

Agile Media Network Inc.

Tokyo Stock Exchange Growth Securities Code: 6573

2025/4/24

The Challenge and Potential of Agile Media Network, Where Fan Enthusiasm Creates the Future

Diversification based on innovative approach of fan marketing

This report analyzes corporate value from the perspective of GCC Management™, a framework developed by J-Phoenix Research Inc. We analyze corporate value from the perspective of GCC Management™.

A pioneer in fan marketing that turns “likes” into value

Agile Media Network Inc. (AMN) plans to raise up to 2.3 billion yen through its 11th to 13th stock acquisition rights issuance in October 2024, with around 1.8 billion yen allocated for M&A and new business development. These funds will support initiatives such as expanding into the hyperbaric oxygen equipment market via and health Inc. and entering early childhood education through the acquisition of Glory, Inc. Despite current doubts about AMN's going concern assumption, JPR estimates the company could grow from 683 million yen in 2025 to 15 billion yen in 2035, returning to profitability in 2027. If achieved, ROIC may rise to 47.3%, enhancing shareholder value. However, the plan involves upfront investment risks and potential monetization delays. While the transformation is ambitious and potentially rewarding, cautious investment judgment is advised.

Resonance of Value Creates the Next Generation of Fan Marketing

AMN is leveraging its fan marketing expertise to reshape the market through four strategic axes. By strengthening its technology infrastructure — such as LINE integration and automation — it aims to enhance the customer experience and foster more natural, organic connections between companies and fans. Strategic alliances with advertising agencies and regional firms are generating synergies by combining AMN's know-how with local networks, promoting fan marketing practices across Japan. The acquisition of Glory as a subsidiary has broadened fan marketing's potential, enabling cross-industry innovation. When these strategies align, AMN acts as a catalyst, transforming the emotion of “like” into social and economic value, thereby enhancing corporate value.

Share price is 3-6x if the company is on track to become profitable in FY12/2027.

AMN's long-term growth is underpinned by its diversification strategy, centered on a shift from ambassador programs to a SaaS platform. According to JPR's model, revenue is projected to grow at a CAGR of 36.1% through FY12/2035, with ROIC improving from -56.8% to 47.3% by 2035, exceeding the 7.1% WACC and driving sustainable shareholder value. Under this scenario, the theoretical stock price could reach 503 yen by 2035—around six times the current level—though dilution from stock rights may limit actual gains to about threefold. While short-term performance has weighed on the stock, diversification efforts offer future upside, with a return to profitability in 2027 likely to be a key revaluation point. The estimate reflects medium- to long-term potential, but investment decisions should be based on detailed financial model analysis.

Basic Report

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Company Profile

Location of Head Office	Minato-ku, Tokyo
Representative	Hiroki Fujiwara
Date of Establishment	2007/2/13
Capital stock	337 Mill of yen
URL	https://agilemedia.jp/
Industry	Service industry

Key Indicators As of 2025/03/31

Stock Price	75 yen
52-Week High	206 yen
52-Week Low	71 yen
Number of Shares Outstanding	29,445,720 Share
Trading Unit	100 Share
Market Capitalization	2,208 Mil of yen
Company Projected Dividend	0 yen
Estimated EPS based on net income	-5.93 yen
Expected PER	-
PBR	7.01
Actual BPS (December 31, 2024)	10.70 yen

Performance Trends	Net Sales (Mill of yen)	Y-on-Y %	income (Mill of yen)	from %	income (Mill of yen)	from %	income (Mill of yen)	from %	EPS (yen)	Share Price	
										High (yen)	Low (yen)
FY Dec, 2021	632	-1.3%	-106	-	-96	-	-740	-	-99.30	317	139
FY Dec, 2022	443	-35.8%	-223	-	-224	-	-231	-	-25.67	860	74
FY Dec, 2023	289	-35.3%	-427	-	-439	-	-491	-	-27.06	961	61
FY Dec, 2024	455	57.4%	-301	-	-320	-	-337	-	13.98	492	72

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1. Investment Summary

Shareholder Value Analysis

AMN's economic innovation through the power of love, diversification and high earnings, and a 3-6x share price.

Estimation using the excess profit method

Upside in shareholder value is 3-6x

Looking ahead to the next 10 years, AMN will evolve into a company with multiple profit bases by expanding its economic sphere starting from “likes” and integrating digital technology. The return to profitability will lead to a dramatic improvement in profitability and capital efficiency, and the company is on track to achieve a high ROIC level of 47.3%. The share price is expected to increase 3-6 times over the next 2-3 years.

Shareholder Value Analysis

Qualitative Story Outline

Growth : Accelerating the Power of Liking and Creating New Consumer Experiences in the Digital Age

Connection : Co-creating new value by connecting the voices of fans with the wishes of the company

Confidence : Sustainable growth and building trust

Turning Fan Enthusiasm into a Source of Revenue

Creating a new economic sphere in the digital age and establishing a foundation for sustainable growth with an innovative platform that converts fans' feelings of “like” into corporate value



Business Synergies & Synergies from Diversification

Dramatically increase profitability through a cyclical growth model that creates synergies by expanding into diverse business areas with fan marketing technology at the core.



Fusion of Technology and Community

By combining advanced digital technology with the power of real fan communities, AMN aims to establish a new value-creation model that will firmly establish our competitive advantage and overturn the conventional wisdom of the industry.

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Growth**Accelerating the Power of Liking and Creating New Consumer Experiences in the Digital Age**

Growth Stories of Employees and the Company The values and worldviews	Real Market Growth Story Offerings Value and Future Market Size	Financial Market Growth Story Assessment Indicators Sales Outlook
Converting fan heat to value <p>AMN has been focusing on economic activities that originate from “likes” and has been supporting client companies with “ambassador marketing”. In the future, the company aims to apply its expertise and know-how to new fields and expand earnings through business diversification. The challenges are the potential for new businesses to take time to become profitable and the dispersion of management resources, but the company will enhance its competitive advantage through synergies among businesses.</p>	Empathy and enthusiasm change the world. <p>AMN has entered the e-commerce and early childhood education material business with ambassador marketing technology at its core, and plans to expand further in the future. The social media marketing market is forecast to expand to 1.89 trillion yen in 2023 and 1.886 trillion yen in 2027. The global beauty equipment market is also expected to grow from US\$63.19 billion in 2021 to US\$351.3 billion in 2030. Risks include intensifying competition and delays in monetizing new businesses.</p>	The Power of Fans Creates the Future <p>According to JPR's financial model analysis, AMN's sales are expected to reach 1.5 billion yen in 2027, 5.2 billion yen in 2030, and 15 billion yen in 2035, up from 683 million yen in 2025. 2 billion yen in ambassador business, 700 million yen in manufacturing and sales, etc. by business segment as of 2030. In terms of profitability, the company expects to be profitable in 2027, with an operating margin of 10.66% in 2030 and 20% in 2035. This scenario is a challenging goal, but we see it as achievable given AMN's strength in expanding economic activities that originate from “likes”.</p>

