

FY2023 Q2 (Jan.-July.)

# Financial Results Q2 Fiscal Year 2023

GLAD CUBE Inc.

Security code : 9561

May 14, 2023





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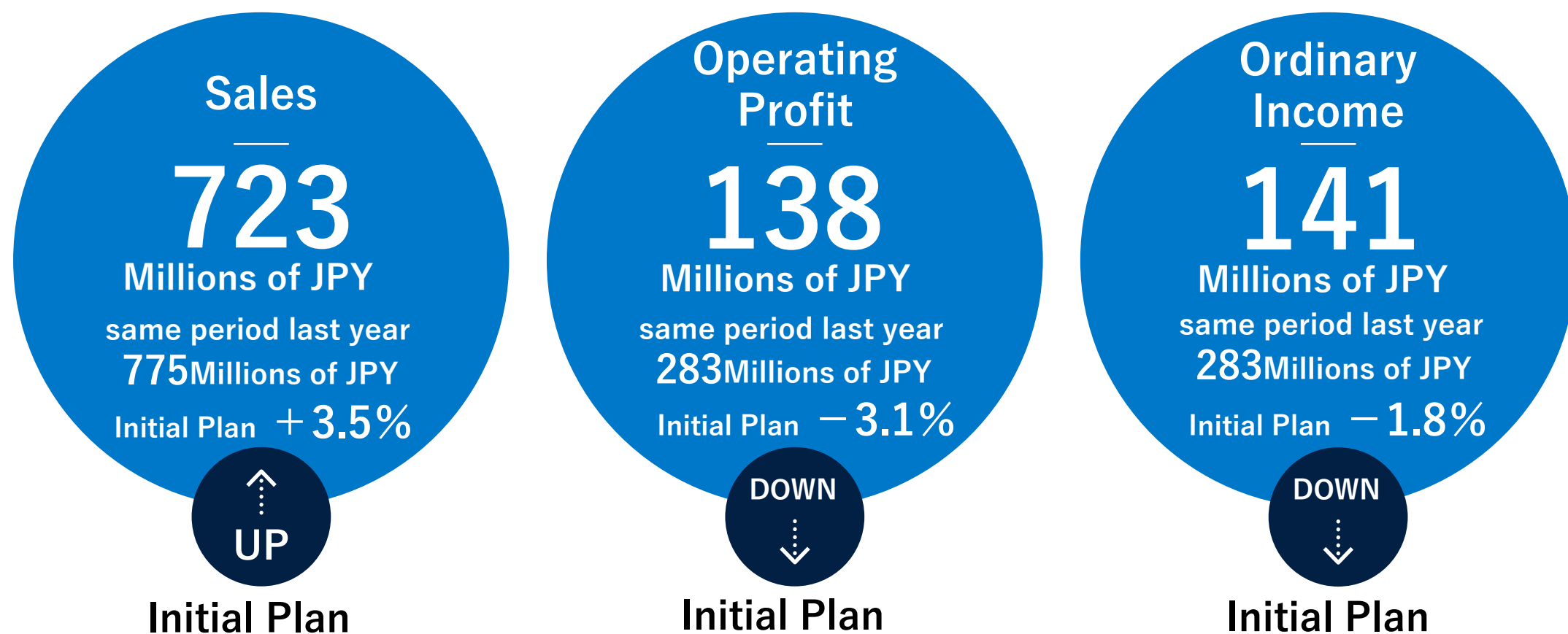




# Executive Summary

## FY23 (January to June) Actual

- Sales exceeded the initial plan and remained steady.
- Operating income was down 3.1% from the plan due to aggressive human investment and other factors, but generally remained within the expected range.
- SaaS business, a growth driver, posted solid sales growth of YoY 16.6% and 6.7% vs. plan.
- Although recurring profit decreased due to human investment aimed at strengthening the foundation for growth, sales and profit will improve under the new sales structure, etc.



## FY23 Business policy

The company aims to maximize synergies between its SaaS and marketing solutions businesses to achieve further continuous sales growth, expand the scale of its business through aggressive M&A and other means, and improve its recognition as a company with strong digital marketing capabilities.



**Human Resources Strategy**

**Recruitment in the first half of the year remained steady. Continued aggressive investment in human resources.**

- Amid an intensifying recruitment market, the company was able to secure a steady stream of excellent human resources and recorded a record number of hires.
- Recruitment activities remained steady Accelerated speed of growth by strengthening the foundation for growth.



**customer strategy**

**Increase unit price per customer and strengthen acquisition of new customers in untapped business fields by building a new sales organization structure.**

- Further increase the unit price per customer by promoting cross-selling through a strengthened sales structure.
- Aim to expand new customer base in untapped industries by building an outbound sales system. Aiming to expand new customer base.

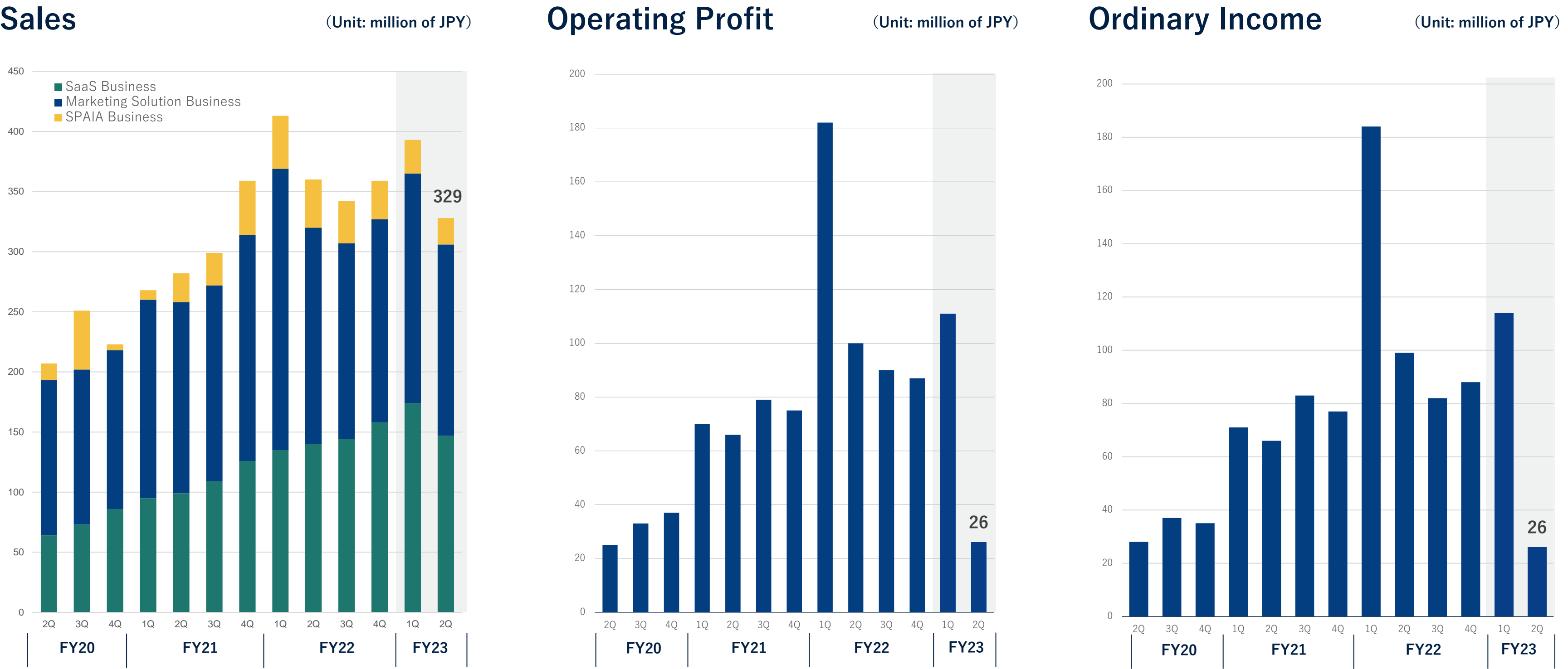


**Company-wide strategy**

**Actively considering mergers and acquisitions that will lead to expansion of the customer base, Seeking strategic investment opportunities.**

- Interviews are currently underway with the number of target companies.
- Progress will be announced in disclosure materials.

# Highlights by Q2 FY2023.12 financial results Business Performance



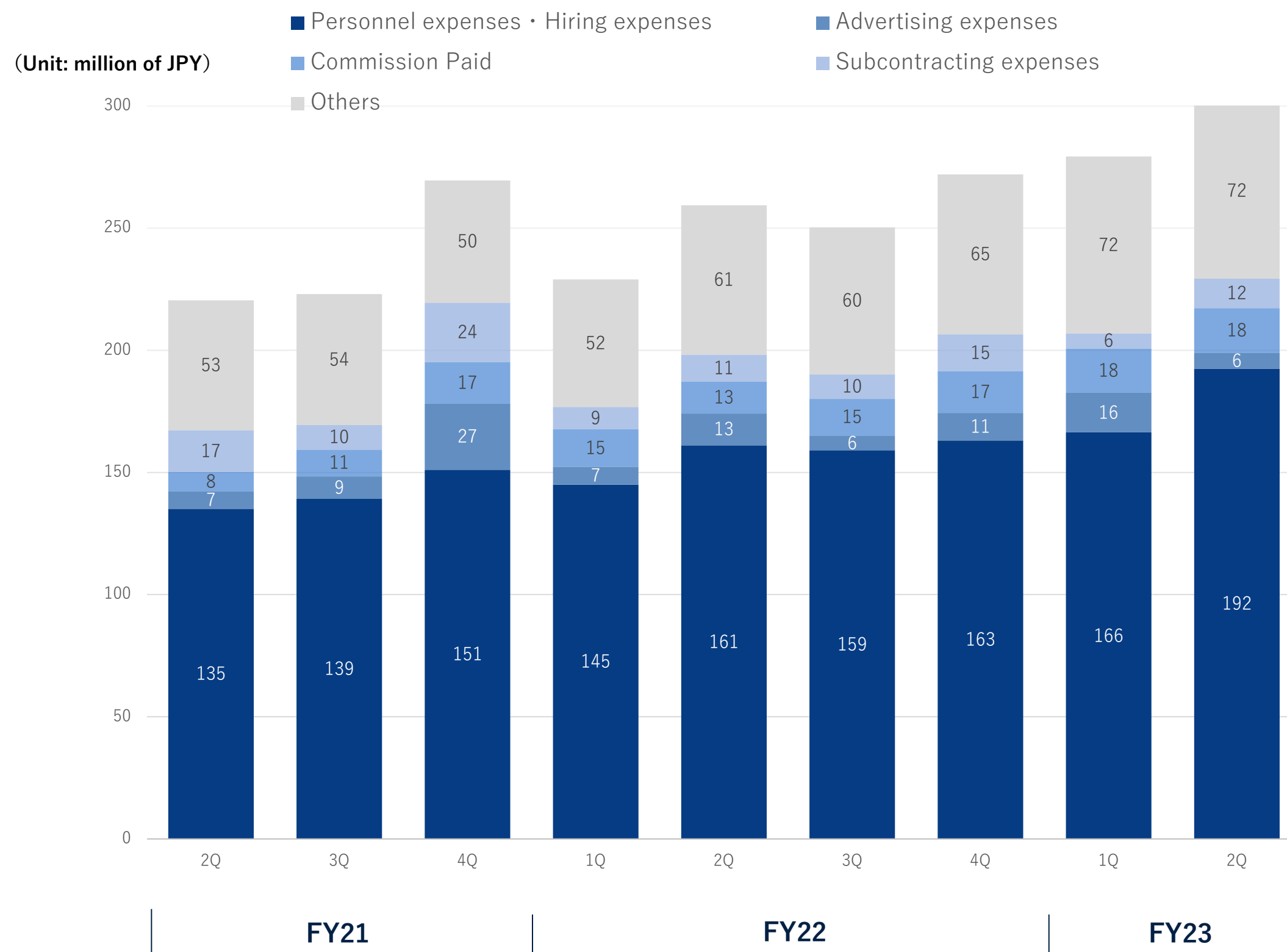
Ordinary Income

(Unit: million of JPY)

Period	Ordinary Income
FY20 2Q	28
FY20 3Q	37
FY20 4Q	35
FY21 1Q	71
FY21 2Q	66
FY21 3Q	83
FY21 4Q	77
FY22 1Q	184
FY22 2Q	99
FY22 3Q	82
FY22 4Q	88
FY23 1Q	114
FY23 2Q	26

# Q2 FY2023.12 financial results

Changes in Cost Structure



## Cost structure topics

### Personnel expenses • Hiring expenses

- Aggressive recruitment aimed at strengthening the foundation for growth led to a record number of hires  
As a result, personnel and recruiting expenses increased significantly (YoY +19.5 %).

### Commission Paid

- The main reason for the increase is the cost of maintaining the listing, including the annual listing fee paid to the stock exchange and the stock transfer agent fee paid to the trust bank that manages the shareholders' register (YoY +33.5%).

### Others

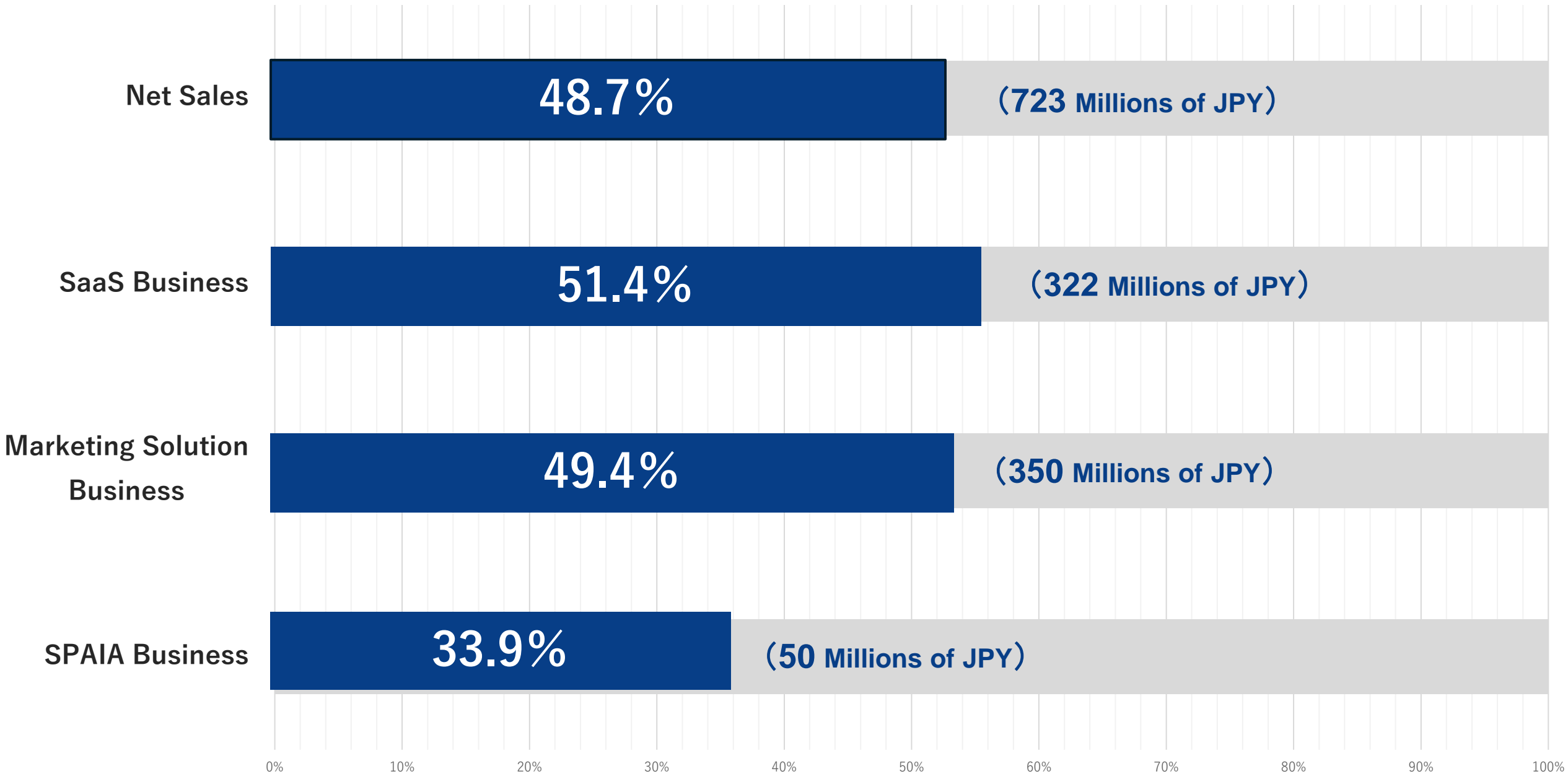
- Expenses were incurred due to an increase in the number of employees.
- Aggressive investment in system development, etc., to ensure that technological capabilities are linked to earnings by streamlining and optimizing development (YoY +16.7%).

