# FIXER Inc.
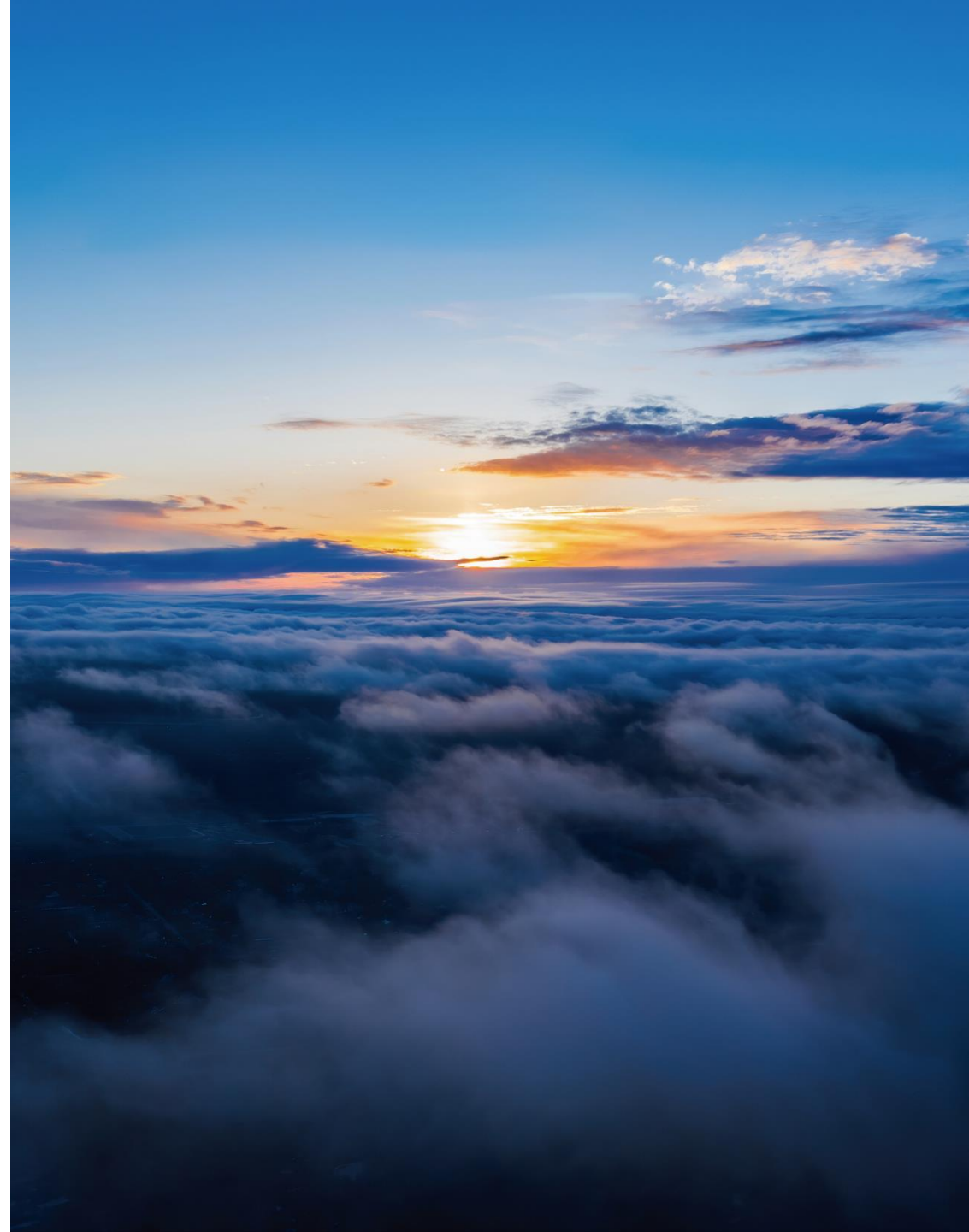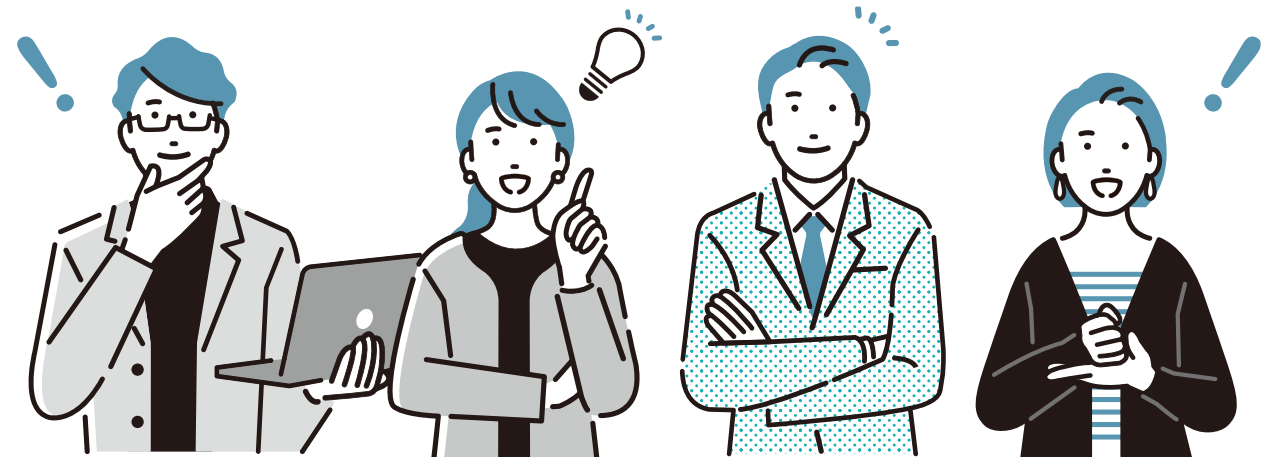# Financial Results Explanatory Material
# Fiscal year ended August 31, 2023

October 12, 2023
（Securities code 5129）

GaiXer
Enterprise AGI Platform

# Financial Results
# for the fiscal year ended
# August 31, 2023

# Financial Highlight

▶ While there was a decline in both net sales and profits compared to the previous fiscal year, which had seen significant growth, FIXER Inc.(the "Company") achieved substantial increases in both net sales and profits compared to the plan at the beginning of the current fiscal year.

▶ Due to the impact of large AWS migration projects, etc., the composition ratio of net sales for the Ministry of Health, Labour and Welfare("MHLW") has dropped significantly from 77.1% for the fiscal year ended August 31, 2022, to 56.2% for the fiscal year ended August 31, 2023.

▶ Gross profit margin improved due to cost reduction efforts.

▶ Operating profit margin declined due to increased investment for future growth.

|                  | Fiscal year ended August 31, 2023 | Changes            | Compared with the previous fiscal year |
|------------------|-----------------------------------|--------------------|----------------------------------------|
| Net sales        | 11,049 million yen                | -311 million yen   | -2.7%                                  |
| Gross profit     | 4,047 million yen                 | -21 million yen    | -0.5%                                  |
| Operating profit | 2,110 million yen                 | -283 million yen   | -11.9%                                 |
| Ordinary profit  | 2,089 million yen                 | -302 million yen   | -12.7%                                 |
| Net income       | 1,382 million yen                 | -112 million yen   | -7.6%                                  |

# Trend of Summary of Financial Results

▶ **Gross profit margin improved due to cost reduction efforts.**
▶ **Operating profit margin declined compared to the fiscal year ended August 31, 2022, due to increased investment for future growth.**

(Unit：Millions of yen)

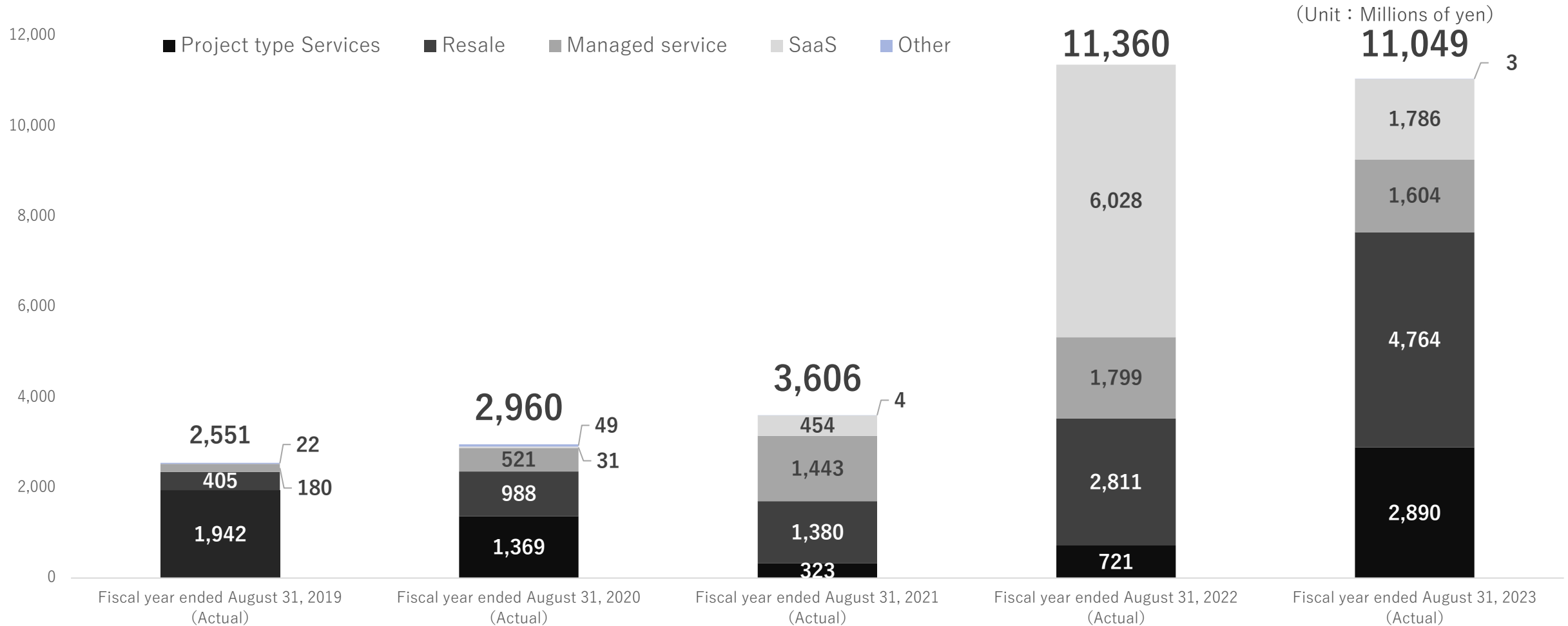| | Fiscal year ended August 31, 2018 (Actual) | Fiscal year ended August 31, 2019 (Actual) | Fiscal year ended August 31, 2020 (Actual) | Fiscal year ended August 31, 2021 (Actual) | Fiscal year ended August 31, 2022 (Actual) | Fiscal year ended August 31, 2023 (Actual) |
|---|---|---|---|---|---|---|
| **Net sales** | **2,012** | **2,551** | **2,960** | **3,606** | **11,360** | **11,049** |
| Sales increase (decrease) percentage | 74.6% | 26.8% | 16.0% | 21.8% | 215.0% | -2.7% |
| Cost of sales | 884 | 1,432 | 1,681 | 2,299 | 7,292 | 7,002 |
| **Gross profit** | **1,127** | **1,118** | **1,279** | **1,307** | **4,068** | **4,047** |
| Gross profit margin | 56.0% | 43.8% | 43.2% | 36.3% | 35.8% | 36.6% |
| Selling, general and administrative expenses | 1,031 | 1,044 | 941 | 989 | 1,673 | 1,936 |
| Selling, general administrative expense ratio | 51.3% | 41.0% | 31.8% | 27.4% | 14.7% | 17.5% |
| **Operating profit** | **96** | **73** | **337** | **317** | **2,394** | **2,110** |
| Operating profit margin | 4.8% | 2.9% | 11.4% | 8.8% | 21.1% | 19.1% |
| Operating profit increase (decrease) percentage | 22.3% | -23.4% | 358.6% | -6.1% | 654.3% | -11.9% |
| **Ordinary profit** | **90** | **58** | **328** | **314** | **2,391** | **2,089** |
| Ordinary profit margin | 4.5% | 2.3% | 11.1% | 8.8% | 21.1% | 18.9% |
| Income taxes | 24 | 27 | 90 | 118 | 889 | 706 |
| **Net income** | **24** | **31** | **142** | **196** | **1,495** | **1,382** |

