

Think
subscription
support, think
TEMONA

TEMONA. Inc.
Securities code: 3985

Results Briefing Materials for the Fiscal Year Ended September 30, 2022 (FY2022)

November 2022

Today's Agenda

No	Category	Item	Page
1	Results Summary	Results Summary	04
		Statement of Income (Year on Year)	05
		Analysis of Operating Profit by Factor	06
		Statement of Income (Quarterly)	07
		Statement of Income (vs. Consolidated Earnings Forecast)	08
		Balance Sheet (Year on Year)	09
2	Results by Service	Subsc-Store and Tamago Repeat	11
		GMV (by Fiscal Year)	12
		Other	13
3	Review of Growth Strategies (FY2022)	Basic Strategies	15
		Review of FY2022 Growth Strategies Implementation	16
4	Future Growth Strategies (FY2023)	Key Actions for FY2023 Growth Strategies	18
		FY2023 Earnings Forecast	20
		Purpose	22
	Appendix		23

1. Results Summary

Results Summary

- Net sales up 12.1%* year on year to ¥2.2 billion; profits fell heavily into the red, reflecting upfront investments in human resources and M&A related costs.
- The total number of accounts dropped 5.1% to 1,299, while ARR* and GMV also declined.

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

Net sales

2.253 billion yen
(up 12.1%
year on year)

Ordinary profit

(194) million yen
(down 142.5%
year on year)

Profit attributable to owners of the parent

(175) million yen
(down 160.5%
year on year)

ARR

884 million yen
(down 5.5%
year on year)

GMV

147 billion yen
(down 5.6%
year on year)

EPS

(16.50) yen
(down 60.3%
year on year)

*YoY comparisons are with FY21 non-consolidated figures (unaudited) after applying the revenue recognition standard

*Progress rate is progress versus the consolidated earnings forecast announced on July 15, 2022

Statement of Income (Year on Year)

Current period: Consolidated results,
Previous period: Non-consolidated results

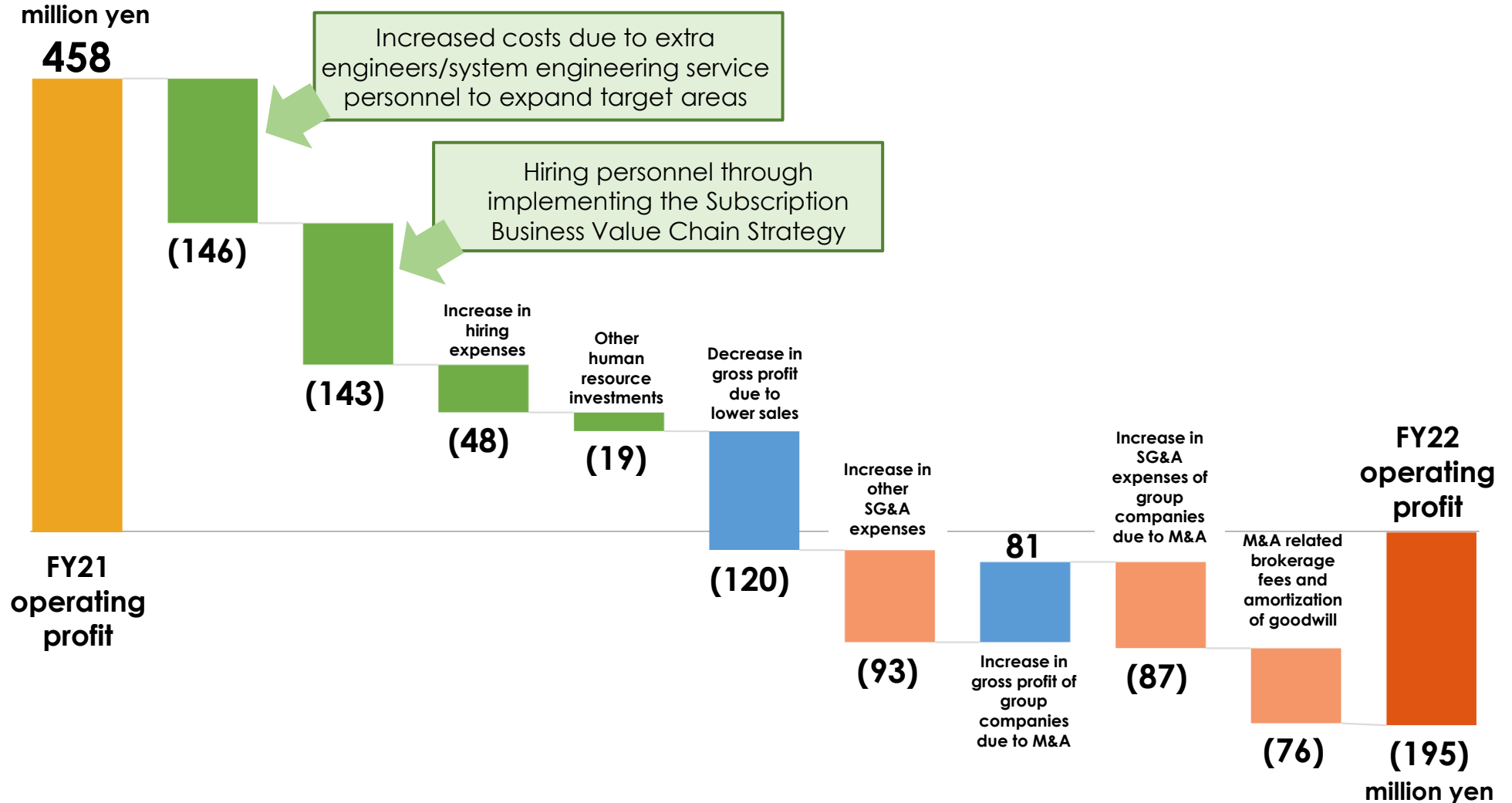
- Net sales up 12.1% year on year to ¥2,253 million.
 - Operating profit declined 142.7% year on year to an operating loss of ¥195 million mainly owing to higher development costs and expenses related to the acquisition of shares.
- (Unit: million yen)

	FY2021 Non-consolidated results*		FY2022 Consolidated results		
	Result	Weighting (%)	Result	Weighting (%)	Change (%)
Net sales	2,010	100.0	2,253	100.0	12.1
Cost of sales	530	26.4	959	42.6	80.8
Gross profit	1,479	73.6	1,293	57.4	(12.5)
SG&A expenses	1,020	50.8	1,489	66.1	45.9
Operating profit	458	22.8	(195)	(8.7)	(142.7)
Non-operating income	2	0.1	15	0.7	474.2
Non-operating expenses	3	0.2	13	0.6	357.9
Ordinary profit	457	22.8	(194)	(8.6)	(142.5)
Extraordinary income	11	0.6	0	0.0	(100.0)
Extraordinary losses	34	1.7	2	0.1	(93.0)
Profit before income taxes	435	21.6	(196)	(8.7)	(145.2)
Profit attributable to owners of the parent	290	14.4	(175)	(7.8)	(160.5)

*FY21 figures are non-consolidated after applying the revenue recognition standard (unaudited)

Analysis of Operating Profit by Factor: Waterfall Chart (Year on Year)

Costs increased due to carrying out human resource investment and M&As to strengthen business foundation.



