

F I N A T E X T

H O L D I N G S

Fourth Quarter FY2022
Financial Results

Finatext Holdings Ltd.

May 12, 2023

SUMMARY

FY2022 Actual

Revenue

3,820m. yen
YoY **+40%**

Partners
(Financial Infrastructure)

17
YoY **+8**

Adj. EBITDA¹

▲252m. yen
Margin **▲6.6%**

Operating Income

▲328m. yen
Margin **▲8.6%**

FY2023 Guidance

Revenue

5,352m. yen
YoY **+40%**

Partners
(Financial Infrastructure)

25
YoY **+8**

Adj. EBITDA¹

127m. yen
Margin **2.4%**

Operating Income

21m. yen
Margin **0.4%**

1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

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OUR BUSINESS

Our Mission

By realizing our mission together with our partners, we aim to provide financial services connected to our daily lives.

Reinvent

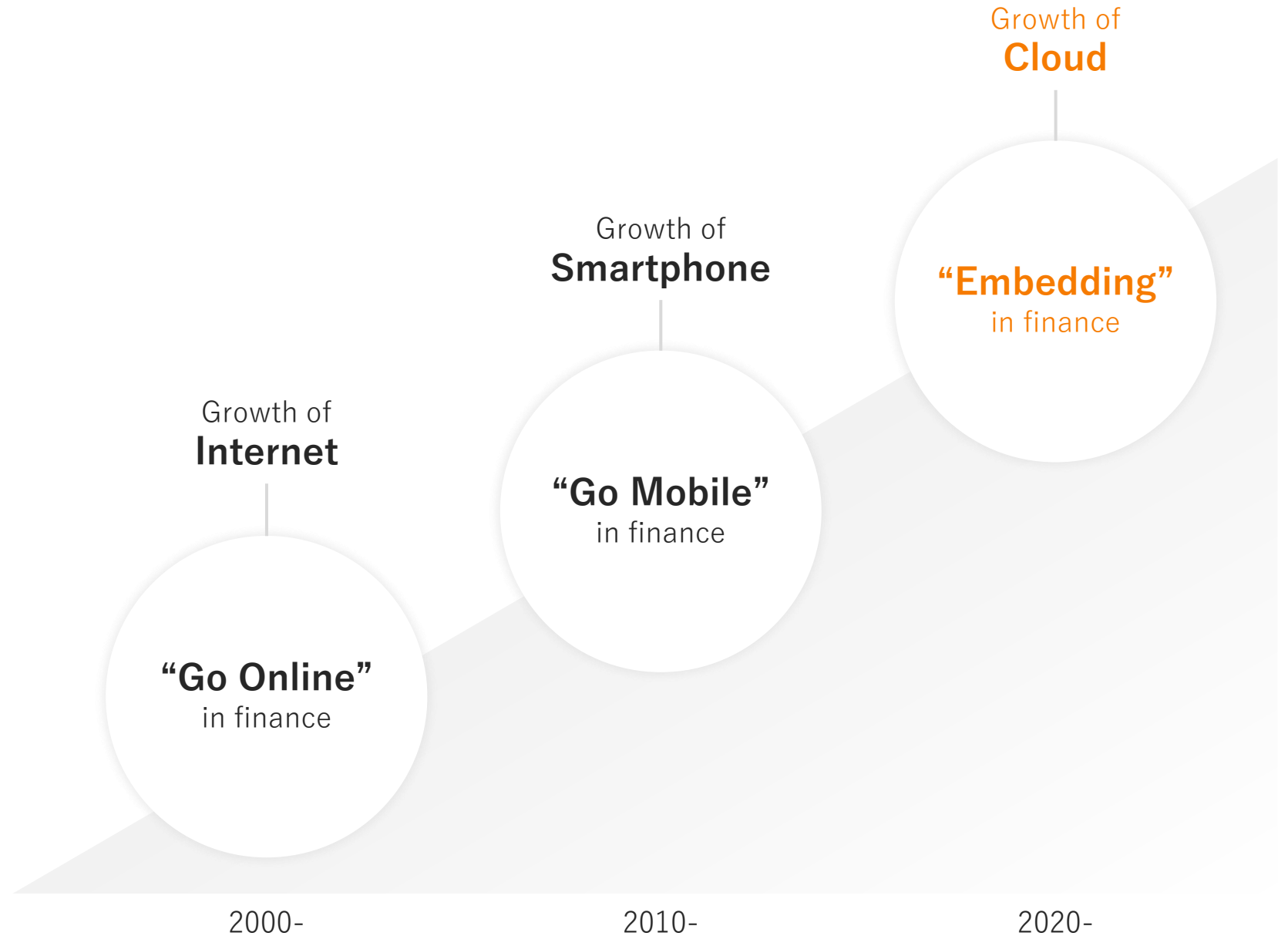
Finance

As a “Service”

Next-gen Cloud Infrastructure

On the rise of cloud technology, we are among the first to develop cloud-based infrastructure.

Possible to provide financial products at a lower cost than conventional systems in a form embedded in various daily services.



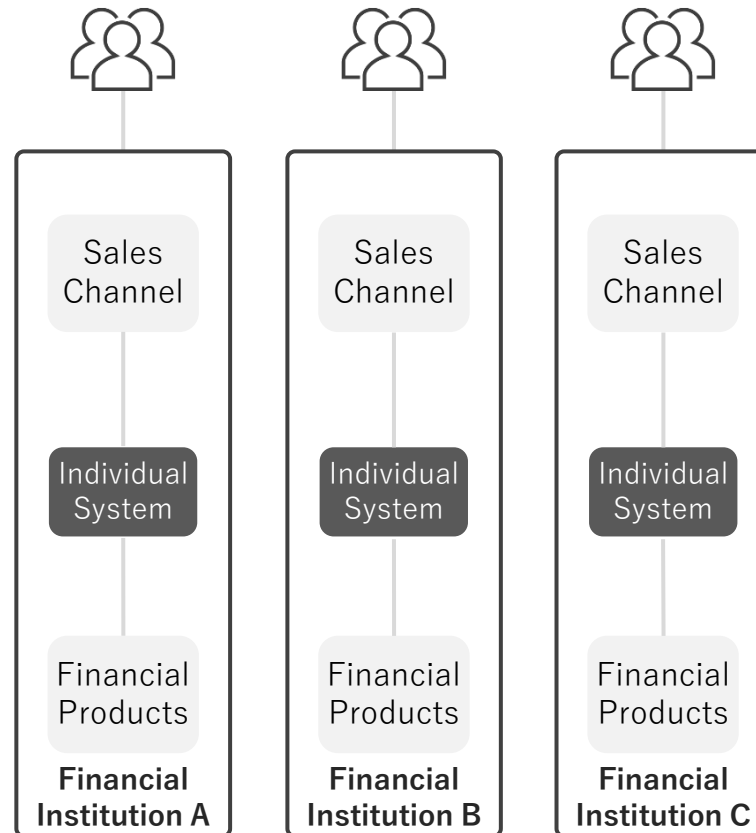
Vision

With the next-gen cloud infrastructure, we aim to transform the structure of the financial industry from "vertically integrated" to "horizontally integrated".

This will enable the convenient use of financial services from companies close to users' lives.

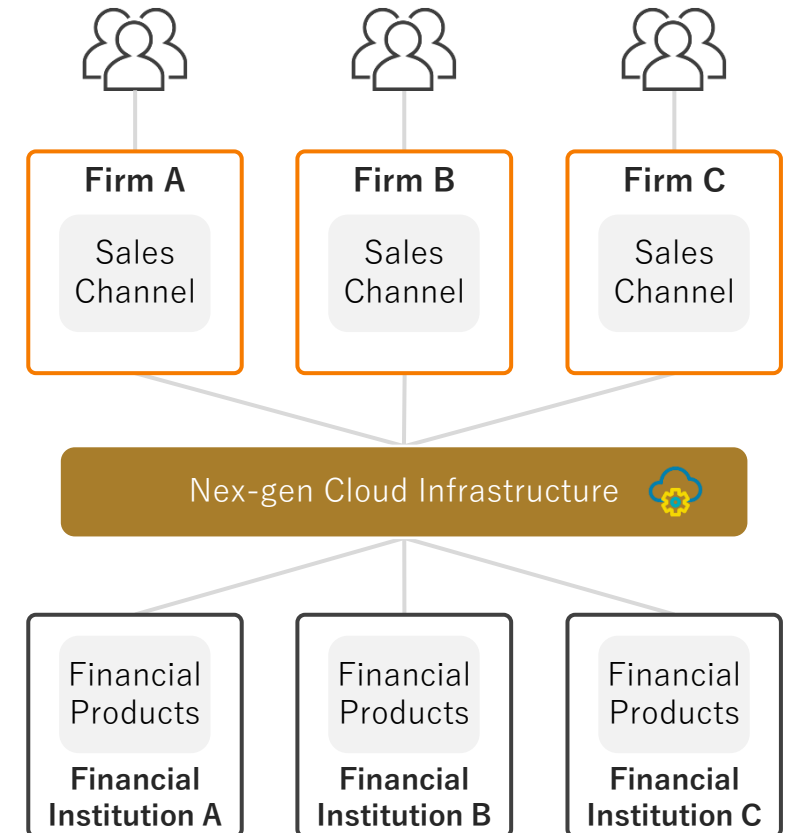
Incumbent Institutions

- Financial institutions work in a vertically integrated manner from origination to sales of financial products



Finatext's Approach

- Separate origination / monitoring from marketing of financial products
- Financial institutions will focus on origination / monitoring of financial products, while companies closer to users' lives will take charge of marketing



Our Business

We started business of Fintech Solution in 2014.

After entering the Big Data Analytics industry in 2016, we started our current core business, Financial Infrastructure, in 2018.

Overview

Example

Fintech Solution

(2014-)

- Develops **front-end applications** and provides **off-the-shelf tech solutions** to financial institutions to accelerate their DX
- Beside system development, we also provide service planning and marketing support

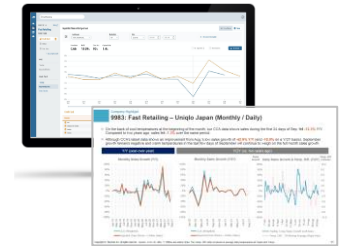
- Money Canvas***
- Support development in MUFG Bank's asset management platform
 - Provide Finatext's ID integration solution

Big Data Analytics

(2016-)

- Provide **alternative data** for institutional investors and governments
- Possess knowledge of cleansing and analysis of **POS and credit card data**

- Alterna Data***
- Provide performance forecasts and price trends of individual tickers



Financial Infrastructure

(2018-)

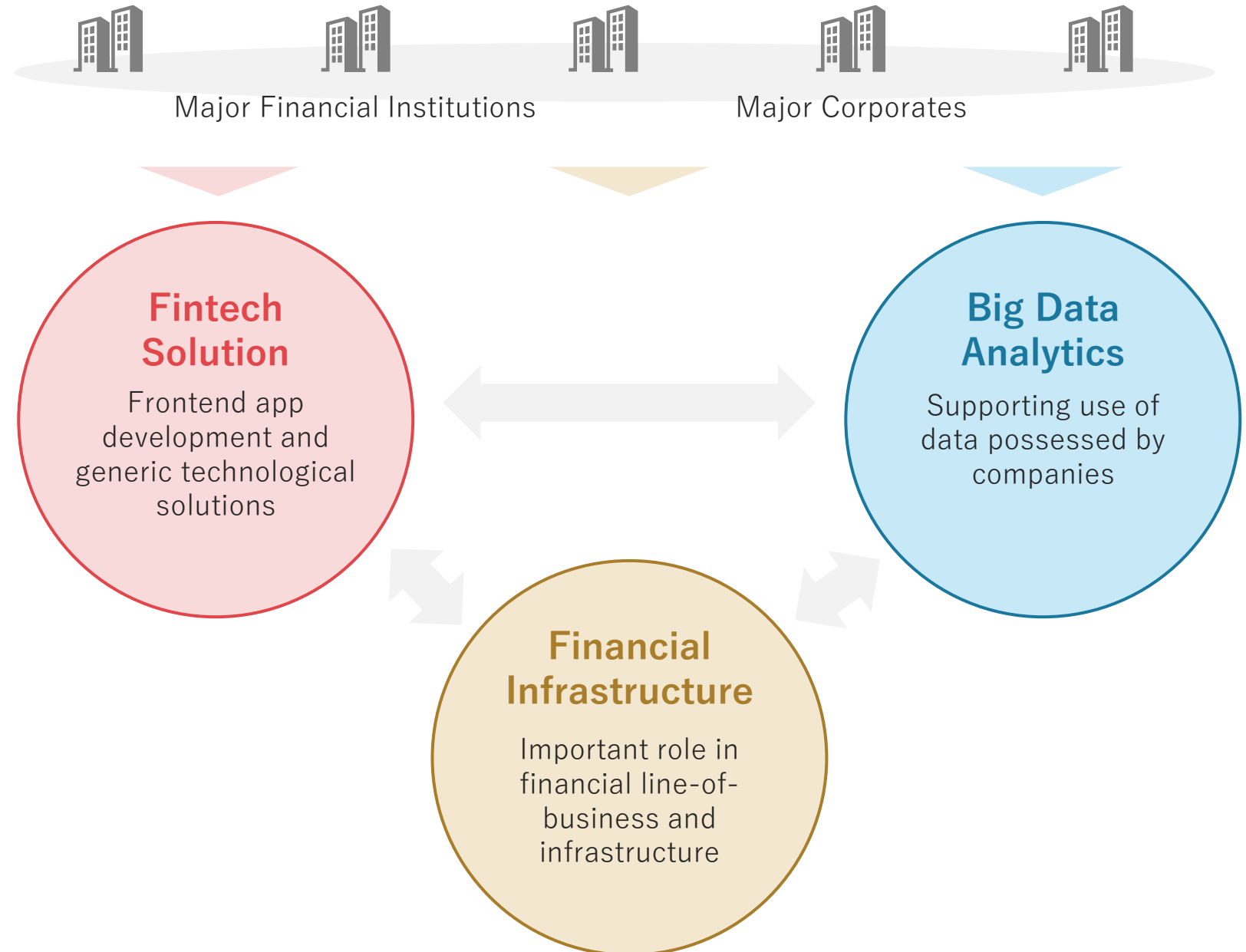
- Provide **cloud-native, API-based infrastructure** for asset management and insurance businesses

- BaaS***
- Infrastructure that enables partner companies to provide stock trading services for individual customers

Japan Stock
US Stock
Robo advisory
Fractional Shares

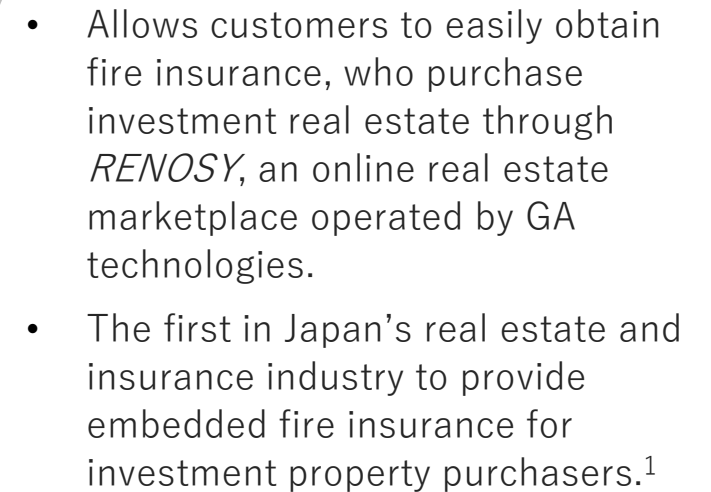
Group Collaboration

Since most of our clients are major financial institutions and corporates, we are able to acquire large-scale projects as a group by creating client touchpoint in various aspects from web service planning and development to data analysis.



BUSINESS HIGHLIGHT

GA technologies and
Tokio Marine leverage
Insurance Infrastructure
Inspire to embed
insurance policies on
RENOSY.



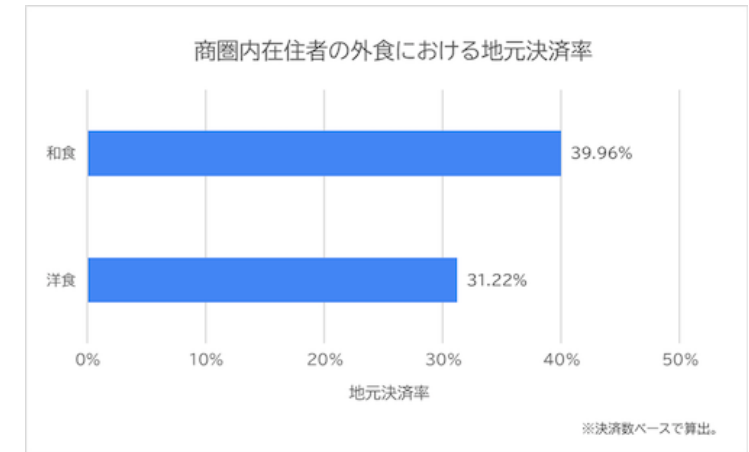
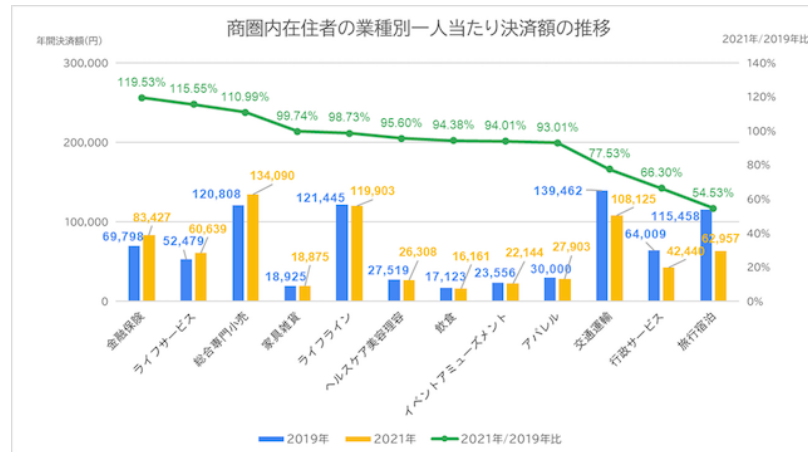
1. According to the research by GA technologies, Tokio Marine & Nichido Fire Insurance and Finatext.

New Project

Supported Sumitomo Corporation in trade area analysis using credit card transaction data.

Analyzed consumption behavior of commercial facility users and identified tenant candidates that match those preferences.

Trade Area Analysis Using Credit Card Data



Analysis Overview

- Compared consumption areas and consumption indices by industry, of people living in the trade area, with those living outside, and created tenant lists by analyzing changes in consumption trends before and after Covid-19, extracting the characteristics of the preferences and consumption behavior of residents in the trade area, and selecting industries which match the residents.
- By utilizing credit card transaction data, we can analyze the consumption behavior of not only those who are already using commercial facilities, but also those who live in the trade area but do not use them, and we can also compare it with people living outside the trade area.

Launch of LLM Lab

Launch of *Nowcast LLM Lab*, a research team aimed at securely utilizing large-scale language models in financial business.

Improved efficiency of fraudulent comment detection in the social stock trading app *STREAM*.

Nowcast LLM Lab

- As part of *Nowcast LLM Lab*'s goal to improve operational efficiency, we conducted a pilot study using LLM to extract content that should be monitored on the community pages.
- Specifically, our social stock trading app *STREAM* has established *Social Media Guidelines* and *Operation Guidelines* for the sound operation of the community and detects any problems with the content posted on SNS in the app by the account holders.

Snapshot of STREAM's community page



90% accuracy in detecting

FULL-YEAR RESULTS FY2022

Financial Summary

Consolidated revenue +40% YoY, in line with earnings guidance on revenue.

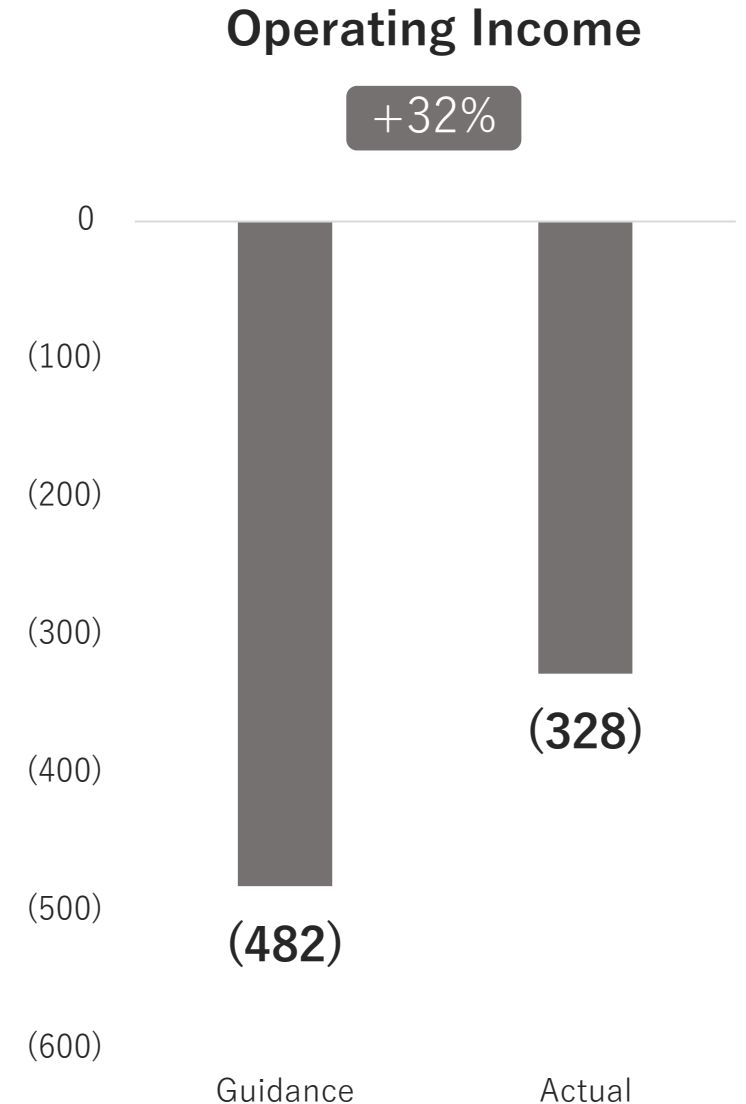
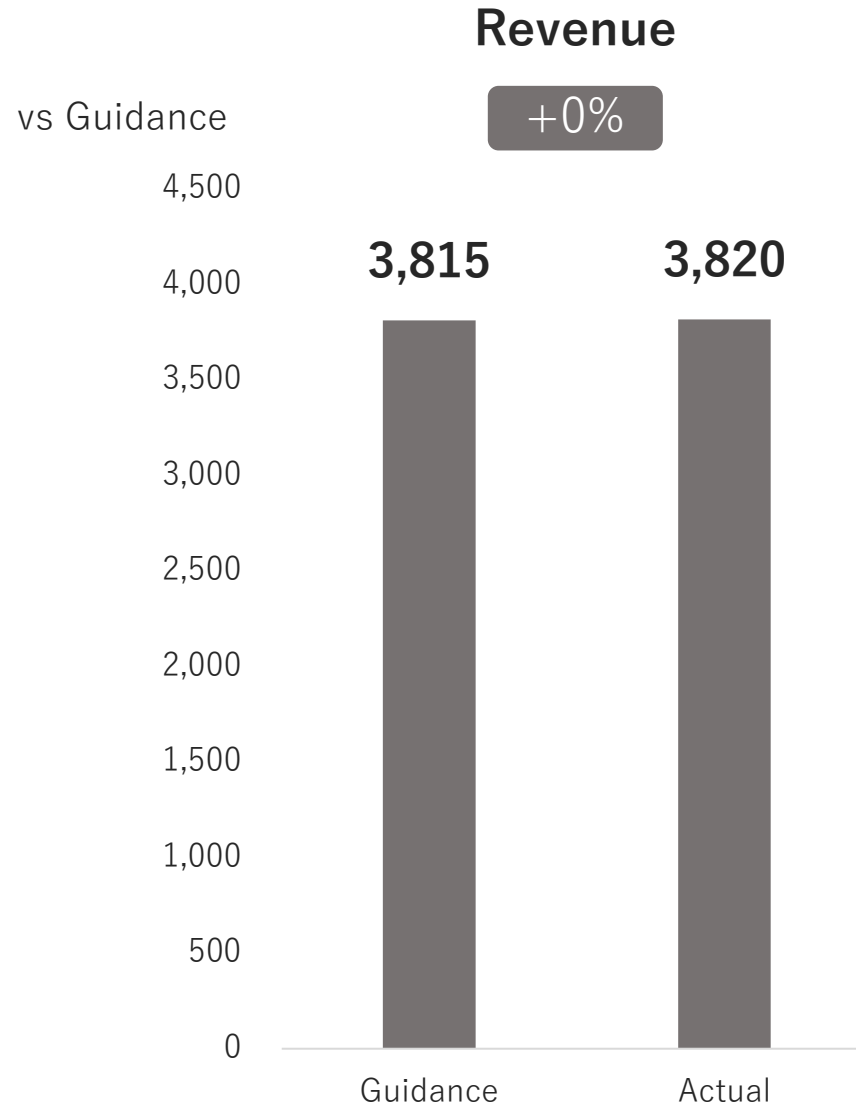
Operating income improved significantly from ▲¥542 million to ▲¥328 million due to revenue growth.

| (¥million) | FY2022 Apr-Mar | FY2021 Apr-Mar | YoY | Major Factors |
|---|-------------------|-------------------|-------|---|
| Revenue | 3,820 | 2,724 | + 40% | <ul style="list-style-type: none"> • Increase in recurring and one-off revenue from Financial Infrastructure and Fintech Solution projects |
| COGS | 1,721 | 1,057 | + 63% | <ul style="list-style-type: none"> • Increase in labor and outsourcing expenses for new projects |
| COGS Ratio | 45% | 39% | - | |
| Gross Profit | 2,099 | 1,666 | + 26% | |
| SG&A | 2,427 | 2,209 | + 10% | <ul style="list-style-type: none"> • Rise in communication and labor expenses due to business expansion • One-off moving related expenses |
| SG&A Ratio | 64% | 81% | - | |
| Operating Income | ▲ 328 | ▲ 542 | - | |
| Operating Margin | ▲ 9% | ▲ 20% | - | |
| Ordinary Income | ▲ 324 | ▲ 588 | - | |
| Net Income Attributable to Owners of Parent | ▲ 388 | ▲ 669 | - | |

Actual vs Guidance

Although revenue in Financial Infrastructure were lower than expected, Big Data Analytics and Fintech Solution outperformed which helped **revenue exceeded guidance**.

Operating losses **improved significantly +32%¹ compared to guidance**.



1. Revision of earnings forecast announced on April 26, 2023

Revenue by Segment

Achieved more than
+30% YoY growth in all
segments.

Financial Infrastructure,
which is in the growth
phase, achieved +47%
YoY.

(¥million)

YoY

4,500

4,000

3,500

3,000

2,500

2,000

1,500

1,000

500

0

2,724

3,820

757

763

1,202

1,026

1,027

1,766

+36%

+35%

+47%

Full-year
FY2021Full-year
FY2022

Financial Infrastructure



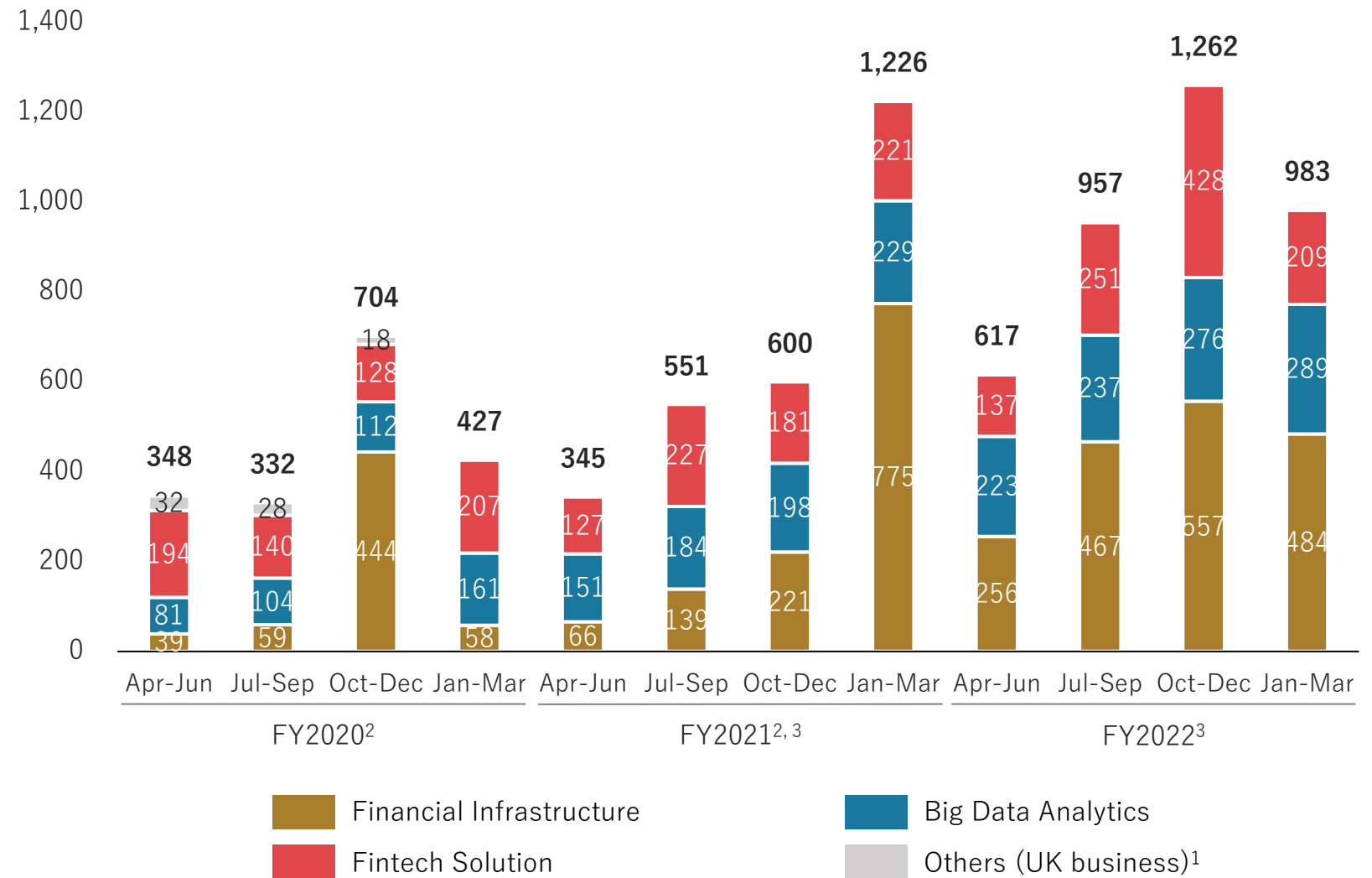
Big Data Analytics



Fintech Solution

Revenue by Segment

(¥million)



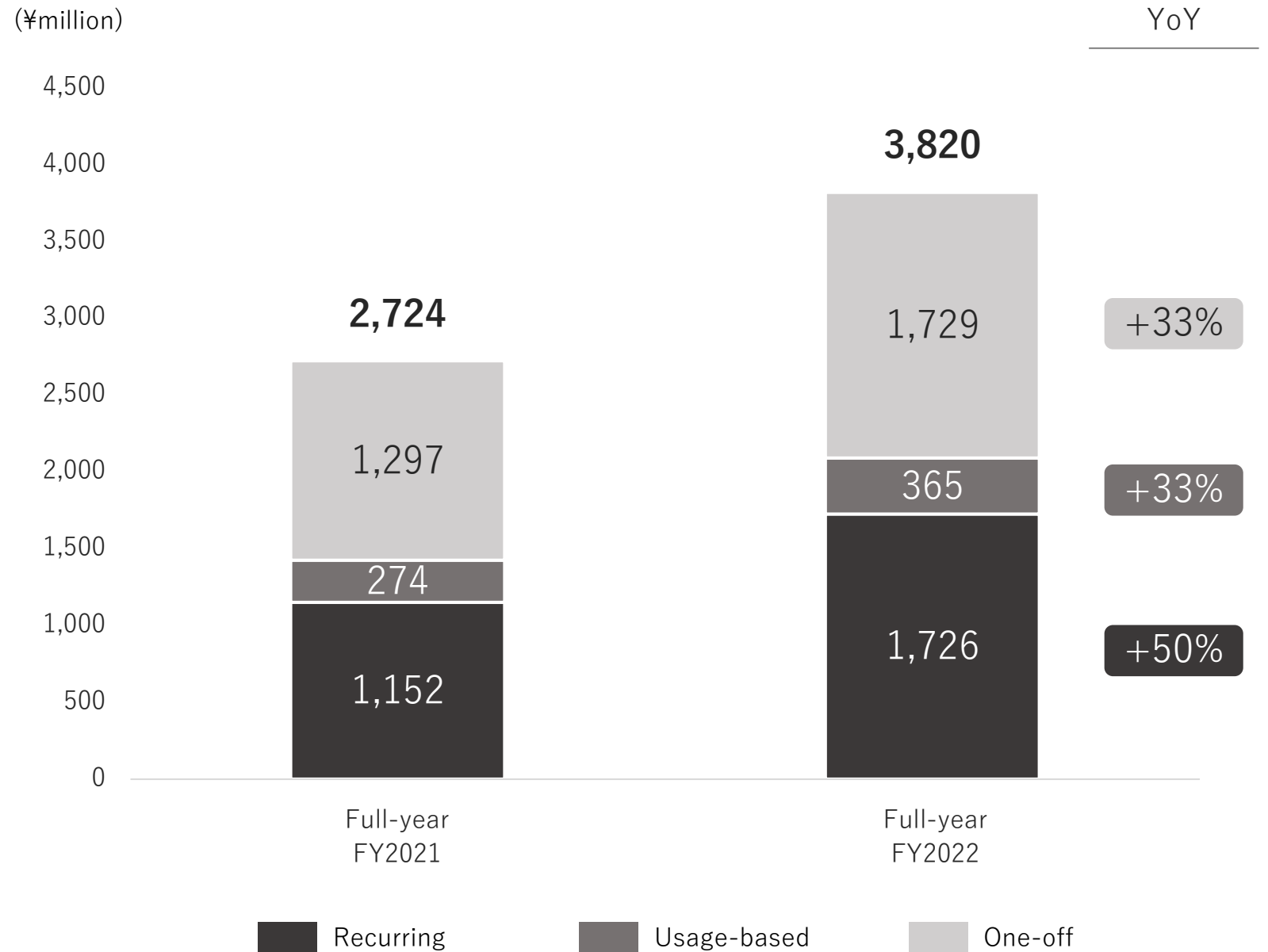
1. Revenue of exited UK business in the consolidated fiscal year 2020.

2. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

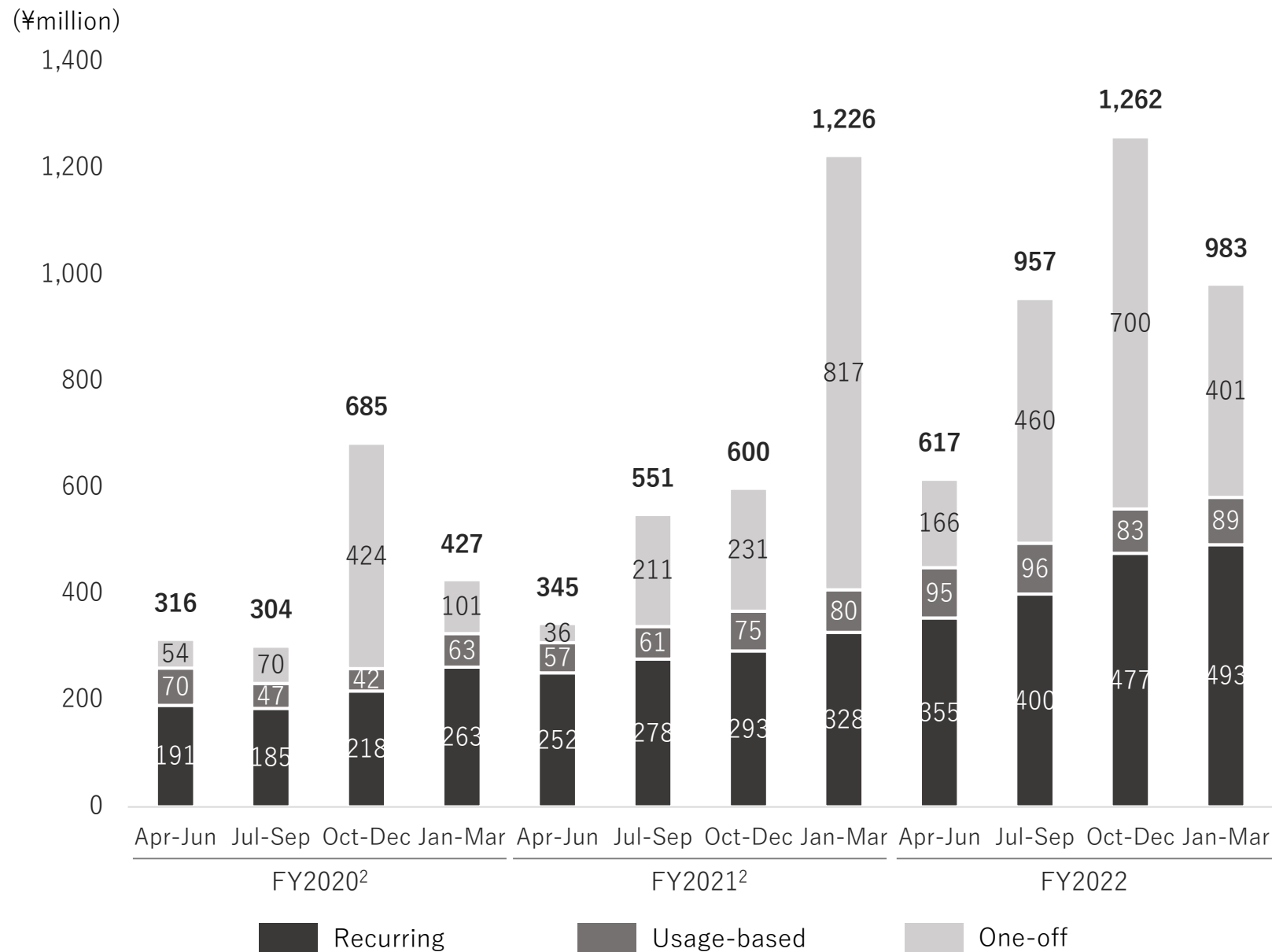
3. From FY2022 Q2 (Jul-Sep), credit business has been included in “Financial Infrastructure” instead of “Fintech Solution”, and past figures have been adjusted accordingly.

Revenue by Type

New implementations brought in maintenance and operation work, which **significant drove growth in recurring revenue +50% YoY and usage-based revenue +33% YoY.**



Revenue by Type



1. Excluding revenue in UK business exited in the consolidated fiscal year 2020.

2. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

Revenue Type

One-off revenue received at the time of system implementation, and recurring revenue and usage-based revenue received subsequently.

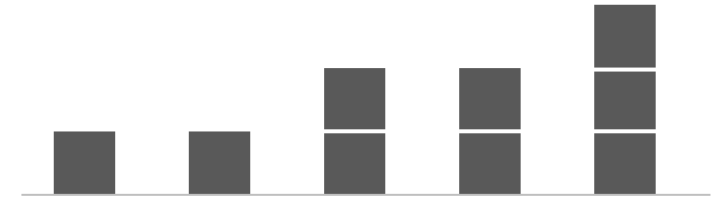
1 One-off

- One-off revenue received from partners at service implementation and additional development



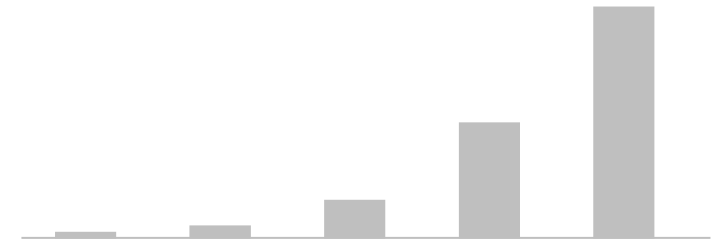
2 Recurring

- Recurring revenue received monthly from existing partners for operations



3 Usage-based

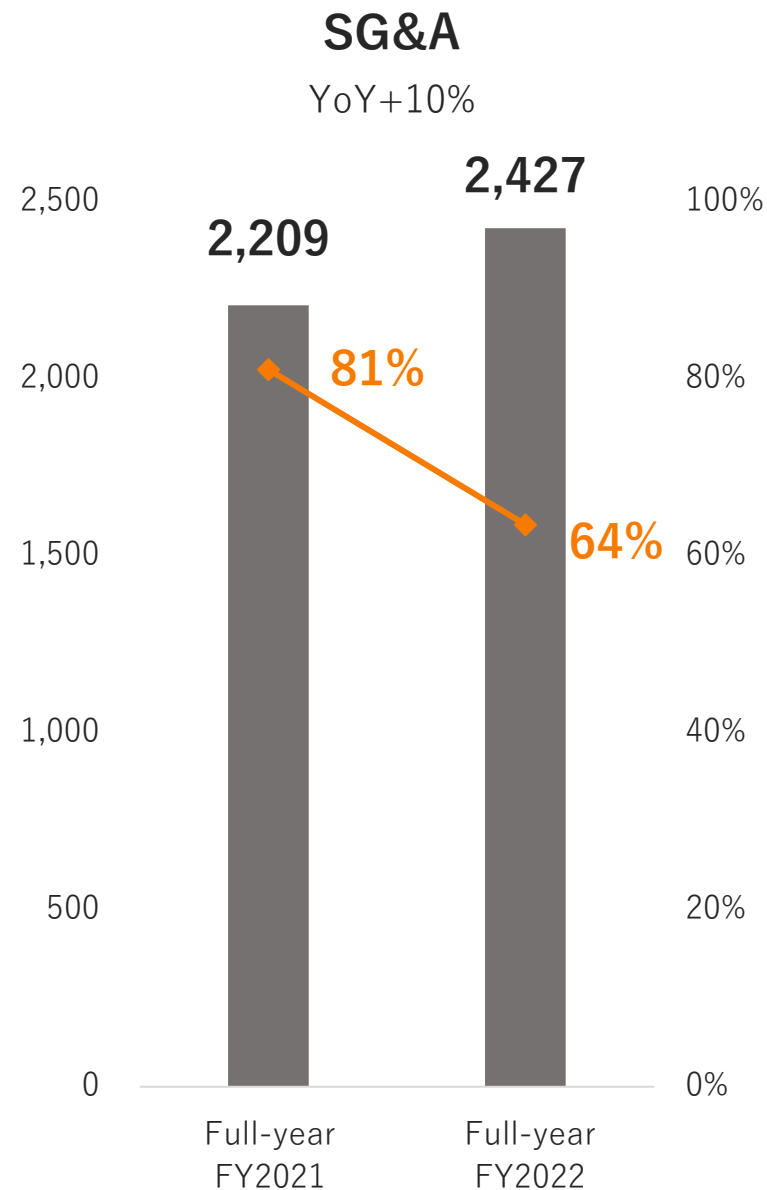
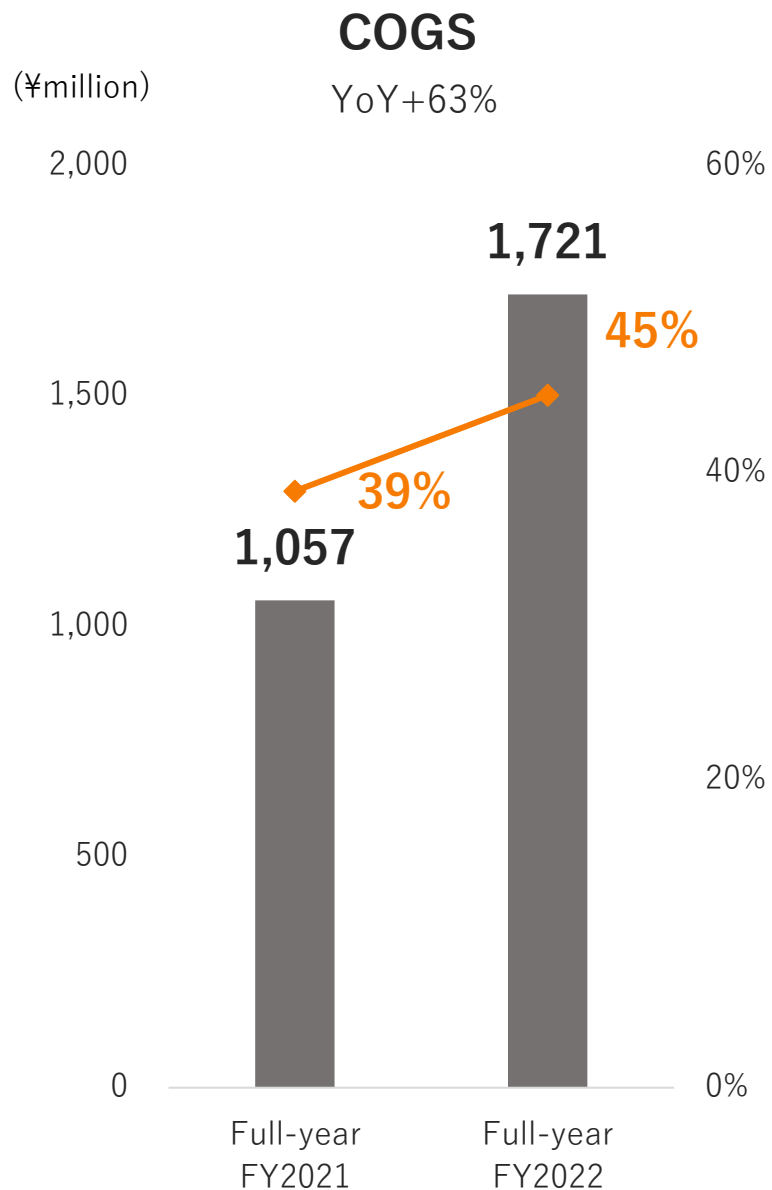
- Usage-based revenue according to AUM and insurance premium income



COGS and SG&A

COGS ratio increased 6 point due to an increase in outsourcing costs for new projects to cover the shortage of resources.

On the other hand, SG&A expenses increased only +10% due to solid cost control and SG&A ratio declined to 64%.



Cost Breakdown

Despite an increase in expenses due to special factors such as moving related expenses and communication expenses increased by Yen depreciation, **total expenses remained +27% YoY while revenue were +40% YoY.**

(¥million)

YoY+27%

4,500

4,000

3,500

3,000

2,500

2,000

1,500

1,000

500

0

3,266

4,149

405

411

386

557

1,269

235

Full-year
FY2021

609

268

465

874

1,574

356

Full-year
FY2022

Other (YoY+51%)

- Financial expenses increased mainly due to the expansion of the scale of service operation
- Special cause: one-off moving expenses (¥16 million)

Advertising Expenses (YoY ▲35%)

- Decreased mainly due to no large-scale campaigns held for our own services

Communication Expenses (YoY+20%)

- Increased mainly due to the expansion of the scale of service operation
- Special cause: JPY depreciation increased expenses paid in USD

Outsourcing Expenses (YoY+57%)

- Mainly due to the increase in the number of projects

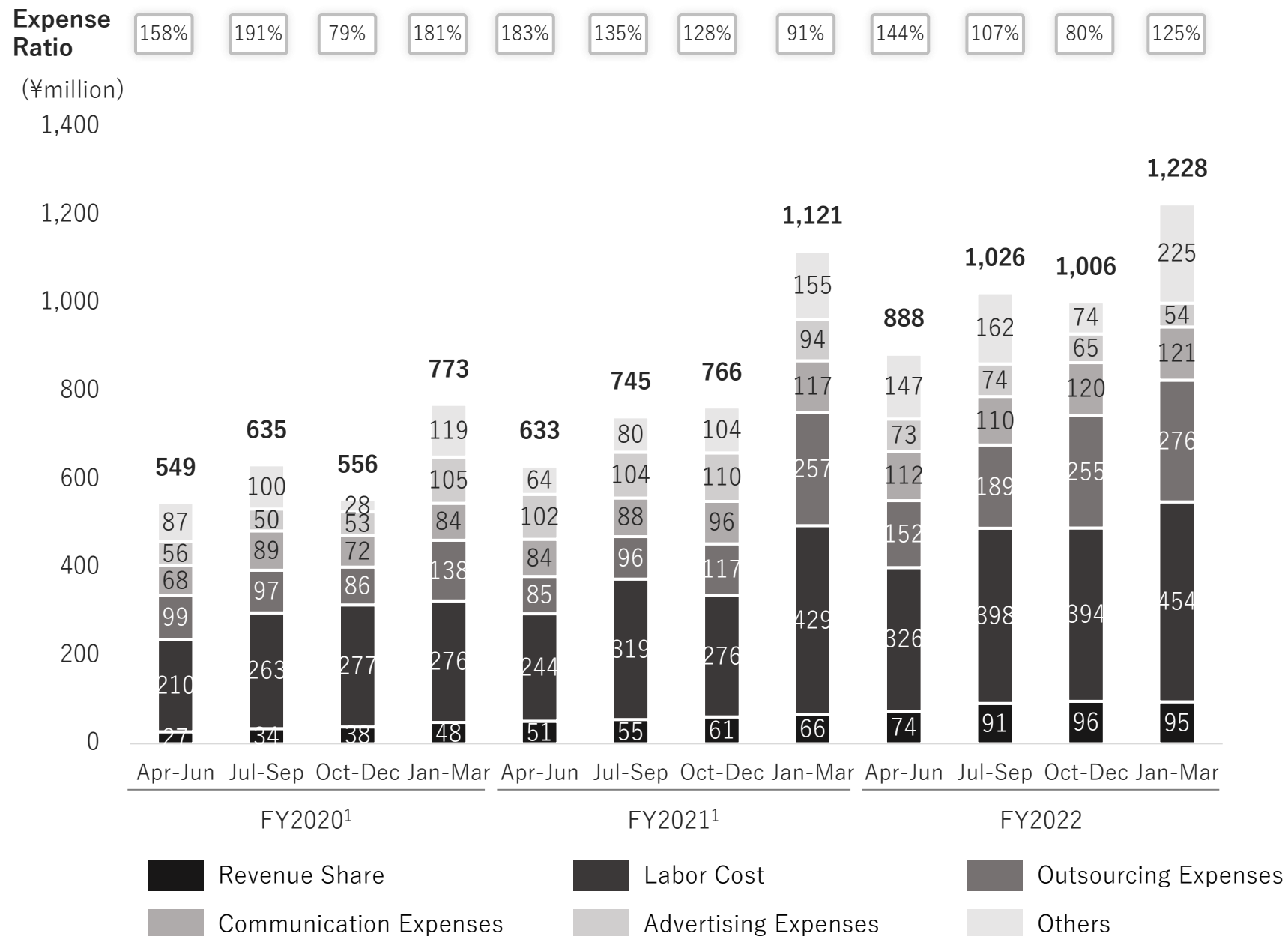
Labor Cost (YoY+24%)

- Mainly due to team expansion

Revenue Share (YoY+51%)

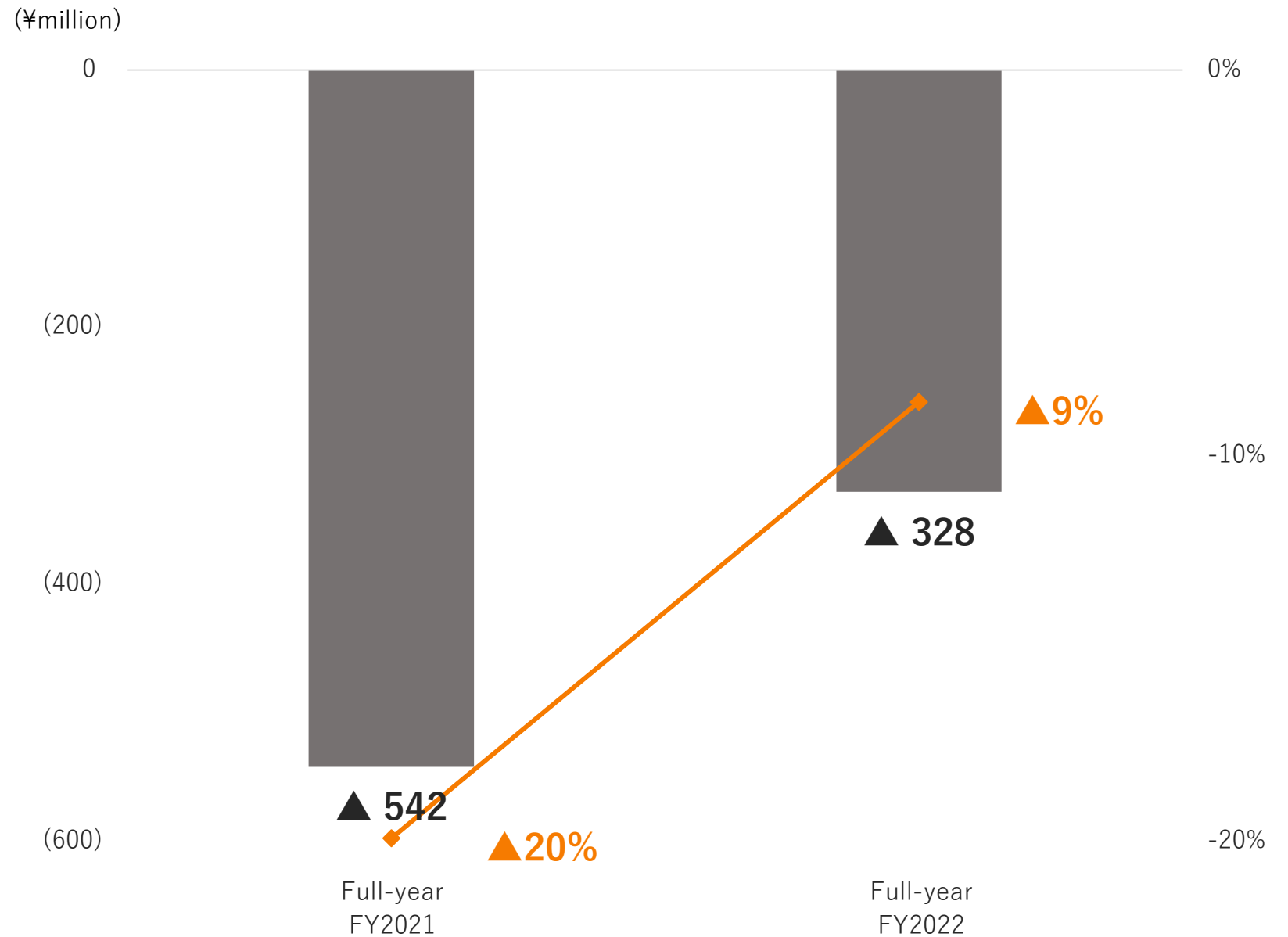
- Increased mainly due to respective growth of data license business

Cost Breakdown



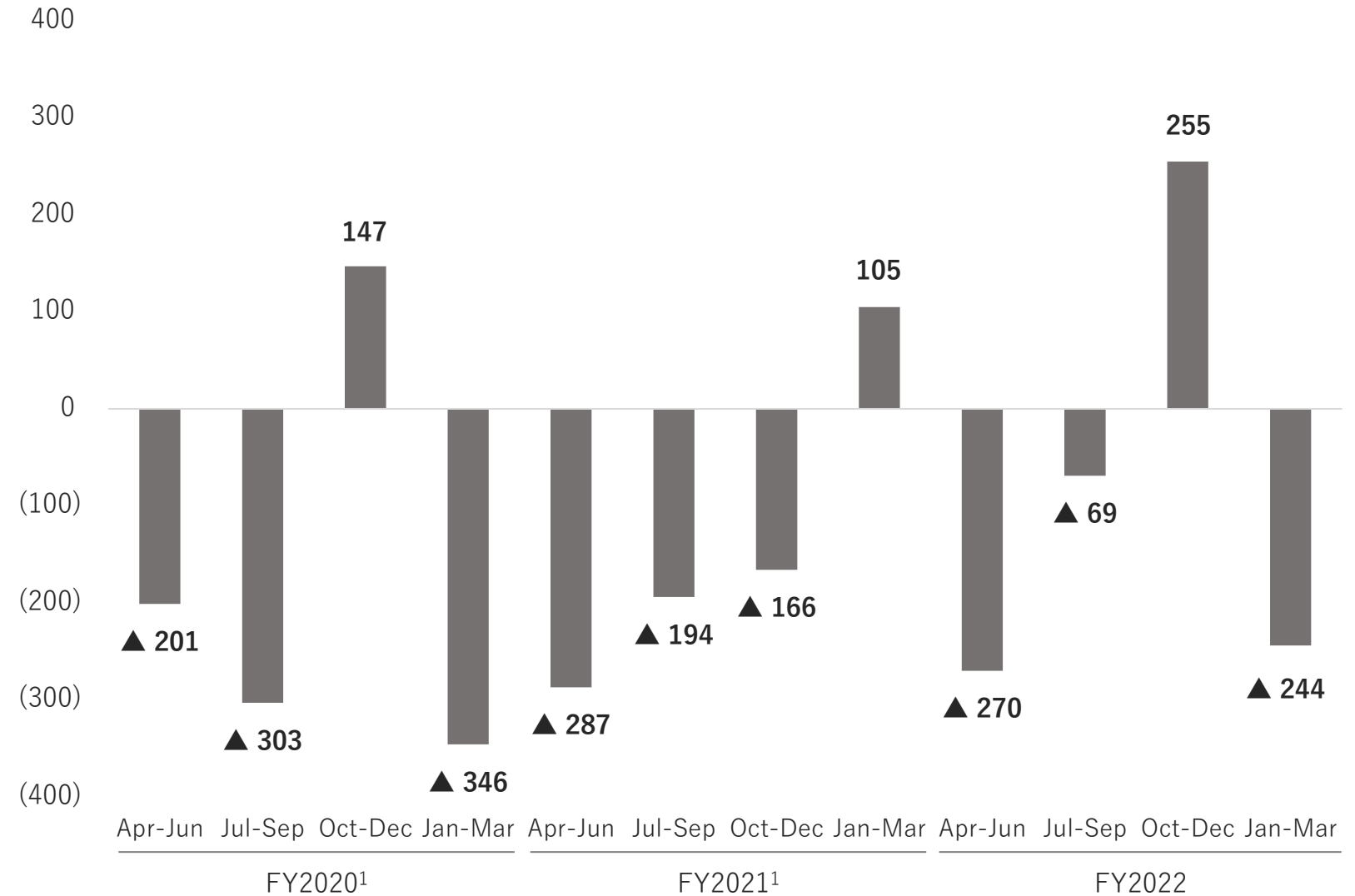
Operating Margin

Due to an increased in revenue and a significant decline in SG&A ratio, **operating margin improved from ▲20% to ▲9%.**



Operating Income

(¥million)



1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

Balance Sheet

Strong financial base
with about ¥5.4 billion in
cash and deposits as of
the end of March 2023.

(¥million)

Asset: 17,709

Liabilities and Net Assets: 17,709

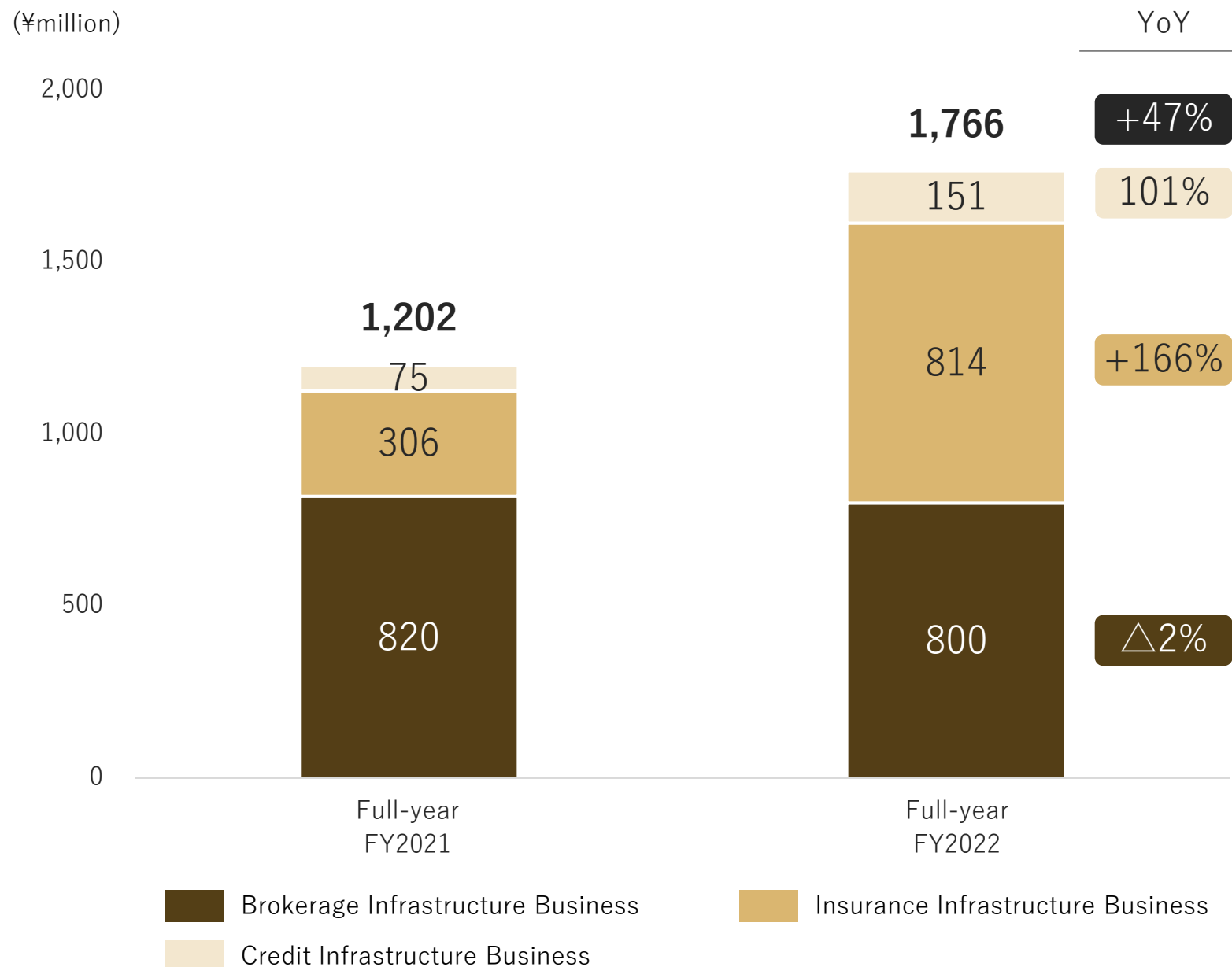
| | |
|--|---|
| Cash and deposits 5,354 | Guarantee deposit for brokerage business 3,265 |
| | Deposit received for brokerage business 2,705 |
| | Other current liabilities 2,853 |
| | Non-current liabilities and reserves under special laws 82 |
| Deposits for brokerage Business 6,621 | Net assets 8,801 |
| Credit trading assets for brokerage business 3,463 | |
| Other current assets 1,872 | |
| Non-current asset 398 | |

FULL-YEAR RESULTS BY SEGMENT FY2022

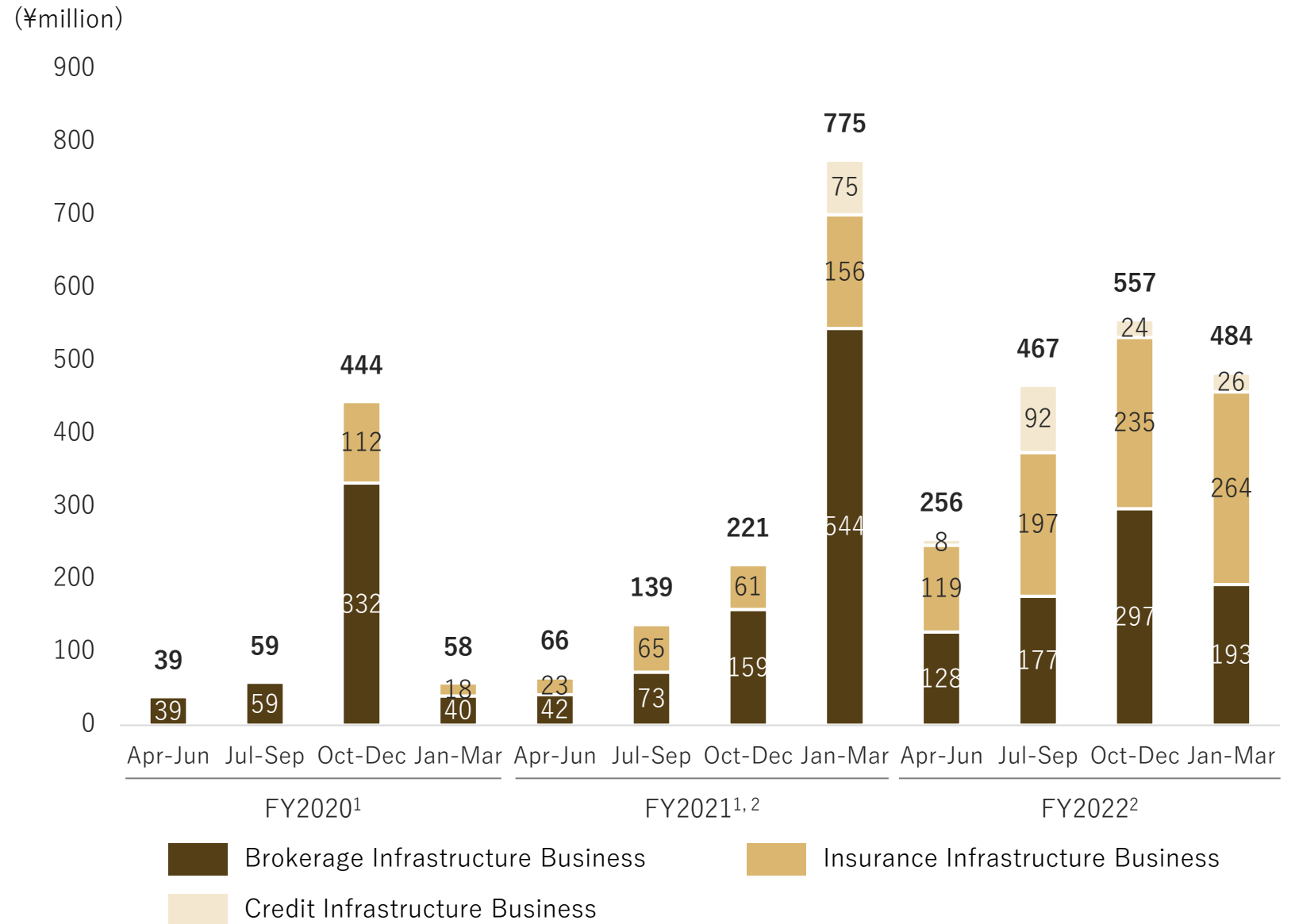
Revenue by Business

Significant growth in Insurance Infrastructure increased **revenue +47% YoY to ¥1,766 million.**

Brokerage Infrastructure landed at about the same level due to a rebound from large projects in FY2021.