# Comparisons with Financial Plans

▶ The Company achieved a significant increase in net sales and profits compared to the plan at the beginning of the current fiscal year.
▶ Although net sales decreased compared to the revised plan, the Company could control expenses, increasing profits.
▶ Achieved a slight increase in net sales and profits compared to the second revised plan

| | The plan at the beginning of the current fiscal year | Revised plan | Second revised plan | Actual | Compared to the plan at the beginning of the current fiscal year Increase (decrease) percentage | Compared to the revised plan Increase (decrease) percentage | Compared to the second revised plan Increase (decrease) percentage |
|---|---|---|---|---|---|---|---|
| **Net sales** | **7,718** | **12,132** | **11,032** | **11,049** | **43.2%** | **-8.9%** | **0.2%** |
| Project type Services | 2,517 | 3,165 | 2,887 | 2,890 | 14.8% | -8.7% | 0.1% |
| Resale | 3,058 | 4,761 | 4,743 | 4,764 | 55.8% | 0.1% | 0.4% |
| Managed service | 1,500 | 1,912 | 1,611 | 1,604 | 6.9% | -16.1% | -0.4% |
| SaaS | 643 | 2,290 | 1,788 | 1,786 | 177.8% | -22.0% | -0.1% |
| Other | 0 | 2 | 2 | 3 | | 50.0% | 50.0% |
| **Cost of sales** | **4,605** | **8,383** | | **7,002** | **52.1%** | **-16.5%** | **—** |
| **Gross profit** | **3,113** | **3,749** | | **4,047** | **30.0%** | **7.9%** | **—** |
| **Selling, general administrative expenses** | **1,698** | **1,885** | | **1,936** | **14.0%** | **2.7%** | **—** |
| **Operating profit** | **1,415** | **1,863** | **2,078** | **2,110** | **49.1%** | **13.3%** | **1.5%** |
| **Ordinary profit** | **1,414** | **1,861** | **2,056** | **2,089** | **47.7%** | **12.3%** | **1.6%** |
| **Net income** | **932** | **1,178** | **1,293** | **1,382** | **48.3%** | **17.3%** | **6.9%** |

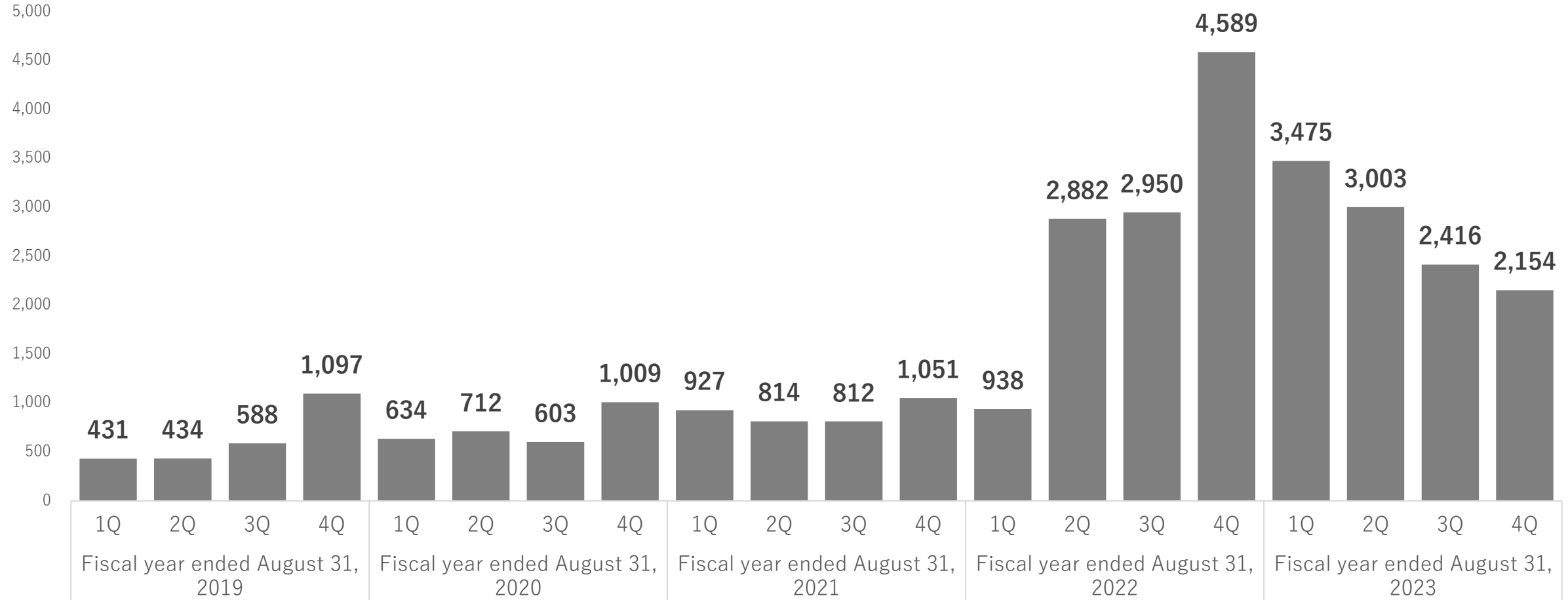# Trend of Net Sales by Business

**FIXER**
the Cloud native Company

▶ The sales mix has changed significantly, and the quality of sales has improved.
▶ Net sales from SaaS declined sharply due to a significant decrease in the use of automatic calls, but net sales from Project type Services and Resale increased significantly.



(Unit：Millions of yen)

Legend: ■ Project type Services ■ Resale ■ Managed service ■ SaaS ■ Other

| | Fiscal year ended August 31, 2019 (Actual) | Fiscal year ended August 31, 2020 (Actual) | Fiscal year ended August 31, 2021 (Actual) | Fiscal year ended August 31, 2022 (Actual) | Fiscal year ended August 31, 2023 (Actual) |
|---|---|---|---|---|---|
| Total | 2,551 | 2,960 | 3,606 | 11,360 | 11,049 |
| Other | 22 | 49 | 4 | | 3 |
| SaaS | 180 | 31 | 454 | 6,028 | 1,786 |
| Managed service | 405 | 521 | 1,443 | 1,799 | 1,604 |
| Resale | | 988 | 1,380 | 2,811 | 4,764 |
| Project type Services | 1,942 | 1,369 | 323 | 721 | 2,890 |

