



1H FY2023 Results Briefing Materials

August 2023

CERES INC. (Prime Market of the Tokyo Stock Exchange: #3696)





1. Consolidated Results
2. Status of Each Business
3. Appendix



1. Consolidated Results



Net sales increased 16.9% YoY to ¥11,220 million.

- In Mobile service, sales grew 13.4% YoY to ¥10,927 million, driven by strong performance of D2C and DX and steady sales of Moppy.
- In Financial service, sales jumped 4.8x the year-ago figure to ¥307 million, due to strong sales at Mercury on favorable performance of staking services and sale of shareholdings in CVC.

Operating profit fell 22.0% YoY to ¥466 million.

- In Mobile service, operating profit fell 9.2% YoY to ¥1,448 million despite robust sales of insole products in D2C business, due to a rise in the cost ratio at Moppy caused by lagging of point rewarding period and investment in human resources in DX business.
- In Financial service, operating loss narrowed to ¥ 394 million, due to favorable staking performance at Mercury and a gain on the sale of shareholdings in CVC.

Ordinary profit increased 2.2x times to ¥531 million.

- We recorded ¥73million of equity in the profit of our affiliate bitbank due to the steady crypto asset market.

Condensed Income Statement (1H)

(Millions of yen)	1H FY2023	1H FY2022	YoY
Net sales	11,220 (100.0%)	9,598 (100.0%)	+16.9%
Gross profit	4,577 (40.8%)	3,747 (39.0%)	+22.1%
SG&A expenses	4,111 (36.6%)	3,149 (32.8%)	+30.5%
Operating profit	466 (4.2%)	597 (6.2%)	-22.0%
Ordinary profit	531 (4.7%)	244 (2.5%)	+117.4%
Profit *1	354 (3.2%)	-140 (-)	—
EBITDA *2	795 (7.1%)	459 (4.8%)	+73.3%

*1 Profit represents profit attributable to owners of parent.

*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

Segment Information (1H)

In Mobile Service, operating profit fell due to higher cost ratio at Moppy and proactive investment in human resources at DX, despite higher sales in each business.

In Financial Service, sales increased and operating loss decreased due to good performance of Mercury business and sale of shareholdings in CVC.

(Millions of yen)

Net sales



(Millions of yen)

Operating profit



* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.

* Adjusted amount includes expense items that do not belong to a specific segment.

Earnings by Business Segment (1H)

(Millions of yen)	Net sales		Operating profit	
	1H FY2023	1H FY2022	1H FY2023	1H FY2022
ALL	11,220 YOY +16.9%	9,598	466 YOY -22.0%	597
Mobile Service Business	10,927 YOY +13.4%	9,635	1,448 YOY -9.2%	1,595
Point	6,884 YOY +2.0%	6,746	1,115 YOY -24.8%	1,482
D2C	1,819 YOY +87.6%	970	408 YOY -	22
DX	2,315 YOY +13.4%	2,042	-10 YOY -	132
Transaction value within segments	-91 YOY -	-123	-65 YOY -	-42
Financial Service Business	307 YOY +378.4%	64	-394 YOY -	-460
Inter-segment transaction value / Adjusted amount	-14 YOY -	-100	-587 YOY -	-537

Factors Affecting Operating Profit and Ordinary Profit (1H)

(Millions of yen)

Operating Profit

1H FY2022
Operating profit

597

CERES (Point)

▲ 367

• Delays in the rewarding of points due to QoQ sales decline

D2C

• Strong sales of insole products

385

YUMEMI

• Proactive investment in human resources

▲ 143

Mercury

• Favorable performance of staking services

53

CERES (CVC)

51

• Sales of shareholdings

Adjusted amount

▲ 110

1H FY2023
Operating profit

466

Ordinary Profit

1H FY2022
Ordinary profit

244

Operating profit fell

▲ 131

• Crypto asset market slump in previous year

Profit and Loss on equity of affiliates (bitbank)

383

Others

35

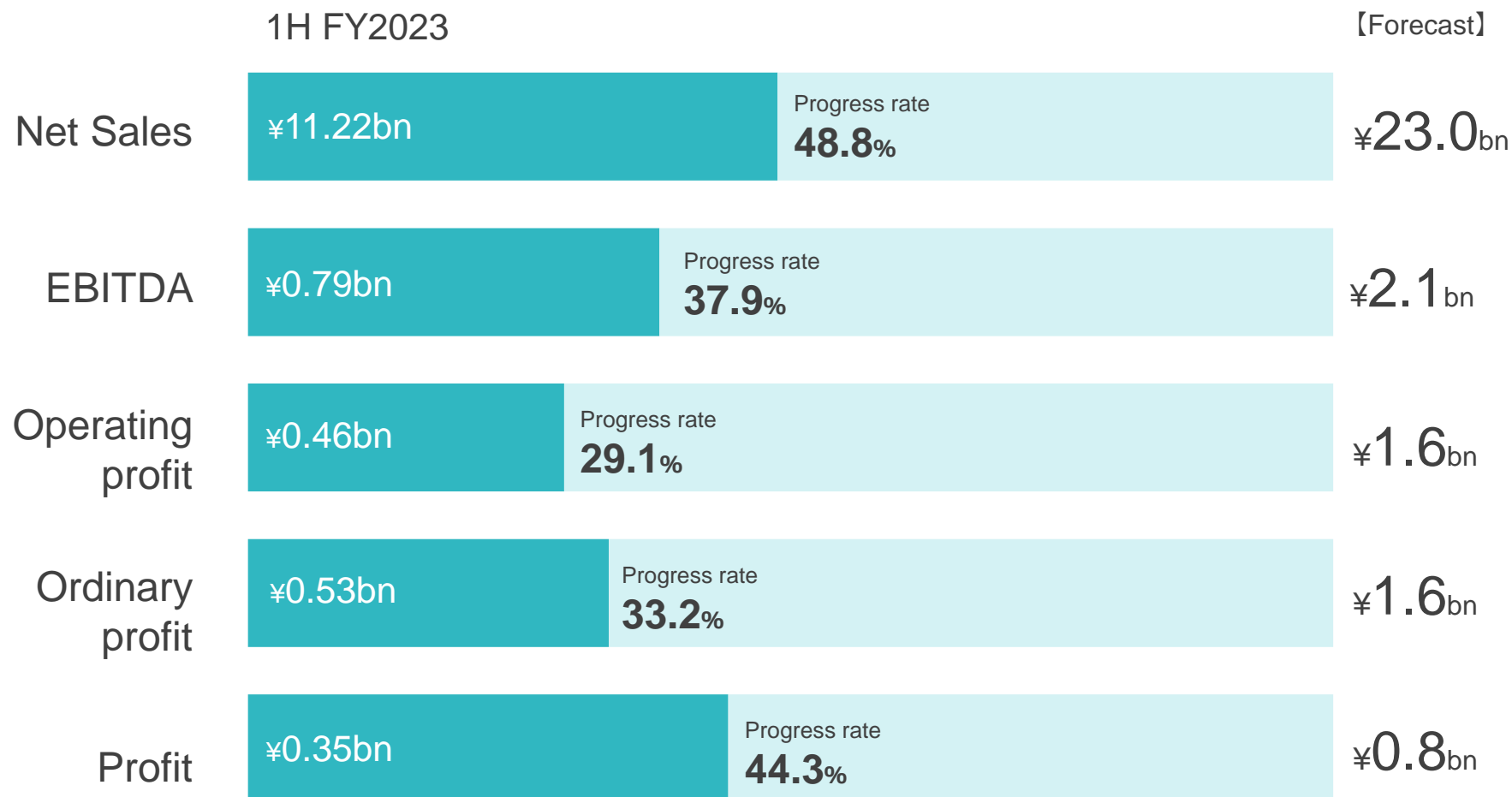
1H FY2023
Ordinary profit

531

Progress of the Company Forecasts

Sales were in line with expectations although progress varied by business.

Profits were significantly higher in D2C, but lower due to a higher cost ratio at Moppy and an unprofitable project in the DX business.



Condensed Income Statement (Q2)

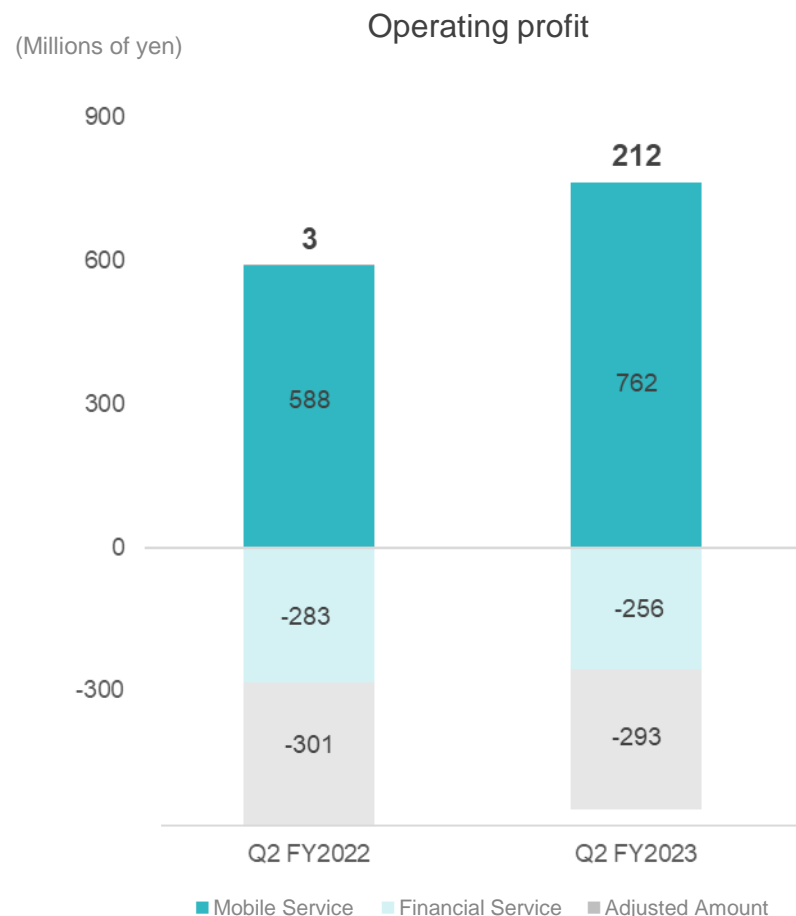
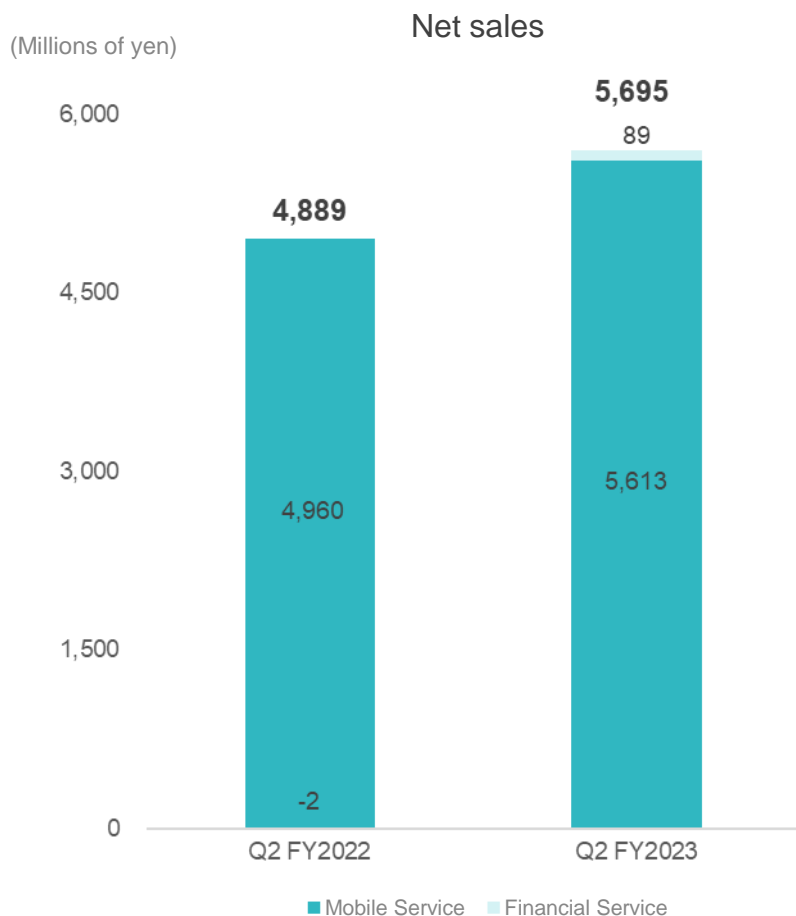
(Millions of yen)	Q2 FY2023	Q2 FY2022	YoY	Q1 FY2023	QoQ
Net sales	5,695 (100.0%)	4,889 (100.0%)	+16.5%	5,525 (100.0%)	+3.1%
Gross profit	2,398 (42.1%)	1,790 (36.6%)	+33.9%	2,179 (39.4%)	+10.1%
SG&A expenses	2,185 (38.4%)	1,787 (36.6%)	+22.3%	1,925 (34.8%)	+13.5%
Operating profit	212 (3.7%)	3 (0.1%)	-	253 (4.6%)	-16.2%
Ordinary profit	179 (3.2%)	-413 (-)	-	352 (6.4%)	-49.0%
Quarterly profit *1	153 (2.7%)	-530 (-)	-	201 (3.6%)	-23.9%
EBITDA *2	312 (5.5%)	-315 (-)	-	483 (8.8%)	-35.4%

*1 Quarterly profit represents profit attributable to owners of parent.

*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

Segment Information (Q2)

In Mobile Service, operating profit increased due to strong D2C and solid sales of Moppy and DX, which absorbed investments in human resources in the DX business. In Financial Service, sales were up due to strong performance in each business, but operating loss was flat YoY due to aggressive investments.



* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.

* Adjusted amount includes expense items that do not belong to a specific segment.

