

June 4, 2021

Company Name SpiderPlus & Co.

Representative Chief Executive Officer Kenji Ito

Stock Code : 4192

Listing : Tokyo Stock Exchange (Mothers)

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SpiderPlus & Co.

SpiderPlus & Co.

Q1 FY2021 Financial Results Briefing

Event Summary

[Company Name]	SpiderPlus & Co.	
[Company ID]	4192-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q1 Financial Results Briefing for the Fiscal Year Ending December 2021	
[Fiscal Period]	FY2021 Q1	
[Date]	May 19, 2021	
[Time]	11:00 – 11:40 (Total: 40 minutes, Presentation: 15 minutes, Q&A: 25 minutes)	
[Venue]	Kabutocho Heiwa Building 2F, 2nd Seminar Room, 3-3 Kabutocho Nihonbashi, Chuo-ku, Tokyo 103-0026 (Hosted by The Securities Analysts Association of Japan)	
[Participants]		
[Number of Speakers]	2	
	Kenji Ito	Chief Executive Officer
	Yukihiro Omura	Chief Financial Officer

Presentation

Moderator: The time has come, so we will now hold a briefing on the Q1 Financial Results for the Fiscal Year ending December 2021 of SpiderPlus & Co.

First of all, I would like to introduce 2 attendees from the Company. Mr. Kenji Ito, Chief Executive Officer, and Mr. Yukihiro Omura, Chief Financial Officer.

Today, we will have explanations from these 2 attendees. After the presentation, we will have a question and answer session.

Could you start, please?

Ito: Thank you very much for taking time out of your busy schedule to join us today for the presentation of the Q1 financial results of SpiderPlus & Co.

We went stock listing on March 30, and I would like to express my gratitude again to those who are participating in the meeting today, as we were able to go stock listing with the help of their advice.

Thank you.

Now I would like to explain our financial results for Q1 of 2021.

DX in construction industry

DX (Digital Transformation) is the adoption of digital technology to transform services or businesses, through replacing non-digital or manual processes with digital processes or replacing older digital technology with newer digital technology.



