

ODK Solutions Co., Ltd. (3839 JP)

TRANSFORMING ITSELF FROM A 60-YEAR-OLD SYSTEM INTEGRATOR TO
AN EDUTECH AND FINTECH PLATFORM PROVIDER



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Executive Summary – transforming the business portfolio

ODK Solutions [hereafter ODK]'s history dates back to the early 1960s when the firm initially started rendering system solutions and Business Process Outsourcing [BPO] services to universities for processing their annual entrance exams. System solutions for universities comprises the majority of the firm's consolidated revenue, along with its second pillar of business, Securities Settlement-related solutions, which is used primarily by independent and online stockbrokers' back offices.

Although ODK's revenues have been growing at a steady CAGR of 5.0% over the past five years, management reckons that the trajectory of its current business model is at a pivotal point where options to secure future growth need to be considered. Therefore, to identify areas of earnings potential and strategies to capture growth to realise management's long-term corporate vision "Giving Stories to Data" – a medium-term management plan to cover the three years starting FY23 until FY25 – was announced. Under the Plan, ODK aims to transform itself from a system solution provider to a data platform provider.

At the centre of the medium-term strategy lies the firm's core competence and expertise in processing large volumes of highly confidential data. An example of this is UCARO® – a must-have portal for university entrance examinations for candidates. Since the launch in 2016, it has become the portal site used most by students taking university entrance exam in Japan. ODK handles data of more than 1mn candidates every year through the Education-related Businesses. UCARO® is primarily used by candidates of university entrance exams as it allows them to readily see the exam processes of multiple universities to which they are applying, in one go. ODK plans to gradually extend UCARO®'s functions to reach users such as university students, job seeking students, high school students through in-house developed services as well as alliances with various third-party service providers to offer services to users at each of their life stage.

Over the 10 years to FY31, ODK plans to invest ¥10bil for growth and is targeting ROIC of 7%. Currently, the firm has more than 70% of net assets in retained earnings, which will likely be the major funding source for the Plan. At the same time, operating cash flow, which was ¥917mil in FY21, will be another internal source of funding. The firm also borrowed bank loan of ¥900mil in July 2022 for M&A and growth investments at subsidiaries.

Although details are yet to be fully disclosed, the three areas for capital allocation have been identified as:

1. Next generation services, primarily focusing on data businesses
2. Investment to improve profitability of existing businesses
3. Maintain shareholder return, including stable and sustainable dividend.

Through those investments, ODK aims to achieve recurring profit [RP] of ¥800mil by FY24 (3-yr CAGR of 16.3%) on sales of ¥9,000mil (17.8% CAGR), an improvement from the FY19~21 respective CAGR of 1.0% and -6.0%, by monetising its data platform strategy. However, it is still premature to discuss finite details.

ODK has commissioned this sponsored research to raise visibility of the company and to improve the stock's liquidity. Currently, free float of the stock is 12.0% of market cap at ¥4,900mil as of 30 December 2022. The top three shareholders are Gakken Holdings (9470 JP, 16.4%), Falco Holdings (4671 JP, 10.3%) and Nakabayashi (7987 JP) and its affiliate (10.2%), with whom ODK has business alliances in its core businesses.

Business Model

ODK Solutions is a system integrator that specialises in comprehensive system solutions and BPO services for education, stockbrokers, and medical service providers. The group is formed with the parent ODK Solutions and three subsidiaries. The two main segments – System Management and System Development – are vertically integrated: ODK develops systems for its customers that are managed by the firm over an average of 3~5 years, with the option to renew.

ODK's top line has, therefore, has been growing at a steady CAGR of 6.3% over the past 10 years, with 90%+ derived from System Management. Its main customers are:

- 1) Education providers, in particular universities and higher education institutions,
- 2) Independent and online stockbrokers,
- 3) Other corporations, such as clinical research organisations [CROs] and customer support and success solutions.

Segment Breakdown

ODK's business is divided into three segments of which two – System Management and System Development – generate some 98% of FY21 consolidated sales.

