



Acquisition of the Cloud Storage Business Operated by StartiaRaise, Inc.

Chatwork Co., Ltd.
June 22, 2021

Summary

- Cloud storage business operated by StartiaRaise, a group company of Startia Holdings (TSE 1st : 3393), will be spun off, and Chatwork will **acquire 51% of the shares of the newly established company, making it a consolidated subsidiary.**
- We expect the impact on consolidated business results for FY2021 to be **an increase in net sales of JPY190 million** and **a decrease in operating income of JPY41 million** (will be included in consolidated results from the third quarter of FY2021).

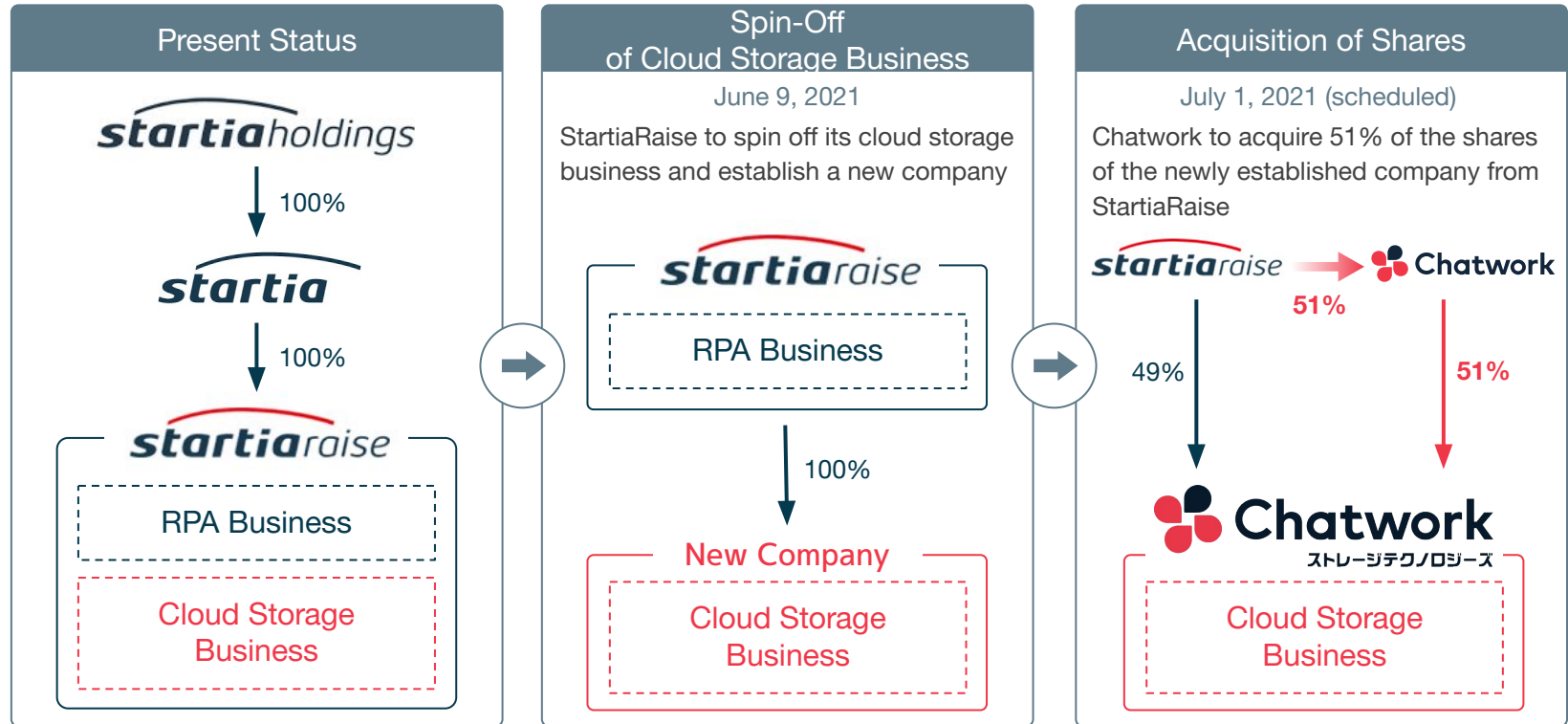
Overview

Date of contract execution	June 22, 2021
Execution date of share acquisition:	July 1, 2021 (scheduled)
Acquisition price	JPY453.9 million
Equity interest in acquisition	51.0%
Funding method for acquisition	To be funded by borrowings from financial institutions
Deemed acquisition date	June 30, 2021 (scheduled)



Consolidation Process

- StartiaRaise's cloud storage business will be spun off and Chatwork will acquire 51% of the shares of the newly established company.
- The name of the newly established company will be Chatwork Storage Technologies Co., Ltd.



