

Financial Results Briefing Report for Q1, FY03/22



July 30, 2021
WOW WORLD Inc.



As of July 1, 2021, the group has changed our corporate name from Azia Co., Ltd. conducting operations as WOW WORLD Inc.

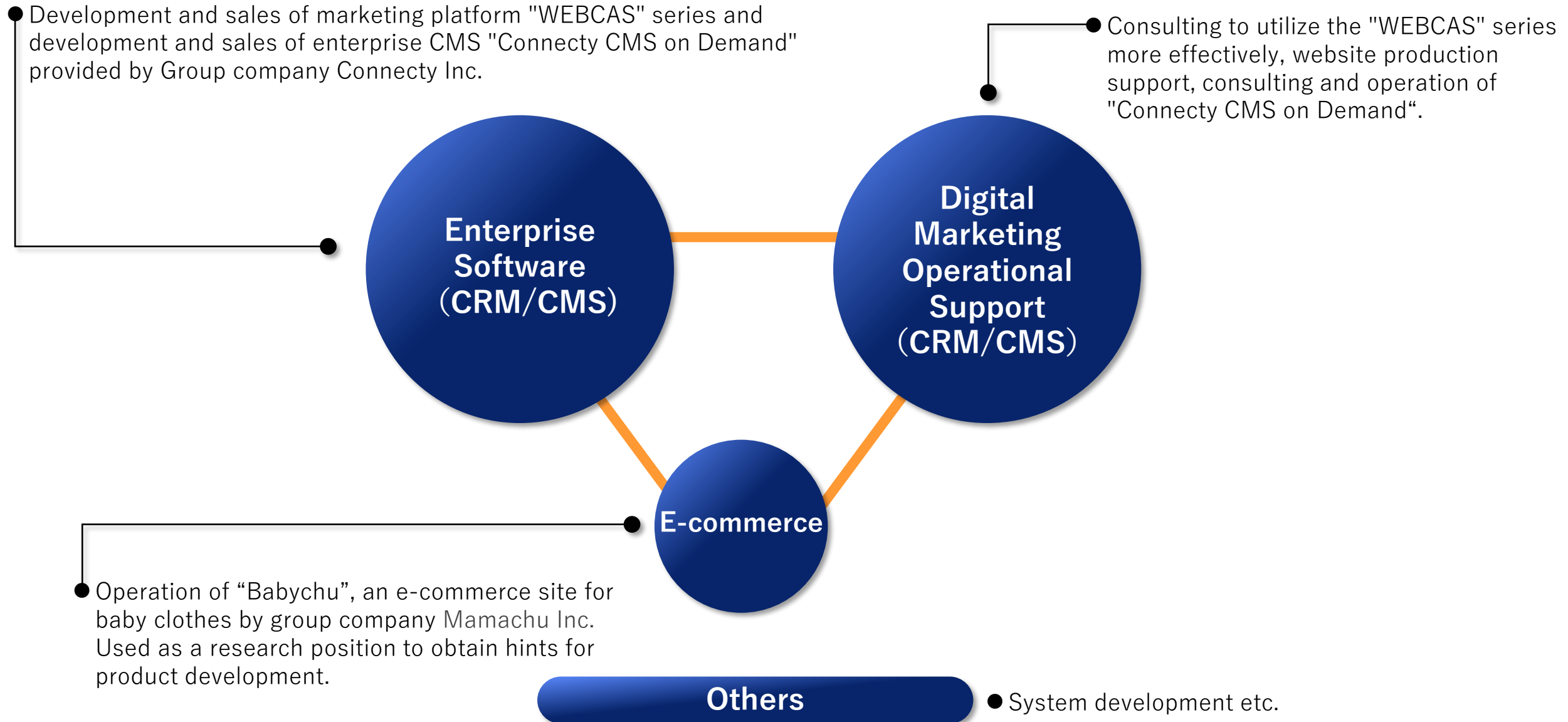


- **Q1 FY03/22 Results**
- **Earnings forecast for FY03/22**
- **Topics**

Q1 FY03/22 Results



- Consolidated net sales amounted to ¥677 million, up 50.3% year on year, and representing a 12th consecutive year of growth.
- EBITDA reached a record high of ¥147 million, up 46.6% year on year.
- With the contribution of newly consolidated subsidiary Connecty Inc., cloud services sales amounted to ¥376 million, up 29.9%.
- Ordinary profit increased 14.6% year on year, mainly due to the amortization of goodwill associated with the new consolidation of Connecty Inc., amortization arising from the issuance of stock options, and costs related to preparing for the transition to IFRS accounting.



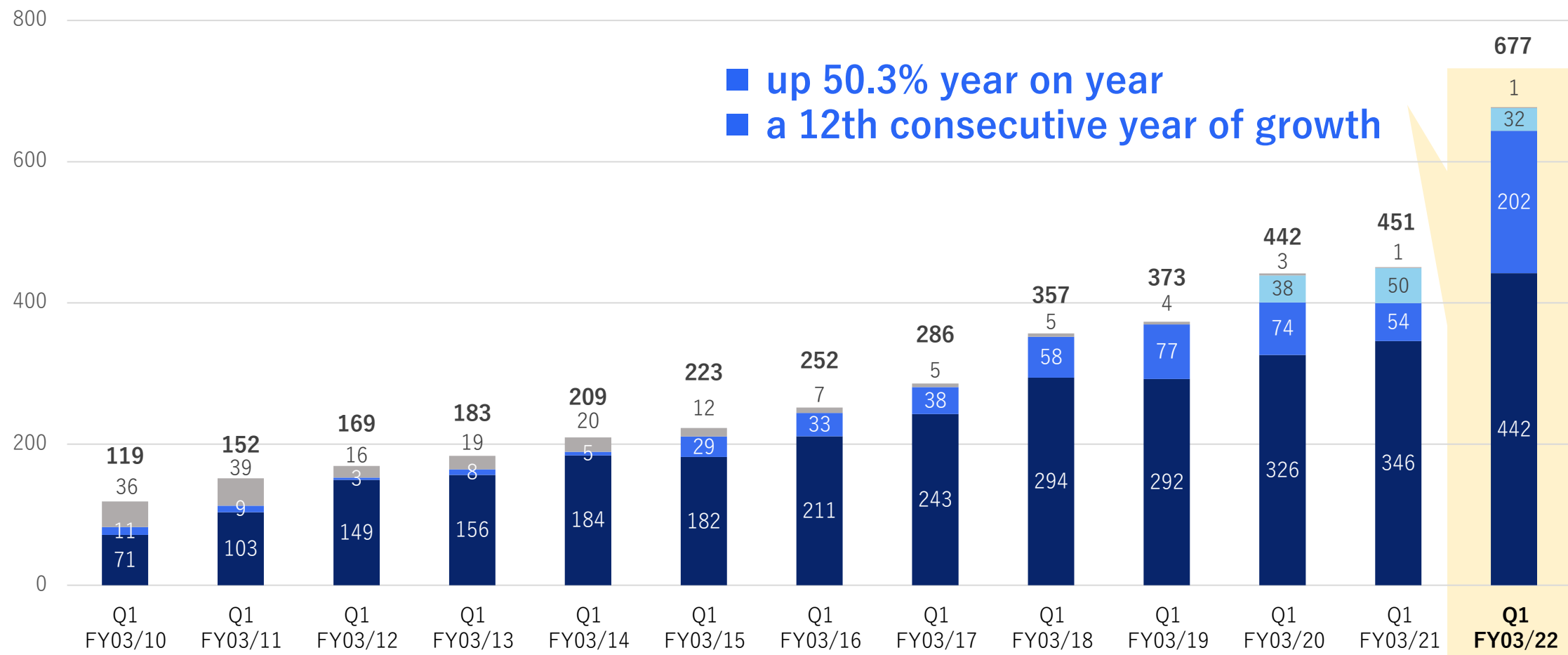
(Million yen)

