

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 Q1 to Q3 (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2019		8,624	378	415	264	-	-	-
Q1 to Q3 FY03/2020		9,240	355	383	193	-	-	-
Q1 to Q3 FY03/2019	YoY	6.6%	34.7%	41.6%	(45.1%)	-	-	-
Q1 to Q3 FY03/2020	YoY	7.1%	(6.0%)	(7.7%)	(26.9%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (17 March 2020)

Critical Point

Startia Holdings, focusing on digital marketing, is in the process of reaching critical point that will emerge at some point in the future. Digital marketing, which helps client companies monetize their information through optimization with a variety of products and/or services, is seeing limited increases in sales. Currently, in digital marketing, the Company is shifting from outright sales, which make a significant contribution to short-term earnings, to subscription-type business model, which generates stable earnings over the long term, although its contribution to short-term earnings is small compared with outright sales. In addition, upfront investment is being made to raise long-term growth potential, which has resulted in increases of expenses. For example, the Company is investing to build system for the deployment of integrated digital marketing services or Cloud Circus. On the other hand, with the shift to subscription-type business model, the Company is steadily accumulating stock that generates stable earnings over the long term. At some point in the future, the resulting sales from here are expected to more than compensate for the decline in outright sales and burden of SG&A expenses. Once this critical point has passed, the Company is to see continued growth in sales for digital marketing and improved profitability over the long term.

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2.0 Company Profile

IT Infrastructure to Digital Marketing

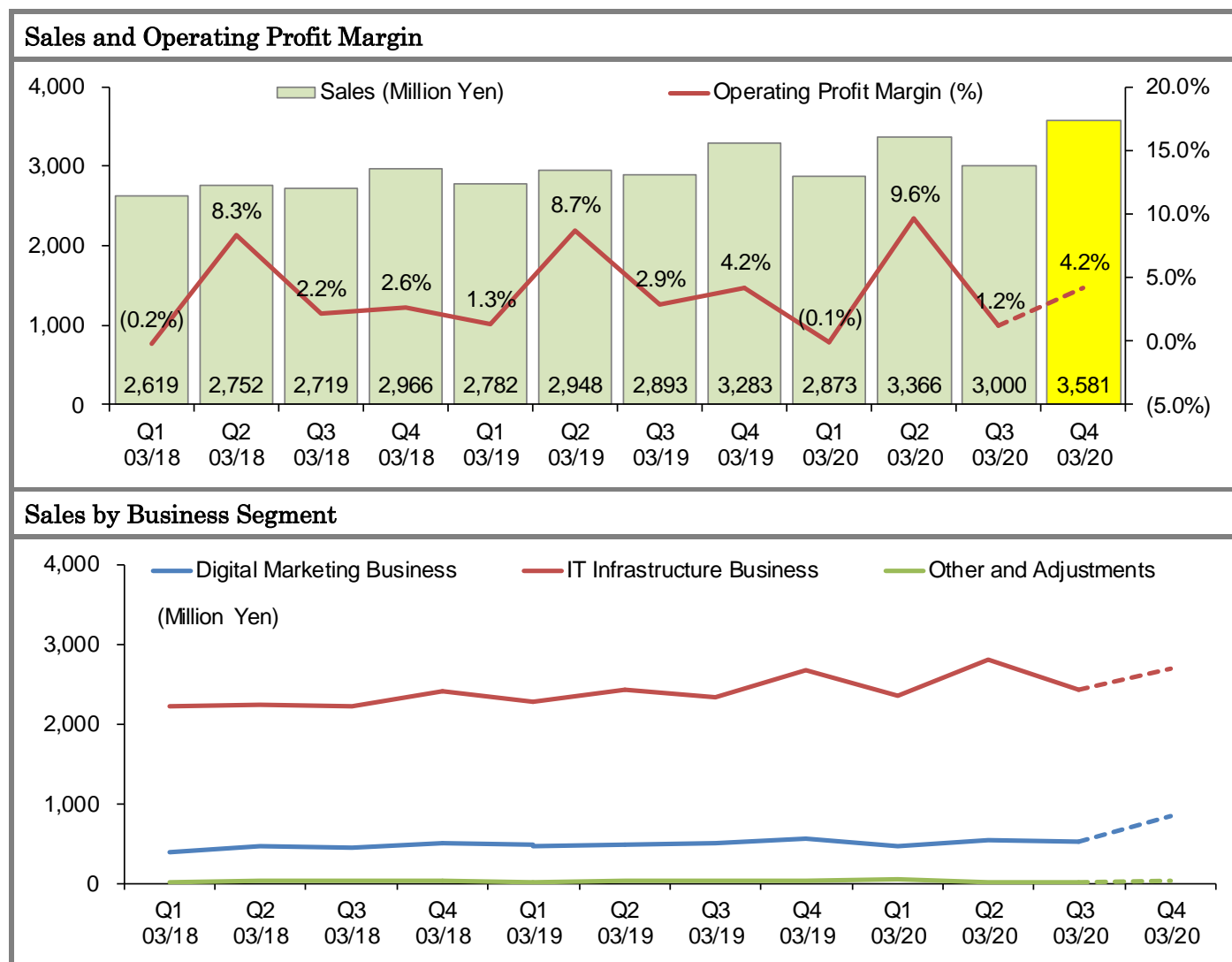
Company Name	Startia Holdings, Inc. Company Website IR Information Share Price (Japanese)	
Established	21 February 1996	
Listing	28 February 2014: Tokyo Stock Exchange 1st section (ticker: 3393) 20 December 2005: Tokyo Stock Exchange Mothers section	
Capital	¥824m (as of the end of December 2019)	
No. of Shares	10,240,400 shares, including 421,811 treasury shares (as of the end of Dec. 2019)	
Main Features	<ul style="list-style-type: none"> ● Focus on digital marketing to see high growth ● Steadily accumulating stock to generate earnings over the long term ● Long-term growth also for building of IT infrastructure for smaller business 	
Business Segments	I . Digital Marketing Business II . IT Infrastructure Business III. CVC Business IV. Overseas Business	
Top Management	President & CEO: Hideyuki Hongo	
Shareholders	Hideyuki Hongo 40.3%, Hikari Tsushin 8.1%, Akira Saiga 4.8% (as of the end of September 2019)	
Head Office	Shinjuku-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 668, Unconsolidated: 51 (as of the end of December 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q3 FY03/2020 Results

