



First Quarter for FY2021 Financial Result

KOKOPELLI Inc. (stock code: 4167)

August 13, 2021



Index

01. **FY2021 First Quarter Result** pp. 3-10

Financial Highlights / Balance Sheet / Profit and Loss Statement
Net Sales Trend / Net Sales Trend of “Big Advance” / Trends in Operating Income and Loss
Measures for further use of Big Advance

02. **Our Business (Big Advance)** pp. 11-17

“Big Advance” / How “Big Advance” Works / Quarterly Trend in Customer Company Numbers
Trend in Member Financial Institutions Numbers / Churn Rate Trend
Effect of Introducing “Big Advance”

03. **FY2021 Outlook** pp. 18-22

FY2021 Management Policy / Trends in Net Sales and Operating Income / FY2021 Outlook
Growth Strategy for the Future

04. **Supplementary Materials** P23-33

Company Information / Management Philosophy / Background: Current Status & Challenges for SMEs /
Background: Current Status & Challenges for Regional Financial Institutions / Support for DX by SMEs / Further
Expansion of Users / High Value-Added Services through Data Use / AI (Artificial Intelligence) Module “FAI” /
About this Material

01.

FISCAL YEAR 2021 Quarterly Financial Results

Financial Highlights / Balance Sheet / Profit and Loss Statement

Net Sales Trend / Net Sales Trend of “Big Advance” / Trends in Operating Income and Loss

Measures for further use of Big Advance

Quarterly Results

FY2021

Financial Highlights

Net Sales

400 million yen

Operating Income

147 million yen

Achievements of “Big Advance”

Number of financial
institutions that have
introduced “Big Advance”

71 institutions

Number of customer companies

56,787 companies

Average churn rate

1.74 % (※1)

(※1) Churn rate: (the number of withdrawing companies during a month) / (the number of using and paying companies as of the end of the previous month. 12-month average from July 2020 to June 2021)

Unit: million yen

Quarterly Results

FY2021 1Q Profit and Loss Statement

Profit increased due to an increase in the number of financial institutions and customer companies that have introduced "Big Advance"

Operating Income increased due to an increase in Net Sales

	vs. FY2020 1Q	FY2021 1 Q ()	Amount of variance	Percentage of variance
Net Sales	162	400	237	+146.3%
Operating Income	-5	147	152	—
Ordinary Income	-5	147	152	—
Net Income	-5	108	113	—

Unit: million yen

Quarterly Results

FY2021 1Q Cash Flow Statement

Cash equivalents and accounts receivable increased due to an increase in Net Sales

Capital adequacy ratio reached 90%, maintaining financial safety

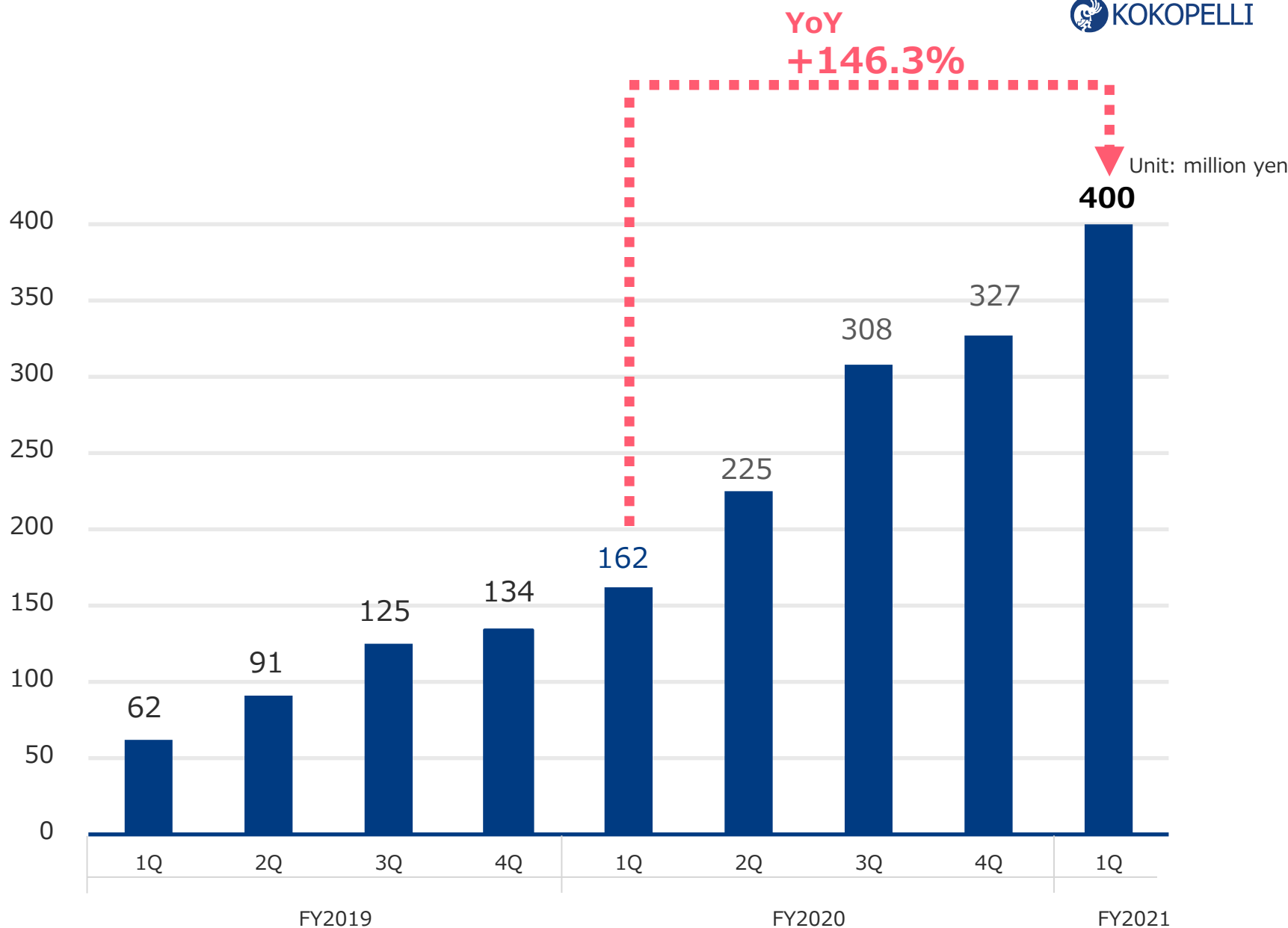
	FY2020	FY2021 1Q	Amount of variance	Percentage of variance
Current Assets	1,664	1,740	76	+4.6%
Fixed Assets	83	108	24	+29.1%
Current Liabilities	195	181	-14	-7.2%
Long-term Liabilities	—	—	—	—
Total Liabilities	195	181	-14	-7.2%
Shareholders' Equity	1,552	1,667	114	+7.4%
Total Net Assets	1,552	1,667	114	+7.4%
Total Assets	1,747	1,848	100	+5.8%

Quarterly Results

Net Sales Trend

Steady increase in the number of financial institutions and customer companies that have introduced "Big Advance"

