

SpiderPlus & Co.

Q3 FY2021 Financial Results Presentation Materials

Business summary

SpiderPlus & Co.

1. Business summary

2. Q3 FY2021 Highlights

3. Financial statements

4. About transfer of engineering business

5. Appendix: About SPIDERPLUS

6. Appendix: Market Environment

Digitalization in construction industry



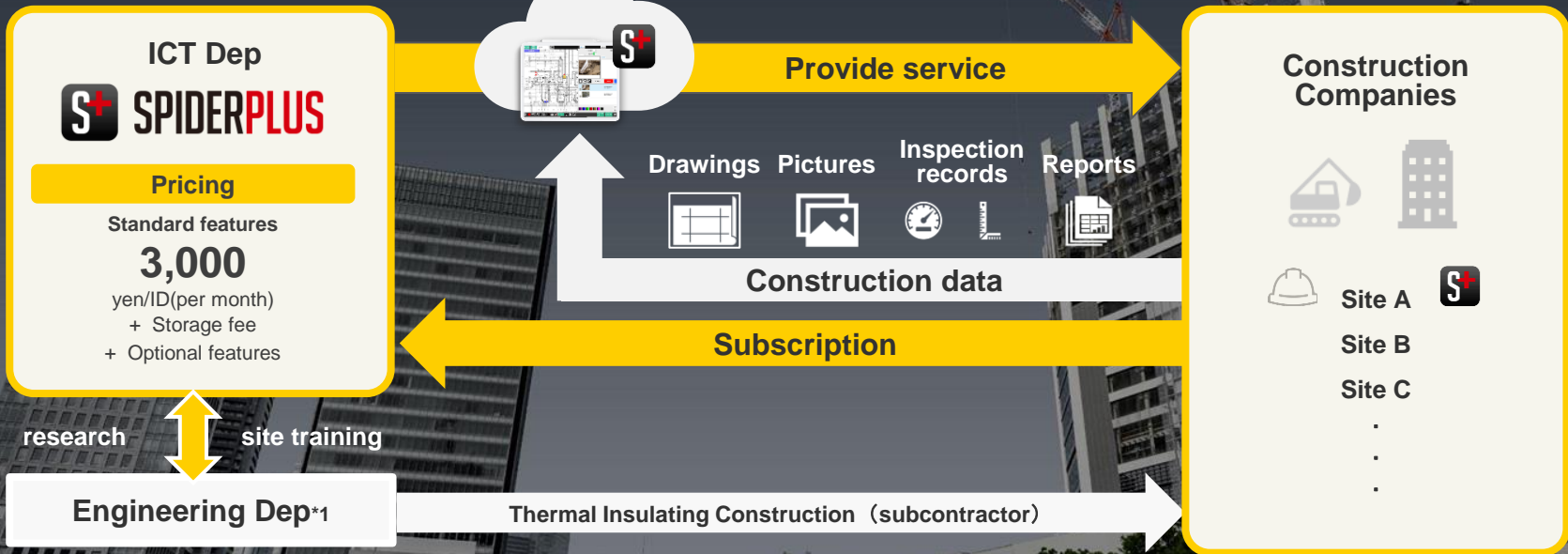
Construction



Technology

Business model : subscription service for construction sites. Focus on ICT business

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*1 : Engineering Dep : Provide insulation work to equipment and piping to improve the energy efficiency of heat-using buildings and factories.

Q3 FY2021 Highlights

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KPI

**Number of IDs surpassed 45,000 , contracted companies surpassed 1,100 ,
and ARR also exceeds 2 billion yen**

Growth

Net sales of ICT business stay on track at a growth rate of over 30%

Business

**Build an relationship for co-creation
that deepens the penetration of SPIDERPLUS in each domains**

KPI YoY Growth*₁

ARR

+ 31%

1,541 → 2,016

Millions of yen

ID

+ 26%

36,005 → 45,481

Number of IDs

Company

+ 57%

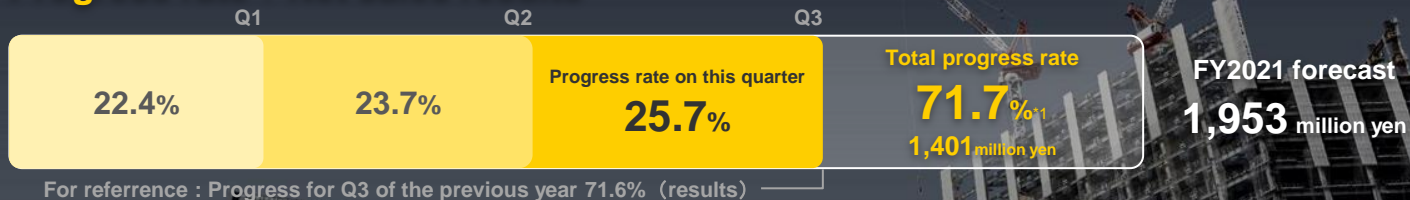
709 → 1,114

Number of contracted companies

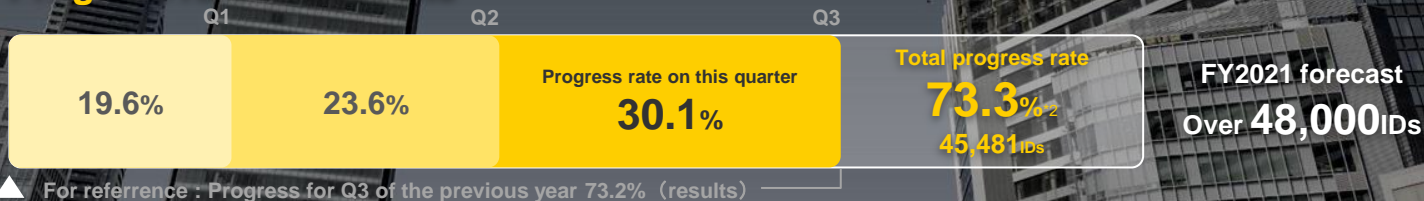
*1: ARR, number of IDs and number of companies as of September 30, 2021. ARR is calculated by multiplying the MRR for September 30, 2020 and September 30, 2021 by 12 (for annualization). (MMR: Total amount of monthly usage fees, excluding temporary income at the end of the month in question).

Steady progress on the performance forecast for the ICT business

Progress rate : Net sales results



Progress rate : ID results



▲ December 31, 2020
38,560 IDs

*1: Progress on budget compared to the full year forecast. Calculated by dividing ICT business net sales in the first nine-month period of fiscal year ending December 31, 2021, by the net sales forecast for fiscal year ending December 31, 2021.

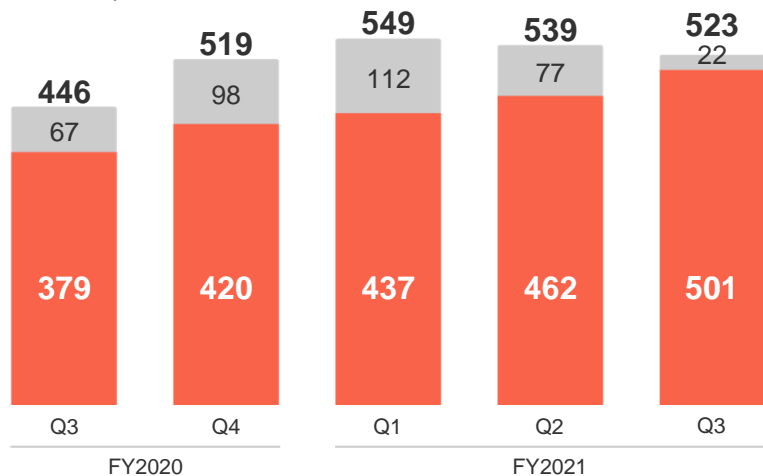
*2: Progress on budget compared to the full year forecast. Calculated by dividing the net increase in the number of IDs in the ICT business in the first nine-month period of fiscal year ending December 31, 2021 by (Forecast number of IDs for fiscal year ending December 2021 - Number of IDs on December 31, 2020).

