

FY3/2025 Q3 Results: Recurring Revenue is Firm, but Flow Revenue is Struggling. Costs for Data Center Relocation are a Burden. The Extent of Recovery in FY3/2026 is the Key

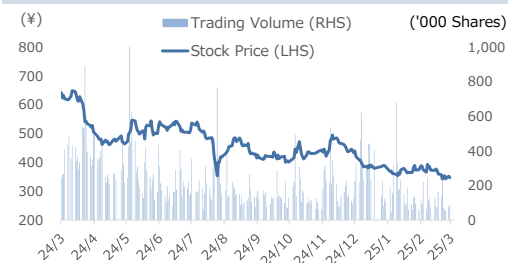
Q3 results for FY3/2025 (announced on February 13th) showed a tough performance, with nine-month cumulative sales of ¥8.889 billion and operating income of -¥364 million. A simple comparison cannot be made as this was before the company included subsidiary WebSpace in the same period last year, but the results were significantly worse than the previous year, when operating income was ¥465 million. However, a downward revision of the company's full-year forecast for FY3/2025 was announced on January 17th, so it is assumed that the market was aware of the deterioration in business performance.

The company's forecast for operating income in FY3/2025 was revised downward by ¥1.002 billion from the initial estimate of ¥312 million to -¥690 million, mainly due to a decrease of ¥822 million in flow revenues such as terminal sales and development sales, and also a decrease of ¥490 million due to costs in dealing with problems during data center relocation. On the other hand, stock revenues such as gateway service fees and QR/barcode settlement charge were stable, and the gross profit amount was ¥87 million higher than the initial estimate.

The data center relocation was initially planned to be completed by the end of FY3/2025, at a cost of ¥627 million, but is now expected to be delayed until around June 2025, with total costs expected to increase to around ¥900 million (of which ¥532 million is expected to be recorded in fiscal year 2025). Meanwhile, with the amount of data handled by the company expected to increase 60-fold by 2030, the new data center is expected to become the foundation that will enable the company's growth.

For FY3/2026, the company had previously forecasted a significant increase in operating profit to ¥2.075 billion due to the completion of the data center relocation and the expansion of the transaction platform services. However, due to delays on data center relocation, a slowdown in flow revenues such as terminal sales, and delays in the launching of the transaction platform service, it is likely to fall short of this forecast. The immediate focus on the stock market will be on how the FY3/2026 performance will recover from the bottom in FY3/2025. If a new stage of profit growth becomes visible from FY3/2026, the stock price is also expected to recover with that trend.

Stock Price and Trading Volumes



Source: Strategy Advisors

Key Indicators

Stock Price (3/11)	347
52-Week High (24/3/1)	718
52-Week Low (25/3/4)	342
All-Time High (25/1/22)	1,946
All-Time Low (3/4/25)	342
Shares on Issue (mn)	37.0
Market Capitalization (¥ bn)	12.8
EV (¥ bn)	11.6
Equity ratio (3/24 Actual, %)	42.2
PER (3/25 CoE, Times)	NM
PBR (3/25 Q3 Actual, Times)	1.2
EV/EBITDA (25/3 CoE, Times)	9.5
Dividend Yield (3/25 CoE, %)	0.0

Note: Low and high prices are based on closing prices
Source: Strategy Advisors

Japanese GAAP - Consolidated

Sales	Sales (¥ mn)	YoY change (%)	Operating Income (¥ mn)	YoY change (%)	Ordinary Income (¥ mn)	YoY change (%)	Net Income (¥ mn)	YoY change (%)	EPS (¥)	DPS (¥)
3/2024 Q3	2,917	52.0	179	20.9	180	20.8	162	-27.6	3.0	-
3/2025 Q3	3,150	-	-180	-	-184	-	-277	-	-7.6	-
3/2024 Q1-Q3	7,527	-	465	-	460	-	428	-	11.6	-
3/2025 Q1-Q3	8,889	-	-364	-	-374	-	-480	-	-13.0	-
3/2022	7,139	10.7	711	358.8	712	348.9	-385	-489.9	-12.2	0.0
3/2023	7,831	9.7	560	-21.2	535	-24.8	672	-274.4	21.2	0.0
3/2024	10,370	-	777	-	765	-	585	-	15.8	0.0
3/2025 CoE	12,154	-	-690	-	-706	-	-816	-	-22.1	0.0

Note: Due to WebSpace becoming a consolidated subsidiary, consolidated financial statements will begin from Q3 of FY3/2024. However, Q3 and Q4 of FY3/2024 are only reflected in the balance sheet and are not included in the income statement. For this reason, the YoY change in the company forecasts for FY3/2024 and FY3/2025 is not shown. Round down to the nearest ¥ million.

Source: Company Data. Compiled by Strategy Advisors

1. FY3/2025 Q3 Financial Results Overview

Challenging State of Current Earnings

Transaction Media Networks (TMN) announced its third quarter results for FY3/2025 on February 13th. Cumulative sales for the nine months were ¥8.889 billion. Sales excluding consolidated subsidiary WebSpace were ¥7.830 billion, up 4.0% from the non-consolidated sales of ¥7.527 billion in the same period of the previous year. Stock revenues such as gateway service fees grew steadily, up 15.4% YoY, but flow revenues such as sales of payment terminals struggled, down 21.2% YoY. Cumulative operating profit for Q3 worsened to -¥364 million. Although a simple comparison cannot be made since the same period of the previous year was before the subsidiary WebSpace was acquired, operating profit was ¥465 million, a significant deterioration compared to the previous year.