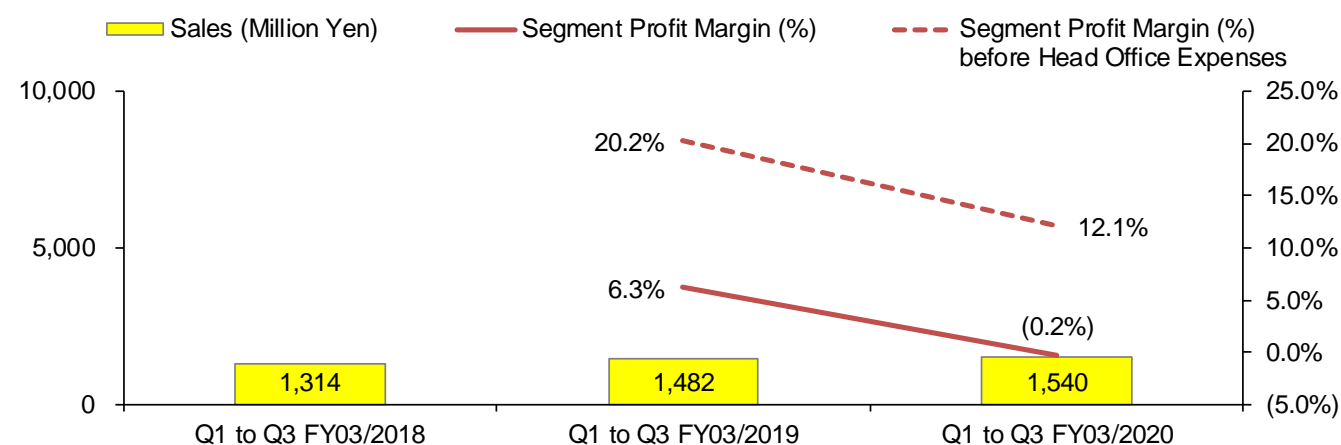
In Q1 to Q3 FY03/2020, sales came in at ¥9,240m (up 7.1% YoY), operating profit ¥355m (down 6.0%), recurring profit ¥383m (down 7.7%) and profit attributable to owners of parent ¥193m (down 26.9%), while operating profit margin 3.8% (down 0.5% points).



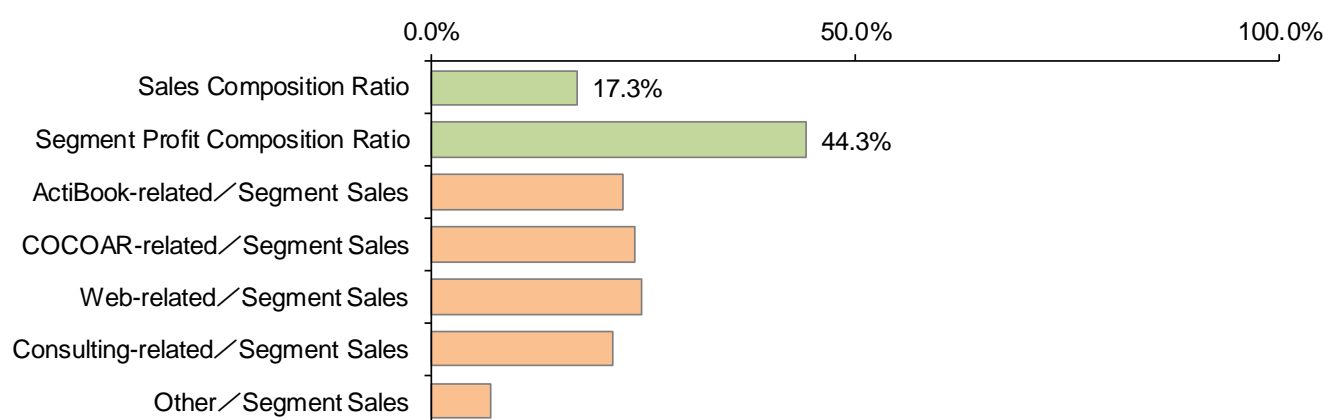
Source: Company Data, WRJ Calculation (“Other and Adjustments”: collective value of sales in other business segments and adjustments)

Compared with FY03/2020 Company forecasts (released on 15 May 2019), the progress rate appears to be slightly weak with 72.1% for sales and 70.3% for operating profit. The corresponding results in FY03/2019 were 72.4% and 73.1%, respectively. When simply compared with the results during the same period of the previous year, sales suffered from downswing by 0.4% points and operating profit by 2.8% points. By business segment, Digital Marketing Business appears to have suffered from downswing.

Digital Marketing Business



Composition Ratio on the Digital Marketing Business side (FY03/2019 results)



Source: Company Data, WRJ Calculation

On the Digital Marketing Business side, which is mainly in charge of helping client companies monetize their information through optimization with a variety of products and/or services, sales came in at ¥1,540m (up 3.9%), segment profit minus ¥3m (versus ¥92m over the same period in the previous year) and segment profit margin minus 0.2% (down 6.5% points). While flow sales came in at ¥510m (down 13.6%) and subscription sales ¥1,030m (up 15.6%), segment profit margin before head office expenses came in at 12.1% (down 8.1% points). With the transition to holding company structure from 1 April 2018, the Company has started to disclose earnings of each business segment after allocation of head office expenses since Q1 FY03/2019. At the same time, however, the Company also discloses data before head office expenses with Supplementary Financial Statements.

Based on FY03/2019 results, we estimate sales on the Digital Marketing Business side mainly comprise those of ActiBook-related, COCOAR-related, Web-related and Consulting-related, while each accounts for 20% to 25% of total. On top of this, the Company is also exposed to sales categorized as Other.

In ActiBook-related, the Company sees sales related to software to create e-book or ActiBook. In COCOAR-related, the Company sees sales related to software to create augmented reality (AR) or COCOAR. In Web-related, the Company sees sales mainly related to web production and content management system or CMS Blue Monkey as well as those related to product database creation software or Plusdb. On top of this, the Company also sees sales related to marketing automation tool or BowNow here, but not much in scale as the Company has been basically providing this on a freemium plan basis to date. Meanwhile, in consulting-related, the Company sees sales literally related to various types of consulting, while those of app creation software or AppGoose, etc. in Other.

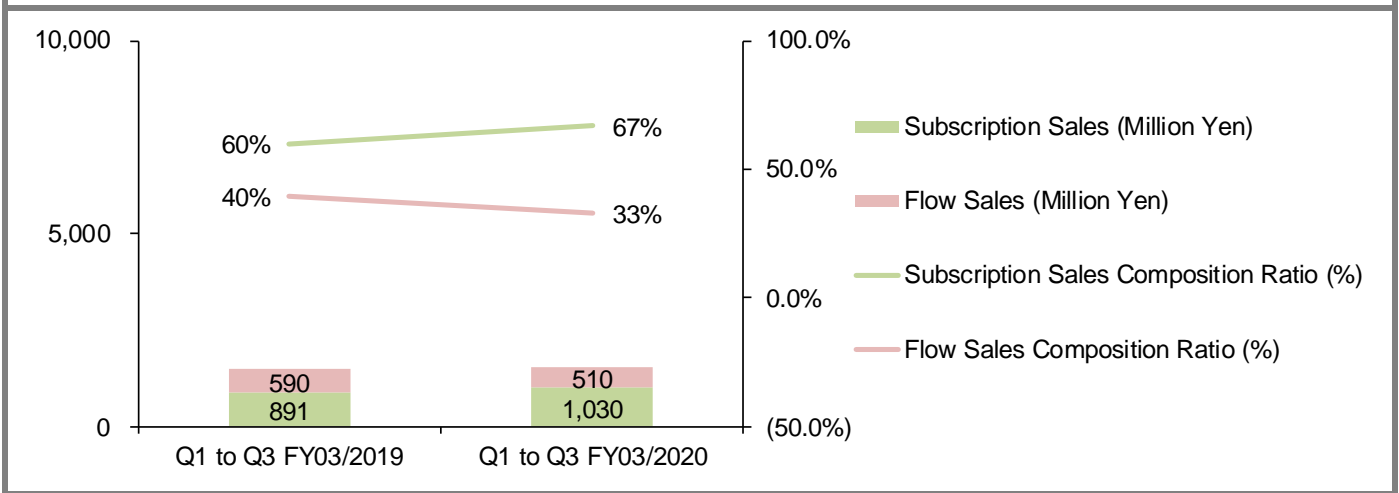
Client List of Digital Marketing Business (More than 7,000 Companies, Including Major Ones)

