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Investor Presentation | Japan

IT & Software: Investment Ideas for Late 2026–2027: Solid Demand but Sector Underperformance; Expect Share Price Recovery in Line With Profit Growth

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IT & SOFTWARE

Japan
Industry View **In-Line**

Exhibit 1: Coverage Summary

Co. Name	Ticker	Rating	Price Tgt.	% from current share price	P/E Consensus 2 yr FWD	EV/EBITDA Consensus 2 yr FWD	Revenue Growth +1 yr	Revenue Growth +2yr	EPS Growth +1 yr	EPS Growth +2yr
Big 3										
NRI	4307	OW	6,000	15.3%	19.3	11.1	6%	5%	11%	11%
NEC	6701	OW	6,000	23.7%	15.8	8.1	6%	5%	14%	13%
Fujitsu	6702	OW	5,000	24.2%	16.1	9.2	4%	4%	16%	15%
Mid										
NS Solutions	2327	UW	3,500	-11.7%	16.4	7.9	3%	5%	8%	7%
TISI	3626	EW	4,000	-2.1%	11.4	6.3	4%	4%	5%	7%
Shift	3697	EW	800	-9.6%	11.3	5.9	21%	15%	43%	21%
Oracle Japan	4716	EW	10,000	6.8%	15.8	10.4	7%	8%	8%	9%
OTSUKA	4768	OW	4,500	24.3%	15.3	7.7	5%	6%	7%	9%
Baycurrent	6532	EW	8,000	4.0%	14.3	9.5	24%	23%	25%	28%
BIPROGY	8056	EW	5,000	2.8%	11.6	6.3	5%	7%	9%	11%
Software										
RAKUS	3923	EW	1,200	9.4%	18.1	11.4	16%	9%	-26%	25%
Money Forward	3994	EW	6,200	-2.6%	68.7	12.4	20%	18%	1762%	147%
Appier	4180	EW	1,500	-1.0%	14.7	6.0	22%	22%	64%	37%
Sansan	4443	EW	2,500	18.5%	20.9	11.4	19%	17%	53%	40%
freee	4478	EW	4,000	1.1%	35.4	16.0	21%	20%	212%	78%
OBIC	4684	EW	5,000	-1.7%	18.2	13.2	10%	9%	10%	12%
Trend Micro	4704	UW	5,000	-17.6%	18.3	6.2	6%	6%	10%	14%
OBC	4733	OW	10,000	20.3%	19.7	10.2	11%	12%	14%	15%

Source: Morgan Stanley Research. FactSet. Market data as of 2026/9/14.

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NSSOL (2327): UW, PT ¥3,500

Investment Thesis

- By capturing DX demand centered on the manufacturing sector, the company aims to achieve stable mid-term revenue growth and market expansion while expanding across a wide range of industries as the core IT arm of the Nippon Steel Group.
- It is transitioning to a TAM-based model, moving away from labor-hour dependency, and driving evolution toward a high value-added business structure through the use of generative AI, asset reuse, and platform-based offerings.
- Through the expansion of high value-added projects and productivity improvement initiatives, the company seeks to enhance profitability and, via a transformation of its revenue model, aims to achieve a high-margin structure with an operating profit margin of around 20% over the medium to long term.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and expectations for margin expansion.
- Quarterly earnings: Progress in order intake and order backlog accumulation.
- Quarterly earnings: Updates on the TAM-based business model.
- Quarterly earnings: Progress on the mid-term management plan.
- Developments related to activist investors and changes in Nippon Steel's ownership stake in the company.
- Generative AI Initiatives: Can the company present quantitative targets?

AI Initiatives

- Provides support for generative AI utilization, covering everything from operational efficiency improvements to revenue contribution.
- NSDevia integrates development processes using AI, achieving both reduced man-hours and improved quality.
- Generative AI adoption is expanding across multiple industries, including finance, retail, and manufacturing.

NSSOL (2327): Earnings Forecast Summary

Exhibit 2: NSSOL (2327): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	270,332	291,688	310,632	338,301	82,684	95,691	97,020	105,945	381,340	93,660	111,000	104,000	111,000	419,660	429,100	451,500
YoY%	7%	8%	6%	9%	8%	20%	16%	8%	13%	13%	16%	7%	5%	10%	2%	5%
GP	60,448	65,935	71,841	81,707	20,987	25,145	26,958	28,712	101,802	24,779	30,303	28,600	30,525	114,207	118,882	126,441
YoY%	16%	9%	9%	14%	12%	28%	29%	28%	25%	18%	21%	6%	6%	12%	4%	6%
GPM	22%	23%	23%	24%	25%	26%	28%	27%	27%	26%	27%	28%	28%	27%	28%	28%
OP	29,886	31,738	35,001	38,497	8,485	9,787	12,718	13,252	44,242	9,228	11,850	13,340	14,389	48,807	52,693	57,651
YoY%	22%	6%	10%	10%	-4%	5%	11%	49%	15%	9%	21%	5%	9%	10%	8%	9%
OPM	11%	11%	11%	11%	10%	10%	13%	13%	12%	10%	11%	13%	13%	12%	12%	13%
EBITDA	41,523	44,358	47,051	50,631	11,191	13,448	16,421	17,071	58,131	12,897	15,252	16,674	17,660	62,484	65,237	69,508
YoY%	35%	7%	6%	8%	-6%	9%	13%	43%	15%	15%	13%	2%	3%	7%	4%	7%
EBITDA margin	15%	15%	15%	15%	14%	14%	17%	16%	15%	14%	14%	16%	16%	15%	15%	15%
EPS	112	120	132	148	28	38	50	53	169	28	44	50	54	177	197	216
YoY%	21%	7%	10%	12%	-5%	1%	11%	46%	14%	2%	18%	0%	2%	5%	12%	10%
P/E (2yr fwd)	14	12	13	20	-	-	-	-	20	-	-	-	-	18	-	-
EV/EBITDA (2yr fwd)	6	5	6	8	-	-	-	-	10	-	-	-	-	9	-	-
ROE	11%	11%	11%	11%	-	-	-	-	11%	-	-	-	-	11%	12%	12%
Dividend payout ratio	29%	31%	32%	50%	-	-	-	-	50%	-	-	-	-	50%	51%	51%
Total payout ratio	29%	31%	32%	50%	-	-	-	-	50%	-	-	-	-	50%	51%	51%
Revenue by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Business solution	-	-	-	-	61,892	73,180	72,769	78,664	286,505	70,558	76,500	77,000	83,000	307,058	322,600	339,800
Consulting & digital service	-	-	-	-	20,792	22,510	24,249	27,280	94,831	23,102	34,500	27,000	28,000	112,602	106,500	111,700
YoY%																
Business solution										14%	5%	6%	6%	7%	5%	5%
Consulting & digital service										11%	53%	11%	3%	19%	-5%	5%
Order by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Total	271,593	313,564	320,457	355,771	75,195	111,237	108,511	112,350	407,295	107,154	-	-	-	-	-	-
Business solution	-	-	-	-	57,396	93,951	63,707	88,688	303,744	85,779	-	-	-	-	-	-
Consulting & Digital service	-	-	-	-	17,799	17,286	44,803	23,662	103,551	21,374	-	-	-	-	-	-
YoY%																
Total		15%	2%	11%	-13%	28%	27%	16%	14%	43%	-	-	-	-	-	-
Business solution			-	-	-	-	-	-	-	49%	-	-	-	-	-	-
Consulting & Digital service			-	-	-	-	-	-	-	20%	-	-	-	-	-	-
Order Backlog by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Total	123,837	145,713	155,538	173,008	165,519	181,066	192,557	198,963	198,963	212,457	-	-	-	-	-	-
Business solution	-	-	-	-	91,596	112,367	103,305	113,329	113,329	128,550	-	-	-	-	-	-
Consulting & Digital service	-	-	-	-	73,923	68,698	89,252	85,634	85,634	83,907	-	-	-	-	-	-
YoY%																
Total		18%	7%	11%	0%	5%	11%	15%	15%	28%	-	-	-	-	-	-
Business solution			-	-	-	-	-	-	-	40%	-	-	-	-	-	-
Consulting & Digital service			-	-	-	-	-	-	-	14%	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

TISI (3626): EW, PT ¥4,000

Investment Thesis

- In the payments domain, the company is steadily driving revenue growth in its financial IT services by expanding offerings centered on PAYCIERGE—including digital accounts, QR payments, and SaaS—to address increasingly diverse payment needs.
- By leveraging Xenlon, the company is capturing demand for legacy system modernization, expanding orders for core system upgrades and large-scale renewal projects, while promoting recurring revenue through post-migration operations and cloud services.
- Through a shift toward higher value-added services and productivity improvements driven by generative AI, the company aims to enhance profitability, and seeks to improve mid-term earnings by strengthening consulting capabilities and increasing pricing competitiveness.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and expectations for margin expansion.
- Quarterly earnings: Progress in order intake and order backlog accumulation.
- Quarterly earnings: Business updates on key growth areas.
- Quarterly earnings: Progress on the mid-term management plan.
- Quarterly earnings: Presence and scale of unprofitable projects.
- Generative AI initiatives: Can the company present quantitative targets?

AI Initiatives

- By adopting an AI-centric development approach, the company aims to introduce AI across all stages of development and achieve a 50% improvement in productivity.
- It has implemented an AI-driven specification generation feature in Xenlon, enhancing maintainability while reducing man-hours.
- Through AI-powered contact centers, the company is improving both operational efficiency and customer satisfaction.

TISI (3626): Earnings Forecast Summary

Exhibit 3: TISI (3626): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	482,547	508,400	549,004	571,687	140,316	148,209	147,726	160,228	596,479	150,111	156,150	154,550	164,950	625,761	650,982	673,382
YoY%	8%	5%	8%	4%	5%	5%	5%	3%	4%	7%	5%	5%	3%	5%	4%	3%
GP	128,848	141,732	151,639	160,206	38,568	42,178	41,315	46,273	168,334	41,403	45,284	44,047	48,660	179,394	189,227	196,727
YoY%	13%	10%	7%	6%	7%	6%	3%	4%	5%	7%	7%	7%	5%	7%	5%	4%
GPM	27%	28%	28%	28%	27%	28%	28%	29%	28%	28%	29%	29%	30%	29%	29%	29%
OP	54,739	62,328	64,568	69,047	16,353	19,200	19,250	21,426	76,229	18,347	20,600	20,761	22,343	82,050	88,085	93,137
YoY%	20%	14%	4%	7%	16%	17%	5%	6%	10%	12%	7%	8%	4%	8%	7%	6%
OPM	11%	12%	12%	12%	12%	13%	13%	13%	13%	12%	13%	13%	14%	13%	14%	14%
EBITDA	71,620	78,025	81,906	87,794	20,808	23,663	23,722	25,907	94,100	22,959	25,739	25,839	27,676	102,740	110,093	116,645
YoY%	16%	9%	5%	7%	12%	13%	4%	2%	7%	10%	9%	9%	7%	9%	7%	6%
EBITDA margin	15%	15%	15%	15%	15%	16%	16%	16%	16%	15%	16%	17%	17%	16%	17%	17%
EPS	158	227	203	215	54	49	64	38	205	67	72	73	78	291	295	317
YoY%	43%	44%	-10%	6%	18%	12%	9%	-43%	-5%	25%	47%	14%	107%	42%	1%	8%
P/E (2yr fwd)	16	17	17	14	-	-	-	-	17	-	-	-	-	12	-	-
EV/EBITDA (2yr fwd)	8	9	8	7	-	-	-	-	9	-	-	-	-	6	-	-
ROE	14%	19%	16%	15%	-	-	-	-	14%	-	-	-	-	19%	19%	18%
Divident Payout Ratio	28%	22%	28%	33%	-	-	-	-	39%	-	-	-	-	31%	33%	33%
Total Payout Ratio	9%	52%	55%	11%	-	-	-	-	155%	-	-	-	-	114%	50%	49%
OP by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Offering Service Business	4,692	6,423	7,659	9,937	1,730	2,937	3,151	2,624	10,442	1,643	3,030	3,256	2,913	10,842	12,754	14,344
Business Process Management	4,991	5,121	4,551	5,326	1,423	1,543	1,667	1,764	6,397	1,437	1,569	1,684	1,801	6,491	6,900	7,250
Financial IT Business	12,355	13,894	15,185	12,321	2,979	3,183	3,431	3,136	12,729	3,528	3,779	3,874	3,511	14,692	15,819	16,238
Industrial IT Business	15,356	16,727	18,287	19,330	5,107	5,517	6,003	5,880	22,507	6,201	5,920	6,301	6,226	24,648	25,945	27,000
Regional IT Solutions	16,492	19,341	18,497	21,576	4,837	5,958	4,783	7,750	23,328	5,271	6,430	5,700	8,010	25,411	27,128	28,766
YoY%																
Offering Service Business		37%	19%	30%	-22%	30%	8%	3%	5%	-5%	3%	3%	11%	4%	18%	12%
Business Process Management		3%	-11%	17%	70%	4%	15%	13%	20%	1%	2%	1%	2%	1%	6%	5%
Financial IT Business		12%	9%	-19%	-3%	6%	14%	-2%	3%	18%	19%	13%	12%	15%	8%	3%
Industrial IT Business		9%	9%	6%	17%	18%	18%	13%	16%	21%	7%	5%	6%	10%	5%	4%
Regional IT Solutions		17%	-4%	17%	44%	20%	-16%	2%	8%	9%	8%	19%	3%	9%	7%	6%
OPM																
Offering Service Business	5%	6%	6%	7%	5%	7%	8%	6%	7%	4%	7%	8%	7%	6%	7%	8%
Business Process Management	12%	12%	11%	12%	13%	14%	15%	16%	15%	13%	14%	15%	15%	14%	15%	15%
Financial IT Business	13%	14%	14%	12%	13%	13%	14%	12%	13%	14%	14%	14%	13%	14%	14%	15%
Industrial IT Business	14%	15%	15%	15%	16%	17%	18%	17%	17%	18%	17%	18%	17%	18%	18%	18%
Regional IT Solutions	11%	12%	11%	12%	11%	13%	11%	15%	13%	11%	13%	12%	15%	13%	14%	14%
Other business	12%	10%	8%	9%	8%	9%	11%	8%	9%	10%	10%	11%	9%	10%	9%	9%
Order and Order backlog (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Total Order	-	523,955	552,939	577,090	100,352	193,917	96,833	214,701	605,803	111,700	-	-	-	-	-	-
YoY%	-	-	6%	4%	10%	2%	-5%	11%	5%	11%	-	-	-	-	-	-
Total Order Backlog	-	180,373	188,044	197,590	157,304	204,054	154,473	210,769	210,769	172,573	-	-	-	-	-	-
YoY%	-	-	4%	5%	8%	4%	-2%	7%	7%	10%	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

SHIFT (3697): EW, PT ¥800

Investment Thesis

- Earnings outlook: Sales growth hinges on increasing the headcount through a stronger drive to recruit engineers. The pace of engineer recruitment and the management of utilization rates will be essential for growth and profitability.
- Business model: SHIFT focuses on software development and testing demand as a specialist. Its growth drivers are headcount, increase in average pricing via provision of solutions with high added value, and recruitment of new clients.
- The high-growth narrative driven by utilization rate improvements has shifted, amid slowing growth, rising SG&A expenses, and limited room for further gross profit margin expansion. As a result, the premium for high growth is declining, and valuation is becoming more conservative.
- Can the transition to a native AI business model succeed?

Catalysts

- Quarterly results: Offers many catalysts, including the number of newly hired engineers, number of active engineers, engineer utilization rate, sales growth rate, gross margin, hiring efficiency improvement, sales activities, and OP growth.
- Gen AI Initiatives:Progress against AI revenue targets.

AI Initiatives

- Expansion of AI modernization / AI-driven development: Using AI to analyze and visualize source code in legacy systems, enabling an end-to-end model spanning modernization, maintenance, and development.
- “SHIFT AI Test” — Native AI-powered test automation: Expanding AI automation beyond test execution to include test design.
- Internal back office as an “AI Testing Ground”: Driving extensive back-office efficiency through AI and commercializing the resulting expertise externally as “AI BPaaS.”