## Q2 FY2023.12 financial results

### Topics

- The sales progress rate was around 33% to 51% in each business segment.
- Total sales increased 3.5% from the initial plan, exceeding expectations and progressing steadily.

Sales progress by segment as of the end of 2Q FY2023



### FY2023 Earnings Forecast

#### Sales

**1,486** Millions of JPY YoY (100.4%)

#### breakdown

##### SaaS Business

**626** Millions of JPY

##### Marketing Solution Business

**709** Millions of JPY

##### SPAIA Business

**150** Millions of JPY

#### Operating Profit

**345** Millions of JPY YoY (74.8%)



# Q2 FY2023.12 financial highlights (Business Segment )

## SaaS Business

Sales

322

Millions of JPY

YoY

+16.6%

Sales of DX support remained strong with steady growth.

## Marketing Solution Business

Sales

350

Millions of JPY

YoY

−15.5%

Sales declined in the current fiscal year due to the recognition of a one-time large project in the same period of the previous fiscal year.

## SPAIA Business

Sales

51

Millions of JPY

YoY

−39.9%

Free members increased significantly due to a shift in emphasis to market share acquisition (YoY +27.7%).

## SPAIA Business

7.0%

## Marketing Solution Business

48.5%

FY2023 2Q

Sales

723

Millions of JPY

SaaS Business  
44.5%

## SPAIA Business

7.2%

## Marketing Solution Business

48.5%

FY2023 1Q

Sales

394

Millions of JPY

SaaS Business  
44.3%





## Outline of Business and Service Offerings

# Maximizing synergy with Marketing Solution Business with SaaS Business at the core.

### SaaS Business

B to B

All-in-one LPO tool as a solution  
The company develops and provides products such as "SiTest" in-house.

SiTest  
SiTest Lite  
Fastest

### Marketing Solution Business

B to B

As an Internet advertising agency business with numerous awards and achievements, it features a wide coverage area from major companies to individual businesses and synergy with SaaS business.

### SPAIA Business

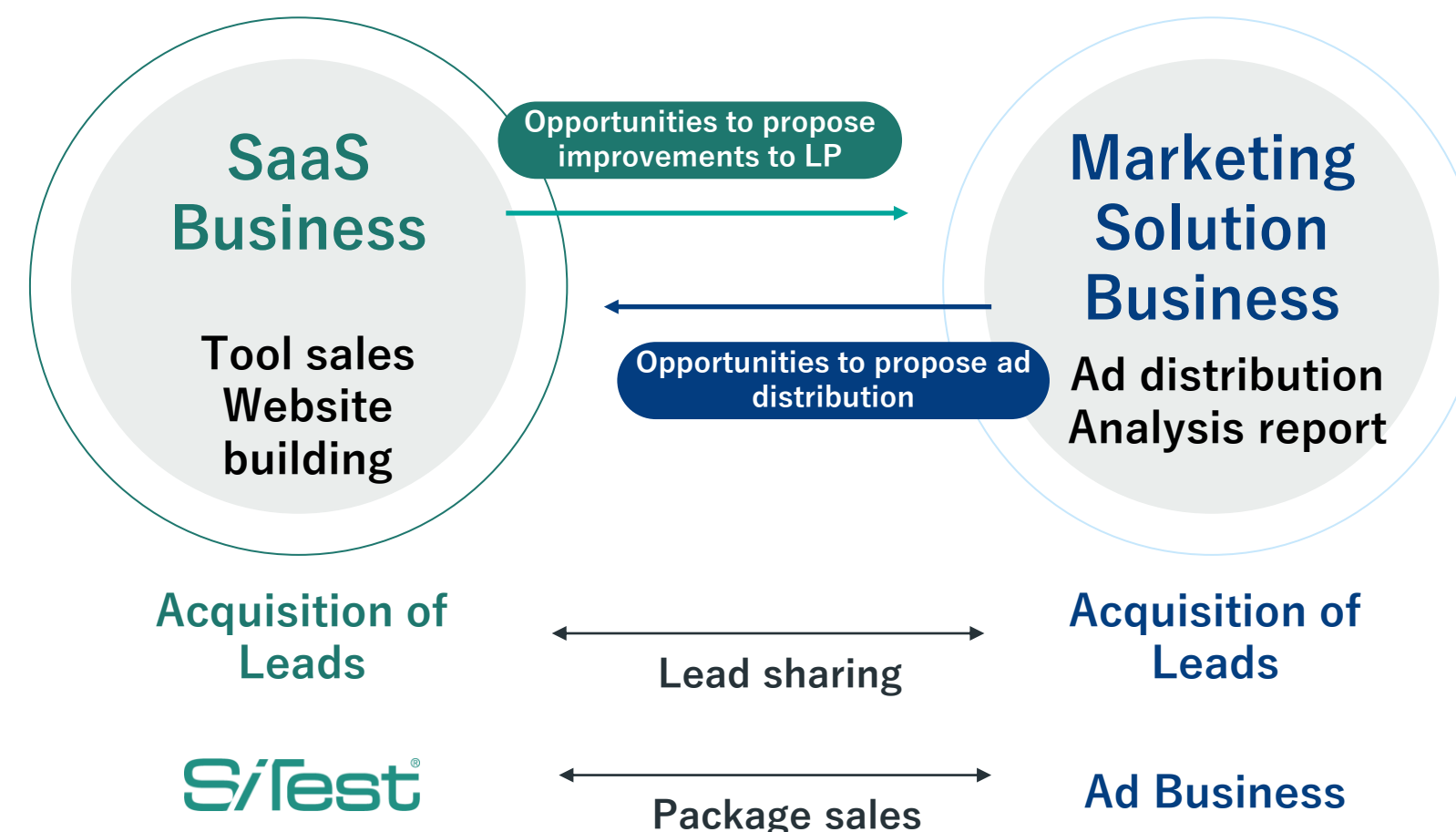
B to B

B to C

In the SPAIA business, which uses AI to analyze sports, the sports AI forecast analysis media "SPAIA" is developed.

SPAIA  
SPAIA競馬  
SPAIA地方競馬

## Synergy Leading to Cross Sales



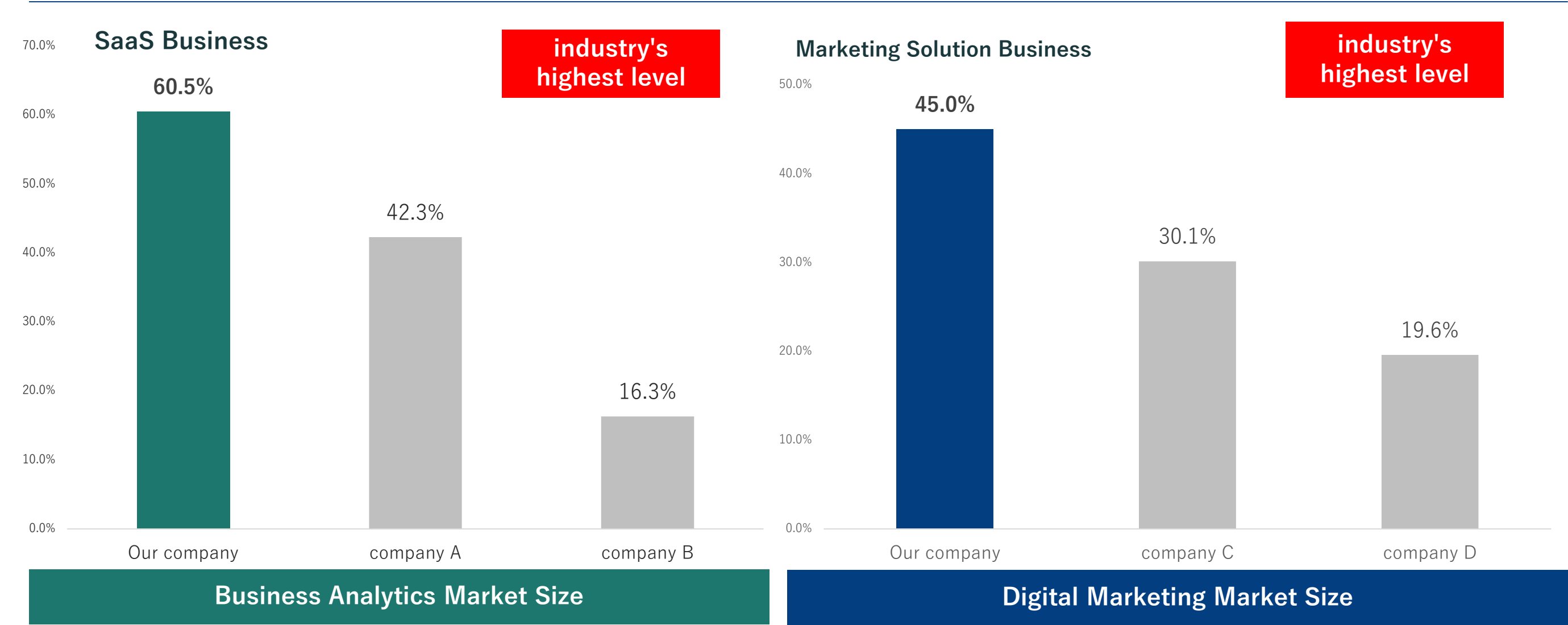
# Our Strengths      Top-ranking Operating Profit Margin among Similar Industries

It is due to the unique know-how and training system for highly productive operations.

- The SaaS business and the marketing solutions business are complementing each other with a lead share.
- Inbound orders have been received since the company's inception through content marketing measures, etc., minimizing advertising costs.

As a result, the company has established a system that allows it to concentrate on supporting customers and achieve high operating profit margins.

FY22 2 Q Operating Profit Margin



※ 1 : For comparisons in the Marketing Solutions Business, we selected companies that operate online advertising agency businesses based on our revenue recognition criteria and companies that disclose information by segment.

※ 2 : For comparisons in the SaaS Business, we selected companies that operate SaaS in the business analytics market, as we do.

※ 3 : The operating profit margins for companies that we compared were taken from the most recently disclosed documents (including those not for the full year).





## TAM and SAM in SaaS Business

- The business analytics market (TAM: total demand for goods and services) is a high-growth market with an average annual growth rate of more than double digits.
- The tools market (SAM: Targeted Demand), to which our SaaS business most applies, accounts for 60% of the total market and is a market that is expected to expand in the future.
- We may aim to expand service offerings as support for Google Optimize ends in September 2023.

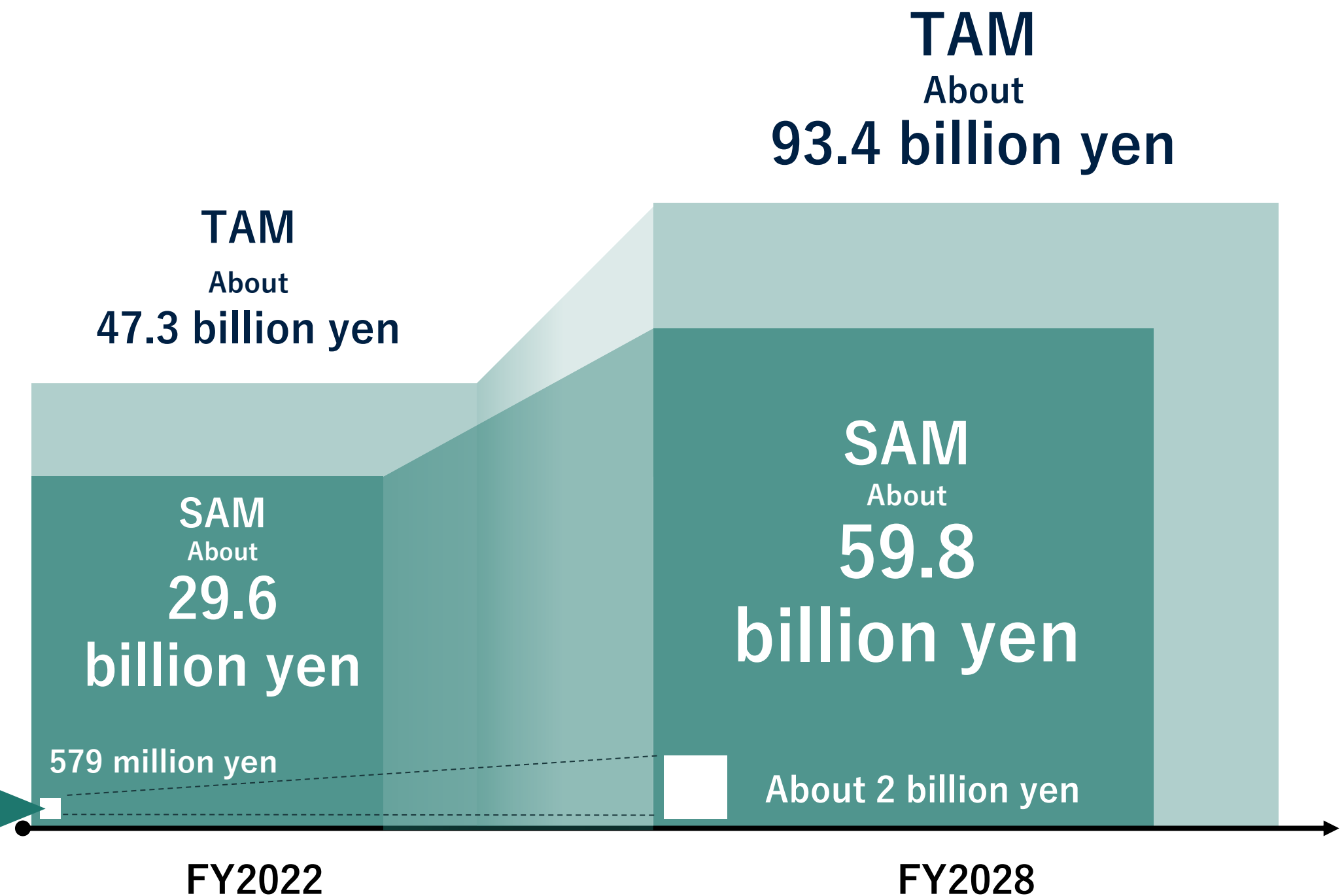
Number of SiTest installations in Asia  
Installed on 700,000 websites as of the end of FY2022.

SiTest®

SiTest® Lite

**Fastest**

## Changes in the size of the business analytics market



※Figures for FY2022 onwards are projections estimated from sales from FY2019 to FY2022.

\*Source: Quoted from Business Analytics Market Outlook FY2022 Edition. (Deloitte Tohmatsu MIC Research Institute Co., Ltd.)

