Operates cybersecurity business including SOC and consulting services

This report is an English translation of part of the report issued on February 7, 2025. For inquiries concerning the report, please contract info@stock-r.org

[5599 S&J Sector: Information & Communication]

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Mar. 2023	1,281	18.9	331	31.9	321	28.8	210	-5.8	42.3	151.3	0.0
Mar. 2024	1,610	25.7	348	5.1	319	-0.7	218	3.9	42.4	312.4	0.0
Mar. 2025 C	E 2,013	25.0	403	15.6	403	26.3	271	24.4	48.3	-	0.0
Mar. 2025	2,005	24.5	435	24.7	438	37.2	301	37.7	53.5	364.2	0.0
Mar. 2026 E	2,452	22.3	584	34.2	588	34.2	405	34.5	72.0	436.2	0.0
Mar. 2027	2,889	17.8	721	23.5	726	23.5	501	23.7	89.0	525.2	0.0

CE(company expectations), E(Stock Research Center expectations)

Note: It conducted 1:100 stock split on June 26, 2023.Per share indicies are adjusted retroactively.

Source: Stock Research Center

1. Corporate Overview

S&J is involved in the cybersecurity business. It employs network monitoring to provide security operation center (SOC) services for the detection, analysis and response to cyberattacks, in addition to a host of consulting services.

For fiscal year ended March 2024, of the net sales, SOC services accounted for 73.6% and consulting services for 26.4%. By revenue type, recurring sales based on annual contracts accounted for 83.0%.

2. Financial Analysis

From fiscal year ended March 2019 to fiscal year ended March 2024, net sales grew 16.4% annually, primarily attributable to an increase in recurring sales. Issues with a newly developed service resulted in S&J posting ordinary losses from fiscal year ended March 2018 through fiscal year ended March 2020, but after resolving the issues, the company returned to profitability in fiscal year ended March 2021. With the growth in net sales, ordinary profit rose significantly in fiscal year ended March 2022 and fiscal year ended March 2023, but dropped slightly in fiscal year ended March 2024 owing to expenses related to listing.

S&J is more attractive than other similar companies in terms of financial stability, profitability and growth potential.

3. Non-Financial Analysis

The source of the company's intellectual capital lies in service development and operation capabilities and extensive experience.

4. Corporate Strategy Analysis

The company has announced a medium-term management plan that aims for 3,168 million yen in net sales and 751 million yen in operating profit in fiscal year ending March 2027. S&J's growth strategy focuses on cloud-related services, expanding sales of its managed extended detection and response (MXDR) communication-based SOC service and promoting global (multilingual) support.

February 17,2025

5. Analyst Evaluation

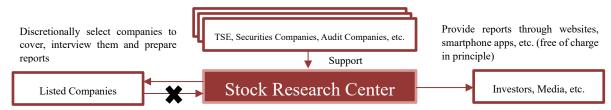
Based on factors including the company's interim results, which showed significant growth in profit, as well as measures the company has implemented, we forecast a 24.5% revenue increase and a 24.7% rise in operating profit for fiscal year ending March 2025.

On the premise of increased recurring sales and gross profit margin, we forecast a 22.3% revenue increase and a 34.2% rise in operating profit for fiscal year ending March 2026. Additionally, we expect a 17.8% revenue increase and a 23.5% boost in operating profit for fiscal year ending March 2027.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



No cost burden on listed companies

■Supporting Members

Tokyo Stock Exchange, Inc. Nomura Securities Co., Ltd. KPMG AZSA LLC

Deloitte Touche Tohmatsu LLC PricewaterhouseCoopers Japan LLC

GYOSEI & CO.

PRONEXUS INC.

SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd.

SBI SECURITIES Co., Ltd. Ichiyoshi Securities Co., Ltd.

Avantia G.P.

ICMG Co., Ltd.

Japan Securities Dealers Association

Daiwa Securities Co. Ltd. Ernst & Young ShinNihon LLC Grant Thornton Taiyo LLC BDO Sanyu **A&A Partners**

TAKARA PRINTING CO., LTD.

The Securities Analysts Association of Japan

■Endorsement

Nagoya Stock Exchange, Inc. Sapporo Securities Exchange

Japan Venture Capital Association Japan Investor Relations Association Japan Stewardship Forum

Institutional Investors Collective Engagement Forum

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.