

FY2023 Q1 (Jan.-Mar.)

Supplementary Materials on Financial Results

GLAD CUBE Inc.

Security code : 9561

May 15, 2023



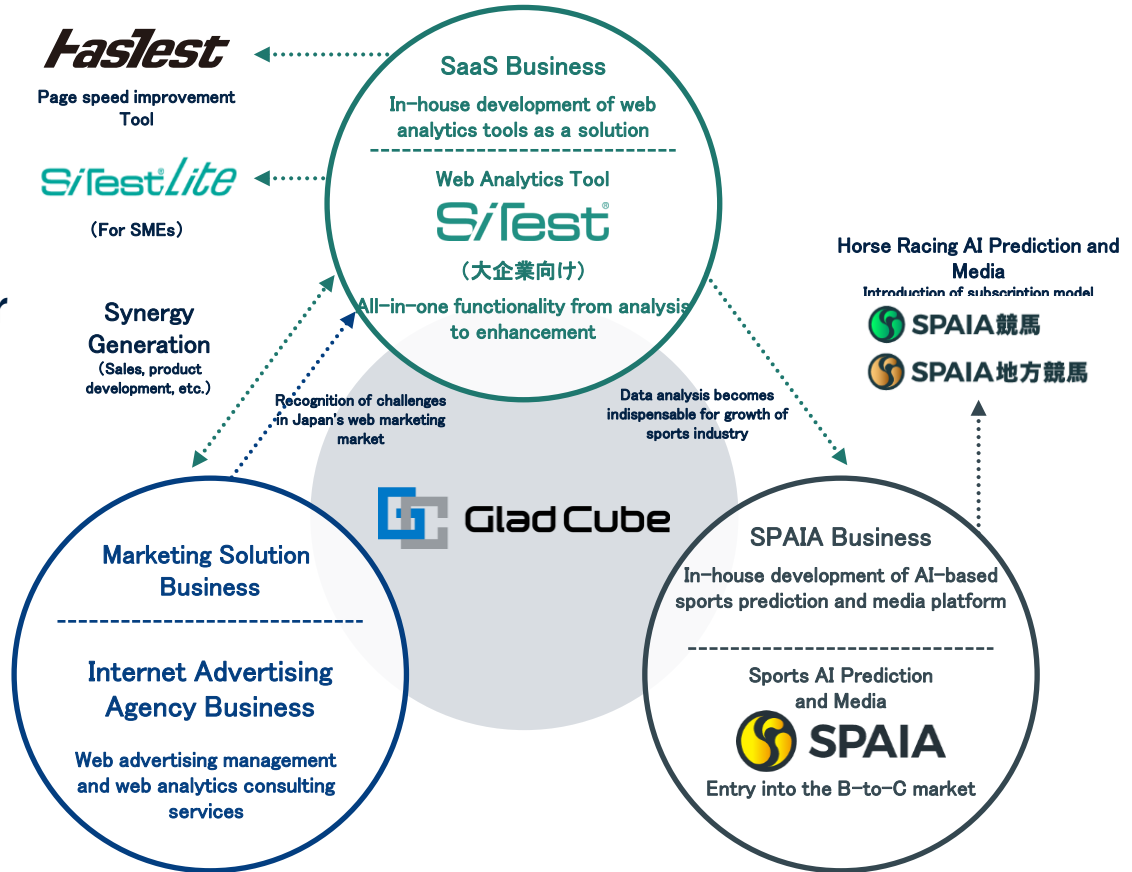


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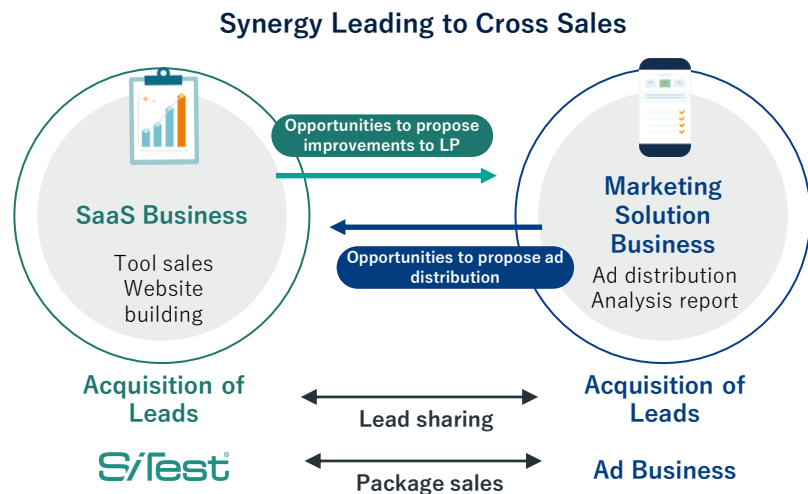
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Growing through the development of three main businesses and leveraging our strengths in analysis and development through digital marketing

We aim to be a platform for SaaS companies around the world through our proposals for the creation of new products to meet market needs



Maximizing synergy with Marketing Solution Business with SaaS Business at the core



- 1 **Accumulating revenue model** with Software as a Service (SaaS) and Subscription as a Service (SaaS)

- 2 In-house product development possible through **an environment that thinks from the customer's perspective**

- 3 **Inbound sales** realized through content marketing and other methods minimize sales costs since the company's inception

- 4 Management capability in developing new services based on market analysis and **achieving profitability**

- 5 **Sales synergy from inter-business collaboration**

1 | Q1 FY2023.12 Financial Results



FY2022 1 Q Financial Highlights

FY2022 (January to March) Actual

Although sales declined year-on-year mainly due to the impact of a large deal (temporary) in the previous first quarter, they continued to rise and maintained steady performance, surpassing initial forecasts by more than thought possible.



