

Business plan & Growth potential

2023 Mar.

SpiderPlus & Co.

Note: This document has been translated from the Japanese original*1 for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

*1 : Original document

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DX in construction industry

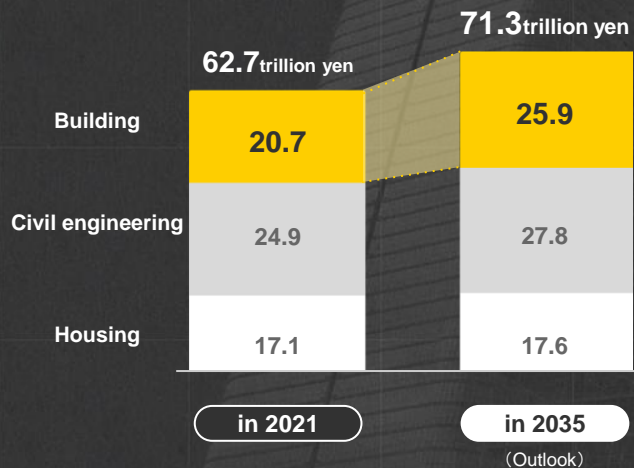
Construction

Technology

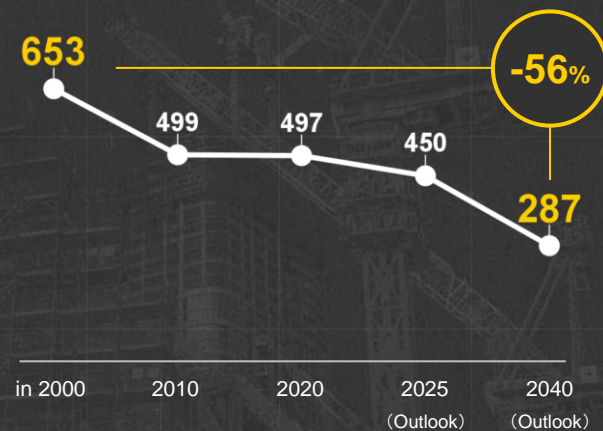
Facing issue Construction Industry

Expanding demand, Decreasing workforce

(Outlook for Construction Investment*1)



(Outlook for Number of Construction industry workforce*2)



*1: Prepared by us from "Medium-to Long-Term Forecasts for Construction Investment (Forecast to FY2035)" by the Research Institute of Construction and Economy, Inc. (Announced on Mar. 26, 2021) and "Forecast for Construction Investment for FY2021" by the Ministry of Land, Infrastructure, Transport and Tourism. 2035 The forecast for the fiscal year is based on the estimated value of an early economic recovery from the new Coronavirus by the Research Institute of Construction and Economy.

*2: Prepared by us from the Mar. 16, 2020 Nikkei BP, "Construction Tech Mirai Strategy," and the Ministry of Internal Affairs and Communications, 2015 "Employment Status and Basic Compilation Results" and the Ministry of Land, Infrastructure, Transport and Tourism, "FY2020 (FY2020) Construction Investment Outlook."

Turning point in 2024

Launch of the Work Style Reform Law*1

**Start of adoption
coming up in 2024**

**With penalties
Regulation of
overtime hours**

**Construction site
2-day weekly holiday
implementation rate
Less than 30%*2**



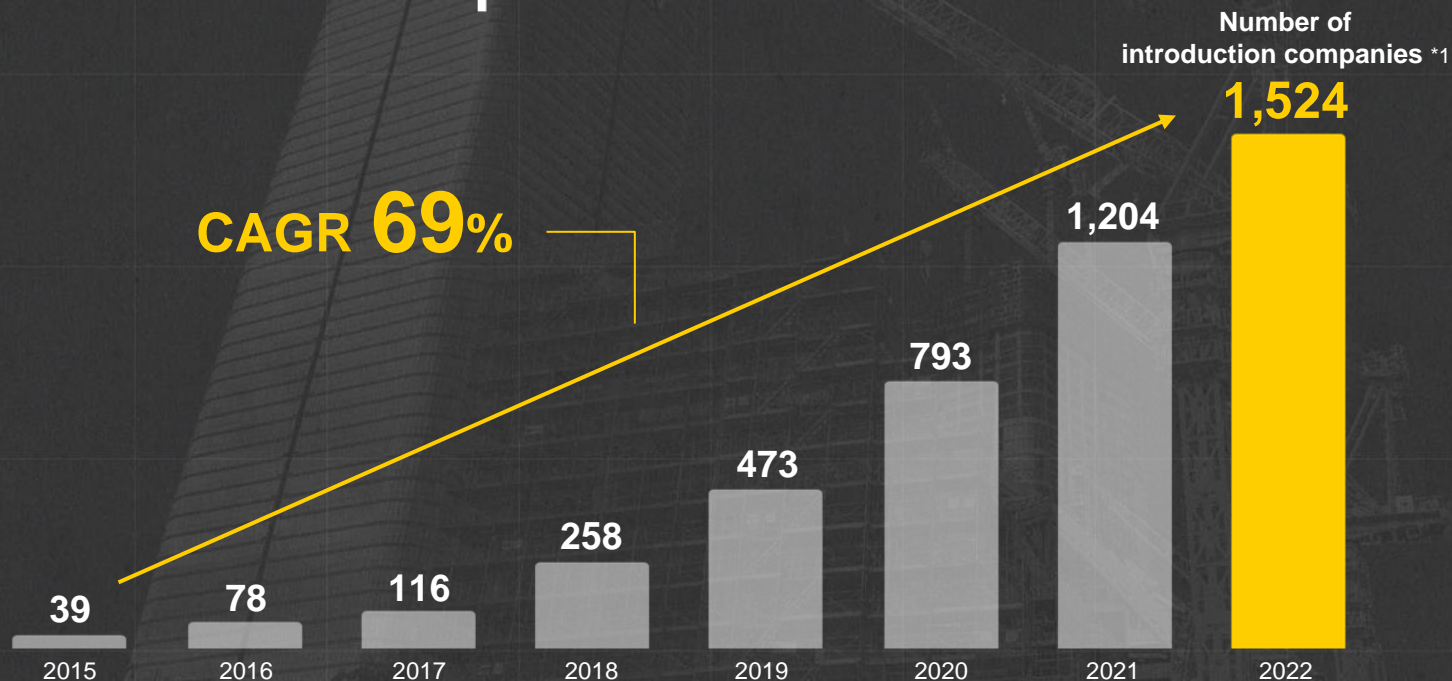
**Serious challenges for the construction industry
(Labor shortage, aging of society, etc.)**

*1: The "Act on Work Style Reform" is an abbreviation of the "Act on the Development of Relevant Laws to Promote Work Style Reform" (hereinafter referred to as the "Act on Work Style Reform").

*2: (1 company) Excerpted from the Japan Construction Industry Federation's Annual Action Plan for 2 days off a week, FY2021 Full-year Follow-up Report.

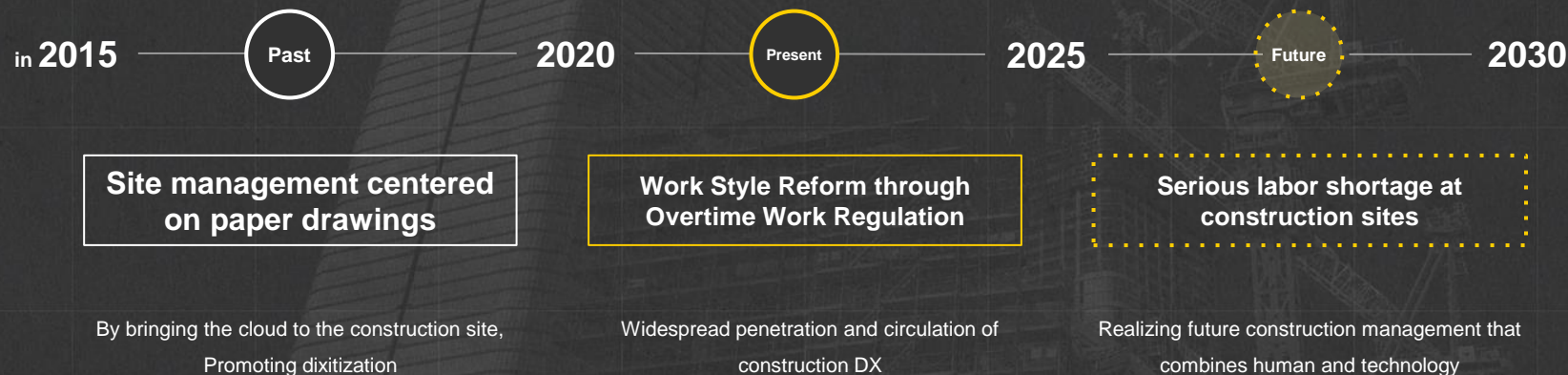
Company that brought the cloud to the construction site

SpiderPlus & Co.



*1: Figures for the numbers of companies adopting the system are the results of companies adopting SPIDERPLUS at the end of Dec.

We will steadily grasp social issues, Become the best partner for construction sites



Business

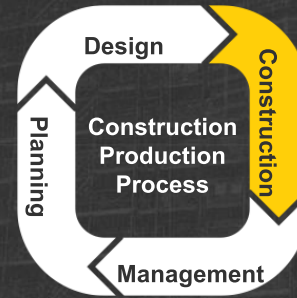
1. **Business**
2. **Market Environment & Competitive Advantage**
3. **Medium term growth strategy**
4. **FY2023 Forecast**
5. **Reference: FY2022 Results**
6. **Reference: Corporate Profile**
7. **Reference: About SPIDERPLUS**

Provide services to construction sites through subscriptions

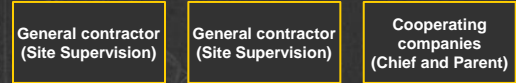


Site management SaaS for large-scale sites

Etc. of buildings, condominiums, and retail facilities



Construction Company

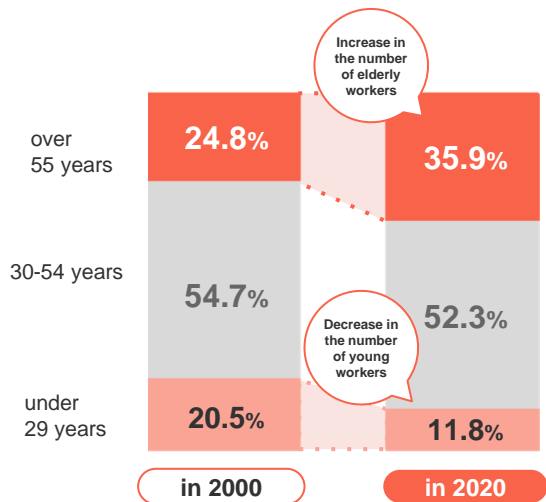


Process of Construction



Construction sites that require sustainable working styles and dramatic improvements in productivity

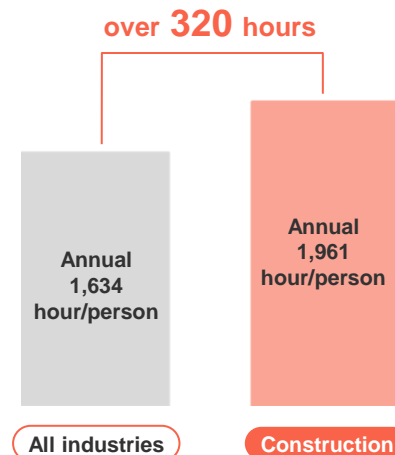
Progress in Aging and Declining Youth*1



Less holidays*2



Normalization of long working hours*3



*1: Prepared by us from the Ministry of Internal Affairs and Communications, Labor Force Survey.

*2: (1 company) Excerpted from the Japan Construction Industry Federation's Annual Action Plan for 2 days off a week, FY2021 Full-year Follow-up Report.

*3: Our calculations are based on the results for each month in 2022 in the Monthly Labour Survey, Ministry of Health, Labour and Welfare.

Consolidate construction management operations for site supervisors into tablets

Digital analog tools

Such as paper drawings, digital cameras, and blackboards,
Consolidate a large amount of handheld items into tablets.

Improving Construction Inspection Quality

Streamlining of inspections in high, closed, and dark places,
Eradicate recording errors through visual and manual entry.

Complete office work at the site

Work at the site without returning to the office.
Reduce travel time, which had been for many round trips.



Digitization of business processes

Centralize a series of construction processes at SPIDERPLUS,
including construction, inspection, and correction.

For real-time information sharing

Such as changing design plans and issuing inspection
instructions,
Shorten lead times for newsletters, liaisons, and phases.

Smooth collaboration between constructors

In cooperation with prime contractors and partner companies
Complete on SPIDERPLUS.