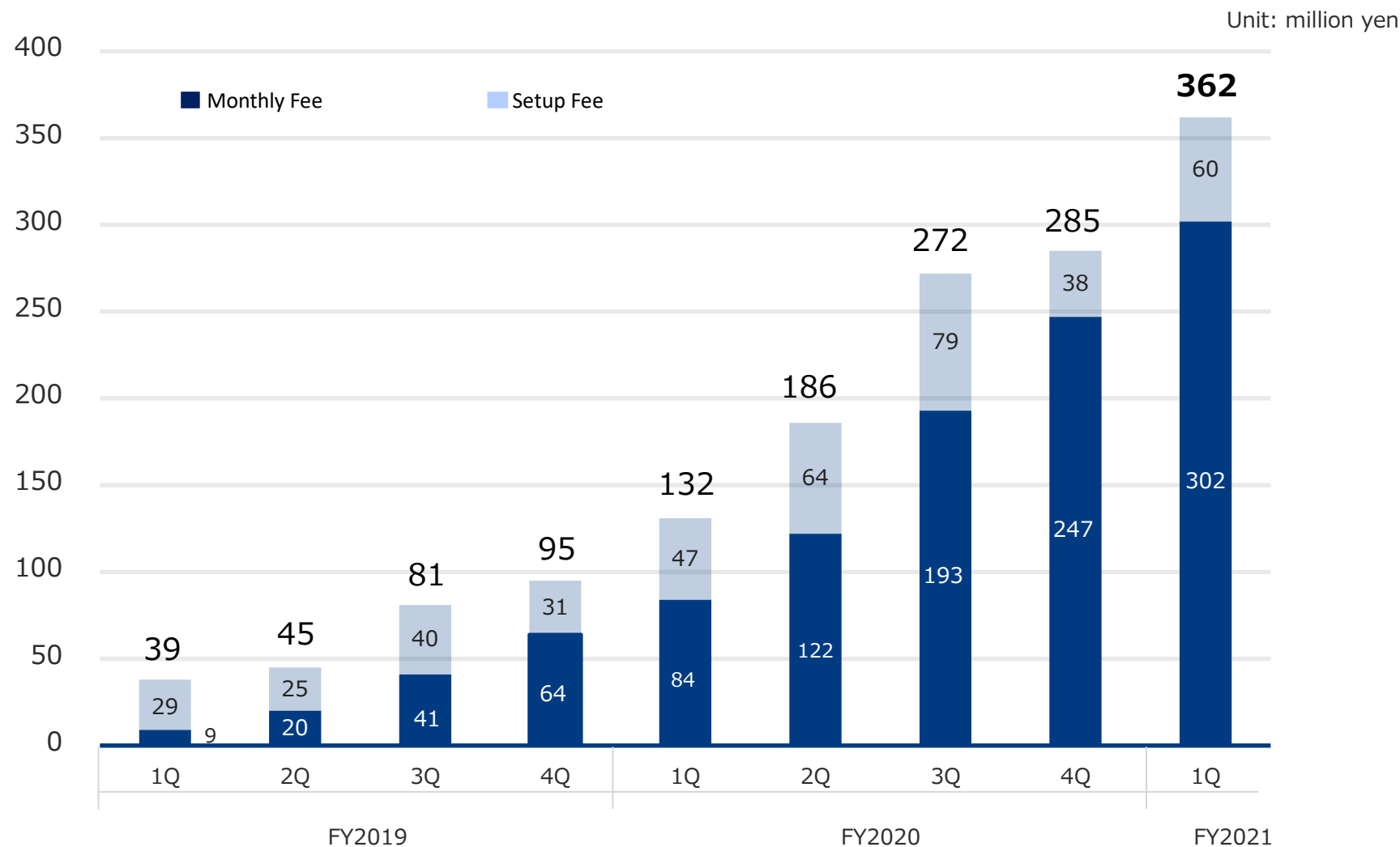
Net Sales grows significantly to 400 million yen, up 237 million yen vs. FY2020 1Q



Quarterly Results

Net Sales Trend of "Big Advance"

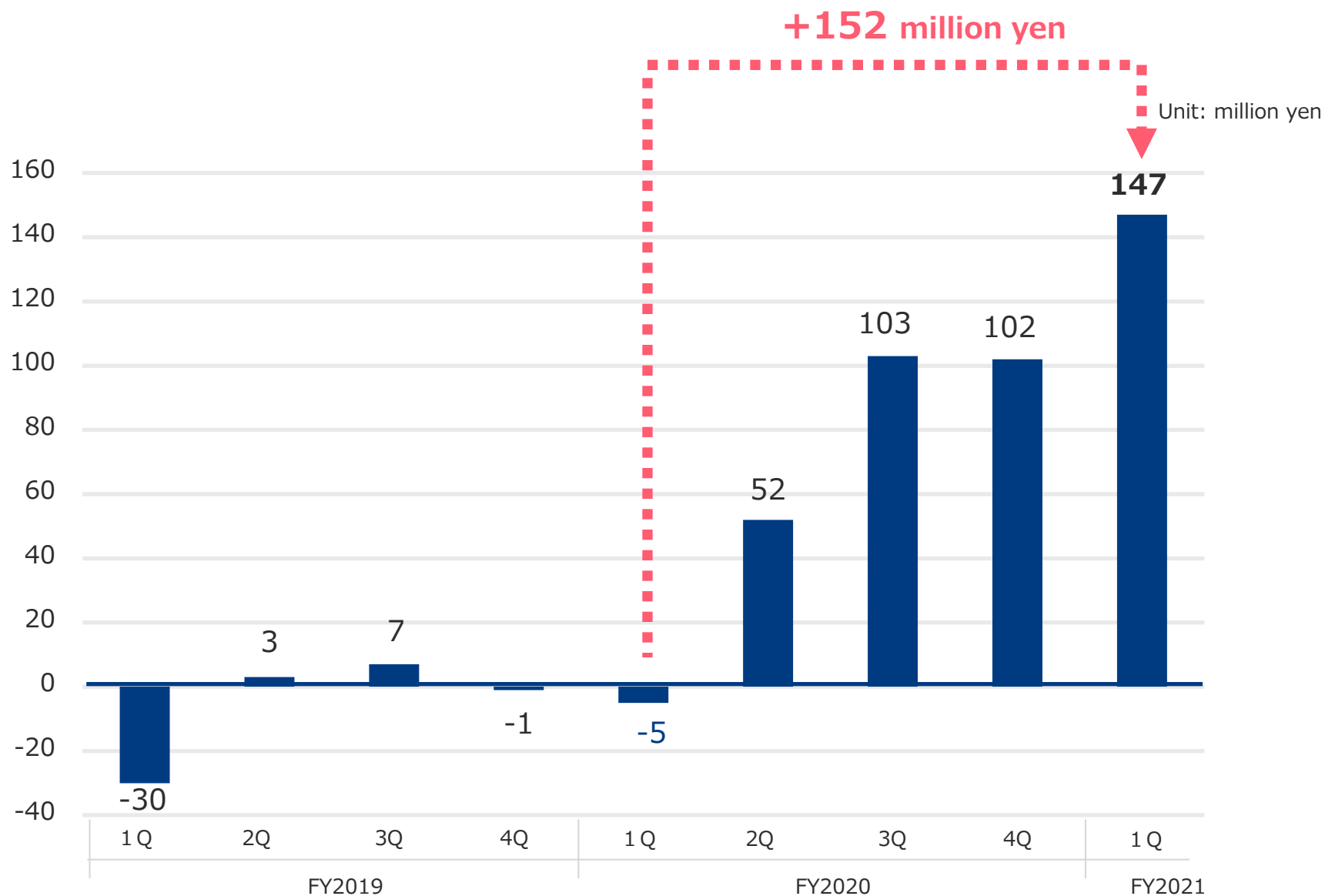
Monthly Fee as recurring income increases due to an increase in the number of financial institutions and customer companies that have introduced "Big Advance"



Quarterly Results

Trends in Operating Income and Loss

Operating Income and Loss is at 147 million yen, up from FY2020 1Q.



Quarterly Results

Measures for Further Use of “Big Advance”

We held events for creating opportunities for customers to use “Big Advance” and for having them feel its value.

Online Business Meeting

- We held an online business meeting session with the cooperation of more than 50 financial institutions from all over Japan.
- COVID-19 is gravely affecting small and medium enterprises, such as decreasing their sales.
- As business meetings are often cancelled due to infection risks, we held the session to support enterprises losing such opportunities.



Big Advance Conference

- We held “Big Advance Conference 2021” for contact persons at financial institutions that introduced our services.
- More than 150 people from over 70 financial institutions participated in the conference, which was the fourth of the series and in an online form, the same as the last time.
- We hold the conference once in every 6 months for activating Big Advance and for strengthening cooperation between financial institutions.



02.