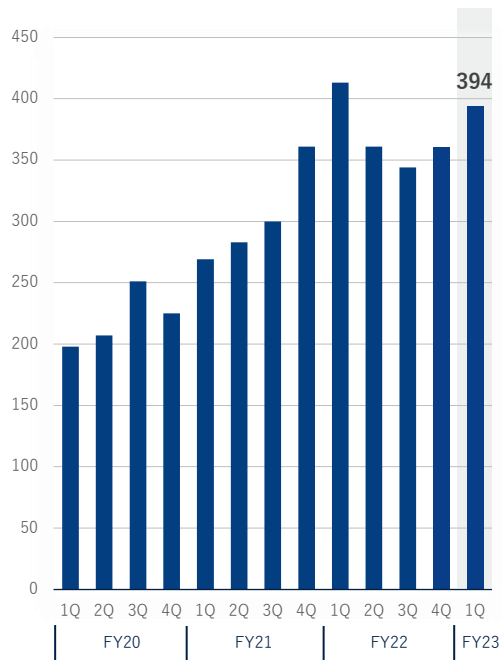
Business Overview Topics

- Sales of our SaaS business, which is a driver for growth, increased 129.1% year-on-year, offsetting the decrease in sales in other businesses.
- Sales of our Marketing Solution business decreased year-on-year due to unusual figures in the previous year, but maintained steady performance, achieving 112.8% of the initial plan.
- Operating profit decreased year-on-year due to upfront investments, such as an increase in personnel through active recruitment in anticipation of business expansion, but maintained steady performance, achieving 128.5% of the initial plan.

Highlights by Q1 FY2023.12 financial results Business Performance

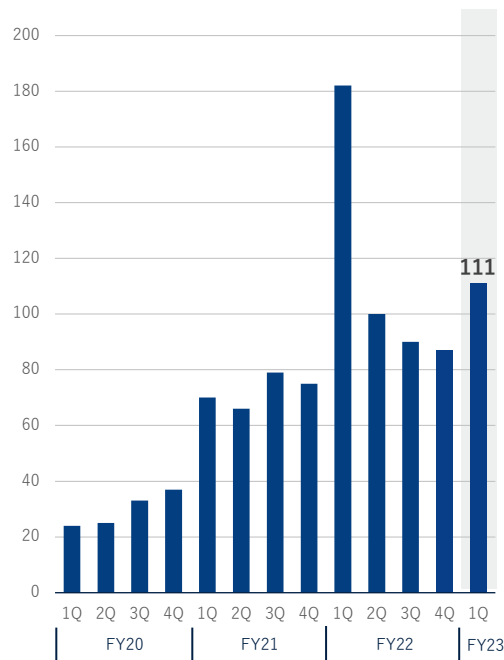
Sales

(Unit: million of JPY)



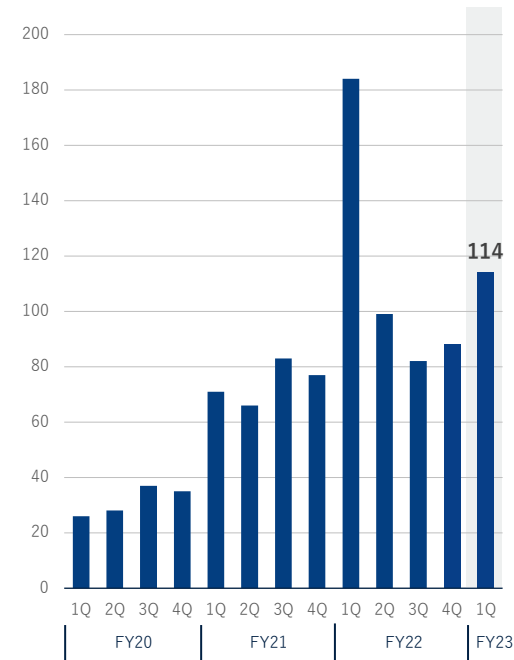
Operating Profit

(Unit: million of JPY)



Ordinary Income

(Unit: million of JPY)



— Q1 FY2023.12 financial highlights (Business Segment)

SaaS Business



Sales

174

Millions of JPY

YoY

129.1%

Marketing Solution Business



Sales

191

Millions of JPY

YoY

81.6%

SPAIA Business



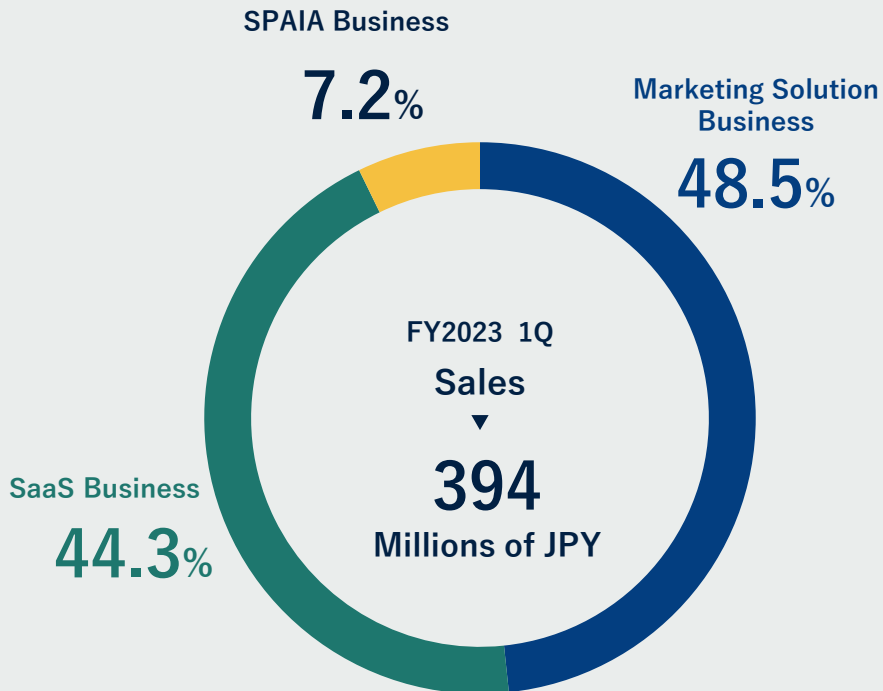
Sales

28

Millions of JPY

YoY

64.2%



Q1 FY2023.12 financial results

	FY2022.12 1Q	FY2023.12 1Q	YoY		Full-year forecast	Progress rate
			Increase/ decrease	Increase/ Decrease in ratio		
Sales	413	394	△19	△4.7%	1,486	26.5%
Gross Profit	395	363	△32	△8.2%	1,405	25.9%
(Profit Rate)	95.7%	92.2%	△3.4%		94.5%	
Selling, general and administrative	213	251	38	17.9%	1,059	
Operating Profit	182	111	△70	△38.6%	345	32.4%
(Profit Rate)	44.1%	28.4%	△15.7%		23.2%	
Ordinary Income	184	114	△69	△37.6%	345	33.2%
(Profit Rate)	44.5%	29.1%	△15.4%		23.3%	
Net Income	120	73	△47	△39.2%	224	32.6%