- **System Operation** The segment offers services for three types of business: (1) Education-related, (2) Securities Settlement, and (3) Other businesses, which include medical solutions for clinical testing system and cloud-based medical records and Customer Success Solutions developed and operated by the firm's subsidiaries. In FY21, System Management earned revenues of ¥5,189mil (+0.8% YoY), accounting for 94.3% of the total consolidated sales.
- **System Development**
Here, ODK develops, manages, and upgrades each customer's system. Hence, ODK will continue to generate sales in the System Management Segment. In FY21, the segment earned revenues of ¥209.2mil (-15.9% YoY), which constitutes 3.8% of total consolidated sales.

Breakdown by Services

ODK operates four business areas, each categorised by the sector in which they operate. They are:

- 1) Education-related, whose customers are universities,
- 2) Financial-related Services, whose customers are primarily stockbrokers' back office,
- 3) The General Services Segment includes clinical research organisations [CROs], and
- 4) Customer Support and Customer Services that targets at corporates' customer support functions.

To understand ODK's business, each service is discussed below.

1. Education Related Services: FY21 Sales ¥3,491mil (-2.9% YoY) / 63.5% of Total Consolidated Sales

ODK has been providing educational-related services, mainly university entrance exam solutions, since 1964. Revenue mainly comes from outsourcing services (BPO services) to universities. Here, ODK provides universities outsourcing solutions to aid in information processing for university entrance and mock exams, as well as online web applications.

There are approx. 800 universities in Japan. Universities hold entrance exams for applicants every year. Currently, the majority of the Education Related Services revenue is from outsourcing services related to entrance exams. Outsourcing services for application and exam operations tend to have high seasonality in the Q4 (Jan~Mar) as this is historically the period that many universities hold their entrance exams. ODK receives an annual fee contract and payments often tend to be concentrated in the Q4.

One of the two Education-Related Services is Entrance Exam Solutions. This is further segmented into the following four services below:

- 1) **Entrance Exam Outsourcing Service:** This is ODK's original service and is its cash cow as it still generates the majority of the 63% in consolidated revenue made by Education Related Services. The firm offers one-stop services related to entrance exams run by universities, including receiving applications, issuing admission tickets with each candidates' details, reading mark sheets for answers, and scoring them as a pass or fail.

After the exam, the firm sends candidates their exam results, supports universities in admission procedures, and prepares various statistical reports etc. Base fees are charged to universities depending on the size of the institution. On top of the base fees, ODK also charges fees depending on the volume of application data it needs to process. Therefore, the outsourcing service is the cash cow business as well as the largest swing factor for earnings because until the actual exam application process starts, ODK does not know how large the application volume will be, hence the PAYG (pay-as-you-go) portion of sales. Unlisted Kei Advance is a domestic competitor.

- 2) **The cross-university entrance examination portal site, UCARO®:** In 2018, OSK launched UCARO®, the cross-university entrance examination portal site which unifies each process of the entrance examinations. In 2021, a smartphone application of UCARO® was launched. UCARO® helps universities to improve the efficiency of their entrance exam operations and reduce costs associated with running the exams. The number of universities that have introduced UCARO® currently exceeds some 50% of the top 200 universities (vs 107 universities as of FY22 1H).

UCARO® can be used for free by candidates – the main users of the portal site. A candidate can visualise the exam processes of different universities to which s/he is applying via this platform. This improves the efficiency and visibility of the exam processes at each university, thus reducing the cumbersome of the exam process. ODK charges a usage fee for UCARO® to universities. Every university chooses different packages depending on which functions are used on UCARO®. While there is not any notable competitor of UCARO® in Japan, the firm sees Common Application, a single online college application form used by 900 colleges and universities in the US, offering a similar service to UCARO®.

