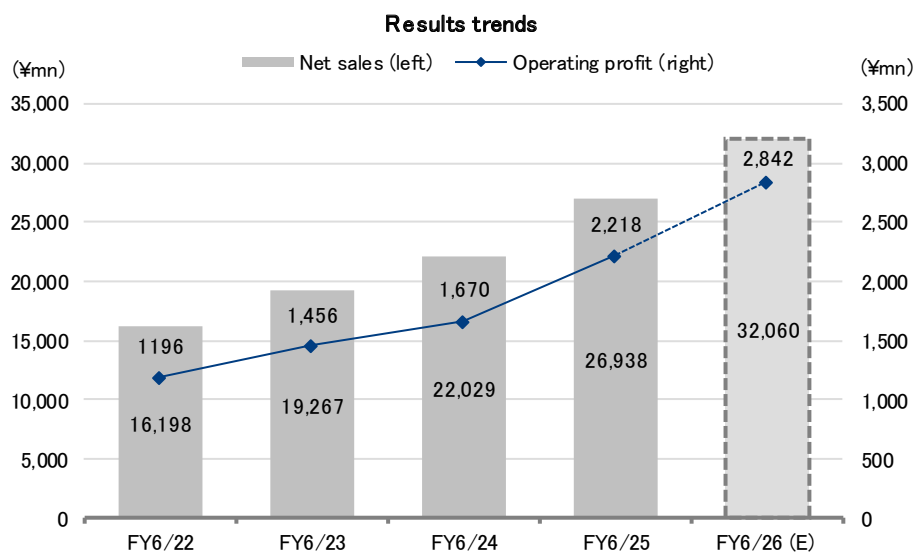
In the final year of its medium-term management plan (FY6/26–FY6/28), the Company targets net sales of ¥40,153mn (CAGR 14.2%) and operating profit of ¥3,552mn (CAGR 17.0%) for FY6/28. In particular, the highly profitable Cloud Integration Business will serve as the Company’s primary growth driver. While the outlook for the SaaS market has become increasingly uncertain amid rapid advances in AI technologies, the Company’s Product Business accounts for less than 5% of total revenue. Similarly, although skepticism has been growing regarding the outlook for the system development market, demand for generative-AI-related development—particularly within the Cloud Integration Business—is expected to expand, alongside further improvements in the Company’s own productivity. We at FISCO view that, taking these factors into account, the Company is highly likely to maintain double-digit growth in both revenue and profit going forward.

4. Shareholder return policy

The Company’s policy on shareholder returns is to maintain a progressive dividend framework, providing dividends in line with business performance and profit levels. In January 2026, the Company also conducted a 2-for-1 stock split to make its shares more accessible to individual investors. As a result, following the stock split, the Company plans to pay a dividend of ¥31.0 per share for FY6/26, an increase of ¥6.0 YoY, marking the seventh consecutive year of dividend growth.

Key Points

- For 1H FY6/26, the Company delivered double-digit growth in both revenue and profit, exceeding its initial forecasts
- The full-year results for FY6/26 also retain upside potential on a profit basis, with overall performance likely to exceed the Company’s initial plan
- Driven by the Cloud Integration Business, the Company is expected to continue delivering double-digit growth in both revenue and profit
- The Company implemented a 2-for-1 stock split, and under its progressive dividend policy, it plans to deliver another year of dividend growth in FY6/26



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

■ Company profile

Headquartered in Ishikawa Prefecture, the Company is an independent IT services provider that has expanded its business through strategic M&A initiatives

1. History

The Company was founded in 1980 in Kanazawa, Ishikawa Prefecture to provide data entry services and system development services. The collapse of Japan's bubble economy in 1990 created conditions that threatened the Company's continued existence. However, in 1994, it successfully turned the business around under the strong leadership of President and Representative Director Ryoji Koshimizu, who took over management from its founder. Subsequently, the Company strengthened its management foundation by leveraging its technological development capabilities—regarded as among the highest in the industry for an independent firm—and in recent years has sustained high growth with Cloud Integration Business serving as its primary growth driver.

Looking at business expansion initiatives since 2000, the Company founded eNet Solutions Co., Ltd., a subsidiary that conducts data center services, in 2000. In 2004, the Company entered into a technical partner contract with Oracle Corporation Japan <4716>. With this contract, the Company goes on to proactively undertake system integration and deployment projects for Oracle products. In addition, the Company launched the Product Business to sell internally developed software products as a new income-generating business following systems development and data center services. As its first such product, the Company commenced sales of Tate Yakusha, a construction work information management system for the construction industry, in 2005.

In 2009, the Company established STS Medic Inc., a subsidiary engaged in the development and sales of specialized software for the medical industry. Thereafter, the Company expanded its business domain while executing M&A, successively converting T4C Co., Ltd.—a service partner of major ERP provider SAP Japan Co., Ltd.—into a subsidiary in 2010, followed by ACROSS Solutions, Inc., which had been providing system solutions to the distribution industry, in 2012. Additionally, in 2013, the Company established a subsidiary in the US for the purpose of gathering information and supplying IT services in the US markets. In 2016, it set up a subsidiary in Canada to provide outsourcing services (such as accounting services) to Japanese companies in North America. More recently, it has carried out two M&As. In July 2024, the Company's US subsidiary accepted the transfer of all businesses (systems integration, DX consulting, and cloud-related services) operated by Japanese-owned IT solutions provider MultiNet International Inc. with the aim of expanding its operations in North America. In the same month, the Company acquired all shares of software developer and IT solutions provider Communication Planning Corporation and made it into a subsidiary*. Most recently, in July 2025, the Company further advanced its M&A strategy by acquiring all shares of Echo System Co., Ltd., a Hiroshima-based system development firm, with the aim of strengthening its business presence in the western Japan region. In addition, the Company transitioned to a holding company structure in January 2025 to establish a group management framework that enables agile and flexible decision-making.

* The acquisition of businesses from MultiNet International cost ¥250mn (plus ¥26mn in advisory fees and goodwill of ¥62mn, amortized on a straight-line basis over 12 years), while the acquisition of shares in Communication Planning cost ¥600mn (plus ¥29mn in advisory fees and goodwill of ¥287mn, amortized on a straight-line basis over 10 years).