Construction

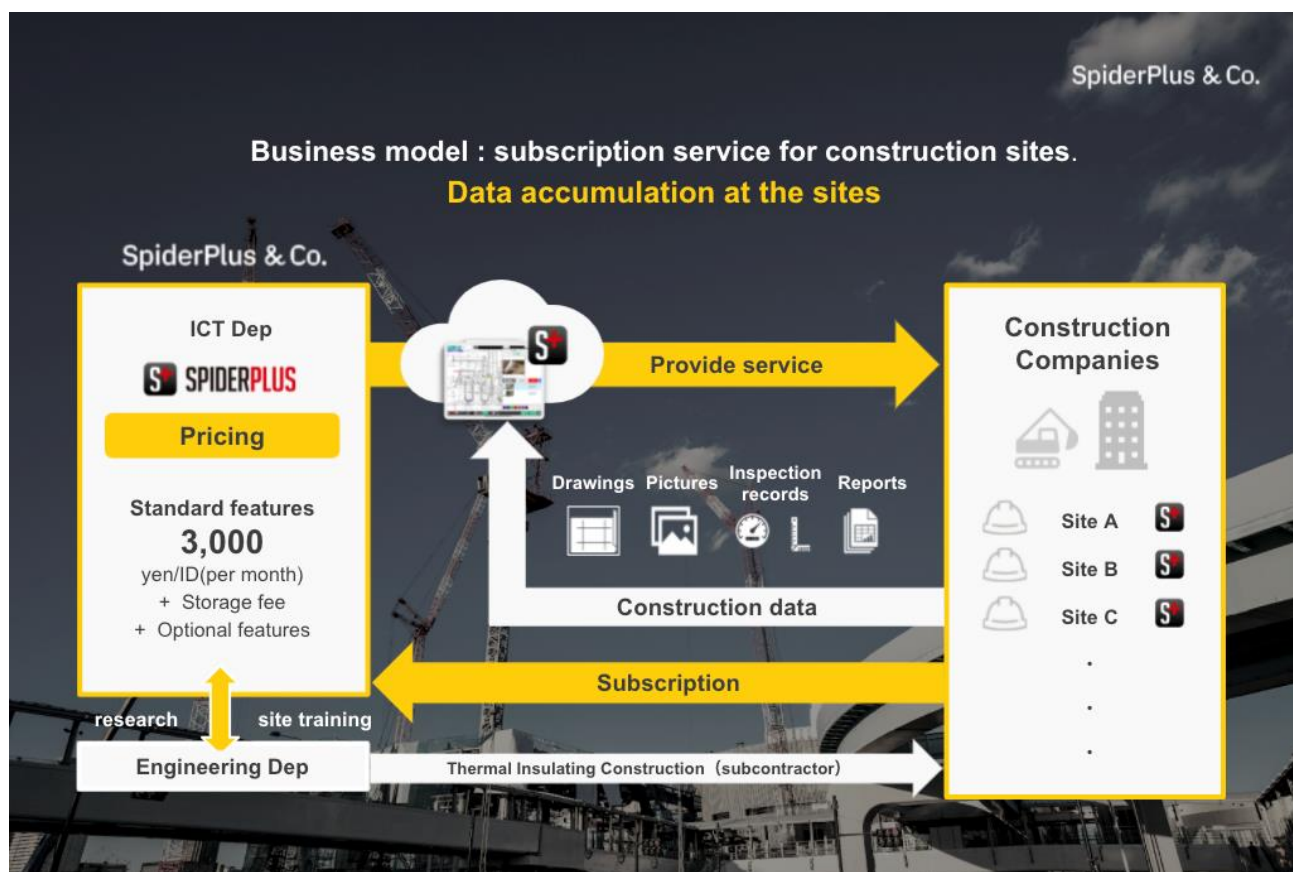


Technology

First, let's look at the business outline.

We are a company that DXs the construction industry.

We are starting this product because we want to drastically change the low productivity of the construction industry with technology.



Then, this is the business model.

We have a business model where we charge a standard monthly fee per user, plus a server fee and other optional fees to the site supervisors on a subscription basis.

The Company was originally founded as the engineering business.

We expect it to account for about 10% this fiscal year.

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



Electronic black board



Construction photograph management



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

The service includes viewing of drawings, making paperless documents, photographs, inspection records, and reports, all of which can lead to significant time savings.

Basic Functions of SPIDERPLUS

SpiderPlus & Co.



Drawing and site
management application

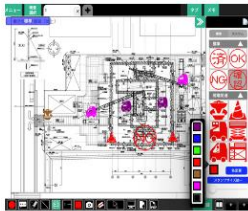


Monthly cost

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

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

Drawing management



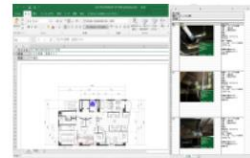
No need to carry a large amount of paper drawings to the site. You can also hold meetings and give instructions on your tablet device.

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.

The main functions are drawing management function and photo organization function.

It also has a function called an electronic small blackboard that allows you to take pictures with a blackboard.

And then, By using our products, a report that used to take 2 or 3 hours to complete can be completed in as little as 10 minutes, which means that productivity.

I believe that this contributes to shortening the amount of overtime work.

Optional Functions of SPIDERPLUS

SpiderPlus & Co.

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

Monthly cost

2,500yen/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

In addition, our strength lies in the fact that we have developed optional functions in collaboration with leading companies in the industry.

We have been working with general contractors or subcontractors, such as Takasago Thermal Engineering Co., Ltd., for air conditioning and sanitation, KINDEN CORPORATION and Kyudenko Corporation.

The development of optional functions with these leading companies is well supported.



Then, the highlights.

First of all, sales have been steady.

Net sales. This is JPY540 million, an increase of 16% YoY, and I don't think it will have much impact on the results here.

In terms of the proportion of the construction department, we have sold about JPY430 million in our mainstay ICT business. The growth rate is 31% YoY, which is a high level of more than 30%.

Profit. We recorded a deficit due to advance investment. As we described in the prospectus at the time of stock listing, we are in the SaaS business, so we are focusing on increasing our net sales.

We will improve development costs and advertising to grow our net sales over the next year or 2.

The fundraising. We was able to raise about JPY3.5 billion. And if we include over-allotment, the total amount will be about JPY4.7 billion, which has resulted in a fairly stable cash flow and an equity ratio of over 80%.

KPI YoY Growth

ARR¹
+38%
1,274 → 1,753

Million yen

High growth achieved on the back of growth in IDs
IDs²
+31%
30,805 → 40,407

Number of IDs

Growth in inquiries and other leads as name recognition increased
Customers³
+61%
550 → 884

Number of companies

Maintained a low churn rate⁴ and achieved growth in the number of new customers

¹ 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).

² Number of contract IDs on March 31, 2020 and March 31, 2021.

³ Number of contracting companies as of March 31, 2020 and March 31, 2021.

⁴ 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.

Next is the KPI we have set.

First, let's look at the ARR. This is a 38% increase over last year, which is more than 30%.

Number of IDs. This is also a 31% increase, which is also a steady increase.

Number of subscribers. This is growing quite a lot to 61%.

Based on our business model, it takes about 2 to 3 years on average for a company from signing a contract to reaching the top line, or the maximum number of IDs within that company.

We believe that the increase in the number of companies here will greatly contribute to our growth in the future.