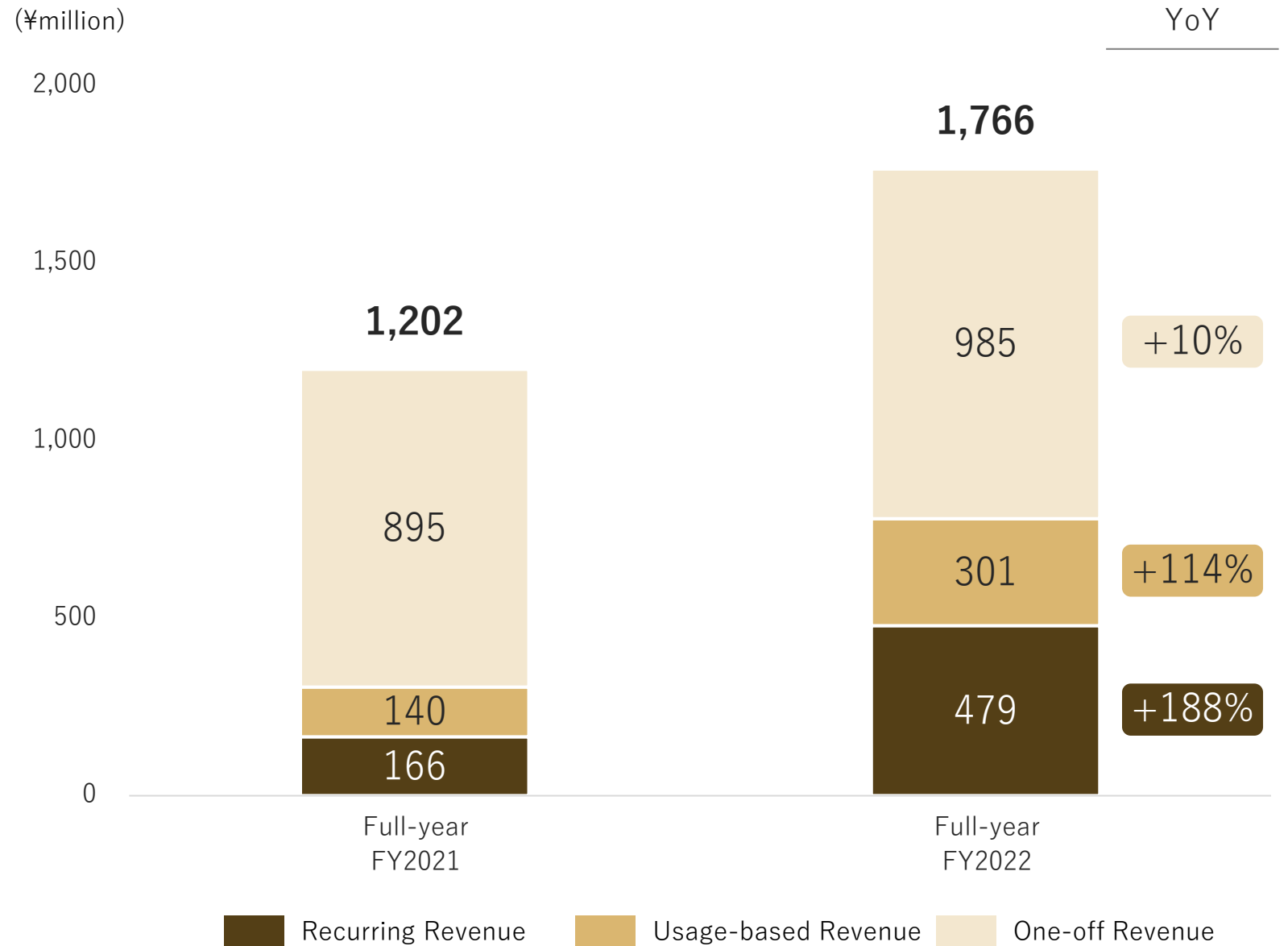
Revenue by Business



1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.
2. From FY2022 Q2 (Jul-Sep), credit business has been included in “Financial Infrastructure” instead of “Fintech Solution”, and past figures have been adjusted accordingly.

Revenue by Type

By type, recurring and usage-based revenues more than doubled due to the increased number of partners.



Focus Area for BaaS

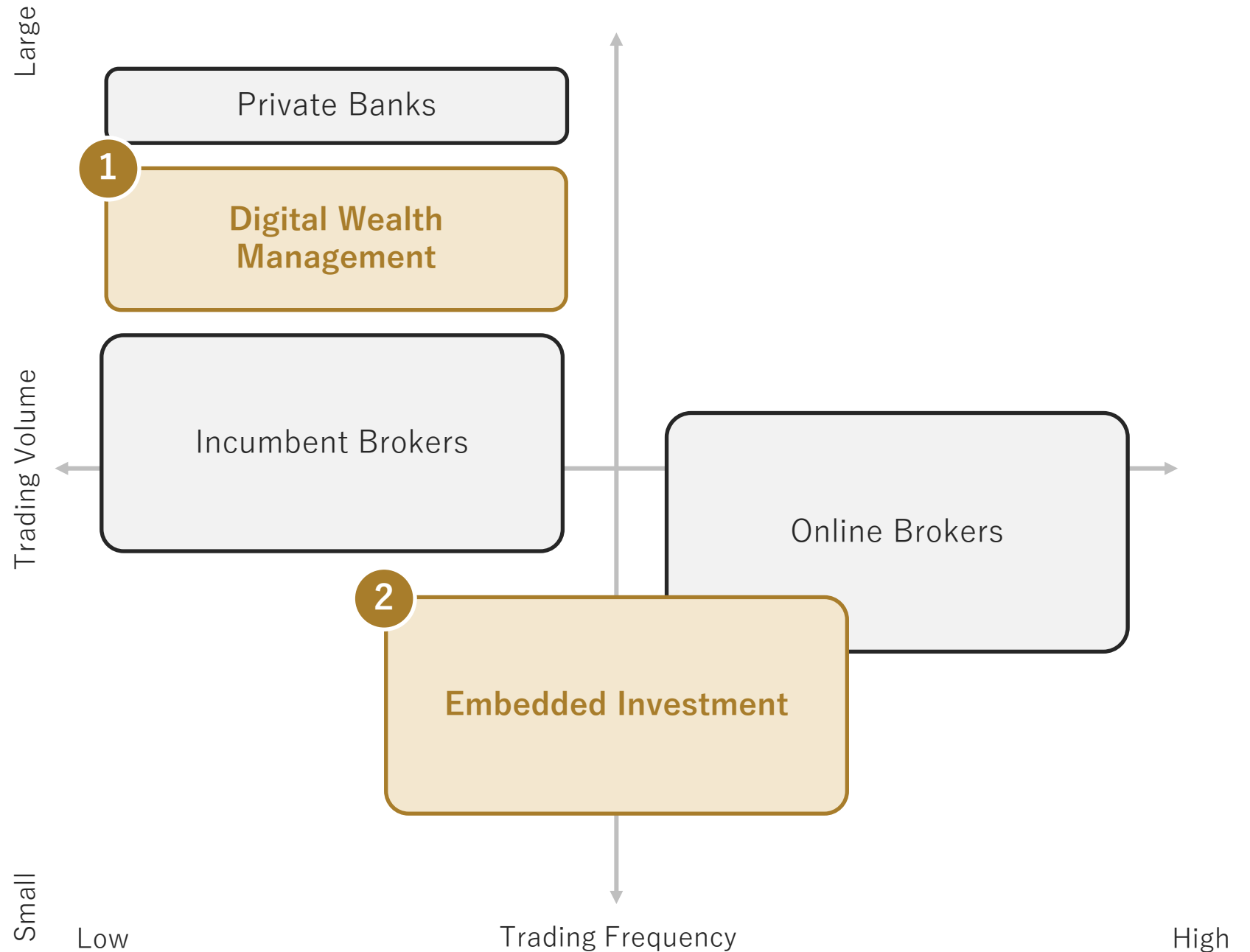
Focused on two areas:

1) Digital Wealth

Management: aim to democratize high-quality financial services by using technologies.

2) Embedded Investment:

seamlessly integrate with existing services to develop a new customer base.

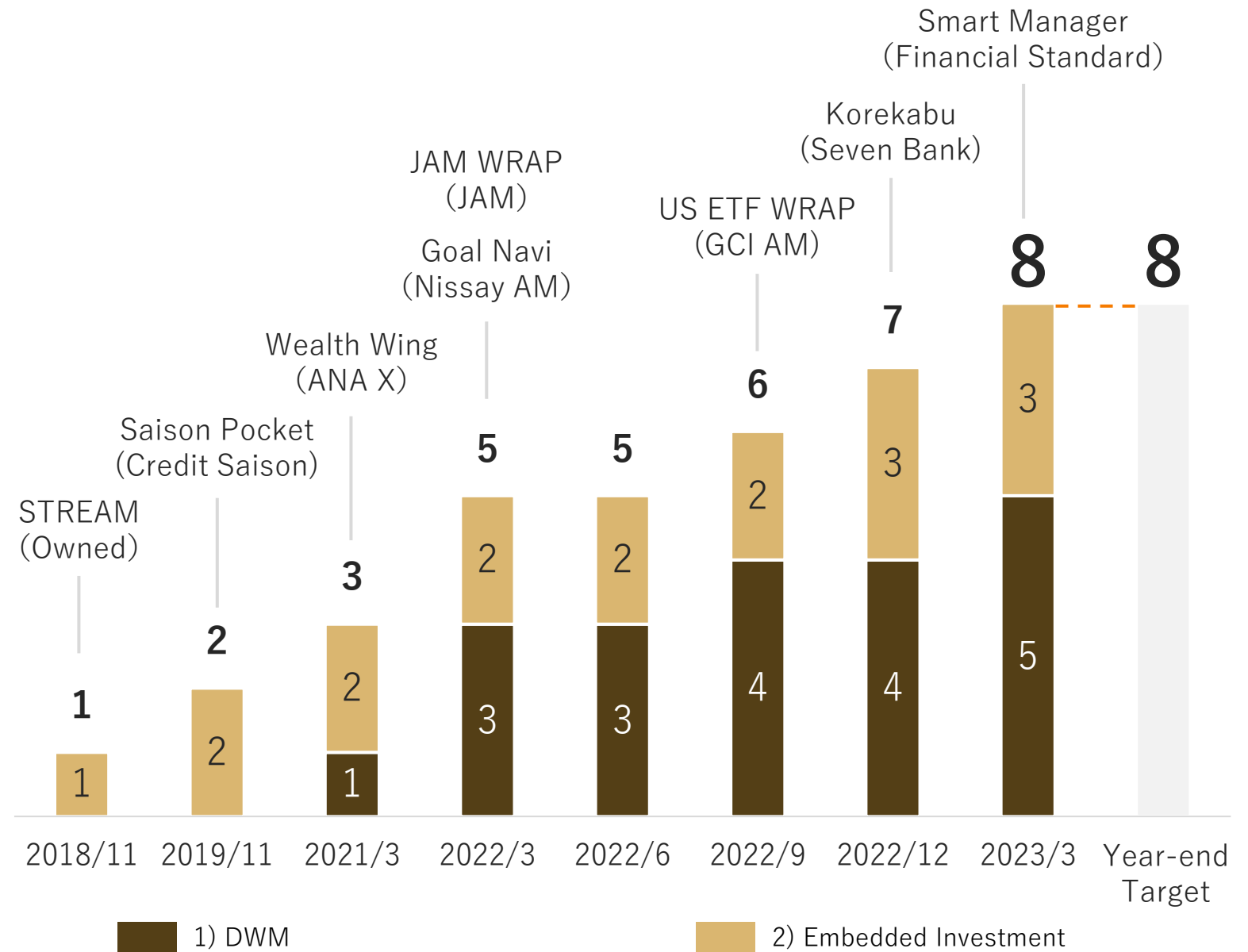


FINANCIAL INFRASTRUCTURE

of Services on BaaS

In this quarter, Financial Standard newly introduced Brokerage Infrastructure BaaS.

For the full year, DWM+2 and embedded investment+1, **achieving the year-end target of 8 services.**

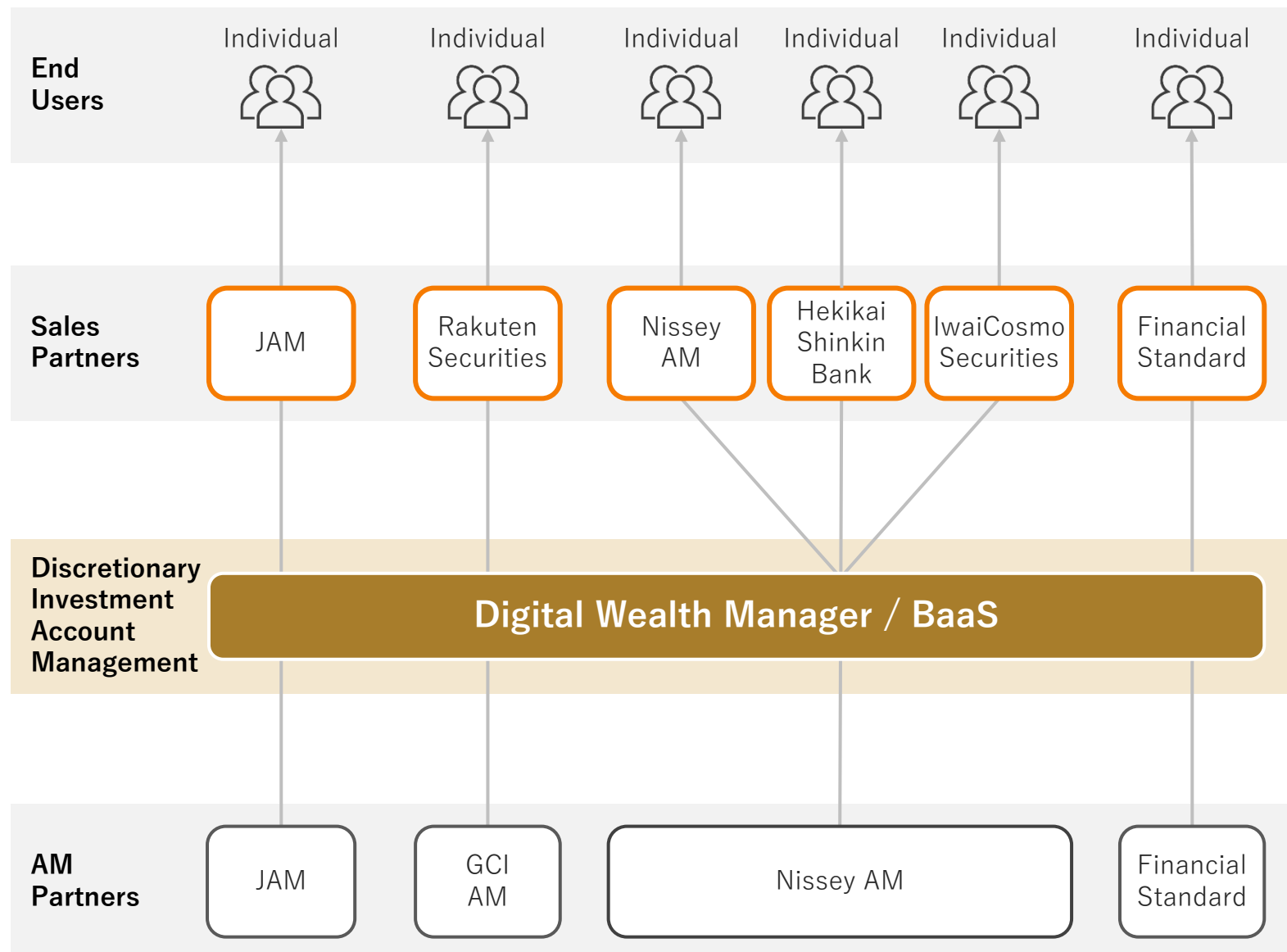


1. Including subsidiary Smartplus which provides STREAM via BaaS

Expansion of DWM Partners

Support partners to operate their own discretionary investment services.

Expanding not only asset management partners who manage discretionary investment services, **but also sales partners who are responsible for sales.**



Focus Area for Inspire

Focused on two areas:

1) **Digitalization support** for insurance companies at the launch of digital brands or new companies through the provision of Inspire.

2) Our insurance subsidiary provides **embedded insurance** which allows users to seamlessly purchase insurance policy from existing services.

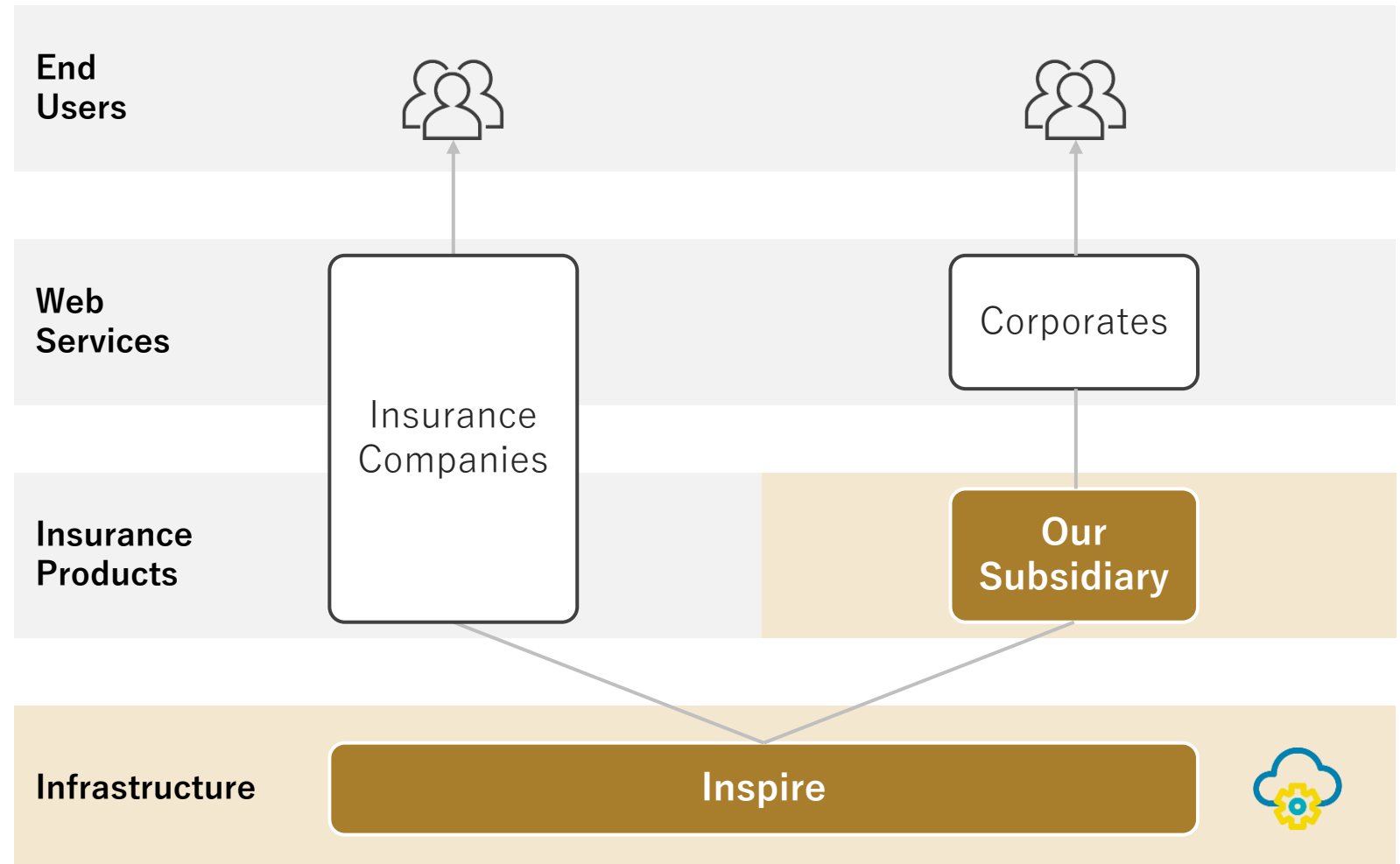
1 DX of Incumbent Insurance Companies

Example

Aioi Nissay Dowa Insurance and EPOS
Small Amount and Short-term Insurance

2 Embedded Insurance

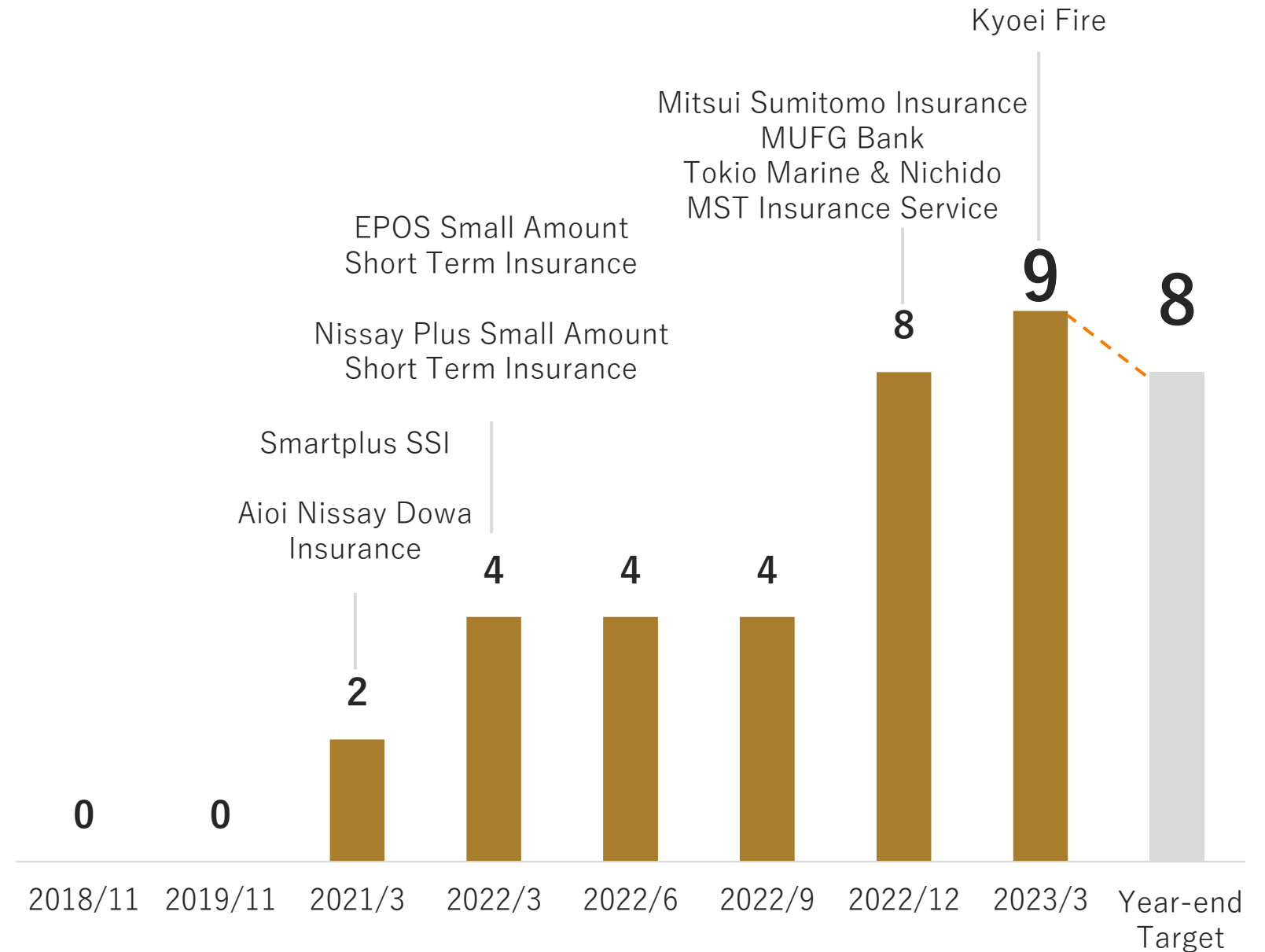
Cancellation Insurance



of Partners on Inspire

Focusing on **1)**
digitalization support of
major insurance
companies, one new
company implemented
Inspire Insurance
Infrastructure in this
quarter, bringing the
number of partners to 9.

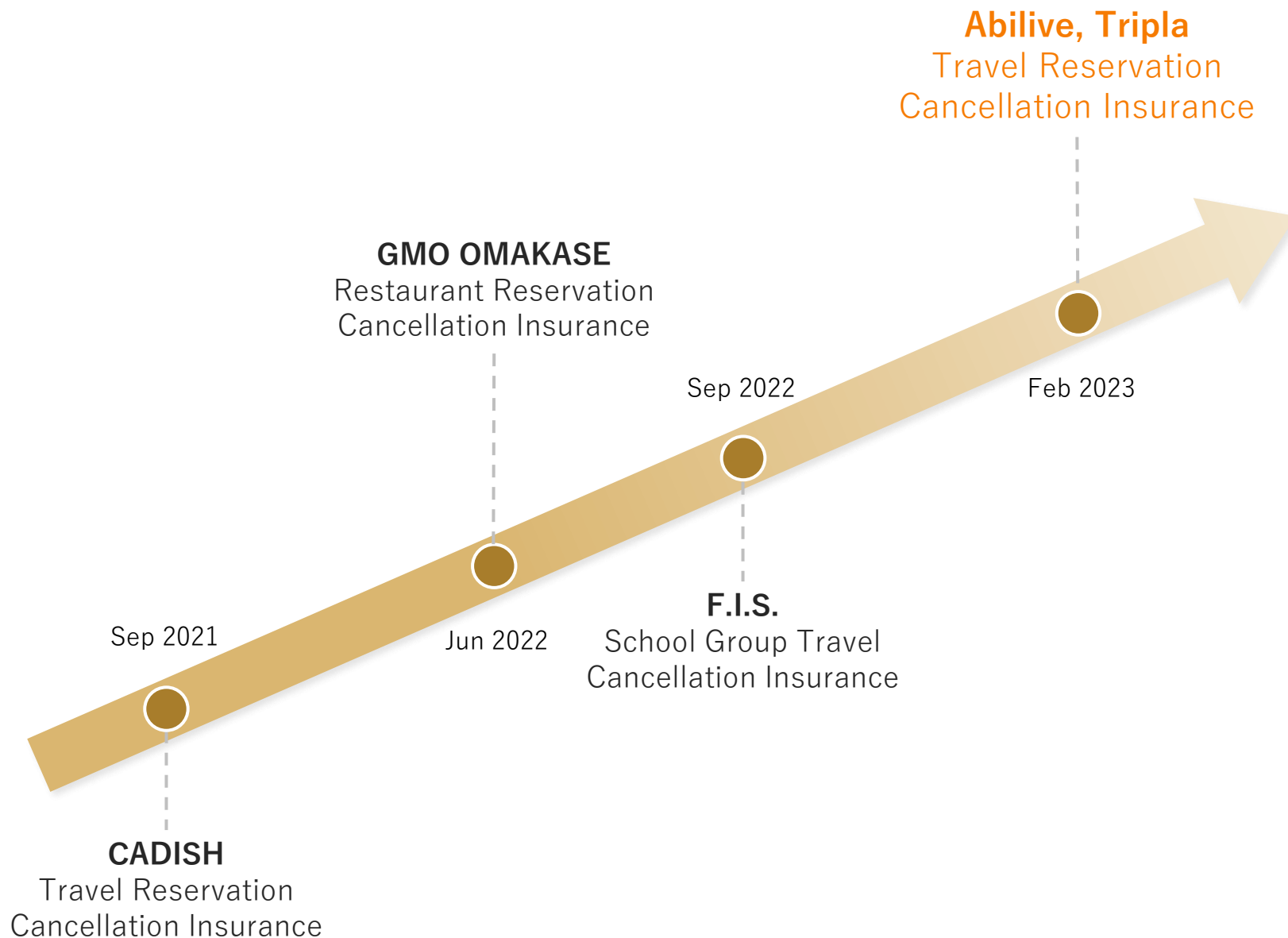
**Exceeding the year-end
target of 8 partners.**



1. Including subsidiary Smartplus Small amount Short term Insurance which provides maternal and child insurance for pregnant women and cancellation insurance via Inspire

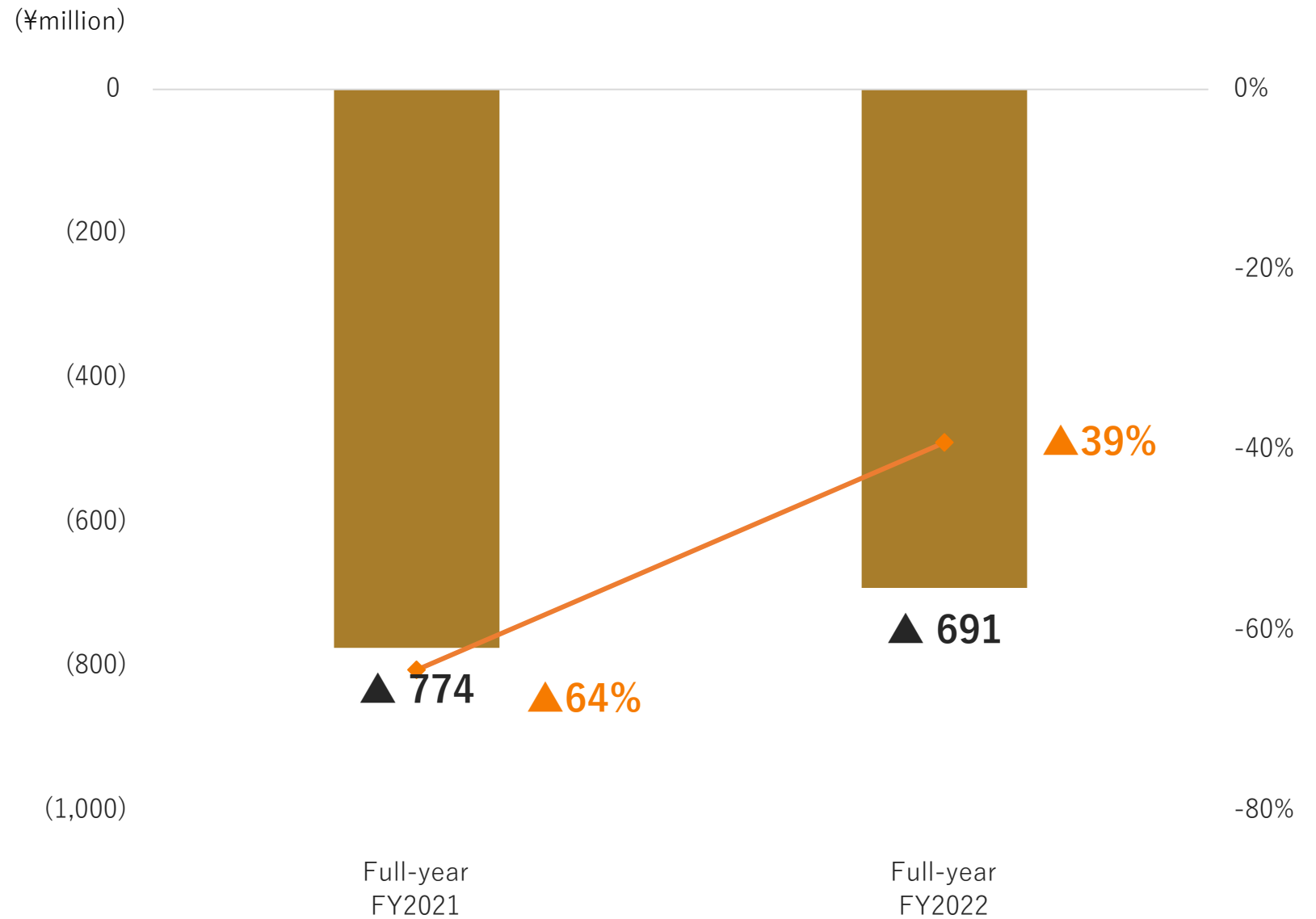
Expanding Sales Partners

Regarding 2) ***Embedded insurance***, 2 new partners began selling our Travel Reservation Cancellation Insurance in this quarter.



