

Alpha-Win Company Research Report

PCA CORPORATION (9629 TSE Prime)

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Alpha-Win Capital Inc. Research Department

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

● Flash Report on Financial Results

◆ A major specialized player for enterprise system software, leading the market with cloud-based software as the No. 1 player

- PCA CORPORATION (hereinafter referred to as the “Company”) and its group sell originally-developed, packaged business software (for accounting, sales management, purchasing and inventory management, payroll, human resources, work management, attendance management, etc.) mainly to small/medium-sized companies as on-premises or cloud-based software. It also provides related maintenance services. Its mission is to contribute to society as a “Management Support Company” that supports the smooth management and operation of companies.
- It leads the market with its cloud-based business software (PCA Cloud) as the No. 1 player. Thanks to its transition to a subscription-based business model, its business stability and profitability have improved significantly. It has been providing products and services that are aimed at improving its corporate users’ business operations, developing its business mainly around cloud and solution services.
- Record-high sales, operating profit, and recurring profit were achieved in FY2020 (note that the Company’s fiscal years are March-ending; i.e., FY2020 ended in March 2020), thanks to high demand brought by the consumption tax revision and the end of Windows 7 support. In FY2022, although there was a change in the revenue-recognition standard, a strong performance was maintained due to a high, event-driven demand for the products. In addition, a gain on sales of securities was recorded under extraordinary income, resulting in record-high net profit. In a reactionary fall from this previous high demand, sales and profits declined in FY2023.

◆ Results for the first quarter of this fiscal year: sales and profits grew significantly YoY due to continued growth of the cloud service and recovery of the products, presumably exceeding the Company’s expectations

Q1: Summary of Financial Results

- In the first quarter of FY2024 (April to June 2023; hereinafter, Q1 = April to June), the Company posted sales of Y3,387 million (+14.7% YoY), operating profit of Y428 million (+38.5% YoY), recurring profit of Y436 million (+38.4% YoY), and net profit of Y266 million (+86.9% YoY). Sales and profits significantly increased YoY (Figure 1). In the Q1 of the previous fiscal year, both sales and profits had decreased sharply due to the decline in the event-driven replacement demand for the products and the decline in profit margins caused by increased costs including upfront investments. However, in the Q1 of the current fiscal year, this reactionary decline from the previous event-driven demand has eased, and double-digit growths in sales and profits were achieved with the recovery of demand for the products and the increase in the number of corporate users of the cloud service. Some of the early demand prior to the price revision also seems to have occurred in Q1.
- Progress in Q1 in terms of achieving the Company’s full-year plan was 23.0% for sales and 29.6% for operating profit, both exceeding the average rates of progress over the past six years (22.0% and 21.4%, respectively). Although the Company has not announced its Q1 or first-half forecasts for this fiscal year, the Q1 results have presumably been somewhat higher than its expectations.

【Figure 1】 Results for the First Quarter and the Full-Year Plan

Q1 Results		Q1 FY2023		Q1 FY2024		% Change		Change in Amount		% of Total Sales		Progress Compared to Full Year (%)		Full Year		FY2024		FY2024					
Unit: Million yen		Apr-Jun 2022		Apr-Jun 2023		YoY: %		YoY: Million yen		%		Apr-Jun 2022		Apr-Jun 2023		FY2023 Results		FY2024 Company Plan		YoY: %		Change in Amount	
Sales Category	Consolidated Sales	2,954	3,387	14.7	433	100.0	22.8	23.0	12,981	14,700	13.2	1,719											
	Products	241	349	45.1	108	10.3	21.0	24.9	1,149	1,403	22.1	254											
	Merchandise	108	95	-11.7	-13	2.8	18.7	17.4	577	547	-5.2	-30											
	Maintenance Service	838	839	0.1	1	24.8	25.2	25.0	3,327	3,359	1.0	32											
	Cloud Service	1,361	1,616	18.7	255	47.7	22.9	22.3	5,956	7,282	22.3	1,326											
	Other Operating Revenue	484	486	20.2	82	14.4	20.5	23.1	1,969	2,107	7.0	138											
	Gross Profit	1,822	2,116	15.7	294	16.1	22.7	24.1	8,051	8,797	9.3	746											
	Gross Margin (%)	61.9	62.5	0.6	0.6	0.6	22.5	23.0	62.0	59.8	-2.2	-2.2											
	SG&A Expenses	1,520	1,688	11.1	168	1.6	22.5	23.0	6,763	7,351	8.8	588											
	SG&A Expense Ratio (%)	51.5	49.8	-3.3	-1.6	-1.6	23.0	23.0	52.1	50.0	-2.1	-2.1											
	Operating Profit	309	428	38.5	119	2.2	24.0	29.6	1,288	1,445	12.2	157											
	Operating Margin (%)	10.5	12.6	2.1	2.2	2.2	29.6	29.6	9.9	9.8	-0.1	-0.1											
	Net Profit	142	266	86.9	124	3.0	16.1	28.8	883	925	4.8	42											
	Net Margin (%)	4.8	7.9	3.1	3.0	3.0	28.8	28.8	6.8	6.3	-0.5	-0.5											

