

**Translation**

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## Consolidated Financial Results for the Six Months Ended June 30, 2024 (under Japanese GAAP)

August 14, 2024

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 Scheduled date to file Semi-annual Securities Report (*Hanki Hokokusho*): August 14, 2024  
 Scheduled date to commence payment of dividends: –  
 Preparation of supplementary briefing material on financial results: Yes  
 Holding of financial results briefing: Yes

(Note) Amounts less than one million yen have been omitted.

### 1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(1) Consolidated operating results (Percentage indicates year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2024	1,911	–	(347)	–	(347)	–	(353)	–
June 30, 2023	–	–	–	–	–	–	–	–

Note: Comprehensive income For the six months ended June 30, 2024: ¥(354) million ( –%)  
 For the six months ended June 30, 2023: ¥ – million ( –%)

	Basic earnings (loss) per share	Diluted earnings per share
Six months ended June 30, 2024	Yen (10.06)	Yen –
June 30, 2023	–	–

Notes: 1. Since the Company started preparing the consolidated financial statements from the six-month period ended June 30, 2024, the figures for the six months ended June 30, 2023 and the year-on-year percentage changes are not stated.  
 2. The amounts of diluted earnings per share for the six months ended June 30, 2023 and 2024 are not stated although the Company has potential shares. This is because the Company recorded basic loss per share for both of the periods.

### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
As of June 30, 2024	Millions of yen 4,608	Millions of yen 3,058	% 66.4
December 31, 2023	–	–	–

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income):

As of June 30, 2024: 3,057 million yen As of December 31, 2023: – million yen

Note: Since the Company started preparing the consolidated financial statements from the six-month period ended June 30, 2024, the figures as of December 31, 2023 are not stated.

### 2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2023	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2024	–	0.00			
Fiscal year ending December 31, 2024 (forecast)			–	0.00	0.00

Note: Revisions to the dividend forecast most recently announced: None

### 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2024

(from January 1, 2024 to December 31, 2024)

(Percentage indicates year-on-year changes.)

Full year	Net sales		Operating income (loss)		Ordinary income (loss)		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
	4,321	–	(429)	–	(446)	–	(233)	–

Note: Revisions to the earnings forecast most recently announced: None

Note: Since the Company started preparing the consolidated financial statements from the six-month period ended June 30, 2024, the year-on-year percentage changes are not stated

[Notes]

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
  - (i) Changes in accounting policies due to application of new or revised accounting standards: None
  - (ii) Changes in accounting policies due to reasons other than (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatements of prior period financial statements: None
- (4) Number of shares issued (common shares)
  - (i) Number of shares issued (including treasury shares)

As of June 30, 2024:	35,245,800 shares
As of December 31, 2023:	35,090,800 shares
  - (ii) Number of treasury shares

As of June 30, 2024:	152 shares
As of December 31, 2023:	152 shares
  - (iii) Average number of shares outstanding during the period

Six months ended June 30, 2024:	35,127,517 shares
Six months ended June 30, 2023:	34,547,350 shares

\* This semi-annual financial results report is not subject to review procedures to be performed by certified public accountants or an audit firm.

\* [Proper use of earning forecasts, and other special notes]

The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that such statements will prove to be correct. Actual results may differ significantly from the results anticipated in these forward-looking statements due to a variety of factors.

We have established SPIDERPLUS VIETNAM CO., LTD. as a consolidated subsidiary in March 2024 and have transitioned to a company that prepares the consolidated financial statements from the fiscal year ending December 2024. Forecast of consolidated financial results includes the performance of this consolidated subsidiary. Furthermore, forecast of consolidated financial results for this period remains unchanged from the performance forecast disclosed on February 14, 2024, as it includes the figures from this consolidated subsidiary.

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## 1. Qualitative Information on Semi-annual Consolidated Financial Results

### (1) Explanation of operating results

The forward-looking statements in this document are based on the judgement that the Company made as of June 30, 2024. Since the Group started preparing the semi-annual consolidated financial statements from the six-month period ended June 30, 2024, no comparative analysis has been made with the figures for the six-month period ended June 30, 2023 and the balances as of December 31, 2023.

With a mission of creating more “fun” to work, the Group operates the ICT business focused on the development and sales of SPIDERPLUS, which is a SaaS (Note) application for construction management that helps solve challenges in the construction industry by digitally transforming operations at construction sites.

Note: SaaS (Software as a Service) refers to a form of service allowing users to connect to and use software over the internet rather than install the software in users’ computers.

The construction industry, where the Group provides its services, is in need of management and operational transformation as the industry is facing structural issues such as soaring labor costs and construction material prices, chronic labor shortages and long working hours becoming the norm. In addition, the industry is required to respond to the April 2024 application to the construction industry of the ceiling regulations of the “Act on the Arrangement of Related Acts to Promote Work Style Reform (so-called the “2024 problem”).

