COMPANY RESEARCH AND ANALYSIS REPORT

Miroku Jyoho Service Co., Ltd.

9928

Tokyo Stock Exchange Prime Market

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Summary

Shift to subscription-based business progressing, with record-high results expected for FY3/26

Miroku Jyoho Service Co., Ltd. <9928> (hereafter, also "MJS" and "the Company") is an industry leader in developing and selling enterprise resource planning (ERP) systems—primarily financial accounting and tax systems—for accounting firms and for leading medium enterprises and small and medium enterprises. In the process of shifting from the provision of software products sold on a one-off basis to subscription models, the Company is planning the launch of its DX consulting business as a new business, and fostering the integrated DX platform business to support the management of small and medium enterprises and microenterprises.

1. Overview of 1H FY3/26 results

In 1H FY3/26 (April–September 2025), the Company recorded consolidated results of ¥24,172mn in net sales, up 6.3% year on year (YoY), and ¥3,257mn in ordinary profit, up 7.6%, both exceeding the Company's plan (net sales: ¥23,800mn, ordinary profit: ¥3,150mn) and resulting in higher sales and higher profits. The main factors were a smooth shift from the provision of software products sold on a one-off basis to subscription models, which resulted in service revenues increasing 12.7% YoY and maintaining steady double-digit growth, and system installation contract sales also rising 3.2%, which were driven by brisk replacement demand for hardware products such as PCs ahead of the end of Windows 10 support. Among service revenues, ARR*1 for the Company's main ERP product subscriptions and IaaS*2 as of September 2025 increased significantly to ¥4,566mn, up 40.3% YoY. This was driven by the shift to subscription contracts following the end of one-off purchase model of ACELINK NX-CE, an ERP product for small and medium enterprises, and drove growth in service revenues.

*1 Annual recurring revenue (ARR) represents a figure calculated by multiplying net sales generated in a given month by 12.
*2 Infrastructure as a Service (IaaS) is a service providing only the infrastructure parts of a cloud service, for example, hardware and networks.

2. Consolidated outlook for FY3/26

For the FY3/26 consolidated results, the Company has maintained its initial plan for net sales up 6.2% YoY to ¥49,000mn and ordinary profit up 6.4% YoY to ¥6,800mn. While advancing the shift to the provision of subscription models for software, the Company aims to capture corporate DX demand and achieve higher sales and higher profits, while also strengthening consulting-based marketing. Although personnel expenses continue to increase, factors such as the positive impact of higher sales and reduced amortization costs for software products will contribute to profit growth. The number of companies with subscription contracts for main ERP products increased 64.2%* YoY to 7,000. The Company has set a target for ARR as of March 2026 of ¥5.59bn, up 45.4%, and plans to raise the subscription sales ratio (on a monetary basis) for main ERP products from 20.2% in the previous fiscal year to the 30% range.

* From FY3/26, the Company revised its method of calculation to treat multiple contracts from the same company as a single contract. YoY figures were also calculated based on this new method.

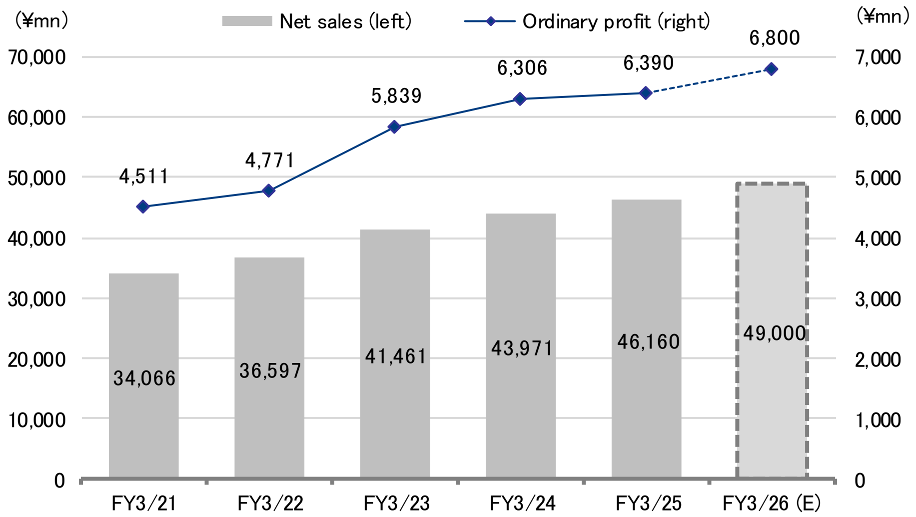
3. Progress of the Medium-term Management Plan Vision 2028

In May 2024, the Company announced its Medium-term Management Plan Vision 2028. Targets of the plan to be achieved in its final fiscal year of FY3/29 consist of net sales of ¥60.0bn (average annual growth of 6.8% for the coming four years), ordinary profit of ¥12.0bn (average annual growth of 17.1%), and return on equity (ROE) of 18% (vs. 15.6% in the FY3/25 results). The Company is working to acquire new customers (broaden its customer base) through the promotion of DX consulting and to maximize customer lifetime value (hereafter, LTV) by shifting to subscription models. The Company plans to raise the proportion of sales of main ERP products by subscription to 60% and increase total software utilization fees to an ARR of ¥20.0bn. To promote the shift to subscriptions, the Company also began offering the new SaaS cloud-based ERP product LucaTech GX Lite in November 2025. The Company initially plans to introduce this product to small and medium enterprises, then expand its functionality while offering it to leading medium enterprises and accounting firms. The cumulative sales target for the entire LucaTech GX series is expected to reach ¥20.0–25.0bn for each of three editions during five years from the start of their respective launches. In addition, as part of its overseas strategy, the Company made Synergix Technologies Pte Ltd., an ERP company in Singapore, a consolidated subsidiary in October 2025. The Company aims to expand its overseas business by selling Synergix's ERP products to Japanese companies operating in ASEAN countries, including Singapore. Although its annual sales are modest at just over ¥1.0bn, Synergix is expected to contribute to profits in the medium term. Regarding shareholder return, the Company's policy is to implement a progressive dividend aligned with profit growth, with a consolidated dividend payout ratio of between 30% and 40% as a benchmark. In FY3/26, the Company plans to pay an annual dividend of ¥60.0 per share (dividend payout ratio of 36.7%), for an increase of ¥5.0 YoY per share, marking the third successive year of dividend increases. Under its capital policy, the Company will also consider acquiring treasury shares as appropriate.

Key Points

- In 1H FY3/26, the Company achieved higher sales and higher profits than planned
- Double-digit growth in service revenues continues, and the Company is on track to achieve record-high results for FY3/26
- Announced SaaS cloud-based ERP product LucaTech GX Lite to accelerate the shift to subscription models
- The Company aims to maintain a consolidated dividend payout ratio of 30 to 40% as a benchmark and implement a progressive dividend policy, while also considering share repurchases as appropriate

Consolidated financial results trends



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

Company profile

A leading provider of financial accounting systems for accounting firms, and for leading medium enterprises and small and medium enterprises

1. Business description and the Company's strengths

The Company's current main business is its ERP business, with finance and accounting at its core (development and sales of ERP systems, installation support services, and various maintenance services). ERP business accounts for approximately 90% of net sales, with the remainder coming from business domains operated by subsidiaries that include Tribeck Inc., MJS M&A Partners Co., Ltd., and Transtructure Co., Ltd.

