



FY2023 Full Year

Financial Results Full Year Fiscal Year 2023

GLAD CUBE Inc.

Security code : 9561

Feb 14, 2024

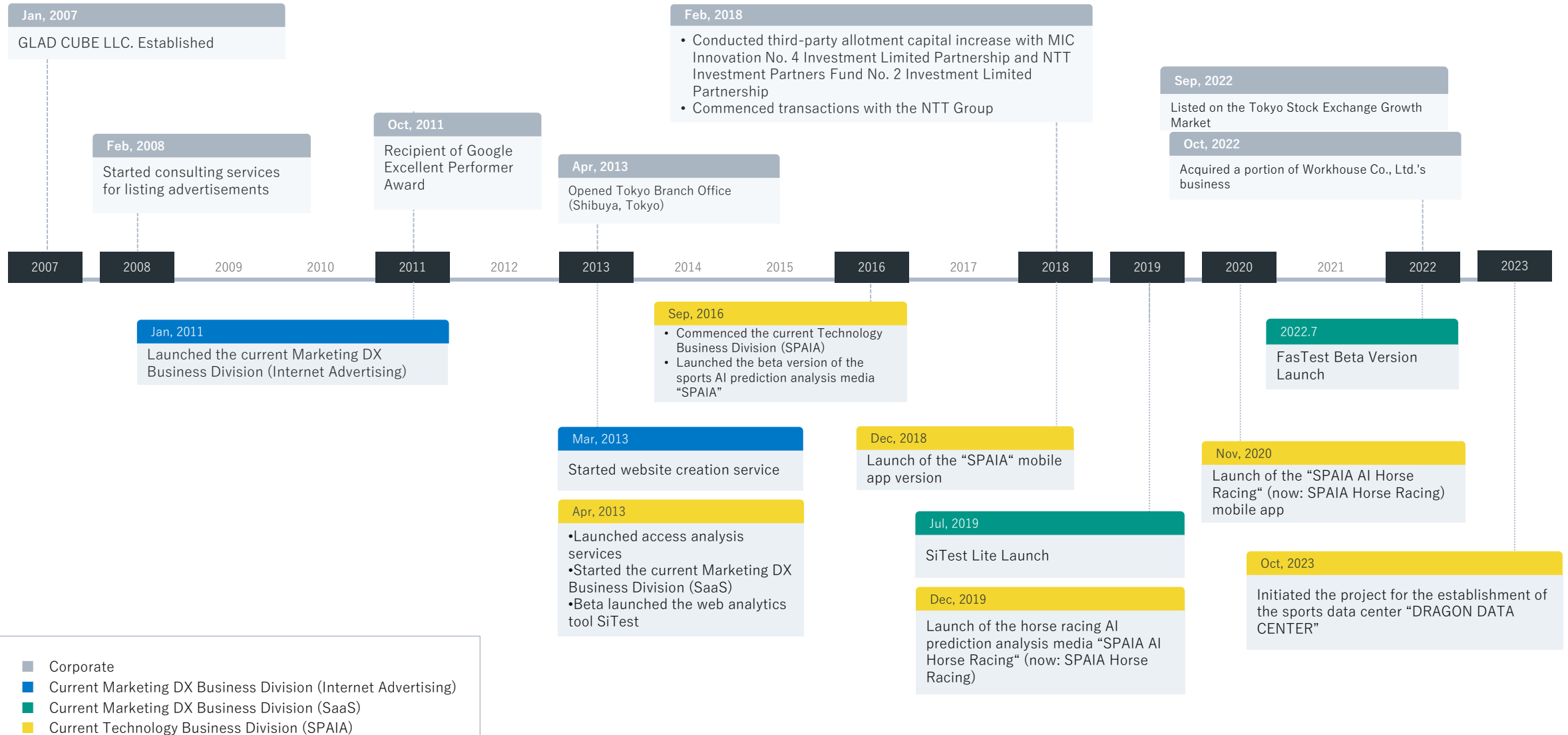
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1 | **Company Overview / Business Overview**

1. Company Overview / Business Overview – Company History



- Corporate
- Current Marketing DX Business Division (Internet Advertising)
- Current Marketing DX Business Division (SaaS)
- Current Technology Business Division (SPAIA)

1. Company Overview – Mission, Vision, Values

In conjunction with the business segment changes for the fiscal year 2024, we have refreshed our Mission, Vision, Values, and company logo

Mission

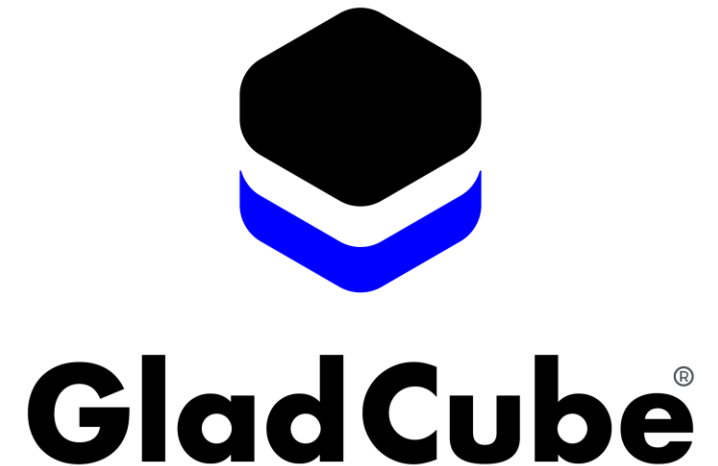
Changing the world with compassionate technology

Vision

The world's kindest, strongest, and most fun tech company

Value

Humanitech [Humanity × Technology]



New Logo

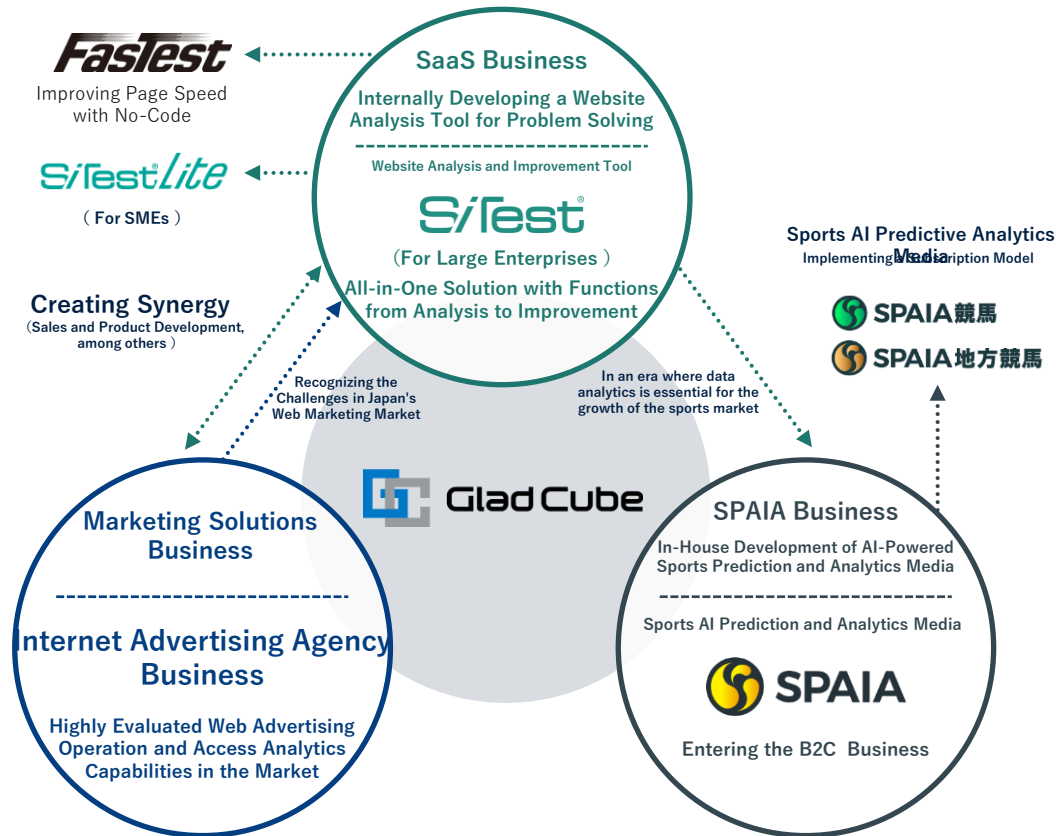
The Vision Behind the New Logo

We incorporated the “G” from Glad and the name “Cube” to create a motif of a “box.” The box symbolizes a place to “store, present, provide, deliver” and carries the image of a precious container for valuable items such as jewels or gifts. It also conveys the idea of “solidify, unit, stack.” As a company, our wish is to be a cherished “box” with a significant and beloved presence, reflecting the sentiment of holding and treasuring important things

