

Data platformer aiming to transform marketing by leveraging data and technology

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【9553 MicroAd 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)
Sep.2020	10,917	-	254	-	258	-	43	-	5.3	67.1	0.0
Sep.2021	11,671	6.9	186	-26.8	153	-40.7	-38	-	-4.7	112.9	0.0
Sep.2022 f	12,228	4.8	564	3.0x	510	3.3x	130	-	15.5	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending September 2022 are the company's forecasts.

It conducted 1-to-2 stock split on April 1, 2022. Per share indices are adjusted retroactively.

Develops Various Services in Digital Marketing Domain

MicroAd aims to transform marketing by leveraging the power of data and technology, and provides three services in the digital marketing domain: data solutions, overseas consulting, and digital signage.

Data solutions accounted for 58.6% of net sales for fiscal year ended September 2021, overseas consulting for 35.7%, and digital signage for 5.7%.

Data solutions services consists of the mainstay UNIVERSE and domestic consulting services.

UNIVERSE is a service that analyzes diverse purchasing and consumption behavior and applies the resulting data to solving the marketing issues of client companies. The analysis of large volumes of data leads to an understanding of consumers' various purchasing and consumption behavior. UNIVERSE is offered as an industry- and sector-specific product, and as of March, the company markets products for 17 industries.

The company intends to review its overseas consulting services, but plans to focus on fortifying them in Taiwan, which its market is close to Japan and handles advertising agency services.

Digital signage offers a content management system (CMS) for store owners. The company receives a portion of the advertising revenue paid by advertisers to store owners as platform usage fees, and also receives CMS usage fees from store owners.

Coexistence of Labor-Intensive and Increasing>Returns Business Models

The company's three services can be categorized into two business models: labor-intensive consulting and increasing-returns data products.

Gross profit margins are approximately 20% for consulting services in Japan and overseas, while maintaining a higher level of approximately 40% for data products such as UNIVERSE and digital signage services (average for October 2021 to March 2022).

The company is experiencing challenges in achieving profitability and growth capability in consulting in the face of competition from large advertising agencies with an abundance of human resources. On the other hand, the company has secured high profitability for its data product services by leveraging its data and analytical capabilities to develop a broad range of industry- and sector-specific products. MicroAd's focus is on UNIVERSE, which belongs to the data product category.

MicroAd (9553 TSE Growth) - - - - - July 19 ,2022**Financial Statements**

Statement of income	Fiscal Year	Sep.2020		Sep.2021		Six months to Mar. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		10,917	100.0	11,671	100.0	6,122	100.0
Cost of sales		7,911	72.5	8,672	74.3	4,217	68.9
Gross profit		3,006	27.5	2,998	25.7	1,904	31.1
Selling, general and administrative expenses		2,751	25.2	2,812	24.1	1,473	24.1
Operating profit		254	2.3	186	1.6	431	7.0
Non-operating income		21	-	31	-	3	-
Non-operating expenses		17	-	63	-	40	-
Ordinary profit		258	2.4	153	1.3	395	6.5
Profit before income taxes		256	2.3	125	1.1	395	6.5
Profit attributable to owners of parent		43	0.4	-38	-	241	3.9

Balance sheet	Fiscal Year	Sep.2020		Sep.2021		Mar. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		3,366	90.2	3,694	87.3	4,206	86.5
Cash and deposits		1,932	51.8	2,161	51.1	2,428	49.9
Accounts receivable-trade		1,338	35.8	1,471	34.8	1,706	35.1
Deferred expenses		-	-	0	0.0	-	-
Non-current assets		366	9.8	534	12.6	655	13.5
Property, plant and equipment		56	1.5	186	4.4	215	4.4
Intangible assets		127	3.4	145	3.4	273	5.6
Investments and other assets		183	4.9	202	4.8	166	3.4
Total assets		3,733	100.0	4,229	100.0	4,862	100.0
Current liabilities		2,816	75.4	2,683	63.4	3,037	62.5
Accounts payable - trade		1,084	29.0	1,207	28.5	1,331	27.4
Short-term borrowings		1,080	28.9	880	20.8	1,030	21.2
Non-current liabilities		43	1.2	72	1.7	129	2.7
Net assets		873	23.4	1,472	34.8	1,695	34.9
Owners' equity		549	14.7	928	21.9	1,205	24.8

Statement of cash flows	Fiscal Year	Sep.2020	Sep.2021	Six months to Mar. 2022
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		620	31	306
Depreciation		79	89	50
Cash flows from investing activities		13	-185	-117
Cash flows from financing activities		51	300	1
Dividends paid		-	-	-
Net increase in cash and cash equivalents		700	228	267
Cash and cash equivalents		1,932	2,161	2,428

Note: Consolidated basis.

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

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