

# Second Quarter Results for Fiscal Year Ending August 31, 2024

Goodpatch Inc. (TSE Code: 7351)

April 12, 2024

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# Financial Highlights for FY2024 Q2

# Financial Highlights for FY2024 Q2 (Dec. - Feb.)

Net Sales

YoY change

**1,040** million yen

**+7.3%** (+71 million yen)

Progress rate

**43.4%**

Operating Income

YoY change

**104** million yen

**-31.8%** (-48 million yen)

Progress rate

**18.7%**

## Medium- to long-term policy

A company that “designs” innovations to advance corporate transformation based on customer experience

## Business Focus for FY2024

Build deep relationships and expand solutions to help customers transform their businesses

### Net sales grew YoY

- Promote sales activities targeting enterprise companies
- The number of effective business negotiations was in line with plans, and project acquisition was accelerated and landed

### From Improved Efficiency to Operating Profitability

- Designer utilization improved as planned, profitability returns as transient, unprofitable projects are completed
- Plan to build up profit in 2H (especially 4Q)

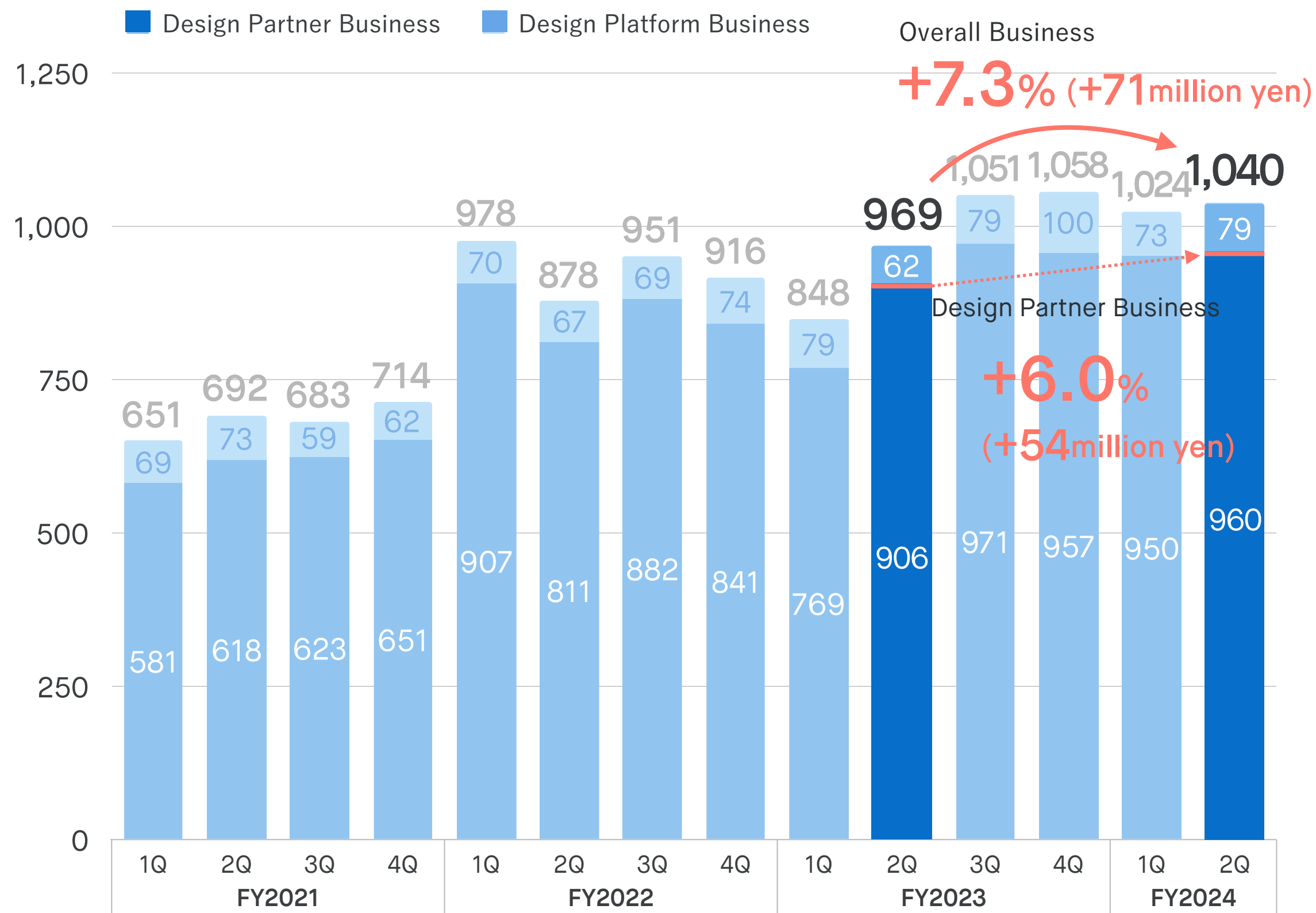
### Active investment efforts lag behind in some areas

- Active recruiting activities, yet delays in bringing designers on board
- Promote deeper and stronger relationships with clients, and also actively considering M&A

**Net sales were +7.3% YoY, +71 million yen, with an increase in the number of effective business negotiations and improved project acquisition**  
**Operating income improved significantly due to higher utilization ratio, and the company returned to profitability**

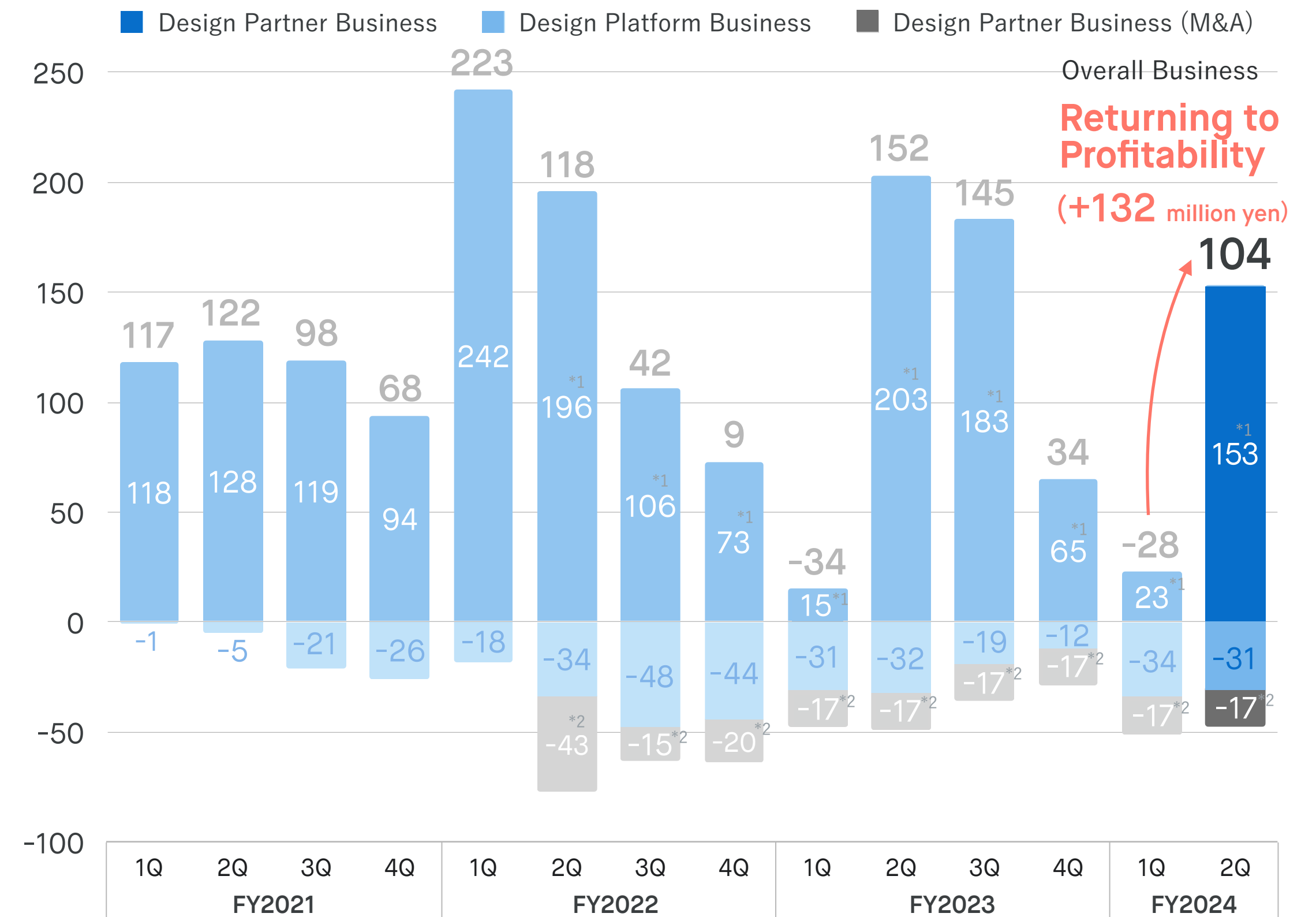
### Net Sales

Unit: million yen



### Operating Income

Unit: million yen



\*1 Operating income for the Design Partner Business is the amount after deducting M&A-related expenses.  
 \*2 For M&A-related expenses, acquisition-related expenses and goodwill amortization, etc. are recorded for FY2022, and goodwill amortization, etc. are recorded for FY2023 and FY2024.

**Net sales increased YoY, but profitability declined due to higher outsourcing costs**  
**Also, plan to strengthen investment in human resources, including recruiting activities, in FY2024 to achieve medium- to long-term growth**

Consolidated Statement of Income (Dec. - Feb.)

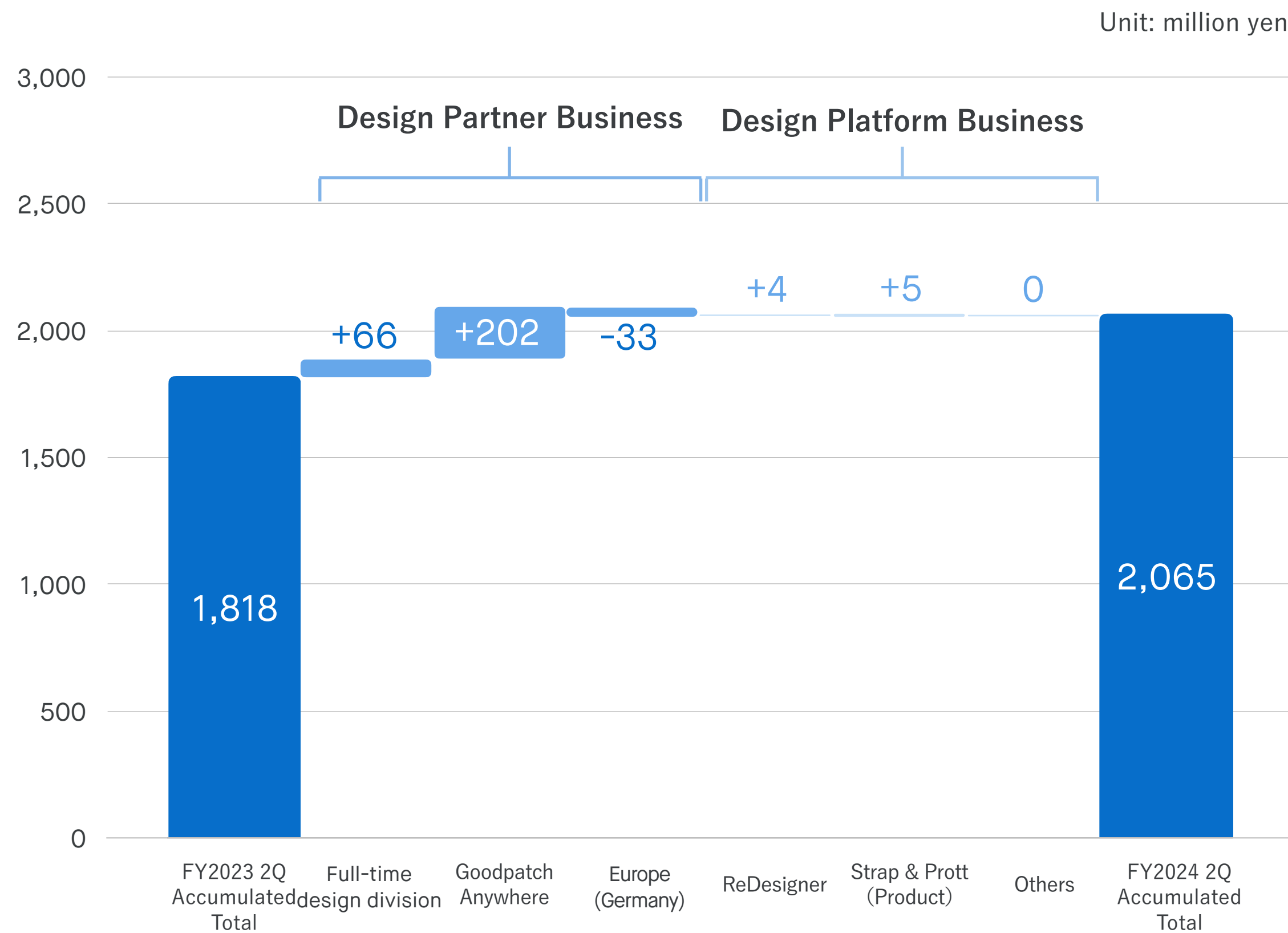
Unit: million yen

	FY2023 2Q	FY2024 2Q	YoY	FY2023 1-2Q	FY2024 1-2Q	YoY	Full-Year Earnings Forecast	Progress Rate
Net Sales	969	1,040	+7.3%	1,818	2,065	+13.6%	4,754	43.4%
Operating Income	152	104	-48	118	75	-42	405	18.7%
Operating Margin	15.8%	10.0%	-5.8pt	6.5%	3.7%	-2.9pt	8.5%	-
Ordinary Income	155	108	-47	123	78	-45	404	19.4%
Net Income	111	72	-38	97	42	-55	243	17.6%

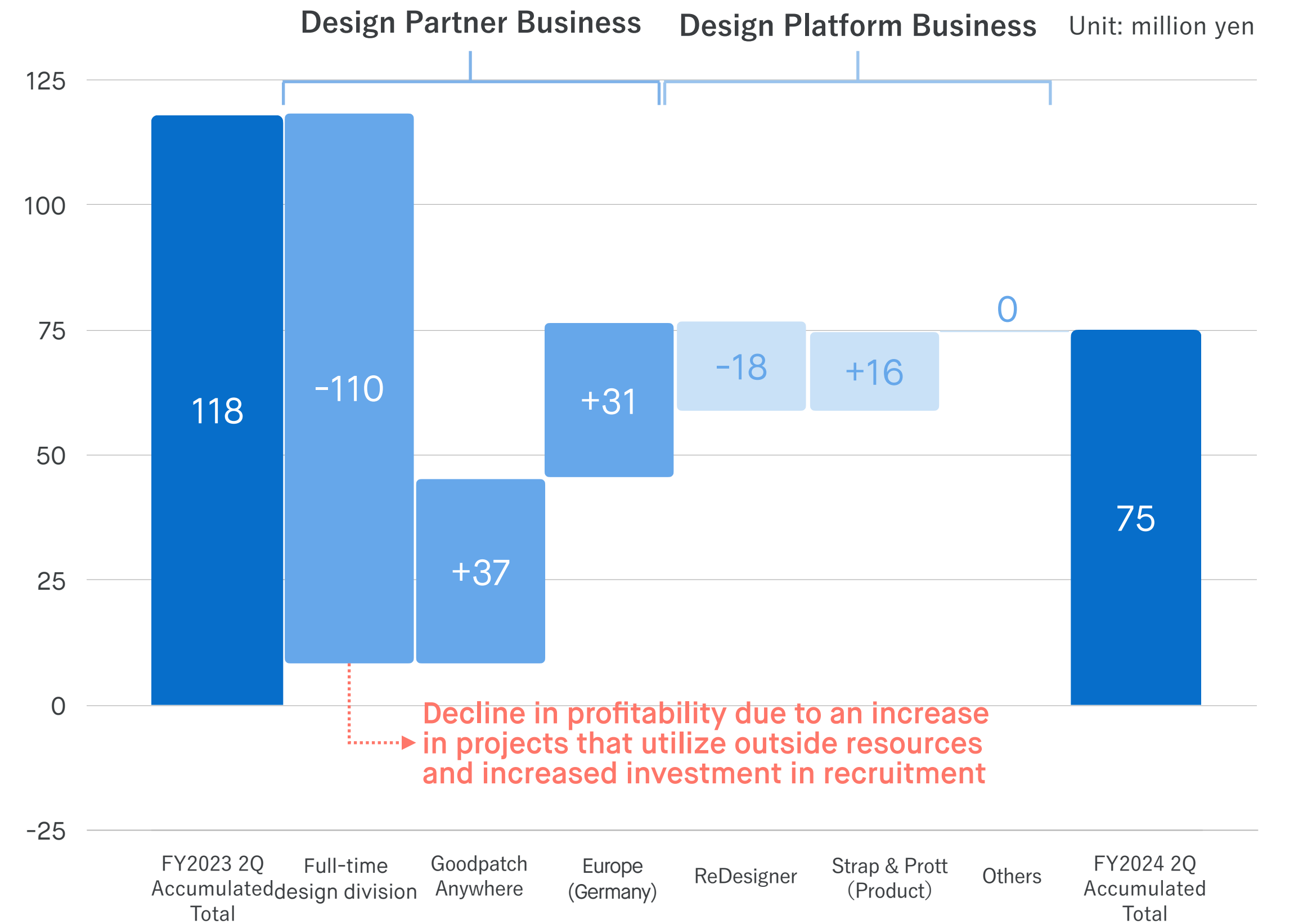
# Design partner business grew mainly through Goodpatch Anywhere