Operating Margin

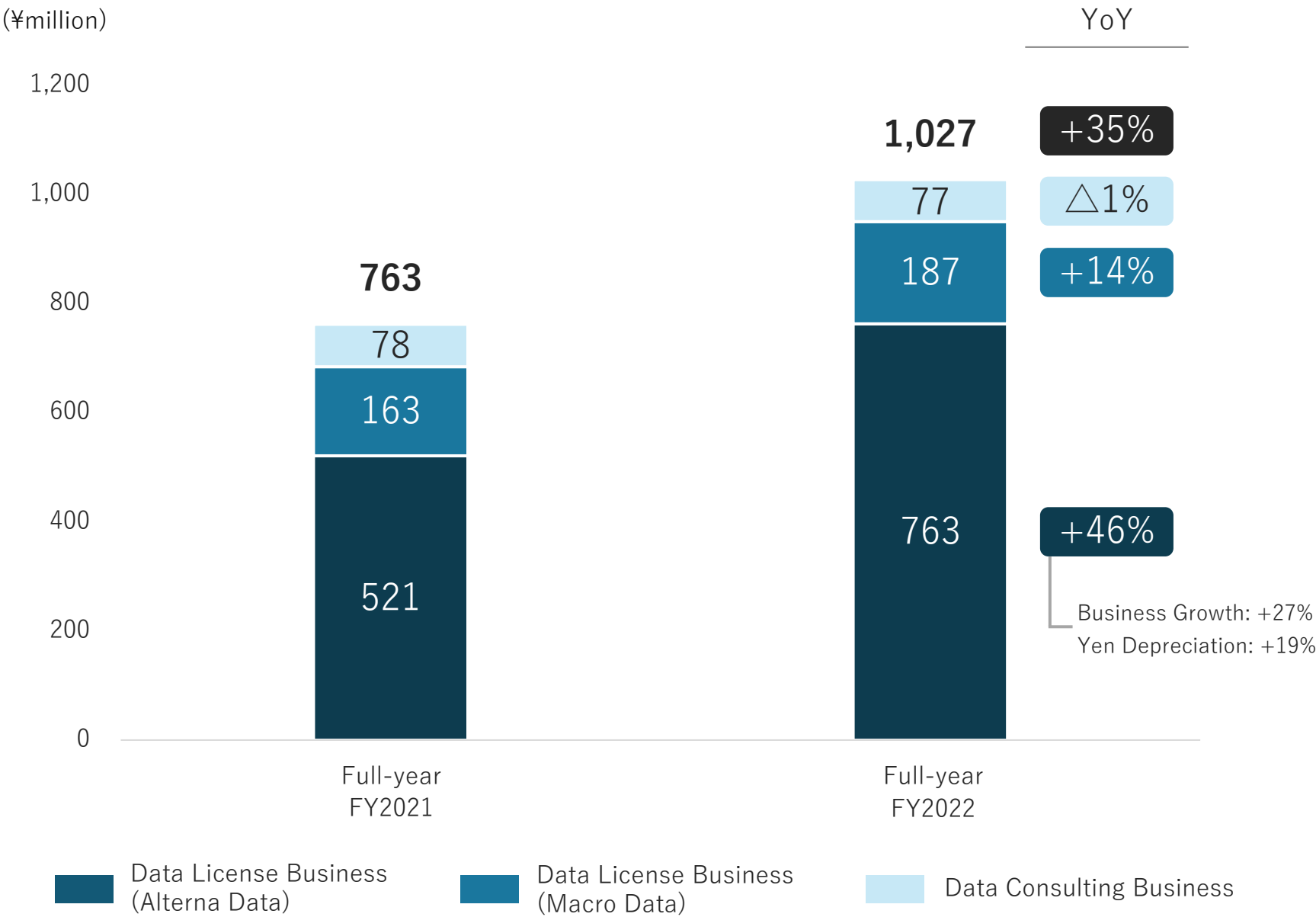
Although labor and outsourcing expenses increased for business expansion, operating loss decreased, and **operating margin also improved significantly from ▲64% to ▲39%.**



Revenue by Business

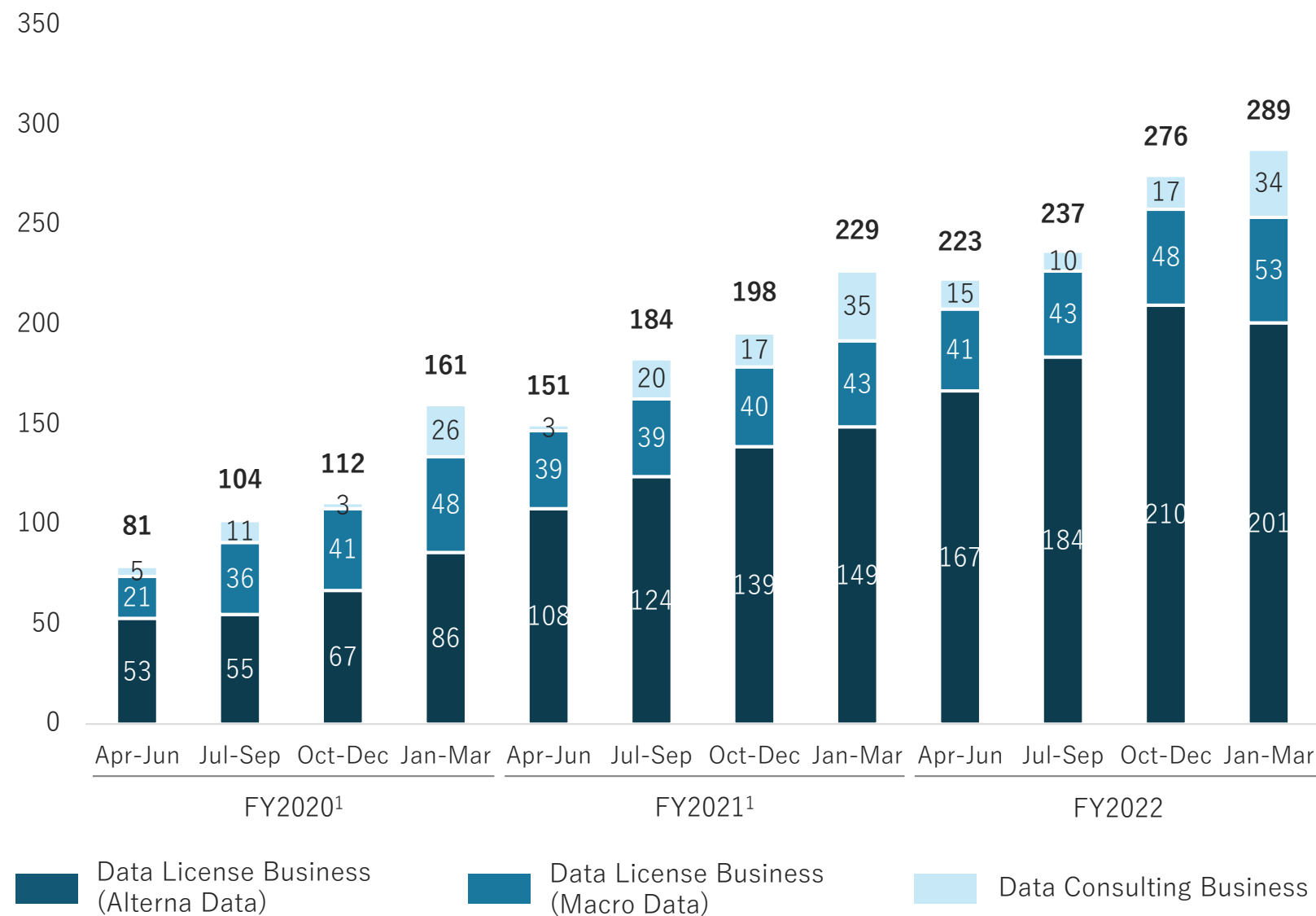
Revenue increased
+35% YoY to ¥1,027 million.

Alterna Data grew significantly +46% YoY with the impact of yen depreciation.



Revenue by Business

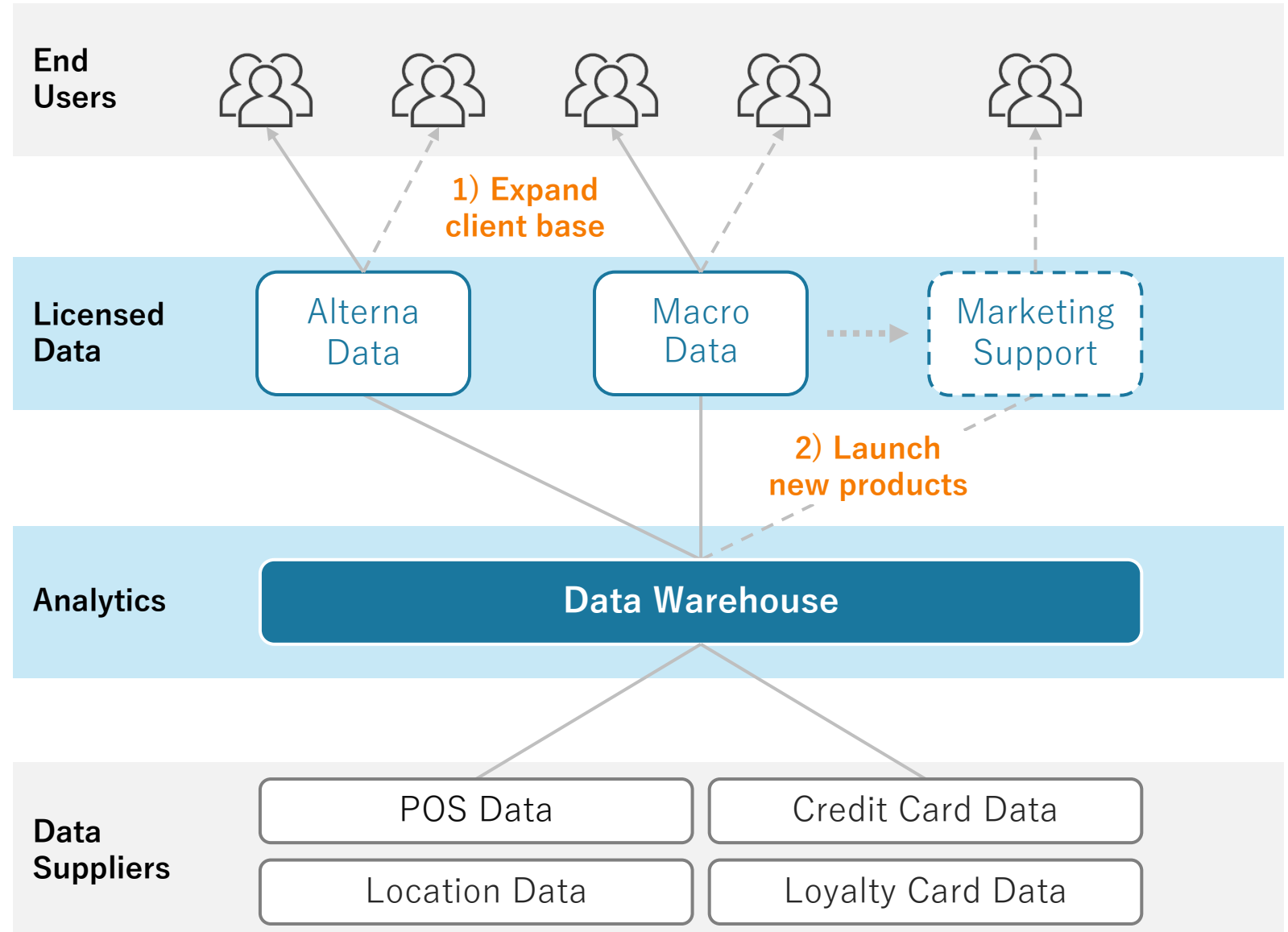
(¥million)



1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

Strategy

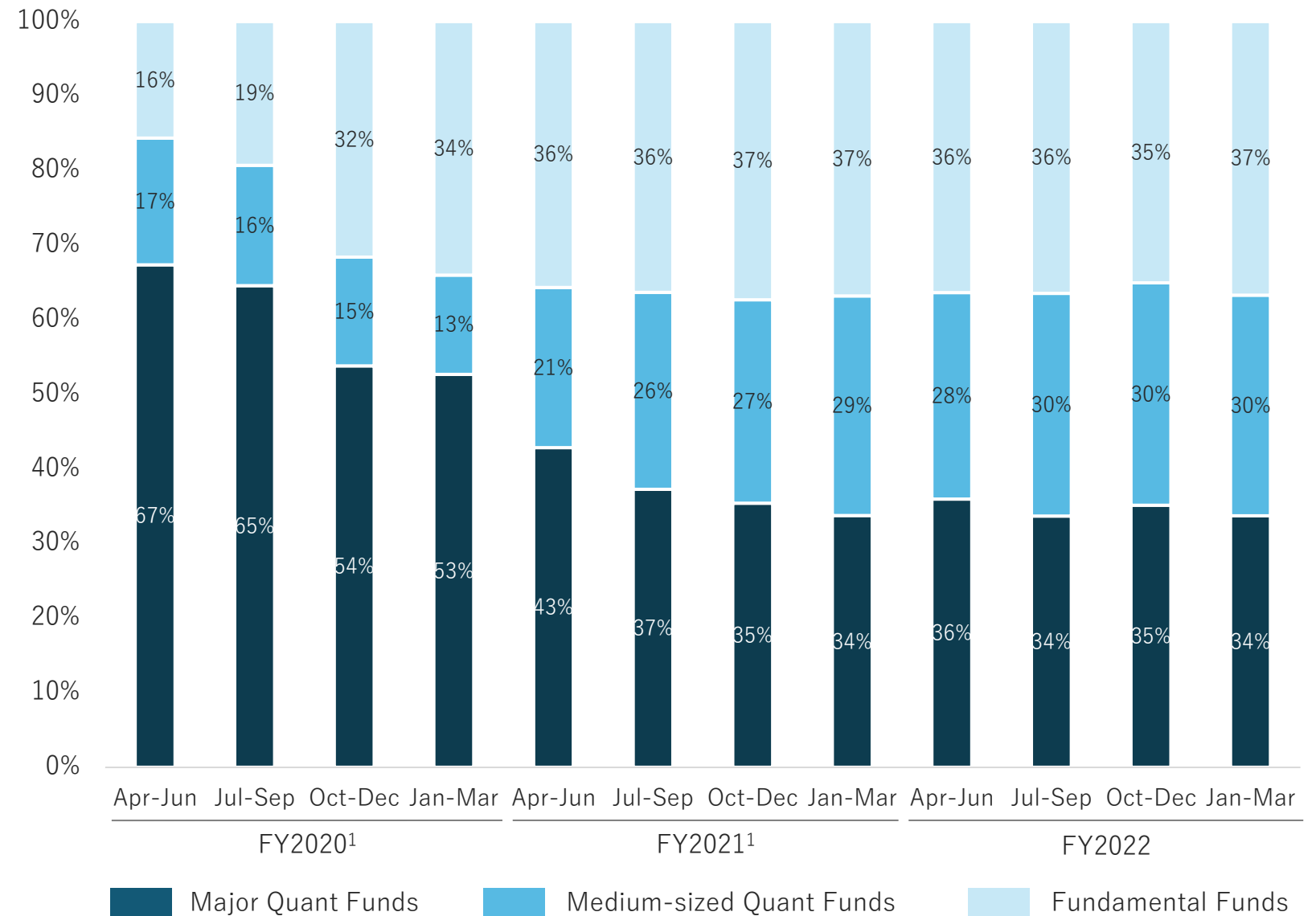
In order to maximize the value of data, we focused to **1) expand the client base of each product** and **2) launch new products**.



Client Base of Alterna Data

Client base has been diversified as a result of service expansion for medium sized quant funds and fundamental funds.

Revenue Ratio by Client Base



1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

New Product Launch

Marketing support such as tenant analysis for the real estate industry by combining multiple alternative data.

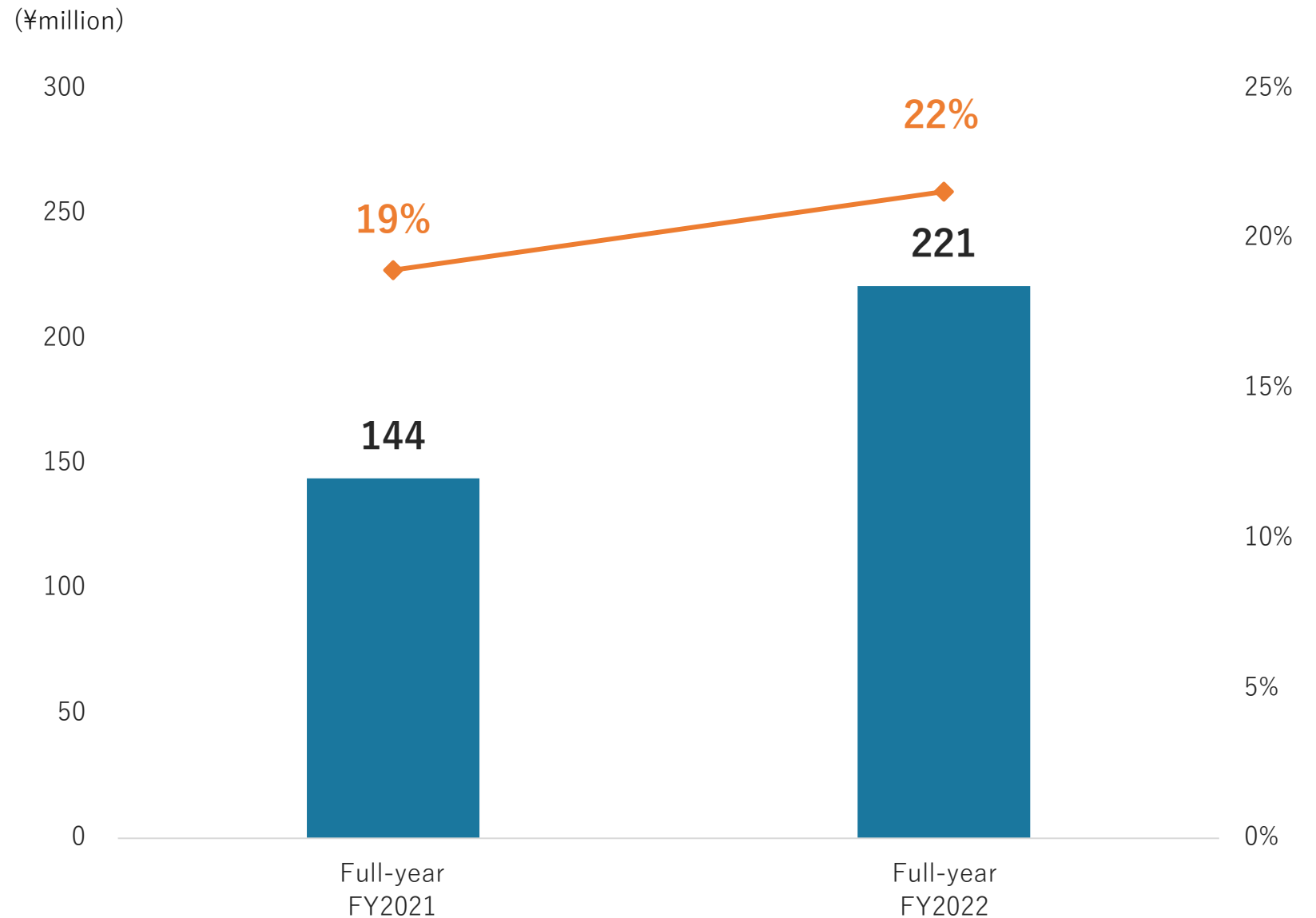
In the first year, we provided analytical support to 5 companies and accumulated knowledge of services for the real estate industry.

| Main Clients ¹ | Analysis Overview | Result |
|---------------------------------|---|---|
| Tokyu Land SC Management | <ul style="list-style-type: none"> Using credit card data of visitors to Tokyu Plaza, we conducted preference analysis and persona analysis of loyal users By providing apparel brands that match the preference of visitors as a ranking list, we uncovered potential target tenants | <ul style="list-style-type: none"> We found compatible brands in the sporting goods category, which had not been able to discover before |
| Sumitomo Corporation | <ul style="list-style-type: none"> Using credit card data, we conducted preference analysis and persona analysis of residents of the <i>Shonan area</i> Ranking lists of preferences of restaurants and apparel brands, and analysis of consumption trends before and after Covid-19 | <ul style="list-style-type: none"> Consumption behavior within the trade area which can be quantitatively grasped when planning facilities It is now possible to show the abstract persona of the trade area more concretely in numerical terms |

1. Only disclosable clients are listed.

Operating Margin

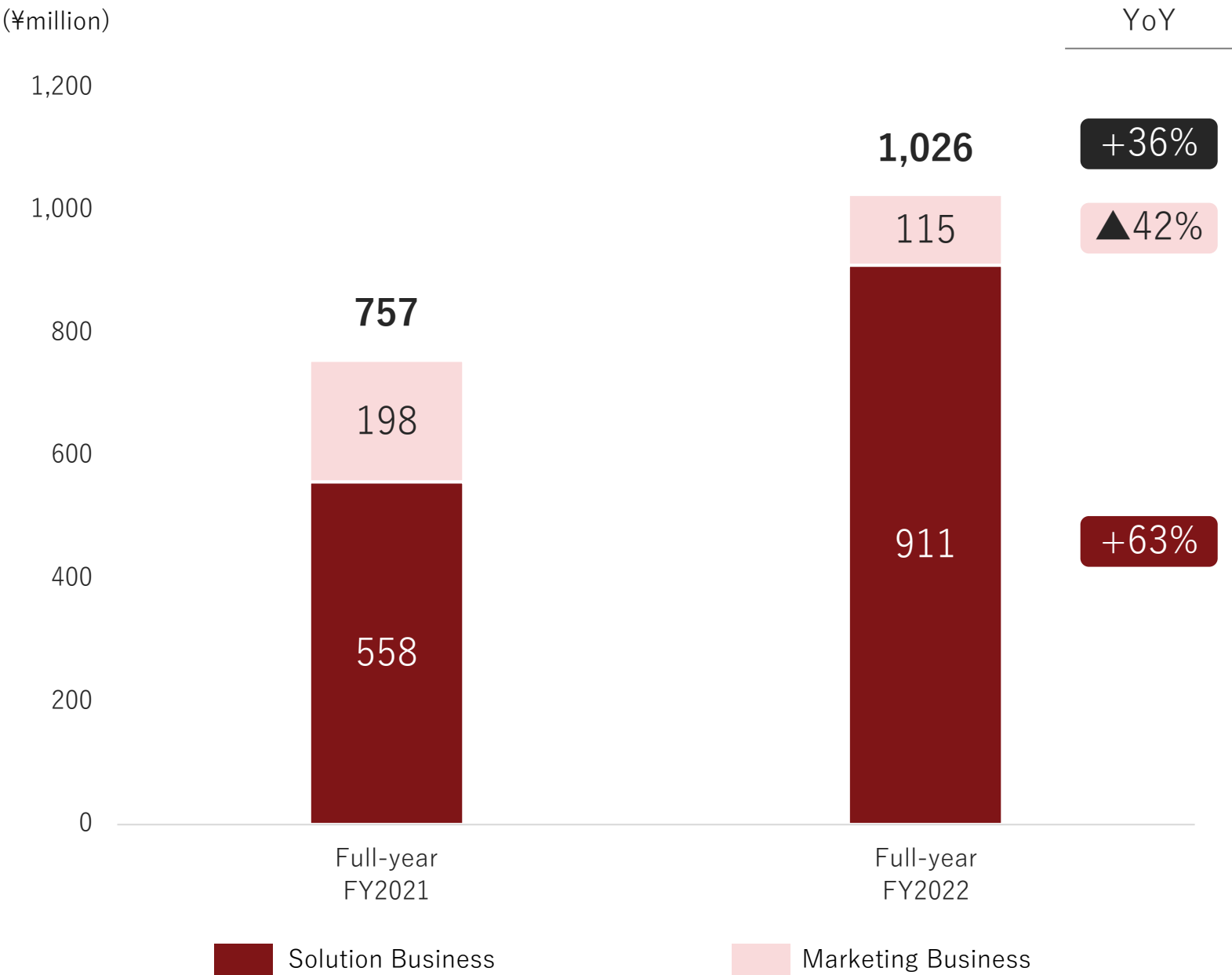
Despite investing in new businesses, operating margin **increased from 19% to 22%** as revenue from existing businesses expanded.



Revenue by Business

Due to the increase in one-off revenue in solution business, **revenue +36% YoY to ¥1,026 million.**

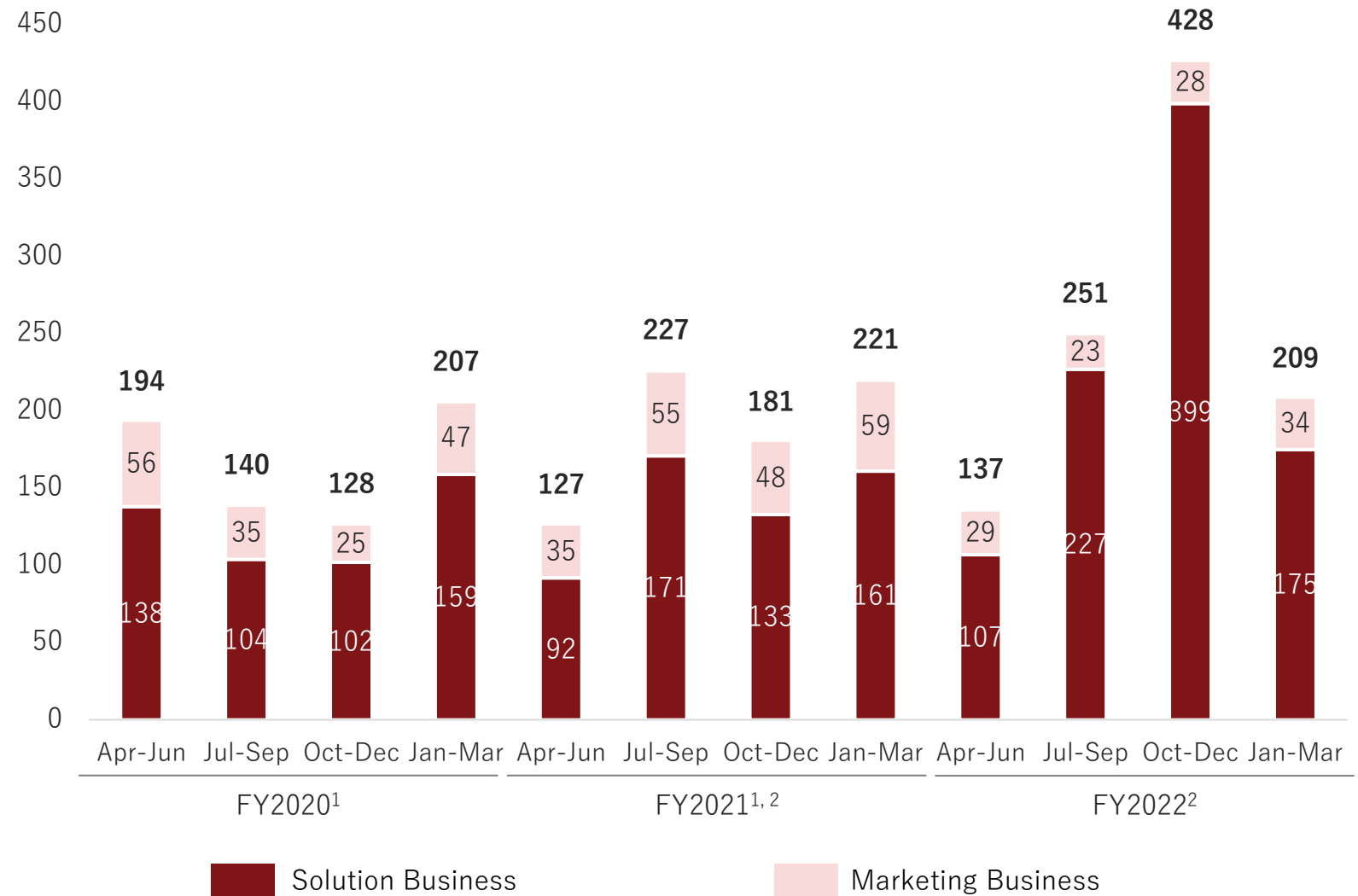
As a result of diversifying the client base, the number of projects with clients such as banks increased.



Revenue by Business

Solution Business is made up of high proportion of one off revenue, resulting in volatility which depends on the timing of the implementation.

(¥million)



1. The quarterly results prior to Jul-Sep of FY2021 are unaudited.

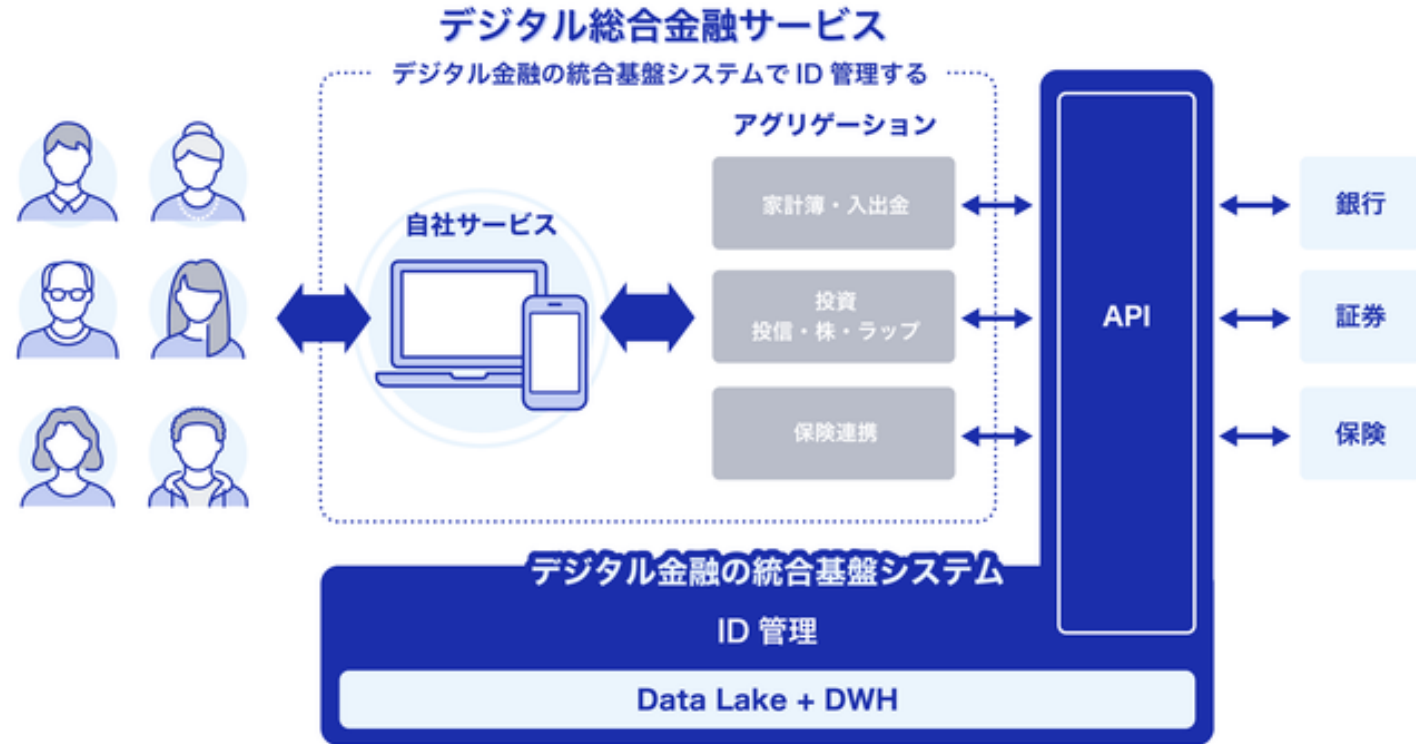
2. From FY2022 Q2 (Jul-Sep), credit business has been included in “Financial Infrastructure” instead of “Fintech Solution”, and past figures have been adjusted accordingly.

Diversifying Client Base

As a result of diversifying the client base, the number of projects with clients such as banks increased.

Continue to support development of MUFG Bank's *Money Canvas* after released in December 2021.

