

INITIATING COVERAGE

NE Inc. (TSE Growth Market: 441A)

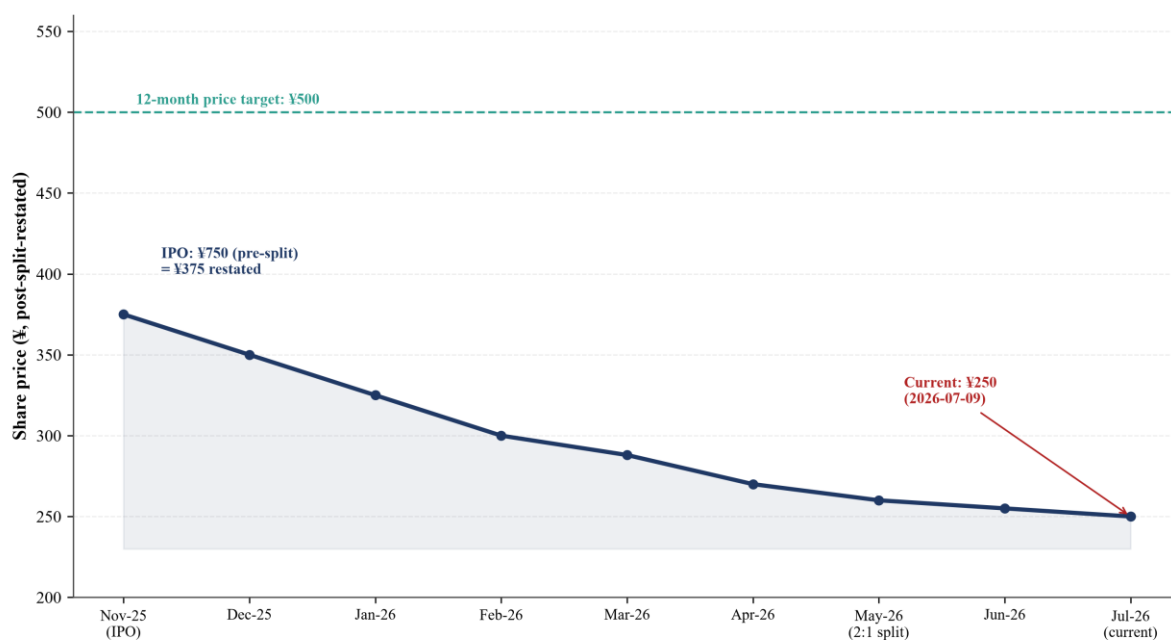
A Mispriced Spin-Off: Japan's Only Listed EC Order-Management SaaS Pure Play, Trading at Half of DCF and Peer-Implied Fair Value

Rating	Current Price	12-Month Target	Upside	Market Cap
BUY	¥250 (2026-07-09)	¥500	+100%	¥8,266m

Equity Research | Initiating Coverage | Japan Small-Cap / Vertical SaaS | Sector: EC Support Software & Regional Revitalization Services

Enterprise Value: ¥5,166m (current, net of cash) | Diluted Shares: 33.00m (post May-2026 2-for-1 split) | FY2026E Revenue: ¥4,201m | FY2026E Operating Margin: 34.9% | Fiscal Year End: April 30

Figure 1 — NE Inc. (441A) Share Price Since Nov-2025 Spin-Off Listing



Source: IRBANK.net, Nikkei disclosure (441A), WebSearch aggregation (Jul-2026). Anchor points (IPO, current) confirmed; intra-period path is illustrative interpolation, all figures restated for the May-2026 2-for-1 split.

Figure 1. NE Inc. share price since its November 2025 spin-off listing.

Investment Summary

- **Trading at roughly half of both DCF and peer-comps fair value, with no obvious fundamental cause.** Our base-case DCF implies ¥476/share and a growth-adjusted trading-comps analysis implies ¥526/share (median), both against a current price of ¥250 — a gap so large that solving backward for the discount rate the market is implicitly using (holding our cash-flow forecasts fixed) yields approximately 27%, far outside any defensible cost of capital for a profitable, debt-free company with an 83%+ equity ratio. We attribute this primarily to the mechanics of NE's unusual November 2025 spin-off, not to a hidden fundamental problem.
- **A rare, passive 'complete spin-off' created a structurally underfollowed stock.** NE was distributed to former-parent Hamee's shareholders as a 1:1 in-kind dividend rather than sold through a conventional

bookbuilt IPO, and its shares opened trading at exactly the ¥750 offer price — a 0% first-day pop that itself signals unusually weak active price discovery. No prior sell-side coverage of 441A was identified in our research; this initiation may be the first. A shareholder base that received shares passively, rather than through an active buy decision, is a classic and historically temporary source of post-spin-off mispricing.

- **Profitable, capital-light, and growing, despite a temporary FY2026 margin dip.** NE guides FY2026E revenue to ¥4,201m (+7.0% YoY) and operating margin of 34.9%, down from FY2025A's 38.7% — a dip management and secondary reporting attribute to one-off standalone-listing costs (new HQ, compliance infrastructure) following the spin-off, not competitive or structural deterioration. Contracted-company count has grown on a steady, uninterrupted curve from 1,000 (2012) to roughly 6,700-6,900 today, and the platform now processes over ¥1 trillion in annual merchant GMV.
- **A scarcity asset in a growing, still-underpenetrated market, with a credible AI re-rating narrative.** Japan's physical-goods e-commerce penetration reached just 9.78% in 2024 (METI), implying a long runway of further e-commerce adoption ahead, and every direct competitor to NE's Next Engine platform identified in our research (アシスト店長, 助ネコ, TEMPOSTAR, CROSS MALL, GoQSystem, Crossma, LOGILESS) remains privately held — NE may be the only listed pure play in this category. Management's own repositioning toward a 'Commerce OS for the Agent Era' targets a structurally higher-multiple AI-commerce-infrastructure narrative, a credible re-rating catalyst if it produces visible execution proof points.

Financial Summary

Metric	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Revenue (¥m)	3,768	3,925	4,201	4,537	4,923
Revenue Growth %	11.2%	4.2%	7.0%	8.0%	8.5%
Gross Profit (¥m)	2,920	3,030	3,193	3,457	3,766
Gross Margin %	77.5%	77.2%	76.0%	76.2%	76.5%
EBITDA (¥m)	1,552	1,578	1,533	1,692	1,885
EBITDA Margin %	41.2%	40.2%	36.5%	37.3%	38.3%
Net Income (¥m)	980	984	943	1,088	1,215
Diluted EPS (¥)	29.68	29.80	28.59	32.97	36.83
Free Cash Flow (¥m)	939	930	847	999	1,147

Table 1. Financial summary, FY2024A-FY2028E. A = actual, E = estimate. Source: NE Inc. Financial Model (2026-07-10).

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Investment Thesis and Risk Assessment

Investment Thesis

Pillar 1: A quantifiable, cross-checked valuation gap, not a single-model artifact.

Three independent methods point the same direction. Our base-case DCF (WACC 13.0%, terminal growth 2.0%) implies ¥476/share; even the most conservative corner of our WACC/growth sensitivity grid (WACC 15.0%, g 1.0%) still implies ¥393/share — more than 50% above the current ¥250 price. Separately, a growth-adjusted trading-comps analysis (a 30% discount applied to freee, Money Forward, Sansan, and Temairazu's EV/Sales multiples, to reflect NE's slower ~8-9% growth versus peers' 20%+ growth) implies a median of ¥526/share. And solving backward for the discount rate the current ¥250 price implies, holding our own cash-flow projections fixed, yields approximately 27% — a rate no defensible cost-of-capital framework would assign to a profitable, unlevered, 83%+-equity-ratio company. Three different lenses converge on the same conclusion: NE is priced well below what its own disclosed fundamentals would support.

Pillar 2: The gap has a specific, identifiable, and plausibly temporary cause.

NE's November 2025 listing was a 'complete spin-off' (完全スピンオフ上場): former parent Hamee distributed 100% of its NE shares to existing Hamee shareholders as an in-kind dividend at a 1:1 ratio, rather than selling shares through a conventional bookbuilt IPO. NE's shares opened trading at exactly the ¥750 offer price — a 0% first-day pop, which market commentary attributes to the absence of price-discovery-driven bookbuilding demand. The practical result is a shareholder base that received NE shares passively rather than through an active investment decision, and — per our research — no prior sell-side coverage of 441A. This is a well-documented pattern in spin-off situations generally (index funds and disinterested legacy holders selling without price sensitivity, thin initial analyst coverage) and is typically a temporary, not permanent, source of mispricing.

Pillar 3: Durable, profitable core-business fundamentals underpin the valuation floor.

Next Engine's contracted-company base has grown on an uninterrupted curve for over a decade — from 1,000 companies in May 2012 to roughly 6,700-6,900 today — through multiple e-commerce and macro cycles, evidence of a durable, non-discretionary product (multi-channel order and inventory synchronization) rather than a fad. FY2026E operating margin of 34.9% (down temporarily from FY2025A's 38.7% due to one-off standalone-listing costs) remains healthy for a business of NE's scale, and the company carries no interest-bearing debt against an 83.3% equity ratio, removing balance-sheet risk as a factor in the valuation debate entirely.

Pillar 4: Multiple, near-term catalysts could close the gap within our 12-month horizon.

We see five concrete catalysts: (i) initiation of further sell-side coverage or eventual small-cap index inclusion, directly addressing the thin-float dynamic; (ii) margin recovery in FY2027E as one-off standalone-listing costs roll off; (iii) continued, trackable contracted-company and store growth in quarterly disclosures; (iv) visible execution proof points behind management's 'Commerce OS for the Agent Era' AI repositioning, which could shift NE's perceived category from legacy EC tooling to higher-multiple AI-commerce infrastructure; and (v) continued cross-border/app-marketplace monetization (TEMU, eBay, TikTok Shop integrations) tapping into cross-border e-commerce flows that grew faster than domestic Japanese e-commerce in 2024 per METI data.

Risk Assessment

We organize identified risks into four categories, consistent with the risk framework developed in our company research (see Company 101, Section: Risk Assessment, for full detail). Each risk below reflects our independent assessment of likelihood and potential financial impact.

Company-Specific Risks

- **Newly-independent-company execution risk.** NE has operated as a fully independent listed company for under eight months. Functions previously shared with Hamee (finance, IT infrastructure) must now be run independently, and FY2026E's operating-margin dip is at least partly attributable to this transition. Execution risk is elevated relative to a longer-tenured independent company.
- **Single-product revenue concentration.** The substantial majority of revenue derives from the Next Engine SaaS platform. A significant competitive, technological, or platform-policy shock to this single product line would have an outsized effect on consolidated results, with limited offsetting diversification from the smaller consulting and regional-revitalization segments.
- **Governance and management-depth disclosure gap.** Public biographical and track-record information on NE's broader executive bench beyond co-CEO Suzuki (whose two-decade product history is well documented) is thin in available sources, including co-CEO Higo. This is an information-availability gap for investors conducting diligence.
- **Customer/churn disclosure gap.** NE has not disclosed a customer-concentration breakdown, gross or net churn rate, or net-revenue-retention metric — standard KPIs for evaluating subscription SaaS quality of revenue. Given a long-tail SME customer base, gross churn is likely structurally higher than an enterprise-software peer group.
- **Marketplace/platform-policy dependency.** Next Engine's value proposition depends on maintaining working API integrations with dozens of third-party marketplaces (Rakuten, Amazon, Yahoo!) that NE does not control. Any of these platforms could change API terms or access policies in ways that require costly, urgent redevelopment work.

Industry/Market Risks

- **Competitive intensity and price-based competition.** At least seven identifiable direct competitors offer broadly similar functionality, with GoQSystem competing explicitly on a structurally different flat-rate pricing model that could pressure Next Engine's per-order pricing for the highest-volume merchant segment.
- **AI/agentic-commerce disruption.** NE's own 'Commerce OS for the Agent Era' repositioning implicitly acknowledges that AI shopping agents could reshape how multi-channel order management is done — an opportunity if NE repositions successfully ahead of competitors, but a risk if a new entrant or marketplace builds native agentic-commerce infrastructure that disintermediates third-party consolidation layers.
- **Japan EC-penetration deceleration.** Physical-goods EC penetration reached 9.78% in 2024, rising roughly 0.3-0.4 percentage points per year — gradual, not accelerating. A slower-than-expected structural shift would cap NE's addressable merchant-base growth below what our model assumes.
- **Furusato nozei regulatory risk.** NE's regional-revitalization segment operates within a Japanese government program subject to periodic, sometimes abrupt regulatory intervention by the Ministry of Internal Affairs and Communications, including past restrictions on portal commission structures.

Financial Risks

- **Margin trajectory uncertainty.** FY2026E guidance shows revenue growing (+7.0%) while operating margin declines to 34.9% from 38.7% in FY2025A. Whether this proves temporary (our base case) or structural is not yet provable with only one quarter of standalone operating history disclosed to date.

- **Post-spin-off cost-base uncertainty.** NE's ongoing run-rate corporate-overhead cost structure as a standalone entity is not yet proven over a full multi-year cycle, adding uncertainty to any forward earnings model built primarily on FY2026E guidance as a base year.

Macroeconomic Risks

- **Japanese consumer-spending sensitivity.** As a business whose revenue scales partly with merchant order volume, NE has indirect exposure to Japanese consumer discretionary spending cycles, which would show up first in order-volume-linked revenue tiers before affecting the fixed base-fee component of pricing.
- **Domestic-market concentration.** NE's revenue is essentially 100% yen-denominated and Japan-market-concentrated, removing FX translation risk but concentrating the entire growth outlook on a single, moderate-growth domestic e-commerce market with no geographic diversification.
- **Rising Japanese Government Bond yields.** The 10-year JGB yield reached a 30-year high of approximately 2.9% in July 2026 amid fiscal-health and inflation concerns. A structurally higher risk-free rate raises the cost of capital for all Japanese equities, including NE, and could itself be a contributing factor behind the depressed valuation this report identifies.

Company 101

Company Overview

NE Inc. (NE 株式会社, "NE") is a Japanese enterprise-software company that operates Next Engine (ネクストエンジン), the leading independent multi-channel order-and-inventory management SaaS platform for e-commerce merchants in Japan. NE listed on the Tokyo Stock Exchange Growth Market on November 4, 2025 under ticker 441A, via a full share-distribution spin-off from its former parent, Hamee Corporation (TSE: 3134). The company is headquartered at EPIC TOWER SHIN-YOKOHAMA, 16F, Shin-Yokohama 3-2-3, Kohoku-ku, Yokohama, Kanagawa Prefecture. Capital stood at ¥275,956 thousand as of April 30, 2026.

Figure 5 — NE Inc. (441A) Company Overview



Source: NE Inc. Research Document (2026-07-10), Task 1.

Figure 5. NE Inc. company overview.

Next Engine is a back-office SaaS platform that sits between an online seller's many storefronts — Rakuten Ichiba, Amazon.co.jp, Yahoo! Shopping, au PAY Market, Qoo10, ZOZOTOWN, Shopify, BASE, カラーストーション, eBay, TikTok Shop, メルカリ Shops, and dozens of others — and the seller's fulfillment operations. It consolidates orders, syncs inventory in near-real time (every five minutes, 24/7) across every channel to prevent overselling, automates status-based order workflows, generates delivery notes/invoices/receipts, and layers on analytics, an app marketplace, and system/EDI-style connectors to accounting (free) and warehouse-management tools. In plain terms: any merchant selling the same SKU across five, ten, or fifty online storefronts needs a single source of truth for orders and stock, or it will oversell and mis-ship; Next Engine is that source of truth, delivered as a subscription service with no long-term contract lock-in.

The business today spans three segments: (1) the core EC Support SaaS platform (Next Engine itself), which is the overwhelming majority of revenue; (2) EC consulting services (added via the 2022 absorption of the former Hamee Consulting subsidiary), which sells sales-improvement and operational consulting to the same merchant base; and (3) a smaller regional-revitalization/"lifestyle e-commerce" segment (LOCALCO STORE) that includes support for furusato nozei (furusato nōzei, Japan's hometown-tax-donation program), where NE helps municipalities and gift-catalog operators manage order and fulfillment logistics in a manner analogous to its core EC use case. NE also runs a small corporate-venture arm, NE Ventures, making strategic

minority investments in adjacent commerce-technology startups (disclosed investments include OpenFactory and KLD).

Scale: as of the company's live company-overview page, Next Engine serves 6,764 contracted companies operating 56,891 individual online stores (the two figures differ because the median customer runs several storefronts under one contract — roughly 7-8 stores per contracted company). The comparable, audited figure from NE's Q3 FY2026 (fiscal year ending April 30, 2026) financial disclosure was 6,737 contracted companies. For context, the platform crossed 1,000 contracted companies in May 2012 and 5,000 in October 2021 — implying a long, steady adoption curve rather than a recent land-grab. Annual gross merchandise value flowing through the platform surpassed ¥1 trillion for the first time in FY2021 (announced April 2022); no more recent GMV figure has been disclosed, but continued customer and store growth imply the figure is materially higher today.

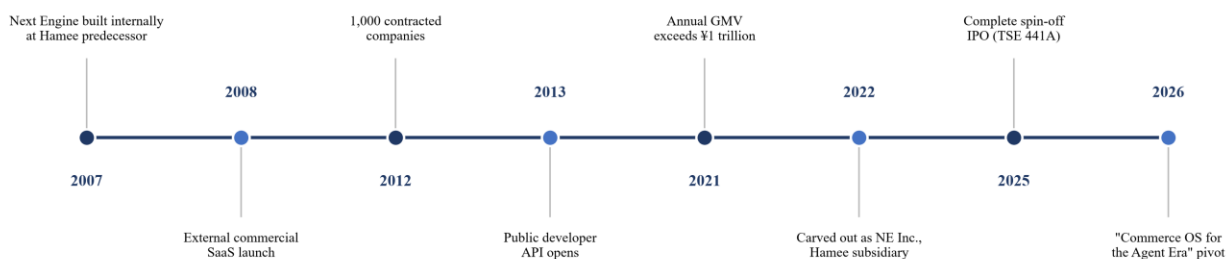
Financially, NE is small-cap and profitable. Company guidance for FY2026 (fiscal year ending April 30, 2026) calls for revenue of ¥4,201 million (+7.0% year-over-year), operating profit of ¥1,468 million (-3.3% YoY), ordinary profit of ¥1,469 million (-3.6% YoY), and net income of ¥973 million (+3.6% YoY). The divergence between rising revenue and modestly declining operating profit signals the company is investing — in product, in the newly-independent corporate infrastructure it now needs post-spin-off, and/or in the newer consulting and regional-revitalization segments — ahead of a return to margin expansion. Nine-month (Q1-Q3 FY2026, through end-January 2026) cumulative results were revenue of ¥3,114 million and operating profit of ¥1,141 million, implying an unusually strong first three quarters relative to the full-year guide and a deliberately conservative or back-half-loaded full-year forecast.