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Company profile

History

Date	Major event
January 1980	Founded in Kanazawa, Ishikawa Prefecture, providing data entry and system development services
November 2000	Financed and founded eNet Solutions Co., Ltd.
January 2004	Entered into an Oracle EBS Technical Partner contract with Oracle Corporation Japan <4716>
February 2005	Commenced sales of Tate Yakusha, a construction work information management system
March 2009	Financed and founded STS Medic Inc.
May 2010	Acquired shares of T4C Co., Ltd. and made it a subsidiary
June 2011	Entered into an SAP Service Partner contract with SAP Japan Co., Ltd.
March 2012	Acquired shares of ACROSS Solutions, Inc. and made it a subsidiary
April 2012	Began providing services for Cloud Koubou powered by Amazon Web Services, a cloud support service
July 2013	Financed and founded STS Innovation, Inc. in California, USA
August 2013	Began providing services for PinMap, a customer data mapping service
October 2013	Entered into an APN Consulting Partner contract with Amazon Japan K.K.
March 2015	Acquired additional shares of T4C Co., Ltd. and ACROSS Solutions, Inc. and made them wholly owned subsidiaries
September 2015	Entered into a PartnerNow Master Terms agreement with ServiceNow Nederland B.V.
January 2016	Financed and founded STS Innovation Canada Inc. in Vancouver, Canada
February 2016	Commenced sales of the cloud-based shift management system SHIFTEE
August 2018	Listed on the Tokyo Stock Exchange Mothers Market
August 2018	Commenced sales of the attendance and work management system Shugyo Yakusha
August 2019	Listed market changed to the Tokyo Stock Exchange First Section
April 2020	Entered into a Google Cloud & Google for Education Commercial Partner Program Agreement with Google Cloud Japan G.K.
January 2021	Entered into a Subcontractor Agreement with Automation Anywhere, Inc.
August 2021	Entered into a distributorship agreement with CyberArk Software (Japan) K.K.
February 2022	Entered into a partner network agreement with Snowflake Inc.
March 2022	Entered into a Celonis Partner Program Agreement with CELONIS K.K.
April 2022	Listed market changed to the Tokyo Stock Exchange Prime Market
October 2023	Financed and founded STS DIGITAL, Inc.
July 2024	STS Innovation, Inc. accepted the transfer of all businesses from MultiNet International Inc. (US)
July 2024	Acquired all shares of Communication Planning Corporation and made it a subsidiary
July 2024	Financed and founded System Support Division Preparation Company Inc. for transition to holding company structure
January 2025	Transitioned to holding company structure based on corporate divestiture, transferred all operations except Group management to System Support Inc. (company name changed from System Support Division Preparation Company Inc. on January 1, 2025), and changed company name from System Support Inc. to System Support Holdings Inc.
July 2025	Acquired all shares of Echo System Co., Ltd. and made it a subsidiary

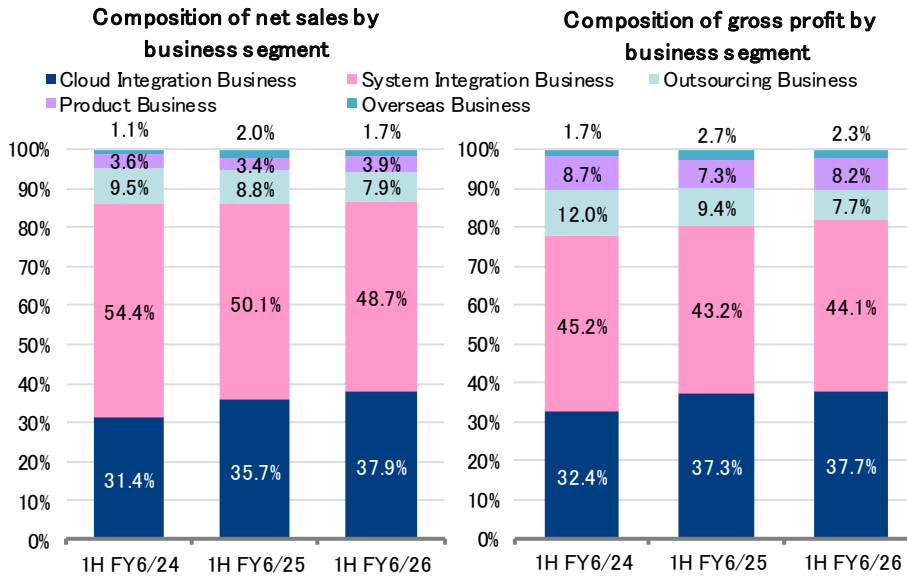
Source: Prepared by FISCO from the Company's website and securities reports

Five businesses centering on the Cloud Integration Business

2. Business description and changes in number of employees

The System Support Group comprises the Company and 10 consolidated subsidiaries (as of December 31, 2025). The Group discloses information based on five business segments, specifically the Cloud Integration Business, System Integration Business, Outsourcing Business, Product Business, and Overseas Business. Looking at the sales composition for 1H FY6/26, System Integration Business accounted for 48.7% of sales, followed by the Cloud Integration Business at 37.9%, the Outsourcing Business at 7.9%, the Product Business at 3.9%, and the Overseas Business at 1.7%. Over the last three fiscal years, sales have been increasing in the Cloud Integration Business amid expansion in the cloud infrastructure service market, but sales have been declining in the System Integration Business. A breakdown of gross profit by business segment shows almost the same trend, with the Cloud Integration Business driving profit in the past few years.

Company profile



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

(1) Cloud Integration Business

In the Cloud Integration Business, the Company implements and supports the use of various cloud infrastructure services, including ServiceNow, AWS, Microsoft Azure, Google Cloud, and Oracle Cloud Infrastructure, and also resells the licenses for these services. In 1H FY6/26, ServiceNow-related services accounted for the largest share at 33.9%, followed by AWS-related services at 29.9%, Google Cloud-related services at 15.4%, and Microsoft Azure-related services at 8.1%. The Company also provides implementation and usage support for various other cloud-related services, including those related to Snowflake. License resales, which serve as a recurring-revenue business, accounted for 33.3% of sales in this segment.

Orders for cloud-related services are often via referrals from cloud providers or additional orders from existing customers, so an important element in increasing orders is training large numbers of engineers certified on each of the cloud infrastructure-related services and gaining a track record of development projects with high customer satisfaction. The Company has also received numerous awards related to AWS, Microsoft Azure, Google Cloud, and Oracle, and this has contributed to the acquisition of new projects. Profitability is relatively stable, and in particular, the Company has secured the highest profitability among its cloud-related services in the area of ServiceNow, supported by its early entry into the domestic market and the extensive development track record it has accumulated. In 1H FY6/26, the gross profit margin for ServiceNow-related services was 44.6%, significantly exceeding the segment's overall margin of 28.9%, and these services accounted for 49.7% of total gross profit.

Resales are mainly generated on a pay-as-you-go basis in line with data usage. The cloud service provider sends US dollar-denominated invoices to the Company, which in turn converts such amounts to yen, adding a certain margin, and then bills customers in yen. Also, given that there is an average settlement period of about one to two months, rapid yen depreciation during that time will culminate in foreign exchange loss related to dollar-denominated debt.

Company profile

(2) System Integration Business

The System Integration Business includes consulting, design, development, and operation and maintenance for corporate IT systems and also technical support for the deployment and use of ERP packages, and infrastructure construction for Oracle Database and other systems (Oracle Cloud Infrastructure services are included in the Cloud Integration Business). Regarding the sales composition in 1H FY6/26, IT system development accounted for a majority of the total at 62.3%, followed by ERP-related services at 24.5% and database-related services at 13.2%.

