

Providing IT outsourcing and BPO services as well as system development, maintenance and introduction support

This report is an English translation of part of the report issued on December 22, 2023.
For inquiries concerning the report, please contact info@stock-r.org

【5868 Rococo 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)
Dec.2021	6,304	-	395	-	408	-	322	-	124.1	235.1	0.0
Dec.2022	6,929	9.9	691	74.9	698	71.1	453	40.7	174.3	413.1	0.0
Dec.2023 f	7,203	4.0	483	-30.1	467	-33.1	311	-31.3	118.3	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending December 2023 is the company's forecasts.

It conducted 1:20 stock split on October 18, 2023. Per share indices are adjusted retroactively.

Providing Outsourcing Services and Cloud Solutions

Rococo group comprises Rococo and two overseas subsidiaries (one currently in liquidation) located in China and the Philippines. The group's businesses are divided into three categories: ITO&BPO (IT outsourcing & business process outsourcing), cloud solutions, and Others (overseas business). Furthermore, it also operates multiple businesses in the ITO&BPO and the cloud solutions businesses, respectively.

ITO&BPO Business

The ITO&BPO business offers three outsourcing services: IT service management business, which provides a wide range of services, such as system construction support, system administration and IT asset management, to client companies in various industries; customer communication business, which provides call center and BPO services; and events services business, which offers ticketing services for concerts, stage productions, sports and such events.

Cloud Solutions Business

Under the cloud solutions business, Rococo provides four services: ServiceNow business, which uses the ServiceNow cloud service to standardize and centralize management and operational workflows; HR solutions business, which involves the development and sale of its proprietary employee attendance management system; system solutions business, which offers outsourced system development, including system design, manufacturing and testing, tailored to customer needs as well as stationing engineers at customer locations; systems solutions business, which provides the company's proprietary AUTH face recognition system.

Other (Overseas Business)

Rococo's Ningbo (China) and Cebu (the Philippines) sites are its bases for offshore development, where some system development is outsourced.

Financial Statements

Statement of income	Fiscal Year	Dec. 2021		Dec.2022		Nine months to Sep.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		6,304	100.0	6,929	100.0	5,325	100.0
Cost of sales		4,140	65.7	4,273	61.7	3,341	62.7
Gross profit		2,164	34.3	2,655	38.3	1,984	37.3
Selling, general and administrative expenses		1,768	28.0	1,963	28.3	1,590	29.9
Operating profit		395	6.3	691	10.0	394	7.4
Non-operating income		38	0.6	28	0.4	13	0.2
Non-operating expenses		25	0.4	21	0.3	31	0.6
Ordinary profit		408	6.5	698	10.1	376	7.1
Profit before income taxes		405	6.4	682	9.8	373	7.0
Profit attributable to owners of parent		322	5.1	453	6.5	250	4.7

Balance sheet	Fiscal Year	Dec. 2021		Dec.2022		Sep.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,125	70.0	2,446	75.0	2,624	75.3
Cash and deposits		1,176	38.8	1,283	39.3	1,320	37.9
Accounts receivable-trade		813	26.8	1,023	31.4	1,179	33.8
Inventories		11	0.4	8	0.2	7	0.2
Non-current assets		903	29.8	812	24.9	858	24.6
Property, plant and equipment		283	9.3	227	7.0	198	5.7
Intangible assets		92	3.0	38	1.2	71	2.0
Investments and other assets		527	17.4	546	16.7	588	16.9
Total assets		3,034	100.0	3,261	100.0	3,484	100.0
Current liabilities		1,417	46.7	1,381	42.3	1,336	38.3
Accounts payable - trade		118	3.9	109	3.3	171	4.9
Short-term borrowings		160	5.3	90	2.8	90	2.6
Current portion of bonds payable		120	4.0	90	2.8	50	1.4
Current portion of long-term borrowings.		351	11.6	355	10.9	382	11.0
Non-current liabilities		1,005	33.1	805	24.7	808	23.2
Bonds payable		165	5.4	75	2.3	40	1.1
Long-term borrowings		662	21.8	625	19.2	692	19.9
Net assets		611	20.1	1,073	32.9	1,339	38.4
Owners' equity		611	20.1	1,073	32.9	1,339	38.4

Statement of cash flows	Fiscal Year	Dec. 2021	Dec.2022	Six months to Jun.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		353	443	119
Depreciation		127	122	36
Cash flows from investing activities		-48	-54	-38
Cash flows from financing activities		-280	-287	-4
Dividends paid		-	-	-
Net increase in cash and cash equivalents		34	108	86
Cash and cash equivalents		915	1,024	1,111

Note: Consolidated

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

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■Supporting Members

Tokyo Stock Exchange, Inc.
Nomura Securities Co., Ltd.
KPMG AZSA LLC
Deloitte Touche Tohmatsu LLC
PricewaterhouseCoopers Japan LLC
A&A Partners
TAKARA PRINTING CO., LTD.
Japan Securities Dealers Association

SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
ICMG Co., Ltd.
SBI SECURITIES Co., Ltd.
J Trust Global Securities Co., Ltd.
GYOSEI & CO.
PRONEXUS INC.

The Securities Analysts Association of Japan

Daiwa Securities Co. Ltd.
Ernst & Young ShinNihon LLC
Grant Thornton Taiyo LLC
BDO Sanyu
Ichiyoshi Securities Co., Ltd.
Avantia G.P.

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.