

System Support Inc.

4396

Tokyo Stock Exchange Prime Market

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

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Summary

Forecasts continued double-digit growth in sales and profits backed by the tailwind of cloud market expansion

System Support Inc. <4396> (hereinafter, “the Company”) is an independent IT company that continues to grow, centered on supporting the introduction and use of various cloud infrastructure-related services, ERP, databases, etc., using its strength of industry-leading technological capabilities. The Company is headquartered in Ishikawa Prefecture, Japan. However, Tokyo, Nagoya, and Osaka are the primary hubs of the Company’s business activities. Also, the Company has a subsidiary in North America. The Company is also focused on recurring-revenue businesses, including data center services and the Product Business, which mainly consists of providing cloud (SaaS) services in in-house products.

1. Outline of results for FY6/23

In FY6/23 consolidated results, the Company set record high results. Net sales increased 18.9% YoY (year-on-year) to ¥19,267mn and operating profit rose 21.7% to ¥1,456mn. Amid a shift in company information systems to clouds, net sales in the Cloud Integration Business grew significantly by 57.0% to ¥5,319mn, driving earnings growth. Net sales of highly profitable ServiceNow*-related services continued to experience double-digit growth by 21.5% to ¥1,857mn, and sales of main cloud-infrastructure related services such as AWS, Microsoft Azure, and Google Cloud grew significantly, including license resale revenue. The Company’s efforts to hire and train respective technically certified personnel have been effective. It has advanced steadily as exemplified by increased sales in all other areas as well including System Integration Business and Outsourcing Business.

* “ServiceNow” is a cloud platform that standardizes and automates business processes and supports improved productivity by employees and organizations. It is provided by ServiceNow, Inc. of the US. Over the past few years, it has started to rapidly become widely used as a DX solution not only in the US and Europe, but also in Japan. The Company was one of the first Japanese companies to enter into a partner agreement with ServiceNow in 2015, and has a top-tier track record for deploying the service in Japan.

2. Outlook for FY6/24

For FY6/24 consolidated results, the Company forecasts double-digit growth in sales and profits, with net sales to increase 13.1% YoY to ¥21,784mn and operating profit to increase 21.0% to ¥1,763mn. High growth is expected to continue as demand remains strong. Azure OpenAI Service*, a deployment support service launched in May 2023, has attracted an incredibly high level of interest from companies, and because it will lead to the expansion of license resale revenue, may help to boost results depending on future trends. All other business segments are expected to see increased sales as well. In terms of HR recruitment, the Company plans to hire a total of 205 new graduates and mid-career employees (185 people in the previous period), so increases in personnel, recruitment, educational training and other expenses are projected to increase, but it appears that they will be offset by the effect of increased sales.

* Azure OpenAI Service is a service provided by Microsoft to companies. User companies are able to use language models developed by Open AI such as ChatGPT, GPT-3.5, and Codex through Microsoft Azure. Unlike the service environment of models like ChatGPT, which has been made publicly available for free through OpenAI, Azure offers the advantage of being protected by high-level security.

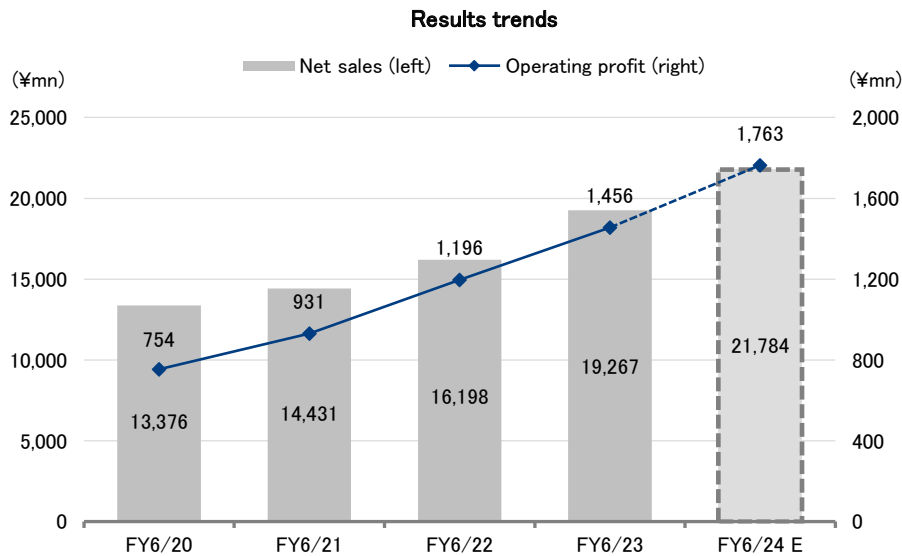
Summary

3. Medium-term management plan

The Company announced a three-year medium-term management plan in August 2022, but formulated a new rolling plan up to FY6/26 in August 2023. For FY6/26, it is targeting net sales of ¥26,805mn or higher and operating profit of ¥2,407mn or higher. In terms of average annual growth over three years, growth in net sales will exceed 11.6% and growth in operating profit will exceed 18.2%, with an operating margin in the final year of the plan rising to 9.0%. The plan reflects the expansion of license resale revenue in Cloud Integration Business, and slightly increases the growth rate of net sales in contrast to the previous three-year plan. As key measures, it will promote “expansion of services that form the foundation of DX promotion for customers and society,” “growth and success of diverse human resources,” and “strengthening ESG management.” By business segment, the Cloud Integration Business is expected to experience sales growth at an annual rate of 20-30%, and will continue to be the driver of results, while other businesses are also expected to grow steadily overall. Regarding its policy on shareholder returns, the Company plans to pay dividends with a payout ratio at the 30-35% level. The per-share dividend for FY6/24 is expected to increase for the fourth consecutive period to ¥36.0 (payout ratio of 31.9%), an increase of ¥4.0 from the previous fiscal year.

Key Points

- Double-digit growth in sales and profits in FY6/23 against the backdrop of active DX investment
- Cloud Integration Business expected to lead results with double-digit sales and profits in FY6/24 as well
- Aims for annual double-digit growth in the medium term backed by the tailwind of cloud market expansion



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

■ Company profile

An independent IT company that continues to grow led by its Cloud Integration Business

1. History

The Company was founded in 1980 in Kanazawa, Ishikawa Prefecture to provide data entry services and system development services. In the 1980s, business performance continued to grow steadily against the backdrop of favorable economic conditions. However, business results started to deteriorate following the collapse of Japan's bubble economy in the 1990s, momentarily putting the Company's survival at risk. However, in 1994, the Company worked to rationalize management under the strong leadership of the current Representative Director Ryoji Koshimizu who took over management from the Company's founder. As a result, four years later, its business results had recovered to the point where profitability was restored. Subsequently, the Company developed its technological capabilities, which are said to be at the highest level of the industry for an independent enterprise, into a core strength, and has continuously increased its business performance by using the expansion of the domestic cloud market as a tailwind.

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 an Oracle EBS 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, in 2005.

Moreover, in 2009, the Company founded STS Medic Inc., a subsidiary engaged in the development and sales of specialized software for the medical industry. Thereafter, the Company built a solid business foundation by making use of M&As. For example, T4C Co., Ltd., a service partner of the major ERP provider SAP, and ACROSS Solutions, Inc., which had been providing system solutions to the distribution industry, were successively converted into subsidiaries of the Company in 2010 and 2012, respectively. The Company has also entered overseas markets. Additionally, in 2013, the Company established a subsidiary in the US for the purpose of gathering information and supplying IT services in the country. 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, B-ROCK, Inc., which provides online marketing services, was made a subsidiary of ACROSS Solutions in April 2022 and was then absorbed by it in July 2022. The Company was listed on the Tokyo Stock Exchange Mothers Market in August 2018 and was elevated to the Tokyo Stock Exchange First Section in August 2019. The Company has since been transferred to the Prime Market in conjunction with the TSE's reorganization of its market segments in April 2022.

