

Startia Holdings (3393)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2020		12,778	732	771	219	22.45	9.00	478.24
FY03/2021		13,324	21	70	(130)	(13.25)	10.00	463.06
FY03/2022CoE		15,000	150	150	(120)	(12.11)	11.00	-
FY03/2021	YoY	4.3%	(97.0%)	(90.9%)	-	-	-	-
FY03/2022CoE	YoY	12.6%	591.9%	113.4%	-	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2021		5,976	9	31	(15)	-	-	-
Q3 to Q4 FY03/2021		7,348	11	38	(115)	-	-	-
Q1 to Q2 FY03/2022CoE		7,200	(200)	(200)	(300)	-	-	-
Q3 to Q4 FY03/2022CoE		7,800	350	350	180	-	-	-
Q1 to Q2 FY03/2022CoE	YoY	20.5%	-	-	-	-	-	-
Q3 to Q4 FY03/2022CoE	YoY	6.1%	-	813.5%	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (19 May 2021)


Growing Fast

On 14 May 2021, Startia Holdings, making progress in its measure to become a SaaS company, released its FY03/2021 results. It has been revealed that demand for Cloud CIRCUS is growing fast. Cloud CIRCUS represents services to support earnings at client companies by optimizing the information held by them using a variety of SaaS tools developed by the Company. In FY03/2021, the first year of Midterm Management Plan NEXT'S 2025 (FY03/2021 to FY03/2025), the growth rate of ARR (=MRR×12) related to Cloud CIRCUS has reached some 30%, while the high growth rate is expected to persist for FY03/2022. Meanwhile, when compared with the assumptions of Midterm Management Plan NEXT'S 2025, it appears that the acceleration of growth rate for ARR has occurred rather earlier. We are to watch the Company's financial results briefing on the web, scheduled for Thursday, 20 May, which will be followed by our interview with management through web-based conference, so that we should be able to update [Startia Holdings \(3393\) To Accelerate Further \(2 April 2021\)](#) and release anew.

IR Representative: Takao Uematsu, director (81-(0)3-5339-2109 / tk.uematsu@startiaholdings.com)

2.0 Company Profile

Humanly Coping with Cutting Edge Technology

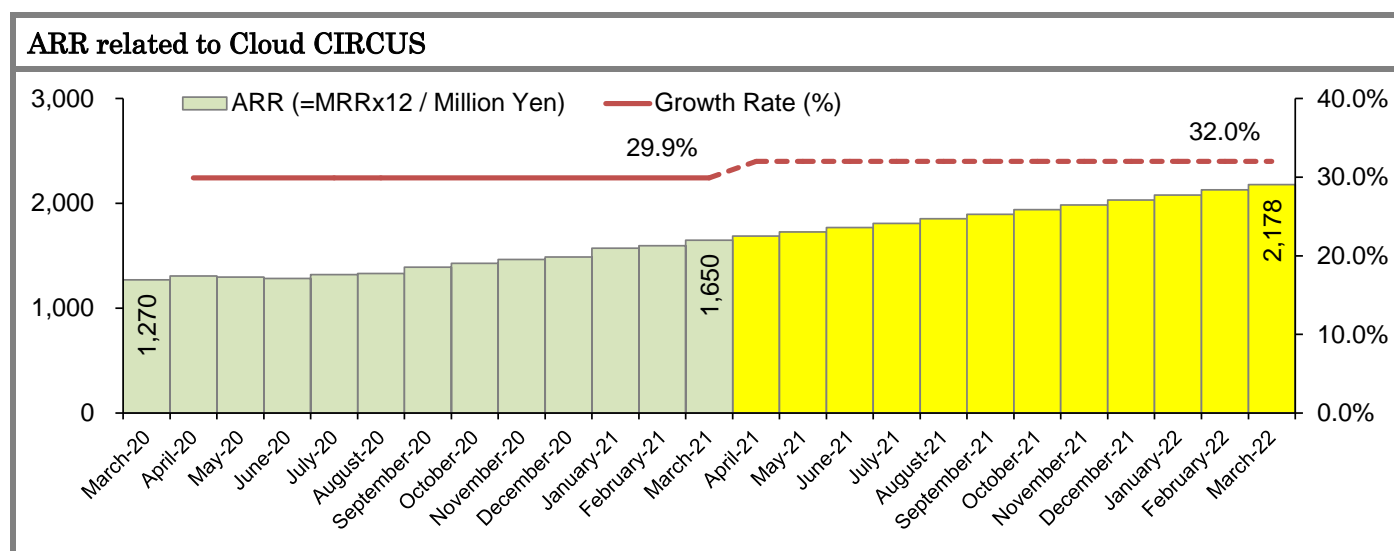
Company Name	Startia Holdings, Inc. Company Website IR Information Share price (Japanese)	
Established	21 February 1996	
Listing	28 February 2014: Tokyo Stock Exchange 1st section (ticker: 3393) 20 December 2005: Tokyo Stock Exchange Mothers	
Capital	¥824m (as of the end of March 2021)	
No. of Shares	10,240,400 shares, including 82 treasury shares (as of the end of March 2021, the number of treasury shares: after excluding 355,500 shares held by trust account related to Board Benefit Trust)	
Main Features	<ul style="list-style-type: none"> ● Upfront investment to drive sales of Cloud CIRCUS to grow fast ● Having pulled out of outright sale and focused on continued billing ● Long-term growth also for IT infrastructure building for smaller business 	
Segments	I . Digital Marketing Business II . IT Infrastructure Business III. CVC Business IV. Overseas Business	
Representative)	Representative Director, President and Group CEO: Hideyuki Hongo	
Shareholders	Hideyuki Hongo 40.38%, Hikari Tsushin 6.62%, Akira Saiga 4.88%, JPMBL RE NOMURA INTERNATIONAL PLC1 COLL EQUITY 4.83%, Custody Bank of Japan, TrustE 3.47% (as of the end of March 2021, but for treasury shares)	
Head Office	Shinjuku-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 708, Unconsolidated: 41 (as of the end of March 2020)	

