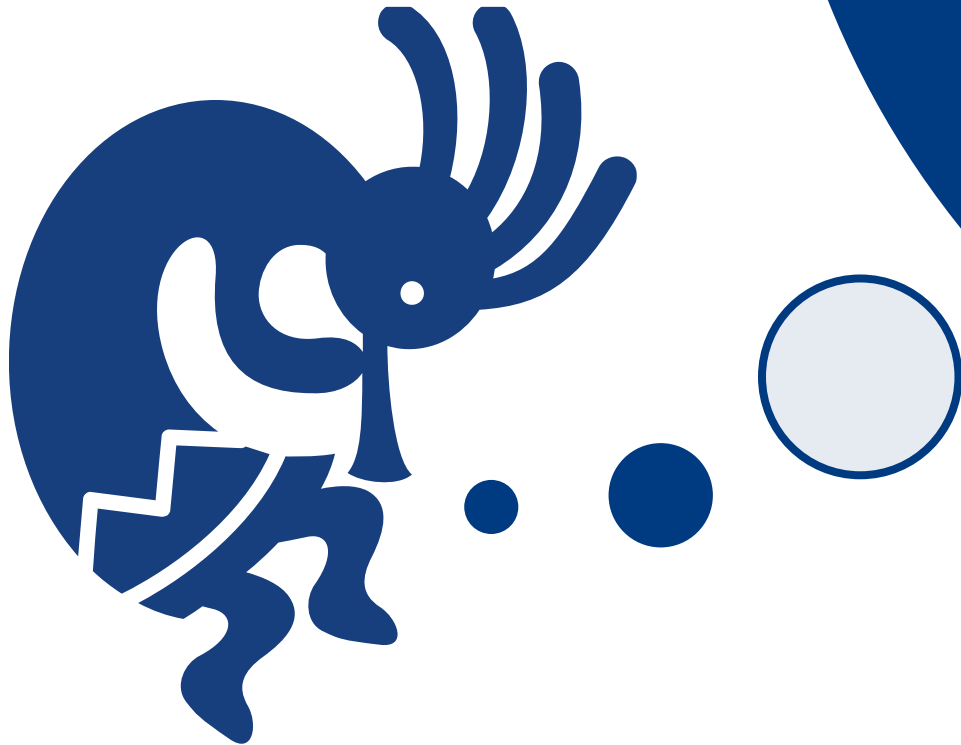


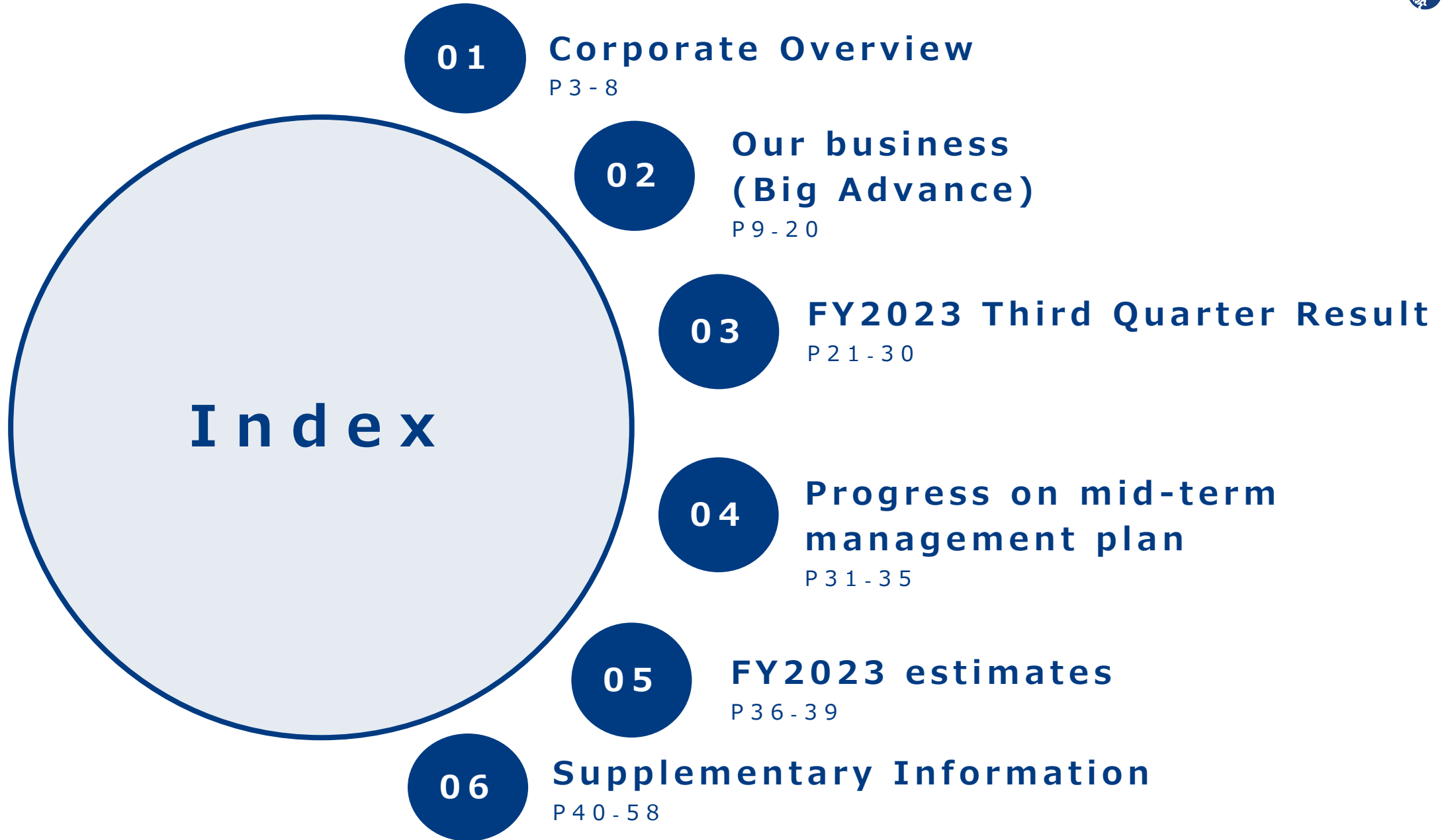
Third Quarter for FY2023

Financial Results

KOKOPELLI Inc. (stock code: 4167)

Feb 14, 2024





01

Corporate Overview

**Mission/Corporate Overview/Service Contents/
Building a Business Ecosystem for SMEs/
Sustainable Development Goals (SDGs)**

Find the future in corporate value

In concert with financial institutions,
we help sprout the seeds of
possibilities in companies across Japan.



Name: **KOKOPELLI Inc.**

Address: **Kioicho Bldg. 11th floor, 3-12 Kioicho, Chiyoda-ku, Tokyo**

Established: **June 2007**

CEO: **Shigeru Kondo**

Capital: **812 million yen**
*As of Dec 31, 2023

Employees: **95 (permanent & part-time)**
*As of Dec 31, 2023

Business platform

- Overview:
- Operation of “Big Advance”, DX support platform for SMEs
 - DX Solutions



Service Contents

- BtoB SaaS model service to support SMEs' growth and regional development (*1)

Big Advance

DX support platform for SMEs

Provide services for SMEs in concert with financial institutions nationwide



DX Solutions

Corporate Portal Site

Provide regional financial institutions with corporate portal sites of SMEs

IT support service

Tools to upgrade productivity for tax accountants and social insurance and labor attorneys.



file transfer and sharing



Consulting on utilization of subsidies

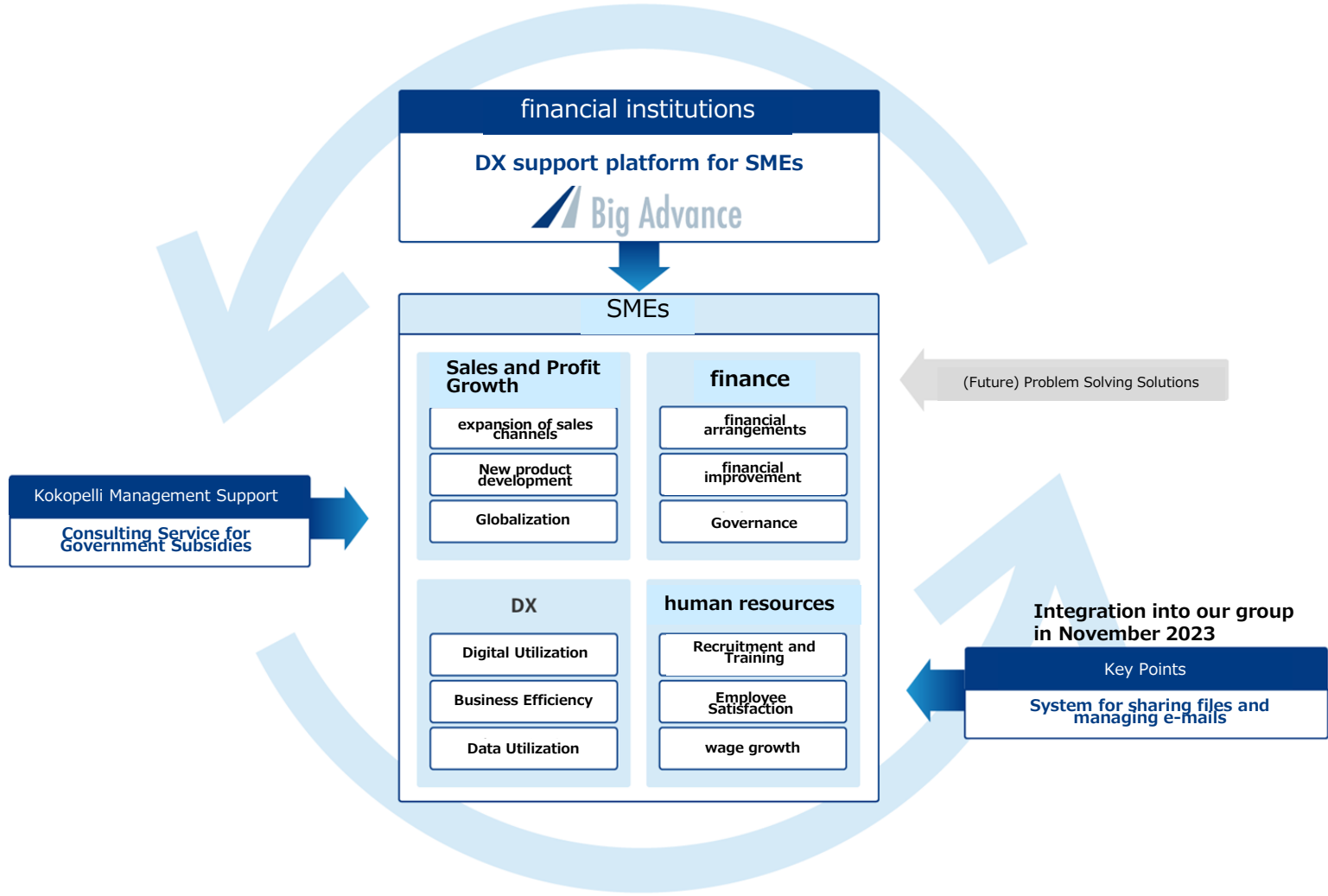
Consulting services for SMEs on how to take advantage of subsidies



(*1) Abbreviation for "Software as a Service". Software applications offered on Cloud by service providers which users can access through the network.

Building a Business Ecosystem for SMEs

- We aim to build a business ecosystem with the SME DX support platform "Big Advance" at its core.
- By building the ecosystem, we provide solutions to various issues faced by SMEs and an environment for sustainable growth.
- We develop new solutions to solve problems or collaborate with companies that already have such solutions.
- Our solutions have been expanded through integrating Key Points into our group as a subsidiary in November 2023.

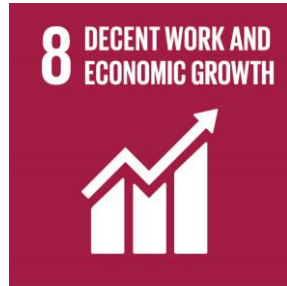


Sustainable Development Goals (SDGs)

- We strive to “Find the future in corporate value”, and “make technologies accessible to SMEs” through on-going efforts to add corporate value and commit to resolving social issues through our engagements.



KOKOPELLI Inc. supports Sustainable Development Goals (SDGs).



8.3

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the births and growth of micro-, small- and medium-sized enterprises by improving access to financial services.



9.1

Develop quality, reliable, sustainable and resilient regional and trans-border infrastructures, to support economic development and human well-being, with a focus on affordable and equitable access for all.



17.17

Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies based on a wealth of partnerships experiences.

02

**Our Overview
(Big Advance)**

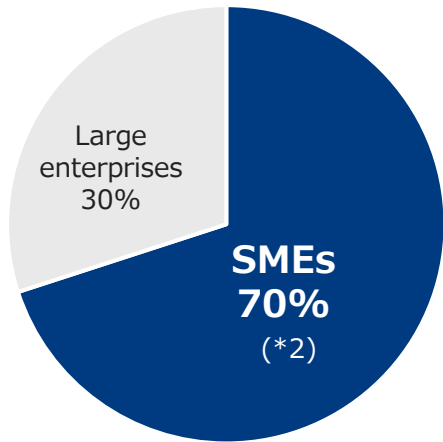
Overview & Challenges for SMEs / Overview & Challenges for Regional Financial Institutions / Our Business (Big Advance) / How “Big Advance” Works / Platforms with Multiple Touchpoints/ Support for DX by SMEs/ The Potential of "Big Advance" with the Use of Generative AI/ Benefits of adopting Big Advance(1)/ Benefits of adopting Big Advance(2)/ Current Status of CHANTO Invoice (Electronic Invoice Services) / Trends in ARPA

Overview & Challenges for SMEs

- Main challenge is to improve productivity. A 10% increase will add 16 trillion yen to the economy. (*1)

Current: SMEs have a massive presence in Japan

Ratio of workers at SMEs



3.58 million

SMEs/small enterprises

(*2)

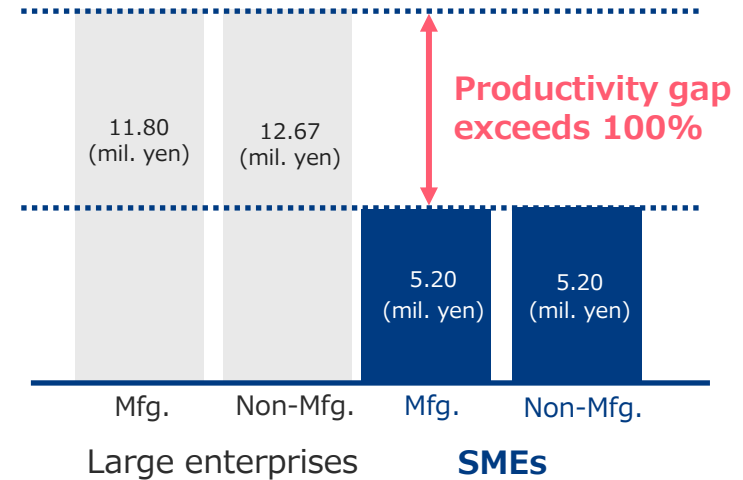
Ratio of SMEs vs total

99.7% (*2)

Issue: SMEs have low productivity

SME's productivity stands at app. **5.20 mil. yen** (*3)

Comparison of productivity



(*1) Our calculation, based on *2 and *3 above. (Total workers at SMEs of app.32mil. X 5.20 mil. yen X 10%)

(*2) Ministry of Internal Affairs and Communications and METI, "2016 Economic Census"

(*3) Small and Medium Enterprise Agency "2020 White Paper on Small and Medium Enterprises in Japan"

Overview & Challenges for Regional Financial Institutions

- Need to secure stable income and promote DX (digital transformation) at SMEs.

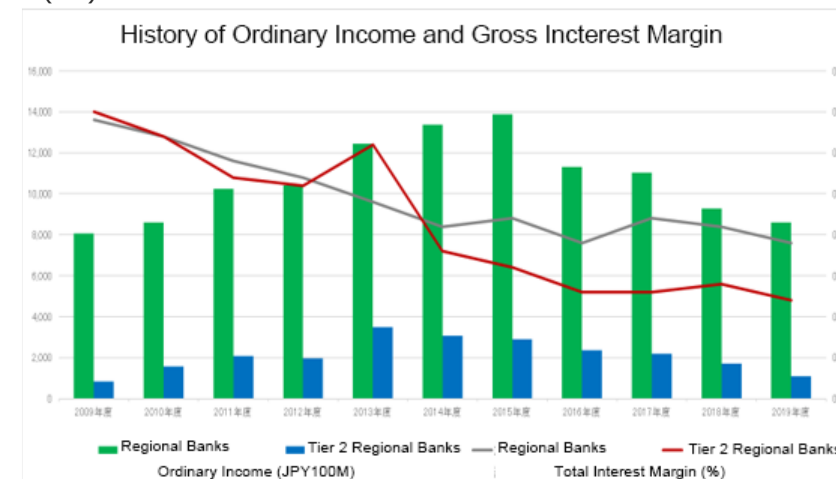
Current: Act as a principal players in regional financial market

Outstanding loans to SMEs: **298 trillion yen**

Type	Number	Outstanding loans to SMEs (*1 *2)
Regional Banks	63	176 trillion yen
2 nd Tier Regional Banks	37	40 trillion yen
Credit Unions	254	70 trillion yen
Credit Associations	144	12 trillion yen
Total	498	298 trillion yen
Mega Banks (Ref.)	4	115 trillion yen

Issue: Stabilizing earnings from assistance for main business line of SMEs

- Stagnant profit growth from lending (*3)
- Low demand for funding, intense competition and prolonged period of super-low interest rate have been causing severe headwinds for businesses.
- Banking Act was amended to drive forward the FinTech evolution (*4)



(*1) Our calculation, based on "A list of SMEs and Regional Banks in each Prefecture (as of March 2022)" by Small and Medium Enterprise Agency

(*2) Our calculation, based on disclosures for outstanding loans to SMEs from Mega Banks (Mitsubishi UFJ, Mitsui Sumitomo, Mizuho, Resona) as of March 2021.

(*3) Our analysis, based on "2019 Financial Results Trend" by Japanese Bankers Association.

(*4) Amendments in 2016: "Facilitating investments into FinTech companies, introducing registration for cryptocurrency exchange operators"; and Amendments in 2018: "Introduction of registration system for electronic payment business operators and use of Open API"

Our Business (Big Advance)

- A BtoB SaaS model management support platform for SME clients of financial institutions.

Basic Functions

Business matching

Search for business matches across different regions through financial institutions.

