

Macbee Planet (7095)

Stellar ROIC points to cosmic outperformance

Share price: ¥16,820

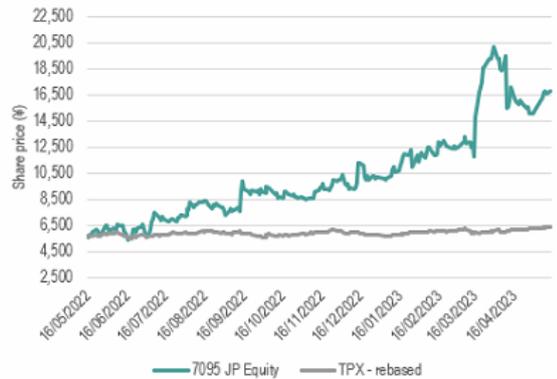
Market cap: ¥59.2bn

Initiating coverage

- **Hive of superior activity** – Macbee Planet is an independent online performance marketing company, specializing in data-driven marketing analytics. It provides solutions designed to boost ROI (return on investment) by accurately predicting a new user's LTV (lifetime value), driving the most appropriate and efficient advertising strategy. The company operates a pay-for-performance pricing model, fostering a mutually beneficial and long-term relationship with the customer.
- **Buzzing ROIC is best-in-class** – the company's ROIC was consistently around 30% for the last four years, indicating that the company's proprietary technology is producing significant value, and is not under threat from major competition.

High-velocity growth with financing

- **On an accelerating growth profile** – the company is driving two growth levers. Firstly, strategically prioritize the high-margin Marketing Technology business to improve the sales mix. Secondly, M&A targets a wide range of objectives from accretive earnings accelerating growth, customer acquisitions, new market sector penetration, gaining human capital, and cross-selling opportunities – evident in the acquisition of Net Marketing in March 2023 for ¥5.4 billion.
- **Financing activities** – in April 2023 the company announced an equity follow-on offering of ¥4.4 billion to fund the Net Marketing acquisition originally planned with debt financing.
- **ESG** – We score the company as 'Amber' under our Astris-Sustainability model scorecard.
- **Valuations** – The shares are trading on an estimated PER FY4/2024 of 31.6x (on +30.7% EPS growth YoY) and an FCF yield of 6.3%. The latter indicates a significantly superior ability of the business to generate shareholder value compared to its global peer group.



Source: Bloomberg

Price Performance				
	YTD	1mth	3mth	12mth
Abs (%)	+64.4	-1.9	+40.0	+201.4
Rel (%)	+47.1	-6.4	+31.6	+165.7
Company sector				
Advertising Services Media				
Stock data				
Price (¥)	16,820			
Mkt cap (¥bn)	59.2			
Mkt cap (\$m)	435.1			
52-week range (¥)	5,260-20,680			
Shares O/S (m)	3.5			
Average daily value (\$m)	5.7			
Free float (%)	43.3			
Foreign shareholding (%)	5.1			
Ticker	7095			
Exchange	Tokyo Growth			
Net Debt/Equity (x)	N/A			
FFO leverage (x)	1.4			
BBG BUY HOLD SELL	1 1 0			

Source: Bloomberg

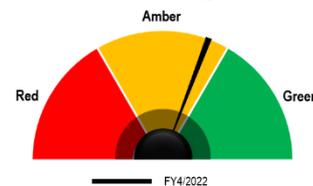
Year-end	4/2021	4/2022	4/2023E	4/2024E	4/2025E
Sales (¥bn)	9.78	14.43	19.10	33.41	39.74
OP (¥bn)	0.79	1.24	2.07	2.72	3.35
NI (¥bn)	0.55	0.76	1.31	1.72	2.11
EPS (¥)	173.20	235.76	406.97	532.00	655.64
DPS (¥)	-	-	-	-	-
Sales growth YoY (%)	+51.2	+47.5	+32.4	+74.9	+18.9
OP growth YoY (%)	+109.9	+57.5	+67.6	+30.9	+23.3
NP growth YoY (%)	+107.4	+38.9	+72.6	+30.7	+23.2
EPS growth YoY (%)	+75.5	+36.1	+72.6	+30.7	+23.2
PER (x)	97.1	71.3	41.3	31.6	25.7
EV/EBITDA (x)	(147.6)	319.6	25.6	18.1	14.8
EV/Sales (x)	6.0	4.0	3.0	1.7	1.5
PBR (x)	31.4	21.8	15.8	5.4	4.7
ROE (%)	34.0	33.1	40.6	23.4	18.0
ROCE (%)	40.6	37.1	26.8	23.5	25.5
FCF yield (%)	1.2	1.1	4.3	6.3	5.0
Dividend yield (%)	-	-	-	-	-

Source: Company, Astris Advisory (estimates)

Business Overview

Macbee Planet is an independent online performance marketing company, specializing in data-driven marketing analytics. By using proprietary technology, the company increases ROI for advertisers with subscription businesses.

Astris-Sustainability ESG rating



Reference Ratings

MSCI	N/A
Sustainalytics	N/A
Refinitiv	N/A
S&P Global	N/A
Bloomberg	N/A

Next events

Q FY4/2023 results May 2023

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This report has been commissioned and paid for by the company

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Summary

Data-driven
marketing analytics
boost ROI

MacBee Planet is an **independent online performance marketing company, specializing in data-driven marketing analytics**. Targeting consumer businesses with subscription models, the company aims **to predict the LTV (lifetime value) of a new user, allowing advertisers to yield high ROI (return on investment) on marketing spend with high user conversion rates and conversion quality**. The company's pricing model is **pay-per-performance**, highlighting the company's ability to definitively tie their differentiated service to a positive and measurable outcome for the customer.

Demonstrating a **consistently high ROIC**, we believe Macbee Planet's **competitive proprietary technology and service generate significant value for its customers**. Value generation is also seen in the **high and sustained level of free cash flow generation**.

M&A is a core strategy to accelerate growth, in terms of access to technology, staffing resource, new customer acquisitions, and new market sector penetration.

The key differentiating factors that allow Macbee Planet to be competitive in a crowded market are as follows:

LTV prediction is
the secret sauce

- **Accurate and effective LTV predictions** culminate in a growing track record of successful use cases and sticky customers.
- **Pay-for-performance to build a mutually beneficial relationship** between the customer and Macbee Planet.
- **A well-capitalized balance sheet allows M&A activity to accelerate growth**.

Astris Advisory estimates Macbee Planet will drive medium-term growth via the following factors:

Major acquisitive
growth impact into
FY4/2024

- Sales growth into FY4/2024 driven by acquisitive growth from Net Marketing, with sustained high-double-digit demand for high-margin Marketing Technology business.
- Operating margins will remain relatively stable with growth in Marketing Technology, offsetting some of the dilutive impact of Net Marketing with comparatively low profitability.

Vastly superior FCF
yield versus global
peers

The shares are trading on an estimated PER FY4/2024 of 31.6x (on +30.7% EPS growth YoY), and a free cash flow yield of 6.3%. The latter indicates a significantly superior ability of the company to generate shareholder value compared to its global peer group.



Company description

Overview

Independent online
marketing company,
specializing in
Lifetime Value (LTV)

Established in 2015 by Yusuke Kojima and Masakazu Matsumoto, Macbee Planet is an **independent online marketing company**. Previously working in offline marketing, Kojima saw the opportunity to deliver high ROI (return on investment) on ad spend utilizing technology and data. The company's **data-driven marketing analytics service aims to predict the LTV** (lifetime value, the average customer's revenue generated over a relationship with a business) of a potential online consumer, **allowing the advertising customer to spend appropriately and efficiently on user acquisition with high-quality conversion**. Macbee Planet **supports its customers for the longer term for mutual benefit**, with a pay-per-performance revenue model as opposed to the industry norm of running fixed pricing campaigns (paying for ad space or clicks).

A core market driver has been the growth of online subscription services, ranging from financial to wellness products such as cosmetics. The company's largest customer is domestic diversified finance group SBI Holdings (8473), making up around 40% of FY4/2022 sales. Macbee Planet's marketing service is aligned with DTC (direct-to-consumer) services and products. However, it is less applicable for marketing one-off online purchases such as online shopping for high-end products or durable goods.

The company operates two core services:

- **Analytics Consulting** – acquiring new high-LTV users on behalf of the advertising customer. This uses the 'Honeycomb' system, which collects and analyzes data such as **customer demographics, psychographics, and behavioral data** to implement the most effective ads using the LTV predictions (e.g. best media, creative, and timing).
- **Marketing Technology** – improving LTV by converting users and preventing user churn. This service uses the 'Robee' system to convert attracted users to a customer's website using personalized information via chatbot and pop-up ads, and the 'Smash' chatbot system which aims to prevent user churn at the cancellation page and collect and analyze VOC (voice of the customer).

The company is **strategically focused on growing both Marketing Technology and Analytic Consulting businesses in tandem**. With gross margins of the Marketing Technology business at 100% (versus 15% for Analytics Consulting), growth in the Marketing Technology business will improve the sales mix.