- 3) **Web Application System:** ODK monetises this service by receiving fees from universities. ODK had been conducting web application services prior to the launch of UCARO®. When applying to universities with which UCARO® and the web application service provided by ODK are linked, candidates can submit their applications online without having to re-enter their UCARO® data. However, candidates primarily use UCARO® only to check exam process and do not always use it to apply for entrance exams, because each university deploys a different web application method and there are some universities that do not use web applications at all.
- 4) **Exam Materials Solutions and Remedial Materials:** ODK provides services to create exam questions and proofreads exam questions written by universities. The firm also offers remedial materials for students in university. A competitor in this business is again KEI Advance.

STRENGTHS AND WEAKNESSES / RISKS OF THE EDUCATION RELATED SERVICES

ODK's strength in this business lies in the following:

- ❖ Expertise in the exam centre outsourcing services.
ODK has been providing entrance-exam related system solutions since the 1960s. Today, the services that the firm offers have become much more comprehensive by offering support in exam advertisements and marketing and preparing statistical material that is submitted to the Ministry of Education and Science.
- ❖ Big data – with the capability to process data from as many as 1.1mil candidates every year.
Every year for the past 14 years, ODK has processed data of more than 1mil candidates – including data that ODK processes in its outsourcing service. This figure is larger than the number of candidates taking Japan's University Centralised Exam – the common exams for state's universities. In terms of the number of candidates' data processed per year, ODK has the top market share in Japan. Currently, there is no other data solution company that offer a similar service to universities. The candidate data accumulated via UCARO® is stored in the firm's data bank which enables the firm to directly reach candidates. Management expects that the data will potentially extend to other new services, developed both inhouse as well as via alliances.
- ❖ Alliances with other education service providers to offer all-round services.
ODK works with its business partners in the Education-Related Services such as Gakken Holdings (9470 JP), Recruit Holdings (6098 JP), and Nakabayashi (7987 JP) to provide services to both students / candidates and universities. Gakken is the top shareholder of the firm, owning a 16.5% stake. Nakabayashi is also a shareholder of ODK, with a 5.5% holding.

On the other hand, weaknesses / risks of the business are as follows:

- ❖ Declining younger population in Japan
Thanks to placing primary focus on university entrance exam-related solutions, ODK has high exposure to data of 18-year-olds –the typical age of university entrance exam candidates. However, the younger population of Japan has been declining. According to the Basic Census on Schools by the Ministry of Education and Science, the population of the 18-year-olds in Japan peaked in 1992 at above 2mil and has shrunk every year since to approx. 1.2mil in 2021. The Census also estimates that the population of 18-year-olds will fall below 1mil after 2035. Moreover, university candidate numbers have been hovering around 600,000 since 1990.
- ❖ Diversified entrance exam method
In recent years, rather than deciding by entrance exam results, universities have started introducing other ways to offer places, such as recommendation by schools and Admissions Office [AO] test in which universities pick candidates who satisfy their desired personality, academic record, other achievements etc. In 2011, 389,851 candidates, 65.8% of the total university exam candidates, took university entrance exams. In 2021, this number declined to 326,643, or 50.3% of the total. Since the ODK's cash cow BPO business partially relies on the volume of exam candidates, this declining trend in the number of exam candidates presents as a downside risk going forward.
- ❖ Top market share in a red ocean – web application service
Increasing number of service providers started offering web application services to education providers.

2. Financial-related Services: FY21 Sales ¥1,079mil (+4.6% YoY) / 20% of Total Consolidated Sales

ODK's second pillar of business is to provide system solutions to stockbrokers for their back-office operations. Since 1963, the firm has built system architecture expertise in the back-office field of securities trading and continues to provide systems and services to brokerage firms today. The business offers not just system development but also BPO services to brokers and other financial institutions. There are five services offered:

- I. Comprehensive Securities System, Sens21
ODK develops and operates a comprehensive securities system, Sens21, which supports securities brokerage houses from CRM to fee settlement. The target customers for this system are independent securities brokerage houses in Japan that do not have financial and human resource capabilities to develop such systems in-house or cannot afford to introduce the more expensive systems such as Star developed by Nomura Research Institute (NRI, 4307 JP).
- II. The JASDEC Connection Service
ODK provides the JASDEC Connection Service that supports the "Hofuri" transfer. The term 'Hofuri' refers to the 'custody and transfer system'. As a general rule, shares held by a broker are deposited with the Japan Securities Depository Centre, Incorporated [JASDEC] and all shares are kept in escrow custody. While all deposited share certificates are transferred to JASDEC by the settlement date or other vesting date, the rights of shareholders, such as the right to receive dividends or new shares in a stock split, are secured without the need for investors to undergo any name transfer procedure each time they are transferred just by stockbrokers processing an issuance of a notice of beneficial shareholders. The rights as a shareholder, such as the right to receive dividends and new shares in stock splits, are therefore secured.

ODK provides BPO services between brokerage houses and JASDEC. The target customer groups are stockbrokers and money market dealers.
- III. System to Monitor Unfair Trades, Watch21
ODK developed a fraudulent trading monitoring system to support brokerage firms to monitor, search and identify doubtful trades. The firm's target customers for this service are mainly online stockbrokerage firms, which primarily handle trades for retail investors.
- IV. Independent Financial Advisor [IFA] System Solutions
ODK provides a web-based trading system solution for IFAs. The system can be linked to a broker's trade execution and settlement main system, so that IFAs can place orders online as well as manage client information, product information and monitor clients' portfolios. Trading via IFAs has been rising, which has provided opportunities for ODK to expand its business.
- V. Individual Number (My Number) Solutions, mynaone®
Sales growth of the Securities Settlement Business Segment of late has been delivered by My Number Solutions, which was rebranded as mynaone® in November 2022 in collaboration with SBI Business Solutions, an unlisted subsidiary of SBI Holdings (8473 JP), thanks to the Japanese government's promotion on My Number tagged to each individual. Since My Number will be linked to financial assets of everyone, as well as their National Health Insurance and taxation details, there is an increasing operational burden on each financial institution as they now need to tag their own client information to each client's My Number. ODK provides 1) My Number Collection system that gathers individuals' My Number via the web or smartphone, 2) My Number Management System that securely manages My Number collected by financial institutions. The firm also provides BPO solutions related to My Number.

STRENGTHS AND WEAKNESS / RISKS OF THE FINANCIAL-RELATED SERVICES

ODK's strengths in the Financial-related Services business are:

- ❖ Expertise in providing system solutions as well as BPO services
ODK provides comprehensive solutions and services to brokerage firms' back offices, especially to smaller, independent brokers. Regulations and compliance in the brokerage industry are evolving frequently. For smaller brokers, financial as well as human resource capabilities needed to keep pace with demanding regulatory changes are scarce. ODK's system solutions are designed to meet each broker's customised requirements in more affordable ways than that of its competitor's.
- ❖ Long-term track record of handling large amount of data in a highly secured system.
- ❖ Capability to serve to customers with associated BPO services.

On the other hand, major weaknesses / risks associated with the business are:

- ❖ Low awareness of the firm's brokerage and the JASDEC Connection Service
In the past, ODK's marketing was labour intensive. The firm marketed its system solutions based on solicitation from existing clients. In FY21, the firm started proactively communicating with prospective customers by direct marketing.
- ❖ Change in the brokerage industry
Although the change in the Tokyo Stock Exchange categorisation and an increase in trading volume by-retail investors can bring positive developments for ODK's business, changes such as (1) increasing competition among internet trading brokers, which led to ultra-low commission or free commission, can be a risk for the firm's growth as eventually fewer internet brokers are able to survive. Equally, (2) consolidation of the brokerage industry, such as those triggered by mergers among their parent banks, will likely be a negative for the firm as there will be less business opportunities.
- ❖ Influence by change in the government policy in My Number initiatives and IT-related investment
Currently growing Individual Number (My Number) Solutions can be affected if there were any change in the Japanese government's policy in My Number initiatives and IT-related investment.

