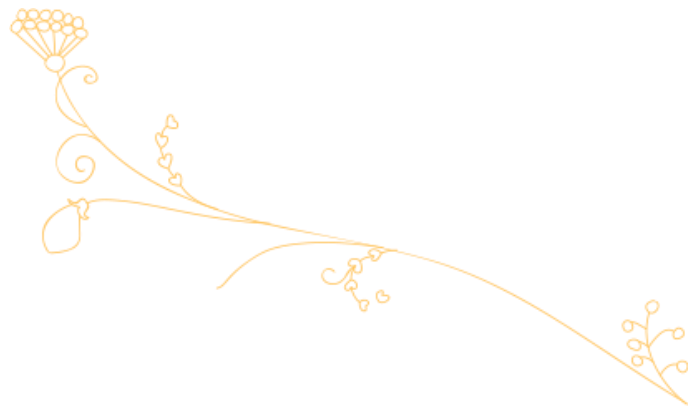




Q3 FY2023 Results Briefing Materials

November 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 11.2% YoY to ¥6,072 million.

- In Mobile service, sales increased by 11.5% YoY to ¥5,974 million, driven by record quarterly sales in D2C and DX, which offset a decline in point business sales
- In Financial service, sales decreased by 6.7% to ¥99 million, due to valuation losses from falling crypto asset prices despite the strong performance of KPIs of Mercury and labol

Operating profit fell 26.9% YoY to ¥270 million.

- In Mobile service, operating profit decreased by 7.4% YoY to ¥812 million despite robust sales of “Pitsole” in D2C and recovery of operating ratio in DX, profit decreased due to lower revenues in the points business
- In financial service, an operating loss of ¥263 million was recorded due to continued proactive investments in Mercury and labol to expand the business and the decline in crypto asset prices

Ordinary profit fell 39.5% YoY to ¥203 million.

- We recorded ¥99 million in equity of loss from affiliated bitbank due to decline in crypto asset prices

Loss attributable to owners of parent was ¥242 million.

- We recorded a ¥368 million impairment loss on Mercury software

Condensed Income Statement (Q1-Q3)

(Millions of yen)	FY2023 (Q1-Q3)	FY2022 (Q1-Q3)	YoY
Net sales	17,293 (100.0%)	15,012 (100.0%)	+15.2%
Gross profit	7,419 (42.9%)	5,999 (40.0%)	+23.7%
SG&A expenses	6,683 (38.6%)	5,032 (33.5%)	+32.8%
Operating profit	736 (4.3%)	967 (6.4%)	-23.9%
Ordinary profit	734 (4.2%)	580 (3.9%)	+26.6%
Profit *1	111 (0.6%)	18 (0.1%)	+495.3%
EBITDA *2	1,141 (6.6%)	914 (6.1%)	+24.9%

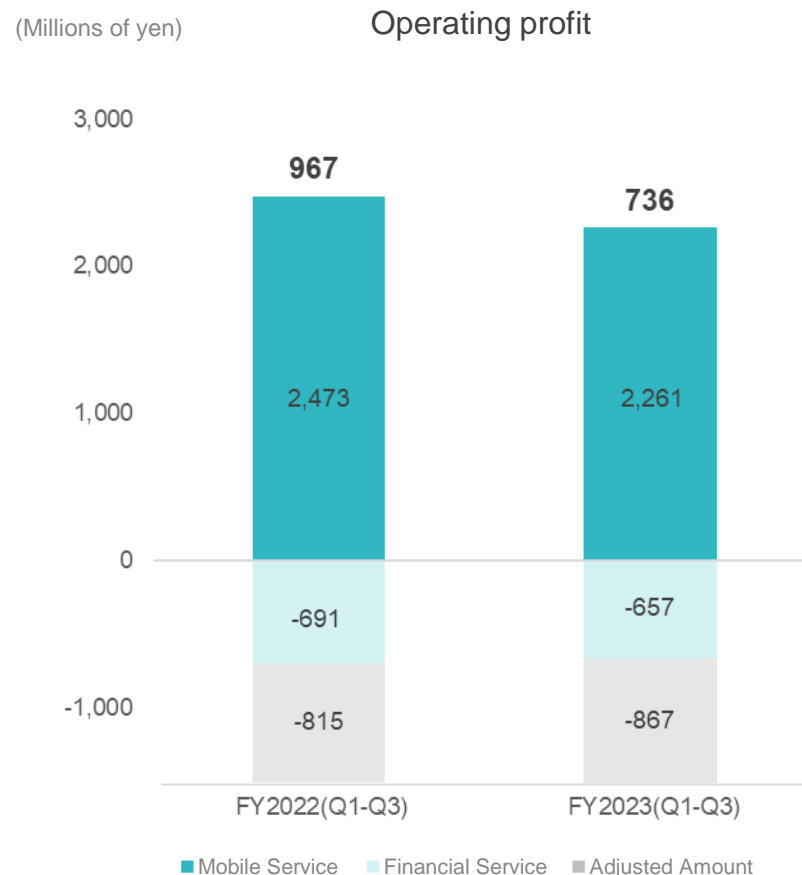
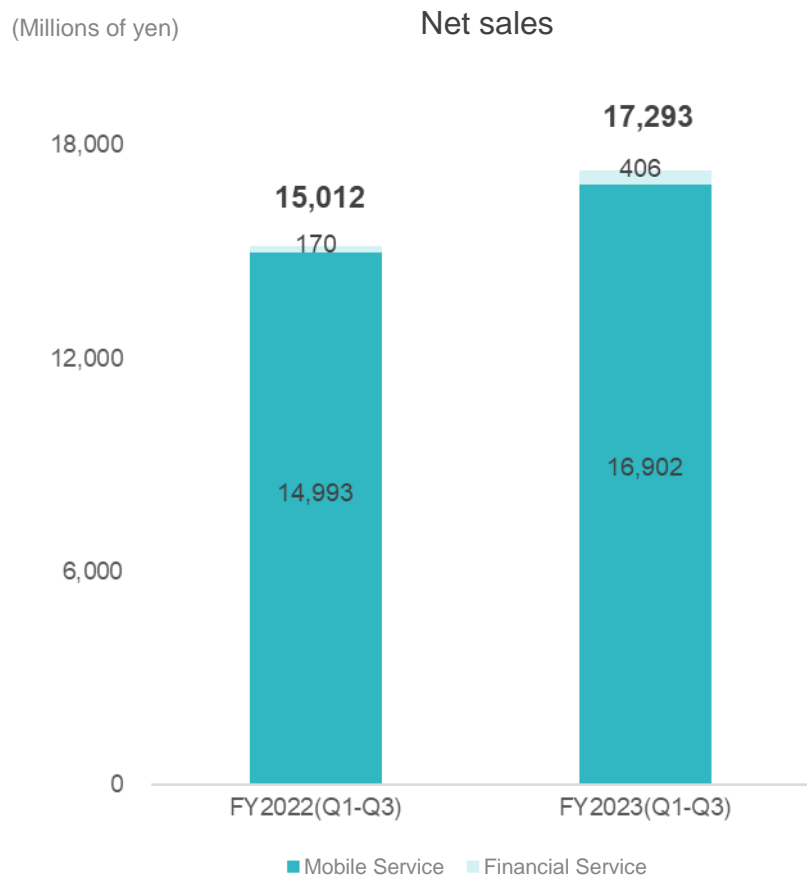
*1 Profit represents profit attributable to owners of parent.

*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 (Q1-Q3)

In Mobile Service, D2C sales doubled and DX sales grew at a double-digit rate, but point sales declined and operating profit decreased.

In Financial Service, operating loss narrowed due to increased revenues from Mercury and the sale of shares in CVC.



* 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.

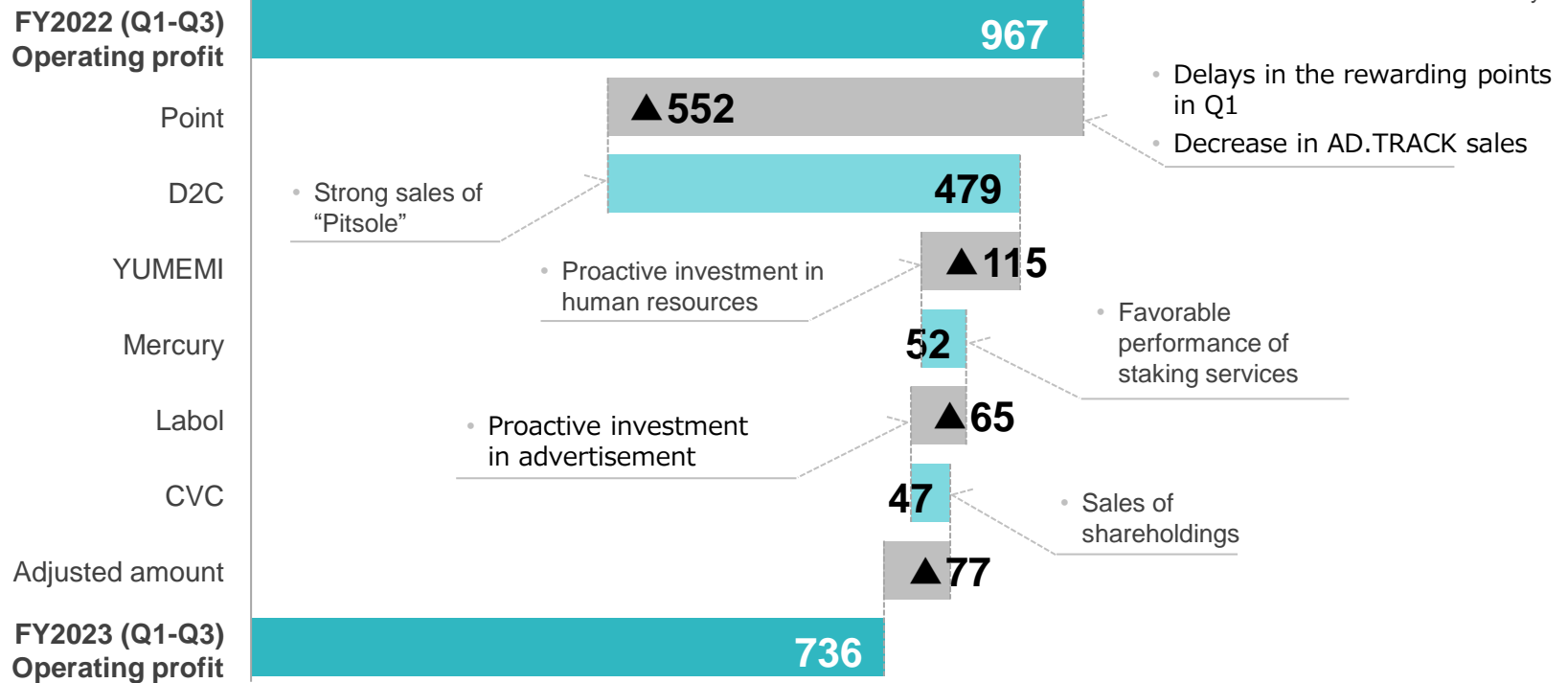
Earnings by Business Segment (Q1-Q3)

(Millions of yen)	Net sales		Operating profit	
	FY2023 Q1-Q3	FY2022 Q1-Q3	FY2023 Q1-Q3	FY2022 Q1-Q3
ALL	17,293 YOY +15.2%	15,012	736 YOY -23.9%	967
Mobile Service Business	16,902 YOY +12.7%	14,993	2,261 YOY -8.6%	2,473
Point	10,209 YOY -1.1%	10,322	1,727 YOY -24.3%	2,280
D2C	3,252 YOY +104.3%	1,592	561 YOY +585.0%	81
DX	3,565 YOY +11.1%	3,209	70 YOY -62.3%	185
Transaction value within segments	-124 YOY -	-131	-97 YOY -	-74
Financial Service Business	406 YOY +138.5%	170	-657 YOY -	-691
Inter-segment transaction value / Adjusted amount	-15 YOY -	-150	-867 YOY -	-815

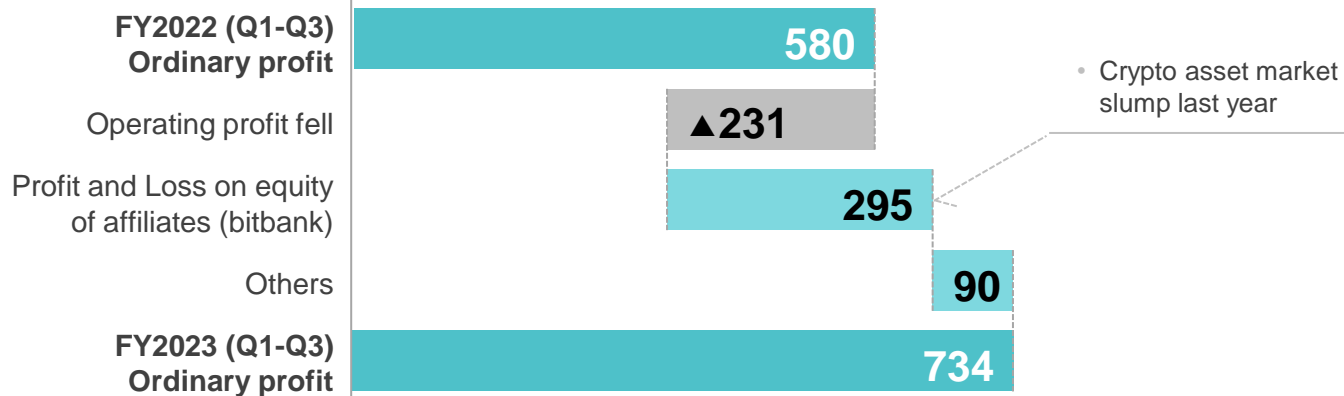
Factors Affecting Operating Profit and Ordinary Profit (Q1-Q3)

(Millions of yen)

Operating Profit



Ordinary Profit



Condensed Income Statement (Q3)

(Millions of yen)	Q3 FY2023	Q3 FY2022	YoY	Q2 FY2023	QoQ
Net sales	6,072 (100.0%)	5,414 (100.0%)	+12.2%	5,695 (100.0%)	+6.6%
Gross profit	2,842 (46.8%)	2,252 (41.6%)	+26.2%	2,398 (42.1%)	+18.5%
SG&A expenses	2,572 (42.4%)	1,882 (34.8%)	+36.6%	2,185 (38.4%)	+17.7%
Operating profit	270 (4.4%)	369 (6.8%)	-26.9%	212 (3.7%)	+27.1%
Ordinary profit	203 (3.3%)	335 (6.2%)	-39.5%	179 (3.2%)	+13.1%
Quarterly profit *1	-242 (-)	159 (2.9%)	—	153 (2.7%)	—
EBITDA *2	345 (5.7%)	454 (8.4%)	-24.0%	312 (5.5%)	+10.7%

