

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)
FY03/2018		11,058	358	376	613	60.74	12.00	478.21
FY03/2019		11,907	517	573	323	32.15	9.00	473.95
FY03/2020CoE		12,822	506	504	290	28.32	9.00	-
FY03/2019	YoY	7.7%	44.4%	52.3%	(47.3%)	-	-	-
FY03/2020CoE	YoY	7.7%	(2.2%)	(12.1%)	(10.3%)	-	-	-
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 FY03/2019		5,731	294	330	228	-	-	-
Q3 to Q4 FY03/2019		6,176	222	243	95	-	-	-
Q1 to Q2 FY03/2020		6,240	320	335	180	-	-	-
Q3 to Q4 FY03/2020CoE		6,581	185	168	109	-	-	-
Q1 to Q2 FY03/2020	YoY	8.9%	8.6%	1.5%	(21.1%)	-	-	-
Q3 to Q4 FY03/2020CoE	YoY	6.6%	(16.6%)	(30.7%)	15.6%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (14 January 2020)

Investment Phase

Startia Holdings, focusing on digital marketing, is currently in the investment phase to develop it as the primary source of earnings. The Company has established its existing operations to construct IT infrastructure for smaller business as stable source of earnings, which has a steady growth potential for the future. Still, more importantly, the Company continues to increase its involvement with operations in digital marketing domain, where the growth potential of the market for the future is greater, by continuing to invest the capital gained through the construction of IT infrastructure. Earnings as a whole for the Company in FY03/2020 are to suffer from this, as the investment is to be made on an upfront basis. At the moment, the Company is in the process of finalizing investment strategy for FY03/2021. The biggest question here is whether it should only benefit from the investment it has made so far or expand the investment more than ever before in the pursuit of long-term growth potential. On top of this, the Company is also in the process of considering how far it should make progress with changeover to sales on a subscription basis from outright sales for digital marketing. The current situations are of moderate, while it could be the case that an immediate switch maximizes earnings in a long-term view, but it should be inevitable for the Company to suffer from short-term earning correction, if it is done.

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

2.0 Company Profile

IT Infrastructure to Digital Marketing

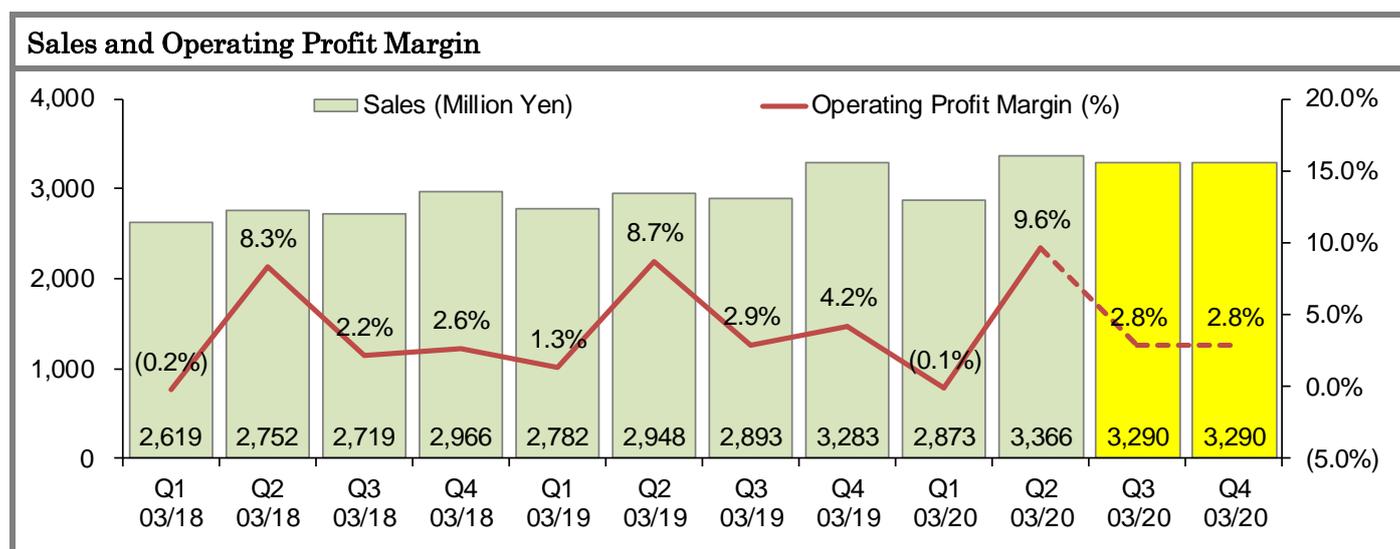
Company Name	Startia Holdings, Inc. Company Website IR Information Share Price (Japanese)	
Established	21 February 1996	
Listing	28 February 2014: Tokyo Stock Exchange 1st section (ticker: 3393) 20 December 2005: Tokyo Stock Exchange Mothers section	
Capital	¥824m (as of the end of September 2019)	
No. of Shares	10,240,400 shares, including 438,711 treasury shares (as of the end of Sep. 2019)	
Main Features	<ul style="list-style-type: none"> ● Focus on digital marketing to see high growth and high profit margin ● Freemium plan to beef up opportunities for sales and earnings for the future ● Steady growth for construction of IT infrastructure for smaller business 	
Businesses	I . Digital Marketing Business II . IT Infrastructure Business III. CVC Business IV. Overseas Business	
Top Management	Representative Director President and Group CEO: Hideyuki Hongo	
Shareholders	Hideyuki Hongo 40.3%, Hikari Tsushin 8.1%, Akira Saiga 4.8% (as of the end of September 2019)	
Headquarters	Shinjuku-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 665, Unconsolidated: 51 (as of the end of September 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2020 Results

In Q1 to Q2 FY03/2020, sales came in at ¥6,240m (up 8.9% YoY), operating profit ¥320m (up 8.6%), recurring profit ¥335m (up 1.5%) and profit attributable to owners of parent ¥180m (down 21.1%). Meanwhile, gross profit came in at ¥2,770m (up 7.15%) and SG&A expenses ¥2,450m (up 6.96%), implying gross profit margin of 44.39% (down 0.71% points) and sales to SG&A expenses ratio of 39.26% (down 0.70% points). As a result, operating profit margin came in at 5.13% (down 0.01% point).



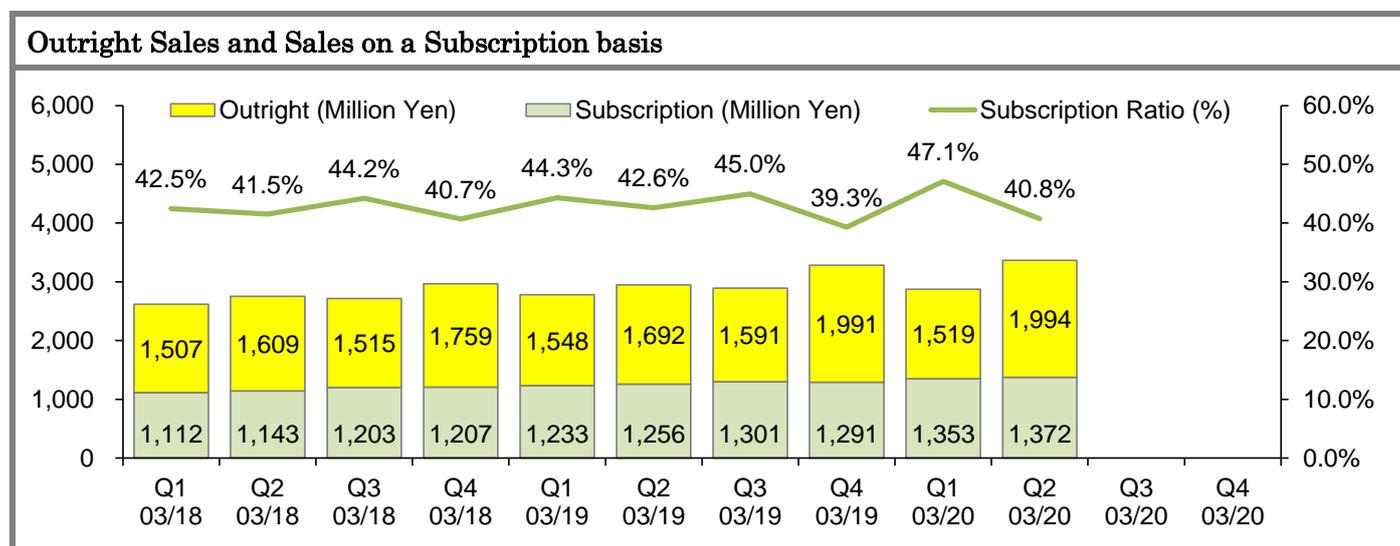
Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2020: H2 Company forecasts, pro rata)

As disclosed on 6 November 2019, initial Company forecasts (released on 15 May 2019) were exceeded. Sales were better by ¥167m (2.8%), operating profit by ¥208m (185.7%), recurring profit by ¥225m (204.5%) and profit attributable to owners of parent by ¥117m (185.7%).

