

FY2023.Q2 Results briefing materials

Aug 10, 2023

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 from here <https://contents.xj-storage.jp/xcontents/AS81382/98e7d9b2/3596/4341/ac3e/e89a54b41294/140120230809539009.pdf>

DX in construction industry

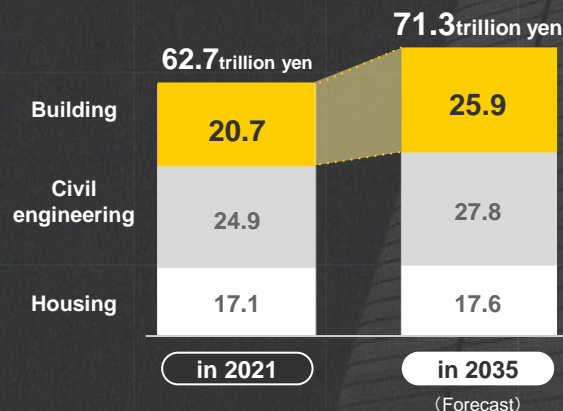
Construction

Technology

Construction DX market opportunities we recognize

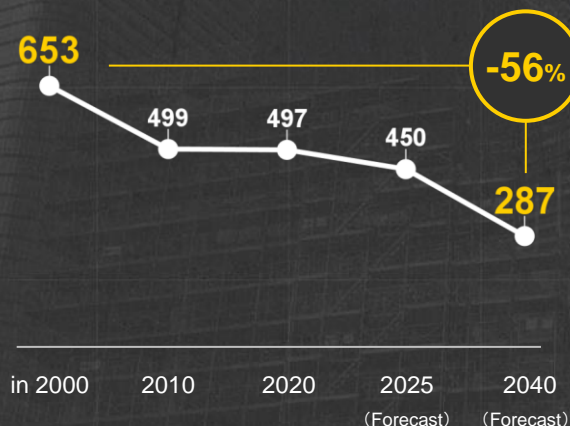
Expanding demand

Outlook for Construction Investment*1



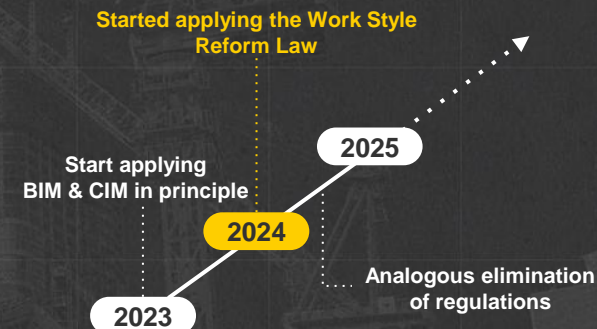
Decreasing workforce

Outlook for Number of Construction industry workforce*2



Turning point in 2024

Policies to accelerate DX*3



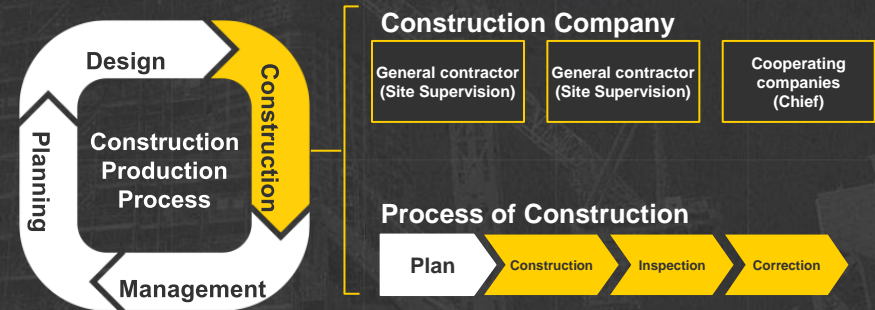
*1~3 : Sources are listed in the "Other Reference Materials" section of this document.

SPIDERPLUS, a DX service that improves operational efficiency at construction sites



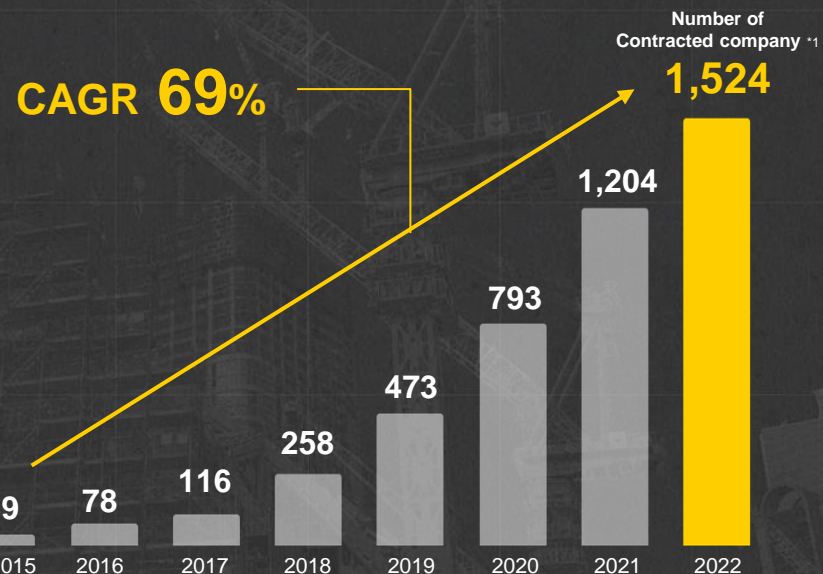
Site management SaaS for large-scale sites

Etc. of buildings, condominiums, and retail facilities



Introduced by a top runner in the construction industry SPIDERPLUS network continues to expand

Introduced by a leader in the construction industry



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

FY2023.Q2 Highlights

1. **FY2023.Q2 Highlight**
2. **FY2023.Q2 Topics**
3. **Reference : About SPIDERPLUS**
4. **Reference : Medium term growth strategy**
5. **Other Reference Materials**

Highlight

Continued steady quarter

Market

The awareness of productivity is rapidly increasing toward 2024, a turning point in the construction industry

Business

Continue to cultivation and penetration of key customers.
Full-scale entry into new domain.

Results

Steady progress toward achieving FY2024 ARR of 5 billion yen while balancing revenue growth and profitability improvement

KPI

Cumulative sales

1,482 million yen
YoY Growth **+27%**

ARR

3,056 million yen
YoY Growth **+27%**

Company

1,671
YoY Growth **+26%**

ID

63,199
YoY Growth **+20%**

ARPU

4,030 yen
YoY Growth **+6%**

Churn rate

0.7%

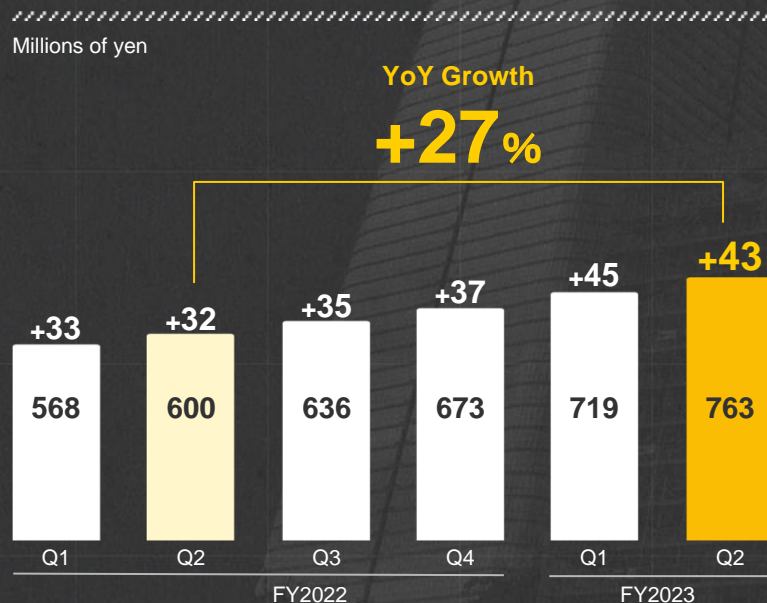
Cumulative Sales	ARR	Company	ID	ARPU	Churn rate
Good	Good	Good	Good	Good	Good

*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

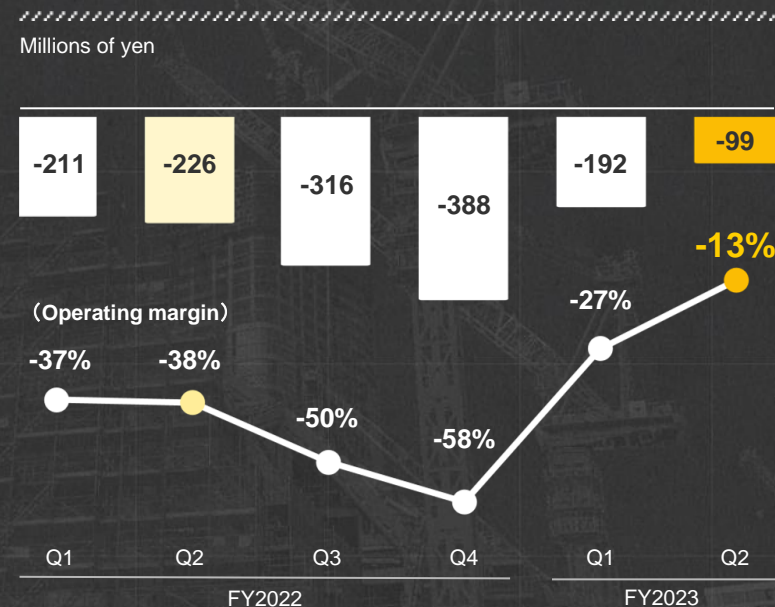
Results

Losses fell sharply in the quarter due to the completion of large-scale advanced investment in the previous fiscal year
In the second half of the fiscal year, we plan to implement advanced investment to increase future ARR growth rates within the scope of our earnings forecasts

