Fusion Partners, Co.
4845 Tokyo Stock Exchange
First Section

4-Oct.-16

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at the end of this document.

FISCO Ltd. Analyst
Yuzuru Sato

Acquires Softbrain as a Subsidiary and Planning Collaboration Aimed at Creating Synergies

Fusion Partners, Co. <4845> is a leading provider of website search, FAQ service, and other services for corporate websites and mainly delivers these services in an SaaS/ASP cloud computing*, a business model with recurring income. It leverages contacts with customers from direct sales to reflect their needs in development activities and has steadily expanded the service line-up. It also actively uses M&A and purchased a 45.57% stake in Softbrain Co., Ltd. <4779>, a major supplier of sales assistance software, in July 2016 and added this unit as a consolidated subsidiary under IFRS accounting. Fusion Partners adopted IFRS accounting from FY6/16.

* Service that supplies application software functionality to customers over a network

In FY6/16, Fusion Partners reported consolidated results of ¥2,693mn in sales revenue (+20.4% YoY), ¥616mn in operating profit (+14.0%), and ¥1,196mn in pretax profit (+116.2%). Key sources of sales and profit gains in FY6/16 were healthy momentum in mainstay website search, FAQ service, and other SaaS/ASP services and a steep rise in Web services business thanks to acquiring orders for large development project at a non-life insurer. Additionally, Fusion Partners sold all of its shares in Azia <2352>, which had been an equity-method affiliate, and booked ¥527mn in selling profit that fueled a sharp increase in pretax profit.

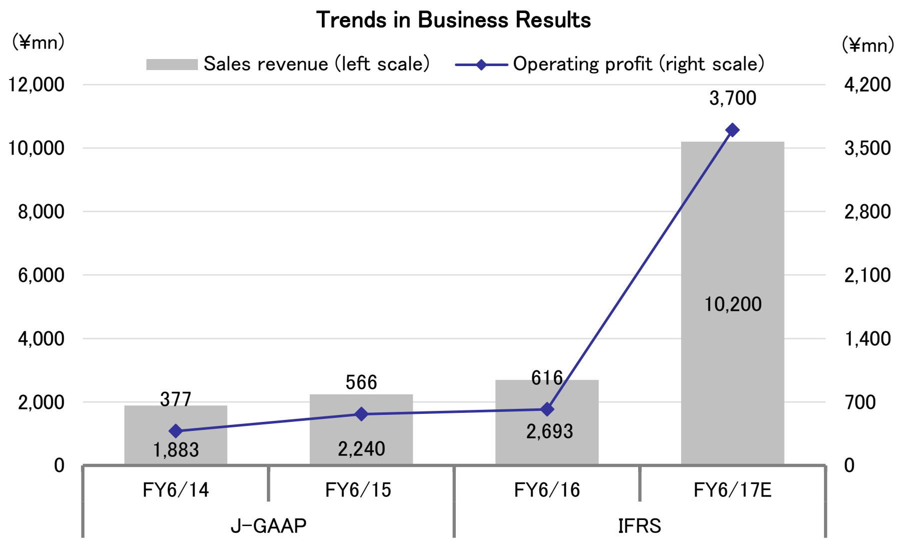
Fusion Partners guides for steep sales and profit increases in FY6/17 at ¥10,200mn in sales revenue (+278.6% YoY), ¥3,700mn in operating profit (+499.8%), and ¥3,700mn in pretax profit (+209.3%). This outlook factors in boosts of ¥7,000mn in sales revenue, ¥700mn in operating profit, and ¥2,633mn in stock recalculation profit related to the subsidiary acquisition, owing to the purchase of Softbrain as a subsidiary. However, it still expects upbeat double-digit sales and profit increases for existing businesses without the additions, including sales revenue by 18.8% and operating profit by 13.5%. Fusion Partners expects to make progress with SaaS/ASP services by adding new services for existing customers and developing new customers and also projects acquisition of major orders for Web services, just as in FY6/16.

Over the medium term, Fusion Partners intends to achieve stable growth in existing businesses, which generate recurring income, and make further growth advances in IoT, AI, and other new business areas, including contributions from M&A deals.