NE is a pure-play, single-country business: it has no disclosed international revenue and operates exclusively in the Japanese e-commerce ecosystem, which is both a strength (deep integration with every major Japanese marketplace, a defensible moat rooted in local platform relationships) and a structural ceiling absent an explicit overseas expansion strategy (none has been disclosed as of this writing).

Company History

Next Engine did not begin life as a stand-alone company; it was built to solve an internal problem. In 2007, a company then named 株式会社 StrapyaNext (which itself had been renamed from 株式会社ストラップヤ .com in 2001, having been founded in May 1998 as マクロウィル有限会社/Macrowill Ltd. in Odawara, Kanagawa, selling mobile-phone accessories) was running its own multi-channel e-commerce operation and needed a way to keep inventory and orders synchronized across the growing number of marketplaces it sold on. An internal employee, Junya Suzuki — later co-CEO of NE Inc. — built the tool that became Next Engine to solve that exact problem. In May 2008, the company began offering Next Engine externally as a commercial SaaS product to other e-commerce merchants facing the same multi-channel synchronization problem. In 2013, the parent company renamed itself Hamee Corporation (its current name, and the name under which it eventually listed on the Tokyo Stock Exchange).

Figure 6 — Key Milestones Timeline



Source: NE Inc. Research Document (2026-07-10), Task 1.

Figure 6. Key milestones timeline, 2007-2026.

Next Engine's adoption curve over the following decade was gradual and organic rather than driven by a single marketing event: the platform passed 1,000 contracted companies in May 2012, and by September of that same year had already been cited (by a 2012 industry claim later refreshed by a July 2018 ネット経済新聞/Net Keizai Shimbun survey) as the No. 1 domestic platform by installed base in the EC unified-management-system category — a claim NE continues to reference on its corporate site, though the underlying survey citation is now more than seven years old and no more recent independent third-party confirmation of market-share leadership was located during this research. An open API was introduced in December 2013, enabling external platforms and app developers to build on top of Next Engine — a precursor to today's app marketplace. By April 2021, annual GMV flowing through the platform exceeded ¥1 trillion, and the contracted-company base exceeded 5,400 by mid-2022.

The corporate separation from Hamee happened in two distinct steps, five years apart, and it is important not to conflate them:

Step one — internal carve-out (2022). On June 13, 2022, Hamee's board announced a decision to spin off the Next Engine platform business into a dedicated subsidiary. NE Inc. was newly incorporated on May 2, 2022 as a 100%-owned Hamee subsidiary shell in anticipation of this transfer. Hamee shareholders approved the plan on July 28, 2022, and the business transfer became effective August 1, 2022 via a company split (会社分割) under Japan's Companies Act, moving substantially all of the Next Engine platform business (assets, contracts, and — per management's stated rationale — most of the associated employees) from Hamee into NE Inc. The following month, September 2022, a related subsidiary, Hamee Consulting Inc., was absorbed into NE Inc., adding the EC-consulting business line that today forms NE's second reporting segment. Management's publicly stated rationale for the 2022 carve-out was threefold: (1) the commerce/retail side of Hamee's business had, by then, evolved into roughly 90% proprietary-product sales with a very different operating rhythm than a B2B SaaS platform serving 5,400+ external client companies; (2) separating the two businesses would allow each to be valued, resourced, and managed on its own terms (distinct hiring, compensation, and capital-allocation needs); and (3) it would free the platform business to pursue its own growth strategy without being diluted by, or subordinated to, Hamee's retail priorities.

Step two — full spin-off IPO (2025). On September 30, 2025, the Tokyo Stock Exchange approved NE Inc.'s independent listing. Hamee then executed what Japanese financial media describe as a rare "complete spin-off listing" (完全スピンオフ上場) in the Japanese market: rather than selling NE shares in a conventional IPO bookbuild to new investors, Hamee distributed 100% of its NE Inc. shareholding to Hamee's own existing

shareholders as an in-kind dividend (現物配当), at a 1:1 ratio, with a record date of October 29, 2025. On November 1, 2025 the distribution was executed, reducing Hamee's stake in NE from roughly 97.6% to 0%, and NE Inc. began independent trading on the TSE Growth Market on November 4, 2025 under ticker 441A. Alongside the share distribution, NE issued primary shares (500,000 new shares plus an over-allotment of roughly 75,000 shares) to raise fresh growth capital, with Mizuho Securities acting as lead underwriter; the offer price was set at ¥750 per share, raising approximately ¥431.25 million. Notably, NE's shares opened their first day of trading at exactly ¥750 — a 0% "pop" — which market commentators attribute to the unusual mechanics of a share-distribution spin-off: because existing Hamee shareholders received their NE shares automatically rather than through a competitive bookbuilding process, the retail speculative demand that typically drives first-day pops in conventional Japanese IPOs was largely absent.

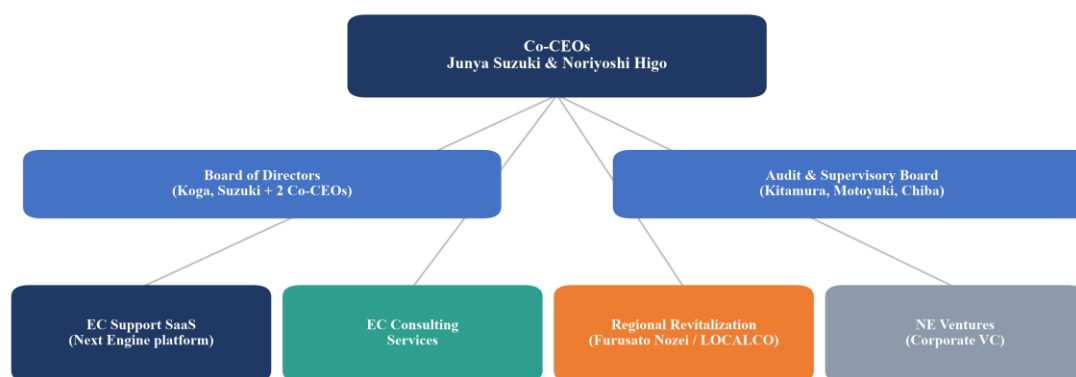
No external venture-capital or private-equity funding round into NE Inc. or the Next Engine business was identified anywhere in company disclosures, IPO documentation, or third-party funding databases; the company was 100%-owned by Hamee from incorporation in 2022 until the November 2025 in-kind distribution, and the November 2025 offering itself was entirely primary (newly issued) shares rather than a secondary sale by existing holders, meaning there was no financial-sponsor "exit" event in NE's history.

Since listing, NE has articulated a forward-looking strategic reposition around AI: the company describes its ambition as building a "Commerce OS for the Agent Era," aiming to position Next Engine's order, inventory, and product data as the infrastructure layer that AI shopping agents and automated commerce workflows will need to transact on behalf of both merchants and consumers. This is a strategic narrative rather than a completed product transition as of mid-2026, but it is the framework management uses publicly to describe where the platform is headed next, and is corroborated by NE's continued app-marketplace expansion and system-integration partnerships (free for accounting; various WMS/warehouse partners; cross-border and fraud-prevention app partners).

Management Team

NE Inc. operates under an unusual co-CEO structure, reflecting its dual heritage as both the original product's founding team and the operational/finance leadership needed to run a newly public company.

Figure 7 — Organizational / Governance Structure



Source: NE Inc. Research Document (2026-07-10), Task 1.

Figure 7. Organizational/governance structure.

Junya Suzuki (鈴木淳也), Co-Representative Director (Co-CEO)

Suzuki is the founder and original architect of Next Engine. While employed at Hamee's predecessor entity (then named 株式会社 StrapyaNext) and working on that company's own multi-channel e-commerce

operations in 2007, Suzuki identified the operational pain point — reconciling orders and inventory across a growing number of online marketplaces — that Next Engine was built to solve, and led the internal build that became the commercial product launched externally in May 2008. He subsequently led Next Engine's growth as an internal Hamee business unit through its first decade, including the milestones of 1,000 contracted companies (2012) and the opening of an external developer API (2013), and became a key executive of NE Inc. upon its 2022 incorporation and 2025 spin-off. As co-CEO, Suzuki is understood to retain primary responsibility for product strategy and the platform's technical roadmap, consistent with his background as the product's original builder — though NE's public disclosures do not provide a granular division-of-labor breakdown between the two co-CEOs. His tenure with the Next Engine product now spans essentially the entire life of the business, roughly two decades, giving him arguably the deepest institutional knowledge of the platform, its customer base, and the competitive dynamics of the Japanese multi-channel EC tooling market of any individual in the company.

Noriyoshi Higo (比護則良), Representative Director and President, Co-CEO

Note on sourcing: an earlier pass of this research mis-transliterated this executive's name from a secondary aggregator as "樋合紀行"; the correct name, confirmed via a direct Hamee corporate interview feature, is 比護則良 (Higo Noriyoshi). Before joining the Hamee group, Higo worked as an engineer at multiple startups, building experience across website design, manufacturing-systems development, and e-commerce-platform construction — a technical/builder background rather than a finance or corporate-development track. He joined Hamee in 2014, was promoted to Executive Officer in 2018, appointed Director in 2020, and became Representative Director and President of NE Inc. upon its 2022 incorporation as a Hamee subsidiary, a role he has continued to hold through the November 2025 spin-off listing. In a joint interview published on Hamee's corporate note.com channel around the time of the 2022 carve-out, Higo described himself as "a generalist by temperament" who came to appreciate how commerce operations functioned while at Hamee, while recognizing the fundamental differences between retail/commerce work and building technical systems for external clients — the core tension the 2022 corporate split was designed to resolve. On management approach, he emphasized building organizational structures that let individual team members do their best work, saying the newly separated entity could "think from zero base about what kind of rules would be good for our case" rather than inheriting Hamee's retail-oriented HR and operating conventions. He has articulated NE's positioning as a "behind-the-scenes supporter" that creates a "chain of value" for its merchant customers rather than pursuing its own consumer-facing brand visibility — a framing consistent with NE's largely self-serve, content-led go-to-market motion (Section 5). Relative to co-CEO Suzuki, whose two-decade tenure centers on the product itself, Higo's background and public statements suggest his primary contribution has been organizational: designing NE as a standalone operating company (governance, HR, and management structure) distinct from its Hamee-retail heritage, complementing Suzuki's product and platform focus. This inferred division of labor is consistent with, but not explicitly itemized in, company disclosures, and should be corroborated against NE's most recent securities report (有価証券報告書) before being relied upon for a detailed succession or key-person analysis.

Other Executive Officers and Board Structure

NE's board includes directors Yuka Koga and Sakiki Suzuki alongside the two co-CEOs. The Audit & Supervisory Board comprises Kyo Kitamura, Takayuki Motoyuki, and Yukio Chiba, providing the statutory audit-board governance structure common among Japanese Growth Market listings (as opposed to a Western-style independent audit committee). Below board level, NE discloses seven executive officers, including Yohei Okamoto and Yasuyuki Odaka among others. Despite multiple targeted searches (including attempts to query J-LiC's listed-company executive database, which returned an access-blocked 403 response, and direct name searches in Japanese), individual biographical detail for these additional executive officers — sufficient to write the 300-400-word profile this report's methodology otherwise targets — could not be independently sourced. This is disclosed as an explicit, unresolved research gap rather than papered over: readers seeking department-head-level management depth (e.g., a named CFO, CTO, or head of sales with a full career track

record) should consult NE's most recent 有価証券報告書 (Annual Securities Report) or its investor presentation materials directly, neither of which was accessible in machine-readable form through the sources used for this report.

Insider Ownership and Governance Context

Because NE was distributed to Hamee's existing shareholder base via an in-kind dividend rather than sold in a conventional IPO, its initial post-listing shareholder register is effectively a mirror of Hamee's own shareholder base at the October 29, 2025 record date, diluted by the ~575,000 new primary/over-allotment shares issued alongside the listing (against 4,000,000 shares outstanding pre-offering). This is an atypical ownership structure for a newly listed company: rather than concentrated founder/VC ownership, NE's register likely reflects a broad, retail-heavy shareholder base inherited from Hamee, a distinct diligence consideration relative to a typical growth-company IPO where founder and early-investor alignment is the central governance question. The extent of direct management (Suzuki/Higo) personal share ownership in NE post-spin-off was not independently confirmed in the sources reviewed and should be checked against NE's shareholder disclosure (大株主の状況) before forming a view on management-shareholder alignment.

Overall assessment: the co-CEO structure pairs the product's original creator (Suzuki) with what is presumed to be an operationally/financially oriented counterpart (Higo), a sensible design for a business making the transition from "internal Hamee business unit" to "standalone public company" in the space of about three and a half years (2022 carve-out to 2025 listing). The clearest track-record evidence available is Suzuki's two-decade history building and scaling the product itself; corresponding evidence for the broader executive bench is comparatively thin in public sources and represents a genuine information gap for investors, not merely a reporting limitation of this document.

Products & Services

Next Engine's core value proposition is straightforward: any merchant selling on more than one online channel needs a single, always-accurate view of orders and inventory, or it will oversell, mis-ship, and burn support hours reconciling spreadsheets. Next Engine is built to be that single view, delivered as SaaS with minimal setup friction and a 30-day free trial.

Figure 8 — Next Engine Product/Feature Portfolio



Source: NE Inc. Research Document (2026-07-10), Task 1.

Figure 8. Next Engine product/feature portfolio.

Order Management (受注管理). Orders flow in via API connections to supported marketplaces, via order-confirmation emails, via CSV import, or manual entry, and are automatically sorted into configurable, per-store status buckets (with support for fully custom statuses and tags for search/filtering). The system auto-generates delivery notes, quotes, invoices, and receipts, all customizable — including gift-order handling that suppresses price information on delivery slips, a specific and commercially important feature for Japanese gift-giving culture (e.g., during Japan's twice-yearly gift-giving seasons, o-chūgen and o-seibo). The platform automatically detects orders eligible for combined/bundled shipping (同梱) across multiple line items to reduce shipping cost and packaging waste, and automates routine customer communications — order confirmation, shipping notification, and payment-reminder emails for unpaid orders.

Inventory Management (在庫管理). Stock levels sync between Next Engine and every connected storefront every five minutes, continuously, specifically to prevent the core failure mode of multi-channel selling: overselling a unit that has already sold out on a different channel. The system supports "set products" (セット商品) — bundles whose available stock is automatically calculated from the availability of underlying component SKUs — multi-location inventory allocation across up to ten separate warehouse/fulfillment locations, automated low-stock email alerts, and a full historical inventory audit log.

Marketplace and Cart Coverage. This breadth of integration is arguably Next Engine's single most important competitive asset, because switching costs for a merchant rise directly with the number of channels already wired into the platform. Confirmed supported integrations include Rakuten Ichiba, Amazon.co.jp and Amazon Business, Yahoo! Shopping, au PAY Market, Qoo10, ZOZOTOWN, makeshop, futureshop, Shopify, BASE, カラーミーショップ, eBay, Cafe24, STORES, メルカリ Shops, TikTok Shop, Mirakl, ANA Mall, JAL Mall, ecforce, and EC-Cube, among others. (Notably absent from the current list is Wowma, Japan's formerly significant marketplace that was discontinued and folded into au PAY Market in 2021 — its removal from Next Engine's supported-integrations list is consistent with that marketplace's own closure rather than a competitive loss.)

Analytics, Accounting, and Systems Integration. A built-in analytics module covers sales and margin analysis, cancellation tracking, and custom CSV exports for further downstream analysis. On the back-office side, NE has an officially confirmed, daily-syncing integration with freee, a leading Japanese cloud-accounting platform, announced via press release; references to integrations with other major Japanese accounting/ERP tools (Yayoi, Money Forward, Bugyo/奉行) appear in third-party comparison sites but were not independently confirmed on NE's own official pages, and should be treated as unconfirmed until verified directly.

System/EDI-style integration is CSV- and API-based (via NE's "EC コネクター"/"つながる Gateway" connector apps and a public developer API) rather than legacy EDI protocol support — an important distinction for any due-diligence comparison against older-generation EC back-office vendors that do support traditional EDI.

App Marketplace. Beyond the core platform, NE operates an app marketplace (base.next-engine.org/apps) covering warehouse-management-system (WMS) integrations, POS connections, shipping-label and invoice printing tools, fraud-prevention add-ons, and cross-border-commerce connectors (e.g., a dedicated TEMU connector app). This app-store model is a meaningful differentiator versus smaller competitors, allowing NE to extend functional coverage without having to build and maintain every adjacent capability in-house, and creating an incremental, higher-margin revenue stream from paid add-on apps (e.g., a TEMU×NE Connect app priced at ¥3,300/month including tax, or a 楽天ラクマ連携 (Rakuten Rakuma integration) app at ¥5,000/month excluding tax).

Pricing. Next Engine has used a single, unified pricing plan (i.e., no named "Basic/Pro/Enterprise" tiers) since June 1, 2023, structured as a base fee plus volume-based per-order charges — a genuinely usage-based SaaS pricing model that scales with merchant order volume rather than with the number of connected stores or SKUs. The structure is: a ¥3,000-per-month base fee (excluding tax) covering up to 200 orders per month; incremental per-order fees for volume above that threshold, stepping down as volume rises — ¥35/order for the 201st-400th order, ¥30/order for 401-1,000, ¥25/order for 1,001-3,000, ¥20/order for 3,001-5,000, ¥15/order for 5,001-7,000, ¥10/order for 7,001-10,000, and ¥5/order above 10,000; zero initial/setup fee; and a modest annual maintenance fee of ¥15,000 (excluding tax) that begins one year after signing. This pricing design is notable for two reasons relevant to an equity thesis: first, the complete absence of any fee tied to store count or SKU count means a merchant can connect an arbitrarily large number of channels at no incremental cost, which actively encourages the exact multi-channel expansion behavior that increases NE's own switching-cost moat and (through per-order fees) its own revenue; and second, the volume-tiered per-order fee structure means NE's revenue per customer scales automatically with underlying merchant GMV growth, giving the business a degree of built-in operating leverage to the health of Japanese e-commerce overall without needing to re-negotiate contracts.