Steady progress on the performance forecast for the core ICT business

Q1 FY2021 Net sales results

437 million yen

Progress: **22.4%**¹

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%**²

FY2021 forecast
Over 48,000 IDs

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

December 31, 2020
38,560 IDs

¹ 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.
² 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).

Then, the progress rate.

At first glance, this may not seem like a good figure. But in Q1 of this year, the progress rate was 22.5% for the previous year and 22.4% for this year. It is going well.

Number of IDs. The progress rate is 19.6%, which is higher than 18.5% last year.

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 FINDER series produced by Daikin Industries, Ltd.**
- **We are making progress on development to improve SPIDERPLUS and plan to release the new version in FY2021.**

The business highlights.

In order to expand our market share, we are investing aggressively in Southeast Asia, TV commercials in Japan, and web promotions.

As for Southeast Asia, we are not currently targeting local companies, but we have received many requests from Japanese companies in Southeast Asia that would like to use our system.

In the system renewal this fiscal year, it will be multi-lingualized. And since Android is very popular in Southeast Asia, it will be compatible with Android as well so that we can penetrate Japanese companies in Southeast Asia.

Next, horizontal expansion of the business domain. The effect of the TV commercials has also been very significant, and we have seen an increase in inquiries from customers in industries that use mechanical and electrical equipment, and still work with paper or digital cameras. The most recent cases are thermal power plants and incineration facilities.

There are many inquiries from companies in the plant fields and building maintenance companies. In fact, some plant companies are already using more than 1,000 licenses of our products. So, we believe that we are making steady progress in expanding our business domain.

The expansion of functions includes an update of Daikin Industries' CAD system, FINDER. We have linked up with this system.

Next, Development to improve SPIDERPLUS. We are planning to spend about JPY300 million this fiscal year for a full renewal of our service, and we are making good progress for multilingualization, as I mentioned earlier, or in UI/UX. We are planning to release this by the end of this year.

Next, here are the financial highlights. Mr. Omura, CFO, would like to explain about this.

Omura: I am CFO Omura. Thank you for your support.

Now I would like to explain the highlights of our business performance.

Q1 FY2021 Summary Income Statement^{*)}

SpiderPlus & Co.

Millions of yen	Q1 FY2021	Q1 FY2020	YoY	Q4 FY2020	QoQ	
Net sales	549	473	+ 16.1%	519	+ 5.9%	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).
Cost of goods sold	221	234	- 5.5%	221	+ 0.3%	
Gross profit	327	238	+ 37.4%	297	+ 10.0%	Gross profit Growth of the ICT business, which has a relatively high gross margin, increased the gross margin to 59.6% .
Gross margin	59.6%	50.4%	+ 9.2pt	57.4%	+ 2.2pt	
SG&A expenses	466	172	+ 170.3%	366	+ 27.1%	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 .
Operating income	- 138	65	—	- 68	—	
Operating margin	—	13.9%	—	—	—	
Non-operating income	0	0	+ 646.4%	0	- 97.7%	Non-operating expenses The increase mainly resulted from expenses related to the stock listing.
Non-operating expenses	44	1	+ 4,182.9%	3	+ 1,057.3%	
Ordinary income	- 182	64	—	- 72	—	
Net income	- 184	53	—	- 70	—	

^{*)} Q4 of FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

This is an explanation of the Q1 accounting period. In Q1, sales in the ICT business division increased by 16% YoY to JPY549 million.

As Mr. Ito explained earlier, in terms of profits, we are making upfront investments. We launched a TV commercial in February.

As a result of this, and other factors, including the strengthening of our sales structure, we have posted an operating loss of JPY138 million.

As announced in the business plan, we expect it to be in the red for the current fiscal year, as the period of prior investment.

As for the final loss, we stock listed our shares on March 30 of this fiscal year and incurred a final loss of JPY184 million in listing-related expenses.

Q1 FY2021 Summary Income Statement by Segment¹

SpiderPlus & Co.

ICT business	Millions of yen	Q1 FY2021	Q1 FY2020	YoY	Q4 FY2020	QoQ	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).
	Net sales	437	334	+ 30.7%	420	+ 3.9%	Gross profit The gross margin was 70.1%, generally on par with the 4Q of the previous fiscal year.
	Cost of goods sold	130	125	+ 4.3%	131	- 0.4%	
	Gross profit	306	209	+ 46.4%	289	+ 5.8%	SG&A expenses SG&A expenses increased due to investment in TV commercials in February 2021 and strengthening the sales structure (hiring personnel, etc.).
	Gross margin	70.1%	62.6%	+ 7.5pt	68.8%	+ 1.3pt	
	SG&A expenses	323	97	+ 231.7%	229	+ 41.1%	Segment income —
	Segment income	- 16	111	—	60	—	
	Operating margin	—	33.5%	—	14.4%	—	

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

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

Next, by segment.