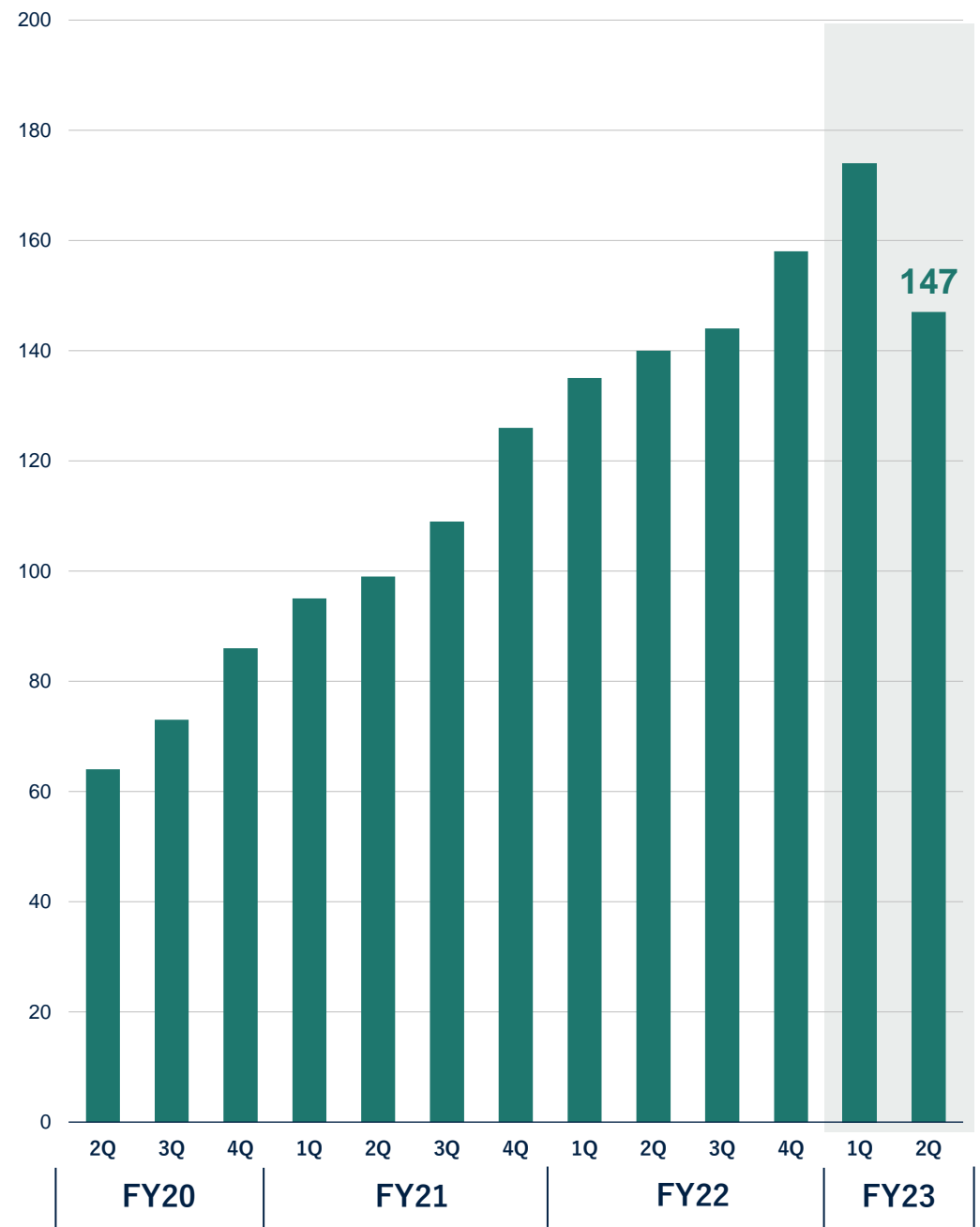
Business Performance

Topics

- Progress n full-year forecast: Net sales : 51.4% (Initial Plan : +6.7%) .
- SaaS business, a growth driver, maintained an expansion trend with sales up YoY 16.6%.
- Operating income decreased YoY due to human resource investment and aggressive recruitment aimed at strengthening the foundation for growth.

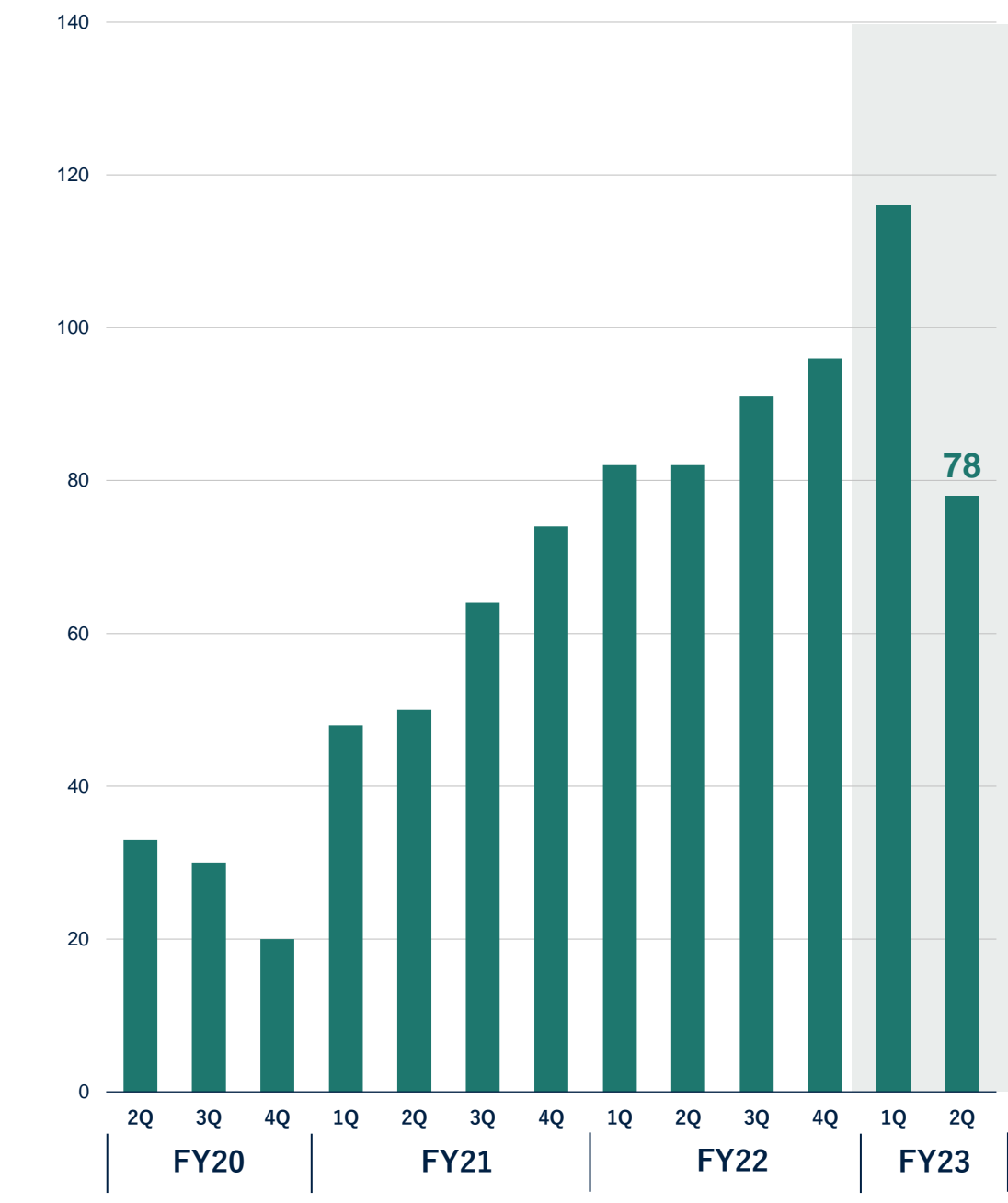
Sales

(Millions of JPY)



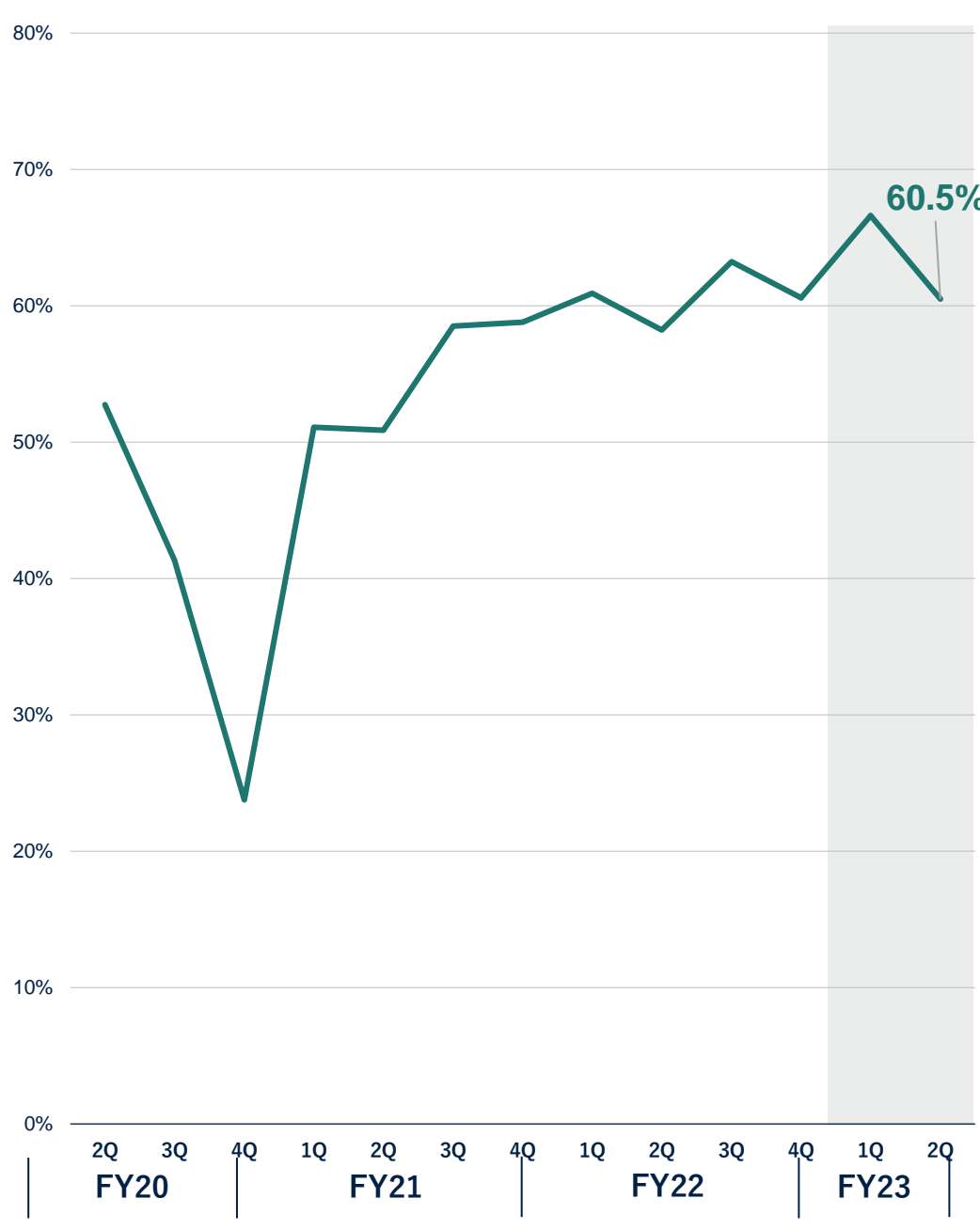
Operating Profit

(Millions of JPY)



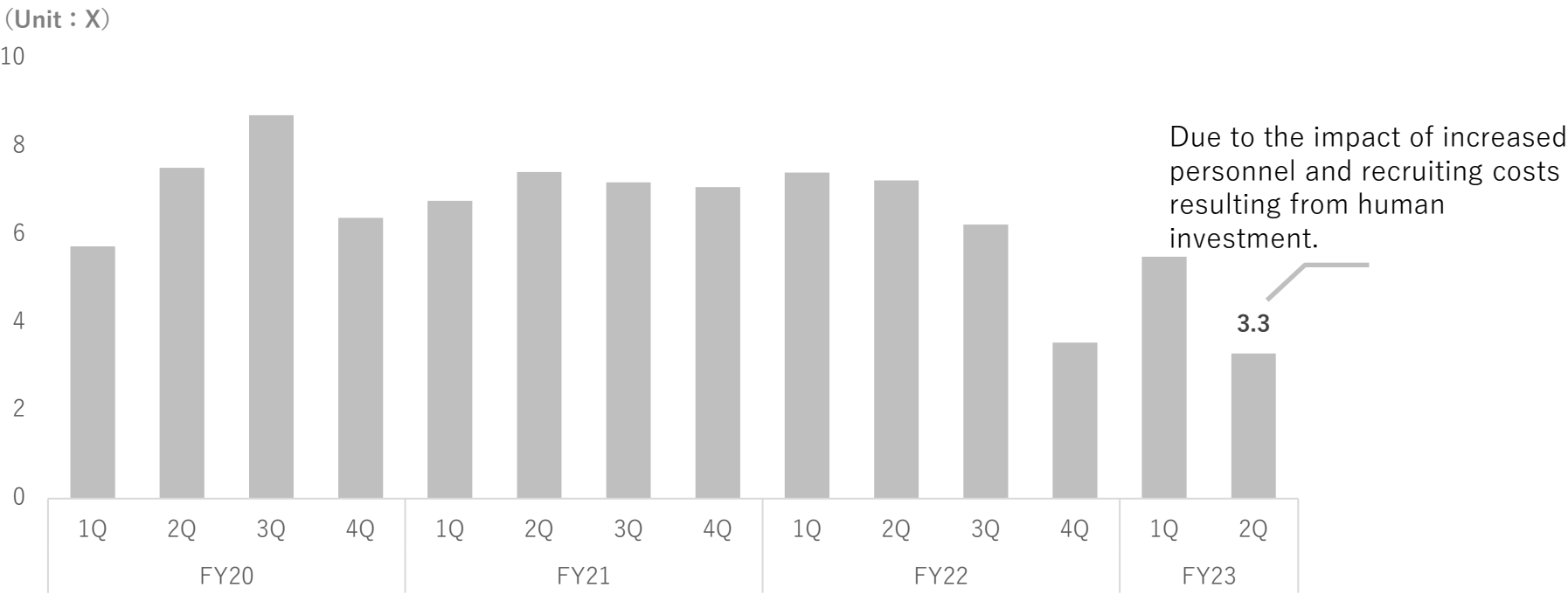
Operating Profit Margin

(%)