The company conducts bolt-on M&A to expand into new market verticals and acquire new technologies. To date, there have been 2 major acquisitions in the last two years; Alpha (electronic entertainment sector exposure and AI technology), and Net Marketing (analytics consulting and a diverse customer portfolio).

The company has a minority stake in financial investment services provider Japan Cloud Capital Inc.

Table 1: Timeline summary

Key dates	Details
August 2015	Company established Release of data analytics platform "Honeycomb"
November 2017	Released web customer service tool "Robee"
March 2020	Listed in the Mothers section of the Tokyo Stock Exchange.
March 2021	Established Smash Co., Ltd.
December 2021	Investor group acquired an undisclosed minority stake in Smash Co., Ltd.
August 2021	Acquired 100% of Alpha, Inc.
February 2023	Acquires 100% (via Alpha Inc.) of Performatix Inc.
March 2023	Acquires 100% of Net Marketing
April 2023	Announces ¥5.4 billion equity offering (9.5% dilution at the time of announcement)

Source: Company

IPO in March 2020

The company listed in March 2020 at ¥1,830 per share, raising ¥0.76 billion. The proceeds were used for marketing and sales, general corporate purposes, product development, R&D, and working capital.

Business segmental data

There are two core business segments at MacBee Planet.

Table 2: Business segment details

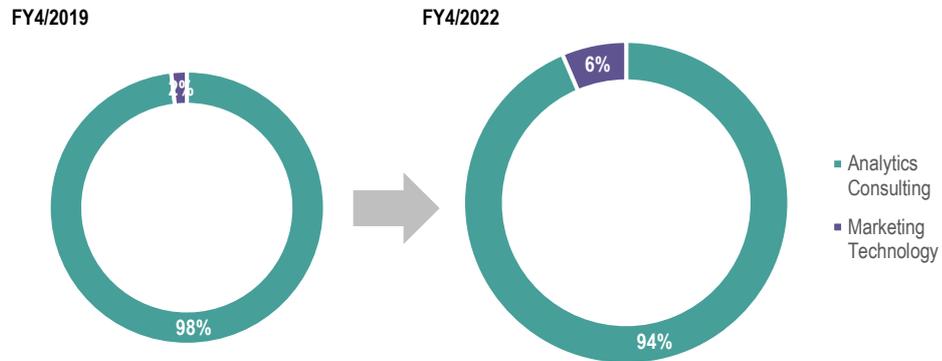
Business Segment	Key service	In-house system	Description
Analytics Consulting	<ul style="list-style-type: none"> Acquisition of new high-LTV users 	Honeycomb	<p>Collected data (demographics, psychographics, voice of customer) is analyzed by data scientists and engineers, an LTV prediction model is generated, and appropriate advertising is placed based on best media, creative, and timing.</p> <p>Earnings model: the unit price of performance compensation × no. of results generated</p> <p>Costs: media publishing costs</p> <p>GPM: approximately 15% (COGS is media fees)</p>
Marketing Technology	<ul style="list-style-type: none"> Converting new attracted users. 	Robee	<p>Focusing on the landing page, the system provides personalized data to convert users.</p> <p>Earnings model: Fixed monthly rate or performance compensation</p> <p>GPM: >90%</p>
	<ul style="list-style-type: none"> Improvement of LTV by preventing existing users from churning. 	Smash	<p>Chatbot encourages existing users who are considering cancellation to continue, reducing churn and improving LTV.</p> <p>Earnings model: Fixed monthly rate or monthly fee + performance compensation</p> <p>GPM: >90%</p>
	<ul style="list-style-type: none"> Ad delivery using proprietary AI and 3D creatives 	3D AD	<p>Optimizing ad delivery by using AI and 3D technology.</p> <p>Earnings model: Dependant on ad delivery volume</p> <p>GPM: >90%</p>

Source: Company



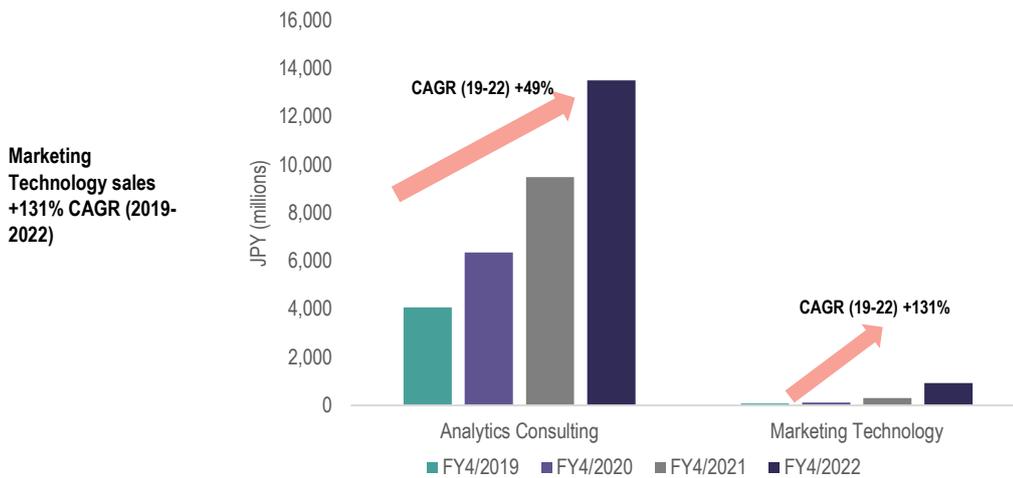
Over the last four years, we note that the sales mix has not changed significantly, with Analytics Consulting remaining the key volume driver. However, despite its small scale Marketing Technology is growing at a significantly higher pace at 131% CAGR 2019-2022.

Figure 1: Sales mix by Business Segment – FY4/2019 vs FY4/2022



Source: Company

Figure 2: Annual sales trend by Business Segment

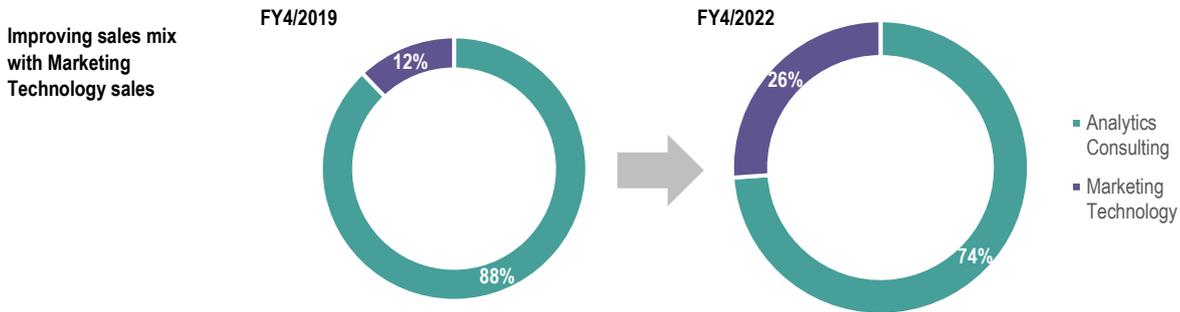


Source: Company

The company's strategic focus on growing the Marketing Technology business is evident in the difference in profitability with Analytics Consulting. This is also clearly observed with the trends in profitability, but also the gross profit mix.



Figure 3: Gross profit by Business Segment – FY4/2019 vs FY4/2022



Source: Company

Relationship between Analytics Consulting and Marketing Technology

The company's fundamental approach is to sell both Analytics Consulting and Marketing Technology as **complementary services**, and this approach is generally seen as a natural course of action by its customers.

There are occasions when customers require only Marketing Technology services, in cases of AI-powered advertising delivery but this is less common.

Customer base

Macbee Planet's services are best suited to businesses models that have the following characteristics:

- Subscription businesses that aim to increase customer conversion rates as well as seek out high-quality customers (stable big spenders).
- Targeting increases in ARPU and limiting churn.
- The ability to gather sufficient data for analytics.

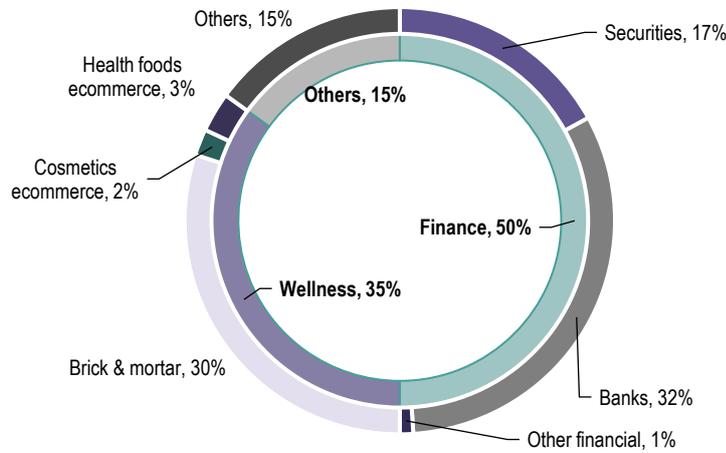
Aim to develop long-term customer relationships

The company develops deep and long-term relationships with customers, resulting in almost **no churn for the top 20 accounts (which make up 90% of total sales)**. This indicates that the service becomes indispensable, and the pay-per-performance revenue model works for both parties.

