



Paycloud Holdings | 4015

TSE Growth

First Buyback Signals Confidence in Earnings Performance

Summary

- **H1 Results Overview:** On April 14, 2026, Paycloud Holdings Inc. (hereafter, the Company) announced its H1 FY2026/8 results. The Company reported net sales of JPY 4,723 mn (-2.4% YoY), adjusted EBITDA of JPY 593 mn (-12.7% YoY), and operating profit of JPY 327 mn (-19.1% YoY). While the cashless-services business is progressing at a pace above the initial plan, significant delivery timing shifts in the digital signage-related caused by customer-side factors resulted in a consolidated decline in sales and profit. The Company, however, states that the fundamentals remain intact and that overall performance has generally tracked the initial plan.
- **Earnings Trends:** The Company maintained its full-year forecasts (Net sales: +12% YoY to JPY 11,500 mn; adjusted EBITDA: +0.8% YoY to JPY 1,300 mn; operating profit: +9% YoY to JPY 800 mn. In the cashless services business, it has been expanding online recharge services and has launched new offerings, including Omairi Pay®, alongside a sustained increase in transaction value. In the digital signage-related business, it aims to respond to strong demand while continuing to invest in human resources and device development to support deployment for major clients with multi-stores.
- **Share buyback announcement came as a surprise:** At 1:00 p.m. on April 15, 2026, the day after the H1 results announcement, the Company announced its first-ever share buyback. SIR believes the announcement provided an immediate signal to the equity market of the Management's strong confidence in achieving its full-year earnings plan, while also rejecting speculation about a downward revision following the decline in profit at H1 and making clear that fundamentals remain sound.
- **Share Price Insights :** Another message from the share buyback is the Management's view that the current share price was undervalued, with its forward EV/EBITDA based on the FY2026/8 plan below 4x. The Company introduced a shareholder benefit program in FY2024/8, and this share buyback marks another step forward in its stance on shareholder returns. In addition, the Company has a broad lineup of newsworthy new initiatives centered on the cashless service business. The timing of these releases and the major partners involved could also act as catalysts.

JPY mn, %	Net sales	YoY	Adjusted EBITDA	YoY	Operating Profit	YoY	Ordinary Profit	YoY	Net Profit	YoY	EPS (JPY)
FY2023/8 C	4,476	284.1	501	-	163	N/A	133	N/A	114	N/A	10.65
FY2024/8 C	6,853	53.1	721	43.8	337	106.6	320	140.0	74	(35.0)	5.37
FY2025/8 C	10,234	49.3	1,289	78.7	731	116.4	714	123.1	143	93.9	9.06
FY2026/8 CE	11,500	12.4	1,300	0.8	800	9.4	770	7.8	360	150.4	22.63
FY2025/8 H1	4,838	143.1	679	199.9	404	370.3	397	413.5	213	-	13.49
FY2026/8 H1	4,723	(2.4)	593	(12.7)	327	(19.1)	326	(17.9)	137	(35.5)	8.65

Note: Figures may differ from the Company materials due to differences in SIR's financial data processing and the Company TANSIN reporting standards.

Source: Compiled by SIR from the Company's financial statements.

Q2 Follow-up



Focus Point

Store operators as well as local governments are accelerating the digitization of paper gift certificates, etc., from the perspective of business efficiency and data utilization.

At the same time, demand for digital signage is growing in response to the increasing volume of information, the increasing need to constantly update information to be communicated, and the broader social issue of labor shortages.