In Q1, sales came in at ¥2,873m (up 3.3%), operating profit minus ¥2m (versus ¥37m during the same period of the previous year) and operating profit margin minus 0.1% (down 1.4% points), while sales ¥3,366m (up 14.2%), operating profit ¥323m (up 25.4%) and operating profit margin 9.6% (up 0.9% points) in Q2. Sales in Q1 fell short of assumptions of Company forecasts, while sales in Q2 were better, having resulted in collective sales in Q1 to Q2 better.

In Q2, the Company saw frontloaded delivery prior to consumption tax hike, which had a major impact, having driven outright sales of high-priced equipment belonging to the IT Infrastructure Business side, comprising equipment in charge of UTM (Unified Threat Management), network equipment and MFP (Multifunction Peripheral or office equipment that integrates functions as printer, image scanners, facsimile, etc.). Given uncertainty on reactions from here in H2, full-year Company forecasts have remained unchanged.

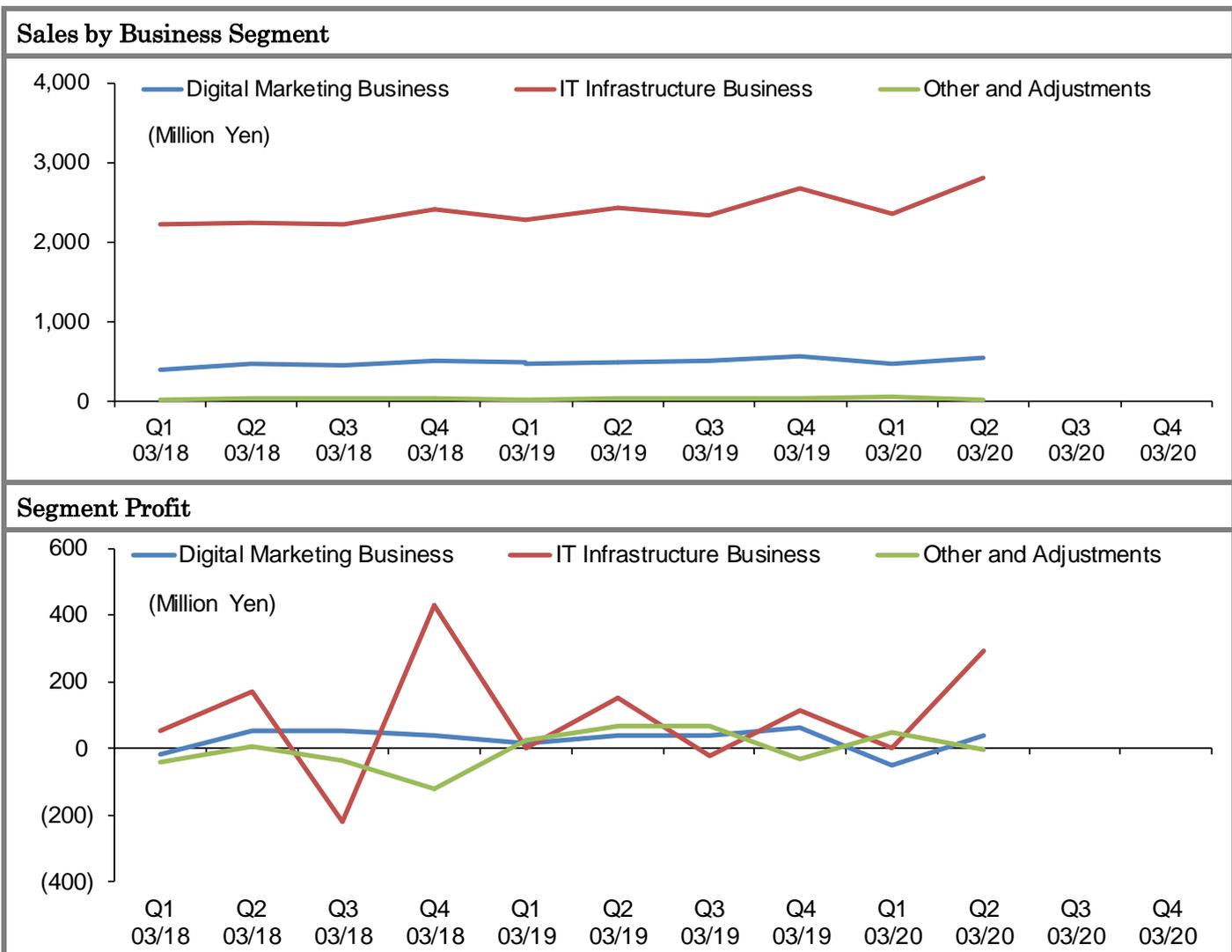
With respect to operating profit, Company forecasts were exceeded in Q1 and in Q2. In addition to progress in cutting costs more than anticipated, some of expenses associated with human resources have been postponed to H2, having resulted in shortfall of SG&A expenses. Due to difficulty in hiring, expenses associated with human resources, comprising those of mid-career recruitment and personnel expenses, have not increased as much as initially planned. However, it can be said that recruitment of human resources has progressed steadily, when compared with results in FY03/2019, according to the Company. In FY03/2020, it seems that a considerably aggressive hiring of human resources is planned.



Source: Company Data, WRJ Calculation

In Q1 to Q2, outright sales came in at ¥3,513m (up 8.4%) and sales on a subscription basis ¥2,725m (up 9.5%) and the latter accounted for 43.7% (up 0.2% points) of total. The Company is currently in the process of shifting its earning model from outright sales to sales on a subscription basis (granting the right to use products and/or services, while consistently collecting compensations per contract term). This trend is particularly conspicuous on the Digital Marketing Business side. The Company plans to use this approach to accumulate stock that generates stable earnings over the long term. As is taken for granted, some of existing contracts do not get renewed, but this is more than compensated for by contributions by new contracts, resulting in strengths of sales on a subscription basis.

On the IT Infrastructure Business side, meanwhile, business model based on outright sales is so effective in some parts in the first place and thus the ratio of sales on a subscription basis as a whole for the Company is not always on the rise. Given consumption tax hike ahead, outright sales on the IT Infrastructure Business side surged in Q2, having resulted in renewal of record high sales in Q2 for this business segment. As a result, the ratio of sales on a subscription basis did not go up as a whole for the Company. The Company also mentions another factor for strengths in sales, i.e., aggressive M&A strategy where it acquires only customers from office automation equipment dealers which are struggling to stay in business due to succession problems and/or weak business performance. Thus, the Company is pursuing M&A here in a way that differs from the typical ones. Now, the Company succeeds in selling wider range of products and/or services to the customers newly acquired, when compared with the situations prior to the M&A.

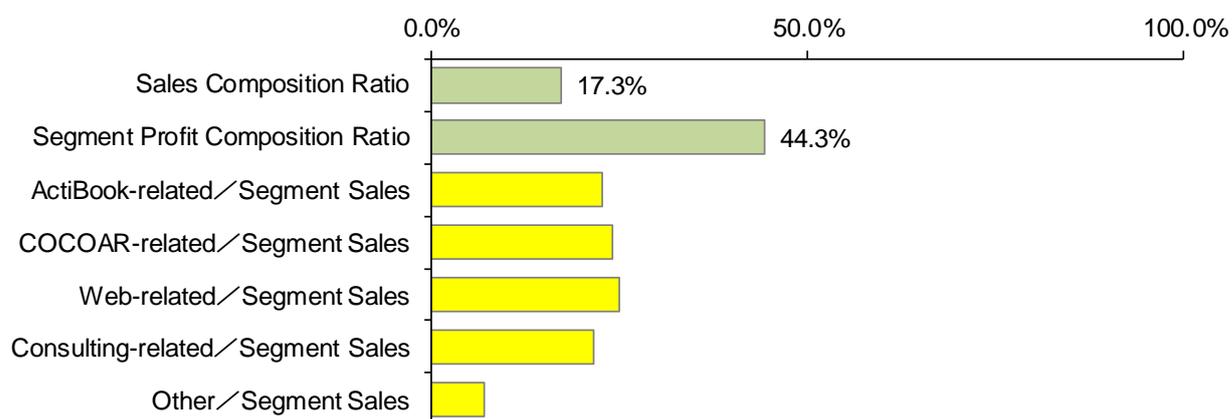


Source: Company Data, WRJ Calculation (“Other and Adjustments”: collective value of other segments and adjustments)

On the Digital Marketing Business side, sales came in at ¥1,006m (up 4.0%), segment profit minus ¥13m (versus ¥54m during the same period of the previous year) and segment profit margin minus 1.4% (down 7.0% points). Outright sales came in at ¥334m (down 11.2%) and ¥671m (up 13.5%) for sales on a subscription basis. Meanwhile, prior to allocation of head office expenses, etc., segment profit came in at ¥117m (down 39.1%) and segment profit margin 11.6% (down 8.2% points). The Company, which has transitioned to holding company structure since FY03/2019, discloses segment profit after allocation of head office expenses, etc., i.e., burden of consulting fees between group companies from the beginning of FY03/2019. Meanwhile, in the results meeting held on 28 November 2019, the Company has also disclosed segment profit before the head office expenses, etc. for results in Q1 to Q2 and equivalents during the same period of the previous year as above-mentioned.

