

2.5x stock price upside based on regression analysis of Value Creation Capability

Based solely on publicly disclosed information and market data

Stock price estimates based on regression analysis of
"Return on Capital/Cost of Capital= Value Creation Capability" and PBR

Japan's leading firm specializing in market research and rankings

Founded in 1999, Oricon Inc. ("Oricon") is a long-established music database company that has expanded its business to include customer satisfaction surveys, news distribution, and various ranking information. Oricon has earned a high level of trust by providing fair and neutral ranking information. Oricon contributes to the development of culture, consumption, and industry based on "Original Confidence" and "Consumer Oriented". Its main businesses include customer satisfaction surveys, news distribution and PV, data services, and mobile business. The customer satisfaction survey business generates revenue from fair and neutral customer satisfaction rankings. The News Distribution/PV business produces more than 3,500 news and video pieces per month, and its main source of revenue is advertising revenue from its own media and external platforms. In the data services business, the company compiles sales data and compiles rankings for music, video, and books. The mobile business provides paid subscription services for mobile devices and PCs. Oricon is building a highly profitable structure by introducing advanced technologies, such as generation AI, to advance the sophistication of research and data analysis and improve the efficiency of report creation. Oricon is expected to continue to grow through diversified business development and technological innovation.

Return on capital is within the top 3% of all listed companies

Calculated on the company plan basis for the fiscal year ending March 31, 2025, Simple ROIC*, which uses interest-bearing debt and shareholders' equity at the beginning of the period as the denominator and after-tax operating income as the numerator, is 22.4%; Lean ROIC, which excludes non-business assets not used in business activities such as excess cash and deposits, is 90.5%; and ROE is 22.6%. Oricon's position among the 3,733 listed companies included in the calculations is relatively very high: top 1.9% for Simple ROIC, top 2.1% for Lean ROIC, and top 3.0% for ROE.

*ROIC = Return on Invested Capital, or return on invested capital. The terms Simple ROIC and Lean ROIC are used in this document.

Stock price level estimated from regression analysis is approximately 2.5 times of the current stock price

Return on capital can be defined as "(1) the return a company makes on its capital" and cost of capital as "(2) the return the company wants to make on its capital from the investor's perspective". In addition, "(1) Return on capital/(2) Cost of capital" can be defined as "value-creating ability". JPR analyzed 3,733 listed companies for which data were available. A coefficient of determination of 0.5 or higher in the regression equation in the analysis suggests high explanatory power. The results, as shown on p.3 to p.5, ranged from 0.84 to 0.87, above 0.5. Then, based on the regression analysis, stock price estimates were performed for Oricon. As shown on the next page, the estimated share price was 2,197 yen, approximately 2.5 times the 891 yen share price as of 5/10/2024. If Oricon's growth potential, high ROIC, and other value-creating capabilities are recognized, there is a good chance that the estimated share price will be achieved in 1-2 years.

Data Analysis Report

J-Phoenix Research Inc.
Osamu Miyashita, CFA

Company Profile

Location	Minato Ward, Tokyo
Representative	Koh Koike
Date of Establishment	1999
Paid-in Capital	1,092 million yen
Date of Listing	Nov, 2000
URL	https://www.oricon.jp/
Type of Business	Information & Telecommunications

Key Indicators As of 5/10/2024

Stock Price	891 yen
52-Week High	1,008 yen
52-Week Low	718 yen
Number of Shares	15,123,200 shares (As of Mar.31,24)
Trading Units	100 shares
Market Capitalization	13,475 million yen
Company Annual Estimated	36.00 yen
Estimated Net Income	90.04 yen
Forecast PER	9.9 times
Actual BPS (March 31, 2024)	399.2 yen
Actual PBR	2.2 times

Performance	Net Sales	YoY	Op.Profit	YoY	Ord.Profit	YoY	Net Profit	YoY	EPS	Share Price Yen	
	Mil.Yen	%	Mil.Yen	%	Mil.Yen	%	Mil.Yen	%	Yen	High	Low
Results for the year ended March 31, 2021	4,030	-3.4	1,058	-3.0	1,043	-10.1	860	12.4	62.23	1,430	590
Results for the year ended March 31, 2022	4,502	11.7	1,520	43.6	1,507	44.4	1,011	17.6	74.20	1,320	845
Results for the year ended March 31, 2023	4,875	8.3	1,765	16.2	1,699	12.7	1,106	9.4	82.48	1,057	766
Results for the year ended March 31, 2024	4,800	-1.5	1,556	-11.8	1,588	-6.5	1,055	-4.7	79.99	1,135	718
Plan for the year ending March 31, 2025	5,200	8.3	1,720	10.5	1,710	7.6	1,170	10.9	90.04	—	—

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01. Analysis overview and summary

Overview of regression analysis of Value Creation Capability

J-Phoenix Research (JPR) defines "value creation capability" as the ratio of return on capital, such as ROIC and ROE, to cost of capital, such as weighted average cost of capital (WACC) and cost of equity, or "return on capital/cost of capital". Based on publicly disclosed information and market data, we estimated the stock price of Oricon Corporation (the "subject company" or "Sub.Com.") by regression analysis of the "value creation capability" and P/B ratio. No specific interviews were conducted with the subject companies in this analysis. The estimation was based purely on regression analysis

For ROIC, we calculated "Lean ROIC," which excludes factors that should be omitted when analyzing a company's ability to create value, such as excess cash and deposits and short-term marketable securities, and "Simple ROIC," which simply uses the sum of interest-bearing debt and shareholders' book value as the denominator. On top of that, we calculated ①Lean ROIC/WACC basis, ②Simple ROIC/WACC, and ③ROE/COE (Cost of Equity), and performed a regression analysis with P/B. Details are explained on the next and subsequent pages of this document. The formulas for calculating lean ROIC and WACC are explained in detail in the part of "08. and 09."

The stock price of the subject company is 2,197 yen, approximately 2.5 times the current stock price of 891 yen*.

For all 3,733 listed companies, including the subject company, we calculated the "return on capital/cost of capital" for ① to ③. The larger this ratio, the greater the value creation ability. The subject companies were estimated to be within the top 20% of listed companies in terms of value creation capacity.

Based on the regression analysis of "return on capital/cost of capital" and PBR estimated for the subject company for the fiscal year ending March 31, 2025, we estimated the PBR and stock price of the subject company to be 6.41x, 2.46x higher than the current PBR of 2.60x. If this estimated P/B ratio is reflected in the share price, the estimated share price would be 2,197 yen, 2.5 times the closing price of 891 yen on May 10, 2011, as investors' understanding of the subject company's value creation capabilities increases.

*As of 10. May. 2024

It is significant for the target company to utilize the contents of this analysis in its IR activities.

It would be highly significant for Oricon to understand the three "Return on Capital/Cost of Capital" and utilize them for IR and corporate management. In particular, the use of "Lean ROIC/WACC," which has a high ranking, should be considered. The following is a summary of the contents of this report and how it can be utilized. We hope that the Oricon will utilize this information to maintain and improve their ability to create corporate value and to strengthen their IR.

Summary of three value-creating forces Estimated value of subject company stock price ²					Estimated from return on capital/cost of capital of subject company ¹		
Return on capital	/	Cost of capital	=	Value Creation Rate	Estimated PBR	Estimated PBR/Current PBR x Current stock price ¥891 =	Upside from Current Stock Price
①Lean ROIC	90.45%	/ WACC 7.95%	=	11.38 x	12.31 x	4,224 Yen	4.74 x
②Simple ROIC	20.72%	/ WACC 7.95%	=	2.61 x	3.34 x	1,146 Yen	1.29 x
③ROE	22.55%	/ COE 8.00%	=	2.82 x	3.71 x	1,271 Yen	1.43 x
Estimated from return on capital/cost of capital of subject company ¹				5.55 x	135 x	2,197 Yen	130 x
Ranking of the above figures among 3,733 listed companies [Top %]				4.1%	10.3%		

Notes 1 and 2: Weighted average with a "coefficient of determination" that indexes the explanatory power of the regression analysis of ① to ③.