SHIFT (3697): Earnings forecasts

Exhibit 4: SHIFT (3697): Earnings forecast summary

Earnings summary (JPYmill)	F8/22	F8/23	F8/24	F8/25	F8/26 1Q	F8/26 2Q	F8/26 3Q	F8/26 4Qe	F8/26e	F8/27 1Qe	F8/27 2Qe	F8/27 3Qe	F8/27 4Qe	F8/27e	F8/28e	F8/29e
Revenue	64,873	88,043	110,627	129,819	34,845	37,190	43,813	44,500	160,348	45,000	47,250	49,250	49,750	191,250	216,450	241,650
YoY%	41.0%	35.7%	25.7%	17.3%	15.5%	18.0%	29.9%	29.3%	23.5%	29.1%	27.1%	12.4%	11.8%	19.3%	13.2%	11.6%
GP	21,100	29,948	35,360	45,016	11,319	12,780	14,259	14,735	53,093	14,750	16,025	16,238	17,438	64,450	74,372	84,559
YoY%	51.7%	41.9%	18.1%	27.3%	12.9%	14.3%	20.5%	23.0%	17.9%	30.3%	25.4%	13.9%	18.3%	21.4%	15.4%	13.7%
GPM	32.5%	34.0%	32.0%	34.7%	32.5%	34.4%	32.5%	33.1%	33.1%	32.8%	33.9%	33.0%	35.1%	33.7%	34.4%	35.0%
OP	6,913	11,569	10,537	15,628	2,817	4,090	4,476	4,999	16,382	4,832	5,949	5,734	6,574	23,089	30,246	37,856
YoY%	73.1%	67.3%	-8.9%	48.3%	-19.9%	-9.9%	16.3%	34.3%	4.8%	71.5%	45.5%	28.1%	31.5%	40.9%	31.0%	25.2%
OPM	10.7%	13.1%	9.5%	12.0%	8.1%	11.0%	10.2%	11.2%	10.2%	10.7%	12.6%	11.6%	13.2%	12.1%	14.0%	15.7%
EBITDA	8,370	13,289	13,424	18,864	3,642	4,948	5,539	5,925	20,054	5,758	6,875	6,660	7,500	26,793	33,950	41,560
YoY%	61.0%	58.8%	1.0%	40.5%	-15.6%	-7.2%	18.9%	30.1%	6.3%	58.1%	38.9%	20.2%	26.6%	33.6%	26.7%	22.4%
EBITDA margin	12.9%	15.1%	12.1%	14.5%	10.5%	13.3%	12.6%	13.3%	12.5%	12.8%	14.6%	13.5%	15.1%	14.0%	15.7%	17.2%
EPS	19	24	19	34	7	9	0	11	26	11	13	13	15	51	68	86
YoY%	73.8%	25.4%	-17.8%	74.6%	-9.0%	-11.1%	-	9.7%	-22.3%	56.2%	56.2%	-	33.5%	95.1%	32.7%	26.2%
P/E (2yr fwd)	75	45	66	25	-	-	-	-	13	-	-	-	-	10	-	-
EV/EBITDA (2 yr fwd)	28	21	22	12	-	-	-	-	7	-	-	-	-	5	-	-
Revenue by segment (JPY mil)	**F8/22**	**F8/23**	**F8/24**	**F8/25**	**F8/26 1Q**	**F8/26 2Q**	**F8/26 3Q**	**F8/26 4Qe**	**F8/26e**	**F8/27 1Qe**	**F8/27 2Qe**	**F8/27 3Qe**	**F8/27 4Qe**	**F8/27e**	**F8/28e**	**F8/29e**
Software test	41,893	58,285	71,342	84,295	22,649	24,682	27,203	27,500	102,034	27,750	30,000	32,000	32,500	122,250	142,250	162,250
Software development	-	27,089	35,008	40,128	10,471	10,842	14,665	15,000	50,978	15,000	15,000	15,000	15,000	60,000	64,000	68,000
Other	-	6,469	8,327	10,741	3,227	3,223	3,442	3,500	13,392	3,750	3,750	3,750	3,750	15,000	16,200	17,400
YoY%																
Software test	-	39%	22%	18%	17%	21%	22%	23%	21%	23%	22%	18%	18%	20%	16%	14%
Software development	-	-	29%	15%	8%	8%	46%	45%	27%	43%	38%	2%	0%	18%	7%	6%
Other	-	-	29%	29%	39%	26%	25%	13%	25%	16%	16%	9%	7%	12%	8%	7%
GP by segment (JPY mil)	**F8/22**	**F8/23**	**F8/24**	**F8/25**	**F8/26 1Q**	**F8/26 2Q**	**F8/26 3Q**	**F8/26 4Qe**	**F8/26e**	**F8/27 1Qe**	**F8/27 2Qe**	**F8/27 3Qe**	**F8/27 4Qe**	**F8/27e**	**F8/28e**	**F8/29e**
Software test	-	20,749	23,858	31,052	7,694	8,895	9,246	9,625	35,460	9,713	10,800	11,200	12,025	43,738	51,599	59,660
Software development	-	7,259	8,748	10,471	2,624	2,844	3,906	3,900	13,274	3,750	3,900	3,750	4,050	15,450	16,800	18,190
Other	-	2,388	3,574	4,874	1,426	1,427	1,444	1,610	5,907	1,688	1,725	1,688	1,763	6,863	7,574	8,309
YoY%																
Software test	-	-	15%	30%	13%	14%	12%	17%	14%	26%	21%	21%	25%	23%	18%	16%
Software development	-	-	21%	20%	8%	7%	46%	45%	27%	43%	37%	-4%	4%	16%	9%	8%
Other	-	-	50%	36%	32%	23%	17%	15%	21%	18%	21%	17%	9%	16%	10%	10%
GPM																
Software test	-	36%	33%	37%	34%	36%	34%	35%	35%	35%	36%	35%	37%	36%	36%	37%
Software development	-	27%	25%	26%	25%	26%	27%	26%	26%	25%	26%	25%	27%	26%	26%	27%
Other	-	37%	43%	45%	44%	44%	42%	46%	44%	45%	46%	45%	47%	46%	47%	48%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

RAKUS (3923): EW, PT ¥1,200

Investment Thesis

- Back office SaaS has strong growth potential as a solution to labor shortages and the need to improve business efficiency.
- RAKUS has the leading share of the expense management SaaS market (no. of corporate users), and while the business has matured, we expect it to achieve both profitability and sales growth through expansion of the client base and a rise in average fees from improving product value.
- In the invoice SaaS area, competition is intensifying, but RAKUS has strong brand recognition and its pricing is competitive, so we expect high growth to continue. Its market share is expanding too.

Catalysts

- Monthly sales data releases: Confirmation of sales growth for major products.
- Quarterly results: Successful entries into new markets, such as invoice business and HR?
- Quarterly results: progress toward the medium-term plan.
- Business development status with PAC.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- The company has begun implementing generative AI features in its core products, such as RakuRaku Seisan and RakuRaku Meisai.
- It has established a dedicated organization for AI agent development, promoting both thorough internal utilization and the integration of AI agents into its products.
- By enabling customers to experience high value-added AI functionalities that enhance productivity, the company aims to drive ARPU growth.

RAKUS (3923): Earnings Forecast Summary

Exhibit 5: Rakus (3923): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	20,629	27,399	38,408	48,904	14,082	14,699	15,516	15,988	60,286	14,210	14,744	15,313	15,816	60,083	69,303	79,220
YoY%	34%	33%	40%	27%	26%	25%	24%	20%	23%	1%	0%	-1%	-1%	0%	15%	14%
GP	14,030	18,777	27,619	36,310	10,580	11,072	11,725	12,043	45,420	11,590	12,031	12,495	12,906	49,023	56,690	64,961
YoY%	35%	34%	47%	31%	28%	27%	26%	21%	25%	10%	9%	7%	7%	8%	16%	15%
GPM	68%	69%	72%	74%	75%	75%	76%	75%	75%	82%	82%	82%	82%	82%	82%	82%
OP	1,578	1,656	5,559	10,192	3,656	4,052	4,792	4,845	17,345	4,756	5,071	5,725	5,786	21,339	27,090	32,941
YoY%	-60%	5%	236%	83%	57%	74%	66%	83%	70%	30%	25%	19%	19%	23%	27%	22%
OPM	8%	6%	14%	21%	26%	28%	31%	30%	29%	33%	34%	37%	37%	36%	39%	42%
EBITDA	2,158	2,263	6,480	11,351	3,961	4,395	5,134	5,214	18,704	5,166	5,398	6,419	6,513	23,501	30,079	36,471
YoY%	-50%	5%	186%	75%	53%	70%	61%	75%	65%	30%	23%	25%	25%	26%	28%	21%
EBITDA margin	10%	8%	17%	23%	28%	30%	33%	33%	31%	36%	37%	42%	41%	39%	43%	46%
EPS	3	4	12	22	10	8	9	10	37	41	14	12	12	80	57	69
YoY%	-63%	18%	229%	91%	71%	79%	69%	55%	67%	322%	82%	32%	18%	116%	-29%	22%
P/E (2yr fwd)	127.3	36.5	31.2	13.1	-	-	-	-	19.3	-	-	-	-	15.0	-	-
EV/EBITDA (2yr fwd)	81.5	25.2	21.9	15.3	-	-	-	-	12.4	-	-	-	-	9.7	-	-
EV/Rev (current)	25.6	10.4	10.6	7.3	-	-	-	-	6.2	-	-	-	-	5.9	-	-

KPI	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue (JPY mil)																
Rakuraku Seisan	7,654	10,338	14,439	17,344	4,928	5,116	5,269	5,405	20,718	5,448	5,582	5,731	5,882	22,644	25,039	27,659
Rakuraku Meisai	2,257	3,730	6,835	9,960	2,977	3,133	3,407	3,539	13,056	3,676	3,853	4,039	4,226	15,794	18,930	22,333
YoY%																
Rakuraku Seisan	38%	35%	40%	20%	22%	22%	22%	13%	19%	11%	9%	9%	9%	9%	11%	10%
Rakuraku Meisai	92%	65%	83%	46%	37%	33%	30%	27%	31%	23%	23%	19%	19%	21%	20%	18%
No. of active clients																
Rakuraku Seisan	8,335	10,604	13,959	15,405	15,776	16,251	16,673	17,146	17,146	17,482	17,880	18,250	18,650	18,650	20,175	21,625
Rakuraku Meisai	3,402	5,443	9,031	11,939	12,607	13,316	13,989	14,694	14,694	15,304	15,950	16,600	17,250	17,250	19,750	22,150
YoY%																
Rakuraku Seisan	28%	27%	32%	10%	10%	10%	11%	11%	11%	11%	10%	9%	9%	9%	8%	7%
Rakuraku Meisai	-	60%	66%	32%	31%	28%	25%	23%	23%	21%	20%	19%	17%	17%	14%	12%
Average monthly spending (JPY)																
Rakuraku Seisan	85,530	88,818	92,731	100,896	101,958	102,177	102,663	102,184	102,184	101,657	102,000	102,500	103,000	103,000	105,000	108,200
Rakuraku Meisai	65,092	67,644	72,733	78,230	77,497	77,175	81,845	79,935	79,935	78,520	79,000	79,500	80,000	80,000	82,900	86,700
YoY%																
Rakuraku Seisan	-	4%	4%	9%	10%	10%	10%	1%	1%	0%	0%	0%	1%	1%	2%	3%
Rakuraku Meisai	-	4%	8%	8%	5%	3%	5%	2%	2%	1%	2%	-3%	0%	0%	4%	5%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Money Forward (3994): EW, PT ¥6,200

Investment Thesis

- High top-line growth rate is recognized, with Money Forward seen as a major player in ERP solutions (including cloud accounting). Upside: Growth potential from expansion of non-accounting products in the SaaS business, business opportunities (fintech, etc.) in non-SaaS businesses. Downside: Risk of intensifying competition.
- Upside: Growth opportunities in cloud-shifting of various back-office processes, development of SaaS x finance services, in addition to existing accounting/cost management/HR solutions.
- Downside: Delay in turning profit. Intensifying price competition. Slow progress into new business fields. Slower-than-expected digitalization of Japanese companies.

Catalysts

- Quarterly results: Business domain new customers, ARR growth.
- Progress on sales growth and profit improvement towards mid/long-term financial targets.
- Gen AI initiatives: Progress against ARR targets

AI Initiatives

- The company is advancing the automation and sophistication of back-office operations through three pillars: AI agents, an agent platform, and AX consulting.
- AI agents are being embedded into existing SaaS offerings (such as cloud accounting, expense management, and HR) to evolve them into “digital workers” capable of task recommendations, automated execution, and decision support.
- Through the development of an agent platform in collaboration with external partners, as well as internal AI adoption and governance enhancements, the company is expanding the use of AI across both its products and operations.

Money Forward (3994): Earnings Forecast Summary

Exhibit 6: Money Forward (3994): Earnings forecast summary

Earnings summary (JPY mil)	F11/21	F11/22	F11/23	F11/24	F11/25 1Q	F11/25 2Q	F11/25 3Q	F11/25 4Q	F11/25	F11/26 1Q	F11/26 2Q	F11/26 3Qe	F11/26 4Qe	F11/26e	F11/27e	F11/28e
Revenue	15,633	21,477	30,381	40,364	11,707	11,530	12,069	15,043	50,350	14,670	14,322	17,024	16,134	62,149	71,201	82,445
YoY%	38%	37%	41%	33%	23%	12%	23%	41%	25%	25%	24%	41%	7%	23%	15%	16%
GP	10,819	13,398	19,082	27,060	8,026	7,620	8,283	10,301	34,231	10,650	9,398	11,933	11,839	43,821	52,221	61,778
YoY%	42%	24%	42%	42%	23%	11%	27%	44%	26%	33%	23%	44%	15%	28%	19%	18%
GPM	69%	62%	63%	67%	69%	66%	69%	68%	68%	73%	66%	70%	73%	71%	73%	75%
OP	(1,062)	(8,469)	(6,330)	(4,735)	(581)	(1,012)	(387)	(674)	(2,653)	168	(377)	868	288	948	5,821	12,628
YoY	1,743	(7,407)	2,139	1,595	412	(177)	623	1,224	2,082	749	635	1,255	962	3,601	4,873	6,807
OPM	-7%	-39%	-21%	-12%	-5%	-9%	-3%	-4%	-5%	1%	-3%	5%	2%	2%	8%	15%
EBITDA	430	(6,029)	(2,260)	1,728	1,110	704	1,441	1,527	4,782	2,792	2,183	3,477	2,954	11,396	17,566	25,682
YoY%	-	-	-	-	109%	30%	250%	526%	177%	152%	210%	141%	93%	138%	54%	46%
EBITDA margin	3%	-28%	-7%	4%	9%	6%	12%	10%	9%	19%	15%	20%	18%	18%	25%	31%
EPS	(30)	(176)	(117)	(116)	(20)	(20)	(21)	90	29	33	(23)	8	(7)	11	38	124
YoY	22	(146)	59	1	4	4	(1)	138	145	54	(4)	29	(97)	(18)	28	85
P/E (2yr fwd)	(53)	(34)	165	528	-	-	-	-	128	-	-	-	-	42	-	-
EV/EBITDA (2yr fwd)	(135)	119	54	27	-	-	-	-	15	-	-	-	-	11	-	-
EV/Rev (current)	20	10	8	8	-	-	-	-	5	-	-	-	-	5	-	-
Business domain KPI	**F11/21**	**F11/22**	**F11/23**	**F11/24**	**F11/25 1Q**	**F11/25 2Q**	**F11/25 3Q**	**F11/25 4Q**	**F11/25**	**F11/26 1Q**	**F11/26 2Q**	**F11/26 3Qe**	**F11/26 4Qe**	**F11/26e**	**F11/27e**	**F11/28e**
No. of client																
Total (K)	183	236	302	373	400	414	425	442	442	474	493	503	520	520	601	688
Corporate (K)	89	115	150	190	199	210	220	232	232	241	255	265	276	276	322	369
Mid-sized (K)	4	6	8	10	11	12	13	14	14	14	17	17	18	18	21	24
YoY%																
Total	29%	29%	28%	24%	20%	20%	19%	18%	18%	19%	19%	18%	18%	18%	16%	14%
Corporate	27%	30%	30%	27%	26%	25%	23%	22%	22%	21%	21%	21%	19%	19%	17%	15%
Mid-sized -		52%	40%	30%	26%	31%	30%	29%	29%	30%	37%	35%	33%	33%	17%	15%
APRA																
Total (JPY K)	48	56	63	68	68	71	74	77	77	78	81	82	83	83	86	89
Corporate (JPY K)	86	104	116	121	124	128	130	135	135	140	144	144	145	145	149	155
Mid-sized (JPY K)	604	780	937	1,045	1,061	1,134	1,138	1,161	1,161	1,162	1,133	1,137	1,155	1,155	1,210	1,274
YoY%																
Total	9%	18%	12%	8%	8%	11%	12%	13%	13%	14%	13%	11%	8%	8%	4%	4%
Corporate	12%	20%	12%	4%	3%	7%	10%	12%	12%	13%	12%	10%	7%	7%	3%	4%
Mid-sized	-	29%	20%	12%	12%	16%	14%	11%	11%	10%	0%	0%	0%	0%	5%	5%
ARR																
Total (JPY m)	11,227	16,299	23,146	30,003	32,125	34,433	36,324	39,333	39,333	44,303	47,669	48,674	51,218	51,218	60,748	71,232
Corporate (JPY m)	7,657	11,896	17,355	22,954	24,663	26,958	28,654	31,263	31,263	33,733	36,765	38,156	40,011	40,011	48,068	57,144
Mid-sized (JPY m)	2,290	4,508	7,569	10,959	11,659	13,673	14,523	15,753	15,753	16,588	18,763	19,556	20,790	20,790	25,471	30,958
YoY%																
Total	33%	45%	42%	30%	26%	28%	30%	31%	31%	38%	38%	34%	30%	30%	19%	17%
Corporate	38%	55%	46%	32%	30%	34%	35%	36%	36%	37%	36%	33%	28%	28%	20%	19%
Mid-sized	83%	97%	68%	45%	41%	52%	48%	44%	44%	42%	37%	35%	32%	32%	23%	22%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Appier Group (4180): EW, PT ¥1,500

Investment Thesis

- High levels of sales and profit growth: Internet advertising platform well positioned for uptake as proprietary AI algorithm leads to enhanced campaign ROI.
- Risks: High reliance on a single customer.