Based on the FY03/2019 results, we estimate that ActiBook-related, COCOAR-related, Web-related and Consulting-related are the main components of sales on the Digital Marketing Business side and each accounts for 20% to 25% of sales as a whole for this business segment. On top of this, the Company is also exposed to sales categorized as Other.

Digital Marketing Business (FY03/2019)



Examples from Customer List (comprising more than 7,000 corporations, including major ones)

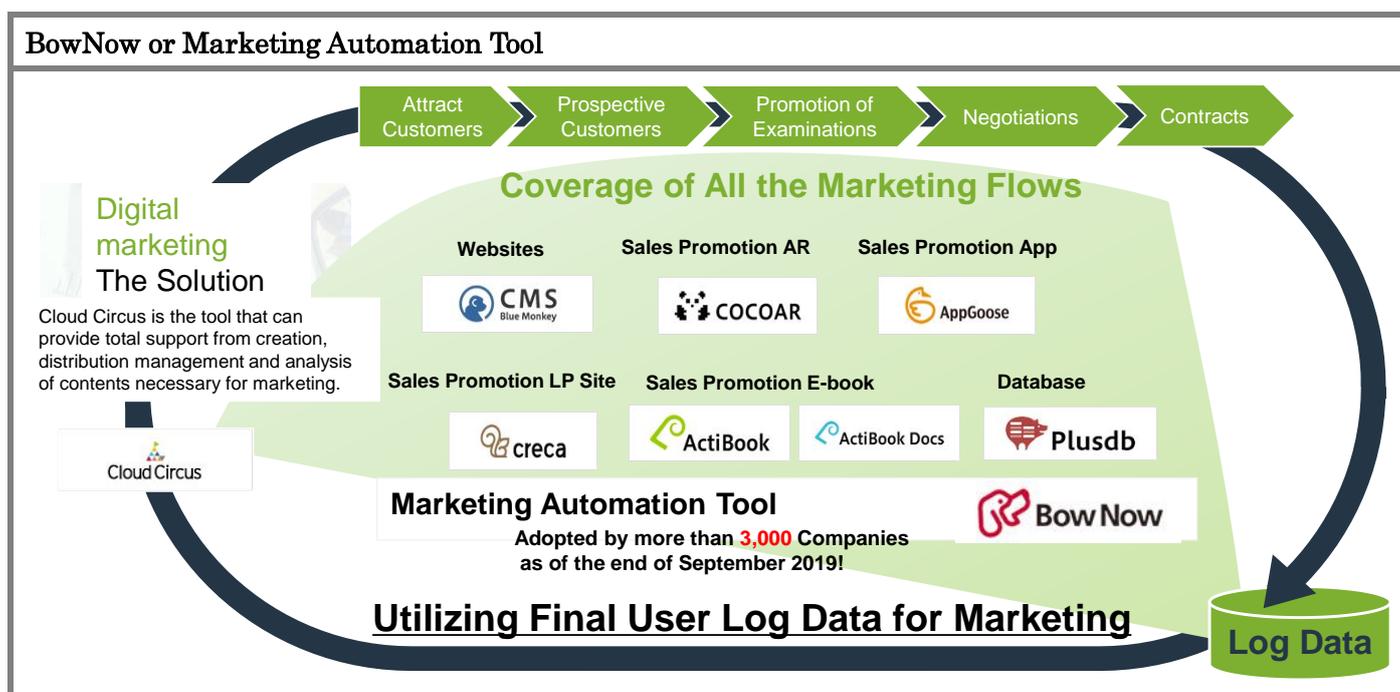
Mitsubishi Space Software Co.,Ltd.	NITTO SEIKO CO.,LTD.	Recruit Lifestyle Co., Ltd.
SEGA Games Co., Ltd.	JAL ABC, Inc.	Shared Solution Service Co., Ltd.
Future One, Inc.	Hoyu Co., Ltd.	LIG inc.
IWAKI & CO., LTD.	Benesse Corporation	Sanwa Denki Kogyo Co., Ltd.
TAIYO KOGYO CORPORATION	Marubeni Chemix Corporation	MI Seven Japan, Inc.
NIHON YAKIN KAGAKU KOUGYOU CO LTD.,	IDX Company, Ltd.	Kubota ChemiX Co., Ltd.
en Foundation for HR development	FUJIKURA COMPOSITES Inc.	Mizuho Financial Group, Inc.
ITOCHU Cable Systems Corp.	FP CORPORATION	Credit Saison Co.,Ltd.

Source: Company Data, WRJ Calculation (estimates)

On the Digital Marketing Business side, the Company is currently preparing for the development of Cloud Circus or integrated digital marketing services. Meanwhile, the Company plans, develops and sells web applications, mainly comprising ActiBook or software to create e-book, ActiBook AR COCOAR or software to apply the ease of ActiBook to the world of AR (augmented reality, i.e., computer technology to augment real environments perceived by human beings), CMS Blue Monkey or tool to create websites and Plusdb or software to create product database. On top of this, the Company provides customers with total solutions in regards to web applications to drive sales and/or improve efficiency of operations, represented by creation of websites and consulting to increase access as well as contracted development and/or customization for systems.

All those digital marketing tools with the Company have been adopted by more than 7,000 corporations, including major ones, to date. For example, in November 2018, the Company's ActiBook AR COCOAR was adopted by "Nikkei AR" or AR app for smartphones offered by Nikkei Inc. Using "Nikkei AR", the AR contents can be displayed by reading a designated "marker" posted on a page, etc. The Company suggests that it is possible to view explanatory video that is more detailed than the contents of the posted article. In addition to Startia Lab, Inc., Mtame, Inc., Startia Taiwan and STARTIASOFT INC. are in charge of the operations on the Digital Marketing Business side in the Company's group.

Startia Lab Inc., the key operator on the Digital Marketing Business side, was established in 2009 as a spin-off from the Company. Since its startup, this group company has continued to develop above-mentioned software, tools and services. That is to say, this group company has supported the creation of diverse digital contents by customers through all those initiatives and recently it has particularly focused on providing services that promote the efficient use of information obtained through the contents, i.e., log data such as identification of viewers on specific contents, etc. In other words, the Company is trying to get at realization of "information to make money" for customers, which is encouraged by BowNow or marketing automation tool.



Source: Company Data

Although the Company is a late entrant in this domain, BowNow has been adopted by more than 3,000 corporations (as of the end of September 2019, including freemium plans). According to the "DataSign Web Services Survey Report September 2019" by DataSign Inc., BowNow is the second largest in the market with share of 13.65%, when the market is assumed to comprise collective 34 equivalents available in Japan, while Pardot by salesforce.com Co.,Ltd. is the largest with market share of 21.49%. BowNow was launched in February 2016 and has been marketed mainly to smaller business. In July 2017, the Company introduced freemium plans with limited functions, which was followed by startup of offering with "ABM Template" or a new function that uses templates for "scoring" and "scenario design" in November 2018. As a result, BowNow has been adopted by more than 3,000 corporations to date or after three and half or four years since its launch.

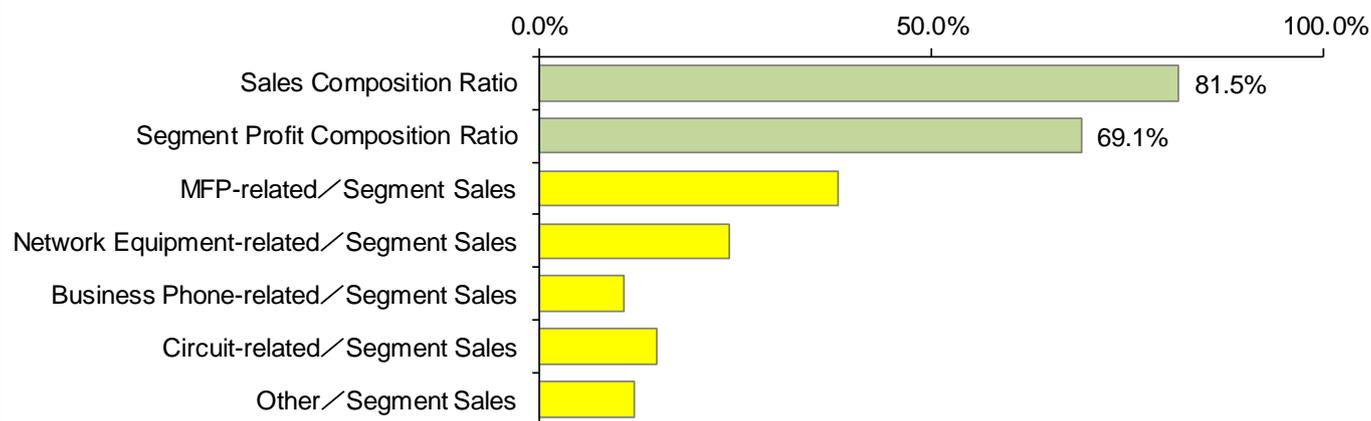
The marketing automation tools of salesforce.com Co. Ltd. and other peers are basically for large corporations and they are expected to start operations after about a year and half from the beginning. On top of this, unit price to pay as a tool at the initial stage is high and considerable expenditures are required for consulting on design and other peripheral services. On the other hand, in the Company's BowNow, it takes only about a month to install tracking codes and create forms in order to launch the system, as the Company is promoting the use of templates as above-mentioned. In addition, the contribution of expenses required for the introduction is extremely lower, according to the Company. With these as distinctive features for differentiation, the Company is going for consistent increases in the number of corporations adopting BowNow for the future.