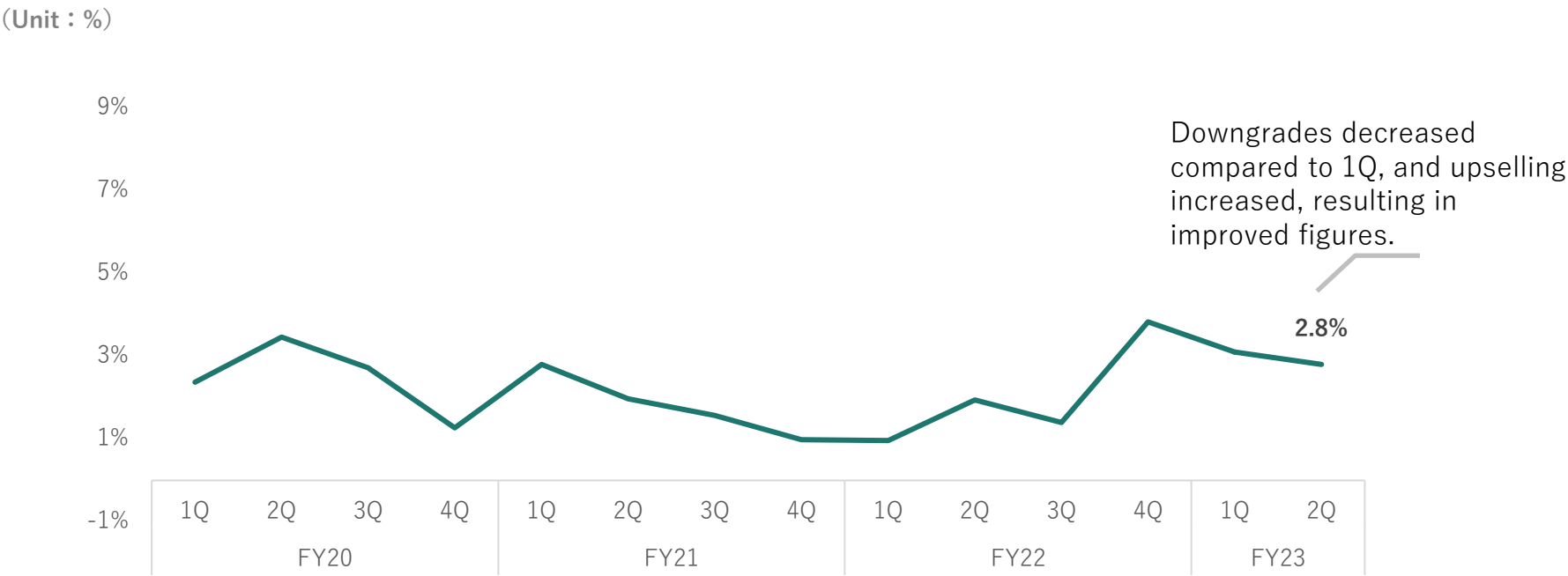
SaaS Business SiTest KPI Data

Average LTV/CAC by Quarter



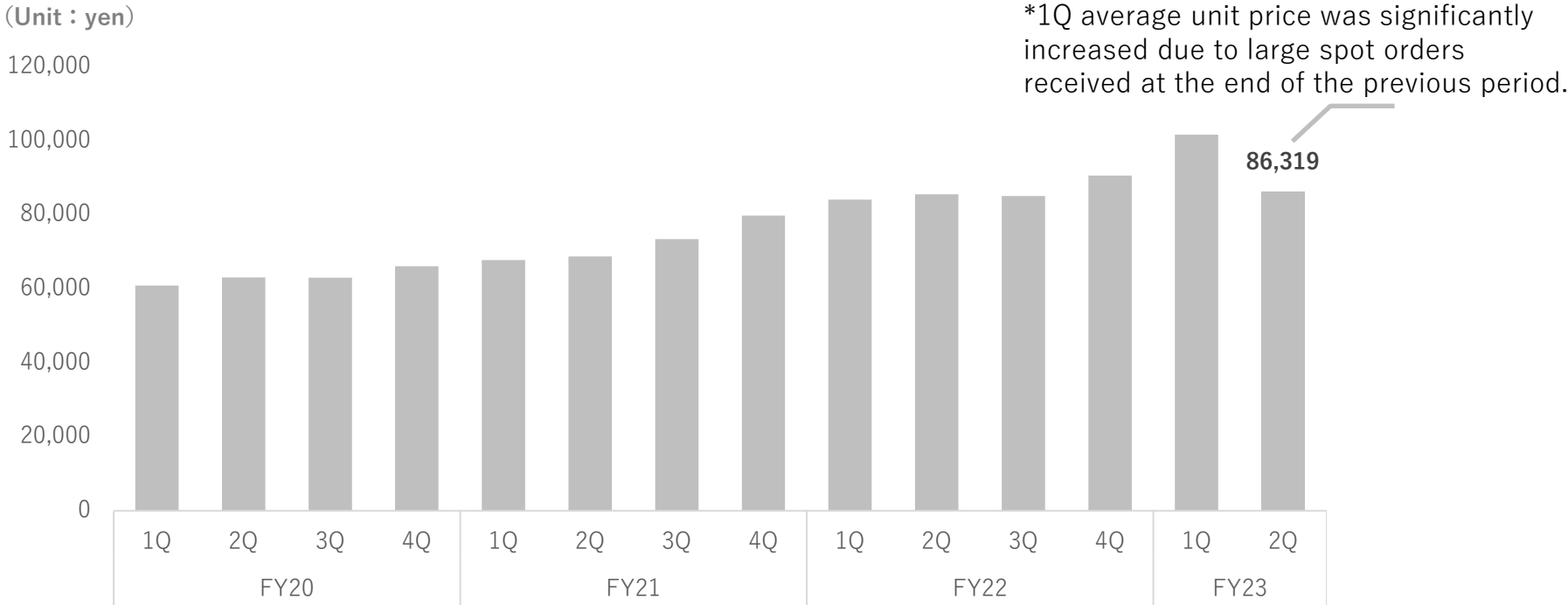
Definition: LTV/CAC ... (Customer) Lifetime Value/Customer Acquisition Cost.

Average Churn Rate by Quarter (Net Revenue Churn Rate)



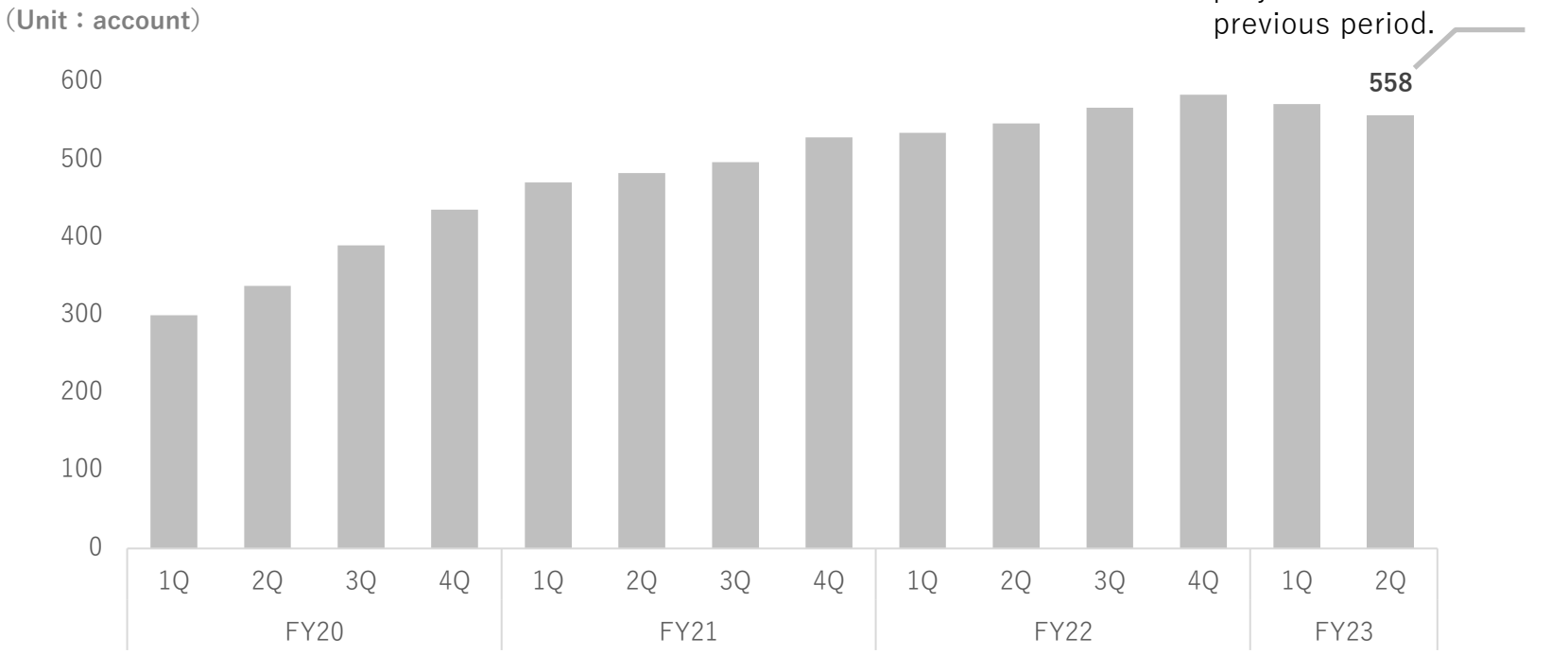
Definition: (Monthly recurring revenue lost – Increase in monthly recurring revenue of existing customers)/Monthly recurring revenue at the beginning of the month (end of prior month).

Average Unit Price by Quarter



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

Average Number of Active Accounts by Quarter



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

## 2-2 | Marketing Solution Business

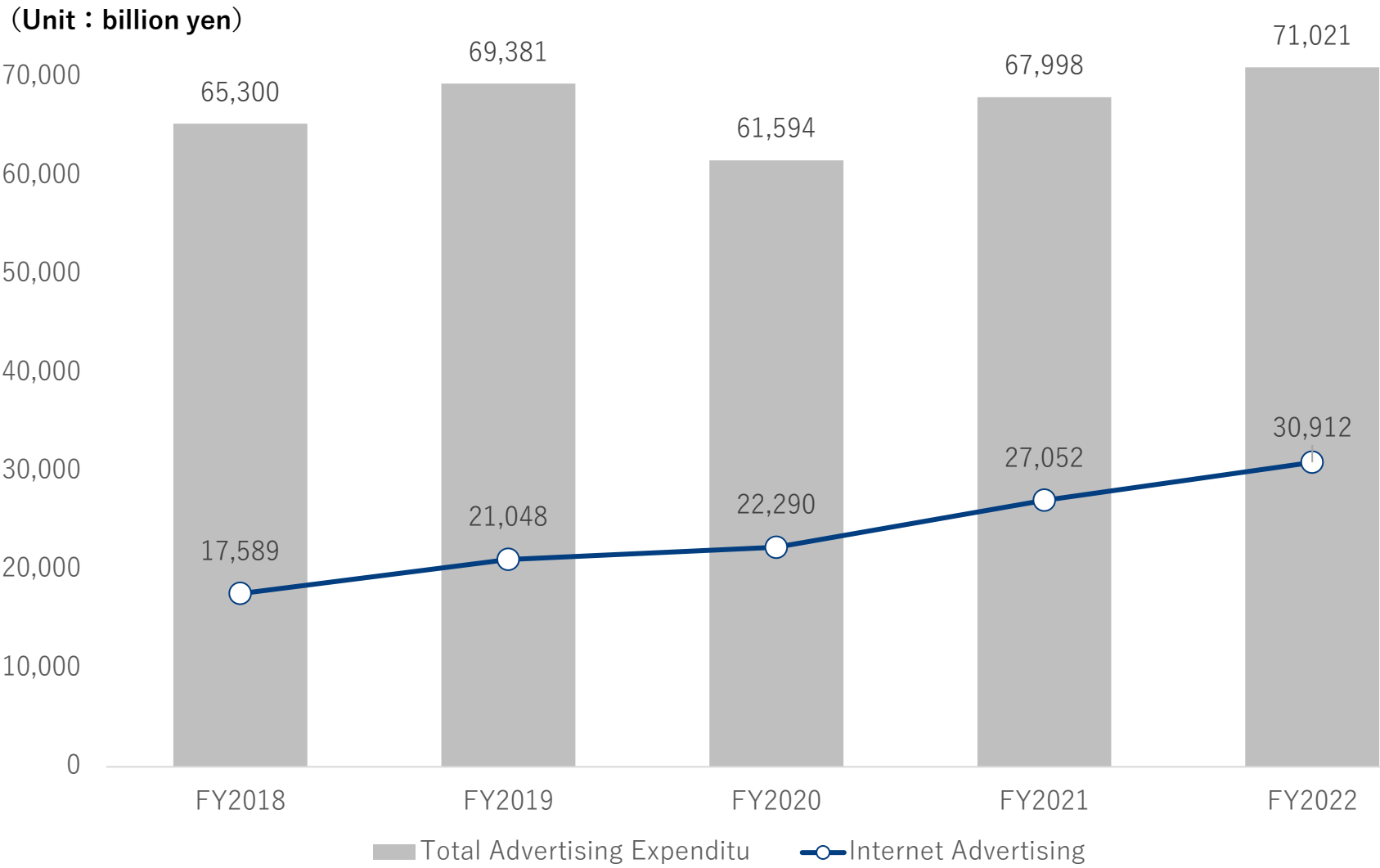




# TAM and SAM in Marketing Solution Business

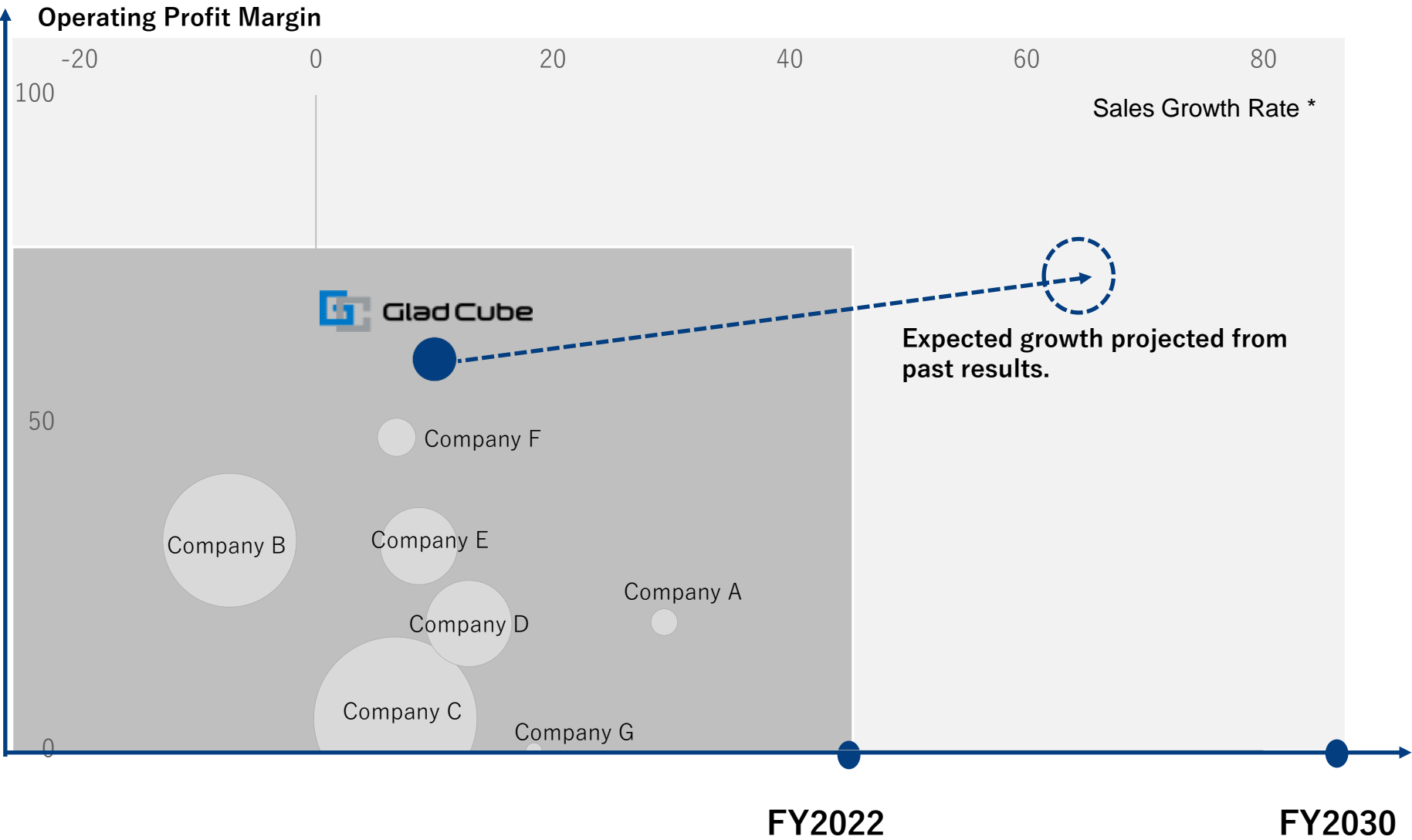
- The Internet advertising market is expanding, growing to a scale that accounts for 43.5% of total advertising expenditures in Japan.
- The company boasts one of the highest operating profit margins among similar industries, and further growth is expected in the industry as the company increases its top line .
- Focus on outbound sales to attract new customers, which is expected to lead to growth in both operating margin and sales growth.

Total Advertising Expenditures and Internet Advertising Market Size in Japan.



Source: Dentsu 2022 Japanese advertising cost survey.  
 ( <https://www.dentsu.co.jp/news/release/2023/0224-010586.html> )

Domestic Competitive Advertising Agencies Growth Rates and Profit Margins.