MUFG Bank's *Money Canvas*

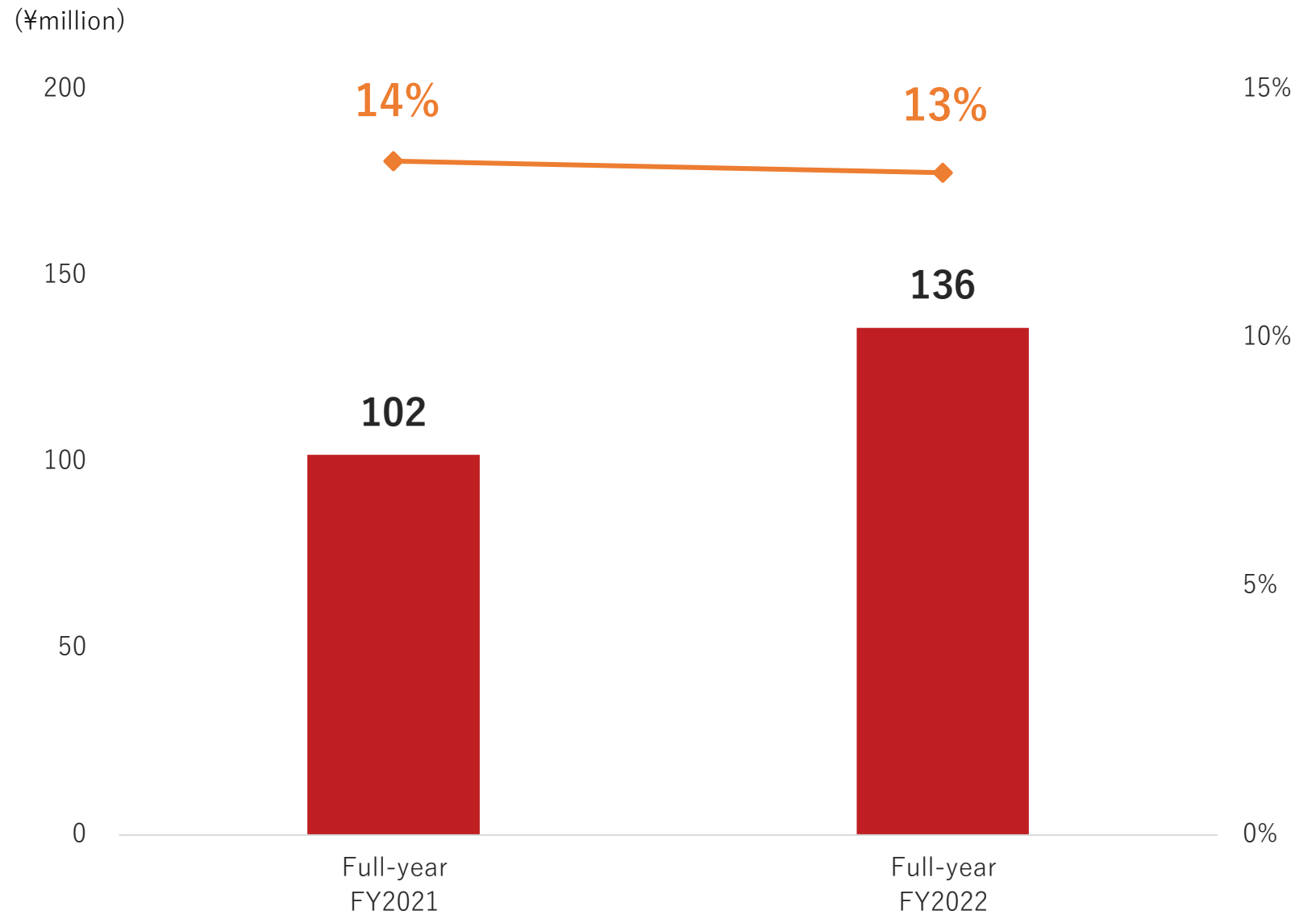


Project Overview

- In December 2021, MUFG Bank released *Money Canvas*, an asset management platform that provides a wide range of services including equities, mutual funds, crowdfunding, insurance, and use of loyalty points.
- Leveraging our ID integration solution, it is able to use the services of different financial institutions with only one account in the future.

Operating Margin

Operating margin remained almost the same as the previous fiscal year.



EARNINGS GUIDANCE FY2023

Guidance Highlights

Revenue is expected to improve +40% YoY, with operating income expected to be in the black.

(¥million)

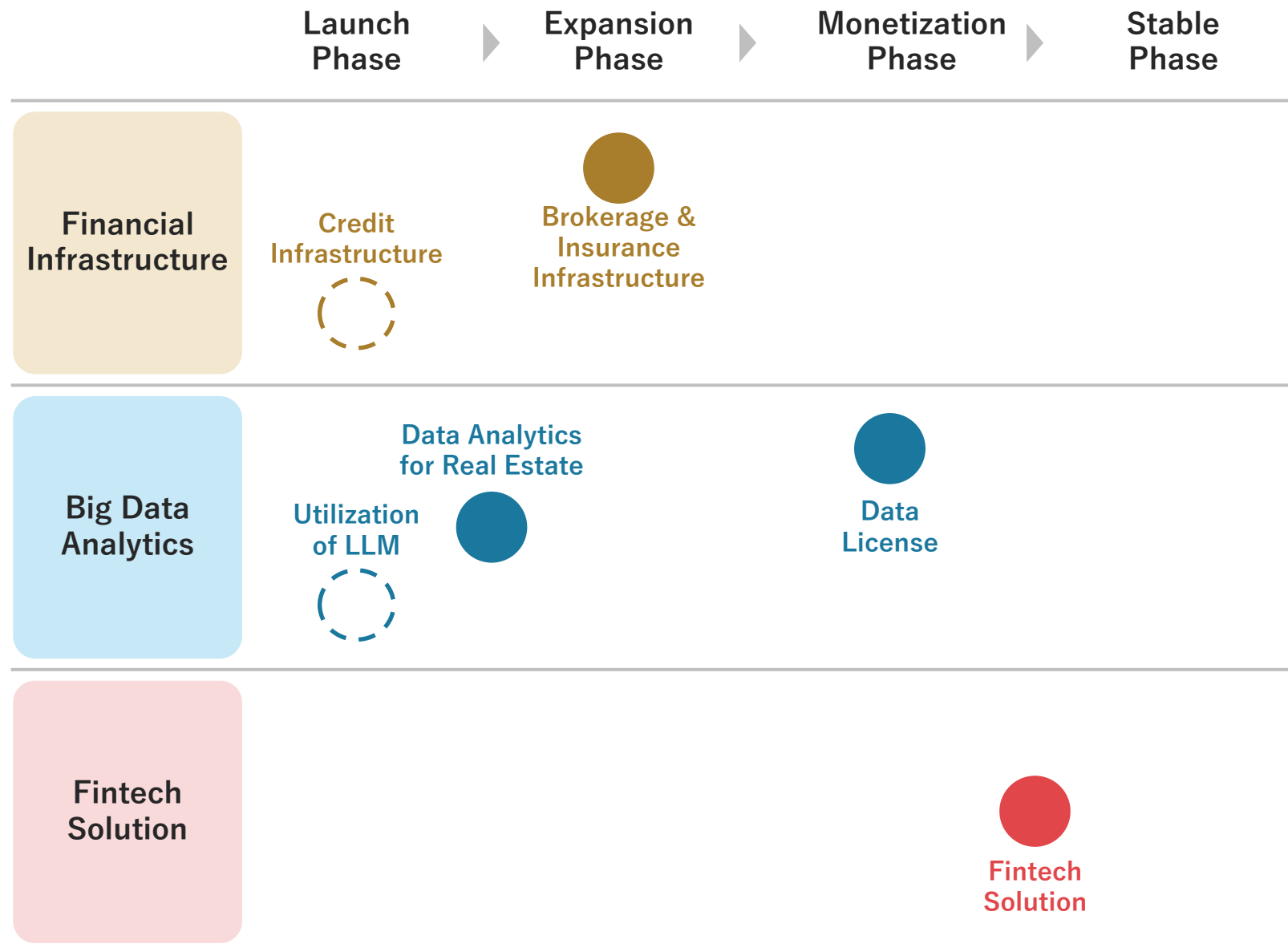
| | FY2023 Guidance | FY2022 Actual | YoY |
|--------------------------|--------------------|------------------|-------|
| Revenue | 5,352 | 3,820 | + 40% |
| COGS | 2,398 | 1,721 | + 39% |
| Gross Profit | 2,954 | 2,099 | + 41% |
| Gross Margin | 55% | 55% | - |
| SG&A | 2,932 | 2,427 | + 21% |
| Operating Income | 21 | ▲328 | - |
| Operating Margin | 0% | ▲9% | - |
| Adj. EBITDA ¹ | 127 | ▲252 | - |
| Adj. EBITDA Margin | 2% | ▲7% | - |

1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

Strategy Highlights

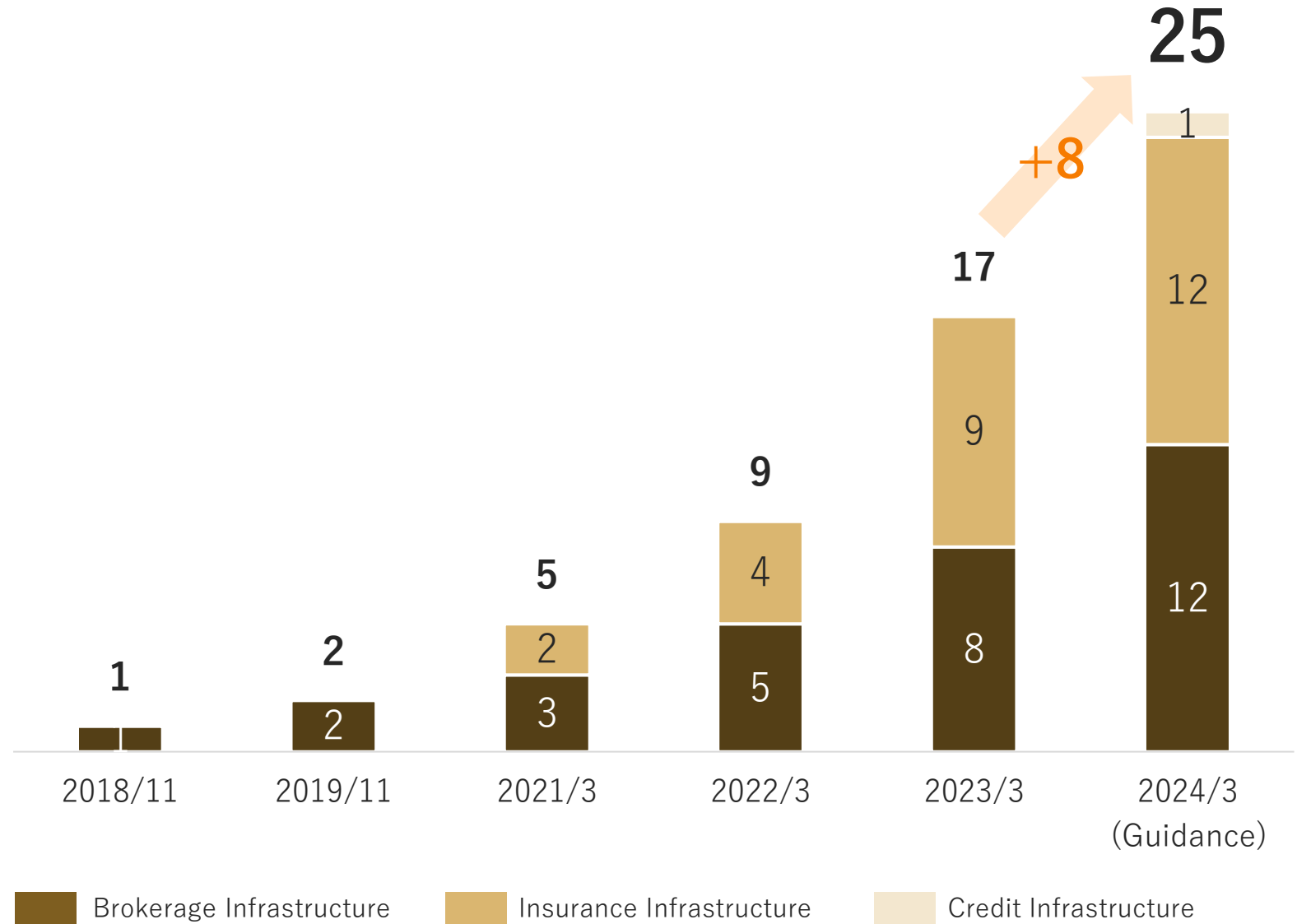
Top priority is to increase market share by acquiring new partners in Financial Infrastructure.

While maximizing the profits of existing data license business and Fintech Solution, we will launch new products for real estate and LLM.



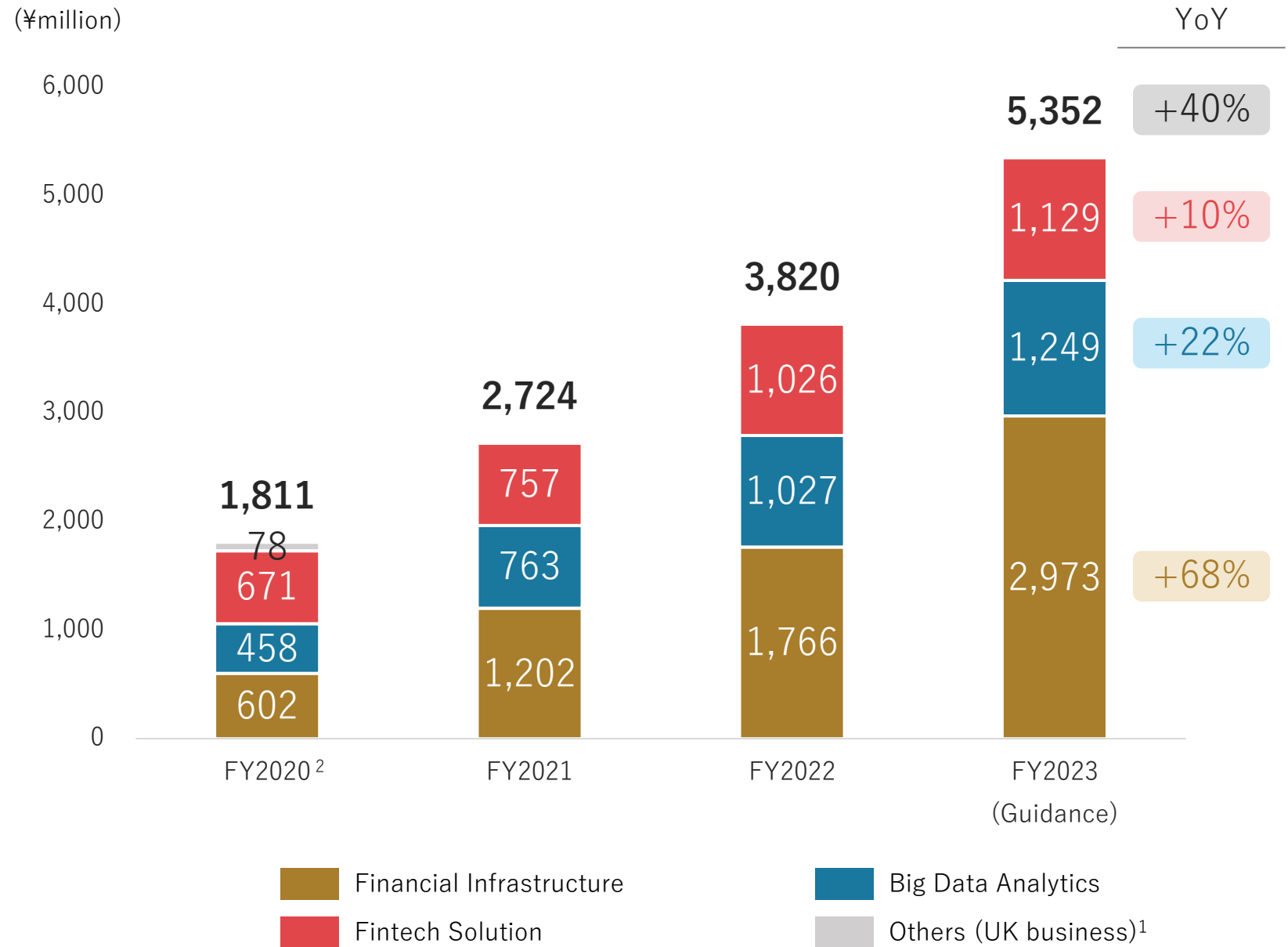
Pipeline for Financial Infra.

In FY2023, the goal is to acquire 8 new partners.



Revenue Forecast by Segment

Financial Infrastructure is expected to grow **+68% YoY** driving the growth of the whole group.

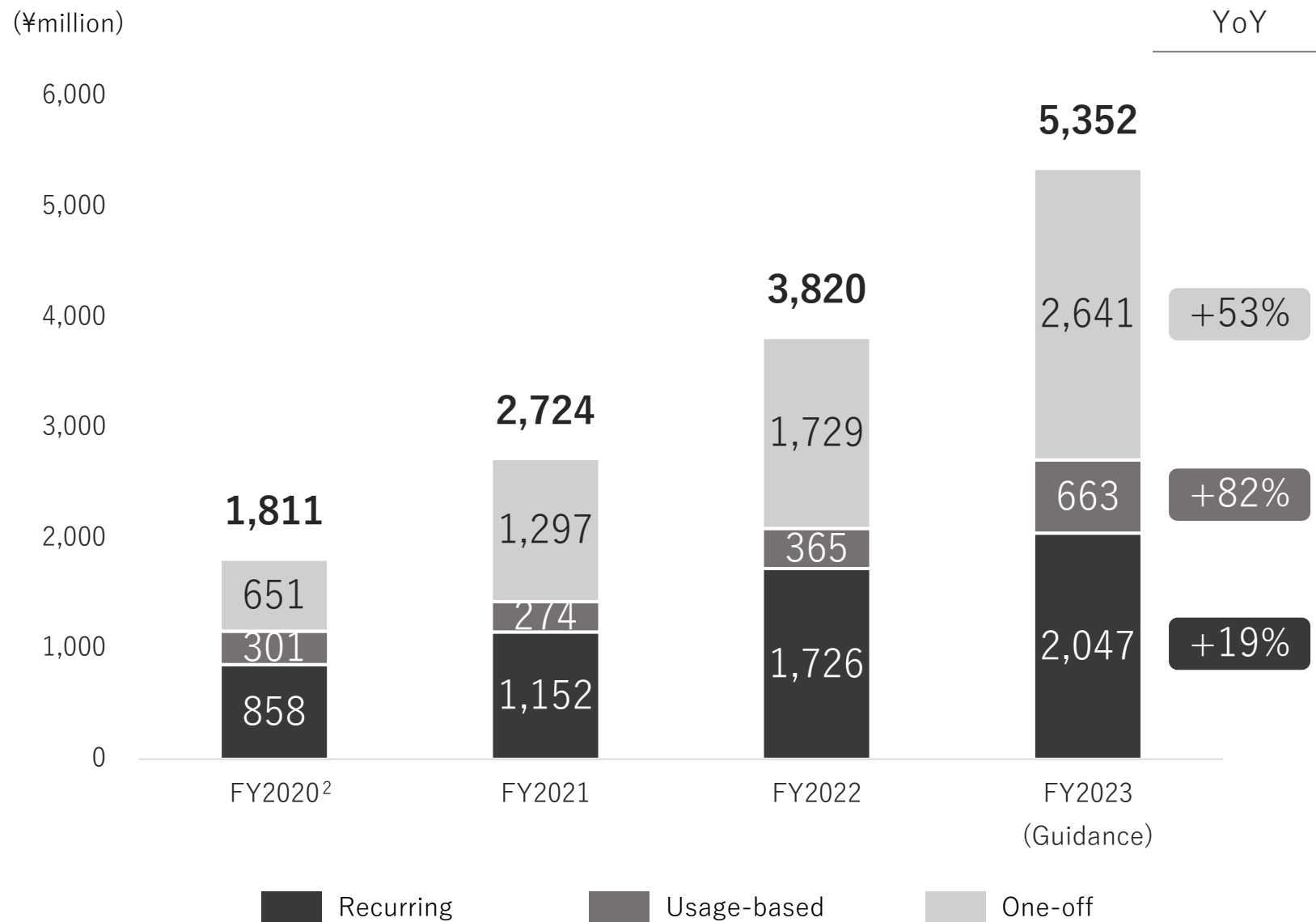


1. Revenue in UK business exited in the consolidated fiscal year 2020
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Revenue Forecast by Type

One-off revenue and usage-based revenue mainly from Financial Infrastructure are expected to increase.

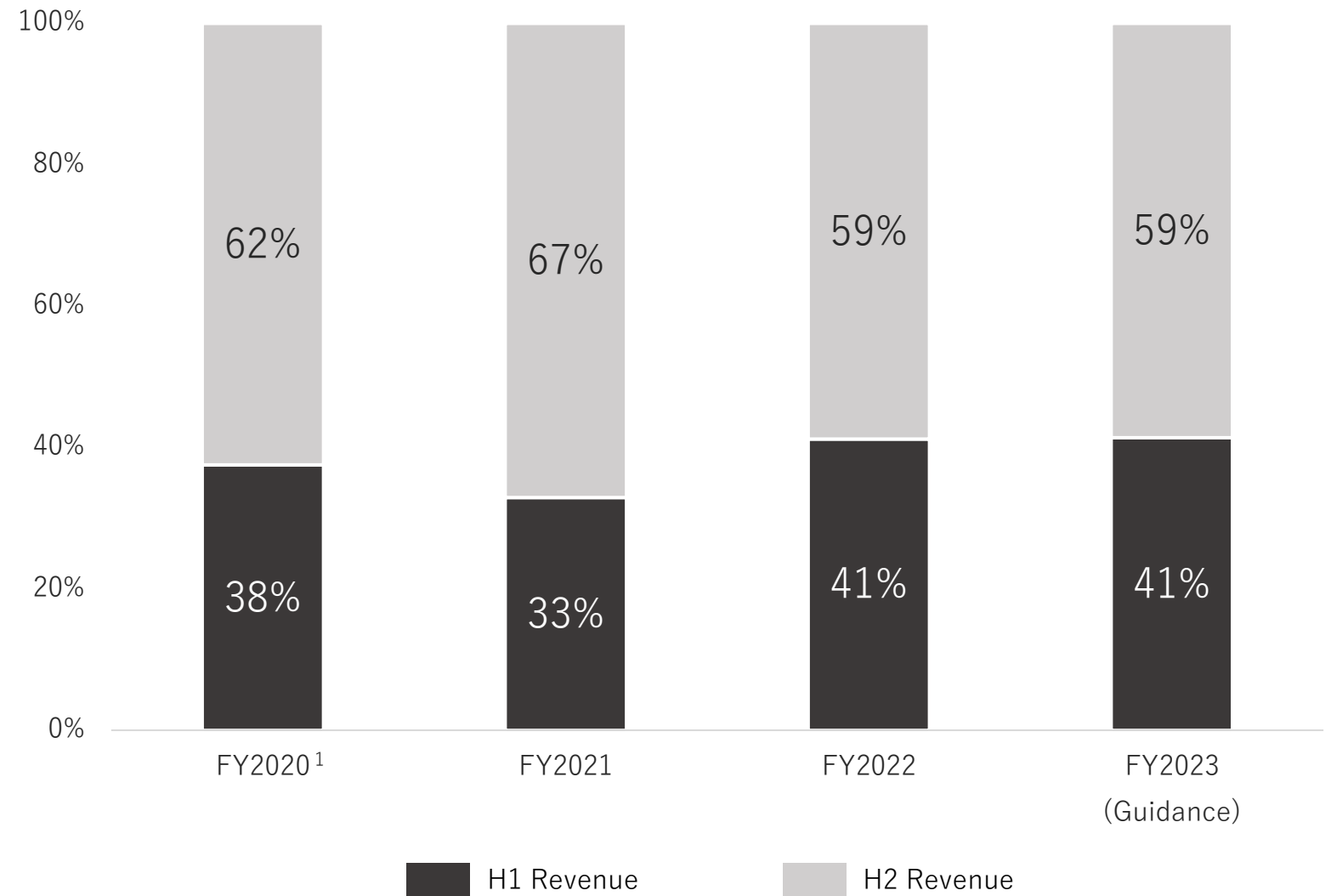
Recurring revenues are expected to grow only +19% overall, but Financial Infrastructure alone is expected to grow +52% (see page 59).



1. Excluding revenue in UK business exited in the consolidated fiscal year 2020
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Seasonality

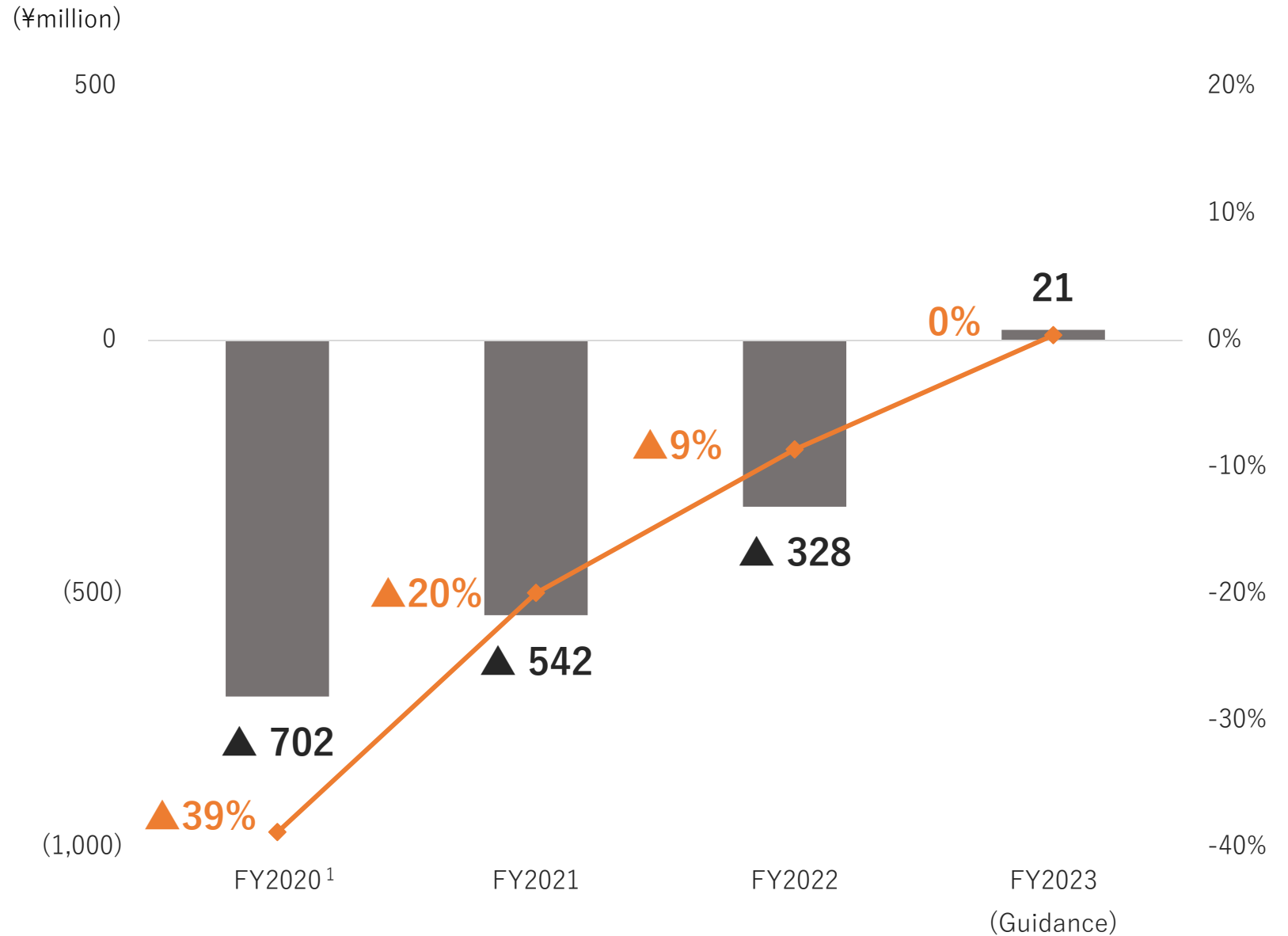
Revenue is expected to concentrate in the second half of FY2023 as before.



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Operating Income Forecast

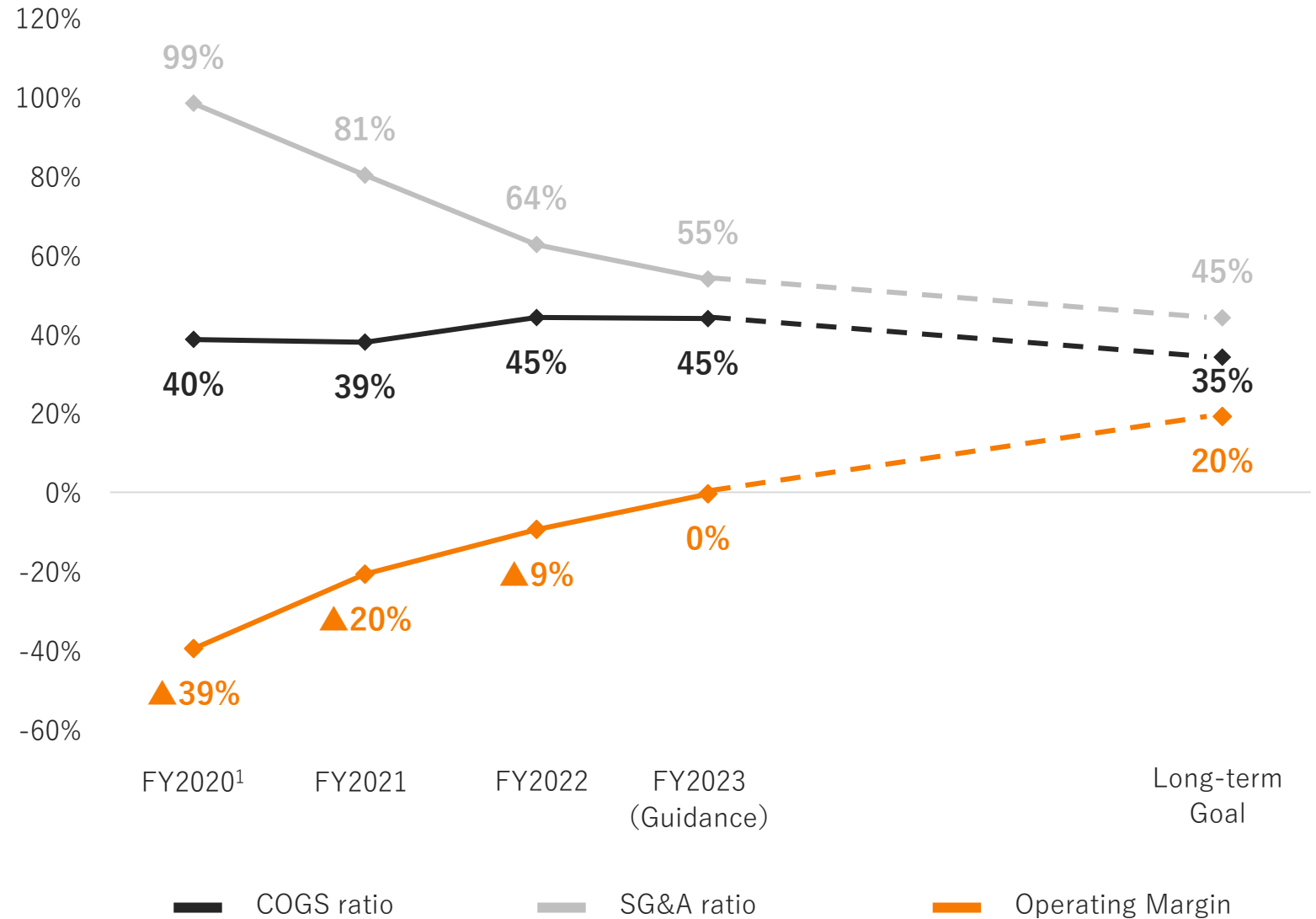
Operating income is expected to be in the **black** for the decrease in SG&A ratio with the increase in revenue.



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Long-term Forecast

Goal in the long term is to achieve operating margin of about 20% with revenue growth and lower SG&A ratio.

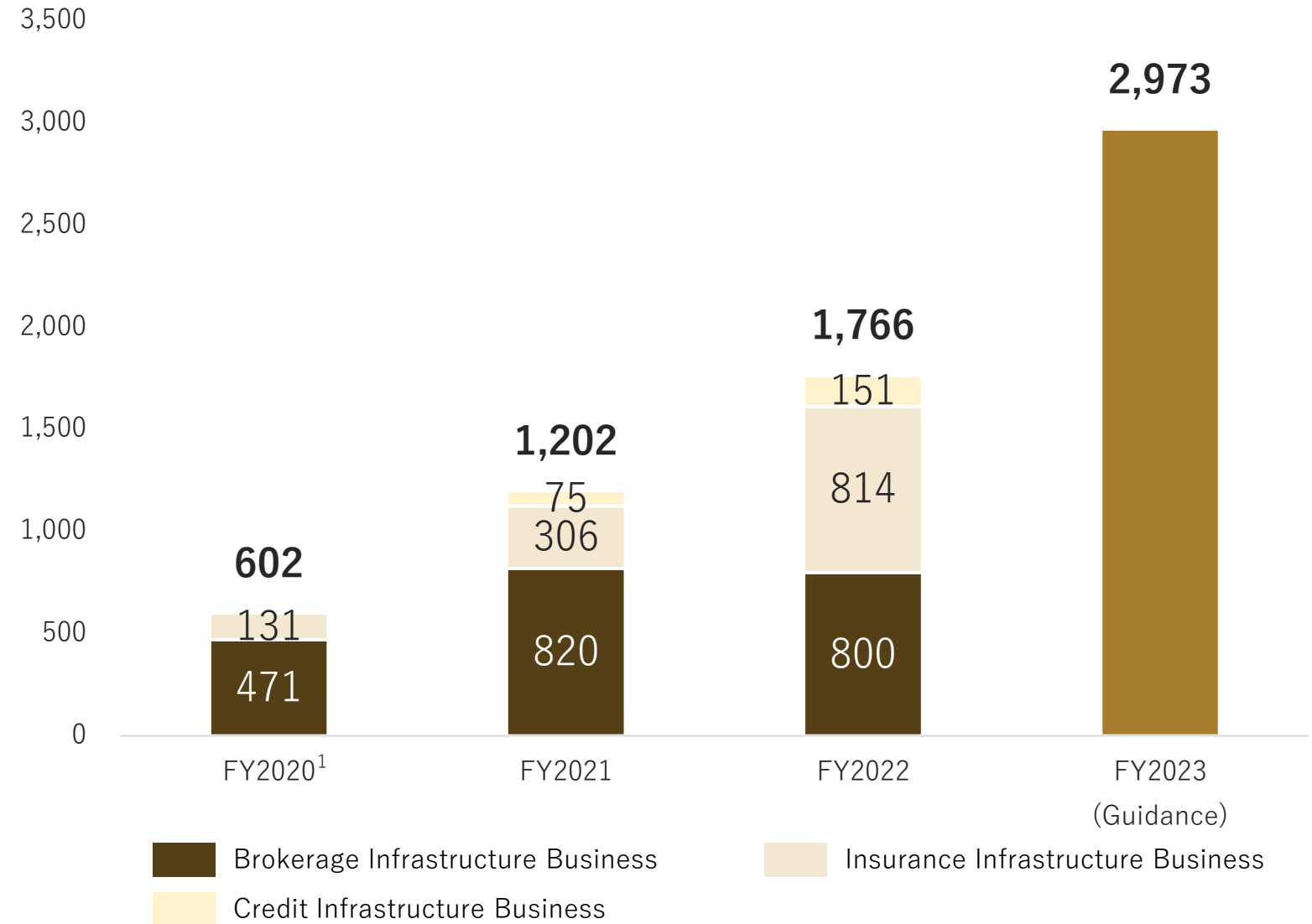


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Revenue Forecast

Revenue is expected to
continuously **grow by**
+64% YoY.