In Q1 to Q2 FY03/2020, the Company successfully focused on sales on a subscription basis, aiming to accumulate stocks that generate stable earnings over the long term. However, presumably due partly to a significant focus on this domain, outright sales comprising those of packaged software, etc. carrying high gross profit margin came down. The Company suggests that outright sales here are marginally below expectations and thus it suffers from difficulties here.

There is an aspect that booking outright sales frontloads booking of earnings, while sales on a subscription basis delays earnings. However, sales on a subscription basis accumulate stocks that generate stable earnings over the long term, while this is said to have good opportunity to generate earnings larger at the end of the day. In light of this, the Company has been focusing on beefing up sales on a subscription basis more than before, but if it progresses so quickly, short-term earnings are to correct significantly. Thus, it appears that the Company is trying to beef up sales on the Digital Marketing Business side, striking a balance between sales on a subscription basis and outright sales. As above-mentioned, Digital Marketing Business sees segment profit coming down over the same period of the previous year, which is mainly attributable to a decline in outright sales.

Meanwhile, the Company, which is also focusing on expanding its market shares, is promoting the introduction of freemium plans that can be used for free as a strategy to enlarge own market presence, implying an increased opportunities for sales for the future. The introduction of freemium plan is basically done with BowNow or marketing automation tool. Meanwhile, the Company sees a recent trend that major corporations are starting to adopt BowNow in line with advanced functionalities.

IT Infrastructure Business (FY03/2019)



Source: Company Data, WRJ Calculation (estimates)

On the IT Infrastructure Business side, sales came in at ¥5,156m (up 9.7%), segment profit ¥291m (up 93.7%) and segment profit margin 5.6% (up 2.4% points). Outright sales came in at ¥3,156m (up 11.0%) and ¥1,999m (up 7.6%) for sales on a subscription basis, while segment profit ¥703m (up 7.7%) and segment profit margin 13.6% (down 0.3% points) prior to allocation of head office expenses, etc. Based on the FY03/2019 results, we estimate that MFP-related, Network Equipment-related, Business Phone-related and Circuit-related are the main components of sales in this business segment. In particular, the Company appears being heavily involved with MFP-related whose sales composition ratio is almost 40%.

Given frontloaded delivery prior to consumption tax hike, outright sales expanded a lot, while sales on a subscription basis increased steadily. Emergence of demand for replacing network equipment, etc. is consistently driving sales associated with system integration services, where security is ensured, comprising those of hardware installation and maintenance. The introduction of "business assistant" that provides various services on a flat-rate basis is also faring well, together with its idea of "being useful for business".

On the IT Infrastructure Business side, the Company provides comprehensive network integration services as well as system integration services represented by those of cloud-based meeting the needs and growth of more than 25,000 customers mainly comprising smaller business (the number of subscription-type customers: 18,007 as of the end of Q2 FY03/2020). In other words, the Company provides total solutions that combine network equipment, peripheral services, etc. On top of this, the Company is heavily exposed to sales associated with Business Phone, MFP (Multifunction Peripheral or office equipment that integrates functions as printer, image scanners, facsimile, etc.) and counter services (or maintenance services to collect only usage fees in line with the number of copies made with MFP, while collecting no compensations on repair, toners, etc.). Meanwhile, the Company has been also making proposals for office layouts that utilize communication environments such as LAN by making use of own long-standing know-how in sales of ICT equipment and services to arrange for ISP. In addition, the Company is also involved with business to collect incentives from telecom carriers through working as agency for subscribing circuit lines such as arrangement for those of telephones.

By group company, on top of Startia, Inc., BCMEDIA Co., Ltd., NOS Ltd., MAC OFFICE INC. and Urban Plan Inc. have been in charge of operations on the IT Infrastructure Business side. Meanwhile, the business segment of Business Application which was in charge of by Startia Raise, Inc. has been included in IT Infrastructure Business as a part since Q1 FY03/2020. Operations here are represented by provision of “Secure SAMBA” or cloud storage services and the introduction and consulting services for “Robo-Pat” or RPA tool to provide solutions with automation of office work.

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		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Sales	2,782	5,731	8,624	11,907	2,873	6,240	-	-	-	+508
Cost of Sales	1,582	3,145	4,760	6,582	1,641	3,469	-	-	-	+323
Gross Profit	1,199	2,585	3,864	5,325	1,232	2,770	-	-	-	+184
SG&A Expenses	1,162	2,290	3,485	4,807	1,235	2,450	-	-	-	+159
Operating Profit	37	294	378	517	(2)	320	-	-	-	+25
Non Operating Balance	12	35	36	55	(9)	15	-	-	-	(20)
Recurring Profit	49	330	415	573	(12)	335	-	-	-	+5
Extraordinary Balance	18	23	23	25	0	2	-	-	-	(20)
Profit before Income Taxes	67	353	438	598	(12)	338	-	-	-	(15)
Total Income Taxes	13	135	186	289	20	159	-	-	-	+24
NP Belonging to Non-Controlling SHs	(8)	(9)	(12)	(13)	(1)	(1)	-	-	-	+8
Profit Attributable to Owners of Parent	62	228	264	323	(31)	180	-	-	-	(48)
Sales YoY	+6.2%	+6.7%	+6.6%	+7.7%	+3.3%	+8.9%	-	-	-	-
Operating Profit YoY	-	+33.0%	+34.7%	+44.4%	-	+8.6%	-	-	-	-
Recurring Profit YoY	-	+40.6%	+41.6%	+52.3%	-	+1.5%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+52.8%	+8.6%	(45.1%)	(47.3%)	-	(21.1%)	-	-	-	-
Gross Profit Margin	43.1%	45.1%	44.8%	44.7%	42.9%	44.4%	-	-	-	(0.7%)
Sales to SG&A Expenses Ratio	41.8%	40.0%	40.4%	40.4%	43.0%	39.3%	-	-	-	(0.7%)
Operating Profit Margin	1.3%	5.1%	4.4%	4.3%	(0.1%)	5.1%	-	-	-	(0.0%)
Recurring Profit Margin	1.8%	5.8%	4.8%	4.8%	(0.4%)	5.4%	-	-	-	(0.4%)
Profit Attributable to Owners of Parent Margin	2.2%	4.0%	3.1%	2.7%	(1.1%)	2.9%	-	-	-	(1.1%)
Total Income Taxes/Profit before Income Taxes	20.3%	38.2%	42.6%	48.3%	(166.6%)	47.3%	-	-	-	+9.0%
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		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Sales	2,782	2,948	2,893	3,283	2,873	3,366	-	-	-	+417
Cost of Sales	1,582	1,562	1,614	1,821	1,641	1,828	-	-	-	+265
Gross Profit	1,199	1,385	1,278	1,461	1,232	1,538	-	-	-	+152
SG&A Expenses	1,162	1,128	1,195	1,321	1,235	1,214	-	-	-	+86
Operating Profit	37	257	83	139	(2)	323	-	-	-	+65
Non Operating Balance	12	23	1	19	(9)	24	-	-	-	+1
Recurring Profit	49	281	84	158	(12)	347	-	-	-	+66
Extraordinary Balance	18	5	0	1	0	2	-	-	-	(2)
Profit before Income Taxes	67	286	84	160	(12)	350	-	-	-	+64
Total Income Taxes	13	121	51	102	20	139	-	-	-	+17
NP Belonging to Non-Controlling SHs	(8)	(1)	(3)	(0)	(1)	0	-	-	-	+1
Profit Attributable to Owners of Parent	62	166	36	58	(31)	211	-	-	-	+44
Sales YoY	+6.2%	+7.1%	+6.4%	+10.7%	+3.3%	+14.2%	-	-	-	-
Operating Profit YoY	-	+13.0%	+41.2%	+79.2%	-	+25.4%	-	-	-	-
Recurring Profit YoY	-	+18.7%	+45.7%	+89.6%	-	+23.7%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+52.8%	(2.0%)	(86.6%)	(55.3%)	-	+27.0%	-	-	-	-
Gross Profit Margin	43.1%	47.0%	44.2%	44.5%	42.9%	45.7%	-	-	-	(1.3%)
Sales to SG&A Expenses Ratio	41.8%	38.3%	41.3%	40.3%	43.0%	36.1%	-	-	-	(2.2%)
Operating Profit Margin	1.3%	8.7%	2.9%	4.2%	(0.1%)	9.6%	-	-	-	+0.9%
Recurring Profit Margin	1.8%	9.5%	2.9%	4.8%	(0.4%)	10.3%	-	-	-	+0.8%
Profit Attributable to Owners of Parent Margin	2.2%	5.6%	1.3%	1.8%	(1.1%)	6.3%	-	-	-	+0.6%
Total Income Taxes/Profit before Income Taxes	20.3%	42.5%	60.7%	63.9%	(166.6%)	39.8%	-	-	-	(2.7%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative/Quarterly)

