

Think
subscription
support, think
TEMONA

TEMONA. Inc.
Securities code: 3985

Results Briefing Materials for the Fiscal Year Ended September 30, 2023 (FY2023)

November 2023

Today's Agenda

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1. Results Summary

Results Summary

- Net sales rose 3.9% year on year to ¥2.3 billion. The total number of accounts dropped 7.5%, while both ARR* and GMV also declined.
- The loss was reduced due to cost reductions by promoting management efficiency.

* ARR calculated as monthly recurring revenue in final month of fiscal year multiplied by 12.

Net sales

¥2.341 billion

(up 3.9% year on year)

Ordinary profit

(¥76 million)

(FY2022: (¥194 million))

EPS

(¥12.00)

(FY2022: (¥16.50))

ARR

¥802 million

(down 9.3% year on year)

GMV

¥129.8 billion

(down 11.7% year on year)

Total number of accounts

1,201 accounts

(down 7.5% year on year)

Statement of Income (Year on Year)

- Net sales rose 3.9% year on year to ¥2,341 million. Gross profit margin decreased to 52.6% from 57.4% due to an increase in system contract development revenue with a high cost ratio and an increase in the proportion of the Engineering Business. Nevertheless, the loss shrank.

単位：百万円

| | FY2022 Consolidated results | | FY2023 Consolidated results | | |
|---|-----------------------------|---------------|-----------------------------|---------------|------------|
| | Result | Weighting (%) | Result | Weighting (%) | Change (%) |
| Net sales | 2,253 | 100.0 | 2,341 | 100.0 | 3.9 |
| Cost of sales | 959 | 42.6 | 1,108 | 47.4 | 15.5 |
| Gross profit | 1,293 | 57.4 | 1,232 | 52.6 | △4.8 |
| SG&A expenses | 1,489 | 66.1 | 1,316 | 56.2 | △11.7 |
| Operating profit | △195 | △8.7 | △83 | △3.6 | - |
| Non-operating income | 15 | 0.7 | 13 | 0.6 | △13.0 |
| Non-operating expenses | 13 | 0.6 | 5 | 0.3 | △57.0 |
| Ordinary profit | △194 | △8.6 | △76 | △3.3 | - |
| Extraordinary income | 0 | 0.0 | - | - | - |
| Extraordinary losses | 2 | 0.1 | 49 | 2.1 | 1,996.9 |
| Profit before income taxes | △196 | △8.7 | △126 | △5.4 | - |
| Profit attributable to owners of the parent | △175 | △7.8 | △127 | △5.5 | — |

Statement of Income (Quarterly)

- Net sales declined, since contract development in the EC Support Business concentrated in the first half and we focused on response to the invoice system (free of charge) in the second half
- Cost reduction was continued by reviewing human resource investment in unprofitable businesses and improving operational efficiency

(Unit: million yen)

(Number of persons is the number of permanent and non-permanent employees)

| | FY23 1Q Consolidated | | FY23 2Q Consolidated | | FY23 3Q Consolidated | | FY23 4Q Consolidated | |
|---------------------------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
| | Result | Weighting (%) | Result | Weighting (%) | Result | Weighting (%) | Result | Weighting (%) |
| Net sales | 640 | 100.0 | 605 | 100.0 | 580 | 100.0 | 515 | 100.0 |
| (E-Commerce Support Business) | 496 | 77.5 | 507 | 83.9 | 466 | 80.3 | 409 | 79.4 |
| (Engineering Business) | 143 | 22.5 | 97 | 16.1 | 114 | 19.7 | 106 | 20.6 |
| Cost of sales | 314 | 49.1 | 266 | 44.1 | 273 | 47.2 | 253 | 49.2 |
| Gross profit | 325 | 50.9 | 338 | 55.9 | 306 | 52.8 | 261 | 50.8 |
| SG&A expenses | 380 | 59.4 | 317 | 52.5 | 312 | 53.8 | 305 | 59.3 |
| Operating profit | △54 | △8.6 | 20 | 3.4 | △5 | △1.0 | △43 | △8.5 |
| Permanent employees*1 | 169 | — | 161 | — | 169 | — | 160 | — |
| Non-permanent employees*2 | 15 | — | 10 | — | 12 | — | 15 | — |

*1 Number of regular employees and executive officers as of the last day of each quarter

*2 Number of fixed-term employees, part-time employees, re-employed post-retirement employees, and dispatched employees as of the last day of each quarter

Comparison between Revised Full-Year Consolidated Earnings Forecast and Results

- While the total number of accounts using the service and GMV declined, net sales were largely as forecast due to growth in system contract development revenue and additional revenue from the Engineering Business.
- Although cost improvement has progressed, operating profit and ordinary profit fell somewhat short partly due to an increase in outsourcing costs associated with an increase in contract development revenue.
- Profit attributable to owners of the parent significantly fell below the forecast due to an extraordinary loss of ¥49 million on loss on valuation of investment securities.