The Impact of the Decline in Flow Revenue & Data Center-Related Expenses

On January 17, TMN announced a downward revision of its earnings forecast for the full FY3/2025. Sales were revised downward from ¥13.645 billion to ¥12.154 billion, and operating income was revised downward from ¥312 million to -690 million. The factors behind the -¥1.002 billion downward revision of operating income are as shown in Figure 2, but the overall decline in flow revenues has led to a total downward revision of -¥822 million in gross profit. In addition, expenses increased by -¥490 million compared to the initial forecast due to troubleshooting and maintenance at the data center.

Data Center Relocation Delayed Until June 2025

As for the one-time costs associated with the data center relocation, due to delays in the relocation, the completion date is expected to be pushed back from the end of FY3/2025, to around June 2025. As a result, expenses incurred in FY3/2025 are expected to decrease from the initial forecast of ¥627 million to ¥532 million, but the total for FY3/2025 and FY3/2026 is likely to increase from ¥627 million to around ¥900 million.

Figure 1. Summary of FY3/2025 Q3 Financial Results

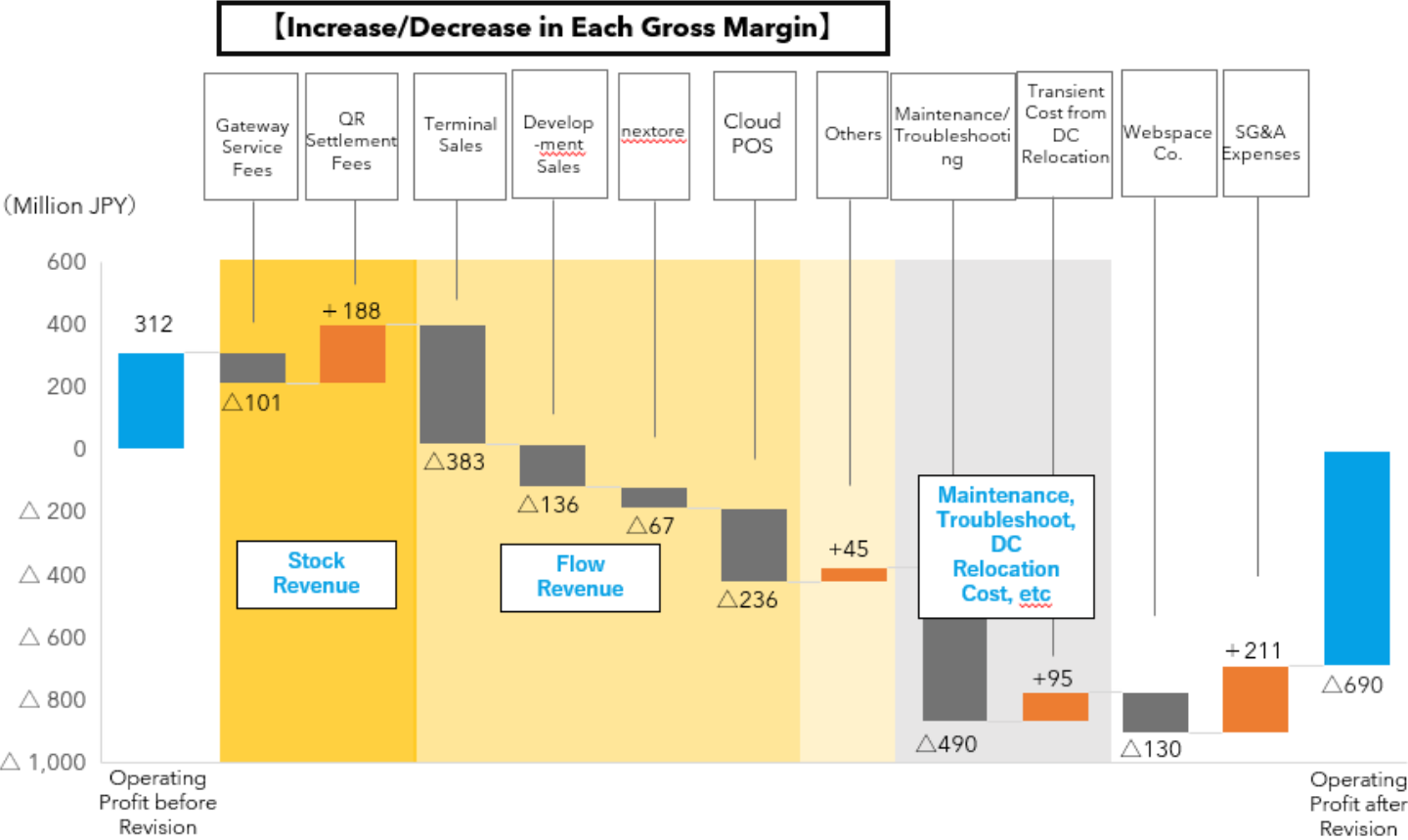
(¥ million)

	3/2024 Q1-Q3	3/2025 Q1-Q3 (A)	Progress Rate (A)/(B)	Company Forecast for FY3/2025 (B)	Initial Forecast for FY3/2025 (Before Revision)
Sales (consolidated)	7,527	8,889	73.1%	12,154	13,645
Stock Revenue	5,189	5,989	73.6%	8,135	8,209
Gateway Service Fees	3,179	3,449	74.1%	4,652	4,684
QR/Barcode Settlement Charge	1,598	2,163	73.2%	2,955	3,021
Registration Fee	412	376	71.4%	527	505
Flow Revenue	2,337	1,842	70.1%	2,630	3,956
Terminal Sales	1,254	1,173	74.7%	1,571	2,358
Development Sales	455	303	60.0 %	504	648
Others (nextore, etc.)	627	365	66.0 %	554	949
WebSpace	-	1,059	76.2%	1,389	1,480
Gross Profit	2,344	2,499	77.8%	3,212	NA
Operating Income	465	-364	52.8%	-690	312
Ordinary Income	460	-374	53.0%	-706	286
Net Income	428	-480	58.8%	-816	235
EBITDA	1,649	1,118	91.6%	1,220	2,526

Note: TMN announced revisions to its forecasts for FY3/2025 on January 17th.

