



**GladCube<sup>®</sup>**

FY2024 Full Year

# Financial Results Presentation

GLAD CUBE Inc.

Security code : 9561

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# index

<b>1 . Topics</b>	<b>P.3</b>
<b>2 . FY2024 Full Year Financial Highlights</b>	<b>P.6</b>
<b>3 . Business Overview / Business Domain</b>	<b>P.12</b>
<b>3 - 1 . Marketing DX Business</b>	<b>P.14</b>
<b>3 - 2 . Technology Business</b>	<b>P.18</b>
<b>4 . Growth Strategy</b>	<b>P.22</b>
<b>5 . Appendix</b>	<b>P.24</b>



# 1 | Topics



# 1. Recording of Special Losses, Reversal of Deferred Tax Assets, and the Difference Between the FY2024 Earnings Forecast and Actual Results

In Oct 2023, our company acquired part of the business of Workhouse Inc. with the aim of securing core personnel and technological capabilities in the AI field to contribute to future business expansion (hereinafter referred to as "the business acquisition"). However, in the course of this business acquisition, we withdrew from unprofitable businesses and made organizational changes. As a result, there was a significant deviation from the initial business plan, leading to the recognition of an impairment loss of ¥209,910 thousand related to goodwill and other assets associated with Workhouse Inc. as a special loss. Additionally, based on the results for the FY2024 period and future outlook, we carefully examined the recoverability of deferred tax assets and, as a result, reversed the full amount of those assets, leading to the recognition of an income tax adjustment of ¥141,201 thousand.

For the reasons stated above, there is a discrepancy between the earnings forecast for the FY2024 period (Jan 1, 2024 – Dec 31, 2024) announced on Nov 14, 2024, and the actual results disclosed today. Please note that we have since established a new organizational structure and are working on improvements.

	FY2024 Full-Year (Previous Forecast)	FY2024 Full-Year (Actual Results)	Compared to the Initial Plan		FY2023 Full-Year (Actual Results)
			Change in Amount	Change Rate	
<b>Sales</b>	<b>1,525</b>	<b>1,559</b>	<b>34</b>	<b>2.2%</b>	<b>1,523</b>
<b>Operating Profit</b>	<b>▲270</b>	<b>▲267</b>	<b>3</b>	<b>—</b>	<b>142</b>
(Profit Margin)	—	—	—		9.4%
<b>Ordinary Profit</b>	<b>▲280</b>	<b>▲274</b>	<b>6</b>	<b>—</b>	<b>143</b>
(Profit Margin)	—	—	—		9.4%
<b>Net Profit for the Period</b>	<b>▲235</b>	<b>▲629</b>	<b>▲394</b>	<b>—</b>	<b>59</b>

By effectively implementing these strategic initiatives, we will enhance sustainable corporate value and bring smiles and joy (glad) to people around the world.

## Technology Business : DX Development Domain

### 1 . Current Issues Recognition

It is an urgent priority to reassess the business value of the DX development domain and establish a solid financial foundation for future growth.

### 2 . Short-Term Impact

For the fiscal year ending Dec 2024, a special loss of approximately 200 million yen is expected to be recognized, which is anticipated to negatively impact both profit and retained earnings.

### 3 . Medium to Long-Term Benefits

Starting from the fiscal year ending Dec 2025, the amortization burden of goodwill and other assets will be reduced by approximately 60 million yen annually, contributing to the improvement of the revenue structure.

### Specific Growth Strategies

#### DX Development Domain and New Services

Building an SI (System Integration) Sales Framework

Strengthening the system for stable contract development

Promoting the optimization of internal systems and business process efficiency to enhance productivity

Developing new services utilizing cutting-edge technologies and expanding contract development

Joint development with major group companies in the field of generative AI

\*The specific growth strategies are also outlined in today's disclosure under "Business Plan and Presentation on Growth Potential" with similar content.

## 2 | **FY2024 Full Year Financial Highlights**

### FY24 Full-Year Results

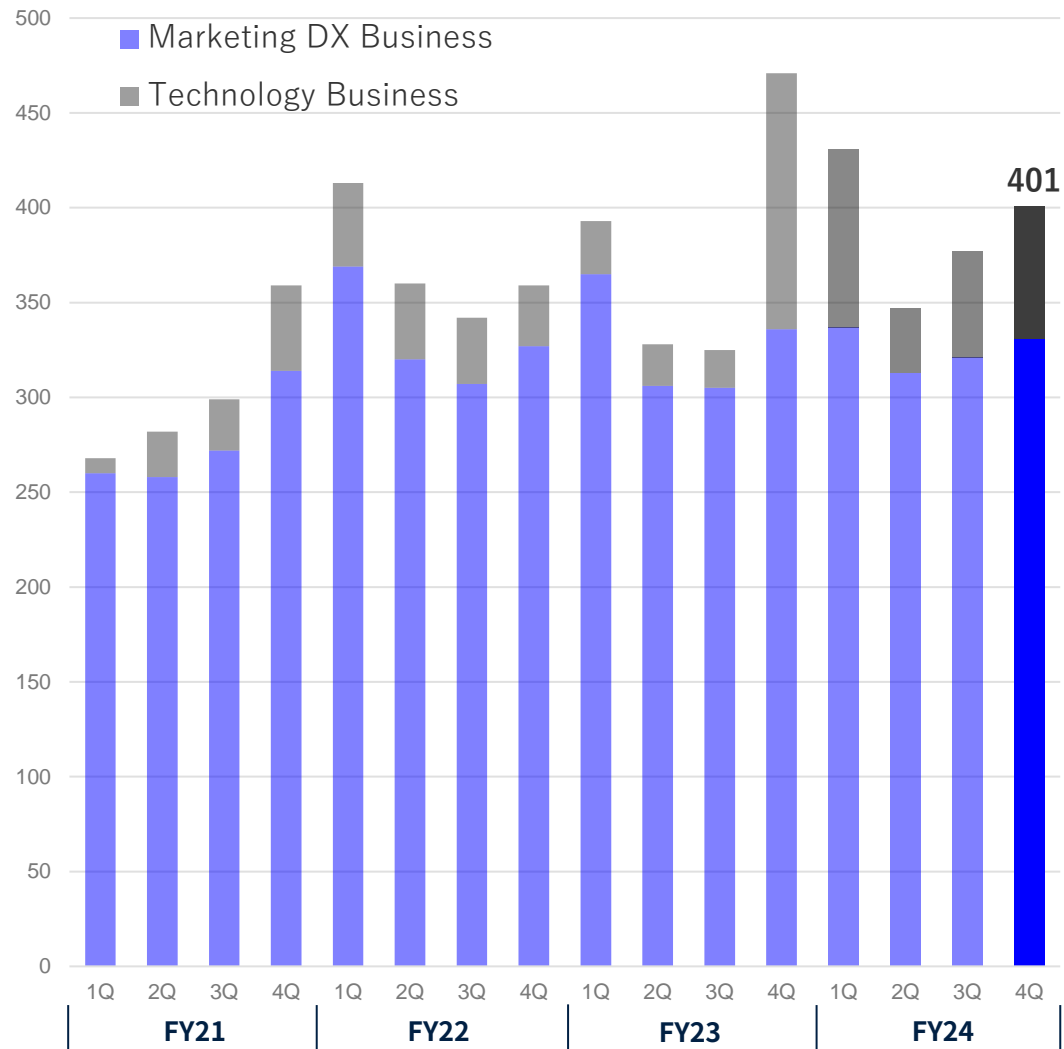
- For the FY2024 full-year results, sales revenue **increased by 2.4%** compared to the same period last year (**up 2.2%** compared to the revised plan), **maintaining a growth trajectory**.
- The sales revenue of the Marketing DX Division **exceeded the revised plan by 1.4%**, **progressing as expected**.
- The sales revenue of the Technology Business was below the initial plan due to the elimination of some unprofitable businesses as part of structural reforms. However, compared to the same period last year, it **achieved significant growth of 123.4%**. **In the SPAIA business, the initial plan was exceeded by 13.5%, marking the first time since its inception that the plan was met, as announced on Nov 14, 2024.**
- Operating income and ordinary income were negatively affected, mainly due to the withdrawal from certain businesses in the Technology Business, the postponement of major development projects to the next fiscal year, and impairment losses related to goodwill. This resulted in an increase in the deficit.



