

Company Report

January 9, 2025

Strategy Advisors Inc.

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Q1 Results Show Strong Profit Progress Towards the Full-Year Plan

BrainPad reported higher sales and a large increase in profits in Q1 FY06/2025, driven by the Professional Services Business. Sales and operating profits were the highest quarterly results ever. Progress against the full-year plan was 23.4%-23.8% for sales and 31.3%-33.5% for operating profit, with particularly strong progress being made in profits.

The Professional Services Business, which is driving the company's performance, is believed to have expanded its revenue at a pace that exceeds the initial plan. The recovery of paid utilization rates from FY06/2024 and the expansion of the scale of existing projects have continued, leading to an improvement in segment profit margin.

The Product Business has been experiencing a decline in revenue on a quarterly basis due to the impact of the discontinuation of low-profit margin products implemented in FY06/2024. However, the impact of this is now running out and sales of products by consolidated subsidiaries are continuing to increase, indicating that business performance is beginning to bottom out.

The company's plan for FY06/2025 remains unchanged. The mid-term management plan for FY06/2024 to FY06/2026, which pursues structural reform, called for "profit-oriented management"; but based on the judgment that the company was able to achieve a more profitable structure than expected in FY06/2024, it has decided to adopt a policy of accelerating investment in sales growth for FY06/2025. The company made more profit than expected in Q1, but it has stated that it will use the excess profits for sales promotion and human resource investments that will lead to future sales, assuming that the full-year profit target is achieved.

Since 2023, the company's relative stock price has repeatedly risen and fallen above and below TOPIX. As the view was that sales would not reach the initial plan for FY06/2024 spread, the stock price began to fall below TOPIX from May 2024 and this situation continued until October 2024. However, in November, when it was confirmed that profit progress in the Q1 performance was high, the company's stock price began to rise and recently, the relative stock price has been rising above TOPIX. Even so, excluding some companies that have revised their performance downward, the valuation is still lower than that of their competitors.

Stock Price and Volumes



Source: Strategy Advisors

Key Indicators

Stock Price (1/9/25)	1,169
Year-to-Date High (2/25/24)	1,720
Year-to-Date Low (8/4/24)	743
52-Week High (5/22/19)	3,073
52-Week Low (11/18/11)	139.5
Shares on Issue (mn)	21.4
Market Capitalization (¥ bn)	25.0
EV (¥ bn)	19.3
Equity Ratio (06/24 Actual, %)	76.3
ROE (06/24 Actual, %)	17.4
PER (06/25 CoE, Times)	27.5
PBR (06/24 Actual, Times)	4.5
Dividend Yield (06/25 CoE, %)	0.68

Source: Strategy Advisors

Japanese GAAP - Consolidated

FY	Net Sales (¥ mn)	YoY (%)	Operating Income (¥ mn)	YoY (%)	Ordinary Income (¥ mn)	YoY (%)	Net Income (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
06/2024 Q1	2,533	11.6	282	47.6	313	44.2	198	32.9	9.2	0.0
06/2026 Q1	2,808	10.9	469	66.3	511	63.3	336	69.7	15.7	0.0
06/2022	8,561	20.6	1,145	34.5	1,167	32.0	803	33.6	36.5	0.0
06/2023	9,798	14.4	681	-40.5	752	-35.6	515	-35.9	23.7	8.0
06/2024	10,561	7.8	1,349	98.1	1,358	80.6	909	76.5	42.3	8.0
06/2025 CoE	11,800 to 12,000	11.7% to 13.6%	1,400 to 1,500	3.8 to 11.2	1,400 to 1,500	3.1 to 10.5	910 to 970	0.1 to 6.7	40.81 to 43.50	8.0

Note: Non-consolidated results are disclosed for FY06/2022. YoY for FY06/2022 are comparisons with consolidated results for FY06/2021.

YoY for FY06/2023 are comparisons with non-consolidated results for FY06/2022.

Source: Strategy Advisors. Based on Company Data.

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1. Q1 FY06/2025: High Profit Progress Rate Relative to the Full-Year Plan

Q1 FY06/25: Record High Sales & Operating Income

In Q1 FY06/2025, sales increased 10.8% YoY to ¥2.808 billion, operating profit increased 66.2% YoY to ¥469 million and net profit attributable to owners of parent increased 70.1% YoY to ¥337 million. Sales and operating profit were the highest ever in any quarter. In addition, the progress rate against the company's plan for FY06/2025 was actually 23.4% versus 23.8% for sales, 31.3% to 33.5% for operating profit and 34.7% to 37.0% for net profit attributable to owners of the parent, with particularly high progress being made in terms of profits.

Figure 1 BrainPad's Q1 Financial Results Summary (¥ mn)

(¥ mn)	FY06/2025 Q1 (A)	YoY Change	Versus Last Quarter	Progress Rate (A)÷(B)	FY06/2025 Full Year CoE (B)
Net Sales	2,808	10.8%	3.6%	23.4% to 23.8%	11,800 to 12,000
Operating Income	469	66.2%	132.2%	31.3% to 33.5%	1,400 to 1,500
Ordinary Income	511	63.3%	149.3%	34.1% to 36.5%	1,400 to 1,500
Net Income to Owners of the Parent	336	70.1%	147.1%	34.7% to 37.0%	910 to 970

Source: Strategy Advisors. Based on Company Data.

Q1 Sales Exceeded Initial Internal Plans

According to the company, sales got off to a better start than the company's initial plan for Q1. Existing projects are expanding and new projects are developing steadily, with the company appearing to have determined that it has progressed to a level where it is within reach of its 1H sales targets.

Performance Driven By the Professional Services Business

By segment, the Professional Services Business (PF Business) saw sales increase by 17.2% YoY and segment profits increased by 43.1%, while the Product Business (PD Business) saw sales decrease by 2.8% YoY, whilst segment profits increased by 14.0%. The increase in sales at the PF Business is driving overall growth and at the same time PD Business sales are showing signs of recovery.