■ Enterprise Software

■ Digital Marketing Operational Support

■ E-Commerce

■ Others



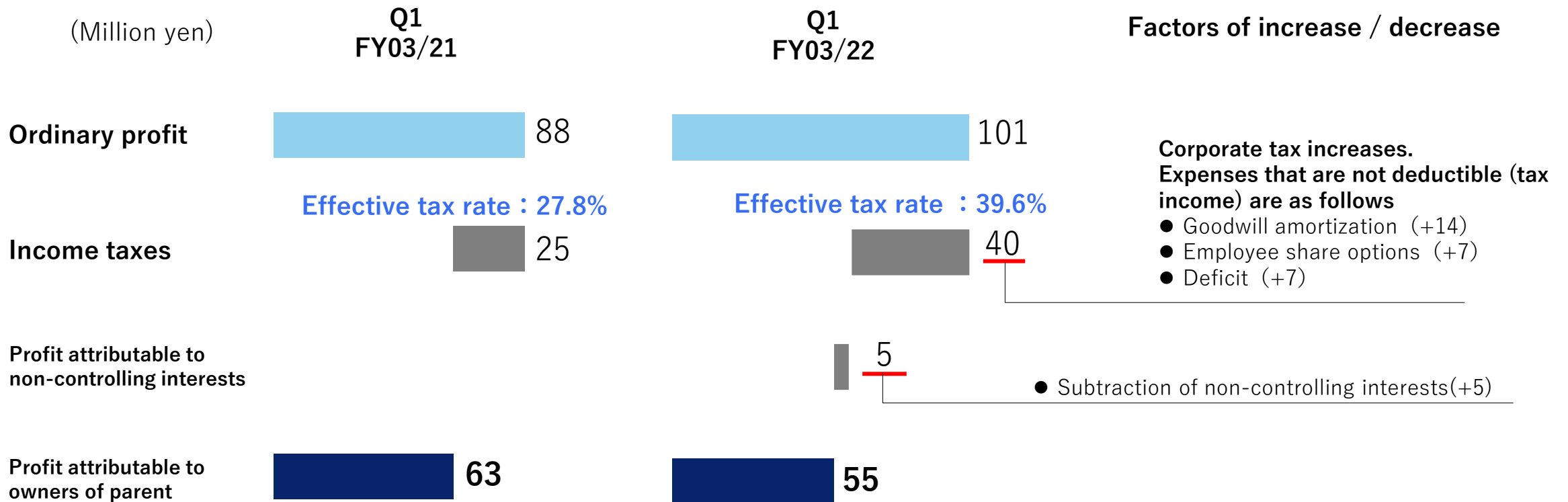
- EBITDA increased by a significant 46.6% year on year due to increased sales.
- Ordinary income rose 14.6%, limited due to amortization of goodwill resulting from making Connecty Inc. a consolidated subsidiary, amortization related to the issuance of stock options, and costs of preparing to transition to IFRS.
- The factors behind the year-on-year decline in net profit are shown on the following page.

(Million yen)

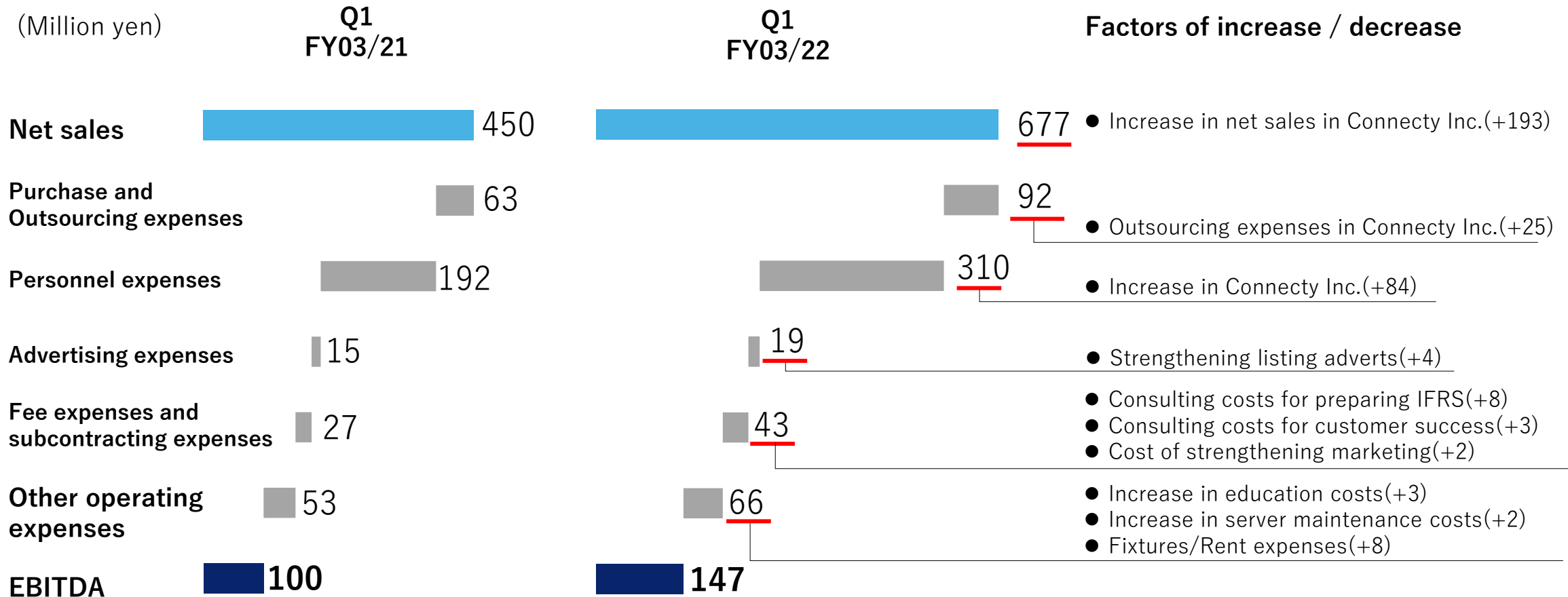
	Q1 FY03/21	Q1 FY03/22	YoY(%)
Net Sales	450	677	+50.3%
EBITDA※	100	147	+46.6%
EBITDA margin (%)	22.3%	21.8%	
Operating profit	86	100	+16.4%
Operating margin (%)	19.1%	14.8%	
Ordinary profit	88	101	+14.6%
Profit attributable to owners of parent	63	55	(12.3%)

※EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based remuneration expenses

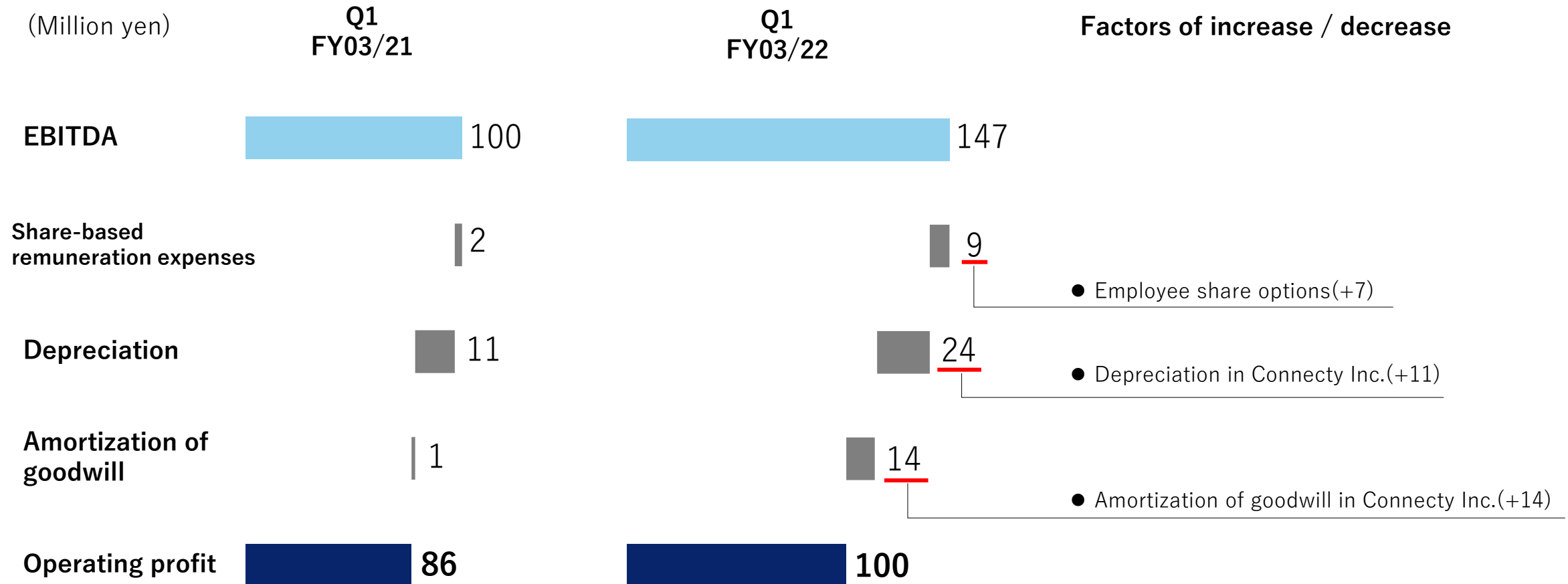
- Income taxes increased due to the non-deductibility of the amortization of goodwill related to Connecty Inc. and stock option expenses.
- We subtracted non-controlling interests of Connecty Inc., which became a consolidated subsidiary



- Increase in purchasing/outsourcing and personnel expenses due to the consolidation of Connecty Inc.; also increases in fee expenses related to IFRS compliance



- Depreciation and amortization including amortization of goodwill related to Connecty Inc.”, and Share-based remuneration expenses associated with the issuance of stock options.



- In addition to growth in existing CRM, the Connecty CMS contributed to overall growth of 50.3% year on year.