Become the best partner of construction sites

50% reduction in operating efficiency and labor savings



In the air-conditioning and
sanitary construction industry
Major companies
(Listed on TSE Standard)

- Construction quality inspection work completed with 1 app
- **Feeling that the time required for work has reached around 1/2-1/3**
- 1 test was possible, which used to be required by 2 people.

500 hours of operation per year



Be based in Hokkaido
More than 100 years old
General construction
companies

- In 2018, a short-term committee was established, and SPIDERPLUS was introduced in the same year.
- **Successful reduction of approximately 500 hours per year for all users**
- To the tremendous technological capabilities and assets that will enable the company to survive if it works efficiently and accumulates knowledge and knowledge

By offering highly practical functions and enhancing our support system
Introduction expanded mainly by major companies in the industry

Reasons for Choice*1



- Responding to DX Needs for a Variety of Construction Types with Functions Created with Customers
- Support system that understands the importance of construction companies and continues to enhance and evolve
- More than 1500 companies with a track record of approximately 58 thousand installations, mainly of major general contractors and subcontractors

*1:Introduction results are as of the end of Dec. 2022.

*2:Lists some companies that have obtained logo listing licenses.

Examples of Introduction*2

Comprehensive construction and developer



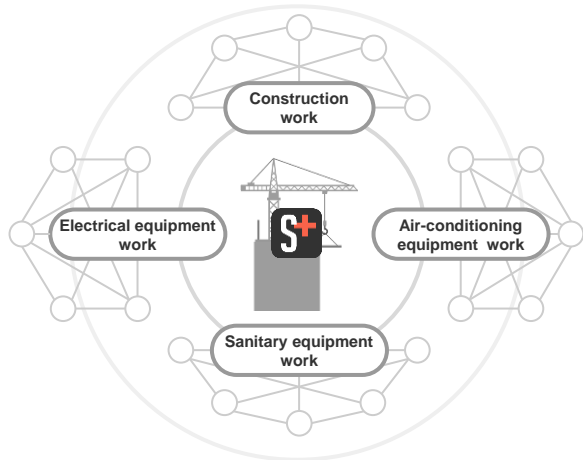
Electrical installation and air-conditioning sanitary construction



It is precisely because of the construction sites involving many builders
DX of "entire site" through collaboration between businesses

Collaboration between constructors

Information-sharing and instruction reports between constructors
can be made SPIDERPLUS
New site management methods will be generated from digital collaboration with
SPIDERPLUS.



DX examples for the entire site

SPIDERPLUS chosen as a unified tool for construction sites
In real time with frequently occurring design changes and progress reports



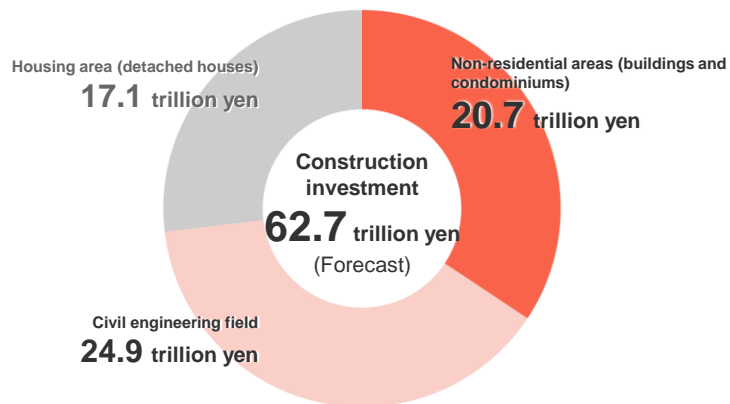
Market Environment & Competitive Advantage

1. **Business**
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Due to demand for redevelopment of urban areas and repair of aging infrastructure,
The construction market is expected to expand over the long term

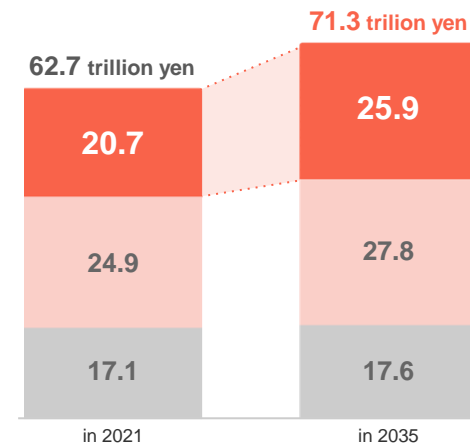
Market Size and Its Composition*1

- : Target market in the current construction industry
- : Future target market



Long-term outlook for construction investment*2

- : Non-residential areas (buildings and condominiums)
- : Civil engineering field
- : Housing area (detached houses)

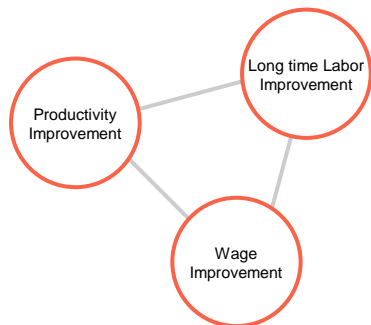


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Due to launch of the Work Style Reform Law in 2024,DX needs are expected to expand and evolve in response.

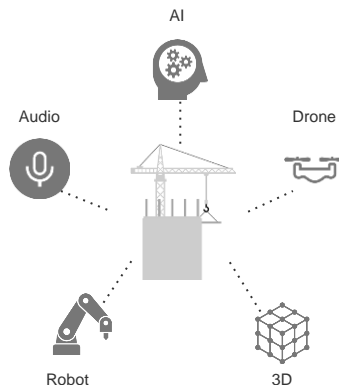
Application of the Work Style Reform Law*1

Applicable to the construction industry in 2024
There is an upper limit on overtime.



Increasingly sophisticated and diverse needs

Not only in construction management but in all aspects of operations
Rapid technological innovation and the utilization of various technologies are advancing

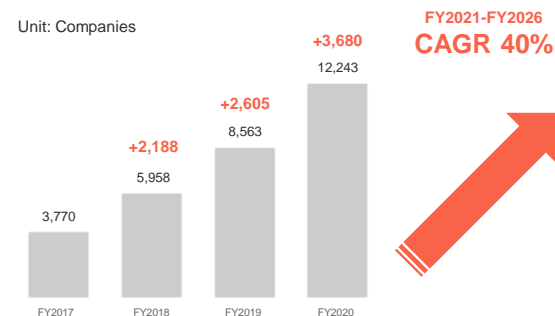


Expanding market*2

Cloud-based construction management services are rapidly spreading
Expecting expansion with high growth potential in the medium term

Dissemination Results and Outlook of Construction Management Services

Unit: Companies



*1:Abbreviation of the Act on Improvement of Related Laws to Promote Work Style Reforms (promulgated on Jul. 6, 2018) issued by the Ministry of Health, Labour and Welfare.

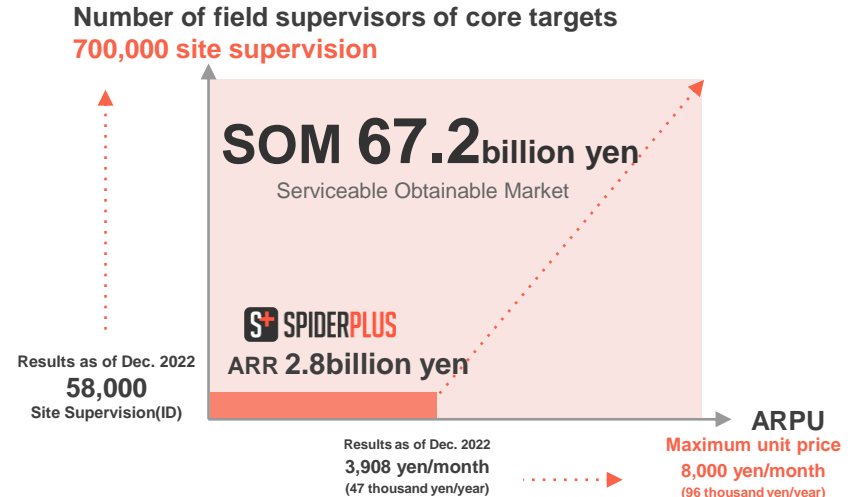
*2:Excerpt from "Market Trends and Vendor Share of Cloud-Based Construction Management Services" by MIC KEIKENKYUSHO CO., LTD.

Marketplace that SPIDERPLUS captures

IT spending in the construction sector *1



SPIDERPLUS's SOM *2



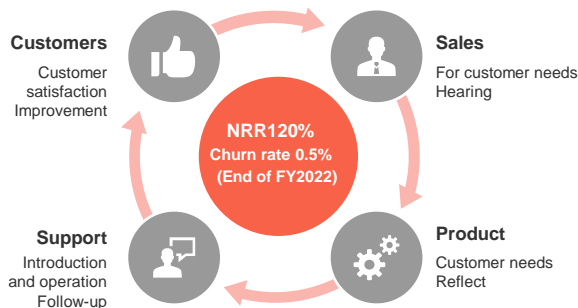
*1: We calculate IT budgets for the construction industry by multiplying the construction investment in our target areas calculated using the Ministry of Land, Infrastructure, Transport and Tourism's "FY2020 (FY2020) Outlook for Construction Investment" and SPEEDA "Housing, Renovation, and Repair Industry" by the ratio of IT investment in the construction industry (source: Japan Information Systems and Users Association, Inc., "Corporate IT Trend Survey Report 2020").

*2: The number of on-site supervisors at core target is the number of on-site supervisors estimated by us based on "Domestic Construction Companies Excluding Housing Domestic Construction Companies with 30 or more employees and with sales of 200 million yen or more" in the survey company report. The maximum unit price is ARPU of customers with a contract term of more than 3 years and the highest contract price per ARPU(1ID among customers using 10ID or more as of the end of Dec. 2022).

A business model that captures the rapidly expanding need for construction DX based on our unique assets

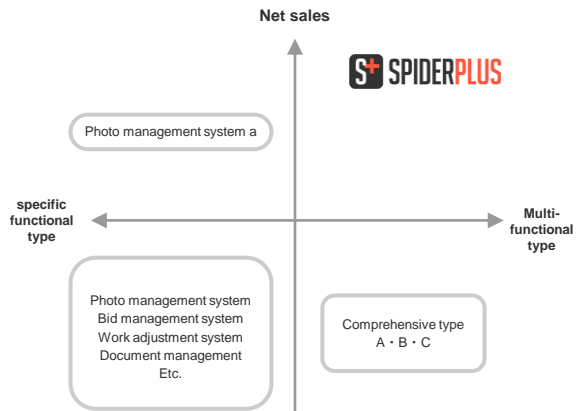
Value creation cycle

With a deep understanding of the construction industry
System that leads to customer value



Positioning^{*1}

Through highly practical functions developed with customers
No.1 of sales shares as construction management services



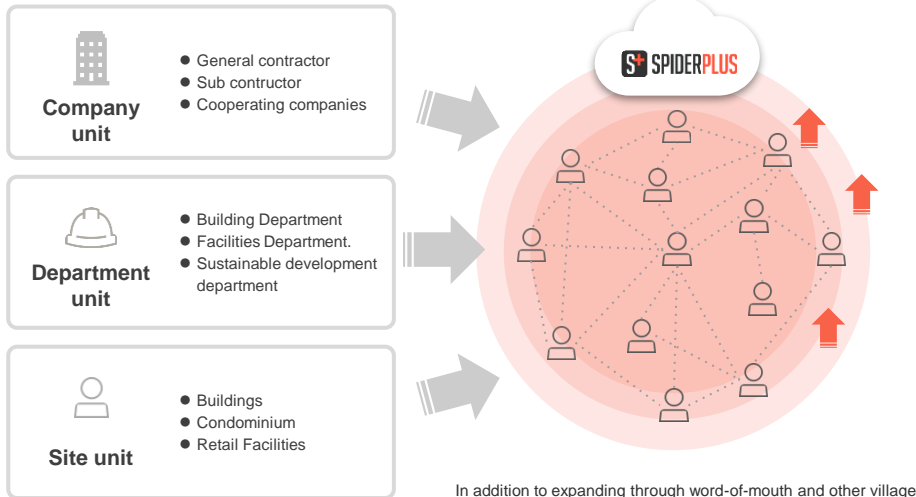
Customer base

Major industry players in general contractors and subcontractors utilize
Toward Defactostandard in Construction-Site DX



*1: Sales figures for each service are compiled by referring to "Market Trends of Construction Management Solutions," "Market Trends of Photography and Drawing Management Solutions" in the "Market Outlook for Con-Tech (Construction Tech) Solutions 2022 Edition (published in Jan. 2023)" by Deloitte Tohmatsu Economic Research Institute, and a research company report on individual competitors.

As the number of users increases, information sharing is promoted within customers and on-site, and the value of use is increased.



