

Alpha-Win Company Research Report

Brangista Inc. (6176 TSE Growth)

Issued: 7/1/2024

Alpha-Win Capital Research Department

<https://www.awincap.com/>

● Summary

Business Description

- Brangista Group (hereinafter, the “Company”) supports companies and organizations through its unique services that connect communities such as companies, organizations, and local regions with people, goods, and information, thereby contributing to the development of local communities.
- Until FY2022 (note that the Company’s fiscal years are September-ending, i.e., FY2022 ended in September 2022), the Company only had one business segment, the electronic media business for corporate promotions support. However, since FY2023, its business is divided into the three segments of Promotional Support, Media, and Solutions.

Trends in Financial Performance

- Its business performance has been growing thanks to ACCEL JAPAN, a service which was started in October 2022. In FY2023, net sales grew by 35.7% year-on-year (YoY) to 4,558 million yen and operating profit increased by 2.4x YoY to 604 million yen.
- For FY2024, the Company plans to achieve a 5.3% YoY increase in net sales to 4,800 million yen and a 32.4% YoY increase in operating profit to 800 million yen. In the first half of FY2024, net sales increased by 2.5% YoY to 2,353 million yen and operating profit increased by 64.5% YoY to 477 million yen, both hitting record highs for the first half, driven by the Promotional Support Business.

Competitive Edge

- The Company’s strengths lie in its established position as a publisher specializing in digital magazines, as well as in its excellence in celebrity casting, know-how in creative works, and in-house sales force which it has been building through its digital magazine business since 2007.
- Another characteristic and strength is that the Company supports companies and local governments to contribute to regional and local revitalization, which has become an important issue for Japan.

Business Strategy

- The Company aims to achieve sustainable growth in sales and profits by implementing measures to expand the Promotional Support Business, Media Business, and Solutions Business.
- The medium-term management plan disclosed in 2022 was achieved one year ahead of schedule. In the newly formulated medium-term plan, the Company aims to achieve net sales of 6,000 million yen and operating profit of 1,300 million yen in FY2026, the final year of the plan.

Financial Forecasts

- ACCEL JAPAN, performing well and now in its second year of service, is expected to be the driving force behind future business performance growth. Alpha-Win Research Department looks forward to following the Company’s future financial performance, particularly with regard to the result of its current focus on enhancing support for its existing customers and expanding its push-marketing activities throughout Japan.
- Our financial forecast for FY2024 is net sales of 4,860 million yen (+6.6% YoY), which is slightly greater than the company forecast, and operating profit of 900 million yen (+49.0% YoY), which is also greater than the company forecast. We also expect that the Company will continue to achieve business performance growth in FY2025 and beyond, with ACCEL JAPAN as the growth driver.

1/31

Alpha-Win Company Research Report

Brangista Inc. (6176 TSE Growth)

Issued: 7/1/2024

【 6176 Brangista Sector: Services 】 Figure A

FY	Sales (million yen)	YoY (%)	Operating Profit (million yen)	YoY (%)	Ordinary Profit (million yen)	YoY (%)	Net Profit (million yen)	YoY (%)	EPS (yen)	BPS (yen)	Dividend (yen)
2022	3,360	-	255	-	258	-	178	-	12.83	116.10	0.0
2023	4,558	35.7	604	136.0	601	133.1	579	224.5	41.63	157.74	0.0
2024	CE	5.3	800	32.4	800	32.9	520	-10.3	37.36	-	0.0
2024	E	6.6	900	49.0	900	49.8	585	1.0	40.14	190.73	0.0
2025	E	10.9	1,092	21.3	1,092	21.3	722	23.4	49.54	240.27	0.0
2026	E	12.3	1,342	22.9	1,342	22.9	888	23.0	60.92	301.19	0.0
2023	Q1	1,113	39.7	83	95.0	83	91.6	58	109.3	4.17	-
2023	Q2	2,295	40.4	290	95.2	290	95.5	199	93.9	14.31	-
2024	Q1	1,158	4.1	200	141.7	200	140.8	132	128.4	9.53	-
2024	Q2	2,353	2.5	477	64.5	474	63.4	305	53.2	22.08	-

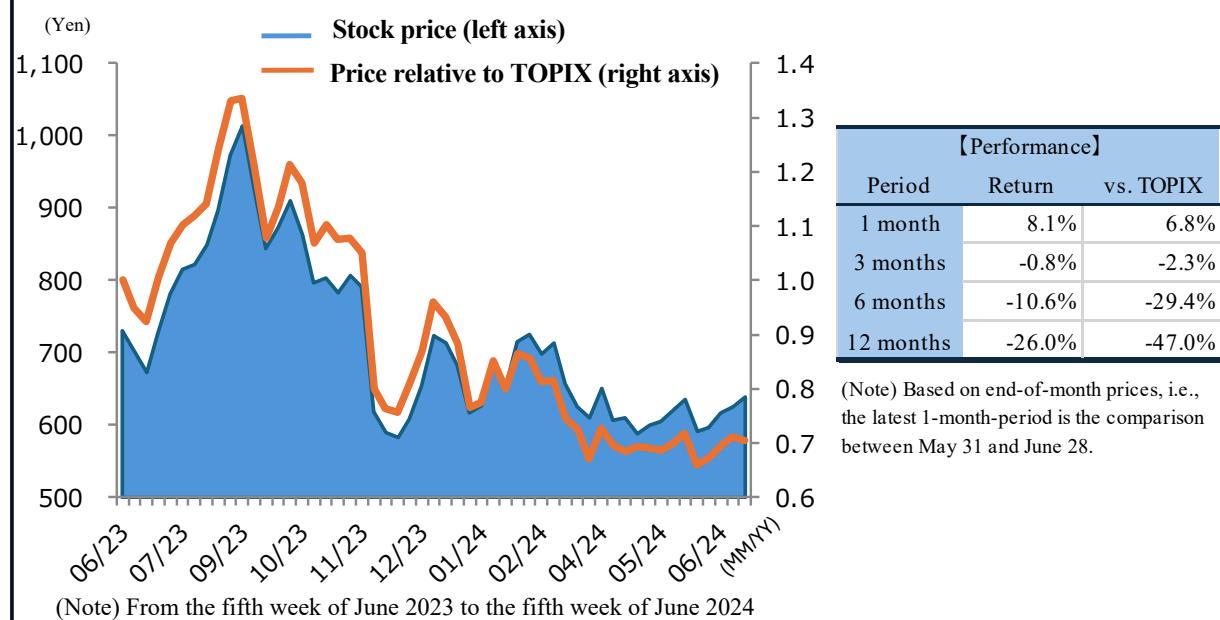
(Note) CE: the Company's forecast/estimate. E: Alpha-Win's forecast/estimate. Q1: first quarter. Q2: first half.

【 Stock Price and Valuation Indicators: 6176 Brangista 】 Figure B

Item	6/28/2024	Item	P/E	P/B	Dividend Yield	Dividend Payout Ratio
Stock Price (yen)	639	Last FY (actual)	15.3	4.1	0.0%	0.0%
Shares Outstanding (thou.)	14,575	This FY (forecast)	15.9	3.4	0.0%	0.0%
Market Capitalization (million yen)	9,314	Next FY (forecast)	12.9	2.7	0.0%	0.0%
Dilutive Shares (thou.)	-	FY After the Next (forecast)	10.5	2.1	0.0%	0.0%
Last FY's Dividend on Equity Ratio	0.0%	Equity Ratio at the End of Last FY	56.5%	Last FY's ROE		30.4%

(Note) Forecasts were made by Alpha-Win Research Dept.

【 Stock Chart (end-of-week prices) : 6176 Brangista 】 Figure C



Contents

1. Company Overview	P4
Three Businesses: Promotional Support, Media, and Solutions	P4
Corporate Philosophy	P4
2. Business Description and Business Model	P6
High Profit Margin in the Promotional Support Business	P6
Promotional Support Business	P6
Media Business	P9
Solutions Business	P11
3. Shareholder Composition	P13
Largest Shareholder: The Parent Company	P13
4. ESG	P14
SDGs Initiatives	P14
Social Responsibility (Society)	P14
Corporate Governance (Governance)	P14
5. History of Growth	P16
Company History	P16
Past Transition in Financial Performance	P17
Large Sales and Profit Growth in FY2023	P18
6. Business Environment	P20
Continued Expansion of Both the Internet Advertising and E-Commerce Markets	P20
Competition	P20
7. Growth Strategy	P22
Brangista's Growth Strategy	P22
Medium-Term Management Plan	P23
8. Financial Results for the Most Recent Fiscal Year and Outlook	P24
Financial Results for the First Half of FY2024	P24
Brangista's Financial Forecast for FY2024	P25
Alpha-Win Research Department's Financial Forecast	P26
Alpha-Win Research Department's Forecast of Medium-Term Financial Performance	P28
9. Analyst's View	P29
Brangista's Strengths and Challenges	P29
Shareholder Return	P29
Stock Price	P30

Notes: 1) Upon translating to English, when page numbers differed from the original Japanese version, they were adjusted to the English version of this Report. 2) The Company's fiscal year is September-ending, i.e., FY2024 ends in September 2024.