We have touched on how the service is best suited for subscriptions; this is reflected in the market sector split which was divided equally between finance and wellness (brick-and-mortar are beauty clinics and fitness gyms) in Q3 FY4/2023.



Figure 4: Q3 FY4/2023 sales by market sector



Source: Company

Expansion to new market sectors critical for sustained growth

When assessing future sales growth prospects, we believe the company must address how and what new market sector the company will penetrate.

Recent trends in profitability

The company's gross margins remain relatively range-bound. However, we note the positive impact of an improving sales mix from the growth in Marketing Technology.

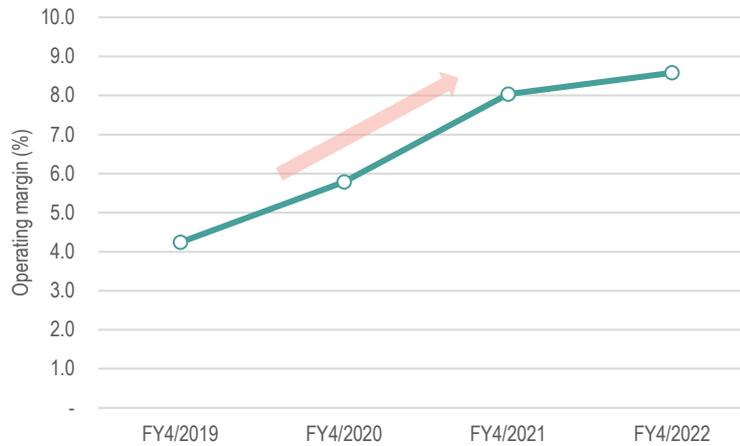
Figure 5: Annual GPM trend



Source: Company



Figure 6: Annual OPM trend



Source: Company

When assessing profitability at Macbee Planet, we believe it is important to focus on the following:

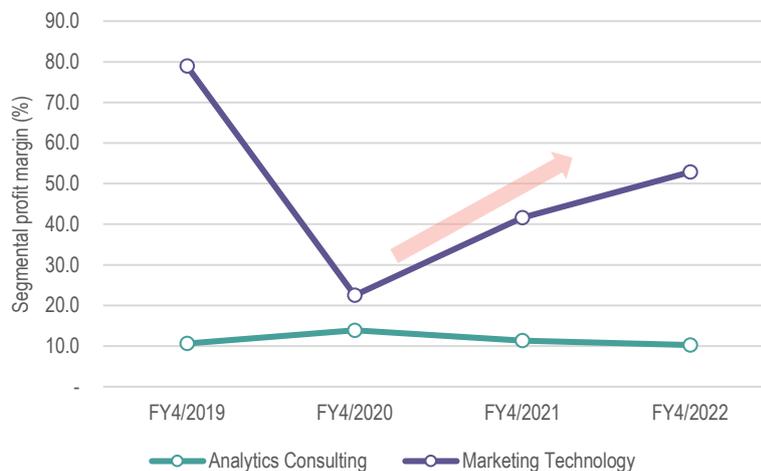
- The sustainability of demand and high level of profitability in the Marketing Technology segment.
- Future factors that may influence the sales mix, for example, significant M&A activity.

Segmental profit profile

Whilst the business in its current form has a short track record, we identify that:

- Analytics Consulting has consistently low segmental margins.
- Marketing Technology had extremely high segmental margins when it was a pure SaaS business, and began to fall back when it began to use more staff for performance-based consulting for Analytics Consulting customers. With Marketing Technology services being offered to Analytics Consulting customers, this has resulted in margin improvement.

Figure 7: Annual segmental profit margins (pre-elimination)

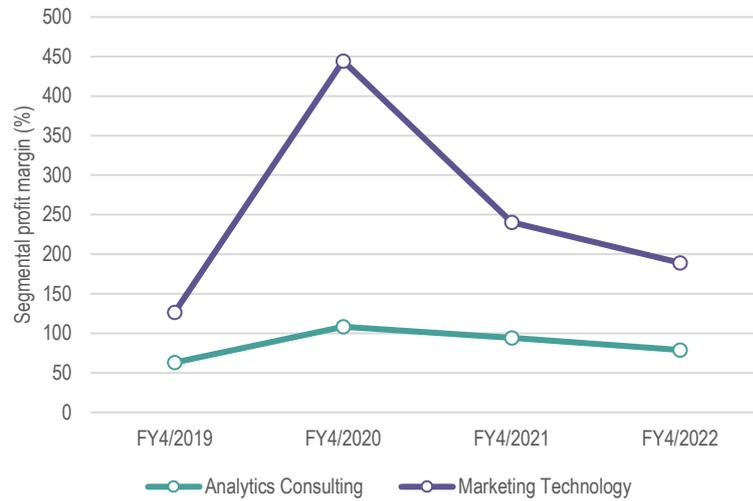


Source: Company



Operating an asset-light business, segmental Return on Assets may be misleadingly high without corporate adjustments, but this metric indicates that management’s strategy to grow the Marketing Technology business is correct given its higher returns.

Figure 8: Annual segmental profit margins (derived from segmental profit over segment assets)



Source: Company



Group companies

There are currently three core consolidated subsidiaries in the group, with the latest addition Net Marketing to be consolidated from April 2023.

Table 3: Group Companies

Subsidiary	Group company status	Stake	Key activities
Smash	Consolidated	79.39%	Classified under Marketing Technology, services to reduce user churn and improve LTV.
Alpha	Consolidated	100.00%	Classified under Marketing Technology, providing AI-powered ad delivery and 3D creatives.
Net Marketing (NEW)	Consolidated	100.00%	Classified under Analytics Consulting, increase customer exposure and cross-sell Marketing Technology services.

Source: Company

Management has started considering **transitioning to a holding company structure** for the organization to respond strategically and flexibly to opportunities such as M&A and the formation of business alliances. The aim is to be able to expedite decision-making and promote an agile and efficient management structure.

R&D

R&D spending on LTV analysis service and chatbot development

The company researches the latest analysis technologies to solve corporate marketing issues and disclosed an R&D expenditure of ¥22.25 million for FY4/2022 (0.2% of total sales), related to expenses for LTV analysis service development and chatbot development. Although this appears to be a small figure, it is disclosed as being costs that cannot be allocated to a business segment, and its domestic peer group spends at a similar level. Overseas companies disclose a higher R&D-to-sales ratio, but in Japan, the common accounting practice is to classify such costs as personnel costs.

Strategy

Core objectives

Macbee Planet’s corporate vision is to ‘**become a company that leads the industry with innovative marketing**’. The company’s strategy is both simple and straightforward:

- **Drive sales growth** – via new customer wins and increasing average customer spending.
- **Improve profitability** – by improving the sales mix with Marketing Technology, and reducing labor-intensive work. There is the development of automation technology as well as tools to improve productivity.
- **M&A** – to increase headcount, access technology, and new customers and sectors for cross-sell opportunities.
- **Expand into new market sectors** – the company has identified recruitment as a new key market, by targeting skilled contract workers (e.g. in financial services) who move onto new roles regularly to use one recruitment agency.

Key market verticals

The company is aiming to roll out to new sectors, using M&A as well as business alliances to build its targeted audience.

Table 4: Targeted market verticals

Existing ✓	Targeted ▲	Potential ►
Securities	Recruitment	Housekeeping
Insurance	Education	Transport
Banks	Video on demand	
Beauty clinics	Healthcare	
Fitness gyms	Food	
Cosmetics	Call centers	
Health foods	Medical	
Cryptocurrency	Utilities	
	Apps	
	Telecom	
	E-sports	

Source: Company



Business model

Key concepts and unique selling points

Typically, online marketing agencies drive revenue and earnings by the following means:

- Offering a service menu (full-service to a specialist/multi-channel offering), developing a customer portfolio, and using internal and/or external technology tools.
- Offer a pricing model, ranging from retainers, variable/fixed fees, and commission/performance-based fees.

Macbee Planet’s model has a different focus:

- **Specializing in LTV marketing** – the company provides a digital offering in LTV marketing, using proprietary data technology.
- **Pay-per-performance model** – this highlights the company’s ability to definitively tie their work to a measurable outcome for a client.
- **Targeted audience** – for LTV marketing to work, the customer usually needs a subscription-based earnings model, together with an adequate level of data volume available to conduct analysis.