In addition to expanding through word-of-mouth and other village effects, Introduction support providers will also promote penetration within customers and workplaces

Growing Use Value through Network effects

On-Customer Internal unification and standardization of construction management operations

By digitizing business processes, visualize the work of people and implicit knowledge

On-site DX of "Site unit" through collaboration between businesses

DX not only within the company but also on a site basis can be made through design/specification changes and information-sharing between businesses on the status of progress

Our inherent networking effectiveness in generating LTV and CAC savings

Continuity	Acceleration of penetration	Efficient expansion
Churn rate	NRR	Sales efficiency

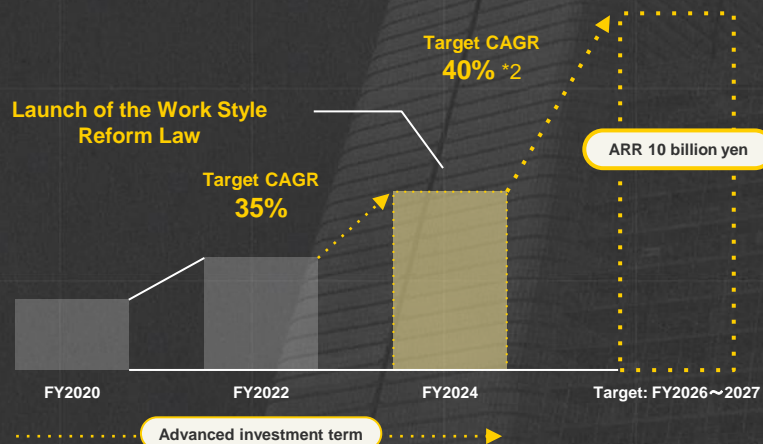
Medium term growth strategy

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Medium-Term Plan Policy*1

Early achievement of ARR of 10 billion yen

Effectiveness of advanced investment and
Accelerate growth by capturing growth in DX demand through application of the law



Building a highly profitable financial structure

Losses narrowed due to moderate human investment.
Milestone in achieving full-year profitability in FY2025

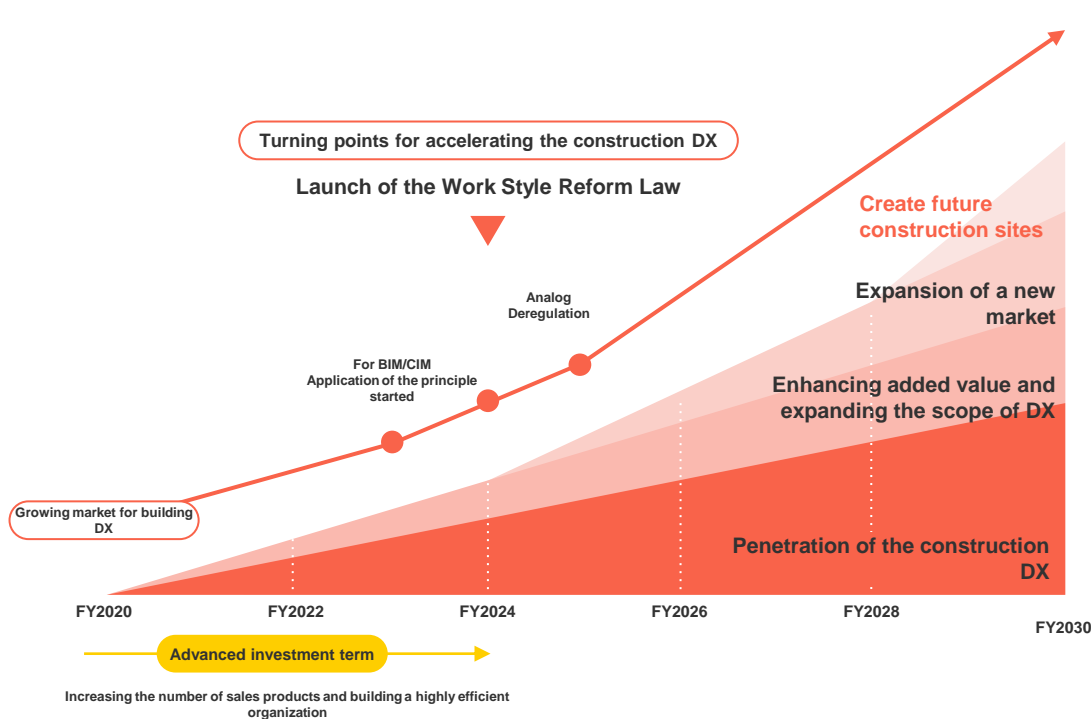
	FY2021 Actual*3	FY2022 Actual	FY2023 Earnings forecast	Medium term Financial model
Gross profit margin	63%	61%	Over 60%	65~70%
SGA cost ratio	87%	107%	80~85%	35~40%
Operating income margin	-24%	-46%	-21%	20~30%
Reference: Number of employees (YoY)	187 employees (+75)	237 employees (+50)	Approx. 260 (+30)	

*1: Forward-looking statements about ARR objectives and financial modeling are medium-to-long-term prospects and are not guarantees of future results or performance. This forward-looking statement involves known and unknown risks and uncertainties that may cause future results and outcomes to differ materially from those anticipated.

*2: Indicate the target growth rate if ARR 10 billion yen is achieved in FY2026.

*3: Calculated by deducting items related to engineering business transferred in Jan. 2022 from corporate profit and loss.

Accelerate growth potential by steadily capturing rising demand



Growth Strategy (FY2022 strategy)

Progress

Expansion of a new market

- Expansion into civil engineering and plant areas
- Overseas expansion centered on Southeast Asia
- Increase in introduction cases
- Decided to concentrate deployment in 2 countries
- Alliances with a view to developing local governments

Enhancing added value and expanding the scope of DX

- Additional development of new functions
- Renewal SPIDERPLUS
- Implementation of pricing strategies
- Release of collaboration functions with partner companies
- With a renewed version of Basic plan Release

Reference KPI: ARPU (+5% YoY)

Penetration of the construction DX

- Upgrading our sales organization
- Strengthening of network offerings
- Strengthen penetration on a contracted company basis
- Increase sales personnel by 1.4 times YoY
- Opened a sales office in Nagoya.
- Creation of multiple companies introducing the system throughout the company

Reference KPI: ID (+20% YoY), number of contracted companies (+27% YoY)

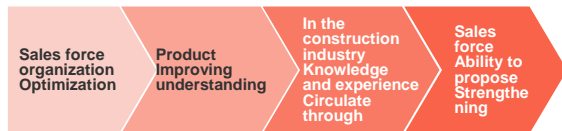
Develop highly efficient sales strategies to steadily capture rapidly expanding DX demand

Upgrading our sales organization

Establishment of a sales organization specializing in construction DX

(As of the end of Dec. 2022: 99 sales personnel/1.4 times the previous year)

To the Construction DX Professional Group

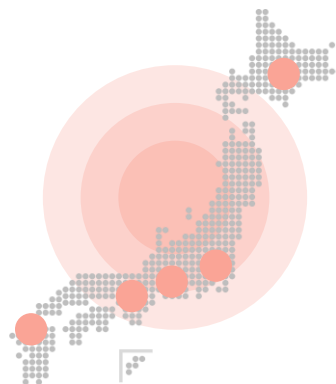


Expected effect



To expand our sales network

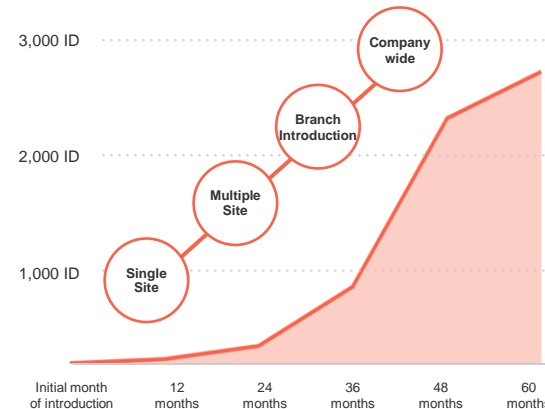
Expand network of agents and agents
Newly established sales offices (as of Feb. 2023: 5 offices)



Develop and penetrate key customers

Through a value proposition that combines optional functions
Generate large-scale negotiations such as early lump-sum introduction

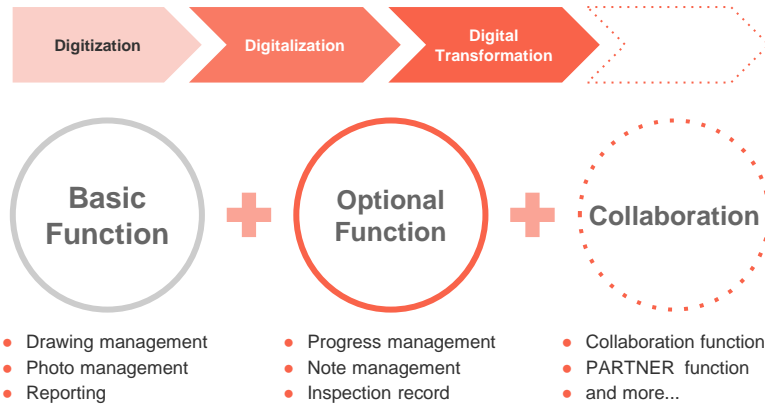
Examples of Introduction by Major Equipment Construction Companies



Incorporate construction management expertise into products
Build product value that only we can provide

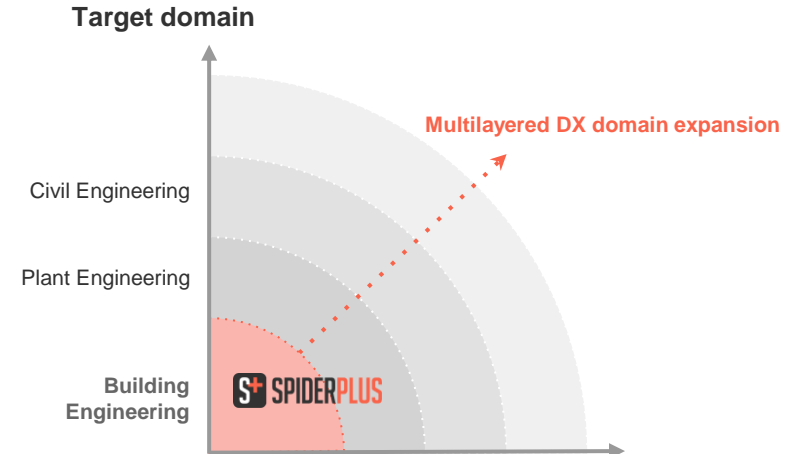
Develop functions that meet DX phases

Develop functions that not only replace analog tools but also improve the efficiency of business processes and on-site operations



Expansion of DX domain

Focus on developing products that expand DX domain, such as renewal version of SPIDERPLUS



“ Build a portfolio that generates exclusive customer value.”