## Full-time design division profitability is expected to improve in the fiscal year ahead

Net Sales



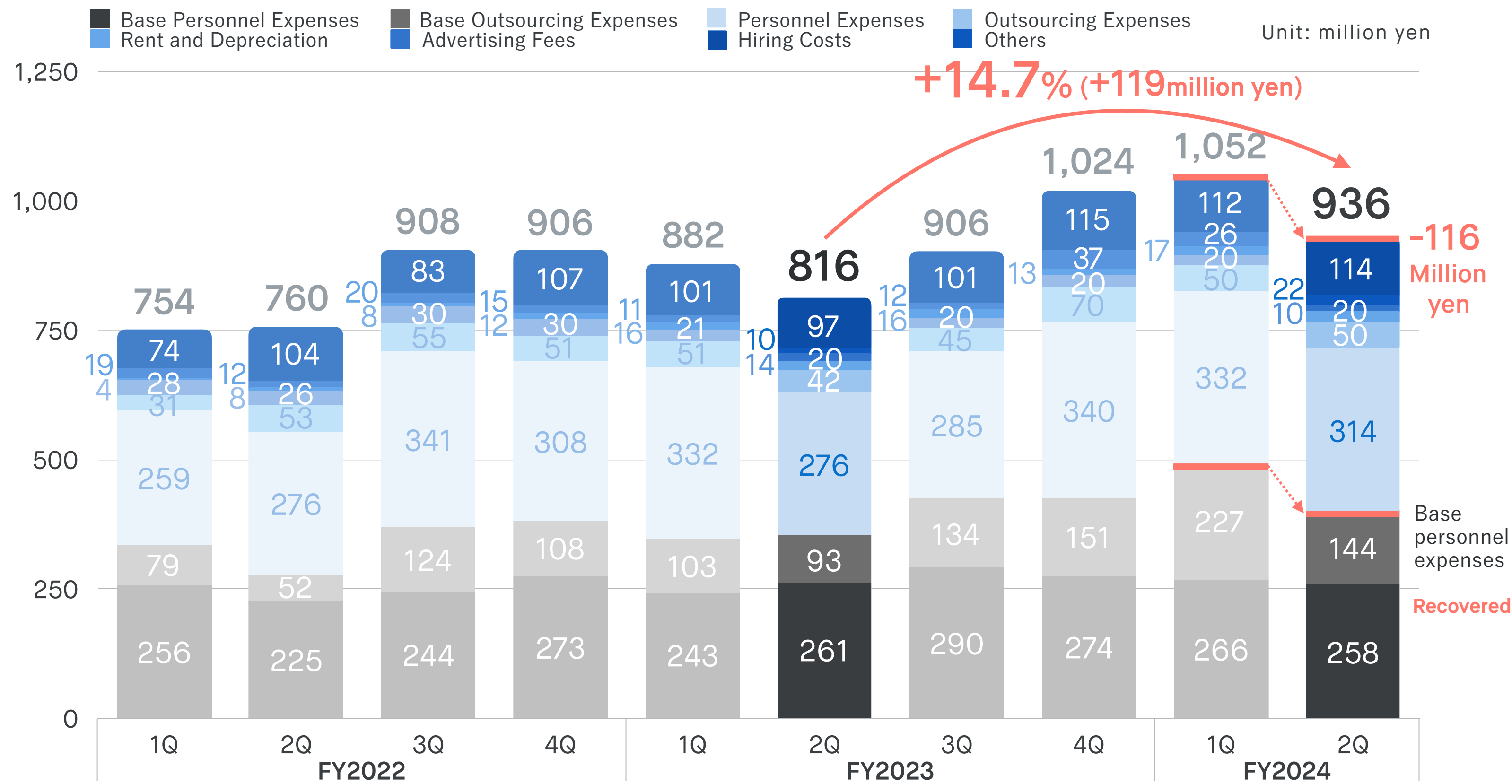
Operating Income



Total expenses increased YoY +14.7%, +119 million yen

Costs decreased by -116 million yen compared to the 1Q due to the normalization of cost outsourcing expenses and recovery of current profitability

Changes in Cost Structure



\* The costs indicated above do not include non-operating expenses and extraordinary losses.

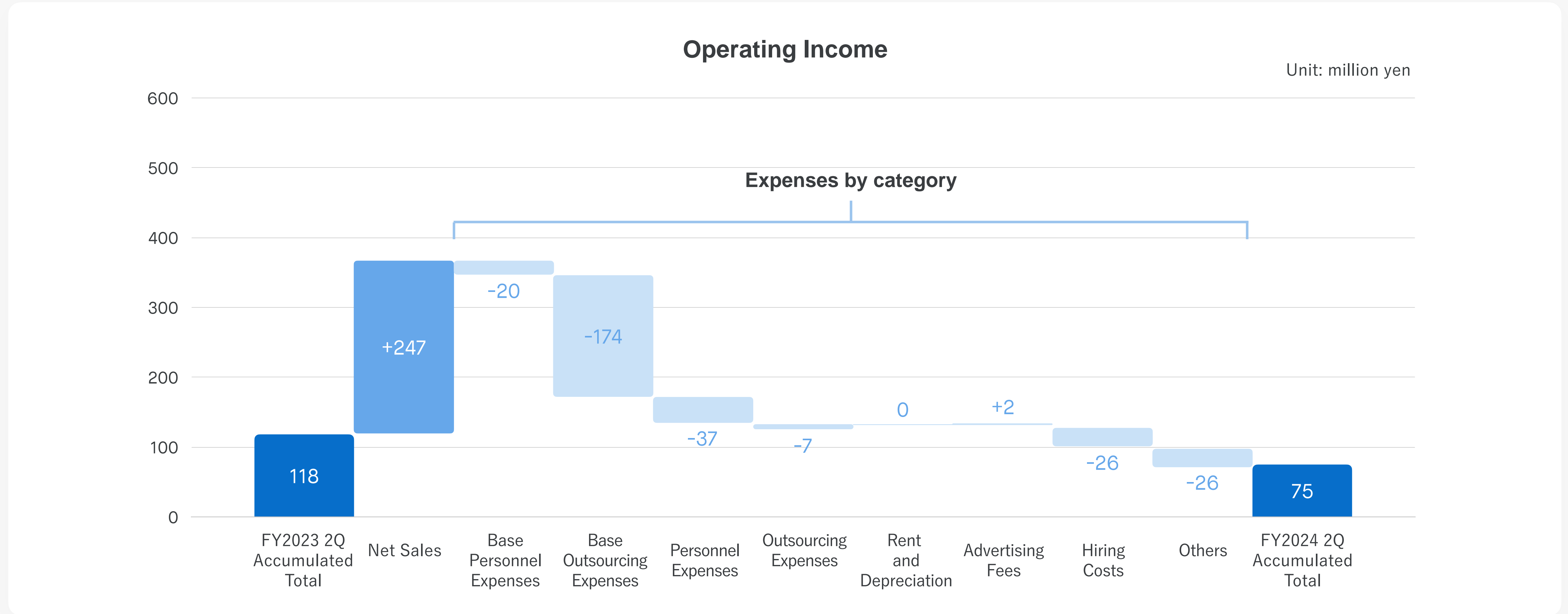
- Outsourcing expenses for Studio Details, which ballooned in 1Q, declined, and cost outsourcing expenses returned to the previous level of 144 million yen.
- FY2024 2Q investment of 41 million yen to contribute to mid- to long-term growth, focusing on recruiting activities

- Business improvement investment** 7 million yen  
(Personnel expenses for improvement)
- Recruitment investment** 22 million yen  
(Recruitment expenses)
- HR development investment** 2 million yen  
(Training expenses etc.)
- Marketing investment** 10 million yen  
(Advertising expenses)



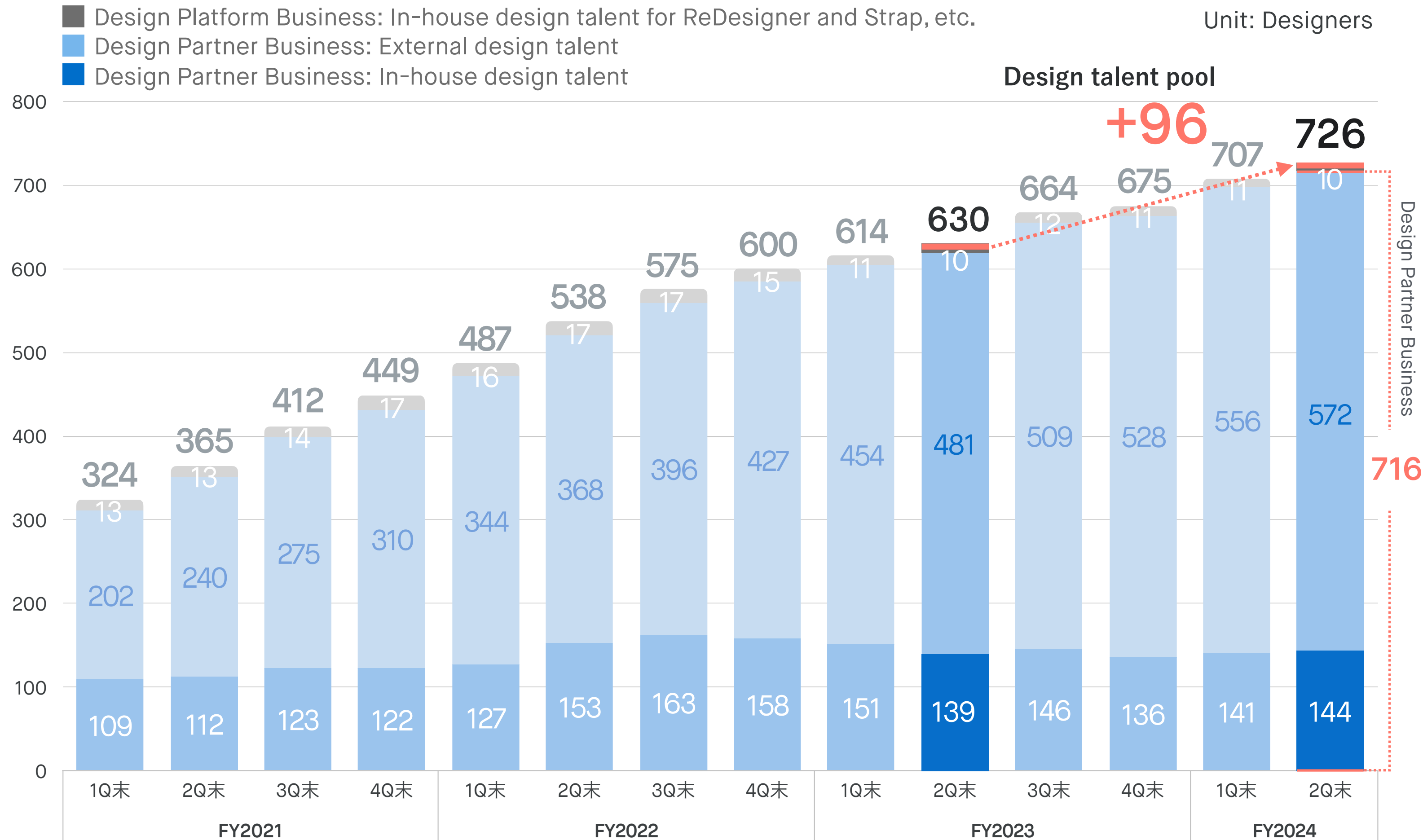
# Net sales growth, yet cost outsourcing expenses increased markedly

## Strengthened management of project profitability and achieved some improvement in profitability in 2Q



# Number of designers continues to grow with 726 in total including both in-house and external, +96 YoY

Trends in Number of Designers



## Design Partner Business

- Number of in-house designers increased by 3 QoQ, to 144
- Although the number of new hires was 8, which was behind the plan, 17 people (including 3 new graduates) had received offers to join the company by the end of FY2024, and recruitment is expected to accelerate in the fiscal year ahead.
- Goodpatch Anywhere continued to expand, up 16 designers QoQ, making 572 in total

## Design Platform Business

- No change in development structure in new areas, maintaining team structure

## More than 3 billion yen in cash and deposits for the execution of M&A and other investment

### Consolidated Balance Sheet

Unit: million yen

	FY2024 1Q	FY2024 2Q	Changes	Main Reasons
Current assets	3,582	3,616	+34	Debt Financing(+), Purchase of treasury stock(-)
Cash and deposits	3,046	3,092	+45	Same as above
Fixed assets	878	852	-25	
Total assets	4,461	4,469	+8	
Current liabilities	443	427	-16	
Fixed liabilities	100	118	+18	Debt Financing(+), Debt repayments(-)
Net assets	3,916	3,923	+6	
Equity ratio	87.4%	87.3%	-0.1pt	

# Operational Review by Segment

Design Partner Business

# Net sales grew 6.0% YoY on higher designer utilization

## Operating income declined in YoY, yet profitability steadily improved

### Overall segment FY2024 Q1 (Sep. - Nov.)

Net Sales

**950** million yen

YoY Change

**+23.6%** (+181 million yen)

Progress rate

**22.0%**

Operating Income \*

**23** million yen

YoY Change

**+57.3%** (+8 million yen)

Progress rate

—

\* For operating income, goodwill amortization, etc. has been excluded.

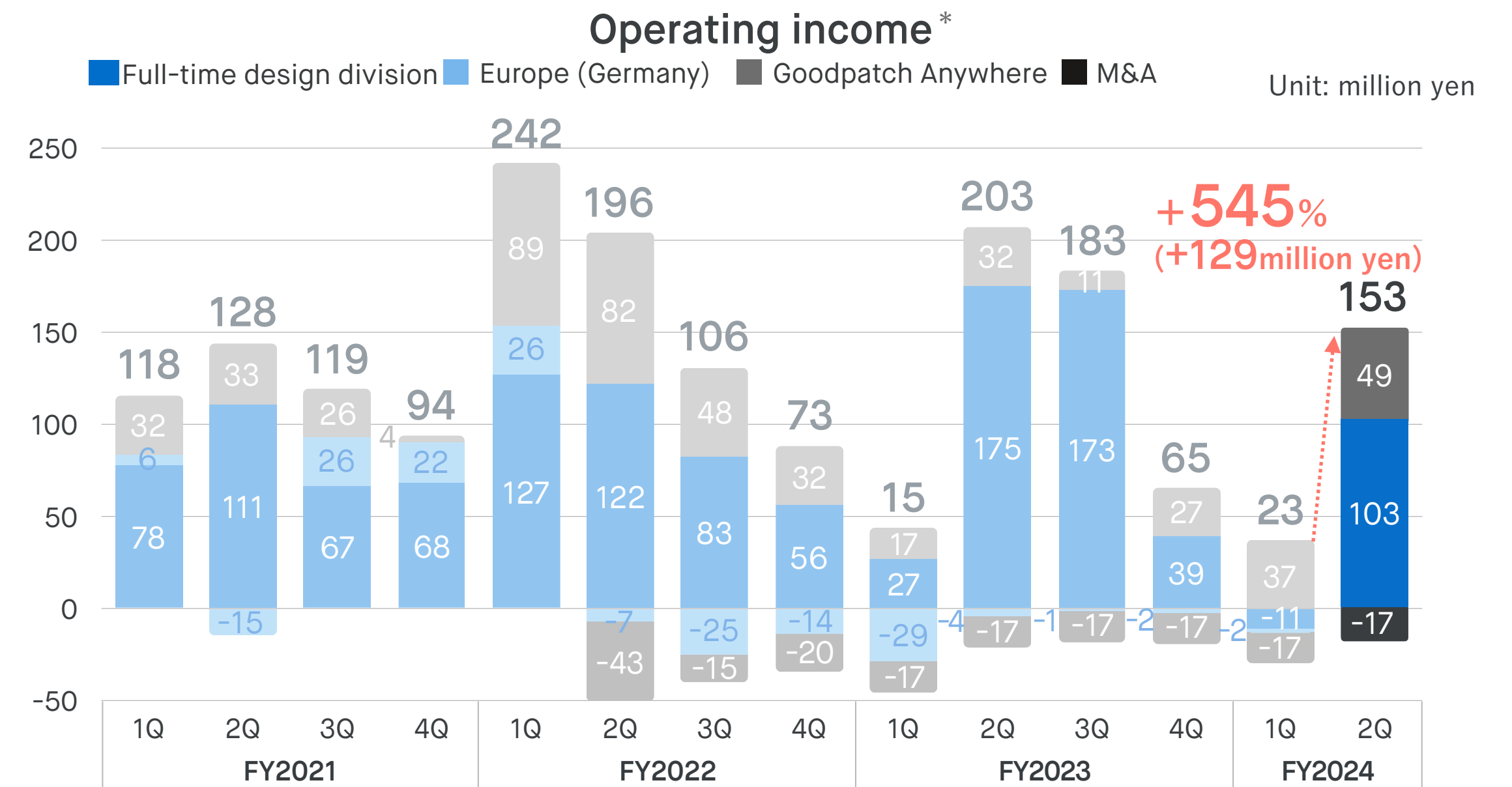
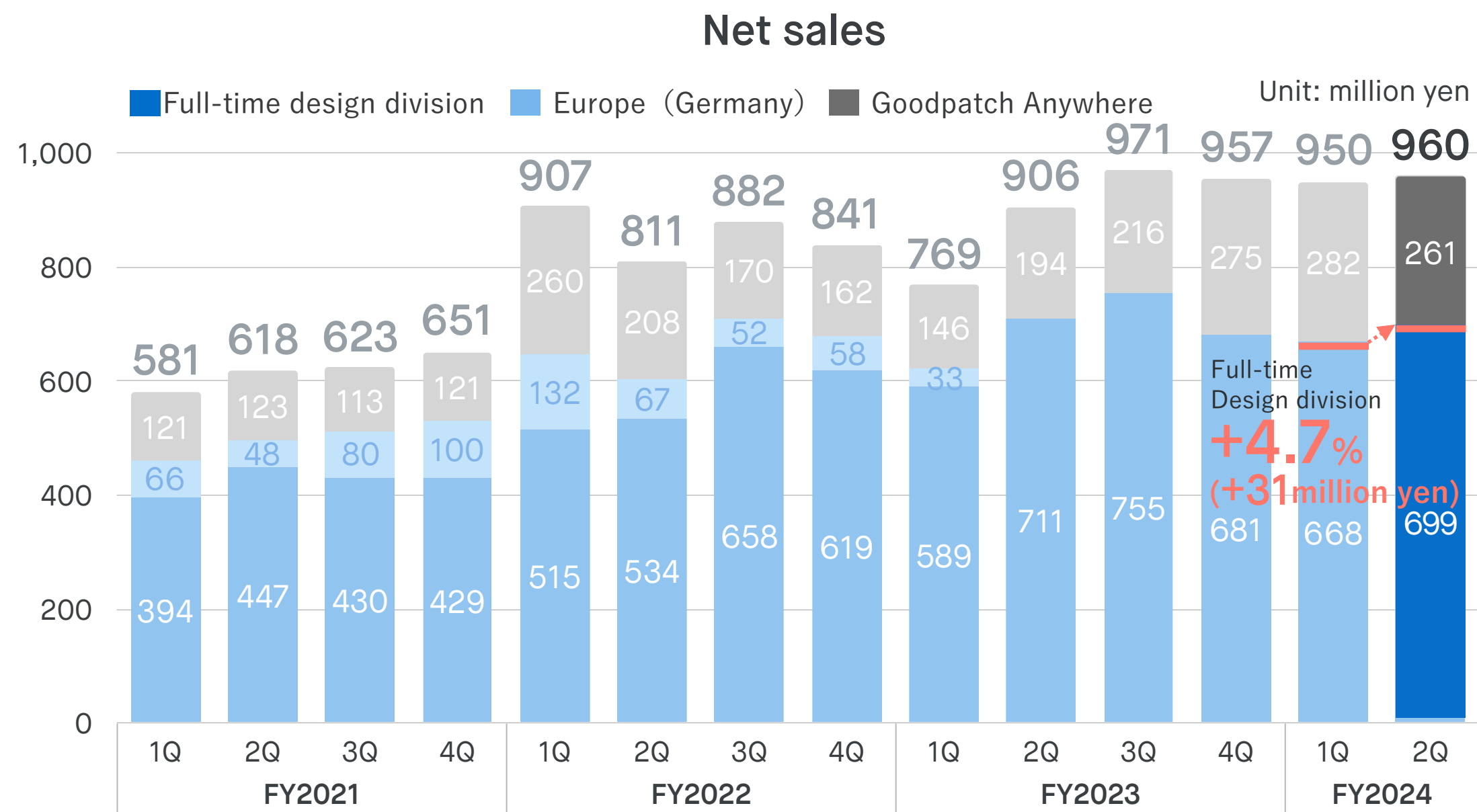
### Business Focus for FY2024