Chat with financial institutions

Communicate directly with people in charge at financial institutions.

Subsidies and grants

Access proprietary database with details of all municipalities across the country.

Discussion with professionals

Connect with the most appropriate advisors in times of need.

Automatic website creation

Easily set up websites by entering simple details into prescribed format.

"FUKURI" welfare program

Deliver welfare and benefits to employees in the form of coupons which can be used on the website.

Safety check

Check safety of employees in times of emergencies with a push of a button.

Business chat

Smooth intra-company communications regardless of time and place.

Optional Functions

Crowd Funding *Optional only for requested financial institutions

Attract funding by sharing your passion to a common future.

Management Discussion Forum *Optional only for requested financial institutions

Talk freely on managerial issues with other company managements.

Business Succession *Optional only for requested financial institutions

Allows to acquire essential knowledge and calculate share prices in preparation for business succession.

"CHANTO Attendance Management" *Optional only for requested financial institutions

Easy-to-use labor time management system with travel expenses and other expenses adjustment and settlement features

"CHANTO Invoice" * Optional only for requested financial institutions

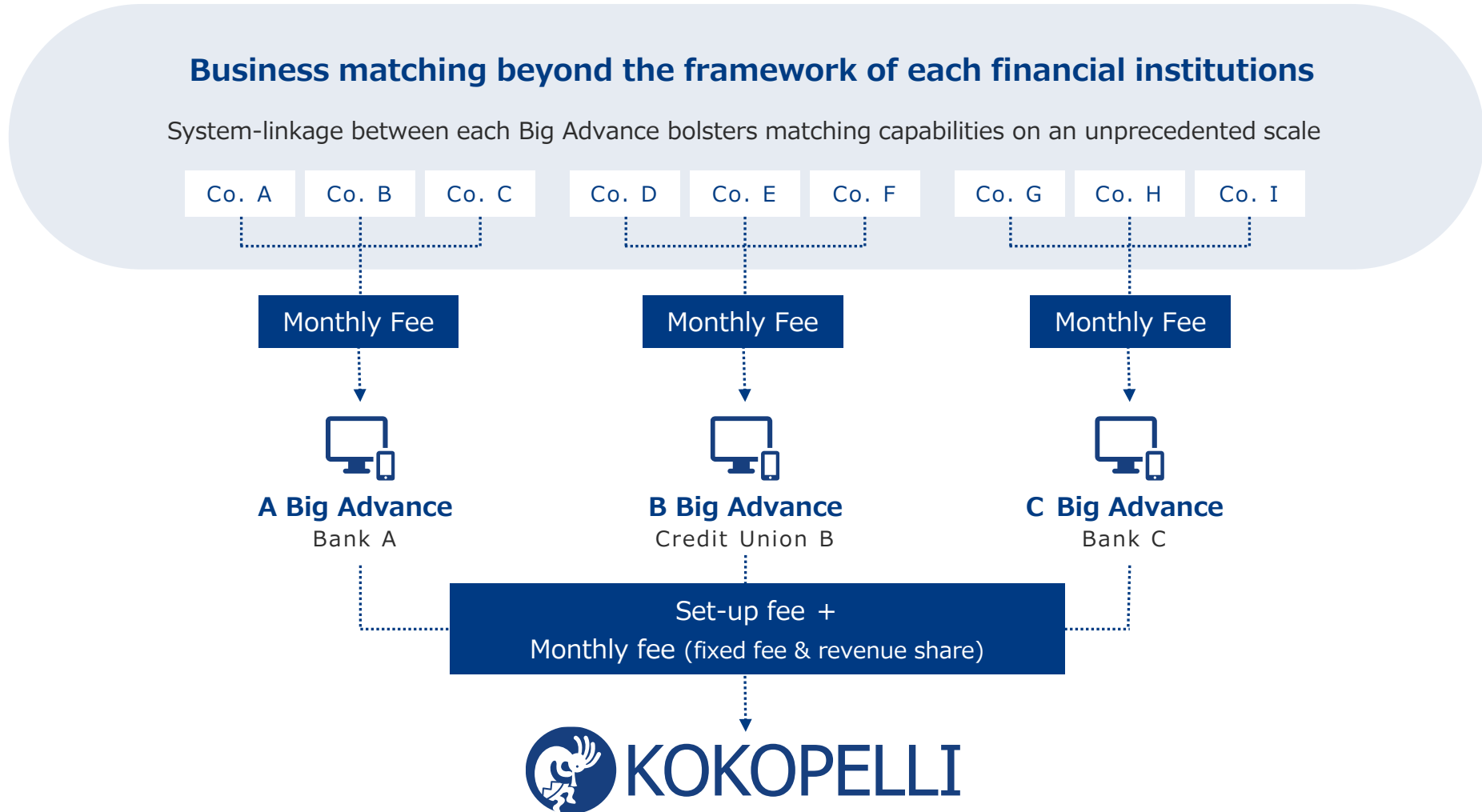
Simple operations to issue invoices and receive forms in line with the new invoice system and the revised Electronic Book Preservation Act.

Subsidies Application Support * Optional only for requested financial institutions **NEW**

Seek professional guidance on the utilization of subsidies and obtain specialized assistance for application processes.

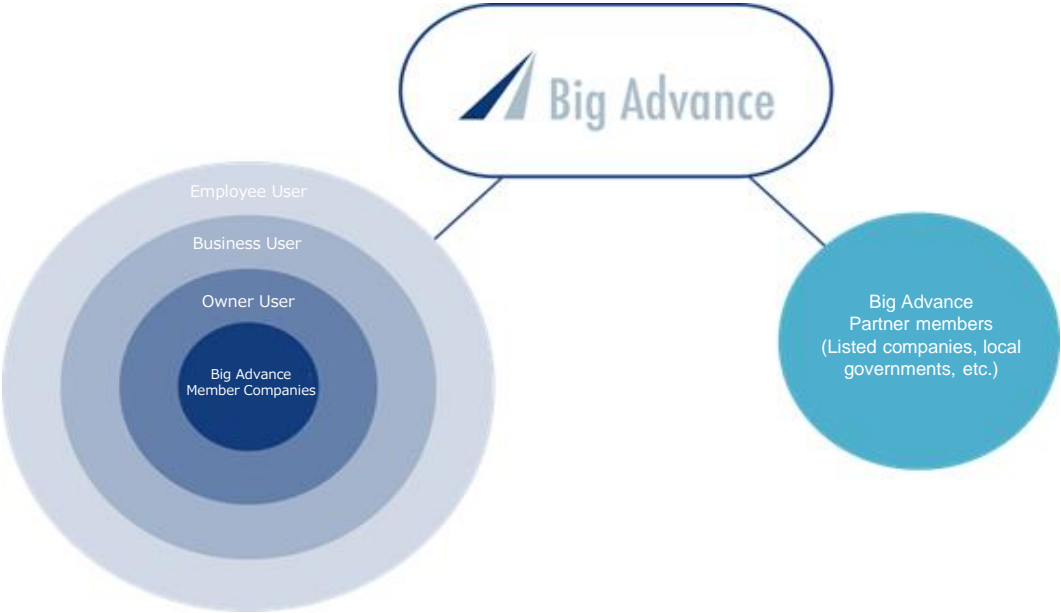
How “Big Advance” Works

- Each financial institution offers services to SMEs as “(institution name) Big Advance”.
- Cut across the regional and institutional frameworks to create unprecedented opportunities.

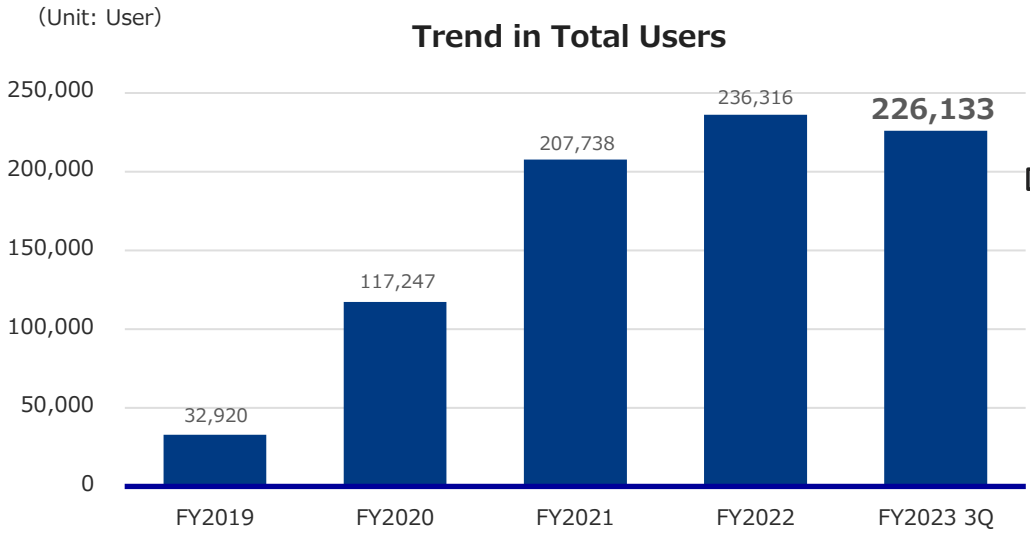
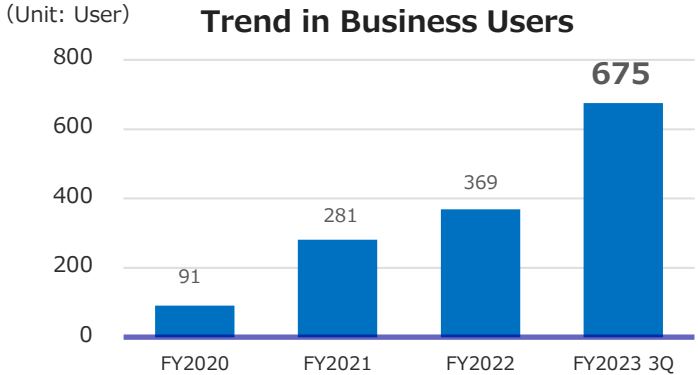


Platforms with Multiple Touchpoints

- The "Big Advance" account is divided into three types, and member companies have many user contact points from "management to employees".
- The total number of users in each account is 226,133.
- As a result of the priority measure of "promoting the use of business user accounts," the number of business users has steadily increased.
- The number of partner members including listed companies and local governments is 1,951.



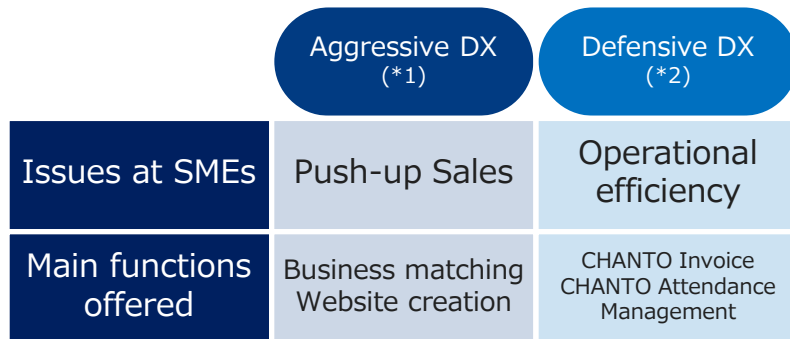
Account Type	Overview
Owner User	Only 1 user can be issued to Big Advance member companies, making all functions available.
Business User	Can be added as an option, almost all functions as the Owner User can be used.
Employee User	Unlimited issuance, limited to the use of some functions.



Support for DX by SMEs

- Provides a wealth of functions with competitive price offers to accelerate the pace of DX at SMEs.

Areas of DX Services on Offer



Big Advance is the one-stop solution to completing your DX process

Features for DX	Big Advance	Other Services							
Introduction and operational support by persons at financial institutions	✓								
Business Matching	✓	✓							
Website Creation	✓		✓						
Business Chat	✓			✓					
Subsidies/Grant	✓				✓				
Welfare Program	✓					✓			
Safety Check	✓						✓		
CHANTO Invoice (※4)	✓							✓	
CHANTO Attendance Management (※4)	✓								✓
Monthly Fee per a company	3,300 Yen/M Excluding optional functions	A company 1,500 Yen/M	B company 3,000 Yen/M	C company Fee for use	D company 1,000 Yen/M	E company 500-1,000 Yen/M/employee	F company Fee for use	G company Fee for use	H company Fee for use

(*1) DX areas contributing to higher sales such as website creation or web-based sales activities.

(*2) DX areas contributing to operational efficiency or cost reduction.

(*3) Other companies' services are excerpted from each company's website.

(*4) Optional functions.

The Potential of "Big Advance" with the Use of Generative AI

- Generative AI, such as ChatGPT, is a technology that automatically generates new text, images, voice, and other data using Large Language Models and machine learning algorithms.
- In tandem with the functions and data volume of "Big Advance", overwhelming operational efficiency can be achieved, leading to higher customer satisfaction.
- SMEs can take advantage of cutting-edge technology without the need for any specialized knowledge.



(Accessible function)



SMEs



Automate operations, increase sales, reduce costs, drive innovation, and more.

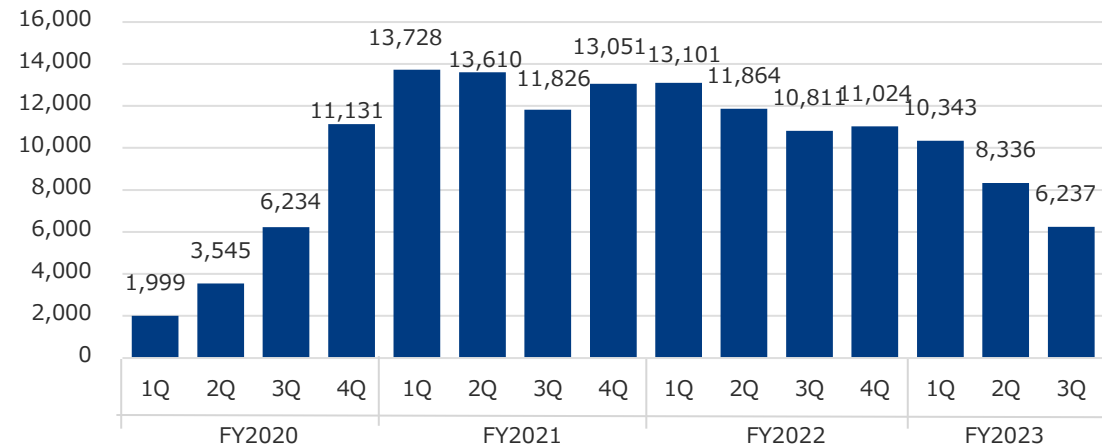
Benefits of adopting Big Advance (1)

- New values created through Big Advance for many SMEs since its launch.

Business matchings

- The business matching feature allowed users to explore new clients and potential tie-ups across different industry fields to develop new products.
- Total requests for business talks **141,446** (*1).
- In 2Q, there was a major upgrade. Although the total number of requests for business talks decreased, the frequency of these talks increased, with shorter response times following each request (*2).

Quarterly requests for business talks



(*1) As of end Dec 2023

(*2) As a result of the major update, the rate of business talks was up by 13.7 points in one week, and the rate of face-to-face interview by 2.83 points.

Release of an Automatic Generation Feature for Sales Opportunity Information Utilizing AI

- Launching a Feature That Utilizes AI to Automatically Create Information Needed for Business Matching Needs Registration with Just One Click

【Screen Image】 AI自動作成を試す 文章入力はワンクリックでAIにおまかせ!

千葉県東部の自動車整備なら創業50周年を誇る当社

千葉県印西市を中心に、自動車整備のサービスを提供しております。従業員は10名あり、急な相談にも柔軟に対応することができます。故障対応はもちろん、車検や仕入れも対応しています。Zoom等をしたオンライン対応も行なっておりますので、お気軽にご相談ください。

老舗の自動車整備工場ですが、従業員はみんなフランクで話しやすいメンバーばかりです!

「基本情報」に登録されている情報をもとに、AIがニーズ登録に必要な情報を自動で作成します!

Implementation of Matching Event

- Implementing Theme-Based Events to Further Activate Business Negotiations
- Construction Partner Companies Feature (Mon, January 22, 2024 - Fri, February 2, 2024)
- Civil Engineering Partner Companies Feature (Mon, February 26, 2024 - Fri, March 8, 2024)
- Department Store Feature (Mon, April 15, 2024 - Fri, April 26, 2024)

【Screen Image】

動態管理デジタル化 応援キャンペーン

カードリーダーとICカードリーダー

↓をマウスオーバーするとガイド表示

Big Advance

無料! オンラインセミナー

Benefits of adopting Big Advance (2)

- Facilitate the creation and updating of websites that require routine cost and manpower, which adds to more credibility for the SME to attract more customers and hire new people.

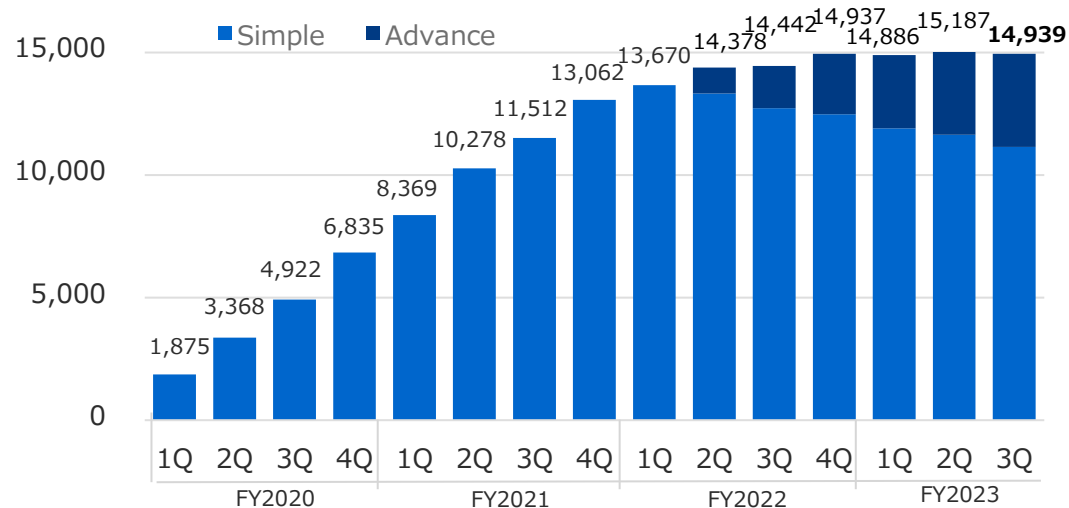
Websites creation

- Create and update website with no special knowledge
- Brings web search results at higher ranking in result
- More shifting to the "Advanced" version which allows more information to be posted and has improved design, enabling website creation tailored to each industry and business type.
- Number of companies on the "Advance" accounts represents 25% of the total.