For shareholder returns, Fusion Partners adheres to a policy of paying steady dividends while retaining funds needed to strengthen financial standing and drive future business initiatives. It plans to increase the dividend per share in FY6/17 by ¥4 to ¥18, as the eighth straight period with a hike.

Check Point

- Mainly supplies i-search site search and i-ask FAQ service
- Aiming for further growth by pursuing new businesses, such as IoT, O2O, and AI
- Plans to increase the dividend in FY6/17 by ¥4 to ¥18, as the eighth straight period with a hike



Company Overview

Steadily acquiring information services companies as subsidiaries through an M&A strategy

(1) Company background

Current Representative Director and Chairman Kenzo Tamura and Director Hideki Shimazu founded the company in December 1991 with an initial start as a sales distributor for databases. It realized significant growth in 1999 by inheriting support services, including customers, for the Model 204* mainframe database management system license from Mitsui Knowledge Industry Co., Ltd. in 1999. It listed shares on the Osaka Securities Exchange's NASDAQ Japan market (now TSE's JASDAQ) in May 2001.

* DBMS from US-based Computer Corporation of America and Sirius Software (now, Rocket Software) and had Bank of Japan <8301>, Tokyo Electric Power Company Holdings, Incorporated <9501>, and other major companies as customers in Japan.

Fusion Partners determined that it needed to change the business structure in order to continue growth amid migration by corporate information systems from mainframes to open servers and started acquiring information service firms through M&A deals utilizing funds obtained from the IPO. It began with the purchase of PatentManager, a patent management software, business from Interscience in 2003 and then acquired dbecs with the aim of entering the CRM field, Bodamedia with the goal of entering the interactive voice response (IVR) field, news distribution service provider NewsWatch, website developer TriAx Corp., and others as subsidiaries. Fusion Partners is steadily expanding SaaS/ASP business as its core operation and bolstering system engineers to enhance its own service development capabilities. More recently it acquired a 45.57% stake in Softbrain, a leading supplier of sales assistance software, in July 2016 (it paid about ¥4,300mn) and is incorporating this company as a consolidated subsidiary under IFRS.

Fusion Partners switched to a holding company organization in 2004 in order to conduct dynamic operations, and its group currently has four main subsidiaries – Digi-Ana Communications Inc., PAREL, Inc., TriAx Corp., and Softbrain Co., Ltd.

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Company History

Date	Event
December 1991	Established Database Communications
January 1999	Formed sales distribution contracts for the Japanese market with US-based Computer Corporation of America and Sirius (now, Rocket Software) and started Model 204 support
May 2001	Listed shares on the Osaka Securities Exchange's NASDAQ Japan market (now, Tokyo Stock Exchange JASDAQ (Standard))
April 2003	Acquired Interscience's patent management system with the aim of entering the Intellectual Property system field
October 2003	Acquired dbecs as a subsidiary to enter the CRM market
April 2004	Acquired Bodamedia as a subsidiary with the aim of entering the IVR (interactive voice reception) field
September 2004	Renamed as Fusion Partners, Co. in the transition to a holding company and established Database Communications as a new company and transferred its business
June 2006	Merged subsidiaries Bodamedia and dbecs and changed the company name to Digi-Ana Communications Inc.
November 2010	Acquired NewsWatch as a subsidiary
April 2012	Merged subsidiaries Digi-Ana Communications and NewsWatch
May 2014	Changed the stock listing to the Second Section of the Tokyo Stock Exchange
December 2014	Shares elevated to the First Section of the Tokyo Stock Exchange
November 2015	Acquired TriAx Corp. as a subsidiary
January 2016	Renamed subsidiary Database Communications as PAREL, Inc.
July 2016	Acquired Softbrain Co., Ltd. as a subsidiary

Affiliates (business content, stakes)

Consolidated subsidiaries	Ownership (%)	Main business
Digi-Ana Communications	100.0	Corporate SaaS/ASP service
PAREL	100.0	Software development service, M 204 service
TriAx	100.0	Website planning, development, production, and maintenance/operation
Softbrain	45.57	Sales assistance software development, sales, deployment assistance consulting, etc.

Operates i-search site search service, i-ask FAQ service, and other services for websites

(2) Business overview

Fusion Partners provides SaaS/ASP services that aim to improve corporate Web site convenience as its core business. The main services are i-search site search, i-ask FAQ, interactive voice response (IVR), and news distribution for websites.