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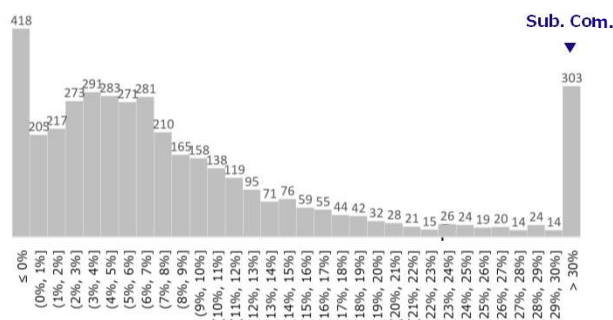
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02. PBR - Lean ROIC/WACC Analysis Current Year Plan Basis

■ Lean ROIC

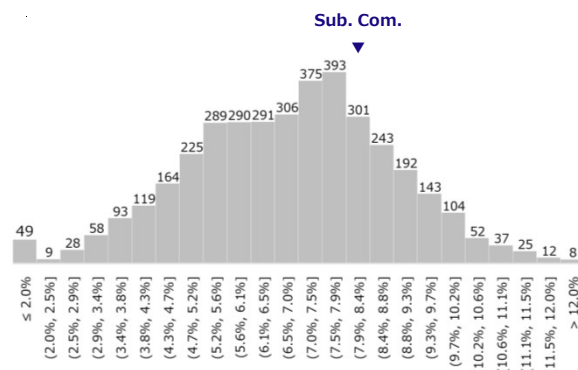
Sub. Company 90.45% Top 1.9%

3,733 Num. of analysed listed Com.



■ WACC

Sub. Com. 7.95%



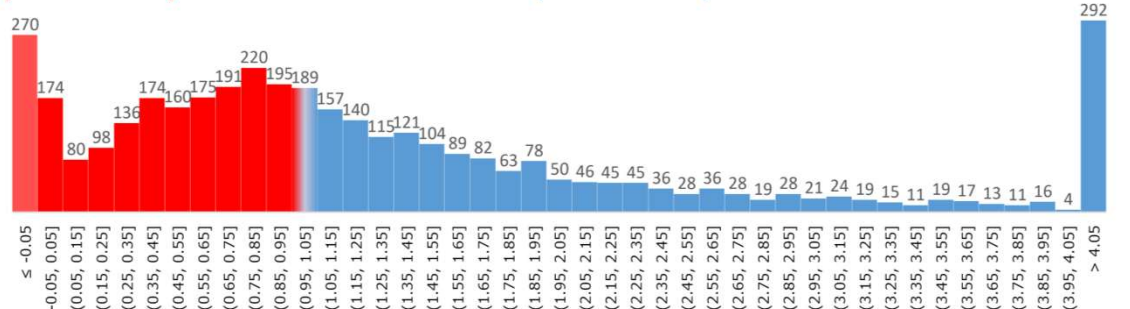
■ Lean ROIC/WACC

Sub. Company 11.38 x Top 2.1%

3,733 Num. of analysed listed Com.

Value Creation Capability < 1
1,846 Num. of analysed listed Com.

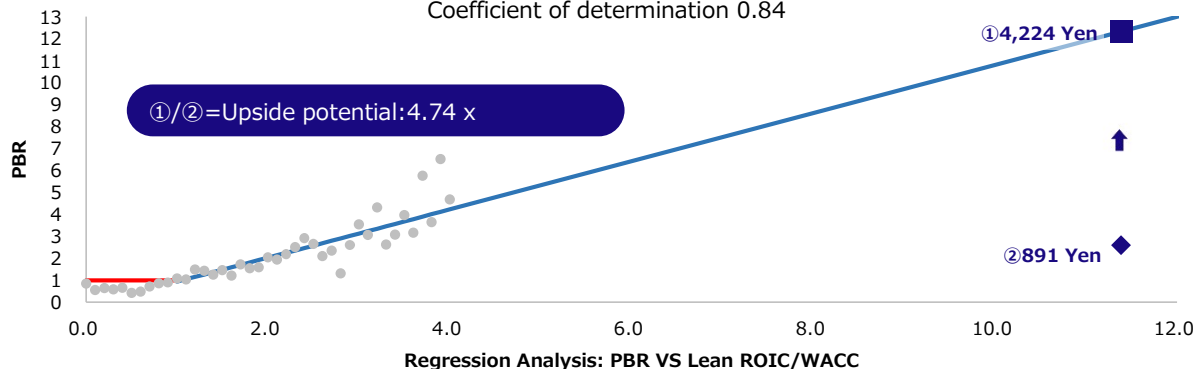
Value Creation Capability > 1
1,887 Num. of analysed listed Com.



■ Regression Analysis: PBR VS Lean ROIC/WACC

$PBR = (Lean\ ROIC/WACC - 1) \times 1.10 + 0.93$ [Assumption: Lean ROIC/WACC > 1].

Coefficient of determination 0.84



①/② = Upside potential: 4.74 x

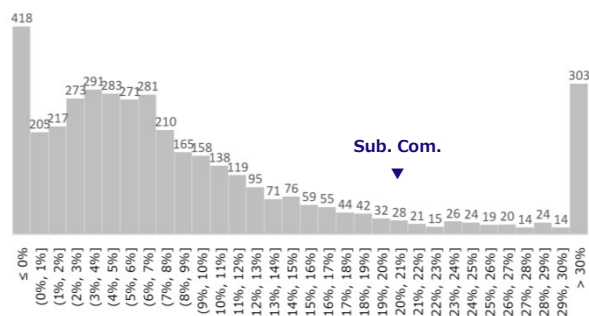
■ Estimated value
◆ Closing Price of 10, May

03. PBR-Simple ROIC/WACC Analysis Current Year Plan Basis

■ Simple ROIC

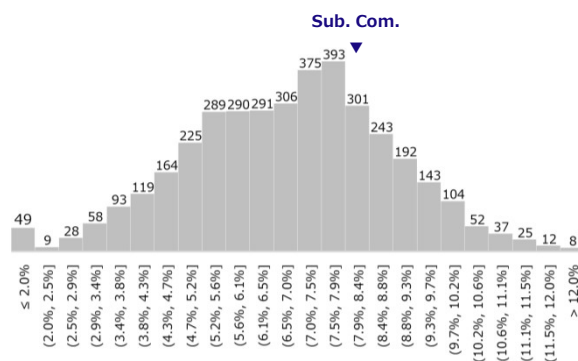
Sub. Company 20.72% Top 3.0%

3,733 Num. of analysed listed Com.



■ WACC

Sub. Company 7.95%



■ Simple ROIC/WACC

Sub. Company 2.61 x Top 15.20%

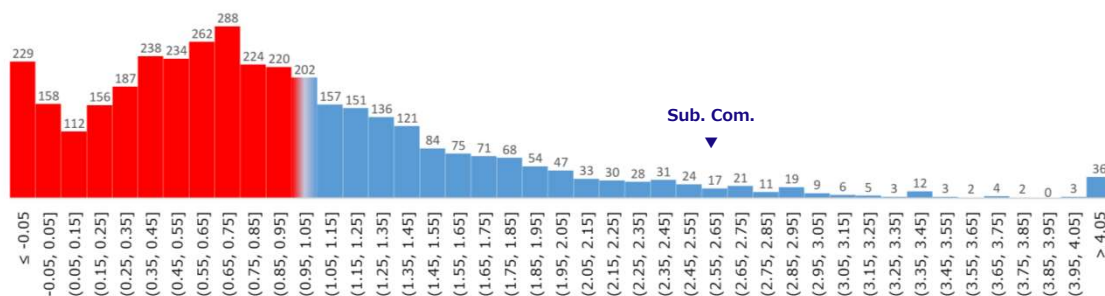
3,733 Num. of analysed listed Com.

Value Creation Capability < 1

2,365 Num. of analysed listed Com.