Figure 2. Sales and Operating Profit by Segment (¥ mn)

FY	Sales	By Segment			
		Professional Service	Sales Composition	Product Service	Sales Composition
06/20	6,621	4,347	65.7%	2,274	34.3%
06/21	7,101	4,868	68.6%	2,234	31.5%
06/22	8,561	6,075	71.0%	2,486	29.0%
06/23	9,798	6,736	68.7%	3,062	31.3%
06/24	10,561	7,378	69.9%	3,183	30.1%
06/25 Q1	2,808	2,026	72.2%	782	27.8%

FY	Operating Profit	By Segment				
		Professional Service	Profit Margin	Product Service	Profit Margin	Adjustment Amount
06/20	1,061	1,717	39.5%	697	30.6%	-1,353
06/21	851	1,841	37.8%	672	30.1%	-1,661
06/22	1,145	2,543	41.9%	611	24.6%	-2,009
06/23	681	2,347	34.8%	444	14.5%	-2,110
06/24	1,349	2,911	39.5%	769	24.2%	-2,331
06/25 Q1	469	907	44.8%	209	26.7%	-647

Note: Only non-consolidated results are disclosed for FY06/22.

Source: Strategy Advisors. Based on Company Data.

Project Scale Continues to Expand

One of the company's policies is to expand the scale of projects, with the proportion of projects with sales of ¥100 million or more in FY06/2024 rising 6.4% on a client basis and 57.0% on a sales basis. This momentum appears to have strengthened in Q1. According to the company, in the PF Business, projects that were already large-scale in FY06/2024 are becoming even larger.

**Figure 3. Changes in Number of Customers by Sales Size
(Non-Consolidated Company)**

Sales Scale	06/20	06/21	06/22	06/23	06/24
Over ¥100 million	8	11	14	16	25
¥10 million to ¥100 million	111	106	124	128	117
Of which, ¥50 to ¥100 million	-	-	-	25	17
Of which, ¥10 to ¥50 million	-	-	-	103	100
Less than ¥10 million	361	341	327	263	251
Total	480	458	465	407	393

Percentage of Customers Worth Over ¥100 million	06/20	06/21	06/22	06/23	06/24
Percentage of customers	1.7%	2.4%	3.0%	3.9%	6.4%
Percentage of sales	42.2%	45.6%	45.5%	49.5%	57.0%

Note: Only non-consolidated results are disclosed for FY06/22.

Source: Strategy Advisors. Based on Company Data.

Operating Profit Margin Improved Due to Increase in Gross Profit Margin

Gross profit increased 31.1% YoY to ¥1.35 billion and gross profit margin increased by 7.4% YoY to 48.1%. As described below, this was due to an increase in the paid utilization rate and an expansion in project scale in the PF Business, along with the termination of the provision of low-profit margin products in the PD Business.

Selling, general and administrative expenses (SG&A expenses) increased 17.8% YoY to ¥880 million, exceeding the increase in sales and the SG&A expenses ratio increased by 1.9% YoY to 31.4%. This was mainly due to the increase in sales promotion expenses and personnel expenses, including hiring expenses.

Although the SG&A expense ratio increased, this was more than covered by the increase in gross profit margin and as a result, the operating profit ratio for Q1 FY06/2025 increased by 5.6 % YoY to 16.7%.

Net Profit Margin Also Improved

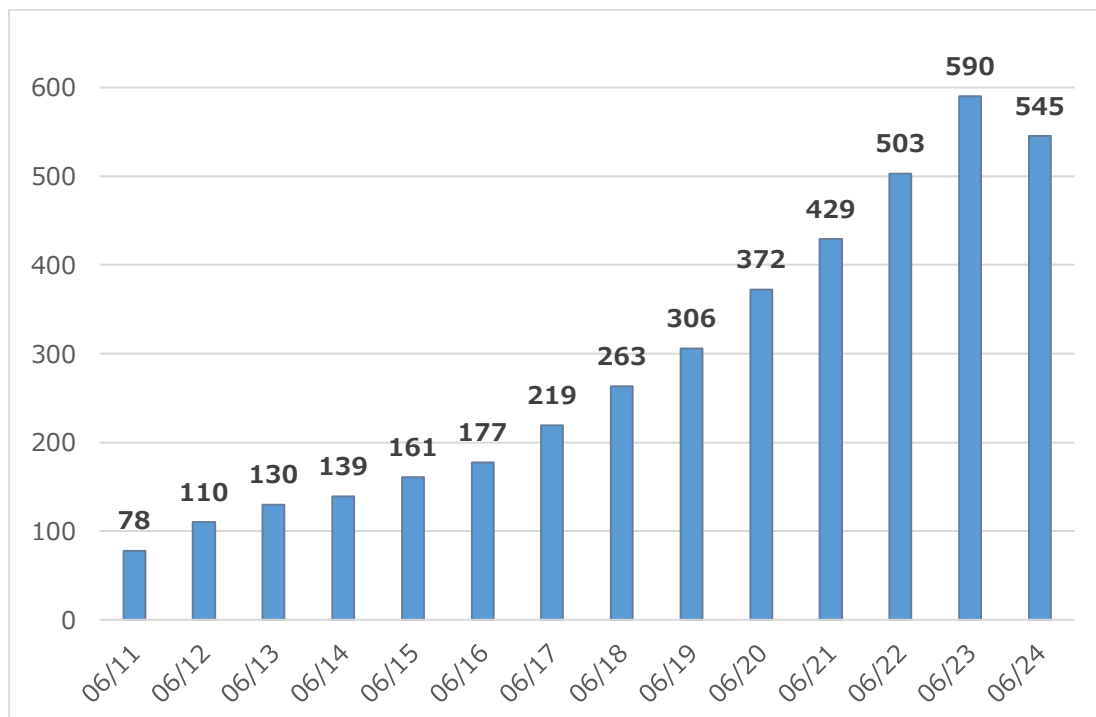
Regarding non-operating income, the company recorded subsidy income for research and development activities of ¥28 million, sales incentive income received from partner companies of ¥80 million and investment profits from Dentsu Cross Brain, an equity method affiliate of ¥50 million, while non-operating expenses recorded investment partnership management losses of ¥60 million. In addition, no extraordinary income or loss was recorded.

As a result, the quarterly net profit margin attributable to the parent for Q1 FY06/2025 increased by 4.2 % YoY to 12.0%.