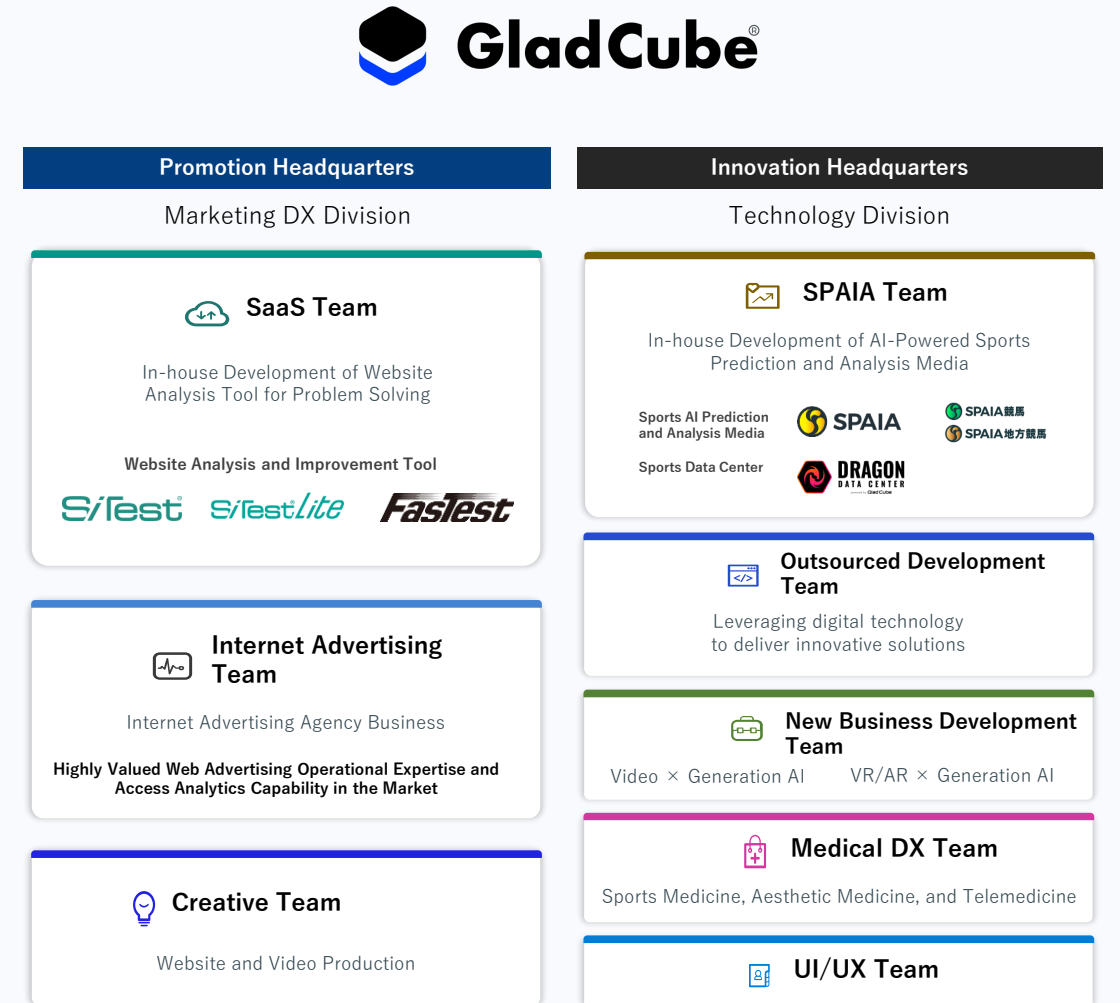
1. Business Overview and Business Model – Business Segments

We have changed our business segments from the current fiscal year 2024 due to the partial acquisition of Workhouse Company's business in October 2023

(Note) This financial statement announcement is for the fiscal year 2023, and we will report in the same segments as before (SaaS Business, Marketing Solutions Business, SPAIA Business)



Accelerating Growth Through a New Organizational Structure



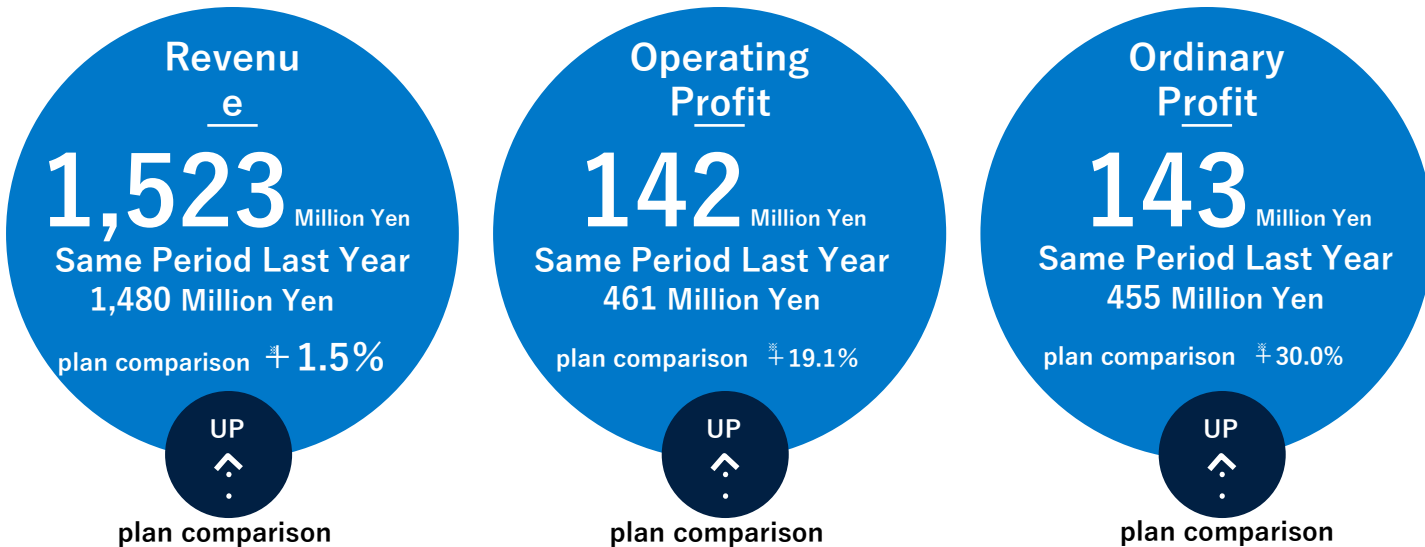
*The Internet Advertising Team and the Creative Team were formerly part of the Marketing Solutions Business Unit. Considering future growth prospects, they have been separated into distinct teams

2 | FY2023 Highlights for Full Year

2. Executive Summary

FY23 Full-year Performance

- For FY ending Dec 2023, we **achieved the highest annual revenue on record**. Furthermore, we **surpassed the upwardly revised sales forecast announced** on Nov 14, 2023
- The full-year revenue of the SPAIA business **demonstrated significant growth with YoY increase of 35.5%**. The progress of PMI is on track, and we anticipate substantial business growth in FY ending Dec 2024
- The full-year revenue for the SaaS business, a key growth driver, **showed steady growth with YoY increase of 6.8%**, maintaining sustainable growth
- Anticipating the future, due to reasons such as proactive investments, we anticipate YoY decline in operating profit, ordinary profit, and net profit for the current FY



FY23 Business Policies

To maximize the synergistic effects between the SaaS business and the Marketing Solutions business, aiming for further revenue growth by expanding the business scale through aggressive M&A and other means, and enhancing recognition as a company strong in digital marketing



Talent Strategy

The recruitment for the first half of the year is progressing smoothly, and we continue to actively pursue human capital investments.

- Amid intensifying competition in the job market, we have successfully secured exceptional talents, achieving the highest number of recruitments to date
- The recruitment activities have progressed smoothly
- With the strengthening of our growth foundation, the pace of growth has accelerated



Customer Strategy

Enhancement of customer unit value and strengthened acquisition of new customers in untapped industries through the establishment of a new sales organizational structure

- By strengthening the sales structure, we aim to further increase customer unit value through the promotion of cross-selling
- The establishment of an outbound structure is intended to expand into new customer segments, including untapped industries



Corporate Strategy

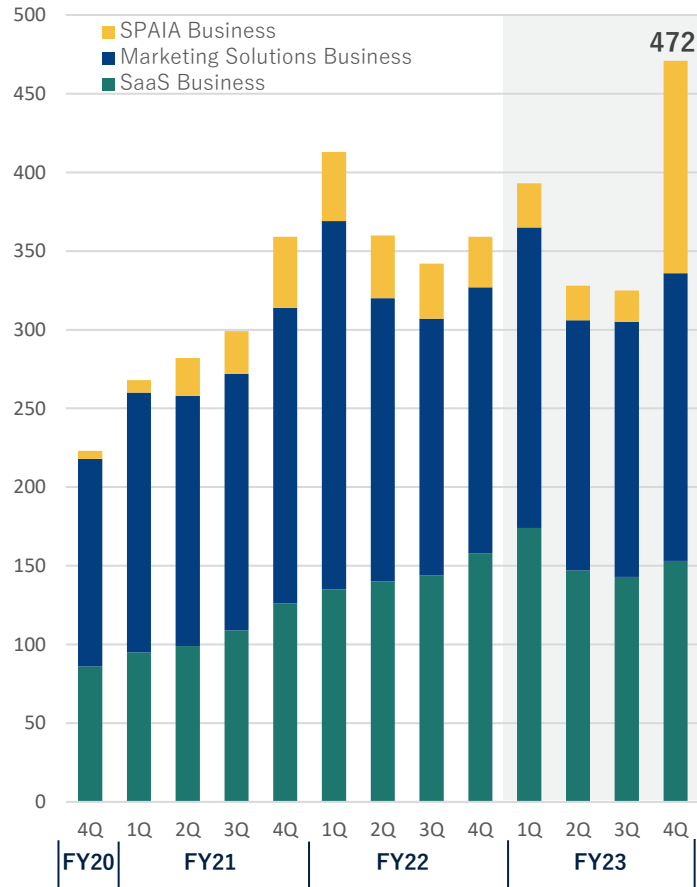
We are actively exploring M&A opportunities that would lead to the expansion of our customer base, seeking strategic investment opportunities

- We are currently in discussions with several target companies. Details on the progress will be disclosed in upcoming disclosure documents