Catalysts

- Quarterly results: Progress with acquiring new customers.
- Quarterly results: Uptrend in average fee per customer.
- Quarterly results: How sales growth and profit gains fare against guidance.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- By combining proprietary data with industry-specific, customer-centric AI models, the company aims to build a competitive advantage.
- It is developing AI agents specialized in specific domains, which are expected to drive further improvements in ROI.
- At the application layer, the company is strengthening autonomous AI focused on marketing.

Appier Group (4180): Earnings Forecast Summary

Exhibit 7: Appier (4180): Earnings forecast summary

Earnings summary (JPY mil)	F12/21	F12/22	F12/23	F12/24	F12/25 1Q	F12/25 2Q	F12/25 3Q	F12/25 4Q	F12/25	F12/26 1Q	F12/26 2Q	F12/26 3Qe	F12/26 4Qe	F12/26e	F12/27e	F12/28e
Revenue	12,659	19,424	26,417	34,057	9,352	10,312	11,372	12,701	43,737	12,102	12,851	14,061	15,335	54,349	66,029	79,538
YoY%	41%	53%	36%	29%	27%	27%	26%	34%	28%	29%	25%	24%	21%	24%	21%	20%
GP	6,239	9,997	13,708	17,802	4,805	5,786	6,156	6,771	23,518	6,527	7,725	8,155	8,741	31,148	38,241	46,466
YoY%	51%	60%	37%	30%	26%	38%	26%	37%	32%	36%	34%	32%	29%	32%	23%	22%
GPM	49%	51%	52%	52%	51%	56%	54%	53%	54%	54%	60%	58%	57%	57%	58%	58%
OP	(1,114)	50	801	1,981	73	806	1,029	1,068	2,976	185	1,473	1,627	1,792	5,077	7,694	10,800
YoY%	-	-	1502%	147%	12%	130%	31%	37%	50%	153%	83%	58%	68%	71%	52%	40%
OPM	-9%	0%	3%	6%	1%	8%	9%	8%	7%	2%	11%	12%	12%	9%	12%	14%
EBITDA	42	1,363	2,834	4,916	948	1,729	2,030	2,147	6,854	1,333	2,685	2,837	3,028	9,881	12,885	16,419
YoY%	-	3145%	108%	73%	29%	61%	33%	36%	39%	41%	55%	40%	41%	44%	30%	27%
EBITDA margin	0%	7%	11%	14%	10%	17%	18%	17%	16%	11%	21%	20%	20%	18%	20%	21%
EPS	(12)	0	10	29	0	5	11	9	25	1	13	14	16	44	64	81
YoY%	-	-	4586%	191%	-39%	51%	32%	-47%	-12%	100%	137%	38%	82%	76%	44%	27%
P/E (2yr fwd)	150.2	38.4	68.4	34.0	-	-	-	-	21.9	-	-	-	-	13.9	-	-
EV/EBITDA (2yr fwd)	52.3	23.0	25.0	15.3	-	-	-	-	11.0	-	-	-	-	6.9	-	-
EV/Rev (current)	11.7	5.8	6.5	4.4	-	-	-	-	3.2	-	-	-	-	2.1	-	-

Revenue by region (JPY mil)	F12/21	F12/22	F12/23	F12/24	F12/25 1Q	F12/25 2Q	F12/25 3Q	F12/25 4Q	F12/25	F12/26 1Q	F12/26 2Q	F12/26 3Qe	F12/26 4Qe	F12/26e	F12/27e	F12/28e
Northeast Asia	8,337	12,199	17,055	22,860	6,587	6,893	7,400	8,847	29,727	8,439	9,197	9,800	11,447	38,883	48,783	59,483
Greater China	2,899	3,992	4,378	4,489	1,077	1,057	1,241	1,311	4,686	977	1,009	1,154	1,233	4,376	4,490	4,786
US & EMEA	321	2,319	4,268	6,202	1,618	2,085	2,475	2,131	8,309	2,404	2,558	3,027	2,498	10,487	12,100	14,286
SEA	1,103	916	717	506	70	277	256	412	1,015	282	87	80	156	605	656	984
YoY%																
Northeast Asia	37%	46%	40%	34%	37%	26%	22%	37%	30%	28%	33%	32%	29%	31%	25%	22%
Greater China	45%	38%	10%	3%	-7%	-2%	20%	6%	4%	-9%	-5%	-7%	-6%	-7%	3%	7%
US & EMEA	3557%	621%	84%	45%	32%	37%	36%	32%	34%	49%	23%	22%	17%	26%	15%	18%
SEA	25%	-17%	-22%	-29%	-63%	347%	146%	117%	101%	303%	-69%	-69%	-62%	-40%	8%	50%

KPI	F12/21	F12/22	F12/23	F12/24	F12/25 1Q	F12/25 2Q	F12/25 3Q	F12/25 4Q	F12/25	F12/26 1Q	F12/26 2Q	F12/26 3Qe	F12/26 4Qe	F12/26e	F12/27e	F12/28e
No. of clients	1,088	1,374	1,625	1,872	1,931	1,992	2,052	2,111	2,111	2,169	2,232	2,292	2,352	2,352	2,592	2,832
ARPU (JPY mil)	12	14	16	18	5	5	5	6	20	5	5	6	7	23	25	28
YoY%																
No. of clients	32%	26%	18%	15%	15%	14%	13%	13%	13%	12%	12%	12%	11%	11%	10%	9%
ARPU (JPY mil)	6%	20%	15%	12%	7%	5%	7%	15%	13%	15%	11%	18%	14%	15%	10%	10%
Net Add																
No. of clients		286	251	247	59	61	60	59	239	58	63	60	60	241	240	240
ARPU YoY		2.3	2.1	1.9	0.8	0.8	0.8	1.1	2.3	1.0	0.8	1.3	1.5	3.0	2.4	2.6

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

NRI (4307): OW, PT ¥6,000

Investment Thesis

- BPF has become widely adopted in the financial and public sectors as an industry-standard shared platform, achieving stable recurring revenue and high profitability through network effects and high switching costs.
- In financial IT, the company leverages a foundation of SI x SaaS and industry-standard platforms built over many years to provide integrated support across regulation, operations, and IT in the securities and asset management domains, establishing a strong and hard-to-replicate competitive advantage.
- In security, the company is differentiated by its ability to provide end-to-end services—from consulting to monitoring and operations—along with deep domain expertise, enabling it to sustain high growth while building a unique competitive edge.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and expectations for margin expansion.
- Quarterly earnings: Progress in order intake and order backlog accumulation.
- Quarterly earnings: Progress toward the medium-term plan.
- Progress regarding the restructuring of overseas operations.

AI Initiatives

- AI utilization is advancing toward end-to-end optimization across all processes, significantly improving development productivity and quality.
- AI adoption is also expanding toward company-wide optimization, with a phased implementation roadmap being established.
- Consolution x Platform: leads customer AX through 'Consolution' (Consulting x Solutions) and platforms.
- Enterprise AI-driven development: NRI is implementing AX within its own development operations and applying the resulting expertise to customer engagements.
- Cybersecurity business (IT infrastructure services): Frontier AI is driving a paradigm shift in “Cyberattack vs. Defense”.
- Financial IT solutions: Accelerating SI x SaaS through financial business platforms.

NRI (4307.T): Earnings Forecast Summary

Exhibit 8: NRI (4307): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	611,634	692,165	736,556	764,813	195,770	201,295	205,268	212,375	814,708	210,455	216,093	221,342	231,842	879,730	943,149	995,408
YoY%	11%	13%	6%	4%	4%	7%	7%	8%	7%	8%	7%	8%	9%	8%	7%	6%
GP	216,071	239,829	261,006	275,295	71,571	76,446	76,052	76,082	300,151	78,713	83,146	83,114	84,215	329,189	357,646	382,449
YoY%	16%	11%	9%	5%	6%	14%	7%	9%	9%	10%	9%	9%	11%	10%	9%	7%
GPM	35%	35%	35%	36%	37%	38%	37%	36%	37%	37%	38%	38%	36%	37%	38%	38%
OP	106,218	111,832	120,411	134,907	37,246	41,553	39,981	(60,507)	58,273	41,711	46,206	47,606	47,517	183,038	207,588	231,025
YoY%	32%	5%	8%	12%	14%	26%	9%	-	-57%	12%	11%	19%	-	214%	13%	11%
OPM	17%	16%	16%	18%	19%	21%	19%	-28%	7%	20%	21%	22%	20%	21%	22%	23%
EBITDA	148,159	156,924	169,319	184,163	49,453	54,505	53,024	50,152	207,134	54,607	57,153	58,848	58,857	229,463	254,519	280,358
YoY%	22%	6%	8%	9%	10%	21%	9%	11%	12%	10%	5%	11%	17%	11%	11%	10%
EBITDA margin	24%	23%	23%	24%	25%	27%	26%	24%	25%	26%	26%	27%	25%	26%	27%	28%
EPS	121	129	137	164	45	48	52	(119)	27	51	57	58	58	225	261	301
YoY%	36%	7%	6%	19%	18%	18%	13%	-	-84%	13%	18%	13%	-	745%	16%	15%
P/E (2yr fwd)	31.0	21.1	153.9	21.9	-	-	-	-	21.8	-	-	-	-	17.3	-	-
EV/EBITDA (2yr fwd)	15.4	11.3	11.9	12.5	-	-	-	-	12.7	-	-	-	-	10.4	-	-
ROE	21%	21%	20%	22%	-	-	-	-	4%	-	-	-	-	29%	34%	36%
Dividend payout ratio	33%	35%	39%	39%	-	-	-	-	289%	-	-	-	-	37%	40%	40%
Total payout ratio	117%	61%	124%	71%	-	-	-	-	249%	-	-	-	-	93%	95%	90%
OP by segment (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Consulting	12,820	12,329	13,929	18,398	3,176	5,172	5,509	5,366	19,225	2,901	5,683	5,960	6,390	20,935	22,724	25,185
Finance IT service	-	-	-	-	17,445	18,494	16,859	(61,515)	(8,715)	20,742	21,423	21,955	21,413	85,533	98,057	108,336
Industrial IT solution	-	-	-	-	7,531	7,321	7,018	(13,516)	8,355	6,711	7,550	7,571	8,044	29,875	32,245	34,867
IT Platform Services	20,955	23,046	28,167	30,341	8,894	10,385	10,368	8,916	38,564	11,096	11,400	11,970	11,520	45,986	53,962	62,037
YoY%																
Consulting		-4%	13%	32%	14%	9%	3%	-3%	4%	-9%	10%	8%	19%	9%	9%	11%
Finance IT service		-	-	-	-	-	-	-	-	19%	16%	30%	-	-	15%	10%
Industrial IT solution		-	-	-	-	-	-	-	-	-11%	3%	8%	-	258%	8%	8%
IT Platform Services		10%	22%	8%	15%	73%	17%	15%	27%	25%	10%	15%	29%	19%	17%	15%
OPM																
Consulting	29%	26%	25%	28%	22%	30%	30%	29%	28%	19%	32%	30%	32%	29%	29%	29%
Finance IT service	-	-	-	-	16%	16%	14%	-51%	-2%	17%	18%	18%	17%	17%	18%	19%
Industrial IT solution	-	-	-	-	13%	13%	13%	-24%	4%	11%	13%	13%	12%	12%	13%	13%
IT Platform Services	13%	14%	15%	15%	17%	19%	18%	15%	17%	19%	19%	19%	16%	18%	19%	20%
Order and order backlog (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Total order	650,233	712,120	755,641	793,934	154,623	124,272	122,106	455,844	856,846	154,350	-	-	-	-	-	-
yoy%		10%	6%	5%	9%	1%	7%	10%	8%	0%	-	-	-	-	-	-
Total order backlog	348,384	376,116	397,145	428,582	384,287	308,087	225,944	470,632	470,632	420,476	-	-	-	-	-	-
yoy%		8%	6%	8%	8%	7%	7%	10%	10%	9%	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Sansan (4443): EW, PT ¥2,500

Investment Thesis

- Back office SaaS has high growth potential for solving issues like labor shortages and work efficiency.
- The Sansan contact management DX service is stable owing to an overwhelmingly large market share, and the Bill One invoicing SaaS is driving top-line growth.
- There is upside potential from the company's entry into the contract DX market.
- Risks: Slowdown in growth of Sansan, delayed shift into the black by Bill One.

Catalysts

- Quarterly results: Whether recovery in growth of business card management SaaS is sustained.
- Quarterly results: Evidence that invoicing SaaS is growing again.
- Quarterly results: Progress of profit growth toward the medium-term plan.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- Sansan: Positioning its high-quality customer, company, and activity data as the “data infrastructure for the AI era,” connecting proprietary data with enterprise generative AI.
- Bill One: Utilizing generative AI to accelerate the automation of the entire accounting process.

Sansan (4443): Earnings Forecast Summary

Exhibit 9: Sansan (4443): Earnings forecast summary

Earnings summary (JPY mil)	F5/22	F5/23	F5/24	F5/25	F5/26 1Q	F5/26 2Q	F5/26 3Q	F5/26 4Q	F5/26	F5/27 1Qe	F5/27 2Qe	F5/27 3Qe	F5/27 4Qe	F5/27e	F5/28e	F5/29e
Revenue	20,420	25,510	33,878	43,202	12,283	13,098	13,884	14,496	53,761	14,803	15,637	16,401	17,002	63,843	74,933	87,201
YoY%	26%	25%	33%	28%	28%	25%	25%	20%	24%	21%	19%	18%	17%	19%	17%	16%
GP	17,904	21,824	28,814	37,410	10,792	11,555	12,158	12,758	47,263	13,101	13,839	14,515	15,047	56,501	66,540	77,609
YoY%	26%	22%	32%	30%	30%	28%	26%	23%	26%	21%	20%	19%	18%	20%	18%	17%
GPM	88%	86%	85%	87%	88%	88%	88%	88%	88%	89%	89%	89%	89%	89%	89%	89%
OP	631	199	1,337	2,800	527	2,384	3,036	2,238	8,185	2,751	2,889	4,165	3,447	13,251	19,170	25,259
YoY%	-14%	-68%	572%	109%	-262%	368%	78%	146%	192%	422%	21%	37%	54%	62%	45%	32%
OPM	3%	1%	4%	6%	4%	18%	22%	15%	15%	19%	18%	25%	20%	21%	26%	29%
Adj. OP	730	942	1,709	3,555	578	2,446	3,063	2,339	8,427	2,851	2,989	4,265	3,547	13,651	19,570	25,659
YoY%	-7%	29%	81%	108%	179%	295%	70%	154%	137%	393%	22%	39%	52%	62%	43%	31%
Adj. OPM	4%	4%	5%	8%	5%	19%	22%	16%	16%	19%	19%	26%	21%	21%	26%	29%
EPS	7	(1)	8	3	2	13	17	21	54	15	16	23	19	73	106	140
YoY%	17%	-	-	-56%	-180%	144%	54%	-309%	1495%	546%	22%	36%	-9%	37%	45%	32%
P/E (2yr fwd)	246.2	422.6	29.4	28.8	-	-	-	-	15.0	-	-	-	-	14.7	-	-
EV/EBITDA (2yr fwd)	130.2	45.5	21.3	17.7	-	-	-	-	8.5	-	-	-	-	8.5	-	-
EV/Rev (current)	10.9	6.3	5.3	5.6	-	-	-	-	3.1	-	-	-	-	3.4	-	-
Revenue by segment (JPY mil)	**F5/22**	**F5/23**	**F5/24**	**F5/25**	**F5/26 1Q**	**F5/26 2Q**	**F5/26 3Q**	**F5/26 4Q**	**F5/26**	**F5/27 1Qe**	**F5/27 2Qe**	**F5/27 3Qe**	**F5/27 4Qe**	**F5/27e**	**F5/28e**	**F5/29e**
Sansan	17,214	19,793	22,889	26,766	7,494	7,687	7,844	8,063	31,088	8,285	8,499	8,720	8,948	34,451	38,753	43,734
Bill One	826	2,414	6,168	9,790	3,025	3,269	3,581	3,803	13,678	4,065	4,330	4,598	4,867	17,860	22,160	26,519
Sansan/Bill One	18,103	22,515	29,947	37,783	10,935	11,435	11,954	12,521	46,845	13,015	13,546	14,107	14,605	55,273	65,075	75,815
Eight	2,213	2,867	3,548	5,051	1,296	1,624	1,870	1,928	6,718	1,718	2,021	2,224	2,327	8,290	9,538	10,986
YoY%																
Sansan	19%	15%	16%	17%	19%	19%	16%	11%	16%	11%	11%	11%	11%	11%	12%	13%
Bill One	895%	192%	156%	59%	43%	40%	40%	37%	40%	34%	32%	28%	28%	31%	24%	20%
Sansan/Bill One	24%	24%	33%	26%	26%	26%	24%	21%	24%	19%	18%	18%	17%	18%	18%	17%
Eight	40%	30%	24%	42%	52%	26%	41%	21%	33%	33%	24%	19%	21%	23%	15%	15%
KPI	**F5/22**	**F5/23**	**F5/24**	**F5/25**	**F5/26 1Q**	**F5/26 2Q**	**F5/26 3Q**	**F5/26 4Q**	**F5/26**	**F5/27 1Qe**	**F5/27 2Qe**	**F5/27 3Qe**	**F5/27 4Qe**	**F5/27e**	**F5/28e**	**F5/29e**
No. of customers																
Sansan	8,488	8,969	9,693	10,701	11,069	11,435	11,807	12,199	12,199	12,550	12,900	13,275	13,650	13,650	15,000	16,250
Bill One	776	1,581	2,816	3,932	4,252	4,599	4,924	5,188	5,188	5,513	5,838	6,163	6,488	6,488	7,688	8,788
YoY%																
Sansan	10%	6%	8%	10%	10%	12%	13%	14%	14%	13%	13%	12%				
Bill One	313%	104%	78%	40%	40%	39%	36%	32%	32%	30%	27%	25%				
Net Add																
Sansan	744	481	724	1,008	368	366	372	392	1,498	351	350	375				
Bill One	588	805	1,235	1,116	320	347	325	264	1,256	325	325	325				
ARPU (JPY)																
Sansan	170,000	184,000	197,000	210,000	211,000	211,000	210,000	208,000	208,000	207,500	207,000	206,500	20			
Bill One	137,000	200,000	227,000	232,000	231,000	232,000	234,000	237,000	237,000	238,000	239,000	240,000	24			
YoY%																
Sansan	5%	8%	7%	7%	7%	4%	1%	-1%	-1%	-2%	-2%	-2%				
Bill One	60%	46%	14%	2%	0%	-1%	0%	2%	2%	3%	3%	3%				

