

Supplementary Explanation of Financial Results for the First Quarter Ended June 2024

- Final Year of Medium-Term Management Plan “NEXT ‘S 2025 ” -

Startia Holdings, Inc.

TSE Prime

3393

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



section

01

01 FY 2025 1Q
Overview of Group Consolidated Results

(1)Group Consolidated
(2)IT infrastructure segment
(3)Digital Marketing segment

02 Appendix
(1)Topics
(2)Company Profile

1. FY 3/2025 1Q Group Consolidated Financial Results



1. 1Q FY2025 Group Consolidated Performance

(1) Group Consolidated

**1Q Sales Set New Record Highest. Operating Income and Ordinary Income Progress Above Plan!
A Good Start to Achieve the Final Year of the Medium-Term Management Plan.**

(Unit: Million Yen)	1Q FY2024	1Q FY2025	Change	YoY
Sales	4,934	5,258	+324	+6.6%
Gross profit	2,305	2,320	+14	+0.7%
Operating profit	634	533	△101	△16.0%
Ordinary profit	649	589	△60	△9.3%
Quarterly Net Income to Parent Shareholders	436	489	+53	+12.2%
EBITDA	733	654	△79	△10.8%

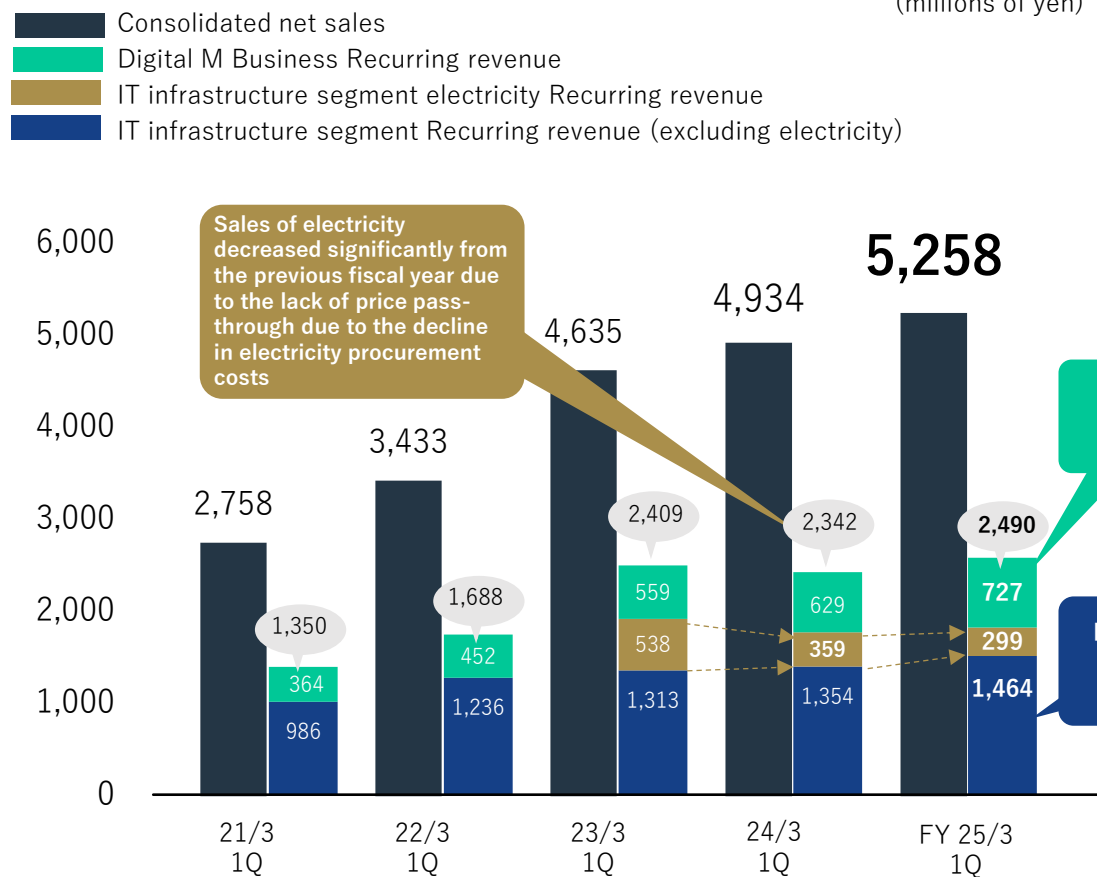
Sales and Operating Income

Sales reached record highs in the first quarter, with Recurring revenue steadily building up.

Operating income exceeded the 1Q plan! *Profit increased in the first quarter of the previous year due to special demand from Multifunction peripherals distributors.

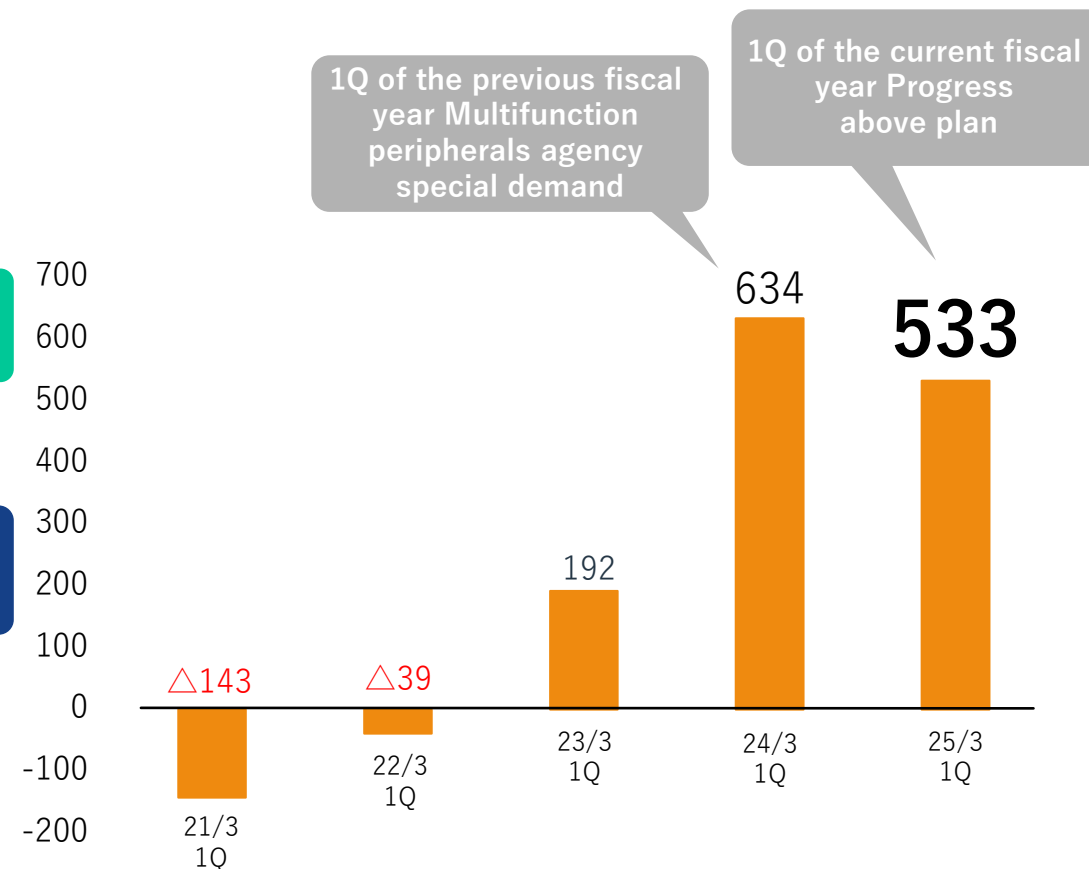
1Q Sales Trends

(millions of yen)



1Q Operating Income Trends

(millions of yen)

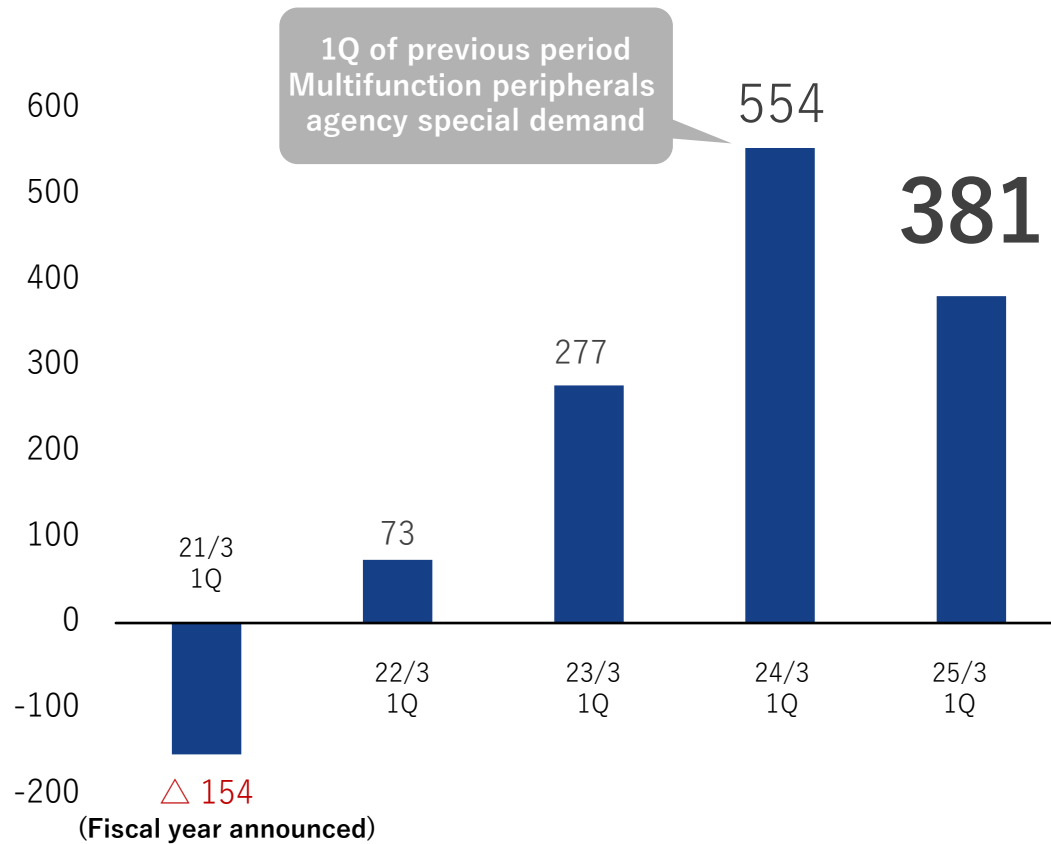


Segment Profit Trend

IT infrastructure segment's profit decreased year on year due to special demand, but progress exceeded plan.
Digital M is progressing towards profit accumulation

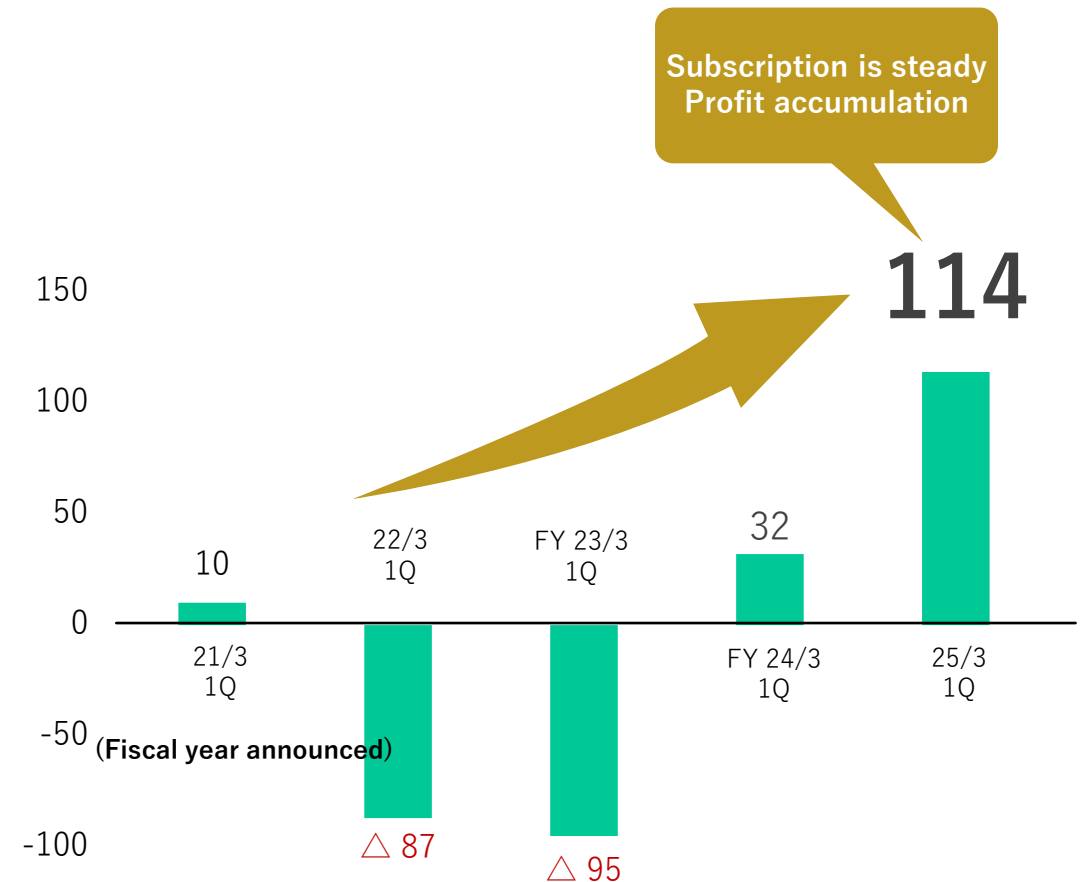
1QIT Infrastructure Segment Profit Trend

