

Providing multi-QR code payment service StarPay and DX-related services

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【5590 NETSTARS Sector : Information & Communication】

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	1,963	41.5	-1,013	-	-1,013	-	-1,017	-	-63.7	438.7	0.0
Dec.2022	2,987	52.0	-554	-	-566	-	-572	-	-35.8	404.5	0.0
Dec.2023 f	3,725	24.7	-654	-	-654	-	-662	-	-41.0	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending December 2023 is the company's forecasts.
It conducted 1:200 stock split on June 20, 2023. Per share indices are adjusted retroactively.

Providing Multi-QR Code Payment Service StarPay

NETSTARS offers member stores a range of services, including StarPay. This is a multi-QR code payment service solution that provides one-stop multiple cashless payment services, including QR code payments and StarPay-DX, a payments-related DX product. As of the end of June 2023, StarPay is used by approximately 15,000 companies with more than 400,000 accounts in Japan.

Net Sales Centered on Payment Fees for Multi-QR Code Payments

Up until fiscal year ended December 2022, the company's business was divided into payments-related services, which includes multi-QR code payment service StarPay and its related services, telecommunications-related services, which are overseas telecommunications services, and promotions-related services, which are businesses mainly targeted at tourists from China.

In fiscal year ended December 2022, the sales breakdown by service was 76.4% from payment-related services, 21.0% from telecommunications-related services, and 2.6% from promotions-related services.

NETSTARS provides StarPay, a multi-QR code payment service, to its member stores. Through this service, multiple QR code payments can be made in a single app, and NETSTARS receives payment fees in return. In addition, leveraging StarPay as a platform, the company develops DX products such as mini apps that enable member stores to access various functions within StarPay and supply them to member stores. NETSTARS additionally sells payment terminals.

In its telecommunications-related services, the company provided a system for overseas telecommunications services, and received system usage fees from telecommunications carriers based on a user's usage levels. NETSTARS discontinued these services at the end of April 2023 due to low profitability and the withdrawal of its major client from the business that accounted for more than 99% of the net sales of company's telecommunications-related services.

As for its promotions-related services, NETSTARS is engaged by StarPay member stores to plan and operate promotion activities for inbound tourists from China.

Financial Statements

Statement of income	Fiscal Year	Dec.2021		Dec.2022		Six months to Jun.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		1,963	100.0	2,987	100.0	1,798	100.0
Cost of sales		934	47.6	1,122	37.6	647	36.0
Gross profit		1,029	52.4	1,864	62.4	1,151	63.9
Selling, general and administrative expenses		2,042	104.0	2,419	81.0	1,295	72.0
Operating profit		-1,013	-51.6	-554	-18.6	-143	-8.0
Non-operating income		13	-	6	-	0	-
Non-operating expenses		13	-	18	-	8	-
Ordinary profit		-1,013	-51.6	-566	-19.0	-151	-8.4
Profit before income taxes		-1,013	-51.6	-568	-19.0	-151	-8.4
Net profit		-1,017	-51.8	-572	-19.2	-154	-8.6

Balance sheet	Fiscal Year	Dec.2021		Dec.2022		Jun.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		17,586	95.0	20,406	94.6	23,716	95.2
Cash and deposits		16,885	91.2	19,746	91.5	23,200	93.1
Accounts receivable-trade		494	2.7	494	2.3	395	1.6
Inventories		20	0.1	54	0.3	30	0.1
Non-current assets		925	5.0	1,172	5.4	1,190	4.8
Property, plant and equipment		17	0.1	30	0.1	31	0.1
Intangible assets		485	2.6	755	3.5	778	3.1
Investments and other assets		422	2.3	386	1.8	380	1.5
Total assets		18,512	100.0	21,578	100.0	24,907	100.0
Current liabilities		11,503	62.1	15,115	70.0	18,573	74.6
Accounts payable - trade		225	1.2	224	1.0	168	0.7
Withholdings		10,898	58.9	14,419	66.8	18,062	72.5
Non-current liabilities		-	-	-	-	-	-
Net assets		7,008	37.9	6,462	30.0	6,333	25.4
Owners' equity		7,008	37.9	6,462	30.0	6,333	25.4

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		7,062	3,216	3,548
Depreciation		79	109	91
Cash flows from investing activities		-642	-377	-118
Cash flows from financing activities		4,318	0	0
Dividends paid		-	-	-
Net increase in cash and cash equivalents		10,761	2,861	3,454
Cash and cash equivalents		16,885	19,746	23,200

Note:Consolidated

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