The main customers of the Company's ERP business are accounting firms and their clients, primarily leading medium enterprises and small and medium enterprises. The Company sells ACELINK NX-Pro to accounting firms. For over 45 years since the Company's establishment, by incorporating the requirements of its customer base of tax accountants and certified public accountants, the Company's ERP systems now have a wealth of functions. With approximately 8,400 accounting firm users, the Company holds a roughly 25% market share, placing it among the industry leaders. Direct sales account for almost 100% of sales, with contracts primarily based on a one-off purchase model. The Company's main competitors are TKC <9746> and Japan Digital Laboratory Co., Ltd., and while there have been no significant changes in market share, in recent years, new entrants such as Money Forward <3994> have emerged. In addition to its wide range of functions, the Company's strength lies in its in-house system for providing customer support 24 hours a day, 365 days a year. The Company has established a framework for developing new functions and improving existing ones based on requests made through Miroku Kaikeijinkai, a voluntary organization of ACELINK NX-Pro users. In addition, the Company offers services that assist customers in their daily operations, such as by providing the latest information on changes in accounting and tax regulations through the MJS Tax and Accounting System Research Institute*, and by organizing training sessions and seminars. These factors contribute to the Company maintaining an edge over its competitors.

* Established in 1999 as an in-house organization with the aim of promptly providing various information and services in response to tax reforms, amendments to the Companies Act, and changes in accounting and other systems. Its wide-ranging activities include publishing monthly magazines and research reports and hosting training sessions and seminars.

Meanwhile, the Company has around 18,000 users for its ERP products for leading medium enterprises and small and medium enterprises, which include systems for financial accounting, human resources and payroll, and sales management. Its product lineup is tailored to company size, with Galileopt DX for leading medium enterprises, MJSLINK DX for leading medium enterprises and small and medium enterprises, and ACELINK NX-CE for small and medium enterprises. Looking at distribution channels, direct sales account for nearly 90% of sales and the remainder (slightly over 10%) are through sales agencies. The large number of competitors include OBIC Business Consultants <4733>, Otsuka Corporation <4768>, OBIC Co., Ltd. <4684>, Money Forward, Inc., and Freee K.K. <4478>. Especially in recent years, as many SaaS offerings (including those with generative AI functionality) are being developed and provided, because consulting capabilities that support digital transformation (DX) in management, including integration with other companies' systems, have become increasingly sought after, the Company is also focused on training DX consultants. It deploys these consultants at branch offices across the country and provides a combination of development, sales, and support services, including through customer support centers and the MJS Tax and Accounting System Research Institute, thereby endeavoring to further increase levels of customer satisfaction. FISCO believes that the Company still has substantial scope for attracting new customers because the accounting firms that it handles provide services to around 500,000 companies. In addition, the Company offers simplified SaaS-based accounting software and other services for microenterprises via accounting firms and online, with around 80,000 companies or individuals using these services.

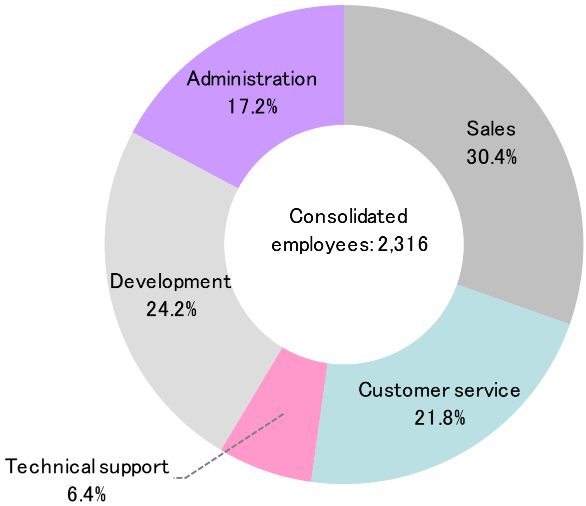
Overview of ERP business

Customers	Tax accountant and CPA firms	Leading Medium Enterprises and SMEs (Including clients of tax accountant and CPA firms.)
Systems (developed by MJS)	• Financial and accounting systems • Tax return systems, etc.	• ERP systems centered on financial and accounting systems (accounting, payroll, sales management)
Services	• System installation support services • Various maintenance services • Training and information services, etc.	• System integration • Various maintenance services • Training and information services, etc.
Marketing methods / customer support	• Almost 100% direct sales • 33 sales and support branches nationwide	• Direct sales (90%, includes sales through tax accountant and CPA firms) • Agency sales (10%) • 33 sales and support branches nationwide
No. of users / market share	• 8,400 firms/market share of approx. 25%	• Approx. 18,000 companies (Leading Medium Enterprises and SMEs with annual sales of ¥0.5bn to ¥50.0bn)

Source: Prepared by FISCO from the Company's materials

As of September 30, 2025, the Company had 2,316 consolidated employees (an increase of 74 YoY). By organization, there were 704 in sales (30.4% of the total), 653 in customer service and technical support (28.2%), 560 in development (24.2%), and 399 in administration (17.2%), with support staff accounting for just under 30% of the total workforce. Customer service refers to on-site assistance provided when issues arise in system operations at client locations, with staff dispatched to resolve the issue in question. Technical support refers to remote support services provided via telephone or the internet by specialized staff well-versed in the Company's products.

Personnel composition by organization (as of September 30, 2025)



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

2. Subsidiaries and affiliates

As of September 30, 2025, Group companies consisted of seven consolidated subsidiaries and two equity-method affiliates. Consolidated subsidiaries include NTC Co., Ltd. and Lead Co., Ltd., which carry out the consigned development of business software, and five companies that the Company has established or acquired through M&A since 2014. The Company's major subsidiaries in terms of sales include Tribeck, which operates digital marketing support and other business and generates just under ¥3.0bn in annual sales, followed by Transtructure, which provides consulting in the HR field and is estimated to generate just under ¥1.0bn. The Company's two equity-method affiliates are Primal Inc., which develops and sells systems for consolidated accounting, and KACHIEL Co., Ltd., which provides services such as hosting seminars and distributing videos for tax accountants and accounting firms.

Business trends

In 1H FY3/26, the Company recorded increases in both sales and profits that exceeded its plans

1. Overview of 1H FY3/26 results

In the Company's 1H FY3/26 consolidated results, both sales and profits increased, with net sales increasing 6.3% YoY to ¥24,172mn, operating profit increasing 6.2% to ¥3,151mn, ordinary profit increasing 7.6% to ¥3,257mn, and profit attributable to owners of parent increasing 28.9% to ¥2,654mn. All figures exceeded the Company's plans, which were net sales of ¥23,800mn, operating profit of ¥3,100mn, ordinary profit of ¥3,150mn, and profit attributable to owners of parent of ¥2,270mn.

Results for 1H FY3/25 (consolidated)

(¥mn)

	1H FY3/25		1H FY3/26				
	Results	vs. net sales	Company plan	Results	vs. net sales	YoY	vs. plan
Net sales	22,749	-	23,800	24,172	-	6.3%	1.6%
Gross profit	13,791	60.6%	14,800	14,387	59.5%	4.3%	-2.8%
SG&A expenses	10,824	47.6%	11,700	11,236	46.5%	3.8%	-4.0%
Operating profit	2,967	13.0%	3,100	3,151	13.0%	6.2%	1.6%
Ordinary profit	3,028	13.3%	3,150	3,257	13.5%	7.6%	3.4%
Extraordinary profit/loss	232	1.0%	-	458	1.9%	96.9%	-
Profit attributable to owners of parent	2,059	9.1%	2,270	2,654	11.0%	28.9%	17.0%

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

With a strong investment appetite for DX among leading medium enterprises and small and medium enterprises, the Company promoted the capture of this demand through DX consulting sales conducted via its 19 solution branches located in major cities nationwide. In addition, the end of support for Windows 10 in October 2025 has led to increased activity in replacing hardware such as personal computers, which has also contributed to higher sales. Service revenues continued to grow at a double-digit rate, increasing 12.7% YoY, as the Company advanced the shift of its main ERP products to cloud and subscription models. System installation contract sales also remained steady, rising 3.2% due to growth in hardware.