(millions of yen)



1Q Digital M Segment Profit Trend

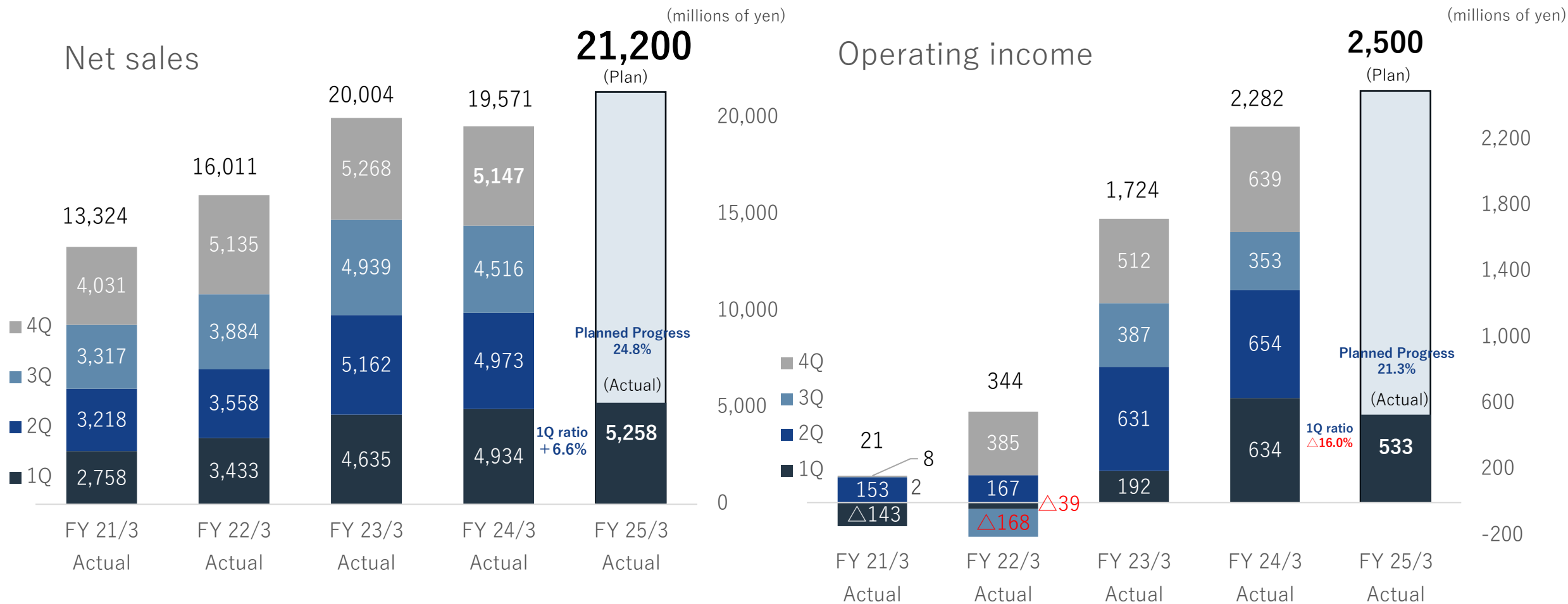
(millions of yen)



Quarterly Results

Sales are progressing as planned.

Operating income is in the black every year after monetization, despite higher hiring costs for new employees.



FY 2025 1Q Consolidated PL Summary (Comparison of Plans)

Seasonality tends to be overemphasized in the 2 and 4 Qs

Steady Progress Toward Achievement of Final Year of Medium-Term Management Plan

(Units: Million Yen)	1Q FY2025	2Q Plan	2Q Plan Progress Rate	Full-Year Plan	Full-Year Plan Progress Rate
Sales	5,258	10,520	50.0%	21,200	24.8%
Operating profit	533	1,200	44.4%	2,500	21.3%
Ordinary profit	589	1,200	49.1%	2,500	23.6%
Quarterly Net Income to Parent Shareholders	489	792	61.7%	1,650	29.6%

FY ended March 2025 1Q BS Summary

(Unit: Million Yen)	End of March 2024	End of June 2024	Change
Current Assets	11,560	10,848	△711
Cash and Deposits	7,366	7,023	△343
Tangible Fixed Assets	232	255	22
Intangible Fixed Assets	1,470	1,434	△35
Software	1,001	983	△17
Investments and Other Assets	1,426	1,329	△97
Total Assets	14,689	13,867	△821
Current Liabilities	6,135	5,343	△791
Borrowings	2,436	2,382	△54
Non-Current Liabilities	1,735	1,449	△286
Long-Term Borrowings	1,715	1,435	△280
Total Liabilities	7,871	6,792	△1,078
Total Net Assets	6,818	7,075	256
Total Liabilities and Net Assets	14,689	13,867	△821

Notes and accounts receivable :△121
 Inventories :△157
 Accounts receivable :△395
 Other current assets :△198

Goodwill :△18
 Software :△17

Accounts payable – trade :△189
 Current portion of long-term debt :△54
 Accounts payable : +44
 Income taxes payable :△313
 Provision for stock benefits :△140



1. 1Q FY2025 Group Consolidated Performance

(2) IT infrastructure segment

IT infrastructure segment

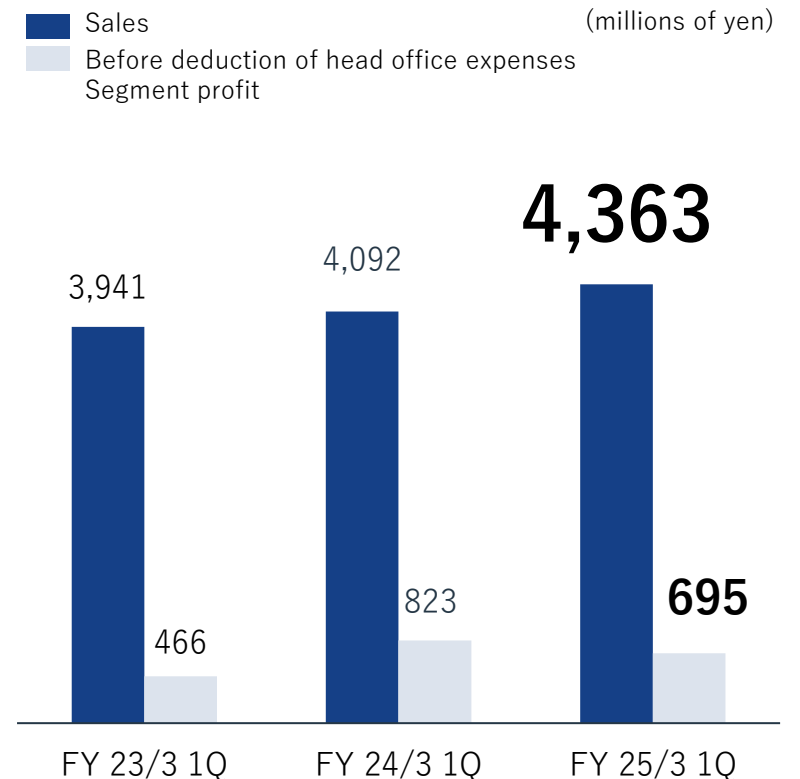
Sales : In one-time revenue, sales of network equipment related products were particularly strong. Sales of business phones and Multifunction peripherals also grew steadily. In Recurring revenue, sales of electricity decreased due to the impact of the cancellation of the electricity contract in the previous fiscal year, but sales of other products steadily increased.

Segment profit : Although it decreased compared to the previous year when there was a special demand by Multifunction peripherals distributor, it grew steadily compared to the plan and the previous year.

*Cost reduction due to Multifunction peripherals's volume discount effect

(Unit: Million Yen)	1Q FY2024	1Q FY2025	Change	YoY
Sales	4,092	4,363	+270	+6.6%
one-time revenue	2,379	2,600	+220	+9.3%
Recurring revenue (Recurring revenue excluding power)	1,713 1,354	1,763 1,464	+50 +110	+2.9% +8.1%
Segment profit	554	381	△172	△31.2%
Head office expenses	269	313	+44	+16.4%
Before deducting the burden of head office expenses Segment profit	823	695	△128	△15.6%
EBITDA	587	417	△170	△29.0%

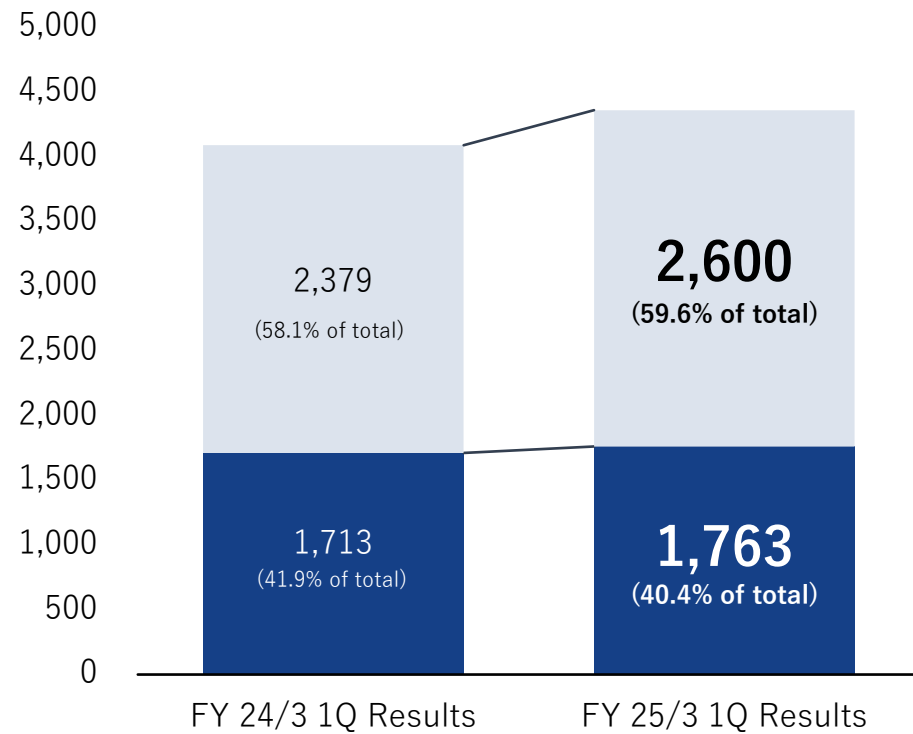
Comparison of operating results



IT infrastructure segment YoY Difference Analysis

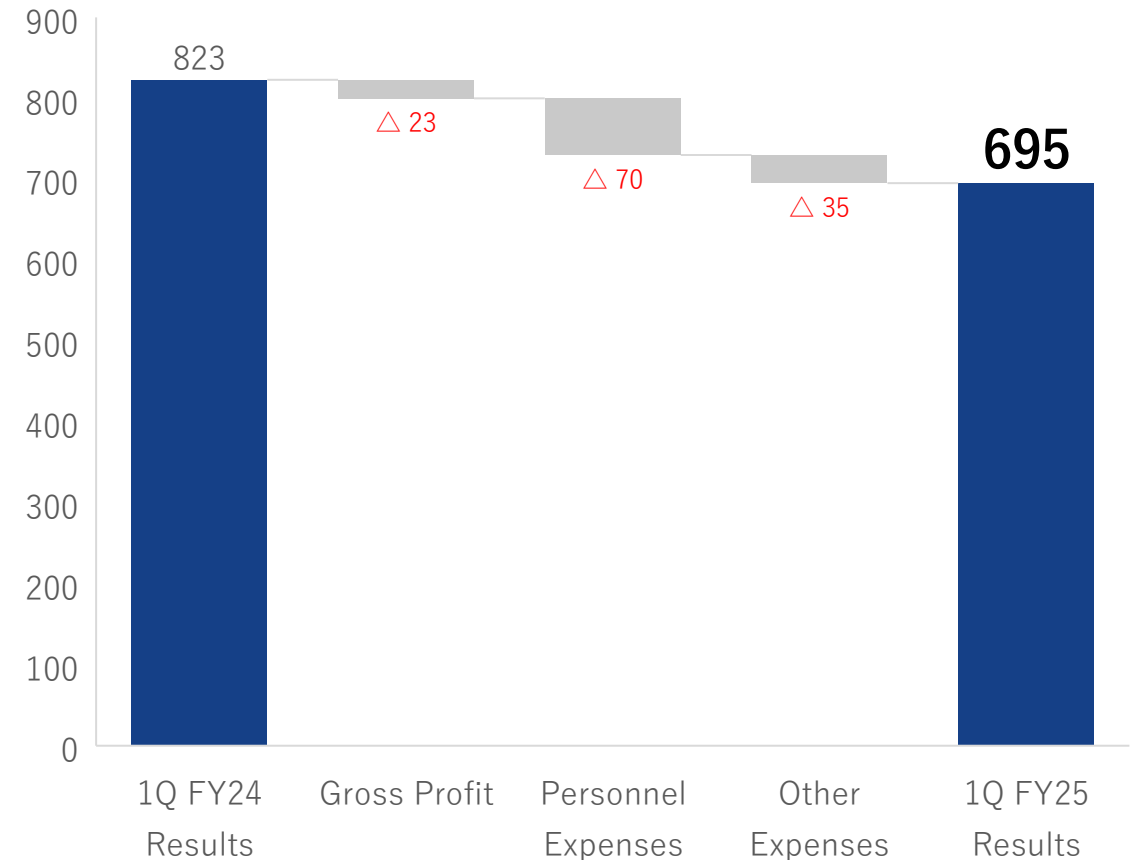
1Q Net Sales

one-time revenue
Recurring (millions of yen)