LTV marketing specialist with pay-per-performance model for a targeted audience

Technology and competitive strengths

Macbee Planet’s technology is built from a combination of open-source algorithms. The differentiating factor of the technology comes from the company’s ability to collect data and deploy the most insightful parameters, problem-solving, and manage changes (e.g. cohort decays) to **predict user LTV and conduct marketing with high ROI**. The core strengths can be outlined as follows:

- **LTV prediction ability** – the company builds effective LTV prediction models by linking online data with purchasing data (from the advertising customer). This data integration and analysis **produces an LTV prediction, which is the ‘secret sauce’ of the operation.**

Table 5: Types of data integrated and analyzed to produce LTV prediction

Data type	Media	Behavioral	Cancellation	Purchase
Source	Multiple online sources, ranging from Yahoo Japan (4689) , Google , price comparison sites , social sites , and a long tail of affiliate networks such as ValueCommerce (2491) .	Collect user behavior data on a landing page.	At a cancellation page.	Customer data from the advertising customer e.g. financial services company, wellness clinic
Examples	Traffic source Platform Creative SEO keywords	Interests Frequency Location Dwell time	Emotion Engagement Events Opinion	Conversion rates User attributes ARPU Number of purchases made

Source: Company



- **Consulting ability** – perform a more effective advertising campaign with the data insights gained.
- **LTV improvement** – increase LTV by raising both the rate and quality of user conversions, and reducing churn.

Data

Data collection is key to the business process, and its larger availability can make pricing more competitive for the customer (more data, usually more accuracy in LTV prediction). This can also work in reverse, especially with smaller customers who may have limitations over data collection volumes. Overall, the principle of charging by pay-per-performance overcomes concerns over ROI.Route to market

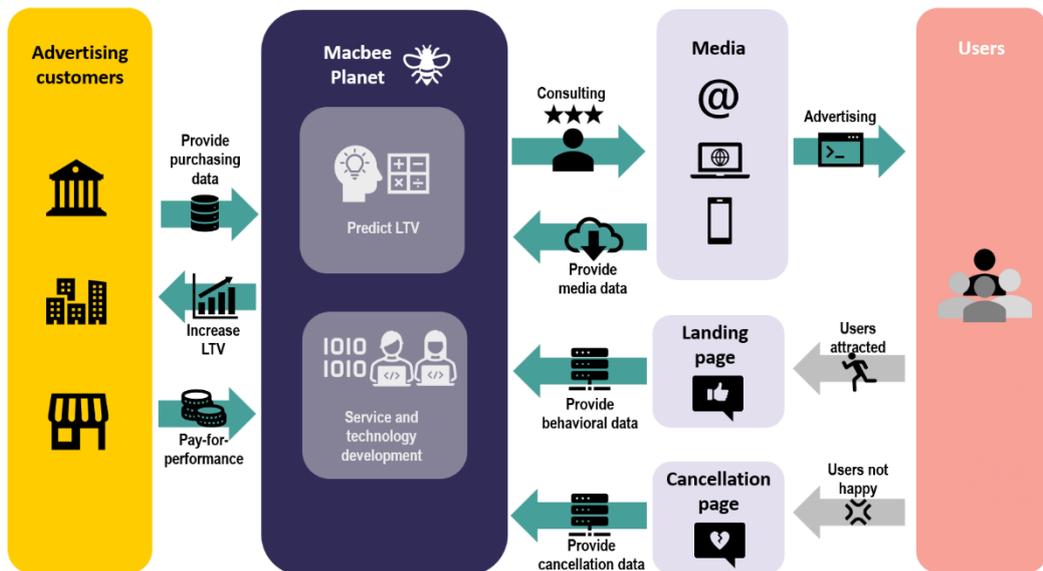
The company’s sales channels are direct to target higher profitability versus indirect. There have been efforts made to build business alliances to acquire new customers, such as with venture capital firm East Ventures with technology firms.

Macbee Planet wants to strengthen its sales channels with business alliances.

Workflow

Macbee Planet’s service is B2B, intending to provide a long-term business relationship with the advertising customers.

Figure 9: High-level workflow overview



Source: Company

Revenue recognition

Revenue recognition is based on the following five-step approach:

- Step 1: Identify the contract with the customer.
- Step 2: Identify performance obligations in the contract.
- Step 3: Calculate the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract, such as service application, contract conclusion, and product purchase.
- Step 5: Recognize revenue when the performance obligation is accepted, inspected, and approved by the client.

Competitive advantages

We believe Macbee Planet's key competitive advantages are as follows:

- The company's **pay-for-performance offering** versus other pricing models.
- A growing track record of successful customer relationships and use cases, underlying the company's **accuracy and effectiveness of LTV predictions**.
- The growing scale of operation is being accelerated by M&A.

Compelling pay-
for-performance
model, and
effective LTV
predictions

High ROIC

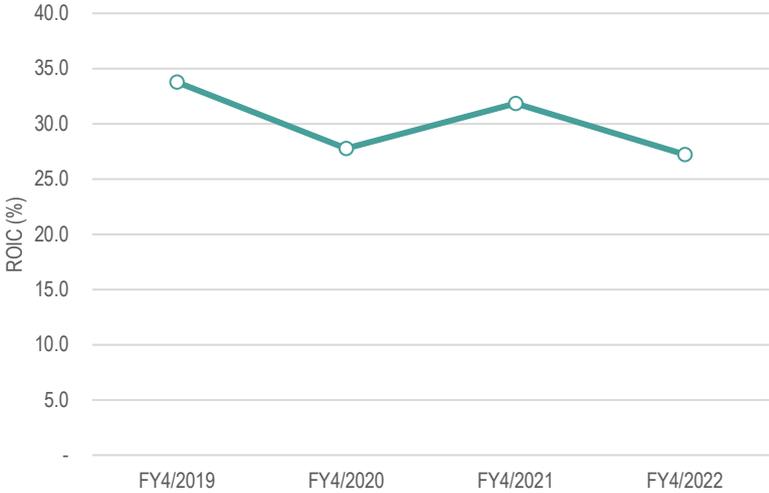
We believe ROIC is a key indicator of a company's ability to generate value. We note that the company's ROIC has been consistently at a high level for the last 4 years, despite the growth in scale of the business. We believe this reflects the following:

- A stable trend shows that management is choosing investment opportunities well.
- It is not under threat from major competition.
- **The company is producing significant value.**

High ROIC
demonstrates
valuable
proprietary
technology



Figure 10: Trend in ROIC



Source: Bloomberg



Peer group analysis

We have selected the following peers to assess Macbee Planet's returns and valuations:

- **Domestic online advertising and digital marketing companies** – this is a group primarily composed of established net marketing companies, ranging from full-service agencies to specialist firms.

Table 5: Domestic companies

Company	Description
CyberAgent, Inc.	Internet advertising agency, in-house media, games, and investment businesses.
PLAID Inc.	Operates the 'KARTE' CX platform, to better understand and communicate with customers online.
Appier Group Inc.	A software-as-a-service (SaaS) company that uses artificial intelligence (AI) to power business decision-making.
Geniee, Inc.	A supply-side platform (SSP) advertising platform expanding overseas with an Asia focus.
FAN Communications, Inc.	A network affiliate operating on other PC and smartphones/tablets.
Aaways, Inc.	A network affiliate for PC and Mobile; conducts mobile applications & content development.
ValueCommerce Co., Ltd.	Affiliate marketing services and e-commerce solutions. 48.7% held by Z Holdings (4689).
MicroAd, Inc.	Offers Universe Ads, an advertising platform that accelerates data marketing; and MicroAd COMPASS, an SSP service. 49.5% owned by CyberAgent.
Carta Holdings, Inc.	Digital marketing and D2C services. Part of the Dentsu Group (52.8% held).
Septeni Holdings Co., Ltd.	Internet advertising agency, and in-house media. Part of the Dentsu Group (21.0% held)

Source: Companies, Bloomberg

- **Global peers** – a mix of established advertising platforms (both DSP and SSP), and performance marketing specialists.

Table 7: Global companies

Company	Description
Fluent, Inc.	Performance marketing specialists, converting opted-in consumers to become high-value lifetime customers via CPA pricing and media network.
Criteo SA	A demand-side platform (DSP) that optimizes the buying of digital media.
Stagwell, Inc.	A full-service digital marketing and communications group.
Quotient Technology Incorporated	Omnichannel digital marketing capabilities to brands and retailers that drive sales and value through consumer experiences.
Innovid Corp.	Independent advertising and measurement platform dealing with large consumer brands.
AdTheorent Holding Company, Inc.	Machine learning and data science to deliver real-world value for advertisers and marketers.
Cardlytics, Inc.	Provides bank transaction-driven marketing solutions. The Company offers software that analyzes and reports customers based on their purchasing history.
AcuityAds Holdings Inc	A demand-side platform (DSP) that optimizes the buying of digital media.
Magnite, Inc.	World's largest independent sell-side platform (SSP) advertising company
Marchex, Inc.	Uses artificial intelligence and machine learning to analyze conversation data between businesses and customers.
QuinStreet, Inc.	Powering decentralized online marketplaces that match searchers and "research and compare" consumers with brands.
Zuora, Inc	An industry leader in subscription management, managing and optimizing subscription services.