For major projects such as system development for financial institutions and ERP construction, the Company does not receive orders directly; rather, there are many cases where they are undertaken on a subcontracted basis in order to prevent the risk of unprofitability caused by delivery delays and other such trouble. Profitability is lower, but major projects contribute to sales over the long term, so they play a role in maintaining the utilization rates of engineers at fixed levels. Net sales from Communication Planning and Echo System's system development operations are also included in this segment.

(3) Outsourcing Business

In the Outsourcing Business, management services at data centers in two locations in Japan (Tokyo and Kanazawa) managed by subsidiary eNet Solutions account for 77.7% of net sales. The remaining 22.3% is taken up by data analysis and entry and system operation and maintenance on a nearshore basis.

The Company has around 1,050 corporate customers with respect to its data centers, which are primarily used by such customers as infrastructure for private clouds or for business continuity planning (BCP) and data backup management. As measures for acquiring data center customers and for upselling, the Company provides an emergency notification and safety confirmation service that automatically distributes safety confirmation messages to employees in conjunction with earthquake information, as well as workflow and online storage services. It also offers various AI services utilizing IBM Watson. In its data center services, the Company operates a recurring-revenue model in which monthly sales accumulate as customer numbers increase and as customers broaden the scope of their usage. Investments to enhance server capacity and other infrastructure are made as needed in line with demand.

(4) Product Business

In the Product Business, the Group is engaged in the development and sales of various products (software) and the provision of services. It also customizes products according to customer needs. The Company's current main products include MOS, a mobile order receipt and placement system primarily for the wholesale and retail industries; Tate Yakusha, a construction work information management system for the construction industry; Shugyo Yakusha, an attendance and work management system; and SHIFTEE, a cloud-based shift management system. In addition, the business also includes solutions such as the "Bento EDI (order management) system" developed and provided for corporate clients by Echo System, which recently became a subsidiary.

In addition to periodically receiving custom development orders and recording hardware sales at the time of system implementation, the ratio of monthly subscription revenue has remained at around 50–60%. However, as the number of customers continues to increase, this ratio is expected to rise going forward. Most sales are direct sales (Tate Yakusha is often sold through the OEM channel), but the Company is also proactively making efforts on a distributor-based strategy in seeking to enhance its sales strengths.

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Company profile

Outline of major products

Name	Provider	Description
MOS	ACROSS Solutions, Inc.	A mobile order reception system. Prices vary depending on options and customization.
Tate Yakusha	System Support Inc.	A construction work information management system for the construction industry. Prices vary based on options and customization.
SHIFTEE	System Support Inc.	A cloud-based shift management system. Initial basic fee is ¥50,000. The monthly charge for the light version is ¥250 per user (separate charges apply for customization).
Shugyo Yakusha	System Support Inc.	An attendance/work management system. The monthly charge for the cloud version is ¥250 per user (separate charges apply for the on-premise version).

Source: Prepared by FISCO from the Company's website

(5) Overseas Business

The Overseas Business mainly consists of system integration services and recruitment services provided by a US subsidiary to Japan-affiliated companies doing business in North America and payroll and accounting outsourcing services provided by a Canadian subsidiary. A system integration business was acquired from MultiNet International in July 2024. Based on this, offices have been added in New York and Houston, extending its sales reach from the West Coast into the East Coast, Midwest, and South.

(6) Group companies and the number of employees

The Company's subsidiaries specialize in different functions and business sectors with the aim of proactively and swiftly providing new solutions to customers on a continual basis. The number of employees was 1,712 on a consolidated basis at the end of FY6/25, an increase of 228 people from the end of FY6/24. Engineers account for 84% of employees. By region, approximately 50% of employees are located in the Tokyo metropolitan area, while the Company is also advancing balanced hiring across other regions—including Hokuriku, Kansai, and Tokai—to meet growing demand for cloud infrastructure services in each area.

Amid increasing mobility of engineers driven by the chronic shortage of IT personnel, the fact that the Company has maintained a turnover rate below the industry average (10.2%) is highly commendable. This is believed to reflect the Company's active efforts not only to enhance salary and benefit levels, but also to improve the working environment and support career development—such as through a certification support program that fully covers the costs incurred by engineers in upgrading their skills and through the establishment of telework environments. Furthermore, the Company supports the introduction of major cloud infrastructure and services, and the establishment of an environment that enables employees to obtain a wide range of technical certifications is believed to have a positive impact on recruitment. This is considered one of the factors underpinning its strong double-digit annual growth.

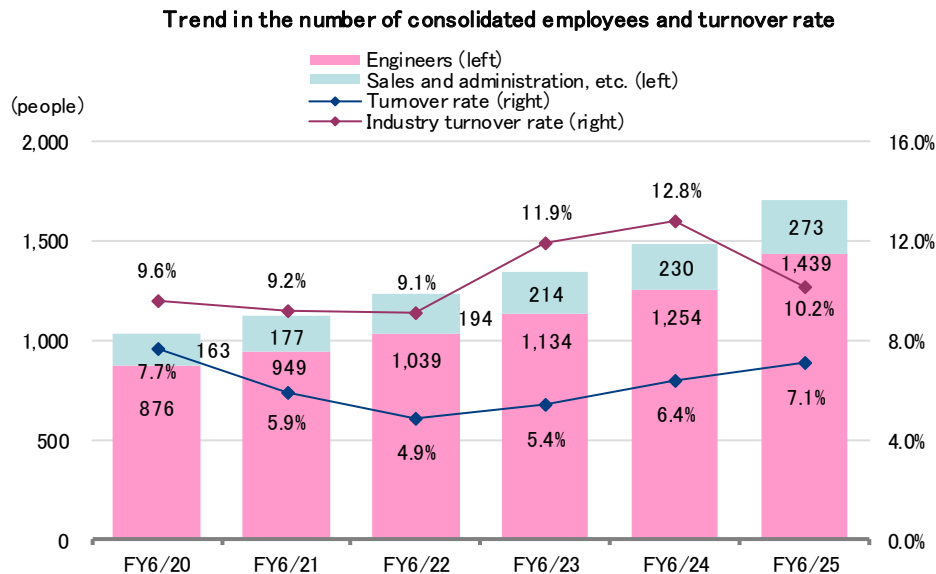
Business segments operated by Group companies

(as of end of December 2025)

Name of company	Cloud Integration Business	System Integration Business	Outsourcing Business	Product Business	Overseas Business
System Support Inc.	○	○	○	○	-
eNet Solutions Co., Ltd.	-	○	○	-	-
T4C Co., Ltd.	-	○	-	-	-
STS Medic Inc.	-	○	-	○	-
ACROSS Solutions, Inc.	-	-	-	○	-
STS DIGITAL, Inc.	-	○	-	-	-
Communication Planning Corporation	-	○	-	-	-
Echo System Co., Ltd.	-	○	-	○	-
STS Innovation, Inc.	-	-	-	-	○
STS Innovation Canada Inc.	-	-	-	-	○

Source: Prepared by FISCO from the Company's website

Company profile



Note: Figures presented for industry turnover rate are according to data on separation rates by industry (information and communications industry) of the Ministry of Health, Labour and Welfare "Survey on Employment Trends."
 Source: Prepared by FISCO from the Company's supplemental results briefing materials

Results trends

The Company's results for the 1H FY6/26 posted double-digit growth in both revenue and profit, exceeding the initial forecasts

1. Overview of 1H FY6/26 results

In the consolidated results for 1H FY6/26, net sales rose 19.0% YoY to ¥15,546mn, operating profit increased 30.1% to ¥1,580mn, ordinary profit grew 31.5% to ¥1,613mn, and profit attributable to owners of parent climbed 27.6% to ¥1,011mn. Both revenue and profit continued to post double-digit growth, and all indicators exceeded the initial forecasts.