(Million yen)

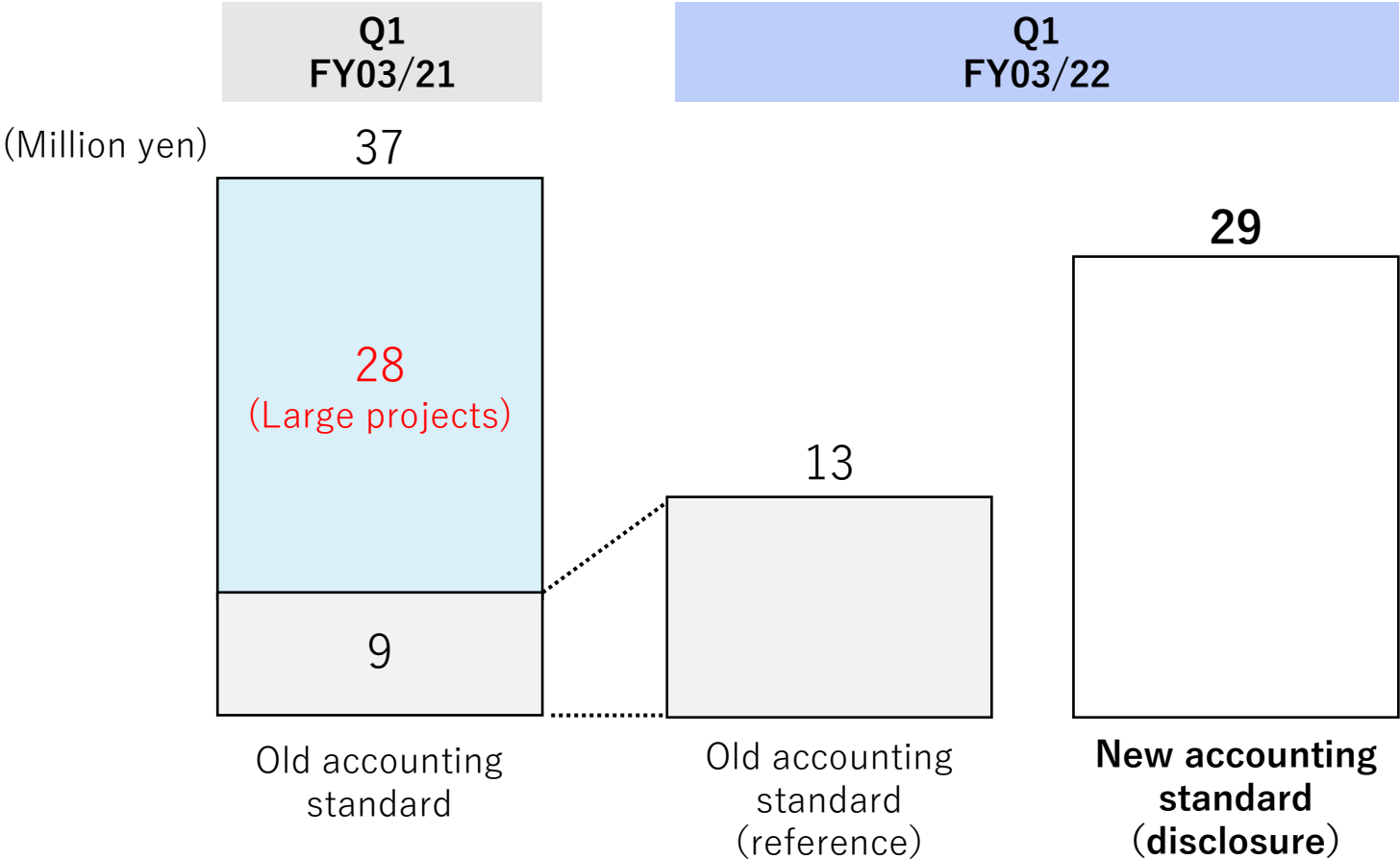
			Q1 FY03/21	Q1 FY03/22	YoY(%)
Enterprise Software	Cloud services	CRM	289	322	+11.2%
		CMS	-	54	-
			289	376	+29.9%
	On-premises		56	64	+15.8%
Digital Marketing Operational Support		CRM	53	63	+18.3%
		CMS	-	139	-
E-commerce			49	32	(35.2%)
Others			1	0	(36.1%)
Total Net sales			450	677	+50.3%

- Overall cloud services increased approximately 30% year on year due to the consolidation of Connecty Inc.
- CRM sales increased 11.2% due to strong sales of our standard version, supported by digital demand under the COVID-19 pandemic.
- The following page describes the factors causing negative year-on-year performance due to initial sales of our premium version.

(Million yen)

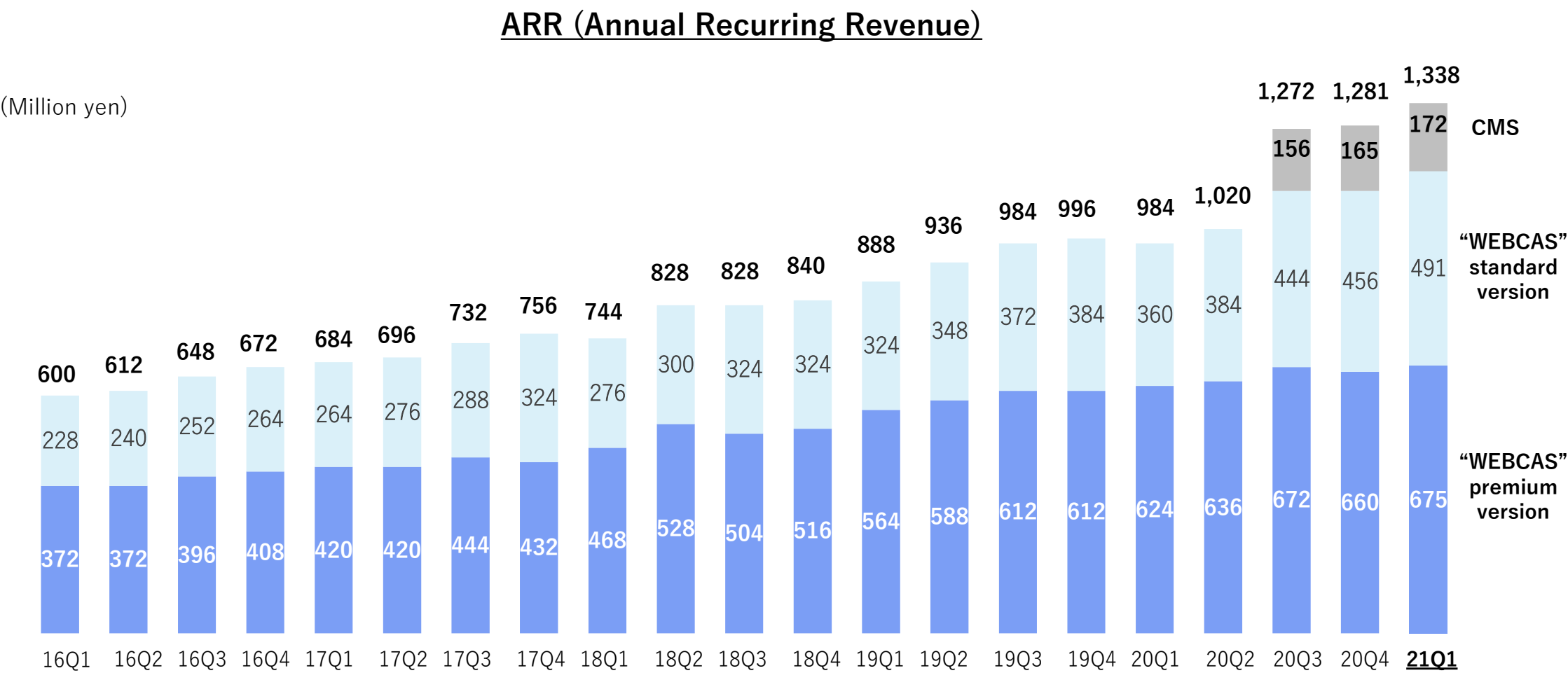
			Q1 FY03/21	Q1 FY03/22	YoY(%)
CRM	“WEBCAS” Premium version	Initial	37	29	(21.4%)
		Monthly	156	168	+7.7%
	“WEBCAS” Standard version	Initial	5	9	+57.9%
		Monthly	89	114	+27.8%
			289	322	+11.2%
CMS	Connecty CMS on Demand		-	54	-
Total cloud service sales			289	376	+29.9%

- We applied a new accounting standard to initial sales of cloud services beginning this fiscal year.
- The results of recalculating sales for the current fiscal year based on the previous accounting standards are as shown below
- Excluding the impact of certain large projects, new orders during the current fiscal year have been steady.