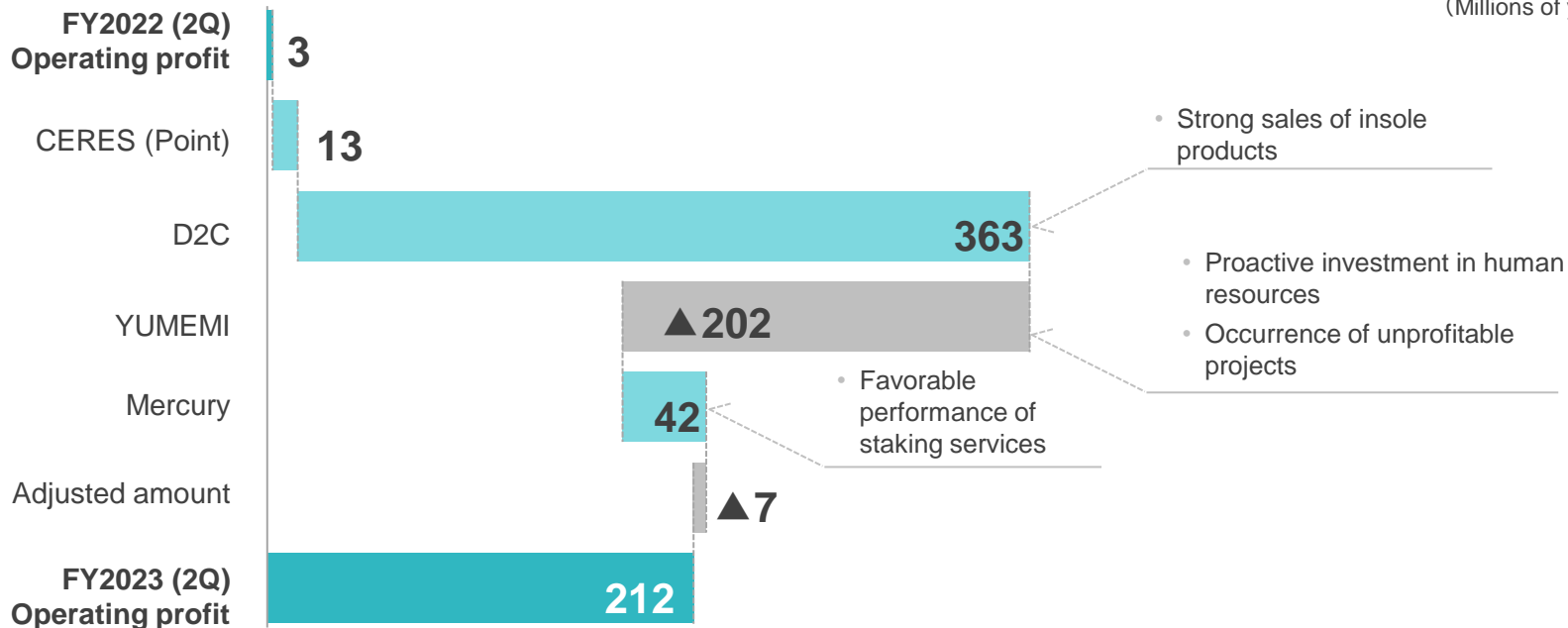
Earnings by Business Segment (Q2)

(Millions of yen)	Net sales		Operating profit	
	Q2 FY2023	Q2 FY2022	Q2 FY2023	Q2 FY2022
ALL	5,695 YOY +16.5%	4,889	212 YOY -	3
Mobile Service Business	5,613 YOY +13.1%	4,960	762 YOY +29.6%	588
Point	3,359 YOY -1.8%	3,422	609 YOY +2.2%	595
D2C	1,174 YOY +117.3%	540	349 YOY -	-14
DX	1,104 YOY +2.1%	1,082	-163 YOY -	39
Transaction value within segments	-25 YOY -	-84	-32 YOY -	-32
Financial Service Business	89 YOY -	-2	-256 YOY -	-283
Inter-segment transaction value / Adjusted amount	-6 YOY -	-68	-293 YOY -	-301

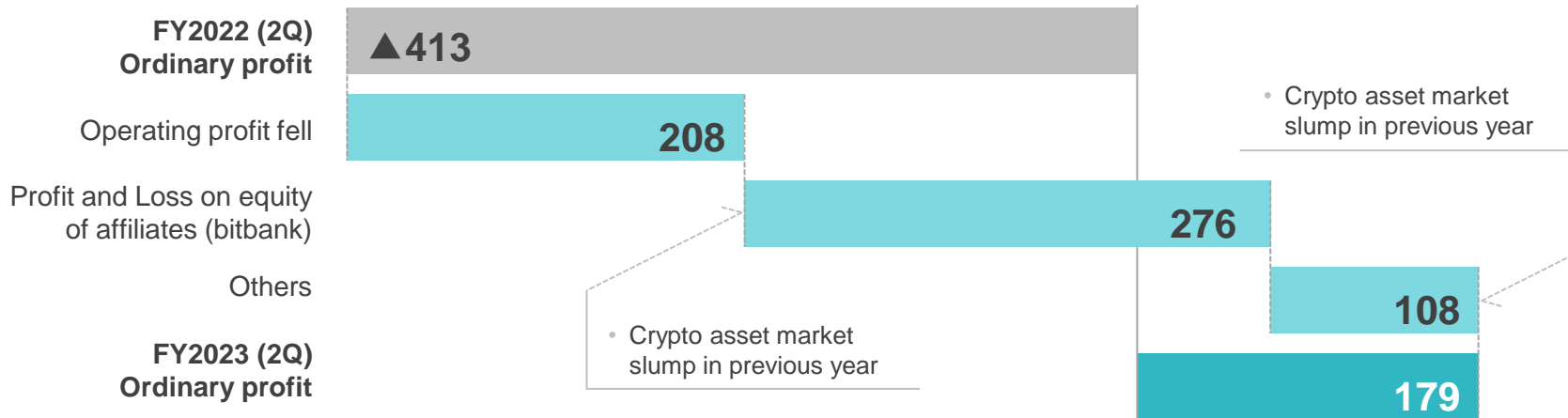
Factors Affecting Operating Profit and Ordinary Profit (2Q)

(Millions of yen)

Operating Profit



Ordinary Profit



Condensed Balance Sheet

(Millions of yen)		End-1H FY2023	FY2022	Change	Major factors
Current assets	15,002 (64.2%)	14,413 (63.8%)	+589	Cash and deposits: +255 Operational investment securities: +181 Accounts receivable-trade: -310	
Non-current assets	8,363 (35.8%)	8,183 (36.2%)	+179	Goodwill: -102 Shares of subsidiaries and associates: +75 Investment securities: +72	
Total assets	23,365 (100.0%)	22,597 (100.0%)	+768		
Current liabilities	11,052 (47.3%)	10,558 (46.7%)	+494	Provision for point card certificates: +482 Short-term borrowings: +176 Income taxes payable etc.: -17	
Non-current liabilities	2,366 (10.1%)	2,342 (10.4%)	+23	Long-term borrowings: +57	
Total liabilities	13,419 (57.4%)	12,900 (57.1%)	+518		
Total net assets	9,946 (42.6%)	9,696 (42.9%)	+250	Profit: +354 Dividends: -227	
Total liabilities and net assets	23,365 (100.0%)	22,597 (100.0%)	+768		

Cash Flow Statement Summary

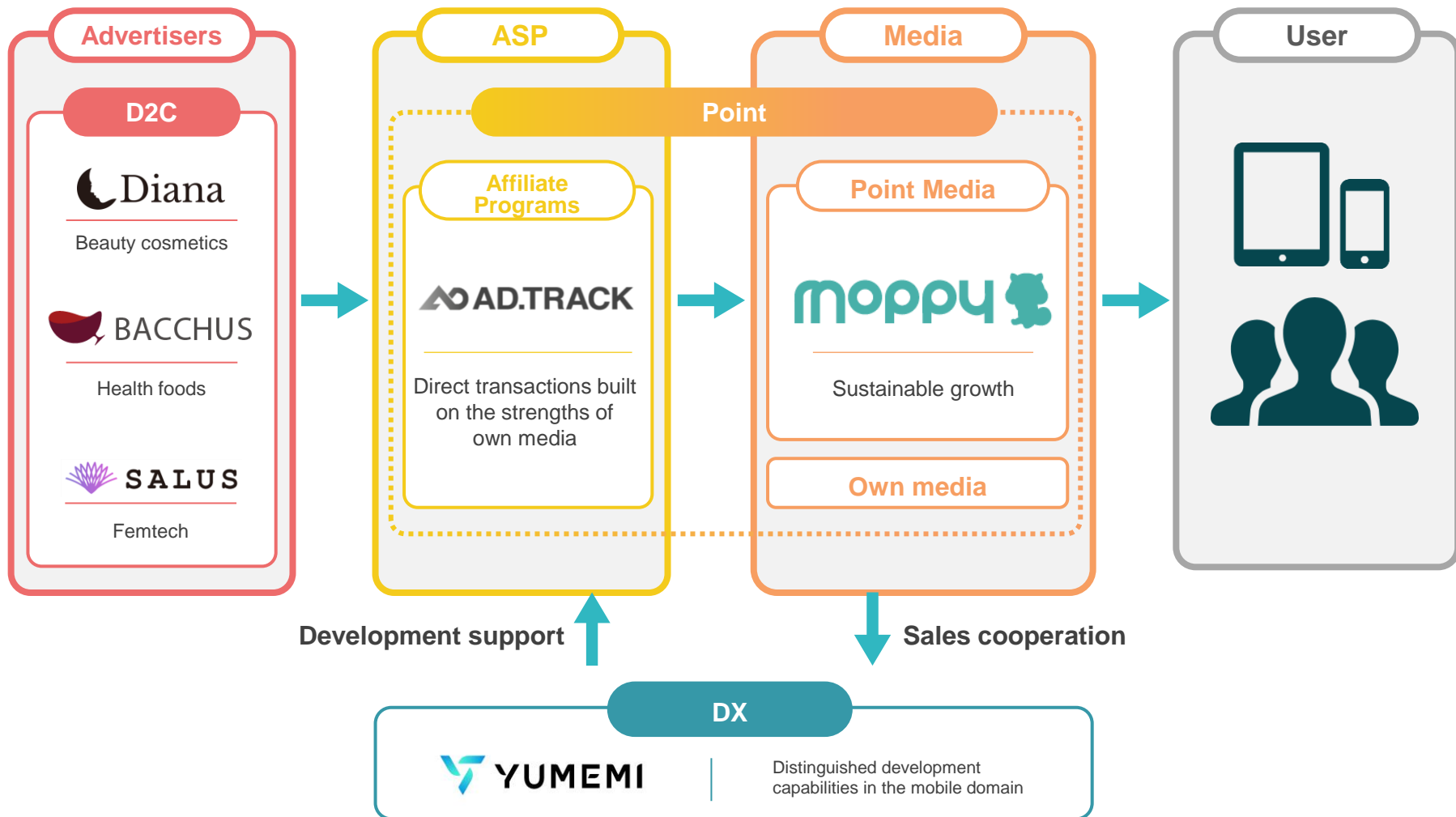
(Millions of yen)	1H FY2023	1H FY2022	Breakdown of FY2023
Cash flows from operating activities	398	-909	Profit before income taxes: 528 Depreciation · Amortization of goodwill: 241 Provision for point card certificates: 482 Share of profit of entities accounted for using equity method: -73 Income taxes paid: -342
Cash flows from investing activities	-212	-1,121	Investment in Mercury's systems, etc. : -102 Investment securities: -67
Cash flows from financing activities	61	1,435	Increase in interest-bearing debt: 289 Shareholder returns (dividends): -227
Cash and cash equivalents at end of period	6,744	6,287	



2. Status of Each Business

Mobile Service Business Domains

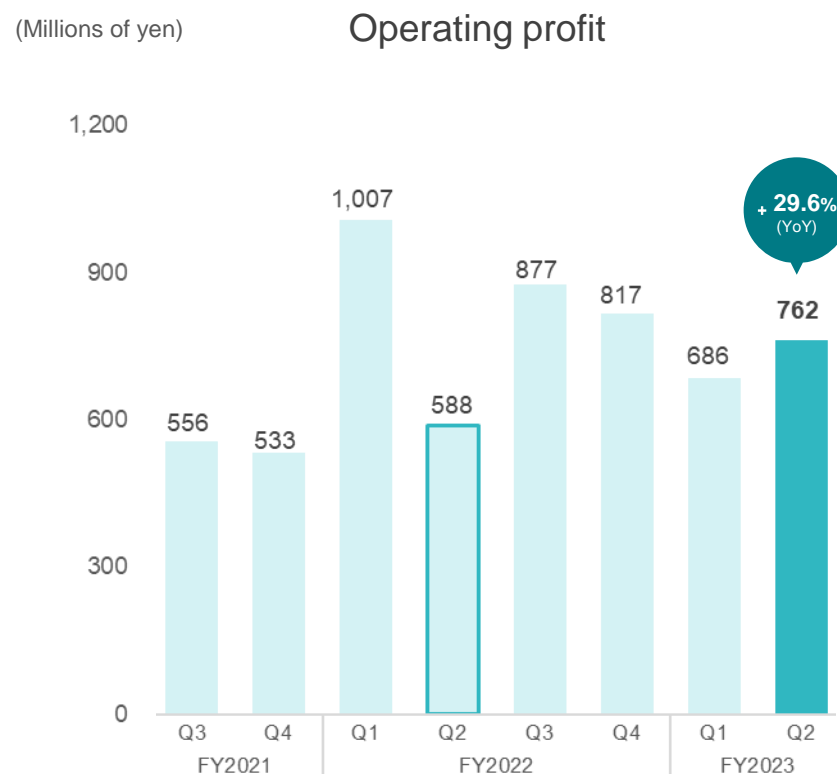
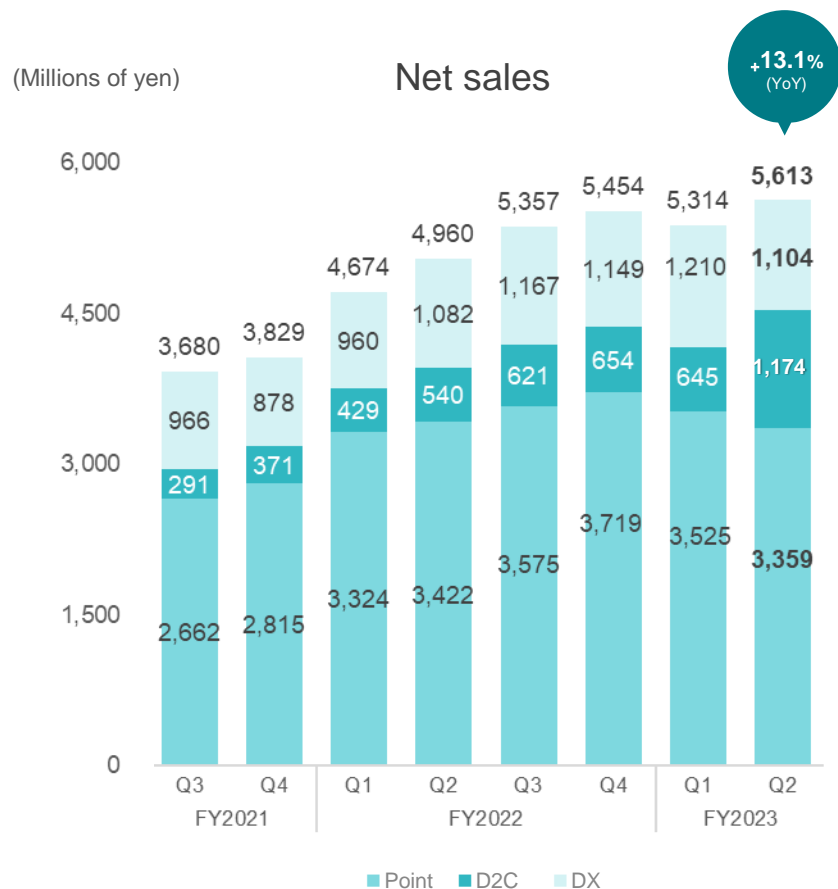
Create synergies through mutual collaboration between Moppy, AD.TRACK and D2C.



Mobile Service Business Earnings

Sales were up 13.1% YoY thanks to firm DX sales and record quarterly D2C sales.

Operating profit increased 29.6% YoY as D2C's substantial profit growth absorbed DX's proactive investment in human resources.