Value Creation Capability > 1

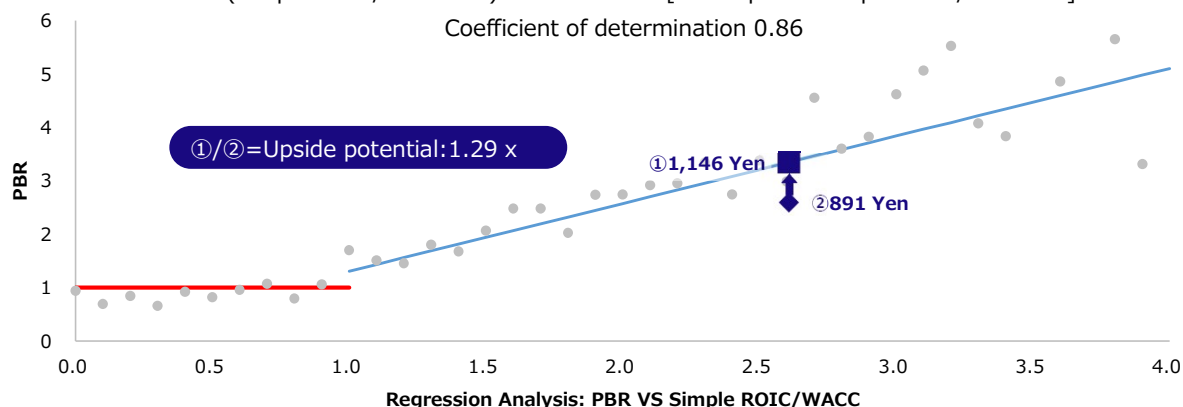
1,368 Num. of analysed listed Com.



■ Regression Analysis of Simple ROIC/WACC and PBR

$PBR = (\text{Simple ROIC/WACC} - 1) \times 1.26 + 1.31$ [Assumption: Simple ROIC/WACC > 1].

Coefficient of determination 0.86



①/②=Upside potential:1.29 x

■ Estimates

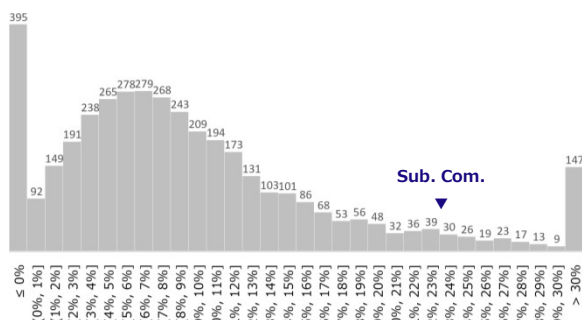
◆ Closing Price of 10, May

04. PBR-ROE/COE Analysis Current Year Plan

ROE

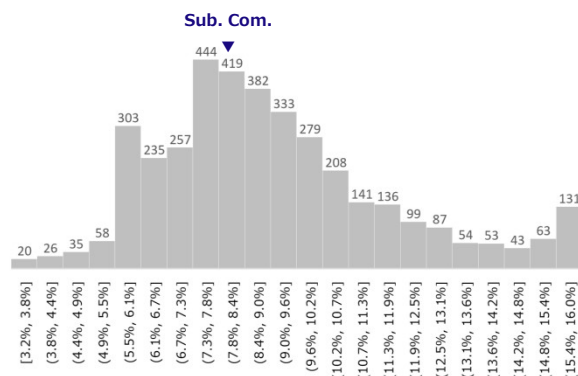
Sub. Company 22.55% 上位 7.80%

3,733 Num. of analysed listed Com.



COE

Sub. Company 8.00%



ROE/COE

Sub. Company 2.82 x 上位 7.72%

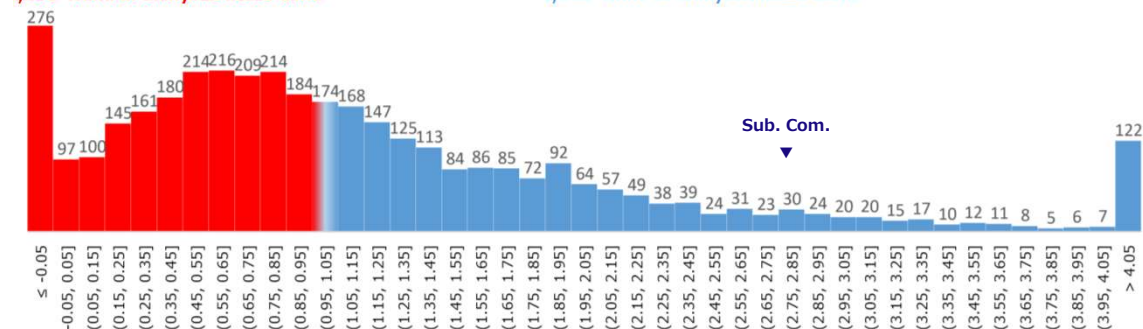
Top 3,733 Num. of analysed listed Com.

Value Creation Capability < 1

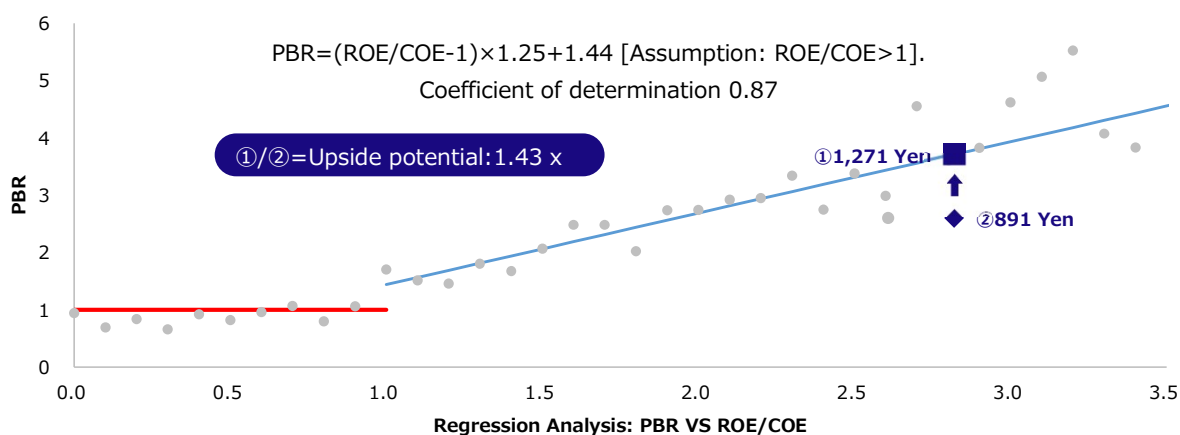
2,031 Num. of analysed listed Com.

Value Creation Capability > 1

1,368 Num. of analysed listed Com.



