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On September 30, 2020, Azia Co., Ltd. announced revisions to its full-year consolidated earnings forecast for FY03/21.

Revised full-year consolidated earnings forecast for FY03/21

- ▷ Revenue: JPY2.3bn (JPY1.9bn previously)
- ▷ Operating profit: TBD (JPY330mn)
- ▷ Recurring profit: TBD (JPY330mn)
- ▷ Net income: TBD (JPY225mn)
- ▷ EPS: TBD (JPY56.85)

Reasons for forecast revision

Explaining the revision to its forecast, the company said the hike in its estimate for full-year revenue reflects the expected contribution from the acquisition of Connecty Holding (the parent company of Connecty Inc.) and its inclusion in consolidated results starting in Q3, and the upward revision to its estimate for 1H revenue issued on September 17. To be precise, out of the JPY435mn upward revision to the company's estimate for full-year revenue, it expects JPY350mn to come from the addition of Connecty Inc.'s revenue estimate for 2H (October 1, 2020–March 31, 2021), this figure being calculated based on its due diligence examination prior to the completion of the acquisition. The remaining JPY85mn comes from the upward revision to the company's initial estimate for 1H revenue.

For EBITDA, the company now projects a full-year EBITDA of JPY526mn, this figure having also been revised to reflect the addition of Connecty Holding to consolidated results and the upward revision to the company's estimate for 1H revenue. With respect to its outlook for earnings, the company said it is holding off on offering any forecast at this time, as it is still in discussions with its auditor concerning the calculation of depreciation/amortization charges and other accounting issues arising from the acquisition of Connecty Holding, including the period over which the goodwill should be amortized and the accounting treatment of Connecty Inc.'s software assets.

Full-year company forecast for FY03/21

(JPYmn)	FY03/18			FY03/19			FY03/20			FY03/21		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.
Revenue	718	805	1,523	780	924	1,704	881	994	1,876	920	1,415	2,335
Applications	583	646	1,229	609	674	1,283	672	767	1,439			
Consulting	125	147	272	150	156	306	134	153	287			
Custom Development	10	12	22	7	7	14	8	6	14			
E-commerce	-	-	-	14	87	101	67	69	136			
YoY	20.2%	9.8%	14.5%	8.7%	14.7%	11.9%	13.0%	7.7%	10.1%			24.5%
Applications	15.9%	3.8%	9.2%	4.4%	4.4%	4.4%	10.4%	13.8%	12.2%			
Consulting	49.7%	48.8%	49.2%	19.8%	6.0%	12.3%	-10.4%	-2.3%	-6.2%			
Custom Development	-9.6%	1.5%	-3.6%	-23.2%	-44.9%	-35.4%	12.0%	-18.9%	-2.9%			
E-commerce	-	-	-	-	-	-	-	-	35.2%			
Cost of revenue	269	311	580	335	383	718	354	366	720			
Gross profit	449	495	943	445	541	985	528	628	1,156			
GPM	62.5%	61.4%	61.9%	57.0%	58.5%	57.8%	59.9%	63.2%	61.6%			
SG&A expenses	298	297	595	291	323	614	347	347	694			
SG&A ratio	41.6%	36.9%	39.1%	37.4%	34.9%	36.0%	39.3%	34.9%	37.0%			
Operating profit	150	198	348	153	218	372	181	281	463	150		
YoY	39%	10.4%	21.3%	2.0%	10.3%	6.7%	18.2%	28.9%	24.5%	-17.3%		
OPM	20.9%	24.6%	22.9%	19.7%	23.6%	21.8%	20.6%	28.3%	24.7%	16.3%		
Recurring profit	156	206	362	152	218	370	190	281	470	150		
YoY	40.5%	13.9%	24.0%	-2.7%	6.1%	2.3%	24.7%	28.6%	27.0%	-20.9%		
RPM	21.8%	25.5%	23.8%	19.5%	23.6%	21.7%	21.5%	28.2%	25.1%	16.3%		
Net income	98	138	236	99	31	130	128	193	321	100		
YoY	41.4%	28.6%	33.6%	1.1%	-77.7%	-45.1%	29.4%	523.6%	147.0%	-21.9%		
Net margin	13.6%	17.2%	15.5%	12.7%	3.3%	7.6%	14.5%	19.4%	17.1%	10.9%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Having revised its full-year outlook on September 30, 2020, the company now projects full-year consolidated revenue of JPY2.3bn (+24.5% YoY) versus its previous forecast of JPY1.9bn (+1.3% YoY), but is holding off on providing any forecast for earnings. The company said the upward revision to its full-year estimate for consolidated revenue reflects the expected contribution from the acquisition of Connecty Holding (the parent company of Connecty Inc.) and its inclusion in consolidated results starting in Q3, and the upward revision to its estimate for 1H revenue issued on September 17. To be precise, out of the JPY435mn upward revision to the company's estimate for full-year revenue, it expects JPY350mn to come from the addition of Connecty Inc.'s expected revenue in 2H (October 1, 2020–March 31, 2021), this figure being calculated based on its due diligence examination prior to the completion of the acquisition. The remaining JPY85mn comes from the upward revision to the company's initial estimate for 1H revenue.

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Contact Details

Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: info@sharedresearch.jp