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

Short Report

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This Alpha-Win Company Research Report (hereinafter “this Report”) has been prepared by Alpha-Win-Capital Inc. (hereinafter “Alpha-Win”) on the request of the company presented in this Report for the purpose of providing a description of the company. This Report is not to be construed as a recommendation or solicitation of investment. 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. 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. Intellectual property of this Report belongs to Alpha-Win and no part of this Report may be copied, photocopied, cited, or translated without our consent.

Q1: Sales by Category

- Regarding the sales of each sales category in Q1, merchandise was the only category whose sales decreased YoY, by -Y13 million (-11.7% YoY). The impact of this decline on the overall sales was small, though. The cloud service's sales rose by +Y255 million (+18.7% YoY), the products rose by +Y108 million (+45.1% YoY), other operating revenue rose by +Y82 million (+20.2% YoY), and the maintenance service rose by +Y1 million (+0.1% YoY), resulting in an overall increase in sales of Y433 million.
- Sales by category (sales categories defined by the Company) were as follows.
 - In the Q1 of the fiscal year before the previous (FY2022), there was a high demand pertaining to the replacement of the PCA X series, whose support had ended in December 2021. In reaction to this, large declines were experienced in the Q1 of the previous fiscal year (FY2023). However, in the Q1 of the current fiscal year (FY2024), this reactionary decline has eased, and the sales of the products (conventional packaged software or on-premises) turned to an increase. Since the products have high profit margins, this growth has most likely boosted the profits as well.
 - Sales of merchandise (ledger sheets, etc.) declined due the further shift toward paperless operations through digitalization, as well as due to the decline in the sales of merchandise other than ledger sheets.
 - Sales of maintenance service remained flat due to the further shift from the on-premises (products) to the cloud service.
 - Sales of the cloud service were Y1,616 million, returning to a double-digit growth thanks to the steady increase in the number of corporate users of the service. Its sales proportion was the largest among all sales categories, accounting for 47.7% of total sales (46.1% in the previous fiscal year's Q1). Combined with the maintenance service, which accounted for 24.8% of total sales, the subscription-based businesses accounted for 72.5% of total sales. Since both businesses have strong continuity and high marginal profit ratios, they are most likely continuing to contribute significantly to the Company's financial performance in terms of both sales and profits.

The number of corporate users of the PCA Cloud series (net number), by fiscal year, has been increasing from 12,070 in March 2019 to 14,327 in March 2020 (+2,257 YoY), 16,444 in March 2021 (+2,117 YoY), 19,152 at the end of March 2022 (+2,708 YoY), 21,022 at the end of March 2023 (+1,870 YoY), and 21,594 at the end of this year's June (+2,153 compared to 19,441 companies at the end of last year's June).

Quarterly comparison of the number of corporate users (the number as of the end of each quarter; Figure 2) shows that although there had been a YoY and QoQ slowdown in the net increase in the number and the net rate of increase, both have begun to recover toward a high growth trend. Similarly, the quarterly sales of the cloud service (3-months period) showed a +31.1% YoY growth in Q1 FY2022 and slowed down to a +8.5% YoY growth in Q1 FY2023, but have started to recover with a +18.7% YoY growth in the Q1 of this fiscal year.