## 2. Financial Highlights and Performance Trends

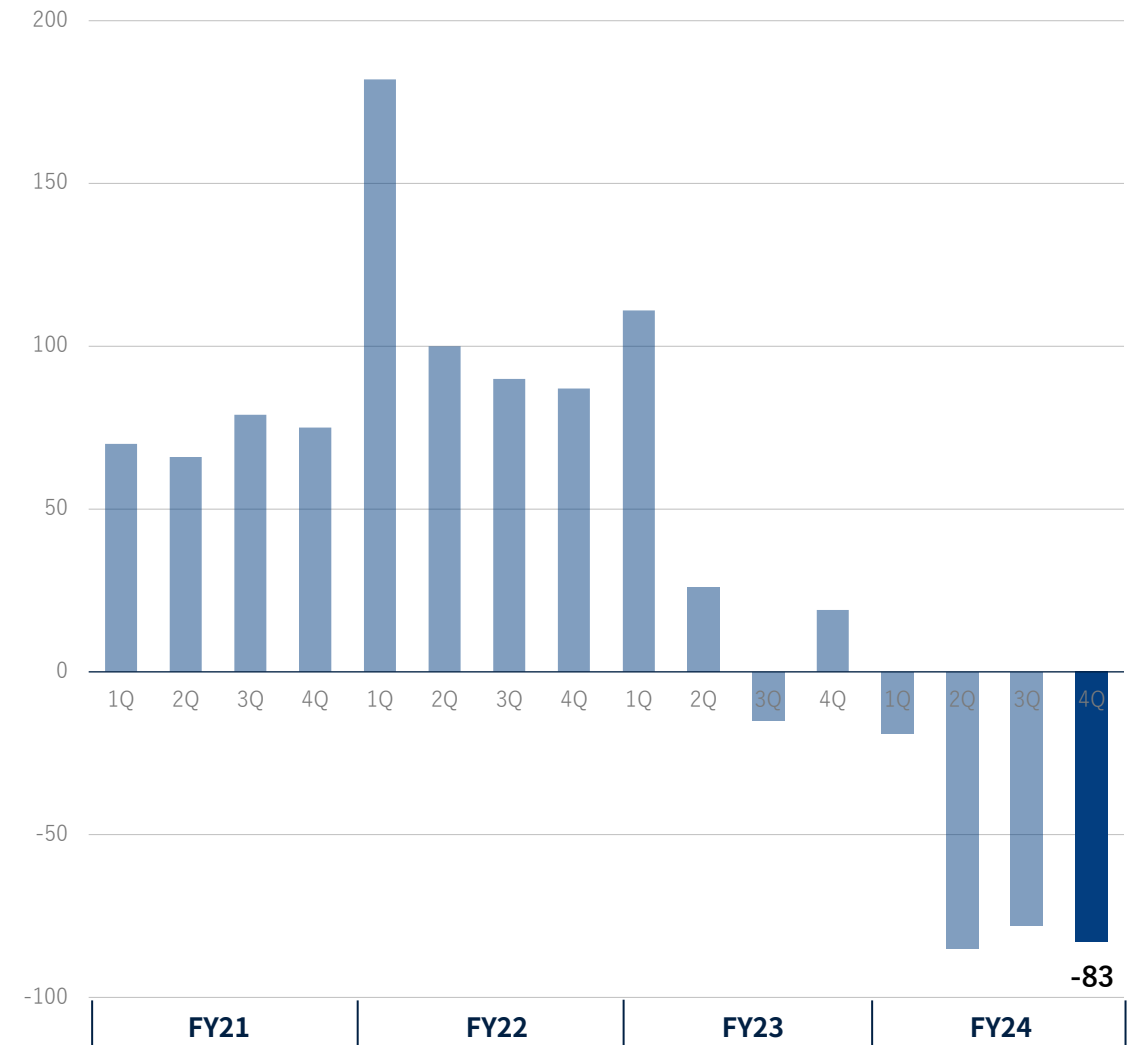
### Sales

( Unit: Million of JPY )



### Operating Profit

( Unit: Million of JPY )



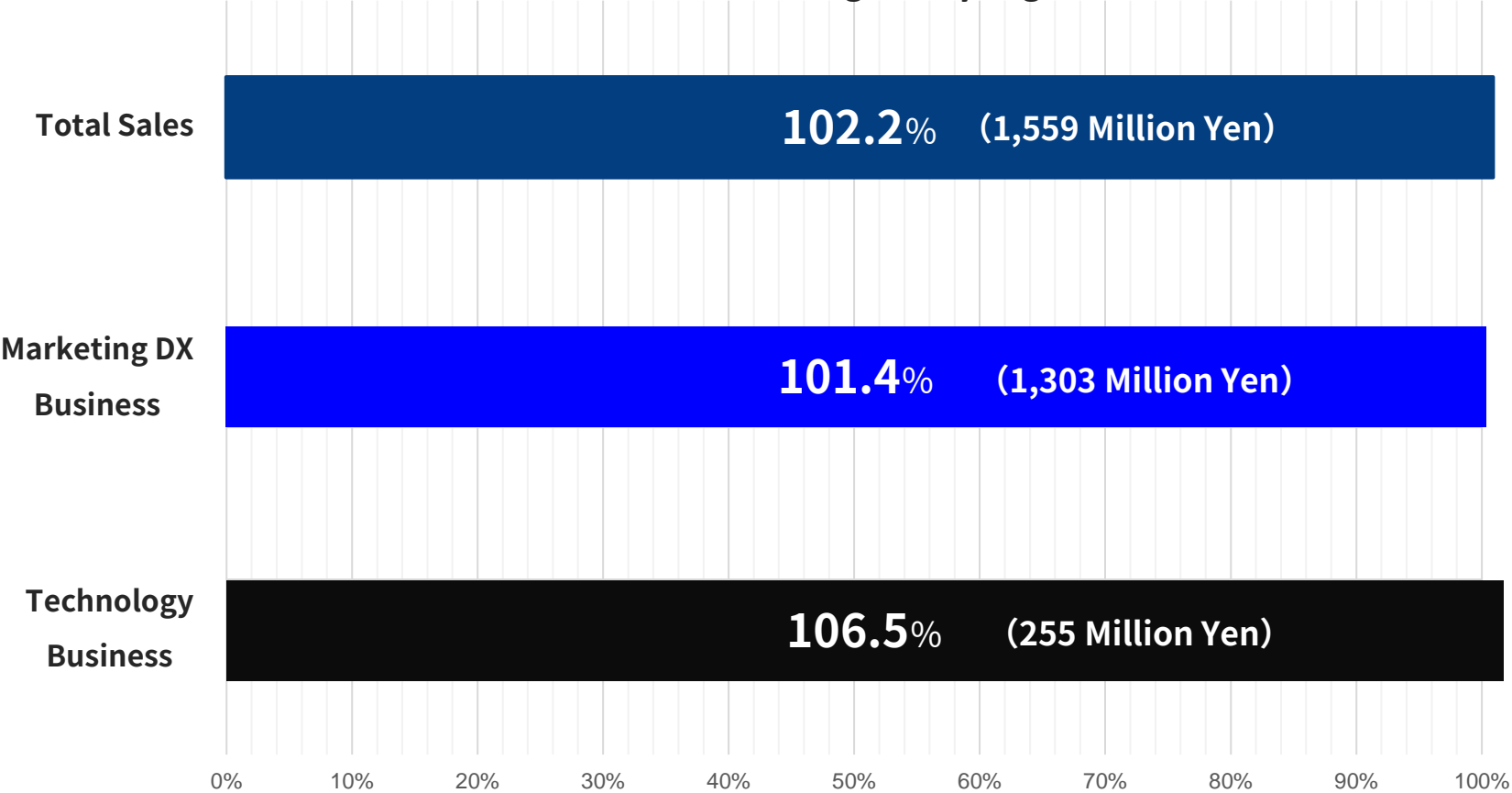


## 2. Full-Year Earnings Progress by Segment

### Topics

- In the Marketing DX Business, progress exceeded the plan due to the acquisition of numerous new customers through online advertising sales strategies and the launch of new reskilling services.
- In the Technology Business, sales fell short of the plan due to the elimination of some unprofitable businesses. However, compared to the same period last year, the division achieved significant growth of 123.4%. Additionally, in the SPAIA business, sales exceeded the initial plan by 13.5%, marking the first time since the business's inception that the planned sales target was surpassed.