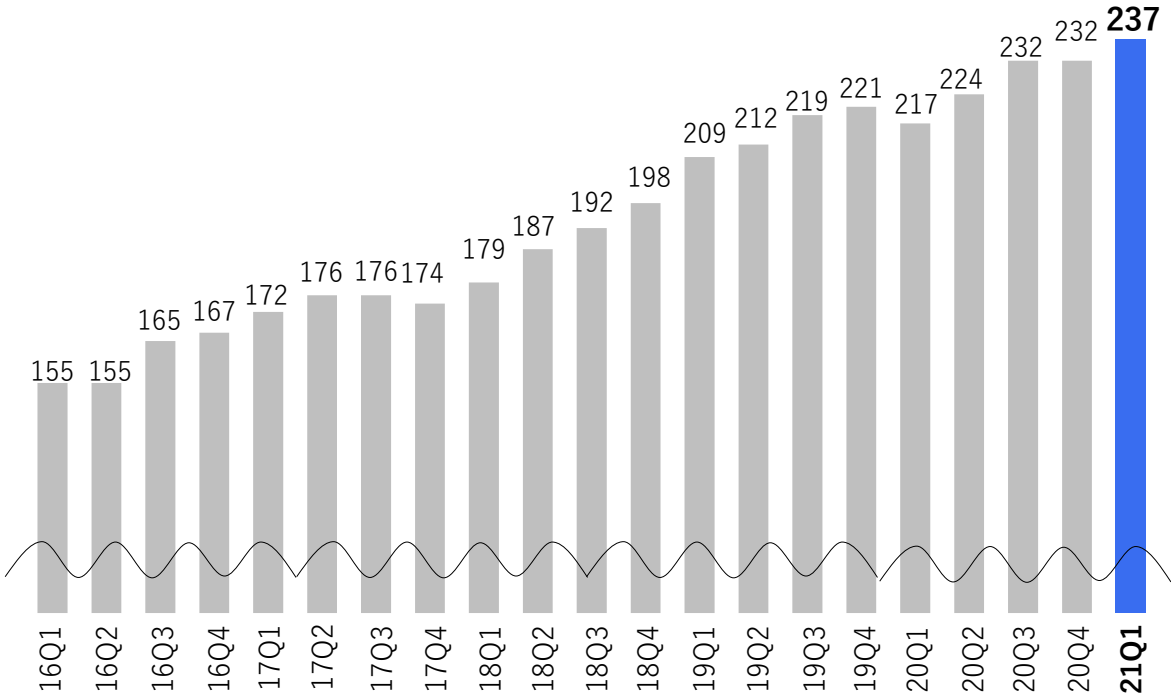
Change of revenue recognition

- Revenue recognition changed as follows from FY03/22.
 - ✓ Initial sales of standard version are divided into 20 months.
 - ✓ Initial sales of premium version and “Connecty CMS” are divided into 36 months.
- The new standard will reduce the impact of large projects on business performance and promote the leveling of sales.

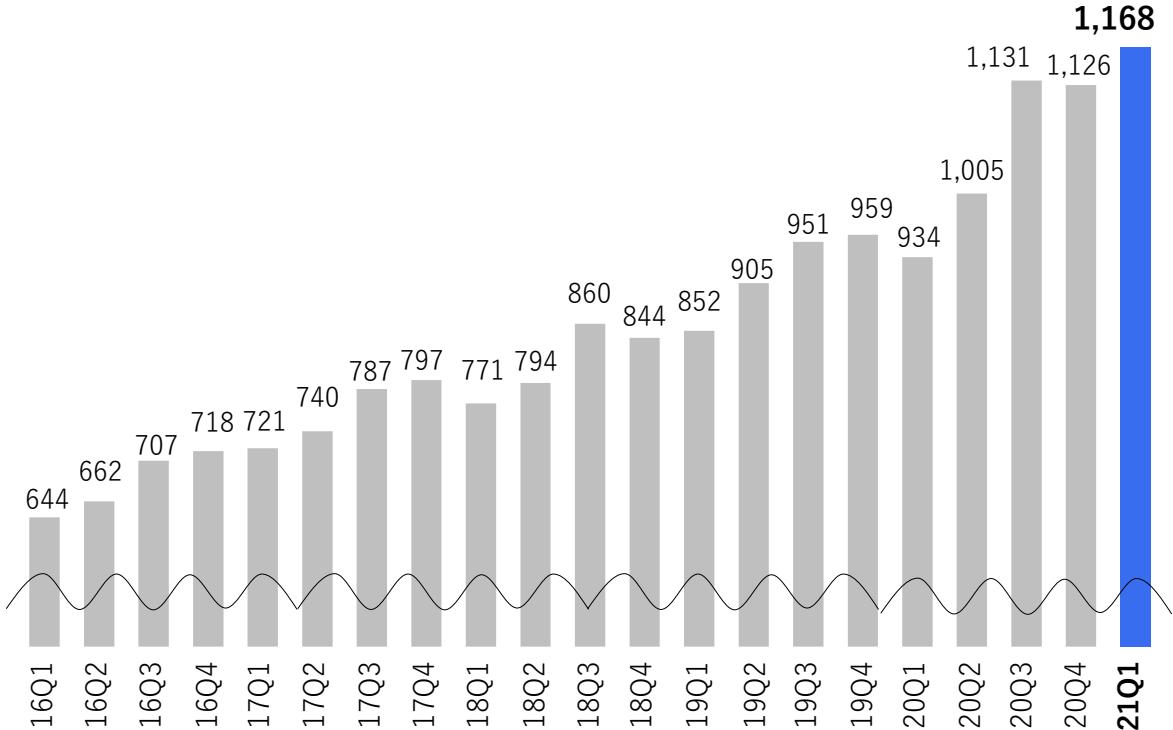


※ Calculate by multiplying monthly sales of cloud services as of the end of each quarter(MRR) by 12

Renewal contracts ("WEBCAS" premium version)



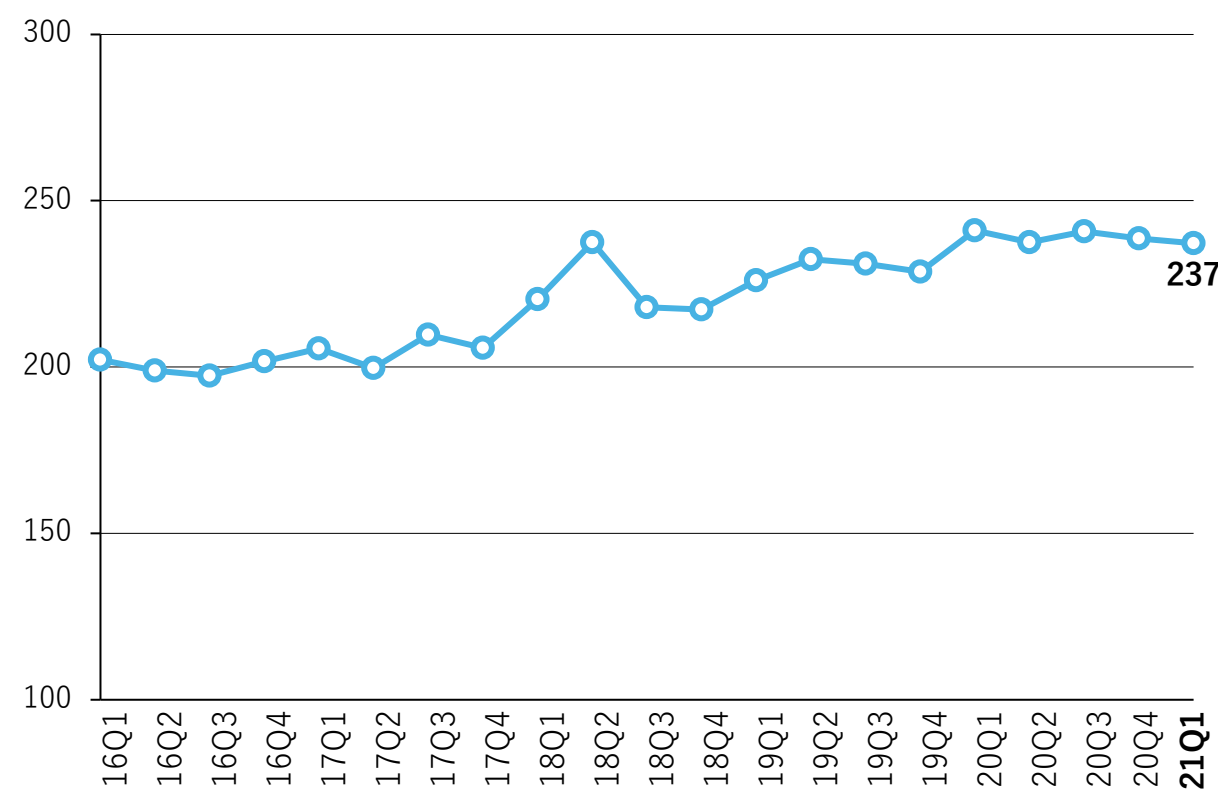
Renewal contracts ("WEBCAS" standard version)



- Premium version ARPU remained at a high level.
- Standard version ARPU increased due to active customer success initiatives among existing customers