The High Turnover Rate in the Previous Period Has Fallen to Normal Trend Levels

In addition, in our previous report we cited as one of the concerns that there was an increase in resignations due to structural changes starting from FY06/2024 and the resultant decrease in the number of employees in FY06/2024. According to the company, the increase in resignations has settled down and the recent resignation trend rate has returned to the same level as in previous years to around 10%.

Figure 4. Number Of Employees at the End of Each Period (Persons)



Note: Only non-consolidated results are disclosed for FY06/22.

Source: Company Data.

2. Recent Trends by Business Segment

1) The Professional Services Business (The PF Business)

The PF Business is the core business of the company, which prides itself on being a leading company in data/AI utilization. In addition to supporting client companies in utilizing data/AI through human support such as consulting, including data analysis, AI development and system development, the PF Business also provides services for training human resources to utilize data/AI for companies.

In Q1, sales and segment profits for the PF Business increased 17.2% and 43.1% YoY. As the PF Business is planning to increase sales by about 15% YoY in FY06/2025, the pace of sales growth exceeded the initial plan.

The performance of the PF Business is dependent on fluctuations in the paid utilization rate. In FY06/2024, the implementation of measures such as a review of project management methods led to a recovery in the paid utilization rate thanks to an increase in orders and an expansion in the scale of existing projects, which led to an improvement in the segment profit margin and this trend continued in Q1.

The PF Business Achieved Significant YoY Growth in Both Revenue & Profit

Profit Margins Also Improved Significantly

The segment profit margin improved 8.1% YoY to 44.8%, improving 5.3% from 39.5% for the full year of FY06/2024.

Sales Per Employee are Also at a High Level

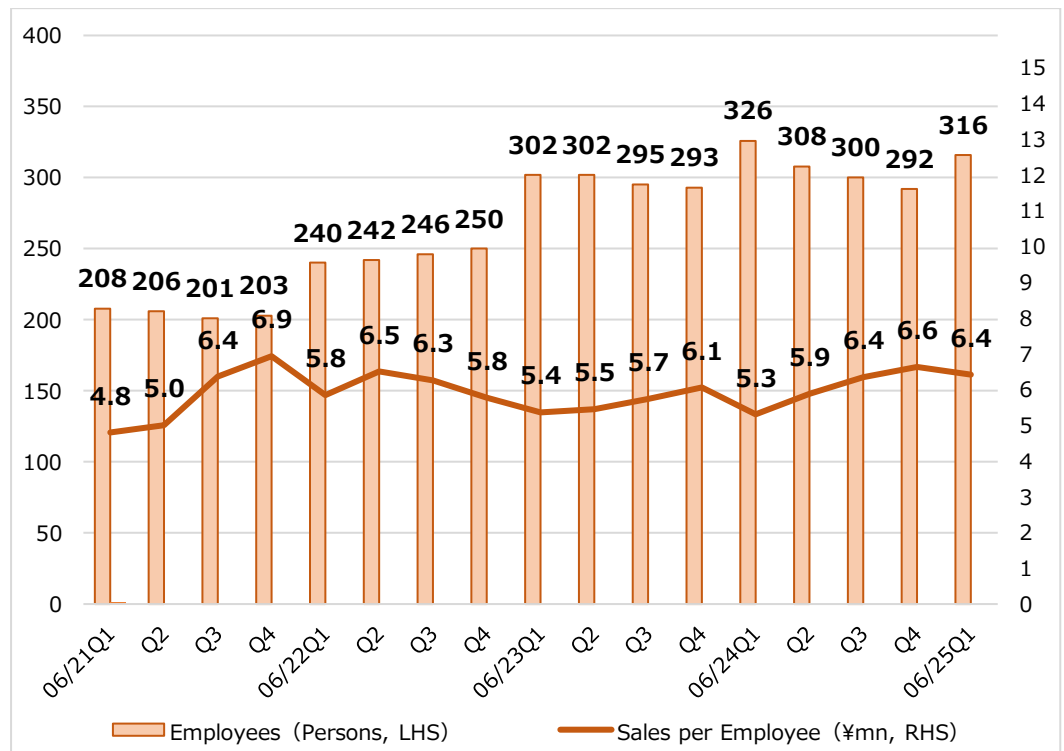
The paid utilization rate has not been disclosed, but the company says that as more new graduates are assigned to the company, there is room for the rate to rise further. Sales per employee, which is closely related to the trend in paid utilization rate, were ¥6.4 million in Q1. As Q1 is a quarter in which the number of new graduates assigned increases, this is a decrease from ¥6.6 million in the previous quarter, but it is still higher than any first quarter since FY06/2021.

The Trend of Increasing Sales Per Company Continues

In addition, the scale of projects is expanding, which became evident in FY06/2024. Sales per company in Q1 were ¥17.3 million, down from ¥18.6 million in the previous quarter, but up about 17% from ¥14.8 million in the same period last year.

The projects of the company's PF Business tend to become larger when engineering services are added. The ratio of engineering sales in the PF business was 37.1% in FY06/2024; but rose further to 39.2% in Q1 of FY06/2025, which is one of the reasons for the increase in the revenue growth rate of the PF Business.