Statement of Income (Quarterly) FY2022: Consolidated results

- Operating profit continued to decline on sustained investments in human resources to strengthen business foundation.
- Net sales increased from FY22 3Q onwards due to incorporation of earnings at AIS and Sackle (Unit: million yen)
(Number 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		FY22 3Q Consolidated		FY22 4Q Consolidated	
	Result	Weighting (%)	Result	Weighting (%)	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	632	100.0	668	100.0
Cost of sales	129	26.8	125	23.9	125	25.9	149	29.1	132	28.6	148	30.5	323	51.1	354	53.1
Gross profit	354	73.2	400	76.1	359	74.1	364	70.9	332	71.4	338	69.5	309	48.9	313	46.9
SG&A expenses	255	52.7	240	45.7	249	51.4	275	53.6	293	63.1	320	65.7	462	73.2	412	61.7
Operating profit	99	20.5	160	30.4	110	22.7	88	17.3	38	8.3	18	3.8	(153)	(24.3)	(98)	(14.8)
Permanent employees*1	115	—	105	—	111	—	110	—	112	—	121	—	180	—	173	—
Non-permanent employees*2	7	—	7	—	7	—	12	—	10	—	13	—	17	—	16	—

*1 Number of permanent 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

*FY21 figures are non-consolidated after applying the revenue recognition standard (unaudited)

Statement of Income (vs. Consolidated Earnings Forecast)

- Consolidated results were in line with forecasts.

(Unit: million yen)

	FY2022 Consolidated forecast*		FY2022 Consolidated results		
	Forecast	Weighting (%)	Result	Weighting (%)	Progress (%)
Net sales	2,301	100.0	2,253	100.0	97.9
Cost of sales	973	42.3	959	42.6	98.6
Gross profit	1,327	57.7	1,293	57.4	97.5
SG&A expenses	1,496	65.1	1,489	66.1	99.5
Operating profit	(169)	-7.3	(195)	-8.7	—
Non-operating income	0	0.0	15	0.7	1,847.3
Non-operating expenses	16	0.7	13	0.6	85.5
Ordinary profit	(184)	-8.0	(194)	-8.6	—
Extraordinary income	0	0.0	0	0.0	—
Extraordinary losses	0	0.0	2	0.1	—
Profit before income taxes	(184)	-8.0	(196)	-8.7	—
Profit attributable to owners of the parent	(150)	-6.5	(175)	-7.8	116.7

*Forecasts are based on the consolidated earnings forecast announced on July 15, 2022

Balance Sheet (Year on Year) Previous period end: Non-consolidated results

- Cash and deposits decreased by ¥452 million due to the acquisition of AIS and Sackle shares.
- Non-current assets increased due to the booking of goodwill associated with the consolidation of AIS and Sackle.
- Liabilities increased due to an increase in short-term loans payable and an increase in accounts payable-trade in connection with the consolidation of Sackle.