3. General Businesses: FY21 Sales ¥742mil (+5.6% YoY) / 13.5% of Total Consolidated Sales

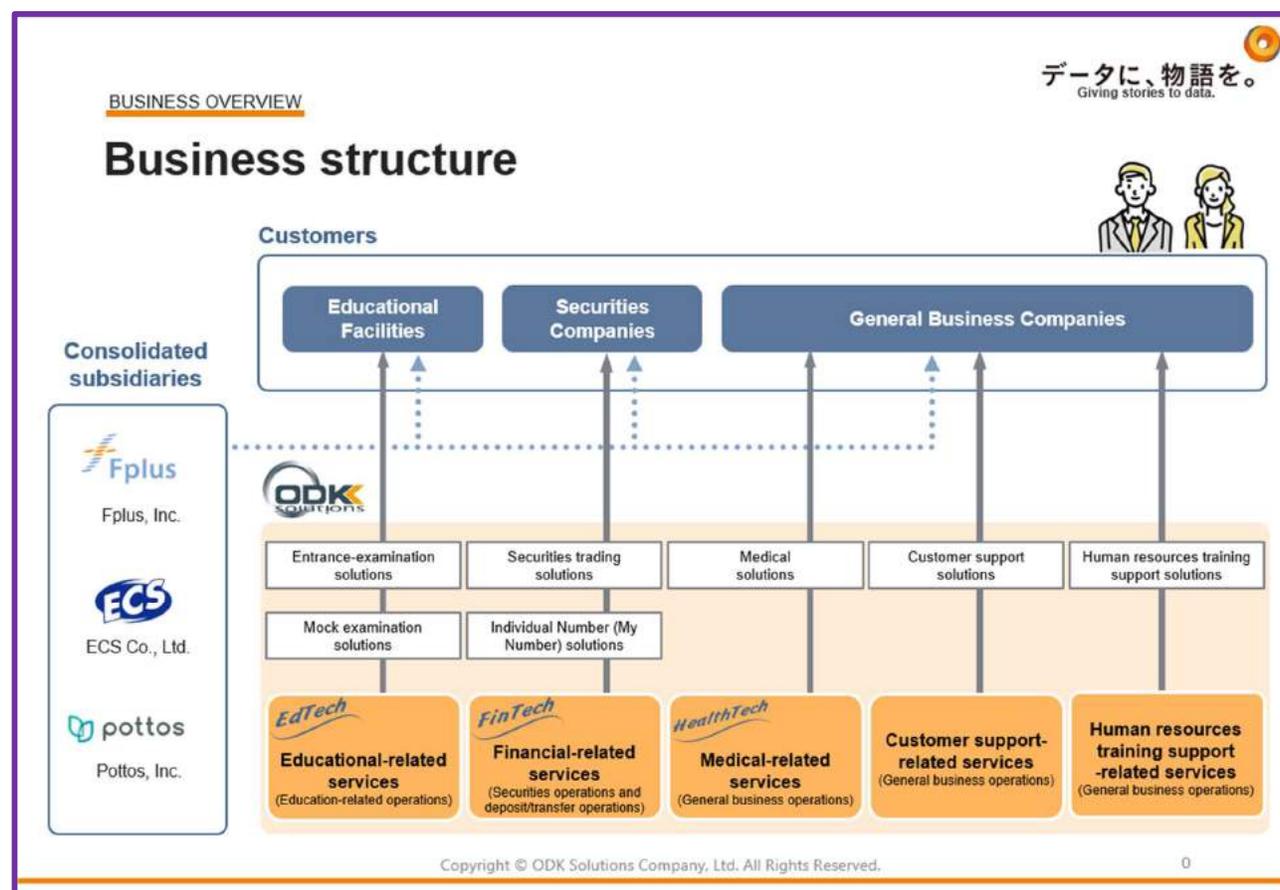
This includes 1) Medical Related Services, 2) Customer Success / Customer Support related services. FY21 sales figure includes machine sales.

1) Medical Related Services

ODK develops and manages system solutions for clinical testing. It also sells medical system-specific electronic tablets. The largest customer of this subsegment is Falco Holdings (4671 JP), which is also the second largest shareholder of ODK after Gakken, with a 10.3% stake in the company. Medical-related Services generate annual revenues of approx. ¥600mil including machine sales.