Patent

The image layout system, a construction image layout method and program



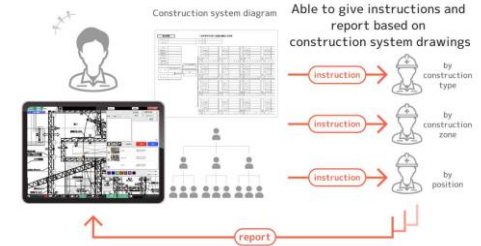
Patent

The image capturing instruction system, a construction image photographing instruction method, and program product



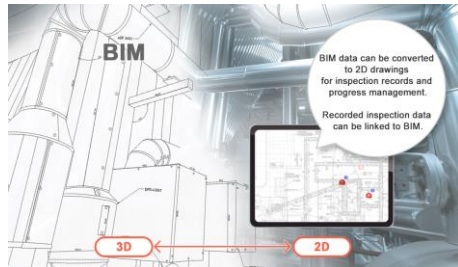
Patent

Construction System Work Instruction



Patent

BIM and architectural drawing collaboration



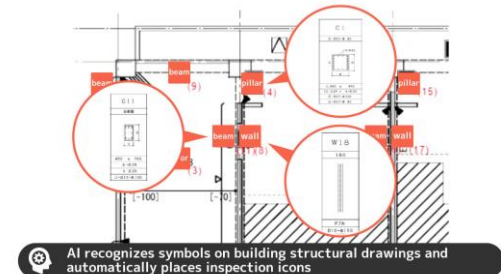
Patent

Coordination of management of problems pointed out in checklist



Patent

Building drawing Icon allocation AI



Focus management resources preferentially on target countries with a view to establishing overseas bases

Overseas expansion policy

Expanded to 10 countries mainly in Southeast Asia, where Japanese construction companies are expanding
 Selection of countries for deployment based on investment criteria such as market size and business practices of each country

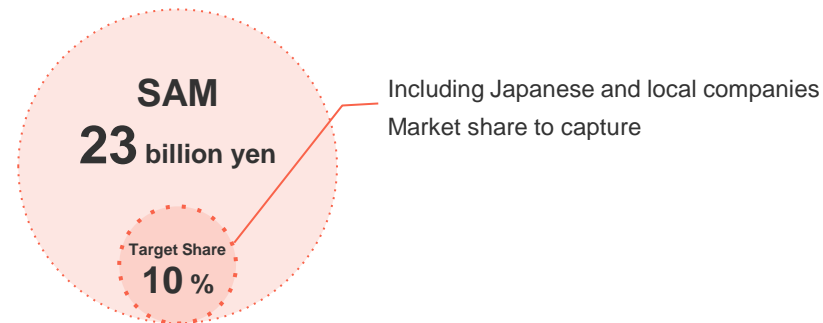


Regions under development	
Vietnam	Taiwan
Thailand	China
Indonesia	Philippines
Cambodia	Malaysia
Singapore	Myanmar

Mid-Term Priority strategy

In addition to Japanese-affiliated construction companies in the target countries
 Aiming to acquire a 10% market share as soon as possible by expanding into the local construction industry

Examples of Market Size in the Most Focused Countries*1

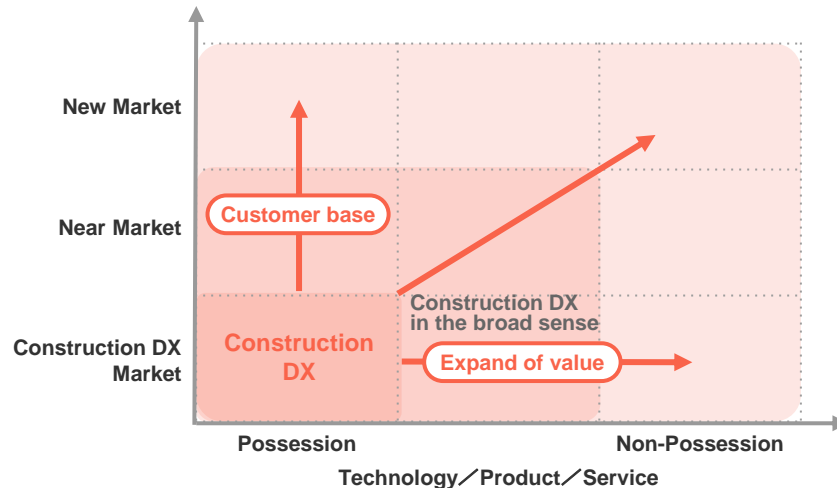


*1:Market size of the most focused countries are calculated by multiplying the number of employees of the contractors we serve in the target countries by the assumed ARPU.

Proactively utilize alliances and M&A to generate discontinuous growth

Approach to Alliances and M&A

Conducted alliances in DX in areas surrounding construction, such as local governments
Execute M&A for projects where synergy effects are stronger



Examples of Alliances



Co-development



Product collaboration



Construction DX
×
local government DX



Service collaboration



Construction DX
×
Construction Technician Dispatching

Mid-Term Growth Strategy*1

Creating the construction sites of the future with customers by reliably grasping social issues



*1: ARR 5 billion and ARR 10 billion are medium-and long-term forecasts and are not guarantees of future results or performance. This forward-looking statement involves known and unknown risks and uncertainties that may cause actual future results and financial condition to differ materially from any future results or outcomes expressed or implied by the forward-looking statements.

Vision 2030

Create with customers
“Construction site of the future”

FY2023 Forecast

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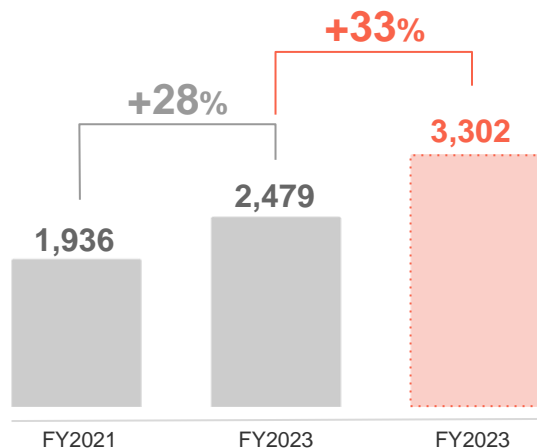
FY2023 Forecast

Unit : Millions of yen	FY2022 Results	FY2023 Forecast	YoY
Net Sales	2,479	3,302	+33%
Operating loss	-1,142	-698	—
Ordinary los	-1,161	-732	—
Net loss through the year	-1,036	-739	—
ARR	2,752	3,770	+37%
ARR per employees	11.9	14.5	+22%
Number of Employees	237	Approx.260	Approx. +30

Accelerated penetration of existing customers and planned advance investment to reduce losses while increasing growth rate

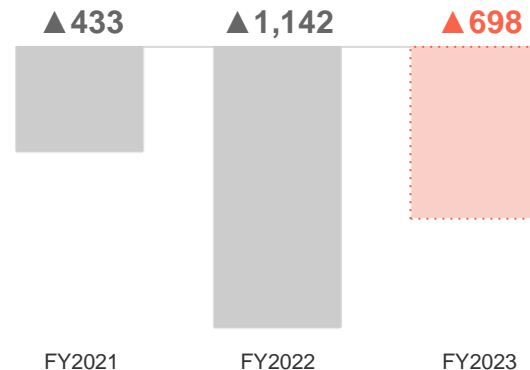
Net Sales of ICT Business

Unit : Millions of yen



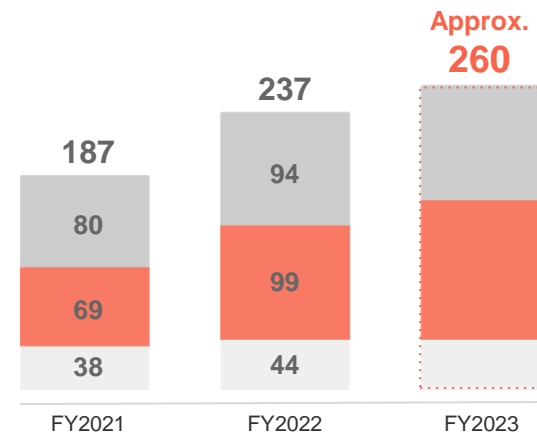
Operating loss*1

Unit : Millions of yen



Recruitment Plan

■ : Product ■ : S&M ■ : G&A Unit : person



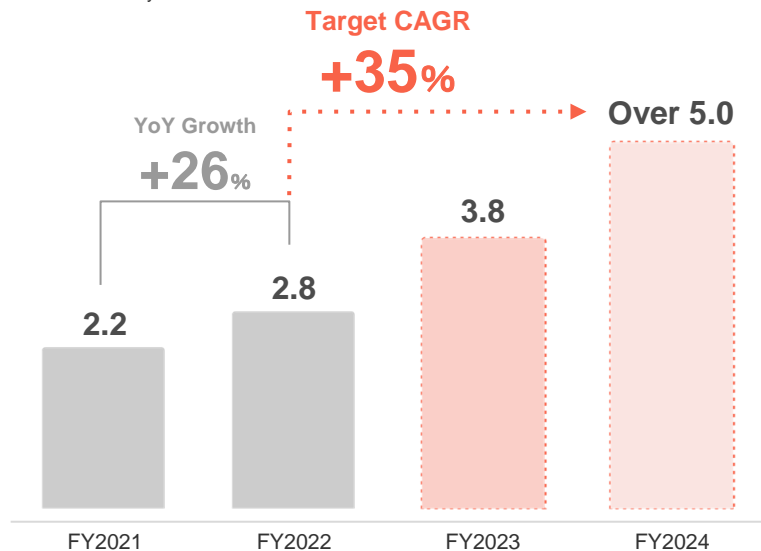
*1 : Operating income is profit loss on a company-wide basis

Early achievement of 5 billion yen ARR in FY2024*1

Focus on turning points in 2024 and pursue customer development and penetration through a 2-year plan

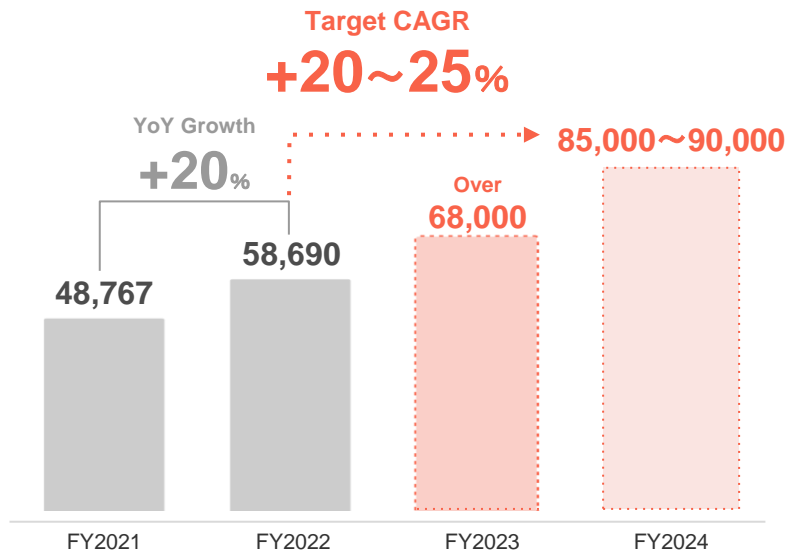
ARR

Unit : Billions of yen



ID

Unit : Number of IDs



*1: Forward-looking statements about ARR and ID are medium-to long-term prospects and are not guarantees of future results or performance. This forward-looking statement involves known and unknown risks and uncertainties that may cause future results and outcomes to differ materially from those anticipated.



This presentation contains forward-looking statements. These forward-looking statements are based on information available as of the date hereof. These statements are not guarantees of future results or performance. Such forward-looking statements involve known and unknown risks and uncertainties that may cause actual future results and financial condition to differ materially from any future results or outcomes expressed or implied by the forward-looking statements.

Factors that could cause our results to differ materially from those described in these statements include, but are not limited to, changes in domestic and international economic conditions and trends in the industries in which we operate.

In addition, information relating to matters and organizations other than ours is based on publicly available information, and we have not verified the accuracy or appropriateness of such publicly available information, and there is no assurance.

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This material has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated material and the Japanese original, the original shall prevail.

In the future, we plan to disclose the "Business Plan and Matters Regarding Growth Potential" by the end of Mar. every year.

Reference: FY2022 Results

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FY2022 Financial Highlight

(Net sales fell short of forecasts, but cost control was implemented appropriately)

Millions of yen	FY2022 Cumulative period	YoY	FY2022 Forecast
Net sales	2,479	+28%	2,668
Operating loss	-1,142	—	-1,189
Ordinary loss	-1,161	—	-1,219
Net loss	-1,036	—	-1,094
Cash and deposits	3,044	—	—
(Reference) Number of employees	237 person	+43person	over 250person

FY2022.Q4 KPI*1

Cumulative Sales of ICT business

2,479 millions of yen

YoY Growth +28%

ID

58,690 ID

YoY Growth +20%

ARR

2,752 millions of yen

YoY Growth +26%

ARPU

3,908 yen

YoY Growth +5%

Contracted companies

1,524 companies

YoY Growth +27%

Churn rate

0.5%

Cumulative Sales	ARR	Company	ID	ARPU	Churn rate
Neutral	Neutral	Very Good	Neutral	Good	Very Good

*1: "Very Good", "Good" and "Neutral" represent our view of performance. Each words denotes the results compared to the forecast and the growth rate as follows. "Very Good":A word for representing greater-than-expected results. "Good":A word for an item that has been improved or not anticipated. "Neutral":A word for lower-than-expected results. "Bad":A word for representing a significant decline in value or a net decrease in value

Thank you.

(Excerpt from new FY2022 contracts and expanded introduction customers*1)



*1: Only companies that have obtained permission to publish their logos will be listed.



Although ARR fell short of the target due to a delay in the conclusion of large-scale negotiations from the next fiscal year, Steady progress in business due to the development of major companies with future growth potential and the implementation of growth strategies including advanced investment

KPI	Achievement status	Assessment
ARR	Neutral	Achieved an ARR of 2.75 billion yen, compared to the target ARR of 3 billion yen (growth rate of 38% YoY). The main factor behind this was the failure to achieve the target for ID numbers due to the delay in the timing of the conclusion of large-scale negotiations.
ID	Neutral	Achieved 58,690ID (20% YoY growth rate) compared to the target 64 thousandID (31% YoY growth rate). The main factor behind this was that it took time to expand the penetration of existing customers, such as the timing of the conclusion of large-scale negotiations proceeding toward the closing of the end of 2022 being delayed until 2023 or later.
ARPU	Good	Achieved 3,908 yen (5% year-on-year growth rate) versus target of 3,875 yen (4% YoY growth rate). Upgrading of DX demand and strengthening of sales organization to expand sales of optional functions in advance of application of the Work Style Reform-Related Law.
Number of contracted companies	Very Good	The number of contracted companies as of the end of Dec. 2022 was 1524 (27% YoY growth). Through strategy to streamline the sales organization, in addition to being 1 of the leading companies in the construction industry, it is also developing excellent customers in other industries, such as the plant industry.
Churn rate	Very Good	The churn rate remained at a low level of less than 1% throughout the year due to the strengthening of the on-boarding system through the expansion of the number of employees and the release of the user portal site.