Regression Analysis: PBR VS ROE/COE



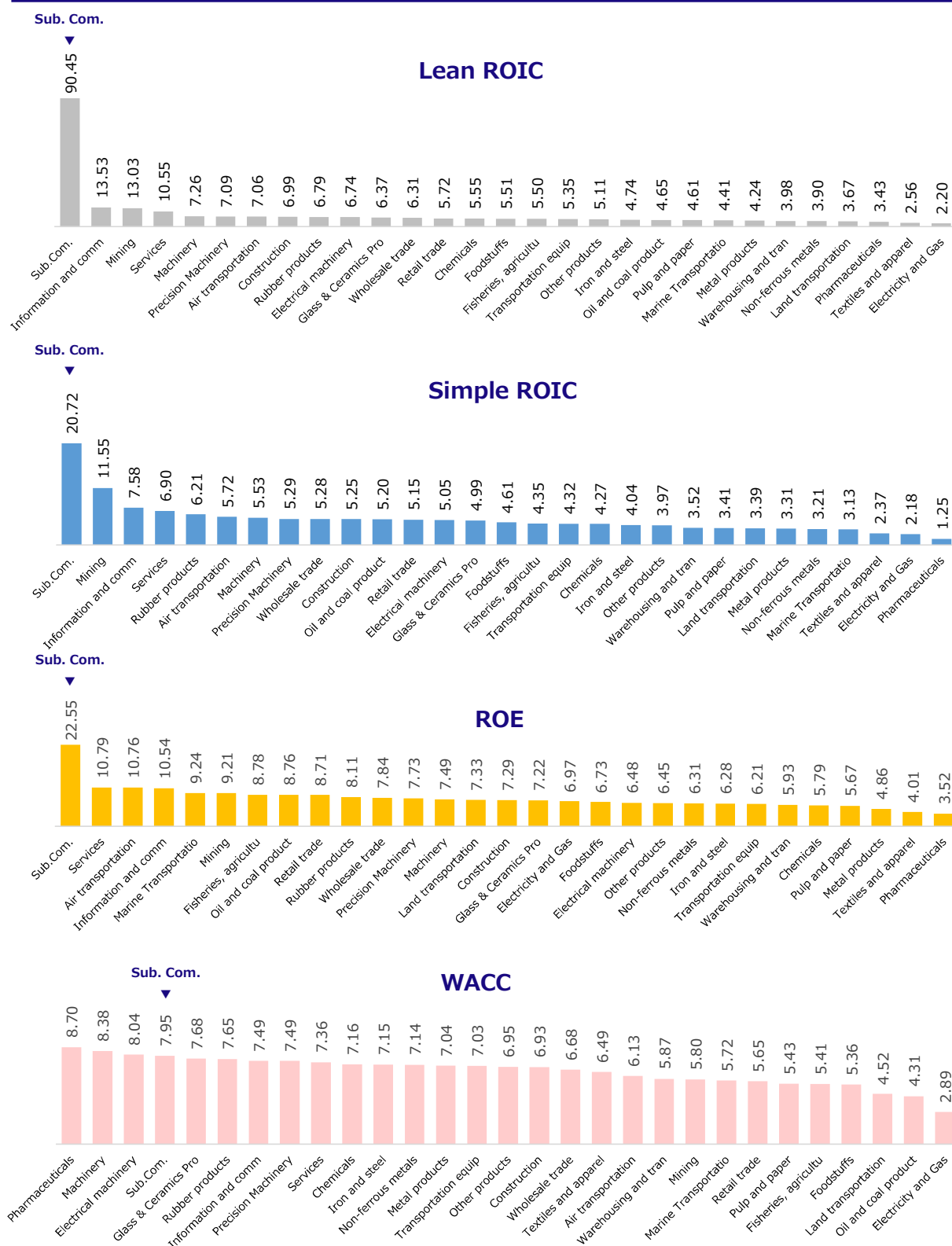
①/② = Upside potential: 1.43 x

Estimates

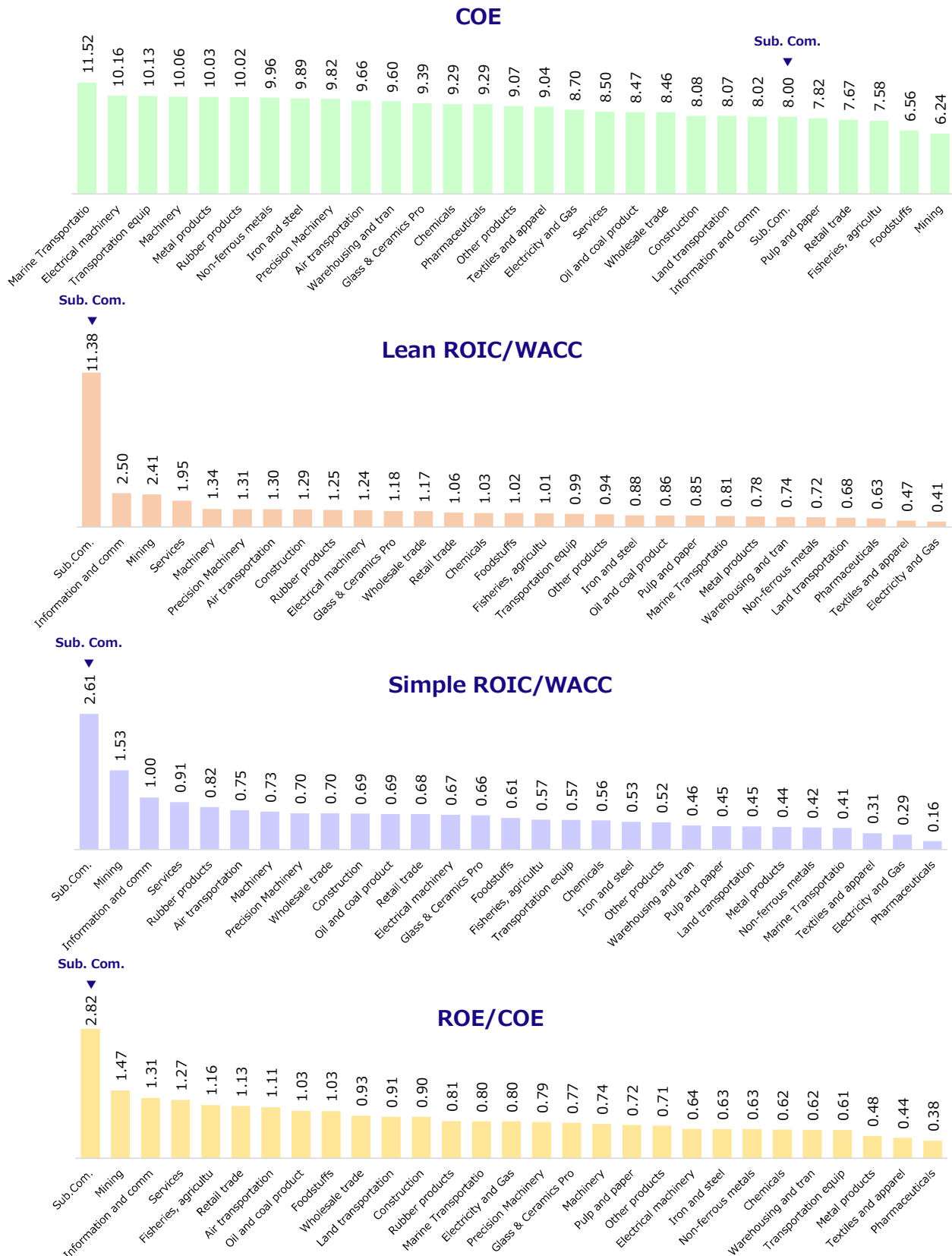
◆ Closing Price of 10, May

