

AlphaPurchase Corporation

7115

Tokyo Stock Exchange Standard Market

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Summary

The mainstay business is purchasing and service agency solutions for large enterprises, and there is significant potential for growth in the future

AlphaPurchase Corporation <7115> is mainly involved in purchasing and service agency solutions for large enterprises. It has two business segments: the MRO*¹ Business, which engages in purchasing of indirect materials such as parts for repairing equipment and machinery, as well as office equipment, and the FM*² Business, which carries out maintenance of commercial facilities and so forth. Both of these are outsourcing businesses, with significant future growth potential. In the MRO Business, the Company provides its in-house developed platforms APMRO and Infinite Catalog, and their development capabilities are the source of the Company's growth.

*1 MRO: Maintenance, Repair and Operations

*2 FM: Facility Management

1. Overview of FY12/25 results

Looking at the Company's consolidated results for FY12/25, net sales were ¥58,922mn (up 5.3% year on year (YoY)), operating profit was ¥1,468mn (up 18.2%), ordinary profit was ¥1,483mn (up 20.8%), and profit attributable to owners of parent was ¥1,031mn (up 19.1%). Net sales fell short of the revised forecast announced in November 2025 due to the significant impact of the shipping suspension by ASKUL Corporation <2678>, but operating profit increased for the 11th consecutive fiscal year due to an improvement in the profit margin. By segment, although net sales in the MRO Business were affected by ASKUL's shipping suspension in 4Q, full-year net sales increased 7.5% because sales to large enterprises performed strongly. Operating profit increased 54.2% partly due to an improvement in the gross profit margin driven by the effect of the Infinite Catalog, which the Company is focusing on. In the FM Business, although net sales exceeded the revised forecast announced in November 2025 due to strong demand for store renovation materials in 4Q, emergency response costs were incurred, resulting in a 47.7% decrease in segment profit. The number of contracts with large enterprises (companies with an average monthly purchase amount of ¥10.0mn or higher by corporate group), a KPI for the Company, stood at 42 companies at the fiscal year-end (unchanged from the previous fiscal year-end).

2. FY12/26 forecasts

For the FY12/26 consolidated results, the Company is forecasting net sales of ¥65,300mn (up 10.8% YoY), operating profit of ¥1,650mn (up 12.4%), ordinary profit of ¥1,650mn (up 11.2%), and profit attributable to owners of parent of ¥1,130mn (up 9.6%). In the MRO Business, the Company expects double-digit growth in overall net sales, driven by continuous increases in purchases by existing customers, the resolution of the impact of ASKUL's shipping suspension that occurred in 4Q FY12/25, and inquiries for large-scale store openings from a major hamburger chain in the FM Business. In terms of profit, the Company expects the profit margin to remain broadly flat year on year. However, considering the resolution of the impact of ASKUL's shipping suspension and the further penetration of the Infinite Catalog, projecting a flat profit margin can be seen as a conservative forecast. In other words, we at FISCO believe that if the net sales target is achieved, there is a high probability that profits will be revised upward, and even if net sales fall short due to delays in large projects or other factors, it is still possible to achieve the current profit forecasts.

Summary

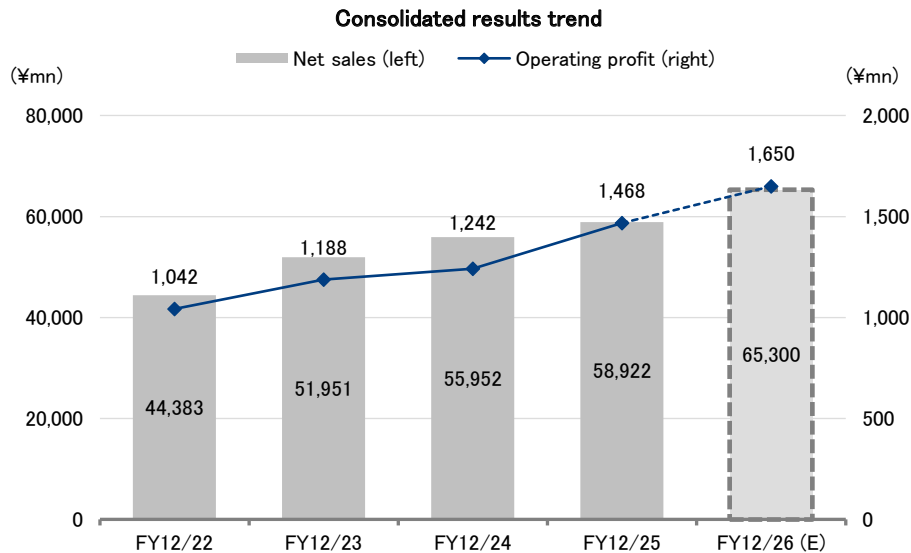
3. Medium- to long-term outlook: Huge potential market, targeting net sales of ¥100.0bn in FY12/29

The Company's core business is purchasing and service agency solutions, and having narrowed its target customer to large enterprises with net sales of ¥100.0bn or above, it has a potential customer base estimated at approximately 1,000 companies. In the MRO Business, the Company currently has contracts with only 42 major customers, indicating significant potential. The Company's greatest strength is its mechanism that links the customers' systems (ERP*, etc.) with the suppliers' systems. Various companies participate in the catalog purchasing market, but at this point there are no other companies that offer similar purchasing agency services to large enterprises at the same scale as the Company, and it is no exaggeration to say that there are almost no companies that compete directly. Rather, the largest rival in this market can be said to be in-house purchasing departments. Since large enterprises are expected to further reduce indirect expenses going forward (increase outsourcing), the Company's business appears to have significant room for growth. Against this backdrop, the Company has already announced its medium-term business plan, setting quantitative targets of net sales of ¥100.0bn, an operating profit margin of 3.5%, and ROE of 20% or more for FY12/29. Going forward, we at FISCO will pay close attention to how the Company's business performance changes as it works toward these targets.

* ERP: Enterprise Resource Planning

Key Points

- The mainstay business is purchasing and service agency solutions for large enterprises, and the Company differentiates itself with its development capabilities
- Operating profit is forecast to increase 12.4% YoY in FY12/26, with the possibility of an upward revision
- The outsourcing rate among large enterprises is low, and the potential market is huge. The Company aims for net sales of ¥100.0bn in FY12/29



Source: Prepared by FISCO from the Company's financial results

Company profile

Two pillars: the MRO Business providing purchasing agency services and the FM Business providing service agency solutions

1. Company profile

The Company was established in November 2000, mainly by the US investment fund Ripplewood Holdings LLC (hereafter, Ripplewood), and when Ripplewood exited from Japan in the 2008 Global Financial Crisis, the current principal shareholder, ASKUL, acquired the shares, including portions held by other major shareholders. The Company's core business is currently purchasing and service agency solutions, and its business segments are the MRO Business, which operates the APMRO and Infinite Catalog platforms for purchasing indirect material such as parts for repairing equipment and machinery and also office equipment, and the FM Business, which provides maintenance and other services for commercial facilities. The Company is headquartered in Minato-ku, Tokyo, with FY12/25 net sales of ¥58,922mn and 265 employees at the fiscal year-end.

