

FY2022

Financial Report

GLAD CUBE Inc.

Security code : 9561

February 14, 2023



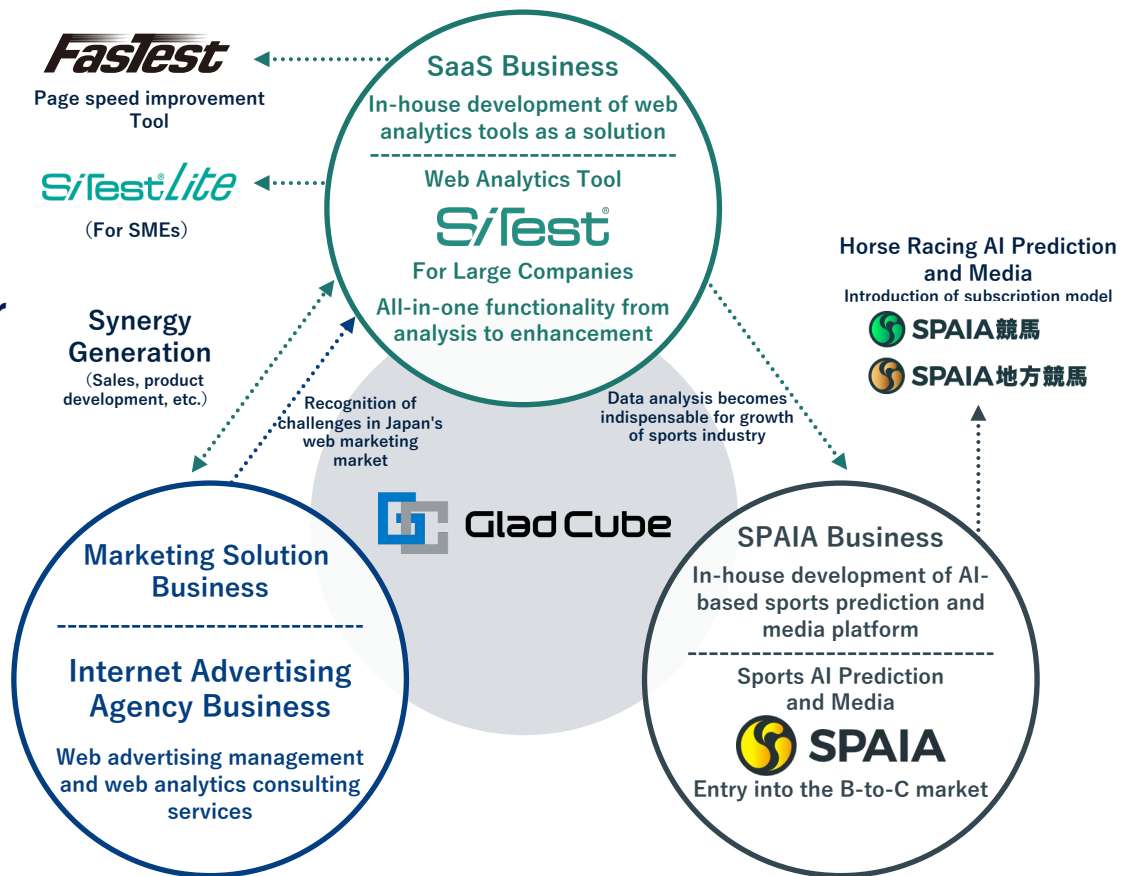
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1 | FY2022 Financial Results



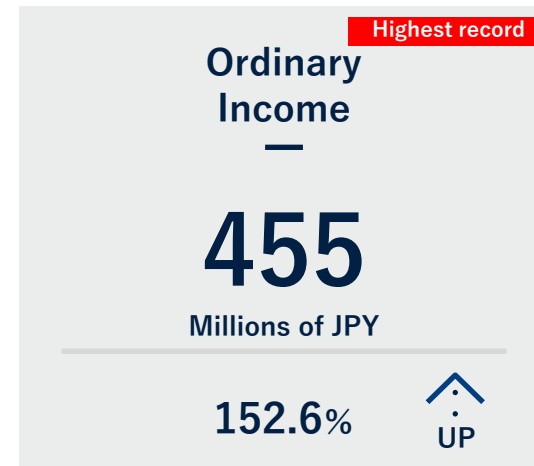
Growing through the development of three main businesses and leveraging our strengths in analysis and development through digital marketing

We aim to be a platform for SaaS companies around the world through our proposals for the creation of new products to meet market needs



FY2022 Full-year financial highlights

FY2022 (January to December) Actual



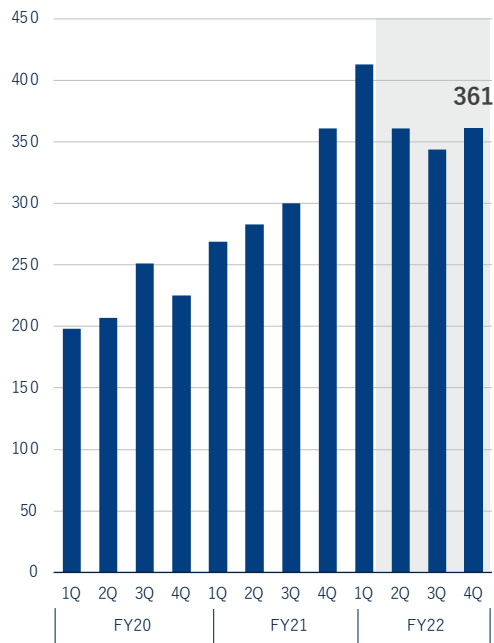
Business Overview Topics

- Our SaaS business, which is a driver for growth, served as a driving force. Together with the strong performance of our Marketing Solution Business in 1Q, sales, operating profit, and ordinary income all reached record highs.
- Operating profit margin increased significantly from 24.0% in the previous quarter to 31.1% in the current quarter.

Highlights by 4Q and full-year financial results Business Performance

Sales

(Unit: million of JPY)

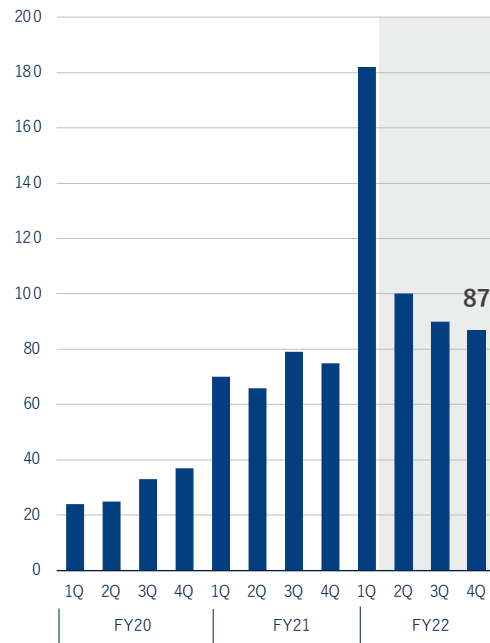


YoY

100.0%

Operating Profit

(Unit: million of JPY)