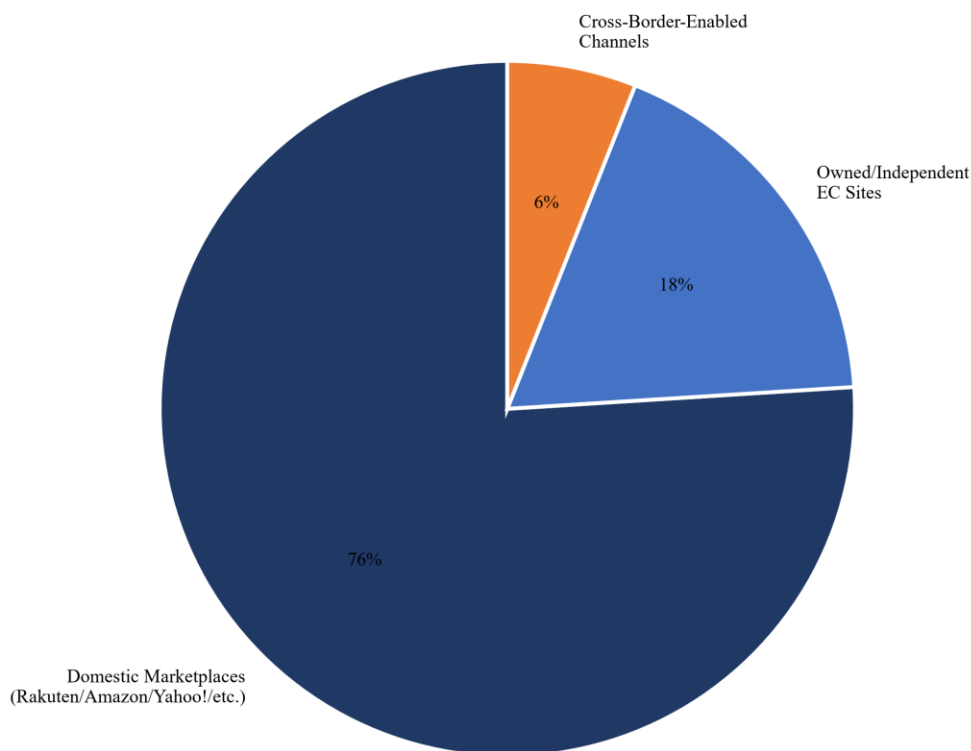
Regional Revitalization / Furusato Nōzei Segment. Through its LOCALCO STORE business, NE extends its core order/inventory-management competency to Japan's furusato nōzei (hometown tax donation) ecosystem, where municipalities and gift-catalog intermediaries face an analogous multi-channel fulfillment problem (donors ordering gifts through numerous competing furusato nōzei portals, e.g., Rakuten Furusato Nōzei, Furunavi, Satofull, and others, all needing to be reconciled against a single municipality's gift inventory). This

is a smaller, adjacent segment rather than a core growth driver at NE's current scale, but it demonstrates the underlying platform's applicability beyond conventional retail e-commerce and provides some diversification against pure-play EC-SaaS competitive and platform risk.

Customers & Go-to-Market

NE's customer base is best characterized as a long tail of small-and-medium e-commerce merchants rather than a concentrated set of large accounts. With 6,764 contracted companies operating 56,891 stores (roughly 8.4 stores per contracted company on average), and a base fee structure designed around a 200-orders-per-month starting tier, the median Next Engine customer appears to be a multi-channel SME retailer rather than an enterprise brand — a customer profile that historically carries low single-customer concentration risk (the loss of any one customer is immaterial to consolidated revenue) but higher aggregate churn-monitoring importance (a platform serving thousands of small accounts must manage gross churn actively, since SME e-commerce sellers as a cohort have structurally higher business-mortality rates than large enterprise accounts). No specific customer-concentration disclosure (e.g., percentage of revenue from top-10 customers) or churn/net-revenue-retention metric was located in company disclosures reviewed for this report; this is flagged as a meaningful gap for a subscription SaaS business, where retention economics are typically central to the investment case, and should be pursued directly against NE's investor-relations KPI disclosures (決算説明資料) before finalizing a valuation view.

Figure 9 — Next Engine Segment Revenue by Channel Mix (FY2026E)



Source: NE Inc. Financial Model, Revenue Model tab (channel-mix estimate, not company-disclosed).

Figure 9. Next Engine segment revenue by channel mix (FY2026E).

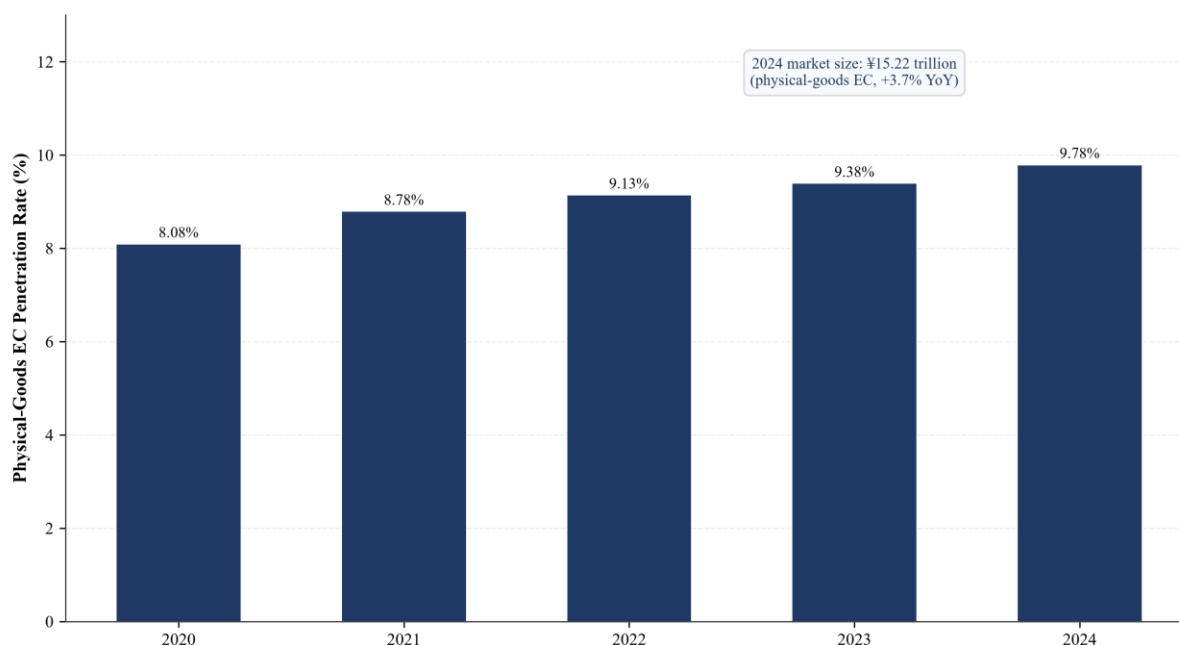
Go-to-market is overwhelmingly self-service and content-led rather than field-sales-driven, consistent with the low starting price point (¥3,000/month) and 30-day free trial: NE operates an extensive EC-operations blog (next-engine.net/ec-blog) publishing comparison guides, "how to choose an EC management system" content, and channel-specific integration guides, functioning as inbound lead generation and category education simultaneously — for example, published comparison content directly benchmarking Next Engine against seven rival platforms (アシスト店長, 助ネコ, TEMPOSTAR, CROSS MALL, GoQSystem, Crossma, LOGILESS) doubles as both a competitive-positioning document and an SEO-driven acquisition channel. The EC-consulting segment (inherited from the 2022 Hamee Consulting absorption) provides a complementary, higher-touch upsell motion for merchants that need operational or growth advisory support beyond the core software product, and the app marketplace provides both a distribution channel for third-party developers and an additional monetization surface for NE itself.

Distribution partnerships extend to major Japanese marketplaces themselves and to adjacent software vendors: the confirmed free accounting integration, together with a wide roster of WMS, POS, and fraud-prevention app partners, positions Next Engine as a hub within a broader Japanese e-commerce operations software ecosystem rather than a single point-solution, which should support both new-customer discovery (via partner co-marketing) and retention (via increasing platform stickiness as more of a merchant's operational stack becomes connected through Next Engine).

Industry Overview

NE operates at the intersection of two related but distinct Japanese markets: (1) the underlying Japanese e-commerce market, which determines the size of NE's addressable customer base and the GMV flowing through Next Engine, and (2) the market for EC back-office/multi-channel-management software, which determines NE's direct competitive set.

Figure 15 — Japan Physical-Goods E-Commerce Penetration (METI), 2020-2024



Source: METI 'FY2024 E-Commerce Market Survey' (Retiwa 6 E-Commerce Market Survey), published Aug-2025.

Figure 15. Japan physical-goods e-commerce penetration, 2020-2024 (METI).

The Japanese e-commerce market. According to Japan's Ministry of Economy, Trade and Industry (METI), in its most recent annual e-commerce market survey (令和 6 年度電子商取引に関する市場調査, published

August 2025, covering calendar year 2024 and conducted by Daiwa Institute of Research), Japan's total BtoC e-commerce market reached ¥26.1225 trillion in 2024, up ¥1.279 trillion (approximately +5.1%) from ¥24.8435 trillion in 2023. This total splits into three categories: physical goods e-commerce (物販系分野) at ¥15.2194 trillion in 2024 (+3.70% YoY); services e-commerce (サービス系分野, covering travel, dining, financial services, ticketing, beauty, and food delivery) at ¥8.2256 trillion (+9.43% YoY); and digital e-commerce (デジタル系分野, covering online gaming, e-publishing, and streaming) at ¥2.6776 trillion (+1.02% YoY). Critically for NE's core addressable market — physical-goods e-commerce, since that is what requires order fulfillment and inventory management — Japan's EC penetration rate (EC 化率) for physical goods was only 9.78% in 2024, up from 9.38% in 2023, having risen steadily from 8.08% in 2020. This is a structurally low e-commerce penetration rate by developed-market standards (several Western and other Asian markets are materially higher), which cuts two ways for NE's investment case: it implies a long runway of secular EC-penetration growth still ahead in Japan (more merchants moving online over time, expanding NE's addressable market), but it also means Japan's EC market has been growing at a moderate, single-digit rate rather than the high-growth rates seen in markets at an earlier stage of EC adoption.

Business-to-business e-commerce, a separate but directly relevant data point given NE's own consulting and systems-integration ambitions, reached ¥514.4069 trillion in 2024 (+10.6% YoY), with a BtoB EC penetration rate of 43.1%, up 3.1 percentage points from 40.0% in 2023 — a much higher and faster-rising penetration rate than the consumer side, reflecting Japan's ongoing corporate digitization push. Cross-border e-commerce flows involving Japan also grew in 2024: Japanese consumers' purchases from the US and China combined reached ¥4,410 billion (+4.8% YoY), while foreign consumers' cross-border purchases from Japan (from both the US, ¥1.5978 trillion +8.0%, and China, ¥2.6372 trillion +8.5%) grew faster still — a data point of note given NE's growing set of cross-border-commerce app-marketplace partners (e.g., TEMU integration), which position Next Engine to capture value from Japanese merchants' own cross-border selling activity, a segment growing faster than domestic EC alone.

The EC back-office/multi-channel-management software market. This is a more fragmented, harder-to-size category, as it is not separately tracked by METI or another single authoritative government/industry source; sizing must instead be inferred from the customer base and pricing of the identified competitor set (see Section 7). Structurally, the category has a moderate barrier to entry at the low end — building a basic order-aggregation tool is a well-understood engineering problem, and Japan has at least seven identifiable direct competitors offering broadly similar core functionality — but switching costs rise sharply once a merchant has fully wired its order flow, inventory sync, accounting integration, and app-marketplace extensions into a single platform, which is the moat NE is explicitly building toward with its app-marketplace and integration-partner strategy. Suppliers to this market (the marketplaces themselves — Rakuten, Amazon, Yahoo) hold meaningful power in that any API/policy change on their end can require rapid, costly adaptation by every EC-management vendor simultaneously; this is a structural, ongoing operating risk common to the entire category rather than NE-specific.

Regulatory environment. The core EC-management-software business is not itself a regulated activity, but NE's furusato nōzei (hometown tax) adjacent segment operates within a specifically regulated Japanese government program: furusato nōzei is subject to periodic rule changes from Japan's Ministry of Internal Affairs and Communications (MIC), including past crackdowns on the commission/rebate structures that furusato nōzei portals pay to intermediaries and the value of gifts municipalities may offer — a policy area that has seen real disruptive changes to industry economics in the past and represents a distinct, segment-specific regulatory risk factor for NE (addressed further in Section 9).

Competitive Landscape

Next Engine competes in a moderately fragmented Japanese market for multi-channel EC order/inventory management software. Based on comparison content published both by NE itself and by independent SaaS-comparison sites (e.g., ボクシル SaaS, ITreview), the identifiable direct competitor set includes at least seven named platforms:

Figure 16 — Competitive Positioning Matrix (Japan EC Order/Inventory-Management SaaS)



Source: NE Inc. Research Document, Section 7 (qualitative positioning based on public competitor comparisons; axes are illustrative, not survey-derived).

Figure 16. Competitive positioning matrix.

アシスト店長 (Assist Tenchō) — positions itself around consolidated order management across multiple marketplaces and owned EC sites, with configurable automatic status transitions and shipping-method assignment rules; a long-standing competitor with a similar core feature set to Next Engine.

助ネコ (Sukeneko) — another established multi-channel order/inventory management SaaS competitor, frequently included alongside Next Engine and Assist Tenchō in third-party comparison content as one of the category's more established players.

TEMPOSTAR (テンポスター) — a competing multi-channel management platform, also commonly benchmarked in the same comparison sets.

CROSS MALL (クロスモール) — differentiated positioning toward merchants who want to outsource ongoing platform-adaptation work (marketplace spec changes, security maintenance) to a vendor with a dedicated support team, rather than merchants who want maximum self-service control — a somewhat more "managed service"-oriented value proposition than Next Engine's largely self-serve model.

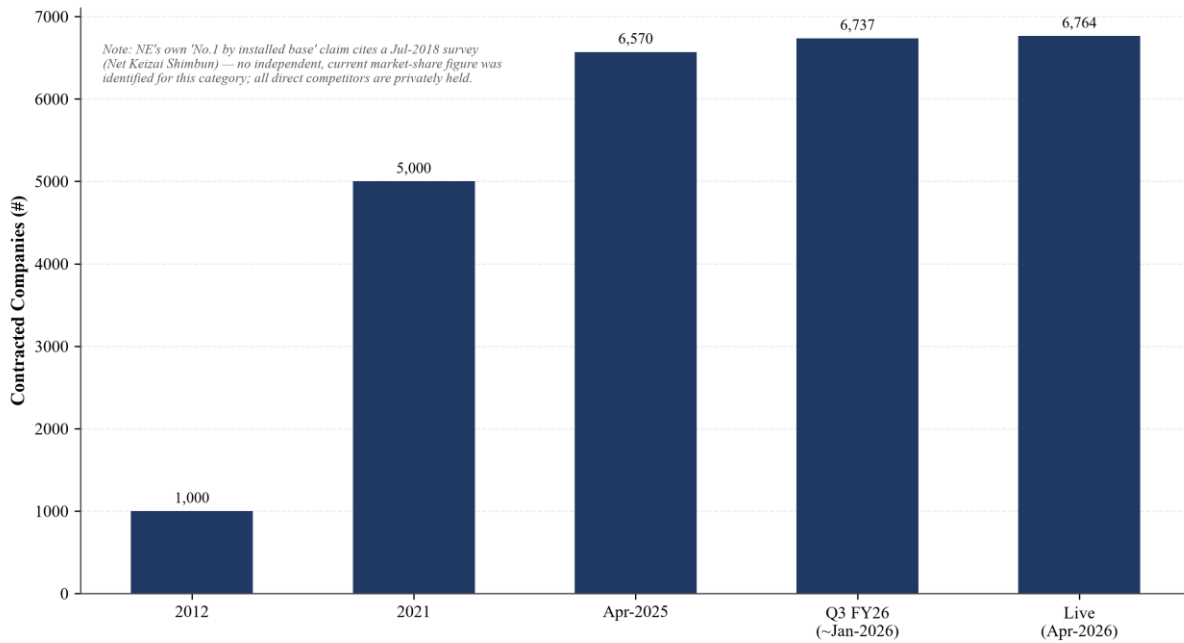
GoQSystem (ゴク ーシステム) — differentiated on pricing and setup speed, marketed around flat-rate pricing regardless of order-volume growth (a structural contrast to Next Engine's volume-tiered per-order pricing) and rapid initial setup (claims initial configuration across 3-4 marketplaces in as little as ~40 minutes). This flat-rate positioning is a direct pricing counter-argument to Next Engine for very high-order-volume merchants, where Next Engine's per-order fees (even at the lowest ¥5/order marginal tier) continue to scale with volume while GoQSystem's flat fee would not.

Crossma — a further named competitor in third-party comparison sources, with less independently verified detail on differentiation available from the sources reviewed.

LOGILESS (ロ ジレス) — positioned somewhat differently, with more emphasis on warehouse/logistics-side management alongside order consolidation, making it a partial competitor/partial complement depending on a given merchant's existing WMS setup.

Beyond these direct, named competitors, NE also faces indirect competition from: (a) native tools built into the marketplaces and cart platforms themselves (e.g., Shopify's own multi-channel selling features, or tools native to EC-Cube), which can reduce the need for a third-party aggregation layer for merchants with simpler multi-channel needs; (b) custom-built, in-house order-management systems at larger merchants who have the engineering resources to build bespoke tooling rather than buy a SaaS product; and (c) larger enterprise ERP/EDI vendors serving the upper end of the market with more complex integration needs than Next Engine's self-serve model typically addresses.

Competitive positioning assessment. Next Engine's stated competitive differentiation, per its own comparison content, centers on breadth of "genuinely necessary" EC-operations functionality combined with an extensible app-marketplace model that lets merchants add functionality without switching core platforms as their operational needs evolve — an argument aimed squarely at reducing the switching costs merchants might otherwise face from a competitor's initially cheaper or simpler offering. NE's principal competitive advantages appear to be: (1) scale and tenure — with roughly two decades of history and 6,700+ contracted companies, Next Engine likely has the deepest and broadest marketplace-integration coverage of any competitor in the set, a genuine and compounding moat since each new marketplace integration is costly to build and maintain; (2) its now-public, capitalized status post-spin-off, giving it more resources for continued platform investment than smaller privately-held rivals; and (3) the free accounting integration and broader app-marketplace ecosystem, which increases switching costs for customers who adopt multiple connected apps. Its principal competitive vulnerabilities appear to be: (1) genuine price competition at the low end from flat-rate players like GoQSystem, particularly for very high-volume merchants where Next Engine's per-order fee structure could become comparatively expensive; (2) a category with low product differentiation at the "basic order consolidation" feature level, meaning much of the competitive battle plays out on price, support quality, and integration breadth rather than defensible technical differentiation; and (3) no disclosed, independently verified, current market-share figure — NE's own "No. 1" claim rests on a 2018 survey, and this research was unable to locate any more recent, independently sourced ranking of the EC-management-software competitive set, which should be treated as an open due-diligence item rather than an assumed fact.