Source: TMN Data. Compiled by Strategy Advisors

Figure 2. Breakdown of the Downward Revision of Operating Income Forecast for FY3/2025



Source: TMN Data

Figure 3 . Income Statement and Key Indicators (Quarterly)

(¥ mn)

Accounting Period	3/2024				3/2025			
	Q1 Parent	Q2 Parent	Q3 Parent	Q4 Parent	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 CoE Cons.
Total Sales	2,305	2,304	2,917	2,842	2,732	3,006	3,150	3,263
(YoY)	36.3%	19.3%	52.0%	24.3%	NM	NM	NM	NM
<Stock Revenue>	1,632	1,726	1,827	1,862	1,928	1,983	2,074	2,145
(YoY)	27.7%	29.3%	25.1%	21.1%	18.1%	14.9%	13.5%	15.3%
•Gateway Service Fees	1,033	1,059	1,085	1,105	1,129	1,146	1,173	1,203
(YoY)	10.8%	12.9%	12.2%	12.4%	9.3%	8.2%	8.1%	8.9%
•QR/Barcode Settlement Charge	461	527	609	633	669	714	779	791
(YoY)	176.0%	130.1%	80.2%	53.6%	45.1%	35.5%	27.9%	25.1%
•Registration Fees	138	140	133	124	131	123	122	151
(YoY)	-22.9%	-16.7%	-14.7%	-12.7%	-5.8%	-12.1%	-8.3%	21.8%
<Flow Revenue>	670	575	1,087	977	422	661	755	788
(YoY)	63.4%	-3.2%	138.4%	30.6%	-37.0%	15.0%	-30.5%	-19.3%
•Device Sales Revenue	402	361	489	476	245	381	546	397
(YoY)	68.9%	-0.6%	83.8%	-3.3%	-39.1%	5.5%	11.7%	-16.4%
•Development Sales	187	132	135	406	90	108	104	201
(YoY)	43.8%	-22.8%	-2.2%	108.2%	-51.9%	-18.2%	-23.0%	-50.5%
•Others	81	82	463	95	87	172	105	188
(YoY)	92.9%	36.7%	790.4%	55.7%	7.4%	109.8%	-77.3%	98.9%
WebSpace	-	-	-	-	377	361	321	330
(YoY)	-	-	-	-	NM	NM	NM	NM
Gross Profit	789	763	790	977	841	837	820	715
(Gross Profit Margin)	34.2%	33.1%	27.1%	34.4%	30.8%	27.8%	26.0%	21.8%
Selling, General and Administrative Expenses	620	595	611	665	899	963	1,001	1,038
Operating Income	169	168	179	311	-57	-126	-180	-324
(YoY)	201.8%	-11.6%	20.9%	89.6%	NM	NM	NM	NM
(Operating Margin)	7.3%	7.3%	6.1%	10.9%	-2.1%	-4.2%	-5.8%	-10.0%
Non-Operating Profit/Loss	-7	1	1	-6	-2	-5	-4	-6
Ordinary Income	162	169	180	305	-59	-130	-184	-330
(YoY)	189.3%	-11.5%	20.8%	122.6%	NM	NM	NM	NM
(Ordinary Income Margin)	7.0%	7.3%	6.2%	10.7%	-2.2%	-4.4%	-5.9%	-10.2%
Net Income	161	157	162	156	-71	-131	-277	-332
(YoY)	192.7%	-13.3%	6.6%	-44.9%	NM	NM	NM	NM
EBITDA	552	565	583	739	398	354	364	102
Number of Connecting Terminals (As of End of Period, '000)	870	900	930	960	990	1,010	1,060	NA
Payment Processing Amount (GMV) (¥ bn)	1,065	1,110	1,195	1,230	1,100	1,200	1,300	NA
Number of Transaction (mn)	560	600	600	640	600	600	700	NA

Note: Due to WebSpace becoming a consolidated subsidiary, consolidated financial statements will begin in Q3 of FY12/2024. However, Q3 and Q4 of FY2024 will only be reflected in the balance sheet and will not be included in the income statement.