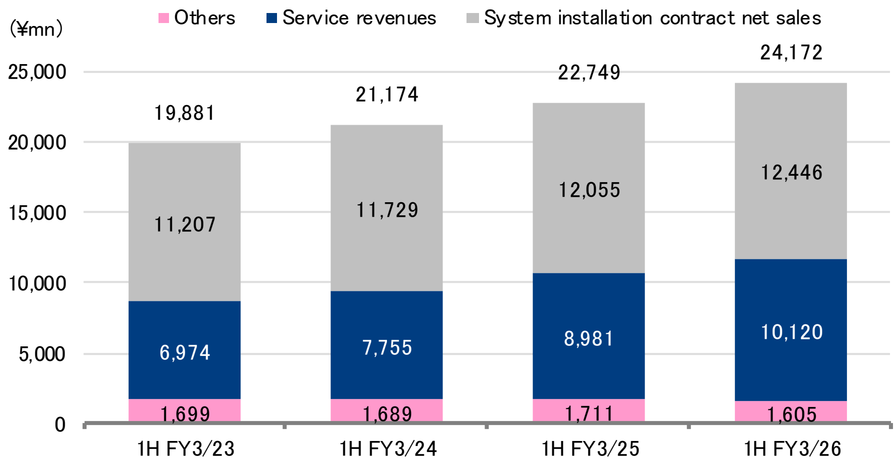
On the profit side, SG&A expenses increased ¥411mn YoY, primarily due to personnel expenses incurred by the active recruitment of 91 new graduates (an increase of 20 YoY) and implementation of salary increases for the fourth consecutive year. Although the gross profit margin decreased 1.1 percentage points (pp) YoY due to changes in the sales mix, the positive impact of higher sales offset these factors, resulting in an increase of ¥184mn in operating profit. Due to the recording of gain on sale of investment securities of ¥462mn as extraordinary profit and a decline in the effective tax rate, profit attributable to owners of parent increased ¥595mn. The main factor for the upside compared to the Company's plan was that standalone sales, mainly to accounting firms, exceeded the plan.

ARR for the main ERP products' subscription and IaaS offerings rose a significant 40.3% YoY

2. Sales trends by customer and product category

Looking at the breakdown of net sales, system installation contract sales, which are flow-type revenues, remained steady with an increase of 3.2% YoY to ¥12,446mn. Meanwhile, with the ongoing shift of the Company's main ERP products to cloud and subscription models, stock-type service revenues increased 12.7% to ¥10,120mn, continuing their double-digit growth. Other net sales (mainly from subsidiaries) decreased 6.2% to ¥1,605mn.

Net sales by business

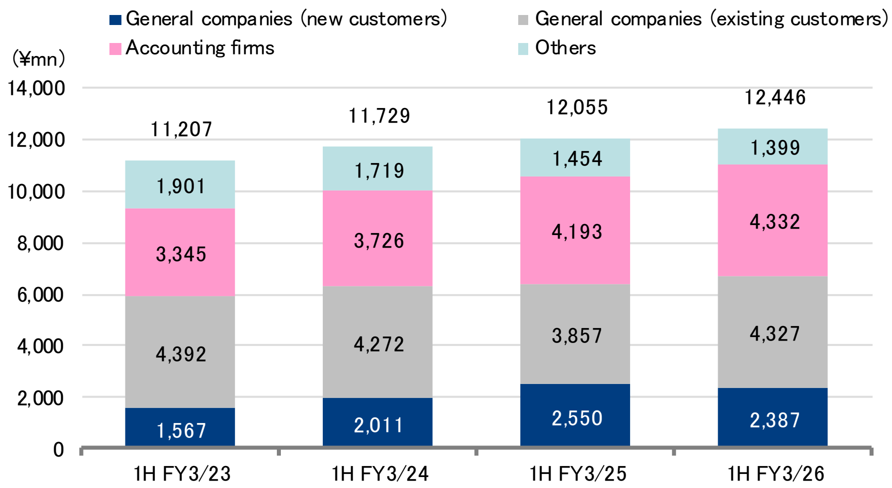


Source: Prepared by FISCO from the Company's results briefing materials

(1) System installation contract sales by customer and product category

Looking at system installation contract net sales by customer, net sales to general companies increased 4.8% YoY to ¥6,714mn, sales to accounting firms increased 3.3% to ¥4,332mn, and sales to others (including sales by subsidiaries and Head Office and sales to business partners, etc.) decreased 3.8% to ¥1,399mn.

System installation contract net sales by customer

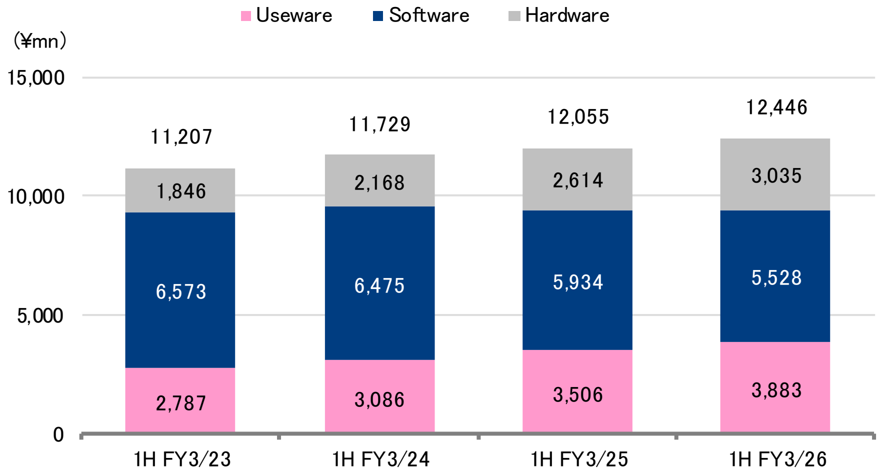


Note: Others are sales by subsidiaries and Head Office and sales to business partners.
Source: Prepared by FISCO from the Company's results briefing materials

For general companies, sales to new customers decreased 6.4% YoY to ¥2,387mn, while sales to existing customers increased 12.2% to ¥4,327mn, marking the first increase in three fiscal years. From February 2025, the Company transitioned all orders for the ERP product ACELINK NX-CE for small and medium enterprises and microenterprises from one-off sales to subscription contracts, which became a factor in decreased sales to new customers (this contributed to an increase in service revenues). Meanwhile, for existing customers, most of the growth also appears to have been driven by replacement demand for hardware products. The same applies to accounting firms, with hardware replacement being a factor in increased sales.

In fact, when looking at net sales by product category, the impact of the shift to cloud and subscription models resulted in software continuing its downward trend, decreasing 6.8% YoY to ¥5,528mn. In contrast, hardware increased 16.1% to ¥3,035mn, and useware (installation support services) increased 10.7% to ¥3,883mn, both achieving double-digit growth.