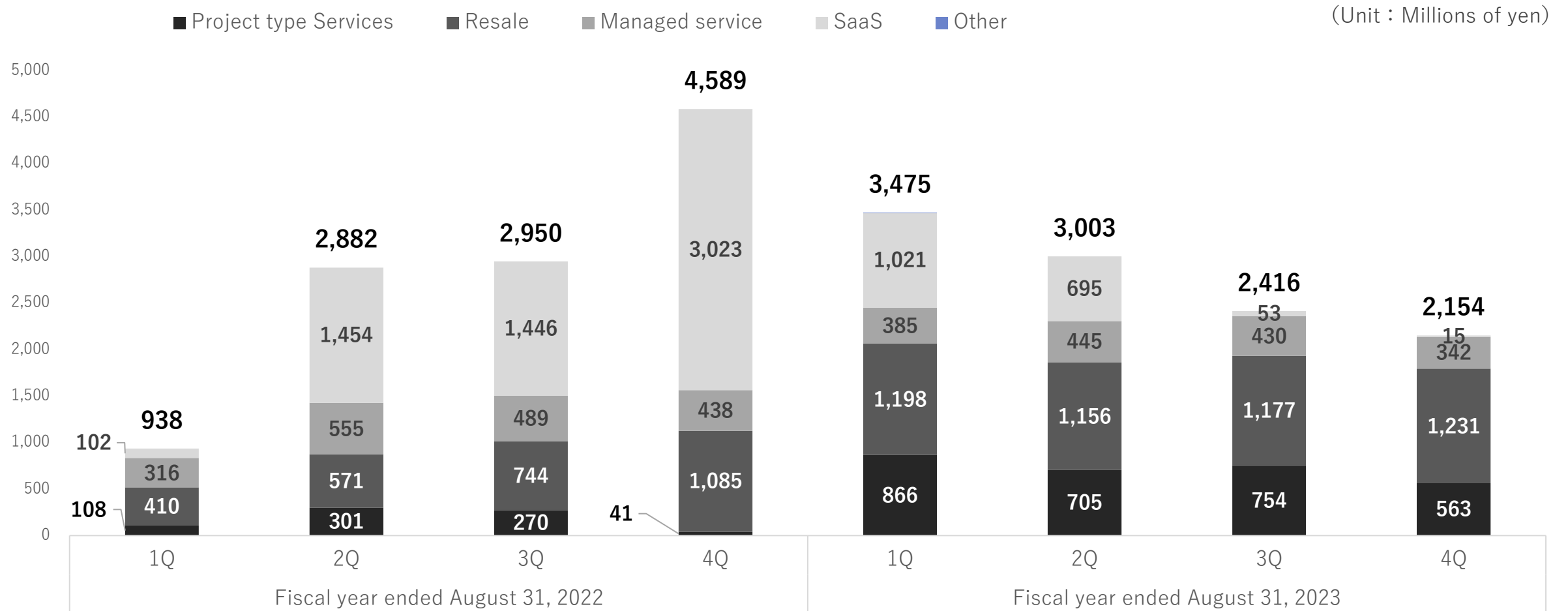# Trend of Quarterly Net Sales

**FIXER**
the Cloud native Company

▶ Net sales continued to decline compared to the previous quarters due to a decrease in the use of automatic calls but achieved a high level of net sales compared to the past fiscal years.

(Unit：Millions of yen)



| | 1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|
| Fiscal year ended August 31, 2019 | 431 | 434 | 588 | 1,097 |
| Fiscal year ended August 31, 2020 | 634 | 712 | 603 | 1,009 |
| Fiscal year ended August 31, 2021 | 927 | 814 | 812 | 1,051 |
| Fiscal year ended August 31, 2022 | 938 | 2,882 | 2,950 | 4,589 |
| Fiscal year ended August 31, 2023 | 3,475 | 3,003 | 2,416 | 2,154 |

# Trend of Quarterly Net Sales by Business

**FIXER**
the Cloud native Company

▶ Compared to the previous quarter, net sales from Project type Services declined as the development phase of a large AWS migration project progressed into its latter half.
▶ Compared to the previous quarter, net sales from Managed service decreased due to less enhancement development.

■ Project type Services ■ Resale ■ Managed service ■ SaaS ■ Other

（Unit：Millions of yen）

# Comparisons with Quarterly Net Sales by Business

▶ In the same quarter of the previous fiscal year, the projects were in their end phase, leading to a significant increase in net sales from Project type Services.

▶ While there was an explosive increase in the use of automatic calls in the same quarter of the previous fiscal year, the current significant decline in such use has resulted in a substantial decrease in net sales.

▶ Net sales from Resale remained steady compared to the same quarter of the previous fiscal year and the previous quarter of the current fiscal year.

（Unit：Millions of yen）  （Unit：Millions of yen）

| Comparison with the same quarter of the previous fiscal year | Fourth quarter of the fiscal year ended August 31, 2022 （Actual） | Fourth quarter of the fiscal year ended August 31, 2023 （Actual） | Changes compared with the same quarter of the previous fiscal year | Changes % compared with the same quarter of the previous fiscal year | Comparison with the previous quarter of the current fiscal year | Third quarter of the fiscal year ended August 31, 2023 （Actual） | Fourth quarter of the fiscal year ended August 31, 2023 （Actual） | Changes compared with the previous quarter of the current fiscal year | Changes % compared with the previous quarter of the current fiscal year |
|---|---|---|---|---|---|---|---|---|---|
| Project type Services | 41 | 563 | 522 | 1,255.1％ | Project type Services | 754 | 563 | -190 | -25.3％ |
| Resale | 1,085 | 1,231 | 145 | 13.4％ | Resale | 1,177 | 1,231 | 53 | 4.6％ |
| Managed service | 438 | 342 | -95 | -21.8％ | Managed service | 430 | 342 | -87 | -20.3％ |
| SaaS | 3,023 | 15 | -3,007 | -99.5％ | SaaS | 53 | 15 | -37 | -70.8％ |
| Other | － | 0 | 0 | － | Other | 0 | 0 | 0 | 30.7％ |
| Total | 4,589 | 2,154 | -2,435 | -53.1％ | Total | 2,416 | 2,154 | -261 | -10.8％ |

# Quarterly Trend of the Number of Employees

► **The number of employees increased from the end of the previous fiscal year, with the addition of 83 newly graduated engineers who joined the Company.**
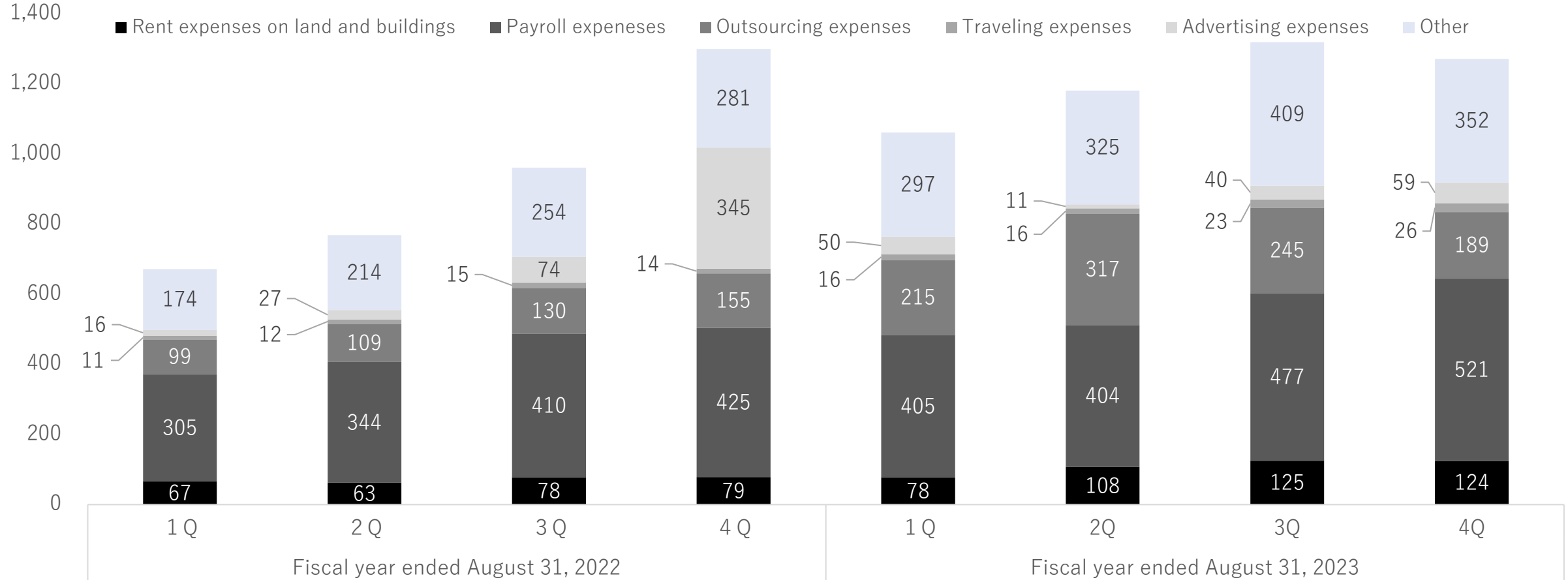
（Unit：Person）
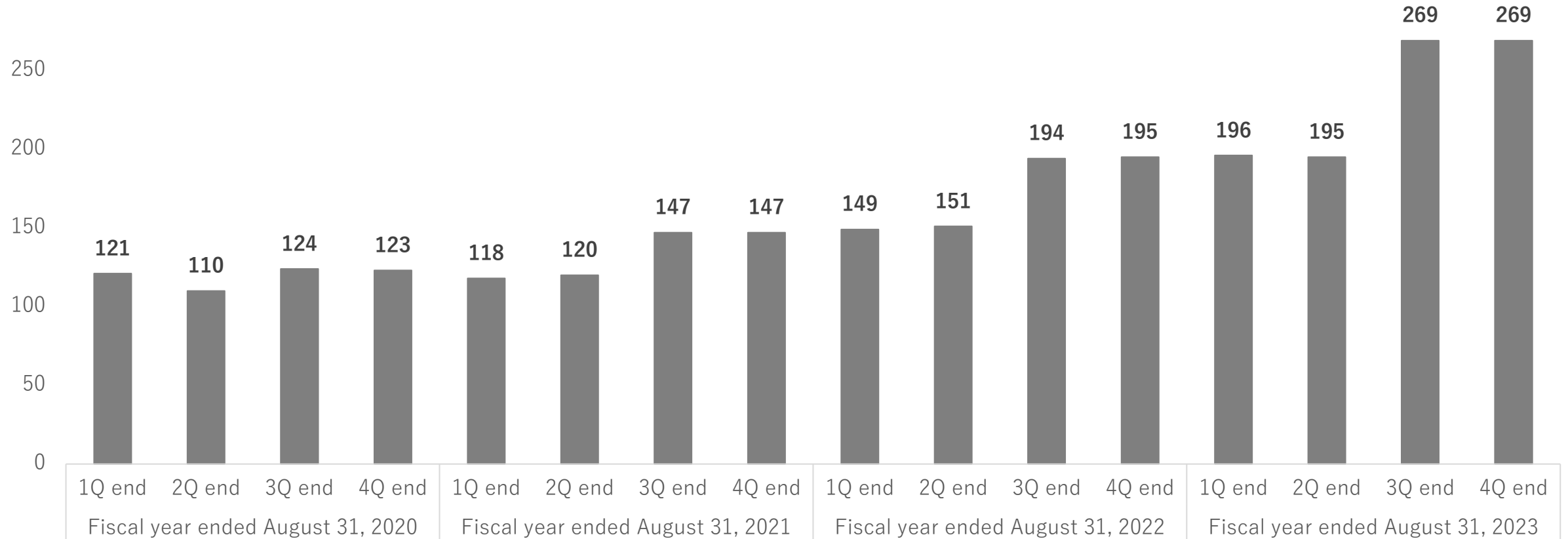
# Trend of Expenses