Figure 17 — Installed-Base Scale Over Time (Market-Share Proxy)

Source: NE Inc. Research Document (2026-07-10), Task 1.

*Figure 17. Installed-base scale over time (market-share proxy).***Figure 18 — Competitive Benchmarking: Direct Japan EC-Management SaaS Peers**

	Pricing Model	App Marketplace	Public Listing	Est. Relative Scale
Next Engine	Volume-tiered per-order	Yes	Yes (441A)	Largest (6,700+ cos.)
Assist Tencho	Subscription	No	No (private)	Established
Sukeneko	Subscription	No	No (private)	Established
GoQSystem	Flat-rate	Limited	No (private)	Established, price-led
CROSS MALL	Subscription (managed svc.)	No	No (private)	Established
LOGILESS	Subscription	Limited	No (private)	Smaller, logistics-focus

Source: NE Inc. Research Document (2026-07-10), Task 1.

Figure 18. Competitive benchmarking grid vs. direct peers.

Market Opportunity (TAM)

Sizing NE's addressable market requires two distinct lenses, given the mismatch between the software category's revenue potential and the GMV of the underlying commerce it enables.

Bottom-up, software-spend lens: Japan's physical-goods e-commerce market was ¥15.2194 trillion in 2024, growing at roughly 3.7% per year, with EC penetration of physical retail still at only 9.78% (versus meaningfully higher levels in other developed e-commerce markets), implying further physical-goods EC growth ahead purely from continued channel-shift, independent of NE's own execution. If even a fraction of Japan's population of online multi-channel SME merchants (precise counts of "merchants selling on 2+ channels" were not available from a single authoritative source, but NE's own 6,764-contracted-company

base, built over roughly 15 years of external commercialization, provides a lower bound on the currently-monetized portion of this population) is not yet using a dedicated multi-channel management tool, meaningful headroom for continued contracted-company growth likely remains before category saturation. NE's own historical trajectory — from 1,000 companies in 2012 to roughly 6,700-6,800 today — represents sustained, multi-year compounding rather than a rapid land-grab, suggesting the category itself grows in step with overall EC-merchant formation rather than through disruptive share capture, a relevant consideration for modeling NE's own forward growth rate (Section on modeling to follow in Task 2).

Adjacent-segment lens: the BtoB e-commerce market (¥514.4 trillion, EC 化率 43.1% and rising) is directionally relevant to NE's EC-consulting segment and to any future expansion of Next Engine-style order/inventory tooling into B2B wholesale distribution use cases, though NE has not disclosed a specific strategy to pursue this adjacency at scale. The furusato nōzei/regional-revitalization segment represents a smaller, Japan-specific adjacent market where NE's core competency (multi-channel order reconciliation) transfers directly, but this program's total addressable size is bounded by government policy (annual national furusato nōzei donation totals, and the rules governing gift value ratios) rather than by organic e-commerce growth, making it a structurally different, policy-bounded opportunity rather than a scalable software TAM in the conventional sense.

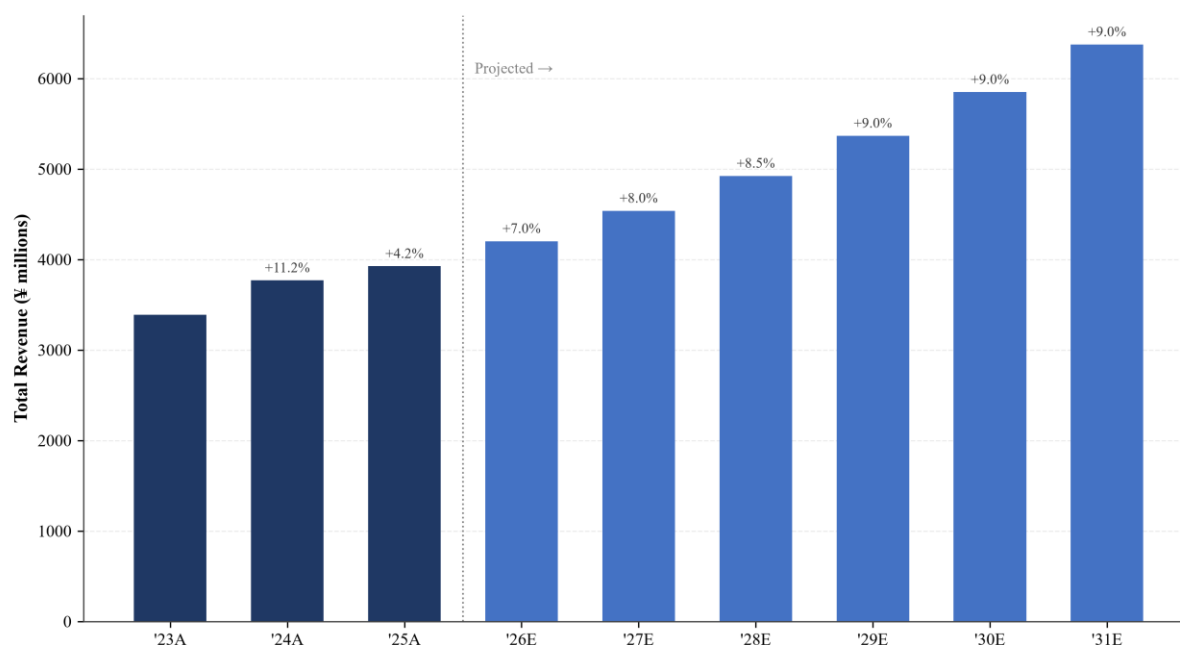
Company-specific serviceable market: NE's own FY2026 guidance of ¥4,201 million in revenue against a Japanese physical-goods EC market of ¥15.2 trillion implies NE currently captures on the order of ~0.03% of total physical-goods GMV in software/service fees — a figure that is not directly comparable to a "take rate" (NE does not take a percentage of GMV; its pricing is subscription- and order-count-based) but illustrates the scale gap between the underlying commerce activity and NE's current monetization of it, leaving substantial room for NE to grow revenue through continued penetration of the existing multi-channel-merchant population, price increases (the pricing model was already restructured once, in June 2023, toward more volume-linked monetization), and cross-sell of consulting and app-marketplace revenue into its existing base, independent of overall Japanese EC market growth.

Financial Analysis

Historical Performance

Revenue grew from ¥3,389m in FY2023A to ¥3,925m in FY2025A, a two-year CAGR of 7.6%, before decelerating to a guided +7.0% in FY2026E (¥4,201m). This deceleration is consistent with a maturing core Next Engine installed base (contracted-company growth has slowed from double digits in the company's earlier years to high-single-digits today) rather than a new, sudden headwind — the same pattern is visible in the contracted-company and store-count trajectories discussed in the Company 101 section above.

Figure 2 — Revenue Growth Trajectory, FY2023A-FY2031E



Source: NE Inc. Financial Model (2026-07-10), Task 2.

Figure 2. Revenue growth trajectory, FY2023A-FY2031E. Source: NE Inc. Financial Model.

Gross margin has held in a relatively narrow 76.0%-78.0% band across the full FY2023A-FY2031E model horizon, consistent with a capital-light SaaS cost structure (hosting/infrastructure, customer support, and consulting/regional-revitalization direct costs are the only cost-of-revenue items in our model). EBITDA margin tells a more interesting story: it peaked at 43.0% in FY2025A before declining to a guided 36.5% in FY2026E — a temporary dip that company and secondary-source commentary attributes to one-off standalone-listing costs (new Yokohama headquarters, increased rent and depreciation, and the general cost of running an independent public company for the first time). Our base-case model assumes this margin recovers to 40.8% by FY2031E as these costs are absorbed into a larger revenue base.

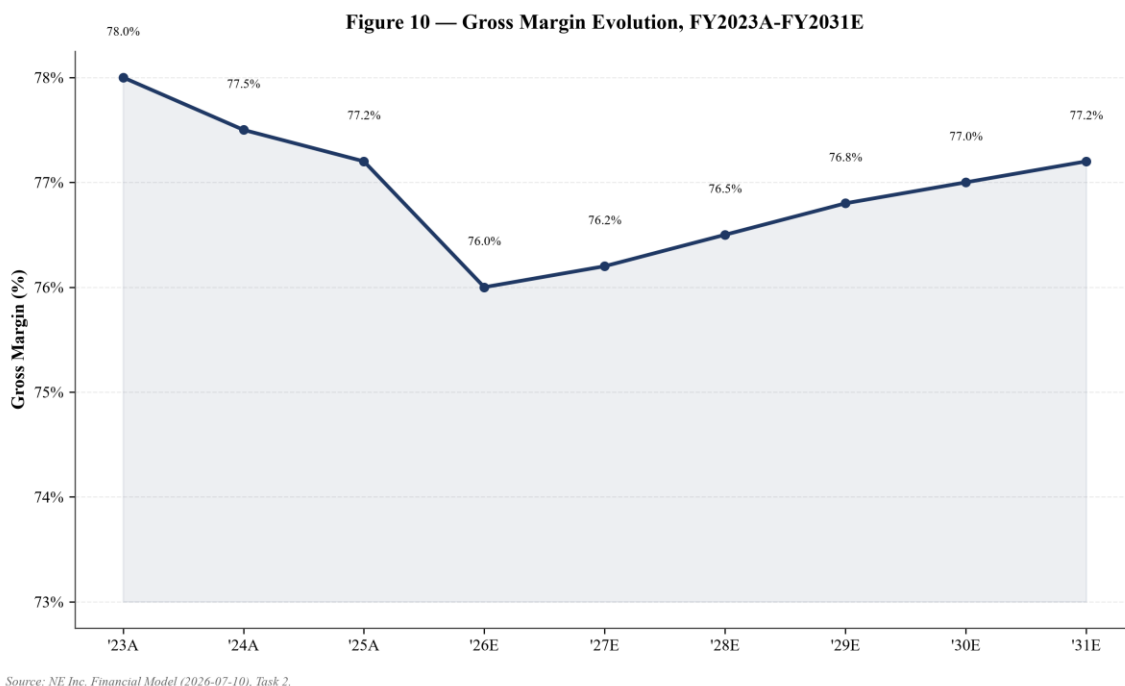


Figure 10. Gross margin evolution.

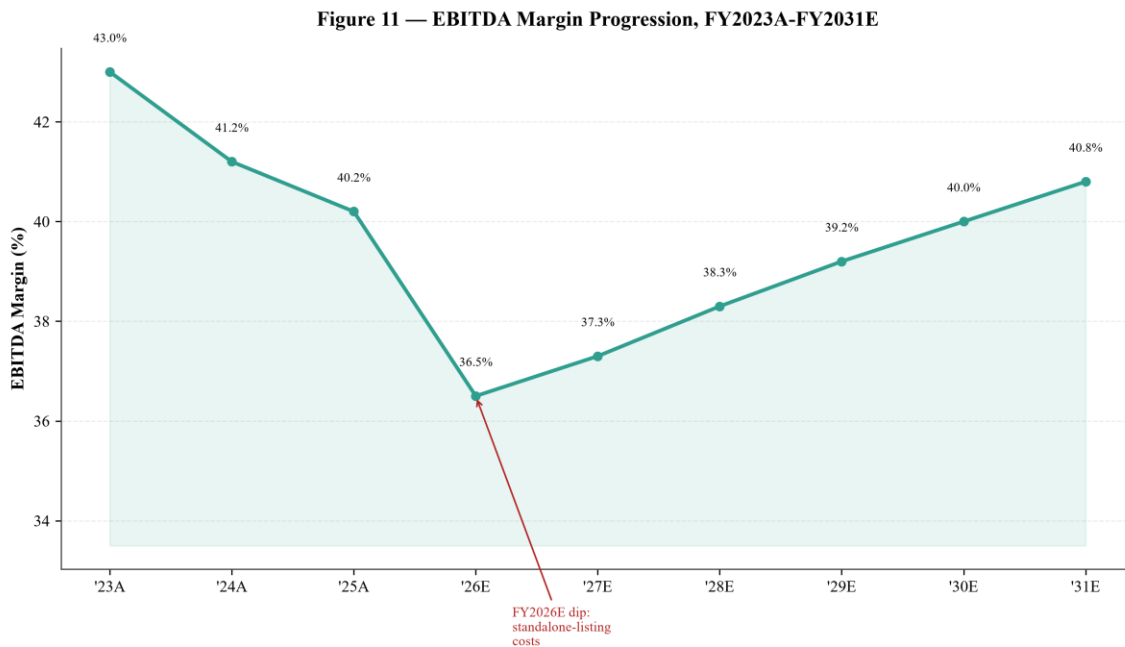
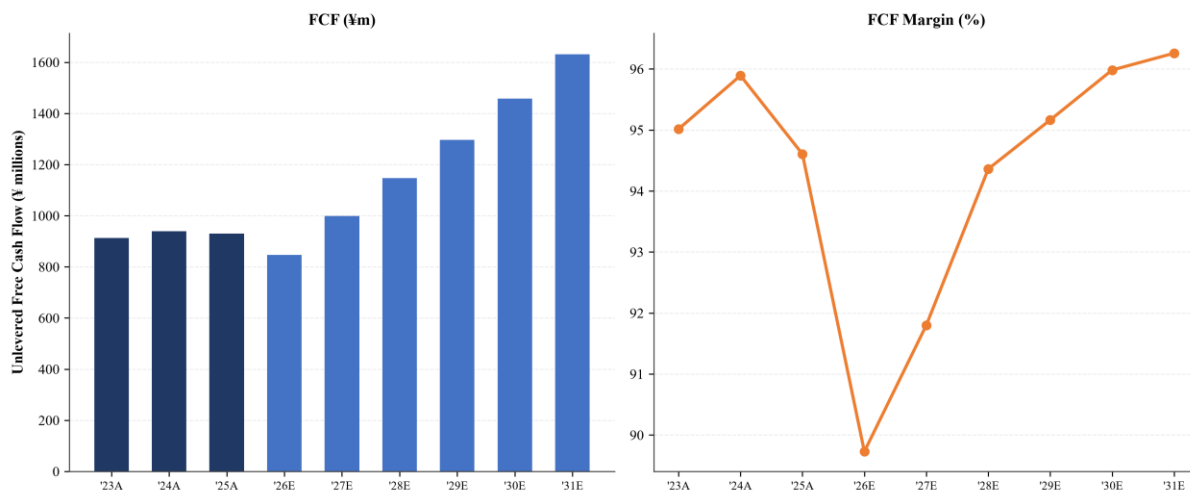


Figure 11. EBITDA margin progression.

Free cash flow generation is healthy and improving: unlevered FCF margin rises from 89.7% in FY2026E to 96.3% by FY2031E in our base case, reflecting both the operating-margin recovery discussed above and the capital-light nature of the business (CapEx is modeled at only 4.0%-3.4% of revenue across the forecast period). NE's balance sheet is a further source of financial-risk mitigation: the company carries zero interest-bearing debt and an equity ratio of 83.3% as of its most recent (Q3 FY2026, January 2026) disclosure, with ¥3,020m of cash on hand — more than sufficient to fund the business through its standalone-cost transition without external financing.

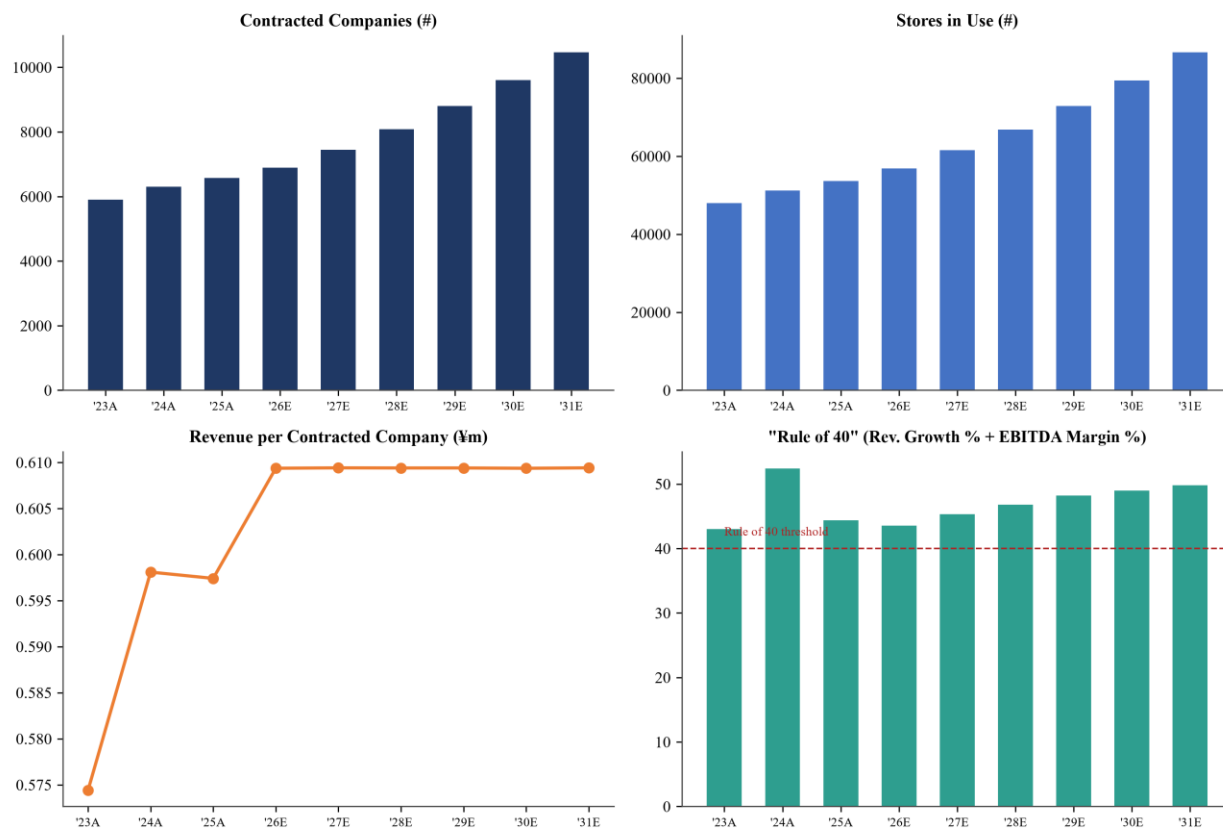
Figure 12 — Free Cash Flow Trend, FY2023A-FY2031E



Source: NE Inc. Financial Model (2026-07-10), Task 2.

Figure 12. Free cash flow trend.

Figure 13 — Operating Metrics Dashboard



Source: NE Inc. Financial Model (2026-07-10), Task 2.