Our Business (Big Advance)

“Big Advance” / How “Big Advance” Works / Quarterly Trend in Customer Company Numbers

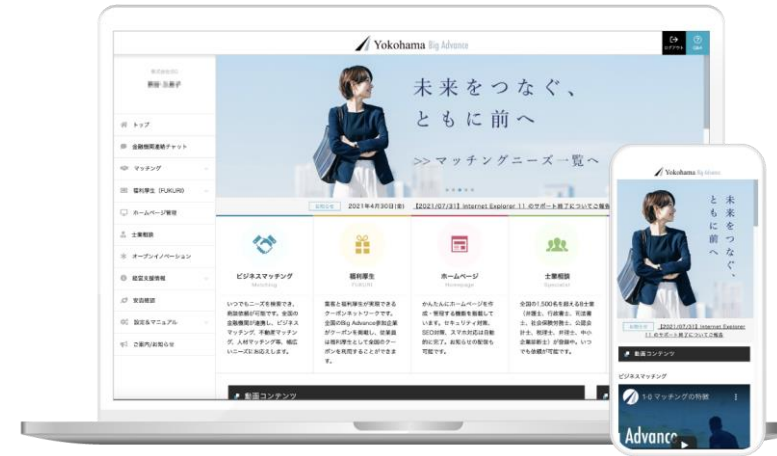

Trend in Member Financial Institutions Numbers / Churn Rate Trend

Effect of Introducing “Big Advance”


Our Business

Our Business (Big Advance)


Our business is a management support platform for SMEs of BtoB SaaS model and we provide it to companies having transactions with financial institutions.


Business Matching
The function goes beyond frameworks of a region and a financial institution




Subsidy
Subsidy can be easily searched for through our data on the whole of Japan




Safety Confirmation
Safety confirmation & employees' situation management in emergency are available




**Welfare Program
"FUKURI"**
Coupons available only for customer companies' employees



Business Chat
Communication with financial institutions and inside companies becomes efficient



Quick HP Development
Smartphone HP ready within 15 mins by filling in a form



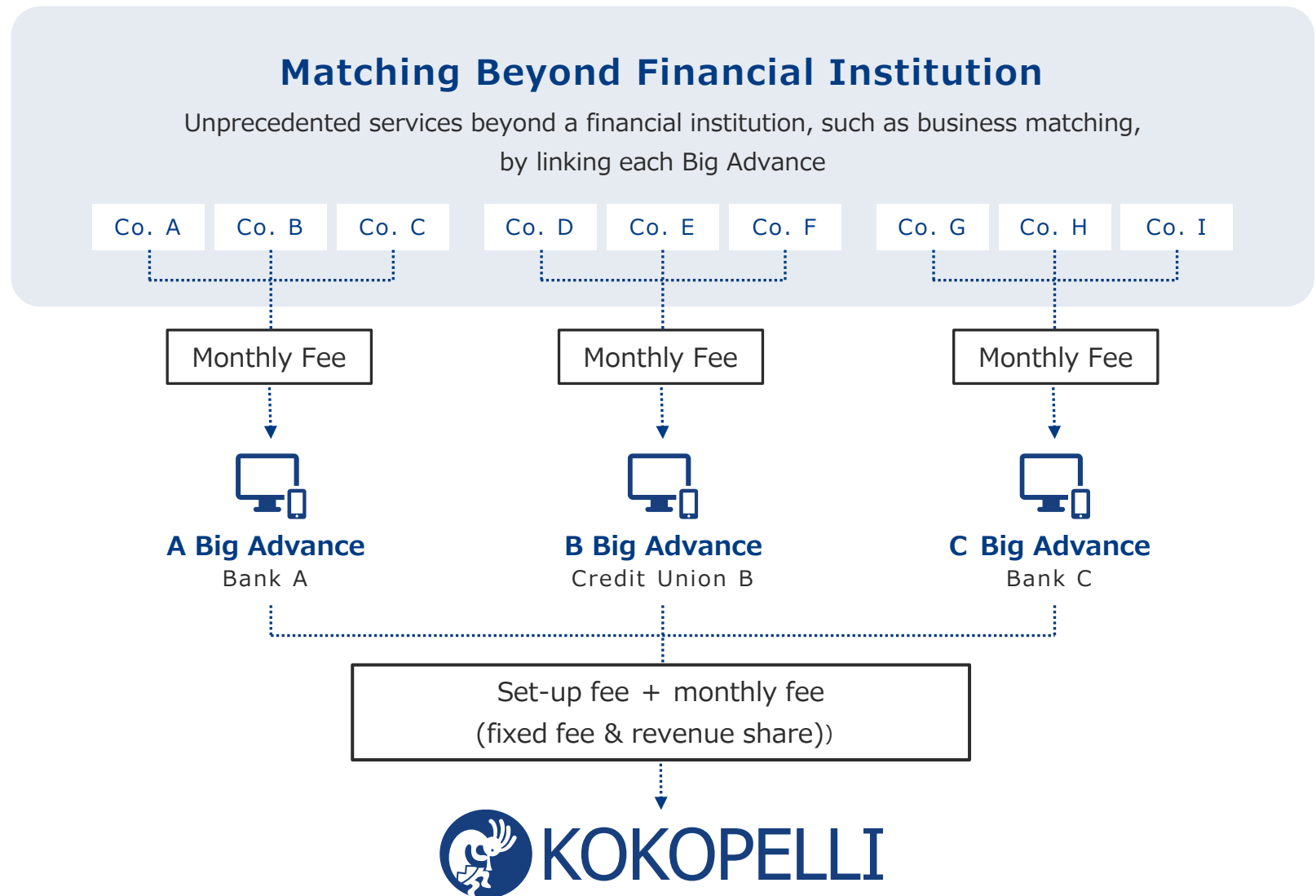
Advisor Consultation
Over 2,000 professional advisors available 24h

Our Business

How “Big Advance” Works

Each financial institution provides SMEs with “(institution name) Big Advance”

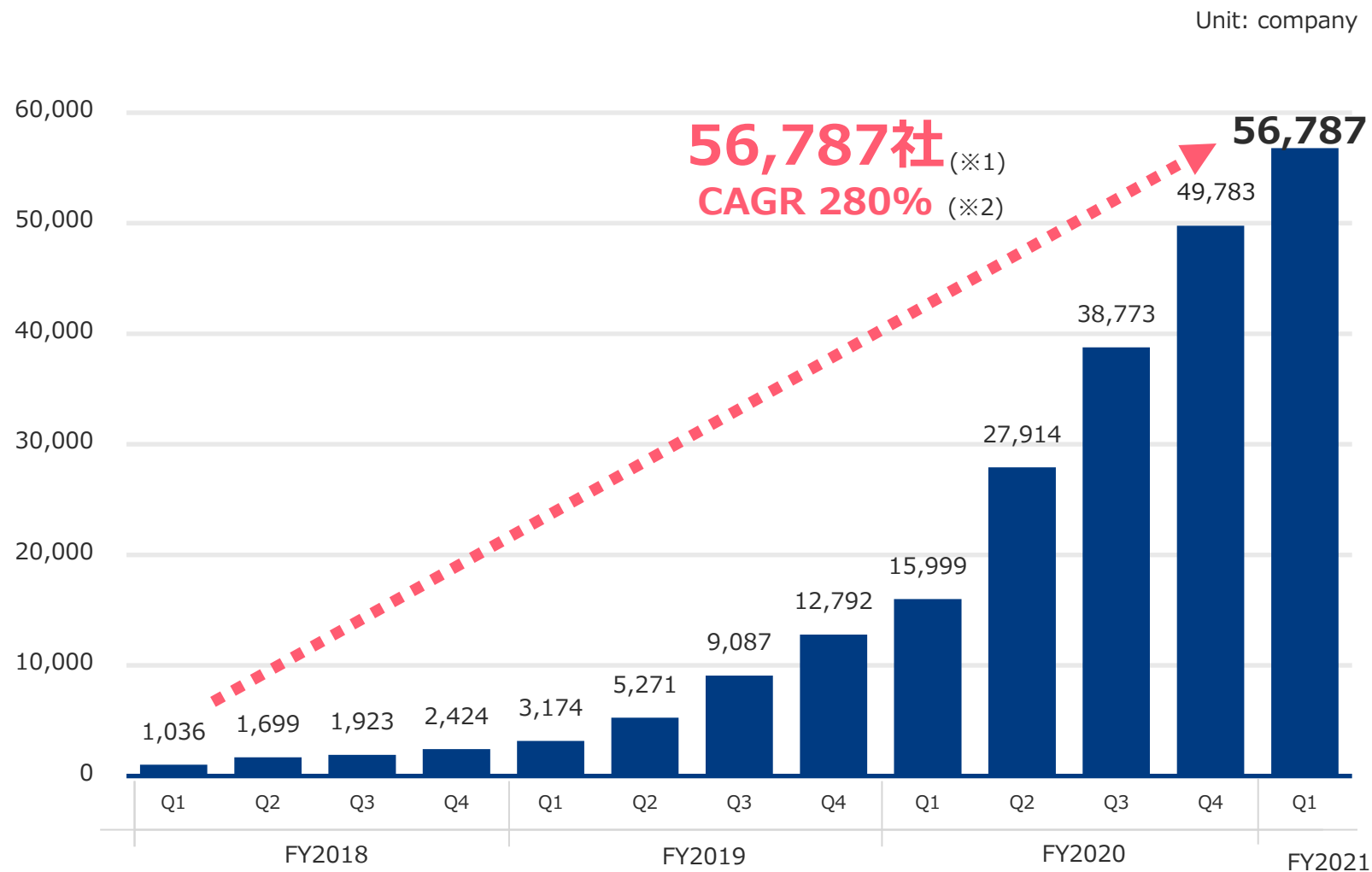
Unprecedented services beyond frameworks of regions and financial institutions