Connection**Co-creating new value by connecting the voices of fans with the wishes of the company**



Connections within employees and the company Storyline Management Resources Connections Strategy Creating value through a chain of likes	Connection story of business resources in the real market Business Model Dynamics Likes connect and create value.	Financial Market Resource Connectivity Story Metrics ROIC Outlook Pioneering the future through co-creation of likes
<p>AMN's strength lies in its “communication technology with fans through social media” and “fan policy technology,” and its fundamental system is the “Ambassador Platform,” which has been operated by a cumulative total of 250 companies over the past 16 years and has acquired more than 2.4 million ambassadors. In the future, the company will utilize its know-how and system infrastructure for its own initiative in business development. The challenges are acquiring and training human resources for diversification and the ability to respond to technological changes.</p>	<p>AMN provides services that utilize the voices of fans based on its ambassador platform. AMN is diversifying its business by strengthening SNS account management through a tie-up with Comnico, developing hyperbaric oxygen equipment business through the acquisition of and health, and travel business through a subsidiary. The cost structure is a combination of fixed monthly income from the ambassador business and stock-type income from promotional activities, and flow-type income from manufacturing, sales, and retail. The challenges are to improve fixed cost efficiency and create synergies among businesses.</p>	<p>AMN's ROIC is currently in the red at -56.8%, but is projected to turn profitable and exceed 10% in 2027, rising to 25.2% in 2030 and 47.3% in 2035. After-tax operating margin will increase from 3.2% in 2027 to 13.9% in 2035; assuming a WACC of 7.1%, ROIC-WACC will turn positive starting in 2027, with a calculated spread of 40.2% in 2035. Risks include delays in launching new businesses and increased investment burden.</p>

Confidence**Sustainable growth and building trust**

Trust story among employees and within the company Profitability and financial stability Building the future through creative symbiosis	Trust Stories in the Real Market Social Contribution and Governance Sustainable growth with society	Indicators of Confidence Stories in Financial Markets Corporate WACC Outlook A Sustainable Future Built on Trust
<p>AMN is diversifying its earnings structure based on stable earnings from its ambassador marketing business, and plans to eliminate excess liabilities through a third-party allotment of new shares in 2022 and raise up to approximately 2.3 billion yen through the issuance of stock acquisition rights in October 2024. The challenges are the impact of upfront investment on profits and the risk of increased financial leverage in the event of M&A. Over the long term, however, the company aims to establish a stable financial base with multiple earnings pillars.</p>	<p>AMN has developed the GX business in partnership with Gracias and aims to contribute to the environment by promoting corporate power reduction. The company's efforts to reform its management structure and strengthen the supervisory function of its board of directors were highly evaluated.</p>	<p>Current WACC is approx. 7.1%, but may decrease by improving financial stability and strengthening social contributions; the designation of the company as a “market issue on special caution” in 2022 will be lifted in August 2023, and investor confidence will be restored through improved governance; JPR forecasts a growth value of 102 yen by 2030 and a theoretical price of 503 yen by 2035 after the company turns profitable. Possibility of achieving a theoretical share price of ¥503 by 2035. ESG evaluation is also expected to improve due to environmental contribution from GX business in alliance with Gracias. Risks include delay in monetization of new businesses and increase in financial leverage.</p>

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[Unit: JPY mil]

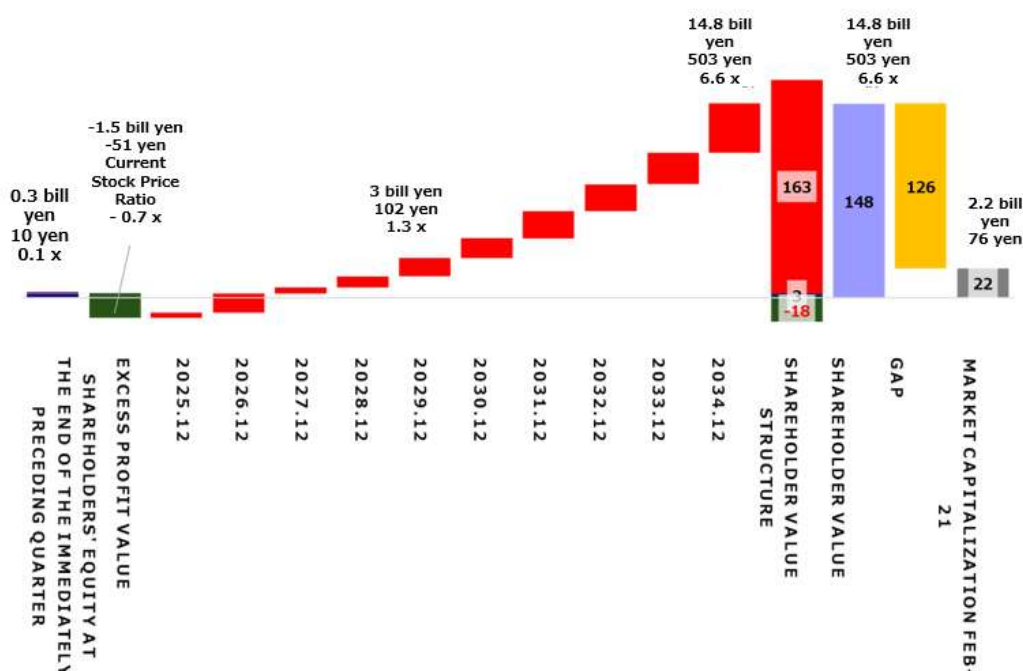
 Growth Value	+	 Excess profit value	+	Book value of shareholders' equity
163.2		-18.2		3.1

 Shareholder Value
Shareholder value reflecting a 10-year scenario analysis
14.81 bill yen

10-Year Shareholder Value Projection Model. Estimation of Future Cash Flows by Present Value