Net Sales 501 million yen and Gross profit 301 million yen of ICT business in the quarter

Net Sales

■: ENG business*2
 ■: ICT business

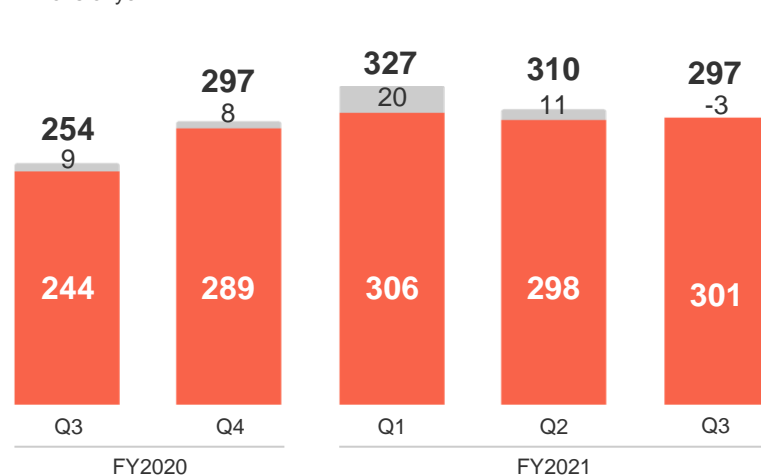
Millions of yen



Gross profit

■: ENG business*2
 ■: ICT business

Millions of yen



*1 : FY2020.Q4 has not been audited and reviewed by an audit firm.

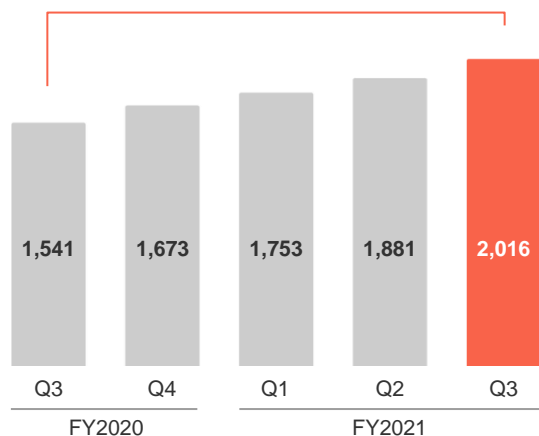
*2 : Abbreviation for engineering business segment. This business segment installs heat insulation for equipment and pipes to improve energy efficiency in buildings, plants, and other facilities that use heat.

The number of IDs increase due to focus on existing customer and seasonality of construction industry

ARR

Millions of yen

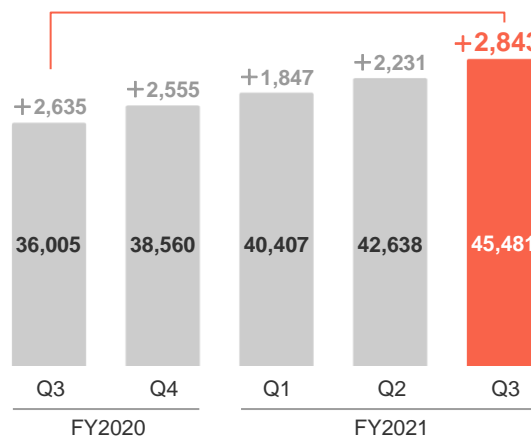
YoY Growth
+31%



ID

Number of IDs

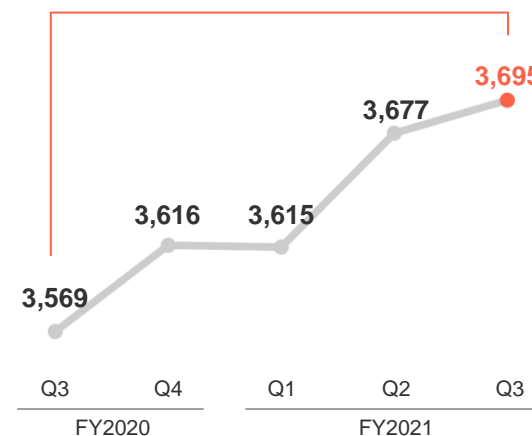
YoY Growth
+26%*1



ARPU*2

Yen

YoY Growth
+4%

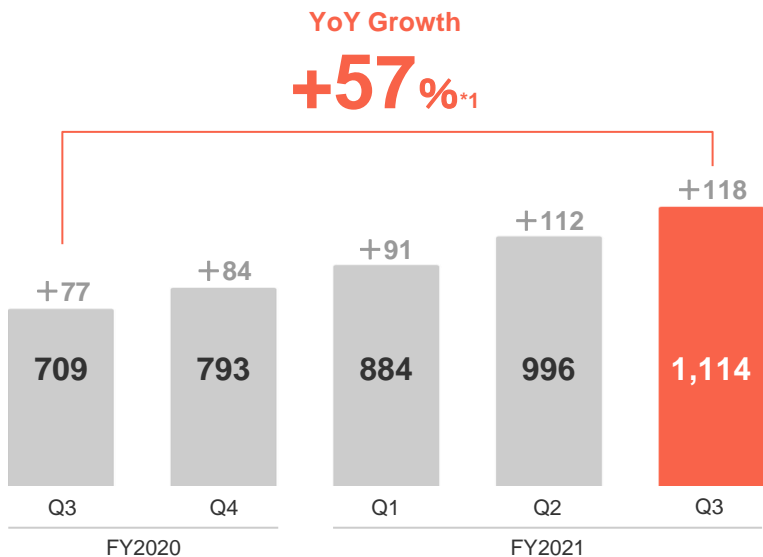


*1 : YoY Growth is calculated by dividing the number of IDs at the FY2021.Q3 by the number of IDs at the FY2020.Q3.

*2 : Indicates the contract value per ID and is calculated by dividing the MRR by the number of IDs at the end of each quarter.

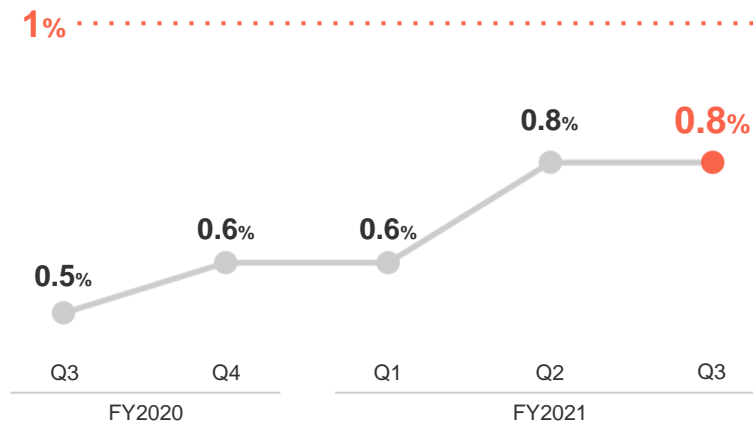
Increased by record high in the quarter, continuing from the previous quarter

Number of contracting companies



Churn rate*2

Churn rate remains stable at less than 1%.



