

System Support Holdings Inc.

4396

Tokyo Stock Exchange Prime Market

14-Oct.-2026

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FISCO Ltd.

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

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Summary

FY6/26 marked another consecutive year of record-high results. Viewing the spread of AI as a growth opportunity, the Company targets annual profit growth of 15.0%

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, have continued to expand steadily, supporting sustained double-digit growth in both revenue and profit in recent years.

1. Overview of FY6/26 results

In the consolidated results for FY6/26, net sales increased 15.4% year on year (YoY) to ¥31,091mn and operating profit rose 33.7% to ¥2,966mn, marking consecutive record highs. Amid the continued expansion of IT investment premised on the use of AI, the Company leveraged its strength in supporting multi-cloud environments to sustain high growth in the mainstay Cloud Integration Business. In particular, net sales of ServiceNow*-related services increased 25.5% YoY, serving as the main driver of earnings. In addition, the System Integration Business posted double-digit growth in both revenue and profit on the back of the effects of M&A and an increase in high-margin projects, as did the Product Business, supported by the build-up of recurring revenue as its number of contracts increased.

* 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 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. FY6/27 forecasts

For FY6/27, the Company expects consolidated net sales of ¥34,722mn, up 11.7% YoY, and operating profit of ¥3,412mn, up 15.0% YoY. Demand for IT investment premised on the use of AI remains strong, and double-digit growth is expected to continue, centered on the Cloud Integration Business. As an AI-related business initiative, the Company has newly entered into a partnership agreement with US-based Databricks, Inc., and will support customers' use of AI by combining the Databricks data and AI integration platform with its own capabilities in building multi-cloud environments and its expertise in the database domain. The Company has also developed Smart DevFlow, an in-house AI development support platform, and has begun rolling it out for use in actual projects such as system development, with the aim of improving development productivity. According to the Company's own estimates, use of the platform is expected to reduce development effort by at least 30%. In addition, the Company has developed the Vacant House Database System, a public-sector SaaS product, and plans to begin providing the service to local governments in October 2026. With vacant houses posing a challenge for many local governments, this service is worth noting as a potential contributor to earnings over the medium term.

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3. Medium-term management plan

Under its newly announced Medium-Term Management Plan 2029 (FY6/27–FY6/29), the Company set out a policy of viewing the expansion of IT demand premised on the spread of AI as a growth opportunity and of pursuing profit growth while raising profitability by focusing not only on sales growth but also on productivity gains. For the final year of the plan, it targets net sales of ¥43,618mn (CAGR of 11.9%) and operating profit of ¥4,513mn (CAGR of 15.0%). By business segment, the Cloud Integration Business is targeting a CAGR of 18.5% for net sales and 19.5% for operating profit, and the Product Business 18.0% and 21.8%, respectively, making these two businesses the earnings drivers. The Company will also continue to consider M&A in both businesses, although no such effects are factored into its results plan. We at FISCO view the further spread of AI as a favorable opportunity for the Company to expand earnings, and consider it highly likely that it will achieve these performance targets.

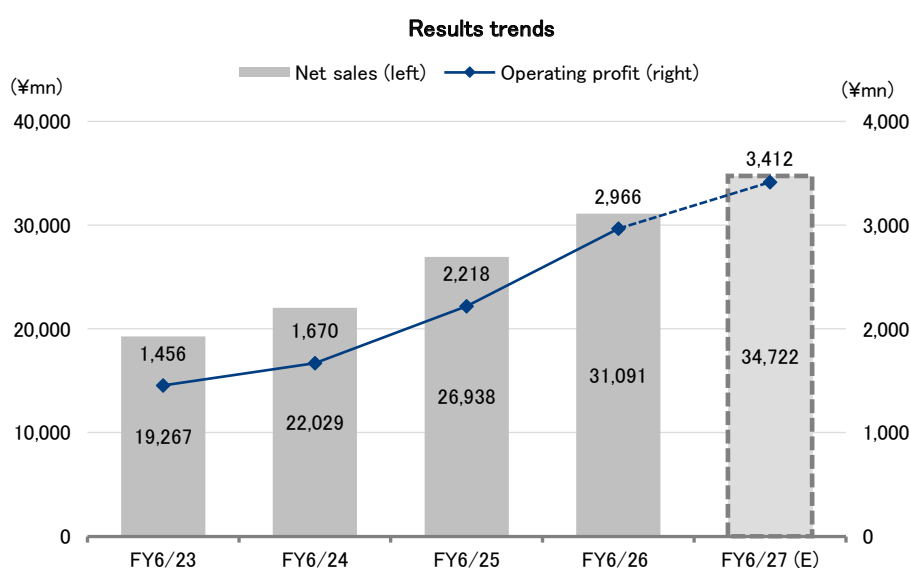
4. Shareholder return policy

The Company's policy on shareholder returns is to maintain a progressive dividend framework, providing dividends in line with business performance and profit levels, and from FY6/27 it has newly set a guideline of a consolidated dividend payout ratio of 40% or more. It plans a dividend of ¥32.0 per share for FY6/26, an effective increase of ¥7.0 YoY*, and ¥42.0 for FY6/27, up ¥10.0, marking the eighth consecutive year of dividend growth.

* A 2-for-1 stock split was implemented in January 2026.

Key Points

- In FY6/26, the Company marked another consecutive year of record-high results, driven by the Cloud Integration Business
- Double-digit growth in both revenue and profit is expected to continue in FY6/27 as the Company captures demand for AI utilization
- The Company aims for annual double-digit growth while raising profitability through AI-driven productivity gains
- The Company's policy is to pay progressive dividends with a guideline of a consolidated dividend payout ratio of 40% or more



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

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Company profile

Headquartered in Ishikawa Prefecture, the Company is an independent IT services provider that continues to grow while also pursuing M&A

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, the Company successfully rebuilt its operations under the strong leadership of current President and Representative Director Ryoji Koshimizu, who took over management from the founder in 1994. 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 the 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>. Under this contract, the Company began proactively undertaking 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 advancing 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. In July 2024, the Company's US subsidiary accepted the transfer of all businesses (system 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, and the Company also acquired all shares of software developer and IT solutions provider Communication Planning Corporation and made it into a subsidiary. Furthermore, the Company has been actively pursuing its M&A strategy, acquiring all shares of Echo System Co., Ltd., a Hiroshima-based system development company, in July 2025 and making it a subsidiary in order to strengthen 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.