[Except for %, 100 mil. yen, yen, times]											
	2025.12	2026.12	2027.12	2028.12	2029.12	2030.12	2031.12	2032.12	2033.12	2034.12	2035.12
Saled	7	10	15	23	35	52	67	88	105	126	150
Gross sales growth rate	52.7%	50%	50%	50%	50%	50%	30%	30%	20%	20%	19%
Turnover	2	3	5	8	12	17	16	20	18	21	24
Profitability	-1.7	-1.2	0.7	1.5	3.0	5.5	8.3	12.4	16.5	21.8	30.0
Operating Profit Rate	-24.16%	-11.25%	4.58%	6.62%	8.64%	10.66%	12.38%	14.11%	15.67%	17.23%	20.00%
NOPAT	-1.1	-0.8	0.5	1.1	2.1	3.8	5.8	8.6	11.5	15.1	20.9
NOPATMargin	-16.8%	-7.8%	3.2%	4.6%	6.0%	7.4%	8.6%	9.8%	10.9%	12.0%	13.9%
First-invested capital-to-sales ratio	29.6%	29.5%	29.5%	29.5%	29.4%	29.4%	29.4%	29.4%	29.4%	29.4%	29.4%
ROIC	-56.8%	-26.5%	10.8%	15.6%	20.4%	25.2%	29.3%	33.3%	37.0%	40.7%	47.3%
WACC	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
ROIC-WACC	-63.9%	-33.6%	3.7%	8.5%	13.3%	18.1%	22.2%	26.2%	29.9%	33.6%	40.2%
Initial invested capital	2.0	3.0	4.5	6.8	10.2	15.3	19.8	25.8	30.9	37.1	44.1
Permanent Value of Change in Excess Profit	-18.2	3.9	16.7	5.8	10.9	19.8	23.1	33.4	35.2	45.4	73.8
Present Value Factor	1.00	0.93	0.87	0.81	0.76	0.71	0.66	0.62	0.58	0.54	0.50
Present Value of Perpetual Value of Change in Excess	-18.2	3.6	14.5	4.7	8.3	14.0	15.3	20.7	20.3	24.5	37.2
Accumulated Shareholder Value	-15.1	-11.5	3.0	7.7	16.1	30.1	45.4	66.1	86.4	110.9	148.1
Estimated share price (per share)	-51	-39	10	26	55	102	154	224	293	377	503
Current Share Price Comparison (times)	-0.68	-0.51	0.14	0.35	0.72	1.35	2.03	2.95	3.86	4.96	6.62
Share price closing price 2025-Feb-21	76										
Excess profit value [100 mil. yen]	-18										
Growth value [100 mil. yen]	163										
Shareholders' equity [100 mil. yen]	3										
				Shareholder Value		14.8 bill yen		Market Capitalization 2025-Feb-21		2.2 bill yen	
				stock price equivalent		503		Closing stock price		76	

How many years into the future does the stock price look?
Visualization of the 10-year shareholder value projection model - a graph showing the present value of shareholder value projected into the future.



2. Overview

■ Company overview

Company Name	Agile Media Network Inc. (In Japanese : アジャイルメディア・ネットワーク株式会社)
Establishment	2007/2/13
Representative	Hiroki Fujiwara
Head Office Location	302, 3rd Floor, Daimon Urbanist, 2-3-6 Shiba-Daimon, Minato-ku, Tokyo
Capital	JPY 337 million
Number of Employees	24 (non-consolidated)
Fiscal Year End	December
Business	Advertising, marketing support, information services, system development, event planning, manufacturing, and mail-order sales.
Date of Listing	2018/3/28
Stock Exchange Listing	Tokyo Stock Exchange Growth Market [Securities Code: 6573]

Source: Compiled by JPR based on company data.

■ History

Year	Month	Contents
2007	2	Established Agile Media Network Inc. in Nishi-Shinjuku, Shinjuku-ku, Tokyo.
2015	8	Relocated office to Minato-ku, Tokyo.
2018	4	Listed on the Tokyo Stock Exchange Mothers Market.
2022	4	Transferred to the TSE Growth Market after market segment reclassification.
2022	6	Designated as a Security on Alert by the Tokyo Stock Exchange.
2023	7	Established and health Inc. in Minato-ku, Tokyo.
2023	8	Designation as a Security on Alert lifted by the Tokyo Stock Exchange.
2023	12	Established AGILE ENJIN ENTERTAINMENT, Inc.
2024	7	Acquired shares of GLORY Ltd. (converted into a subsidiary) and entered the early childhood educational materials sales business.
2024	10	Resolved to issue the 11th through 13th series of stock acquisition rights (capital raise plan of up to approximately JPY 2.3 billion).
2024	10	Established joint venture company "Miraile.inc." with MIRA Inc. to enter the contact lens manufacturing and sales business.
2024	11	Established BEBOP Inc., a joint venture with Orb Promotion, Inc., entering the talent development and management business.
2024	11	Acquired Impresstravel Inc. to enter the travel business.
2025	1	Acquired Tsujimoto Ltd. to enter the alcoholic beverages business.
2025	2	Miraile.Inc. obtained a medical device manufacturing license (Registration No.: 14BZ200433).

Source: Compiled by JPR based on company data.

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■ Major Consolidated Subsidiaries and Group Companies

Company Name	Business Outline	Capital (JPY Mil)	Shareholding Ratio(%)
and health Inc.	Manufacture and sales of beauty and health equipment.	10	100.0
GLORY Ltd.	Planning, manufacturing, and sales of early childhood educational materials.	13	100.0
Tsujimoto Ltd.	Alcoholic beverage sales.	3	100.0
AGILE ENJIN ENTERTAINMENT,Inc.	Fan club management for the Chinese market.	10	51.0
Miraile.inc.	Planning, manufacturing, and sales of contact lenses.	1	51.0
BEBOP Inc.	Talent management, event planning, production, and execution.	1	90.0
Impresstravel.Inc.	Travel-related services.	4	80.0

Source: Compiled by JPR based on company data.

■ Major Business and Capital Alliances

Year	Month	Company	Purpose
2023	8	Comnico Inc.	Agency partnership for social media management, with integrated proposals combining ambassador marketing.
2024	11	Gracias CO.,LTD.	Alliance in GX business, including sales of corporate electricity reduction services.
2024	11	Effectual Inc.	Business alliance to promote Effectual Inc.'s "Online Reputation Management Service," with Agile Media handling new client acquisition as a sales agent.
2024	11	TEG, Inc.	Formed a business alliance with TEG Inc. to jointly host events at Tokyo Tower facilities and to develop and sell associated original merchandise.
2024	11	VT Co., Ltd.	Business alliance for cosmetic product sales.
2024	12	Tokyo Shoten Co., Ltd.	Capital and business alliance for fan marketing and talent-related publishing.
2024	12	Mitto Märchen.	Capital and business alliance for marketing using original characters and fancy goods, and for developing educational materials for kindergartens and nursery schools.
2024	12	Cube Entertainment Inc.	Promotional and event initiatives in Japan for Korea-based artists and talents.

Source: Compiled by JPR based on company data.

3. Growth Story and Assessment through the GCC Management™ Framework

Growth

**Driving
Economic
Innovation
Through the
Power of
"Passion"**

**Continuously creating new value by
connecting businesses and customers**

**Employee and Company Growth Story
Vision and Values for the Future**

Turning Fan Passion into Value

Agile Media Network Inc.(AMN) has long recognized the potential of passion-driven economic activity, particularly as digital transformation continues to shift consumer behavior toward online and digital platforms. The company has been especially attuned to the growing influence of fan-driven consumption — exemplified by the rise of "oshi-katsu" (fan support activities)—which aligns closely with its business model.

Anticipating these societal changes, AMN has built a proven track record by supporting client marketing efforts through "Ambassador Marketing," leveraging the voices of highly passionate fans — "ambassadors" — to amplify brand messages. Looking ahead, the company aims to expand its revenue base by applying its specialized expertise in ambassadors, influencers, communities, and social media to new business domains.