- 1 Strengthen marketing to acquire effective business deals
- 2 Sales promotion to acquire loyal customers
- 3 Expand solutions offered
- 4 Value chain expansion, M&A strategy

- The number of effective business negotiations was in line with the plan, and the pace of new project acquisition improved
- Also, the project acquisition was carried out with an emphasis on profitability
- Profitability of Goodpatch Anywhere is also improving

# Net sales increased by 31 million yen in the full-time design division in QoQ, and promoted project acquisition with emphasis on profitability

## Improved profit margins led to a recovery in operating income and normalization of profitability



\* Operating income is the amount after deducting M&A-related expenses. For M&A-related expenses, acquisition-related expenses and goodwill amortization, etc. are recorded for FY2022, and goodwill amortization, etc. are recorded for FY2023.

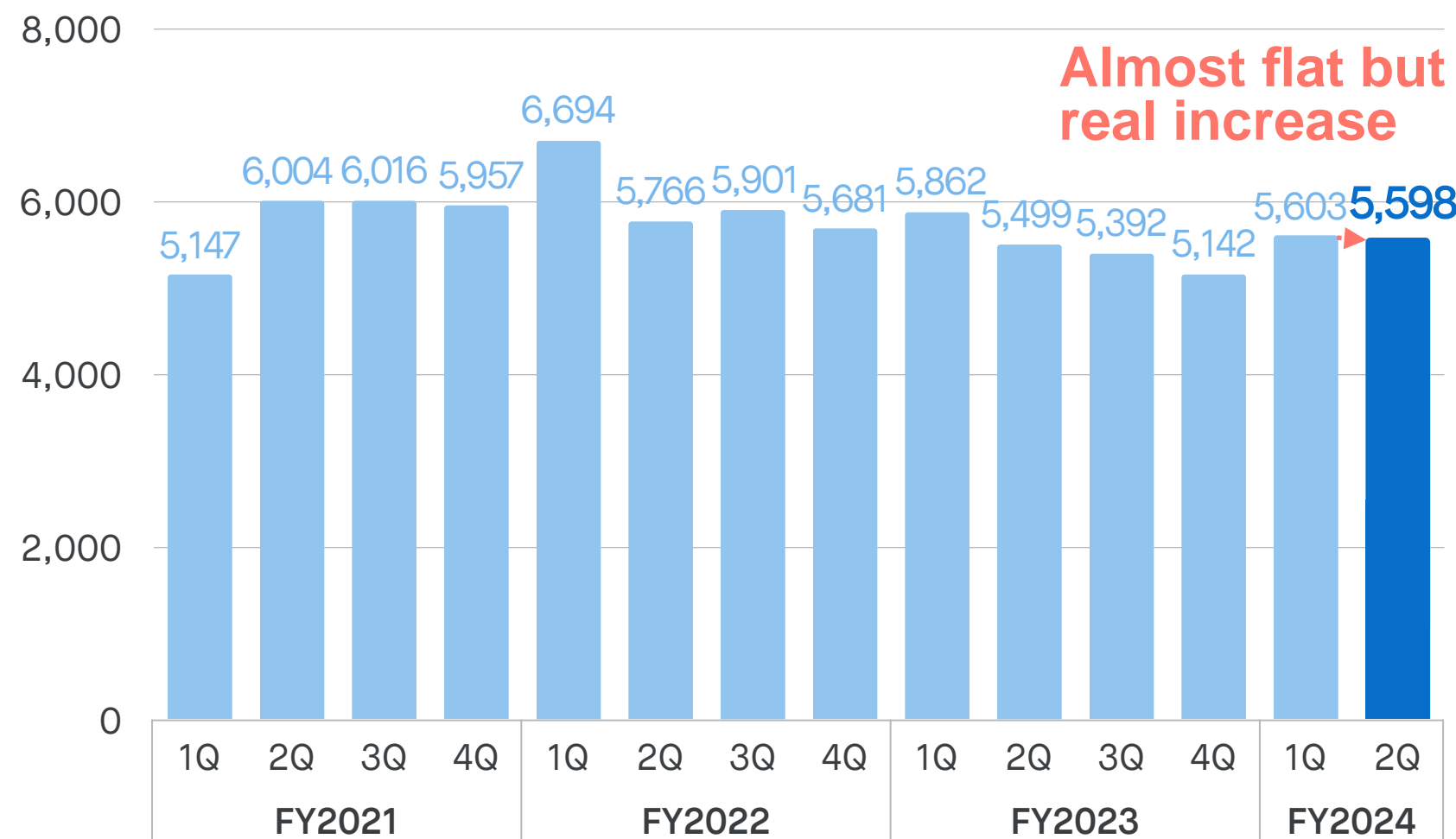
- Full-time design department recovered utilization ratio and returned to a profitable structure
- Outsourcing costs normalized as production projects using outside specialists were curbed, and profitability recovered by switching to the use of internal personnel
- Goodpatch Anywhere Increases Collaboration with In-House Design Department to Improve Business Efficiency

# Number of effective business negotiations was generally in line with plan, focus on new acquisitions

## Project Sales Indicators

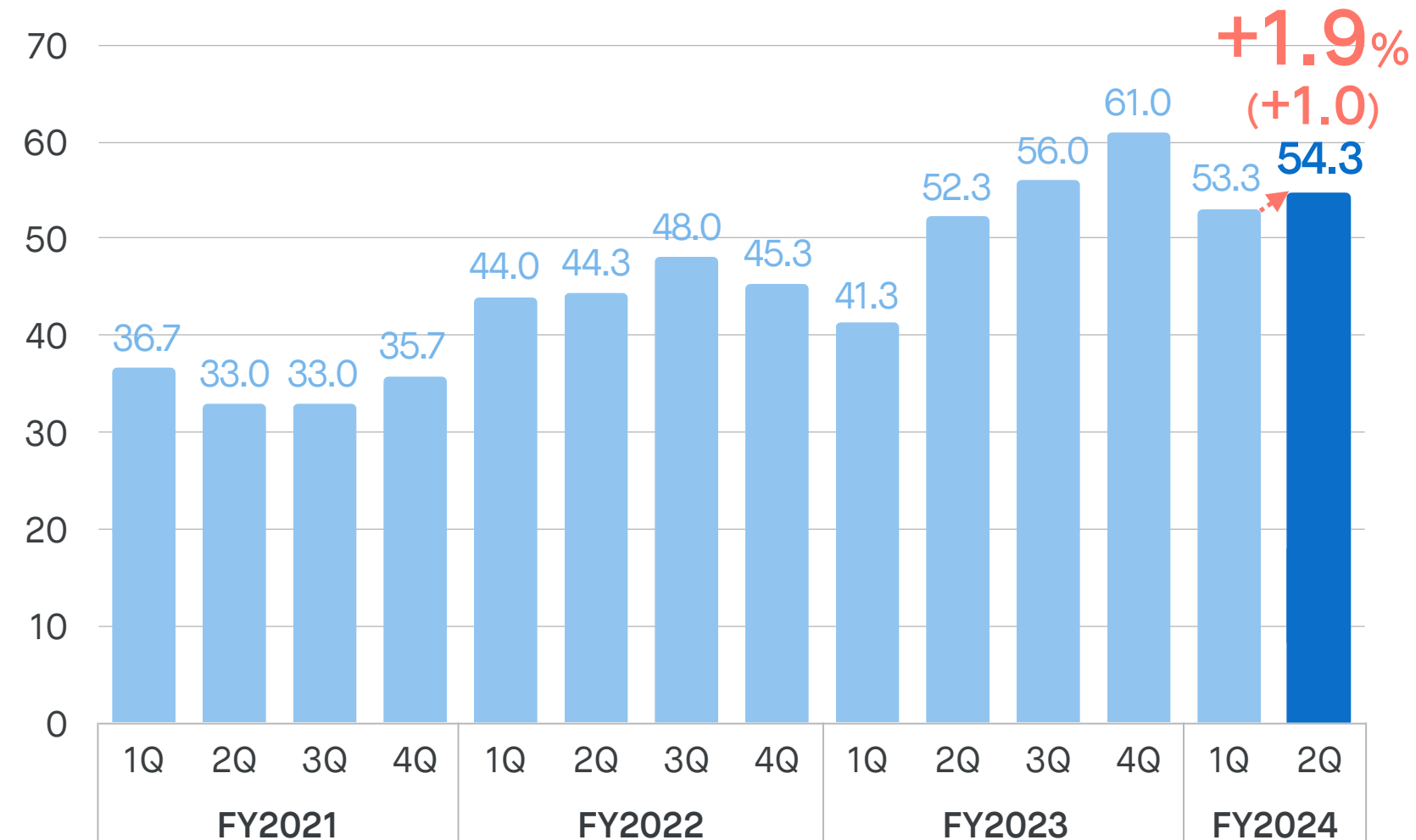
Average Revenue per Company / Month

Unit: thousand yen



Average Number of Companies / Month

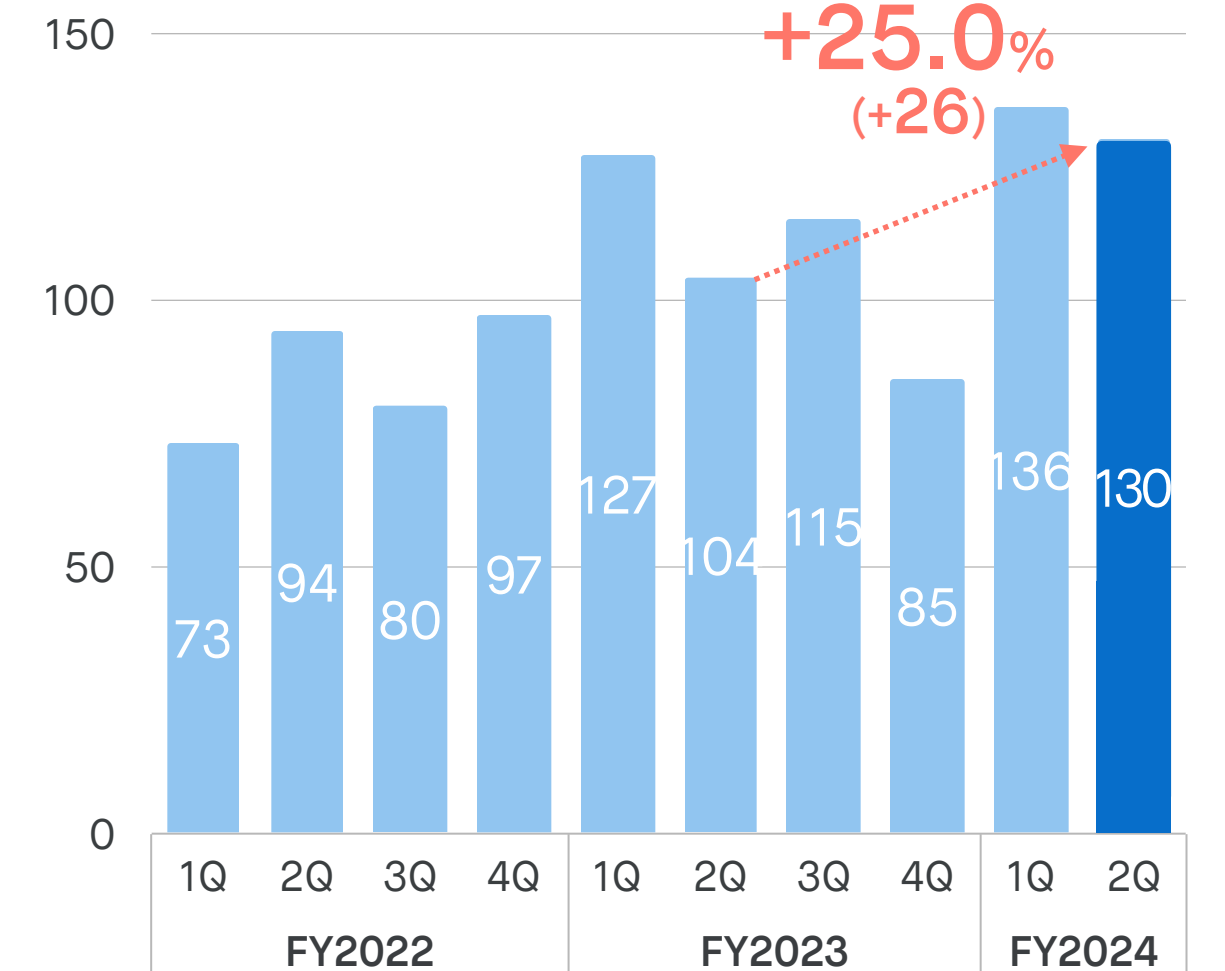
Unit: companies



\* Figures include Goodpatch Anywhere and Studio Details.

## Leading Indicator of Sales

Number of Effective Business Negotiations \*



\* Figures include Goodpatch Anywhere and exclude Studio Details.