FY24 Full-Year Sales Progress by Segment



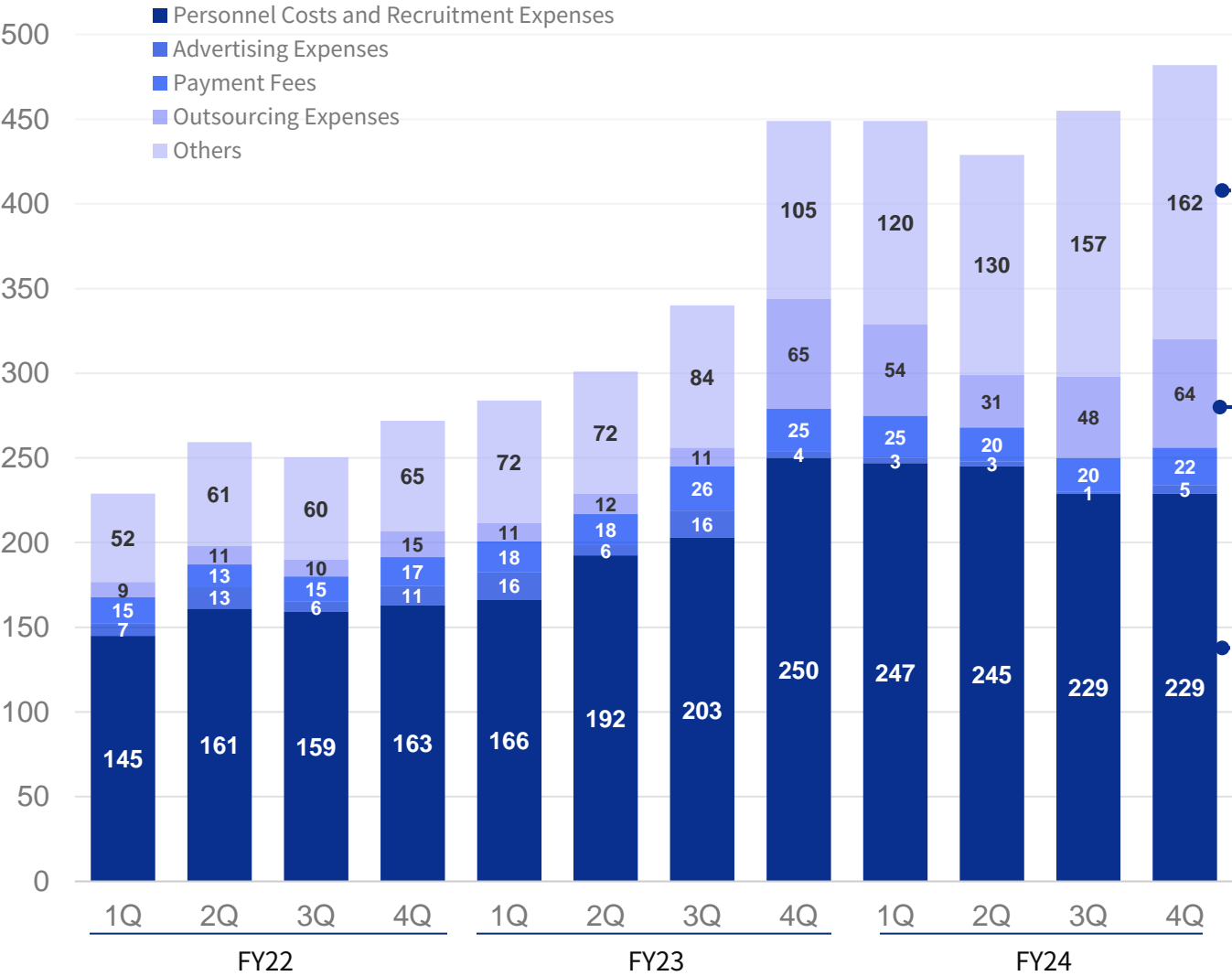
FY24 Full-Year Performance Forecast (Revised)



\*Sales progress is based on the full-year plan announced in the "Notice Regarding the Revision of the FY2024 Performance Forecast" published on Nov 14, 2024.

FULL-YEAR COST STRUCTURE TRENDS

(Unit: Million of JPY)



Cost Structure Highlights

Others

- Increase in rent due to the contract for a new office space, resulting from the growth in the number of employees.
- Investment in systems and other areas to ensure that technological capabilities, such as development efficiency and optimization, are effectively linked to revenue.
- Increase in costs for servers and other expenses due to the impact of a stronger yen.
- Increase in amortization expenses related to goodwill and other items due to the acquisition of certain business operations from workhouse Inc. (up +51.6% compared to the same period last year).

Outsourcing Costs

- Increase in outsourcing costs to partner companies and other related parties.
- Increase in outsourcing costs related to contracted development (down -1.0% compared to the same period last year).

Personnel Costs and Recruitment Expenses

- Proactive recruitment of high-spec talent aimed at strengthening the growth foundation. However, due to the withdrawal from certain businesses in the Technology Business, a reduction in staff has resulted in a decrease compared to the same period last year (down -8.4% compared to the same period last year).

## 2. Full-Year Performance Highlights by Business Segment

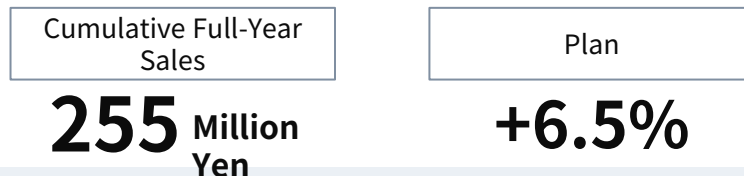
### Marketing DX Business



The sales of the new service “Resnavi” are progressing smoothly, and the increase in the acquisition of new advertising projects has contributed to the growth in sales.

As a result, [the sales have exceeded the plan by 1.4%.](#)

### Technology Business



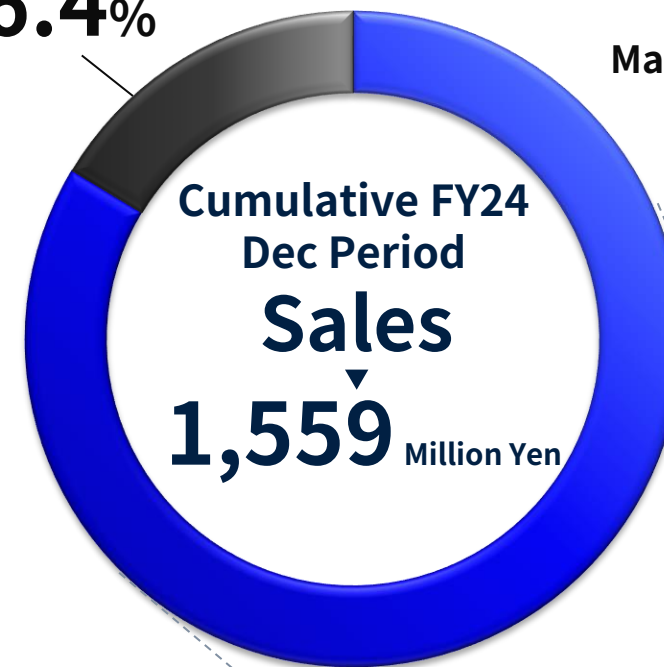
Due to the acquisition of certain business operations from Workhouse Inc., we incorporated sales from contract development, [resulting in a significant YoY increase of 123.4%.](#)

However, due to the elimination of some unprofitable businesses, the sales fell short of the initial plan.

In the SPAIA business, [we achieved a 13.5% increase compared to the original plan, marking the first time since the inception of the business.](#)