Source: Company Data

3.0 Recent Trading and Prospects

FY03/2021 Results

In FY03/2021, sales came in at ¥13,324m (up 4.3% YoY), operating profit ¥21m (down 97.0%), recurring profit ¥70m (down 90.9%) and profit attributable to owners of parent minus ¥130m (versus ¥219m in the previous year), while operating profit margin 0.2% (down 5.6% points). Compared with assumptions of initial Company forecasts (announced on 15 May 2020), sales were better by ¥324m (2.5%) and operating profit by ¥221m.



Source: Company Data, WRJ Calculation

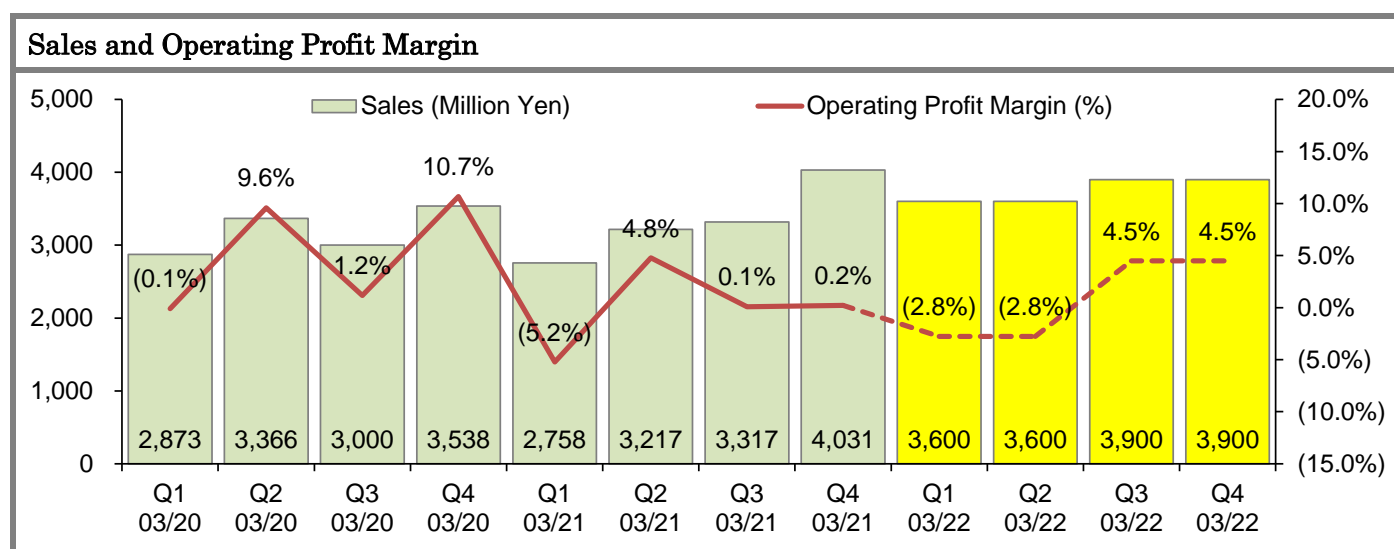
By segment (segment profit: before allocations of head office expenses), Digital Marketing Business saw segment sales of ¥2,580m (up 14.3%) and segment profit of ¥73m (down 81.2%), while IT Infrastructure Business saw segment sales of ¥10,641m (up 2.4%) and segment profit of ¥950m (down 32.4%).