Consolidated results for 1H FY6/26

	1H FY6/25			1H FY6/26			
	Results	% of net sales	Initial forecasts	Results	% of net sales	YoY	Achievement rate
Net sales	13,060	-	15,486	15,546	-	19.0%	0.4%
Cost of sales	9,425	72.2%	-	11,053	71.1%	17.3%	-
Gross profit	3,635	27.8%	-	4,493	28.9%	23.6%	-
SG&A expenses	2,420	18.5%	-	2,912	18.7%	20.4%	-
Operating profit	1,214	9.3%	1,424	1,580	10.2%	30.1%	10.9%
Ordinary profit	1,226	9.4%	1,432	1,613	10.4%	31.5%	12.6%
Profit attributable to owners of parent	792	6.1%	916	1,011	6.5%	27.6%	10.4%

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

Results trends

Corporate IT investment continued to expand as companies sought to address labor shortages, improve operational efficiency, and strengthen competitiveness. At the same time, the application domains for new technologies such as generative AI, IoT, and cloud services continued to diversify. Against this backdrop, orders in the Company's core Cloud Integration Business remained strong, and steady progress in strengthening the workforce to meet rising demand—reflected in 73 mid-career hires in 1H against the full-year plan of 150—also contributed to higher revenue.

On the profit front, the cost-of-sales ratio declined from 72.2% in the same period of the previous fiscal year to 71.1% due to the effects of higher revenue and improved productivity, and gross profit increased 23.6% YoY to ¥4,493mn. Selling, general and administrative expenses rose 20.4% YoY to ¥2,912mn due to higher personnel and recruitment costs and increased rental expenses associated with office expansion, but this was offset by the growth in gross profit, lifting the operating margin from 9.3% in the same period of the previous fiscal year to 10.2%.

The newly consolidated subsidiary Echo System contributed approximately ¥853mn to net sales and about ¥89mn to operating profit (after deducting ¥12mn in goodwill amortization). Even excluding this impact, the existing businesses still achieved solid growth, with net sales up roughly 13% and operating profit posting double-digit growth of about 22%.

Looking at the factors behind the outperformance versus the initial plan, net sales slightly exceeded the plan in the Cloud Integration Business. On the profit front, the upside was driven by a greater-than-expected improvement in the cost-of-sales ratio. Although all business segments performed better than expected, the main drivers of improvement appear to have been productivity gains stemming from engineers' skill enhancement and the utilization of generative AI.

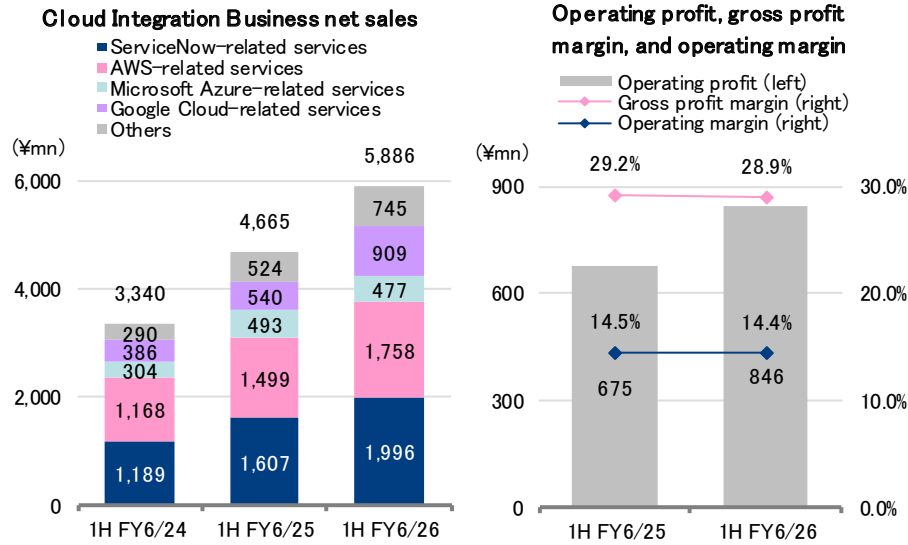
In the Cloud Integration Business, net sales and profit grew over 20%

2. Trends by business segment

(1) Cloud Integration Business

Net sales in the Cloud Integration Business rose 26.2% YoY to ¥5,886mn, while operating profit increased 25.3% to ¥846mn, continuing the substantial growth in both sales and profits. Gross profit also increased 24.9% YoY to ¥1,703mn on the back of higher revenue, and the gross profit margin remained at a high level of 28.9%. Amid sustained strong demand for DX-related investment, the Company's efforts to strengthen engineer recruitment and training and expand its order-taking capacity drove the high growth.

Results trends



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

Net sales in the mainstay ServiceNow-related services posted strong growth, rising 24.2% YoY to ¥1,996mn, while the gross profit margin increased from 42.0% in the same period of the previous fiscal year to 44.6%. The increase in net sales was driven primarily by continued additional orders from existing customers seeking to expand their use of the Company's services. The Company ranks third* in Japan in the number of ServiceNow development certifications obtained, enabling it to support a broad range of ServiceNow products and solutions. This extensive capability underpins the Company's high order-retention rate.

* The top three companies for number of development certifications obtained as of June 2025 were Fujitsu <6702> with 1,520, Accenture Japan Ltd with 929, and the Company with 588. The total number of development certifications obtained is 9,969.

Net sales of cloud infrastructure migration and usage support services (AWS, Google Cloud, Microsoft Azure) increased 24.2% YoY to ¥3,144mn. In terms of the breakdown, AWS-related services increased 17.2% YoY to ¥1,758mn, Google Cloud-related services rose 68.3% to ¥909mn, while Microsoft Azure-related services declined 3.3% to ¥477mn, marking the only area that turned negative. The decline in Microsoft Azure-related sales does not reflect a drop in underlying demand; rather, it stems from the Company selectively accepting orders based on profitability, given the limited availability of its engineering resources. Meanwhile, for Google Cloud-related services, the increase in net sales was driven by growing demand for generative-AI-related solutions, as well as the emerging contribution from rising resale revenue. Among large enterprises, the use of multiple cloud services is increasing as a way to mitigate risks in building IT systems. The Company has advanced the development of a service delivery structure capable of supporting multi-cloud environments, and it also has a substantial pool of engineers who can work on layers beyond infrastructure—such as application development, ERP, and database construction. This capability to handle end-to-end upgrades of entire corporate IT systems has become one of its strengths and is a key factor behind its sustained high growth.

