

SpiderPlus & Co.

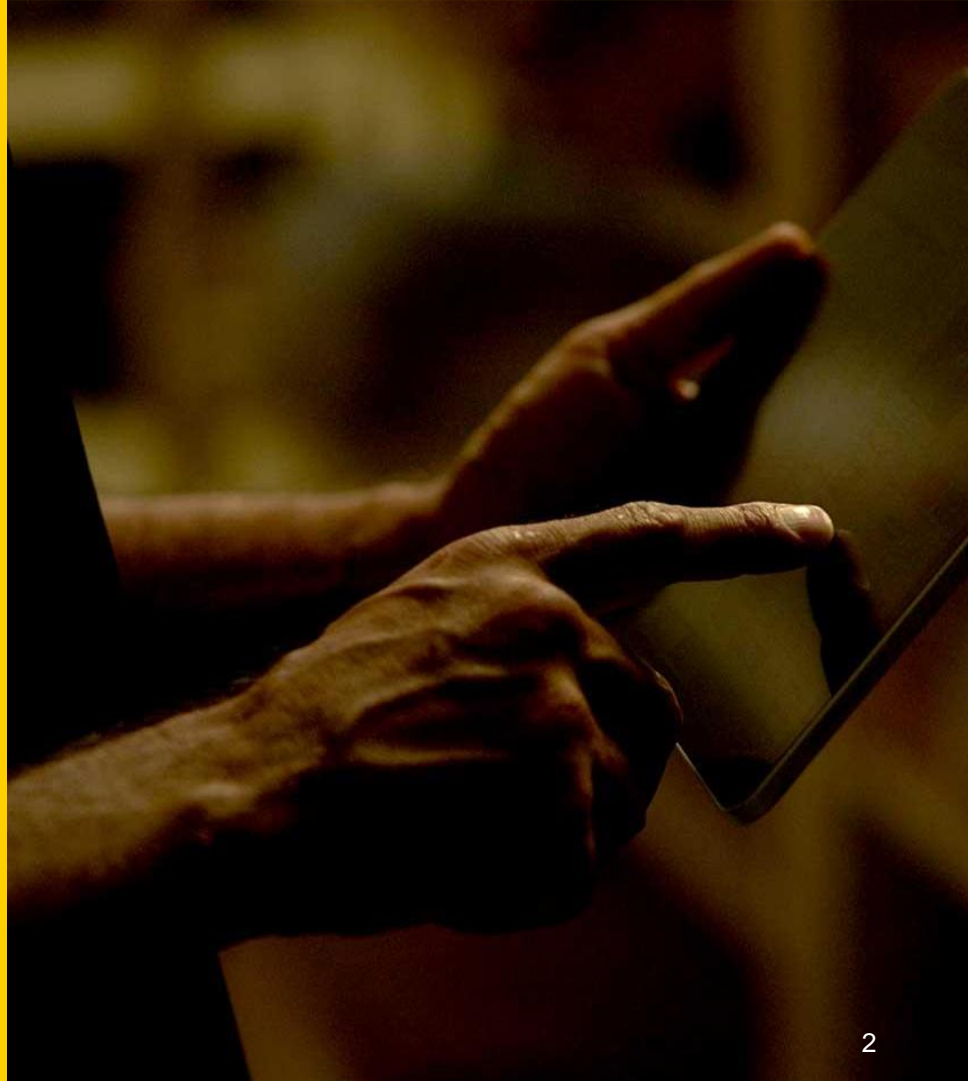
SpiderPlus & Co.

# Q1 FY2021 Financial Results Presentation Materials

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# Q1 FY2021 Highlights

SpiderPlus & Co.



**Net sales**

**Steady growth in net sales**

Net sales: 540 million yen (+16% YoY); Core ICT business sales: 430 million yen (+31% YoY)

**Profit**

**Loss recorded due to advance investment**

Actively invested in TV commercials and other advertising & promotion, hiring in many areas

**Financing**

**Procured approximately 3.5 billion yen in financing**

Secured advance investment funds from stock listing<sup>1</sup>

<sup>1</sup>Proceeds from financing totaled approximately 4.7 billion yen, including third-party allocation of new shares accompanying an offering by over-allotment.

## KPI YoY Growth

ARR<sup>\*1</sup>

**+38%**

1,274 → 1,753

Million yen

High growth achieved on the back of growth in IDs

IDs<sup>\*2</sup>

**+31%**

30,805 → 40,407

Number of IDs

Growth in inquiries and other leads as name recognition increased

Customers<sup>\*3</sup>

**+61%**

550 → 884

Number of companies

Maintained a low churn rate<sup>\*4</sup> and achieved growth in the number of new customers

<sup>\*1</sup> Calculated by multiplying the MMR for March 2020 and March 2021 by 12 (to annualize) (MMR: Total amount of monthly usage fees, excluding temporary income at the end of the month in question).

<sup>\*2</sup> Number of contract IDs on March 31, 2020, and March 31, 2021.

<sup>\*3</sup> Number of contracting companies as of March 31, 2020, and March 31, 2021.

<sup>\*4</sup> Monthly average contract cancellation rate of 0.6% from April 2020 to March 2021. This is the monthly contract cancellation rate for the number of companies. The contract cancellation rate for each month is calculated by dividing the number of companies canceling contracts during the month by the number of contracting companies at the end of the previous month.



# Steady progress on the performance forecast for the core ICT business

## Q1 FY2021 Net sales results

437 million yen

Progress: **22.4%**<sup>1</sup>

FY2021 forecast

**1,953 million yen**

For reference: Progress for Q1 of the previous year: 22.5%

## Q1 FY2021 ID results

40,407 IDs

Progress: **19.6%**<sup>2</sup>

FY2021 forecast

**Over 48,000 IDs**

For reference: Progress for Q1 of the previous year: 18.5%

December 31, 2020

▲  
38,560 IDs

<sup>1</sup> Progress on budget compared to the full-year forecast. Calculated by dividing ICT business sales in Q1 of fiscal year ending December 31, 2021, by the net sales forecast for fiscal year ending December 31, 2021.

<sup>2</sup> Progress on budget compared to the full-year forecast. Calculated by dividing the net increase in the number of IDs in the ICT business in Q1 of fiscal year ending December 31, 2021, by (Forecast number of IDs for fiscal year ending December 2021 - Number of IDs on December 31, 2020).

# Q1 FY2021 Summary Income Statement<sup>\*1</sup>

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Millions of yen	Q1 FY2021	Q1 FY2020	YoY	Q4 FY2020	QoQ
<b>Net sales</b>	<b>549</b>	<b>473</b>	<b>+ 16.1%</b>	<b>519</b>	<b>+ 5.9%</b>
Cost of goods sold	221	234	- 5.5%	221	+ 0.3%
<b>Gross profit</b>	<b>327</b>	<b>238</b>	<b>+ 37.4%</b>	<b>297</b>	<b>+ 10.0%</b>
<i>Gross margin</i>	<i>59.6%</i>	<i>50.4%</i>	<i>+ 9.2pt</i>	<i>57.4%</i>	<i>+ 2.2pt</i>
SG&A expenses	466	172	+ 170.3%	366	+ 27.1%
<b>Operating income</b>	<b>- 138</b>	<b>65</b>	<b>—</b>	<b>- 68</b>	<b>—</b>
<i>Operating margin</i>	<i>—</i>	<i>13.9%</i>	<i>—</i>	<i>—</i>	<i>—</i>
Non-operating income	0	0	+ 646.4%	0	- 97.7%
Non-operating expenses	44	1	+ 4,182.9%	3	+ 1,057.3%
<b>Ordinary income</b>	<b>- 182</b>	<b>64</b>	<b>—</b>	<b>- 72</b>	<b>—</b>
<b>Net income</b>	<b>- 184</b>	<b>53</b>	<b>—</b>	<b>- 70</b>	<b>—</b>

## Net sales

Net sales for the ICT business grew both in comparison to the previous year (YoY) and in comparison to the immediately preceding quarter (QoQ).