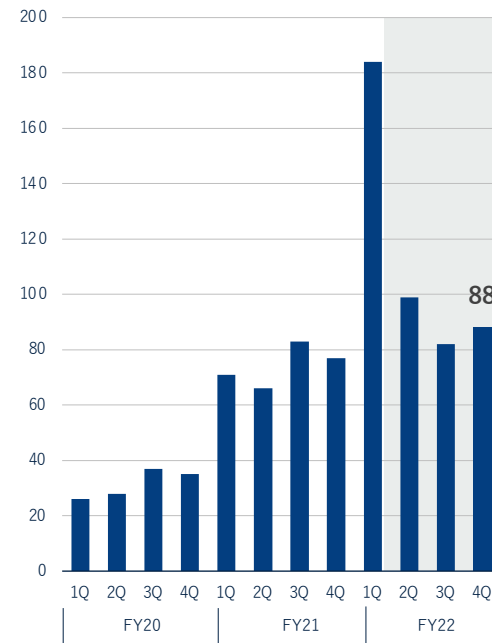


116.4%



Ordinary Income

(Unit: million of JPY)

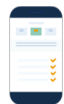


115.2%



FY2022 Full-year financial highlights (Business Segment)

SaaS Business



Sales	YoY
579 Millions of JPY	134.2%
4Q Sales Data	YoY
158 Millions of JPY	125.3%