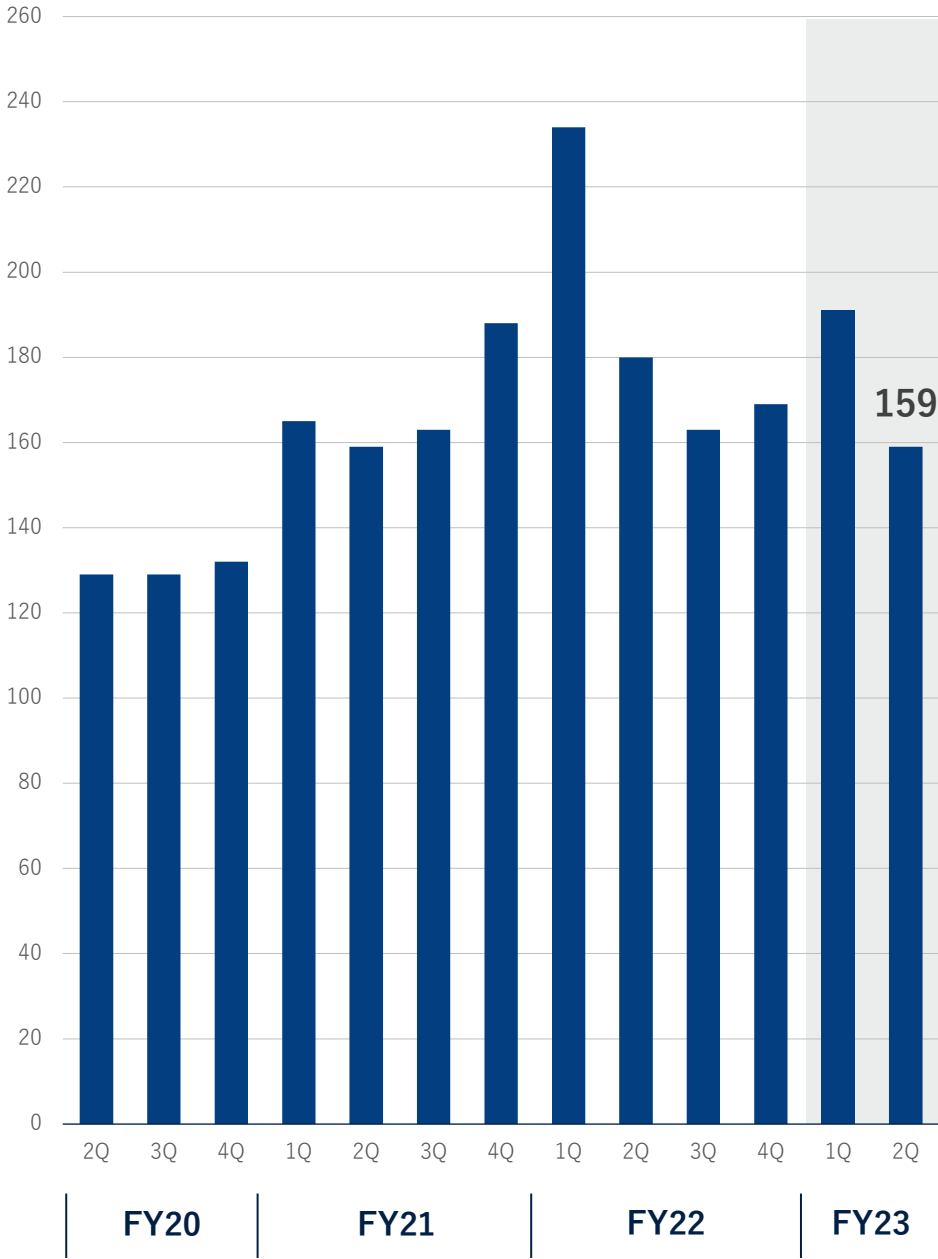


※ 1 : Comparison based on financial statements of companies with advertising agency as their main business .  
 ※ 2 : The size of the circle represents the size of sales (calculated based on the most recent financial results).  
 ※ 3 : Sales growth rate calculation method: calculated based on the most recent financial results (YoY) that are publicly available.

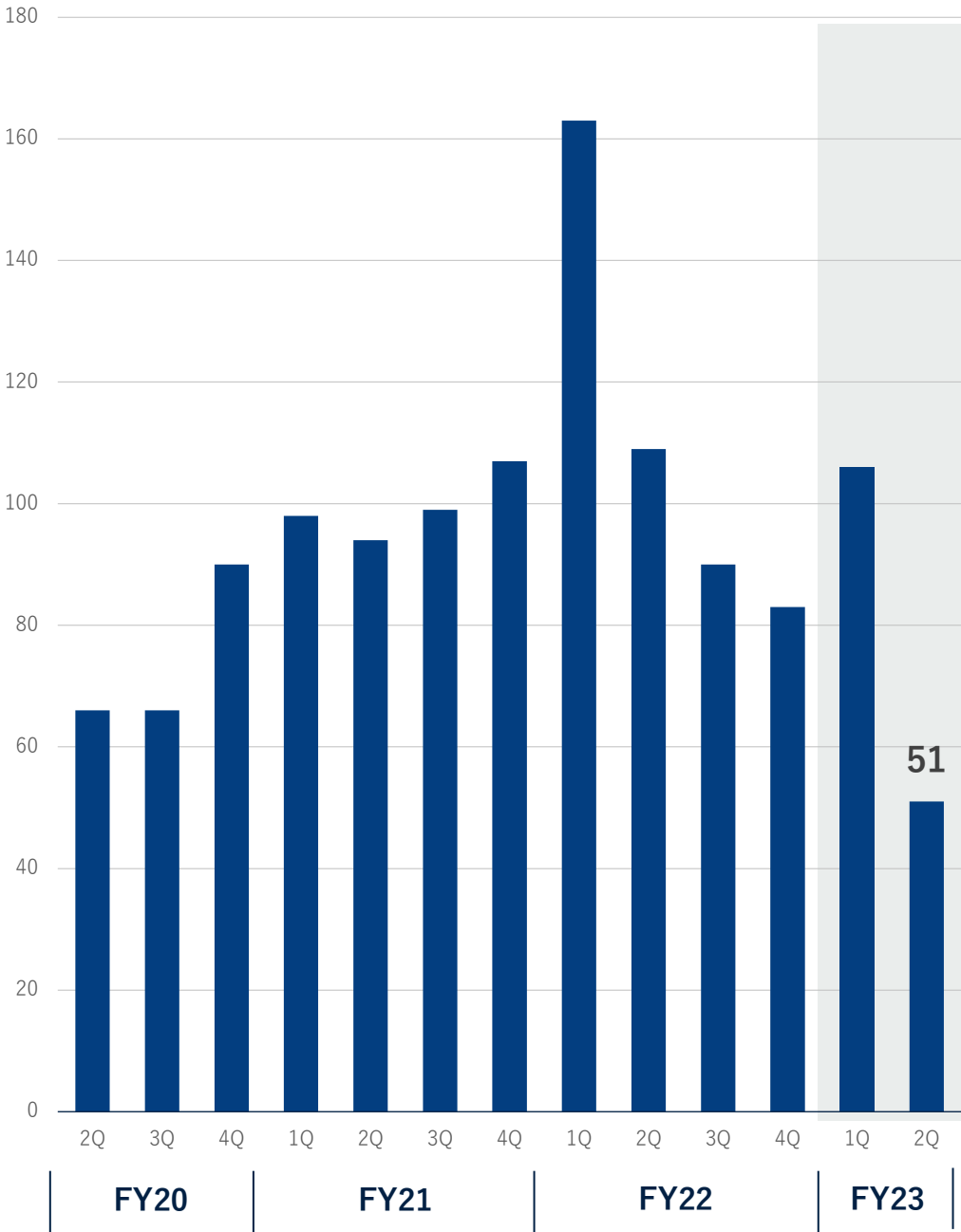
Topics

- Progress on full-year forecast: Net sales : 49.4% (Initial Plan : +4.5%) .
- Sales in the marketing solutions business were steady, exceeding the initial plan.
- Operating income decreased YoY due to human resource investment and aggressive hiring to strengthen the foundation for growth, as in the SaaS business.

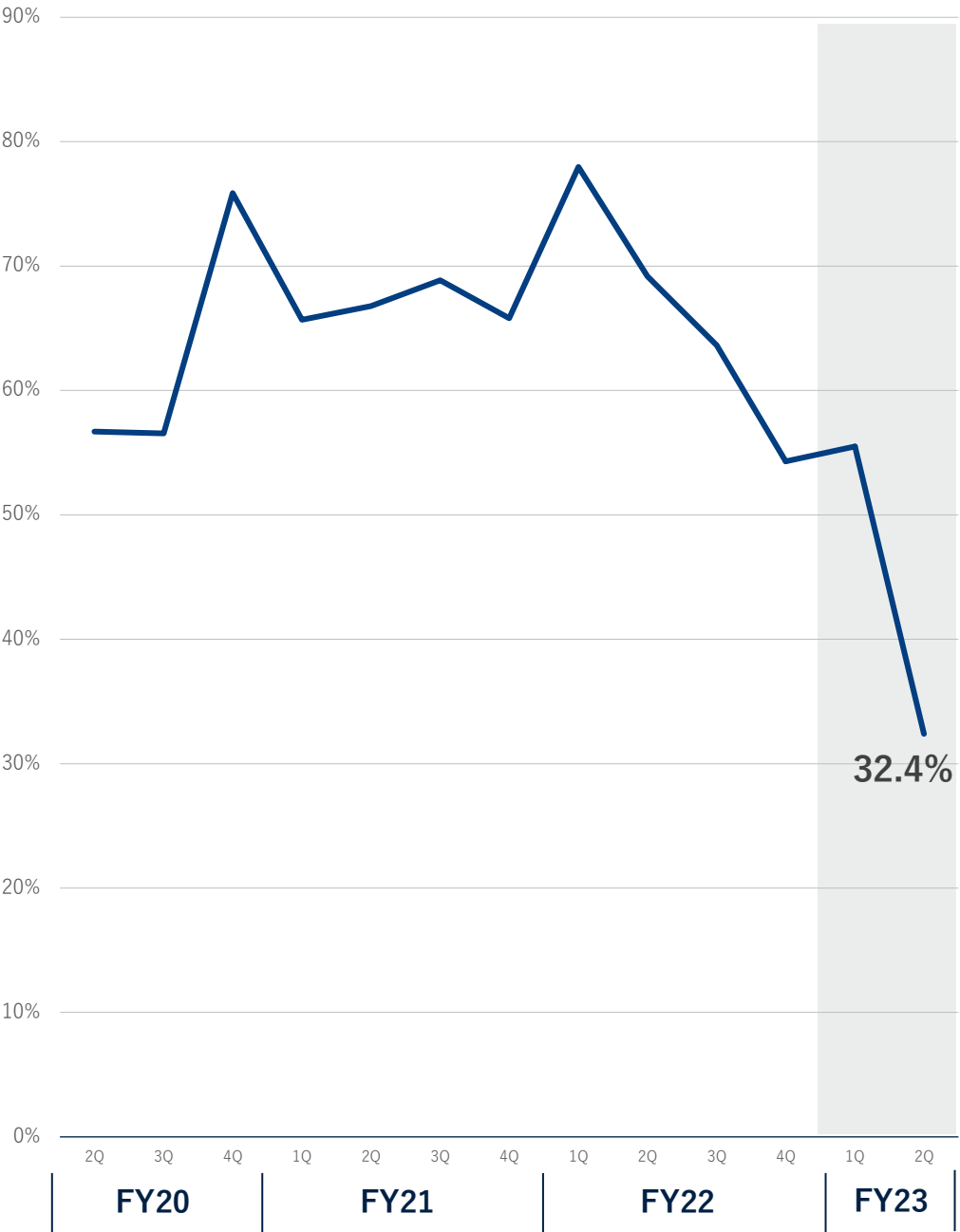
Sales (Millions of JPY)



Operating Profit (Millions of JPY)



Operating Profit Margin (%)



## 2-3 | SPAIA Business

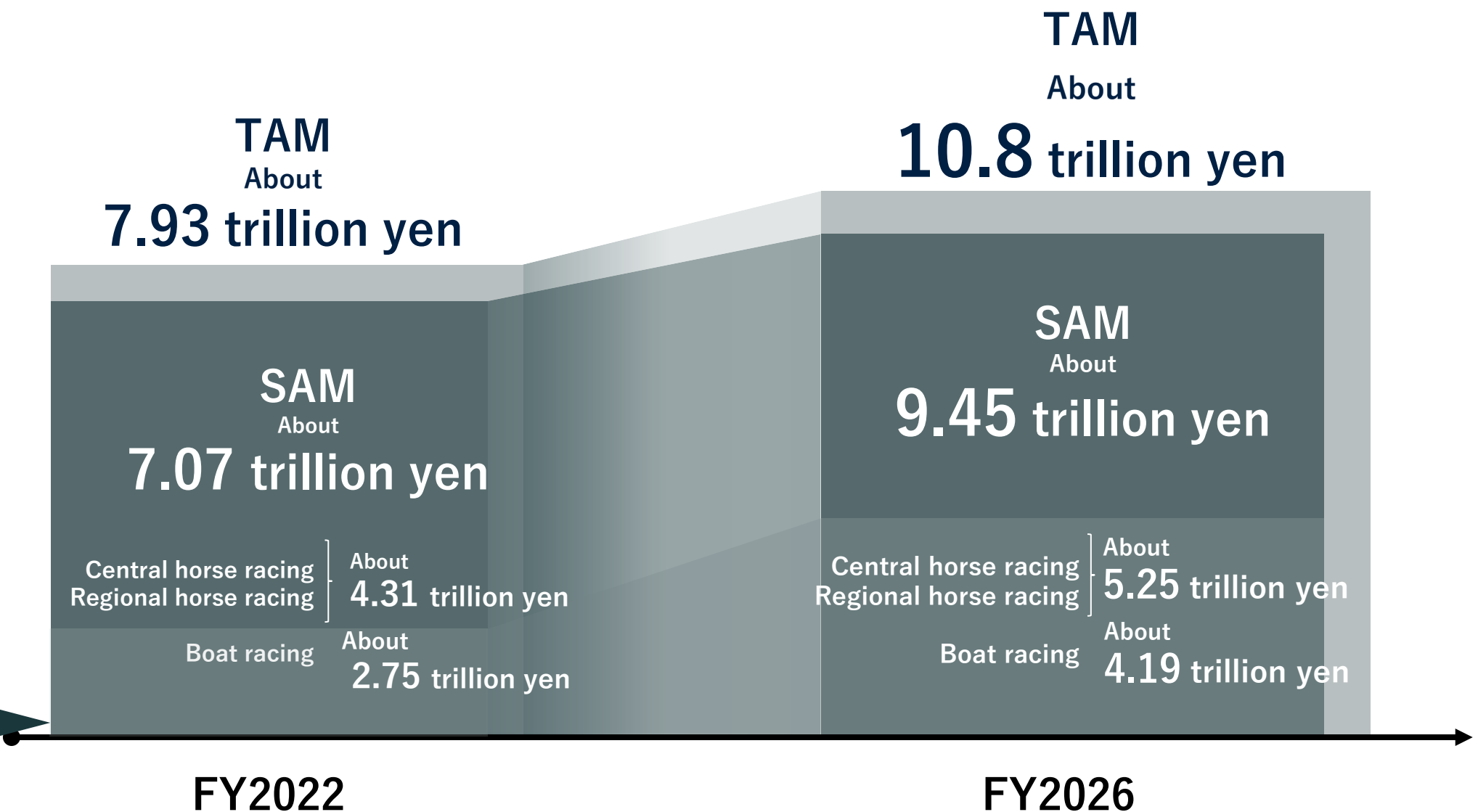


## TAM and SAM in SPAIA Business (SPAIA KEIBA)

- The total market for sports gambling content is expected to exceed 11 trillion yen in 2026.  
(Forecasts are made with the same calculation method as on the previous page.)
- If boat races are developed following the central and local racetrack developed by SPAIA KEIBA, the market will exceed approximately 9.4 trillion yen by 2026, and is a high-growth market that is expected to continue to expand in the future.
- Building a sports data center and developing SPAIA boat races from FY25.



Changes and forecasts of sales (proceeds) of overall sports gambling.



※Market size when SPAIA boat races are developed in other sectors.

Calculation of estimated figures: Calculated from proceeds, total sales, and number of participants using the TREND function and FORECAST function, based on publicly available actual figures through 2022.

Source: Japan Racing Association, the National Association of Racing, Japan Motor Boat Racing Association, and Japan Keirin Auto Race foundation.