2) Customer Success / Customer Support

Here, the main source of income is from Zendesk reseller sales, which provide SaaS providers with everything from implementation support to operational improvement consulting and system development as an agent in Japan. Fee income from this service consists of monthly fees and pay-as-you-go charges.



Source: ODK Solutions Company., Ltd.

Recent earnings

FY22 1H results

ODK reported FY22 1H earnings with an operating loss of ¥390mil (vs an operating loss of ¥337mil in FY21 1H) on sales of ¥1,871mil (+8.5% YoY). Since revenues from Education Related Services, ODK's core business, has high seasonality in Q4 – as most universities hold their entrance exams in February and March – 1H revenues tend to be low and do not cover fixed costs. Hence, the firm usually reports operating losses in Q1~Q3 (April~Dec) period. Furthermore, ODK does not disclose the OP breakdown by segment or by service.

In the System Operation Segment, ODK reported FY22 1H sales of ¥1,772mil (+12.9% YoY), thanks mainly to full consolidation of a subsidiary ECS – a system integrator based in Hiroshima, as well as addition of human resources training support business. From FY21, revenue recognition of Education Related Service changed. In the past, the firm charged a one-off payment for system development in year one, followed by 3~5 years of a system management fee. From FY21, both System Development and System Operation are charged over the period of 3~5 years on average as a part of the System Operation Segment.

System Development and Maintenance Segment earned FY22 1H sales of ¥69mil (-35.7% YoY), due to the completion of My Number-related system development projects and e-learning systems in FY21.

ODK Solutions (3839 JP): Consolidated Sales Breakdown by Segment and Service							
(¥mil)	FY20		FY21		FY22		YoY (%)
	1H	FY	1H	FY	1H		
Education	84	3,597	799	3,491	861		7.8
Securities Settlement	459	948	496	1,029	485		-2.2
General	277	599	273	572	295		8.1
Subsidiaries	0	0	0	95	130		n/a
System Management	821	5,415	1,570	5,093	1,772		12.9
Education	0	0	0	0	0		n/a
Securities Settlement	27	82	31	49	27		-12.9
General	48	85	23	67	0		n/a
Others	37	80	52	92	40		-23.1
Development and Maintenance	114	248	107	209	69		-35.5
Hardware Sales	4	17	48	102	30		-36.7

Source: Nippon-IBR based on FY21 & FY22 1H earnings presentation published by ODK Solutions

FY22 Guidance

ODK is guiding for FY22 operating profit [OP] of ¥570mil (+30.6% YoY) on sales of ¥6,400mil (+16.3% YoY), which has not been revised from the original guidance reported at the time of FY21 results. ODK does not disclose sales and OP guidance by segment or by service. The firm is also guiding for the annual dividend of ¥10/share (flat YoY), which generates a dividend pay-out ratio of 24.1% based on FY22 EPS guidance of ¥41.48/share. Additionally, the firm announced a buyback of 1.2% of shares outstanding (total of 100,000 shares or maximum ¥1,000mil) between 1 September 2022 and 31 May 2023, of which it has already repurchased 39,900 shares as of 31 October 2022.

Medium-term Management Plan – FY22~FY24

The ultimate goal of ODK's three-year medium-term management plan is to transform its business model from having high exposure to outsourcing services to creating an added-value service via its data-based businesses. The firm plans to spend ¥10,000mil over the 10 years (FY22~FY31) to invest in next generation services with data at the core. During the current three-year plan, ¥3,000mil of the ¥10,000mil will be invested. Funds required for the growth investments will be financed by retained earnings, cash flow from operations, and if necessary, bank loans and other financing. As of FY22 1H, the firm has total retained earnings of ¥ 3,214mil, approx. 59.4% of net assets.