Fusion Partners launched i-search service in 2007 and it currently holds a top presence at a roughly 15% market share with around 350 customers, particularly large firms. While the company has over 10 competitors, i-search service improves visibility by displaying images in search results and provides effective guidance to users. The average usage fee per month is ¥100,000-150,000.

The company started i-ask service from around 2008, and it is used at about 150 companies, mainly in financial and insurance industries. This service lets users resolve issues on their own by listing frequently asked questions and related answers on the corporate website. It helps to lower costs by reducing accesses to call centers and can also improve customer satisfaction. Fusion Partners holds a roughly 15% share and ranks second after OKWAVE <3808>. The average usage fee per month is ¥200,000-300,000.

IVR is a system for voice-based automated responses at corporate phone contacts, and Fusion Partners' service stands out for its provision in a SaaS style. Companies previously incurred large investment costs for IVR, including the need to install a PBX system. The SaaS style, meanwhile, gives them access to the service inexpensively and allows for use during limited periods, such as campaigns.

Besides SaaS/ASP services, Fusion Partners covers planning, development, production, and maintenance and operation services for websites. It has an extensive line-up of services and does not rely on a specific service area.

Services Content

Type	Product name	Description
Site assistance service	i-search	Site internal search engine
	i-linkcheck	Link-loss detection system
	i-print	Site print system
	i-linkplus	Related link display service
	i-pediaplus	Online encyclopedia provision service
CMS service	i-ask	FAQ system
	i-catalog	Product site management system
	i-learning	e-learning service
	i-flow	Progress management and approval system
	LaCoon	Web system building platform
CRM service	i-entry	Comprehensive questionnaire CRM service
	dbecs	High-performance web mailer
Phone-related service	SaaS-type IVR	24-hour, 365-day automated voice response
News distribution service	Corporate news	Monitoring important business information
Intellectual property management solution	PatentManager6	Latest patent management system
Site operation business	FreshEye	Search portal site
Web services	-	Tailored services

Pursues differentiation from rivals with proposals for multiple services and developments that meet customer needs

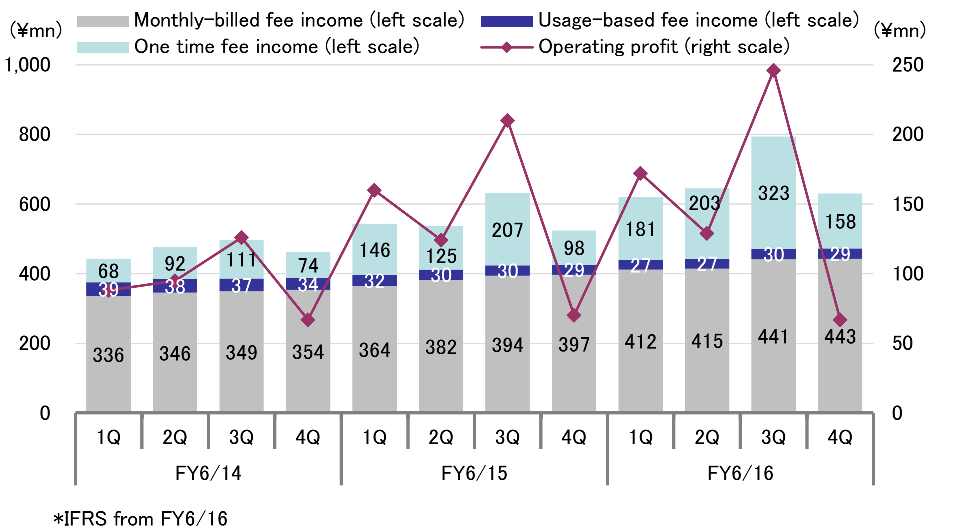
(3) Company strengths

An important strength is developing services from a customer perspective. Fusion Partners handles a majority of its business as direct sales, and it improves service functions and develops new services by listening closely to customer needs and feeding this information back to its development team. It follows a development policy of trying to meet 100% of customer requests. Fusion Partners developed core i-search and i-ask services thanks to its approach of meeting customer requests, and this also enabled it to make smooth progress in rolling out sales to other customers.