*1: "Very Good", "Good" and "Neutral" represent our view of performance. Each words denotes the results compared to the forecast and the growth rate as follows. "Very Good":A word for representing greater-than-expected results. "Good":A word for an item that has been improved or not anticipated. "Neutral":A word for lower-than-expected results. "Bad":A word for representing a significant decline in value or a net decrease in value

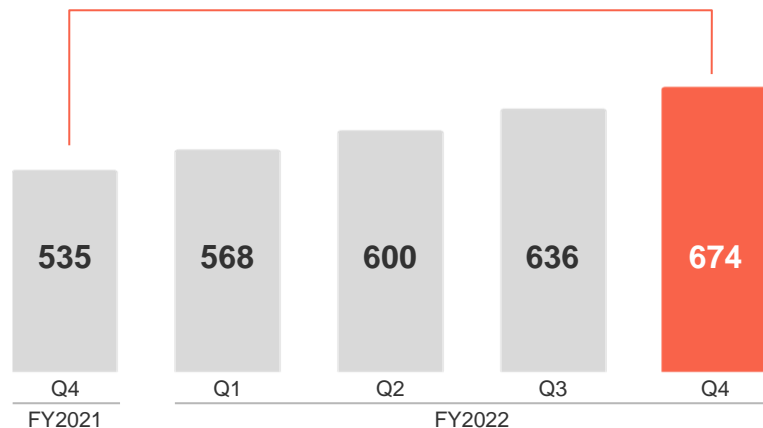
Both Net sales and ARR grew 26% YoY

Closing of large-scale negotiations*1 focused on in the second half of 2022 will be delayed until after 2023

Net sSales*2

Unit: millions of yen

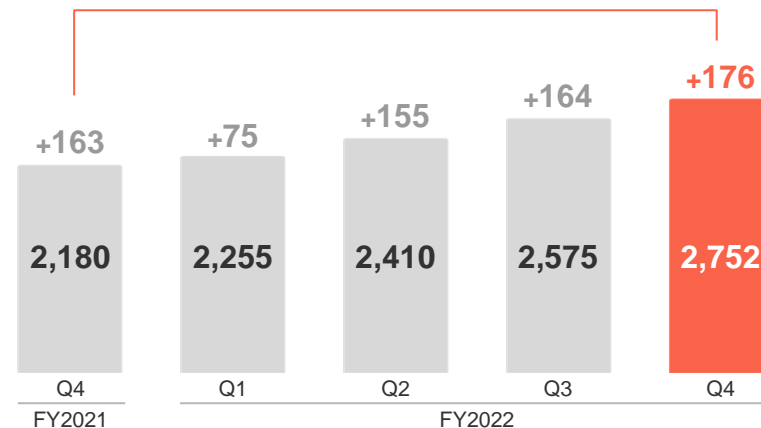
YoY Growth
+26%



ARR*3

Unit: millions of yen

YoY Growth
+26%



*1: Refers to certain large transactions, such as the introduction of SPIDERPLUS for several 100 people (ex, company-wide introduction).

*2: ICT segment sales are listed.

*3: ARR is calculated by multiplying the monthly MRR of each quarter-end month by 12 (annualized) times the total amount of monthly usage fees that do not include temporary revenue at the end of the month of the target month.

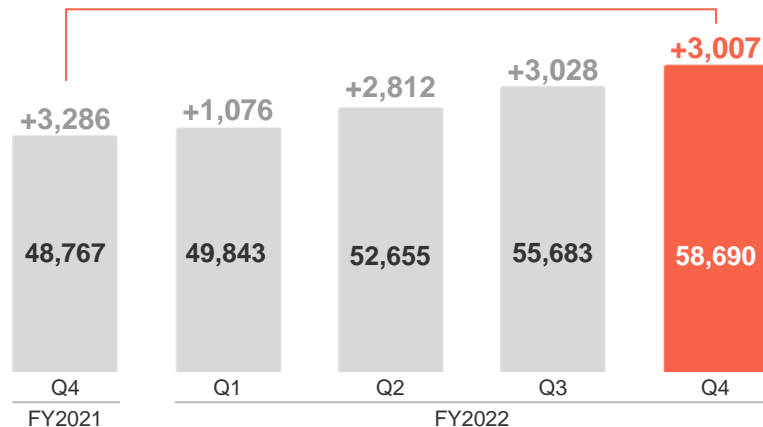


Although ARPU exceeded the forecast (YoY +4%),
Growth in number of IDs is lower than expected due to delayed closing of large-scale negotiations

ID

Unit :ID

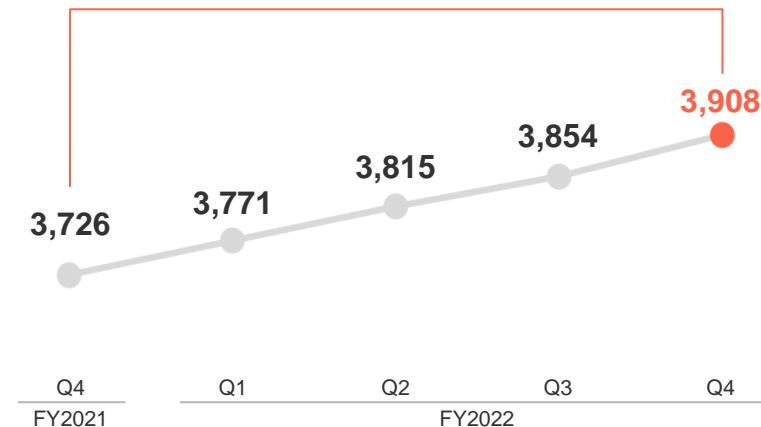
YoY Growth
+20%



ARPU*1

Unit :yen

YoY Growth
+5%



*1: Represents the contract unit price for the ID unit and is calculated by "MRR ÷ number of IDs" for the month of the end of each quarter.



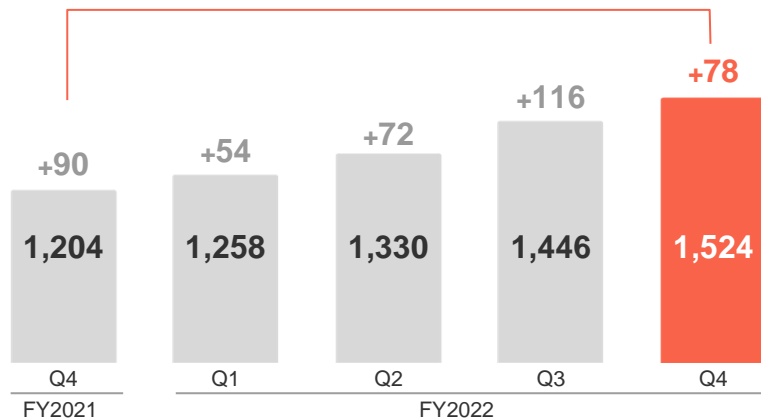
New contracts with 320 companies per year,
including key customers, while maintaining ARPA

Contracted companies

Unit: Companies

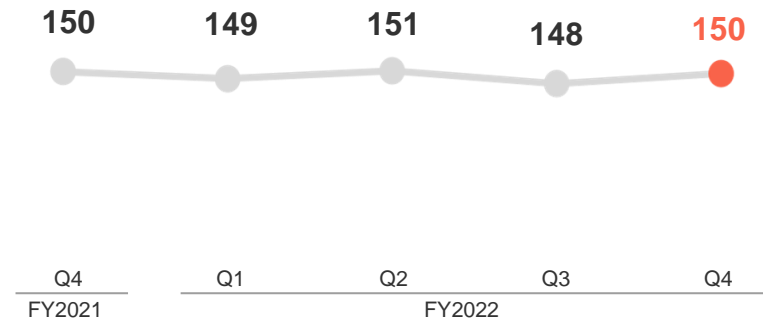
YoY Growth

+27% (+320 companies)



ARPA*1

Unit: thousands of yen



*1: Represents the average unit price of a contracted company unit and is calculated based on "MRR ÷ the number of contracted companies" as of the end of each quarter.



Millions of yen	FY2022.Q3 Accounting period	FY2022.Q4 Accounting period	QoQ	FY2021.Q4 Cumulative period	FY2022.Q4 Cumulative period	YoY
Net sales	636	674	+5.9%	2,206	2,479	+12.3%
Of net sales, ICT business	636	674	+5.9%	1,936	2,479	+28.0%
Gross profit	375	405	+7.9%	1,262	1,520	+20.4%
Gross profit margin	59.1%	60.2%	+1.1pt	57.2%	61.3%	+4.1pt
SG&A expenses	692	794	+14.8%	1,695	2,662	+57.0%
Operating loss	-316	-388	-	-433	-1,142	-
Ordinary loss	-319	-391	-	-503	-1,161	-
Extraordinary income	-	-	-	0	132	-
Extraordinary losses	0	0	-	0	0	-
Quarterly loss before income taxes	-319	-392	-	-504	-1,030	-
Net loss through the quarter	-320	-393	-	-511	-1,036	-

About Cumulative FY2022.Q4

Net Sales

- Net sales for the cumulative FY2022.Q4 period increased to 2,479 million yen in line with the sales growth (YoY+28.0%) in ICT business

Gross profit margin

- Gross margin increased to 61.3%(YoY+4.1pt) as ICT business became a single business from FY2022

SG&A expenses

- SG&A expenses increased to 2,662 million yen (YoY+57.0%) in the cumulative period due to advanced investment in ICT business, mainly human capital, and the relocation of the head office

Extraordinary income

- Gain of 132 million yen from the transfer of the engineering business in January 2022



Millions of yen	FY2021.Q4 Cumulative period*1	FY2022.Q4 Cumulative period	YoY
Net sales	1,936	2,479	+28.0%
<i>Stock income</i>	1,911	2,441	+27.7%
<i>Stock income ratio</i>	98.7%	98.5%	-0.2pt
Cost of sales	710	958	+35.0%
Gross profit	1,226	1,520	+24.0%
<i>Gross profit margin</i>	63.3%	61.3%	-2.0pt
SG&A expenses	1,692	2,662	+57.3%
Operating loss	-465	-1,142	-

Cumulative FY2022.Q4

Net sales

- ICT business sales increased to 2,479 million yen (YoY+28.0%), due to increased SPIDERPLUS stock revenue

SG&A expenses

- SG&A expenses increased to 2,662 million yen (YoY+57.3%) due to planned advanced investment
- Advertising expenses were 236 million yen due to exhibitions, online marketing, etc.

*1: Performance excluding profit and loss related to ENG business from company-wide profit and loss is presented as comparative information.



Millions of yen	FY2020	FY2021	FY2022.Q4
Cash and deposits	469	4,196	3,044
Other current assets	351	512	497
Current assets	820	4,708	3,542
Software	3	2	558
Software in progress	–	381	183
Other fixed assets	80	334	510
Fixed assets	84	717	1,252
Total assets	905	5,426	4,794
Borrowings	266	178	443
Other liabilities	230	626	666
Total liabilities	496	804	1,109
Total net assets	408	4,622	3,684
<i>Equity ratio</i>	<i>45.1%</i>	<i>85.2%</i>	<i>76.8%</i>

Cumulative FY2022.Q4

Cash and deposits

- Implementation of strategic advanced investment based on a stable financial base. The balance of cash and deposits at the end of FY2022 was 3,000 million yen.