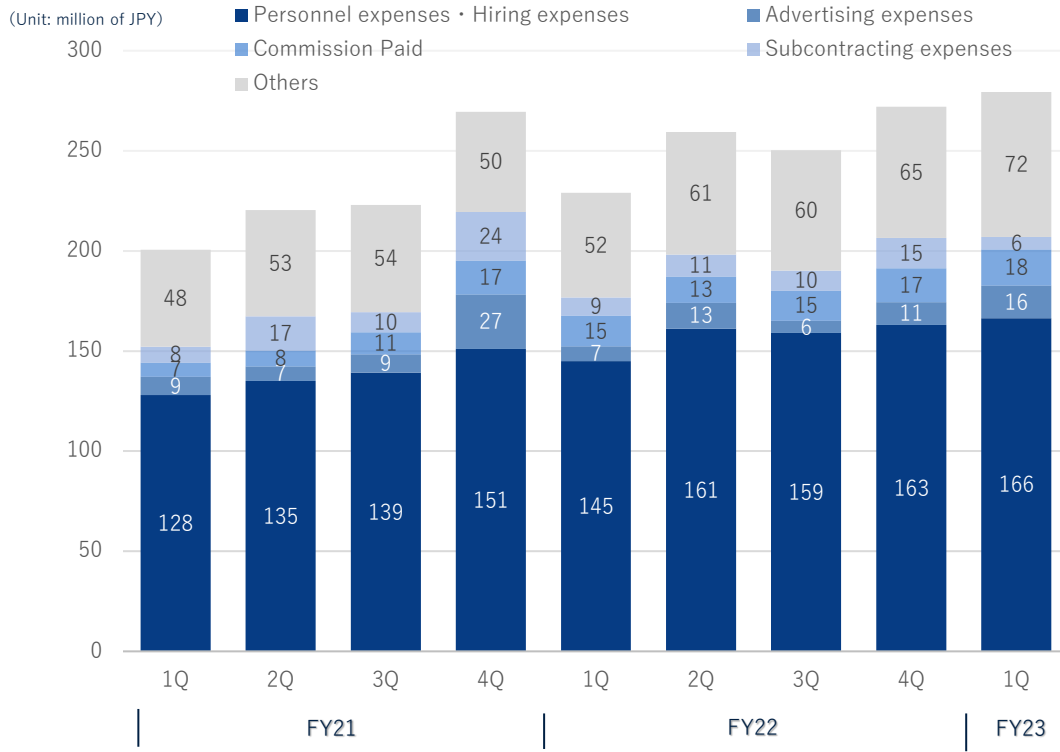
Q1 FY2023.12 financial results

	2022.12 1Q	2022.12 Full-year	2023.12 1Q
Current assets	2,787	2,764	2,607
Cash and deposits	1,855	2,158	1,946
Accounts receivable - trade	778	414	500
Advance payments to suppliers	132	160	128
Other	21	31	32
Non-current assets	124	134	224
Property, plant and equipment	15	15	15
Intangible assets	45	71	77
Investments and other assets	63	48	131
Deferred assets	2	8	7
Total assets	2,914	2,908	2,839

	2022.12 1Q	2022.12 Full-year	2023.12 1Q
Current liabilities	1,789	1,158	1,069
Accounts payable - trade	976	394	393
Current portion of long-term borrowings, etc.	194	179	173
Accounts payable - other	248	171	153
Other	369	412	347
Non-current liabilities	553	432	379
Total liabilities	2,343	1,591	1,449
Total net assets	571	1,316	1,390
Total liabilities and net assets	2,914	2,908	2,839

Q1 FY2023.12 financial results

Changes in Cost Structure



Cost structure topics

Personnel expenses

The number of employees was increased in proportion to the increase in the size of the Company through active recruitment of engineers, etc.
(YoY 114.3%)

Advertising expenses

Aggressive advertising activities were carried out in line with enhanced sales activities.
(YoY 224.0%)

Others

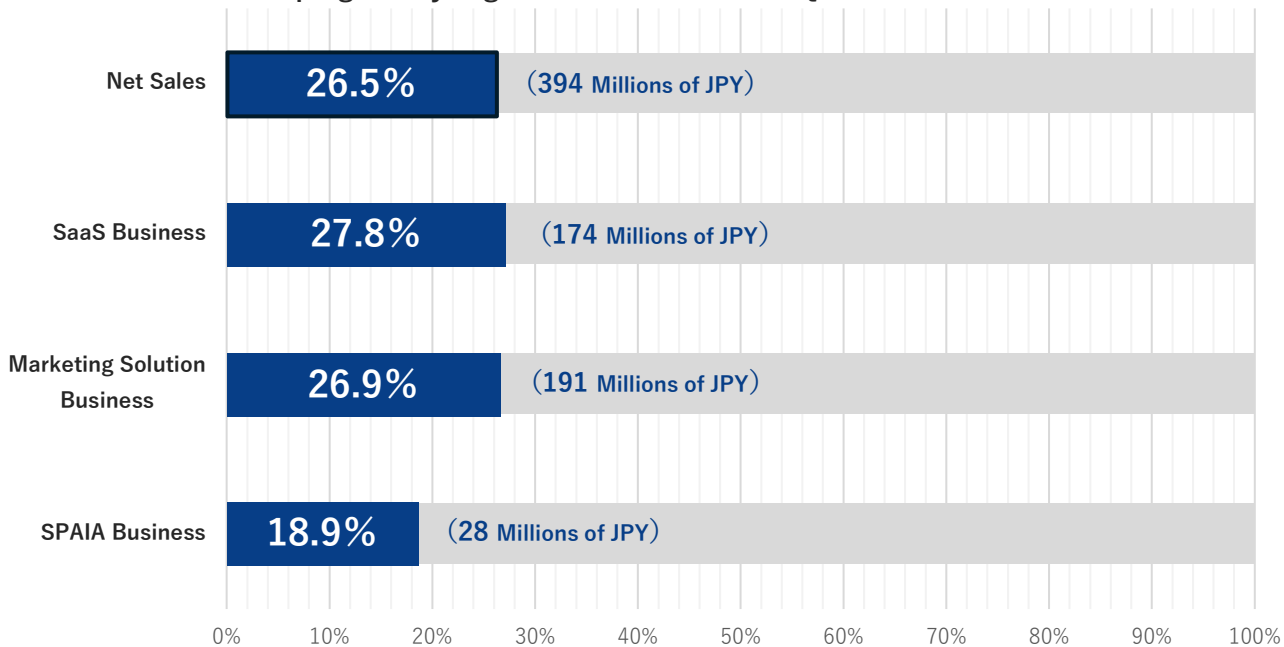
Active investments were made to link technological capabilities to earnings through streamlining and optimization of development.
(YoY 136.7%)

Q1 FY2023.12 financial results

Topics

- The sales progress rate was around 18% to 28% in each business segment.
- From the second quarter on, sales are expected to exceed the initial plan.