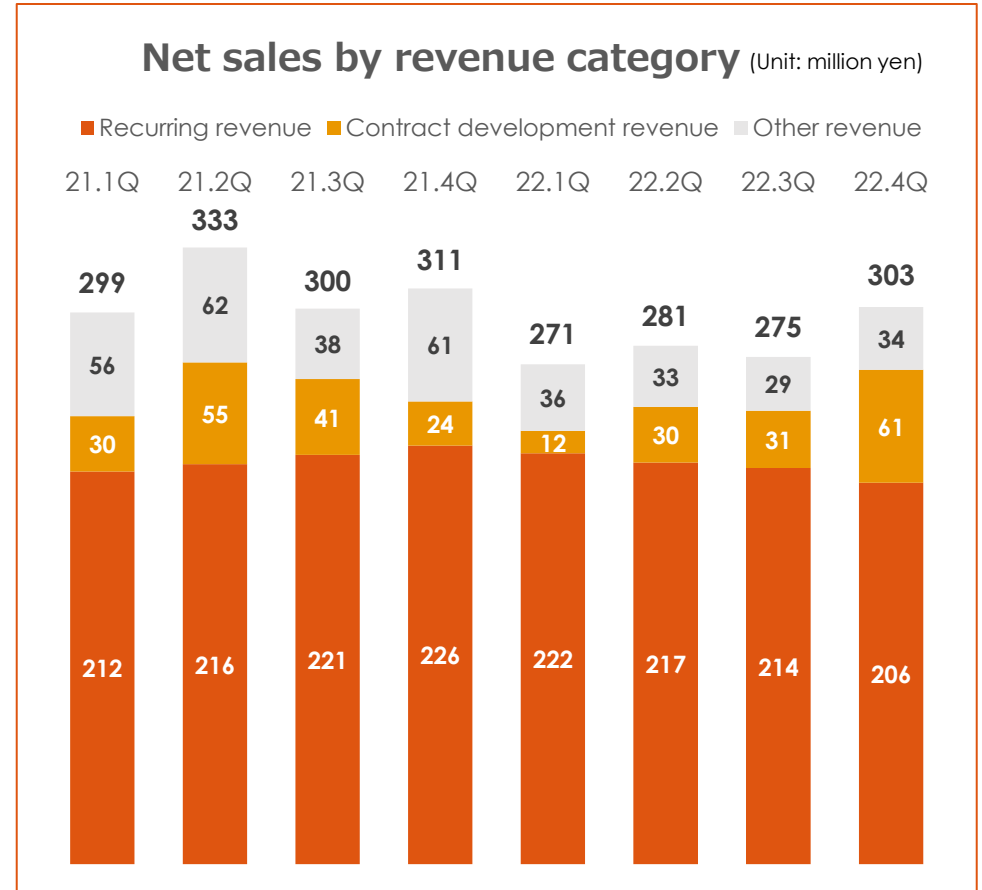
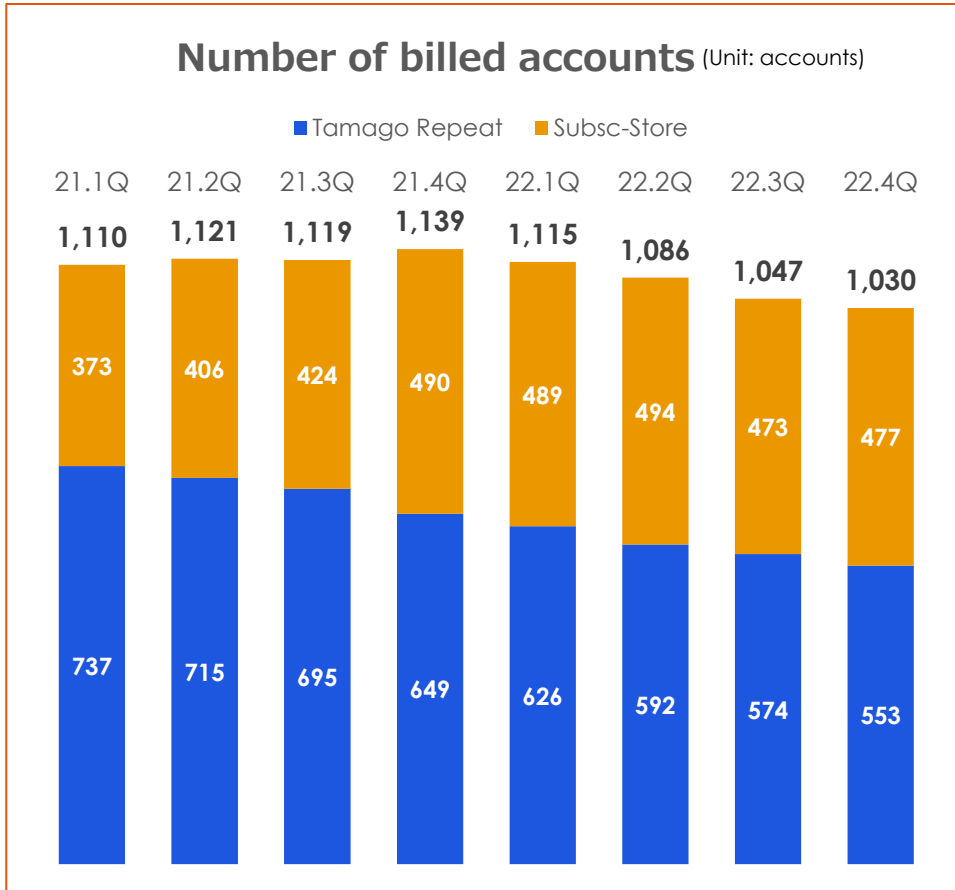
	FY21 Year-end Non-consolidated	FY22 2Q Consolidated	Change
Cash and deposits	1,447	994	(452)
Accounts receivable-trade	247	284	36
Other current assets	92	206	114
Total current assets	1,787	1,485	(301)
Property, plant and equipment	51	69	17
Intangible assets	179	507	328
Investments and other assets	170	243	72
Total non-current assets	401	820	418
Total assets	2,188	2,306	117

	FY21 Year-end Non-consolidated	FY22 2Q Consolidated	Change
Accounts payable-trade	59	136	77
Other current liabilities	544	709	165
Non-current liabilities	223	259	35
Total liabilities	827	1,105	277
Capital stock	385	385	0
Capital surplus	375	375	0
Retained earnings	1,178	1,003	(175)
Treasury shares	(583)	(583)	0
Stock acquisition rights	6	20	14
Total net assets	1,361	1,201	(160)
Total liabilities and net assets	2,188	2,306	117

2. Results by Service

Results by Service: Subsc-Store and Tamago Repeat

- The number of accounts has a net downtrend because Tamago Repeat cancellations have outweighed new sign-ups.
- Net sales (revenue) are rebounding on a recovery in contract development revenue for the enterprise area.