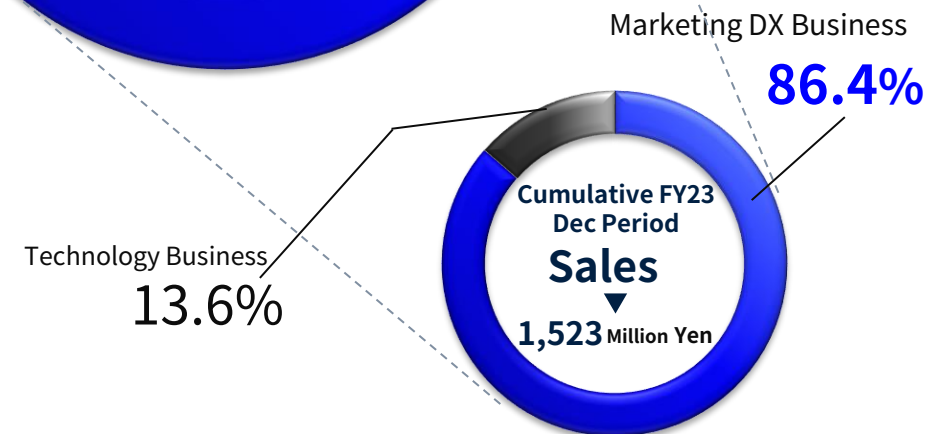
### Technology Business

**16.4%**

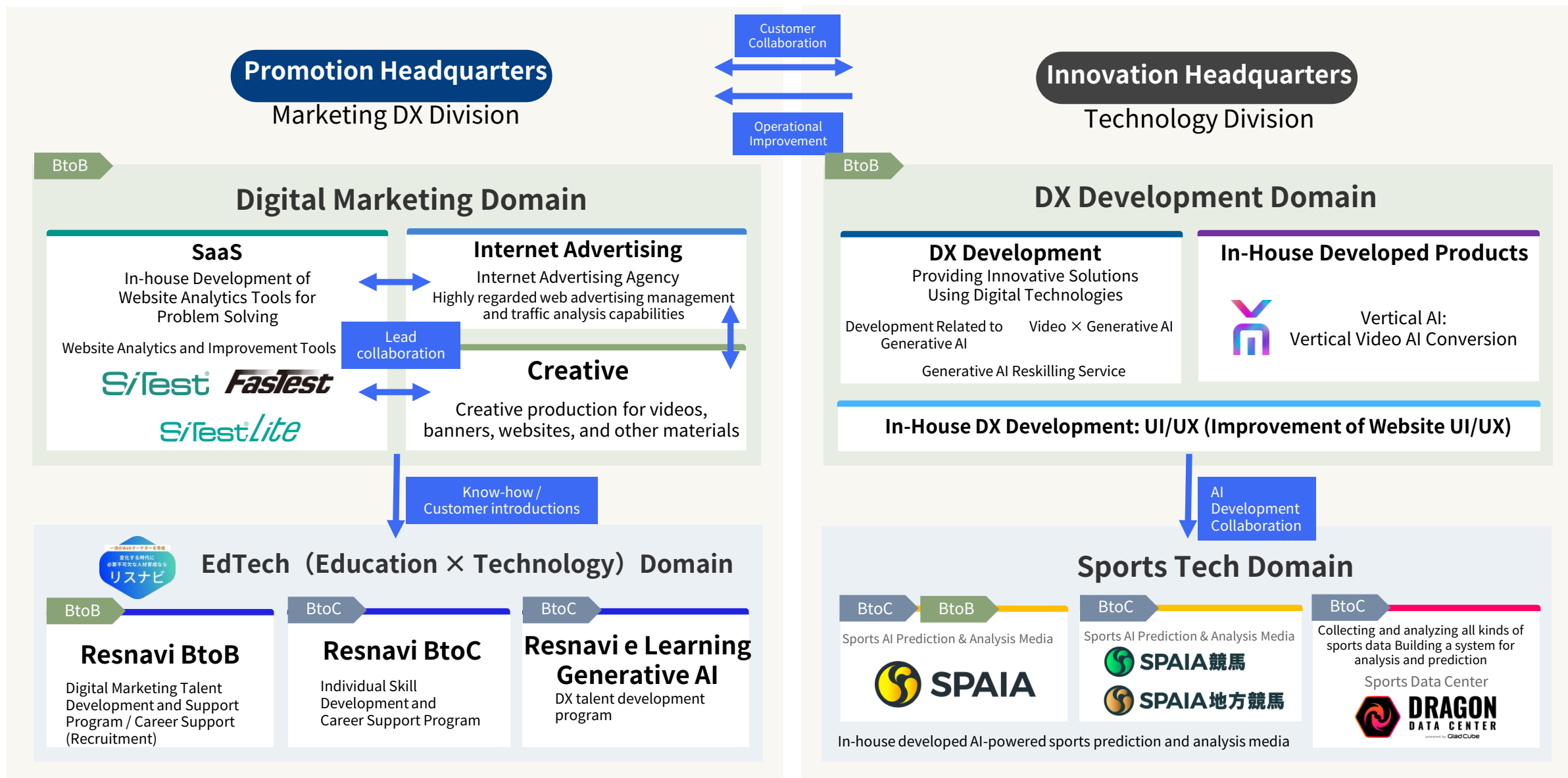


### Marketing DX Business

**83.6%**



# 3 | **Business Overview / Business Domain**



## **3-1 | Marketing DX Business**



### SaaS Team

In-house Development of a Website Analysis Tool for Problem Solving

Website Analysis and Improvement Tool

**SiTest®** **SiTest® Lite**

**Fastest**



Reskilling Service “Resnabi”

#### Revenue Model

- Direct and agency-based tool sales
- Provision of website analysis consulting
- Creative expenses for website creation, etc



### Online Advertising Team

We handle a wide range of Online Advertising including listing ads, social media ads, DSP management, and offer reskilling with “Resnabi”

Online Advertising agency business

Highly valued web advertising operational expertise and access analytics capabilities in the market

Operation of the Marketing Reskilling Program “Resnabi”

Career Support Services (Job Placement)

#### Revenue Model

- Advertising operation agency fees
- Tool sales in collaboration with the SaaS team (cross-selling revenue)
- Marketing Training Program Fees



### Creative Team

We create websites and landing pages that are integrated with advertising, tailored to meet the specific requirements of our clients

#### Revenue Model

- Landing page, video production, and shooting expenses
- Production, support, and operation of landing pages, banners, and videos linked with advertising

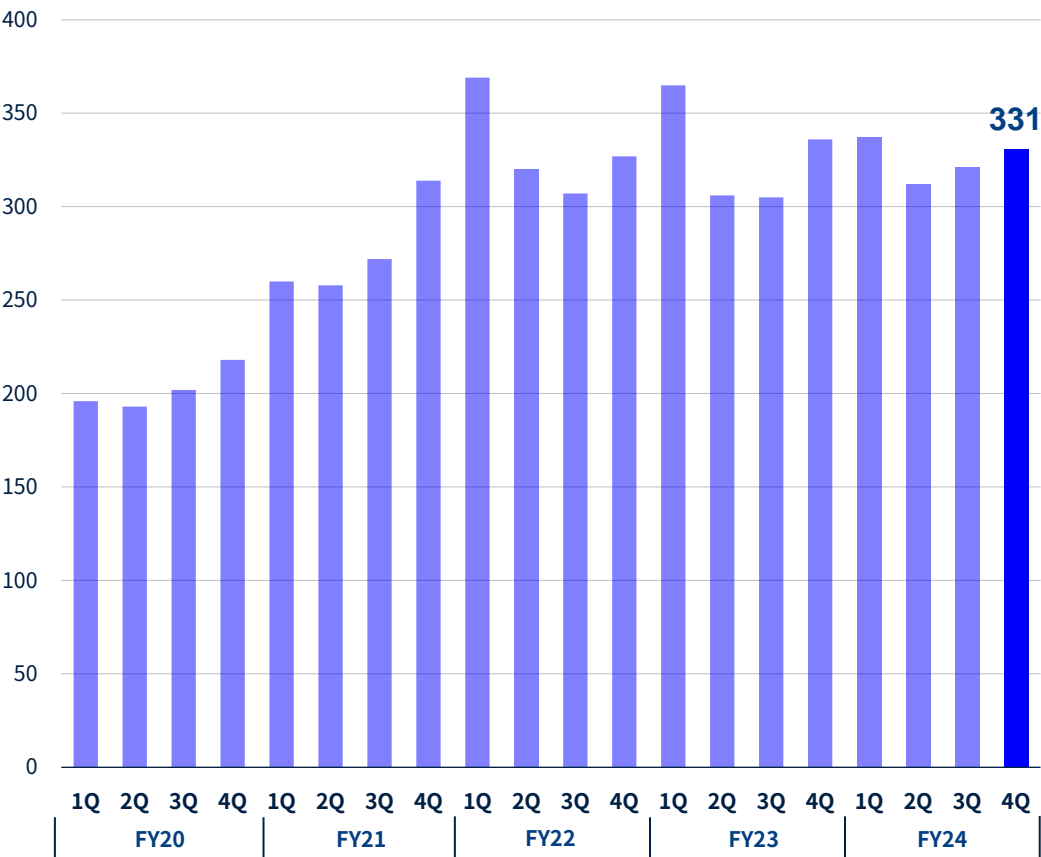
### 3-1. Marketing DX Business Performance

#### Topics

- Full-Year Progress Rate: Revenue: +1.4%
- Revenue has been steadily progressing, driven by strong sales of the new reskilling service, as well as an increase in newly acquired advertising projects and strong performance in tool sales, resulting in a +1.4% increase compared to the plan.
- The total number of accounts in the Marketing DX business grew by +9.4% YoY in the latest quarter, supported by strong performance in online advertising.