Source: TMN Data. Compiled by Strategy Advisors

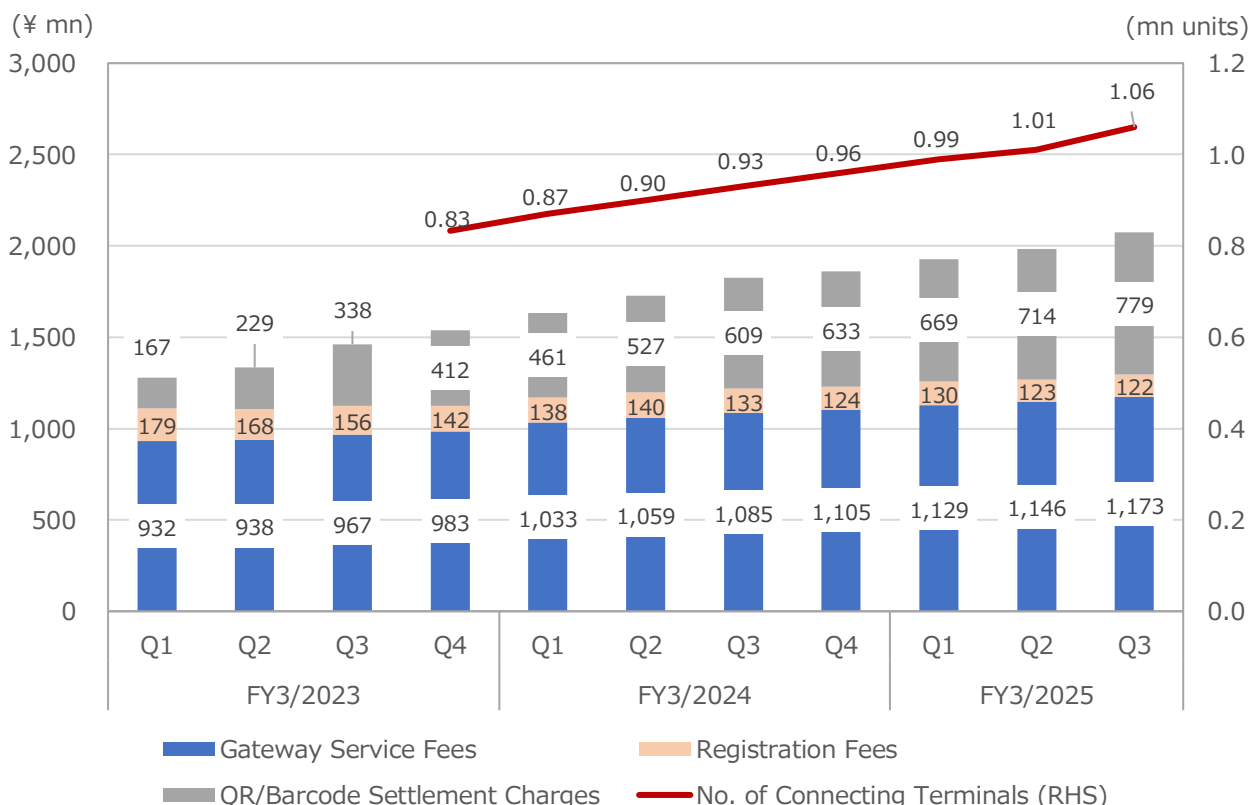
2. Major Business Trends

Stock Revenue Remains Strong

The number of TMN's connected medical terminals in operation was 1.06 million at the end of Q3 of FY3/2025 (up 100,000 from the end of FY3/2024). The cumulative Q3 settlement processing amount was ¥3.6 trillion (up 8.9% from the same period last year), and the cumulative number of settlement processing cases was 1.9 billion (up 8.4% from the same period last year). Due to these steady increases, stock revenue is expanding steadily.

In Q3 of FY3/2025, cumulative stock revenue also grew by 15.4% YoY over the nine months. Of this, gateway service fees were solid at ¥3.449 billion (up 8.5% YoY). QR/barcode settlement charge grew in particular, reaching ¥2.163 billion (up 35.4% YoY). As they are charged on a pay-per-use basis based on the amount of payment processed, they have continued to grow at a high rate along with the growth in the number of payments processed. The ratio of pay-per-use revenue for gateway service fees and QR/barcode settlement charges reached 44.3% in Q3. Flat-rate charges also play a role as a revenue base because they are resistant to economic fluctuations, but pay-per-use charges are expected to lead the growth.

Figure 4. Trends in Stock Revenue and Number of Connected Devices in Operation



Source: TMN Data. Compiled by Strategy Advisors

Struggles in the Flow Revenue from Terminal Sales and Other Sources

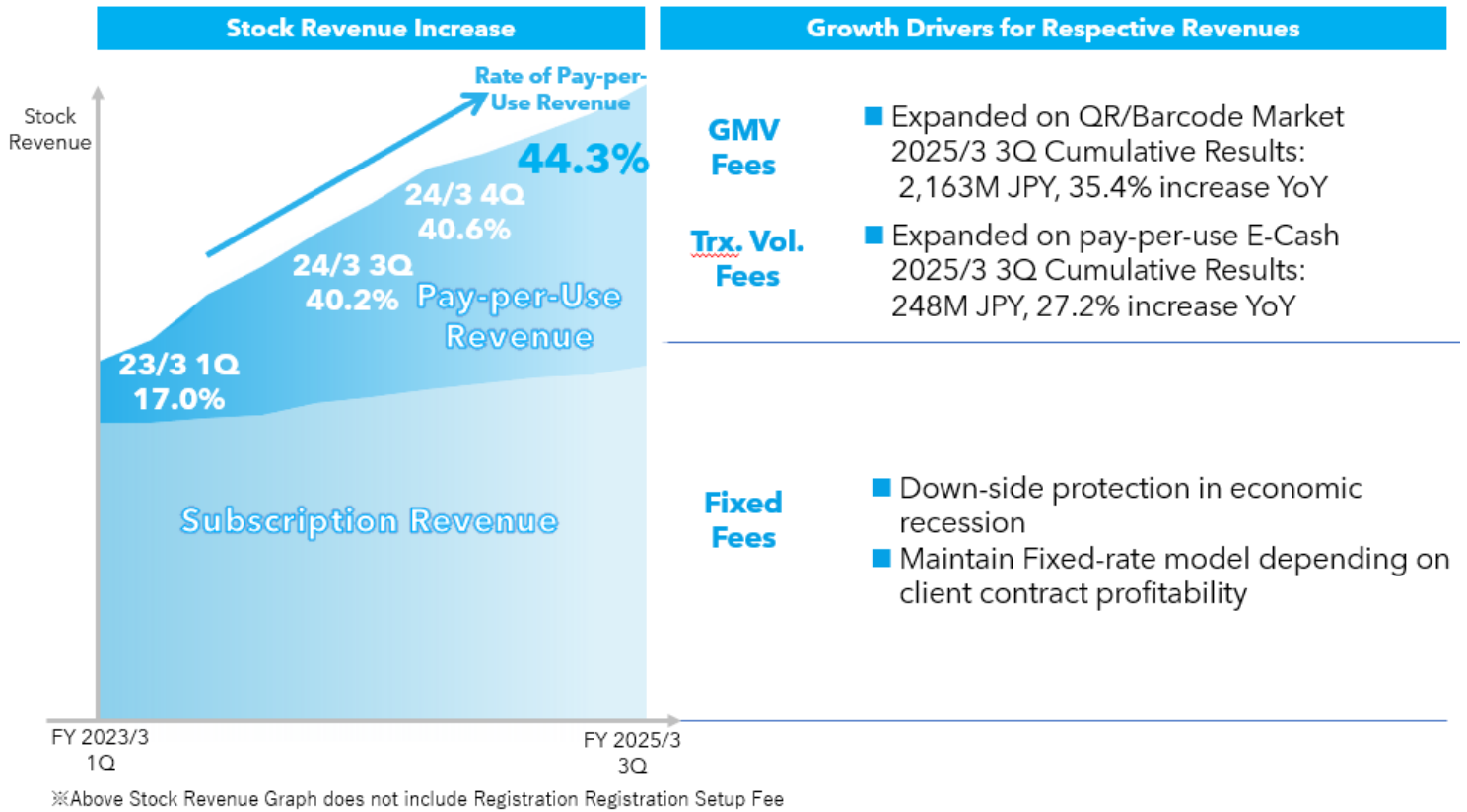
Terminal sales have fallen short of expectations, and sales for FY3/2025 are expected to decline slightly compared to the previous year. Due to delays in implementation caused by customers revising their plans, sales do not appear to be growing as initially planned. Orders for the **UT-X20**, which began in July 2023, appear to have initially expanded to large customers, but subsequent growth does not appear to have been as expected. Orders have recently begun for the mobile multi-payment terminal **UT-P11**, which is expected to contribute to future sales growth.