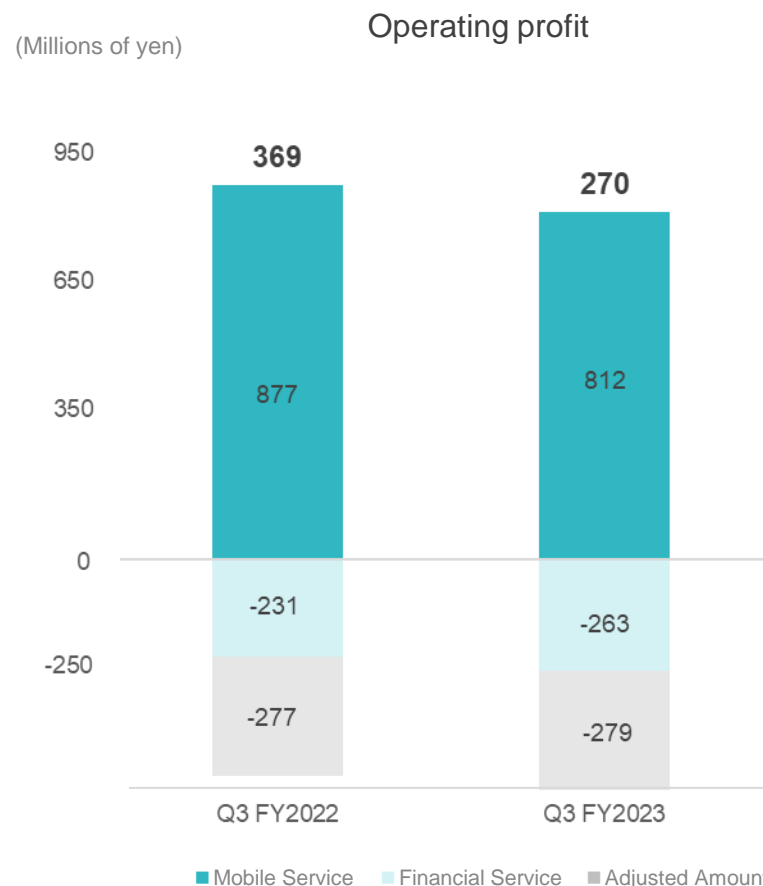
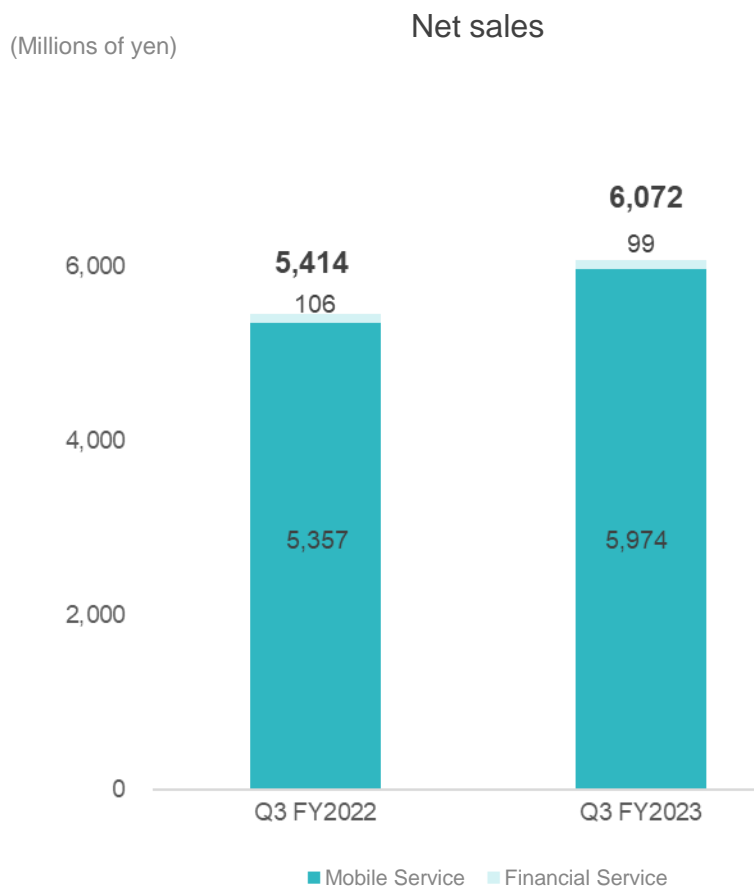
*1 Quarterly profit represents profit attributable to owners of parent.

*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 (Q3)

In Mobile Service, sales increased in D2C and DX with record sales, but profit decreased due to YoY decline in Moppy sales.

In Financial Service, label performed well, but sales declined due to falling crypto asset prices, and operating losses were recorded due to continued investments.



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

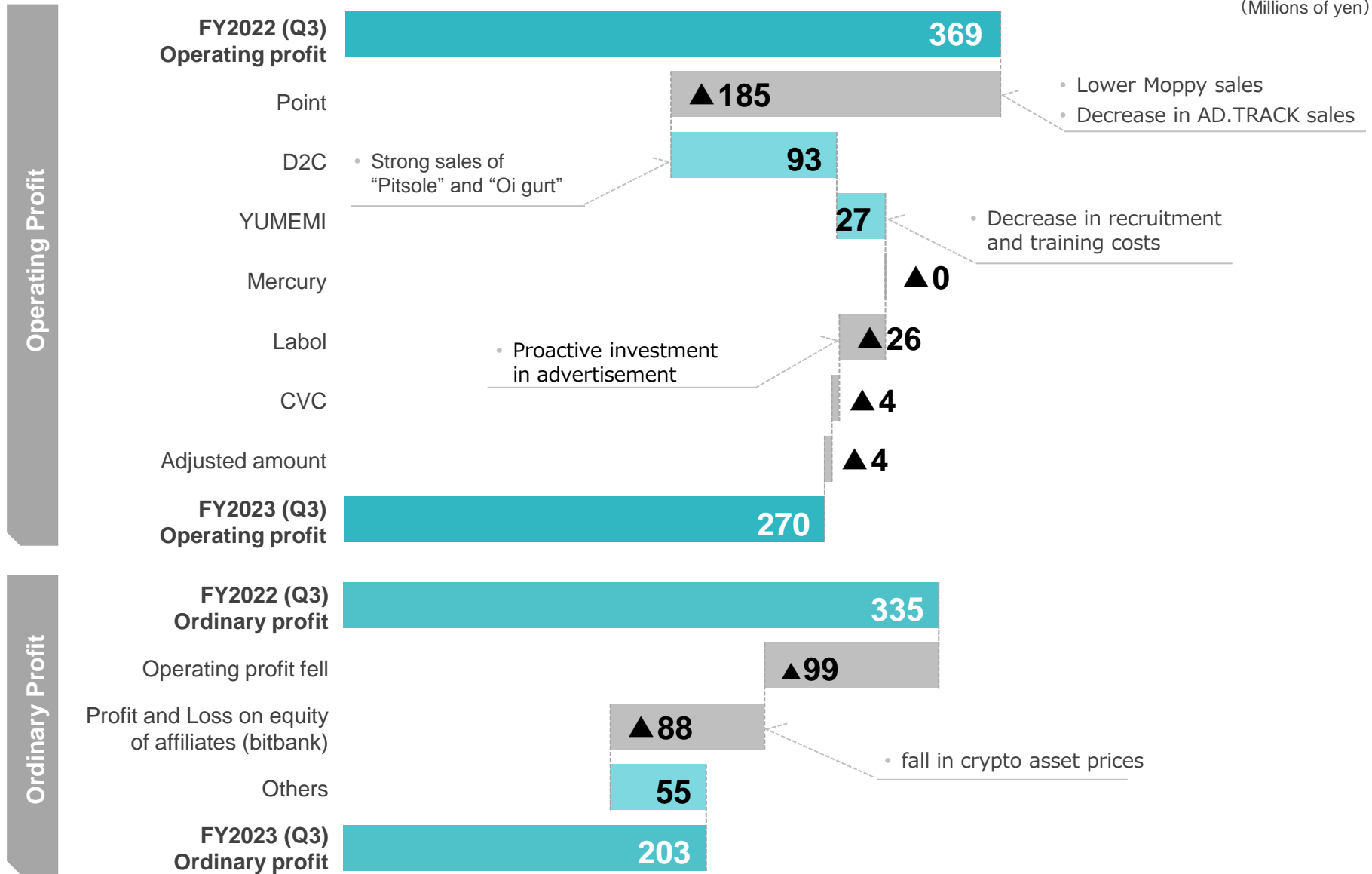
* Adjusted amount includes expense items that do not belong to a specific segment.

Earnings by Business Segment (Q3)

(Millions of yen)	Net sales		Operating profit	
	Q3 FY2023	Q3 FY2022	Q3 FY2023	Q3 FY2022
ALL	6,072 YOY +12.2%	5,414	270 YOY -26.9%	369
Mobile Service Business	5,974 YOY +11.5%	5,357	812 YOY -7.4%	877
Point	3,324 YOY -7.0%	3,575	612 YOY -23.3%	798
D2C	1,433 YOY +130.4%	621	152 YOY +158.4%	58
DX	1,250 YOY +7.1%	1,167	80 YOY +52.1%	52
Transaction value within segments	-32 YOY -	-7	-32 YOY -	-32
Financial Service Business	99 YOY -6.7%	106	-263 YOY -	-231
Inter-segment transaction value / Adjusted amount	-1 YOY -	-49	-279 YOY -	-277

Factors Affecting Operating Profit and Ordinary Profit (Q3)

(Millions of yen)



Condensed Balance Sheet

(Millions of yen)		End-Q3 FY2023	FY2022	Change	Major factors
	Current assets	17,066 (68.2%)	14,413 (63.8%)	+2,653	Cash and deposits: +1,881 Operational investment securities: +223 Inventory: +91
	Non-current assets	7,960 (31.8%)	8,183 (36.2%)	-223	Goodwill: -154 Software: -278 Investment securities: +80
Total assets		25,027 (100.0%)	22,597 (100.0%)	+2,430	
	Current liabilities	12,459 (49.8%)	10,558 (46.7%)	+1,901	Provision for point card certificates: +461 Short-term borrowings: +881 Income taxes payable etc.: -243
	Non-current liabilities	2,890 (11.5%)	2,342 (10.4%)	+547	Long-term borrowings: +598
Total liabilities		15,350 (61.3%)	12,900 (57.1%)	+2,449	
Total net assets		9,677 (38.7%)	9,696 (42.9%)	-18	Profit: +111 Dividends: -227
Total liabilities and net assets		25,027 (100.0%)	22,597 (100.0%)	+2,430	

Revised Full-year Forecast

(Millions of yen)	FY2023 Revised Forecast	FY2023 Initial forecast	Initial forecast Change	Initial forecast Change (%)
Net Sales	24,000	23,000	1,000	+4.3%
EBITDA *1	1,500	2,100	-600	-28.6%
Operating profit	1,000	1,600	-600	-37.5%
Ordinary profit	1,000	1,600	-600	-37.5%
Profit *2	250	800	-550	-68.8%

Reason for the revision

- Sales were revised upwards due to significantly higher than expected sales in D2C, while AD.TRACK and advertorial media were below expectations in terms of points due to sluggish advertising demand.
- Operating profit was revised downwards due to the delay in the rewarding of points from the previous year in MOPPY, as well as increased costs due to proactive investment in human resources and the loss of unprofitable projects in DX.
- Profit was revised downward due to the impact of a ¥368 million software impairment loss at Mercury, recorded as an extraordinary loss.

*1 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.

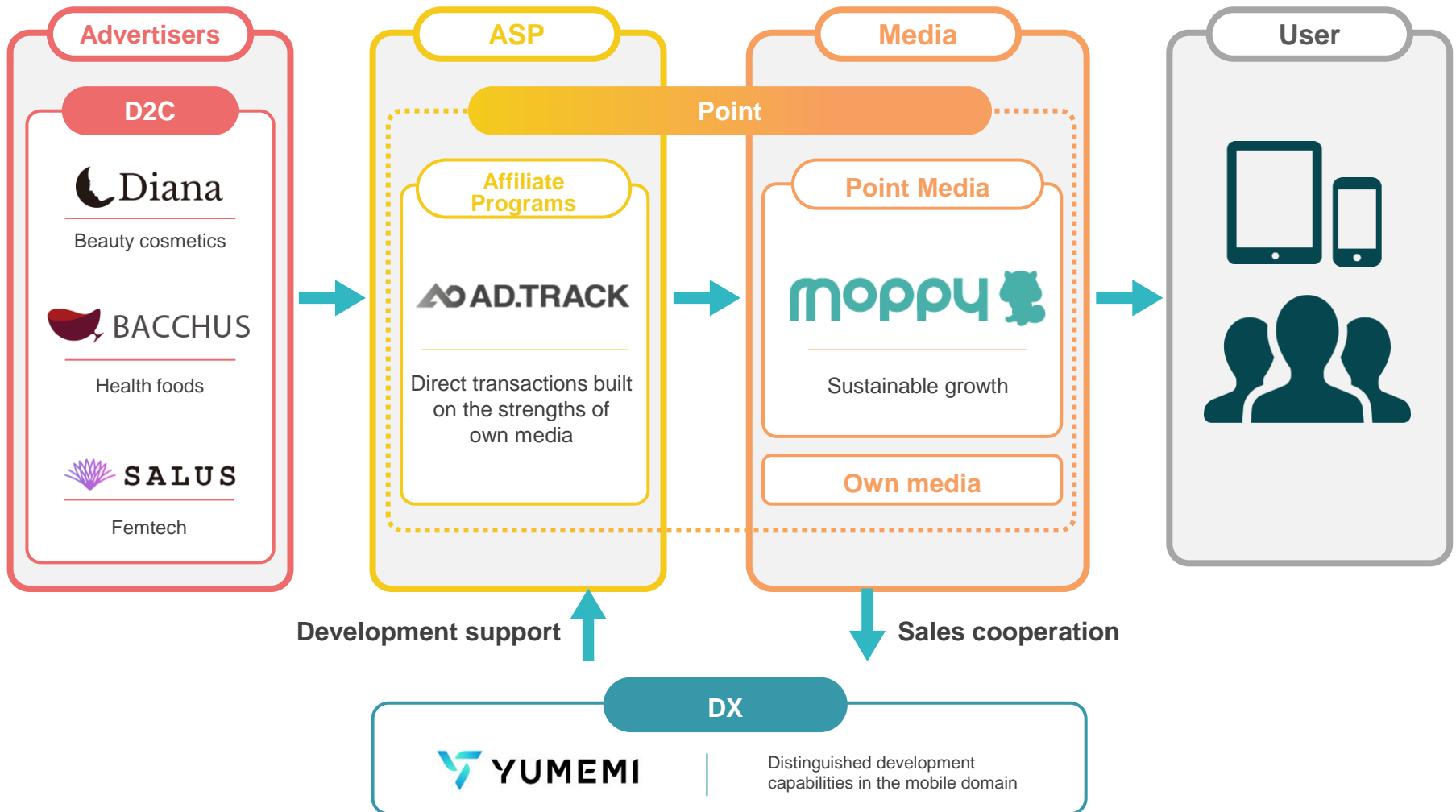
*2 Profit represents profit attributable to owners of parent.



2. Status of Each Business

Mobile Service Business Domains

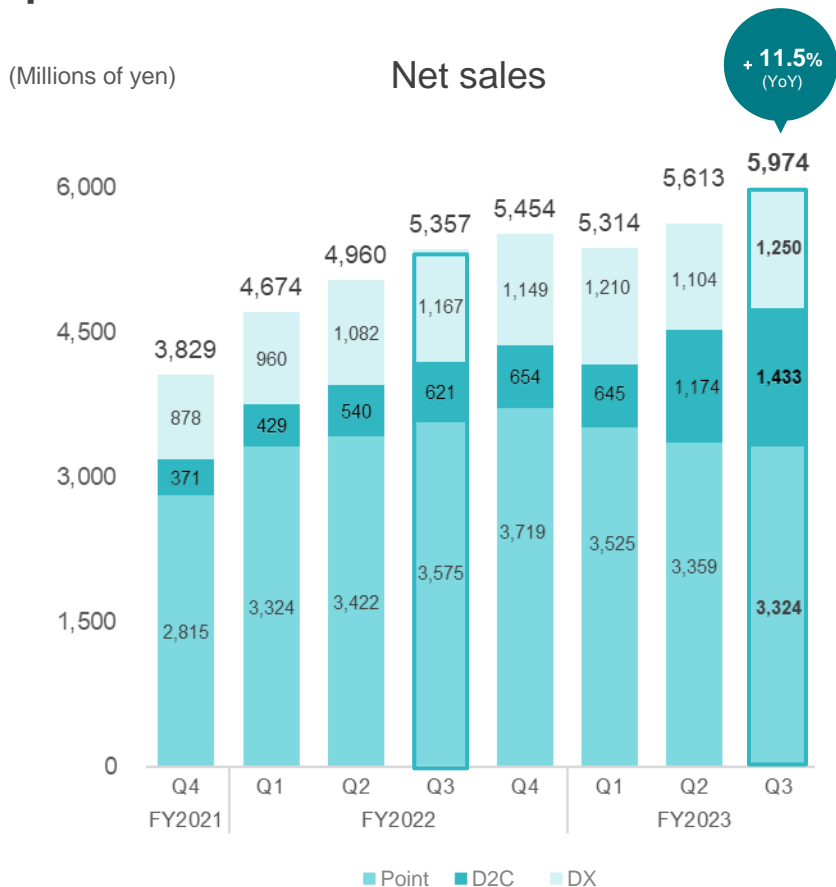
Create synergies through mutual collaboration between Moppy, AD.TRACK and D2C.