In the ICT Division, our mainstay business, net sales for the quarter were JPY437 million, a 31% increase YoY.

There was an impact of increase in the number of IDs contributed almost entirely to the figure in Q1.

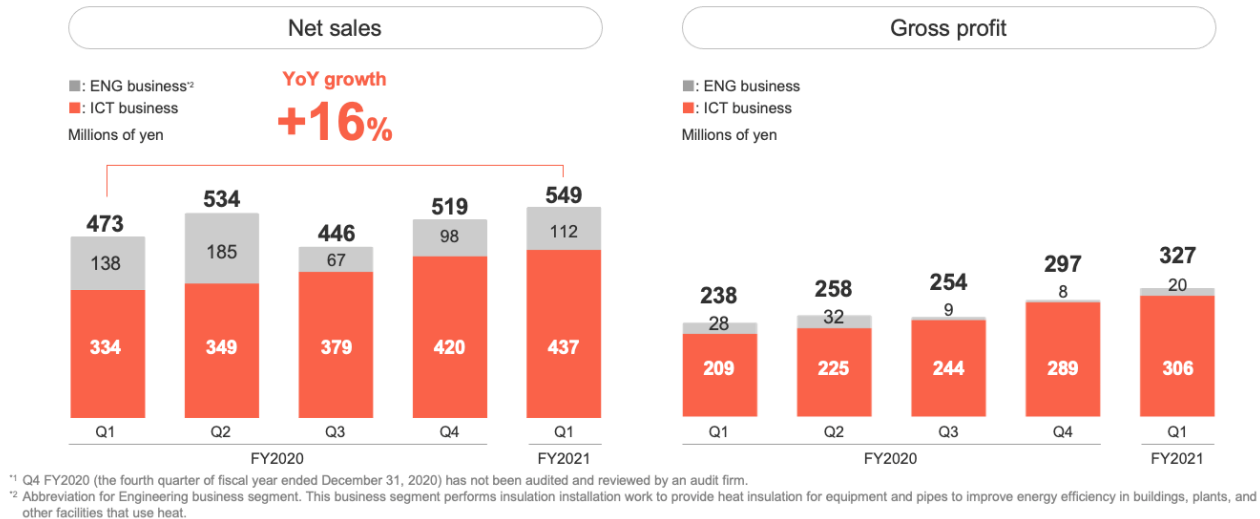
In addition, the segment loss of JPY16 million was recorded due to the SG&A expenses resulting from the upfront investment mentioned earlier.

Engineering Division. As we explained in the business plan, we have a policy of not conducting aggressive sales activities, and our net sales were JPY112 million, down 18.9% YoY.

Last year, we had some temporary large projects, but we did not engage in aggressive sales activities, so the result is as expected.

ICT segment business structure makes a large contribution

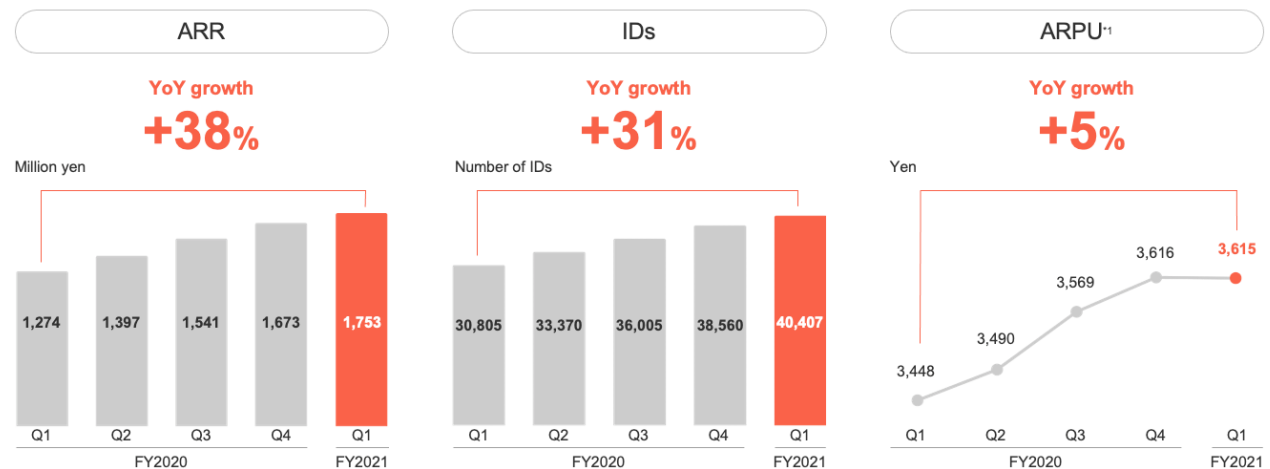
The core ICT business segment accounts for roughly 80% of net sales and roughly 90% of gross profit.