Development sales are expected to fall short of the initial forecast for FY3/2025, due in part to the review and cancellations of client projects. Although the sales scale is small, the profit margin is estimated to be high, which is affecting the downward trend in gross profit. Development sales are highly subjective, and sales tend to fluctuate depending on project acquisition results.

Delay in Transaction Platform Service Projects

“nextore” develops services for small and medium-sized businesses and has seen a downturn in development projects for cloud POS. Cloud POS has been introduced at KUSURI NO AOKI HOLDINGS (3549 TSE Prime) and sales are expected to increase in FY3/2026. Transaction platform services differ from businesses that pursue volume such as the payment business, since customized services for each project are considered important. It may take some time for TMN to adapt to this business model, but with the customer base built up through the payment business, there is no denying that the business has great potential for the future.

Figure 5. Changes in the Ratio of Subscription Revenue and Pay-per-Use Revenue



Source: TMN Data. Compiled by Strategy Advisors

3. Earnings Outlook

The Relocation of the Data Center is Within Sight, while TMN's FY3/2025 Forecast may be somewhat Conservative

Results for Q3 (3 months) of FY3/2025 were tough, with an operating loss of -¥183 million, but working backwards from the full-year forecast of -¥690 million announced on January 17, Q4 operating profit would be -¥324 million. However, recurring revenue is expected to remain strong; and there are businesses such as development sales that tend to increase at the end of the fiscal year, so the revised company forecast appears to be somewhat conservative. While the costs of responding to data center failures and maintenance are uncertain, it appears that the data center relocation is already about 80% complete, so the risk of a downturn in the future is small.

Difficulties in Achieving the FY3/2026 Target

When TMN announced its financial results for FY3/2024 in May 2024, it also announced targets for FY3/2026 along with its forecast for FY3/2025. According to these, the targets for FY3/2026 were sales of ¥16.109 billion and operating profit of ¥2.075 billion. TMN is currently reviewing its performance forecast for FY3/2026, but it is highly likely that these levels will not be reached. Although one-time costs associated with the relocation of the data center were initially not expected to be incurred in FY3/2026, delays have led to an increase in costs of around ¥400 million in FY3/2026. In addition, flow revenue from terminal

sales and other sources, as well as transaction platform services, which slowed in FY3/2025 but is expected to grow, making it difficult to achieve the initial targets.

Attention Will be Focused on the Extent of Business Recovery in FY3/2026

TMN's forecast for FY3/2026, which is scheduled to be announced when the FY3/2025 financial results are announced, will be the focus of attention. Adding back the estimated operating profit of -¥690 million for FY3/2025, which includes the estimated -¥490 million in maintenance costs due to data center failures and the estimated -¥532 million in data center relocation costs, the operating profit is calculated to be around ¥300 million. Meanwhile, the remaining data relocation costs are expected to be around ¥400 million for FY3/2026. The key point will be how much profit can be added, given that stock revenue is expected to grow steadily, and whether the flow revenue and transaction platform services, which fell short in FY3/2025, are expected to recover. In addition, we can expect efficiency improvements from the operation of the new data center and the realization of transaction platform services.

4. Stock Price Trends and Valuations

Stock Prices are Currently Moving within a Range

Looking at the most recent movement of TMN's stock price, it was on a downward trend from November 2024 until around January 17th, when TMN announced a downward revision of its earnings forecast. It is presumed that the stock market was in the process of factoring in a downturn in earnings due to the low progress rate in the cumulative second quarter and data center failures. The decline stopped temporarily after that, but the stock price is currently affected by the overall stock market adjustment.

Low Valuation

Comparing valuations with electronic payment-related stocks, TMN's PBR of 1.2x and EV/EBITDA of 9.5x are the lowest among domestic companies. The electronic payment market is expected to grow rapidly, and the valuations of each company are higher than the average PER of 16x and PBR of 1.3x for companies listed on the Tokyo Stock Exchange Prime. Among overseas companies, Block's valuation is not that high, but Adyen's valuation is at a high level. TMN's performance has deteriorated more than its peers, therefore the recent slump in its stock price and decline in valuation are likely due in large part to performance factors. However in the past, the company has also had a history of lower valuations than its peers.