Our Business

Quarterly Trend in Customer Company Numbers

Customer companies
have increased from
the previous by
49,783 to 56,787



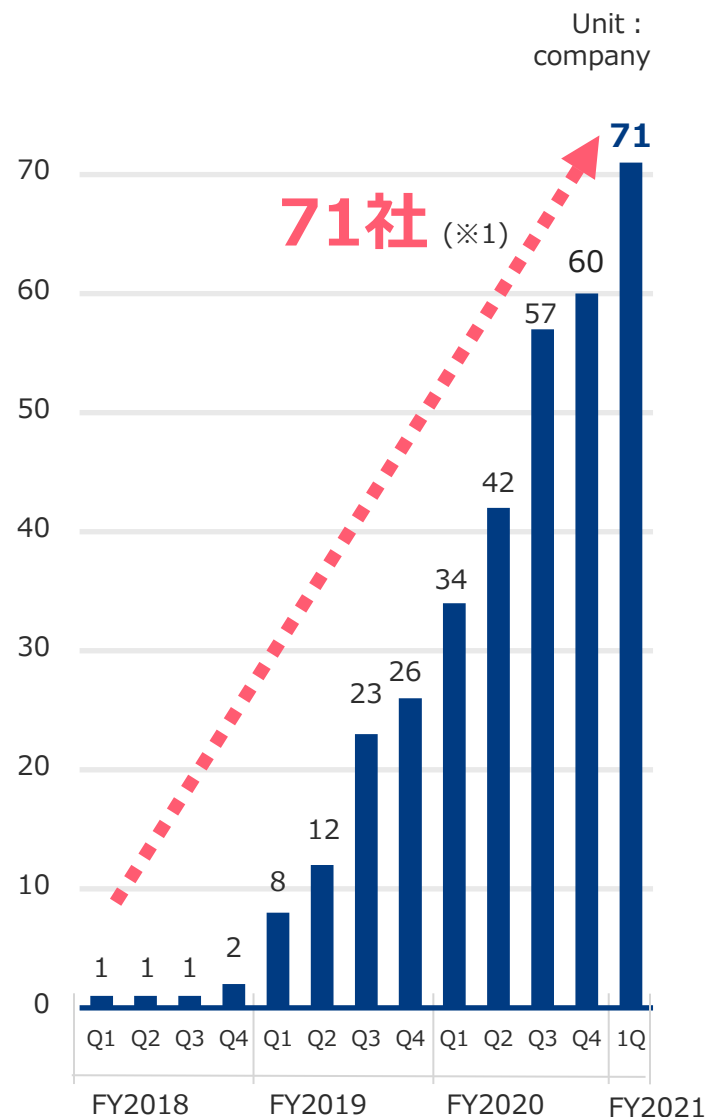
(※1) As of the end of June 2021

(※2) CAGR : Compound Annual Growth Rate from June 2018 to June 2021

Our Business

Trend in Member Financial Institutions Numbers

Member Financial Institutions have significantly increased from the previous by 60 to 71.



(※1) As of the end of June 2021

Hokkaido / Tohoku Region

Aomori Bank / Asahikawa Credit Union / Iwate Bank / 77 Bank / Shonai Bank / Sendai Bank / Daichi Mirai Credit Union / Toho Bank

Hokuriku Region

Kanazawa Credit Union / Sanjo Credit Union / Toyama Credit Association / Fukui Bank / Fukui Credit Union / Fukuho Bank / Hokuriku Bank

Kanto / Koshinetsu Region

Ashikaga Bank / Asuka Credit Union / Kawasaki Credit Union / Kofu Credit Union / Seibu Credit Union / Shinonome Credit Union / Joyo Bank / Daiko Bank / Chiba Bank / Chiba Kogyo Bank / Chiba Credit Union / Tokyo Star Bank / Tokyo Higashi Credit Union / Towa Bank / Tochigi Bank / Nagano Bank / Hanno Credit Union / Higashi Nihon Bank / Hiratsuka Credit Union / Yokohama Bank / Yokohama Credit Union

Tokai Region

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 / Kiyo Bank / Kyoto Bank / Shiga Bank / Shiga Chuo Credit Union / Tajima Bank / Tajima Credit Union / Minato Bank

Chugoku / Shikoku Region

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

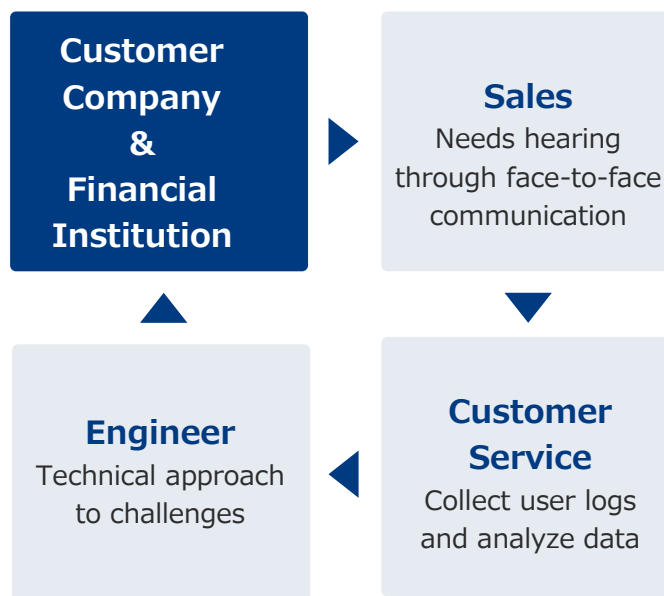
Kyushu / Okinawa Region

Okinawa Bank / Okinawa Kaiho Bank / Saga Bank / Nishi Nihon City Bank / Higo Bank / Fukuoka Chuo Bank / Nagasaki Bank / Minami Nippon Bank / Miyazaki Bank