As a whole for the Company, the performance was better than expected, driven by that of Digital Marketing Business. On top of growth rate faster than expected for ARR related to Cloud CIRCUS, the Company suggests that it saw order intake for contract development projects related to Cloud CIRCUS increased more than expected.

While initial Company forecasts assumed growth rate of 7.9% (¥1,370m) for ARR related to Cloud CIRCUS, the Company saw growth rate of 29.9% (¥1,650m) in the actual results, implying the amount of ARR having been better by 20.4%. More importantly, FY03/2022 Company forecasts are going for prospective growth rate of 32.0% (¥2,178m) versus the amount of ¥1,870m assumed in Midterm Management Plan NEXT'S 2025. That is to say, now, prospective amount of ARR for FY03/2022 will be better than expected earlier by 16.5%.

FY03/2022 Company Forecasts

FY03/2022 Company forecasts (announced on 14 May 2021) are going for prospective sales of ¥15,000m (up 12.6% YoY), operating profit of ¥150m (up 591.9%), recurring profit of ¥150m (up ¥113.4%) and profit attributable to owners of parent of minus ¥120m (versus minus ¥130m in the previous year), while operating profit margin of 1.0% (up 0.8% points). At the same time, Company forecasts are going for prospective annual dividend of ¥11.00 per share.



Source: Company Data, WRJ Calculation (quarters in FY03/2022: half-year Company forecasts, pro rata)

For Cloud CIRCUS, where the Company continues to focus, the number of licenses (client companies) is increasing consistently and cross-selling is progressing steadily at the same time. Consequently, ARPU (average revenue per user) is trending upward. In particular, cross-selling of high compatibility, i.e., BowNow (marketing automation tool) and BlueMonkey (CMS & owned media construction), appears to be performing well for the mainstay client companies belong to the domain of BtoB.

Meanwhile, for FY03/2022, the Company is to make upfront investment to ensure high growth of ARR over a long-term perspective as it did for FY03/2021, which is to incur expenses. On top of aggressively spending on advertising expenses to strengthen the branding of Cloud CIRCUS and attract users, the Company is to spend on development expenses with the aim of further improve its services related to Cloud CIRCUS. For all those issues, the Company saw expenses of collective ¥1,130m for FY03/2021 and will see collective ¥1,580m for FY03/2022.