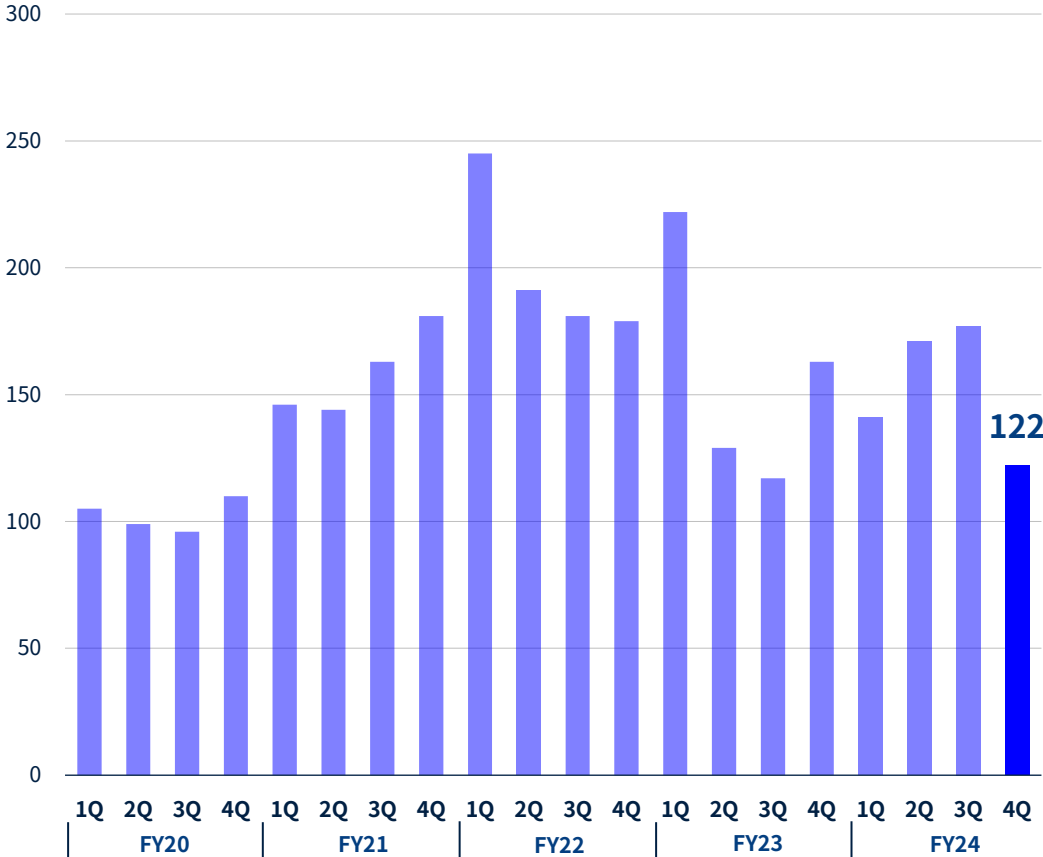
#### Sales

( Unit : Million of JPY )



#### Operating Profit

( Unit : Million of JPY )

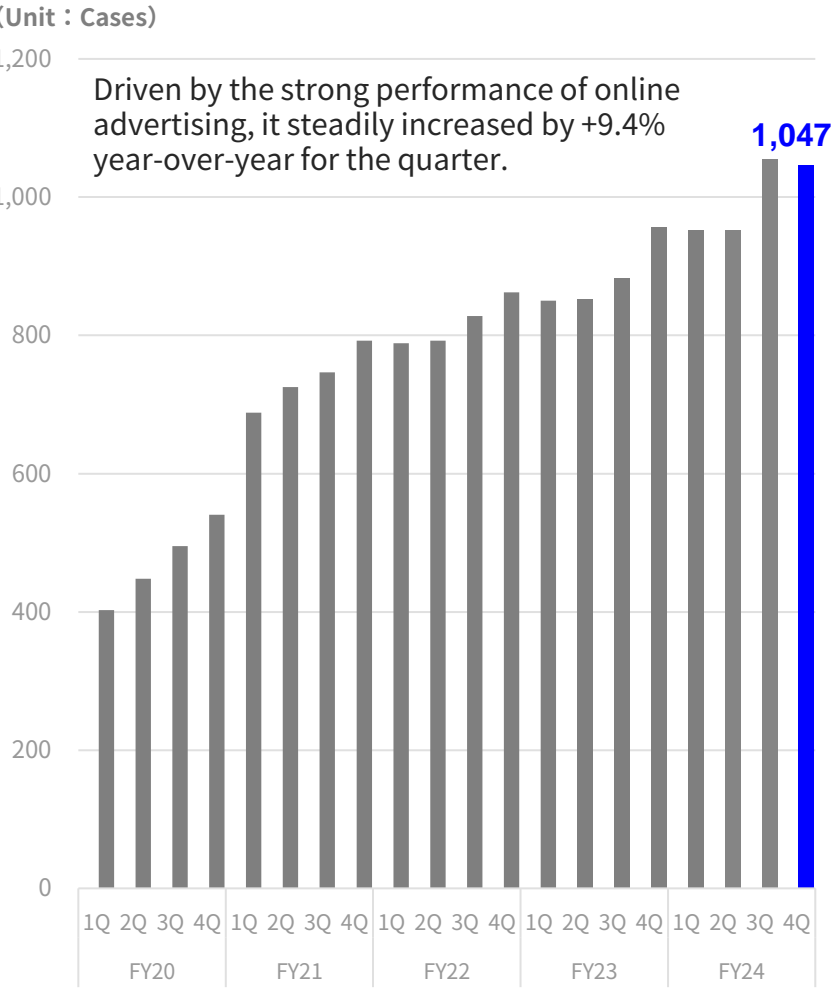


\*The sales progress is based on the full-year plan announced in the “Notice on Revision of FY2024 Full-Year Performance Forecast” published on Nov 14, 2024.

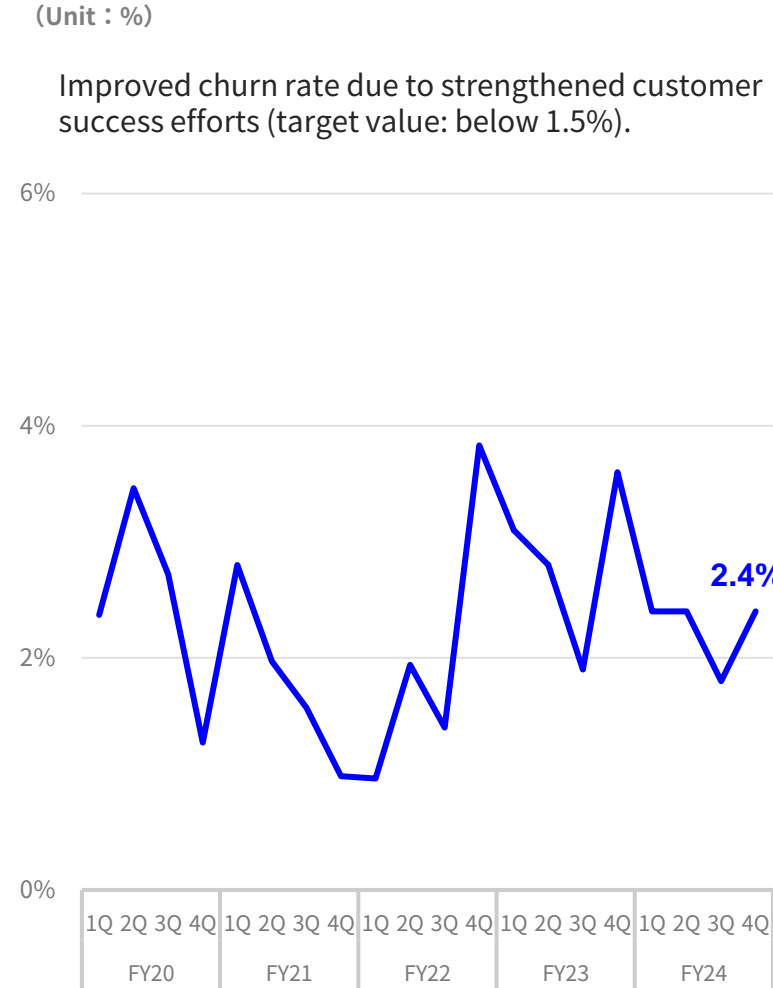


3-1. Marketing DX Business KPI Trends

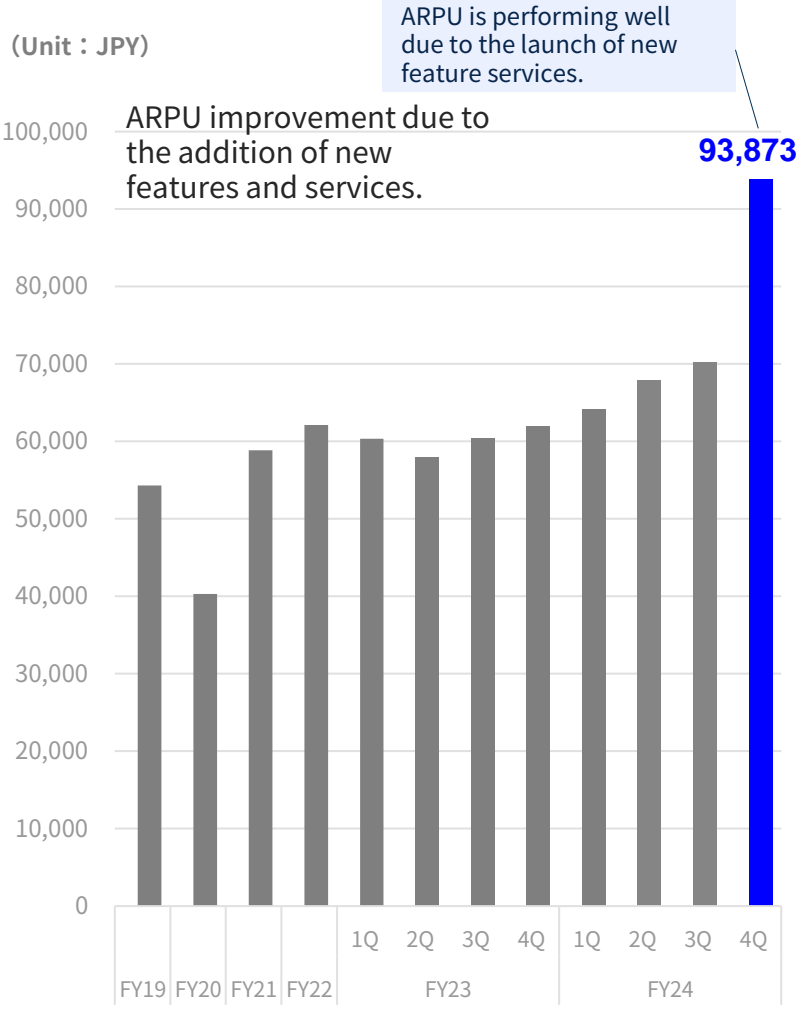
■ Quarterly Trends in Average Active Accounts (SaaS + Online Advertising)



■ SiTest : Quarterly Trends in Average (Net Revenue Churn Rate)



■ SiTest : Quarterly Trends in ARPU (Average Revenue Per User)



Definition: Total of customers from the SaaS team and the digital advertising team.