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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
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	Moved to the Tokyo Stock Exchange Prime Market in conjunction with the TSE's restructuring of its market segments
October 2023	Financed and founded STS DIGITAL, Inc.
July 2024	STS Innovation accepted the transfer of all businesses from MultiNet International Inc.
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
July 2026	eNet Solutions acquired 99.3% of the shares of MIS Co., Ltd. and made it a subsidiary
July 2026	Entered into a partnership agreement with Databricks, Inc.

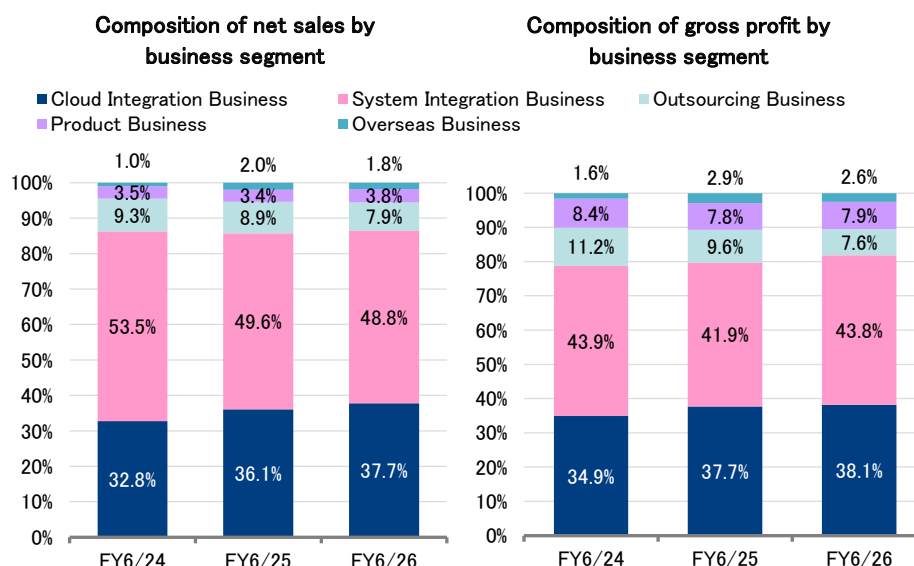
Source: Prepared by FISCO from the Company's website and securities reports

Five businesses centering on the Cloud Integration Business

2. Business description and changes in number of employees

The Group comprises the Company and 10 consolidated subsidiaries (as of June 30, 2026). 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 FY6/26, the System Integration Business accounted for 48.8% of sales, followed by the Cloud Integration Business at 37.7%, the Outsourcing Business at 7.9%, the Product Business at 3.8%, and the Overseas Business at 1.8%. Over the last three fiscal years, the share of the Cloud Integration Business has been rising amid expansion in the cloud infrastructure service market, while that of the System Integration Business has been on a declining trend. 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 provides implementation and usage support for various cloud platforms and services, including ServiceNow, AWS, Microsoft Azure, Google Cloud, and Oracle Cloud Infrastructure, and also resells the licenses for these services. In FY6/26, ServiceNow-related services accounted for the largest share of segment net sales at 32.0%, followed by AWS-related services at 25.2%, Google Cloud-related services at 17.3%, and Microsoft Azure-related services at 9.8%. 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 30.3% of sales in this segment.

Cloud-related orders often come from referrals by cloud providers or additional orders placed by existing customers, so an important element in increasing orders is training a large number of engineers certified on each cloud platform and building a track record of development projects that achieve 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 FY6/26, the gross profit margin for ServiceNow-related services was 46.7%, significantly exceeding the segment's overall margin of 29.8%, and these services accounted for 50.1% of the segment's 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 period will result in a foreign exchange loss on US dollar-denominated liabilities.

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 FY6/26, IT system development accounted for a majority of segment sales at 62.0%, followed by ERP-related services at 25.0% and database-related services at 13.0%.

For major projects centered on ERP construction, there are also many cases where the Company does not receive orders directly but undertakes them on a subcontracted basis in order to avoid the risk of losses arising from delivery delays and similar problems. Major projects contribute to sales over an extended period, and so play a role in keeping engineer utilization rates at a certain level. 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 79.1% of segment net sales. Data analysis and input services and nearshore system operation and maintenance services account for the remaining 20.9%.

The Company's data centers are used primarily as infrastructure for customers' private clouds or for business continuity planning (BCP) and data backup management, and have around 1,050 corporate customers. As measures for acquiring data center customers and for upselling, the Company provides a range of optional services—including 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—thereby differentiating itself from competitors. 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, and profitability is relatively stable. 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 occasionally 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 implementing distributor initiatives to enhance its sales capabilities.

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Company profile

Outline of major products

Name	Provider	Description
MOS	ACROSS Solutions, Inc.	A mobile order receipt and placement 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 depending 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-premises 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. As a result, offices were 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 1,992 on a consolidated basis at the end of FY6/26, an increase of 280 people from the end of FY6/25. 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 in other regions, including Hokuriku, Kansai, Tokai, and Chugoku.

Amid increasing mobility of engineers driven by the chronic shortage of IT personnel, we at FISCO view it positively that the Company has continued to maintain its turnover rate at 7.2%, below the industry average (10.2%). 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. The fact that the Company supports the implementation of major cloud platforms and services, and thus provides an environment in which employees can obtain a wide range of technical certifications, is also believed to have a positive impact on recruitment.