● Comparison between FY23 Results and Revised Forecast

Million yen

| | FY23 Full-year consolidated earnings results | FY23 Full-year consolidated earnings forecast (5/10/2023_Revised forecast) | Comparison | |
|---|--|--|--------------|------------|
| | Result | Forecast | Change (yen) | Change (%) |
| Net sales | 2,341 | 2,328 | 12 | 0.5% |
| Operating profit | (83) | (65) | (18) | — |
| Ordinary profit | (76) | (64) | (12) | — |
| Profit attributable to owners of the parent | (127) | (60) | (67) | — |

Balance Sheet (Year on Year)

- Other current assets decreased ¥129 million, mainly due to a decline in income taxes receivable.
- Cash and deposits, and non-current liabilities increased ¥205 million and ¥177 million, respectively, mainly due to the implementation of long-term loans payable.

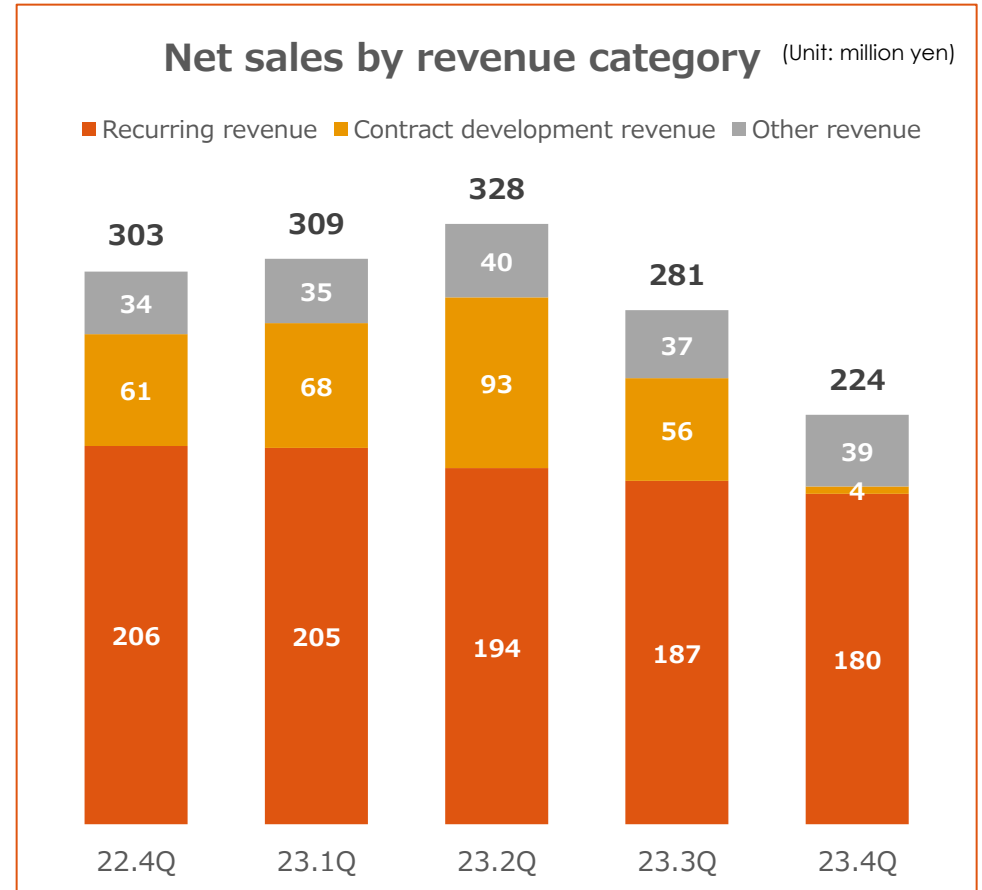
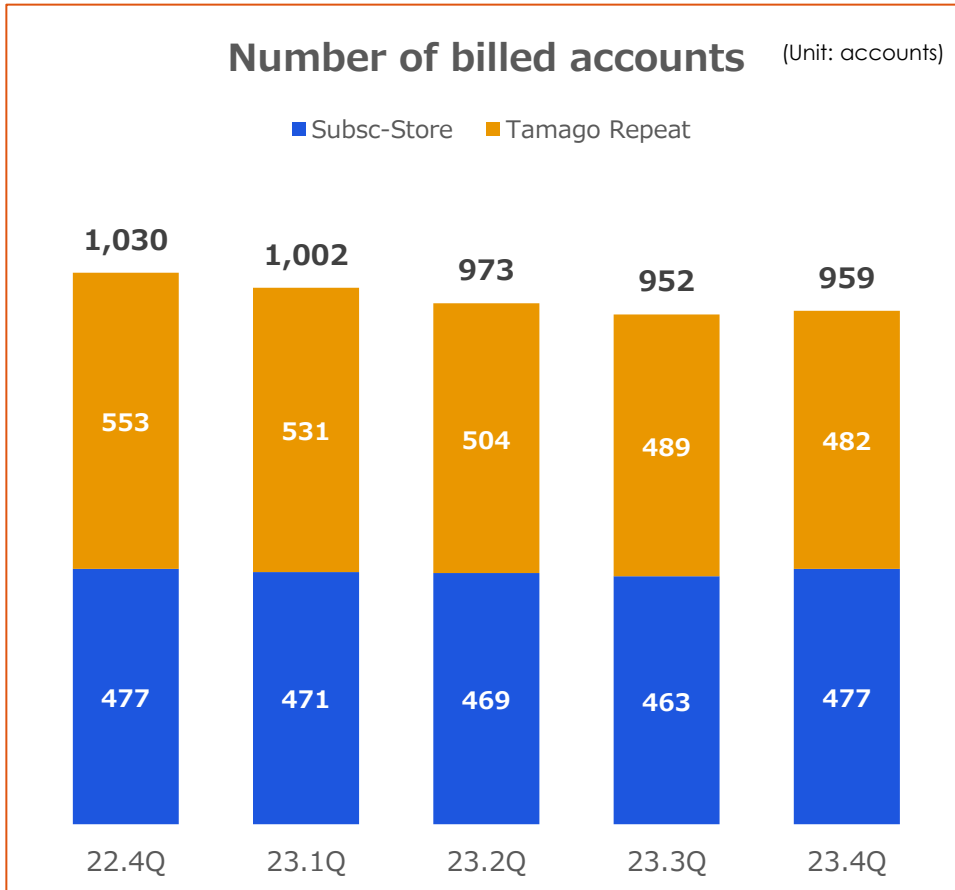
| | FY22 year-end consolidated | FY23 year-end consolidated | Change |
|---|----------------------------|----------------------------|------------|
| Cash and deposits | 994 | 1,200 | 205 |
| Accounts receivable-trade and Contract assets | 284 | 216 | △68 |
| Other current assets | 206 | 77 | △129 |
| Total current assets | 1,485 | 1,494 | 8 |
| Property, plant, and equipment | 69 | 46 | △22 |
| Intangible assets | 507 | 487 | △20 |
| Investments and other assets | 243 | 226 | △16 |
| Total non-current assets | 820 | 760 | △59 |
| Total assets | 2,306 | 2,254 | △51 |