1Q Segment Profit Change

(millions of yen)

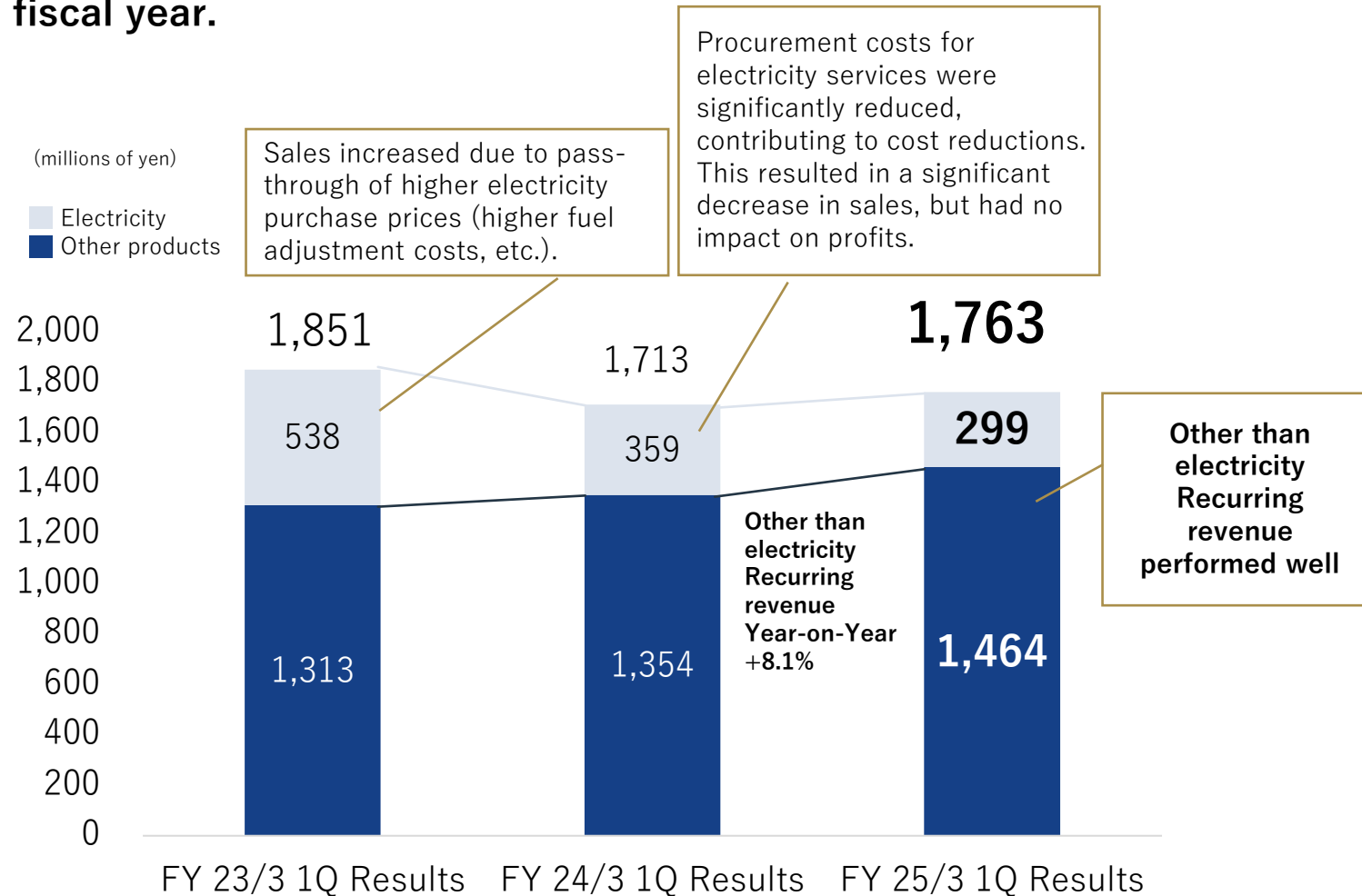


*Segment profit in the graph is before deduction of head office expenses, etc.

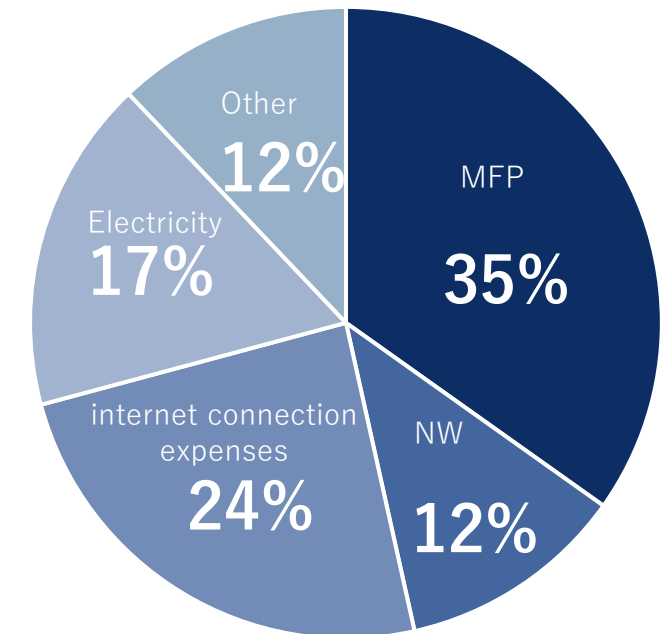
*In SG & A expenses, (△) minus indicates an increase in expenses and a decrease in profits, and (△) plus indicates a decrease in expenses and an increase in profits.

IT infrastructure segment Recurring revenue Sales

Sales of mainstay products such as network equipment and internet connection expenses increased in Recurring revenue, and sales of electricity decreased due to the impact of the cancellation in the previous fiscal year.



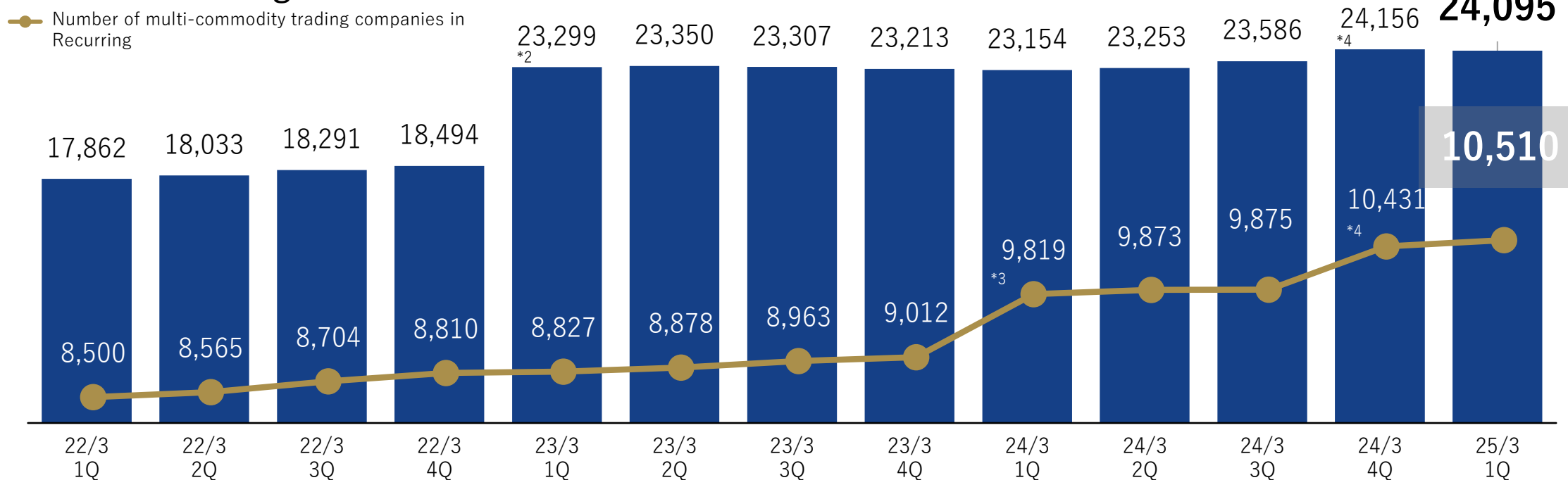
Infrastructure Recurring revenue sales share



*Results for the first quarter of fiscal year ended March 2025

Number of Recurring Merchandising Companies * 1

Decrease in the number of single-product customers due to the cancellation of electricity customers from the previous fiscal year. Increase in the number of multiple-product customers due to promotion of Upselling and Cross-Sell to existing customers.



*1: Calculate the number of companies billing at the end of the quarter and the number of companies billing for two or more products.

*2: Add business transferred from 1Q to 22/11 of 23/3 (number of transacting companies)

*3: Add the number of multiple transacting companies for business transferred from 1Q to 22/11 of 24/3 (number of multi-product transacting companies)

*4: Add the number of multiple transacting companies for M & A from 4Q to 23/10 of 24/3 (number of transacting companies and number of multi-product transacting companies)



1. 1Q FY2025 Group Consolidated Performance

(3) Digital Marketing segment

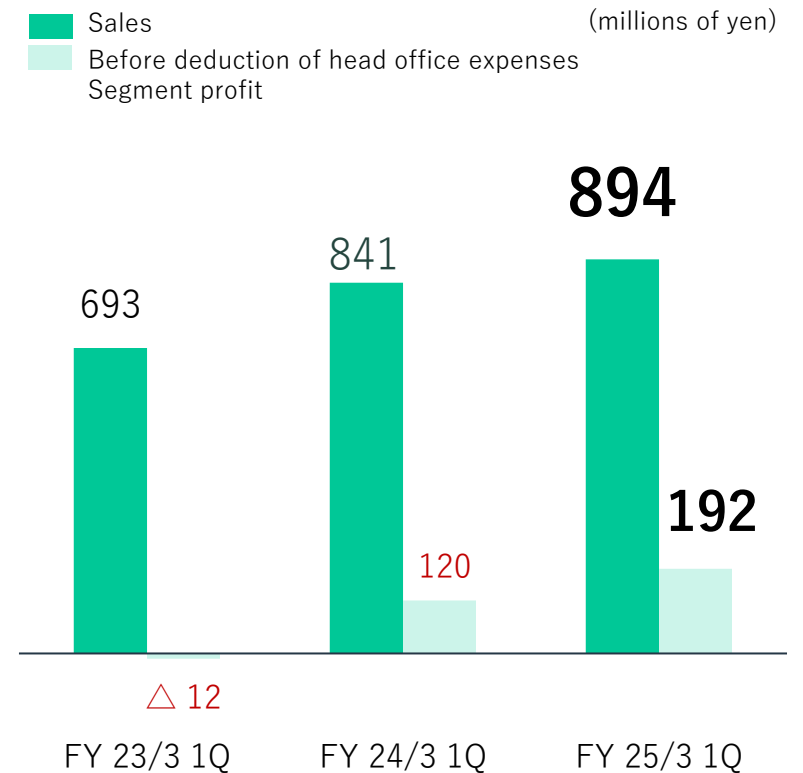
Digital Marketing segment

Sales : one-time revenue struggled due to weak orders for web production.
SaaS tools increased steadily and Recurring revenue increased.

Segment profit : Both EBITDA and segment profit increased to surplus from 1Q

(Unit: Million Yen)	1Q FY2024	1Q FY2025	Change	YoY
Sales	841	894	+52	+6.3%
one-time revenue	212	167	△44	△21.2%
Recurring revenue	629	727	+97	+15.5%
Segment profit	32	114	+81	+251.9%
Head office expenses	87	78	△8	△10.3%
Before deducting the burden of head office	120	192	+72	+60.6%
EBITDA	89	181	+92	+103.4%

Comparison of operating results

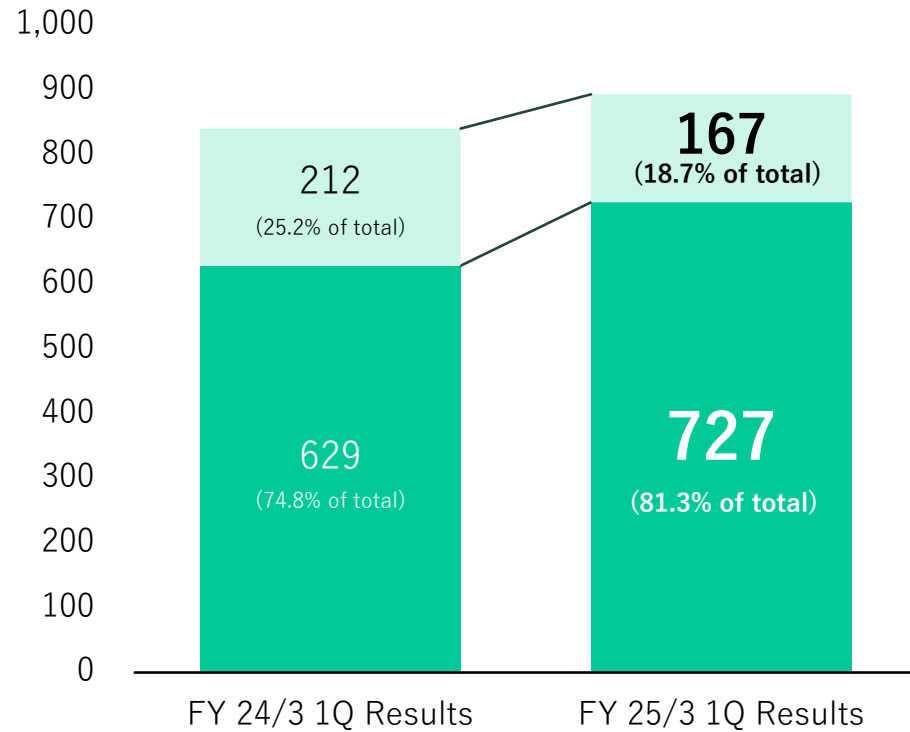


Digital Marketing segment YoY Difference Analysis

1Q Net Sales

(millions of yen)