One of the key challenges will be the time required to monetize these new ventures, with the potential for ongoing short-term losses. In addition, business diversification may strain management resources and impact existing operations. However, the company is committed to enhancing its competitive advantage by creating synergies across business segments.

**Diversified
expansion
through fan-
driven value
creation**

**Growth
scenario:
Achieving JPY
15 billion in
revenue by
fiscal year
ending
December
2035**

Growth Story of the Physical Goods Market Value Proposition and Future Market Potential

Empathy and Passion Have the Power to Change the World

AMN is expanding beyond ambassador marketing—its core strength built on leveraging fan voices—into new areas like e-commerce and early childhood education (launched in 2024), with future plans to enter entertainment, travel, and consumer goods.

The social media marketing market, valued at ¥ 1.089 trillion in 2023, is projected to reach ¥ 1.8868 trillion by 2027. In marketing-related manufacturing and sales, the global beauty device market is expected to grow 5.5-fold from USD 63.19 billion (2021) to USD 351.3 billion (2030). Japan's e-commerce market is also expanding by about 10% annually.

Key risks include rising competition and slower-than-expected monetization of new ventures.

Evaluation Metrics for Growth Stories in Financial Markets:Revenue Outlook

JPR has developed a 10-year revenue forecast for Agile Media Network Inc. Assuming successful diversification and market growth, revenue is projected to grow from JPY 683 million in FY2025 to JPY 1.5 billion by FY2027, JPY 5.2 billion by FY2030, and JPY 15 billion by FY2035.

By FY2030, segment revenues are expected to be: JPY 2.0 billion from Ambassador, JPY 700 million from Manufacturing and Sales, JPY 1.0 billion from Retail, JPY 500 million from Entertainment, and JPY 600 million combined from Travel, GX, and others. These are forecasted to grow further by FY2035.

Profitability is expected to return by FY2027, with operating profit reaching JPY 550 million (10.66%) in FY2030 and JPY 3.0 billion (20%) in FY2035.

If successful, the strategy could lift the stock price to JPY 503 within 2–3 years—6.62 times the current level.

■ Summary of Financial Forecasts (2025–2035)

[Unit: JPY mil]

Fiscal Year	Net Sales	Operating Profit	Operating Profit Margin	Remarks
2025.12	683	-188	-27.5%	Figures aligned with company projections.
2026.12	1,000	-120	-12.0%	Continued reduction in net loss.
2027.12	1,500	70	4.7%	Both company and JPR forecasts project a return to profitability in 2027.
2028.12	2,300	150	6.5%	Profit growth accelerates.
2029.12	3,500	300	8.6%	Effects of diversification strategy become more pronounced.
2030.12	5,200	550	10.6%	Stable growth takes hold.
2031.12	6,700	830	12.4%	Growth rate gradually slows but remains at a high level.
2032.12	8,800	1,240	14.1%	Synergies among business segments expand.
2033.12	10,500	1,650	15.7%	Deployment of ambassador technology across all business segments progresses.
2034.12	12,600	2,180	17.3%	Profit margins improve through establishment of competitive advantage.
2035.12	15,000	3,000	20.0%	Sustainable growth driven by core technologies.

Source: JPR

Business Development Review and Long-Term Outlook

Since 2023, AMN has actively pursued business diversification, entering multiple new business domains while maintaining the Ambassador Business as its core. In 2025, the company expects to achieve revenues of JPY 346 million from the Ambassador Business, JPY 90 million from Manufacturing and Sales, and JPY 232 million from Retail, resulting in total projected revenue of JPY 683 million. An operating loss of JPY 188 million is expected, reflecting a continued narrowing of losses. The table below outlines these figures.

From 2026 onward, the company will focus on accelerating the growth and improving the profitability of each business segment, aiming to return to profitability around 2027. In addition to expanding the Ambassador Business, Manufacturing and Sales, and Retail, AMN will promote the development of new businesses. These efforts are aimed at achieving revenue of JPY 5.0 billion and operating profit of JPY 1.0 billion by 2030, and revenue of JPY 15.0 billion and operating profit of JPY 3.0 billion by 2035. The table below provides further detail.

■ Business Development Review and Outlook for the Fiscal Year Ending December 2025

BU		FY2023	FY2024	FY2025
Ambassador Business		Continued as the core business. In May 2023, the Select Plan was discontinued, consolidating to the Enterprise Plan. Revenue: ¥288 million.	Although the portfolio share declines, revenue increases. Profitability improves through pricing revisions and stronger proposals for large corporations. Influencer management services launched in April 2024. Revenue: ¥ 293 million; segment loss: ¥106 million.	Profitability improves, with projected revenue of ¥ 346 million (up 18% YoY). Influencer marketing business moves toward monetization. Segment loss expected to narrow significantly to ¥ 56 million.
Manufacturing and Sales		Established and health Inc. in July 2023 to begin preparation for health and beauty device business. No revenue recorded, as operations were in setup and proposal stage.	Full-scale manufacturing and sales of health and beauty devices begin. Revenue: ¥ 45 million; segment loss: ¥ 46 million.	Business expansion leads to projected revenue of ¥90 million (up 100% YoY). Segment loss expected to improve to ¥ 30 million.
Other Businesses	Retail	Not launched.	Business starts in June 2024, selling contact lenses, music/video, electronics, etc., via EC site. Plan to acquire Tsujimoto Ltd. in January 2025 to enter liquor sales. Revenue: ¥ 116 million; segment loss: ¥ 11 million.	Shift from EC mall to own site. Emphasis on influencer-driven recommendations for differentiation. Projected revenue: ¥ 232 million (up 100% YoY); segment breakeven expected.
	Entertainment	Joint venture agreement signed in November 2023, AGILE ENJIN ENTERTAINMENT Inc. established in December.	Preparing to launch Japanese talent fan club business for Chinese audiences. No revenue. In November 2024, BEBOP Inc. is established with Orb Promotion to start talent management.	Full-scale operations and content rollout in China begin. Projected revenue: ¥ 5 million. Tetsuya Iwanaga of BEBOP is scheduled to appear at an event in Dalian, China in April 2025.
	Travel Services	Not launched.	Established Impres Travel Inc. and currently in preparation phase. No revenue recorded.	Launch of SNS-based travel services and unique fan community travel experiences. Projected revenue: ¥5 million.
	GX-related Business	Not launched.	Business preparation underway through partnership with Gracias Co., Ltd. No revenue yet.	Launch of GX services to support electricity reduction for companies. Projected revenue: ¥5 million.
	New Business Development	Not launched.	Not launched.	Considering business acquisitions via M&A in fields such as healthcare, education, and finance.
Funding Status		In December 2022, resolved capital deficit through third-party allotment of new shares (¥ 600 million) and 10th series stock options (¥ 600 million exercised out of ¥ 1.2 billion). Funds used for working capital, governance enhancement, financial reporting corrections, bond redemption, and M&A.	Continued exercise of 10th series stock options (~59.93% by Oct 2024), plus issuance of 11th-13th series options (up to ¥ 2.3 billion) approved on Oct 31, 2024. Funds allocated to working capital, hiring, existing businesses, M&A, and new ventures.	In addition to continued exercise of existing options, internal funds expected through improved profitability. Additional funding to be considered based on business growth and capital needs.
Company Overview		Revenue: ¥ 289 million; operating loss: ¥ 427 million. Though capital deficit resolved, going concern remains in doubt.	Revenue: ¥ 455 million (up 57.4% YoY); operating loss: ¥ 301 million. Loss narrows, but doubt about going concern continues.	Revenue: ¥ 683 million (up 49.9% YoY); operating loss expected to improve to ¥ 188 million.