| | FY22 year-end consolidated | FY23 year-end consolidated | Change |
|---|----------------------------|----------------------------|-------------|
| Accounts payable-trade | 136 | 72 | △63 |
| Other current liabilities | 709 | 653 | △55 |
| Non-current liabilities | 259 | 436 | 177 |
| Total liabilities | 1,105 | 1,163 | 58 |
| Capital stock | 385 | 386 | 0 |
| Capital surplus | 375 | 376 | 0 |
| Retained earnings | 1,003 | 875 | △127 |
| Treasury shares | △583 | △583 | - |
| Stock acquisition rights | 20 | 37 | 16 |
| Total net assets | 1,201 | 1,091 | △109 |
| Total liabilities and net assets | 2,306 | 2,254 | △51 |

2. Results by Service

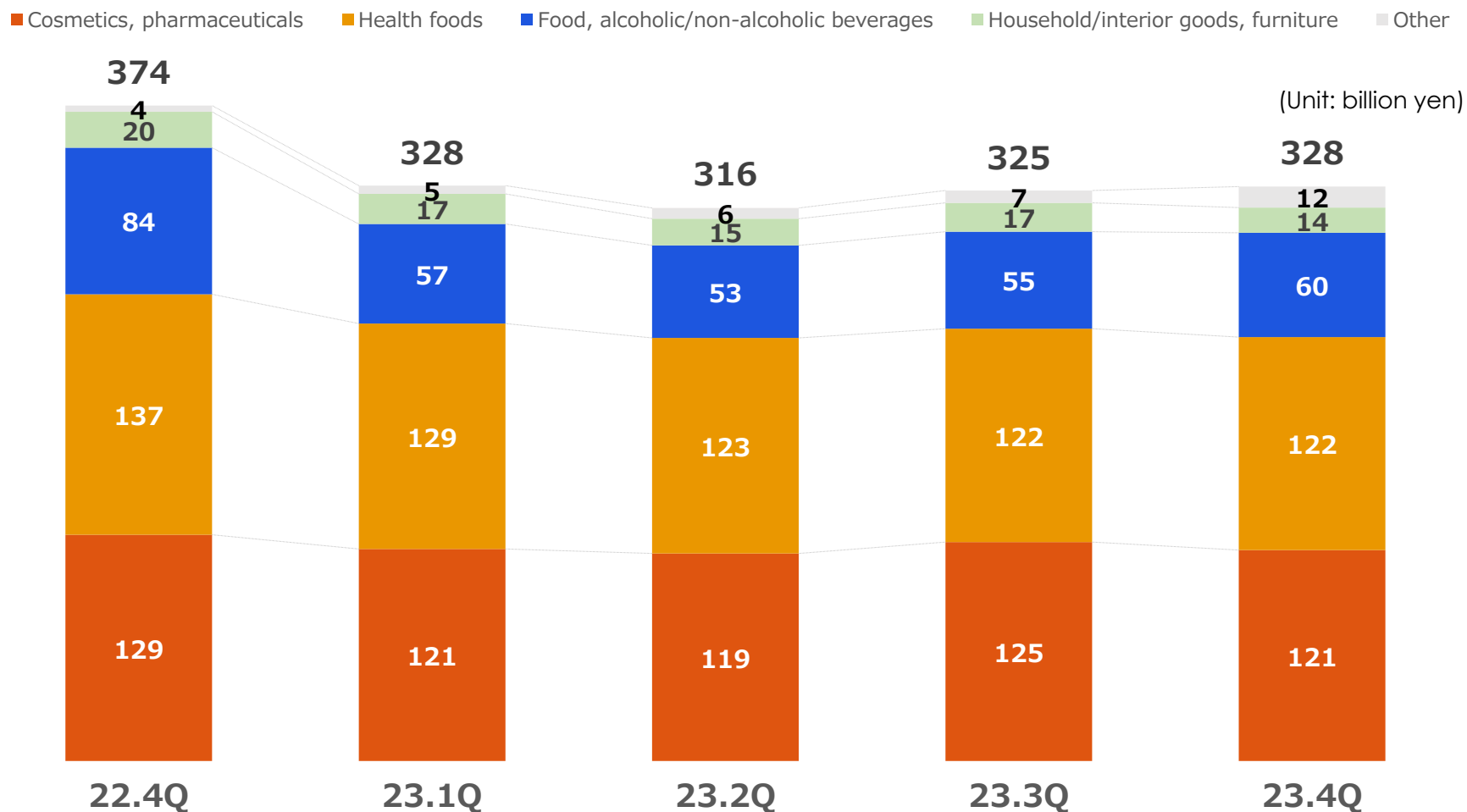
Subsc-Store and Tamago Repeat

- The number of accounts for Subsc-Store recovered in 4Q, while recurring revenue is still declining
- Net sales declined, since contract development projects for the enterprise area concentrated in the first half and we focused on response to the invoice system (free of charge) in the second half



GMV by Client Segment (Quarterly)

- While declining year on year, GMV is also recovering as with the number of accounts.



Other

- Settlement fees are on a downward trend, as is GMV
- Subsc-Store B2B and Subsc-@ grew steadily
- The Engineering Business has been added as Sackle joined the TEMONA Group

| Service | Net sales (million yen) | | Change (%) | Explanation |
|---------------------------|-------------------------|------|------------|--|
| | FY22 | FY23 | | |
| Subsc-Store B2B | 42 | 94 | 123.8 | Number of accounts up to 22 from 16 year on year. Recurring revenue rose to ¥31 million from ¥14 million year on year. |
| Subsc-@ | 33 | 53 | 59.8 | Number of accounts (corporate contracts) up to 180 from 148 year on year. Recurring revenue rose to ¥41 million from ¥24 million year on year. |
| Settlement fees | 536 | 479 | (10.7) | Decreased 10.7% year on year mainly due to a 11.7% decline in GMV. |
| Other EC support business | 178 | 107 | (39.8) | Decreased 39.8% year on year due to the effect of a decline in Web page production orders associated with Subsc-@. |
| Engineering business | 331 | 462 | 39.5 | System development contracting and systems engineering services were provided by Sackle Inc. The previous fiscal year only includes 3Q and 4Q. FY23 saw an increase of only 39.5% due to a decrease in the number of users of system engineering services. |

3. Policy for FY2024

FY2024: Earnings Forecast

- In the fiscal year ending September 30, 2024, we aim at re-growth by increasing sales and profit and entering the black for the full year.