Mobile Service Business Earnings

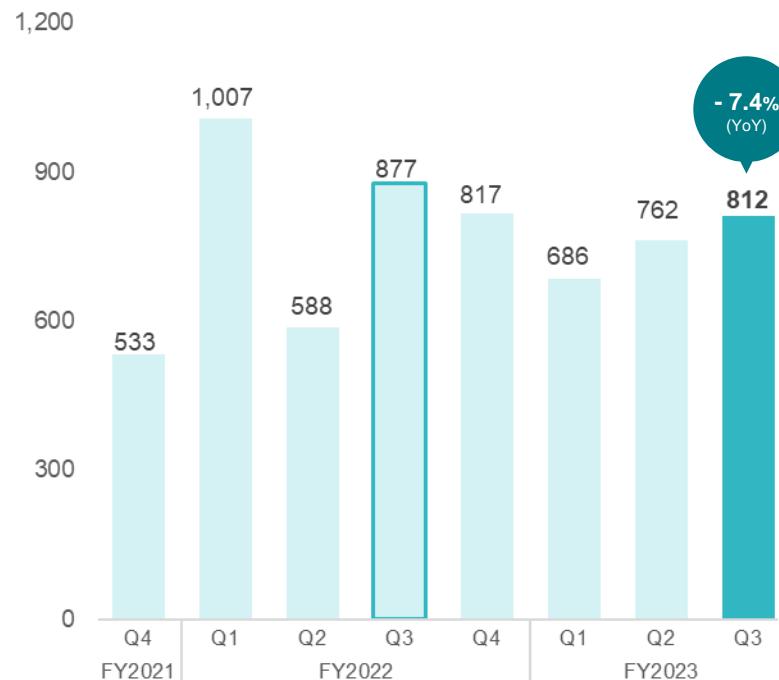
Sales were up 11.5% YoY due to strong D2C performance despite a decline in some financial advertiser placements at Moppy.

Operating profit fell 7.4% YoY despite strong performance in D2C and DX, due to lower point sales.



(Millions of yen)

Operating profit

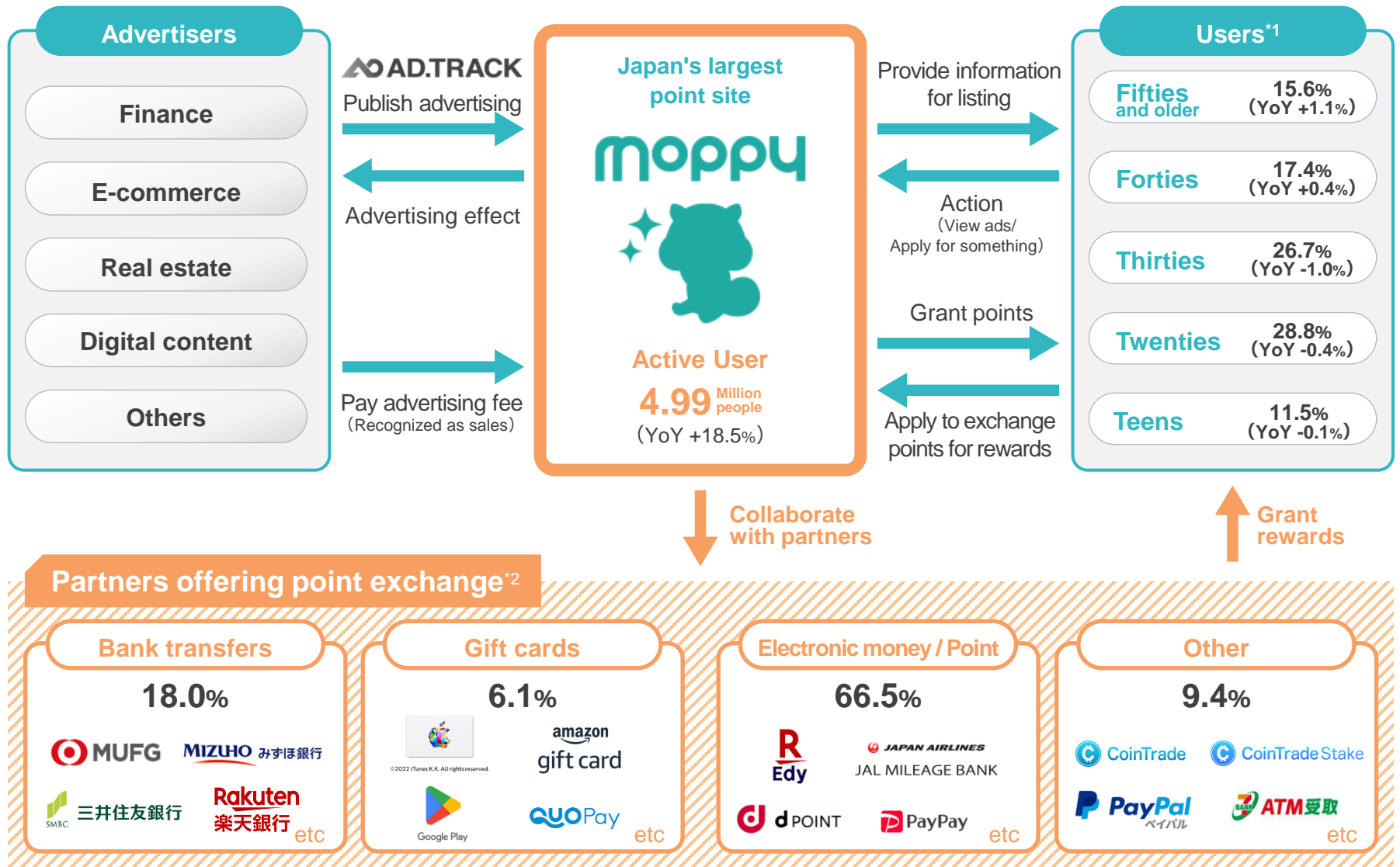


* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

* 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

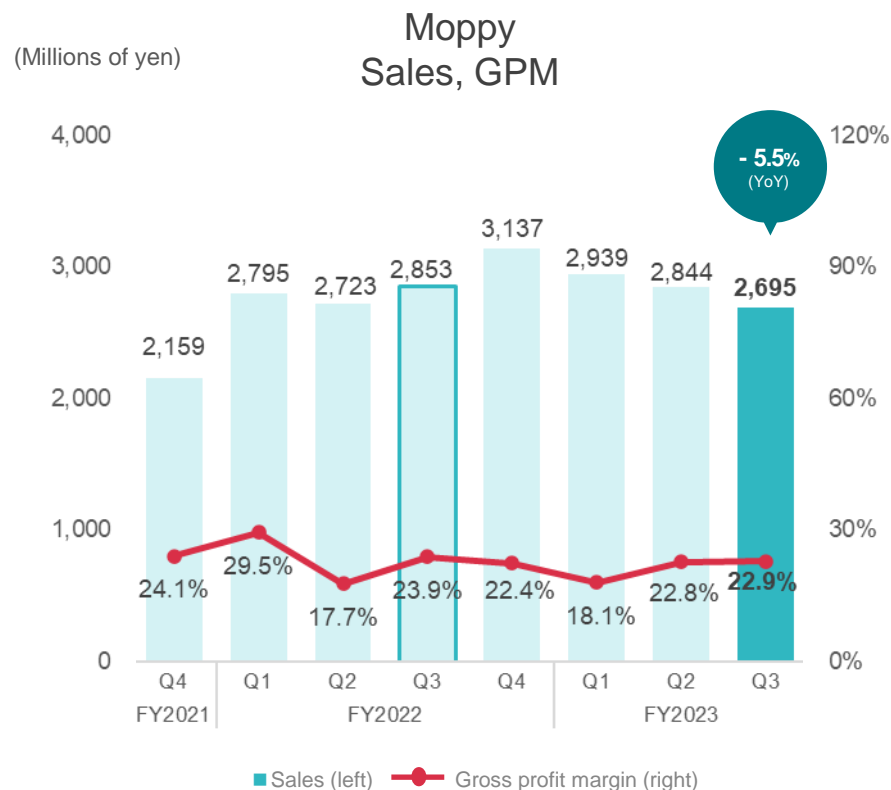
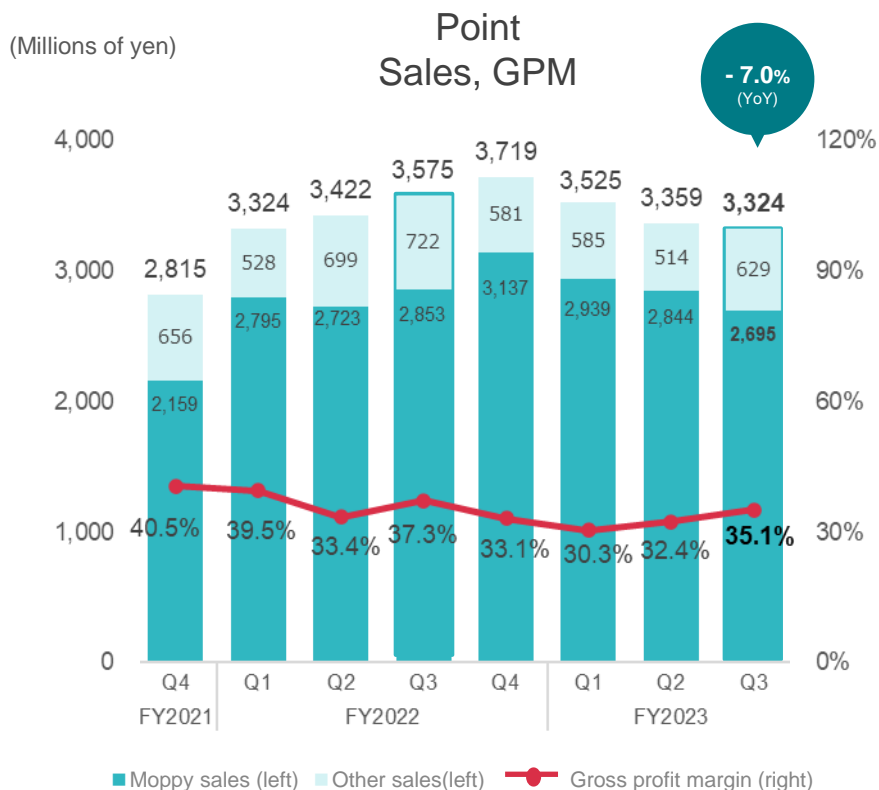


*1 Ratios as of September 30, 2023

*2 Point exchange ratios are for July to September 2023

Point Earnings

Sales declined despite strong sales for e-commerce at Moppy, the impact of reduced placements by some financial advertisers and the continued impact of tighter consumer protection regulations in ASP and advertorial media.



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

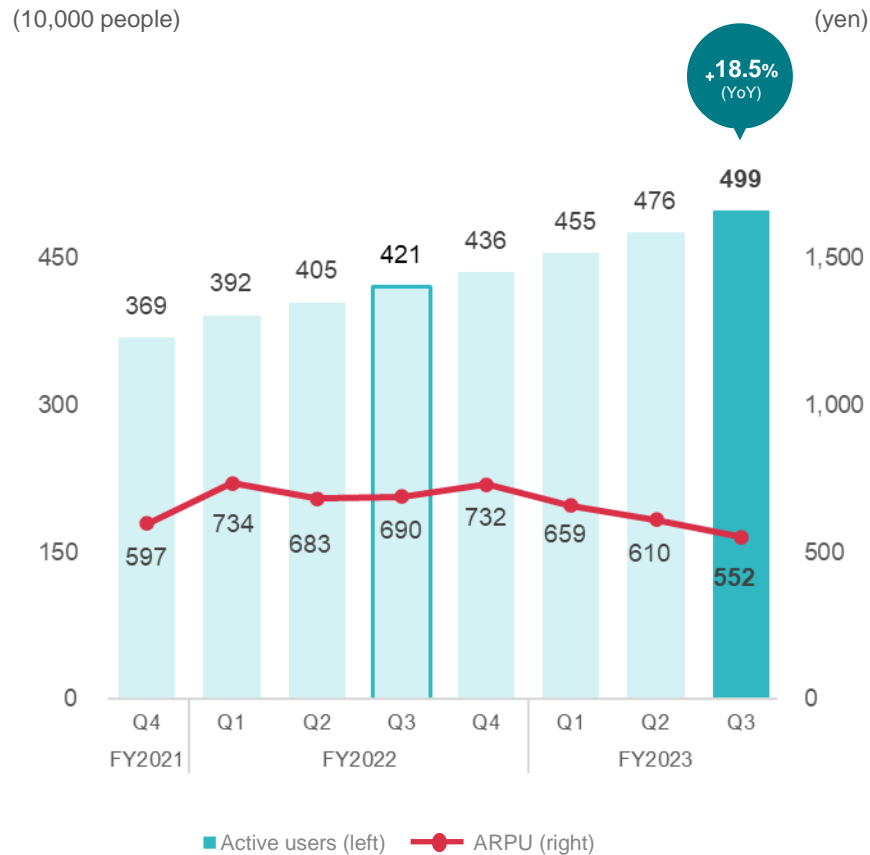
* The business classification in the Mobile Service segment for FY2021 and earlier has been revised in accordance with the changes that subsequently took place in the segment.

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

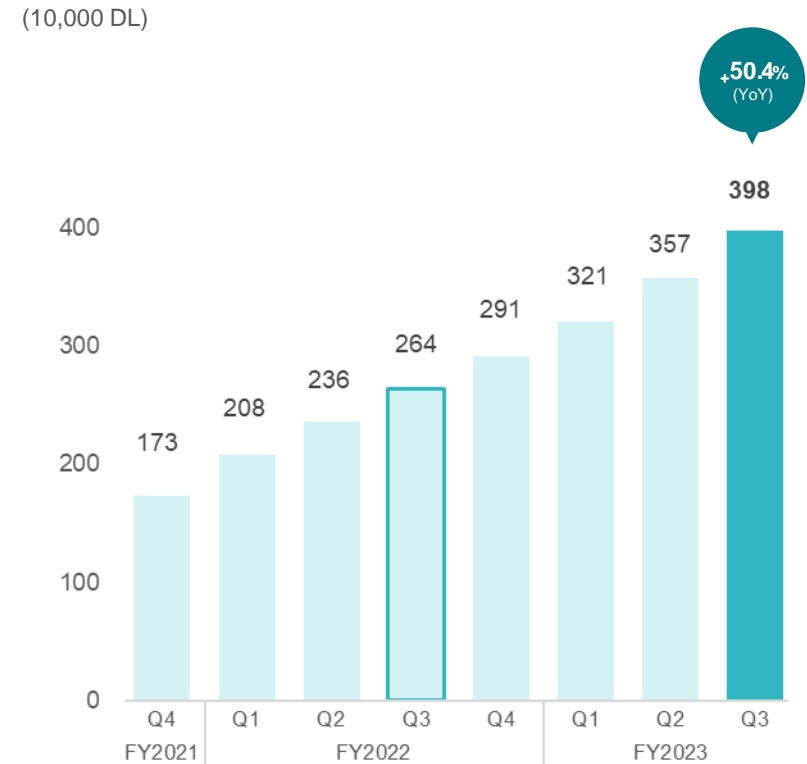
Active users / ARPU / Apps Downloads (Moppy)

Membership continues to grow steadily with active members on track to reach 5 million. Unique users (users who responded to ads) increased but ARPU decreased due to an increase in UUs using only low unit price e-commerce ads.