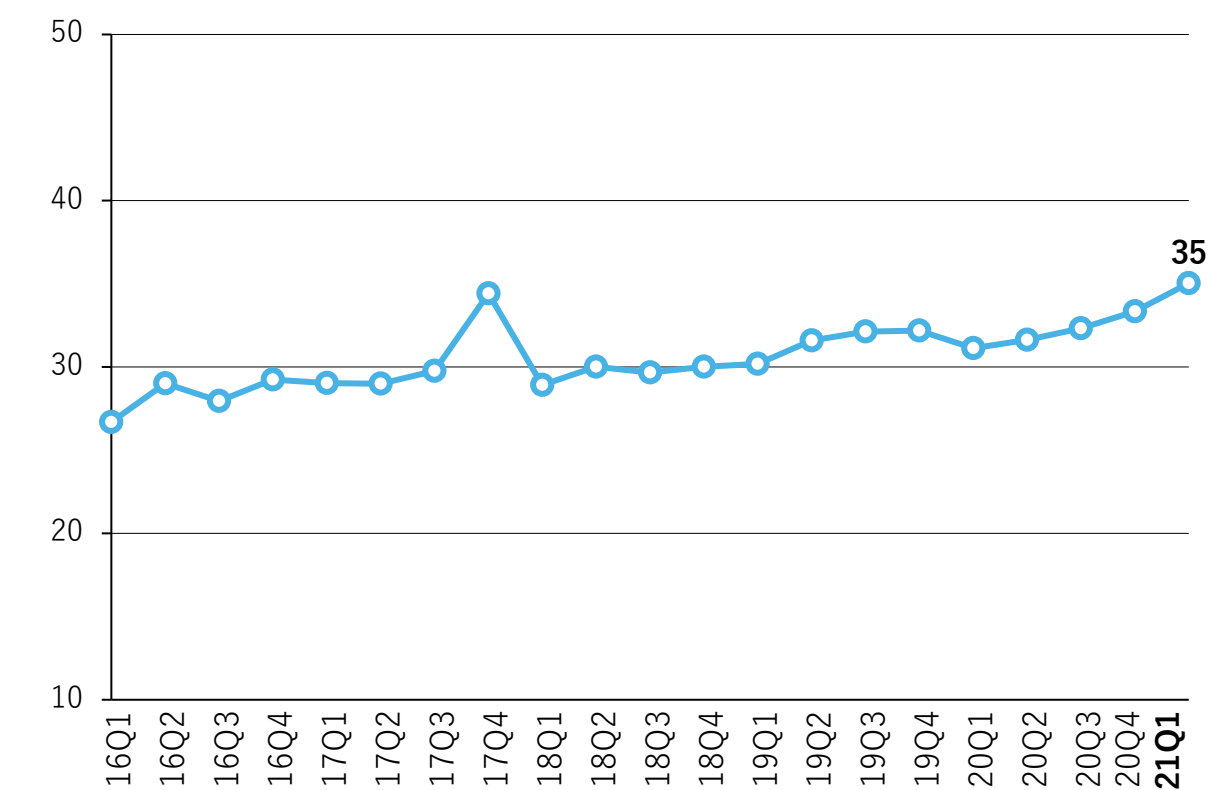
ARPU ("WEBCAS" premium version)

(Thousand yen)



ARPU ("WEBCAS" standard version)

(Thousand yen)

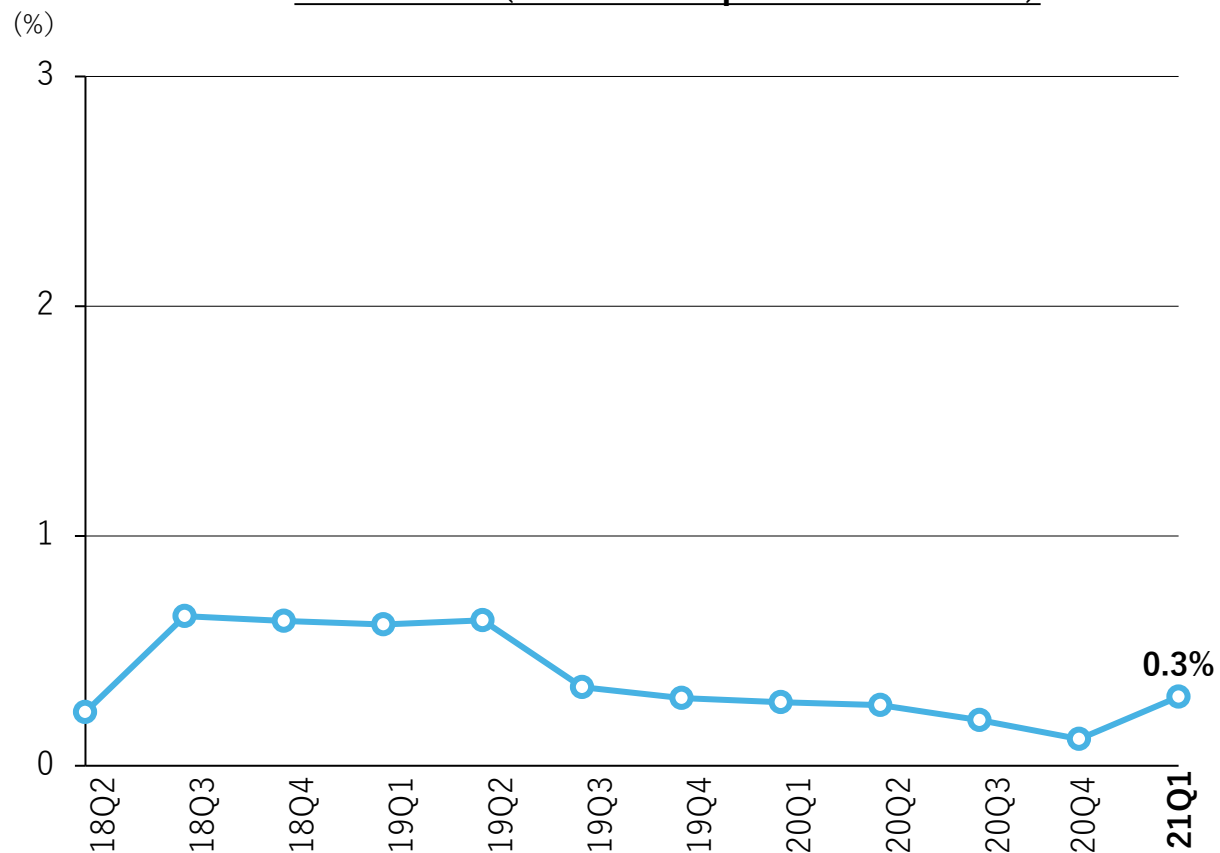


ARPU = Average monthly sales per contract (excluding initial sales)

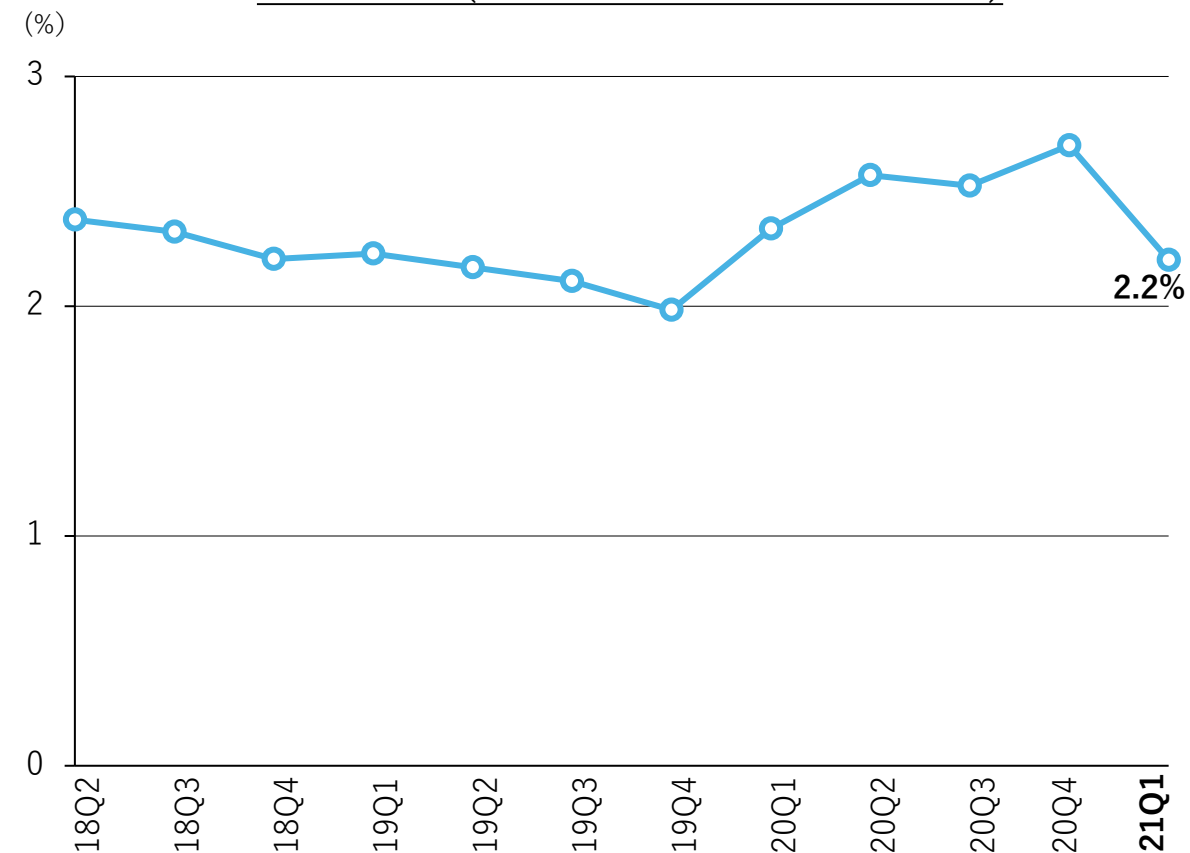
※ Excluding option contracts and spot contracts

- Premium version churn rate remained low.
- Standard version churn rate declined as a result of customer success initiatives.