In terms of net sales and gross profit, as you can see, 80% of the net sales come from the ICT Business Division. More than 90% of the gross profit comes from the ICT Business Division. Basically, I would like you to focus on the growth and gross profit of the ICT Business Division.

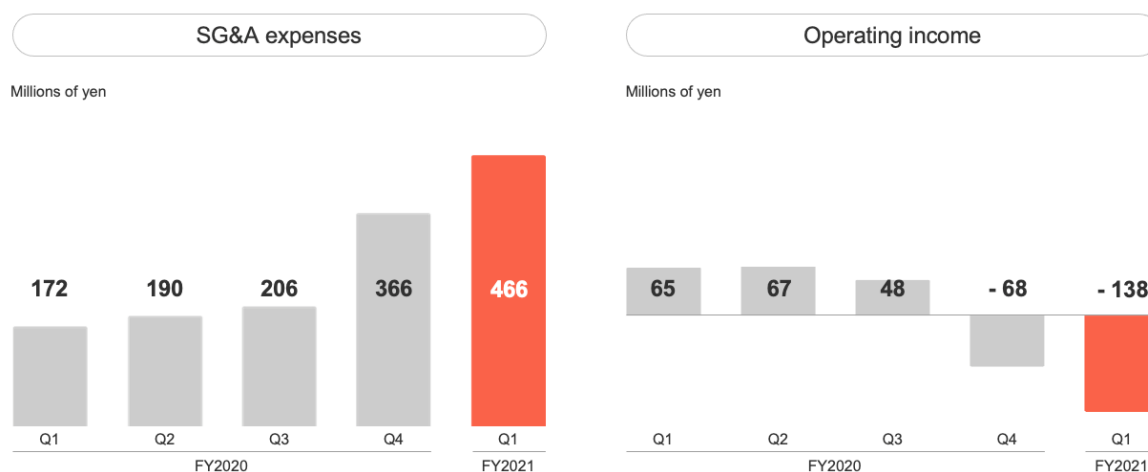
Reasons for Growth in Net Sales

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



Then a component of sales.

This is the ARR compared to the same period last year. For Q1, the ARR was JPY1,753 million. This is an increase of 38% YoY. The content is a 31% increase in the number of IDs, and a 5% increase in ARPU or unit price.

Losses resulting from advance investment from Q4 FY2020 continue.

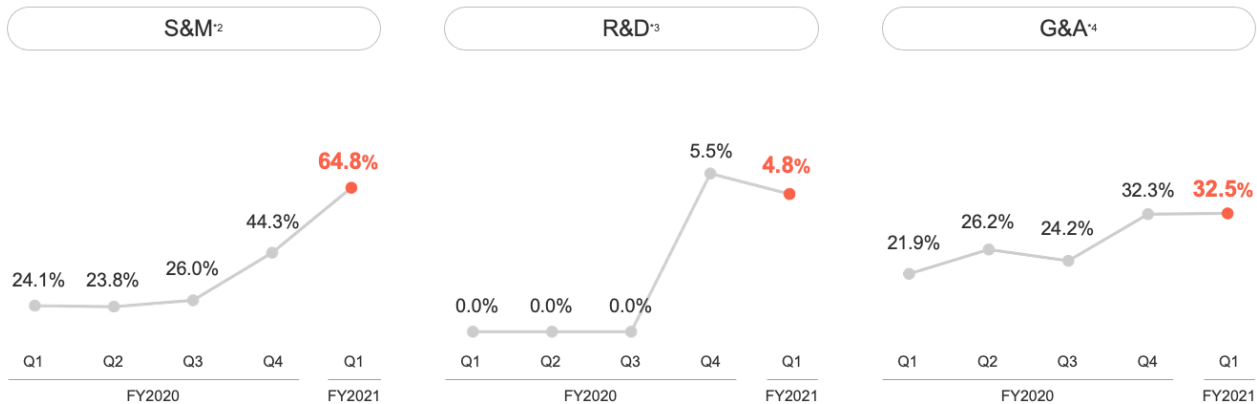
^{*1} Q4 of FY2020 (the fourth quarter of fiscal year ended December 31, 2020) has not been audited and reviewed by an audit firm.

In addition, SG&A expenses and operating income have increased from the previous quarter.

In the previous quarter and Q1, we used TV commercials in each quarter, so advertising expenses have increased.

As a result, SG&A expenses for Q1 were JPY466 million, and operating loss was JPY138 million.

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



^{*1} The percentages of total sales are the percentages on a management accounting basis.

^{*2} 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.

^{*3} Abbreviation of Research and Development. Calculated by dividing R&D expenses by ICT business segment net sales for each quarterly accounting period.