Sales progress by segment as of the end of 1Q FY2023



FY2023 Earnings Forecast

Sales

1,486 Millions of JPY YoY (100.4%)

breakdown

SaaS Business

626 Millions of JPY

Marketing Solution Business

709 Millions of JPY

SPAIA Business

150 Millions of JPY

Operating Profit

345 Millions of JPY YoY (74.8%)

2 | SaaS Business



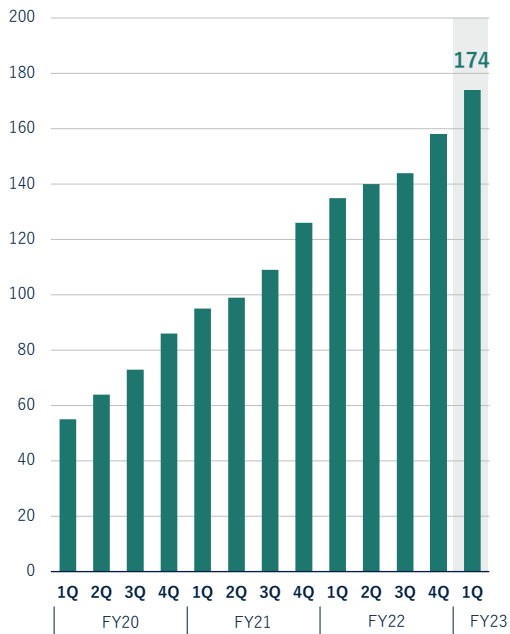
Business Performance

Topics

- Progress n full-year forecast: Net sales : 27.8.%
- Steady growth due to an increase in migration projects from other companies' tools, consulting and production projects.
- Sales increase due to large one-time projects, etc.

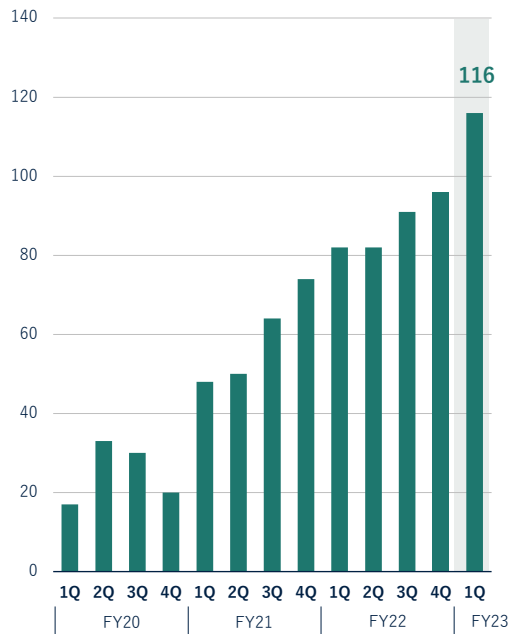
Sales

(Millions of JPY)



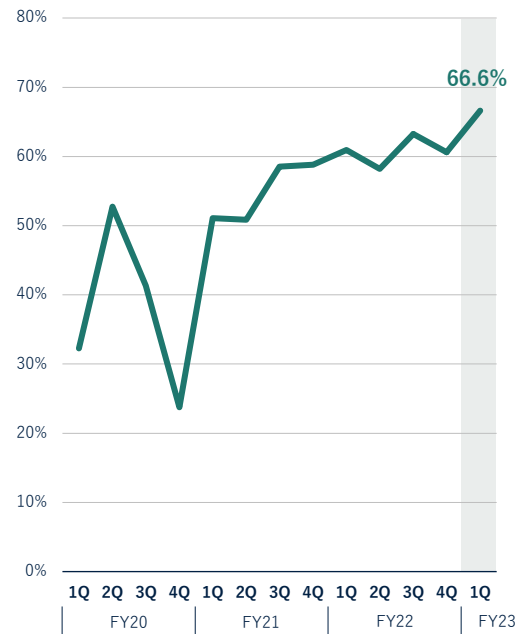
Operating Profit

(Millions of JPY)



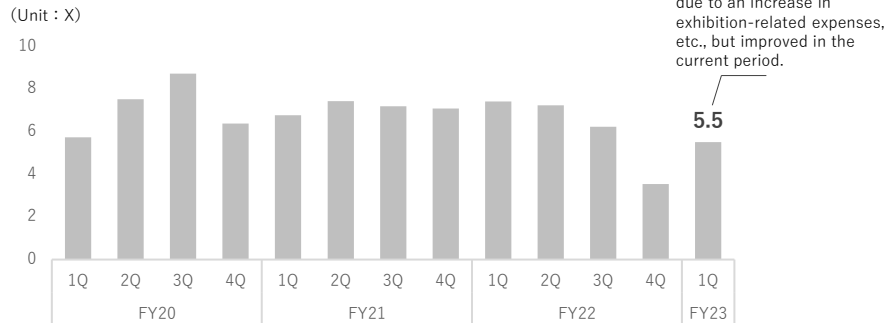
Operating Profit Margin

(%)