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates



freee (4478): EW, PT ¥4,000

Investment Thesis

- Business mode: Focuses on accounting and HR labor SaaS solutions for SMEs, maintaining strong revenue momentum and achieving profitability on a period basis. Near-term margin expansion may be delayed due to front-loaded investments.
- SaaS Segment: After a prolonged phase of customer acquisition investment, the company has achieved profitability. With a high gross profit margin, operating leverage is present; however, growth investments will take precedence in the short term.
- KPI: Client acquisition: Sales growth driver, DX continues in accounting/personnel management fields at SMEs. ARPU: Expanding on installation of multiple products in mid-size firms, high ARPU level boosting overall trend. ARR: Growth driven by both clients and ARPU, leading sales indicator.
- Margins: Proprietary SaaS products keep GPM high. Entering OPM expansion phase on sales expansion.

Catalysts

- Quarterly results: Consolidated sales/OP: Confirmation of sales growth rate; anticipate margin expansion.
- Quarterly results: Client acquisition: Focus on sustained expansion of client base in enterprise field, which has high ARPU and greatly contributes to ARR growth.
- Quarterly results: ARR: Focus on ARR growth contributions from mid-size businesses, small businesses, independent business owners. Expansion in corporate field most efficient for sales growth.
- Quarterly results: ARPU: Product cross-sales to corporations is key for ARPU growth.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- The company is shifting from “SaaS used by people” to “SaaS used by AI,” positioning a data foundation that enables AI to execute tasks accurately (rather than UI/UX) as the core source of value.
- It aims to deliver a “Done for You” model, where AI agents autonomously complete tasks end-to-end. For example, in expense management, AI would handle everything from application to processing, with humans only responsible for final approval.
- The company positions itself as “the most AI-ready operational platform,” promoting the expansion of an execution infrastructure and an AI BPO ecosystem leveraging APIs, audit logs, and workflows.

freee (4478): Earnings Forecast Summary

Exhibit 10: freee (4478): Earnings forecast summary

Earnings Summary (JPY mil)	F6/22	F6/23	F6/24	F6/25	F6/26 1Q	F6/26 2Q	F6/26 3Q	F6/26 4Q	F6/26	F6/27 1Qe	F6/27 2Qe	F6/27 3Qe	F6/27 4Qe	F6/27e	F6/28e	F6/29e
Revenue	14,380	19,220	25,431	33,271	9,744	10,198	10,902	11,598	42,442	12,071	12,697	13,688	14,056	52,512	63,063	74,662
YoY%	40%	34%	32%	31%	32%	30%	27%	23%	28%	24%	25%	26%	21%	24%	20%	18%
GP	11,540	16,066	20,992	27,361	7,883	8,198	9,001	9,315	34,398	9,574	10,033	10,807	11,045	41,458	49,574	59,091
YoY%	41%	39%	31%	30%	29%	26%	27%	22%	26%	21%	22%	20%	19%	21%	20%	19%
GPM	80%	84%	83%	82%	81%	80%	83%	80%	81%	79%	79%	79%	79%	79%	79%	79%
OP	11,540	16,066	20,992	27,361	7,883	8,198	9,001	9,315	34,398	9,574	10,033	10,807	11,045	41,458	49,574	59,091
YoY	3,381	4,527	4,925	6,369	1,786	1,667	1,888	1,695	7,037	1,691	1,835	1,805	1,729	7,061	8,116	9,517
OPM	80%	84%	83%	82%	81%	80%	83%	80%	81%	79%	79%	79%	79%	79%	79%	79%
Adj. OP	(2,342)	(7,195)	(7,560)	1,885	690	662	445	865	2,662	1,174	1,633	1,907	1,645	6,358	10,874	16,791
YoY	(41)	(4,853)	(365)	9,445	210	(314)	(214)	1,095	777	484	971	1,462	780	3,696	4,516	5,917
Adj. OPM	-16%	-37%	-30%	6%	7%	6%	4%	7%	6%	10%	13%	14%	12%	12%	17%	22%
EPS	(208)	(216)	(174)	23	3	3	0	13	18	11	18	22	18	68	126	210
YoY	(153)	(7)	41	198	(0)	(8)	(3)	7	(5)	9	15	21	5	50	58	84
EV/Rev. (Current yr)	24	11	8	7	-	-	-	-	5	-	-	-	-	3	-	-
EV/EBITDA (2 yr fwd)	(46)	95	52	30	-	-	-	-	16	-	-	-	-	9	-	-
KPI - Subscription	F6/22	F6/23	F6/24	F6/25	F6/26 1Q	F6/26 2Q	F6/26 3Q	F6/26 4Q	F6/26	F6/27 1Qe	F6/27 2Qe	F6/27 3Qe	F6/27 4Qe	F6/27e	F6/28e	F6/29e
ARR (JPY mil)	15,259	20,998	26,834	35,796	37,120	39,151	42,481	43,595	43,595	45,552	47,913	51,652	53,042	53,042	63,554	74,767
Corporate	10,652	15,011	19,536	26,701	27,832	29,339	30,705	32,547	32,547	34,200	35,990	37,572	39,690	39,690	47,972	56,942
Sole proprietor	4,404	5,567	6,551	7,692	7,708	7,897	9,658	8,727	8,727	8,652	8,923	10,780	9,752	9,752	10,782	11,825
Paying users : end ('000)	379	451	533	607	622	640	709	695	695	705	725	793	775	775	863	951
Corporate	130	159	198	234	245	255	263	275	275	285	295	303	315	315	358	401
Sole proprietor	250	292	335	372	377	385	446	420	420	420	430	490	460	460	505	550
ARPU (Annual, JPY)	39,686	45,622	48,977	56,704	57,144	58,187	56,917	59,715	59,715	60,783	61,948	60,974	63,796	63,796	68,081	72,310
Corporate	82,171	94,192	98,816	114,072	113,416	114,984	116,800	119,116	119,116	120,000	122,000	124,000	126,000	126,000	134,000	142,000
Sole proprietor	17,633	19,085	19,559	20,652	20,471	20,523	21,641	20,881	20,881	20,600	20,750	22,000	21,200	21,200	21,350	21,500
YoY%																
ARR (JPY mil)	34%	38%	28%	33%	29%	26%	23%	22%	22%	23%	22%	22%	22%	22%	20%	18%
Corporate	36%	41%	30%	37%	30%	27%	25%	22%	22%	23%	23%	22%	22%	22%	21%	19%
Sole proprietor	28%	26%	18%	17%	18%	14%	12%	13%	13%	12%	13%	12%	12%	12%	11%	10%
Paying users : end ('000)	0%	19%	18%	14%	14%	13%	14%	15%	15%	13%	13%	12%	12%	12%	11%	10%
Corporate	0%	23%	24%	18%	18%	18%	18%	17%	17%	16%	16%	15%	15%	15%	14%	12%
Sole proprietor	0%	17%	15%	11%	11%	10%	11%	13%	13%	12%	12%	10%	10%	10%	10%	9%
ARPU (Annual, JPY)	3%	15%	7%	16%	12%	9%	7%	5%	5%	6%	6%	7%	7%	7%	7%	6%
Corporate	8%	15%	5%	15%	10%	8%	6%	4%	4%	6%	6%	6%	6%	6%	6%	6%
Sole proprietor	-3%	8%	2%	6%	6%	3%	1%	1%	1%	1%	1%	2%	2%	2%	1%	1%
Net add																
Paying users : end ('000)	0	72	82	74	15	18	69	(15)	88	10	20	68	(18)	80	88	88
Corporate	0	30	38	36	11	10	8	12	41	10	10	8	12	40	43	43
Sole proprietor	0	42	43	38	4	8	61	(26)	47	0	10	60	(30)	40	45	45

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

OBIC (4684): EW, PT ¥5,000

Investment Thesis

- The shift toward cloud ERP is expanding recurring revenue from OBIC7, strengthening a stable earnings base while enabling the maintenance and improvement of high profit margins.
- By expanding into large enterprises and securing large-scale projects, the company is achieving high-value, high-quality growth through its one-stop service model and deep industry expertise.
- Through a vertically integrated model and a direct sales structure, the company has established a highly profitable business model, maintaining industry-leading margins and growth.

Catalysts

- Quarterly Earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and margin improvement.
- Quarterly Earnings: Progress in expansion toward large enterprise clients.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- By embedding AI capabilities into ERP, the company enhances operational efficiency and accelerates decision-making.
- AI utilization strengthens recurring revenue by reducing churn and promoting upselling.
- Through group-wide collaboration, the company expands the value of AI and advances the sophistication of back-office operations as a whole.

OBIC (4684): Earnings Forecast Summary

Exhibit 11: OBIC (4684): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	89,476	100,167	111,590	121,240	32,431	33,353	34,329	35,096	135,209	36,698	37,550	38,450	39,250	151,948	169,690	188,070
YoY%	10%	12%	11%	9%	13%	10%	12%	11%	12%	13%	13%	12%	12%	12%	12%	11%
GP	67,958	77,224	86,428	94,385	25,566	26,332	26,688	27,079	105,665	29,186	29,778	30,073	30,589	119,626	134,153	149,362
YoY%	12%	14%	12%	9%	13%	10%	13%	12%	12%	14%	13%	13%	13%	13%	12%	11%
GPM	76%	77%	77%	78%	79%	79%	78%	77%	78%	80%	79%	78%	78%	79%	79%	79%
OP	54,135	62,490	70,910	78,378	21,479	22,176	22,610	22,558	88,823	24,860	25,175	25,601	25,502	101,138	113,940	127,219
YoY%	13%	15%	13%	11%	15%	11%	13%	14%	13%	16%	14%	13%	13%	14%	13%	12%
OPM	61%	62%	64%	65%	66%	66%	66%	64%	66%	68%	67%	67%	65%	67%	67%	68%
EBITDA	56,564	65,001	73,442	81,065	22,087	22,794	23,316	23,321	91,518	25,543	25,858	26,281	26,181	103,863	116,632	129,877
YoY%	12%	15%	13%	10%	15%	11%	13%	13%	13%	16%	13%	13%	12%	13%	12%	11%
EBITDA margin	63%	65%	66%	67%	68%	68%	68%	66%	68%	70%	69%	68%	67%	68%	69%	69%
EPS	98	113	131	147	44	40	44	30	158	53	46	52	48	200	226	256
YoY%	15%	15%	16%	12%	16%	16%	14%	-16%	8%	19%	15%	19%	62%	26%	13%	13%
P/E (2yr fwd)	31	27	27	24	-	-	-	-	23	-	-	-	-	19	-	-
EV/EBITDA (2yr fwd)	23	20	21	17	-	-	-	-	17	-	-	-	-	14	-	-
ROE	16%	16%	16%	16%	-	-	-	-	16%	-	-	-	-	17%	19%	21%
Divident payout ratio	44%	44%	46%	48%	-	-	-	-	53%	-	-	-	-	47%	49%	51%
Total payout ratio	53%	41%	68%	45%	-	-	-	-	86%	-	-	-	-	103%	88%	85%
Revenue by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
SI	40,238	44,467	47,296	50,329	13,551	13,779	13,903	14,017	55,250	15,145	15,300	15,300	15,450	61,195	67,182	73,162
SS	42,374	48,873	56,101	63,028	16,958	17,541	18,195	18,814	71,508	19,589	20,150	20,850	21,500	82,089	93,458	105,458
YoY%																
SI	6%	11%	6%	6%	14%	7%	10%	9%	10%	12%	11%	10%	10%	11%	10%	9%
SS	16%	15%	15%	12%	13%	13%	14%	14%	13%	16%	15%	15%	14%	15%	14%	13%
OP by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
SI	22,559	25,474	27,982	29,895	8,386	8,300	8,378	7,918	32,982	9,586	9,257	9,272	8,776	36,890	40,689	44,516
SS	29,832	35,209	40,428	45,912	12,506	13,115	13,445	13,830	52,896	14,587	15,173	15,512	15,910	61,182	70,039	79,349
YoY%																
SI	7%	13%	10%	7%	15%	6%	12%	9%	10%	14%	12%	11%	11%	12%	10%	9%
SS	17%	18%	15%	14%	16%	14%	14%	16%	15%	17%	16%	15%	15%	16%	14%	13%
OPM																
SI	56%	57%	59%	59%	62%	60%	60%	56%	60%	63%	61%	61%	57%	60%	61%	61%
SS	70%	72%	72%	73%	74%	75%	74%	74%	74%	74%	75%	74%	74%	75%	75%	75%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Trend Micro (4704): UW, PT ¥5,000

Investment Thesis

- The transition to Vision One is shifting the business from a standalone product model to an integrated, subscription-based model, aiming for medium- to long-term growth and margin improvement.
- While the high proportion of overseas revenue exposes the company to foreign exchange and macroeconomic fluctuations, it maintains stable growth in Japan supported by strong market share and brand strength.
- Margin improvement hinges on the transition to a subscription model, which may involve short-term costs but is expected to drive earnings expansion over the medium to long term.

Catalysts

- Quarterly Earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and margin improvement.
- Quarterly Earnings: Progress on the transition to Vision One.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- Cybertron enables proactive defense through attack prediction and automated response.
- Companion leverages generative AI to support threat analysis and improve the efficiency of SOC operations.
- Security solutions for AI environments provide comprehensive protection against risks across the entire AI ecosystem.