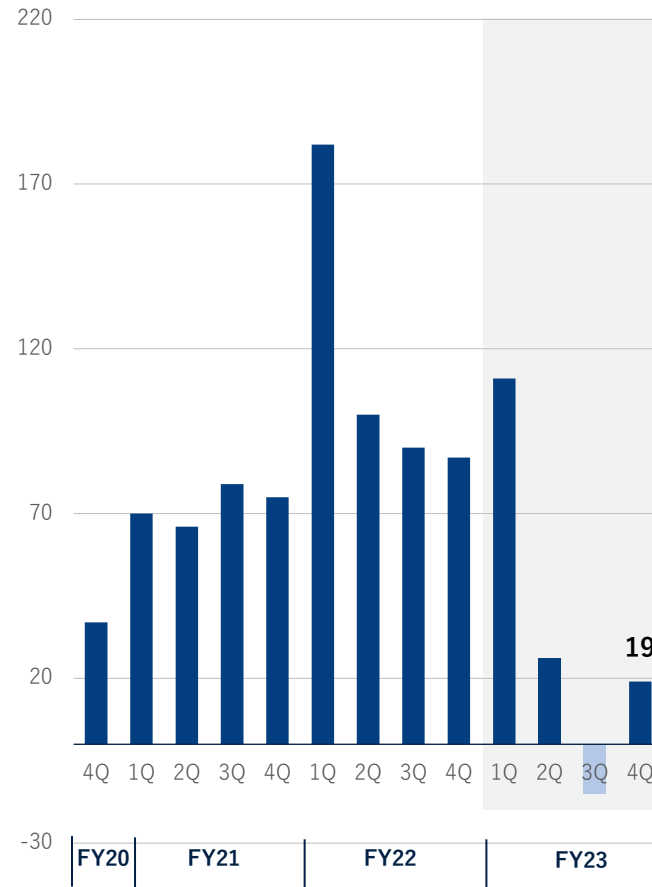
* The planned ratio compares with the revised full-year forecast announced on Nov 14, 2023, in the "Notice Regarding Revision of FY Ending Dec 2023 Performance Forecast"

2. FY End Financial Highlights and Performance Trends

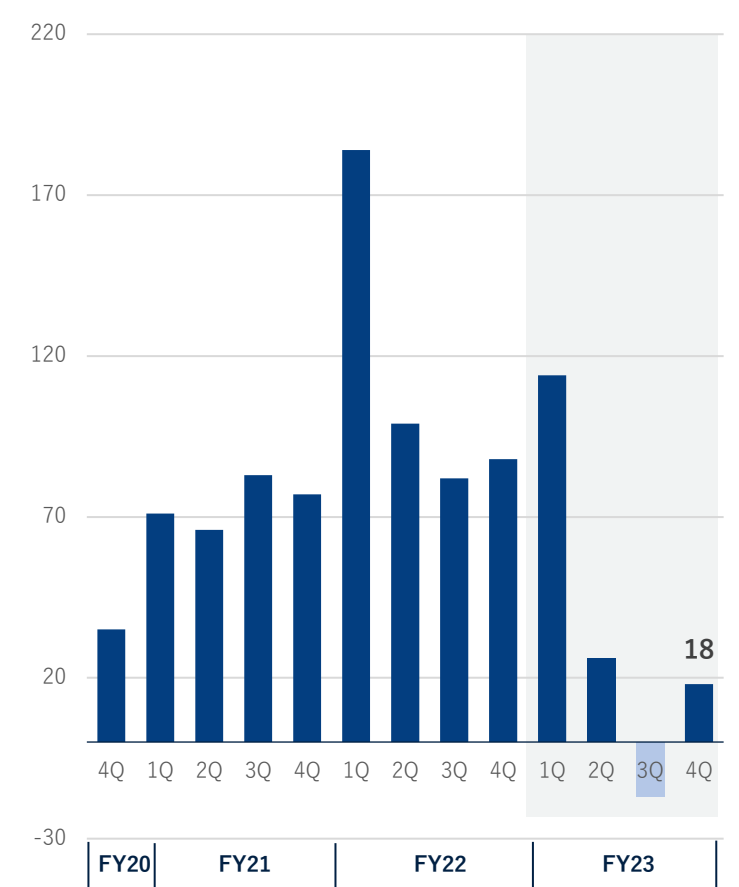
Sales (Unit: Million of JPY)



Operating Profit (Unit: Million of JPY)

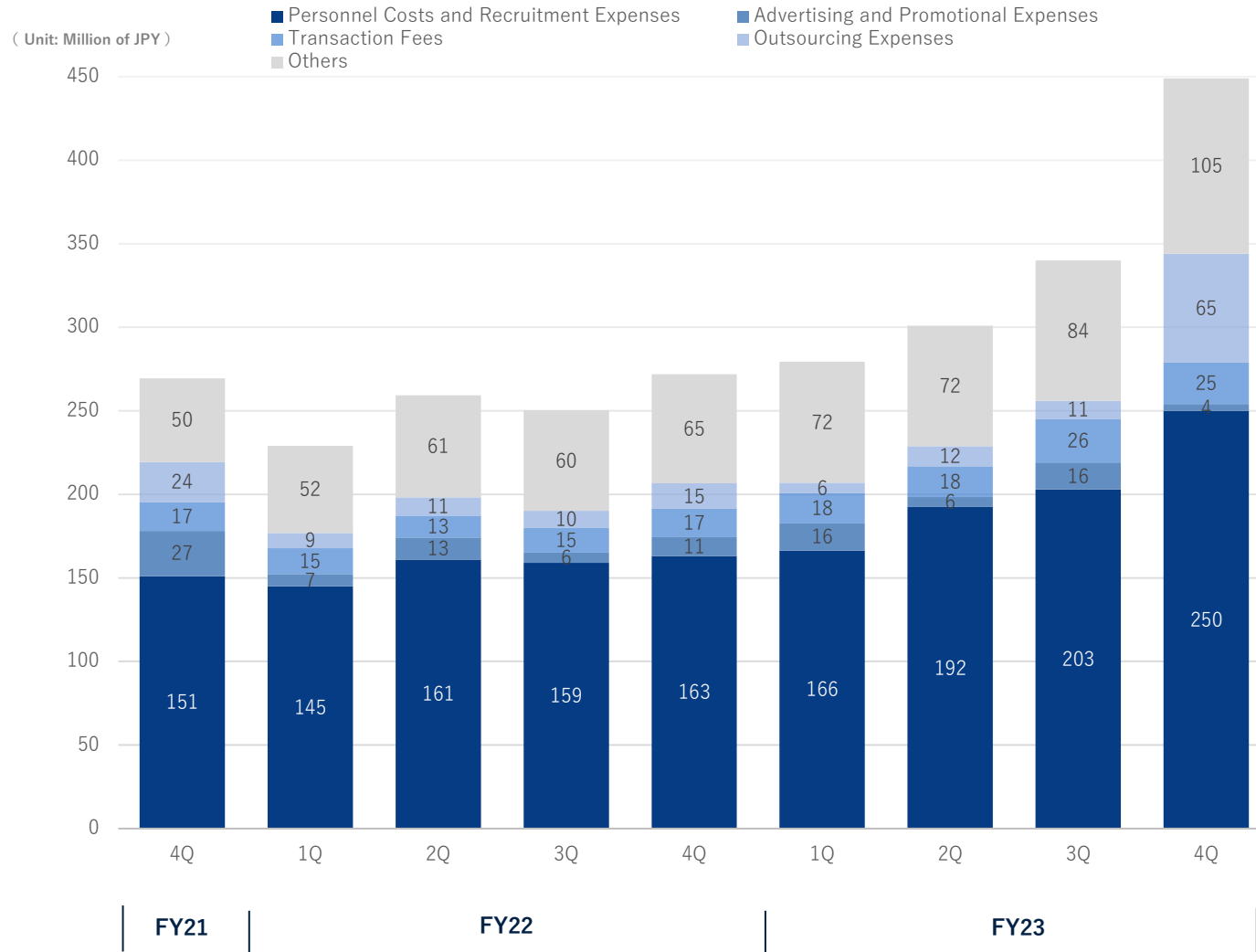


Ordinary Profit (Unit: Million of JPY)



2. FY End Financial Results: Cost Composition Trends

COST STRUCTURE TRENDS



Cost Composition Highlights

Personnel Costs and Recruitment Expenses

- To strengthen our growth foundation, we conducted aggressive hiring, and a significant increase in staffing was achieved through the partial acquisition of business from Workhouse Corporation
- The introduction of a grade system resulted in a base salary increase for employees, showing a growth of +53.1% compared to the same period last year

Outsourcing Expenses

- The primary reason for the increase in outsourcing expenses, which rose by +332.2% compared to the same period last year, is due to the increase in contracted development revenue related to product development, research and development in the AI field, and other contracted development businesses such as web services, following the partial acquisition of business from Workhouse Corporation