1. Company Overview

◆ Three Businesses: Promotional Support, Media, and Solutions

- ◆ The Company and its five consolidated subsidiaries are mainly engaged in the following three businesses: Promotional Support, Media, and Solutions.

Under the corporate philosophy of “CONNECT with COMMUNITY,” Brangista Inc. (hereinafter, the “Company”) supports companies and organizations through its unique services that connect communities such as companies, organizations, and local regions with people, goods, and information, thereby contributing to the development of vibrant local communities.

The Company’s predecessor, iDEA CUBE Corporation, was founded in November 2000 by Nxyz (now NEXYZ Group: 4346 TSE Standard) to manage its e-mail newsletters and members. In April 2011, the Company absorbed the former Brangista, a group company of Nxyz, and changed its name to the current one. In September 2015, it became listed on the Mothers Market of the Tokyo Stock Exchange (currently, the Growth Market).

The Company is the effective holding company of the Brangista Group, with its subsidiaries carrying out their respective businesses. There are five consolidated subsidiaries: Brangista YELL, Brangista Media, Brangista Solution, Brangista Taiwan (a subsidiary in Taiwan), and CrowdLab. The Group is mainly engaged in the Promotional Support Business, the Media Business, and the Solutions Business (Figure 1).

【Figure 1】 The Subsidiaries’ Businesses

Business Segment	Company	Business Description
Promotional Support	Brangista YELL Brangista Media Brangista Solution	Providing ACCEL JAPAN, a project that supports corporate promotions featuring celebrities
Media	Brangista Media	Production and distribution of digital magazines and other related content, advertisement placement in digital magazines, and production of digital magazines on consignment
Solutions	Brangista Solution	Operation and support of e-commerce sites and various other solution services
Others	Brangista Taiwan CrowdLab	E-commerce support and website development in Taiwan Management of the tourism information website TravelNote

(Ref) Prepared by Alpha Win Research Dept. based on the annual securities report.

◆ Corporate Philosophy

Aims to contribute to the development of local communities by providing unique services.

The Company’s corporate philosophy is “CONNECT with COMMUNITY.” Through services that only the Company can provide, it aims to connect various communities such as companies, organizations, and local regions with people, goods, and information to contribute to the development of vibrant local communities.

The Company's action philosophy is the following: "To remain the best partner to support the promotional activities of all kinds of companies, Brangista Inc. is committed to fulfilling its social responsibility and maximizing its enterprise value." It is committed to the following nine items of code of conduct: (1) compliance, (2) fair transactions, (3) pursuit of customer satisfaction, (4) providing products and services beneficial to society, (5) confronting antisocial forces, (6) protection of personal information, (7) contributions to society, (8) comfortable working environment, and (9) thorough awareness of the code of conduct among all employees.

2. Business Description and Business Model

- **Changed from a single segment to the Promotional Support Business, Media Business, and Solutions Business in FY2023.**

◆ High Profit Margin in the Promotional Support Business

Until FY2022 (note that the Company's fiscal years are September-ending, i.e., FY2022 ended in September 2022), the Company only had one business segment, the electronic media business for corporate promotions support. However, starting in FY2023, its business is divided into the following three segments: the Promotional Support Business, the Media Business, and the Solutions Business.

In FY2023, the Media Business accounted for 49.6% of total sales, the Promotional Support Business 23.6%, the Solutions Business 21.3%, and others 5.6% (Figure 2). While the Media Business accounts for the largest proportion of sales, in terms of profit, the Promotional Support Business accounts for the largest proportion.

- **Profit margin is high for the Promotional Support Business, which was started in FY2023.**

The profit margin of each segment is 34.3% for the Promotional Support Business, 9.5% for the Media Business, and 16.4% for the Solutions Business (before adjustments for segment profit). The profit margin is high for the Promotional Support Business, which was started in FY2023. Raising the sales proportion of this business will most likely lead to an improvement in the overall profit margin.

【Figure 2】 Sales and Profit by Segment

(Units: million yen)

Business Segment		Sales			Profit			Profit Margin
		FY2022	FY2023	YoY Change	FY2022	FY2023	YoY Change	
Reported Segments	Promotional Support	-	1,073	-	-	368	-	34.3%
	Media	2,137	2,258	5.7%	205	214	4.4%	9.5%
	Solutions	1,021	969	-5.1%	148	159	7.1%	16.4%
Others		201	256	27.2%	81	71	-12.0%	27.8%
Amount of Adjustment		-	-	-	-179	-209	-	-
Total		3,360	4,558	35.7%	255	604	2.4×	13.3%

(Note) YoY changes and profit margins are for FY2023.

(Ref) Prepared by Alpha Win Research Dept. based on the annual securities report.

◆ Promotional Support Business

In the Promotional Support Business, the Company offers ACCEL JAPAN, a service that supports corporate promotions to accelerate the growth of companies and contribute to the revitalization of the Japanese economy (Figure 3).

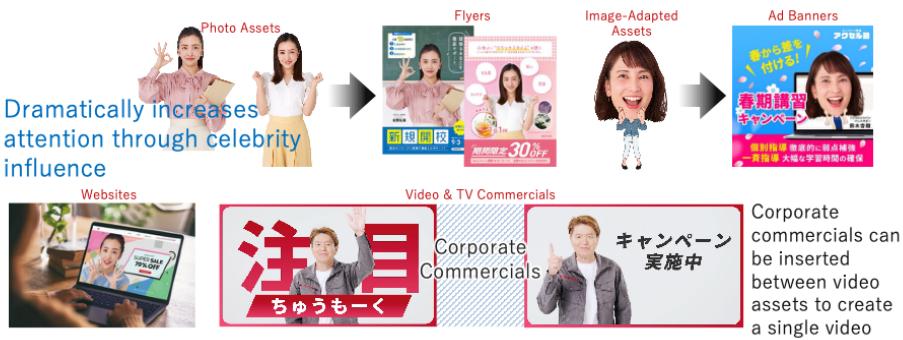
In ACCEL JAPAN, companies can use well-known celebrities for promotions, which would normally cost tens of millions of yen, at no initial cost and for a fixed monthly fee. Approximately 300 photo variations and 20 video variations are available per celebrity. Customers can use these photos and videos on flyers, ads, websites, and so forth for

a fixed fee (starting from 400,000 yen per month for an annual contract) to advertise their products and services. This enables even small- and medium-sized companies to use well-known celebrities for highly effective promotions.

The service offers unlimited access to an abundant selection of versatile photo assets, as well as video assets which are rarely offered by other companies. Due to this unique strength, sales of 1,073 million yen and profit of 368 million yen were achieved in this business in the first year of service. This business is rapidly growing into the Brangista Group's core business and growth driver.

【Figure 3】 Overview of ACCEL JAPAN

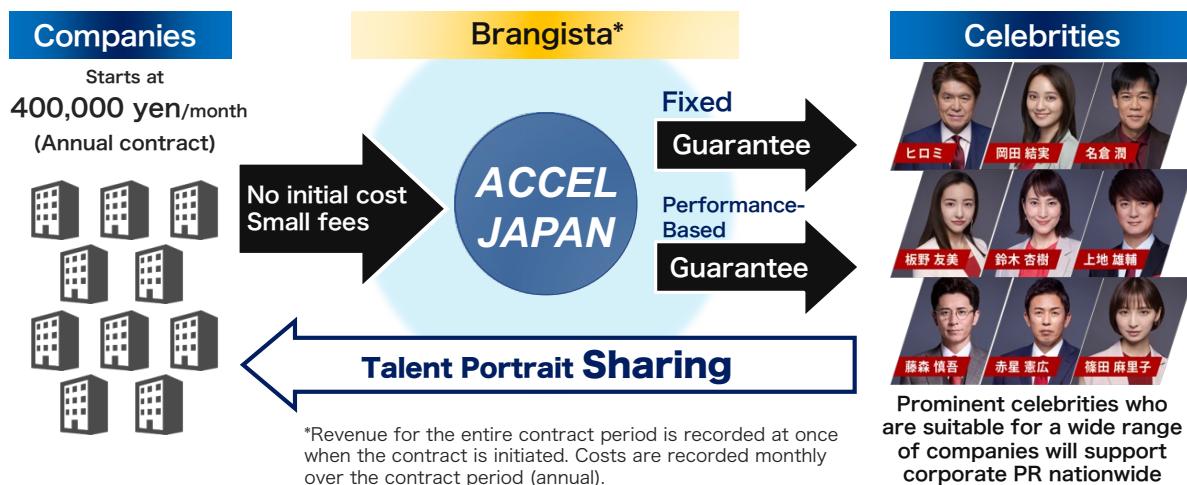
Service that maximizes the effectiveness of PR using prominent celebrities



Versatile assets that can be used in a wide range of promotional media

(Ref) From the financial results briefing materials for the second quarter of FY2024.