Source: JPR

■ Business Development Review and Outlook for the Fiscal Year Ending December 2025

BU		FY2026 and beyond	Basis for Forecast	JPR Forecast
Ambassador Business		By combining multiple services in the segment, the company aims to offer a one-stop fan marketing solution. It targets profitability around 2027, and revenue over JPY 1.0 billion by 2030, JPY 2.0 billion by 2035.	The company expects JPY 346 million in 2025, based on a 15% average growth rate for social media marketing from 2023 – 2027. While growth may slow post-2030, ongoing share expansion should support steady growth.	JPR also expects JPY 346 million in 2025. The ambassador business should outperform market growth by adding value. JPR forecasts JPY 2.0 billion in 2030, and JPY 4.5 billion by 2035, with slower growth but solid differentiation.
Manufacturing and Sales		The company plans to grow by expanding its oxygen box lineup and rental model. It aims for profitability by 2027 and revenue of JPY 700 million by 2030, JPY 1.5 billion by 2035.	The company projects JPY 90 million in 2025, supported by the global beauty device market's CAGR of 21% between 2022 and 2030.	JPR also projects JPY 90 million in 2025. With market expansion and more products, it expects JPY 1.5 billion by 2030 and JPY 3.0 billion by 2035. Unique products and added services will support long-term advantage.
Other Businesses	Retail	The company is growing its product range and creating original items with fan communities. It aims for profitability by 2026, with JPY 1.0 billion in 2030 and JPY 3.0 billion in 2035.	Starting in 2024, the company expects fast growth, reaching JPY 232 million in 2025. It aims for high growth by leveraging unique touchpoints in a 10% annual growth EC market.	JPR agrees with the 2025 forecast of JPY 232 million. With ambassador/influencer marketing and original products, it expects JPY 2.0 billion by 2030 and JPY 5.0 billion by 2035, gaining share through distinct value.
	Entertainment	The company plans to expand services across Asia and enhance content creation, aiming for JPY 200 million by 2028 and JPY 1.0 billion by 2035.	The company expects scaling to begin in 2025, with JPY 5 million revenue. It sees growth in Asia, especially China, backed by the global market's 7.8% annual growth.	JPR estimates the same JPY 5 million in 2025. With rising demand for Japanese content, it projects JPY 500 million by 2030 and JPY 2.0 billion by 2035, driven by digital and fan engagement expertise.
	Travel Services	The company seeks to expand ties with tourist spots and go global, targeting JPY 150 million in revenue by 2028 and JPY 800 million by 2035.	With OTA markets growing 10% yearly and more interest in experiential tourism, the company aims to stand out with unique travel offerings.	JPR expects JPY 300 million in 2030 and JPY 1.5 billion by 2035, supported by recovery in tourism and unique experiences through fan communities, outperforming OTA averages.
	GX-related Business	The company plans to grow by leveraging stricter environmental rules and more ESG investment, aiming for JPY 150 million by 2029 and JPY 700 million by 2035.	GX services will start trial runs in 2025, with JPY 5 million projected. Demand is expected to rise with tighter rules and ESG focus.	JPR expects JPY 5 million in 2025 and forecasts JPY 300 million by 2030, JPY 1.5 billion by 2035, supported by global decarbonization trends.
	New Business Development	The company plans to enter areas like edtech, healthcare, and sustainability, aiming for JPY 1.0 billion by 2030 and JPY 3.0 billion by 2035.	It plans M&A-based expansion from 2025, with a focus on solving social issues using fan marketing expertise.	While details are unclear, JPR expects JPY 1.0 billion by 2030 and JPY 2.5 billion by 2035, assuming M&A success and synergy with core operations.
Funding Status		After reaching profitability around 2027, the company plans to build internal reserves while seeking strategic funding for large-scale M&A and growth investments. As earnings stabilize, dividend payments and other shareholder returns will also be considered.	The company continues to raise funds via stock acquisition rights. In October 2024, it announced the 11th to 13th series, aiming to raise up to JPY 2.3 billion, with JPY 1.8 billion allocated to M&A and new ventures. Until profitability is achieved in 2027, reliance on external funding is expected.	The October 2024 stock rights issuance is a key step in executing the growth strategy. JPR expects effective use of funds, with profitability by 2028 enabling a mix of operating cash flow and financing to support investment. From 2030, stronger internal reserves should enhance the ability to pursue major M&A.
Company Overview		The company aims to achieve operating profitability by around 2027. It targets JPY 5.0 billion in revenue and JPY 1.0 billion in operating profit by 2030, and JPY 15.0 billion and JPY 3.0 billion, respectively, by 2035, through active M&A and new business expansion.	For FY2025, the company projects JPY 683 million in revenue and a JPY 188 million operating loss. It targets a return to profitability by 2027 and has set bold 2030 and 2035 goals, assuming success in diversification, M&A, and market growth.	JPR aligns with the 2025 forecast and expects profitability by 2028. Assuming strong execution and synergy across businesses, JPR sees the 2030 and 2035 targets as achievable. Applying core ambassador tech across segments is expected to drive above-market growth.

Source: JPR

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Connection

Technological capabilities that make use of the voices of 2.4 million ambassadors

Building a Fan-Based Integrated Business Model

Connecting the voices of fans with the vision of companies to co-create new value

Employee and Internal Connection Stories Strategic Integration of Management Resources

Creating Value Through a Chain Reaction of Passion

AMN's core strengths include social media communication technologies, fan engagement (e.g., events and product monitoring), integrated promotional execution, co-creation with fans, and social media analytics. These are supported by its foundational "Ambassador Platform."

Over 16 years, AMN has run ambassador programs for 250 companies, with over 2.4 million ambassadors. While these strengths have served client-driven marketing projects, AMN now aims to apply its platform and expertise to self-directed businesses as well.

Its human capital includes specialists in social media and marketing strategy, who incorporate trends through organizational learning. As intellectual capital, AMN has strong know-how in platform development and ambassador marketing.

Key challenges include securing talent for diversification and adapting to rapid tech changes.

Story of Connecting Management Resources in the Physical Market Dynamics of the Business Model

Passions Connect and Create Value

AMN's Ambassador Marketing Business leverages the "Ambassador Platform" to collect and analyze fan insights, integrating internal and external resources.

Partnering with Comnico Inc. enhanced social media operations, offering a one-stop service for branding and community support.

