

Engaged in development, operation and maintenance of e-commerce sites, etc., and development, operation and such of online games

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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. 2021	3,889	8.7	229	59.3	229	59.9	125	88.7	39.1	477.4	0.0
Jan. 2022	4,795	-	233	-	220	-	109	-	28.4	483.4	5.0
Jan. 2023 CE	5,654	17.9	413	77.3	410	86.4	262	140.4	65.8	-	10.0
Jan. 2023 E	5,750	19.9	436	87.0	434	97.2	271	148.2	68.1	541.4	10.0
Jan. 2024 E	6,395	11.2	523	19.9	521	20.0	340	25.5	85.4	615.9	13.0
Jan. 2025 E	7,035	10.0	624	19.3	622	19.4	418	22.9	105.0	705.9	16.0

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

1. Corporate Overview

Appirits is an information service company that operates the web solution business for corporate customers and the online game business for corporate customers and individual users.

The online game business accounts for the majority of net sales, but the web solution business that has a high profit margin accounted for 72.7% of profit (before deducting intra-group transactions) for the fiscal year ended January 2022.

2. Financial Analysis

From the fiscal year ended January 2016 (non-consolidated) to the fiscal year ended January 2022 (consolidated), net sales increased by 14.2% annually, but ordinary profit decreased by 6.3%. The reason for this is presumed to be the significant deterioration of the profit margin of the online game business. It posted the highest profit ever in the fiscal year ended January 2016 as PC games it developed have performed favorably, but since then, the profitability decreased due to its shift to smartphone games and decrease in the number of hit titles.

3. Non-Financial Analysis

The source of intellectual capital is the management stance that places emphasis on stable growth of the businesses.

4. Corporate Strategy Analysis

The company aims to expand the business scale through continuous stable growth and M&As of the web solution business as well as increasing human resources and overseas development of the online game business.

5. Analyst Evaluation

Regarding the business performance of the fiscal year ending January 2023, we forecast a 19.9% increase in revenue and 87.0% increase in operating profit from the previous fiscal

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year, assuming that the market environment will be favorable and the ratio of outsourcing expenses to net sales, which increased in the previous fiscal year, will improve.

We expect growth of both businesses over the medium term, and forecast year-on-year revenue increase of 11.2% and operating profit increase of 19.9% for the fiscal year ending January 2024 and revenue increase of 10.0% and operating profit increase of 19.3% for the fiscal year ending January 2025.