

Core business operating outbound call centers for mail order providers

This report is an English translation of part of the report issued on September 27, 2024.
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[242A REPRIORITY Sector : Services]

| 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) |
|-------------|-----------------------|------------|---------------------------------|------------|--------------------------------|------------|--------------------|------------|--------------|--------------|--------------|
| Sep. 2022 | 2,309 | - | 138 | - | 138 | - | 89 | - | 102.7 | 494.1 | 22.85 |
| Sep. 2023 | 2,633 | 14.0 | 213 | 54.3 | 214 | 55.1 | 149 | 67.4 | 170.7 | 642.0 | 22.85 |
| Sep. 2024 f | 2,724 | 3.5 | 318 | 49.3 | 331 | 54.7 | 217 | 45.6 | 230.8 | - | 45.60 |

Note: Consolidated basis. Figures for the fiscal year ending September 2024 is the company's forecasts.
It conducted 1:20 stock split on June 1, 2024. Per share indicies are adjusted retroactively.

Operating Mail Order Support and Mail Order Businesses

The REPRIORITY group's business comprises of two segments: the mail order support business, which operates call centers for mail order providers and utilizes retail store space for client company sales promotion activities, and the mail order business, where REPRIORITY itself conducts mail order sales primarily of *Sargassum horneri* (brown algae) products, leveraging the company know-how cultivated in the mail order support business. In fiscal year ended September 2023, the mail order support business accounted for 75.3% of net sales, and the mail order business accounted for 24.7%.

Mail Order Support Business

The mail order support business consists of the D2C business, under which the company operates call centers, and the retail media business, where it utilizes retail store space to conduct promotional activities for customers. In fiscal year ended September 2023, Net sales in the D2C business totaled 1,763 million yen, up 22.8% year-on-year and in the retail media business, 218 million yen, up 3.6% year-on-year.

As of June 30, 2024, in the D2C business, the company had a total of 409 communicators specializing in outbound sales across three call centers in Fukuoka Prefecture and one in Osaka City. The business specializes in the mail-order industry and conducts marketing activities tailored to its clients' wishes.

In the retail media business, the company provides support for client company sales promotion activities by displaying catalogs, booklets, free papers and other materials for customers in the free space on bagging tables in supermarkets, drugstores, discount stores and other retail outlets. As of the end of fiscal year ended September 2023, the company had access to a total of 10,862 stores nationwide.

Mail Order Business

In the mail order business, the company conducts mail-order sales of *Sargassum horneri*, which contains various minerals, dietary fiber, polyphenols, fucoxanthin and fucoidan, and is considered to have beauty and health benefits. It is marketed as a key product through media such as television broadcasts.

Financial Statements

| Statement of income | Fiscal Year | Sep. 2022 | | Sep. 2023 | | Nine months to Jun.2024 | |
|--|-------------|-----------|-------|-----------|-------|-------------------------|-------|
| | | (mn yen) | (%) | (mn yen) | (%) | (mn yen) | (%) |
| Net sales | | 2,309 | 100.0 | 2,633 | 100.0 | 2,061 | 100.0 |
| Cost of sales | | 1,148 | 49.7 | 1,412 | 53.6 | 1,047 | 50.8 |
| Gross profit | | 1,161 | 50.3 | 1,221 | 46.4 | 1,013 | 49.2 |
| Selling, general and administrative expenses | | 1,023 | 44.3 | 1,008 | 38.3 | 788 | 38.2 |
| Operating profit | | 138 | 6.0 | 213 | 8.1 | 224 | 10.9 |
| Non-operating income | | 0 | - | 1 | - | 13 | - |
| Non-operating expenses | | 0 | - | 0 | - | 0 | - |
| Ordinary profit | | 138 | 6.0 | 214 | 8.1 | 238 | 11.5 |
| Profit before income taxes | | 138 | 6.0 | 214 | 8.1 | 238 | 11.5 |
| Profit attributable to owners of parent | | 89 | 3.9 | 149 | 5.7 | 154 | 7.5 |

| Balance sheet | Fiscal Year | Sep. 2022 | | Sep. 2023 | | Jun.2024 | |
|---|-------------|-----------|-------|-----------|-------|----------|-------|
| | | (mn yen) | (%) | (mn yen) | (%) | (mn yen) | (%) |
| Current assets | | 759 | 90.7 | 1,034 | 93.5 | 1,160 | 95.1 |
| Cash and deposits | | 418 | 49.9 | 686 | 62.0 | 870 | 71.3 |
| Accounts receivable-trade | | 262 | 31.3 | 272 | 24.6 | 237 | 19.4 |
| Inventories | | 39 | 4.7 | 29 | 2.6 | 24 | 2.0 |
| Non-current assets | | 77 | 9.2 | 71 | 6.4 | 59 | 4.8 |
| Property, plant and equipment | | 40 | 4.8 | 33 | 3.0 | 28 | 2.3 |
| Intangible assets | | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Investments and other assets | | 37 | 4.4 | 38 | 3.4 | 31 | 2.5 |
| Total assets | | 837 | 100.0 | 1,106 | 100.0 | 1,220 | 100.0 |
| Current liabilities | | 344 | 41.1 | 458 | 41.4 | 422 | 34.6 |
| Accounts payable - trade | | 123 | 14.7 | 164 | 14.8 | 126 | 10.3 |
| Current portion of long-term borrowings | | 11 | 1.3 | 18 | 1.6 | 31 | 2.5 |
| Non-current liabilities | | 60 | 7.2 | 87 | 7.9 | 102 | 8.4 |
| Long-term borrowings | | 60 | 7.2 | 87 | 7.9 | 102 | 8.4 |
| Net assets | | 431 | 51.5 | 560 | 50.6 | 695 | 57.0 |
| Owners' equity | | 431 | 51.5 | 560 | 50.6 | 695 | 57.0 |

| Statement of cash flows | Fiscal Year | Sep. 2022 | Sep. 2023 |
|---|-------------|-----------|-----------|
| | | (mn yen) | (mn yen) |
| Cash flows from operating activities | | 36 | 262 |
| Depreciation | | 8 | 7 |
| Cash flows from investing activities | | -26 | -7 |
| Cash flows from financing activities | | -37 | 13 |
| Dividends paid | | -19 | -19 |
| Net increase in cash and cash equivalents | | -27 | 268 |
| Cash and cash equivalents | | 418 | 686 |

Note: Consolidated

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

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