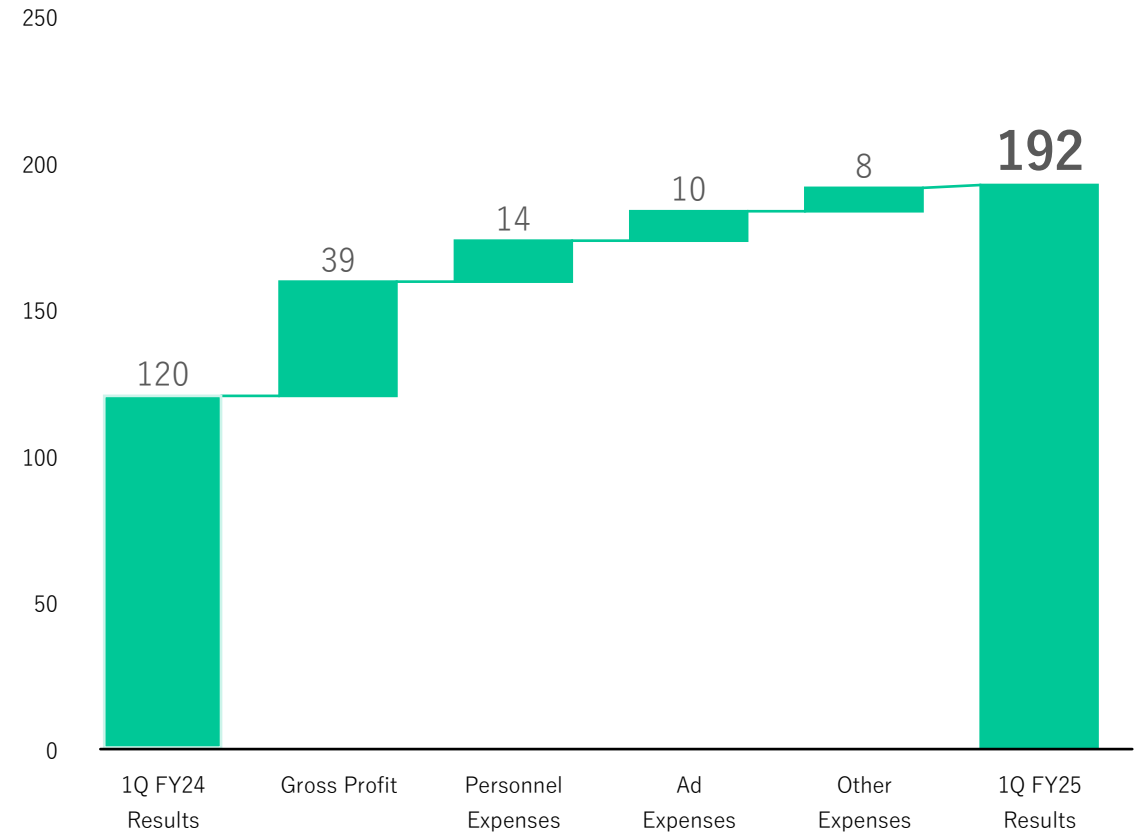
one-time revenue
Recurring



*Recurring revenue consists of SaaS tool sales, SaaS tool operation support sales, and other Recurring revenue (Internet advertising related business, etc.).

1Q Segment Profit

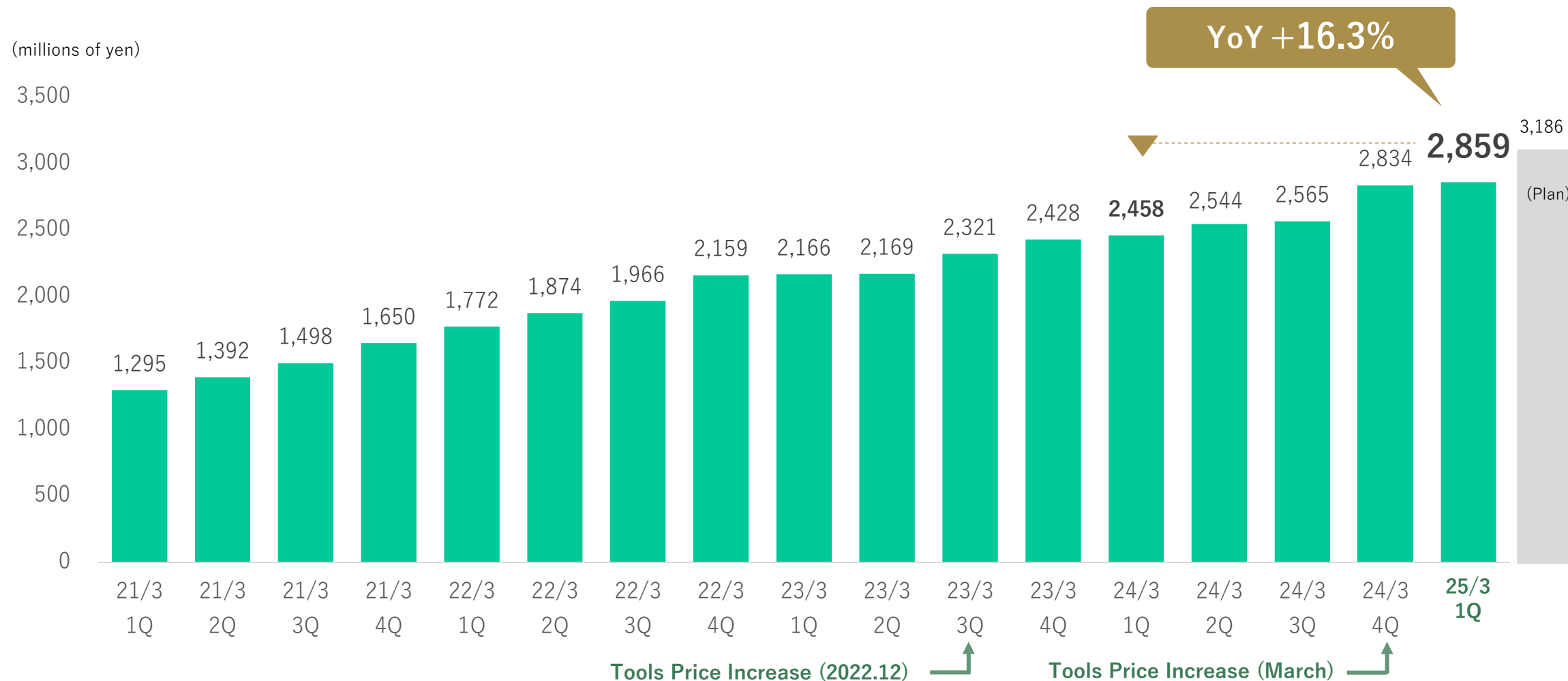
(millions of yen)



*Segment profit in the graph is before deduction of head office expenses, etc.

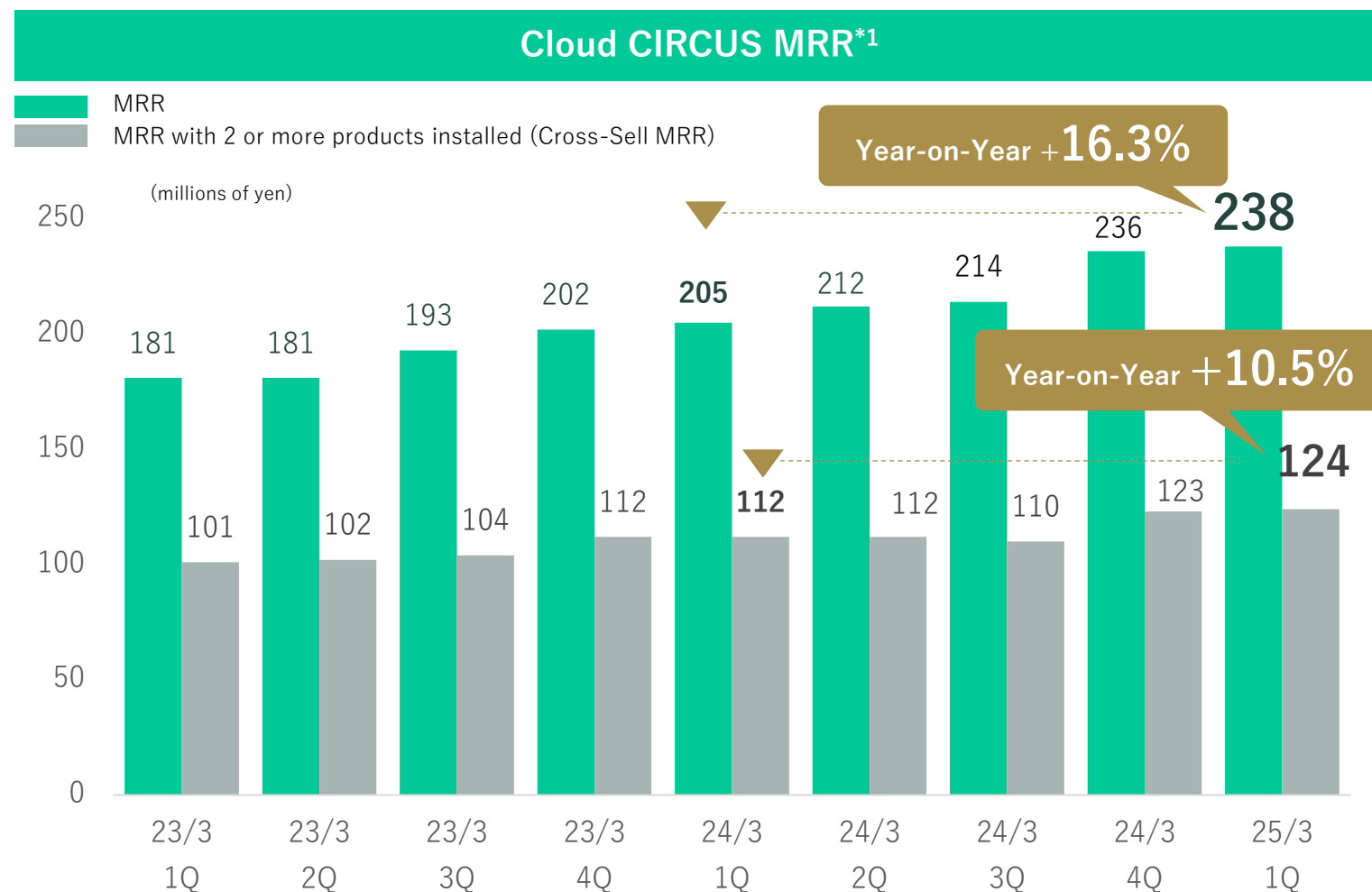
*In SG & A expenses, (△) -negative means increase in expenses and decrease in profits, and positive means decrease in expenses and increase in profits.

Up 16.3% YoY, with the addition of price increases in the previous 4 Qs



Digital Marketing segment Key KPIs (1)

MA*₃ tools continue to drive business and MRR*₁ has increased to 238 million yen!



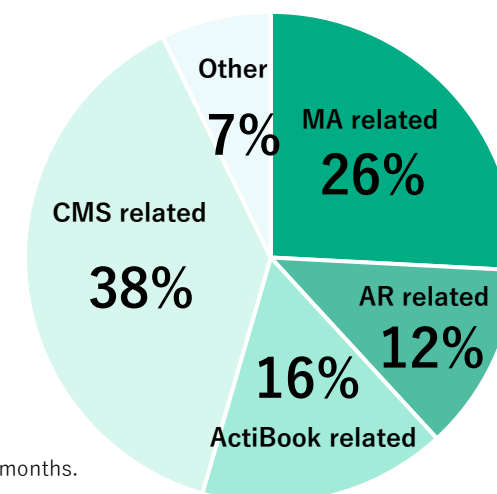
Average customer churn rate for the past 12 months *₂

As of the end of 1Q

1.6%

(As of the end of the same period last year: 1.8%)

MRR *₁



*₍₁₎ MRR is monthly subscription revenue at the end of each quarter.