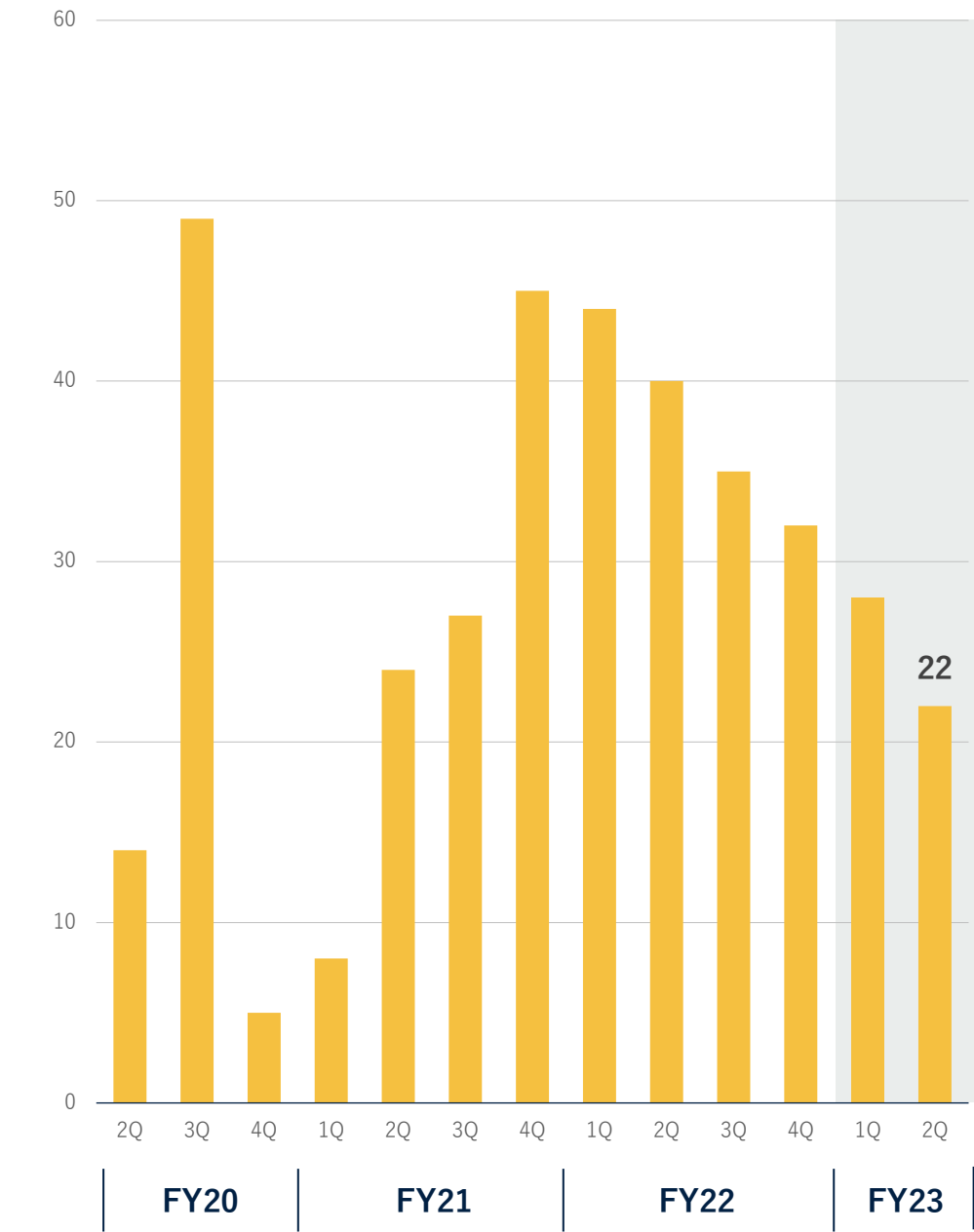
Business Performance

Topics

- Progress on full-year forecast: Net sales : 33.9%.
- Free membership grew by 27.7% YoY, while system development and service improvement measures aimed at increasing customer satisfaction are ongoing for paying members.
- Shifted focus to market share acquisition, including other professional sports and overseas sports data, and strengthened system to acquire more than 200,000 free members.

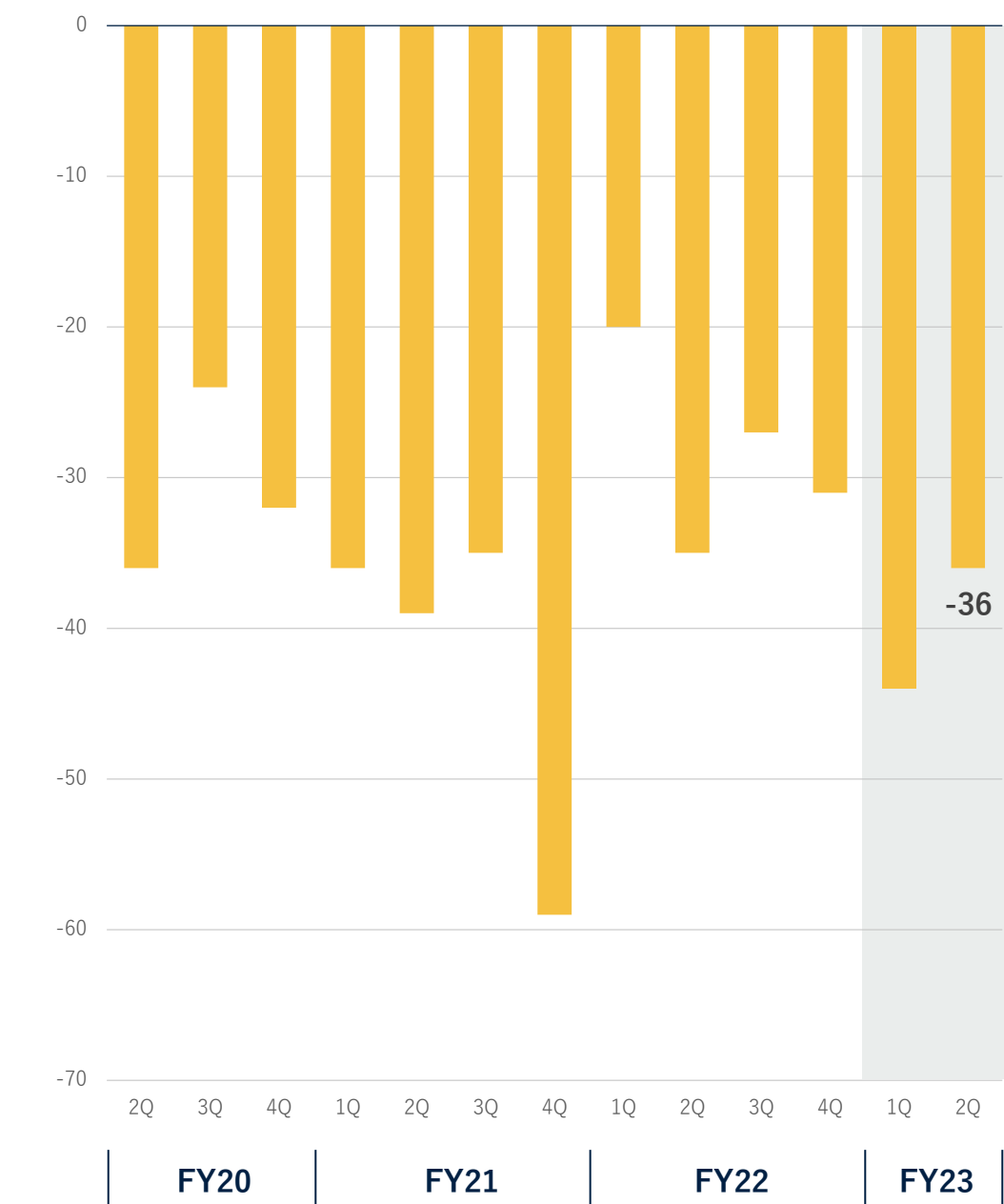
Sales

(Millions of JPY)



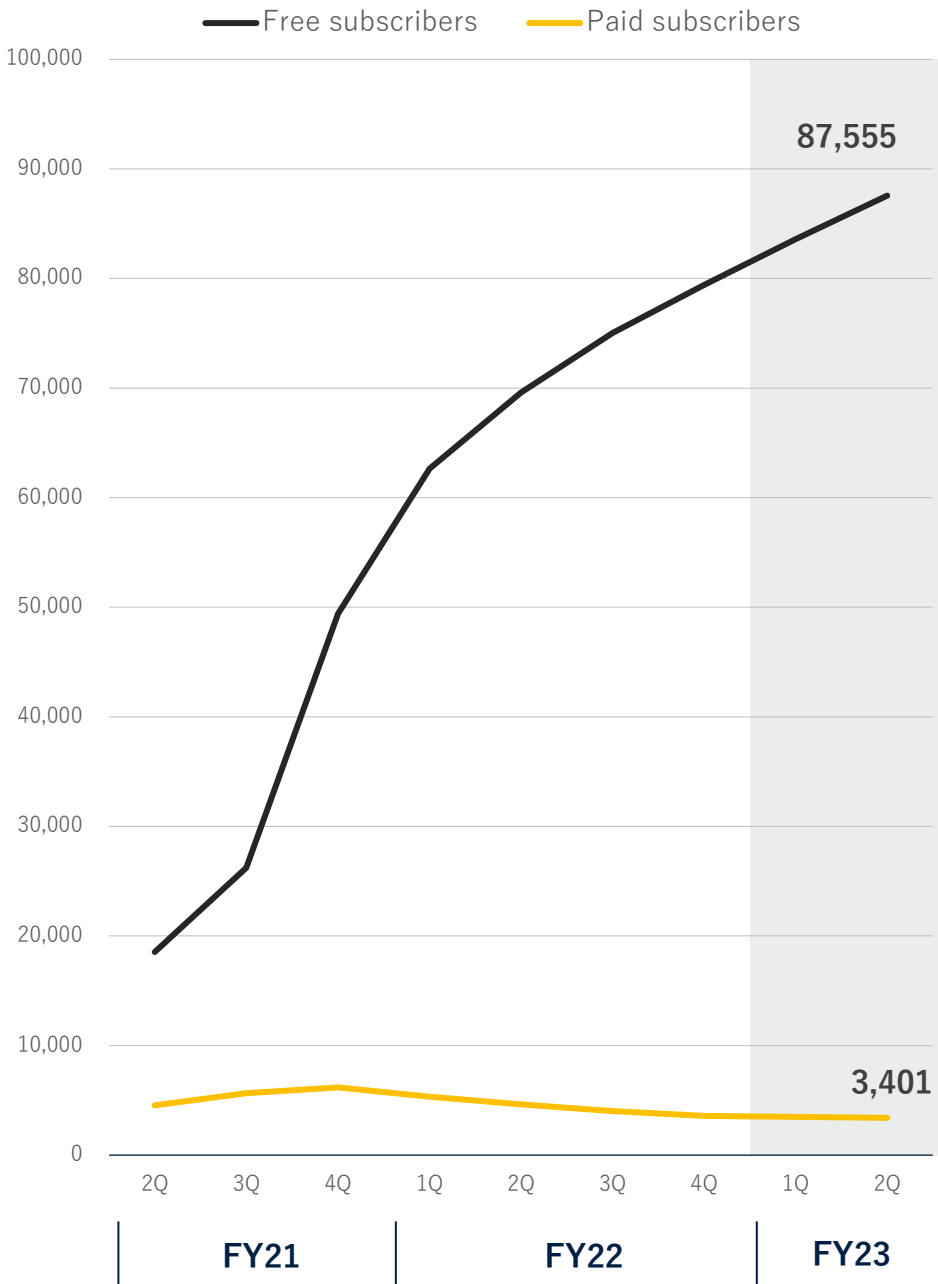
Operating Profit

(Millions of JPY)



SPAIA KEIBA Subscriber Count

(Unit : account)



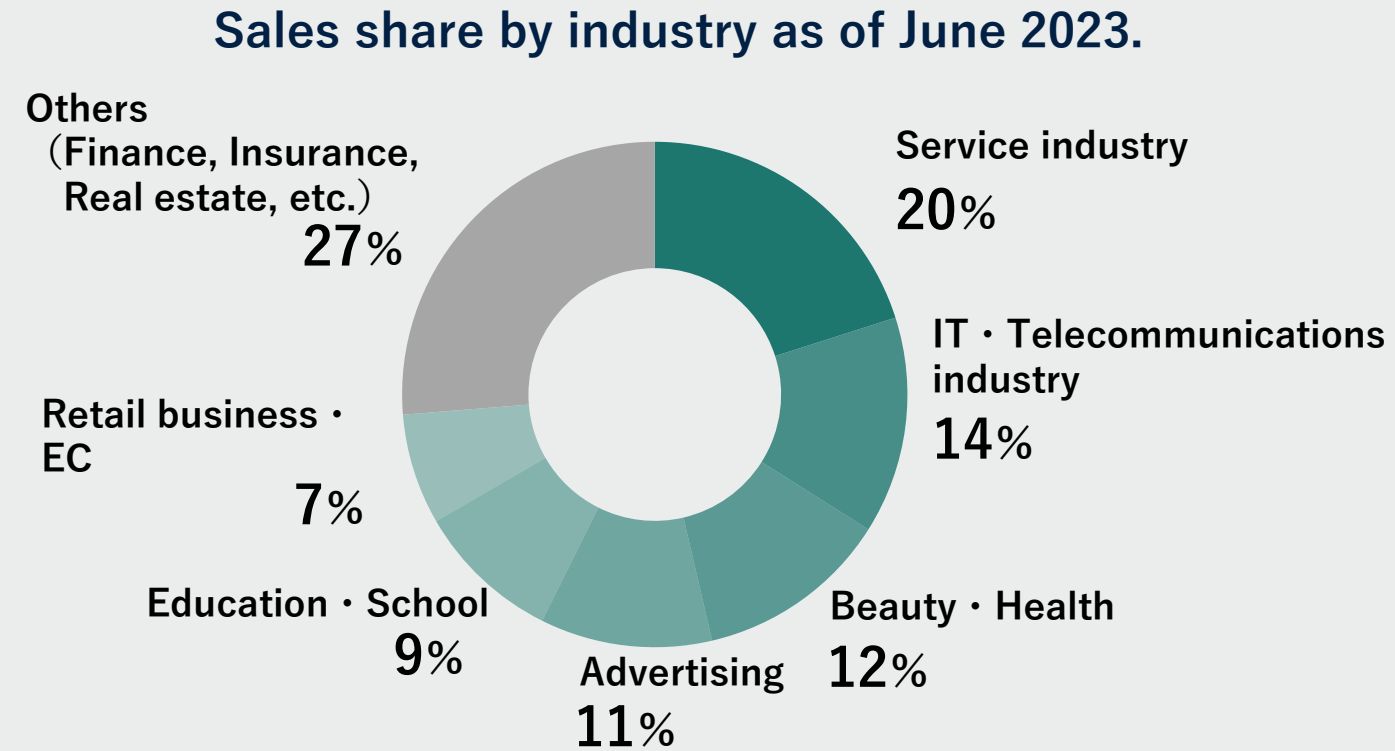
### 3 | Future Growth Strategy



Future Growth Strategy

Conventional methods and issues to be resolved.

- Mainstream inbound sales through content marketing accumulated since inception.
- Difficulty in industry-specific approach measures and planning.
- Difficulty in controlling the acquisition of projects.



Strengthen sales structure while leveraging traditional inbound sales.

- |    |   |    |  |
|----|---|----|--|
| 01 | On July 1, a new executive officer and a new sales manager were invited to join the company, A new sales structure was established. | 02 | Outbound unit established and linked to Customer Success team. |
| 03 | Structural reform measures are underway to achieve individual sales budgets.  | 04 | Planning and executing industry-specific approaches.           |

New services and enhanced collaboration in parallel.

Released April 26, 2023

Solving Website Issues with "ChatGPT × SiTest" solves website issues and launches "Free Website Diagnosis".

Released May 1, 2023

Improving Form Abandonment Rates by Adding Just One Tag "SiTest SMART Forms" Service Launched.

Released July 2, 2023

SiTest's A/B testing function (personalization function) GA4 (\*) integration implemented.

\*GA4 : Latest version of Google Analytics.

## Future Growth Strategy

Conventional methods and issues to be resolved.

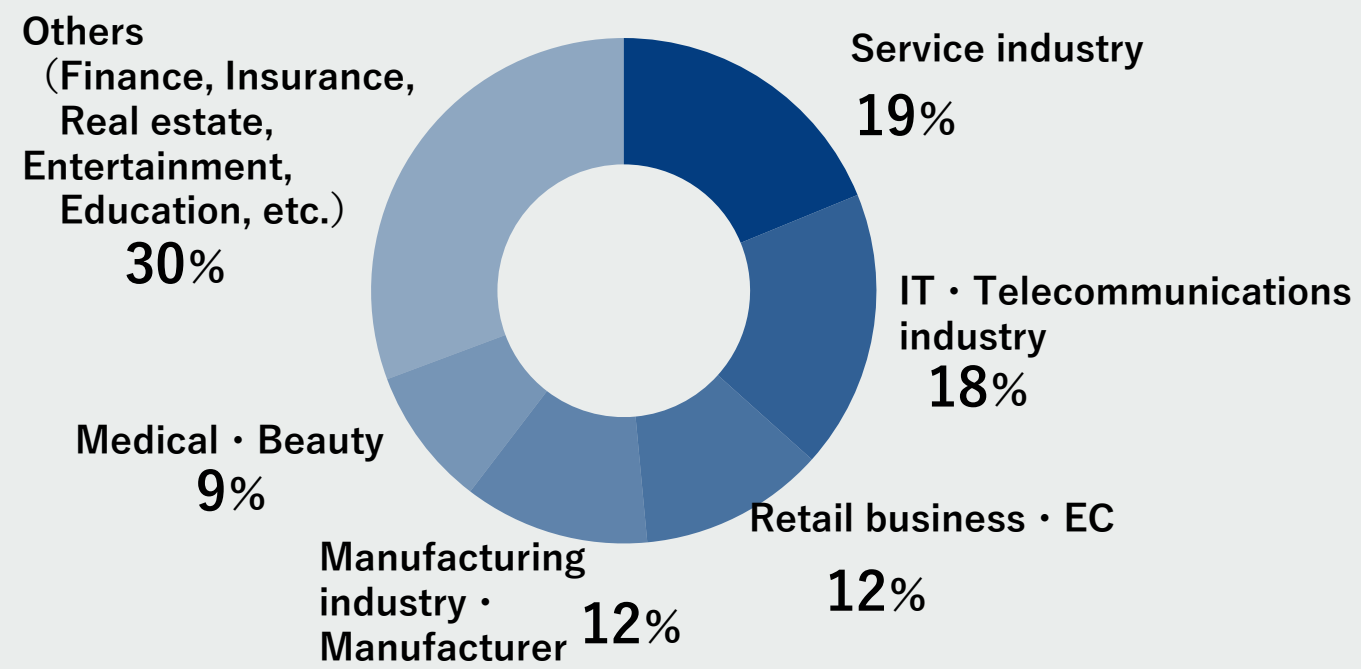
※ Common to SaaS business

Mainstream inbound sales through content marketing accumulated since inception.

