

Speee, Inc (4499)



Financial Results Briefing Material

Second Quarter of Fiscal Year Ending September 2023

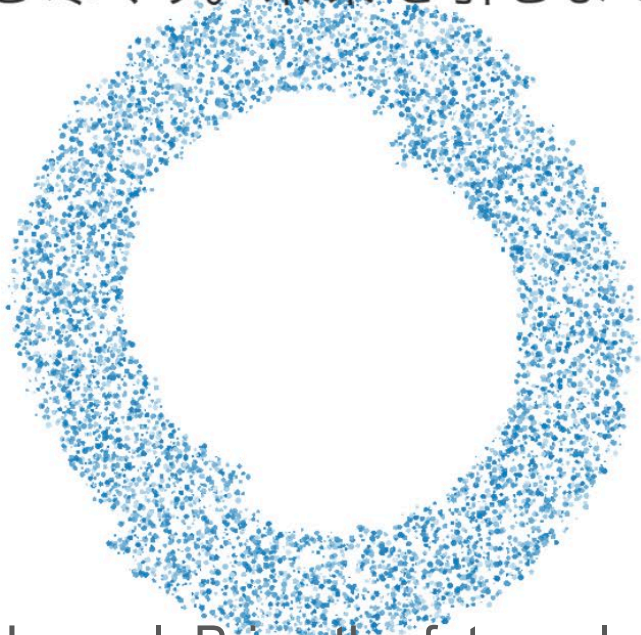
May 12, 2023

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Mission

解き尽くす。未来を引きよせる。



Unravel. Bring the future closer

Information and information... People and people... Services and services...

All linked together, we are the company that brings the future closer

Operating Results for 2Q FY23



Executive summary

2Q FY23
Quarterly Results

Sales	3,423m JPY	YoY	+24.2%	Progress	49.0%
Operating profit	306m JPY	YoY	-32.6%	Progress	63.8%

Real Estate DX

Increase in the number of member companies and users in YoY. Operating profit in YoY increased despite hiring progressed as planned. Branding investments are planned for 3Q considering the progress in operating income.

Marketing DX

Consulting sales decreased YoY due to a decrease in the number of clients despite an increase in the unit price per client. Hiring progressed as planned and sales are expected to increase from 4Q.

Others

Datachain launched a technology alliance with Mitsubishi UFJ Trust and Banking Corporation and Soramitsu and succeeded in technical validation of cross-chain payments for digital securities.



Summary of FY23 2Q

■ Net sales reached a record high for the sixth consecutive quarter. Operating profit declined in YoY due to the execution of investments. Favorable progress against the earnings guidance.

Unit: Million yen		Comparison				Progress	
		YoY		QoQ		Guidance	Progress
		Actual	% change	Actual	% change		
Net sales	2Q Actual 3,423	2,757	24.2%	3,043	12.5%	13,192	49.0%
Operating profit	306	454	-32.6%	278	10.2%	917	63.8%
Ordinary profit	330	462	-28.6%	287	15.0%	935	66.0%
EBITDA	357	480	-25.5%	312	14.3%	1,037	64.7%
Net profit	190	301	-36.9%	187	1.7%	373	101.2%



Breakdown of cost of sales and SG&A expenses

- Increase in advertising is primarily driven from increase in sales in Real Estate DX. Rent increased due to the office relocation and personnel expenses increased due to increasing recruitment.

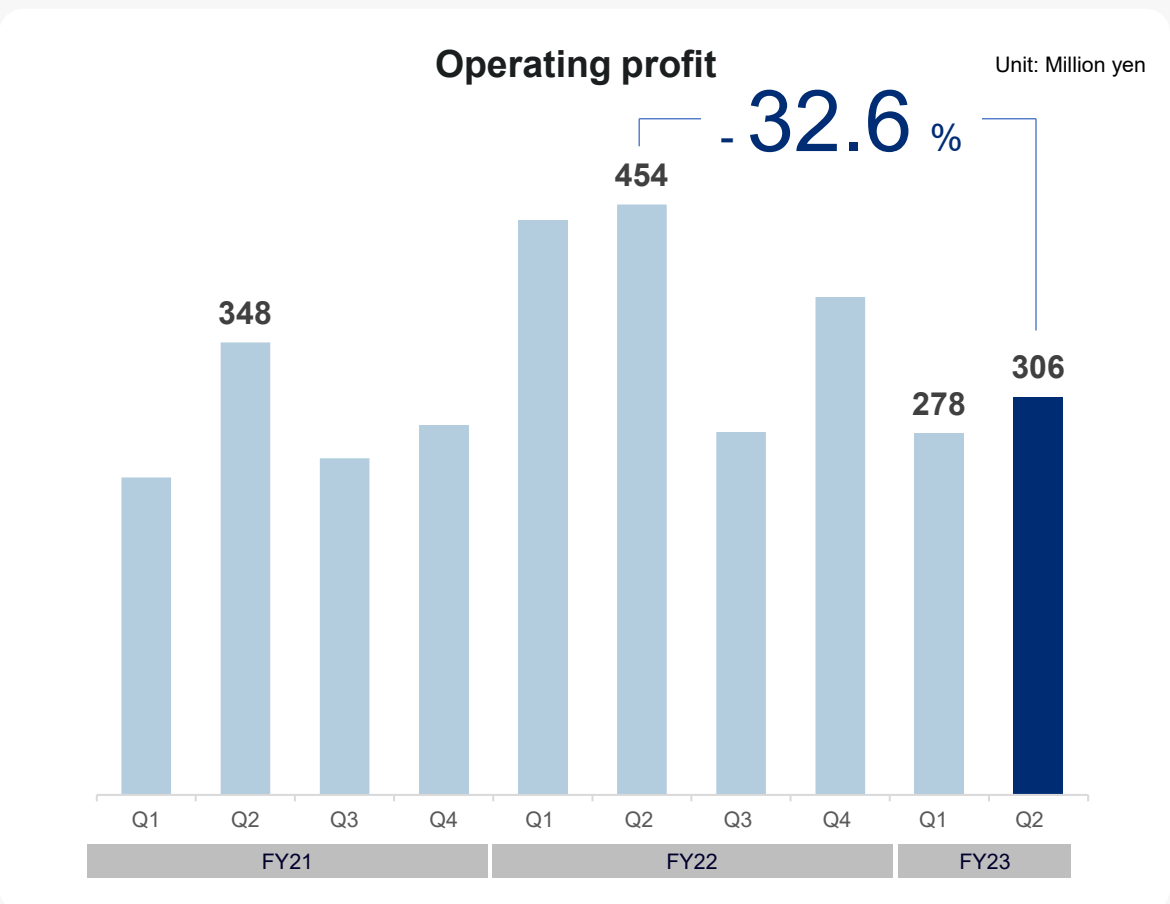
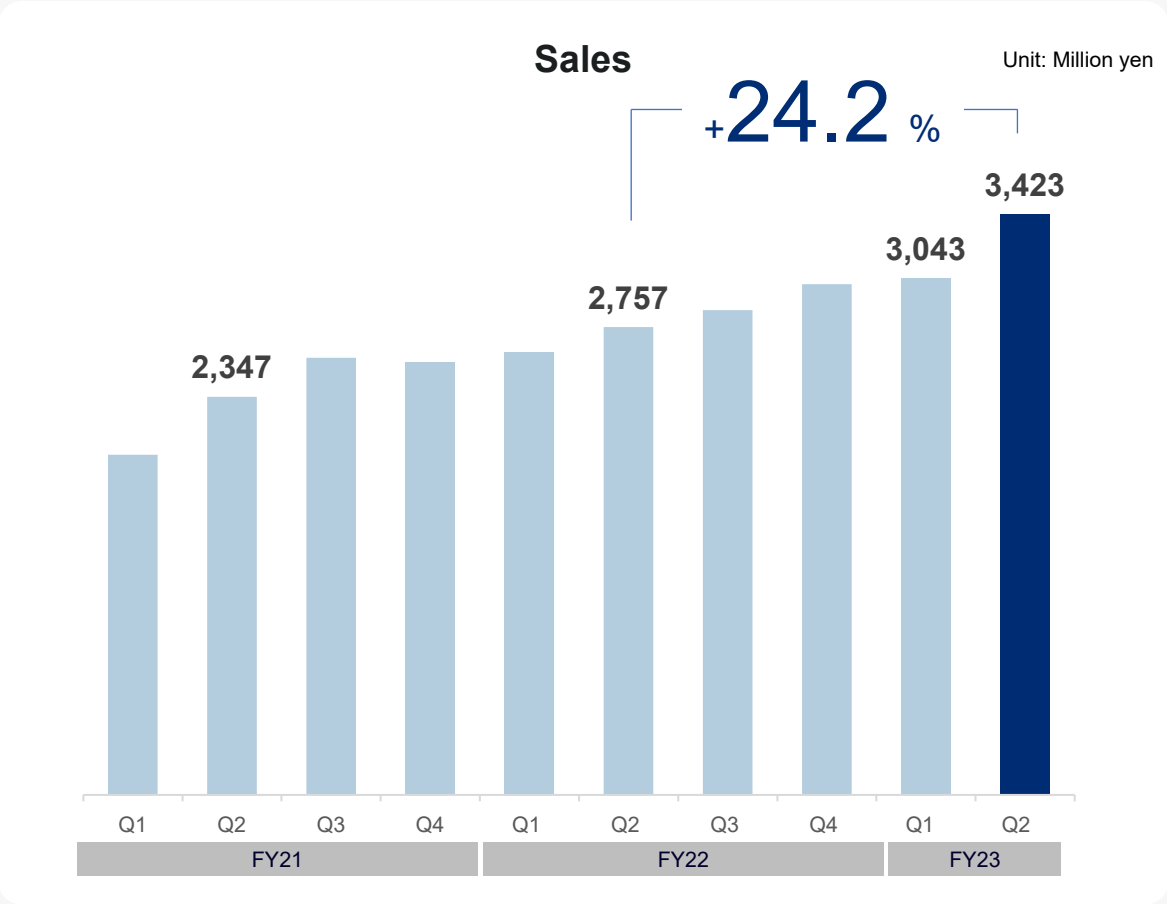
Unit: Million yen

	2Q Actual	Comparison			
		YoY		QoQ	
		Actual	% change	Actual	% change
Labor cost	370	309	19.9%	371	-0.2%
Rent	36	27	30.4%	31	15.4%
Other cost of sales	84	96	-12.8%	92	-8.8%
Total cost of sales	491	434	13.2%	495	-0.8%
Personnel expenses	698	636	9.7%	656	6.4%
Advertising	1,500	920	63.0%	1,176	27.5%
Rent	77	64	19.8%	62	23.4%
Information system fees	71	61	16.6%	74	-3.7%
Other SG&A expenses	277	185	49.7%	299	-7.3%
Total SG&A expenses	2,625	1,868	40.5%	2,269	15.7%
Total of cost of sales and SG&A	3,116	2,302	35.4%	2,765	12.7%



Consolidated – Sales and operating profit

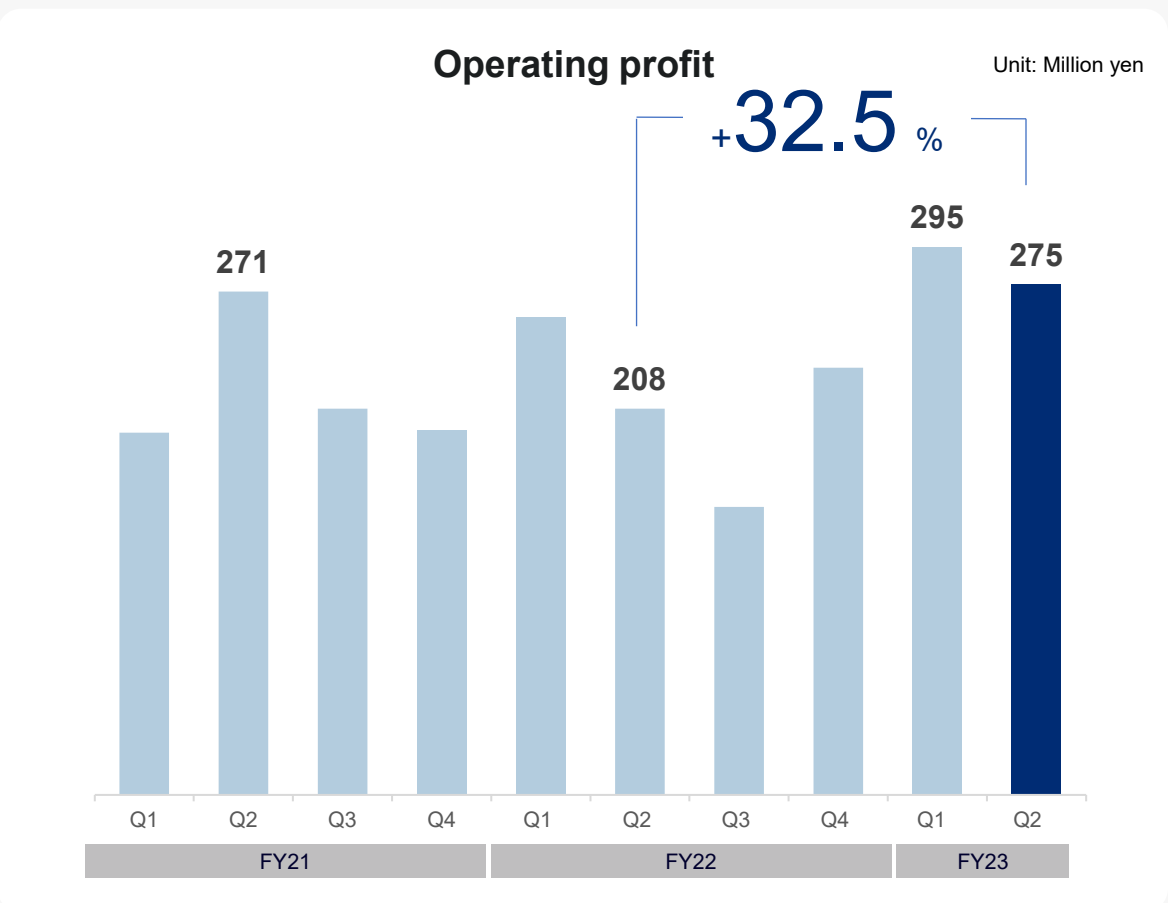
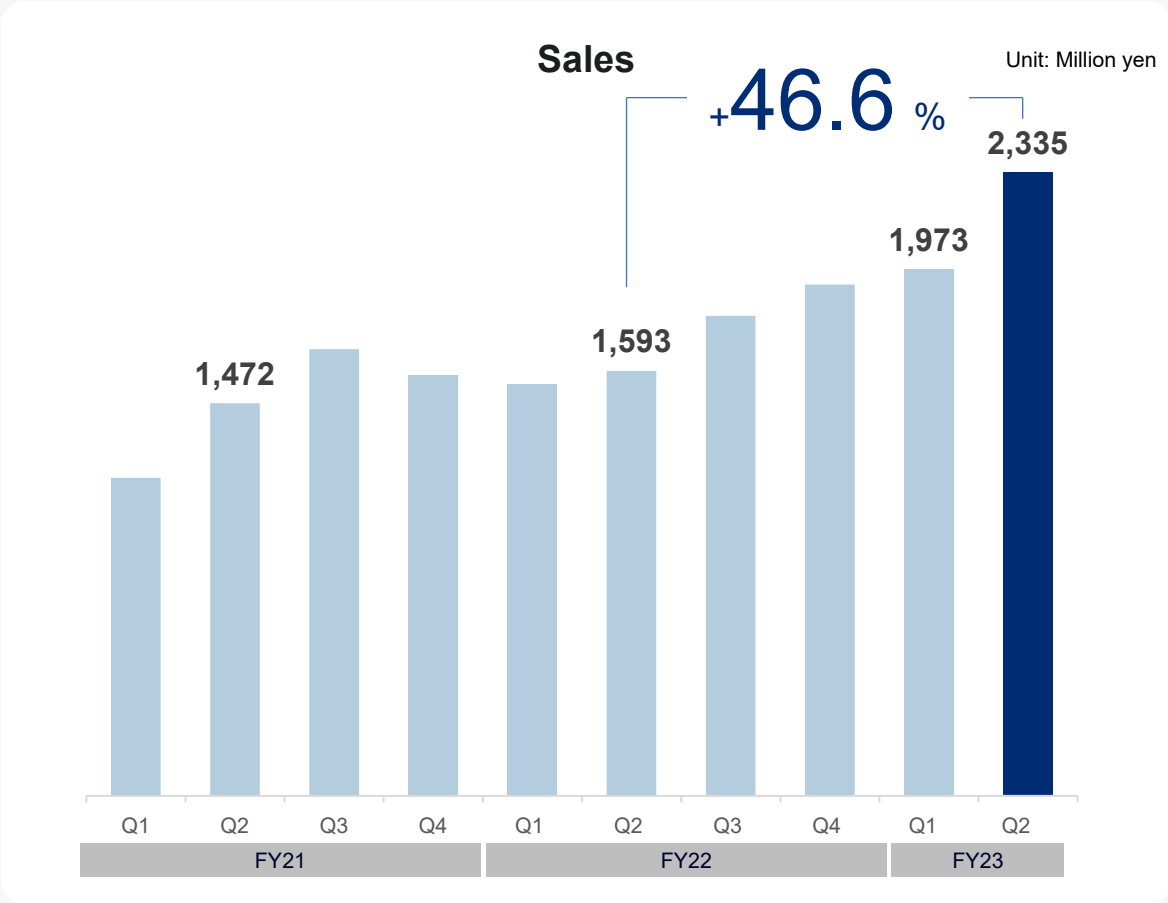
- High growth achieved in Sales.
- Operating profit decreased YoY due to the execution of investments.