Trend Micro (4704): Earnings Forecast Summary

Exhibit 12: Trend Micro (4704): Earnings forecast summary

Earnings summary (JPY mil)	F12/21	F12/22	F12/23	F12/24	F12/25 1Q	F12/25 2Q	F12/25 3Q	F12/25 4Q	F12/25	F12/26 1Q	F12/26 2Q	F12/26 3Qe	F12/26 4Qe	F12/26e	F12/27e	F12/28e
Revenue	190,359	223,795	248,691	272,638	67,501	66,408	68,844	73,231	275,984	73,856	74,740	76,284	77,341	302,215	312,764	327,494
YoY%	9%	18%	11%	10%	2%	-3%	1%	5%	1%	9%	13%	11%	6%	10%	3%	5%
GP	148,341	169,494	185,028	207,657	51,084	50,887	53,397	56,899	212,267	57,165	57,481	59,120	59,939	233,706	243,956	257,083
YoY%	9%	14%	9%	12%	2%	-2%	2%	6%	2%	12%	13%	11%	5%	10%	4%	5%
GPM	78%	76%	74%	76%	76%	77%	78%	78%	77%	77%	77%	78%	78%	77%	78%	79%
OP	43,641	31,340	32,602	48,105	15,006	13,466	16,002	13,303	57,777	15,558	6,234	12,671	9,809	44,272	54,285	63,713
YoY%	11%	-28%	4%	48%	24%	9%	8%	50%	20%	4%	-54%	-21%	-26%	-23%	23%	17%
OPM	23%	14%	13%	18%	22%	20%	23%	18%	21%	21%	8%	17%	13%	15%	17%	19%
EBITDA	64,535	56,525	61,368	77,032	21,756	19,798	22,578	20,035	84,167	22,123	12,814	19,251	16,269	70,457	79,352	88,136
YoY%	4%	-12%	9%	26%	11%	0%	3%	27%	9%	2%	-35%	-15%	-19%	-16%	13%	11%
EBITDA margin	34%	25%	25%	28%	32%	30%	33%	27%	30%	30%	17%	25%	21%	23%	25%	27%
EPS	275	214	78	259	67	42	96	58	262	90	27	67	52	236	287	338
YoY%	42%	-22%	-63%	230%	-15%	-23%	47%	-5%	1%	34%	-36%	-30%	-10%	-10%	22%	18%
P/E (2yr fwd)	78	28	26	34	-	-	-	-	31	-	-	-	-	17	-	-
EV/EBITDA (2yr fwd)	10	10	8	12	-	-	-	-	11	-	-	-	-	6	-	-
ROE	19%	13%	5%	21%	-	-	-	-	28%	-	-	-	-	23%	30%	41%
Dividend payout ratio	71%	71%	941%	71%	-	-	-	-	70%	-	-	-	-	70%	70%	71%
Total payout ratio	66%	84%	1152%	170%	-	-	-	-	99%	-	-	-	-	98%	99%	99%
Revenue by region(JPY mil)	**F12/21**	**F12/22**	**F12/23**	**F12/24**	**F12/25 1Q**	**F12/25 2Q**	**F12/25 3Q**	**F12/25 4Q**	**F12/25**	**F12/26 1Q**	**F12/26 2Q**	**F12/26 3Qe**	**F12/26 4Qe**	**F12/26e**	**F12/27e**	**F12/28e**
Japan	76,612	82,087	83,002	85,756	22,072	21,822	21,817	22,129	87,840	22,136	22,048	22,250	22,550	88,981	90,920	93,400
Americas	42,602	52,953	57,643	58,827	14,174	12,852	13,530	14,631	55,187	14,498	14,561	14,977	15,145	59,179	59,345	60,469
Europe	34,833	41,460	50,643	58,546	14,261	14,771	15,408	16,999	61,439	16,990	16,875	16,941	17,645	68,451	69,751	72,000
APAC	36,309	47,293	57,401	69,507	16,993	16,961	18,090	19,472	71,516	20,231	21,255	22,116	22,002	85,604	92,748	101,625
YoY%																
Japan	6%	7%	1%	3%	3%	2%	2%	2%	2%	0%	1%	2%	2%	1%	2%	3%
Americas	6%	24%	9%	2%	-1%	-14%	-6%	-4%	-6%	2%	13%	11%	4%	7%	0%	2%
Europe	13%	19%	22%	16%	4%	-1%	3%	13%	5%	19%	14%	10%	4%	11%	2%	3%
APAC	17%	30%	21%	21%	3%	-3%	4%	8%	3%	19%	25%	22%	13%	20%	8%	10%
Revenue by segment (JPY mil)	**F12/21**	**F12/22**	**F12/23**	**F12/24**	**F12/25 1Q**	**F12/25 2Q**	**F12/25 3Q**	**F12/25 4Q**	**F12/25**	**F12/26 1Q**	**F12/26 2Q**	**F12/26 3Qe**	**F12/26 4Qe**	**F12/26e**	**F12/27e**	**F12/28e**
Trend AI	-	-	-	-	53,551	52,981	55,262	59,237	221,031	59,237	60,056	61,600	62,497	243,385	252,238	264,783
Trend Life	-	-	-	-	13,771	13,420	13,547	13,929	54,667	14,515	14,636	14,633	14,792	58,573	60,195	62,297
Incubation	-	-	-	-	178	5	34	64	281	104	46	52	52	256	332	413
YoY%																
Trend AI										11%	13%	11%	6%	10%	4%	5%
Trend Life										5%	9%	8%	6%	7%	3%	3%
Incubation										-42%	820%	53%	-19%	-9%	30%	24%
ARR (USD mil)	**F12/21**	**F12/22**	**F12/23**	**F12/24**	**F12/25 1Q**	**F12/25 2Q**	**F12/25 3Q**	**F12/25 4Q**	**F12/25**	**F12/26 1Q**	**F12/26 2Q**	**F12/26 3Qe**	**F12/26 4Qe**	**F12/26e**	**F12/27e**	**F12/28e**
Enterprises ARR	1,007	1,126	1,219	1,299	1,291	1,291	1,298	1,328	1,328	1,335	1,354	-	-	-	-	-
YoY%		12%	8%	7%	5%	3%	3%	2%	2%	3%	5%	-	-	-	-	-

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Oracle Japan (4716): EW, PT ¥10,000

Investment Thesis

- The company is driving the migration of core systems to the cloud through OCI, leveraging its strengths in high performance and reliability to capture DX demand and achieve growth.
- It is expanding generative AI and AI-embedded applications, promoting higher value-added services and revenue growth through GPU infrastructure and AI agent offerings.
- While maintaining a highly profitable business structure, the company continues to secure stable, high margin levels despite the impact of product mix.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and margins.
- Quarterly earnings: Confirmation of cloud business revenue growth rates
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- OCI enables highly reliable generative AI and business process automation through its AI infrastructure and the use of RAG (Retrieval-Augmented Generation).
- Agent Hub promotes company-wide automation by providing integrated management of AI agents.
- The AI Data Platform supports trustworthy AI utilization through robust data management and governance.

Oracle Japan (4716): Earnings Forecast Summary

Exhibit 13: Oracle Japan (4716): Earnings forecast summary

Earnings summary (JPY mil)	F5/22	F5/23	F5/24	F5/25	F5/26 1Q	F5/26 2Q	F5/26 3Q	F5/26 4Q	F5/26	F5/27 1Qe	F5/27 2Qe	F5/27 3Qe	F5/27 4Qe	F5/27e	F5/28e	F5/29e
Revenue	214,691	226,914	244,542	263,510	66,275	68,402	71,993	78,403	285,073	71,700	73,600	78,400	84,300	308,000	333,200	361,600
YoY%	3%	6%	8%	8%	4%	11%	7%	11%	8%	8%	8%	9%	8%	8%	8%	9%
GP	105,551	108,292	113,545	121,387	29,608	30,808	32,419	35,500	128,335	31,907	32,752	34,888	37,514	137,060	146,608	159,104
YoY%	4%	3%	5%	7%	-3%	10%	5%	10%	6%	8%	6%	8%	6%	7%	7%	9%
GPM	49%	48%	46%	46%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	44%	44%
OP	73,213	74,396	79,820	86,832	21,128	21,531	24,364	22,772	89,795	23,654	24,474	26,027	27,388	101,543	110,386	120,225
YoY%	3%	2%	7%	9%	-5%	9%	9%	1%	3%	12%	14%	7%	20%	13%	9%	9%
OPM	34%	33%	33%	33%	32%	31%	34%	29%	31%	33%	33%	33%	32%	33%	33%	33%
EBITDA	74,866	75,729	81,131	88,091	21,468	21,818	24,744	24,094	91,117	23,984	24,806	26,362	27,726	102,879	111,764	121,651
YoY%	3%	1%	7%	9%	-5%	9%	9%	5%	3%	12%	14%	7%	15%	13%	9%	9%
EBITDA margin	35%	33%	33%	33%	32%	32%	34%	31%	32%	33%	34%	34%	33%	33%	34%	34%
EPS	400	406	434	474	116	118	133	130	496	127	131	139	147	544	591	644
YoY%	4%	2%	7%	9%	-4%	8%	10%	5%	5%	10%	11%	5%	13%	10%	9%	9%
P/E (2yr fwd)	20	18	22	26	-	-	-	-	23	-	-	-	-	14	-	-
EV/EBITDA (2yr fwd)	13	11	14	17	-	-	-	-	15	-	-	-	-	9	-	-
ROE	30%	37%	32%	34%	-	-	-	-	34%	-	-	-	-	41%	49%	41%
Dividend payout ratio	40%	40%	155%	40%	-	-	-	-	173%	-	-	-	-	42%	41%	41%
Total payout ratio	40%	36%	156%	34%	-	-	-	-	173%	-	-	-	-	42%	41%	41%
Revenue by segment (JPY mil)	**F5/22**	**F5/23**	**F5/24**	**F5/25**	**F5/26 1Q**	**F5/26 2Q**	**F5/26 3Q**	**F5/26 4Q**	**F5/26**	**F5/27 1Qe**	**F5/27 2Qe**	**F5/27 3Qe**	**F5/27 4Qe**	**F5/27e**	**F5/28e**	**F5/29e**
Cloud & Software	177,612	189,851	205,074	223,030	56,539	59,007	61,803	67,131	244,481	62,000	64,100	68,000	72,800	266,900	291,300	318,900
Cloud	28,729	36,314	48,257	61,962	19,097	20,031	21,508	22,546	83,184	25,000	26,000	28,000	29,000	108,000	136,000	168,000
Sofware	148,882	153,536	156,816	161,068	37,441	38,975	40,294	44,585	161,297	37,000	38,100	40,000	43,800	158,900	155,300	150,900
Hardware	15,429	16,240	16,896	15,590	3,463	2,994	3,662	4,928	15,048	3,200	2,800	3,400	4,500	13,900	12,700	11,500
Service	21,649	20,822	22,571	24,890	6,272	6,399	6,527	6,343	25,543	6,500	6,700	7,000	7,000	27,200	29,200	31,200
YoY%																
Cloud & Software	4%	7%	8%	9%	4%	14%	9%	12%	10%	10%	9%	10%	8%	9%	9%	9%
Cloud	21%	26%	33%	28%	37%	39%	29%	33%	34%	31%	30%	30%	29%	30%	26%	24%
Sofware	2%	3%	2%	3%	-8%	4%	1%	4%	0%	-1%	-2%	-1%	-2%	-1%	-2%	-3%
Hardware	-10%	5%	4%	-8%	-4%	-5%	-19%	14%	-3%	-8%	-6%	-7%	-9%	-8%	-9%	-9%
Service	2%	-4%	8%	10%	7%	1%	2%	0%	3%	4%	5%	7%	10%	6%	7%	7%
OP by segment (JPY mil)	**F5/22**	**F5/23**	**F5/24**	**F5/25**	**F5/26 1Q**	**F5/26 2Q**	**F5/26 3Q**	**F5/26 4Q**	**F5/26**	**F5/27 1Qe**	**F5/27 2Qe**	**F5/27 3Qe**	**F5/27 4Qe**	**F5/27e**	**F5/28e**	**F5/29e**
Cloud & software	72,343	73,881	79,586	85,673	21,159	21,539	23,612	26,833	93,145	23,312	24,102	25,568	27,373	100,354	108,655	117,993
Hardware	687	625	691	569	124	99	112	211	547	112	98	119	176	505	461	418
Service	5,123	4,757	4,764	5,844	1,350	1,569	1,587	774	5,281	1,430	1,474	1,540	1,540	5,984	6,570	7,114
YoY%																
Cloud & software	3%	2%	8%	8%	-4%	12%	7%	19%	9%	10%	12%	8%	2%	8%	8%	9%
Hardware	-2%	-9%	11%	-18%	-7%	-7%	-25%	19%	-4%	-10%	-1%	6%	-17%	-8%	-9%	-9%
Service	12%	-7%	0%	23%	4%	10%	12%	-54%	-10%	6%	-6%	-3%	99%	13%	10%	8%
OPM																
Cloud & software	41%	39%	39%	38%	37%	37%	38%	40%	38%	38%	38%	38%	38%	38%	37%	37%
Hardware	4%	4%	4%	4%	4%	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Service	24%	23%	21%	23%	22%	25%	24%	12%	21%	22%	22%	22%	22%	22%	23%	23%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

OBIC Business Consultants (4733): OW, PT ¥10,000

Investment Thesis

- Driven by DX demand from small and mid-sized enterprises, the company is expanding recurring revenue and achieving growth through the enhancement of Bugyo Cloud and Edge offerings.
- It is promoting the migration of on-premise customers to the cloud, strengthening upselling and customer retention through the expansion of adjacent services.
- Through cloud adoption and a partner strategy, the company maintains a highly profitable business structure while driving margin improvement and earnings growth.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and margin improvement.
- Quarterly earnings: Confirmation of SaaS KPIs, including net customer additions, ARPU, and churn rate.
- Shareholder returns policy: Whether there will be an increase in dividend levels.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- Bugyo Cloud AI automates accounting and HR operations, improving efficiency and reducing errors.
- AI agents take over accounting and audit-related tasks, enabling more advanced operations.
- Through an AI ecosystem, the company strengthens external integrations and expands the scope of AI utilization.

OBIC Business Consultant (4733): Earnings Forecast Summary

Exhibit 14: Obic Business Consultant (4733): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	34,758	33,705	41,954	46,984	12,151	12,781	12,946	13,523	51,401	13,832	14,464	15,137	15,750	59,183	67,202	74,842
YoY%	19%	-3%	24%	12%	8%	11%	8%	11%	9%	14%	13%	17%	16%	15%	14%	11%
GP	29,146	27,823	34,341	39,338	10,337	10,724	11,028	11,416	43,505	11,821	12,466	13,076	13,625	51,086	58,543	65,661
YoY%	19%	-5%	23%	15%	11%	11%	10%	11%	11%	14%	16%	19%	19%	17%	15%	12%
GPM	84%	83%	82%	84%	85%	84%	85%	84%	85%	85%	86%	86%	87%	86%	87%	88%
OP	16,358	14,709	18,748	21,744	5,570	5,590	6,110	6,311	23,581	6,577	6,437	7,190	7,481	27,686	31,924	36,099
YoY%	26%	-10%	27%	16%	8%	13%	5%	8%	8%	18%	15%	18%	19%	17%	15%	13%
OPM	47%	44%	45%	46%	46%	44%	47%	47%	46%	48%	45%	48%	48%	47%	48%	48%
EBITDA	16,809	15,100	19,293	22,279	5,730	5,703	6,306	6,509	24,249	6,794	6,629	7,399	7,705	28,527	32,965	37,372
YoY%	27%	-10%	28%	15%	7%	12%	6%	11%	9%	19%	16%	17%	18%	18%	16%	13%
EBITDA margin	48%	45%	46%	47%	47%	45%	49%	48%	47%	49%	46%	49%	49%	48%	49%	50%
EPS	157	147	184	215	54	56	57	74	241	65	62	69	72	269	307	346
YoY%	22%	-7%	25%	17%	3%	14%	5%	25%	12%	20%	12%	22%	-3%	12%	14%	13%
P/E (2yr fwd)	29	21	26	26	-	-	-	-	26	-	-	-	-	23	-	-
EV/EBITDA (2yr fwd)	14	10	13	13	-	-	-	-	15	-	-	-	-	12	-	-
ROE	9%	8%	10%	11%	-	-	-	-	11%	-	-	-	-	12%	13%	14%
Dividend payout ratio	45%	48%	43%	46%	-	-	-	-	46%	-	-	-	-	48%	50%	51%
Total payout ratio	45%	48%	43%	46%	-	-	-	-	46%	-	-	-	-	48%	50%	51%
Revenue by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Solution	15,320	15,057	21,945	27,680	7,462	7,753	8,185	8,643	32,043	9,241	9,836	10,568	11,333	40,979	51,063	60,662
Cloud	8,592	12,653	19,002	25,943	7,273	7,592	8,018	8,468	31,351	9,105	9,706	10,438	11,203	40,453	50,583	60,262
Related products	3,155	3,209	3,790	4,191	1,168	1,317	1,118	1,163	4,766	1,041	1,100	1,200	1,110	4,452	4,580	4,700
Service	16,283	15,438	16,219	15,112	3,519	3,712	3,643	3,716	14,591	3,548	3,529	3,369	3,307	13,752	11,559	9,480
YoY%																
Solution	48%	-2%	46%	26%	15%	15%	15%	19%	16%	24%	27%	29%	31%	28%	25%	19%
Cloud	54%	47%	50%	37%	22%	20%	20%	21%	21%	25%	28%	30%	32%	29%	25%	19%
Related products	5%	2%	18%	11%	22%	54%	-2%	-6%	14%	-11%	-16%	7%	-5%	-7%	3%	3%
Service	2%	-5%	5%	-7%	-6%	-5%	-3%	1%	-3%	1%	-5%	-8%	-11%	-6%	-16%	-18%
KPI	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Cloud ARR (JPY mil)	10,265	14,403	22,813	27,956	29,304	30,273	32,180	33,950	33,950	36,480	38,908	41,841	44,904	44,904	53,388	65,217
No. of operating unit																
SaaS	20,032	32,433	52,109	63,866	66,859	71,043	75,877	82,206	82,206	89,004	96,000	104,000	110,500	110,500	125,000	153,000
Bugyo cloud edge	43,070	48,408	53,988	57,533	58,373	59,464	60,568	61,540	61,540	62,271	63,200	64,200	65,100	65,100	68,800	72,550
ARPU (JPY K)																
SaaS	173.6	177.6	210.7	237.9	253.3	259.3	264.7	265.4	256.3	270.6	275.0	281.0	288.0	288.0	313.0	333.0
Bugyo cloud edge	118.3	126.8	152.7	158.2	160.7	162.0	163.1	164.9	164.9	166.5	168.0	171.0	174.0	174.0	183.0	189.0
YoY%																
Cloud ARR (JPY mil)	62%	40%	58%	23%	22%	20%	19%	21%	21%	24%	29%	30%	32%	32%	19%	22%
No. of operating unit																
SaaS	151%	62%	61%	23%	21%	23%	24%	29%	29%	33%	35%	37%	34%	34%	13%	22%
Bugyo cloud edge	21%	12%	12%	7%	6%	6%	6%	7%	7%	7%	6%	6%	6%	6%	6%	5%
ARPU (JPY K)																
SaaS	-4%	2%	19%	13%	12%	11%	10%	8%	8%	7%	6%	6%	9%	12%	9%	6%
Bugyo cloud edge	6%	7%	20%	4%	3%	4%	3%	4%	4%	4%	4%	5%	5%	5%	5%	3%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

OTSUKA (4768): OW, PT ¥4,500

Investment Thesis

- Through its “office-wide DX” strategy, the company combines a diverse range of products and services to increase customer spending per account and achieve sustained revenue growth.
- It is strengthening the foundation for stable earnings and margin improvement by expanding its recurring business through supplies and maintenance contracts.
- While margins remain stable due to the impact of hardware sales mix, the company aims to improve profitability by increasing the share of services.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and margin improvement.
- Quarterly earnings: Assessment of how much the decline following the Windows 11-related demand surge can be offset.
- Quarterly earnings: Sustainability of cybersecurity demand.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- Generative AI for SMBs automates day-to-day operations, helping to address labor shortages.
- By standardizing AI utilization through its own DX initiatives, the company enhances the value it delivers to customers.
- Centered on generative AI, the company is expanding cloud demand and accelerating the transformation of its revenue model.