2. History

The Company was established in November 2000 as a company providing MRO (indirect/secondary materials) for companies, mainly by the US investment fund Ripplewood. Subsequently, in addition to the expansion of the core business, the Company established a 24-hour office in Kanda, Chiyoda-ku, Tokyo in 2006 as a facility management business base. Then, when the principal shareholder, Ripplewood, exited Japan due to the Global Financial Crisis, the principal shareholder changed to ASKUL. During this shift, the corporate status was changed to a new-and-old-company separation method via company split.

The Company's shares were listed on the Tokyo Stock Exchange (TSE) Standard Market in December 2022. Currently, ASKUL is the principal shareholder with a 62.43% ownership stake, making the Company a consolidated subsidiary of ASKUL.

History

Year	Key events
November 2000	Established in Uchisaiwaicho, Chiyoda-ku, Tokyo as a company providing MRO (indirect/secondary materials) for companies, with US company Ripplewood as the principal shareholder
September 2006	Established a 24-hour office in Kanda, Chiyoda-ku, Tokyo, as a facility management business base
November 2010	The principal shareholder changed to ASKUL Corporation. During this shift, the corporate status was changed to a new-and-old-company separation method via company split
January 2013	Acquired the construction and maintenance business from Sagawa Advance Co., Ltd. Obtained a specific construction permit
January 2014	Spun off the technology division and established ATC Co., Ltd.
May 2016	Relocated the head office to Mita, Minato-ku, Tokyo
December 2022	Listed on TSE Standard Market
June 2024	Established AP Renovations Corporation through a company split (incorporation-type company split). Transferred the construction business

Source: Prepared by FISCO from the Company's website

Business overview

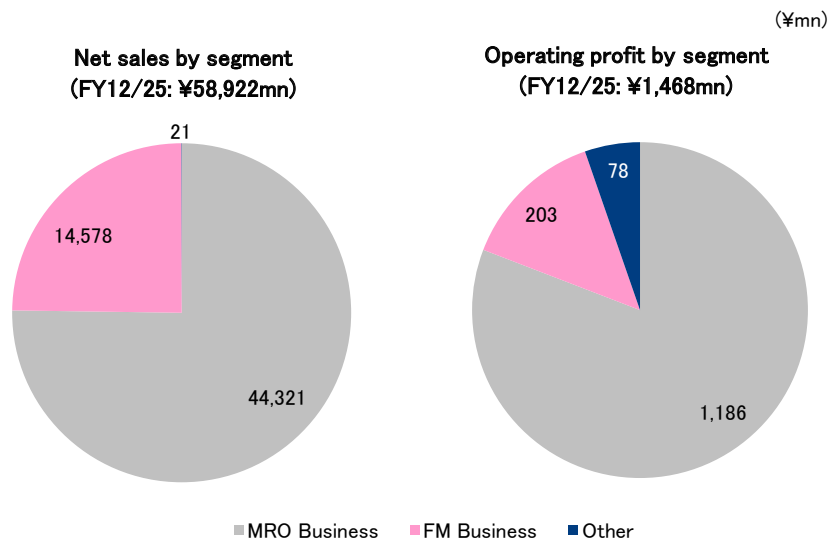
Highly stable recurring revenue-based business model

1. Business segments

The Company discloses three business segments: the MRO Business, which operates the APMRO and Infinite Catalog platforms for purchasing indirect materials such as parts for repairing equipment and machinery and also office equipment, and the FM Business, which provides maintenance and other services for commercial facilities, and Other.

Looking at net sales by segment for FY12/25, the MRO Business recorded net sales of ¥44,321mn (sales composition ratio 75.2%), the FM Business recorded net sales of ¥14,578mn (24.7%), and Other* recorded net sales of ¥21mn (less than 0.1%). In operating profit by segment, the MRO Business recorded operating profit of ¥1,186mn (operating profit composition ratio 80.8%), the FM Business recorded operating profit of ¥203mn (13.9%), and Other* recorded operating profit of ¥78mn (5.3%).

* The Other business records external sales (sales excluding IT service business sales for the Company which are eliminated on consolidation) of the software business of the Company's subsidiary, ATC Corporation. On the other hand, operating profit of the Other business includes profit from the service business of ATC for the Company, causing segment profit to exceed net sales.



Source: Prepared by FISCO from the Company's financial results

Business overview

(1) MRO Business

Many enterprises purchase a range of indirect materials* needed at their headquarters, branches, laboratories, plants, and other facilities; however, it is inefficient to have each location purchasing these materials separately, and many enterprises have to deal with issues relating to materials. The MRO Business meets the need of enterprises to improve their purchasing operations by providing systems and services that enable efficient, appropriate, and low-cost purchasing, centered on the Company's IT platforms, APMRO and Infinite Catalog.

* Materials and parts required in the manufacturing process are referred to as "direct materials," while other items such as equipment, consumables, tools and supplies, safety products, research equipment, office automation equipment, home appliances, and books are referred to as "indirect materials."

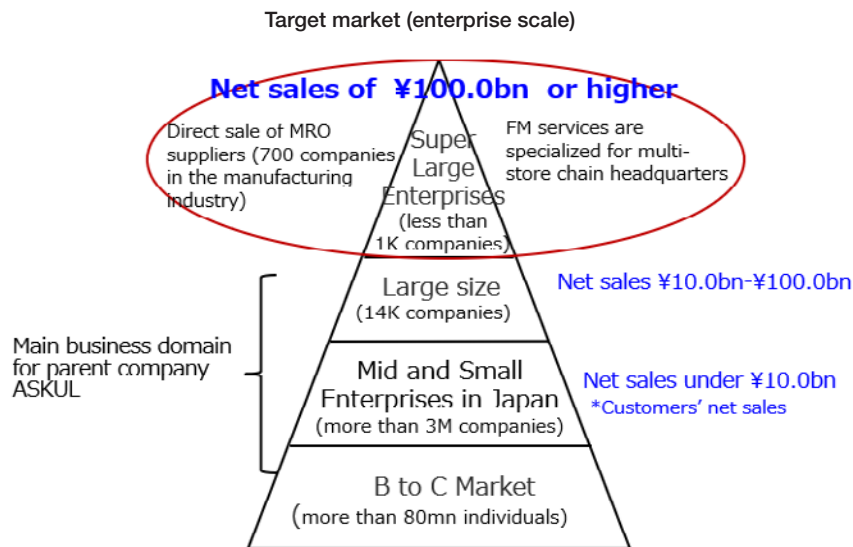
1) Business model

Enterprises that use the Company's services first enter a contract with the Company, and then they use the Company's IT platforms (APMRO and Infinite Catalog) to purchase products from various suppliers. In terms of distribution flow, the Company purchases the products then applies a predetermined margin to sell them to the customer. For the most part, the products themselves are shipped directly from the supplier to the customer. The Company's net sales are primarily the amount of the sales of the products to the customer, not system usage fees*.