報告セグメント (百万円)	連結実績	連結実績	連結実績	連結実績	連結実績	連結実績	連結実績	連結実績	連結実績	前年比 純増減
	1Q 03/2019	2Q累計 03/2019	3Q累計 03/2019	4Q累計 03/2019	1Q 03/2020	2Q累計 03/2020	3Q累計 03/2020	4Q累計 03/2020		
デジタルマーケティング関連事業	482	967	1,482	2,054	465	1,006	-	-	+39	
ITインフラ関連事業	2,273	4,700	7,032	9,709	2,356	5,156	-	-	+455	
CVC関連事業	-	-	-	-	-	-	-	-	-	
海外関連事業	26	62	107	141	48	73	-	-	+11	
その他	0	0	0	1	2	3	-	-	+3	
調整額	0	0	0	-	-	-	-	-	(0)	
売上高	2,782	5,731	8,624	11,907	2,873	6,240	-	-	+508	
デジタルマーケティング関連事業	14	54	92	154	(50)	(13)	-	-	(68)	
ITインフラ関連事業	(0)	150	129	241	(1)	291	-	-	+140	
CVC関連事業	(1)	(2)	(3)	(30)	(0)	(0)	-	-	+1	
海外関連事業	(28)	(38)	(38)	(11)	20	9	-	-	+47	
その他	(1)	(3)	(4)	(4)	(7)	(13)	-	-	(10)	
セグメント利益	(16)	161	176	350	(39)	272	-	-	+111	
調整額	53	133	202	167	36	47	-	-	(86)	
営業利益	37	294	378	517	(2)	320	-	-	+25	
デジタルマーケティング関連事業	3.1%	5.7%	6.3%	7.5%	(10.9%)	(1.4%)	-	-	(7.0%)	
ITインフラ関連事業	(0.0%)	3.2%	1.8%	2.5%	(0.0%)	5.6%	-	-	+2.4%	
CVC関連事業	-	-	-	-	-	-	-	-	-	
海外関連事業	(110.6%)	(61.6%)	(35.3%)	(8.2%)	41.6%	12.7%	-	-	+74.2%	
その他	-	-	-	-	-	-	-	-	-	
調整額	1.9%	2.3%	2.3%	1.4%	1.3%	0.8%	-	-	(1.6%)	
営業利益率	1.3%	5.1%	4.4%	4.3%	(0.1%)	5.1%	-	-	(0.0%)	

報告セグメント (百万円)	連結実績	連結実績	前年比 純増減							
	1Q 03/2019	2Q 03/2019	3Q 03/2019	4Q 03/2019	1Q 03/2020	2Q 03/2020	3Q 03/2020	4Q 03/2020		
デジタルマーケティング関連事業	482	484	515	572	465	540	-	-	+56	
ITインフラ関連事業	2,273	2,427	2,331	2,676	2,356	2,799	-	-	+371	
CVC関連事業	-	-	-	-	-	-	-	-	-	
海外関連事業	26	36	45	33	48	25	-	-	(11)	
その他	-	0	0	0	2	1	-	-	+0	
調整額	0	0	0	(0)	-	-	-	-	(0)	
売上高	2,782	2,948	2,893	3,283	2,873	3,366	-	-	+417	
デジタルマーケティング関連事業	14	40	37	62	(50)	37	-	-	(2)	
ITインフラ関連事業	(0)	150	(21)	112	(1)	292	-	-	+141	
CVC関連事業	(1)	(1)	(1)	(27)	(0)	(0)	-	-	+0	
海外関連事業	(28)	(9)	0	26	20	(10)	-	-	(1)	
その他	(1)	(1)	(0)	(0)	(7)	(6)	-	-	(4)	
セグメント利益	(16)	178	15	173	(39)	311	-	-	+133	
調整額	53	79	68	(34)	36	11	-	-	(68)	
営業利益	37	257	83	139	(2)	323	-	-	+65	
デジタルマーケティング関連事業	3.1%	8.3%	7.3%	10.9%	(10.9%)	6.9%	-	-	(1.4%)	
ITインフラ関連事業	(0.0%)	6.2%	(0.9%)	4.2%	(0.0%)	10.4%	-	-	+4.2%	
CVC関連事業	-	-	-	-	-	-	-	-	-	
海外関連事業	(110.6%)	(26.7%)	0.9%	78.8%	41.6%	(43.1%)	-	-	(16.4%)	
その他	-	-	-	-	-	-	-	-	-	
調整額	1.9%	2.7%	2.4%	(1.1%)	1.3%	0.3%	-	-	(2.4%)	
営業利益率	1.3%	8.7%	2.9%	4.2%	(0.1%)	9.6%	-	-	+0.9%	

出所：会社データ、弊社計算

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	YoY Net Chg.							
	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020		
Cash and Deposit	3,164	3,117	3,395	3,293	2,983	2,855	-	-	(261)	
Accounts Receivables	1,523	1,605	1,517	1,918	1,615	1,984	-	-	+378	
Inventory	134	131	118	106	131	112	-	-	(19)	
Other	370	480	598	801	487	523	-	-	+43	
Current Assets	5,192	5,334	5,629	6,119	5,218	5,476	-	-	+141	
Tangible Assets	101	133	124	116	124	118	-	-	(14)	
Intangible Assets	388	400	424	499	476	503	-	-	+102	
Investments and Other Assets	1,384	1,276	1,394	1,482	1,437	1,420	-	-	+143	
Fixed Assets	1,874	1,810	1,942	2,098	2,038	2,043	-	-	+232	
Total Assets	7,066	7,145	7,572	8,218	7,256	7,519	-	-	+373	
Accounts Payables	672	669	618	810	685	725	-	-	+55	
Short Term Debt	316	233	466	466	466	466	-	-	+233	
Other	740	872	916	1,465	879	999	-	-	+127	
Current Liabilities	1,729	1,775	2,002	2,742	2,031	2,191	-	-	+416	
Long Term Debt	408	350	879	751	626	498	-	-	+148	
Other	131	78	71	93	70	77	-	-	(0)	
Fixed Liabilities	539	428	950	845	697	575	-	-	+147	
Total Liabilities	2,268	2,203	2,953	3,588	2,728	2,767	-	-	+564	
Shareholders' Equity	4,408	4,670	4,428	4,431	4,354	4,578	-	-	(92)	
Other	389	270	191	198	173	172	-	-	(97)	
Net Assets	4,798	4,941	4,619	4,629	4,528	4,751	-	-	(190)	
Total Liabilities and Net Assets	7,066	7,145	7,572	8,218	7,256	7,519	-	-	+373	
Equity Capital	4,768	4,913	4,595	4,628	4,528	4,751	-	-	(162)	
Interest Bearing Debt	725	583	1,346	1,218	1,093	965	-	-	+381	
Net Debt	(2,439)	(2,534)	(2,048)	(2,075)	(1,889)	(1,890)	-	-	+643	
Equity Ratio	67.5%	68.8%	60.7%	56.3%	62.4%	63.2%	-	-	-	
Net Debt Equity Ratio	(51.2%)	(51.6%)	(44.6%)	(44.8%)	(41.7%)	(39.8%)	-	-	-	
ROE (12 months)	14.6%	14.0%	8.5%	6.8%	5.0%	5.7%	-	-	-	
ROA (12 months)	6.8%	7.1%	7.0%	7.2%	7.1%	7.9%	-	-	-	
Quick Ratio	271%	266%	245%	190%	226%	221%	-	-	-	
Current Ratio	300%	300%	281%	223%	257%	250%	-	-	-	