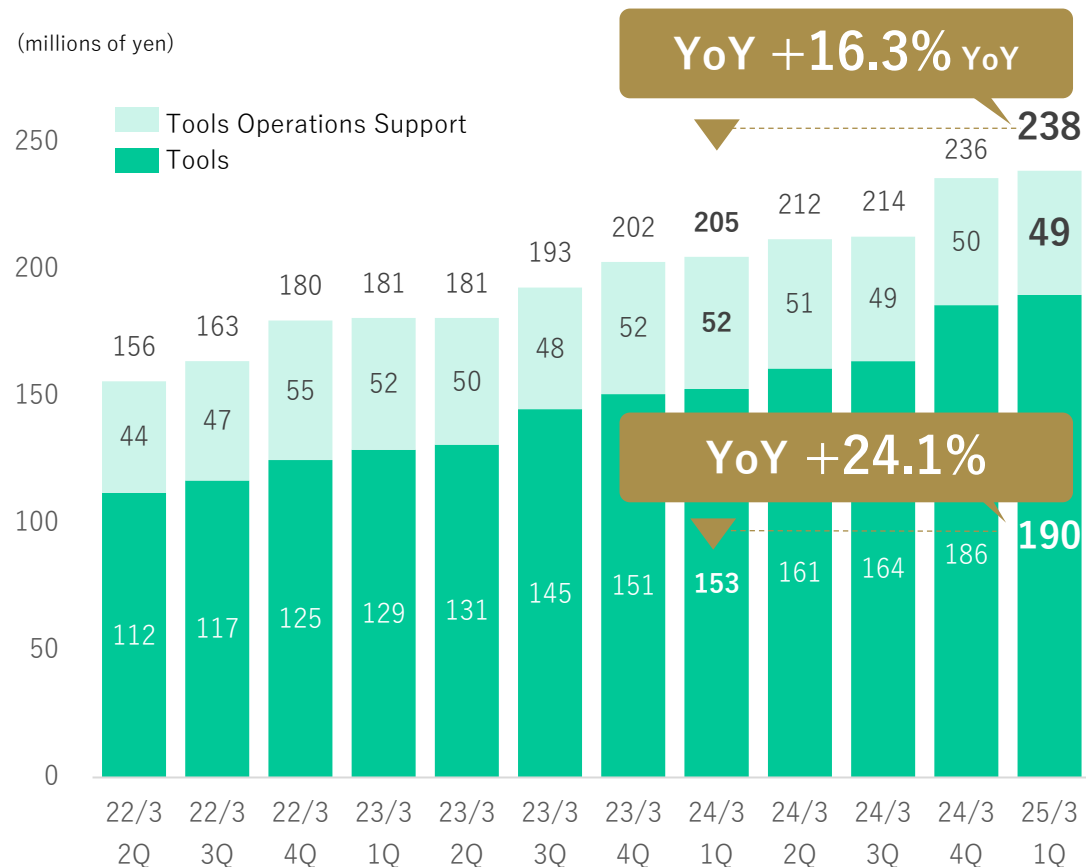
*₍₂₎ Average number of licenses cancelled during the month divided by the number of licenses as of the end of the previous month for each month in the last 12 months.

*₍₃₎ Marketing Automation omitted.

Digital Marketing segment Key KPIs (2)

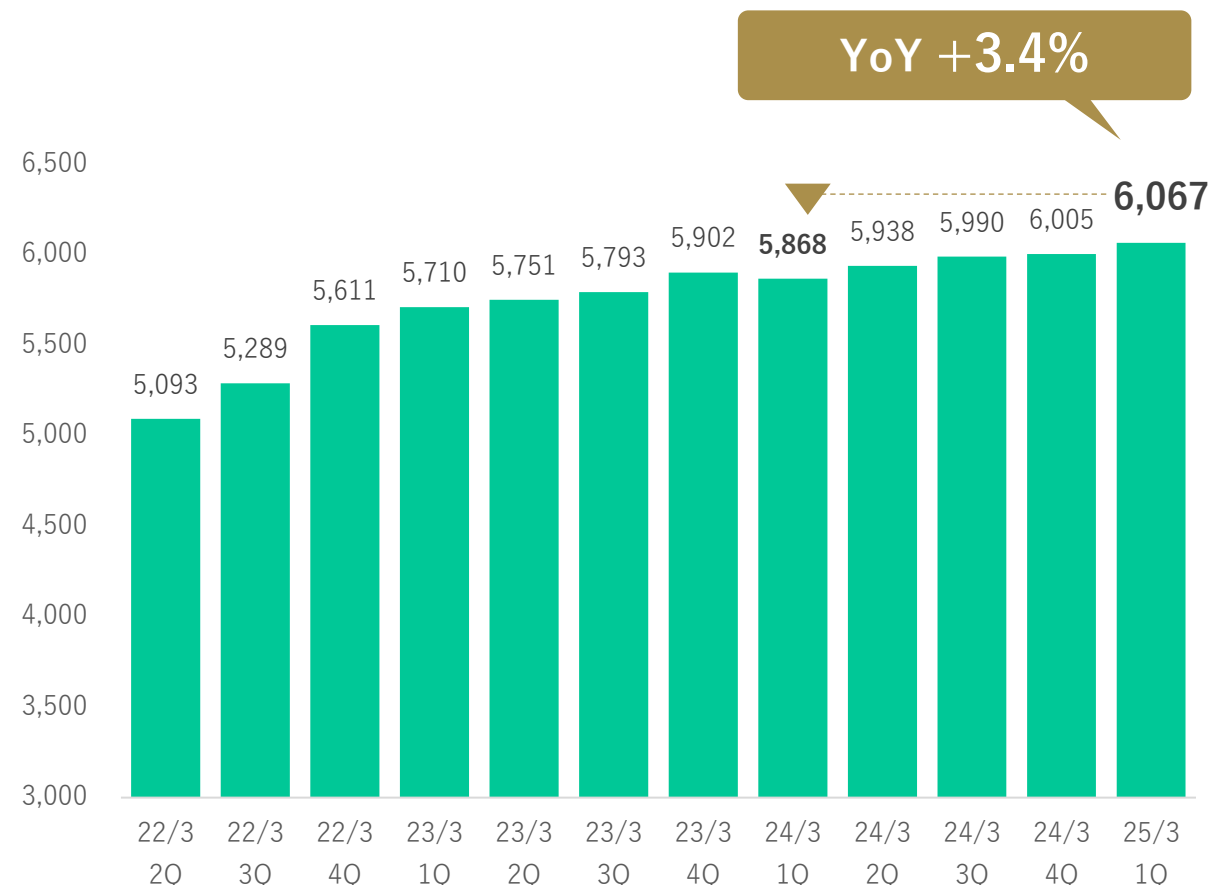
MRR *¹ for SaaS tool (excluding optional tool operation support) increased to 190 million yen!

Cloud CIRCUS MRR *¹ Breakdown (Tools/Operations Support) *¹



*1 MRR is the monthly subscription revenue at the end of each quarter.

Number of Licenses *²

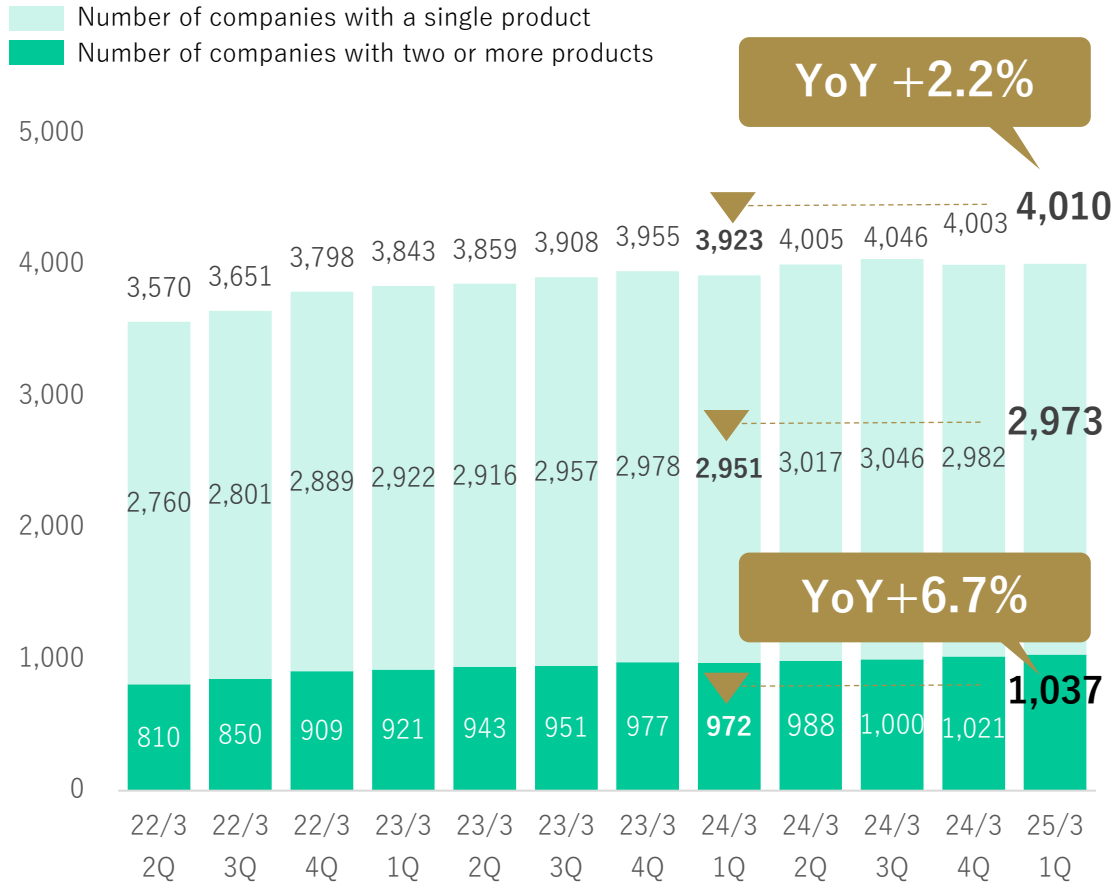


*2 Number of licenses is the number of paid licenses at the end of each quarter.

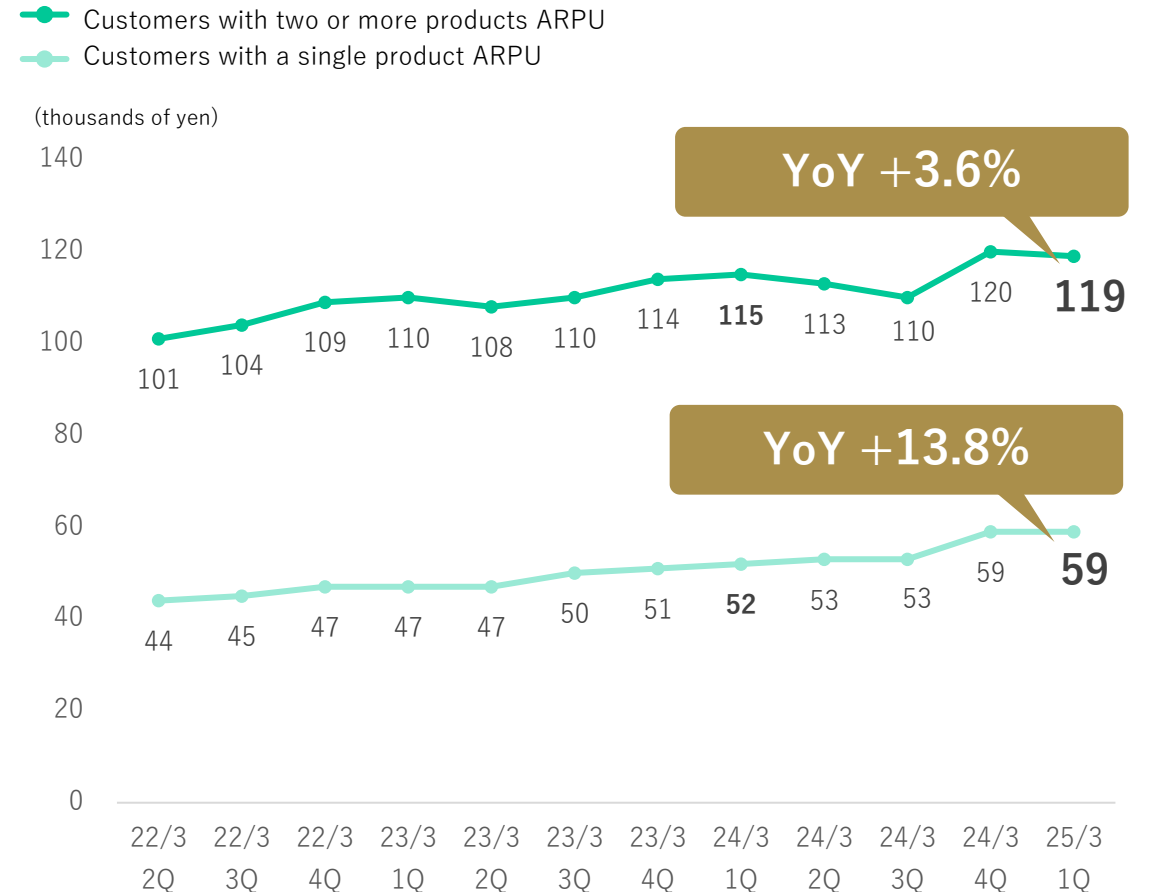
Digital Marketing segment Key KPIs (3)

The number of companies introducing two or more focused products continued to increase. As expected, the number of companies introducing a single product decreased due to price hikes for some tools.