Real Estate DX – Sales and operating profit

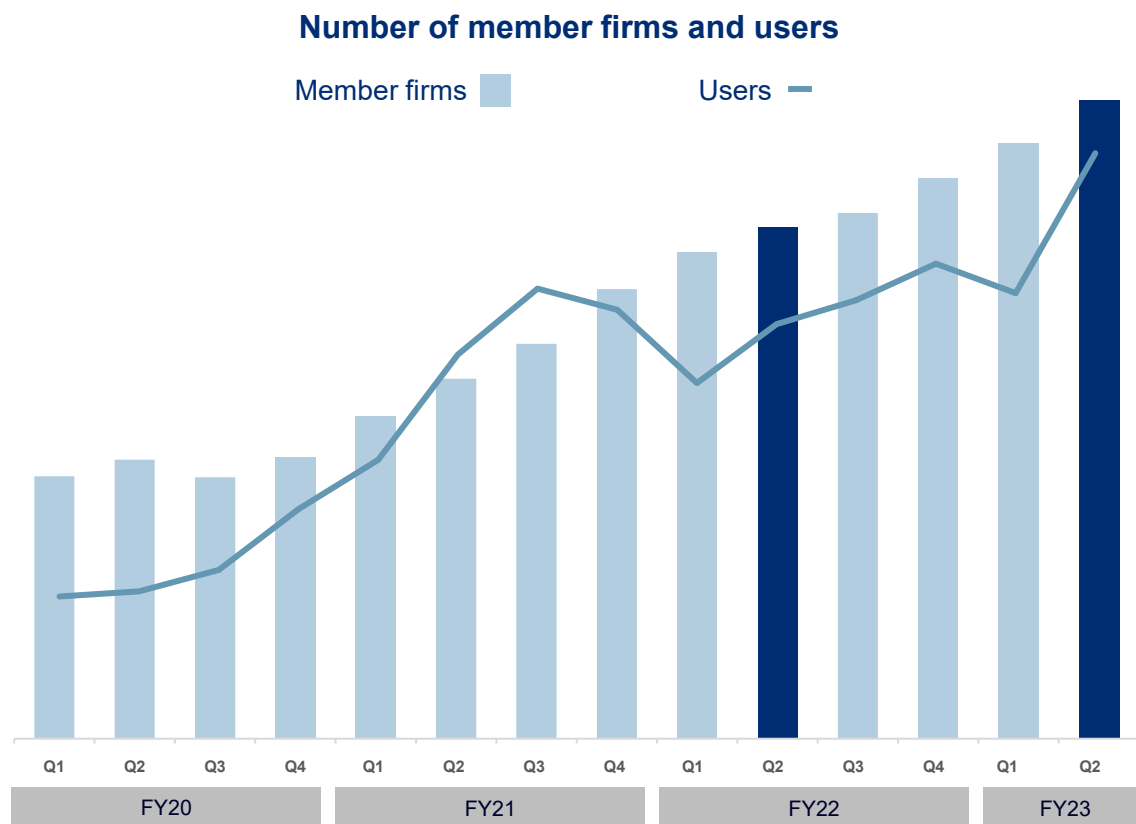
- YoY increase in both sales and operating profit.
Progress towards the guidance are 50.1% and 75.4% respectively.





Real Estate DX – Key KPIs

- Increase in both the number of member firms as well as the number of the users.



Member firms: YoY+23.6 %

- Consistent increase in the number of member firms.
- Expect to further increase by providing tools for sales DX.

Users: YoY+31.0 %

- Significant increase due to investments in advertising and promotion, including TVCM of Nurikae
- Branding investments are planned considering the progress in operating income

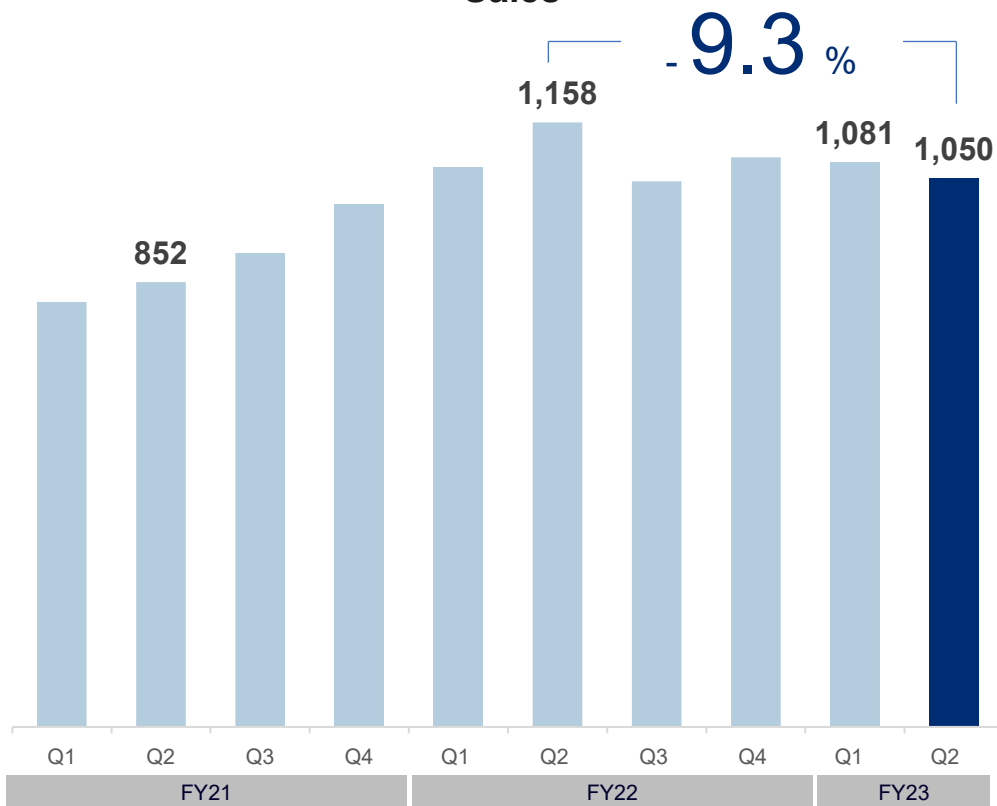


Marketing DX – Sales and operating profit

- Sales decline due to curtail on new orders. Operating profit decreased due to recruitment.
- Progress towards the guidance are 46.4% and 46.6% respectively.

Sales

Unit: Million yen



Operating profit

Unit: Million yen

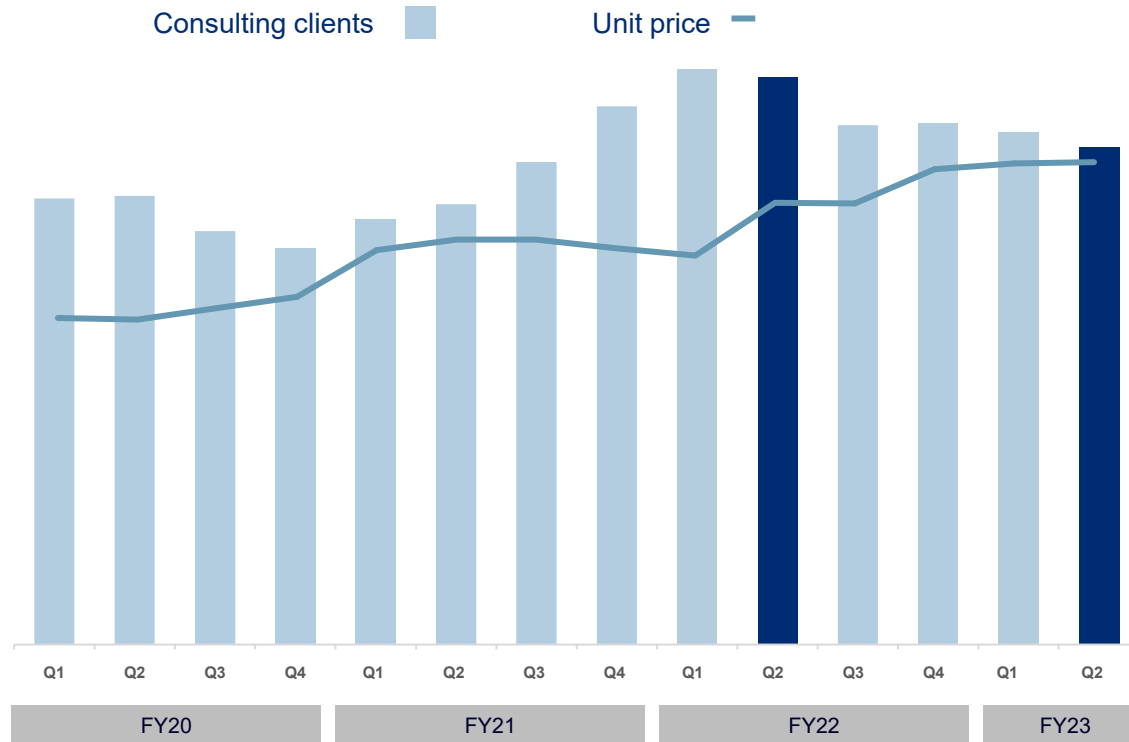




Marketing DX – Key KPIs

- Decrease in the number of customers are due to the shift to acquisition of high-price projects and restraint of orders, whereas they largely increased the unit price per client.

Number of consulting clients and unit price of consulting projects



Number of clients: YoY -12.5 %

- Number of customers decreased in YoY due to order restraint.
- Increase is expected from the second half of the year in return of the workforce enhancement.

Unit price: YoY+7.8 %

- Significant increase in sales per client due to shift to acquisition of high-price projects.
- Further unit price increase is expected from the growth of PAAM business.

Investment Plan



Progress of investment plan

Real Estate DX

Executed product investment for sales DX, to be released sequentially. Aggressive recruiting activities led to 13 new hires in 2Q; 9 new hires in Apr/May.

Marketing DX

Aggressive recruiting activities led to 7 new hires in 2Q; 7 new hires in Apr/May.

Others

Investments in subsidiaries were made as planned.

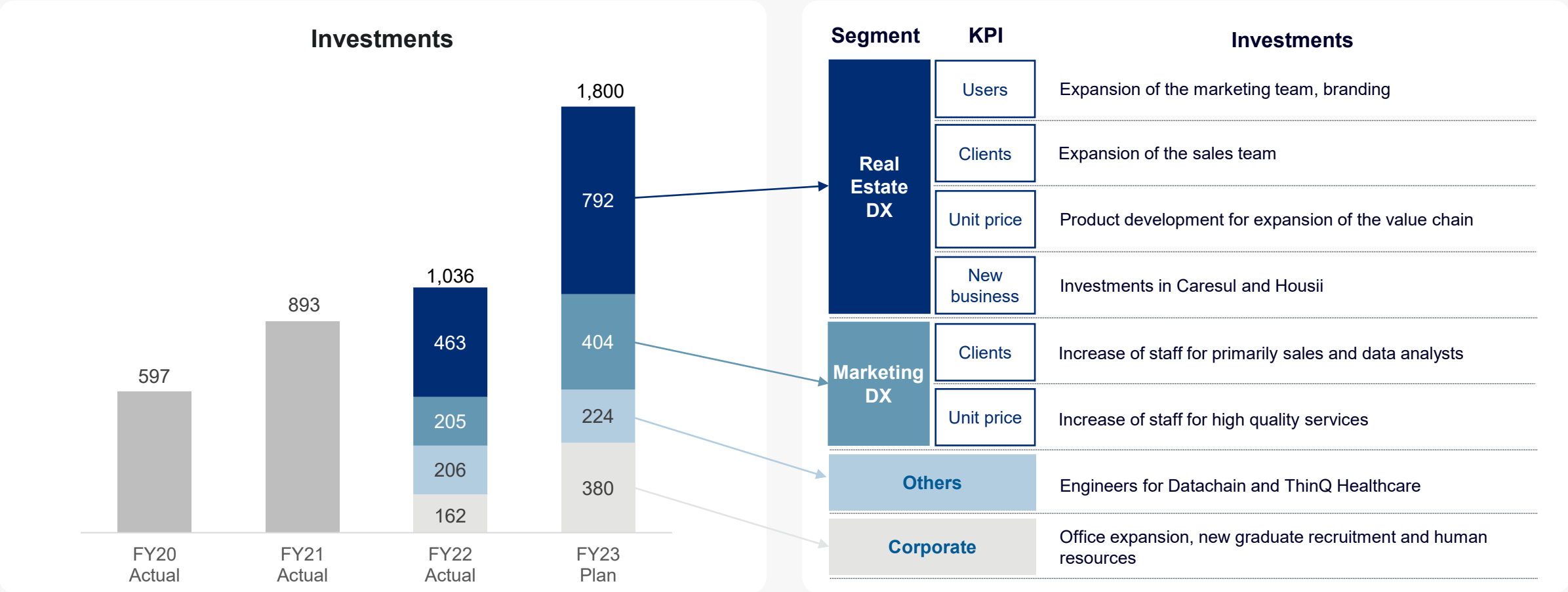
Corporate

Rent increase due to the office relocation in March.
52 new graduates joined in April.



Investment plan for FY23 (previously announced)

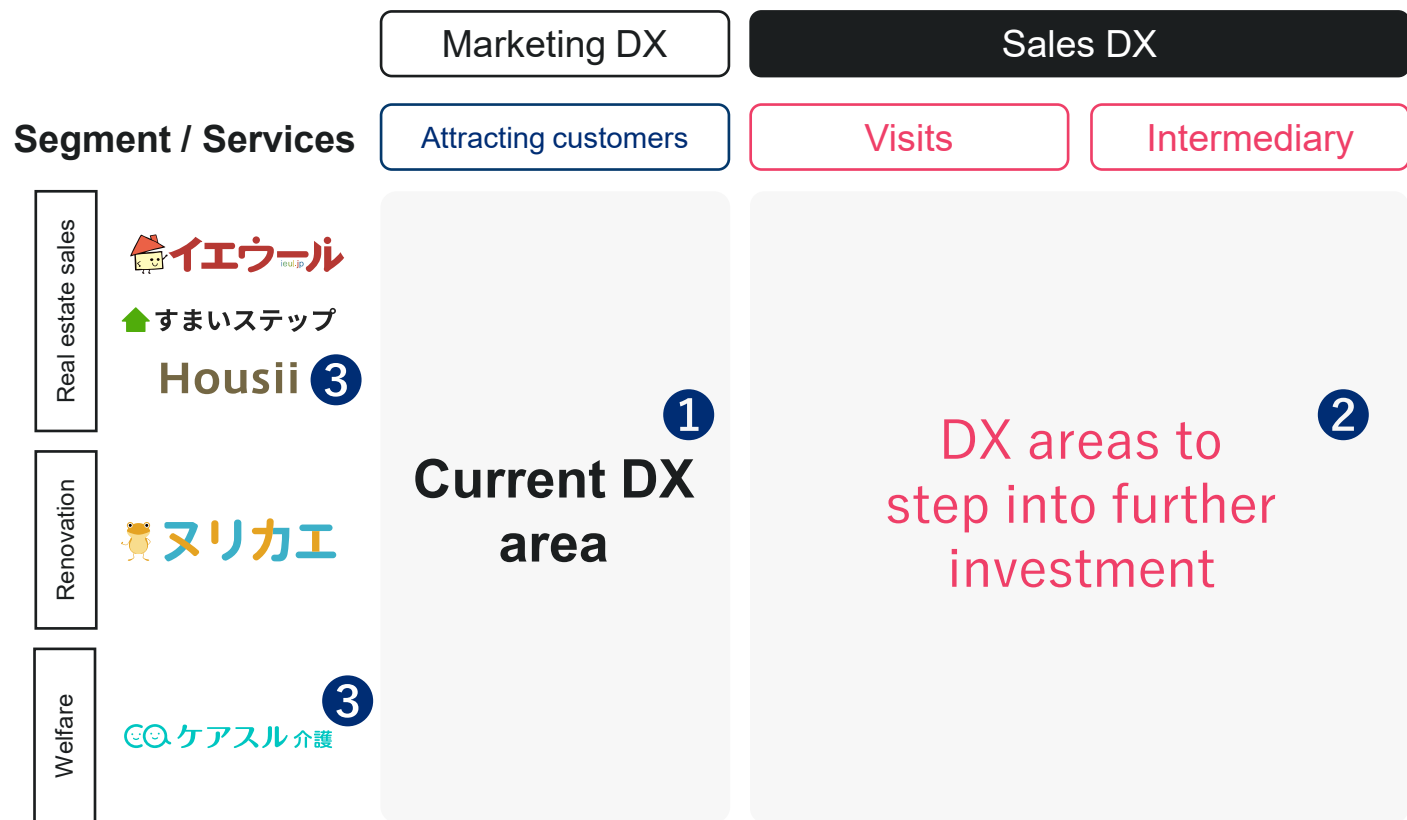
- Stepping into investment in each business sectors by positioning FY23 as an investing period.





Investment plan – Real Estate DX (previously announced)

- Further investment of 792m in 1) current services, 2) expanding the value chain, and 3) in new services as to solidify the No. 1 market share.



① Expansion of staff

- Expansion of marketing and sales team
- Enhancing the portfolio of customer attraction and strengthen corporate and partner's website

KPIs : Number of users and clients

② Product development for Sales DX area

- Accelerate the product development for Sales DX to expand the value chain
 - AI assessment tools
 - Sales supporting tools
 - CRM tools, etc.

KPIs : Number of clients, Unit price

③ New service revenue growth

Invest in marketing and development for Caresul and Housii for the revenue growth



Real Estate DX – Product implementation of sales DX

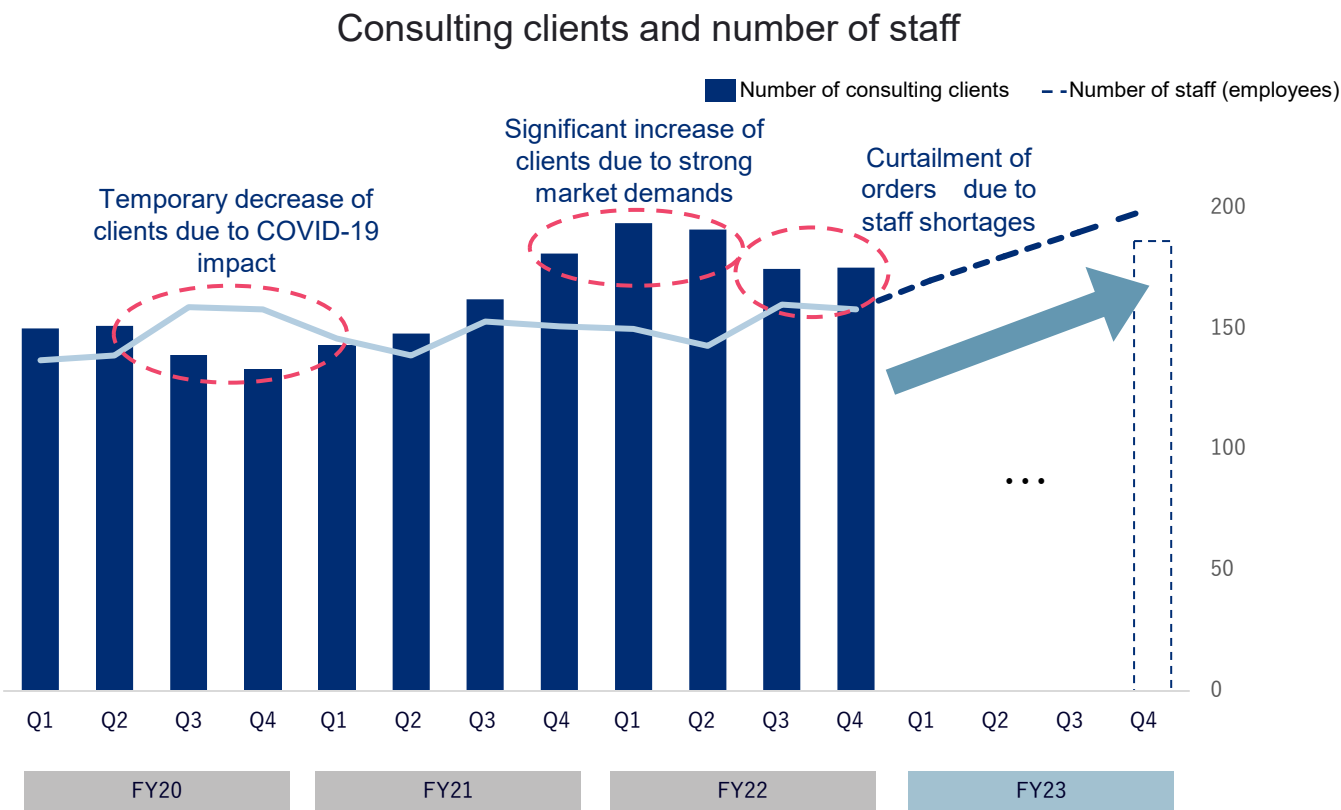
- Progress in promoting sales DX of member firms as implementation rate of multiple paid products increases. More product are planned to be released.