## Gross profit

Growth of the ICT business, which has a relatively high gross margin, **increased the gross margin to 59.6%**.

## SG&A expenses

SG&A expenses increased to 466 million yen due to **advance investment in TV commercials mainly in the Greater Tokyo Area and strengthening the sales structure during Q1**.

## Non-operating expenses

The increase mainly resulted from expenses related to the stock listing.

<sup>\*1</sup> Q4 of FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

# Q1 FY2021 Summary Income Statement by Segment<sup>\*1</sup>

SpiderPlus & Co.

## ICT business

Millions of yen	Q1 FY2021	Q1 FY2020	YoY	Q4 FY2020	QoQ
<b>Net sales</b>	<b>437</b>	<b>334</b>	<b>+ 30.7%</b>	<b>420</b>	<b>+ 3.9%</b>
Cost of goods sold	130	125	+ 4.3%	131	- 0.4%
<b>Gross profit</b>	<b>306</b>	<b>209</b>	<b>+ 46.4%</b>	<b>289</b>	<b>+ 5.8%</b>
<i>Gross margin</i>	70.1%	62.6%	+ 7.5pt	68.8%	+ 1.3pt
SG&A expenses	323	97	+ 231.7%	229	+ 41.1%
<b>Segment income</b>	<b>- 16</b>	<b>111</b>	<b>—</b>	<b>60</b>	<b>—</b>
<i>Operating margin</i>	—	33.5%	—	14.4%	—

## Net sales

Growth in the numbers of IDs (+31% YoY) contributed to growth in net sales. The value per contract also increased (+5% YoY), and ARR surpassed 1.7 billion yen (+38% YoY).

## Gross profit

The gross margin was 70.1%, generally on par with the 4Q of the previous fiscal year.

## SG&A expenses

SG&A expenses increased due to investment in TV commercials in February 2021 and strengthening the sales structure (hiring personnel, etc.).

## ENG business

Millions of yen	Q1 FY2021	Q1 FY2020	YoY	Q4 FY2020	QoQ
<b>Net sales</b>	<b>112</b>	<b>138</b>	<b>- 18.9%</b>	<b>98</b>	<b>+ 14.3%</b>
<b>Gross profit</b>	<b>20</b>	<b>28</b>	<b>- 27.5%</b>	<b>8</b>	<b>+ 156.5%</b>
<i>Gross margin</i>	18.7%	20.9%	-2.2pt	8.3%	+ 10.3pt
<b>Segment income</b>	<b>20</b>	<b>27</b>	<b>- 25.5%</b>	<b>6</b>	<b>+ 198.8%</b>

## Net sales

Completion of construction in progress at the end of last fiscal year was concentrated in Q1. Net sales were also affected by a temporary large project in same period of the previous year.

<sup>\*1</sup> Q4 of FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

# Q1 FY2021 Summary Balance Sheet

SpiderPlus & Co.

Million yen	FY2018	FY2019	FY2020	Q1 FY2021
Cash and deposits	414	408	469	4,085
<b>Current assets</b>	<b>654</b>	<b>786</b>	<b>820</b>	<b>4,444</b>
<b>Non-current assets</b>	<b>70</b>	<b>79</b>	<b>84</b>	<b>125</b>
<b>Total assets</b>	<b>724</b>	<b>866</b>	<b>905</b>	<b>4,569</b>
Current liabilities	274	405	396	825
Non-current liabilities	167	114	99	82
<b>Total liabilities</b>	<b>442</b>	<b>519</b>	<b>496</b>	<b>908</b>
<b>Total net assets</b>	<b>282</b>	<b>346</b>	<b>408</b>	<b>3,661</b>
<i>Equity ratio</i>	<i>39.0%</i>	<i>39.9%</i>	<i>45.1%</i>	<i>80.1%</i>

## Current assets

The Company procured roughly 3.5 billion yen in proceeds from issuing new shares for the stock listing and disposition of treasury shares in March 2021, bringing the cash and deposit balance to 4,085 million yen.

## Current liabilities

There was a temporary increase in current liabilities from a 250 million yen increase in short-term loans payable and accounts payable-other incurred for TV commercials (the accounts payable-other was paid in April, by the payment date).

## Net assets

Proceeds from financing through the issue of new shares and disposition of treasury shares boosted the equity ratio to over 80%.



# Business Highlights

## Expansion in share

### Japan + Asia

- **Inquiries increased due to TV commercials aired** in Tokyo and six prefectures in Japan.
- We stepped up hiring for overseas expansion and started preparation to establish a new specialty division.

## Expansion in domains

### Vertical + Horizontal

- TV commercials resulted in an increase in inquiries from industries other than the construction industry.
- Introduction in thermal power plants, incineration facilities, **and other plants expanded**, mainly through use of maintenance services.

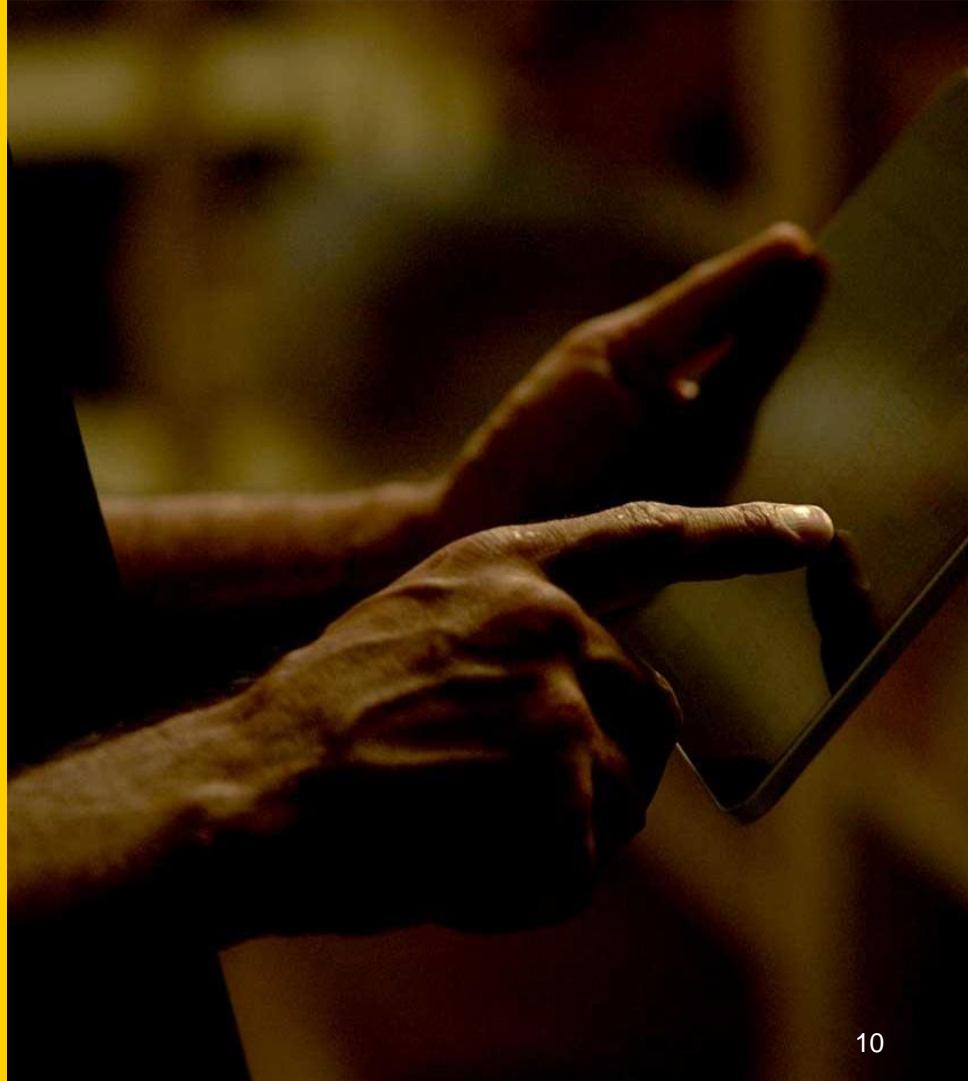
## Expansion in functions

### SPIDERPLUS + Data

- **We achieved connectivity with the CAD system FILDER** series produced by Daikin Industries, Ltd.
- **We are making progress on development to improve SPIDERPLUS** and plan to release the new version in FY2021.

