

Company Report

June 24, 2025

Strategy Advisors, Inc.
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FY06/2025Q3 Results Show High Progress in Profits Compared to Full-year Plan

BrainPad's FY06/2025 Q3 cumulative results showed an increase in sales and a significant increase in profit YoY, driven by the Professional Services Business and the establishment of a revenue turnaround in the Products Business since Q2. Net sales and operating profit were the highest ever for the cumulative Q3 period. Reflecting the high progress, the FY06/2025 company plan was revised upward, with the progress rate against the revised plan was 75.4% for net sales and 86.5% for operating profit.

In the Professional Services Business, which drives overall performance, the rate of revenue growth through Q3 appears to have been faster than initially planned; with a recovery in the paid utilization rate from the previous year and continued expansion in the scale of existing projects leading to an improvement in the segment profit margin.

In the Product Business, sales continued to decline due to the impact of the termination of the provision of low-margin products in FY06/2024; but the impact has run its course, with non-consolidated product sales turning higher and sales of products from consolidated subsidiaries continuing to rise, giving a strong indication that performance has bottomed out since Q2.

From FY06/2024 to FY06/2026 mid-term management plan, the company has adopted a policy of accelerating investment in sales growth in FY06/2025, assuming that it was able to achieve a more profitable structure than expected in FY06/2024. Profits were higher than expected through Q2, leading to an upward revision of profits as of Q3. However, the number of employees in the Professional Services Business declined in Q3 compared to Q2, which is considered prudent and FY06/2025 sales are maintained at the lower end of the initial plan.

The company's stock price fell below TOPIX from May to October 2024, as it was widely believed that the company's sales would not reach the initial plan in FY06/2024. Later, after the company's Q1 earnings progress against its FY06/2025 plan was confirmed to be high in November, its relative valuation increased and its relative share price recovered to almost the same level as TOPIX.

Stock Price and Volumes



Source: Strategy Advisors

Key Indicators

Stock Price (6/23/25)	1,364
52-Week High (6/16/25)	1,452
52-Week Low (8/5/24)	743
All-Time High (5/22/19)	3,073
All-Time Low (11/18/11)	140
Shares on Issue (mn)	21.4
Market Capitalization (¥bn)	29.2
EV (¥bn)	25.9
Equity Ratio (06/24 Actual, %)	76.3
ROE (06/24 Actual, %)	17.4
PER (06/25 CoE, x)	24.4
PBR (06/24 Actual, x)	5.3
Dividend Yield (06/25 CoE, %)	0.59

Source: Strategy Advisors

In terms of valuation, the company's stock price is generally lower than that of other companies engaged in similar businesses, but it is not at a level where it is undervalued. The upward revision of the company's profit plan has also boosted the share price. As for the share price trend from here on, we should pay attention to whether or not the company can achieve its sales plan, maintain the profit margin level and achieve the sales amount in its medium-term management plan ending in FY06/2026, respectively, in terms of short-term performance.

Japanese GAAP - Consolidated

FY	Net Sales (¥mn)	YoY (%)	Operating Profit (¥mn)	YoY (%)	Ordinary Income (¥mn)	YoY (%)	Net Income (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
FY06/24 Q1-Q3	7,851	8.9	1,147	104.3	1,153	85.7	773	76.3	35.9	0.0
FY06/25 Q1-Q3	8,897	13.3	1,513	32.0	1,581	37.1	1,059	37.0	49.4	0.0
FY06/22	8,561	20.6	1,145	34.5	1,167	32.0	803	33.6	36.5	8.0
FY06/23	9,798	14.4	681	-40.5	752	-35.6	515	-35.9	23.7	8.0
FY06/24	10,561	7.8	1,349	98.1	1,358	80.6	909	76.5	42.3	8.0
FY06/25 CoE (Old)	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	42.44 to 45.24	8.0
FY06/25 CoE (New)	11,800	11.7	1,750	29.7	1,800	32.5	1,200	32.0	56.0	8.0

Note: The figures for FY06/2022 are non-consolidated basis, and therefore 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: Company Data. Created by Strategy Advisors.

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FY06/2025Q3 Net Sales & Operating Profit Reached Record Highs

1. FY06/2025Q3 Cumulative Results Are on Track Compared to the Full-year Plan, Especially in Terms of Profit

FY06/2025 Q3 cumulative results showed a 13.3% YoY increase in net sales to ¥8.897 billion, a 32.0% YoY increase in operating profit to ¥1.513 billion and a 37.0% YoY increase in net income attributable to shareholders of the parent company to ¥1.059 billion. Both net sales and operating profit reached record highs for the cumulative Q3 period. The progress toward the upwardly revised company plan for FY06/2025 was 75.4% for net sales, 86.5% for operating profit and 88.3% for net income attributable to owners of the parent, representing high progress on the profit front.

Figure 1 . BrainPad's FY06/2025Q3 Financial Results Summary (Cumulative)

(¥mn)	FY06/25Q3 Total (A)	YoY	YTD (A)/(B)	FY06/25 Company Revised Forecast (B)
Net Sales	8,897	13.3%	75.4%	11,800
Operating Profit	1,513	32.0%	86.5%	1,750
Ordinary Income	1,581	37.1%	87.8%	1,800
Net Income Attributable to Owners of the Parent	1,059	37.0%	88.3%	1,200

Source: Company Data. Created by Strategy Advisors.

Professional Services Traction Continued. Turnaround in Revenue Growth in the Product Business Has Been Well Established

By segment, the Professional Services (PF Business) posted a 16.6% YoY increase in net sales and a 32.1% YoY increase in segment profit, while the Products Business (PD Business) posted a 6.0% YoY increase in net sales and a 16.2% YoY increase in segment profit. In addition, the PD Business also posted a significant increase in sales.