Operation flow of the member firms				
Sales DX products	Assessment	Sales	Preview	Contract
AI assessment				
Sales support				
CRM				
⋮				



Investment plan – Marketing DX (previously announced)

- Planning to increase the number of consulting clients through focused investment in number of professional staff.



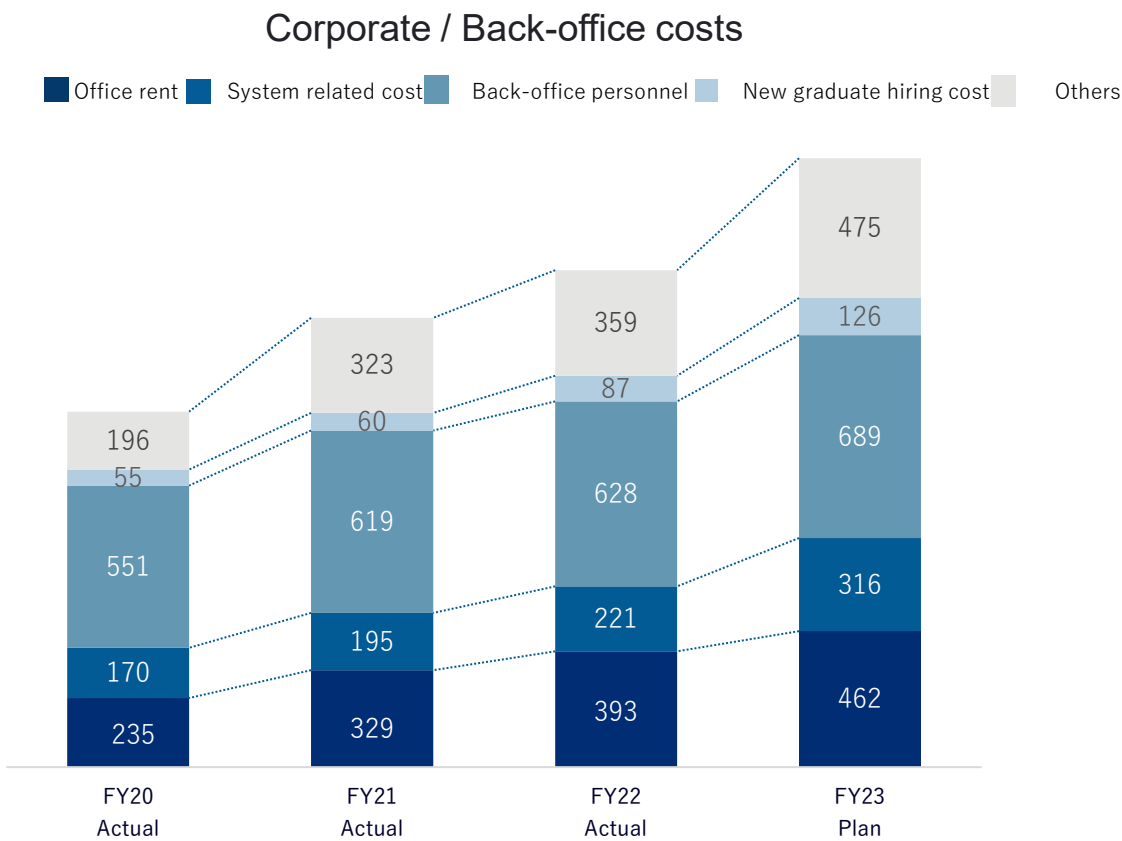
Marketing DX

- As shown in the increase of the clients from the second half of FY21, the consulting needs of Marketing DX are high and cost per client is rising continuously. In FY23, investments in increasing professional staffs are planned to meet this opportunity.
- Despite an increase in the number of new graduates, FY22 resulted in short of staff. As such, investment will be made on hiring for a significant increase in staff in the following measures.
 - Accelerate the hiring activity and increase the employees including 60 new graduates
 - Expansion of the hiring team:
 - FY21: 4, , FY22: 7 , FY23: 10 (plan)
 - Reformatting employee remuneration to more competitive level



Investment plan – Corporate / back office (previously announced)

- Expect to increase in office rent, new graduate hiring and back-office personnel costs. Investment to be completed in FY23 other than hiring costs.



Corporate / back office

- **Office rent**
From January 2023, part of our office will be relocated and consolidated to one location. Both the office space and the rent will be increased by 1.2 times. Working on enhancing efficient working styles by combining with remote working.
- **New graduate recruitment**
Increase the number of new graduate hiring but maintain the cost of hiring per employee.
- **Personnel increase in the back-office**
Plan to increase in line with the organization growth.

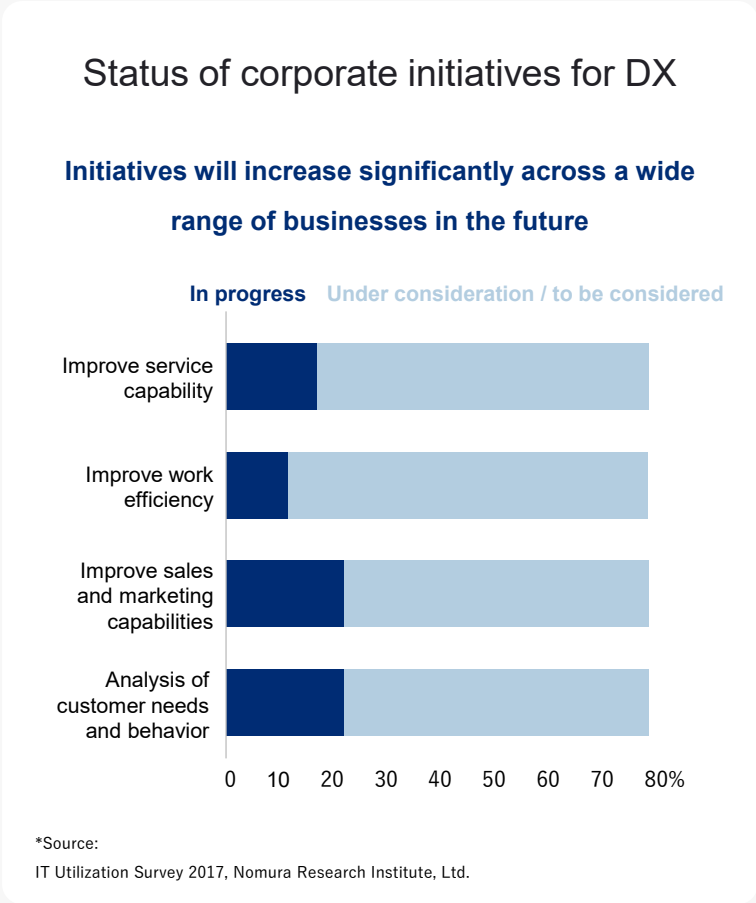
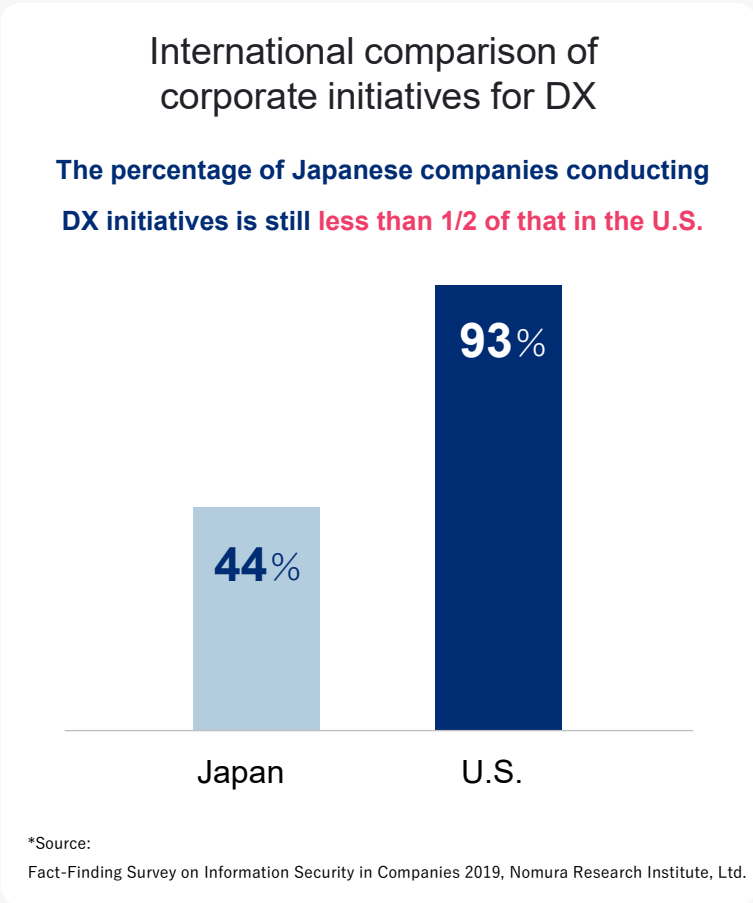
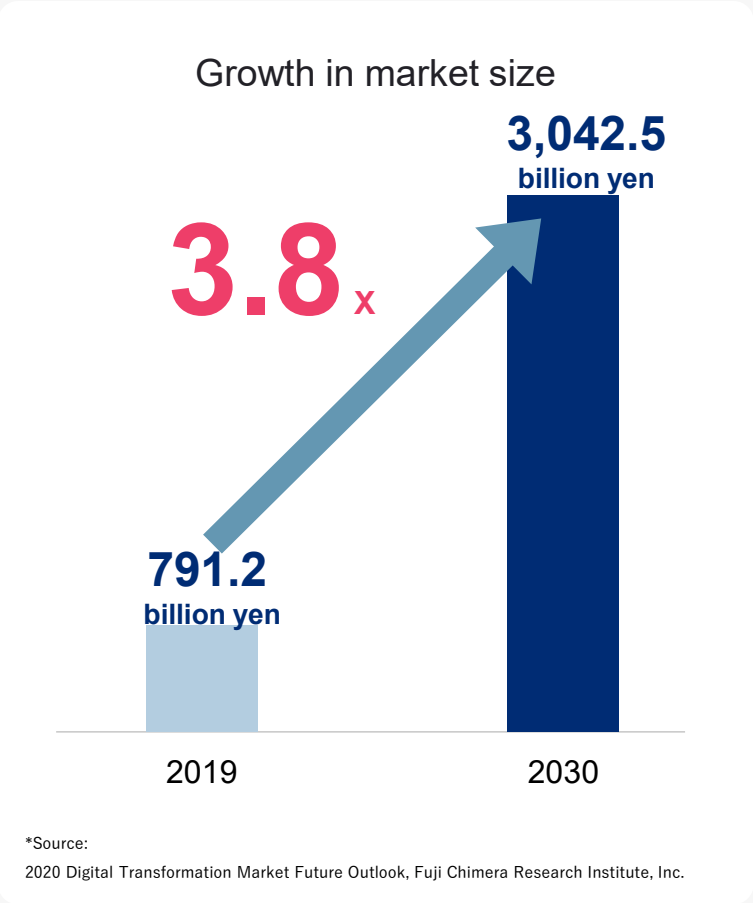
Investment for corporate / back office will complete in FY23 except for the new graduate recruitment.

Growth Strategies



Growth potential of the DX market

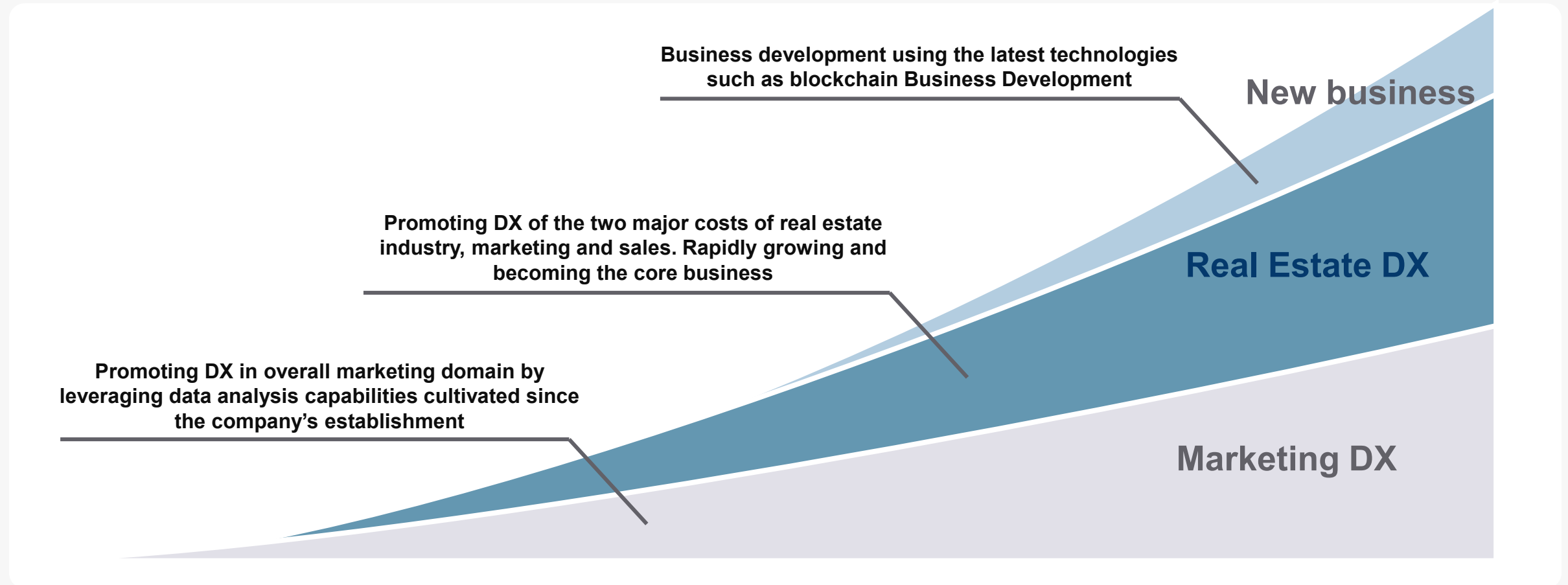
■ DX market is a growing market with great potential.





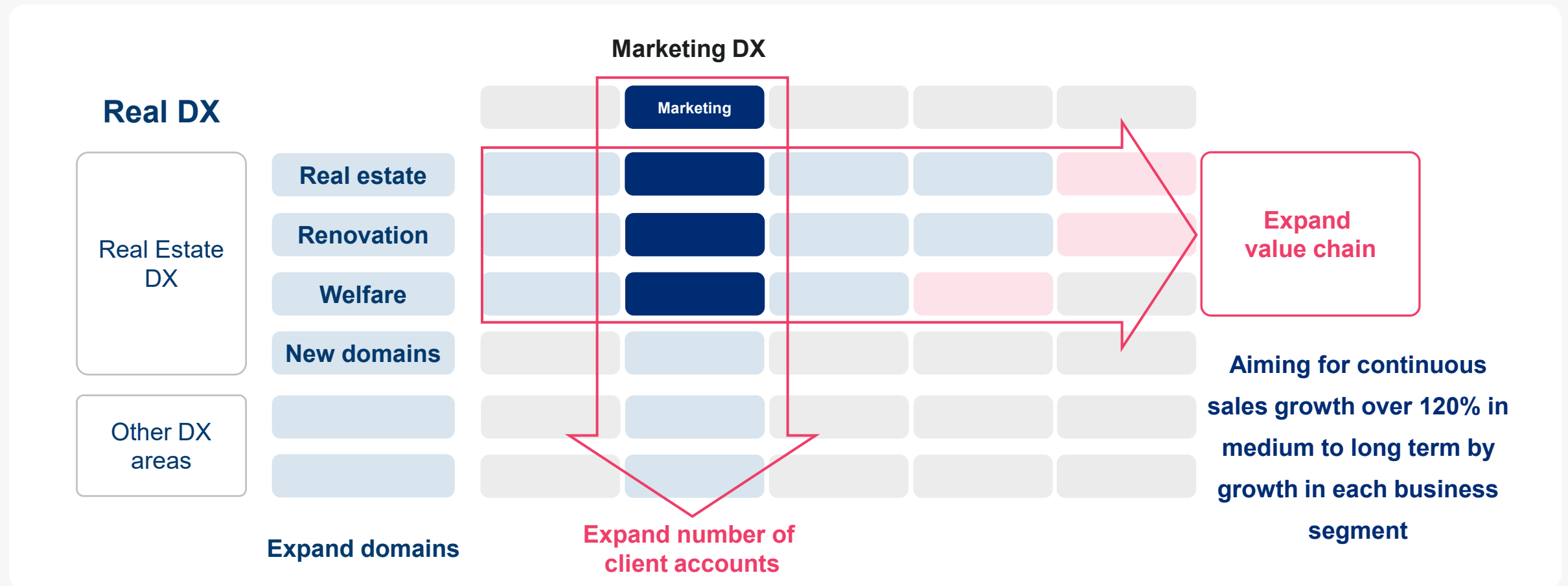
Future growth concept

- Aiming for further expansion with Real Estate DX in addition to growth in high profitable Marketing DX domain.