*1 : YoY Growth is calculated by dividing the number of contracted companies at the FY2021.Q3 by the number of contracted companies at the FY2020.Q3.

*2 : Monthly churn rate for the number of companies. The churn rate for each month is calculated by dividing the number of companies canceling contracts during the month by the number of contracting companies at the end of the previous month.

Business update

Expansion of share

Japan + Asia

- Full-scale start of BPO service, acting as site supervisor for set-up work.
- OTSUKA CORPORATION which promote digital transformation with CAD solutions, began distribution of SPIDERPLUS.
- Test use continues in 7 countries, mainly in Southeast Asia. Officially introduced in Indonesia.

Expansion of domains

Vertical + Horizontal

- Started collaboration with Osaki Electric Co., Ltd., a major manufacturer of electricity smart meters.

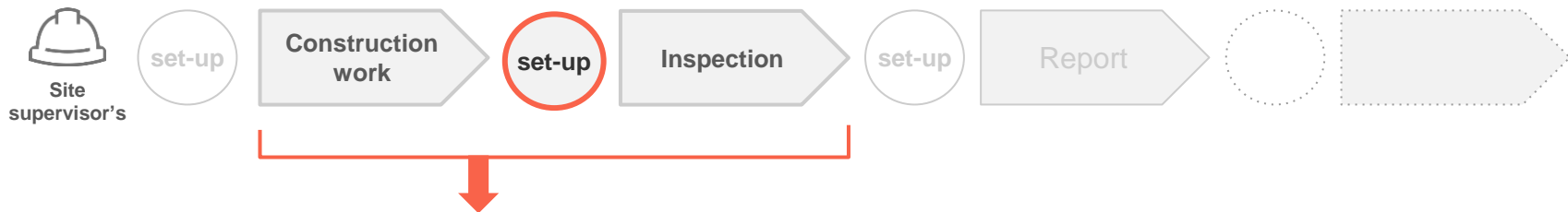
Expansion of functions

SPIDERPLUS + Data

- Development to improve of SPIDERPLUS are on schedule

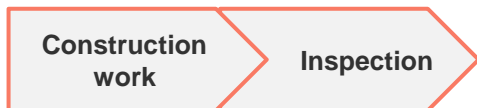
Acting as site supervisor for set-up work as an optional service of SPIDERPLUS

Seamlessly connect operations to further improve productivity



S+ SPIDERPLUS BPO

Technology by **AI inside**



- We take up "set-up" that is time-consuming work before inspection
- We organize data and register it with SPIDERPLUS
- Quick and large-scale processing by using AI*1
- Will expand the scope of "set-up" that can be handled

* 1: AI is introduce AI inside's "Learning Center" to in-house AI development and operation.

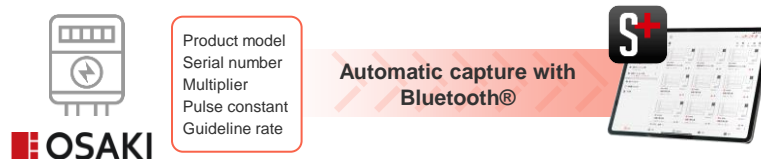
Strategic collaboration for full-scale deployed in the maintenance field



Overview of Osaki Electric Co., Ltd.

- Electric energy meter manufacturer founded in 1916.
- In addition to having the top share in Japan for electric power smart-meters, the company is actively expanding overseas.
- In the fiscal year ended March 2021, sales were 76,255 million yen, ordinary income was 2,888 million yen, and the number of employees was 3,129. Listed on the First Section of the Tokyo Stock Exchange.

The data in the smart-meter is automatically imported into SPIDERPLUS
There is no need for manual input by maintenance workers



Available market of this collaboration in Japan * 1



*1 : Excerpt from "Regarding the status of examination of specifications for next-generation smart meters" (publication February 1, 2021), Agency for Natural Resources and Energy.

Financial statements

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Millions of yen	FY2021.Q2 fiscal term	FY2021.Q3 fiscal term	QoQ	FY2020.Q1-Q3 (Nine months)	FY2021.Q1-Q3 (Nine months)	YoY
Net Sales	540	523	-3.0%	1,454	1,613	+10.9%
Cost of goods sold	230	226	-1.5%	703	678	-3.5%
Gross profit	310	297	-4.1%	750	934	+24.5%
<i>Gross margin</i>	<i>57.4%</i>	<i>56.7%</i>	<i>-0.7pt</i>	<i>51.6%</i>	<i>57.9%</i>	<i>+6.3pt</i>
SG&A expenses	383	383	+0.2%	568	1,233	+116.7%
Operating income	-72	-86	--	181	-298	--
<i>Operating margin</i>	--	--	--	<i>12.5%</i>	--	--
Ordinary income	-80	-89	--	178	-352	--
Net income	-81	-90	--	173	-356	--

About FYTD (Nine months)

Net Sales

- Company-wide net sales increase due to increase of net sales ICT business. (Company-wide net sales is YoY+10.9%, ICT business net sales is YoY+31.8%.)

Gross margin

- Company-wide gross margin increase to 57.9% due to increase of high profit margin ICT business sales. (Company-wide gross margin is YoY+6.3pt.)

SG&A expenses

- SG&A expenses Increase to 1,233 million yen by focusing human resource investment and advertising investment for ICT business.

Non-operating income and loss

- Expenses mainly related to stock listing in March 2021.

Summary Income Statement by Segment

SpiderPlus & Co.

ICT business

Millions of yen	FY2021.Q2 fiscal term	FY2021.Q3 fiscal term	QoQ	FY2020.Q1-Q3 (Nine months)	FY2021.Q1-Q3 (Nine months)	YoY
Net Sales	462	501	+8.3%	1,063	1,401	+31.8%
Cost of goods sold	164	200	+21.6%	383	495	+29.1%
Gross profit	298	301	+1.0%	679	906	+33.4%
<i>Gross margin</i>	<i>64.5%</i>	<i>60.1%</i>	<i>-4.4pt</i>	<i>63.9%</i>	<i>64.7%</i>	<i>+0.7pt</i>
SG&A expenses	209	219	+4.7%	307	752	+144.7%
Segment profit	88	81	--	371	153	-58.7%

About FYTD (Nine months)

Net Sales of ICT business

- Increased due to increase in number of IDs and ARPU, etc. (YoY+31.8%.)

Gross margin

- Gross margin at 64.7%, almost the same level as the the previous year.

SG&A expenses

- Increase due to advanced investment.