- Although the unit price per client remained almost unchanged, it actually raised in 2Q due to the completion of a large-scale production project that had pushed up outsourcing costs in 1Q.
- Increase in the number of effective business negotiations in the previous quarter led to an increase in the number of projects in the full-time design division, but a decrease in Goodpatch Anywhere. Number of client companies increased slightly
- Number of effective business negotiations increased 25.0% in YoY, including Goodpatch Anywhere, to improve operations

# Strengthening of Marketing Activities

## Status of effective business negotiations

FY2023 1H

231

FY2024 1H

266

YoY  
(+35 +15.2%)

FY2024 Full Year Plan

517

YoY  
(+81 +20.0%)

Number of business negotiations through alliances	FY2023 Full Year Results	FY2024 1H Results	FY2024 Full Year Plan
	35	34	60
Number of companies on the retention list that placed orders	FY2023 Full Year Results	FY2024 1H Results	FY2024 Full Year Plan
	6	10	12 Over
Number of marketing and inside sales personnel	As of End of FY2023	As of End of 1H FY2024	End of FY2024 (Planned)
	6	8	11

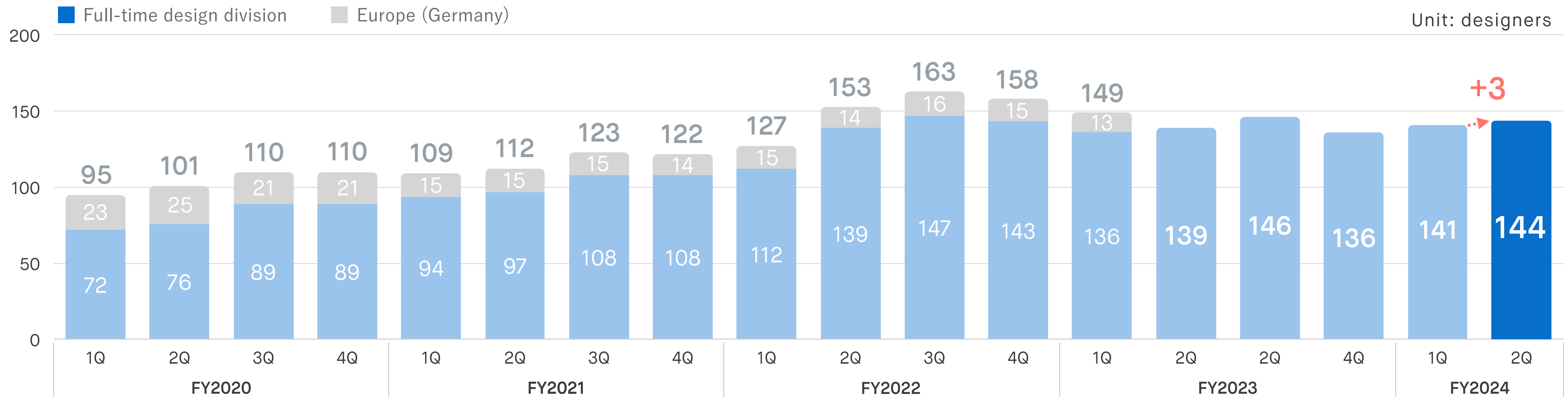
- Policy to strengthen marketing to acquire effective business opportunities; number of effective business negotiations and number of companies receiving orders from the house list also grew steadily
- Investment in marketing personnel is in progress, while investment in advertising has been efficient, resulting in improved efficiency compared to the previous fiscal year



# Full-time design personnel totaled 144, an increase of 3 in QoQ

Although the number of new hires is lagging behind the plan, active recruitment activities are underway

Number of In-house Design Personnel in Design Partner Business



\*1 Figures for FY2022 Q2 and thereafter include Studio Details in Japan.

- Designer hiring: 8 new hires in 2Q, hiring total 20 in 1-2Q, 7 quitting(within plans),5 Other loaned-out employees  
17 designers have been offered positions since the 3Q, and activities are being strengthened to reach the annual recruitment target of 50 designers
- Retirements are within expectations, and progress is being made toward the target number of 165 full-time design personnel at the end of FY 2024

# HR Investment

## HR Investment (Entire Company) \*

Unit: million yen

	FY2023 1H Results	FY2024 1H Results	FY2024 Full Year Plan
Hiring Costs	22	48	147
Training and Other Costs	9	19	32
<b>Total</b>	<b>31</b>	<b>67</b>	<b>180</b>

## Number of Hiring Designers

Unit: designers

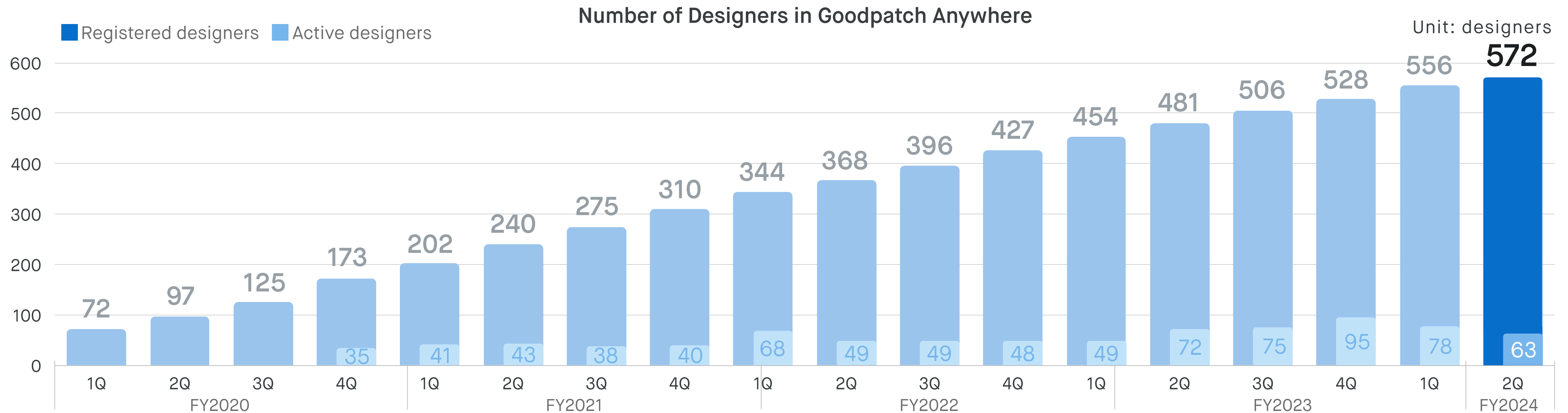
	FY2023 1H Results	FY2024 1H Results	FY2024 Full Year Plan
<b>Number of Hiring Designers</b>	<b>12</b>	<b><u>20</u></b>	<b>50</b>

(Job offers accepted this FY2024: 17)

\*Hiring costs and training and other costs are expenses recognized by the entire company (the total for the Design Partner Business and the Design Platform Business)

- As a result of aggressive investment in human resource recruitment, the number of designers hired increased steadily  
**This is a significant increase** if the number of job offer recipients scheduled to join the company this FY (17 people) is included
- Hiring costs per designer (which also takes into account the personnel costs of the hiring system) improved YoY, increasing our hiring efficiency

# Quarterly sales declined, and the number of active designers declined by 15 in QoQ to 63



\*The number of designers in Goodpatch Anywhere includes employee designers who are responsible for Goodpatch Anywhere's quality control.

- Full-time design division is improving utilization, but Goodpatch Anywhere is decreasing utilization, and will be strengthened to increase the number of projects
- Continued expansion of design talent pool to 572 (QoQ +16)

# Operational Review by Segment

Design Platform Business

# Sales of the entire business grew positively in YoY, but there were delays in business progress

## Continued operating loss due to prior investments

### Overall Segment FY2024 Q2 (Dec.- Feb.)

Net sales

**79** million yen

YoY change

**+26.9%** (+16 million yen)

Progress rate

**35.8%**

Operating Income \*

**-31** million yen

YoY change

**-** (+1 million yen)

Progress rate

**-**

\* For operating income, goodwill amortization, etc. has been excluded.

### Business Focus for FY2024

1 Growth of ReDesigner

Further energize the market to accelerate growth through implementation of direct recruiting

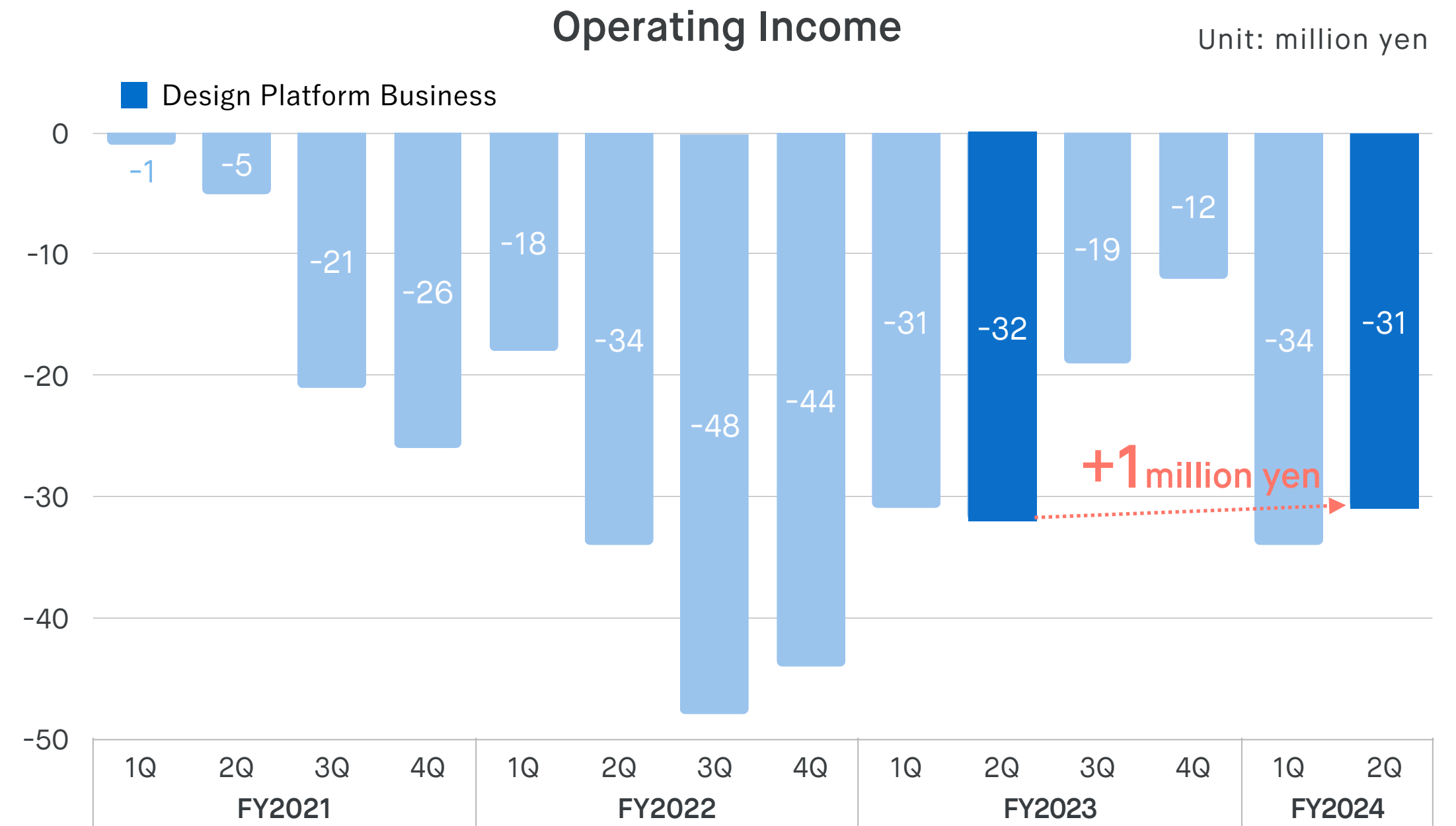
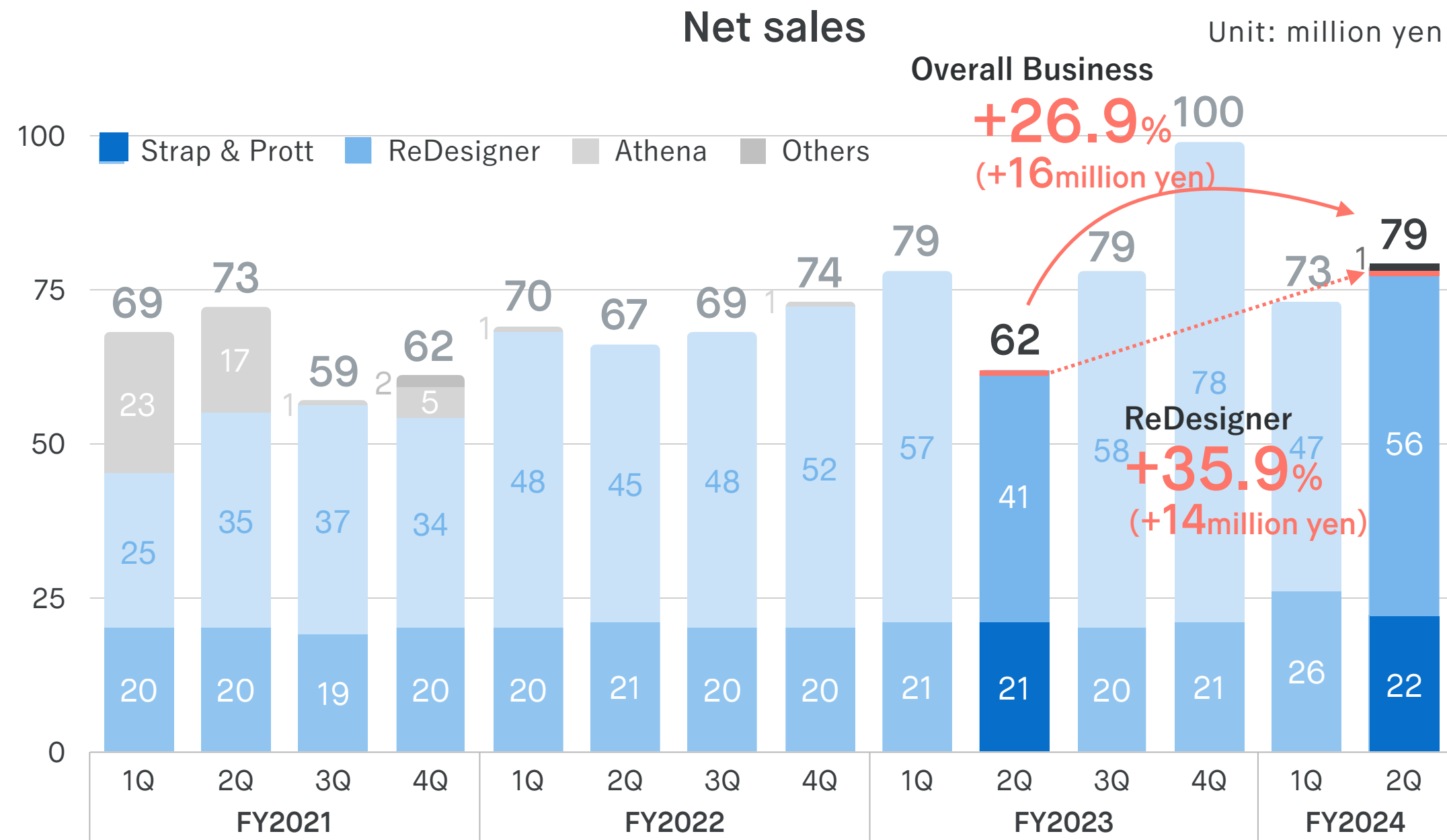
2 Growth of Strap

Generate growth by strengthening development and sales toward expansion into the enterprise domain while keeping SaaS business KPIs in mind

- ReDesigner: Mid-career services improved from 1Q, and revenue is expected to continue to trend upward, but will lag behind the plan  
Meanwhile, revenue from new direct recruiting service started as planned
- Strap: Successful introduction of plan combined with training, leading to increased sales

# Overall business net sales grew by +26.9% YoY

## ReDesigner's Direct Recruiting Launch Contributes to Sales

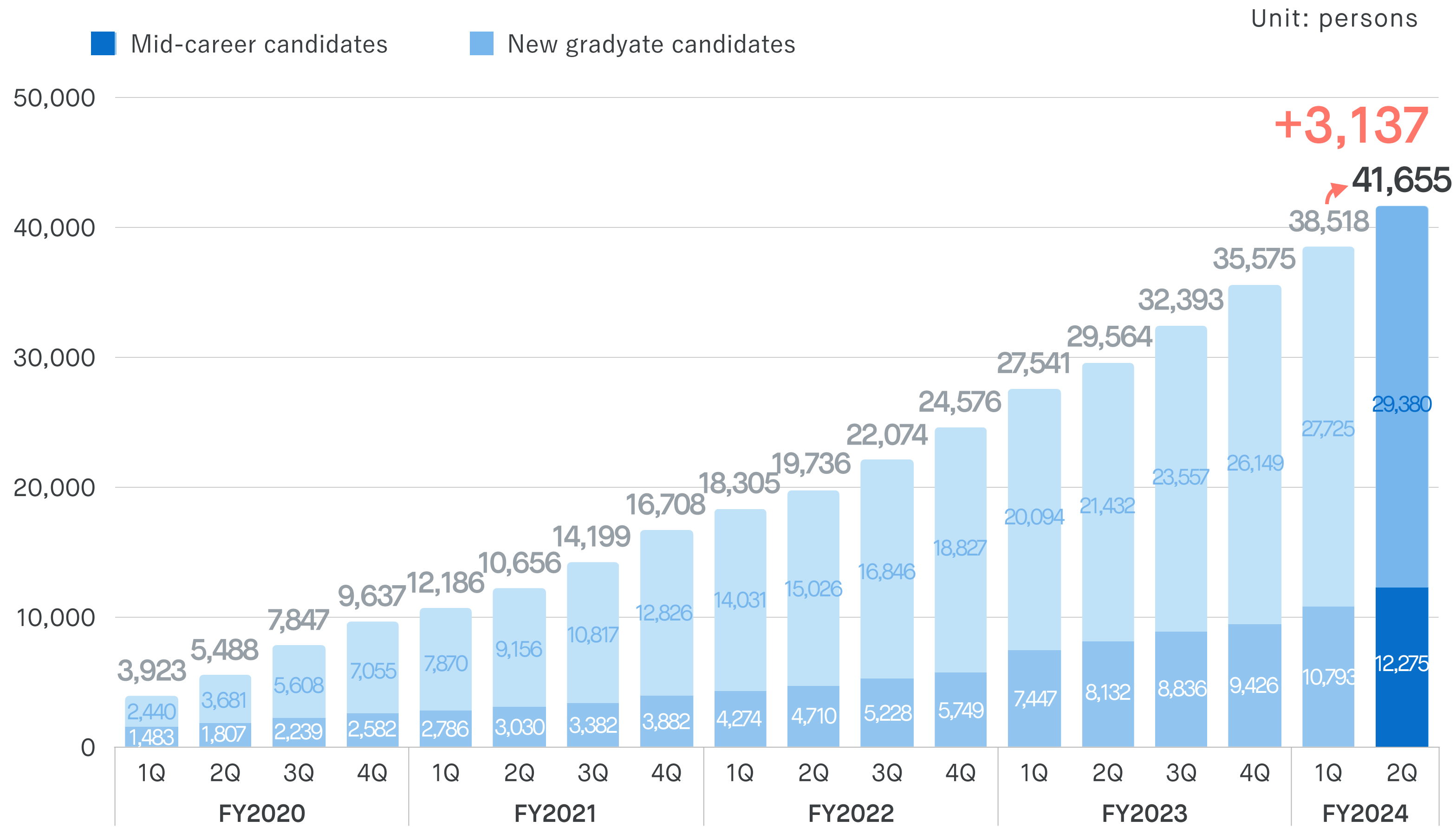


\* Operating income is the amount after deducting M&A-related expenses. For M&A-related expenses, acquisition-related expenses and goodwill amortization, etc. are recorded for FY2022, and goodwill amortization, etc. are recorded for FY2023, FY2024