Source: Companies, Bloomberg

We believe there are the core findings:

- **Profitability** – Macbee Planet is already a relatively high profitability business, with significant upside to go in the longer term.
 - The average ROIC LTM for domestic peers is 4.3% and in negative territory for overseas peers. At 27.8%, Macbee Planet’s ROIC indicates significant value generation and the **high value-add from its technology**.
 - Operating profit margins are in line with domestic peers at around 10.0%, but there is material upside for Macbee Planet with the improving sales mix from the Marketing Technology business. **However, this will have to be balanced with M&A activity that could be temporarily margin dilutive.**
- **Valuations** – Macbee Planet’s shares are trading at a significant premium to all peers on EV-based and PER multiples, **reflecting a growth premium**. Arguably on the most important metric of FCF yield which denotes real value generation, we note the following:
 - Trading with an **FCF yield of 6.3%**, Macbee Planet is trading at a near 50% discount to its peer group.
 - With an asset-light business model requiring limited capex, an improving sales mix, and minor working capital requirements, we believe current levels of FCF generation will experience sustainable growth.

Macbee Planet is highly free cash flow generative



Table 8: Peer analysis on key valuation and leverage metrics – online advertising and digital marketing companies

Ticker	Company/Index	Mkt Cap US\$ (m)	Profitability				Valuation		Div yield 12M Fwd (%)	FCF yield 12M Fwd (%)	PER 12M Fwd (x)	PBR (x)
			OPM LTM (%)	*OPM 10-yr average (%)(ROE LTM (%)	ROIC LTM (%)	EV/EBITDA 12M Fwd (x)	EV/Sales 12M Fwd (x)				
7095 JP	Macbee Planet Inc	465	10.5	6.0	36.9	27.8	18.1	1.7	-	6.3	31.6	15.8
<i>Domestic companies</i>												
4751 JP	CyberAgent, Inc.	4,420	6.8	9.7	10.0	16.9	7.3	0.6	1.5	3.9	25.8	4.3
4165 JP	PLAID Inc.	215	-11.4	-13.3	-19.4	-13.4	-67.8	2.8	-	1.6	-68.9	6.6
4180 JP	Appier Group Inc.	1,168	0.3	-17.8	0.1	-14.9	63.5	5.4	-	1.0	191.7	5.3
6562 JP	Geniee, Inc.	308	13.5	1.5	21.1	-18.3	8.2	4.6	-	6.6	29.2	11.7
2461 JP	F@N Communications	231	29.2	15.1	8.2	18.8	4.8	0.7	4.8	6.3	16.0	1.5
2489 JP	Adways, Inc.	208	8.8	4.5	16.5	2.5	4.2	1.1	-	5.3	19.7	1.7
2491 JP	ValueCommerce Co., Ltd.	422	23.1	16.4	31.1	22.5	4.6	0.9	4.5	7.2	10.9	2.6
9553 JP	MicroAd, Inc.	206	5.2	3.0	28.8	10.7	25.2	1.9	-	4.4	20.7	10.7
3688 JP	Carta Holdings, Inc.	266	9.3	10.9	11.0	8.9	3.7	0.6	-	-2.8	12.9	1.3
4293 JP	Septeni Holdings Co., Ltd.	524	15.5	11.9	12.3	9.1	11.2	1.3	1.5	8.8	11.7	1.1
Simple average			10.0	4.2	12.0	4.3	6.5	2.0	3.1	4.2	27.0	4.7
<i>Overseas companies</i>												
FLNT US	Fluent, Inc.	63	1.5	-57.6	-80.3	-11.0	3.0	0.2	-	2.4	6.0	0.7
CRTO US	Criteo SA	1,665	5.5	5.7	0.8	9.3	4.7	1.3	-	7.8	11.0	1.6
STGW US	Stagwell, Inc.	907	-20.4	-0.5	6.4	1.4	4.5	0.8	-	13.7	7.3	1.9
QUOT US	Quotient Technology	300	-12.3	-6.6	-37.1	-8.8	8.1	1.1	-	4.5	-62.7	1.7
CTV US	Innovid Corp.	195	-23.0	-14.7	-10.0	-12.1	44.8	1.3	-	-6.8	-12.8	0.9
ADTH US	AdTheorent Holding Company	144	0.8	0.7	21.8	-3.9	3.8	0.4	-	14.6	59.6	0.9
CDLX US	Cardlytics, Inc.	90	-45.4	-29.6	-103.1	-34.2	-11.6	0.7	-	-8.5	-0.9	0.4
ATY US	AcuityAds Holdings Inc	88	-4.6	-5.4	-0.7	-196.6	7.5	0.3	-	0.7	-24.3	1.2
MGNI US	Magnite, Inc.	1,241	-18.3	-16.6	-15.6	-22.0	9.3	3.1	-	8.6	14.6	1.6
MCHX US	Marchex, Inc.	73	-15.5	-12.5	-17.2	-18.2	-14.9	1.0	-	-6.1	-12.7	1.5
QNST US	QuinStreet, Inc.	819	-2.6	-1.0	-5.3	-1.5	16.3	1.1	-	3.7	30.3	2.9
ZUO US	Zuora, Inc.	1,244	-24.5	-31.3	-71.0	-41.1	24.0	2.5	-	2.2	98.2	6.8
Simple average			-13.2	-14.1	-25.9	-28.2	8.3	1.2	-	3.1	9.5	1.8

Source: FactSet, Bloomberg, Astris Advisory

*Note: OPM 10-year average data defaults to the longest period available if histories are not available



Balance sheet

Our peer group valuation analysis highlighted Macbee Planet's high FCF generation. By looking at the balance sheet, we see the following:

- The company is liquid, as per the norm in the peer group.
- **With a net cash position, there is potential for leverage** – the company had announced a ¥5.37 billion straight debt raise to finance the acquisition of Net Marketing in March 2023 (with ¥2.0 billion paid back within one month), but this has been superseded by a new equity issuance worth ¥4.39 billion announced in April 2023.

Table 9: Liquidity, leverage, and capital efficiency

Company	Liquidity		Leverage				Efficiency				
	Current ratio (x)	Quick ratio (x)	Net debt to equity (x)	Net debt to EBITDA (x)	Interest cover (x)	Total debt to capital (%)	Equity ratio (%)	Asset turnover (x)	Inventory turnover (x)	Inventory days	Cash cycle (days)
Macbee Planet Inc	1.7	1.7	-0.6	-1.1	315.9	21.9	49.1	3.1	-	-	4.2
<i>Domestic companies</i>											
CyberAgent, Inc.	2.4	2.3	-1.1	-2.6	1040.8	33.5	31.6	1.9	131.3	2.8	-2.1
PLAID Inc.	2.6	2.6	-0.5	3.3	-24.9	29.4	58.0	1.0	-	-	-324.0
Appier Group Inc.	3.5	3.5	-0.5	-9.3	1.9	19.3	72.9	0.5	-	-	64.1
Geniee, Inc.	1.0	1.0	0.3	0.6	38.0	44.8	39.8	2.2	-	-	0.0
FAN Communications	3.0	3.6	-1.0	-6.8	-	-	75.3	0.3	-	-	-792.0
Adways, Inc.	2.1	2.0	-0.8	-6.7	-	0.0	57.7	0.5	59.5	6.1	-880.4
ValueCommerce Co., Ltd.	3.6	3.4	-1.0	-2.3	-	0.0	73.8	1.4	-	-	2.0
MicroAd, Inc.	1.8	1.8	-0.8	-2.8	67.8	26.0	42.3	2.2	1123.8	0.3	-7.7
Carta Holdings, Inc.	1.8	1.5	-0.6	-4.6	4652.0	0.7	54.5	0.5	-	-	-1579.0
Septeni Holdings Co., Ltd.	1.6	1.6	-0.3	-3.7	5.3	0.6	71.6	0.4	61.5	5.9	-599.8
Average	2.3	2.3	-0.6	-3.5	825.8	15.4	57.7	1.1	344.0	3.8	-411.9
<i>Overseas companies</i>											
Fluent, Inc.	1.8	1.8	0.2	1.1	9.5	33.2	51.1	1.4	-	-	52.2
Criteo SA Sponsored ADR	1.2	1.2	-0.3	-1.4	131.4	9.4	44.6	0.9	-	-	-58.4
Stagwell, Inc. Class A	0.8	0.8	2.8	-4.8	-3.7	76.3	12.1	0.5	-	-	22.6
Quotient Technology	1.5	1.5	0.1	-1.2	-3.1	30.6	48.4	0.6	-	-	117.4
Innovid Corp.	4.4	4.4	-0.1	1.0	-5.4	10.4	79.3	0.5	-	-	71.4
AdTheorent Holding	5.0	5.0	-0.4	-6.9	12.5	4.6	79.5	0.8	-	-	75.2
Cardlytics, Inc.	1.0	1.0	0.5	-1.2	-23.0	52.7	30.6	0.3	-	-	128.7
AcuityAds Holdings Inc	3.7	3.7	-0.7	108.7	-1.2	9.5	72.8	0.8	-	-	97.7
Magnite, Inc.	1.2	1.2	0.6	4.3	3.8	50.7	29.2	0.2	-	-	35.4
Marchex, Inc.	2.6	-	-0.4	4.7	-109.2	3.6	77.7	0.9	-	-	27.1
QuinStreet, Inc.	1.6	1.6	-0.3	-55.6	1.3	2.3	71.4	1.3	-	-	22.8
Zuora, Inc.	2.1	-	-0.7	1.8	-4.7	59.8	25.9	0.7	-	-	70.8
Average	2.2	2.2	0.1	4.2	0.7	28.6	51.9	0.8	-	-	55.2