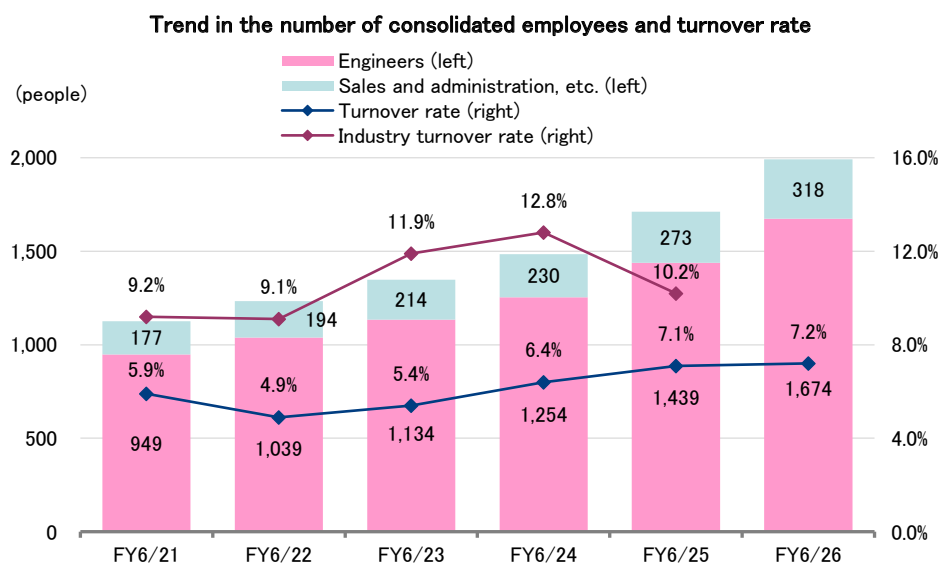
Business segments operated by Group companies

(as of the 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: The industry turnover rate is based on the separation rates by industry (information and communications industry) in the Ministry of Health, Labour and Welfare's "Survey on Employment Trends."
Source: Prepared by FISCO from the Company's supplemental results briefing materials

Results trends

In FY6/26, the Company marked another consecutive year of record-high results, driven by the Cloud Integration Business

1. Overview of FY6/26 results

In the consolidated results for FY6/26, net sales rose 15.4% YoY to ¥31,091mn, operating profit increased 33.7% to ¥2,966mn, ordinary profit grew 32.1% to ¥2,965mn, and profit attributable to owners of parent climbed 28.5% to ¥1,872mn, marking consecutive record highs. Against the Company plan revised upward in February 2026, net sales came in around ¥1.0bn below target owing to factors such as the cancellation of a resale contract by a major customer in the Cloud Integration Business. Nevertheless, profit exceeded the plan at every level, supported by the expansion of high-value-added areas and by productivity gains.

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Results trends

FY6/26 consolidated results

(¥mn)

	FY6/25			FY6/26			
	Results	% of net sales	Company plan*	Results	% of net sales	YoY	vs. plan
Net sales	26,938	-	32,060	31,091	-	15.4%	-3.0%
Cost of sales	19,434	72.1%	-	21,960	70.6%	13.0%	-
Gross profit	7,503	27.9%	-	9,131	29.4%	21.7%	-
SG&A expenses	5,285	19.6%	-	6,164	19.8%	16.6%	-
Operating profit	2,218	8.2%	2,842	2,966	9.5%	33.7%	4.4%
Ordinary profit	2,244	8.3%	2,880	2,965	9.5%	32.1%	3.0%
Profit attributable to owners of parent	1,457	5.4%	1,832	1,872	6.0%	28.5%	2.2%

* Revised figures announced in February 2026

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

In the market environment for the information services industry, IT investment aimed at strengthening competitiveness and improving operational efficiency remained firm even as uncertainty over the economic outlook persisted amid rising prices and heightened geopolitical risk. In particular, investment demand for digital transformation—such as building cloud infrastructure premised on the use of AI, data utilization, and the renewal of existing systems—expanded. Against this backdrop, high growth continued in the Company's mainstay Cloud Integration Business, while the System Integration Business and the Product Business also performed well, posting double-digit sales growth.

On the profit front, in addition to the effect of higher sales, an increase in high-margin projects in the System Integration Business and productivity gains from the in-house use of AI brought the cost-of-sales ratio down from 72.1% in the previous fiscal year to 70.6%, and gross profit increased 21.7% YoY to ¥9,131mn. SG&A expenses rose 16.6% YoY on higher personnel costs and the addition of expenses from the newly consolidated Echo System, but this was absorbed by the increase in gross profit, and the operating margin rose from 8.2% in the previous fiscal year to 9.5%. By business segment, the System Integration Business and the Product Business exceeded plan, while the other business segments appear to have been broadly in line with plan. The new consolidation of Echo System is estimated to have added approximately ¥1.62bn to net sales and about ¥140mn to operating profit.

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

2. Trends by business segment

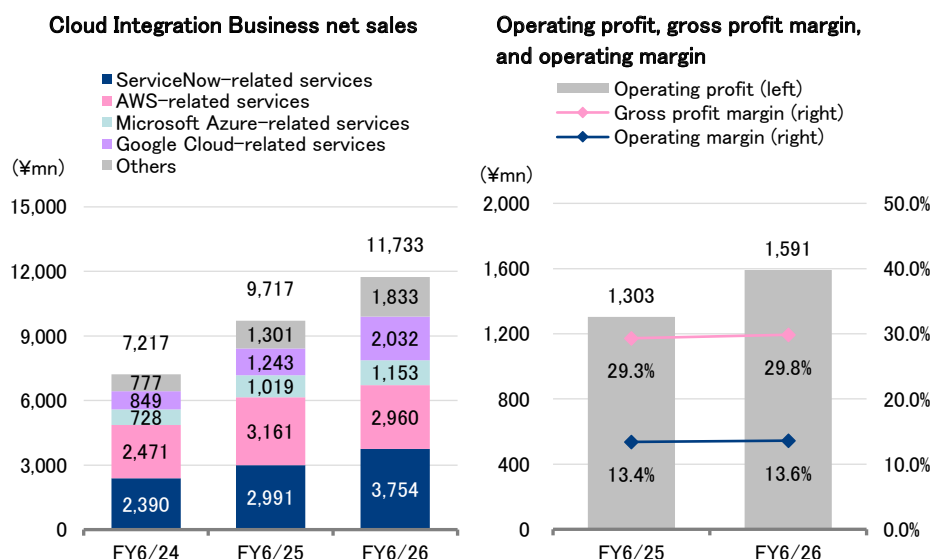
(1) Cloud Integration Business

Net sales in the Cloud Integration Business rose 20.7% YoY to ¥11,733mn, while operating profit increased 22.1% to ¥1,591mn, continuing the substantial growth in both sales and profits. Gross profit also increased 22.9% YoY to ¥3,502mn on the back of higher revenue, and the gross profit margin rose 0.5 percentage points (pp) to 29.8%. Amid expanding corporate demand for IT investment premised on the use of AI, the Company's efforts to strengthen engineer recruitment and training and expand its order-taking capacity drove the high growth.

