

Develop products to safely operate websites at high speeds as well as build, maintain and operate websites

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【5250 PRIME STRATEGY Sector : Information & Communication】

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Nov.2021	559	-1.4	147	2.7x	145	3.0x	95	3.5x	33.5	46.2	0.0
Nov.2022	770	37.7	296	2.0x	291	2.0x	197	2.1x	69.3	117.2	0.0
Nov.2023 f	920	19.5	358	20.9	335	15.1	232	17.8	72.6	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending November 2023 are the company's forecasts.
It conducted 1-to 200 stock split on September 15, 2022. Per share indices are adjusted retroactively.

Develop Products to Speed Up Websites as Well as Build, Maintain and Operate Websites

PRIME STRATEGY group consists of the company and two subsidiaries. It develops and sells products that operate CMS such as WordPress, which safely creates website content on the cloud at high speeds as well as builds, maintains and operates websites using these products. Main products are as follows.

With the use of one of the company's main products to speed up websites, it provides website users with improved usability by shortening the display time; and for website operators, speeding up the website display prevents viewers from leaving the website. It therefore leads to users visiting more pages and has the advantage of enabling stable site browsing even in situations where the server load is high, such as when access is concentrated. In addition, Google and others adopt speed improvement as an index for evaluating websites and it is also effective as an SEO measure for websites.

Business Model

The company's business is a single segment of the KUSANAGI Stack business providing three services: KUSANAGI Managed Services, which is a website maintenance and operation service using the KUSANAGI product line, Cloud Integration Services, which builds CMS applications based on KUSANAGI on the cloud and license sales such as paid licenses for KUSANAGI. KUSANAGI Managed Services and license sales are provided through monthly or yearly subscription contracts.

In fiscal year ended November 2022, KUSANAGI Managed Services accounted for 64.7% of net sales, Cloud Integration Services for 22.5% and license sales for 12.7%. Meanwhile, stock-type businesses based on subscription contracts accounted for 77.4%.

Financial Statements

Statement of income	Fiscal Year	Nov.2020		Nov.2021		Nov.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		567	100.0	559	100.0	770	100.0
Cost of sales		252	44.4	186	33.3	220	28.6
Gross profit		314	55.4	373	66.7	550	71.4
Selling, general and administrative expenses		260	45.9	226	40.4	254	33.0
Operating profit		54	9.5	147	26.3	296	38.4
Non-operating income		0	-	2	-	0	-
Non-operating expenses		5	-	3	-	5	-
Ordinary profit		48	8.5	145	25.9	291	37.8
Profit before income taxes		26	4.6	145	25.9	291	37.8
Profit attributable to owners of parent		27	4.8	95	17.0	197	25.6

Balance sheet	Fiscal Year	Nov.2020		Nov.2021		Nov.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		305	84.3	362	87.2	666	91.4
Cash and deposits		182	50.3	286	68.9	558	76.5
Accounts receivable-trade		60	16.6	51	12.3	77	10.6
Prepaid expenses		0	0.0	0	0.0	0	0.0
Non-current assets		56	15.5	53	12.8	62	8.5
Property, plant and equipment		3	0.8	2	0.5	1	0.1
Intangible assets		31	8.6	29	7.0	31	4.3
Investments and other assets		21	5.8	22	5.3	28	3.8
Total assets		362	100.0	415	100.0	729	100.0
Current liabilities		135	37.3	152	36.6	238	32.6
Accounts payable - trade		11	3.0	10	2.4	21	2.9
Current portion of long-term borrowings		65	18.0	43	10.4	54	7.4
Non-current liabilities		191	52.8	132	31.8	156	21.4
Long-term borrowings		191	52.8	132	31.8	156	21.4
Net assets		35	9.7	131	31.6	333	45.7
Owners' equity		35	9.7	131	31.6	333	45.7

Statement of cash flows	Fiscal Year	Nov.2020		Nov.2021		Nov.2022	
		(mn yen)	(mn yen)	(mn yen)	(mn yen)		
Cash flows from operating activities		64	145	246			
Depreciation		9	10	10			
Cash flows from investing activities		-30	38	-12			
Cash flows from financing activities		49	-80	32			
Dividends paid		-	-	-			
Net increase in cash and cash equivalents		83	104	271			
Cash and cash equivalents		182	286	558			

Note:Consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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