Source: Company Data, WRJ Calculation

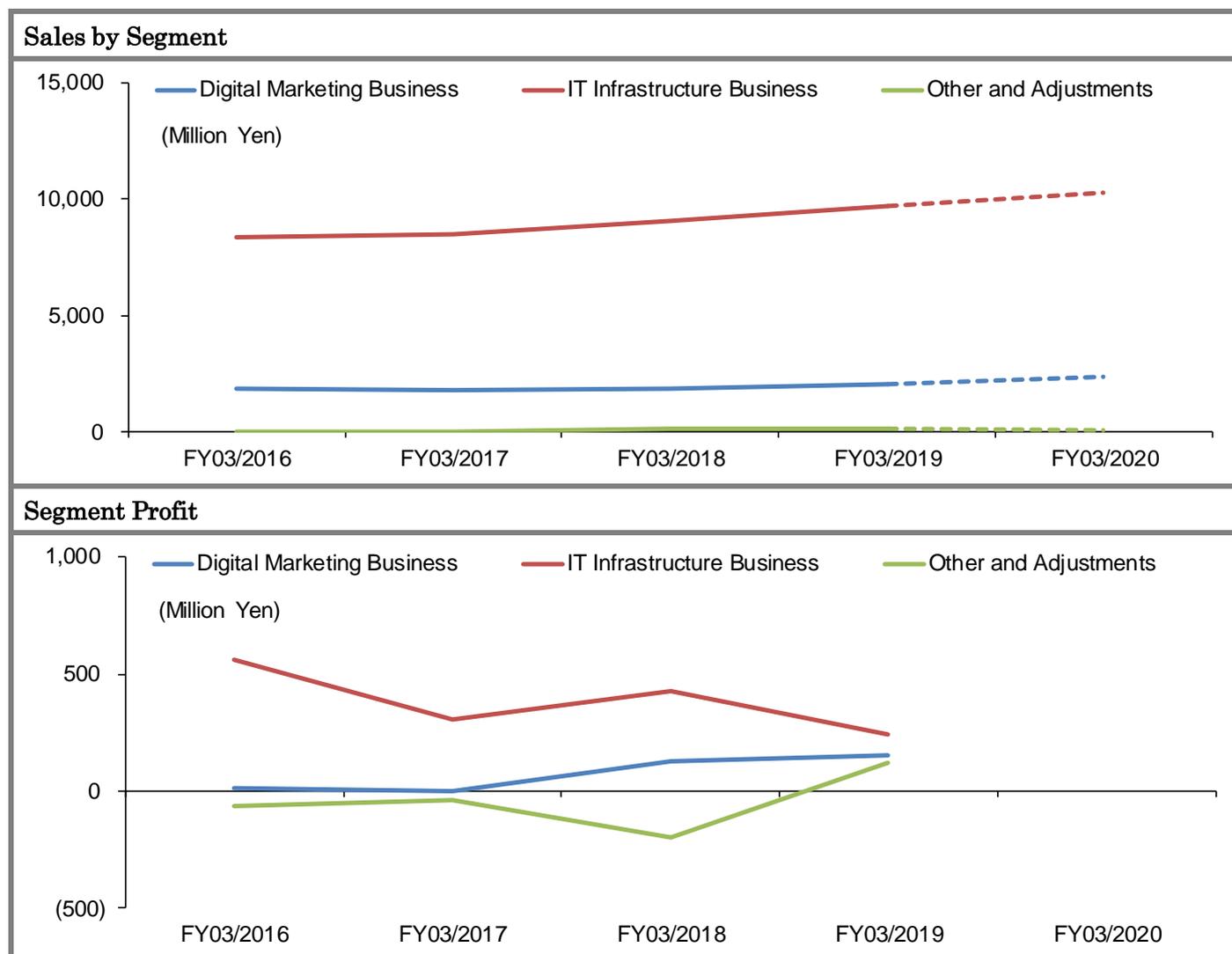
Cash Flow Statement (Cumulative)

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 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020		
Operating Cash Flow	-	(108)	-	194	-	49	-	-	+158	
Investing Cash Flow	-	(113)	-	(537)	-	(178)	-	-	(64)	
Operating CF and Investing CF	-	(222)	-	(343)	-	(128)	-	-	+93	
Financing Cash Flow	-	(372)	-	(73)	-	(294)	-	-	+78	

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 initial Company forecasts have remained unchanged, going for prospective sales of ¥12,822m (up 7.7% YoY), operating profit of ¥506m (down 2.2%), recurring profit of ¥504m (down 12.1%) and profit attributable to owners of parent of ¥290m (down 10.3%), while operating profit margin of 3.9% (down 0.4% points). By business segment, Company forecasts assume sales of ¥2,387m (up 16.2%) on the Digital Marketing Business side and sales of ¥10,294m (up 6.0%) on the IT Infrastructure Business side.



Source: Company Data, WRJ Calculation (“Other and Adjustments”: collective value of other segments and adjustments)

Meanwhile, Company forecasts have remained also unchanged for prospective annual dividend, going for ¥9.00 per share, implying payout ratio of 31.8%. Compared with ¥9.00 per share, implying payout ratio of 28.0%, in FY03/2019, the dividend amount remains unchanged, while payout ratio increases slightly. The Company is keen on returning earnings to shareholders, but currently disclosing and implementing a policy of paying stable dividend over the long term as a phase of investment to drive long-term growth may persist.

In FY03/2019 results, Digital Marketing Business accounted for 17.3% of sales as a whole for the Company, 44.3% of segment profit (before adjustments) and segment profit margin of 7.5%, while IT Infrastructure Business 81.5% of sales, 69.1% of segment profit and segment profit margin of 2.5%. In other words, business performance as a whole for the Company heavily hinges on those two business segments, while Digital Marketing Business carries segment profit margin far higher than that of IT Infrastructure Business. The Company also runs CVC Business, Overseas Business, etc., but they are collectively insignificant to sales and operating profit as a whole for the Company.

As mentioned earlier, the Company has transitioned to holding company structure since FY03/2019, having started to disclose segment profit after allotment of head office expenses, etc., i.e., intragroup consulting fees burden deducted from earnings of each group company since the beginning of FY03/2019. As a result, the Company saw adjustments of ¥167m with “Segmented Information” in FY03/2019 versus minus ¥165m in FY03/2018. Thus, the two business segments collectively suffered from increased expenses of some ¥300m over the previous year, stemming from allocation of head office expenses, etc. At the same time, the Company also suggests that expenses on the Digital Marketing Business side increased in particular due to this. Thus, it should be the case that Digital Marketing Business saw segment profit margin higher than that of IT Infrastructure Business to the extent even more than implied by the above figures before allocation of head office expenses, etc. On top of this, the market to which the Company is exposed on the Digital Marketing Business side has a high growth potential for the future and thus the Company focuses on the operations of Digital Marketing Business.

Meanwhile, FY03/2020 initial Company forecasts are going for prospective net increases by ¥914m in sales for changes over the previous year on an absolute value basis and net decreases by ¥11m in operating profit, implying net increases by ¥925m in operating expenses at the same time. The Company suggests that operating expenses will increase in line with increased hiring and by burden from investment in inhouse systems to cope with conversion of freemium plans to paid services and with Cloud Circus, collectively generating net increases of operating expenses by some ¥200m over the previous year. In other words, Company forecasts assume impacts from upfront investment associated with Digital Marketing Business to a large extent as far as we could see.

