

Think
subscription
support,
think TEMONA

TEMONA. Inc.
Securities code: 3985

Results Briefing Materials for the 2nd Quarter of the Fiscal Year Ending September 30, 2022 (FY2022)

May 2022

Today's Agenda

No	Category	Subtopic	Page
1	Results Summary	Results Summary	04
		Statement of Income (Year on Year)	05
		Statement of Income (vs. Full-year Consolidated Earnings Forecast)	06
		Statement of Income (Quarterly)	07
		Balance Sheet (vs. End of Previous FY)	08
2	Results by Service	Subsc-Store and Tamago Repeat	10
		GMV by Fiscal Year	11
		Other Services	12
3	Growth Strategies (FY2022)	Basic Strategies	14
		Actions in Growth Strategies	15
		Launch of "Subscription Combinator"	16
		Integration of Sackle Inc.	17
		Integration of AIS Inc.	19
		Purpose Formulation	21
Appendix			23

1. Results Summary

Results Summary

- In the second quarter, sales and profits declined due to a decrease in contract development revenues and investment in human resources to strengthen the business foundation
- ARR* increased slightly, while GMV decreased slightly

* ARR is calculated as monthly recurring revenue in the final month of fiscal year x 12 (in accordance with the new revenue recognition standard, as explained later in this document)

Net sales

¥953 million

(down 5.7% year on year)

Progress rate: 39.8%

Ordinary profit

¥49 million

(down 81.1% year on year)

Progress rate: 24.0%

Profit attributable to owners of parent

¥15 million

(down 90.5% year on year)

Progress rate: 11.5%

ARR

¥910 million

(up 1.8% year on year)

GMV

¥74.8 billion

(down 2.8% year on year)

EPS

¥1.43

(down 90.4% year on year)

* Year on year comparisons are based on FY21 non-consolidated figures (unaudited) after application of the revenue recognition standard

* Progress rate is against the consolidated earnings forecast announced on February 10, 2022

Statement of Income (Year on Year)

Current Period: Consolidated Results, Previous Period: Non-Consolidated Results

- Net sales down 5.7% year on year to ¥953 million
- Operating profit down 78.0% to ¥57 million due to higher recruiting and personnel expenses, as well as expenses related to the stock acquisition

(Unit: million yen)

	FY21 2Q non-consolidated results*		FY22 2Q consolidated results		
	Result	Weighting (%)	Result	Weighting (%)	Change (%)
Net sales	1,010	100.0	953	100.0	(5.7)
Cost of sales	255	25.3	281	29.6	10.3
Gross profit	755	74.7	671	70.4	(11.1)
SG&A expenses	496	49.1	614	64.5	23.9
Operating profit	259	25.6	57	6.0	(78.0)
Non-operating income	2	0.2	0	0.0	(81.3)
Non-operating expenses	2	0.2	8	0.9	319.6
Ordinary profit	259	25.7	49	5.2	(81.1)
Extraordinary income	—	—	—	—	—
Extraordinary losses	7	0.7	—	—	(100.0)
Profit before income taxes	252	25.0	49	5.2	(80.5)
Profit attributable to owners of parent	160	15.9	15	1.6	(90.5)

* FY21 results are non-consolidated figures after application of the revenue recognition standard (unaudited)

Statement of Income (vs. Full-year Consolidated Earnings Forecast)

- Although AIS's April-September results are included in the consolidated earnings forecast, they are not consolidated in the 2Q results, and the overall progress rate is about 40%
- Investments in human resources to strengthen the business foundation continued, and SG&A expenses progressed by and large as planned

(Unit: million yen)

	FY22 full-year consolidated earnings forecast*		FY22 2Q consolidated results		
	Forecast	Weighting(%)	Result	Weighting(%)	Progress rate(%)
Net sales	2,394	100.0	953	100.0	39.8
Cost of sales	818	34.2	281	29.6	34.4
Gross profit	1,575	65.8	671	70.4	42.6
SG&A expenses	1,371	57.3	614	64.5	44.8
Operating profit	204	8.5	57	6.0	28.0
Non-operating income	2	0.1	0	0.0	18.3
Non-operating expenses	2	0.1	8	0.9	375.2
Ordinary profit	204	8.5	49	5.2	24.0
Extraordinary income	0	0.0	0	0.0	—
Extraordinary losses	0	0.0	0	0.0	—
Profit before income taxes	204	8.5	49	5.2	24.0
Profit attributable to owners of parent	133	5.6	15	1.6	11.5

* Forecasts are based on the consolidated earnings forecast announced on February 10, 2022

Statement of Income (Quarterly) FY22 2Q: Consolidated Results

- Sales declined sharply in 1Q due to a decrease in contract development revenues, etc., which began to recover in 2Q
- SG&A expenses increased due to continued investment in human resources to strengthen the business foundation, resulting in higher recruiting and personnel expenses

(Unit: million yen)

(Number of persons is the number of permanent and non-permanent employees)

	FY21 1Q non-consolidated		FY21 2Q non-consolidated		FY21 3Q non-consolidated		FY21 4Q non-consolidated		FY22 1Q non-consolidated		FY22 2Q consolidated	
	Result	Weighting (%)	Result	Weighting (%)	Result	Weighting (%)	Result	Weighting (%)	Result	Weighting (%)	Result	Weighting (%)
Net sales	484	100.0	526	100.0	485	100.0	514	100.0	465	100.0	487	100.0
Cost of sales	129	26.8	125	23.9	125	25.9	149	29.1	132	28.6	148	30.5
Gross profit	354	73.2	400	76.1	359	74.1	364	70.9	332	71.4	338	69.5
SG&A expenses	255	52.7	240	45.7	249	51.4	275	53.6	293	63.1	320	65.7
Operating profit	99	20.5	160	30.4	110	22.7	88	17.3	38	8.3	18	3.8
Permanent employees*1	115	—	105	—	111	—	110	—	112	—	121	—
Non-permanent employees*2	7	—	7	—	7	—	12	—	10	—	13	—

* FY21 results are non-consolidated figures after application of the revenue recognition standard (unaudited)

*1 Number of regular employees and executive officers as of the last day of each quarter

*2 Number of fixed-term employees, part-time employees, re-employed post-retirement employees, and dispatched employees as of the last day of each quarter

Balance Sheet (vs. End of Previous FY)

End of Previous Fiscal Year: Non-Consolidated Results

- Cash and deposits decreased by ¥189 million due to the acquisition of AIS shares and repayment of loans payable
- Fixed assets increased mainly due to the goodwill recorded in connection with the acquisition of AIS as a subsidiary
- Liabilities decreased due to repayment of long-term loans and payment of income taxes payable