Churn rate ("WEBCAS" premium version)



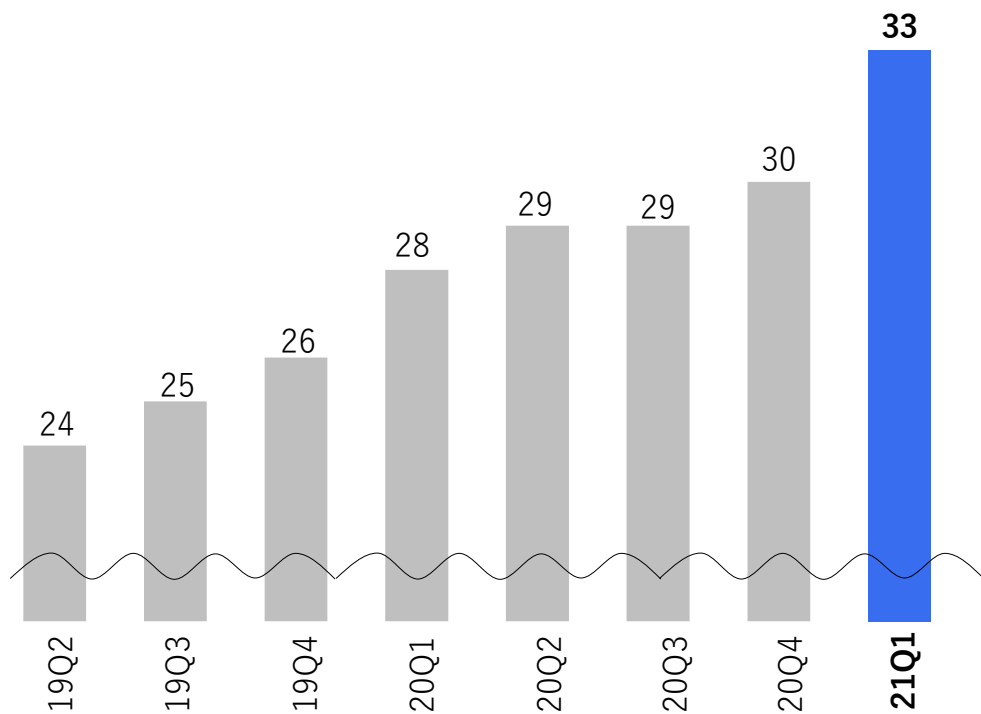
Churn rate ("WEBCAS" standard version)



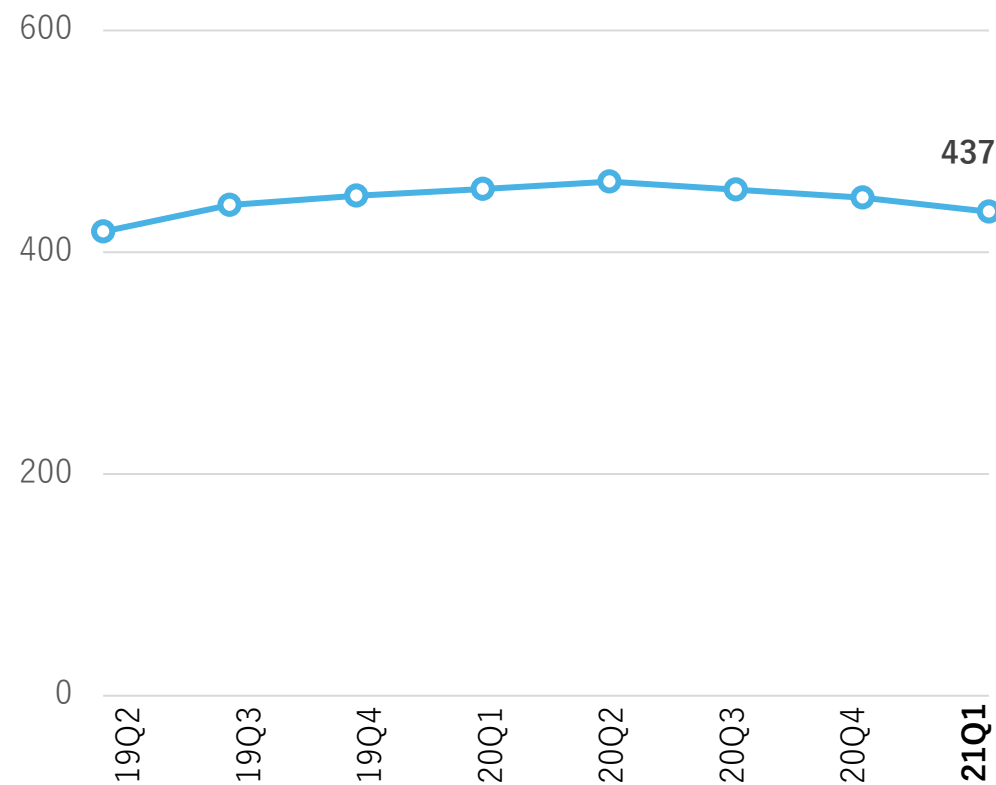
※ Average of churn rate calculated by churn sales in MRR at the end of the month for the past 12 months

※ Excluding option contracts and spot contracts

- Increase in customers due to the success of service recognition and positive sales activities.
- Only one case of cancellation in the last two years.

Renewal contractsARPU

(Thousand yen)



Earnings forecast for FY03/22



■ No change from the earnings forecast announced on May 11, 2021

(Million yen)

	Results FY03/21	Forecast FY03/22	YoY(%)
Net Sales	2,356	3,150	+ 33.7%
EBITDA	565	850	+ 50.3%
EBITDA margin (%)	24.0%	27.0%	
Operating profit	411	600	+ 45.8%
Operating margin (%)	17.0%	19.0%	
Ordinary profit	425	600	+41.1%
Profit attributable to owners of parent	222	339	+52.3%

- Overall sales expected to exceed the previous year by a significant margin due to growth in existing CRM and the contribution of the CMS business of newly consolidated subsidiary, Connecty Inc.

(Million yen)

			Results FY03/21	Forecast FY03/22	YoY(%)
Enterprise Software	Cloud services	CRM	1,216	1,520	+24.9%
		CMS	105	210	+100.4%
			1,321	1,731	+31.0%
	On-premises		359	323	(10.0%)
Digital Marketing Operational Support		CRM	253	275	+8.4%
		CMS	250	632	+152.5%
E-commerce			165	184	+11.4%
Others			5	4	(30.6%)
Total net sales			2,356	3,150	+33.7%

Topics





WOW WORLD Group

- Notice of company name change (May 20)
- Introduced a special leave system for COVID-19 (June 23)
- 26th Ordinary General Meeting of Shareholders New system by newly appointed directors (June 25)
- ESG initiatives
- “Bebychu”, a baby clothing EC , supports multiple languages. Started “cross-border” EC for 125 countries (July 21)



Product development

- Product development plan
- Issued a survey report on the use of e-mail newsletters
- Launched new version of questionnaire management system “WEBCAS formulator Ver6.0” (July 5)
- Email delivery / customer management system “WEBCAS CRM” was now covered by the Ministry of Economy, Trade and Industry's "IT Introduction Subsidy 2021" (July 14)

The "Wow!" in WOW WORLD is what people say when they encounter something that far exceeds their expectations.

Our new company name reflects our desire to foster happy connections and to create a world filled with breathtaking "Wow!" experiences.



Vision

**Creating a surprise-filled world
with the power of people and
technology.**

Mission

**Creating a happy "connection"
between people and companies
Through relational engineering**

Value

**WOW for society!
WOW for clients!
WOW for company!**

- We have invited two outside directors with a view to upgrading the group's development system and strengthening our customer success initiatives.