There were no major changes in the external environment, mainly due to the effects of the "transformation to a matrix organization" in the PF Business and the PD Business's turnaround to higher revenue on a quarterly basis.

The Trend of Project Scale Expansion Appears to Be Continuing

One of the company's policies is to expand the scale of projects and in FY06/2024, the ratio of projects with sales of ¥100 million or more rose to 6.4% in terms of the number of clients and 57.0% in terms of sales. According to the company, in the PF Business, projects that were already large in FY06/2024 are now even larger.

**Figure 2. 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

% 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: The figures for FY06/2022 are non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

Operating Profit to Net Sales Ratio Improved Due to Higher Gross Margin

Gross profit rose 24.8% YoY to ¥4.376 billion and the gross profit margin rose 4.5% YoY to 49.2%. As discussed below, the increase in the paid utilization rate in the PF Business and the effect of the discontinuation of low-margin products and revenue growth in the PD Business each contributed to the increase in gross profit.

Selling, general and administrative (SG&A) expenses rose 21.4% YoY to ¥2.863 billion, outpacing the increase in sales and the SG&A-to-sales ratio rose 2.1% YoY to 32.2%. The increase was mainly due to higher recruiting and sales promotion expenses. Although the SG&A-to-sales ratio increased, this was offset by an increase in the gross margin, resulting in a FY06/2025Q3 cumulative operating profit to sales ratio of 17.0%, up 2.4% YoY.

Net Income to Net Sales Ratio Also Improved

Non-operating income included ¥28 million in subsidies for R&D activities, ¥22 million in investment income related to Dentsu Cross Brain, an equity method affiliate, and ¥10 million in sales incentives received from a partner company. Non-operating expenses included a ¥13 million loss on investment in an investment partnership. No extraordinary profit/loss was recorded. As a result, the FY06/2025Q3 cumulative net profit margin attributable to owners of the parent company rose 2.0% YoY to 11.9%.

2. Recent Trends by Business

1) Professional Services Business (PF Business)

The PF Business is the core business of the company, which prides itself on being a leading data/AI application company. In addition to supporting clients' use of data/AI through data analysis, AI development, consulting including system development, and other human resource support services, the company also provides data/AI human resource development services to companies and others.

PF Business Increased Revenues at a Pace Exceeding the Initial Plan.

In the cumulative Q3, the PF Business posted a 16.6% YoY increase in net sales and a 32.1% YoY increase in segment income; given that the PF Business plans a 15% YoY increase in net sales in FY06/2025, it can be said that the rate of increase in net sales continues to grow at a pace faster than expected at the beginning of the period.

Profit Margins Improved Significantly

The segment profit margin improved by 5.3% YoY to 44.6%, compared to 39.5% in FY06/2024, an improvement of 5.1%.

Per Capita Sales in the PF Business Rose Further

The performance of the PF Business is largely due to changes in the paid utilization rate. The trend from FY06/2024 has taken hold, with the paid utilization rate recovering as a result of an increase in orders received through the implementation of measures such as a review of project management methods, and an increase in the scale of existing projects leading to an improvement in segment profit margins.

Although details of the paid utilization rate are not disclosed, sales per worker, which are closely related to the paid utilization rate, increased from ¥6.4 million in Q1 to ¥6.8 million in Q2 and ¥7.2 million in Q3. Q3 sales per worker are higher than in any other quarter since FY21/6.

Number of Employees in the PF Business Decreased from Q2 to Q3

However, the rise in sales per employee can be attributed in part to the fact that the number of employees has not increased: the number of employees engaged in the PF Business in Q3 was 301, down 19 from 320 in Q2 and almost the same level as in Q2 of the previous year 300. This was mainly due to transfers from the PF Business to the PD Business and secondments to group companies and the company maintained a normal level for the company-wide retirement rate.

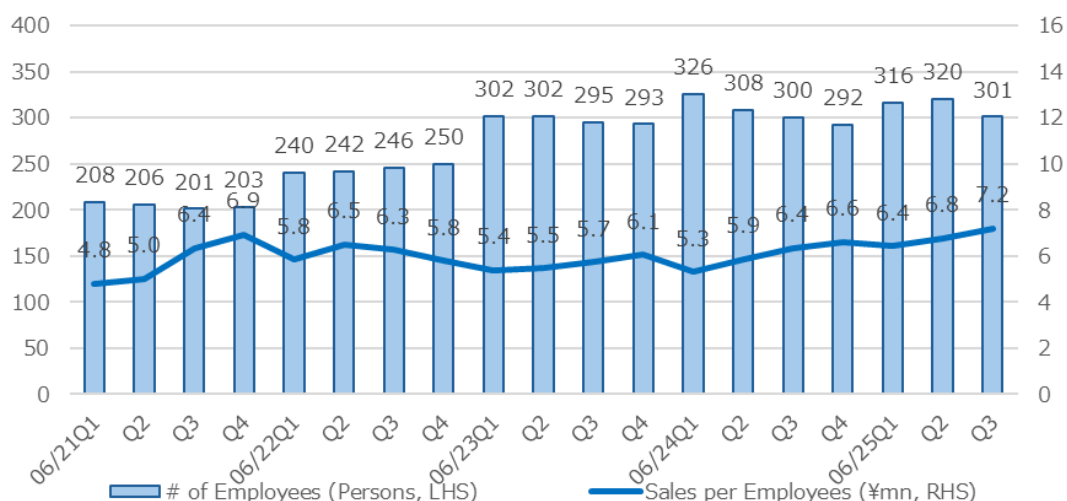
However, it is possible that the company may not be able to hire enough employees in time to compensate for the decline. Since the paid utilization rate is already at a high level, the room for further increase in the paid utilization rate is considered to be limited. Therefore, we would like to pay a certain amount of attention to whether the number of employees in the PF Business will increase in the near term.