05. Comparison with TSE Industry Median Based on this year's plan

■ ROIC,ROE,WACC

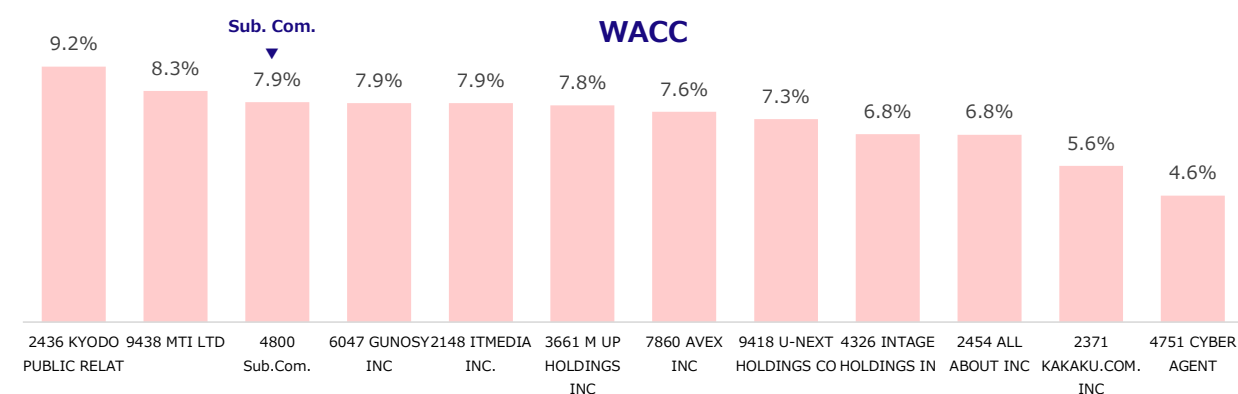
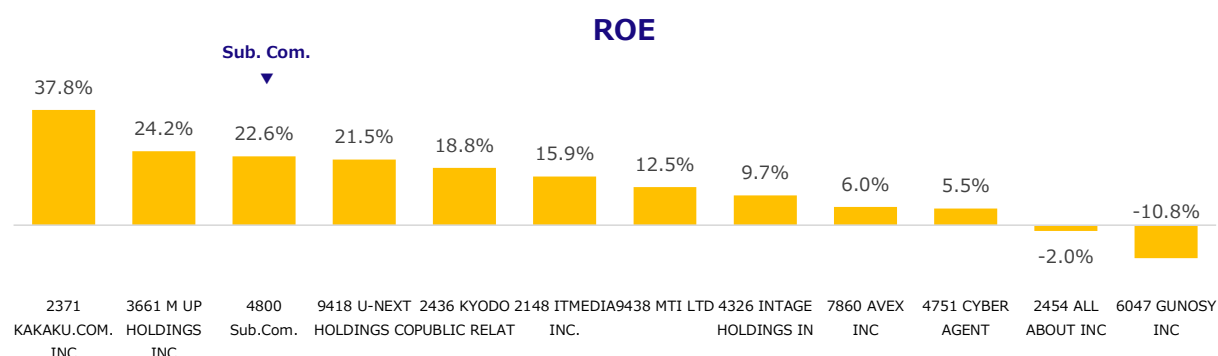
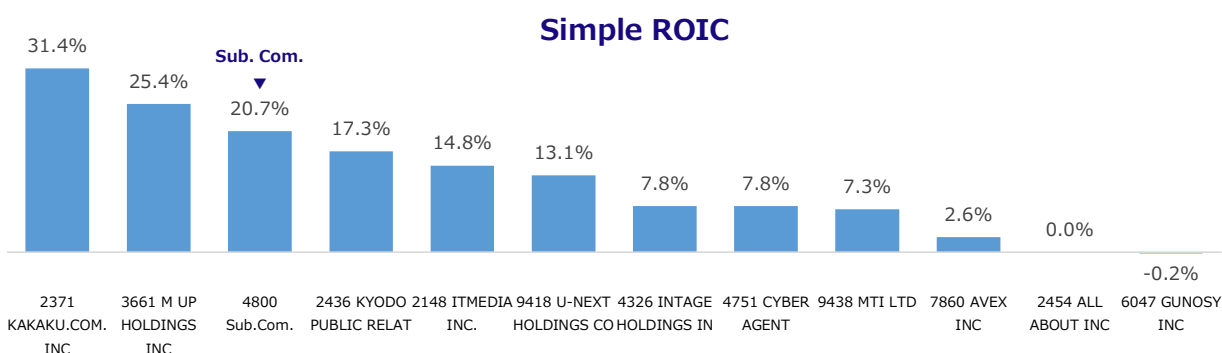
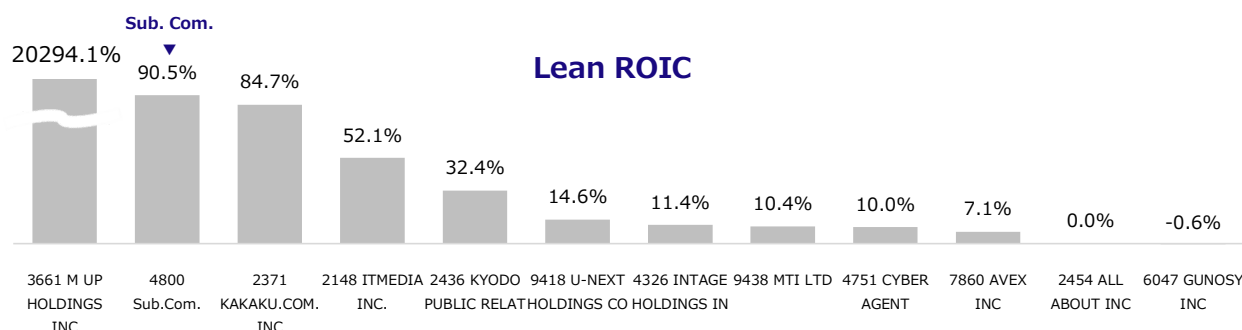