Our Business Churn Rate Trend

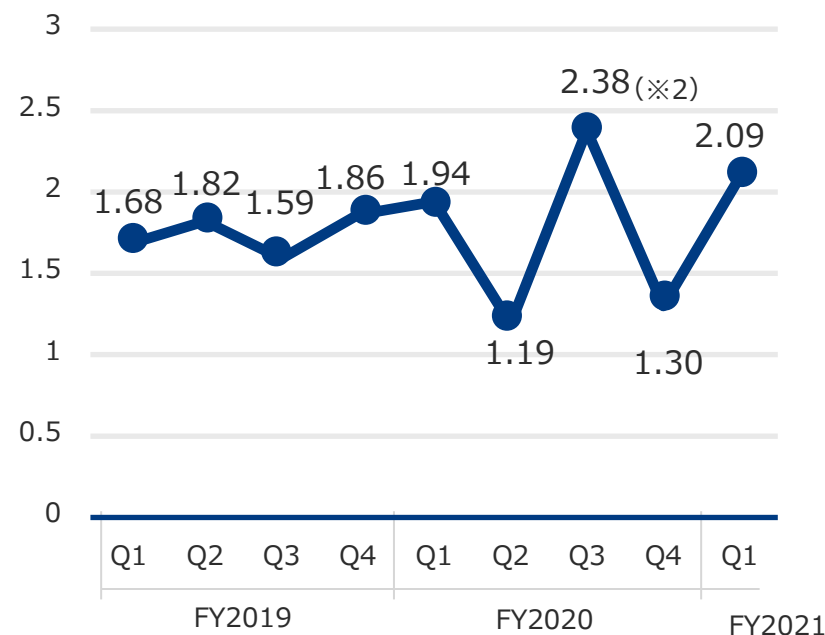
Quick services responding to customer needs increased satisfaction and usability for customers, keeping annual average churn rate below 2%

Function Improvement Cycle



Ave. Annual Churn Rate **1.74%** (※1)

Ave. Quarterly Churn Rate



(※1) Churn rate: (the number of withdrawing companies during a month) / (the number of using and paying companies as of the end of the previous month. 12-month average from July 2020 to June 2021

(※2) This temporary increase was due to special factors at certain financial institutions in December 2020. Average churn rate for FY 2020 is 1.67% without the effect of this increase.

Our Business

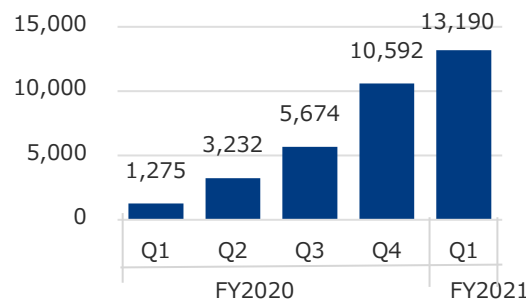
Effect of Introducing “Big Advance”

Big Advance has supported many SMEs and created new values since its commencement, and even during the threat of new coronavirus infections, been used as SMEs support and DX promotion service.

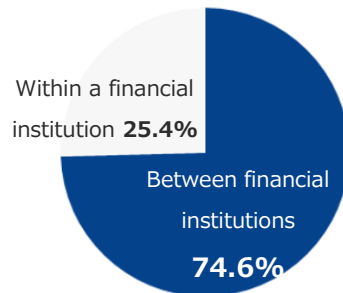
Sales Growth Support

Business matching function supports developing new customers and business partners, and new products through inter-industrial matching.

Quarterly numbers of business matching



Accumulated number of business matching: **40,083** (※1)
During corona time, the number has significantly increased.



Wide range matching beyond a framework of a financial institution

(※1) From April 2018 to June 2021

(※2) As of the end of June 2021

Release Information to the Whole of Japan

8,369 companies opened new HPs (※2).
HPs ready within 15 mins & available for smartphones.

Stronger Relation with Financial Institutions

Big Advance chat enables users to communicate easily and make relation with financial institution, for smoother consultation.

Subsidy Use

8,332 subsidies in the whole of Japan (※2)
Much corona-related info available.
Get info and consult with financial institutions and advisors

Info Sharing within a Company

Big Advance chat makes information sharing within a company smoother.
Fit for new work styles such as remote working.

03.

FISCAL YEAR 2021 Full Year Outlook

FY2021 Management Policy / Trends in Net Sales and Operating Income

FY2021 Outlook / Growth Strategy for the Future

Financial Forecast FY2021 Management Policy

The threat of new coronavirus infections is continuing, having a profound impact on economic activities. Companies are accelerating their digital transformation (DX) efforts in order to continue their business activities.

In FY2021, we will focus on increasing the number of customer companies and financial institutions that introduce our service. In addition, we will consider FY2021 to be an important year to improve UI/UX, enhance our support system for financial institutions and customer companies, and strengthen our development system for expanding ARPU, and we will strive to strengthen recruitment and organizational capabilities.

After FY2021, we will expand ARPU by releasing new features of the service.

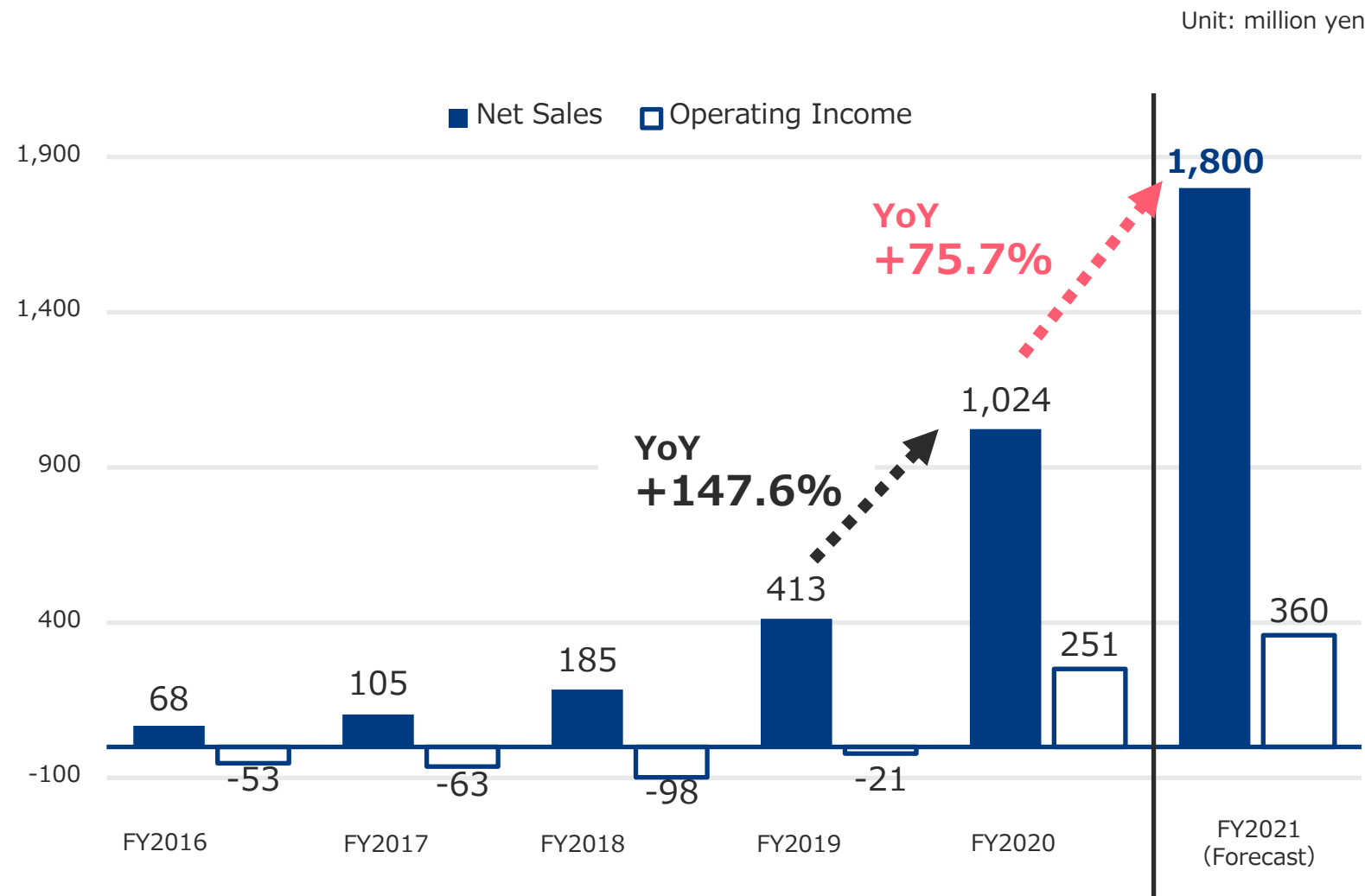
- net sales is expected to increase by 75.7% vis. the previous term due to the steady performance of “Big Advance”.
- In terms of sales cost and SG&A expenses, we plan to hire about 35 people, mainly engineers, but also sales and CS personnel, expecting an increase in personnel and recruiting costs associated with the hiring.
- On the side of proactive investments mainly in the recruitment as mentioned above, operating income is expected to increase by 43.1% due to the increase in net sales,

Financial Forecast

Trends in Net Sales and Operating Income

FY2021 net sales are expected to increase by 75.7% YoY to 1,800 million yen

Operating Income is expected to increase by 43.1% YoY to 360 million yen.