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 the United States
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 STS Innovation financed and founded FrontLine International, Inc. in the United States (absorbed through a merger in April 2017)
September 2015	Entered into a PartnerNow Master Terms with ServiceNow Nederland B.V.
January 2016	Financed and founded STS Innovation Canada, Inc. in 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/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.
June 2021	Commenced provision of ADDPLAT, a next-generation data analysis platform
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 ACROSS Solutions, Inc. acquired all shares in B-ROCK, Inc. and made it a subsidiary (absorbed in July 2022)

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

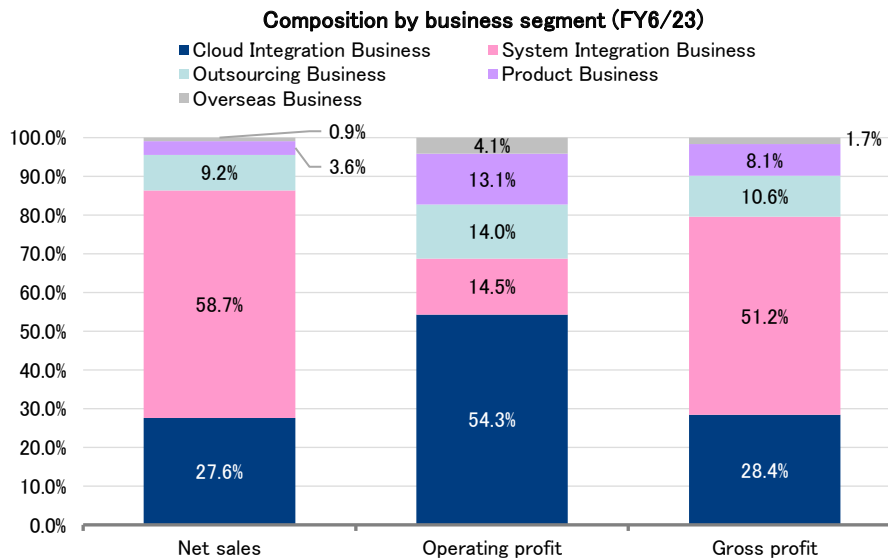
Five businesses centering on the Cloud Integration Business

2. Business description

The System Support Group comprises the Company and its six consolidated subsidiaries. From FY6/23, the Group reorganized its business segments to more clearly present the progress of cloud integration, an area it will focus on over the medium term. The previous segments were the Solutions Business, Outsourcing Business, Product Business, and Others. In the new classification scheme, the Solutions Business was split into the Cloud Integration Business (implementation and support for the use of cloud services, including ServiceNow, Microsoft Azure, AWS and Google Cloud, and resale of their licenses, etc.) and the System Integration Business (implementation and support for the use of ERP packages, infrastructure construction for Oracle Database, etc. and IT system development). Non-nearshore operation and maintenance services, which had been included in the Outsourcing Business, were transferred to the System Integration Business. Accounting process outsourcing services provided by a Canadian subsidiary were moved to the Overseas Business, a new segment, and sales from overseas subsidiaries (recruitment services and marketing support services, etc. for local Japan-affiliated companies), which had been in the Others segment, are now included as part of the Overseas Business. The Product Business remains unchanged.

Company profile

Looking at the share of each business segment in FY6/23, the System Integration Business accounted for over half of net sales, 58.7%, followed by the Cloud Integration Business, which accounted for 27.6%, the Outsourcing Business, for 9.2%, and the Product Business, for 3.6%. With regard to operating profit, on the other hand, the share of the Cloud Integration Business was highest, at 54.3%, followed by the System Integration Business at 14.5%, the Outsourcing Business at 14.0%, and the Product Business at 13.1%. The Overseas Business was minimal. The reason the System Integration Business accounts for a lower share of profit is that the shared portion of SG&A expenses are allocated to each business segment are allocated to each segment in proportion to cost of sales, so because the System Integration Business has a large amount of sales, the proportion of shared expenses allocated to the segment is also high. As seen in the distribution of gross profit, there is a not a huge difference in the composition of net sales with System Integration Business occupying the largest share at 51.2% and Cloud Integration Business at 28.4%.



Note: Percentages are calculated using pre-adjusted figures
 Source: Prepared by FISCO from the Company's financial results

(1) Cloud Integration Business

In the Cloud Integration Business, the Company implements and supports the use of various types of cloud infrastructure-related services including ServiceNow, AWS, Microsoft Azure, Google Cloud and Oracle Cloud Infrastructure, and also resells the licenses for them. Looking at the sales composition in FY6/23, ServiceNow-related services were highest at 34.9%, followed by AWS at 32.9%, Microsoft Azure at 12.4% and Google Cloud at 10.6%. License resales, which serve as a recurring-revenue business, accounted for 31.0% of sales in this segment.

Orders for cloud-related services are often via referrals from cloud providers, 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. For this reason, the Company is focused on hiring and training certified engineers, and as a result of its efforts, it has received many awards related to Microsoft Azure, AWS, Google Cloud and Oracle. Profitability is relatively stable, and with regard to ServiceNow services in particular, the Company has amassed a substantial development track record, being the first company in Japan to get involved in the platform. In part because of this, its ServiceNow business has the highest profitability of all its cloud services (The gross profit margin in FY6/23 was 44.5%, surpassing the overall business segment's margin of 28.1%).

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Company profile

Regarding resales in terms of usage fees for AWS cloud services, the cloud service provider sends U.S. dollar-denominated invoices to the Company, which in turn converts such amounts to yen, adding a certain margin, and subsequently bills customers in yen. As such, a scenario of yen depreciation in currency markets would serve as a factor underpinning higher net sales and gross profit, but such a scenario could also diminish use of services given a greater payment burden on the customer side. Meanwhile, given an average settlement period of about one to two months, there are instances where rapid yen depreciation during that time culminates in foreign exchange loss related to dollar-denominated debt.

Track record of main certifications and awards

Microsoft Azure	AWS
<ul style="list-style-type: none"> • Obtained Gold Cloud Platform Competency Certification (March 2018) Certified as a partner with an outstanding track record in expanding Microsoft Azure • Obtained Advanced Specialization (November 2020)*1 Obtained certification as a partner with sophisticated expertise in specific solution fields • Received five consecutive MVP awards Received consecutive awards in the data platform area from 2017 to 2022*2 • Received Microsoft Top Partner Engineer Award Received awards in the Azure field in 2023*2 	<ul style="list-style-type: none"> • Obtained Oracle Competency in the AWS Competency Program*3 (November 2014) • Received the APN Partner Award "Rising Star of the Year" (FY2014) • Selected 2023 Japan AWS All Certifications Engineers*2
	Google Cloud
	<ul style="list-style-type: none"> • Acquired Data Analytics Specialization in the Partner Advantage Program (September 2022)
	Oracle
	<ul style="list-style-type: none"> • Received Oracle Database-related awards for 14 consecutive years*4 • Received Oracle Certification Award 2020 and other awards from Oracle Corporation Japan

*1 Obtained in the field of migrating Windows Servers and SQL Servers to Microsoft Azure.

*2 Award received by the Company's employees.

*3 A program to identify, validate, and promote Advanced and Premier tier partners in the AWS Partner Network (APN) that have demonstrated technical expertise and proven customer success pertaining to AWS.

*4 Awards received from 2007 to 2020.

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

(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 FY6/23, IT system development accounted for 55.8%, followed by ERP-related services at 28.2% and database-related services at 15.9%.

For major projects such as system development for financial institutions and ERP construction, the Company does not receive orders directly; rather, 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.

(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 81.5% of net sales. The remaining 18.5% is taken up by data analysis and entry and system operation and maintenance on a nearshore basis.