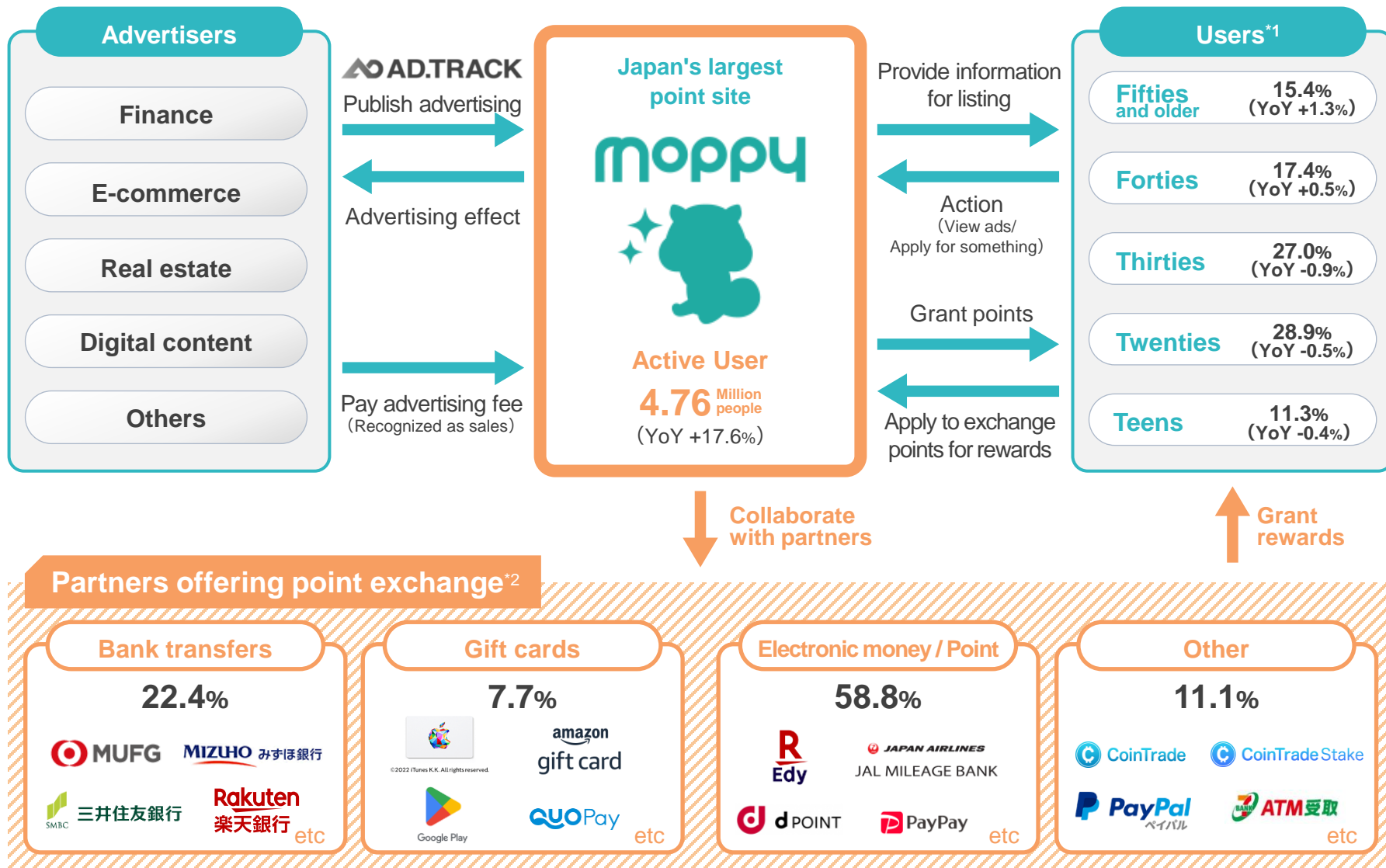


* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

* The business classification in the Mobile Service segment for FY2021 and earlier has been revised in accordance with the changes that subsequently took place in the segment.

* Trading volume within segments are not indicated since their impact on the graphs is marginal.

Moppy Business Model



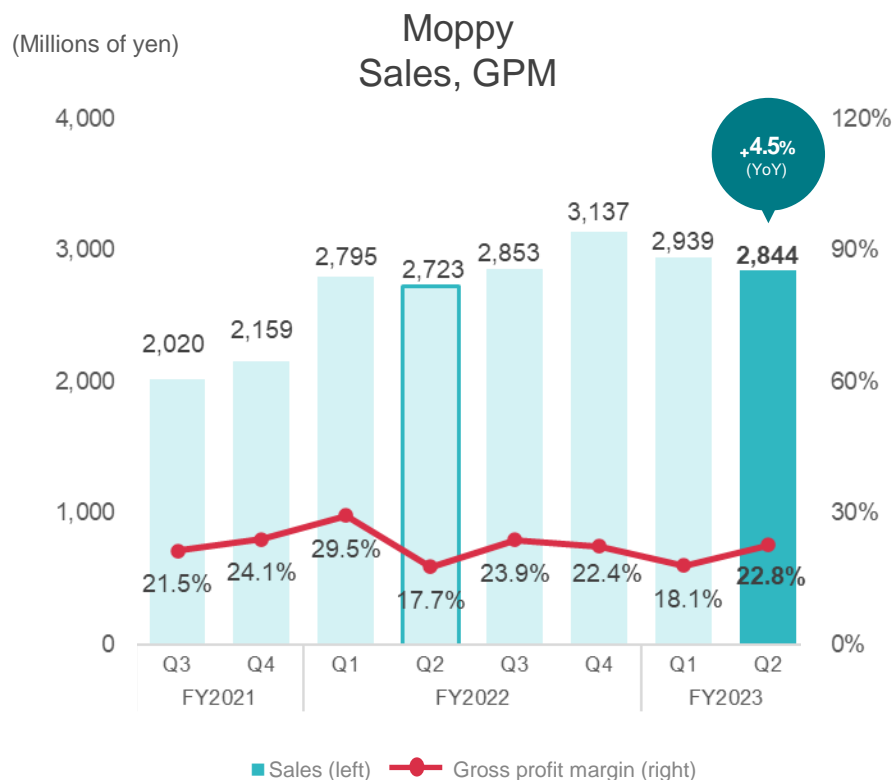
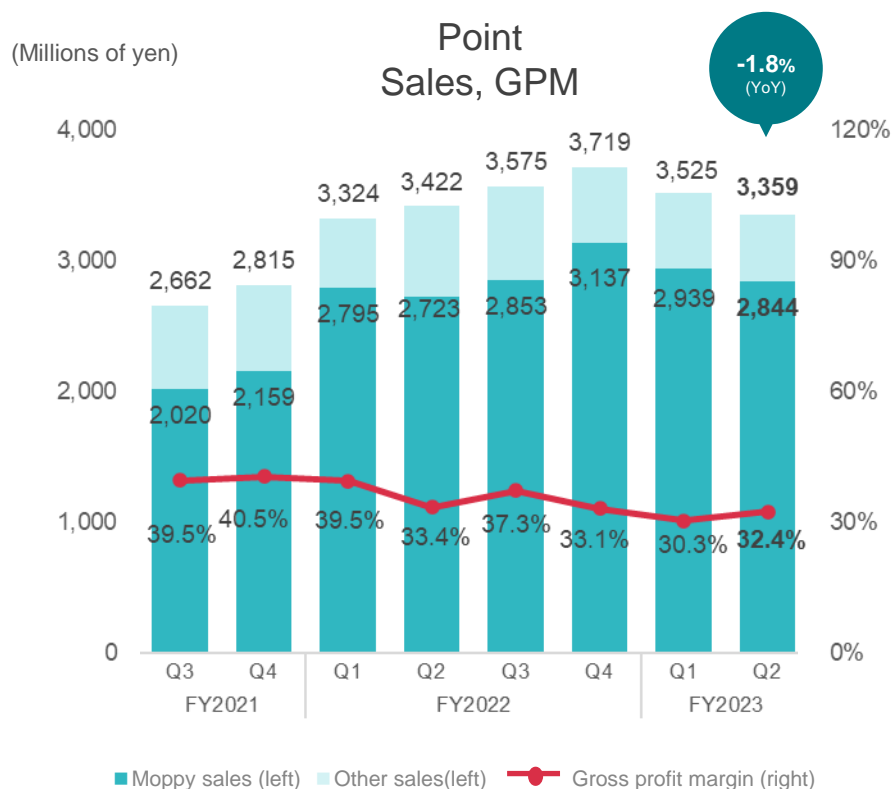
*1 Ratios as of June 30, 2023

*2 Point exchange ratios are for April to June 2023

Point Earnings

Sales at Moppy increased YoY due to strong sales to finance and e-commerce despite the absence of a large advertiser in the prior year.

Gross profit margin, which had declined in the previous quarter, recovered due to the elimination of delays in point rewards.



* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

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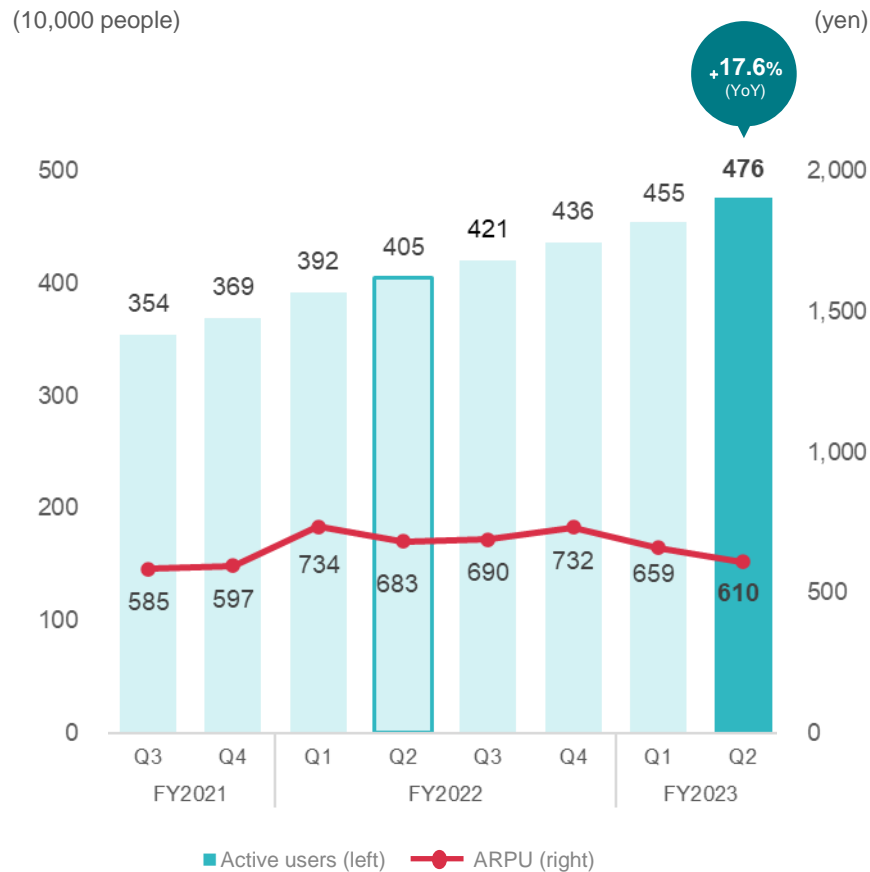
* Trading volume within segments are not indicated since their impact on the graphs is marginal.

Active users / ARPU / Apps Downloads (Moppy)

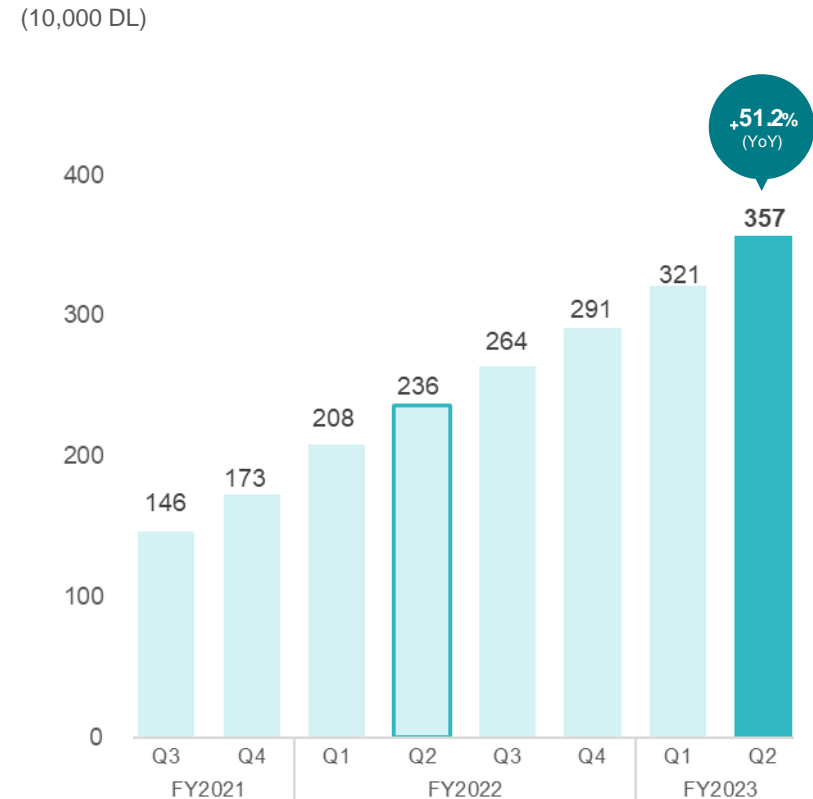
The number of members continues to increase steadily, and the total number of acquired members exceeded 11 million.

Unique users (users that responded to ads) increased but ARPU declined due to an increase in UUs using only low unit-price e-commerce ads.

Active users, ARPU



Apps Downloads

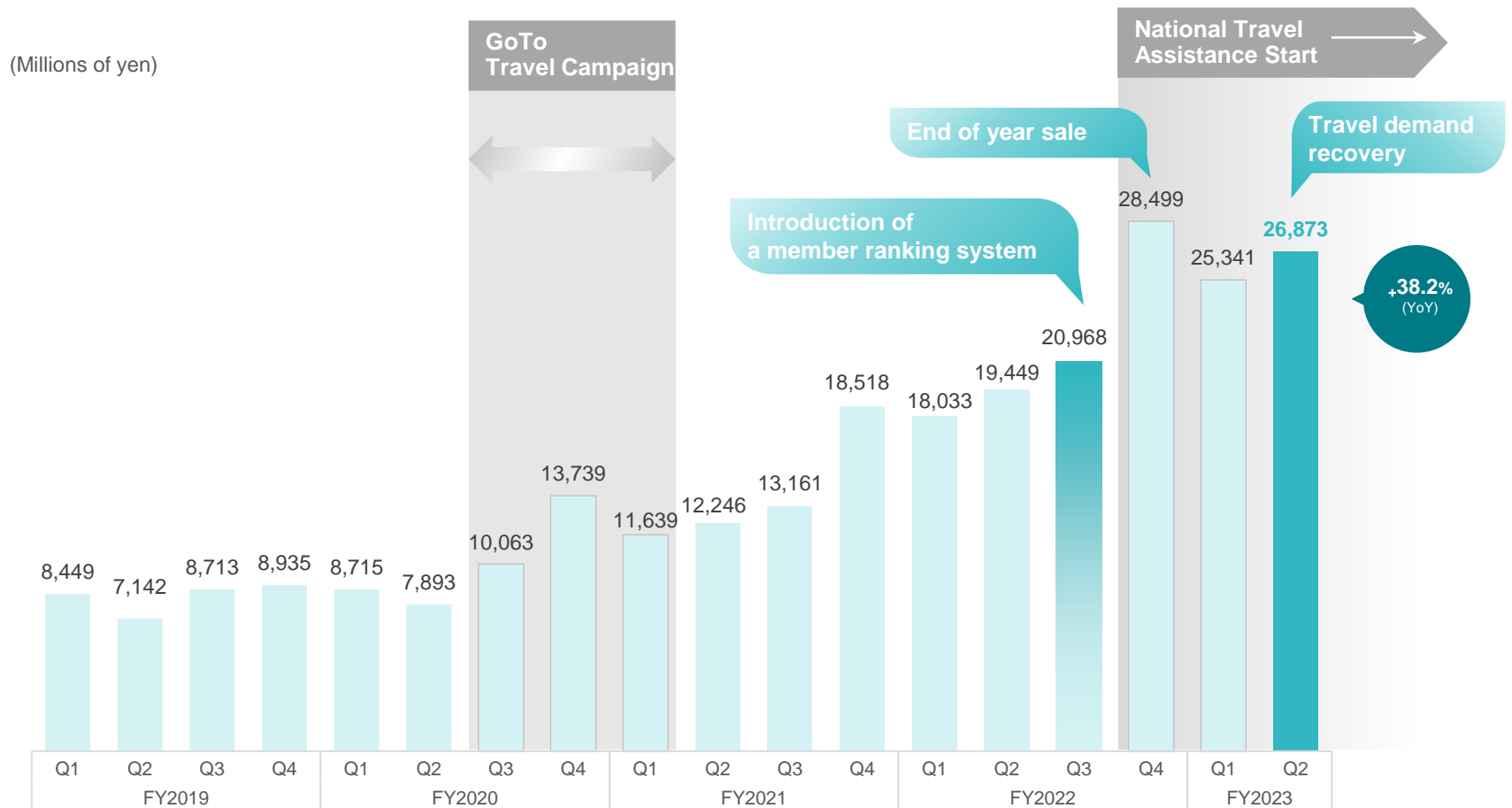


E-Commerce Transaction Value by Moppy

Since the introduction of the membership ranking system in September 2022, GMV has continued to increase.

GMV in 1H2023 increased 39.3% YoY to ¥52.2 billion, partly due to an increase in travel related ads.