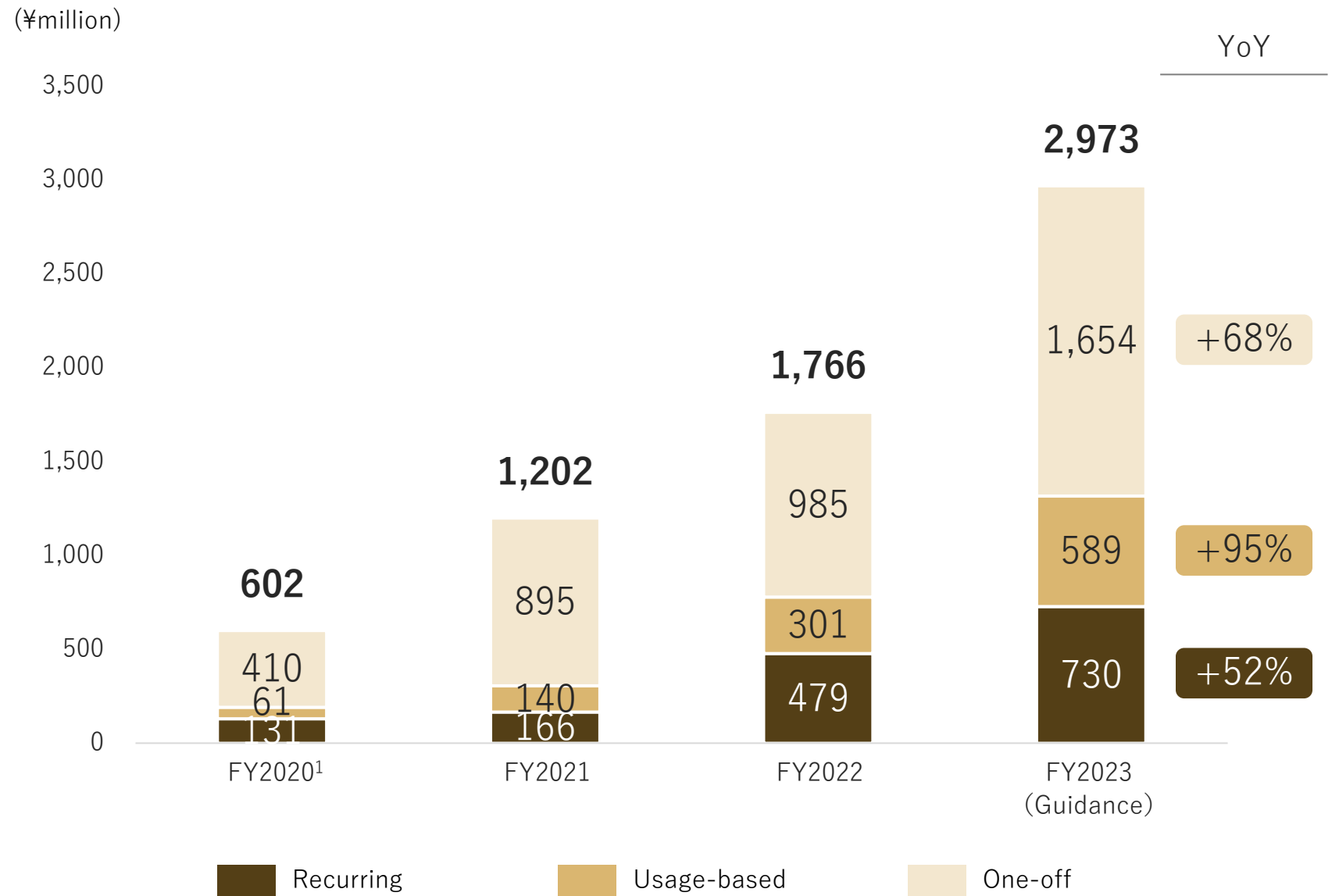
(¥million)



1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.
2. From FY2022, credit business has been included in “Financial Infrastructure” instead of “Fintech Solution”, and past figures have been adjusted accordingly.

Revenue Forecast

By type, recurring revenue is expected to increase +52% YoY while usage-based revenue is expected to increase +95% YoY.

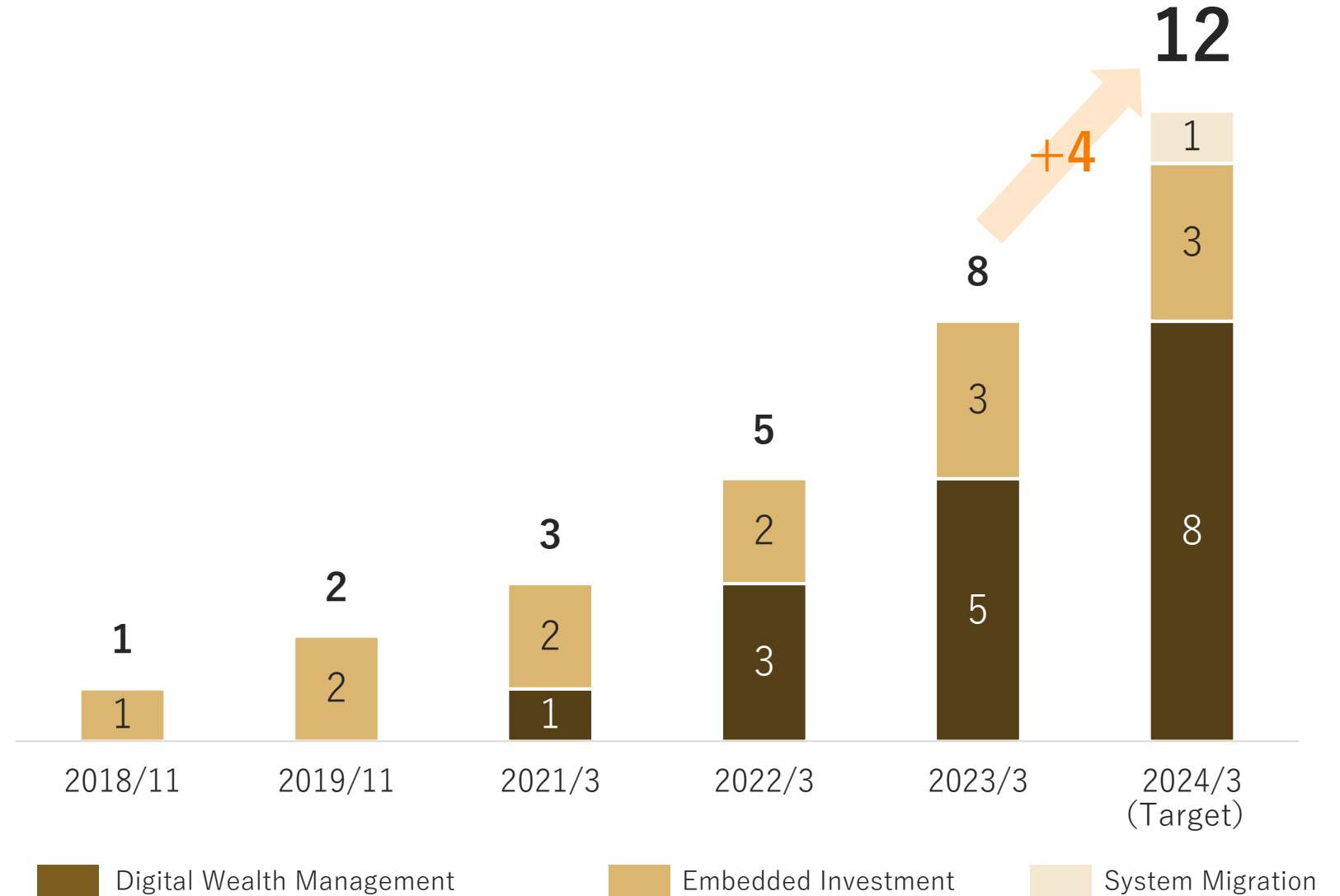


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Pipeline for BaaS

4 new releases are planned so the number of services is expected to increase to 12.

1) Discretionary investment system DWM will continue to drive growth, while 2) aiming to acquire new system migration projects from existing financial institutions.



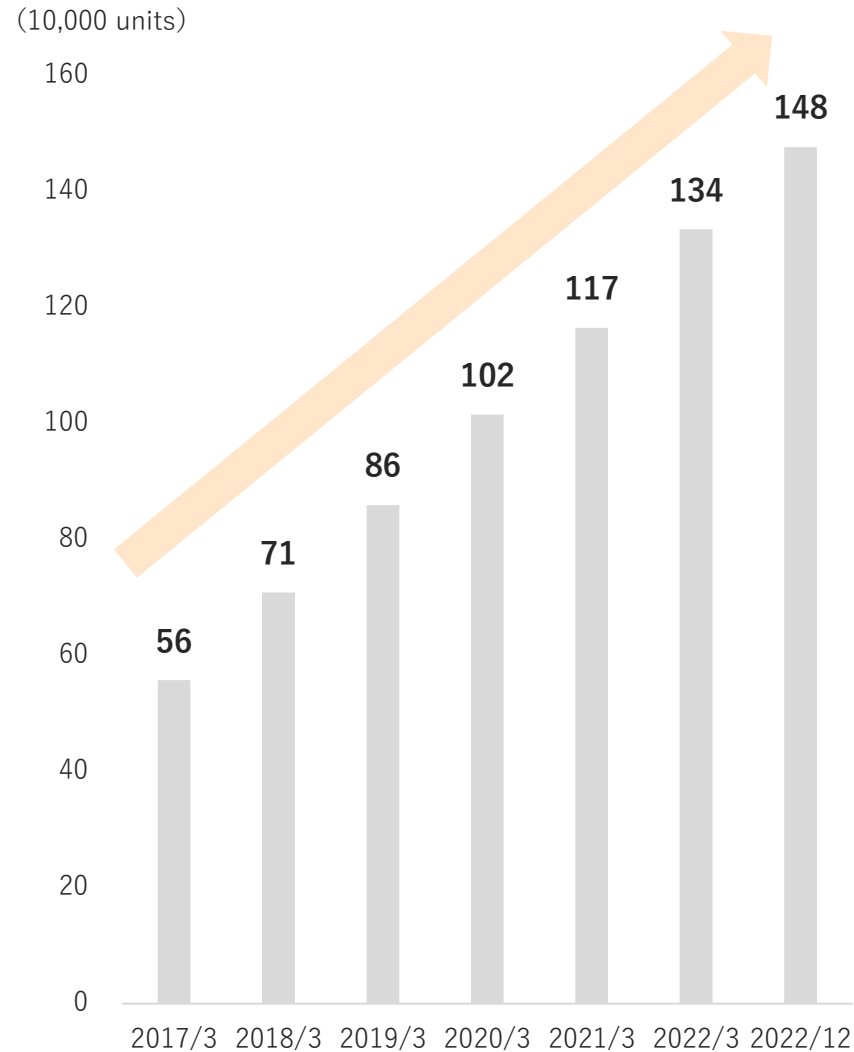
1. Including subsidiary Smartplus which provides STREAM via BaaS

1) Increasing Demand for DWM

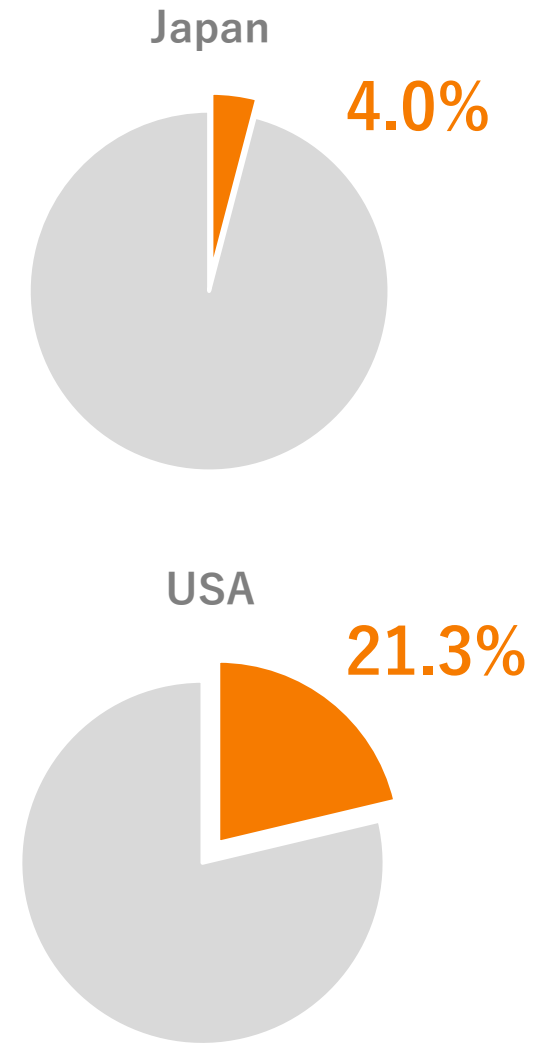
Beside the trending, the ratio of discretionary investment is smaller than which in the U.S., remaining plenty room for growth.

This resulted in a growing demand for DWM, which can develop discretionary investment services quickly with low cost.

**Number of individual discretionary
investment contracts**



**Ratio of Discretionary Investment to
Securities Investment Balance**



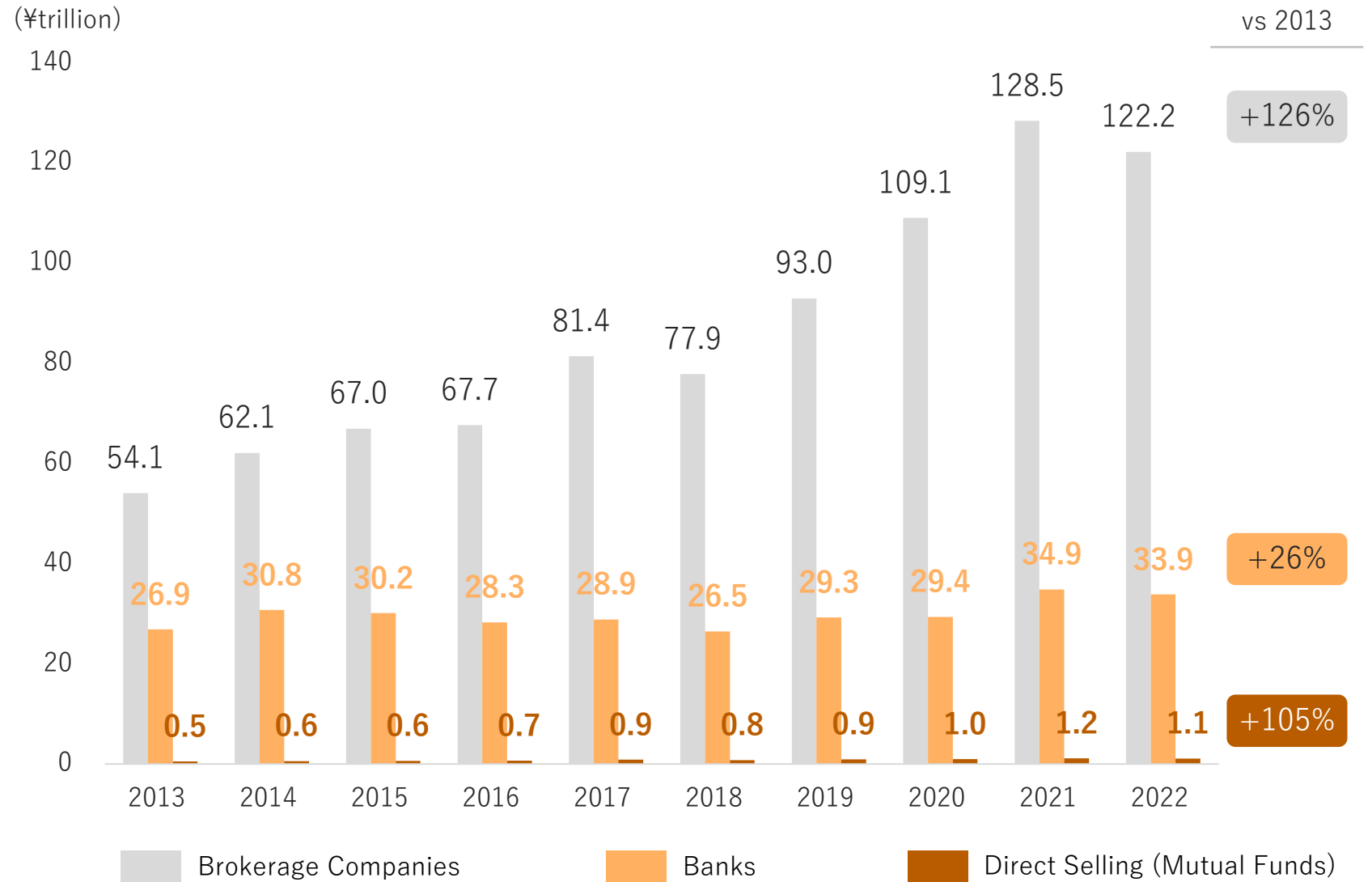
Credits: “Statistics”, JIAA; “Fund Flow”, Bank of Japan; “Financial Accounts of the United States - Z.1”, FRB (As of the end of Dec, 2022)

2) System Migration

While mutual fund market is growing, the amount outstanding of sales by banks is sluggish, and direct selling remains small-scale.

There are needs for banks and mutual funds to reduce fixed costs such as systems.

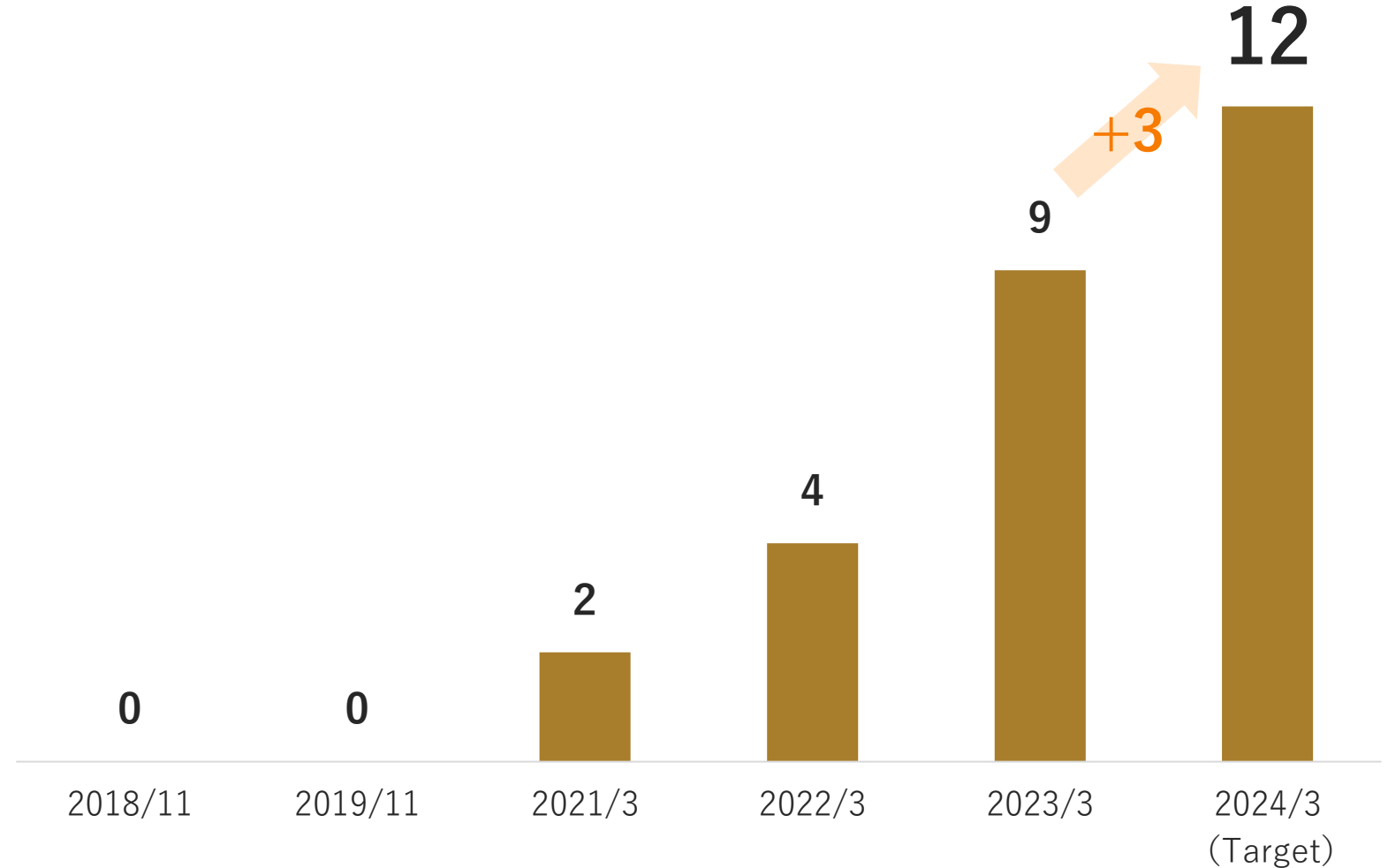
Net Assets By Sales Category Of Publicly Traded Mutual Funds



Credits: The Investment Trusts Association of Japan

Pipeline for Inspire

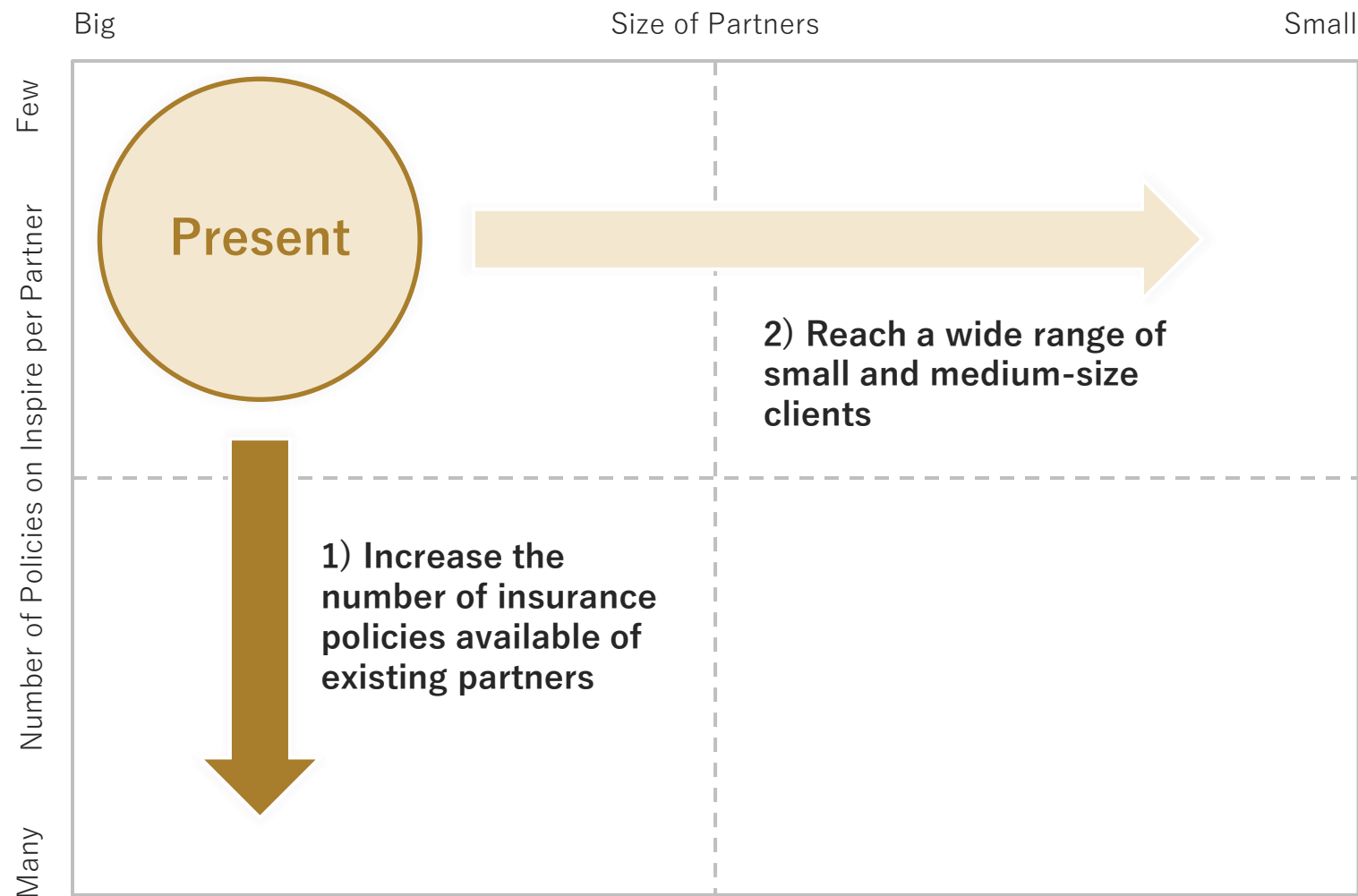
In FY2023, 3 new releases are planned so the number of partners is expected to increase to 12.



1. Including subsidiary Smartplus Small Amount Short-term Insurance which provides maternal and child insurance for pregnant women and hotel cancellation insurance via Inspire

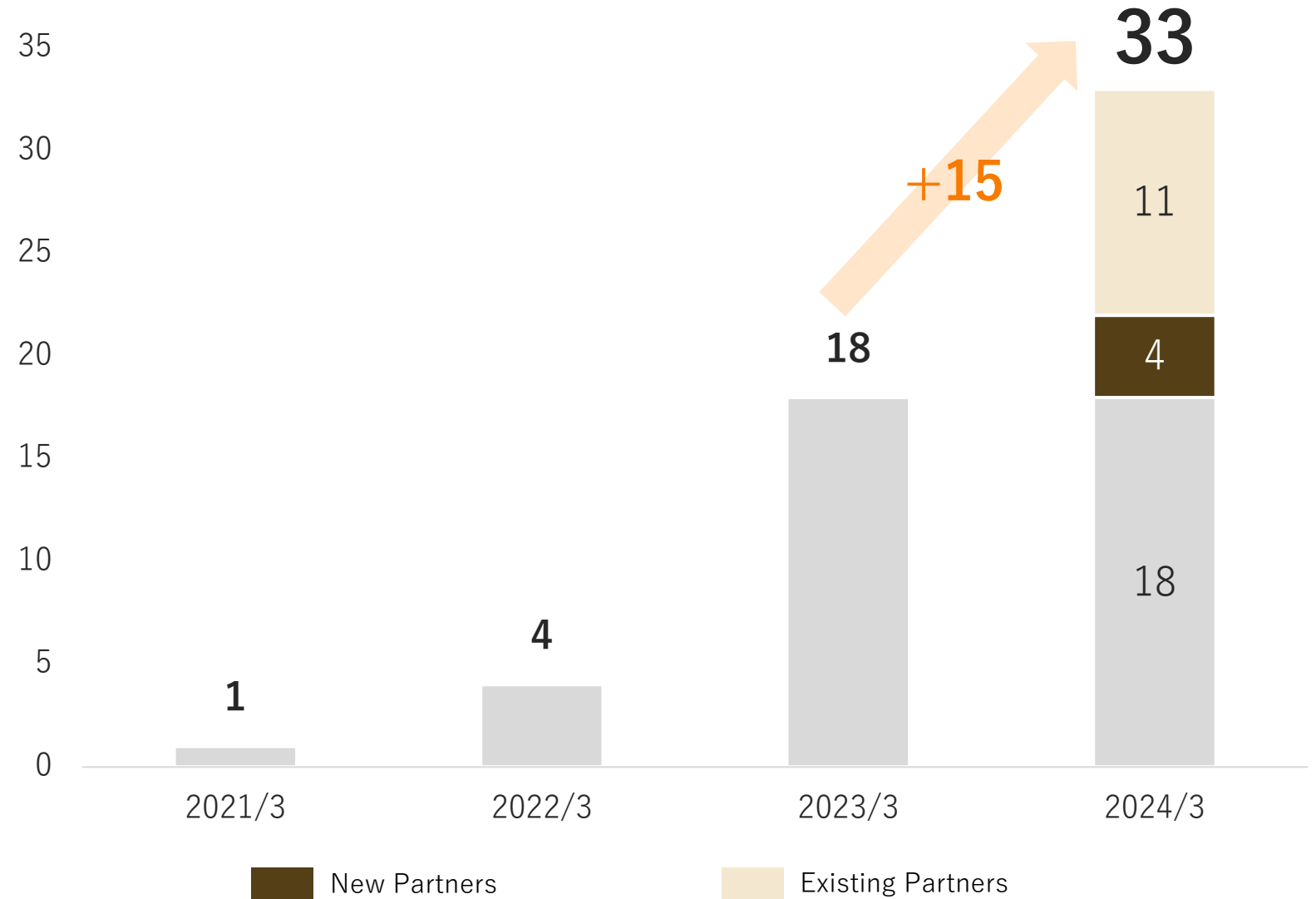
Focus Area for Inspire

1) Increase the number of insurance policies available of existing partners, and 2) add new features to reach a wider range of clients.



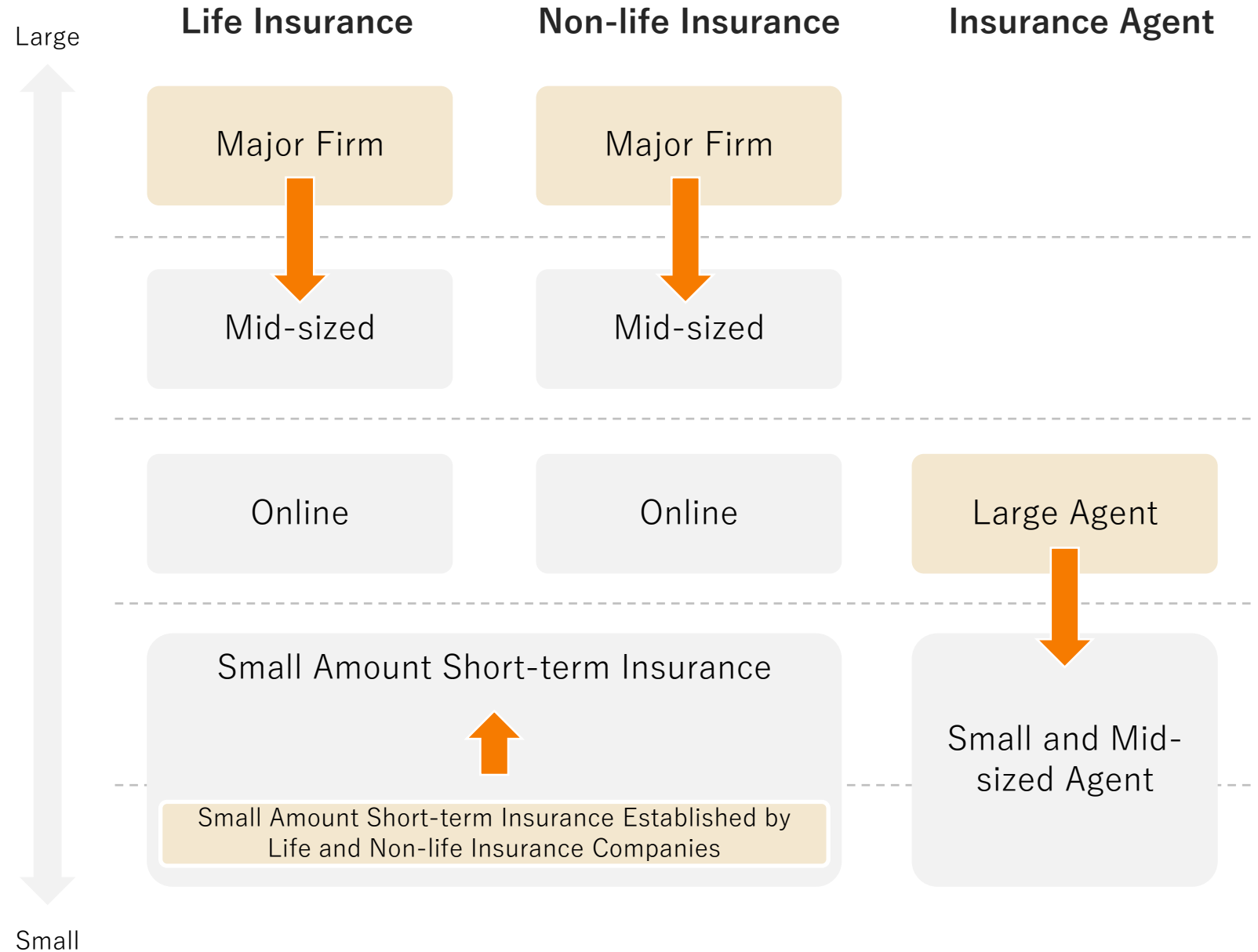
1) Increase # of Policies on Inspire

Aim to increase the number of insurance policies available on Inspire from 18 to 33 by focusing on policies expansion of existing partners.