Company profile

The Company has more than 1,000 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. The Company also provides added-value services as a strategy for acquiring data center customers. In 2006, for instance, it began providing Safetylink24, an emergency notification and safety confirmation service that automatically distributes safety confirmation messages for employees linked to earthquake information. Additionally, in 2010, the Company began offering ActionPassport, an electronic work flow system, and in 2017, the Company began providing Magic Insight, a service that allows customers to use IBM Japan, Ltd.'s IBM Watson Explorer (an AI-driven search and analysis platform) with a monthly charge plan. In its data center services, which are characterized by their recurring-revenue structure whereby monthly sales increase as a result of growing customer numbers and greater customer service use, the Company appropriately invests in servers and additional capacity otherwise in alignment with demand.

(4) Product Business

In the Product Business, the Group is engaged in the development and sales of products (software) and the provision of services. It also customizes products according to customer needs. It currently has four main products. Tate Yakusha, a construction work information management system for the construction industry, and MOS, a mobile order receipt and placement system primarily for the wholesale and retail industries, respectively account for over 30% of sales, while SHIFTEE, a cloud-based shift management system, and Shugyo Yakusha, an attendance and work management system, respectively account for over 10% of sales. While the Company does receive orders for custom development projects from time to time and records sales associated with hardware when installed, around 57% of sales in the Product Business are generated through monthly fees from cloud (SaaS) services. Therefore, this business has a recurring-revenue business model where revenue increases in line with growth in the number of subscribers. Most sales are direct sales (Tate Yakusha is often sold through the OEM channel), but the Company is also focusing its efforts on a distributor-based strategy in seeking to enhance its sales strengths.

Outline of major products

Name	Provider	Description	Number of subscribing companies*
Tate Yakusha	System Support Inc.	A construction work information management system. The monthly charge for the standard version starts at ¥40,000 per 5 licenses (initial cost: ¥350,000). The monthly charge for the premium version starts at ¥80,000 per 5 licenses (initial cost: ¥580,000).	712
MOS	ACROSS Solutions, Inc.	A mobile order receipt and placement system. For the full version, the initial cost starts at ¥350,000, options at ¥100,000, and the monthly charge at ¥20,000 (with actual figures depending on the number of accounts needed by the party placing the order).	777
SHIFTEE	System Support Inc.	A cloud-based shift management system. The monthly charge for the light version is ¥200 per user (separate charges apply for customization).	118
Shugyo Yakusha	System Support Inc.	An attendance/work management system. The monthly charge for the cloud version is ¥200 per user (separate charges apply for the on-premise version).	182

* As of June 30, 2023, on a cumulative basis

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

(5) Overseas Business

The Overseas Business 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.

Company profile

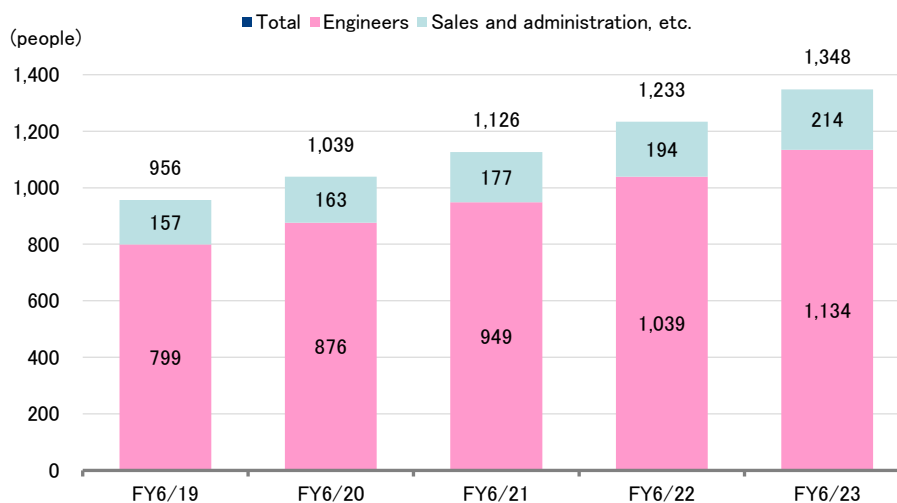
(6) Group companies and the number of employees

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 1,348 on a consolidated basis at the end of FY6/23, an increase of 115 people from the end of FY6/22. Engineers account for 84% of employees. By region, 52% of employees are in the Tokyo metropolitan area, 20% in the Hokuriku region, 14% in Kansai, 13% in Tokai, and slightly less than 1% overseas. The Company carries out hiring in a manner that strikes a good balance between regions in order to cope with escalating demand. The Group's turnover rate is low, at around 5% in contrast to the industry average of over 10%. This is seemingly attributable to active efforts encompassing not only enhancements to salaries and benefits but also improvements to workplace environments in part by fully covering costs of obtaining certifications for developing skills of engineers and by establishing telework settings.

Description of main businesses of Group companies

Name of company	Cloud Integration Business	System Integration Business	Outsourcing Business	Product Business	Overseas Business
System Support Inc.	Technical support associated with migration and use of cloud services, and resale of licenses, etc.	Technical support for deployment and use of ERP packages, infrastructure construction, and IT system development	Data entry services, nearshore operation and maintenance	Development and sales of Tate Yakusha, a construction work information management system, and other products	-
eNet Solutions Co., Ltd.	-	Deployment of various solutions	Private cloud and other data center services	-	-
T4C Co., Ltd.	-	Technical support for deployment and use of ERP packages	-	-	-
STS Medic Inc.	-	Sale and installation of medical devices and other items	-	Sales and deployment support for T-File, a medical image filing system	-
ACROSS Solutions, Inc.	-	Website and online content planning and development	-	Development and sale of MOS mobile order receipt and placement system	-
STS Innovation, Inc.	-	-	-	-	System integration and recruitment services, media management
STS Innovation Canada Inc.	-	-	-	-	Outsourcing of payroll and accounting processes

Source: Prepared by FISCO from the Company's website

Trend in the number of consolidated employees


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

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Results trends

Double-digit growth in sales and profits in FY6/23 against a backdrop of robust DX investment

1. Outline of results for FY6/23

In FY6/23 consolidated results, the Company achieved double-digit sales and profits increases and recorded continual record highs, as net sales increased 18.9% YoY to ¥19,267mn, operating profit rose 21.7% to ¥1,456mn, ordinary profit was up 23.1% to ¥1,465mn and profit attributable to owners of parent was up 28.5% to ¥1,009mn.

Results for FY6/23

	FY6/22		Company forecast	FY6/23		YoY	Achievement rate
	Results	% of net sales		Results	% of net sales		
Net sales	16,198	-	18,093	19,267	-	18.9%	6.5%
Cost of sales	11,861	73.2%	-	14,039	72.9%	18.4%	-
SG&A expenses	3,140	19.4%	-	3,770	19.6%	20.1%	-
Operating profit	1,196	7.4%	1,456	1,456	7.6%	21.7%	0.1%
Ordinary profit	1,190	7.3%	1,452	1,465	7.6%	23.1%	0.9%
Extraordinary profit/losses	-14	-	-	-35	-	-	-
Profit attributable to owners of parent	785	4.9%	982	1,009	5.2%	28.5%	2.8%

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

Amid an increasingly uncertain economic outlook attributable to rising prices and ongoing depreciation of the yen, all five of the Company's business segments recorded higher sales. This was led by the Cloud Integration Business given a scenario where the Company has been encountering persistently favorable market conditions, particularly in terms of increasing momentum toward migration of information systems to the cloud and adoption of new cloud services undertaken by companies highly engaged in DX initiatives. Net sales results exceeded the Company forecast by 6.5%, which was mainly attributable to a situation where resale income in particular increased more than anticipated in the Cloud Integration Business partially due to the depreciating yen.

On the profit front, gross profit increased 20.5% YoY to ¥5,227mn amid a scenario where the cost-of-sales ratio declined from 73.2% in the same period of the previous fiscal year to 72.9% due to changes in the sales mix and effects of increased sales. The SG&A expenses ratio rose slightly to 19.6% from 19.4% in the previous fiscal year with SG&A expenses up 20.1% due to increases in personnel, recruiting, training and other personnel-related costs and operating costs. Nevertheless, the operating margin marked an all-time high having increased to 7.6% from 7.4% in the previous fiscal year due to improvement in the gross profit margin. The slightly higher rate of increase in profit attributable to owners of parent relative to that of ordinary profit is attributable to a situation where the Company incurred a lower corporate tax burden as a result of it having applied tax credits for wage increases.