Active users, ARPU



Apps Downloads

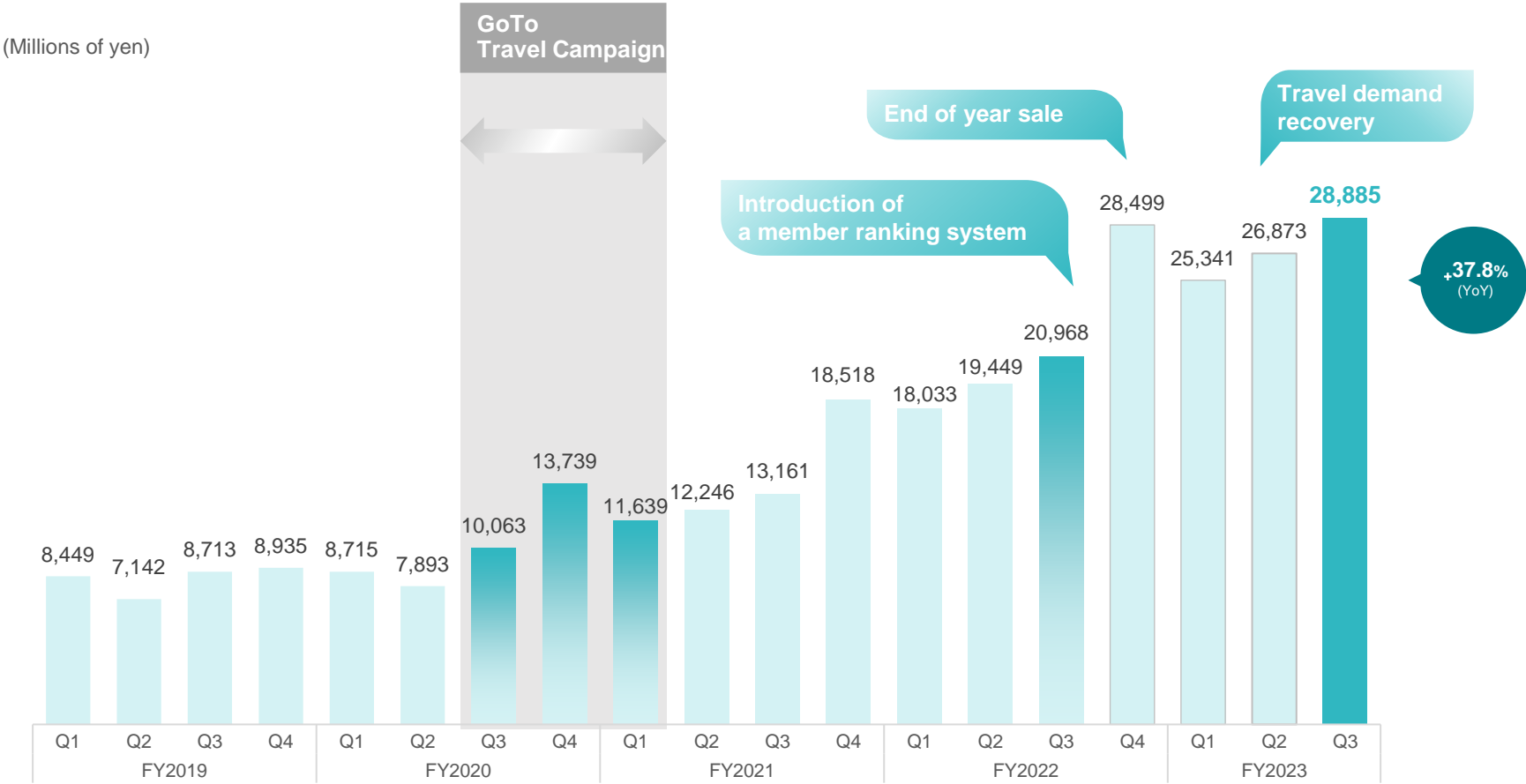


E-Commerce Transaction Value by Moppy

GMV continues to increase due to growing awareness of EC-based affiliates.

Since the downgrading of the legal status of the COVID-19 to “common infectious disease”, thanks in part to an increase in transaction value due to travel bookings.

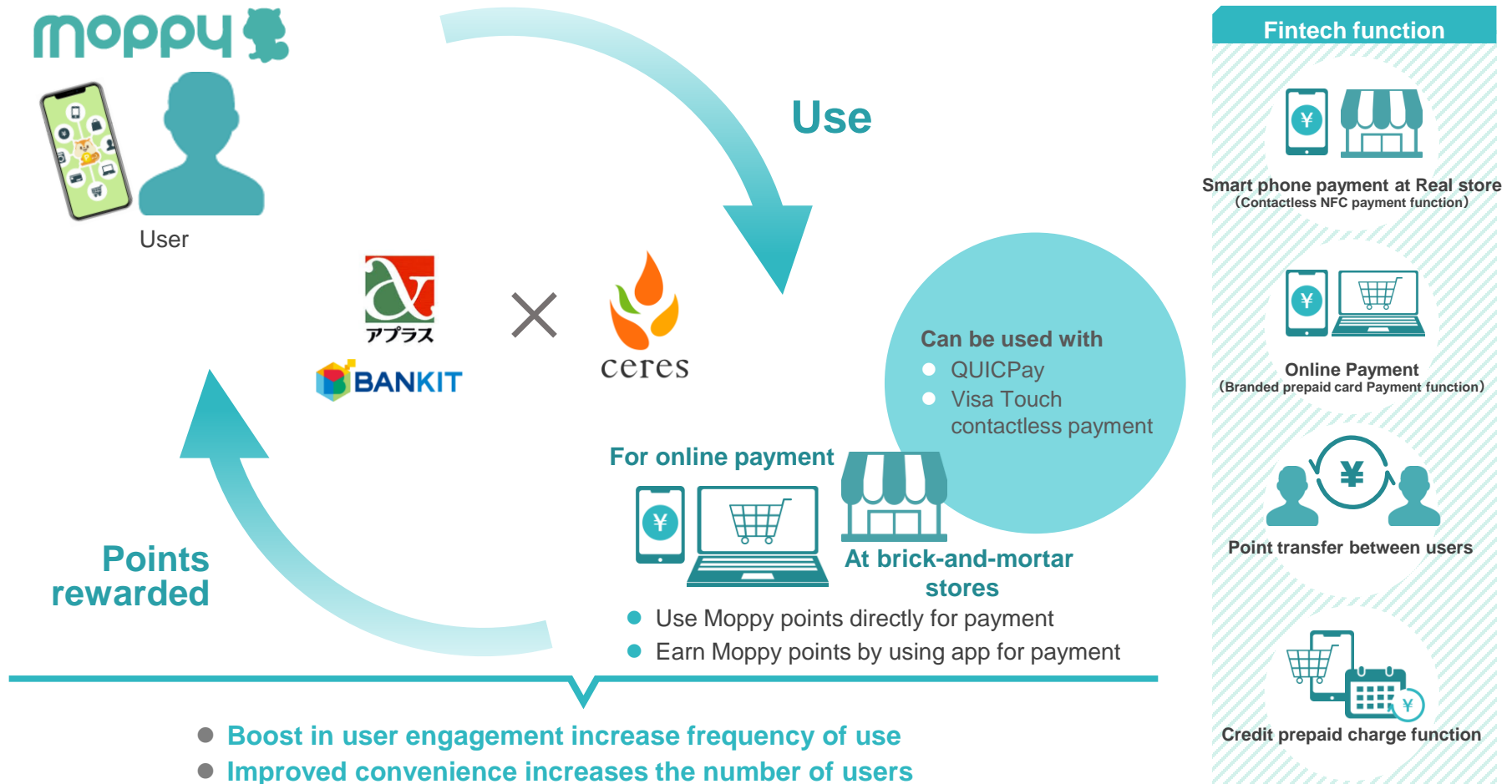
E-Commerce Transaction Value (GMV)



Moppy Business Strategy

We plan to launch “Moppy Pay”, fintech features, this month.

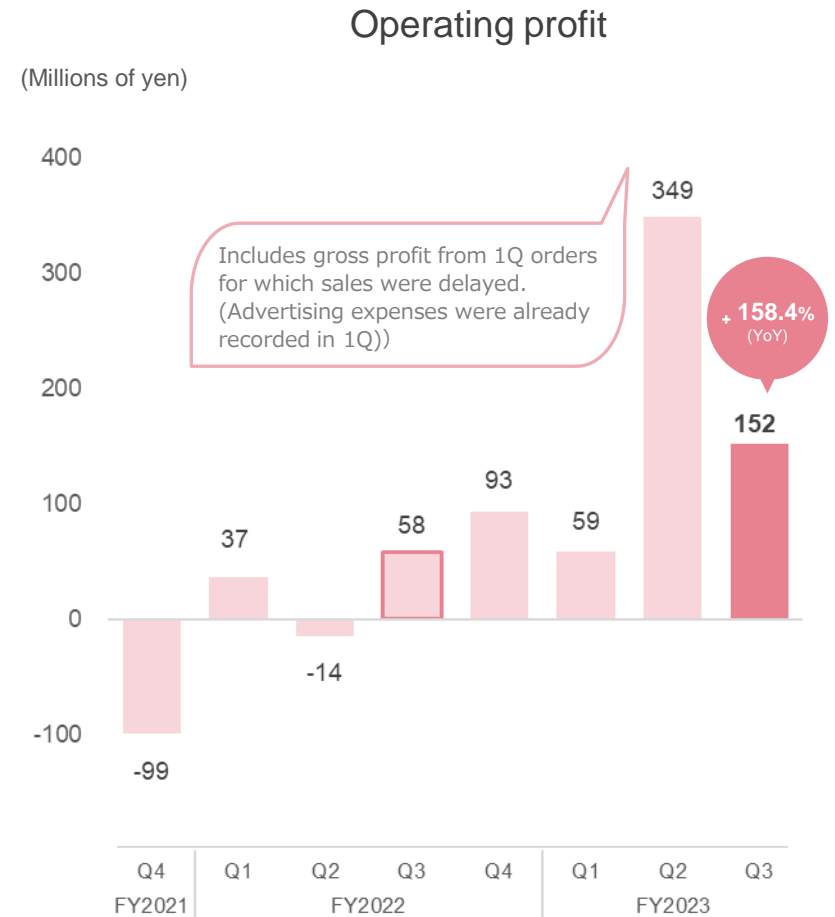
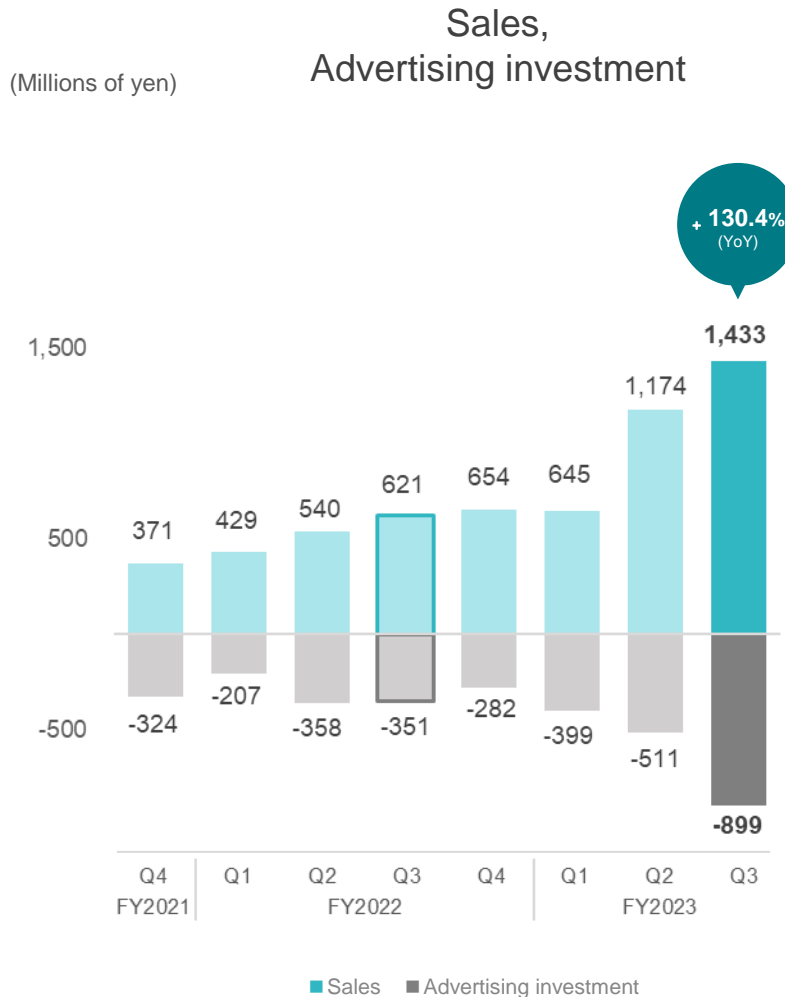
This will enable to transfer customer traffic to real stores, backed by 5 million active Moppy members.



D2C Earnings

Following "Pitsole", "Oi gurt" a supplement for improving the intestinal environment, was successfully launched.

Sales rose sharply by 2.3 times YoY, and operating profit increased by 2.6 times YoY despite rising advertising costs.



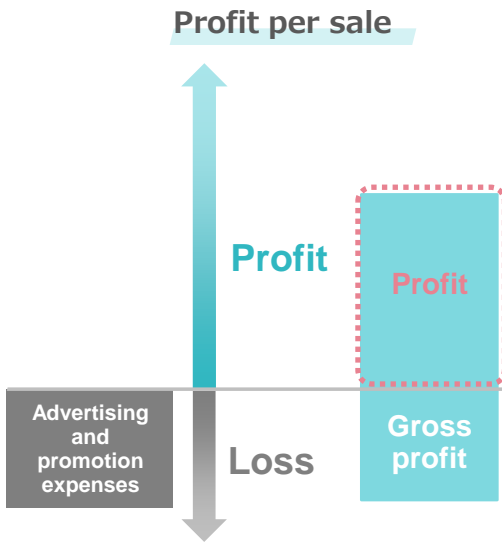
Profit Structure of D2C Single Product Sales and Subscription Sales Models

Single product

- ✓ Selling individually on our website
- ✓ Selling in malls and retail outlets



High Performance Insole 「Pitsole」



📍 Trial purchases in the mall can lead to subscription purchases.