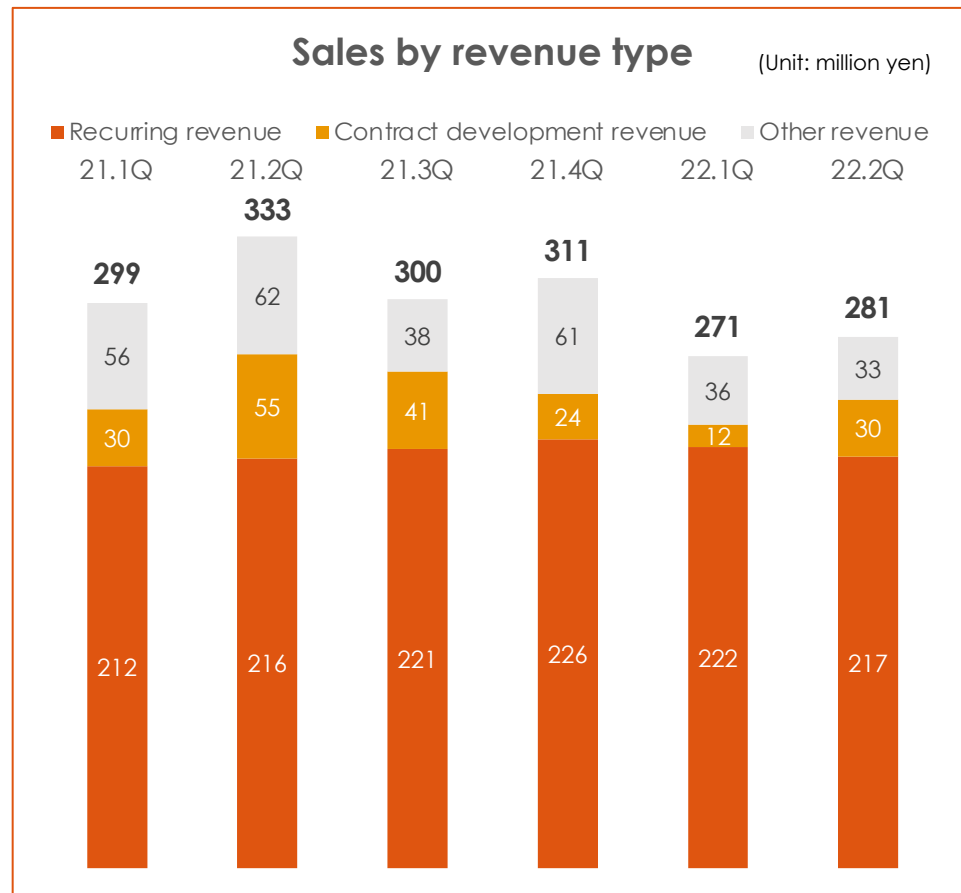
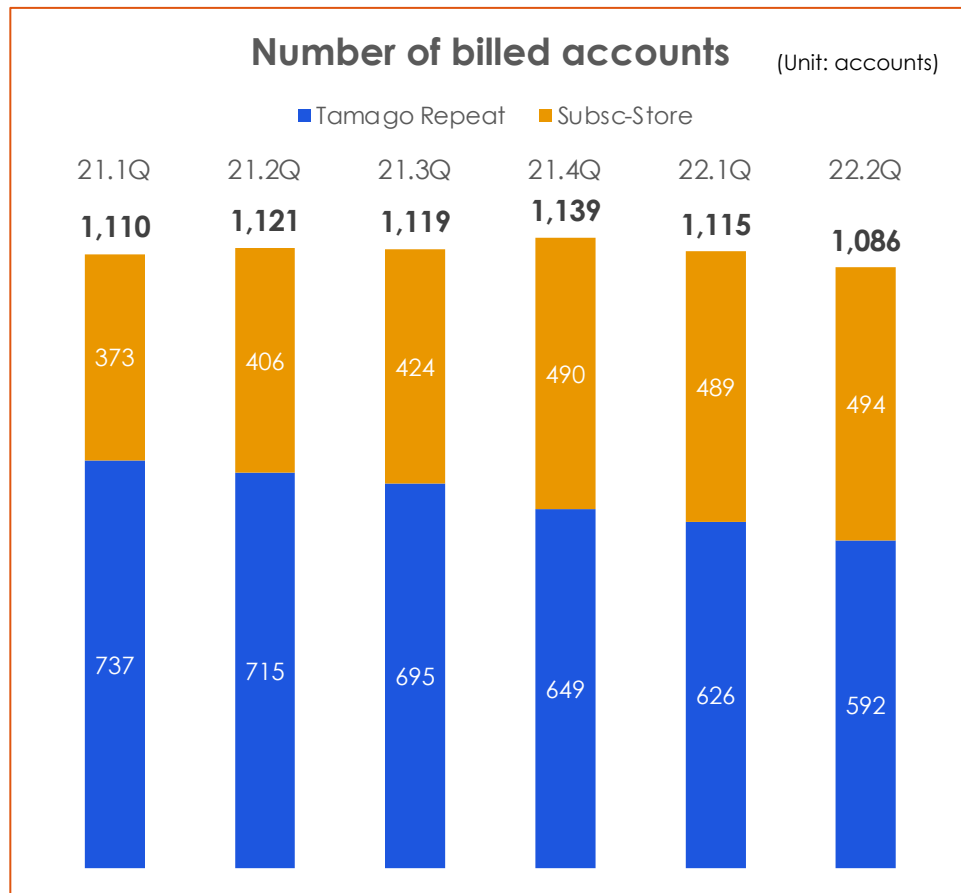
	FY21 year-end non-consolidated	FY22 2Q consolidated	Change
Cash and deposits	1,447	1,257	(189)
Accounts receivable-trade	247	247	0
Other current assets	92	98	6
Total current assets	1,787	1,604	(183)
Property, plant, and equipment	51	48	(2)
Intangible assets	179	239	60
Investments and other assets	170	199	28
Total non-current assets	401	487	86
Total assets	2,188	2,092	(96)

	FY21 year-end non-consolidated	FY22 2Q consolidated	Change
Accounts payable-trade	59	63	4
Other current liabilities	544	486	(58)
Non-current liabilities	223	166	(57)
Total liabilities	827	715	(112)
Capital stock	385	385	—
Capital surplus	375	375	—
Retained earnings	1,178	1,194	15
Treasury shares	(583)	(583)	—
Stock acquisition rights	6	6	0
Total net assets	1,361	1,376	15
Total liabilities and net assets	2,188	2,092	(96)

2. Results by Service

Results by Service: Subsc-Store and Tamago Repeat

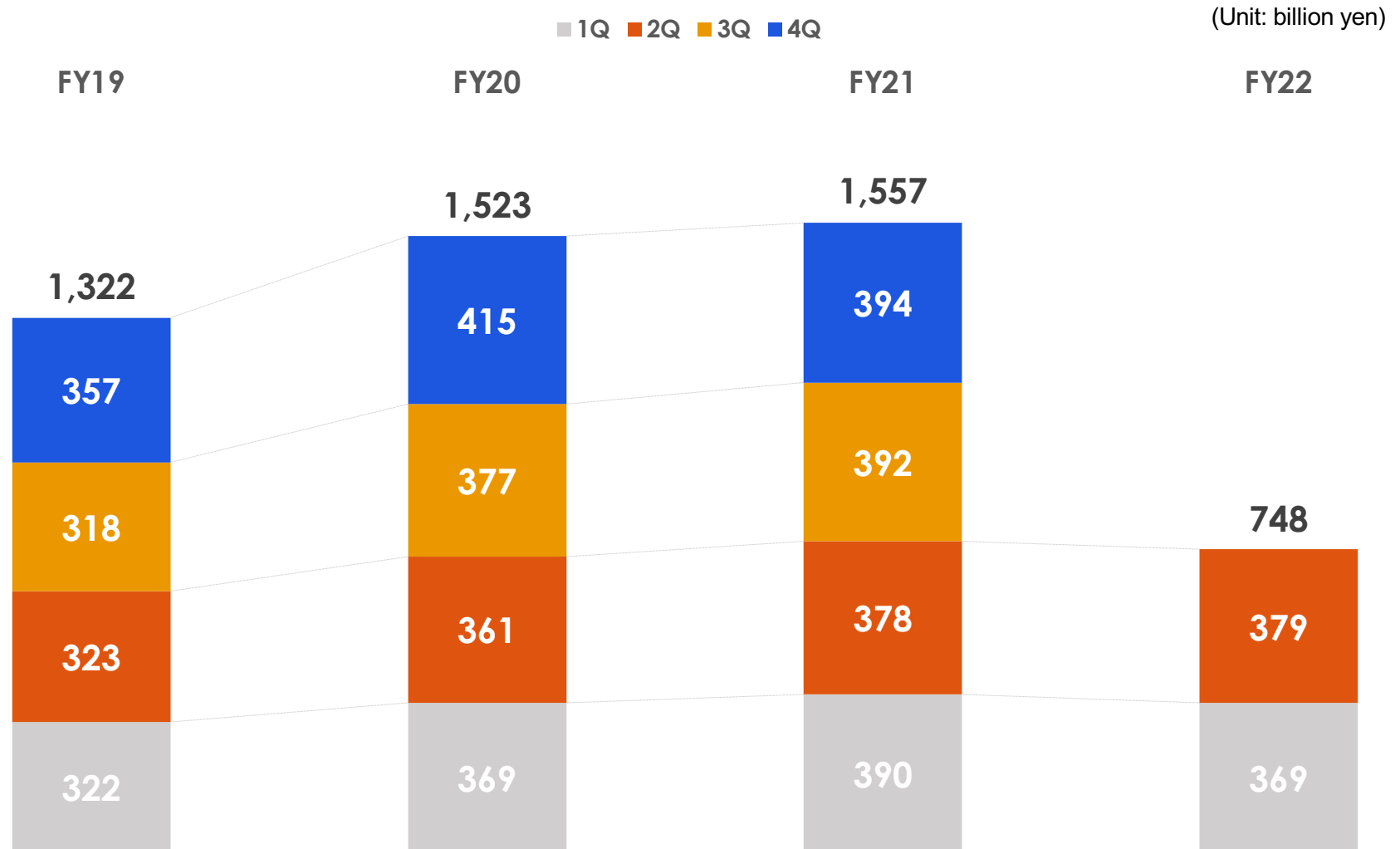
- The number of accounts net decreased due to a failure to acquire new accounts in excess of Tamago Repeat cancellations
- Net sales (revenue) remained at a lower level compared to the previous fiscal year, of which contracted development revenue and other revenue (chatbots) accounts for a significant portion



* FY21 results are non-consolidated figures after application of the revenue recognition standard (unaudited)

GMV by Fiscal Year

Despite a slight overall decline due to a downward trend in the value of cosmetics distribution, we expect that this trend has bottomed out as Q2 GMV was slightly higher than in the same period of the previous fiscal year