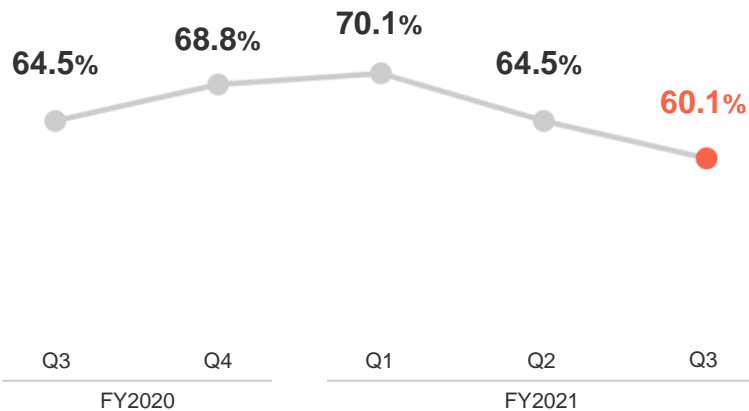
ENG business

Millions of yen	FY2021.Q2 fiscal term	FY2021.Q3 fiscal term	QoQ	FY2020.Q1-Q3 (Nine months)	FY2021.Q1-Q3 (Nine months)	YoY
Net Sales	77	22	-70.7%	391	212	-45.8%
Gross profit	11	-3	--	71	28	-59.6%
<i>Gross margin</i>	<i>15.2%</i>	<i>--</i>	<i>--</i>	<i>18.2%</i>	<i>13.6%</i>	<i>-4.7pt</i>
Segment profit	10	-4	--	66	26	-60.0%

Net Sales of ENG business

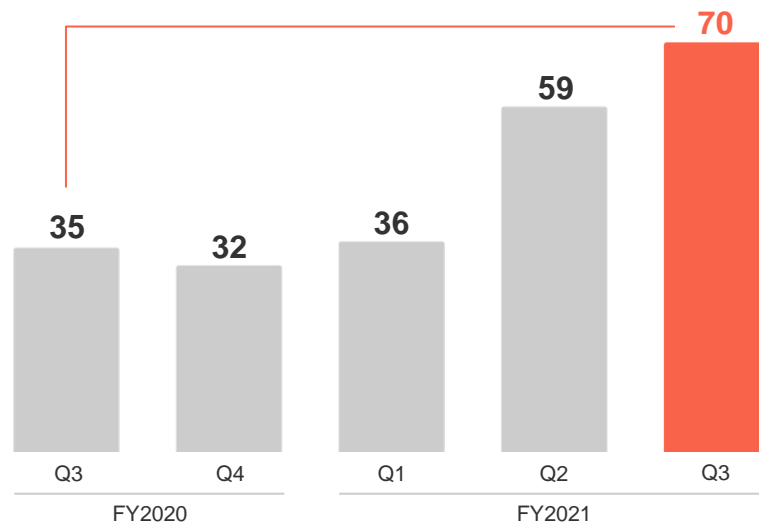
- Net Sales are YoY -45.8% due to passive sales activities and the impact of unique seasonality of FY2021.Q3 fiscal term, but almost the same as the budget.

Changes in gross margin



Changes in Development engineer

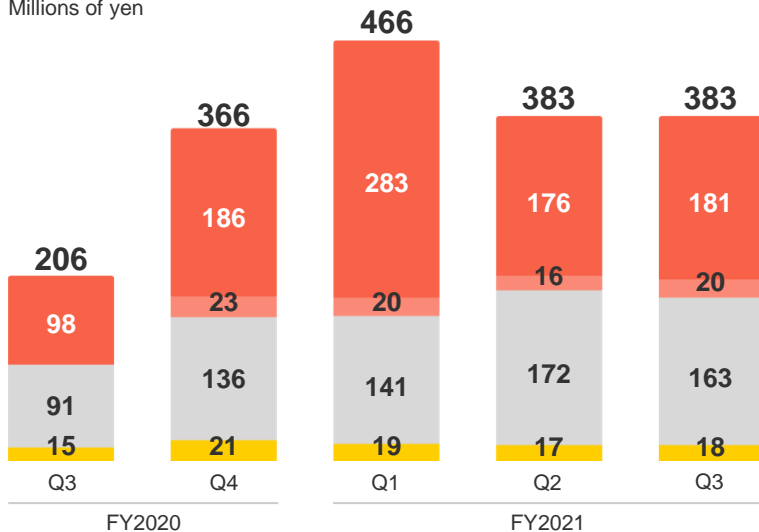
Includes the number of SES personnel associated with Development.
Number of employees



Changes in SG&A expenses*1

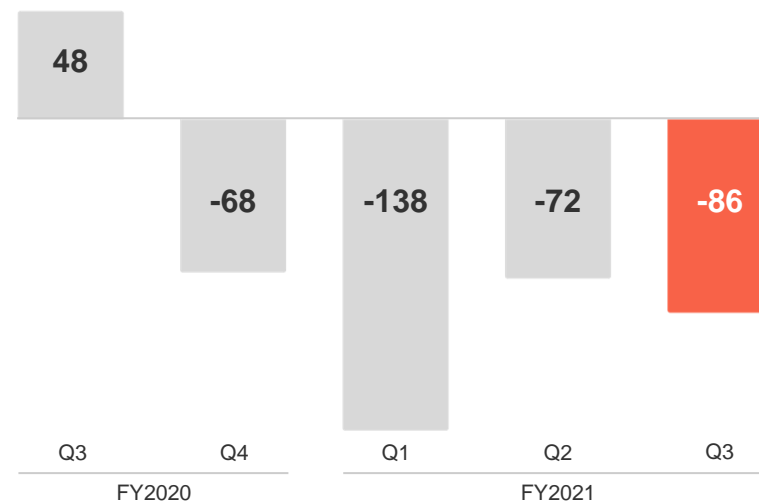
■ : S&M*2 ■ : R&D*3 ■ : G&A*4 ■ : Other

Millions of yen



Transition of Operating income

Millions of yen



*1 Each configuration are on a management accounting basis.

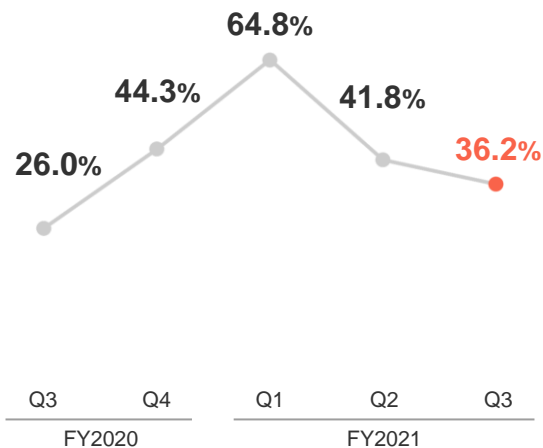
*2 Abbreviation of Sales and Marketing. Calculated by dividing the sum of sales and marketing division personnel expenses, advertising and promotion expenses, sales commissions, and related expenses by ICT business segment net sales for each quarterly accounting period.

*3 Abbreviation of Research and Development. Calculated by dividing R&D expenses by ICT business segment net sales for each quarterly accounting period.

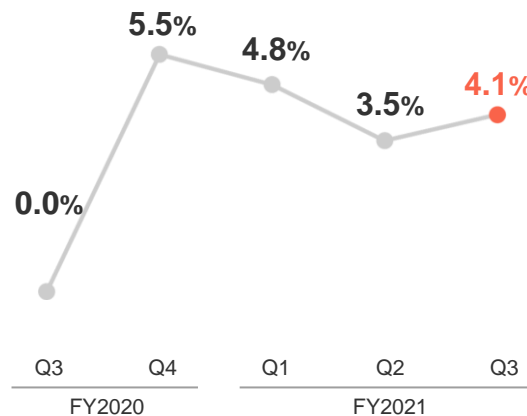
*4 Abbreviation of General and Administrative. Calculated by dividing Corporate division expenses by ICT business segment net sales for each quarterly accounting period.