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Results trends



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

Net sales from the mainstay ServiceNow-related services grew strongly, rising 25.5% YoY to ¥3,754mn, while the gross profit margin increased from 46.2% in the previous fiscal year to 46.7%. Additional orders from existing customers seeking to expand their use of the Company's services continued, while referrals for new projects from ServiceNow also increased. In addition, amid growing needs for the use of AI, an increase in projects handled from the consulting phase—the upstream stage of a project—is also believed to have contributed to the improvement in the gross profit margin. The Company has built a structure capable of supporting the broad range of products and solutions offered by ServiceNow and has handled a large number of projects. As a result, the Company has accumulated the technological capabilities and expertise required to meet diverse needs, underpinning its high order-retention rate and strong growth.

Other than ServiceNow-related services, AWS-related services declined 6.4% YoY to ¥2,960mn, Google Cloud-related services rose 63.4% to ¥2,032mn, Microsoft Azure-related services increased 13.1% to ¥1,153mn, and other services grew 40.9% to ¥1,833mn. AWS-related services were the only category to post a revenue decline, reflecting the cancellation of a resale contract by one major customer for reasons attributable to the customer. Without the impact of this cancellation, AWS-related services are also believed to have achieved double-digit growth. The Company continues to do business with this customer on cloud integration development projects. For Google Cloud-related services, the increase in net sales was driven by growing demand for generative-AI-related solutions, as well as by higher 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.

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Results trends

Net sales of other services also increased, driven not only by Oracle Cloud Infrastructure-related services but also by higher sales from Snowflake*1, Celonis*2, and CyberArk*3-related services, as well as by higher development revenue from various cloud-related applications. Post-migration resale revenue (primarily for AWS) increased 8.8% YoY to ¥3,551mn despite the impact of the major customer cancellation, 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 Snowflake, developed and provided by US-based 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. It features a high level of security and high processing speed. It is designed for seamless integration with data analysis tools and BI tools. Its use is spreading rapidly, particularly among companies engaged in AI and big data analysis, and the Company began handling it in 2022.

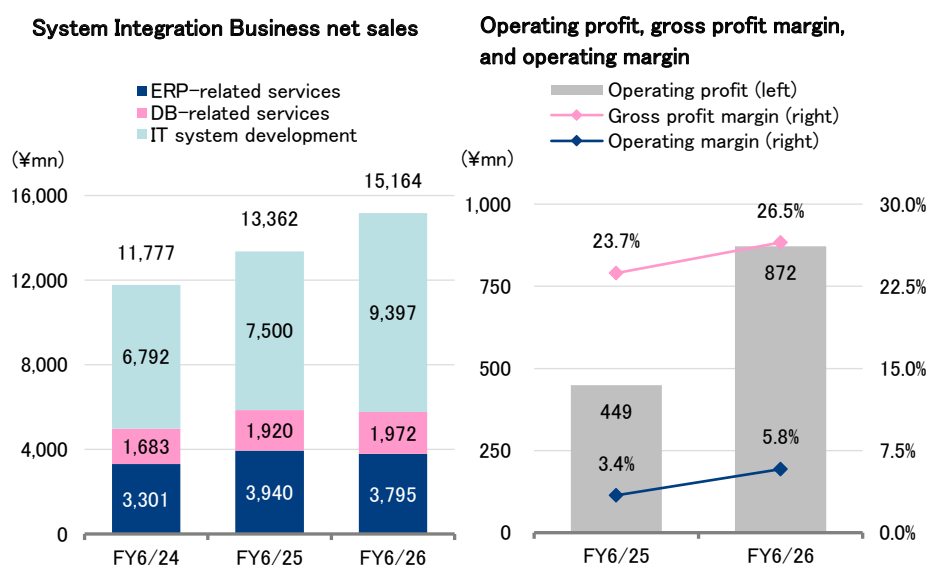
*2 Celonis, developed and provided by Germany-based Celonis, is a cloud-based process-mining platform that uses AI to analyze, improve, and monitor business processes. The Company began handling the platform in 2022.

*3 CyberArk, developed and provided by Israel-based CyberArk Software Ltd., 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 13.5% YoY to ¥15,164mn, while operating profit rose 94.2% to ¥872mn. The expansion of high-margin projects and productivity gains from the use of AI lifted the gross profit margin by 2.8pp to 26.5%, and gross profit increased 27.0% YoY to ¥4,019mn. The consolidation of Echo System added approximately ¥1.5bn to net sales, ¥420mn to gross profit, and ¥120mn to operating profit. On an existing-business basis alone, net sales rose only around 2%, but margin improvement is believed to have lifted gross profit by roughly 14% and operating profit by about 73%, a double-digit profit increase.

Looking at the breakdown of net sales, IT system development increased 25.3% YoY to ¥9,397mn. In addition to the consolidation effect of Echo System, the existing business also performed steadily, growing around 5%. Large-scale system renewal projects contributed to sales, and an increase in relatively profitable projects helped improve the profit margin. Elsewhere, ERP-related sales declined 3.7% YoY to ¥3,795mn and database (DB)-related sales rose 2.7% to ¥1,972mn, both showing limited growth. However, these movements primarily reflect the impact of shifting engineers to the Cloud Integration Business, and results were broadly in line with plan.