Results trends

Net sales for other cloud introduction support services also posted strong growth, rising 42.1% YoY to ¥745mn. The increase was driven not only by Oracle Cloud Infrastructure-related services but also by higher sales from Snowflake*1, Celonis*2, and CyberArk*3-related services. Furthermore, post-migration resale net sales (primarily for AWS) increased 28.0% YoY to ¥1,957mn, driven by growth in the number of customers and higher data usage per customer, providing a stable earnings base that contributed to revenue growth.

*1 Developed and provided by Snowflake Inc. (US), Snowflake is a SaaS-type, cloud-based data platform enabling centralized data management that serves as a hub for all data, including cross-departmental data and data in different cloud environments. Its features include its highly secure functionality and high processing speed. It is designed for seamless alignment with data analysis tools and BI tools. Its use is spreading rapidly, especially for customers involved in AI and big data analysis. Has been handling it since 2022.

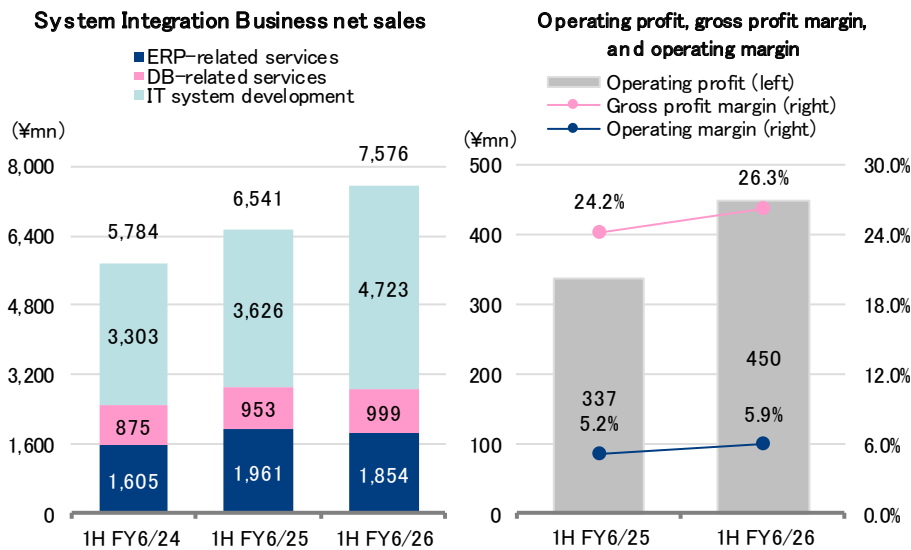
*2 Celonis, developed and provided by Germany-based Celonis, is a cloud-based process-mining platform that uses AI to analyze, improve, and monitor business processes. Handling began in 2022.

*3 CyberArk, developed and provided by Israel-based CyberArk, is an information security solution that the Company began handling in 2021. Its offerings include privileged access management systems, cloud-based identity and access management, and endpoint privileged access management solutions.

(2) System Integration Business

Net sales in the System Integration Business increased 15.8% YoY to ¥7,576mn, while operating profit rose 33.5% to ¥450mn. Gross profit increased 26.0% YoY to ¥1,990mn, and the gross profit margin rose from 24.2% in the same period of the previous fiscal year to 26.3%. In addition to the consolidation effect of Echo System, the increase in high-margin projects and productivity gains driven by the use of generative AI contributed to the improvement in profitability.

Looking at the breakdown of net sales, IT system development increased 30.3% YoY to ¥4,723mn. Of this amount, ¥790mn was attributable to the newly consolidated contribution from Echo System, and on an existing-business basis alone, net sales increased by approximately 8%. Meanwhile, ERP-related sales declined 5.5% YoY to ¥1,854mn and database-related sales rose 4.8% to ¥999mn, both showing limited growth. However, these movements primarily reflect the impact of shifting engineers to the Cloud Integration Business, and overall progress appears to have been broadly in line with plan.



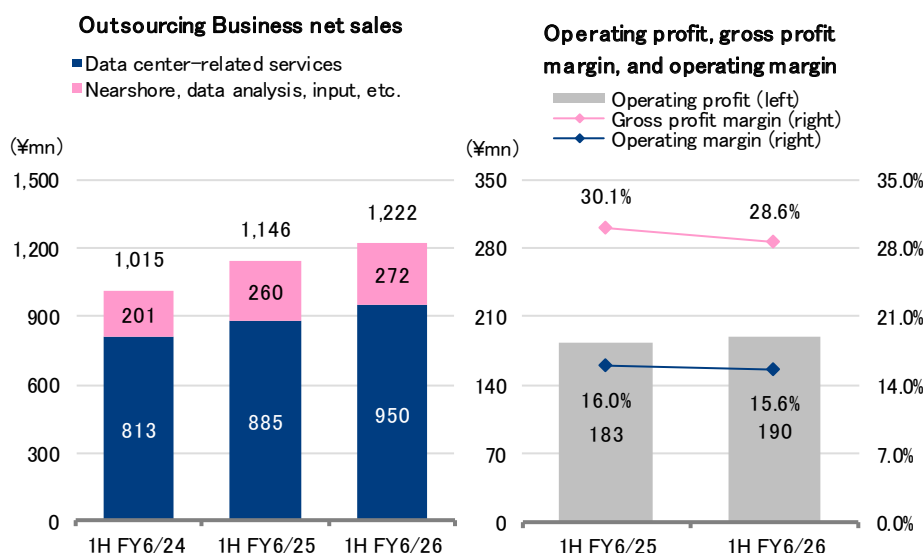
Source: Prepared by FISCO from the Company's supplemental results briefing materials

Results trends

(3) Outsourcing Business

In the Outsourcing Business, net sales increased 6.7% YoY to ¥1,222mn, while operating profit rose 4.0% to ¥190mn, reflecting steady performance. Gross profit increased only 1.1% YoY to ¥349mn, and the gross profit margin declined from 30.1% in the same period of the previous fiscal year to 28.6%. The increase in system construction costs for data center services, mainly due to higher outsourcing expenses, weighed on the profit margin.

Looking at the breakdown of net sales, sales from data center-related services increased 7.3% YoY to ¥950mn, while sales from nearshore ERP maintenance services and data analysis and input services rose 4.6% to ¥272mn, with both categories maintaining an upward trend. Looking at data center services, the increase in the number of customers and higher monthly usage fees per customer drove revenue growth, with stock-type revenue alone rising a steady 9.1% YoY to ¥830mn. Meanwhile, sales from ERP maintenance services and from data analysis and input services increased mainly due to growth in maintenance services for SAP ERP products.