4.0 Financial Statements

Income Statement (Cumulative/Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Sales	2,873	6,240	9,240	12,778	2,758	5,976	9,293	13,324		+546
Cost of Sales	1,641	3,469	5,168	7,062	1,597	3,324	5,147	7,508		+445
Gross Profit	1,232	2,770	4,071	5,715	1,160	2,651	4,145	5,816		+100
SG&A Expenses	1,235	2,450	3,716	4,982	1,304	2,641	4,132	5,794		+811
Operating Profit	(2)	320	355	732	(143)	9	12	21		(711)
Non Operating Balance	(9)	15	27	38	11	22	28	48		+10
Recurring Profit	(12)	335	383	771	(132)	31	40	70		(701)
Extraordinary Balance	-	2	2	(111)	(10)	(13)	(1)	(8)		+103
Profit before Income Taxes	(12)	338	385	659	(142)	18	39	62		(597)
Total Income Taxes	20	159	193	441	(42)	34	102	192		(248)
NP Belonging to Non-Controlling SHs	(1)	(1)	(1)	(1)	-	-	-	-		+1
Profit Attributable to Owners of Parent	(31)	180	193	219	(100)	(15)	(63)	(130)		(350)
Sales YoY	+3.3%	+8.9%	+7.1%	+7.3%	(4.0%)	(4.2%)	+0.6%	+4.3%		-
Operating Profit YoY	-	+8.6%	(6.0%)	+41.6%	-	(96.9%)	(96.4%)	(97.0%)		-
Recurring Profit YoY	-	+1.5%	(7.7%)	+34.5%	-	(90.5%)	(89.3%)	(90.9%)		-
Profit Attributable to Owners of Parent YoY	-	(21.1%)	(26.9%)	(32.0%)	-	-	-	-		-
Gross Profit Margin	42.9%	44.4%	44.1%	44.7%	42.1%	44.4%	44.6%	43.7%		(1.1%)
Sales to SG&A Expenses Ratio	43.0%	39.3%	40.2%	39.0%	47.3%	44.2%	44.5%	43.5%		+4.5%
Operating Profit Margin	(0.1%)	5.1%	3.8%	5.7%	(5.2%)	0.2%	0.1%	0.2%		(5.6%)
Recurring Profit Margin	(0.4%)	5.4%	4.1%	6.0%	(4.8%)	0.5%	0.4%	0.5%		(5.5%)
Profit Attributable to Owners of Parent Margin	(1.1%)	2.9%	2.1%	1.7%	(3.6%)	(0.3%)	(0.7%)	(1.0%)		(2.7%)
Total Income Taxes/Profit before Income Taxes	-	47.3%	50.3%	66.9%	-	182.4%	258.4%	310.3%		+243.4%
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Sales	2,873	3,366	3,000	3,538	2,758	3,217	3,317	4,031		+493
Cost of Sales	1,641	1,828	1,698	1,894	1,597	1,726	1,823	2,360		+466
Gross Profit	1,232	1,538	1,301	1,643	1,160	1,490	1,493	1,670		+27
SG&A Expenses	1,235	1,214	1,266	1,266	1,304	1,337	1,490	1,662		+395
Operating Profit	(2)	323	35	377	(143)	153	2	8		(368)
Non Operating Balance	(9)	24	12	11	11	10	6	20		+9
Recurring Profit	(12)	347	47	388	(132)	164	8	29		(358)
Extraordinary Balance	-	2	-	(114)	(10)	(3)	12	(7)		+107
Profit before Income Taxes	(12)	350	47	273	(142)	161	21	22		(251)
Total Income Taxes	20	139	34	247	(42)	76	68	89		(157)
NP Belonging to Non-Controlling SHs	(1)	-	-	-	-	-	-	-		-
Profit Attributable to Owners of Parent	(31)	211	13	26	(100)	84	(47)	(67)		(93)
Sales YoY	+3.3%	+14.2%	+3.7%	+7.8%	(4.0%)	(4.4%)	+10.6%	+13.9%		-
Operating Profit YoY	-	+25.4%	(57.7%)	+170.9%	-	(52.4%)	(91.7%)	(97.7%)		-
Recurring Profit YoY	-	+23.7%	(44.0%)	+145.2%	-	(52.7%)	(81.1%)	(92.4%)		-
Profit Attributable to Owners of Parent YoY	-	+27.0%	(63.3%)	(54.9%)	-	(59.9%)	-	-		-
Gross Profit Margin	42.9%	45.7%	43.4%	46.5%	42.1%	46.3%	45.0%	41.4%		(5.0%)
Sales to SG&A Expenses Ratio	43.0%	36.1%	42.2%	35.8%	47.3%	41.6%	44.9%	41.2%		+5.4%
Operating Profit Margin	(0.1%)	9.6%	1.2%	10.7%	(5.2%)	4.8%	0.1%	0.2%		(10.4%)
Recurring Profit Margin	(0.4%)	10.3%	1.6%	11.0%	(4.8%)	5.1%	0.3%	0.7%		(10.2%)
Profit Attributable to Owners of Parent Margin	(1.1%)	6.3%	0.4%	0.7%	(3.6%)	2.6%	(1.4%)	(1.7%)		(2.4%)
Total Income Taxes/Profit before Income Taxes	-	39.8%	71.8%	90.3%	-	47.5%	326.0%	403.2%		+312.9%