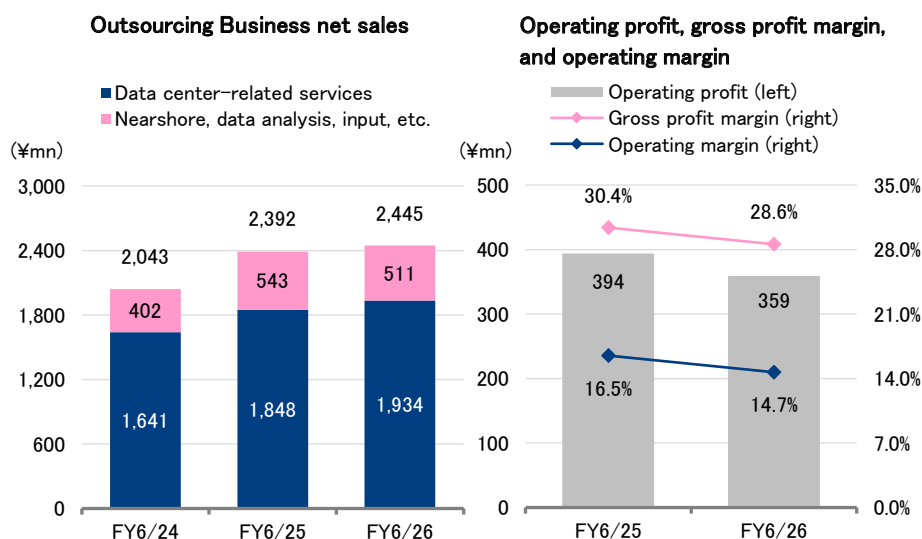
Source: Prepared by FISCO from the Company's supplemental results briefing materials

Results trends

(3) Outsourcing Business

Net sales in the Outsourcing Business increased 2.2% YoY to ¥2,445mn, while operating profit fell 8.8% to ¥359mn, making it the only business segment to post a profit decline. The decline in profit stemmed from a 1.8pp drop in the gross profit margin to 28.6%, reflecting higher system construction costs for data center services, mainly outsourcing expenses, and lower sales in data analysis and input services.

Looking at the breakdown of net sales, sales from data center-related services increased 4.7% YoY to ¥1,934mn, while sales from nearshore ERP maintenance services and data analysis and input services declined 5.9% to ¥511mn. As for data center services, although the number of customers rose only marginally, higher monthly usage fees per customer drove revenue growth, with recurring revenue alone rising 9.6% YoY to ¥1,723mn. Meanwhile, in ERP maintenance services and data analysis and input services, ERP maintenance services—which account for around half of the total—performed steadily, but a decline in orders for data analysis and input services led to lower sales.



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

(4) Product Business

In the Product Business, net sales increased 29.0% YoY to ¥1,191mn, while operating profit rose 49.5% to ¥204mn. Recurring revenue was built up as the customer base for existing core products expanded, and the consolidation of Echo System also contributed to the increases in both revenue and profit. Recurring revenue grew sharply, rising 36.0% YoY to ¥692mn, partly reflecting the effect of the new consolidation.

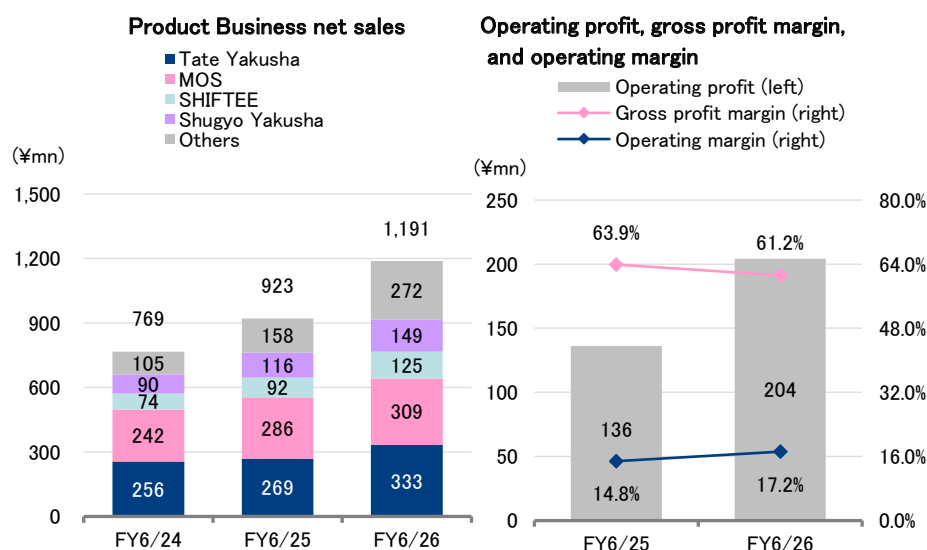
By major product, sales of Tate Yakusha increased 23.8% YoY to ¥333mn, MOS rose 8.1% to ¥309mn, SHIFTEE grew 36.4% to ¥125mn, and Shugyo Yakusha climbed 28.5% to ¥149mn, with all products other than MOS achieving double-digit growth. Sales of other products also increased 72.1% to ¥272mn on the contribution from Echo System.

The gross profit margin declined 2.7pp to 61.2%, partly reflecting customization projects for Tate Yakusha and the effect of the new consolidation, but gross profit increased 23.6% YoY to ¥729mn on the back of higher revenue. The new consolidation is estimated to have added ¥127mn to net sales and ¥16mn to operating profit.

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Results trends



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

(5) Overseas Business

Net sales in the Overseas Business increased 2.7% YoY to ¥556mn, while the segment posted an operating loss of ¥5mn, compared with a ¥17mn loss in the previous fiscal year. Net sales from system integration and payroll and accounting outsourcing services remained steady. On the profit side, the operating loss narrowed slightly, reflecting the absence of M&A-related expenses incurred in the previous fiscal year.

Sound financial position with continued improvement in profitability

3. Financial position and management indicators

As of the end of FY6/26, total assets stood at ¥16,341mn, an increase of ¥2,713mn from the end of the previous fiscal year. Within current assets, cash and deposits increased by ¥1,135mn and accounts receivable-trade rose by ¥483mn. Within non-current assets, goodwill increased by ¥127mn as a result of M&A, while software in progress rose by ¥369mn and insurance funds by ¥493mn. The consolidation of Echo System contributed approximately ¥1.1bn to the increase in total assets.