▶ **Payroll expenses increased compared to the previous quarter of the current fiscal year due to the impact of a significant increase in the number of newly graduated engineers, etc.**
▶ **The trend of decreasing outsourcing expenses continued as large projects peaked out.**

(Unit：Millions of yen)



■ Rent expenses on land and buildings　■ Payroll expeneses　■ Outsourcing expenses　■ Traveling expenses　■ Advertising expenses　■ Other

| | Fiscal year ended August 31, 2022 | | | | Fiscal year ended August 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Other | 174 | 214 | 254 | 281 | 297 | 325 | 409 | 352 |
| Advertising | 16 | 27 | 15 | 14 | 50 | 11 | 40 | 59 |
| Traveling | 11 | 12 | 74 | 345 | 16 | 16 | 23 | 26 |
| Outsourcing | 99 | 109 | 130 | 155 | 215 | 317 | 245 | 189 |
| Payroll | 305 | 344 | 410 | 425 | 405 | 404 | 477 | 521 |
| Rent | 67 | 63 | 78 | 79 | 78 | 108 | 125 | 124 |

# Key Performance Indicators

▶ The Company achieved the plan at the beginning of the current fiscal year, and net sales per person significantly exceeded its target.
▶ The average age slightly decreased because 83 newly graduated engineers joined the Company.
▶ The Company could not allocate resources for the planned expansion of sales in Managed service cloud.config, resulting in a significant shortfall in the number of contracted companies compared to its target.

| | Fiscal year ended August 31, 2020 （Actual） | Fiscal year ended August 31, 2021 （Actual） | Fiscal year ended August 31, 2022 （Actual） | Fiscal year ended August 31, 2023 （Target） | Fiscal year ended August 31, 2023 （Actual） |
|---|---|---|---|---|---|
| **Net sales per person** | 24.71 million yen<br>Excluding automatic calls, the figure is 24.71 million yen | 27.41 million yen<br>Excluding automatic calls, the figure is 26.69 million yen | 67.39 million yen<br>Excluding automatic calls, the figure is 32.42 million yen | 32.00 million yen | 48.65 million yen<br>Excluding automatic calls, the figure is 40.87 million yen |
| **Average age** | 30.2 years old | 29.1 years old | 28.6 years old | Maintain under 30 years old | 28.4 years old |
| **Number of contracted companies** | 67 companies | 78 companies | 94 companies | 200 companies | 86 companies |

Net sales per person: It was calculated by dividing the 12-month cumulative net sales by the average number of employees (regular and seconded employees) during the same period.
Average age： Average age of regular and seconded employees as of the end of each fiscal year
Turnover rate: It was calculated by dividing the number of employees who left each fiscal year by the number of regular employees at the beginning of each fiscal year.
Number of contracted companies: The number of corporate customers with net sales in each fiscal year

# Balance Sheet

**FIXER**
the Cloud native Company

▶ **Current liabilities decreased significantly because accounts payable trade decreased as a result of declining net sales from automatic calls.**

▶ **In addition to raising funds through the stock exchange listing, net assets significantly increased through profit generation.**

(Unit：Millions of yen)

|  | As of August 31, 2022 | As of August 31, 2023 | Changes |
|---|---|---|---|
| Current assets | 6,705 | 6,325 | -380 |
| Non-current assets | 482 | 815 | 332 |
| Total assets | 7,188 | 7,140 | -47 |
| Current liabilities | 3,938 | 1,404 | -2,534 |
| Non-current liabilities | 38 | 17 | -20 |
| Total liabilities | 3,976 | 1,421 | -2,554 |
| Shareholders' equity | 3,210 | 5,717 | 2,507 |
| Stock subscription rights | 1 | 1 | — |
| Total net assets | 3,211 | 5,718 | 2,507 |
| Total liabilities and net assets | 7,188 | 7,140 | -47 |
| Equity ratio | 44.7% | 80.1% | |

# Statement of Cash Flows

▶ The payment of income taxes resulted in a significant decrease in cash flows from operating activities.
▶ Cash flows from investing activities decreased due to the acquisition of non-current assets and the pledging of security deposits.
▶ Cash flows from financing activities increased due to fundraising in connection with the listing.
▶ Free cash flow decreased significantly due to a reduced cash flows from operating activities.

(Unit：Millions of yen)

| | Fiscal year ended August 31, 2022 | Fiscal year ended August 31, 2023 | Changes |
|---|---|---|---|
| Depreciation | 30 | 46 | 15 |
| Cash flows from operating activities | 2,478 | 539 | -1,938 |
| Cash flows from investing activities | -101 | -415 | -314 |
| Cash flows from financing activities | -155 | 1,024 | 1,180 |
| Free cash flow | 2,377 | 124 | -2,252 |
| Cash and cash equivalents at the end of the fiscal year | 3,685 | 4,833 | 1,148 |

Financial Plan
for the Second Quarter of the fiscal
year ending August 31, 2024

# Financial Plan for the Second Quarter of the fiscal year ending August 31, 2024

**FIXER**
the Cloud native Company

▶ Net sales are projected to decrease due to the impact of highly variable Project type Services and usage-based billing type SaaS (automatic calls).
▶ While conducting a cost review, the Company will also persist with its growth investments to reverse the decline in net sales after reaching a low point in the first quarter and achieve renewed growth from the second quarter onwards.
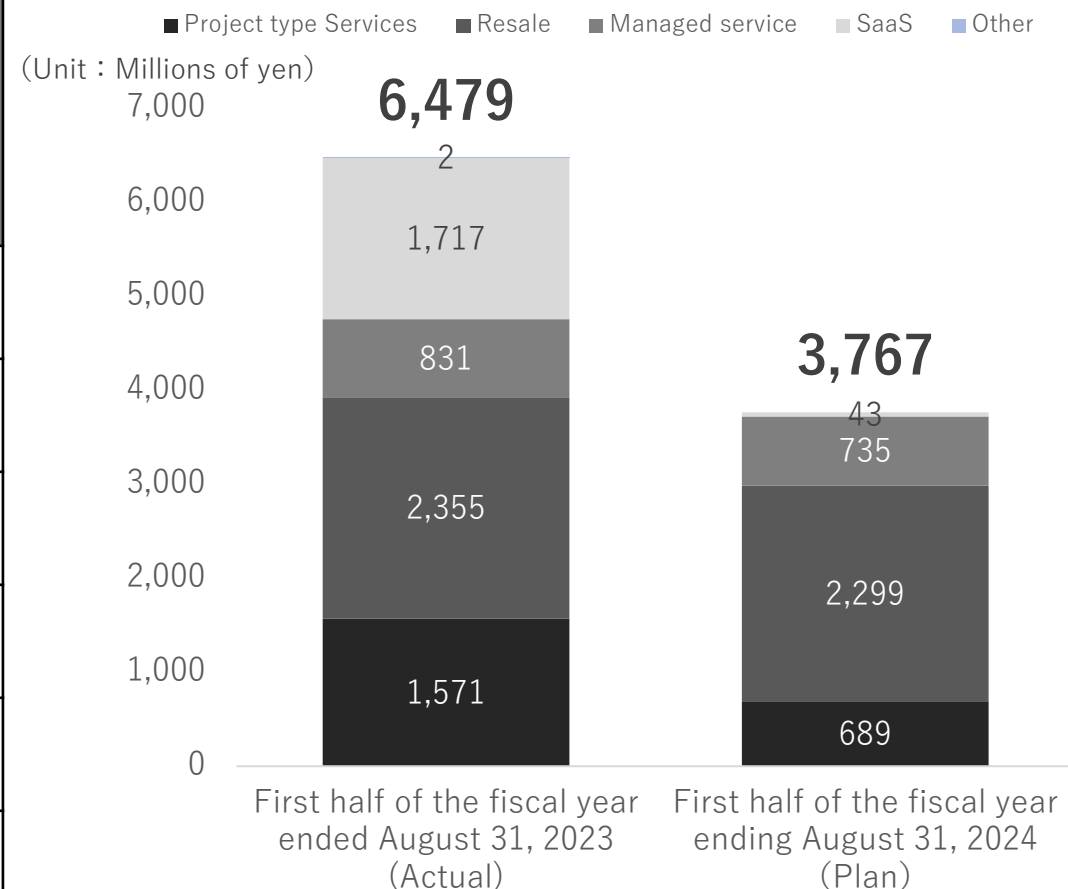
(Unit：Millions of yen)

| | Second quarter of the fiscal year ended August 31, 2023 (Actual) | Second quarter of the fiscal year ending August 31, 2024 (Plan) | Changes | Changes % |
|---|---|---|---|---|
| **Net sales** | **6,479** | **3,767** | **-2,711** | **-41.8%** |
| Cost of sales | 4,155 | 2,581 | -1,574 | -37.9% |
| **Gross profit** | **2,323** | **1,185** | **-1,137** | **-49.0%** |
| Gross profit margin | 35.9% | 31.5% | | |
| Selling, general and administrative expenses | 777 | 1,014 | 237 | 30.5% |
| **Operating profit** | **1,545** | **171** | **-1,374** | **−88.9%** |
| Operating profit margin | 23.9% | 4.5% | | |
| **Ordinary profit** | **1,524** | **173** | **-1,350** | **-88.6%** |
| Ordinary profit margin | 23.5% | 4.6% | | |
| Income taxes | 567 | 62 | -505 | -89.0% |
| **Net income** | **956** | **110** | **-845** | **-88.4%** |

# Plan by Business for the Second Quarter of the fiscal year ending August 31, 2024
# Comparison with the first half of the previous fiscal year

FIXER
the Cloud native Company

▶ **The Company anticipates a decrease in net sales from Project type Services and usage-based billing type SaaS (automatic calls), considered flow-type revenue, compared to the same quarter of the previous fiscal year.**
▶ **Resale and Managed service, considered stock-type revenue, are expected to remain stable.**