● Forecast for FY24 2Q

Million yen

| | FY23 2Q Results | FY24 2Q Forecast | Change (yen) | Change (%) |
|---|-----------------|------------------|--------------|------------|
| Net sales | 1,245 | 1,103 | (141) | (11.4%) |
| Operating profit | (34) | 40 | 74 | — |
| Ordinary profit | (29) | 39 | 68 | — |
| Profit attributable to owners of the parent | (27) | 19 | 47 | — |

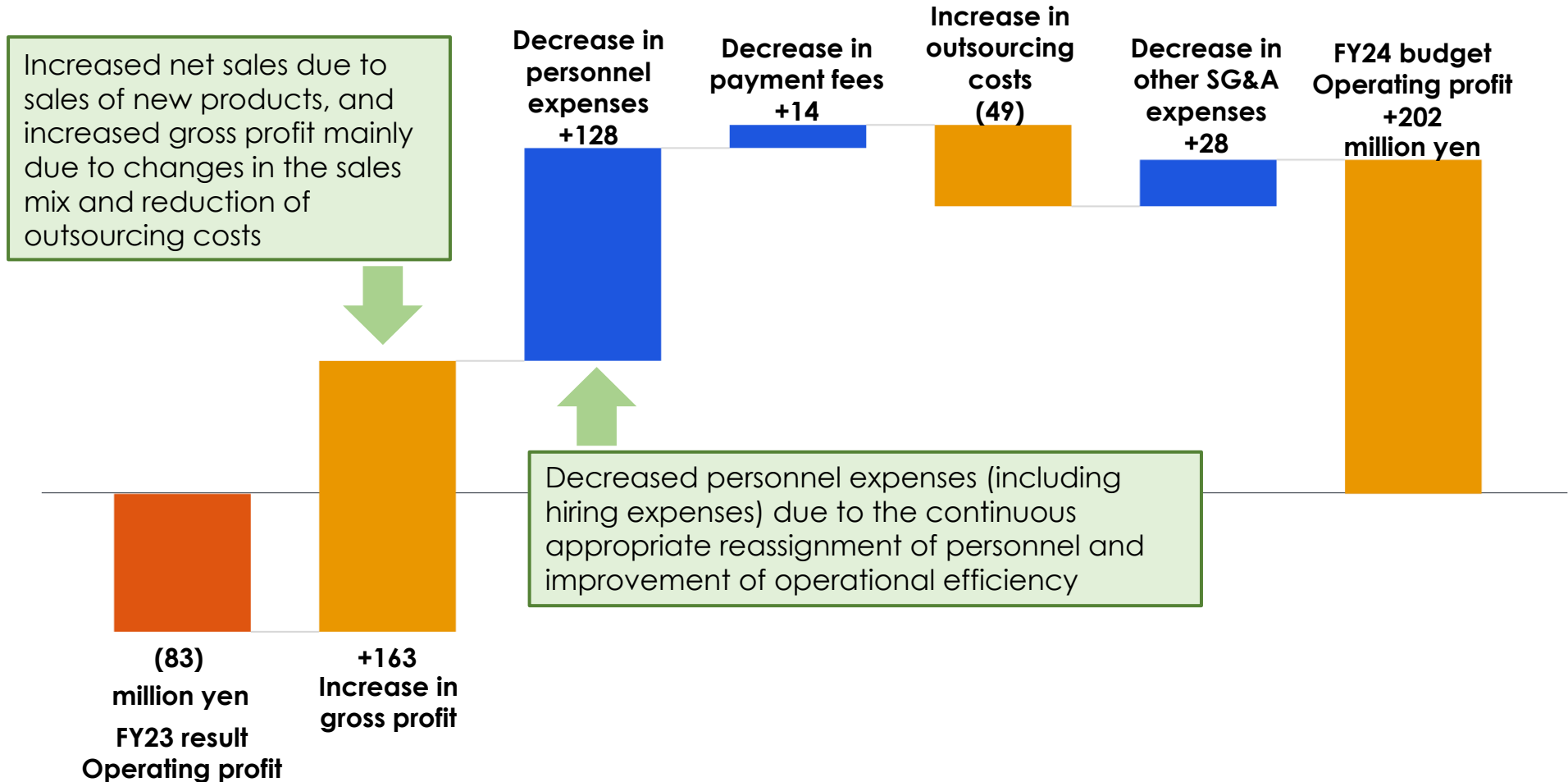
● Forecast for FY24 Full-year

Million yen

| | FY23 Full-year Results | FY24 Full-year Forecast | Change (yen) | Change (%) |
|---|------------------------|-------------------------|--------------|------------|
| Net sales | 2,341 | 2,436 | 95 | 4.1% |
| Operating profit | (83) | 202 | 285 | — |
| Ordinary profit | (76) | 200 | 276 | — |
| Profit attributable to owners of the parent | (126) | 123 | 251 | — |

