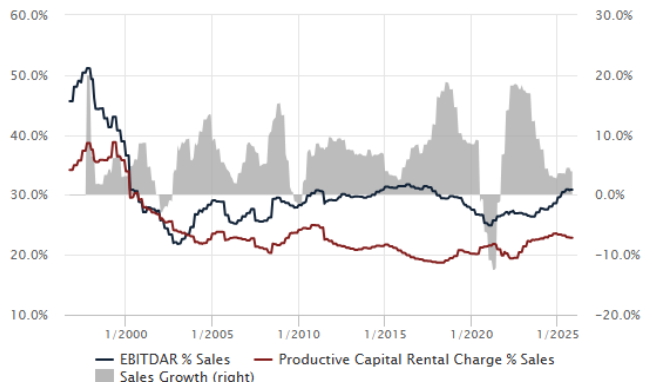
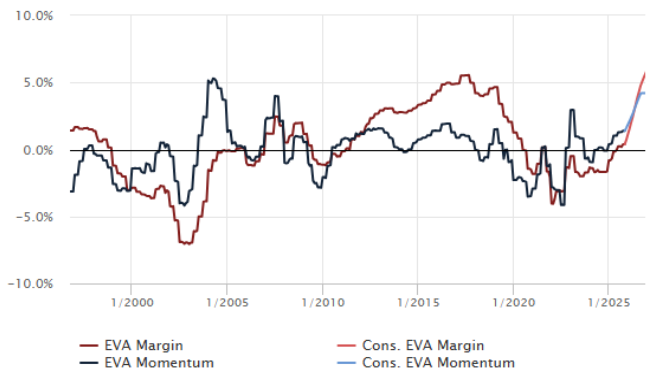
Industry Snapshot: Global Entertainment

- **Summary:** On average, Large Cap firms score poorly in the PRVit model, as moderate levels of Risk-Adjusted Profitability are met with expensive Valuation levels. EVA Profitability has trended upwards after inflecting up in Q4 2024 on account of top-line growth bottoming out and subsequently recovering, EBITDAR Margin increasing to 5-year highs, and Productive Capital Charges moving lower. With embedded expectations for growth, as measured by our Future Value Added (FVA), at historically high levels, the market has elevated expectations for the industry going forward.
- **EVA Drivers:** Sales growth (on a trailing-four quarter basis - TFQ), which bottomed out in November last year after 9 quarters of contraction, briefly increased in H1 2025 but dropped 60bps in September to 3.9%. EBITDAR Margin has seen a 130bps expansion since the beginning of the year and currently sits at 30.9%, its highest level in 5 years. The Productive Capital Charge (higher is less favorable) moved lower through 2025 to reach 22.9%, as moderation in PP&E and Intangible Capital Charges (as a % of sales) were complemented by improvements in top-line growth, leading to increased asset efficiency.
- **EVA Fundamentals:** EVA Margin, which bottomed out in negative territory in Q4 2024, turned positive in June and currently sits at 0.4%. EVA Momentum (growth) also turned positive in December 2024 and saw a 100bps expansion over the past nine months, currently being at 1.4%, the middle of its long-term range.
- **Expectations:** Embedded expectations for growth (Future Value Added, FVA) reached their highest levels at a time when Current Value Added (CVA) also turned positive. Future Growth Reliance (FGR) levels have been trending upwards since 2023 and are currently trading at a lofty premium of 68.2%, with investors having high expectations for further EVA value creation going forward.

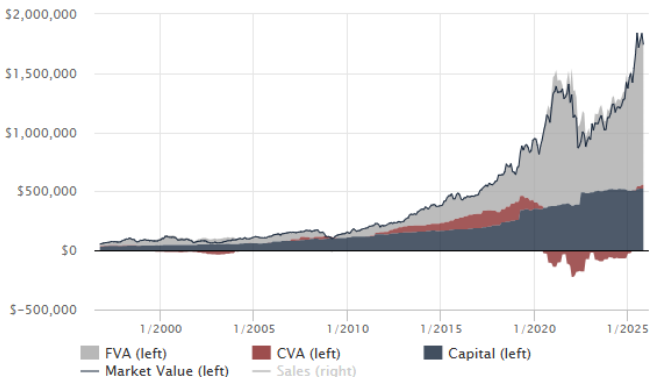
EVA Drivers



EVA Fundamentals



Enterprise Value Components



Future Growth Reliance (FGR)



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About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

Top 10 Largest Firms by Market Cap

- The cohort, on average, scores poorly within the PRVit model, having moderate levels of Risk-Adjusted Profitability (Quality) and expensive Valuation levels.
- **NTES** is rated '**Overweight**' within the EVA framework whereas **RBLX**, **7974 JP,** and **TTWO** are rated '**Sell**.'
- **NFLX**, **SPOT**, and **UMG NA** reported positive EVA Fundamentals in the latest quarter.