Cloud Integration Business achieves rapid growth with a 57% YoY increase in sales

2. Trends by business segment

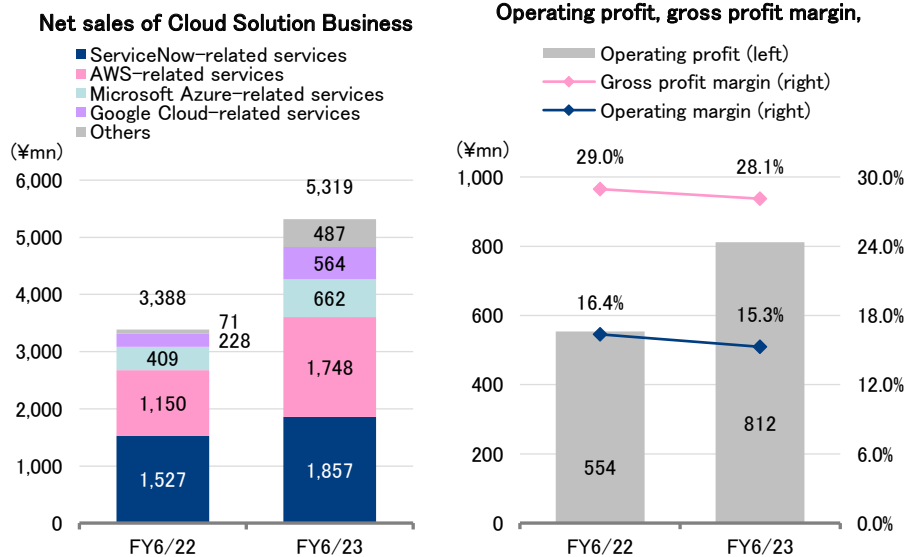
(1) Cloud Integration Business

Net sales from the Cloud Integration Business increased 57.0% YoY to ¥5,319mn and operating profit increased 46.6% to ¥812mn, so there were large increases in both sales and profits. The operating margin decreased to 15.3% from 16.4% in the previous fiscal year, which is mainly attributable to a situation where the share of sales associated with ServiceNow-related services*, which have a relatively high profit margin, had also declined to 34.9% from 45.1% previously.

* The gross profit margin of ServiceNow-related services increased to 44.5% from 44.0% in the previous fiscal year.

Looking at a breakdown of net sales, ServiceNow-related services continued to be strong, increasing by 21.5% YoY to ¥1,857mn, while AWS-related services increased 51.9% to ¥1,748mn, Microsoft Azure-related services increased 61.6% to ¥662mn, Google Cloud-related services rose 147.2% to ¥564mn, and other services went up 581.8% to ¥487mn. There was sales growth in all cloud infrastructure-related services. Meanwhile, Oracle Cloud Infrastructure served as the main contributor to net sales in the others category. The Company has also received orders for projects associated with migration of services to the cloud with respect to Oracle, which is a major player in database-related services.

Cloud Solution Business net sales breakdown and profit margin

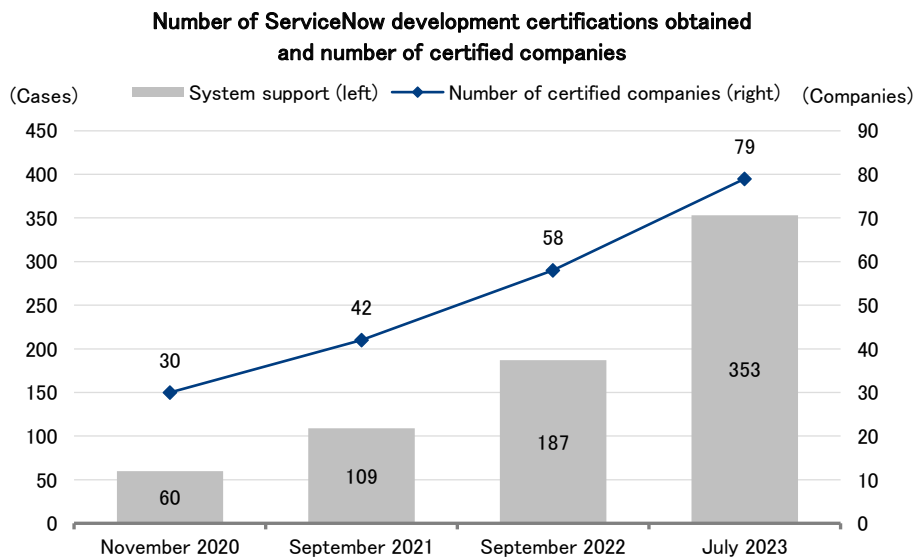


Source: Prepared by FISCO from the Company's supplemental results briefing materials

Results trends

ServiceNow-related services encountered somewhat of a slowdown in the percent increase in sales from 30.6% in the previous fiscal year, but still maintained double-digit growth as a result of efforts to train engineers and expand outside partnerships amid persistently robust demand. According to documents released by ServiceNow Japan G.K., the number of ServiceNow development certifications obtained by the Company had increased to 353 as of July 2023, from 60 in November 2020, thereby putting it at the No. 3 spot in Japan after Fujitsu Limited <6702> and Accenture <ACN>*. The Company has increased the number of ServiceNow partner companies from 30 to just short of 80 over the past three years in order to address market expansion, but growth in sales is contingent on resources of the Company and other such top-ranking enterprises given that it is not possible for a single enterprise to meet all prevailing demand. Whereas the percentage of such certifications obtained by the Company has decreased to the 7% range from just over 10% previously in part given a more extensive scope of such certifications, the Company is presumably maintaining its top-tier percentage of certifications as an Elite Partner, the highest ranking. The customers for these services are major companies and sales appear to have increased not only in Tokyo and Osaka but at other offices such as those in Nagoya and the Hokuriku area.

* Fujitsu and Accenture have obtained 522 and 376 certifications, respectively, as of July 2023.



Note: Eligible certifications: CIS, CAD, CTA through to September 2022, with scope extended to CTA, CSA, CAD, CAS-PA, CIS, Developer Core Skills, Suite (Pro) effective from May 2023 (208 certifications constituting same standards).
 Source: Prepared by FISCO from documents released by ServiceNow Japan

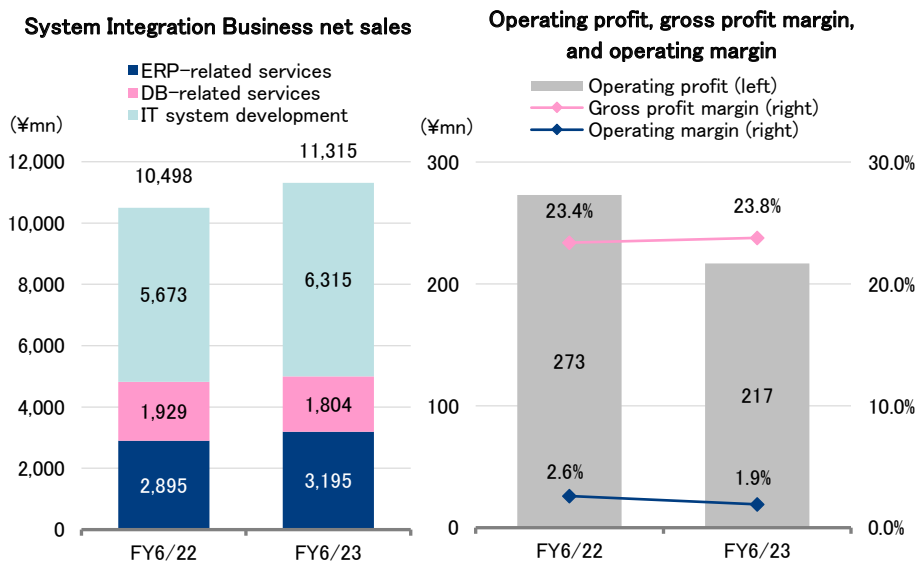
The main platforms each encountered substantial growth in cloud infrastructure-related migration and usage support services other than ServiceNow. The Company leveraged its technical database capabilities cultivated over many years in achieving growth in projects for migration and construction of cloud-based databases and data analysis platforms. In particular, the Company achieved substantial growth with respect to Google Cloud, which excels in big data analytics services, thanks in part to its effective focus on cultivating engineers.