Number of customers (paid active users)



Unit cost per customer (ARPU) *1



*1 ARPU= MRR/Number of subscribers at end of each quarter

section

02

01 FY 2025 1Q Overview of Group Consolidated Results

- (1)Group Consolidated
- (2)IT infrastructure segment
- (3)Digital Marketing segment

02 Appendix

- (1)Topics
- (2)Company Profile

2. Appendix

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2. Appendix

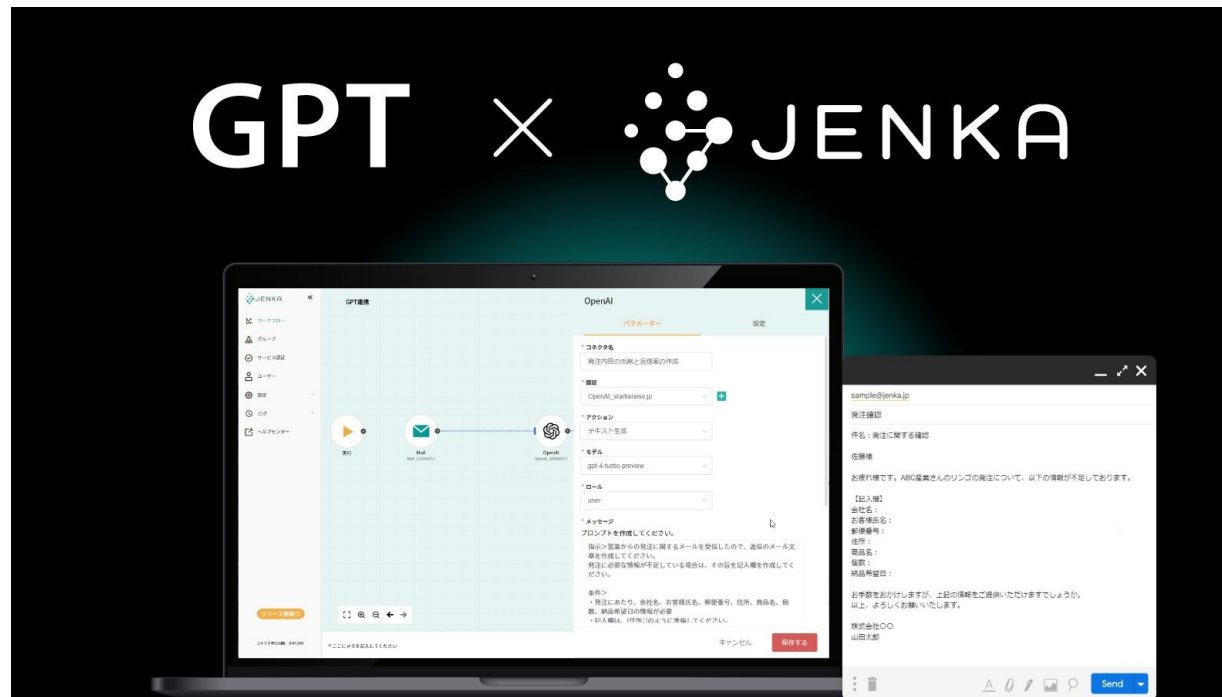
(1)Topics

Topics: 1Q of FYE March 2025

April	IT Infrastructure	StartiaRaise's data linkage tool "JENKA" starts to work with OpenAI's "GPT -4 Turbo"!
	Digital M	CSM tool "Fullstar" won "Leader" for the first time in "ITreview Grid Award 2024 Spring" Customer Success Tool Category (SME Category) "
	Digital M	CloudCIRCUS's MA tool "BowNow" won "High performer" in the MA Category "ITreview Grid Award 2024 Spring"!
	Digital M	[CloudCIRCUS] Signed agency agreement with Adish for "Fullstar" customer success tool
	IT infrastructure	StartiaRaise's RPA "RoboTANGO" won Leader in 3 categories at "ITreview Grid Award 2024 Spring"
May	Digital M	[5/29] Sponsored by CloudCIRCUS, free online conference
	Digital M	[CloudCIRCUS × Yaokin] Talk about Umaibo fan market! At the conference "com/PASS" sponsored by PLAN-B, held on 6/13
June	Digital M	[New Service] AI Chatbot "IZANAI-OpenAI" Now Available at Low Price! CloudCIRCUS
	Digital M	[CloudCIRCUS and Kakecom Co-Hosted Seminar 7/2] Explanation of concrete measures for web skimming!
	Others	[New Service] Innovate overseas IR videos with generated AI!
	Digital M	[CloudCIRCUS's CSM tool "Fullstar" ranked 16th among more than 10,000 service groups in "ITreview Best Software in Japan 2024"!
	Others	[7/3] Waichi Iida from StartiaWill will speak at the Kumamoto Seminar for supporting companies that employ people with disabilities!
	IT infrastructure	[Event Report] New Graduate Recruitment Challenges Poker, Startia's New Step

"JENKA," a data linkage tool provided by StartiaRaise, starts to link with OpenAI's "GPT -4 Turbo"!

In April 2024, "JENKA," a data linkage tool provided by StartiaRaise, started to link with OpenAI's "GPT -4 Turbo." By implementing connectors that link "GPT -4 Turbo" with various adoption of cloud services services, it becomes possible to improve the efficiency of back-office operations. Work proceeds smoothly by automating the translation and summarization of received email text and the subsequent data organization.



[New Service] AI chatbot "IZANAI-OpenAI" is now available at a low price! CloudCIRCUS Corporation

In June 2024, CloudCIRCUS developed and released "IZANAI-OpenAI," an AI chatbot.

"IZANAI-OpenAI" is an AI chatbot that automatically generates answers based on learning data by simply registering a PDF or URL. CloudCIRCUS will provide this service to small and medium-sized companies that have given up using chatbots or generated AI due to the cost burden or lack of human resources, thereby improving productivity and operational efficiency.



1 作成はPDFやWebをアップロードするだけ



面倒な初期設定は不要。
お手持ちのデータをアップロードするだけで、チャットボットとして運用可能です。

2 シナリオやQAなど直接的な情報更新は不要



シナリオやQA設定など、ツールに直接的な編集を行う必要ナシ。
手元のデータを編集してアップロードするだけで情報更新が可能

3 シンプルな機能で情報セキュアに運用



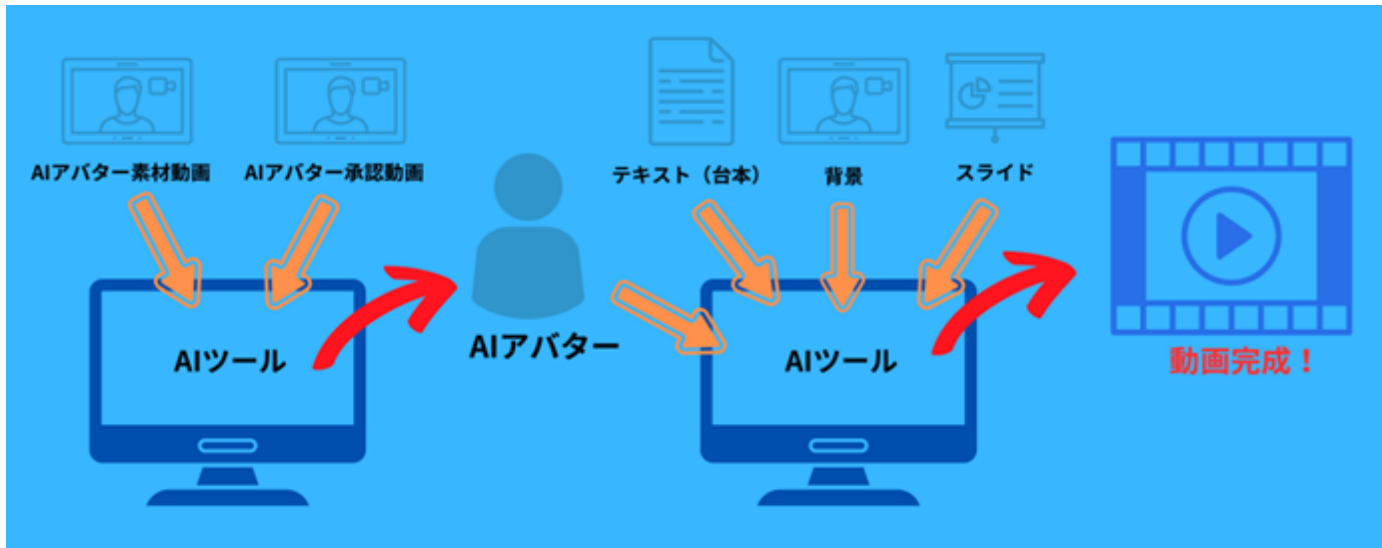
誰もが使えるシンプル機能。
社内情報もプライベートDBに格納されるので、情報セキュアに運用できます。

[New Service] Innovate overseas IR videos with generated AI!

In June 2024, we launched an overseas IR video production service using generative AI. We faithfully reproduce the images and voices of executives. We produce IR videos in which AI avatars make presentations in native English in a short period of time and at a low cost. Executives' English skills are not required, and once an AI avatar is created, videos can be produced using only text and other materials without taking pictures.

〈 Features 〉

- Natural and expressive presentation in native English with AI avatars
- Subscription-based, low-cost, accurate and speedy production
- Flexible production system to meet diverse needs



AI avatar of our representative, Hideyuki Hongo Overseas IR presentation video ▼



URL: <https://www.youtube.com/watch?v=iu6prgMJOqQ>

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2. Appendix

(2) Corporate Profile



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Management Philosophy

Creating the Future of People and Companies by Identifying Social Needs and Markets
Becoming a Leading Company that Produces Excellent Businesses and Human Resources

Vision

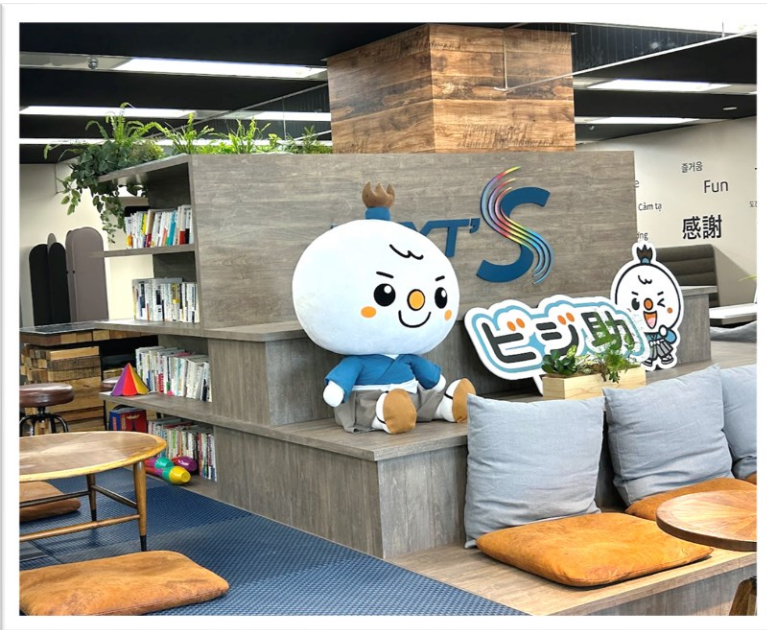
"A world where everyone can take on challenges and make lasting progress"

A group that supports change as a matter of course for many people and companies while transforming themselves

Mission

"Creating Opportunities for the Future"

We will realize a world filled with challenges by providing opportunities for many people and companies to realize a positive future



Company Profile

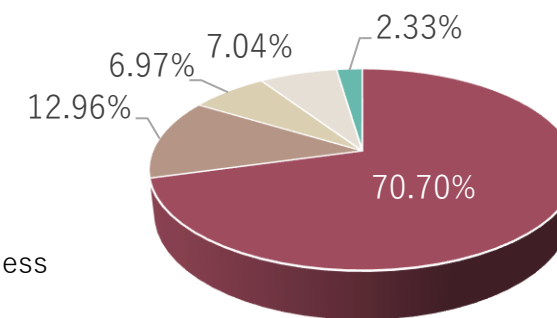
Company Name	Startia Holdings, Inc.
Address	Shinjuku Monolith 19F, 2-3-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Establishment	February 1996
Listed	Tokyo Stock Exchange Prime (April 4, 2022) Tokyo Stock Exchange First Section (February 28, 2014) TSE Mothers (December 20, 2005)
Representative Director	Hideyuki Hongo
Group Companies	11 consolidated subsidiaries, 2 equity-method affiliates
Employees	966 consolidated employees (as of June 30, 2024) *Excluding directors, corporate auditors, temporary employees and part-time employees
Financial Results	March 31
Capital	¥824.31 million (as of June 30, 2024)
Number of shares issued	10,240,400 shares (as of June 30, 2024)
Number of shareholders	4,117 (as of June 30, 2024)



President and Chief Executive Officer
Hideyuki Hongo

Born May 1966
Established the Company in 1996 to the present
(Shareholding of 25.88% of the Company)

- Individuals Other
- Foreign corporations, etc.
- Financial institutions
- Financial instruments business operators
- Other corporations



Shareholders as of June 30, 2024

Key Members



Hideyuki Hongo
President and CEO, Startia Holdings

- Founded in 1996, appointed President and CEO (to present)
- In 2018, established an organization to provide non-refundable scholarships Established Hoshinowa Public Interest Incorporated Foundation, appointed President (to present)
- In 2018, established Kumamoto Innovation Base (formerly Kumamoto Creation Entrepreneurs Network), appointed President (to present)
- Efforts to recover from the 2016 earthquake in his hometown Kumamoto, as well as regional revitalization



Takao Uematsu Director, Startia Holdings

- 2004 Joined the Company
- Since joining the Company, he has been mainly engaged in finance and accounting operations and has been responsible for various corporate divisions, including finance and accounting.
- Appointed to Director in 2018 (current position)
- Engaged in public relations and investor relations as Group CFO



Masakatsu Furukawa President, StartiaRaise

- 1996 Joined the Company as a founding member and assumed the position of Director
- Established Network adoption of cloud services business in 1998
- Developed Back Office DX business in 2018
- Appointed President and Representative Director of StartiaRaise (current position)
- In 2021, he became a joint venture with kubell (formerly Chatwork Corporation). Director of kubell Storage Corporation (formerly Chatwork Storage Technologies Corporation) (current position)



Mitsuru Kasai
Director, Startia Holdings and President, Startia

- 2002 Joined the Company
- Launched Multifunction Machines Business in 2007
- Subsequently focused on expansion of distributors and M & A
- Continued to expand the Group's customer base
- 2018 Appointed President and Representative Director of Startia, the axis of IT infrastructure segment(current position)
- 2021 Appointed President and Representative Director of StartiaLead