We believe that these trends reflect how the growth rate had temporarily slowed down after the event-driven high demand for the products in FY2022, which had also caused customers to shift to the cloud service, but the growth rate has then started to recover toward normal levels with the diminishing impact of this previous demand.

- Other operating revenue continued to increase, from Y404 million ⇒ Y486 million (+14.4% YoY). Sales of other companies' products (software), such as DX-related products, were strong due to strengthened sales efforts.

【Figure 2】 Quarterly Change in the Number of Corporate Users and Sales of the PCA Cloud Series

Quarter	Number of Corporate Users of the Cloud Service At the End of Each Month, Cumulative (unit: companies)	Cloud Service's Sales	Quarterly Change in the Number of Corporate Users (companies)				Quarterly Change in Sales (million yen)			
		For Each Quarter (unit: million yen)	% Change (YoY)	Change in Number (YoY)	% Change (QoQ)	Change in Number (QoQ)	% Change (YoY)	Change in Amount (YoY)	% Change (QoQ)	Change in Amount (QoQ)
March 2021 (Q4)	16,444	1,076	14.8	2,117	—	—	14.0	132	4.3	44
June 2021 (Q1)	Not Disclosed	1,255	—	—	—	—	31.1	298	16.6	179
September 2021 (Q2)	17,785	1,340	16.5	2,523	—	—	35.1	348	6.8	85
December 2021 (Q3)	18,578	1,449	—	—	4.5	793	40.4	417	8.1	109
March 2022 (Q4)	19,152	1,524	16.5	2,708	3.1	574	41.6	448	5.2	75
June 2022 (Q1)	19,441	1,361	—	—	1.5	289	8.4	106	-10.7	-163
September 2022 (Q2)	19,853	1,499	11.6	2,068	2.1	412	11.9	159	10.1	138
December 2022 (Q3)	20,466	1,512	10.2	1,888	3.1	613	4.3	63	0.9	13
March 2023 (Q4)	21,022	1,584	9.8	1,870	2.7	556	3.9	60	4.8	72
June 2023 (Q1)	21,594	1,616	11.1	2,153	2.7	572	18.7	255	2.0	32

(Ref) Prepared by Alpha-Win Research Dept. from the past financial results summaries and briefing materials, based on data from the FY2023 financial results summary.

Q1: Profit

- In terms of profit, since the Company's business model is characterized by a high marginal profit ratio, changes in sales have a significant impact on profit margins and profit growth. In the Q1 of the current fiscal year, the product mix improved due to the sales growth of the products which have high profitability (+Y108 million or +45.1% YoY) and the cloud service (+18.7% YoY). As a result, the gross margin rose by 0.6 percentage point from 61.9% in the Q1 of the previous fiscal year to 62.5% in the Q1 of the current fiscal year.
- The SG&A expenses increased by +Y168 million or +11.1% YoY due to higher costs including personnel and development expenses, but this increase was smaller than the overall sales growth rate of +14.7%. Consequently, the SG&A expense ratio improved by 1.7 percentage points, from 51.5% \Rightarrow 49.8%, and the operating margin rose from 10.5% \Rightarrow 12.6% (+2.1 percentage points). The Company's plan is to have an operating margin of 9.8% for the full fiscal year, but the Q1 results have exceeded this plan.
- In the Q1 of this fiscal year, there were no major non-operating or extraordinary income/losses, so the net profit also increased significantly.

Balance Sheet

- As of the end of the Q1 of this fiscal year (June 2023), there has been no significant change in the balance sheet compared to the end of the previous fiscal year (March 2023). Its financial position is firm, with cash & deposits maintained above the annual sales at approx. Y17.7 billion, an equity ratio of 57.6%, and a current ratio of 210.8%. In addition, contract liabilities (consideration received for services not yet provided under subscription contracts such as those of the cloud service) have been steadily accumulating, increasing by +Y387 million (+4.7%) since the end of March to Y8,679 million, due to an increase in the number of cloud subscriptions.