* The Company charges fees such as system customization fees as necessary, based on customers' requirements; however, including these, system usage fees amount to less than 1% of sales.

2) Target customers

The Company focuses on target customers that are large enterprises with net sales of ¥100.0bn or higher. It does not target mid-sized enterprises, small- and medium-sized enterprises (SMEs), or independent stores and so forth. The reason is that as a corporate group's sales amount increases, its needs for MRO purchasing also increase, generating demand for a service that does not use employees for sophisticated management. Mid-sized enterprises, SMEs, or independent stores with net sales below ¥100.0bn are the business domain of the parent company, ASKUL, so their niches are separated.



Source: The Company's IR materials

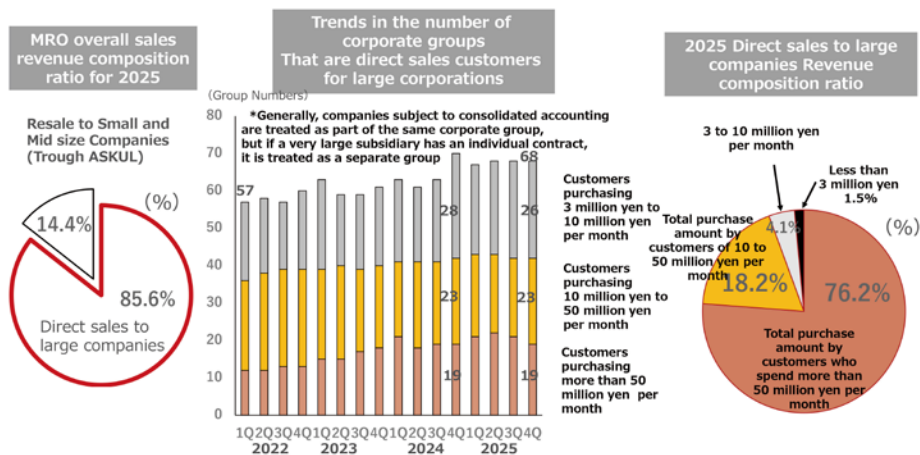
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Business overview

Key requirements of purchasing agency services are speed, low cost, and items being easy to find. However, on top of these requirements, large enterprises tend to place greater emphasis on companywide purchasing control and system linkage with the core IT system (mainly ERP), as well as registration rules for trading companies. Since there can be issues such as being unable to make payment if purchases are not made in accordance with internal rules, procedures, and systems, the larger the enterprise, the greater the requirement for services that enable safety and linkage with the enterprise's own systems. The Company has developed and provides its own systems (APMRO and Infinite Catalog) that can meet the requirements of such customers, which enables it to differentiate itself.

Of the MRO Business sales in FY12/25, 85.6% were direct sales to large enterprises, and the remaining 14.4% were to small and medium-sized workplaces via the parent company, ASKUL. Furthermore, of these direct sales to large enterprises, customers with an average monthly total purchase amount of ¥10mn or more accounted for 94.4% of net sales, customers with ¥3mn–¥10mn accounted for 4.1%, and customers with less than ¥3mn accounted for 1.5%. The number of contracting corporate groups of large enterprises (as of the end of FY12/25) was 26 companies for those with a monthly average of ¥3mn–¥10mn (down 2 companies from the previous fiscal year-end), 23 companies for those with ¥10mn–¥50mn (unchanged YoY), and 19 companies for those with ¥50mn or more (unchanged).

Sales composition of MRO sales and status of the number of major customer groups



Source: Materials provided by the Company

Specific corporate customers include Ricoh Company, Ltd. <7752>, Asahi Kasei Corporation <3407>, Toray Industries, Inc. <3402>, MITSUBISHI CHEMICAL CORPORATION, Tokyo Electron Ltd. <8035>, Kansai Electric Power Co., Inc. <9503>, TOSHIBA CORPORATION, Kioxia Corporation, KUBOTA Corporation <6326>, Sony Corporation, TEIJIN LIMITED <3401>, RIKEN, DAIHATSU MOTOR CO., LTD., TOYOTA INDUSTRIES CORPORATION <6201>, TOYOTA AUTO BODY CO., LTD., TOYOTA MOTOR CORPORATION <7203>, DENSO CORPORATION <6902>, ENEOS Corporation, and PENTA-OCEAN CONSTRUCTION CO., LTD. <1893>.

Business overview

(2) FM Business

This business provides services for stores and facilities operated by customers, such as commercial facility repairs, cleaning, various type of construction work, maintenance and inspection. It also conducts purchasing agency operations for interior materials and signage for stores as well as various equipment and consumables. For large-scale chain stores with store numbers exceeding 1,000, it becomes unfeasible to manage stores using the personnel of an internal construction department or store development department, and so forth, creating the need for DX tools and external Business Process Outsourcing (BPO) services. These services are provided by the Company's FM Business.

1) Business model and services

The Company provides services at customers' request based on set fees. The benefit for the customer is that it can receive consistent services that do not vary between stores or facilities, and that it can control personnel (fixed costs) in its own internal construction department, store management department, and purchasing department, etc. This business can be described as an outsourcing business, like the MRO Business.

The business services fall into three broad categories. Services for chain stores (services such as repair, maintenance and inspection, cleaning, and renovation project management), large-scale renovation projects (large-scale renovation projects compliant with the Construction Business Act for business hotels or multi-store chains), and material delivery services based on the separation of materials and construction (a service that provides timely delivery of the necessary materials for new store openings or renovations of multi-store chains). The materials delivery service accounts for a higher portion of net sales.

2) Target customers

In the FM Business also, the Company targets large-scale chain with over 1,000 stores mainly of the same brand or store and net sales of ¥100.0bn or higher. The reason is similar to the MRO Business, namely that as the number of stores in a corporate group increases, its outsourcing needs also become more complex, and it requires services that can handle high-level management without using employees. Another target customer is large hotel chains with large numbers of guest rooms, despite having few buildings. The main customer industries include convenience stores, fast food chains, drug store chains, and business hotel chains.