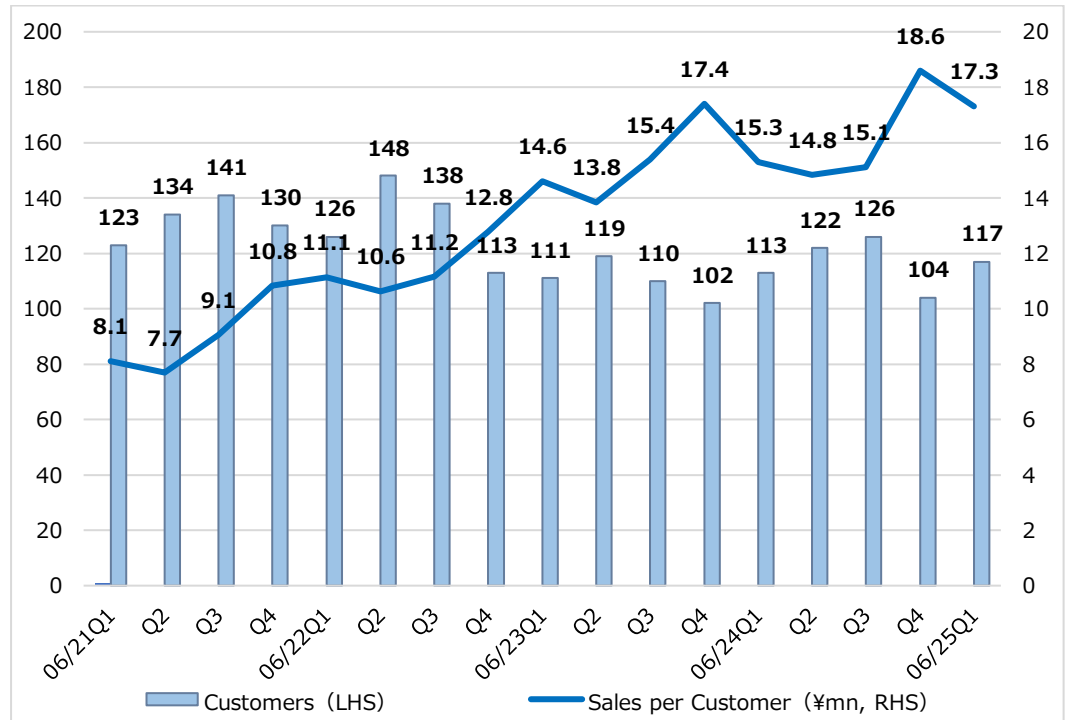
Figure 5. The PF Business: Sales Per Employee



Note: Only non-consolidated results are disclosed for FY06/22.

Source: Company Data.

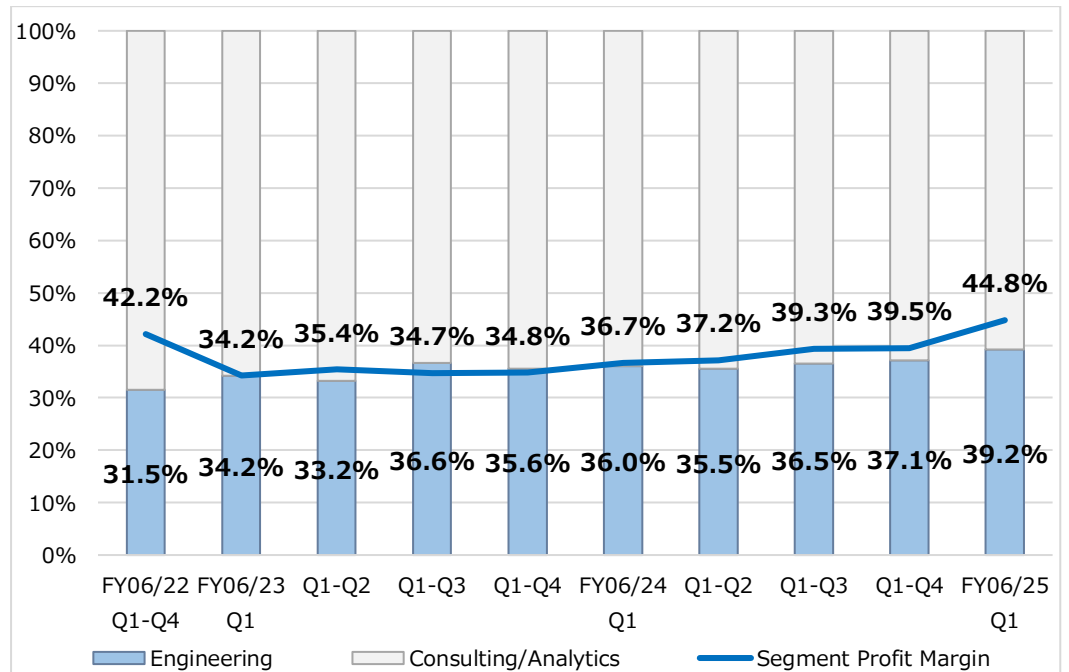
Figure 6. The PF Business: Sales Per Customer



Note: Only non-consolidated results are disclosed for FY06/22.

Source: Company Data.

Figure 7. Trends In Engineering Sales and Segment Profit Margins in the PF Business



Note: Only non-consolidated results are disclosed for FY06/22.

Source: Company Data.

2) The Product Business (The PD Business)

The Product Business (PD Business) is a business that supports client companies in utilizing data/AI by providing its own products and those of other companies. Among them, "Rtoaster", which was launched in 2006 and is a product that boasts a high market share.

In addition, LINE-specific marketing automation "Ligla" is a product of Time Technologies, which became a consolidated subsidiary through M&A. The effects of the M&A, such as sales collaboration with the parent company and the transfer of product development and operation know-how, have been apparent; and the number of customers has been increasing since it was included in the consolidated financial results in Q2 of FY06/2023.

PD Business YoY Decrease in Sales & Increase in Profits

In the PD Business in Q1, sales were down 2.8% YoY, while segment profit increased 14.0%. Sales for the parent company decreased 9.0% YoY, while sales for consolidated subsidiary Time Technologies increased 32.5%. The increase in sales at Time Technologies continues to limit the overall decline in sales.