SG&A Expenses as a Percentage of ICT Business Segment Net Sales ^{*1}

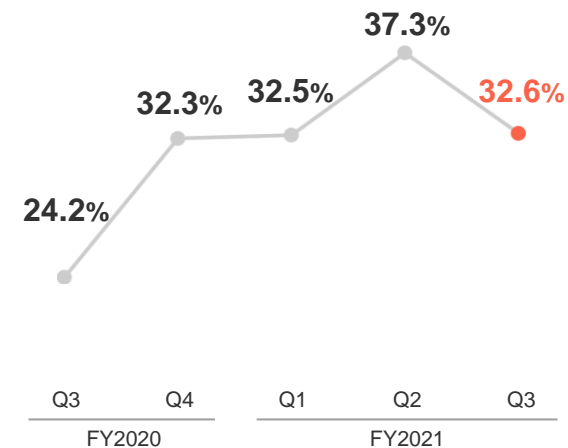
S&M^{*2}



R&D^{*3}



G&A^{*4}



^{*1} : The percentages of total sales are the percentages on a management accounting basis.

^{*2} : Abbreviation of Sales and Marketing. Calculated by dividing the sum of sales and marketing division personnel expenses, advertising and promotion expenses, sales commissions, and related expenses by ICT business segment net sales for each quarterly accounting period.

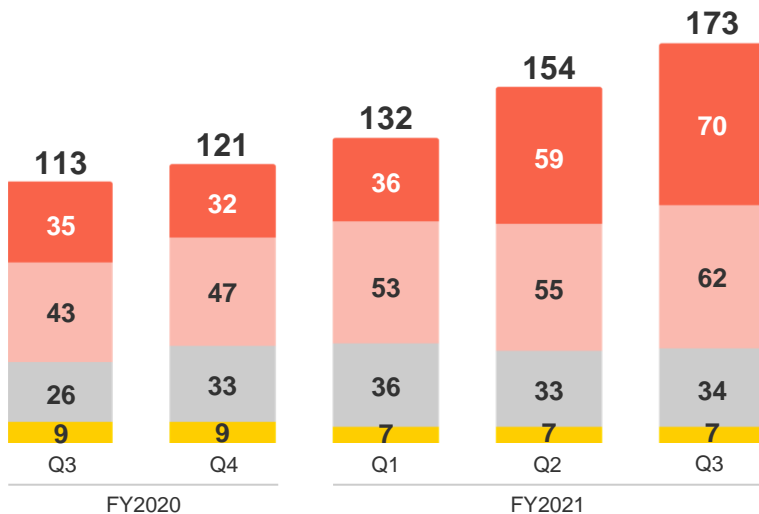
^{*3} : Abbreviation of Research and Development. Calculated by dividing R&D expenses by ICT business segment net sales for each quarterly accounting period.

^{*4} : Abbreviation of General and Administrative. Calculated by dividing Corporate division expenses by ICT business segment net sales for each quarterly accounting period.

Hiring is going well for both engineers and sales Advertising expenses while maintaining efficiency

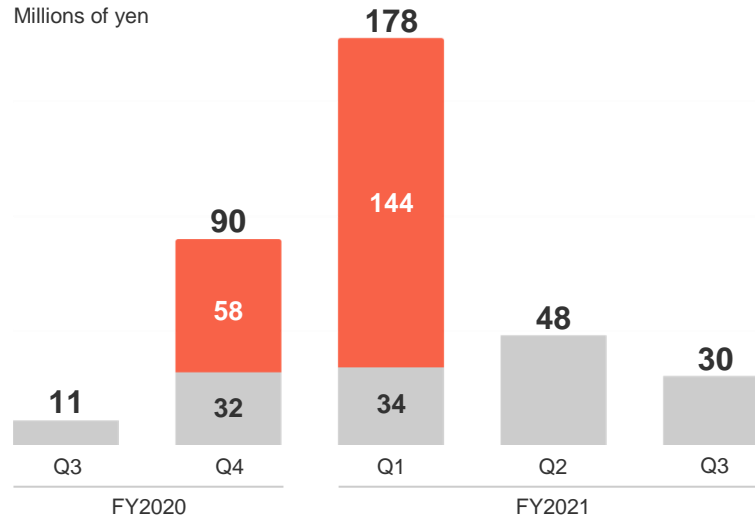
Changes in number of employees *1

■: Product ■: Sales ■: Corporate/Officers ■: ENG business
Number of employees



Advertising expenses *2

■: Advertising expenses (excluding TV commercials related expenses)
■: TV commercials related expenses
Millions of yen



*1: Includes the number of temporary personnel associated with the Sales and Corporate divisions and the number of SES personnel associated with Development (excluding outside officers, etc.)

*2: Q4 of FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

Million yen	FY2018	FY2019	FY2020	FY2021.Q3
Cash and deposits	414	408	469	4,461
Current assets	654	786	820	4,875
Non-current assets	70	79	84	329
Total assets	724	866	905	5,204
Current liabilities	274	405	396	424
Non-current liabilities	167	114	99	48
Total liabilities	442	519	496	473
Total net assets	282	346	408	4,731
<i>Equity ratio</i>	<i>39.0%</i>	<i>39.9%</i>	<i>45.1%</i>	<i>90.9%</i>

Current assets

- Current assets increase due to raised 4,676 million yen through issuance of new shares, disposal of treasury stock, capital increase through third-party allotment related to sale by over-allotment, etc. associated with stock listing in March 2021.

Non-current assets

- Non-current assets increase due to software suspense account associated with progress of SPIDERPLUS renewal increased by 235 million yen.

Current liabilities

- Mainly due to increased in accounts payable.

Non-current liabilities

- Mainly due to long-term loans decreased.

About transfer of engineering business

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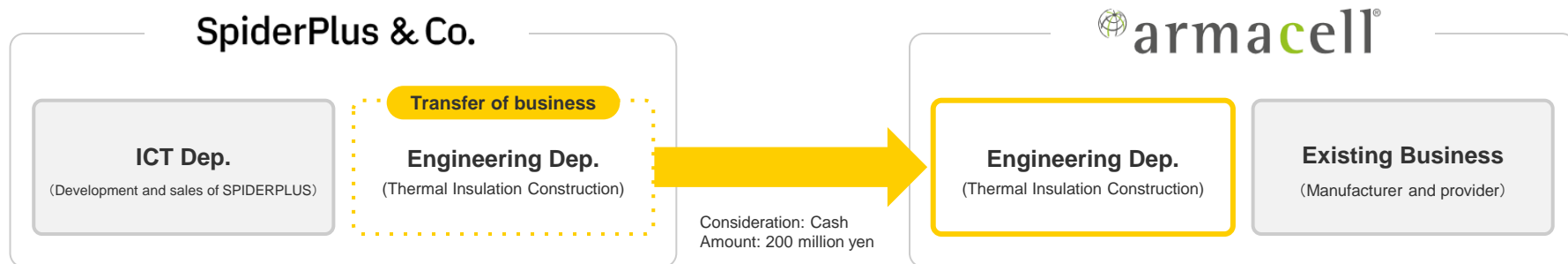
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Selection and integration for ICT business

Conclusion of contract with Armacell Japan K.K. for transfer of business.*1



Reference: FY2021 forecast*2 (unit: millions of yen, persons)

FY2021 Forecast	Net sales	Total assets*3	Employees*3
All of the companies	2,216	5,204	173
Engineering Dep.	262	65	7
Composition ratio	11.8%	1.2%	4.0%

No change of FY2021 forecast due to this matter.