System installation contract net sales by product category

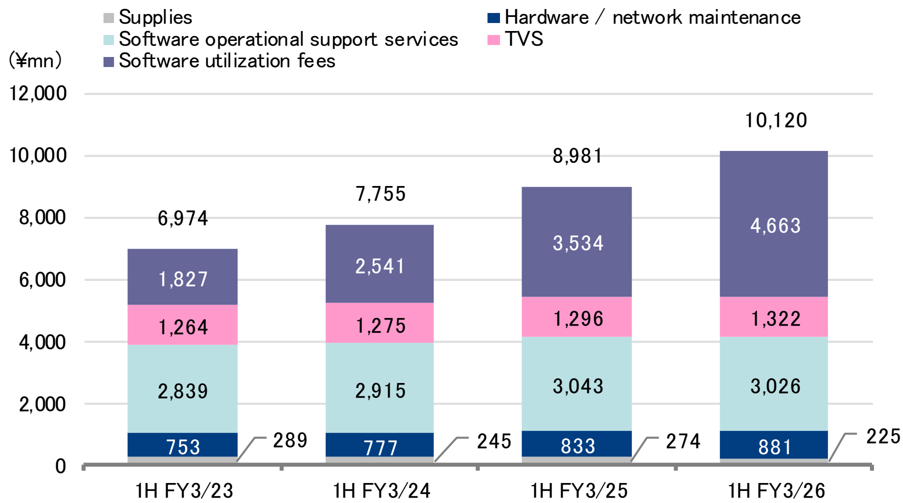


Source: Prepared by FISCO from the Company's results briefing materials

(2) Service revenues

Looking at the breakdown of service revenues, software operational support services (software maintenance services for companies) decreased 0.6% YoY to ¥3,026mn, TVS (a comprehensive maintenance service for accounting firms) increased 2.0% to ¥1,322mn, software utilization fees increased 31.9% to ¥4,663mn, hardware / network maintenance increased 5.8% to ¥881mn, and supplies decreased 17.7% to ¥225mn. Software operational support services recorded a slight decrease, reflecting the impact of a portion of sales shifting to software utilization fees due to the provision of main ERP products via subscription.

Breakdown of service revenues



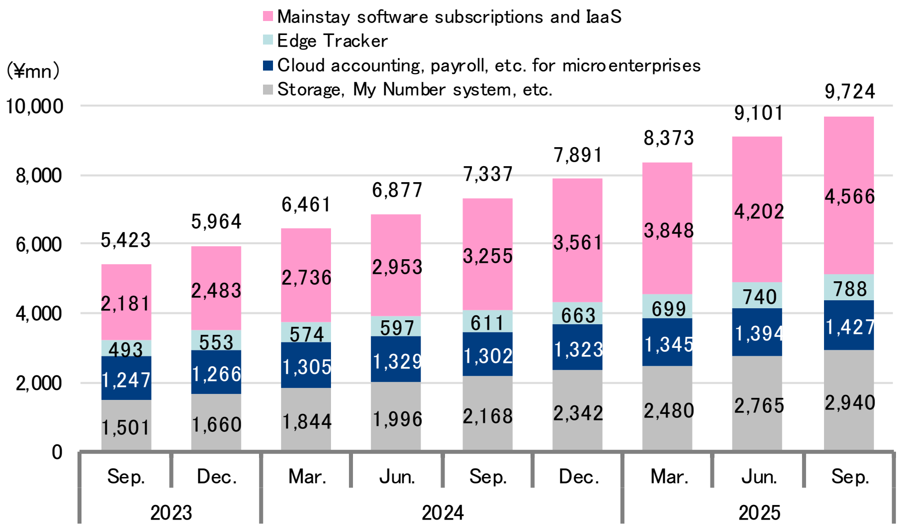
Note: TVS is a comprehensive maintenance service for accounting firms.
Source: Prepared by FISCO from the Company's results briefing materials

ARR, which is a KPI for cloud and subscription service revenues (software utilization fees), increased 32.5% YoY to ¥9,724mn in September 2025 as high growth continued. In particular, revenue from main ERP product*1 subscriptions and IaaS increased 40.3% to ¥4,566mn. Cloud accounting, payroll, and related services for microenterprises (including Kantan Cloud and iCompass) increased 9.6% to ¥1,427mn, showing only single-digit growth. But the Edge Tracker*2 comprehensive platform cloud service for companies increased 29.0% to ¥788mn, while Storage, the Social Security and Tax Number System (My Number system), other companies' cloud services, and so on increased 35.6% to ¥2,940mn, with each category maintaining double-digit growth. Overall, the shift to cloud and subscription models is recognized as progressing smoothly.

*1 ARR and ARPU for the Company's main ERP products are the total of subscription sales from the Galileopt series, MJSLINK series, ACELINK NX-Pro, and ACELINK NX-CE, plus monthly subscription sales from the MJS Tax series, MJS Cloud IaaS, MJS DX Cloud, and MJS e-Document Cloud.

*2 This is a cloud service intended mainly for employees of leading medium enterprises and small and medium enterprises that can be used anywhere and at any time on multiple devices for tasks that include expense payments, attendance management, referencing payroll statements, year-end adjustment reporting, workflow, and e-invoices.

Trend in ARR for cloud and subscriptions



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

The number of companies with subscription contracts for the Company's main ERP products increased 47.2% YoY to 5,182, showing steady growth. The main reason for this was significant growth resulting from ACELINK NX-CE being offered exclusively through subscription contracts. Although ARPU* decreased 4.7% YoY to ¥881,000 due to a higher proportion of ERP products with relatively lower utilization fees, the increase in contract volumes resulted in ARR for main ERP products increasing 40.3%. Looking at composition ratio by product (based on monetary value), Galileopt for leading medium enterprises accounts for around 30%, MJSLINK for leading medium enterprises and small and medium enterprises for around 40%, ACELINK NX-CE for small and medium enterprises for around 20%, and ACELINK NX-Pro for accounting firms for around 10%. The subscription sales ratio for main ERP products (based on sales) also increased from 16.0% in the previous fiscal year to 27.0%. For accounting firms, demand for one-off purchases remains strong, and the subscription sales ratio is still below 10%, although for companies, it has risen to over 40%. By providing high-quality services for installation consulting and customer success, the Company maintained a high contract retention rate for main ERP products at 99.2%.

* Average revenue per user (ARPU) refers to average net sales per customer.

KPIs for main ERP products offered by subscription

	1H FY3/25	1H FY3/26	YoY
Number of subscription contracts for main ERP products*1	3,520	5,182	47.2%
Main ERP product ARPU (¥1,000)*2	925	881	-4.7%
ARR for main ERP products (¥bn)	3.25	4.56	40.3%
Software utilization fees total ARR (¥bn)	7.33	9.72	32.5%
Subscription ratio for main ERP products in net sales for the fiscal year*3	16.0%	27.0%	11.0pp
Main ERP product contract retention rate*4 (12-month average)	99.3%	99.2%	-0.1pp

*1 Subscription contract users for the Galileopt series, MJSLINK series, ACELINK NX-Pro, and ACELINK NX-CE. ARPU and ARR figures include sales from the above ERP products plus monthly subscription sales from the MJS Tax series, MJS Cloud IaaS, MJS DX Cloud, and MJS e-Document Cloud. If a single company has multiple subscription contracts, calculation treats that company as having a single contract.
*2 Average revenue per user (ARPU) is an average revenue derived from billing software utilization fees per customer with respect to customers who use the Company's main ERP products (as of September 30, 2025).
*3 Comparison of software sales from system installation contracts and subscription contract sales for these products.
*4 Contract retention rate = 1 – (number of cancellations in the current month ÷ number of contracts at the end of the previous month), averaged over 12 months.
Source: Prepared by FISCO from the Company's results briefing materials

The Company maintains an equity ratio of at least 60%, indicating a high level of financial soundness

3. Financial position and management indicators

As of the end of 1H FY3/26, total assets stood at ¥45,694mn, an increase of ¥362mn from the end of the previous fiscal year. Looking at the main contributing factors in current assets, accounts receivable increased ¥890mn, while cash and deposits decreased ¥3,180mn. In non-current assets, software assets (including software in progress) increased ¥1,270mn, mainly due to the development of new ERP products, and property, plant and equipment increased ¥440mn.