Downward Trend in Parent Stock Sales of the PD Business May Have Stopped

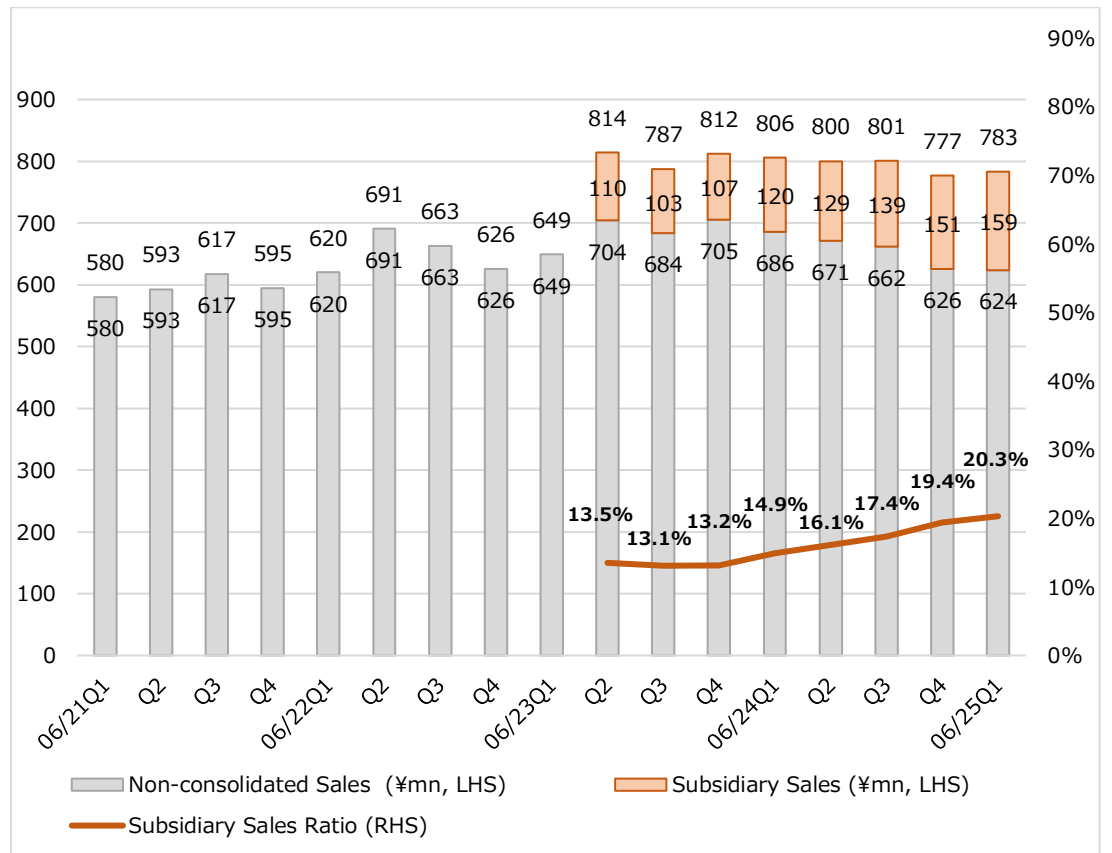
The recent decline in parent sales is due to the discontinuation of a product whose profit margin had been declining in Q2 of FY06/2024 as part of restructuring. Parent stock sales, which had been declining quarterly, began to increase in Q1 compared to the previous quarter, suggesting that the impact of the discontinuation of some products may have run its course.

Regarding its main product "Rtoaster," the company has shifted course to strengthen sales through measures such as organizational restructuring (implemented at the beginning of FY06/2025) to enhance integration of production and sales; and resumption of development of new functions that had been suspended until the middle of FY06/2024. Going forward, the focus will likely be on regrowing sales of "Rtoaster".

Increased Revenue from Consolidated Subsidiaries & End of Service of Low- Profit Margin Products is the Reason for the Increase in Profits

The increase in profits in the PD business was due to the increase in sales of "Ligla," which resulted in profits exceeding the costs incurred from the acquisition of Time Technologies (amortization of goodwill, amortization of customer-related assets), as well as the discontinuation of the provision of low-profit margin products on a non-consolidated basis.

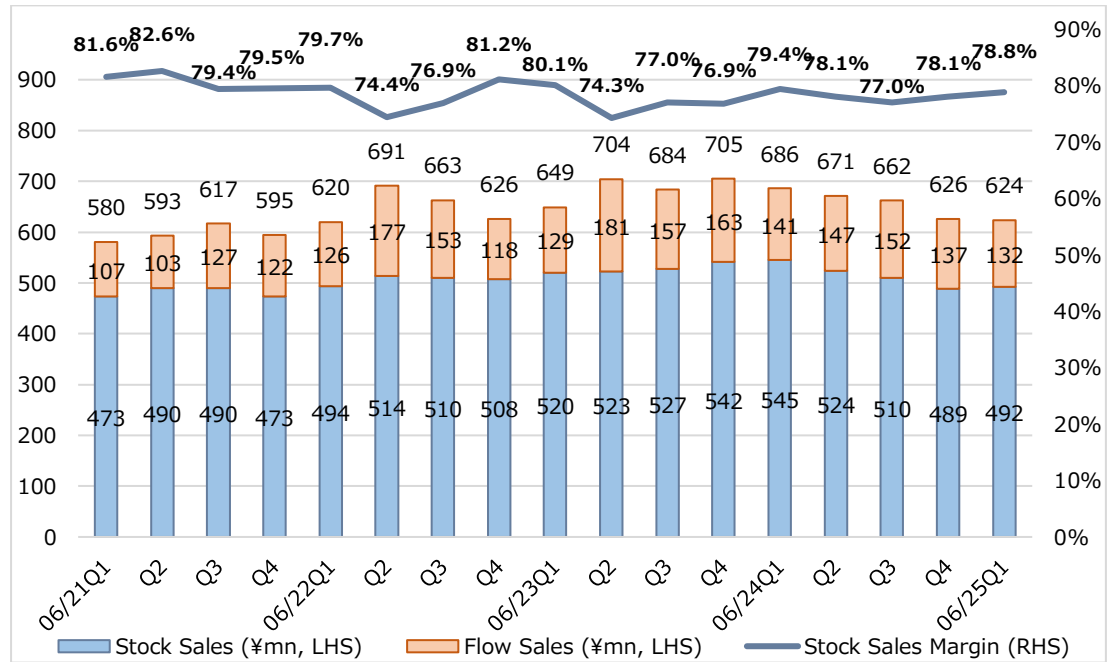
Figure 8. Changes In Consolidated Sales of The PD Business



Note: Only non-consolidated results are disclosed for the fiscal year ending June 2022.

Source: Strategy Advisors. Based on Company Data.