【Figure 4】 ACCEL JAPAN's Business Model



(Ref) From the financial results briefing materials for the second quarter of FY2024.

【Figure 5】 ACCEL JAPAN's High Competitive Advantage

	ACCEL JAPAN	Company A	Company B	Company C
Change in celebrity	OK	✗ NO	✗ NO	✗ NO
Photos per celebrity	300 variations	△ 60 variations	○ 300 variations (max)	△ Choose several from 60-300 photos
Videos per celebrity	20 variations	△ 1 variation	✗ N/A	✗ N/A
Use in company portal	OK	✗ NO	△ Depends on celebrity	○ NO
Use in affiliate ads	OK	✗ NO	✗ NO	✗ NO
Credit notation	Not needed	✗ Necessary	○ Not needed	✗ Necessary

(Note) Number of variations of photo and video assets is per celebrity.

(Ref) From the financial results briefing materials for the second quarter of FY2024.

- Companies can use ACCEL JAPAN for effective promotions using celebrities, even with limited budgets.

Since promotions featuring well-known celebrities tend to involve high contract fees, they are often not an option for small- and medium-sized companies with limited resources. By covering costs such as talent fees and material production costs, the Company offers ACCEL JAPAN as a service where companies can use celebrity photos and videos for various applications and for only a fixed fee to effectively promote their products and services.

Currently, ACCEL JAPAN has contracts with the following celebrities (ACCEL JAPAN Ambassadors), whom customers can use in their PR: Hiromi, Jun Nagura, Tomomi Itano, Mariko Shinoda, Yusuke Kamiji, Anju Suzuki, Yumi Okada, Shingo Fujimori, Norihiro Akahoshi, and Pekopa (Shupei and Taiyu Shoinji). It plans to increase the number of ambassadors as the number of clients and their needs increase. Companies using ACCEL JAPAN can also change the celebrity they use without paying an additional fee, making this a highly attractive tool for users. In fact, in the first year after the launch of ACCEL JAPAN in October 2022, there were 205 uses of the service (FY2023's total). The service is becoming used not only by small- and medium-sized companies, but also by government agencies, local governments, and large companies.

ACCEL JAPAN is also partnered with Passion Leaders, one of Japan's largest business leader networking organizations (a general incorporated association with nine offices nationwide and 4,200 members as of the end of September 2023). The executives of companies using ACCEL JAPAN can participate in seminars and other events held nationwide to gain insight by exchanging information and interacting with executives from other industries. Business matching is also available in these events for identifying new business opportunities.

The Media Business offers free digital magazines, the most representative of which is Tabiiro.

◆ Media Business

The Company produces and publishes digital magazines as a medium that combines the positive aspects of paper magazines with the rich expressiveness and convenience of the Web. The digital magazines that it publishes include Tabiiro (meaning “colors of travel” in Japanese), in which actors navigate the readers through local regions to convey their charms and the joys of travel; GOODA, a lifestyle magazine for men who have a passion for high-quality items; Madream, a lifestyle magazine to design “your own style”; and special editions of Tabiiro (Figure 6). General consumers can read these digital magazines free of charge on their PCs, mobile devices, and tablets.

【Figure 6】 The Lineup of Digital Magazines

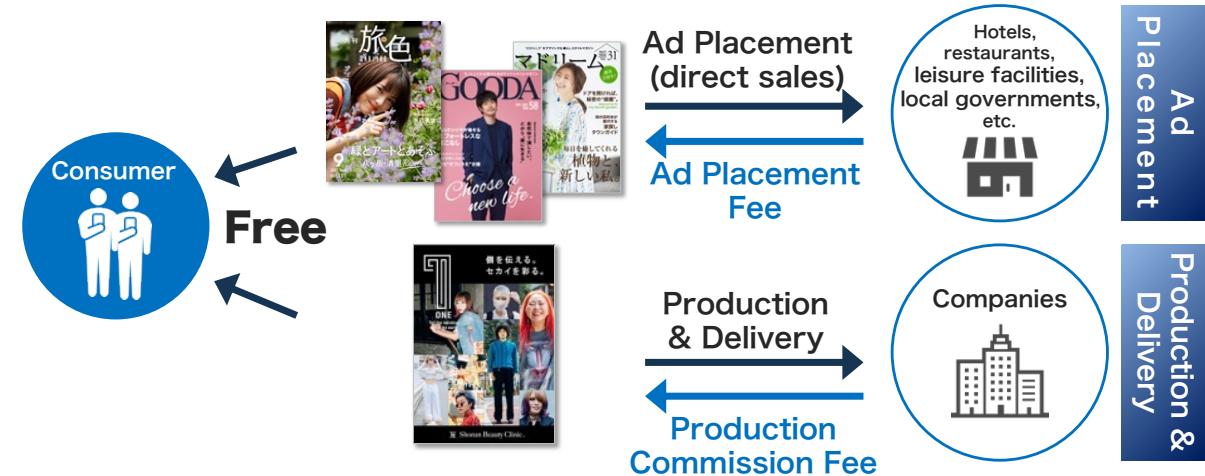


(Ref) From the financial results briefing materials for the second quarter of FY2024.

The digital magazines are unique in that they feature many well-known actors and celebrities who rarely appear in online media, thanks to the Company's network with many entertainment production companies. The magazines also have the convenience and expressiveness that are characteristic of the Web. The fact that they have been published for many years shows that the magazines are gaining support.

The digital magazine business is based on two business models: 1) Advertisement Placement and 2) Production and Delivery (Figure 7).

【Figure 7】 Business Model of the Digital Magazines



(Ref) From the financial results briefing materials for the second quarter of FY2024.

【Figure 8】 The Two Types of Advertisements Placed in Tabiiro

For Accommodation Providers and Restaurants

Promotional articles written by professional writers, accompanied by beautiful images

For Local Governments

Actors navigate the reader through the area to convey its charms

(Ref) From the financial results briefing materials for the second quarter of FY2024.

- **The Advertising Placement Business Model is where the Company handles everything from sales activities to production and publication in-house. Revenue is generated from advertising placement fees.**

1. Advertisement Placement

Under the Advertising Placement Business Model, the Company conducts everything from sales activities to production and publication in-house. Its sales representatives visit accommodation facilities, restaurants, retailers, and other local places directly from the eight sales offices located throughout Japan to propose the placement of advertisements in the digital magazines. In the example of Tabiiro, the Company's flagship digital magazine that was first published in 2007, the magazine features promotional articles written by professional writers, accompanied by beautiful, travel-inspiring photographs (Figure 8).

Tabiiro is designed so that readers can check the websites of restaurants and accommodations that they are interested in directly from the magazine. For the advertisers (restaurants and accommodation providers), the magazine is highly effective as an advertising tool and valuable as a direct customer-attraction tool.

Advertisements are placed under an annual contract and are updated every season to include new information.

In addition, for local governments, the Company creates dedicated digital magazines which compile information on one local area in a single volume for the purpose of promoting tourism, hometown tax donation, rural migration, and so on. The price per local government starts at 10 million yen if actors and celebrities are used for local filming. Options that could be added include the production of paper magazines (free papers) to be distributed at places such as train stations, stores, and tourist facilities and exclusive videos to be placed on websites, as well as a translation service.

- **The Production and Delivery Business Model is the production of digital magazines on consignment to receive contract production fees.**

2. Production and Delivery

Utilizing the know-how built through the publication of its digital magazines, the Company offers digital magazine production services on consignment and receives contract production fees.