Software & Software in progress

- Upon releasing the renewal version of SPIDERPLUS, software accounts are booked and amortization begins

Other fixed assets

- Increase in property, plant and equipment mainly due to the move-in of a new office in May. 2022

Debt

- Increased due to 330 million yen borrowing (repayment period: 5 years, unsecured) for capital investment related to the relocation of the head office



Millions of yen	FY2020	FY2021	FY2022
Operating Cash Flows	130	-493	-1,000
Cash flows from investing activities	12	-610	-508
Free Cash Flow	142	-1,103	-1,509
Net Cash Used in Financing Activities	-43	4,830	363
Net increase (decrease) in cash and cash equivalents	99	3,726	-1,146
Cash and cash equivalents at beginning of year	365	464	4,191
Cash and cash equivalents at end of year	464	4,191	3,044

Cumulative FY2022.Q4

Operating Cash Flows

- Mainly negative operating cash flow due to advanced investment in ICT business

Net cash used in investing activities

- The main content is due to the progress of renewal and development of SPIDERPLUS.
Increase in software in progress/software and purchase of fixed assets associated with head office relocation costs
- The transfer of the engineering business in Jan. 2022 resulted in the receipt of 200 million yen in consideration for the transfer

Net cash used in financing activities

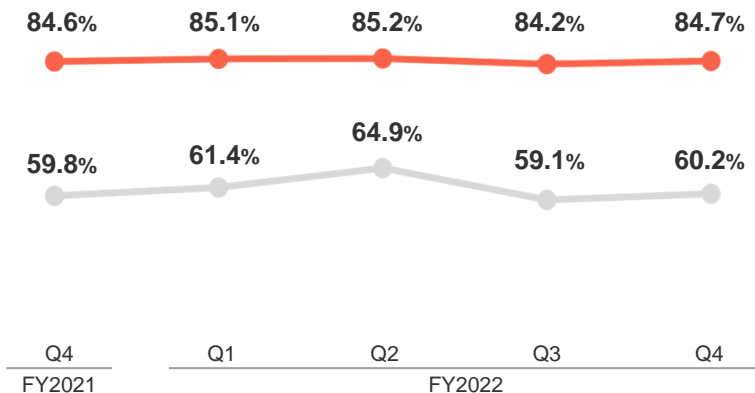
- Increase mainly due to proceeds from exercise of stock acquisition rights and debt financing for head office relocation



Marginal profit ratio*1 remained stable at around 85%

Marginal Profit Ratio and Gross Profit Margin

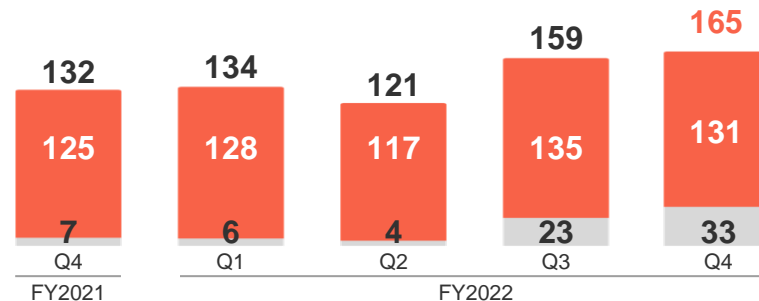
●:Marginal profit ratio ●:Gross profit margin



Breakdown of Fixed Costs*2

■:Development personnel expenses*3 ■: Other fixed costs Unit:Millions of yen

Due to launch of SPIDERPLUS renewed version
Depreciation of software begins from FY2022.Q3.



*1: Marginal profit is "Net sales-Communication expenses (Cost of sales)-Commissions paid (Cost of sales)," and marginal profit ratio is calculated as "Marginal profit ÷ Net sales."

*2: Only fixed costs in cost of sales, not including SG&A expenses.

*3: Includes expenses related to outsourcing (including SES) and temporary staffing, in addition to permanent employee human rights expenses. Other fixed costs are based on our accounting classifications used for administrative purposes.

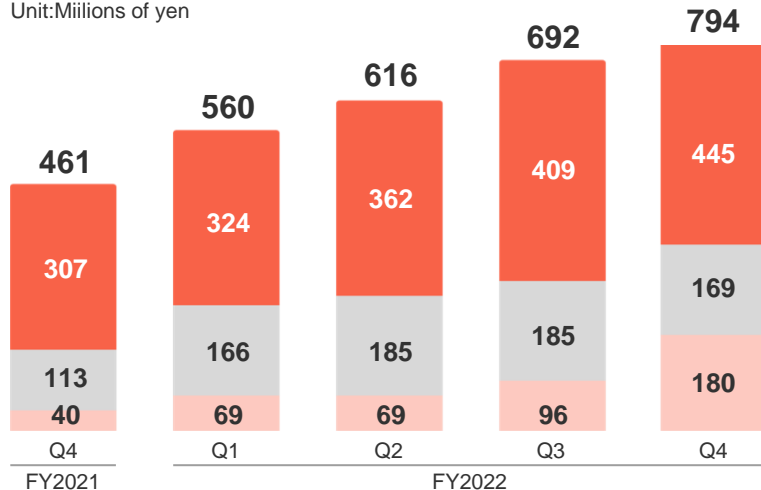


S&M is at the same level as FY2022.Q3 due to the impact of the 1-time cost of exhibitions
 R&D increased as a result of focusing on product development, including renewal of SPIDERPLUS

SG&A expenses composition*1

■:S&M*2 ■:R&D*3 ■:G&A*4

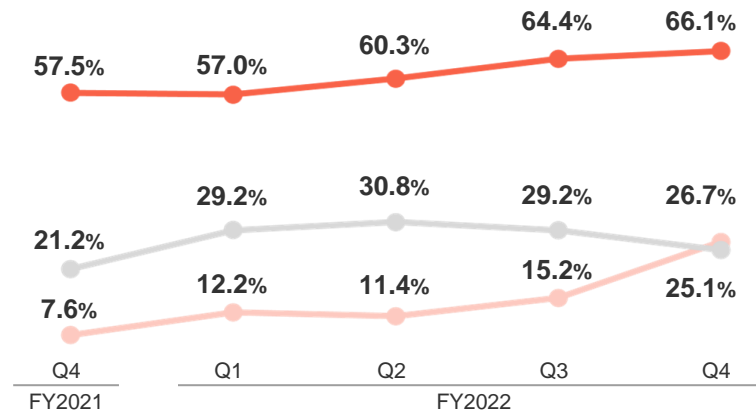
Unit:Millions of yen



SG&A ratio

■:S&M*2 ■:R&D*3 ■:G&A*4

Unit:%



*1: Each structure is a management accounting structure.

*2: Abbreviation of Sales and Marketing. "Total of personnel expenses, advertising expenses, sales commissions, etc. and related common expenses related to the sales department including marketing" for each quarterly accounting period.

*3: Abbreviation of Research and Development. "Total amount of personnel expenses, etc. related to the development division and related common expenses" for each quarterly accounting period.

*4: Abbreviation of General and Administrative. "Total Corporate Division Expenses and Related Common Expenses" for each quarterly period.

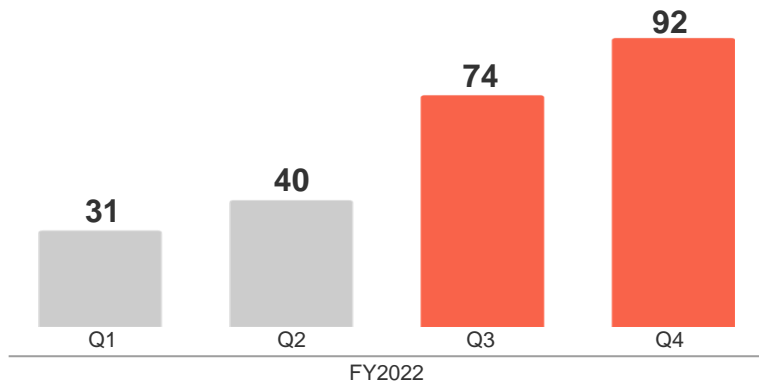


SG&A expenses increased due to 1-time factors associated with a large-scale exhibition at an exhibition and developing a renewal version SPIDERPLUS.

Changes in Marketing Costs

Unit : Millions of yen

Large-scale participation in exhibitions in Q3 and Q4 of FY2022.

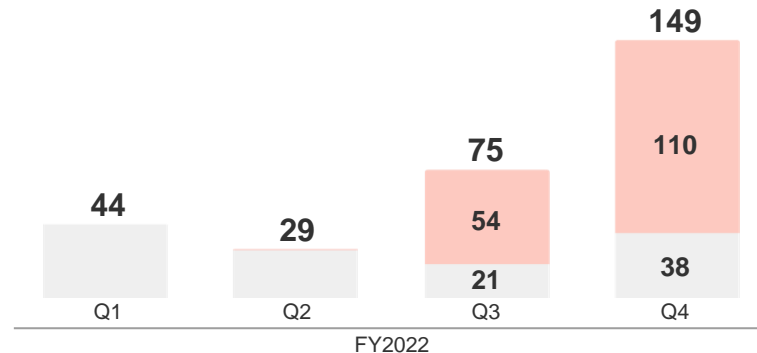


Changes in Product Development Costs

■ : Product development costs (outsourcing costs) recorded in S&M

■ : R&D cost

Unit : Millions of yen

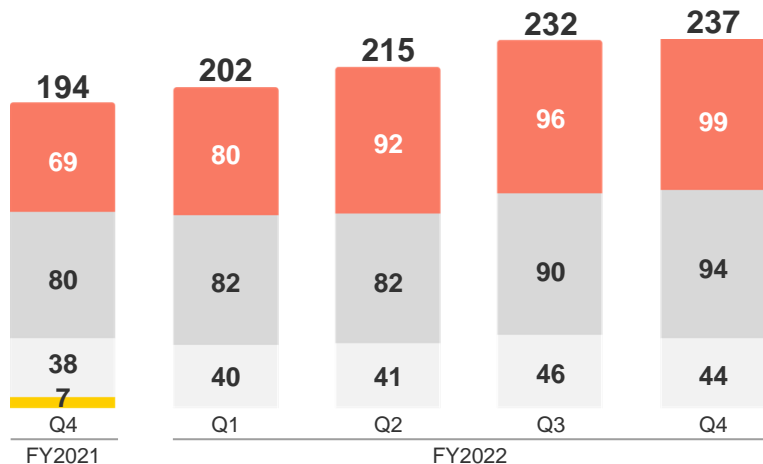




Focus on securing human resources and organizing to meet growing demand for IT capital expenditures

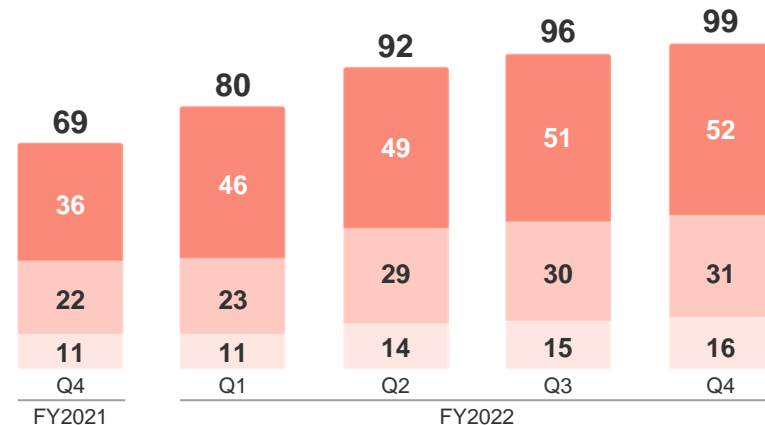
Number of Employees*1

■: S&M ■: Products (Development and R&D) ■: G&A ■: ENG Business
 Unit: People



Number of S&M staffing

■: Field Sales & Consulting Sales ■: Customer Success & Customer Support
■: Marketing Inside Sales and Others
 Unit: People



*1: Includes the number of sales and corporate temporary staff and the number of development-related SES staff (excluding outside directors, etc.).

Reference: Corporate Profile

1. Business
2. Market Environment & Competitive Advantage
3. Medium term growth strategy
4. FY2023 Forecast
5. Reference: FY2022 Results
6. **Reference: Corporate Profile**
7. Reference: About SPIDERPLUS



Create more "fun" to work.

Create more "fun" to work.

.....

We will continue to create a world where people can become more enthusiastic about their work through the joy and enjoyment of solving customer issues. We believe that being able to find work to be truly fun will improve productivity the most. Creating "fun" is our grand mission.

The construction industry has a long history, and as represented by paper drawings, there are still many analog environments, and it is not easy to change what we have cultivated, such as cultures and systems. We believe that for change, we need partners who are more than anyone can afford and who can be trusted and expected. In addition, precisely because we are in such an industry, we must provide products that meet the expectations of those who thoroughly understand and understand the needs of the workplace and who are glad to have introduced them.



Identity that we have cherished

& Co. = together

Established 200 years ago as a thermal insulation construction company, We have worked in the construction industry and faced the challenges facing the industry.

We will work together and become colleagues and change the industry with technology through products that take the same viewpoint as our customers, live up to them, respect their aspirations, and combine the opinions of each other.



Company Name SpiderPlus & Co.

Address Tokyo Head Office (Minato-ku, Tokyo)
Sapporo Sales Office (Sapporo, Hokkaido)
Nagoya Sales Office (Nagoya City, Aichi)
Osaka Sales Office (Osaka, Osaka)
Fukuoka Sales Office (Fukuoka City, Fukuoka Prefecture)

Founded 1997 Sep.