Another strength is differentiation from rivals due to having an extensive line-up of services developed in this manner. While many rivals exist for SaaS/ASP services related to corporate websites, the majority of these companies only supply standalone services and few companies can provide multiple services similar to Fusion Partners. The ability to propose multiple services together makes it possible to meet diverse customer needs as a package, and this helps raise the average price per customer and customer satisfaction. Fusion Partners also develops services tailored to individual customers, and its horizontal rollout of services developed based on customer requirements as general services foundation contributes to lower development costs.

Fusion Partners generates about 70% of its sales revenue in monthly income from SaaS/ASP services and has built a stable income base of recurring income. It strives to provide these services at fixed monthly rates and avoid usage-based billing as much as possible. It obtains other sales from website development and other individual development projects, and opportunities for orders on large development projects have been growing as awareness of the company's robust development and customer support capabilities rises.

Quarterly Sales Breakdown and Operating Profit



*IFRS from FY6/16

Business Performance

Highly profitable SaaS/ASP services contributed to sales and profit gains in FY6/16

(1) Review of FY6/16 results

Fusion Partners reported FY6/16 consolidated results on August 15 with ¥2,693mn in sales revenue (+20.4% YoY), ¥616mn in operating profit (+14.0%), ¥1,196mn in pretax profit (+116.2%), and ¥830mn in net profit attributed to owners of the parent (+129.6%). This was an upbeat outcome with sales revenue and profits reaching all-time highs. Fusion Partners adopted IFRS accounting in FY6/16 and converted FY6/15 values to IFRS for the comparisons.

FY6/16 Consolidated Results

(Unit: ¥mn)

	FY6/15		FY6/16		
	Results	Ratio to sales	Results	Ratio to sales	YoY change
Sales revenue	2,237	-	2,693	-	20.4%
Sales costs	878	39.3%	1,198	44.5%	36.4%
SG&A expenses	752	33.6%	875	32.5%	16.3%
Operating profit	541	24.2%	616	22.9%	14.0%
Pretax profit	553	24.7%	1,196	44.4%	116.2%
Net profit attributed to owners of the parent	361	16.2%	830	30.8%	129.6%

Note: FY6/15 values adjusted to IFRS

Sales revenue benefited from upbeat momentum in core SaaS/ASP services, which primarily consists of i-search website search service and i-ask FAQ services, and a steep 82.0% YoY rise in Web services sales to ¥750mn thanks to contributions from major deals.

The COGS ratio climbed from FY6/15's 39.3% to 44.5%, though this can be mainly attributed to the increase in outsourcing costs related to the rise in major Web service deals. Fusion Partners also lowered the SG&A expenses ratio, despite a rise in personnel costs, because of the offsetting effect of sales growth.

COGS

(Unit: ¥mn)

Main items	FY6/15	FY6/16	Change rate	Main change factors
Procurement, etc. (note)	261	428	63.7%	Increase in work in progress related to the rise in major deals (IFRS) Increase in news article usage fees
Labor costs	425	518	21.8%	Increase related to employee additions
Rents	122	148	21.4%	Increase related to data-center floor space additions
Communications costs	47	72	51.9%	Increase related to data-center floor space additions
Others	21	30	43.7%	-
Total	878	1,198	36.4%	-

Note: Procurement, etc. (external consignment fees, news article usage fees, etc.)

SG&A expenses

(Unit: ¥mn)

Main items	FY6/15	FY6/16	Change rate	Main change factors
Personnel costs	530	585	10.3%	Increase related to employee additions
Fees paid	54	75	37.4%	Increase related to adopting IFRS
Rents	33	43	31.9%	Increase from relocation of headquarters
Depreciation costs	16	19	18.5%	Increase from the rise in equipment and other assets
Others	117	151	29.1%	-
Total	752	875	16.3%	-

Pretax profit increased sharply owing to healthy sales revenue for highly profitable SaaS/ASP services and a ¥527mn profit from selling shares in equity-method affiliate Azia. Fusion Partners sold all of the shares that it held in Azia.

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(2) Sales trends by services

A review of sales trends by major services shows steady advances in new customer acquisitions and sales growth for mainstay i-search, i-ask, and other SaaS/ASP services in a variety of industries, including financial and insurance, information and communications, and manufacturing.