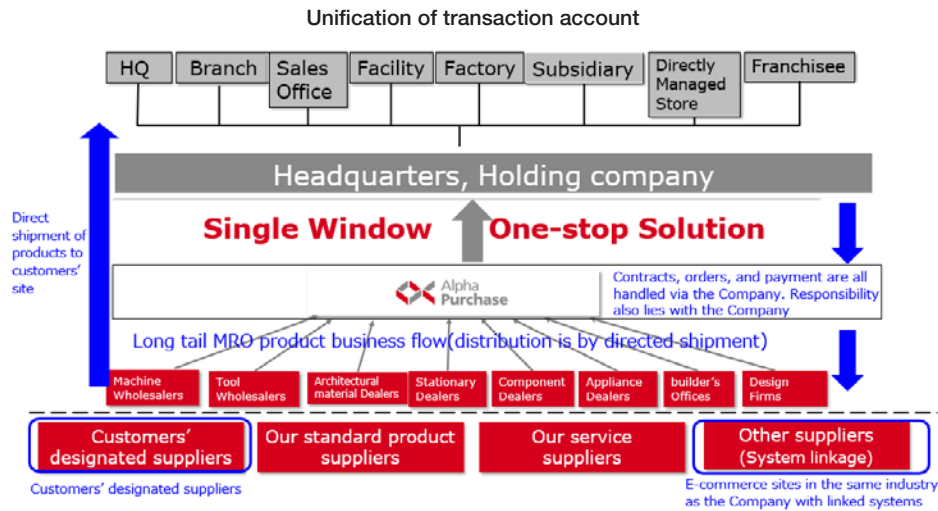
Although net sales come from product sales, the Company's greatest strength is its systems development capabilities

2. Characteristics and strengths

(1) Single-window, one-stop solutions

One of the characteristic strengths of the Company's MRO Business is that it provides single-window purchasing. Large enterprises have various departments and divisions, plants, and branches, and if these are allowed to order consumables and equipment as they please, it results not only in variation in purchased items and prices, but also poor efficiency since payment processing is needed for each respective supplier. By entering a contract with the Company, the Company provides a single contact point for ordering (single-window), which not only simplifies accounting processes, but also avoids ordering errors or overlapping orders and so forth. Moreover, for the supplier, the Customer is linked not only with the Company's standard suppliers, but also with their own dedicated (designated) suppliers and other e-commerce website suppliers. This enables customers to purchase the same product from the appropriate supplier at the optimal price, and also to compare purchasing conditions (number of days to shipping, minimum lots, etc.), before selecting a supplier.

Business overview

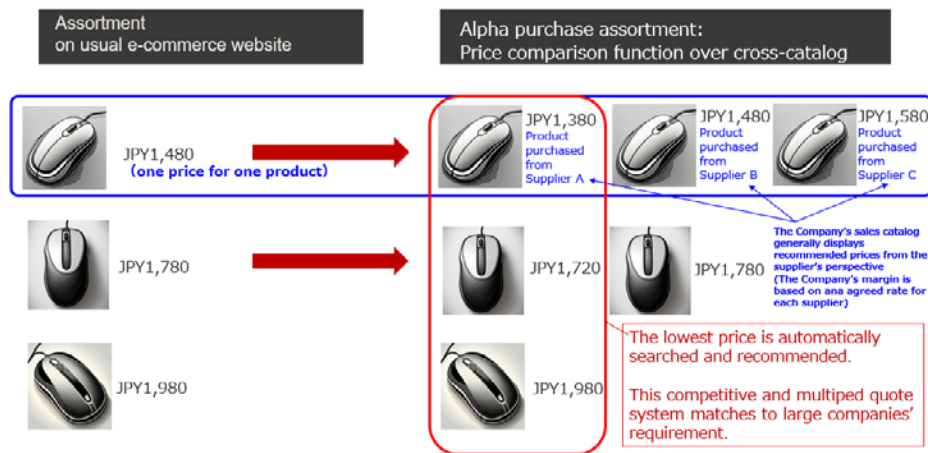


Source: The Company's IR materials

(2) Automatic competitive quotes for the same product (cross-supplier proposal)

Another characteristic of the Company's system is that when customers are searching for a product, the system not only displays products of similar type, performance and price (Product A, Product B, Product C), as a general e-commerce website does, but also displays the sale price for different suppliers (Company X, Company Y, Company Z) of the same product (for example, Product A), and can recommend the lowest price. By making both "vertical" proposals based on similar products, as well as "horizontal" cross-supplier proposals, the system meets the purchasing needs of major companies that require multiple competitive quotes.

Automatic quotation for the same product



Source: The Company's IR materials

(3) Recurring revenue-based business model

A distinctive characteristic of the MRO Business, which constitutes the Company's core business, is that of its use of a recurring revenue-based business model that seemingly serves as a strength when it comes to the Company's business expansion. The Company's revenues are likely to accumulate year after year with little risk of a major downturn due to the factors outlined as follows.

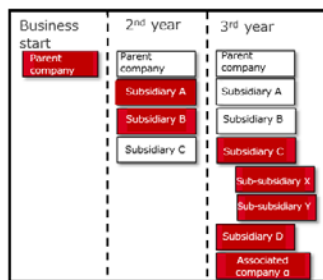
Business overview

The Company achieves net sales growth as the number of companies under contract increases given a situation where the number of corporate contracts undoubtedly constitutes a fundamental metric in driving its revenue growth. Conversely, net sales decrease when cancellations rise. The Company reports that over the last six years (2020–2025), it has encountered no cancellations among enterprises whose procurement amounts to at least ¥10.00mn per month on average and only one cancellation among clients with average monthly procurement amounting to between ¥1.00mn and ¥10.00mn (an impact rate of 0.15% on monetary amounts from cancellations), thereby indicating that its cancellation rate is effectively zero.

Even on a single client basis, the Company achieves growth in net sales (purchasing volume) when such clients whose use of services were initially limited to the head office later extend such use of services to branches, sales offices, and factories. As such, annual net sales on a single client basis tend to increase year after year, thereby giving rise to a situation where gains in procurement of such existing clients constitutes a driving force underpinning the Company's annual sales growth.