Although Sales Per Company Declined in Q3. Sales Trends Per Company in the PF Business is Expected to Continue to Grow

Sales per company were ¥17.3 million, ¥19.9 million and ¥16.6 million from Q1 to Q3, with the decline in Q3 largely due to an increase in the number of companies taking courses in human resource development services (open seminars), which have relatively low sales.

The company's PF Business projects tend to grow in size when engineering services are added, with engineering sales accounting for 39.4% of its PF Business in FY06/2025 Q3, compared to 37.1% in FY06/24. Although Q3 sales per company declined from Q2 due to an increase in the number of companies taking courses in human resource development services, the trend of project scale expansion, which has been evident since FY06/2024, does not appear to have changed significantly, and is a factor supporting the higher revenue growth rate in the PF Business.

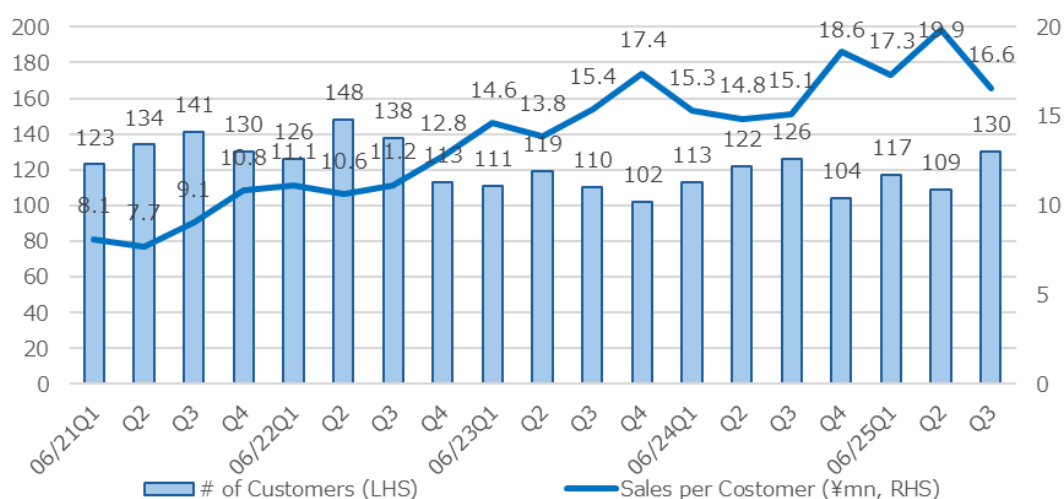
Figure 3. Professional Services Business: Sales Per Employee



Note: The figures for FY06/2022 are non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

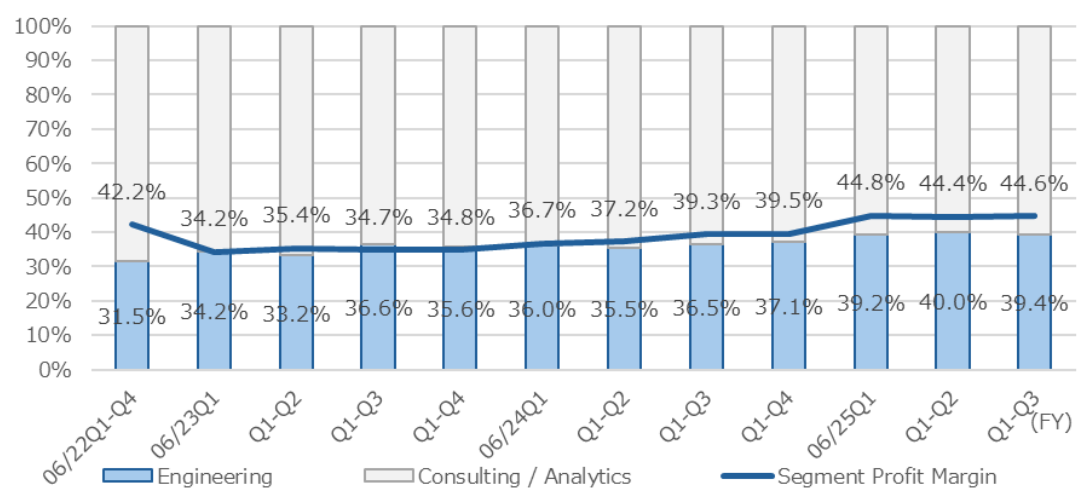
Figure 4. Professional Services Business: Sales Per Customer



Note: The figures for FY06/2022 are non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

Figure 5. Trends in Engineering Sales and Segment Profit Margins



Note: The figures for FY06/2022 are non-consolidated basis.
Source: Company Data. Created by Strategy Advisors.

2) Product Business (PD Business)

The Product Development (PD) Business supports the use of data/AI by client companies through the provision of its own and third-party products. Among these products, "Rtoaster" which was launched in 2006, boasts a high market share.

The LINE-specific marketing automation "Ligla" is a product of Time Technologies, which became a consolidated subsidiary through M&A. The M&A has had a positive effect in terms of sales collaboration with the parent company and the transfer of product development and operation know-how and the number of customers has been increasing since Q2 FY06/2023, when the company joined the consolidated results.

In the cumulative Q3, the PD Business posted a 6.0% YoY increase in net sales and a 16.2% YoY increase in segment income.