For the companies that outsource this production, the main benefits of digital magazines include how actors and celebrities can be used to enhance the brand value of their services and products and attract more customers. Introducing products and services as part of entertaining articles also encourages readers to more vividly imagine the scenes of use, facilitating the conversion of readers into clients.

◆ **Solutions Business**

In the Solutions Business, the Company offers a variety of services to support corporate sales promotions. A representative service is the management of e-commerce websites on behalf of companies. The Company provides a fine-tuned service based on the know-how it has built through its management of the e-commerce websites of more than 2,000 companies (in total).

- **The Company offers a variety of services centered on the management of e-commerce sites on behalf of its clients.**

1. EC Support Pro

This service is specialized in providing support for e-commerce sites. Its customers are companies that operate e-commerce sites, who face bottlenecks in business expansion due to a shortage of human resources and a lack of know-how in sales promotion. The Company's project directors hold regular meetings with these companies to provide total support for the improvement of operations and sales, including website management, consulting, website design and production, delivery of e-mail newsletters, customer attraction, and sales promotions.

2. Matomaru EC Store Manager

The Company provides a centralized management tool to streamline a series of operations from product registration to inventory management and order management. In inventory management, it supports the

improvement of inventory turnover by linking the inventory of multiple e-commerce stores 24 hours a day, 365 days a year. In order management, it centralizes orders from multiple e-commerce stores and supports the streamlining of various operations, including delivery processing, form output, and e-mail delivery.

The fixed monthly fee for using Matomaru EC Store Manager starts at 9,800 yen (several plans are available, such as 15,000 yen and 25,000 yen, depending on the number of products handled). A telephone inquiry service provided by full-time staff is also available.

3. Brangista Logistics

Brangista Logistics is a logistics service dedicated to online shopping that targets small- and medium-sized stores. It handles all operations necessary for online shopping logistics, including inventory management, order receipt, shipping, and customer service by phone and e-mail, which can become increasingly complicated as business expands. In addition, shipping costs can be kept low due to the Company's track record with shipping companies.

4. Other Services

Other services include CS & Order Processing Outsourcing Service, a service to support e-commerce site management; SOKURESU, an automated response service for LINE; Brangista Translations, a service that can translate customer websites into four major languages (English, Korean, and simplified and traditional Chinese); and Cross-Border E-Commerce Service, a one-stop service to support market research, translations, customer attraction, payment processing, shipping, and other operations necessary for overseas sales.

3. Shareholder Composition

- NEXYZ.Group is the largest shareholder with 50.26% of all outstanding shares.**

◆ Largest Shareholder: The Parent Company

As of the end of March 2024, the parent company or NEXYZ.Group was the largest shareholder, holding 50.26% of the Company's outstanding shares. The top ten shareholders owned 61.66% of all outstanding shares (Figure 9).

As of the end of September 2023, financial institutions and financial instruments business operators together owned 5.13%, other corporate entities owned 48.56%, and foreign corporate entities owned 8.83% (as of the end of September 2022, financial institutions and financial instruments business operators together owned 6.44%, other corporate entities owned 47.94%, and foreign corporate entities owned 0.98%). The percentage of foreign corporate entities rose from FY2022 to FY2023 and seems to have risen again as of the end of March 2024.

【Figure 9】 Major Shareholders and Their Shareholding Ratios

Shareholder (titles omitted)	End of Sept. 2022	End of Sept. 2023	End of Mar. 2024			Notes
	Number of Shares	Number of Shares	Number of Shares	Shareholding Ratio	Ranking	
NEXYZ.Group Corporation	6,795,280	6,795,280	6,795,280	50.26%	1	*Company name changed from NEXYZ.Group Corporation in January 2024
Takami Kondo	269,380	269,380	269,380	1.99%	2	Director; President of NEXYZ.Group
SBI SECURITIES Co.,Ltd.	396,867	325,132	244,869	1.81%	3	
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	-	-	255,800	1.74%	4	
Satoshi Niinuma	-	200,000	200,000	1.48%	5	
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	-	-	154,057	1.14%	6	
SOCIETE GENERALE PARIS/BT REGISTRATION MARK/OPT (Standing proxy: Societe Generale Securities Japan)	-	128,700	125,100	0.93%	7	
Japan Securities Finance Co., LTD	-	-	113,700	0.84%	8	
Shochi Tanabe	100,000	-	100,000	0.74%	9	
BNP PARIBAS NEWYORK BRANCH-PRIME BROKERAGE CLEARANCE ACCOUNT (Standing proxy: HSBC Tokyo Branch Custody Services Department)	-	130,001	97,901	0.72%	10	
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	-	230,100	-	-	-	
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASH PB) (Standing proxy: NOMURA SECURITIES CO., LTD.)	-	163,100	-	-	-	
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO (Standing proxy: MUFG Bank, Ltd.)	-	151,505	-	-	-	
Ueda Yagi Tanshi Co., Ltd.	-	127,700	-	-	-	
Tomoaki Nishimura	252,600	-	-	-	-	
Rakuten Securities, Inc.	124,500	-	-	-	-	
au Kabucom Securities Co., Ltd.	85,500	-	-	-	-	
Yasushi Akimoto	83,980	-	-	-	-	
Kenichi Fujii	80,000	-	-	-	-	
Brangista Employee Stock Ownership Plan	79,100	-	-	-	-	
(Top 10 Shareholders)	8,267,207	8,520,898	8,336,087	61.66%	-	*Shareholding ratio (%) has been calculated based on the number of shares excluding 1,054,900 shares of treasury stock.
Total Number of Outstanding Shares	14,575,300	14,575,300	14,575,300	100.00%	-	

(Ref) Prepared by Alpha-Win Research Dept. based on the annual securities reports and quarterly reports.

4. ESG

- Believes that the growth of each business that contributes to regional revitalization will lead to solving social issues and creating a sustainable society

◆ SDGs Initiatives

The Company is engaged in the Promotional Support, Media, and Solutions businesses with the aim of contributing to regional revitalization (revitalization of local communities and companies). It believes that growth of each of these businesses will lead to solving social issues and creating a sustainable society. Figure 10 summarizes the Brangista Group's SDGs initiatives.

【Figure 10】 SDGs Initiatives

Protection and cultivation of forest resources	E	The magazines are paperless and provide the necessary information via the Internet to those who need it, thereby contributing to the protection and cultivation of forest resources that are the main raw materials for paper. This also eliminates the inefficient usage of resources due to returning unsold books. Replacing paper media with Internet advertising contributes to the reduction of paper use.
Reducing CO₂ emissions	E	We work on energy conservation and efficiency and contribute to the reduction of CO ₂ emissions and waste related to paper manufacturing and printing processes. The magazines also do not need to be distributed to bookstores, which also helps reduce CO ₂ emissions.
Supporting employee diversity	S	Our group's business requires almost no capital investment and we mainly provide services to companies. This means that human resources are our most important management resource. We have established a new personnel system and are striving to create an environment that maximizes the performance of our increasingly diverse workforce.
Contributing to local societies and economies	S	We support the promotional activities of client companies in a variety of businesses throughout Japan, as well as local governments. To ensure the growth potential of local regions into the future, we aim to contribute to sustainable community development and regional revitalization for the development of local societies and economies. We contribute to increasing tax revenues for local governments through the associated growth of population in each region and to creating jobs through increased sales of our client companies.
Providing valuable information to consumers	S	We provide valuable information based on direct interviews supervised by our editors.
Corporate Governance	G	We have changed from a company with a board of company auditors to a company with an audit and supervisory committee as of December 14, 2021, to strengthen the supervisory function of the Board of Directors and further enhance corporate governance by including the audit and supervisory committee members, who are responsible for auditing the directors' performance of their duties, in the Board of Directors. The Board of Directors consists of 12 directors, including four external directors, and is committed to protecting the general shareholders. We will strive to further enhance our management control system and ensure highly transparent management.

(Ref) From the business plan and matters relating to growth potential.

◆ Social Responsibility (Society)

One of standards of the Company's code of conduct for employees is "providing products and services beneficial to society." The Company aims to contribute to society through its business activities.

In addition, as its basic policy to confront antisocial forces, the Company has set forth seven items, emphasizing its organization-wide commitment to preventing any harm by antisocial forces.

◆ Corporate Governance (Governance)

The Company's Board of Directors, excluding members of the Audit & Supervisory Committee, consists of nine directors (two external directors as of March 2024). In principle, the Board of Directors meets monthly, and all nine directors (excluding directors on the Audit & Supervisory Committee) attended all 12 meetings held in FY2023.