Process of service penetration to new customers (corporate groups)

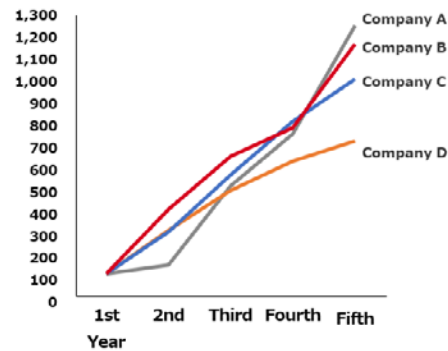
① Adoption of the Company's services by clients on a group-wide basis



② Expansion of user after introduction
(Discontinued use of other local systems and reduction in invoice-based payments)

③ Expansion of available products
(Increase in number of affiliated suppliers, in addition to a higher number of items listed in the Company's catalog)

Example of five years growth from the first year
 Sales growth indicator (first year:100)



Source: The Company's IR materials

Growth in the number of product suppliers gives rise to a more comprehensive product lineup and greater client convenience, which in turn increases the likelihood of net sales growth. We at FISCO contend that the number of suppliers involved with the Company's services will increase going forward for two main reasons. The first reason has to do with the Company's systems development capabilities. In cases where new suppliers (manufacturers, wholesalers, other e-commerce websites, etc.) wish to take part in the Company's system, they are able to readily enlist their involvement through the Company's website given the Company's own API development capabilities. The second reason has to do with the Company's own growth potential. Many suppliers generally seek to become involved with websites that sell more (have higher user traffic) than other websites, thereby suggesting the prospect of growth in the number of suppliers who seek to become involved with the website as the Company's customer base grows and net sales increase.

Business overview

(4) Systems development capabilities

We at FISCO deem that the Company's greatest strength is that of its systems development capabilities. Whereas the Company's primary business is that of procurement outsourcing, it is not possible to build such a business model in the absence of sophisticated systems development capabilities. First on the client side, large corporations who serve as the Company's major clients each have their own core IT systems (such as ERP), and would most likely hesitate to adopt solutions in the absence of systems that can be integrated with theirs. This means that the Company must offer systems that not only allow for selection and purchase of products at the lowest prices, but that also enable seamless end-to-end management of the entire process, encompassing ordering, receiving, invoicing, payment, and inventory control, while furthermore integrating with headquarters, branch offices, sales offices, factories, and other such locations in a manner that enables consistent access throughout.

The same also applies on the supplier side. Suppliers associated with the Company's MRO Business consist of the Company's standard suppliers as well as customer-designated suppliers and even suppliers associated with other e-commerce websites. As such, it is essential that the Company's solutions integrate with systems of these suppliers. We at FISCO contend that the Company's ability to develop various APIs that enable such integration serves as its greatest distinctive characteristic and strength.

With almost no comparable rivals, in-house purchasing departments serve as the Company's main competition

3. Competition

(1) General e-commerce websites

The Company's competitors broadly speaking consist of all enterprises that sell physical goods, but in a narrow sense its competitors particularly constitute operators of e-commerce websites that handle merchandise such as tools, equipment, and consumables for corporate customers. Whereas specific examples include MonotaRO Co., Ltd. <3064>, TRUSCO NAKAYAMA CORPORATION <9830>, and Misumi Corporation Inc., these companies are also suppliers that are integrated into the Company's systems. This situation seems to suggest that the Company has no direct competitors strictly speaking given the apparent lack of companies offering similar procurement outsourcing services to large enterprises at the same scale as the Company.

(2) Primary competition: In-house purchasing departments

With respect to the Company's competition, the Company stated that "rather than competing with specific companies, our greatest rival constitutes the notion that many large corporations still engage in purchasing internally within their own departments." In other words, the Company's greatest challenge in terms of competition remains that of its approach to getting enterprises to adopt outsourcing with respect to such in-house procurement operations. Although the prospect of breaking through this barrier is no easy task, we at FISCO contend that the Company has substantial potential to overcome such challenges as a trailblazer.

Results trends

Operating profit increased 18.2% YoY in FY12/25, absorbing the impact of ASKUL's shipping suspension

1. Overview of FY12/25 results

In the consolidated results for FY12/25, net sales increased 5.3% YoY to ¥58,922mn, operating profit rose 18.2% to ¥1,468mn, ordinary profit gained 20.8% to ¥1,483mn, and profit attributable to owners of parent edged up 19.1% to ¥1,031mn. EBITDA was ¥2,155mn (up 16.1%). Net sales fell short of the revised forecast announced in November 2025 due to the significant impact of ASKUL's shipping suspension, but operating profit increased for the 11th consecutive fiscal year due to an improvement in the profit margin.

By segment, although net sales in the MRO Business were affected by ASKUL's shipping suspension in 4Q, full-year net sales increased 7.5% YoY because sales to large enterprises performed strongly. Operating profit increased 54.2% partly due to an improvement in the gross profit margin driven by the effect of the Infinite Catalog, which the Company is focusing on. In the FM Business, although net sales exceeded the revised forecast announced in November 2025 due to strong demand for store renovation materials in 4Q, emergency response costs were incurred, resulting in a 47.7% decrease in segment profit. The number of contracts with large enterprises (companies with an average monthly purchase amount of ¥10.0mn or higher by corporate group), a KPI for the Company, stood at 42 companies at the fiscal year-end (unchanged from the previous fiscal year-end).

Consolidated results for FY12/25

	FY12/24		FY12/25		YoY	
	Results	vs. net sales	Results	vs. net sales	Change	% change
Net sales	55,952	100.0%	58,922	100.0%	2,969	5.3%
Gross profit	5,524	9.9%	6,105	10.4%	580	10.5%
SG&A expenses	4,281	7.7%	4,636	7.9%	354	8.3%
Operating profit	1,242	2.2%	1,468	2.5%	226	18.2%
Ordinary profit	1,227	2.2%	1,483	2.5%	255	20.8%
Profit attributable to owners of parent	865	1.5%	1,031	1.8%	165	19.1%

Source: Prepared by FISCO from the Company's financial results

2. Status by segment

(1) MRO Business

In the MRO Business, net sales increased 7.5% YoY to ¥44,321mn and segment profit gained 54.2% to ¥1,186mn. Sales to the manufacturing industry, which account for over 70% of large enterprise customers, performed strongly, partly due to the effect of the Infinite Catalog, while net sales through the channel for SMEs were sluggish, partly due to the impact of ASKUL's shipping suspension. As a result, net sales fell short of the revised forecast announced in November 2025, increasing only 7.5%. In terms of profit, however, gross profit expanded because the utilization of the automatic replacement function of the Infinite Catalog progressed and customers' purchasing behavior concentrated on top-selling products, resulting in a substantial increase in segment profit.

Results trends

(2) FM Business

In the FM Business, net sales decreased 0.6% YoY to ¥14,578mn and segment profit declined 47.7% to ¥203mn. Net sales had continued to be negative year on year until 3Q due to a decrease in customer orders and other factors, but full-year net sales exceeded expectations and were limited to a slight decrease because sales of store renovation materials grew in 4Q. In terms of profit, however, emergency procurement and delivery costs incurred to respond to the sudden increase in demand for store renovation materials pushed down profit by ¥40mn, resulting in a significant decrease in segment profit.