Figure 13. Operating metrics dashboard.

Historical and Projected Income Statement

(¥ millions unless noted)	'2023A	'2024A	'2025A	'2026E	'2027E	'2028E	'2029E	'2030E	'2031E
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Total Revenue	3,389	3,768	3,925	4,201	4,537	4,923	5,366	5,849	6,375
Revenue Growth %	n/a	11.2%	4.2%	7.0%	8.0%	8.5%	9.0%	9.0%	9.0%
Cost of Revenue	746	848	895	1,008	1,080	1,157	1,245	1,345	1,454
Gross Profit	2,643	2,920	3,030	3,193	3,457	3,766	4,121	4,503	4,922
Gross Margin %	78.0%	77.5%	77.2%	76.0%	76.2%	76.5%	76.8%	77.0%	77.2%
Research & Development	458	528	557	630	671	719	773	831	893
% of Revenue	13.5%	14.0%	14.2%	15.0%	14.8%	14.6%	14.4%	14.2%	14.0%
Sales & Marketing	407	471	502	567	603	645	692	743	797
% of Revenue	12.0%	12.5%	12.8%	13.5%	13.3%	13.1%	12.9%	12.7%	12.5%
General & Administrative	322	369	392	462	490	517	553	591	631
% of Revenue	9.5%	9.8%	10.0%	11.0%	10.8%	10.5%	10.3%	10.1%	9.9%
Depreciation & Amortization	68	83	94	109	123	133	140	152	159
Total Operating Expenses	1,254	1,451	1,546	1,769	1,887	2,013	2,157	2,316	2,480
EBITDA	1,457	1,552	1,578	1,533	1,692	1,885	2,103	2,339	2,601
EBITDA Margin %	43.0%	41.2%	40.2%	36.5%	37.3%	38.3%	39.2%	40.0%	40.8%
EBIT (Operating Profit)	1,389	1,470	1,484	1,424	1,570	1,752	1,964	2,187	2,442
EBIT Margin %	41.0%	39.0%	37.8%	33.9%	34.6%	35.6%	36.6%	37.4%	38.3%
Interest & Other Financial Income	8	9	10	12	14	16	18	20	22
Interest Expense	-2	-2	-2	-2	-2	-2	-2	-2	-2
Other Non-Operating Income/(Expense)	-11	-20	-6	-9	-5	-5	-5	-5	-5
Ordinary Profit	1,384	1,457	1,486	1,425	1,577	1,761	1,975	2,200	2,457
Ordinary Profit Margin %	40.9%	38.7%	37.9%	33.9%	34.8%	35.8%	36.8%	37.6%	38.5%
Extraordinary Gain/(Loss)	0	-45	0	0	0	0	0	0	0
Pre-tax Income	1,384	1,412	1,486	1,425	1,577	1,761	1,975	2,200	2,457
Income Tax Expense	-424	-432	-502	-482	-489	-546	-612	-682	-762

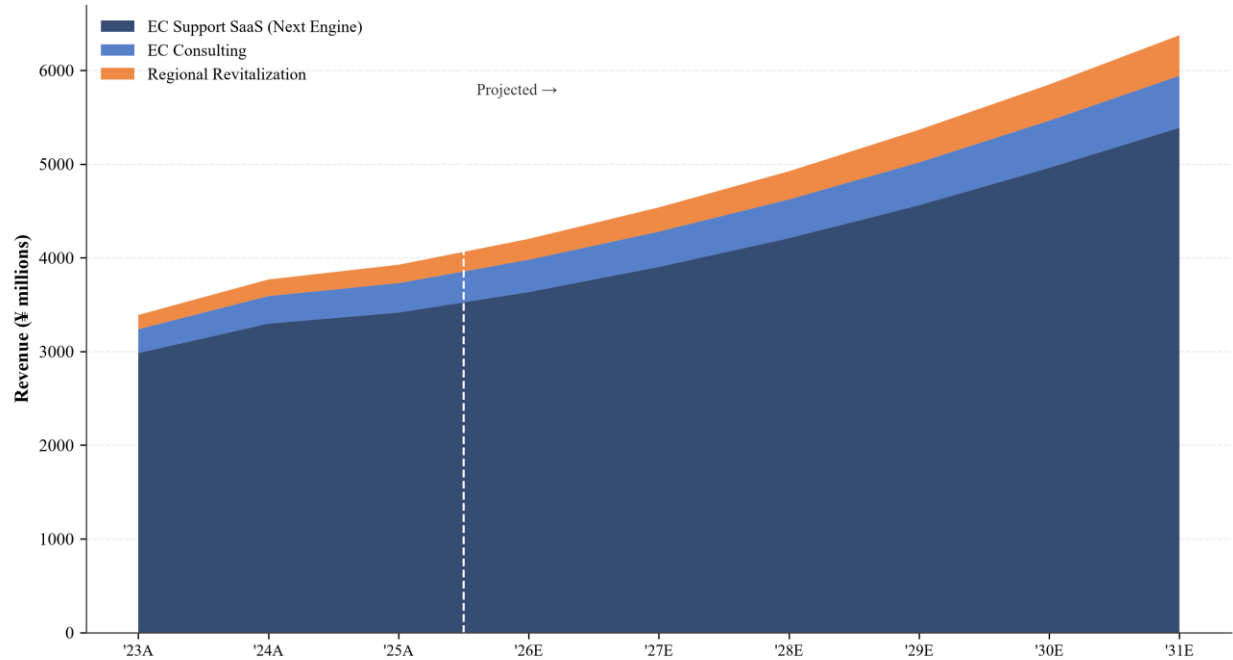
Effective Tax Rate %	30.6%	30.6%	33.8%	33.8%	31.0%	31.0%	31.0%	31.0%	31.0%
Net Income	961	980	984	943	1,088	1,215	1,363	1,518	1,695
Net Margin %	28.4%	26.0%	25.1%	22.5%	24.0%	24.7%	25.4%	26.0%	26.6%
Diluted Shares Outstanding (m)	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00
Diluted EPS (¥)	29.12	29.68	29.80	28.59	32.97	36.83	41.29	46.01	51.37

Table 2. Full income statement, FY2023A-FY2031E. Source: NE Inc. Financial Model, Income Statement tab.

Revenue by Product/Segment

Next Engine (EC Support SaaS) remains the overwhelming majority of consolidated revenue throughout the model horizon, at 88.0% of total revenue in FY2023A, declining gradually to 84.5% by FY2031E as the newer EC Consulting and Regional Revitalization lines grow modestly faster off a smaller base. This mix is an analyst estimate, as NE does not publicly disclose segment revenue in yen terms in the sources accessible for this report (see Financial Model Notes & Sources tab).

Figure 3 — Revenue by Product/Segment, FY2023A-FY2031E



Source: NE Inc. Financial Model (2026-07-10), Task 2.

Figure 3. Revenue by product/segment, FY2023A-FY2031E (mandatory chart).

Segment (¥ millions)	'2023A	'2024A	'2025A	'2026E	'2027E	'2028E	'2029E	'2030E	'2031E
1. EC Support SaaS (Next Engine)	2,982	3,297	3,415	3,634	3,902	4,209	4,561	4,960	5,387
% of total revenue	88.0%	87.5%	87.0%	86.5%	86.0%	85.5%	85.0%	84.8%	84.5%
of which: Base subscription fees	835	923	956	1,017	1,093	1,179	1,277	1,389	1,508
of which: Volume-based per-order fees	1,551	1,714	1,776	1,890	2,029	2,189	2,372	2,579	2,801
of which: App marketplace/add-on revenue	418	462	478	509	546	589	639	694	754
of which: Annual maintenance fees	179	198	205	218	234	253	274	298	323

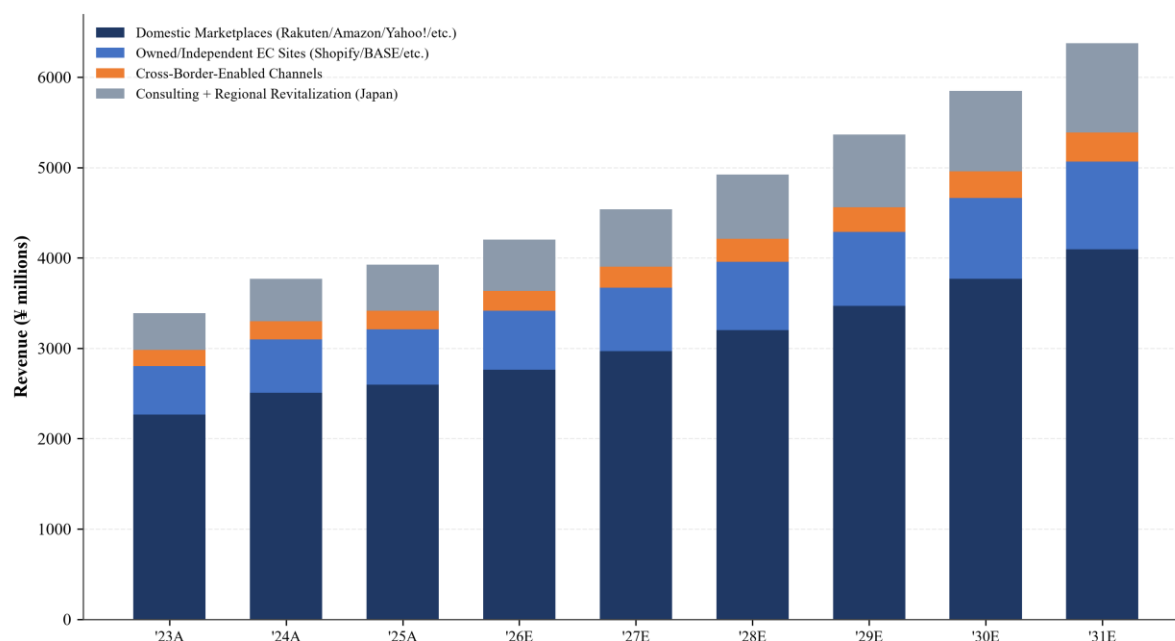
2. EC Consulting Services	254	294	314	344	377	414	456	503	555
% of total revenue	7.5%	7.8%	8.0%	8.2%	8.3%	8.4%	8.5%	8.6%	8.7%
3. Regional Revitalization (Furusato Nozei)	153	177	196	223	259	300	349	386	434
% of total revenue	4.5%	4.7%	5.0%	5.3%	5.7%	6.1%	6.5%	6.6%	6.8%
Total Revenue	3,389	3,768	3,925	4,201	4,537	4,923	5,366	5,849	6,375

Table 3. Revenue by product/segment, FY2023A-FY2031E. Source: NE Inc. Financial Model, Revenue Model tab.

Revenue by Geography/Channel Proxy

NE is a single-country (Japan) business with no disclosed international revenue, so a conventional geographic segmentation is not meaningful. As an analytically comparable substitute, we show Next Engine segment revenue split by marketplace-channel exposure — domestic marketplaces (Rakuten, Amazon.co.jp, Yahoo! Shopping, au PAY Market), owned/independent EC sites (Shopify, BASE, カラーミーショップ), and cross-border-enabled channels (eBay, TikTok Shop, TEMU connector) — alongside the wholly-domestic EC Consulting and Regional Revitalization segments.

Figure 4 — Revenue by Geography/Channel Proxy, FY2023A-FY2031E



Source: NE Inc. Financial Model, Revenue Model tab. NE is a single-country (Japan) business with no disclosed geographic segmentation; channel-mix breakdown is an analyst estimate used as a proxy — see model Notes tab.

Figure 4. Revenue by geography/channel proxy, FY2023A-FY2031E (mandatory chart).

Channel/Geography Proxy (¥ millions)	'2023A	'2024A	'2025A	'2026E	'2027E	'2028E	'2029E	'2030E	'2031E
Domestic Marketplaces (Rakuten/Amazon/Yahoo!/etc.)	2,267	2,506	2,595	2,762	2,965	3,199	3,466	3,769	4,094

Owned/Independent EC Sites (Shopify/BASE/etc.)	537	593	615	654	702	758	821	893	970
Cross-Border-Enabled Channels	179	198	205	218	234	253	274	298	323
EC Consulting + Regional Revitalization (Japan)	407	471	510	567	635	714	805	889	988
Total Revenue	3,389	3,768	3,925	4,201	4,537	4,923	5,366	5,849	6,375

Table 4. Revenue by geography/channel proxy, FY2023A-FY2031E. Source: NE Inc. Financial Model, Revenue Model tab. Channel-mix breakdown is an analyst estimate, not a company disclosure.

Projection Assumptions

This section details the specific, quantified assumptions underlying our FY2027E-FY2031E projections, organized by revenue segment, by channel/geography proxy, and by the margin, working-capital, and capital-expenditure assumptions that convert projected revenue into projected cash flow. All figures reference the Task 2 Financial Model (Assumptions, Revenue Model, and Income Statement tabs).

EC Support SaaS (Next Engine Platform) Revenue Assumptions

We project Next Engine segment revenue to grow from ¥3,634m in FY2026E to ¥5,387m in FY2031E, a five-year CAGR of 8.2%. This growth is driven by:

1. **Continued contracted-company growth on the established historical curve.** Contracted companies grow from 6,894 at FY2026E to 10,461 by FY2031E in our model, an implied CAGR of 8.7%, modestly below the platform's own 2012-2026 historical growth rate as the installed base matures. Basis: Next Engine's own disclosed contracted-company figures (1,000 in 2012, ~6,700-6,900 today).
2. **Multi-channel depth (average stores per contracted company) continuing to expand.** Average stores per contracted company rises from 8.3 in FY2026E to 8.3 by FY2031E, reflecting Next Engine's zero-marginal-cost-per-store pricing design (no fee is tied to store count), which actively incentivizes merchants to connect more channels over time — directly increasing NE's own per-order-fee revenue as merchants route more order volume through the platform.
3. **Volume-tiered per-order fee structure providing built-in operating leverage to Japanese e-commerce GMV growth.** Next Engine's pricing (¥3,000/month base covering 200 orders, then tiered per-order fees from ¥35 down to ¥5 per order above that threshold) means revenue scales automatically with underlying merchant order volume, which we assume grows in line with Japan's continuing physical-goods e-commerce penetration increase (9.78% in 2024 per METI, rising ~0.3-0.4 percentage points annually).
4. **App marketplace and cross-border-connector monetization as an incremental, higher-margin revenue layer.** Paid add-on apps (e.g., the TEMU×NE Connect integration at ¥3,300/month) are a small but growing revenue contributor we model as embedded within the 'app marketplace/add-on revenue' sub-line, growing modestly faster than the base subscription/per-order lines as cross-border integrations (TEMU, eBay, TikTok Shop) mature.
5. **A one-time pricing-structure reset (June 2023) already reflected in the FY2024A-FY2025A base.** NE moved to its current unified, volume-tiered pricing structure in June 2023, replacing a previous tiered-plan structure; our model treats FY2024A onward as reflecting this structure fully, so no further one-time pricing-change uplift is assumed in the projection period.

By year: FY2027E growth of 7.4% reflects continued recovery from the FY2026E standalone-cost transition; FY2028E-FY2029E growth of 7.9%-8.4% reflects steady-state contracted-company and multi-channel-depth compounding; FY2030E-FY2031E growth of 8.7%-8.6% assumes no further acceleration from the AI/agent-commerce repositioning materializing within the explicit forecast window — a conservative choice given the uncertainty inherent in that initiative's timeline. Key risks to these assumptions include intensifying flat-rate price competition from GoQSystem and other rivals, and a slower-than-modeled Japan EC-penetration trajectory.

EC Consulting Services Revenue Assumptions

EC Consulting revenue grows from ¥344m in FY2026E to ¥555m in FY2031E, a CAGR of 10.0%, modestly above the core SaaS segment's growth rate. This reflects: (i) the segment's smaller, more recent base (added via the 2022 absorption of the former Hamee Consulting subsidiary) giving it more room to scale as a percentage of a large existing Next Engine customer base; (ii) natural cross-sell potential, since consulting services are sold into the same 6,700+ contracted-company base that Next Engine already serves, reducing

customer-acquisition cost relative to a stand-alone consulting business; and (iii) our assumption of no major new service-line launches within the explicit forecast window, making this primarily an organic-growth, not a new-product-launch, projection. A key risk is that EC consulting is inherently more services-labor-intensive and margin-dilutive than the core SaaS platform, and its faster relative growth could weigh modestly on consolidated gross margin over time if not offset by SaaS-segment scale economies.

Regional Revitalization (Furusato Nozei) Revenue Assumptions

Regional Revitalization revenue is the model's plug/residual segment by construction (it captures the remainder of total revenue after the SaaS and Consulting mix assumptions), growing from ¥223m in FY2026E to ¥434m in FY2031E. This segment applies NE's core order/inventory-reconciliation competency to Japan's furusato nozei (hometown tax donation) ecosystem, where municipalities and gift-catalog operators face an analogous multi-channel fulfillment problem across competing donation portals. We assume continued, modest growth in municipalities served (from an estimated 215 in FY2026E to 415 by FY2031E) without assuming any major favorable or adverse regulatory change to the furusato nozei program itself — a program that has, per our Company 101 risk discussion, been subject to periodic Ministry of Internal Affairs and Communications intervention historically. This is the segment most exposed to a discrete, event-driven downside risk (adverse regulatory change) that is not well captured by a simple growth-rate extrapolation.

Geographic/Channel-Mix Revenue Assumptions

Because NE discloses no formal geographic segmentation, our channel-mix proxy for the Next Engine segment holds relatively stable weights across the forecast period: domestic marketplaces (Rakuten/Amazon/Yahoo!/etc.) at approximately 76% of segment revenue, owned/independent EC sites (Shopify/BASE/etc.) at approximately 18%, and cross-border-enabled channels at approximately 6%. We assume no material near-term shift in this mix for two reasons: (i) domestic marketplaces remain the dominant sales channel for the vast majority of Japanese SME e-commerce merchants, Next Engine's core customer base, and we see no evidence of an imminent structural shift away from marketplace-centric selling; and (ii) while cross-border-enabled channels (TEMU, eBay, TikTok Shop) are growing off a small base and represent a genuine incremental opportunity — consistent with METI data showing cross-border e-commerce flows into and out of Japan growing faster than domestic e-commerce in 2024 — we conservatively hold this channel's share roughly flat rather than assuming a specific acceleration curve, given the absence of company-disclosed data to calibrate the pace of that shift. A faster-than-modeled cross-border mix shift would be a modest upside risk to our revenue and margin assumptions, since cross-border app-marketplace fees are likely incremental, high-margin revenue.