Results trends

Resale income is associated with recurring-revenue businesses in which cloud service usage fees (primarily AWS and Microsoft Azure) are collected from customer accounts. As such, net sales increase as more customers deploy the services. In FY6/23 resale income has increased to account for 31.0% of sales in this segment amid a significant increase in resale income, up 66.3% YoY to ¥1,648mn, due in part to further yen depreciation on foreign exchange markets compared to the previous fiscal year. The resale business has a low profit margin, but it is likely to generate sales on an ongoing business. As such, growth in retail proceeds as a stable revenue source is expected going forward.

(2) System Integration Business

Net sales from the System Integration Business increased 7.8% YoY to ¥11,315mn and operating profit decreased 20.5% to ¥217mn. The decrease in profit despite the increase in sales was mainly due to an increase in SG&A expenses. As was discussed previously, the shared portion of SG&A expenses are allocated in proportion to cost of sales, so when SG&A expenses increase, the burden falls heavily on the System Integration Business because it has a large amount of sales. Looking on a gross profit basis, it increased, rising by 9.7% to ¥2,695mn, and the gross profit margin also increased, rising by 0.4 percentage points (pp) from FY6/22 to 23.8%, so the actual earnings situation can be seen as positive.



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

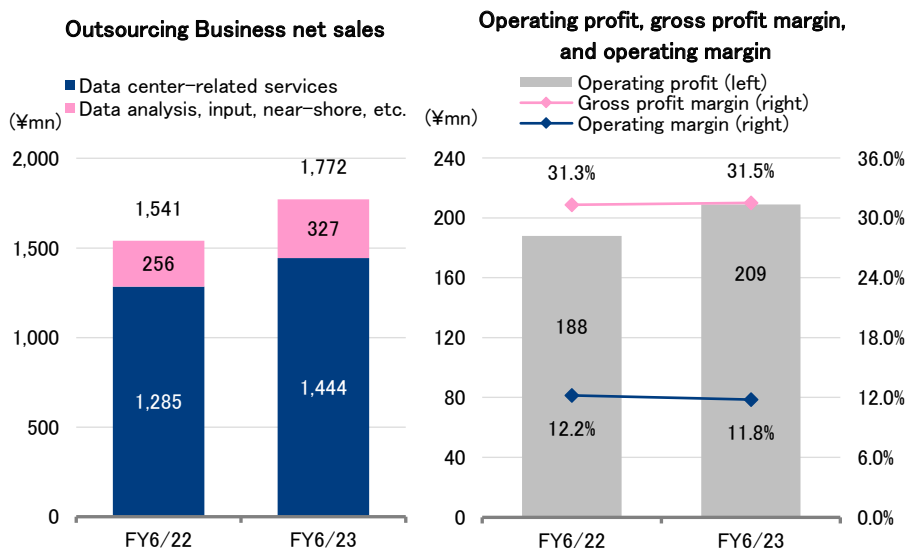
Looking at the breakdown of net sales, IT system development performed favorably, increasing 11.3% YoY to ¥6,315mn, as did ERP-related services which increased 10.4% to ¥3,195mn, but net sales in database-related services decreased 6.5% to ¥1,804mn. The decline is attributable to a situation where projects associated with the main customer Oracle have been undergoing a shift to cloud services where they are accounted for as sales of the Cloud Integration Business. Sales increased slightly in terms of Oracle-related business overall. In ERP-related services, business is poised to remain brisk going forward amid a chronic shortage of engineers in conjunction with a situation where companies continue to migrate to SAP S/4 HANA in anticipation of the end of maintenance support (at the end of 2027) for SAP's existing product.

Results trends

(3) Outsourcing Business

Net sales from the Outsourcing Business increased 14.9% YoY to ¥1,772mn, and operating profit rose 11.0% to ¥209mn, resulting in double-digit growth for both sales and profits. Gross profit increased 15.8% YoY to ¥559mn and the gross profit margin gained by 0.2 pp to 31.5%.

Looking at the breakdown of net sales, data center-related services increased 12.4% YoY to ¥1,444mn, and maintenance services, including data analysis and input and nearshore operation, rose 27.8% to ¥327mn, so results were strong in both areas. In data center services, the number of new customers held to a modest gain, but sales increased due to higher monthly usage fees attributable to an increase in usage fees per existing corporate customer. Monthly usage fees and other proceeds from recurring-revenue businesses increased 11.8% YoY to ¥1,294mn.



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

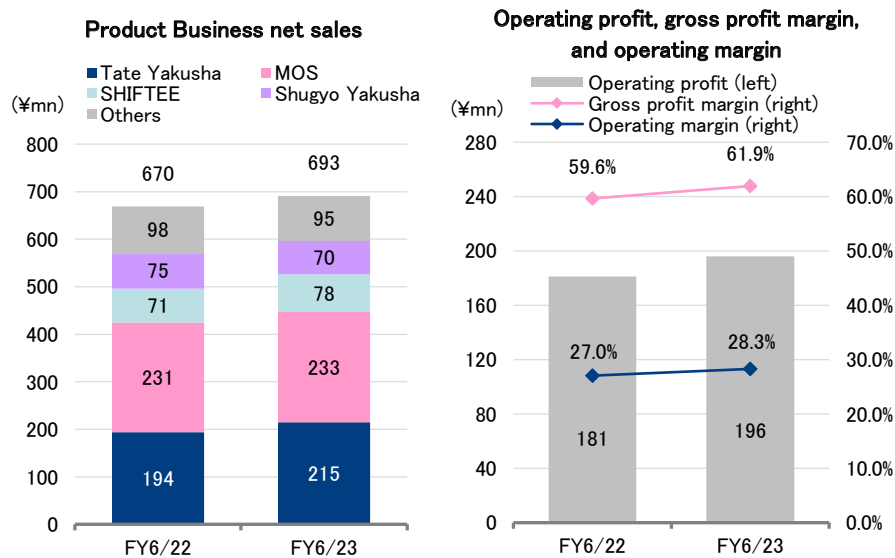
(4) Product Business

Product Business results were strong with net sales having increased 3.4% YoY to ¥693mn and operating profit having climbed 8.2% to ¥196mn. Looking at the breakdown of net sales, the segment encountered a stark contrast in results depending on the service. Accordingly, steady gains were made by Tate Yakusha, which increased 11.0% YoY to ¥215mn, and SHIFTEE, which rose 9.2% to ¥78mn. Meanwhile, MOS edged up modestly by 0.9% to ¥233mn and Shugyo Yakusha decreased 5.5% to ¥70mn.

Results trends

Regarding Tate Yakusha, with the impact of the COVID-19 pandemic having nearly run its course, sales increased given improvement in lead times from negotiations to contracting now that it is possible to hold face-to-face sales talks, and given that the Company has made progress in acquiring new customers upon having resumed its participation in trade shows. Also, with respect to SHIFTEE, more companies are working to increase the efficiency of shift management, especially in the service industry, which is leading to increased inquiries about SHIFTEE, which enables shift creation and management to be conducted simply and at a low cost. With respect to MOS, although there has been an increase in the number of new installations, MOS has incurred sluggish growth in sales due apparently to factors that include a situation where there is a large number of customers with few users on a per-company basis, which directly affects net sales, and a situation where MOS has been subject to a certain number of cancellations. Regarding Shugyo Yakusha, sales decreased due to a downturn in equipment sales associated with new installations.