About transferee

Armacell Japan K.K. is a Japanese subsidiary of Armacell International S.A.Group, a Luxembourg-based manufacturer of flexible foam for the equipment insulation market and a leading provider of engineered foams.

Reason for selection of transferee

The manufacturer handles main materials used in the engineering business, and has strong synergies for the engineering.

*1: The transaction is in accordance with the Companies Act and does not require a resolution at a shareholders' meeting of the Company.

*2: Extraordinary income is expected to be recorded in FY2022, but the amount is currently under scrutiny and will be disclosed as soon as it is finalized.

*3: The total assets of engineering business are segment assets. The total amount of total assets and the number of employees are as of the end of September 2021.

Appendix: About SPIDERPLUS

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Achieved digitization (DX) of construction sites

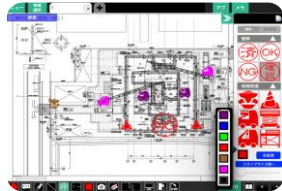
Drawing and site management application



Provides cloud-based centralized management of the massive number of drawings, construction photographs, and inspection records at construction sites

Basic functions of SPIDERPLUS essential in all processes

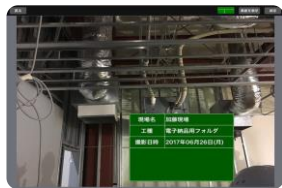
Drawing management



Construction photograph management



Electronic black board



Write a report



Optional functions to accelerate improvement in efficiency

Support for inspection of each construction process

General architecture



Air conditioning and sanitation system equipment



Electric equipment



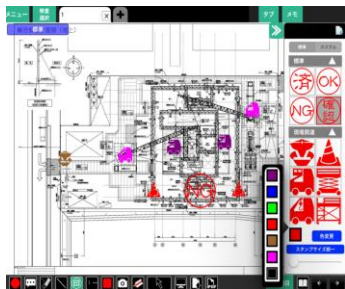
Drawing and site management application



Monthly cost

Basic functions: **3,000** yen/ID
A single ID may be used with up to one tablet, one smartphone, and one PC.

Drawing management



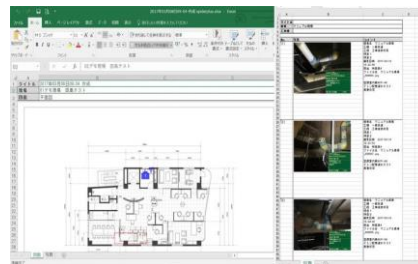
No need to carry a large amount of paper drawings to the site. You can also hold meetings and give instructions on your tablet device.

Construction photograph management



A report can be output immediately **without having to organize the data** after taking photos, as was done with a digital camera in the past.

Write a report



You don't have to paste photos or post notes and **can get the report you need right away**. The format can also be customized.

Electronic black board



You don't have to carry around a blackboard and **can shoot photos with your blackboard equipped tablet yourself**. Also supports electronic delivery according to the guidelines issued by the Ministry of Land, Infrastructure, Transport and Tourism.

We provide fully equipped packaged plans for different industries **with optional functions that can be used in inspecting each process.**

Monthly cost

2,500yen/ID

For general contractors

For electrical equipment subcontractors

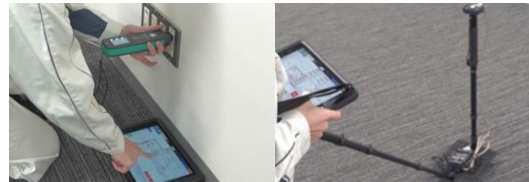
For air conditioning equipment subcontractors



Reinforcement inspection

Construction progress management

- Pile installation record
- Reinforcement inspection
- Finishing inspection
- Construction progress management



Electrical outlet testing

Illumination measurement

- Mainline & AC power supply load transmission equipment
- Electrical outlet testing
- Wattmeter
- Illumination measurement



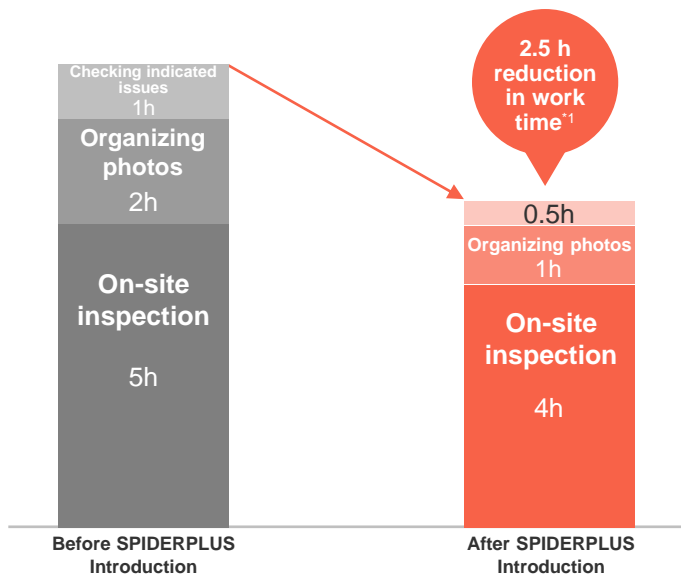
Airflow measurement

Pressure gauge connectivity

- Airflow measurement
- Pressure gauge connectivity
- Thermometer and hygrometer connectivity
- Sound level meter

Achieved with SPIDERPLUS : **Decrease of an average of 2.5 hours/day**
(one customer's experience)

Improvement in user case (per day)



Monthly reduction in time, cost

Monthly running cost

Case showing monthly benefit of use per person²
Approx. **150,000 yen**

Monthly reduction in time, cost

156,250 yen/month

Daily reduction in time: 2.5 hours x 20 days of work/month x (daily salary of 25,000 yen ÷ 8 hours) = 156,250 yen

Monthly running cost

3,000 yen/month

Fee for SPIDERPLUS basic functions: 3,000 yen

¹ The reduction in hours of work is based on the internal reports of one customer company which introduced tablets and SPIDERPLUS.

² Estimated based on a labor cost of 25,000 yen/day, work hours of 480 minutes/day, and 20 working days per month. Initial introduction costs, server charges, tablet costs, communication fees, educational costs, and consumption taxes are not included.

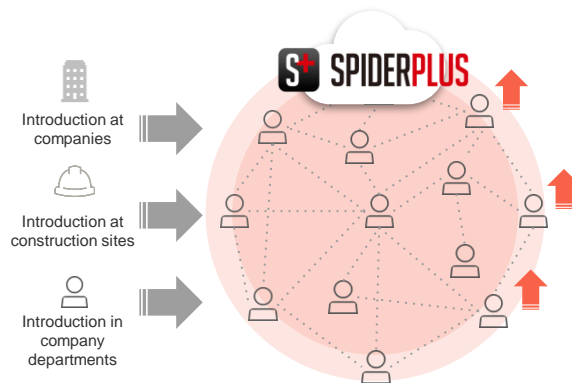
Customer base

Many general contractors, subcontractors, and other operators occupying key positions in the construction industry have introduced SPIDERPLUS.