Non-consolidated sales grew 1.3% YoY, while consolidated subsidiary TimeTechnologies grew 30.4% YoY. In addition to the sales growth driven by TimeTechnologies, non-consolidated sales growth from Q2 onward also contributed to the overall increase in sales.

The most recent decrease in non-consolidated sales was due to the discontinuation of some products in Q2 FY06/2024 as part of structural reforms, as profit margins had been declining. On a quarterly basis, non-consolidated revenue growth was - 9.1% YoY in Q1, +5.4% YoY in Q2 and +8.0% YoY in Q3, with a turnaround to YoY revenue growth from Q2, suggesting that the impact of the termination of some product offerings has run its course.

The company is taking steps to strengthen sales of its mainstay Rtoaster by reorganizing its organization (implemented at the beginning of FY06/2025) to

PD Business Has Established a Turnaround in Revenue Growth Since Q2

Impact of the Discontinuation of Some Products in the PD Business Has Run its Course

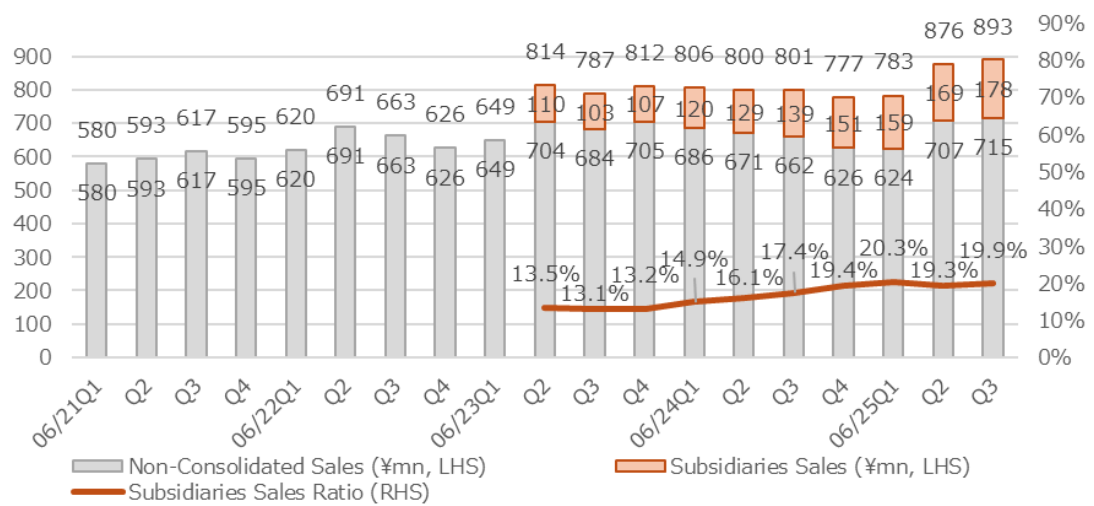
enhance its production and sales capabilities and by resuming development of new functions, which had been halted until the middle of FY06/2024.

Regarding the development of new functions, "Rtoaster GenAI" was actually released. This is a service that provides a "conversational experience with store clerks", which has been difficult to achieve online so far, by incorporating generative AI. 4 months after its provision, the trial version has been introduced to 20 companies (including 3 overseas companies). Thus, it can be said that the resumption of development of new functions is likely to make it easier to cross-sell products with new functions and acquire new customers.

The increase in the PD Business was due to the increase in revenue from "Ligla" that exceeded the costs (amortization of goodwill and customer-related assets) incurred from the acquisition of TimeTechnologies, as well as the discontinuation of low-margin products on a stand-alone basis.

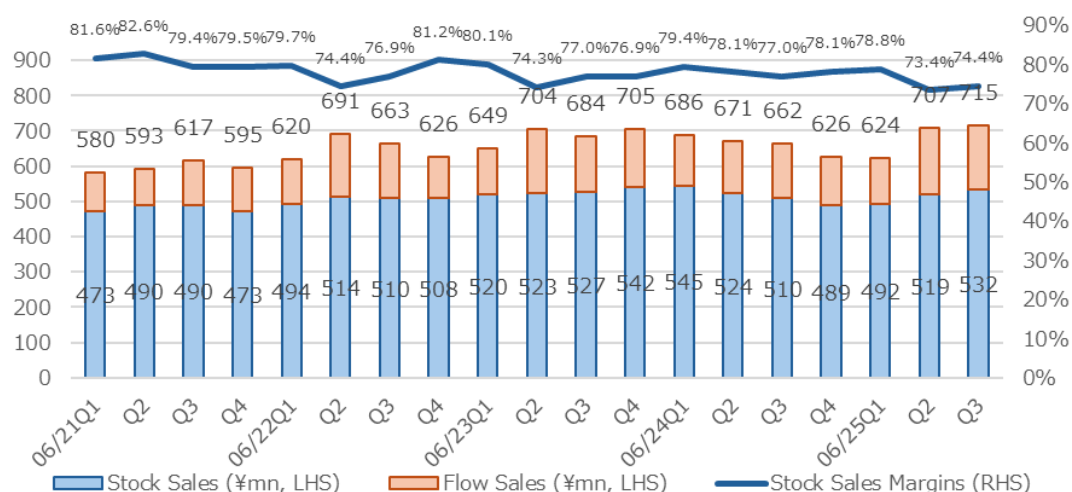
Increase in PD Business is Consolidated. Effects of Increased Revenue from Subsidiaries & Mainly Due to the Discontinuation of Low-Margin Products

Figure 6. Changes in Consolidated Sales of Product Business



Note: The figures for FY06/2022 are non-consolidated basis.
Source: Company Data. Created by Strategy Advisors.