● About Startia Holdings, Inc.

- Main businesses comprise IT infrastructure and Digital marketing.
- In IT infrastructure business, the company has a customer base of 25,000 small and medium-sized corporate clients.
- In Digital marketing business, the company develops and sells a variety of cloud applications.

Overview^{*1}

Name	Startia Holdings, Inc.
Listing Market	Tokyo Stock Exchange 1st (Code:3393)
Date of Establishment	February, 1996
Representative Director	Hideyuki Hongo
Share Capital	JPY 824,315,000
Group Company	Consolidated subsidiaries: 9 companies (including StartiaRaise, Inc.) Equity method affiliates: 2 companies
Number of Employees	708 (Consolidated basis)

^{*1} As of March 31 2021.

About StartiaRaise, Inc.

- StartiaRaise, Inc. is a wholly owned subsidiary of Startia Holdings, Inc.
- The company operates Cloud storage and RPA businesses as part of Startia Holdings' IT infrastructure business.

Overview^{*1}

Name	StartiaRaise, Inc.
Date of Establishment	November, 2017
Representative Director	Masakatsu Furukawa
Share Capital	JPY 90,000,000
Description of business	Cloud Storage Business PRA Business
Shareholders	Startia, Inc. (A wholly-owned subsidiary of Startia Holdings, Inc.)

Description of business

Cloud Storage Business



セキュア
SAMBA



セキュア
SAMBA pro



セキュア
MyNUMBER

Target for
consolidation

PRA Business

RoboTANGO

Robo-Pat

ReiWorQ

WinActor[®]

BizteX cobit
ビズテックス コビット

^{*1} As of March 31 2021.

● About SecureSAMBA

- SecureSAMBA is the core service of StartiaRaise's cloud storage business. It generates stable revenue through a **subscription model**.
- Launched in 2007, the service has been introduced at 3,250 companies^{*1}, and has been **No.1 share for three consecutive years for corporate customers with fewer than 100 employees** as cloud-based online storage service.



誰でも簡単にファイル共有ができるオンラインストレージ

セキュア SAMBA

いつでも、どこでも、簡単に、安全に利用できる法人向け
オンラインストレージです。

[フリープランに申し込む](#)

3年連続1位*
従業員100人未満のSaaS型コンテンツ・コラボレーション市場

※出典:ITR「ITR Market View:コラボレーション市場2020」SaaS型コンテンツ・コラボレーション市場—従業員100人未満：ベンダー別売上金額推移およびシェア（2018～2020年度予測）

^{*1} As of April 2021.

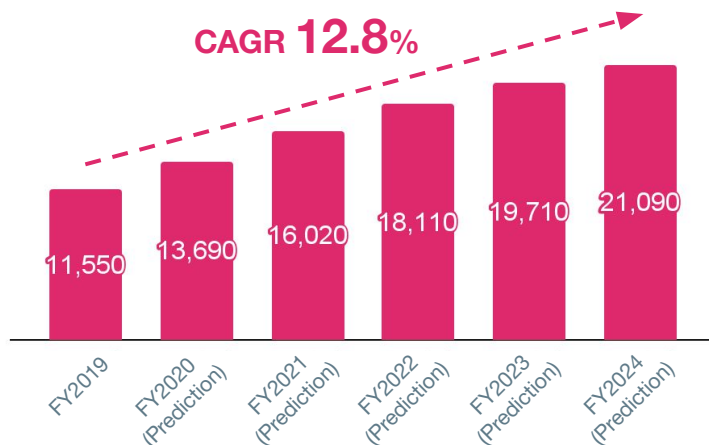
^{*2} Based on "ITR Market View: Collaboration Market 2020" by ITR

Environment Surrounding the Cloud Storage Market

- **The market has rapid growth potential**; It is forecasted to grow by a 12.8% CAGR to JPY21 billion in 2024*¹.
- Approximately 50% of companies have yet to adopt cloud storage solutions. Also, among the companies that have already adopted, 26.1% of about approximately half are considering replacing their current services*².