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

On the Digital Marketing Business side, where more than 7,000 companies, including major ones, have adopted products and/or services, the Company saw limited increases in sales over the same period of the previous year. The background to this is that the Company's policy is going for a shift from flow sales, which are booked as a result of outright sales on products and/or services, to subscription sales, which are booked by subscription-based business model. Subscription sales are performing in line with assumptions of Company forecasts based on this policy and this tends to give negative impacts to short-term earnings. Meanwhile, flow sales, which substantially contribute to short-term earnings, are falling short. As a result, it appears that sales on the Digital Marketing Business side are slightly falling short as a whole.

Subscription Sales and Flow Sales on the Digital Marketing Business side



Source: Company Data, WRJ Calculation

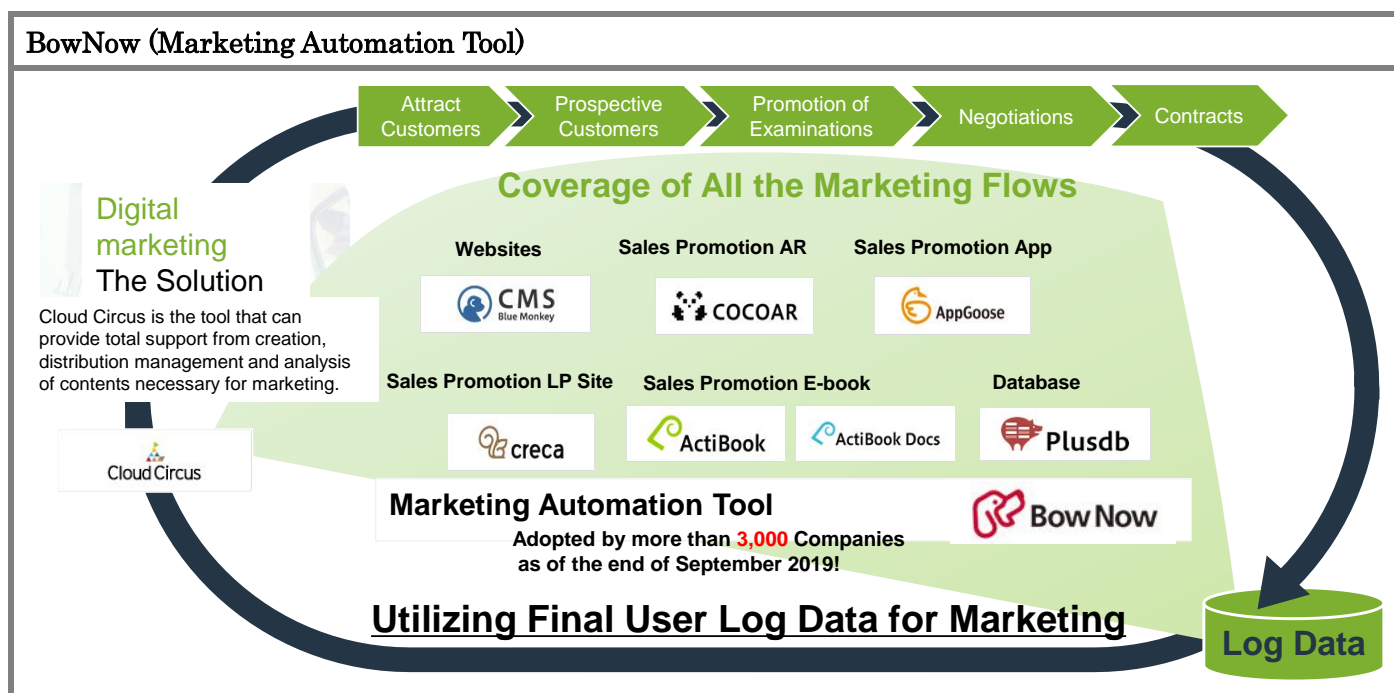
In subscription-based business model, the Company grants client companies the right to use products and/or services and receives compensations for each contract period. As a result, the timing of booking sales relative to conventional business models based on outright sales is delayed. However, sales promotion expenses at SG&A level are not pushed back and thus increases of subscription sales worsen short-term earnings. In addition, upfront investment is being made to raise long-term growth potential, which has resulted in increases of expenses. For example, the Company is investing to build system for the deployment of integrated digital marketing services or Cloud Circus. What the Company is trying to get at with Cloud Circus is to develop services that integrate the Company's products and/or services described above on a subscription-type business model basis. In light of this, subscription sales are to see increasing share on the Digital Marketing Business side, going forward.

On the other hand, in line with this, the Company is steadily accumulating stock that generates stable earnings over the long term. At some point in the future, the resulting sales are expected to more than compensate for the decline in outright sales and burden of SG&A expenses. Once this critical point has passed, the Company is to see continued growth in sales for digital marketing and improved profitability over the long term.

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 products and/or services. That is to say, this group company has supported the creation of diverse digital contents by client companies with all those products and/or services, while it is currently noticeable that it focuses on providing services that promote the efficient use of information obtained through the said contents. In other words, the Company mainly helps client companies monetize their information through optimization with a variety of products and/or services.

For example, the Company's software to create augmented reality (AR) or COCOAR has been adopted in the Nikkei AR app, for smartphones, provided by Nikkei Inc. Using Nikkei AR, if a designated "marker" can be read from an advertisement on a page, the AR contents of video and audio will be played via smartphone screen and speaker and the contents will be verified more clearly. In light of the sense that video and audio can be verified on paper, it seems that augmented reality is being provided in fact.

When downloading this app, in addition to the device in use being identified, it is required to provide attribute data such as the gender, age and location of the individual. Furthermore, behavioral data will be provided for downloading individual contents. Then, based on the above attribute data and behavioral data, it is possible to appeal to users through so-called push notifications. The introduction of marketing automation tool or BowNow has encouraged this .