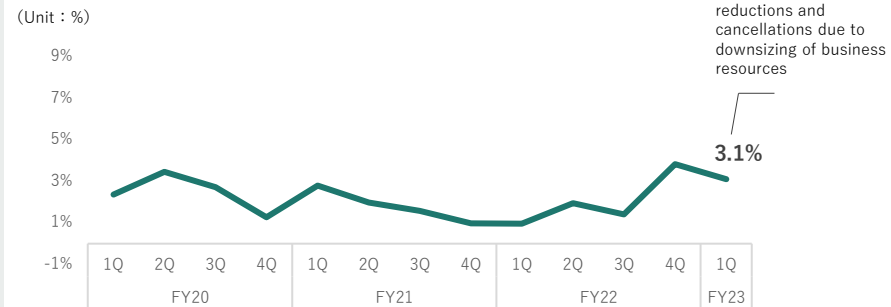
SaaS Business SiTest KPI Data

Average LTV/CAC by Quarter



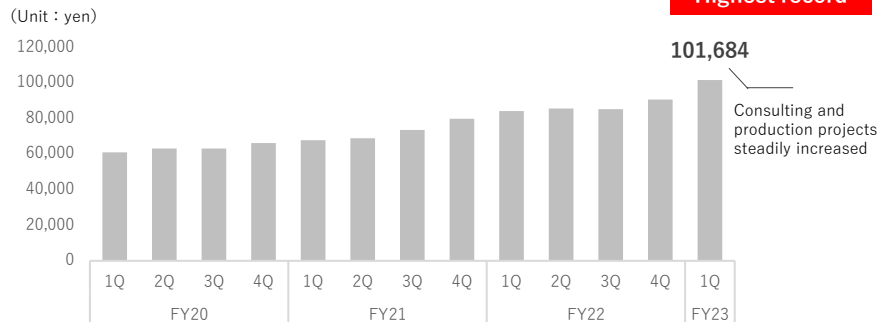
Definition: LTV/CAC ... (Customer) Lifetime Value/Customer Acquisition Cost

Average Churn Rate by Quarter (Net Revenue Churn Rate)



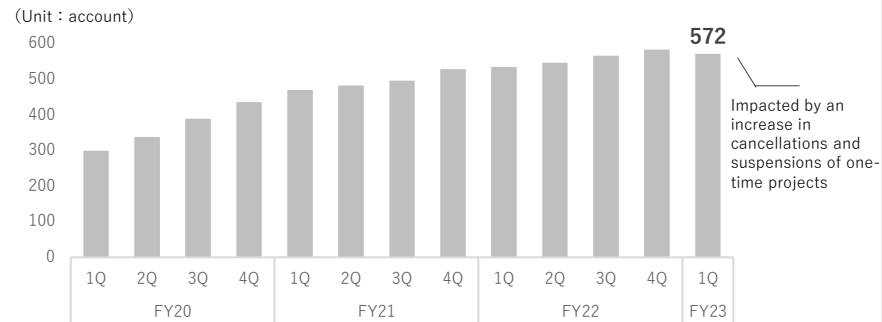
Definition: (Monthly recurring revenue lost - Increase in monthly recurring revenue of existing customers)/Monthly recurring revenue at the beginning of the month (end of prior month)

Average Unit Price by Quarter



Definition: Average Unit Price ... Monthly average unit prices at the end of each month averaged per Q

Average Number of Active Accounts by Quarter



Definition: Average number of active accounts at the end of each month averaged per Q

Future Growth Strategy



• **Continue to approach new and existing users** as SiTest has been adopted as a certified tool for the IT introduction Subsidy.

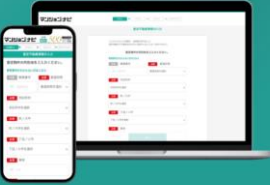
• Won the “Leader/High Performer” award for 12 consecutive years in the five categories of “ITreview Grid Award 2023 Spring” (announced on April 19).

Taking this opportunity, **strengthen our approach to new users to promote introductions and enhance upgrade and ancillary services for existing users.**

• **Strengthen our approach to new and existing users** by launching free website diagnostics using ChatGPT. (announced on April 26)

• Strengthen our approach to mail-order businesses by launching the SiTest SMART Form service through a partnership with fcafe Inc. (announced on May 1)

120% improvement in conversion rate!
 Achieving a zero-abandon rate with a multi-step form
 You can use the current form as-is. Adding just one tag allows you to optimize the UI of the form.



SiTest SMART Form
 by EFOcats



• Strengthen sales promotions from the second quarter onward to increase recognition and cultivate new customers.

• Aim to increase the number of contract accounts by **starting sales bundled** with SiTest



Scheduled to be released after FY2023

Tool to analyze and improve videos

Further expansion of cross-selling is expected through new products.

SaaS Business



Marketing Solution Business

3 | Marketing Solution Business



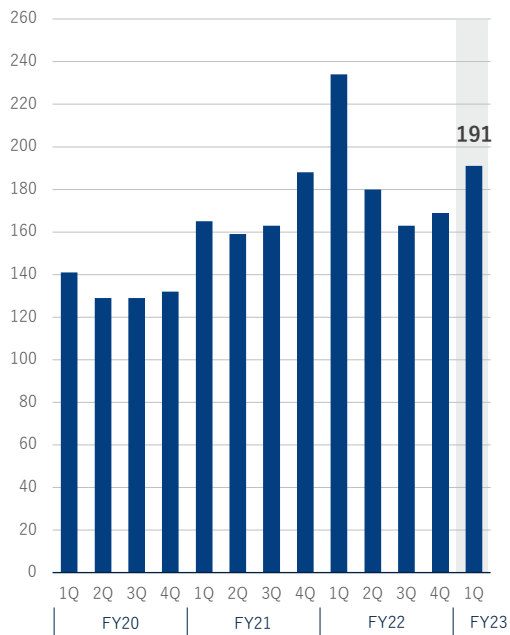
Business Performance

Topics

- Progress on full-year forecast: Net sales : 26.9%
- Significant increase in advertising commission sales due to orders for large projects and spot advertising distribution before account closing.
- The creative team's structure will be strengthened and the number of production projects will further increase.