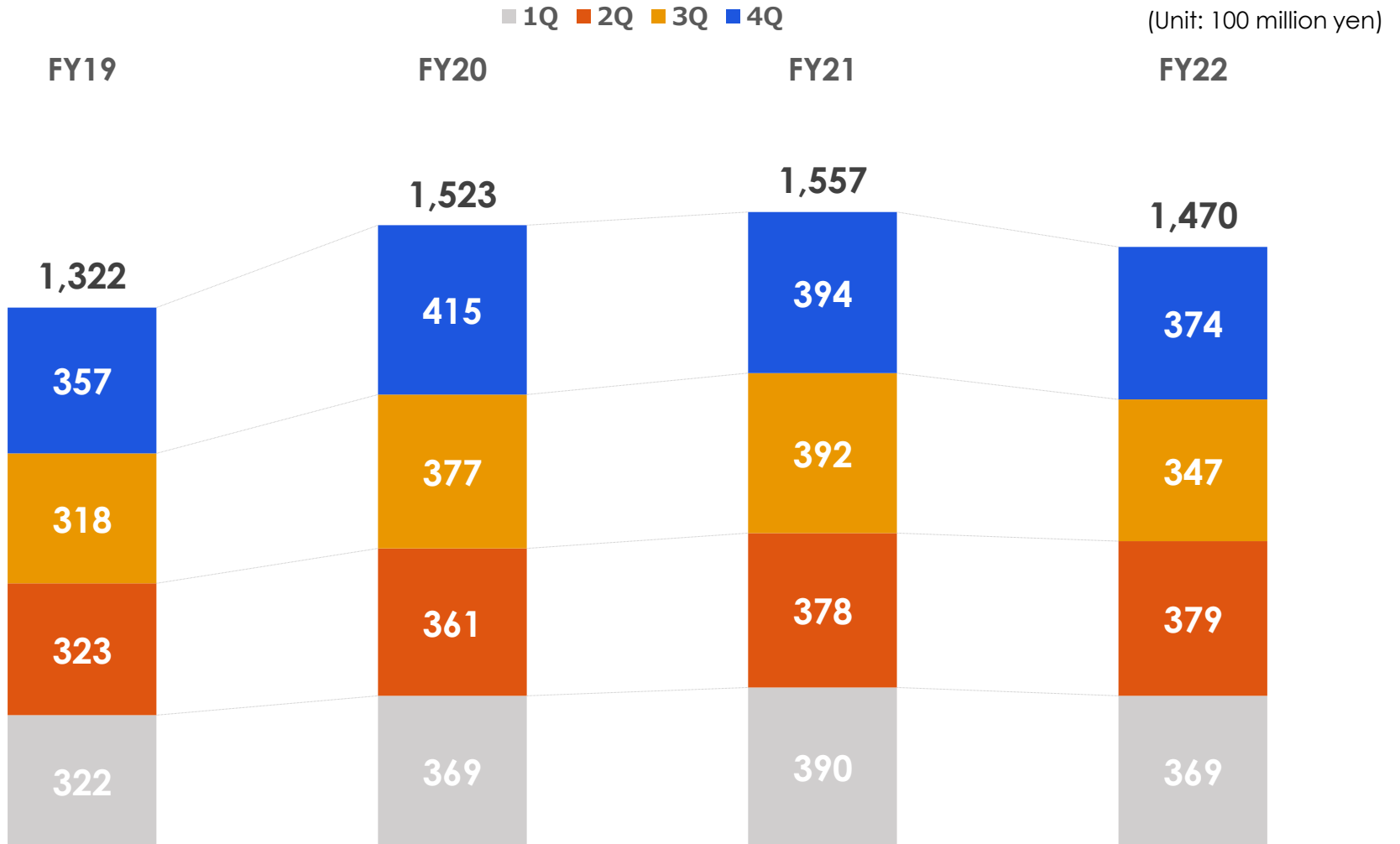


*FY21 figures are non-consolidated after applying the revenue recognition standard (unaudited)

GMV by Fiscal Year

GMV finished at ¥147.0 billion, impacted by the decline in the number of Subsc-Store and Tamago Repeat accounts.

Consumer disengagement continued mainly in the area of cosmetics.



Results by Service: Other Services

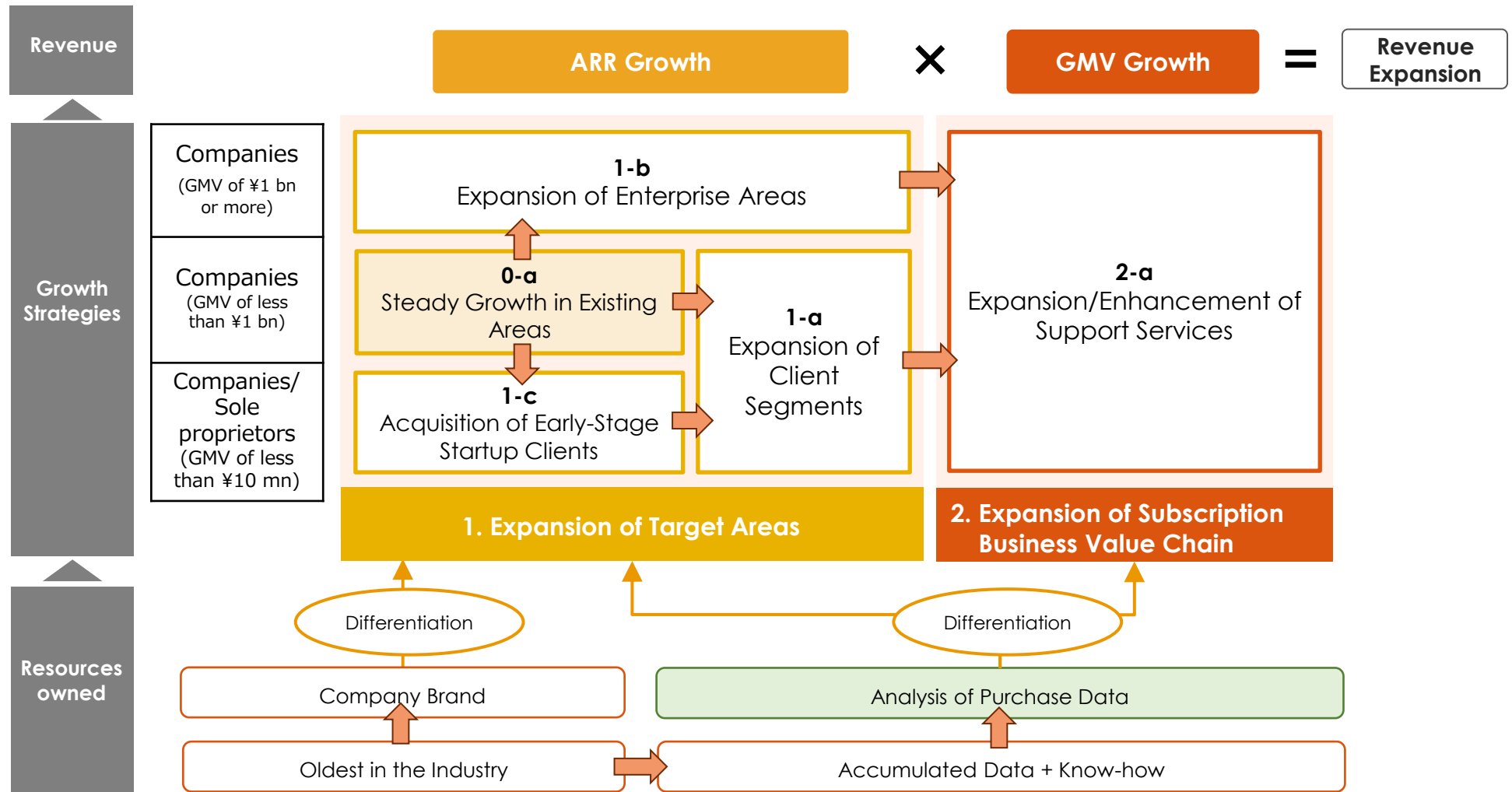
Service	Net sales (Unit: million yen)		Change (%)	Explanation
	FY21	FY22		
Subsc-Store B2B	11	42	265.7	Number of accounts up from 13 at end-FY2021 to 16 in FY2022. Continuing to work on acquiring new accounts.
Subsc-@	28	33	17.7	Number of accounts (corporate contracts) came to 148. Recurring revenue rose from ¥8.0 million in FY2021 to ¥24 million in FY2022.
Settlement fees (excluding Subsc-Atobarai)	595	528	(11.2)	The 11.2% year-on-year decline is due a 5.6% decline in GMV, as well as growth in our low-margin payment methods, such as digital ID payments.
Subsc-Atobarai	11	8	(24.0)	The impact of cancellations by clients with large transaction volumes resulted in a 24.0% year-on-year decline.
Other EC support business	118	178	51.4	Website production orders associated with Subsc-@ were brisk. Advertising-related services of AIS began contributing to revenue from 2Q.
Engineering business	0	331	—	Systems development contracting and systems engineering services were provided by Sackle Inc. Contributions to revenue began from 2Q.