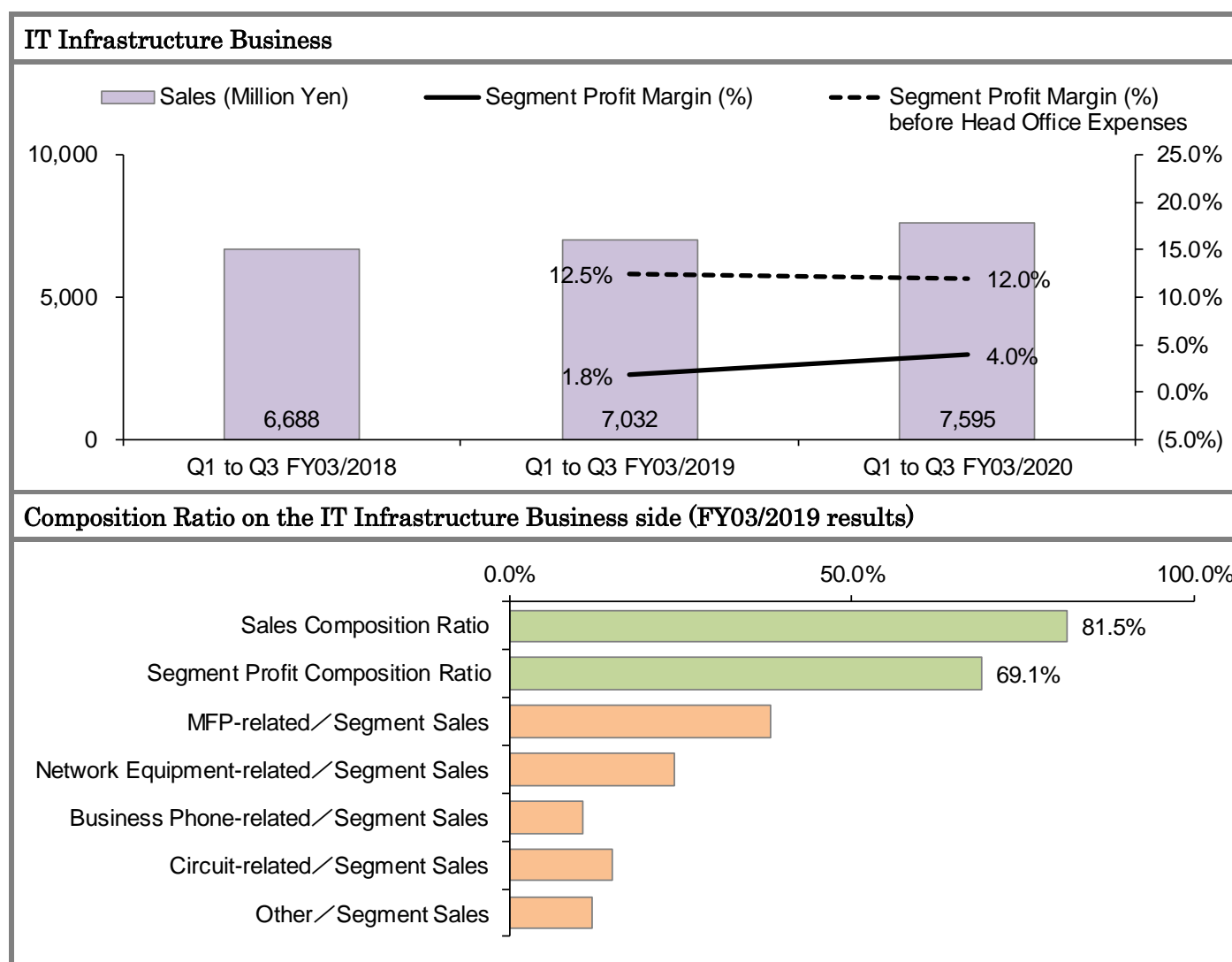


Source: Company Data

BowNow has been adopted by more than 3,000 companies (as of the end of September 2019, including adoptions on a freemium plan basis). 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 plan with limited functions, which was followed by startup of offering of 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 companies to date since the launch in February 2016.

The marketing automation tools of salesforce.com Co. Ltd. and other peers are basically for large companies and they are expected to start operations after about a year and half from scratch. On top of this, unit price to pay as a tool at the initial stage is high in the first place 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. With all those factors as distinctive features for differentiation, the Company is going for consistent increases in the number of companies adopting BowNow for the future.

In addition to Startia Lab, Inc., Mtime, Inc., Startia Taiwan and STARTIASOFT INC. are in charge of the operations on the Digital Marketing Business side in the Company's group.

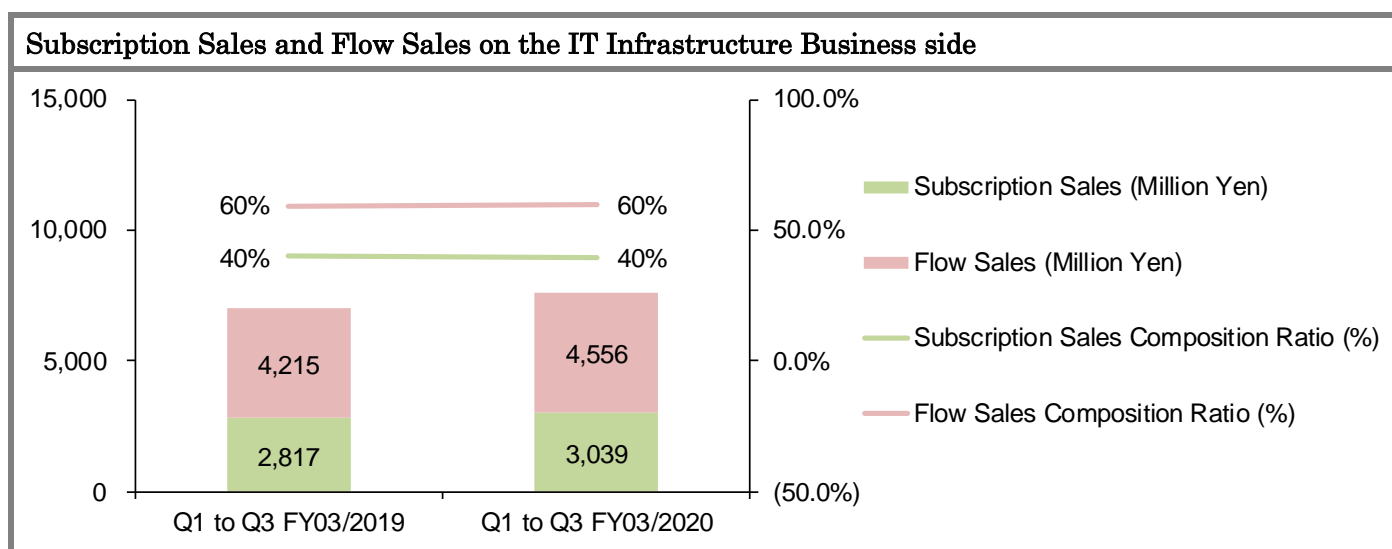


Source: Company Data, WRJ Calculation

On the IT Infrastructure Business side, which is in charge of building IT infrastructure for smaller business, sales came in at ¥7,595m (up 8.0%), segment profit ¥302m (up 134.0%) and segment profit margin 4.0% (up 2.1% points). While flow sales came in at ¥4,556m (up 8.1%) and subscription sales ¥3,039m (up 7.9%), segment profit margin before head office expenses came in at 12.0% (down 0.5% points).