## Appendix: Financial Performance

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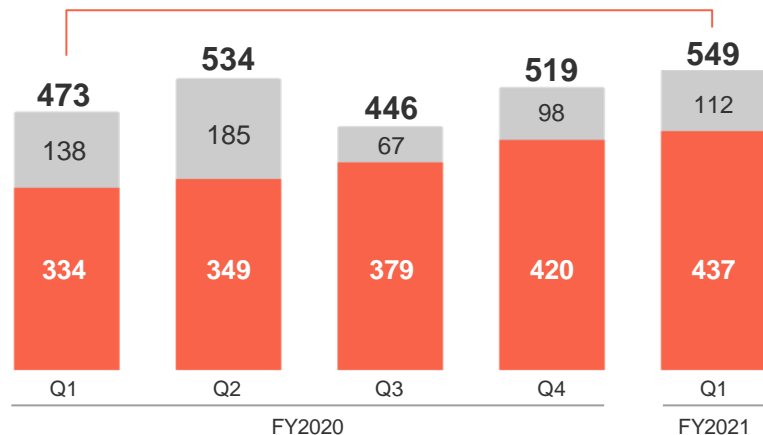
## ICT segment business structure makes a large contribution

The core ICT business segment accounts for roughly 80% of net sales and roughly 90% of gross profit.

### Net sales

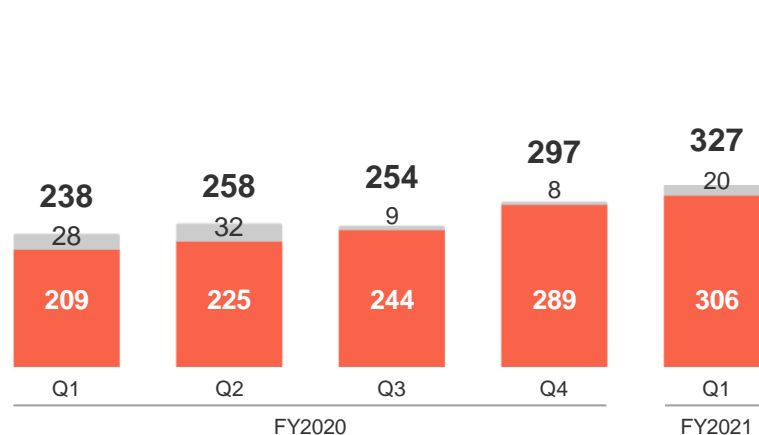
■: ENG business<sup>\*2</sup>  
■: ICT business  
Millions of yen

YoY growth  
**+16%**



### Gross profit

■: ENG business  
■: ICT business  
Millions of yen



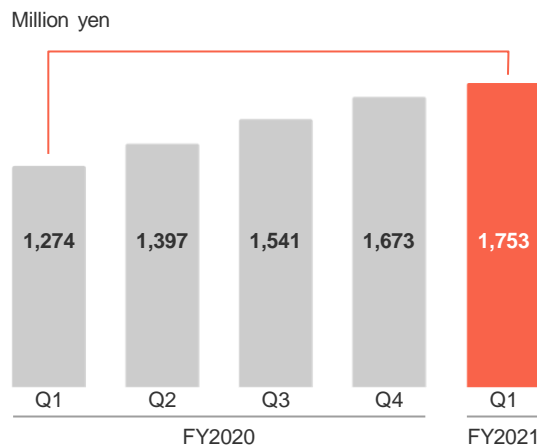
<sup>\*1</sup> Q4 FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

<sup>\*2</sup> Abbreviation for Engineering business segment. This business segment performs insulation installation work to provide heat insulation for equipment and pipes to improve energy efficiency in buildings, plants, and other facilities that use heat.

Growth in the number of IDs in Q1 contributed to sales growth.

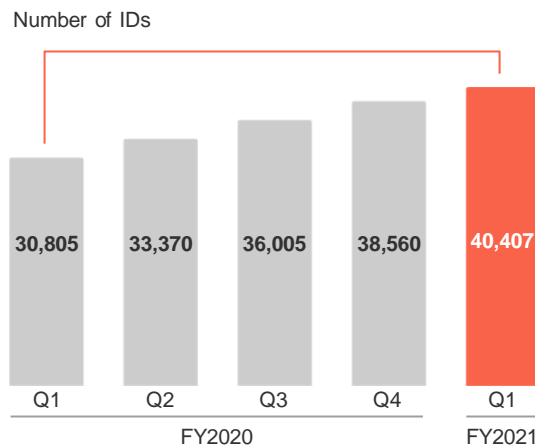
ARR

YoY growth  
**+38%**



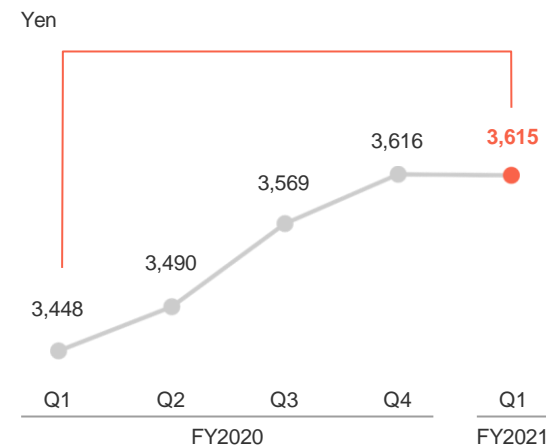
IDs

YoY growth  
**+31%**



ARPU<sup>\*1</sup>

YoY growth  
**+5%**

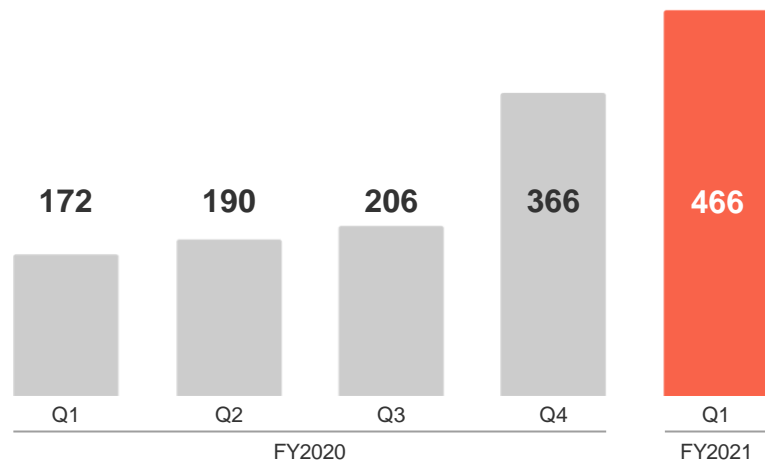


<sup>\*1</sup> Indicates the contract value per ID and is calculated by dividing the MRR by the number of IDs at the end of each quarter.