The Company is a company with an audit and supervisory committee. The

Audit & Supervisory Committee consists of three members, including two external directors. The Company ensures that the members of the Audit & Supervisory Committee can conduct audits based on the same level of information available to the directors. This is achieved by having the members of the Audit & Supervisory Committee attend all meetings of the Board of Directors as a principle, exchange opinions with relevant people including the Representative Director & President and the directors, and view important documents.

5. History of Growth

◆ Company History

- The Company's predecessor, iDEA CUBE, was established to manage NEXYZ.Group's e-mail newsletters, etc.
- In 2003, iDEA CUBE started its solutions business.
- The digital magazine Tabiiro was launched in 2007. The Company changed its name to Brangista, its current name, in 2011.
- Began offering ACCEL JAPAN in October 2022. Divided its business into three segments.

The Company's predecessor, iDEA CUBE, was founded in November 2000 by its parent company, NEXYZ (now NEXYZ.Group), to manage its e-mail newsletters and members.

The current president, Keiryo Iwamoto, joined NEXYZ in 1997, became a director in 1999, and became representative director and president of iDEA CUBE in 2002. In 2003, iDEA CUBE started its solutions business, and in 2005, it was entrusted with the management of the fan club of Fukuoka SoftBank Hawks, a professional baseball team, and began the delivery of emails to its members.

In February 2007, the former Brangista was founded jointly by NEXYZ and the entertainment production company LesPros Entertainment. It launched the digital magazine Tabiiro in December of the same year, after which it subsequently launched GOODA, Madream, and other publications, expanding its business. The former Brangista was then merged into iDEA CUBE in April 2011, upon which iDEA CUBE changed its name to Brangista Inc.

In September 2015, the Company became listed on the TSE Mothers Market (now the Growth Market). In April 2020, it transitioned to a holding company structure with consolidated subsidiaries, and in October 2022, it began offering ACCEL JAPAN as a new service (Figure 11).

【Figure 11】 Company History

Year	Month	Event
2000	Nov	Founded as iDEA CUBE Corporation by Nexyz.Corporation (currently NEXYZ.Group Corporation), the parent company, to manage its e-mail newsletters and members
2003	Apr	Started a solution service that supports sales promotion
2005	Mar	Commissioned to manage the fan club of the Fukuoka SoftBank Hawks, a professional baseball team. Started the delivery of e-mails to fan club members.
2006	Sep	Formed a business alliance with All Japan Ryokan Hotel Association Inc. and started providing comprehensive support for enhancing the service of Yado-Net, an official website of the association.
2007	Dec	The former Brangista Inc. began publishing Tabiiro, a travel digital magazine, and also launched an advertising agency service for the facilities introduced in Tabiiro.
2011	Apr	The Company absorbed the former Brangista Inc., a group company, and changed its name to Brangista Inc.
	Sep	Launched the digital magazine GOODA
2013	Apr	Launched the digital magazine SUPER CEO
	Sep	Accepted an investment from Rakuten, Inc.(currently Rakuten Group, Inc.) to strengthen business alliance in the digital magazine business
	Nov	Launched the digital magazine SEIKEIDENRON
2015	Apr	Jointly launched the digital magazine Madream with NEXT Co., Ltd. (currently LIFULL Co., Ltd.)
	Sep	Became listed on the Tokyo Stock Exchange Mothers Market
	Nov	Started Tabiiro Plus, a travel curation site
	Dec	Started the Cross-Border E-Commerce Service
2017	Oct	Established Brangista Taiwan Inc. in Taiwan
	Oct	Started publishing NOMITABIBON Powered by Tabiiro, a special edition of Tabiiro
2018	Aug	Started publishing Tabesaki, a special edition of Tabiiro
	Dec	Dugong Inc. (currently CrowdLab Inc.), a company which manages the tourism information website TravelNote, became a subsidiary of Brangista.
2020	Apr	Established Brangista Media Inc. Transitioned to a holding company structure with Brangista Media Inc., Brangista Solution Inc., Brangista Taiwan Inc., and CrowdLab Inc. as subsidiaries.
2021	Nov	Started the joint media 1-ONE- with SBC Medical Group
2022	Apr	Moved from the Mothers Market to the Growth Market of the Tokyo Stock Exchange
	Oct	Established Brangista YELL Inc. as a consolidated subsidiary and started providing the service ACCEL JAPAN

(Ref) Prepared by Alpha-Win Research Dept. based on the annual securities report

> Financial Performance

◆ Past Transition in Financial Performance

Figure 12 shows the Company's financial performance since the start of consolidated accounting. Net sales increased for 10 consecutive fiscal years due to an increase in the number of advertisements placed in the Company's digital magazines. However, in FY2020, net sales declined by 18.1% YoY since the number of advertisements placed in its mainstay digital magazine Tabiiro decreased due to the COVID-19 outbreak. In

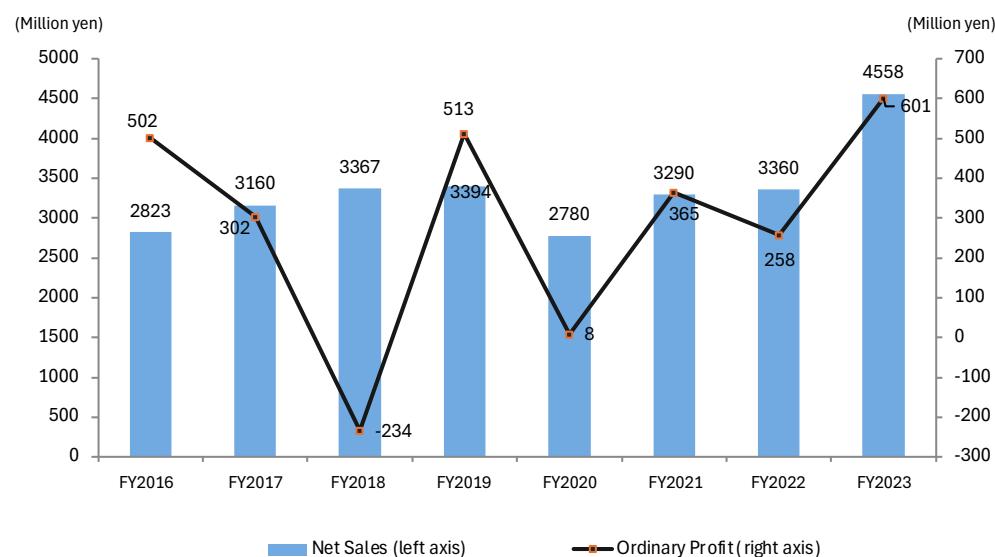
FY2021, net sales increased by 18.4% YoY due to an increase in the number of advertisements placed in the specialty ordering section of Tabiiro, as well as due to an increase in advertising sales from local governments for local revitalization. In FY2022, despite the impact of applying the new accounting standards for revenue recognition, net sales increased by a small amount due to the strong performance of tie-up advertising with local governments.

- The Company recorded an ordinary loss in FY2018, but this recovered sharply in FY2019 due to the completion of a round of expenses.

As for ordinary profit, it fell by 39.8% YoY in FY2017 due to greater promotional expenses and worsened gross profit margin caused by higher labor and outsourcing costs. In FY2018, it posted an ordinary loss of 234 million yen due to higher personnel, advertising, and promotional expenses.

In FY2019, ordinary profit recovered sharply to 513 million yen following the completion of a round of expenses, but in FY2020, profit declined again due to sales decline caused by the COVID-19 outbreak. In FY2022, profit declined because the gross profit margin worsened due to the change in the revenue-recognition standard, which made the rate of sales growth slower and consequently increased the relative amount of fixed costs. However, ordinary profit for the fiscal year was 258 million yen, exceeding the initial plan of 100 million yen.

【Figure 12】 Change in Net Sales and Ordinary Profit



(Ref) Prepared by Alpha-Win Research Dept. based on the annual securities report

- In FY2023, both sales and profits reached record highs, partly due to the contribution of ACCEL JAPAN.

◆ Large Sales and Profit Growth in FY2023

In FY2023, net sales grew by 35.7% YoY to 4,558 million yen, operating profit increased by 2.4x YoY to 604 million yen, ordinary profit increased by 2.3x YoY to 601 million yen, and profit attributable to owners of parent increased by 3.2x YoY to 579 million yen.