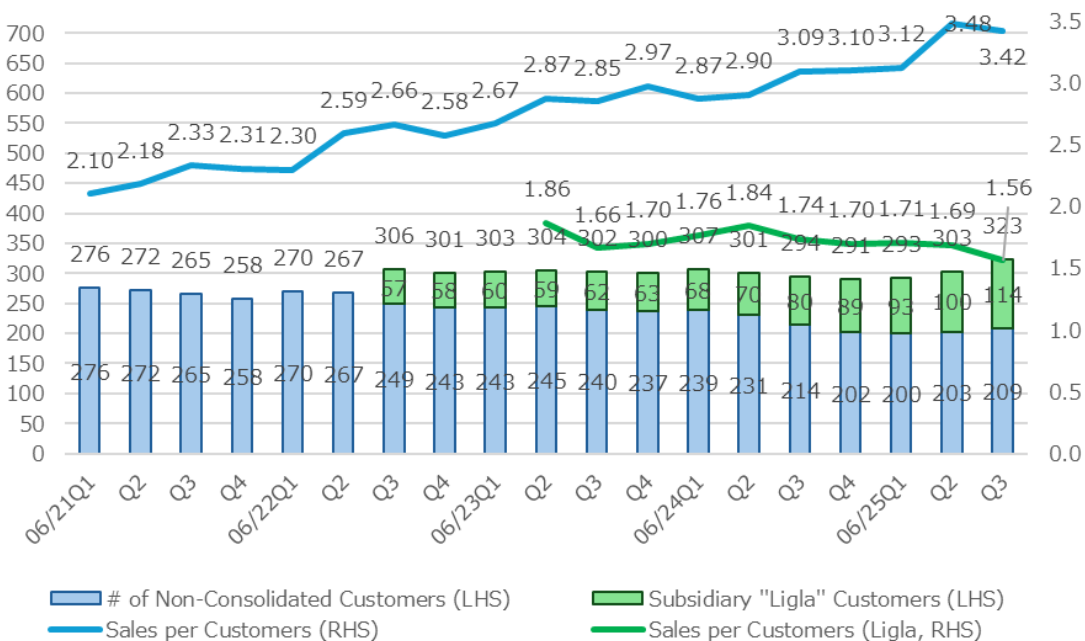
Figure 7. Breakdown of Product Business (Stock Sales & Flow Sales)



Note: The figures for FY06/2022 are non-consolidated basis. Sales of consolidated subsidiaries are not included in the calculation of the stock sales ratio on a non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

Figure 8. Breakdown of Product Business (Non-Consolidated Stock Sales, Non-Consolidated Flow Sales, Sales of Consolidated Subsidiaries)



Note: The figures for FY06/2022 are non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

3. Outlook for Business Performance

1) Outlook for FY06/2025

FY06/2025 Company Plan Profit Revised Upward at the Time of the Q3 Earnings Announcement

At the time of the Q3 results announcement, the company upwardly revised its FY06/2025 plan. Net sales were revised upward from ¥11.8-¥12.0 billion to ¥11.8 billion (+11.7% YoY), operating profit from ¥1.4-¥1.5 billion to ¥1.75 billion (+29.7% YoY) and net income attributable to owners of the parent from ¥910~¥970 million to ¥1.20 billion (+31.9% YoY), with sales in the initial plan range but income above the initial plan.

Figure 9. Sales and Profit Trends (¥mn)

FY	06/21	06/22	06/23	06/24	06/25 Company Forecast at the Beginning	06/25 Company Revised Forecast at 3Q
Net sales	7,101	8,561	9,798	10,561	11,800 to 12,000	11,800
YoY	7.2%	20.6%	14.4%	7.8%	11.7% to 13.6%	11.7
Operating Profit	851	1,145	681	1,349	1,400 to 1,500	1,750
YoY	-19.8%	34.5%	-40.5%	98.1%	3.8% to 11.2%	29.7%
OP Margin	12.0%	13.4%	7.0%	12.8%	-	14.8%
Profit Attributable to Owners of Parent	601	803	515	909	910 to 970	1,200
YoY	-30.0%	33.6%	-35.9%	76.5%	0.1% to 6.7%	31.9%
Net Profit Margin	8.5%	9.4%	5.3%	8.6%	-	10.2%

Source: Prepared by Strategy Advisors based on company data

FY06/2025 Sales Growth, Despite Accelerated Investment in the PF Business

The main theme of medium-term management plan (FY06/2024 - FY06/2026) is "structural reform" with emphasis on "profit-oriented management. In FY06/2025, the company plans to accelerate investment in sales growth, while bringing forward the initial structural reform plan.

Sales Growth Remains Unchanged at the Lower End of the Initial Plan

Therefore, for FY06/2025, the company has stated that it aims to achieve a sales growth rate of 10% or more and maintain the profit margin at the FY06/2024 level, aiming for 21 consecutive quarters of sales growth and record-high profits.

This is Due to the Decrease in the # of

FY06/2025 Q3 results were more profitable than the company had expected, partly due to the effect of increased sales; in 1H, the company had decided to adopt a policy of allocating the upward profit to human resource investments, including sales promotion expenses and hiring, in anticipation of future sales growth. However, as

Employees in the PF Business in Q3

mentioned earlier, the number of employees in the PF Business declined in Q3 compared to Q2 and so the company maintained its FY06/2025 sales at the lower end of its initial plan.

2) Medium-Term Management Plan

FY06/2026 Medium-Term Management Plan is a Period of Structural Reform

The company has positioned the mid-term management plan (FY06/2024 - FY06/2026) period as a period of structural reform and a period of preparation for the re-growth period from FY06/2027 to FY06/2030.