^{*4} Abbreviation of General and Administrative. Calculated by dividing Corporate division expenses by ICT business segment net sales for each quarterly accounting period.

This is resulted from upfront investments. As you can see on the next page, we are making upfront investments in S&M and R&D.

In addition, I would like to give you an explanation of the actual upfront investment, including a sense of the cost.

Since we have been making upfront investments since the previous quarter, we are currently maintaining a relatively high level of advertising expenses as a percentage of sales for the division.

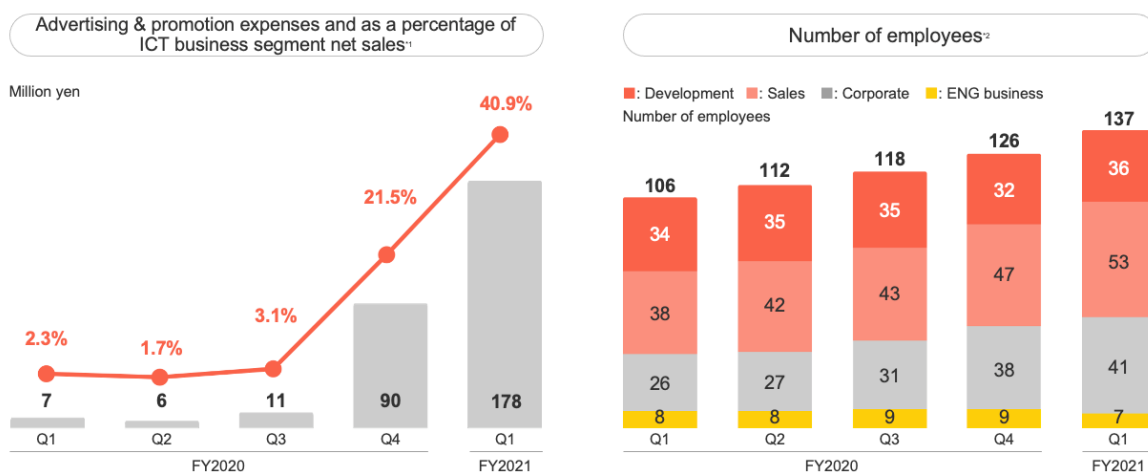
As Mr. Ito mentioned earlier, advertising costs are currently quite effective in acquiring leads.

As for the direct effect to sales, the lead time will be 2 to 3 months since we have to hold down the free period for one month, and then sales will increase in the next month.

And as I explained in the business plan, it takes 2 to 3 years for the penetration of the service to the customers, so it will have an impact on the next year and beyond.

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.



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

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

This is the number of employees. This is also going well. Currently, as of the end of Q1 of 2021, we have 137 employees. Including system engineering service and dispatched staff, we now have 137 employees.

Q1 FY2021 Summary Balance Sheet

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

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%.

As for the balance sheet, last but not least, we were listed on the stock exchange on March 30, and raised JPY3.5 billion.

As a result, the current assets portion is about JPY4.4 billion. Regarding net assets, the equity ratio is now over 80% due to fundraising.

That's all for now. If you have any questions, please do not hesitate to ask.

Moderator: Thank you very much.

Question & Answer

Moderator: We will now begin the question and answer session. If you have any questions, please raise your hand. We plan to publish a full transcript of the IR meeting, including the Q&A session. Therefore, if you give the company name and your name when you ask a question, it will be made public. If you wish to remain anonymous, you may omit the company name and your name.

Please ask your questions.

Question1: Thank you for your explanation. On the last page, there is an explanation of the comparison of similar services. Specifically, what kind of service is each company is providing, what kind of weaknesses or what kind of strengths do they have, what kind of approach are you taking for that, and what does it look like from the customer's point of view?

Ito: We recognizes that there are not that many similar services, so we have listed 2 companies for comparison. Currently, our strength is that we are developing functions based on a lot of feedback from our users. Our strength lies in the fact that we have an overwhelmingly large number of options that can be completed within a single all-in-one application.

On the other hand, similar companies mainly focus on viewing drawings, pasting photos and text, so we are aware that our products are chosen for such reasons.