◆Financial Forecasts for This Fiscal Year Onward**The Company's Financial Forecasts for This Fiscal Year**

- The Company has not changed its full-year forecasts since their announcement at the beginning of the fiscal year. For the full fiscal year, it expects sales and profits to increase to sales of Y14,700 million (+13.2% YoY), operating profit of Y1,445 million (+12.2% YoY), and net profit of Y925 million (+4.8% YoY) (Figure 3 on page 4).
- The Company is forecasting a Y1,719 million YoY increase in overall sales due to greater sales of the cloud service, the overall price revision of the products and services (in July; rates of price increase not disclosed), and the sales of the Hub series. By sales category, the cloud service is expected to grow by +Y1,326 million (+22.3% YoY) to account for 77% of the expected overall sales growth.
- With no more reactionary decline from the high, event-driven demand for products, the sales growth of the products is expected to be the second largest at +Y254 million (+22.1% YoY), followed by the growth of the solutions by +Y138 million (+7.0% YoY), accounting for 15% and 8% of the overall sales growth, respectively. As a result, the sales proportion of the subscription-based businesses is planned to rise to 72.4% of total sales.
- In order to strengthen product development for the next stage of growth, such as the development of the PCA Hub series, the Company expects increases in the cost of sales (+Y180 million YoY in labor costs and +Y660 million YoY in subcontracting costs), R&D expense (+Y285 million YoY), and other SG&A expenses (+Y332 million YoY, including system usage and rent fees).
- However, the Company expects the increase in sales to absorb all of these costs and result in an increase in profit. The gross margin is expected to worsen by 2.2 percentage points from 62.0% in the previous fiscal year to 59.8% in the current fiscal year (the same order applies hereinafter).
- The SG&A expense ratio is expected to decline by 2.1 percentage points from 52.1% to 50.0%, since the rate of increase in SG&A expenses will be kept at +8.7% YoY, which is lower than the rate of sales growth (+13.2%). As a result, the operating margin is expected to decline by only 0.1 percentage point, from 9.9% to 9.8%.
- Although the Company's business model has a high marginal profit ratio, it expects the rate of sales growth and the rate of profit growth to be at about the same level this fiscal year due to upfront investment costs. It also does not expect any significant non-operating or extraordinary income/losses during this fiscal year.
- The Company plans to pay an annual dividend of 17 yen per share, which is the same amount as the previous fiscal year. The dividend payout ratio is expected to be 36.7% this fiscal year (the Company's forecast), which is higher than the Company's target of 30%. On the other hand, we estimate the DOE for the current fiscal year (based on the Company's forecast) to be 1.9%, which is below the target of 2.5%.

Alpha-Win's Financial Forecasts for This Fiscal Year Onward

- At the time of our previous company research (see the report issued on June 23, 2023), we had believed that the Company's full-year forecasts were reasonable and had expected the results for both sales and profits to be about the same as the Company's forecasts (Figure 3). However, the Q1 results exceeded our expectations, so we revised our forecasts since upward profit revisions for the full fiscal year now seem possible if cost control is conducted appropriately.
- Starting in Q2, the effect of the upward price revision conducted in July (we estimate the rates of upward revisions to be double-digit percentages) should contribute to financial performance as expected by the Company. In addition, we believe the Company may experience sales recovery of the products, sales growth of the cloud service due to a net increase in the number of subscriptions, and a continued increase in other operating revenue due to strengthened sales efforts. Therefore, at this point, we believe the Company can achieve sales that are slightly higher than planned. We revised our sales forecast upward by Y100 million from our previous forecast of Y14,700 million (same as the Company's plan) to Y14,800 million.
- On the other hand, the Company expects increases in subcontracting costs, R&D expense, and other related expenses to strengthen product development for the next stage of growth, such as the development of the PCA Hub series. However, we believe that the costs may become lower than expected. Therefore, without changing the expected gross margin, we reviewed the SG&A expenses (the expected SG&A expense ratio has been revised from 51.4% \Rightarrow 50.5%, in the order of our previous forecast \Rightarrow current forecast; the same order applies hereinafter) and revised our forecast for operating profit upward from Y1,450 million to Y1,570 million (operating margin of 9.9% \Rightarrow 10.6%).
- We similarly revised net profit from Y925 million to Y1,000 million. Due to this revision, the annual dividend per share was also revised upward from 17 yen to 18 yen per share (based on an expected dividend payout ratio of 36%).