Net sales

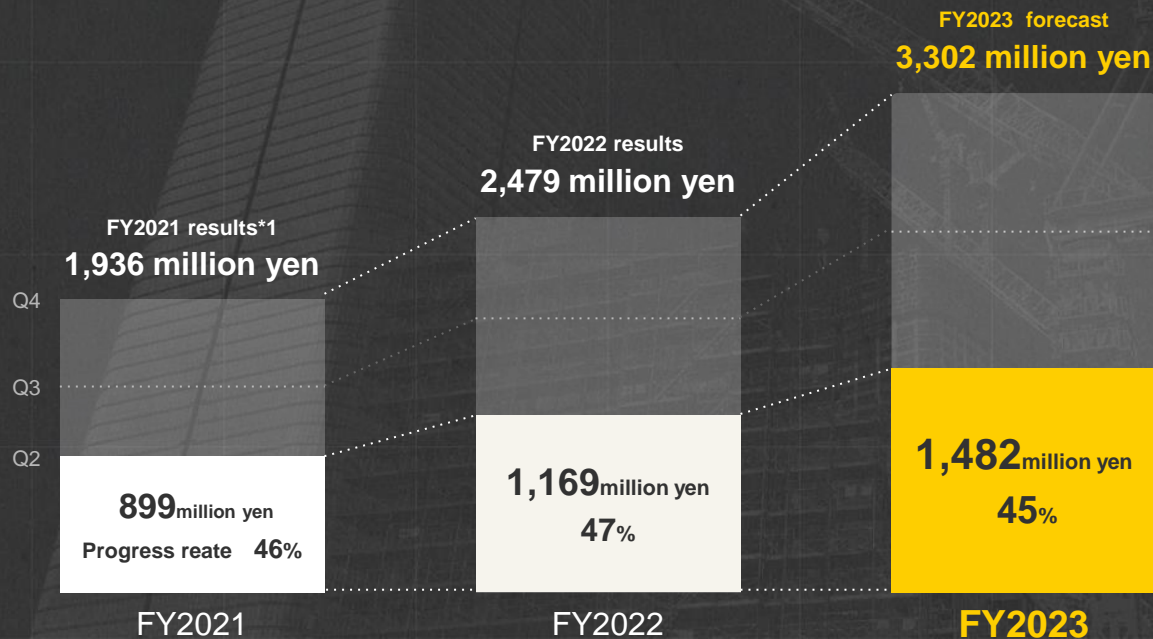


Operating Income



Progress of sales forecast

Steady accumulation of net sales, progress rate is generally as planned



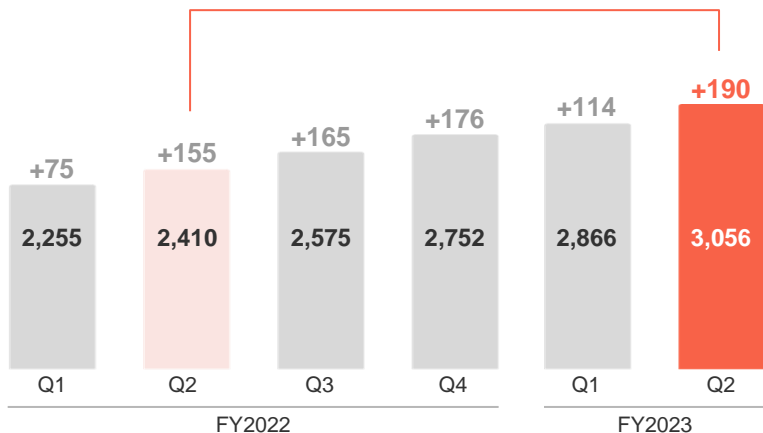
*1: FY2021 sales do not include sales of the engineering business transferred in January 2022.

The increase in the number of IDs and ARPU for existing customers contributes to the growth of ARR. Continue to cultivate and penetrate key customers and further increase growth rate toward the end of the fiscal year

ARR*1

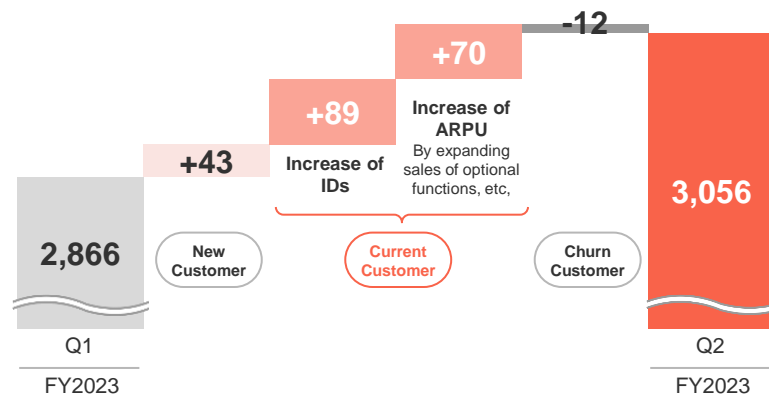
Unit : Millions of yen

YoY Growth
+27%



Analysis of ARR changes*2

Progress in cultivate and penetrate key customers



*1 : 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.

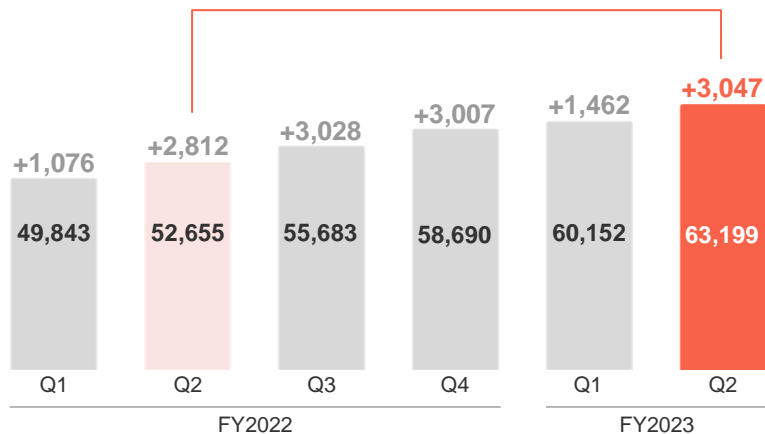
*2 : New customers are those who newly subscribed to SPIDERPLUS during FY2023.Q1, existing customers are those who have continued to do so from the end of FY2022.Q4 to the end of FY2023.Q1, and churn customers are those who have completely churned during FY2023.Q1.

The number of IDs increase due to company-wide comprehensive implementation, etc.
Growth in ARPU is accelerating by expanding sales of optional functions to meet customers' needs.

ID

Unit : ID

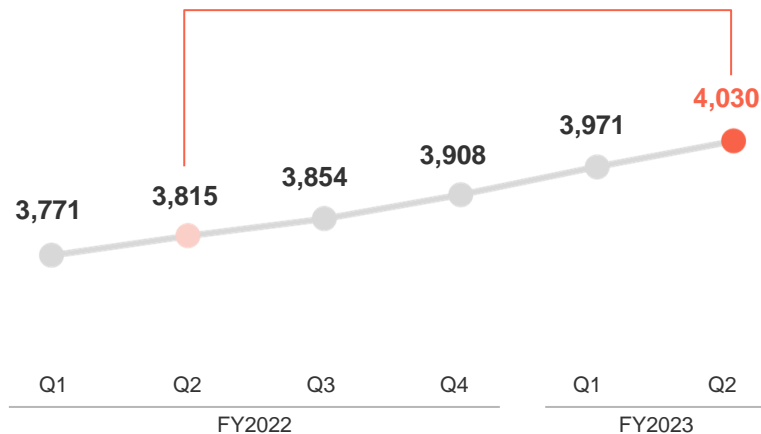
YoY Growth
+20%



ARPU*1

Unit : yen

YoY Growth
+6%



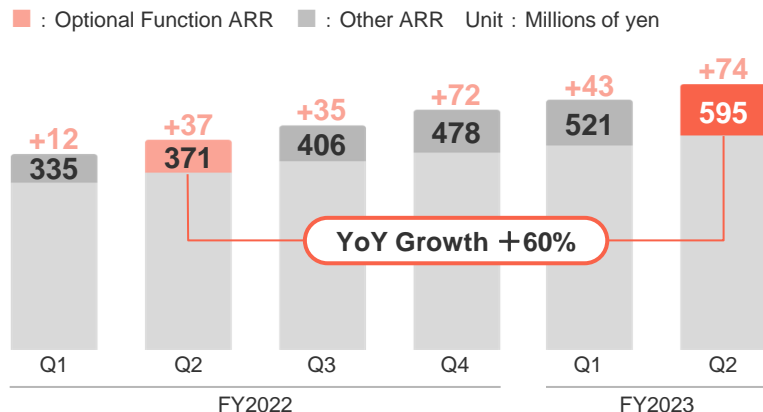
*1: Represents the contract unit price for ID units and is calculated based on "MRR ÷ ID numbers" at the end of each quarter.