Key Indicators

Share price (4/28)	486
52W/H (25/6/26)	961
52W/L (26/4/14)	388
10YH (20/11/24)	3,905
10YL (22/12/29)	273
Shrs out. (1k shrs)	16,016
Mkt cap (JPY mn)	7,784
Enterprise Value(JPY mn)	5,799
FY25/8 ROE (act)	3.4%
CY26/2 Equity ratio	50.9%
CY26/2 P/B(act)	1.72x
FY26/8 P/E (CE)	21.5x
FY26/8 EV/EBITDA(CE)	4.46x
FY26/8 DY (CE)	0.0%

Stock Price Chart 1-year



Source: Trading view

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New Developments in the Cashless Service Business

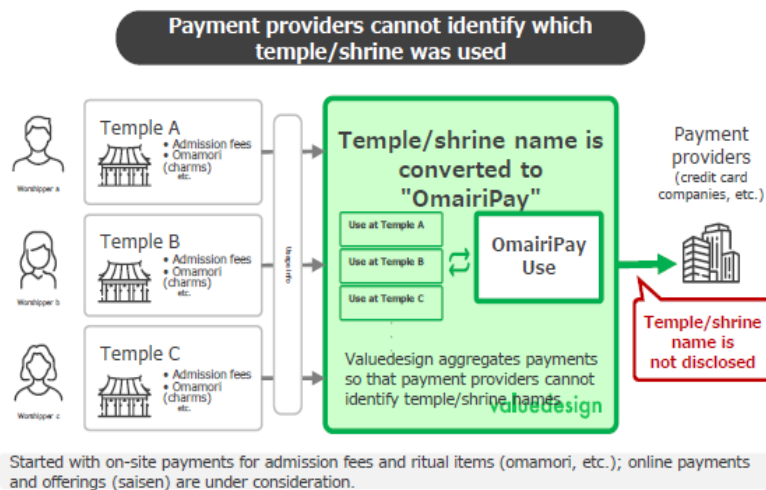
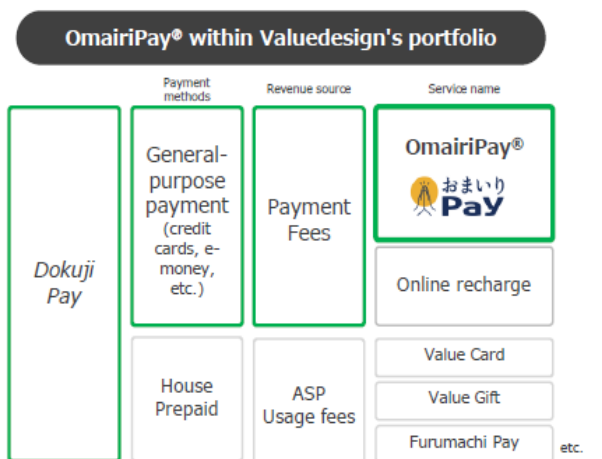
* "Omairi Pay[®]" is a trademark jointly owned by Kyoto Buddhist Organization and Valuedesign, the mark is subject to trademark application and registration.

■ Launch of Omairi Pay[®], jointly developed with the Kyoto Buddhist Organization for temples and shrines

Valuedesign inc., a consolidated subsidiary that operates the cashless services business, jointly developed a cashless payment system called "Omairi Pay[®]" with the Kyoto Buddhist Organization (a general incorporated foundation with about 1,100 member temples in Kyoto Prefecture) to handle temple and shrine religious transactions such as offerings and admission fees. Traditionally, payments for various items at temples and shrines—such as amulets, admission fees, and goshuin stamp entries—were mostly cash-only; this service enables worshippers to pay at a dedicated terminal installed at the reception using their credit cards or contactless e-money, with no dedicated app required.

Overseen by the Kyoto Buddhist Organization and operated by Valuedesign, the service had Jisho-ji (Ginkaku-ji), Eikando Zenrin-ji, and the Shokoku-ji Jotenkaku Museum as members on April 1, 2026; admission-fee handling will start in July. Temples publicly announced as future users include Shokoku-ji, Rokuon-ji Temple (The Golden Pavilion), and Kyo-o-gokoku-ji (To-ji Temple) in Kyoto, as well as Kotoku-in, known for the Great Buddha of Kamakura.