Release ChatGPT-based support function for creating websites

- Release the β -version of the generative-AI function to insert phrases into websites on May 15, 2023.
- Allows easy and efficient way to generate phrases for describing corporate missions and overview when creating websites.

Quarterly launch of websites



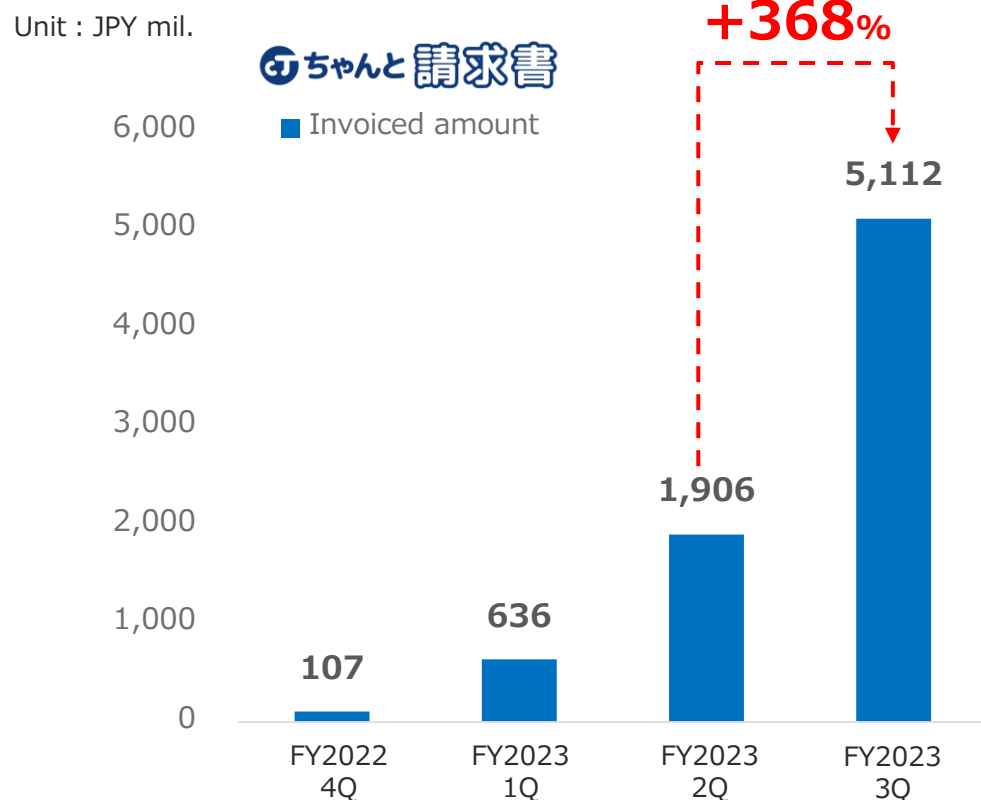
【Screen Image】



Current Status of CHANTO Invoice (Electronic Invoice Services)

- Online invoicing system “CHANTO Invoice” which is aligned with the new invoicing system, will commence January 2023.
- In response to the Electronic Books Preservation Act, the "electronic storage function" will be available from August 2023.
- The service was launched at 46 financial institutions (*1), which exceeded the initial plan, and online seminars for SMEs were held as needed.
- The cumulative amount of invoices issued by proper invoices increased significantly to 5,112 million yen as of the third quarter.

Cumulative amount of invoice issuance (*2)

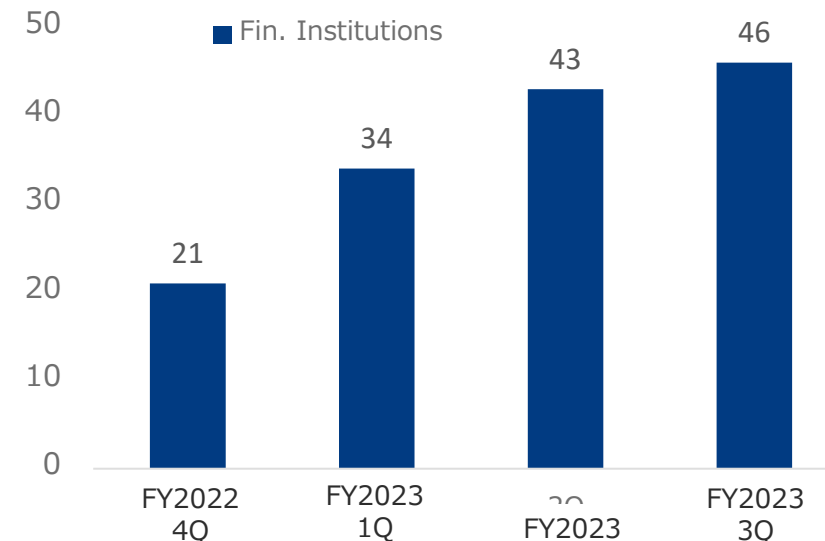


(*1) As of 14 February 2024

(*2) Cumulative issue amount as of 23 January 2024.

Trend in the number of financial institutions

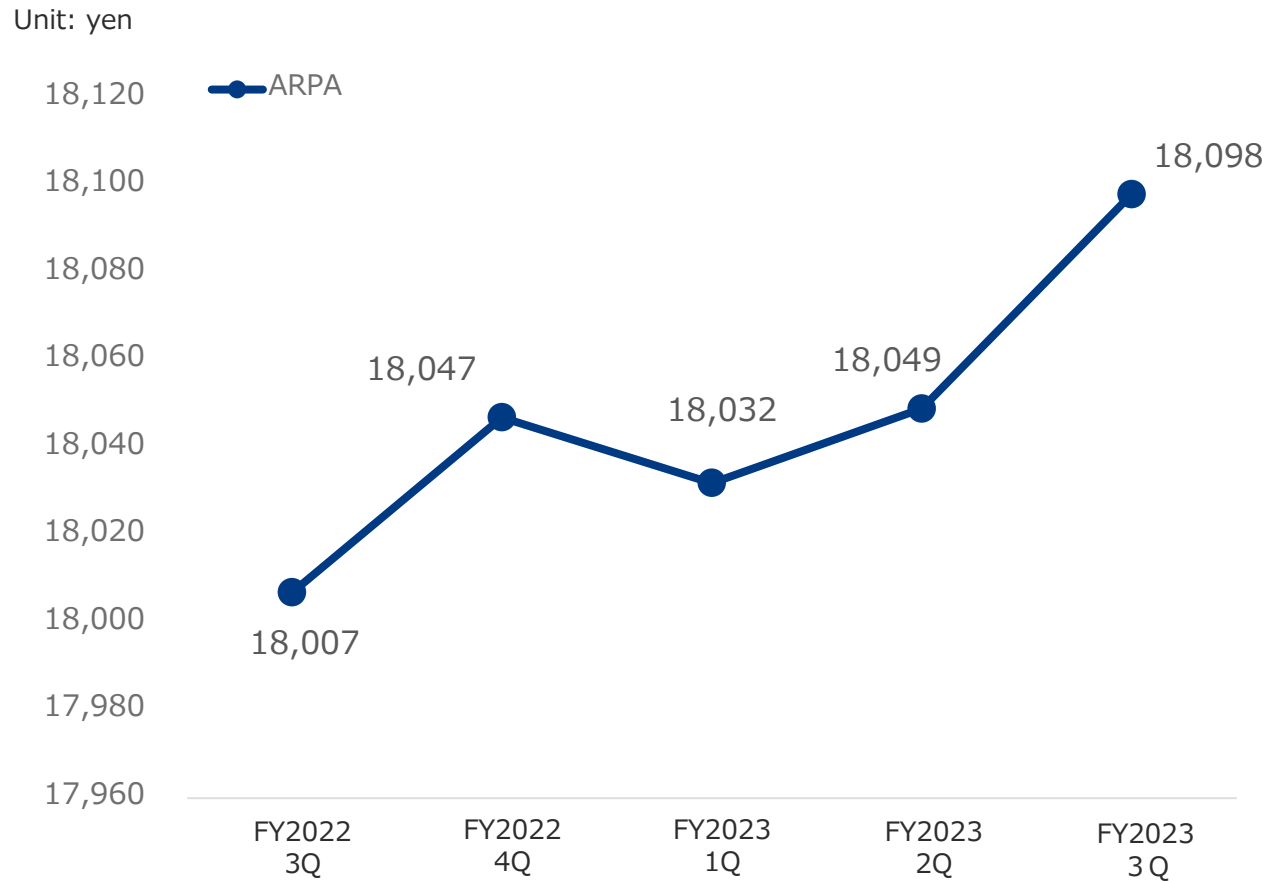
Unit : Companies



The Miyazaki Bank, The Ki no Kuni Shinkin Bank, The Gifu Shinkin Bank, The Seisei Shinkin Bank, The Chiba Shinkin Bank, The Towa Bank, Niigata Shinkin Bank, Hiratsuka Shinkin Bank, Minami Nippon Bank, Kofu Shinkin Bank, Nagano Bank, Alps Central Shinkin Bank, Sanjo Shinkin Bank, Fukui Shinkin Bank, Aomori Bank, Tomato Bank, Kagoshima Mutual Shinkin Bank, Toho Bank, Toyokawa Shinkin Bank, Himeji Shinkin Bank, Kyoei Shinkin Union, Iwate Bank, Tono Shinkin Bank, Fukuho Bank, Kure Shinkin Bank, Iyo Bank, Saga Bank, Sanin Godo Bank, Kochi Bank, Hanno Shinkin Bank, Kitanihon Bank, Tajima Shinkin Bank, Daiko Bank, Shonai Bank, Chukyo Bank, Kiyomoto Bank, Kuwana Mie Credit Union, Nishi Nihon City Bank, Fukuoka Chuo Bank, Kyoto Bank, Okinawa Kaiho Bank, Sendai Bank, Asahikawa Credit Union, Higashi Nihon Bank, and Mishima Credit Union

Trends in ARPA

- As outlined in the mid-term management plan's ARPA boosting strategy, we will raise ARPA by offering optional functions aimed at increasing revenue-share-sales derived from the monthly fees of Big Advance member companies
- ARPA increased by 91 yen in YoY comparison for the same quarter.



(*) ARPA stands for "Average Revenue per Account", referring to an average sales amount per account.
 This figure is calculated by dividing the annual revenue sales from member companies by the number of member companies at the end of each quarter.

03

FY2023 Third Quarter Result

FY2023 3Q Results Highlight/ FY2023 3Q Profit and Loss Statement / Trends in Quarterly Sales / Trends in Quarterly Operating Income and Loss / Trends in Quarterly Cost Structure / Quarterly Trends in Member Companies / Trend in the number of BA-installed Financial Institutions / Sustaining users with quick improvements to functions

Sales

1,338 million yen
(+0.2% YoY)

Operating profit

-2 million yen
(- YoY)

Current Status of Big Advance

Number of BA-installed financial institutions

85

Number of member companies

64,908

Total number of users

226,133

Average churn rate

1.77% (*1)

(*1) Churn rate : Unsubscribed companies during the month / Subscribed member companies at month-end (12-month average from January 2023 to December 2023).

FY2023 3Q Profit and Loss Statement

- The increase in Big Advance sales and the decrease in DX Solutions sales brought the total revenue to 100.2% in YoY comparison for the same quarter.
- The recording of 16 million yen as M&A brokerage fees for acquiring Key Points in November resulted in an operating loss.
- The gross profit ratio improved to 61.4% for 3Q, up 10.5 points from 50.9% for the cumulative 1Q and 2Q, due to a review of costs for outsourcing and server expenses (54.1% for the cumulative 1Q, 2Q and 3Q).
- EBITDA shall land at 75 mil. Yen profit.

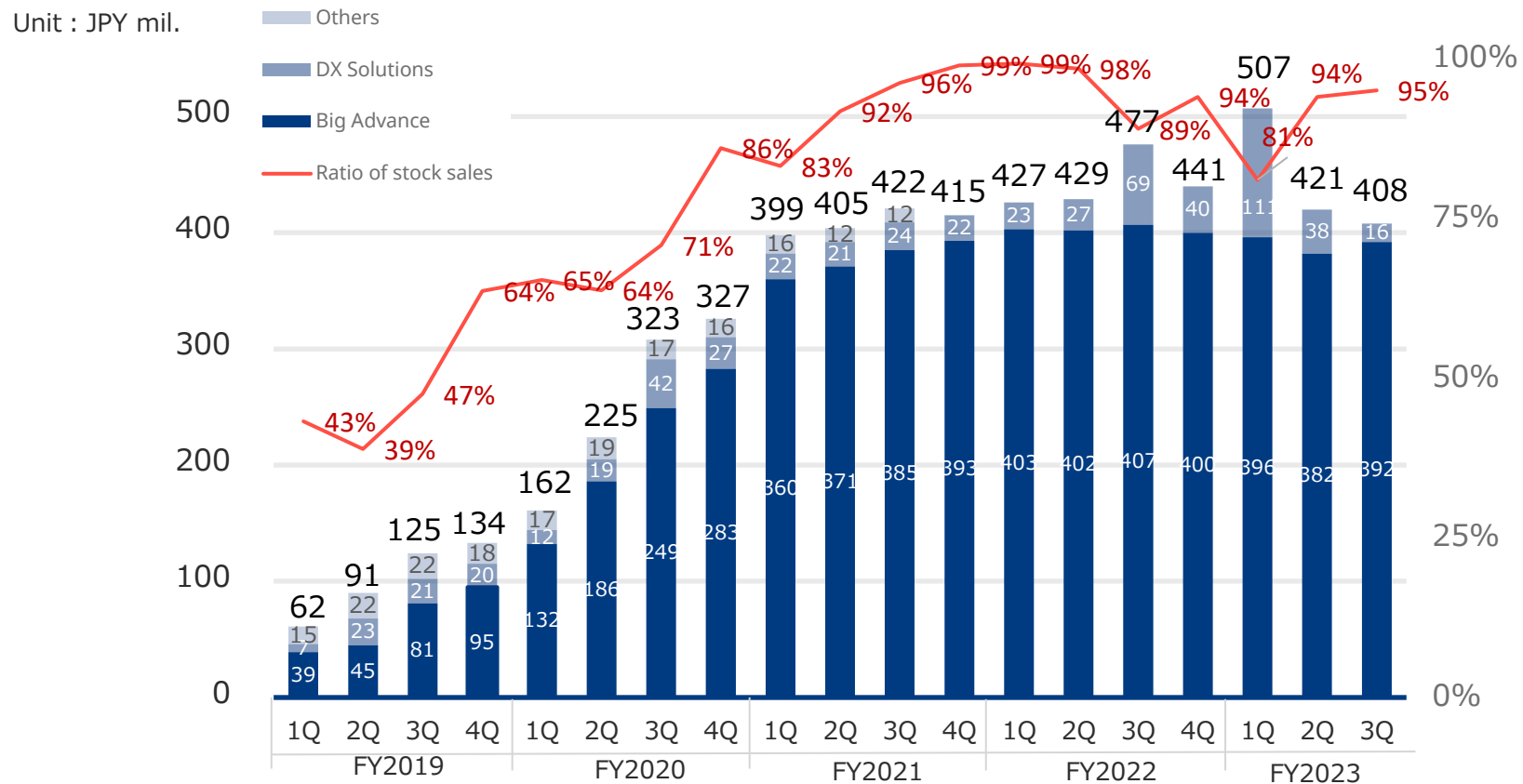
Unit: million yen

	FY2022 3Q (Actual)	FY2023 3Q (Actual)	Variance	YoY
Net Sales	1,334	1,338	3	100.2%
Gross profit	720	724	3	100.5%
Gross profit ratio	54.0%	54.1%	—	—
Operating Income	62	-2	-64	—
Operating income ratio	4.7%	—	—	—
Ordinary Income	62	-1	-64	—
Quarterly net profit at shareholders of parent company	20	-20	-41	—
EBITDA (※1)	118	115	-3	—

(*1) EBITDA is calculated by operating profit + depreciation + goodwill amortization + stock-based compensation expense.

Trends in Quarterly Sales

- Big Advance sales increased from 2Q mainly due to initial installation revenues from newly adopting financial institutions.
- DX Solutions sales decreased from 2Q mainly due to the termination of FAI and SHARES services, and delays in the adoption dates of subsidies consulting sales.
- The ratio of stock sales (*2) stayed high at 95%.



(*1) Stand-alone results used until 2Q of FY2022, and consolidated results from 3Q of FY2022.

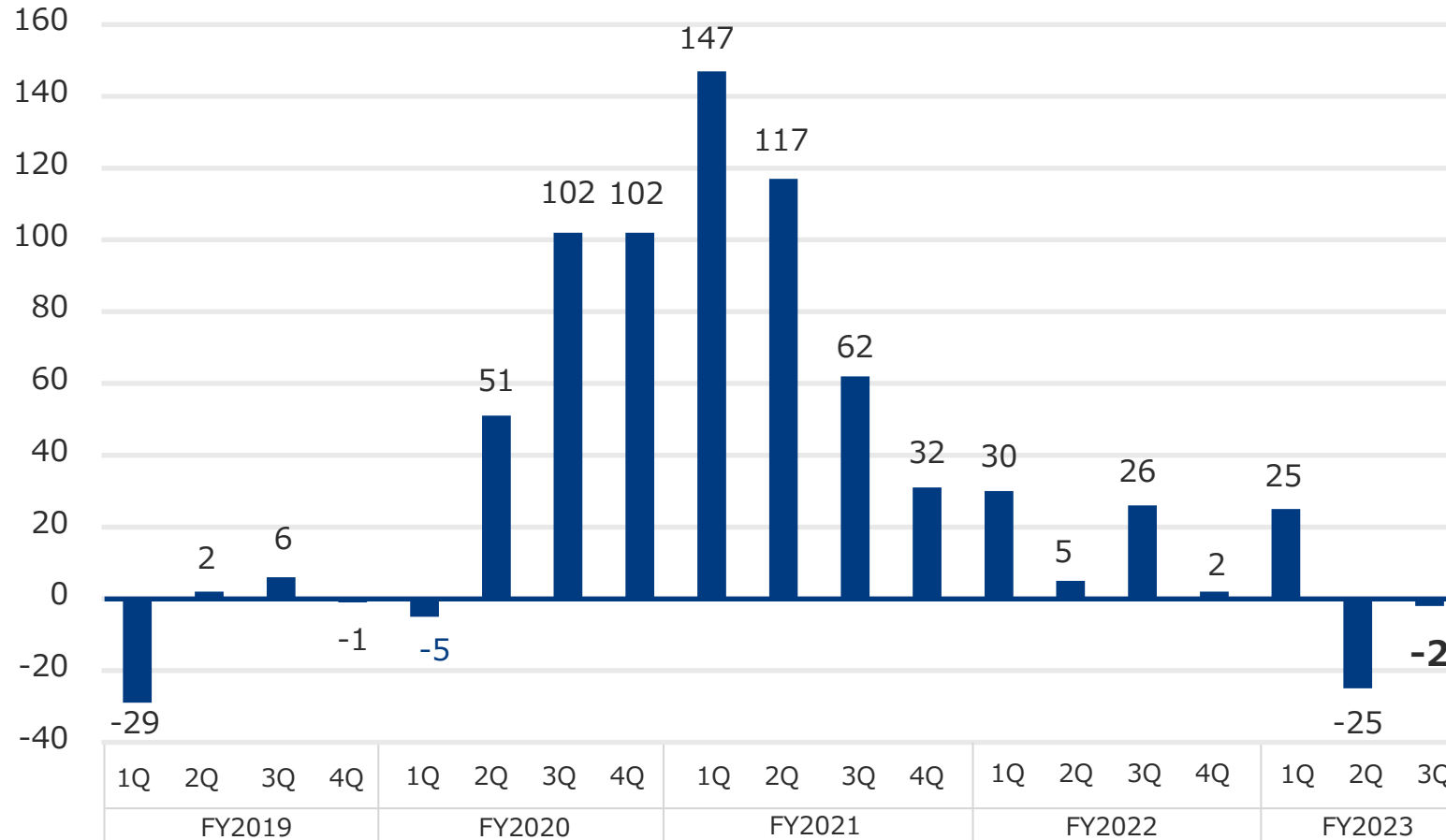
(*2) Stock sales: revenue share of monthly maintenance cost and monthly cost of Big Advance at financial institutions.

