

Specializing in M&A support services to domestic small- and medium-sized companies

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[7360 ONDECK 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)
Nov. 2021	778	-4.1	43	-71.1	36	-73.6	22	-74.5	8.1	391.2	0.0
Nov. 2022	1,339	72.0	213	4.9x	213	5.9x	151	6.9x	52.8	444.0	0.0
Nov. 2023 CE	1,469	9.7	215	1.1	215	1.1	153	1.2	53.5	-	0.0
Nov. 2023 E	1,470	9.8	214	0.3	214	0.4	152	0.8	53.1	497.3	0.0
Nov. 2024 E	1,849	25.8	358	67.5	358	67.4	255	67.4	89.1	586.5	0.0
Nov. 2025 E	2,288	23.7	522	45.8	522	45.7	372	45.7	129.9	716.5	0.0

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

1. Corporate Overview

Based in Osaka, ONDECK specializes in M&A support services for domestic small- and medium-sized businesses in Japan.

2. Financial Analysis

Since fiscal year ended November 2015, ONDECK has expanded its earnings while increasing the number of consultants and successful M&As. The growth rates for the seven fiscal years up to fiscal year ended November 2022 were 35.2% per annum for net sales and 21.7% per annum for ordinary profit. Over the same period, the company experienced net sales and profit declines twice, in fiscal years ended November 2018 and November 2021.

In terms of financial indicators, lower net profit margin led to its significantly lower return on equity compared with its industry peers.

3. Non-Financial Analysis

The source of the intellectual capital lies in the commitment of its two founders who have continuously pursued an approach that puts service quality first. Reflecting this service quality first approach in business processes and frameworks, a virtuous cycle is envisioned in which high service quality ratings in the industry lead to successful referrals and deal closures of M&As.

4. Corporate Strategy Analysis

In terms of issues that should be addressed, ONDECK could consider further enhancing service quality, improving the success rate of their engaged M&A transactions and focusing on the recruitment and development of consultants.

ONDECK adopted a policy of pursuing quantitative expansion while maintaining the high quality of its consulting services. Consequently, the company aims to achieve quantitative expansion by strengthening its sourcing and matching capabilities based on the intrinsic strengths of its virtuous-cycle growth model. It also intends to build an M&A platform as a medium- to long-term initiative.

5. Analyst Evaluation

We rate the company's approach of consistently emphasizing service quality, which distinguishes it from the industry trend of prioritizing matches. Towards the quantitative expansion, we will closely monitor the number of consultants and the number of successful M&As per consultant.

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