Subscription

- ✓ Selling subscription products on our website



Supplement improve intestinal environment 「Oigurt」



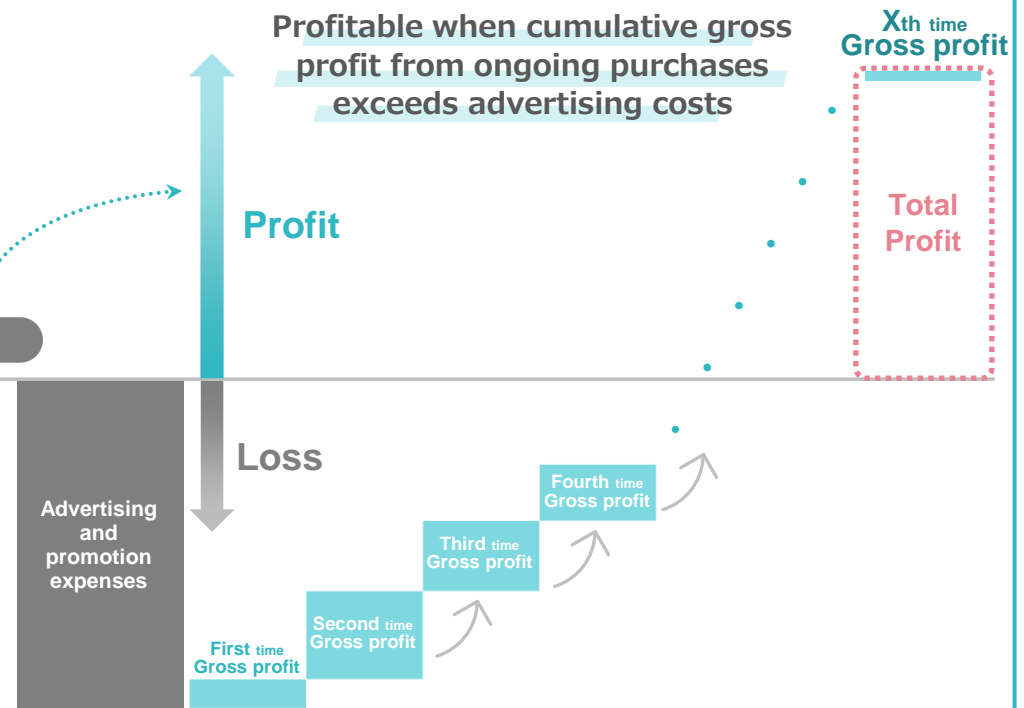
Online medical care for pills 「anypill」



Replacement diet milk tea 「Oitea」



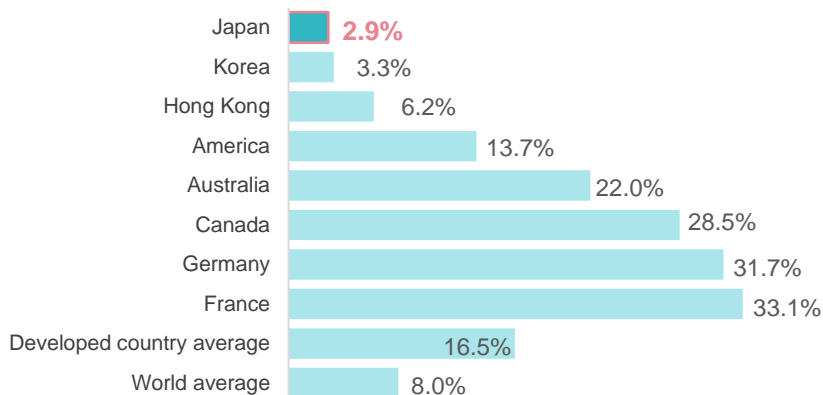
Original Cosmetics 「ÉTOILE BEAUTÉ」 series



Subsidiary Salus offers an online medical service for low-dose pills.

The service can be completed from medical examination to prescription with a single smartphone, and pills can be received at home.

Pill use rates in different countries*1



Issues | Barriers to Pill Use

- Going to the hospital is too public
- Too busy to go to the clinic
- Can't make it to the clinic in time
- The process from examination to prescription is time-consuming

Solution | Online Medical Care

- Apply at your convenience
- Easy process with just a smartphone

Domestic low-dose pill market is expected to grow further in the future due to the availability of online medical services



Anypill
Strategies

Leverage Ceres' marketing capabilities, cultivated through in-house media Moppy and AD.TRACK

Very low
churn rate

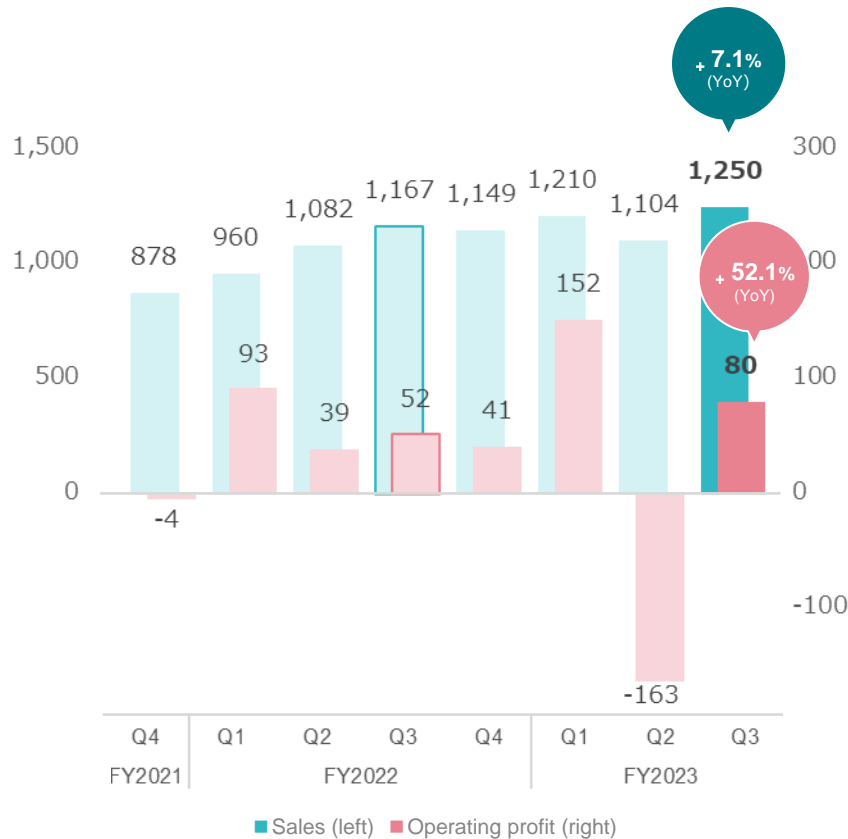
*1 source : United Nations, 「Contraceptive Use by Method 2019」 pp.15-22.

https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/files/documents/2020/Jan/un_2019_contraceptiveusebymethod_databooklet.pdf

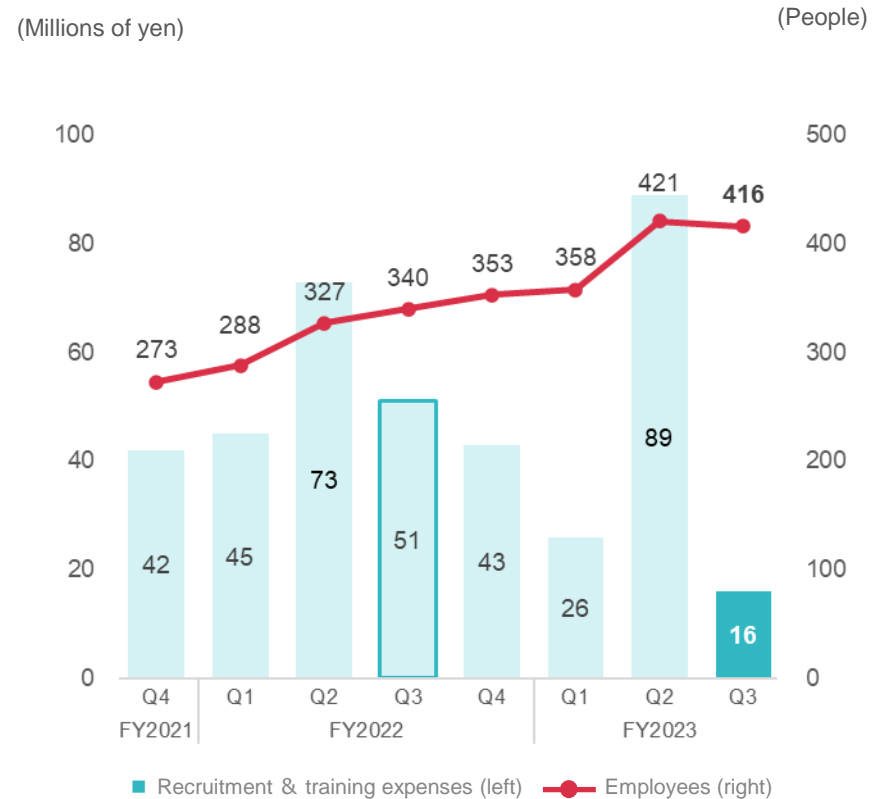
DX (YUMEMI) Earnings

Orders remained strong and quarterly sales reached a record high of ¥1,250 million. Operating profit increased by 52.1% to ¥80 million due to recovery in operating rate despite some unprofitable projects.

Sales, Operating profit (Millions of yen)



Employees, Recruitment & training expenses (Millions of yen)



DX (YUMEMI) QoQ Profit Recovery Background

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

Gradual progress in bringing new graduate engineers into the workforce in Q3 and a turnaround from a loss in Q2 to a profit in Q3.

Business scale expansion

- Increase in number of engineers
- High-quality engineers secured

- ★ Prime projects*
(orders received directly from clients)
- ★ In-house development
(development by in-house engineers)

* Refers to orders received directly from clients without going through an intermediary vendor.



- Superior price competitiveness
- Good cost performance

High profitability



Cost variance factors due to investment in human resources	Q3/23	Q2/23
● Decrease in referral fees generated by hiring new graduate engineers	¥6mn	¥77mn
● Improve utilization ratio after hiring new graduate engineers	76.0%	69.0%
● Decrease in SES (subcontractor) cost/labor cost ratio	19.7%	21.9%

“Enta NFT”, an in-house developed product related to Web3, received the Good Design Award.

Yumemi's application designs for leading companies were also highly evaluated, winning 3 awards in 2023.

Enta NFT (web3)

A service that allows you to easily receive NFTs



ウォレット不要で手軽なNFT配布体験へ。
NFTの受け取りはQRコードを読み取ればOK。
独自のブランディングアイデアをNFTで。



Evaluation Points

Service design for new communication, receiving NFTs without the need for a digital wallet



au PAY App

Online shopping, mobile ordering, food delivery, investment trusts, insurance, and other payments can all be made with a single smartphone

Evaluation Points

Information design, structure, and UI design available in one application

Osaka Gas Official Smartphone app [taknal]

An application that allows users to "cross paths" and discover books recommended by each other

“人とのすれ違い”を
“本との出会い”に
変えるアプリ

taknal



Evaluation Points

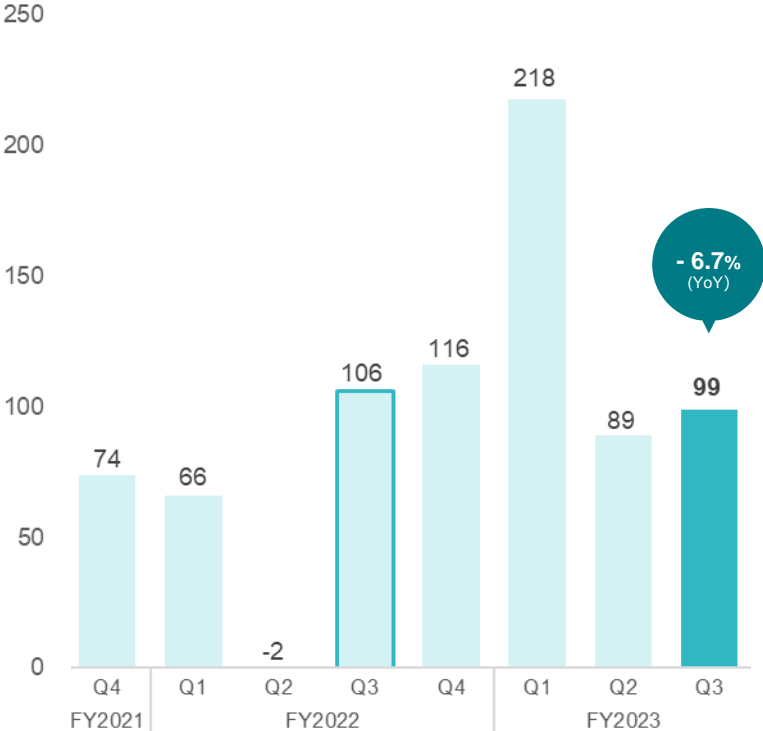
A service that offers a sense of serendipity through a highly random and fresh way of getting information

Financial Service Business Earnings

An increase in staking balance at Mercury and steady growth in invoice purchases at labol, though operating and ordinary losses were recorded due to the decline in crypto asset prices and continued proactive investments for future growth.

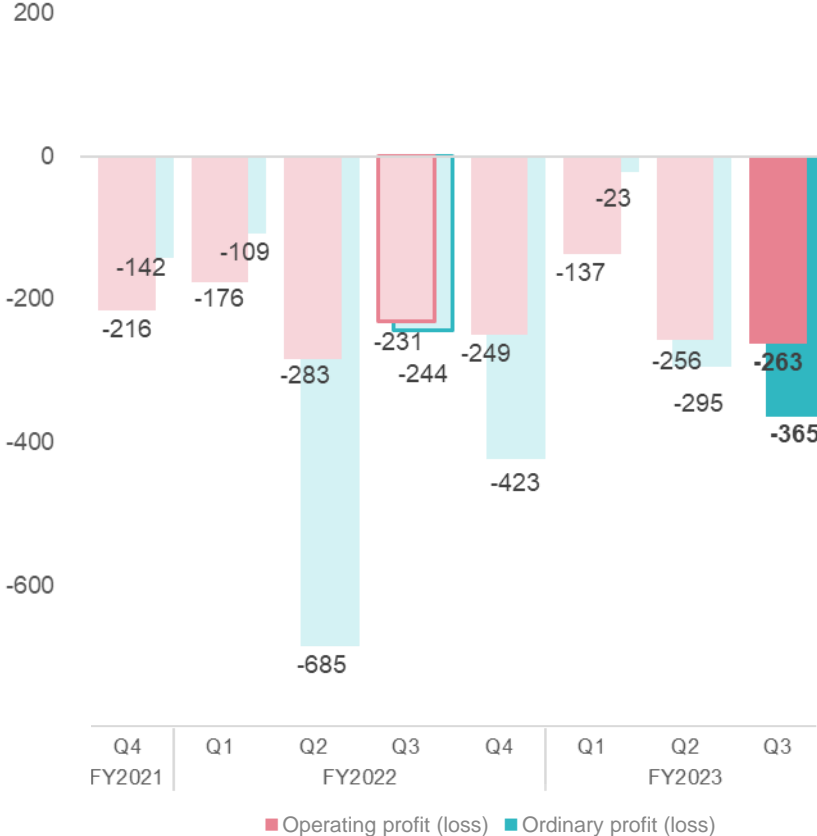
(Millions of yen)

Sales



(Millions of yen)