*FY21 figures are non-consolidated after applying the revenue recognition standard (unaudited)

Review of Growth Strategies Implementation (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.”



Review of Growth Strategies Implemented in FY2022

1. Expansion of Target Areas

1-a. Expansion of client segments

We expanded our target areas to not only D2C fields such as cosmetics and health foods, but also to subscription-based rental businesses. For example, we started providing support to Cycloop, an operator of subscription-based e-bike sharing services, and Camelove, an operator of subscription-based camera sharing services.

1-b. Expansion of enterprise areas

We made progress on expanding enterprise areas, mainly in food subscription businesses. In the B2B area too, we flexibly responded to the customization demands of each customer, which led to an increase in contracted development projects.

1-c. Acquisition of early-stage startup clients

We continued to roll out the Subsc-@ system to provide dedicated support to brick-and-mortar store subscriptions. We contributed to the business growth of clients by establishing a structure that supports the sales activities of clients after the system has been installed.

2. Expansion of Subscription Business Value Chain

2-a. Expansion of support services

We strengthened the framework on which we can provide comprehensive support to subscription businesses by making AIS and Sackle consolidated subsidiaries. The TEMONA Group started working together to offer various services and solutions.

4. Growth Strategies for FY2023

(1) Transition to a profitable structure

» Continuing to invest and controlling costs

- We will keep making investments for business growth and also regulate costs with a top-down approach. We will curtail unnecessary costs and transition away from a loss-making structure to one of profitability.

(2) Complete overhaul of Subsc-Store and Tamago Repeat

» Lowering the cancellation rate

- We will drive a recovery in the quality and quantity of communication with customers—an original strength of TEMONA—and strive to lower the cancellation rate.

» Increasing the number of new contracts

- We will accelerate the strategy of expanding our target areas to various subscription business operators, such as sharing services and digital content, and increase the number of new contracts.
- We will undertake a review of pricing plans in order to accommodate changes in the business environment, and will respond to wide-ranging needs.

» Enhancing our competitive advantage

- We will capitalize on synergies with Sackle and promote the development of new functions to meet the needs of subscription business operators. We will enhance our competitive advantage.
- We will start providing customization services for Tamago Repeat to support further business growth of enterprise area customers.

(3) Evolution of Subscription Business Value Chain

» Improving productivity and profit margins in all businesses

- For each group of services in the subscription business value chain, we will continue to develop them into services used by even more customers, and focus on variable-fee revenue.
- We will closely assess new businesses and make decisions on whether to press ahead or withdraw in a flexible manner. We will also reassess the allocation of investments, including eliminations and consolidations.

(4) Development of Group Management

» Enhancing Group-wide profitability

- We will further promote synergies with AIS and Sackle. We will push ahead with the provision of sales capabilities and the sharing of management platforms in an effort to strengthen profitability.

FY2023: Earnings Forecast

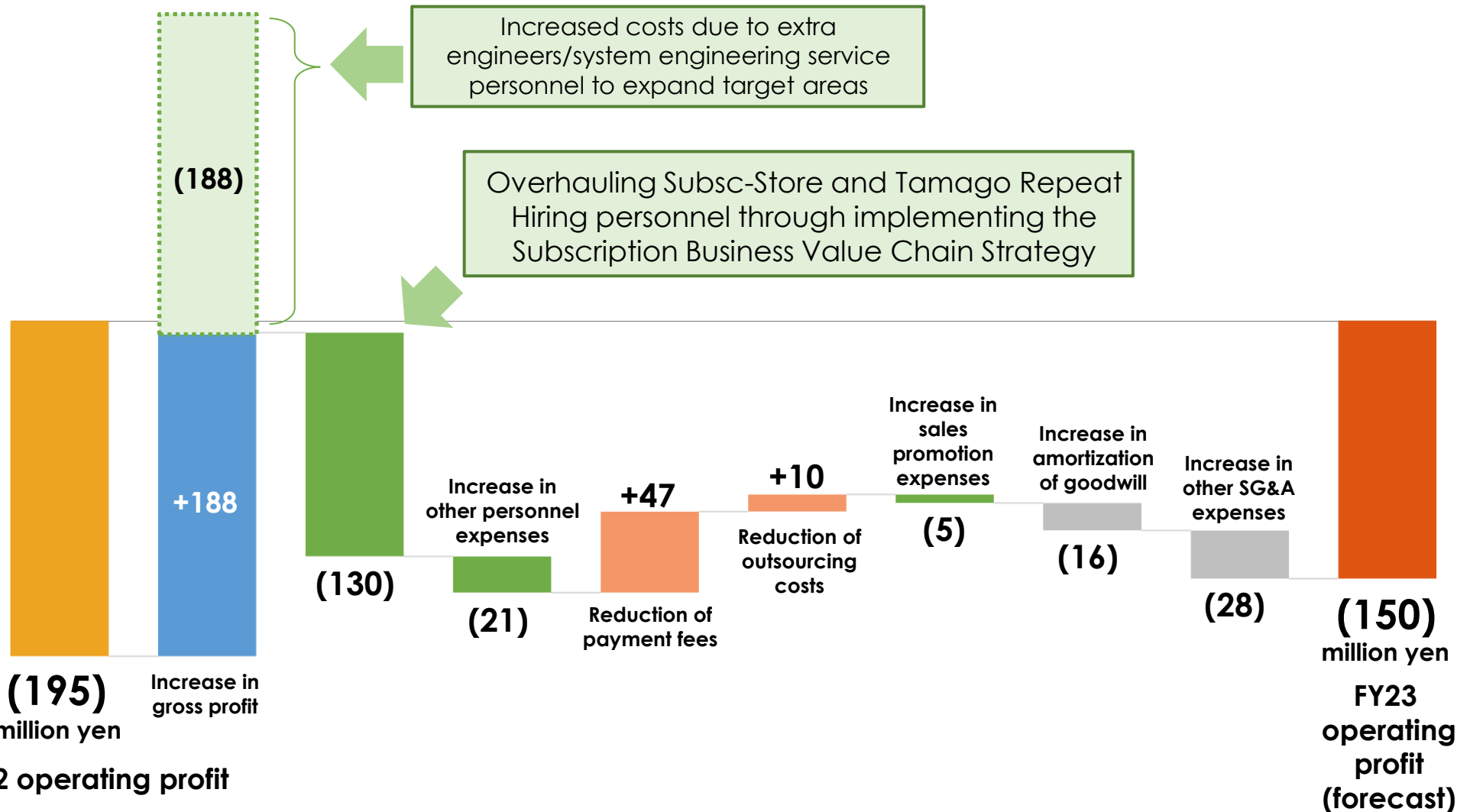
- We will endeavor to quickly improve our current loss-making structure.