Others

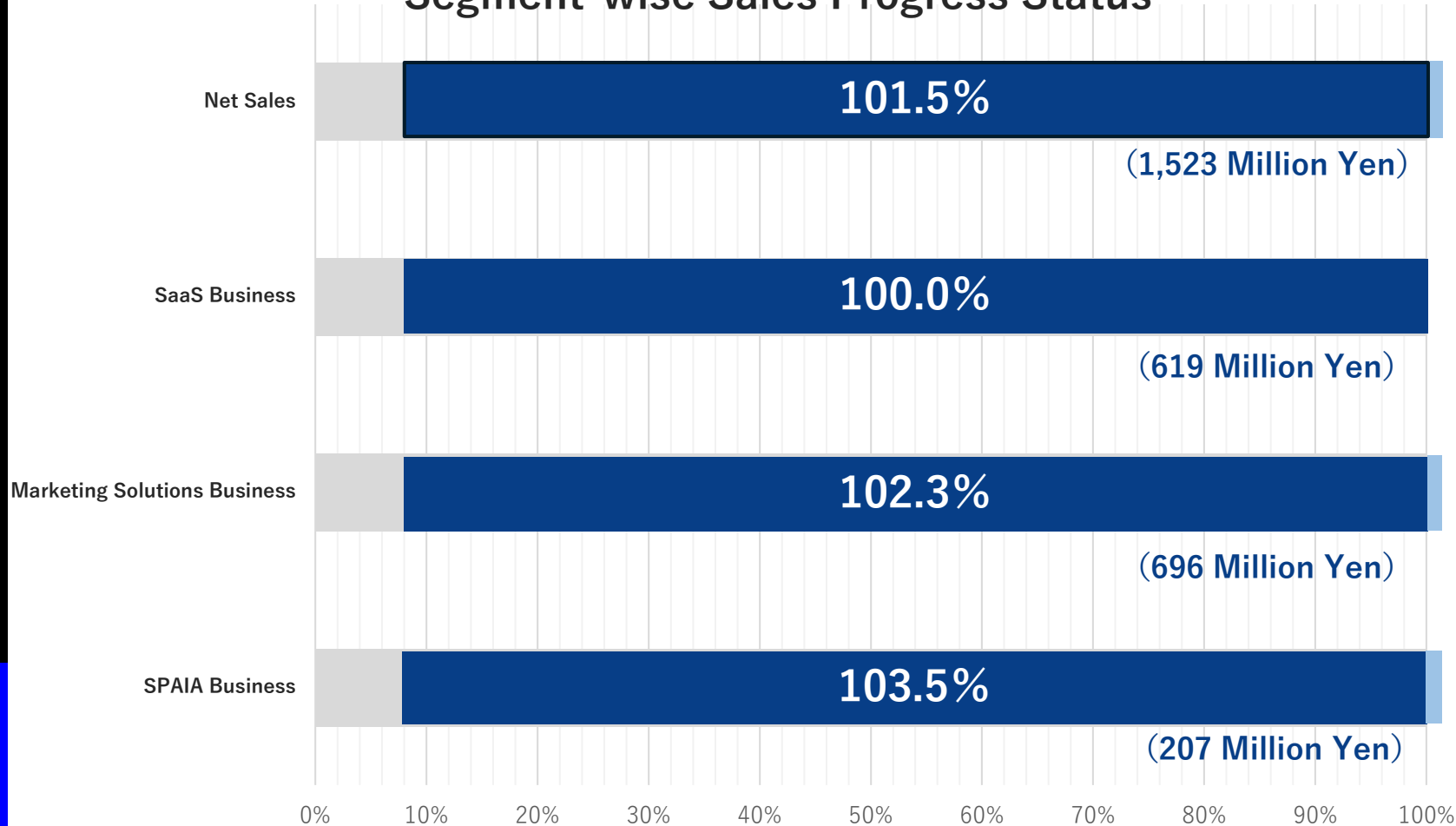
- The increase in rent due to the contract for a new office following the increase in employees
- Aggressive investment in systems and other areas to ensure that technological capabilities are directly linked to revenue, for the efficiency and optimization of development
- Increase in expenses for server expansion due to an increase in development projects and other factors
- An increase in goodwill resulting from the partial acquisition of business from Workhouse Corporation, with a +60.9% increase compared to the same period last year

2. FY End Financial Results: Segment-wise Sales Progress Status

Topics

- The revenue progress rate has achieved the targets for all departments against the revised plan

Segment-wise Sales Progress Status



FY23 Full-Year Performance Forecast (Revised)

Sales

1,500 Million Yen
YoY (+1.3%)

Breakdown

SaaS Business

619 Million Yen

Marketing Solutions Business

681 Million Yen

SPAIA Business

200 Million Yen

Operating Profit

120 Million Yen
YoY (-74.0%)

* The planned comparison is based on the comparison with the revised annual plan announced in the 'Notice Regarding the Revision of Performance Forecast for the Fiscal Year Ending December 2023' on November 14, 2023

2. FY End Financial Highlights and (By Business Segment)

SaaS Business

Sales
619 Million Yen

YoY Comparison
+6.8%

The sales of tools and production have been progressing smoothly, maintaining a favorable trend

Marketing Solutions Business

Sales
696 Million Yen

YoY Comparison
-6.8%

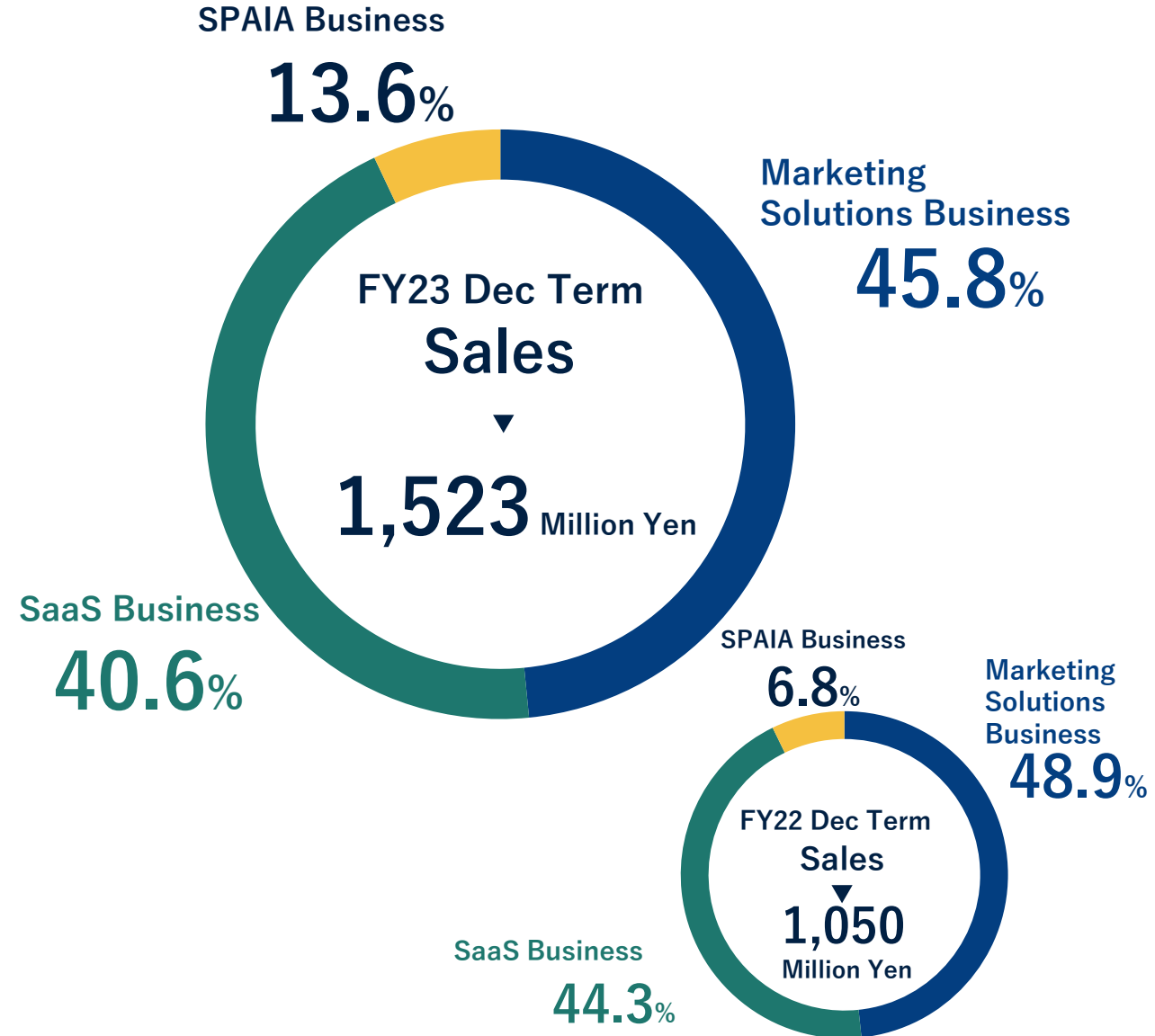
During the same period of the previous year, there was a one-time recognition of sales from a large-scale project, resulting in a decrease in revenue for the current period

SPAIA Business

Sales
207 Million Yen

YoY Comparison
+35.5%

The significant increase in revenue is attributed to the partial business transfer from Workhouse Corporation



3

Business Overview /

Performance Trends by Business Segment

3. Business Overview Business Model

Maximizing Synergy Effects with the Marketing Solution Business around the Core of the SaaS Business

SaaS Business

B to B



We independently develop and offer products, including the all-in-one LPO tool “SiTest,” to solve various challenges

Marketing Solutions Business

B to B

As an internet advertising agency business boasting numerous awards and achievements, we cover a wide range of areas from major corporations to individual businesses. The synergy with the SaaS business is a distinctive feature

SPAIA Business

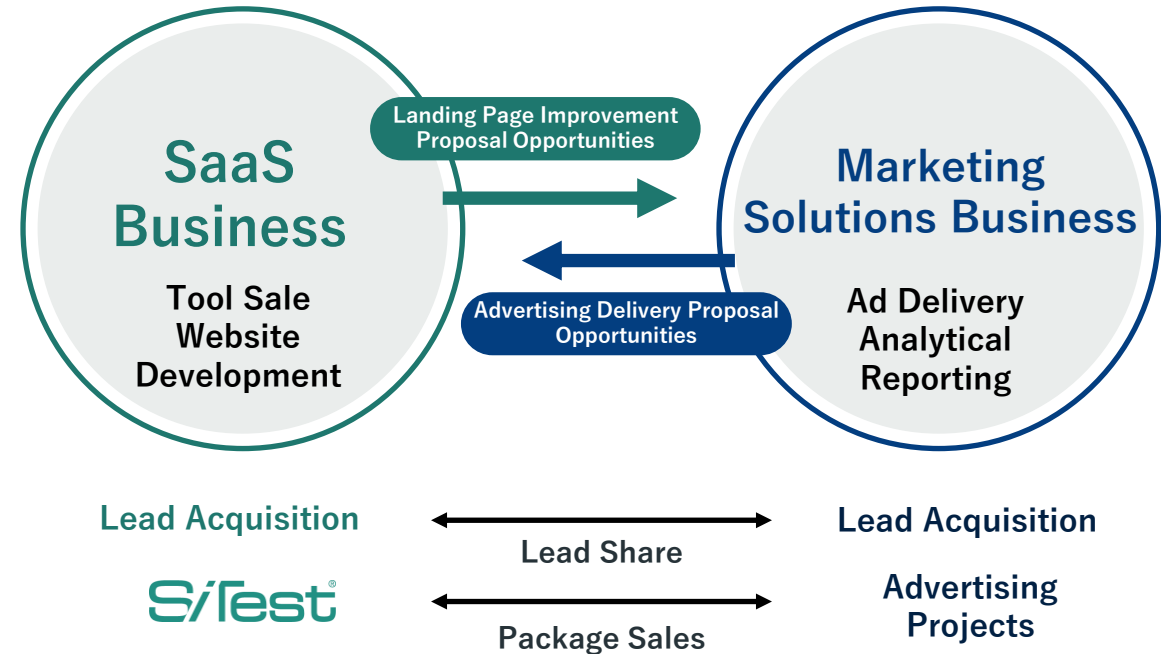
B to B

B to C

In the SPAIA business, which analyzes sports using AI, we operate the sports AI prediction and analysis media “SPAIA.” Starting this FY, we are also engaged in the operation of the sports data center “DRAGON DATA CENTER,” as well as outsourced development of product development and web services