Results by Service: Other Services

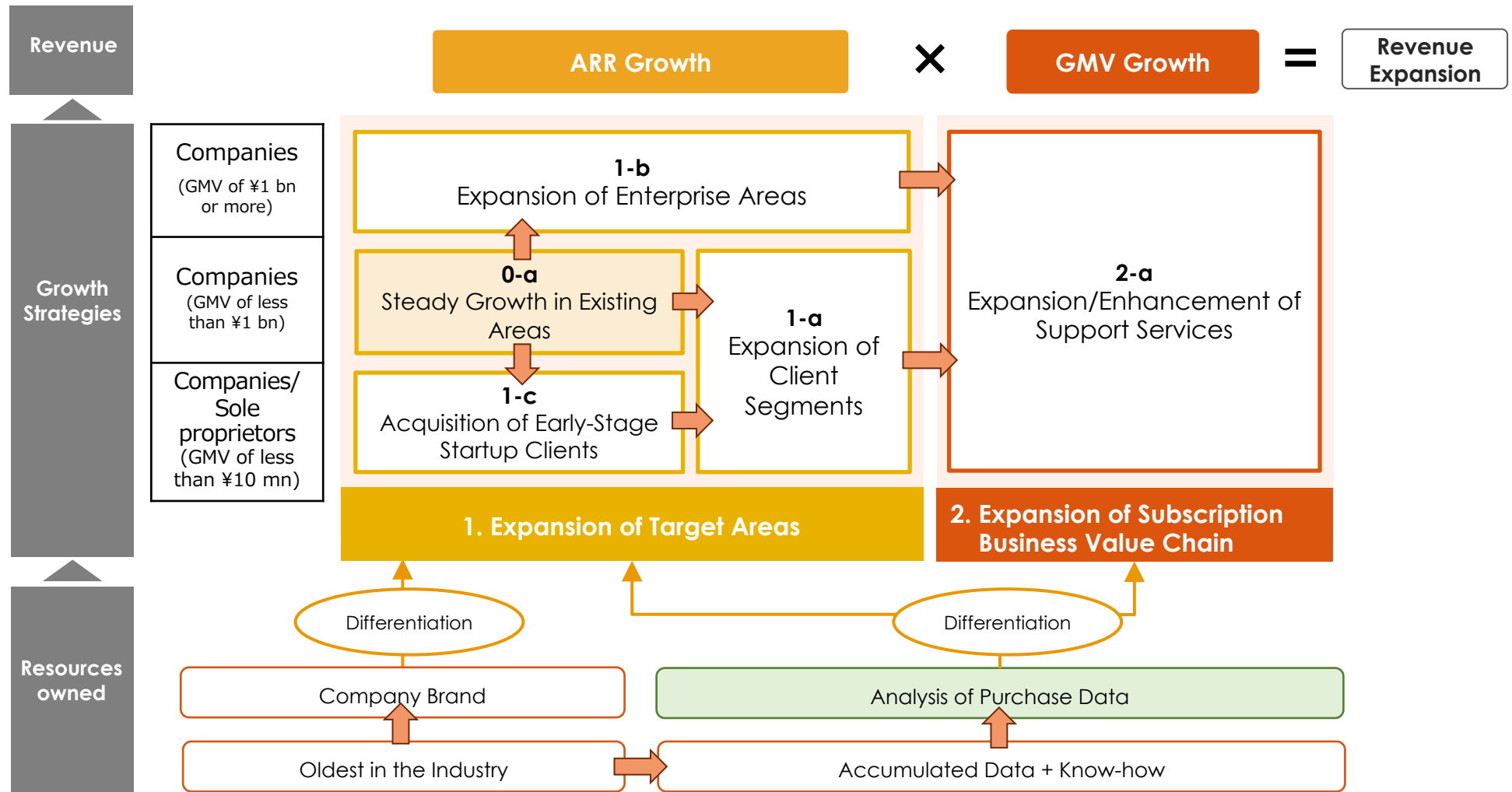
Service	Sales (Unit: million yen)		Change (%)	Explanation
	FY21 2Q cumulative	FY22 2Q cumulative		
Subsc-Store B2B	4	7	153.6	The number of accounts up from 14 in FY21 to 15 in FY22; continuing to work on acquiring new accounts.
Subsc-@	19	11	58.5	The number of accounts (corporate contracts) grew to 160, and recurring revenue increased from ¥2 million to ¥11 million. Overall service sales were down to ¥11 million due to the absence of contract development revenues recorded in the same period of the previous fiscal year.
Payment fee (excluding Subsc-Atobarai)	297	277	93.3	GMV finished at a 2.8% decline, but payment fee income declined 6.7% due to an increase in ID payments and other low-margin payment methods.
Subsc-Atobarai	8	4	58.1	Impact of cancellation by clients with large transaction volumes.
Other	47	99	211.1	Website production service orders associated with Subsc-@ remained strong.

* FY21 results are non-consolidated figures after application of the revenue recognition standard (unaudited)

3. Growth Strategies (FY2022)

Basic Strategies

We will advance revenue base expansion by growing ARR through “Expansion of Target Areas” and growing GMV through “Expansion/Enhancement of Subscription Business Value Chain.”



Actions in Growth Strategies

Launch of “Subscription Combinator” to comprehensively accelerate growth strategies

<Objectives>

- Supporting clients to improve their chances of success in the subscription business with a focus on providing funds
- Providing support through a combination of finance, infrastructure, know-how, data, and community to maximize business growth

Integration of Sackle Inc. to promote “1. Expansion of Target Areas” for ARR growth

<Expectations>

- Provision of centralized and comprehensive support services by experts in everything from system development to marketing
- Provision of comprehensive know-how for DX promotion, from strategy development to operational support
- Strengthening of the Temona Group’s development capabilities, and development and provision of diverse solutions

Integration of AIS Inc. to promote “2. Expansion of Subscription Business Value Chain” for GMV growth

<Expectations>

- Improvement of customer acquisition proposals and marketing strategies in the beauty and health segment
- Contribution to the expansion of client support areas in the advertising and web production segment


Launch of “Subscription Combinator”

We back up business growth by providing support through a combination of finance, infrastructure, know-how, data, and community according to the needs of each client. And we derive a winning pattern for their business to maximize their chances of success through full support for the subscription business with a focus on providing funds.

Financial support	Business operational support	IPO support	M&A matching	Community
<ul style="list-style-type: none"> Investment VC introductions Introductions to banks Government subsidies 	<ul style="list-style-type: none"> Product development System and service provision Advertising management Web production Operation agency services 	<ul style="list-style-type: none"> Introductions to lead managers and auditing firms Support for capital policy Listing strategy development 	<ul style="list-style-type: none"> Introduction of dealing opportunities through accounts within our platform Introduction of M&A deals through our user network 	<ul style="list-style-type: none"> Subscription know-how and knowledge studies, Workshops
				
<ul style="list-style-type: none"> Temona Corresponding banks VC partners 	<ul style="list-style-type: none"> Subsc-Store Subsc-Store B2B ESG team Temonavi 	<ul style="list-style-type: none"> Temona (IPO know-how) 	<ul style="list-style-type: none"> Tamago Repeat Subsc-Store 	<ul style="list-style-type: none"> Book: “A Practical Guide to Subscriptions” Collaboration with the Japan Subscription Business Association

Introduction results

Camera subscription

Camelove, Inc. 

Provided financial support to Camelove Inc., which operates the “GooPass” camera subscription service that supports the activities of creators through the power of products and technology.

Subscription to the training program for growing fertilizer-free and pesticide-free vegetables



AFILIA Co., Ltd.

Provided “subscription know-how” to a project that produces human resources through economic activities that do not burden the ecosystem, and provided support for EC development to companies (human resources) in need of new sales channels.

Integration of Sackle Inc.: Overview of Sackle Inc.

Sackle Inc. specializes in web system development and has the advantage of a centralized and comprehensive support system with experts in everything from system development to marketing. Sackle Inc. joined the Group on April 25, 2022, following the Company's acquisition of all of its shares.

Corporate information

Company name	Sackle Inc.
Established	April 2008
Capital stock	¥35 million
Representative	Fuyuto Murai, Representative Director
Head office	3-8 Kanda Ogawamachi, Chiyoda-ku, Tokyo
Employees	45 (as of the end of March 2022)