■ COE, ROIC/WACC, ROE, COE

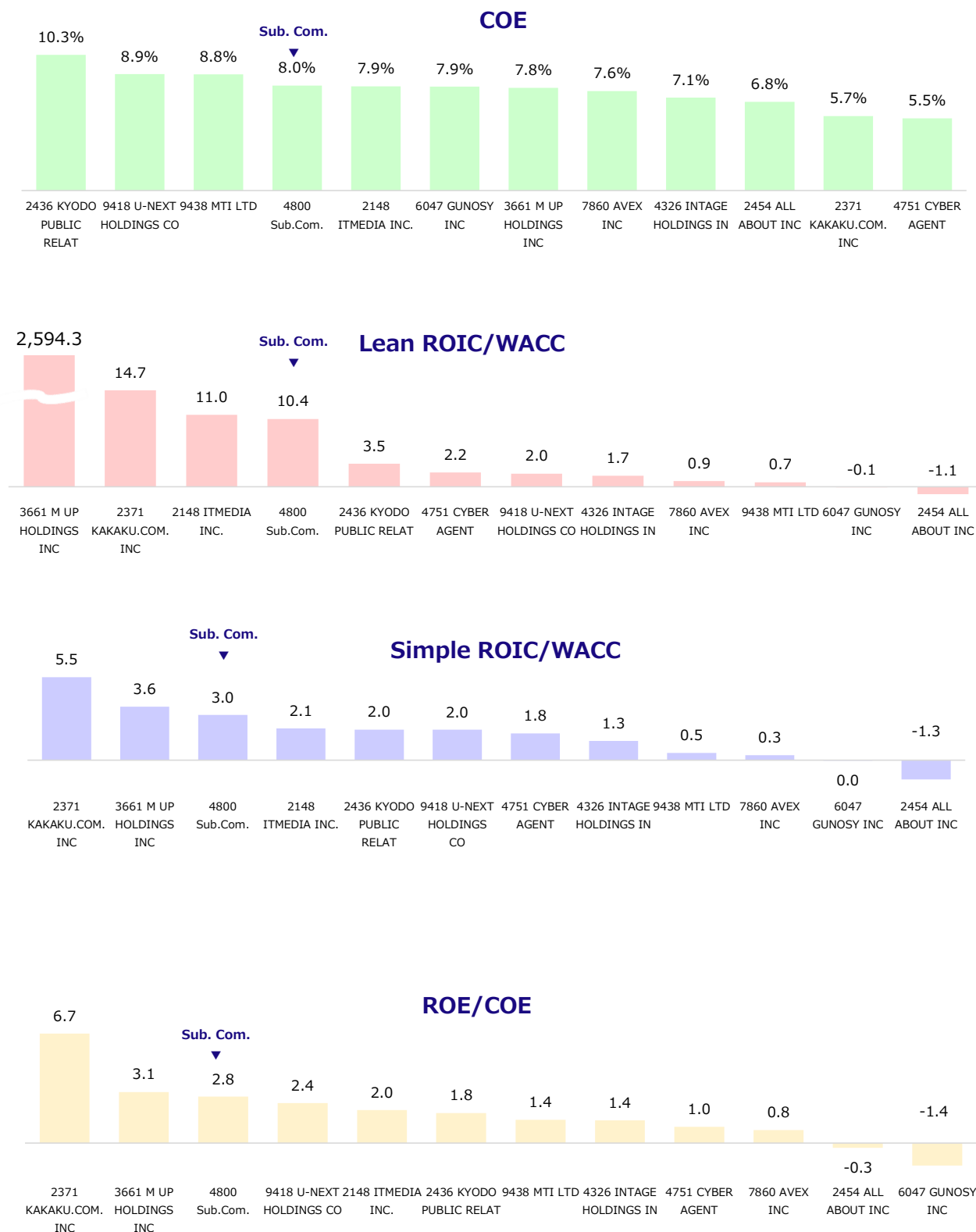


06. Comparison with 10 comparable companies (based on this year's plan)

■ ROIC,ROE,WACC

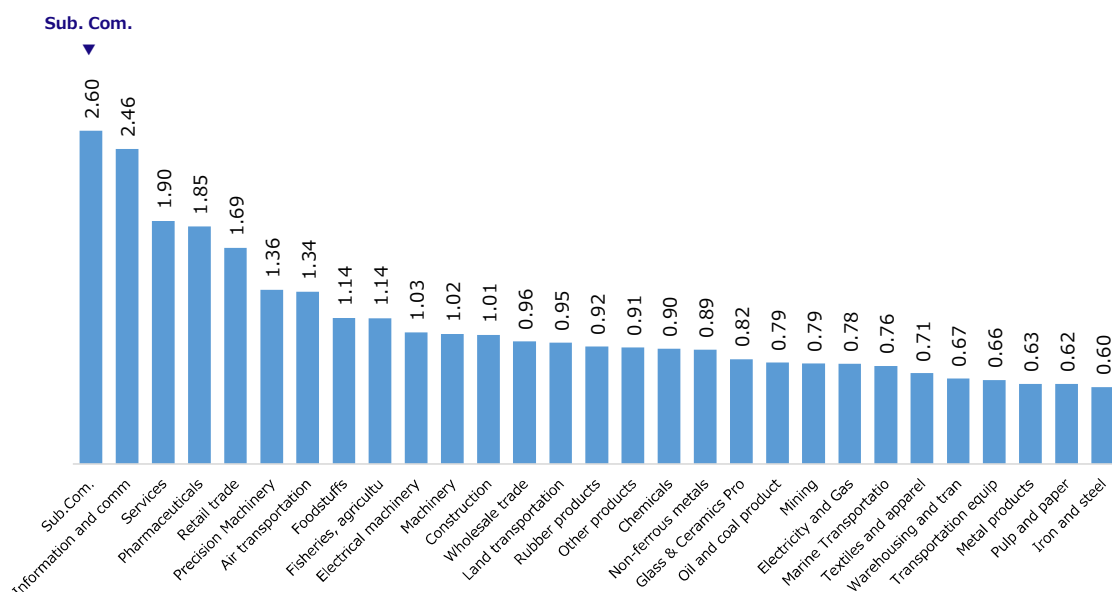


■ COE, ROIC/WACC, ROE,COE

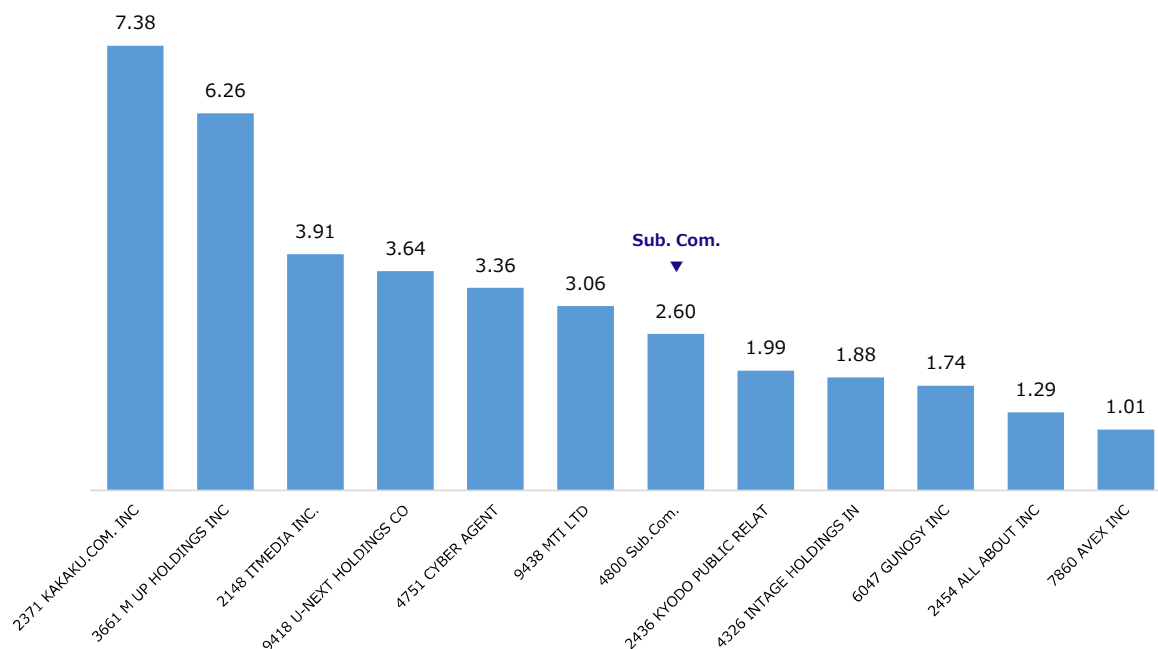


07. P/B ratio comparison TSE industry and comparable companies

■ Comparison of subject companies with the TSE median by industry sector Based on this quarter's planned figures



■ Comparison with 10 similar companies Based on this fiscal year's planned figures



08. ROIC and ROE of the subject company

■ Structure of Simple ROIC, Lean ROIC, and ROE¹

Calculation formula	[Index]	Item	FY21/3	FY22/3	FY23/3	FY24/3	Plan FY25/3
	[1]	Sales/operating income	4,030	4,503	4,875	4,800	5,200
	[3]	Cost of sales ratio	34.9%	30.7%	28.7%	31.4%	31.1%
	[4]	SG&A expense ratio	38.8%	35.5%	35.1%	36.2%	35.8%
	[5]	Operating income	1,058	1,520	1,765	1,556	1,720
[5] ÷ [1] =	[6]	Operating profit margin	26.3%	33.8%	36.2%	32.4%	33.1%
	[7]	Depreciation/depreciation ratio	3.1%	2.6%	2.1%	2.1%	2.1%
[6] + [7] =	[8]	EBITDA margin	29.4%	36.4%	38.3%	34.5%	35.2%
	[9]	(1-effective tax rate)	69.0%	69.0%	69.0%	69.0%	69.0%
	[10]	NOPAT	730	1,049	1,218	1,074	1,187
[6] x [9] =	[11]	NOPAT margin	18.1%	23.3%	25.0%	22.4%	22.8%
	[13]	Interest-bearing debt	100	100	100	100	100
[13] ÷ [1] =	[14]	Interest-bearing debt to sales ratio	2.5%	2.2%	2.1%	2.1%	1.9%
	[15]	Shareholders' equity	3,005	3,640	4,116	4,653	5,187
[15] ÷ [1] =	[16]	Shareholders' equity to sales ratio	74.6%	80.8%	84.4%	96.9%	99.8%
[13] + [15] =	[17]	Simple invested capital	3,105	3,740	4,216	4,753	5,287
[17] ÷ [1] =	[18]	Simple invested capital sales ratio	77.0%	83.1%	86.5%	99.0%	101.7%
[11] ÷ [18] =	[20]	Simple ROIC	23.5%	28.0%	28.9%	22.6%	22.4%
	[22]	Total assets	3,857	4,398	5,009	5,531	6,027
	[23]	Liquidity on hand ²	504	563	609	600	650
	[24]	Other current assets ³	783	718	767	1,113	897
	[25]	Current liabilities other than interest-bearing debt	712	659	793	754	716
[23] + [24] - [25] =	[26]	net working capital	575	622	583	959	831
[26] ÷ [1] =	[27]	Net working capital sales ratio	14.3%	13.8%	12.0%	20.0%	16.0%
	[28]	Goodwill	0	25	20	14	9
[28] ÷ [1] =	[29]	Goodwill sales ratio	0.0%	0.6%	0.4%	0.3%	0.2%
	[30]	Investment securities	369	381	434	823	956
	[31]	Deferred hedge gains and losses	0	0	0	0	0
	[32]	Land revaluation difference	0	0	0	0	0
	[33]	Foreign currency translation adjustment account	0	0	0	0	0
[22] - [26] - [28] - [30] - [31] - [32] - [33] =	[34]	Net fixed assets	545	490	482	523	472
[34] ÷ [1] =	[35]	Net fixed asset sales ratio	13.5%	10.9%	9.9%	10.9%	9.1%
[26] + [28] + [34] =	[36]	Lean invested capital	1,120	1,137	1,085	1,496	1,312
[36] ÷ [1] =	[37]	Lean invested capital sales ratio	27.8%	25.2%	22.2%	31.2%	25.2%
[11] ÷ [37] =	[39]	Lean ROIC	65.2%	92.3%	112.3%	71.7%	90.5%
	[41]	Net income	860	1,011	1,107	1,055	1,170
[41] ÷ [15] =	[43]	ROE	28.6%	27.8%	26.9%	22.7%	22.6%
[39] ÷ [20] =	[45]	Lean/Simple ROIC ratio	2.77	3.29	3.89	3.18	4.03