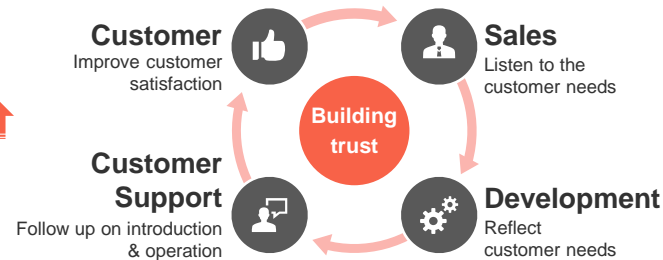
Network effect

As the number of users increases, the opportunities for completing internal and external connections with SPIDERPLUS increase and the value to users also increases.



Customer support structure

We have built a structure for following up on introduction and operation via construction site briefings and a support center, and to rapidly reflect customer needs in development.



Starting from several sites and several IDs at the time of introduction, the number of IDs grew company-wide over several years.

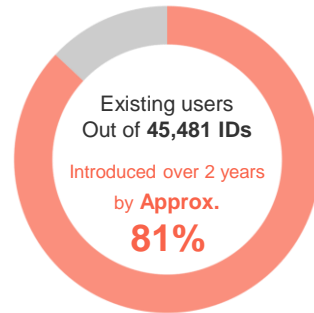
Number of customers by year of introduction and number of IDs composition*1

Customers older than 2 years since introduction make up more than 80% of all IDs.

Customer composition by year of introduction

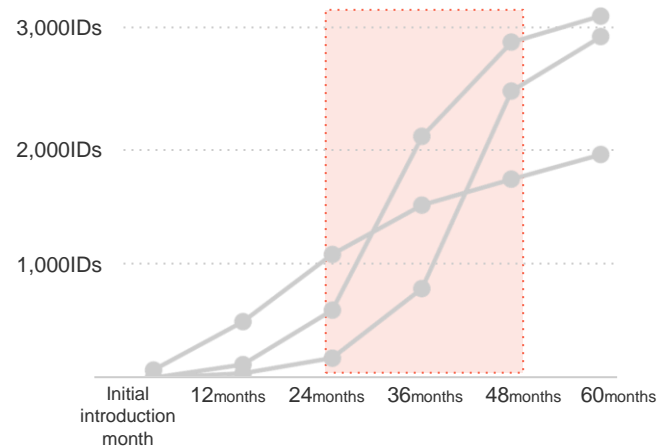


ID composition by year of introduction



Changes in the number of IDs for the top three customers

Over a few years, the increase in the number of IDs among customers accelerated.



*1: Created based on information as of September 30, 2021

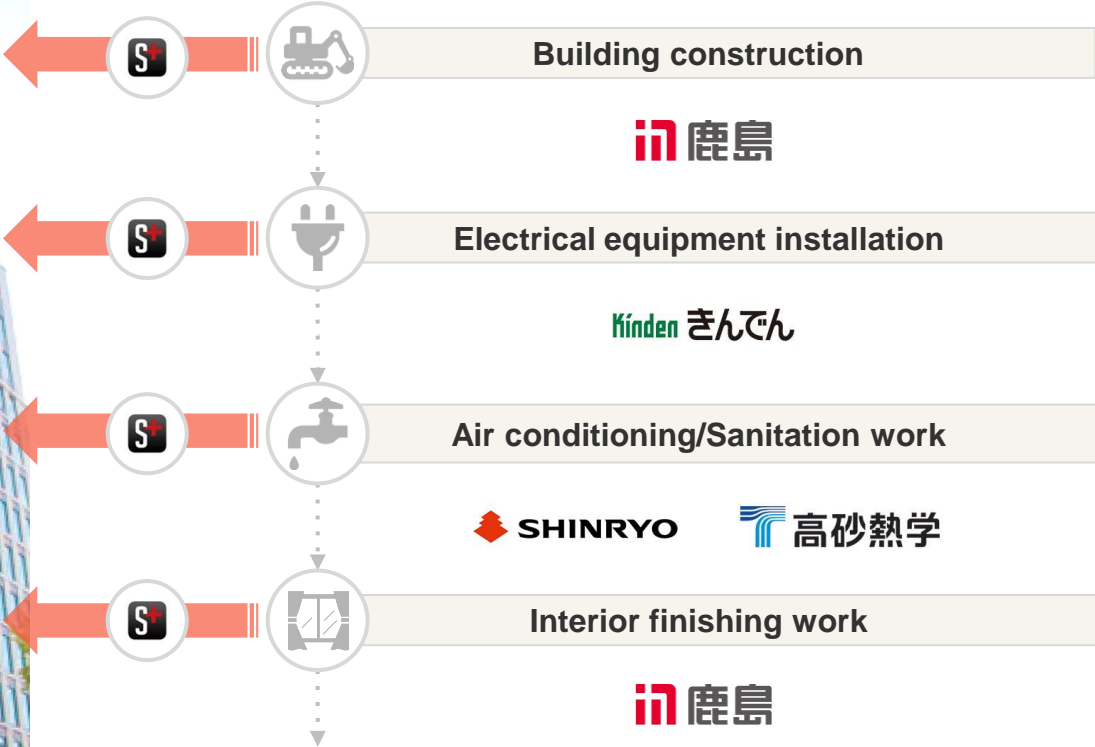
Case of SPIDERPLUS Use



Digitization model site by Kajima Corporation

OBIC Midosuji Building

Centralized management of all processes through completion using SPIDERPLUS as the platform



Appendix: Market Environment

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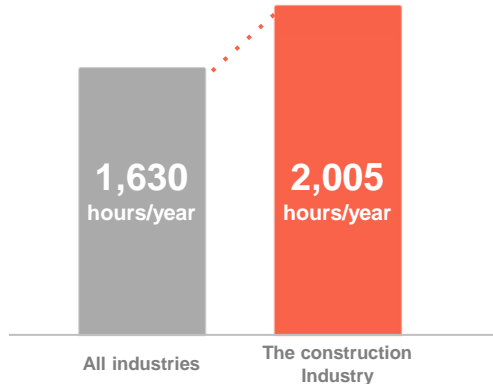
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Radical innovation through technology is an urgent issue.

Working hours

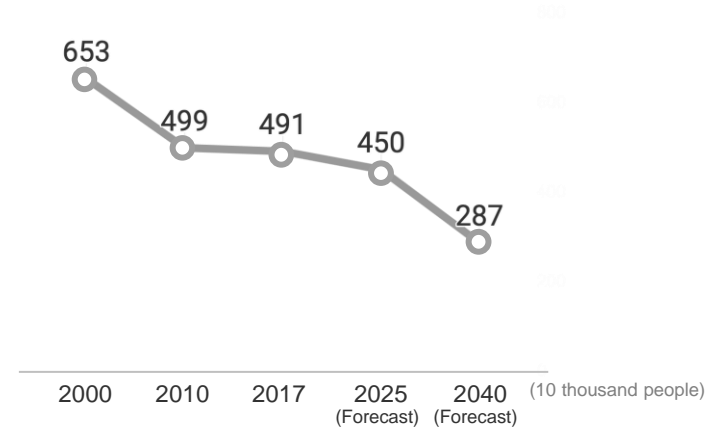
Construction workers
work long hours.¹



¹ Source: Based on the Monthly Labor Survey, September 2020, Ministry of Health, Labour and Welfare.