Sackle

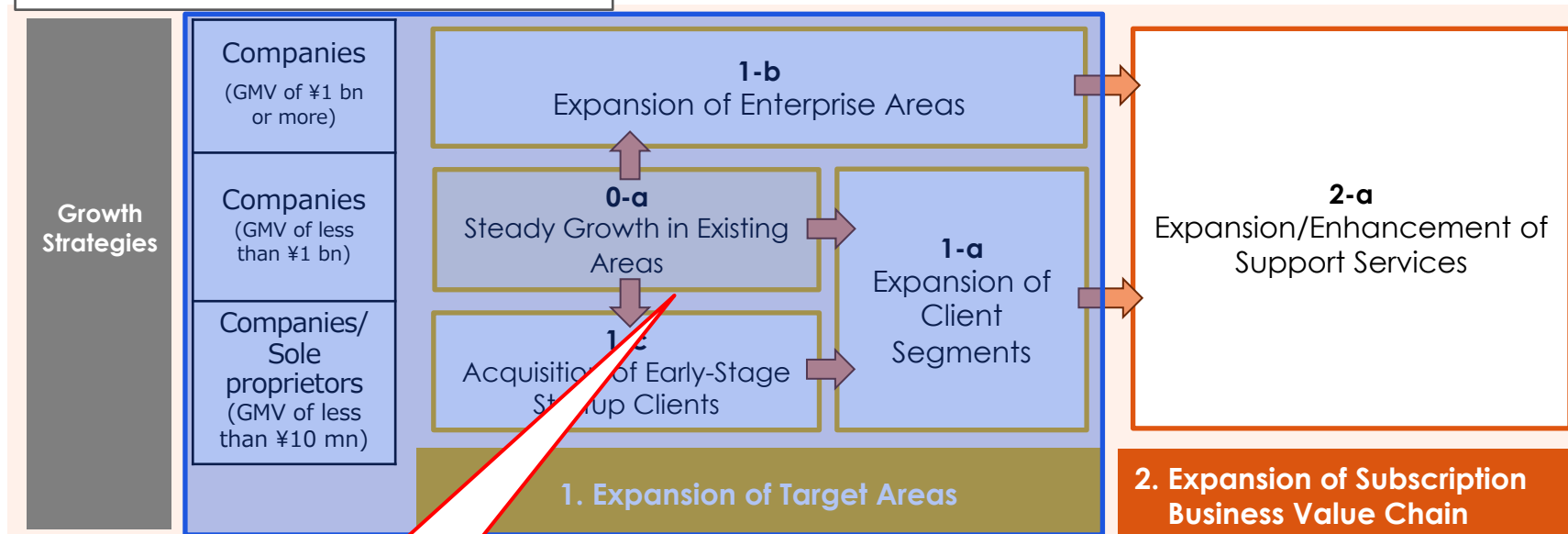
Main businesses

System development business	App development, DX support, web systems, IoT, AWS configuration/support
Design business	Website production, UI/UX, branding, CMS construction, editorial design
Marketing business	Web marketing, SEO, web consulting, RPA implementation, digital advertising, growth hacking, LPO/EFO

Integration of Sackle Inc.: Positioning

- Centralized and comprehensive support system by experts in everything from system development to marketing
- Extensive experience in DX promotion through direct end-user transactions

Basic strategies diagram (excerpt from p.14)



Strengthened by Sackle's inclusion in the Group

- Can provide new knowledge for upgrading Subsc-Store with their high affinity for system development, including enhancing the feature development of existing businesses (0-a)
- Will help respond to increasing demand for Subsc-Store customization in the enterprise area (1-b)
- Will help achieve the development and provision of diverse solutions to support subscription businesses

Integration of AIS Inc.: Overview of AIS Inc.

AIS Inc. specializes in repeat mail-order sales and provides contracted LP and web production, focusing on marketing support. And it is particularly strong in customer acquisition in the beauty and health-related merchandise segment. AIS joined the Group on March 1, 2022, following the Company's acquisition of all of its shares.

Corporate information

Company name	AIS Inc.
Established	February 2015
Capital stock	¥40 million
Representative	Masayuki Shimizu, Representative Director
Head office	1-14-5 Sugamo, Toshima-ku, Tokyo
Employees	10 (as of the end of March 2022)



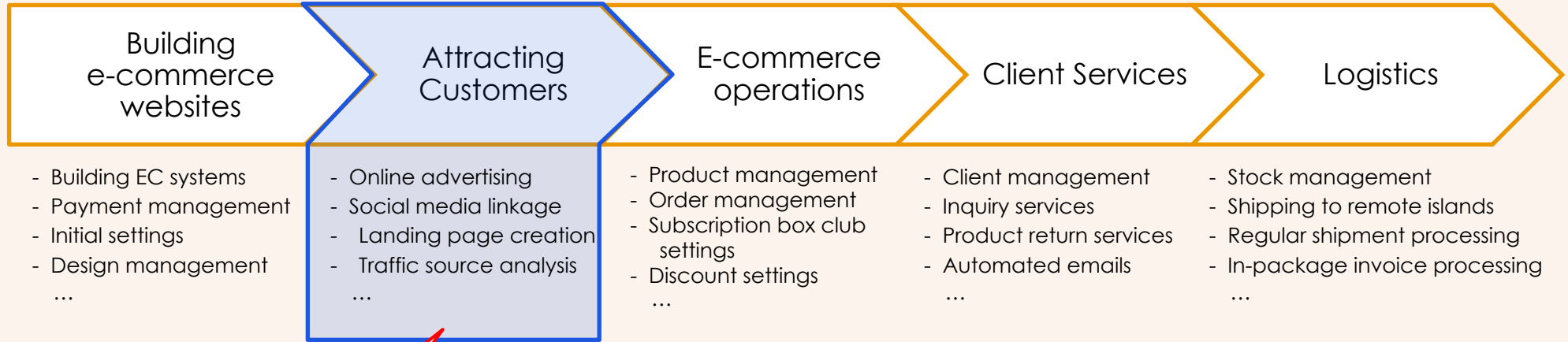
Main businesses

Web advertising business	Creation, delivery, analysis, and operation of web advertisements
LP and web production contract business	Creation and renewal of corporate/brand websites and landing pages, creative production of banners, etc.

Integration of AIS Inc: Positioning

- Improvement of customer acquisition proposals and marketing strategies in the beauty and health segment
- Contribution to the expansion of client support areas in the advertising and web production segment

Diagram of subscription business value chain expansion (excerpt from the Medium-Term Management Plan)



Strengthened by AIS' inclusion in the Group

Strong customer acquisition for regular e-commerce in the beauty and health segment = strong affinity with the Company

Will strengthen support for attracting customers, including customer acquisition proposals in the beauty and health segment.

+

Will provide services in the areas of advertising and production to existing clients with the aim of expanding GMV and reducing the number of businesses withdrawing from the market.

Purpose Formulation

TEMONA's Purpose

Enriching the world through subscriptions

Subscriptions are stable, profitable, and sustainable for operators, and are less susceptible to external factors in a rapidly changing world.

As subscriptions expand, more and more businesses will be able to provide essential, high-value services and pursue continued customer satisfaction, thereby resulting in a more prosperous society.

Our purpose is to enrich the world through subscriptions by supporting businesses with our subscription-specific technologies and know-how.

TEMONA

サブスクといえばテモナ。

Appendix

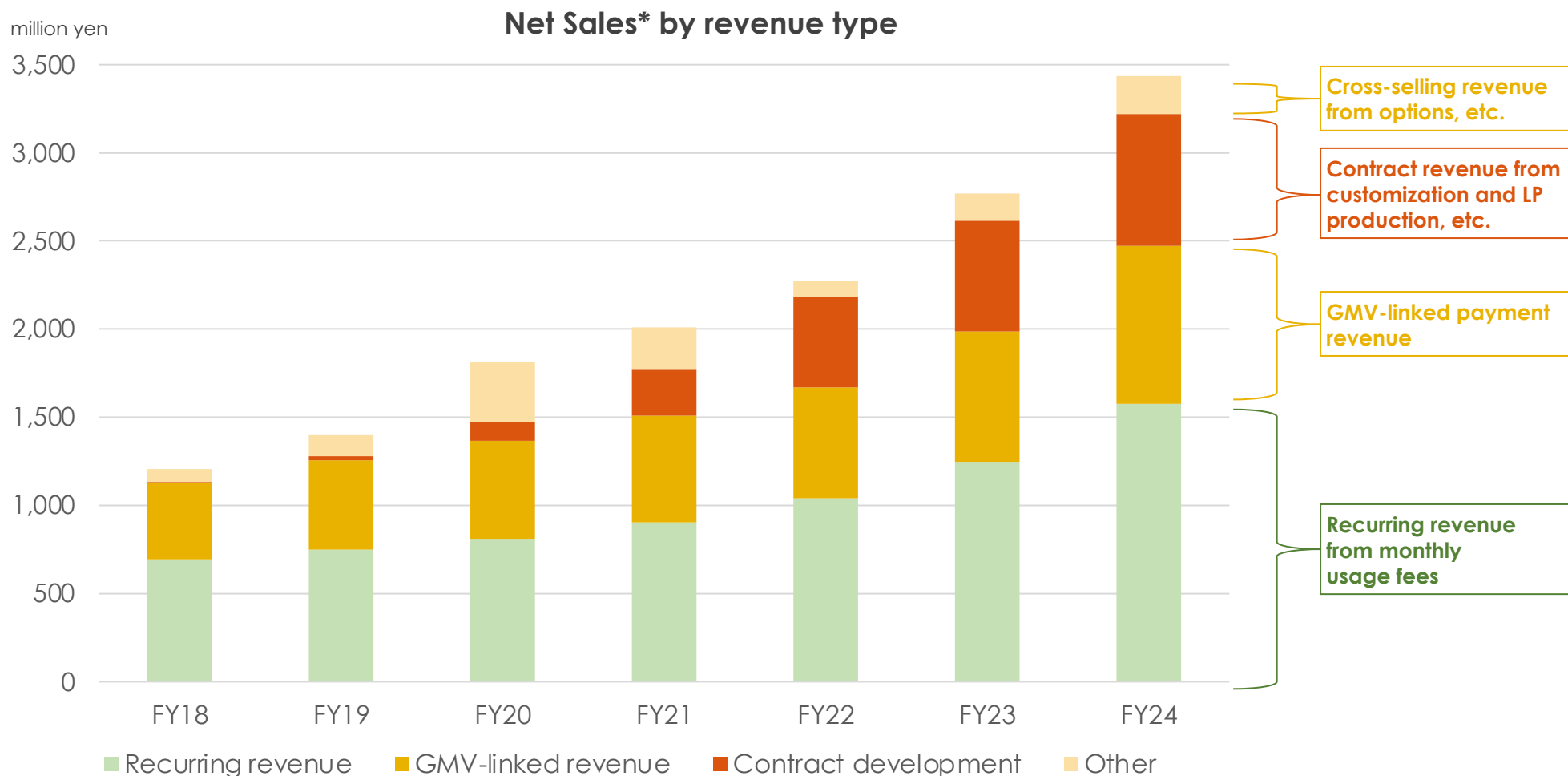
Contents: Appendix

No	Topic	Title	Page
1	Revenue Structure and Changes in Business Results	Revenue Structure	26
		ARR	27
		GMV by Client Segment (Quarterly)	28
2	About TEMONA	Company Overview	30
		TEMONA's Core Competence	31
		Medium-Term Management Policy	32
		Medium-Term Targets and Growth Strategies	33
		Revenue Growth Vision	34
		Business Model	35
		Business Diagram	36
		Main Services Provided	37
		Service Overviews	38
SDG Initiatives	42		
3	Disclaimer		43

1. Revenue Structure and Changes in Business Results

Revenue Structure

The Company's revenue structure is divided into four major categories: recurring revenue, which consists of monthly usage fees (the basis for ARR, a KPI); payment revenue, which is linked to GMV; contract development revenue, such as customization; and revenue from other optional services.