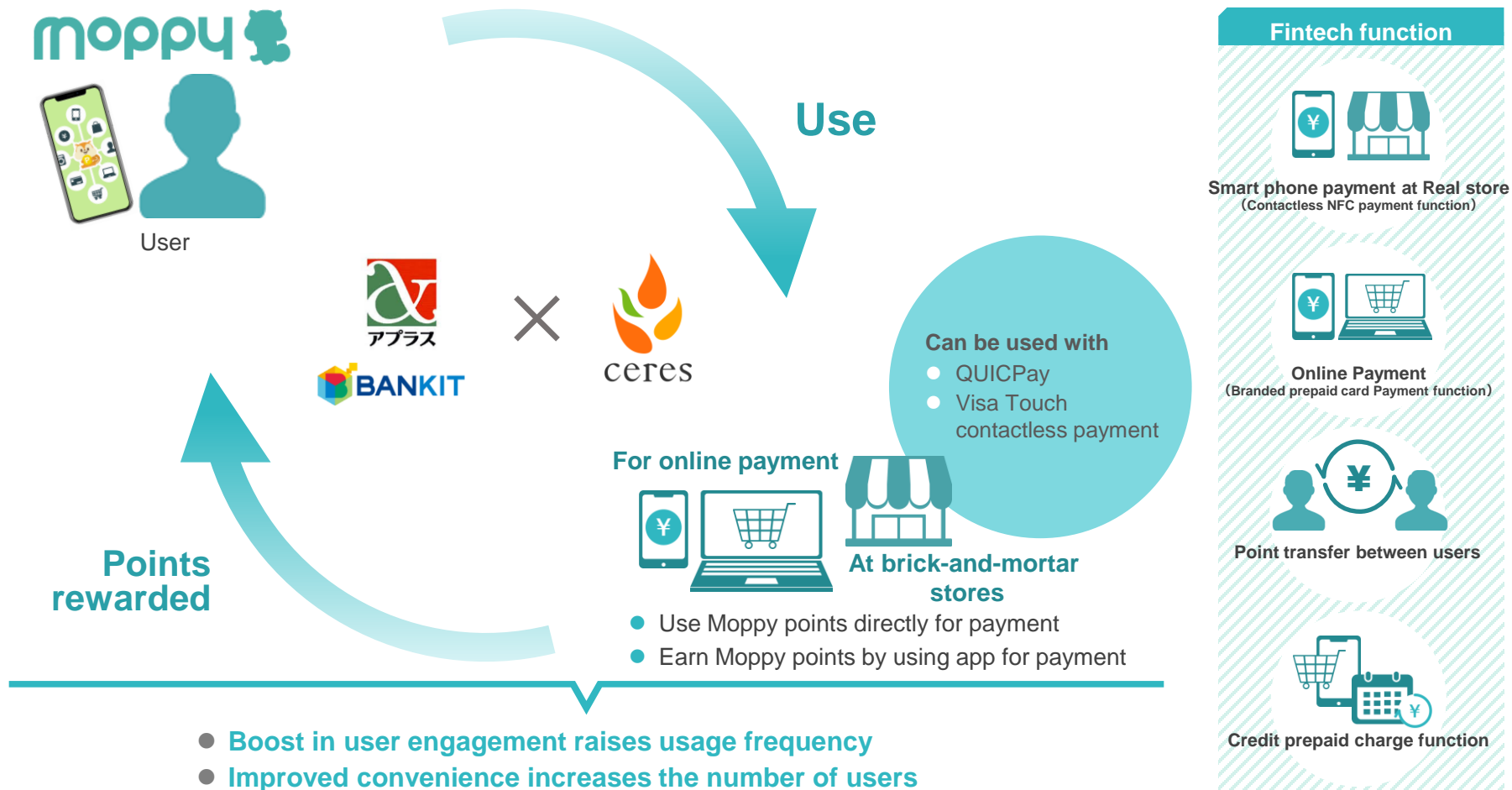
E-Commerce Transaction Value (GMV)



Moppy Business Strategy

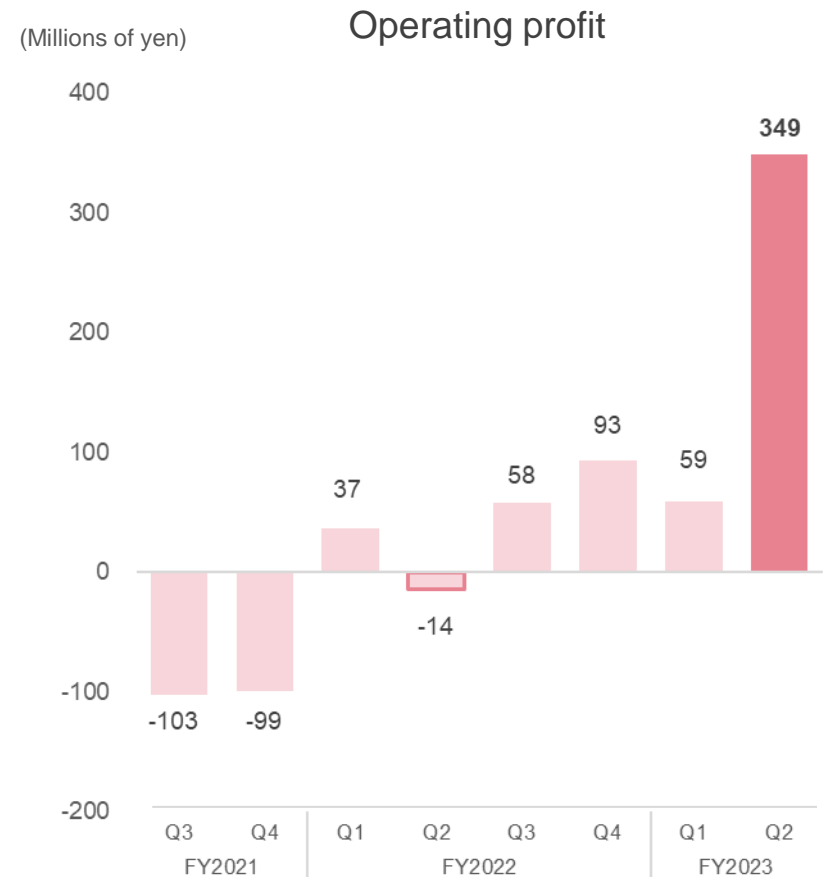
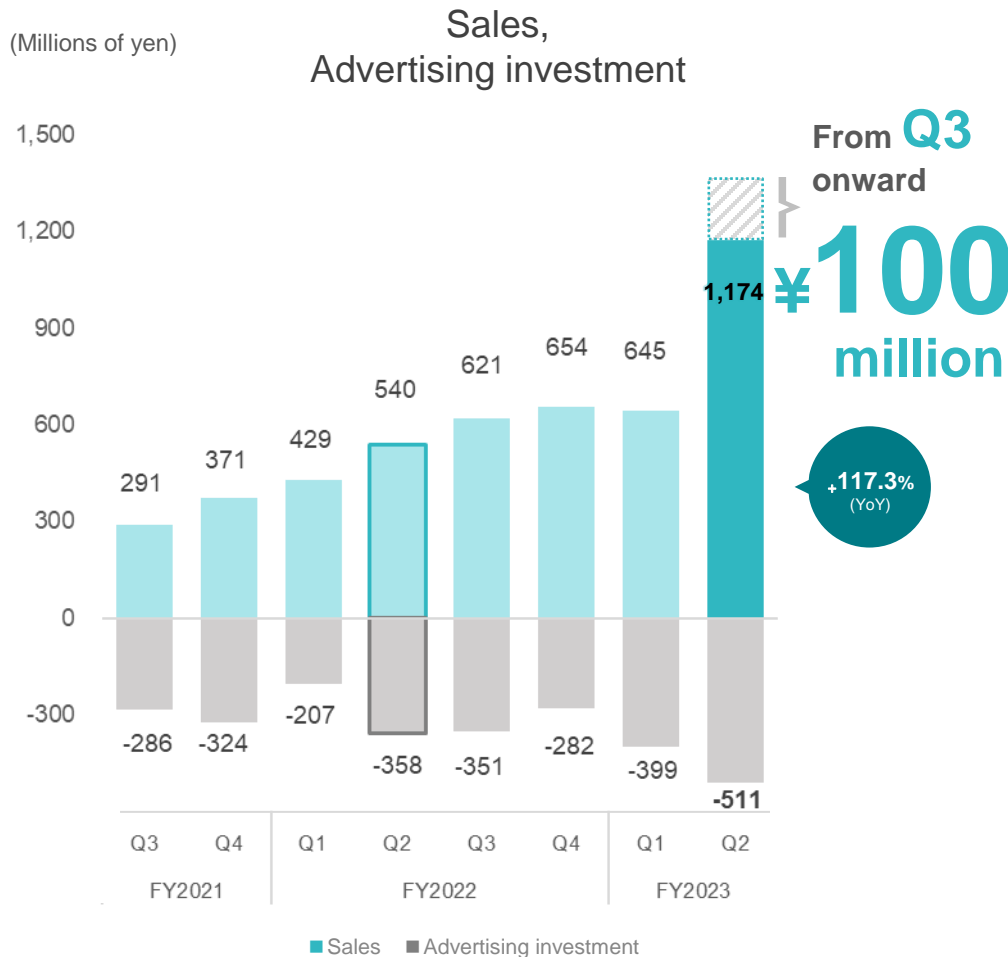
We plan to evolve Moppy into a payment app by adding fintech features in 2023.

We plan to further expand the user base by enhancing the convenience of the Moppy app and increase usage frequency.



D2C Earnings

Sales of High Performance Insole 「Pitsole」 remained strong, increasing 2.2 times YoY. Inventory bottlenecks have gradually been resolved, and the sales backlog has been reduced from ¥270 million to ¥100 million.



D2C Business Strategy

D2C business is vertically integrated from product planning and development to sales, ensuring high profitability.

D2C business leverages Ceres' marketing expertise, including in-house media and AD.TRACK.

Strength

In-house media
 ×
 ASP 「AD.TRACK」

Grasp user /
market trends

Leverage our expertise based on a
proven track record

Reduction of
promotion cost

Streamline costs by having ASP
in-house

Priority Measures

Sales channel expansion

- Direct sales, e-commerce malls, retail stores

LTV Improvement

- Strengthening CRM
- Build sales through a subscriber model

2H2023 | New Product Lineup

Supplement
improve blood glucose levels

「Off Re: kake」



- Helps reduce abdominal fat and waist circumference
- Supports the ability to help restore postprandial blood glucose levels

Supplement
improve intestinal environment

「Oi gurt」



- Helps reduce weight and abdominal fat
- Supports intestinal health and regulate bowel movements

Calorie-controlled home-delivery meals

「Healthy Meal」



- Supports weight loss by controlling calories and carbohydrates
- Supervised by 8 dietitians

Online medical care for pills

「anypill」



- Daily medical reception (24 hours a day, 365 days a year)
- Free consultation service on LINE
- Next-day delivery at the earliest

High Performance Insole 「Pitsole」

We entered the high-performance insole market from a weight-loss perspective, opening up a new market.

Influencer marketing hits the big time.

Product planning

Expand planning concepts of past hit products horizontally to insole products

Promotion

Adopt influencer marketing that matches the product concept based on our advertising track record

*2 Patent No.4733957 Cupoid Balance Theory, Patent No. 5498631 CCLP Theory, Patent No. 6799881 Ashitore Theory

Rakuten Market
Weekly Ranking in Diet Category **No.1** *1



Smash Hit

3 Patent Technology *2
Support the cubitus and calcaneus



High Performance Insole 「Pitsole」

Since the April 2022 start of sales

End-June
Total Sales

¥1.37 bn

End-July
Cumulative
number of order

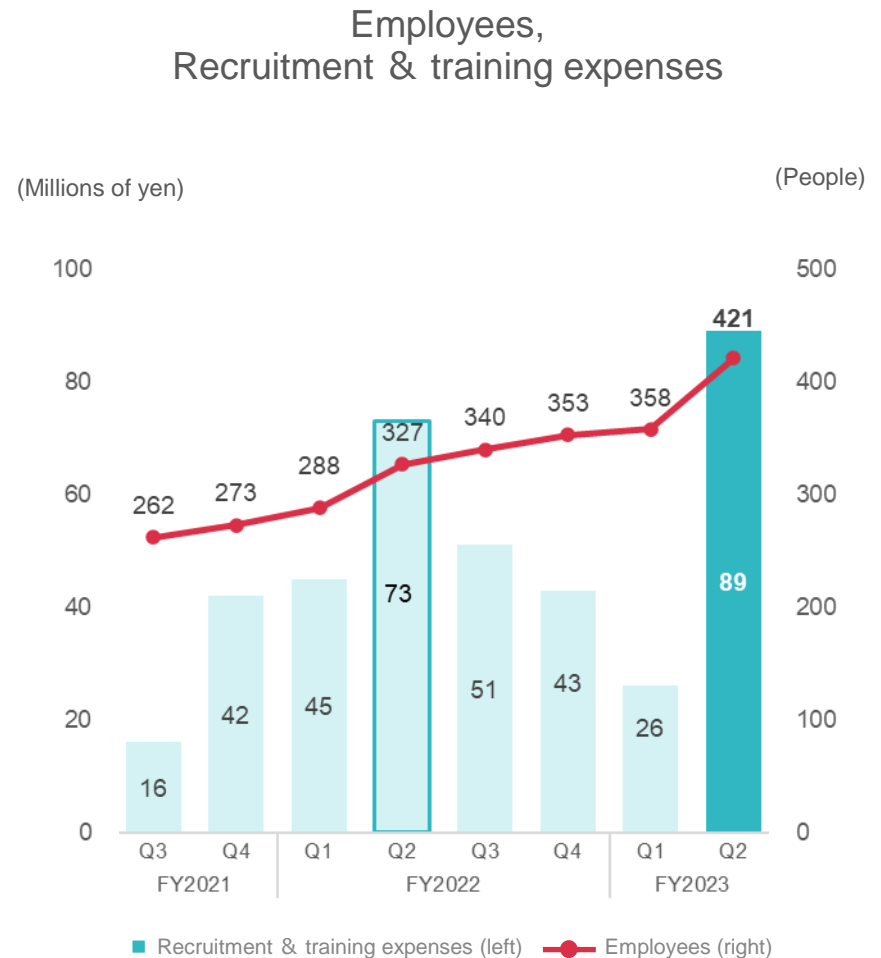
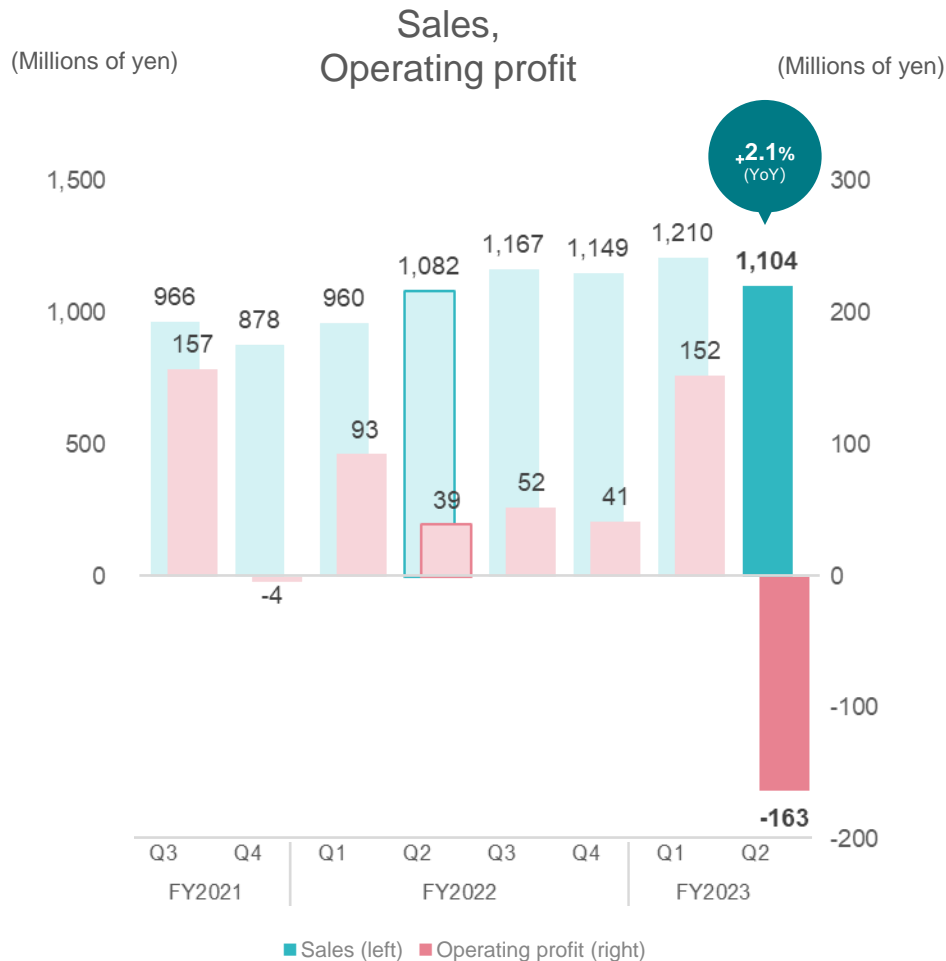
More than!
390 thou pairs

* 1 Collection date: 7/17~7/23, Update date: 7/26

DX (YUMEMI) Earnings

Sales increased YoY due to strong orders, but declined QoQ due to a transition phase of projects.