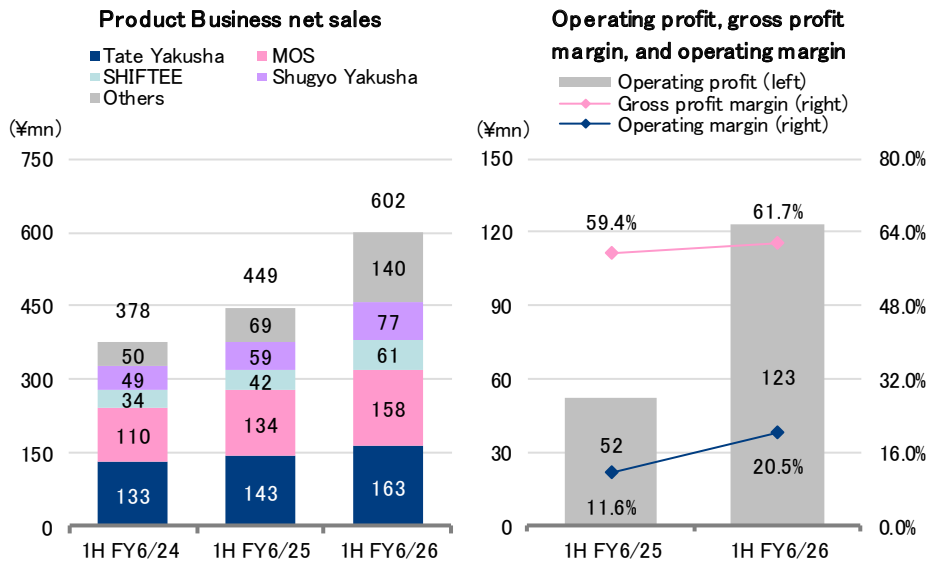
Source: Prepared by FISCO from the Company's supplemental results briefing materials

(4) Product Business

In the Product Business, net sales increased 34.1% YoY to ¥602mn, while operating profit surged 137.0% to ¥123mn. The consolidation effect of Echo System, together with steady growth in the customer base of the company's existing core products, drove both revenue and profit increases. License-related and other stock-type revenue increased 39.8% YoY to ¥341mn, driving an improvement in the gross profit margin from 59.4% in the same period of the previous fiscal year to 61.7%.

The revenue growth rate on an existing-business basis, excluding Echo System's ¥63mn in sales, came to approximately 20%. By major product, sales of Tate Yakusha increased 14.3% YoY to ¥163mn, MOS rose 18.3% to ¥158mn, SHIFTEE grew 44.3% to ¥61mn, and Shugyo Yakusha climbed 30.2% to ¥77mn, with all products achieving double-digit growth.

Results trends



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

(5) Overseas Business

Net sales in the Overseas Business increased 0.3% YoY to ¥258mn, while the segment posted an operating loss of ¥5mn, compared with a ¥11mn loss in the same period of the previous fiscal year. In this segment, net sales were supported by steady performance in payroll and accounting outsourcing services and system integration operations. On the profit side, the operating loss narrowed slightly, reflecting the absence of M&A-related expenses booked in the prior-year period.

Assets continue to increase driven by active M&A, while the equity ratio remains in the 40% range

3. Financial position and business indicators

As of the end of 1H FY6/26, total assets stood at ¥15,597mn, an increase of ¥1,969mn from the end of the previous fiscal year. Within current assets, cash and deposits increased by ¥524mn, and notes and accounts receivable–trade and contract assets expanded by ¥718mn. In non-current assets, intangible assets increased by ¥391mn and investments and other assets rose by ¥519mn, mainly reflecting the impact of M&A activity. The consolidation of Echo System contributed approximately ¥1.1bn to the increase in total assets.

Total liabilities increased ¥1,210mn from the end of the previous fiscal year to ¥8,826mn. Interest-bearing debt rose by ¥1,812mn, whereas other current liabilities decreased. Total net assets increased ¥758mn to ¥6,770mn. Although dividends paid totaled ¥258mn, the recording of ¥1,011mn in net income attributable to owners of parent served as the primary driver of the increase.

Results trends

Looking at the management indicators, the equity ratio came in at 43.4%, edging down slightly from the end of the previous fiscal year but remaining above the 40% level. Since FY6/25, the company has completed three M&A transactions, leading to an upward trend in interest-bearing debt, which increased to ¥3,639mn. As a result, the interest-bearing debt ratio rose from 30.4% at the end of the previous fiscal year to 53.8%. Nevertheless, net cash (cash and deposits minus interest-bearing debt) remained positive at ¥2,729mn, indicating that the company continues to maintain a sound financial position.

Consolidated balance sheet and management indicators

	(¥mn)				
	FY6/23	FY6/24	FY6/25	1H FY6/26	Change
Current assets	7,139	8,165	10,735	11,786	1,050
Cash and deposits	3,568	4,253	5,844	6,369	524
Non-current assets	1,730	1,763	2,892	3,811	918
Total assets	8,870	9,929	13,628	15,597	1,969
Total liabilities	4,746	4,873	7,616	8,826	1,210
Interest-bearing debt	1,009	911	1,827	3,639	1,812
Total net assets	4,124	5,055	6,012	6,770	758
Security					
Equity ratio	46.5%	50.9%	44.1%	43.4%	-0.7pp
Interest-bearing debt ratio	24.5%	18.0%	30.4%	53.8%	23.4pp
Net cash	2,559	3,341	4,017	2,729	-1,287

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

Outlook

FY6/26 results also retain room for upside on a profit basis

1. FY6/26 forecasts

For the FY6/26 consolidated results, the Company revised its initial forecasts upward, projecting net sales to rise 19.0% YoY to ¥32,060mn, operating profit to increase 28.1% YoY to ¥2,842mn, ordinary profit to grow 28.4% YoY to ¥2,880mn, and profit attributable to owners of parent to climb 25.7% YoY to ¥1,832mn. The Company effectively incorporated the first-half outperformance into its full-year results outlook, while leaving its second-half projections unchanged from the initial plan. Given that the current order environment remains strong, particularly in the Cloud Integration Business, and that the Company is not planning any notable cost increases in the second half, we at FISCO believe there is room for upside on a profit basis.

Outlook

Outlook for FY6/26 consolidated results

	FY6/25		FY6/26			YoY	Revised Amount
	Results	YoY	Initial Plan	Revised Plan*	% of net sales		
Net sales	26,938	-	32,000	32,060	-	19.0%	60
Operating profit	2,218	8.2%	2,686	2,842	8.9%	28.1%	155
Ordinary profit	2,244	8.3%	2,700	2,880	9.0%	28.4%	180
Profit attributable to owners of parent	1,457	5.4%	1,737	1,832	5.7%	25.7%	94
Net profit per share (¥)	70.72		83.88	88.84			

* Figures announced on February 4, 2026

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

The progress rates against the full-year plan came to 48.5% for net sales and 55.6% for operating profit, running slightly ahead of the average progress levels over the past three periods (48.2% for net sales and 53.2% for operating profit). The lower profit level in the second half is attributable to higher training expenses for newly hired graduates. The number of new graduate hires for spring 2026 is 147 (prospective hires), an increase of 12 from the previous year. In addition, while career hires totaled 73 in the first half, the Company plans to hire 77 in the second half (vs. 80 in the year-earlier period).