New Customer Installations for Major Services (FY6/16)

Service name	Companies/associations
i-search	CEMEDINE CO., LTD., Seven Card Service Co., Ltd. website for “nanaco,” NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, CAPCOM, CO., LTD., Mitsui Engineering & Shipbuilding Co., Ltd., Fuji Satellite Broadcasting, Inc., Hokkaido Electric Power Co., Inc., Nihon Eiga Broadcasting Corp., Nihon Jyutaku Ryutu Co., Ltd., Manulife Life Insurance Company, ELECOM CO., LTD., THE SHIGA BANK, LTD., SBI SECURITIES Co., Ltd., Akebono Brake Industry Co., Ltd., Itabashi City Office, The Iyo Bank, Ltd., etc.
i-ask	The Tama Shinkin Bank, Nihon L’Oreal K.K., au Insurance Company, Limited, Nihon Safety Co., Ltd., PacketVideo Japan Corporation, etc.
i-entry	Park24 Co., Ltd.
i-catalog	KYORITSU FOODS CO., INC.
i-flow	Nitto Denko Corporation
i-learning	Administrative entity call centers
IVR	Non-life insurers, point program operators

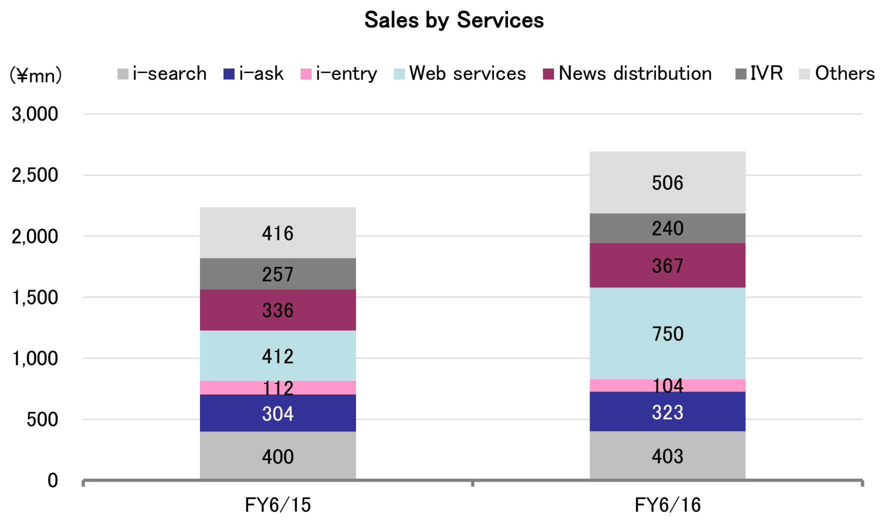
Source: FISCO Ltd. from company materials

Furthermore, Web services posted a sharp increase of 82.0% to ¥750mn due to major deals. Key additions to sales were orders from Sompo Japan Nipponkoa Insurance Inc. for development of a big-data processing and management system for Smiling Road, a corporate (transport firm, etc.) safe driving assistance service, and related service operation in FY6/15 and orders for continued development of the similar project and development and operation of a system for Portable Smiling Road service, a smartphone app designed for individuals in FY6/16.

Drivers who download the free Portable Smiling Road smartphone app are given access to “support for unexpected accidents,” “safe driving diagnosis that uses Sompo Japan Nipponkoa’s proprietary algorithm to analyze driving data from the driver,” “real-time warnings while driving of weather, road, and driving information,” and other services. The Web system developed by Fusion Partners collects driving data and other information in real time and provides safe driving assistance to drivers that it manages.

Smiling Road service for corporate users (transport firms, etc) that started operations in March 2015 has paid off in a 20% decline in the accident occurrence rate at companies utilizing the system, and the same effect is anticipated for the personal service. Lowering the accident rate benefits the insurance companies through reduction of insurance payments, and the service also lifts customer satisfaction.

We believe sales to Sompo Japan Nipponkoa increased further in FY6/16. Fusion Partners receives monthly revenue for operating the system, and the few million yen per month puts this business at the company’s largest for a single customer. Fusion Partners hopes to supply big-data collection and management and operation services to other insurers and other customers based on the development results from this project.