(Unit: million yen)

	Forecast			vs. Previous period		
	FY23: 1Q/2Q	FY23: 3Q/4Q	FY23: Full year	FY22: Results	Change (Amount)	Change (%)
Net sales	1,254	1,389	2,643	2,253	389	17.3%
Operating profit	(148)	(2)	(150)	(195)	45	23.3%
Ordinary profit	(146)	(0)	(147)	(194)	47	24.3%
Profit attributable to owners of the parent	(155)	(9)	(164)	(175)	11	6.4%

Factors Contributing to Change in Operating Profit: FY22 Results vs. FY23 Forecast

We will continue to push ahead with investments and work on reducing costs to achieve our net sales target of ¥3.4 billion in FY2024, the final year of our medium-term management plan.



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

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	Item	Title	Page
1	Financial Results	ARR	26
		GMV by Client Segment (Quarterly)	27
2	About Us	Company Overview	29
		Medium-Term Targets and Growth Strategies	30
		Business System Chart	31
		Service Overview	32
3	Disclaimer		36

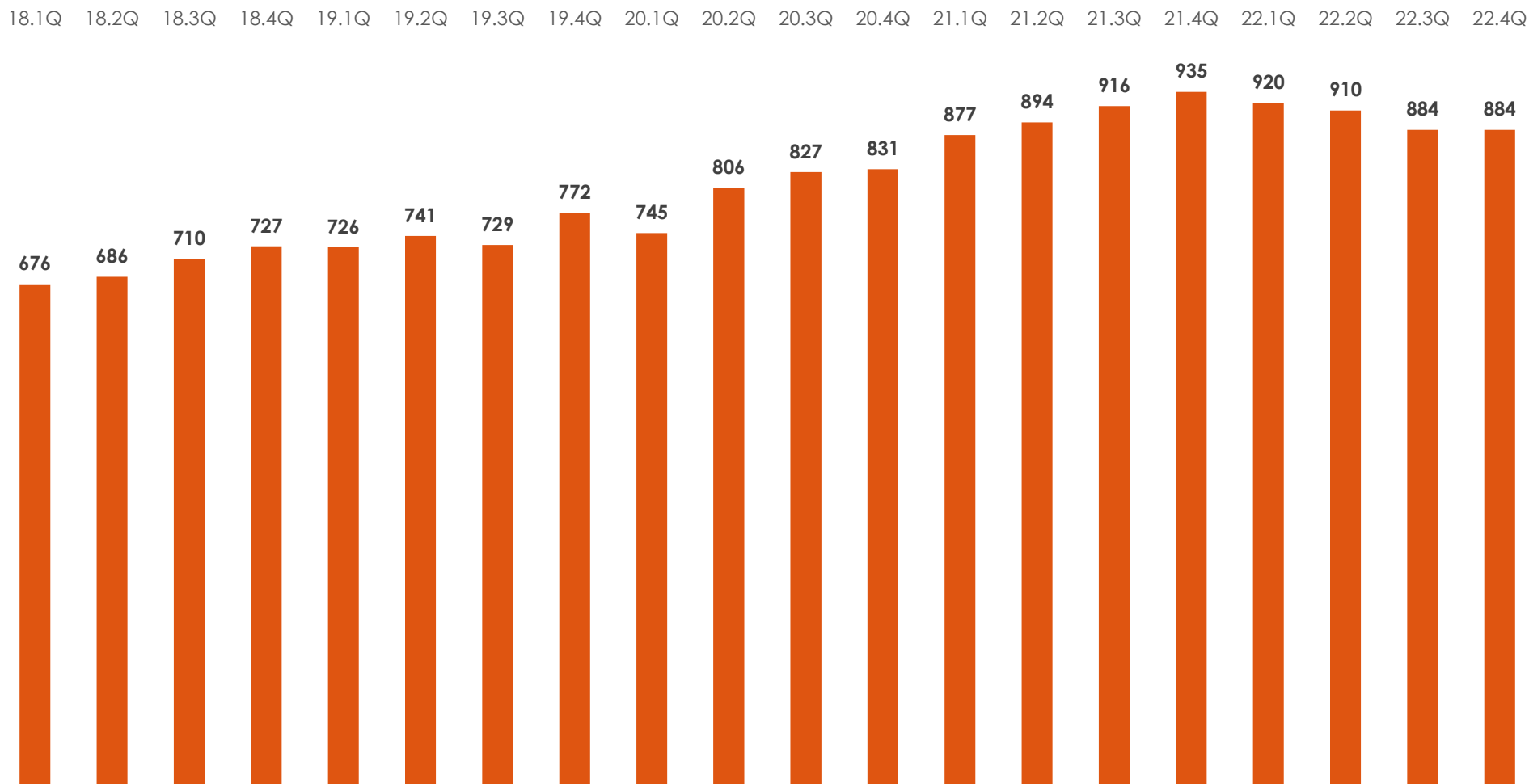
1. Financial Results