The primary reasons the Kyoto Buddhist Organization had previously taken a cautious view of cashless payments are the principle of separating temples' and shrines' religious activities from secular business ("separation of the sacred and the profane") and the need to protect worshippers' freedom of religion. Under typical cashless payment agreements, payment providers would be able to identify worshippers and the names of the temples or shrines they visit—information related to religious practice—and there is concern that such data could be used by providers for promotional or other commercial purposes. Valuedesign addressed these issues by combining its know-how in *Dokuji Pay* and general-purpose payment services. The service helps secure freedom of religion while improving the efficiency of temple and shrine administration, both of which had been key issues for temples and shrines. By handling payments for each temple and shrine through a centralized structure, the service keeps information such as temple and shrine names undisclosed while also generating cashless payments.



Source: The Company IR materials.

* The number of religious juridical persons for temples and shrines across Japan is 155,651 (Agency for Cultural Affairs, *Religious Yearbook*, 2025 edition).

◆ **Three groundbreaking features of Omairi Pay®**

1. **Joint development with the Kyoto Buddhist Organization.** The organization will continuously supervise the system to ensure it conforms to its core principles.
2. **Deployment beyond member temples.** The service will be rolled out not only to temples affiliated with the Kyoto Buddhist Organization but with a view to expanding to temples and shrines nationwide*.
3. Support for online payments and for offerings (saisen) is currently being considered.

Based on the above, SIR believes it is **highly significant that the Company has secured a new “sacred” market that other payment service providers cannot enter**, in addition to its traditional core customer base of retail and restaurant chains.

H1 FY2026/8 Results Review

*Share-based payment expenses were added as a part of adjusted EBITDA starting in FY2024/8.

The formula for **adjusted EBITDA** is: Operating profit + depreciation (including amortization related to intangible assets) + share-based payment expenses.

Note: Figures on the right show the sum of KPIs for the former arara and Valuedesign by FY2022/8.

Note: Transaction value is defined as transaction value directly related to recurring revenue as shown below.

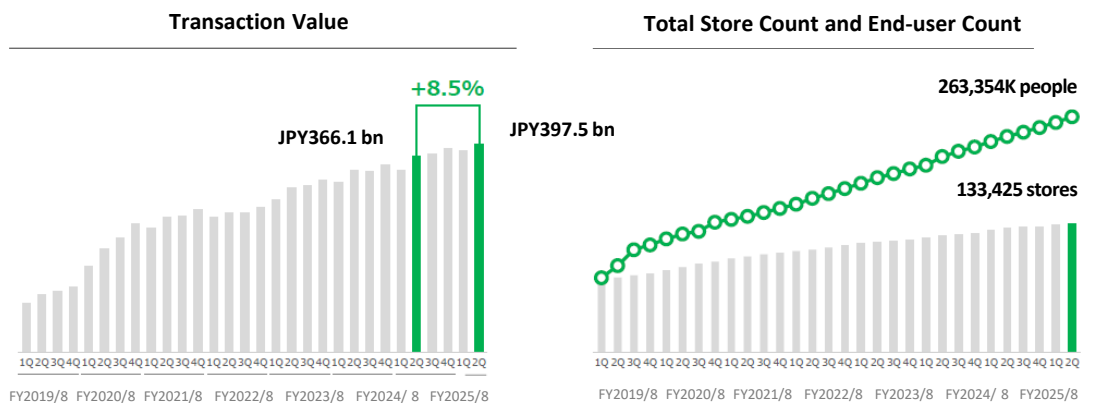
1. Dokuji Pay transaction value (previously referred to as "payment value")
2. Amount deposited into Dokuji Pay through comprehensive agreements with credit card companies (added as KPIs in FY2024/8)

Cashless Service Business Earnings Trends

The cashless service business, where the Company receives a portion of the transaction value from the *Dokuji Pay* (branded currency payment + marketing) service provided by consolidated subsidiary Valuedesign as a system usage fee, accounts for 41% of the group's total sales. In H1 (Sep-Feb), net sales increased to JPY 1,925 mn (+2.1% YoY) and segmental operating profit increased to JPY 464 mn (+11.6% YoY), with profit margin reaching 24.1%. Transaction value, one of the KPIs, remained strong, reaching JPY 772.8 bn (+9.5% YoY) in H1.

