

Favorable demand for developing e-commerce sites with spread of COVID-19 infection

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【 4174 Appirits Sector : Information & Communication 】

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jan. 2019	2,902	-	115	-	114	-	58	-	54.5	1,252.6	0.0
Jan. 2020	3,579	23.3	144	25.0	143	24.8	66	14.1	62.2	1,314.8	0.0
Jan. 2021 f	3,827	6.9	189	31.6	189	32.2	105	58.9	98.7	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending January 2021 are the company's forecasts.
It conducted 1-to-100 stock split on September 11 2020. Per share indices are adjusted retroactively.

Engaged in Development of e-Commerce Sites and Development and Operation of Online Games

Appirits is engaged in the web solution business, in which it comprehensively conducts everything from planning and development to maintenance, web marketing and security measures of e-commerce sites and web systems, and the online game business, in which it develops and operates its own games, develops and operates games of other companies, and dispatches staff to other companies.

The composition of net sales in the fiscal year ended January 2020 was 39.8% from the web solution business and 60.2% from the online game business (Figure 1). However, as the online game business has a low profit margin, the composition of operating profit (before deducting adjustments) was 88.8% from the web solution business and 11.2% from the online game business.

Figure 1: Change of Net Sales by Segment

Segment	Fiscal year ended Jan. 2018		Fiscal year ended Jan. 2019		Fiscal year ended Jan. 2020	
	Amount (million yen)	Composition (%)	Amount (million yen)	Composition (%)	Amount (million yen)	Composition (%)
Web solution	1,190	48.8	1,272	43.8	1,425	39.8
Online game	1,247	51.2	1,630	56.2	2,153	60.2
Total	2,438	100.0	2,902	100.0	3,579	100.0

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

Web Solution Business

In the web solution business, the company mainly conducts planning and development of customers' web systems, such as e-commerce sites and job information sites, and the development of smartphone apps. As the company can handle all procedures in house, it can provide speedy services at a low cost based on accurate understanding of the customers' needs.

Online Game Business

In the online game business, the company handles development and operation of online games for computers and smartphones. The service format is broadly classified into "in-house game development," in which it conducts planning to development and operation of games it provides, "contract development," in which it undertakes planning to development and operation of games provided under the names of partner companies, and "staff dispatching," in which it dispatches its engineers and creators to game development companies.

Figure 2: Financial Statements

Statement of income	Fiscal Year	Jan. 2019		Jan. 2020		Nine months to Oct. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		2,902	100.0	3,579	100.0	2,879	100.0
Cost of sales		2,039	70.3	2,530	70.7	2,004	69.6
Gross profit		862	29.7	1,048	29.3	875	30.4
Selling, general and administrative expenses		747	25.7	904	25.3	724	25.2
Operating profit		115	4.0	144	4.0	150	5.2
Non-operating income		0	-	0	-	0	-
Non-operating expenses		1	-	1	-	0	-
Ordinary profit		114	4.0	143	4.0	150	5.2
Profit before income taxes		96	3.3	109	3.0	134	4.7
Net profit		58	2.0	66	1.8	86	3.0

Balance sheet	Fiscal Year	Jan. 2019		Jan. 2020		Nine months to Oct. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,440	79.1	1,518	79.2	1,653	82.1
Cash and deposits		903	49.6	1,008	52.6	972	48.3
Accounts receivable-trade		442	24.3	403	21.0	541	26.9
Inventories		21	1.2	47	2.5	87	4.3
Non-current assets		380	20.9	398	20.8	360	17.9
Property, plant and equipment		61	3.4	50	2.6	37	1.9
Intangible assets		53	2.9	44	2.3	29	1.5
Investments and other assets		266	14.6	304	15.9	293	14.6
Total assets		1,821	100.0	1,917	100.0	2,013	100.0
Current liabilities		376	20.7	466	24.3	510	25.4
Accounts payable-trade		16	0.9	18	1.0	23	1.2
Current portion of long-term borrowings		68	3.7	60	3.1	49	2.5
Non-current liabilities		103	5.7	43	2.2	8	0.4
Long-term borrowings		103	5.7	43	2.2	8	0.4
Net assets		1,341	73.6	1,408	73.4	1,494	74.2
Owners' equity		1,341	73.6	1,408	73.4	1,494	74.2

Statement of cash flows	Fiscal Year	Jan. 2019	Jan. 2020
		(mn yen)	(mn yen)
Cash flows from operating activities		75	289
Depreciation		48	67
Cash flows from investing activities		-105	-116
Cash flows from financing activities		-124	-68
Dividends paid		-	-
Net increase in cash and cash equivalents		-155	105
Cash and cash equivalents		903	1,008

Note: Non-consolidated basis.

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

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