**Losses resulting from advance investment from Q4 FY2020 continue.**

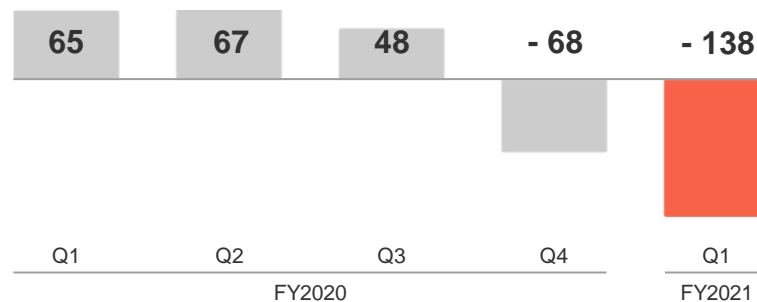
## SG&A expenses

Millions of yen



## Operating income

Millions of yen

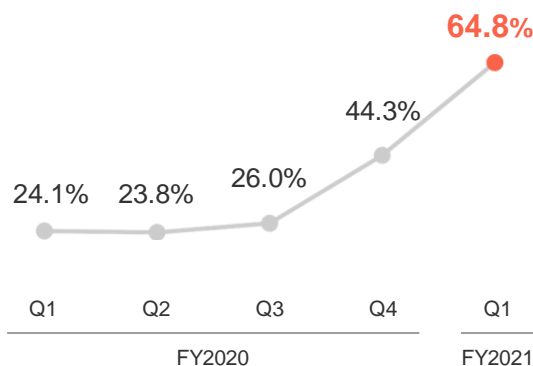


<sup>\*1</sup> Q4 of FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

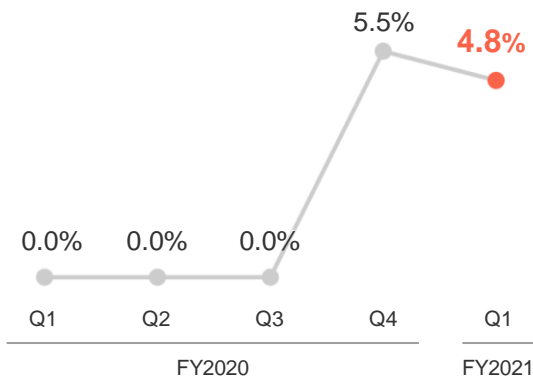


**Sales and Marketing (S&M) as a percentage of net sales increased from advance investment** in increasing the number of personnel and advertising & promotion.

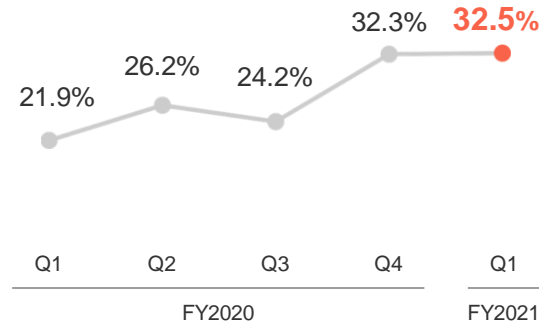
S&M<sup>\*2</sup>



R&D<sup>\*3</sup>



G&A<sup>\*4</sup>



<sup>\*1</sup> The percentages of total sales are the percentages on a management accounting basis.

<sup>\*2</sup> Abbreviation of Sales and Marketing. Calculated by dividing the sum of sales and marketing division personnel expenses, advertising and promotion expenses, sales commissions, and related expenses by ICT business segment net sales for each quarterly accounting period.

<sup>\*3</sup> Abbreviation of Research and Development. Calculated by dividing R&D expenses by ICT business segment net sales for each quarterly accounting period.

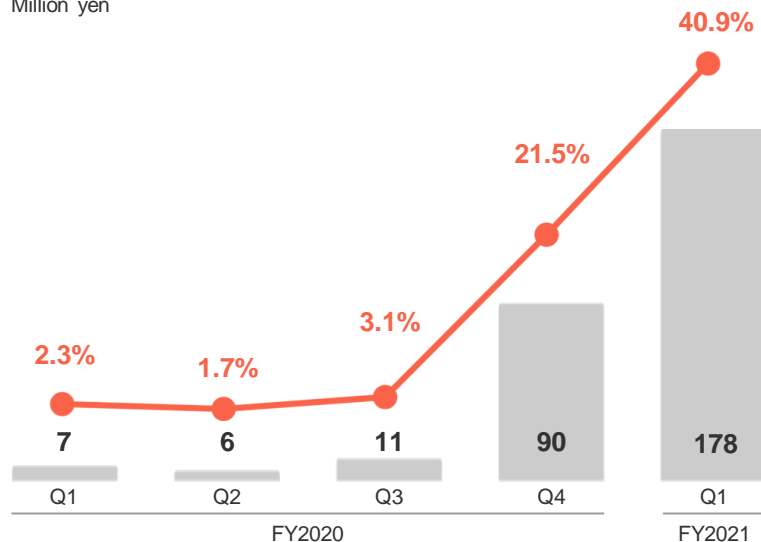
<sup>\*4</sup> Abbreviation of General and Administrative. Calculated by dividing Corporate division expenses by ICT business segment net sales for each quarterly accounting period.

## Investments to maintain high growth potential over the long term.

We invested in TV commercials in the Kanto area and in strengthening the sales division during Q1.

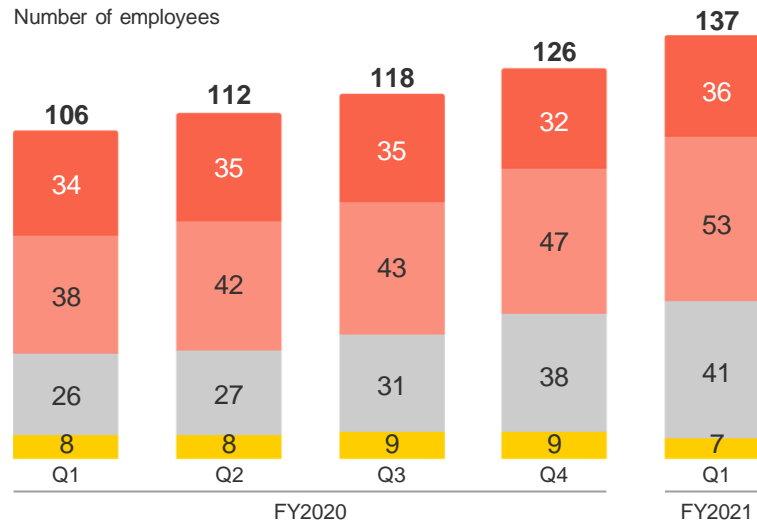
Advertising & promotion expenses and as a percentage of ICT business segment net sales<sup>1</sup>