Based on FY03/2019 results, we estimate sales on the IT Infrastructure Business side mainly comprise those of MFP-related, Network Equipment-related, Business Phone-related and Circuit-related. In particular, the Company is exposed to MFP-related to a large extent, accounting for almost 40% of total as far as we could see. On top of this, the Company is also exposed to sales categorized as Other.

In MFP-related, the Company sees sales related to MFP (MultiFunctional Peripheral). In addition to those of stocking and selling for hardware, the Company sees sales stemming from counter services where it provides a maintenance contract to charge for the number of copies printed on an MFP with no repair costs and toner costs. In Network Equipment-related, the Company sees sales related to network equipment and UTM (United Threat Management). The Company stocks and sells all those hardware as well as being heavily involved with everything from installation to maintenance services. In Business Phone-related, the Company sees sales related to information and communication equipment represented by business phones, while those as subscription agency for NTT's fiber-optic circuit, etc. in circuit-related.



Source: Company Data, WRJ Calculation

Both flow sales and subscription sales have increased nicely. In Q2, there was an upfront delivery prior to the consumption tax hike in MFP-related and Network Equipment-related, while pullback in Q3 stemming from here appears to have been rather limited. Meanwhile, the Company saw segment profit margin before head office expenses having failed to improve, probably due to increased personnel-related expenses. The Company is steadily increasing the number of its headcounts for further sales promotions for the future, while suggesting that expenses increased in line with the introduction of a share benefit plan for employees.

Meanwhile, flow sales on the IT Infrastructure Business side include the portion through lease agreements, exceeding a certain level. We estimate that this could be around half of flow sales. Under this scheme, the leasing company enters into lease agreements with the client companies, while the Company sells its products and/or services to the leasing company and collects compensations from the leasing company. While the Company sees flow sales, the client companies are granted the right to use products and/or services and pay a price for each contract term. That is to say, it can be thought of as providing the same utilities that the Company provides to client companies through booking subscription sales.

The Company has disclosed that sales through lease agreements accounted for 29.2% (¥3,476m) out of ¥11,907m as a whole for the Company in FY03/2019. When compared with sales of ¥9,709m on the IT Infrastructure Business side in FY03/2019, the said amounts equate to 35.8%. Meanwhile, flow sales accounted for 60% of total on the IT Infrastructure Business side in Q1 to Q3 FY03/2020. Thus, it could be the case that about half of flow sales on the IT Infrastructure side is of lease agreements, when simply based on all those figures.

On the IT infrastructure Business side, the above-mentioned products and/or services are sold to more than 25,000 client companies, mainly comprising smaller business. The number of subscription-type client companies stood at 18,007 as of the end of Q2 FY03/2020. On the Digital Marketing Business side, the number of client companies stands at more than 7,000, including major ones, while it appears that they also include lots of smaller business at the same time. They are relatively larger than those on the IT Infrastructure Business side and thus the two business segments have client companies in common not very much at the moment. However, for the future, it is expected that there will be increased opportunities to sell products and/or services on the Digital Marketing Business side to client companies cultivated on the IT Infrastructure side, which is to drive growth potential for the Company as a whole.

According to the Company, the number of client companies on the IT Infrastructure Business side is trending upward at present, partly due to the success of acquisitions of small-scale OA equipment sales companies, which are currently being implemented in order to acquire new client companies. The Company is now making progress in cross sell and up sell (meaning “selling additional products and/or services on top of existing ones” and “raising the average spending per client company by replacing existing products and/or services with higher-priced equivalents,” respectively) with all those client companies newly acquired from here, having driven sales and earnings in Q1 to Q3 as far as we could gather.

In addition to Startia, Inc., BCMEDIA Co., Ltd., NOS Ltd., MAC OFFICE INC. and Urban Plan Inc. are in charge of operations on the IT Infrastructure Business side in the Company’s group. 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 cloud storage services or Secure SAMBA 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	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		Net Chg.
Sales	2,782	5,731	8,624	11,907	2,873	6,240	9,240	-		+616
Cost of Sales	1,582	3,145	4,760	6,582	1,641	3,469	5,168	-		+408
Gross Profit	1,199	2,585	3,864	5,325	1,232	2,770	4,071	-		+207
SG&A Expenses	1,162	2,290	3,485	4,807	1,235	2,450	3,716	-		+230
Operating Profit	37	294	378	517	(2)	320	355	-		(22)
Non Operating Balance	12	35	36	55	(9)	15	27	-		(9)
Recurring Profit	49	330	415	573	(12)	335	383	-		(32)
Extraordinary Balance	18	23	23	25	0	2	2	-		(20)
Profit before Income Taxes	67	353	438	598	(12)	338	385	-		(52)
Total Income Taxes	13	135	186	289	20	159	193	-		+7
NP Belonging to Non-Controlling SHs	(8)	(9)	(12)	(13)	(1)	(1)	(1)	-		+11
Profit Attributable to Owners of Parent	62	228	264	323	(31)	180	193	-		(71)
Sales YoY	+6.2%	+6.7%	+6.6%	+7.7%	+3.3%	+8.9%	+7.1%	-		-
Operating Profit YoY	-	+33.0%	+34.7%	+44.4%	-	+8.6%	(6.0%)	-		-
Recurring Profit YoY	-	+40.6%	+41.6%	+52.3%	-	+1.5%	(7.7%)	-		-
Profit Attributable to Owners of Parent YoY	+52.8%	+8.6%	(45.1%)	(47.3%)	-	(21.1%)	(26.9%)	-		-
Gross Profit Margin	43.1%	45.1%	44.8%	44.7%	42.9%	44.4%	44.1%	-		(0.7%)
Sales to SG&A Expenses Ratio	41.8%	40.0%	40.4%	40.4%	43.0%	39.3%	40.2%	-		(0.2%)
Operating Profit Margin	1.3%	5.1%	4.4%	4.3%	(0.1%)	5.1%	3.8%	-		(0.5%)
Recurring Profit Margin	1.8%	5.8%	4.8%	4.8%	(0.4%)	5.4%	4.1%	-		(0.7%)
Profit Attributable to Owners of Parent Margin	2.2%	4.0%	3.1%	2.7%	(1.1%)	2.9%	2.1%	-		(1.0%)
Total Income Taxes/Profit before Income Taxes	20.3%	38.2%	42.6%	48.3%	(166.6%)	47.3%	50.3%	-		+7.7%
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Sales	2,782	2,948	2,893	3,283	2,873	3,366	3,000	-		+107
Cost of Sales	1,582	1,562	1,614	1,821	1,641	1,828	1,698	-		+84
Gross Profit	1,199	1,385	1,278	1,461	1,232	1,538	1,301	-		+22
SG&A Expenses	1,162	1,128	1,195	1,321	1,235	1,214	1,266	-		+71
Operating Profit	37	257	83	139	(2)	323	35	-		(48)
Non Operating Balance	12	23	1	19	(9)	24	12	-		+10
Recurring Profit	49	281	84	158	(12)	347	47	-		(37)
Extraordinary Balance	18	5	-	1	-	2	-	-		-
Profit before Income Taxes	67	286	84	160	(12)	350	47	-		(37)
Total Income Taxes	13	121	51	102	20	139	34	-		(17)
NP Belonging to Non-Controlling SHs	(8)	(1)	(3)	(0)	(1)	0	0	-		+3
Profit Attributable to Owners of Parent	62	166	36	58	(31)	211	13	-		(23)
Sales YoY	+6.2%	+7.1%	+6.4%	+10.7%	+3.3%	+14.2%	+3.7%	-		-
Operating Profit YoY	-	+13.0%	+41.2%	+79.2%	-	+25.4%	(57.7%)	-		-
Recurring Profit YoY	-	+18.7%	+45.7%	+89.6%	-	+23.7%	(44.0%)	-		-
Profit Attributable to Owners of Parent YoY	+52.8%	(2.0%)	(86.6%)	(55.3%)	-	+27.0%	(63.3%)	-		-
Gross Profit Margin	43.1%	47.0%	44.2%	44.5%	42.9%	45.7%	43.4%	-		(0.8%)
Sales to SG&A Expenses Ratio	41.8%	38.3%	41.3%	40.3%	43.0%	36.1%	42.2%	-		+0.9%
Operating Profit Margin	1.3%	8.7%	2.9%	4.2%	(0.1%)	9.6%	1.2%	-		(1.7%)
Recurring Profit Margin	1.8%	9.5%	2.9%	4.8%	(0.4%)	10.3%	1.6%	-		(1.3%)
Profit Attributable to Owners of Parent Margin	2.2%	5.6%	1.3%	1.8%	(1.1%)	6.3%	0.4%	-		(0.8%)
Total Income Taxes/Profit before Income Taxes	20.3%	42.5%	60.7%	63.9%	(166.6%)	39.8%	71.8%	-		+11.1%