Total liabilities decreased ¥661mn compared to the end of the previous fiscal year to ¥15,032mn. This was due to the fact that while accounts payable increased ¥118mn, interest-bearing debt decreased ¥547mn and income taxes payable decreased ¥208mn. Total net assets increased ¥1,024mn to ¥30,662mn. Retained earnings increased ¥1,008mn due to recording profit attributable to owners of parent of ¥2,654mn and dividend payments of ¥1,643mn.

Looking at management indicators, the equity ratio rose from 64.6% at the end of the previous fiscal year to 66.6% due to a decrease in liabilities. The interest-bearing debt ratio declined from 21.5% to 19.0% due to a decrease in interest-bearing debt, indicating an improvement in financial security. Net cash (cash and deposits – interest-bearing debt) decreased ¥2,633mn compared to the end of the previous fiscal year due to repayments of interest-bearing debt and dividend payments, but remains at a robust level of ¥7,702mn. The Company's financial soundness is considered high.

Consolidated balance sheet

(¥mn)

	FY3/24	FY3/25	1H FY3/26	Change	Main factors
Current assets	26,668	24,629	23,399	-1,229	Cash and deposits -3,180, Accounts receivable +890
Cash and deposits	18,888	16,722	13,542	-3,180	
Fixed assets	19,350	20,702	22,295	1,592	Software (including software in progress) +1,270, Property, plant and equipment +440
Total assets	46,018	45,331	45,694	362	
Current liabilities	15,490	13,173	12,916	-256	Short-term borrowings -148, Income taxes payable -208, Accounts payable +118
Non-current liabilities	3,340	2,520	2,115	-404	Long-term borrowings -400
Total liabilities	18,831	15,693	15,032	-661	
Total net assets	27,186	29,637	30,662	1,024	Retained earnings +1,008
Interest-bearing debt	9,332	6,386	5,839	-547	
Net cash	9,656	10,335	7,702	-2,633	(cash and deposits – interest-bearing debt)
<Management indicators>					
Equity ratio	58.0%	64.6%	66.6%	2.0pp	
Interest-bearing debt ratio	34.3%	21.5%	19.0%	-2.5pp	

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

Outlook

Service revenues continue double-digit growth, and the Company is on track to achieve record-high results in FY3/26

1. Consolidated outlook for FY3/26

For the FY3/26 consolidated results, the Company has maintained its initial plan for net sales to increase 6.2% YoY to ¥49,000mn, operating profit to increase 6.6% to ¥6,700mn, ordinary profit to increase 6.4% to ¥6,800mn, and profit attributable to owners of parent to increase 11.8% to ¥4,900mn. Although the shift in ERP product sales from one-off purchases to subscriptions is expected to keep system installation contract net sales at around the same level as the previous fiscal year, the Company expects double-digit service revenue growth of 13.2% YoY to drive overall performance.

Consolidated outlook for FY3/26

(¥mn)

	FY3/25		FY3/26			1H progress rate
	Results	vs. net sales	Company plan	vs. net sales	YoY	
Net sales	46,160	-	49,000	-	6.2%	49.3%
Gross profit	27,876	60.4%	30,200	61.6%	8.3%	47.6%
SG&A expenses	21,589	46.8%	23,500	48.0%	8.8%	47.8%
Operating profit	6,287	13.6%	6,700	13.7%	6.6%	47.0%
Ordinary profit	6,390	13.8%	6,800	13.9%	6.4%	47.9%
Profit attributable to owners of parent	4,381	9.5%	4,900	10.0%	11.8%	54.2%
Profit per share (¥)	146.40		163.66			

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

The Company projects a gain of 1.2pp in gross profit margin compared to the previous fiscal year, driven by reduced amortization costs for software assets (a reduction of ¥280mn) and improvements in the profitability of Group subsidiaries. Although sales, general, and administrative expenses—mainly personnel expenses—are expected to increase 8.8%, the Company forecasts record-high performance, as the effect of higher sales and improved gross profit margin will offset the increase. The progress rate for 1H was 49.3% for net sales and 47.0% for operating profit, which is almost the same pace as the average progress rate over the past three years (net sales: 49.9%, operating profit: 47.6%)*1. In addition, the order backlog for system installation contract net sales (non-consolidated) at the end of 1H was ¥7,738mn, which is equivalent to 4.04 months*2 and maintains a high level. As such, FISCO believes that the plan can be achieved.

*1 Cumulative progress rate for the period from FY3/23 to FY3/25
*2 Order backlog months = order backlog ÷ planned average monthly net sales from system installation contracts for the fiscal year

In October 2025, the Company acquired 70% of shares in Synergix Technologies, a cloud ERP company based in Singapore, making it a consolidated subsidiary. The Company expects to record the share acquisition amount of ¥2,799mn and M&A-related advisory fees and commissions of ¥183mn (estimated amount) in 3Q. Synergix Technologies provides ERP systems that optimize business processes for a wide range of industries and sectors, offering modular functions that can be combined to meet customer needs and customized as necessary. It has just under 130 employees and its development operations are based in Vietnam. In FY12/24, it is expected to post net sales of ¥1,170mn and operating profit of ¥282mn. While the scale of company is modest, Synergix Technologies, is a highly profitable enterprise with a profit ratio exceeding 20%. The impact on results for FY3/26 is expected to be minor. However, the Company plans to strengthen its overseas expansion by working together with Synergix to further promote its ERP products to local Japanese companies in Singapore, as well as advancing collaboration with Galileopt and the development of local Japanese companies in the ASEAN market. These initiatives are expected to contribute to profits over the medium to long term.

Net sales by product category (consolidated)

(¥mn)

	FY3/24	FY3/25	FY3/26 (E)	YoY	1H progress rate
System installation contract net sales	24,035	23,995	23,990	-0.0%	51.9%
Hardware	4,414	5,567	5,419	-2.6%	56.0%
Software	12,817	11,379	11,159	-1.9%	49.5%
Useware	6,802	7,049	7,411	5.1%	52.4%
Service revenues	16,259	18,459	20,901	13.2%	48.4%
TVS	2,564	2,612	2,631	0.7%	50.3%
Software utilization fees	5,665	7,549	9,846	30.4%	47.4%
Software operational support services	5,945	6,073	6,231	2.6%	48.6%
Hardware / network maintenance	1,583	1,689	1,654	-2.1%	53.3%
Supplies	499	533	538	0.8%	41.9%
Others	3,677	3,705	4,107	10.9%	39.1%
Total	43,971	46,160	49,000	6.2%	49.3%

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

(1) System installation contract net sales

The Company projects that system installation contract sales will remain flat YoY at ¥23,990mn. Software sales are expected to decrease 1.9% to ¥11,159mn, continuing a gradual downtrend as the shift from one-off basis to subscription models accelerates. Hardware sales are also projected to decrease 2.6% to ¥5,419mn, reflecting a reactionary decrease following the replacement demand for PCs in the previous fiscal year. On the other hand, net sales of useware, which includes installation support services for customers under subscription contracts, are expected to continue rising, up 5.1% YoY. Looking at the progress rate up to and including 1H, hardware also achieved a high progress rate of 56.0% in 1H, reflecting continued replacement demand for PCs. However, in 2H, demand is expected to have run its course and is likely to decline.