A mechanism that leads to synergy between businesses



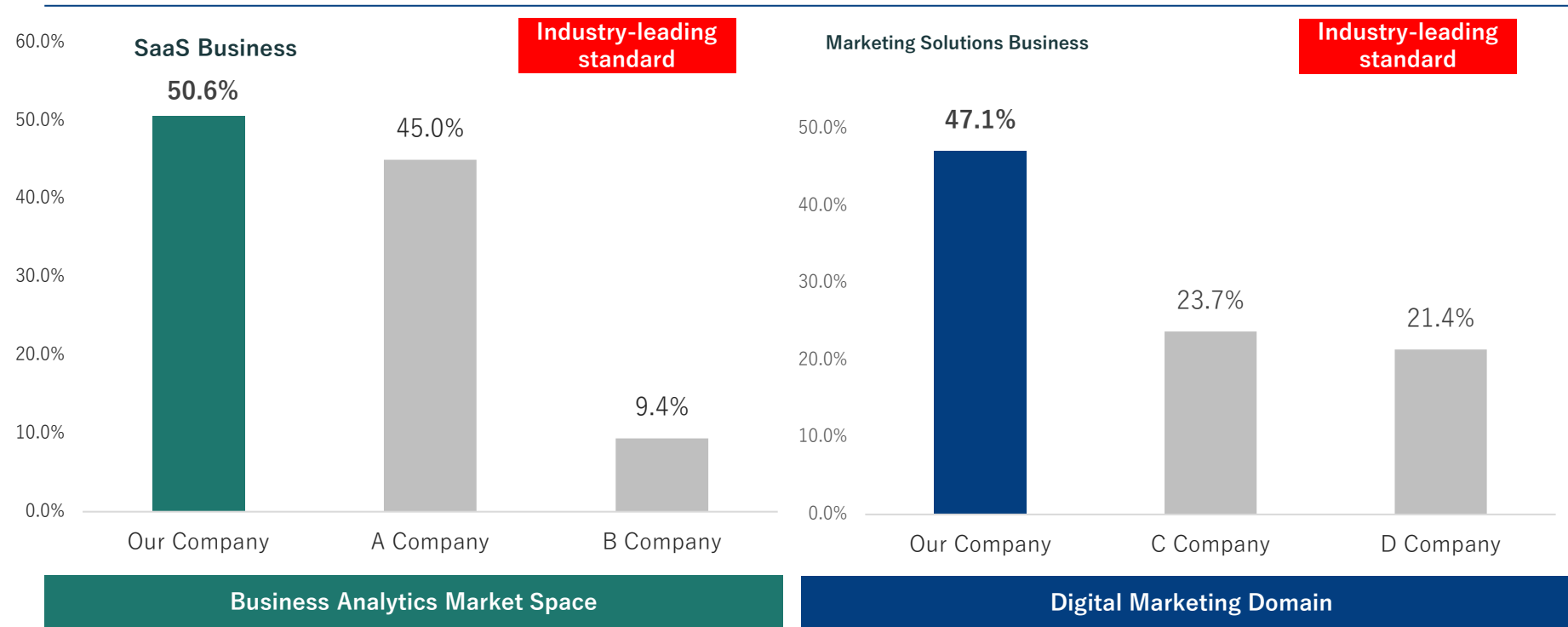
3. Our Strength Top-tier Profit Margins in the Similar Industry

Unique expertise and educational infrastructure focused on high-productivity operations

- We have achieved a leading market share in both the SaaS and Marketing Solution businesses, and they complement each other synergistically
- Since our foundation, we have successfully garnered inbound orders through content marketing strategies, effectively minimizing advertising and promotional expenses

As a result, we have established a structure that focuses on customer support, leading to a high profit margin in our operations

FY23 Full-Year Operating Profit Margin



Note 1: For the comparison of our SaaS business, we selected companies that, like us, operate in the business analytics market and deploy SaaS.

Note 2: In comparing our Marketing Solution business, we selected companies that, similar to us, report only the commission portion as revenue and are disclosed on a segmented basis, such as internet advertising agencies.

Note 3: The operating profit margins of the comparison companies are extracted from their latest disclosed documents

3-1 | SaaS Business

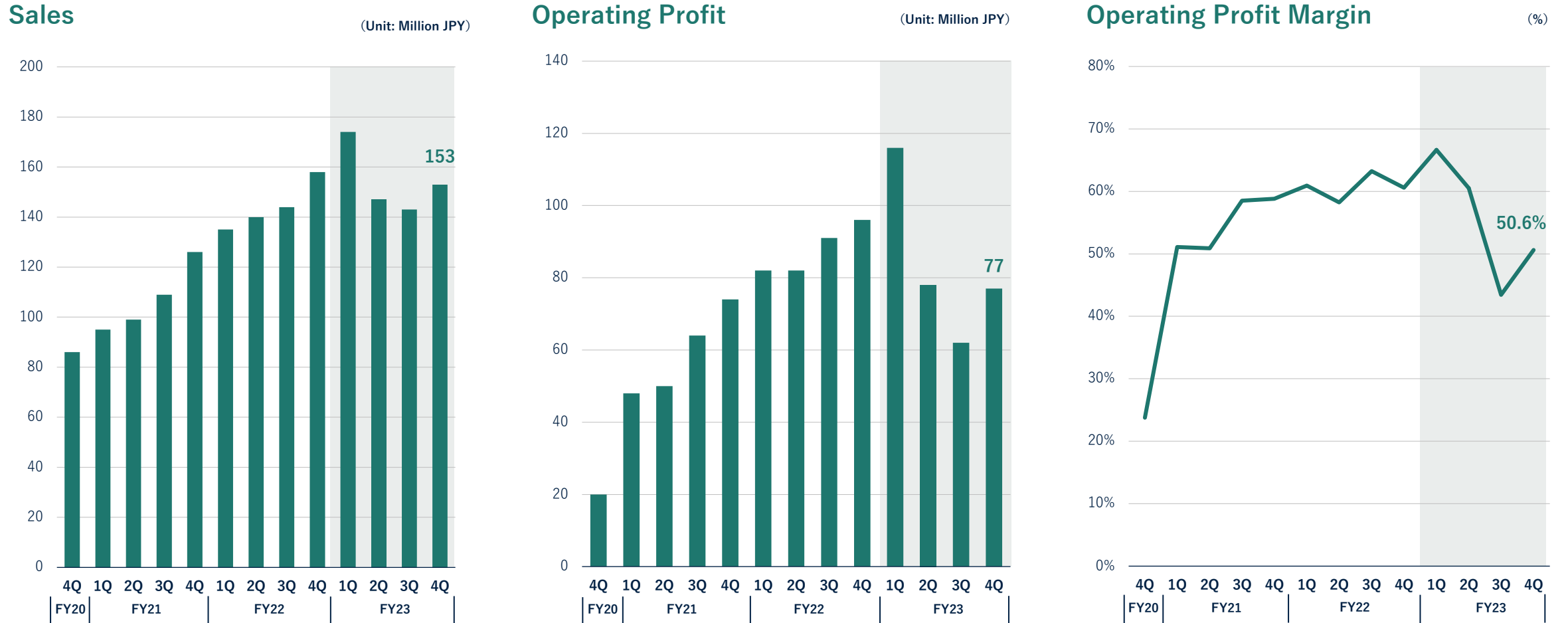


3 - 1. SaaS Business Performance

Topics

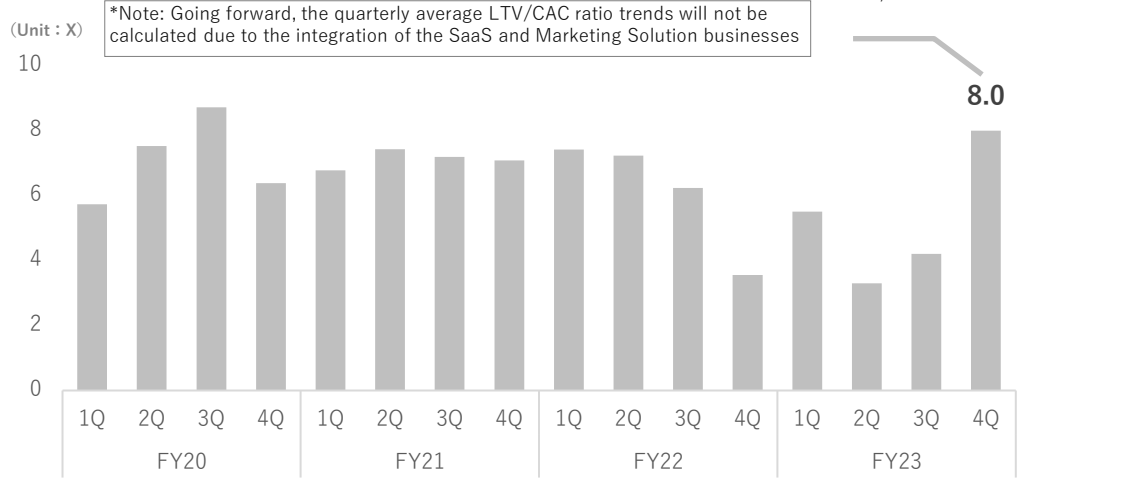
- Full-year forecast progress rate: Sales Revenue: 100.0%
- Sales revenue of the SaaS business, a growth driver, maintains an expansion trend with YoY +6.8%
- Operating profit has temporarily decreased YoY due to human investments (increased staff and a 15% base salary increase on average) aimed at strengthening the growth foundation, but there is an improving trend