(3) Other

In the Other business, net sales decreased 66.6% YoY to ¥21mn due to focus placed on operations for the Company, and despite recording of external sales associated with the software business of the Company's subsidiary ATC (sales excluding net sales made by the IT services business to the Company, which are subject to intercompany elimination). On the other hand, segment profit decreased 6.4% to ¥78mn given that segment profit includes profit generated as a result of services provided to the Company by the services business of ATC.

Results by segment in FY12/25

	(¥mn)					
	FY12/24		FY12/25		YoY	
	Results	% of net sales	Results	% of net sales	Change	% change
Net sales	55,952	100.0%	58,922	100.0%	2,969	5.3%
MRO Business	41,221	73.7%	44,321	75.2%	3,100	7.5%
FM Business	14,665	26.2%	14,578	24.7%	-87	-0.6%
Other	65	0.1%	21	0.0%	-43	-66.6%
Operating profit	1,242	100.0%	1,468	100.0%	226	18.2%
MRO Business	769	61.9%	1,186	80.8%	417	54.2%
FM Business	389	31.3%	203	13.9%	-185	-47.7%
Other	83	6.7%	78	5.3%	-5	-6.4%
EBITDA	1,856	-	2,155	-	299	16.1%

Source: Prepared by FISCO from the Company's financial results and supplementary results briefing materials

The balance sheet is slim, with software accounting for much of non-current assets

3. Financial position

Total assets as of the end of FY12/25 amounted to ¥19,854mn for an increase of ¥1,473mn relative to the end of FY12/24. Of that amount, current assets were ¥17,144mn for an increase of ¥1,218mn, mainly attributable to a decrease of ¥391mn in cash and deposits, an increase of ¥1,207mn in accounts receivable-trade including electronically recorded monetary claims, and an increase of ¥348mn in merchandise. Non-current assets were ¥2,709mn for an increase of ¥254mn, mainly attributable to a decrease of ¥24mn in property, plant and equipment, an increase of ¥234mn in intangible assets, and an increase of ¥43mn in investments and other assets. Intangible assets (mainly software) account for 86.6% of the Company's non-current assets, which reflects the Company's emphasis on systems development.

Results trends

Current liabilities amounted to ¥13,039mn for an increase of ¥764mn YoY, mainly attributable to an increase of ¥664mn in accounts payable-trade associated with higher net sales, and an increase of ¥84mn in income taxes payable and accrued consumption taxes. Non-current liabilities amounted to ¥72mn for an increase of ¥37mn. As a result, total liabilities were ¥13,111mn for an increase of ¥802mn. Total net assets amounted to ¥6,742mn for an increase of ¥671mn, mainly attributable to an increase of ¥769mn in retained earnings associated with the amount recorded for profit attributable to owners of parent. As a result, the equity-to-asset ratio as of the end of FY12/25 was 34.0%, up from 33.0% relative to the end of FY12/24.

Consolidated balance sheet

	(¥mn)		
	FY12/24-end	FY12/25-end	Change
Total current assets	15,925	17,144	1,218
Cash and deposits	5,759	5,367	-391
Accounts receivable-trade (incl. electronically recorded monetary claims)	9,289	10,497	1,207
Merchandise	391	740	348
Total non-current assets	2,455	2,709	254
Property, plant and equipment	82	58	-24
Intangible assets	2,112	2,347	234
Software	1,506	1,736	229
Investments and other assets	260	304	43
Total assets	18,381	19,854	1,473
Total current liabilities	12,274	13,039	764
Accounts payable-trade	11,401	12,065	664
Accounts payable-other	291	300	8
Income taxes payable and accrued consumption taxes	283	367	84
Non-current liabilities	34	72	37
Total liabilities	12,309	13,111	802
Total net assets	6,071	6,742	671
Total liabilities and net assets	18,381	19,854	1,473

Source: Prepared by FISCO from the Company's financial results

4. Status of cash flows

In FY12/25, net cash provided by operating activities was ¥903mn. The main inflows were profit before income taxes of ¥1,483mn, depreciation and amortization of ¥686mn, and an increase in trade payables of ¥664mn, while the main outflows were an increase in trade receivables of ¥1,249mn and an increase in inventories of ¥368mn. Net cash used in investing activities was ¥923mn. The main outflows were purchase of property, plant and equipment and purchase of intangible assets of ¥893mn and the main inflow was proceeds from refund of guarantee deposits of ¥9mn. Net cash used in financing activities was ¥380mn. The main outflows were repayments of long-term borrowings of ¥19mn, purchase of treasury shares of ¥225mn, and payments of dividends of ¥261mn.

As a result, cash and cash equivalents decreased ¥398mn, and the balance at the end of the fiscal year was ¥5,360mn.

Results trends

Statement of consolidated cash flows

	(¥mn)	
	FY12/24	FY12/25
Cash flows from operating activities	2,471	903
Cash flows from investing activities	-665	-923
Cash flows from financing activities	-217	-380
Net increase (decrease) in cash and cash equivalents	1,589	-398
Cash and cash equivalents at end of period	5,759	5,360

Source: Prepared by FISCO from the Company's financial results

Outlook

Operating profit is forecast to increase 12.4% YoY in FY12/26, with the possibility of an upward revision

● FY12/26 forecasts

For the FY12/26 consolidated results, the Company is forecasting net sales of ¥65,300mn (up 10.8% YoY), operating profit of ¥1,650mn (up 12.4%), ordinary profit of ¥1,650mn (up 11.2%), and profit attributable to owners of parent of ¥1,130mn (up 9.6%).

In the MRO Business, the Company expects double-digit growth in overall net sales, driven by continuous increases in purchases by existing customers, the resolution of the impact of ASKUL's shipping suspension that occurred in 4Q FY12/25, and inquiries for large-scale store openings from a major hamburger chain in the FM Business. In terms of profit, the Company expects the profit margin to remain broadly flat year on year. However, considering the resolution of the impact of ASKUL's shipping suspension and the further penetration of the Infinite Catalog, projecting a flat profit margin can be seen as a conservative forecast, and improvement can be expected. Therefore, if the net sales target is achieved, there is a high probability that profits will be revised upward. Conversely, even if net sales fall short due to delays in large projects or other factors, we at FISCO believe it is still possible to achieve the current profit forecasts because there is a possibility that the profit margin will improve. In other words, we at FISCO view the current profit forecasts as a bottom line, and believe there is a possibility that profits will exceed expectations (be revised upward).

FY12/26 consolidated results outlook

	FY12/25		FY12/26		YoY	
	Results	vs. net sales	Forecast	vs. net sales	Change	% change
Net sales	58,922	100.0%	65,300	100.0%	6,377	10.8%
Operating profit	1,468	2.5%	1,650	2.5%	181	12.4%
Ordinary profit	1,483	2.5%	1,650	2.5%	166	11.2%
Profit attributable to owners of parent	1,031	1.8%	1,130	1.7%	98	9.6%

Source: Prepared by FISCO from the Company's financial results

■ Medium- to long-term outlook

Targeting net sales of ¥100.0bn and operating profit of ¥3.5bn in FY2029

The Company announced its medium-term business plan in May 2025. Based on its details and outlook, we at FISCO believe the Company has significant room for growth, and there is a high probability that the targets of the medium-term business plan will be achieved.