Figure 10. Medium-Term Management Plan (¥bn)

Financial Items	FY06/23	FY06/24	FY06/25	FY06/26	FY06/30
	Actual	Actual	CoE	Mid-Term Plan	Long-Term Plan
Net Sales	9.79	10.56	11.80	14 to 15	28 to 30
Operating Profit	0.68	1.35	1.75	—	—
EBITDA Margin	11.0%	16.7%	18.0%	Over 16.0%	Over 17.0%
ROE	10.6%	17.4%	—	20.0%	20.0%

Source: Company Data. Created by Strategy Advisors.

4 Growth Strategies in this Structural Reform Period

And in the restructuring period of FY06/2024 to FY06/2026, the company intends to pursue the following growth strategies.

- ① Structural transformation to a high-profit structure and a shift to LTV (lifetime value of customers) oriented management to achieve this. Specifically, they will improve the profit margin of the SaaS business, increase the paid utilization rate and select and focus on sales and marketing investments
- ② Restructuring of value offering and service structure
- ③ Industry Portfolio Review. Expanding the manufacturing and distribution industry and the financial industry to move away from the current retail and consumer service industry bias
- ④ Expand service portfolio. Expand educational and human resource services and take on the challenge of overseas markets

4. Recent Topics

1) Trends in BrainPad AAA

BrainPad AAA - Wholly Owned

BrainPad AAA, a wholly owned subsidiary specializing in autonomous AI agents, was established in March 2025 with the concept of "agentizing" 'new jobs' that will

Subsidiary Specializing in Autonomous AI Agents

eliminate barriers to the spread of autonomous AI agents, which is an area that is expected to grow rapidly. BrainPad AAA is a company that provides services to agentize and abbreviate "new jobs performed by human hands" that will be created by the diffusion of autonomous AI agents.

Business Alliance with Fairy Devices

BrainPad AAA, together with the company, has formed a business alliance with Fairy Devices, a research and development company that supports DX of on-site operations using multimodal AI technology and has begun joint service development.

Through this alliance, the two companies intend to promote the use of AI and DX in various industries by converting "onsite capabilities" of various industries into data, with a focus on the manufacturing industry, which is one of Japan's strengths. As the first step of the alliance and collaboration, the two companies have jointly developed a "work video analysis AI agent" to support DX in the worksite industry.

The work analysis AI agent automatically converts videos, product manuals and other information into words and is expected to promote AI utilization and DX by converting the skills of artisans into language and data, thereby data-materializing the "onsite capabilities" of various industries, particularly the manufacturing industry.

2) Acquisition of Treasury Stock

Share Buyback of Up to 3.59% of Outstanding Shares

The company will repurchase up to 770,000 shares (3.59% of total shares issued excluding treasury stock) and ¥700 million from May 12 to July 31, 2025. ¥8.0 DPS at the end of FY06/2025 remains unchanged.

The company's shareholder return policy in its mid-term plan is to achieve a consolidated total return ratio of 40% or more, and if all the above items are implemented, the consolidated total return ratio is expected to exceed 70%.

5. Stock Price Trends

Compared to 4 Similar Companies

To see how the company's stock price changed since the start of 2024, Figure 12 compares the stock prices of similar listed companies and TOPIX (Tokyo Stock Exchange Stock Price Index) when the stock price at the end of 2023 is set at 100. The comparable listed companies were TDSE Growth (7046), Data Section (3905), Laboro.AI (5586) and ExaWizards (4259), all of which provide solutions to corporate management issues through data analysis and AI.

The Stock Market Experienced Wild Swings in August 2024 & April 2025

Since 2024, the Japanese stock market has continued its uptrend, led by large shareholders from the previous year and reached a high for the year in July. It then turned to a downtrend and after a sharp drop and return in August, which was affected by the sharp appreciation of the yen, the market has remained in a stalemate. Then, in April 2025, when U.S. President Trump announced mutual tariffs, uncertainty about the content and impact of the measures increased dramatically and global stock prices experienced a series of wild swings.

**On a Downtrend
Until October 2024,
the Stock Prices
Recently Quickly
Recovered to a
Similar Level to
TOPIX**

Under these circumstances, the company's stock price began to move below TOPIX from May 2024, as it was widely believed that sales would not reach the company's initial plan in FY06/2024.

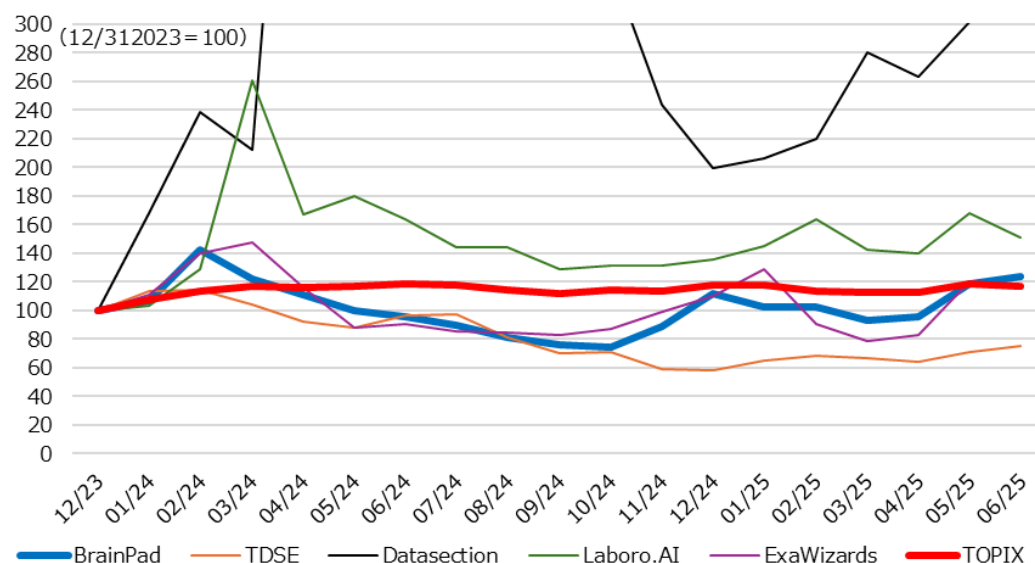
In the second half of FY2024, TOPIX continued to move up and down in a narrow range. On the other hand, the company's stock price continued to decline even after the disclosure of FY06/2024 earnings until October 2024 and the range of relative stock prices below TOPIX widened. Later in November, when it was confirmed that Q1 earnings were on track to meet the FY06/2025 company plan, the company's share price began to rise, and recently recovered to a level similar to TOPIX in terms of relative share price.