Incorporation 2000 Feb.

Representative Kenji Ito

Number of employees 237 (as of Dec. 2022)

Description of Businesses Develop and sell SPIDERPLUS, a construction-related DX servicing





If I could become president if I had a little experience with scissors, bread-cutting knives, a little tools, and a little more, I started a company for heat insulation work.

A few years later, when the world was struggling with IT bubbles and information-related revolutions, I came to feel a variety of inconveniences in my work.

Drawing accumulated like a mountain. A scattered color pencil. A larger pen stick every time you accumulate. Daily trips to and from the site many times because we forgot to check...

**The world is transforming into a digital society at an enormous speed,
Why is the construction industry so late in the information revolution?**

"If no 1 makes it, you can make it yourself. You can change it."

This awareness is the beginning of the present SpiderPlus & Co..

Now the desk is no longer piling up in the drawing, nor is the color penetration scattered.

"And I can't look forward to the new ""things"" that we are waiting for in the future."

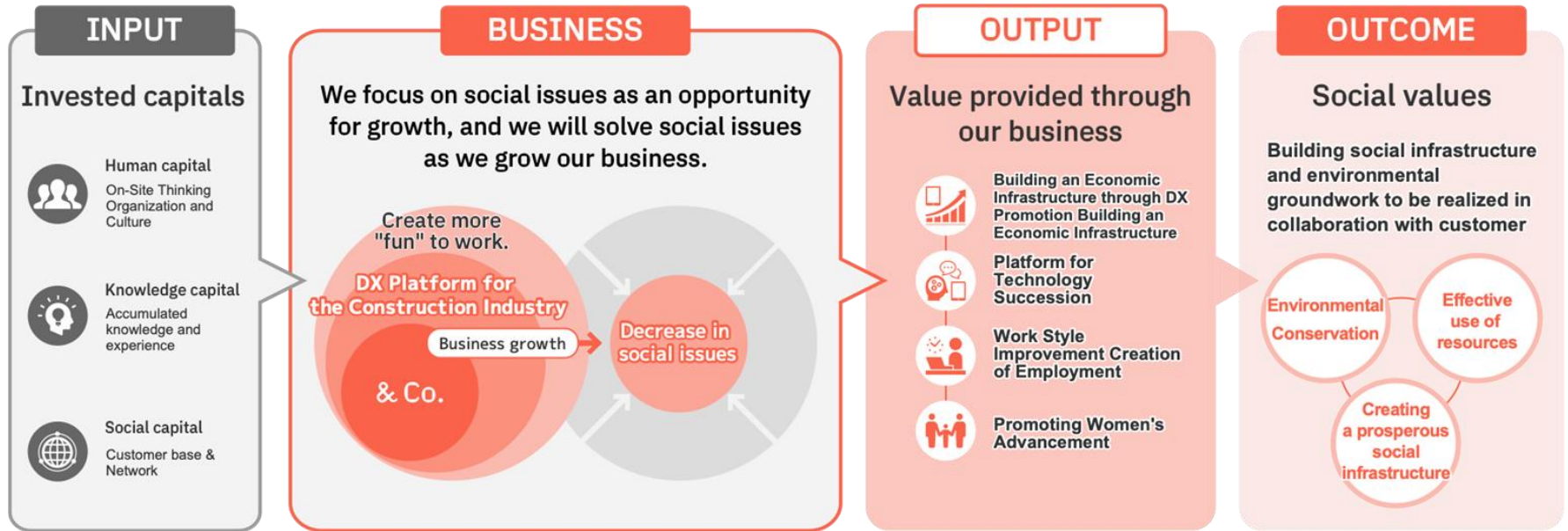
Seek innovation at all times.



CEO Kenji Ito

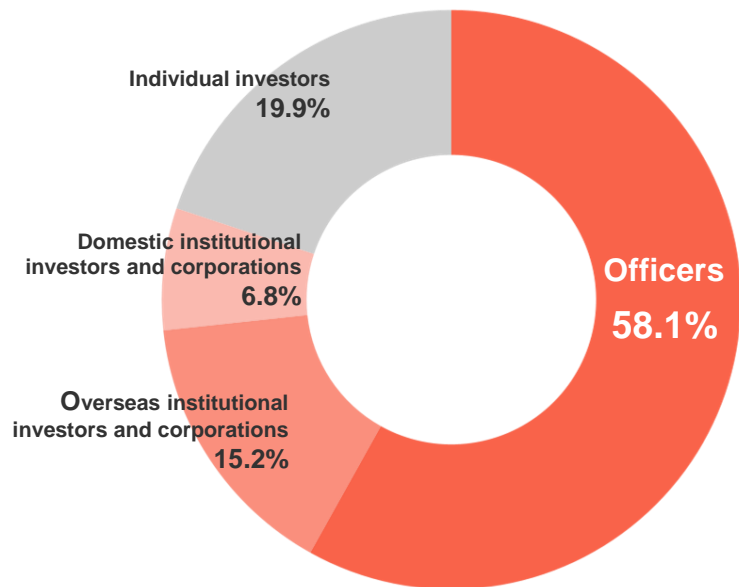


Achieving Sustainable Value Creation through Business Growth by Viewing Social Issues as Growth Opportunities



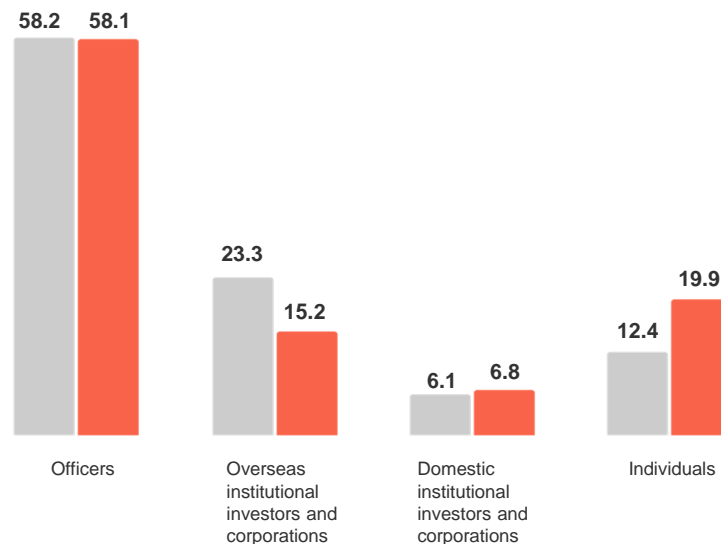
* 1 : Our Sustainability Website : <https://spiderplus.co.jp/about-us/sustainability/>

Composition of Shareholders as of Dec. 31, 2022



Change in shareholder composition

■ : As of June.30,2022 ■ : As of Dec.31,2022 Unit : %



*1:Calculation excludes potential shares. As of the end of Feb. 2023, 2,675.9 thousand dilutive shares, or 7.8% of the total number of outstanding shares (34,426.6 thousand shares) had been issued.



Details of risks	Likelihood of occurrence	Degree of influence	Countermeasures
Risks that a sudden and long-term contraction trend in the construction market may cause customers to face concerns about deterioration in business conditions or bankruptcies, which could affect our financial position and results of operations.	Small	Large	Strive to create a customer base that does not rely on specific customers by expanding market-share while thoroughly managing credit exposure.
Risks that competition will intensify more than we anticipate and affect our financial position and results of operations as major competitors with financial resources and brand power use their resources to sell services and products more than we currently have.	Medium	Large	We will strive to improve our competitiveness by developing and providing products and services that meet customer needs. At the same time, we will increase the number of companies and users of SPIDERPLUS by actively conducting marketing activities and strengthening sales capabilities, and achieve high customer satisfaction by strengthening customer support and customer success systems.
Risks that our financial position and results of operations may be affected by a decline in our technological capabilities and competitiveness due to delays in responding to technological innovations or an increase in expenditures for responding to technological innovations.	Medium	Large	We will strive to acquire technological knowledge and know-how, as well as promote the development of creative workplace environments and development environments to recruit and educate engineers and acquire advanced technological know-how and incorporate them into our development processes and organizations.
Risks that our financial position and results of operations may be affected if we are unable to attract and develop talented personnel or if there is an outflow of human resources after recruitment	Medium	Medium	Through strategy such as active recruitment activities, development of personnel evaluation systems, and implementation of training, we will endeavor to educate executives to the level of internal leaders, and train and retain new and mid-career employees.
Risks affecting our business and results of operations if the benefits of advanced investment do not materialize as expected	Medium	Large	The Company will continue its strategic advanced investment with an emphasis on the sales growth rate, while systematically controlling costs with an eye to achieving profitability at an early stage, and pursue business growth with profitability.

*1:For other risk information, please refer to the "Annual Securities Report [Business Risks]."

Reference: About SPIDERPLUS

1. **Business**
2. **Market Environment & Competitive Advantage**
3. **Medium term growth strategy**
4. **FY2023 Forecast**
5. **Reference: FY2022 Results**
6. **Reference: Corporate Profile**
7. **Reference: About SPIDERPLUS**

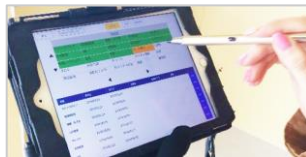


Extensive range of functions that can centralize construction management operations

【As of the end of Dec. 2022】*1



**Optional function
for
Specific Industry**
2,500 yen~ / per month



For Buildings

Pile Construction Record/Reinforcement Inspection
Finishing inspection/construction progress management



For Electrical equipment

Checking watt-hour meters/Trunk and load facilities
Connection of outlet test/illuminance measuring machine



For AC & sanitary equipment

Air flow meter linkage/Pressure gauge linkage
Temperature and Humidity Meter Cooperation/Noise Meter
Cooperation



**Optional function
for
All Industry**
1,000 yen~ / per month

General-purpose option function

indicated administrative functions: ID of 2,000 yen per month
Pipe slope measuring function : ID of 1,000 yen per month

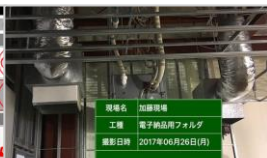


Pipe slope measuring

Basic function
3,000 yen ~ / per month



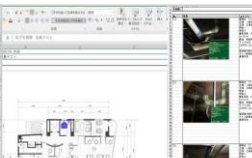
Drawing management



Electronic black board



Photo management



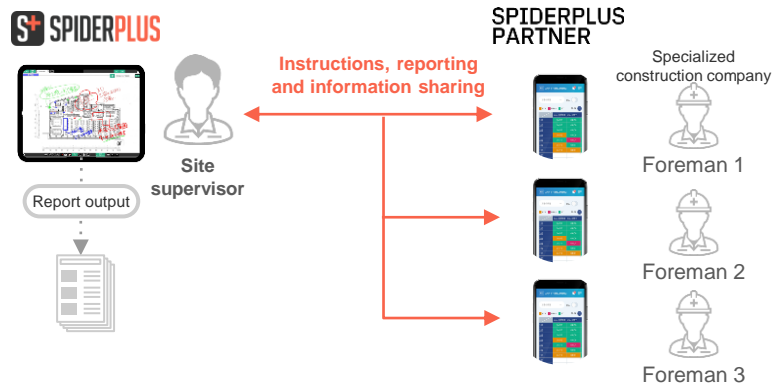
Generate reports

*1: The standard functions and option usage fees by industry exclude consumption tax and other taxes. The use of optional functions requires contracts for standard functions. Utilization fees are individually estimated for each company based on the above.

Develop products and services that also improve efficiency in peripheral operations for construction management

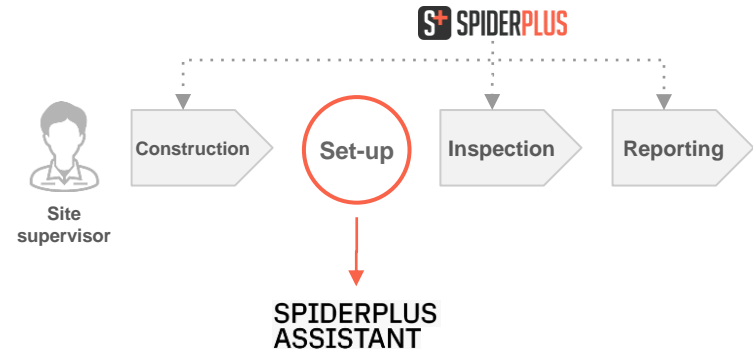
SPIDERPLUS PARTNER

- Optional function to reduce communication costs for site supervisors managing specialty contractors
- Completion of inter-company operational reports that occur "daily," "many times," and "many times" on SPIDERPLUS



SPIDERPLUS ASSISTANT

- BPO servicing to prepare (set up) inspection tasks, which take several hours
- Reduce the burden of preparatory work, such as registering detailed drawings on SPIDERPLUS required prior to inspections and marking inspection locations.