Margin, Operating Expense, Working Capital, and Capital Expenditure Assumptions

Gross margin is modeled in a 76.0%-78.0% band, troughing at 76.0% in FY2026E (reflecting a temporarily higher cost-of-revenue mix during the standalone-cost transition) before recovering to 77.2% by FY2031E as hosting/infrastructure and customer-support costs scale sub-linearly with revenue. Operating expenses are modeled as a percentage of revenue: R&D at 15.0% in FY2026E declining to 14.0% by FY2031E as the platform matures; Sales & Marketing at 13.5% declining to 12.5%, reflecting the largely self-serve, content-led go-to-market motion described in Company 101; and General & Administrative at an elevated 11.0% in FY2026E (explicitly including estimated standalone-listing costs) declining to 9.9% by FY2031E as these one-off costs are absorbed into a larger revenue base — the single largest driver of our modeled EBITDA margin recovery story. Depreciation & amortization is modeled at 2.6%-2.5% of revenue, and capital expenditure at 4.0%-3.4% of revenue, both consistent with a capital-light SaaS business model with no major disclosed capacity-expansion capex program. Working capital assumptions are held constant across the forecast period at 30 days sales outstanding and 25 days payable outstanding, in the absence of company-disclosed receivables/payables aging detail to calibrate a trend. The effective tax rate is modeled at 33.8% in FY2025A-FY2026E (back-solved from disclosed Ordinary Profit and Net Income figures) before normalizing

to 31.0% for FY2027E onward, consistent with the standard Japanese effective statutory rate for a company of NE's size.

Assumption Sensitivity and Methodology Notes

Three modeling choices deserve explicit callout because they materially affect the projection and are not directly verifiable against a company disclosure. First, the segment revenue mix (approximately 86%/8%/5% SaaS/Consulting/Regional in FY2026E) is an analyst estimate calibrated only to the qualitative statement that Next Engine is 'the overwhelming majority' of revenue — we were unable to source an exact company-disclosed segment revenue split in yen terms, because the relevant investor-relations pages (ne-inc.jp/investor/financials/business-segments/) render their figures via client-side JavaScript not captured in the static-HTML fetches available to this research process, and primary JPX/Yahoo-hosted disclosure PDFs consistently returned HTTP 403 errors. A materially different true mix — for example, a larger EC Consulting segment than modeled — would not change consolidated revenue but could change the consolidated margin trajectory, since consulting is likely lower-margin than the core SaaS platform. Second, the within-Next-Engine revenue-type split (base subscription fees/volume-based per-order fees/app marketplace/annual maintenance, modeled at roughly 28%/52%/14%/6% of segment revenue) is calibrated to NE's disclosed pricing structure (a ¥3,000/month base fee, tiered per-order fees from ¥35 down to ¥5, and a ¥15,000/year maintenance fee) but the exact revenue-weighted mix across these components is not independently disclosed; a customer base skewed toward either very-low-volume or very-high-volume merchants relative to our assumption would shift revenue between the base-fee and per-order-fee lines without necessarily changing total segment revenue materially, since the pricing structure is designed to be roughly linear in order volume above the 200-order free tier. Third, and most consequential for the investment thesis specifically, the FY2026E-to-FY2027E operating margin recovery (from 34.9% to a modeled level above 35%) assumes standalone-listing costs are genuinely temporary rather than a permanent step-up in NE's cost base — if NE's true steady-state standalone corporate overhead is structurally higher than pre-spin-off levels (a real possibility for any newly independent company, and one we cannot yet rule out with only one quarter of post-spin-off history disclosed), the margin-recovery catalyst central to our investment thesis (Pillar 3) would not materialize on our modeled timeline, and both our DCF and scenario-based valuations would need to be revised toward the bear case.

We view these three assumptions — segment mix, within-segment revenue-type split, and the durability of the FY2026E margin dip — as the highest-value items for a future model refresh, ideally informed directly by NE's 有価証券届出書 (securities registration statement) filed around its September-October 2025 listing, which should contain two to three years of full carve-out combined financial statements and formal segment detail that were not accessible through the sources used for this initiation report.

Scenario Analysis

We model three scenarios — Bull, Base, and Bear — varying five-year revenue CAGR and FY2031E terminal EBITDA margin, the two assumptions most sensitive to the uncertainties discussed above. Each scenario is then run through the same DCF methodology (WACC 13.0%, terminal growth 2.0%) used for our base-case valuation, isolating the effect of operating-assumption uncertainty from discount-rate uncertainty (which is addressed separately in the WACC/terminal-growth sensitivity table in the Valuation Analysis section).

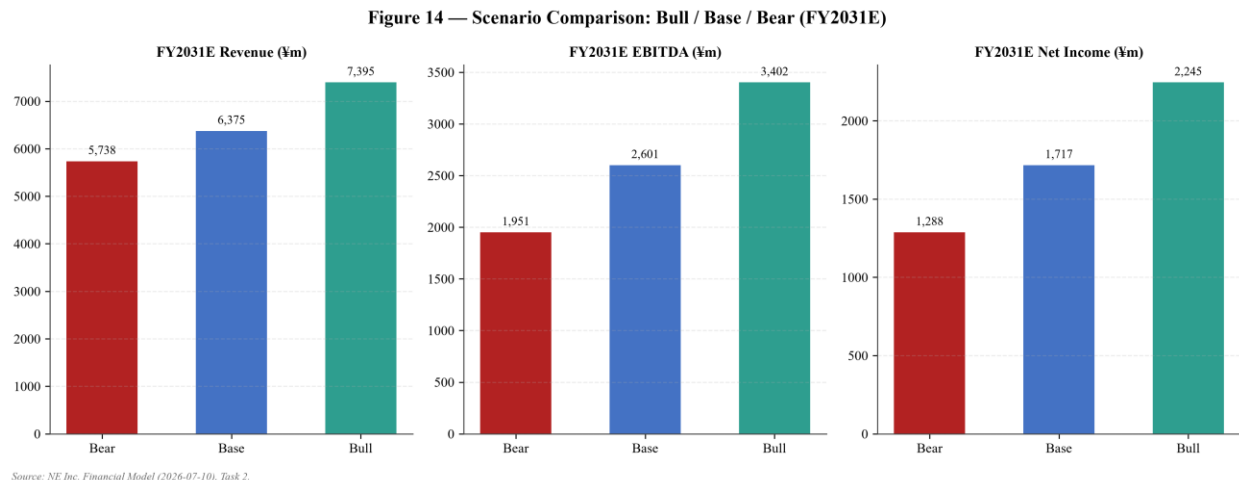


Figure 14. Scenario comparison: Bull/Base/Bear, FY2031E.

Bull Case: Successful AI Repositioning and Accelerated Category Consolidation

Probability: approximately 20%.

Key assumptions: five-year revenue CAGR of 14.0% (vs. 8.9% base case), reaching FY2031E revenue of ¥7,395m (vs. ¥6,375m base); FY2031E EBITDA margin of 46.0% (vs. 40.8% base), implying FY2031E EBITDA of ¥3,402m; and FY2031E net income of ¥2,245m, implying diluted EPS of ¥68.0.

Catalysts required: (1) management's 'Commerce OS for the Agent Era' repositioning produces visible, adopted AI-agent integration features within the next 12-18 months, shifting market perception of NE from legacy EC tooling toward AI-commerce infrastructure; (2) contracted-company growth accelerates back toward its 2012-2021 historical pace as cross-border and app-marketplace monetization compounds faster than modeled; (3) sell-side coverage initiates broadly and/or NE is added to a relevant small-cap index within the next two to four quarters, directly resolving the thin-float dynamic our valuation thesis attributes much of the current price gap to; and (4) FY2026E's margin dip proves purely temporary, with FY2027E margin recovering above the FY2025A peak of 38.7% rather than merely toward it, as standalone-cost absorption combines with operating leverage from re-accelerated growth.

Under this scenario, applying our standard 13.0% WACC / 2.0% terminal growth DCF methodology to the Bull-case cash-flow path implies a DCF value of approximately ¥582/share (+133% from the current ¥250 price), versus our ¥476/share base-case DCF value and ¥388/share bear-case DCF value.

Base Case: Steady Execution Along the Established Historical Trajectory

Probability: approximately 55%.

Key assumptions: five-year revenue CAGR of 8.9%, in line with NE's recent-year trajectory rather than either an acceleration or deceleration; FY2031E EBITDA margin of 40.8%, reflecting a gradual, not dramatic, recovery from the FY2026E standalone-cost trough as those costs are absorbed into a larger revenue base over

multiple years; and no major competitive-share loss or gain, consistent with a mature, moderately-differentiated competitive position (Task 1, Competitive Landscape). This is the scenario underlying our headline DCF and blended price target throughout this report: a base-case DCF value of ¥476/share and a base-case FY2031E net income of ¥1,717m (diluted EPS ¥52.0). We view this as the most likely outcome because it requires no discontinuous change in either NE's competitive position or the market's re-rating of the stock — only the passage of time for a newly-listed spin-off to accumulate a normal amount of analyst coverage and trading history, and for one-off standalone-listing costs to be absorbed in the ordinary course.

Bear Case: Persistent Margin Pressure and Competitive Share Loss

Probability: approximately 25%.

Key assumptions: five-year revenue CAGR of only 4.0%, reflecting slower contracted-company growth and/or share loss to flat-rate competitors; FY2031E EBITDA margin of only 34.0%, i.e. the FY2026E margin dip proves substantially structural rather than temporary; and FY2031E net income of just ¥1,288m (diluted EPS ¥39.0).

Downside triggers: (1) GoQSystem or another flat-rate competitor successfully undercuts Next Engine's volume-tiered pricing for the highest-order-volume merchant cohort, the segment most exposed to price competition given Next Engine's per-order fee structure; (2) NE's standalone corporate cost base proves structurally higher than pre-spin-off levels, with FY2026E's margin dip representing a genuine, permanent step-down rather than a one-off; (3) Japan's physical-goods EC-penetration growth decelerates further from its already-gradual ~0.3-0.4 percentage-point annual pace; and (4) an adverse Ministry of Internal Affairs and Communications regulatory change to the furusato nozei program materially compresses the Regional Revitalization segment's economics.

Under this scenario, our DCF methodology implies a value of approximately ¥388/share — still 55% above the current ¥250 price, underscoring that even our downside case does not, on its own, explain the magnitude of the current valuation gap. This is a central piece of evidence for our view (Investment Thesis, Pillar 2) that the gap is driven substantially by spin-off-related market-structure factors (thin float, passive shareholder base, absent analyst coverage) rather than by the market correctly pricing in bear-case fundamentals.

Scenario Comparison and Probability-Weighted Outcome

Metric	Bear	Base	Bull
5-Yr Revenue CAGR	4.0%	8.9%	14.0%
FY2031E Revenue (¥m)	5,738	6,375	7,395
FY2031E EBITDA Margin	34.0%	40.8%	46.0%
FY2031E Net Income (¥m)	1,288	1,717	2,245
FY2031E Diluted EPS (¥)	39.0	52.0	68.0
DCF Price/Share (¥)	388	476	582
Assigned Probability	25%	55%	20%

Table 5. Scenario comparison, FY2031E. Source: NE Inc. Financial Model, Scenarios tab; DCF price/share computed per this report's Valuation Analysis methodology.

The probability-weighted DCF value across these three scenarios is approximately ¥475/share, close to our pure base-case DCF value of ¥476/share given the roughly symmetric probability weighting we assign. Both figures remain far above the current ¥250 price and above even our formal 12-month price target of ¥500,

reinforcing that our target already embeds meaningful conservatism relative to the full probability-weighted DCF output — see Valuation Analysis, Section: Price Target and Recommendation, for how the ¥500 target itself reconciles DCF and comps-based fair value.

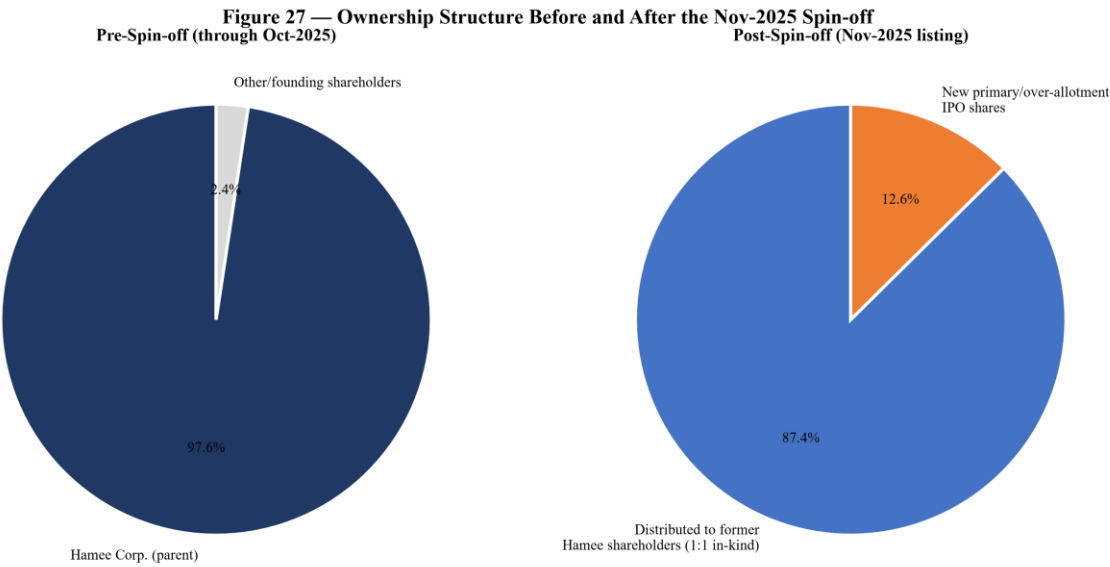
Path dependency between scenarios matters here more than in a typical single-product-cycle company: the Bull, Base, and Bear cases are not independent draws but largely depend on a single common factor — whether FY2026E's margin dip is temporary or structural — compounding with a second, largely independent factor specific to the re-rating thesis (whether thin coverage and passive shareholder overhang resolve within the 12-month horizon). It is entirely possible for the fundamental scenario to land close to our Base case while the stock still fails to re-rate to even the Base-case DCF value within 12 months, simply because analyst coverage and index inclusion operate on their own timeline independent of quarterly earnings execution — this is precisely the risk we flag explicitly in the Valuation Analysis section as the primary risk to our price target, separate from the fundamental scenario risks summarized in this table.

Key Growth Drivers

We identify five specific, quantifiable growth drivers underpinning our base-case projection, each with a distinct timeline and evidentiary basis.

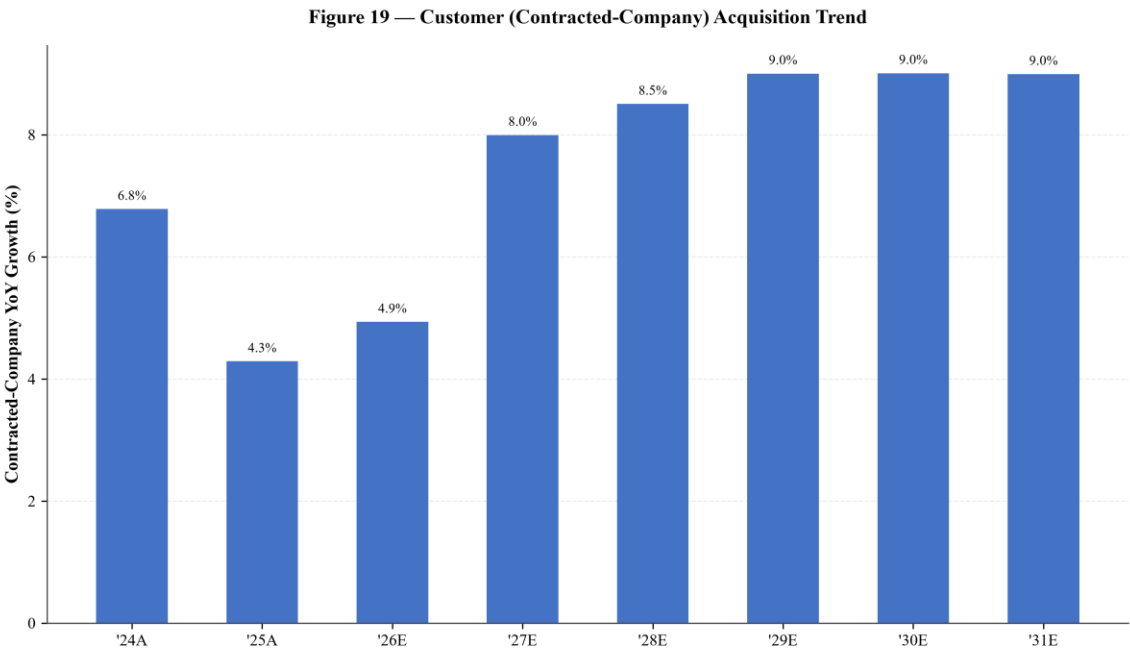
6. **Continued contracted-company compounding on a proven, decade-long curve.** Contracted companies have grown from 1,000 (May 2012) to roughly 6,570 (FY2025A) to a forecast 10,461 by FY2031E — an uninterrupted, multi-cycle growth curve that is the single most trackable, quarter-by-quarter proof point available to monitor this thesis. Timeline: ongoing, disclosed quarterly in NE's kessan tanshin filings.
7. **Multi-channel depth expansion within the existing customer base.** Average stores per contracted company have grown from an estimated 8.1 (FY2023A) toward 8.3 by FY2031E in our model, a direct consequence of Next Engine's zero-marginal-cost-per-store pricing design, which we view as a structural, low-risk growth driver since it requires no new customer acquisition, only deeper penetration of an already-won account. Timeline: ongoing, compounds gradually each quarter.
8. **Cross-border and app-marketplace monetization tapping a faster-growing trade flow.** METI data show cross-border e-commerce flows both into and out of Japan growing faster than domestic Japanese e-commerce in 2024 (Japan-inbound cross-border purchases +4.8% to +8.5% depending on direction, versus +3.7% domestic physical-goods EC growth). NE's TEMU, eBay, and TikTok Shop connector apps position it to capture incremental, likely higher-margin revenue from this faster-growing flow. Timeline: 12-24 months for material revenue contribution, given the small current base.
9. **Margin recovery as standalone-listing costs are absorbed.** FY2026E's operating margin dip to 34.9% (from 38.7% in FY2025A) is modeled as substantially temporary; each percentage point of margin recovery converts directly and disproportionately to EPS growth given NE's already-established revenue base. Timeline: FY2027E-FY2029E, the specific window in which our model assumes G&A as a percentage of revenue normalizes from its FY2026E-elevated level.
10. **A credible, if unproven, AI-repositioning option value.** Management's 'Commerce OS for the Agent Era' framing is a real strategic option — if AI shopping agents become a meaningful transaction channel, NE's existing order/inventory/product data infrastructure and marketplace-integration breadth could position it as foundational infrastructure for agentic commerce in Japan, a structurally higher-multiple category than legacy EC back-office tooling. We do not include this in our base-case financial projections (it is not yet a proven revenue driver), but flag it as embedded optionality not currently reflected in the ¥250 share price. Timeline: uncertain; a multi-year option rather than a near-term financial driver.