Difficulty in industry-specific approach measures and planning.

Difficulty in controlling the acquisition of projects.

Sales share by industry as of June 2023.



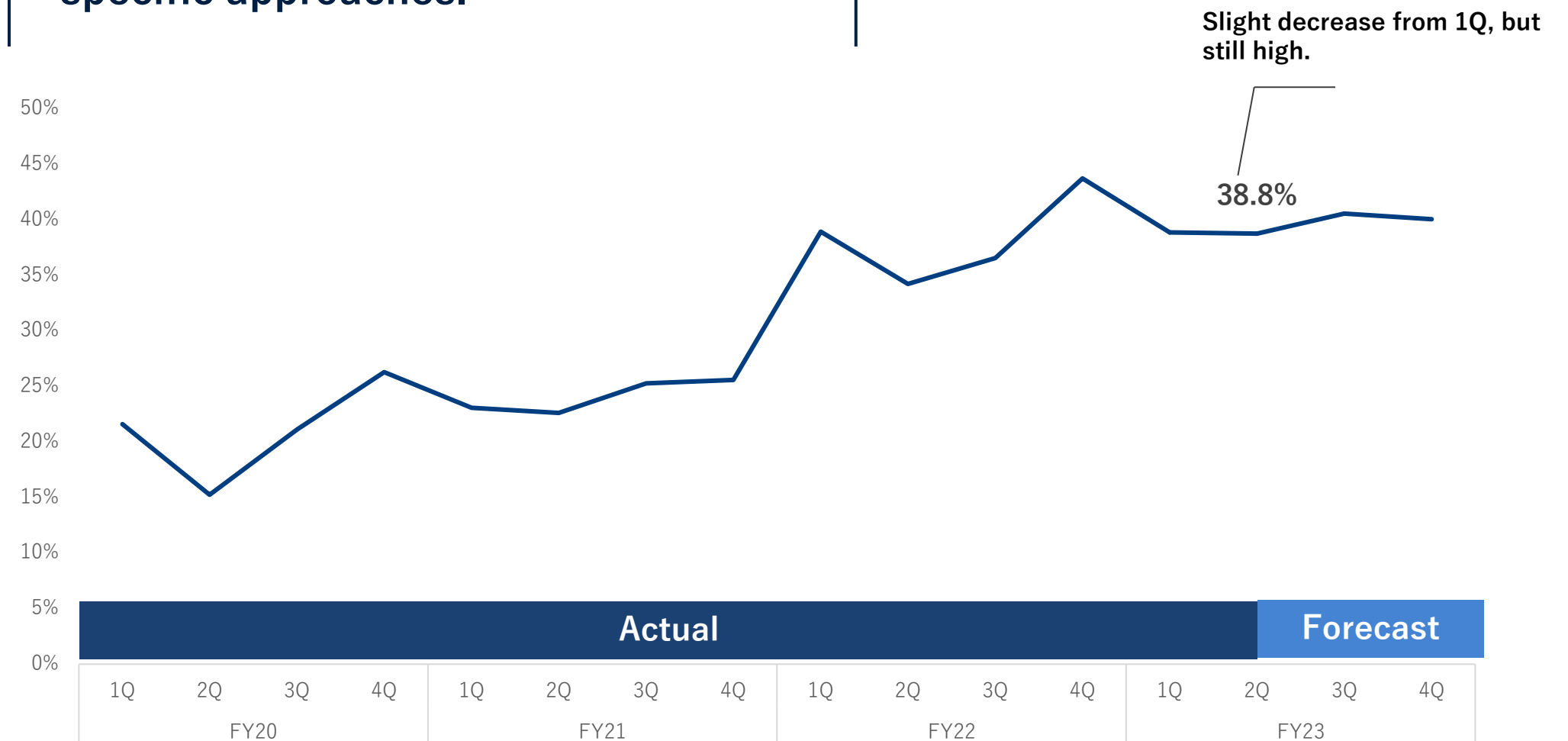
Strengthen sales structure while utilizing traditional methods as in the SaaS business.

01

Establish an outbound unit to plan and execute industry-specific approaches.

02

Improve cross-sell sales ratio.



### 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 Q1 of FY2023 and thereafter are forecasted conservatively, while considering year-on-year comparisons.



## Future Growth Strategy①

### Implementing the approach in three stages.

approach

**1 Improved retention of paid members.**

approach

**2 increase free membership.**

approach

**3 Increase the paid conversion rate of free members.**

The paid conversion rate for free members is approximately 20%.

※Paid conversion is calculated from September 2022.

Paid conversion rate is the average value from September 2022 to June 2023.

New Apps  
under  
development

「SPAIA Horse Racing Assist.」



～ AI forecasting and horse racing data for easy forecasting and ticket assistance. ～

Enclose new users with the new app  
“SPAIA Horse Racing Assist”

〔concept〕

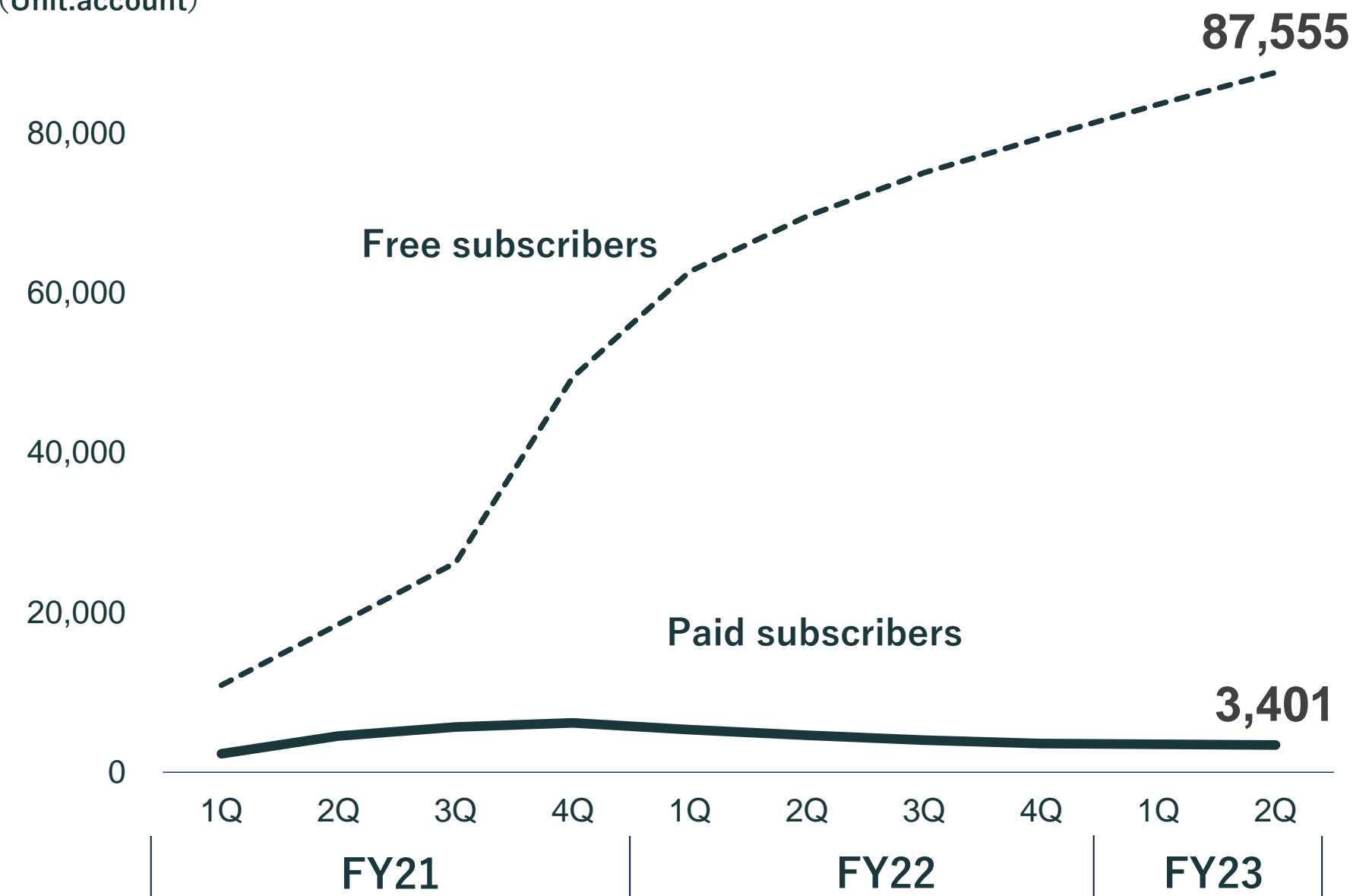
- Enjoy both central and local horse racing with one app.
- Easily see, easily predict and easily buy (tickets).
- Supporting horse racing predictions with unique AI predictions and abundant data that lead you to victory.



## SPAIA KEIBA

### Average Number of SPAIA KEIBA Subscribers by Quarter.

(Unit:account)

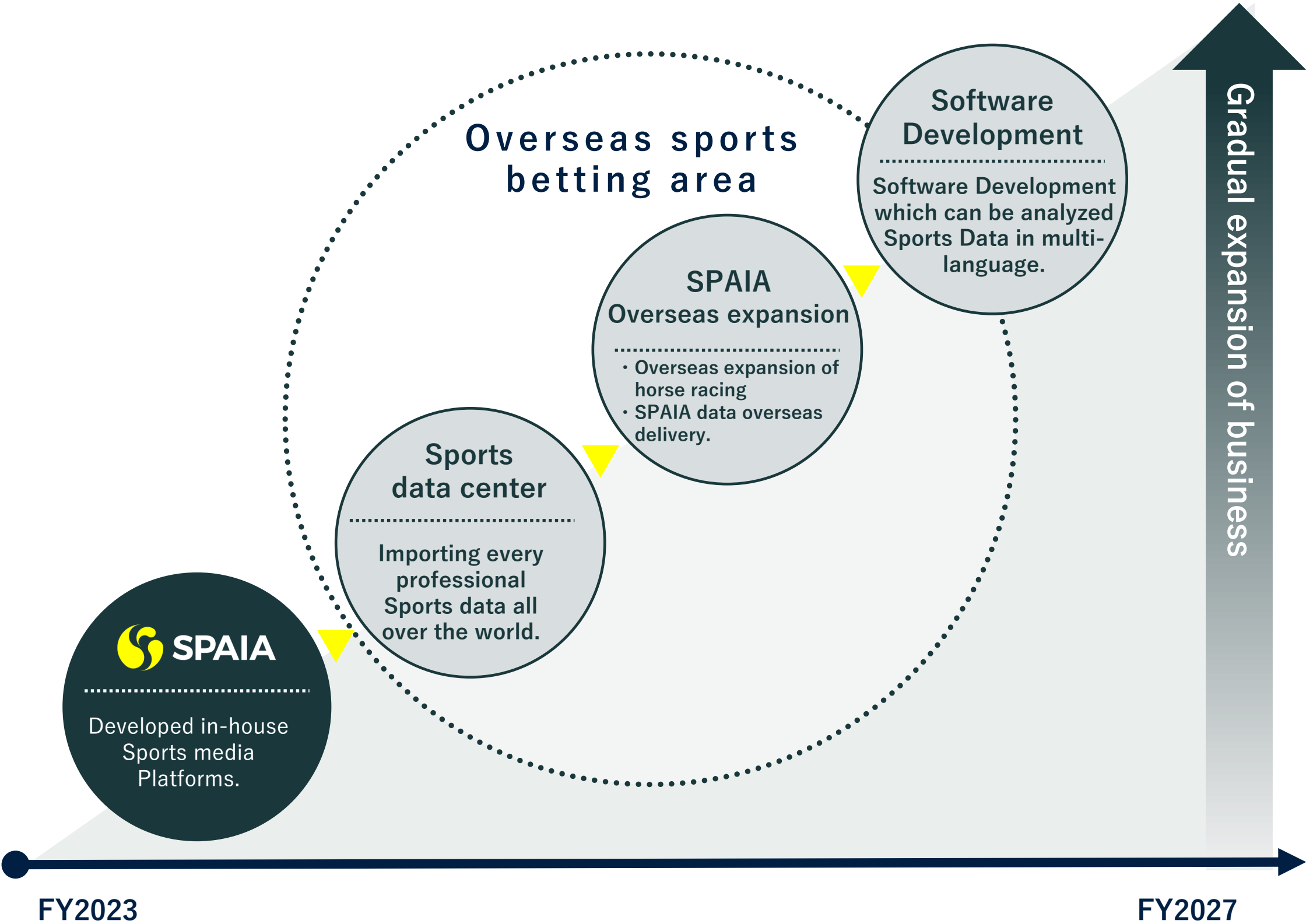


### Trends of SPAIA KEIBA subscribers

- Pricing for paying subscribers changed in December 2022.
- The Gold and Platinum courses are priced close to the prices before they were increased in August 2021.
- Subscribers have mainly increased for the Platinum Course since the price revision.
- Introduced a point system and implemented measures to encourage membership extensions, etc.

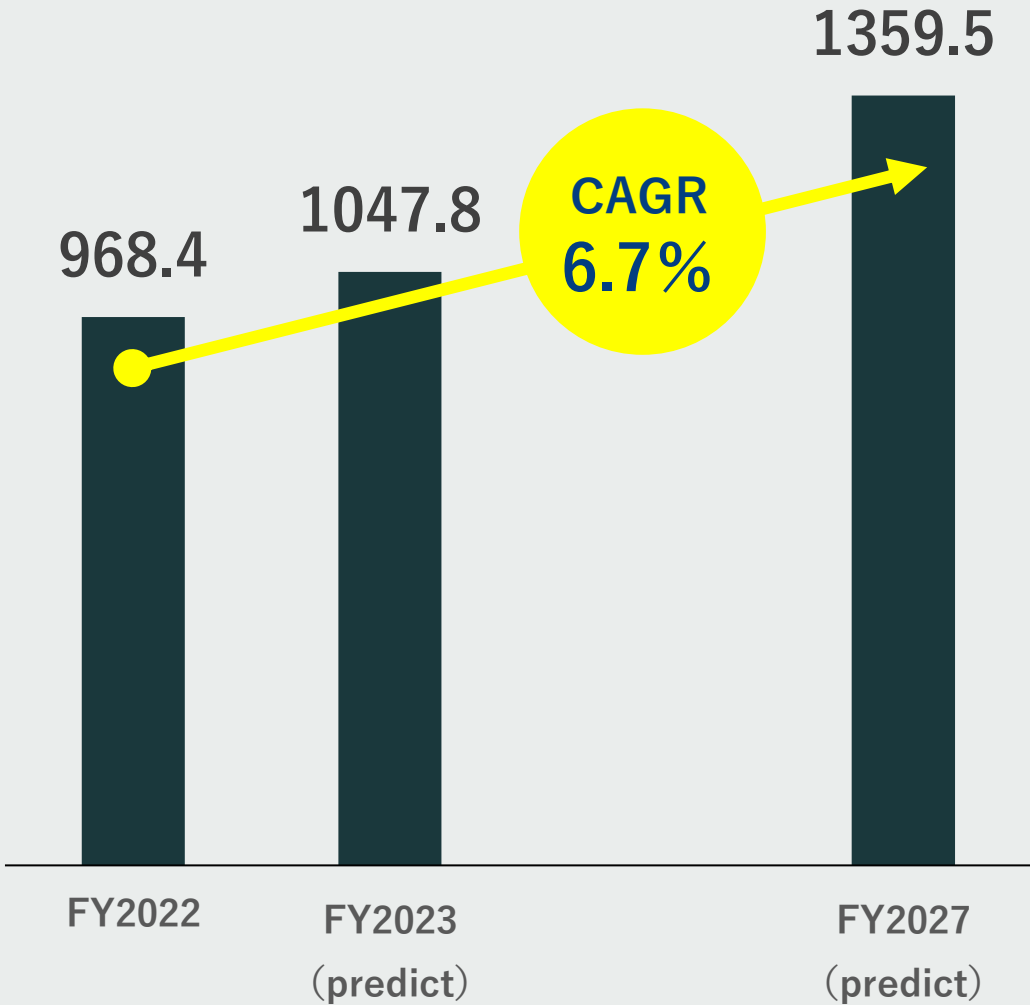
Future Growth Strategy②

Entry into the sports betting market, a new business domain.