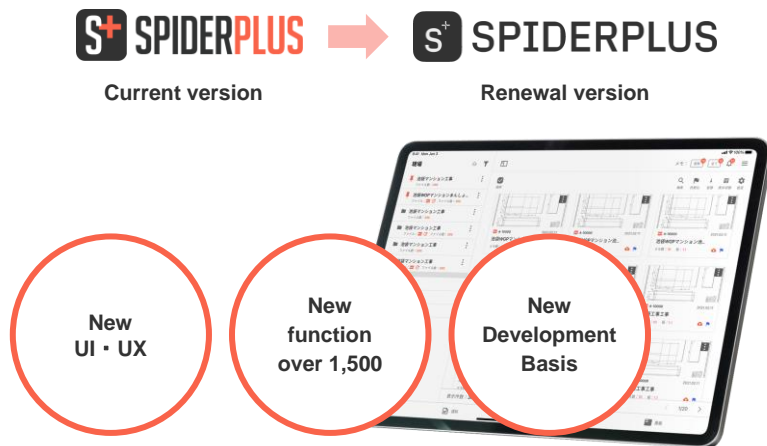




Products that form the foundation for medium-to long-term growth
Migration from the current version of SPIDERPLUS will be phased in starting in 2024

What is the renewal version

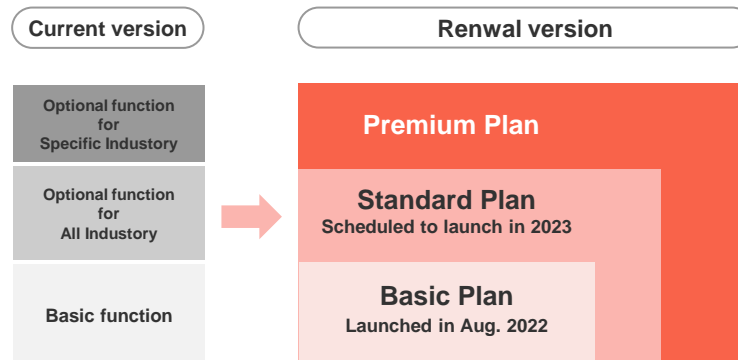
By eliminating technology liabilities accumulated over 2010 years,
Reborn SPIDERPLUS



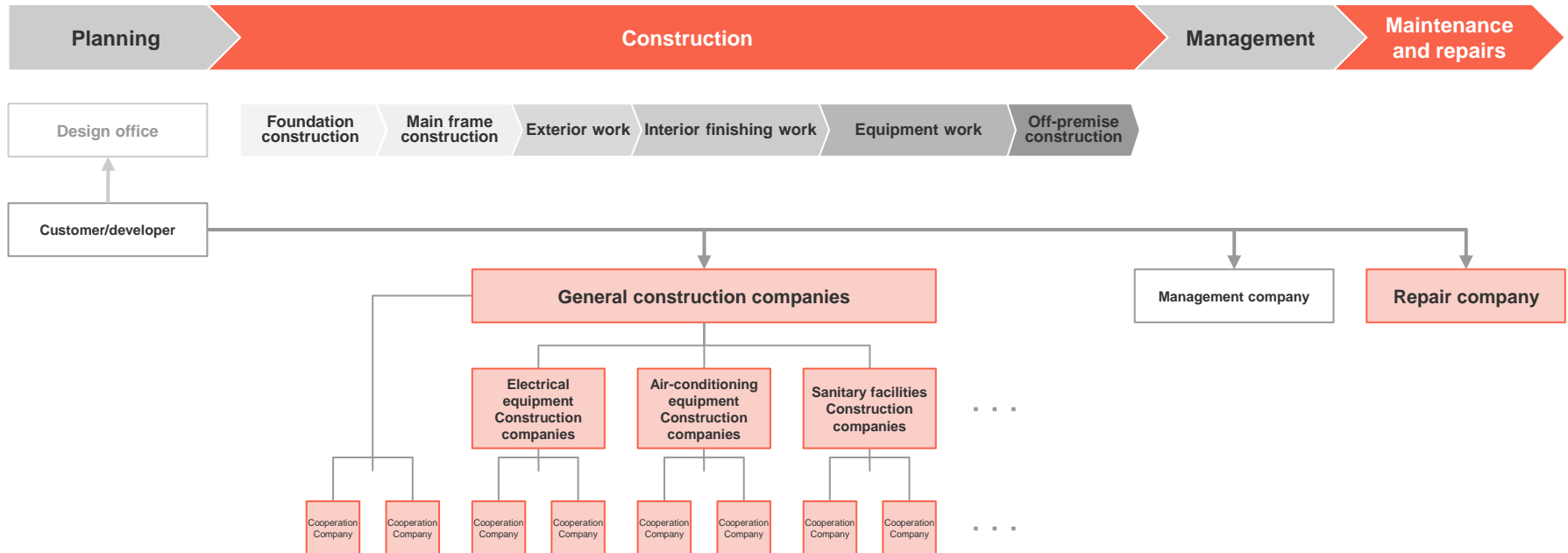
Status of provision

Currently, the renewal Basic Plan is being provided only for
specific industries.
Sequential transition from the current version from 2024

Image of the plan provided



Products used in large-scale construction sites, such as buildings and condominiums
Completed on a SPIDERPLUS basis, from in-house construction management to information-sharing
between businesses





Per 10 thousand m2 of building floor space
 Condominiums constructed with a total of about 40000 persons*1

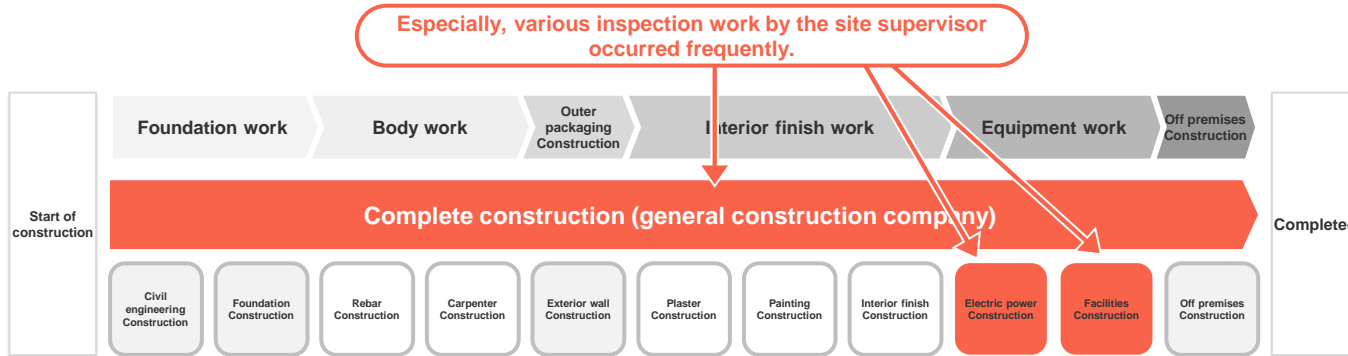
The total number of skilled workers required to complete the building is said to be 4-5 per square meter of building floor space. In the case of a condominium with a total building floor area of 10 thousand square meters, a total of approximately 40000 skilled workers will be involved.

"Site supervision operations" require instructions to each skilled worker and various inspections, and are extremely burdensome on operations.

Examples of RC buildings with 13 stories above ground/80 units



Structure/Floors/Units	RC built 13 stories above ground/80 units
Total skilled workers	Approx. 40 thousand
Number of on-site supervisors (assumed)	20-30 people
Construction period (assumed)	1 year and a half to 2 years
Construction cost (assumed)	2 billion yen



*1: (1 Company) Tokyo Construction Dealers Association, published on Sep. 19, 2013, from "Minna no Construction Q&A50"



Work content of site supervision

It is basically "on-site supervision" to use SPIDERPLUS.

Construction, equipment, and electricity companies have on-site supervision, and record enormous amounts of photographs and inspection data for each process.

Example of a schedule for 1 day of site supervision

(SPIDERPLUS can be utilized for operations in red areas)

Time	Work Details
7:30	Site arrival
8:00	Morning assemblies (confirmation of the contents of transport and construction work on the day)
8:30	Task digestion in the morning (homework, new admission education, etc.) Site patrols (to check the progress of construction)
10:00	Break (if possible)
10:30	Site patrols, handling of transport, etc.
12:00	Lunch break
13:00	Lunchtime (confirmation of next day's delivery and construction work)
13:30	Site patrols, material inspections, etc.
15:00	Break (if possible)
15:30	On-site patrols (drawing and document creation with vacant time)
17:00	Confirmation of completion of regular work On-site residual work and clerical work
19:00	Meetings (mainly for process verification and for lunchtime only the next day, but for longer-term processes)
20:00	Clerical work
21:00	Close of business



Photograph of sleeve

Sleeve mounting is the main construction work of the framework facilities and electrical work companies. Install a cylindrical sleeve in advance to the part where the piping penetrates the wall or floor so that the hole is opened even when concrete is poured. Since sleeves are buried in concrete placing, full-number shooting is the basis for the prescribed certification.



Inserts

Inserts are installed together with sleeving during body construction. During interior work, air conditioners and pipes are hung on the ceiling with bolts. The nuts for inserting the bolts are the inserts. A considerable number of inserts are required for all construction, equipment, and electrical work.



Pipe gradient photograph

Basically, the piping should have a constant gradient to prevent backflow. There are regulations on the necessary steepness depending on the type, size, and application of the pipes, and photographs are required as evidence of the achievement of the standards.



Fire prevention compartment penetration processing photograph

A fire-prevention division to prevent the total burning by delaying the fire even slightly when a fire occurs. Piping that penetrates the wall beyond this zone must be specially constructed, i.e. the zone treatment. In principle, the entire number of photographs is taken for plot processing, because if there is a & even 1 place that is hidden in the ceiling, there is no significance of the plot.



"Productivity reform is an endless theme for improving the industry itself"

SHINRYO CORPORATION



Number of Employees: 2251 (as of Sep. 2021)

Developed comprehensive equipment work, including air conditioning, electricity, water supply and drainage sanitation, and cogeneration.

No1 of domestic shares in district heating/cooling

From Solving Certain Issues to a Comprehensive DX

Shinryo Kogyo has a long history of introducing digitally and has been actively introducing DX for more than a decade. At first, we developed our own tools to solve the immediate problem.

The introduction of tools to solve specific issues at the workplace was aimed at achieving comprehensive labor savings by comprehensively sharing information not only with the Company itself but also with electricity, hygiene, and construction, which is highly versatile. From this, the Company's DX utilization policy has changed to a policy of flexibly incorporating products made by other companies.

Promotion of industry-wide DX and the factors behind it

There are always difficulties in promoting DX on a company-wide basis due to the nature of on-site operations. At the site, there is a time limit of delivery time and there is a limited cost. While we need to promote DX such as the introduction of tools while operating actual projects under limited conditions, we will not fail by making actual operational sites the test site.

No change even if DX is promoted

In the construction industry, the introduction of tools has led to a variety of changes at the workplace. Pictures can be collected digitally and efficiently, and they are being replaced, and these efforts also lead to labor savings and cost optimization at the front lines. On the other hand, we believe that "judgments based on an understanding of the essence of technology" remain unchanged as a core.



“Once you use it, you won't want to part with it! “



Not only paperless, but clarity of information is also a key to efficiency.

At the plant, the number of paper documents we take out to the field is just enormous, and we print and file 20,000 to 30,000 sheets a month. It is very difficult just to find the necessary documents every time something is needed. For example, we don't file materials that are to be submitted to the customer the next day, but if you include such materials, the number of sheets of paper is just too much.

During the trial period, we were impressed by the intuitive operability of the system, the efficiency of information transmission that meets the needs of the field, and the reliability of the security measures, which were the deciding factors in our decision to introduce the system.

Reduced time required to prepare submittals to customers

The time and setup required for organizing photos has been eliminated, and I think I have reduced it by about an hour. I spend less time preparing submissions for clients, and I spend less overtime and more time on my personal life.

SPIDERPLUS at the center of reporting and communication to see efficiency gains

As for "being able to proceed with work without having to go to the site," other locations have also introduced the system and are asking for advice on how to use it, and opportunities for communication are increasing.

By using a common tool called SPIDERPLUS, we are able to share information with each other.

We can complete drawing management, editing, photo pasting, report creation, etc. all in one application, and we would like to expand it horizontally to other departments to improve work efficiency and lead to a change in the way we work.

Anyway, I would like you to try it once. You won't be able to put it down.



Number of Employees : 1,239 persons (As of March 31, 2021)
Design, manufacturing, installation, piping and maintenance work
for various plants and machinery