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative/Quarterly)

Segmented Information (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		
Digital Marketing Business	482	967	1,482	2,054	465	1,006	1,540	-	-	+58
IT Infrastructure Business	2,273	4,700	7,032	9,709	2,356	5,156	7,595	-	-	+562
CVC Business	-	-	-	-	-	-	0	-	-	+0
Overseas Business	26	62	107	141	48	73	99	-	-	(7)
Other	0	0	0	1	2	3	3	-	-	+2
Adjustments	0	0	0	-	-	-	0	-	-	(0)
Sales	2,782	5,731	8,624	11,907	2,873	6,240	9,240	-	-	+616
Digital Marketing Business	14	54	92	154	(50)	(13)	(3)	-	-	(96)
IT Infrastructure Business	(0)	150	129	241	(1)	291	302	-	-	+173
CVC Business	(1)	(2)	(3)	(30)	(0)	(0)	(0)	-	-	+2
Overseas Business	(28)	(38)	(38)	(11)	20	9	7	-	-	+45
Other	(1)	(3)	(4)	(4)	(7)	(13)	(14)	-	-	(10)
Segment Profit	(16)	161	176	350	(39)	272	290	-	-	+114
Adjustments	53	133	202	167	36	47	64	-	-	(137)
Operating Profit	37	294	378	517	(2)	320	355	-	-	(22)
Digital Marketing Business	3.1%	5.7%	6.3%	7.5%	(10.9%)	(1.4%)	(0.2%)	-	-	(6.5%)
IT Infrastructure Business	(0.0%)	3.2%	1.8%	2.5%	(0.0%)	5.6%	4.0%	-	-	+2.1%
CVC Business	-	-	-	-	-	-	(178.4%)	-	-	-
Overseas Business	(110.6%)	(61.6%)	(35.3%)	(8.2%)	41.6%	12.7%	7.5%	-	-	+42.9%
Other	-	(1,161.3%)	(548.3%)	(291.7%)	(290.4%)	(398.1%)	(396.8%)	-	-	+151.4%
Adjustments	1.9%	2.3%	2.3%	1.4%	1.3%	0.8%	0.7%	-	-	(1.6%)
Operating Profit Margin	1.3%	5.1%	4.4%	4.3%	(0.1%)	5.1%	3.8%	-	-	(0.5%)

Segmented Information (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	Q2 03/2019	Q3 03/2019	Q4 03/2019	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020		
Digital Marketing Business	482	484	515	572	465	540	534	-	-	+19
IT Infrastructure Business	2,273	2,427	2,331	2,676	2,356	2,799	2,439	-	-	+107
CVC Business	-	-	-	-	-	-	0	-	-	+0
Overseas Business	26	36	45	33	48	25	25	-	-	(19)
Other	-	0	0	0	2	1	0	-	-	(0)
Adjustments	0	0	0	(0)	-	-	0	-	-	(0)
Sales	2,782	2,948	2,893	3,283	2,873	3,366	3,000	-	-	+107
Digital Marketing Business	14	40	37	62	(50)	37	9	-	-	(27)
IT Infrastructure Business	(0)	150	(21)	112	(1)	292	11	-	-	+32
CVC Business	(1)	(1)	(1)	(27)	(0)	(0)	0	-	-	+1
Overseas Business	(28)	(9)	0	26	20	(10)	(1)	-	-	(2)
Other	(1)	(1)	(0)	(0)	(7)	(6)	(1)	-	-	(0)
Segment Profit	(16)	178	15	173	(39)	311	18	-	-	+3
Adjustments	53	79	68	(34)	36	11	17	-	-	(51)
Operating Profit	37	257	83	139	(2)	323	35	-	-	(48)
Digital Marketing Business	3.1%	8.3%	7.3%	10.9%	(10.9%)	6.9%	1.9%	-	-	(5.5%)
IT Infrastructure Business	(0.0%)	6.2%	(0.9%)	4.2%	(0.0%)	10.4%	0.5%	-	-	+1.4%
CVC Business	-	-	-	-	-	-	7.1%	-	-	-
Overseas Business	(110.6%)	(26.7%)	0.9%	78.8%	41.6%	(43.1%)	(7.1%)	-	-	(8.0%)
Other	-	(559.0%)	(184.8%)	(20.9%)	(290.4%)	(656.6%)	(382.4%)	-	-	(197.6%)
Adjustments	1.9%	2.7%	2.4%	(1.1%)	1.3%	0.3%	0.6%	-	-	(1.8%)
Operating Profit Margin	1.3%	8.7%	2.9%	4.2%	(0.1%)	9.6%	1.2%	-	-	(1.7%)