Business growth direction

- Real Estate DX will work to develop new domain while expanding the target value chain
- Marketing DX will work to increase the number of customer accounts



Sustainability Initiatives



Society and sustainability that we aim for:

- **We aim for a diverse society where everyone can enjoy rich digital experiences and feel fulfilled by focusing to their own work**

1

Rich digital experiences

We aim to create an ecosystem through DX where people can continue to receive the rich consumer experiences without any loss of enjoyment.

2

Fulfillment by focusing more into their own work

Through the ecosystem we create, we want to realize an environment where people can delegate the work to digital and feel fulfilled by focusing more to their own work according to their individual lifestyles.

3

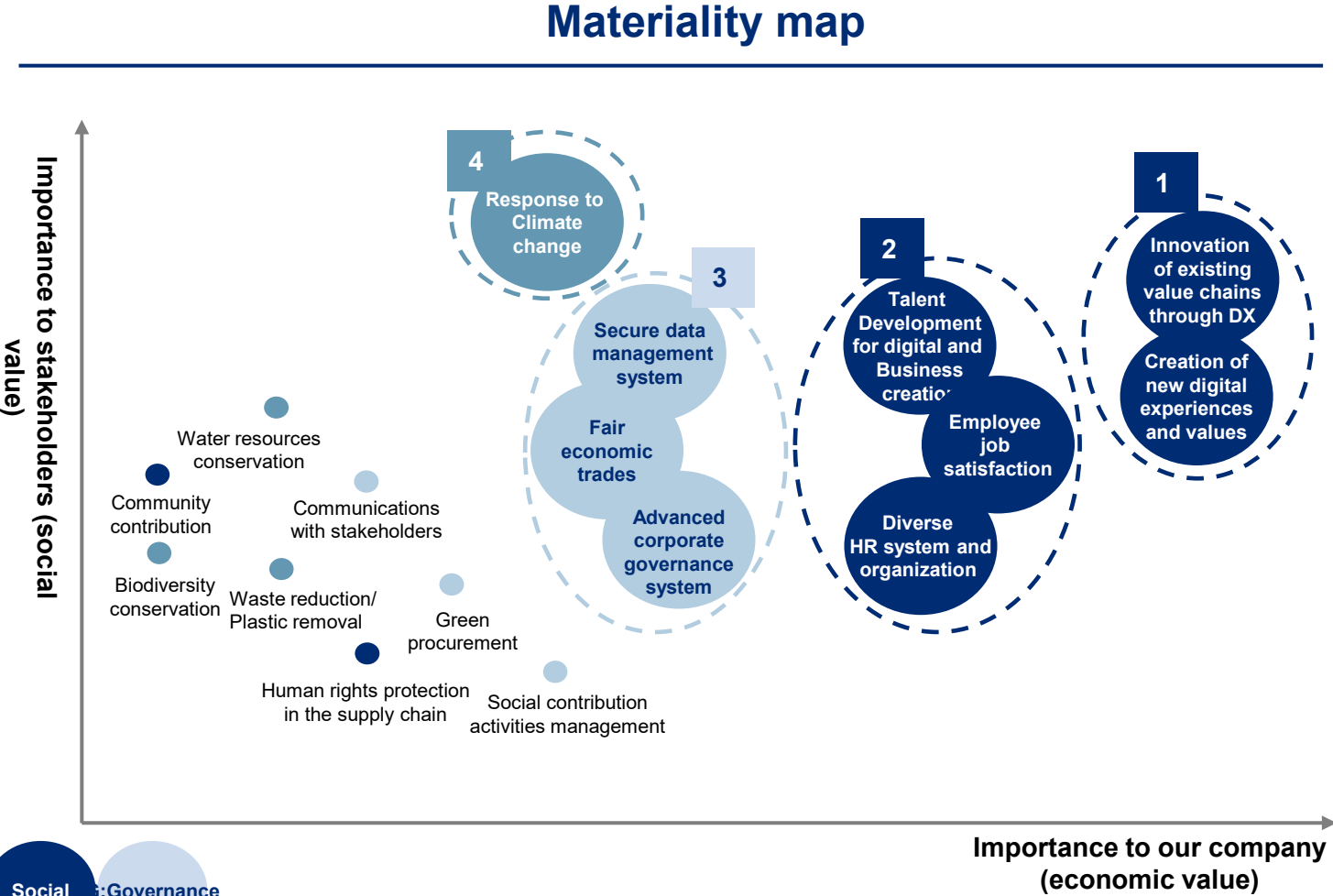
Integrated diversity

We want to encourage the development of a society that recognizes truly integrated diversity, not just diversity based on the accumulation of individualism.



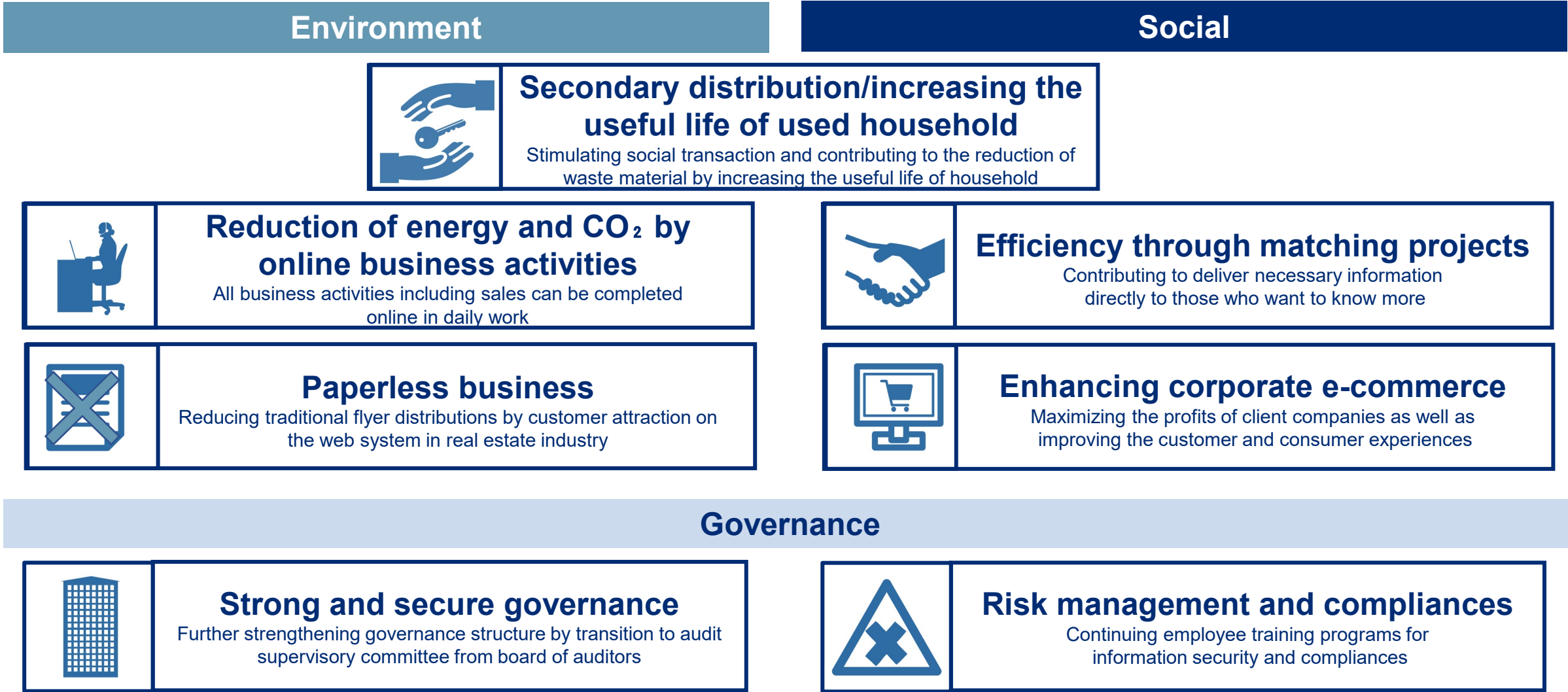
Identified materiality in our sustainability management

Materiality	
1	Social: Creation of new value chain through Digital Transformation
2	Social: 'Biz Dev' talent development
3	Governance: Strong and sustainable management system
4	Environment: Response to climate change





Part of our initiatives:

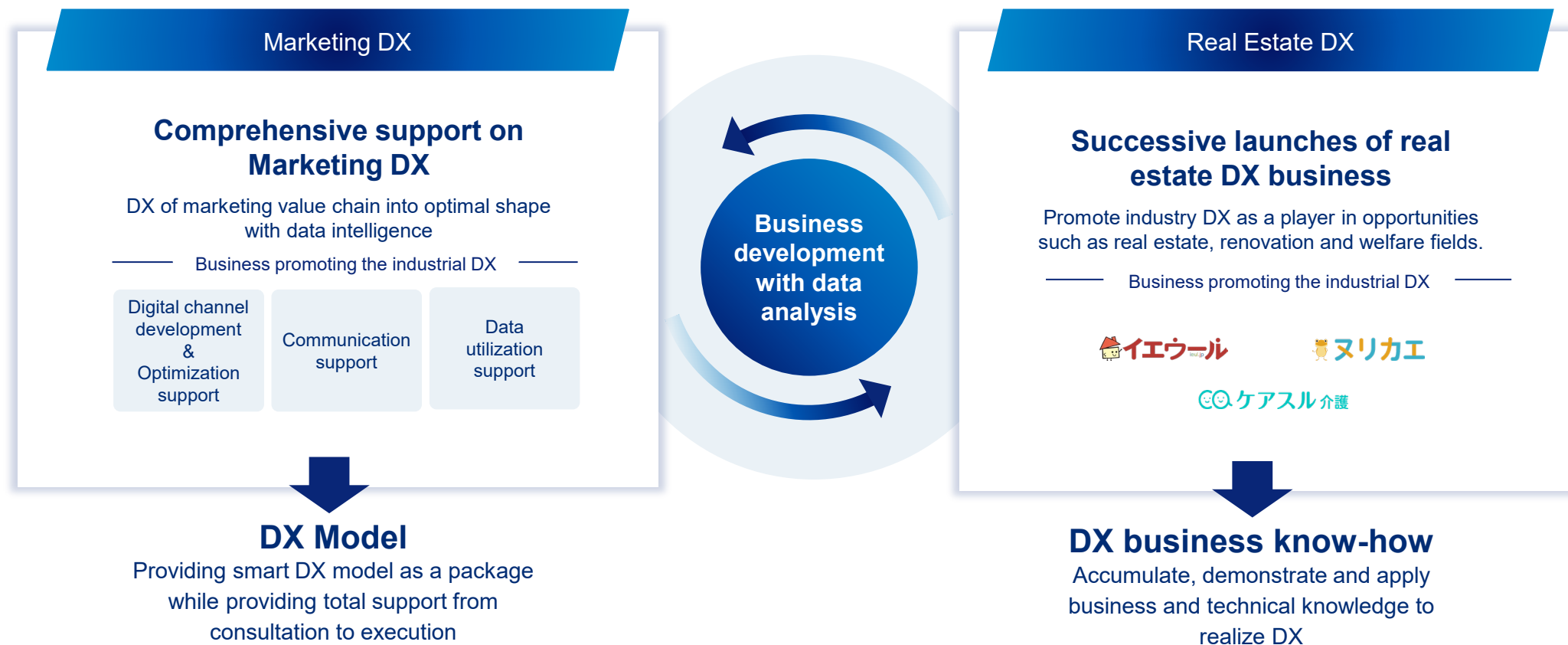


Company Overview



Business advantages

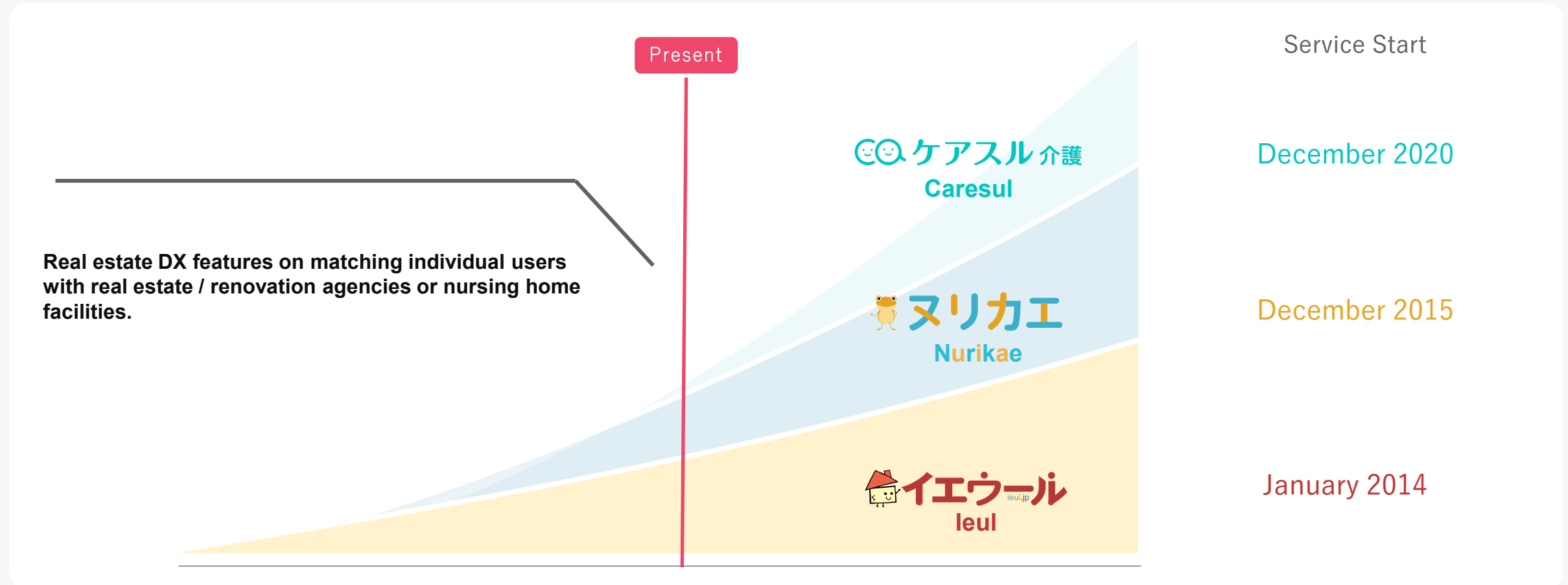
- Continuous business development based on data analysis
- Promote industry DX through the interaction of Marketing DX and Real Estate DX





Real Estate DX – Vision for future growth

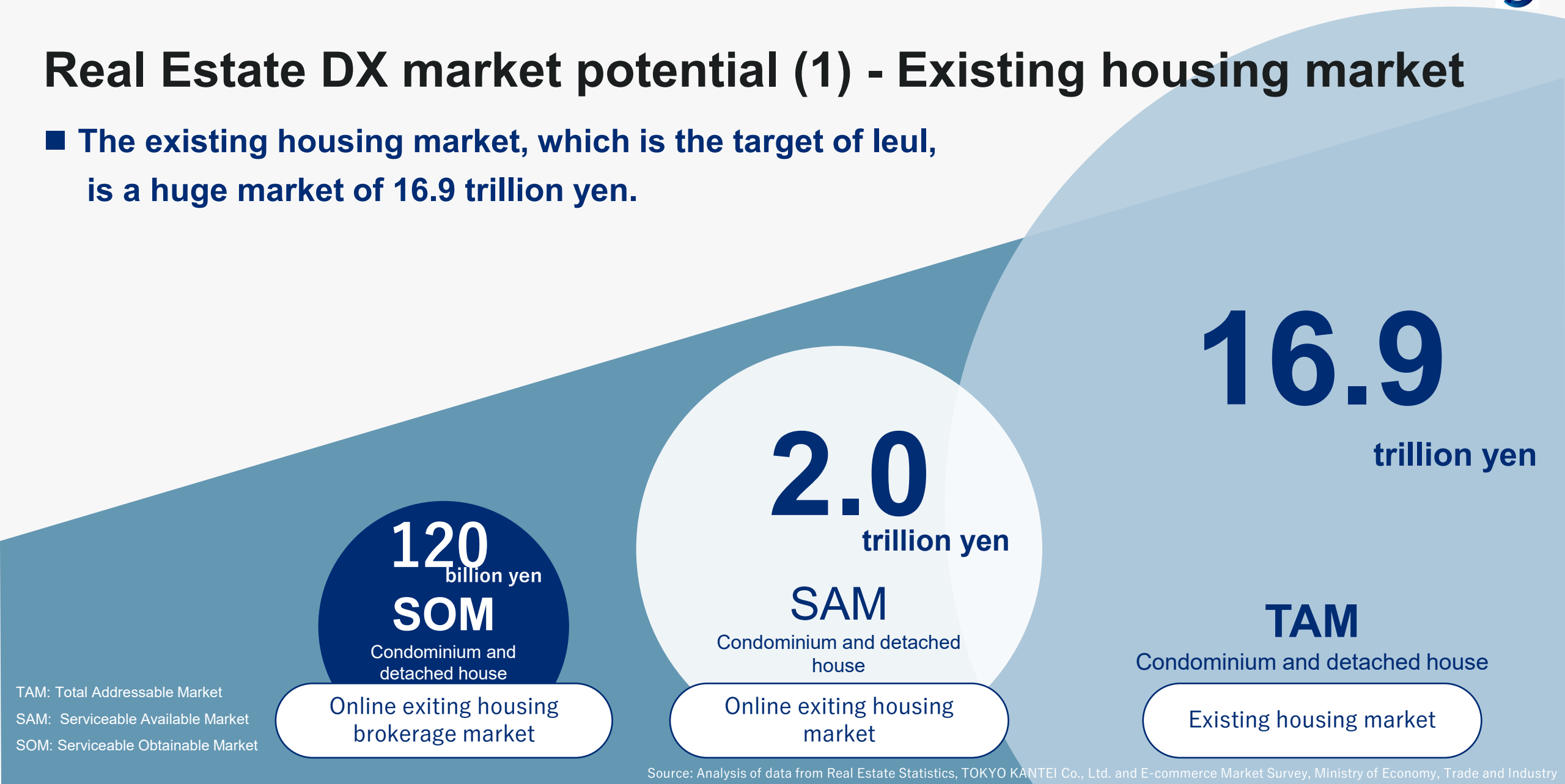
- Same business model is used for each service.
- Model with higher profitability due to business expansion.