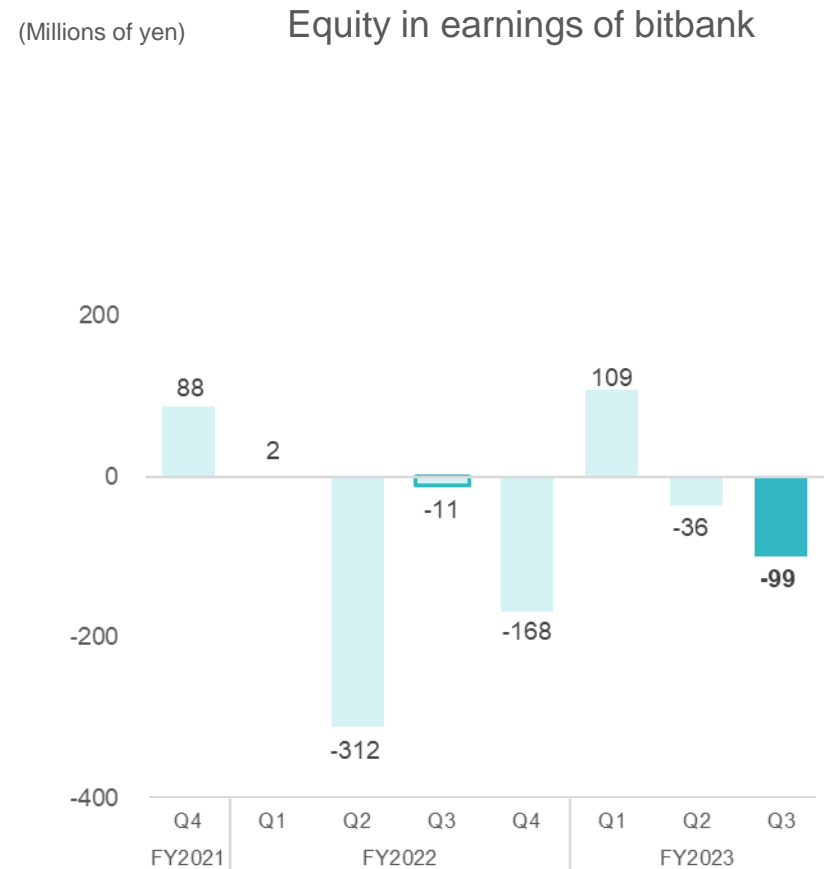
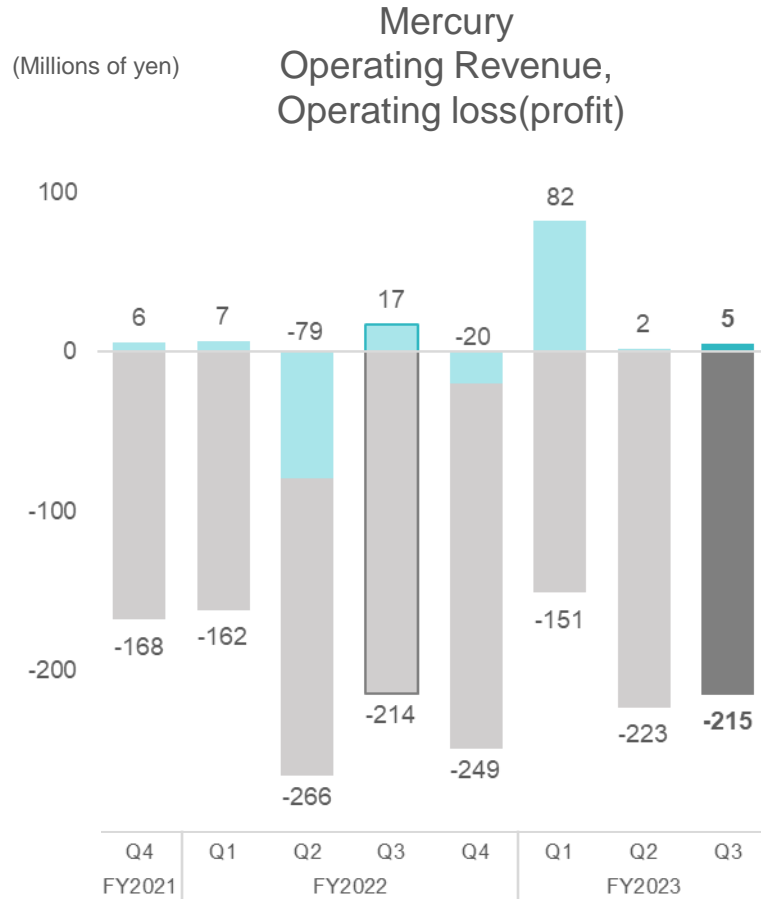
Operating profit (loss), Ordinary profit (loss)



Mercury and bitbank Earnings

Staking is available in 9 currencies and deposit balances are increased at Mercury.

bitbank deals in 32 currencies, one of the top exchanges in Japan.



■ Operating Revenue ■ Operating loss (profit)

Mercury Topic

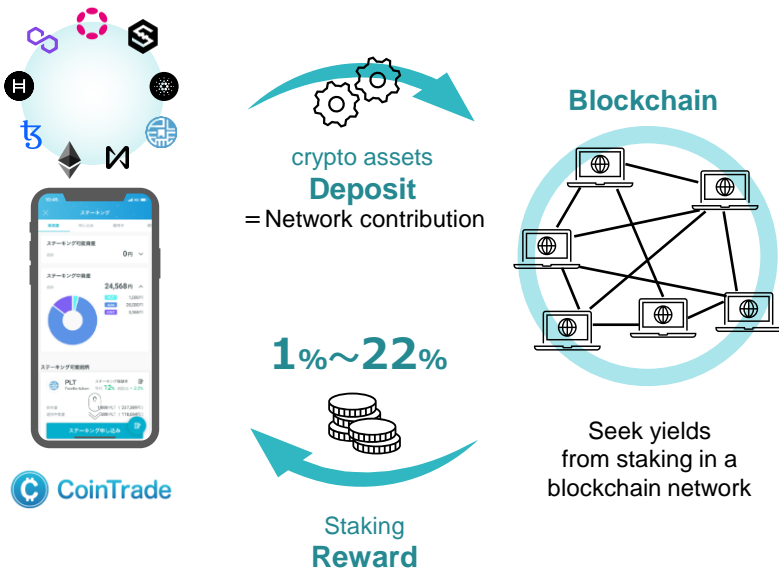
Mercury started handling 4 currencies in staking service in 2023 including Ethereum (ETH).

Hedera (HBAR) and NEAR Protocol (NEAR) listed for the first time in Japan.

Current Staking Total in 9 Crypto assets ¥ 407,320,967 (As of October 31, 2023)

Staking

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



CoinTrade crypto assets (14)



BTC



XRP



BCH



LTC



AVAX

CoinTradeStake crypto assets (9)



PLT
APR
10%~22%



IOST
APR
5%~11%



ADA
APR
1%~2.8%



DOT
APR
5%~15%



XTZ
APR
2%~4.5%



HBAR
APR
1.5%~2%

Released in 2023



MATIC
APR
1%~4.2%



NEAR
APR
1%~6%



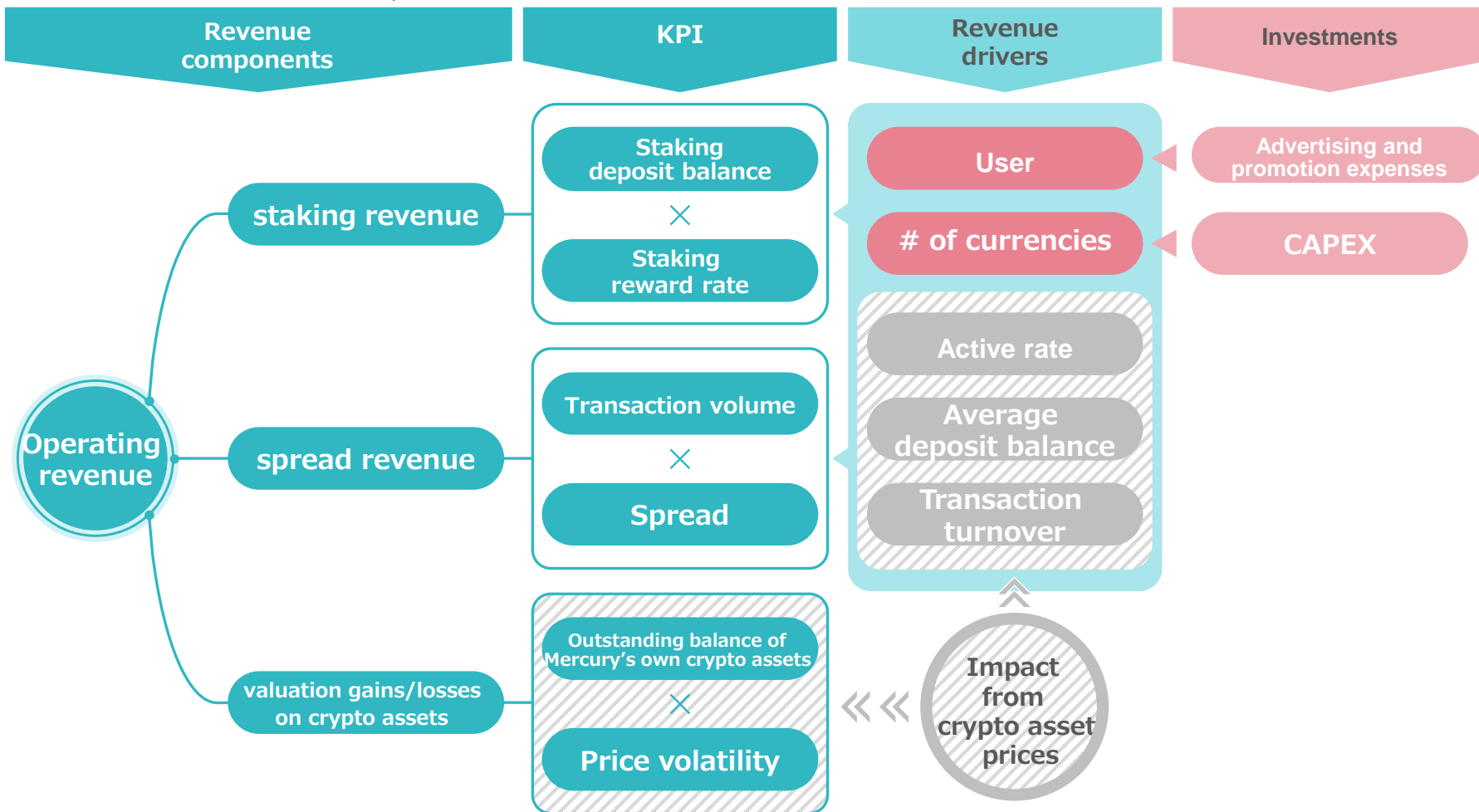
ETH
APR
3.2%

* Estimated annual yields are for reference purposes only

Mercury's Revenue Structure

Operating revenues consist of staking revenues, spread revenues, and valuation gains/losses on crypto assets.

Continue to proactively invest to increase the number of users and expand the number of available currencies, which are the drivers of revenue.



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

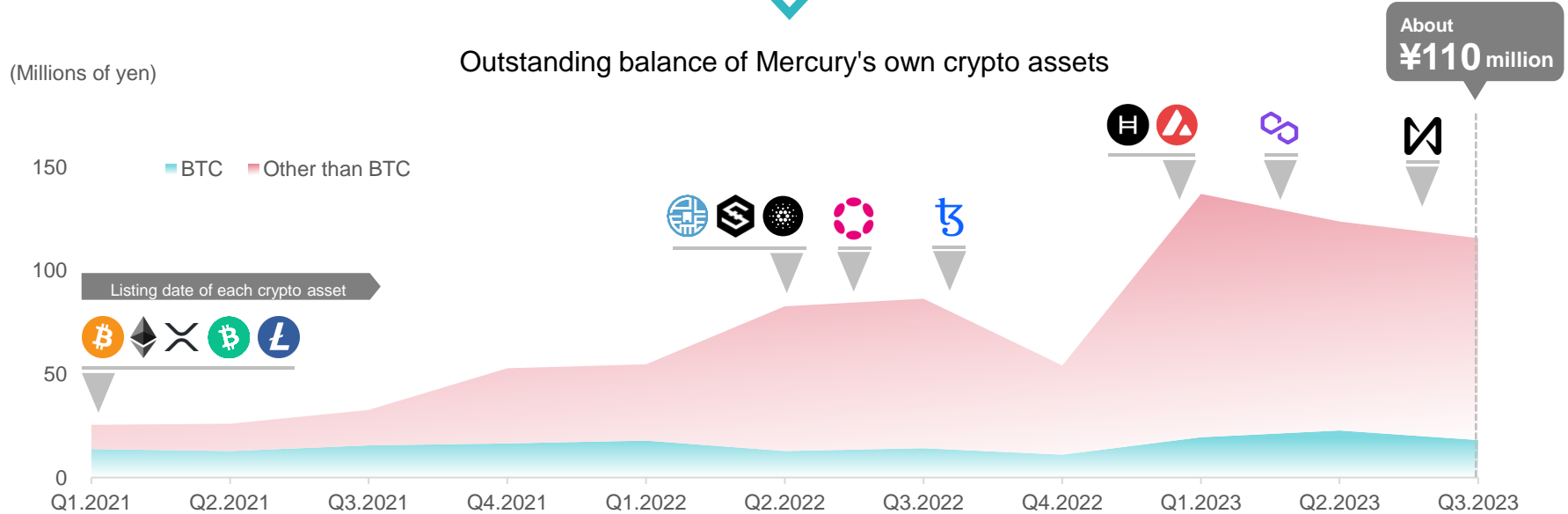
Mercury holds a certain amount of crypto assets

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

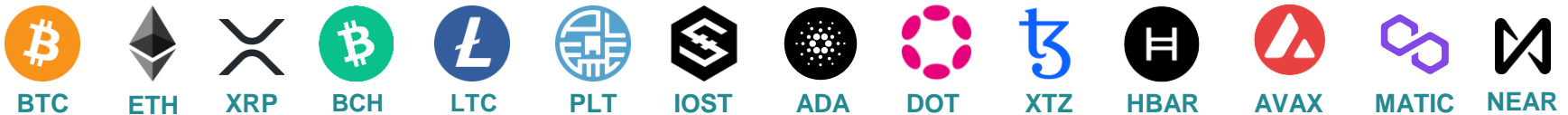
For self-holding crypto assets, under the accounting rules, valuation/gains or losses on sale are booked to net sales.

*** 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 ¥122 million in three companies in Q3 2023 (Jul-Sep).

*As of September 30, 2023



Collaborations in Mobile Service

Media, D2C-related

Collaborations in Financial Service

Fintech, blockchain-related

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 September 30, 2023)
Representative	Satoshi Takagi, President and Representative Director
Employees (Consolidated)	614 (As of September 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

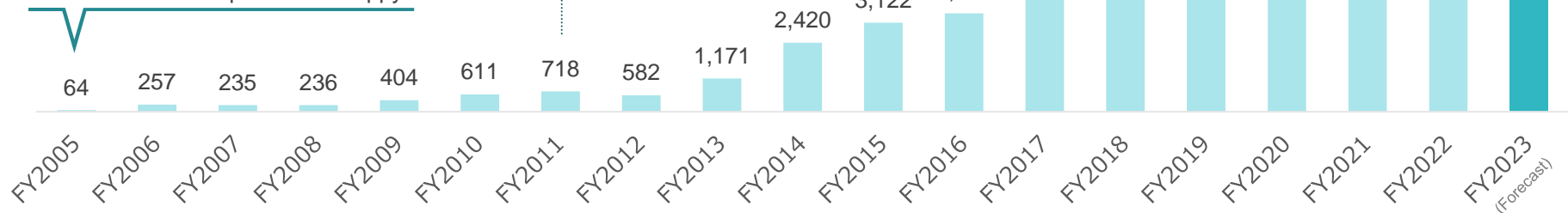
2017 Made bitbank, Inc. an equity-method affiliate
Established Mercury Inc. to enter into the crypto asset exchange business