Although the Company does not disclose sales forecasts by business segment, it appears to be expecting around 25% YoY sales growth in the Cloud Integration Business, roughly 10% growth each in the System Integration and Outsourcing Services businesses, and approximately 20% growth in the Product Business. In the Cloud Integration Business, double-digit growth in ServiceNow-related services is expected to continue, and orders for generative-AI-related solutions are also likely to expand as companies broaden and deepen their practical use of these technologies. More recently, in January 2026, the Company launched "GEN-STEP," a generative-AI solution for e-commerce operators. By leveraging Google Cloud's cutting-edge generative-AI technologies, the service enables the rapid and high-quality creation of various types of content for e-commerce sites and is expected to contribute to earnings growth going forward. The Company also appears to have incorporated Echo System's results into its plan at roughly the same level as the previous fiscal year (net sales of ¥1,415mn and operating profit of ¥123mn). As goodwill amortization will amount to ¥24mn, the acquisition is expected to contribute to revenue and profit growth from the first year.

Double-digit revenue and profit growth to continue, driven by the Cloud Integration Business

2. Medium-term management plan

(1) Outline of medium-term management plan

In its three-year medium-term management plan through FY6/28 (announced in August 2025), the Company set forth a policy of pursuing annualized double-digit growth in net sales and profits under the theme "Growth and creation of further innovation," focusing on three priority initiatives: expansion of services that form the foundation of DX promotion for customers and society, fostering the growth and success of diverse human resources, and strengthening sustainability management. For FY6/28, the Company has set performance targets of ¥40,153mn in net sales and ¥3,552mn in operating profit, aiming for annual double-digit growth in both revenue and profit.

Outlook

Medium-term results plan

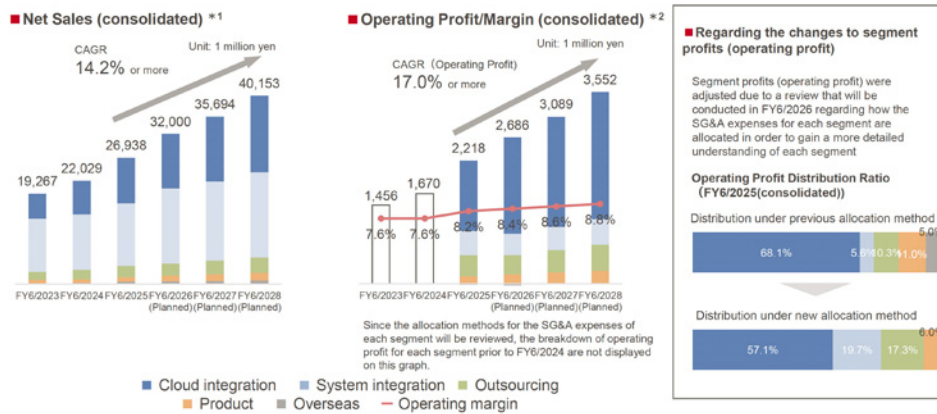
	FY6/25 Results	FY6/26		FY6/27 Target	FY6/28 Target	CAGR*
		Initial plan	Revised Plan			
Net sales	26,938	32,000	32,060	35,694	40,153	14.2%
Operating profit	2,218	2,686	2,842	3,089	3,552	17.0%
Operating margin	8.2%	8.4%	8.9%	8.7%	8.8%	
Number of consolidated employees	1,712	2,028	2,028	2,216	2,418	12.2%

* Annual rate of growth from FY6/25 to FY6/28

Source: Prepared by FISCO based on the Company's financial results and its Medium-Term Management Plan

With respect to the external environment, the Company recognizes that the domestic cloud-infrastructure services market will continue to experience high growth, driven not only by the migration of IT systems from on-premise environments but also by increasing demand for post-migration utilization and multi-cloud support, as well as the expanding use and utilization of generative-AI solutions. At the same time, advances in AI technologies have fueled growing skepticism about the outlook for the SaaS market, raising concerns that the Product Business could also be affected. At present, there are no signs of a shift in demand trends and given that the business accounts for less than 5% of total sales, its impact on overall results is considered to be limited. Similarly, although skepticism is also growing regarding the outlook for the system development market, we at FISCO view the expansion of development demand related to generative-AI technologies as creating new growth opportunities, particularly for the Cloud Integration Business. The Company intends to continue actively recruiting and developing IT personnel while also leveraging generative-AI technologies in its own operations to enhance productivity. By doing so, it aims to capture robust demand and pursue high growth, with the Cloud Integration Business positioned as its core driver.

Medium-term management indicators (consolidated)



*1 Net sales are sales to external customers. *2 Operating profit is the amount after adjustment for operating profit in the consolidated financial statements.

Source: The Company's medium-term management plan materials

Outlook

(2) Human resources strategy and growth investment plan

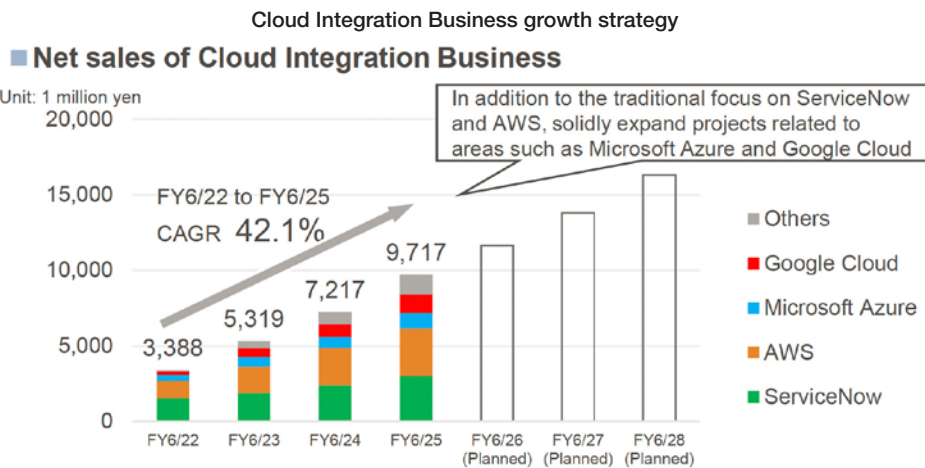
Positioning human resources as the source of business growth, the Company aims to create new corporate value through the active recruitment and promotion of diverse human resources, human resource development, and the establishment of a comfortable working environment. With regard to recruitment activities, the Company plans to assign a dedicated recruiting manager to each location in order to conduct recruitment in a flexible manner and prevent mismatches between job requirements and applicants. In addition, to maintain and enhance competitiveness in the Cloud Integration Business, the Company plans to make investments related to the acquisition of vendor certifications. Furthermore, it aims to improve salary levels and promote health management, diversity, inclusion and equity. It also sets targets to achieve for the ratio of female employees, the ratio of employees taking paid leave, and the ratio of employees taking parental leave. Through these initiatives, the Company expects its consolidated number of employees to increase at an annual rate of around 10%.