ARR

CAGR 5.8%

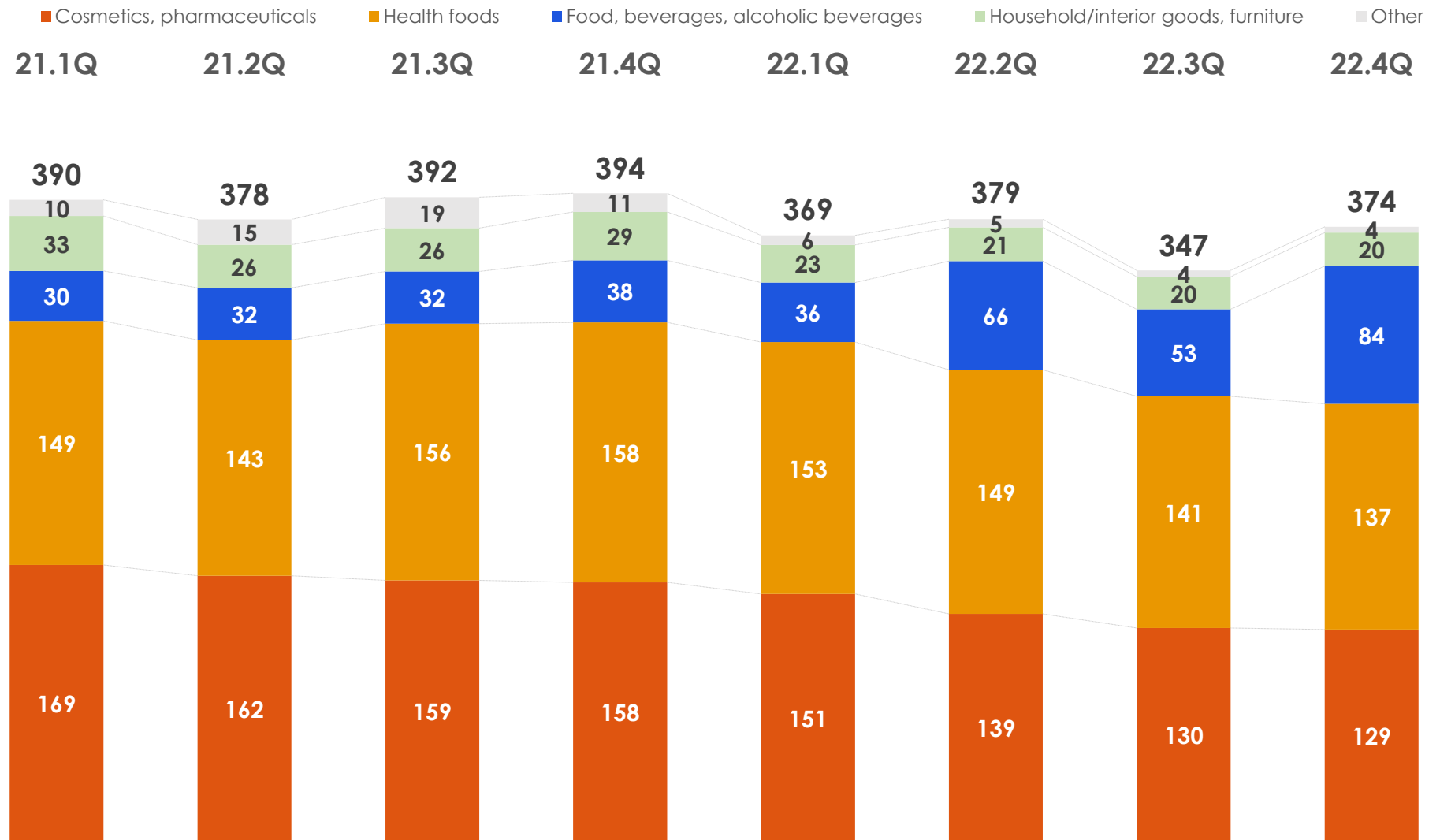
Note 1: Annualized growth rate from 1Q FY2018 through 4Q FY2022

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



GMV by Client Segment (Quarterly)

In addition to the decline in cosmetics, health foods have also decreased.
E-commerce demand in the food segment increased mainly because of the spread of the Omicron variant of COVID-19.



2. About Us

Company Overview

The expansion of subscriptions will help to realize a prosperous world in which many businesses will continue to provide essential, high-value services and pursue customer satisfaction.

Our Purpose is to “enrich the world with subscriptions” by supporting businesses with our subscription-specific technology and expertise.

About the Company

Company name	TEMONA. Inc.
Established	October 2008
Capital	¥385.67 million
Representative	Hayato Sagawa, president & representative director
Headquarters	2-12-19 Shibuya, Shibuya-ku, Tokyo
Employees	173 (as of September 30, 2022)