Financial Forecast FY2021 Outlook

net sales is expected to grow significantly due to an increase in the number of financial institutions and customer companies using “Big Advance”

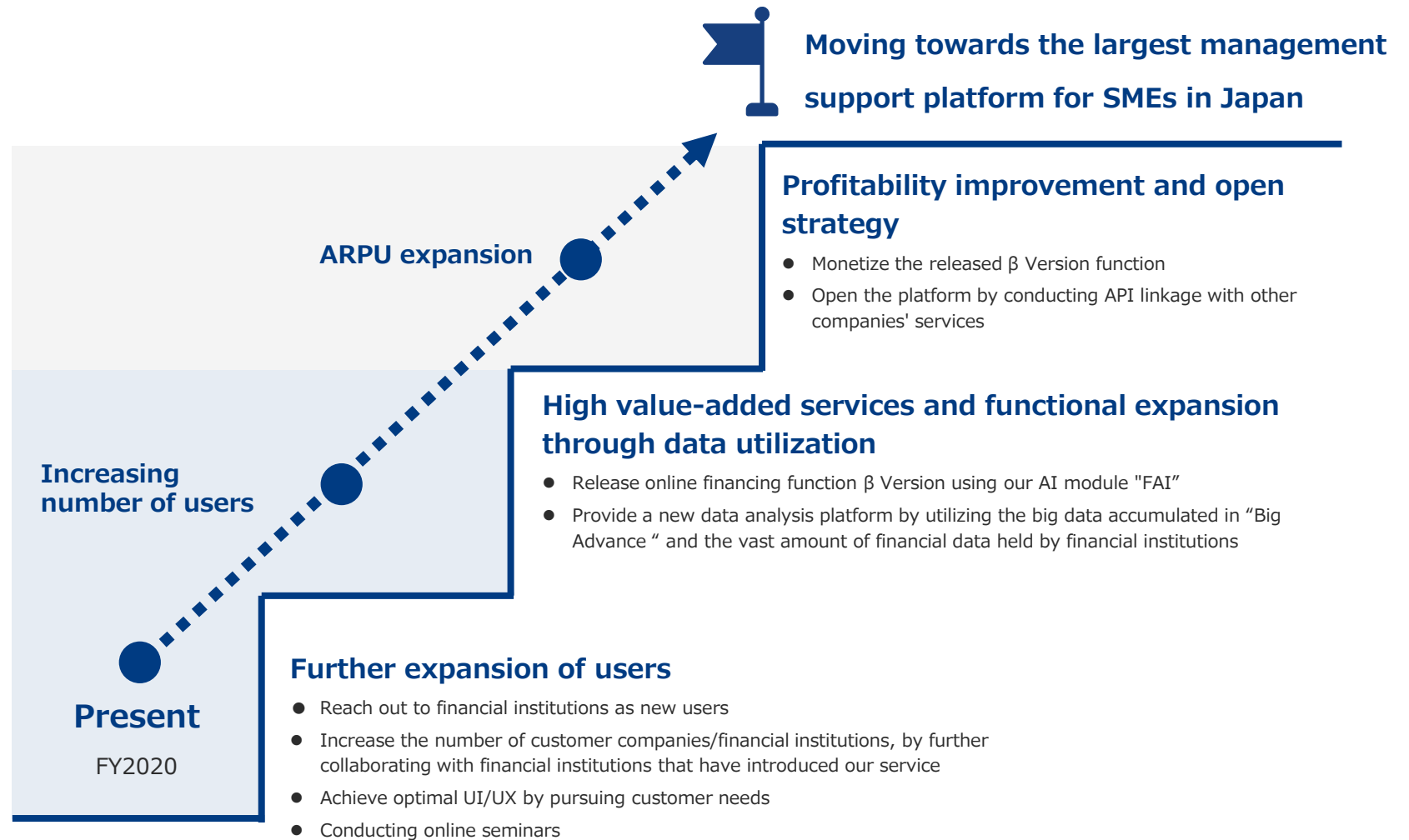
Operating Income is expected to increase due to an increase in net sales, on the side of proactive investment in recruitment of human resources, especially engineers.

Unit: million yen

	FY2020 (Actual)	FY2021 (Outlook)	Amount of variance	Percentage of variance
Net Sales	1,024	1,800	776	+75.1%
Operating Income	251	360	109	+43.1%
Ordinary Income	239	360	121	+50.5%
Net Income	253	288	35	+13.4%

Financial Forecast Future Growth Strategies

In the meantime, we will focus on increasing the number of financial institutions and customer companies adopting our services, while strengthening our service provision infrastructure for the ARPU expansion growth phase, in the future, aiming to become the largest management support platform in Japan.



04.

Supplementary Materials

Company Information / Management Philosophy / Background: Current Status & Challenges for SMEs / Background: Current Status & Challenges for Regional Financial Institutions / Support for DX by SMEs / Further Expansion of Users / High Value-Added Services through Data Use / AI (Artificial Intelligence) Module “FAI” / About this Material

Company Information

Name: **KOKOPELLI Inc.**

Address: **Nibancho Onuma bldg. 4th floor, Nibancho 8-3,
Chiyoda-ku, Tokyo**

Est.: **June 2007**

Rep.: **Shigeru Kondo**

Capital: **799 million yen**
*As of June 30, 2021

Workers: **61 workers (permanent & part-time)**
*As of June 30, 2021

Business Platform

Business:

- Development & operation of “Big Advance”, the platform for supporting SMEs’ management
- Development, etc. of “FAI”, the AI module.



Management Philosophy

MISSION

To find the future in corporate value

VISION

Let's bring technology to SMEs

VALUES

Deep User In

Let's know users in and out
and go beyond their
expectation

Commit Myself

Let's do the best we
can now

Big & Speedy

Let's make a big
policy and do it
speedily

Team is Great

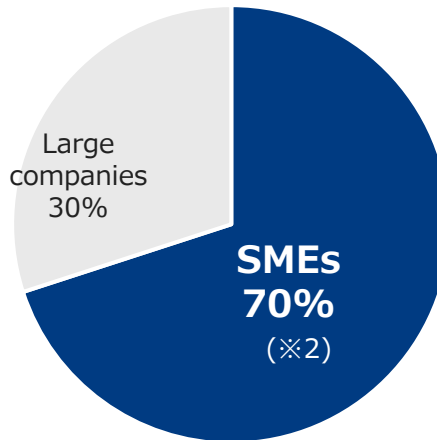
Let's achieve what one
cannot achieve alone.