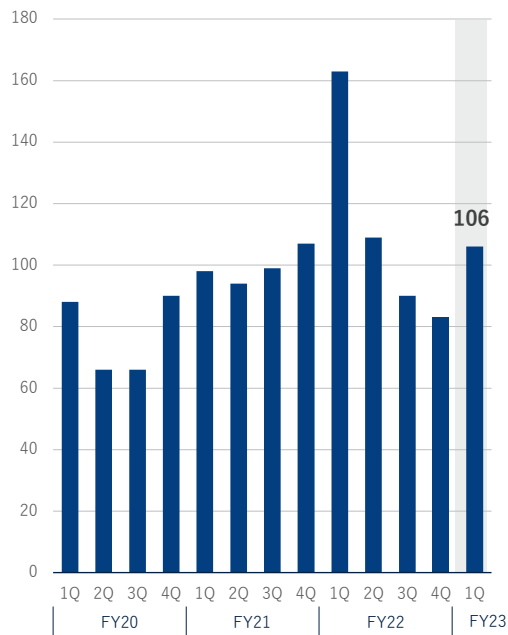
Sales

(Millions of JPY)



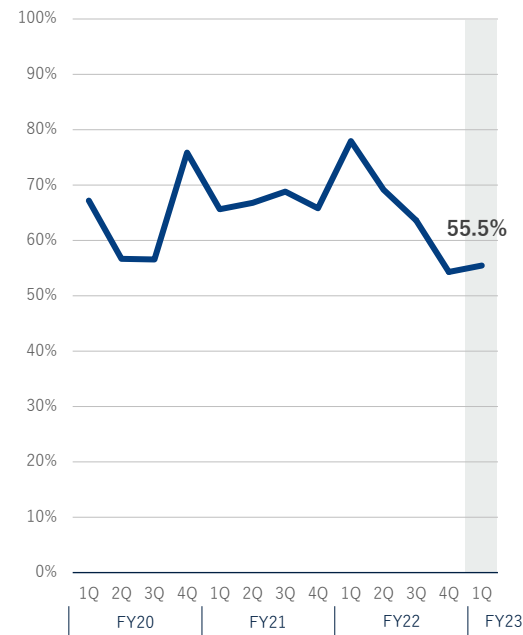
Operating Profit

(Millions of JPY)



Operating Profit Margin

(%)

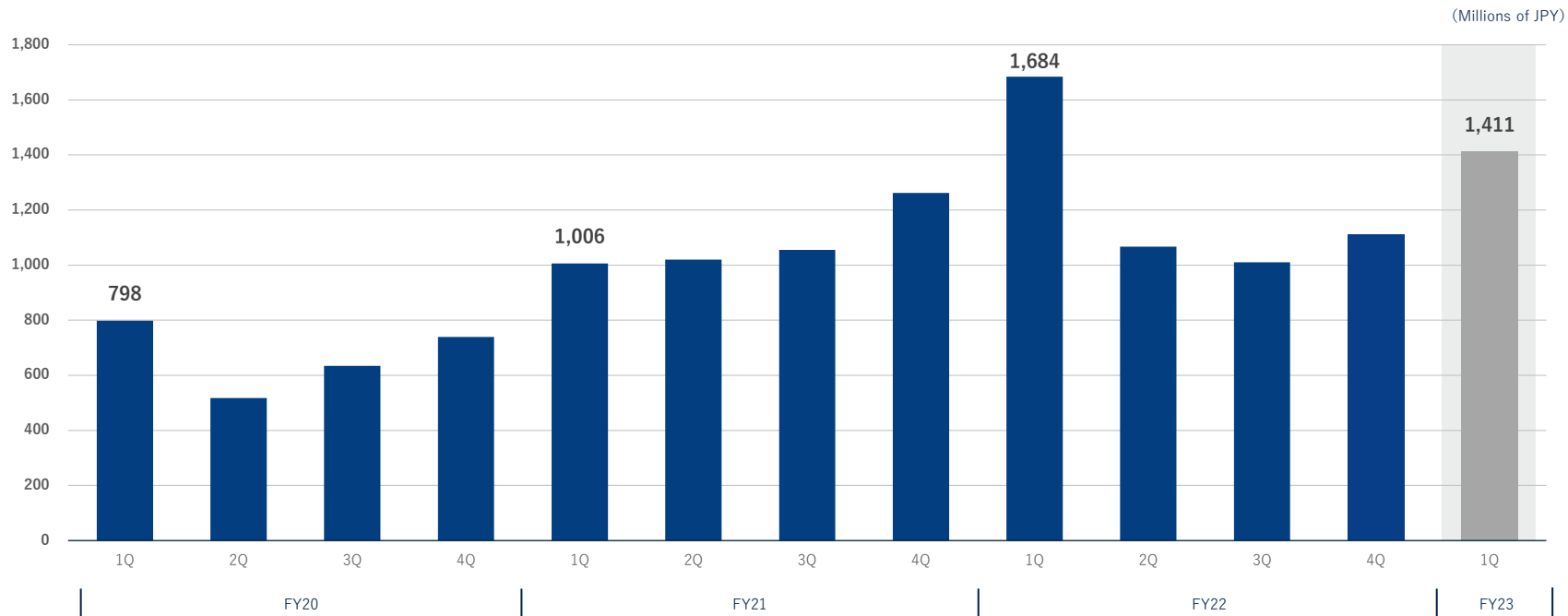


Business Performance

Topics

- The first quarter results were higher than planned due to the acquisition of a large number of new projects and large advertising projects.
- Despite the impact of a large deal (temporary) in the first quarter of the previous first quarter, the upward trend is continuing.

Advertising deposit



Future Growth Strategy

Maximize synergy between SaaS and Marketing Solution businesses to grow sales



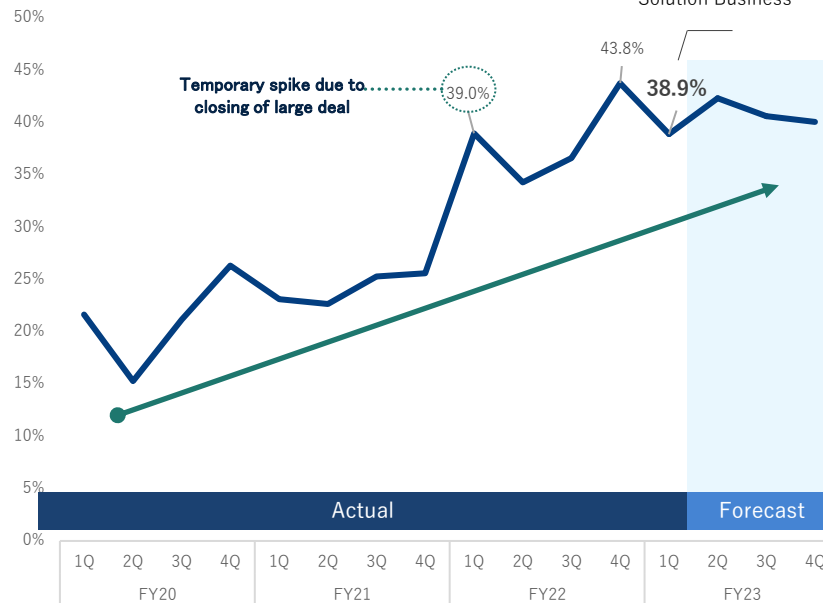
Measures to increase cross-selling ratio