Million yen



Number of employees<sup>2</sup>

■ Development ■ Sales ■ Corporate ■ ENG business  
Number of employees

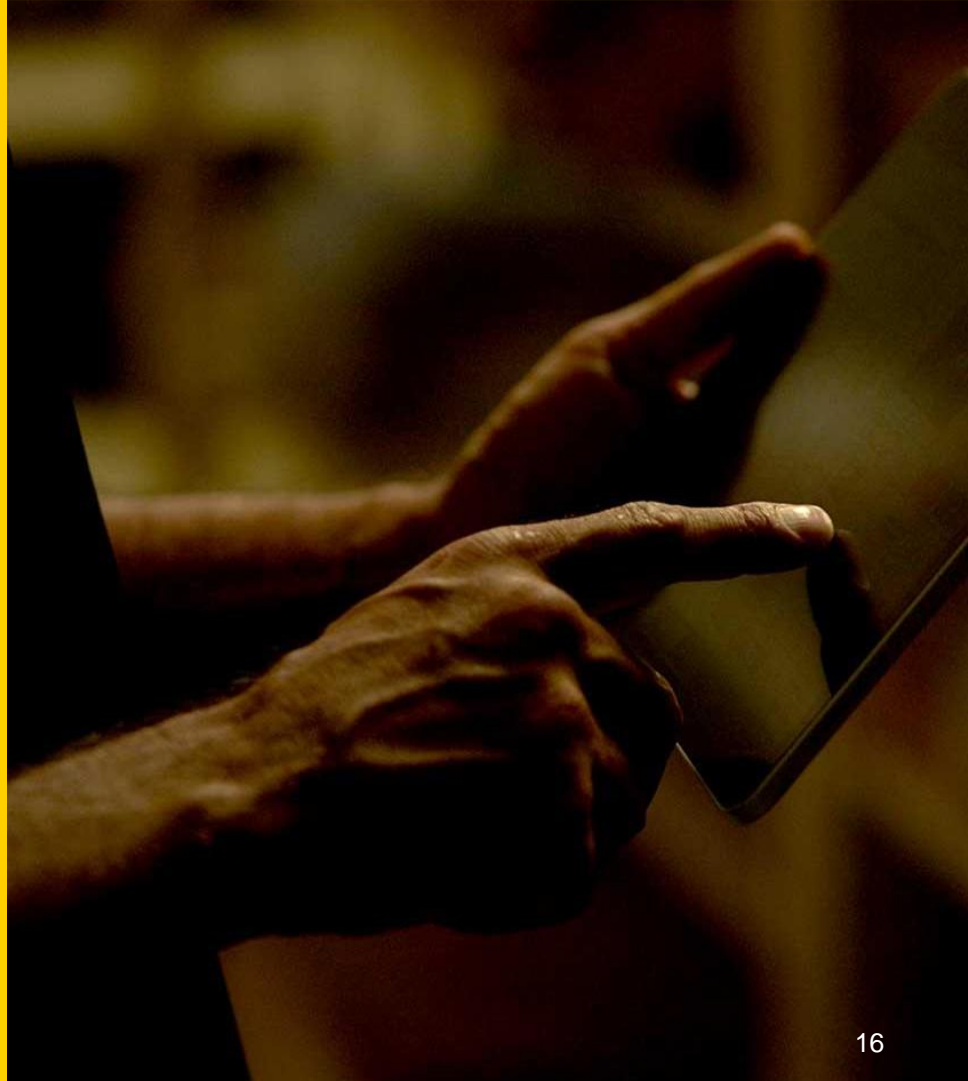


<sup>1</sup> Q4 FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

<sup>2</sup> Includes the number of personnel seconded from the Sales and Corporate divisions and the number of SES personnel associated with Development.

## Appendix: SPIDERPLUS

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# Achieves digital transformation (DX) of construction sites

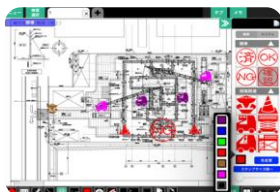
Drawing and site management application



**Provides cloud-based centralized management of the massive number of drawings, construction photographs, and inspection records at construction sites**

Basic functions of SPIDERPLUS essential  
in all processes

Drawing management



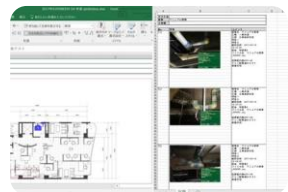
Construction photograph  
management



Electronic black board



Write a report



Optional functions to accelerate improvement  
in efficiency

Support for inspection  
of each construction process

General  
architecture

Air conditioning and  
sanitation system  
equipment



Electric  
equipment







Drawing and site  
management application

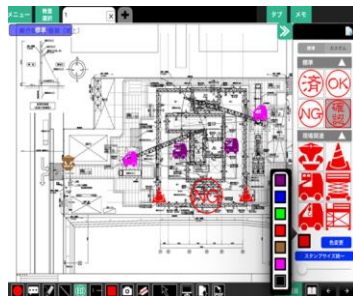


Monthly cost

Basic functions: **3,000** yen/ID

A single ID may be used with up to one  
tablet, one smartphone, and one PC.

Drawing management



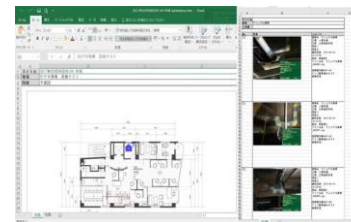
No need to carry a large amount of paper drawings to the site. You can also hold meetings and give instructions on your tablet device.

Construction photograph  
management



A report can be output immediately **without having to organize the data** after taking photos, as was done with a digital camera in the past.

Write a report



You don't have to paste photos or post notes and **can get the report you need right away**. The format can also be customized.

Electronic black board



You don't have to carry around a blackboard and **can shoot photos with your blackboard equipped tablet yourself**. Also supports electronic delivery according to the guidelines issued by the Ministry of Land, Infrastructure, Transport and Tourism.

We provide fully equipped packaged plans for different industries **with optional functions that can be used in inspecting each process.**

**Monthly cost**

**2,500**yen/ID

A single ID may be used with up to one tablet, one smartphone, and one PC.

For general contractors



Reinforcement inspection



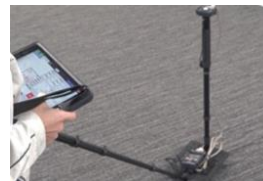
Construction progress management

- Pile installation record
- Reinforcement inspection
- Finishing inspection
- Construction progress management

For electrical equipment subcontractors



Electrical outlet testing



Illumination measurement

- Mainline & AC power supply load transmission equipment
- Electrical outlet testing
- Wattmeter
- Illumination measurement

For air conditioning equipment subcontractors



Airflow measurement

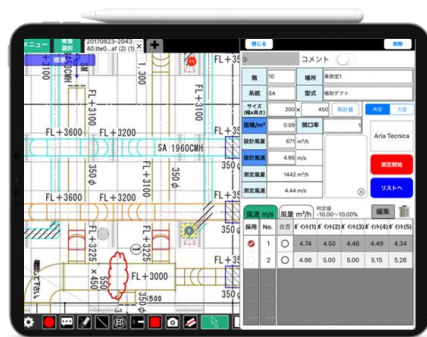


Pressure gauge connectivity

- Airflow measurement
- Pressure gauge connectivity
- Thermometer and hygrometer connectivity
- Sound level meter

Optional function packages that substantially improve the efficiency of conventional inspection work

## — Airflow measurement —



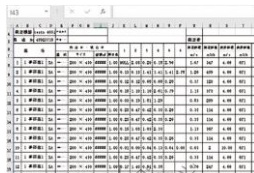
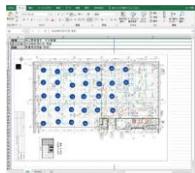
Airflow measurement option screen

Improves efficiency of creating inspection record forms



Airflow measurement test using an external airflow meter

Measurement and recording can be handled by one person



The color of the icon shows progress on measurement at a glance, preventing omissions in measurement.