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	

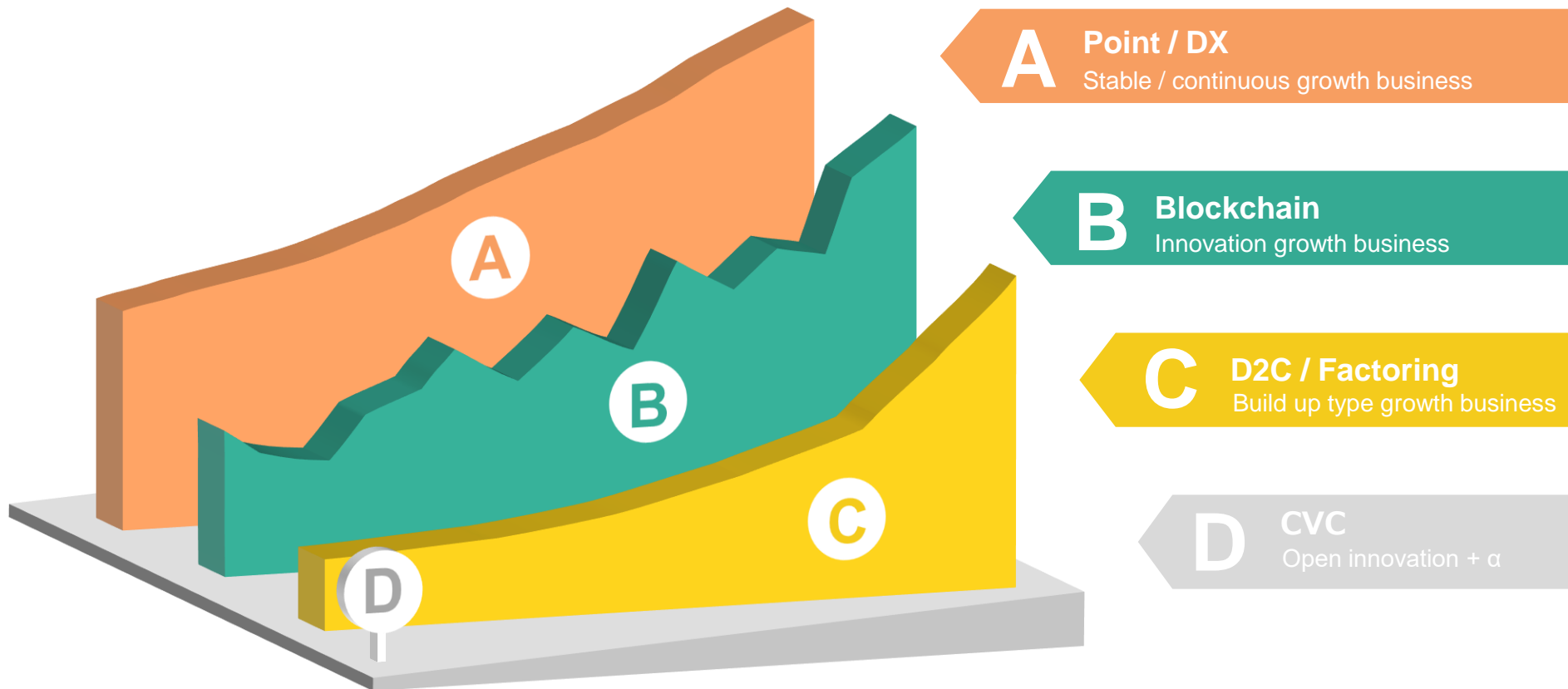
Financial Service Business

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

An Image of Growth up to 2026


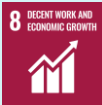





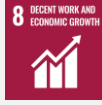








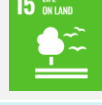



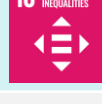
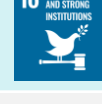





We will pursue medium-term growth leveraging three business portfolios that feature varying growth models.

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



Setting Materiality

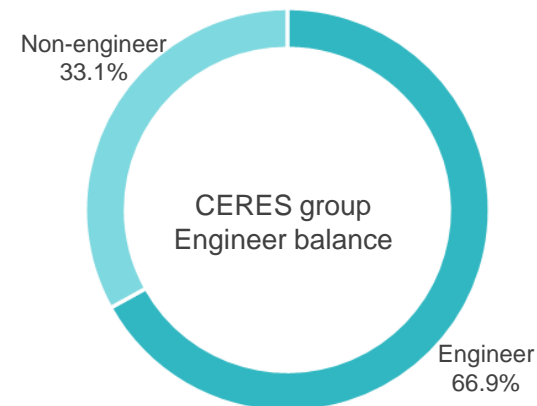
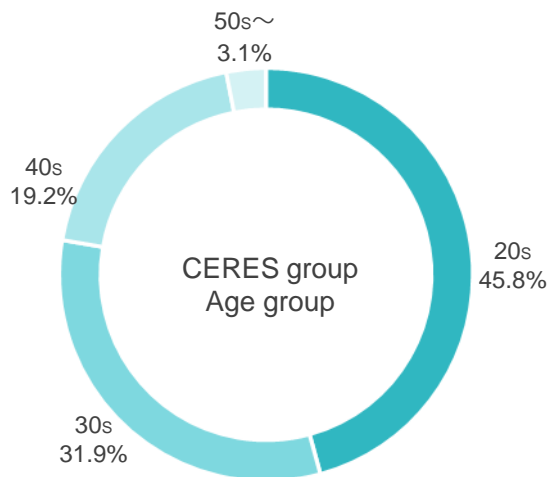
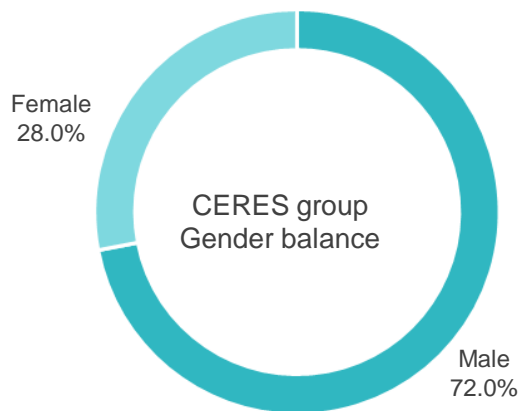
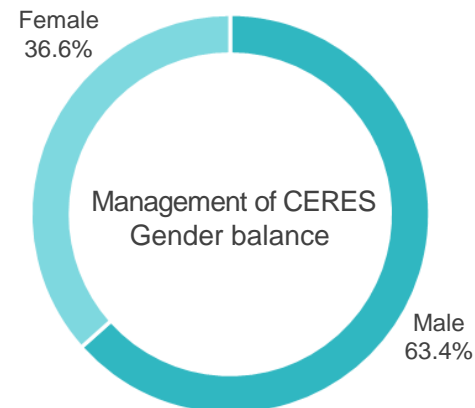
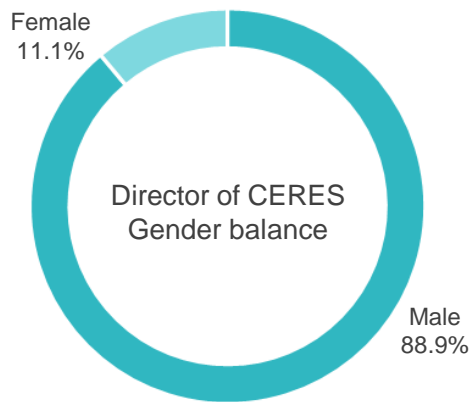
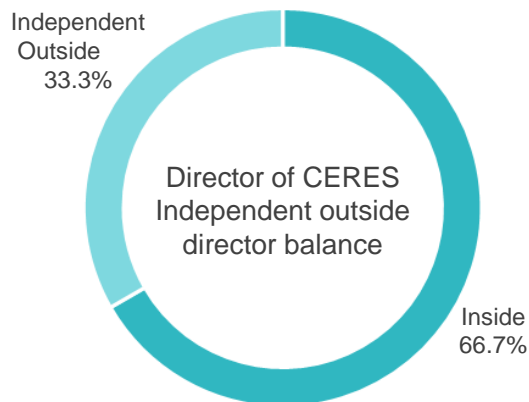
We identified seven material issues as key themes to focus on, and intend to step up existing ESG strategies implemented to practice sustainable management.

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						

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.

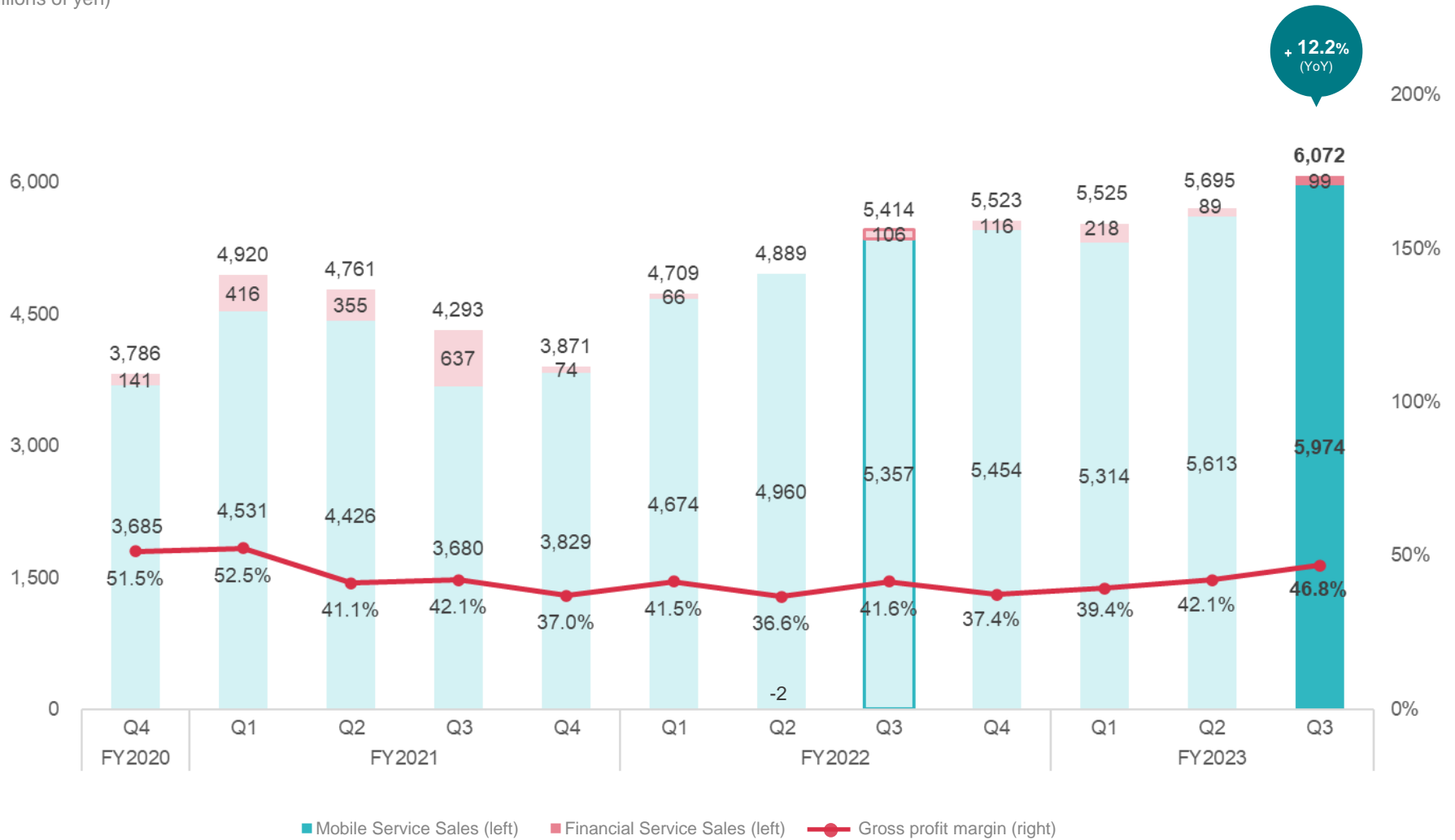


* As of September 30,2023

Earnings

Quarterly Sales

(Millions of yen)



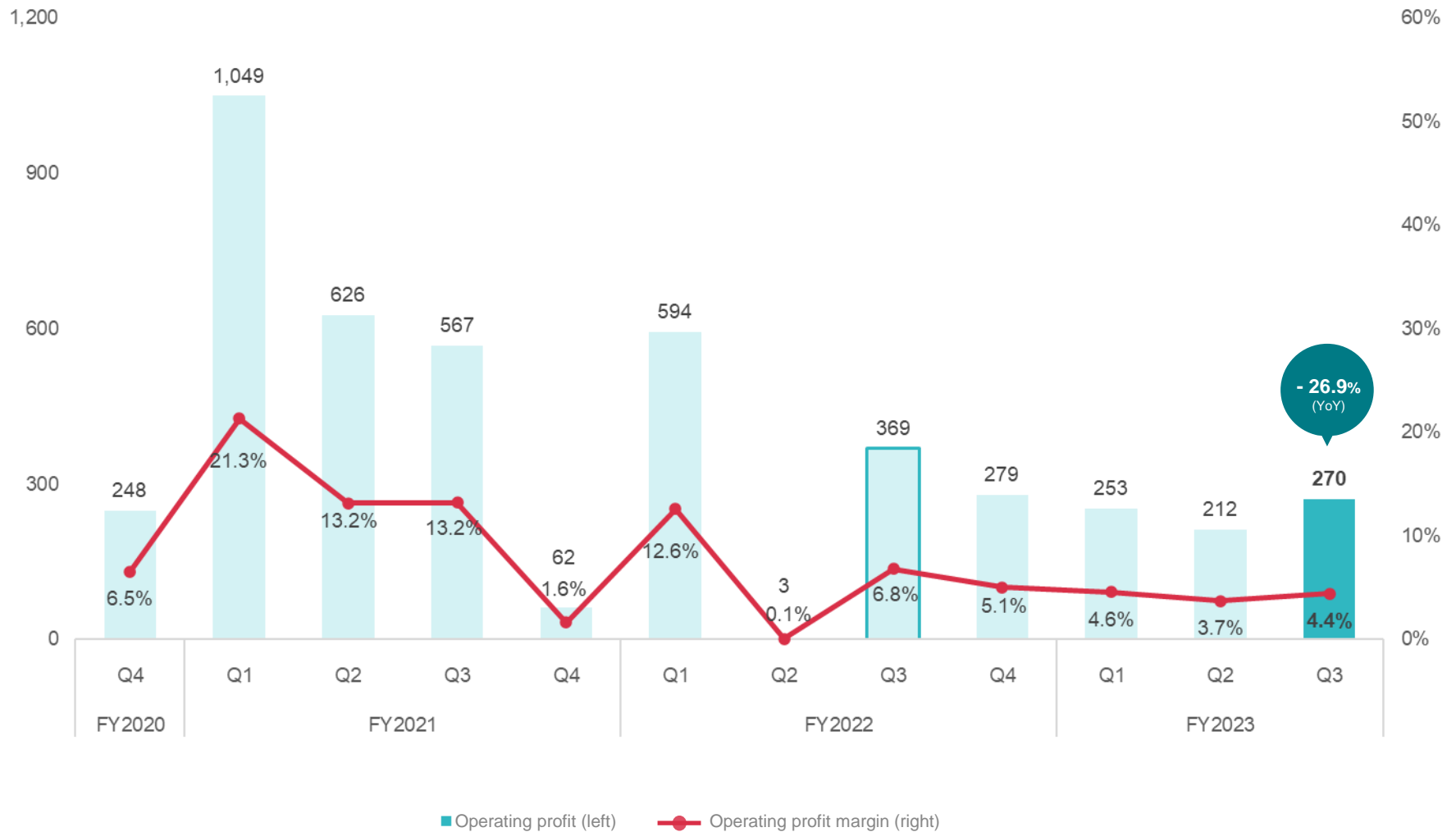
* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

* 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.