1. Increase cross-selling sales by strengthening sales of packages between businesses
2. Secure new leads through company-hosted webinars and seminars
3. Expand number of accounts through partnership collaborations in SaaS business
4. Strengthen the structure of the Customer Success Team for SaaS business partners
5. Approach existing clients in the Marketing Solution Business

Average Cross-selling Ratio by Quarter

Impact of a slight decrease in cross-selling between the SaaS Business and the Marketing Solution Business



Calculation Method of the Cross-selling Ratio

- The numerator is the total sales of customers who have transactions with both our SaaS and Marketing Solution businesses, and the denominator is the total sales of the SaaS and Marketing Solution businesses.
- Calculated starting with FY2020, when cross-selling growth strategy commenced.
- Cross-selling ratio is calculated based on the average of Q.
- Figures for 1Q of FY2023 and subsequent quarters are based on year-on-year comparisons.

4 | SPAIA Business



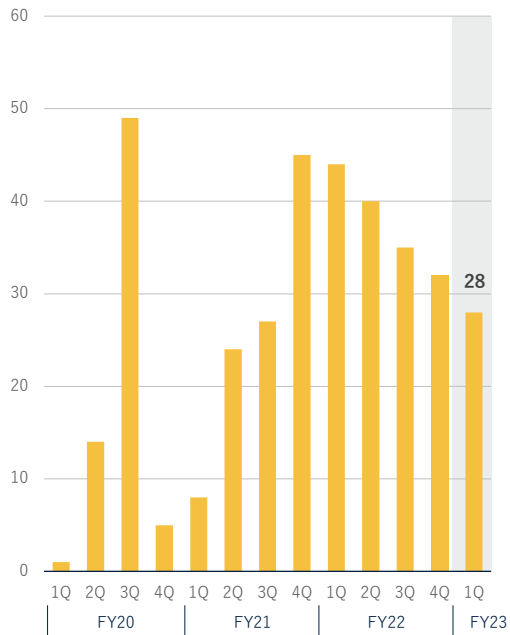
Business Performance

Topics

- Progress on full-year forecast: Net sales: : 18.9%
- Sales declined in January and February during the off-season of all races, but have been recovering since March.
- Measures to increase the number of paid subscribers continue to progress.

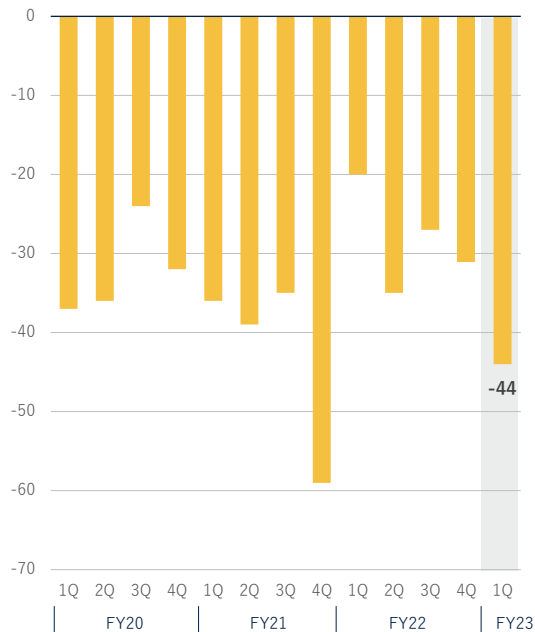
Sales

(Millions of JPY)



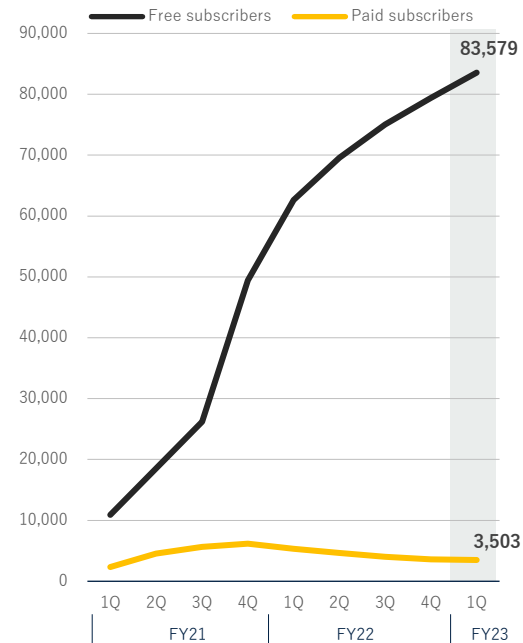
Operating Profit

(Millions of JPY)