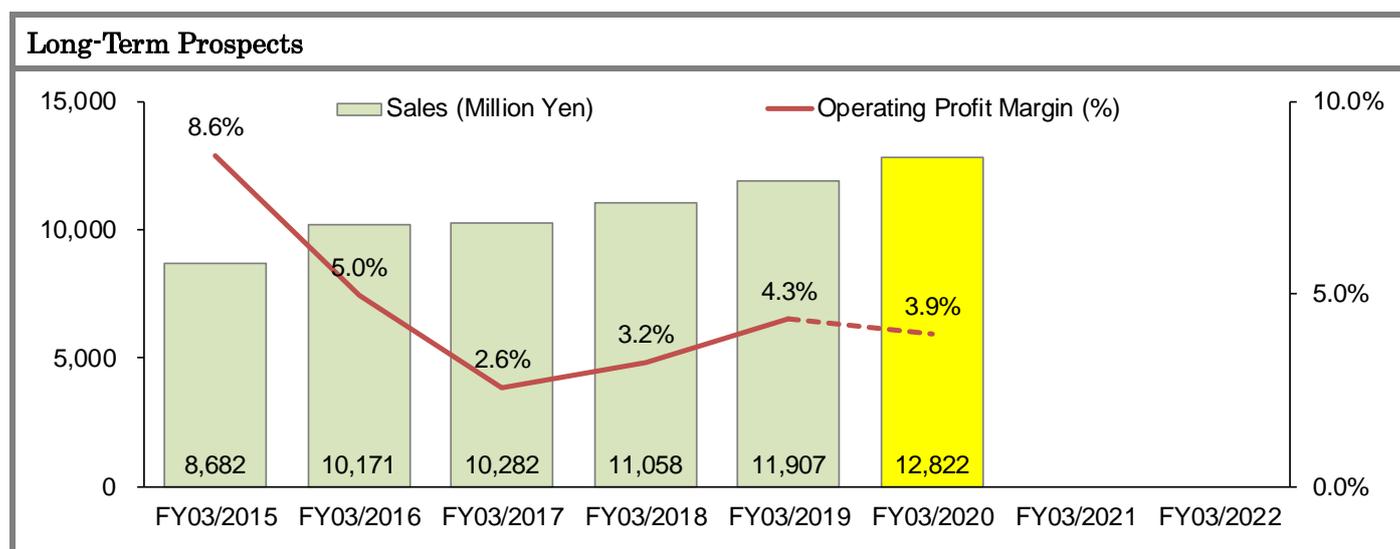
FY03/2020 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2020CoE	15-May-19	Q4 Results	12,822	506	504	290
FY03/2020CoE	09-Aug-19	Q1 Results	12,822	506	504	290
FY03/2020CoE	06-Nov-19	Revision	12,822	506	504	290
FY03/2020CoE	08-Nov-19	Q2 Results	12,822	506	504	290
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2020CoE	15-May-19	Q4 Results	12,822	506	504	290
FY03/2020CoE	08-Nov-19	Q2 Results	12,822	506	504	290
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2020CoE	15-May-19	Q4 Results	6,073	112	110	63
Q1 to Q2 FY03/2020CoE	09-Aug-19	Q1 Results	6,073	112	110	63
Q1 to Q2 FY03/2020CoE	06-Nov-19	Revision	6,240	320	335	180
		Amount of Gap	167	208	225	117
		Rate of Gap	2.7%	185.7%	204.5%	185.7%
Q1 to Q2 FY03/2020Act	08-Nov-19	Q2 Results	6,240	320	335	180
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q1 to Q2 FY03/2020CoE	15-May-19	Q4 Results	6,073	112	110	63
Q1 to Q2 FY03/2020Act	08-Nov-19	Q2 Results	6,240	320	335	180
		Amount of Gap	167	208	225	117
		Rate of Gap	2.7%	185.7%	204.5%	185.7%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2020CoE	15-May-19	Q4 Results	6,749	394	394	227
Q3 to Q4 FY03/2020CoE	09-Aug-19	Q1 Results	6,749	394	394	227
Q3 to Q4 FY03/2020CoE	06-Nov-19	Revision	6,582	186	169	110
		Amount of Gap	(167)	(208)	(225)	(117)
		Rate of Gap	(2.5%)	(52.8%)	(57.1%)	(51.5%)
Q3 to Q4 FY03/2020CoE	08-Nov-19	Q2 Results	6,582	186	169	110
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY03/2020CoE	15-May-19	Q4 Results	6,749	394	394	227
Q3 to Q4 FY03/2020CoE	08-Nov-19	Q2 Results	6,582	186	169	110
		Amount of Gap	(167)	(208)	(225)	(117)
		Rate of Gap	(2.5%)	(52.8%)	(57.1%)	(51.5%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

The Company is currently in the phase of investment on the Digital Marketing Business side and thus short-term earnings hinge on the timing and the extent of investment on an upfront basis, which is true of mid-term prospects over the next three to 5 years. For example, it appears that the Company is to suffer from this for its earnings in FY03/2020. Meanwhile, at the moment, the Company is in the process of finalizing investment strategy for FY03/2021. The biggest question here is whether it should only benefit from the investment it has made so far or expand the investment more than ever before in the pursuit of long-term growth potential.



Source: Company Data, WRJ Calculation

Looking at the results over the past 5 years, the Company saw operating profit of ¥747m in FY03/2015 with high operating profit margin of 8.6%, while operating profit margin has been below this level over the next four years since then. In FY03/2015, when the Company saw operating profit of almost the same level as the record high, sales of ActiBook were firm, which were basically of outright sales of ActiBook or software to create e-book as standalone packaged software. In other words, sales presumably carrying fairly high marginal profit ratio performed favorably, having resulted in high level of operating profit margin as a whole for the Company as far as we could see. However, as a result of outright sales of software used over several years, it appears that the Company booked sales and earnings frontloaded in a sense.

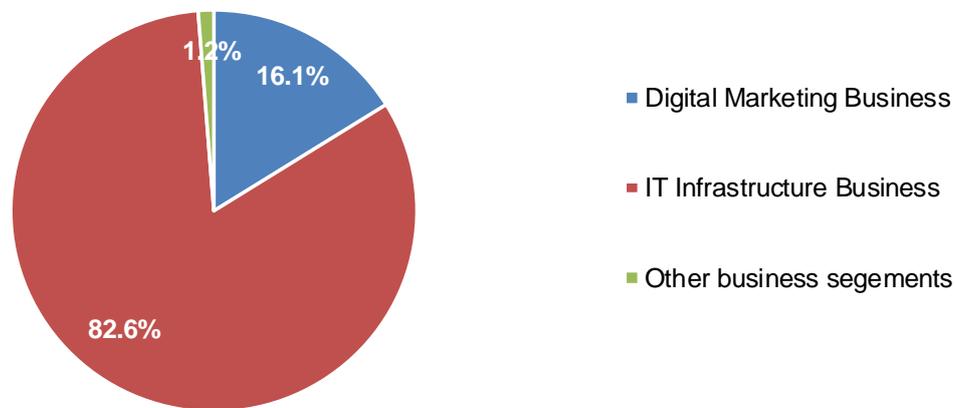
In light of this, the Company began shifting its focus from outright sales to sales on a subscription basis with respect to ActiBook as well as operations belonging to those of Digital Marketing Business at present, as well as those of IT Infrastructure Business at present. In line with this, the timing to book sales and earnings have been delayed compared with the situations prior to this. Nevertheless, it is obvious that sales and earnings should continue to trend steadily upward at the stage after critical point that occurs at a certain point in the future.

4.0 Business Model

IT Infrastructure to Digital Marketing

The Company has been investing capital earned from its traditional operations on the IT Infrastructure Business side to develop its operations on the Digital Marketing Businesses side in order to pursue own long-term growth potential. In Q1 to Q2 FY03/2020 results, sales of traditional operations on the IT Infrastructure Business side accounted for 82.6% of sales as a whole for the Company and 16.1% for those on the Digital Marketing Business side on which the Company has been focusing for years. The Company has revealed its intention to continue raising its operations on the Digital Marketing Business side by investing capital earned from its operations on the IT Infrastructure Business side, going for the establishment of business model primarily based on operations on the Digital Marketing Business side.

Sales Breakdown (Q1 to Q2 FY03/2020)



Source: Company Data, WRJ Calculation

It was more than 20 years ago today that the Company was established. In those days, the Company used to specialize in operations corresponding to those on the IT Infrastructure Business side. Particularly, it appears that the Company was heavily involved with sales associated with MFP and Business Phone for customers mainly comprising smaller business just like now. In other words, the Company well coped with needs of own customers in those days. At the same time, the Company has been making investment and development for operations corresponding to those on the Digital Marketing Business side since then, having had seen through upcoming advent of Internet as the key theme of customer needs for the future. As above-mentioned, sales on the Digital Marketing Business side have risen up to 16.1% of sales as a whole for the Company to date, while prospects are becoming clearer than before. Given situations like this, the Company now intends to disclose information more actively than ever before.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Sales	8,682	10,171	10,282	11,058	11,907	12,822	+914
Cost of Sales	4,325	5,561	5,745	6,144	6,582	-	-
Gross Profit	4,356	4,609	4,536	4,914	5,325	-	-
SG&A Expenses	3,609	4,106	4,271	4,555	4,807	-	-
Operating Profit	747	503	265	358	517	506	(11)
Non Operating Balance	131	41	20	18	55	(2)	(57)
Recurring Profit	878	544	285	376	573	504	(69)
Extraordinary Balance	78	(33)	(103)	389	25	-	-
Profit before Income Taxes	956	510	182	766	598	-	-
Total Income Taxes	364	261	174	169	289	-	-
NP Belonging to Non-Controlling SHs	0	(3)	2	(16)	(13)	-	-
Profit Attributable to Owners of Parent	592	253	5	613	323	290	(33)
Sales YoY	+6.3%	+17.1%	+1.1%	+7.5%	+7.7%	+7.7%	-
Operating Profit YoY	(10.0%)	(32.6%)	(47.3%)	+35.1%	+44.4%	(2.2%)	-
Recurring Profit YoY	+2.6%	(38.0%)	(47.6%)	+31.9%	+52.3%	(12.1%)	-
Profit Attributable to Owners of Parent YoY	+37.2%	(57.3%)	(97.7%)	-	(47.3%)	(10.3%)	-
Gross Profit Margin	50.2%	45.3%	44.1%	44.4%	44.7%	-	-
Sales to SG&A Expenses Ratio	41.6%	40.4%	41.5%	41.2%	40.4%	-	-
Operating Profit Margin	8.6%	5.0%	2.6%	3.2%	4.3%	3.9%	(0.4%)
Recurring Profit Margin	10.1%	5.4%	2.8%	3.4%	4.8%	3.9%	(0.9%)
Profit Attributable to Owners of Parent Margin	6.8%	2.5%	0.1%	5.5%	2.7%	2.3%	(0.5%)
Total Income Taxes / Profit before Income Taxes	38.1%	51.2%	95.5%	22.1%	48.3%	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Digital Marketing Business	-	-	-	1,828	2,054	2,387	+332
IT Infrastructure Business	-	-	-	9,096	9,709	10,294	+584
CVC Business	-	-	-	1	-	-	-
Overseas Business	-	-	-	132	141	-	-
Other	-	-	-	-	1	-	-
Adjustments	-	-	-	-	-	-	-
Sales	8,682	10,171	10,282	11,058	11,907	12,822	+914
Digital Marketing Business	-	-	-	127	154	-	-
IT Infrastructure Business	-	-	-	428	241	-	-
CVC Business	-	-	-	(45)	(30)	-	-
Overseas Business	-	-	-	14	(11)	-	-
Other	-	-	-	-	(4)	-	-
Segment Profit	-	-	-	524	350	-	-
Adjustments	-	-	-	(165)	167	-	-
Operating Profit	747	503	265	358	517	506	(11)
Digital Marketing Business	-	-	-	7.0%	7.5%	-	-
IT Infrastructure Business	-	-	-	4.7%	2.5%	-	-
CVC Business	-	-	-	-	-	-	-
Overseas Business	-	-	-	10.8%	(8.2%)	-	-
Other	-	-	-	-	-	-	-
Adjustments	-	-	-	(1.5%)	1.4%	-	-
Operating Profit Margin	8.6%	5.0%	2.6%	3.2%	4.3%	3.9%	(0.4%)