Definition: (Lost monthly recurring revenue / increased monthly recurring revenue from existing customers) / Monthly recurring revenue at the beginning of the month (end of the previous month).

Definition: Net monthly (or annual) revenue per user.

## 3-2 | Technology Business



SPAIA Team

In-house Development of AI-Powered Sports Prediction and Analysis Media

Sports AI Prediction and Analysis Media



Sports Data Center



powered by GladCube

Revenue Model

- Subscription by Paid Members
- Article Advertisements and Contributions
- Sale of Widgets for Live Ball Reports and Outcome Predictions
- Fees for Providing Analytical Data



DX Development Team

Utilizing AI and other digital technologies to provide innovative solutions.

Offering comprehensive support, including development design, customer sales strategies, and marketing assistance.

In-house Developed Product



Vertical AI:  
Vertical Video AI  
Conversion

Revenue Model

- Web3.0, GameFi, etc. Development
- Development of Video Analysis System with Generative AI
- Development Consulting
- System Development Costs, Business Strategy Design
- Project-based Marketing Support
- Generative AI Reskilling Service



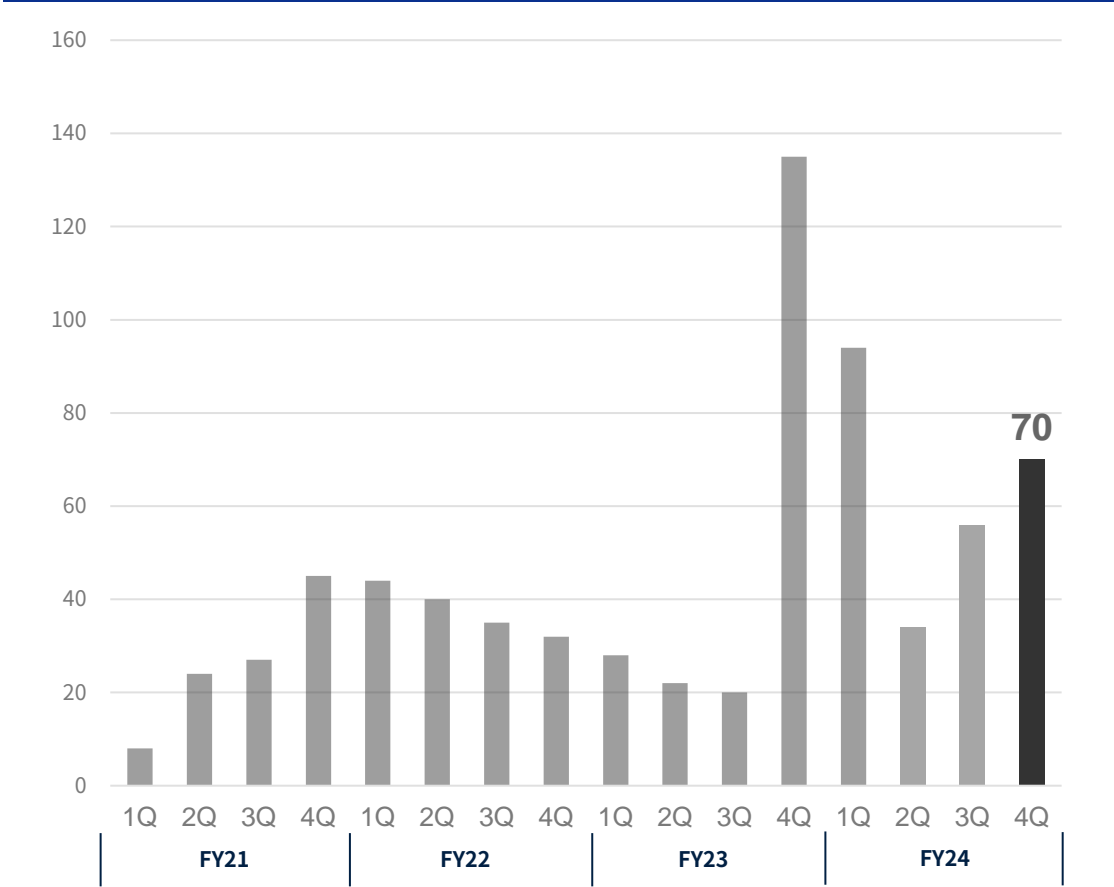
UI/UX Team

SPAIA/DRAGON, Team Structure Linked with Contract Development and New Business Development

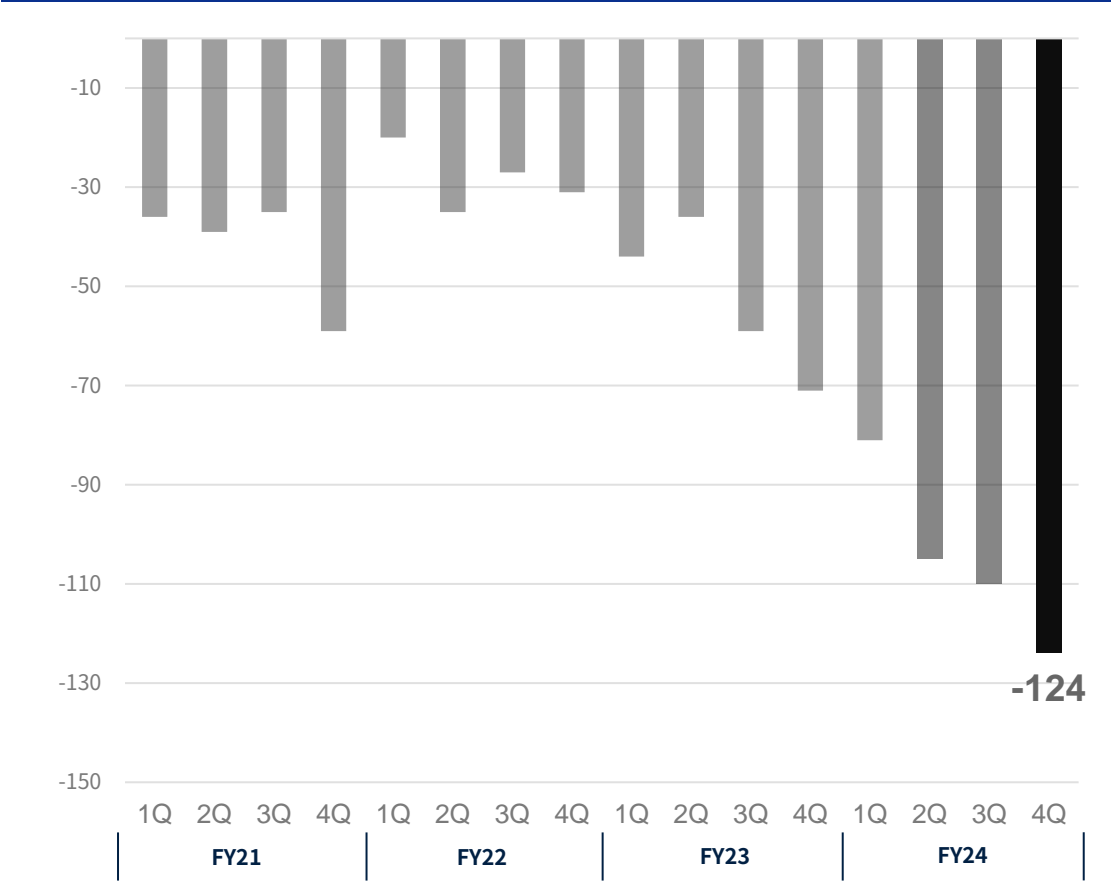
Topics

- Full-Year Progress Rate: Revenue: +6.5%
- The total number of SPAIA members reached 138,000, a 11.3% increase compared to the same period last year, showing steady growth. In the SPAIA business, the initial plan was exceeded with a 13.5% increase, marking the first time since the business launch that the plan was achieved.
- In the contract development business, due to structural reforms, including the elimination of some unprofitable businesses, the initial sales target was not met. However, there was a significant growth of +123.5% compared to the same period last year.