ODK does not have breakdown of the capital allocation, however, it aims to achieve ROIC of 7% through the following areas:

- Next generation data services
- Investment to improve profitability of existing businesses
- Maintain shareholder return, including stable dividend and share buyback.

ODK Solutions (3839 JP): Medium-term Management Plan				
(¥mil)	FY21	FY22	FY24	3-year CAGR
Sales	5,500	6,400	9,000	17.8
RP	509	600	800	16.3
Dividend (¥)	10.00	10.00	10.00	0.00

Source: Nippon-IBR based on FY21 & FY22 1H earnings presentation published by ODK Solutions

The core of the growth strategy is built around UCARO®, which has become a must-have for university entrance examinations candidates. Since the launch in 2016, it has become a portal site used by the majority of students taking university entrance exam in Japan. Currently, UCARO® users only use the site and app while they are applying

to sit exams. ODK launched an extended version of UCARO®, UCARO® Family, which is used by parents of candidates. Parents can monitor progress of the application process, information of the exams, the results, etc.

Recently, ODK launched Cataro, an SNS that can only be used by university students. Unlike some companies which can access and reuse big data, ODK does not intend to monetise a Big Data business from marketing. Rather, it aims to create a data platform that can be used from the age of 18, and eventually throughout each stage of their life. The firm is keen to invite various corporates to participate in the UCARO® platform and launch various content and services. A company that has a similar data platform idea is Institution for a Global Society (4265 JP) listed on the TSE Growth Market. How to monetise its data platform, though, is not yet clear, hence it is premature to discuss the potential impact to the firm's earnings during the ongoing medium-term plan at this stage.

Financial Summary

P&L Summary												
(¥mil)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22CE	FY23Cons
Sales	3,489	3,239	3,319	3,486	4,311	4,898	5,337	5,151	5,412	5,500	6,400	6,700
YoY (%)	-11.3	-7.2	2.4	5.0	23.6	13.6	8.9	-3.5	5.0	1.6	16.3	4.6
COGS	2,402	2,224	2,380	2,577	3,318	3,623	3,797	3,619	3,731	3,891	n/a	n/a
Gross Profit (GP)	1,086	1,014	939	909	993	1,275	1,540	1,532	1,680	1,609	n/a	n/a
GPM (%)	31.1	31.3	28.3	26.1	23.0	26.0	28.9	29.7	31.0	29.3	n/a	n/a
SG&A	671	724	761	800	830	909	969	1,008	1,011	1,173	n/a	n/a
Operating Profit (OP)	415	290	177	108	162	365	571	523	669	436	570	600
YoY (%)	-1.0	-30.2	-39.0	-39.0	50.0	125.3	56.4	-8.5	27.9	-34.9	30.7	5.2
OPM (%)	11.8	8.9	5.3	3.0	3.7	7.4	10.6	10.1	12.3	7.9	8.9	8.9
Interest & dividend received	35	43	27	31	22	20	25	24	25	47	n/a	n/a
Interest payment	3	3	5	7	6	5	5	3	4	5	n/a	n/a
Investment gains & losses	0	0	0	0	0	0	0	0	0	0	n/a	n/a
Recurring Profit (RP)	450	359	203	136	183	387	613	553	695	509	600	630
YoY (%)	-6.5	-20.3	-43.5	-33.1	34.5	111.4	58.3	-9.8	25.6	-26.8	17.8	5.0
RPM (%)	12.9	11.1	6.1	3.9	4.2	7.9	11.5	10.7	12.8	9.3	9.4	9.4
Pre-tax Profit	419	385	201	136	183	387	509	533	694	305	n/a	n/a
Tax costs	167	147	108	69	62	128	201	168	219	111	n/a	n/a
Minority shareholder interest	0	0	0	0	0	0	0	0	0	0	n/a	n/a
Net Profit (NP)	252	237	92	67	121	258	307	365	474	194	340	350
YoY (%)	7.6	-6.0	-61.2	-27.2	80.5	113.2	18.9	18.8	29.8	-59.3	75.2	2.9
Comprehensive Profit	257	219	78	106	163	478	296	626	352	-53	n/a	n/a