（Unit：Millions of yen）

| | First half of the fiscal year ended August 31, 2023 (Actual) | First half of the fiscal year ending August 31, 2024 (Plan) | Change Comparison with the first half of the previous fiscal year | Change % Comparison with the first half of the previous fiscal year |
|---|---|---|---|---|
| Project | 1,571 | 689 | -882 | -56.1% |
| Resale | 2,355 | 2,299 | -56 | -2.4% |
| Managed | 831 | 735 | -96 | -11.6% |
| SaaS | 1,717 | 43 | -1,674 | -97.5% |
| Other | 2 | — | -2 | -100.0% |
| Total | 6,479 | 3,767 | -2,711 | -41.8% |

■Project type Services ■Resale ■Managed service ■SaaS ■Other

（Unit：Millions of yen）

**6,479**
- 2
- 1,717
- 831
- 2,355
- 1,571

**3,767**
- 43
- 735
- 2,299
- 689

First half of the fiscal year ended August 31, 2023 (Actual)

First half of the fiscal year ending August 31, 2024 (Plan)

# Financial Plan for the Second Quarter of the fiscal year ending August 31, 2024 Comparison with the second half of the previous fiscal year

▶ Compared to the second half of the previous fiscal year, when the impact of usage-based billing type SaaS (automatic calls) decreased, the rate of decline in net sales also decreased.
▶ While selling, general and administrative expenses are expected to be controlled, it is anticipated that profits will decrease due to the investment in GaiXer.
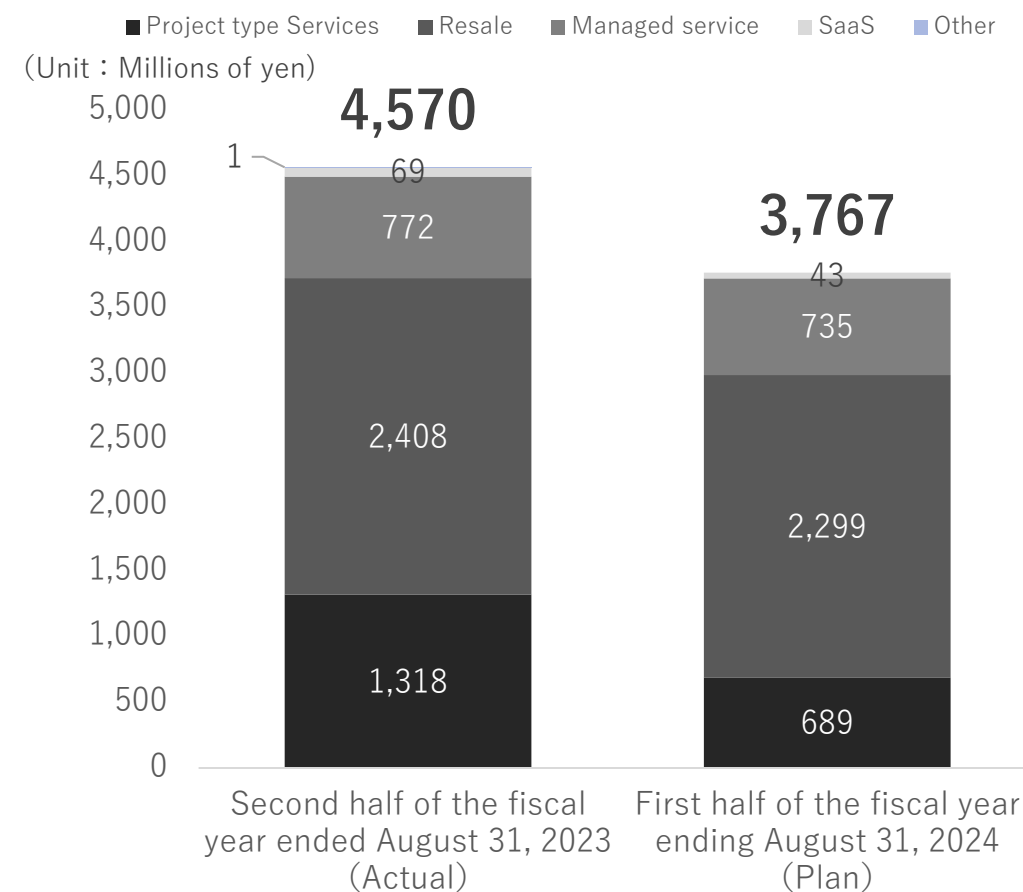
(Unit：Millions of yen)

| | Second half of the fiscal year ended August 31, 2023 (Actual) | First half of the fiscal year ending August 31, 2024 (Plan) | Change Comparison with the second half of the previous fiscal year | Change % Comparison with the second half of the previous fiscal year |
|---|---|---|---|---|
| **Net sales** | **4,570** | **3,767** | **-802** | **-17.6%** |
| Cost of sales | 2,846 | 2,581 | -264 | -9.3% |
| **Gross profit** | **1,723** | **1,185** | **-537** | **-31.2%** |
| Gross profit margin | 37.7% | 31.5% | | |
| Selling, general and administrative expenses | 1,158 | 1,014 | -144 | -12.4% |
| **Operating profit** | **564** | **171** | **-393** | **-69.7%** |
| Operating profit margin | 12.4% | 4.5% | | |
| **Ordinary profit** | **564** | **173** | **-391** | **-69.3%** |
| Ordinary profit margin | 12.4% | 4.6% | | |
| Income taxes | 138 | 62 | -76 | -55.1% |
| **Net income** | **426** | **110** | **-315** | **-74.0%** |

# Plan by Business for the second quarter of the fiscal year ending August 31, 2024 Comparison with the second half of the previous fiscal year

▶ **The impact of the decline in the use of automatic calls has already disappeared. Therefore, the Company anticipates that net sales from SaaS will bottom out in the future due to the growth of GaiXer.**

▶ **The first half of the current fiscal year is expected to be the end phase for projects, and the Company will focus on activities to acquire projects in the second half and beyond.**

(Unit：Millions of yen)

| | Second half of the fiscal year ended August 31, 2023 (Actual) | First half of the fiscal year ending August 31, 2024 (Plan) | Change Comparison with the second half of the previous fiscal year | Change % Comparison with the second half of the previous fiscal year |
|---|---|---|---|---|
| Project | 1,318 | 689 | -628 | -47.7% |
| Resale | 2,408 | 2,299 | -109 | -4.6% |
| Managed | 772 | 735 | -37 | -4.9% |
| SaaS | 69 | 43 | -25 | -37.2% |
| Other | 1 | — | -1 | -100.0% |
| Total | 4,570 | 3,767 | -802 | -17.6% |

■ Project type Services　■ Resale　■ Managed service　■ SaaS　■ Other

(Unit：Millions of yen)

**4,570**

**3,767**

Second half of the fiscal year ended August 31, 2023 (Actual): 1 / 69 / 772 / 2,408 / 1,318

First half of the fiscal year ending August 31, 2024 (Plan): 43 / 735 / 2,299 / 689

# Growth Strategy for the fiscal year ending August 31, 2024

**FIXER**
the Cloud native Company

▶ The Company aims to achieve discontinuous growth once again through the transformation of its business structure.
▶ The Company promotes the acquisition of project type services by expanding its development resources and aims to build up stock type revenues, which include Resale and Managed service.
▶ The Company will increase its investment in GaiXer, a stock type SaaS, with the aim of achieving significant growth starting from the second half of the fiscal year ending August 31, 2024.

Acquiring project type services（flow type） ➡ Building up resale and Managed service（stock type） ➕ Building up GaiXer（stock type）

(Unit：Millions of yen)

Impact of automatic calls, which is usage-based billing type SaaS

**Initiatives for the growth of Gaixer**
・Developing functional enhancements
・Establishing a sales structure for expanding sales

Seeking a turnaround, starting from the lowest point in the first quarter

| | Fiscal year ended August 31, 2020 (Actual) | | | | Fiscal year ended August 31, 2021 (Actual) | | | | Fiscal year ended August 31, 2022 (Actual) | | | | Fiscal year ended August 31, 2023 (Actual) | | | | Fiscal year ending August 31, 2024 (Plan) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| | 634 | 712 | 603 | 1,009 | 927 | 814 | 812 | 1,051 | 938 | 2,882 | 2,950 | 4,589 | 3,475 | 3,003 | 2,416 | 2,154 | | | | |