Marketing Solution Business



Sales	YoY
748 Millions of JPY	110.5%
4Q Sales Data	YoY
169 Millions of JPY	89.7%

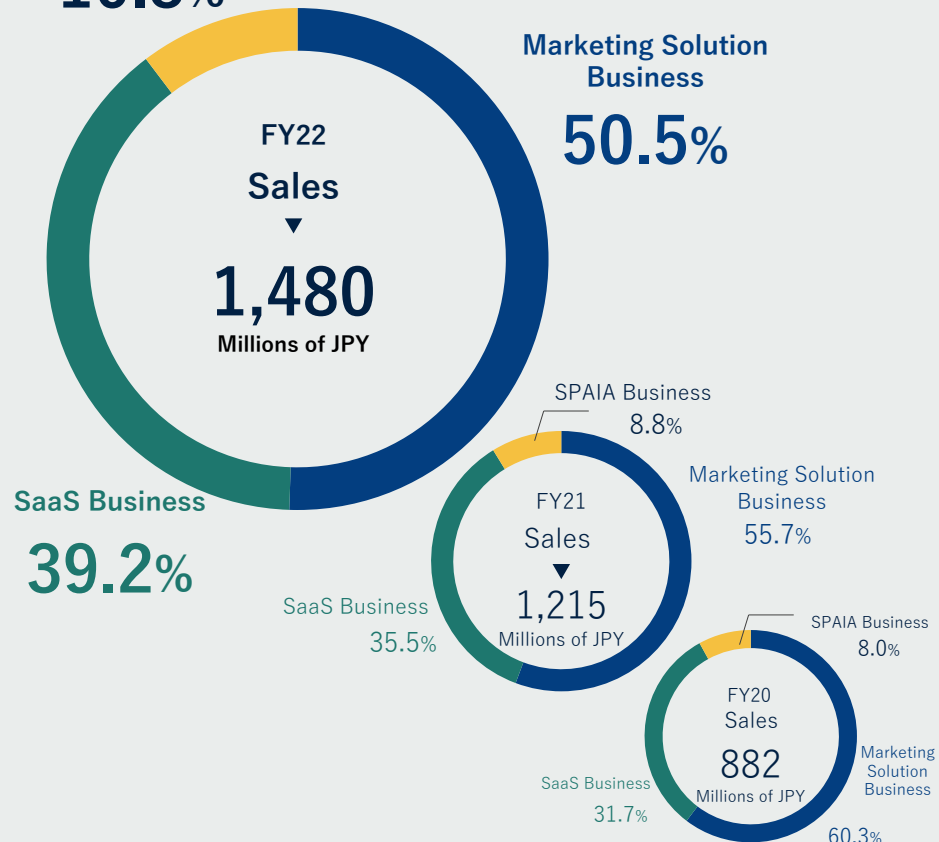
SPAIA Business



Sales	YoY
152 Millions of JPY	143.5%
4Q Sales Data	YoY
32 Millions of JPY	71.8%

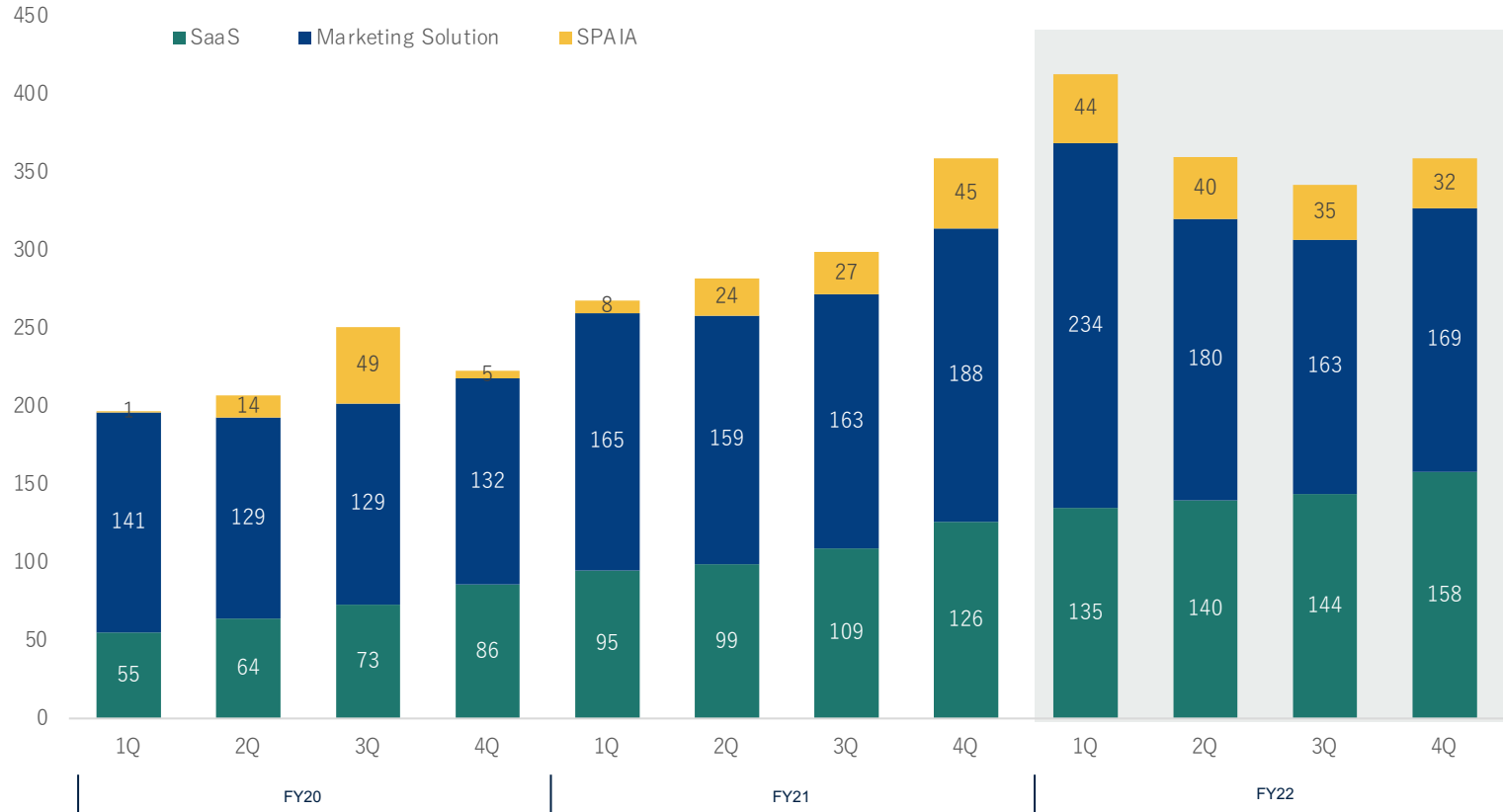
SPAIA Business

10.3%



FY2022 Quarterly Sales Data

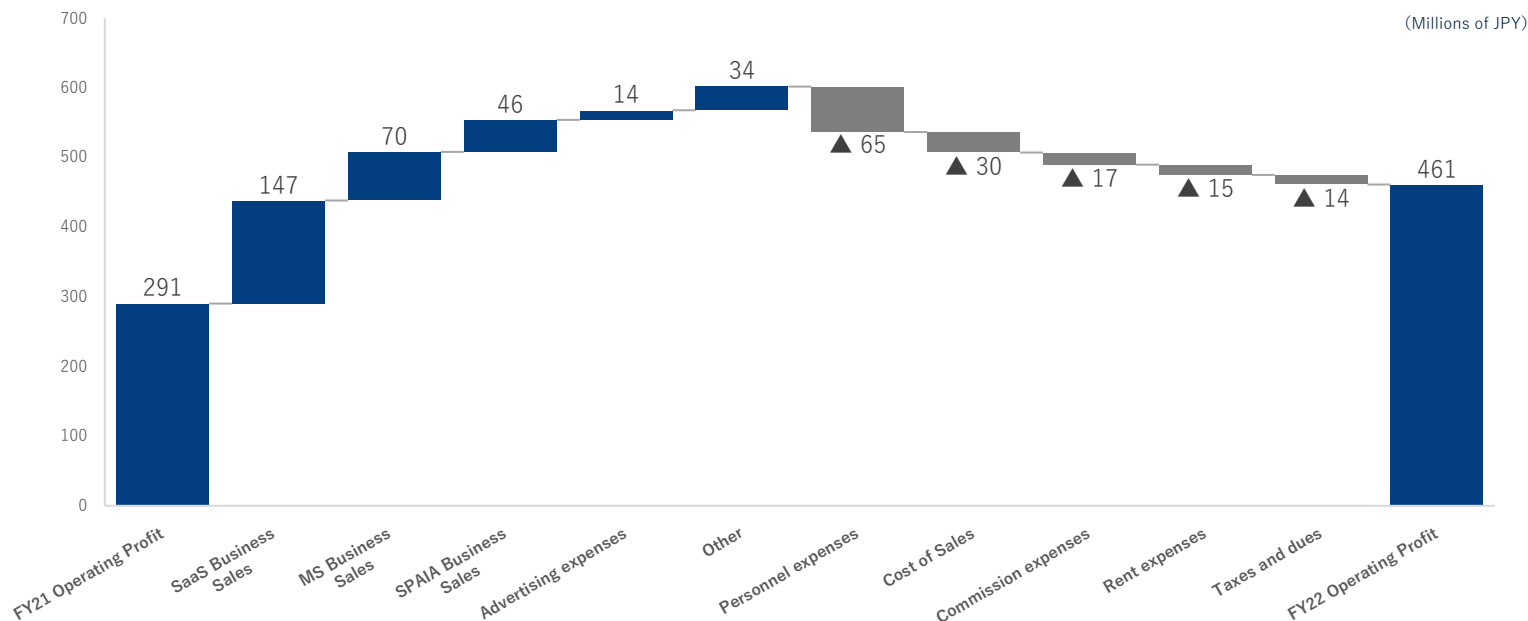
(Millions of JPY)



Year-on-Year Operating Profit Analysis

Topics

- The impact of increased sales of our SaaS Business was the largest positive factor, followed by our Marketing Solutions Business.
- The largest negative impact was an increase in personnel expenses due to aggressive investment in human resources.
- The primary reason for the increase in the cost of sales was subcontracting expenses, which increased due to a rise in the number of production projects.

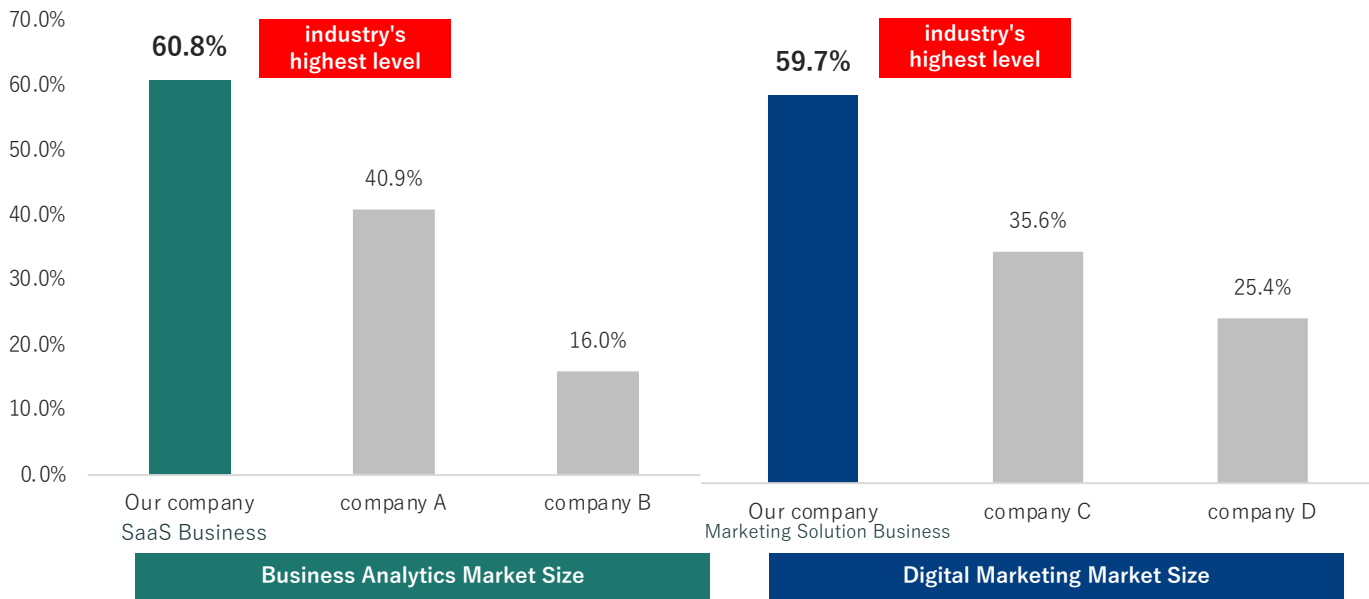


Our Strengths: Top class operating profit margin compared to our competitors in similar industries

Analysis Overview Topics

- Our profit margins are overwhelmingly higher than those of our competitors in both the SaaS Business domain and the digital marketing domain.
- When selecting companies to compare with our Marketing Solution Business, we chose operators of online advertising agency businesses on a revenue recognition basis and companies that disclose their businesses by segment.
- When selecting companies to compare with our SaaS Business, we chose companies that, like us, are developing SaaS in the business analytics market.
- The operating profit margins for the companies with which comparisons were made are taken from their latest disclosures.