1. Medium-term business plan

(1) Positioning

The Company positions this medium-term business plan as a “step-up plan toward its ideal state.” By providing the products and services necessary for customers’ operations, it will promote the following measures.

- Develop catalogs and supplier networks to visualize the purchasing process
- Promote “three-way satisfaction” centralized purchasing and develop purchasing BPO*1
- Propose customer value creation and promote purchasing DX/purchasing-less operations*2 to contribute to total optimization of society as a whole

*1 BPO: Business Process Outsourcing; the Company taking over tasks that have low added value for customers.

*2 Purchasing-less operations: The ideal state where the optimal goods and services for operations are obtained in a timely manner according to the progress of the operations, without the customer having to be conscious of individual purchasing actions.

(2) Quantitative targets

As quantitative targets, the Company aims for net sales of ¥100.0bn, an operating profit margin of 3.5% (operating profit of ¥3.5bn), and ROE of 20% or more in FY12/29. Given that the results for FY2024 were net sales of ¥55.9bn, an operating profit margin of 2.2%, and ROE of 15.1%, it aims for an average annual growth rate of 12.3% during the medium-term business plan period.

2. Scale of potential market

(1) Large number of companies presents growth opportunities

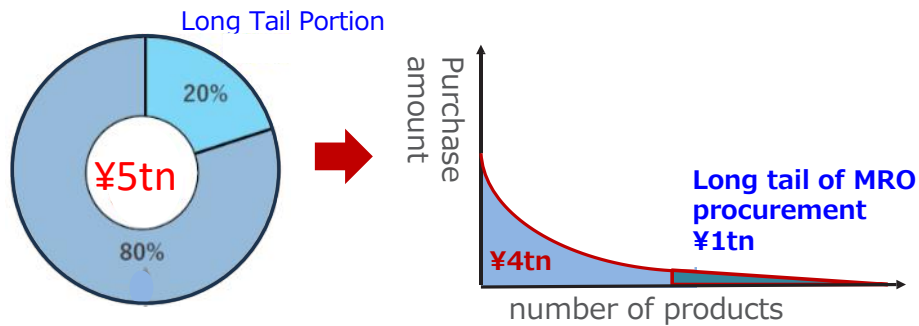
The target market for the Company’s MRO Business consists of enterprises with net sales of at least ¥100.0bn, of which there are approximately 1,000 such companies. Although the prospect of all such enterprises opting to outsource their procurement operations is inconceivable, the potential market amounts to 500 companies assuming a scenario where half of such enterprises shift to outsourcing. The Company’s MRO Business currently serves 42 major corporate clients, which accounts for only 8.4% of the 500 companies constituting the potential market. Large corporations are poised to further step up their rationalization in non-core areas going forward. The outsourcing of indirect materials is likely to advance, rather than retreat. The notion that the Company is a trailblazer in this market suggests that it has substantial room for growth.

Medium- to long-term outlook

(2) Amounts spent on purchases present growth opportunity

According to the Company’s estimates, large corporations spend approximately ¥5tn annually with respect to procurement of indirect materials. Of that amount, such enterprises spend approximately ¥4tn (80% of the overall amount) on contractually specified goods whose purchases are administered in a similar manner to that of procurement of direct materials. The remaining amount of approximately ¥1tn (20% of the overall amount) falls under the long tail category encompassing a wide variety of low-cost items that require significant administrative effort culminating in relatively higher costs.

Conceptual diagram illustrating growth opportunities for the Company



Source: The Company’s IR materials

Of the ¥1tn amount, there is a market of approximately ¥400.0bn with respect to merchandise subject to negotiations in determining product specifications, and a market of approximately ¥200.0bn with respect to standard products subject to price negotiations. The market representing the remaining amount of approximately ¥400.0bn presents opportunities for the Company in the realm of catalog-based sales such as those offered by the Company. The Company’s catalog-based sales to large corporations currently amount to approximately ¥35.0bn (calculated as the amount of direct sales of the MRO Business to large corporations, excluding sales to SMEs) with respect to this ¥400.0bn market, thereby indicating that the Company has an estimated market share of approximately 9%. This suggests that there is significant untapped potential in this market with respect to the Company’s MRO Business.

3. Systems development capabilities and the Infinite Catalog

(1) Systems development capabilities are a strength

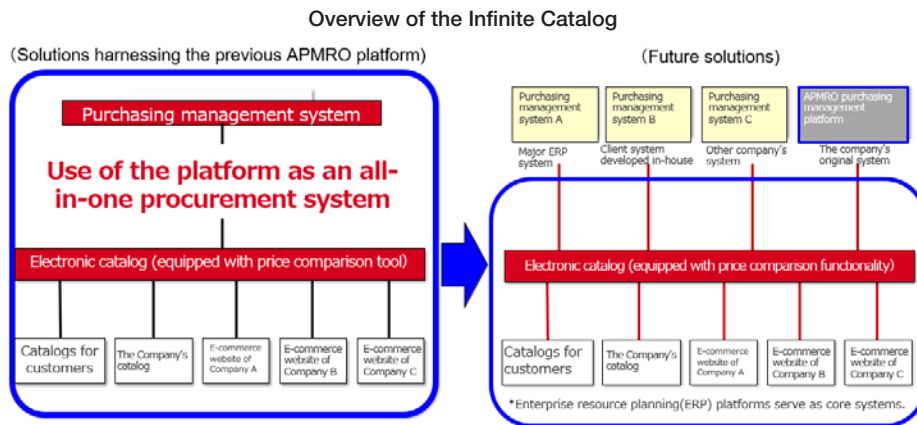
We at FISCO find that the Company has strengths derived from its systems development capabilities, particularly when it comes to its ability to develop systems that enable integration with various systems. The Company’s balance sheet substantiates this notion in that accounts receivable-trade and accounts payable-trade constitute a large portion of both current assets and current liabilities, while inventory is minimal. Meanwhile, intangible assets (mainly software) account for the majority of non-current assets. Amid a scenario of a market with significant untapped potential, it is likely that the Company will differentiate itself from its competitors by leveraging such intangible assets it has amassed over time.