**Concentrate development resources on HER-SYS** ➤ **Gradually deploy development resources to other projects** ➤ **Enhancing investments in GaiXer** ➤
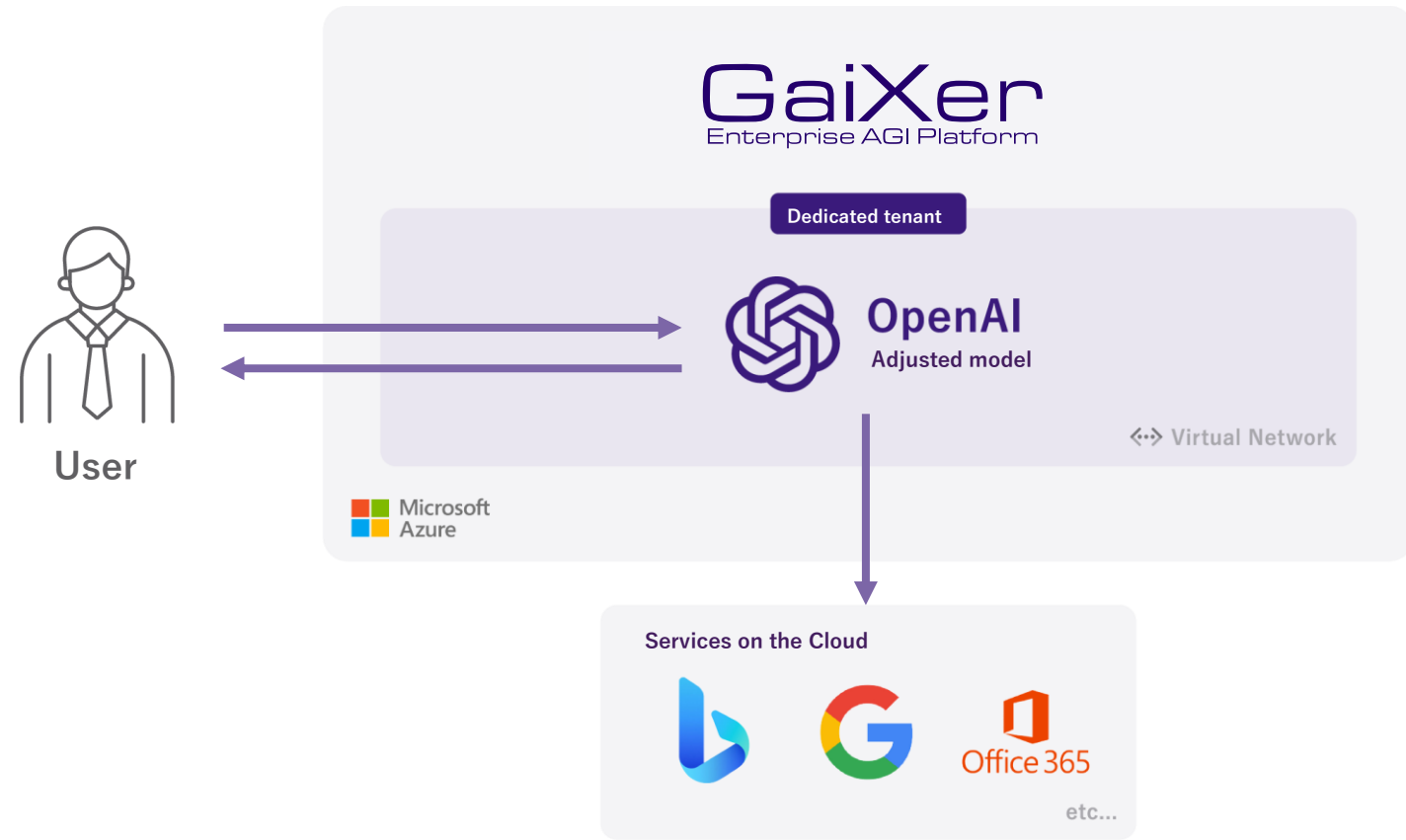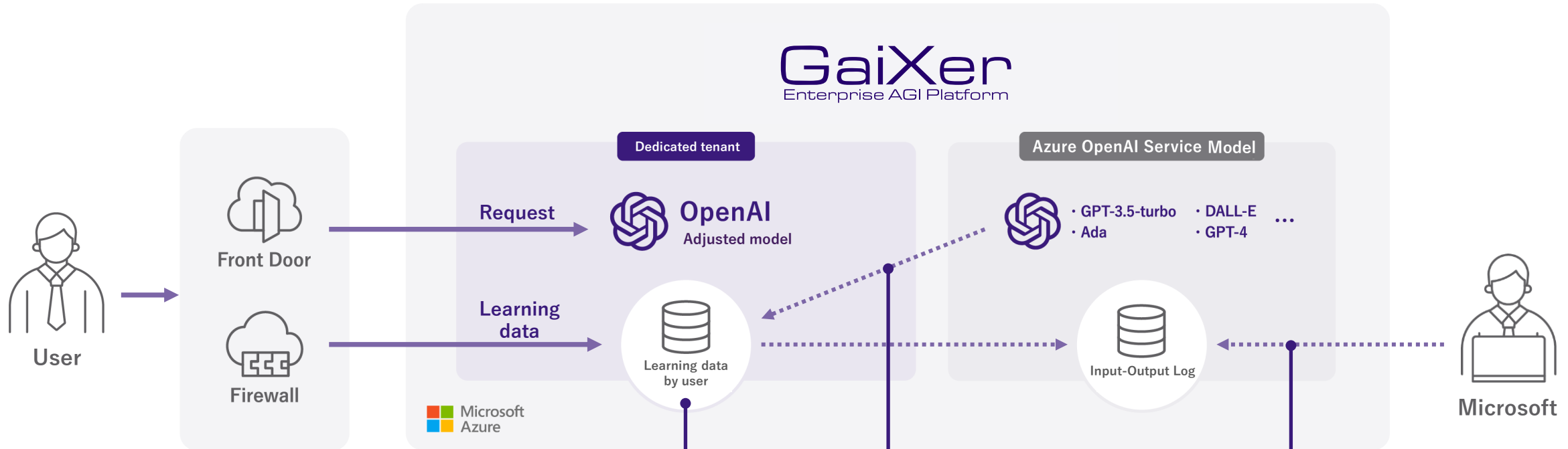
# GaiXer is

## Enterprise services utilizing generative AI technology such as ChatGPT, etc.

It runs within a secure network environment on Microsoft Azure, and learning and generation occur in a dedicated environment for your company called a "tenant," which considers the risk of information leakage.

In addition, it can be combined with various services on the cloud to enable multiple uses, such as for users, customer support, and improving organizational operations.

**User**

## GaiXer
### Enterprise AGI Platform

**Dedicated tenant**

**OpenAI**
**Adjusted model**

◁·▷ Virtual Network

Microsoft Azure

**Services on the Cloud**

etc...

# GaiXer's features

**ChatGPT**

**GaiXer**
Enterprise AGI Platform

| | | |
|---|---|---|
| **Taking measures to mitigate the risk of information leakage** | Opting out of learning reuse is possible, but managing everyone within the organization is necessary. | By establishing a language model in **a dedicated environment on Microsoft Azure**, the **input content is not used for learning.** |
| **Prompt creation support** | Creating a prompt from scratch or copying and pasting from Notepad, etc., is necessary. | **Industry-specific templates can be registered and shared within the organization,** enabling anyone to generate high-quality sentences. |
| **Adapting to the latest information** | It can only provide answers based on information available up to September 2021. | Adapting to **the latest information beyond September 2021** |
| **Introduction and Utilization Support Service** | Applying it to documents by yourself and achieving business efficiency is not easy. | **Assisting in building prompts** that yield high-quality generation |
| **Linkage with In-house systems** | Understanding the specifications and outsourcing the design and construction to external system companies can incur significant costs. | Providing **consulting and integration services** to connect with existing in-house systems (Separate estimate) |

# Appendix

# Source of Competitiveness（Overall Picture）

With agile＋front-loading type development <u>know-how</u>, Microsoft Azure's top partner in Japan, and the <u>brand power</u> backed by experiences in large-scale projects in the financial and public sectors, the Company creates a shared responsibility type <u>business model</u> that ensures high profitability.

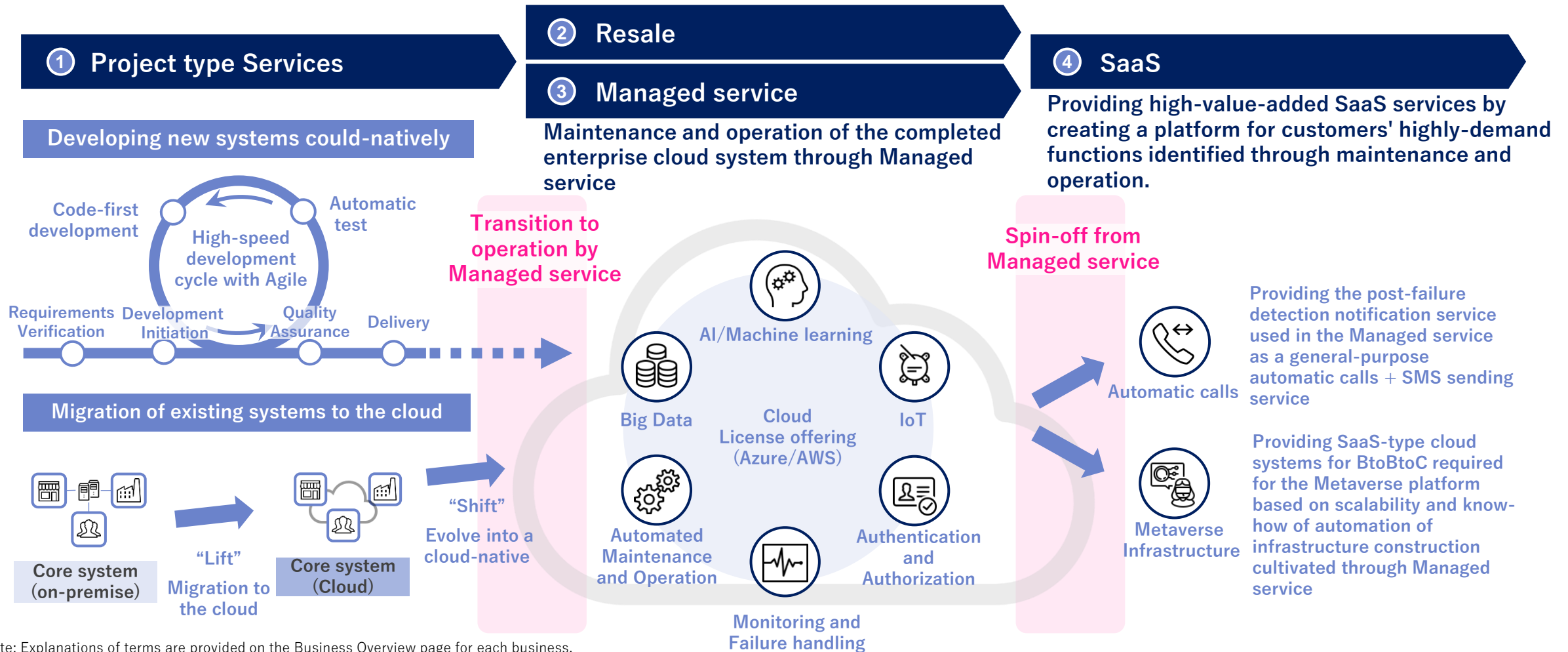| | **A** Know-how | **B** Brand | **C** Business model |
|---|---|---|---|
| **Distinctiveness** | **Agile＋ Front-loading type development methodologies** | **Microsoft Azure's top partner in Japan** | **A shared responsibility model that allows for flexible responses to specification adjustments in quasi-mandate [1] prime contracts [2]** |
| **Superiority** | • Validate functionality and UI/UX through prototypes and make early specification adjustments to prevent reworks in later stages, thus enhancing efficiency.<br><br>• Achieved high customer satisfaction after transitioning to the maintenance and operation phase by development activities, assuming continuous maintenance and operation from the beginning of development | • The Company received high praise for its development capabilities, including an award in 2021 from Microsoft's U.S. headquarters in the Cloud Native App Development category.<br><br>• Experiences in large-scale projects in the financial and public sectors, which were previously handled by major system integrators | • The Company ensures high profitability by entering quasi-mandate prime contracts with clients, leveraging its know-how and brand power.<br><br>• The Company develops software with high business value by working closely with customers and flexibly adjusting specifications during development. |