By segment, the Promotional Support Business saw a solid start-up of ACCEL JAPAN, which was launched at the beginning of FY2023 in October 2022. Its number of contracts reached 205 in the fiscal year. Sales of this segment were 1,073 million yen and profit was 368 million yen (no comparison to the previous fiscal year since this was the first fiscal year for the segment).

In the Media Business, sales of advertising placements increased due to a recovery in demand for tourism and restaurant services. The segment's sales increased by 5.7% YoY to 2,258 million yen and profit rose by 4.4% YoY to 214 million yen.

In the Solutions Business, sales declined by 5.1% YoY to 970 million yen due to the downsizing of online shopping services, while its profit rose by 7.1% YoY to 159 million yen due to increased operational efficiency.

Total profit of the segments was 813 million yen. Although company-wide expenses increased to 209 million yen from 179 million yen in FY2022, mainly due to an increase in personnel expenses, the operating profit margin improved by 5.7 percentage points from FY2022 to 13.3% in FY2023 due to the new addition of the high-margin Promotional Support Business.

The growth rate of profit attributable to owners of parent was higher than that of ordinary profit, since the adjustment amount for income taxes decreased due to the recognition of deferred tax assets.

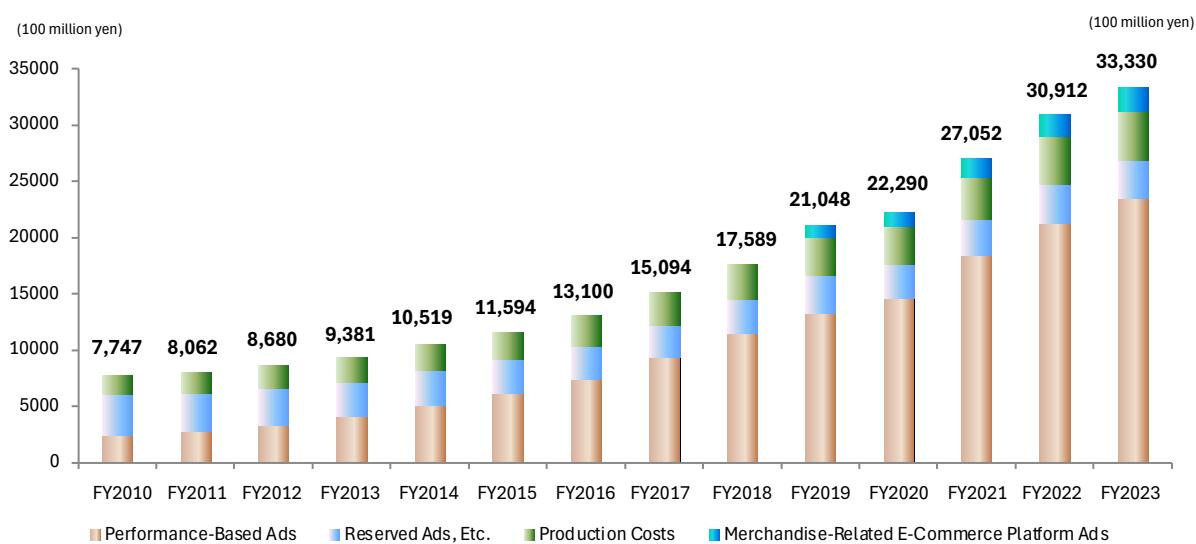
6. Business Environment

◆ Continued Expansion of Both the Internet Advertising and E-Commerce Markets

- Internet advertising expenditures in 2023 increased by 7.8% YoY to 3.3 trillion yen.

According to “2023 Advertising Expenditures in Japan,” published by Dentsu in February 2024, Internet advertising expenditures in 2023 drove the growth of the overall advertising market and reached 3.3 trillion yen (+7.8% YoY) (Figure 13).

【Figure 13】 Growth of the Internet Advertising Market



(Note) Merchandise-related e-commerce platform advertising has been added as a new category since 2019.

(Ref) Prepared by Alpha-Win Research Dept. based on “2023 Advertising Expenditures in Japan” by Dentsu and “2023 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media” by D2C, CARTA COMMUNICATIONS (formerly, cyber communications), Dentsu, and Dentsu Digital.

Growth has continued due to the increasing digitization of the entire society and the establishment of online consumption styles following the COVID-19 crisis. The ratio of Internet advertising expenditures to total advertising expenditures rose from 43.5% in 2022 to 45.5% in 2023.

- The Japanese e-commerce market is also continuing to expand, with a market size of 22.7 trillion yen in 2022.

The Japanese e-commerce market has also continued to expand. According to the “E-Commerce Market Survey” by the Ministry of Economy, Trade and Industry, the size of the e-commerce market in 2022 was approximately 22.7 trillion yen (+9.9% from the previous year). This can be attributed to an increase in the number of e-commerce site operators which has led to the proliferation of diverse online shopping stores, as well as due to the increasing use of smartphones for transactions by people of a wide range of ages.

◆ Competition

The “first year” of e-books in Japan is said to have been around 2010, when a variety of devices became available for access to eBooks and many eBook stores became opened. As the paper-based publishing

industry shrank, companies of various fields including printing, telecommunications, and manufacturing began to enter the eBook industry around this period.

- ♦ The Company's advantage is the know-how it has accumulated by specializing in digital magazines and its business expansion based on celebrity casting.

The Company, which launched its first digital magazine Tabiiro in 2007, can be considered a pioneer in this industry. Currently, among listed companies, the Company is the only one that specializes in the production and publication of digital magazines, making the Company's position unique. Another unique point is that many famous actors have been featured in the digital magazine since its first issue, with over 320 actors featured in the magazine to date. The Company also has a competitive edge in that it has expanded its business to promotional support by leveraging its excellence in celebrity casting.

7. Growth Strategy

◆ Brangista's Growth Strategy

The Company plans to implement various measures to expand the Promotional Support, Media, and Solutions businesses, aiming for sustained sales and profit growth.

1. Promotional Support Business

- In the Promotional Support Business, sales representatives will work on strengthening push marketing.

The Promotional Support Business entered its second year in FY2024. Unlike FY2023, which was its first year, contract renewal sales are now added to its revenue model. Therefore, starting in FY2024, the Company intends to increase the number of contract renewals by strengthening customer support, increase the number of new contracts by strengthening push marketing by its sales staff, and increase the sales per customer through the sales of cross-selling items.

To increase the number of contract renewals, the Company has established a customer success department from the very beginning of service to provide thorough support to its client companies. Specifically, based on a case-study analysis of the companies of various industries using ACCEL JAPAN for a variety of purposes, the Company recommends ways to use and improve experience with ACCEL JAPAN to suit the industries and purposes of the client companies.

As the number of client companies increases and successful case studies accumulate, the Company will most likely be able to provide more precise support, creating a positive cycle. This is expected to contribute to an increase in the number of contract renewals in the future.

In addition, the number of new contracts has increased as the skills of the customer success staff in proposing ways to use ACCEL JAPAN have improved. This improvement in proposal skills is expected to contribute to a further increase in the number of new contracts in the future, along with the strengthening of sales activities described below.

To strengthen sales activities, the Company plans to increase the number of employees at its sales offices throughout Japan and strengthen its proposals to companies and local governments. It has been working on extensive sales activities in the Kyusyu area since May 2024, and plans to expand nationwide based on the results of these activities.

In terms of selling the cross-selling items, the Company intends to strengthen its proposals for casting for events and campaigns, as well as for the creation of advertising materials and videos on consignment, for additional one-time revenue.

The service of ACCEL JAPAN has also been changed so that customers no longer need to label the service and celebrity names on ads (previously, the ACCEL JAPAN Ambassador's name and service name had to be shown on ads when using celebrities), enabling clients to advertise as if they have directly employed the celebrity. This kind of service is rarely offered by other companies in the industry and gives ACCEL JAPAN a competitive edge. The Company plans to further differentiate itself by

introducing such services and leveraging its network with entertainment production companies to increase its number of ambassadors (celebrities).

- **In the Media Business, it will expand the scope of Tabiiro Selection throughout Japan to increase advertising sales.**

2. Media Business

In the Media Business, the Company's plan is to expand the scope of Tabiiro Selection throughout Japan. Tabiiro Selection is a version of Tabiiro that focuses on a specific area in Japan during a specific period. The Company will strengthen sales activities in these specific areas to increase advertising sales.

For local governments, the Company is offering new services beyond the realm of Tabiiro, leveraging the content-production capabilities that it has built to date. These include video shooting, editing, and delivery, as well as the creation of travel plan articles and experience report articles. Its product lineup and number of options have increased, which the Company plans to further strengthen in the coming years.