By customer segment, sales to companies are expected to increase 9.6% YoY to ¥13,915mn, sales to accounting firms are expected to decrease19.0% to ¥6,707mn, and sales to others (including sales by subsidiaries and Head Office and sales to business partners, etc.) are expected to increase 11.8% to ¥3,367mn. For general companies, the Company continues to promote DX consulting sales, mainly through its 19 solution branches, and is working to increase upselling to existing customers and develop new customers. Due in part to the full transition of ACELINK NX-CE to a subscription model, the progress rate for 1H was a somewhat low 48.3%, but achieving the plan is considered within reach. For accounting firms, the Company had conservatively planned for a decrease in sales, but given the high progress rate of 64.6% in 1H, FISCO believes there is a strong possibility that full-year results will also exceed the initial forecast.

(2) Service revenues

Total service revenues are projected to grow 13.2% YoY to ¥20,901mn, maintaining double-digit growth. The shift of main ERP products to subscription models will drive a 30.4% increase in software utilization fees to ¥9,846mn. For maintenance services under one-off contracts, software operational support services for companies are forecast to increase 2.6% to ¥6,231mn, while TVS for accounting firms is projected to increase 0.7% to ¥2,631mn, with both expected to perform steadily on the back of an increase in customer numbers. However, regarding software operational support services, due to the impact of the shift to subscription models, there was a slight decrease in 1H, and there is also the possibility of a decline for the full fiscal year.

The number of companies with subscription contracts for the Company's main ERP products, which is a KPI, is expected to increase significantly to 7,000, up 64.2% YoY, due to the complete transition to subscription contracts of ACELINK NX-CE for small and medium enterprises. As ACELINK NX-CE is the lowest priced among three main ERP products, ARPU is projected to decline 11.5% to ¥799,000, but the increase in contract numbers is expected to increase ARR for main ERP products by 45.4% to ¥5.59bn, thereby sustaining high growth. The subscription sales ratio for main ERP products is targeted to rise from 20.2% in the previous fiscal year to the 30% range.

Announcing LucaTech GX Lite, SaaS-based ERP product, to accelerate the shift to subscription models

2. Progress of the Medium-term Management Plan Vision 2028

(1) Overview of the Medium-Term Management Plan Vision 2028

In May 2024, the Company announced its five-year Medium-term Management Plan Vision 2028, which runs from FY3/25 to FY3/29. With the theme of "taking on challenges to reform the business model and create new value," the Company aims to achieve net sales of ¥60.0bn, ordinary profit of ¥12.0bn, and ROE of 18% in FY3/29. This will be achieved by transforming its business model (shifting to a subscription model), expanding its customer base through new customer acquisitions, and maximizing customer lifetime value (LTV). This works out to average annual growth during the Medium-Term Management Plan of 6.8% for net sales and 17.1% for ordinary profit.

Medium-term earnings targets

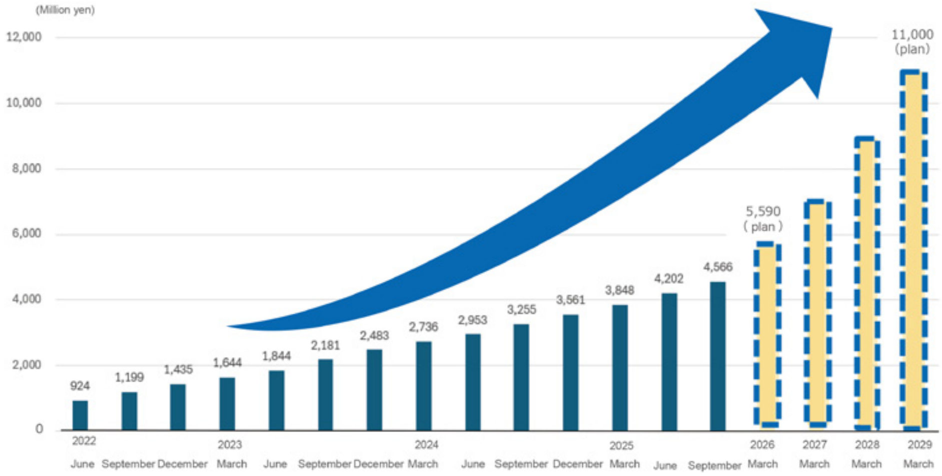
(¥bn)

	FY3/24 Results	FY3/25 Results	FY3/29 Target	Change	CAGR
[MJS non-consolidated (ERP business)]					
Net sales	38.7	41.2	50.0	8.8	5.0%
Ordinary profit	6.9	7.1	10.0	2.9	8.9%
[Group companies (excluding DX platform business)]					
Net sales	7.0	5.9	9.0	3.1	11.1%
Ordinary profit	0.3	0.0	1.0	1.0	-
[Integrated DX platform business]					
Net sales	0.0	0.0	2.5	2.5	-
Ordinary profit	-0.7	-0.5	1.0	1.5	-
[Total]					
Net sales	43.9	46.1	60.0	13.9	6.8%
Ordinary profit	6.3	6.3	12.0	5.7	17.1%

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

With respect to the Company's standalone ERP business, the Company aims to achieve steady growth with targets for FY3/29 of net sales of ¥50.0bn and ordinary profit of ¥10.0bn, representing average annual growth rates of 5.0% and 8.9%, respectively. The Company has identified three priority measures: Launching DX consulting services with a view to future commercialization, building systems for customer experience (CX) and customer success (CS), and developing and launching SaaS-based ERP products. By working on these initiatives, it aims to maximize LTV and achieve its targets. Following the trend in FY3/25, the Company continued to grow at a pace exceeding its plan in 1H FY3/26. Going forward, as the migration rate to subscription models for its main ERP products increases, profit growth is also expected to accelerate. The Company aims to shift to a subscription-based revenue model by increasing the subscription ratio of its main ERP products from 15.5% in FY3/24 to 60% in FY3/29. ARR for main ERP products is expected to grow strongly at an average rate of 30% from FY3/26 onward, reaching ¥11.0bn in March 2029, which will be 2.9 times the level in March 2025.