Background: Current Status & Challenges for SMEs

Challenge is to improve productivity. 10% improvement will create economic effect of 18 trillion. (※1)

Current Status: SMEs Great in Domestic Economy

Percentage of workers in SMEs



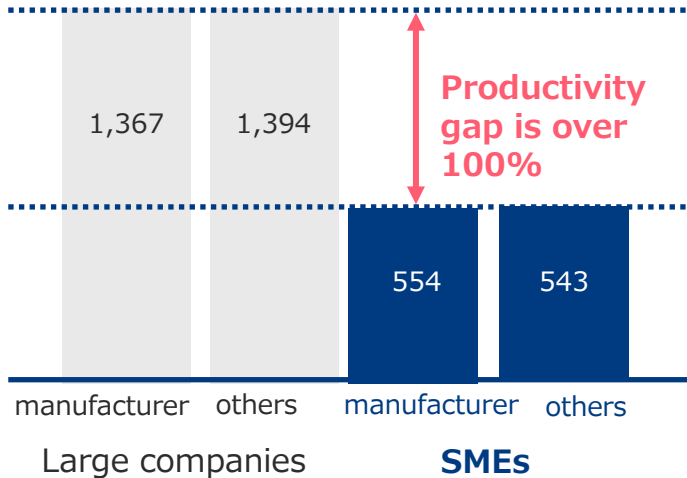
Number of SMEs
358 million
(※2)

SMEs percentage in the whole number of companies
99.7%
(※2)

Challenges : SMEs' Low Productivity

SME's productivity: approx. **549 mil. yen** (※3※4)

Productivity Comparison unit: 10 thousand yen



(※1) Calculated by us, based on * 2 * 3 above. (total SME workers approx. 32mil. X 5.49 mil. yen X 10%)

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

(※3) Small and Medium Enterprise Agency "SMEs White Paper 2020"

(※4) the average of 5.54 million yen and 5.43 million yen

Background: Current Status & Challenges for Regional Financial Institutions

Stable Income by SMEs Support & DX (Digital Transformation) are Necessary

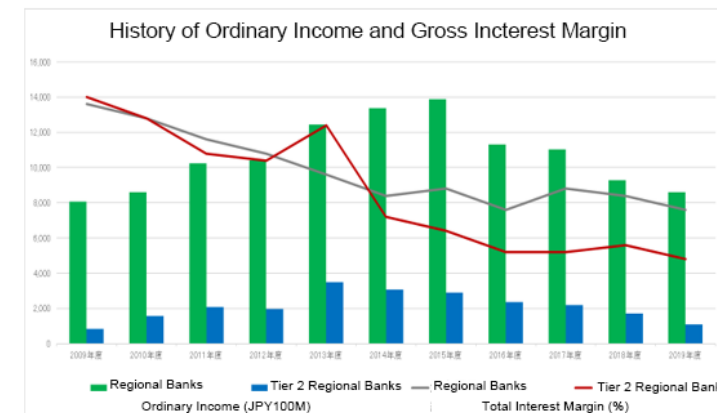
Current Status: Center of Regional Financial Infrastructure

Outstanding loans to SMEs: **270 trillion yen**

Type	Number	Outstanding loans to SMEs (※1,※2)
Regional Bank	64	156 trillion yen
2 nd Tier Reginal Bank	38	40trillion yen
Credit Union	256	63 trillion yen
Credit Association	145	11 trillion yen
Total	503	270 trillion yen
Mega Bank (reference)	4	119 trillion yen

Challenges: SMEs' Low Productivity

- Loan profit difficult to expand (※3)
- Difficulty due to low financial demand, high competition, super-low interest rate for a long time.
- Banking Act revised for supporting FinTech evolution (※4)



(※1) We calculated based on “A list of SMEs and Regional Banks in each Prefecture (as of the end of March 2019)” by Small and Medium Enterprise Agency

(※2) We calculated outstanding loan Mega Banks (Mitsubishi UFJ, Mitsui Sumitomo, Mizuho, Resona) to SMEs (as of the end of March 2019) based on materials disclosed by each bank.

(※3) We prepared this based on “2019 Financial Results Trend” by Japanese Bankers Association.

(※4) Revision in 2016 “Facilitating investment in FinTech companies, introduction of registration system for virtual currency exchange business operators, etc.”, and revision in 2018 “Introduction of registration system for electronic payment business operators, use of Open API, etc.”

Service Contents

BtoB SaaS Model to Support SMSs' Growth and Regional Development (※1)

Big Advance

Management Support Platform
for SMEs Collaborating with
Regional Financial Institutions

For Financial Institutions

Set-up Fee + Monthly Fee (Fixed Fee +
Revenue Share)

For Customer Companies

Monthly Fee 3,000 yen (excluding tax) (※4)



“FAI”, the AI Module

AI (※2) Module (※3)
Development for Especially
SMEs

For Financial Institutions and SI

Set-up Fee + Monthly Fee (Fixed Fee + Pay-
as-you-go)



Other IT Support Services

Provide Services to SMEs
and Professional Advisors
mainly through SHARES



(※1) Abbreviation for “Software as a Service”. A type of service which is provided by the service provider as software application function on cloud and which users use through networks.

(※2) Abbreviation for “Artificial Intelligence”. This is a computer system which conducts intelligent behavior such as learning, inference, perception, and judgment.

(※3) This means a group of functions categorized in a re-usable form, and each of components the specifications of which is standardized.

(※4) We have adopted the style of revenue share with financial institutions.

Support for DX by SMEs

Many Functions and Competitive Price for Realizing SMEs' DX




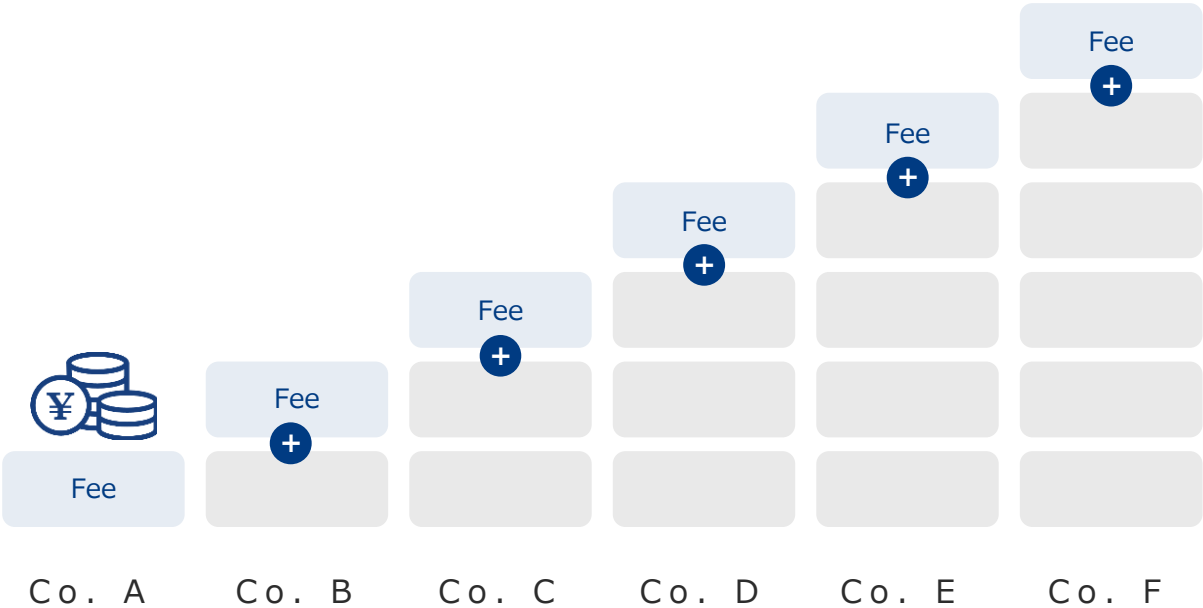
SMEs Challenge

want DX, but cannot do it, lacking:

- IT knowledge
- Budget
- HR

Big Advance has all these functions necessary for DX

Matching + Chat + Open HP + Welfare + Advisors + Subsidy +  **Financial Institutions help with introduction & use of Big Advance**