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Cash and Deposit	3,164	3,117	3,395	3,293	2,983	2,855	2,976	-	-	(418)
Accounts Receivables	1,523	1,605	1,517	1,918	1,615	1,984	1,671	-	-	+153
Inventory	134	131	118	106	131	112	143	-	-	+24
Other	370	480	598	801	487	523	395	-	-	(202)
Current Assets	5,192	5,334	5,629	6,119	5,218	5,476	5,186	-	-	(443)
Tangible Assets	101	133	124	116	124	118	111	-	-	(12)
Intangible Assets	388	400	424	499	476	503	502	-	-	+78
Investments and Other Assets	1,384	1,276	1,394	1,482	1,437	1,420	1,372	-	-	(21)
Fixed Assets	1,874	1,810	1,942	2,098	2,038	2,043	1,986	-	-	+44
Total Assets	7,066	7,145	7,572	8,218	7,256	7,519	7,173	-	-	(399)
Accounts Payables	672	669	618	810	685	725	684	-	-	+65
Short Term Debt	316	233	466	466	466	466	466	-	-	0
Other	740	872	916	1,465	879	999	837	-	-	(79)
Current Liabilities	1,729	1,775	2,002	2,742	2,031	2,191	1,988	-	-	(14)
Long Term Debt	408	350	879	751	626	498	373	-	-	(505)
Other	131	78	71	93	70	77	83	-	-	+12
Fixed Liabilities	539	428	950	845	697	575	457	-	-	(493)
Total Liabilities	2,268	2,203	2,953	3,588	2,728	2,767	2,445	-	-	(507)
Shareholders' Equity	4,408	4,670	4,428	4,431	4,354	4,578	4,569	-	-	+141
Other	389	270	191	198	173	172	157	-	-	(33)
Net Assets	4,798	4,941	4,619	4,629	4,528	4,751	4,727	-	-	+108
Total Liabilities and Net Assets	7,066	7,145	7,572	8,218	7,256	7,519	7,173	-	-	(399)
Equity Capital	4,768	4,913	4,595	4,628	4,528	4,751	4,727	-	-	+132
Interest Bearing Debt	725	583	1,346	1,218	1,093	965	840	-	-	(505)
Net Debt	(2,439)	(2,534)	(2,048)	(2,075)	(1,889)	(1,890)	(2,135)	-	-	(86)
Equity Ratio	67.5%	68.8%	60.7%	56.3%	62.4%	63.2%	65.9%	-	-	-
Net Debt Equity Ratio	(51.2%)	(51.6%)	(44.6%)	(44.8%)	(41.7%)	(39.8%)	(45.2%)	-	-	-
ROE (12 months)	14.6%	14.0%	8.5%	6.8%	5.0%	5.7%	5.4%	-	-	-
ROA (12 months)	6.8%	7.1%	7.0%	7.2%	7.1%	7.9%	7.3%	-	-	-
Quick Ratio	271%	266%	245%	190%	226%	221%	234%	-	-	-
Current Ratio	300%	300%	281%	223%	257%	250%	261%	-	-	-

Source: Company Data, WRJ Calculation

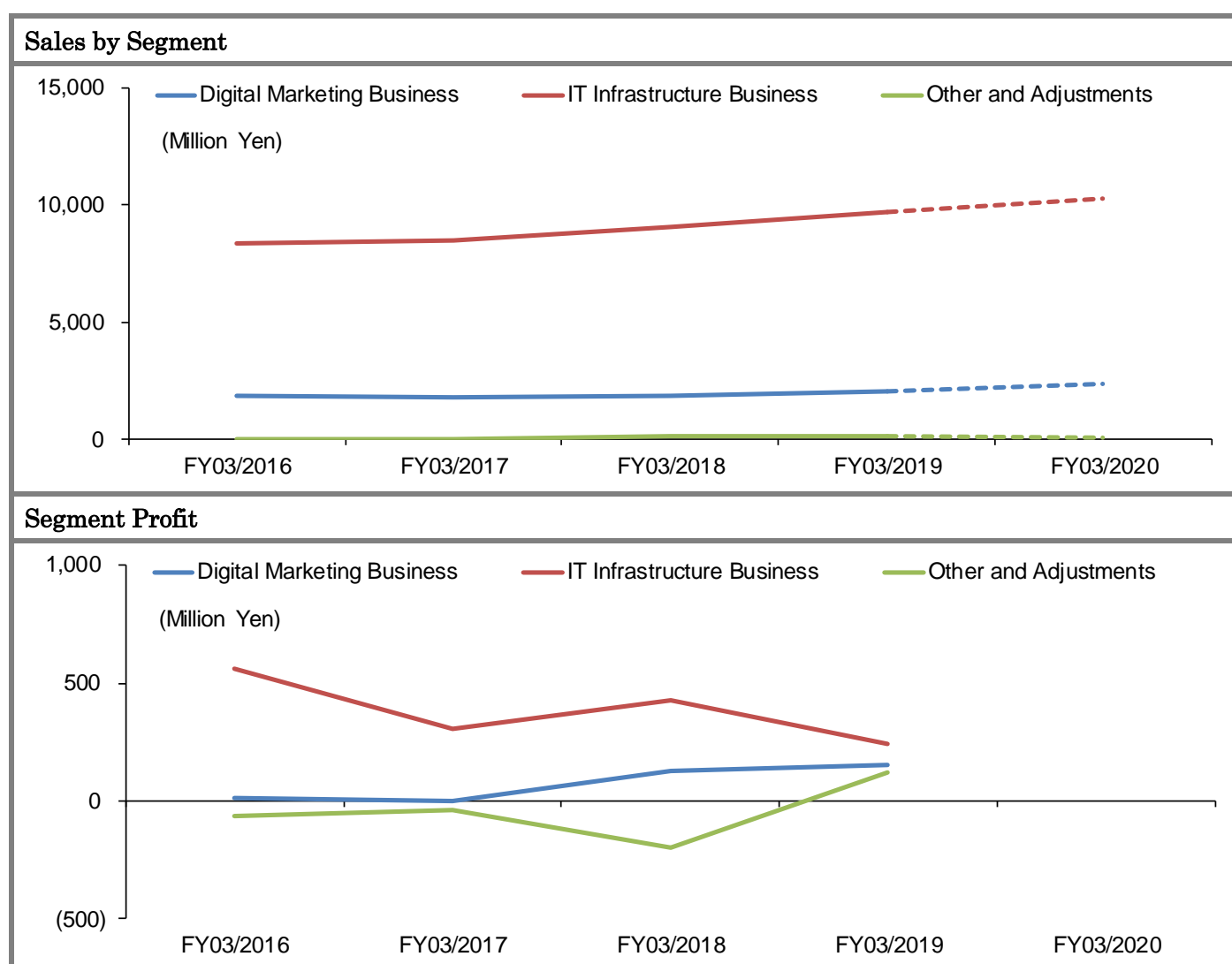
Cash Flow Statement (Cumulative)

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

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 initial Company forecasts (released on 15 May 2019) 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). At the same time, Company forecasts have remained unchanged also 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 results, the Company is going for the amount unchanged and marginally increased payout ratio.



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

Full-year Company forecasts assume prospective 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. In Q1 to Q3, the Company saw progress rate of 64.5% and 73.8%, respectively, while 72.1% and 72.4%, respectively, in corresponding results in FY03/2019, suggesting that the Company is seeing downswing by 7.6% points on the Digital Marketing Business side and upswing by 1.4% points on the IT Infrastructure Business side. On the Digital Marketing Business side, the Company has successfully focused on subscription sales, but it has struggled given sales below expectations for flow sales as far as we could see.