It also launched a hyperbaric oxygen device business with and health Inc. and entered talent management via BEBOP Inc., applying fan marketing expertise.

The Ambassador Business is subscription-based, while Manufacturing and Retail have variable cost models. As diversification continues, improving efficiency and synergy remains key.

Evaluation Metrics for the Connection of Resources in Financial Markets

Potential Leap in ROIC from -56.8% to 47.3% by 2035

Breakthrough in Capital Efficiency Driven by Growth Strategy

JPR analyzed AMN's 10-year ROIC outlook. ROIC is projected at -56.8% in FY2025 due to current losses but is expected to turn positive and exceed 10% by FY2027 with revenue growth and structural improvements.

By FY2030, ROIC is forecasted to reach 25.2%, and 47.3% by FY2035, driven by a high contribution margin. NOPAT margin is projected to rise from 3.2% in 2027 to 13.9% in 2035, with a stable sales-to-invested capital ratio of around 30%.

Assuming a 7.1% WACC, the ROIC-WACC spread turns positive in FY2027 and reaches 40.2% by FY2035, supported by stable earnings and monetization of new businesses.

However, delays in new business, higher initial costs, or stronger competition may slow ROIC improvement.

Summary of Financial Forecasts (2025–2035)

Fiscal Year	ROIC	NOPAT Margin	Invested Capital to Sales Ratio	Remarks
2025.12	-56.8%	-16.8%	29.6%	AMN's ROIC is expected to improve from a deficit of -56.8% in FY2025, turning positive and exceeding 10% by FY2027. This shift is driven by revenue growth and better cost structure, with ROIC forecast to reach 25.2% by FY2030. The NOPAT margin will rise from 3.2% in 2027 to 7.4% in 2030. Importantly, ROIC is projected to surpass the WACC of 7.1% in 2027, with the spread expanding to about 18% by 2030.
2026.12	-26.5%	-7.8%	29.5%	
2027.12	10.8%	3.2%	29.5%	
2028.12	15.6%	4.6%	29.5%	
2029.12	20.4%	6.0%	29.4%	
2030.12	25.2%	7.4%	29.4%	ROIC is projected to keep rising after FY2030, reaching 47.3% by FY2035, driven by stronger profitability and top-line growth. The NOPAT margin is expected to increase from 7.4% in 2030 to 13.9% in 2035. The sales-to-invested capital ratio remains stable near 29.4%, suggesting ROIC gains stem mainly from higher margins. The ROIC-WACC spread may grow to around 40% by FY2035, indicating improved capital efficiency.
2031.12	29.3%	8.6%	29.4%	
2032.12	33.3%	9.8%	29.4%	
2033.12	37.0%	10.9%	29.4%	
2034.12	40.7%	12.0%	29.4%	
2035.12	47.3%	13.9%	29.4%	

Source: JPR

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Confidence

**Advancing
Toward
Revenue
Stability and
Financial
Strength
Through
Fundraising
and
Diversification**

**Environmental
Contribution
Through GX
Business and
Enhanced
Governance**

Building Sustainable Growth and Trust

Stories of Trust Within the Organization Revenue and Financial Stability

Shaping the Future Through Creative Symbiosis

AMN pursues sustainable growth by diversifying its revenue structure. Its core Ambassador Marketing Business offers stable income through monthly and project-based fees, supported by strong contract continuity and economic resilience.

To strengthen income stability, AMN is expanding into manufacturing, e-commerce, and entertainment — each with distinct revenue profiles.

The company resolved its capital deficit in December 2022 via a third-party share allotment, improving its equity ratio. In October 2024, it issued stock acquisition rights to raise up to JPY 2.3 billion, with JPY 1.8 billion earmarked for M&A and new business investments.

Challenges include short-term profitability pressure from upfront investments and potential leverage increase. Still, AMN aims to build long-term financial stability through a diversified revenue base.

Trust Story in the Physical Market Social Contribution and Governance

Sustainable Growth in Harmony with Society

AMN is advancing its GX Business with Gracias Co., Ltd. to offer eco-friendly products and services to clients including major firms and childcare facilities. This initiative aligns with AMN's long-standing commitment to the SDGs by helping clients reduce electricity use and promote sustainability.

On governance, AMN was removed from the Tokyo Stock Exchange's "Security on Alert" list in August 2023. The TSE recognized improvements such as board restructuring, enhanced reporting, active discussions, greater transparency in executive selection, and stronger decision-making supported by a Governance Enhancement Committee.

Strengthening the Financial Foundation Through Restored Trust and a Return to Profitability

Evaluation Metrics for Trust in Financial Markets Corporate WACC Outlook

Building a Sustainable Future Through Trust

AMN's WACC is estimated at 7.1%, but improving financial stability and social impact are expected to reduce it over time. After being designated a Security on Alert in 2022, the Tokyo Stock Exchange lifted the label in August 2023, citing governance reforms. Continued progress should help restore investor confidence and lower capital costs.

Financial stability is expected to improve with a return to profitability around FY2027. JPR's model links 25.2% ROIC by FY2030 to a share price of JPY 102, and 47.3% ROIC by FY2035 to JPY 303 within 2–3 years.

The GX Business with Gracias Co., Ltd. enhances environmental and social value, appealing to ESG-focused investors.

Risks include delays in monetizing new businesses and higher short-term leverage from M&A, but diversification and social efforts support long-term capital efficiency.

■ Estimated WACC

β Builder 1 – For Company-Wide Calculation					
Volatility Index (VI) × Correlation Coefficient (COR) = Beta (Unlevered)					
Select the desired weights for VI and COR (0–9) to calculate the applicable β.					
VI*	Company VI	2.591	1	17%	COR
	Industry VI	2.304	5	83%	
	Applied VI	2.352			
	Company COR	0.114	1	17%	
	Industry COR	0.324	5	83%	
	Applied COR	0.289			
Use β1					
0.68072					

WACC Calculation Process		
β used in calculation (dropdown selection)		
β1	0.6807	
E: Market Cap [JPY 100 million]	D: Interest-Bearing Debt [JPY 100 million]	TaxRate
22.4	1.4	30.5%
RP	RFR(2024-07-31)	Leverage
9.000%	1.07%	1.043
COE	Historical Average Interest Rate	COD
7.46%	1.78%	1.24%
D/(D+E)	E/(D+E)	D/E
5.82%	94.2%	6.2%
COE×E/ (E+D) + COD×D/ (E+D) =		
WACC		
7.10%		

Source: JPR

Beta (β) = VI × COR, where VI is the volatility ratio of a stock to TOPIX, and COR is their return correlation. Both use weighted averages of stocks and industries, based on five years of daily data. All β values are unlevered.

Leverage = $1 + (1 - \text{Tax Rate}) \times D/E$, with D as debt and E as market cap. Leveraged β = Leverage × Unlevered β .

Cost of Equity (COE) = $\beta \times \text{Leverage} \times \text{RP} + \text{RFR}$, where RP is the risk premium and RFR is the 10-year government bond yield. WACC calculation and data sources follow.