Total liabilities increased ¥1,534mn from the end of the previous fiscal year to ¥9,150mn. Interest-bearing debt rose by ¥777mn, while accrued consumption taxes increased by ¥286mn, accrued expenses by ¥160mn, and net defined benefit liability by ¥181mn. Total net assets increased ¥1,178mn to ¥7,190mn. Although there were dividend payments of ¥589mn and outlays of ¥128mn for the acquisition of treasury shares, the recording of ¥1,872mn in profit attributable to owners of parent contributed to the increase.

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Looking at the management indicators, the equity ratio came in at 44.0%, roughly unchanged from the end of the previous fiscal year. The interest-bearing debt ratio rose from 30.4% at the end of the previous fiscal year to 36.2% due to an increase in interest-bearing debt. However, net cash (cash and deposits minus interest-bearing debt) increased to a record-high ¥4,375mn, up ¥357mn, on the back of earnings expansion, indicating that the Company continues to maintain a sound financial position. In terms of profitability, the operating margin came to 9.5%, ROE to 28.4%, and ROA to 19.8%, all up YoY. In particular, the operating margin and ROA have continued to trend upward since the Company's stock market listing in 2018. We at FISCO view it positively that the Company's efforts to strengthen the recruitment and development of human resources in this business domain in response to the high growth of the cloud market, together with its focus on building up recurring revenue (resale revenue, data center services, and the Product Business) to enhance earnings stability, have created a virtuous cycle in its earnings growth over the past several years.

Consolidated balance sheet and management indicators

	(¥mn)				
	End of FY6/23	End of FY6/24	End of FY6/25	End of FY6/26	Change
Current assets	7,139	8,165	10,735	12,319	1,584
Cash and deposits	3,568	4,253	5,844	6,980	1,135
Non-current assets	1,730	1,763	2,892	4,021	1,129
Total assets	8,870	9,929	13,628	16,341	2,713
Total liabilities	4,746	4,873	7,616	9,150	1,534
Interest-bearing debt	1,009	911	1,827	2,605	777
Total net assets	4,124	5,055	6,012	7,190	1,178
Safety					
Equity ratio	46.5%	50.9%	44.1%	44.0%	-0.1pp
Interest-bearing debt ratio	24.5%	18.0%	30.4%	36.2%	5.8pp
Net cash	2,559	3,341	4,017	4,375	357
Profitability					
ROA	17.6%	18.5%	19.1%	19.8%	0.7pp
ROE	26.8%	26.7%	26.3%	28.4%	2.1pp
Operating margin	7.6%	7.6%	8.2%	9.5%	1.3pp

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

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Outlook

Double-digit growth in both revenue and profit is expected to continue in FY6/27 as the Company captures demand for AI utilization

1. FY6/27 forecasts

For FY6/27, the Company expects consolidated net sales to rise 11.7% YoY to ¥34,722mn, operating profit to increase 15.0% to ¥3,412mn, ordinary profit to grow 15.0% to ¥3,411mn, and profit attributable to owners of parent to climb 15.2% to ¥2,157mn, continuing double-digit growth in both revenue and profit. In the first half, the sales growth rate is expected to slow to single digits as the impact of the major resale cancellation in the previous fiscal year persists and high-margin projects in the System Integration Business run their course, but the Company expects a return to a double-digit growth pace from the second half. In order to make full-scale use of generative AI in actual projects such as system development, the Company has developed Smart DevFlow*, an AI development support platform, and began rolling it out in stages from July 2026. The platform has been trialed since the second half of the previous fiscal year, and is expected to reduce development effort by at least 30%. If the benefits of AI utilization exceed expectations, this could be a source of upside on the profit front.

* A platform that incorporates into AI the system development know-how and standard rules the Company has cultivated over many years, with the aim of improving efficiency across the entire development process. Its main functions include the automatic generation of documents such as requirements definition documents and design specifications, support for reviewing development deliverables, the generation of mock-ups and prototypes, support for source code generation, and greater efficiency in various tasks related to project management. The Company plans to initially use the platform mainly in the application development domain, and subsequently extend its scope to infrastructure, data analytics, and AI-related domains.

Outlook for FY6/27 consolidated results

	FY6/26		FY6/27				
	Full-year results	% of net sales	1H plan	YoY	Full-year plan	% of net sales	YoY
Net sales	31,091	-	16,855	8.4%	34,722	-	11.7%
Operating profit	2,966	9.5%	1,739	10.0%	3,412	9.8%	15.0%
Ordinary profit	2,965	9.5%	1,736	7.6%	3,411	9.8%	15.0%
Profit attributable to owners of parent	1,872	6.0%	1,095	8.3%	2,157	6.2%	15.2%
Basic earnings per share (¥)	90.55		53.13		104.63		

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

By business segment, the Company expects higher revenue and profit in all businesses, led by the Cloud Integration Business. The Outsourcing Business, which posted a profit decline in the previous fiscal year, also plans to restore earnings: in July 2026, eNet Solutions acquired MIS Co., Ltd.*, an IT company based in Ishikawa Prefecture, as a subsidiary in order to curb outsourcing expenses for data center system construction and raise the ratio of in-house development.

* eNet Solutions acquired 99.3% of the shares for ¥13mn in July 2026. MIS has an extensive track record of system implementations, mainly in the Hokuriku region, as an IBM partner, and holds the top share in the industry (75%) for distribution systems for textbooks authorized by the Ministry of Education, Culture, Sports, Science and Technology. For FY3/26, it recorded net sales of ¥748mn and operating profit of ¥32mn, with net assets of ¥59mn and total assets of ¥247mn.