Kazuo Miyata

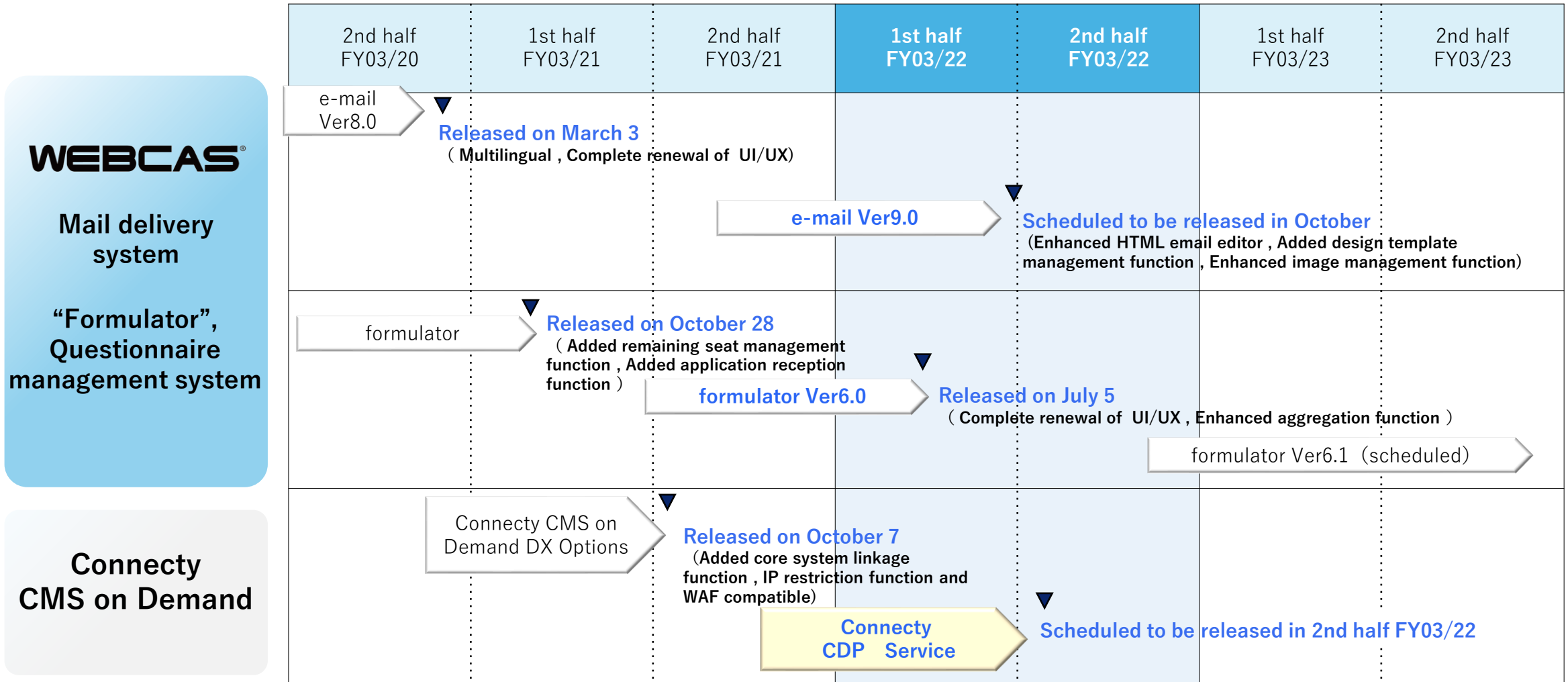
We will strengthen our ability to discover large projects with Mr. Miyata, who has held important positions such as managing executive officer of Fujitsu Limited and president of group companies of Fujitsu Limited, as a director. In addition, we will advance the sophistication of our development system based on the experience that led to the success of many of his development projects as the person in charge.



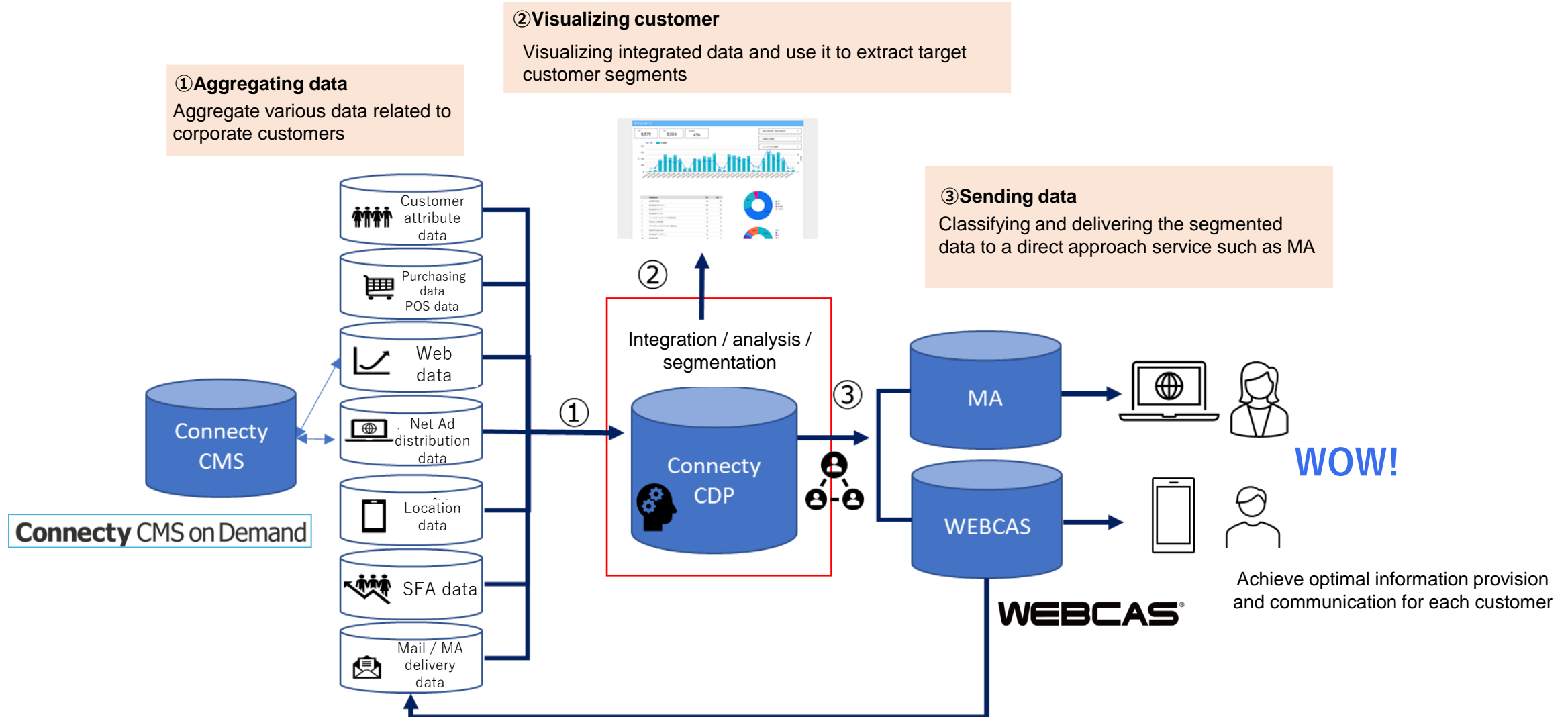
Hiroko Razavi

We have appointed Mrs. Razavi, who is a leading person in promoting enlightenment and dissemination of customer success in Japan, as a director. By doing so, we are working on customer success, which is said to be the key to the success of our cloud business, and aim to achieve our medium-term management plan.

- We plan to release two new versions of our mainstay “WEBCAS” product and a new service (CDP) of Connecty Inc.



- CDP is DB system for aggregating various corporate data and using it for analysis and data transmission.



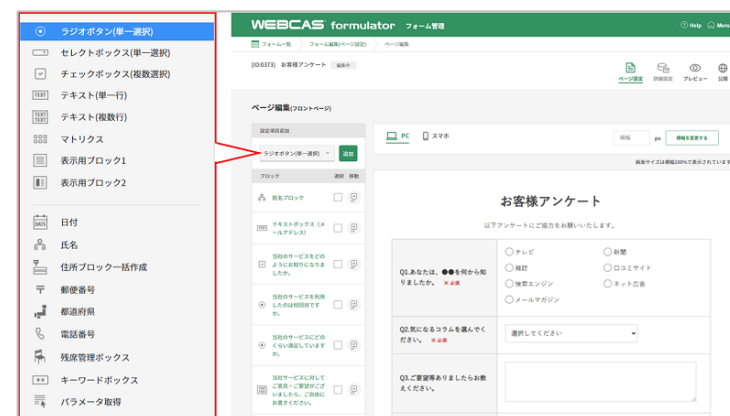
- In addition to improvements to the UI/UX of the admin screen, we made **16** other functional improvements, including convenient functions for answering questions and expanded aggregation functions.

Main improvements

- Significantly improved UI for question creation screen
- Number panel display when entering a phone number
- Get the number of access to the form
- Narrowed down display of answer data
- QR code generation
- Edit error message




Number panel display
when entering a phone number



The question creation screen has an icon for each
question type, making it easy to select.



QR code generation

Environment

- Contributing to environmental protection by promoting DX conversion by continuing investment in cloud business
 - ✓ Enhancement of infrastructure equipment
 - ✓ Development of new products, improvement / upgrade of existing products