Name	Ticker	Country	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return Ytd (%)	ESG Perf Score
NETFLIX INC	NFLX	U.S.	476,030	18.3%	7.5%	33	84	97	66	98	23.4%	44.05
DISNEY (WALT) CO	DIS	U.S.	201,921	-3.3%	0.9%	53	48	49	51	41	1.1%	46.65
SPOTIFY TECHNOLOGY SA	SPOT	Luxembourg	133,569	3.7%	1.4%	20	81	87	53	98	44.0%	36.96
NINTENDO CO LTD	7974 JP	Japan	109,910	18.3%	-14.8%	3	44	58	77	96	41.7%	43.59
NETEASE INC -ADR	NTES	China	89,758	23.9%	-0.0%	79	86	95	56	83	55.2%	34.90
ROBLOX CORP	RBLX	U.S.	77,716	-12.6%	-3.7%	0	7	18	95	99	86.1%	34.59
WARNER BROS DISCOVERY INC	WBD	U.S.	55,331	-13.8%	1.3%	49	28	30	58	21	110.9%	38.30
ELECTRONIC ARTS INC	EA	U.S.	49,854	4.1%	-3.2%	22	62	55	30	87	37.0%	45.65
UNIVERSAL MUSIC GROUP N V	UMG NA	Netherlands	47,290	17.6%	7.1%	58	88	98	59	85	-7.4%	43.83
TAKE-TWO INTERACTIVE SFTWR	TTWO	U.S.	47,160	-15.7%	16.8%	14	44	40	41	80	38.9%	44.59
Average				4.0%	1.3%	33	57	63	58	79	43.1%	41.31

***PRVit** is scored 0 to 100 where 100 is the most attractive. Profitability and Quality are both scored 0 to 100 where 100 is the best. Valuation is scored 0 to 100 where 100 is the most expensive.*

Top 10 Highest PRVit Firms

- The cohort, dominated by Chinese firms, is characterized by high Quality (P – R) and expensive Valuation levels (higher is less favorable).
- **259960 KS**, **9899 HK**, and **3888 HK** are rated '**Buy**' within the EVA framework.
- **251270 CH** is the only firm to have reported negative EVA Fundamentals in the latest quarter.

Name	Ticker	Country	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return Ytd (%)	ESG Perf Score
KRAFTO INC	259960 KS	South Korea	9,255	15.9%	1.4%	87	75	74	41	45	-10.6%	39.41
NETEASE CLOUD MUSIC INC	9899 HK	China	7,147	6.9%	3.0%	86	94	92	26	87	117.8%	34.90
KINGSOFT CO LTD	3888 HK	China	6,116	18.5%	8.7%	85	86	98	64	76	-1.2%	32.22
NETEASE INC -ADR	NTES	China	89,758	23.9%	-0.0%	79	86	95	56	83	55.2%	34.90
37 INTERACTIVE ENTERTAINMENT	002555 CH	China	7,098	9.5%	2.7%	78	83	82	40	79	51.2%	30.56
INTERNATIONAL GAMES SYS CO	3293 TT	Taiwan	6,727	48.7%	14.1%	78	100	100	12	96	-21.3%	22.59
G-BITS NETWORK TEC	603444 CH	China	4,825	18.0%	1.3%	71	89	80	19	96	122.6%	
XD INC	2400 HK	China	4,479	14.0%	26.0%	70	87	98	63	93	174.3%	
NETMARBLE CORPORATION	251270 KS	South Korea	3,357	-27.2%	-5.6%	65	21	17	47	8	8.1%	40.42
BEIJING ENLIGHT MEDIA CO LTD	300251 CH	China	7,188	31.9%	51.4%	64	83	97	70	93	87.0%	7.23
Average				16.0%	10.3%	76	80	83	44	76	58.3%	30.28

***ESG Performance Score** provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable across all rated entities. All rated entities with values greater than or equal to 50 are Prime; companies with values less than 50 are not Prime.*