Factors for Change in Operating Profit: FY23 Result vs. FY24 Forecast

We will continue to reduce costs along with new initiatives such as sales of SaaS products to achieve the target of being in the black for the full year for the fiscal year ending September 30, 2024



Review of the Medium-Term Management Plan and Policy for FY2024

- Following the results for the fiscal year ended September 30, 2023, we withdrew the numerical targets in the medium-term management plan, since they were hard to achieve due to a large deviation from the assumptions in the medium-term management plan
- While the growth strategies were not changed, we reviewed our focus points and formulated a plan for the fiscal year ending September 30, 2024

| Overview of the growth strategies in the medium-term management plan | Result | Policy for FY2024 |
|---|---|--|
| <p><u>[Expansion of Target Areas]</u></p> <p>We will aim at expanding each of the following three areas</p> <ul style="list-style-type: none">• Client segments• Enterprise areas• Early-stage startup clients | <p>While the expansion of enterprise areas was steady, primarily the subscription market for early-stage startup clients did not expand as expected, and the number of accounts for Tamago Repeat and Subsc-Store was stagnant.</p> | <p>We will not change the growth strategies in the medium-term management plan, <u>[Expansion of Target Areas] and [Expansion/Enhancement of Subscription Business Value Chain].</u></p> |
| <p><u>[Expansion/Enhancement of Subscription Business Value Chain]</u></p> <p>We will expand comprehensive support areas for the success of clients' business, such as advertising, call centers, logistics, operation agency, etc.</p> | <p>While some achieved certain results, such as Temonavi and Temologi, the results were less than the return on investment expected for human resource investment and other costs.</p> | <p>We will increase revenue and improve profitability by working on the following focus points</p> <ol style="list-style-type: none">(1) Development and sales of new SaaS products(2) Strengthening of rebranding of Tamago Repeat and Subsc-Store(3) Transformation into a leaner organization |

(1) Development and sales of new SaaS products

○ Background

The cart system is difficult to differentiate in terms of functionality in the current environment, and EC operators' needs are also changing. It is necessary, therefore, to provide new value in addition to selling the cart system.

○ Policy for FY2024

- We will develop and launch new SaaS products (ECield, SMS, etc.)
- We will continue developing SaaS products, focusing on on-site feedback from businesses
- We will shift from sales of the cart system to sales of SaaS products (the cart system, ECield, SMS, etc.) and implement existing cross-selling whose standard is the linkage with our carts (Tamago Repeat, Subsc-Store, Subsc-Store B2B)



We will aim to increase revenue by selling new SaaS products and improve profitability by changing the sales mix

(2) Strengthening of rebranding of Tamago Repeat and Subsc-Store

○ Background

The launch of Subsc-Store as the successor to Tamago Repeat obscured the difference between those two services. We have encouraged shifting to Subsc-Store, but more clients than expected wanted to continue using Tamago Repeat. It is necessary to enhance the competitiveness by rebranding to dispel the traditional image of Tamago Repeat and Subsc-Store.

○ Policy for FY2024

- We will start providing Tamago Repeat Tamashii as the growth service of Tamago Repeat (October 2023)
- We will hold user meetings to listen to users directly and to decide what functions should be created in what order
We will promote “Field Communication-Driven Development*” (from November 2023)
* A development method that involves closely communicating with customers and creating something necessary and truly appreciated
- We will start providing the “Special Plan” in both Tamago Repeat Tamashii and Subsc-Store as part of the rebranding (from November 2023)

We will aim to lower the cancellation rate and acquire accounts in the short term, and to improve profitability in the medium to long term, through rebranding measures

(3) Transformation into a leaner organization

○ Background

In the fiscal year ended September 30, 2023, we implemented review of human resource investment in unprofitable businesses and improvement of operational efficiency, and achieved some results. It is, however, necessary to continue the transformation into a leaner organization.

○ Policy for FY2024

- We will continue review to appropriately reassign personnel and ensure productivity in order to optimize costs
- We will maximize the provision of value at the optimal cost by strengthening measures and cooperation in the TEMONA Group.