Source: Refinitiv, FactSet



Capital allocation

Over the last 5 financial years, Macbee Planet has the following track record of cumulative capital allocation:

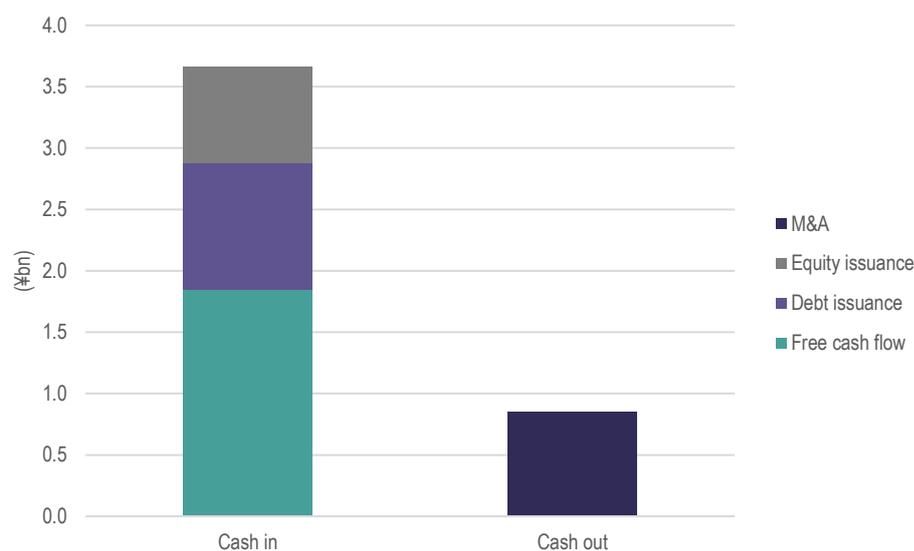
- **Positive net free cash flow generation** – the company has generated positive FCF every year.
- **Recent financing activities** – the company raised ¥0.94 billion in debt in FY4/2022 to finance the acquisition of Alpha.
- **Continued M&A activity to accelerate growth** – the company has acquired the largest asset to date in Net Marketing in April 2023. The subsequent equity financing announcement highlights dilutive financing risk.

Table 10: M&A track record (FY4/2018 - to date)

Date	Company	Description
August 2021	Alpha	Acquired 100% for ¥1.2 billion – approximate EV/sales 0.8x.
April 2023	Net Marketing	Acquired 100% of this advertising consultancy service for ¥5.37 billion – approximate EV/sales 0.45x. We estimate goodwill arising to be ¥2.0 billion, to be amortized over 7 years or so.

Source: Company, Refinitiv

Figure 11: 5-year cumulative capital generation and allocation (FY4/2018 – FY4/2022)



Source: Company

We conclude that the company is well-capitalized to continue investing in the business.



Follow-on equity issuance

Macbee Planet announced a ¥4.39 billion follow-on offering on April 10th, 2023 after market close. This financing will be utilized as follows:

- Repayment of loans related to the acquisitions of Alpha and Net Marketing – ¥2.62bn.
- Expansion of personnel and office space – ¥1.58bn.
- Marketing expenses – ¥187m.

The resultant dilution is 9.5%.

Table 11: Details of follow-on equity financing – April 2023

Details	
New share issuance	
Number of shares	270,000
Lead underwriter	SBI Securities
Issuance price	¥15,228
Secondary share offering	
Number of shares	40,500
Lead underwriter	SBI Securities
Offer price	¥15,228
Overallotment for new shares	
Number of shares	40,500
Lead underwriter	SBI Securities
Offer price	¥15,228

Source: Company

Acquisition of Net Marketing

- Data for this acquisition is limited, given that company underwent a business split between the acquired advertising business and a media business (dating app Omi.ai).
- Annual sales volume for the asset acquired is said to be approximately ¥11.7 billion for FY6/2022, with 12% gross margins.
- Macbee Planet obtains access to a diversified customer base, with the opportunity to cross-sell Marketing Technology services. **The synergies available are:**
 - **Intensified growth opportunity for the Marketing Technology business,** catering to legacy Net Marketing customers.
 - **Margin enhancement post-acquisition.** Net Marketing's gross margins should be able to increase from 12% to comparable levels currently seen at Macbee Planet to around 20% plus.

Recent results

Q1-3 FY4/2023 results

Key financials

JPY (bn)	Q1-3 FY4/2022	Q1-3 FY4/2023	Growth YoY (%)
Sales	10.80	14.09	+30.5
Gross profit/(loss)	1.89	2.98	+10.5
Gross margins	17.5%	21.2%	
Operating profit/(loss)	0.89	1.51	+68.9
Operating margins	8.3%	10.7%	
Recurring profit	0.89	1.51	+69.7
Net income attributable to the parent	0.59	1.00	+70.7

Source: Company

Per business segment (pre-elimination)

JPY (bn)	Q1-3 FY4/2022	Q1-3 FY4/2023	Growth YoY (%)
Sales			
Analytics Consulting	10.02	12.71	+26.8
Marketing Technology	0.57	1.16	+103.5
Segmental profit/(loss)			
Analytics Consulting	1.04	1.41	+35.6
Marketing Technology	0.30	0.91	+203.5
Segmental profit margins			
Analytics Consulting	10.3%	11.1%	
Marketing Technology	52.8%	78.7%	

Source: Company

Key highlights

Q1-3 FY4/2023 results highlighted the following:

- Despite high hurdles YoY, Q1-3 FY4/2023 results continued a **solid uptrend in operating margins**.
- **Analytics Consulting** – there was robust growth in the wellness sector, and new customer acquisitions grew strongly. Sectors with strong track records such as securities and banks saw new customers, as well as new emerging market sectors such as recruitment, fitness gyms, and education.
- **Marketing Technology** – positive developments with increased positive synergies with the Robee system and Analytics Consulting, as well as the original in-house data collection technology resulting in improved data analysis and results.
- Operating costs are on the increase with increasing headcount, system usage fees, rent, and M&A-related costs.

Medium-term plan

Targets

The company's current medium-term plan spans FY4/2022 to FY4/2024, to reach annual sales of ¥22.0 billion and ¥2.20 billion operating profit in FY4/2024.

With the Net Marketing acquisition, it would appear that the sales target will be easily met.

Table 12: Current quantitative targets

¥bn	FY4/2023 original guidance	FY4/2023 revised guidance	FY4/2024 targets
Sales	17.00	19.00	22.00
Growth YoY (%)	+17.8	+31.7	+15.8
Operating profit	1.60	2.05	2.20
Growth YoY (%)	+29.3	+65.6	-
OPM (%)	9.4	10.8	10.0
Recurring profit	1.60	2.05	-
Growth YoY (%)	+29.7	+66.2	-
Net income	1.00	1.40	-
Growth YoY (%)	+29.3	+84.1	-

Source: Company

Updated medium-term plan expected during FY4/2025

We estimate a new updated plan to be released during FY4/2025.

M&A

Potential targets for M&A involve companies offering synergies within preselected business domains. The incumbent's business owners are expected to continue running the business (with incentive plans in place), whilst integrating operations with Macbee Planet.

Both debt and equity financing would be under consideration.

Shareholder returns

The company's stance on shareholder returns is to balance business growth with the need for investment. Management believes that aiming for business expansion will lead to returning profits to shareholders, and for the time being the policy is to increase internal reserves. No decision has been made on either the potential or timing of any dividends. There is no disclosure over a buyback policy.



Astris earnings estimates and key assumptions

Astris' key earnings forecasts are as follows:

Table 13: Astris Advisory earnings estimates

Year-end	FY4/2023E	FY4/2024E	FY4/2025E
Sales			
Analytics Consulting	17.28	30.58	35.78
Growth YoY (%)	+28.0%	+77.0%	+17.0%
Marketing Technology	1.82	2.83	3.96
Growth YoY (%)	+97.0%	+55.0%	+40.0%
Total sales (¥bn)	19.10	33.41	39.74
Growth YoY (%)	+32.4	+74.9	+18.9
OP (¥bn)	2.07	2.72	3.35
OPM (%)	10.9	8.1	8.4
EBITDA (¥bn)	2.28	3.22	3.94
EBITDA margins (%)	11.9	9.6	9.9
FCF (¥bn)	2.57	3.76	2.95
FCF margin (%)	13.5	11.1	7.4
FCF conversion (%)	124.1	138.6	88.1
FCF yield (%)	4.3	6.3	5.0

Source: Astris Advisory

Note: FCF conversion is FCF/Pre-tax Profit

The core assumptions of these estimates are as follows:

- **Sales growth** – we believe the key driver for sales growth into FY4/2024 will be the acquisitive growth from Net Marketing (P&L impact from May 2023). We expect to see sustained high double-digit growth in Marketing Technology.
- **Profitability** – operating profit margins will experience a slight decline, due to the shift in sales mix towards Analytics Consulting into FY4/2024.
- **Sustainable free cash flow generation** with free cash flow conversion rates steady at around 100%.