OTSUKA (4768): Earnings Forecast Summary

Exhibit 15: OTSUKA (4768): Earnings forecast summary

Earnings summary (JPY mil)	F12/21	F12/22	F12/23	F12/24	F12/25 1Q	F12/25 2Q	F12/25 3Q	F12/25 4Q	F12/25	F12/26 1Q	F12/26 2Q	F12/26 3Qe	F12/26 4Qe	F12/26e	F12/27e	F12/28e
Revenue	851,894	861,022	977,370	1,107,668	315,541	379,591	310,587	317,072	1,322,791	344,753	412,745	324,061	339,291	1,420,851	1,506,667	1,591,044
YoY%	2%	1%	14%	13%	18%	25%	23%	11%	19%	9%	9%	4%	7%	7%	6%	6%
GP	176,890	184,169	203,978	224,471	60,087	68,681	57,556	65,850	252,174	65,555	72,987	61,707	71,371	271,620	292,430	313,373
YoY%	2%	4%	11%	10%	12%	15%	14%	9%	12%	9%	6%	7%	8%	8%	8%	7%
GPM	21%	21%	21%	20%	19%	18%	19%	21%	19%	19%	18%	19%	21%	19%	19%	20%
OP	55,827	54,768	62,959	74,360	21,175	27,998	17,356	23,414	89,943	23,505	29,583	18,512	25,693	97,294	105,390	113,580
YoY%	-1%	-2%	15%	18%	23%	30%	30%	6%	21%	11%	6%	7%	10%	8%	8%	8%
OPM	7%	6%	6%	7%	7%	7%	6%	7%	7%	7%	7%	6%	8%	7%	7%	7%
EBITDA	64,029	64,178	71,138	82,794	23,300	30,309	19,744	25,930	99,283	25,970	32,642	21,571	28,836	109,020	118,731	128,001
YoY%	0%	0%	11%	16%	20%	27%	29%	6%	20%	11%	8%	9%	11%	10%	9%	8%
EBITDA margin	8%	7%	7%	7%	7%	8%	6%	8%	8%	8%	8%	7%	8%	8%	8%	8%
EPS	105	106	125	141	38	52	33	47	170	44	54	34	48	180	196	211
YoY%	2%	0%	19%	13%	24%	29%	28%	5%	20%	15%	3%	5%	2%	6%	9%	8%
P/E (2yr fwd)	22	15	17	16	-	-	-	-	16	-	-	-	-	14	-	-
EV/EBITDA (2yr fwd)	12	7	8	8	-	-	-	-	8	-	-	-	-	7	-	-
ROE	14%	13%	14%	15%	-	-	-	-	17%	-	-	-	-	16%	16%	16%
Dividend payout ratio	57%	59%	54%	57%	-	-	-	-	53%	-	-	-	-	58%	59%	59%
Total payout ratio	57%	59%	54%	57%	-	-	-	-	53%	-	-	-	-	58%	59%	59%
Revenue by segment (JPY mil)	**F12/21**	**F12/22**	**F12/23**	**F12/24**	**F12/25 1Q**	**F12/25 2Q**	**F12/25 3Q**	**F12/25 4Q**	**F12/25**	**F12/26 1Q**	**F12/26 2Q**	**F12/26 3Qe**	**F12/26 4Qe**	**F12/26e**	**F12/27e**	**F12/28e**
SI	523,609	541,671	630,185	731,712	214,001	276,100	207,788	205,026	902,915	235,097	301,638	213,533	222,272	972,540	1,024,258	1,071,721
SI related product	390,621	401,001	467,764	552,819	162,916	219,420	156,004	146,961	685,301	173,651	237,996	160,000	160,000	731,647	770,000	805,000
Custom software	50,699	50,648	58,110	60,431	17,222	16,688	15,260	17,229	66,399	18,941	16,860	16,000	18,000	69,801	74,000	78,000
S&S	328,284	319,350	347,185	375,955	101,540	103,490	102,799	112,046	419,875	109,656	111,107	110,528	117,019	448,311	482,408	519,323
Supply	162,706	171,307	185,502	196,286	51,260	51,571	50,743	58,497	212,071	54,846	54,202	53,373	58,237	220,658	233,599	247,795
Maintenance	162,697	144,692	158,195	175,597	48,219	49,792	49,908	51,446	199,365	52,722	54,738	55,000	56,500	218,960	239,400	261,400
YoY%																
SI	-1%	3%	16%	16%	23%	31%	30%	10%	23%	10%	9%	3%	8%	8%	5%	5%
SI related product	-1%	3%	17%	18%	22%	29%	35%	9%	24%	7%	8%	3%	9%	7%	5%	5%
Custom software	1%	0%	15%	4%	14%	9%	14%	4%	10%	10%	1%	5%	4%	5%	6%	5%
S&S	6%	-3%	9%	8%	10%	12%	10%	14%	12%	8%	7%	8%	4%	7%	8%	8%
Supply	6%	5%	8%	6%	7%	6%	5%	14%	8%	7%	5%	5%	0%	4%	6%	6%
Maintenance	6%	-11%	9%	11%	14%	15%	14%	11%	14%	9%	10%	10%	10%	10%	9%	9%
GP bysegment (JPY mil)	**F12/21**	**F12/22**	**F12/23**	**F12/24**	**F12/25 1Q**	**F12/25 2Q**	**F12/25 3Q**	**F12/25 4Q**	**F12/25**	**F12/26 1Q**	**F12/26 2Q**	**F12/26 3Qe**	**F12/26 4Qe**	**F12/26e**	**F12/27e**	**F12/28e**
SI	84,758	88,628	99,350	110,810	29,403	35,709	26,387	32,270	123,769	32,576	38,351	28,160	35,600	134,687	143,453	151,966
S&S	77,085	80,872	87,694	95,877	25,904	27,604	26,309	28,421	108,238	27,729	29,277	28,610	30,061	115,677	125,583	136,337
YoY%																
SI	-1%	5%	12%	12%	13%	13%	15%	6%	12%	11%	7%	7%	10%	9%	7%	6%
S&S	5%	5%	8%	9%	12%	14%	12%	13%	13%	7%	6%	9%	6%	7%	9%	9%
GPM																
SI	16%	16%	16%	15%	14%	13%	13%	16%	14%	14%	13%	13%	16%	14%	14%	14%
S&S	23%	25%	25%	26%	26%	27%	26%	25%	26%	25%	26%	26%	26%	26%	26%	26%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Baycurrent (6532): EW, PT ¥8,000

Investment Thesis

- Through a core client strategy, the company is expanding business with large enterprises, achieving high growth by building company-wide relationships through a phased approach.
- By adopting a one-pool system and a sales-specialized organization, the company maintains high utilization rates and drives high-profit growth through consultant expansion and increased billing rates.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP) growth rates.
- Quarterly earnings: Confirmation of KPIs, including consultant hiring, billing rates, utilization rates, and the number of core clients.
- Quarterly earnings: whether there is an update on the mid-term management plan.
- Gen AI initiatives: whether the company can show P&L contributions from AI.

AI Initiatives

- AI utilization has been standardized across all consultants, enhancing proposal capabilities and productivity.
- Industry-specific AI enables implementations tailored to sector challenges, driving tangible value creation.
- Through hands-on support (from PoC to full adoption) the company delivers high value-added projects.

Baycurrent (6532): Earnings Forecast Summary

Exhibit 16: Baycurrent (6532): Earnings forecast summary

Earnings summary (JPY mil)	F2/22	F2/23	F2/24	F2/25	F2/26 1Q	F2/26 2Q	F2/26 3Q	F2/26 4Q	F2/26	F2/27 1Q	F2/27 2Qe	F2/27 3Qe	F2/27 4Qe	F2/27e	F2/28e	F2/29e
Revenue	57,642	76,090	93,909	116,056	34,307	34,155	37,474	42,396	148,332	44,576	43,864	49,304	42,396	191,607	238,450	290,976
YoY%	34%	32%	23%	24%	26%	27%	27%	30%	28%	30%	28%	32%	0%	29%	24%	22%
GP	30,573	42,421	51,266	62,455	19,222	18,700	21,199	24,865	83,986	26,047	23,972	28,019	24,865	109,800	136,273	167,423
YoY%	51%	39%	21%	22%	31%	42%	34%	33%	34%	36%	28%	32%	0%	31%	24%	23%
GPM	53%	56%	55%	54%	56%	55%	57%	59%	57%	58%	55%	57%	59%	57%	57%	58%
OP	21,518	29,916	34,219	42,615	12,207	11,063	11,923	15,738	50,931	14,481	14,322	15,939	15,738	65,194	81,193	100,749
YoY%	59%	39%	14%	25%	29%	28%	12%	13%	20%	19%	29%	34%	0%	28%	25%	24%
OPM	37%	39%	36%	37%	36%	32%	32%	37%	34%	32%	33%	32%	37%	34%	34%	35%
EBITDA	21,733	30,163	35,312	43,489	12,455	11,299	12,155	16,216	52,125	14,888	14,673	16,334	16,216	66,777	83,100	103,077
YoY%	57%	39%	17%	23%	29%	26%	12%	15%	20%	20%	30%	34%	0%	28%	24%	24%
EBITDA margin	38%	40%	38%	37%	36%	33%	32%	38%	35%	33%	33%	33%	38%	35%	35%	35%
EPS	101	143	166	202	59	54	58	78	249	71	67	74	78	307	378	469
YoY%	55%	41%	16%	22%	30%	29%	13%	24%	23%	20%	23%	28%	0%	23%	23%	24%
P/E (2yr fwd)	28	21	18	17	-	-	-	-	18	-	-	-	-	15	-	-
EV/EBITDA (2yr fwd)	20	14	13	11	-	-	-	-	12	-	-	-	-	9	-	-
ROE	43%	44%	39%	37%	-	-	-	-	36%	-	-	-	-	38%	42%	43%
Dividend payout ratio	26%	26%	26%	21%	-	-	-	-	40%	-	-	-	-	42%	40%	41%
Total payout ratio	33%	35%	38%	42%	-	-	-	-	48%	-	-	-	-	87%	57%	58%
KPI	F2/22	F2/23	F2/24	F2/25	F2/26 1Q	F2/26 2Q	F2/26 3Q	F2/26 4Q	F2/26	F2/27 1Q	F2/27 2Qe	F2/27 3Qe	F2/27 4Qe	F2/27e	F2/28e	F2/29e
No. of consultant	2,369	2,961	3,837	4,784	4,770	4,842	5,306	5,590	5,590	5,676	6,200	6,700	6,900	6,900	8,300	9,800
Occupancy rate	92%	91%	88%	83%	84%	84%	85%	92%	86%	87%	83%	84%	92%	86%	86%	86%
Revenue / Consultant (JPY mil)	29.2	31.3	31.3	32.3	8.5	8.5	8.7	8.5	34.2	9.1	8.9	9.1	8.5	36.0	36.8	37.7
YoY%																
No. of consultant	22%	25%	30%	25%	19%	17%	14%	17%	17%	19%	28%	26%	23%	23%	20%	18%
Occupancy rate	2%	0%	-3%	-6%	1%	2%	5%	6%	3%	3%	-1%	-1%	0%	-1%	0%	0%
Revenue / Consultant (JPY mil)	10%	7%	0%	3%	3%	5%	5%	7%	6%	7%	5%	5%	0%	5%	2%	2%

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

NEC (6701): OW, PT ¥6,000

Investment Thesis

- Leveraging strong technological assets such as AI, biometrics, and security, the company provides highly reliable systems in the social infrastructure domain, establishing a competitive advantage.
- BluStellar structures technologies, services, and scenarios into an integrated framework, delivering a high value-added DX model that solves customer challenges end-to-end.
- In the national security business, the company maintains stable growth and a strong market position in critical infrastructure by leveraging its strengths in defense IT, communications, and sensor technologies.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and expectations for margin expansion.
- Quarterly earnings: Confirmation of order growth rate.
- Quarterly earnings: Confirmation of revenue and profit growth in the BluStellar business.
- Quarterly earnings: Progress toward the medium-term plan.
- Quarterly earnings: Confirmation of revenue and profit growth in the national security business.

AI Initiatives

- Transforming the company into an "AI native company": centered on BluStellar, NEC aims to redesign its businesses and operations around AI, rather than simply adopting AI tools.
- Expanding all "BluStellar Scenarios" to support AX: extending the model to support customers' business transformation from AI adoption through implementation.
- Shifting the talent base from DX to AX professionals.
- Launching "CyIOC," integrating AI with cybersecurity: combining NEC's proprietary intelligence and AI technologies to strengthen its response to cyber threats.
- Focusing on communications infrastructure for an AI-native society: positioning "Trusted Connectivity" as foundational infrastructure and integrating mobile, optical transmission, data centers, and network operations.

NEC (6701): Earnings Forecasts Summary

Exhibit 17: NEC (6701): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	3,014,095	3,313,018	3,477,262	3,423,431	715,658	854,121	852,538	1,160,416	3,582,733	819,744	908,003	916,021	1,153,091	3,796,915	3,957,250	4,141,087
YoY%	1%	10%	5%	-2%	4%	7%	2%	5%	5%	15%	6%	7%	-1%	6%	4%	5%
GP	886,413	958,248	1,005,858	1,060,556	216,188	273,063	272,639	419,406	1,181,296	268,363	290,561	302,287	397,816	1,259,027	1,324,174	1,397,924
YoY%	3%	8%	5%	5%	14%	17%	-2%	17%	11%	24%	6%	11%	-5%	7%	5%	6%
GPM	29%	29%	29%	31%	30%	32%	32%	36%	33%	33%	32%	33%	35%	33%	33%	34%
Non-GAAP OP	-	197,049	227,580	311,301	39,995	87,494	82,382	187,363	397,234	74,738	107,680	109,673	179,059	471,150	523,293	572,900
YoY%	-	-	15%	37%	145%	80%	-15%	26%	28%	87%	23%	33%	-4%	19%	11%	9%
Non-GAAP OPM	-	6%	7%	9%	6%	10%	10%	16%	11%	9%	12%	12%	16%	12%	13%	14%
EPS	104	85	112	132	14	40	52	96	203	37	49	51	86	224	241	267
YoY%	-7%	-18%	32%	17%	-	177%	19%	24%	54%	159%	23%	-2%	-10%	11%	7%	11%
P/E (2yr fwd)	10	8	9	13	-	-	-	-	19	-	-	-	-	17	-	-
EV/EBITDA (2yr fwd)	4	3	4	7	-	-	-	-	9	-	-	-	-	9	-	-
ROE	10%	7%	8%	9%	-	-	-	-	13%	-	-	-	-	13%	12%	12%
Dividend payout ratio	19%	26%	21%	21%	-	-	-	-	19%	-	-	-	-	18%	17%	16%
Total payout ratio	20%	52%	21%	21%	-	-	-	-	29%	-	-	-	-	18%	17%	16%
Non-GAAP OP by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Total IT services				288,100	40,800	82,400	82,100	153,900	359,300	57,800	94,930	96,923	154,809	404,462	457,793	499,780
Domestic				255,300	32,000	71,300	68,500	144,800	316,600	45,300	77,000	77,000	138,000	337,300	386,050	424,400
International				32,700	8,900	11,200	13,600	9,200	42,800	12,500	17,930	19,923	16,809	67,162	71,743	75,380
Social Infrastructure				38,000	3,000	10,700	3,000	36,600	53,400	16,100	22,250	22,250	43,750	104,350	113,500	121,120
Aerospace/national security				45,800	4,500	19,100	16,800	34,400	74,900	13,700	19,500	19,500	35,000	87,700	96,000	103,120
Submarine systems				(33,300)	(1,500)	(8,300)	(1,700)	(7,000)	(18,500)	2,800	1,250	1,250	1,250	6,550	5,500	6,000
Network infrastructure				25,500	-	(100)	(12,100)	9,300	(2,900)	(400)	1,500	1,500	7,500	10,100	12,000	12,000
YoY%																
Total IT services					114%	62%	11%	7%	25%	42%	15%	18%	1%	13%	13%	9%
Domestic					205%	57%	5%	8%	24%	42%	8%	12%	-5%	7%	14%	10%
International					3%	96%	60%	-8%	31%	40%	60%	46%	83%	57%	7%	5%
Social Infrastructure					-	269%	-87%	142%	41%	437%	108%	642%	20%	95%	9%	7%
Aerospace/national security					50%	213%	1%	71%	64%	204%	2%	16%	2%	17%	9%	7%
Submarine systems					-	-	-	-	-	-	-	-	-	-	-16%	9%
Network infrastructure					-	-	-	6%	-	-	-	-	-19%	-448%	19%	0%
Adj. OPM																
Total IT services				11%	7%	13%	12%	18%	13%	9%	14%	14%	18%	14%	15%	16%
Domestic				11%	7%	13%	13%	19%	14%	9%	15%	15%	20%	15%	17%	18%
International				8%	9%	11%	12%	8%	10%	9%	11%	12%	10%	10%	11%	11%
Social Infrastructure				6%	2%	6%	2%	15%	8%	10%	12%	12%	18%	13%	14%	14%
Aerospace/national security				12%	6%	16%	15%	20%	16%	12%	15%	15%	20%	16%	17%	17%
Submarine systems				-68%	-10%	-53%	-10%	-31%	-26%	12%	5%	5%	5%	7%	5%	5%
Network infrastructure				13%	0%	0%	-36%	16%	-2%	-1%	5%	5%	15%	7%	9%	9%
Order YoY% by sector	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Domestic IT service				11%	-3%	-5%	-1%	-2%	-3%	3%						
Public				24%	7%	-1%	-8%	0%	0%	3%						
Enterprise				1%	-11%	-11%	12%	-1%	-4%	6%						