FY22 Full year Operating Profit Margin



— FY2022 full-year financial results

	FY21	FY22	YoY		Full-year forecast	Progress rate
			Increase/ decrease	Increase/ Decrease in ratio		
Sales	1,215	1,480	264	+ 21.8%	1,501	98.6%
Gross Profit	1,157	1,391	233	+ 20.2%	1,432	97.1%
(Profit Rate)	95.2%	94.0%	△1.2%		95.4%	
Selling, general and administrative	866	930	64	+ 7.5%	951	
Operating Profit	291	461	169	+ 58.0%	481	95.8%
(Profit Rate)	24.0%	31.1%	7.1%		32.0%	
Ordinary Income	298	455	156	+ 52.6%	479	94.9%
(Profit Rate)	24.6%	30.8%	6.2%		32.0%	
Net Income	201	297	95	+ 47.1%	312	95.0%

— FY2022 full-year financial results

	FY20	FY21	FY22
Current assets	1,161	1,835	2,764
Cash and deposits	796	1,169	2,158
Accounts receivable - trade	238	500	414
Advance payments to suppliers	103	146	160
Other	22	17	31
Non-current assets	147	128	134
Property, plant and equipment	17	15	15
Intangible assets	37	43	71
Investments and other assets	92	69	48
Deferred assets	—	—	8
Total assets	1,308	1,963	2,908

	FY20	FY21	FY22
Current liabilities	802	1,286	1,158
Accounts payable - trade	244	486	394
Current portion of long-term borrowings, etc.	120	110	179
Accounts payable - other	164	254	171
Other	274	434	412
Non-current liabilities	256	226	432
Total liabilities	1,059	1,512	1,591
Total net assets	249	451	1,316
Total liabilities and net assets	1,308	1,963	2,908

2 | Business Performance by Business Segment



2-1 | SaaS Business



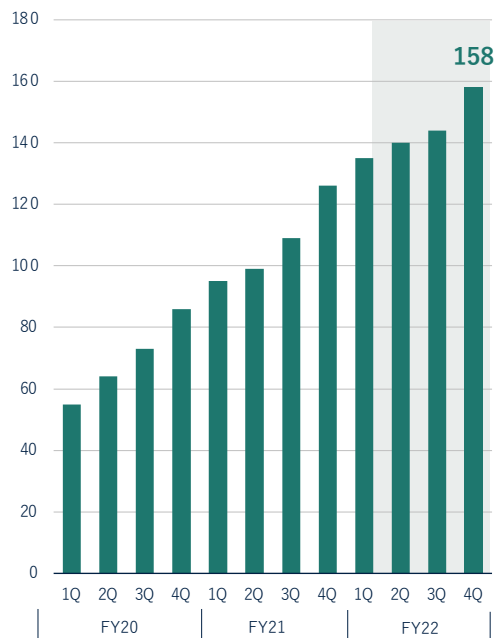
Business Performance

Topics

- **Steady growth due to an increase in consulting and production projects**
- **FasTest, a new service launched in July of FY2022, is a beta version, so more than 90% of sales are SiTest-related.**

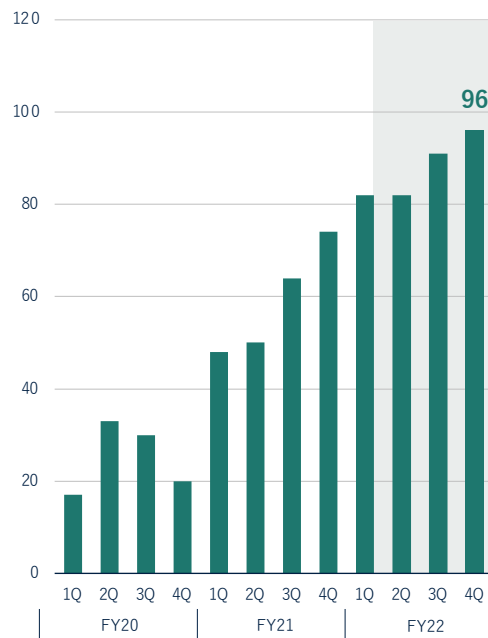
Sales

(Millions of JPY)



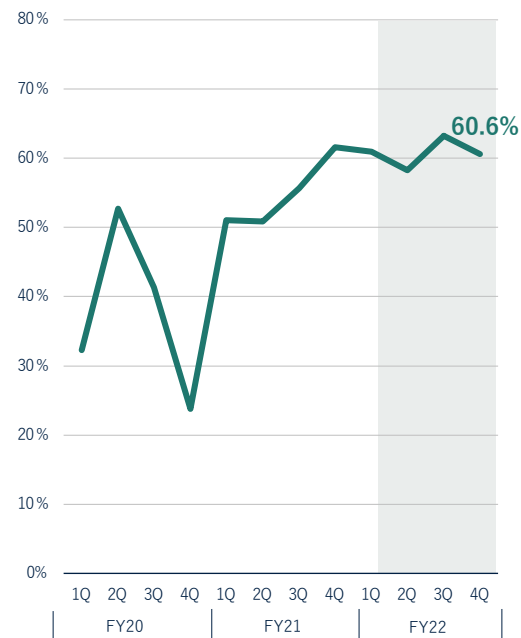
Operating Profit

(Millions of JPY)



Operating Profit Margin

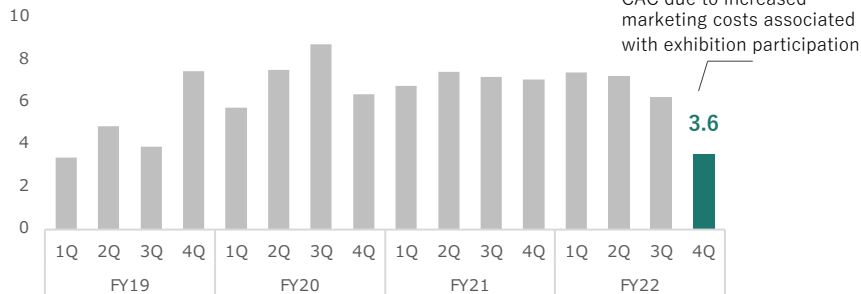
(%)



SaaS Business SiTest KPI Data

Average LTV/CAC by Quarter

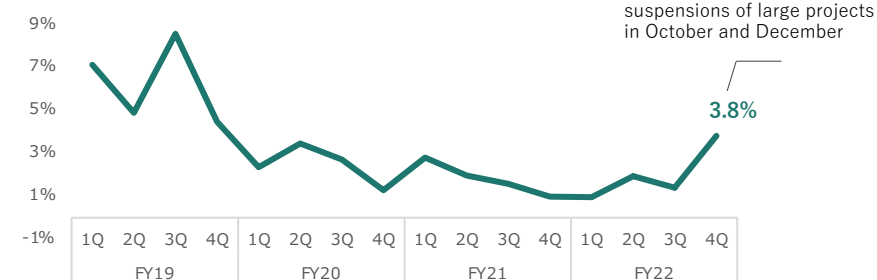
(Unit : X)