2) Expand Client Base

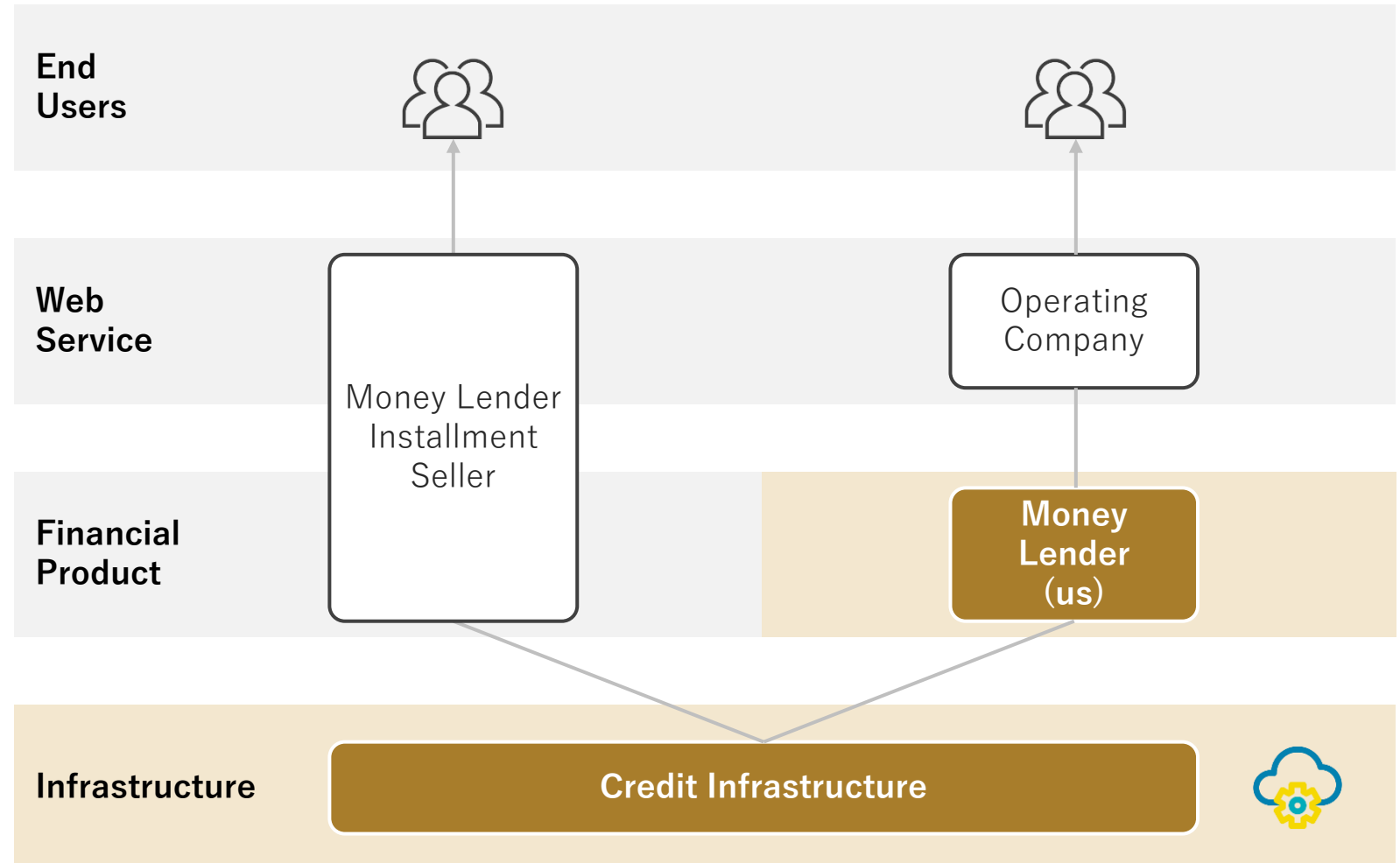
Enhance features of “*Inspire Express*, which allows quick launch of online insurance service at low cost with minimal development in order to expand the client base over the medium to long term.



Focus Area for Credit Business

In FY2023, we aim to
launch 1 service.

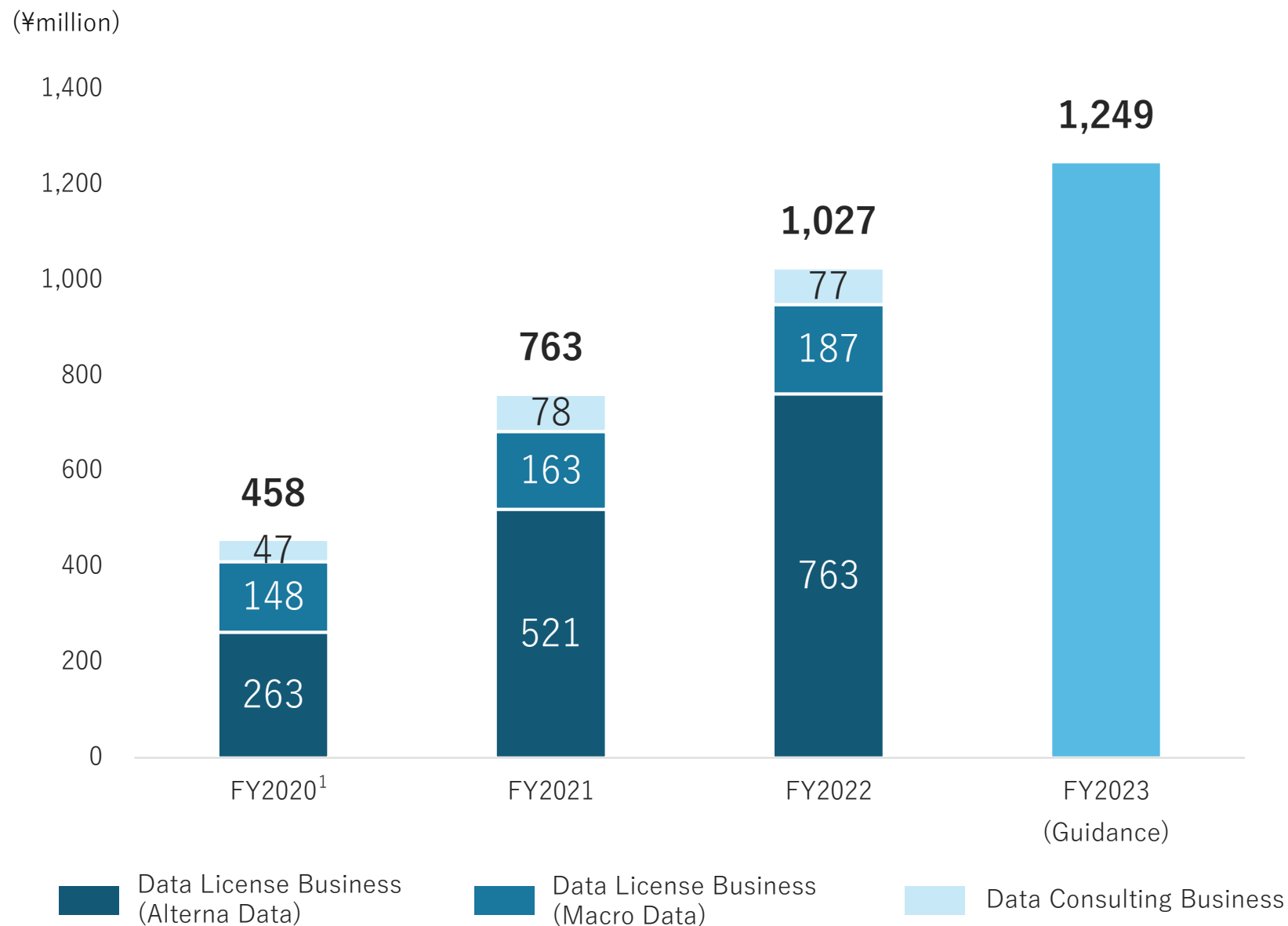
- 1 DX support to
Major Money Lender
/ Installment Seller
- 2 Embedded Lending



Revenue Forecast

Revenue is expected to **grow by +22% YoY.**

1) the number of Alterna Data's subscribers is expected to increase, although the growth rate will be slower due to rebound of last year's yen depreciation; 2) new services such as tenant and trade area analysis are expected to grow.



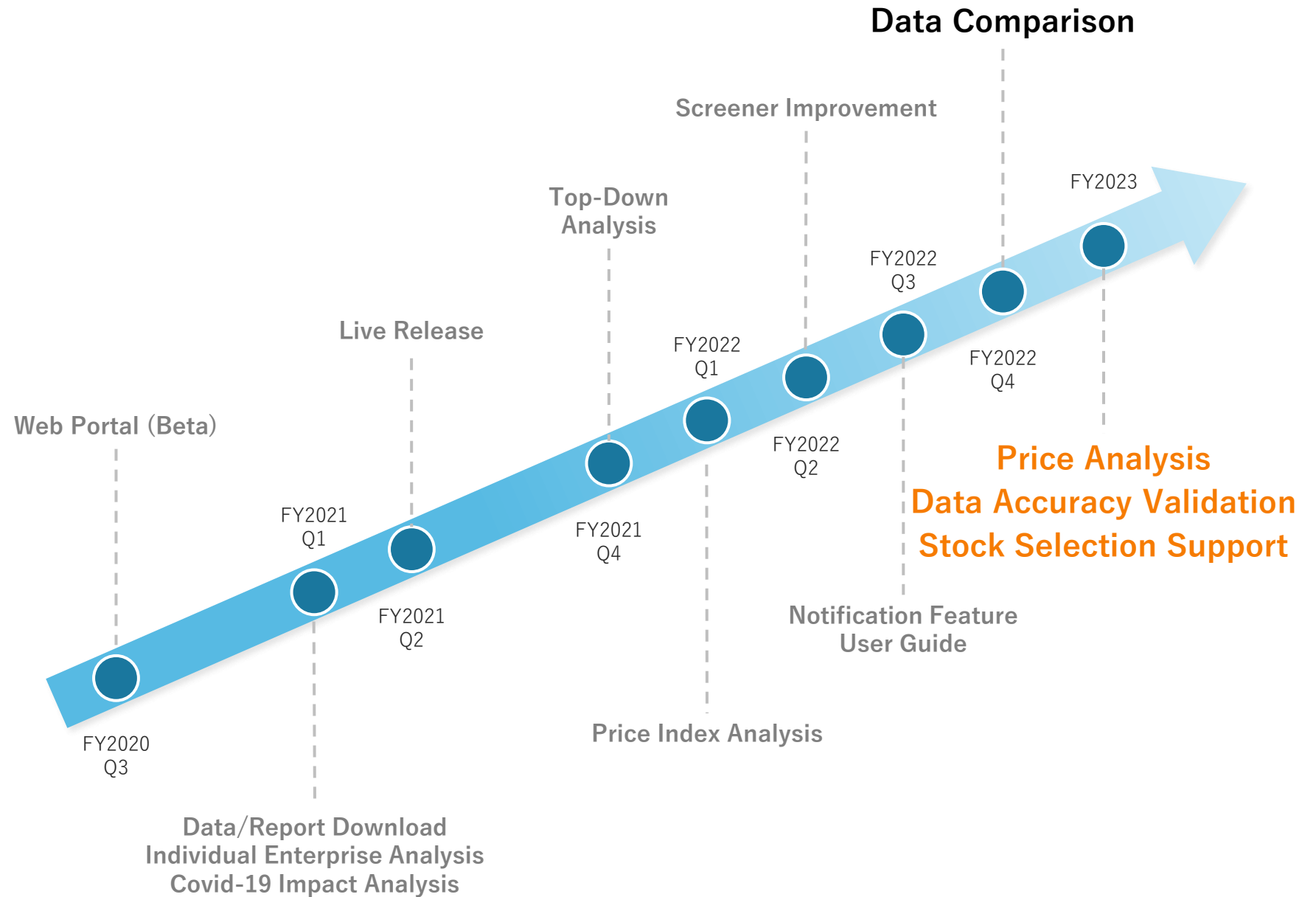
1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

1) Enhancement of Alterna Data

Enhancing web portal and reporting services for fundamental funds and operating companies.

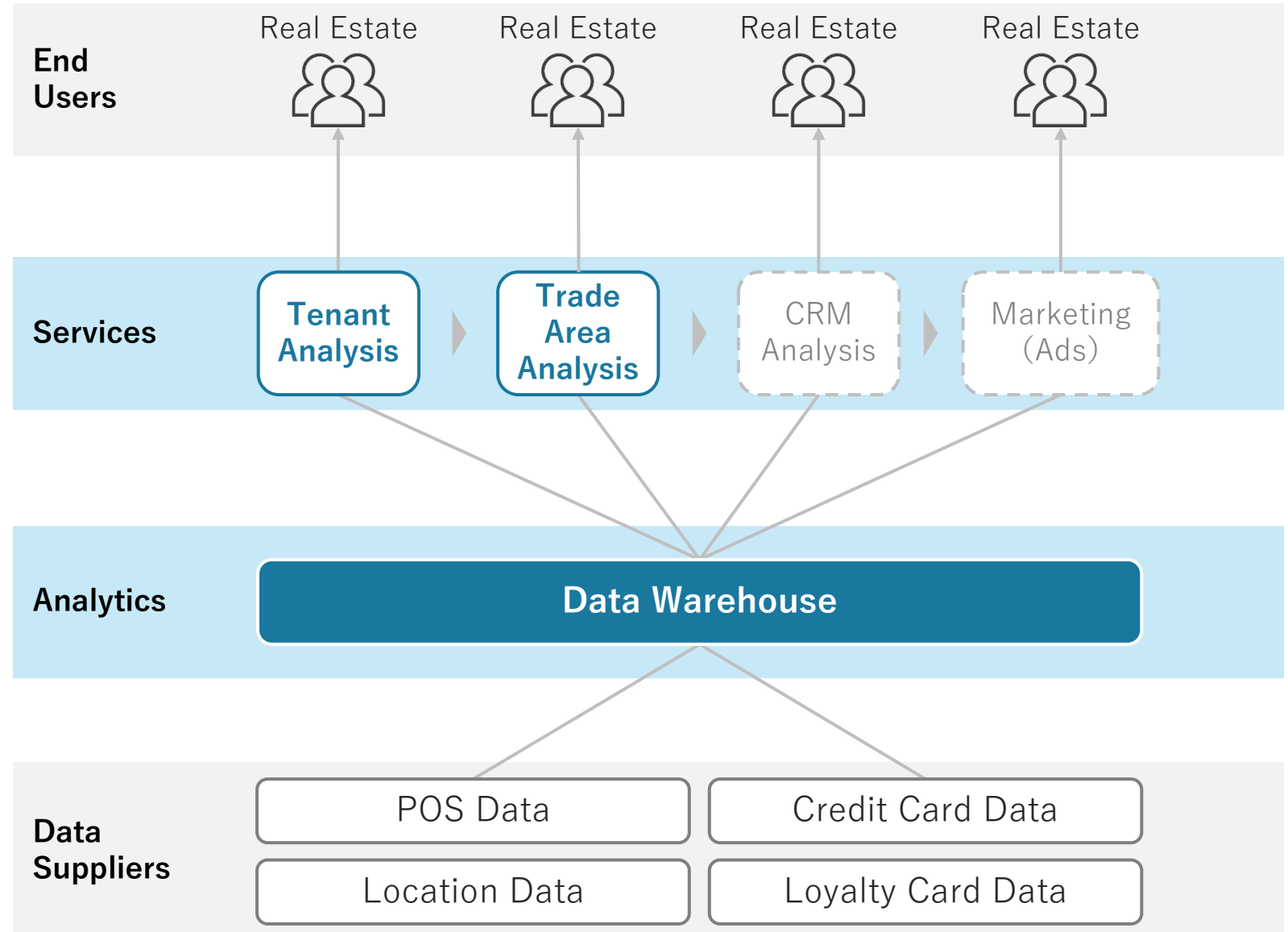
Latest new feature is data comparison among companies.

Upcoming in FY2023: price analysis, data accuracy validation and stock selection support.



2) New Product Launch

Utilizing the knowledge gained from projects so far, we aim to officially launch a **tenant analysis** and **trade area analysis** service specializing in commercial real estate.



R&D for LLM

Initiated *Nowcast LLM Lab* to validate the effectiveness of large-scale language models (LLM) such as ChatGPT.

Certain resources will be invested in research and development related to services for institutional investors using LLM.

Example: "Generating Questions from IR Materials" Using LLM

- Using LLM to automatically generate questions that institutional investors and equity analysts are likely to ask from IR materials
- Company's financial results briefing script of Q3 FY2022 as the input materials

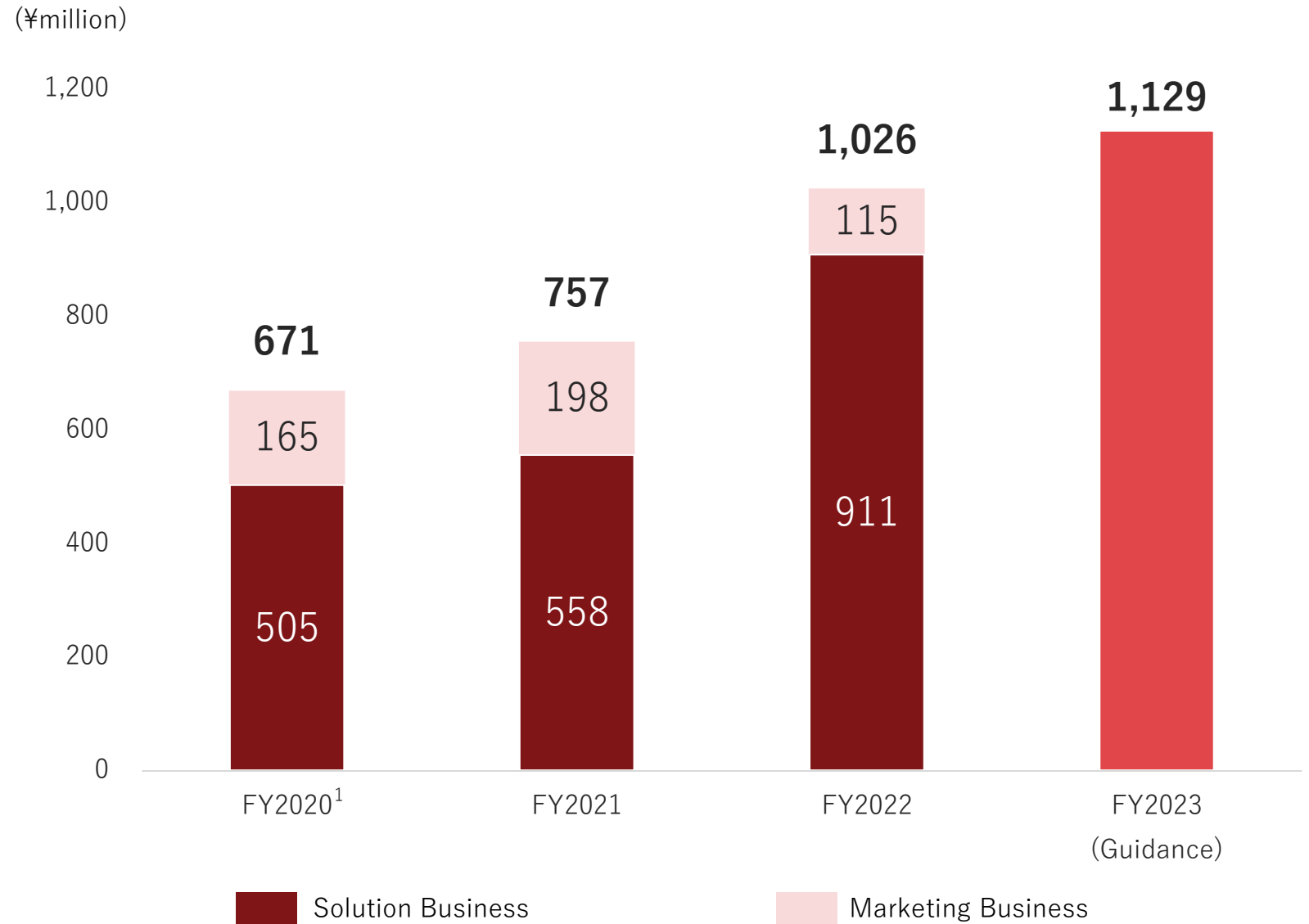


Auto-generated Questions

- You mentioned that you will be hiring full-time employees in order to reduce outsourcing costs in the medium to long term. What are important aspects of hiring?
- Regarding SG&A expenses in the future, you expected no increase in advertising expenses, but what kind of sales promotion measures do you plan to take instead?
- You believe that Digital Wealth Management will drive the future growth of the Brokerage Infrastructure. What will be the future development of this service?
- You mentioned that the number of Brokerage Infrastructure partners has reached 7. Do you have any strategies for acquiring new partners in future?
- In terms of Big Data Analytics growth, what do you think is the reason for Alterna Data's 51% YoY growth?
- What kind of strategy are you considering for expanding the embedded insurance business in the future?
- What types of data are in demand for Macro Data Business?

Revenue Forecast

+10% YoY growth
expected, primarily
contributed by the
expansion of Solution
Business.

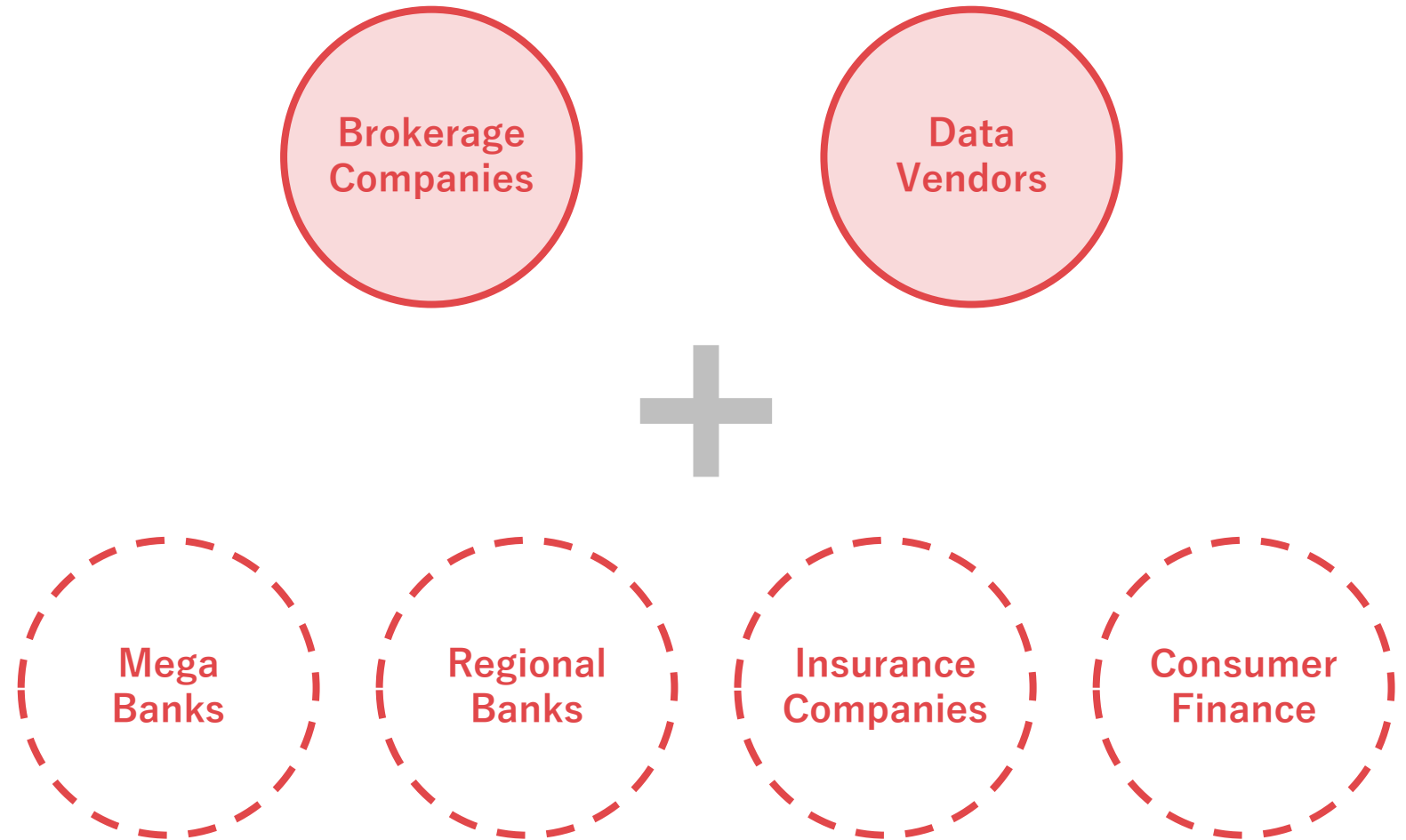


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.
2. From FY2022 Q2, credit business has been included in “Financial Infrastructure” instead of “Fintech Solution”, and past figures have been adjusted accordingly.

Strategy

Brokerage companies and data vendors have been our main clients, but we aim to expand the customer base to major banks, regional banks, insurance, and consumer finance.

The projects with financial institutions will **lead to Financial Infrastructure business.**



APPENDIX

APPENDIX

COMPANY OVERVIEW

Corporate Overview

Finatext is a technology company which provides next-generation cloud infrastructure for the asset management and insurance industries.

| | |
|-----------------------------|---|
| Company Name: | Finatext Holdings Ltd. |
| Address: | 9F, Sumitomo RD Kudan Bldg. 1-8-10 Kudankita, Chiyoda-ku Tokyo, 102 0073 Japan |
| CEO: | Ryota Hayashi |
| Establishment Date: | December 27, 2013 |
| Business: | Fintech Solution Big Data Analytics Financial Infrastructure |
| Number of Employees: | 247 (as of the end of March 2023) |

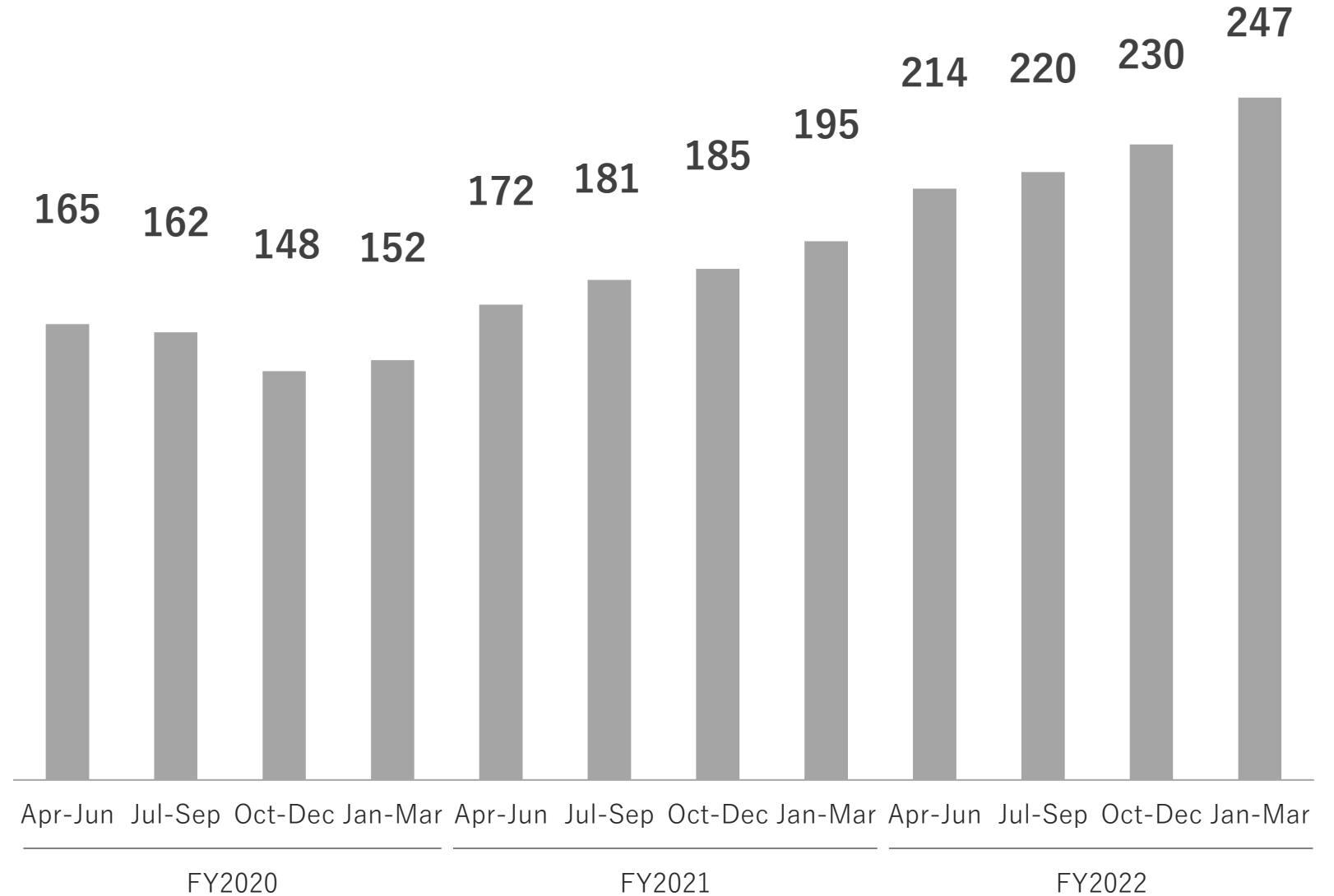
Corporate Structure

| Subsidiaries | Ownership | # of Employees ¹ | Business | Segment |
|-------------------------|------------------------------|-----------------------------|---|--|
| FINATEXTHOLDINGS | - | 13 | • Group Holding Company | |
| Finatext | 100% | 84 | • Software development for financial institutions and group enterprises | Financial Infrastructure Fintech Solution |
| Nowcast | 100% | 29 | • Big Data Analytics service to institutional investors and government | Big Data Analytics |
| Smartplus | 85% | 29 | • Brokerage company | Financial Infrastructure |
| Smartplus SSI | 90% | 8 | • Small amount and short-term insurance company | Financial Infrastructure |
| Smartplus Credit | 100% | 0 | • Money lending company | Financial Infrastructure |
| Teqnological | 70% | 6 | • Offshore outsourcing bridge | Fintech Solution |
| Teqnological Asia | 72% (50.4% ²) | 78 | • Offshore development for group companies in Vietnam | Fintech Solution |

1. # of employees as of Mar 31, 2023
2. Indirect ownership ratio by Finatext Holdings Ltd.
3. K-ZONE was excluded from consolidation due to merger with Finatext in Dec 2022.

of Employees

Although the number of employees decreased in Oct-Dec 2020 due to the exit of UK business, it has been increasing afterwards.



Staff Composition

Operations / Back Offices 15%

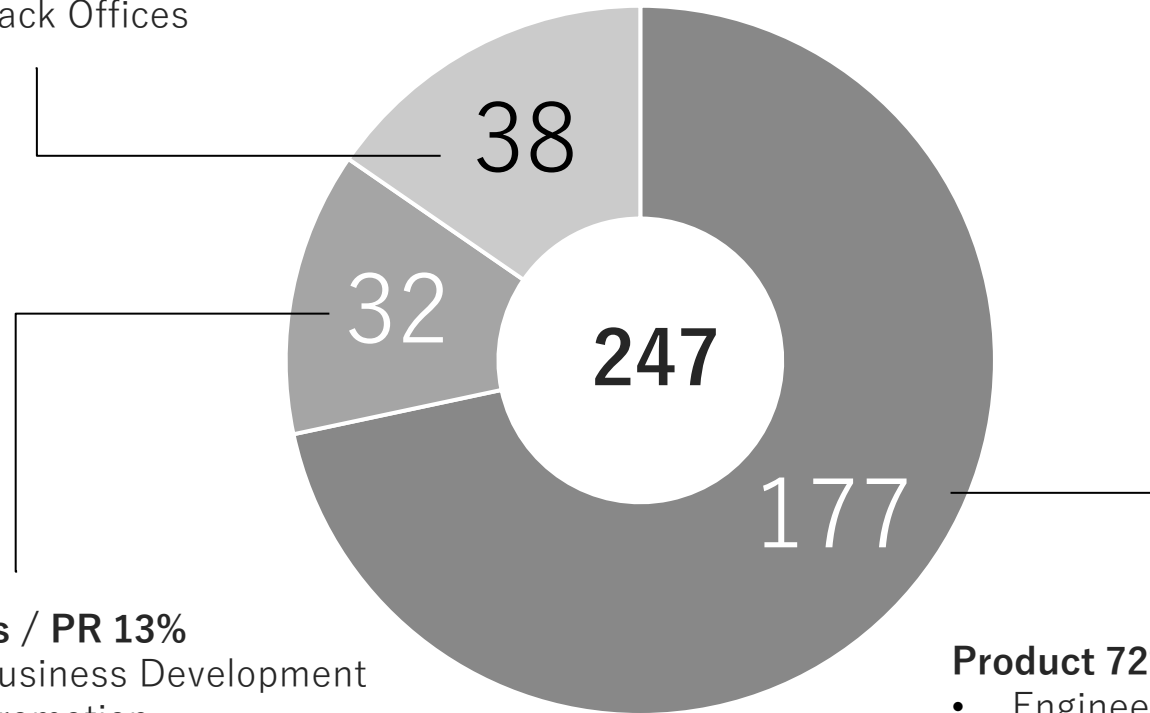
- Financial Operations
- Back Offices

Sales / PR 13%

- Business Development
- Promotion
- Research & Market

Product 72%

- Engineer
- Product Management
- Designer
- Web Director



1. Number of full-time employees as of Mar 31, 2023

Leadership



**Representative Director
CEO
Ryota Hayashi**

After working at Deutsche Bank in London and a hedge fund, Ryota co-founded Finatext in 2013. B.A. in Economics from The Univ. of Tokyo.