【Figure 3】 Financial Forecasts for This Fiscal Year

Consolidated (unit: million yen)		FY2023				FY2024: Company Forecast				FY2024: Alpha-Win Research Department's New Forecast				FY2024: Alpha-Win Research Department's Old Forecast				Diff. between Alpha-Win's New and Old Forecasts	
		New Revenue- Recognition Standard	New Revenue- Recognition Standard	YoY: Change in Amount or Diff.	YoY: % Change	New Revenue-Recognition Standard	YoY: Change in Amount or Diff.	YoY: % Change	YoY: % Change	New Revenue-Recognition Standard	YoY: Change in Amount or Diff.	YoY: % Change	YoY: % Change	New Revenue-Recognition Standard	YoY: Change in Amount or Diff.	YoY: % Change	YoY: % Change	New Forecast - Old Forecast	
Sales		12,981	14,700	1,719	13.2%	14,800	1,819	14.0%		14,700	1,719	13.2%		14,700	1,719	13.2%		100	
Sales Category	Products	1,149	1,403	254	22.1%	1,600	451	39.3%		1,450	301	26.2%		1,450	301	26.2%		150	
	Merchandise	577	547	-30	-5.2%	520	-57	-9.9%		540	-37	-6.4%		540	-37	-6.4%		-20	
	Maintenance Service	3,327	3,359	32	1.0%	3,330	3	0.1%		3,360	33	1.0%		3,360	33	1.0%		-30	
	Cloud Service	5,956	7,282	1,326	22.3%	7,100	1,144	19.2%		7,200	1,244	20.9%		7,200	1,244	20.9%		-100	
Other Operating Revenue		1,969	2,107	138	7.0%	2,250	281	14.3%		2,150	181	9.2%		2,150	181	9.2%		100	
Gross Profit		8,051	8,797	746	9.3%	9,050	999	12.4%		9,000	949	11.8%		9,000	949	11.8%		50	
Gross Margin		62.0%	59.8%	-2.2%		61.1%	-0.9%			61.2%	-0.8%			61.2%	-0.8%			-	
SG&A Expenses		6,763	7,351	588	8.7%	7,480	717	10.6%		7,550	787	11.6%		7,550	787	11.6%		-70	
SG&A Expense Ratio		52.1%	50.0%	-2.1%		50.5%	-1.6%			51.4%	-0.7%			51.4%	-0.7%			-	
Operating Profit		1,288	1,445	157	12.2%	1,570	282	21.9%		1,450	162	12.6%		1,450	162	12.6%		120	
O.P. Margin		9.9%	9.8%	-0.1%		10.6%	0.7%			9.9%	-0.1%			9.9%	-0.1%			0	
Recurring Profit		1,326	1,478	152	11.4%	1,600	274	20.7%		1,480	154	11.6%		1,480	154	11.6%		120	
R.P. Margin		10.2%	10.1%	-0.2%		10.8%	0.6%			10.1%	-0.1%			10.1%	-0.1%			0	
Net Profit Attributable to Owners of the Parent		883	925	42	4.8%	1,000	117	13.3%		925	42	4.8%		925	42	4.8%		75	
N.P. Margin		6.8%	6.3%	-0.5%		6.8%	0.0%			6.3%	-0.5%			6.3%	-0.5%			0	
Annual Dividend Per Share (yen)		17.0	17.0	0.0		18.0	1.0			17.0	0.0			17.0	0.0			1.0	

(Ref) Prepared by Alpha-Win Research Dept. based on the briefing materials.