Reasons for the increase in recurring revenue

Thanks to new customer acquisitions, total store count exceeded 130,000 in June 2025, and total end-user count has been growing at roughly 9% YoY every month. Healthy cross-sell of new services to existing clients (e.g., online recharge) is helping recurring revenue grow steadily. December is typically the busiest month for retail companies. The Company's transaction value for this business exceeded JPY 150 bn in December 2025 alone. Dividing H1 cumulative recurring revenue (JPY 1,596 mn) by transaction volume indicates that the implied system usage fee rate has been stable at roughly 0.2%. Because the contribution margin is around 90%, the segment profit margin for Q2 (Dec-Feb) rose to nearly 27%.



Source: The company IR materials.

Segment information

Segments	(JPY mn)	FY2025/8		FY2025/8				FY2026/8		FY2026/8			
		FY2025/8	FY2026/8 CE	Sep-Nov	Dec-Feb	Mar-May	Jun-Aug	Sep-Nov	Dec-Feb	H1	2026/8 Sep-Nov YoY	2026/8 Dec-Feb YoY	2026/8 H1 YoY
Cashless Service	Net Sales	3,768	4,370	917	968	900	983	949	976	1,925	3.5%	0.9%	2.1%
	Non-recurring	813		215	223	155	220	175	103	278	-18.5%	-53.6%	-36.3%
	Recurring	2,859		644	734	735	745	757	839	1,596	17.6%	14.2%	15.8%
	Operating Profit	802	726	174	241	163	223	201	263	464	15.3%	8.9%	11.6%
	OP Margin	21.3%	16.6%	19.0%	24.9%	18.2%	22.7%	21.2%	26.9%	24.1%			
Digital Signage	Net Sales	5,690	6,210	1,234	1,334	1,719	1,402	1,259	1,155	2,414	2.0%	-13.5%	-6.0%
	Non-recurring	5,110		1,106	1,191	1,575	1,238	1,087	1,005	2,093	-1.7%	-15.6%	-8.9%
	Recurring	486		105	117	129	135	136	141	277	29.2%	20.7%	24.7%
	Operating Profit	806	810	189	190	275	152	164	167	331	-13.3%	-12.2%	-12.8%
	OP Margin	14.2%	13.0%	15.3%	14.2%	16.0%	10.8%	13.0%	14.5%	13.7%			
Solution	Net Sales	762	805	191	196	181	195	192	196	388	0.6%	0.2%	0.3%
	Non-recurring	48		13	16	6	12	6	7	13	-57.6%	-54.2%	-55.7%
	Recurring	713		176	178	179	181	185	187	371	4.9%	5.1%	5.0%
	Operating Profit	298	352	75	85	64	75	74	75	149	-0.6%	-11.4%	-6.3%
	OP Margin	39.2%	43.8%	39.1%	43.2%	35.3%	38.4%	38.7%	38.2%	38.4%			
Total	Net Sales	10,234	11,500	2,342	2,495	2,807	2,588	2,399	2,324	4,723	2.4%	-6.8%	-2.4%
	Overhead Costs	(1,108)		(264)	(246)	(268)	(330)	(288)	(300)	(588)			
	Operating Profit	731	800	152	253	218	108	140	188	328	-7.8%	-25.9%	-19.1%
	OP Margin	7.1%	7.0%	6.5%	10.1%	7.8%	4.2%	5.8%	8.1%	6.9%			
	Adjusted EBITDA	1,289	1,300	287	392	357	253	276	317	593	-3.8%	-19.1%	-12.7%

Note: Although the Company has not disclosed the segment profit forecasts for each segment for the FY2026/8, SIR estimates are based on the Company's analysis of increase/decrease effects in operating profit on page 7.

Source: Compiled by SIR from the company IR materials.

Although non-recurring revenue (from merchandise sales and initial setup fees related to the *Dokuji Pay*) appears to be lagging, this is due to differences in the pace of phased new rollouts rather than a slowdown in new customer acquisition, so concerns about a deceleration in customer wins would be premature.