EV/EBITDA is Significantly Lower than Other Companies

Since TMN owns its own data center and has relatively large depreciation expenses, it seems appropriate to evaluate the company based on EV/EBITDA, but profits have deteriorated significantly in FY2025, resulting in a forecast base EV/EBITDA of 9.5x for FY2025. Starting from this report, the amount obtained by subtracting deposits from cash equivalents is treated as cash when calculating EV, and the calculated EV/EBITDA is higher than in the previous report (issued on December 16, 2024, which does not take deposits into account). It is still unclear what the performance level will be in FY2026, but if we were to calculate it based on the level of FY2024, when there was no impact from the data transfer, EV/EBITDA would be just under 5x, which is still

For the Time Being, the Key will be Performance Trends in FY3/2026

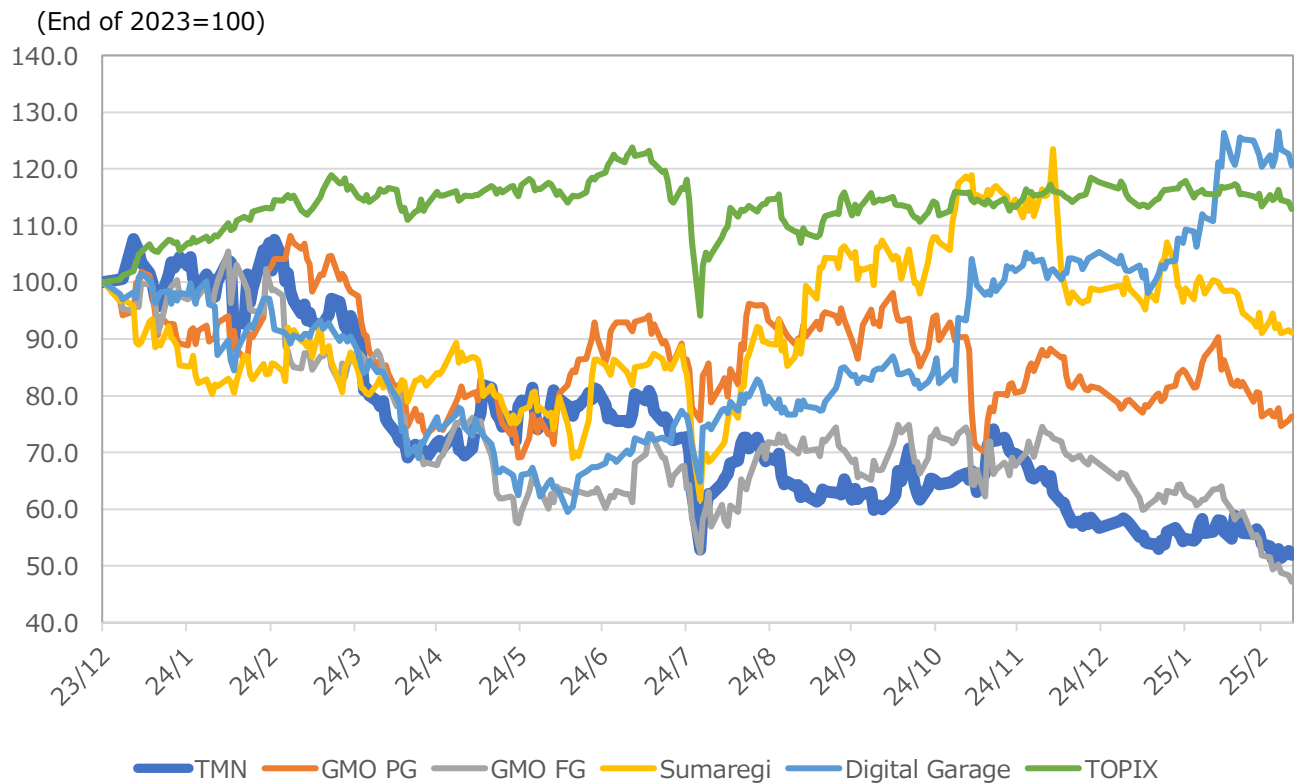
Continued Focus on Medium-Term Growth Potential

significantly lower than that of competitors.

For the time being, the stock price will likely move while keeping an eye on the performance trends for FY3/2026. There is a great deal of uncertainty about the extent of the recovery in performance, more specifically the outlook for profit levels at this point, therefore it is assumed that the stock price is moving without a sense of direction. With the cost impact of the data center relocation almost clear, the key will be future trends in the top line.

Once current business performance stabilizes, attention will once again turn to the growth potential of earnings. Recurring revenues should benefit from the expansion of the QR/barcode market, which continues to grow rapidly. As it is a pay-as-you-go model, sales are expected to grow in line with the increase in payment processing amounts. Another area to look at is the expansion of transaction platform services, which is expected to drive growth. In particular, the potential of cloud POS will expand if adoption progresses, starting with KUSURI NO AOKI. It is thought that it will be some time before transaction platform services make a significant contribution to earnings. However once the growth gets on track, it will have an impact on the stock price.