Real Estate DX market potential (1) - Existing housing market

- The existing housing market, which is the target of leul, is a huge market of 16.9 trillion yen.

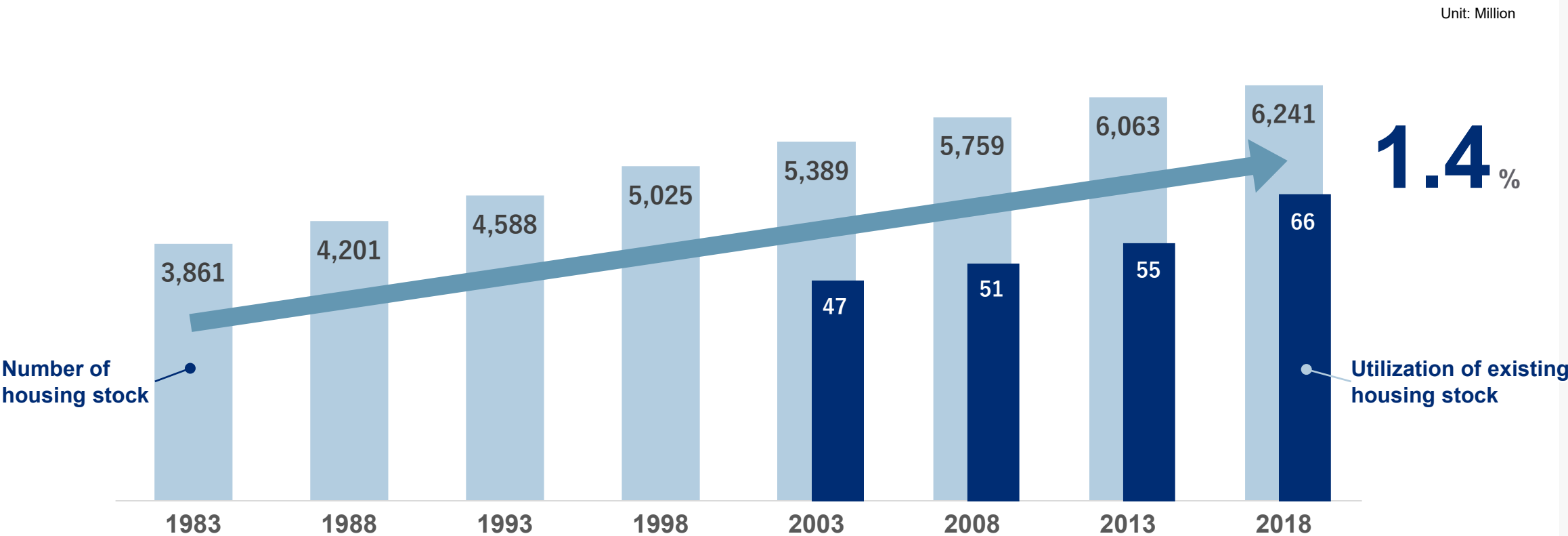


Source: Analysis of data from Real Estate Statistics, TOKYO KANTEI Co., Ltd. and E-commerce Market Survey, Ministry of Economy, Trade and Industry



Real Estate DX market potential (2) - Number of housing stock

■ The number of housing stock, which is the base of the existing housing market, is increasing every year, and the utilization has been accelerating in recent years.

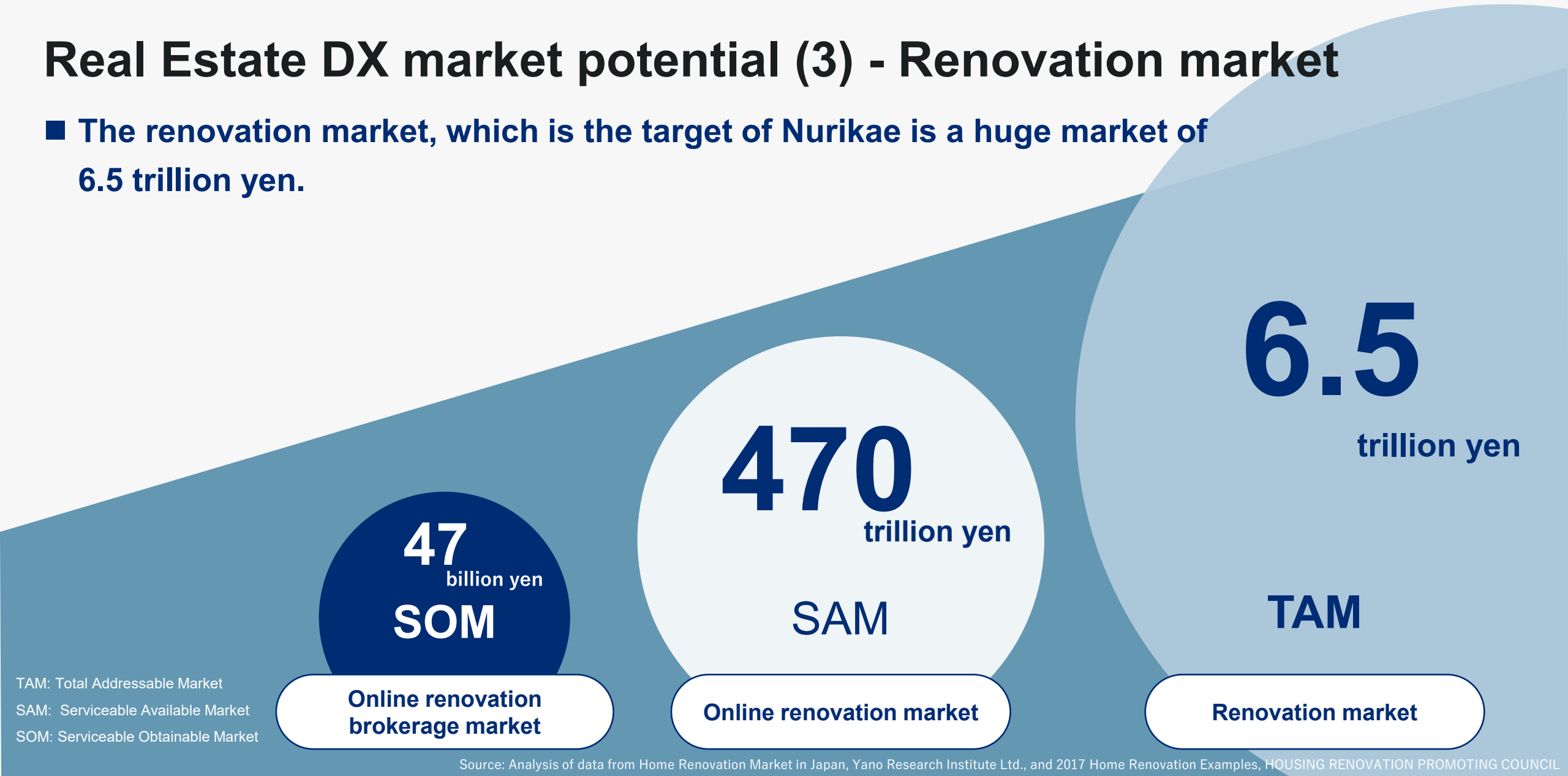


Source: Data from Housing and Land Survey, Ministry of Internal Affairs and Communications, and Real Estate Statistics



Real Estate DX market potential (3) - Renovation market

- The renovation market, which is the target of Nurikae is a huge market of 6.5 trillion yen.

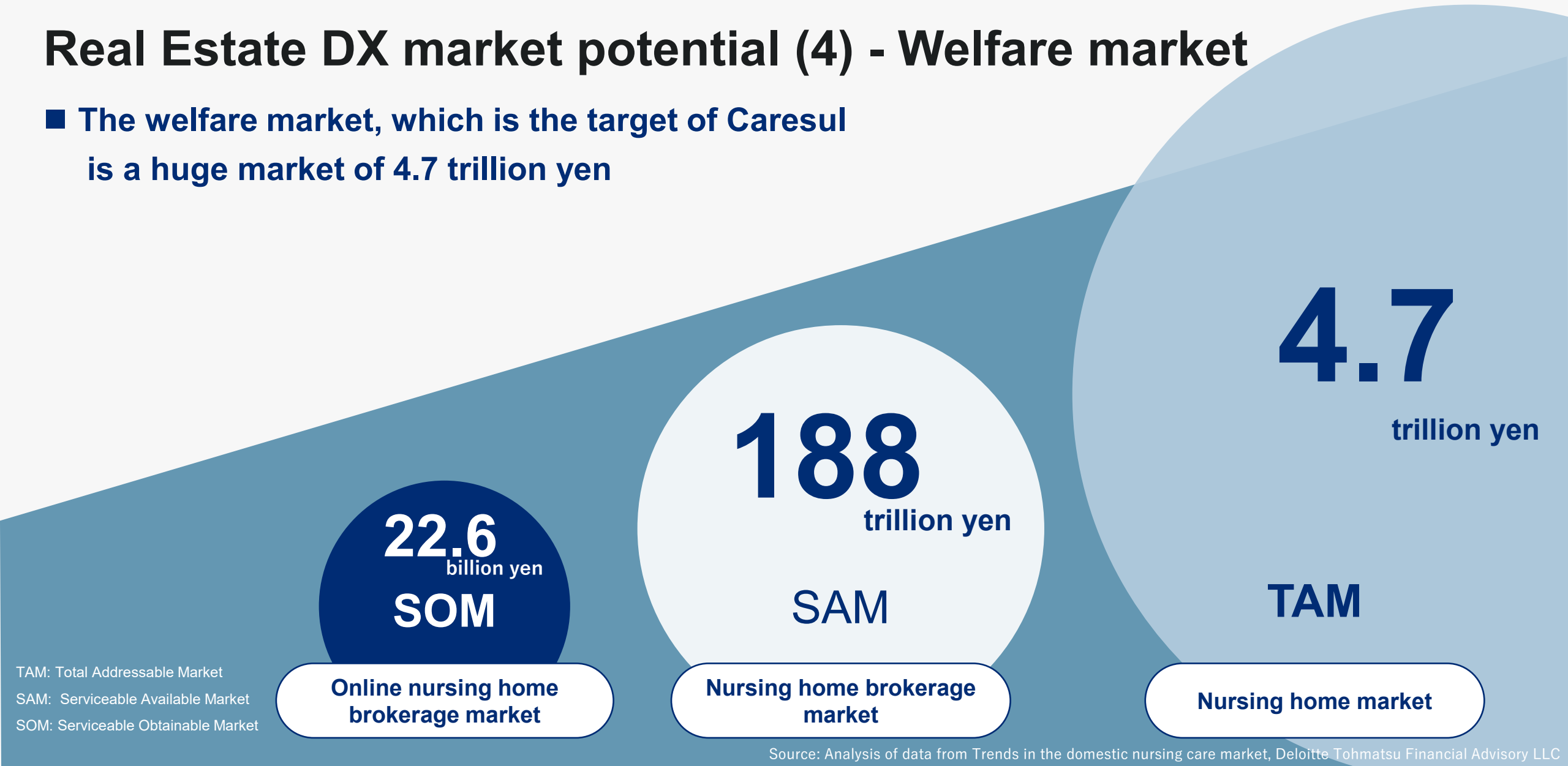


Source: Analysis of data from Home Renovation Market in Japan, Yano Research Institute Ltd., and 2017 Home Renovation Examples, HOUSING RENOVATION PROMOTING COUNCIL



Real Estate DX market potential (4) - Welfare market

■ The welfare market, which is the target of Caresul is a huge market of 4.7 trillion yen



Source: Analysis of data from Trends in the domestic nursing care market, Deloitte Tohmatsu Financial Advisory LLC

Real Estate DX market potential (5) - Room for DX

- Real estate market has lagged other industries in adopting DX. With support from the government policy, the trend toward digitalization is expected to accelerate in the future.

Digitalization in the Real Estate Industry

	Digital maturity level ⁽¹⁾	EC ratio ⁽²⁾ 2017 → 2019
Information and communication	6.06	18.3 % → 19.9 %
Media and entertainment	5.49	- % → - %
Transportation	5.18	15.7 % → 16.8 %
Finance	5.14	20.3 % → 22.0 %
Retail	5.03	- % → - %
Medical and pharmaceuticals	5.00	- % → - %
Manufacturing	4.54	31.9 % → 35.1 %
Construction and real estate	4.50	10.7 % → 12.0 %

(1) Digital Business Global Executive Study, Kane, et al. (2015)

(2) E-commerce Market Survey, Ministry of Economy, Trade and Industry

Trend of Digitalization in the Real Estate Industry

Revised Building Lots and Buildings Transaction Business Act is in place since May 2022.

Digitalization and online promotion are accelerating in areas of contractual procedures for real estate transactions

Seller's sales activities

Attract prospective buyers

Sales for purchasing

Customer service and negotiations

Purchase agreement

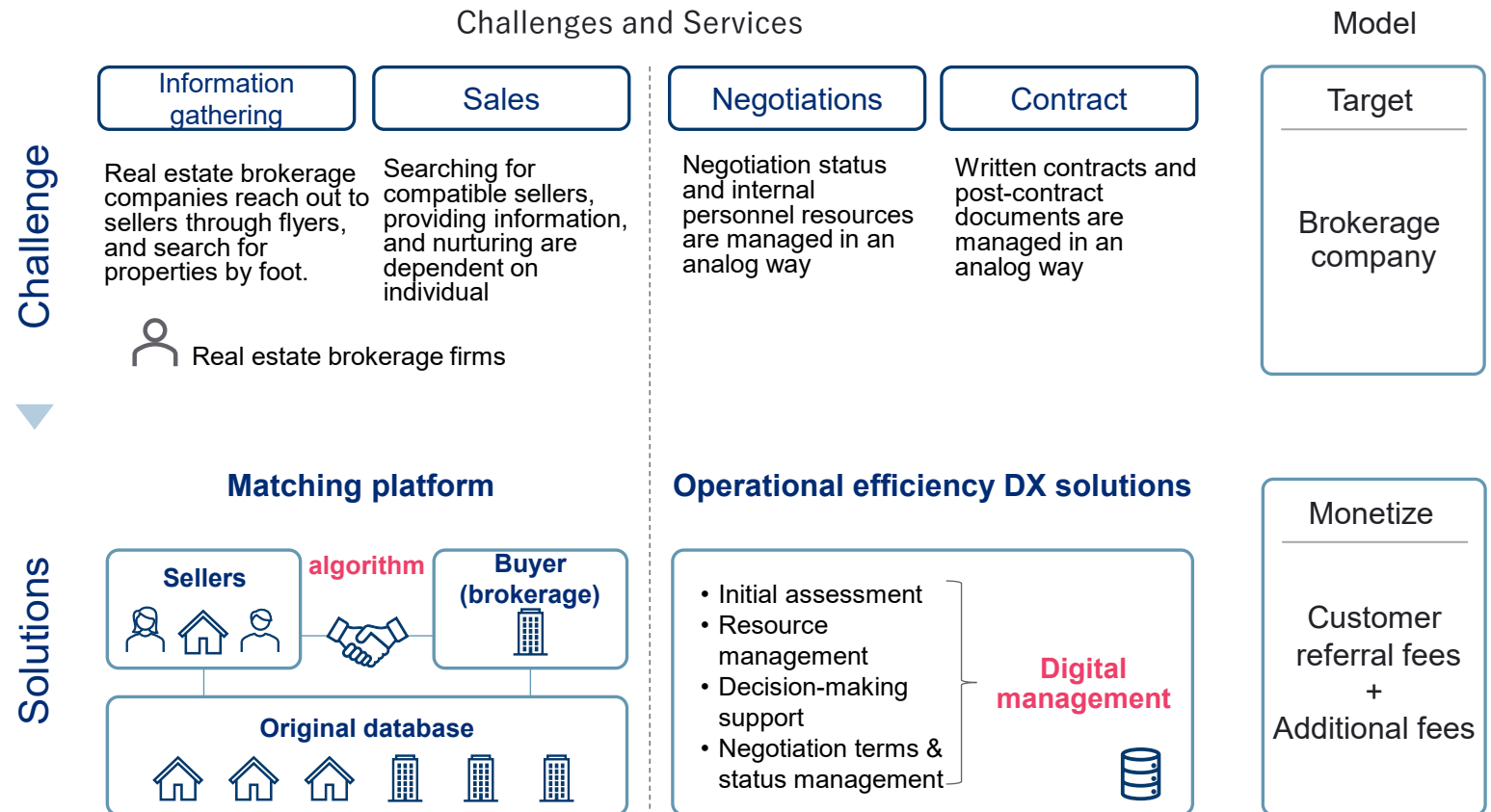
Accelerating demand for digitalization and online conversion of front-end process



Government's policy will accelerate digitalization and online conversion

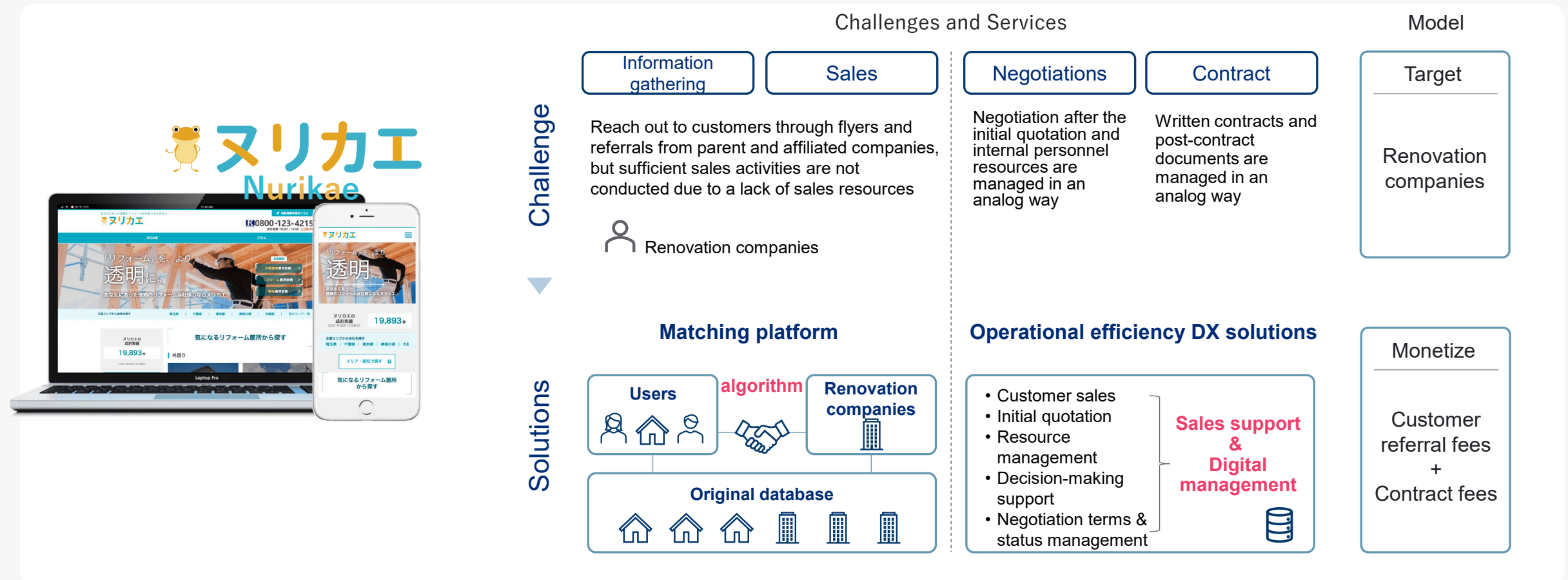
Real Estate DX business model: leul

- leul solves the difficulties of traditional operations of real estate brokerage companies centered on offline with a matching platform and operational efficiency DX.