Definition: LTV/CAC ... (Customer) Lifetime Value/Customer Acquisition Cost

Average Churn Rate by Quarter (Net Revenue Churn Rate)

(Unit : %)

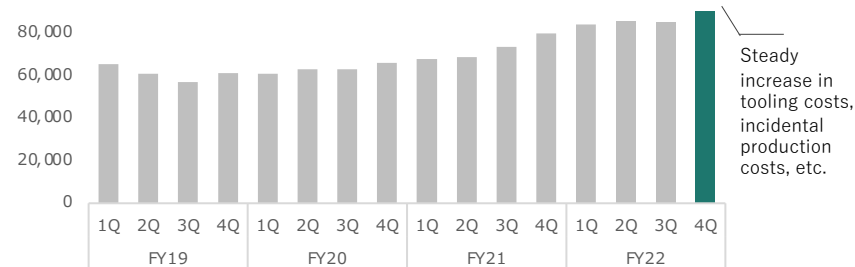


Definition: (Monthly recurring revenue lost – Increase in monthly recurring revenue of existing customers)/Monthly recurring revenue at the beginning of the month (end of prior month)

Average Unit Price by Quarter

(Unit : yen)

100,000

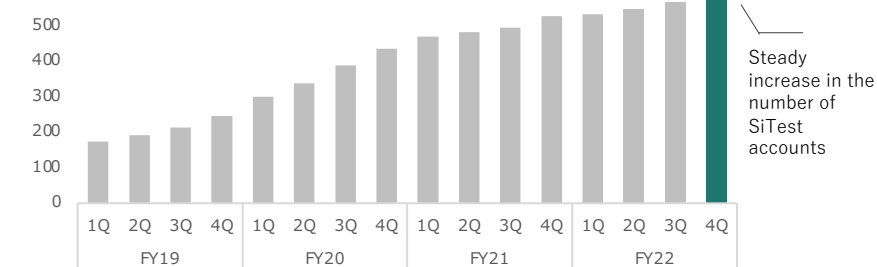


Definition: Average Unit Price ... Monthly average unit prices at the end of each month averaged per Q

Average Number of Active Accounts by Quarter

(Unit : account)

600



Definition: Average number of active accounts at the end of each month averaged per Q

2-2 | Marketing Solution Business



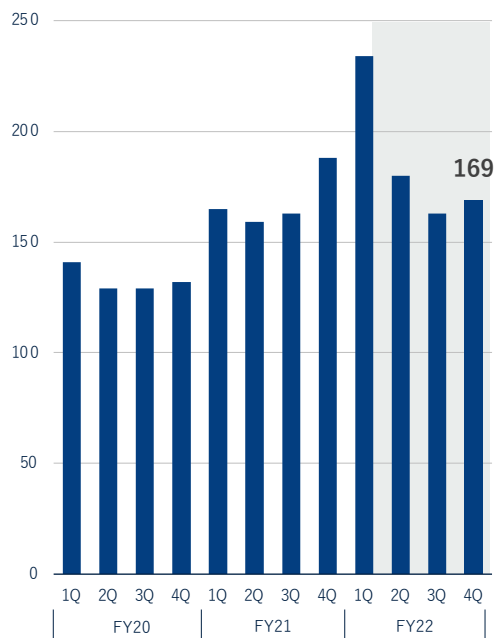
Business Performance

Topics

- The volume of advertising transactions increased from 2Q and 3Q due to the seasonal trend of increasing advertisement expenses toward the end of the year.
- Sales of production projects remained strong due to the employment of creative personnel.
- Service revenues also declined due to a decrease in dispatched and seconded personnel.

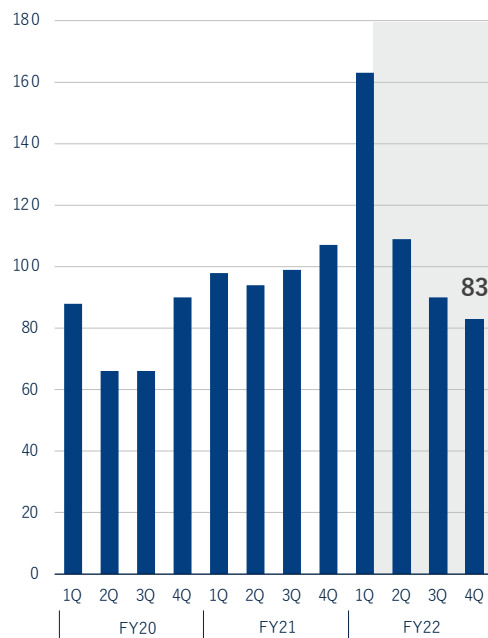
Sales

(Millions of JPY)



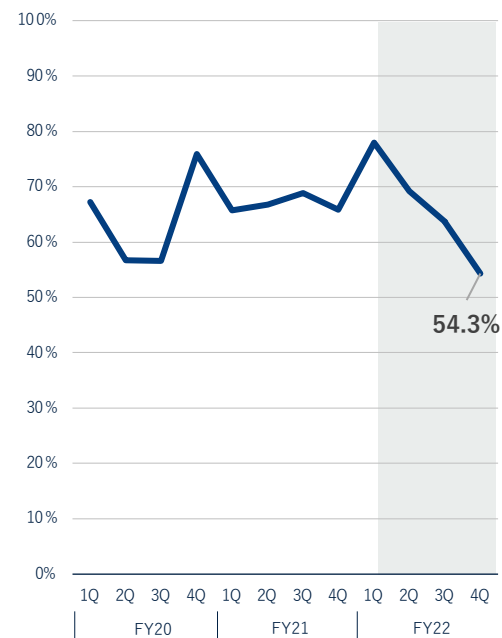
Operating Profit

(Millions of JPY)



Operating Profit Margin

(%)