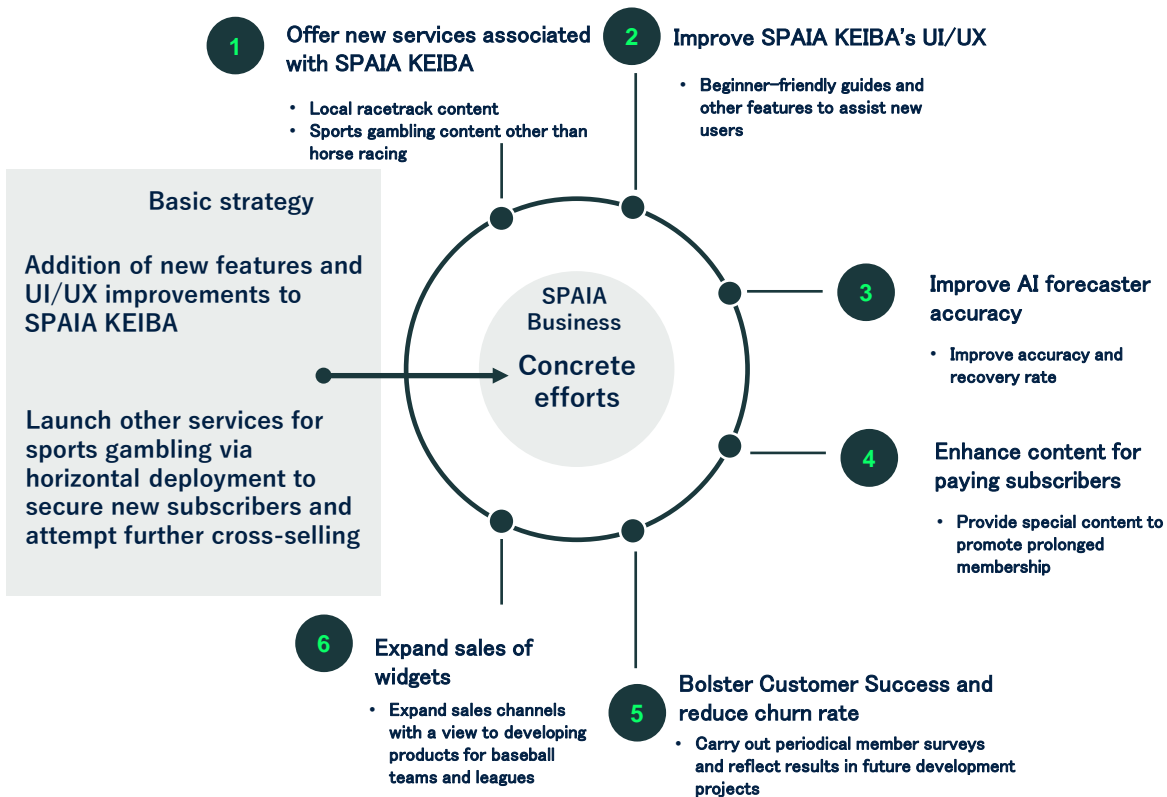


SPAIA KEIBA Subscriber Count

(Unit : account)



Future Growth Strategy



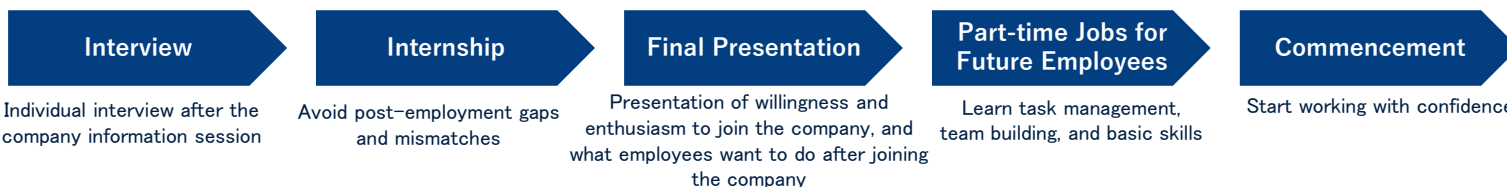
5 | Appendix



Our Uniqueness and Strengths in Recruitment and Development

Unique New Graduate Recruitment System

Through internships, presentations, and part-time jobs for those who have accepted our job offers, we provide a process that allows employees to grow even before they join the company.



"Open Leadership Recruitment Program" Providing Everyone with Equal Opportunity

The "Open Leadership Recruitment Program," held annually, is a unique program in which anyone can participate. Employees who have a desire to contribute to the company and make it a better place to work can apply to the program.

Promotion is determined through assigned readings, discussions among applicants, and presentations.



Model Case [1]

- 2016 New graduate hired and assigned to the Marketing Solution Business unit
- 2018 Promoted to Leader through the program in 2017
- 2020 Promoted to Manager of the Marketing Solution Business unit

■ Past Track Record

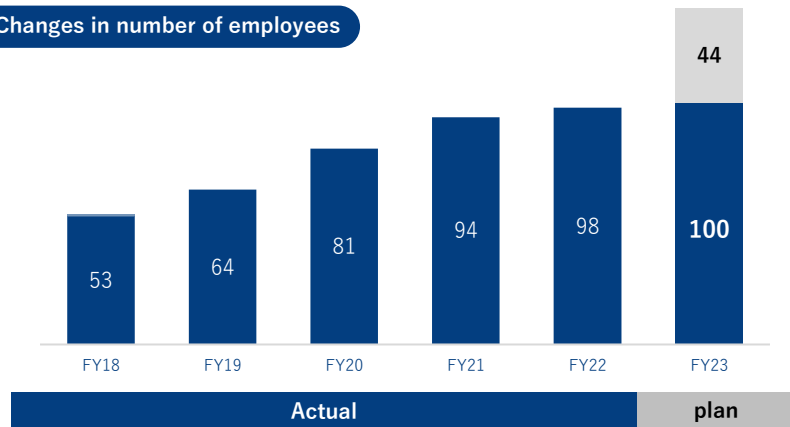
- FY2016 6
- FY2017 5 (of which, 2 were new graduate hires in their 2nd year)
- FY2018 5 (of which, 1 was a new graduate hire in their 1st year, and 2 were new graduate hires in their 2nd year)
- FY2019 3
- FY2020 6 (of which, 1 was a new graduate hire in their 2nd year)
- FY2021 12 (of which, 1 was a new graduate hire in their 1st year, and 3 were new graduate hires in their 2nd year)
- FY2022 8 (of which, 1 was a new graduate hire in their 1st year)

Model Case [2]

- 2017 Hired with experience and assigned to the SaaS Business unit
- 2019 Promoted to Leader through the program in 2017
- 2020 Promoted to Manager of the SaaS Business unit
- 2022 Senior Manager, Promotion Management Division

Management resources • The number of employees

Changes in number of employees



There have been 46 new hires in FY2023. Of the target 144 hires, 28 people have been confirmed to join the Company (11 people have already joined the Company and 17 people have accepted our offer as of the end of March).

FY23 Recruitment progress of employees

Joined in April	12	— Marketing Solutions Business	8
		— SaaS Business	1
		— Product development	1
		— Other	2
Joined in May	4	— Marketing Solutions Business	3
		— Other	1
Joined after June	1	— SPAIA Business	1

Personnel composition





Disclaimer

This presentation contains forward-looking statements. These forward-looking statements are based on information available to the Company at the time such statements were made. These statements are not guarantees of future results or performance. Such forward-looking statements involve known and unknown risks and uncertainties that could cause future results and financial conditions to differ materially from any future results or outcome expressed or implied by such forward-looking statements.

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