Figure 9. Breakdown of the PD Business (Stock Sales, Flow Sales)

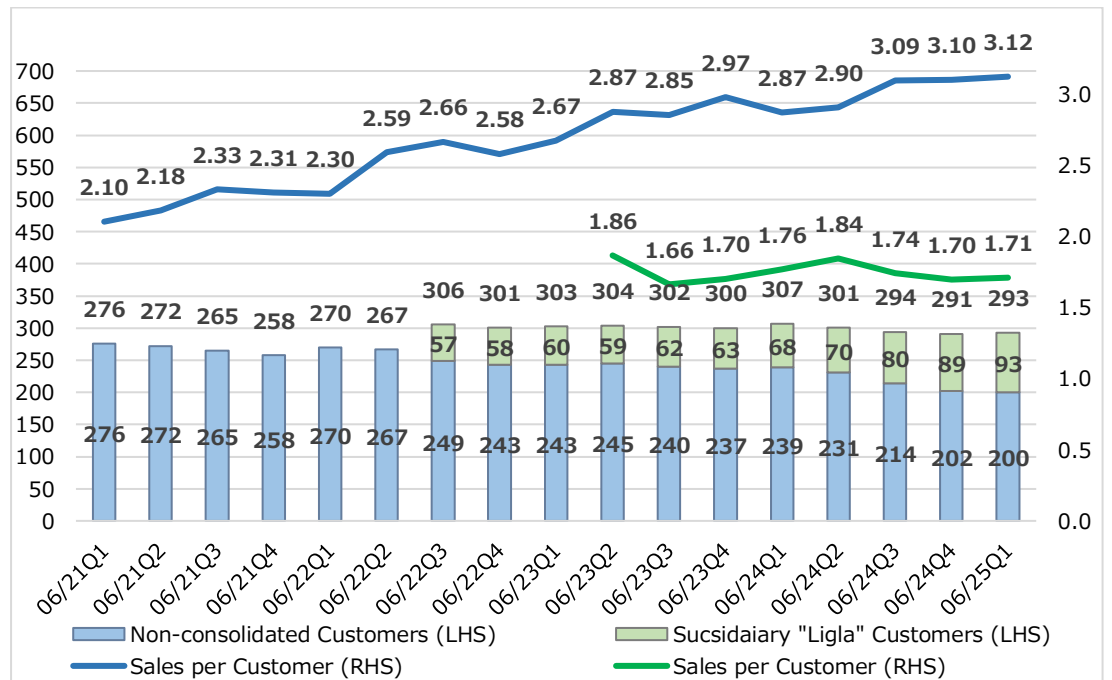


Note: Only non-consolidated results are disclosed for FY06/2022.

The calculation of the non-consolidated stock sales ratio does not include sales of consolidated subsidiaries.

Source: Strategy Advisors. Based on Company Data.

Figure 10. Number of Customers & Sales per Company in the PD Business



Note: Only non-consolidated results are disclosed for FY06/2022.

Source: Strategy Advisors. Based on Company Data.

3. Business Outlook

1) Outlook for FY06/2025

**Company Plan
for FY06/2025
Remains Unchanged**

For FY06/2025, the company plans to achieve sales of ¥11.8 billion to ¥12 billion (up 11.7% to 13.6% YoY) and operating profit of ¥1.4 billion to ¥1.5 billion (up 3.8% to 11.2% YoY). At the announcement of the Q1 financial results, the full-year plan remains unchanged.

Figure 11. Sales and Profit Trends (¥ mn)

FY	06/20	06/21	06/22	06/23	06/24	06/25 CoE
Sales	6,621	7,101	8,561	9,798	10,561	11,800 to 12,000
YoY change	16.6%	7.2%	20.6%	14.4%	7.8%	11.7% to 13.6%
Operating Income	1,061	851	1,145	681	1,349	1,400 to 1,500
YoY change	-10.5%	-19.8%	34.5%	-40.5%	98.1%	3.8% to 11.2%
Operating Income Margin	20.9%	16.0%	12.0%	13.4%	7.0%	11.7% to 12.7%
Net Income to Owners of the Parent	858	601	803	515	909	910 to 970
YoY change	-2.6%	-30.0%	33.6%	-35.9%	76.5%	0.1% to 6.7%
Net Income Margin	13.0%	8.5%	9.4%	5.3%	8.6%	7.6% to 8.2%

Note: Only non-consolidated results are disclosed for FY06/22.

Source: Strategy Advisors. Based on Company Data.

**Accelerating
Investment for Sales
Growth in FY06/25**

The main theme of the mid-term management plan for FY06/2024 to FY06/2026 is "structural reform", with emphasis on "profit-oriented management." Having determined that the company was able to achieve a greater-than-expected shift to a profitable structure in the FY06/2024 period, the company has decided to bring forward the initial structural reform plan for FY06/2025 period while accelerating investment in sales growth.

Therefore, for FY06/2025, the company has set targets achieving a sales growth rate of 10% or more and maintaining profit margins at the same level as FY06/2024, aiming for the 21st consecutive period of increased sales and a new record high in profits.

Profits from Q1 were better than the company expected. The company plans to use the excess profits to invest in sales promotion expenses and human resources, including hiring, in anticipation of future sales growth.

2) Medium-Term Management Plan

Medium-Term Management Plan until FY06/26 is Set Against a Period of Structural Reform

The company is positioning the period covered by its medium-term management plan from FY06/2024 to FY06/2026 as a period of structural reform and a preparation period for a renewed growth period from FY06/2027 to FY06/2030.

Figure 12. Medium-Term Management Plan (¥ bn)

Financial Item	FY06/23 (Actual)	FY06/24 (Actual)	FY06/25 (CoE)	FY06/26 (Mid-MP)	FY06/30 (Long-MP)
Net Sales	9.79	10.56	11.8 to 12.0	14 to 15	28 to 30
Operating Income	0.68	1.35	1.4 to 1.5	-	-
EBITDA Margin	11.0%	16.7%	15.1% to 15.6%	Over 16.0%	Over 17.0%
ROE	10.6%	17.4%	-	20.0%	20.0%

Source: Strategy Advisors. Based on Company Data.

4 Growth Strategies During this Structural Reform Period

During the restructuring reform period from FY06/2024 to FY06/2026, the company plans to pursue the following growth strategies.

- ① Transformation of the business structure to a higher profitable one and shift to management that emphasizes LTV (customer lifetime value). Specifically, improvement of the profit margins of the SaaS business, increase of the paid utilization rate and selection and concentration on sales and marketing investments.
- ② Re-structure of value proposition and service structure.
- ③ Review of the company's portfolio by industry. Expansion into manufacturing and distribution and finance industries to move away from the current situation of being overly focused on retail and consumer services.
- ④ Expansion of the company's service portfolio. Expansion of the company's education and human resources services and challenge of entering overseas markets for that purpose.