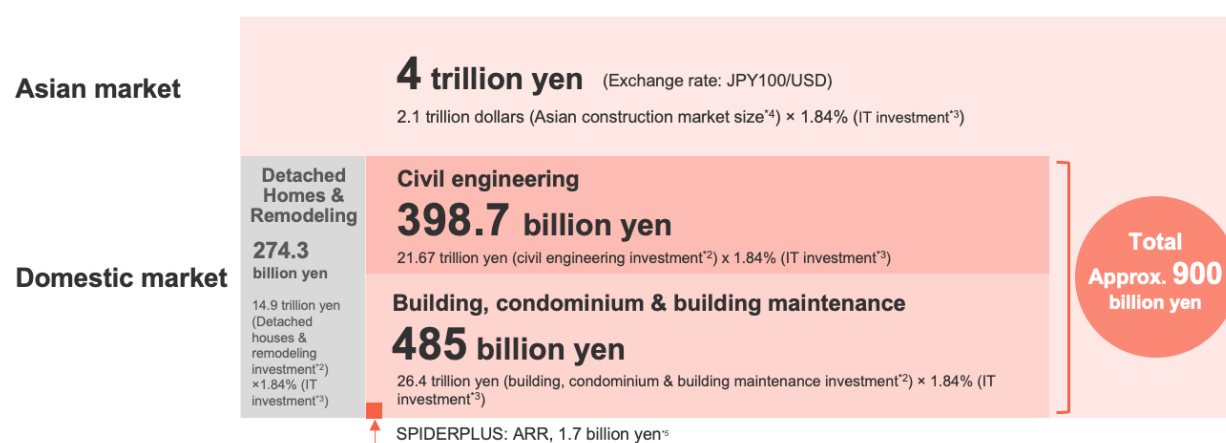
Question2: Thank you. Regarding the competitive situation described here, how much does it account for in the diagram above? In terms of IT investment written here, how is the remaining IT investment made in the overall market?

Ito: The figures here are just for overall IT investment in the construction industry. The market size including hardware and software related to IT is 900 billion yen.

Market Size

SpiderPlus & Co.

When Asia is included, **the size of the ConTech market is 4 trillion yen¹⁾**



¹⁾ 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.

²⁾ 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.

³⁾ "2020 Enterprise IT Trend Survey Report" by Japan Users Association of Information Systems.

⁴⁾ Source: SPEEDA, "General Contracting Industry (Asia and Oceania)."

⁵⁾ As of March 31, 2021.

In terms of our target, SOM, Serviceable Obtainable Market, and SAM, Serviceable Available Market, as I will show you now, these are the markets that we are actually targeting.

In terms of SOM, we estimate that there are about 700,000 site supervisors working for companies with more than 30 employees, which is our target. We do not cover non-housing areas, such as condominiums and other general housing. And there are about 700,000 site supervisors in this area alone. If we simply multiply our minimum unit price of JPY3,000, the most recent SOM would be about JPY24 billion.

In addition, there are 3.75 million construction workers. We are always thinking about how to attract such specialized industries and contractors. For example, we are currently working on the development of a new product that will connect the general contractor's subcontractors' subcontractors with SpiderPlus.

In terms of SOM of that part, the target market is about JPY400 billion. This is just for the domestic market.

Question3: I think the new way of getting users is basically to have the subcontractors or general contractors say, "You have to use this as a minimum requirement to enter our construction." In that case, I wonder how meaningful it is to use TV commercials.

Please tell us about your strategy for this area, how you plan to penetrate the market over the long term, with an eye on the fact that it is not enough to start from the top in order to reach a wider range of people.

Itō: I think it will be a judgment as to how long the commercial will run. Even among our customers, penetration is not yet advanced. Even some major companies have not heard of us yet. I'm sure there are some people who have seen our commercials as customer feedback in the first place.

For example, general contractors such as KONOIKE CONSTRUCTION and HASEKO Corporation, companies that everyone in the construction industry knows about. And subcontractors such as TECHNO RYOWA and SANKO AIR CONDITIONING. We are sure that by having these major companies appear on our TV commercials, there will be inquiries from people who have not heard of us yet, like if HASEKO is using the products, we will want to use the products as well.

At the same time, some of the companies that appeared on our TV commercials, this time, have not yet used it. And the fact that their company appears on TV has created a lot of excitement within the company. In the form like, "it hasn't come to our department yet, so we want you to come soon," we believe that this will lead to the penetration of existing customers as well.

Moderator: Thank you very much. Next, please ask your questions.

Question4: I have some questions. The first is, although I don't understand much about your company yet, I would like to know if I can think of your company's specialty as equipment-related fields, or if I can think of it in a larger sense as construction sites and buildings as a whole.

Itō: In terms of our area of expertise, at this stage, the number of users is steadily expanding in subcontractors for air conditioning, electrical, and others. Our strategic policy is to start with subcontractors. I think you may imagine that if we capture general contractors, the subcontractors will also use our service due to shower effect.

Also, for example, within a single site, if there is a KAJIMA CORPORATION site, there will be 6 or 7 subcontractors in that site. If that is the case, in order to increase the number of users on a single site, when choosing between general contractors and subcontractors, we cultivated with subcontractors as the target first, as subcontractors have by far the largest number of users.

In the meantime, we have developed various functions and options together with KONOIKE, and we are now definitely expanding our business to medium-sized general contractors. This has been further accelerated by the recent adoption by HASEKO.