Main ERP products ARR



Source: The Company's results briefing materials

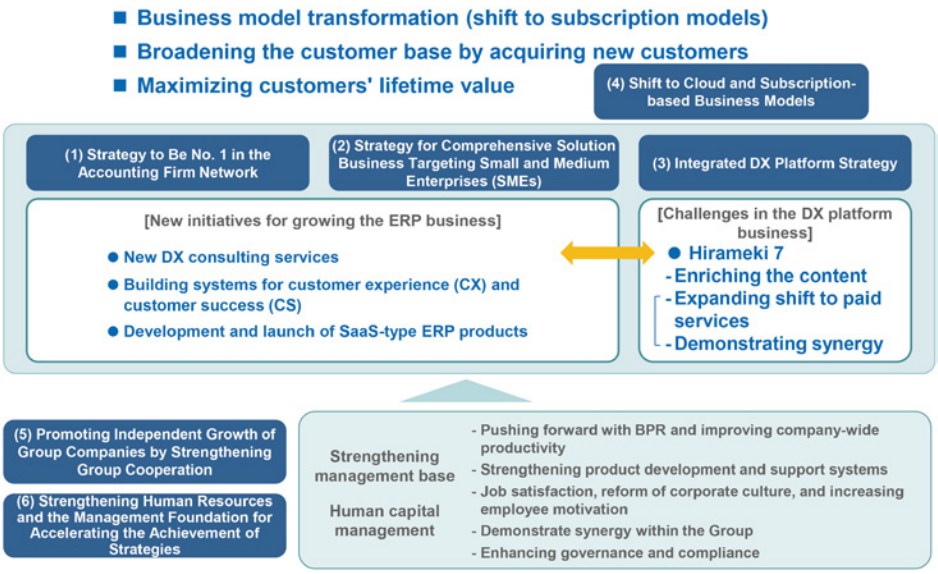
Although the pace for group companies is falling short of the plan, the Company is working to maximize group synergies by redefining their positioning and roles within the Group, aiming for net sales of ¥9.0bn and ordinary profit of ¥1.0bn in FY3/29. In the integrated DX platform business, the Company is also working to enhance the competitiveness of its platform by expanding the functions of its main service Hirameki 7* and strengthening collaboration with group company products and services as well as those of other companies, with the aim of achieving net sales of ¥2.5bn and ordinary profit of ¥1.0bn in FY3/29.

* SaaS that provides a range of functions necessary for small and medium enterprises and microenterprises to acquire new customers, including website creation, business card management, sales list searches, email distribution, and project management

(2) Basic strategy

Under its Medium-term Management Plan Vision 2028, the Group has identified three shared growth strategies: transforming its business model (shifting to a subscription model), expanding its customer base by acquiring new clients, and maximizing LTV. To achieve these, it is implementing the following six basic strategies.

Growth strategies of the Group



Source: The Company's results briefing materials

a) Strategy to become the No. 1 accounting firm network

Under its strategy to become the No. 1 accounting firm network, the Company aims to promote DX for accounting firms and their client companies through DX consulting services and new SaaS business. In the short term, as a concrete measure, it will address the aging of accounting firm personnel and labor shortages by offering proprietary AI solutions (AI-assisted journal entry, AI-OCR data entry, and AI audit support) to help improve efficiency.

In October 2024, as a tool for accounting firms to provide management consulting to their client companies, the Company released Management Analysis Plus, an optional service available on Hirameki 7. In May 2025, it released a new feature for Management Analysis Plus called AI Report. By utilizing generative AI, AI Report can automatically create monthly and yearly reports with AI-generated analytical comments, based on a client company's accounting data and seven types of official statistics*, by simply uploading the accounting data to Hirameki 7. This feature is attracting attention because it can efficiently produce financial presentation materials, including graphs, thereby helping accounting firms improve operational efficiency and increase client satisfaction. The AI Report function is available free of charge to accounting firm users who subscribe to both Hirameki 7 and Management Analysis Plus, and is attracting high levels of interest from such firms.

* Examples include the Economy Watchers Survey and National Accounts (GDP Statistics).

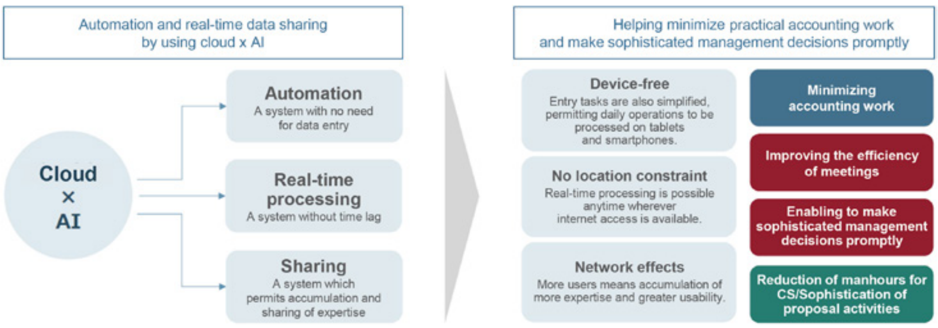
b) Comprehensive solution business strategy for leading medium enterprises and small and medium enterprises

As a growth strategy for leading medium enterprises and small and medium enterprises, the Company is expanding its existing ERP products, developing and providing SaaS products, and strengthening its DX consulting services. The Company began offering the new SaaS product LucaTech GX Lite in November 2025*. This is a SaaS-based cloud ERP product available on Microsoft Azure. While inheriting the extensive functions and high convenience of existing ERP products, the implementation of AI features enables automation, real-time processing, and sharing, supporting the minimization of accounting operations and the acceleration and sophistication of management decision-making. The Company initially launched a Lite version targeting small and medium enterprises. The Company also plans to successively roll out a Standard version that mainly targets medium enterprises, and a Premier version targeting leading medium enterprises.

* Key functions include financial accounting, fixed asset management, and workflow functions.

The Company has capitalized approximately ¥8.0bn in total development costs for the LucaTech GX series to date, and plans to invest an additional ¥4.0bn in development going forward. As the business adopts a subscription model, the impact on results for FY3/26 is expected to be minor, and sales for FY3/27 are also projected to be around ¥100mn–¥200mn. However, the Company expects cumulative sales for the entire series to reach ¥20.0bn–¥25.0bn during the five years following the launch of each of the three editions (excluding DX consulting services prior to introduction and system installation support services at the time of introduction). Proposals for introduction are scheduled to be advanced concurrently with existing ERP products. In future, the Company is also considering integrating ERP products for accounting firms into LucaTech.

Cloud service LucaTech GX



Source: The Company's results briefing materials

The Company also launched the provision of MJS DX Consulting, with a view to establishing a DX consulting business to expand sales of its ERP products. Among small and medium enterprises, the promotion of DX has been delayed due to the increasing age of those in management positions and a shortage of IT personnel. To address these issues, the Company's IT coordinators* will support corporate growth by promoting DX in stages, starting with PoC activities, followed by the DX Entry Plan, and then the DX Full Introduction Plan. In addition to providing consulting services that comprehensively support the clarification of management issues and the formulation of digital strategies and business process improvements, the Company will propose optimal solutions that are not limited to its own products. It will also provide support to accounting firms' client companies in cooperation with those firms. The Company has already secured around 50 orders for PoC projects, and with over 100 inquiries, demand remains strong. In future, the Company aims to expand its network of IT coordinators from the current number of approximately 130 to 500, thereby developing a regionally focused DX consulting service. In addition, it will collaborate with group companies and partner firms to provide DX consulting on a wider range of management issues. Within the Group, Tribeck provides digital marketing, Transtructure offers organizational and HR consulting, and MJS M&A Partners handles M&A and business succession consulting. By generating group synergies through such collaboration, profits at the Company's subsidiaries are also expected to increase.

* IT coordinator: A certification program promoted by Japan's Ministry of Economy, Trade and Industry (METI) since 2001 as a national initiative to develop professionals equipped with the necessary skills to provide advice and support in the use of IT in a way that is beneficial to management from a managerial perspective. This certification is obtained by passing an examination and completing case study training.

c) Comprehensive DX platform strategy

At the core of the Comprehensive DX Platform business, Hirameki 7 provides services that promote DX for small and medium enterprises and microenterprises. As sales strategies, in addition to web marketing by Tribeck, the Company has launched full-scale sales activities for accounting firms and sales expansion toward their client companies. For client companies, the Company emphasizes the fact that it offers the functions necessary for acquiring new customers—including business card management, sales list searches, and email distribution—as a one-stop solution at an affordable price*. As KPIs for FY3/29, it aims for net sales of ¥2.5bn and ordinary profit of ¥1.0bn, assuming approximately 80,000 customer companies and ARPU of around ¥2,600 per month. The number of contracts concluded through accounting firms is also gradually beginning to increase, and going forward, the Company plans to strengthen integration with its ERP products and promote adoption by proposing the service as one of the offerings in its DX consulting services.