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Fujitsu (6702): OW, PT ¥5,000

Investment Thesis

- Leveraging one of the largest engineering workforces in Japan and a strong track record, the company has established end-to-end IT solution capabilities across both industrial and public sectors.
- UVANCE integrates industry-specific expertise with common technologies to deliver a high value-added model, strengthening DX support while achieving both growth and margin expansion.
- By capturing modernization demand and utilizing its deep legacy system expertise, the company creates continuous growth opportunities through migration support.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and expectations for margin expansion.
- Quarterly earnings: Confirmation of order growth rate.
- Quarterly earnings: Confirmation of revenue and profit growth in the UVANCE business.
- Quarterly earnings: Confirmation of revenue and profit growth in the modernization business.
- Quarterly earnings: Progress toward the medium-term plan.

AI Initiatives

- The company integrates AI infrastructure, generative AI, and AI agents to deliver deployable, real-world AI solutions.
- Kozuchi consolidates AI technologies to provide end-to-end support from PoC to full-scale deployment.
- AI agents drive the automation and autonomy of business processes.
- Data PaaS enhances AI quality by strengthening data integration and governance.
- New revenue opportunity - AI CPUs & AI servers: Fujitsu plans to commercialize AI CPUs and servers through a product-led strategy.
- Path to margin expansion is AI-driven delivery: Level 1 uses generative AI to support individual tasks, Level 2 introduces AI-agent development, and Level 3 uses multi-agent systems to automate multiple development processes.

Fujitsu (6702): Earnings Forecasts Summary

Exhibit 18: Fujitsu (6702): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	3,586,839	3,331,000	3,476,985	3,550,116	749,859	816,683	884,642	1,051,787	3,502,971	779,377	820,000	880,000	1,110,000	3,589,377	3,769,995	3,953,995
YoY%	0%	-7%	4%	2%	-1%	3%	3%	-8%	-1%	4%	0%	-1%	6%	2%	5%	5%
GP	1,118,651	1,144,082	1,117,989	1,167,978	249,425	286,856	316,196	394,390	1,246,867	262,122	294,500	327,900	454,500	1,339,022	1,467,244	1,597,894
YoY%	4%	2%	-2%	4%	9%	10%	11%	0%	7%	5%	3%	4%	15%	7%	10%	9%
GPM	31%	34%	32%	33%	33%	35%	36%	37%	36%	34%	36%	37%	41%	37%	39%	40%
Adj. OP	-	243,400	265,364	307,265	35,119	86,208	107,836	161,426	390,589	54,911	73,800	120,850	190,625	440,165	480,599	539,648
YoY%			9%	16%	113%	74%	52%	-5%	27%	56%	-14%	12%	18%	13%	9%	12%
Adj. OPM			7.6%	8.7%	4.7%	10.6%	12.2%	15.3%	11.2%	7.0%	9.0%	13.7%	17.2%	12.3%	12.7%	13.6%
EBITDA	405,577	437,328	334,890	425,983	64,409	103,484	138,541	183,122	489,556	86,783	107,369	154,625	224,595	573,372	618,987	683,728
YoY%	-8%	8%	-23%	27%	21%	57%	32%	-9%	15%	35%	4%	12%	23%	17%	8%	10%
EBITDA margin	11%	13%	10%	12%	9%	13%	16%	17%	14%	11%	13%	18%	20%	16%	16%	17%
EPS	92	111	136	121	97	51	47	61	255	23	32	53	84	193	218	251
YoY%	-9%	20%	22%	-11%	953%	398%	62%	-16%	111%	-76%	-36%	14%	38%	-24%	13%	15%
P/E (2yr fwd)	15	15	9	15	-	-	-	-	18	-	-	-	-	16	-	-
EV/EBITDA (2yr fwd)	11	7	7	9	-	-	-	-	10	-	-	-	-	9	-	-
ROE	12%	14%	15%	13%	-	-	-	-	24%	-	-	-	-	16%	17%	18%
Divdend payout ratio	24%	22%	19%	23%	-	-	-	-	20%	-	-	-	-	29%	30%	30%
Total payout ratio	51%	91%	60%	105%	-	-	-	-	57%	-	-	-	-	62%	71%	67%
Adj. OP by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Service solutions		162,900	237,200	289,967	47,842	71,780	96,478	145,300	361,400	62,800	81,600	120,650	174,625	439,675	489,150	544,238
Enterprise				72,000	17,200	-	-	-	101,200	19,300	27,600	32,900	48,125	127,925	147,900	171,813
Public				217,900	30,500	-	-	-	260,100	43,400	54,000	87,750	126,500	311,650	341,250	372,425
Hardware solutions		112,600	83,600	61,300	1,337	11,188	24,475	30,012	67,012	(3,743)	10,000	18,000	32,000	56,257	62,875	66,425
Ubiquitous solutions		8,600	24,200	31,372	8,241	13,503	9,656	7,425	38,825	4,446	7,200	7,200	9,000	27,846	28,574	28,985
YoY%																
Service solutions			46%	22%	37%	34%	32%	13%	25%	31%	14%	25%	20%	22%	11%	11%
Enterprise					-	-	-	-	41%	12%	-	-	-	26%	16%	16%
Public					-	-	-	-	19%	42%	-	-	-	20%	9%	9%
Hardware solutions			-26%	-27%	-	65%	123%	-36%	9%	-	-11%	-26%	7%	-16%	12%	6%
Ubiquitous solutions			181%	30%	84%	98%	7%	-33%	24%	-46%	-47%	-25%	21%	-28%	3%	1%
Adj. OPM																
Service solutions		8%	11%	13%	9%	13%	16%	21%	15%	11%	14%	19%	24%	18%	19%	19%
Enterprise				9%	-	-	-	-	12%	9%	12%	14%	18%	13%	14%	15%
Public				15%	-	-	-	-	18%	13%	15%	23%	28%	20%	21%	22%
Hardware solutions		10%	8%	5%	1%	5%	10%	9%	7%	-2%	5%	8%	9%	6%	6%	6%
Ubiquitous solutions		3%	9%	12%	17%	21%	15%	14%	17%	13%	18%	18%	18%	17%	17%	18%
Order by seg (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
UVANCE		250,000	449,300	548,600	127,600	190,900	186,200	222,600	727,500	193,300	-	-	-	-	-	-
Mondernization		-	232,600	384,700	74,700	79,400	106,300	138,800	399,200	91,600	-	-	-	-	-	-
YoY%																
UVANCE			80%	22%	17%	68%	48%	11%	33%	51%	-	-	-	-	-	-
Mondernization			-	65%	-4%	11%	-16%	28%	4%	23%	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

BIPROGY (8056): EW, PT ¥5,000

Investment Thesis

- Building on its foundation of financial systems and outsourcing businesses, the company captures fintech demand to achieve stable revenue growth.
- It is expanding both core businesses (such as finance, retail, and energy) and new growth areas in parallel, accelerating growth through DX and the creation of new business models.
- By shifting toward higher value-added services and improving efficiency, the company aims to enhance profitability and achieve sustainable growth with improved margins over the medium term.

Catalysts

- Quarterly earnings: Confirmation of consolidated revenue and operating profit (OP), revenue growth rate, and expectations for margin expansion.
- Quarterly earnings: Progress in order intake and order backlog accumulation.
- Quarterly earnings: Confirmation of revenue and profit growth in key focus areas.
- Quarterly earnings: Progress on the mid-term management plan.
- Gen AI initiatives: whether the company can show P&L contributions from AI.
- Synergies with CMJ and progress in the retail business.

AI Initiatives

- Through AI utilization and external partnerships, the company delivers end-to-end support from strategy to operations.
- Its partnership with EAGLYS strengthens data utilization capabilities and promotes the deployment of industry-specific AI solutions.

BIPROGY (8056): Earnings Forecasts Summary

Exhibit 19: BIPROGY (8056): Earnings forecast summary

Earnings summary (JPY mil)	F3/22	F3/23	F3/24	F3/25	F3/26 1Q	F3/26 2Q	F3/26 3Q	F3/26 4Q	F3/26	F3/27 1Q	F3/27 2Qe	F3/27 3Qe	F3/27 4Qe	F3/27e	F3/28e	F3/29e
Revenue	317,600	339,898	370,142	404,010	96,844	108,288	101,712	126,842	433,686	91,464	120,150	127,150	132,050	470,814	483,020	510,300
YoY%	3%	7%	9%	9%	10%	11%	9%	2%	7%	-6%	11%	25%	4%	9%	3%	6%
GP	83,138	89,350	97,173	105,831	23,788	29,948	28,171	34,102	116,009	24,390	32,743	31,947	35,784	124,924	135,834	145,158
YoY%	5%	7%	9%	9%	10%	11%	18%	3%	10%	3%	9%	13%	5%	8%	9%	7%
GPM	26%	26%	26%	26%	25%	28%	28%	27%	27%	27%	27%	25%	27%	27%	28%	28%
OP	27,425	29,673	33,287	39,066	8,569	12,781	8,998	12,256	42,604	6,817	13,217	11,444	14,526	46,003	52,032	57,517
YoY%	11%	8%	12%	17%	30%	12%	25%	-12%	9%	-20%	3%	27%	19%	8%	13%	11%
OPM	9%	9%	9%	10%	9%	12%	9%	10%	10%	7%	11%	9%	11%	10%	11%	11%
EBITDA	44,117	45,900	51,910	57,490	13,095	17,530	14,794	17,273	62,692	11,505	17,905	16,073	19,102	64,585	69,892	74,823
YoY%	5%	4%	13%	11%	17%	11%	26%	-8%	9%	-12%	2%	9%	11%	3%	8%	7%
EBITDA margin	14%	14%	14%	14%	14%	16%	15%	14%	14%	13%	15%	13%	14%	14%	14%	15%
EPS	204	201	251	273	59	97	71	93	321	46	95	82	104	328	373	413
YoY%	23%	-1%	25%	9%	22%	40%	24%	-4%	18%	-22%	-2%	15%	13%	2%	14%	11%
P/E (2yr fwd)	13	12	13	15	-	-	-	-	15	-	-	-	-	11	-	-
EV/EBITDA (2yr fwd)	6	5	6	7	-	-	-	-	8	-	-	-	-	6	-	-
ROE	17%	15%	16%	16%	-	-	-	-	18%	-	-	-	-	17%	17%	17%
Dividend payout ratio	42%	40%	40%	40%	-	-	-	-	41%	-	-	-	-	43%	43%	44%
Total payout ratio	45%	43%	43%	83%	-	-	-	-	73%	-	-	-	-	44%	44%	45%
GP by segment (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Service	68,406	75,209	80,774	85,287	19,978	24,079	23,137	27,634	94,828	23,265	26,206	26,292	29,283	105,107	113,974	122,118
Software	5,255	5,097	5,853	9,166	1,063	1,947	2,109	2,423	7,542	163	2,106	1,794	2,340	6,403	8,406	8,832
Hardware	9,476	9,043	10,544	11,377	2,746	3,921	2,927	4,044	13,638	961	4,431	3,861	4,161	13,414	13,454	14,208
YoY%																
Service	7%	10%	7%	6%	8%	8%	11%	17%	11%	16%	9%	14%	6%	11%	8%	7%
Software	-17%	-3%	15%	57%	40%	-7%	153%	-56%	-18%	-85%	8%	-15%	-3%	-15%	31%	5%
Hardware	10%	-5%	17%	8%	17%	45%	29%	0%	20%	-65%	13%	32%	3%	-2%	0%	6%
GPM																
Service	30%	31%	30%	29%	28%	32%	31%	31%	30%	30%	32%	31%	31%	31%	32%	32%
Software	15%	14%	15%	20%	9%	18%	19%	18%	16%	2%	16%	16%	16%	13%	16%	16%
Hardware	17%	16%	17%	17%	18%	18%	19%	17%	18%	15%	18%	12%	18%	16%	18%	18%
Order and order backlog (JPY mil)	**F3/22**	**F3/23**	**F3/24**	**F3/25**	**F3/26 1Q**	**F3/26 2Q**	**F3/26 3Q**	**F3/26 4Q**	**F3/26**	**F3/27 1Q**	**F3/27 2Qe**	**F3/27 3Qe**	**F3/27 4Qe**	**F3/27e**	**F3/28e**	**F3/29e**
Total order	326,961	362,094	386,104	404,004	95,317	108,532	98,187	143,726	445,762	119,913	-	-	-	-	-	-
YoY%	1%	11%	7%	5%	8%	9%	5%	17%	10%	26%	-	-	-	-	-	-
Total order backlog	251,684	273,880	289,842	289,836	288,308	288,553	285,028	301,912	301,912	330,361	-	-	-	-	-	-
YoY%	4%	9%	6%	0%	-1%	-1%	-2%	4%	4%	15%	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research, e = Morgan Stanley Research estimates

Valuation comps

Exhibit 20: Valuation comps

x		Market Cap. (bil)	P/E Current	P/E 1 yr. FWD	P/E 2 yr. FWD	EV/EBITDA Current	EV/EBITDA 1 yr. FWD	EV/EBITDA 2 yr. FWD	EV/Sales Current	EV/Sales 1 yr. FWD	EV/Sales 2 yr. FWD	Revenue growth rate% 1 yr. FWD	Revenue growth rate% 2 yr. FWD	Div. Yield Current
IT Service - Domestic companies														
NS Solutions	JPY	725.3	23.5	22.1	20.8	11.0	10.5	10.1	1.7	1.5	1.5	10.1%	3.4%	2.32%
TIS	JPY	899.4	19.9	15.1	14.6	9.3	8.2	8.0	1.5	1.4	1.4	5.1%	3.9%	2.38%
SHIFT	JPY	233.0	26.1	28.0	16.0	12.4	12.0	9.0	1.8	1.5	1.2	24.0%	19.8%	0.00%
Rakus	JPY	388.5	29.7	14.6	20.7	19.8	16.2	13.3	6.1	6.1	5.3	0.1%	15.1%	0.94%
PKSHA	JPY	99.2	36.9	30.9	25.2	15.3	10.7	9.3	4.2	2.4	2.1	73.3%	15.5%	0.00%
Money Forward	JPY	352.1	221.2	1,068.2	106.6	145.4	30.8	20.0	6.9	5.6	4.8	22.9%	17.5%	0.00%
Appier	JPY	154.4	60.3	34.9	23.0	22.6	14.0	10.9	3.3	2.7	2.2	24.8%	23.8%	0.21%
NRI	JPY	2,990.3	195.6	23.7	21.3	15.0	13.5	12.4	3.8	3.6	3.4	6.6%	5.6%	1.78%
Sansan	JPY	266.2	39.4	27.7	19.8	25.2	15.9	11.5	4.3	3.6	3.1	19.5%	17.2%	0.15%
freee	JPY	234.9	217.3	69.5	39.2	82.7	35.3	21.0	5.0	4.1	3.4	22.6%	19.8%	0.00%
OBIC	JPY	2,203.1	29.6	25.8	23.2	21.9	19.4	17.4	14.9	13.3	12.0	12.0%	10.8%	2.18%
Trend Micro	JPY	793.1	23.1	24.6	21.4	6.6	7.9	7.3	2.0	1.9	1.8	8.7%	6.0%	2.85%
Oracle Japan	JPY	1,199.9	18.9	17.2	16.0	12.2	11.1	10.3	3.9	3.6	3.3	8.2%	8.2%	9.96%
Obic Business Consultants	JPY	624.9	34.5	30.4	25.7	21.1	17.9	14.8	9.9	8.7	7.6	14.7%	14.3%	1.78%
Otsuka	JPY	1,372.3	21.3	20.3	18.8	11.3	10.7	10.0	0.8	0.8	0.8	6.3%	5.5%	2.78%
Cybozu	JPY	142.0	20.0	17.1	14.9	10.4	9.3	8.3	3.6	3.1	2.8	14.6%	11.2%	1.42%
Bengo4	JPY	133.5	87.6	63.2	44.7	43.6	29.2	21.6	8.3	6.4	5.3	28.1%	21.0%	0.00%
Baycurrent	JPY	1,167.9	30.9	24.0	18.9	20.7	16.4	13.2	7.5	5.7	4.6	30.3%	25.1%	2.22%
NEC	JPY	6,431.4	23.9	21.2	18.4	11.5	10.8	9.6	1.8	1.7	1.6	6.4%	5.0%	0.99%
FUJITSU	JPY	6,984.2	15.8	22.5	19.3	13.0	12.0	10.9	1.9	1.8	1.8	1.2%	3.9%	1.58%
BIPROGY	JPY	469.8	15.2	14.6	13.3	8.1	7.5	7.0	1.1	1.0	1.0	9.2%	4.2%	2.81%
DENTSU SOKEN	JPY	559.0	34.2	30.3	26.9	17.6	16.0	14.3	2.9	2.6	2.4	11.3%	9.8%	1.46%
Canon Marketing Japan	JPY	800.7	19.6	17.1	15.8	9.0	8.3	7.9	1.0	1.0	0.9	1.8%	3.7%	2.47%

Source: FactSet. Morgan Stanley Research. Based on 2026/9/14 closing price.