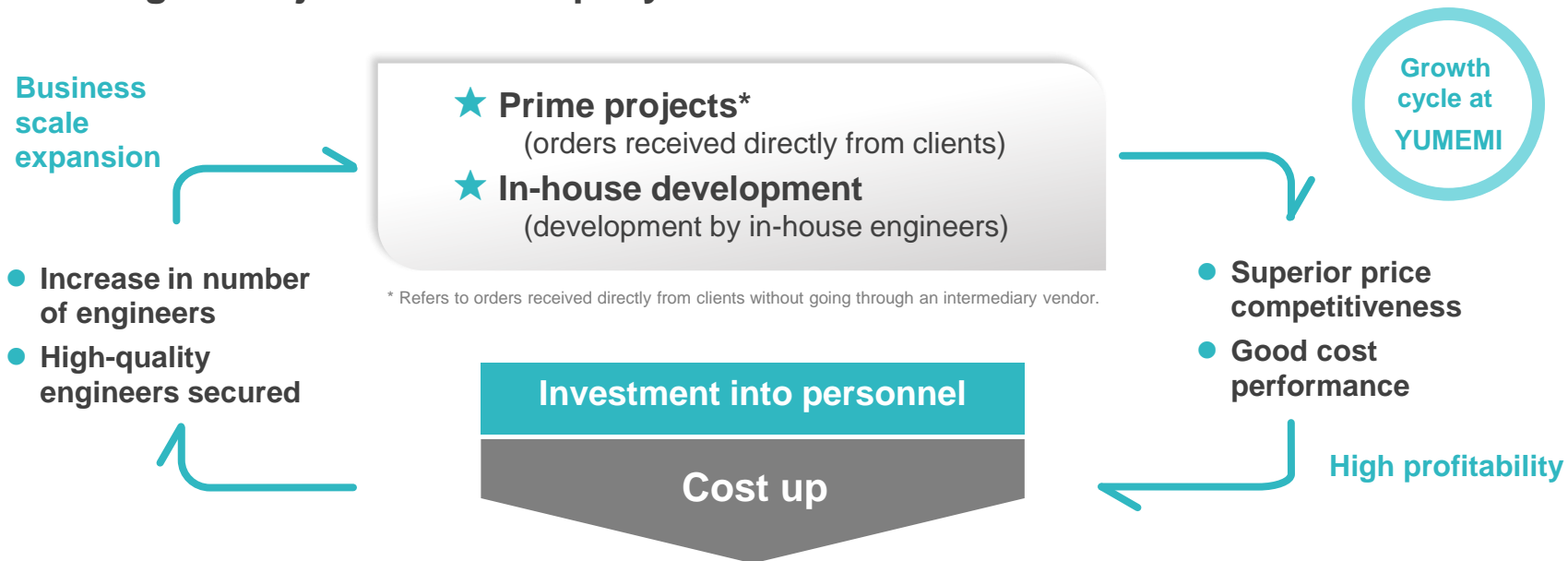
Operating loss was posted due to an unprofitable project in addition to upfront investment in human resources.



DX (YUMEMI) Impact on Profitability from Investment in Human Resources

YUMEMI is in a phase of proactive investment in human resources for medium to long-term growth.

A temporary increase in costs due to lower utilization rate in Q2 as 67 new graduate engineers joined the company.



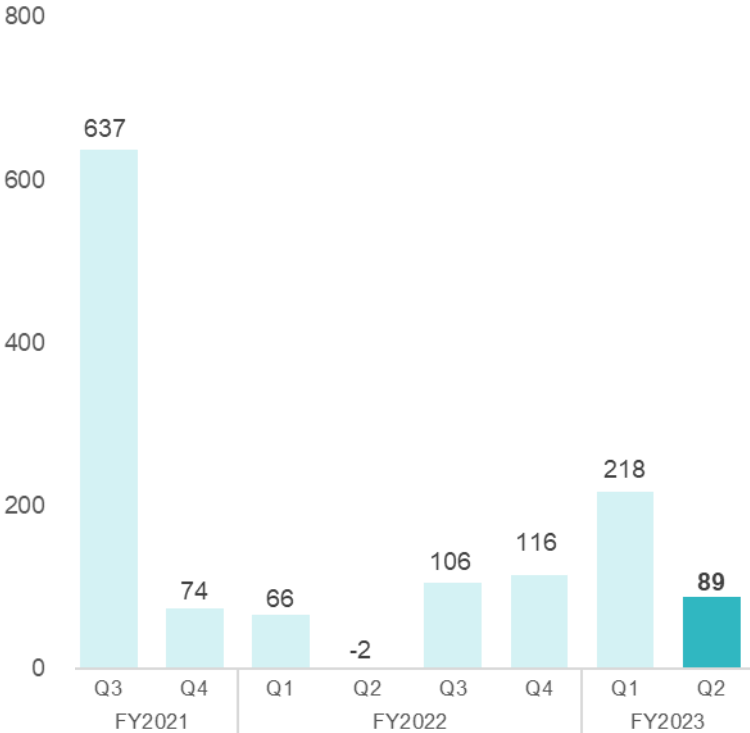
Cost-increasing factors due to investment in human resources	Q2/23	Q1/23
● Referral fees generated by hiring new graduate engineers	¥77mn	¥9mn
● Decrease in utilization rate during the lead time of new graduate engineers until they are ready to join the workforce	70.7%	74.4%
● Increase in person-hours required to recruit and train enrolled engineers (increase in indirect utilization ratio)	29.3%	25.6%

Financial Service Business Earnings

Mercury saw increase in the user count, ratio of active users, and staking balance. labolu saw a steady increase in factoring GMV, with sales up to 89 million yen.

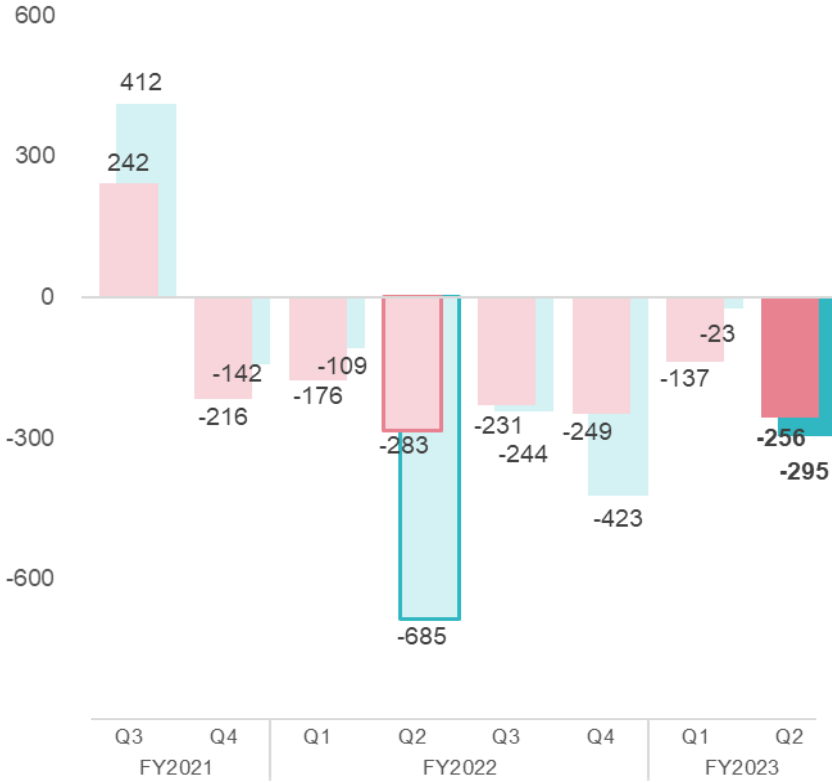
(Millions of yen)

Sales



(Millions of yen)

Operating profit (loss), Ordinary profit (loss)

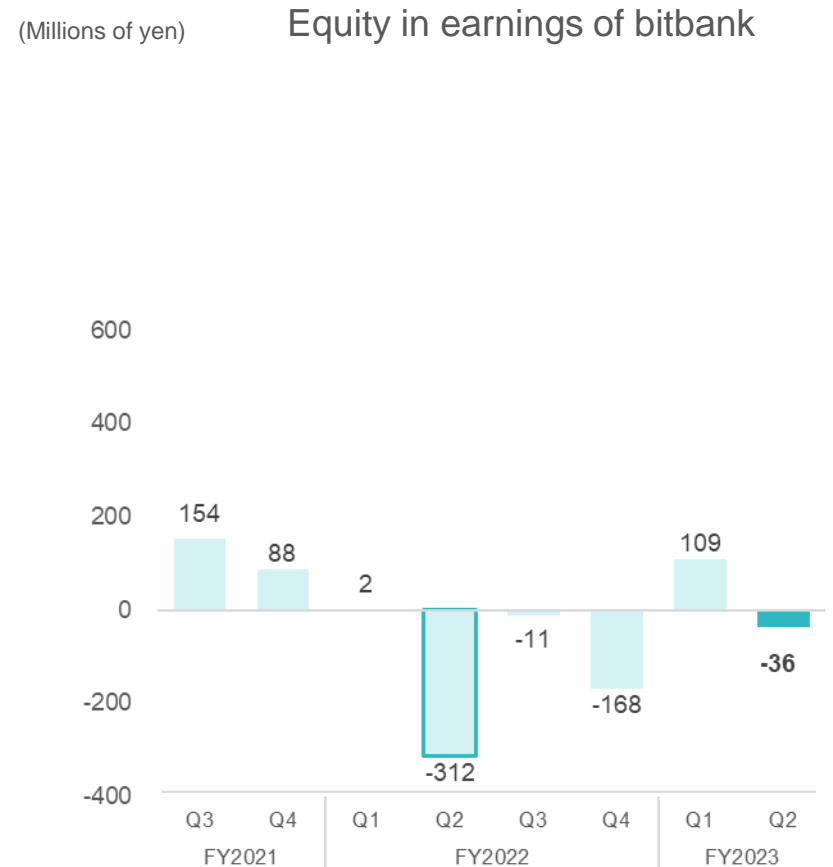
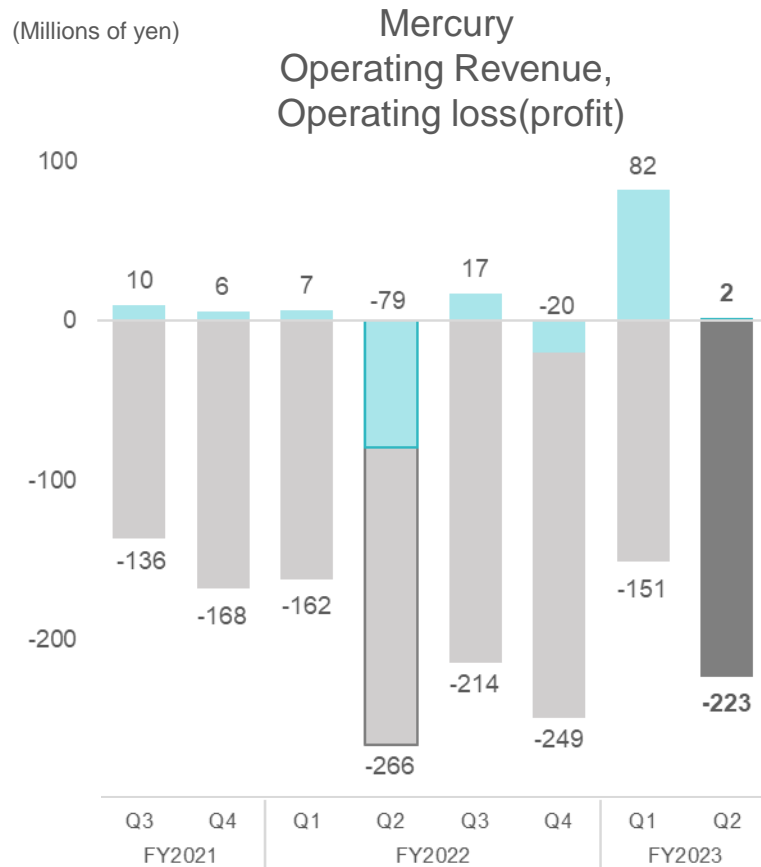


■ Operating profit (loss) ■ Ordinary profit (loss)

Mercury and bitbank Earnings

Due to the stagnant crypto asset market, Mercury's sales were limited to 2 million yen, but its KPI remained steady.

We recorded a loss of ¥36 million on the equity method investment in affiliate bitbank.



■ Operating Revenue ■ Operating loss (profit)

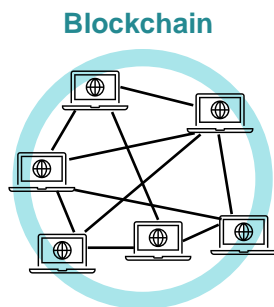
Mercury, CoinTradeStake, has added Polygon (MATIC) in the staking service.

Staking is now available in six currencies, and the number of stocks continues to expand.

Current Staking Total in 6 Crypto assets ¥ 310,427,059 (As of July 31, 2023)

Staking

“Staking” is a mechanism in which investors deposit crypto assets and receive rewards for participating in a blockchain network.