One additional structural factor supports the re-rating half of our thesis specifically, rather than the fundamental growth story: the mechanical overhang from NE's passive spin-off distribution should diminish over time as former Hamee shareholders who received NE shares passively complete their initial post-spin-off portfolio rebalancing (a well-documented, typically multi-quarter process following dividend-in-kind spin-offs), independent of anything NE's own management does operationally.



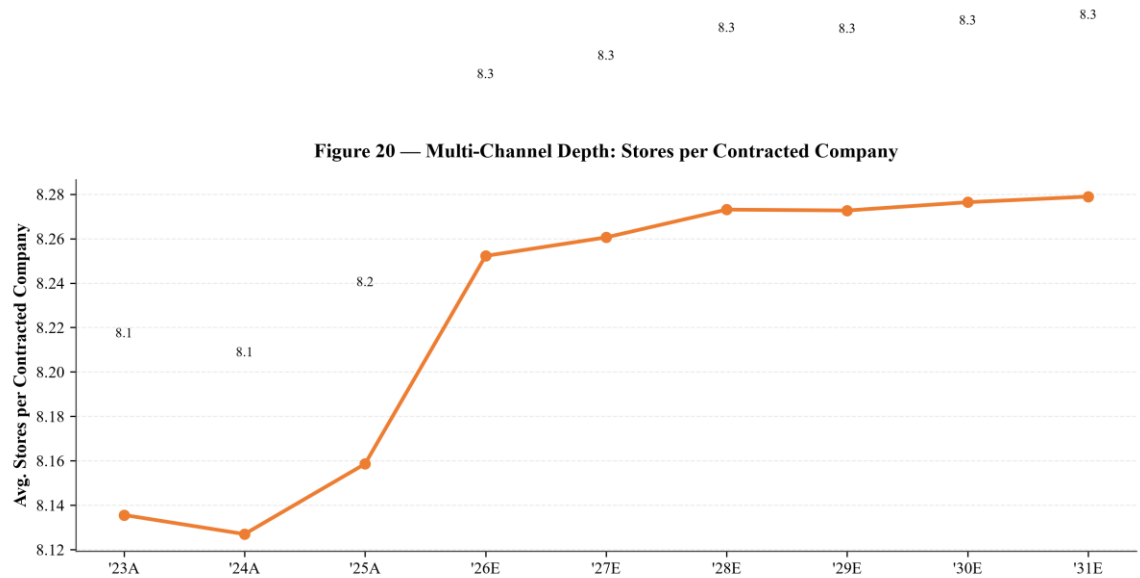
Source: NE Inc. Research Document, Section 2 (Hamee 100% in-kind dividend distribution; IPO share counts per secondary IPO-data aggregators).

Figure 27. Ownership structure before and after the November 2025 spin-off.



Source: NE Inc. Financial Model (2026-07-10), Task 2.

Figure 19. Customer (contracted-company) acquisition trend.



Source: NE Inc. Financial Model (2026-07-10), Task 2.

Figure 20. Multi-channel depth: stores per contracted company.

Valuation Analysis

Current Price (2026-07-09): ¥250 | 12-Month Price Target: ¥500 | Upside: +100% | Rating: BUY.

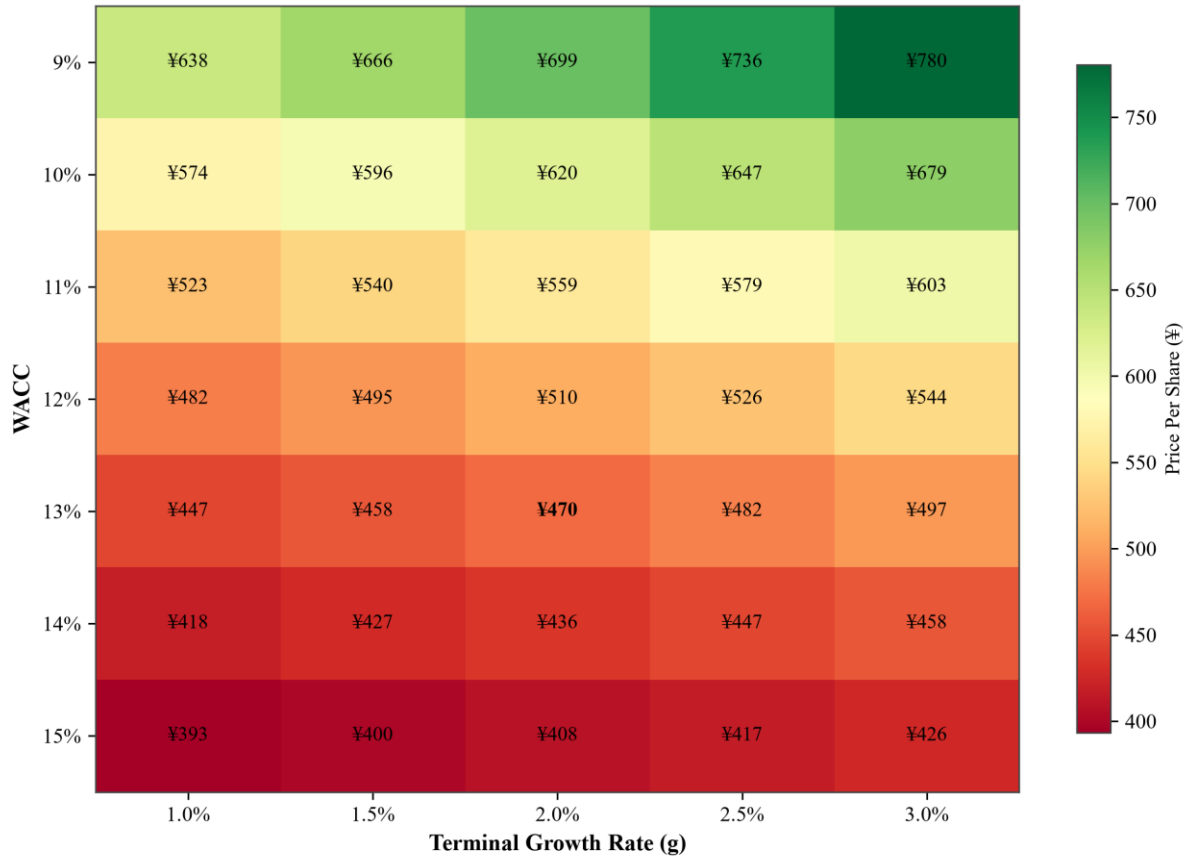
Methodology: 50% weighted-average DCF and 50% growth-adjusted trading comparables; no precedent-transaction multiple is applied (see below).

DCF Analysis

NE carries no interest-bearing debt (Q3 FY2026 equity ratio 89.7%), so WACC is effectively the cost of equity plus an explicit company-specific risk premium: a risk-free rate of 2.8% (10-year JGB yield, which reached a 30-year high of approximately 2.9% in July 2026), a beta of 1.15 (estimated, given the absence of a clean small-cap Japan SaaS pure-play comp), and an equity risk premium of 5.7%, giving a CAPM cost of equity of 9.4%. We add an explicit 3.65% company-specific risk premium (thin post-spin-off analyst coverage, single-product/single-country concentration, under eight months as a standalone listed company), for a base-case WACC of 13.0%. Terminal growth is set at 2.0%, deliberately below Japan's long-run nominal GDP growth to reflect demographic headwinds.

Discounting FY2027E-FY2031E unlevered free cash flow at this WACC yields a present value of ¥4,388m; the perpetuity-growth terminal value contributes a further ¥8,010m in present-value terms, for a total Enterprise Value of ¥12,398m. Terminal value represents 64.6% of total Enterprise Value, comfortably under the 70% threshold we use as a sanity check on whether the explicit forecast period is long enough to avoid over-reliance on terminal assumptions. Adding Q3 FY2026 cash of ¥3,020m and other non-operating assets of ¥80m (NE carries no debt or minority interest) gives an Equity Value of ¥15,498m, or ¥470/share on 33.00m diluted shares (post the May 2026 2-for-1 stock split).

Figure 28 — DCF Sensitivity: Price per Share (¥)



Base case (bold): WACC 13.0%, g 2.0% → ¥470. Source: NE Inc. Valuation Analysis (2026-07-10), Task 3.

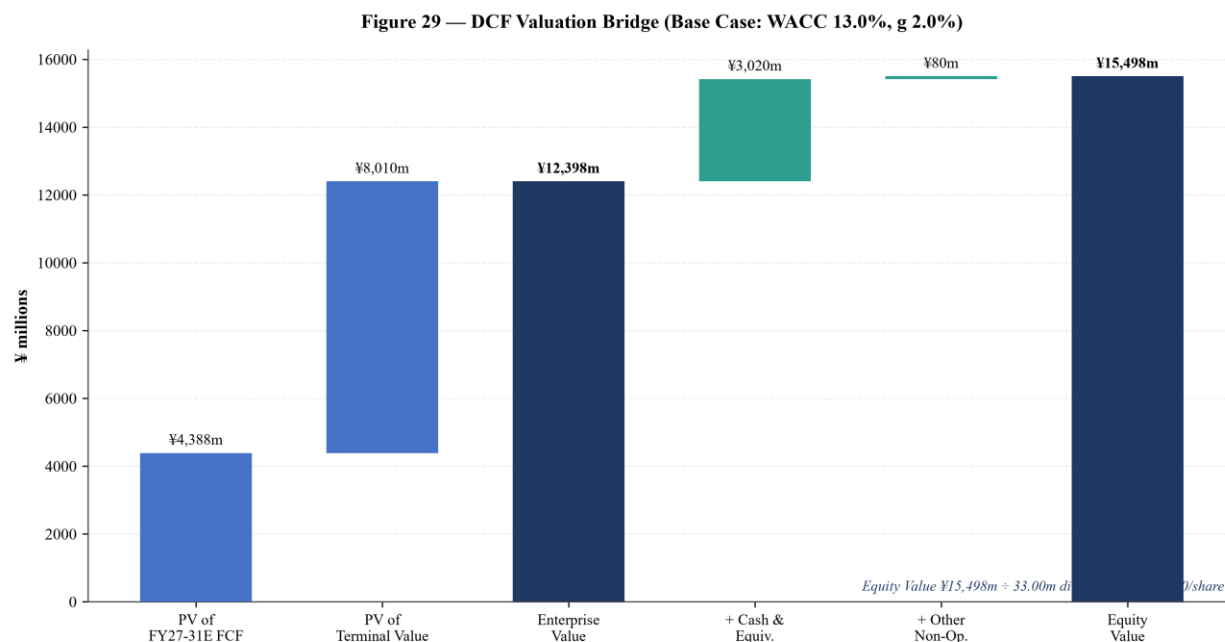
Figure 28. DCF sensitivity: price per share, WACC vs. terminal growth rate (mandatory chart).

DCF Assumption	Value	Source/Rationale
Risk-free rate (10-yr JGB yield)	2.8%	TradingEconomics/Yahoo Finance, Jul-2026
Beta (estimated)	1.15	Analyst estimate (no clean pure-play comp)
Equity risk premium	5.7%	Japan long-run historical average
CAPM cost of equity	9.35%	= Rf + Beta x ERP
Company-specific risk premium	3.65%	Thin coverage / concentration / <8mo standalone
WACC (base case)	13.0%	= Cost of equity + risk premium (D/V = 0%)
Terminal growth rate (g)	2.0%	Below Japan long-run nominal GDP growth
Terminal value % of EV	64.6%	Sanity check, target < 70%

Table 6. DCF key assumptions. Source: NE Inc. Financial Model, DCF tab.

WACC \ Terminal Growth	1.0%	1.5%	2.0%	2.5%	3.0%
9%	¥638	¥666	¥699	¥737	¥780
10%	¥574	¥596	¥620	¥647	¥679
11%	¥523	¥540	¥559	¥579	¥603
12%	¥482	¥495	¥510	¥526	¥544
13%	¥447	¥458	¥470	¥482	¥497
14%	¥418	¥427	¥436	¥447	¥458
15%	¥393	¥400	¥408	¥417	¥426

Table 7. DCF sensitivity matrix: price per share. Base case (WACC 13%, g 2.0%) = ¥470. Source: NE Inc. Financial Model, Sensitivity Analysis tab.



Source: NE Inc. Valuation Analysis (2026-07-10), Task 3.

Figure 29. DCF valuation bridge (waterfall).

Comparable Companies Analysis

No public Japanese company is a close, pure-play match for NE's specific niche (multi-channel EC order/inventory-management SaaS) — every direct competitor identified in our Company 101 research (アシスト店長, 助ネコ, TEMPOSTAR, CROSS MALL, GoQSystem, Crossma, LOGILESS) is privately held, itself a relevant valuation observation: NE may be the only listed pure play in this category. In its absence, we use the closest available proxy set: profitable-to-maturing, small/mid-cap Japanese vertical-SaaS companies serving SME/back-office needs with a comparable subscription-plus-usage pricing model — freee (TSE: 4478), Money Forward (TSE: 3994), Sansan (TSE: 4443), and Temairazu. Hamee (NE's former parent, TSE: 3134) and BASE (TSE: 4477) were investigated but excluded: secondary-source figures for both contained internally inconsistent unit-conversion errors that could not be verified to a standard suitable for a valuation table.

Company	Ticker	EV/Sales	Rev. Growth	EBITDA Margin	Notes
freee	4478.0	2.3x	n/a	n/a	Cloud accounting/back-office SaaS for SMEs; 30% long-term op-margin guidance
Money Forward	3994.0	3.7x	26%	10%	Cloud accounting + fintech platform; ARR growth, record EBITDA margin
Sansan	4443.0	6.0x	25%	n/a	Business-card/contact + invoice mgmt (Bill One) SaaS
Temairazu	n/a	7.1x	n/a	74%	High-margin vertical SaaS; used for EV/EBITDA cross-check

Table 8. Comparable companies — EV/Sales (primary multiple). Source: WebSearch aggregation, Jul-2026 (secondary sources; see Valuation Analysis document for individual caveats).

Statistic	EV/Sales
Maximum	7.10x
75th Percentile	6.28x
Median	4.85x
25th Percentile	3.35x
Minimum	2.30x
NE Inc. — current implied EV/Sales	1.23x

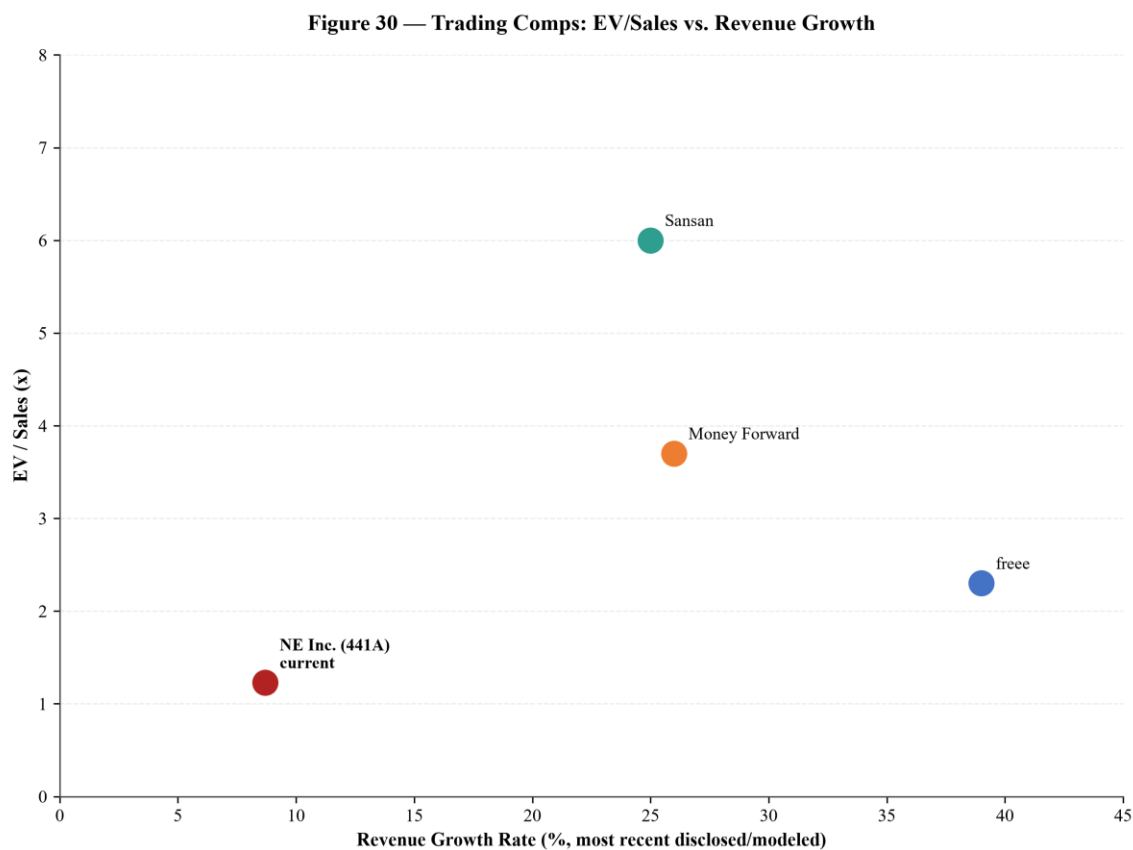
Table 9. Statistical summary of peer EV/Sales multiples (mandatory summary). Source: NE Inc. Financial Model, Comps tab.

Applying peer multiples at face value would imply an EV/Sales re-rating of roughly 2-6x NE's current level — implausible given NE's ~8-9% modeled revenue growth versus peers' 20%+ disclosed growth rates. We apply a 30% discount uniformly across the peer statistical range to reflect NE's slower growth, thinner post-spin-off coverage, and single-country/single-product concentration.

Percentile	Raw Multiple	Adjusted (x0.70)	Implied EV (¥m)	Implied Equity Value (¥m)	Implied Price/Share
25th Percentile (Low)	3.35x	2.34x	9,851	12,951	¥392
Median (Base)	4.85x	3.39x	14,262	17,362	¥526
75th Percentile (High)	6.28x	4.39x	18,453	21,553	¥653

Table 10. Growth/coverage-adjusted valuation. Source: NE Inc. Financial Model, Comps tab.