Business Outlook

Opportunities for acquiring large project orders leveraging Smiling Road development results

(1) Review of the FY6/17 outlook

Fusion Partners expects FY6/17 consolidated results of ¥10,200mn in sales revenue (+278.6% YoY), ¥3,700mn in operating profit (+499.8%), ¥3,700mn in pretax profit (+209.3%), and ¥2,950mn in net profit attributed to owners of the parent (+255%). While these are sharply higher numbers, they include growth by existing businesses plus the addition of Softbrain as a subsidiary from FY6/17 and a boost in operating profit from stock recalculation profit related to the acquisition of Softbrain as a subsidiary. Fusion Partners also disclosed results and forecasts based non-GAAP indicators that exclude non-recurring items and other adjustment account items because of large one-time profits, including stock selling profit and stock recalculation profit, for FY6/16 and FY6/17.

On a non-GAAP basis, pretax profit totaled ¥668mn in FY6/16 (excluding profit from selling Azia shares. The FY6/17 target works out to ¥1,400mn (+109.5% YoY) removing ¥2,633mn in Softbrain stock recalculation profit and ¥43mn in intangible asset amortization costs and ¥370mn in other subsidiary impairment losses and other charges budgeted under other adjustment account items.

The FY6/17 guidance includes additions from Softbrain's FY12/16 outlook (¥7,000mn in sales, ¥700mn in operating profit, ¥700mn in recurring profit, and ¥380mn in net profit attributed to owners of the parent). Net profit attributed to owners of the parent receives an extra ¥170mn because of the 45.57% equity ratio. Guidance excluding the Softbrain impact works out to ¥3,200mn in sales revenue (+18.8%) and ¥700mn in operating profit (+13.5%), and these values indicate that Fusion Partners expects continuation of robust results with double-digit sales and profit increases for existing businesses too.

Fusion Partners aims to expand sales revenue in SaaS/ASP services, which provide recurring income, by fostering needs through further enhancement of satisfaction and trust among existing customers and actively acquiring deals outside of existing services. Furthermore, interest in Web services is rising from financial and insurance industries thanks to the development track record with Smiling Road, and guidance envisions orders acquisition for major deals.

FY6/17 Consolidated Results Forecast

(Unit: ¥mn)

	FY6/16 results		FY6/17 forecasts				Softbrain FY12/16 forecasts
	IFRS	Non-GAAP	IFRS	YoY change	Non-GAAP	YoY change	
Sales revenue	2,693	2,693	10,200	278.6%	10,200	278.6%	7,000
Operating profit	616	616	3,700	499.8%	1,400	126.9%	700
Pretax profit	1,196	668	3,700	209.3%	1,400	109.5%	700
Net profit attributed to owners of the parent	830	464	2,950	255.0%	650	40.0%	380

Expecting creation of new services by integrating website behavior record analysis and Softbrain's sales assistance software

(2) Collaboration with Softbrain

A key motivation for acquiring Softbrain as a subsidiary is its provision of a corporate sales assistance tool as a cloud service and strong affinity with Fusion Partners' business. Softbrain holds a top-class industry share for sales assistance tools, and it has a track record of use at just over 4,000 companies.

Fusion Partners intends to promote initiatives for collaboration aimed at the creation of synergies between the two companies and has already launched a project team. It hopes to not only collaborate on services, but also realize vibrant interactions among people for the various divisions. Cooperation is likely to consist of cross-selling of respective products and services. While the companies cater to different customer segments with Softbrain approaching corporate sales divisions and Fusion Partners dealing with public relations divisions, they can introduce customers and make proposals and thereby boost sales. Another possibility is creation of new services, such as integrating website behavior record analysis, where Fusion Partners excels, and Softbrain's sales assistance software. Fusion Partners aims to enhance corporate value by effectively leveraging customer bases, service knowhow, and other business assets of the two firms to develop and supply high value-added services.