*Figures after applying revenue recognition standard (unaudited)

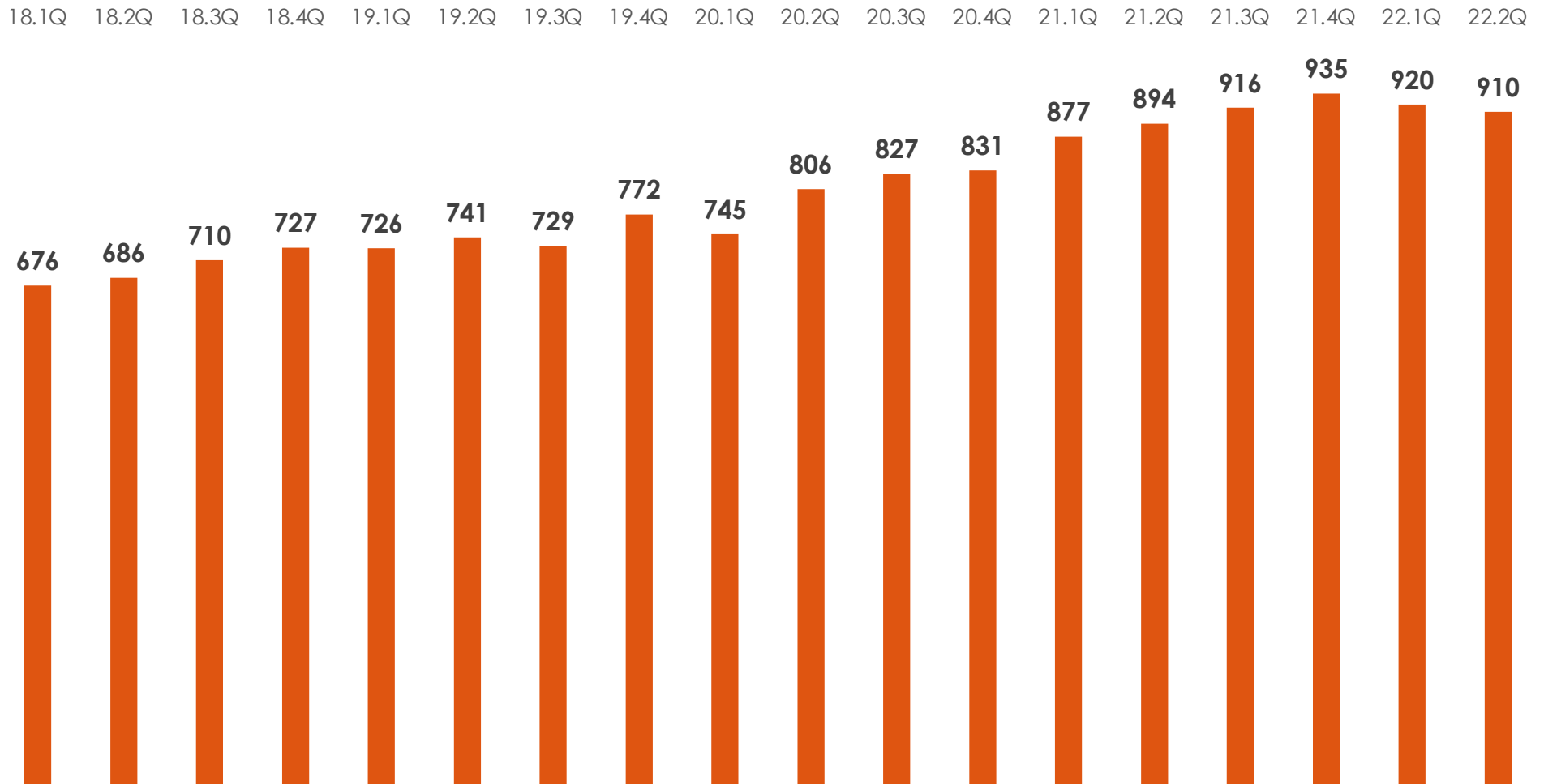
ARR

CAGR 8.2%

Note 1: Annualized growth rate from 1Q FY2018 through 4Q FY2021

Note 2: Recurring revenue of final month of each quarter multiplied by 12 (after application of new revenue recognition standard)

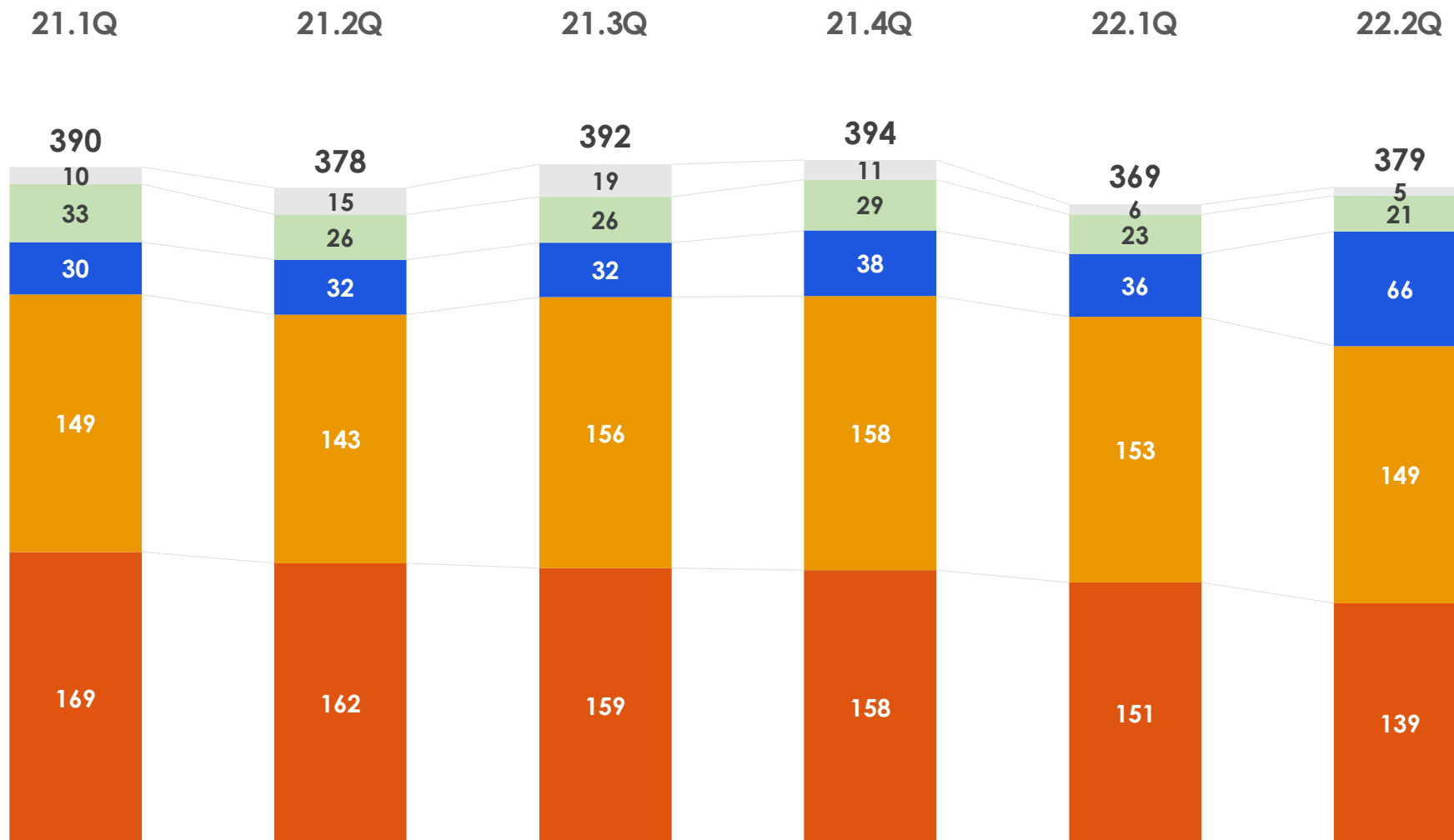
(Unit: million yen)



GMV by Client Segment (Quarterly)

Growth QoQ in the food segment extended due to increased EC demand for food products as a result of the Omicron variant epidemic.