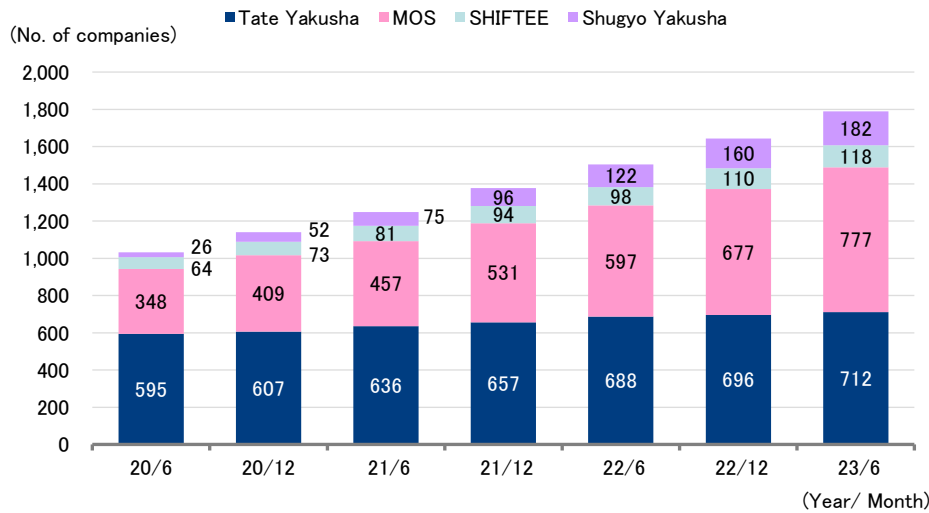
On the profit front, monthly usage fees and other recurring-revenue sales marked a solid gain of 13.1% YoY to ¥396mn. The increase contributed to higher profits while changes in the sales mix also prompted an upturn in the gross profit margin to 61.9% from 59.6% in the previous fiscal year. Net sales excluding recurring-revenue sales decreased by approximately 7% due to a decline in equipment sales and customization projects.



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

Results trends

Total number of companies deploying each product



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

(5) Overseas Business

Net sales from the Overseas Business increased 68.3% YoY to ¥166mn and operating profit increased 75.0% to ¥61mn. The continued depreciation of the yen provided a boost to results and payroll and accounting outsourcing services performed well, which led to the increased sales and profits. The operating margin rose from 52.4% in the previous fiscal year to 53.3%, and gross profit increased 71.4% to ¥88mn.

Equity ratio improves and operating margin maintains upward trajectory

3. Financial condition and business indicators

Looking at the Company's financial condition as of the end of FY6/23, total assets were ¥8,870mn, an increase of ¥1,055mn from the end of FY6/22. In terms of the main factors behind this change, in current assets, accounts receivable – trade increased by ¥587mn and cash and deposits increased by ¥314mn. In non-current assets, property, plant and equipment increased by ¥167mn, which was primarily driven by leased assets, and investments and other asset increased by ¥131mn, while intangible assets such as software and goodwill decreased by ¥79mn.

Total liabilities increased by ¥352mn from the end of FY6/22 to ¥4,746mn. Interest-bearing debt decreased by ¥139mn and income taxes payable decreased by ¥97mn, while accrued expenses increased by ¥155mn and lease liabilities encompassing both short- and long-term debt increased by ¥138mn. Total net assets were ¥4,124mn, an increase of ¥703mn from the end of FY6/22. This was primarily caused by an increase of ¥719mn in retained earnings as a result of having recorded profit attributable to owners of parent and the payment of dividends.

Results trends

Looking at business indicators, the equity ratio increased from 43.8% at the end of FY6/22 to 46.5%, a new record level, owing to an increase in shareholders' equity. The interest-bearing debt ratio decreased from 33.6% to 24.5% due to factors that include a reduction in interest-bearing debt and an increase in shareholders' equity. Net cash (cash and deposits minus interest-bearing debt) increased by ¥454mn from the end of FY6/22, reaching a record high of ¥2,559mn. As such, the Company has further strengthened its financial base. In terms of profitability, the operating margin rose by 0.2 pp YoY to 7.6%, ROA increased 1.1 pp to 17.6%, and ROE gained 2.3 pp to 26.8%. The Company's persisting focus on recruiting and training engineers propelled by growth of the cloud services market can be credited with having contributed to improving its profitability and strengthening its financial base.

Consolidated balance sheet

	(¥mn)				
	FY6/20	FY6/21	FY6/22	FY6/23	Change
Current assets	4,631	5,319	6,303	7,139	836
(Cash and deposits)	2,387	2,697	3,254	3,568	314
Non-current assets	1,316	1,342	1,511	1,730	219
Total assets	5,947	6,662	7,815	8,870	1,055
Total liabilities	3,540	3,669	4,393	4,746	352
(Interest-bearing debt)	1,015	952	1,149	1,009	-139
Total net assets	2,407	2,993	3,421	4,124	703
(Security)					
Equity ratio	40.5%	44.9%	43.8%	46.5%	2.7pt
Interest-bearing debt ratio	42.2%	31.8%	33.6%	24.5%	-9.1pt
(Profitability)					
ROA	12.6%	15.1%	16.4%	17.6%	1.1pt
ROEROE	20.5%	25.0%	24.5%	26.8%	2.3pt
Operating margin	5.6%	6.5%	7.4%	7.6%	0.2pt

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

■ Outlook

Outlook envisioning double-digit increases in sales and profit driven by the Cloud Integration Business again in FY6/24

1. Outlook for FY6/24

For its consolidated results in FY6/24, the Company is forecasting continual double-digit increases to sales and profits, with net sales set to increase 13.1% YoY to ¥21,784mn, operating profit to rise 21.0% to ¥1,763mn, ordinary profit to go up 19.8% to ¥1,755mn, and profit attributable to owners of parent to increase 15.6% to ¥1,167mn. Despite an increasingly uncertain economic outlook due in part to rising prices and waning consumer sentiment, enterprises continue to actively invest in digital transformation (DX). This suggests an ongoing scenario of substantial growth driven by the Cloud Integration Business, as was the case in the previous fiscal year. Meanwhile, the operating margin is poised to increase by 0.5 pp YoY to 8.1%.

Outlook

Outlook for FY6/24 consolidated results

	FY6/23		FY6/24		YoY
	Results	% of net sales	Company forecast	% of net sales	
Net sales	19,267	-	21,784	-	13.1%
Operating profit	1,456	7.6%	1,763	8.1%	21.0%
Ordinary profit	1,465	7.6%	1,755	8.1%	19.8%
Profit attributable to owners of parent	1,009	5.2%	1,167	5.4%	15.6%
Net profit per share (¥)	97.52		112.75		

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

In terms of expenditures, efforts of the Company to strengthen its personnel systems are likely to culminate in higher personnel costs and investment-related expenses (recruitment-related expenses, training expenses, R&D expenses), yet the ratio of investment-related expenses to sales is expected to remain at the same level as that of the previous fiscal year. Meanwhile, the Company is poised to secure new graduate hires largely in line with its recruitment plan for FY6/24, which calls for it to hire a total of 205 employees, including 111 new graduates (85 in the previous period) and 94 mid-career employees (100 in the previous period). When it comes to its mid-career hires, the Company seeks to secure its planned number of recruits amid intensifying competition to attract IT professionals not only by improving salaries and benefits and upgrading its education program, but also by creating a pleasant work environment in part by engaging in efforts in the realm of health management. The Company is also taking on new initiatives that entail carrying out training for interview facilitators. The extent to which interviewers accurately convey the appeal of the Company and leave candidates with a positive impression when conducting interviews serves as a key factor in decisions of such candidates on whether or not to join the Company.