1%~22%

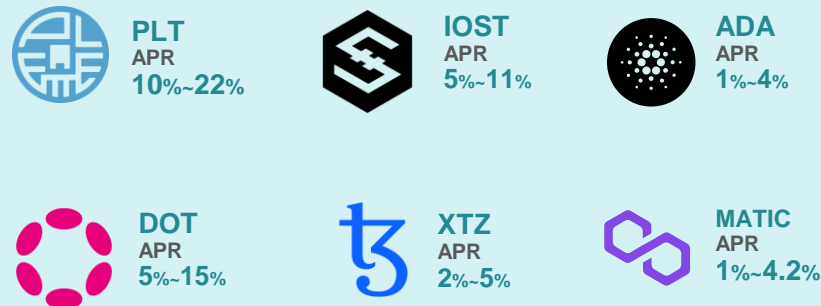


Seek yields from staking in a blockchain network

CoinTrade crypto assets



CoinTradeStake crypto assets

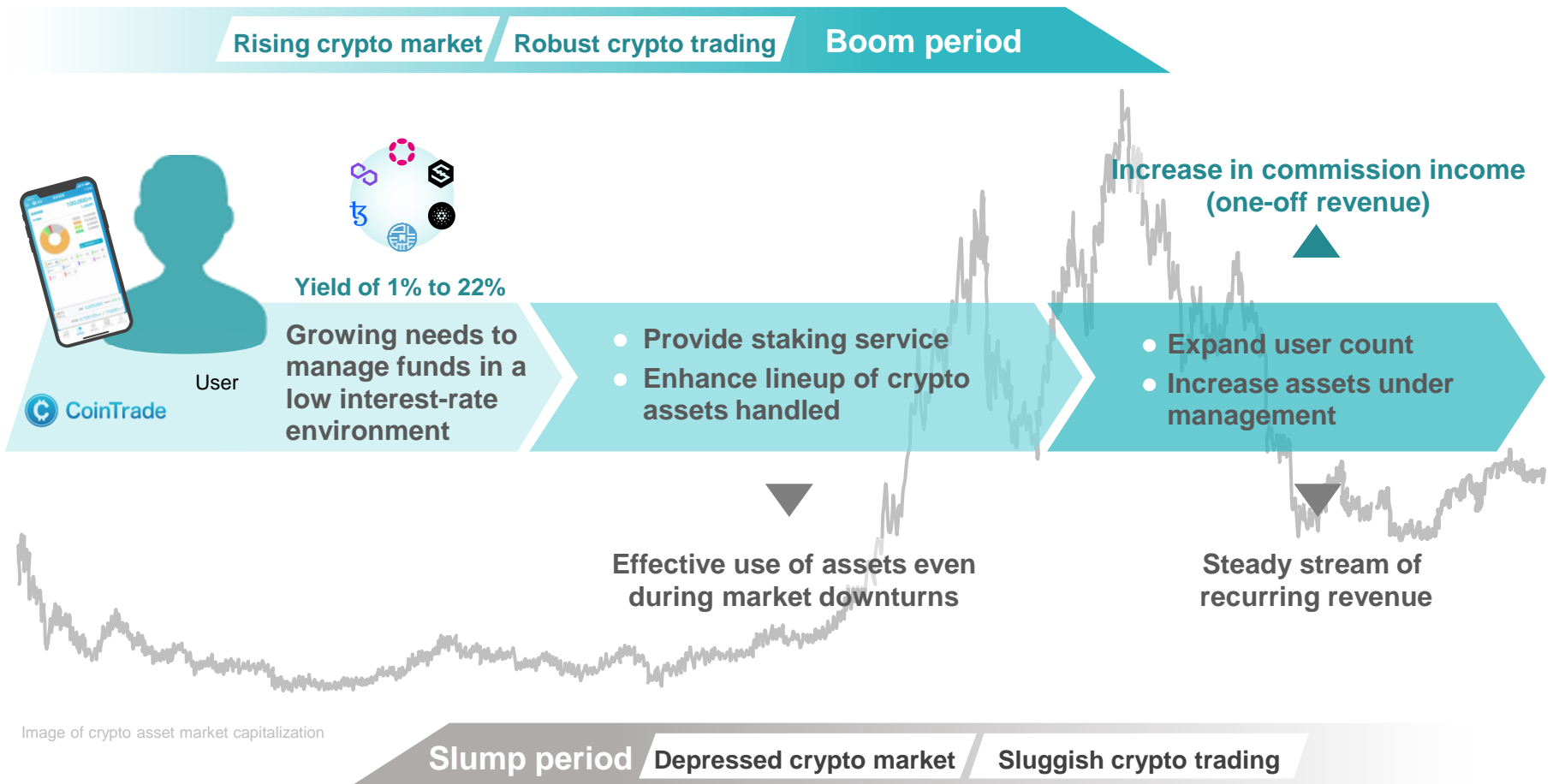


* Estimated annual yields are for reference purposes only

Mercury Business Strategy

Mercury aims to increase the number of users by enhancing the staking service and expanding the range of currencies.

It will seek to increase assets under management, and thereby establish a stable earnings model.



Mercury's Holdings of Crypto Assets and the Impact on PL

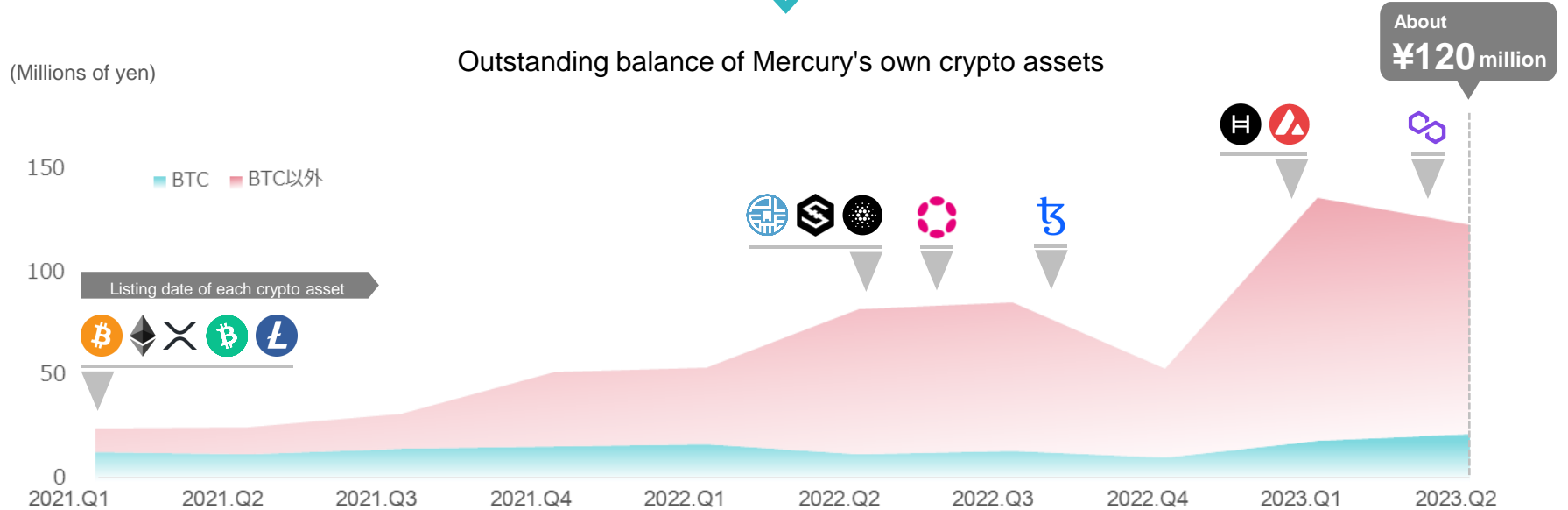
Mercury holds a certain amount of crypto assets

- To ensure trading liquidity
- To secure a minimum staking amount
- Because revenues are received in crypto assets

For self-holding crypto assets, under the accounting rules, valuation/gains or losses on sale are booked to net sales.

*** No cash inflows or outflows with regard to valuation gains or losses.**

There is a risk of price volatility for own holdings



Crypto assets handled



Investment and Development Business (CVC)

CVC invests in businesses that have affinity with CERES' operations, such as media and blockchain-related fields.

We invested ¥123 million in two companies in the first half of 2023 (Jan-Jun).

*As of June 30, 2023



Collaborations in Mobile Service

Media, D2C-related

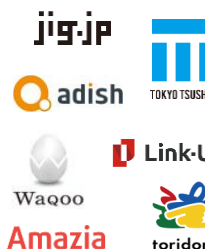


Collaborations in Financial Service

Fintech, blockchain-related



valuedesign



IPO Result 8 companies



3. Appendix



Profile

Enriching the world through internet marketing

CERES aims to realize prosperous social interactions by providing various marketing services through the Internet, which has become a part of our social infrastructure.

Create a token economy



CERES is “the goddess of the earth” and “the goddess of abundant harvest” in Greek mythology. The Greek name for the Goddess is Demeter, and CERES is its Roman equivalent.

Company Name	CERES INC.
Established	January 28,2005
Location	Setagaya Business Square Tower, 24 Floor 4-10-1 Yoga, Setagaya-ku, Tokyo
Fiscal Year	December 31
Capital	¥ 2,046 million (As of June 30, 2023)
Representative	Satoshi Takagi, President and Representative Director
Employees (Consolidated)	600 (As of June 30, 2023; without temporary staff)
Businesses	Mobile Service Business Financial Service Business
Consolidated Subsidiaries	Mercury Inc., Diana Inc., Bacchus Inc., studio15 Co.Ltd., label inc., Salus,inc., YUMEMI Inc.
Equity-method affiliate companies	bitbank, Inc.

2022 Transition to the New Prime Market of the Tokyo Stock Exchange

2021 Made studio15 Co.Ltd. a consolidated subsidiary

2018 Made YUMEMI Inc. a consolidated subsidiary

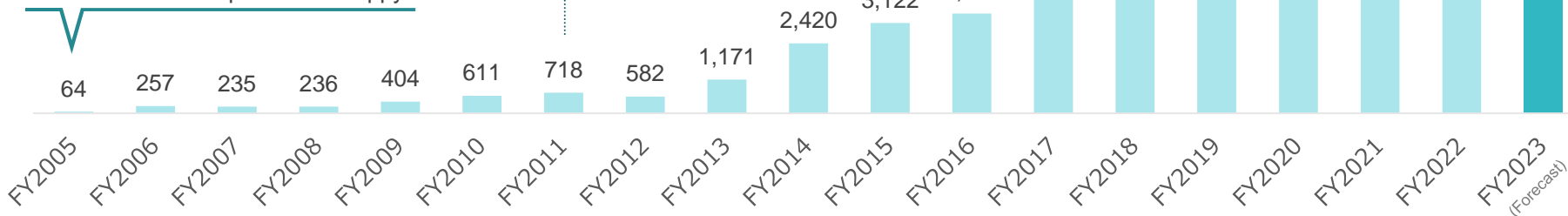
2017 Made bitbank, Inc. an equity-method affiliate
Established Mercury Inc. to enter into the crypto asset exchange business

2016 Made YUMEMI Inc. an equity-method affiliate
Listed on the First Section of the Tokyo Stock Exchange

2014 **Listed on the Mothers market of the Tokyo Stock Exchange**

2011 Launched “Moppy” for smartphones

2005 CERES INC. established
Launched point site “Moppy”



*Net sales are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

Sales (millions of yen)

Numerical Targets in Medium-Term Management Plan 2026

We are committed to achieving net sales of ¥40 billion and ordinary profit of ¥10 billion in FY2026.

To accomplish the targets set forth in Medium-Term Management Plan 2026, we plan to aggressively invest a total of ¥30 billion over five years.

FY2026

Net sales

¥ **40** bn

Ordinary profit

¥ **10** bn

Investment







¥ **30** bn

Business Portfolio





We generate cash steadily in our mainstay Moppy business, and invest actively in growth areas.

We achieve a sustainable business portfolio by combining businesses of varying growth models.

Mobile Service Business

Point	 
D2C	  
DX	

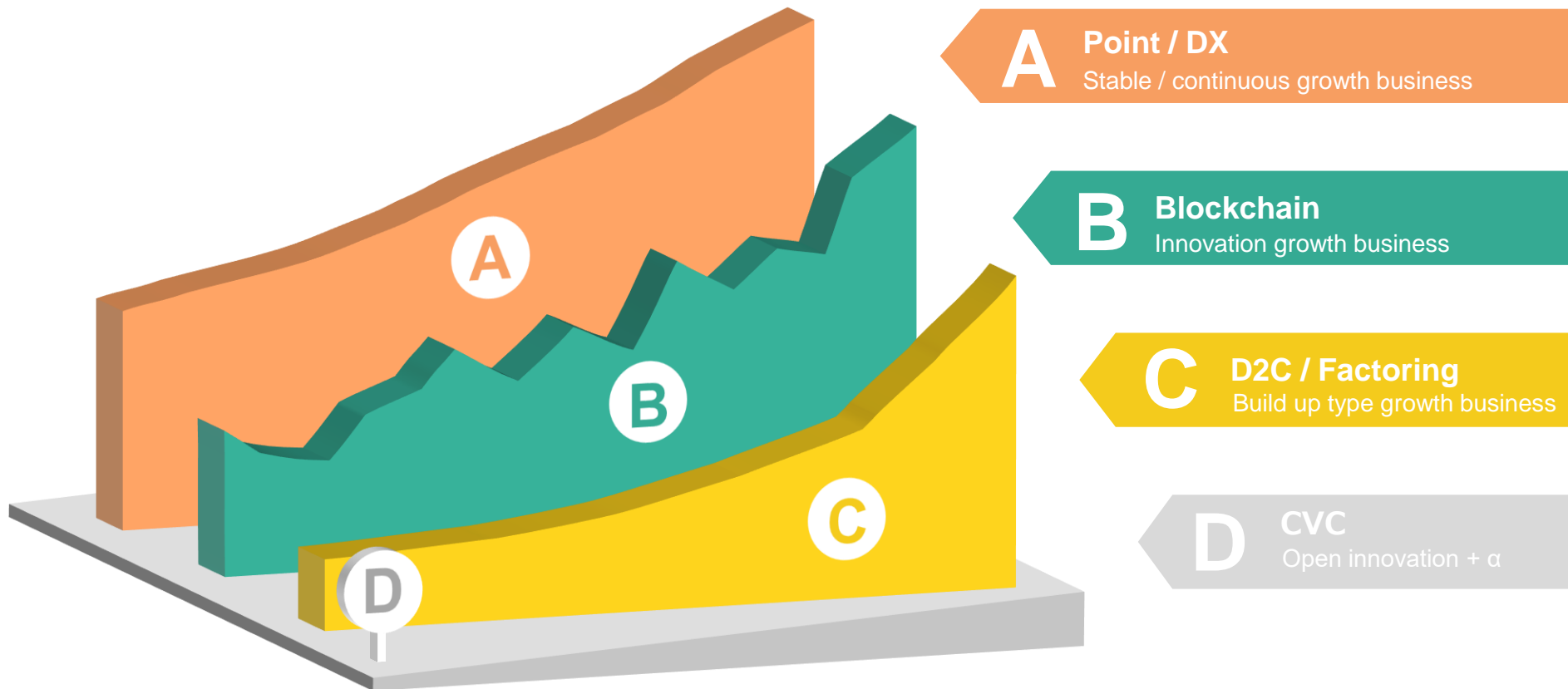
Financial Service Business

Blockchain	 
Online Factoring	 
CVC (corporate venture capital)	Investment development business

An Image of Growth up to 2026

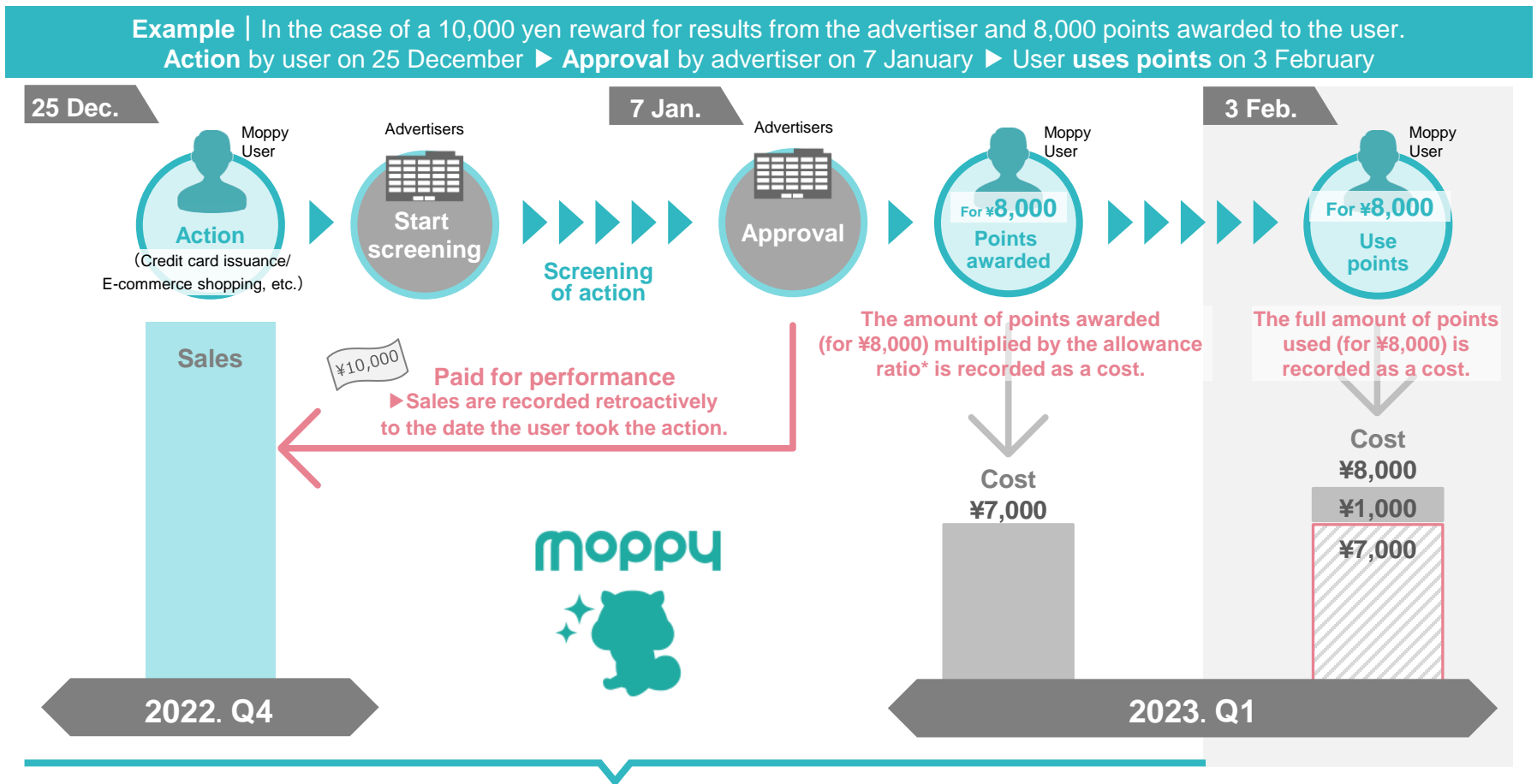
We will pursue medium-term growth leveraging three business portfolios that feature varying growth models.