Figure 6. Stock Price Trends of TMN & Competitors



Source: Strategy Advisors

Figure 7. Valuation Comparison with Peer Companies

	Code	Currency	FY	Price (Mar 11) ¥	Market Cap. ¥ bn	EV ¥ bn	PER CoE Times	PBR Actual Times	EV/ EBITDA Times	Yield CoE %	ROE CoE %
TMN	5258	¥	FY3/2024	347	12.8	11.6	NM	1.2	9.5	0.0	-7.9
GMO PG	3769	¥	FY9/2024	7,482	567.5	597.7	30.7	5.6	17.7	1.7	15.6
GMO FG	4051	¥	FY9/2024	4,940	40.8	39.1	31.0	15.6	15.4	1.6	25.2
Digital Garage	4819	¥	FY3/2024	4,420	202.5	184.9	NA	2.6	NA	1.2	NA
Sumaregi	4431	¥	FY4/2024	2,468	47.5	41.9	33.5	7.0	18.3	0.6	20.7
Block	XYZ	USD	FY12/2024	55.29	34.3	29.4	12.4	1.6	8.1	0.0	13.6
Adyen	ADYEN	Euro	FY12/2024	1,506	46.7	38.3	41.0	13.1	29.0	0.0	32.2

Notes:

1) For this fiscal year, TMN, GMO PG, and GMO FG used company forecasts, while Block and Ad¥ used Fact Set consensus forecasts. ROE is calculated by dividing company forecast net income by equity at the end of the most recent quarter.

2) EV/EBITDA: EV is calculated as market capitalization + interest-bearing liabilities - (cash and cash equivalents - deposits).

Source: Strategy Advisors

Figure 8. Comparison of Profitability with Other Companies in the Industry (Based on Latest FY Results)

	Code	FY	Operating Margin %	ROE %	ROIC %	EBITDA Margin %	Equity Ratio %
TMN	5258	FY3/2024	7.5	5.4	7.0	23.1	42.4
GMO PG	3769	FY9/2024	34.1	19.2	19.2	38.7	29.9
GMO FG	4051	FY9/2024	8.2	0.0	22.7	11.0	39.6
Digital Garage	4819	FY3/2024	3.7	6.9	2.2	15.6	38.6
Sumaregi	4431	FY4/2024	20.7	22.8	120.3	23.3	75.1
Block	XYZ	FY12/2024	1.7	0.1	1.4	1.7	54.9
Adyen	ADYEN	FY12/2024	36.6	25.1	93.0	42.2	32.9
Average			16.1	11.3	38.0	22.2	44.8

Note: Based on most recent full-year results.

Source: Strategy Advisors

Figure 9. Income Statement (¥ million)

FY	Parent FY3/2021	Parent FY3/2022	Parent FY3/2023	Parent FY3/2024	Consolidated FY3/2024	Consolidated FY3/2025 CoE
Total Sales	6,451	7,139	7,831	10,370	10,370	12,154
(YoY)	-21.0%	10.7%	9.7%	32.4%	32.4%	NM
<Stock Revenue>	3,952	4,710	5,616	7,053	7,053	8,135
(YoY)	9.8%	19.2%	19.2%	25.6%	25.6%	15.3%
•Gateway Service Fees	3,133	3,496	3,822	4,285	4,285	4,652
(YoY)	32.4%	11.6%	9.3%	12.1%	12.1%	8.6%
•QR/Barcode Settlement Charge	188	486	1,147	2,231	2,231	2,955
(YoY)	754.5%	158.5%	136.0%	94.5%	94.5%	32.4%
•Registration Fees	631	728	647	537	537	527
(YoY)	-47.8%	15.4%	-11.1%	-17.1%	-17.1%	-1.8%
<Flow Revenue>	2,495	2,426	2,212	3,314	3,314	2,630
(YoY)	-45.4%	-2.8%	-8.8%	49.8%	49.8%	-20.7%
•Device Sales Revenue	1,459	1,364	1,360	1,730	1,730	1,571
(YoY)	-55.3%	-6.5%	-0.3%	27.2%	27.2%	-9.2%
•Development Sales	820	897	636	861	861	504
(YoY)	-26.5%	9.4%	-29.1%	35.4%	35.4%	-41.4%
•Others	216	165	216	723	723	554
(YoY)	14.9%	-23.6%	30.9%	233.8%	233.8%	-23.4%
WebSpace						1,389
(YoY)						
Gross Profit	1,915	2,279	2,562	3,321	3,321	3,212
(Gross Profit Margin)	29.7%	31.9%	32.7%	32.0%	-	26.4%
Selling, General and Administrative Expenses	1,760	1,568	2,002	2,544	2,544	3,902
Operating Income	154	711	560	829	777	-690
(YoY)	-90.6%	361.7%	-21.2%	48.0%	-	-
(Operating Margin)	2.4%	10.0%	7.2%	8.0%	7.5%	-5.7%
Non-Operating Profit/Loss	4	1	-25	-11	-12	-16
Ordinary Income	158	712	535	818	765	-706
(YoY)	-90.4%	350.6%	-24.8%	52.9%	-	-
(Ordinary Income Margin)	2.4%	10.0%	6.8%	7.9%	7.4%	-5.8%
Net Income	98	-385	672	637	585	-816
(YoY)	-91.2%	-492.9%	-274.3%	-5.2%	-	-
EPS(¥)	3.1	-12.2	21.2	17.3	15.9	-22.1
Depreciation	1,206	1,463	1,601	1,615	1,615	1,910
EBITDA	1,367	2,180	2,137	2,441	2,389	1,220
(YoY)		59.5%	-2.0%	14.2%	-2.1%	-48.9%

Note: Consolidated financial statements have been prepared from the third quarter of the fiscal year ending March 2024 onwards, so comparisons with the previous fiscal year are not possible.