(*3) Part of sales previously included in Big Advance is posted to DX Solutions, since sub-categorizing sales items into DX Solutions and Big Advance.

Trends in Quarterly Operating Income/Loss

- As initially planned, investment was prioritized in growth such as personnel for the development of new functions and services.
- Although the gross profit ratio improved due to reasons including outsourcing costs reductions through the enhancement of development systems, 3Q of FY2023 landed in deficit due to recording M&A brokerage fees of 16 million yen.

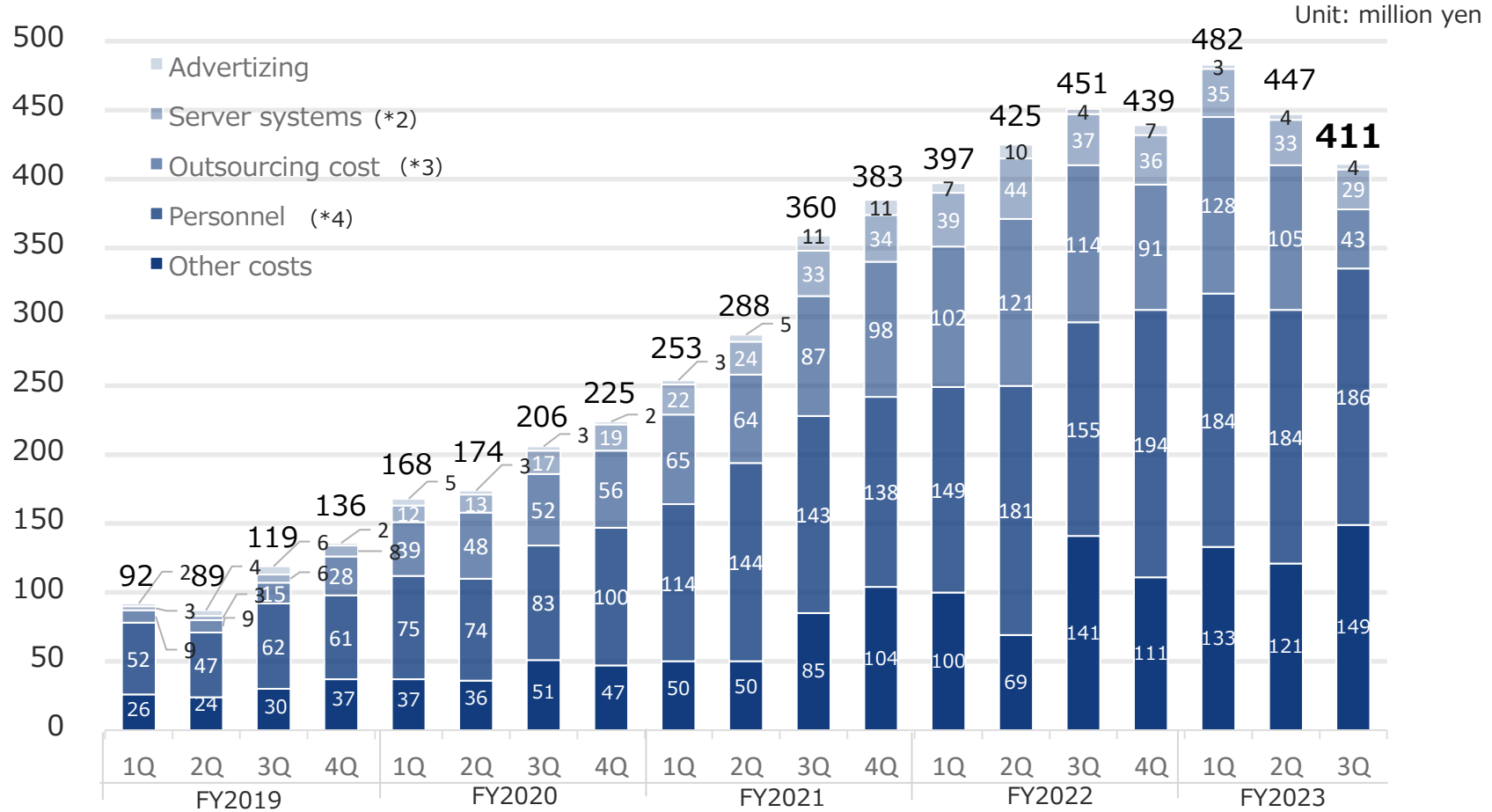
Unit: million yen



(*) Financial statements are on a stand-alone basis until 2Q of FY2022, and then on a consolidated basis from 3Q of FY2022.

Trends in Quarterly Cost Structure

- While continuing to invest in growth, costs were reviewed, achieving reductions in costs such as outsourcing expenses and server system costs.
- For 3Q of FY 2023, brokerage fees for the M&A conducted in November were recorded under “Other costs”.



(*1) Financial statements are on a stand-alone basis until 2Q of FY2022, and then on a consolidated basis from 3Q of FY2023.

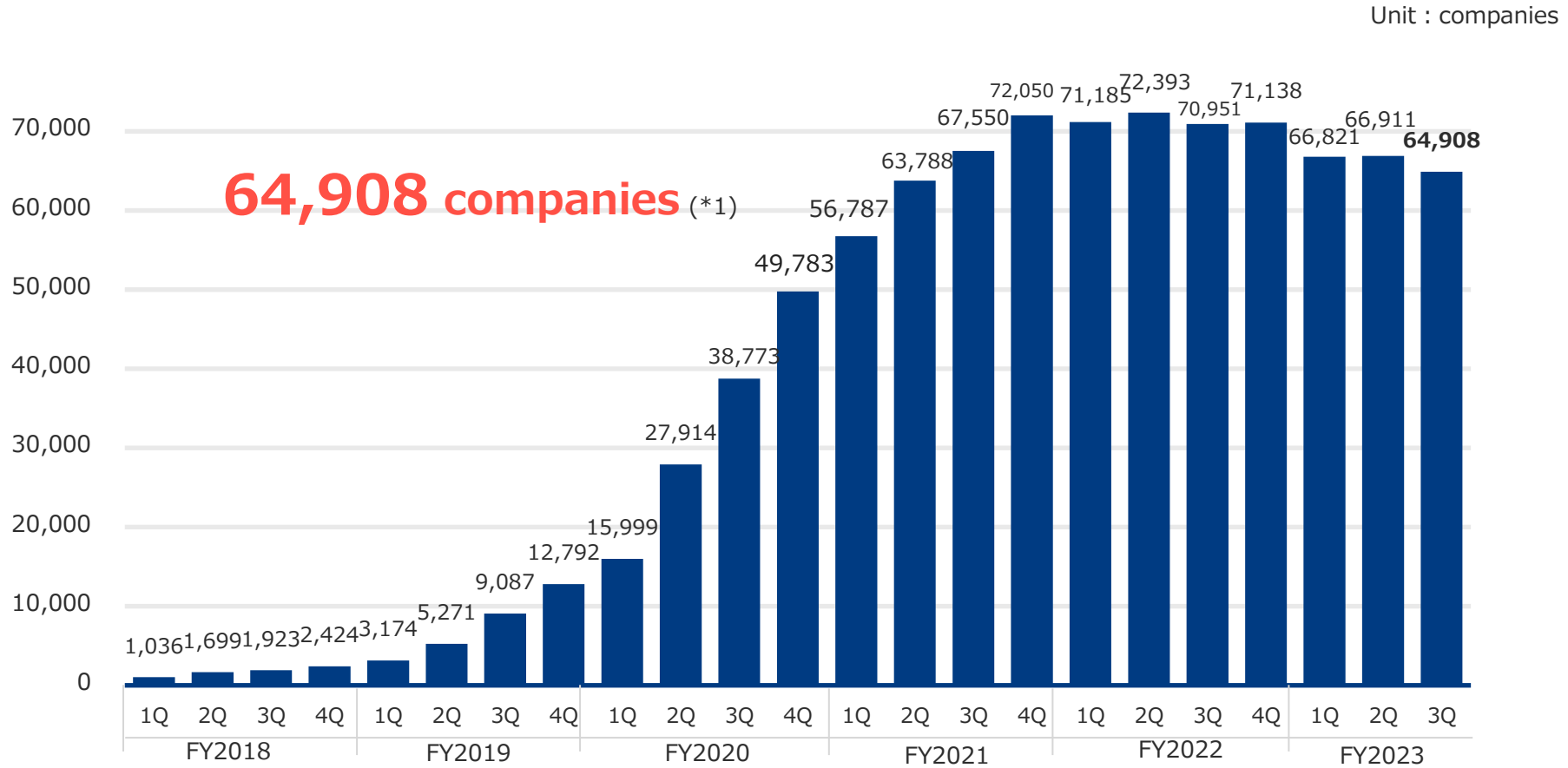
(*2) AWS and web system usage fees. CoGS

(*3) Cost of outsourcing development to external engineers. CoGS

(*4) Salary for engineers, sales, customer service, corporate employees and executive pay, plus social insurance and recruitment costs. Total of CoGS and SGA.

Quarterly Trends of Member Companies

- The number of member companies decreased by 2,003 from 2Q to 64,908 companies.



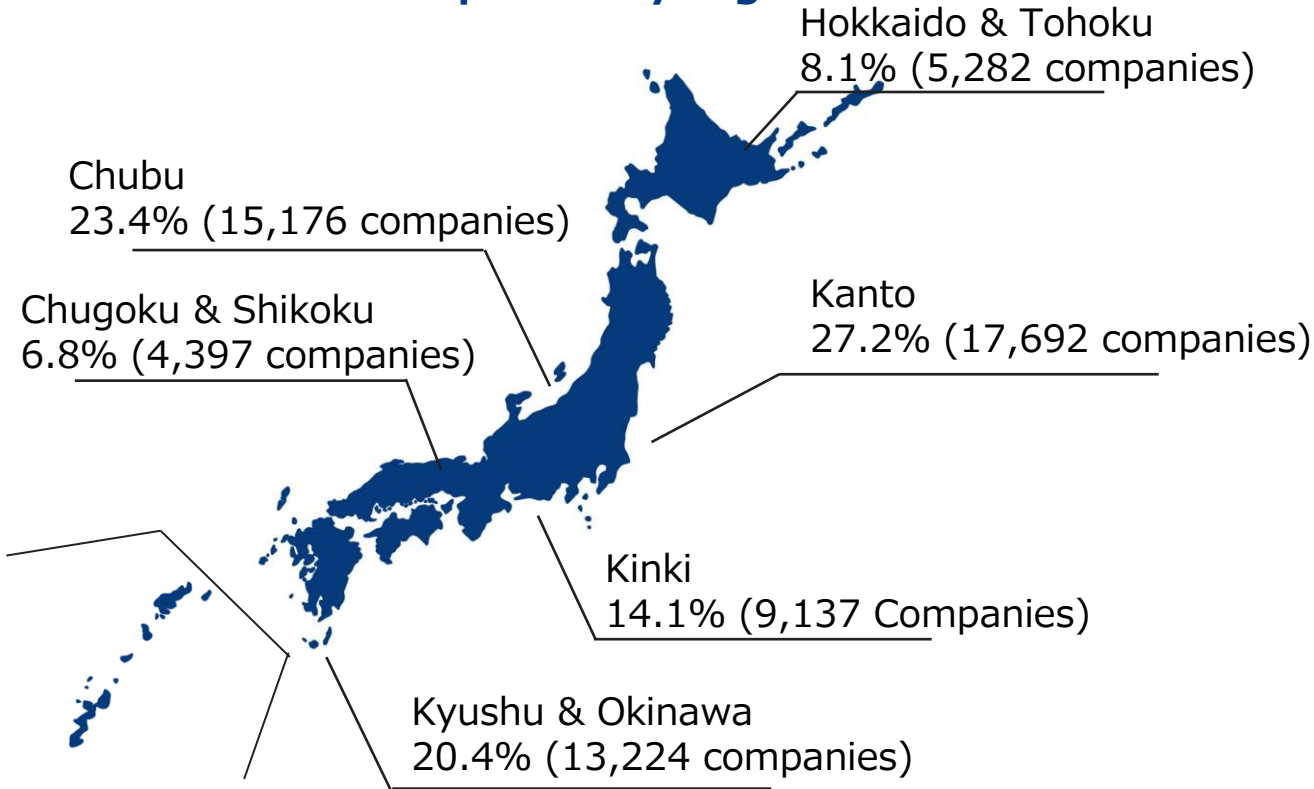
64,908 companies (*1)

(*1) As of the end of December 2023

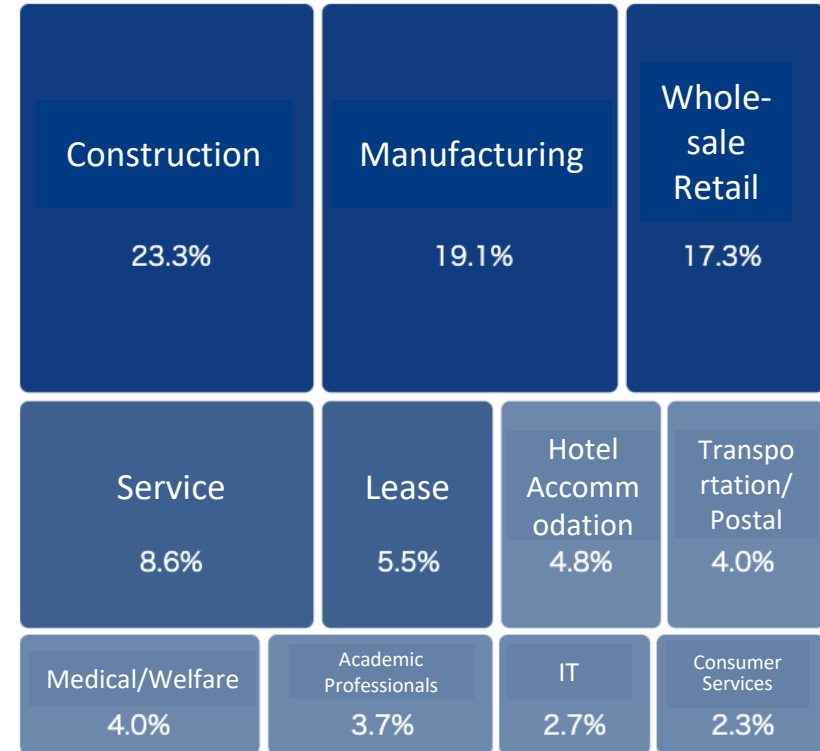
Nationwide Network of Member Companies

- Building a distinctive network that encompasses SMEs from across the nation, transcending regional boundaries.