DX is becoming necessary to rapidly improve productivity at construction sites
 Strengthened sales structure for optional functions in anticipation of rapidly growing needs due to the start of overtime regulations

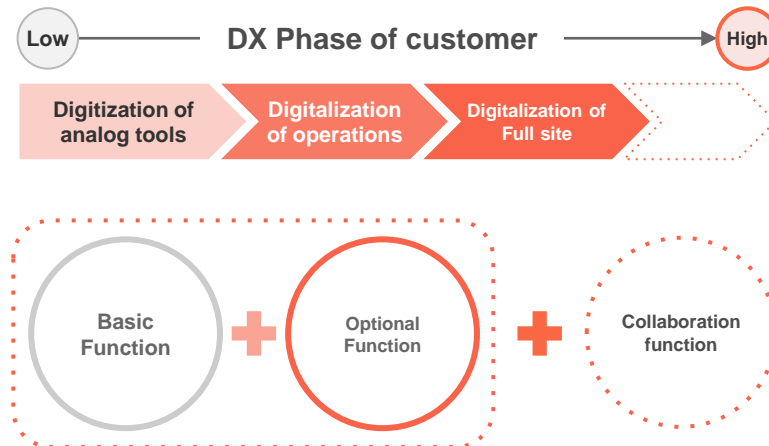
Steady increase in ARR of optional function

Strengthen sales of optional functions, mainly for key customers and large-scale business negotiations
 Optional ARR increased by 60% YoY



Optional features essential for increased productivity

Increasing number of customers promoting DX beyond the digitization of tools



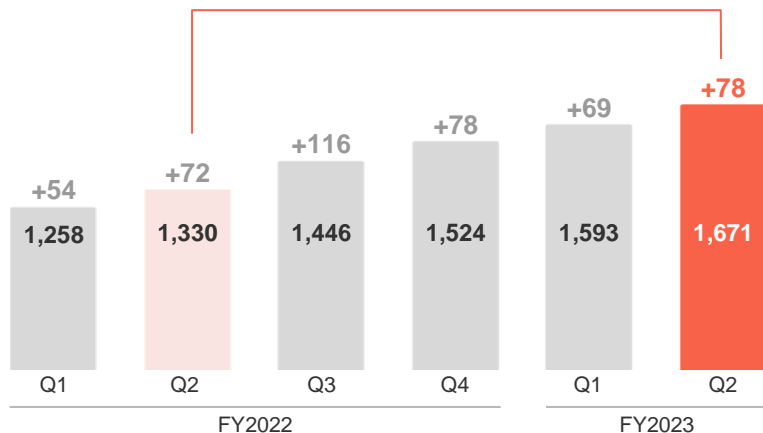
Expand base of growth-potential by cultivation new companies

The churn rate remains below the benchmark of 1%, and is expected to remain at a low level in the future.

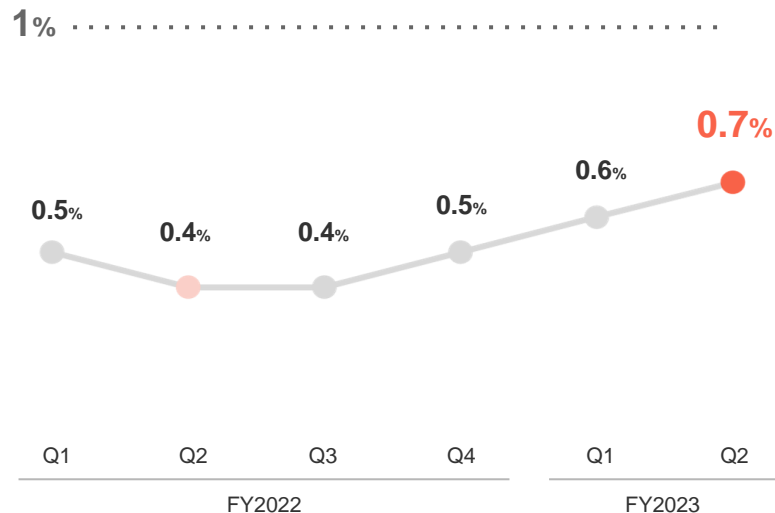
Company

Unit: company

YoY Growth
+26%



Churn rate*1



*1:Represents the average unit price per contracted company and is calculated by "MRR ÷ contracted company" at the end of each quarter.

Financial Highlights

Both net sales and stage profit and loss progressed as expected

In the second half of the fiscal year, we plan to make advanced investments in exhibition participation and new hires within the scope of our earnings forecast

Millions of yen	FY2023.Q2 Cumulative period	YoY	FY2023 Earnings forecast
Net sales	1,482	+26.8%	3,302
Operating loss	-291	—	-698
Ordinary loss	-295	—	-732
Net loss	-299	—	-739
Cash balance	2,808	—	—
(Reference) Number of employees	251 persons	+14 persons *1	Approx. 260

*1 : The increase in the number of employees is indicated by the increase from the end-of-FY2022 employee count of 237 individuals.

Income Statement

Millions of yen (rounding down to the nearest unit)	FY2023.Q1 Accounting period	FY2023.Q2 Accounting period	From the previous quarter	FY2022.Q2 Accounting period	FY2023.Q2 Accounting period	Year on year
Net sales	719	763	+6.1%	1,169	1,482	+26.8%
<i>Of which, stock income</i>	704	737	+4.7%	1,142	1,442	+26.2%
<i>Stock income ratio</i>	97.9%	96.7%	-1.2pt	97.7	97.3%	-0.4pt
Gross profit	458	487	+6.2%	739	945	+28.0%
<i>Gross profit margin</i>	63.8%	63.8%	+0.0pt	63.2%	63.8%	+0.6pt
SGA cost	651	586	-10.0%	1,176	1,237	+5.2%
Operating loss	-192	-99	—	-437	-291	—
<i>Operating profit margin</i>	-26.7%	-13.0%	+13.8pt	-37.4%	-19.7%	+17.7pt
Ordinary loss	-194	-100	—	-450	-295	—
Loss before income taxes	-194	-100	—	-319	-295	—
Net loss	-197	-102	—	-323	-299	—

Overview

- Both YoY and QoQ sales increased, operating loss narrowed, and operating margin improved.

Net sales

- Steady increase in stock income. (YoY Growth +26.2%)

Gross profit margin

- Maintained 63.8%, the same level as the previous quarter.

SGA cost

- SG&A expenses decreased from the previous quarter due to the end of large-scale outsourcing of development, which had occurred in the previous quarter, as well as a shift in hiring to the second half of the year.

Balance Sheet

Unit: Million yen (rounding down to the nearest unit)	FY2020	FY2021	FY2022	FY2023.Q2
Cash and deposits	469	4,196	3,044	2,808
Other current assets	351	512	497	492
Current assets	820	4,708	3,542	3,301
Software	3	2	558	510
Software in progress	—	381	183	205
Other fixed assets	80	334	510	490
Fixed assets	84	717	1,252	1,206
Total assets	905	5,426	4,794	4,507
Borrowings	266	178	443	391
Other liabilities	230	626	666	580
Total liabilities	496	804	1,109	972
Total net assets	408	4,622	3,684	3,534
<i>Equity ratio</i>	45.1%	85.2%	76.8%	78.4%

Overview

- We will continue our strategic advanced investment based on a stable financial base. Capital adequacy ratio is 78.4%.

Cash and deposits

- Net cash provided by operating activities was negative due to advanced investment, but the balance of cash and deposits in FY2023.Q2 was 2.8 billion yen.
- There are 1.0 billion yen lines of credit, such as overdrafts (as of June. 30, 2023)

Software/software in progress

- Mainly related to renewal and development of SPIDERPLUS

Debt

- Borrowing of 330 million yen for capital expenditures due to the relocation of the head office to FY2022 (5-year repayment period, unsecured)

Cash flow statement

Millions of yen (rounding down to the nearest unit)	FY2021	FY2022	FY2022.Q2 Cumulative	FY2023.Q2 Cumulative
Operating Cash Flows	-493	-1,000	-469	-296
Cash flows from investing activities	-610	-508	-259	-36
Free Cash Flow	-1,103	-1,509	-729	-333
Net Cash Used in Financing Activities	4,830	363	34	96
Net increase (decrease) in cash and cash equivalents	3,726	-1,146	-694	-236
Cash and cash equivalents at beginning of year	464	4,191	4,191	3,044
Cash and cash equivalents at end of year	4,191	3,044	3,496	2,808

Overview

Operating Cash Flows

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

Net cash used in investing activities

- Increased software-in-progress mainly due to progress in developing renewal-version SPIDERPLUS

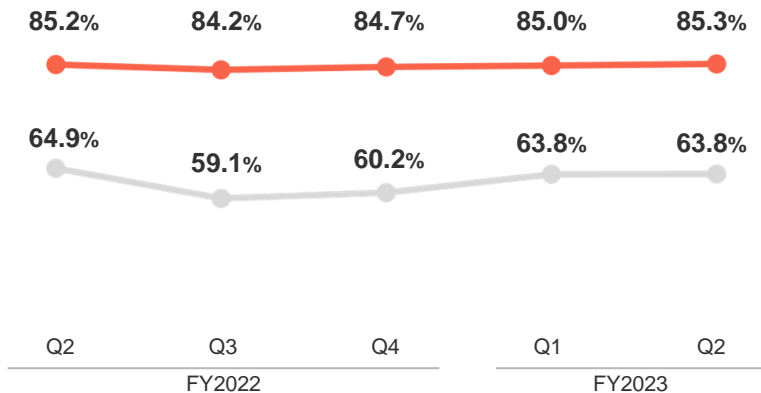
Net cash used in financing activities

- Increase mainly due to proceeds from exercise of stock options

Marginal profit ratio*₁ remained stable at around 85% and the gross profit margin was approx. 64%.