**Executive Director
CFO
Yuichiro Ito**

Yuichiro joined Finatext in 2016 after working IBD Div. in UBS Securities Japan for nearly 6 years. B.A. in Economics from The Univ. of Tokyo.



**Executive Director
CTO/CISO
Satoshi Tajima**

Satoshi joined Finatext in 2019 after working in VOYAGE GROUP (now CARTA HOLDINGS). Graduated from School of Information and Communication, Meiji University. CISSP holder.

Leadership

**Outside Director
Hideki Yamauchi¹**

Hideki Established Global Cyber Investment in 2000 after working at The Industrial Bank of Japan. He became a outside director of Finatext in 2016. B.A. in Economics from The Univ. of Tokyo.

**Statutory Auditor
Ryosuke Nomura²**

Ryosuke joined Edison Law Office as a lawyer in 2018 after working at several law offices. He became a statutory auditor of Finatext in 2020. B.A. in Laws from The Univ. of Tokyo.

**Statutory Auditor
Mamoru Sato²**

Mamoru began his career at Bankers Trust in Japan and served as CFO and Statutory Auditor at Citi in Japan. He became a statutory auditor of Finatext in 2019. B.A. in Economics from Senshu Univ.

**Statutory Auditor
Hisayori Kataoka²**

Hisayori established Hisayori Kataoka CPA Office in 2020 after working at Deloitte as a CPA. He became a statutory auditor of Finatext in 2021. B.A. in Economics from Keio Univ.

1. Hideki Yamauchi is an outside director.
2. Statutory auditors Mamoru Sato, Ryosuke Nomura and Hisayori Kataoka are outside statutory auditors.

APPENDIX

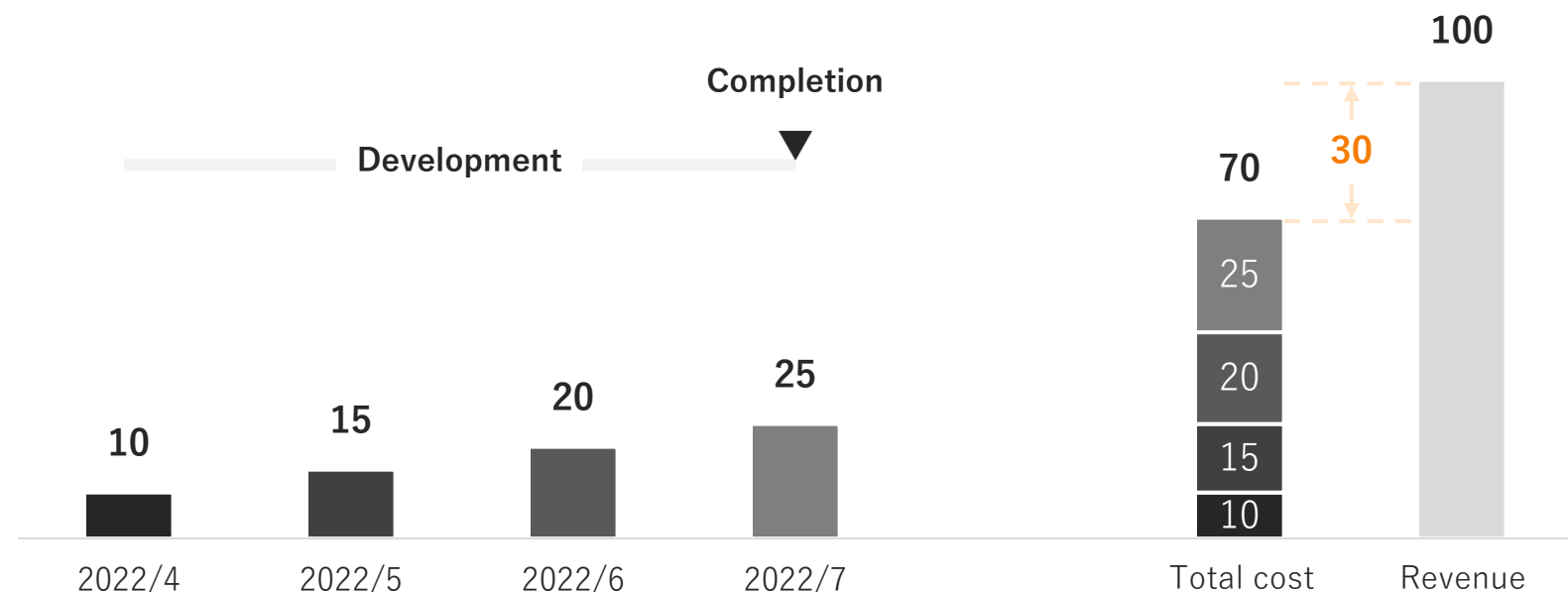
BUSINESS OVERVIEW

Revenue Recognition of Dev Projects

“Cost recovery method” is adopted in recording one-off revenue of development projects.

Although part of the revenue is recognized in development phrase, profitability tends to be low, because revenue and expenses are recorded in the same amount.

Project Direct Cost



In development phrase, direct cost is recorded as revenue and expense

Upon project completion, the difference between revenue from a project and total direct cost is recorded as revenue

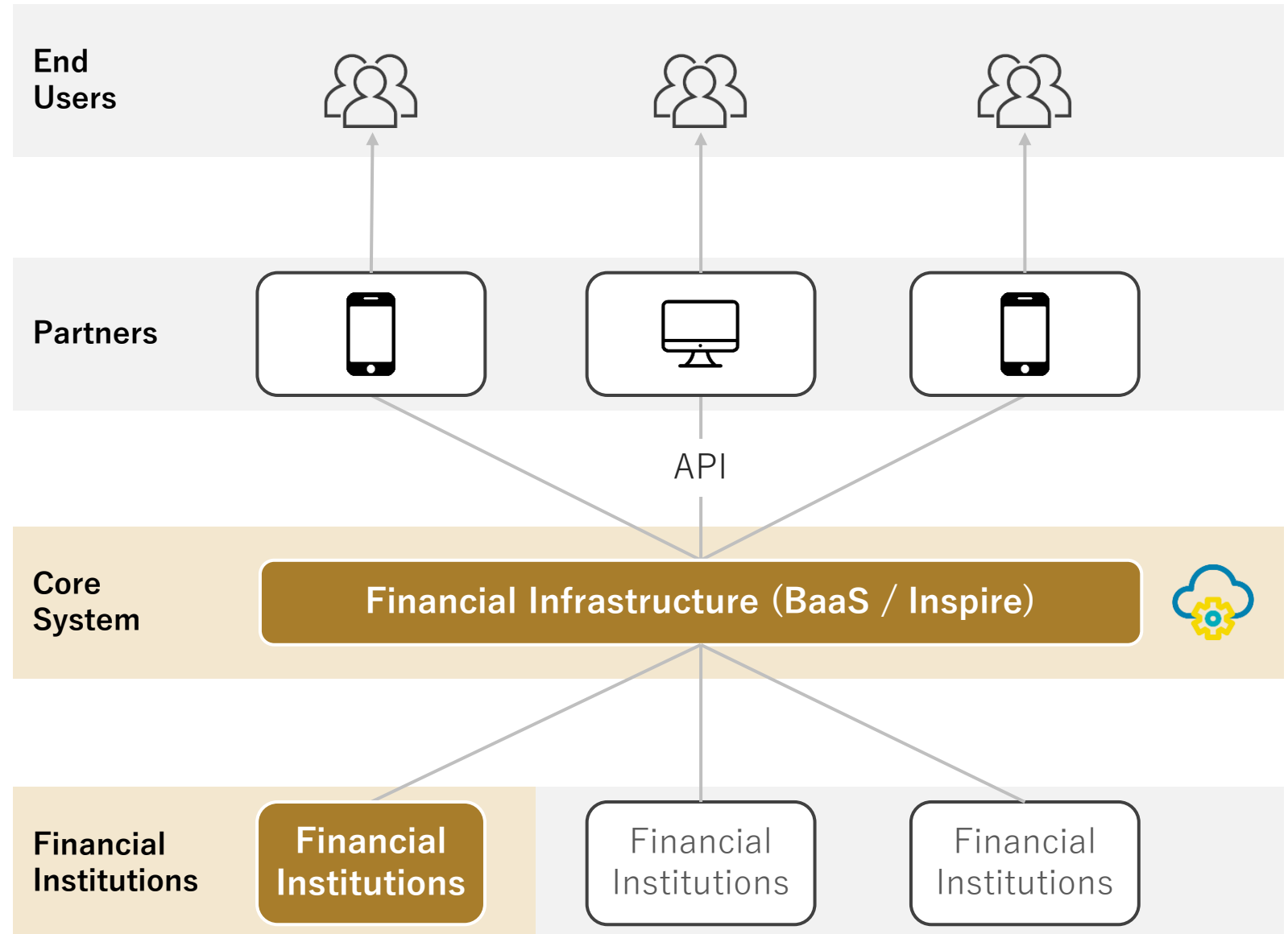
Revenue Recognition

| | 2022/4 | 2022/5 | 2022/6 | 2022/7 |
|--------------|-----------|-----------|-----------|-----------|
| Dev | 10 | 15 | 20 | 25 |
| Completion | | | | 30 |
| Total | 10 | 15 | 20 | 55 |

Overview

Cloud-native and API-based modern Financial Infrastructure enables partners to install at low cost and embed functions seamlessly.

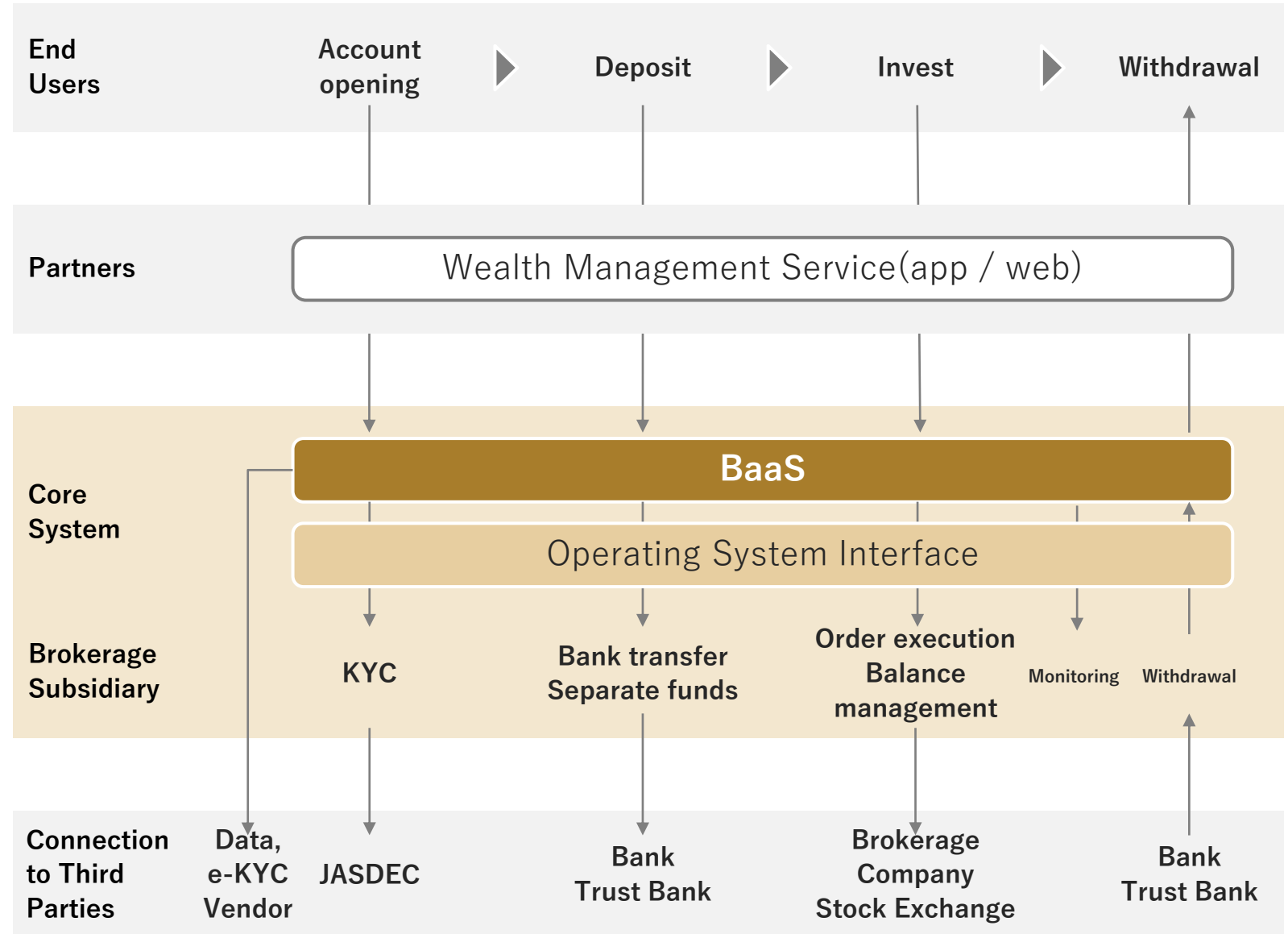
Provides 1) **BaaS** for wealth management providers and 2) **Inspire** for insurance providers.



1) BaaS

Cloud-native, API-based infrastructure BaaS for wealth management providers.

Partners can launch wealth management services at low cost by managing the various external connections on the cloud.



1) Services on BaaS

8 services in operation currently.

Focus on **Digital Wealth Management**: aim to democratize high-quality financial services by using technologies and;
Embedded Investment: seamlessly integrate with existing services to develop a new customer base.

Digital Wealth Management

- Integrating online and offline allows high-quality wealth management services to be provided to more customers.
- Providing a platform that can implement discretionary investment service at a low cost, with tools for sales representatives.

Services



Wealth Wing
(ANA X)



JAM WRAP
(JAM)



Goal Navi
(Nissay AM)



US ETF WRAP
(GCI AM)



Financial
Standard

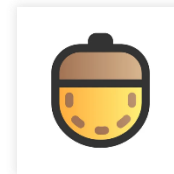
Embedded Investment

- Players with large customer bases leverage their customer contact and context to reach potential users of a financial service.
- Supporting from service planning to provide investment services tailored to the partner

Services



Stream
(Owned)



Saison Pocket
(Credit Saison)

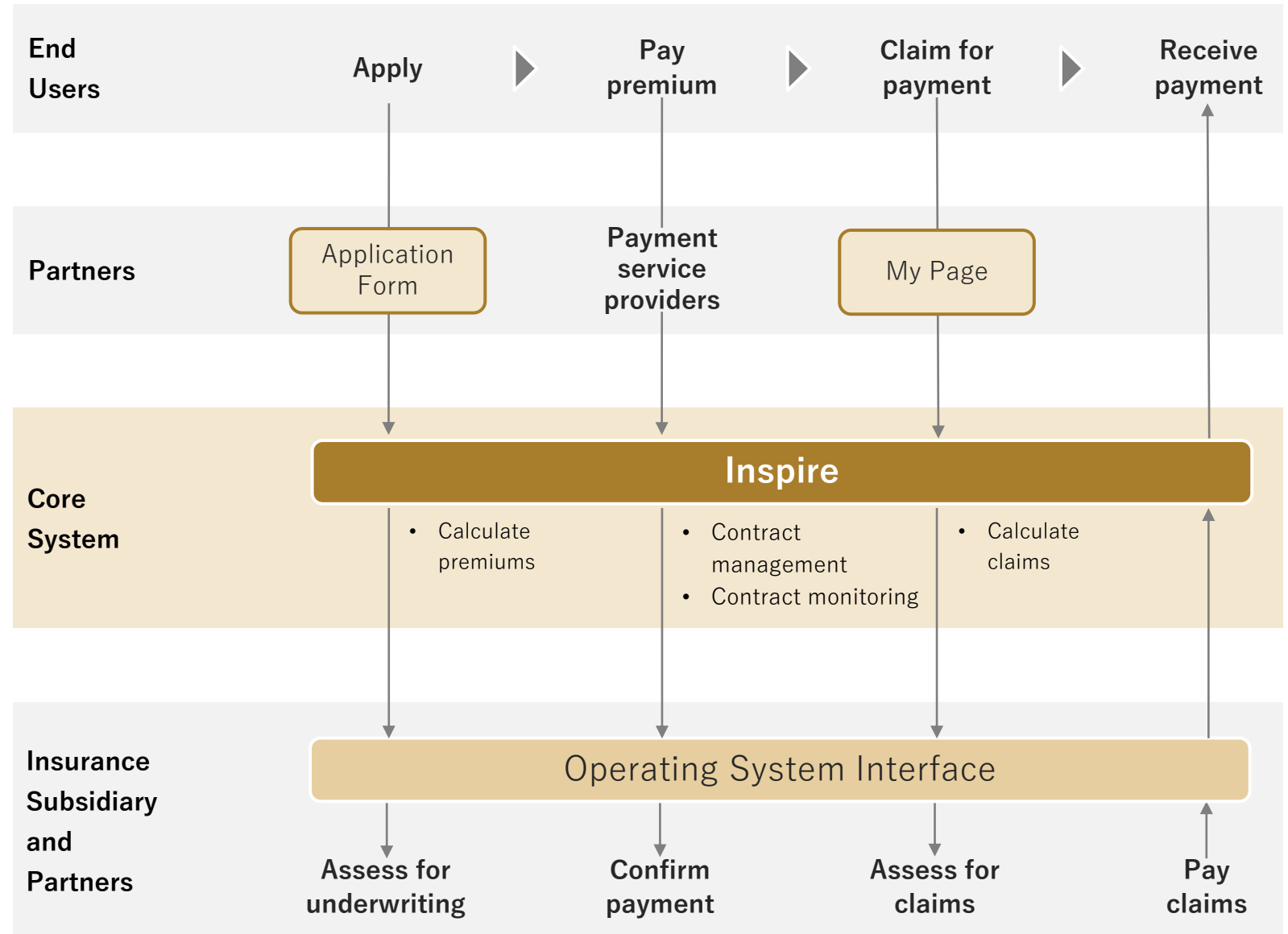


Korekabu
(Seven Bank)

2) Inspire

Cloud-native, API-based infrastructure Inspire for insurance providers.

Enables partners to expand their business by putting new insurance products on the market in a short time with low cost.



2) Clients of Inspire

Provided to 9 companies,
including our small
amount short-term
insurance subsidiary.

Support a wide range of
insurance products from
small amount short-term
insurance to non-life
insurance, from
individuals to business
entities.

1. Aioi Nissay Dowa Insurance

**2. EPOS Small Amount Short-
term Insurance**

**3. Nissay Plus Small Amount
Short-term Insurance**

**4. Smartplus Small amount
Short-term Insurance**

5. Mitsui Sumitomo Insurance

6. MUFG Bank

**7. Tokio Marine & Nichido Fire
Insurance**

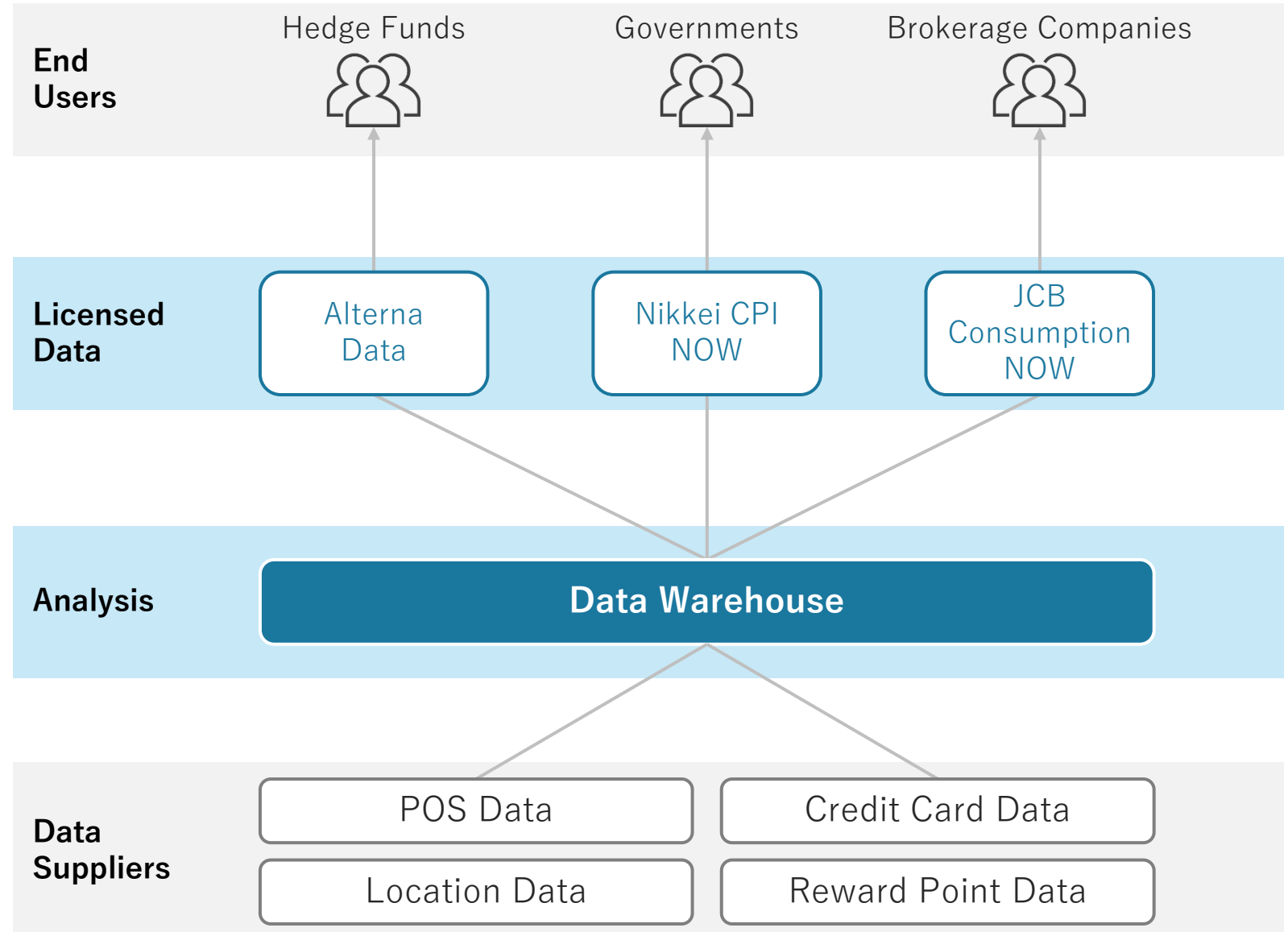
8. MST Insurance Service

**9. Kyoei Fire & Marine
Insurance**

Overview

An alternative data provider for institutional investors and governments.

Receives data from third-party data suppliers and sells value-added data using proprietary technologies such as cleansing, mastering and modeling.



Data License

Provides *Alternata Data* for corporate analysis and *Nikkei CPI NOW* and *JCB Consumption NOW* for economic research.

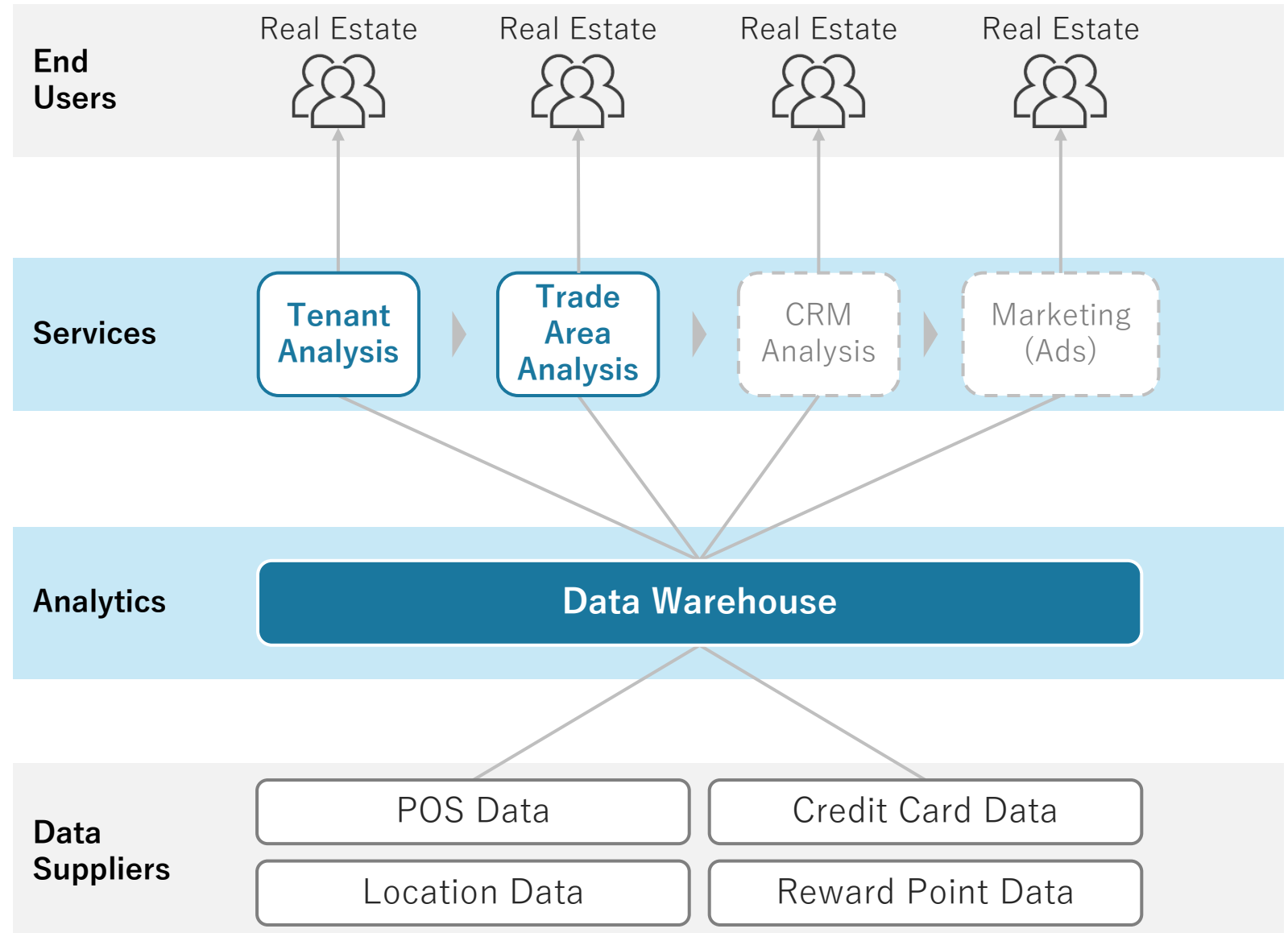


| | Alternata Data | Nikkei CPI NOW | JCB Consumption NOW |
|----------------------|---|---|--|
| Overview | <ul style="list-style-type: none"> • Provide data for corporate analysis, such as sales, pricing, and unit price per customer • Provide insightful indexes derived from our data models | <ul style="list-style-type: none"> • Provide daily consumer price indexes using POS data • The indexes are mainly used to monitor inflation rate in Japan | <ul style="list-style-type: none"> • Provide bi-weekly consumption indexes using credit card data • The indexes are classified by industries, location of retailers and types of consumers |
| Data Partners | <ul style="list-style-type: none"> • Nikkei • True Data • KDDI • CCC Marketing • BCN etc. | <ul style="list-style-type: none"> • Nikkei | <ul style="list-style-type: none"> • JCB |
| Data | <ul style="list-style-type: none"> • POS data • Location data • Reward point data • Credit card data | <ul style="list-style-type: none"> • POS data | <ul style="list-style-type: none"> • Credit card data |

Data Analytics for Real Estate

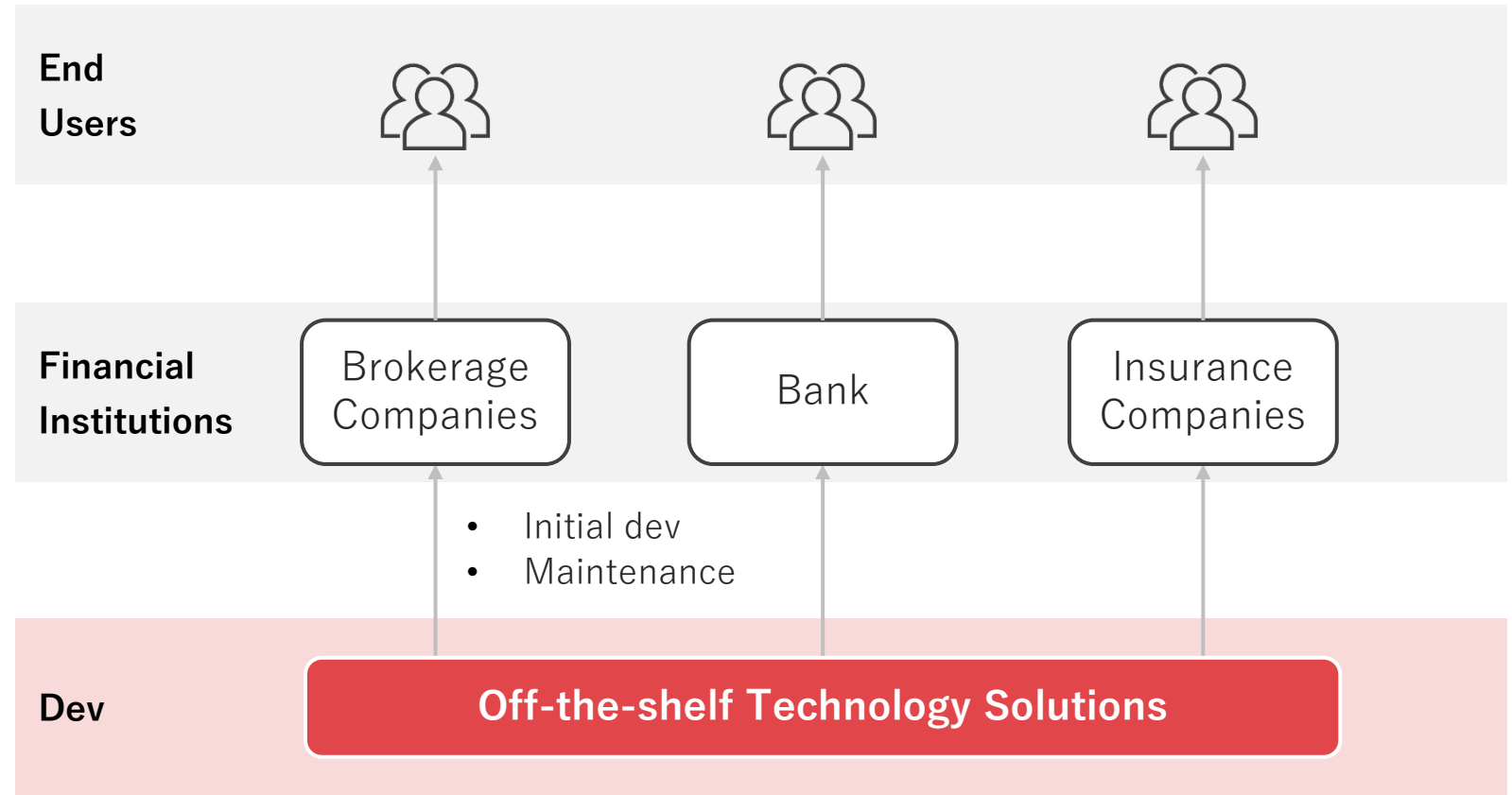
Data analytics services by integrating multiple alternative data with our knowledge and experience.

Start from real estate industry, supporting from tenant analysis to marketing.



Overview

Develops front-end applications and provides off-the-shelf technology solutions to financial institutions to accelerate their DX.



Clients(Published)

- KDDI
- Daiwa Brokerage
- Nomura Holdings
- Rakuten Brokerage
- MUFG Bank
- SMBC Nikko
- Nomura Asset Management
- GMO Click Brokerage

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F I N A T E X T

Reinvent Finance as a Service