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative/Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021		
Digital Marketing Business	465	1,006	1,540	2,257	520	1,131	1,778	2,580	+322	
IT Infrastructure Business	2,356	5,156	7,595	10,395	2,224	4,820	7,478	10,641	+246	
CVC Business	-	-	0	0	-	-	0	57	+57	
Overseas Business	48	73	99	121	13	24	35	43	(77)	
Other	2	3	3	4	-	-	-	0	(3)	
Sales	2,873	6,240	9,240	12,778	2,758	5,976	9,293	13,324	+546	
Digital Marketing Business	(50)	(13)	(3)	137	10	40	(69)	(121)	(259)	
IT Infrastructure Business	(1)	291	302	598	(154)	(13)	166	285	(313)	
CVC Business	(0)	(0)	(0)	(51)	(0)	(12)	(12)	44	+96	
Overseas Business	20	9	7	3	(11)	(21)	(31)	(52)	(55)	
Other	(7)	(13)	(14)	(14)	-	-	-	-	+14	
Segment Profit	(39)	272	290	673	(155)	(6)	53	157	(516)	
Adjustments	36	47	64	59	11	16	(40)	(135)	(194)	
Operating Profit	(2)	320	355	732	(143)	9	12	21	(711)	
Digital Marketing Business	(10.9%)	(1.4%)	(0.2%)	6.1%	2.1%	3.6%	(3.9%)	(4.7%)	(10.8%)	
IT Infrastructure Business	(0.0%)	5.6%	4.0%	5.8%	(7.0%)	(0.3%)	2.2%	2.7%	(3.1%)	
CVC Business	-	-	(178.4%)	-	-	-	-	77.7%	-	
Overseas Business	41.6%	12.7%	7.5%	2.5%	(82.6%)	(87.8%)	(89.6%)	(119.9%)	(122.4%)	
Other	(290.4%)	(398.1%)	(396.8%)	(363.0%)	-	-	-	0.0%	+363.0%	
Operating Profit Margin	(0.1%)	5.1%	3.8%	5.7%	(5.2%)	0.2%	0.1%	0.2%	(5.6%)	

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021		
Digital Marketing Business	465	540	534	717	520	610	646	802	+85	
IT Infrastructure Business	2,356	2,799	2,439	2,799	2,224	2,596	2,657	3,163	+363	
CVC Business	-	-	0	-	-	-	0	57	+57	
Overseas Business	48	25	25	21	13	10	11	7	(13)	
Other	2	1	0	0	-	-	-	0	+0	
Sales	2,873	3,366	3,000	3,538	2,758	3,217	3,317	4,031	+493	
Digital Marketing Business	(50)	37	9	141	10	30	(109)	(52)	(193)	
IT Infrastructure Business	(1)	292	11	296	(154)	141	180	119	(177)	
CVC Business	(0)	(0)	0	(51)	(0)	(12)	0	57	+108	
Overseas Business	20	(10)	(1)	(4)	(11)	(10)	(10)	(20)	(15)	
Other	(7)	(6)	(1)	0	-	-	-	-	(0)	
Segment Profit	(39)	311	18	382	(155)	148	60	103	(278)	
Adjustments	36	11	17	(5)	11	4	(57)	(94)	(89)	
Operating Profit	(2)	323	35	377	(143)	153	2	8	(368)	
Digital Marketing Business	(10.9%)	6.9%	1.9%	19.7%	2.1%	4.9%	(17.0%)	(6.5%)	(26.3%)	
IT Infrastructure Business	(0.0%)	10.4%	0.5%	10.6%	(7.0%)	5.4%	6.8%	3.8%	(6.8%)	
CVC Business	-	-	7.1%	-	-	-	13.5%	99.6%	-	
Overseas Business	41.6%	(43.1%)	(7.1%)	(21.1%)	(82.6%)	(94.3%)	(93.3%)	(257.0%)	(235.9%)	
Other	(290.4%)	(656.6%)	(382.4%)	77.5%	-	-	-	0.0%	(77.5%)	
Operating Profit Margin	(0.1%)	9.6%	1.2%	10.7%	(5.2%)	4.8%	0.1%	0.2%	(10.4%)	