Valuation comps

Exhibit 21: Valuation comps

		Market Cap. (bil)	P/E Current	P/E 1 yr. FWD	P/E 2 yr. FWD	EV/EBITDA Current	EV/EBITDA 1 yr. FWD	EV/EBITDA 2 yr. FWD	EV/Sales Current	EV/Sales 1 yr. FWD	EV/Sales 2 yr. FWD	Revenue growth rate% 1 yr. FWD	Revenue growth rate% 2 yr. FWD	Div. Yield Current
IT Service - Overseas companies														
Accenture	USD	121.3	15.9	14.1	13.3	9.5	8.7	8.2	1.7	1.6	1.6	5.6%	4.0%	2.28%
Adobe	USD	109.7	15.9	10.9	9.6	11.6	8.8	8.4	4.7	4.2	3.8	11.9%	9.4%	0.00%
Atlassian	USD	48.8	NM	35.1	28.8	117.0	25.2	20.4	7.4	6.5	5.7	13.6%	14.7%	0.00%
Capgemini	EUR	18.6	11.6	8.9	8.2	8.0	7.0	6.7	1.2	1.1	1.0	8.1%	4.3%	2.39%
Check Point Software Technologies	USD	14.6	14.1	13.3	12.3	15.5	12.6	12.0	5.3	5.1	4.8	2.8%	5.6%	0.00%
Xero	NZD	14.3	82.2	61.6	33.3	19.2	16.0	12.2	5.2	3.9	3.2	34.0%	21.8%	0.00%
Cloudflare	USD	116.2	NM	261.9	197.5	NM	166.4	119.0	53.3	40.3	31.4	32.3%	28.4%	0.00%
Cognizant Technology Solutions	USD	30.7	14.0	11.1	10.2	8.1	7.7	7.3	1.5	1.4	1.4	5.1%	4.7%	1.49%
CrowdStrike	USD	238.5	NM	187.7	147.2	1,484.0	127.3	98.6	48.7	39.0	31.8	24.8%	22.7%	0.00%
Datadog	USD	81.1	741.6	90.8	77.7	990.2	68.3	54.3	22.6	17.3	14.1	30.5%	22.4%	0.00%
HubSpot	USD	13.2	286.3	18.9	15.0	68.6	13.1	10.8	3.9	3.3	2.9	17.7%	14.1%	0.00%
Infosys	INR	4,201.5	14.5	13.6	13.0	9.3	8.7	8.4	2.2	2.0	2.0	9.2%	3.6%	3.84%
IBM	USD	233.4	21.9	20.2	18.9	15.2	14.9	14.0	4.3	4.1	4.0	4.2%	3.9%	2.27%
Intuit	USD	91.0	20.5	13.9	12.2	13.1	9.0	8.1	4.3	3.9	3.6	9.2%	9.0%	1.52%
Microsoft	USD	3,753.7	28.1	25.6	21.5	19.6	15.8	12.8	11.5	9.7	8.2	17.7%	19.5%	0.98%
Palantir Technologies	USD	414.4	252.7	108.4	75.7	281.4	80.6	52.3	90.5	49.5	33.1	82.8%	49.7%	0.00%
Palo Alto Networks	USD	304.8	912.3	89.3	76.8	147.2	69.6	55.3	26.5	21.5	18.8	23.4%	14.4%	0.00%
Salesforce	USD	241.0	33.1	15.6	16.1	21.7	13.9	13.2	6.5	5.9	5.4	11.4%	9.8%	0.78%
SAP	EUR	217.5	30.3	26.3	22.5	19.0	16.9	14.7	5.9	5.4	4.8	9.3%	11.7%	1.20%
ServiceNow	USD	149.1	84.4	35.0	28.4	56.6	24.2	20.2	11.5	9.4	7.9	22.1%	18.7%	0.00%
Shopify	USD	174.6	141.3	70.5	54.4	88.4	60.0	44.8	14.7	11.1	8.8	32.0%	25.9%	0.00%
Snowflake	USD	114.3	NM	150.0	110.2	NM	99.0	71.4	24.5	18.2	14.1	34.9%	28.9%	0.00%
Tata	INR	7,967.0	16.2	14.3	13.8	10.5	9.9	9.4	2.8	2.6	2.5	8.9%	4.0%	2.71%
Workday	USD	50.3	74.3	17.5	14.7	35.8	14.1	12.1	5.3	4.8	4.3	11.9%	10.5%	0.00%

Source: FactSet. Morgan Stanley Research. Based on 2026/9/14 closing price.

Industry Data - IT Service Market

Exhibit 22: JISA basic survey on the information service industry

JISA Basic Survey on the Information Service Industry (JPY bil)	F3/16	F3/17	F3/18	F3/19	F3/20	F3/21	F3/22	F3/23	F3/24	F3/25
Revenue by service type										
Total IT Service	8,501	8,614	8,662	9,116	8,801	9,289	8,834	9,214	10,528	10,322
IT Service	7,602	7,748	7,758	8,239	7,890	8,297	8,046	8,456	9,581	9,558
SI service	3,868	3,880	3,764	4,008	3,668	4,042	3,928	4,382	5,097	4,878
Software development	1,416	1,561	1,518	1,480	1,582	1,473	1,464	1,435	1,500	1,419
Soft product development	298	213	272	432	323	346	355	499	504	504
IT outsourcing	881	927	744	808	780	839	760	638	773	1,054
Cloud related	-	477	303	240	213	230	205	271	241	269
Information processing	468	61	477	453	523	473	436	455	485	549
Other	607	628	680	817	801	894	897	776	982	884
Hardware	712	650	673	576	602	491	436	390	461	543
Others	187	215	231	300	309	500	352	368	486	222
YoY%										
Total IT Service		1.3%	0.6%	5.2%	-3.5%	5.5%	-4.9%	4.3%	14.3%	-2.0%
IT Service		1.9%	0.1%	6.2%	-4.2%	5.2%	-3.0%	5.1%	13.3%	-0.2%
SI service		0.3%	-3.0%	6.5%	-8.5%	10.2%	-2.8%	11.6%	16.3%	-4.3%
Software development		10.2%	-2.8%	-2.5%	6.9%	-6.9%	-0.6%	-2.0%	4.5%	-5.4%
Soft product development		-28.6%	27.7%	59.1%	-25.1%	6.9%	2.9%	40.3%	1.0%	0.1%
IT outsourcing		5.2%	-19.8%	8.7%	-3.6%	7.6%	-9.3%	-16.0%	21.1%	36.4%
Cloud related		-	-36.5%	-20.8%	-11.0%	8.0%	-11.1%	32.4%	-11.2%	11.9%
Information processing		-86.9%	678.3%	-5.0%	15.3%	-9.5%	-7.7%	4.4%	6.4%	13.2%
Other		3.4%	8.4%	20.1%	-2.0%	11.6%	0.3%	-13.5%	26.6%	-10.0%
Hardware		-8.6%	3.4%	-14.4%	4.5%	-18.4%	-11.2%	-10.7%	18.4%	17.6%
Others		14.9%	7.4%	30.0%	2.9%	61.8%	-29.6%	4.5%	32.0%	-54.3%

Source: JISA, Morgan Stanley Research

Industry Data - IT Service Market

Exhibit 23: JISA basic survey on the information service industry

JISA Basic Survey on the Information Service Industry (JPY bil)	F3/16	F3/17	F3/18	F3/19	F3/20	F3/21	F3/22	F3/23	F3/24	F3/25
Revenue by client industry										
Total IT Service	8,501	8,614	8,662	9,116	8,801	9,289	8,834	9,214	10,528	10,322
Manufacturing	-	-	1,176	1,354	1,301	1,454	1,416	1,428	1,595	1,596
Financial	-	-	2,573	2,557	2,754	2,683	2,404	2,624	3,118	2,952
Service	-	-	1,431	1,587	1,361	1,519	1,441	1,222	1,447	1,429
Telecom	-	-	327	519	510	588	715	691	716	687
Government	-	-	686	774	570	681	696	764	945	996
Computer, maker	-	-	231	182	162	184	164	167	191	163
Peer	-	-	1,001	1,043	1,254	1,213	1,093	1,217	1,383	1,257
Other	187	215	231	300	309	500	352	368	486	222
YoY%										
Total IT Service				5.2%	-3.5%	5.5%	-4.9%	4.3%	14.3%	-2.0%
Manufacturing				15.2%	-3.9%	11.8%	-2.6%	0.8%	11.7%	0.1%
Financial				-0.6%	7.7%	-2.6%	-10.4%	9.1%	18.9%	-5.3%
Service				10.9%	-14.2%	11.7%	-5.2%	-15.2%	18.4%	-1.2%
Telecom				58.9%	-1.8%	15.4%	21.5%	-3.4%	3.6%	-4.0%
Government				12.7%	-26.3%	19.4%	2.2%	9.9%	23.6%	5.4%
Computer, maker				-21.3%	-10.5%	13.4%	-10.7%	1.7%	14.4%	-14.7%
Peer				4.2%	20.2%	-3.2%	-9.9%	11.3%	13.6%	-9.1%
Other				30.0%	2.9%	61.8%	-29.6%	4.5%	32.0%	-54.3%
% of total revenue										
Total IT Service			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Manufacturing			13.6%	14.9%	14.8%	15.6%	16.0%	15.5%	15.2%	15.5%
Financial			29.7%	28.1%	31.3%	28.9%	27.2%	28.5%	29.6%	28.6%
Service			16.5%	17.4%	15.5%	16.4%	16.3%	13.3%	13.7%	13.8%
Telecom			3.8%	5.7%	5.8%	6.3%	8.1%	7.5%	6.8%	6.7%
Government			7.9%	8.5%	6.5%	7.3%	7.9%	8.3%	9.0%	9.6%
Computer, maker			2.7%	2.0%	1.8%	2.0%	1.9%	1.8%	1.8%	1.6%
Peer			11.6%	11.4%	14.2%	13.1%	12.4%	13.2%	13.1%	12.2%
Other			2.7%	3.3%	3.5%	5.4%	4.0%	4.0%	4.6%	2.1%

Source: JISA. Morgan Stanley Research

Industry Data - IT Service Market

Exhibit 24: JISA basic survey on the information service industry

JISA Basic Survey on the Information Service Industry	F3/16	F3/17	F3/18	F3/19	F3/20	F3/21	F3/22	F3/23	F3/24	F3/25
Financial Ratio										
OPM										
Average	7.7%	6.3%	6.6%	6.8%	7.0%	7.7%	8.4%	9.4%	10.2%	10.7%
Medium	5.5%	4.0%	4.1%	4.6%	4.8%	5.5%	5.7%	6.3%	7.1%	6.7%
Headcount spending % of revenue										
Average	28.0%	30.0%	29.3%	29.4%	29.8%	28.0%	29.8%	27.1%	26.6%	25.4%
Medium	41.8%	44.4%	43.0%	43.1%	42.0%	41.8%	43.5%	41.3%	38.2%	37.7%
YoY										
OPM										
Average		-1.4%pt	0.3%pt	0.2%pt	0.2%pt	0.7%pt	0.7%pt	1.0%pt	0.9%pt	0.4%pt
Medium		-1.5%pt	0.1%pt	0.5%pt	0.2%pt	0.7%pt	0.2%pt	0.7%pt	0.8%pt	-0.4%pt
Headcount spending % of revenue										
Average		2.0%pt	-0.7%pt	0.1%pt	0.4%pt	-1.8%pt	1.8%pt	-2.7%pt	-0.5%pt	-1.2%pt
Medium		2.6%pt	-1.4%pt	0.1%pt	-1.1%pt	-0.2%pt	1.7%pt	-2.2%pt	-3.1%pt	-0.5%pt

Source: JISA. Morgan Stanley Research

Industry Data - BoJ Tankan

Exhibit 25: BoJ software investment

BOJ Tankan	F3/16	F3/17	F3/18	F3/19	F3/20	F3/21	F3/22	F3/23	F3/24	F3/25	F3/26e
Software investment YoY%											
All size											
All industry	1.2%	2.1%	7.1%	4.3%	10.3%	-6.2%	7.6%	11.5%	10.0%	4.2%	12.2%
Manufacturing	3.9%	-5.1%	6.3%	6.1%	14.7%	-5.9%	9.7%	16.2%	11.3%	7.2%	13.1%
Non-manufacturing	0.0%	5.6%	7.5%	3.6%	8.4%	-6.4%	6.4%	9.1%	9.3%	2.7%	11.7%
Large companies											
All industry	0.2%	3.7%	6.8%	3.7%	8.6%	-7.8%	7.3%	13.8%	8.8%	8.0%	9.7%
Manufacturing	4.9%	-5.3%	4.8%	7.5%	13.5%	-4.5%	8.7%	16.8%	11.0%	8.5%	8.6%
Non-manufacturing	-2.2%	8.8%	7.7%	2.0%	6.3%	-9.5%	6.4%	11.9%	7.5%	7.6%	10.4%
Mid companies											
All industry	12.9%	-8.9%	12.8%	14.1%	14.7%	6.2%	-1.4%	8.8%	10.0%	-4.8%	13.6%
Manufacturing	3.0%	-5.4%	-1.7%	14.6%	11.1%	-5.3%	9.0%	19.8%	14.6%	3.1%	27.2%
Non-manufacturing	14.8%	-9.5%	16.0%	14.0%	15.4%	8.3%	-3.7%	6.0%	8.7%	-7.1%	9.1%
Small companies											
All industry	-7.9%	7.3%	1.9%	-5.6%	20.2%	-13.3%	27.2%	-2.6%	20.3%	-6.4%	30.9%
Manufacturing	-6.3%	-2.0%	35.5%	-15.6%	34.5%	-22.0%	24.1%	4.8%	8.9%	0.3%	41.6%
Non-manufacturing	-8.6%	11.3%	-8.1%	-1.3%	14.9%	-9.5%	28.3%	-5.2%	24.5%	-8.5%	27.1%

Source: Morgan Stanley Research; e = BoJ estimates

Disclosure Section

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Global Stock Ratings Distribution

(as of August 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: IT & Software

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Luyuan Yang, CFA		
Appier Group (4180.T)	E (10/23/2024)	¥1,528
Baycurrent (6532.T)	E (01/22/2026)	¥7,840
BIPROGY (8056.T)	E (01/22/2026)	¥4,847
Money Forward (3994.T)	E (06/25/2025)	¥6,060
NS Solutions (2327.T)	U (04/01/2026)	¥3,925
OBIC (4684.T)	E (01/22/2026)	¥5,111
OBIC Business Consultants (4733.T)	O (01/22/2026)	¥8,378
Oracle Corporation Japan (4716.T)	E (01/22/2026)	¥9,346
OTSUKA (4768.T)	O (04/01/2026)	¥3,646

RAKUS (3923.T)	E (04/01/2026)	¥1,089
Sansan (4443.T)	E (10/23/2024)	¥2,119
TISI (3626.T)	E (01/22/2026)	¥4,078
Trend Micro (4704.T)	U (01/22/2026)	¥6,454
Tetsuro Tsusaka, CFA		
freee (4478.T)	E (09/25/2024)	¥3,900
Fujitsu (6702.T)	O (01/22/2026)	¥4,008
NEC (6701.T)	O (04/01/2026)	¥4,896
Nomura Research Institute (4307.T)	O (01/22/2026)	¥5,155
Shift (3697.T)	E (11/29/2022)	¥879

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