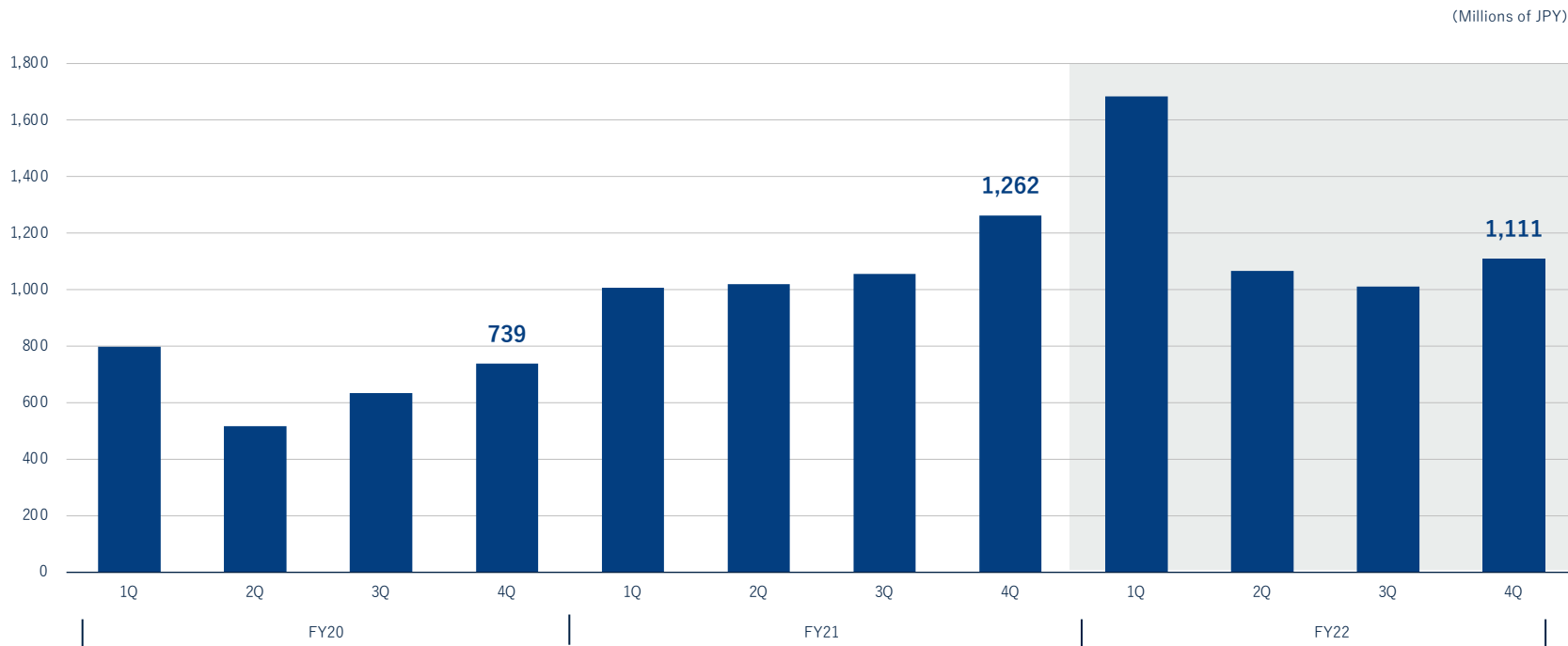


Business Performance

Topics

- No significant growth in the volume of advertising transactions due to seasonal factors in 3Q, but orders for creative production are on the rise.
- Sales from cross-selling with our SaaS Business remained steady (see page 25).

Advertising deposit



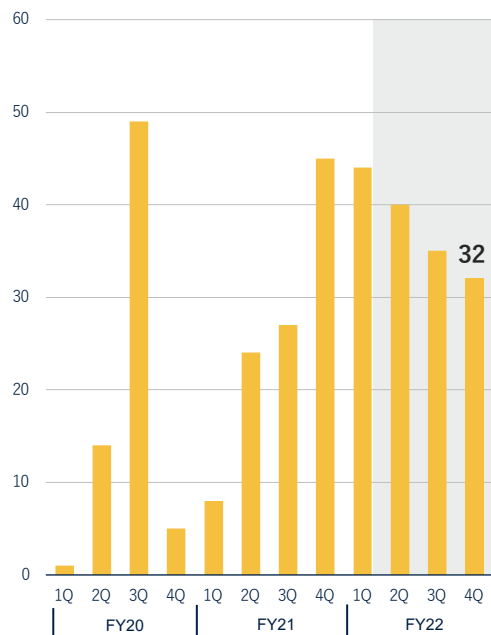
Business Performance

Topics

- Progress on full-year forecast: Net sales: 94.21%, Operating profit: -%
- During the current fiscal year, we are focusing on measures to increase the number of free subscribers, which resulted in a steady increase in the number of free subscribers, although measures to improve the number of paid subscribers have not yet been implemented.

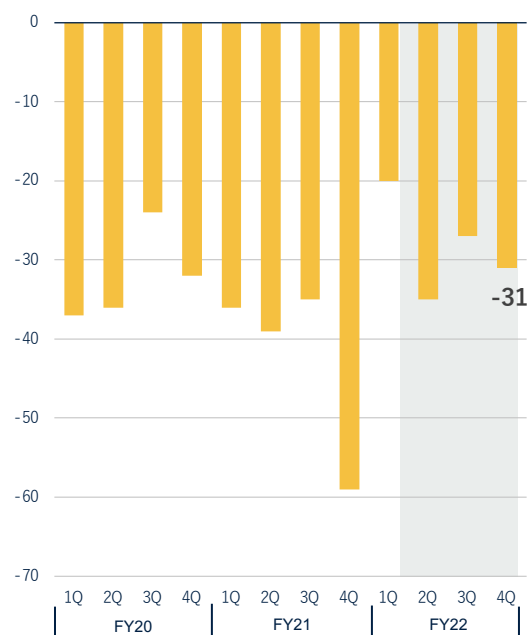
Sales

(Millions of JPY)



Operating Profit

(Millions of JPY)



3 | Future Growth Strategy



As of February 14, 2023, only the basic growth strategy is provided. The future growth strategy will be provided in Matters related to Business Plan and Growth Potential, which will be disclosed on February 22, 2023, and will be explained in more detail.

Future Growth Strategy

Promote the development of new customers with the aim of turning the site analysis and improvement tool into a platform.



FasTest

New features have been introduced after a test marketing period

On December 27, 2022, we added a function that compresses video files on a page to make them smaller and streams them from an acceleration server. This enables easy batch optimization and page acceleration, even for pages with large amounts of video content as well as images.

Additional features will be implemented in the future to meet users' needs.



MoVest

Scheduled to be released after FY2023

Tool to analyze and improve videos

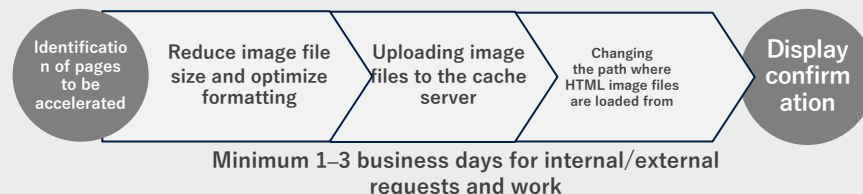
Further expansion of cross-selling is expected through new products.

SaaS Business

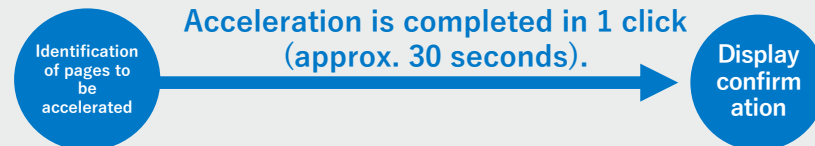
Marketing Solution Business

FasTest Outline of tool

Conventional process of accelerating pages (reduction of image file size and HTML rewriting)




Page acceleration process



The accelerated page's URL can be automatically generated with 1 click.



* To use your own domain, setup with a contracted domain is required.