Softbrain obtains about 44% of its consolidated sales in the e-Sales Manager related business that handles sales and deployment consulting services for the "e-Sales Manager" sales assistance software and roughly 46% from the field marketing business run by subsidiary Softbrain Field Co., Ltd. The field marketing business utilizes registered staff (mainly housewives) to set up product sales space and create point-of-purchase ads at retail stores instead of the employees of consumer goods manufacturers. While manufacturer employees previously handled these tasks, the industry is shifting to outsourcing in order to improve sales promotion cost efficiency, and Softbrain's field marketing business has been growing sales at a double-digit annual pace in recent years. The business provides services to over 350 accumulative customers, and recently had about 61,000 registered staff members. It covers more than 110,000 stores nationwide, including drugstores, convenience stores, and specialty stores and has a top-class presence in the industry.

Softbrain's FY12/16 consolidated targets are ¥7,000mn in sales (+18.7%) and ¥700mn in operating profit (+3.2%). While it expects slower operating profit growth due to making upfront investments to reinforce personnel as part of broadening business scope, the outlook still projects stable growth led by the two main businesses.

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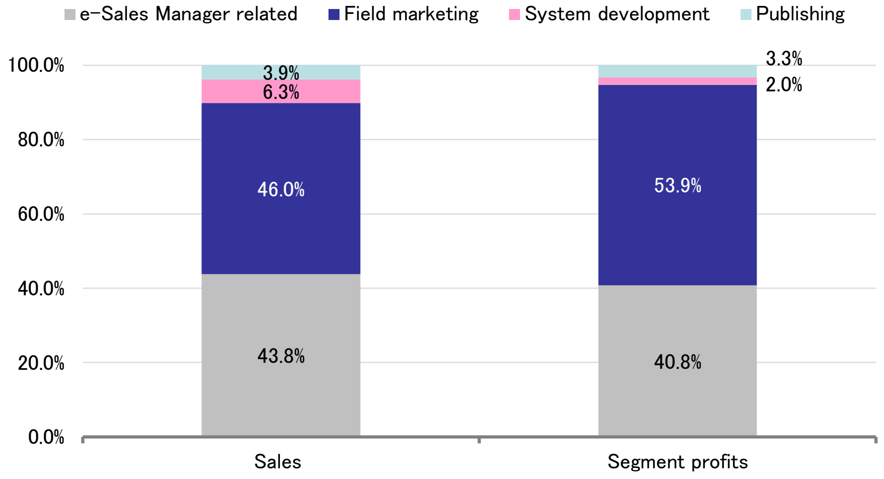
Business segment breakdown (through 1H FY12/16)



Targeting further growth with new businesses in IoT, O2O, AI, and other areas

(3) Longer-term growth strategy

Fusion Partners has presented a longer-term growth strategy that seeks stable growth in existing cloud (SaaS/ASP) services and targets further growth with business initiatives in new areas that encourage communication among people and between companies and people (IoT, O2O*, and AI) delivered through cloud services. It also intends to aggressively utilize M&A deals, business alliances, and other initiatives to enter new business fields.

* O2O (Online to Offline): This term refers to sales measures that utilize Internet (online) behavior to attract customers to real stores (offline) and encourage purchases.

Fusion Partners is targeting the following areas for M&A and business alliances – 1) companies with knowhow and technology to develop new services, 2) companies with customer bases that support expansion of market share for existing services, 3) companies with robust service line-ups, knowhow and technology that it does not possesses, and an ability to improve and strengthen the competitiveness of existing services, and 4) companies with many talented engineers who can strengthen development capabilities.

The addition of Softbrain as a subsidiary lifts consolidated sales revenue to over ¥10,000mn, and progress in other M&A deals might also accelerate growth and should be closely monitored.

Financial Conditions and Shareholder Returns

Plans to raise the dividend for an eighth straight year with a ¥4 YoY hike to ¥18 in FY6/17

(1) Financial conditions

We review financial conditions at the end of June 2016. Total assets were up ¥6,104mn to ¥9,633mn, with increases of ¥3,629mn in cash and deposits, ¥1,994mn in investments handled by equity-method accounting, ¥296mn in goodwill, and ¥185mn in tangible fixed assets as the main changes.