Main services provided

サブスクストア



サブスクストア B2B

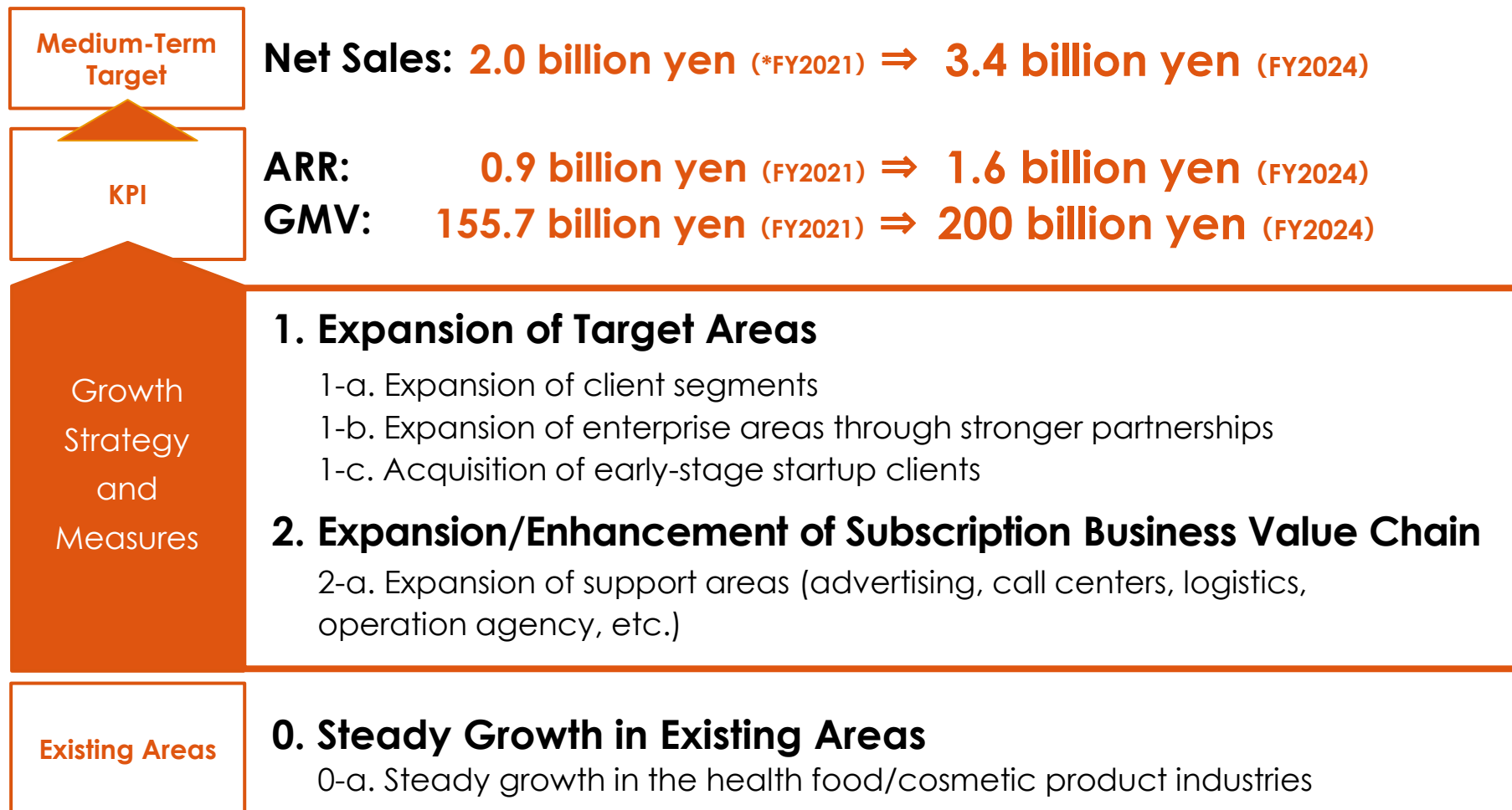


サブスク@



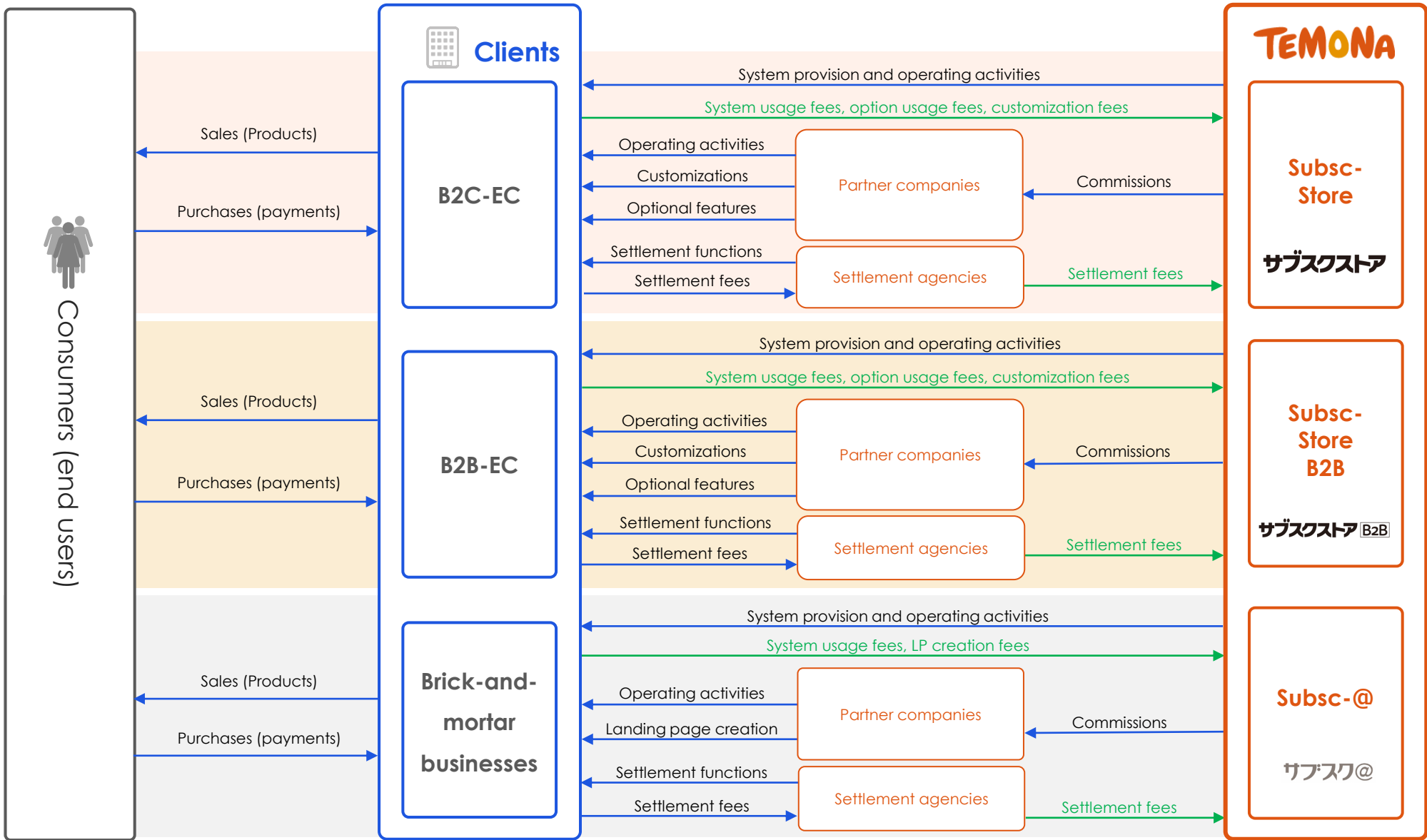
Medium-Term Targets and Growth Strategies

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)

Business System Chart



Service Overview: Subsc-Store



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.

サブスクストア

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

Service Overview: Tamago Repeat



The ultimate cloud-based mail-order system
for e-commerce subscription businesses

For **subscriptions**

choose

Tamago Repeat



Shopping carts

Call center (linkable to CTI)

Automated emails

Analysis (advertising, CRM, repeat subscriptions)

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.



*Companies introducing Subsc-Store series

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

サブストア B2B

Service Overview: Subsc-@

The screenshot displays the Subsc-@ website interface. At the top, there are navigation links for 'List of Services', 'List of Materials', and 'Community'. The main header features the 'Subsc-@' logo and two buttons: 'Contact us' and 'Request Information'. The central content area highlights 'Subscriptions and e-commerce services for brick-and-mortar stores' and states that the service is 'Introduced at over 1,000 stores'. Below this, three gold laurel wreath icons present key statistics: 'Achievement of opening accounts at over 1,000 stores', 'Monthly sales of ¥14 million per store', and 'Partnerships with more than 10 manufacturers and dealers nationwide'. At the bottom of the main content, there are two buttons: 'Contact us' and 'Request Information'. On the right side, a smartphone displays the Subsc-@ mobile app interface, showing a category of hair products and a partnership with 'HOLISTIC cures'.

Blossom



e.m.a
Excellent Match Association

H Company
HAIR DESIGNING SALON



TJ
天気予報



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

サブスク@

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 November 28, 2022. The Company undertakes no obligation to update or revise forward-looking statements to reflect future events and circumstances.

Contact

Email: ir@temona.co.jp

URL: <https://temona.co.jp/contact/>

TEMONA

サブスクといえばテモナ。