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09. Estimated cost of capital of the Subject Company

■ WACC calculation

[Unit: %, million yen]

β¹ calculation

	[1]	VI ² Attributes	Subject Company Adjustment number ⁵	Subject Company Adjustment number ⁵	Subject Company Observation numbers ³	Subject Company Observation numbers ³	industry Weighted average ⁴	industry Weighted average ⁴
	[2]	VI ²	239.22	239.22	275.59	275.59	303.74	303.74
	[3]	97	industry Weighted average ⁴	Oricon Observation numbers ³	industry Weighted average ⁴	Oricon Observation numbers ³	industry Weighted average ⁴	Oricon Observation numbers ³
	[4]	Correlation coefficient Attributes of	33.7	35.4	33.7	35.4	33.7	35.4
[2] x [4] =	[5]	Correlation coefficient	80.7	84.7	92.9	97.6	102.4	107.6
	[6]	Unlevered β ⁶	100.5	100.5	100.5	100.5	100.5	100.5
[5] x [6] =	[7]	Debt Effect Coefficient	81.1	85.2	93.4	98.1	102.9	108.2

COE : Cost of Equity

	[8]	Risk premium ⁹	8.94	8.94	8.94	8.94	8.94	8.94
	[9]	RFR ¹⁰	0.75	0.75	0.75	0.75	0.75	0.75
[7] x [8]33[9] =	[10]	COE	8.00	8.37	9.10	9.53	9.96	10.42

COD : Cost of Debt

	[12]	Pre-tax interest rate ¹¹	0.70	0.70	0.70	0.70	0.70	0.70
	[13]	Effective tax rate	31.00	31.00	31.00	31.00	31.00	31.00
[16] x (1-[12]) =	[14]	COD	0.48	0.48	0.48	0.48	0.48	0.48

WACC: Weighted Average Cost of Capital

	[15]	E=market capitalization	13,475	13,475	13,475	13,475	13,475	13,475
	[11]	D=Interest- bearing debt	100	100	100	100	100	100
	[16]	E/(E+D)	99.26	99.26	99.26	99.26	99.26	99.26
	[17]	D/(E+D)	0.74	0.74	0.74	0.74	0.74	0.74
[11] x [17]33[11] x [14] =	[18]	WACC	7.95	8.31	9.04	9.46	9.89	10.35
	[19]	In this report Adopted value	●					

Source) Created by JPR from FactSet data. Targets all listed companies. WACC is estimated based on stock price data for the past five years. Based on company plan. Invested capital is calculated based on the end of the previous fiscal year.

1: β¹ is the coefficient when the daily return of individual target stock prices over the past five years is regressed on the daily return of TOPIX.

2: VI² is an abbreviation for Volatility Index and is defined as the standard deviation of the explained variable divided by the standard deviation of the explanatory variable. Since there is a relationship: β = VI × correlation coefficient between explained variable and explanatory variable, it is calculated using the formula β ÷ correlation coefficient = VI.

3: Observed figures³ are data estimated by regression analysis over the past five years.

4: Weighted average⁴ is an index that indicates the explanatory power of the regression equation, and is a value weighted by the coefficient of determination. If the coefficient of determination is 1, it is completely explained. If it is 0, it is completely irrelevant.

5: Adjusted number⁵ is a number adjusted using a normal distribution that is the standard deviation of VI of all listed companies multiplied by 60%. It is based on the premise of regressing to a more central value.

6: Unlevered β⁶ is a number that removes the leverage effect of debt.

7: Debt effect

The coefficient ⁷ is an adjustment coefficient to remove the leverage effect (leverage effect) caused by a company's debt. Calculated for each company using the following formula: $1 + (1-t) \cdot D/E = \beta / u\beta$.

8: Leveraged β⁸ is the number obtained by multiplying the unlevered β by the debt effect coefficient. The effect of increasing shareholder value fluctuation risk due to debt is taken into consideration.

9: The risk premium⁹ is set at 5% for market capitalizations of 800 billion yen or more, 9% for market capitalizations of 5 billion yen or less, and for others, a tilted distribution according to market capitalization. Based on the premise that risks differ depending on scale. Set as a number that increases the coefficient of determination in regression analysis.

10: RFR¹⁰ (Risk Free Rate) is set by taking into account the average value of 10-year government bonds over the past five years.

11: Pre-tax interest rate¹¹ is estimated from the average balance of interest-bearing debt at the beginning and end of the period, interest paid, and effective tax rate.

10. Shareholder value estimation model to explain the estimated stock price of 2,197 yen

At JPR, we define "excess profit(or EVA)" as the difference between lean ROIC and WACC multiplied by lean invested capital. A stockholder value estimation model that calculates the eternal value of the increment over 10 years and totals the present value as "②Growth value", and estimates it as ①+②+Book value of stockholders' equity = "Shareholder value" We are creating an "excess profit model." This is the same value as the so-called DCF method. Using that model,

■ Excess profit model based on Lean ROIC/WACC

Depending on the growth scenario, shareholder value is 33.2 billion yen. The value gap is 19.7 billion yen. Upside is up to 2.5x.

At present, the market capitalization reflects a portion of the current year's excess profits. Growth value is not reflected in market
We analyzed subject company using the excess profit method, which breaks down subject company into invested capital, excess profit value, growth value, etc.

As a result of calculations based on business performance and future prospects, the shareholder value can be estimated at 33.2 billion yen. Sales will be 8.5 billion yen and operating profit will be 2.8 billion yen in about 5 years, sales will be 13.4 bil

This is the premise. The gap between shareholder value and market capitalization is 19.8 billion yen (147% of market capitalization), and there is upside depending on expectations.

①Shareholder's Equity 52[100 million yen]

- The invested capital at the end of the previous fiscal year, that is, at the beginning of this term, is estimated to be 1.31 billion yen, and the ratio of invested capital/sales for this term is estimated to be ④/25.2%. Shareholders' equity at the end of t

②Excess profit valueShareholder's Equity 136[100 million yen]