Number of personnel hired (consolidated)

	FY6/20	FY6/21	FY6/22	FY6/23	FY6/24 plan
New graduate recruitment	58	60	70	85	111
Mid-career recruitment	97	89	83	100	94
Total number of personnel hired	155	149	153	185	205
Turnover rate	7.7%	5.9%	4.9%	5.4%	-

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

(1) Cloud Integration Business

The Cloud Integration Business is likely to once again achieve a double-digit increase in net sales relative to the previous fiscal year. The rate of growth in net sales is likely to remain substantial, though it is likely to slow relative to the 57.0% increase achieved in the previous fiscal year. With respect to ServiceNow-related services, there are concerns regarding effects associated with an increasing number of partner companies, but double-digit growth in net sales in FY6/24 is likely as the Company continues to encounter inquiries exceeding its available resources at this point in time.

Outlook

Services that support cloud infrastructure migration and use are poised to achieve substantial growth on an ongoing basis, with respect to AWS, Microsoft Azure, and Google Cloud. On the corporate side, the Company has been encountering a growing tendency toward use of multiple cloud platforms in order for companies to diversify risk, which has fueled momentum of the Company given that it has established a framework capable of accommodating the three major platforms. There is also potential for significant growth when it comes to the Azure OpenAI Service deployment support service, launched in May 2023. The Company's seminars for generating leads for Azure OpenAI Service deployment support service, which enables use of ChatGPT and other AI services while ensuring robust security with Microsoft Azure, immediately fill to capacity, thereby necessitating that the Company hold additional sessions. In July 2023, the Company began providing a new monthly plan* so that companies are able to more readily use the services. Amid a scenario where many companies have been seeking to improve productivity by using ChatGPT in their business operations, an increase in the number of companies adopting the ChatGPT service could enable the Company to generate more Microsoft Azure resale income. As such, this suggests the possibility of net sales upside potential, depending on developments going forward.

* The monthly plan is available for a monthly fee of ¥50,000 (excluding tax) with not initial setup fee. The plan was originally offered on the basis of an initial upfront cost only, with rates starting at ¥1.50mn (tax excluded).

(2) System Integration Business

The System Integration Business is likely to achieve a single-digit increase in net sales relative to the previous fiscal year. Meanwhile, database-related sales are expected to decrease due to the impact of cloud migration as was the case in the previous fiscal year, but plans call for offsetting the decrease with increased sales from ERP-related services and other system development projects. The segment's upward sales trajectory is likely to remain unchanged given favorable trends with respect to orders.

(3) Outsourcing Business

The Outsourcing Business is poised to achieve a gain of approximately 10% in net sales relative to the previous fiscal year. This increase is attributable to the likelihood of higher recurring-revenue sales derived from data center usage fees and an increase in business involving system operation and maintenance on a nearshore basis.

(4) Product Business

The Product Business is likely to achieve a single-digit increase in net sales relative to the previous fiscal year. In carrying out initiatives to increase sales the Company has been making progress in enhancing functions of products to facilitate sales of distributors, in addition to heightening awareness in part through participation in trade shows and expanding its network of sales agencies. Although distributors had formerly encountered difficulties in carrying out sales due to instances requiring additional features and other forms of customization, a scenario where functional enhancement precludes the need for customization would apparently make it easier for distributors to conduct sales, thereby culminating in a greater number of subscribers. By product, the Company is focusing on sales of Tate Yakusha and SHIFTEE.

Outlook

In July 2023, the Company began offering its Smart Rabbit Food inventory management system for restaurants, which serves as a new project. Having been developed jointly with Baycrew's Co., Ltd., which operates 50 to 60 restaurant locations including J.S. BURGERS CAFE, the Smart Rabbit system automates tasks that restaurants previously assigned to procurement managers in terms of determining order quantities by forecasting restaurant inventories and predicting volumes of food consumed in restaurants based on sales forecasts and previous month-end inventories. The Smart Rabbit system automates ordering by linking with the order receipt and placement system* currently used by customers. It is anticipated that implementing the Smart Rabbit system will enable customers to streamline the order process, while also reducing food waste due to excess inventories and diminishing sales opportunity loss attributable to inventory shortages. Target customers include companies with a wide variety of menu items or with multiple business formats, and also companies that operate more than 50 establishments. Baycrew's plans to implement the Smart Rabbit system in all of its restaurant locations by November 2023, and expects to proceed with sales promotion once benefits of the system become evident.

* The order receipt and placement system is integrated as a standard with the BtoB platform for order receipt and placement (provided by Infomart Corporation <2492>). Users of the system who do not use the platform may have it customized for an additional fee.

(5) Overseas Business

The Overseas Business is likely to achieve a gain of approximately 10% in net sales relative to the previous fiscal year. The segment enlists an approach that involves extending its accounting outsourcing services by acquiring Japan-affiliated corporate customers.

Aiming for annual double-digit growth over the medium-term backed by the tailwind of cloud market expansion

2. Medium-term management plan

(1) Outline of medium-term plan

The Company announced its three-year medium-term management plan in August 2022, then formulated a new rolling plan up to FY6/26 in alignment with changes that have occurred over the past year with respect to market conditions both domestically and abroad. Whereas the medium-term theme stated as "Growth and creation of further innovation" remains unchanged, under the plan, the Company will continue to expand services that form the foundation of DX promotion for customers and society, promote the growth and success of diverse human resources, and strengthen ESG management. For FY6/26, it has set targets of net sales of ¥26,805mn or higher, operating profit of ¥2,407mn or higher, and an operating margin of 9.0% or higher. This amounts to three-year annual growth in net sales of more than 11.6% and operating profit of more than 18.2%.

Medium-term results plan

	(¥mn)							
	FY6/23		FY6/24		FY6/25		FY6/26 New plan	CAGR*
	Previous plan	Results	Previous plan	New plan	Previous plan	New plan		
Net sales	18,093	19,267	19,902	21,784	21,892	24,365	26,805	11.6%
Operating profit	1,456	1,456	1,763	1,763	2,189	2,189	2,407	18.2%
(profit margin)	8.1%	7.6%	8.9%	8.1%	10.0%	9.0%	9.0%	
Number of consolidated employees (people)	1,353	1,348	1,466	1,495	1,582	1,633	1,785	9.8%

* Annual rate of growth over the three years from FY6/24 through FY6/26

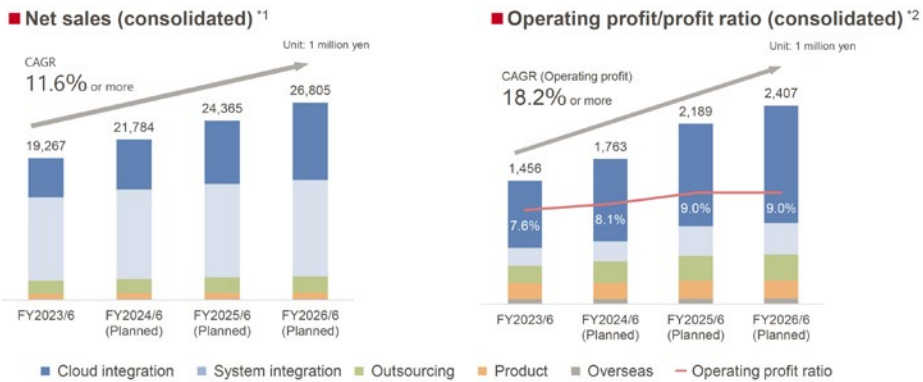
Source: Prepared by FISCO from the Company's medium-term management plan materials

Outlook

With its assessment of the external environment under the medium-term management plan largely unchanged since that of one year ago, the Company anticipates an ongoing trend of increasing IT investment domestically due to factors such as mounting DX demand. The Company furthermore anticipates significant growth to persist with respect to cloud-related services in particular amid a rising need for multi-cloud support in conjunction with demand for on-premise to cloud migration. On the other hand, the Company recognizes that competition for talent will remain intense due to a shortage of IT professionals. As for the internal environment, the medium-term management plan notes that the rising proportion of resale income in the Cloud Integration Business constitute a pivotal change amid a scenario where such resale income, which serves as recurring-revenue sales, has been increasing more than expected due to depreciation of the yen in currency markets.