Composition ratio of Big Advance member companies by region



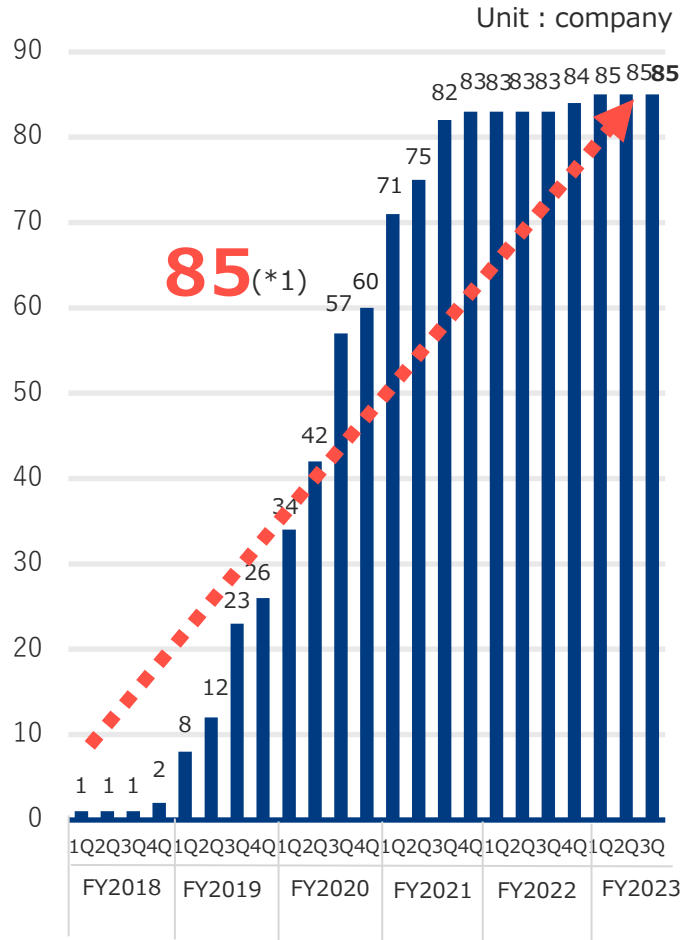
Type of Business of Big Advance members



(*1) As of the end of December 2023

Trends in the number of BA-installed Financial Institutions

- Number of BA-installed financial institutions stayed the same as end of last quarter at 85.
- One financial institution withdrew, but Tama Shinkin Bank joins (to start in May 2024)



Hokkaido / Tohoku Region

Aomori Bank / Asahikawa Credit Union / Iwate Bank / Kita-Nippon Bank / The 77 Bank / Shonai Bank / Sendai Bank / Daichi Mirai Credit Union/ Toho Bank / Hokuyo Bank

Hokuriku Region

Kanazawa Credit Union / Kyoei Credit Association / Sanjo Shinkin Bank / Toyama Credit Association / Niigata Shinkin Bank / Fukui Bank / Fukui Credit Union / Fukuho Bank / Hokuriku Bank

Kanto / Koshinetsu Region

Alupuschoo Shinkin Bank / Ashikaga Bank / Asuka Shinkumi Bank / Kawasaki Credit Union / Kofu Credit Union / Seibu Credit Union / Shinonome Credit Union / Joyo Bank / Suwa Shinkin Bank / Daiko Bank / Tama Credit Union / Chiba Bank / Chiba Kogyo Bank / Chiba Credit Union / Tokyo Higashi Credit Union / Towa Bank / Tochigi Bank / Nagano Bank / Hanno Credit Union / Higashi Nihon Bank / Hiratsuka Credit Union / Mito Shinkin Bank / Yokohama Bank / Yokohama Credit Union

Tokai Region

Gifu Shinkin Bank / Kuwana Mie Credit Union / Seishin Credit Union / Takayama Credit Union / Chukyo Bank / Tono Credit Union / Toyokawa Credit Union / Nagoya Bank / Hekikai Credit Union / Mishima Credit Union

Kansai Region

Ikeda Senshu Bank / Osaka shoko Shinkin Bank / Kinokuni Shinkin Bank / Kiyos Bank / Kyoto Bank / Shiga Bank / Shiga Chuo Credit Union / Tajima Bank / Tajima Credit Union / Nara Chuo Shinkin Bank / Himeji Shinkin Bank / Minato Bank

Chugoku / Shikoku Region

Iyo Bank / Ehime Bank / Kure Credit Union / Kochi Bank / Sanin Godo Bank / Shikoku Bank / Tamashima Credit Union / Tomato Bank

Kyushu / Okinawa Region

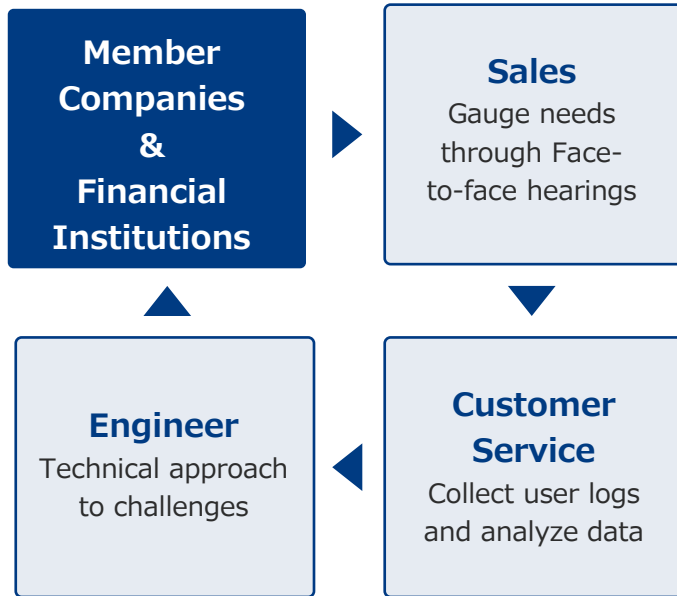
Oita Bank / Okinawa Bank / Okinawa Kaiho Bank / Kagoshima Sougo Shinkin Bank / Koga Shinkin Bank / Saga Bank / Nishi Nihon City Bank / Higo Bank / Fukuoka Chuo Bank / Nagasaki Bank / Minami Nippon Bank / Miyazaki Bank

(*1) As of the end of December 2023

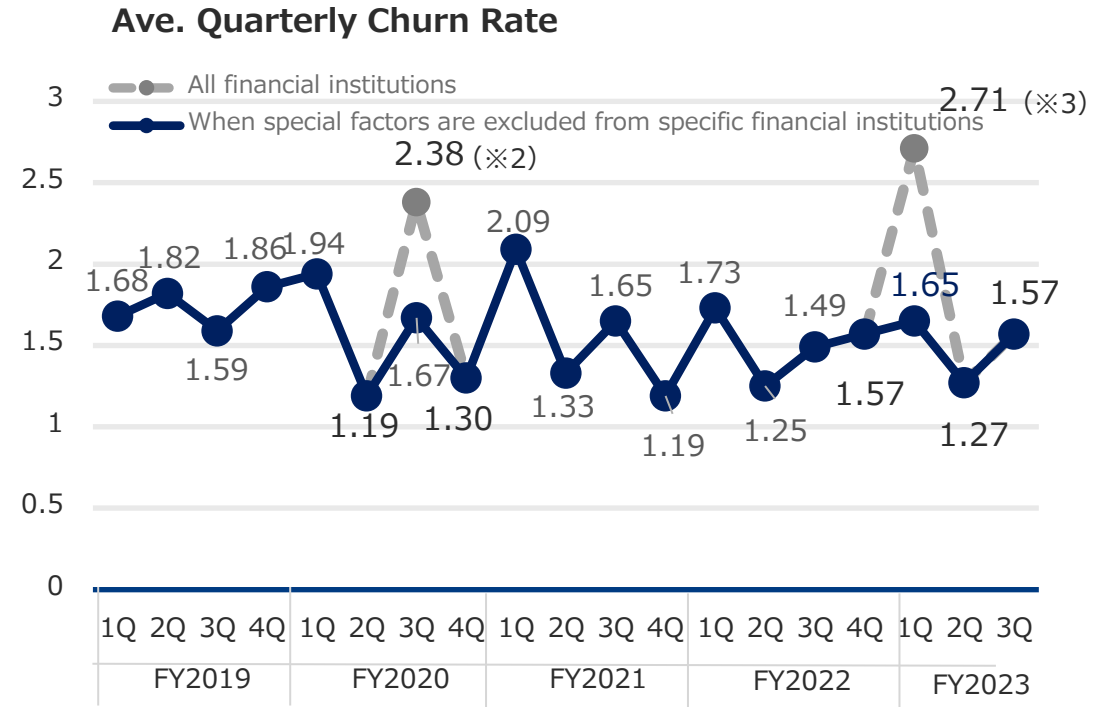
Sustaining users with quick improvements to functions

- Average annual churn rate stayed in the 1% range, on the back of efforts to collect and quickly reflect the needs of financial institutions and member companies in our services to heighten customer satisfaction and convenience.

Cycle of functional upgrades



Ave. Annual Churn Rate at 1.77% (*1)



(*1) Churn rate: (Unsubscribed companies during the month) / (Subscribed companies at previous month end (12-month average from January 2023 to December 2023))

(*2) One-off increase in churn rate due to special factors at certain financial institutions in December 2020. Average churn rate in 3Q FY2020 is 1.67% without this effect.

(*3) The churn rate rose for a while in March and April 2023 due to special factors at certain financial institutions. Besides this, the average churn rate in Q1 FY2022 was 1.65%.

04

**Progress on
mid-term
management plan**

“Roadmap of Growth Strategy” for mid-term management plan / Enhanced Functions for the CHANTO Invoice (Electronic Invoice) / Consulting Service for Government Subsidies

“Roadmap of Growth Strategy” for mid-term management plan

Strategy for DX Solutions

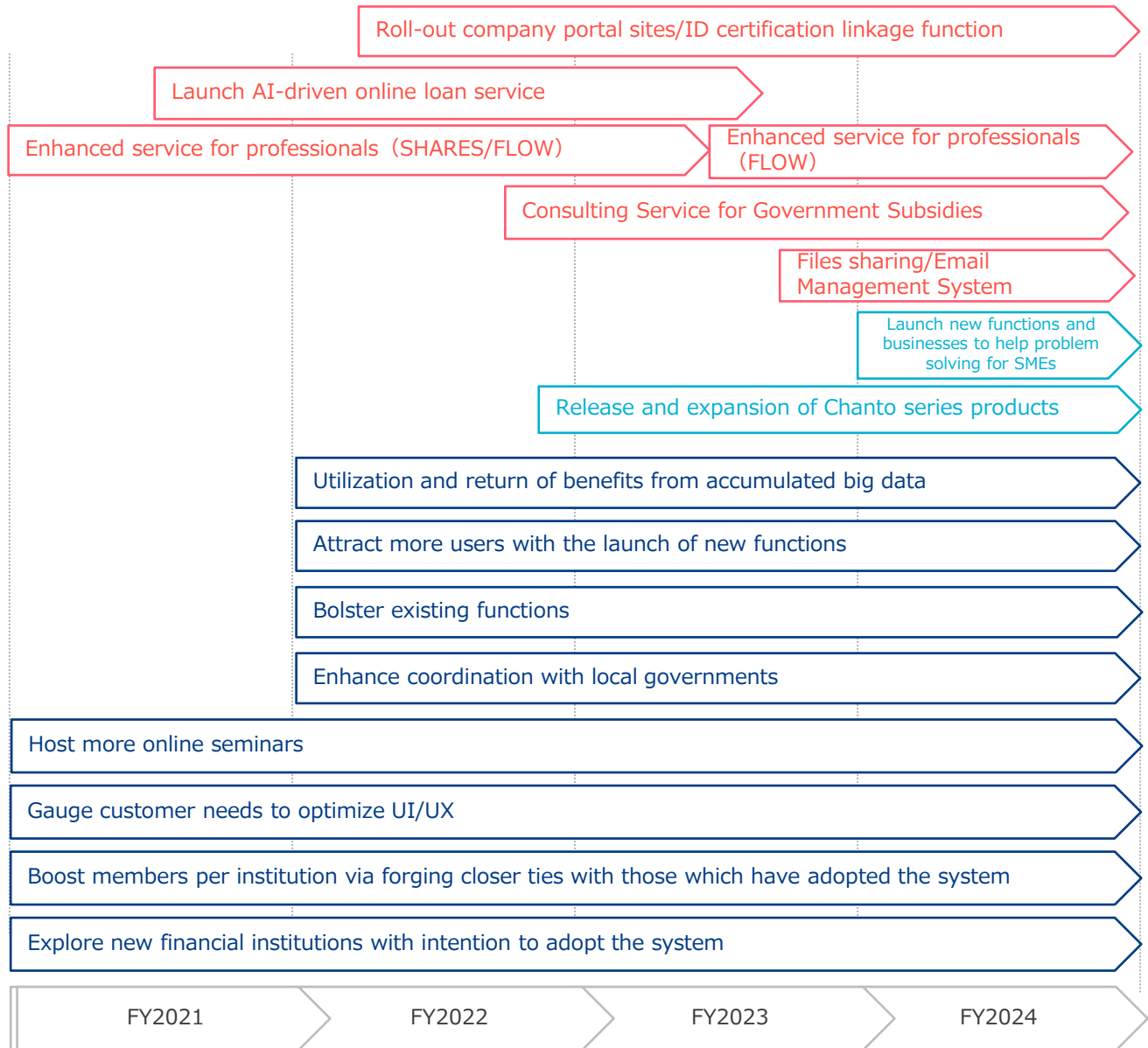
- DX support for financial institutions
- DX support for SMEs
- DX support for professionals

Strategy for boosting ARPA

Development of new functions and businesses

Strategy for attracting more users

- Leveraging of data and expansion of functions
- Expansion of user base

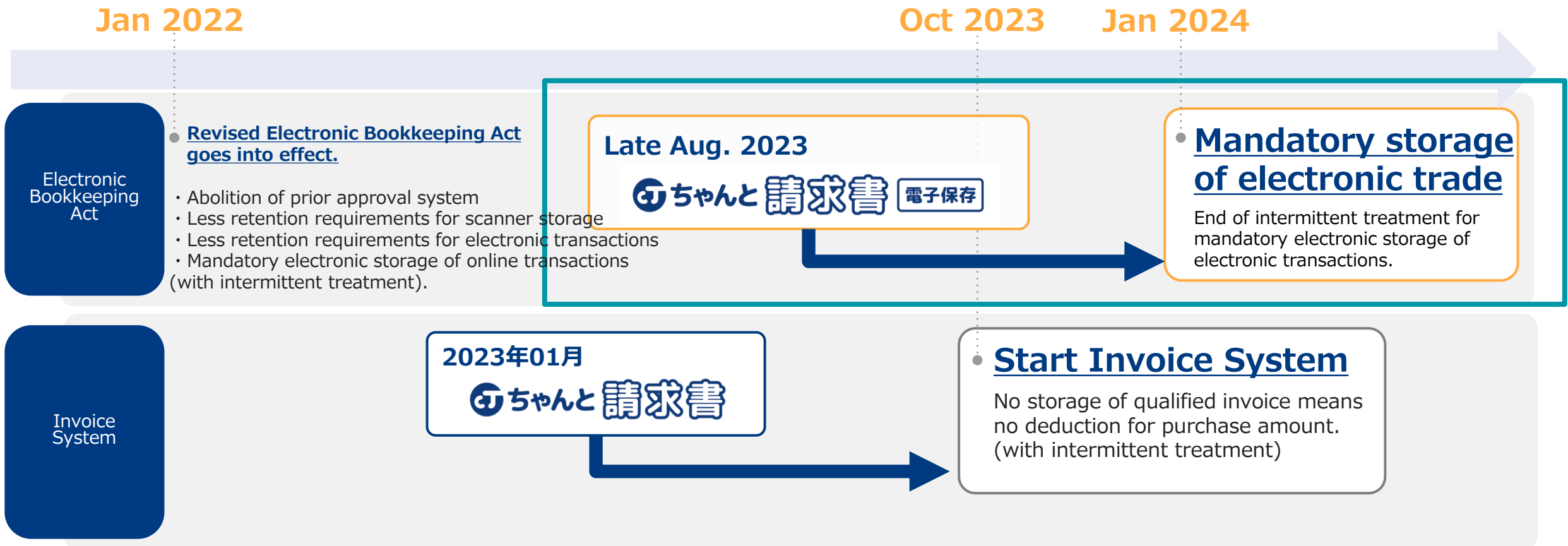


The largest management support platform for SMEs

Enhanced Functions for the CHANTO Invoice (Electronic Invoice)

- CHANTO Invoice Electronic Storage (Receiving function) to be released (August 2023) to comply with the mandatory electronic storage of electronic trades (Aug 2023).
- Compatible with the revised Electronic Bookkeeping Act (data storage) and the invoice system.

■ CHANTO Invoice and Invoicing Regulations



Consulting Service for Government Subsidies

- Preparing for additional subsidies, as well as the “Manufacturing Support Subsidy” and the “Business Reconstruction Subsidy”.
- Expanding our network of partner financial institutions and extending our service coverage beyond the Tokai region.
- Adding to Big Advance a function for requesting subsidy supports.
- New subsidy consulting services with subsidies including the “Energy Saving Subsidy”.



① **Top-class support on subsidies in the Tokai region.**

② **Wide range of support provided on subsidies.**

③ **Support provided by experienced professionals.**

④ **Understanding of “proprietary skills”.**

⑤ **Seminars held on subsidies and its application process.**

Trends in File Sharing and E-mail Management System

- We acquired all Key Points shares, the provider of proprietary services such as file sharing and email management for businesses and custom development services for major corporations, making Key Points our consolidated subsidiary (November 2023).
- Promoting such services to regional financial institutions where high-level security is required.



Corporate file storage system that allows for both the transfer and collection of files in one package



E-mail sharing system that allows multiple people to share a single e-mail address and manage e-mails collectively



Service specialized in file transfer for corporate clients

05

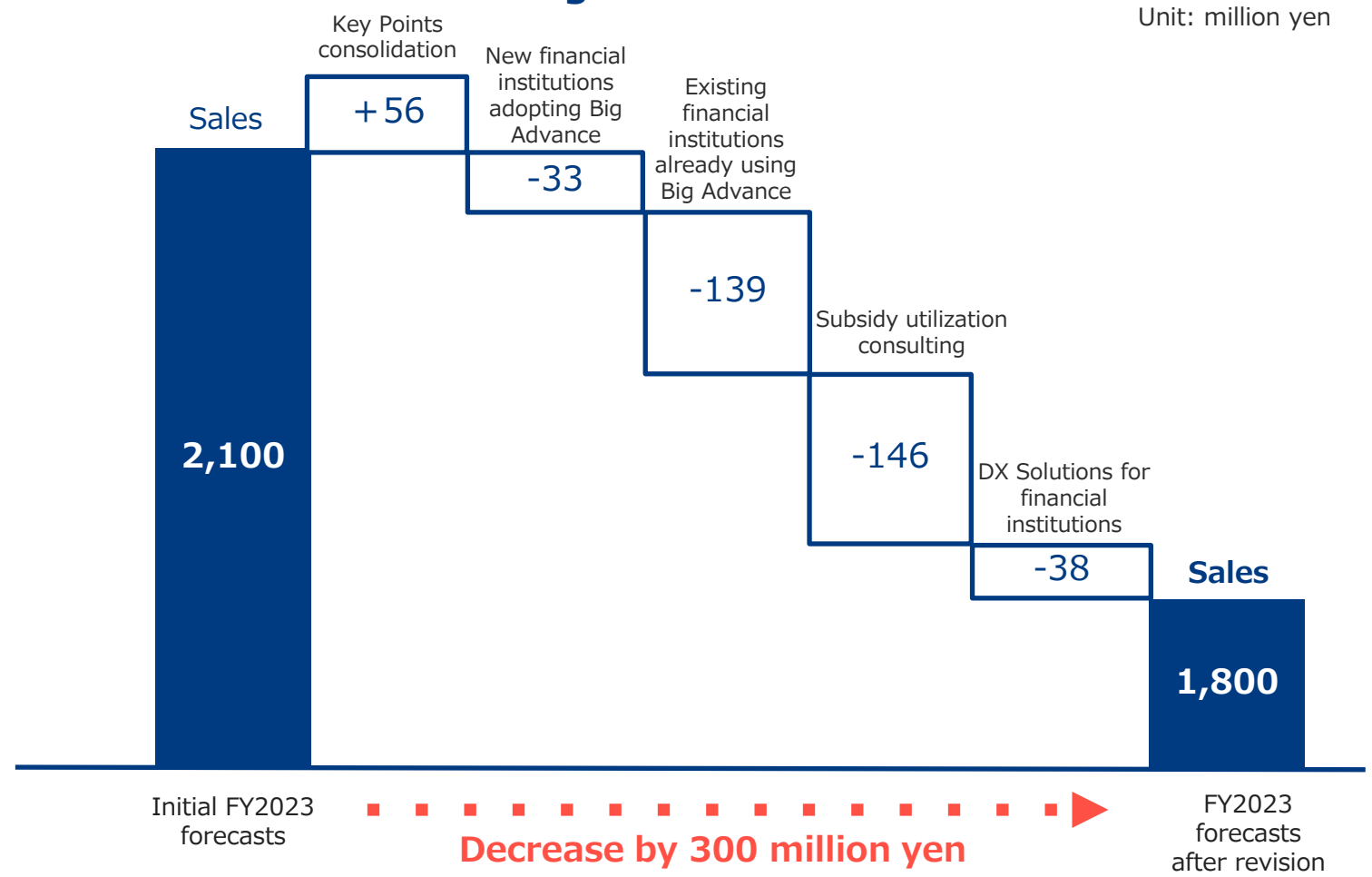
FY2023 estimates

**Revision of FY 2023 Forecasts (1)/ Revision of FY 2023
Forecasts (2)/Revision of FY2023 Full-year Forecasts**

Revision of FY 2023 Forecasts (1)

- The latest business performance led to the revision of FY 2023 forecasts.
- While acquisition of Key Points contributed to sales increase, the sales were pushed down by decreases in the numbers of financial institutions newly adopting Big Advance and of member companies gained through them, the number of existing financial institution member companies, the subsidy utilization consulting, and DX Solutions for financial institutions.