Online File-Sharing (SaaS)
Market Growth Trends and Forecast *³

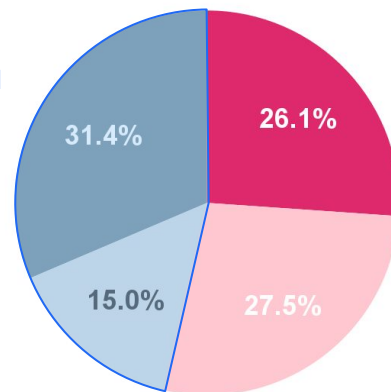
Unit: JPY million



Corporate Adoption of Online File-Sharing
Services *⁴

Cloud storage
not yet adopted

46.4%



- Has adopted an existing product and plans to replace it in the future
- Has not adopted an existing product and has no plans to adopt one in the future

- Has adopted an existing product and does not plan to replace it in the future
- Has not adopted an existing product, but does have plans to adopt one in the future

*¹ Based on "ITR Market View: Collaboration Market 2020" by ITR

*² Based on "ITR Cross View: Collaboration Market 2018" by ITR

*³ Created by us based on "ITR Market View: Collaboration Market 2020" by ITR

*⁴ Created by us based on "ITR Cross View: Collaboration Market 2018" by ITR

Background of the acquisition

- The acquisition was underpinned by **our goal of expanding our services** to make Chatwork a “Super app” in addition to **Startia Holdings’ goal of strengthening marketing and development capabilities**.
- We decided to turn Cloud Storage Business into a consolidated subsidiary based on the idea of achieving growth by linking new functions to our business chat, which has strong platform characteristics.



- Concentrate management resources in Digital marketing business based on the NEXT’S 2025 medium-term management plan.
- It is necessary to expand the customer base and strengthen development capabilities in order to obtain stable profits in IT infrastructure business.



- It is necessary to expand services to make Chatwork a “super app”.
- Initiatively promote M&A activity and business investment to accelerate development.

● Objectives and Expected Synergies of the acquisition

Objectives

Expansion of services toward the development of a “Super app for business” as targeted in the medium-term policy.

- There is high product affinity between Chatwork, with its open platform, and SecureSAMBA, which enables file sharing with external parties.
- Adding SecureSAMBA, which handles recurring information, to business chat, which handles one-time information, will make it possible to use Chatwork to manage all types of information.