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Cash and Deposit	2,983	2,855	2,976	3,414	3,457	3,221	2,704	3,245	(169)	
Accounts Receivables	1,615	1,984	1,671	2,079	1,588	1,855	1,842	2,331	+252	
Inventory	131	112	143	203	203	152	195	168	(34)	
Other	487	523	395	489	352	488	598	724	+234	
Current Assets	5,218	5,476	5,186	6,187	5,602	5,717	5,341	6,469	+282	
Tangible Assets	124	118	111	113	112	111	110	137	+24	
Intangible Assets	476	503	502	360	410	530	656	837	+477	
Investments and Other Assets	1,437	1,420	1,372	1,249	1,371	1,362	1,290	1,345	+95	
Fixed Assets	2,038	2,043	1,986	1,723	1,894	2,004	2,058	2,320	+597	
Total Assets	7,256	7,519	7,173	7,910	7,497	7,722	7,399	8,790	+879	
Accounts Payables	685	725	684	763	514	659	724	901	+138	
Short Term Debt	466	466	466	600	675	617	558	855	+255	
Other	879	999	837	1,281	981	1,125	1,025	1,318	+37	
Current Liabilities	2,031	2,191	1,988	2,644	2,172	2,401	2,308	3,075	+431	
Long Term Debt	626	498	373	512	646	509	376	1,032	+520	
Other	70	77	83	52	76	89	75	104	+52	
Fixed Liabilities	697	575	457	564	722	598	451	1,137	+572	
Total Liabilities	2,728	2,767	2,445	3,208	2,894	3,000	2,760	4,213	+1,004	
Shareholders' Equity	4,354	4,578	4,569	4,607	4,457	4,552	4,484	4,418	(188)	
Other	173	172	157	93	144	169	153	158	+64	
Net Assets	4,528	4,751	4,727	4,701	4,602	4,722	4,638	4,577	(124)	
Total Liabilities and Net Assets	7,256	7,519	7,173	7,910	7,497	7,722	7,399	8,790	+879	
Equity Capital	4,528	4,751	4,727	4,701	4,602	4,722	4,638	4,577	(124)	
Interest Bearing Debt	1,093	965	840	1,112	1,321	1,126	935	1,888	+775	
Net Debt	(1,889)	(1,890)	(2,135)	(2,302)	(2,136)	(2,094)	(1,769)	(1,356)	+945	
Equity Ratio	62.4%	63.2%	65.9%	59.4%	61.4%	61.1%	62.7%	52.1%	-	
Net Debt Equity Ratio	(41.7%)	(39.8%)	(45.2%)	(49.0%)	(46.4%)	(44.4%)	(38.2%)	(29.6%)	-	
ROE (12 months)	5.0%	5.7%	5.4%	4.7%	3.3%	0.5%	(0.8%)	(2.8%)	-	
ROA (12 months)	7.1%	7.9%	7.3%	9.6%	8.8%	6.1%	5.9%	0.8%	-	
Quick Ratio	226%	221%	234%	208%	232%	211%	197%	181%	-	
Current Ratio	257%	250%	261%	234%	258%	238%	231%	210%	-	

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Operating Cash Flow	-	49	-	529	-	95	-	(190)	(719)	
Investing Cash Flow	-	(178)	-	(234)	-	(262)	-	(702)	(467)	
Operating CF and Investing CF	-	(128)	-	294	-	(166)	-	(892)	(1,187)	
Financing Cash Flow	-	(294)	-	(163)	-	(29)	-	722	+885	

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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