*Note: The comparison is with the revised full-year forecast announced in the “Notice of Revision of Performance Forecast for FY Ending Dec 2023” on Nov 14, 2023



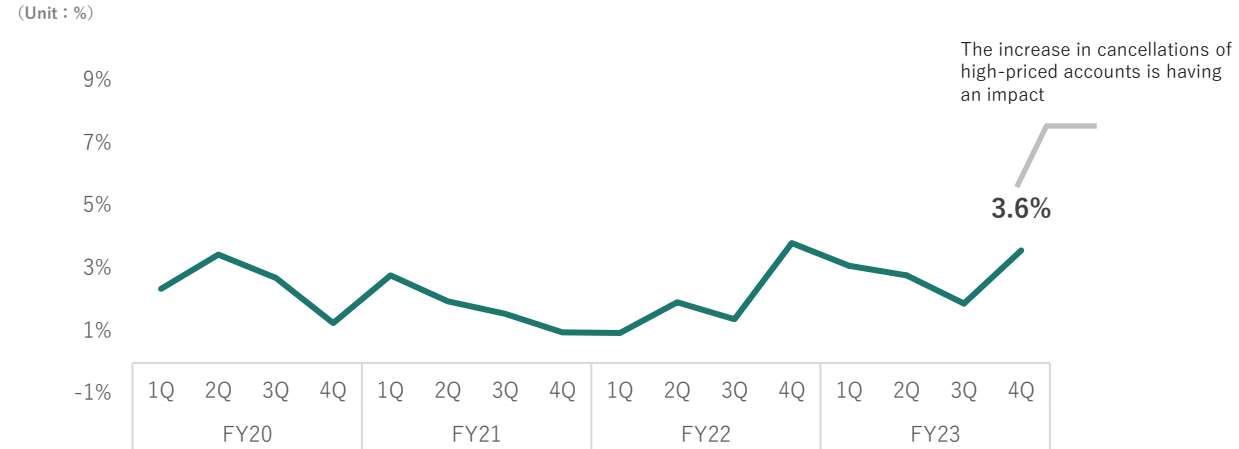
3 - 1 . SaaS Business SiTest KPI Trends

Quarterly Average LTV/CAC Ratio Trends



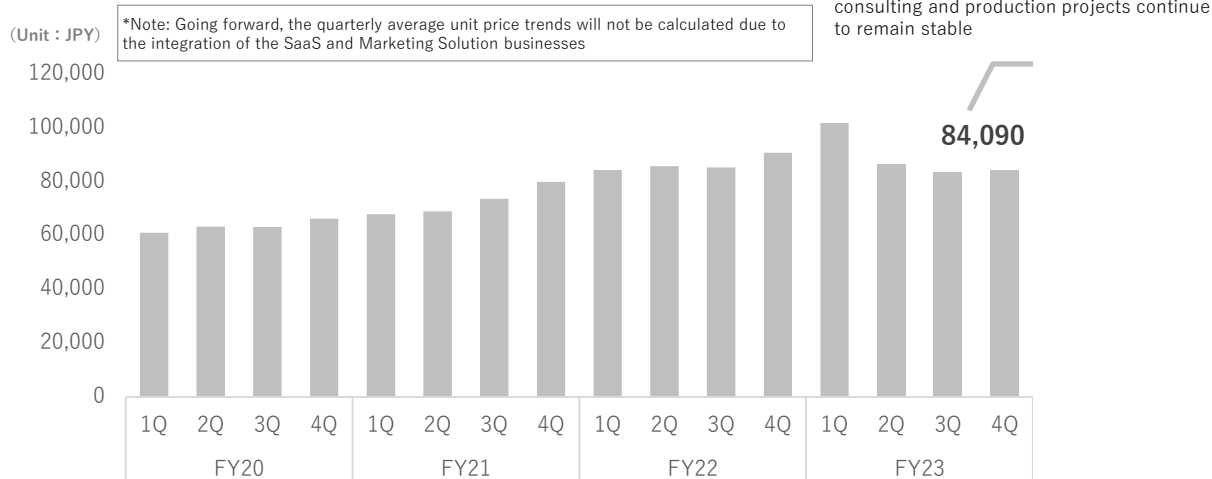
Definition: LTV/CAC... Lifetime Value / Customer Acquisition Cost

Quarterly Average Churn Rate Trends (Net Revenue Churn Rate)



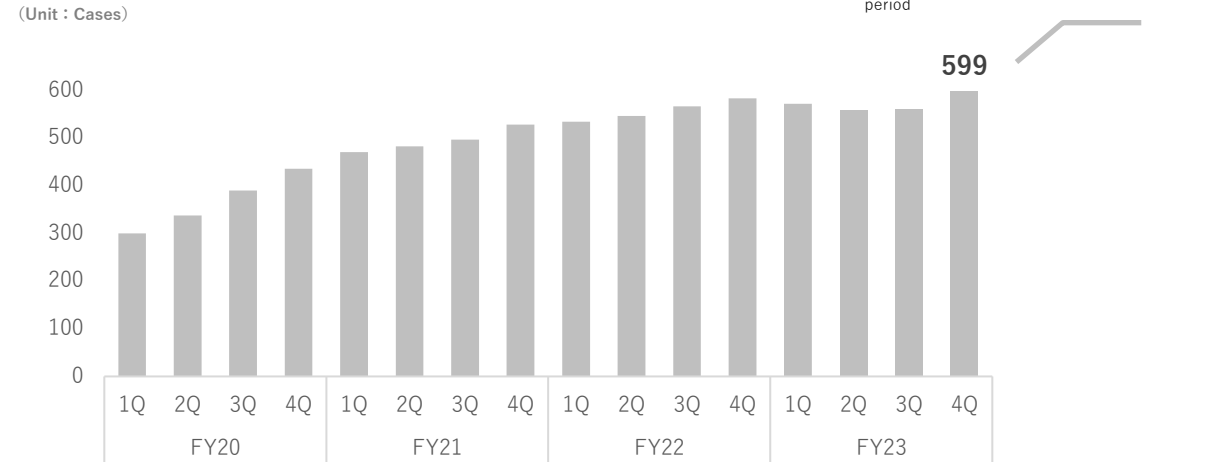
Definition: (Lost Monthly Recurring Revenue - Increased Monthly Recurring Revenue from Existing Customers) / Monthly Recurring Revenue at the beginning of the month (end of the previous month)

Quarterly Average Unit Price Trends



Definition: Average Unit Price... The price at the end of the month averaged over the quarter

Quarterly Average Active Account Count Trends



定義：月末時点の稼働アカウント数をQ単位で平均した数

3-2 | Marketing Solutions Business

3 - 2. Marketing Solutions Business Performance

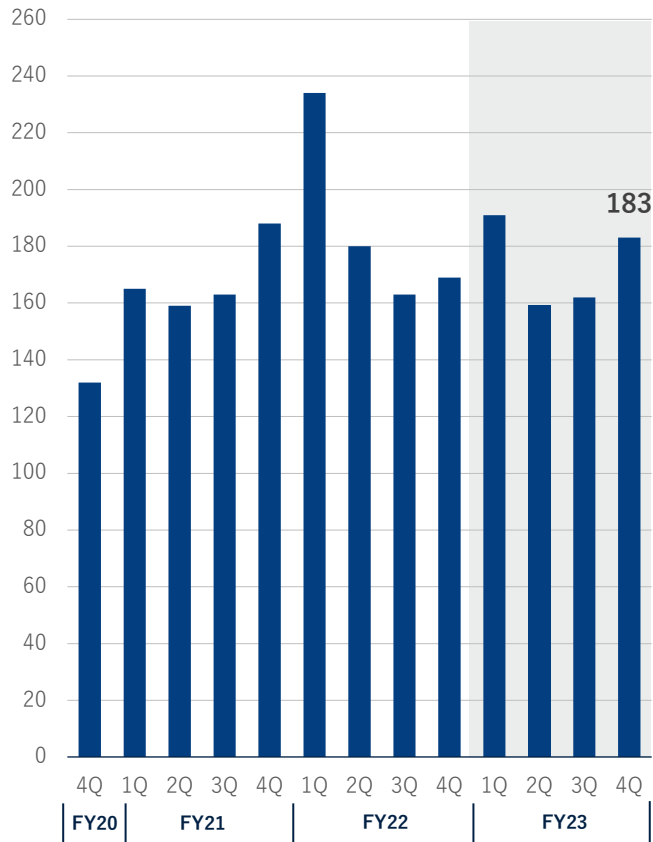
Topics

- Full-year forecast progress rate: Sales Revenue: 102.3%
- Sales revenue of the Marketing Solution business exceeded the revised plan
- Although operating profit has temporarily decreased YoY due to human investments and aggressive hiring aimed at strengthening the growth foundation, there is an improving trend

*Note: The comparison is with the revised full-year forecast announced in the "Notice of Revision of Performance Forecast for FY Ending Dec 2023" on Nov 14, 2023