Note that the sharp rise in the stock price of Data Section, one of the companies under comparison, in 2024 is due to individual factors, including expectations of a return to profitability in FY03/2025 following a change in management due to poor performance and expectations of increased earnings growth with the establishment of Advanced AI Data Innovation.

The company's current valuation is 24.4x PER (based on FY06/2025 company plan) and 5.3x PBR. With the exception of TDSE, whose stock price fell sharply in FY03/2025 due to slow progress against the company plan, the company's valuation level is lower than other companies, but not necessarily undervalued.

As mentioned above, the share price rose in Q3 due to the upward revision of the company's profit plan and the two main factors that will likely drive the share price higher from here on are the pace of revenue growth in the company's short-term performance plan and whether the profit margin level can be maintained amid the possibility of increased expenses. From this perspective, it is important to keep in mind whether or not the company will be able to achieve sales in FY06/2026, the final year of the medium-term management plan.

Figure 11. Stock Price Trends of Listed Companies that Solve Business Issues through Data Analysis and AI (Since 2023)



Note: The figures for Jun. 25 are as of June 23, 2025. The chart for the Datasection is omitted from February 2024 onwards because it exceeds 300 and cannot be displayed.

Source: Strategy Advisors

Figure 12. Comparison of Valuations with Peer Companies

Company Name	Code	FY	Stock Price (Jun. 23)	Market Cap. (¥mn)	PER (CoE, x)	PBR (Actual, x)	Dividend Yield (%)	ROE (Actual, %)
BrainPad	3655	06/25	1,364	29,246	24.4	5.3	0.6	17.4
TDSE	7046	03/25	1,462	3,049	21.2	1.4	0.7	6.4
Datasection	3905	03/25	2,150	38,066	-	16.4	-	-
Laboro.AI	5586	09/25	1,111	17,670	103.0	7.4	-	5.8
ExaWizards	4259	03/25	450	37,230	-	15.4	-	-

Note: ROE is not applicable to companies that posted a loss in their most recent fiscal period. The figures for 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: Prepared by Strategy Advisors

Figure 13. Half-Year/Quarterly Performance Trends (¥mn)

FY	06/24 H1	H2	06/25 H1	06/24 Q1	Q2	Q3	Q4	06/25 Q1	Q2	Q3
Income Statement										
Net Sales	5,145	5,416	5,851	2,534	2,611	2,706	2,710	2,808	3,043	3,046
Cost of Sales	2,956	2,901	3,006	1,503	1,453	1,389	1,512	1,458	1,548	1,515
Gross Profit	2,189	2,515	2,845	1,030	1,159	1,317	1,198	1,350	1,495	1,531
Gross Profit Margin	42.5%	46.4%	48.6%	40.6%	44.4%	48.7%	44.2%	48.1%	49.1%	50.3%
SG&A	1,572	1,783	1,860	748	824	787	996	881	979	1,003
Sales to SG&A Ratio	30.6%	32.9%	31.8%	29.5%	31.6%	29.1%	36.8%	31.4%	32.2%	32.9%
Operating Profit	617	732	985	282	335	530	202	469	516	528
OP Margin	12.0%	13.5%	16.8%	11.1%	12.8%	19.6%	7.5%	16.7%	17.0%	17.3%
Non-Operating										
Balance	-40	31	-47	31	9	-34	3	42	5	20
Ordinary Profit	657	701	1,032	313	344	496	205	511	521	549
Ordinary Profit Margin	12.8%	12.9%	17.6%	12.4%	13.2%	18.3%	7.6%	18.2%	17.1%	18.0%
Extraordinary										
Income / Losses	-19	-1	0	-2	-17	0	-1	0	0	0
Profit Before Taxes	638	755	1,032	311	327	551	204	511	521	549
Total Corporate Tax, etc.	227	257	341	113	114	189	68	174	167	181
(Corporate Tax Rate)	35.6%	34.0%	33.0%	36.3%	34.9%	34.3%	33.3%	34.1%	32.1%	33.0%
Profit Attributable to Owners of Parent	411	498	691	198	213	362	136	337	354	368
Net Profit Margin	8.0%	9.2%	11.8%	7.8%	8.2%	13.4%	5.0%	12.0%	11.6%	12.1%

Source: Company Data. Created by Strategy Advisors.