- ReDesigner : Upward trend, lagging behind plan, but pipeline expected to improve in mid-career placement, the mainstay of the company's business, Direct recruiting service launched in January started contributing to earnings
- Strap : Difficulty in growth, recurring sales growth is sluggish

# Direct recruiting launched, number of registrations for mid-career recruiting services also on the rise

Trends in the Number of Registrants in ReDesigner



## Mid-career referral service (Career change support service)

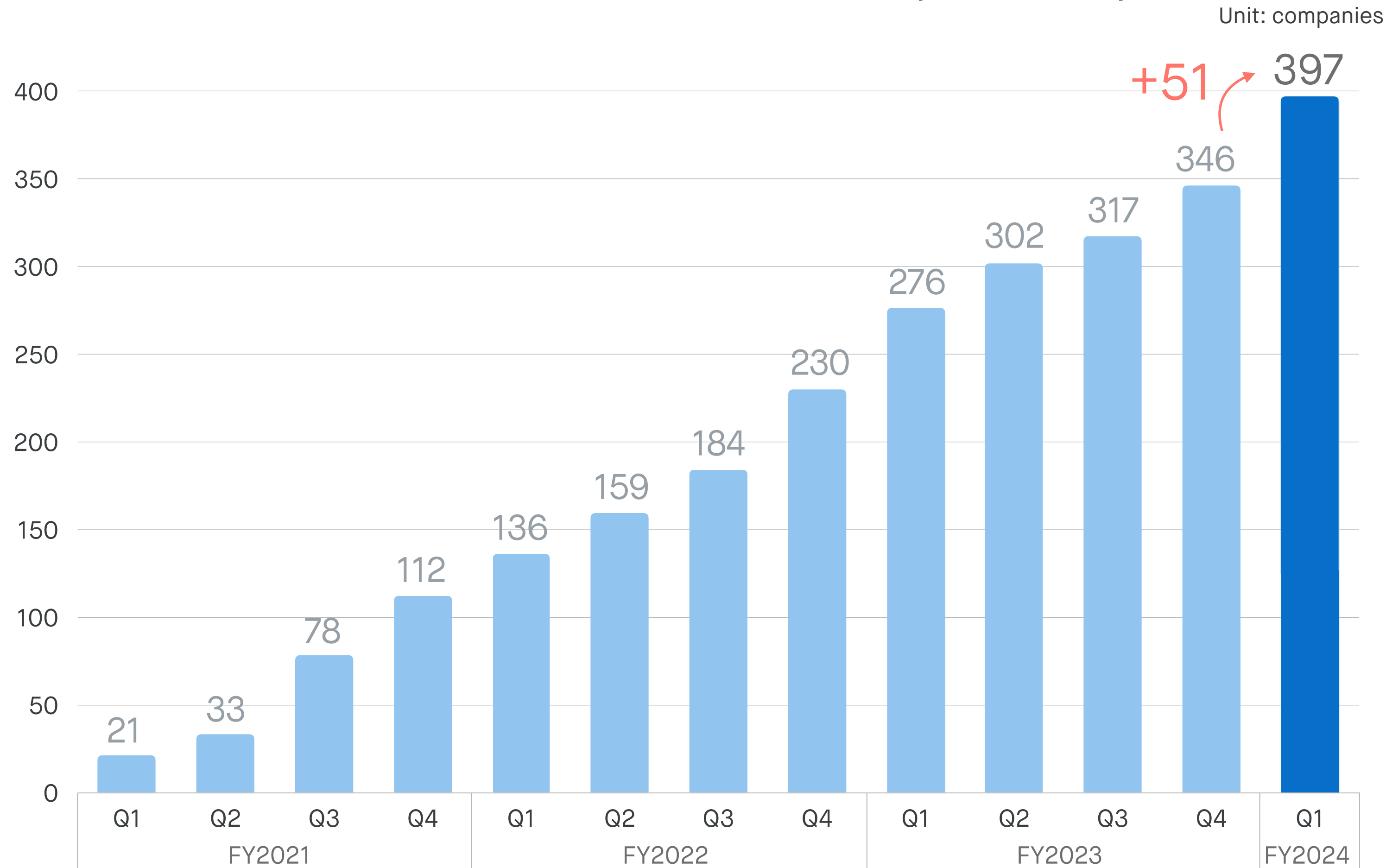
- Over 800 companies in total, Steadily increasing pipeline of referrals
- Direct recruiting service was launched in January and already started generating revenue in 2Q

## New graduate referral service

- ReDesigner grows to nearly 30% of sales, with a cumulative total of 144 companies under contract

# Total number of contracted companies continuously expands, surpassing 400 companies

Trends in the Accumulated Number of Contracted Companies for Strap



## Strap's growth strategy

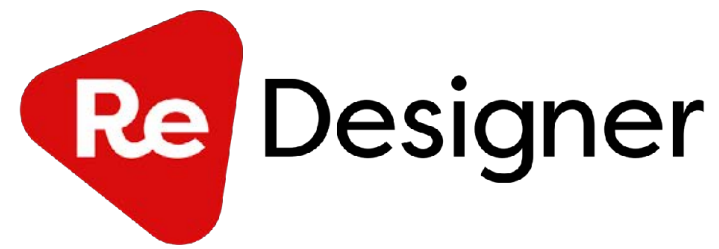
### Appealing as a tool to support corporate transformations

- Generalize the process within the company and strengthen its appeal to Corporate Planning and Human Resources departments
- Promote company-wide implementation while supporting DX promotion and human capital management needs with learning solutions





# FY2024 Q2 TOPICS



**Launch full-scale provision of direct recruiting function from January 2024**  
**Evolving as a platform that satisfies the needs of both design talent and companies with a design focused on designers, ReDesigner's discontinuous growth**

**Before**

**Support was only provided to limited individuals**

- A contingency fee model in which career advisors provide referrals and hiring companies provide compensation for successful hires
- It was difficult to support a large number of candidates



**After launch of the Direct Recruiting function**

**A wider range of designers and companies can now be approached**

- Increased contact between designers and companies makes for more efficient matching
- The portfolio creation assistant function and “skill map” visualize the skills and preferences of designers, improving matching accuracy
- A monthly fee-based business model based on the number of scouting messages by hiring companies

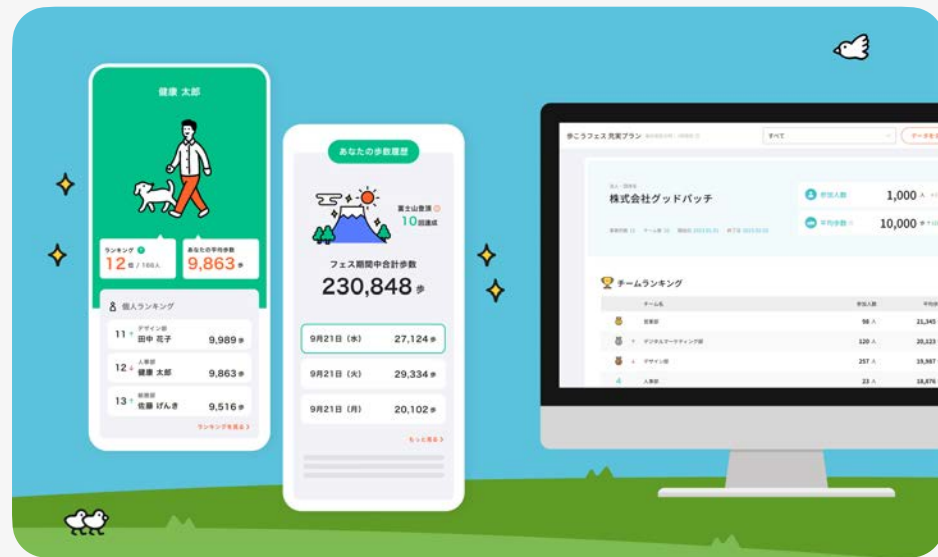


\* See the press release below for details on the service.  
<https://goodpatch.com/news/20240115-redesigner>  
<https://goodpatch.com/news/2023-10-redesigner-renewal>



Participated in the health promotion service "SUNTORY+" from the conception stage in December 2018  
 Providing multifaceted support from product improvement to business expansion measures,  
 introduced to approximately 1,000 companies in three and a half years since its release

Issue



**Release a service, but not know how to increase the number of companies that have adopted the service**

- Need knowledge to improve and grow digital products
- **To increase service satisfaction and user retention rates**
- To provide an attractive product for HR personnel responsible for health management.

Approach



**In addition to functional improvements, support the development and implementation of sales/CS strategies for HR**

- Planning UI improvements and new measures based on user research
- Released a product for company representatives to increase the number of adopting companies
- Design touch points including analog areas such as exhibitions



\* Approximately 1,000 companies have already adopted the system!  
 As of April, 2024

**Highly evaluated internally, including an award within Suntory, and grew into a business that other new business projects use as a reference**

\* For more details, see the blog below  
<https://goodpatch.com/blog/2024-03-suntoryplus>



Fully redesigned to improve the utilization rate of the application instead of paper orders, which are expensive to operate, with a design that has never been seen in a co-op before  
Additional experience design and features that add fun to the clerical "shopping" experience

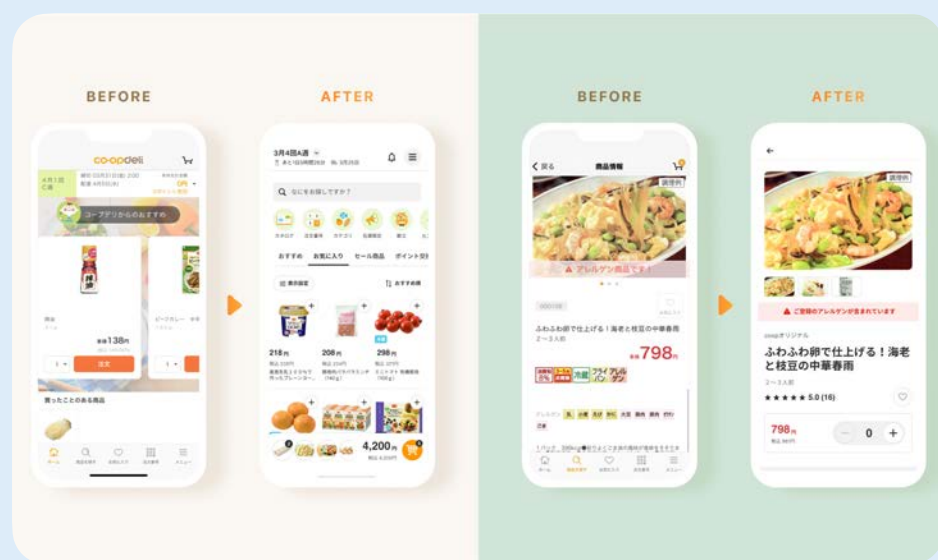
Issue



Break away from paper orders and increase usage with a redesigned app

- Paper orders still dominate and there is an urgent need to increase the use of apps to reduce costs
- **Some users said the complex UI was "hard to operate"**
- Not sure what to design that would break the concept of "co-op."

Approach



Propose functional improvements and user experiences that capture the content of users and Co-op Deli

- Designs that bring out the joy of shopping based on user surveys
- Unique Co-op experience that no other delivery app can offer, such as "a cart experience where you can always see what you ordered"
- PD progress and quality control as if developed by other employees of the same company



The project has grown into a project that supports various areas from product to communication design, including UI/UX improvement of websites as well as apps, and overall creative for new services

\* For more details, see the blog below  
<https://goodpatch.com/blog/2024-03-coopdeli>

# Business Progress in FY2024 Q2

# Maintained earnings forecast despite some delays in business progress

## Expect to turn around and improve in 2H

FY2024 Full-Year Forecast (announced on 13 Oct., 2023)

Net sales

**4,754** million yen <sup>YoY</sup> (+21.0%)

Breakdown

Design Partner Business <sup>YoY</sup> (+20.0%)  
**4,325** million yen

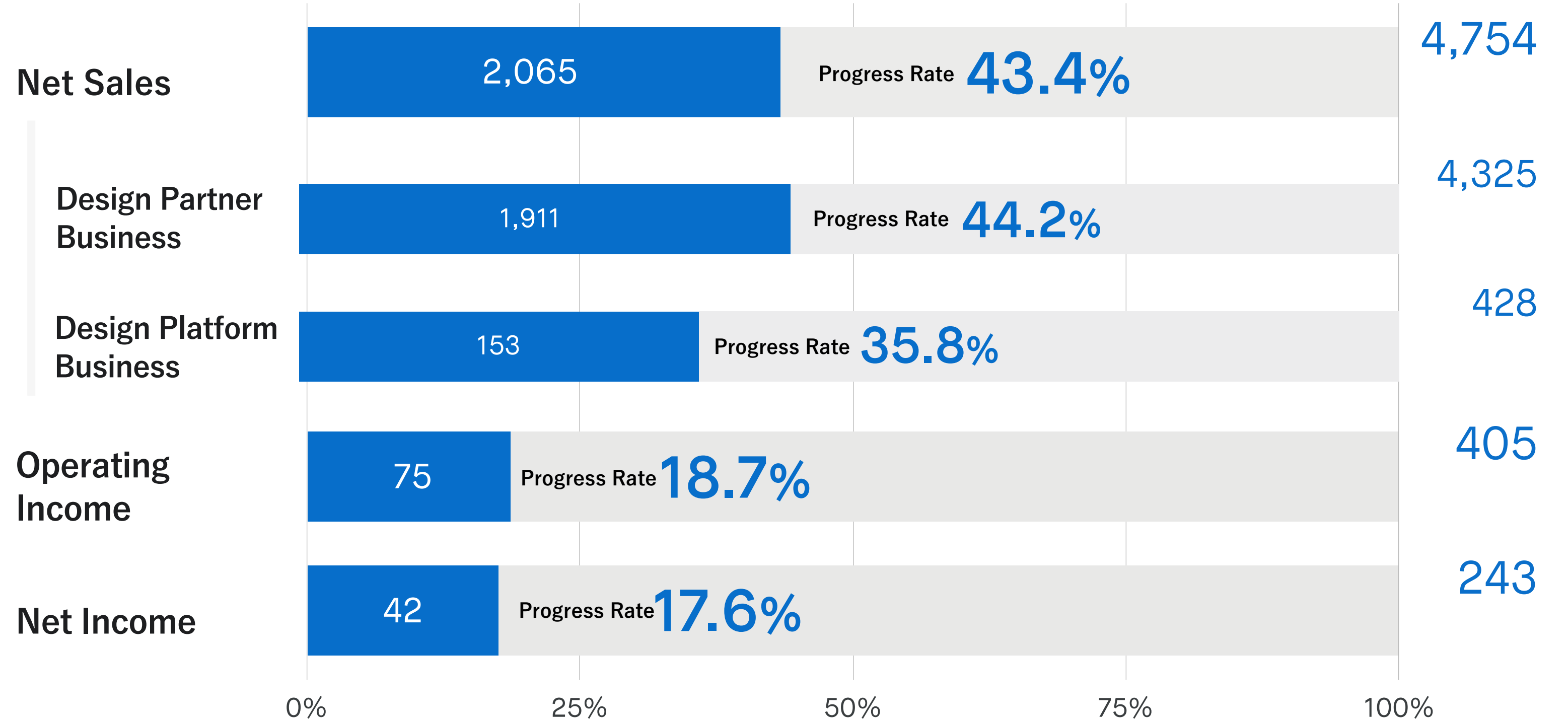
Design Platform Business <sup>YoY</sup> (+32.7%)  
**428** million yen