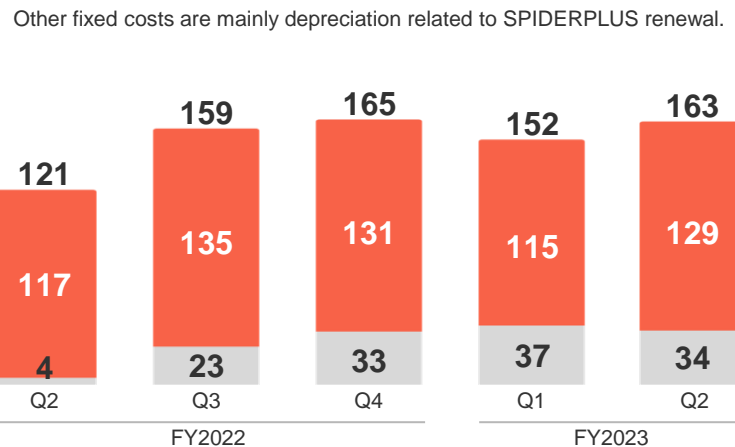
Marginal Profit Ratio and Gross Profit Margin

●:Marginal profit ratio ●:Gross profit margin



Breakdown of Fixed Costs*₂

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



Other fixed costs are mainly depreciation related to SPIDERPLUS renewal.

*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.

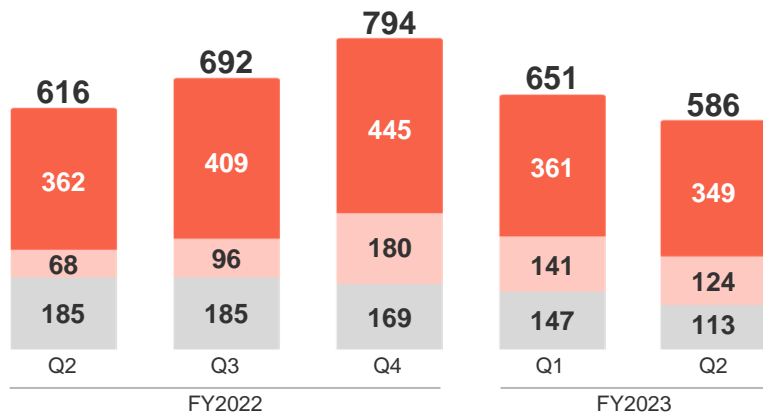
*3: Includes expenses related to outsourcing (including SES) and temporary staffing, in addition to permanent employee human rights expenses. Other fixed costs are based on our accounting classifications used for administrative purposes.

Decrease in SG&A expenses due to less one-time expenses and a focus on hiring in the second half of the year.

The second half of the FY2023, we plan to implement advanced investment including new hires and exhibitions within the scope of the initial forecast.

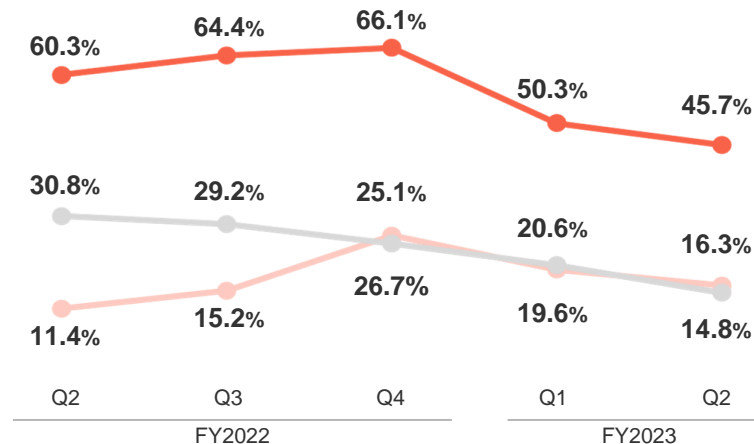
SG&A expenses*1

■ : S&M ■ : R&D ■ : G&A
Unit : Millions of yen



SG&A ratio*2

■ : S&M*2 ■ : R&D ■ : G&A
Unit : Millions of yen

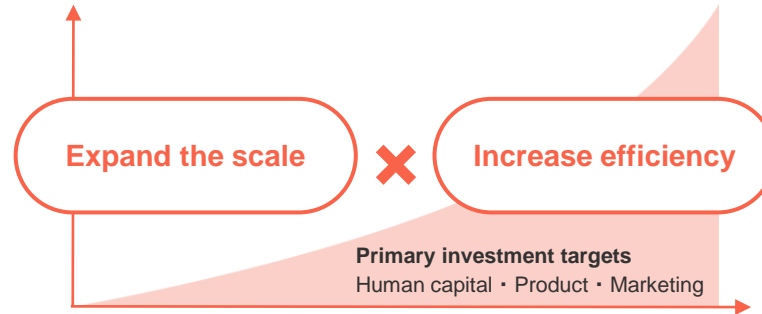


*1: Each configuration is a management accounting structure. S&M, R&D, and G&A are abbreviations and are described in detail in "Other Reference Materials" in this document.

*2: FY2023.Q1 has partially revised the allocation standard for shared expenses.



The DX market in the construction industry, which is both massive and undergoing a transformative phase. Become a market leader in construction DX by achieving both expand of scale and increase efficiency.



Phase of expanding the scale

Disciplined and focused on our unique Network effects and investing to enhance our competitive advantage

Scale > **Efficiency**



Phase of increase efficiency

Focus on investments that increase productivity in order to maximize the results of "Scale investments"

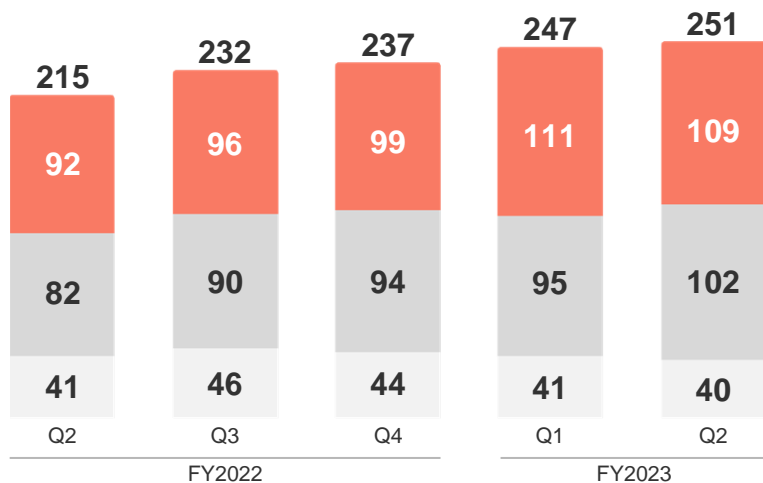
Scale < **Efficiency**

Status of advanced investment (Human Capital investment)

Continue to strengthen recruitment in anticipation of a rapid expansion in demand due to the start of overtime regulations
Flexible implementation of transfers and organizational restructuring to increase the effectiveness of human investment

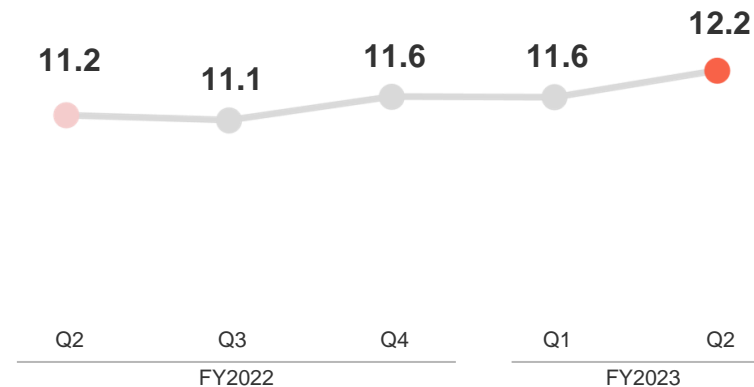
Number of employees

■ : S&M ■ : R&D ■ : G&A



ARR per employee

Unit : Millions of yen



FY2023.Q2 Topics

1. FY2023.Q2 Highlight
2. FY2023.Q2 Topics
3. Reference : About SPIDERPLUS
4. Reference : Medium term growth strategy
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Business Topics