■ **IT Solutions Business Performance Trends**

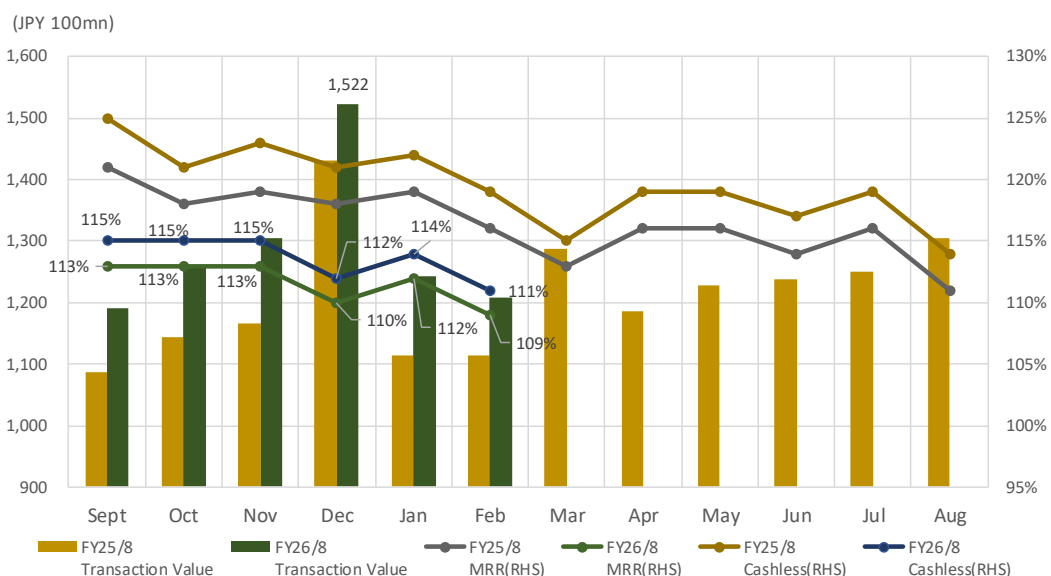
In the IT solutions business operated by consolidated subsidiary arara, the Company provides a high-speed e-mail delivery messaging service, a data security service featuring a personal information search solution. H1 net sales was JPY 388 mn (+0.3% YoY) and segment profit decreased by 6.3% YoY to JPY 149 mn, reflecting a decline driven by a temporary increase in data-center expenses; overall results were broadly in line with the initial plan. With cost-optimization measures — including higher utilization and a server refresh — and an expected recovery of those costs, the business is forecast to contribute steadily to earnings without a material downside.

■ **Key KPIs: MRR growth and transaction value**

Since September 2022, the Company has been monthly disclosing the following metrics as key performance indicators (KPIs): 1) transaction value in the cashless service business, 2) total accumulated end-user IDs, 3) total number of active stores, and 4) monthly recurring revenue (MRR) growth rate (YoY). In addition, given the importance of this metric, the Company separately discloses the MRR growth rate for the cashless service business alone.

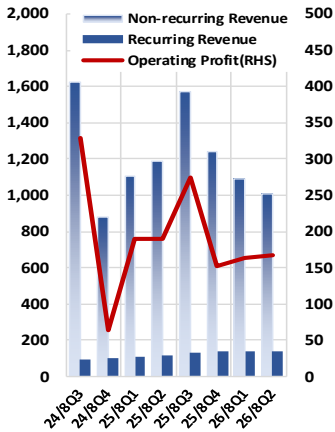
The Company defines recurring revenue as the sum of payment fees in the cashless service business and system usage fees in the IT solutions business, including cashless services, messaging services, and data security services. These fees are paid on an ongoing basis based on service usage and are directly reflected in the Company’s revenue line.

Monthly Transaction Value and Monthly Recurring Revenue (MRR) Growth Rates (YoY)



Source: Compiled by SIR from the Company IR materials.

Earnings of digital signage-related business (JPY mn)



Source: Compiled by SIR from the Company IR materials.

Non-recurring Revenue includes sales such as equipment from new installations or replacements.

Recurring Revenue includes sales such as fees for system operation and maintenance.