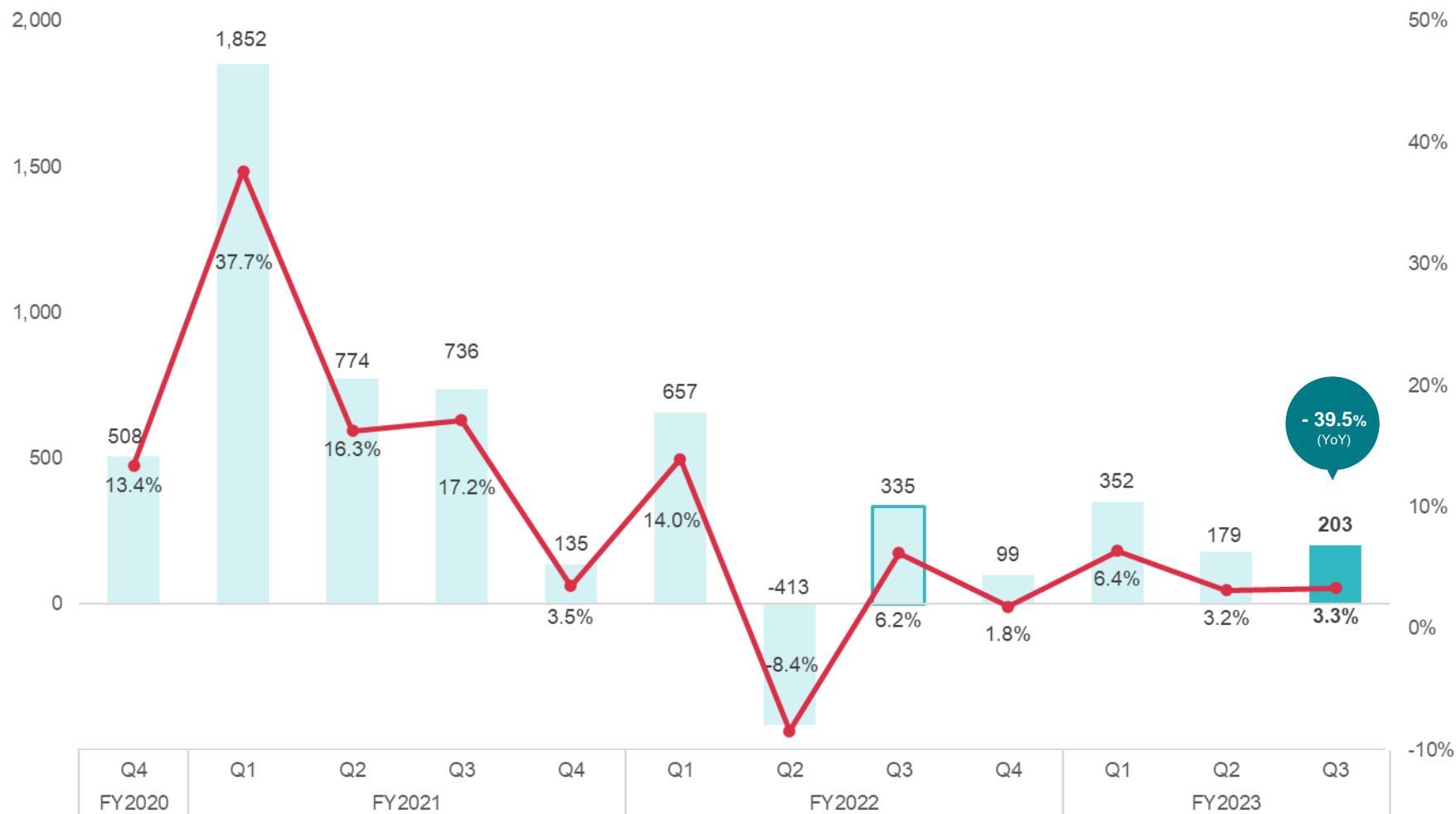
Quarterly Operating Profit

(Millions of yen)



Quarterly Ordinary Profit

(Millions of yen)

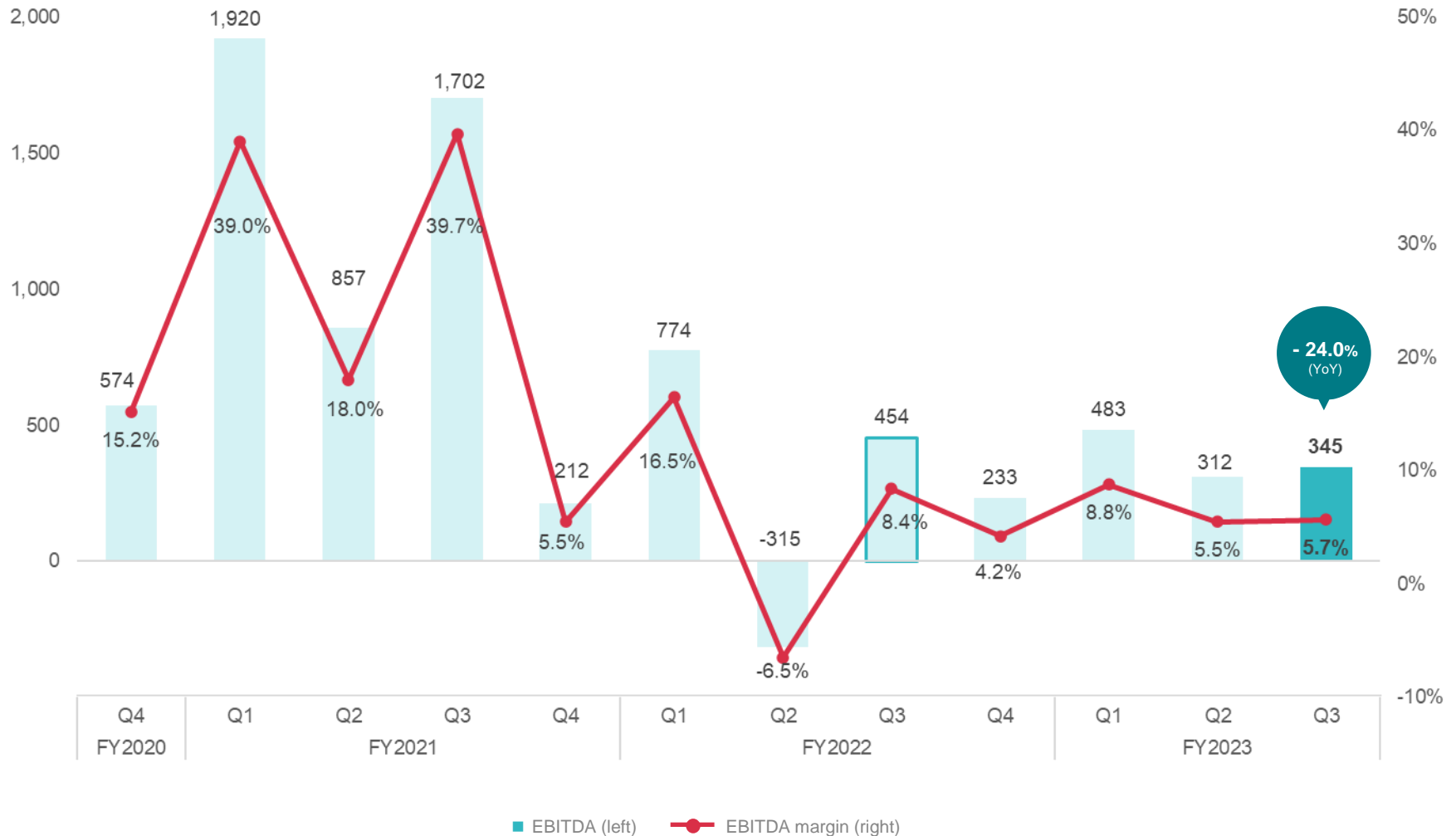


-39.5%
(YoY)

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

Quarterly EBITDA

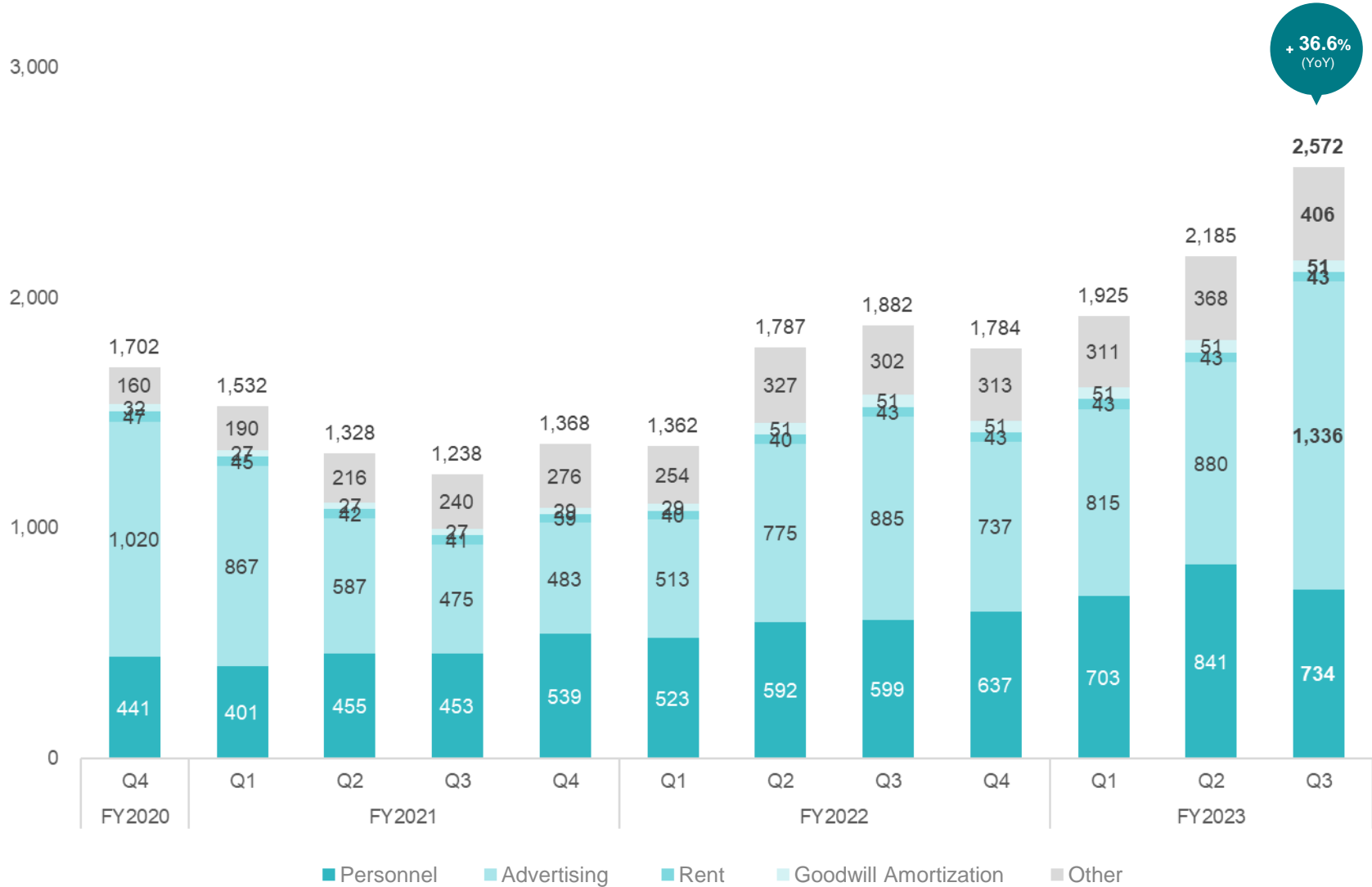
(Millions of yen)



* 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.

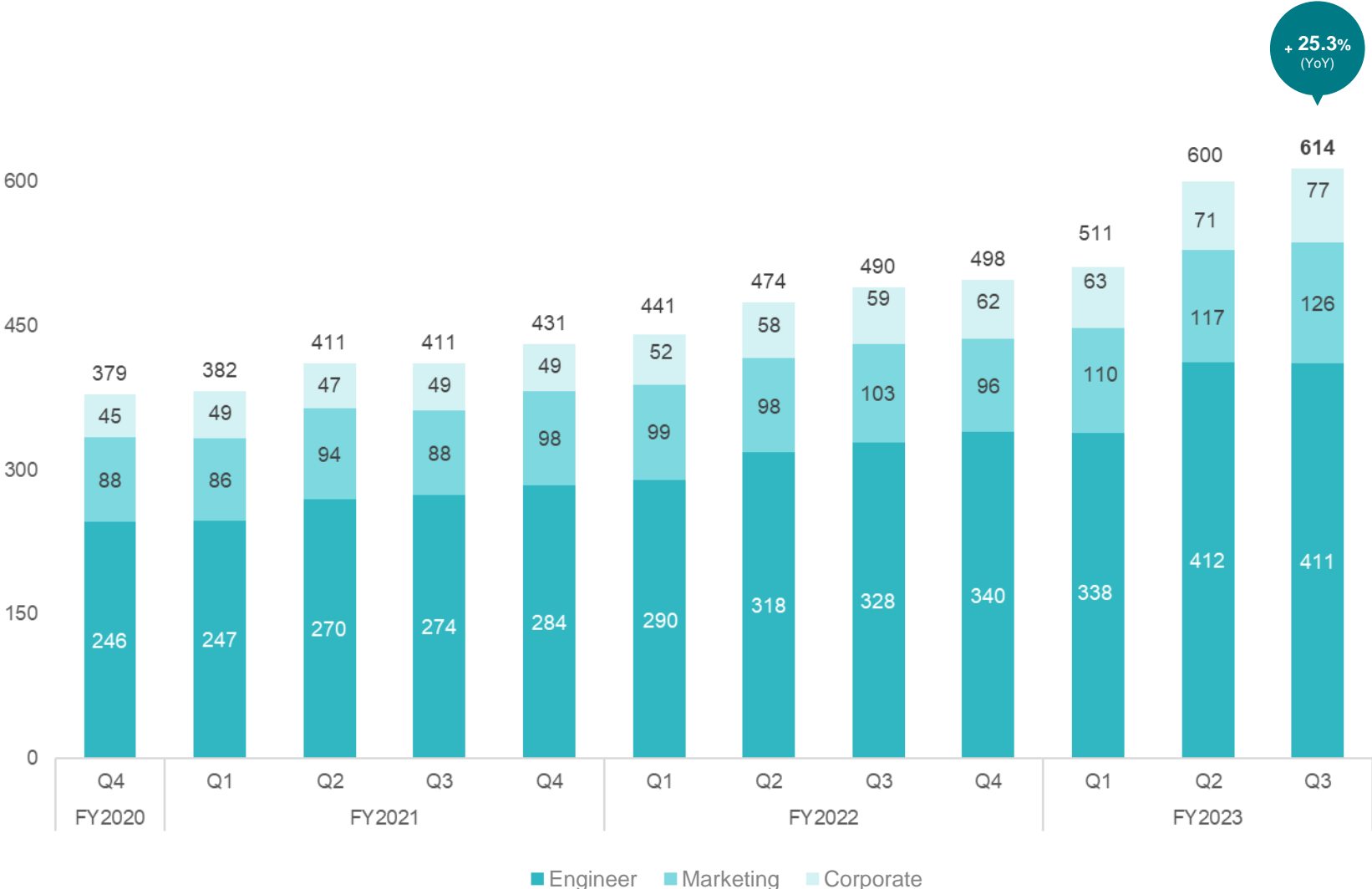
Quarterly SG&A Expenses

(Millions of yen)



Employees

(People)



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

Quarterly Sales

(Millions of yen)	FY2021	FY2022				FY2023		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	3,871	4,709	4,889	5,414	5,523	5,525	5,695	6,072
Mobile Service Business	3,829	4,674	4,960	5,357	5,454	5,314	5,613	5,974
Point	2,815	3,324	3,422	3,575	3,719	3,525	3,359	3,324
D2C	371	429	540	621	654	645	1,174	1,433
DX	878	960	1,082	1,167	1,149	1,210	1,104	1,250
Transaction value within segments	-236	-39	-84	-7	-68	-66	-25	-32
Financial Service Business	74	66	-2	106	116	218	89	99
Inter-segment transaction value or transfers	-32	-32	-68	-49	-47	-7	-6	-1

Quarterly Operating Profit

(Millions of yen)	FY2021	FY2022				FY2023		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Operating profit	62	594	3	369	279	253	212	270
Mobile Service Business	533	1,007	588	877	817	686	762	812
Financial Service Business	-216	-176	-283	-231	-249	-137	-256	-263
Adjusted amount	-254	-236	-301	-277	-288	-294	-293	-279



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.