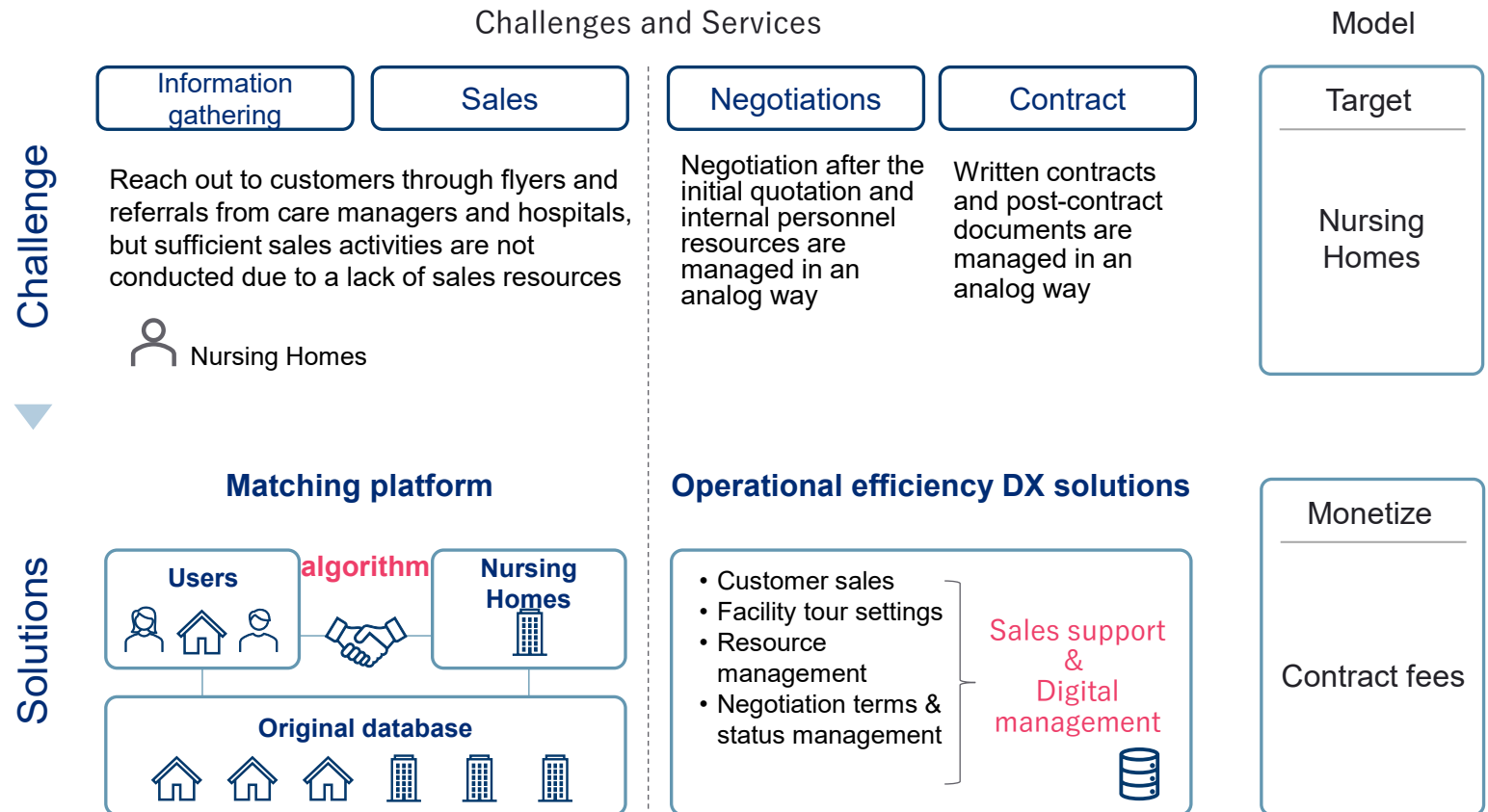
Real Estate DX business model: Nurikae

- Nurikae solves the difficulties of traditional operations of renovation companies centered on offline with a matching platform and operational efficiency DX.



Real Estate DX business model: Caresul

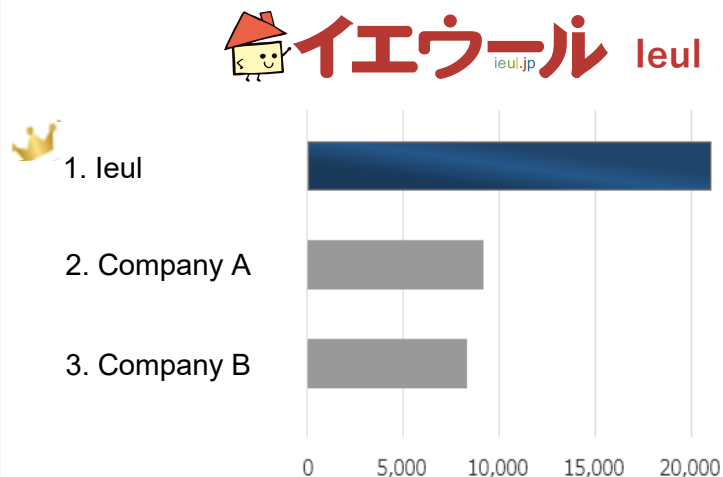
- Caresul solves conventional offline operations at nursing homes with matching platform and business efficiency DX.



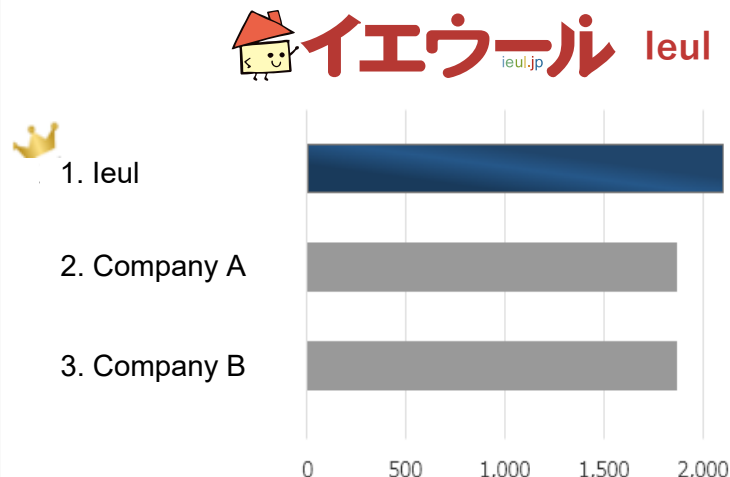
Real Estate DX - Results of ranking survey

- leul ranked 1st in all category, number of users, number of member companies, and area coverage in real estate batch assessment site ranking survey.

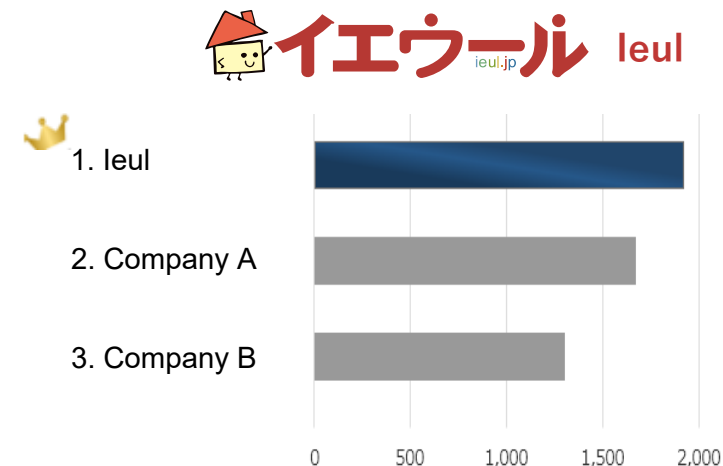
Monthly number of users



Number of member companies



Area coverage



Real Estate DX - Results of ranking survey

- Nurikae ranked 1st in number of users, number of matching customers, and area coverage in renovation matching site ranking survey.



* No.1 in number of users, number of matching customers, area coverage, number of contracts achieved in both all division and Exterior wall painting division

Real Estate DX - Strengthen ability to attract customers

- Continuously strengthen our ability to attract customers by enhancing our services and partnering with other media.

Our Services



↑ すまいステップ



Increasing in the number of partner media



Send
Users



↑ すまいステップ Sumai Step

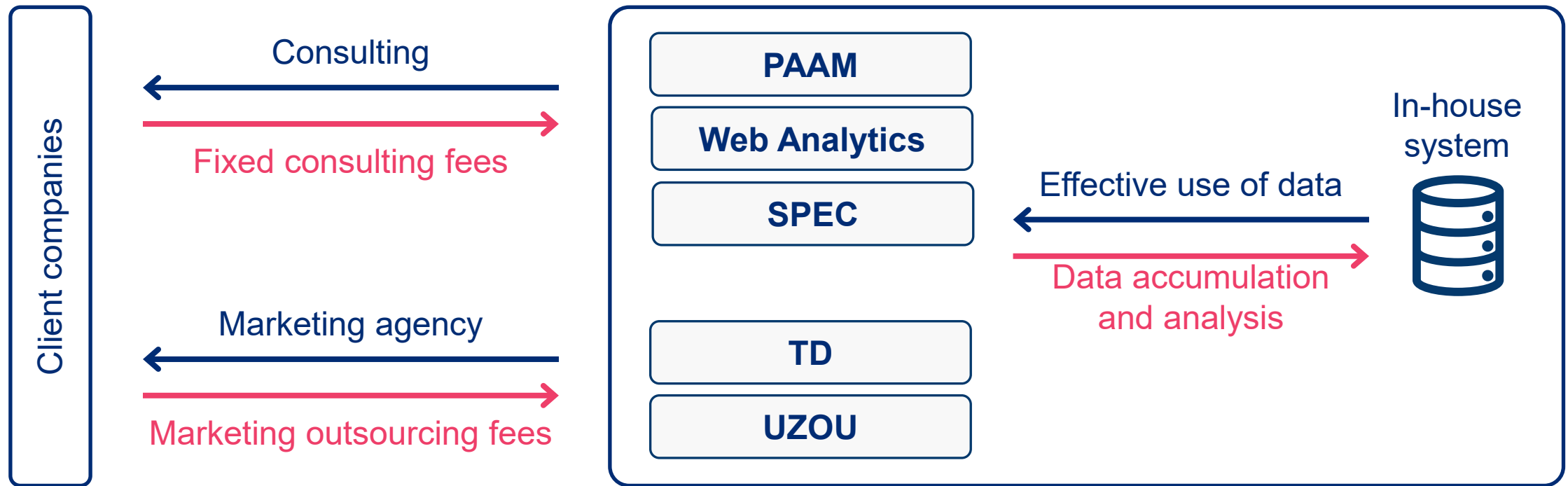
Team up with real estate batch assessment website and send prospect customers to “ieul”, “Nurikae” and “Sumai step”

Strengthen ability to attract customers



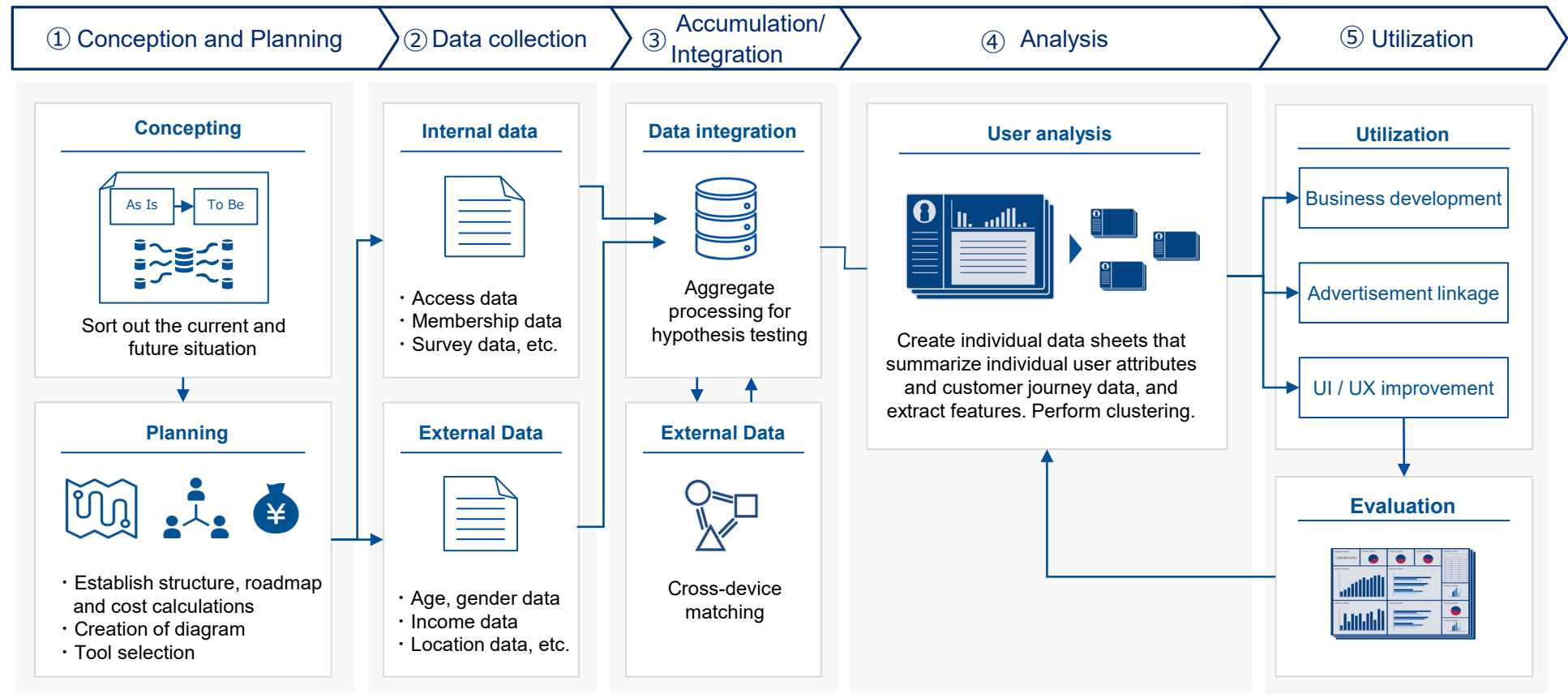
Marketing DX business model

- Provide consulting services to support from planning to executing in the marketing field by analyzing and effectively utilizing data accumulated through the business.