(Red: Measurement not complete;  
Green: Measurement in progress;  
Blue: Measurement completed)

### Special features

- **Operation is far more efficient** because the number of inspectors may be reduced from 3 to 2 or 1.
- **Intuitive management** is possible because measurement points can be plotted on the drawing.
- Measured data can be checked in real time and you can **make a pass/fail judgment on the spot**.
- Inspection reports **are also easy to output**.
- **Data on position of measurement points and air control ports can be incorporated from BIM<sup>\*1</sup>**.

<sup>\*1</sup> Data on position of measurement points, air control ports, etc. can be imported from Rebro®. The measurement data can also be returned to Rebro®.

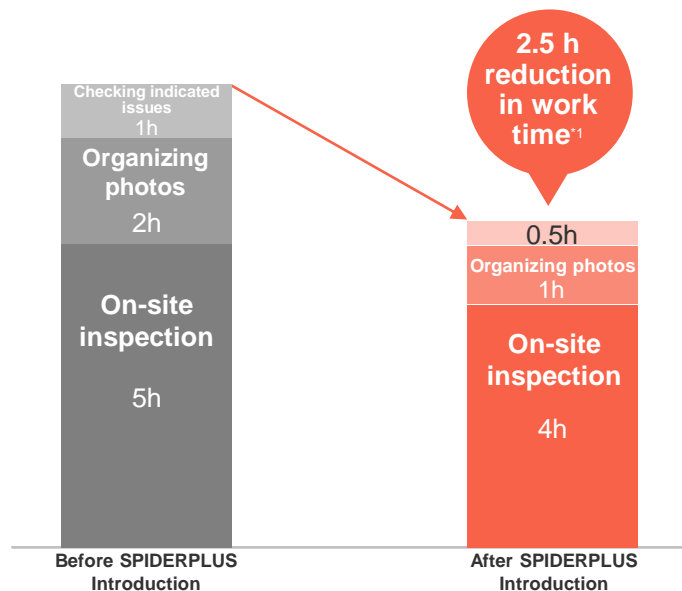
Rebro®'s "SPIDERPLUS integration" add-in is a feature for Rebro® maintenance subscribers.

Achieved with SPIDERPLUS : **Decrease of an average of 2.5 hours/day**  
(one customer's experience)

Improvement in user case (per day)

Monthly reduction in time, cost

Monthly running cost



Case showing monthly benefit of use per person<sup>2</sup>

Approx.

**150,000** yen

Monthly reduction in time, cost

**156,250 yen/month**

Daily reduction in time: 2.5 hours × 20 days of work/month × (daily salary of 25,000 yen ÷ 8 hours) = 156,250 yen

Monthly running cost

**3,000 yen/month**

Fee for SPIDERPLUS basic functions: 3,000 yen

<sup>1</sup> The reduction in hours of work is based on the internal reports of one customer company which introduced tablets and SPIDERPLUS.

<sup>2</sup> Estimated based on a labor cost of 25,000 yen/day, work hours of 480 minutes/day, and 20 working days per month. Initial introduction costs, server charges, tablet costs, communication fees, educational costs, and consumption taxes are not included.

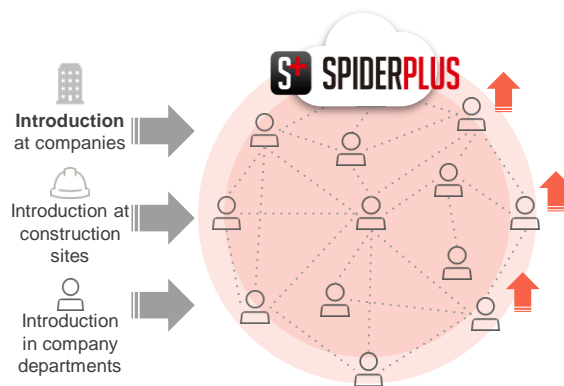
## Customer base

Many general contractors, subcontractors, and other operators occupying key positions in the construction industry have introduced SPIDERPLUS.



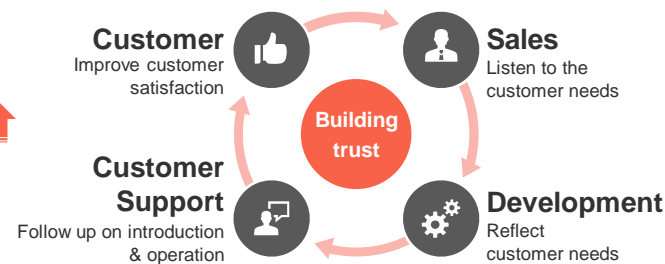
## Network effect

As the number of users increases, the opportunities for completing internal and external connections with SPIDERPLUS increase and the value to users also increases.



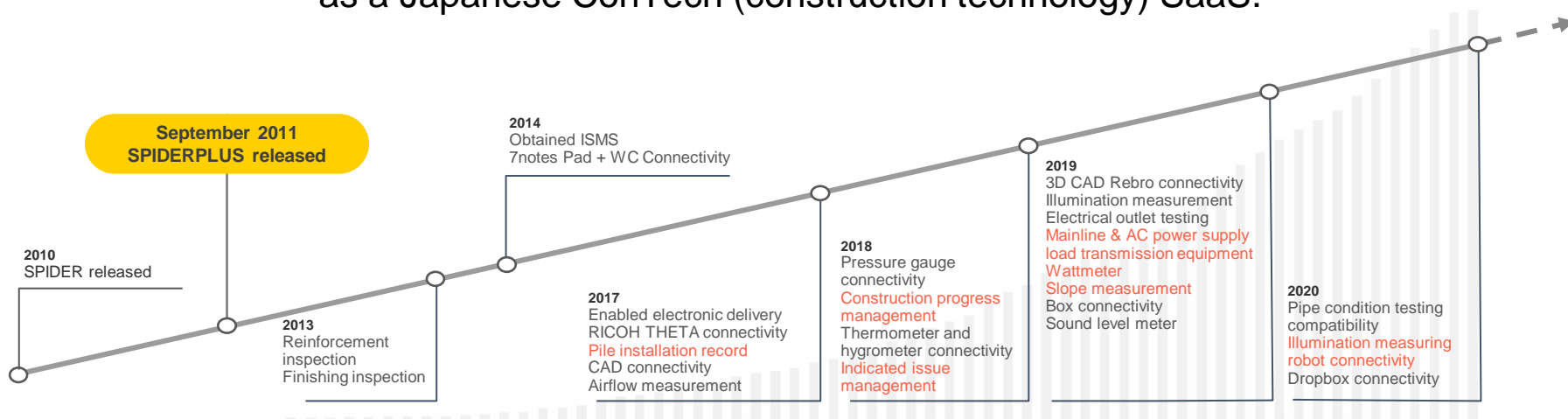
## Customer support structure

We have built a structure for following up on introduction and operation via construction site briefings and a support center, and to rapidly reflect customer needs in development.





We have developed and improved SPIDERPLUS with customers over the course of 10 years as a Japanese ConTech (construction technology) SaaS.