- **In the Solutions Business, the Company will work on increasing the sales per client by encouraging orders for multiple services.**
- **The Company plans to post record net sales and operating profit for four consecutive fiscal years.**

3. Solutions Business

In the Solutions Business, the Company plans to increase sales by acquiring new customers through service and function enhancements for its low-cost service, Matomaru EC Store Manager. Furthermore, it will aim to gain additional orders for other services as customers expand their businesses. In addition, services other than e-commerce support are also growing steadily, such as its website production and management service and CRM service. The Company plans to continue to increase sales by gaining more customers for these services.

◆ Medium-Term Management Plan

In FY2023, the Company achieved a significant increase in net sales and profit thanks to the strong start-up of ACCEL JAPAN, a new service that leverages its excellence in celebrity casting, know-how in creative works, and proposal skills of the sales team that it has developed through its digital magazine business. Based on these results of FY2023, the Company has formulated the 2024-2026 Medium-Term Management Plan. Its numerical targets for FY2025 are net sales of 5,300 million yen (+10.4% YoY) and operating profit of 1,000 million yen (+25.0% YoY), and for FY2026, net sales of 6,000 million yen (+13.2% YoY) and operating profit of 1,300 million yen (+30.0% YoY).

By business segment, sales of the Promotional Support Business are planned to be 1,800 million yen (+20.8% YoY) in FY2025 and 2,180 million yen (+21.1% YoY) in FY2026, while sales of the Media Business are planned to be 2,320 million yen (+2.7% YoY) in FY2025 and 2,460 million yen (+6.0% YoY) in FY2026. The Solutions Business is planned to generate sales of 1,200 million yen (+12.1% YoY) in FY2025 and 1,310 million yen (+9.2% YoY) in FY2026.

The Company expects to achieve record-high net sales and operating profit for four consecutive fiscal years with the stable growth of the Media Business and Solutions Business, as well as the expansion of the Promotional Support Business as the number of clients companies of ACCEL JAPAN increases.

8. Financial Results for the Most Recent Fiscal Year and Outlook

◆ Financial Results for the First Half of FY2024

- In the first half of FY2024, net sales increased by 2.5% YoY and operating profit increased by 64.5% YoY.

In the first half of FY2024 (hereinafter, "H1"), net sales grew by 2.5% YoY to 2,353 million yen, operating profit increased by 64.5% YoY to 477 million yen, ordinary profit grew by 63.4% YoY to 474 million yen, and profit attributable to owners of parent increased by 53.2% YoY to 305 million yen. The Company does not disclose forecasts for the first half, but in terms of achieving the full-year plan, the progress has been 49.0% for net sales and 59.6% for operating profit (Figure 14).

By segment, the Promotional Support Business saw a steady increase in both contract renewals and new contracts for ACCEL JAPAN, with the segment's sales rising by 75.1% YoY to 785 million yen and profit rising by 98.8% YoY to 293 million yen.

In the Media Business, sales declined by 12.6% YoY to 1,055 million yen due to a decrease in the sales of tie-up advertisements with local governments, despite an increase in the sales of advertisements in the Tabiiro magazine. Although sales declined, the segment's profit rose by 7.8% YoY to 149 million yen due to a decrease in production costs and advertising expenses.

In the Solutions Business, sales fell by 5.2% YoY to 475 million yen following a one-time system development contract in the same period of the previous fiscal year, but the segment's profit rose by 41.2% YoY to 114 million yen due to improved operational efficiency.

- The operating profit margin rose to 20.3%, an improvement of 7.7 percentage points YoY.

Total profit of the segments was 580 million yen. Company-wide expenses decreased to 103 million yen from 110 million yen in H1 FY2023, mainly due to a decrease in expenses resulting from a change in the audit firm. As a result, the overall operating profit grew by 64.5% YoY, and the operating profit margin improved by 7.7 percentage points to 20.3%.

[Figure 14] Summary of Financial Results in the First Half of FY2024

	FY2023	FY2023	FY2024		FY2024	Progress
	Full-Year Result	First-Half Result	First-Half Result (A)	YoY Change	Company Plan (B)	(A) / (B)
Net Sales	4,558	2,295	2,353	2.5%	4,800	49.0%
Promotional Support Business	1,073	448	785	75.1%	1,490	-
Media Business	2,258	1,207	1,055	-12.6%	2,260	-
Solutions Business	969	501	475	-5.2%	1,070	-
Others	256	137	36	-73.2%	140	-
Gross Profit	3,262	1,606	1,757	9.4%	-	-
Gross Profit Margin	71.6%	70.0%	74.7%	-	-	-
SG&A Expenses	2,658	1,316	1,280	-2.8%	-	-
SG&A Expense Ratio	58.3%	57.4%	54.4%	-	-	-
Operating Profit	604	290	477	64.5%	800	59.6%
Operating Profit Margin	13.3%	12.6%	20.3%	-	16.7%	-
Ordinary Profit	601	290	474	63.4%	800	59.3%
Ordinary Profit Margin	13.2%	12.6%	20.2%	-	16.7%	-
Profit Attributable to Owners of Parent	579	199	305	53.2%	520	58.7%

(Note) Sales of each business in the company plan are before the elimination of intersegment sales.

(Ref) Prepared by Alpha-Win Research Dept. based on the financial results summary.

◆ Brangista's Financial Forecast for FY2024

- In FY2024, the Company expects net sales of 4,800 million yen (+5.3% YoY) and operating profit of 800 million yen (+32.4% YoY), in line with its initial plan.

As announced at the beginning of FY2024, the Company plans a 5.3% YoY increase in net sales to 4,800 million yen, a 32.4% YoY increase in operating profit to 800 million yen, a 32.9% YoY increase in ordinary profit to 800 million yen, and a 10.3% YoY decrease in profit attributable to owners of parent to 520 million yen in FY2024. Sales, operating profit, and ordinary profit are expected to reach record highs for the second consecutive fiscal year. Profit attributable to owners of parent is forecasted to decline because the adjustment amount for income taxes will return to the normal basis, meaning that this profit's growth rate is expected to otherwise be around the same level as operating profit and ordinary profit.

In the Promotional Support Business, sales are expected to increase by 38.9% YoY to 1,490 million yen due to an increase in the number of contract renewals and new clients for ACCEL JAPAN, which is now in its second year of service.

The Media Business is expected to post sales of 2,260 million yen, an increase of 0.1% YoY, due to steady sales of advertising placements by accommodation providers and restaurants.

The Solutions Business is expected to increase sales by 10.4% YoY to 1,070 million yen due to higher sales per customer as the Company strengthens proposals for multiple services in line with its customers' business expansion.

The operating profit margin is projected to improve by 3.4% percentage points from the previous fiscal year to 16.7%, due to an increase in the sales proportion of the high-margin Promotional Support Business.

- For FY2024, Alpha-Win forecasts a 6.6% increase in net sales and a 49.0% increase in operating profit YoY.

◆ Alpha-Win Research Department's Financial Forecast

Based on the H1 FY2024 results and the Company's activities, Alpha-Win Research Department forecasts FY2024's results to exceed the Company's forecasts, with net sales of 4,860 million yen (+6.6% YoY), operating profit of 900 million yen (+49.0% YoY), ordinary profit of 900 million yen (+49.8% YoY), and profit attributable to owners of parent of 585 million yen (+1.0% YoY) (Figure 15).

Since the Promotional Support Business, whose revenue model will now also include contract renewal sales, appears to be performing well, the full-year results may even possibly exceed our forecasts as well as the Company's.

We made the following assumptions in formulating our forecasts.

- We predict that both the gross profit margin and the SG&A expense ratio will improve compared to the previous fiscal year.

1. By segment, we expect sales of 1,600 million yen (+49.1% YoY) for the Promotional Support Business, 2,230 million yen (-1.2% YoY) for the Media Business, and 1,000 million yen (+3.2% YoY) for the Solutions Business.

2. We expect the gross profit margin to improve by 2.9% percentage points from the previous fiscal year to 74.5% due to an increase in the sales proportion of the high-margin Promotional Support Business.

3. Although personnel expenses are expected to increase due to an increase in the number of employees, we expect the SG&A expense ratio to improve by 2.3 percentage points from the previous fiscal year to 56.0% due to increased sales and more efficient use of the other expenses.