Future Growth Strategy

Maximize synergy between SaaS and Marketing Solution businesses to grow sales

SaaS Business



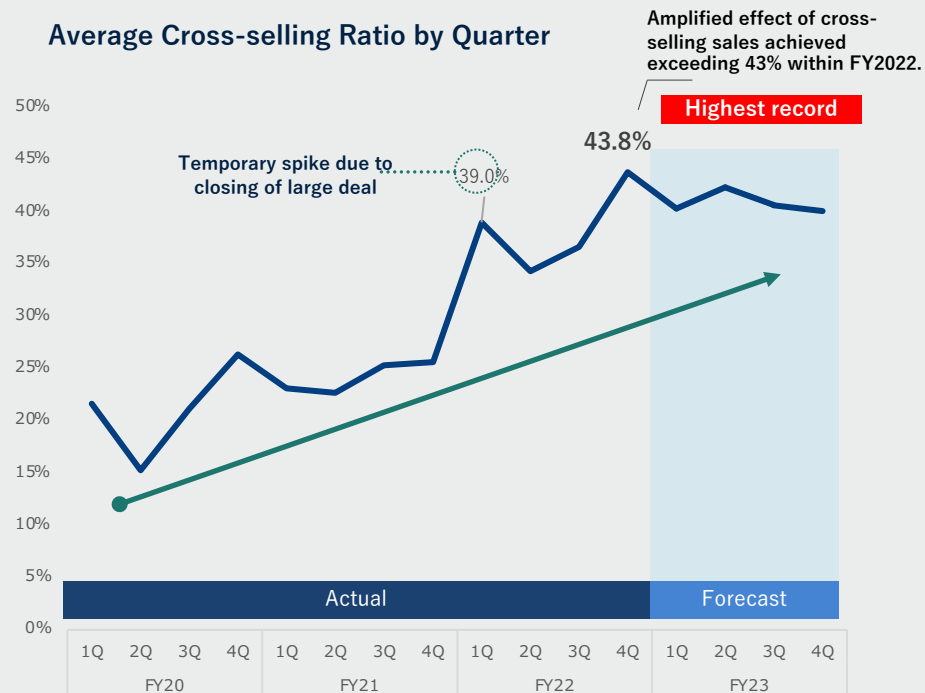
Marketing Solution Business

Measures to increase cross-selling ratio



1. Increase cross-selling sales by strengthening sales of packages between businesses
2. Secure new leads through company-hosted webinars and seminars
3. Expand number of accounts through partnership collaborations in SaaS business
4. Strengthen the structure of the Customer Success Team for SaaS business partners
5. Approach existing clients in the Marketing Solution Business

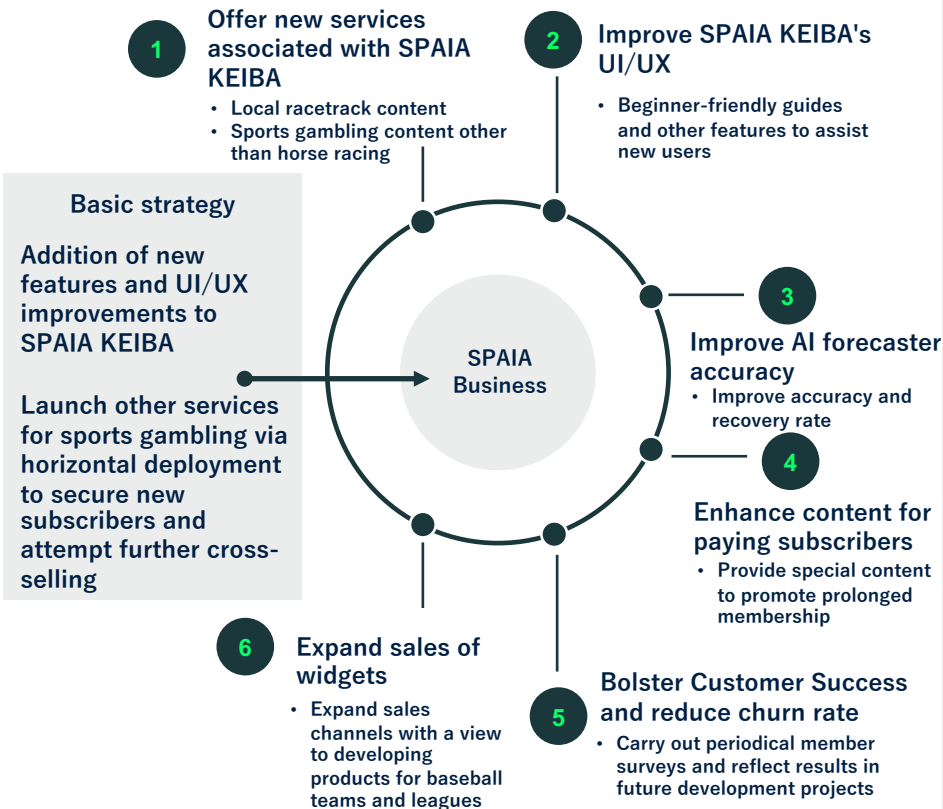
Average Cross-selling Ratio by Quarter



Calculation Method of the Cross-selling Ratio

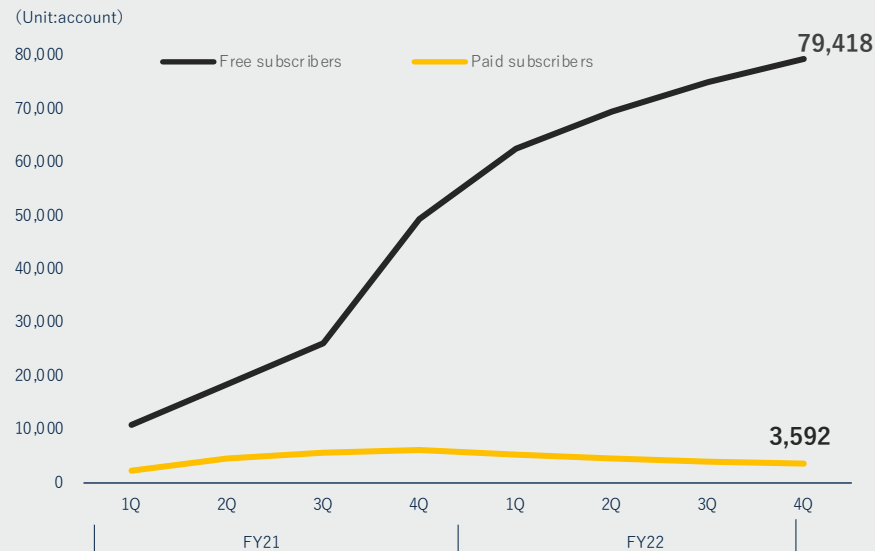
- The numerator is the total sales of customers who have transactions with both our SaaS and Marketing Solution businesses, and the denominator is the total sales of the SaaS and Marketing Solution businesses.
- Calculated starting with FY2020, when cross-selling growth strategy commenced.
- Cross-selling ratio is calculated based on the average of Q.
- Figures for 1Q of FY2023 and subsequent quarters are based on year-on-year comparisons.