■ Cosmetics, pharmaceuticals
 ■ Health foods
 ■ Food, alcoholic/non-alcoholic beverages
 ■ Household/interior goods, furniture
 ■ Other



2. About TEMONA

Company Overview

As subscriptions expand, more and more businesses will be able to provide essential, high-value services and pursue continued customer satisfaction, thereby resulting in a more prosperous society. Our purpose is to enrich the world through subscriptions by supporting businesses with our subscription-specific technologies and know-how.

About the Company

Company name	TEMONA. Inc.
Established	October 2008
Capital	¥385.07 million
Representative	Hayato Sagawa, president & representative director
Headquarters	2-12-19 Shibuya, Shibuya-ku, Tokyo
Employees	110 (as of March 31, 2022)

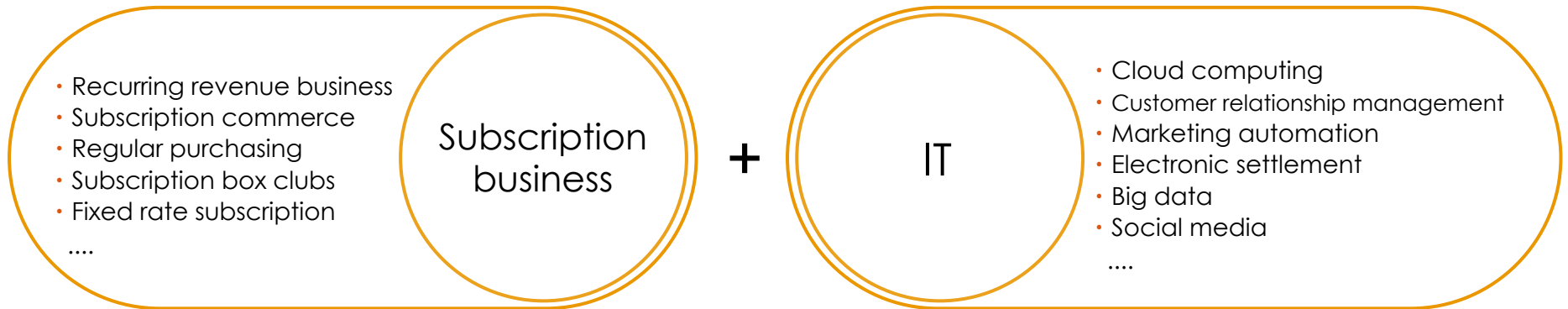
Main services provided



TEMONA's Core Competence

TEMONA helps clients to improve their capital productivity and labor productivity by providing services combining subscription business and IT support.

TEMONA is a subscription business support provider.

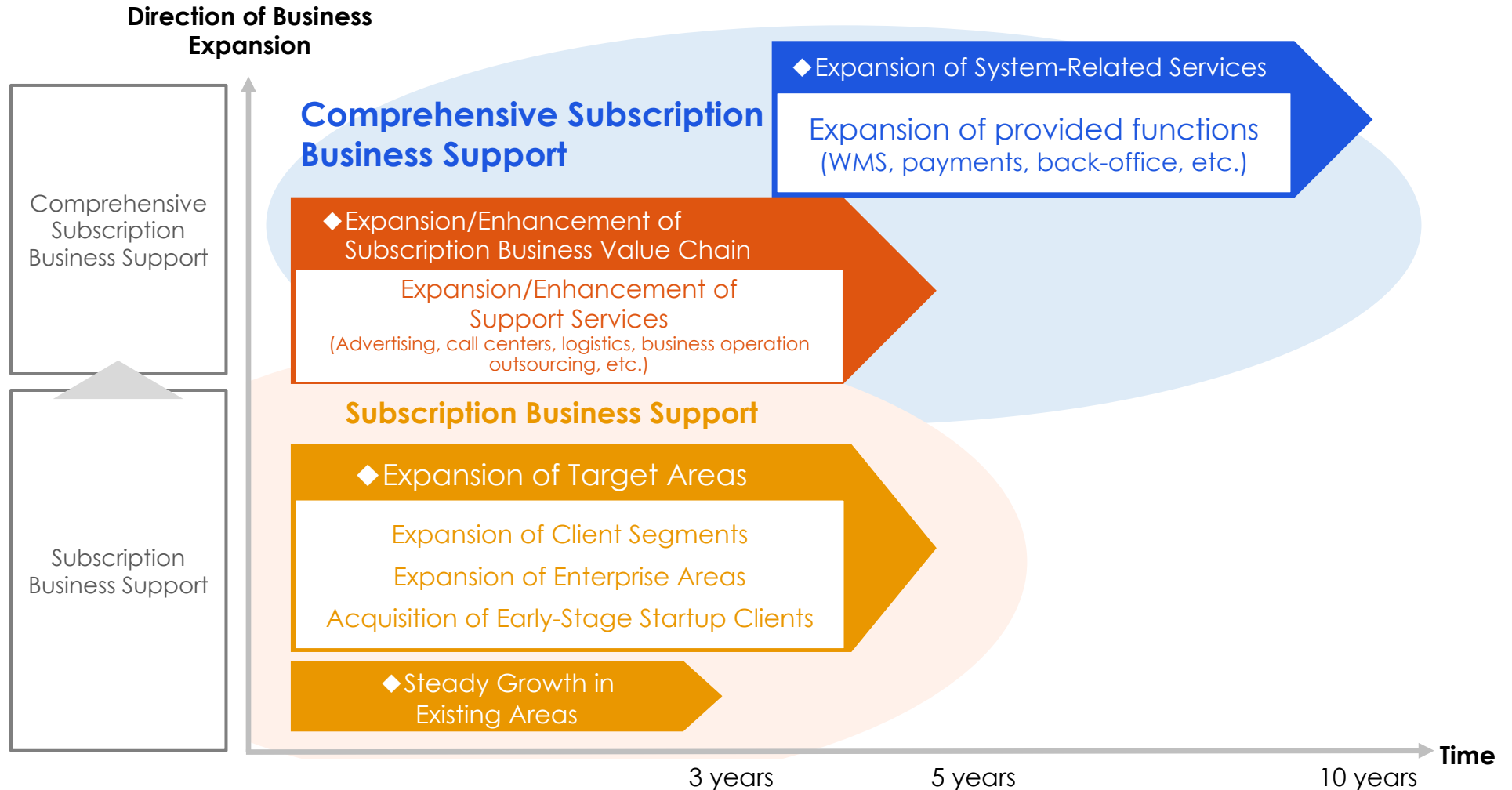


Supporting **capital productivity enhancement** by harnessing subscription business knowhow backed by purchase data exceeding GMV of ¥150 billion

Harnessing IT (software development and e-commerce operations support) to improve operational efficiency of subscription businesses, thereby helping to **enhance labor productivity**