We plan to achieve stable growth with Point and DX while aiming for dynamic and rapid growth with Blockchain and D2C.



Sales and Cost of Moppy Business

There is always a gap between the occurrence of user actions (results), the approval of the results by advertisers and the timing of the use of points. Depending on the timing, the quarter in which it is recorded varies.






























Cost burden becomes heavier in the following quarter when sales peak

* Allowance rate is based on the point usage rate calculated from Moppy's actual usage.

Setting Materiality

We identified seven material issues as key themes to focus on, and intend to step up existing ESG strategies implemented to practice sustainable management.

Materiality		SDGs					
1	Enriching the world through our services						
2	Resolving social issues and promoting economic development through open innovation						
3	Proper digital advertising and sound development of the industry						
4	Providing environmentally friendly products and services						
5	Active empowerment of diverse human resources						
6	Information security and privacy						
7	Strengthening of corporate governance						

TCFD endorsement & Participation in TCFD Consortium

Ceres has offset 100% of CO2 emissions from electricity consumption, including server power used for web services and office power, to achieve zero GHG (greenhouse gas) emissions under SCOPE 1-2, with the aim of realizing a decarbonized society from 2021.



Anypill for welfare program

- As one of the initiatives to improve the QoL of employees, Ceres has introduced a program to fully subsidize the cost of low-dose pills sold by our wholly owned subsidiary Salus
- The program supports ease of work by reducing the physical and mental burden caused by pain, PMS, and other symptoms specific to women

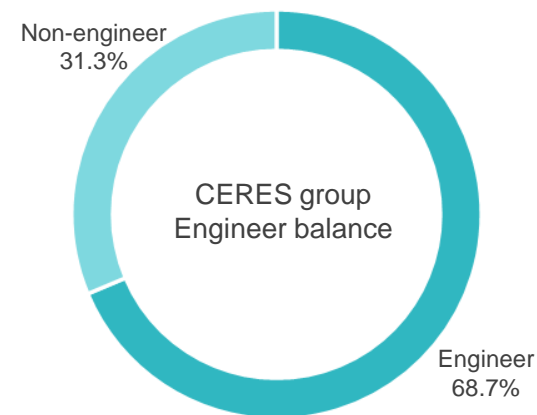
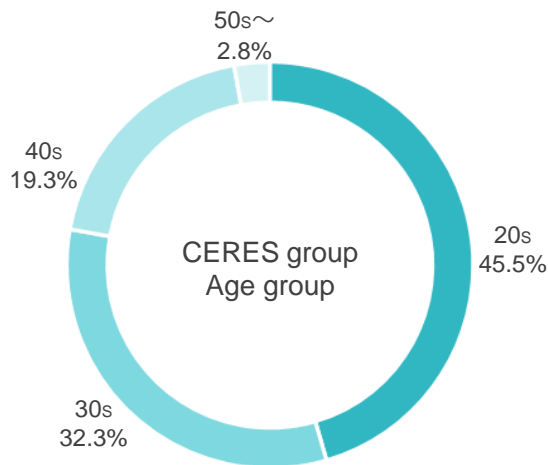
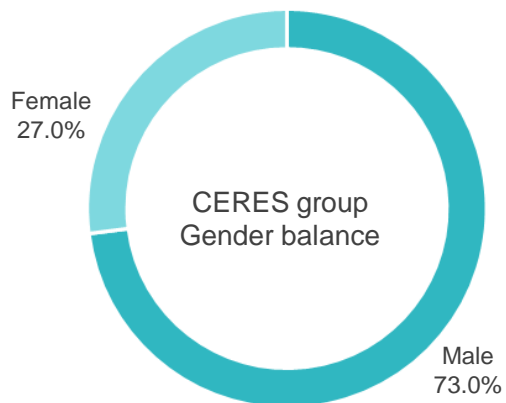
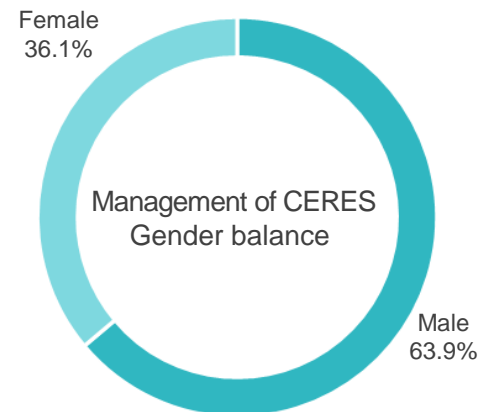
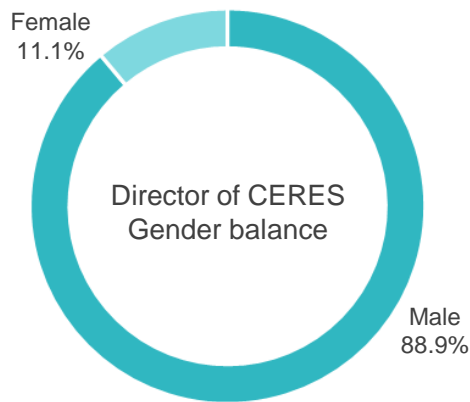
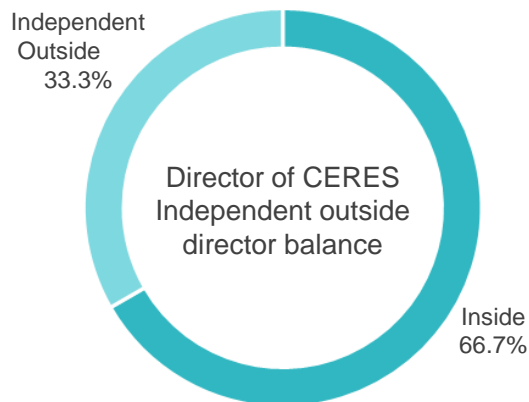


* Online medical service 「Anypill」 : <https://anypill.skinsia.clinic/>

Promoting Governance and Diversity

Boost corporate value over the medium to long term by strengthening corporate governance.

Promote diversity, including gender equality, to achieve sustainable growth.

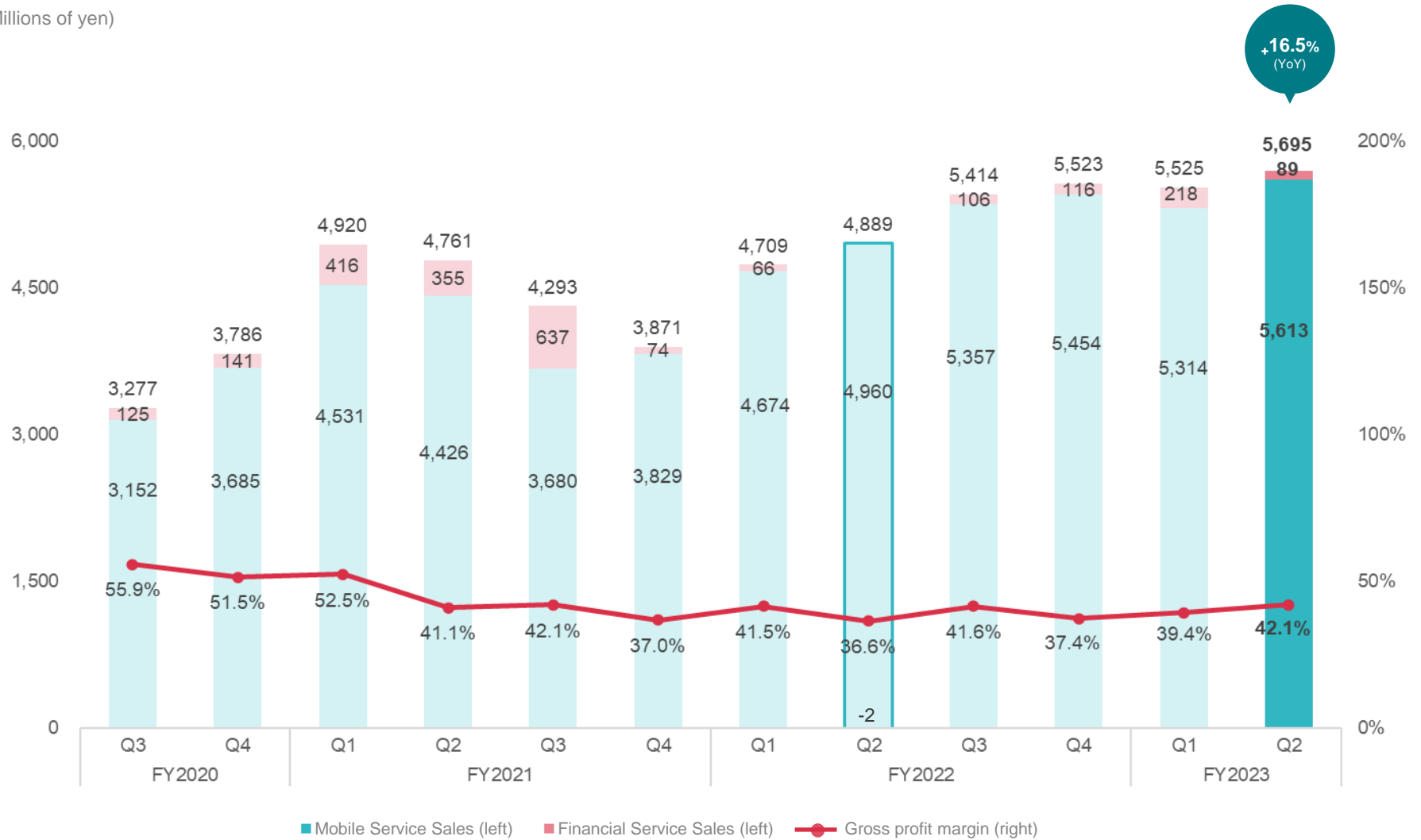


* As of June 30, 2023

Earnings

Quarterly Sales

(Millions of yen)



+16.5%
(YoY)

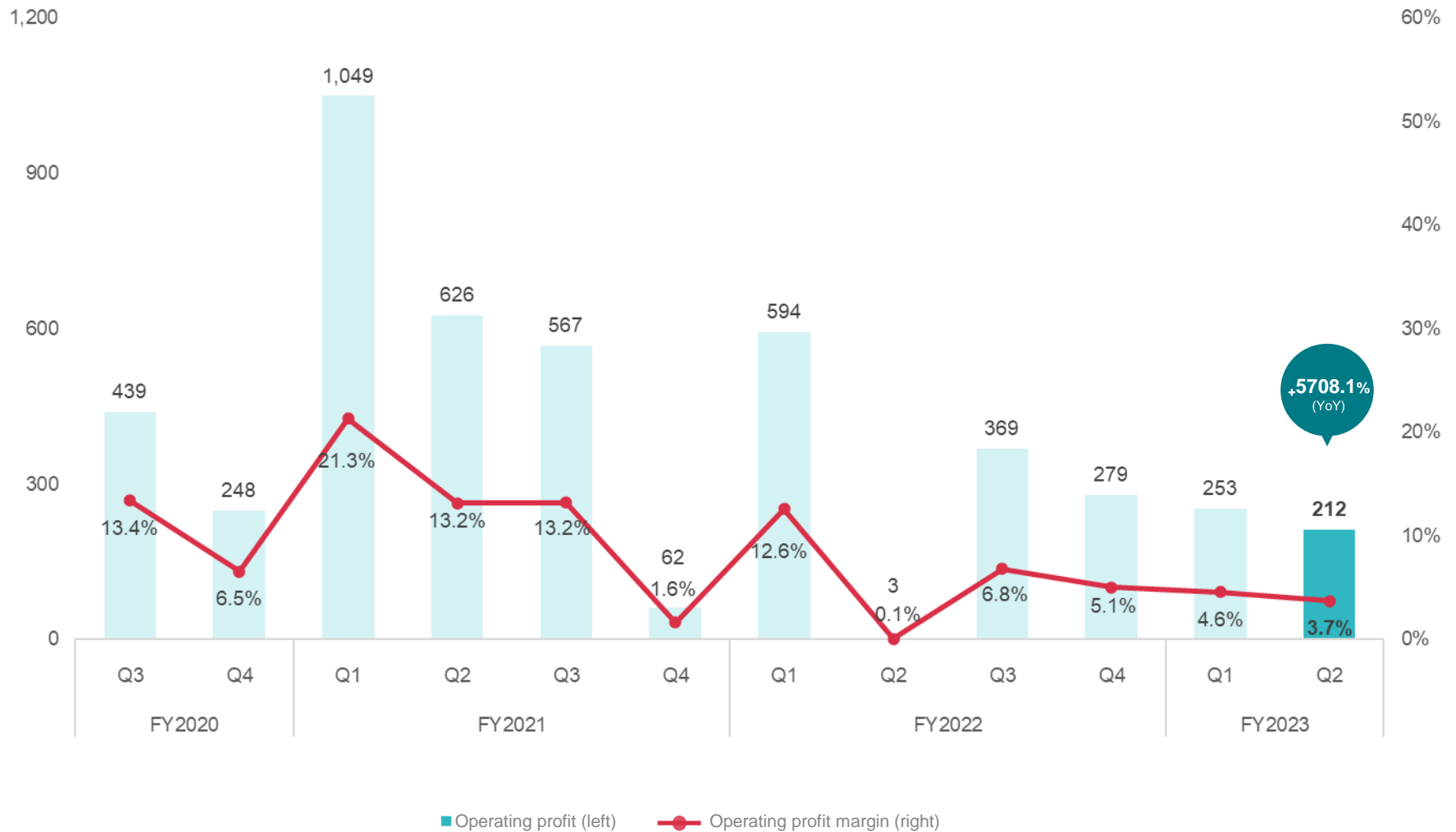
* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

* The business classification in the Mobile Service segment for FY2021 and earlier has been revised in accordance with the changes that subsequently took place in the segment.

* Trading volume within segments are not indicated since their impact on the graphs is marginal.