We will aim to improve profitability through the initiatives
as continuous measures

TEMONA

サブスクといえばテモナ。

Appendix

Contents (appendix)

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1 . About Us

Company Overview

The expansion of subscriptions will help to realize a prosperous world in which many businesses will continue to provide essential, high-value services and pursue customer satisfaction.

Our Purpose is to “enrich the world with subscriptions” by supporting businesses with our subscription-specific technology and expertise.

About the Company

| | |
|----------------|--|
| Company name | TEMONA. Inc. |
| Established | October 2008 |
| Capital | ¥386.42 million |
| Representative | Hayato Sagawa, president & representative director |
| Headquarters | 2-12-19 Shibuya, Shibuya-ku, Tokyo |
| Employees | 160 (as of September 30, 2023) |

Main services provided

サブスクストア



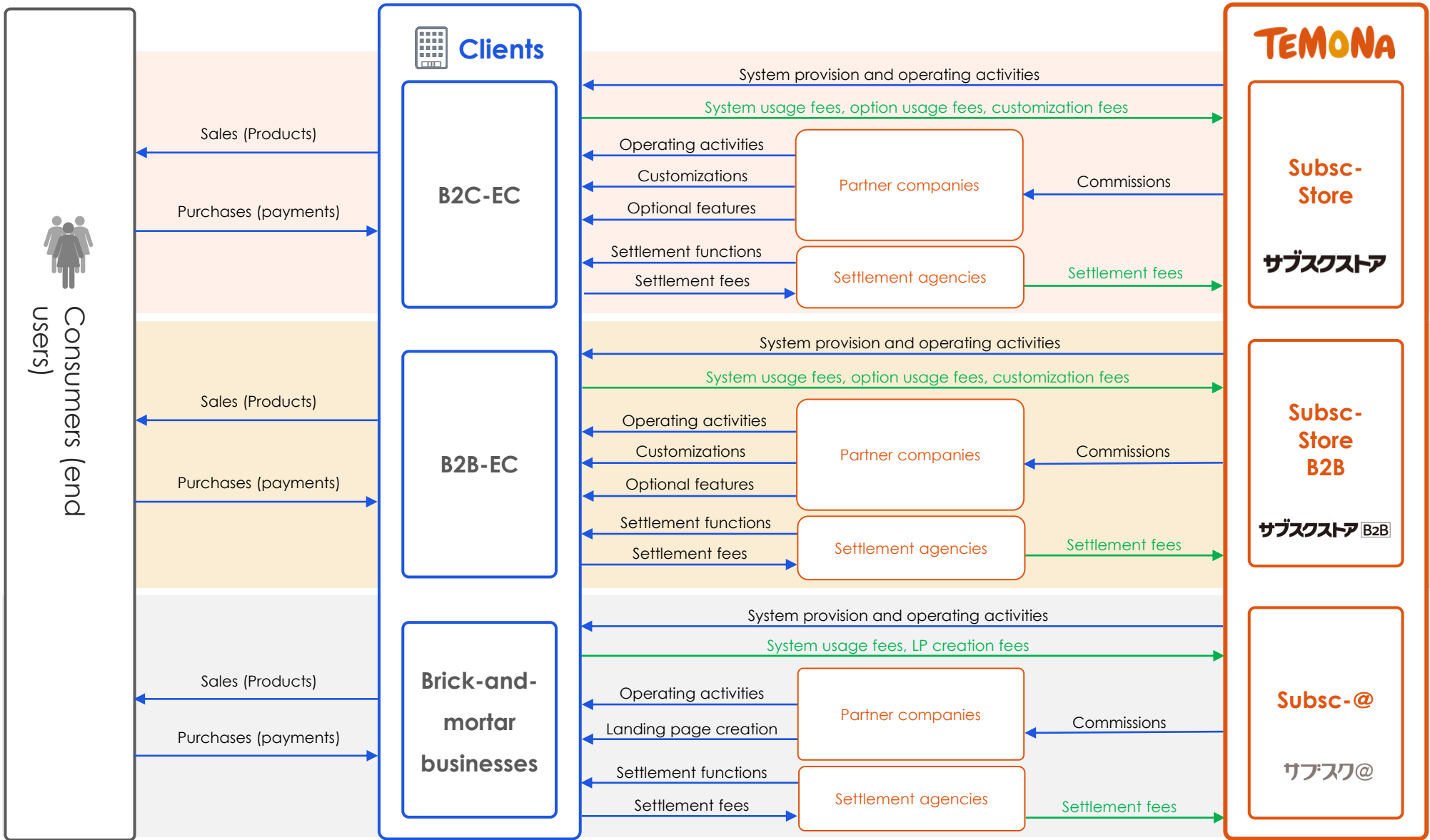
サブスクストア B2B



サブスク@



Business System Chart



Service Overview: Subsc-Store

サブスクストア

サービス一覧 ▾ 料金プラン ▾ 導入事例 資料一覧 お問い合わせ > 資料請求 >

定期通販・サブスクリプション事業の
販売効率と売上をあげる！ ✓

サブスクするなら
「サブスクストア」

国内トップクラスのサブスク支援事業のデモナ
1,100社のノウハウを凝縮！

- 市場シェア No.1 ※1
- 年間取引総額 1,523 億円 ※2
- 導入アカウント数 1,000 以上 ※3

※1 2019年6月 株式会社日本流通産業新聞社調べ
※2 2020年9月 現在
※3 対象:「サブスクストア」「たまごレポート」「ヒキアゲール」「サブスクストアB2B」の合計アカウント数

お問い合わせ > 資料請求 >



Subsc-Store is a cloud-based system that enables users to centrally manage regular purchase systems/carts for the kind of product and customer management required for single-item e-commerce, D2C, and subscription businesses.

サブスクストア

Pricing plans (not incl. tax)

| | |
|---------------|---|
| Standard Plan | ¥49,800 per month |
| Premium Plan | ¥79,800 per month |
| Expert Plan | Varies depending on development work required |

サービス概要／たまごリピート魂

できないことは、
もう**何も**ない。

マニアックすぎて使い手を選ぶ、
プロ事業者専用D2Cリピート通販システム

資料請求・お問い合わせ



Tamago Repeat Tamashii is a cloud-based mail-order system that is tailor-made for subscription business. By modernizing aging functions of the previous Tamago Repeat, making speed improvements, and adding technological functions, it will solve all the problems of the single-item mail-order sales and the D2C business.

| Pricing plan (not incl. tax) | |
|------------------------------|-------------------|
| ASP Plan | ¥49,800 per month |
| Gold Plan | ¥79,800 per month |



Service Overview: Subsc-Store B2B

サブスクストア

サービス一覧 資料一覧 ヘルプセンター コミュニティ

機能概要 ご利用の流れ よくあるご質問 お問い合わせ・資料請求 >

面倒なBtoB取引業務をWeb化!