Marketing DX services

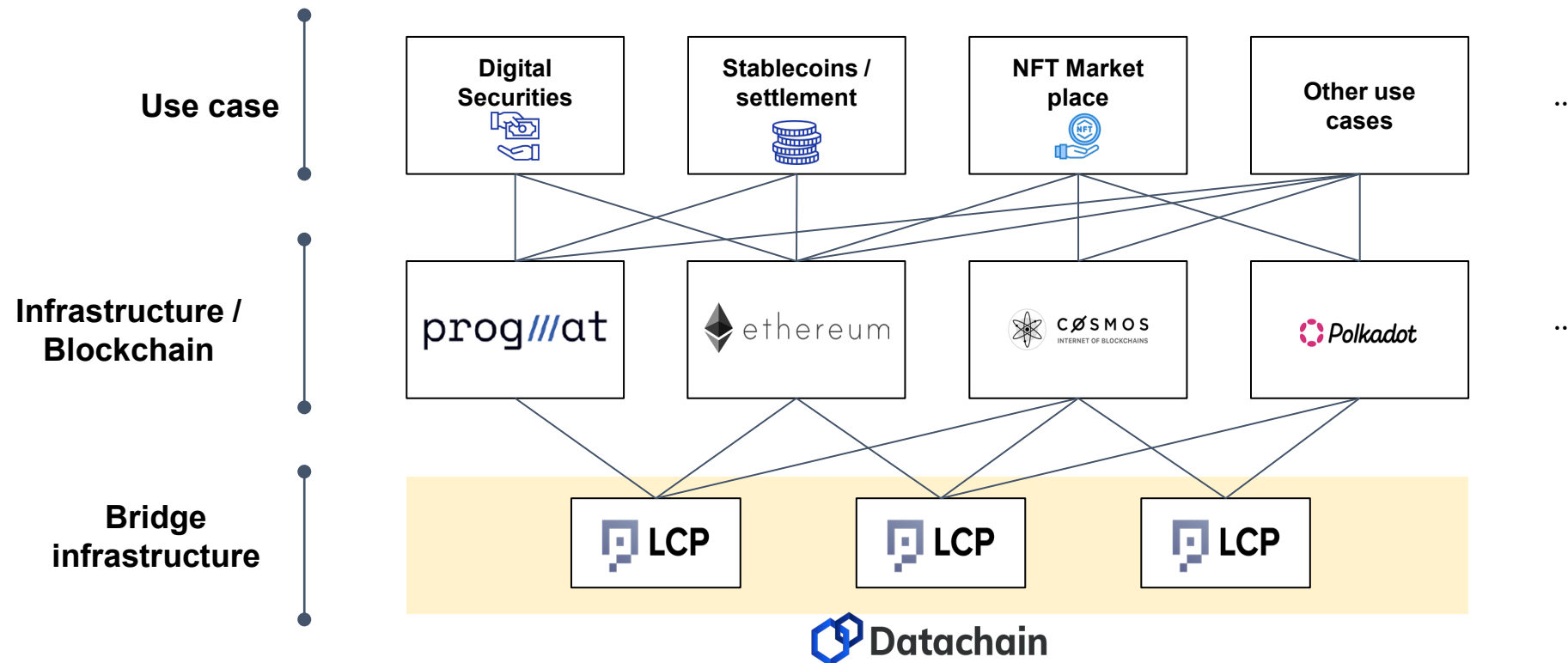
■ Providing marketing solution services based on data analysis





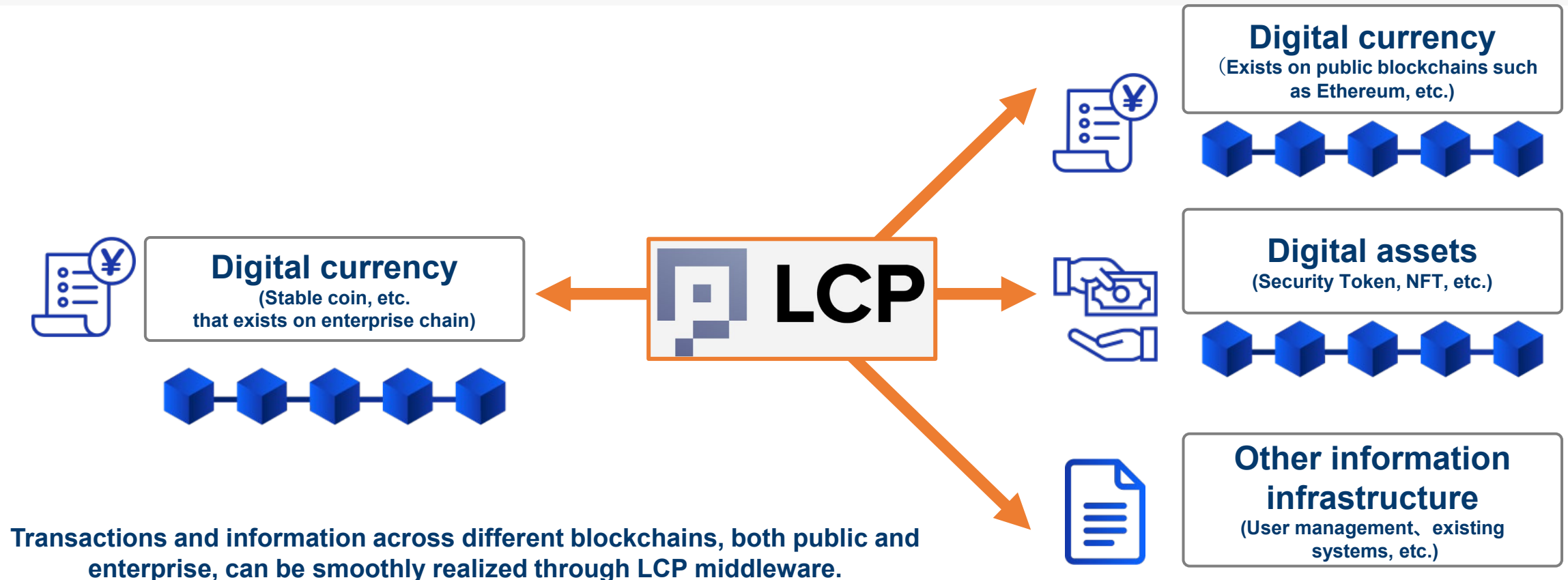
New business - Datachain expansion to financial DX

- Datachain expands its operation to financial DX through “LCP”, a product that connects various blockchains as the infrastructure supporting the next generation financial network.



New business - Datachain interoperability

- Introducing LCP, a proprietary product that enables interoperability between chains, for public and enterprise blockchains that manage digital assets.





New business Datachain recent activities

- Focusing on three activities to set the standard for interoperability.

1

Development of frameworks such as “LCP” and “YUI” for interoperability between multiple blockchains.

2

Apply R&D products as solutions in various domains, both public and enterprise.

3

Full-scale operation in place of the products and systems using those products (e.g., blockchain bridges, digital currencies, and other financial fields)

New business - Datachain interoperability projects

- Technical alliance with Mitsubishi UFJ Trust and Banking Corporation and Soramitsu to realize the mutual transfer and exchange of wide variety of stablecoins(*1).



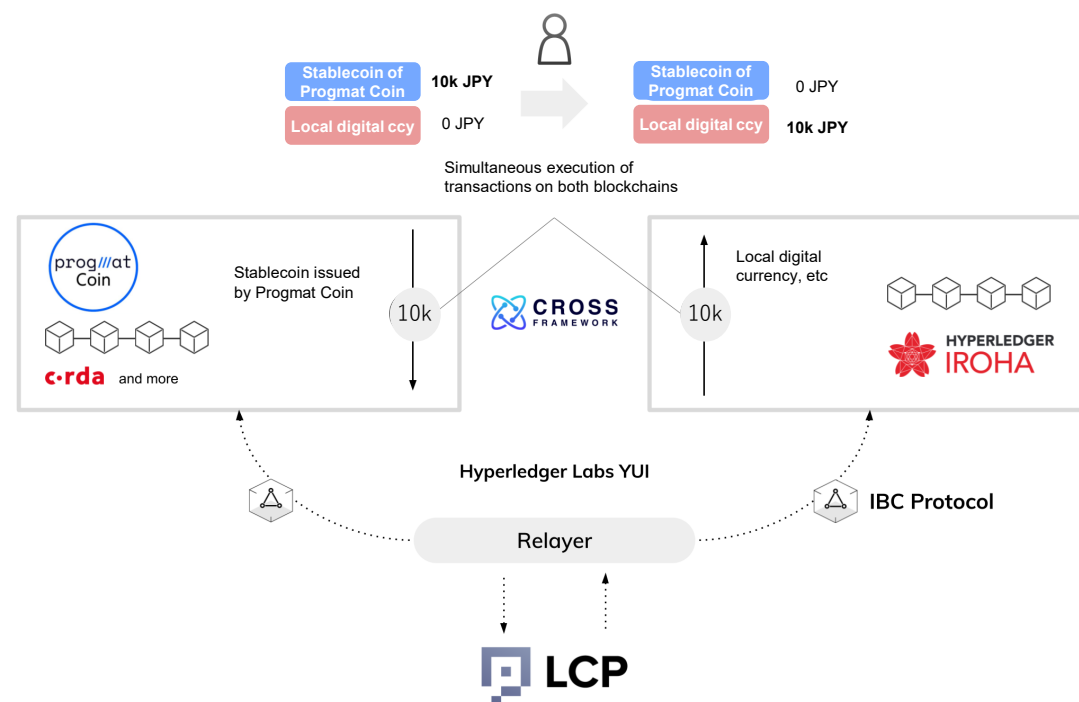
Working on issuing stablecoin in Progmatic

Together with companies promoting the social implementation of stablecoins, Datachain aims to build interoperability mechanism between multiple currencies / chains to enhance convenience for users



CBDC in Asian countries and initiatives to issue local currencies

Examples of interoperability between multiple stablecoins



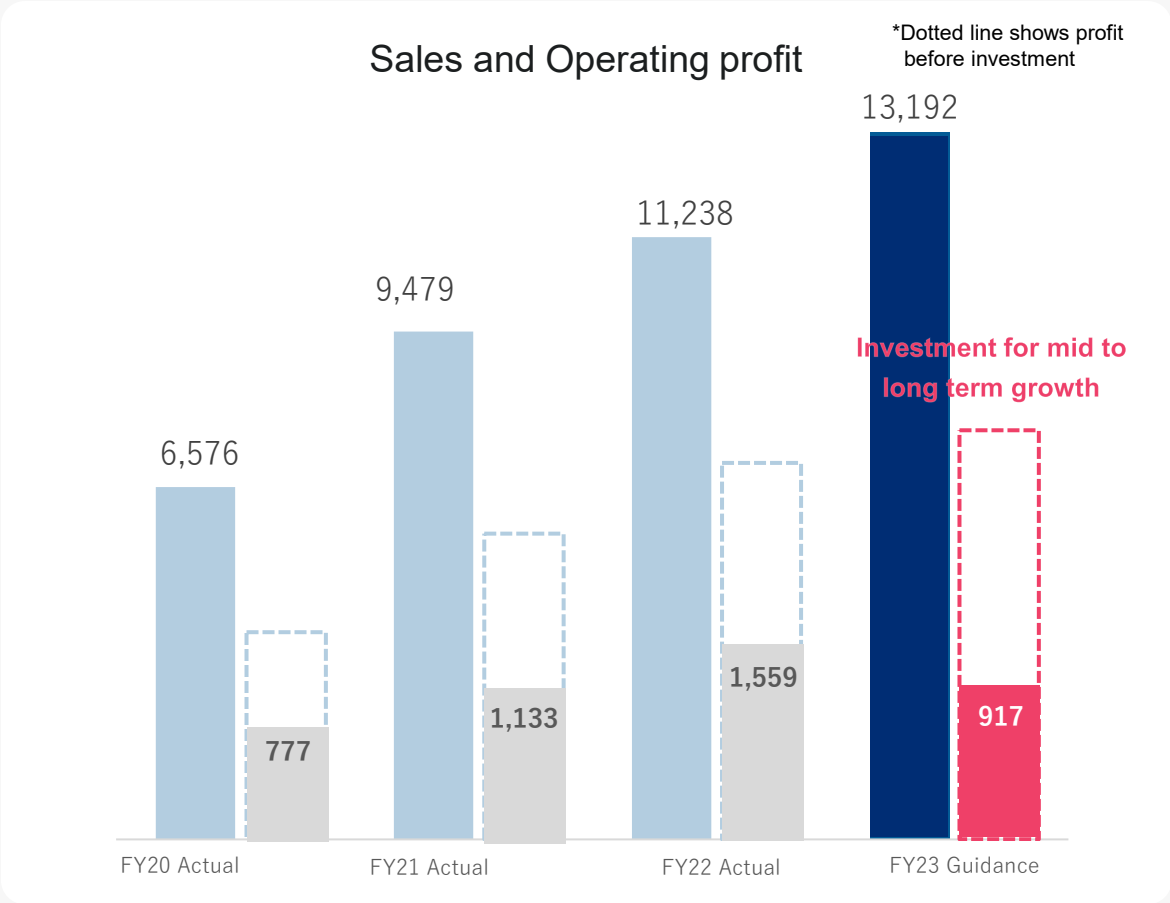
*1 Stablecoin: Payment instrument that can be transferred using electronic information such as blockchains that aim to link their value with legal currency

Guidance



Consolidated – Guidance of FY23 (previously announced)

- High sales growth expected, especially in Real Estate DX segment.
- Investing upfront for sustainable 120% growth in the medium to long term.



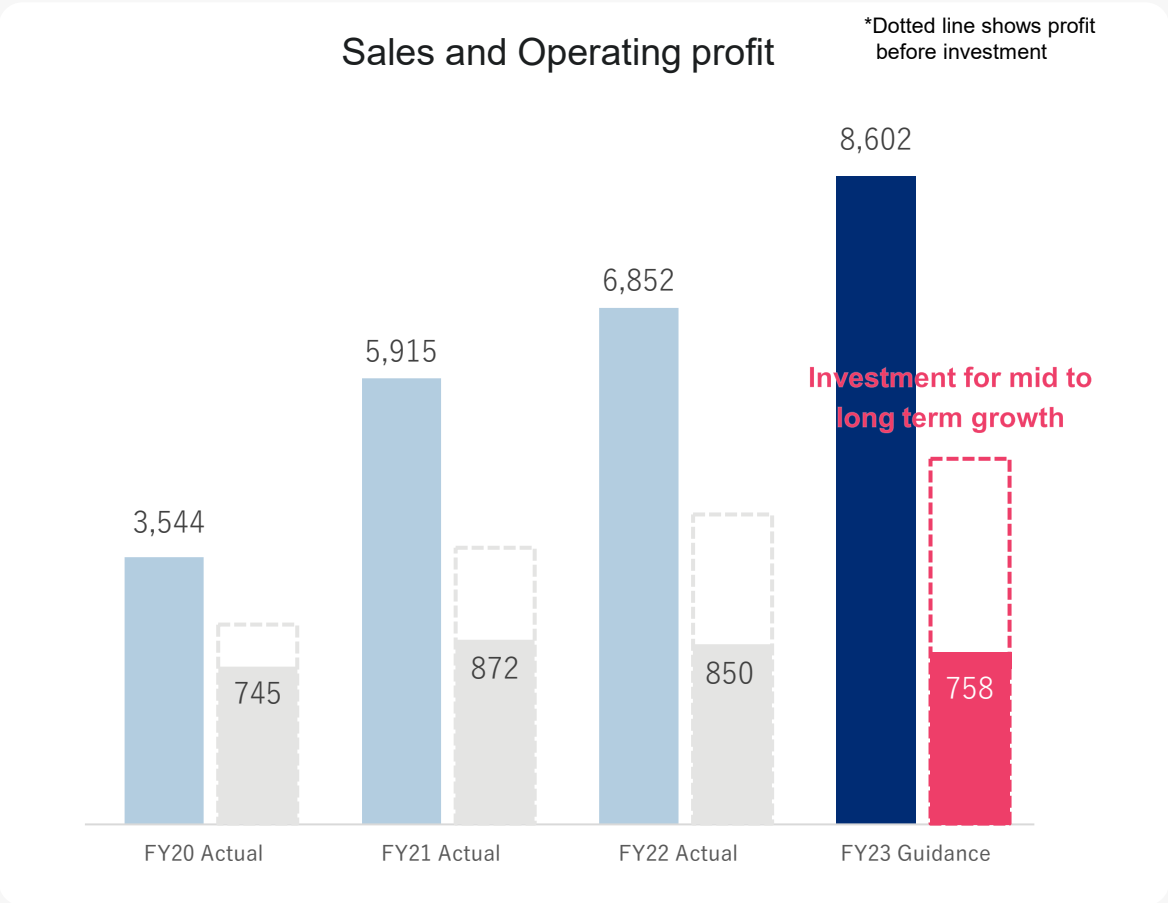
Unit: Million yen

	FY22 Actual	FY23 Guidance	%
Net sales	11,238	13,192	+17.4%
Real Estate DX	6,852	8,602	+25.5%
Marketing DX	4,368	4,589	+5.1%
Operating profit	1,559	917	-41.2%
Real Estate DX	850	758	-10.9%
Marketing DX	2,598	2,422	-6.8%
Ordinary profit	1,589	935	-41.2%
EBITDA	1,663	1,037	-37.1%
Net profit	1,082	373	-65.5%



Real Estate DX – Guidance of FY23 (previously announced)

- High sales growth expected from existing and new services, while continuous investments are planned for medium to long term growth.



Real Estate DX Guidance

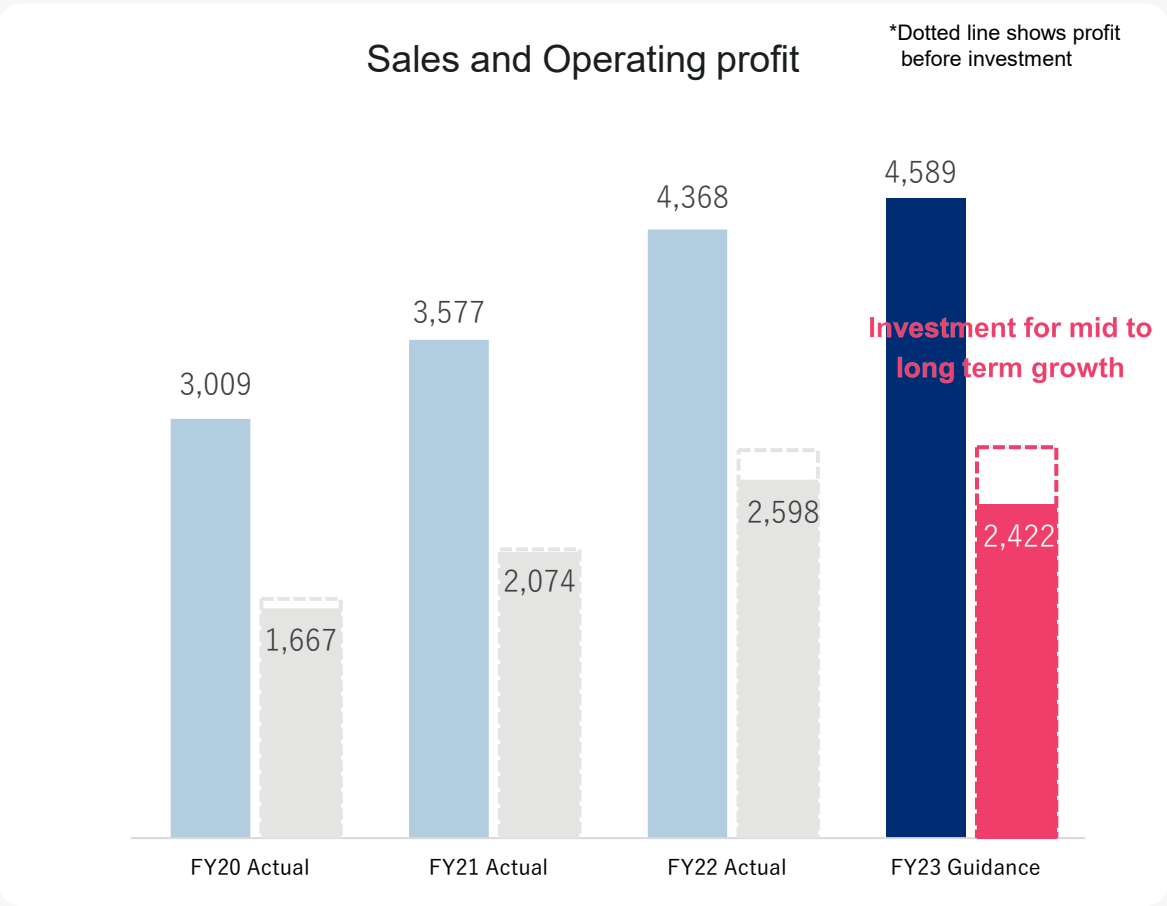
- **Net Sales**
Revenue of 8,602m (+25.5% Y/Y) is expected in FY23 not only from the growth of the existing services, but also from the growth of the new services such as Caresul and Housii.
- **Operating profit**
Investments will be made to 1) increase the number of users and clients of existing services, 2) develop products for expanding the value chain to increase the unit price per client, and 3) enhance marketing and development for new services.
As a result, operating profit is expected to be 758m (-10.9% Y/Y) in FY23.