With respect to net sales in FY6/23, the initial year of the medium-term management plan, Cloud Integration Business results exceeded the forecast mainly due to growth in resale income, System Integration Business and Outsourcing Business results aligned with the forecasts, and Product Business results were sluggish. As a result, whereas net sales exceeded the overall forecast, operating profit aligned with the forecast. Based on these results, the Company has upwardly revised its net sales targets for FY6/25 to ¥24,365mn from the previous target of ¥21,892mn, but has left the operating profit forecast unchanged at ¥2,189mn. The decrease in the operating margin from 10.0% previously to 9.0% is attributable to a situation where relatively low profit margin resale income will make up a greater proportion of the sales composition. The role of the Cloud Integration Business in driving results remains unchanged and its significance in that regard has become even more pronounced since release of the previous forecasts.

◆ **Aim for net sales of 26.8 billion yen or more and operating profit of 2.4 billion yen or more in FY2026/6.**



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

Outlook

(2) Growth strategy by business segment**a) Cloud Integration Business**

Underpinned by predictions of an ongoing shift to cloud-based IT systems and continued growth of the cloud services market, the Company seeks to increase orders by focusing on growth of existing businesses and expansion of business areas, while accumulating recurring revenue through resale. The segment aims to increase net sales from ¥5,319mn in FY6/23 to more than ¥10,000mn in FY6/26, of which recurring-revenue sales are poised to increase from 31% of sales to the low 40% range. The segment seeks to generate approximately 50% of its incremental increase in sales over three years from resale income, which will culminate in a lower profit margin but will further enhance consistency of earnings.

The segment seeks to enhance its human resources through measures to recruit and train talent that serves as a source of its growth. This will involve 1) taking a functional approach to recruitment through hiring managers assigned to the Company's various offices instead of solely hiring through the head office, while also preventing mismatches between jobs and applicants, 2) enhancing development of engineers while maintaining and increasing competitiveness in part by actively promoting acquisition of vendor certifications related to cloud services in particular, and 3) working to increase pay levels and establish a pleasant work environment (reducing total working hours, increasing proportion of employees taking childcare leave, increasing the proportion of female employees).

b) System Integration Business

In the System Integration Business, the Company will work to recruit and train engineers to expand its mainstay ERP-related, database-related and RPA-related services, and will increase sales by building close relationships with customer companies to expand existing customer projects and acquire recurring orders. In so doing, it apparently aims to achieve annual sales growth in the single digits. In addition, the Company intends to strengthen project management from the perspectives of quality, duration, cost and risk control to increase service quality while preventing the occurrence of unprofitable orders, and in this way, it will work to maintain and increase profitability.

c) Outsourcing Business

In the Outsourcing Business, the Company will target a different customer segment than major cloud vendors for its data center services, with the apparent aim of achieving annual sales growth in the single digits by acquiring new customers and generating data usage fees from existing customers. Since 2022, with the rapid depreciation of the yen, the increased burden of service usage charges for clouds has entered the awareness of companies and some have begun to move toward building private clouds. The Company intends to accommodate this demand. It also plans to increase quality and secure profitability by gradually adding capacity at data centers in line with their operating status. Moreover, with regard to maintenance for SAP's ERP products, demand is expected to rise ahead of 2027, so the Company trains nearshore staff in the Kanazawa region and further strengthen its systems.

d) Product Business

In the Product Business, the Company will expand sales channels through distributors and others and strengthen advertising in seeking to acquire new customers. It will also work to increase the number of users by expanding user divisions within existing customers. With respect to specific products, the Company aims to steadily achieve sales growth by placing focus on promoting sales of the new Smart Rabbit offering, in addition to Tate Yakusha and SHIFTEE. The Company seeks to increase the segment's proportion of monthly usage fees and other forms of recurring-revenue sales to nearly 70% by FY6/26 from 57% in FY6/23 by decreasing the number of customization projects, thereby giving rise to a high-profit margin revenue structure where increased sales directly result in higher profits. The segment's approach entails continually enhancing functionality to improve competitiveness against products of other companies.

Outlook

e) Overseas Business

In the Overseas Business, the Company, through its US subsidiary, will provide support services for IT infrastructure, HR recruitment, marketing and other areas for Japan-affiliated companies expanding into North America, and through its Canadian subsidiary, will provide remote monitoring services for Japanese companies that take advantage of the time difference with Japan and also strengthen outsourcing services for accounting processes.

(3) Strengthening ESG management

Through ESG management based on its corporate philosophy (Contributing to Society, Advanced Customer Service, Sharing Value), the Company is engaged in solutions to social issues and will strengthen the following initiatives going forward.

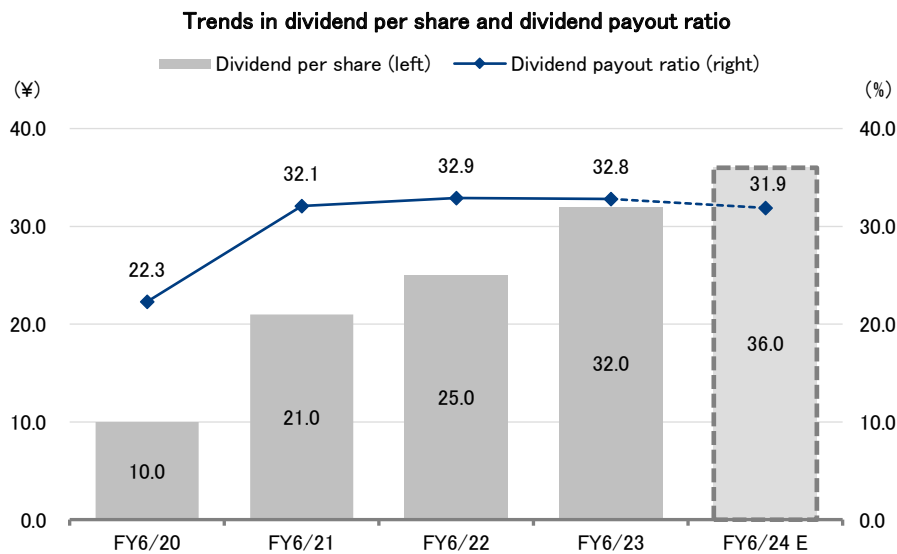
In the area of the environment, to realize a decarbonized society, the Company aims to set CO₂ emissions targets and implement further reduction measures, enhanced its disclosure system in line with the Task Force on Climate-Related Financial Disclosures (TCFD), and respond to the Carbon Disclosure Project (CDP) survey and work to improve its score.

For society, the Company will seek to expand local business and stimulate the economy through training DX personnel. In terms of specific measures, the Company is enhancing initiatives of Microsoft Base Kanazawa, which opened in August 2022 based on the concept of local IT urbanization in Hokuriku starting in Kanazawa. The facility is providing free DX education for industry-academia-government-private sector DX and also providing opportunities for communication pivoting on cloud systems that make possible the experience of the latest technology. These activities support the expansion of local businesses, the stimulation of economic activity and the creation of new business opportunities. There has been a total of 450 participants from 56 participating companies since establishment of the facility.

Shareholder return policy

Sustained dividend increases with a target payout ratio of 30-35%

The Company regards the return of profits to shareholders as one of the important management issues. The Company has indicated that its basic policy on distributing profits is to strive to improve dividends according to business performance and profit levels, while providing stable dividends based on consideration of earnings conditions. Concurrently, the Company will ensure adequate internal reserves needed for future business expansion and strengthening the management structure. With respect to the dividend per share for FY6/23, the Company increased the amount by ¥7.0 YoY to ¥32.0, which marked the fourth consecutive year of dividend increases since its listing on the stock market, and it furthermore plans to increase the amount again in FY6/24 by ¥4.0 to ¥36.0 per share. It targets a dividend payout ratio in the 30%-35% range, and intends to continue dividend increases alongside earnings growth.



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

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