

Provider of various services to freelance IT engineers

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For inquiries concerning the report, please contact info@stock-r.org

【 7352 Branding Engineer Sector : Services 】

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)
Aug.2019	2,819	15.2	143	63.5	143	41.0	109	54.2	22.5	58.4	0.0
Aug.2020	3,110	10.3	101	-29.2	116	-18.5	80	-26.9	16.3	96.7	0.0
Aug.2021 CE	4,214	35.5	102	1.0	107	-8.3	55	-31.1	10.7	-	0.0
Aug.2021 E	4,179	34.4	114	12.7	119	2.6	58	-27.6	11.2	108.3	0.0
Aug.2022 E	5,274	26.2	284	148.4	282	136.0	155	167.3	29.9	138.3	0.0
Aug.2023 E	6,300	19.4	377	32.8	376	33.2	218	40.4	42.0	180.4	0.0

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

It conducted 1-to-40 stock split on March 6, 2020. Per share indices are adjusted retroactively.

Source: The Stock Research Center

1. Corporate Overview

Branding Engineer provides various services to IT engineers that work as freelancers. The main service is “Midworks,” which matches IT engineers with projects of companies.

2. Financial Analysis

The average annual growth rate from the fiscal year ended August 2015 to the fiscal year ended August 2020 was 118.3% for net sales and 182.0% for ordinary profit. The Midworks business has led the increase in revenue, but an ordinary loss was recorded in the fiscal year ended August 2017 when a large amount of advertisement expenses was used for scale expansion, and a decline in profit was recorded in the fiscal year ended August 2020 when the company increased employment and investments for its future growth.

The company has higher return on equity (ROE) compared to other listed companies engaged in human resource services targeting freelancers, but this is because of its high financial leverage and the operating margin remains at a low level.

3. Non-Financial Analysis

The source of intellectual capital of the company is in the two founders that lead the corporate management. Under the leadership of the two, the company was able to improve the quality of Midworks services and expand subscribers in a relatively short period of time, which led to progress in accumulation of customers and expertise as well as the expansion of its service scale.

4. Corporate Strategy Analysis

As for issues that should be addressed, an improvement in profitability of the Midworks business, stabilization of revenue from the media business which provides information to businesspersons, enhancement of counselling ability of the tech boost business that conducts programming education for people aiming to become IT engineers, and response to erratic sales fluctuations of the TechStars business which provide a job-change support service are cited.

5. Analyst Evaluation

With the addition of new services and businesses, the business portfolio is expected to be diversified, but the Stock Research Center would like to keep our eyes on its consistency with the existing platform.

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