- We believe that the Company will be able to continue to increase sales, profits, and dividends, since the effect of the upward price revision will fully contribute to results in the next fiscal year and the upfront investment costs will also peak out in the fiscal year after the next or later. Regarding our forecasts for the next fiscal year onward, we have maintained our previous sales forecasts for now, but have raised our estimates for the profit margins and have upwardly revised our profit forecasts. We consequently also revised the dividends upward (Figure A on page 6).
- Inflation and the rising interest rates may lead to a deterioration of the financial performance of small and medium-sized companies (the Company's users) and suppression of IT investments by those companies, which should be noted as factors that may impact the Company's financial performance, along with the actual spending of costs.

Progress with the New Businesses

- After acquiring Dreamhop Co., Ltd., the Company has been focusing on improving its financial performance by strengthening its sales, services/products, and capital. Although the recent progress has not been disclosed, this company seems to be continuing to post a net loss.
- The Company is also working on the sales promotion of PCA Subscription (same application functions as the cloud service, with data compatibility) and PCA hyper (enterprise systems for mid-tier companies). However, it is still in the stage of raising awareness of its products and services and strengthening sales efforts, and significant progress has still not been seen in this fiscal year's Q1.
- Regarding PCA Hub (an online storage service that enables safe and secure sharing of important business data and files within a company, which is also compliant with the Electronic Books Preservation Act; the goal is to gain a total of 2,000 corporate users within one year after its release in March 2022), the Company has been working on sequentially increasing the product lineup and promoting sales. In May 2023, the Company released the eDOC Upload Tool (a desktop application that automatically uploads files stored in a local folder on a PC to the cloud on PCA Hub eDOC) as a standard function of PCA Hub eDOC to enhance usability, including the automation of accounting operations.
- The Company's business is a cash cow and its cash & deposits have been accumulating year after year. Its challenge will continue to be the improvement of capital efficiency, execution of investment strategies for growth, and development of businesses that will become the next major source of earnings.

◆ Stock Price and Characteristics

- The Company is seen as a subscription-service growth stock that is defensive, domestic-demand oriented, and small-cap. Since December 2018, it has been significantly outperforming the TOPIX. Also, since the announcement of the financial forecasts for the current fiscal year, the stock price has stayed firm in response to the strong results. After the announcement of the Q1 results, the stock price reached a new high for this year in response to the significant growths in sales and profits (Figure C on page 7).
- The volatility of its financial results and stock price tends to increase before and after the occurrence of high demand triggered by events such as those related to changes in the tax system, accounting standards, OS, and products.
- Compared to the average valuation of all TSE Prime stocks, the valuation of the Company's stock based on this fiscal year's company forecast is undeniably expensive regarding the P/E, the actual P/B, and the forecasted dividend yield (based on the closing price on July 31, 2023; as reference, the TSE Prime's average is 15.8x for the forecasted P/E, 1.3x for P/B, and 2.2% for the simple average of the dividend yield).
- Comparing the major valuation measures with its competitors Obic Business Consultants and Miroku Jyoho Service, the Company's valuation is underpriced for P/B but in the middle range for the remaining measures (Figure 4). However, it should be noted that the Company's Q1 results and full-year forecasts for the current fiscal year were the highest in terms of both the sales growth and the profit growth.
- As mentioned earlier, we expect upward revisions of the Company's profit forecasts for the current fiscal year. We estimate the P/E to be about 30x based on the current fiscal year's forecast, 28x based on the next fiscal year's forecast, and about 27x based on the forecast for the fiscal year after the next (Figure B on page 7).
- Going forward, the key points will be the quarterly trends in financial performance, changes in the upfront investment costs, the growth rate of the cloud service which is its growth driver, the sales trends of its various products including the PCA Hub series and PCA Subscription, and the trends in Dreamhop's financial performance.
- Since the Company is rich in cash, we should also watch for share buybacks, dividend hikes, and M&As as the key factors that may impact future stock price.