Operating income <sup>YoY</sup> (+35.6%)  
**405** million yen

Net income <sup>YoY</sup> (+12.5%)  
**243** million yen

Progress status at the end of FY2024 Q2

Unit: million yen



# Growth Strategy

Medium- to Long-Term Direction and FY2024 Growth Strategy

**Need to expand the design's 'value realization' domain in response to societal and corporate challenges**

A company that designs software with UI/UX as its strength

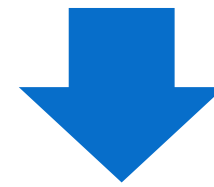


**Become a company that “designs” innovation to promote corporate transformation with customer experience**



## Direction of medium-term strategy

**In order to support corporate transformation and innovation,  
we must deepen our relationships with client companies**



**Deep partnerships through business co-creation**

# Strengthening partnerships through business co-creation

Joint venture  
partnerships



Business alliance  
partnerships



M&A  
partnerships



**Balancing the corporate transformation of client companies with expansion of our own business portfolio and business growth**

## For clients' corporate transformation

**Must build close relationships and provide a greater range of solutions to transform client's businesses**

# Setting a FY2024 growth strategy with the aim for medium- to long-term growth

## Design Partner Business

- 1 Strengthen marketing to acquire effective business deals
- 2 Sales promotion to acquire loyal customers
- 3 Expand solutions offered
- 4 Value chain expansion, M&A strategy

## Design Platform Business

- 1 Growth of ReDesigner
- 2 Growth of Strap

## Business infrastructure supporting growth

- 1 Talent strategy with quantity and quality
- 2 Design and sustainability

## Expand marketing investment, aiming for 20% growth in number of effective business deals

Increase awareness among potential customers



Interest from potential customers

Key policy

**Creation of new projects through alliances**

**Better communication of case studies**

**Stronger nurturing**

Initiatives Measures

- Expand sales through alliances
- Acquire new alliance projects modeled after CyberAgent and CTC
- Target number of business deals via alliance
- (35 in FY2023 → 60 in FY2024)

 CyberAgent®

 CTC  
Challenging Tomorrow's Changes

- Increase the number of case studies reported
- Increase the number of marketing/inside sales personnel (6 people at end of FY2023 → 11 people at end of FY2024)

- House list (target leads)
- Number of deals created from 6,000 cases (6 cases in FY2023 → 12 cases or more in FY2024)
- House list approach Increase inside sales staff to create deals

**Number of effective deals: 436 in FY2023 → 517 in FY2024**

**Aim to increase total number of effective business deals acquired**

# Implementing measures based on sales strategy to increase the number of customers with annual sales of 60 million yen or more

Distribution of annual sales per customer

(Including Anywhere and Studio Details)

Unit: companies

	FY2021	FY2022	FY2023
Over 100 million yen	3	5	6
Between 60 and 100 million yen	8	5	6
Between 30 and 60 million yen	13	22	20
Less than 30 million yen	68	110	119
<b>Total</b>	<b>92</b>	<b>142</b>	<b>151</b>

**Number of customers with annual sales of 60 million yen or more:  
12 companies in FY2023 → 15 companies in FY2024**

Increase contact with decision makers to increase loyal customers  
Continuously improve project quality and increase customer unit price

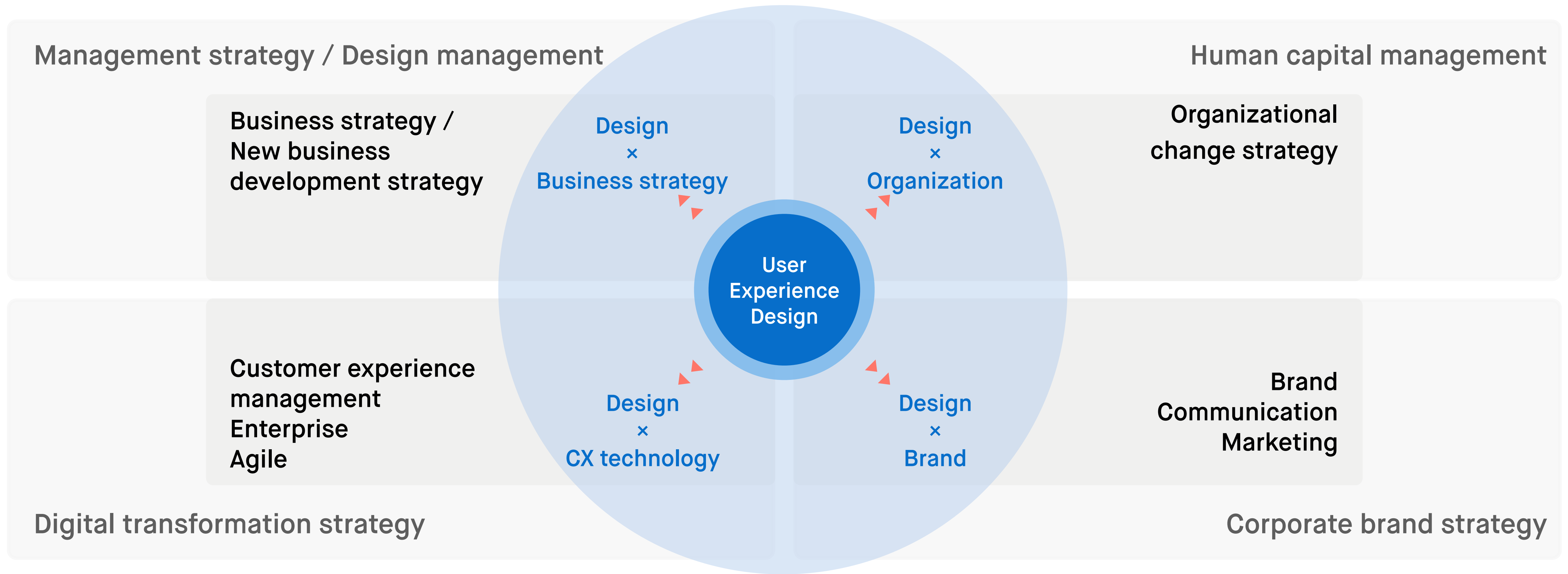
## Sales strategy policy to build deeper relationships

- **Widen:** Expand solutions
- **Climb:** Increase the number of cases that can approach management
- **Deepen:** In-depth sales that gets deeper into business issues with customers

## Monitoring, analysis and improvement of business status

- Visualize introduction routes and order trends from marketing measures
- Set negotiation and monitor decision rate by negotiation level
- Understand customer needs trends and analyze orders/losses, sharing them with design organization
- Visualize sales force activity

# Expanding solutions into four areas centered on experience design



**Create a design organization system that meets customer issues based on four areas to expand the solutions we provide**

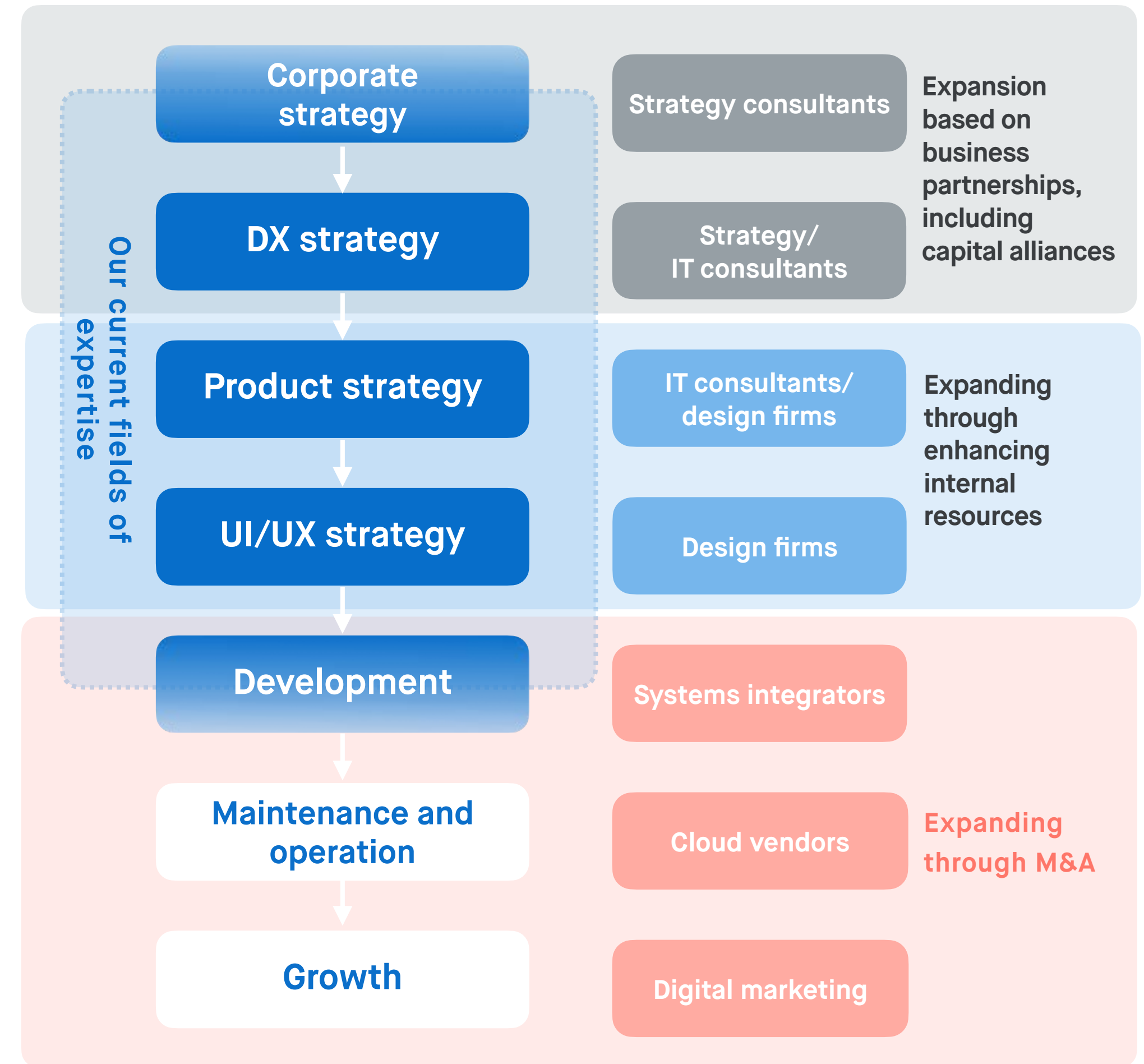
## Strengthen M&A promotion, expand value chain, and build a comprehensive group structure

### Greater management strategy, area of digital transformation, and organizational strategy

- Expand collaboration through business alliances with leading companies (CyberAgent, CTC, etc.) Contribute to corporate organizational change.
- Through joint venture with Marui Group (Muture), which we have been working on since before FY2023, we have realized the creation of new business value by leveraging the assets of both parties.

### Creating synergistic M&A

- Utilize M&A to expand capabilities and build an all-in-one system in the downstream area of the value chain.
- Make effective use of the Group's assets and enter new areas where there is synergy with partner businesses.





# Further growth for the Design Platform Business

## Growth of ReDesigner



Design talent recruitment platform  
 Providing a place for designers to play an active role in their respective growth phases

New graduate

Mid-career

New graduate		Mid-career	
End of FY2023	FY2024	End of FY2023	FY2024
Total number of contract companies 100	Total number of contract companies 120	Total number of contract companies 750	Total number of contract companies 900
Total number of users 26,000	Total number of users 30,000	Total number of users 9,400	Total number of users 12,000

- Developed and implemented with UI/UX in mind as an open platform
- Further activated the market and increased the growth trajectory by implementing direct recruiting function
- Developed and implemented skill maps and portfolio creation support

## Growth of Strap

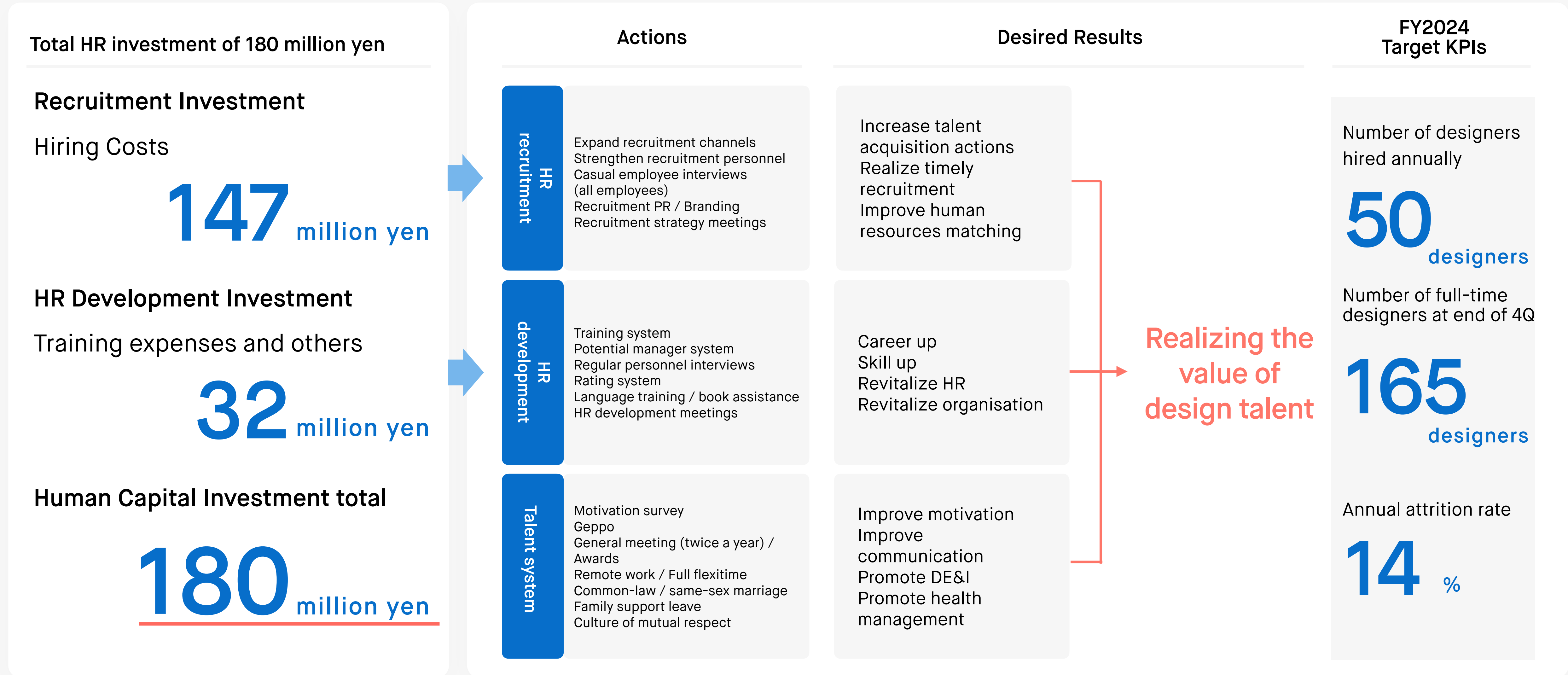


Online collaboration platform  
 Providing digital transformation tools that transform individual creative thinking and organizational meetings

FY2022	FY2023	FY2024
Introduced at 230 companies	Introduced at 346 companies	Introduced at 500 companies

- Growth while keeping SaaS business KPIs in mind
- Strengthen development and sales toward expansion into the enterprise field
- Supporting digital transformation and human capital management needs with training solutions

# Investing 180 million yen in human resources recruitment and development to realize business growth

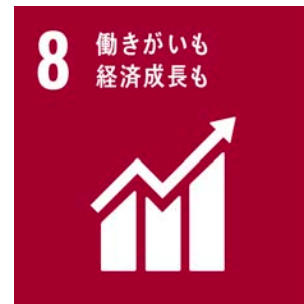


# Considering four key themes (materiality) to realize vision and mission

## Working with stakeholders to spread the power of design to advance society

### Design for Talent

- Hiring and training human resources to create opportunities for success
- Promotion of diversity, equity & inclusion (DE&I)
- Improving the value (treatment) of designers