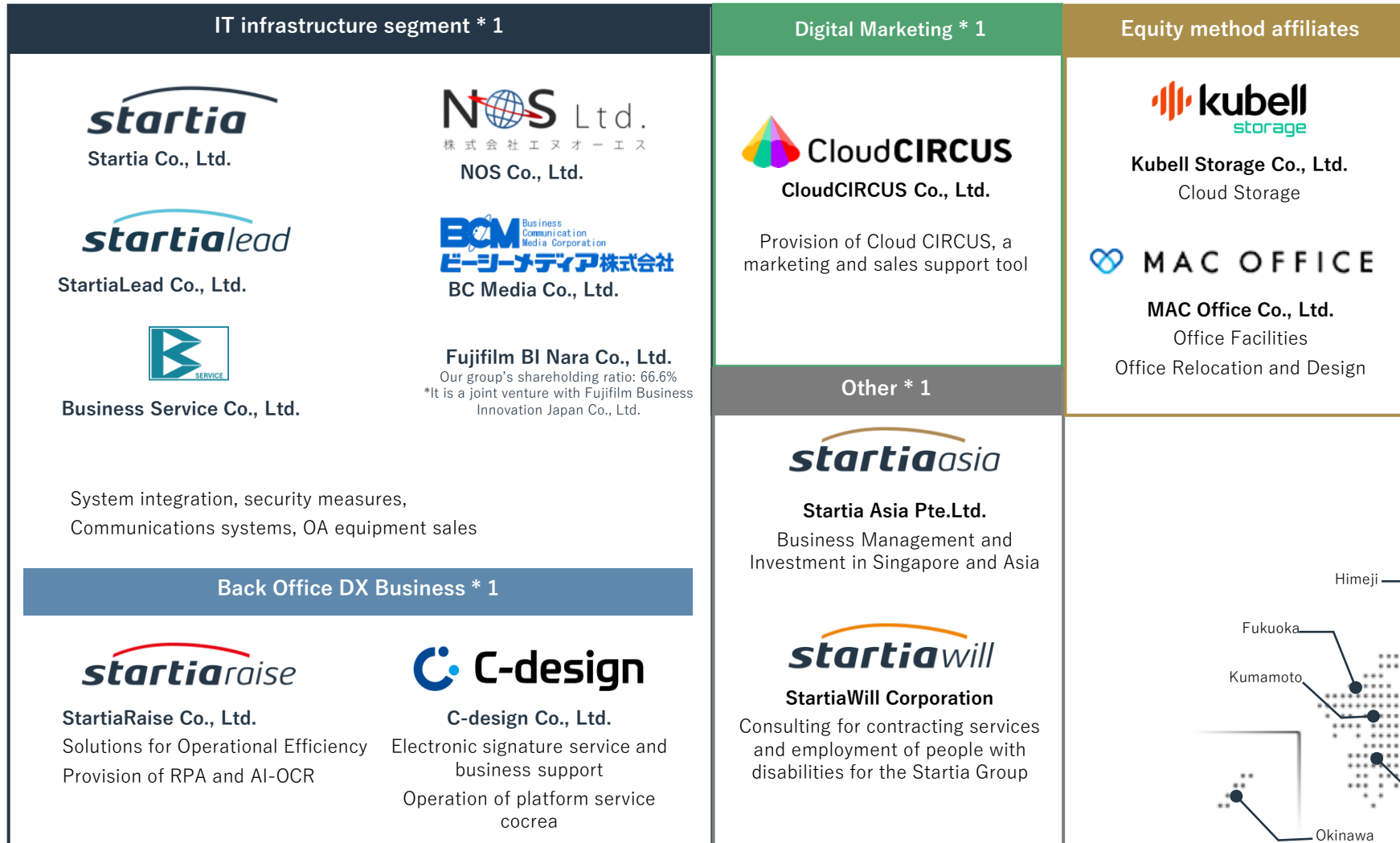
Kenichi Kitamura
Director, Startia Holdings and President, CloudCIRCUS

- 2001 Joined the Company
- Launched web and e-book businesses in 2004
- Starty Lab as an in-house venture in 2009
- Established (currently CloudCIRCUS) and assumed the position of Representative Director (current position)
- Integrated sales of various tools from 2020 Digital Marketing
- Rebranded as SaaS tool CloudCIRCUS

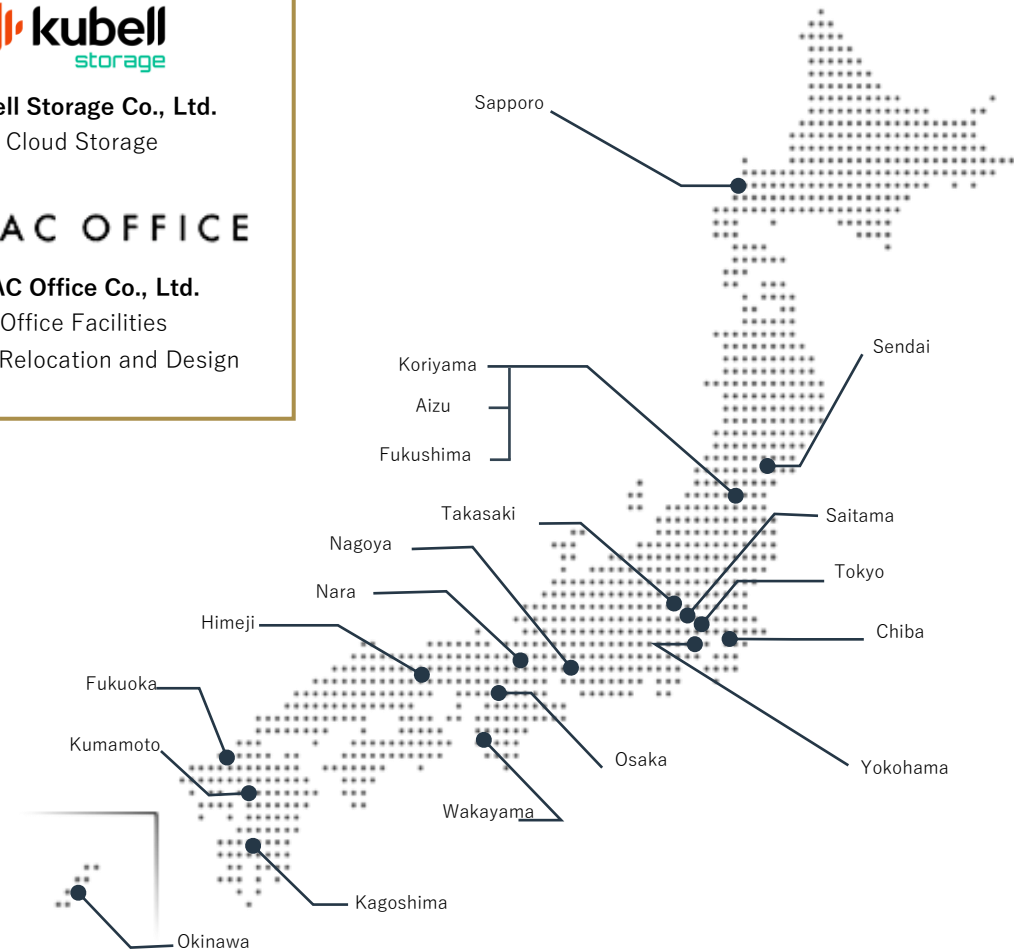
Group Companies

About the Company Group (11 consolidated subsidiaries and 2 equity-method affiliates)

*1: Consolidated Subsidiaries



Group sites



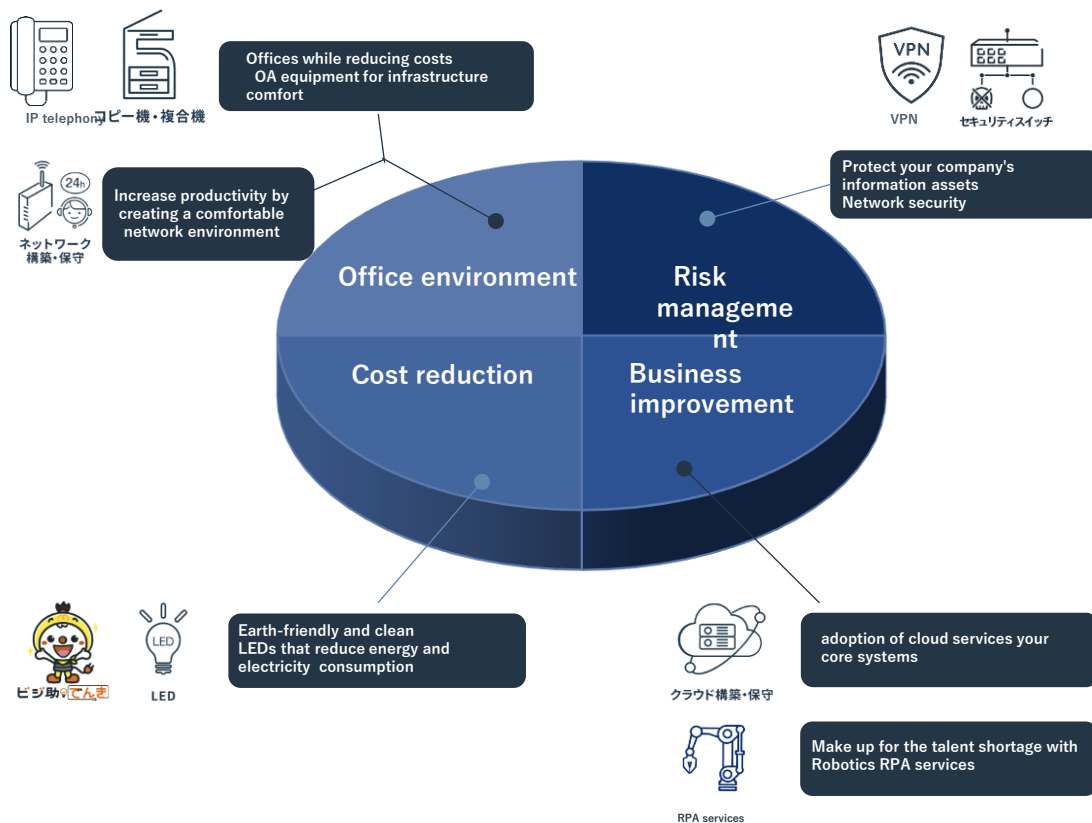
Major products and services

Defensive DX

IT infrastructure segment

One-stop solution for IT issues and DX for SMEs

Cost reduction, operational efficiency and productivity improvement

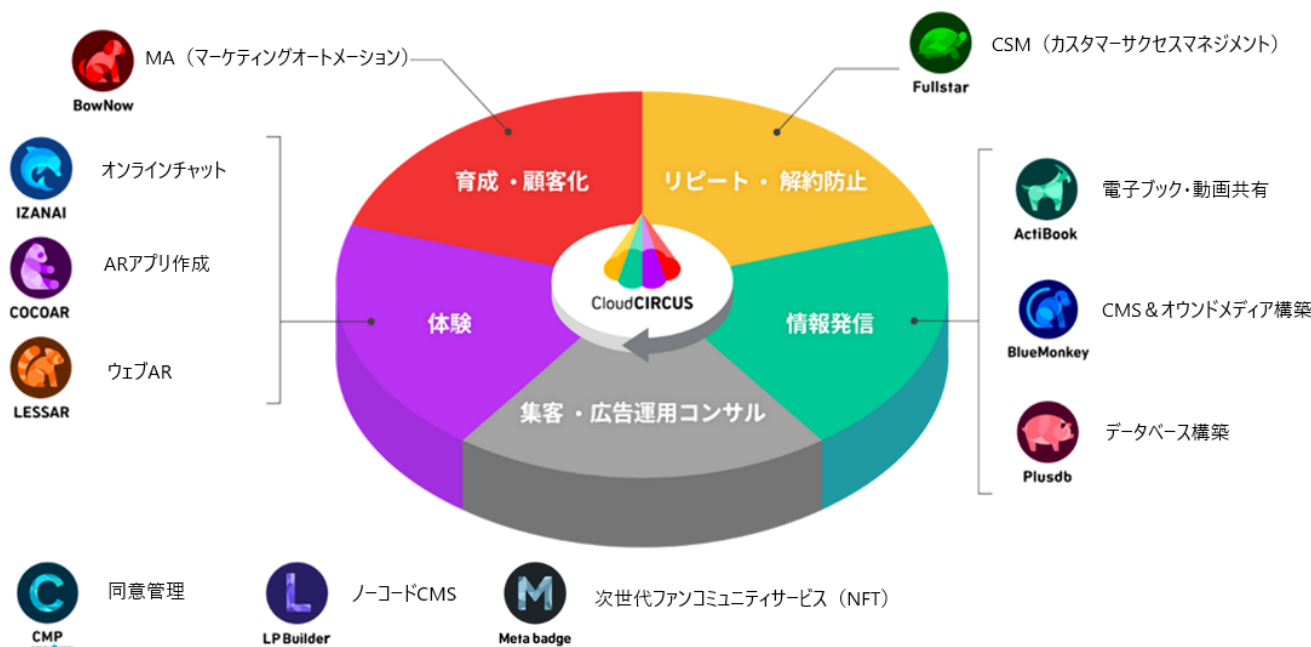


Proactive DX

Digital Marketing segment

Cloud CIRCUS tool to change marketing and sales results

Customer acquisition and sales expansion



Results of major Digital Marketing segment services



Number installed

14,000 + reports

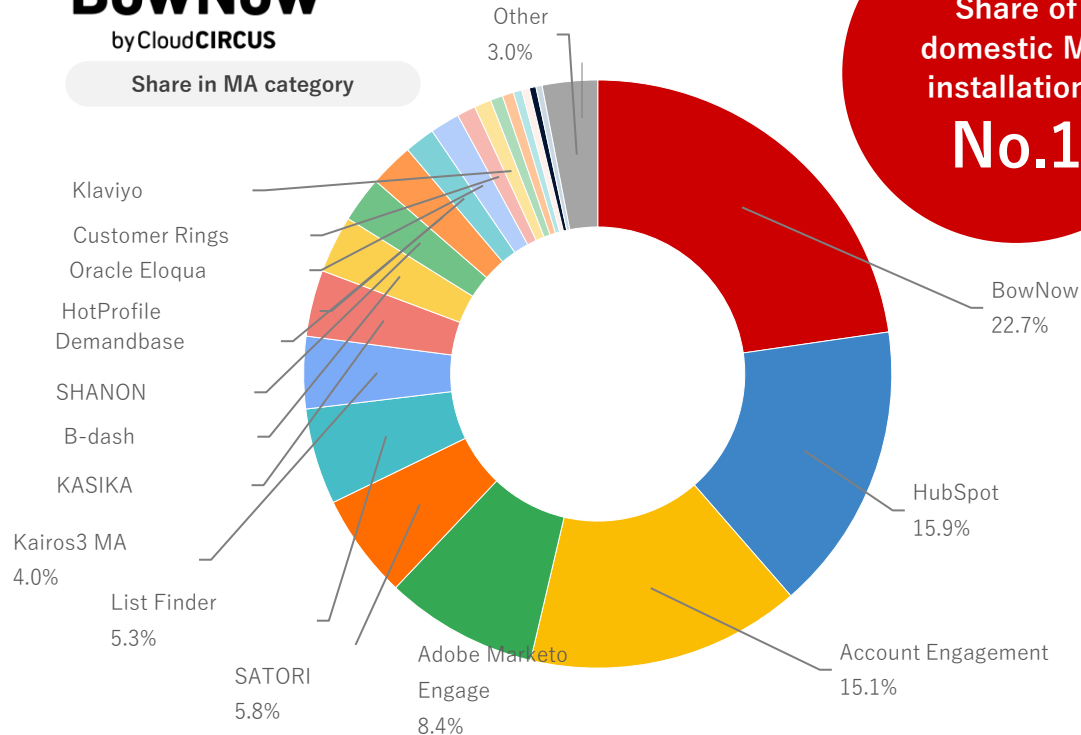
Easy-to-use marketing automation

BowNow is an MA tool with a simple design that is equipped with the necessary functions for first MA installations.