Penetration of the construction DX

Patent

IP+

SpiderPlus IP Strategy

New Technology



Expanding new domain

Plant DX



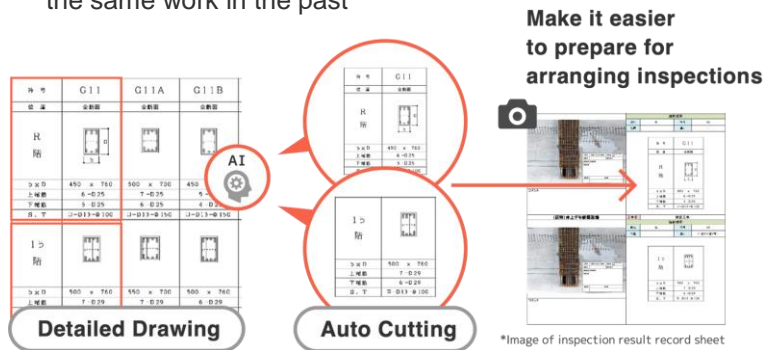
ASEAN



Patenting technologies that focus on the critical tasks of BPO servicing related to construction DX

Outlook of IP

- AI automatically extracts a particular area from the detailed diagram of the building structure
- Approx. 70% efficiency improvement in the time required for the same work in the past



Patent (technology) and view

- Utilized for business operations of our BPO servicing, which handles preliminary preparatory works for customers
- The number of BPO services that can be ordered and the expansion of the service lineup
- In the future, we plan to apply this system to automate recurring tasks that occur regularly in SPIDERPLUS and to develop functions for customers, such as reducing labor

Further enhancing product value by actively incorporating new technologies

Utilized for our products

- Implemented as "AI support function" in S+ Partner*1
- Utilized in "Risk Prediction Activities" of Safety Measures Conducted Daily at Sites
- De-affinity risk prediction activities, which depend on the knowledge of workers, and contribute to improving the safety and quality of construction sites

S+PARTNER



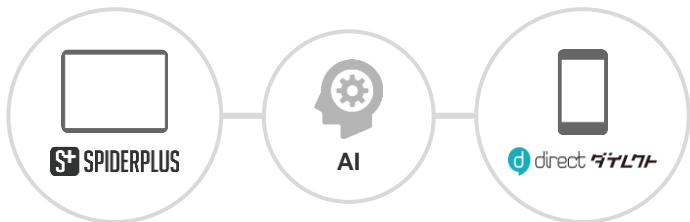
Site supervisor

Specialized
construction company

AI presents
the text to be
informed in the
risk prediction
activity.

Utilized in cooperation with alliance companies' services

- Began joint development with L is B, which develops and provides direct, a business chat with a wealth of installation experience in the construction industry
- Utilize ChatGPT for functions specialized in improving communications-efficiency in field management



*1: S+ PARTNER is an optional function of SPIDERPLUS that makes daily information-sharing more efficient between field supervisors and cooperating companies.

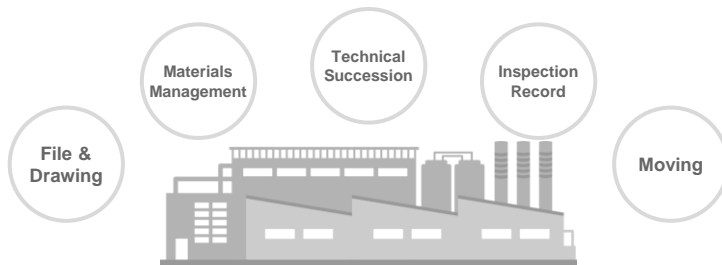
Full-scale expansion into the plant industry

Strengthen expand into plants with significant room for DX and strong affinity with SPIDERPLUS

Space for Productivity Improvement in the Plant Industry

- Large site area requires a lot of time and personnel to visit facilities
- Large volume of items carried, such as plant blueprints and mechanical equipment instructions
- Huge amount of materials and materials are cumbersome to manage, and there is a strong personalization factor.

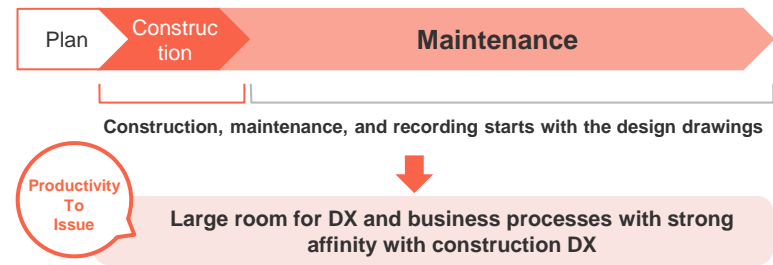
Issue and DX Opportunities for Productivity in the Plant Industry



Affinity with SPIDERPLUS

- Trends in digitization in the plant industry, including the use of tablets and cloud services
- Similar to the construction industry, maintenance and maintenance services are performed based on drawings.
- It takes time to prepare reports and share information.

Maintenance work is an important plant facility in the life cycle



Early achievement of "data collection, analysis, and utilization" important for DX in the plant industry

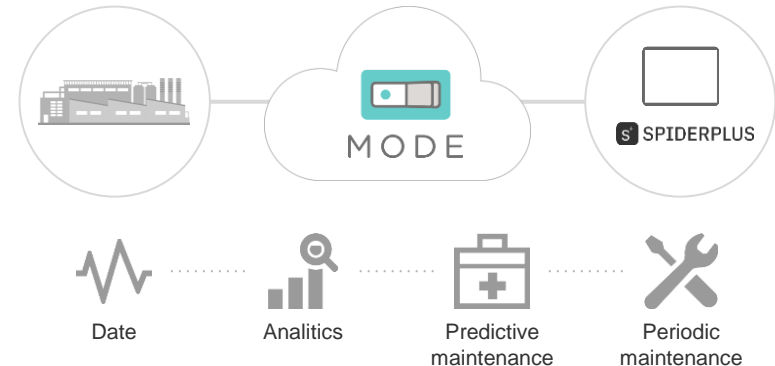
About MODE .inc

- Startup from Silicon Valley, which has strengths in data collection
- Focus on the company's technology for real-time measurement, analysis, and visualization of equipment and equipment operating status data, as well as its track record of installation in the plant industry and construction companies



Future Initiatives Planned

- Joint development of new services that can be used for regular maintenance of plant facilities and predictive maintenance
- Utilize services in collaboration with MODE not only for DX in the plant field but also for DX services for construction companies



*1: Released on this issue here: <https://contents.xj-storage.jp/xcontents/AS81382/1037e33f/3e26/4087/8f98/17d496076424/140120230724525857.pdf>

Progress in introduction at overseas sites centered on major general contractors Launched local language customer support in focus countries

Overseas expansion policy

- Expansion into 10 countries, mainly in ASEAN, where Japanese construction companies are operating.
- Selection of countries for expansion based on investment standards such as market size and business practices in each country.



Regions under development

Vietnam	Taiwan
Thailand	China
Indonesia	Philippines
Cambodia	Malaysia
Singapore	Myanmar

FY2023.Q2 Initiatives

- Strengthen customer base abroad by expanding the introduction of major general contractors in Vietnam and Thailand, which are the focus countries
- English language support for pointing out management functions
- Launched local language support by local staff in Vietnam and Thailand to strengthen on-boarding

*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.

Reference : About SPIDERPLUS

1. FY2023.Q2 Highlight
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Reference Materials

What SPIDERPLUS Can Do

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

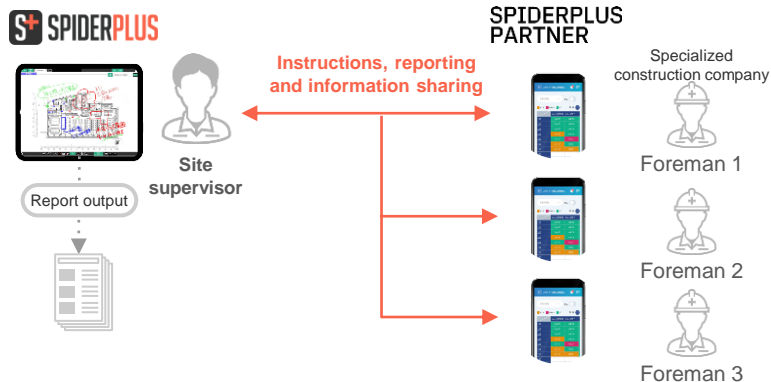
In cooperation with prime contractors and partner companies
Complete on SPIDERPLUS.



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

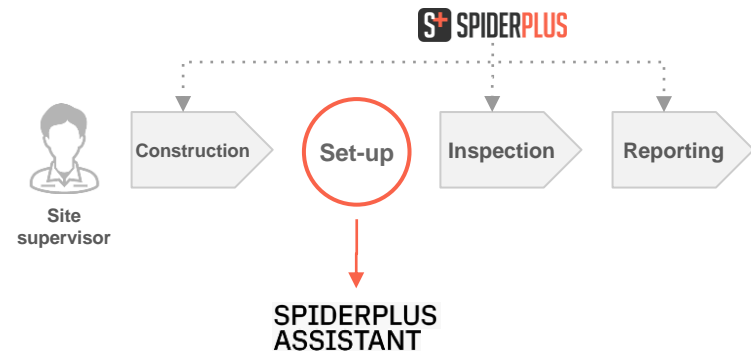
SPIDERPLUS PARTNER

- 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.