* Pricing plans depend on the number of users and include the Single Plan, which is available for sole proprietors at ¥800 per person per month (excluding tax), and the Group Plan, which allows up to five users at ¥3,200 per month for five users (excluding tax). Optional add-on menus are also available.

d) Shift to a cloud and subscription-based business models

For its main ERP products, the Company is advancing the shift from on-premises, one-off basis to cloud and subscription models. Benefits for customers of adopting cloud and subscription models include reduced initial implementation costs, reducing the burden of IT personnel needed to build and operate in-house servers, and the ability to always utilize the latest services. Among many advantages for the Company, an increase in subscription contracts is expected to generate stable revenue growth that is less susceptible to external factors. It also reduces sales workload at the time of replacements, enabling sales resources to be focused on acquiring new customers, and allows the continuous provision of the latest systems, thereby minimizing maintenance costs for older product versions. Thus, there are a lot of advantages.

By FY3/29, the Company aims to increase ARR for its main ERP products 6.3 times YoY to ¥11.0bn, increase total ARR for software utilization fees 3.1 times to ¥20.0bn, and increase total ARR for service revenues 1.86 times to ¥31.0bn. Particularly from FY3/27 onward, ARR growth is expected to accelerate. If progress is made as planned, profit growth, which in recent years had remained in the single-digit range due to the impact of the shift to cloud and subscription models, is also projected to accelerate.

e) Strengthening group collaboration to promote independent growth of group companies

Regarding Group strategy, the Company plans to improve the profitability of its subsidiaries by optimizing intra-group transactions to reduce overall Group costs, as well as to strengthen the Group's human capital through the standardization of evaluation and training processes. The Company will also consider M&A opportunities that enhance its sales network, product capabilities, and technological capabilities.

f) Strengthening the human resources and management foundation to accelerate strategy execution

The Company aims to accelerate business growth through proactive investment in human resources, while also reviewing key systems in alignment with its HR strategy, enhancing employee training initiatives, and creating an attractive work environment.

In addition, with the Company's future core systems, which are currently under development, profitability management by business segment and product will be made visible with greater precision, thereby enabling faster and more optimized decision-making. Enhanced information security and new business workflows are also expected to improve the productivity of administrative operations. From FY3/27 onward, the Company plans to gradually begin operations for each function in stages.

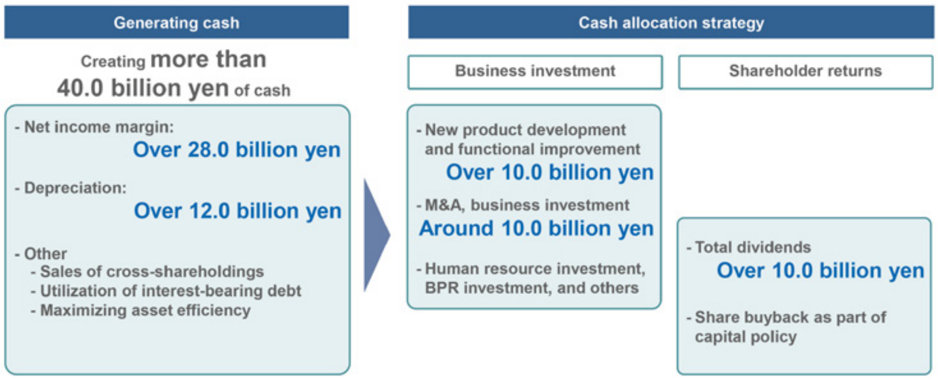
(3) Financial strategy and cash allocation

Regarding its approach to cash allocation, the Company plans to generate over ¥40.0bn in cumulative cash over five years, comprising over ¥28.0bn in profit, over ¥12.0bn in depreciation, and other sources such as the sale of cross-shareholdings, utilization of interest-bearing debt, and maximization of asset efficiency. This will be appropriately allocated between business investment, including over ¥10.0bn for new product development and functional enhancements, approximately ¥10.0bn for M&A and other business investments, other uses such as HR and BPR investment, and shareholder returns, which include over ¥10.0bn in total dividends and share repurchases as part of the Company's capital policy. Annual dividends are calculated to exceed ¥2.0bn. In FY3/25, the annual dividend per share was ¥55.0 and the total was ¥1.6bn. In FY3/26, the annual dividend per share is scheduled to be ¥60.0 and total dividends are expected to be approximately ¥1.8bn.

Regarding improved capital efficiency, the Company aims to achieve ROE of over 18% in FY3/29 (compared with 15.6% in FY3/25). It intends to accomplish this primarily through improved profitability driven by the growth of ERP business and by enhancing capital efficiency via agile share repurchases. Shareholders' equity is projected to increase from ¥28.9bn at the end of FY3/25 to over ¥40.0bn.

Financial strategies

[Cumulative total for the five years from FY2024 to FY2028]



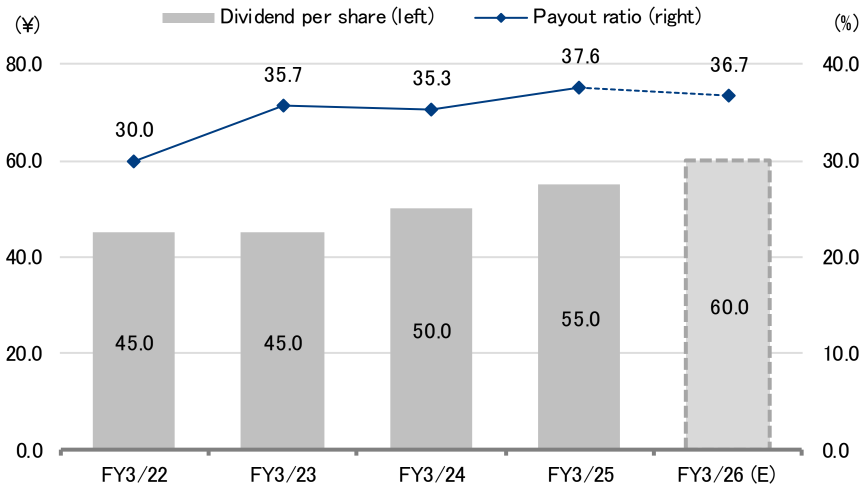
Source: The Company's results briefing materials

Shareholder return policy

The Company aims to maintain a consolidated dividend payout ratio of 30 to 40% as a benchmark and implement a progressive dividend policy, while also considering share repurchases as appropriate

The Company has indicated its dividend policy for the period of the Medium-Term Management Plan, which began in FY3/25, to implement a progressive dividend in line with profit growth, with a consolidated dividend payout ratio of 30 to 40% as a benchmark. Based on this policy, the Company plans to increase the dividend per share for FY3/26 by ¥5.0 YoY to ¥60.0 (dividend payout ratio: 36.7%), marking the third consecutive fiscal year of dividend increases. In addition, to improve capital efficiency, the Company intends to carry out share repurchases flexibly, taking into account share price levels and other factors. Currently, treasury shares account for about 7% of the total number of shares issued, and while these are being used for the restricted stock compensation plan for directors, the Company is also considering other uses, such as granting stock options to employees and using shares in stock-for-stock M&A transactions.

Dividend per share and payout ratio



Note: FY3/22 includes a special dividend of ¥5.0.
Source: Prepared by FISCO from the Company's financial results

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