Factors in decreasing sales



Revision of FY 2023 Forecasts (2)

Big Advance Sales

Factors

- We initially planned to gain 9 new financial institutions. However, the result was 2.
- The number of member companies fell short of the target due to the underachievement of new financial institutions and the lack of new acquisitions by existing financial institutions.

Actions

- To expand service proposals to financial institutions, including corporate portals, as well as Big Advance.
- To further our focal measures (business user vitalization and optional function supply) and improve churn rates and APRA.

DX Solutions Sales

Factors

- Due to the revision of the Business Restructuring Subsidy program, subsidy utilization consulting faced stricter requirements, resulting in a decrease in the number of subsidies awarded. Additionally, delays in the selection process led to misalignments in timing.

Actions

- To expand the lineup of new subsidy utilization consulting, including the energy saving subsidy and to increase partner financial institutions.
- To expand file transfer and e-mail management services of Key Points.

Revision of FY2023 Full-year Forecasts

- Sales are projected to be 1.8 billion yen, due to the failure to meet the planned acquisition of new financial institutions and member companies for the Big Advance and to the revision of the subsidy system for subsidy consulting, which led to a decrease in the number of subsidies awarded and a misalignment in timing, thereby reducing the sales of DX Solutions.
- Costs were reviewed such as outsourcing and server costs, but, due to the adjustment in sales, profits will decrease.

Unit : mil. yen

	FY2023 Forecasts (initial)	FY2023 Forecasts (after revision)	Variance	Compared with the initial	Actual values in FY 2022 (for reference)	YoY
Sales	2,100	1,800	-300	85.7%	1,776	101.3%
Cost of Sales	1,189	980	-209	82.4%	966	101.4%
Operating Profit	100	23	-77	23.0%	63	36.0%
Recurring Profit	99	28	-71	28.3%	65	43.0%
Net profit for shareholders of parent company	38	1	-37	2.6%	21	4.7%
EBITDA	251	189	-62	75.3%	156	120.8%

06

Supplementary Information

Mission / To become a core infrastructure for SMEs / Advantages of using Big Advance(1) / Advantages of using Big Advance (2) / Advantages of using Big Advance (3)/ Evaluation indicators / Attracting more users (1):Expanding the user base / Attracting more users (2):Expanding of user base / Attracting more users (3):Stronger ties with local governments / Attracting more users(4):Expanded functions and data usage / Strategy for DX Solutions: DX Support for financial institutions / Growth scenarios in the mid-term management plan / Further expansion of user base / Potential market with room for further expansion / Improved stock incentives

Mission

- To create the largest management support platform for SMEs in Japan



Find the future in corporate value.

To realize this mission, KOKOPELLI has consistently developed services to support SMEs since its establishment.

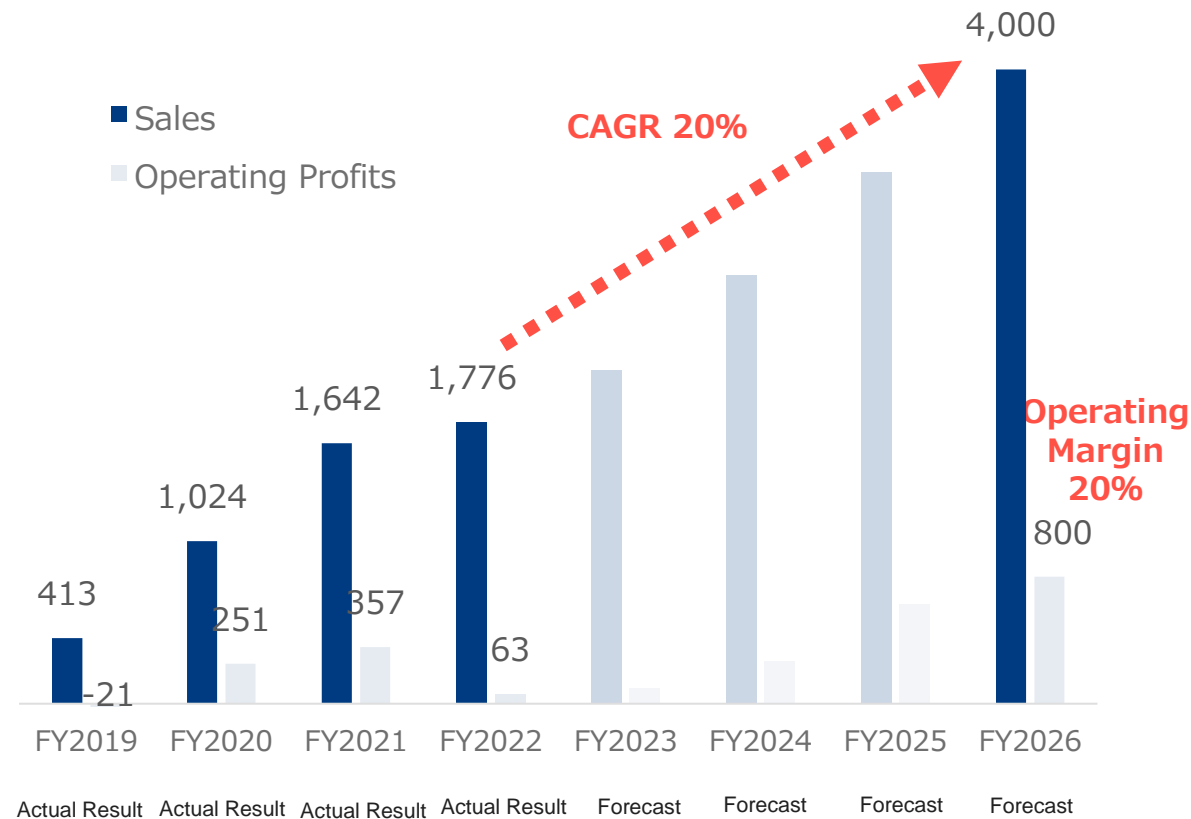
Unfortunately, many businesses do not see the light of day because they do not communicate the core values they have to offer.

Our challenge is to harness the power of technology to sprout and nurture these seeds of buried value, growth opportunities, and business potential to take them into the futures ahead.

We combine technology and innovation to create business models to improve labor productivity and deliver services that are truly valuable to the companies we serve.

Mid-term Management Target

- Target sales growth at CAGR 20% through FY2026 by expanding the number of users, ARPA expansion, and DX solution strategy.
- Target 20% OM at JPY800 mil. OP by FY2026 through sales growth exceeding investment, despite an anticipated fall in OP due to investments on a temporary basis.

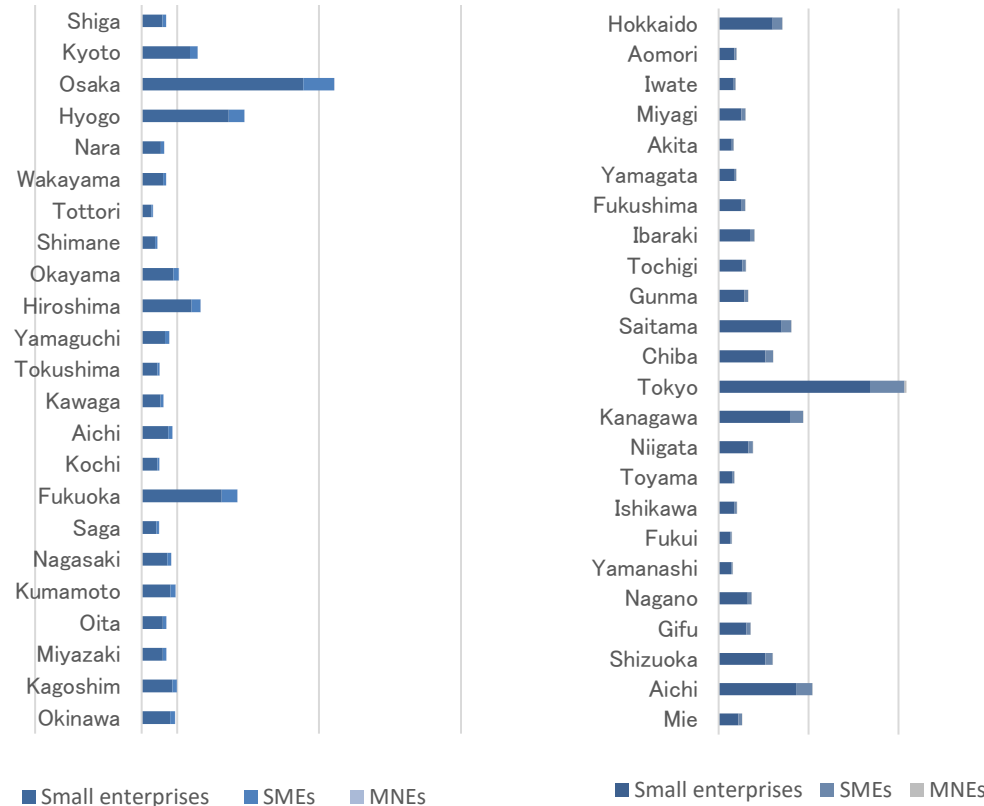


To become a core infrastructure for SMEs

- To become the absolute leader in the DX market for Japanese SMEs in the next 3 years (FY2022-FY2024).
- Of the nation's 3.58 million businesses, 99.7% are small and medium-sized enterprises and 84.9% are small businesses.
- Small businesses are distributed in each region.
- The top 3 industries are wholesale/retail, lodging/restaurant services, and construction.

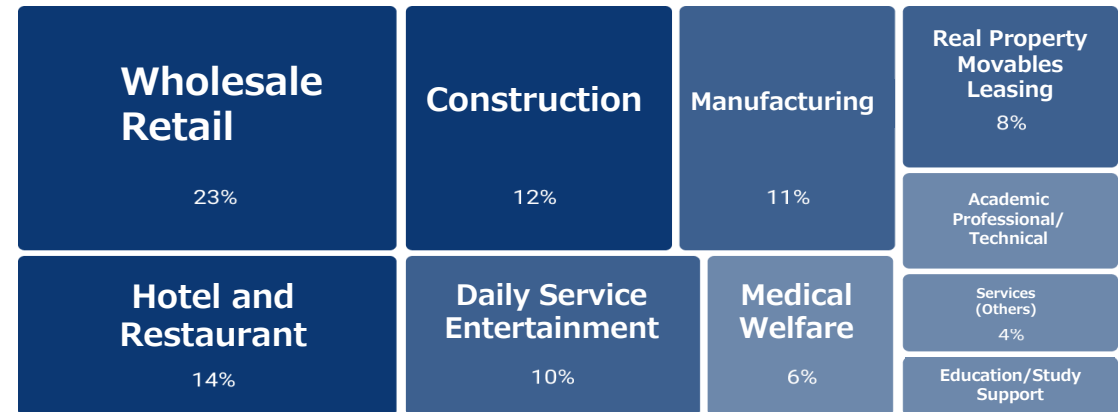
Number of companies by prefecture

(Source: The Small and Medium Enterprise Agency, as of 6 June 2016)



Definition of SMEs and small businesses			
	SME		Of which small business
Sector type	Capital	or employees	Employees
Mfg. and others	300 mil. JPY or less	300 or less	20 staffs or less
Wholesale	100 mil. JPY or less	100 or less	5 staff or less
Service	50 mil. JPY or less	100 or less	5 staff or less
Retail	50 mil. JPY or less	50 or less	5 staff or less

Number of companies by industry (Source: The Small and Medium Enterprise)



Transportation, postal service...2% / Information Technology...1% / Finance, Insurance...1% / Combined services...0% / Mining, Quarrying of stone and gravel...0% / Electricity, gas, heat and water services...0%

Advantages of using Big Advance (1)

- A thorough delivery of WEB services to local companies, based on established network of local financial institutions.

**Effective networking
with local financials**

**Effective networking
with SMEs across the country**

**Fusion of in-person and
technology-based services**

**Data-driven
analysis and returns**

Advantages of using Big Advance (2)

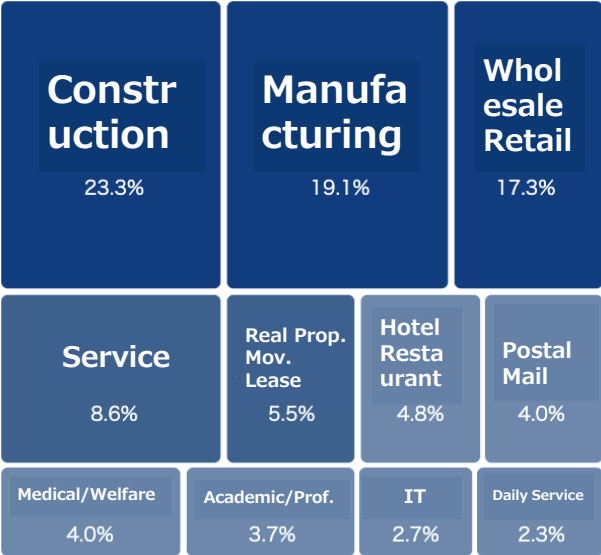
Effective networking with local financial institutions

- An established network of Japan's largest regional financial institutions, including regional banks, second-tier regional banks, shinkin banks, and credit unions, regardless of business category.
- Comprises 83 BA-installed financial institutions that have head offices spanning across 42 prefectures (47 prefectures including branches) and approximately 5,700 branches.



Effective networking with SMEs across the country

- A very effective network of 65,000 or more companies registered with Big Advance nationwide.
- Able to provide services to small, like-sized companies across the sector that were difficult to reach with web-based services.

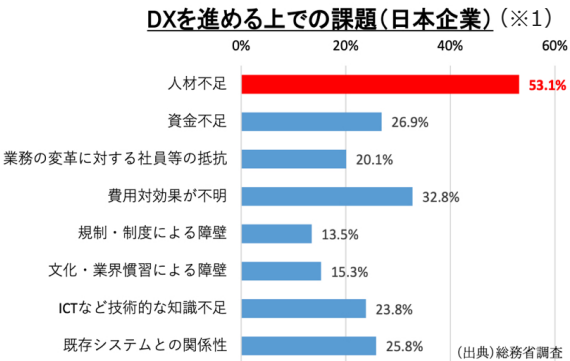


The top three industries of the member companies are construction, manufacturing and wholesale/retail.

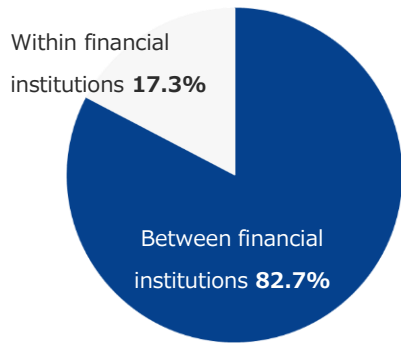
Advantages of using Big Advance (3)

Fusion of in-person and technology-based services

- Trusted personnel at financial institutions in close contact with companies on a daily basis will support the installation and operation of Big Advance to promote DX.
- Share the core values of local companies with those across the country via the web.



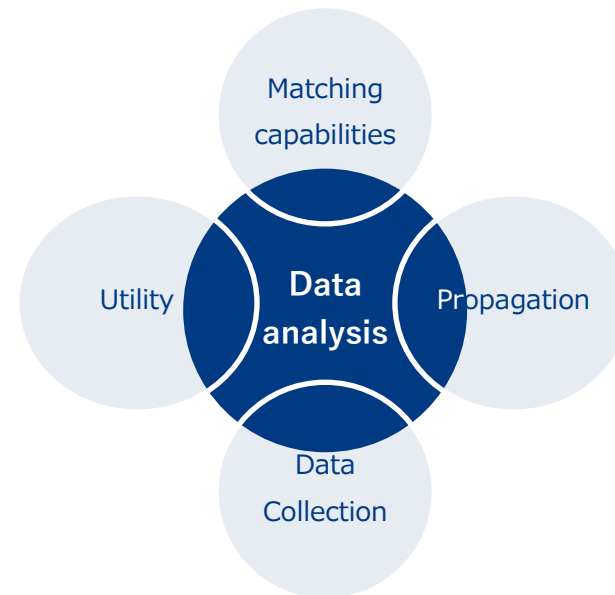
The main issues with DX is “lack of personnel” at 53.1%.



Business talks between regional and financial institutions comprise 82% of the business matching function offered by Big Advance.