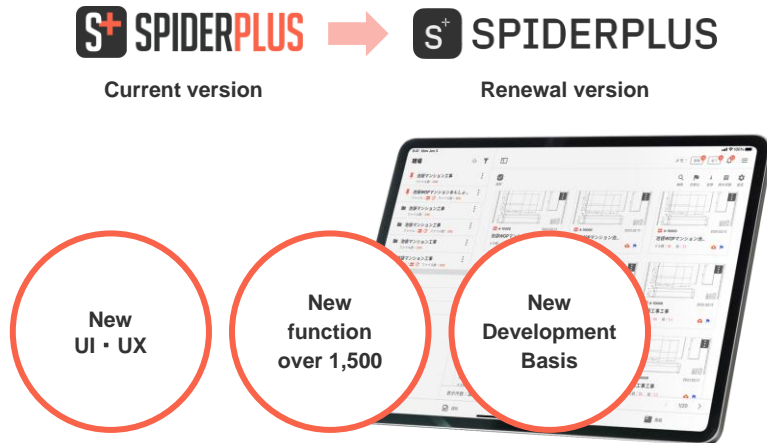
Ongoing renewal of SPIDERPLUS project



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

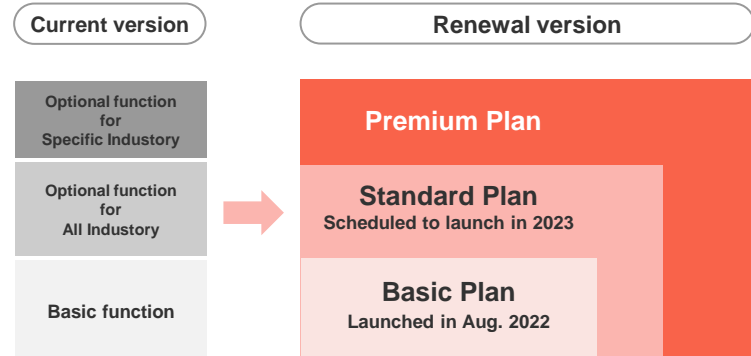
By eliminating technology liabilities accumulated over 10 years,
Reborn SPIDERPLUS



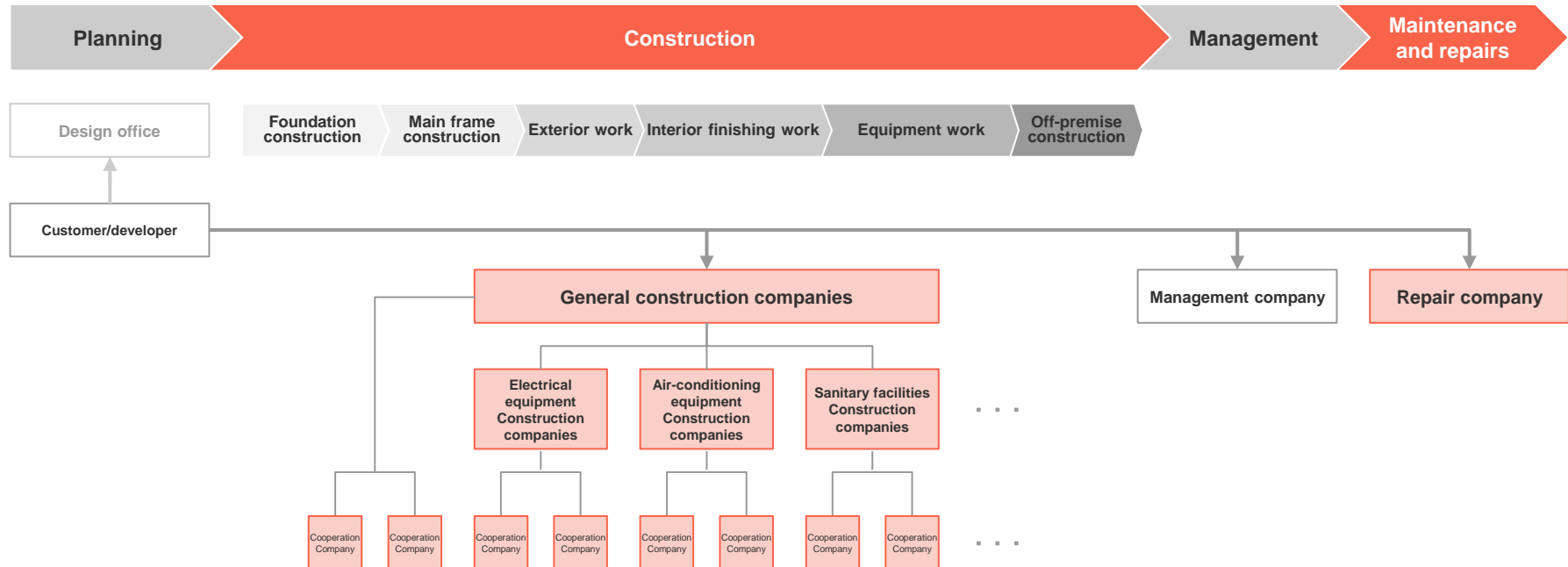
Status of provision

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

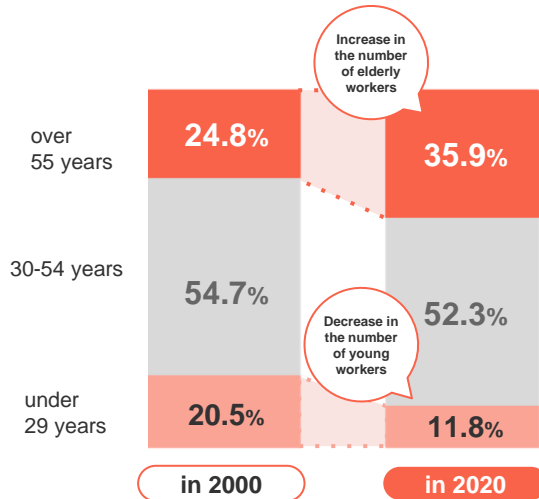


Actual situation at the construction site

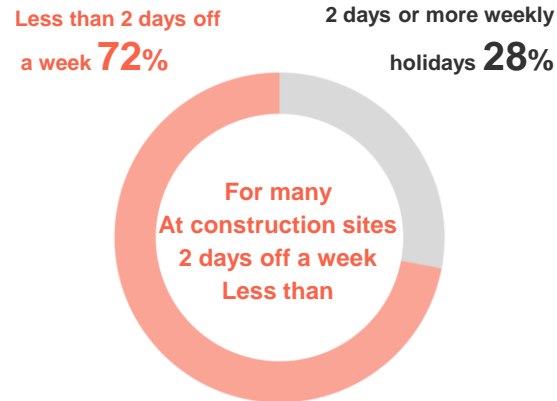


Construction sites that require sustainable working styles and dramatic improvements in productivity

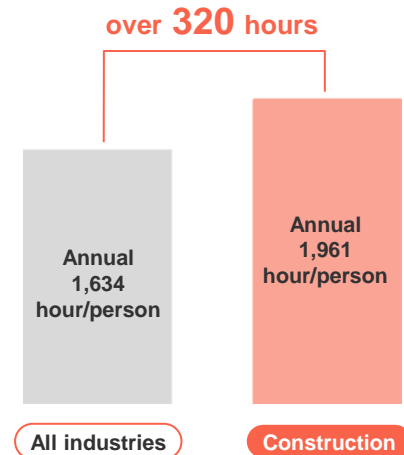
Progress in Aging and Declining Youth*1



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.



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

Benefits of the introduction of SPIDERPLUS



Indispensable" presence at construction sites outside of Japan

Recommended for both Japanese and local construction companies



Yurtec
YURTEC VIETNAM CO., LTD.



- What used to take three people to do can now be done by one.
- Use free time for technical reports, identifying problems, etc.
- It is very useful for streamlining operations, ensuring accuracy of records, sharing information, and reporting and approving construction progress.

Active on site at a large semiconductor-related facility in Taiwan



清水建設



- Creation of photo forms has reduced operational efficiency by 70%.
- Utilizing BPO services allows on-site staff to focus on construction management tasks.
- Expectations where the technical level of the local staff will be complemented.

Why SPIDERPLUS is chosen

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
- Achievement of introducing more than 63,000 people in approximately 1,700 companies, mainly major general contractors and subcontractors in the industry

*1:Introduction results are as of the end of June 2023.