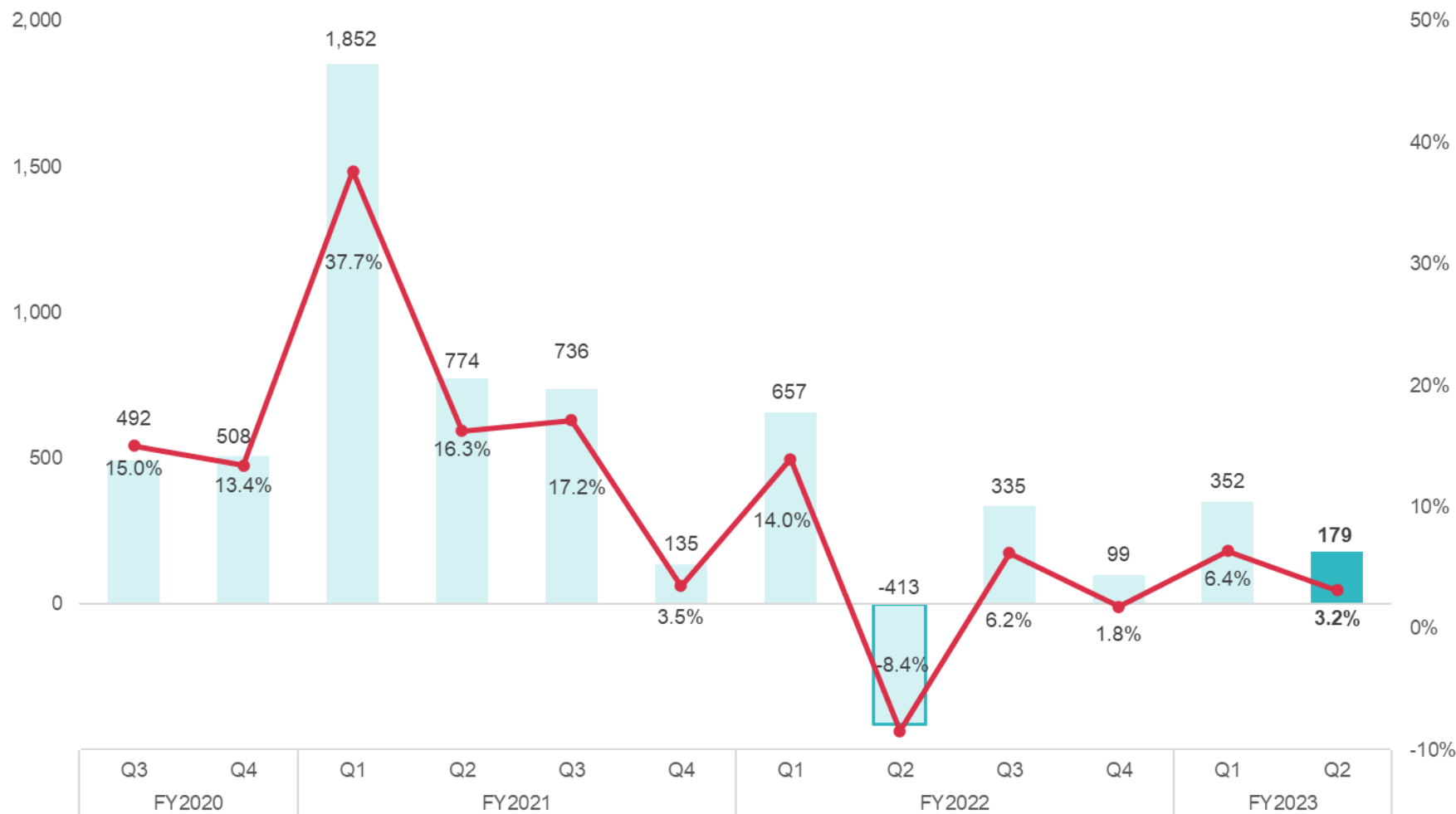
Quarterly Operating Profit

(Millions of yen)



Quarterly Ordinary Profit

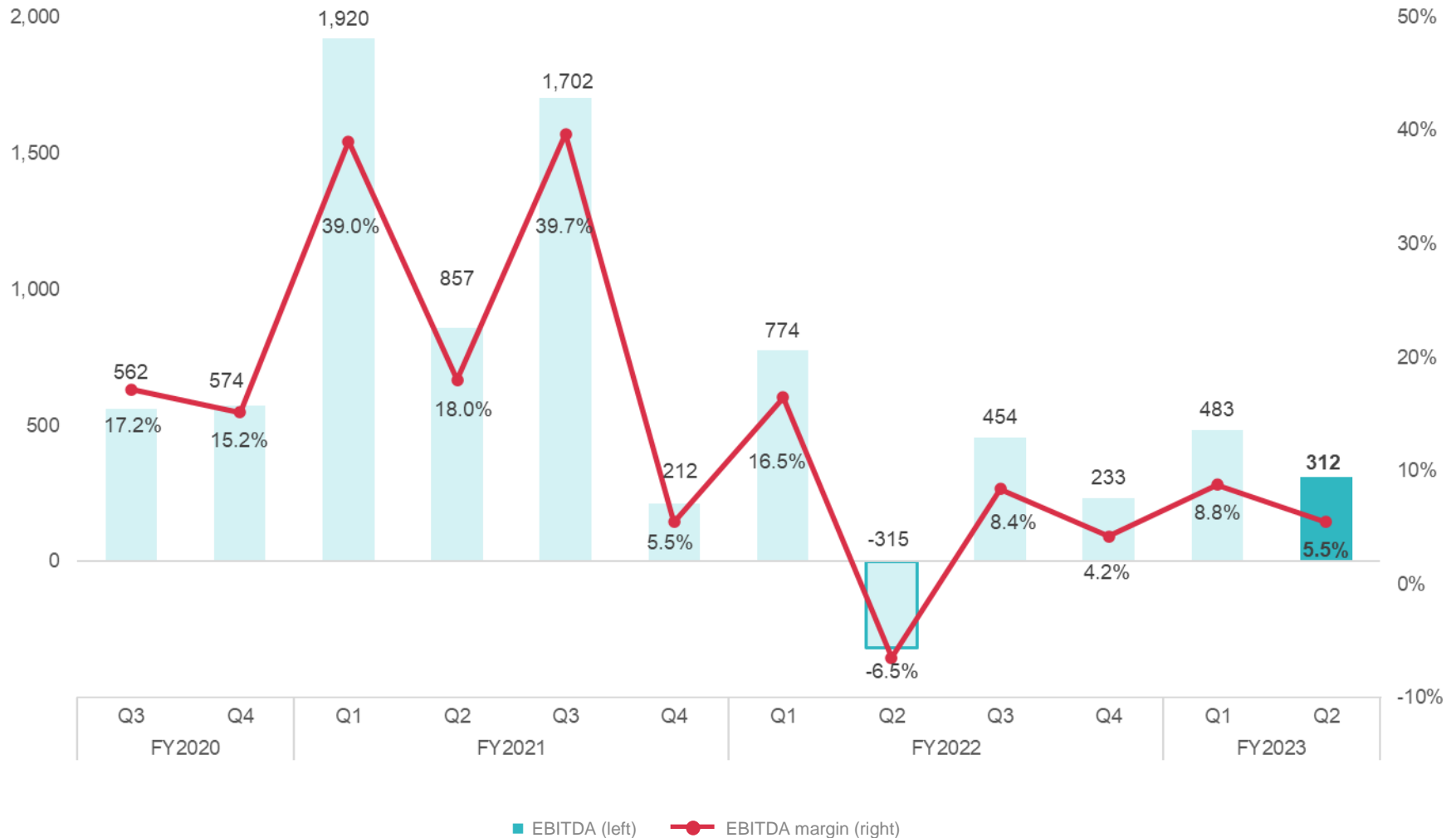
(Millions of yen)



■ Ordinary profit (left) ● Ordinary profit margin (right)

Quarterly EBITDA

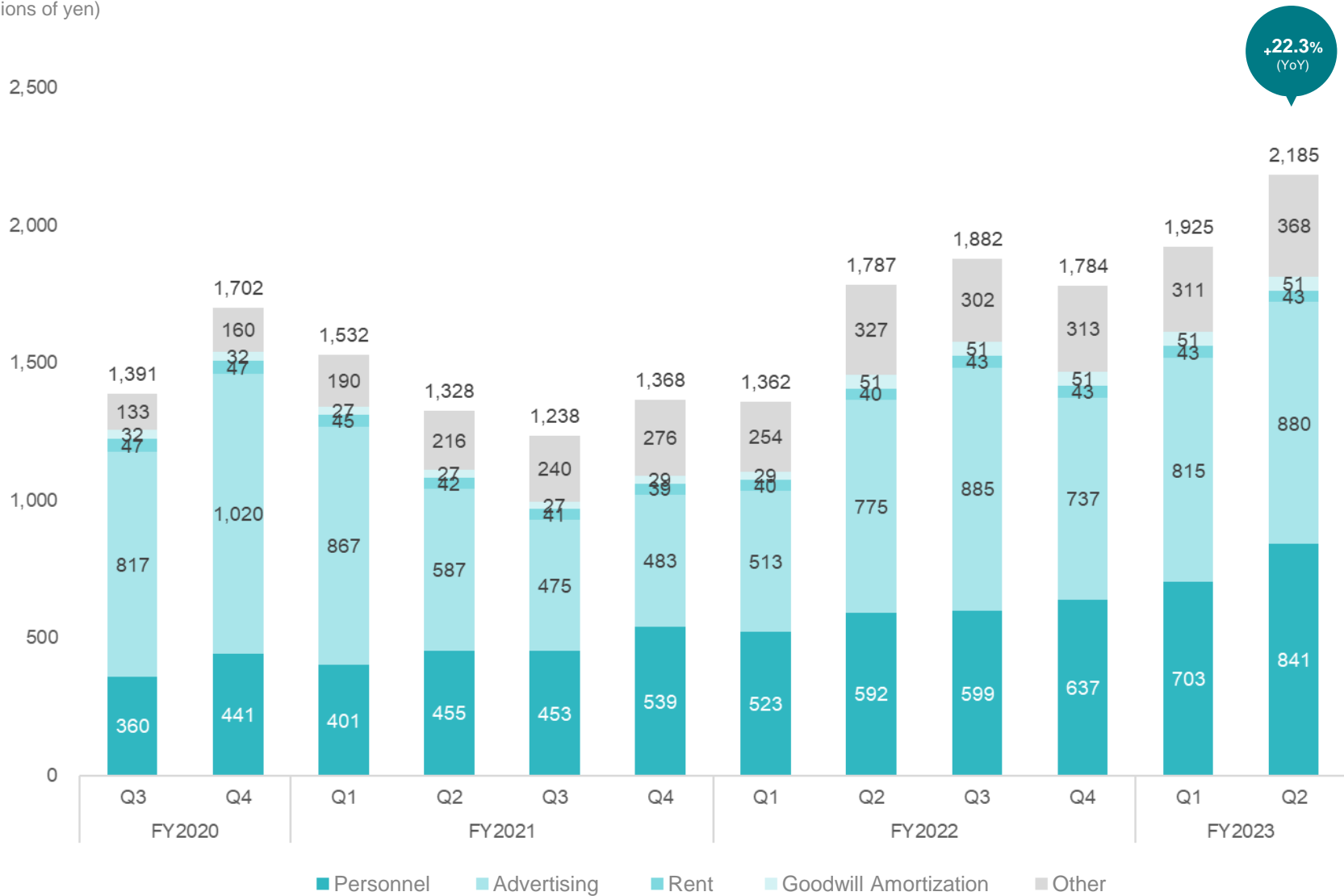
(Millions of yen)



* EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment loss.

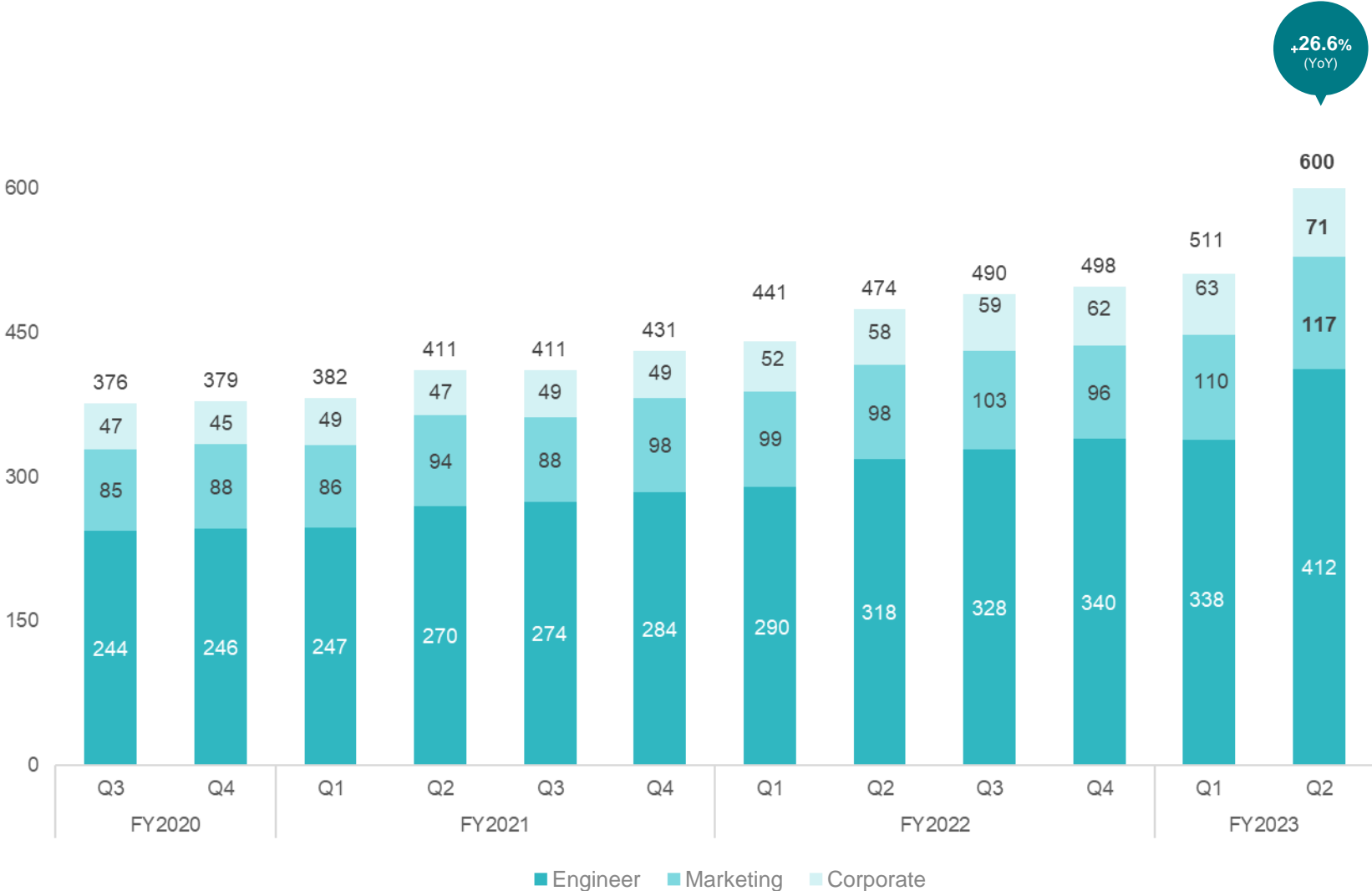
Quarterly SG&A Expenses

(Millions of yen)



Employees

(People)



+26.6%
(YoY)

* Excluding contract employee, temporary employee, and part-time job

Quarterly Sales

(Millions of yen)	FY2021		FY2022				FY2023	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	4,293	3,871	4,709	4,889	5,414	5,523	5,525	5,695
Mobile Service Business	3,680	3,829	4,674	4,960	5,357	5,454	5,314	5,613
Point	2,662	2,815	3,324	3,422	3,575	3,719	3,525	3,359
D2C	291	371	429	540	621	654	645	1,174
DX	966	878	960	1,082	1,167	1,149	1,210	1,104
Transaction value within segments	-240	-236	-39	-84	-7	-68	-66	-25
Financial Service Business	637	74	66	-2	106	116	218	89
Inter-segment transaction value or transfers	-23	-32	-32	-68	-49	-47	-7	-6

Quarterly Operating Profit

(Millions of yen)	FY2021		FY2022				FY2023	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Operating profit	567	62	594	3	369	279	253	212
Mobile Service Business	556	533	1,007	588	877	817	686	762
Financial Service Business	242	-216	-176	-283	-231	-249	-137	-256
Adjusted amount	-231	-254	-236	-301	-277	-288	-294	-293



Notes regarding forward-looking statements

- The materials and information provided in this presentation contain forward-looking statements that are based on current forecasts, estimates, and assumptions that are subject to risk, and also include uncertainties that could cause actual results to differ materially from the statements in this presentation.
- These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- Please note that the Company is under no obligation to update or revise the forward-looking statements contained in this presentation, even if new information or events emerge in the future.