Global Sports Betting Market

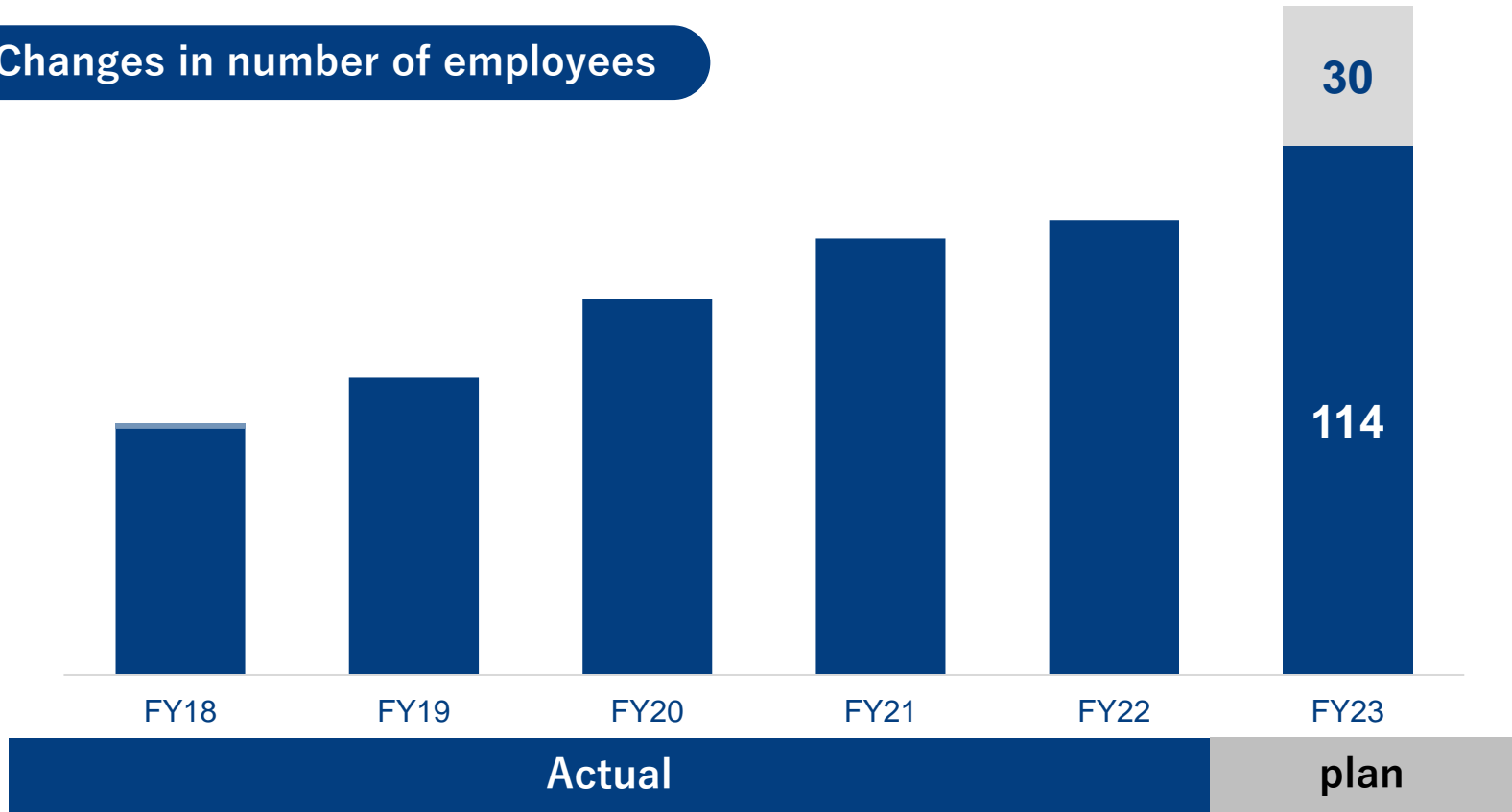
(billion US dollars)



Sports Betting Global Market Report 2023.  
( The Business Research Company.)

# Management resources • The number of employees

Changes in number of employees



As of the end of June 2023, the number of employees is 114, against the target of 144 people landing in FY2023.

< Recruitment progress >

Joined in July 3	SPAIA Business	1
	SPAIA Business	1
	Other (Corporate Planning Department)	1
being entrusted with unofficial offer 4		2
	Product development	1
	SPAIA Business	1
	Other (Corporate Planning Department)	

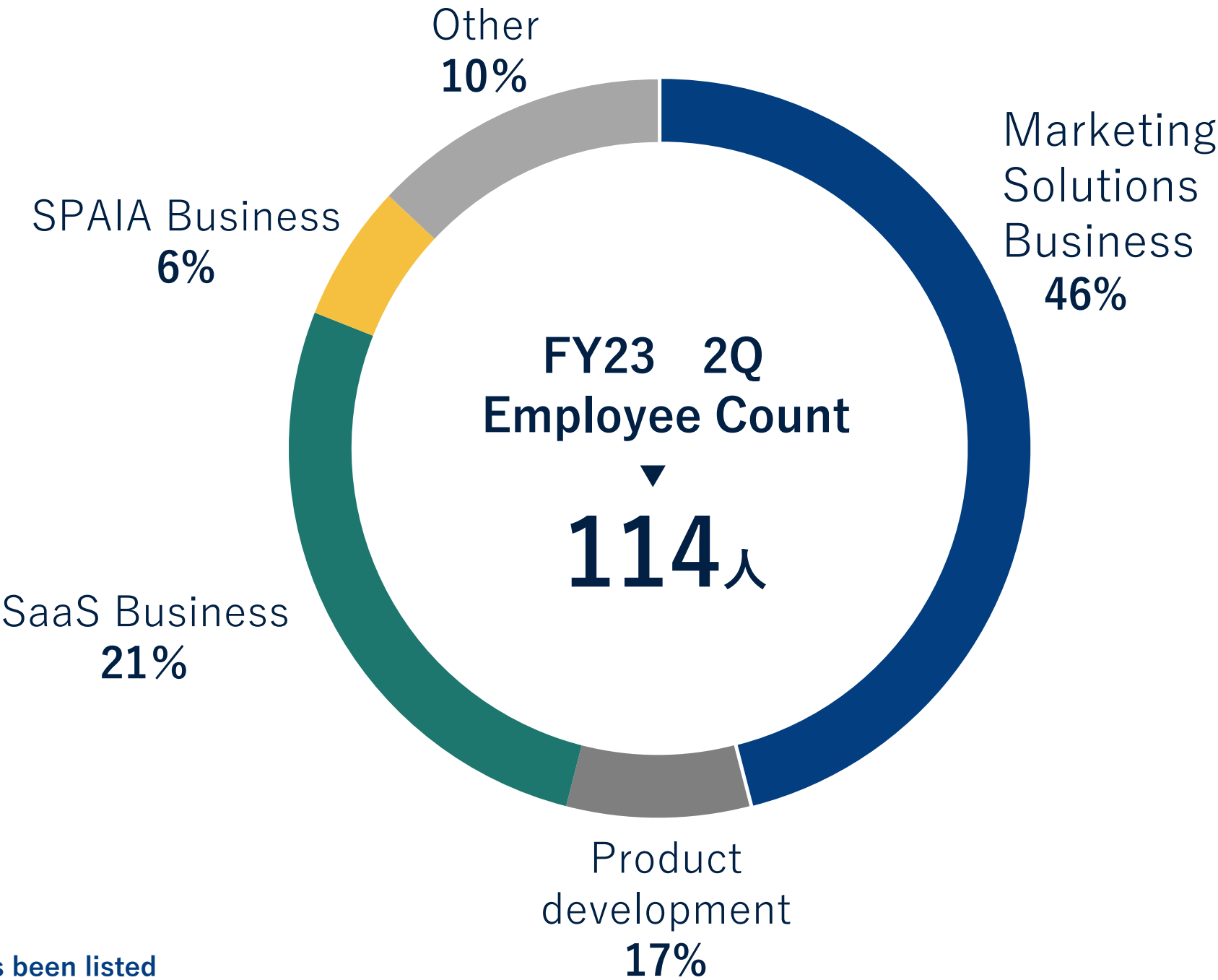
retirement rate

FY2020	22%
FY2021	21%
FY2022	21%



Since the company has been listed for less than one year and is actively hiring new employees, the retirement rate is not expected to change significantly.

Personnel composition



# Management Resources

## Initiatives for Social Responsibility (SDGs and ESG)

### vision

We are committed to eliminating discrimination based on age, gender, nationality, and educational background to embody the 21st-century management style.

### Our goal

We have established an action plan for a general business owner based on the Act on the Promotion of Women's Active Engagement.

We have established an action plan for a general business owner for the four-year period from April 1, 2022 to December 31, 2026 to develop an employment environment in which women can play a more active role.

- 1 Increase the ratio of female managers to at least 30%.
- 2 Build a support system to assist in balancing work and family life by informing employees of the various systems we have, such as the childcare leave system, etc., based on the Child Care and Family Care Leave Act, childcare leave benefits based on the Employment Insurance Act, and the maternity leave system based on the Labor Insurance Act.

### Women Empowerment

2Q FY2023

Director ratio	33%
Full-time director ratio	60%
Employee ratio	28%
Management ratio	20%
Manager ratio	13%
Leader ratio	29%

\*Leaders and above are managers.

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.



# Appendix

Q2 FY2023.12 financial results (P/L • B/S)	P.30
Competitive Landscape	P.32
Budget	P.33
Risk Information	P.34



## Q2 FY2023.12 financial results

	FY2022.12 2Q	FY2023.12 2Q	YoY		Full-year forecast	Progress rate
			Increase/ decrease	Increase/ Decrease in ratio		
<b>Sales</b>	<b>775</b>	<b>723</b>	-52	-6.7%	1,486	48.7%
<b>Gross Profit</b>	<b>739</b>	<b>650</b>	-89	-12.1%	1,405	46.3%
(Profit Rate)	95.4%	89.9%	-5.5%		94.5%	
<b>Selling, general and administrative</b>	<b>456</b>	<b>511</b>	54	12.0%	1,059	
<b>Operating Profit</b>	<b>283</b>	<b>138</b>	-144	-51.0%	345	40.2%
(Profit Rate)	36.5%	19.2%	-17.3%		23.2%	
<b>Ordinary Income</b>	<b>283</b>	<b>141</b>	-142	-50.3%	345	40.8%
(Profit Rate)	36.6%	19.5%	-17.1%		23.3%	
<b>Net Income</b>	<b>185</b>	<b>96</b>	-89	-48.2%	224	42.8%


## Q2 FY2023.12 financial results

	FY2022.12 2Q	FY2022.12 Full-year	FY2023.12 2Q
<b>Current assets</b>	<b>2,161</b>	<b>2,764</b>	<b>2,640</b>
Cash and deposits	1,594	2,158	2,103
Accounts receivable - trade	407	414	375
Advance payments to suppliers	131	160	136
Other	28	31	23
<b>Non-current assets</b>	<b>129</b>	<b>134</b>	<b>242</b>
Property, plant and equipment	15	15	17
Intangible assets	50	71	79
Investments and other assets	64	48	144
Deferred assets	2	8	6
<b>Total assets</b>	<b>2,293</b>	<b>2,908</b>	<b>2,889</b>

	FY2022.12 2Q	FY2022.12 Full-year	FY2023.12 2Q
<b>Current liabilities</b>	<b>1,138</b>	<b>1,158</b>	<b>1,008</b>
Accounts payable - trade	379	394	338
Current portion of long-term borrowings, etc.	190	179	200
Accounts payable - other	159	171	138
Other	409	412	331
<b>Non-current liabilities</b>	<b>517</b>	<b>432</b>	<b>467</b>
<b>Total liabilities</b>	<b>1,656</b>	<b>1,591</b>	<b>1,476</b>
<b>Total net assets</b>	<b>636</b>	<b>1,316</b>	<b>1,413</b>
<b>Total liabilities and net assets</b>	<b>2,293</b>	<b>2,908</b>	<b>2,889</b>

# Competitive Landscape

- Companies that offer comprehensive digital marketing support and are fairly comparable to Glad Cube have been chosen for comparison.
- Our coverage is a match for clients who seek comprehensive support on the web, from customer attraction to sales expansion.

		Advertising Agency	Domestic Analytics Company A	Domestic Analytics Company B
Size of Target Enterprise	Sole proprietor, small, mid and large scale	Large scale	Small, mid and large scale	Sole proprietor, small, mid and large scale
Main Scope of Support	Advertising, website analysis, production	Advertising, research, production	Website, social media, and data analysis	Entry form optimization, website analysis, data analysis
Availability of Support Tools	Website analysis, website speed enhancement	None	Website and social media analysis	Entry form optimization, online customer service
Consulting Services	From advertising to website analysis and improvement	Starts from strategic planning	None	Support for new customer acquisition
Availability of Media	Sports data analysis website SPAIA	Digital marketing media	None	None

\*Created based on interviews with representatives we had business discussions concerning support for digital marketing issues, as well as publicly available information from corporate websites and other sources.



# Budget

(Unit: thousand yen)

Item		Details	procurement funds	Usage status until June 2023	
Investment for Growth	New Development	Allocated for development expenses and hardware for development of new products.	231,600	63,800	We spent 63,800,000 yen from October 2022 to June 2023 for subcontracting expenses for SPAIA KEIBA and SPAIA toto development.
	Internal Systems	Allocated for enhancement and development of internal accounting system, etc.	135,000	4,886	Allocated for development of internal customer management system, etc.
	Advertising Expenses	Allocated for marketing expenses to increase name recognition and expand sales.	159,360	16,864	Used for advertising expenses such as SNS video production expenses using celebrities.
Fund for Business Expansion	Security Enhancement	Allocated for additional office security systems to ensure employee safety and to prevent information leaks.	6,000	0	* Unspent.
	Total		531,960	85,550	

## Perceived Risks and Counter Measures

Item	Outline of Risk	Chance	Timing	Impact	Counter Measure
Internet Related Market	The Company may experience rapid changes in the environment surrounding internet usage due to new regulations or other unforeseen factors which may hinder the expansion in the use of the internet.	Moderate	Short Term	Large	We will continue to diversify risks by entering into various business models to reduce the impact of internet-related market trends.
Competition	There are already several competitors in the SaaS and Marketing Solution businesses, and new competitors are expected to enter the market as the internet market expands.	Moderate	Short Term	Moderate	The Company will establish a system that can provide a one-stop service from planning to production, operation, and consulting through our unique training and development system and ensure our competitive superiority.
Legal and Regulatory Changes	Tightened legal or self-imposed regulations pertaining to the internet and social media business, as well as GDPR and other regulations, may affect our business and financial results.	Low	Long Term	Large	We will keep close watch on legal trends and adjust in a flexible manner. In addition, we will develop specialized personnel with legal knowledge of the relevant laws and regulations in our business areas.
Concerning SPAIA Business	We continue to make upfront investments in development, creative personnel, outsourcing of development, etc., as these investments are necessary for the future, but if things do not pan out as expected, it may affect our business and financial results.	Low	Long Term	Small	We will continue efforts to improve profitability by hiring and training development and creative personnel, strengthening marketing measures and public relations activities, while assessing return on investment.

The above are descriptions of main factors that the Company believes may pose future risks. For risks not described on this page, please refer to "Business Risks" in the Securities Registration Statement. These risk factors are based on the Company's current judgment and do not cover all the risks that may arise in the future.



## 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 forwardlooking 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.

Information regarding matters and organizations other than the Company is based on publicly available information, and the Company has not verified and does not guarantee the accuracy or appropriateness of such publicly available information.