Under such circumstances, the construction industry’s willingness to invest in IT remains strong, including the introduction of digital transformation (DX) and SaaS that enables DX. The Group expects the construction DX market to enter the expansion phase triggered by the 2024 problem. Thus, in anticipation of a turning point in the construction DX market, the Group has continued to spend on strategic investments by defining the period from FY2021 through FY2024 as a period for making upfront investments, and has been focusing on expanding the scale of organization mainly through investment in human capital, and strengthening cooperative structures with sales partners across the country.

Under the above business environment, the number of IDs (users) for SPIDERPLUS, a service that promotes DX in the construction industry and contributes to productivity improvement and cost reduction, grew steadily, capturing IT investment demands in the construction industry. In addition to the increased number of IDs (users), Average Revenue Per Unit (ARPU) also increased steadily.

As a result of the above, the number of contracted IDs and the number of contracted companies as of June 30, 2024 remained firm with 71,809 (+13.6% from June 30, 2023) and 1,985 (+18.8% from June 30, 2023), respectively, and ARPU for June 2024 of 4,600 yen (+14.1% over the same month a year ago). Accordingly, for the six months ended June 30, 2024 (the period under review), the Group reported net sales of 1,911,027 thousand yen, operating loss of 347,492 thousand yen, ordinary loss of 347,840 thousand yen, and net loss attributable to owners of the parent of 353,276 thousand yen.

## **(2) Explanation of financial position**

### *Assets*

Total assets as of June 30, 2024 amounted to 4,608,242 thousand yen, which mainly consist of cash and deposits of 2,859,699 thousand yen; accounts receivable – trade of 515,277 thousand yen; property, plant and equipment of 246,592 thousand yen; software of 399,433 thousand yen; and software in progress of 248,461 thousand yen.

### *Liabilities*

Total liabilities as of June 30, 2024 amounted to 1,549,845 thousand yen, which mainly consist of short-term borrowings of 250,000 thousand yen, current portion of long-term borrowings of 155,580 thousand yen, accounts payable – other of 226,006 thousand yen, and long-term borrowings of 450,878 thousand yen.

### *Net assets*

Total net assets as of June 30, 2024 amounted to 3,058,396 thousand yen, which mainly consist of share capital of 2,490,682 thousand yen, capital surplus of 2,768,240 thousand yen, and retained earnings of negative 2,199,289 thousand yen.

## **(3) Explanation of cash flows**

As of June 30, 2024, cash and cash equivalents (hereinafter “net cash”) amounted to 2,859,699 thousand yen.

The overview of each cash flow and its factors are as follows:

### *Cash flows from operating activities*

Net cash used in operating activities amounted to 322,972 thousand yen. This is attributable to net loss before income taxes of 347,830 thousand yen due to upfront investments mainly in human capital.

### *Cash flows from investing activities*

Net cash used in investing activities amounted to 45,299 thousand yen. This is attributable mainly to purchase of intangible assets of 27,614 thousand yen and purchase of property, plant and equipment of 18,060 thousand yen.

### *Cash flows from financing activities*

Net cash provided by financing activities amounted to 383,333 thousand yen. This is attributable mainly to proceeds from long-term borrowings of 389,651 and proceeds from issuance of shares resulting from exercise of share acquisition rights of 27,900 thousand yen, which was partially offset by repayments of long-term borrowings of 32,958 thousand yen.

## **(4) Forward-looking information including consolidated earnings forecast**

No change has been made to the most recently announced forecast of financial results for the fiscal year ending December 31, 2024.

## 2. Semi-annual Consolidated Financial Statements and Major Notes

### (1) Semi-annual consolidated balance sheet

	(Thousands of yen)
	As of June 30, 2024
Assets	
Current assets:	
Cash and deposits	2,859,699
Accounts receivable – trade	515,277
Work in process	559
Other	104,228
Total current assets	<u>3,479,764</u>
Non-current assets:	
Property, plant and equipment:	246,592
Intangible assets:	
Software	399,433
Software in progress	248,461
Total intangible assets	<u>647,894</u>
Investments and other assets:	233,990
Total non-current assets	<u>1,128,477</u>
Total assets	<u>4,608,242</u>
Liabilities	
Current liabilities:	
Short-term borrowings	250,000
Current portion of long-term borrowings	155,580
Accounts payable – other	226,006
Accrued expenses	93,746
Income taxes payable	24,420
Other	337,714
Total current liabilities	<u>1,087,468</u>
Non-current liabilities:	
Long-term borrowings	450,878
Lease obligations	8,723
Other	2,774
Total non-current liabilities	<u>462,376</u>
Total liabilities	<u>1,549,845</u>
Net assets	
Shareholders' equity:	
Share capital	2,490,682
Capital surplus	2,768,240
Retained earnings	(2,199,289)
Treasury shares	(184)
Total shareholders' equity	<u>3,059,448</u>
Accumulated other comprehensive income:	
Foreign currency translation adjustment	(1,541)
Total accumulated other comprehensive income	<u>(1,541)</u>
Share acquisition rights	489
Total net assets	<u>3,058,396</u>
Total liabilities and net assets	<u>4,608,242</u>