【Figure 15】 Medium-Term Financial Forecast

	FY2022	FY2023	FY2024: CE	FY2024: E	FY2025: E	FY2026: E
Profit and Loss Statement						
Net Sales	3,360	4,558	4,800	4,860	5,390	6,054
YoY Change	-	35.7%	5.3%	6.6%	10.9%	12.3%
Promotional Support Business	-	1,073	1,490	1,600	1,950	2,400
Media Business	2,137	2,258	2,260	2,230	2,275	2,360
Solutions Business	1,021	970	1,070	1,000	1,135	1,264
Others	293	329	140	140	150	180
(Internal Sales)	-92	-73	Not disclosed	-110	-120	-150
Gross Profit	2,404	3,262	-	3,620	4,069	4,613
YoY Change	-	35.7%	-	11.0%	12.4%	13.4%
Gross Profit Margin	71.5%	71.6%	-	74.5%	75.5%	76.2%
SG&A Expenses	2,148	2,658	-	2,720	2,977	3,271
SG&A Expense Ratio	63.9%	58.3%	-	56.0%	55.2%	54.0%
Operating Profit	255	604	800	900	1,092	1,342
YoY Change	-	2.4×	32.4%	49.0%	21.3%	22.9%
Operating Profit Margin	7.6%	13.3%	16.7%	18.5%	20.3%	22.2%
Ordinary Profit	258	601	800	900	1,092	1,342
YoY Change	-	2.3×	32.9%	49.8%	21.3%	22.9%
Ordinary Profit Margin	7.7%	13.2%	16.7%	18.5%	20.3%	22.2%
Profit Attributable to Owners of Parent	178	579	520	585	722	888
YoY Change	-	3.2×	-10.3%	1.0%	23.4%	23.0%

	Sales			Segment's Profit					
	FY2024 (forecast)	FY2025 (forecast)	FY2026 (forecast)	FY2024 (forecast)	Segment's Profit Margin	FY2025 (forecast)	Segment's Profit Margin	FY2026 (forecast)	Segment's Profit Margin
Promotional Support Business	1,600	1,950	2,400	630	39.4%	780	40.0%	980	40.8%
Media Business	2,230	2,275	2,360	268	12.0%	283	12.4%	300	12.7%
Solutions Business	1,000	1,135	1,264	182	18.2%	214	18.9%	250	19.8%

(Notes) CE: Company forecast/estimate. E: Alpha-Win's forecast/estimate.

(Ref) Alpha Win Research Dept.

◆ Alpha-Win Research Department's Forecast of Medium-Term Financial Performance

- For FY2025, we forecast a 10.9% increase in net sales and a 21.3% increase in operating profit YoY.

For FY2025, we forecast net sales of 5,390 million yen (+10.9% YoY) and operating profit of 1,092 million yen (+21.3% YoY).

By segment, we forecast sales of 1,950 million yen (+21.9% YoY) for the Promotional Support Business, 2,275 million yen (+2.0% YoY) for the Media Business, and 1,135 million yen (+13.5% YoY) for the Solutions Business.

We expect the gross profit margin to improve by 1.0 percentage point from the previous fiscal year to 75.5% due to an increase in the sales proportion of the high-margin Promotional Support Business.

The SG&A expense ratio is forecasted to improve by 0.8% percentage point YoY to 55.2%, as higher sales offset the anticipated increases in personnel and advertising expenses.

- For FY2026, we forecast a 12.3% increase in net sales and a 22.9% increase in operating profit YoY.

For FY2026, we forecast net sales of 6,054 million yen (+12.3% YoY) and operating profit of 1,342 million yen (+22.9% YoY).

By segment, we forecast sales of 2,400 million yen (+23.1% YoY) for the Promotional Support Business, 2,360 million yen (+3.7% YoY) for the Media Business, and 1,264 million yen (+11.4% YoY) for the Solutions Business.

We expect the gross profit margin to improve by 0.7% percentage point from the previous fiscal year to 76.2%, due to a continued increase in the sales proportion of the high-margin Promotional Support Business.

The SG&A expense ratio is expected to improve by 1.2 percentage points YoY to 54.0%, due to a relative reduction in the fixed costs resulting from the increase in sales.

9. Analyst's View

◆ Brangista's Strengths and Challenges

The Company's SWOT analysis result is summarized in Figure 16.

【Figure 16】 SWOT Analysis

Strength	<ul style="list-style-type: none"> Established position as a publisher specializing in digital magazines with no paper-based media Know-how in digital magazine and web content production accumulated since the start of business Nationwide, strong sales force Agility to handle everything from production to sales in-house Unique services that take advantage of its ties with entertainment production companies Business that contributes to the revitalization of local economies, an important issue for Japan
Weakness	<ul style="list-style-type: none"> Expenditures for Internet advertising by companies may fluctuate with changes in the business climate. The business scale of each service is small. Company name is not well known.
Opportunity	<ul style="list-style-type: none"> Further shift of magazines from paper to electronic form Further expansion of the Internet advertising and e-commerce markets Increase in the number of companies and local governments throughout Japan that subscribe to the new ACCEL JAPAN service With the expansion of business scale, the Company's name recognition will also increase, making it easier to recruit human resources and acquire advertisers.
Threat	<ul style="list-style-type: none"> Deterioration of the business environment due to an increase in competitors New laws and regulations, or amendments to existing laws and regulations, may impact its business. Travel demand may decline in response to restrictions on activities due to the spread of infectious diseases.

(Ref) Alpha-Win Research Department

To add to the Company's strengths, the know-how it has accumulated since the launch of its first digital magazine in 2007 most likely makes it difficult for other companies in the industry to catch up. Its strengths also include its nationwide sales force, its agility in handling everything from production to sales in-house, and its businesses' contribution to local and regional revitalization which has become an important issue for Japan.

In terms of weaknesses, the Company's sales of the segments in FY2023 were small at approximately 2.2 billion yen for the Media Business, 1.0 billion yen for the Promotional Support Business, and 0.9 billion yen for the Solutions Business. However, while its business scale is currently small, there is significant room for growth in the newly launched Promotional Support Business. Growth of this high-margin business could lead to an increase in the overall operating profit margin.

◆ Shareholder Return

The Company has repurchased its own shares to return profits to shareholders and improve capital efficiency. As of March 19, 2024, the total number of shares repurchased was 400,000 (for a total acquisition price of 270 million yen), which corresponds to 2.74% of the total number of outstanding shares (excluding treasury shares).

◆ Stock Price

The Company's share price over the past 12 months and its price relative to the TOPIX are shown on the summary page (Figure C on page 2). The share price has been in the range of 580 yen to 790 yen since the beginning of 2024.

On February 14, 2024, the Company announced its Q1 results, in which its operating profit was 2.4x greater than the same period of the previous fiscal year. In response to this, the share price reached a high of 783 yen on February 15, after which the stock continued to trade on high volume for a while within a certain price range.

After this, in the absence of new information, the share price continued to hover in the high 500s to the low 600s. Then, after the announcement of Q2 results on May 15, 2024, the share price rose to 660 yen in response to the favorable results, after which the price was pushed down by sellers to the current level in the low 600s.

The current level of share price is approximately 12x the next fiscal year's forecasted P/E ratio. We believe that the stock price may adjust to reflect business performance growth as the progress of the medium-term management plan becomes confirmed.

Disclaimer

This Alpha-Win Company Research Report (hereinafter, "this Report") has been prepared by Alpha-Win-Capital Inc. (hereinafter, "Alpha-Win") at the request of the company presented in this Report.

This Report is not to be construed as a recommendation or solicitation of investment. Alpha-Win shall not be liable for any consequences including direct or indirect loss, lost profit, or damage resulting from the use of or reliance on this Report. Investors who read this Report must make their own decisions on all investment matters and take full responsibility regarding their investment.

This Report has been prepared with a focus on objectivity and neutrality based on the analysis of generally accessible public information and supplemental information including interview(s) by the analyst. Furthermore, we have strived to clearly distinguish and document the forecasts and judgments made by the company from those made by Alpha-Win.

Contents of this Report are based on information current as of the issue date and are subject to change without notice. We do not warrant or represent that the information in this Report is accurate, reliable, complete, appropriate, or fit for any purpose and do not accept any responsibility or liability.

Copyright of this Report belongs to Alpha-Win and no part of the publication may be copied, photocopied, cited, or translated without our consent. Alpha-Win, the writer, and/or other persons involved in the publication of this Report may already hold, or buy and sell in the future, the shares of the company presented in this Report.

For inquiries regarding this Report, please send us an e-mail to info@awincap.com. However, Alpha-Win and the writer of this Report do not have any obligation to reply to inquiries.