Sales ( Unit : Million of JPY )



Operating Profit ( Unit : Million of JPY )



\*The sales progress is based on the full-year plan announced in the "Notice on the Revision of the FY2024 Full-Year Performance Forecast," published on Nov 14, 2024.

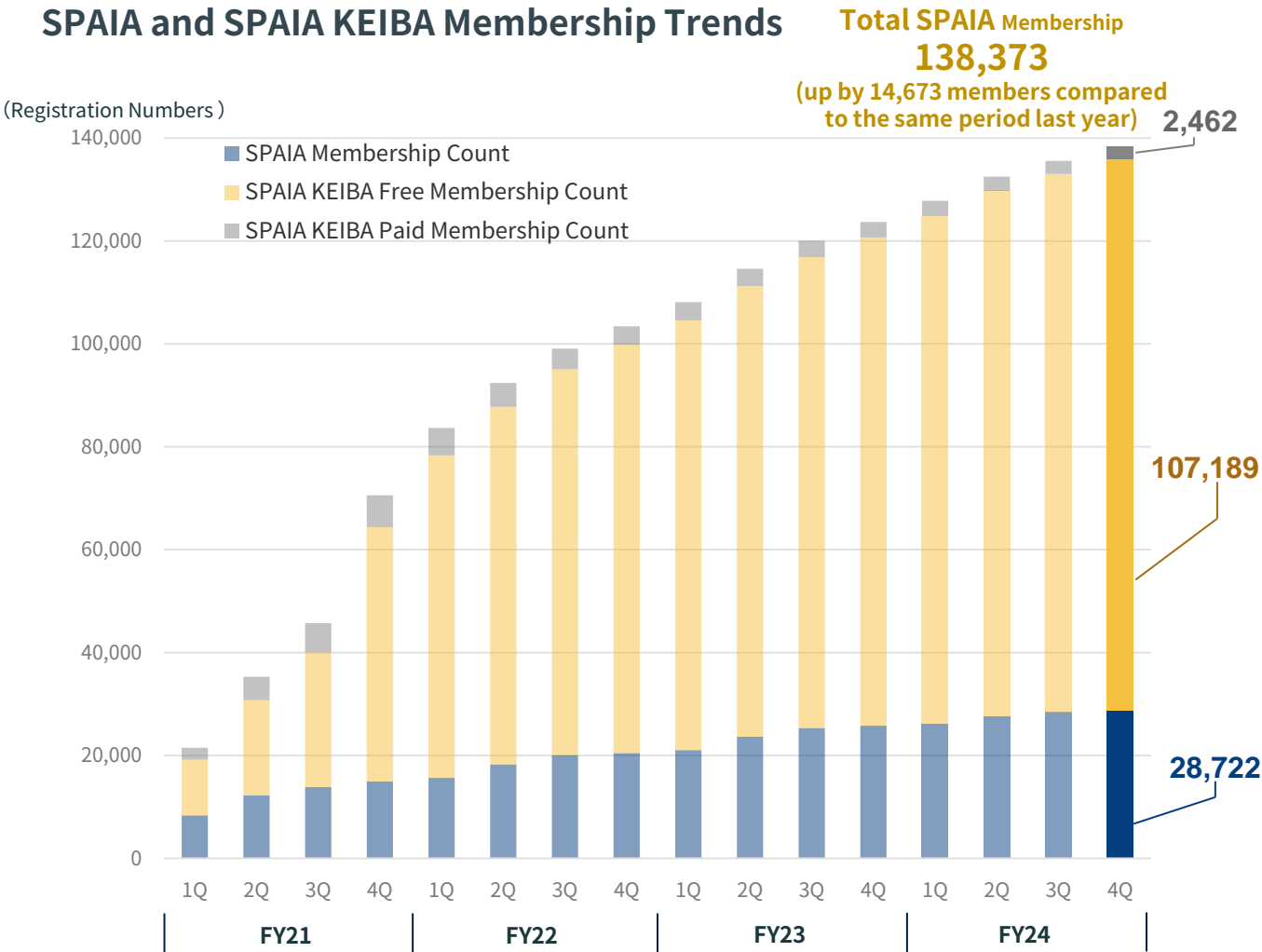
### 3-2. Technology Business SPAIA Business: Quarterly Average Membership Trend



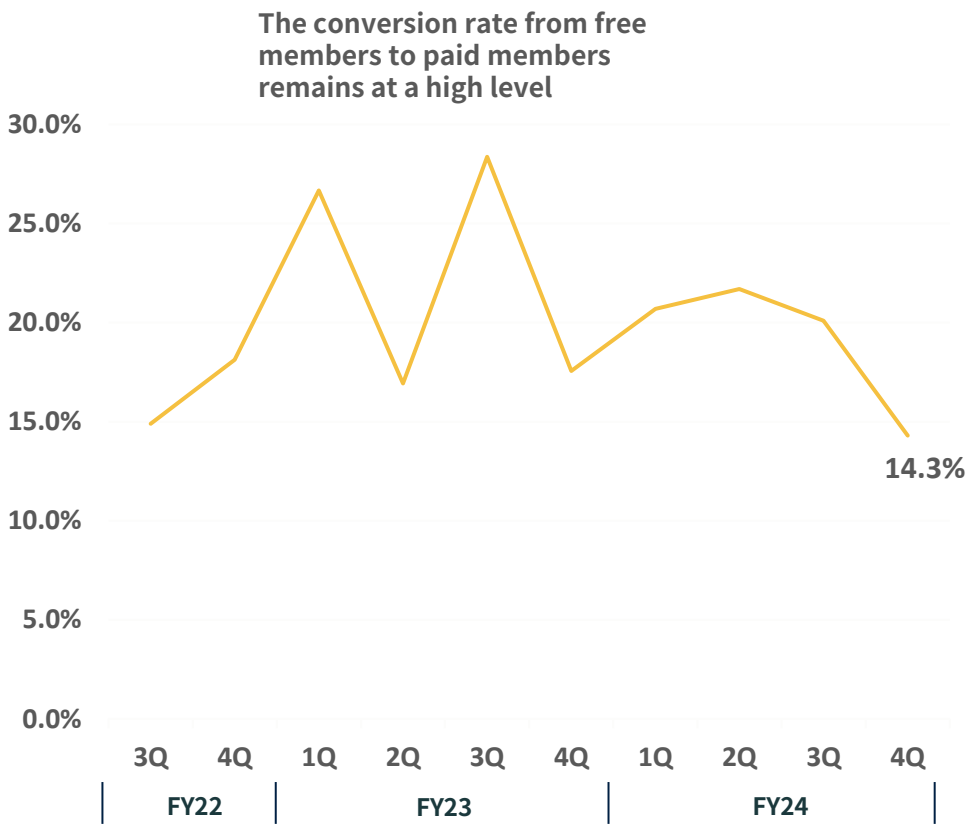
#### Topics

- SPAIA enhances content through partnerships with major sports media.
- SPAIA KEIBA maintains a high paid conversion rate, with smooth progress in acquiring free members.
- SPAIA KEIBA provides AI prediction data to sports news TV programs.
- SPAIA KEIBA begins distribution on Japan's largest media, "Sports Navi".

#### SPAIA and SPAIA KEIBA Membership Trends



#### SPAIA KEIBA Paid Conversion Rate



\*The paid conversion rate has been calculated since Sep 2022. The paid conversion rate is presented as the average value for each quarter.

# 4 | Growth Strategy



**For our future growth strategy, the details are outlined in today's disclosure under “Business Plan and Presentation on Growth Potential,” and we will provide further explanation.**

# 5 | Appendix

**Financial Results for FY2024 (P/L • B/S)**

**Human resources    Number of Employees**

**Human resources    Commitment to ESG Initiatives**

P.25~P.26

P.27

P.28



5. Financial Results for FY2024 (PL)

(Million of JPY)	Cumulative Total for FY2023	Cumulative Total for FY2024	YoY		Full-Year Forecast	Progress Rate
			Change in Amount	Rate of Change		
Sales	1,522	1,559	34	2.4%	1,525	102.2%
Gross Profit	1,307	1,220	△86	△6.6%	1,219	100.0%
(Profit Margin)	85.9%	78.3%	△7.5%		78.3%	
Selling and General Administrative Expenses	1,164	1,487	323	27.7%	1,489	
Operating Profit	142	△267	△409	—	△270	—
(Profit Margin)	9.4%	—	—		—	
Ordinary Profit	143	△274	△417	—	△280	—
(Profit Margin)	9.4%	—	—		—	
Net Profit for the Period	59	△629	△688	—	△235	—

\*The plan comparison is based on the full-year plan announced in the "Notice on Revision of FY2024 Full-Year Performance Forecast" published on Nov 14, 2024.