### Design for Partner

- Co-creation with business partners
- Creating and transforming customer value



### Design for Society

- Initiatives that consider the global environment
- Community empowerment

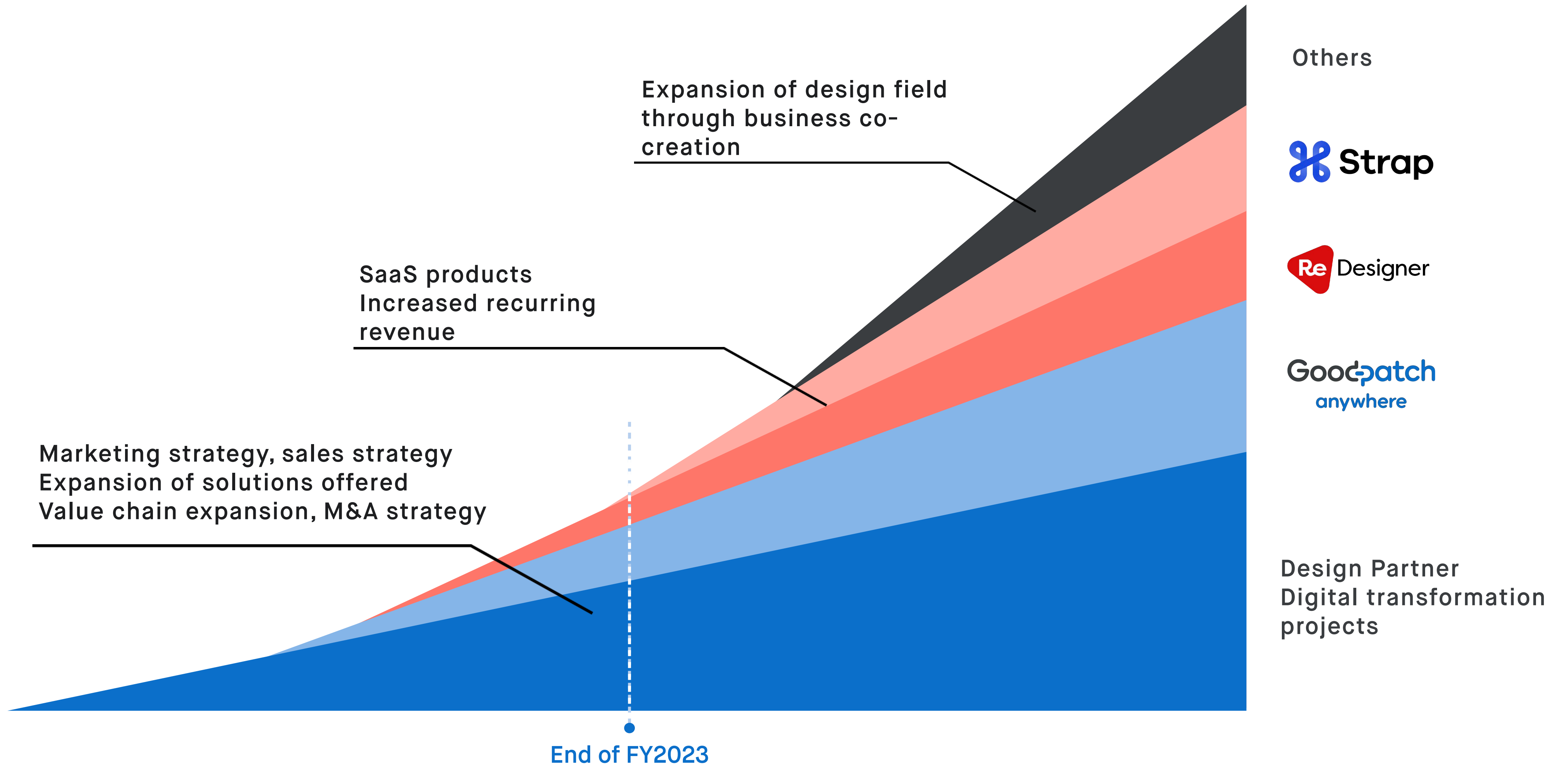


### Design with Governance

- Employee health and safety
- Sound corporate governance system
- Corporate ethics and compliance
- Design ethics and responsibility



# Expand the possibilities of design, aiming for sales of 10 billion yen or more in full speed



# Appendix

# Company Information

## Company Information

### Basic Information

Company name Goodpatch Inc.

Incorporated September 2011

Address VORT Shibuya South 2F 3-3 Uguisudanicho, Shibuya-ku, Tokyo 150-0032, Japan

Number of employees 242 (full-time employees as of February 29, 2024 on a consolidated basis)

Directors and auditors	Representative Director / CEO	Naofumi Tsuchiya
	Director / Executive Officer	Toshiyuki Makishima
	Outside Director	Hiroshi Kozuka
	Outside Director	Asuka Sato
	Outside Director	Daichi Hiroki
	Full-time Auditor	Osamu Satake
	Part-time Auditor	Toshiki Sada
Part-time Auditor	Masaki Kawaguchi	

Business description UI/UX design, business model design, brand experience design, organizational design, and software development

Subsidiaries and affiliates (ownership ratio) Goodpatch GmbH (100%), Studio Details Inc. (100%), Muture Corp. (40%), X.1 Inc. (33%)\*

Offices Japan (Tokyo and Nagoya)

\* Business ended in January 2023, liquidation process underway as of April 2024



## Vision and Mission

### VISION

Push the world forward with  
design that moves people's hearts

### MISSION

Prove the power of design



# Why Design Matters Now?

Why Design?

## Company co-founded by designers grow significantly

Slack

Instagram

Airbnb

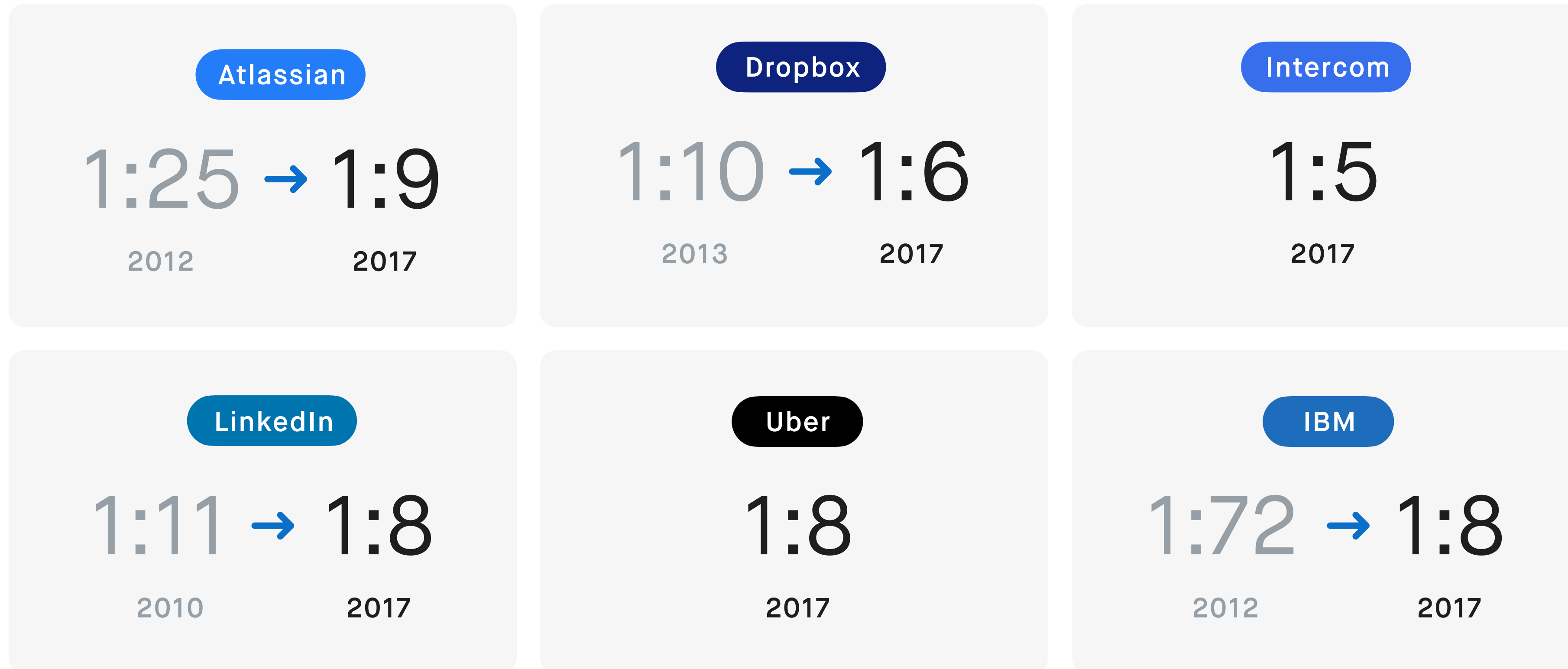
YouTube

Twitter

Pinterest

**Designers** were among the co-founders of these companies

## Designers vs. engineers ratio has changed in global companies

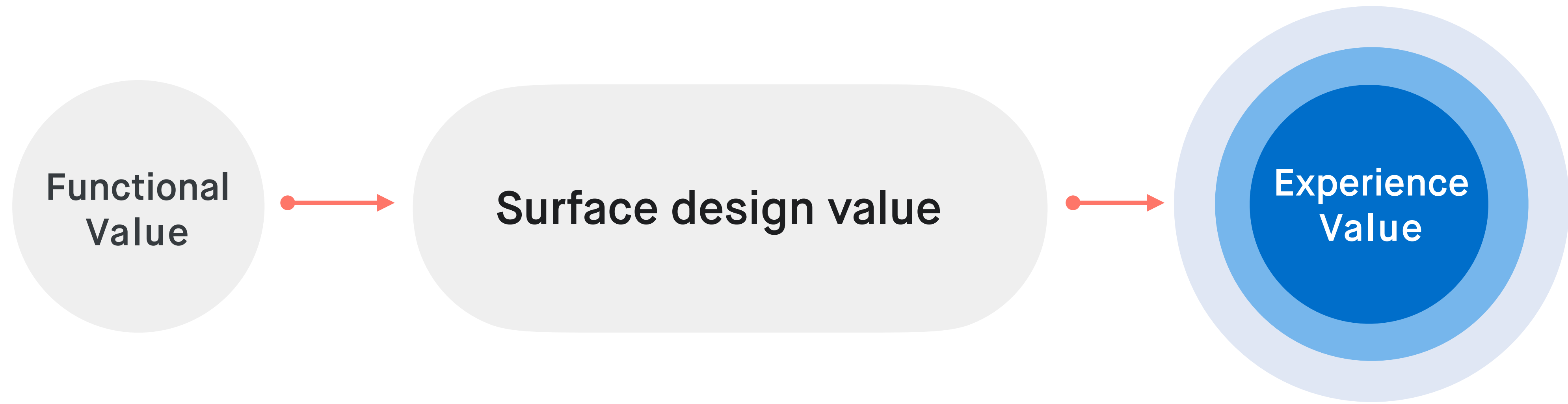


Designers are becoming **increasingly important**

<https://techcrunch.com/2017/05/31/here-are-some-reasons-behind-techs-design-shortage/>

\*The number of engineers per designer is indicated by ratio.

## From functional value to experience value



The age of selling products is over, the **age of selling experience** has arrived

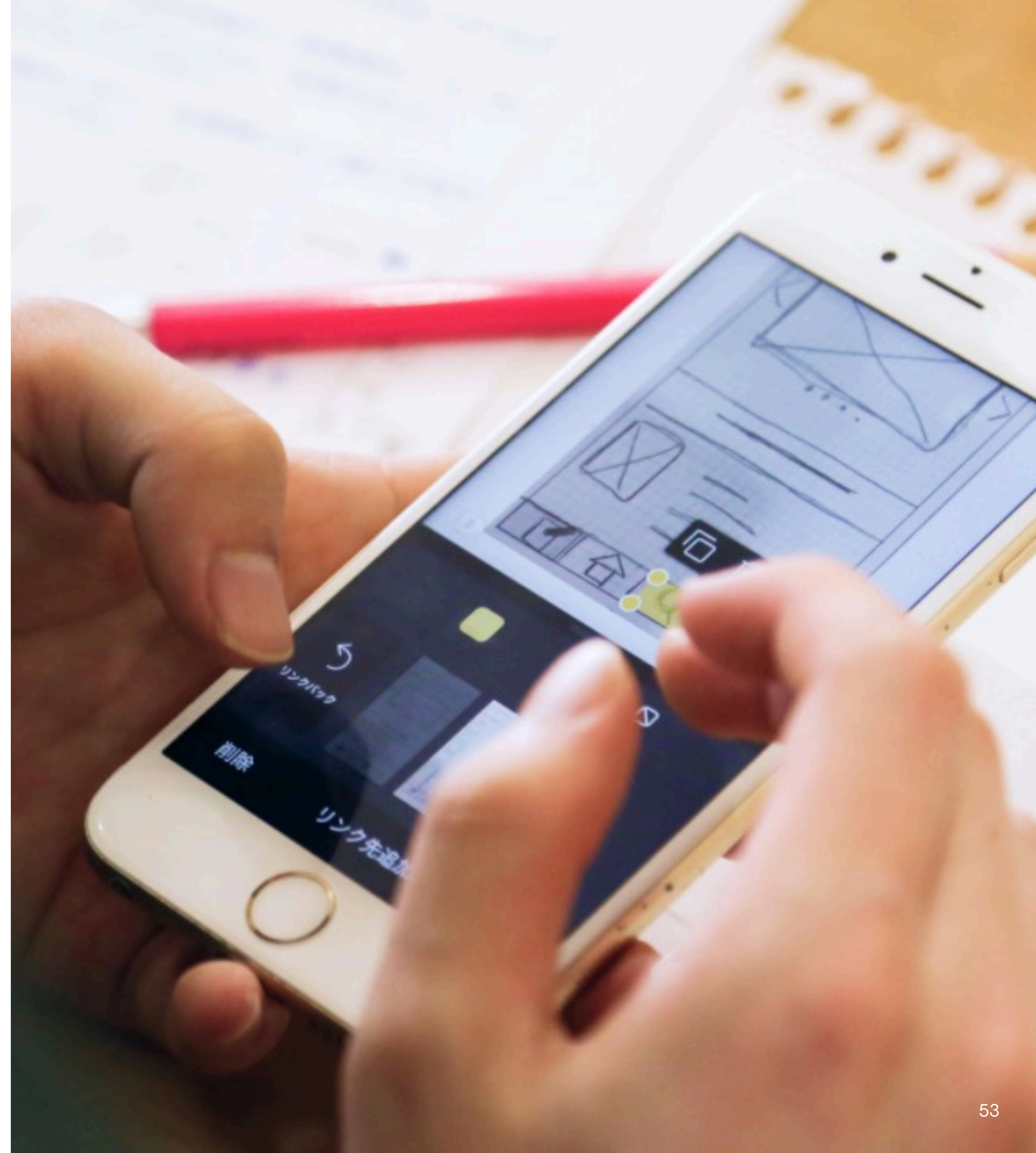
Why Design Matters Now?

## Paradigm shift in user experience

**Differentiating user experience (UX) from others significantly affects business performance**

Smartphones, the device closest to users, have changed peoples' lives.

Comfortable **UI design** and **UX design**, which designs all use scenes and ever-complicated user experience as a whole, have become increasingly important

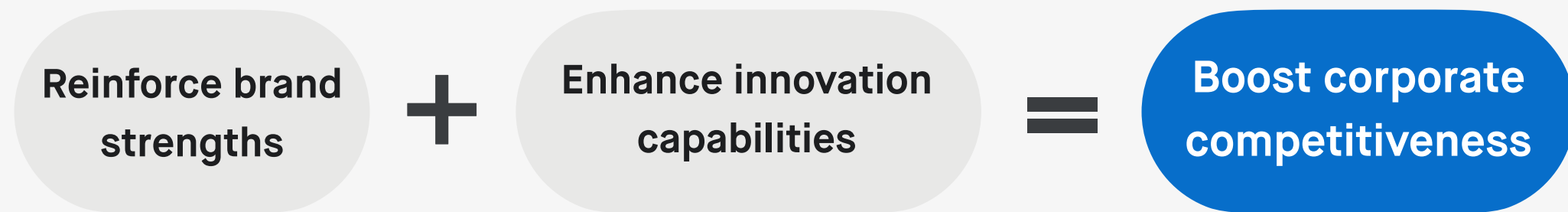


## Differentiating the user experience (UX) from others significantly affects business performance

### Design is misunderstood in Japan

In Japan, design is often misunderstood for decoration and to be superficial, but **design essentially involves "planning and architecture"**