Source: Nippon-IBR based on ODK Solution's presentation materials, YUHOs and Toyo Keizai estimate

Trend of Financial KPIs												
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 EST	FY23 EST
	Consol	Consol										
ROE (%)	6.2	6.0	2.3	1.6	2.9	5.3	6.0	6.5	8.0	3.3	5.9	6.1
ROA (%)	4.5	4.5	1.5	1.1	1.8	3.5	4.2	4.8	5.7	2.4	4.2	4.3
EBITDA (¥mil)	650	538	492	521	650	843	1,084	902	1,108	875	n/a	n/a
Financial Leverage (x)	1.3	1.3	1.4	1.4	1.5	1.4	1.4	1.3	1.4	1.4	n/a	n/a
Net D/E Ratio (x)	-0.2	-0.3	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	n/a	n/a
Total Asset Turnover (x)	0.6	0.6	0.5	0.5	0.6	0.7	0.6	0.6	0.6	0.6	n/a	n/a

Source: Nippon-IBR summarised based on ODK Solution's earnings materials, and Toyo Keizai Estimates

Balance Sheet Summary										
(¥mil / March yr-end)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Current Asset	2,307	2,382	2,796	2,688	3,776	4,287	4,532	4,418	4,996	4,968
Fixed Asset	3,174	2,855	3,040	3,152	2,697	2,897	2,625	3,069	3,279	3,061
Tangible	311	469	467	557	412	467	413	449	574	475
Intangible	540	736	903	977	915	671	500	635	844	969
Investment and others	2,322	1,650	1,669	1,617	1,368	1,758	1,712	1,983	1,860	1,616
Total Asset	5,481	5,237	5,836	5,840	6,473	7,184	7,158	7,487	8,276	8,030
Current Liability	797	539	715	741	974	1,210	1,277	1,120	1,324	1,311
Fixed Liability	662	762	1,179	1,124	1,340	1,160	828	770	1,084	983
Net Asset	4,021	3,935	3,941	3,974	4,158	4,813	5,052	5,596	5,866	5,735
Capital	637	637	637	637	637	637	637	637	637	637
Capital Surplus	607	607	607	607	607	683	692	692	692	695
Retained Earnings	2,846	2,992	3,011	3,005	3,052	3,235	3,460	3,744	4,136	4,248
Treasury Shares	-72	-286	-286	-286	-191	-15	0	0	0	0
Minority Interest	0	0	0	0	0	0	0	0	0	1
Shareholders' Equity	4,021	3,935	3,941	3,974	4,158	4,813	5,052	5,596	5,866	5,734
Shareholders' Equity Ratio (%)	73.3	75.1	67.5	68.0	64.2	66.9	70.5	74.7	70.8	71.4
Interest-bearing Debt	0	0	569	449	899	659	418	209	628	478

Source: Nippon-IBR based on ODK Solution's presentation materials, YUHOs and Toyo Keizai estimate

Cash Flow Summary										
(¥mil / March yr-end)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Operating Cash Flow	347	681	240	458	670	300	681	742	715	917
Depreciation	235	248	315	413	488	478	513	379	439	439
Goodwill Amortisation	16	16	16	16	16	16	16	4	0	2
Change in Sales Receivables	-343	392	-218	-26	-102	-621	-329	-81	-258	129
Change in inventories	5	-10	9	-3	-1	-56	59	-23	-5	30
Change in Accounts Payable	27	14	0	30	9	80	-46	35	28	71
Investment Cash Flow	-364	170	-545	-69	-196	-165	-203	-539	-621	-533
Free Cash Flow	-17	851	-305	389	474	135	478	203	94	384
Finance Cash Flow	-225	-423	400	-344	316	-213	-463	-405	234	-422
Cash and Cash Equivalent	995	1,423	1,519	1,563	2,353	2,274	2,289	2,086	2,414	2,375

Source: Nippon-IBR based on ODK Solution's presentation materials, YUHOs and Toyo Keizai estimate

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