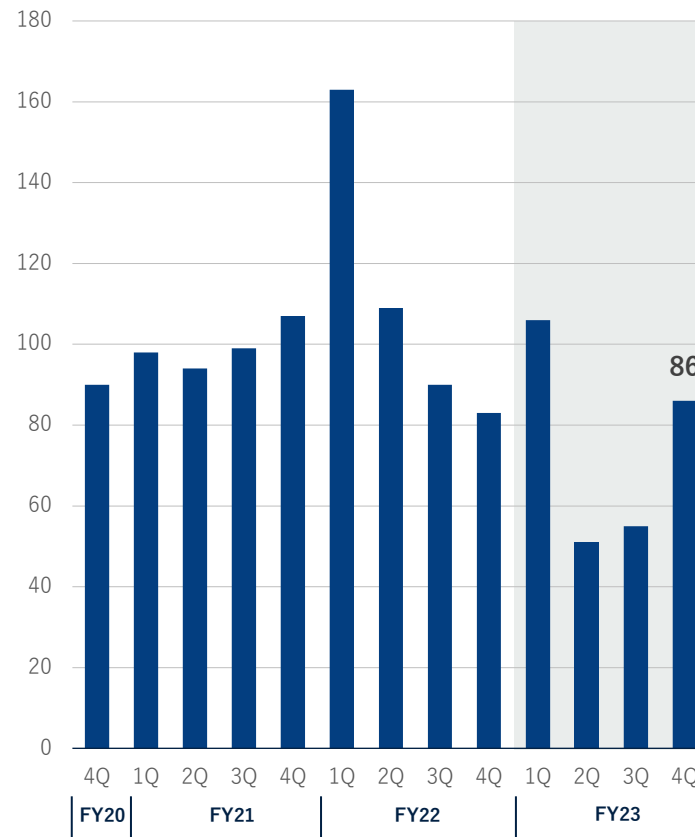
Sales

(Unit: Million of JPY)



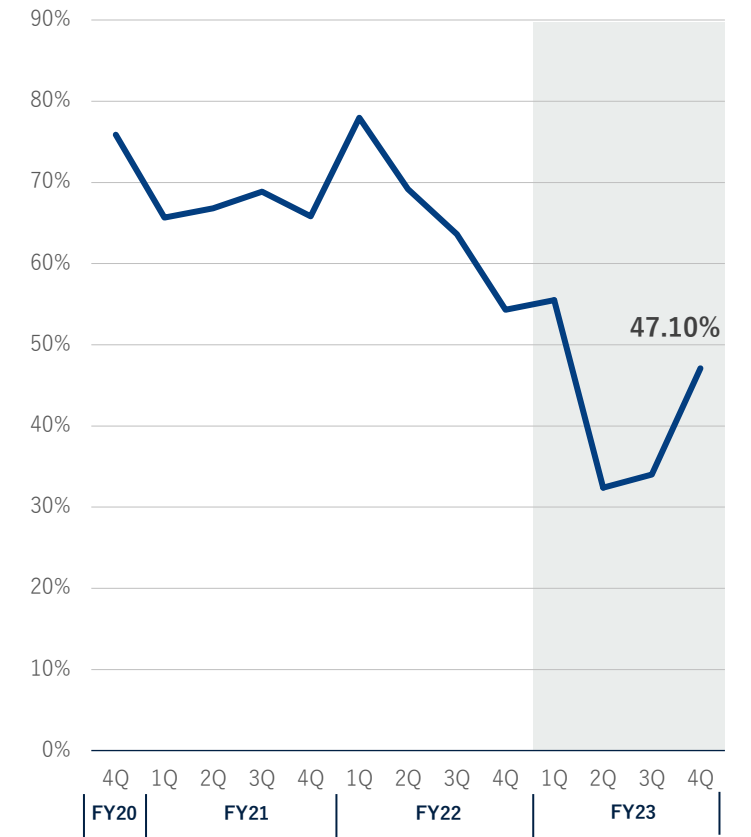
Operating Profit

(Unit: Million of JPY)



Operating Profit Margin

(%)



3-3 | SPAIA Business



3 - 3. SPAIA Business Performance

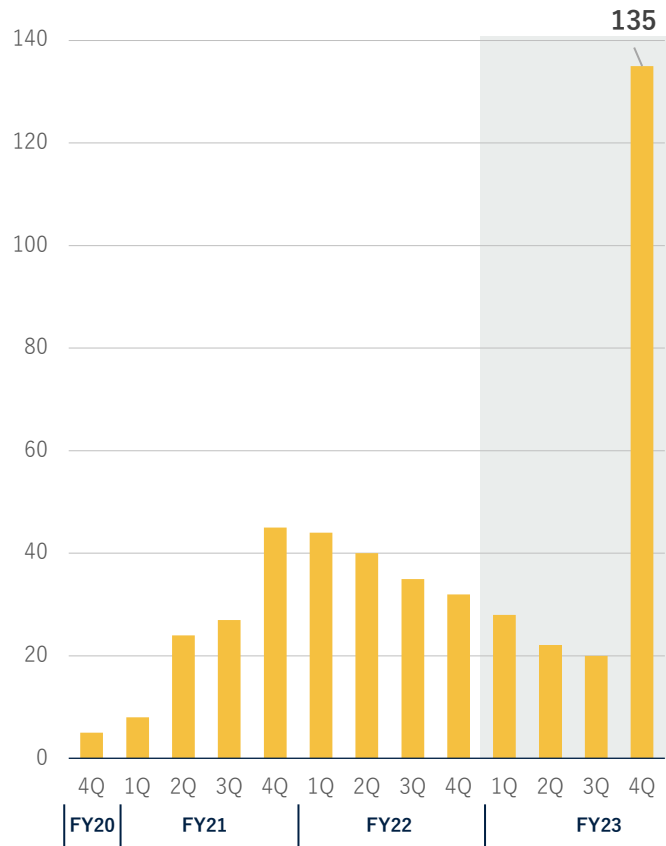
Topics

- Full-year forecast progress rate: Sales Revenue: 103.5%
- The number of free members has increased by 19.6% year-over-year, and continuous efforts are being made in system development and service improvement measures aimed at enhancing customer satisfaction for paid members
- Due to the acquisition of certain businesses from workhouse Inc., revenue has significantly increased by incorporating sales related to new product development, research and development in the AI field, and contracted development of web services. However, securing core personnel in the AI field has led to a substantial increase in costs, resulting in a year-over-year decrease in profits

*Note: The comparison is with the revised full-year forecast announced in the "Notice of Revision of Performance Forecast for FY Ending Dec 2023" on Nov 14, 2023

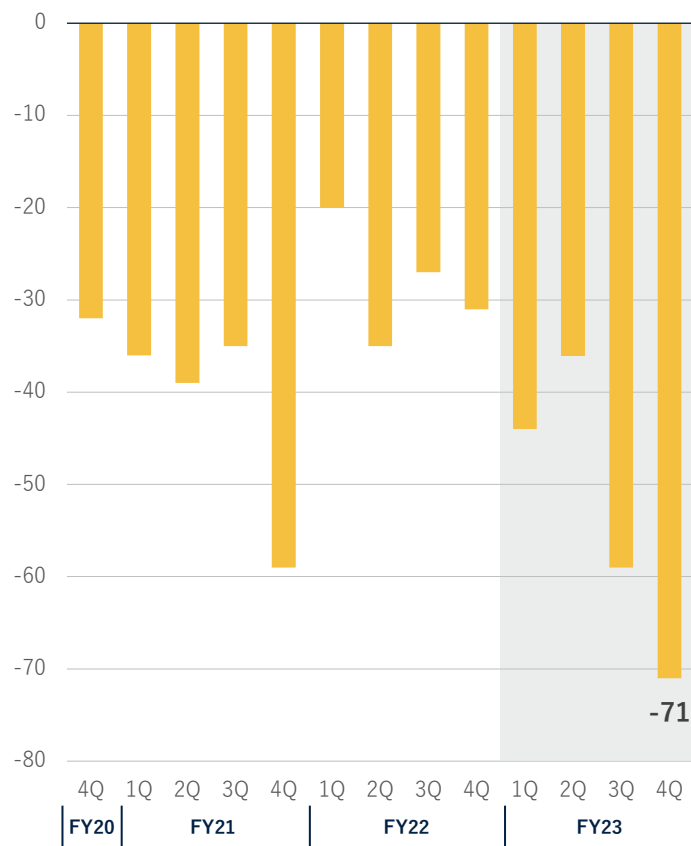
Sales

(Unit: Million of JPY)

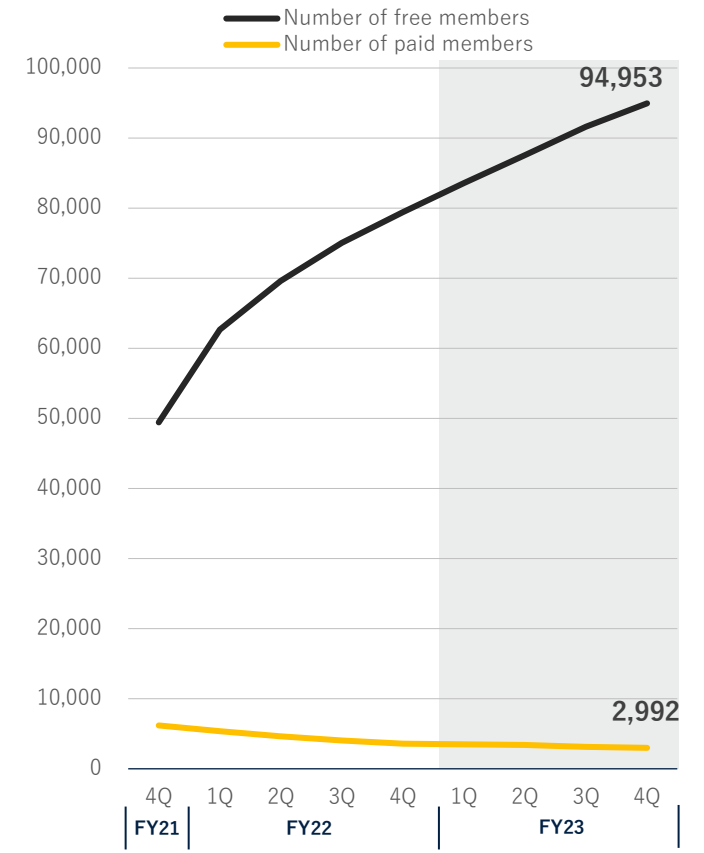


Operating Profit

(Unit: Million of JPY)