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Cash and Deposit	2,335	2,638	2,221	3,718	3,293	-	-
Accounts Receivables	1,319	1,597	1,772	1,684	1,918	-	-
Inventory	76	66	89	104	106	-	-
Other	325	398	416	420	801	-	-
Current Assets	4,057	4,700	4,498	5,927	6,119	-	-
Tangible Assets	150	172	108	99	116	-	-
Intangible Assets	811	927	531	398	499	-	-
Investments and Other Assets	642	728	756	1,320	1,482	-	-
Fixed Assets	1,604	1,828	1,396	1,819	2,098	-	-
Total Assets	5,662	6,529	5,894	7,747	8,218	-	-
Accounts Payables	565	640	681	766	810	-	-
Short Term Debt	-	333	346	400	466	-	-
Other	1,119	904	684	1,222	1,465	-	-
Current Liabilities	1,684	1,878	1,712	2,388	2,742	-	-
Long Term Debt	-	559	200	466	751	-	-
Other	-	1	11	26	93	-	-
Fixed Liabilities	-	561	211	493	845	-	-
Total Liabilities	1,684	2,440	1,923	2,881	3,588	-	-
Shareholders' Equity	3,960	4,095	3,932	4,455	4,431	-	-
Other	17	(7)	38	409	198	-	-
Net Assets	3,977	4,088	3,970	4,865	4,629	-	-
Total Liabilities and Net Assets	5,662	6,529	5,894	7,747	8,218	-	-
Equity Capital	3,975	4,084	3,970	4,830	4,628	-	-
Interest Bearing Debt	-	893	546	866	1,218	-	-
Net Debt	(2,335)	(1,745)	(1,674)	(2,852)	(2,075)	-	-
Equity Ratio	70.2%	62.6%	67.3%	62.3%	56.3%	-	-
Net Debt Equity Ratio	(58.7%)	(42.7%)	(42.2%)	(59.1%)	(44.8%)	-	-
ROE (12 months)	15.9%	6.3%	0.1%	13.9%	6.8%	-	-
ROA (12 months)	16.2%	8.9%	4.6%	5.5%	7.2%	-	-
Quick Ratio	217%	225%	233%	226%	190%	-	-
Current Ratio	241%	250%	263%	248%	223%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Operating Cash Flow	768	366	155	846	194	-	-
Investing Cash Flow	(595)	(762)	(165)	401	(537)	-	-
Operating CF and Investing CF	172	(396)	(10)	1,248	(343)	-	-
Financing Cash Flow	(82)	705	(403)	276	(73)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
No. of Shares FY End (thousand shares)	10,240	10,240	10,240	10,240	10,240	-	-
Earnings/ EPS (thousand shares)	10,203	10,195	10,193	10,101	10,060	-	-
Treasury Shares FY End (thousand shares)	44	44	139	139	475	-	-
Earnings per Share	58.09	24.82	0.58	60.74	32.15	28.32	-
Earnings per Share (fully diluted)	56.37	24.41	-	-	-	-	-
Book Value per Share	389.90	400.57	393.04	478.21	473.95	-	-
Dividend per Share	10.00	9.00	9.00	12.00	9.00	9.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Share Split Factor	1	1	1	1	1	-	-
Earnings per Share	58.09	24.82	0.58	60.74	32.15	28.32	-
Book Value per Share	389.90	400.57	393.04	478.21	473.95	-	-
Dividend per Share	10.00	9.00	9.00	12.00	9.00	9.00	-
Payout Ratio	17.2%	36.3%	1,551.7%	19.8%	28.0%	31.8%	-

Source: Company Data, WRJ Calculation

6.0 Other Information

“Humanly Coping with Cutting-edge Technologies”

On 21 February 1996, Hideyuki Hongo, current Representative Director President and Group CEO, established the Company. Meanwhile, on 1 April 2018, the Company changed its identification from “Startia, Inc.” to “Startia Holdings, Inc.”, following the transition to holding company structure. Since its establishment, the Company has been providing customers with a diverse range of IT solutions to enhance their corporate productivity. According to the Company, any superior technologies or ideas are not meaningful, if people do not use them. Under the group style of "humanly coping with cutting-edge technologies", the Company supports its corporate customers by providing IT technologies and services that are superficially difficult to understand in the way of easy-to-understand and humanly, which is the key characteristics with the Company. Meanwhile, the transition to holding company structure mentioned above is carried out with the aim of promptly making decisions in each business and promoting management with agility.

With this transition to holding company structure, the Company places the utmost emphasis on fostering operations on the Digital Marketing Business side as the primary earning pillar with the Company in the future versus the secondary at the moment. According to the Company, the digital marketing domain is a fast-growing market worth some ¥5.0 trillion, while the Company has solid track records of products and services and they are highly appreciated by customers. In addition, the Company has continued to expand its market shares with the introduction of freemium plans.

Meanwhile, in the domain of IT Infrastructure Business or stable-growth business since the Company's establishment, it is spotted that there are many mergers and acquisitions amongst OA equipment sales operators due mainly to the business succession problems currently prevailing in Japan. Now, the Company plans to expand its business here by acquiring those operators falling into the said category, those with good relationships with their customers in particular. In other words, while continuing to focus on Digital Marketing Business, the Company aims to achieve sustainable growth and maximize corporate value by optimizing the business portfolio on a group basis. At the same time, it is also aimed to solve various social problems and contribute to society through the utilization of IT technologies. The Company's vision is to “become an IT global company that is loved by customers, contributing to society and continuing to evolve on its own”, while all the Company’s personnel are well united in their efforts to promote this, according to the Company.

Company History

Date	Contents of Transitions
February 1996	Established TelecomNet, Inc. (3-2, Yamaguchi, Tokorozawa-city, Saitama-prefecture)
October 1996	Identified as ND Telecom Co., Ltd.
August 2003	Relocated head office to Shinjuku, Tokyo
February 2004	Identified as Startia, Inc.
December 2005	Listed on the Mothers section of the Tokyo Stock Exchange
June 2006	Launched “Digit@Link ActiBook” or software to create e-book
February 2008	Launched “Secure SAMBA” or cloud storage services for corporations
April 2009	Established Startia Lab, Inc. (currently consolidated subsidiary)
May 2009	Acquired shares of MAC OFFICE INC. (currently equity-accounted affiliate)
October 2011	Established STARTIASOFT INC. (currently equity-accounted affiliate) or joint company with 西安世維軟件有限公司
January 2012	Acquired shares of Urban Plan Inc. (currently equity-accounted affiliate)
September 2012	Launched NetResQ or in-house IT network maintenance services
November 2012	Started offering “ActiBook AR COCOAR” or services to create AR contents
February 2014	Listed on the 1st section of Tokyo Stock Exchange
October 2015	Acquired shares of NOS Ltd. (currently consolidated subsidiary)
July 2016	Acquired shares of BCMEDIA Co., Ltd. (currently consolidated subsidiary)
February 2017	Converted NOS Ltd. (currently consolidated subsidiary) into wholly owned subsidiary through additional acquisition of shares
July 2017	Established Startia Will, Inc. (currently consolidated subsidiary)
November 2017	Established Startia Split Preparation, Inc. (currently consolidated subsidiary, Startia, Inc.)
Ditto	Established Startia Raise, Inc. (currently consolidated subsidiary)
Ditto	Established Startia Asia Pte. Ltd. (currently consolidated subsidiary)
Ditto	Established Mtame, Inc. (currently consolidated subsidiary)
FY03/2018	Established Startia Taiwan (currently consolidated subsidiary)
April 2018	Acquired Startia Split Preparation, Inc. and Startia Raise, Inc. through absorption-type company split and transitioned to holding company structure.
Ditto	The Company changed its identification to Startia Holdings, Inc. and Startia Split Preparation, Inc. to Startia, Inc.

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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