*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



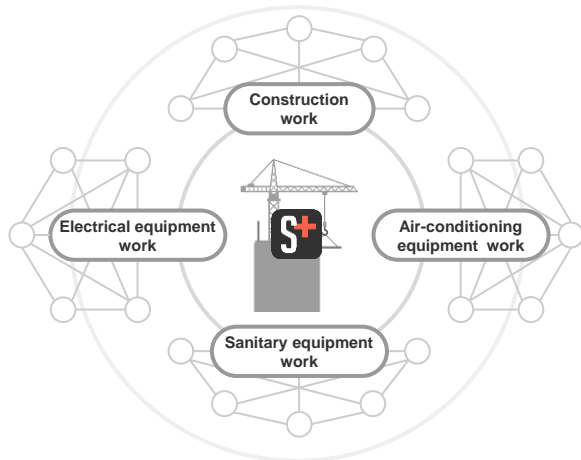


It is precisely because of the construction sites involving many builders
DX of "entire site" through collaboration between businesses

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



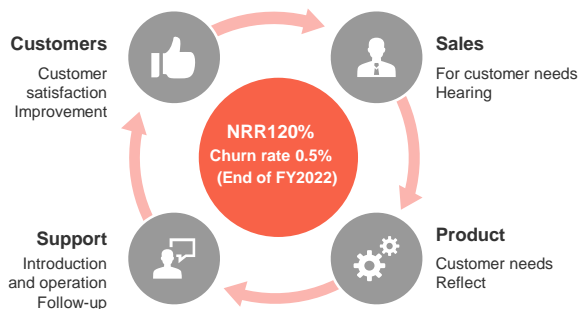
SPIDERPLUS's competitive advantage



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

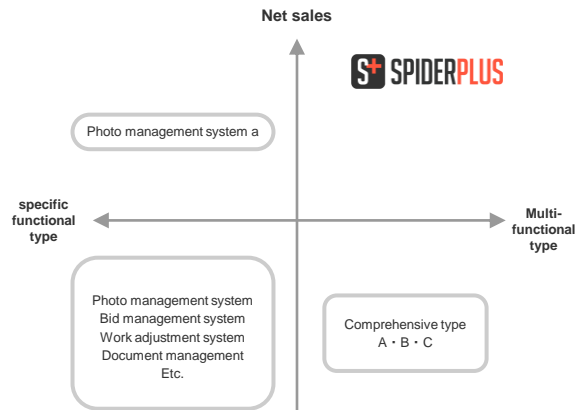
Value creation cycle

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

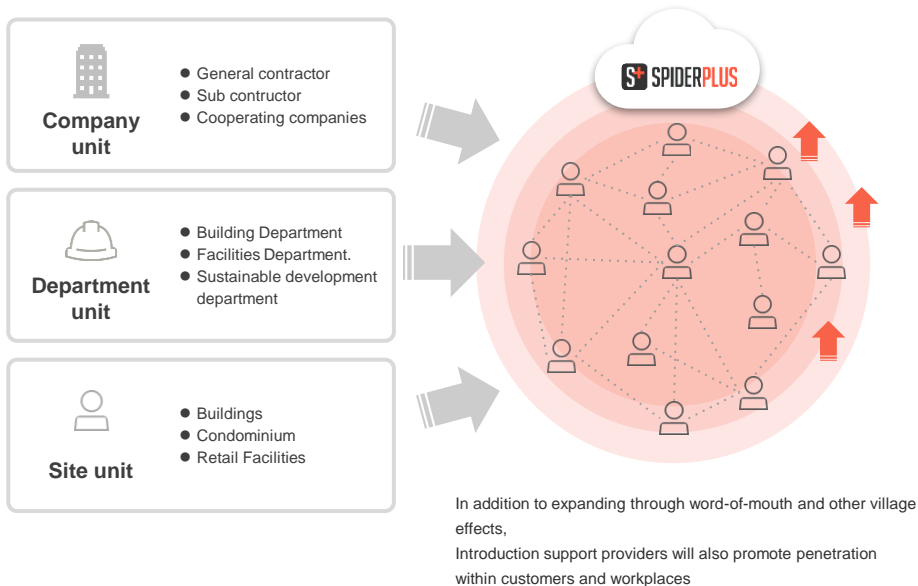
Major industry players in general contractors and subcontractors utilize
Toward Defactostandard in Construction-Site DX



*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.

SPIDERPLUS's Network effects

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



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

Churn rate

Acceleration of penetration

NRR

Efficient expansion

Sales efficiency

People working at large-scale construction sites

Per 10 thousand m2 of building floor space
Condominiums constructed with a total of about 40,000 persons*1

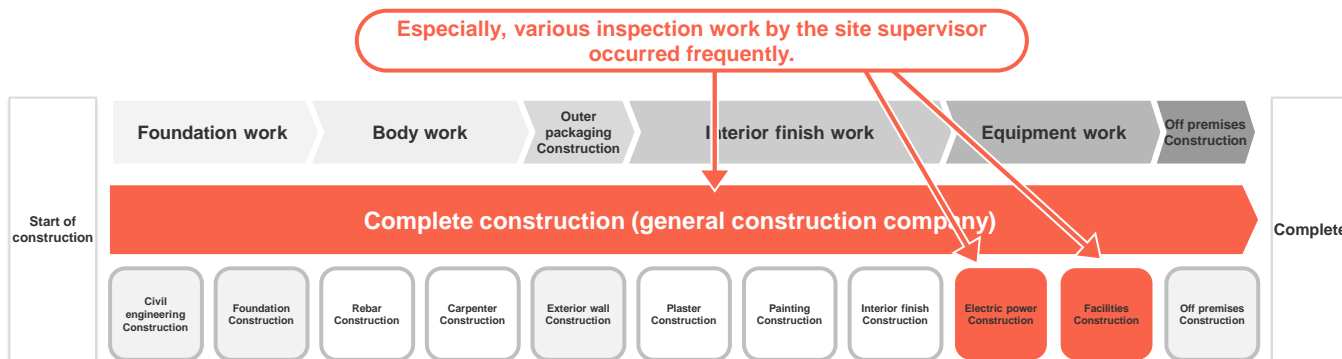
The total number of skilled workers required to complete the building is said to be 4-5 per square meter of building floor space. In the case of a condominium with a total building floor area of 10 thousand square meters, a total of approximately 40000 skilled workers will be involved.

"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.

Reference : Medium term growth strategy

1. FY2023.Q2 Highlight
2. FY2023.Q2 Topics
3. Reference : About SPIDERPLUS
4. Reference : Medium term growth strategy
5. Other Reference Materials



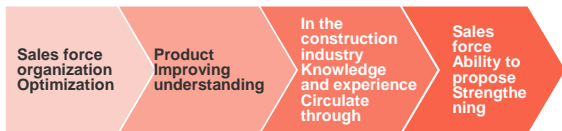
Develop highly efficient sales strategies to steadily capture rapidly expanding DX demand

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

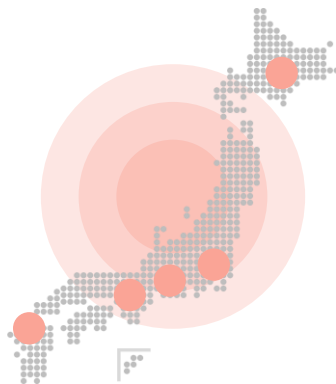


Expected effect



To expand our sales network

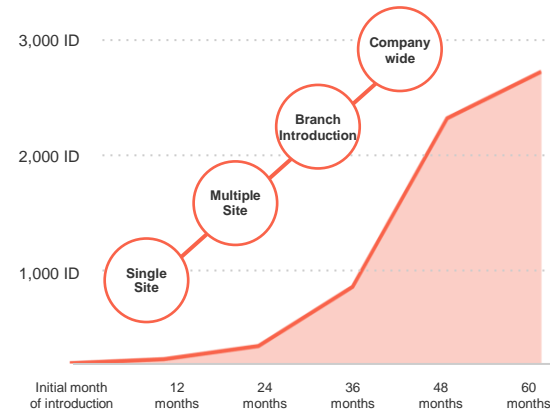
Expand network of agents and agents
Newly established sales offices (as of Feb. 2023: 5 offices)



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

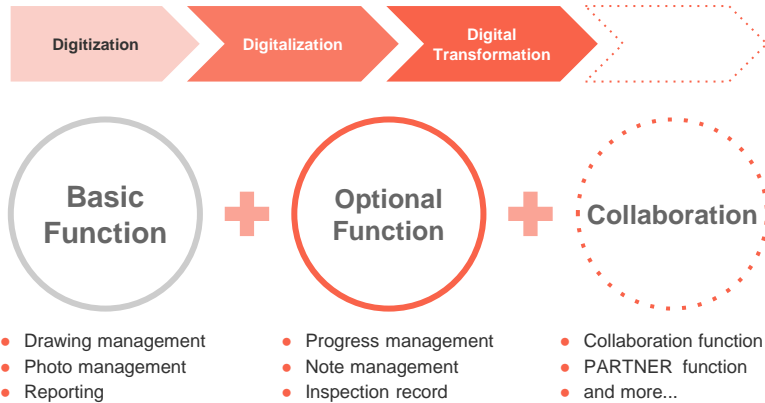




Incorporate construction management expertise into products
 Build product value that only we can provide

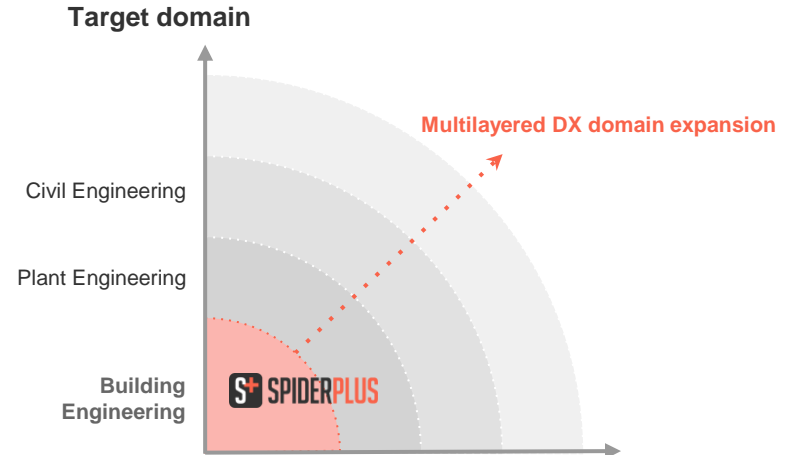
Develop functions that meet DX phases

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

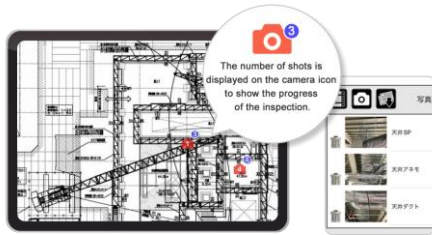




“ Build a portfolio that generates exclusive customer value.”