Liabilities increased ¥4,186mn to ¥5,720mn, with gains of ¥2,950mn in interest-bearing debt, ¥909mn in business liabilities and other liabilities, and ¥326mn in unpaid corporate taxes as the main changes. Net assets rose ¥1,918mn to ¥3,913mn, mainly on increases of ¥875mn from new share issuance, ¥454mn from treasury share disposal, and ¥830mn from booking net profit attributed to owners of the parent and a decrease of ¥181mn from dividend payments.

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For business indicators, although financial health appears to be modestly weaker owing to a decline in the equity ratio and rise in the interest-bearing debt ratio accompanying larger interest-bearing debt, we think the financial base expanded with the ¥679mn YoY increase in net cash (cash/deposits – interest-bearing debt) to ¥1,760mn.

The addition of Softbrain as a subsidiary will considerably alter consolidated financial conditions in FY6/17. Softbrain's main financial standing values at end-June 2016 were about ¥2.7bn in cash and deposits, roughly ¥150mn in interest-bearing debt, and a 62.7% equity ratio, and its financial health is better than at Fusion Partners. We thus expect improvements in financial conditions compared to the end of FY6/16 after the consolidation.

Consolidated Balance Sheet

(Unit: ¥mn)

	End-FY6/15	End-FY6/16	Change
Current assets	1,843	5,470	3,627
(Cash and deposits)	1,430	5,060	3,629
Non-current assets	1,686	4,163	2,477
Total assets	3,529	9,633	6,104
Current liabilities	1,513	5,684	4,170
Non-current liabilities	20	36	15
(Interest-bearing debt)	350	3,300	2,950
Liabilities total	1,534	5,720	4,186
Total equity	1,994	3,913	1,918
Business indicators			
Equity ratio (equity ÷ total assets)	56.5%	40.6%	
Interest-bearing debt ratio (interest-bearing debt ÷ equity)	17.5%	84.3%	

Balance sheet after consolidating Softbrain (Unit: ¥100mn)

Fusion Partners

	End-July 2016
(Cash and deposits)	18
(Softbrain shares)	43
Total assets	80
(Interest-bearing debt)	33
Liabilities	40
Net assets	40

Softbrain balance sheet

	End-June 2016
(Cash and deposits)	27
Total assets	47
(Interest-bearing debt)	1.5
Liabilities	16
Net assets	31

Balance sheet after consolidation

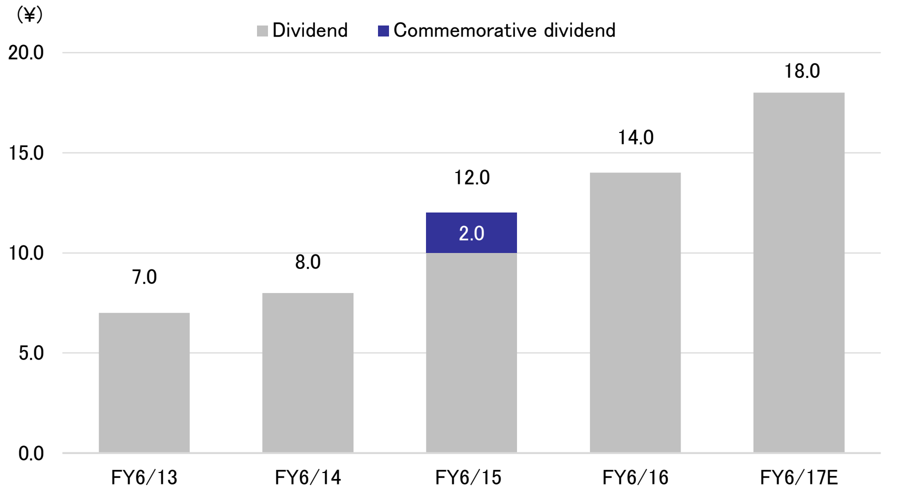
	End-July 2016
(Cash and deposits)	45
Total assets	113
(Interest-bearing debt)	34
Liabilities	56
Net assets	40
Minority interest	17

Source: FISCO Ltd. from results briefing materials

(2) Shareholder returns

Fusion Partners has a basic policy of paying a stable, continuous dividend while also strengthening financial standing and retaining profits needed to develop the business. It plans to raise the dividend for an eighth straight year with a ¥4 YoY hike to ¥18 in FY6/17 and to continue expanding profits and increasing the dividend.

Trend in Dividends Per Shares



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