4. Stock Price Trends

To see the company's stock price trends to date, Figure 13 shows the stock price trends of similar listed companies and TOPIX (Tokyo Stock Price Index) when the stock price at the end of December 2022 is set to 100. The similar companies compared are listed companies that provide solutions to corporate management issues through data analysis and AI and are four companies: TDSE (7046 TSE Growth), Datasection (3905 TSE Growth), Laboro.AI (5586 TSE Growth) and ExaWizards (4259 TSE Growth). Note that the stock price trend of Laboro.AI, which does not have a stock price at the end of 2022 because it was listed in July 2023, is excluded from Figure 13.

From 2023 Onwards, the Stock Alternated Between Under & Overperforming vs TOPIX

The Japanese stock market as a whole has been rising mainly in large-cap stocks from 2023 to mid-2024, driven by purchases by foreign investors, as exemplified by the Nikkei Stock Average reaching the ¥40,000 level for the first time in history in February 2024. Under these circumstances, the Company's stock price lagged behind TOPIX in the first half of 2023, when a decline in profits was expected for FY06/2023.

Subsequently from the second half of 2023 to 2024, the stock price exceeded TOPIX in relative terms due to expectations of a recovery in business performance, but as the view that sales in FY06/2024 would not reach the initial plan became widespread, the stock price began to fall below TOPIX again from May 2024.

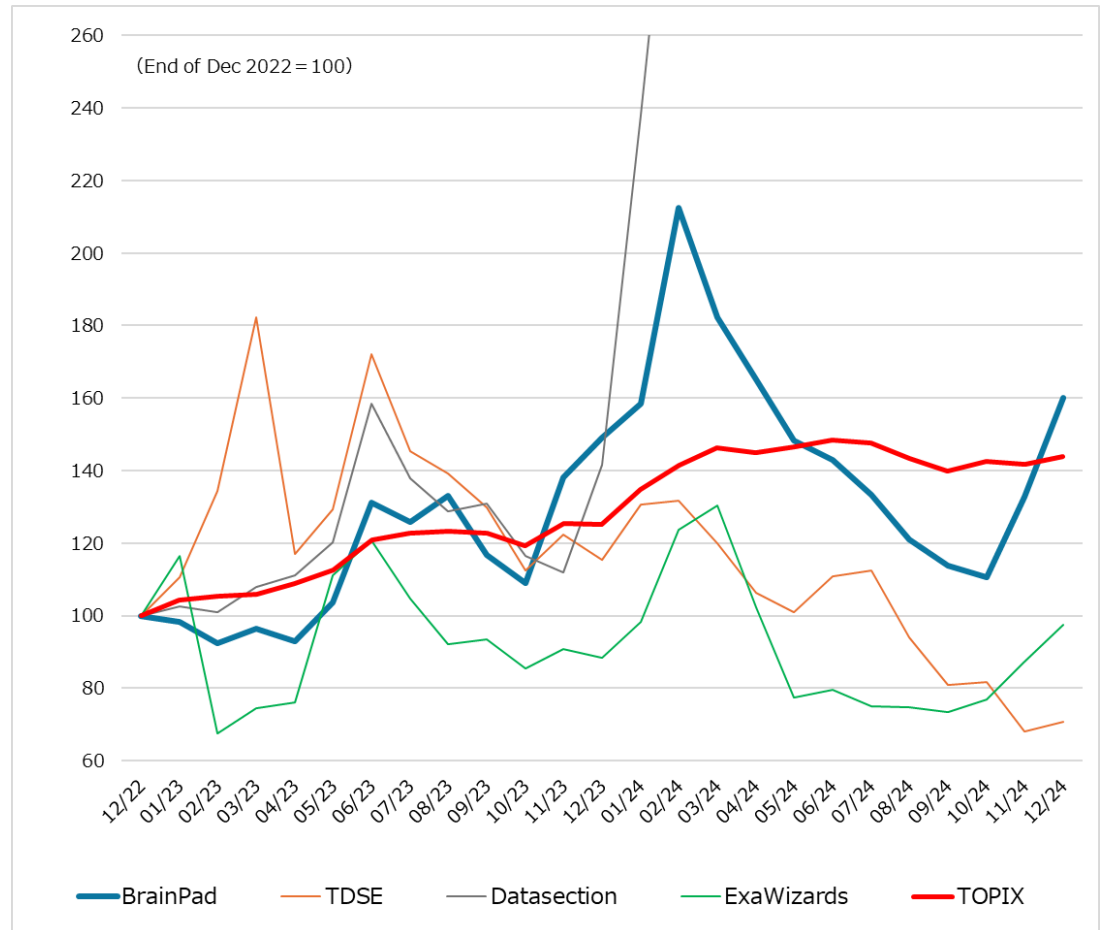
Recently, the Company has Outperformed TOPIX Due to Strong Profit Progress in Q1 Results

In the second half of 2024, TOPIX continues to fluctuate within a narrow range. Meanwhile, the company's stock price was on a downward trend until October 2024, even after the release of its financial results for FY06/2024, where its relative stock price was also below TOPIX. After that, in November, when it was confirmed that the progress of profits in the Q1 results against the company's plan for FY06/25 was high, the company's stock price began to rise and its relative stock price also exceeded TOPIX.

The sudden rise in the stock price of Datasection, one of the companies used for comparison, in 2024 is largely due to individual factors, such as expectations of a return to profitability in FY03/25 following a change in management due to poor performance and rising expectations of increased revenue due to the establishment of Advanced AI Data Innovation.

The company's current valuation is 27.5 times PER (based on the company's plan for FY06/25) and 4.5 times PBR. With the exception of TDSE, whose stock price fell sharply due to slow progress in business performance against the company's plan for FY03/25, the valuation level is lower than other companies, but it cannot be said to be undervalued. As mentioned above, the stock price rose after the progress in profit performance was confirmed and the company plans to use the profit, which is showing an upward trend, as expenses for increase sales. Therefore, the focus of attention in terms of future business performance will be on two points: the degree of progress against the company's plan for sales and whether the profit margin will decline.

Figure 13. Stock Price Trends of Listed Companies that Solve Business Issues through Data Analysis and AI (Since 2023)



Note: The chart for the Datasection is omitted from February 2024 onwards because it exceeds 300 and cannot be displayed on the chart.

Source: Strategy Advisors.