【Figure 4】 Comparison of Valuation with Competitors

Company Name	PCA (consolidated)	Obic Business Consultants (OBC: nonconsolidated)	Miroku Jyoho Service (MJS: consolidated)
Code	9629	4733	9928
Stock Price (closing price of 7/31/2023)	1,509	5,970	1,687
Market Cap (million yen)	33,198	450,162	58,718
This Fiscal Year's Forecasted P/E (price-to-earnings ratio)	32.6	38.6	12.3
P/B (price-to-book ratio)	1.7	3.2	2.1
Dividend Yield (%)	1.1	1.2	2.7
EV/EBITDA	9.6	19.2	5.5
P/S (price-to-sales ratio)	2.3	12.2	1.4
This Fiscal Year's Q1: Sales (million yen)	3,337	9,144	10,484
Operating Profit (million yen)	428	3,741	1,430
This Fiscal Year's Q1: YoY Change in Sales (%)	14.7	9.6	7.9
YoY Change in Operating Profit (%)	38.5	1.8	-4.9
Operating Margin (%)	12.8	40.9	13.6
This Fiscal Year's Full-Year Company Forecast: Sales (million yen)	14,700	37,000	41,600
Operating Profit (million yen)	1,445	15,950	6,100
This Fiscal Year's Full-Year Company Forecast: YoY Change in Sales (%)	13.2	9.8	0.3
YoY Change in Operating Profit (%)	12.2	8.4	0.3
Operating Margin (%)	9.8	43.1	14.7

(Ref) Prepared by Alpha-Win Research Dept. based on each company's financial results summary and stock price data.

(Note) Market cap = number of shares outstanding x stock price (closing price on 7/31/2023). EPS values used in P/E calculations are based on each company's forecast for FY2024. BPS values used in P/B calculations reflect this fiscal year's Q1 results. EV/EBITDA = (market cap + interest-bearing debt – cash & deposits) / (operating profit + depreciation + intangible fixed assets amortization, etc.). Interest-bearing debt and cash & deposits are based on this fiscal year's Q1 results, while the operating profit is based on each company's full-year forecast for this fiscal year. Depreciation and intangible fixed assets amortization, etc., are based on the previous fiscal year's results. P/S = market cap ÷ sales (each company's forecast for FY2024).

【 9629 PCA Sector: Information & Communication 】 Figure A												
FY		Sales (million yen)	YoY (%)	O.P. (million yen)	YoY (%)	R.P. (million yen)	YoY (%)	N.P. (million yen)	YoY (%)	EPS (¥)	BPS (¥)	Dividend (¥)
2020	Old Standard	14,266	24.7	2,781	122.8	2,808	119.9	1,816	100.4	90.97	675.81	18.00
2021	Old Standard	13,308	-6.7	2,314	-16.8	2,340	-16.7	1,668	-8.1	83.50	791.64	11.33
2022	Old Standard	15,142	13.8	2,516	8.7	2,542	8.6					
2022	New Standard	13,382	0.6	2,655	14.7	2,697	15.2	2,367	41.9	118.36	847.14	24.00
2023	New Standard	12,981	-3.0	1,288	-51.5	1,326	-50.8	883	-62.7	44.16	870.38	17.00
2024	CE: New Standard	14,700	13.2	1,445	12.2	1,478	11.4	925	4.8	46.27		17.00
2024	New E: New Standard	14,800	13.2	1,570	21.9	1,600	20.7	1,000	13.3	50.00	903.35	18.00
2024	Old E: New Standard	14,700	13.2	1,450	12.6	1,480	11.6	925	4.8	46.25	899.60	17.00
2025	CE Medium-Term Plan: New Standard	15,000	2.0	2,500	73.0							
2025	New E: New Standard	15,520	4.9	1,700	8.3	1,730	8.1	1,080	8.0	54.00	939.35	19.00
2025	Old E: New Standard	15,520	5.6	1,550	6.9	1,570	6.1	980	5.9	49.00	931.60	18.00
2026	New E: New Standard	16,500	6.3	1,800	5.9	1,820	5.2	1,135	5.1	56.75	977.10	20.00
2026	Old E: New Standard	16,500	6.3	1,650	6.5	1,670	6.4	1,040	6.1	52.00	965.60	19.00
2019	Q1: Old Standard	2,346	11.3	57	-67.1	69	-62.3	34	-64.6	1.70	541.56	—
2020	Q1: Old Standard	3,073	31.0	587	917.5	598	754.6	364	945.3	18.25	616.15	—
2021	Q1: Old Standard	2,789	-9.2	465	-20.7	471	-21.2	272	-25.1	13.66	676.52	—
2022	Q1: New Standard	3,328	19.3	975	109.4	987	109.4	614	125.4	30.75	810.96	—
2023	Q1: New Standard	2,954	-11.2	309	-68.3	315	-68.0	142	-76.8	7.13	830.18	—
2024	Q1: New Standard	3,387	14.7	428	38.5	436	38.4	266	86.9	13.33	867.22	—