1. This type of contract is one in which compensation is paid for specific tasks performed. In contrast to a contract for work, the Company is not responsible for ensuring the completion of the requested deliverables.
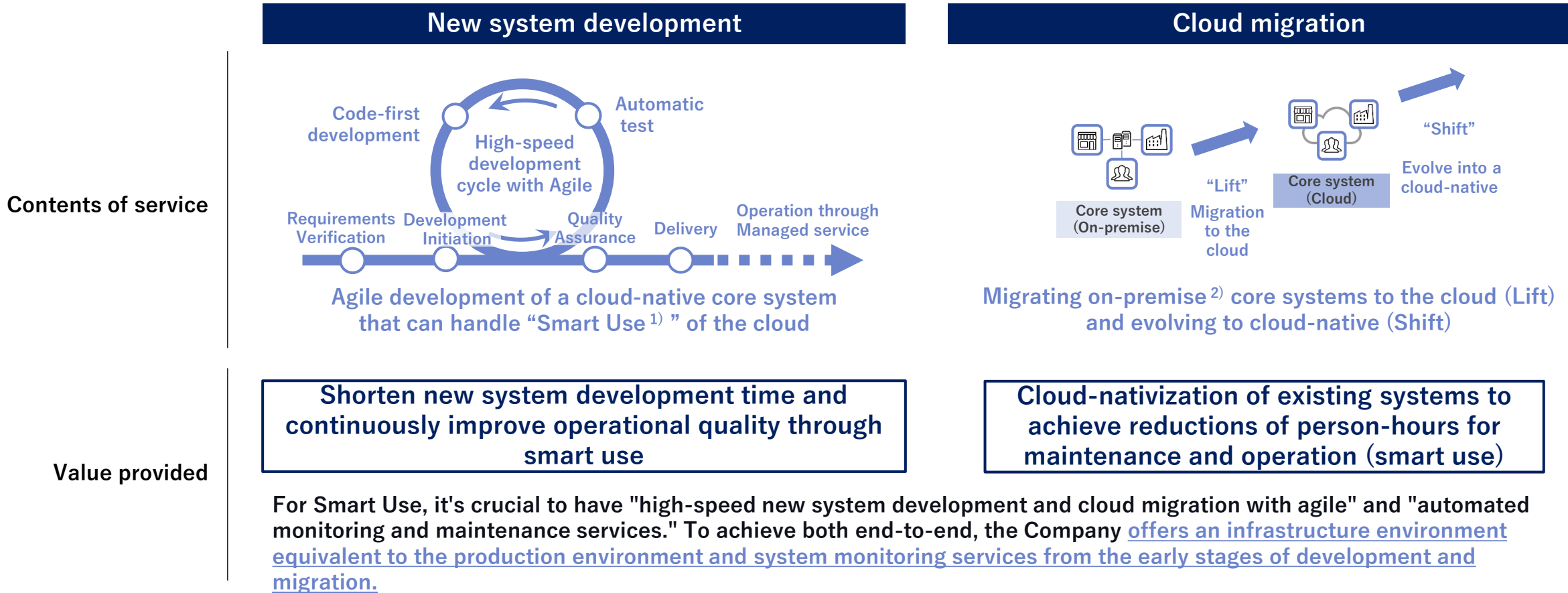2. Development contracts signed directly with customers

# Business Domain

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① <u>Project type Services</u>（new system development and migration of existing systems to the cloud）to build cloud-native systems, ② <u>Resale</u> of cloud and software licenses, and providing ③ <u>Managed service</u>（maintenance and operation）. In addition, the Company also offers ④ <u>SaaS</u> services.

**① Project type Services**

**② Resale**

**③ Managed service**

**④ SaaS**

**Developing new systems could-natively**

Maintenance and operation of the completed enterprise cloud system through Managed service

Providing high-value-added SaaS services by creating a platform for customers' highly-demand functions identified through maintenance and operation.

Code-first development

Automatic test

High-speed development cycle with Agile

**Transition to operation by Managed service**

**Spin-off from Managed service**

Requirements Verification

Development Initiation

Quality Assurance

Delivery

AI/Machine learning

Providing the post-failure detection notification service used in the Managed service as a general-purpose automatic calls + SMS sending service

**Migration of existing systems to the cloud**

Big Data

Cloud License offering (Azure/AWS)

IoT

Automatic calls

"Shift"

Evolve into a cloud-native

Automated Maintenance and Operation

Authentication and Authorization

Metaverse Infrastructure

Providing SaaS-type cloud systems for BtoBtoC required for the Metaverse platform based on scalability and know-how of automation of infrastructure construction cultivated through Managed service

Core system (on-premise)

"Lift"

Migration to the cloud

Core system (Cloud)

Monitoring and Failure handling

Note: Explanations of terms are provided on the Business Overview page for each business.

# Project type Services

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Project type Services are services that implement new system development or cloud migration in a project-based manner. System migration responds to both "Lift" – converting the system infrastructure to the cloud, and "Shift" – transforming into a cloud-native system that is easy to maintain and operate concurrently with the migration.

| New system development | Cloud migration |

**Contents of service**

Code-first development
Automatic test
High-speed development cycle with Agile

Requirements Verification | Development Initiation | Quality Assurance | Delivery | Operation through Managed service

Agile development of a cloud-native core system that can handle "Smart Use [1]" of the cloud

Core system (On-premise)
"Lift" Migration to the cloud
Core system (Cloud)
"Shift" Evolve into a cloud-native

Migrating on-premise [2] core systems to the cloud (Lift) and evolving to cloud-native (Shift)

**Value provided**

Shorten new system development time and continuously improve operational quality through smart use

Cloud-nativization of existing systems to achieve reductions of person-hours for maintenance and operation (smart use)

For Smart Use, it's crucial to have "high-speed new system development and cloud migration with agile" and "automated monitoring and maintenance services." To achieve both end-to-end, the Company offers an infrastructure environment equivalent to the production environment and system monitoring services from the early stages of development and migration.

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# Resale

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The Company sells public clouds like Microsoft Azure and software licenses including Microsoft 365 and Power Platform. Differentiates itself from competitors by offering value-added services such as Managed service and education services in addition to purchased licenses.

## Products and services for sale

**Azure** **aws**

**Public Cloud**
Cloud computing environment provided for general users and enterprises

✕

**Microsoft 365**

Cloud-based services that offer Office products like Word and Excel, as well as SharePoint, Teams, and security products.

✕

**Microsoft Power Platform**

A cloud App development platform that can be used (no-code/low-code) [2] even by beginners

✕

## FIXER's unique value-added

Offering monitoring services, which are part of Managed service, at no cost

Technical support for usage-related challenges that arise after purchasing a license

Track record of introduction in government agencies and banks with stringent security requirements

Winner of the Telework Promotion Award1 [1] Remote work/paperless know-how

DX internalization education program

Providing templates customized for specific industries and job functions

1. In 2019, the Company received the "Telework Promotion Award," which aims to promote the adoption of telework from the Japan Telework Association.
2. A method for developing applications without having to learn complex programming

## Technical Support System

Help desk works with a team of experts to resolve issues

**Customer's Cloud Assets**

| Failure Primary response | Information Assets Management | Providing Operation Report |
|---|---|---|
| Investigation of the cause, proposal of drastic measures | Grasping the situation of operations | Analysis and proposal of improvement measures |

**DSE**[3]  **Manager**  **Consultant**

**Escalation**

Help call

Workaround suggestion

**Help Desk**
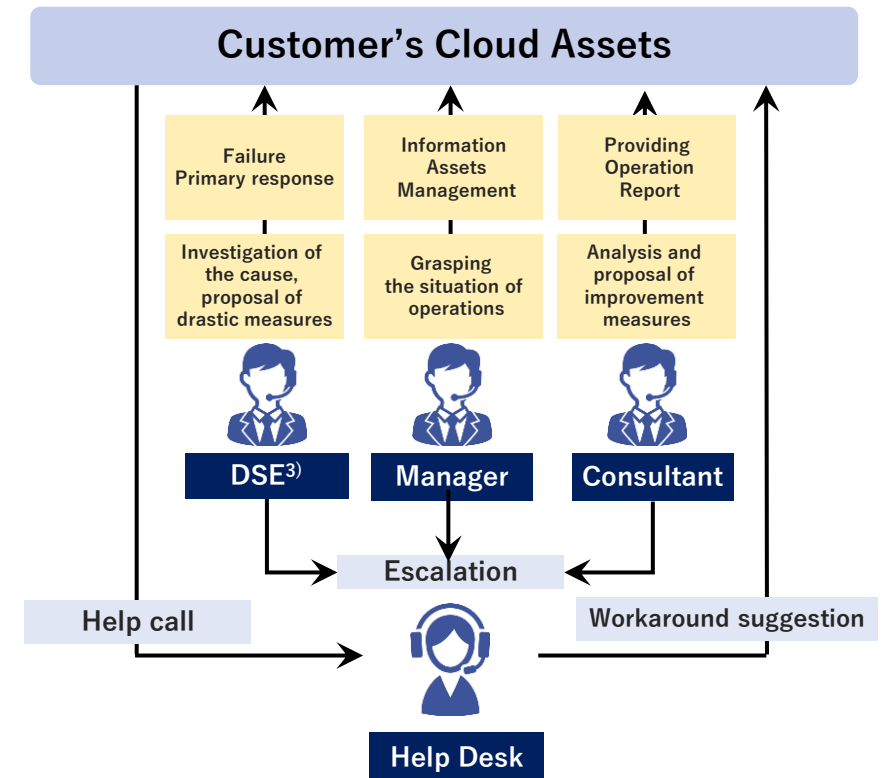
3. Dedicated Support Engineer
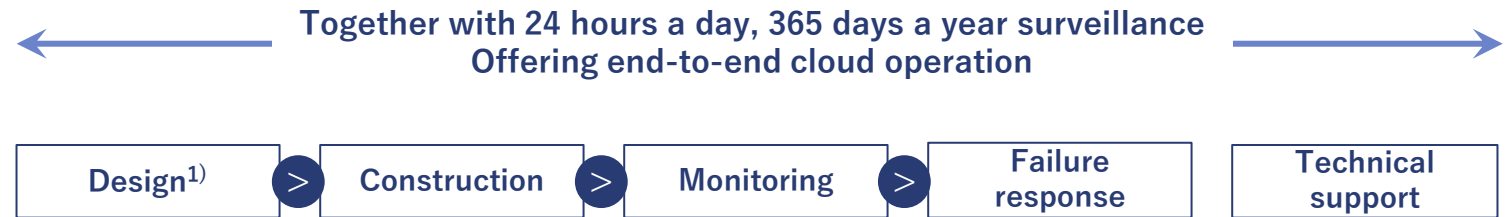
# Managed service