SPAIA Keiba membership count (Number)



4 | Matters Regarding Future Growth Strategies

As for the future growth strategy, details will be provided in the “Business Plan and Matters Regarding Growth Potential” presented today. We will explain the specifics at that time

5 | Appendix

FY Ending Dec 2023 Full-Year (P/L · B/S)

Human resources Number of Employees

Human resources Commitment to ESG Initiatives

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P.28~P29

5. FY Ending Dec 2023 Full-Year PL

	Dec 2022 Year-to-Date	Dec 2023 Year-to-Date	YoY		Full-Year Forecast	Progress Rate
			Comparison with the Previous Period	Percentage Change		
Sales	1,480	1,523	42	2.9%	1,500	101.5%
Gross Profit	1,391	1,307	-84	-6.0%	1,418	92.2%
(Profit Margin)	94.0%	85.9%	-8.1%		94.6%	
Selling and General Administrative Expenses	930	1,164	233	25.1%	1,298	
Operating Profit	461	142	-318	-69.0%	120	119.1%
(Profit Margin)	31.1%	9.4%	-21.8%		8.0%	
Ordinary Profit	455	143	-312	-68.6%	110	130.0%
(Profit Margin)	30.8%	9.4%	-21.4%		7.3%	
Net Profit for the Period	297	59	-237	-80.0%	50	119.0%

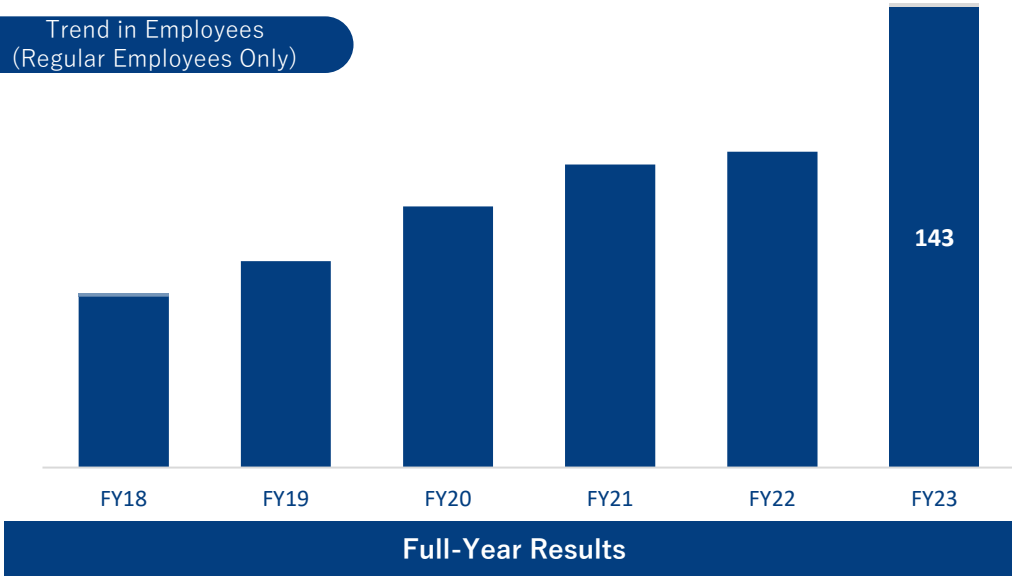
5. FY Ending Dec 2023 Full-Year BS

	Dec 2022 Year-End	Dec 2023 Year-End
Current Assets	2,764	2,572
Cash and Deposits	2,158	1,738
Accounts Receivable	414	602
Advances Paid	160	159
Others	31	72
Advances Paid	134	646
Tangible Fixed Assets	15	18
Intangible Fixed Assets	71	312
Investments and Other Assets	48	315
Deferred Assets	8	5
Total Assets	2,908	3,224

	Dec 2022 Year-End	Dec 2023 Year-End
Current Liabilities	1,158	1,167
Accounts Payable	394	493
Current Portion of Long-Term Debt, etc.	179	265
Accrued Liabilities	171	156
Others	412	251
Fixed Liabilities	432	679
Total Liabilities	1,591	1,846
Total Net Assets	1,316	1,378
Total Liabilities and Net Assets	2,908	3,224

5. Human resources Number of Employees

Trend in Employees
(Regular Employees Only)



Against the target of 144 employees for FY 2023, the employee count as of the end of Dec 2023 is 143

<Hiring Progress>

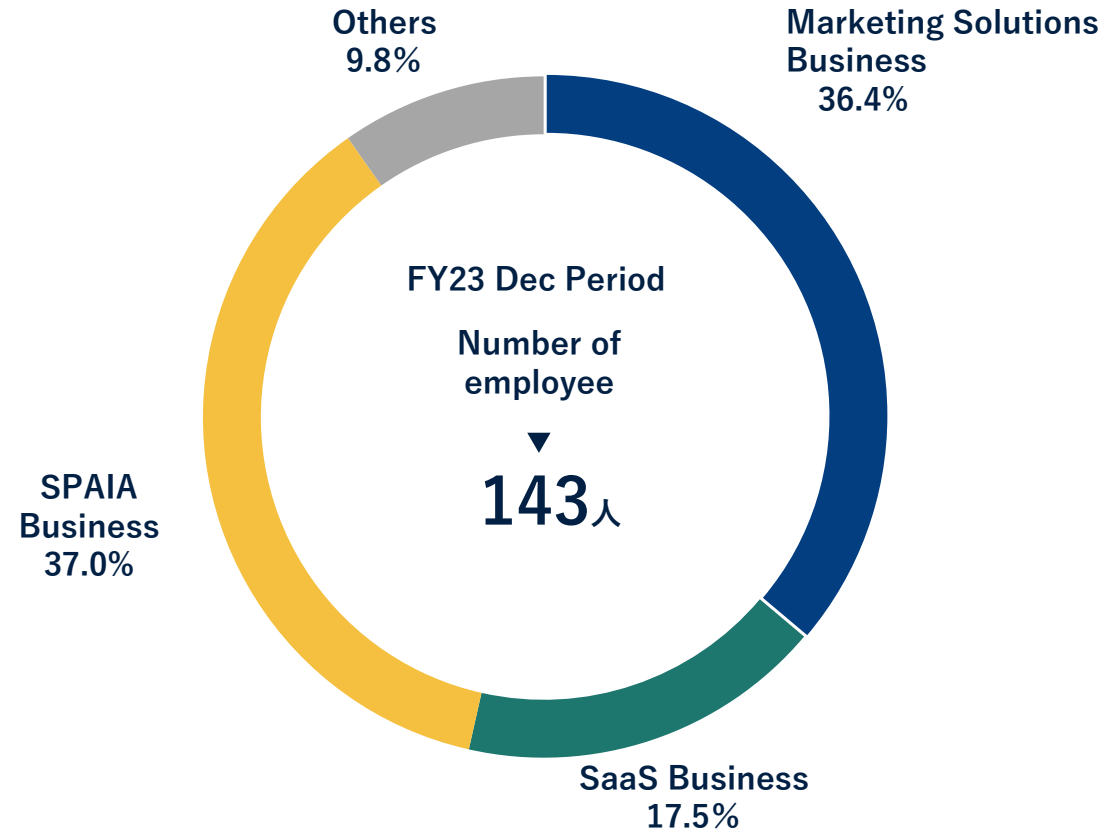
FY 2023 New Hires:
 Regular Employees : 44
 Transfers due to Business Transfer : 24

Retirement Rate

FY 2021	21.0%
FY 2022	23.0%
FY 2023	20.5%

We actively hire foreign engineers in the development department and individuals with no prior experience in the digital marketing support area. This creates an environment that limits turnover and promotes growth

Personnel Composition



5. Human resources Commitment to ESG Initiatives

Vision

Eliminating discrimination based on factors such as age, gender, nationality, and educational background to embody 21st-century management

Our goals

We have formulated an action plan for general employers based on the Act on Promotion of Women's Participation and Advancement in the Workplace

To create an employment environment where women can further thrive, we have formulated a general employer action plan for the four-year period from Apr 1, 2022 to Dec 31, 2026

1 To achieve a female executive ratio of 30% or higher

2 We disseminate information about various systems such as childcare leave under the Childcare and Family Care Leave Law, childcare leave benefits under the Employment Insurance Law, and maternity leave under the Labor Insurance Law. Additionally, we are building a support system for work-life balance support programs

Status of Women's Participation

At the end of Dec 2023

Ratio of Female Executives	_____	33.0%
Ratio of Full-Time Female Executives	_____	60.0%
Ratio of Female Regular Employees	_____	28.0%
Ratio of Female Managers (Breakdown of Managerial Positions)	_____	20.4%
Ratio of Female Managers (equivalent to department managers)	_____	11.5%
Ratio of Female Leaders (equivalent to section managers)	_____	28.5%

*Although leadership positions are not legally recognized as “management and supervisory positions” under labor laws, we consider them as managerial positions, specifically as 'management positions,' responsible for overseeing teams



As of Sep 1, 2023, our company has been certified with three stars in the "Osaka City Leading Company for Women's Empowerment" certification program implemented by Osaka City



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Disclaimer

This document includes statements regarding future prospects. These forward-looking statements are based on information available at the time of their creation. They do not guarantee future results or performance. Such statements about future forecasts involve known and unknown risks and uncertainties, and as a result, actual future performance and financial conditions may significantly differ from the forecasts indicated by the statements, whether expressly or implicitly.

Factors that may affect the actual results include changes in domestic and international economic conditions, industry trends in the sectors in which the company operates, among others, but are not limited to these.

Additionally, information regarding matters and organizations other than our company is based on generally available information, and we have not verified the accuracy or suitability of such publicly available information and do not guarantee it.