Data-driven analysis and returns

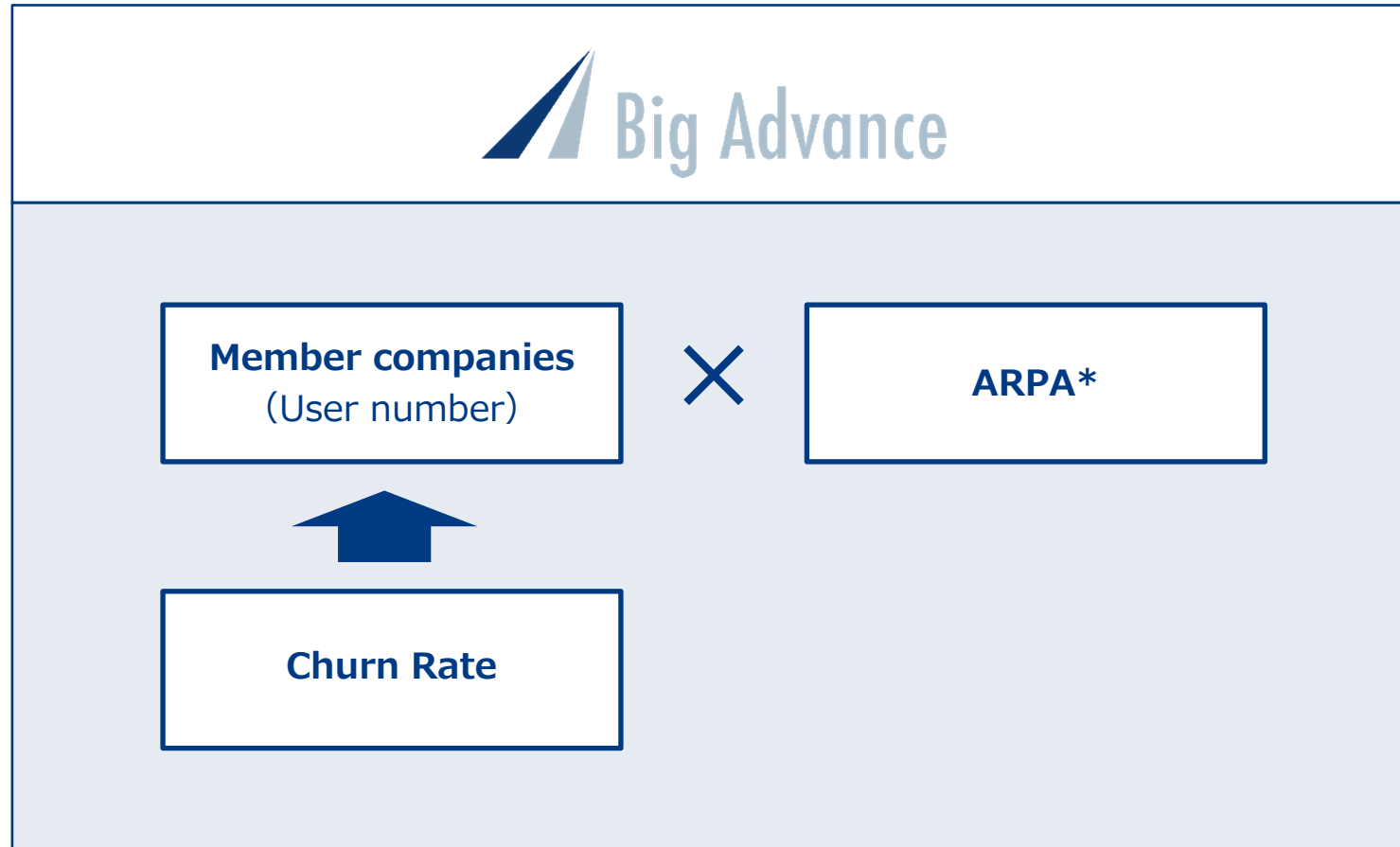
- Core business support to clients of financial institutions by offering data collected by Big Advance (data provisions to begin in April 2022).
- Business matching function offers AI-driven recommendations of business activities to companies.
- Presents ways of using Big Advance on the web, depending on the company's usage, to facilitate the DX process (starting in May 2022).



(*1) Ministry of Internal Affairs and Communications, Japan “2021 White Paper Information and Communications in Japan”

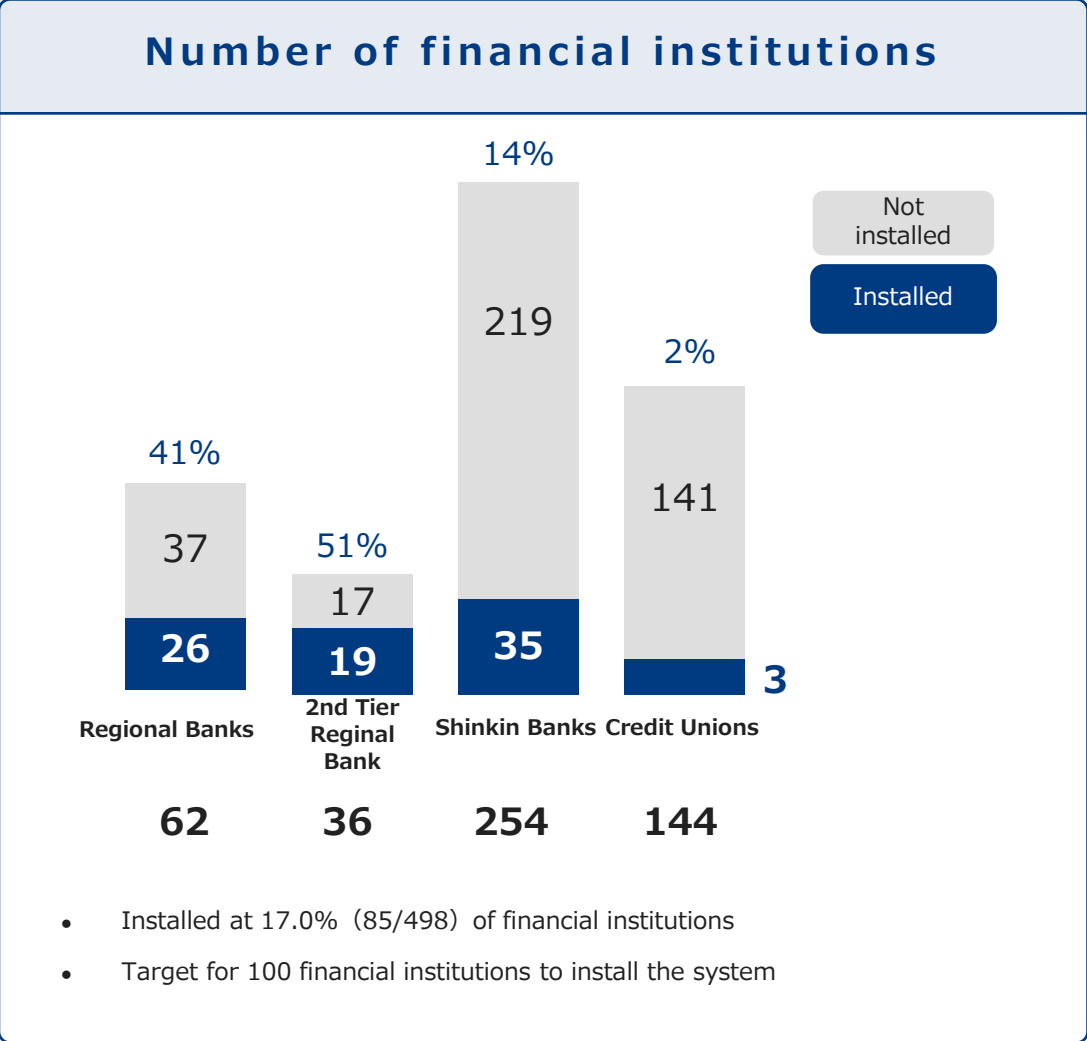
Evaluation Indicators

- Expected to bolster sales through higher price per customer (ARPA) along with more member companies (users).

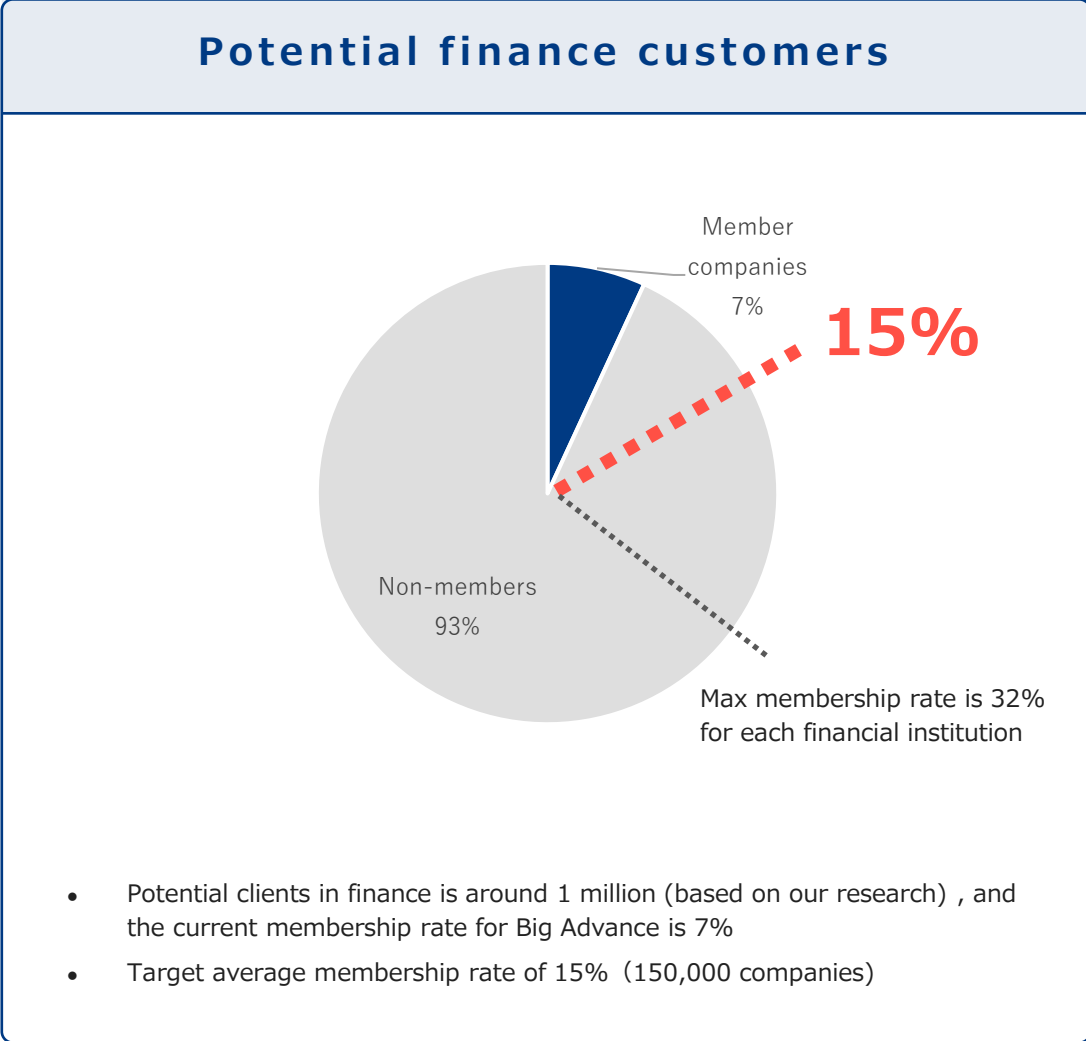


(*) ARPA stands for Average Revenue per Account, referring to average sales per account.

Attracting more users (1): Expanding the user base



(as of 31 December 2023)



(Based on the 85 BA-installed financial institutions)

Attracting more users (2): Expanding the user base

- Set up new sales offices in Kyushu and Tokai region to strengthen relations between financial institutions and local municipals.
- New offices may be set up in other regions depending on situations going forward.



Attracting more users (3): Stronger ties with local governments

- Promote DX in cooperation with local authorities and contribute to the regional economy.
- Signed the “Partnership Agreement in relation to the Promotion of Regional Economy”.
- Concluded a partnership agreement with **Fujiidera City, Fujiidera City Chamber of Commerce and Industry, and The Senshu Ikeda Bank, Ltd.** to promote the local economy (August 2022)

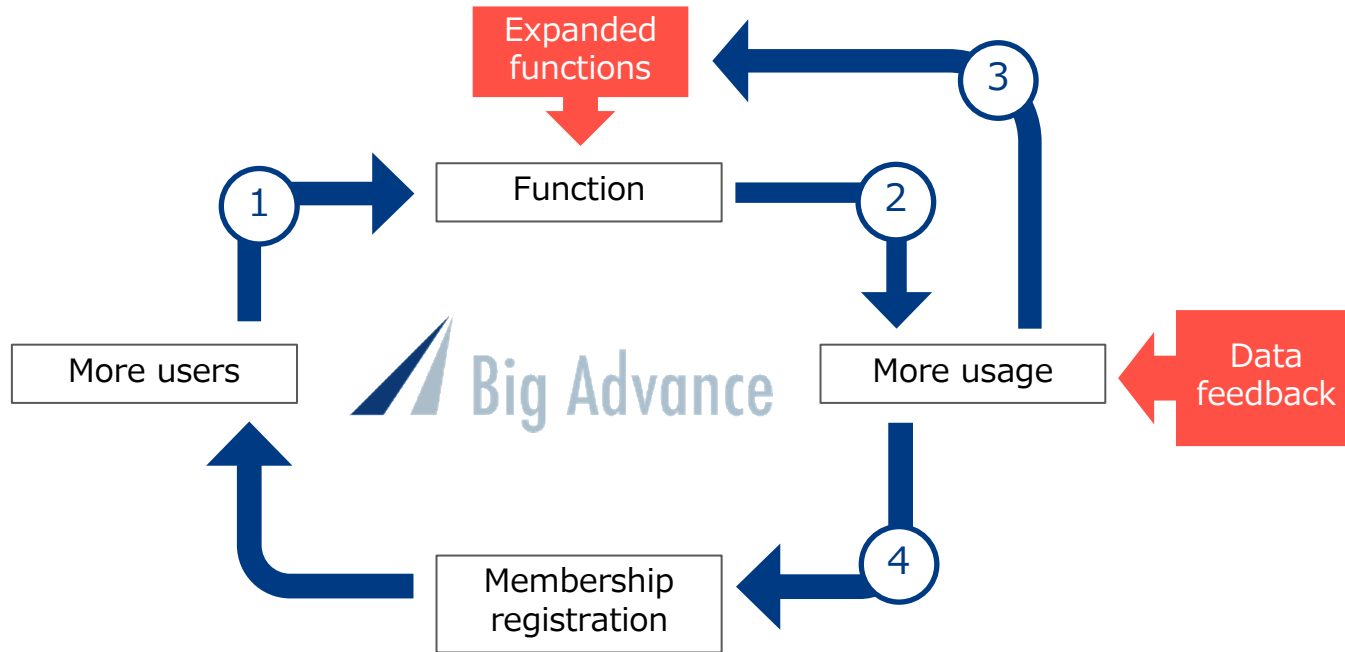
Online press conference



Top left: Mr. Kazuki Okada, Mayor of **Fujiidera City**; Top right: Mr. Koichi Hama, Chairman of **Fujiidera City Chamber of Commerce and Industry**
 Bottom left: Shigeru Kondo, CEO of **Kokopelli Inc.**; Bottom right: Atsushi Ukawa, CEO and Representative Director at **The Senshu Ikeda Bank**

Attracting more users (4): Expanded functions and data usage

- Facilitate the expansion of functions and data usage, to create a growth cycle for the service.



- 1 More users will facilitate the networking effect and add value to the service. Also, examples will be shown of how the users can take advantage of the service (tutorial).
- 2 Users will increase usage as more value is extracted from the service. More functions will also be added based on user needs.
- 3 Increased usage will propel the use of other functions and improve the churn rate.
- 4 Higher usage will lead to new users, and providing feedback of success stories to financial institutions will bring in even more.

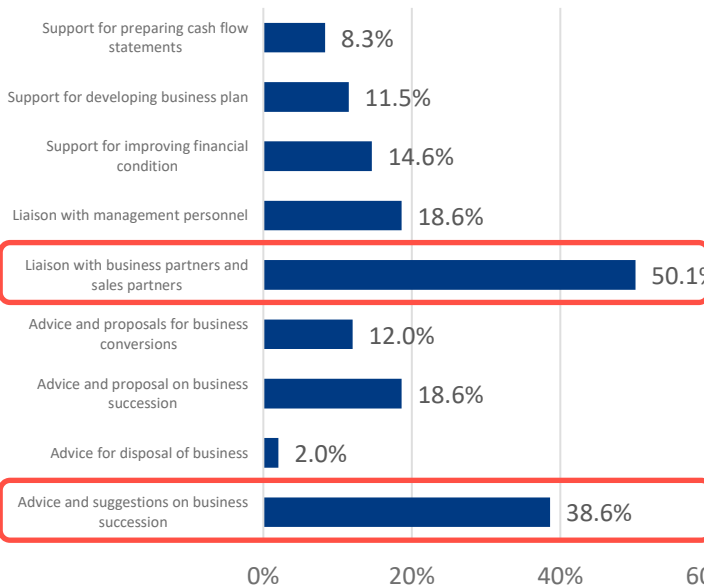
Strategy to raise ARPA: New business development

- Develop solutions to resolve various issues encountered by SMEs.
- Take M&A opportunities into account of any solutions.