Expansion to subcontractors

Expansion to general contractors

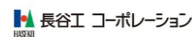
Expansion into new fields



Kinden きんでん



高砂熱学



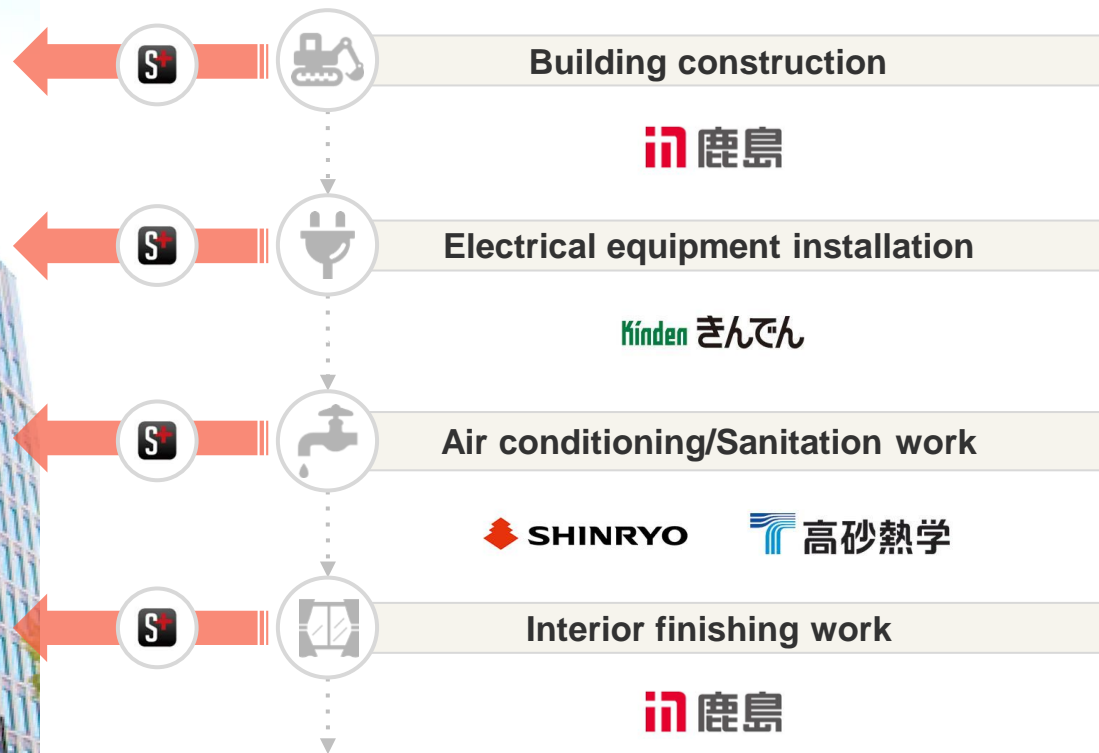
明日のコミュニケーションをデザインする  
NECネットエスアイ

## Case of SPIDERPLUS Use

Centralized management of all processes through completion using **SPIDERPLUS** as the platform

DX model site by Kajima Corporation

OBIC Midosuji Building



## Customer Voice

We **achieved a 100-hour reduction in overtime work** per month and **created a new culture**.

Introduction of SPIDERPLUS changed a number of things. **It eliminated repeated trips between the construction site and the office, it eliminated the work involved in organizing photos**, which sometimes can reach around 3,000 photos, and because we can also share information on the cloud, **work responsibilities can be divided up between employees in the office and construction site supervisors**.

Before SPIDERPLUS was introduced, our site supervisors worked more than 45 hours a month in overtime. We have been able to **reduce the total overtime work in the department by 95.5 hours!**

This industry is very old and we still need for veterans to teach the skills to young employees in the time-honored communication style. However, the advancement of DX has **created a culture of “mutual teaching”** in which young employees, in turn, teach veterans how to use the PC, tablet, and system.



Date established: October 1945; Head office: Hakodate, Hokkaido; Capital: 20 million yen; Business description: electrical equipment and air conditioning system installation, total production for reducing costs and saving energy, solar power for household use, sale of sanitation products.

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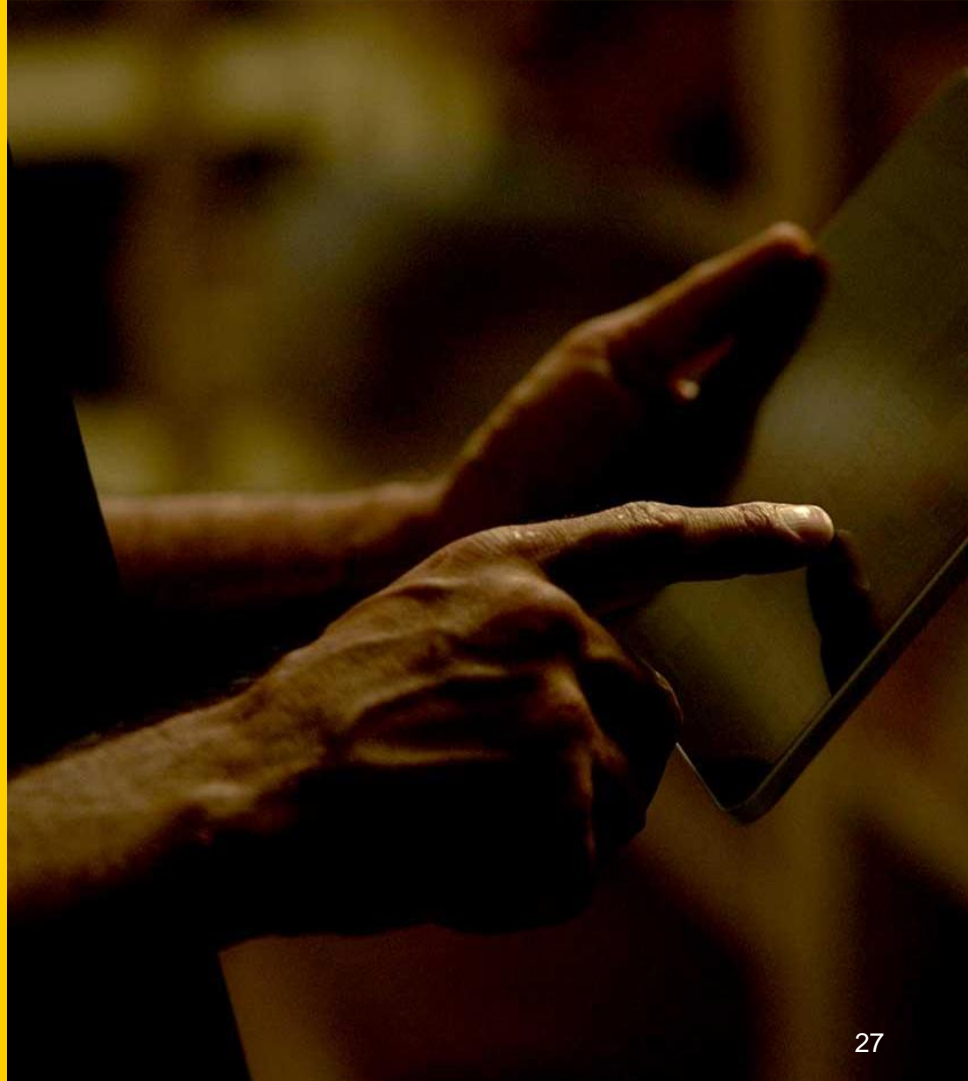
**Ookama Electronic Company**  
Representative Director  
Yukio Ookama

2020  
Nationwide Cloud  
Initiative grand prize  
for SMEs  
Sapporo competition

**Cloud Initiative  
incentive  
award recipient**

## Appendix: Market Environment

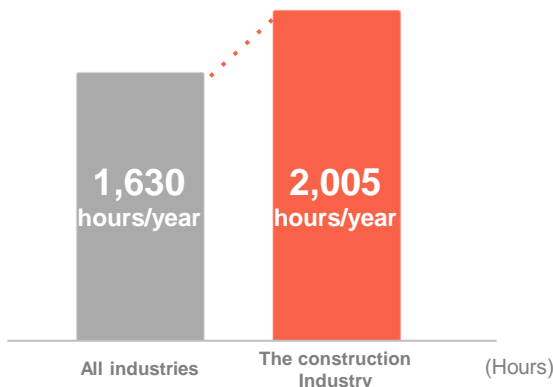
SpiderPlus & Co.