(Ref) Prepared by Alpha-Win Research Dept.

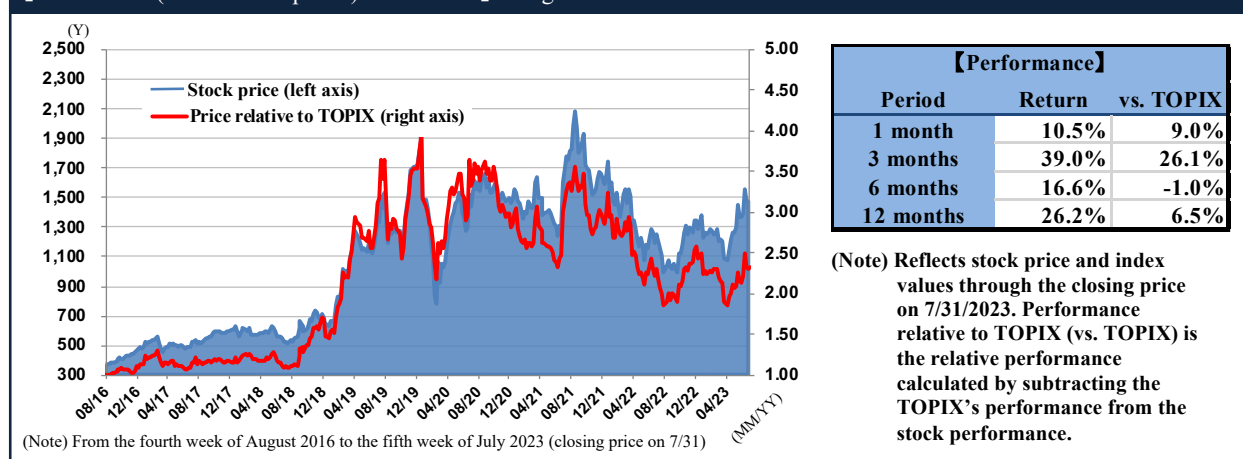
(Note) “CE” is the Company's forecast/estimate. “E” is Alpha-Win's forecast/estimate (“Old E” is the previous forecast and “New E” is the current forecast). “Q1” is the result for the period from April to June. EPS, BPS, and dividend are actual values which retroactively reflect the 3-for-1 stock split conducted on October 1, 2021. “Old Standard” stands for the previous revenue-recognition standard and “New Standard” stands for the new revenue-recognition standard.

【Stock Price and Valuation Indicators: 9629 PCA】 Figure B

Item	7/31/2023	Item	P/E	P/B	Dividend Yield	Dividend Payout Ratio
Stock Price (Y)	1,509	Last FY's Forecasts	34.2	1.7	1.1%	38.5%
Shares Outstanding (thou.)	22,000	This FY's Forecasts	30.2	1.7	1.2%	36.0%
Market Capitalization (million yen)	33,198	Next FY's Forecasts	27.9	1.6	1.3%	35.2%
Dilutive Shares (thou.)	0	Equity Ratio at the End of This FY's Q1	57.6%		Last FY's ROE	5.1%

(Ref) Prepared by Alpha-Win Research Dept. Estimates were made by Alpha-Win.

【Stock Chart (end-of-week prices) : 9629 PCA】 Figure C



(Ref) Prepared by Alpha-Win Research Dept. based on the stock price data.

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