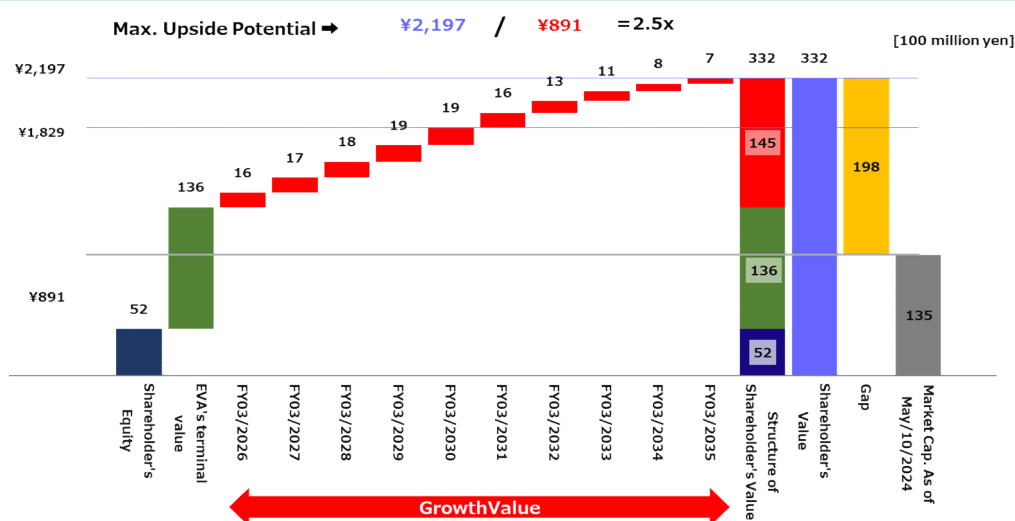
- Operating profit after tax (NOPAT) for this fiscal year is estimated to be approximately 1.19 billion yen, and NOPAT margin (NOPAT ÷ sales) is estimated to be ⑧/22.8%. Return on invested capital (ROIC) calculated by ⑧÷④ is 90.5%.
- JPR estimates the weighted average cost of capital (WACC), the minimum return required by investors on invested capital, to be 8.0% based on stock price, financial strategy, business risk, etc. ROIC/WACC, which shows the percentage of corporate value created from 1 yen of invested capital, is 11.3 times.
- Based on this, the excess profit for this period is estimated to be 1.08 billion yen. The eternal value (excess profit value) of EVA for this period is calculated as excess profit ÷ WACC and is estimated to be 13.6 billion yen.

③Growth Value 145[100 million yen]

- The growth value is estimated to be 14.5 billion yen, assuming that sales will be 8.5 billion yen and operating profit will be 2.8 billion yen in five years.

Of which, non-business assets 40[100 million yen]

- "Non-business assets" other than capital invested in business, such as cash and deposits with monthly sales exceeding 1.5 months, are estimated at 4 billion yen.

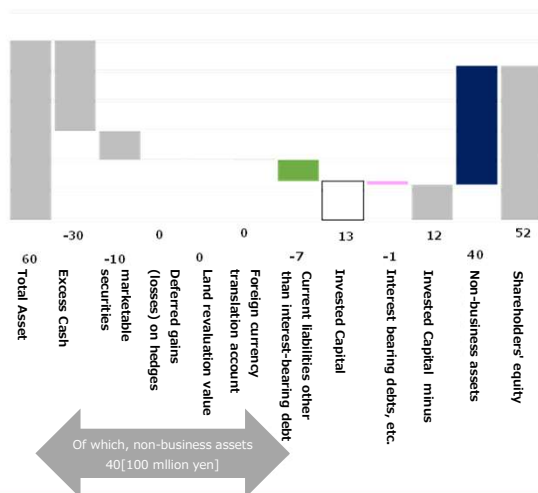
Shareholder value structure and value gap analysis using excess profit method

■ Excess profit model based on Lean ROIC/WACC (Conti.)

① Invested capital (IC)/shareholders' equity at the beginning of the period

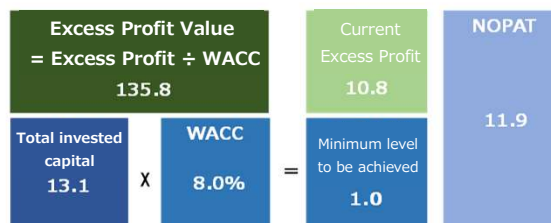
Ratio of invested capital at the beginning of the fiscal year to sales of 5.2 billion yen in the company plan for the fiscal year ending March 2025: 25.2%

[100 million yen] Working capital 16.0% Fixed assets 9.3%

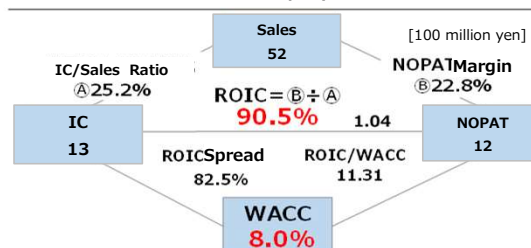


② Excess profit value

[100 million yen]

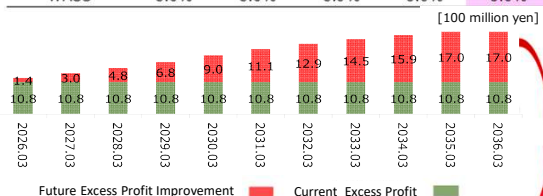


Drivers of Excess Profit in Company Plan for FY March.2025



③ Growth Value

FY	JPR Forecast				
	2026.03	2027.03	2028.03	2029.03	2035.03
Net Sales	59	66	75	85	134
YoY	13.0%	13.0%	13.0%	13.0%	4.3%
Op. Profit	19.4	22.0	24.8	28.1	44.5
OP margin	33.1%	33.1%	33.1%	33.1%	33.1%
NOPAT	13.4	15.2	17.1	19.4	30.7
NOPAT Margin	22.8%	22.8%	22.9%	22.9%	22.9%
IC/Sales	25.2%	25.2%	25.2%	25.2%	25.2%
ROIC	90.5%	90.5%	90.6%	90.6%	90.6%
Effective tax rate	31.0%	31.0%	31.0%	31.0%	31.0%
WACC	8.0%	8.0%	8.0%	8.0%	8.0%



Present value of future Excess Profit improvement = growth value ¥14.6 billion

Estimated growth value based on the assumption that the growth rate beyond the above period will decrease by a certain degree and zero growth will be achieved after 10 years.

[Based on the data from FactSet, Nikkei Needs, Company Disclosure, At the end of May,10,2024]

[1] All invested capital is calculated as assets raised from the capital market and used in the business using the following formula: Invested capital = Total assets - Cash and deposits in excess of 1.5 months of monthly sales - Short-term marketable securities - Investment securities - Deferred gains or losses on hedges Unrealized gains (losses) on marketable securities - Foreign currency translation adjustments - Land revaluation value - Current liabilities other than interest-bearing debt. [2] WACC (Weighted Average Cost of Capital) = after-tax interest yield x D/(E+D) + cost of shareholders' equity x E/(E+D), where E is market capitalization and D is interest-bearing debt outstanding. Cost of equity = risk-free rate + β x risk premium. β = coefficient of the temporary regression equation between the TSE daily return (X) and your company's daily stock price return (Y). β = [correlation coefficient of XY] x [volatility index (VI)]. [VI] = [Standard Deviation of Y] / [Standard Deviation of X]. If the coefficient of determination of the primary regression equation is greater than 0.3, the coefficient of the primary regression equation is β . If the coefficient of determination is less than 0.3, estimate β from the industry correlation coefficient estimated from the average debt-free β of the industry to which your firm belongs and your firm's VI. The risk-free rate is the yield on government bonds and the risk premium is 5-7% depending on market capitalization. Daily returns are for the past 5 years.

■ Future Projection Assumptions of the Excess Profit Model

FY	Company Plan	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast
	2025.03	2026.03	2027.03	2028.03	2029.03	2030.03	2031.03	2032.03	2033.03	2034.03	2035.03
Sales	52.0	58.8	66.4	75.0	84.8	95.8	105.8	114.6	122.2	128.7	134.2
Growth Rate	8.3%	13.0%	13.0%	13.0%	13.0%	13.0%	10.4%	8.3%	6.7%	5.3%	4.3%
Operating income	17.2	19.4	21.9	24.8	28.0	31.6	34.9	37.8	40.3	42.4	44.2
Operating profit margin	33.1%	33.1%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%
NOPAT margin	22.8%	22.8%	22.8%	22.8%	22.8%	22.7%	22.7%	22.7%	22.7%	22.7%	22.7%
Invested capital/sales	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%
ROIC	90.5%	90.4%	90.3%	90.3%	90.2%	90.1%	90.1%	90.1%	90.1%	90.1%	90.1%
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Excess profit	10.8	12.2	13.8	15.6	17.6	19.9	21.9	23.8	25.3	26.7	27.8
Excess profit value/growth value	135.8	16.2	17.0	17.8	18.6	19.4	15.3	12.3	9.7	7.4	5.6

Source: JPR

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