

Engaged in business utilizing database created with apps targeting expecting and child-rearing mothers

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[4014 KARADANOTE 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)
Jul. 2020	732	14.9	123	37.5	124	36.6	83	32.2	16.7	63.4	0.0
Jul. 2021	1,002	36.7	223	81.2	208	67.8	139	66.2	23.5	155.2	0.0
Jul. 2022 CE	1,400	39.7	280	25.4	280	34.5	176	26.6	28.2	-	0.0
Jul. 2022 E	1,392	39.0	224	0.4	224	7.8	141	1.7	22.7	166.5	0.0
Jul. 2023 E	1,757	26.2	283	26.6	284	26.6	178	26.6	28.7	195.4	0.0
Jul. 2024 E	2,149	22.3	362	27.7	362	27.7	228	27.7	36.8	232.3	0.0

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

1. Corporate Overview

KARADANOTE provides services that utilize a family database created with apps that are used by expecting and child-rearing mothers.

2. Financial Analysis

From the fiscal year ended July 2015 to the fiscal year ended July 2021, the annual growth rate of net sales was 23.3% and that of ordinary profit was 70.2%. The family data platform business led the revenue increase. In terms of profits, the company posted an ordinary loss in the fiscal year ended July 2016, but it turned profitable to achieve an ordinary profit margin of 28.2% in the fiscal year ended July 2017. Since then, the profit margin had hovered at a level between the mid-10% and 20% due to factors including an increase in personnel expenses as the number of employees increased.

In comparison with the listed companies engaged in services focusing on life events, the company's financial indicators are better in general. There is a need to consider the differences in sales size and growth stage, but the company features a high ROE backed by a high operating profit margin.

3. Non-Financial Analysis

The source of the company's intellectual capital is the family database. It is creating a virtuous cycle of further enrichment of the database with the high pervasiveness of the apps, which leads to an increase in the number of customers and progress in development of services with business partners, which results in further enrichment of the database.

4. Corporate Strategy Analysis

Issues that should be addressed include switching business models, enhancement of service recognition, continuous creation and cultivation of new services and securing and cultivating human resources.

To achieve the targets of over 5 billion yen in net sales, over 1.5 billion yen in operating profit and over 30% of operating profit margin in the fiscal year ending July 2027, the

company intends to strive to expand its collaboration model in the digital transformation promotion business, enter the healthcare field and seek business partnerships and M&As in addition to stably expanding its existing businesses.

5. Analyst Evaluation

We evaluate the advantage of the family database, which it has accumulated in advance through accumulating data of expecting and child-rearing mothers. Currently, the company is switching its business model to a stock model. We would like to check the progress by paying attention to factors including the timing of switching of each product and service as well as their penetration speed.

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