BowNow

by CloudCIRCUS

Share in MA category



※ Data Source: Survey conducted by DataSign
(Source) Let me know URL 2024.7 https://oshiete-url.jp/report/docodoco/2024_7/#marketing_automation



COCOAR
by CloudCIRCUS

Installation results
7,500



LESSAR
by CloudCIRCUS

Installation results
8,500

More than 470 million AR app downloads.
Creating high customer experiences with VPS and rich 3D.
Delivering the appeal and story of products and services and developing fans.

From smartphone camera **without app**
Easy and intuitive AR experience.
After taking measures, log analysis and improvement activities can be performed.
Promotions that attract customers are realized.



ActiBook

by CloudCIRCUS

Installed: 19,000 or more

From creation to distribution in three steps **e-book Creation Tool**

From e-book to video,
a tool that makes it easy to turn content into electronic content.



BlueMonkey

by CloudCIRCUS

Installed: 2,300 or more

CMS that makes it possible to win business negotiations from the homepage

Not only is it easy to use, but it also provides comprehensive support for strategies, construction, and tools for BtoB companies to create business negotiations from the homepage
A domestic CMS that provides comprehensive support for BtoB companies.

※ A CMS is a website and the system that operates its contents



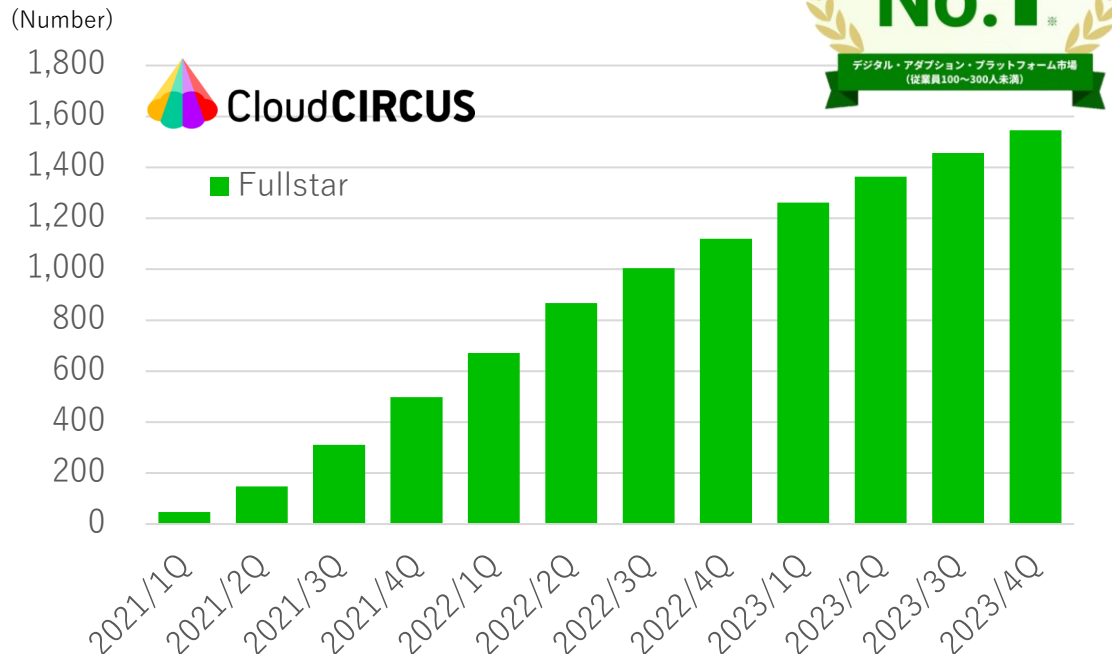
Number of
Installed

1, 500 or more cases

No. 1 market share in FY 2023 revenue forecast *

Digital Adaptation Platforms Market - Under 100~300 Employees:
Revenue Share and Market Share by Vendor (Forecast for FY 2023).

Fullstar



※ Source: ITR "ITR Market View: Communication and Collaboration Market 2023" Digital Adaptation Platforms Market - Under 100~300 Employees: Revenue Share by Vendor (Forecast for FY 2023)

What is Fullstar?

Fullstar is a customer success tool that provides adoption of cloud services service users with a better experience by displaying "operation guides" and "visualizing places where users stumble" to solve problems.



This is amazing (1)

Set up operation guide for any website without code
Creation time is reduced to 1/10 of the previous one!

Productivity improvement!!
No development burden!!



This is amazing (2)

User usage can be visualized and customers who are likely to cancel the service can be picked up. Cancellation prevention!!
Productivity improvement!! No development burden!!
Pick up the most likely customers.

Cancellation prevention!!



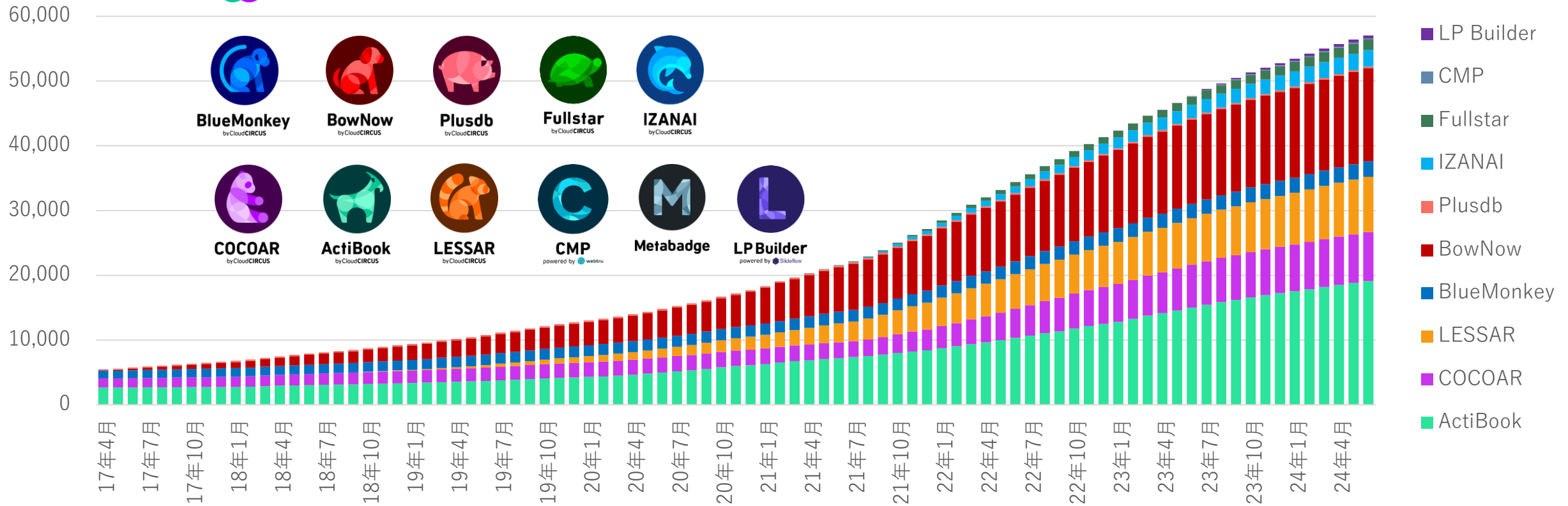
This is amazing (3)

Analyze where users stumble and why they leave.
Improve UX of web services

Improve UX

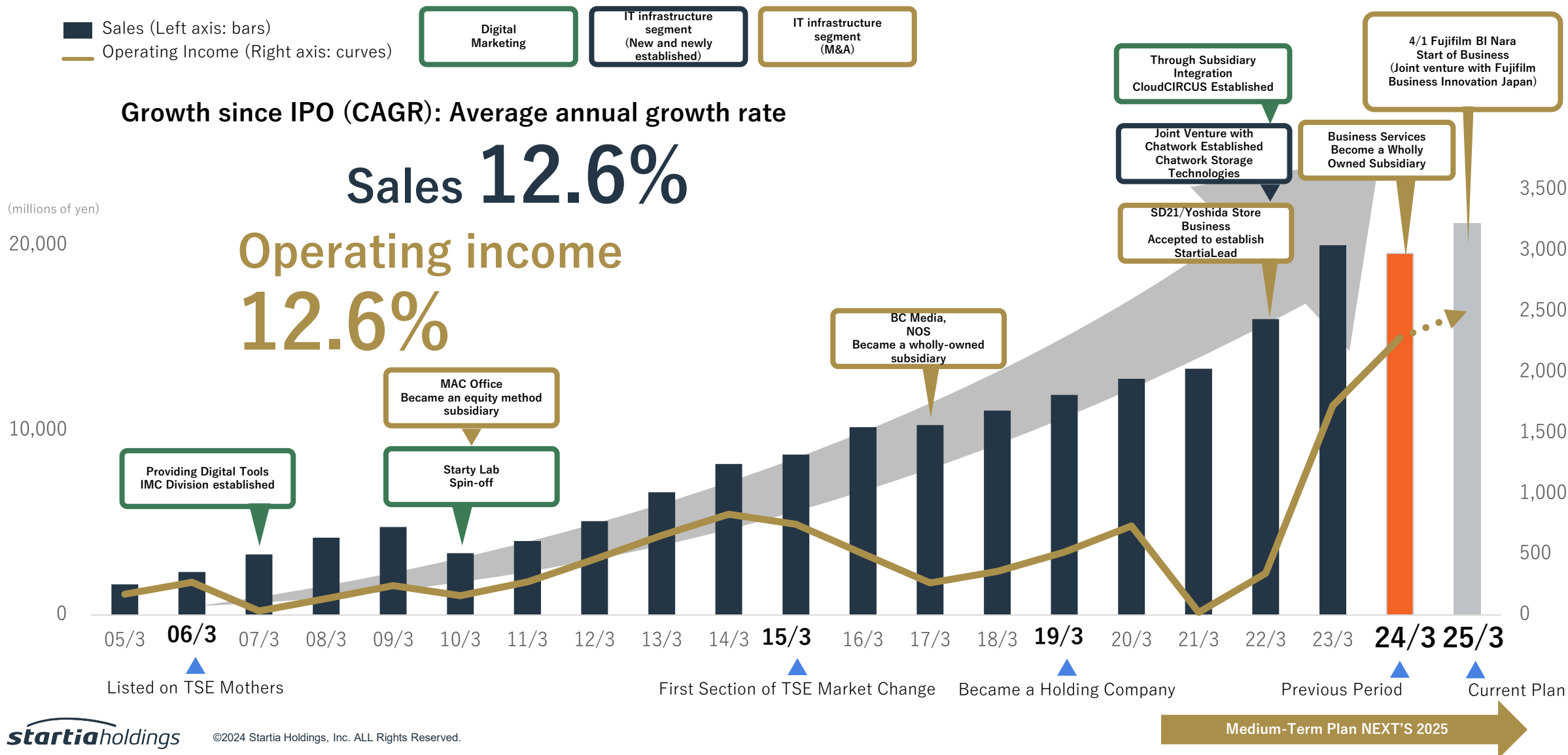
Growth of Digital Marketing segment Cloud CIRCUS

“ As of June 24, the total number of installations exceeded 57 thousand *.



*Including freemium

Trends in Net Sales and Operating Income





Public Relations and Investor Relations Contact for Startiaholdings

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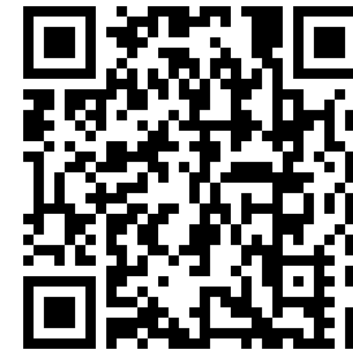
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*IR Mail Delivery Registration QR Code

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