Earnings trends of the digital signage-related business

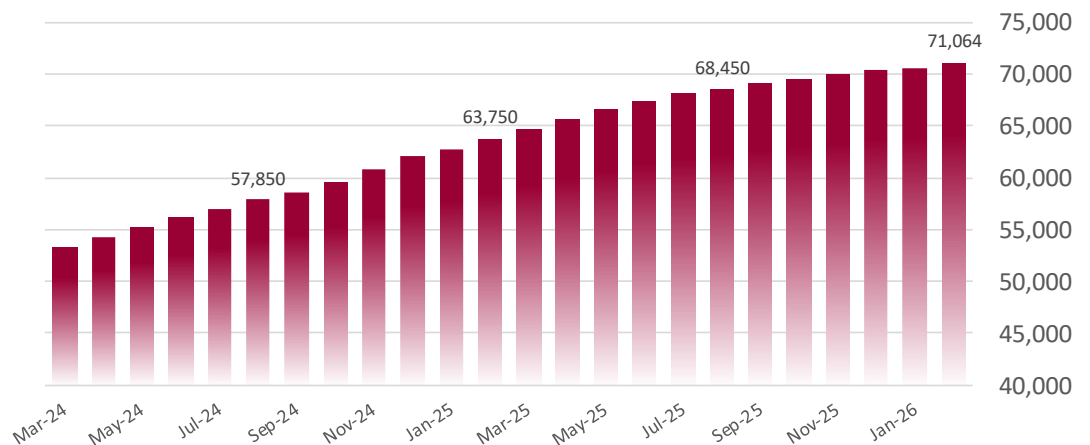
The digital signage-related business operated by Cloudpoint, which became a consolidated subsidiary in March 2024, accounted for 51% of the group’s total sales. For the first half, net sales totaled JPY 2,414 mn (-6%, YoY), and segmental operating profit decreased 12.8% YoY to JPY 331 mn with 13.7% of profit margin. The decline in net sales and profit was caused by delivery timing shifts stemming from customer-related factors that began in Q1—namely congested rollout schedules due to strong demand and external factors. Because most customers concentrate deliveries and installations in March–April around the fiscal year-end/new fiscal year, earnings are expected to catch up with initial forecasts in Q3 (Mar–May). This should not be interpreted as a loss of demand but merely as a timing variance in management accounting.

One of the Company’s KPIs, the number of newly installed digital signage screens, has been steadily increasing, as shown in the exhibit below, although monthly figures vary widely, ranging from 200 to 1,300 screens. As of the end of February 2026, the cumulative number of installed digital signage screens had reached 71,064. Installations have continued to progress steadily, particularly for in-store menu boards (retail media) at major convenience stores and fast-food restaurants. However, securing sufficient personnel for digital signage installations remains a challenge, and some projects may not proceed as planned.

The digital signage management system CloudExa (recurring revenue), used across multiple stores, and LED display devices (non-recurring revenue), used in commercial facilities, are both performing well. In addition to retail locations, office signage installations are also on the rise at companies with multiple sites.

As shown in the exhibit on the left, non-recurring revenue including hardware sales account for 87%, indicating that the business’s profitability is highly dependent on the gross profit from these sales. However, recurring revenue have been steadily increasing regardless of seasonality, in proportion to the cumulative number of installed screens.

The cumulative number of installed digital signage screens



Source: Compiled by SIR from the Company IR materials.

**FY2026/8
Full-year
Company Forecast**

■ **FY2026/8 positioned as an investment year with conservative profit assumptions**

The Company plans active investment toward a new phase of mid-term growth and forecasts net sales for FY2026/8 of JPY 11,500 mn, up 12% YoY. However, adjusted EBITDA is expected to remain broadly flat at JPY 1,300 mn, while operating profit is forecast to increase 9% YoY to JPY 800 mn. In addition, the Company expects ordinary profit of JPY 770 mn, up 7% YoY, and net profit of JPY 360 mn, up 151% YoY.