Medium- to long-term outlook

(2) Infinite Catalog

1) Overview of the Infinite Catalog

One example of the Company’s development capabilities involves its Infinite Catalog, released in September 2024. The Infinite Catalog is an electronic catalog developed by specifically harnessing the electronic catalog functionality of the Company’s existing APMRO platform. It is designed to dynamically archive items thereby making it possible to increase the number of items listed in the catalog indefinitely, as the name suggests. It not merely provides a simple list of products and prices but serves as a system module that constitutes part of the core APMRO platform. With further functional enhancements going forward, it will be capable of flexibly addressing client requests such as those that involve changes to purchasing terms and product specifications. Given that it handles tasks that had been difficult to carry out with conventional catalogs, the Company seeks to expand the range of e-commerce websites and procurement systems that can be integrated with the Infinite Catalog, thereby effectively making it possible to handle an infinite number of items.



Source: Materials provided by the Company

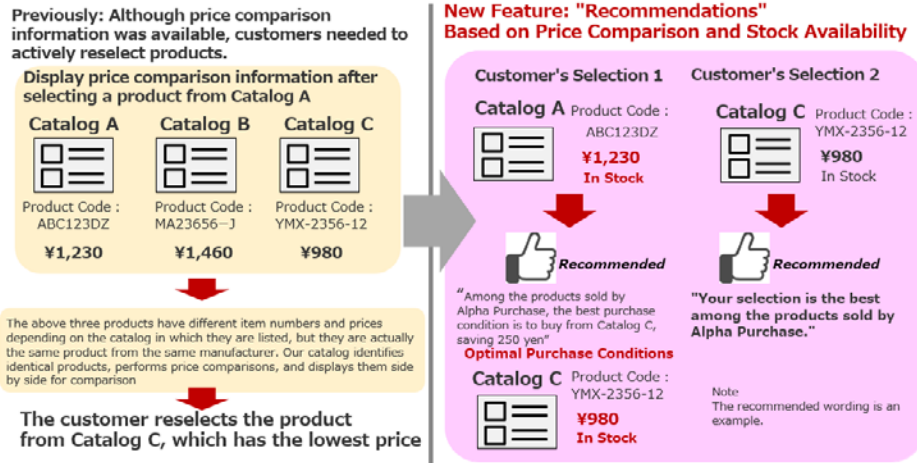
2) Infinite Catalog: Enhanced product comparison tool

The product comparison tool is one of the enhanced features available with the Infinite Catalog. Although the previous platform enabled access to price comparison information, clients were required to actively reselect products themselves. For instance, when a client using the previous platform selected product X from catalog A, price comparison information for the same product would be displayed from other catalogs (such as catalog B and catalog C), even if the merchandise code or product number differed by catalog but the product was from the same manufacturer. However, the client would then have to make the final decision on which catalog to turn to in product selection.

With the Infinite Catalog, on the other hand, products are automatically selected for customers based on price and inventory availability. For instance, if a customer is looking for Product X, the platform checks various catalogs containing the same product. In so doing, the platform might determine that Catalog C has the lowest price and that the product is in stock. As a result, the product in the customer’s shopping cart is then automatically replaced with the recommended product from Catalog C. This powerful recommendation tool significantly reduces customer effort needed in choosing products.

Medium- to long-term outlook

Product comparison tool



Source: The Company's supplementary results briefing materials

The Infinite Catalog is scheduled to be equipped with an interactive negotiation tool, which will allow for attachment of documents within the electronic catalog and will enable immediate execution of transactions encompassing consultations, negotiations, and finalizing contracts using an inquiry (chat) tool, even with respect to products that are otherwise difficult to order using a standard catalog. This includes products subject to frequent and substantial price fluctuations, products whose prices vary significantly due to size of the business deal and new product launches, products with too many variations to be cataloged, and custom-made industrial materials and components.

(3) Measures to cultivate new customers

1) Strengthening of LPs*

The Company is actively promoting the cultivation of new customers to achieve the targets of the medium-term business plan, and the driving force behind this is further increasing the profile of the Infinite Catalog. To promote this, the Company is strengthening landing pages targeted at implementing departments.

* LP: Landing Page

2) Posting successful case studies of Infinite Catalog implementation

On the dedicated website for the Infinite Catalog, the Company posts many successful case studies of customers who have implemented the Infinite Catalog to boost its appeal.

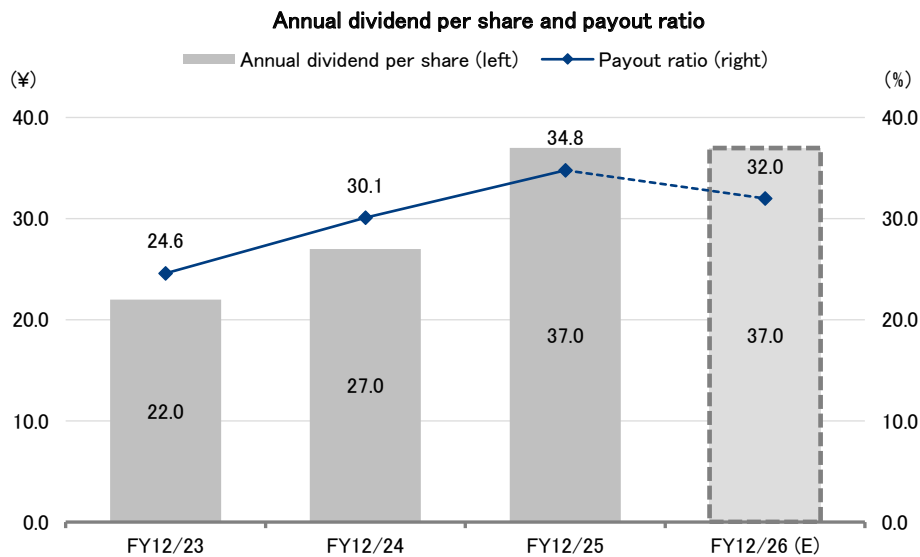
3) Clearly stating the economic effects of implementing the Infinite Catalog

Furthermore, the Company is striving to increase penetration by posting the specific economic effects of implementing the Infinite Catalog (such as reductions in product costs, reductions in work hours, and shorter procurement lead times).

Shareholder return policy

For FY12/26, the Company plans to increase the annual ordinary dividend to ¥37.0

Having established a basic policy of continuously and consistently providing dividends under its shareholder return policy, the Company intends to increase both its dividend payout ratio and dividend per share in alignment with improvement in business performance and profitability (including better cash flow) attributable to progress achieved with respect to meeting objectives of the medium-term business plan, while also securing retained earnings necessary to actively invest in business growth in a timely manner. Based on these policies, the Company paid annual dividends of ¥15.0 in FY12/22, ¥22.0 in FY12/23, ¥27.0 in FY12/24, and ¥37.0 in FY12/25 (including a commemorative dividend of ¥5.0). For FY12/26, the Company forecasts an annual ordinary dividend of ¥37.0 (a dividend payout ratio of 32.0%).



Source: Prepared by FISCO from the Company's financial results



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