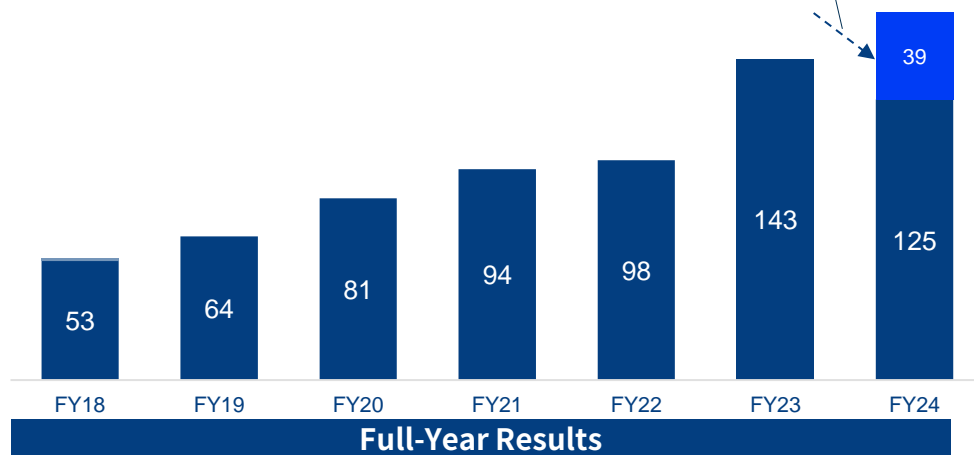
## 5. Financial Results for FY2024 (BS)

	End of FY2023 (Dec)	End of FY2024 (Dec)
<b>Current Assets</b>	<b>2,572</b>	<b>2,308</b>
Cash and Deposits	1,738	1,661
Accounts Receivable	602	415
Advances Paid	159	160
Others	72	71
<b>Fixed assets</b>	<b>646</b>	<b>260</b>
Tangible Fixed Assets	18	32
Intangible Fixed Assets	312	68
Investments and Other Assets	315	159
Deferred Assets	5	2
<b>Total Assets</b>	<b>3,224</b>	<b>2,570</b>

	End of FY2023 (Dec)	End of FY2024 (Dec)
<b>Current Liabilities</b>	<b>1,167</b>	<b>1,265</b>
Accounts Payable	493	407
Current Portion of Long-Term Debt, etc.	265	272
Accrued Liabilities	156	120
Others	251	464
<b>Fixed Liabilities</b>	<b>679</b>	<b>555</b>
<b>Total Liabilities</b>	<b>1,846</b>	<b>1,820</b>
<b>Total Net Assets</b>	<b>1,378</b>	<b>750</b>
<b>Total Liabilities and Net Assets</b>	<b>3,224</b>	<b>2,570</b>

## 5. Human resources    Number of Employees

### Trend in Employees (Regular Employees Only)



As of Dec 31, 2024, the number of employees stood at 125, compared to the target of 164 for FY2024 (including 20 new hires and 24 accepted job offers by the end of Dec).

### FY25 Recruitment Progress (Regular Employees Only)

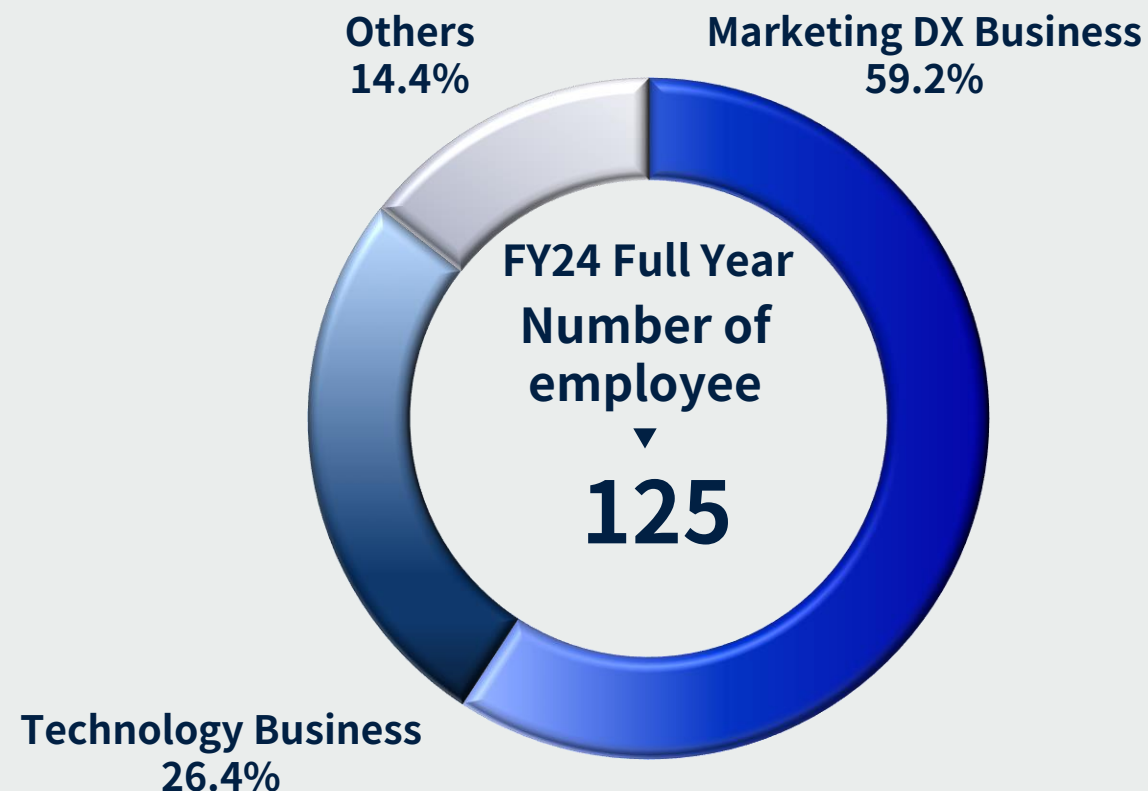
Joined in Jan	0	
Joined in Feb	1	(Marketing DX Division: 1)
Joined after Mar	1	(Corporate Strategy Division: 1)

### Retirement Rate

FY 2021	21.0%
FY 2022	23.0%
FY 2023	20.5%
FY 2024	25.2%

Due to the overall increase in employee mobility across the industry, coupled with our company's respect for the autonomy of employees seeking new skills and career paths, this situation has arisen. In response, we are implementing measures aimed at enhancing employee satisfaction to address this issue.

### Personnel Composition



### Vision

**Eliminating discrimination based on factors such as age, gender, nationality, and educational background to embody 21st-century management**

### Our Goals

**We have formulated an action plan for general employers based on the Act on Promotion of Women's Participation and Advancement in the Workplace**

To establish an employment environment where women can further thrive, we are formulating a general action plan for business owners for the four-year period from Apr 1, 2022, to Dec 31, 2026.

**1 To achieve a female executive ratio of 30% or higher**

**We disseminate information about various systems such as childcare leave under the Childcare and Family Care Leave Law, childcare leave benefits under the Employment Insurance Law, and maternity leave under the Labor Insurance Law. Additionally, we are building a support system for work-life balance support programs**

### Status of Women's Participation

At the end of Sep 2024

Ratio of Female Executives	_____	<b>33.0%</b>
Ratio of Full-Time Female Executives	_____	<b>60.0%</b>
Ratio of Female Regular Employees	_____	<b>32.8%</b>
Ratio of Female Managers	_____	<b>25.0%</b>
Breakdown of Managerial Positions)		

Ratio of Female Managers (equivalent to department managers)	_____	<b>12.0%</b>
Ratio of Female Leaders (equivalent to section managers)	_____	<b>40.0%</b>

\*Although leadership positions are not classified as "managerial supervisors" under labor laws, they are considered "management positions" as they involve overseeing teams.

### Maternity Leave Usage Rate

**Female Employees** \_\_\_\_\_ **100.0%**

**Male Employees** \_\_\_\_\_ **50.0%**

\*For female employees, the rate is calculated by dividing the number of employees who took maternity leave or similar leave by the number of employees who gave birth. For male employees, the rate is calculated by dividing the number of male employees by the number of male employees whose spouses gave birth.



**In the "Osaka City Women's Empowerment Leading Company" certification program implemented by Osaka City, our company was awarded the highest rank of three stars as of Sep 1, 2023.**



## Disclaimer

This document includes statements regarding future prospects. These forward-looking statements are based on information available at the time of their creation. They do not guarantee future results or performance. Such statements about future forecasts involve known and unknown risks and uncertainties, and as a result, actual future performance and financial conditions may significantly differ from the forecasts indicated by the statements, whether expressly or implicitly.

Factors that may affect the actual results include changes in domestic and international economic conditions, industry trends in the sectors in which the company operates, among others, but are not limited to these.

Additionally, information regarding matters and organizations other than our company is based on generally available information, and we have not verified the accuracy or suitability of such publicly available information and do not guarantee it.