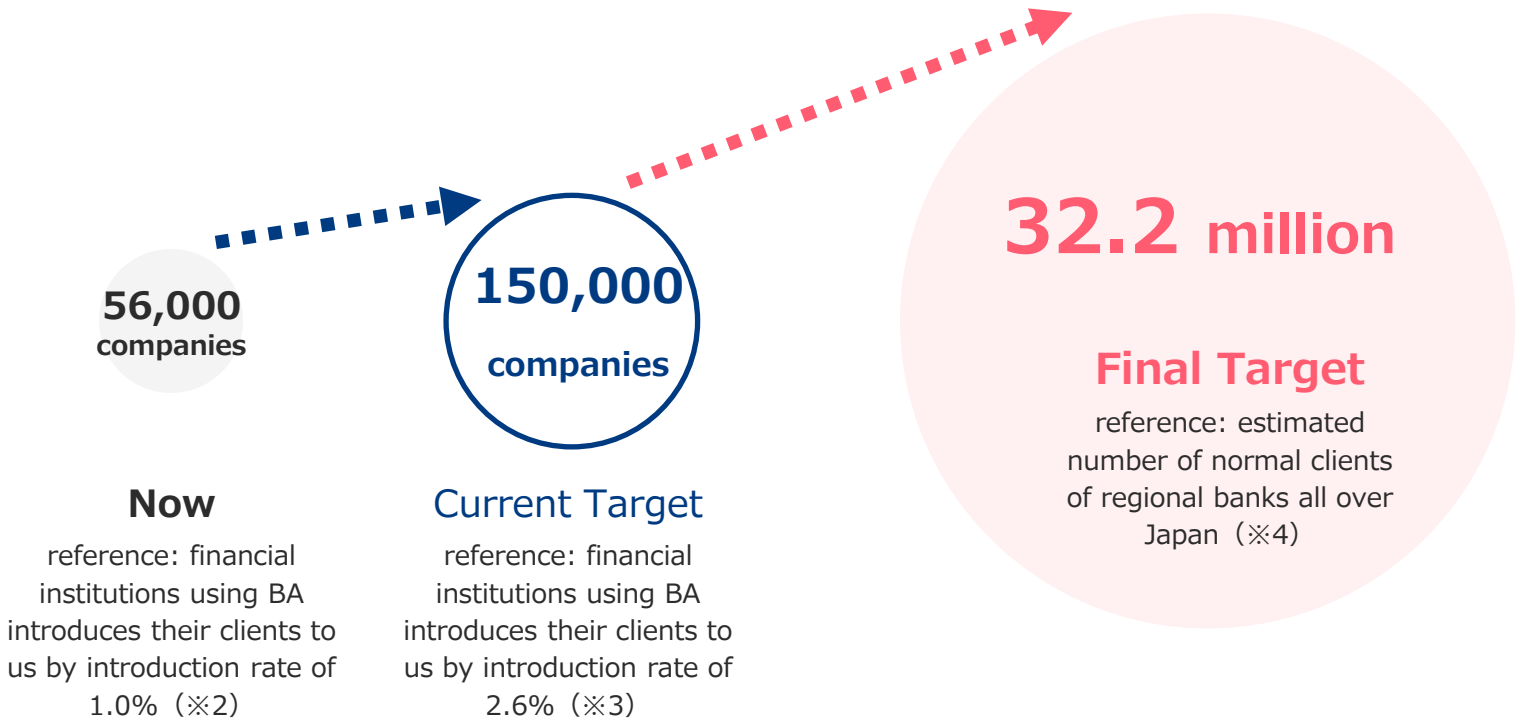


Monthly Fee per Company
3,000 yen (excluding tax)

 **Big Advance**

Further Expansion of Users

Targets: normal clients of regional banks all over Japan



Supplementary Information on SMEs

- SMEs abolishment rate remains around 3%
- After Lehman Brothers collapse, 4.2% in 2010 was the highest in the last 20 years.
- According to BOJ, normal loans rate of regional financial institutions in 2019 was just below 90% (“Financial Results for Banks and Credit Unions in 2019”, p. 23).
- Abolition rate: 3.5% (“SMEs White Paper 2020”, p. 114).
- Commencement Rate; 4.4% (“SMEs White Paper 2020”, p. 114).

Sources: BOJ “Financial System Report (supplement) July 2019”, Ministry of Internal Affairs and Communications and METI, “2016 Economic Census” and the Financial Agency HP.

(※1) Total number of corporate clients of financial institutions using BA: 5.75 million (as of the end of March 2020)

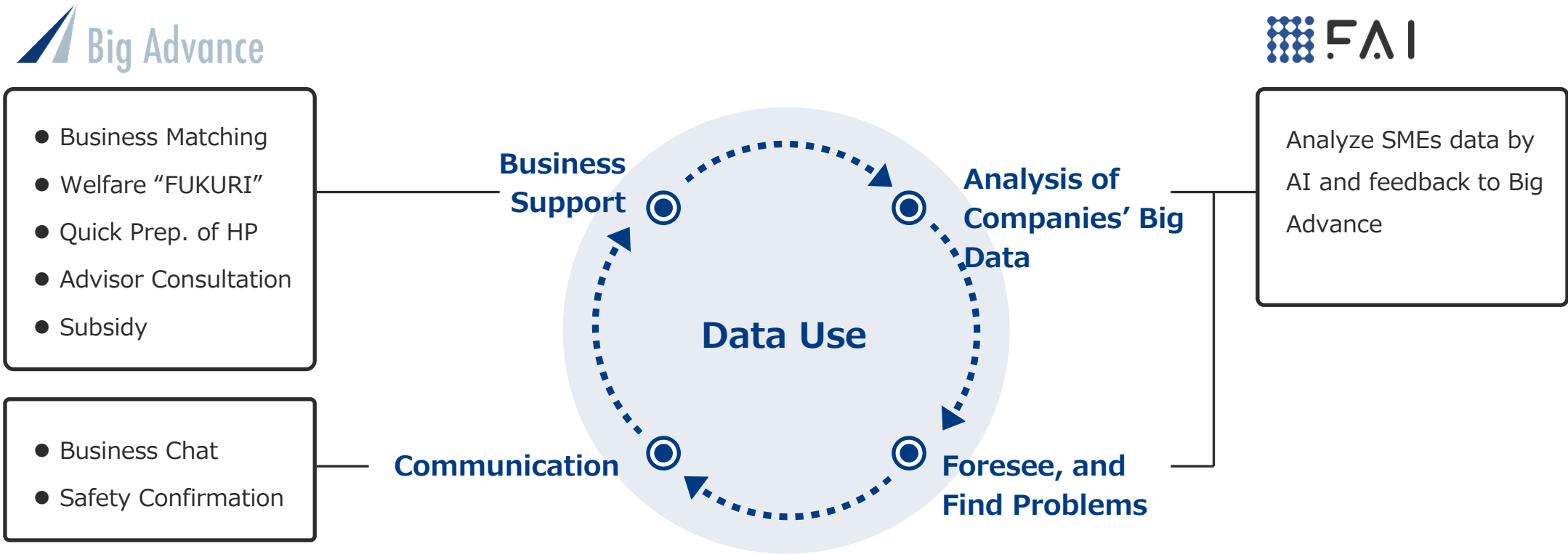
(※2) Introduction rate = (number of Big Advance customer companies) ÷ (number of corporate clients for financial institutions using BA (as of the end of March 2020)

(※3) 150,000 companies ÷ number of corporate clients for financial institutions using BA (as of the end of March 2020)

(※4) 3.58 million SMEs (the census above) × normal loans rate 90%

High Value-Added Services through Data Use

Create new output by using and comprehensively analyzing behavior data accumulated in Big Advance for SMEs and accounting data held by financial institutions.



Our unique AI module specialized in using SMEs data (※1)

Name of AI Module	Linked Services	Users	Contents
Company Estimate Module	FAI Service	Financial Institutions	Calculate companies' default probabilities and degrading probabilities
Recommendation Module	Big Advance	SMEs	Optimal business matching for each company
Loan Judgment Module	Financial Institutions	Financial Institutions	Calculate whether to lend money and how much, based on companies' financial data and account transaction data
Management Intelligence Module		SMEs and Financial Institutions	Extract companies similar to a specific company and show management issues based on such company's strategy
OCR Module	FAI Service (※2)	Financial Institutions	Read PDF data of financial statements at high precision

(※1) Patent obtained: patent no. 6354059 “Financial Information Analysis System and Program”

patent no. 6516309 “Financial Analysis System and Financial Analysis Program”

patent no. 6581282 “System for Calculating Bankruptcy Probabilities by AI”

(※2) We plan to provide the service in the future.

About this Material

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- Materials and information provided in this explanation include forward-looking statements, which are based on foreseeing and risk-involving assumptions and therefore are subject to uncertainty that might bring results different from such statements. Such risk and uncertainty include general situations of industries and markets, and national and international, general economic situations including interest rate, and change of currency exchange.
- Even if new events occur in the future including information updates, we might not necessarily update or correct the information in this material including “outlook”, except for required by disclosure rules and regulations.