Changes in employment in the construction industry

There is a shortage of human resources in the construction industry.²



² Estimated based on "Future Strategy of Construction Tech" published March 16, 2020, on NikkeiBP, "Population Basic Complete Tabulation on Labor Force" of "National Census 2015" published by the Ministry of Internal Affairs and Communications and "Forecast of Construction Investment 2020" by the Ministry of Land, Infrastructure, Transport and Tourism. SpiderPlus & Co. estimates that the shortage of workers in the construction industry will grow more severe if the 63 trillion yen in domestic construction industry investment in 2020 stays at the same level through 2040.

Movement toward major changes in workstyles

Establishment of a legal system

Revision of the Act on the Arrangement of Related Acts to Promote Work Style Reform ^{*1}

The **construction industry** was granted a grace period on the maximum cap on overtime work at 45 hours/month and 360 hours/year in principle, with penalties assessed, but will be **subject to the cap from FY2024**.

Revision of the Construction Business Act ^{*2}

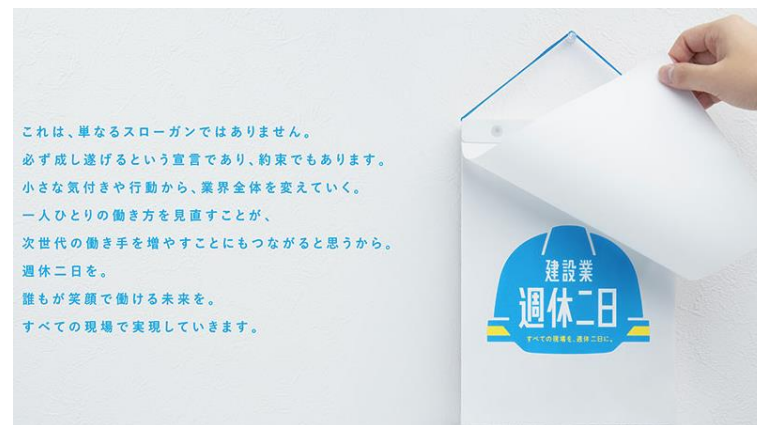
The construction industry plays an important role in supporting people's lives, the society, and the economy. The rapid aging of the construction site workforce and the increasing outflow of young people from the industry has given rise to the need to improve the productivity of construction sites through effective utilization of limited human resources, and other measures. **The revised Construction Business Act was therefore enacted in October 2020** from the perspectives of **promoting workstyle reform in the construction industry, improving productivity at construction sites, and ensuring a sustainable business environment**.

^{*1} Excerpt from the Act on the Arrangement of Related Acts to Promote Work Style Reform (published July 6, 2018), Ministry of Health, Labour and Welfare.

^{*2} Excerpt from Act on Partial Revision of the Construction Business Act and the Act to Promote Public Works Bidding and Contract Normalization (published June 12, 2019), Ministry of Land, Infrastructure, Transport and Tourism.

^{*3} Excerpt from "Changing Workstyles; Changing the Construction Industry," Japan Federation of Construction Contractors.

Industry group initiatives



The Japan Federation of Construction Contractors, an industry organization, **has set the goal of implementing a five-day work week at all construction sites by March 2022.** ^{*3}

Digitalization (DX) is essential to the construction industry.

Domestic construction industry investment **is trending almost flat.**



63 trillion yen (Forecast) ^{*1}
2021 → **2035**

The shortage in the number of **workers** in the domestic construction industry **is increasing year after year.**



1 million workers (Forecast) ^{*2}
2014 → 2025

Future growth of IT investment in the domestic construction industry **is anticipated.**



3.7 X (Result) ^{*3}
2014 → 2019

^{*1} Excerpt from "Middle- to Long-term Forecasts of Construction Investment" (Forecast through FY 2035) (published March 26, 2021, Research Institute of Construction and Economy).

^{*2} Excerpt from Future ConTech Strategy (published March 13, 2020), NikkeiBP.

^{*3} Excerpt from "2020 Enterprise IT Trend Survey Report" and "2015 Enterprise IT Trend Survey Report," Japan Users Association of Information Systems

SOM

Serviceable Obtainable Market

Site foreman
SPIDERPLUS's core target

JPY
24 billion^{*2}

SAM

Serviceable Available Market

All employees of
domestic construction company

JPY
400 billion^{*3}

TAM

Total Addressable Market

The ConTech market size

JPY
900 billion

SPIDERPLUS
ARR 2 billion yen^{*4}

^{*1} : Refers to the maximum market size we estimate and is not calculated to be an objective measure of the size of the market for our business as of November 2021. Actual market size might be different.

^{*2} : Refers to the site foremen working for domestic construction companies with over 30 employees, excluding detached house makers.

^{*3} : Calculated as the number of employees (approx. 3.75 million people) which we estimated as working for domestic construction companies excluding detached house makers (Source: "The 6th Policy Meeting for the Construction Industry—Current Status and Challenges of the Construction Industry—Appendix (July 13, 2017)" by MLIT) multiplied by the monthly largest revenue per user (ID) of SPIDERPLUS as of December 2020 (JPY9,000/ month x12).

^{*4} : As of September 30, 2021.

When Asia is included, **the size of the ConTech market is 4 trillion yen**¹

Asian market

4 trillion yen (Exchange rate: JPY100/USD)

2.1 trillion dollars (Asian construction market size^{*4}) × 1.84% (IT investment^{*3})

Domestic market

**Detached
Homes &
Remodeling**

**274.3
billion yen**

14.9 trillion yen
(Detached
houses &
remodeling
investment^{*2})
× 1.84% (IT
investment^{*3})

Civil engineering

398.7 billion yen

21.67 trillion-yen (civil engineering investment^{*2}) × 1.84% (IT investment^{*3})

Building, condominium & building maintenance

485 billion yen

26.4 trillion yen (building, condominium & building maintenance investment^{*2}) × 1.84% (IT investment^{*3})

SPIDERPLUS: ARR, 2 billion yen^{*5}

**Total
Approx.
900
billion yen**

¹ This indicates the maximum market size that we project and was not calculated for the purpose of showing the objective market size for the business that SpiderPlus is operating as of November 2021.

² Estimate by SpiderPlus & Co. based on "FY2020 Construction Investment Outlook" by the Ministry of Land, Infrastructure, Transport and Tourism, and "Detached House, Remodeling and Repair Industry" by SPEEDA.

³ "2020 Enterprise IT Trend Survey Report" by Japan Users Association of Information Systems.

⁴ Source: SPEEDA, "General Contracting Industry (Asia and Oceania)."

⁵ As of September 30, 2021.

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Factors that could cause results to differ substantially from such forward-looking statements include, but are not limited to, changes in the domestic and international economies and trends in the industry in which we operate our business.

Please note that while we exercise great care on the information included in these materials, we do not guarantee the appropriateness, accuracy, and usefulness of such information.

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