Figure 14. Income Statement (¥mn)

FY	06/18	06/19	06/20	06/21	06/22	06/23	06/24	06/25 CoE
Net Sales	4,332	5,677	6,621	7,101	8,561	9,798	10,561	11,800
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 Expenses	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	1,750
OP Margin	13.5%	20.9%	16.0%	12.0%	13.4%	7.0%	12.8%	14.8%
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	1,800
Ordinary Profit Margin	13.8%	21.4%	16.3%	12.4%	13.6%	7.7%	12.9%	15.3%
Extraordinary Income	1	0	98	0	1	41	55	
Extraordinary Losses	0	14	0	26	109	8	20	
Profit before income taxes	597	1,200	1,176	857	1,058	786	1,393	
Total income taxes	190	319	319	256	255	271	484	
Income taxes - current	245	365	303	312	231	314	481	
Income taxes - deferred	-54	-45	15	-56	24	-43	2	
(Corporate Tax Rate)	-9.0%	-3.8%	1.3%	-6.5%	2.3%	-5.5%	0.1%	
Profit Attributable to Owners of Parent	407	881	858	601	803	515	909	1,200
Net Profit Margin	9.4%	15.5%	13.0%	8.5%	9.4%	5.3%	8.6%	10.2%
EPS (¥)	20.06	43.43	40.15	27.00	36.53	23.72	42.25	55.97
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 # 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: The figures for FY06/2022 are on a non-consolidated basis, and do not include the effect of share buybacks for FY06/2025 EPS.

Source: Company Data. Created by Strategy Advisors.

Figure 15. Balance Sheet (¥mn)

FY	06/18	06/19	06/20	06/21	06/22	06/23	06/24
Current Assets	2,161	3,232	4,109	4,938	4,438	4,141	5,040
Cash and Deposits	1,267	2,077	2,985	3,431	2,908	2,507	3,355
Accounts Receivable	698	885	867	1,033	953	1,286	1,239
Inventory	28	65	25	39	92	29	15
Others	168	205	232	435	485	319	431
Fixed Assets	531	636	875	841	1,711	2,375	2,218
Tangible Fixed Assets	95	83	134	87	608	535	476
Intangible Fixed Assets	233	203	237	296	254	1,019	768
Investments and Other Assets	203	350	505	457	849	820	973
Investment Securities	11	16	75	203	352	279	443
Deferred Tax Assets	88	173	157	213	188	221	197
Others	104	161	273	41	309	320	333
Total Assets	2,692	3,868	4,984	5,779	6,149	6,516	7,258
Current Liabilities	827	1,111	873	1,104	1,151	1,382	1,506
Trade Payables	28	83	93	98	118	131	116
Accounts Payable and Accrued Expenses	193	209	236	246	451	398	549
Interest-Bearing Debt	—	—	—	—	—	—	—
Short-Term Borrowings	—	—	—	—	—	—	—
Current Portion of Long-Term Borrowings	—	—	—	—	—	—	—
Deferred Tax Liabilities	167	228	216	182	0	0	0
Others	439	591	328	578	582	853	841
Fixed Liabilities	56	67	82	0	149	239	217
Interest-Bearing Debt	—	—	—	—	—	—	—
Long-Term Borrowings	—	—	—	—	—	—	—
Deferred Tax Liabilities	—	—	—	—	—	90	69
Others	56	67	82	0	149	149	148
Net Assets	1,808	2,689	4,029	4,674	4,848	4,896	5,535
Capital Stock	1,808	2,689	4,029	4,674	4,848	4,896	5,535
Capital Surplus	642	642	1,127	1,173	1,177	1,173	1,173
Retained Earnings	1,162	2,043	2,901	3,502	4,314	4,801	5,487
Treasury Stock	—	—	—	—	-656	-1,079	-1,128
Accumulated Other Comprehensive Income	—	—	—	—	13	1	3
Stock Acquisition Rights	5	4	1	—	—	—	—
Non-Controlling Interests	—	—	—	—	—	—	—
Total Assets	2,692	3,868	4,984	5,779	6,149	6,516	7,258
Interest-Bearing Debt	—	—	—	—	—	—	—
Capital Adequacy Ratio	67.0%	69.4%	80.8%	80.9%	78.8%	75.1%	76.3%
D/E Ratio	0.49	0.44	0.24	0.24	0.27	0.33	0.31

Note: The figures for FY06/2022 are non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

Figure 16. Cash Flow Statement (¥mn)

FY	06/18	06/19	06/20	06/21	06/22	06/23	06/24
Cash Flows from Operating Activities							
Income before income taxes	597	1,200	1,176	857	1,058	786	1,393
Depreciation and Amortization	203	184	191	208	234	399	413
Working Capital	-284	-163	65	-176	55	-197	44
Others	245	-183	-671	-109	-222	-98	-312
Total	761	1,038	761	780	1,125	890	1,538
Cash Flows from Investing Activities							
Payments for Acquisition of Property, Plant and Equipment	-42	-40	-95	-29	-408	-105	-55
Payments for Acquisition of Intangible Fixed Assets	-109	-129	-133	-208	-111	-56	-44
Others	—	-60	-15	-141	-430	-627	-219
Total	-151	-229	-243	-378	-949	-788	-318
Cash Flows from Financing Activities							
Net Increase/Decrease in Short-Term Borrowings	—	—	—	—	—	—	—
Net Increase/Decrease in Long-Term Borrowings	-45	—	—	—	—	—	—
Issuance of Shares	—	—	390	44	—	—	—
Purchase of Treasury Stock	0	—	—	—	-699	-503	-201
Dividend Payment	—	—	—	—	—	—	-171
Others	—	—	—	—	—	—	—
Total	-45	0	389	44	-699	-503	-372
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	—	—	—	—	—
Cash Increase/Decrease	564	810	908	446	-482	-402	849
Cash Beginning Balance	703	1,267	2,077	2,985	3,390	2,908	2,507
Ending Cash Balance	1,267	2,077	2,985	3,431	2,908	2,507	3,355

Note: The figures for FY06/2022 are on a non-consolidated basis.

Source: Company Data. Created by Strategy Advisors.

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