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4. FY2024 Full-Year Results Summary

Summary of Profit and Loss

The challenge of expanding new business and improving profitability

Progress in narrowing losses and reducing costs

P&L Summary

Company-wide performance

Sales

Agile Media Network Inc. achieved significant growth in the fiscal year ending December 2024, with net sales reaching 455 million yen, a 57.4% increase year over year. This growth was driven by successful M&A activities and the expansion of new business initiatives, particularly the launch of a retail business leveraging e-commerce and the full-scale operation of manufacturing and sales businesses. The company's core "Ambassador Business" also performed steadily, supported by the growing demand for social media marketing. In addition, manufacturing and sales businesses such as oxygen boxes are gaining market traction and are expected to become new sources of revenue. However, it should be noted that the rapid business expansion has led to changes in the company's profit structure, and sales growth has not yet directly translated into improved profitability.

Profit and Loss

Operating loss narrowed to 301 million yen (a 29.2% improvement year over year), ordinary loss improved to 320 million yen (a 27.0% improvement), and net loss attributable to owners of the parent decreased to 337 million yen (a 31.2% improvement).

This improvement was driven by reductions in selling, general and administrative expenses, with fixed cost compression through organizational restructuring proving effective. Additionally, an increase in non-operating income, including interest received and subsidy income, contributed to mitigating losses and provided financial support.

However, operating losses persist, and achieving profitability will require improved profitability in the e-commerce retail business and a strengthened earnings base in the manufacturing and sales business. Going forward, striking the right balance between growth investment and operational optimization will be key to maintaining financial soundness.

**Challenges in
Driving
Revenue
Growth and
Improving
Profitability**

Ambassador Business

Net sales reached 293 million yen, marking a 1.7% increase year over year. The growth was driven by the acquisition of new clients and the revenue contribution from GLORY Ltd., which became a consolidated subsidiary. However, the downsizing of some existing client contracts and increased operational burden in program management hindered improvements in profitability.

Segment loss stood at 106 million yen, showing progress from the previous year's loss of 209 million yen, yet the segment remains in the red. Going forward, enhancing profitability will require greater efficiency in program operations and the expansion of customized plan offerings.

**Challenges in
Launching
and Scaling
New
Businesses**

Manufacturing and Sales Business

Net sales totaled 45 million yen, reflecting the full-scale launch of sales and rentals of oxygen boxes and high-pressure oxygen equipment, which are gradually gaining traction in the market. However, the initial costs associated with launching the business were significant, resulting in a segment loss of 46 million yen—an increase from the 32 million yen loss in the same period last year.

Achieving profitability will require expanding distribution channels and controlling manufacturing costs, with a particular emphasis on establishing a high-margin sales model.

**Sales grow;
profit
stability is
key**

Retail Business

Net sales reached 116 million yen, driven by strong performance in the e-commerce business. Steady sales of color contact lenses, home appliances, and CDs/DVDs contributed to the expansion of the company's revenue base. However, the segment recorded a loss of 11 million yen, indicating that further scaling of sales and enhanced cost management will be essential to achieving profitability.

Reference Materials. Details of Financial Model

Detailed financial model of actual results, company plan and JPR forecast 10-year forecast