Question5: As a product, do you think that your company will expand into CAD and other areas?

Ito: CAD or BIM, in particular, has been attracting a lot of attention recently, but I don't think it's an area that we should be expanding. If we can create a situation where BIM providers and companies such as Daikin can communicate with our products, it will be better for us to expand our user base.

Question6: In that case, are you focusing on the work of connecting to existing BIM and CAD?

Ito: Yes. Basically, CAD and BIM are 3-dimensional and contain a lot of information. However, when we check information at the site, it is always done in 2-dimension by the site supervisors, so it is always 2-dimensional. Therefore, it has been the norm for everyone to use paper.

By importing all such data, including BIM and CAD data, into SpiderPlus, for example, by inputting the contents of inspections into BIM, SpiderPlus can reflect and use them as they are. The information on the inspection results picked up by SpiderPlus is then returned to BIM, which greatly improves work efficiency.

Question7: Secondly, in terms of numbers, ARPU is increasing on a YoY basis, but it is flat on a QoQ basis. What are the factors behind the rise in ARPU?

Ito: At the beginning, many people start with just the standard functions. Obviously, even if they suddenly add various options when they can't even use the standard functions, it is no use. In that sense, when people have been using the system for a certain number of years or have become accustomed to it, they start adding options to increase their productivity, resulting the increase in ARPU.

Also, it was originally difficult for us to monetize and acquire customers a few years ago, and we had many customers who were adopting our service with volume discount. These customers have recently come infinitely close to the standard price, which I think has contributed to the increase in ARPU.

Question8: If you add full range of options to current products, how much is the ARPU?

Ito: In terms of ARPU for a company that currently has a maximum contract, it is JPY9,000.

Question9: Then ARPU will still be rising.

Ito: ARPU can still be increased.

Question10: What company exactly do you have in mind when you say Company A and Company B? Please let me know if you don't mind.

Ito: One of these 2 is a product called ○○ made by company A, which is used by the super general contractors, as I mentioned earlier. The other is a start-up company called △△, which has just started its business.

Question11: In addition to these, there are also proprietary applications that are created in-house by existing general contractors.

Ito: Yes, we have heard that a certain number of super general contractors have created such in-house systems, but also use SPIDERPLUS.

Moderator: Thank you very much. Next, please ask your questions.

Question12: I have 2 questions. As for general contractors mentioned earlier, you said the ARPU is up to JPY9,000, but in general terms, subcontractors have a large number of ID contracts, but their ARPU is not that high.

On the other hand, if a general contractor adopts our service, the number of IDs will be small at first, but the ARPU will be large from the beginning. Is it okay to understand that there is such a tendency?

Ito: That depends, but in the case of general contractors, I think there is a tendency for them to add options from the beginning and to use those options more. For subcontractors, I think the tendency is to utilize the standard functions first, and then add options.

Question13: As for the second point, it is a bit overlapped with the previous question. In terms of the application for drawing management, Company C are developing such a function, and I think many general contractors have already adopted such a service.

Is it correct that the most important thing for your company is to get people to sign up at first, and then to increase the number of IDs and ARPU over the next 2 to 3 years?

Ito: According to the story I heard from the sales staff, there are increasing cases of considering switching from the service provided by Company C to SPIDERPLUS.

Moderator: Thank you very much. Next question, please.

Question14: Thank you for your explanation. I would like to ask 1 question. As for the expansion of functions, you mentioned earlier about multilingualization and the future development of Southeast Asia. Could you tell us about those prospects and the amount of up-front investment for multilingualization in the future?

Omura: As for the amount of upfront investment, we are expecting about JPY300 million for the renovation and development that we have already announced. We are planning to include multi-language support in this amount.

Ito: As for penetration, we are currently receiving a lot of requests from Japanese companies who want to use it overseas.

Moderator: Thank you very much. Are there any other questions? There seems to be nothing in particular. If the Company has anything to add, please.

Ito: First of all, I think everyone is very concerned about the progress rate, including individual investors. As I have been looking at a lot of information, the progress rate seems to be quite low. It's not an excuse or anything, but basically, March is the time when construction is completed. Therefore, in March, the number of IDs coming in is extremely small.

In addition, at the end of March, there will be a pause until the start of a new work site, and the growth slows down in March and April with such a churn. On the other hand, the number of IDs is increasing every month, but the net increase is lowest in March and April.

In addition, many companies are reorganizing their operations at the end of the fiscal year, including the distribution to new employees, and the transfer of departments. This is why the progress rate for Q1 of the current fiscal year is at this level.

This was originally expected, so we have written that we are performing well. I hope you understand that.

Moderator: Thank you very much. This concludes the briefing session for today.

Thank you very much.

Ito: Thank you very much.

[END]

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