**(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income**  
**Semi-annual consolidated statement of income**

	(Thousands of yen)
	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)
Net sales	1,911,027
Cost of sales	654,328
Gross profit	1,256,699
Selling, general and administrative expenses	1,604,191
Operating income (loss)	(347,492)
Non-operating income:	
Interest income	14
Commission income	4,560
Other	1,272
Total non-operating income	5,847
Non-operating expenses:	
Interest expenses	4,479
Commission expenses	1,713
Other	3
Total non-operating expenses	6,195
Ordinary income (loss)	(347,840)
Extraordinary income	
Gain on reversal of share acquisition rights	10
Total extraordinary income	10
Net income (loss) before income taxes	(347,830)
Income taxes – current	5,446
Total income taxes	5,446
Net income (loss)	(353,276)
Net income (loss) attributable to owners of the parent	(353,276)

**Semi-annual consolidated statement of comprehensive income**

(Thousands of yen)

	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)
Net income (loss)	(353,276)
Other comprehensive income	
Foreign currency translation adjustment	(1,541)
Total other comprehensive income	(1,541)
Comprehensive income	(354,817)
Comprehensive income attributable to:	
Owners of the parent	(354,817)



**(3) Semi-annual consolidated statement of cash flows**

(Thousands of yen)

	Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)
Cash flows from operating activities:	
Net income (loss) before income taxes	(347,830)
Depreciation	80,848
Interest and dividend income	(14)
Interest expenses	4,479
Decrease (increase) in trade receivables	(45,625)
Decrease (increase) in inventories	(559)
Increase (decrease) in accounts payable – other	43,163
Other, net	(45,852)
Subtotal	(311,390)
Interest and dividends received	14
Interest paid	(2,103)
Income taxes paid	(9,493)
Net cash provided by (used in) operating activities	(322,972)
Cash flows from investing activities:	
Purchase of property, plant and equipment	(18,060)
Purchase of intangible assets	(27,614)
Payments of leasehold and guarantee deposits	(251)
Proceeds from refund of leasehold and guarantee deposits	589
Other	37
Net cash provided by (used in) investing activities	(45,299)
Cash flows from financing activities:	
Repayments of long-term borrowings	(32,958)
Proceeds from long-term borrowings	389,651
Repayments of lease obligations	(1,259)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	27,900
Net cash provided by (used in) financing activities	383,333
Effect of exchange rate change on cash and cash equivalents	(1,541)
Net increase (decrease) in cash and cash equivalents	13,520
Cash and cash equivalents at beginning of period	2,846,178
Cash and cash equivalents at end of current period	2,859,699

#### **(4) Notes to semi-annual consolidated financial statements**

##### ***Going concern assumption***

Not applicable.

##### ***Significant changes in shareholders' equity***

Not applicable.

##### ***Application of accounting treatment specific to the preparation of semi-annual consolidated financial statements***

###### ***Calculation of tax expenses***

The Company made a reasonable estimate of an effective tax rate, determined after applying the tax effect accounting on net income before income taxes for the fiscal year including the six-month period ended June 30, 2024, and then calculated income taxes by multiplying net income before income taxes by the estimated effective tax rate.

##### ***Additional information***

###### ***Significant matters that serve as the basis for the preparation of semi-annual consolidated financial statements***

The Group started preparing the semi-annual consolidated financial statements from the six-month period ended June 30, 2024. The following are the significant matters that serve as the basis for the preparation of semi-annual consolidated financial statements.

###### **1. Scope of consolidation**

Number of subsidiaries: 1

Name of a consolidated subsidiary: SPIDERPLUS VIETNAM CO., LTD.

###### **2. Application of the equity method**

Not applicable.

###### **3. Semi-annual closing date, etc. of the consolidated subsidiary**

The semi-annual closing date of the above consolidated subsidiary is March 31. When preparing the semi-annual consolidated financial statements, the Company used the semi-annual financial statements of the consolidated subsidiary as of March 31 by making adjustments required for consolidation purposes for significant transactions that occurred during the period up to the semi-annual closing date for the consolidated financial statements.

##### ***Segment information, etc.***

Segment information

I. Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

The Group operates under a single segment; therefore, segment information has been omitted.