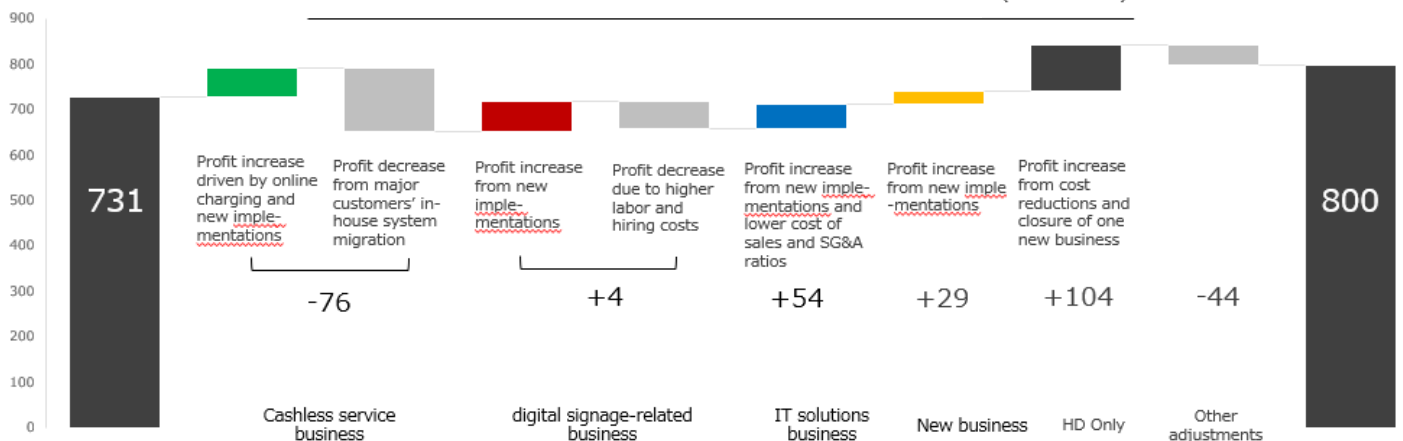
The exhibit below shows the drivers of changes in operating profit by business for the current fiscal year compared with the previous one. In the **cashless service business**, the Company plans to roll out new services such as digital gifts and iD-linked services, alongside a sustained increase in transaction value and the promotion of online recharge services, which carry higher cost ratios than *Dokuji Pay*. In addition, the Company expects to benefit from the acquisition of a customer from competitors that is withdrawing from this business area. Meanwhile, the Company plans investments of approximately JPY 230 mn, primarily in POS modifications for new customers and system development. However, a larger negative factor is the decline in revenue resulting from the cancellation by a major client. Accordingly, SIR estimates that the Company has conservatively planned segment profit for the current fiscal year at JPY 726 mn, down JPY 76 mn.

In the **digital signage-related business**, the Company stated that, amid societal challenges such as the need to distribute large volumes of frequently updated information and labor shortages, personnel resources for installation have not fully kept pace with current strong demand. Despite these capacity constraints, the Company expects annual sales to increase 9.1% YoY to JPY 520 mn, supported by strong underlying demand. Meanwhile, to accelerate development for the provision of STBs equipped with new functions, the Company has budgeted approximately JPY 130 mn for R&D. In addition, the Company expects higher costs from multi-year investments in hiring and training installation personnel to roll out these STBs for major clients with multi-store operations. As a result, SIR estimates that the Company plans segment profit for the current fiscal year at JPY 810 mn, up JPY 4 mn.

The **IT solutions business** requires no additional investment, and incremental revenue translates almost directly into profit due to its high contribution margin (95%). Including cost reduction effects, SIR estimates that the Company plans segment profit for the current fiscal year at JPY 352 mn, up JPY 54 mn.

The cashless services business is accumulating earnings at a pace above the initial plan, driven by (1) cost containment versus budget and (2) a delayed cancellation tied to a major customer’s planned migration to its own system. In the digital-signage-related business, sales and profit are expected to catch up with initial forecasts in March–April. Consequently, downside risk to consolidated earnings is limited, and results are likely to be in line with or slightly above the Company guidance.