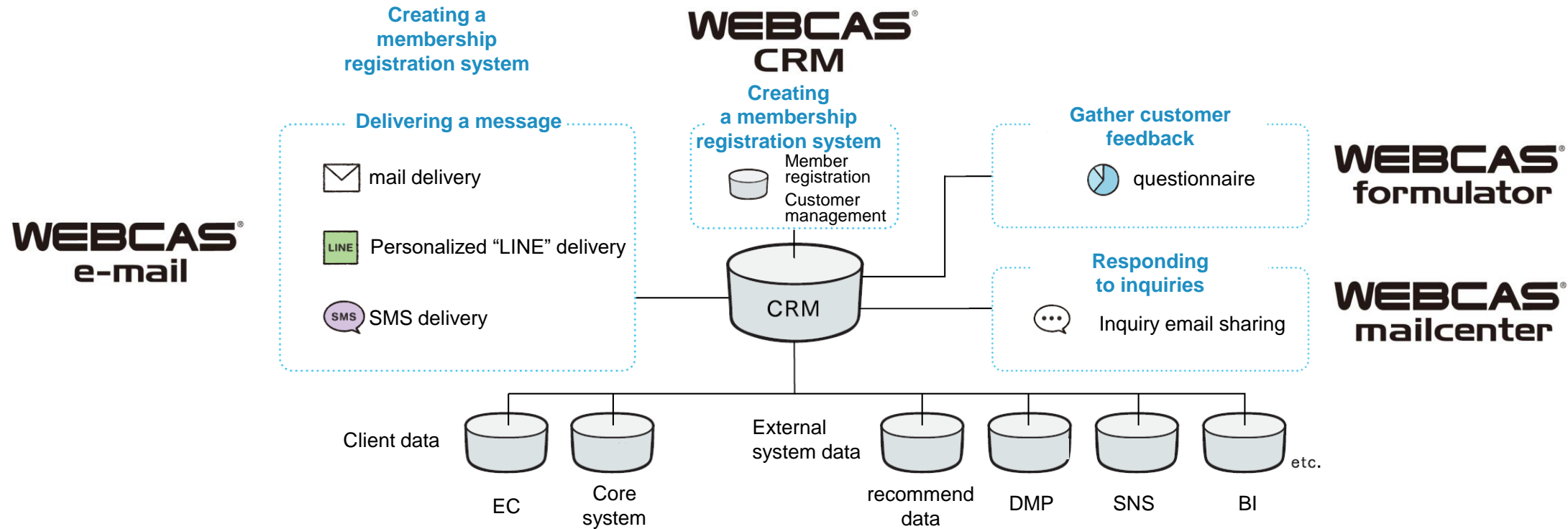
Social

- Work-life balanced work style
Average monthly overtime hours per person is 6 hours
(IT industry average is 22.1 hours)
- Published the web content "Drawing Future" that introduces efforts toward a sustainable society

Governance

- Updating Corporate Governance Report (June 28)
 - ✓ Comply status of revised CG code is 95.0% (4 items not supported)
 - ✓ 100% comply scheduled for FY03/22

- In addition to product improvements and upgrades of our mainstay CRM products (WEBCAS e-mail / WEBCAS formulator), we are making advancements in strengthening our own infrastructure facilities.

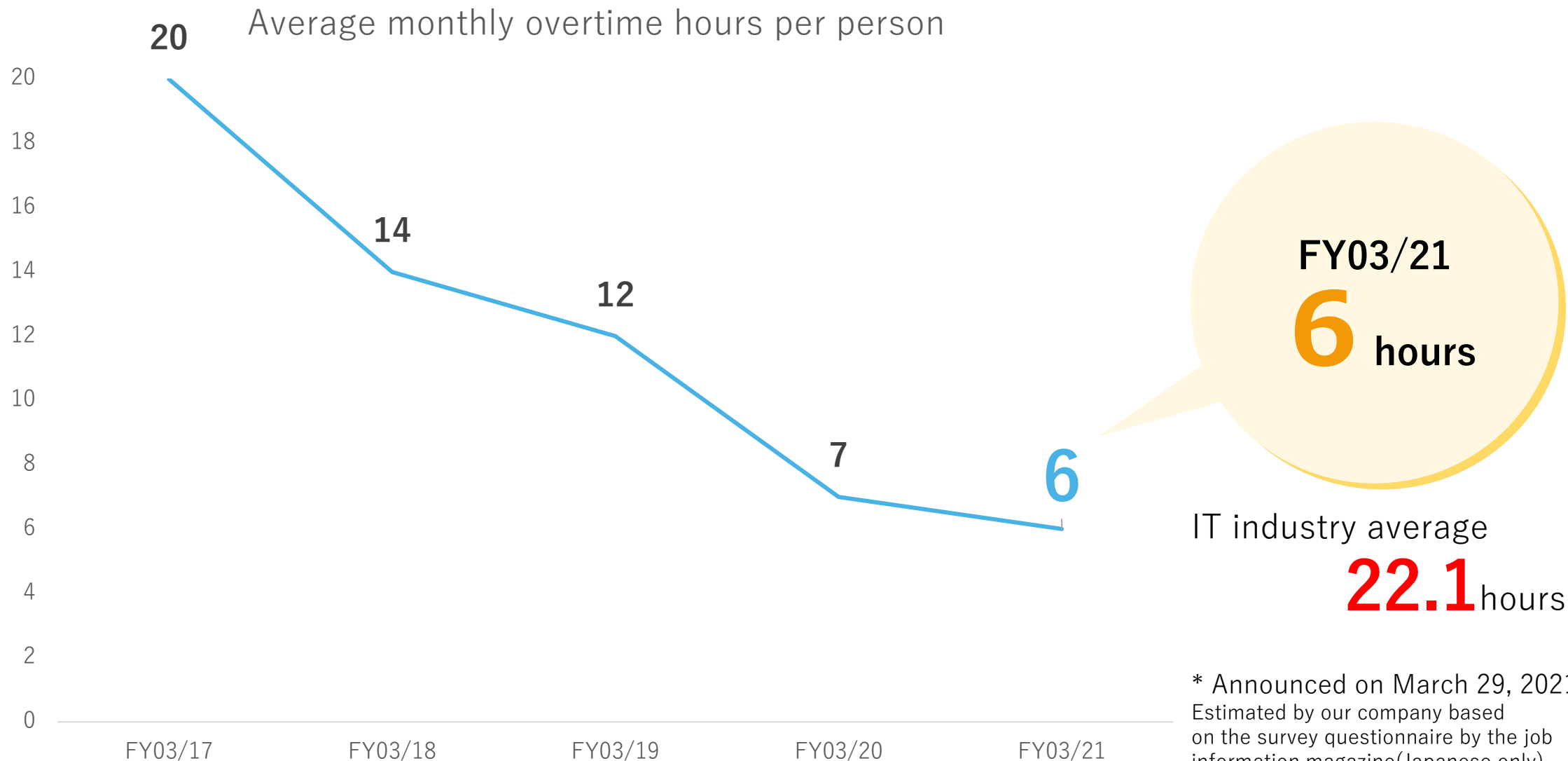


- **Strengthening cloud infrastructure**
(annual utilization rate 99.9%)

- Data center equipment replacement
- Review of NW configuration

- **Various security measures**

- Application, External attack (F/W, IPS, WAF)
- "ISO/IEC27001", "ISO/IEC27017", Privacy Mark



* Announced on March 29, 2021
Estimated by our company based
on the survey questionnaire by the job
information magazine(Japanese only)
<https://doda.jp/guide/zangyo/>

- The WOW WORLD website shows initiatives that reflect our vision of the future from three main perspectives: (1) for our customers, (2) for our employees, and (3) for society.

For society

Create a Positive,
Hopeful Society

Corporate Governance Report

For our Customers

Foster Happy Connections
Between Our Clients and
Their Customers

- Technical information on mail delivery
- Market research on communication

For our employees

Create Comfortable,
Rewarding Workplaces

Introduction articles about employees

- Compliance with the Corporate Governance Code **95.0%**
- To the goal of 100% compliance status during this term

1.2pt improvement from the previous disclosure (93.8%)

Items that are not complying (As of June 28)

No	Principle, way of thinking	Why not comply
1-2-④	Listed companies create an environment that enables electronic exercise of voting rights (use of electronic voting platform, etc.) and convocation notice, taking into account the ratio of institutional investors and overseas investors among their shareholders. Should proceed with the English translation of.	We believe that the ratio of overseas investors is relatively low, and we support electronic exercise of voting rights, but we have not adopted an English translation of the convocation notice. We will consider it according to the situation such as changes in the shareholder composition.
2-3-①	The Board of Directors recognizes that addressing sustainability issues is an important part of risk management, responds appropriately, and has recently been requested and interested in these issues. Considering the fact that it is increasing significantly, it should be considered to actively and actively tackle these issues.	The Board of Directors will regularly consider issues related to sustainability.
3-1-②	Listed companies should promote the disclosure and provision of information in English within a reasonable range, taking into account the ratio of overseas investors among their shareholders.	We believe that the ratio of overseas investors is relatively low, so we do not use English translations such as convocation notices and annual reports, but we ask an external report creation company to create English translation reports and distribute them quarterly. increase. In the future, we will consider how to further disclose and provide information in English according to changes in the shareholder composition.
4-1-③	The Board of Directors is actively involved in the formulation and operation of successor plans for the Chief Executive Officer, etc., based on the company's goals and specific management strategies, and has sufficient time and resources to develop successor candidates. Appropriate supervision should be carried out so that it will be carried out in a planned manner.	At this time, we have not clearly defined a plan for the successor to the President and Representative Director, who is the Chief Executive Officer. We will select the person from those who are deemed appropriate in consideration of personality, insight, and achievements.

The purpose of this material is to help shareholders, investors, etc. understand information such as our management policy, plans, and financial status, and it is not intended to solicit investment such as purchase or sale of our shares.

The information provided in this material is our current plans, outlooks, strategies, etc. that are not historical facts are prospects for future performance, etc., which are based on currently available information. It is based on the judgment of our management team and contains risks and uncertainties.

Actual performance may differ significantly from the outlook for these performances due to various factors such as economic conditions, competitive conditions in the telecommunications industry, and the success or failure of new services. In the future, even if there is new information or future events, we are not obligated to update or correct the "outlook information" included in this announcement.

Creating a surprise-filled world with the power of people and technology.



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