[Unit: Millions of yen]		Corporate Plan JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast
FY		2025.12	2026.12	2027.12	2028.12	2029.12	2030.12	2031.12	2032.12	2033.12	2034.12	2035.12
PL	Net sales	683	1,025	1,537	2,305	3,458	5,187	6,742	8,765	10,518	12,622	15,000
	Cost of sales	624	855	1,103	1,689	2,567	3,879	5,024	6,495	7,717	9,160	10,573
	Selling, general and administrative expenses	224	285	364	464	592	754	883	1,034	1,153	1,286	1,427
	Percentage increase in SG&A expenses		127.5%	127.5%	127.5%	127.5%	127.5%	117.0%	117.0%	111.6%	111.6%	110.9%
	EBITDA	▲ 162	▲ 112	73	156	302	556	838	1,239	1,651	2,178	3,003
	Total depreciation and amortization	3	3	3	3	3	3	3	3	3	3	3
	Operating income	▲ 165	▲ 115	70	153	299	553	835	1,236	1,648	2,175	3,000
	Interest expense	3	4.8	9	12	17	21	22	19	12	5	2
	Other non-operating income	▲ 20	0	0	0	0	0	0	0	0	0	0
	Ordinary income	▲ 188	▲ 120	62	140	282	532	813	1,217	1,637	2,171	2,998
	Extraordinary income/loss	0	0	0	0	0	0	0	0	0	0	0
	Income before income taxes and minority interests	▲ 188	▲ 120	62	140	282	532	813	1,217	1,637	2,171	2,998
	Income taxes	▲ 14	▲ 37	19	43	86	163	249	372	501	664	917
	Comprehensive income attributable to owners of the parent	▲ 174	▲ 83	43	97	195	369	564	845	1,136	1,507	2,081
	Number of shares issued at the beginning of the period (thousand shares)	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576
	Number of shares issued (thousand shares)	0	0	0	0	0	0	0	0	0	0	0
	Number of shares issued at end of period (thousand shares)	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576	28,576
	EPS (yen)	▲ 6.09	▲ 2.92	1.50	3.41	6.84	12.92	19.75	29.56	39.75	52.72	72.81
	Dividends	0	0	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	0	0	0	0	0	0	0
	Retained earnings	▲ 174	▲ 83	43	97	195	369	564	845	1,136	1,507	2,081
BS	Liquidity on hand	128	192	288	432	648	843	1,096	1,315	1,578	1,875	1,875
	Surplus cash and deposits	0	0	0	0	0	0	0	0	0	519	2,600
	Working capital	209	313	469	704	1,056	1,372	1,784	2,141	2,569	3,053	3,053
	Short-term marketable securities	0	0	0	0	0	0	0	0	0	0	0
	Depreciable property, plant and equipment	1	1	1	1	1	1	1	1	1	1	1
	Investment securities	20	20	20	20	20	20	20	20	20	20	20
	Other assets	79	119	178	267	401	521	678	813	976	1,160	1,160
	Total assets	437	645	957	1,424	2,126	2,758	3,578	4,290	5,144	6,628	8,708
	Current liabilities other than interest-bearing debt	114	172	258	386	579	753	979	1,175	1,410	1,676	1,676
	Short-term debt	44	278	461	702	1,015	1,104	1,134	805	288	0	0
	Long-term debt	110	110	110	110	110	110	110	110	110	110	110
	Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
	Capital stock, etc.	657	657	657	657	657	657	657	657	657	657	657
	Retained earnings, etc.	▲ 489	▲ 572	▲ 529	▲ 432	▲ 237	133	697	1,541	2,677	4,184	6,264
	Net Assets and Liabilities	437	645	957	1,424	2,126	2,758	3,578	4,290	5,144	6,628	8,708
CF	Liquidity on hand	▲ 43	▲ 64	▲ 96	▲ 144	▲ 216	▲ 194	▲ 253	▲ 219	▲ 263	▲ 297	0
	Working capital	▲ 70	▲ 104	▲ 156	▲ 235	▲ 352	▲ 317	▲ 412	▲ 357	▲ 428	▲ 484	0
	Current liabilities other than interest-bearing debt	38	57	86	129	193	174	226	196	235	266	0
	Investment in tangible fixed assets	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3	▲ 3
	Depreciation of property, plant and equipment	3	3	3	3	3	3	3	3	3	3	3
	Short-term marketable securities	0	0	0	0	0	0	0	0	0	0	0
	Investment securities	0	0	0	0	0	0	0	0	0	0	0
	Other assets	▲ 26	▲ 40	▲ 59	▲ 89	▲ 134	▲ 120	▲ 156	▲ 136	▲ 163	▲ 184	0
	Retained earnings, etc.	▲ 174	▲ 83	43	97	195	369	564	845	1,136	1,507	2,081
	Operating CF	▲ 274	▲ 234	▲ 183	▲ 242	▲ 313	▲ 88	▲ 31	▲ 329	▲ 517	▲ 807	2,081
	Short-term debt	16	234	183	242	313	88	31	▲ 329	▲ 517	▲ 288	0
	Long-term debt	0	0	0	0	0	0	0	0	0	0	0
	Other Long-term Liabilities	0	0	0	0	0	0	0	0	0	0	0
	Equity financing	0	0	0	0	0	0	0	0	0	0	0
	Financing CF	16	234	183	242	313	88	31	▲ 329	▲ 517	▲ 288	0
	Surplus Cash and Deposits	▲ 259	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	519	2,081
	余剰現金増減BS	▲ 259	0	0	0	0	0	0	0	0	519	2,081
	Check	0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	▲ 0	0
[Unit: Millions of yen]		Corporate Plan JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast	JPR Forecast
FY		2025.12	2026.12	2027.12	2028.12	2029.12	2030.12	2031.12	2032.12	2033.12	2034.12	2035.12
KPI	Ratio of invested capital to sales at the beginning of the period	29.6%	29.5%	29.5%	29.5%	29.4%	29.4%	29.4%	29.4%	29.4%	29.4%	29.4%
	Invested capital at the beginning of the period	202	302	453	679	1,018	1,526	1,984	2,579	3,094	3,713	4,413
	Sales Growth Rate	50.1%	50.0%	50.0%	50.0%	50.0%	50.0%	30.0%	30.0%	20.0%	20.0%	18.8%
	NOPAT	-115	-80	49	106	207	384	579	858	1,144	1,510	2,082
	ROIC	-56.7%	-26.5%	10.8%	15.6%	20.4%	25.1%	29.2%	33.3%	37.0%	40.7%	47.2%
	Ratio of working capital to daily sales (days)	74	74	74	74	74	74	74	74	74	74	74
	Cost of Sales Ratio	91.43%	83.42%	71.76%	73.26%	74.25%	74.80%	74.52%	74.10%	73.37%	72.57%	70.49%
	SG&A to sales ratio	32.73%	27.83%	23.66%	20.12%	17.11%	14.55%	13.10%	11.79%	10.96%	10.19%	9.51%
	Operating Income Ratio (%)	-24.16%	-11.25%	4.58%	6.62%	8.64%	10.66%	12.38%	14.11%	15.67%	17.23%	20.00%
	Current liabilities other than interest-bearing debt to daily sales (days)	41	41	41	41	41	41	41	41	41	41	41
	Liquidity on hand monthly ratio (months)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	Short-term debt interest rate	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%
	Long-term debt interest rate	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%	1.78%
	Effective tax rate	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%
	Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Gross DE ratio	91.7%	458.4%	447.7%	361.4%	267.8%	153.8%	92.0%	41.7%	12.0%	2.3%	1.6%
	Net DE ratio	15.5%	231.5%	221.9%	169.2%	113.6%	47.1%	11.0%	-18.1%	-35.4%	-47.2%	-63.1%
	Property, plant and equipment depreciation ratio	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%
	WACC	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
	ROIC-WACC	-62.5%	-32.2%	5.0%	9.8%	14.6%	19.3%	23.4%	27.5%	31.2%	34.9%	41.4%
	Excess profit = (ROIC-WACC) x beginning invested capital	-126	-97	23	67	148	295	465	709	965	1,295	1,827
	Permanent value of excess profit	-2,180	-1,684	391	1,150	2,565	5,099	8,024	12,240	16,663	22,361	31,546
	Estimated value of growth value at the end of each year		496	2,074	759	1,415	2,534	2,925	4,216	4,423	5,698	9,185
	Present Value Factor	95%	89%	84%	80%	75%	71%	67%	64%	60%	57%	54%

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Appendix. Basis of Calculation

Corporate
value
estimated by
use of ROIC

Excess return analysis framework

Excess profit or economic value added is globally used as an indicator to estimate corporate value, evidenced by its adoption by Kao Corporation, a Grand Prix winner of the Tokyo Stock Exchange Fifth Corporate Value Improvement Award (FY2016). In the calculation of excess return, corporate value can be broken down into four elements: invested capital, excess return value, growth value, and non-business assets. This facilitates a better understanding of the structure that creates corporate value. A company might be overvalued or undervalued when its market cap is higher or is lower than its theoretical corporate value, respectively. The contribution of each year's corporate value can be visualized in the following figure, wherein shareholders' equity is simply represented as a sum of invested capital and non-business asset, subtracting interest-bearing debts. The figure below allows us to estimate how many years of growth might be incorporated into the stock price.

Breakdown of corporate value using excess return



[source] JPR

Estimated excess return is profit that exceeds investors' return expectations against invested capital. Its present value is "excess return value," while a potentially growing portion of excess return is "growth value." Moreover, assets not used in business are added as non-business asset value in estimating a theoretical corporate value. Theoretically, the estimated corporate value using excess return should be the same as the value estimated using the discount cash flow (DCF) model. This report calculates excess return by using the following figures in a simplified manner.

- Excess return = NOPAT – Invested capital X WACC
- Net Operating Profit After Tax (NOPAT) = Operating profit X (1 – Effective tax rate)
- Invested capital = Total assets – Non-business assets – Current liabilities excluding Interest-bearing debt
- Non-business assets = Cash and deposits exceeding 10% of sales + Short-term investment securities + Investment securities + Deferred gains or losses on hedges + Land revaluation difference + Foreign currency translation adjustments
- Weighted average cost of capital (WACC) = After-tax interest rate of interest-bearing debt X (D/ (E+D)) + Cost of shareholders' equity X (E/(D+E))
- Cost of shareholders' equity = 0.5% + 5% X β
- β = Slope of a linear regression line of five-year daily returns of TOPIX and the stock price of the target company
- E = Market cap at the time of calculation
- D = Short-term interest-bearing debt + Long-term liabilities + Minority interests in the latest financial statements at the time of calculation

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