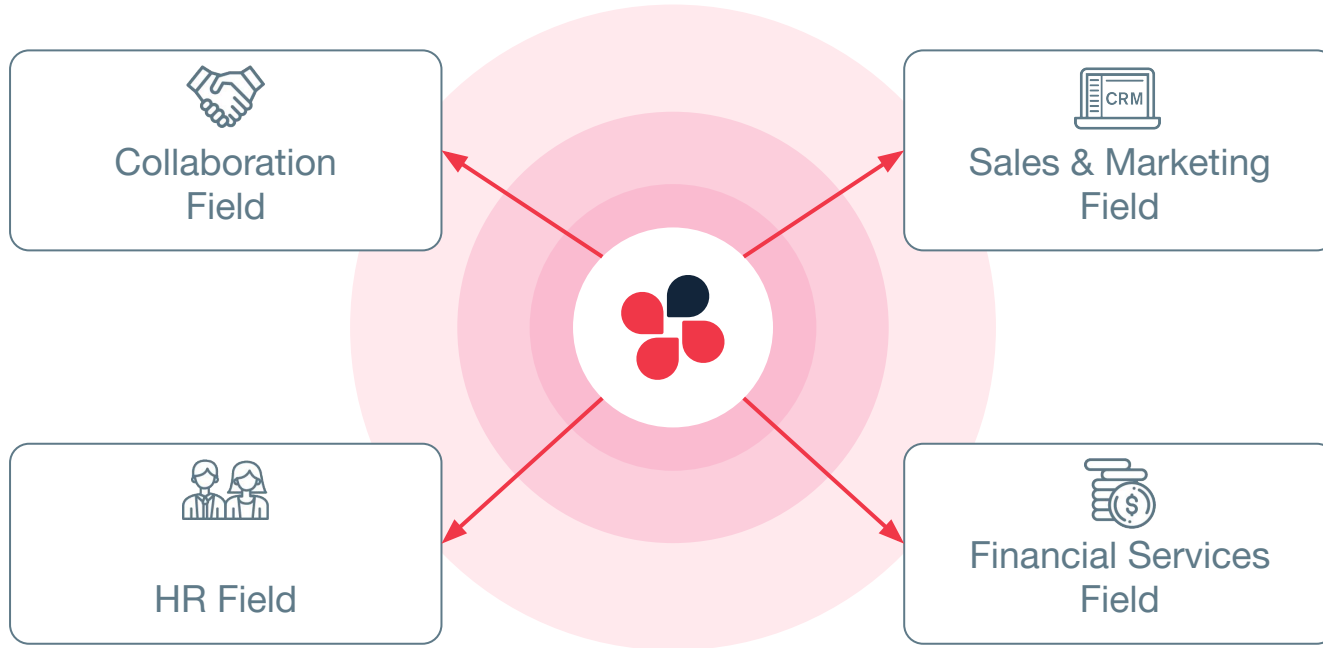
Synergies

The common customer base of SMEs will encourage revenue growth and improvements in cost efficiency.

- Increase ARPU by cross-selling and upselling to existing customers in each business.
- Improve marketing and sales efficiency in acquiring new customers.
- Reduce operating costs by sharing the same system infrastructure and service operation system.
- Collaborate with the Startia Group to leverage each other's product, marketing, and sales capabilities.

● Our Investment Policy Moving Forward

- Continue to **invest aggressively** in leading businesses that have a high affinity with Chatwork, including through M&A activity, to realize super app concept.
- Aim to **accelerate sales growth in the Chatwork business** while maintaining sound financial discipline in our investments.



● (Ref.) Medium-Term Policy

- We aim to increase our market share from 2021 to 2024 and establish a position as the **leader in business chat for SMEs**.
- From 2025, we will leverage our overwhelming share of the market among SMEs to roll out a **business super app**, which will be a platform that users can manage many business tools on it.
- The medium term (from 2021 to 2024) is **the most important phase** for gaining market share, so we will maximize our speed of investment.



● (Ref.) Long-Term Vision

“Chatwork” upgrade to “Super app” for business

- Super apps: apps that become platforms that function as a starting point for various businesses.
- Business chat tools have the advantage of being business platforms, because users spent more time with these products compared with other SaaS tools.
- Chatwork smoothly connects users and various software services as an open platform.



Note: Text in red indicates services available as of July 1 2021.

■ (Ref.) Strategies for Achieving Our Medium-Term Targets

- We will concentrate on promoting three core strategies to become the leader in business chat among SMEs by 2024.

1

Product-Led Growth^{*1} Strategy

- Promote an efficient PLG (Product-Led Growth) strategy, in which the product itself accelerates business growth.
- Further accelerate user growth through introductions (our forte), and build a robust customer success system.

2

Horizontal + Vertical Strategy

- Create a communication process that will enhance understanding of the industry and resolve the issues customers face.
- Combine industry-agnostic communication functions with industry-specific issue resolution.

3

DX^{*2} Solution Strategy

- Use chat as a platform for developing the DX solution business.
- Work to maximize the value provided by expanding peripheral businesses to realize the super app concept.

^{*1} Product-led growth (PLG) is a SaaS growth strategy that is the focus of attention in the US, whereby products are used to attract customers. Zoom and Shopify are two examples of PLG, which achieves notably higher levels of growth than non-PLG. PLG requires a large user base and a service that spreads by word of mouth. We have adopted PLG as the growth strategy for our service. See page 49 for details.

^{*2} DX (Digital Transformation) is the adoption of digital technology to transform services or businesses.

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Chatwork