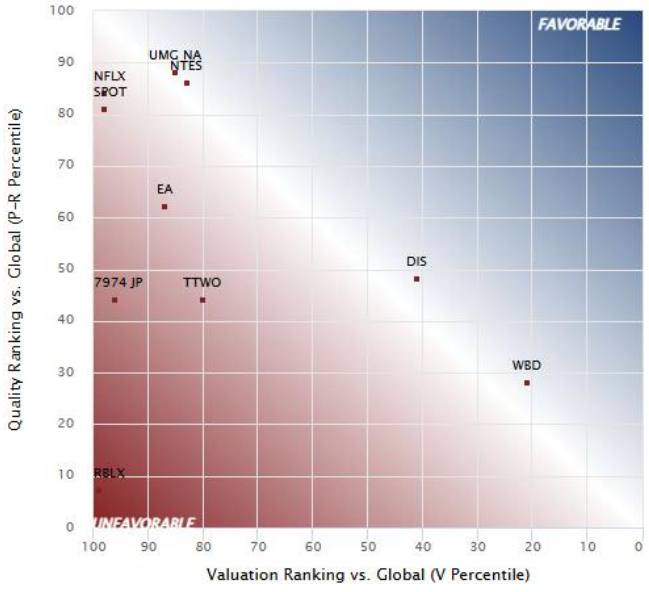
See page 3 for HEAT Maps of the Largest Firms and the Most Attractive Firms.

HEAT Maps

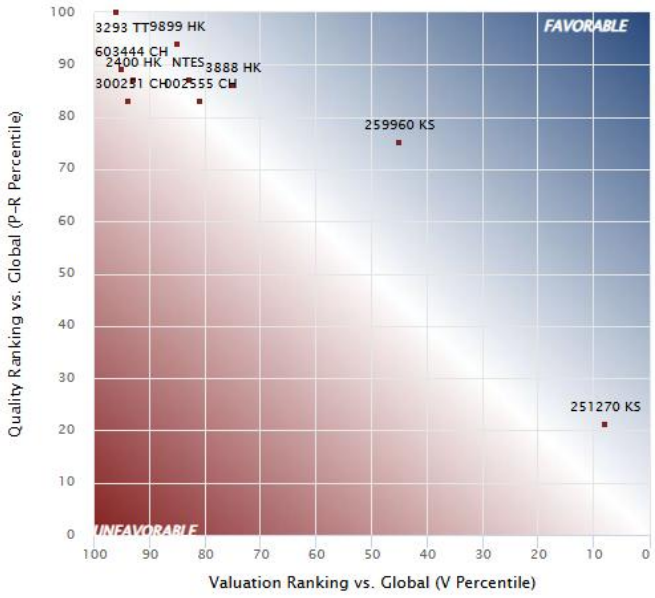
Our HEAT Map shows the visual trade-off between Quality (y-axis) and Value (x-axis). Higher Quality firms will be found at the top of the HEAT Map and cheaper Valuation firms will be further to the right. The companies in the upper-right corner are high-Quality, cheap-Value names with the most attractive PRVit scores.

- The HEAT Map on the left illustrates the largest firms in the industry, individually placed as a function of Quality and Valuation Rankings.
  - **UMG NA** and **NTES** are positioned in the favorable 'Expensive but Worth It' HEAT Map zone, having high Valuation scores that are offset by strong levels of Risk-Adjusted Profitability (Quality).
  - **WBD** offers 'Attractive Value,' demonstrating low Quality but at a cheap Valuation.
  - **NFLX**, **SPOT,** and **EA** are positioned in the unfavorable 'Overly Expensive Quality' HEAT Map zone, exhibiting high Quality but at relatively higher Valuation levels.
  - **RBLX** is in the lower left 'Worst of the Worst' HEAT Map zone. The firm exhibits weak Risk-Adjusted Profitability (Quality) combined with expensive Valuation.
- The HEAT Map on the right shows the most attractive names of the industry.
  - **9899 HK**, **3293 TT**, **002555 CH**, **603444 CH**, **2400 HK**, and **3888 HK** are in the favorable 'Expensive but Worth It' HEAT Map zone, having high Valuation scores that are offset by strong Quality (P-R).
  - **251270 KS** offers 'Attractive Value,' demonstrating low Quality but at cheap Valuation levels.

Top 10 Largest Firms HEAT Map



Top 10 PRVit Firms HEAT Map



About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.
EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA
If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge
EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales
A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales
An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum
Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)
The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV
Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com (link): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework
EVA for Investors (link): A full introduction to the key EVA concepts and metrics

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