

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

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【5590 NETSTARS Sector : Information & Communication】

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Dec. 2022	2,987	52.1	-554	-	-566	-	-572	-	-35.8	404.5	0.0
Dec. 2023	3,720	24.6	-321	-	-329	-	-347	-	-21.5	423.8	0.0
Dec. 2024 CE	4,650	25.0	101	-	201	-	150	-	9.0	-	0.0
Dec. 2024 E	4,576	23.0	103	-	192	-	137	-	8.2	431.5	0.0
Dec. 2025 E	5,693	24.4	567	5.5x	568	3.0x	474	3.5x	28.4	459.9	0.0
Dec. 2026 E	7,193	26.3	994	75.3	995	75.2	836	76.3	50.1	510.0	0.0

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

1. Corporate Overview

NETSTARS offers member stores a multi-QR code payment service solution, "StarPay." StarPay provides one-stop multiple cashless payment services that include QR code payments. The company also provides StarPay-DX, which is a payment-related DX product.

Excluding the telecommunications business, which the company withdrew from in April 2023, payment-related services accounted for 74.5% of net sales (payment fees 72.6%, terminal sales 1.9%) in fiscal year ended December 2023, DX-related services for 21.6% and other services for 3.9%.

2. Financial Analysis

From fiscal year ended December 2018 (non-consolidated) to fiscal year ended December 2023 (consolidated), net sales increased at an annual growth rate of 41.6%. The growth was attributable to factors such as the expansion of payment fees for domestic brand QR code payments and the strengthened contribution of DX-related services. On the other hand, the company continues to record operating losses due to ongoing advanced investments in personnel and other areas.

From the growth potential perspective, NETSTARS is more attractive than similar companies.

3. Non-Financial Analysis

The source of the company's intellectual capital is its technical capabilities, know-how and experience in the multi-QR code payment services area.

4. Corporate Strategy Analysis

The corporate strategy of NETSTARS is to expand cashless payments, cross-sell with DX products and increase profits by expanding overseas.

5. Analyst Evaluation

We forecast that based on the results of the first half of fiscal year ending December 2024 and measures the company has taken, net sales will increase by 23.0% year on year and operating profit will total 103 million yen for fiscal year ending December 2024.

We expect payment fees to increase due to factors related to the expansion of the QR code payment market. Accordingly, we forecast a 24.4% increase in net sales, an increase of 5.5 times in operating profit for fiscal year ending December 2025, a 26.3% increase in net sales and a 75.3% increase in operating profit for fiscal year ending December 2026.

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