Meanwhile, with respect to growth investments (recruitment-related expenses, training costs, R&D expenses, and M&A-related expenses), the Company has invested ¥1.58bn over the past three fiscal periods (FY6/23 to FY6/25), and for the three years starting in FY6/26, it plans to invest ¥2.2bn to ¥2.6bn. In terms of R&D, the Company is advancing the development and enhancement of services, particularly those related to AI and cloud technologies. It will consider M&A in the future for the purpose of expanding its service lineup and resources in growth areas.

(3) Growth strategy by business segment

a) Cloud Integration Business

In the Cloud Integration Business, the Company’s strategy is to target high growth by the expansion of the corresponding area and existing businesses, while at the same time ensuring a solid earnings base by accumulating recurring revenue through license resales. “The Expansion of the corresponding area” refers to making investments and opening up new markets in order to rapidly develop AI-related services and promising service areas overseas in the Japanese market. For the “expansion of existing businesses,” the Company aims to differentiate itself from competing cloud integrators not only by hiring and training engineers, but also by developing and providing proprietary services that enhance customer convenience. By advancing these initiatives, the Company aims to achieve revenue growth of around 20% per year.



Source: The Company’s medium-term management plan materials

Outlook

b) System Integration Business

In the System Integration Business, the Company aims to secure orders while steadily hiring and training engineers, particularly in its mainstay ERP, database, and RPA-related services. In addition, the Company plans to propose a variety of services, including application development, to customers in other business segments such as the Cloud Integration Business, and appears to be targeting annualized sales growth of around 10%. On the profit front, the Company aims to maintain and improve profitability by strengthening project management from the perspectives of quality, duration, cost, and risk control, thereby reducing the risk of unprofitable projects while enhancing service quality.

c) Outsourcing Business

In the Outsourcing Business, the Company targets a different customer segment than major cloud vendors for its data center services and aims to drive sales growth by acquiring new customers and increasing usage fees per customer through the strength of its proprietary offerings, such as private cloud services for core systems. It appears to be targeting annualized sales growth of just under 10%. The Company also aims to expand sales in its nearshore ERP maintenance services, as demand for SAP ERP product maintenance is expected to rise toward 2027, and it plans to strengthen its operational structure to capture this opportunity. It also plans to both increase quality and secure profitability by gradually adding capacity at its data centers in line with their operating status, as it still has scope to add capacity at its data centers. There is a risk that investment burdens for servers and other equipment will increase due to the recent surge in semiconductor memory prices driven by supply-demand tightness. However, the Company is expected to maintain its margins by optimizing usage fees.

d) Product Business

In the Product Business, the Company appears to be targeting annualized sales growth of around 20% by implementing three priority initiatives—maintaining and improving stable high profitability, customer expansion, and functional enhancement. It expects to raise the proportion of recurring-revenue sales slightly from 55% in FY6/25 to close to 60% in FY6/28.

To improve and maintain stable, high profit margins, it plans to increase the proportion of monthly usage fees and other forms of recurring-revenue sales by growing sales of non-customized products. As measures to expand the customer base, the Company will continue to broaden its sales channels through distributors and other partners and strengthen promotional activities, including participation in trade shows. It also aims to increase the number of users (IDs) by expanding the user divisions within existing customers. With respect to enhancing functionality, the Company intends to shorten lead times to introduction and continue developing features that support differentiation from competing products.

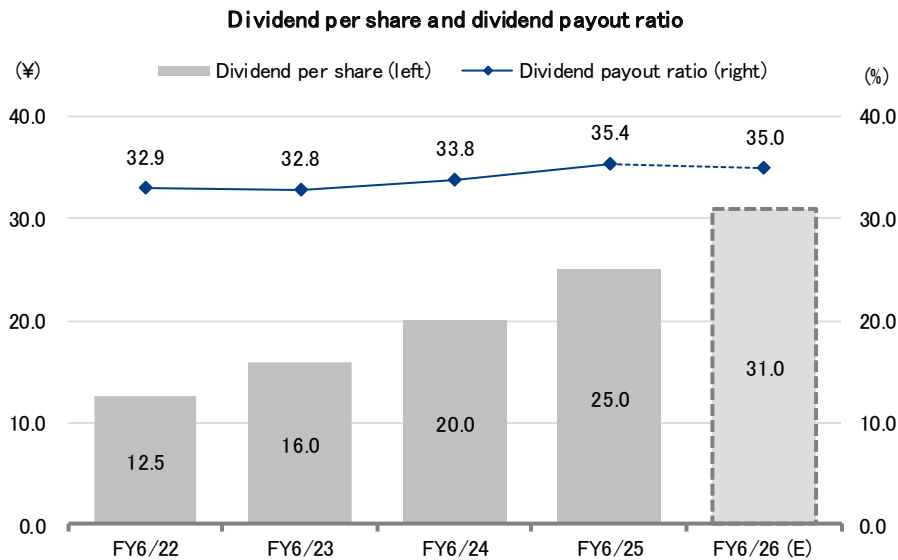
e) Overseas Business

In the Overseas Business, the Company provides support services for IT infrastructure, HR recruitment, marketing, and other areas to Japan-affiliated companies expanding into North America through its US subsidiary. It also offers remote monitoring services for Japanese companies by leveraging the time difference with Japan through its Canadian subsidiary and is strengthening outsourcing services for accounting operations at US-based Japanese companies. Through these initiatives, the Company aims to establish a structure that enables the Overseas Business to generate profits independently.

Shareholder return policy

Stock split (2-for-1) implemented; progressive dividend policy is expected to support continued dividend increases in FY6/26

The Company regards the return of profits to shareholders as one of its key management priorities. Its basic dividend policy is to continue to pay progressive dividends to shareholders and increase the level of dividends in accordance with its performance and profit level, while investing in future growth and strengthening its management structure. In January 2026, the Company also implemented a 2-for-1 stock split to make its shares more accessible to individual investors. After the stock split, the Company plans to pay a dividend of ¥31.0 per share for FY6/26, an increase of ¥6.0 from the previous fiscal year, representing a payout ratio of 35.0%. This will mark the seventh consecutive year of dividend increases. As the Company's first-half results exceeded its initial plan, it raised the interim dividend from ¥15.0 to ¥16.0 per share on a post-stock split basis. Should full-year results also come in above plan, further dividend increases can be expected.



Note: A 2-for-1 stock split was implemented effective January 1, 2026. Per-share dividend figures have been retroactively adjusted.

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



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