Source: TMN Data. Compiled by Strategy Advisors

Figure 10. Balance Sheet (¥ Million)

FY	Parent	Parent	Consolidated	Consolidated
	FY3/2022	FY3/2023	FY3/2024	FY3/2025 Q3
Cash and Deposits	3,419	2,861	13,173	4,004
Accounts Receivables	1,034	1,044	1,344	1,346
Inventory	549	504	621	787
Others	219	204	1,042	1,157
Current Assets	5,223	4,614	16,182	7,295
Tangible Fixed Assets	791	642	1,864	2,023
Intangible Fixed Assets	4,001	4,070	6,755	6,954
Goodwill	0	0	430	384
Investments and Other Assets	355	481	756	630
Total Fixed Assets	5,148	5,194	9,376	9,608
Total Assets	10,372	9,808	25,558	16,904
Trade Payables	149	67	205	106
Accounts Payable and Accrued Expenses	389	778	1,239	1,090
Short-Term Borrowings	507	4	167	334
Contractual Obligations	2,527	2,008	1,763	1,741
Deposit Received	661	1,684	8,777	1,068
Other Current Liabilities	261	189	407	1,426
Current Liabilities	4,496	4,733	12,561	4,675
Long-Term Debt	8	3	1,560	1,317
Retirement Benefits / Salary Reserves	100	115	178	194
Other Fixed Liabilities	0	0	428	388
Fixed Liabilities	108	118	2,167	1,900
Total Liabilities	4,605	4,852	14,728	6,575
Capital	3,553	3,553	6,150	6,165
Capital Surplus	3,553	708	3,305	3,319
Retained Earnings	-1,345	672	1,257	777
Shareholders' Equity	5,761	4,933	10,714	10,262
Stock Acquisition Rights	5	22	39	59
Unrealized Gains on Other Securities	0	76	75	6
Total Net Assets	5,766	4,956	10,829	10,328
Liabilities and Net Assets	10,372	9,808	25,558	16,904
Equity Capital	5,761	4,933	10,790	10,269
BPS (¥)	179.2	159.7	292.1	277.6

Note: Consolidated financial statements will be prepared from Q3 of FY3/2024.

Source: TMN Data. Compiled by Strategy Advisors

Figure 11. Operating Cash Flow Table (¥ Million)

FY	Parent FY3/2021	Parent FY3/2022	Parent FY3/2023	Consolidated FY3/2024
Depreciation	1,206	1,463	1,601	1,615
Gain/Loss on Sales of Tangible Fixed Assets	1	0	0	0
Interest and Dividends Received	0	0	0	0
Interest Payment	-2	-4	0	0
Increase or Decrease in Deposit		298	1,022	-1,177
Other Operating Cash Flows	-165	352	179	95
Cash Flows from Operating Activities	1,039	2,109	2,803	533
Purchase of Tangible Fixed Assets	-450	-166	-100	-475
Purchase of Intangible Fixed Assets	-1,859	-1,177	-1,276	-2,455
Purchase of Investment Securities	0	0	0	-200
Purchase of Shares in a Subsidiary Resulting in a Change in the Scope of Consolidation				7,710
Cash flows from Other Investing Activities				9
Cash Flows from Investing Activities	-2,310	-1,344	-1,377	4,588
Proceeds from Short-Term Borrowings	970	0	0	0
Repayment of Short-Term Borrowings	0	-500	-500	0
Issuance of Shares	0	999	0	5,164
Redemption and Cancellation of Shares	0	0	-1,500	0
Other Financial Cash Flows	-64	-13	15	25
Cash Flows from Financing Activities	905	485	-1,984	5,190
Free Cash Flow	-1,270	765	1,426	5,121

Note: Consolidated financial statements will be prepared from the third quarter of the fiscal year ending March 2024.

Source: TMN Data. Compiled by Strategy Advisors

Figure 12. Stock Price Indexes, ROE and KPI's

FY	Parent	Parent	Parent	Consolidated	Consolidated
	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025 CoE
EPS (¥)	3.1	-12.2	21.2	15.9	-22.1
BPS (¥)	232.0	179.2	160.0	292.1	169.0
Dividend per Share (¥)	0.0	0.0	0.0	0.0	0.0
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Closing Price (¥)	NA	NA	NA	628	373
PER (Times)	NA	NA	NA	39.6	NM
PBR (Times)	NA	NA	NA	2.1	2.2
Number of Shares Issued at End of Period (mn Shares)	NA	NA	NA	36.9	36.9
Number of Treasury Shares (mn Shares)	NA	NA	NA	0.0	0.0
Treasury Stock Deduction (mn Shares)	NA	NA	NA	36.9	36.9
Market Capitalization (¥ mn)	NA	NA	NA	23,196	13,798
Capital Adequacy Ratio	75.7%	55.5%	50.3%	42.2%	60.8%
Interest-Bearing Debt	1,029	515	8	1,727	1,652
D/E Ratio	0.14	0.09	0.00	0.16	0.16
EV (Enterprise Value)	NA	NA	NA	20,528	12,513
EBITDA (¥ mn)	1,367	2,180	2,137	2,389	1,220
EV/EBITDA Multiple	NA	NA	NA	8.6	10.3
ROE	1.4%	-6.7%	12.6%	5.4%	-7.9%
ROIC (Business Assets)	1.5%	-9.9%	15.9%	7.0%	-
Number of Employees	275	249	254	362	-
Number of Connected Terminals ('000)	580	690	830	960	-
Annual Settlement Processing Transaction Value (GMV) (¥ tn)	2.6	3.1	3.7	4.6	-
Annual Number of Settlements Processed (Billions of Times)	1.5	1.7	2.0	2.4	-

Notes:

- 1) Stock price indexes for FY3/2025 (company forecast) are based on the closing prices on February 27. Balance sheet items and number of shares are calculated based on the values at the end of Q3 of FY3/2025.
- 2) ROE is calculated by dividing the company's forecast net income for the full FY3/2025 by the equity capital at the end of Q3.
- 3) EV is market capitalization + interest-bearing debt - (cash and cash equivalents - deposits).

Source: TMN Data. Compiled by Strategy Advisors

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