Outlook

In the mainstay Cloud Integration Business, customer inquiries continue to exceed the Company's available staffing capacity amid expanding demand for IT investment premised on the use of AI, and double-digit growth is highly likely to continue in FY6/27, centered on ServiceNow-related services. To meet a variety of needs for the use of AI, the Company has newly entered into a partnership agreement with Databricks, which develops and provides the Databricks data and AI integration platform. Databricks is a cloud-based data analytics platform that handles everything from data collection, processing, and analysis through to the use of AI on a single platform. Previously, these processes required multiple tools and platforms. Databricks is distinctive in allowing them to be handled in an integrated manner, and adoption is spreading among many global companies. By combining Databricks with its own capabilities in building multi-cloud environments and its expertise in the database domain, the Company will support customers' use of AI. Snowflake is also part of its AI solutions lineup, and the Company intends to make proposals tailored to customer needs.

As a new initiative, the Company also announced that it has developed the Vacant House Database System, a public-sector SaaS product, and plans to begin providing it to local governments in October 2026. With vacant houses becoming a social issue, the Company developed the system as a subsidized project operator under the Ministry of Land, Infrastructure, Transport and Tourism's Vacant House Database System Design and Development Project. The service manages vacant house information and the status of measures taken, and enables integration with local government information systems for the purpose of information requests, thereby supporting the centralization of vacant house information at the municipal level and making measures to address vacant houses more sophisticated and efficient. The various integration functions are to be implemented in stages. The impact on FY6/27 results is expected to be minimal, but the service is expected to contribute to earnings over the medium term.

For FY6/27, the Company plans to hire 153 new graduates (up 9 from the previous fiscal year) and 145 mid-career employees (down 2), and expects the number of employees at the end of the fiscal year to increase by 195 from the end of the previous fiscal year to 2,187, representing growth of around 10%.

The Company aims for annual double-digit growth while raising profitability through AI-driven productivity gains

2. Medium-term management plan

(1) Outline of medium-term management plan

The Company has newly announced a three-year medium-term management plan through FY6/29. To date, under the theme "Growth and the creation of further innovation," it has continued to grow by expanding its business, centered on the Cloud Integration Business, and by strengthening its earnings and human resource base. In the new medium-term management plan, in light of the major changes in the business environment surrounding the Group brought about by the advance and spread of AI technologies, the Company positions these changes as growth opportunities and has set out the vision of "Empower customer and societal growth and transformation, creating sustainable value," with the aim of achieving both net sales growth and higher profitability.

The Company will focus on the following three pillars that underpin this vision.

- Evolution of Provided Value: Expanding the Company's provided value to include the domains of AI, data, and business transformation enables it to provide frontline support for its customers' growth and transformation
- Strengthening Competitive Advantages: Strengthening customer insights and implementation capabilities that span AI, data, and the cloud
- Improving Value Creation Capabilities: Achieving sustainable profit growth by strengthening the Company's workforce foundation and increasing profit per employee

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For FY6/29, the Company has set performance targets of ¥43,618mn in net sales and ¥4,513mn in operating profit. This equates to a CAGR of 11.9% for net sales and 15.0% for operating profit. Although the growth rate is slower than the CAGR over the past three years (17.3% for net sales and 26.8% for operating profit), the Company intends to continue targeting double-digit growth in both revenue and profit. The operating margin is also planned to rise from 9.5% in FY6/26 to 10.3% in FY6/29, with operating profit per employee likewise increasing from ¥1.49mn to ¥1.83mn. By making active use of AI, the Company intends to slow the pace of headcount growth from the 10% range to around 5–6% and to raise productivity per employee, thereby lifting its profit margin.

Medium-term results plan

	FY6/26 Results	FY6/27 Forecast	FY6/28 Target	FY6/29 Target	(¥mn) CAGR*
Net sales	31,091	34,722	38,897	43,618	11.9%
Operating profit	2,966	3,412	3,924	4,513	15.0%
Operating margin	9.5%	9.8%	10.1%	10.3%	
Number of consolidated employees	1,992	2,187	2,331	2,461	7.3%
Operating profit per employee	1.49	1.56	1.68	1.83	7.1%

* Compound annual growth rate from FY6/26 to FY6/29

Source: Prepared by FISCO from the Company's Medium-Term Management Plan 2029

The growth driver for sales will be the Cloud Integration Business. In this business, the Company will increase its number of customers and transaction value per customer by broadening the scope of its proposals from the cloud into AI and data utilization and the renewal of business systems. The Company also intends to accumulate recurring revenue from cloud resales, data center services, and its own products.

Drivers of improved profitability include focusing the allocation of personnel on high-value-added fields such as AI, data, and the cloud in order to capture strong demand; enhancing the sophistication of the value it provides by becoming involved from the upstream phases of projects (conceptual design, system design, etc.); and improving development productivity through the use of its AI development support platform.

Some observers take the view that the spread of AI will have a negative impact on the outlook for IT companies, as part of the work of IT engineers can be replaced by AI. In reality, however, companies face a variety of challenges when introducing AI, and support is needed to resolve them. These include a lack of data infrastructure suited to AI, information security and governance measures, the integration of systems that are fragmented by department, and shortages of IT and DX personnel. We at FISCO expect the Group to continue to achieve high growth by capturing such AI implementation support needs, drawing on its strengths: the customer insights* it has accumulated to date, its technical capabilities in building cloud environments, its ability to deliver cutting-edge services, and its comprehensive support system, which enables it to work side by side with customers from proposal and implementation through to operation, adoption, and business transformation.

* System Support Inc.'s ratio of direct sales to end users was 74.8% (FY6/26), and it has deep knowledge of customers' operations and IT systems.