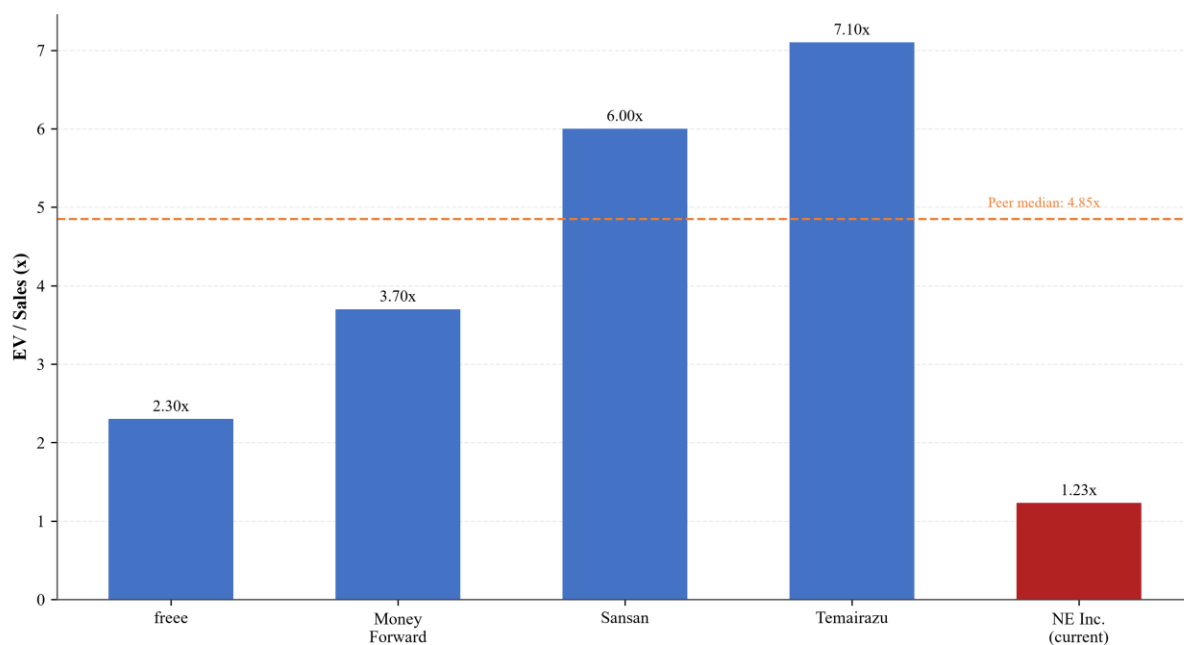
Even after this 30% haircut, the growth-adjusted 25th-percentile multiple remains nearly double NE's current implied EV/Sales — i.e., NE trades at a discount even to a deliberately conservative, discounted version of the peer set. As a cross-check, Temairazu is the only peer with a disclosed EBITDA margin, implying an EV/EBITDA of approximately 9.6x; NE's own current implied EV/EBITDA is only 3.4x, again well below even a name with a much higher margin profile.



Source: NE Inc. Valuation Analysts (2026-07-10), Task 3.

Figure 30. Trading comps: EV/Sales vs. revenue growth.

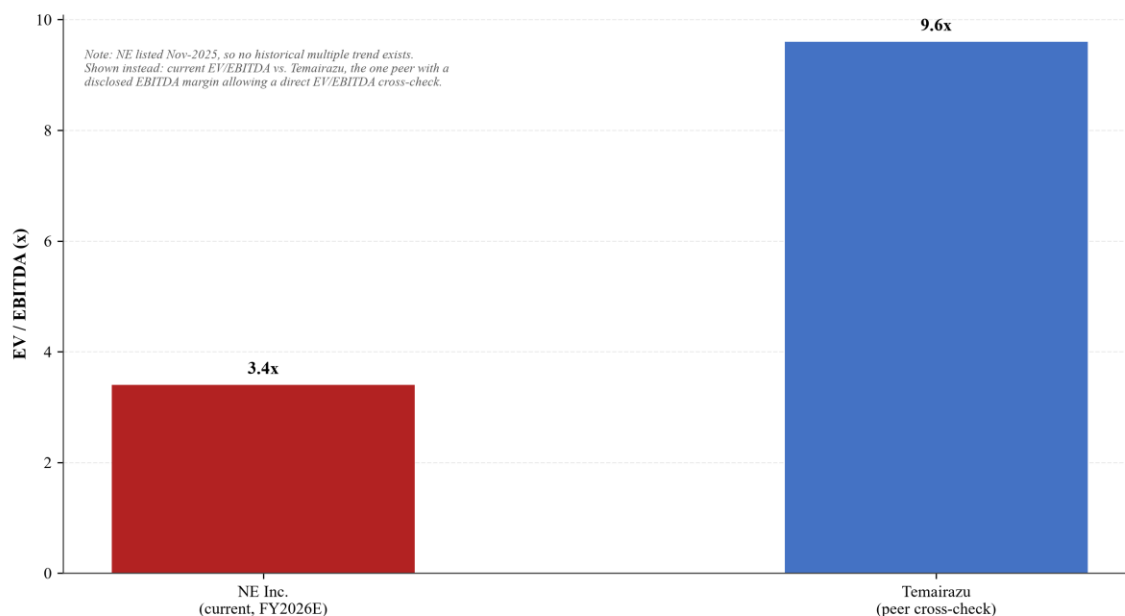
Figure 31 — Peer EV/Sales Multiples vs. NE Inc.



Source: NE Inc. Valuation Analysis (2026-07-10), Task 3.

Figure 31. Peer EV/Sales multiples vs. NE Inc.

Figure 34 — EV/EBITDA Cross-Check (No Pre-IPO Trading History Available)



Source: NE Inc. Valuation Analysis (2026-07-10), Task 3.

Figure 34. EV/EBITDA cross-check (substitute for historical multiples; NE has no pre-Nov-2025 trading history).

Precedent Transactions

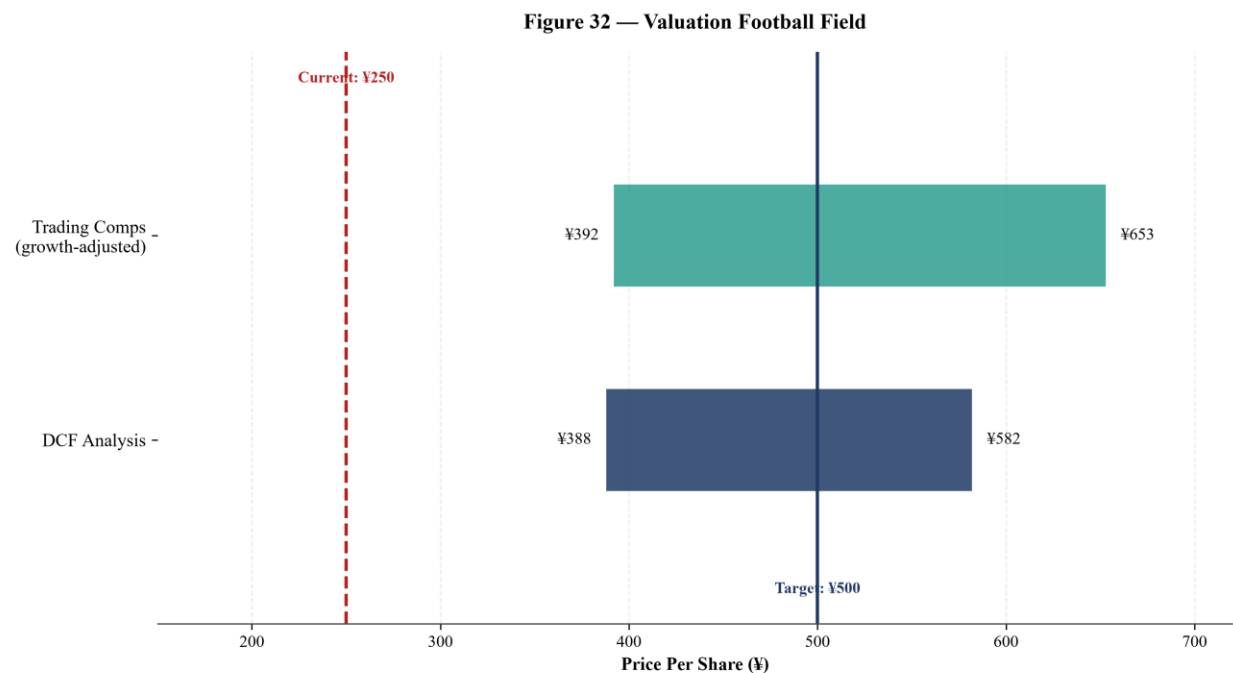
No precedent-transactions analysis is included. A search for M&A transactions in the Japanese EC-back-office/order-management-SaaS category over the last three to five years did not surface deals of comparable scale and business model to NE with verifiable, sourced deal terms — nearly all of NE's direct competitors remain independently and privately held, and no disclosed acquisition of one by a strategic or financial buyer

was identified. This method is excluded from the valuation weighting (redistributed evenly to DCF and Comps, 50/50) rather than manufactured from unrelated deals.

Valuation Summary and Price Target

Method	Low	Base	High	Weight	Weighted (Base)
DCF Analysis (Bear/Base/Bull, WACC 13.0%, g 2.0%)	¥388	¥470	¥582	50%	¥235
Trading Comps (growth/coverage- adjusted)	¥392	¥526	¥653	50%	¥263
Precedent Transactions (none identified — see Valuation Analysis doc Sec. 4)	—	—	—	0%	¥0

Table 11. Valuation summary. Weighted average target: ¥500. Source: NE Inc. Financial Model, Valuation Summary tab.



Source: NE Inc. Valuation Analysis (2026-07-10), Task 3.

Figure 32. Valuation football field (mandatory chart).

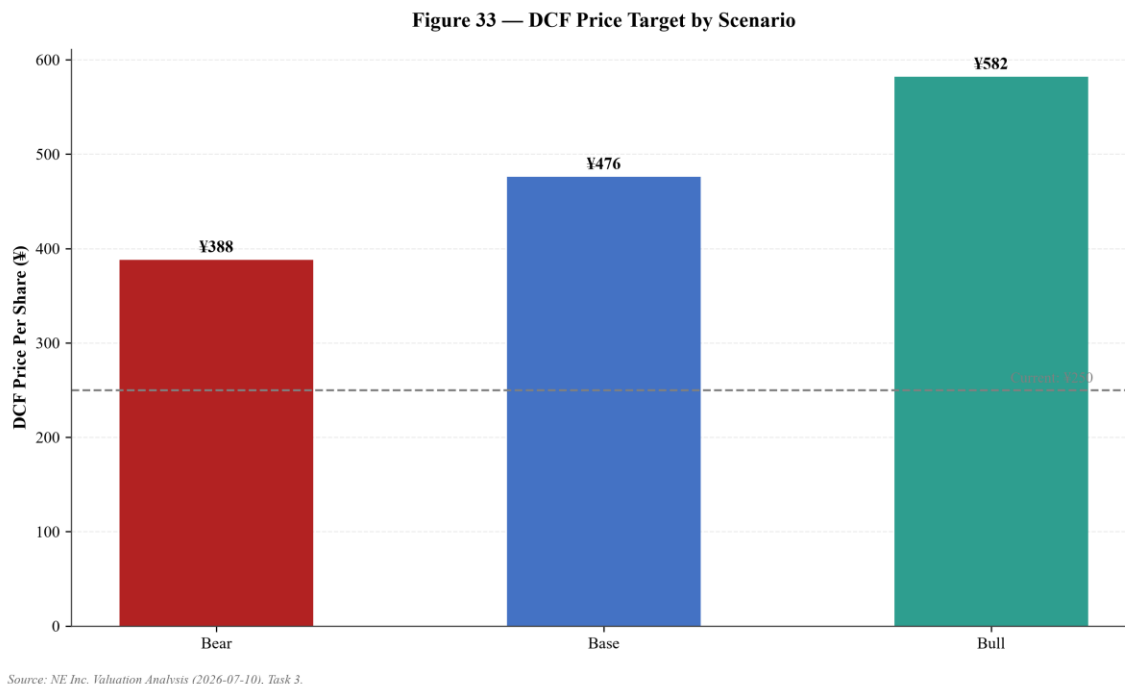


Figure 33. DCF price target by scenario (Bear/Base/Bull).

Both an independently-built DCF and a comparable-companies analysis point to NE trading at roughly half of intrinsic/peer-relative fair value. Cross-checked a third way — solving for the discount rate the current ¥250 price implies, holding this report's own cash-flow projections fixed — the market is pricing NE as if it required a roughly 27% cost of capital, far above any defensible rate for a profitable, debt-free, 83%+-equity-ratio SaaS business. The most plausible explanation is not that the market has superior information about NE's fundamentals, but that NE is still working through the mechanical aftermath of an unusual November 2025 'complete spin-off' listing: thin analyst coverage (no prior initiation was identified), a shareholder base that received shares passively as an in-kind dividend from former parent Hamee rather than through active investment decisions, and a literal 0% first-day IPO 'pop' that itself signaled unusually weak initial price discovery.

Recommendation

Current Price: ¥250 (as of 2026-07-09). 12-Month Price Target: ¥500. Upside: +100%. Rating: BUY.
Valuation methodology: 50% DCF / 50% growth-adjusted trading comparables; no precedent-transaction multiple (none identified). Time horizon: 12 months.

Key Catalysts to the Price Target

- Sell-side coverage initiation or index inclusion, directly addressing the thin-float, passive-shareholder dynamic underlying the valuation gap.
- Margin recovery post-FY2026 standalone-cost trough, validating the 'temporary investment phase' reading of the FY2026E margin dip.
- Continued contracted-company and store growth, a concrete, trackable proof point independent of the broader re-rating story.
- Visible execution proof points behind the 'Commerce OS for the Agent Era' AI repositioning, potentially shifting NE into a higher-multiple category.
- Continued cross-border and app-marketplace monetization, tapping a cross-border EC flow that grew faster than domestic EC in 2024 per METI data.

Key Risks to the Price Target

- Persistent thin liquidity/coverage (high probability, could materially delay realization) — if no further coverage or index inclusion occurs, the valuation gap could persist well beyond 12 months regardless of fundamental execution.
- Competitive price pressure (medium probability, -10-15% impact) from flat-rate rivals such as GoQSystem compressing the per-order-fee take rate.
- Standalone-company execution/cost risk (medium probability, -10% impact) if FY2026's margin dip proves structural rather than temporary.
- Furusato nozei regulatory risk (low-medium probability, -5% impact given small segment size) from periodic MIC intervention in program rules.
- Japan EC-penetration deceleration (low probability, -10% impact) capping addressable merchant-base growth below what is modeled.

Appendices

Additional Supporting Tables

Cash Flow Statement Highlights

(¥ millions)	'2023A	'2024A	'2025A	'2026E	'2027E	'2028E	'2029E	'2030E	'2031E
Net Income	961	980	984	943	1,088	1,215	1,363	1,518	1,695
Depreciation & Amortization	68	83	94	109	123	133	140	152	159
Stock-Based/Equity Compensation	4	5	6	8	9	10	11	12	13
Change in Working Capital (total)	-20	-24	-10	-15	-23	-26	-30	-33	-36
Cash from Operations	1,015	1,071	1,080	1,015	1,180	1,334	1,490	1,662	1,848
Capital Expenditures	-102	-132	-149	-168	-181	-187	-193	-205	-217
Cash from Investing	-102	-132	-149	-168	-181	-187	-193	-205	-217
Free Cash Flow	913	939	930	847	999	1,147	1,297	1,457	1,632
FCF Margin %	95.0%	95.9%	94.6%	89.7%	91.8%	94.4%	95.2%	96.0%	96.3%
Cash from Financing	0	0	-2	428	-3	-125	-207	-307	-342
Ending Cash	2,063	3,002	3,931	5,205	6,201	7,223	8,313	9,463	10,753

Table 12. Cash flow statement highlights, FY2023A-FY2031E. Source: NE Inc. Financial Model, Cash Flow Statement tab.

Balance Sheet Highlights

(¥ millions)	'2023A	'2024A	'2025A	'2026E	'2027E	'2028E	'2029E	'2030E	'2031E
Cash & Equivalents	2,063	3,002	3,931	5,205	6,201	7,223	8,313	9,463	10,753
Total Current Assets	2,431	3,417	4,371	5,686	6,722	7,790	8,930	10,136	11,487
PP&E, Net	225	274	329	388	447	501	555	607	665
Total Non-Current Assets	515	568	672	785	893	996	1,099	1,198	1,302

Total Assets	2,946	3,985	5,043	6,470	7,615	8,786	10,028	11,334	12,789
Total Current Liabilities	464	511	574	614	656	718	786	859	938
Total Non-Current Liabilities	40	45	50	55	60	65	70	75	80
Total Liabilities	504	556	624	669	716	783	856	934	1,018
Total Equity	2,442	3,429	4,419	5,802	6,899	8,003	9,173	10,400	11,771
Equity Ratio %	82.9%	86.0%	87.6%	89.7%	90.6%	91.1%	91.5%	91.8%	92.0%
Total Liabilities + Equity	2,946	3,985	5,043	6,470	7,615	8,786	10,028	11,334	12,789

Table 13. Balance sheet highlights, FY2023A-FY2031E. Source: NE Inc. Financial Model, Balance Sheet tab. Balance sheet ties out exactly (Total Assets = Total Liabilities + Equity) in every year.

Data Sources & References

This report draws on three prior work products from this initiation-coverage engagement — the Company Research Document, the Financial Model, and the Valuation Analysis — each of which contains full, line-item-level source citations. Primary external sources referenced throughout this report include:

- NE Inc. corporate and investor-relations site: <https://ne-inc.jp/>
- Next Engine product/pricing site: <https://next-engine.net/>
- METI FY2024 E-Commerce Market Survey (physical-goods EC penetration data): <https://www.meti.go.jp/press/2025/08/20250826005/20250826005.html>
- NE Inc. stock-split disclosure (Feb-2026, Nikkei): <https://www.nikkei.com/nkd/disclosure/tdnr/20260219565720/>
- Hamee spin-off announcement (2022): https://ne-inc.jp/news/article/ne_spinoff_2206/
- NE Inc. current share price/market data (IRBANK): <https://irbank.net/441A>

Full source lists — including every URL cited for company history, management, products, industry, competitive, and financial data, together with explicit notes on inaccessible primary filings (JPX and Yahoo Finance-hosted disclosure PDFs consistently returned HTTP 403 errors during this research) — are provided in the Data Sources sections of NE_Inc_Research_Document_2026-07-10.md and NE_Inc_Valuation_Analysis_2026-07-10.md, and in the Notes & Sources tab of NE_Inc_Financial_Model_2026-07-10.xlsx, all delivered alongside this report.