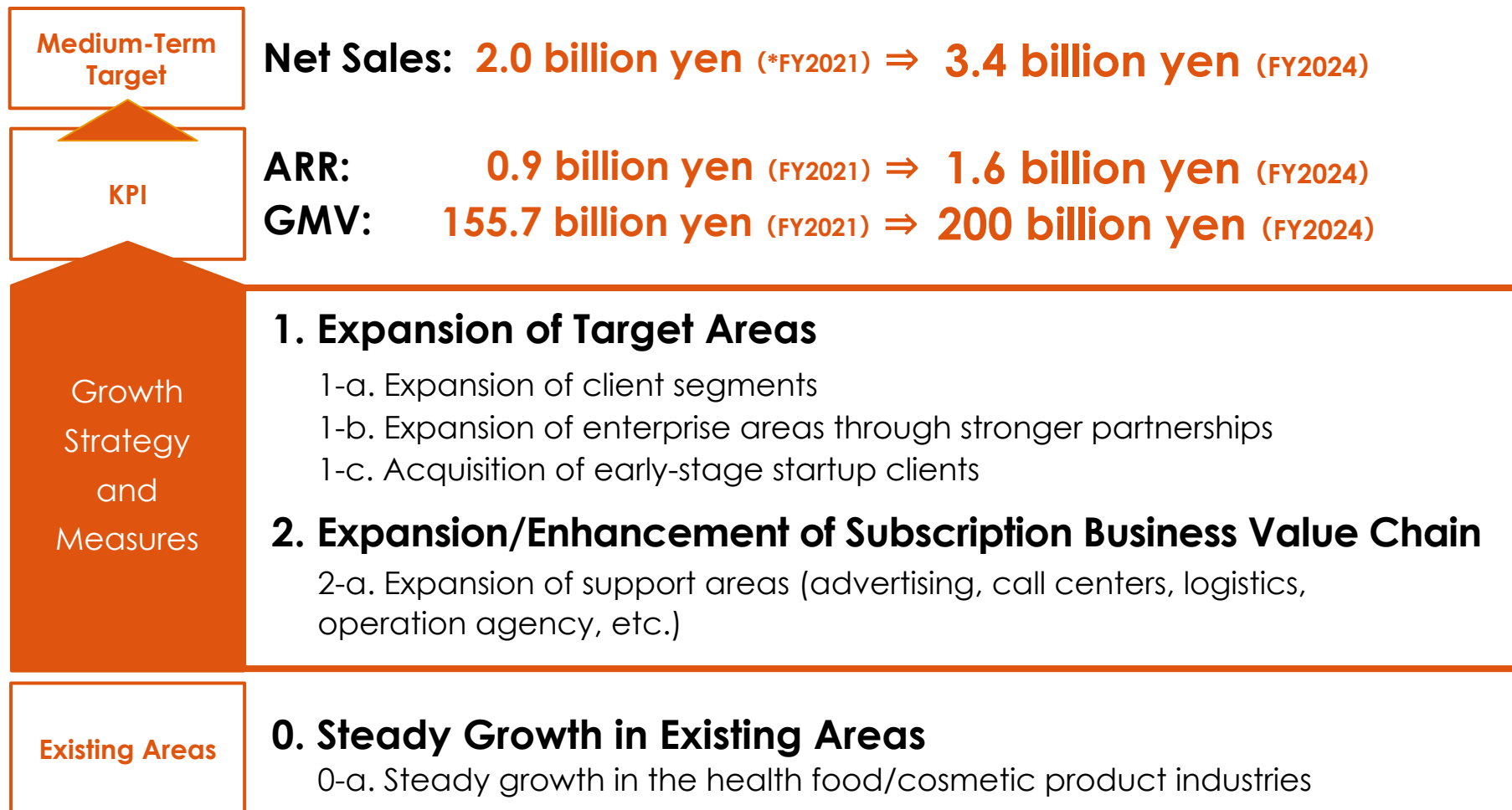
Medium-Term Management Policy

Temona aims to be a **comprehensive subscription business support provider** through providing a wide range of solutions to support subscription businesses and becoming essential for their success.



Medium-Term Targets and Growth Strategies

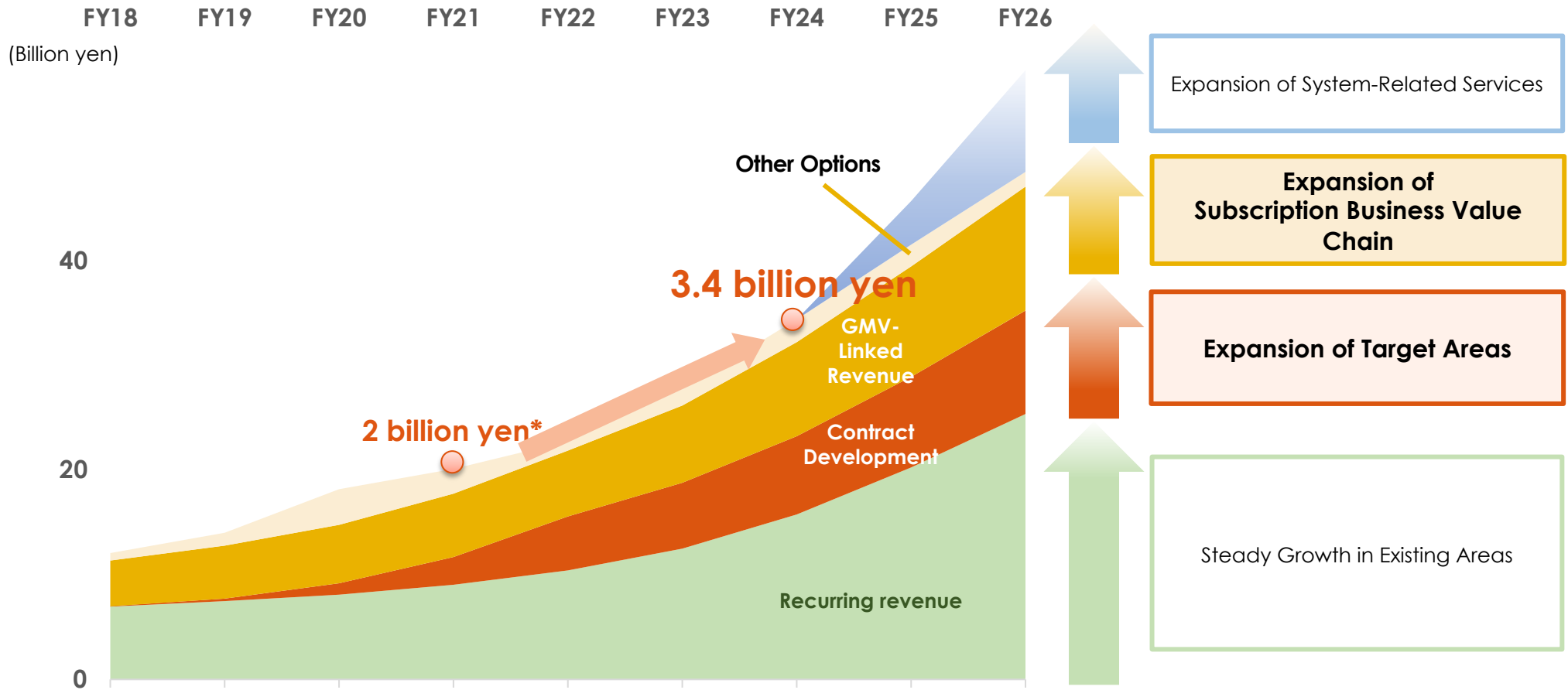
The three-year period covered by the medium-term management plan is positioned as a period of preparation for further growth. We will 1. Expand Target Areas and 2. Expand the Subscription Business Value Chain. The medium-term target will be to achieve a net sales figure of 3.4 billion yen in FY2024 (ending Sept. 30, 2024).



*Figures after applying revenue recognition standard (unaudited)

Revenue Growth Vision

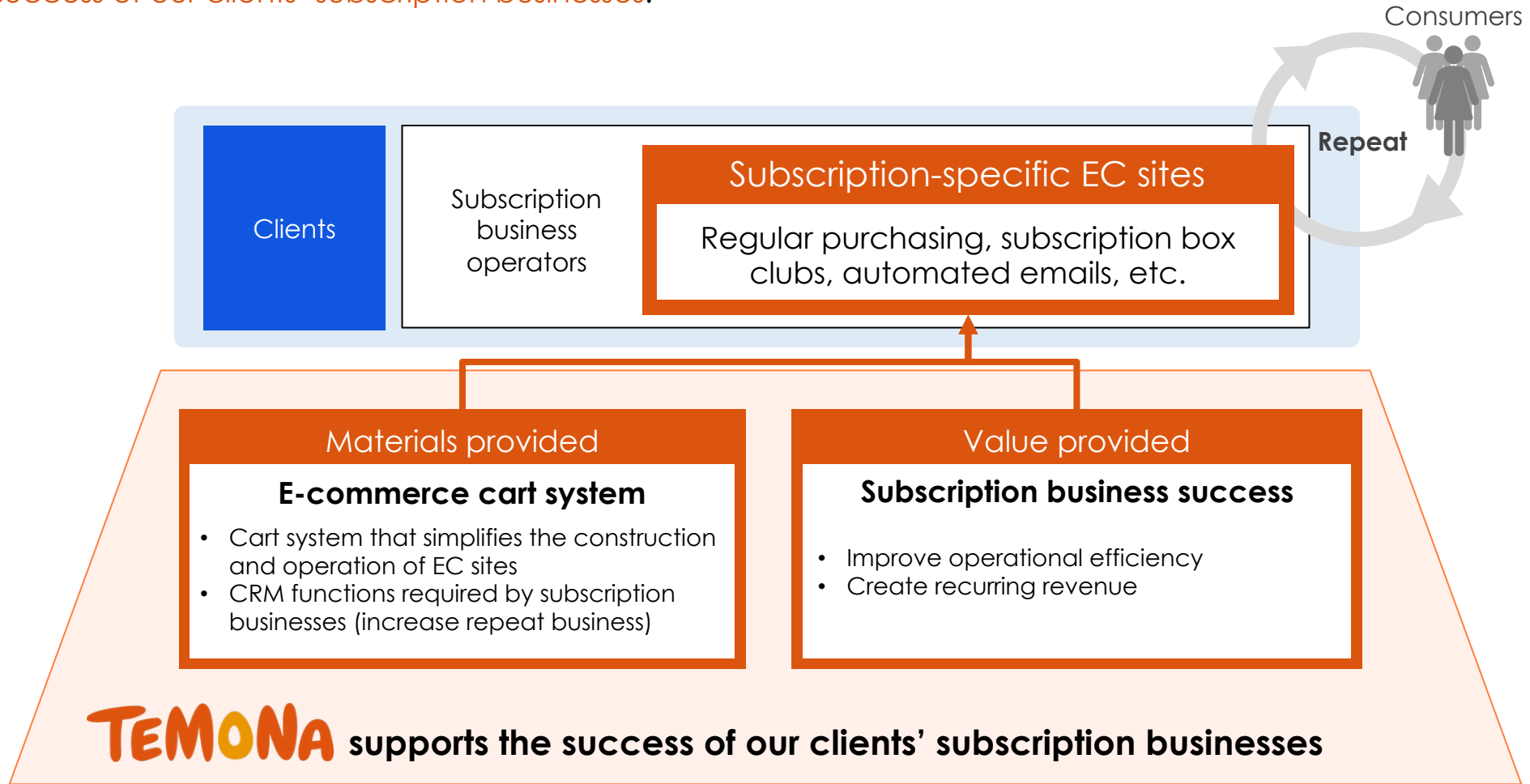
With the “Expansion of Target Areas,” we will maximize recurring revenue and contract development revenue, and maximize GMV with “Expansion/Enhancement of Subscription Business Value Chain”, thereby achieving more revenue growth than ever before.