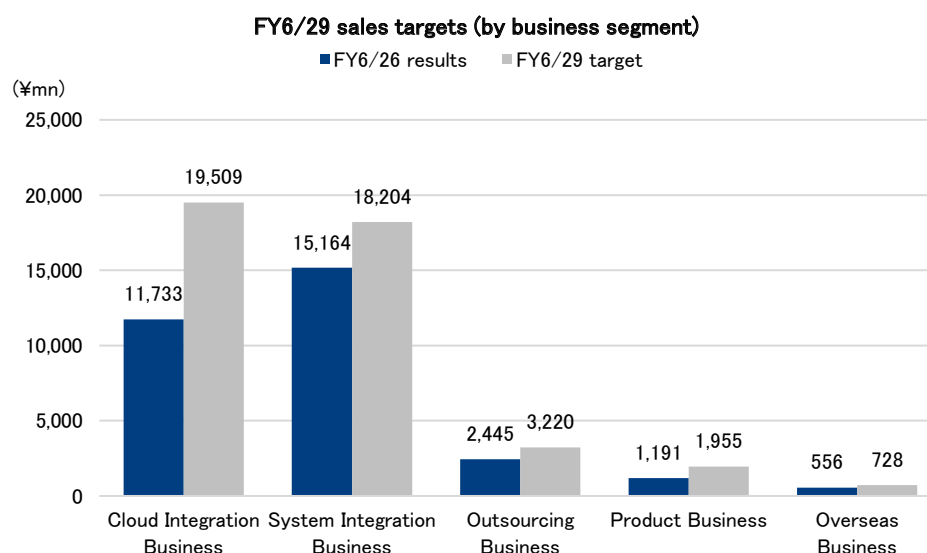
Growth investment—human resource investment (recruitment-related expenses and training costs), R&D expenses, and M&A-related expenses—is planned at around ¥2.3bn–2.7bn over the three years (versus a cumulative ¥1.86bn over the past three fiscal years), and the Company intends to continue building a value creation cycle through growth investment. The effects of M&A are not factored into its performance targets, but the Company plans to consider deals actively, mainly targeting companies engaged in consulting in the areas handled by the Cloud Integration Business and companies that have their own products (SaaS products).

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Outlook

(2) Growth strategy by business segment



Source: Prepared by FISCO from the Company's Medium-Term Management Plan 2029

a) Cloud Integration Business

The Company targets net sales of ¥19,509mn and operating profit of ¥2,718mn in FY6/29 (a CAGR of 18.5% for net sales and 19.5% for operating profit). It will drive growth for the Group as a whole by expanding the AI and data domains, enhancing the sophistication of the value it provides, and building up recurring revenue through resales.

b) System Integration Business

The Company targets net sales of ¥18,204mn and operating profit of ¥1,021mn in FY6/29 (a CAGR of 6.3% for net sales and 5.4% for operating profit). It will capture demand for IT system transformation in the AI era by leveraging its strengths in its customer base and customer insights. Advances in AI technologies can be reasonably expected to result in AI replacing part of the system development process and intensifying price competition. However, the Company has already begun operating an AI development support platform and has started reducing development effort. Going forward, the extent to which it can strengthen its cost competitiveness through the use of AI is likely to hold the key to growth.

c) Outsourcing Business

The Company targets net sales of ¥3,220mn and operating profit of ¥389mn in FY6/29 (a CAGR of 9.6% for net sales and 2.7% for operating profit). It aims for annual sales growth of 10% by strengthening subscription-based services such as data center services and ERP maintenance services. Although the growth rate for operating profit is low, the plan appears somewhat conservative, given the risk of declining demand for data input services.

d) Product Business

The Company targets net sales of ¥1,955mn and operating profit of ¥369mn in FY6/29 (a CAGR of 18.0% for net sales and 21.8% for operating profit). It aims for annual double-digit growth in both revenue and profit by expanding sales of monthly subscription-based products and expanding use by existing customers.

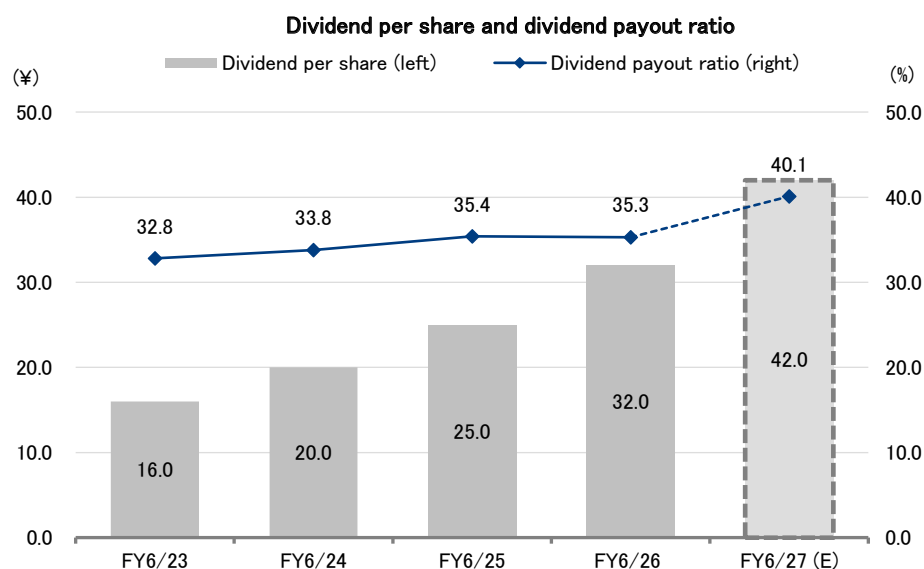
e) Overseas Business

The Company targets net sales of ¥728mn and operating profit of ¥14mn in FY6/29 (a CAGR of 9.4% for net sales). It aims to increase sales and achieve operating profitability on a full-year basis by gathering information on cutting-edge IT developments in North America and working to broaden the Group's overall service lineup, as well as by providing support services such as IT infrastructure development, recruitment, and marketing to Japan-affiliated companies expanding into North America.

Shareholder return policy

The Company's policy is to pay progressive dividends with a guideline of a consolidated dividend payout ratio of 40% or more

The Company regards the return of profits to shareholders as one of its key management priorities. Its basic dividend policy to date has been to continue to pay progressive dividends while increasing the level of dividends in accordance with its performance and profit level. However, from FY6/27 it has set a consolidated dividend payout ratio of 40% or more as a specific guideline. Accordingly, compared with a dividend of ¥32.0 per share for FY6/26 (retroactively adjusted for the stock split of January 1, 2026; payout ratio of 35.3%), the Company plans to increase the dividend by ¥10.0 to ¥42.0 per share for FY6/27 (payout ratio of 40.1%), marking the eighth consecutive year of dividend increases. If profit growth continues, further dividend increases can be expected in line with the guideline of a consolidated dividend payout ratio of 40% or more.



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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