Company information

Management (6 total board members, 16.7% female ratio, 50% outside directors)

Representative Director and President	Tomohiro Chiba
Shareholding (direct)	1.5%
Career history	
2010	Joined KPMG AZSA LLC
2014	Registered as a certified public accountant
2018	Joined the Company, General Manager of Administration Headquarters
2019	Appointed Director and General Manager of the Business Management Department
2021	Appointed President and Representative Director of the Company (current position)
2022	May 2022 Appointed Outside Director of Heritage Co., Ltd. (current position)

The other co-founder Yusuke Kojima is not on the board

Executive Chairperson	Masakazu Matsumoto
Shareholding (direct)	41.8%
Career history	
2003	Joined Toho Production Co., Ltd. (now FF Toho Co., Ltd.)
2004	Joined Livedoor Finance Co., Ltd.
2005	Established McBee Co., Ltd., appointed President and Representative Director
2010	Appointed Director of Forit Co., Ltd.
2011	Founded McBee International Co., Ltd., appointed President and Representative Director
2013	Appointed President and Representative Director of Asian Beauty Lab Co., Ltd. (currently Site Catcher Co., Ltd.) Appointed President and Representative Director of Macbee Pro Co., Ltd. (currently Macbee Hollywood Entertainment Co., Ltd.)
2014	Appointed Director of Lombard Co., Ltd.
2015	Established the Company in August 2015, appointed Director
2017	Appointed CEO of CANARY COMPANY LIMITED Appointed General Manager of Corporate Strategy Headquarters of the Company
2019	Appointed General Manager of the Product Division of the Company
2021	Appointed Chairman of the Board of the Company (current position) Appointed Director of Smash Co., Ltd. (current position)

Outside Director	Hirofumi Sawa
Shareholding (direct)	0.05%
Career history	
1991	Joined Fujitsu Ltd.
2006	Joined Sojitz Corporation
2007	Joined CSK-IS Co., Ltd.
2008	Appointed Director of Elicense Co., Ltd. (now NexTone Co., Ltd.)
2009	Appointed President and CEO of Datasection Co., Ltd.
2015	Director of Weavers Co., Ltd.
2016	Appointed Director of Japan Data Exchange, Inc. Appointed Director of Money Data Bank Co., Ltd.
2018	Appointed Chairman of the Board of Datasection Co., Ltd. Appointed Chairman of Datasection Co., Ltd. Appointed Outside Director Audit and Supervisory Committee Member of Tranzax Electronic Bond Co., Ltd. Appointed Outside Director and Audit and Supervisory Committee Member of Tranzax Co., Ltd. Appointed Outside Director of Progress Co., Ltd. (currently Tokyo Big House Co., Ltd.) (current position) Appointed Director of the Company (current position)
2019	Established Estate Technologies Co., Ltd. (unlisted) Appointed Representative Director (current position) Outside Director of ROBOT PAYMENT Co., Ltd. (4374) (current position)
2020	Appointed Outside Director of Adish Co., Ltd. (7093) (current position) Appointed Chief Advisor of Datasection Co., Ltd. (3905) (current position)

Outside Auditor, Audit & Supervisory Board Member	Mutsumi Hirakatsu
Shareholding (direct)	-%
Career history	
1993	Joined Nisshin Fire and Marine Insurance Co., Ltd.
1997	Joined Kameyama Sogo Law Office
2003	Joined American Home Medical and General Insurance Co., Ltd.
2006	Registered as a judicial scrivener
2007	She joined Toyo Securities Co., Ltd.
2020	Appointed Head of Wealth Management Department
2021	Joined Japan Investment Adviser (7172)
2022	Appointed Audit & Supervisory Board Member of the Company (current position)

Auditor, Audit & Supervisory Board Member	Yuetsu Sato
Shareholding (direct)	0.05%
Career history	
1977	Joined Honda Motor Co., Ltd.
2005	Appointed President of Honda Canada Finance
2007	Appointed Honda Motor Co., Ltd. General Manager, Regional Business Planning Office, Europe Region Headquarters
2010	Joined Showa Corporation Deputy General Manager of Administration Headquarters Appointed Director and General Manager of Administration Headquarters
2012	Appointed Audit & Supervisory Board Member of the Company
2018	Joined the Company
2019	Appointed Audit & Supervisory Board Member of the Company (current position)

Outside Auditor, Audit & Supervisory Board Member	Takashi Yokoyama
Shareholding (direct)	0.05%
Career history	
2007	Legal Apprentice, Supreme Court Assigned to Wakayama District Court
2009	Registered as a lawyer Joined Otsuka Pharmaceutical Co., Ltd.
2019	Appointed Audit & Supervisory Board Member of the Company (current position) Joined Toranomom Law and Economics Office Established Totoi Law Office as Representative Established Kyoso Design Co., Ltd. Appointed Representative Director (current position)
2020	Established Setouchi Law Office and assumed office as representative (current position) Appointed director of Koyo Sangyo Co., Ltd. (current position)



Contact details

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Japan

IR Contact:

Tel: +81 (3) 3406 8858

Source: Company

Shareholder details (as of January 2023)

Major shareholders	Stake (%)
MG GK	40.69
Yusuke Kojima (Executive Officer)	15.95
The Master Trust Bank of Japan, Ltd. (Trust account)	5.52
Custody Bank of Japan, Ltd. (trust account)	4.39
Hideyuki Uraya	2.10
Tomohiro Chiba	1.53
BNY GCM CLIENT ACOUNT JPRD AC I SG	1.38
Masakazu Matsumoto	1.14
Goldman Sachs International	0.83
Japan Custody Bank (Trust Bank)	0.77

Source: Company



Astris Quant Sheet

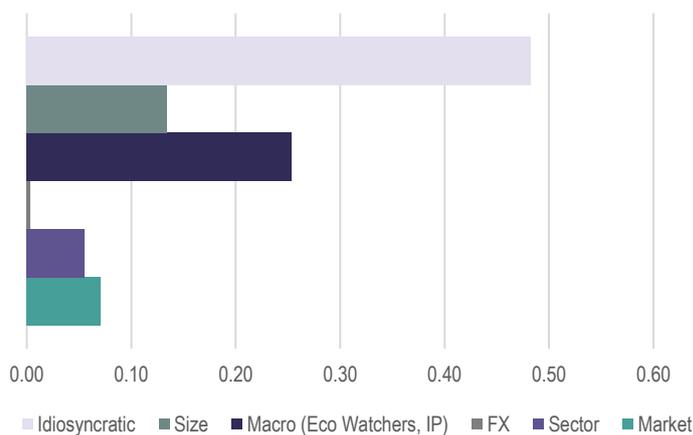
Share price chart and factor analysis



Source: FactSet

Factors	1 Year	3 Year
Momentum: 12 Month - 1 Month Performance	-0.32	-0.03
Quality: Free Cash Flow Yield	-0.03	0.01
Growth: Operating Profit Growth	-0.03	0.07
Value: Book to Market	0.51	0.12

Performance drivers



Source: FactSet

Factors	1 Year	3 Year
Topix 1st Section	0.23	0.34
TSE Mothers	0.53	0.51
TSE Growth Market	0.54	0.54
Topix Services	0.44	0.42
MSCI Japan	0.23	0.35
MSCI Japan Media & Entertainment	0.32	0.38



Factors	1 Year	3 Year
Macro		
Retail Sales MoM	0.20	0.17
Eco Watchers Expectations	-0.07	0.21
CPI Nationwide	-0.47	-0.15
Industrial Production	-0.07	-0.05
JPYUSD	0.15	0.07
10Y JGB	-0.24	0.06



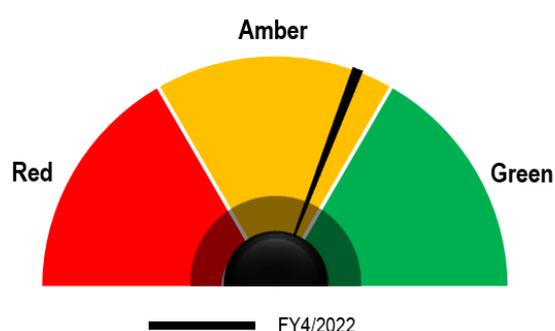
Astris-Sustainability ESG assessment

Ratings and scorecard

Our in-house Astris-Sustainability ESG model rates Macbee Planet with a score of **59.5%**, placing it in the 'Amber' rating of our assessment in FY4/2022.

Our in-house methodology* takes what we have selected as core measurable ESG factors, ranking its performance versus its domestic GICS Advertising with a market capitalization of ¥5bn to ¥75bn (a total of 48 companies).