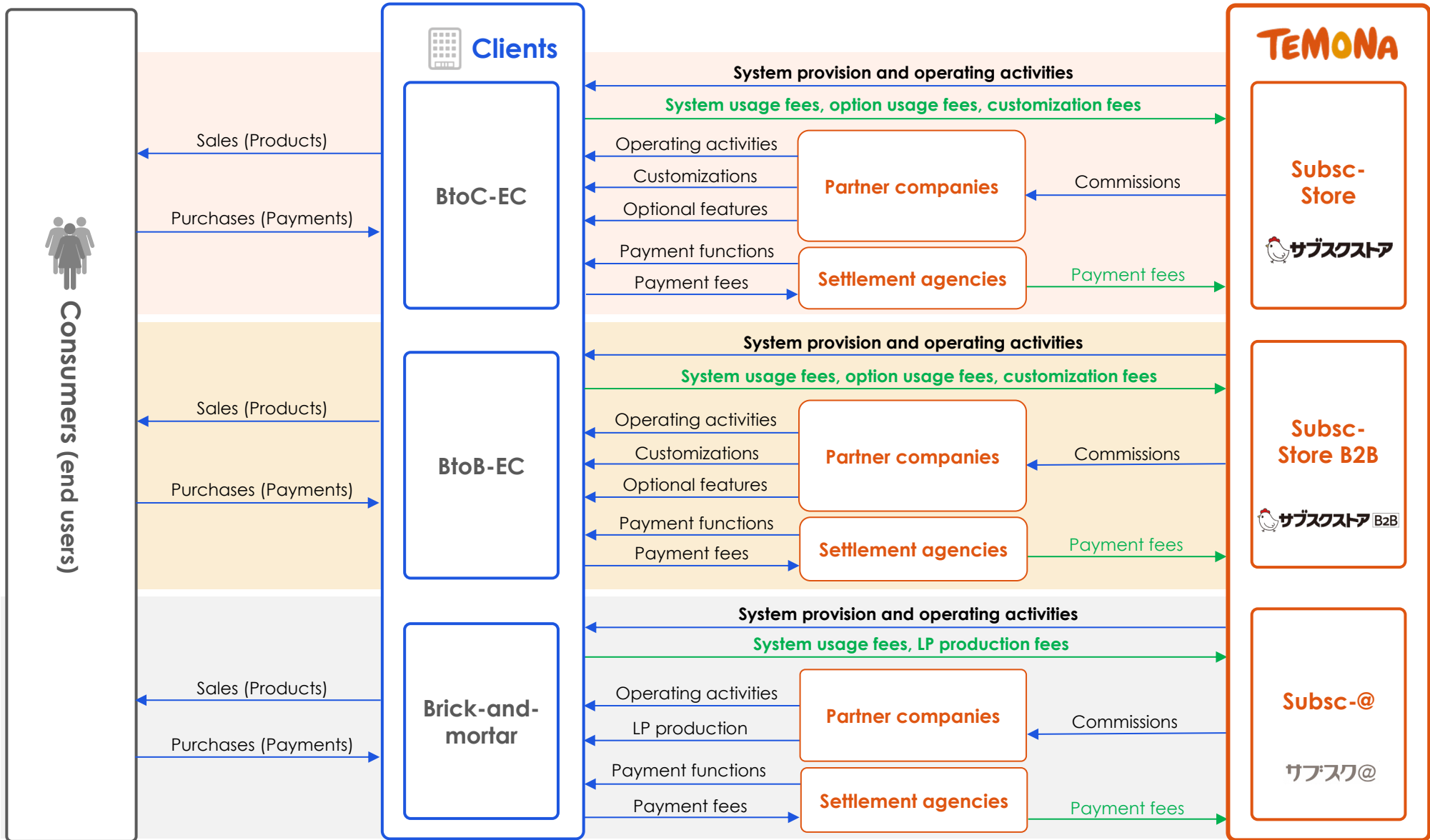
*Figures after applying revenue recognition standard (unaudited)

Business Model

Temona provides an e-commerce cart system as well as operational support services to support **the success of our clients' subscription businesses.**



Business Diagram



Main Services Provided

Focusing on Subsc-Store, our cloud-based e-commerce platform specializing in subscription commerce, we provide a wide range of services necessary for subscription businesses, such as business and operational support services.

Cloud-based e-commerce platforms



Subscription Business support services



Subscription Operational support services



Service Overview: Subsc-Store

サブスクストア

サービス一覧 料金プラン 導入事例 資料一覧 お問い合わせ 資料請求

定期通販・サブスクリプション事業の
販売効率と売上をあげる！

国内トップクラスのサブスク支援事業のデモナ
1,100社のノウハウを凝縮！

市場シェア No.1
年間取引総額 1,523億円
導入アカウント数 1,000以上

お問い合わせ 資料請求



Subsc-Store is a cloud-based system that enables users to centrally manage regular purchase systems/carts for the kind of product and customer management required for single item e-commerce, D2C, and subscription businesses.



Pricing plans (not incl. tax)	
Standard Plan	¥49,800 per month
Premium Plan	¥79,800 per month
Expert Plan	Varies depending on what kind of development work is required

Service Overview: Tamago Repeat



リピート通販企業のための、究極のクラウド型通販システム。

「定期購入」なら、たまごリピート

ショッピングカート
コールセンター (CTI連携OK)
ステップメール
分析 (広告・CRM・定期リピート)

Tamago Repeat is a mail-order system (with a shopping cart feature) that automates all online shopping operations and that is tailor-made for subscription business and subscription box club business.



Pricing plan (not incl. tax)	
ASP Plan	¥49,800 per month
Gold Plan	¥79,800 per month

Service Overview: Subsc-Store B2B



王子サーモン
Since 1967



兼松ウェルネス株式会社



Takakura



morry's
I like myself even better.
All thanks to the beauty skin.



※サブストアシリーズの導入企業です

Subsc-Store is a one-stop operations support tool for B2B subscription businesses in a wide range of industries. Suitable for wholesale, professional, and consulting services, property rental, maintenance services, group membership fee subscriptions, etc.

Pricing plan (not incl. tax)

¥79,800 per month

Service Overview: Subsc-@

サブスクストア サービス一覧 資料一覧 コミュニティ

サブスク@ 「サブスク@」とは サブスク@ができること お問い合わせ 資料請求

店舗事業者向けサブスク・ECサービス

導入数 1000店舗以上の サブスク@

店舗でしか買えない商品や施術チケットの販売ができます

1,000店舗以上の開設実績

1店舗月商 1,400万円の売上実績

全国10社以上のメーカー・ディーラー様と提携

お問い合わせ 資料請求

サブスク@

CATEGORY

OFFICIAL PARTNER HOLISTIC cures

Blossom

CMG

e.m.a
Esthetic Method Association

H Company
HAIR DESIGNING SALON

THEKID

TJ
天気予報

イルカ整骨院

SEVEN
by P

Subsc-@ is a cloud system dedicated to supporting brick-and-mortar store subscriptions. Features include subscriber perk and discount voucher issuance, subscriber management, payment settlement, and store visit reservations, as well as notifications to encourage subscribers to visit stores.

Pricing plan

Please contact us for details

SDG Initiatives



- Our subscription model makes demand more predictable, and production more planned and less wasteful
- We support the shift to paperless operations by converting existing businesses to EC (cloud-computing)



- We transitioned to a hybrid model with remote work beginning in March 2020 to provide a flexible work style
- Lowered energy consumption through optimized office use and reduced commuting



- We promote the employment of women, and the ratio of female employees increased from 20.9% in 2017 to 36.8% in March 2022
- We also encourage employees to return to work after maternity leave (2 employees have already returned to work)



- We provide "Subsc-Store" and "Subs-@," which allow anyone to start a subscription business
- Launched "Subscription Magazine" to promote subscriptions

3 . Disclaimer

Information provided in these briefing materials includes forward-looking statements based on plans, estimates, and forecasts regarding our business and industry trends as of the time of writing.

Such forward-looking statements are inherently subject to various risks and uncertainties. Known and unknown risks, uncertainties, and other factors may cause actual performance and financial results in future periods to differ materially from projections of future performance or results expressed in the forward-looking statements.

The actual performance and financial results of the Company in future periods may differ materially from the forward-looking statements contained in these briefing materials.

The forward-looking statements set forth by the Company in these briefing materials are based on information available as of May 13, 2022. The Company undertakes no obligation to update or revise forward-looking statements to reflect future events and circumstances.

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