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<u>Offering end-to-end cloud maintenance and operations</u> with a primary focus on 24-hours a day, 365 days a year surveillance
<u>Balancing</u> between <u>reduction of person-hours and operational quality improvement </u>through automation technology
Responding to enhancement development (modifications and additional development) tailored to meet customer needs

**Monitoring and operations, including the application layer, which can not be achieved with public cloud alone**

Together with 24 hours a day, 365 days a year surveillance
Offering end-to-end cloud operation

**Public cloud** — cloud.config

| IaaS | PaaS | Data |
|------|------|------|
| Data | Data | Application |
| Application | Application | Runtime |
| Runtime | Runtime | Middleware |
| Middleware | Middleware | OS |
| OS | OS | Virtualization |
| Virtualization | Virtualization | Server |
| Server | Server | Storage |
| Storage | Storage | |

▨ : Managed by public cloud providers
▨ : Managed by enterprise users that utilize the cloud
▨ : Managed by FIXER's Managed service

Design[1] > Construction > Monitoring > Failure response | Technical support

cloud.config

FIXER's Managed service, cloud.config[1], has been certified by a third-party organization through an audit, conforming to the best practices of the Cloud Adoption Framework[2] for cloud adoption.

| Design | Construction | Monitoring | Failure response | Technical support |
|---|---|---|---|---|
| Infrastructure design following cloud design patterns<br><br>Proposing the utilization of existing services, SaaS[3], OSS[4], etc. | Construction and configuration using automation technology (IaC[5])<br><br>Typical configurations are quickly established, and normality checks are completed | 24 hours a day, 365 days a year surveillance for systems using a multi-cloud [6]<br><br>When an error occurs, the severity of the error is automatically determined and notified. | Priority decisions based on impact and urgency<br><br>As the primary response, focusing on isolating the causes of the failure | Assign engineers to assist with technical issues<br><br>Providing the latest information on the constantly evolving cloud on a daily basis |

The Company's cloud maintenance and operational services; 2. A framework that demonstrates the impact of an organization's cloud adoption and supports the adoption; 3. Abbreviation for Software as a Service. A situation in which users use software running on the provider (server) side as a service via a network such as the Internet rather than installing the software on the user (client) side.; 4. Abbreviation for Open Source Software. A generic term for software whose source code can be used, examined, reused, modified, extended, and redistributed for any purpose by any user. 5. Best practices and know-how for design and codes that automate construction and configuration, etc. that the Company has accumulated through its development projects.; 6. The utilization of multiple cloud services concurrently, which, in this context, involves monitoring Azure from AWS, and vice versa

# SaaS

The Company provides automatic calls/ SMS sending and Metaverse as part of SaaS, by generalizing tools/software accumulated through Managed service. Also, the Company launched GaiXer, which utilizes generative AI technology as services for enterprises.

## Automatic calls/SMS sending

The Company provides the functions to make calls and send SMS via IVR (Interactive Voice Response) established on the cloud.

(Automatic voice)
"This is the final reservation confirmation call. Mr./Ms. ○○, you have a reservation for two people on September 1 at 7:00 PM. If this reservation is confirmed, please press "1."
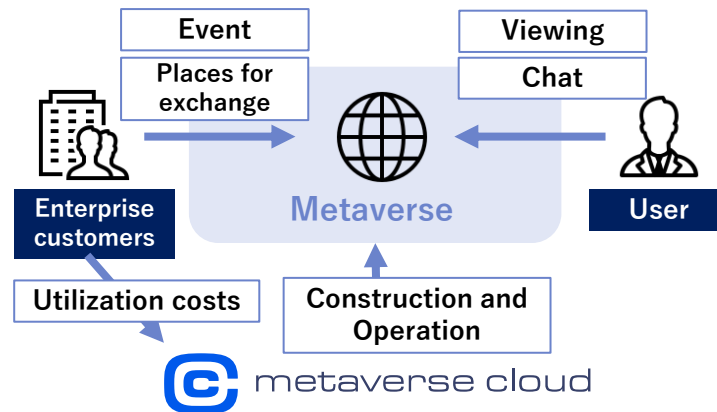If you wish to make changes, please press "2."

If you have questions about the operation, press "9," and we will connect you to an operator."

Instructions

Calls

System

Automatic calls

SMS sending

Customer

Response data

Operator
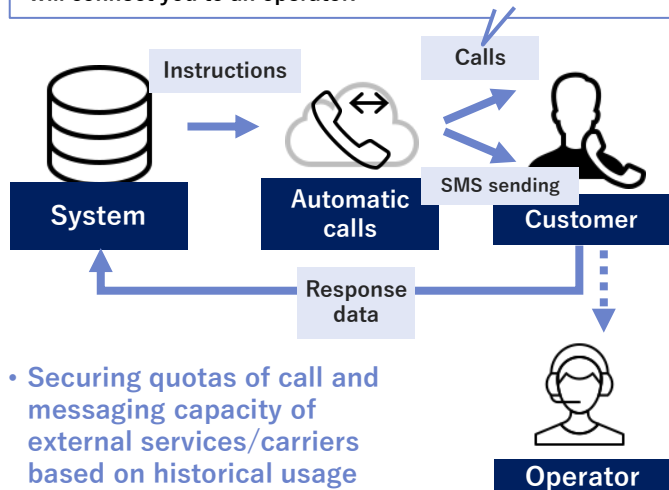
- Securing quotas of call and messaging capacity of external services/carriers based on historical usage records.
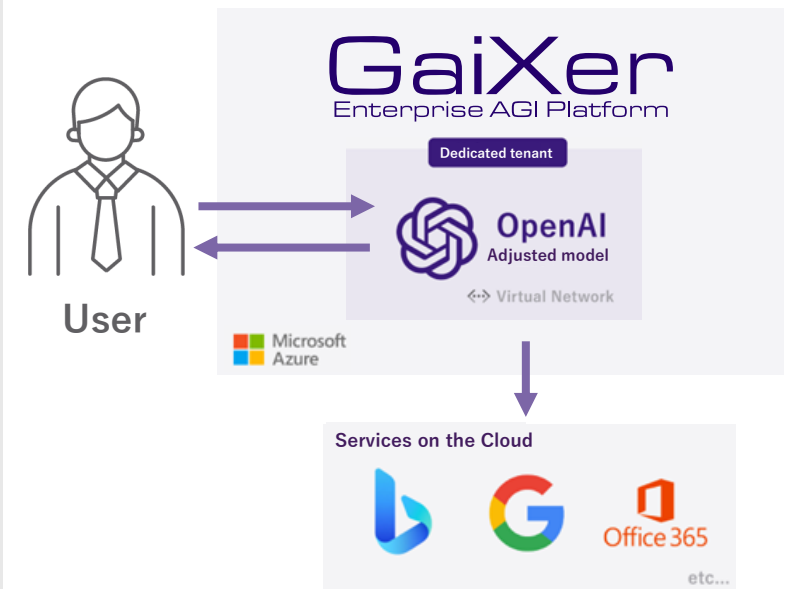
## Metaverse
### Providing metaverse spaces and functions as a service

Event

Viewing

Places for exchange

Chat

Enterprise customers

Metaverse

User

Utilization costs

Construction and Operation

metaverse cloud

## Features of the Company's services

**Cloud-Native** — Ensuring availability and stability in response to increased number of visitors and access concentration

**Browser-Based** — There is no installation obstacles, even when users utilize enterprise PCs. It can widely respond to various browsing environments.

**Self-Service** — The host's control panel allows for access control and content replacement.

## GaiXer

GaiXer
Enterprise AGI Platform

Dedicated tenant

OpenAI
Adjusted model

⟷ Virtual Network

User

Microsoft Azure

Services on the Cloud

etc...

It runs within a secure network environment on Microsoft Azure, and learning and generation occur in a dedicated environment for your company called a "tenant," which considers the risk of information leakage.
In addition, it can be combined with various services on the cloud to enable multiple uses, such as for users, customer support, and improving organizational operations.

# Billing Structures・Main Costs

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| Business | Billing Structures | Main Costs |
|---|---|---|
| **1 Project type Services** | **Individual Estimate**<br>• Considering the market price of similar systems and the added value to estimate the price<br>• Confirming profitability using actual person-hours from the past projects of similar scale | • Development labor costs<br>• Outsourcing expenses<br>• Purchase costs for Cloud/Software Licenses |
| **2 Resale** | **Usage-Based Billing**<br>• Billing is determined by multiplying the supplier's offer price by a specific commission rate.<br>• The price varies depending on cloud usage volume and the number of licenses. | • Purchase costs for Cloud/Software Licenses |
| **3 Managed service** | **Usage-Based Billing**<br>• Service prices of the primary response to failures are billed based on usage, including cloud usage volume.<br>• Technical service prices are billed based on the number of usage hours. | • License costs for Cloud management software<br>• Payroll expenses for maintenance and operation<br>• Outsourcing expenses |
| **4 SaaS** | **Usage-Based Billing**<br>• Prices for automatic call services are billed based on usage volume and the amount of information.<br>• Prices for the Metaverse platform services are billed based on the number of users and concurrent connections.<br>• GaiXer's pricing is determined based on the number of monthly users. Some plans also offer a fixed fee in addition to usage-based charges. | • Payroll expenses for service development<br>• Payroll expenses for service operation<br>• Purchase costs for Cloud/Software Licenses |

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