Meanwhile, the Company has revealed its stance of actively returning earnings to shareholders and appears to consider sustained dividend increases in the future. However, as the Company is currently in the investment phase for long-term growth, it has announced a policy of continuing to pay stable dividend short term and is going for this in fact.

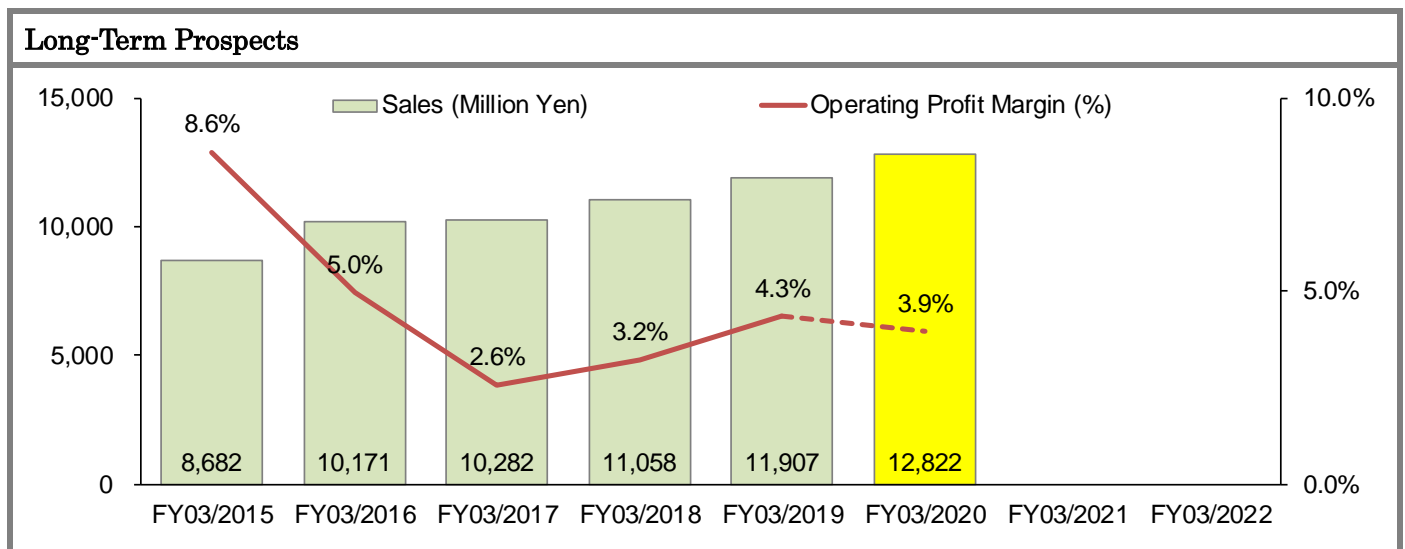
FY03/2020 Company Forecasts and Results

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
FY03/2020CoE	07-Feb-20	Q3 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	07-Feb-20	Q3 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
Q3 to Q4 FY03/2020CoE	07-Feb-20	Q3 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	07-Feb-20	Q3 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 also true of midterm 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 and operating profit margin have been below the levels over the next four years since then. In FY03/2015, ActiBook-related saw firm sales, where the bulk was accounted for by flow sales to sell software to create e-book or ActiBook as packaged software on an outright basis. 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.

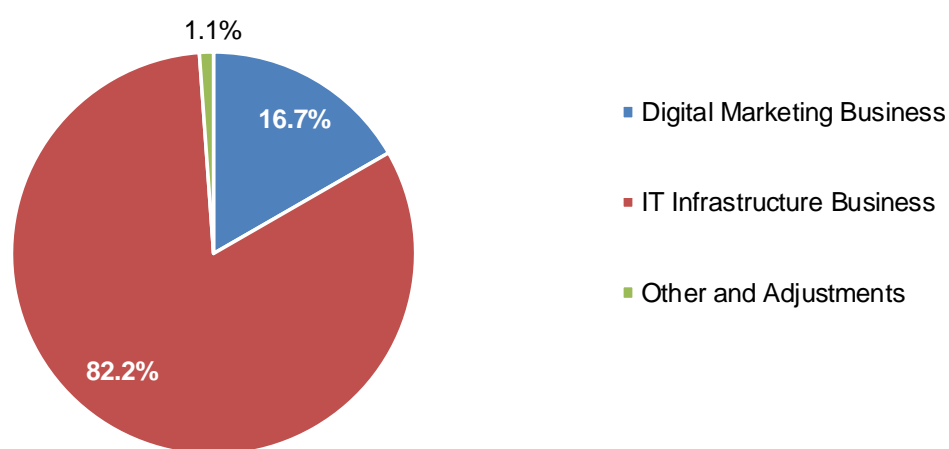
In light of this, the Company began shifting its focus from outright sales to subscription sales for ActiBook-related and other products and/or services belonging to those on the Digital Marketing Business side at present, as well as those on the IT Infrastructure Business side at present. In line with this, the timing to book sales have been delayed compared with the situations prior to this. Nevertheless, it should be the case that increases of earnings stemming from increased subscription sales are to more than compensate for decreases of earnings stemming from decreased flow sales at some point in the future. After this critical point, sales on the Digital Marketing side will see consistent increases and thus earnings, while the Company is going for CAGR of some 5% for sales on the IT Infrastructure Business side in a long-term view.

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 Q3 FY03/2020 results, sales of traditional operations on the IT Infrastructure Business side accounted for 82.2% of sales as a whole for the Company and 16.7% for those on the Digital Marketing Business side on which the Company has been focusing for several years. The Company has revealed its intention to continue focusing own resources on the Digital Marketing Business side, trying to set up business model primarily based on operations on the Digital Marketing Business side in a long-term view.

Sales Breakdown (Q1 to Q3 FY03/2020)



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

On 21 February 1996, the Company was established by Hideyuki Hongo or the current President & CEO. 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 of MFP-related and Business Phone-related for client companies mainly comprising smaller business just like now. In other words, the Company well coped with needs of own client companies 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 needs amongst client companies for the future. As above-mentioned, sales on the Digital Marketing Business side have risen up to 16.7% 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 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY 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	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	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	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	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	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 Technology”

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 client companies with a diverse range of IT solutions to enhance their corporate productivity. According to the Company, any superior technology or idea is not meaningful, if people do not use them. Under the group style of "humanly coping with cutting-edge technology", the Company supports its client companies by providing IT technology 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 was 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 placed 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 so far. 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/or services which have been highly appreciated by client companies. In addition, the Company is seeing persistently expanding market shares with the introduction of freemium plan.

Meanwhile, on the IT Infrastructure Business side or stable-growth operations since the Company's establishment, it is spotted that there are many mergers and acquisitions amongst OA equipment sales companies due mainly to business succession problems currently prevailing in Japan. Now, the Company plans to expand its business here by acquiring those companies 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, the Company is also aiming to solve various social problems and contribute to society through the utilization of IT technology. 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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