**Radical innovation through technology is an urgent issue.**

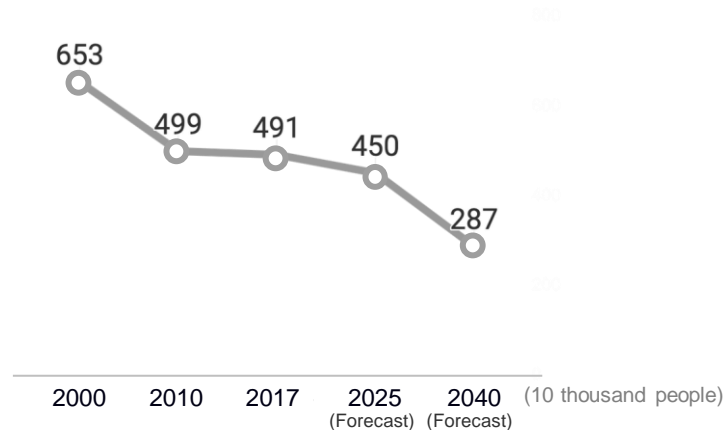
## Working hours

Construction workers **work long hours.**<sup>\*1</sup>



## Changes in employment in the construction industry

**There is a shortage of human resources** in the construction industry.<sup>\*2</sup>



<sup>\*1</sup> Source: Based on the Monthly Labor Survey, September 2020, Ministry of Health, Labour and Welfare.

<sup>\*2</sup> Estimated based on "Future Strategy of Construction Tech" published March 16, 2020, on NikkeiBP, "Population Basic Complete Tabulation on Labor Force" of "National Census 2015" published by the Ministry of Internal Affairs and Communications and "Forecast of Construction Investment 2020" by the Ministry of Land, Infrastructure, Transport and Tourism. SpiderPlus & Co. estimates that the shortage of workers in the construction industry will grow more severe if the 63 trillion yen in domestic construction industry investment in 2020 stays at the same level through 2040.



## Movement toward major changes in workstyles

### Establishment of a legal system

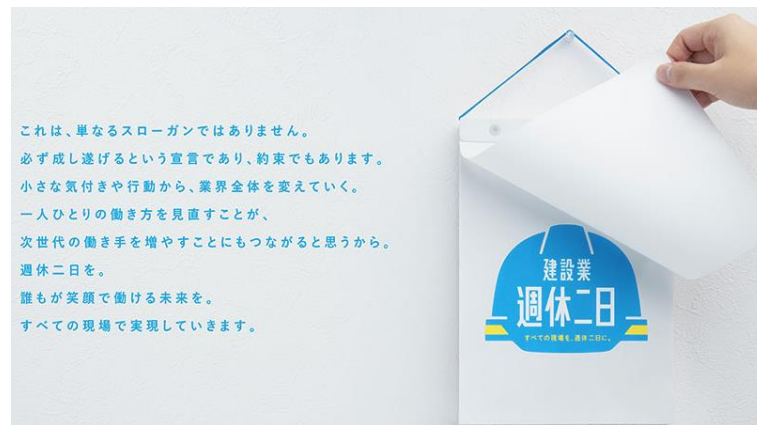
#### Revision of the Act on the Arrangement of Related Acts to Promote Work Style Reform<sup>\*1</sup>

The **construction industry** was granted a grace period on the maximum cap on overtime work at 45 hours/month and 360 hours/year in principle, with penalties assessed, but will be **subject to the cap from FY2024**.

#### Revision of the Construction Business Act<sup>\*2</sup>

The construction industry plays an important role in supporting people's lives, the society, and the economy. The rapid aging of the construction site workforce and the increasing outflow of young people from the industry has given rise to the need to improve the productivity of construction sites through effective utilization of limited human resources, and other measures. **The revised Construction Business Act was therefore enacted in October 2020** from the perspectives of **promoting workstyle reform in the construction industry, improving productivity at construction sites, and ensuring a sustainable business environment**.

### Industry group initiatives



The Japan Federation of Construction Contractors, an industry organization, **has set the goal of implementing a five-day work week at all construction sites by March 2022**<sup>\*3</sup>

<sup>\*1</sup> Excerpt from the Act on the Arrangement of Related Acts to Promote Work Style Reform (published July 6, 2018), Ministry of Health, Labour and Welfare.

<sup>\*2</sup> Excerpt from Act on Partial Revision of the Construction Business Act and the Act to Promote Public Works Bidding and Contract Normalization (published June 12, 2019), Ministry of Land, Infrastructure, Transport and Tourism.

<sup>\*3</sup> Excerpt from "Changing Workstyles; Changing the Construction Industry," Japan Federation of Construction Contractors.

## Digital Transformation (DX) is essential to the construction industry.

Domestic construction industry investment **is trending almost flat.**



**63** trillion yen (Forecast)<sup>\*1</sup>  
2021 → **2035**

The shortage in the number of workers in the domestic construction industry **is increasing year after year.**



**1** million workers (Forecast)<sup>\*2</sup>  
2014 → 2025

Future growth of IT investment in the domestic construction industry **is anticipated.**



**3.7** x (Result)<sup>\*3</sup>  
2014 → 2019

<sup>\*1</sup> Excerpt from "Middle- to Long-term Forecasts of Construction Investment" (Forecast through FY2035) (published March 26, 2021, Research Institute of Construction and Economy).

<sup>\*2</sup> Excerpt from Future ConTech Strategy (published March 13, 2020), NikkeiBP.

<sup>\*3</sup> Excerpt from "2020 Enterprise IT Trend Survey Report" and "2015 Enterprise IT Trend Survey Report," Japan Users Association of Information Systems

When Asia is included, **the size of the ConTech market is 4 trillion yen<sup>1</sup>**

## Asian market

**4 trillion yen** (Exchange rate: JPY100/USD)

2.1 trillion dollars (Asian construction market size<sup>4</sup>) × 1.84% (IT investment<sup>3</sup>)

## Domestic market

**Detached  
Homes &  
Remodeling**

**274.3  
billion yen**

14.9 trillion yen  
(Detached  
houses &  
remodeling  
investment<sup>2</sup>)  
× 1.84% (IT  
investment<sup>3</sup>)

**Civil engineering**

**398.7 billion yen**

21.67 trillion-yen (civil engineering investment<sup>2</sup>) × 1.84% (IT investment<sup>3</sup>)

**Building, condominium & building maintenance**

**485 billion yen**

26.4 trillion yen (building, condominium & building maintenance investment<sup>2</sup>) × 1.84% (IT investment<sup>3</sup>)

**SPIDERPLUS: ARR, 1.7 billion yen<sup>5</sup>**

**Total  
Approx. 900  
billion yen**

<sup>1</sup> This indicates the maximum market size that we project and was not calculated for the purpose of showing the objective market size for the business that SpiderPlus is operating as of May 2021.

<sup>2</sup> Estimate by SpiderPlus & Co. based on "FY2020 Construction Investment Outlook" by the Ministry of Land, Infrastructure, Transport and Tourism, and "Detached House, Remodeling and Repair Industry" by SPEEDA.

<sup>3</sup> "2020 Enterprise IT Trend Survey Report" by Japan Users Association of Information Systems.

<sup>4</sup> Source: SPEEDA, "General Contracting Industry (Asia and Oceania)."

<sup>5</sup> As of March 31, 2021.

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Factors that could cause results to differ substantially from such forward-looking statements include, but are not limited to, changes in the domestic and international economies and trends in the industry in which we operate our business.

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