BrainPad | 3655 (TSE Prime)

Figure 14. Comparison of Valuations with Peers

Company Name	Code	FY	Stock Price (1/9)	Market Cap (¥ mn)	PER CoE (Times)	PBR Actual (Times)	Dividend Yield CoE (%)	ROE Actual (%)
Brain Pad	3655	06/24	1,169	25,018	27.5	4.5	0.7	17.4
TDSE	7046	03/24	1,186	2,474	12.5	1.2	0.8	10.1
Datasection	3905	03/24	685	12,083	55.9	6.1	0.0	-
Laboro.AI	5586	09/24	1,150	18,271	106.6	7.6	0.0	5.8
ExaWizards	4259	03/24	439	36,159	-	7.4	0.0	-

Note: ROE is not applicable to companies that posted a loss in their most recent fiscal period.

ExaWizards' company forecasts are only for sales and operating profit, and do not include forecasts for net income or EPS. Therefore, it is not possible to calculate a PER based on company forecasts.

Source: Strategy Advisors.

Figure 15. Half-Year/Quarterly Performance Trends (¥ mn)

FY	06/23		06/24		06/24				06/25
	1H	2H	1H	2H	Q1	Q2	Q3	Q4	Q1
Income statement									
Sales	4,732	5,066	5,145	5,416	2,534	2,611	2,706	2,710	2,808
Cost of Sales	2,806	3,061	2,956	2,901	1,503	1,453	1,389	1,512	1,458
Gross Profit	1,926	2,005	2,189	2,515	1,030	1,159	1,317	1,198	1,350
Gross Profit Margin	40.7%	39.6%	42.5%	46.4%	40.6%	44.4%	48.7%	44.2%	48.1%
SG&A	1,498	1,752	1,572	1,783	748	824	787	996	881
Sales to SG&A Ratio	31.7%	34.6%	30.6%	32.9%	29.5%	31.6%	29.1%	36.8%	31.4%
Operating Profit	428	253	617	732	282	335	530	202	469
Operating Profit Margin	9.0%	5.0%	12.0%	13.5%	11.1%	12.8%	19.6%	7.5%	16.7%
Non-Operating Balance	-51	-20	-40	31	31	9	-34	3	42
Ordinary Profit	479	273	657	701	313	344	496	205	511
Ordinary Profit Margin	10.1%	5.4%	12.8%	12.9%	12.4%	13.2%	18.3%	7.6%	18.2%
Extraordinary Profit and Loss	0	0	-19	-1	-2	-17	0	-1	0
Profit Before Tax	479	307	638	755	311	327	551	204	511
Total Corporate Tax, etc.	156	115	227	257	113	114	189	68	174
(Corporate Tax Rate)	32.6%	37.5%	35.6%	34.0%	36.3%	34.9%	34.3%	33.3%	34.1%
Net Income to Owners of the Parent	323	192	411	498	198	213	362	136	337
Net Profit Margin	6.8%	3.8%	8.0%	9.2%	7.8%	8.2%	13.4%	5.0%	12.0%

Source: Strategy Advisors. Based on Company Data.

Figure 16. Consolidated Statement of Income (¥ mn)

FY	06/18	06/19	06/20	06/21	06/22	06/23	06/24	06/25 CoE
Sales	4,332	5,677	6,621	7,101	8,561	9,798	10,561	11,800 to 12,000
Cost of Sales	2,318	2,855	3,605	3,922	4,680	5,867	5,857	
Gross Profit	2,014	2,822	3,017	3,179	3,881	3,931	4,704	
Gross Profit Margin	46.5%	49.7%	45.6%	44.8%	45.3%	40.1%	44.5%	
SG&A	1,429	1,637	1,956	2,328	2,736	3,250	3,355	
Operating Profit	585	1,185	1,061	851	1,145	681	1,349	1,400 to 1,500
Operating Profit Margin	13.5%	20.9%	16.0%	12.0%	13.4%	7.0%	12.8%	11.9% to 12.5%
Non-Operating Income	13	30	23	45	42	88	57	
Non-Operating Expenses	1	1	6	13	20	17	48	
Ordinary Profit	596	1,214	1,079	884	1,167	752	1,358	1,400 to 1,500
Ordinary Profit Margin	13.8%	21.4%	16.3%	12.4%	13.6%	7.7%	12.9%	11.9% to 12.5%
Extraordinary Income	1	0	98	0	1	41	55	
Extraordinary Loss	0	14	0	26	109	8	20	
Pretax Profit	597	1,200	1,176	857	1,058	786	1,393	
Corporate Tax, Resident Tax, Business Tax	190	319	319	256	255	271	484	
Corporate Tax Adjustments	245	365	303	312	231	314	481	
Total Corporate Tax, etc.	-54	-45	15	-56	24	-43	2	
(Corporate Tax Rate)	-9.0%	-3.8%	1.3%	-6.5%	2.3%	-5.5%	0.1%	
Net Income to Owners of the Parent	407	881	858	601	803	515	909	910 to 970
Net Profit Margin	9.4%	15.5%	13.0%	8.5%	9.4%	5.3%	8.6%	7.6% to 8.1%
EPS (¥)	20.06	43.43	40.15	27.00	36.53	23.72	42.25	40.81 to 43.50
Tangible And Intangible Fixed Asset Investments	151	169	228	237	519	161	99	
Depreciation And Goodwill Amortization	184	191	208	234	399	413	0	
Cash Flow	610	1,065	1,049	809	1,037	914	1,322	
CFPS (¥)	30.1	52.5	47.5	36.3	46.5	41.0	59.3	
ROE	25.4%	39.2%	25.5%	13.8%	16.9%	10.6%	17.4%	
ROIC (Invested Capital)	24.3%	38.5%	22.1%	13.7%	-	-	16.6%	
ROIC (Business Assets)	45.5%	82.7%	64.6%	46.1%	-	-	31.6%	
Dividend (¥)	-	-	-	-	-	8.00	8.00	8.00
Average Number of Shares During the Period (mn Shares)	6.0	6.0	7.0	7.0	21.0	21.0	21.0	
End Of Period Shares (mn Shares)	6.7	6.7	7.3	7.4	22.3	22.3	22.3	

Note: Only non-consolidated results are disclosed for FY06/22

Source: Strategy Advisors. Based on Company Data.

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