Investment of product development to expand the value chain is aimed to increase the revenue continuously for 125% and operating margin in the 20% range over the medium to long term.



Marketing DX – Guidance of FY23 (previously announced)

- Higher sales and lower profit is expected in FY23 from large investments in workforce aimed for 120% growth in the medium to long term.



Marketing DX Guidance

- **Net Sales**

Although investments in human resources are planned in FY23, it is expected that a certain amount of time will be necessary for them to become fully operational, and that the number of clients will increase from the second half of the year as a result of the accumulation of new orders. On the other hand, unit prices per client are expected to continue to rise, and sales are expected to reach 4,589m (+5.1% Y/Y). 120% continuous sales growth is aimed from FY24 and onward, driven by a full-scale increase in clients and unit prices per client due to the increased strength of the workforce.
- **Operating profit**

Operating profit is expected to decrease to 2,422m (-6.8% Y/Y) due to increased investment in sales, data analysts and other human resources.

Aiming for continuous sales growth of 120% in the medium to long term through investment in human resources

Appendix



Case study: Support for real estate companies' DX

■ Support from sales DX strategy to execution to a real estate companies with service flows based on traditional offline customer attraction. Contributed by improvement in sales productivity with providing DX solutions and establishment of online-optimized sales teams.

Project

■ Issues

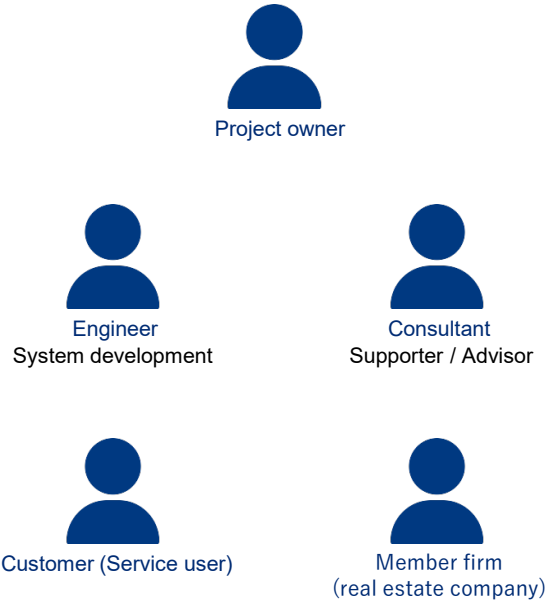
- Sales strategies and KPIs had not been defined and sales process were done in individual ways.
- Poor understanding of online users and inability to design specific actions.
- Customer management was analog and contact to customers were not made at the right time.

■ Services provided



Developed sales strategies and KPIs suitable for online customer attraction and provided training programs for young members. Introduced tools such as telemarketing tools and MA tools to establish internal operations to enable appropriate communication to customers at the right time. Transformed the organization to be more responsive to online and improved sales productivity.

Stakeholders





Case study: Support for renovation companies' DX

- **Provided DX services to small and medium renovation companies, where most of the operations were analog. Contributed by in combination of implementing in-house systems and forming operations for customer management and resulted in higher closing rates.**

Project

■ Issues

- Customer management was analog and contact to customers were not made at the right time.
- Sales proposals were not made appropriately due to lack of understanding of other companies' quotations and use of supplementary services.

■ Services provided

Development and implementation of customer management for renovation

Development and implementation of in-house customer management system

Customer pursuit and sales activities on behalf of the client

Developed and promoted the use of a customer management system for renovation companies and collected data. Developed systems including functions such as customer management, telephone call tool, e-mail nurturing system, etc., for in-house use, and executed customer pursuit on behalf of the renovation companies. Realized high quality sales proposals by utilizing the collected data and contributed to an increase in the closing rate.

Stakeholders



Project owner



Engineer
System development



Customer success employee
Sales proposals



Customer (service users)



Member firm



Case study: DX support for BtoBtoC company

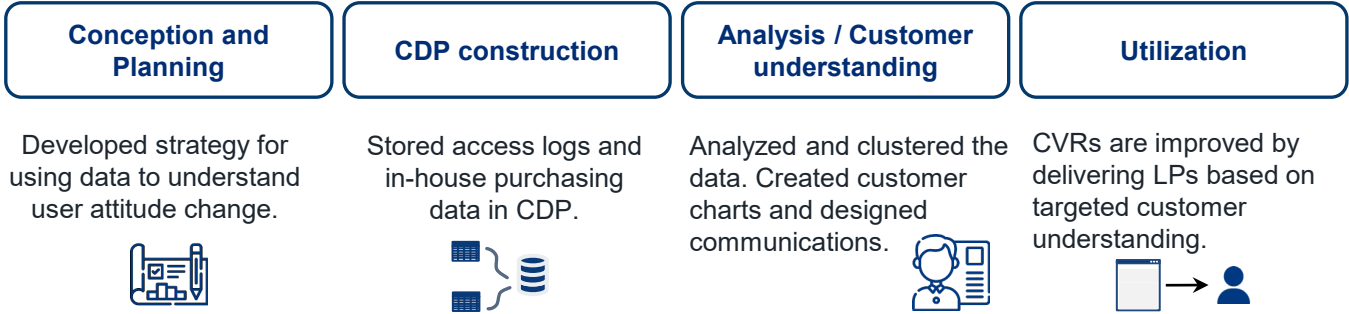
■ Provided support for a major foreign healthcare/toiletries company from marketing DX strategy to execution. Support themes expanded to include web marketing, brand site optimization, etc. derived from data utilization support.

Project

■ Issues

- Lack of user understanding and communication design
- Failure to implement data-driven PDCA (Plan-Do-Check-Act) cycle for campaign initiatives, etc.
- Not knowing the demographics of users with a high return on investment

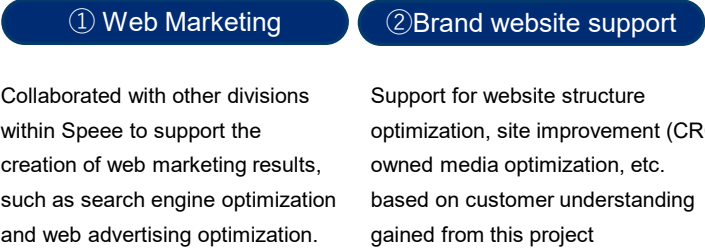
■ Services provided



Team



Derivative project





Case study: DX support for BtoB company

- Supported a manufacturing company from sales DX strategy to execution. Expanded our support themes further to include web marketing and DX human resource recruitment.

Project

■ Issues

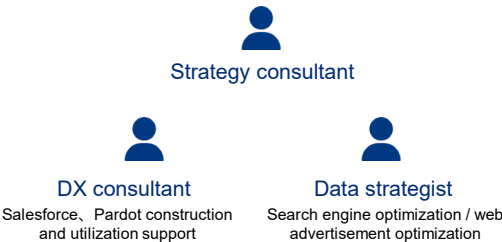
- Sales strategies and KPIs had not been defined and sales process were done in individual ways.
- Salesforce was in place but not been used to improve sales activities
- Failure to visualize marketing results.

■ Services provided

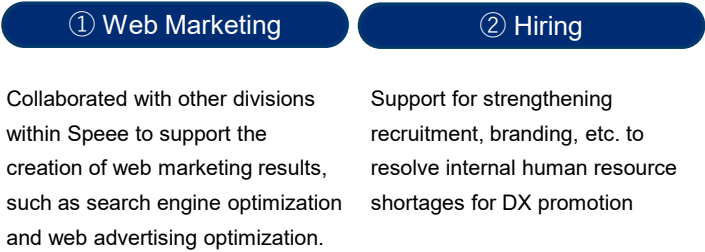


Developed sales and marketing strategies by the identified organizational issues that rose from conducting on-site interviews. Designed and built Salesforce and Pardot, created dashboards and transformed the organization to manage sales and marketing centrally to make data-driven decisions.

Team



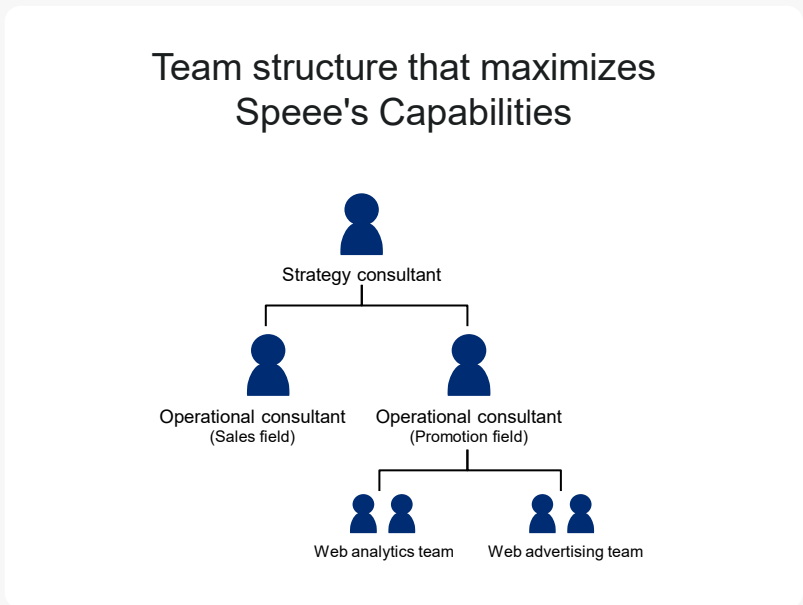
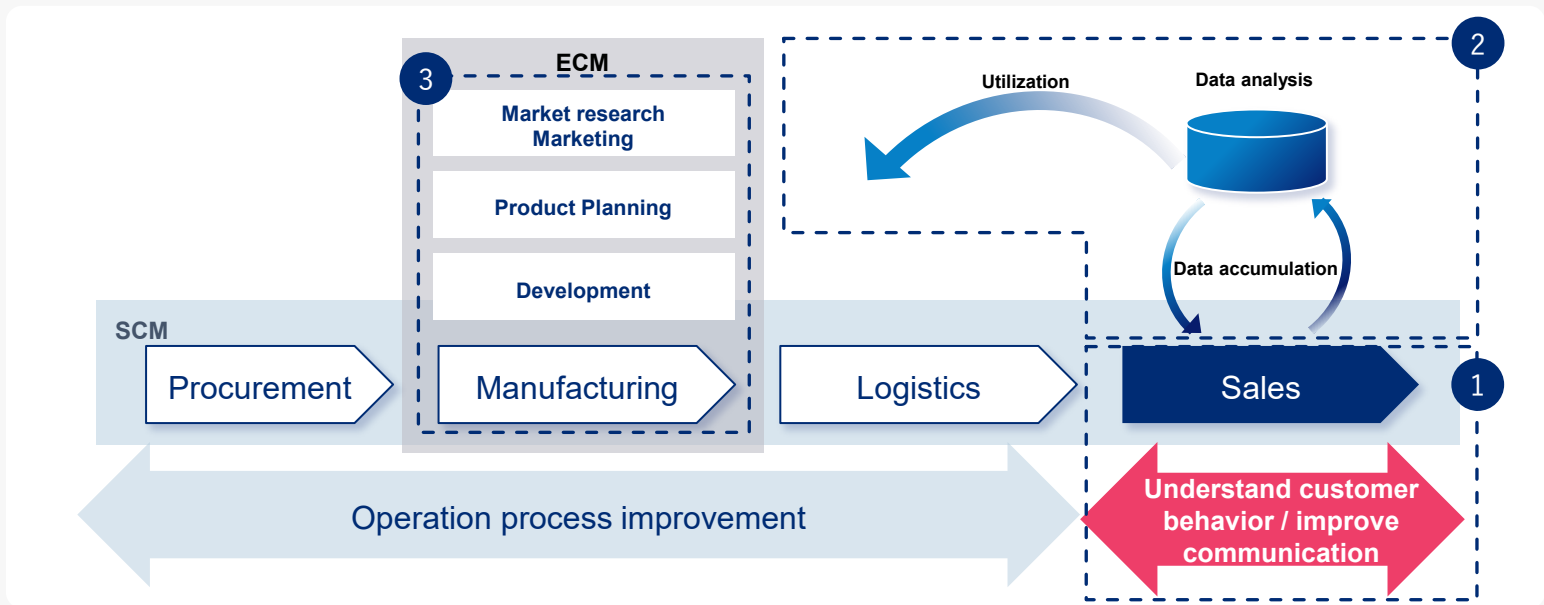
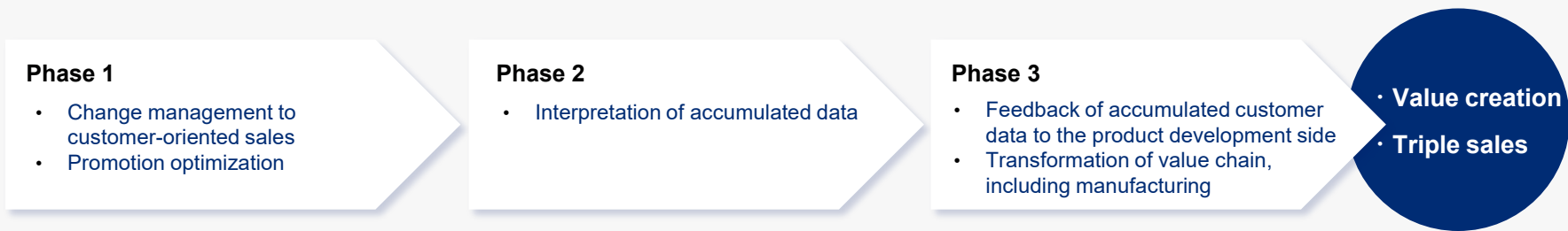
Derivative project





Case study: Manufacturing Value Chain Transformation

The challenge of tripling sales of a historic company in five years





Company overview

Company Name	Speee, Inc.					
Representative	Hideki Otsuka					
Business Activities	Real Estate DX business / Marketing DX business / Other businesses					
Date Founded	November 29, 2007					
Capital	1,420,606 thousand yen (as of March 31, 2023)					
Number of employees	409 (as of March 31, 2023) (excluding temporary employees, outsourcing and part-time employees)					
Board of directors	Representative director	Hideki Otsuka	Director	Masataka Nishida	Outside director	Katsuhiko Okawa
	Director	Tetsushi Hisata	Director	Masami Taguchi	Outside director	Kenji Yamanaka
	Director	Shoji Watanabe	Outside director	Jun Hasebe	Outside director	Satoru Takamatsu
Location	3-2-1 Roppongi, Minato-ku, Tokyo, 106-0032 Japan					



Management



Representative director,
Founder and CEO
Hideki Otsuka



Director, Founder and
CEO of Datachain, Inc.
Tetsushi Hisata



Director and CEO of
ThinQ Healthcare, Inc.
Shoji Watanabe



Director and COO
Responsible for
Real Estate DX Business
Masami Taguchi



Senior Executive Officer
Responsible for
Marketing DX Business
Wataru Honda



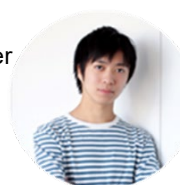
Director and CFO
Responsible for
Corporate Administration Division
Masataka Nishida



Professional Executive Officer
VP of Engineering
Koichiro Oba



Professional Executive Officer
CISO(Chief Information Security Officer)
Hideyuki Ito



Professional Executive Officer
Datachain, Inc., CTO
Jun Kimura

Outside Director: **Jun Hasebe**
Outside Director: **Katsuhiro Okawa**
Outside Director: **Kenji Yamanaka**
Outside Director: **Satoru Takamatsu**



Corporate History

November	2007	Marketing DX	Established Speee, Inc. Launched “Web analytics” business
October	2013	Marketing DX	Launched “Trading Desk” business for digital advertisement focused on DSP
January	2014	Real Estate DX	Launched “leul” business , a matching service for the sale of existing real estate properties
December	2015	Real Estate DX	Launched “Nurikae” business , a matching service for exterior renovation
April	2016	Marketing DX	Launched “UZOU” business, a native advertisement distribution platform
March	2018	New business	Established Datachain, Inc. (currently a consolidated subsidiary), a domestic subsidiary engaged in data platform business based on blockchain technology
October	2018	Marketing DX	Launched “PAAM” business, a marketing support service that utilizes data integration method and predictive technology.
August	2019	New business	Established ThinQ Healthcare, Inc. (currently a consolidated subsidiary), a domestic subsidiary
July	2020		Listed on the JASDAQ market of the Tokyo Stock Exchange
December	2020	Real Estate DX	Launched “Caresul” business, a matching service in the care and welfare fields
October	2021	Marketing DX	Launched “SPEC” business, a DX consulting service for the corporate strategy.
March	2022	New business	Launched “WorQ” business, a back office operational efficiency services at ThinQ Healthcare



Adoption of accounting standards for revenue recognition

- Effective from 1Q of FY22, “Accounting Standard for Revenue Recognition” is applied.
- Recognition of advertisement sales changed to net accounting in Marketing DX.

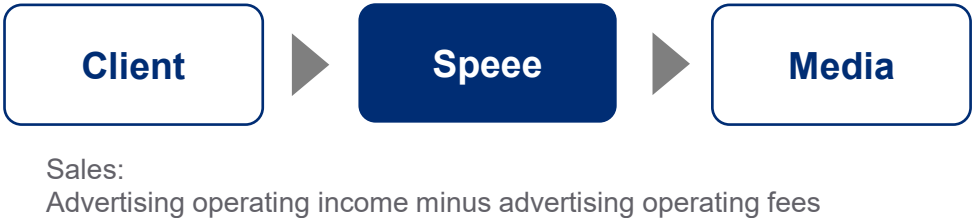
Before



Gross sales accounting:

Sales and cost of sales were recorded in gross accounting with the advertising operating income from the clients as sales and the advertisement operating fees paid to media as cost of sales.

After



Net sales accounting:

Sales are recorded at net accounting by subtracting the advertising operating fees paid to media from the advertising operating income from the clients.
There are no impacts to Gross profit and other profit items.

Effective from 1Q of FY22, "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related standards are applied. For the purpose of comparability, the results of the Marketing DX segment for FY21 are presented as if the standards had been applied.