Figure 12: Astris-Sustainability ESG model rating for Sanyo Trading



Source: Astris Advisory (*Note – for details of our in-house rating system please contact Astris Corporate Advisory)

ESG scorecards

	FY4/2022
Environmental (7 factors from a selected peer group)	
Astris Environmental score	47.6
Social (13 factors from a selected peer group)	
Astris Social score	82.3
Governance (37 factors from a selected peer group)	
Astris Governance score	53.7
TOTAL SCORE (Out of a total of 57 factors)	59.5

Source: Company, FactSet, Astris Corporate Advisory

Our methodology has highlighted the following key topics:

- The company started ESG data disclosure in FY4/2022.
- Management has stated it will promote transparent and objective management that links ESG and business strategy.

Environmental

The company is using the greenhouse gas emissions calculation guidelines set by the Ministry of the Environment.

Social

Under human capital management, we note that 37.9% of women make up the total workforce. 50% of the board of directors are non-executives (including corporate auditors).



Governance

The corporate governance system at Macbee Planet is a mix of experienced company directors and outside directors and auditors with varied backgrounds. The total number of board members is small at 6:

- **Board of directors** – comprised of 3 board members led by CEO Chiba. 1 member of the board is an outside director. The 3 corporate auditors also attend the meetings.
- **Audit and supervisory committee** – comprised of one full-time auditor and two outside auditors.
- **Management committee** – held bi-monthly and comprised of the President, executives, relevant invited personnel, and the full-time auditor.
- **Nomination and compensation committee** – currently there is no dedicated committee in place.

Controversies

We note we have been unable to find major controversies that may have significant financial or reputational repercussions for the company and its shareholders.



Areas of discussion

Highlighting key topics for investors

We believe the following will be key areas for discussion with investors:

1. M&A:
 - a. What business domains are attractive for M&A candidates?
 - b. What is the future risk of dilutive financing?
 - c. How should we understand the priorities over M&A – sales volume gain, new market sector access, technology, and a view on a dilutive sales mix?
 - d. For large acquisitions how do you manage PMI?
 - e. What are the underlying organic growth prospects for the business?
2. Technology:
 - a. How do you rate the technological barriers to entry?
 - b. What levels of automation can be implemented and how will this affect staff productivity and enhance margins?
3. Alliances:
 - a. What are the best ways to structure alliances whilst maintaining high margins and independence?
 - b. How much potential gearing is a comfortable level for debt financing?



JGAAP Financial Summary

(¥bn)	FY 4/21	FY 4/22	FY 4/23E	FY 4/24E	FY 4/25E
Sales	9.78	14.43	19.10	33.41	39.74
COGS	8.18	11.78	15.00	25.39	29.01
Gross profit	1.60	2.65	4.11	8.02	10.73
Gross profit margin (%)	16.3	18.4	21.5	24.0	27.0
Total OP	0.79	1.24	2.07	2.72	3.35
OP margin (%)	8.0	8.6	10.9	8.1	8.4
Non-operating income	0.00	0.00	0.00	0.00	0.00
Non-operating expenses	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Recurring profit	0.79	1.23	2.07	2.71	3.34
Pre-tax profit	0.78	1.21	2.07	2.71	3.34
Tax	(0.23)	(0.46)	(0.77)	(1.00)	(1.24)
Effective tax rate (%)	29.9	37.0	37.0	37.0	37.0
Net income	0.55	0.75	1.31	1.71	2.11
Non-controlling NI	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Parent attributable NI	0.55	0.76	1.31	1.72	2.11
Sales growth YoY (%)	+51.2	+47.5	+32.4	+74.9	+18.9
OP growth YoY (%)	+109.9	+57.5	+67.6	+30.9	+23.3
Pre-tax profit YoY (%)	+114.7	+54.8	+71.3	+30.9	+23.3
NI growth YoY (%)	+107.4	+38.9	+72.6	+30.7	+23.2

Balance sheet (¥bn)	FY 4/21	FY 4/22	FY 4/23E	FY 4/24E	FY 4/25E
Cash & equivalents	1.92	2.10	7.71	7.63	10.18
Marketable securities	-	-	-	-	-
Accounts receivables	1.14	1.91	1.30	1.30	1.30
Other	0.04	0.11	0.07	0.07	0.07
Current assets	3.10	4.12	9.08	9.00	11.55
Tangible assets	0.01	0.06	0.09	0.11	0.13
Goodwill	-	0.71	0.71	2.71	2.30
Intangible assets	0.06	0.05	0.05	0.09	0.14
Long term investments	0.12	0.86	0.86	0.86	0.86
Other	0.05	0.08	0.08	3.78	3.78
Fixed assets	0.25	1.76	1.79	7.55	7.21
Total assets	3.35	5.88	10.87	16.55	18.76
Short term borrowing	0.05	0.50	0.50	0.50	0.50
Trade payables	0.99	1.44	1.89	3.19	3.65
Other	0.38	0.60	0.75	1.30	1.46
Current liabilities	1.41	2.55	3.13	4.99	5.61
Long term borrowing	0.04	0.55	3.92	0.55	0.55
Other LT liabilities	-	-	-	-	-
Long term liabilities	0.04	0.55	3.92	0.55	0.55
Shareholder's equity	1.89	2.71	3.75	10.93	12.53
Share acquisitions rights	0.00	0.00	0.00	0.00	0.00
Non-controlling interests	0.00	0.08	0.08	0.08	0.08
Total net assets	1.89	2.79	3.83	11.01	12.60
Total liabilities & net assets	3.35	5.88	10.87	16.55	18.76

Cash flow statement (¥bn)	FY 4/21	FY 4/22	FY 4/23E	FY 4/24E	FY 4/25E
Profit before tax	0.78	1.21	2.07	2.71	3.34
Depreciation/amortization	0.01	0.15	0.20	0.50	0.60
Changes in working capital	0.11	(0.21)	1.24	1.86	0.62
Other non-cash items	0.01	0.03	0.02	0.02	0.02
Tax paid	(0.14)	(0.44)	(0.77)	(1.00)	(1.24)
Cash from Operating Activities	0.77	0.74	2.76	4.09	3.34
Capex	(0.05)	(0.07)	(0.19)	(0.33)	(0.40)
Acquisition of business	(0.00)	(0.85)	-	(5.37)	-
Other investing cash flow	(0.12)	(0.69)	(0.41)	(0.55)	(0.48)
Cash from Investing Activities	(0.17)	(1.61)	(0.60)	(6.25)	(0.87)
Total cash dividends paid	-	-	-	-	-
Debt issuance/(retirement)	(0.06)	0.94	3.37	(3.37)	-
Equity financing	0.01	0.01	-	5.37	-
Other	0.00	0.08	0.08	0.08	0.08
Cash from Financing Activities	(0.05)	1.03	3.45	2.08	0.08
FX impact	-	-	-	-	-
Net cash flow	0.55	0.16	5.62	(0.08)	2.55

Free cash flow	0.73	0.67	2.57	3.76	2.95
EBITDA	(0.39)	0.18	2.28	3.22	3.94

EBITDA margins (%)	-4.0	1.3	11.9	9.6	9.9
Free cash flow margin (%)	7.4	4.7	13.5	11.2	7.4
Free cash flow conversion (%)	93.2	55.8	124.1	138.6	88.1
Capex/sales (%)	0.5	0.5	1.0	1.0	1.0
Capex/depreciation (%)	357.9	45.6	94.0	66.7	66.7
CFO margin (%)	7.9	5.2	14.5	12.2	8.4

Key metrics	FY 4/21	FY 4/22	FY 4/23E	FY 4/24E	FY 4/25E
Profitability					
Gross margin (%)	16.3	18.4	21.5	24.0	27.0
Operating margin (%)	8.0	8.6	10.9	8.1	8.4
Net margin (%)	5.6	5.3	6.9	5.1	5.3
ROA (%)	19.3	16.5	15.7	12.5	12.0
ROE (%)	34.0	33.1	40.6	23.4	18.0
ROCE (%)	40.6	37.1	26.8	23.5	25.5
ROIC (%)	31.8	27.2	21.9	17.0	16.5
Liquidity					
Current ratio (x)	2.2	1.6	2.9	1.8	2.1
Leverage					
Debt/Equity ratio (x)	0.0	0.4	1.2	0.1	0.1
	net	net	net	net	net
Net Debt/Equity ratio (x)	cash	cash	cash	cash	cash
Equity ratio (x)	0.6	0.5	0.3	0.7	0.7
Interest cover (x)	183.0	288.3	N/A	259.9	320.5
Net Debt/EBITDA (x)	N/A	N/A	N/A	N/A	N/A
Valuation					
EPS reported (¥)	173.20	235.76	406.97	532.00	655.64
PER (x)	97.1	71.3	41.3	31.6	25.7
Diluted PER (x)	101.1	74.3	43.0	32.9	26.7
DPS (¥)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Free cash flow yield (%)	1.2	1.1	4.3	6.3	5.0
Diluted free cash flow yield (%)	1.2	1.1	4.2	6.1	4.8
PBR (x)	31.4	21.8	15.8	5.4	4.7
EV/sales (x)	6.0	4.0	3.0	1.7	1.5
EV/EBITDA (x)	(147.6)	319.6	25.6	18.1	14.8
EV/EBIT (x)	74.1	47.0	28.1	21.4	17.4
EV/FCF (x)	80.0	86.3	22.6	15.5	19.8



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