Future Growth Strategy



SPAIA KEIBA

Average Number of SPAIA KEIBA Subscribers by Quarter

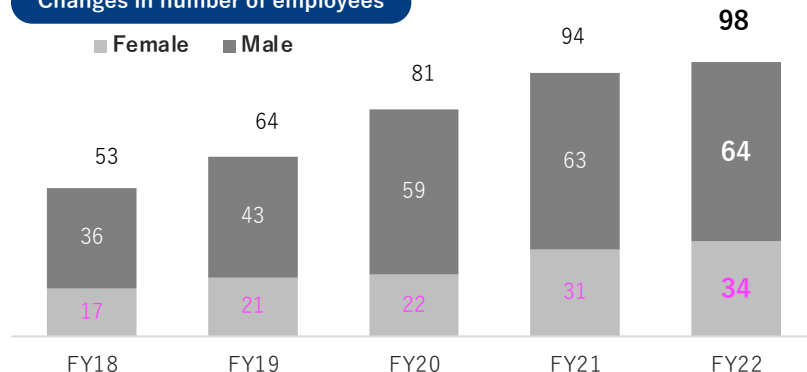


Trends in SPAIA KEIBA Subscribers

- The fees for paid subscribers were changed in December 2022.
- The fees for Gold and Platinum Course subscribers are close to what they were before the increase in August 2021.
- In the main, subscriber increases have been among Platinum Course subscribers since the fees were revised.
- Measures to encourage subscription retention, such as introducing a points system, were implemented.

Management resources • The number of employees

Changes in number of employees



Women Empowerment

Director ratio	_____	22%
Full-time director ratio	_____	50%
Employee ratio	_____	32%
Management ratio	_____	21%
Manager ratio	_____	8%
Leader ratio	_____	25%

- As we have been aware of gender issues since the establishment of DEI, the most important feature of our company is that we have not needed to take any special measures to promote women's participation in the workplace. We ensure not only diversity but also fairness in terms of promotion opportunities and the elimination of gender-based wage differences.

Personnel composition

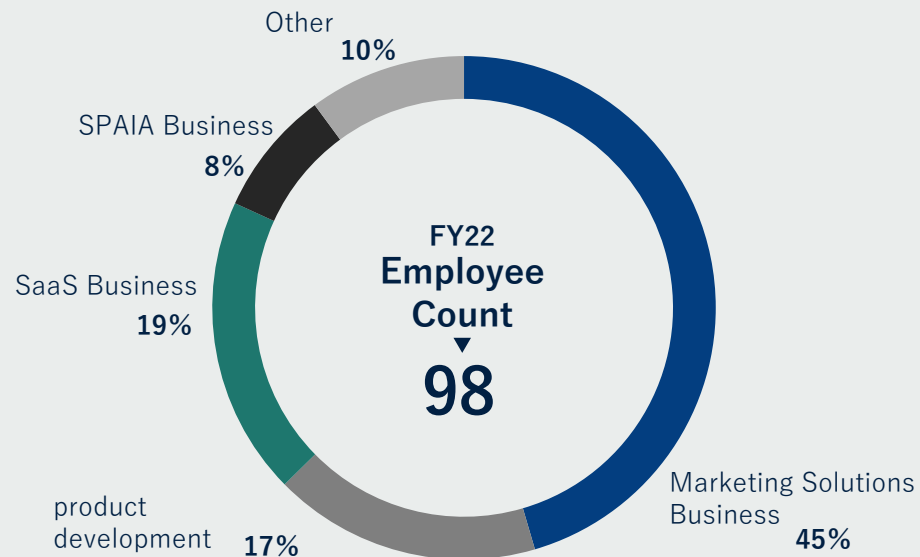
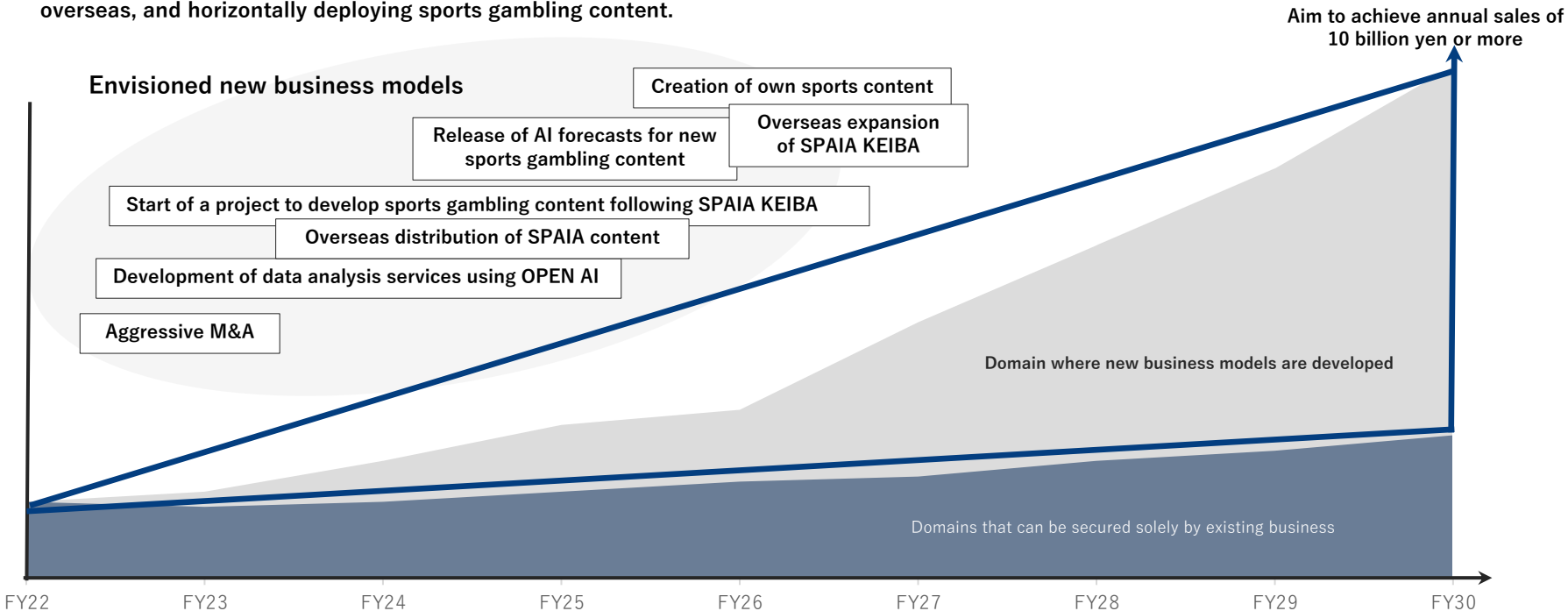


Diagram of Targets and Growth toward 2030

Through aggressive M&A and business alliances that generate synergies to expand scale, we will develop new products and new services in the SPAIA Business while maintaining high profit margins in our SaaS Business and Marketing Solution Business.

The company will work on this initiative from 2023 from the standpoint of acquiring new sports content, providing data overseas, and horizontally deploying sports gambling content.



* This medium- to long-term growth diagram is only an indication of management targets.
It does not imply a time frame for the achievement of targets, nor does it guarantee such achievement.



Disclaimer

This presentation contains forward-looking statements. These forward-looking statements are based on information available to the Company at the time such statements were made. These statements are not guarantees of future results or performance. Such forward-looking statements involve known and unknown risks and uncertainties that could cause future results and financial conditions to differ materially from any future results or outcome expressed or implied by such forward-looking statements.

Factors that may affect the actual results described above include, but are not limited to, changes in national and international economic conditions and trends in industries in which the Company operates.

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