BtoB EC、法人・卸の受発注業務を効率化!

やるなら

サブスクストア B2B

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B2C向け 定期通販カート サービスはこちら



王子サーモン
Since 1967



兼松ウェルネス株式会社



Takakura



morry's
I like myself even better.
All thanks to the beauty skin.

三菱

*Companies introducing Subsc-Store series

Subsc-Store is a one-stop operations support tool for B2B subscription businesses in a wide range of industries. Suitable for wholesale, professional and consulting services, property rental, maintenance services, group membership fee subscriptions, etc.

Pricing plan (not incl. tax)

¥79,800 per month

サブスクストア B2B

Service Overview: Subsc-@

サブスクストア サービス一覧 資料一覧 コミュニティ

サブスク@ 「サブスク@」とは サブスク@ができること お問い合わせ 資料請求

店舗事業者向けサブスク・ECサービス

導入数 1000店舗以上の サブスク@

店舗でしか買えない商品や施術チケットの販売ができます

1,000店舗以上の開設実績

1店舗月商 1,400万円の売上実績

全国10社以上のメーカー・ディーラー様と提携

お問い合わせ 資料請求

サブスク@

CATEGORY

OFFICIAL PARTNER HOLISTIC cures

Blossom



e.m.a
Excellent Match Association

H Company
HAIR DESIGNING SALON



TJ
天気予報



SEVEN
by P

Subsc-@ is a cloud system dedicated to supporting brick-and-mortar store subscriptions. Features include subscriber perk and discount voucher issuance, subscriber management, payment settlement, and store visit reservations, as well as notifications to encourage subscribers to visit stores.

サブスク@

Pricing plan

Please contact us for details

Disclaimer

Information provided in these briefing materials includes forward-looking statements based on plans, estimates, and forecasts regarding our business and industry trends as of the time of writing.

Such forward-looking statements are inherently subject to various risks and uncertainties. Known and unknown risks, uncertainties, and other factors may cause actual performance and financial results in future periods to differ materially from projections of future performance or results expressed in the forward-looking statements.

The actual performance and financial results of the Company in future periods may differ materially from the forward-looking statements contained in these briefing materials.

The forward-looking statements set forth by the Company in these briefing materials are based on information available as of Nov 30, 2023. The Company undertakes no obligation to update or revise forward-looking statements to reflect future events and circumstances.

Contact

Email: ir@temona.co.jp

URL: <https://temona.co.jp/contact/>

TEMONA

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