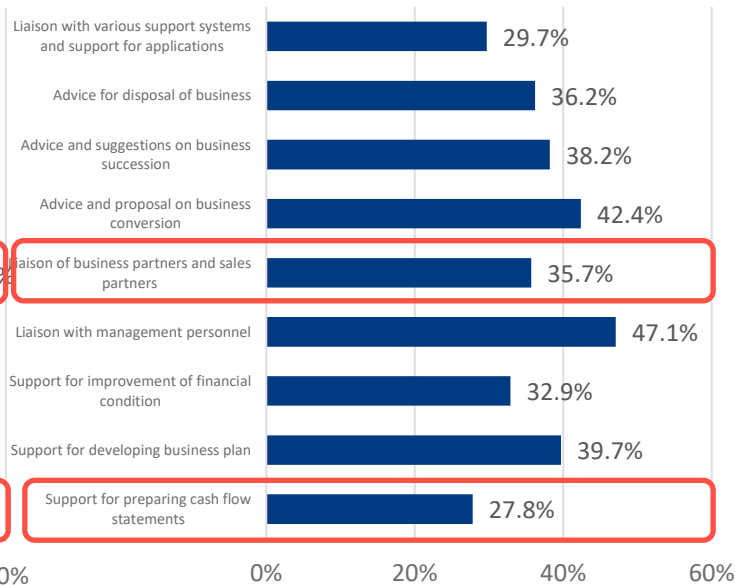
Company surveys

Services from financial institutions wanted by SMEs, which they would pay for. (*1)

Services in demand

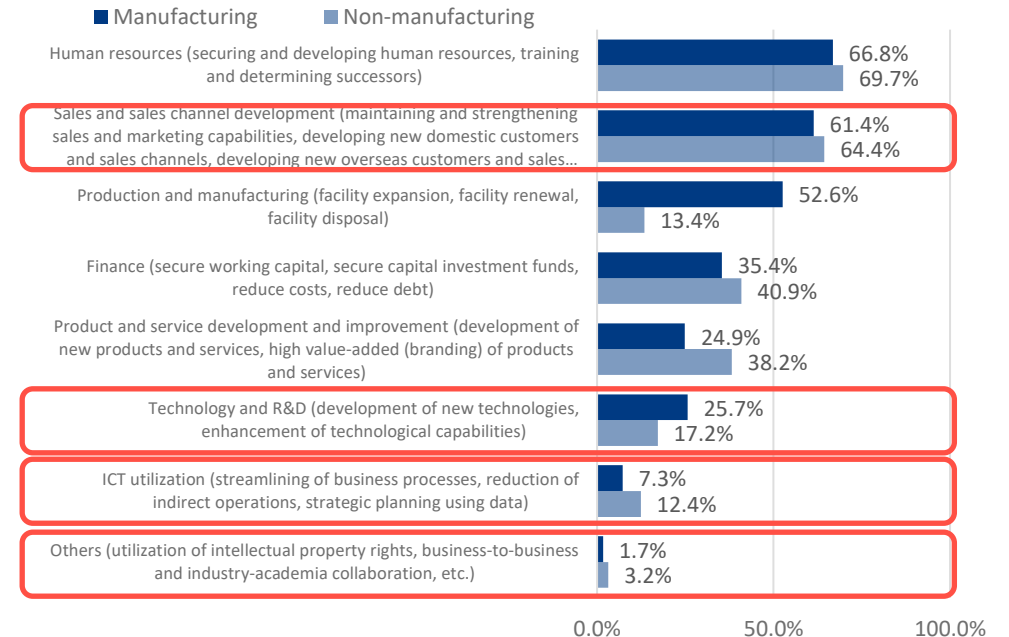


Services worth paying a commission



Survey on SMEs' issues and public support needs

Major issues faced by small enterprises (*2)



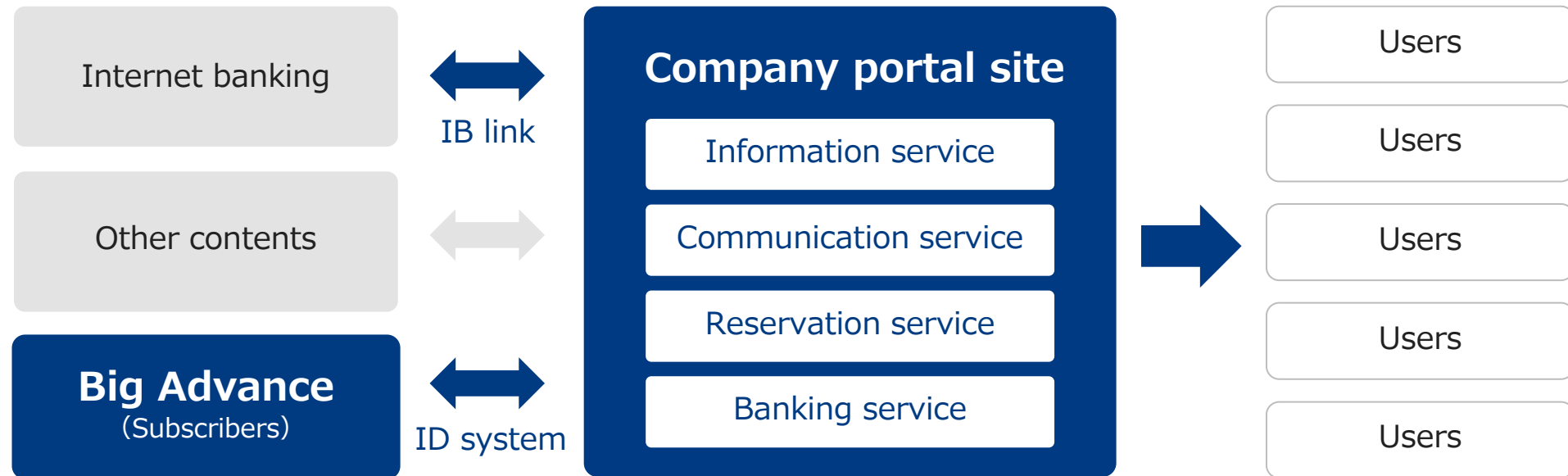
(*1) Financial Services Authority "The JFSA Strategic Priorities July 2021-June 2022"

(*2) The Small and Medium Enterprise Agency "2020 White Paper on Small Enterprises in Japan"

 ...Services already offered by Big Advance

Strategy for DX Solutions: DX Support for financial institutions

- Provide company portal sites and ID certification linkage systems for financial institutions.
- Strengthen relationship between financial institutions and corporate clients through the use of digital systems.
- Provide a one-stop service to help with issues faced by companies by linking-up with Big Advance.



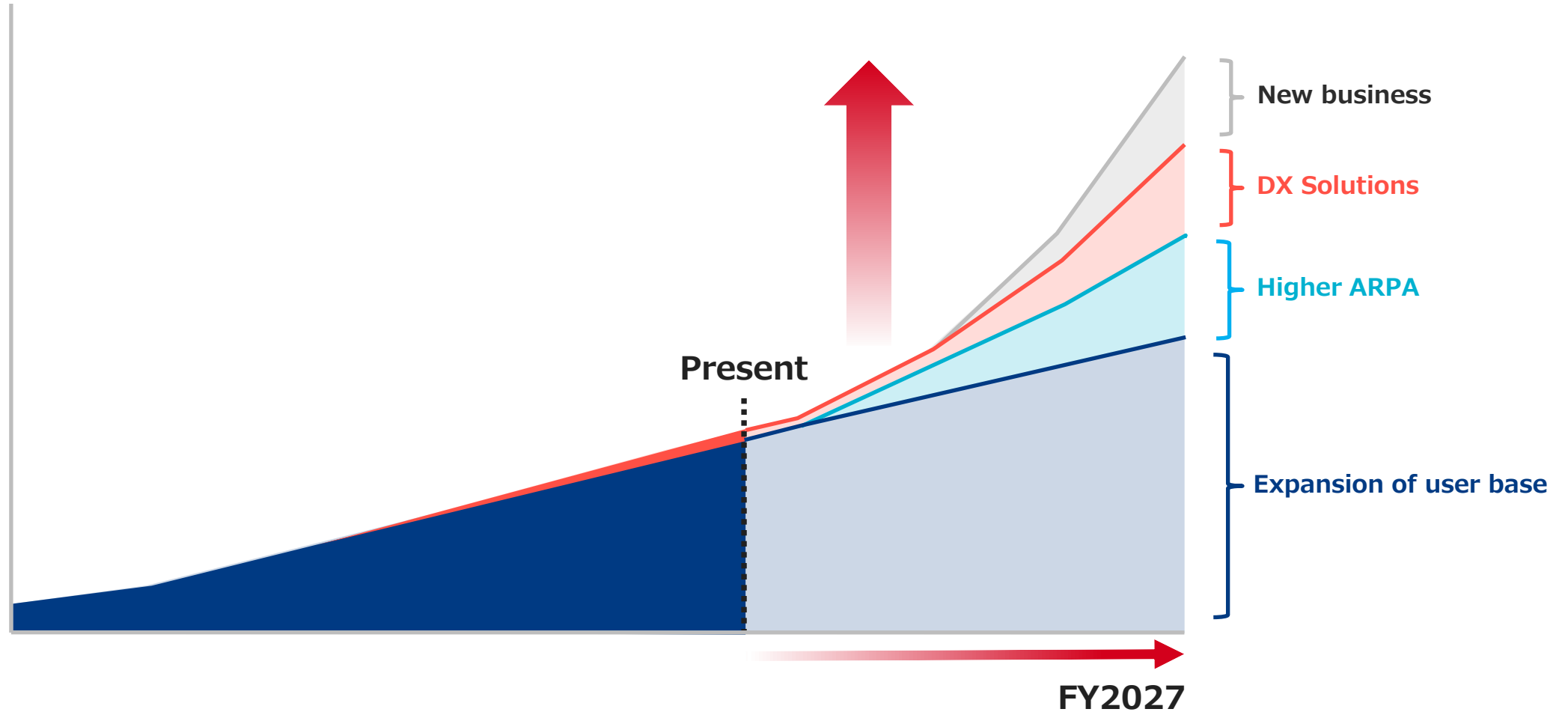
Track records

Company portal sites: Kyoto Bank/Okinawa Bank

Linked-up ID certification system: Chiba Bank/Yokohama Bank/The Senshu Ikeda Bank/The San-In Godo Bank, Ltd./The Nishi-Nippon City Bank/...and 4 others

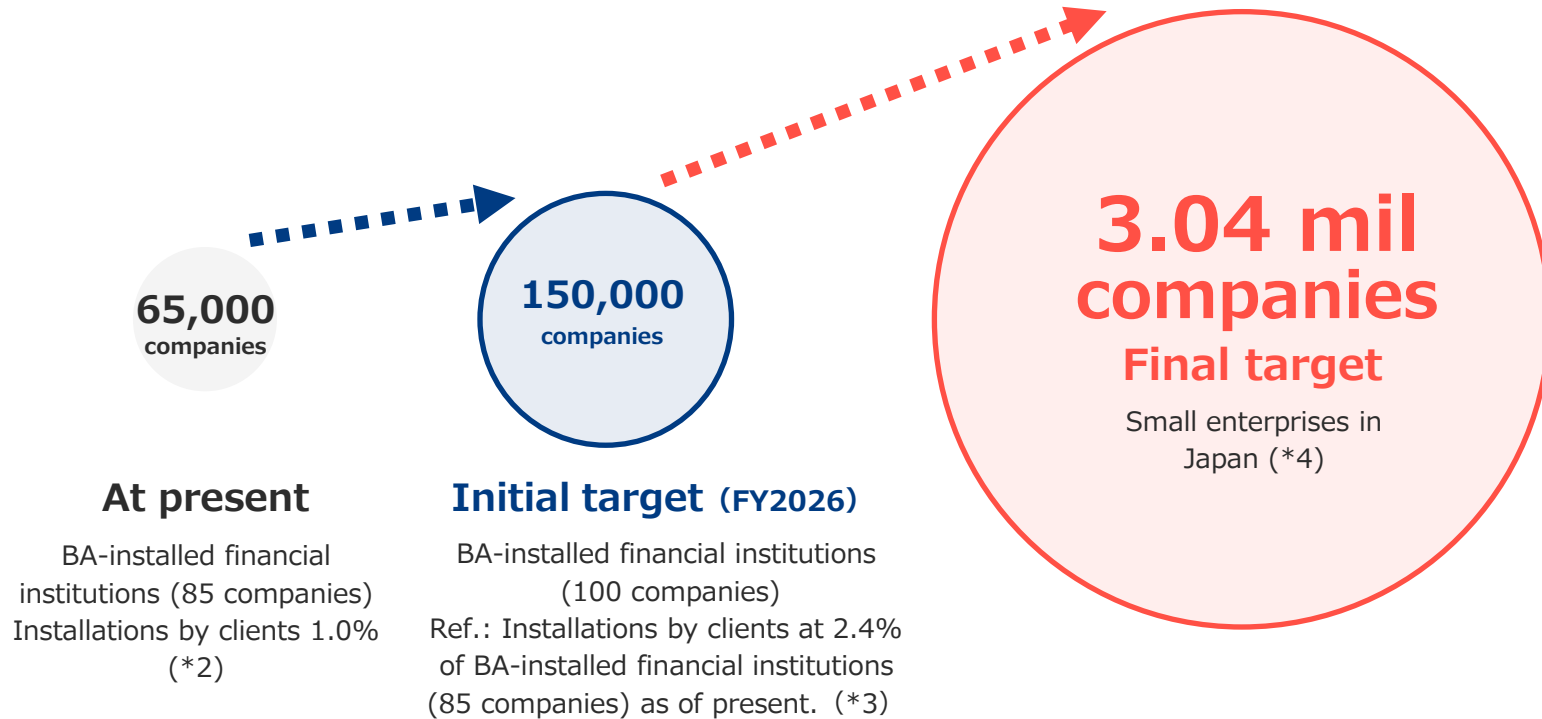
Growth scenarios in the mid-term management plan

- Provide new functions and links with services offered by other companies to push up ARPA, on the back of expanded user base.
- Also build-up sock revenues from DX services and new businesses to achieve rapid and then sustainable growth going forward.



Further expansion of user base

- Target clients of regional financial institutions operating small enterprises across Japan.



Supplemental Information related to SMEs

- Exit rate of SMEs trends at around 3%
- In the past 20 years, the highest exit rate was 4.2% in 2010 after the Lehman Shock
- Exit rate : 3.5% "2020 White Paper on SMEs" P114
- Entry rate : 4.4% "2020 White Paper on SMEs" P114

Source: "Financial System Report – Annex (July 2019)", Bank of Japan, "Economic Census 2016", Ministry of Internal Affairs and Communications/Ministry of Economy, Trade and Industry, and Financial Services Authority website

(*1) Total number of corporate clients of BA-installed financial institutions (85 companies) = 6.49 million in total (as of March 31, 2021)

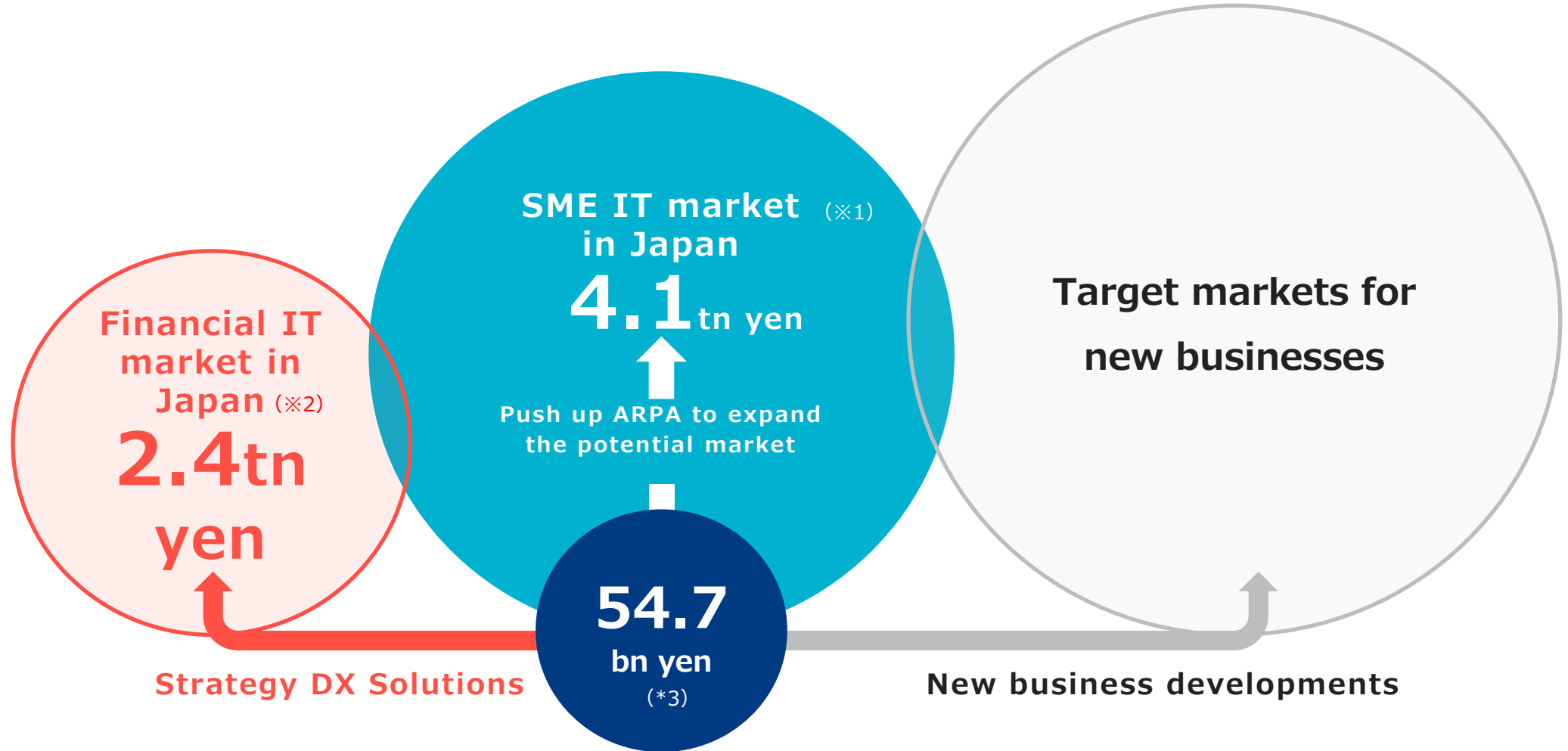
(*2) Installation rate at clients = Big Advance member companies / number of corporate clients of the 85 BA-installed financial institutions (as of March 31, 2021)

(*3) 150,000 companies / Number of corporate clients of the 85 BA-installed financial institutions (as of March 31, 2021)

(*4) 3.58 million SMEs "2016 Economic Census" x 84.9% small businesses "Number of small and medium-sized enterprises (as of June 2016)"

Potential market with room for further expansion

- Raise ARPA through offering new functions and links with other companies' services, as well as an expanded user base.
- Also achieve rapid and then sustainable growth by building up stock revenue from DX services and new businesses.



(*1) IDC Japan "Domestic SMB IT Market Forecast 2018"

(*2) IDC Japan "Domestic FinTech Market Size 2022"

(*3) Target customer base x Current fee plan=54.7 billion yen

Improved stock incentives

- Upgrade scheme for granting stock options and restricted stocks to executives and employees.

Objective	<ul style="list-style-type: none">• Grant incentive for executives and employees for mid- to long-term business growth.• Offer competitive salaries for recruiting top talent.
Detail of the scheme	<ul style="list-style-type: none">• The ratio of restricted stock and stock options shall be decided based on the stock price and other factors at the time of grant.• Assumes an annual issuance cap of approximately 1% of outstanding shares, with a maximum dilution of 5% over the next five years (2022 – 2027).• 2.5% of total shares outstanding, including restricted stock and unexercised stock options as of FY2022.

- The contents contained this document are based on generally accepted economic, social and other conditions as of the date of preparation and certain assumptions that we judged to be reasonable, but may be subject to change without notice due to changes in the business environment or other reasons.
- The materials and information provided in this document contain so-called "forward-looking statements". They are based on current expectations, forecasts, and assumptions that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include general industry and market conditions, and general national and international economic conditions, such as interest rate and forex swings.
- The Company assumes no obligation to update or revise the "forward-looking information" contained in this document, even in the event of new information released or future incidents.