Operating Profit Bridge by Business (YoY) (Unit: JPY mn)



Source: The Company IR materials.

Share Price Insights

*As of the end of Feb 2026 (JPY mn)

Interest-bearing debt	+ 1,798
Cash equivalent	- 3,783
Net debt total	- 1,985

***The Company's shareholder benefit program**

<https://www.paycloud.inc/ir/benefit/>
(written in Japanese only)



Source: The Company IR materials.

■ First Buyback Signals Confidence in Earnings Performance

At 1:00 p.m. on April 15, 2026, the day after the H1 results announcement, the Company announced a share buyback program to repurchase up to 600,000 shares for up to JPY 300 mn between April 16, 2026 and August 31, 2026. The 600,000 shares represent 3.7% of the Company's issued shares excluding treasury shares.

The Company's share price pulled back from its 52-week high on June 26, 2025 and corrected to a 52-week low of JPY 388 on April 14, 2026, the day of the H1 results announcement. During this period, the share price repeatedly fell after each quarterly results announcement as investors speculated that all catalysts for upward revisions were already priced in. Because H1 progress was below 50%, the equity market reacted negatively as the Management had expected. At this share price level, the Company trades at a forward P/E ratio of 17.1x based on its FY2026/8 forecast, while its forward EV/EBITDA using its adjusted EBITDA forecast of JPY 1,300 mn stands at 3.25x, an extremely low level. The Management therefore announced the Company's first-ever share buyback to push back against the equity market's concerns over a possible downward revision and began its "dialogue with the market." The message conveyed the Management's strong confidence in achieving its full-year plan.







The scale of the share buyback, capped at JPY 300 mn, is close to the Company's FY2026/8 net profit forecast of JPY 360 mn and its annual investment plan of roughly JPY 380 mn. It is also estimated to be around 10 times the total cost of the shareholder benefit program introduced in FY2024/8*. Although the buyback represents up to 3.7% of issued shares, SIR believes it reflects a fairly bold management decision as a shareholder return measure. In fact, given that the closing share price recovered to JPY 440 on April 17, SIR believes the announcement had a meaningful market impact.

■ The Company also has a rich pipeline of catalysts

As shown in the exhibit at the bottom left of page 2, Valuedesign — which operates the company's cashless services — offers a broad and diverse product lineup.

In addition, the Company has indicated to enter the postpaid touch payment area as a fourth business pillar (see the left exhibit). Under the theme of "engagement with various stakeholders," it is launching new businesses, including the talent redeployment platform "Ripisuke". In addition, it is advancing preparations for a new rollout of the iD-linked service plan (e.g. support for meal subsidy expansion) in the cashless services business, which was impaired at the end of the previous fiscal year. SIR believes that both the timing of the release and the identity of high-profile partners the Company collaborates with could serve as catalysts.

Illustrative growth strategy for the Cashless Service Business

Service	Target	Objective	Examples
Digital gifts using Dokuji Pay 	Dokuji Pay Clients	Support for issuing digital gift certificates Expansion of sales channels via SNS and e-commerce	[Japan] Issuance of Skylark shareholder benefit vouchers: expanded distribution via LINE Gift. [Overseas] · India: Channel expansion with adivaha and Zyro · Thailand: Inbound-focused initiatives; driving inbound tourists to domestic partner stores.
	Listed Companies	Expansion of sales channels using shareholder benefits Digitization of shareholder benefit vouchers	[Japan] · Digitization of shareholder benefit vouchers. · Digitization of vouchers at the Skylark Group to improve efficiency. 
Dokuji Pay-iD integration 	All Companies	Support for meal subsidy expansion Stated in METI's FY2026 Tax Reform Request (Note 1)	[Japan] · Exploring use as an employee benefits service to develop new use cases. PoC (proof of concept) underway. 
Dokuji Point & SNS integration Service 	Dokuji Point Clients	CRM development through LINE Mini App integration	【国内】 · Partnered with DIGICLUE, a CARTA HD subsidiary [Overseas Thailand] · Joint development of CRM services with Buzzbees. 

Source: The Company IR materials.

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