Patent

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



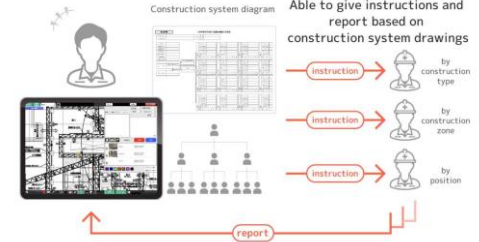
Patent

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



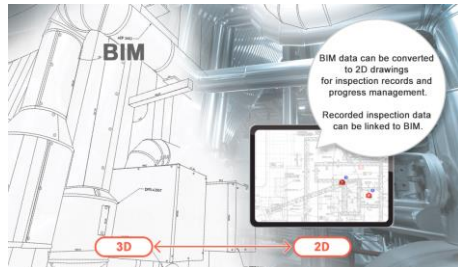
Patent

Construction System Work Instruction



Patent

BIM and architectural drawing collaboration



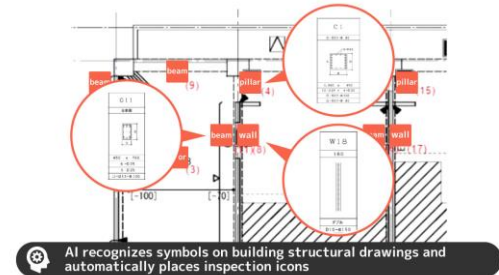
Patent

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

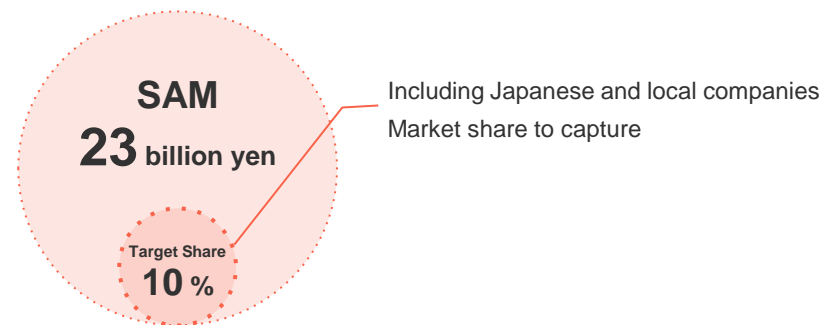


Regions under development	
Vietnam	Taiwan
Thailand	China
Indonesia	Philippines
Cambodia	Malaysia
Singapore	Myanmar

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



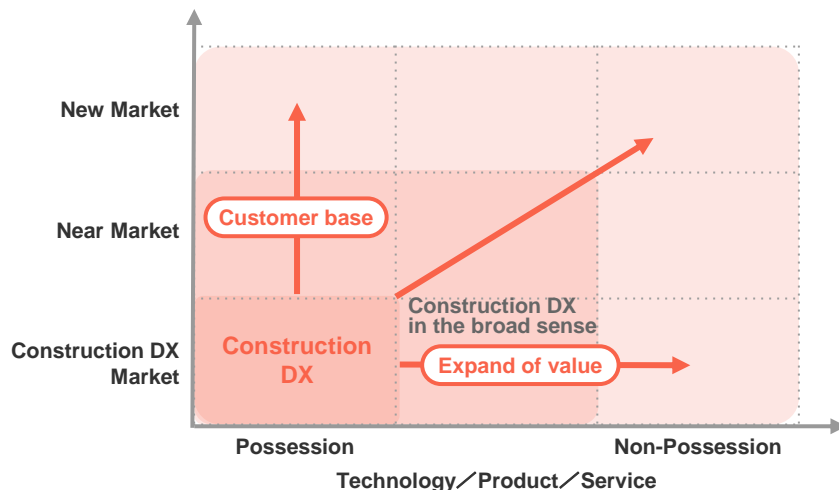
*1:Market size of the most focused countries are calculated by multiplying the number of employees of the contractors we serve in the target countries by the assumed ARPU.

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



Chat function for the field Cooperation and co-development with



Co-development

Product collaboration



Construction DX
x
local government DX



Service collaboration



Construction DX
x
Construction Technician Dispatching



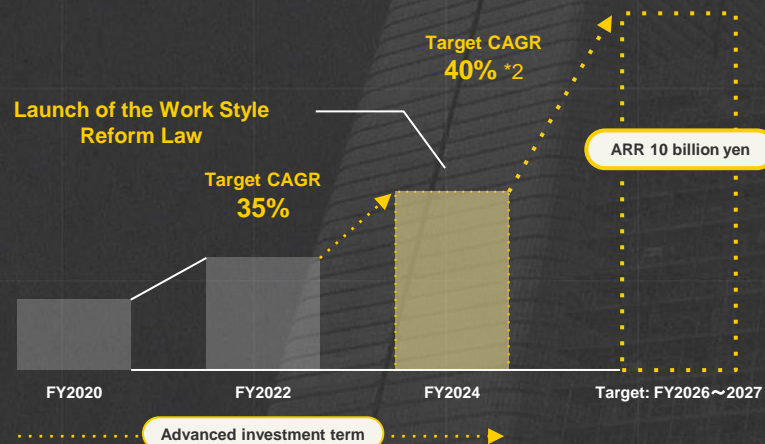
MODE

Joint development of Plant DX

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.

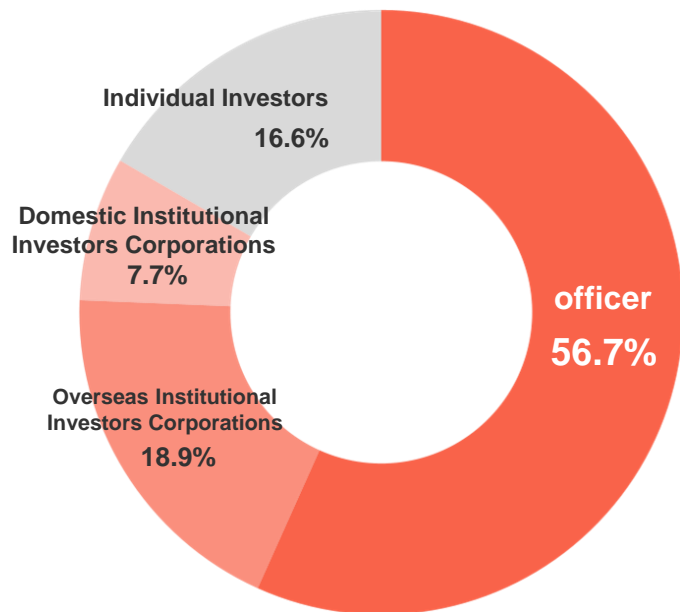
Reference : Medium term growth strategy

1. FY2023.Q2 Highlight
2. FY2023.Q2 Topics
3. Reference : About SPIDERPLUS
4. Reference : Medium term growth strategy
5. Other Reference Materials



Shareholder Composition

Shareholder Composition_As of June 30, 2023^{*1}



Change in shareholder composition^{*1}



*1: Calculated without including latent shares.



1. IR site

<https://spiderplus.co.jp/ir/>

2. Business plan & Growth potential

<https://contents.xj-storage.jp/xcontents/AS81382/a1d316a2/1731/46da/9391/541673536721/140120230331541162.pdf>

3. IR Official X

<https://twitter.com/spiderplusir>

4. IR Official note

https://note.com/sp_ir/



Statistical data references, etc.

P3 : Statistical data listed in “Construction DX market opportunities we recognize”

- *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: Based on the Nikkei BP "Construction Tech Future Strategy" published on Mar. 16, 2020, the Ministry of Internal Affairs and Communications 2015 "Basic Summary of Working Conditions, etc." and the Ministry of Land, Infrastructure, Transport and Tourism "Construction Investment Prospects for FY2020 (FY2020)," we independently estimate that there will be a shortage of construction workers if domestic construction investment of 63 trillion (Prospects) for FY2020 will remain at the same level until 2040.
- *3: Ministry of Land, Infrastructure, Transport and Tourism, "How to Promote the Application of BIM/CIM Principles in FY2023 (Mar. 2, 2021)" and Digital Agency, "Progress in the Comprehensive Revision of Regulations in the Context of Digital Principles and Acceleration of Initiatives" (Oct. 27, 2022)

P20 : Abbreviation details of “SG&A expenses”

- S&M : 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.
- R&D : 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.
- G&A : Abbreviation of General and Administrative. "Total Corporate Division Expenses and Related Common Expenses" for each quarterly period.

P35 : Statistical data listed in “Actual situation at the construction site”

- *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.



This material contains forward-looking statements. These forward-looking statements are based on information 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 and results expressed or implied by the forward-looking statements.

Factors that could cause results to differ materially from those discussed 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 regarding 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 can be no assurance.

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