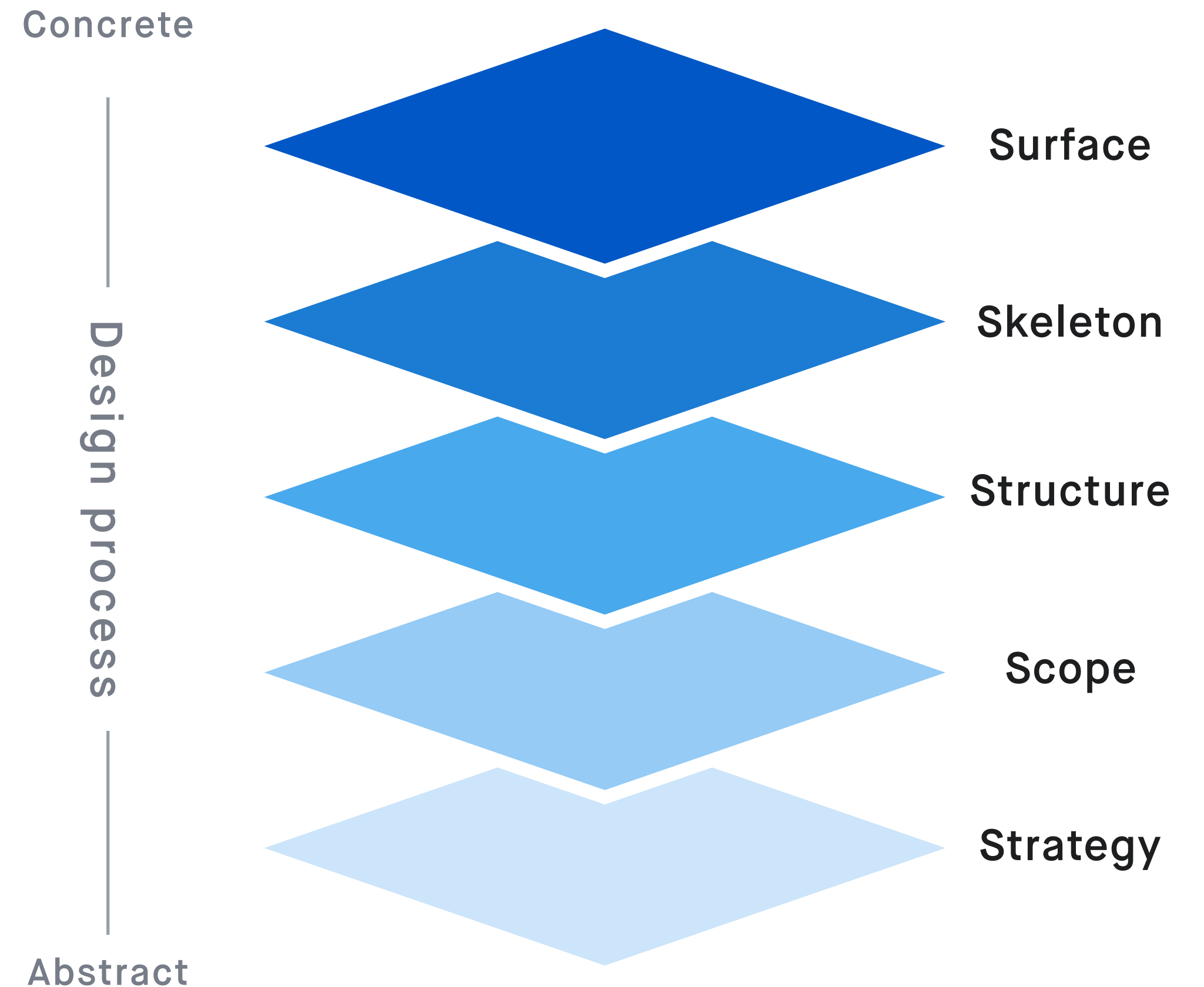
### Effects of design management



### What is required to promote management by design

1. Have a design executive in the management team
2. Have design involved from the start of creating business strategy

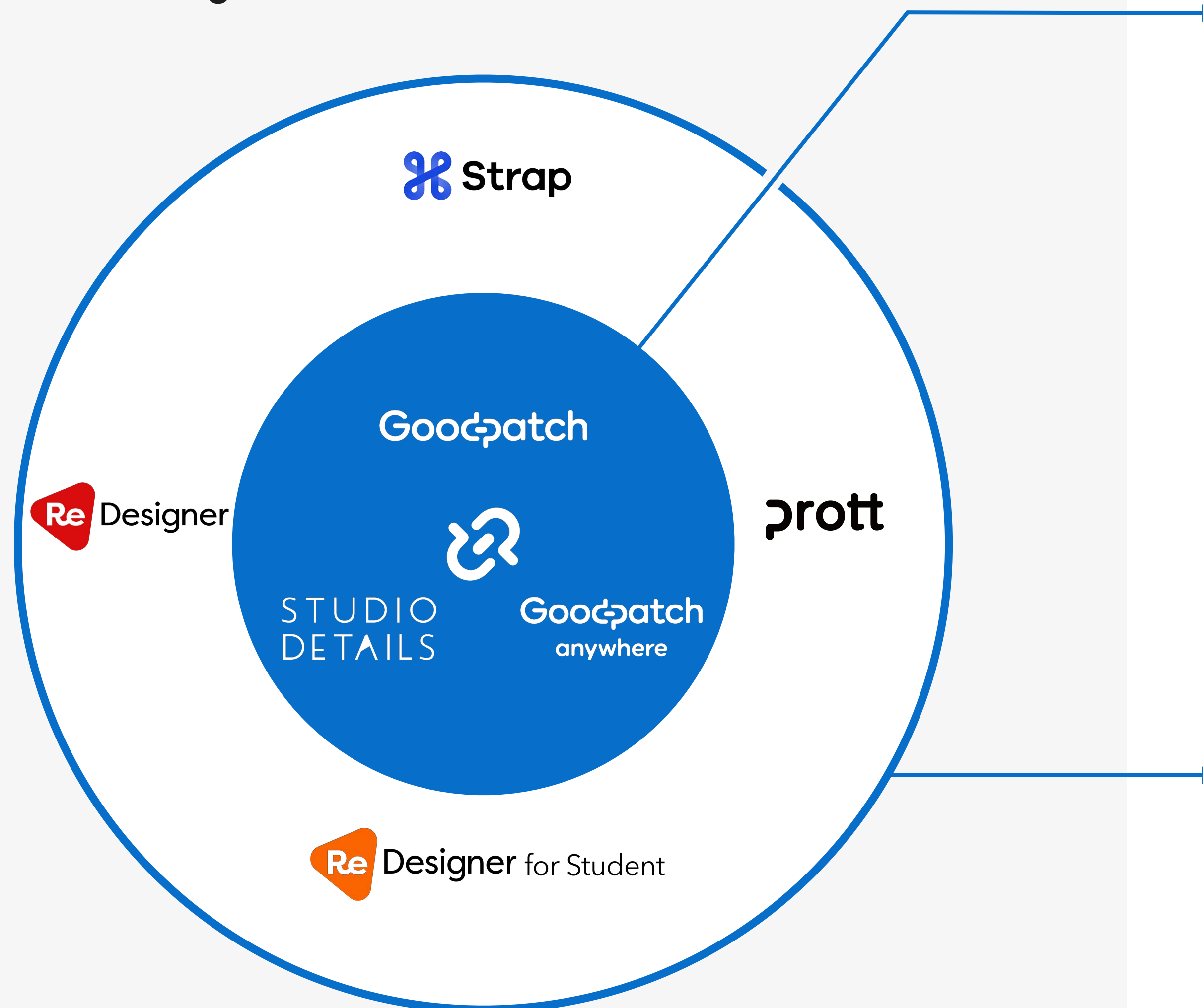
## The Five Elements of User Experience



Elements of User Experience (Jesse James Garrett)

# Our Business

## The Two Segments



### Business Segment 1

## Design Partner Business

**Goodpatch:** Provides one-stop services from strategy building to concept design, UI/UX design and development for product development related to websites, iOS, Android, and IoT, and offers support for launching new businesses, renovating existing businesses, planning corporate design strategies and building design organizations

**Studio Details:** A digital branding firm founded in Nagoya and acquired in December 2021, supporting client companies for their creative works and branding strategies, whether for websites, apps, or graphics

**Goodpatch Anywhere:** Implements full-remote UI/UX design projects by registered external design talents

### Business Segment 2

## Design Platform Business

Provides in-house services and products, including designer-specific career support service "ReDesigner", online whiteboard tool "Strap", and prototyping tool "Prott"



## Design Partner Business

**Works to solve challenges facing clients together as their design partner, not just another vendor**

- Design entire services through co-creation with clients, engaged from the initial strategic layer of the business
- Work together with clients throughout the development of digital product offered to end users
- At least 2 (average of 3-4) designers (including engineers) are involved in the clients' projects

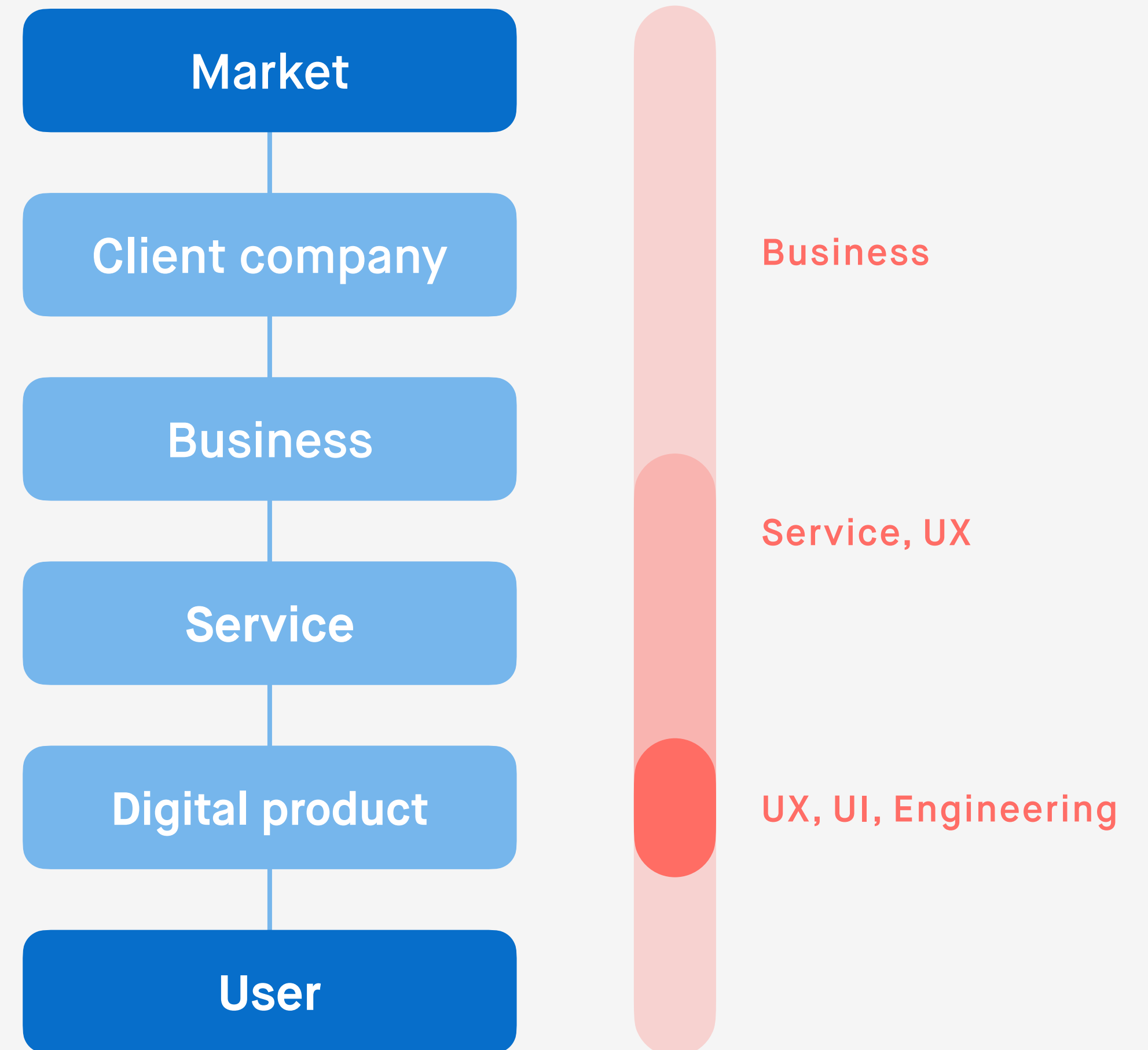
- Project duration per client is around 8~10 months on average

\*Actual results for FY2021~2023, excluding short-term projects lasting less than one month.

- **Work mainly on time-and-material contracts instead of fixed-price contracts**

**Time-and-material contract: Sales are recorded monthly, the same as consulting firm > Sales are more stable**

Fixed-price contract: Sales are recorded in lump-sum upon delivery, the same as a system development company > Sales are less stable



## Design Partner Business • Design Fields

Offer design support for a wide range of areas, with a focus on Experience Design while covering Brand Experience and Business Design

### Experience Design

Provide support for UI/UX design (support for strategy building, planning, product designing and development) of digital products, mainly smartphone and SaaS applications, to achieve easier-to-use services from the users' perspective.

### Brand Experience

Conduct organizational design and brand image design based on the client company's management vision and mission, helping to build a strong brand by embodying in design the minds and value embedded in the brand owner's services.

### Business Design

Design the strategies and business models for client companies' overall products, not limited to digital areas.

Define the requirements for a service that is accepted by users to drive product growth, and design measures to achieve the goal.



## Design Partner Business • Proven Track Record (By Company)

12 companies went public after our support.

### B2C and B2B enterprises



### Startups

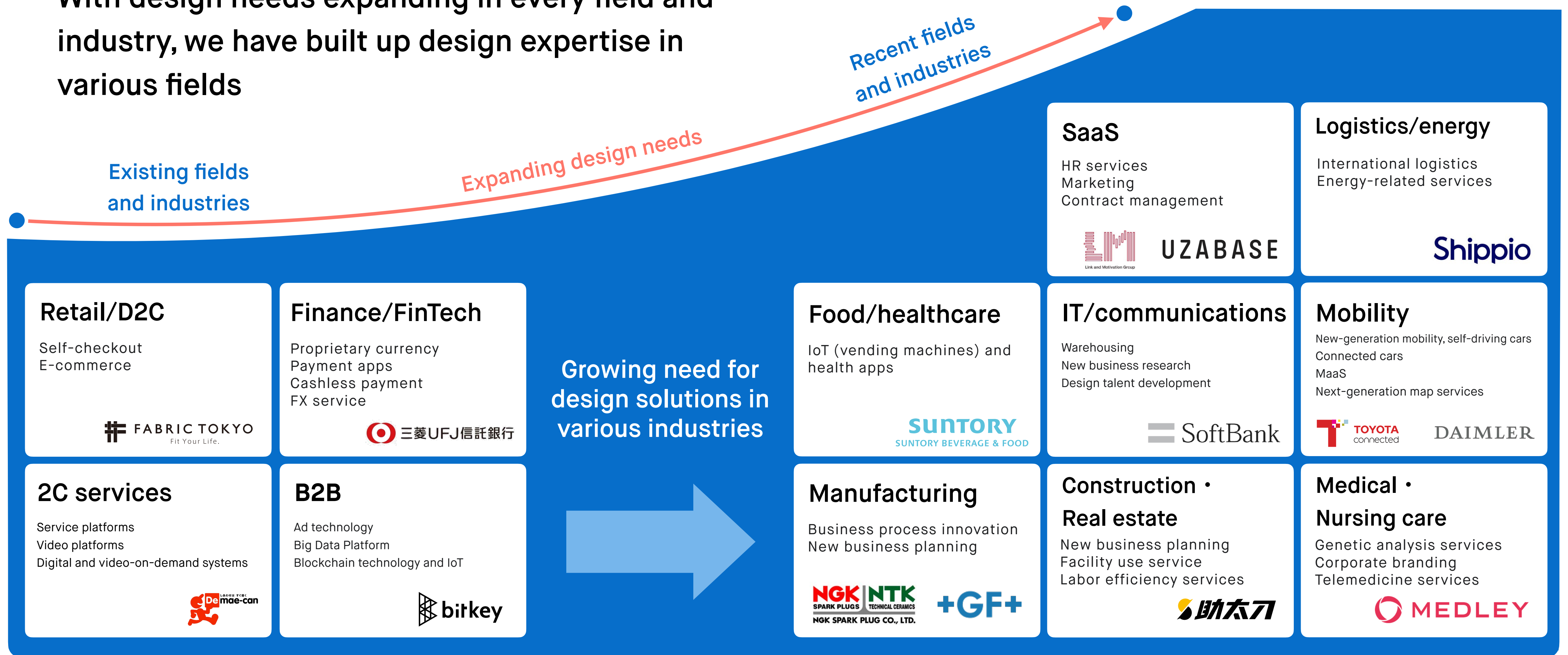


Serve a wide range of customers from B2C and B2B enterprises to startups  
Good Design Award granted to our clients (or our proprietary products or Studio Details products)  
**13 times to date and for 10 consecutive years**

\* Above are some of the companies for which the Goodpatch Group has conducted design support.

## Design Partner Business • Extensive Cases (by Industry)

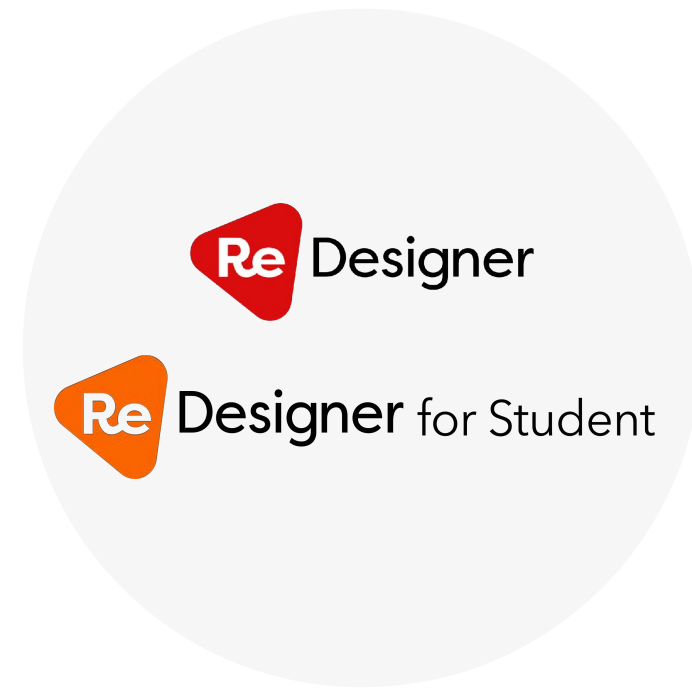
With design needs expanding in every field and industry, we have built up design expertise in various fields



\*The chart below indicates some of the cases in which the Goodpatch Group has conducted design support. The company logos are shown under the permission of the relevant companies.

## Design Platform Business

### Career Support Service for Designers



#### Profit Model

- For mid-career hires, a contingency fee-based model in which the recruiting company is compensated for successful hires.
- For new graduates, a monthly fee is charged to companies using the service.
- A portion of revenues are booked as options, such as events and media coverage

### Online whiteboard Prototyping SaaS tool

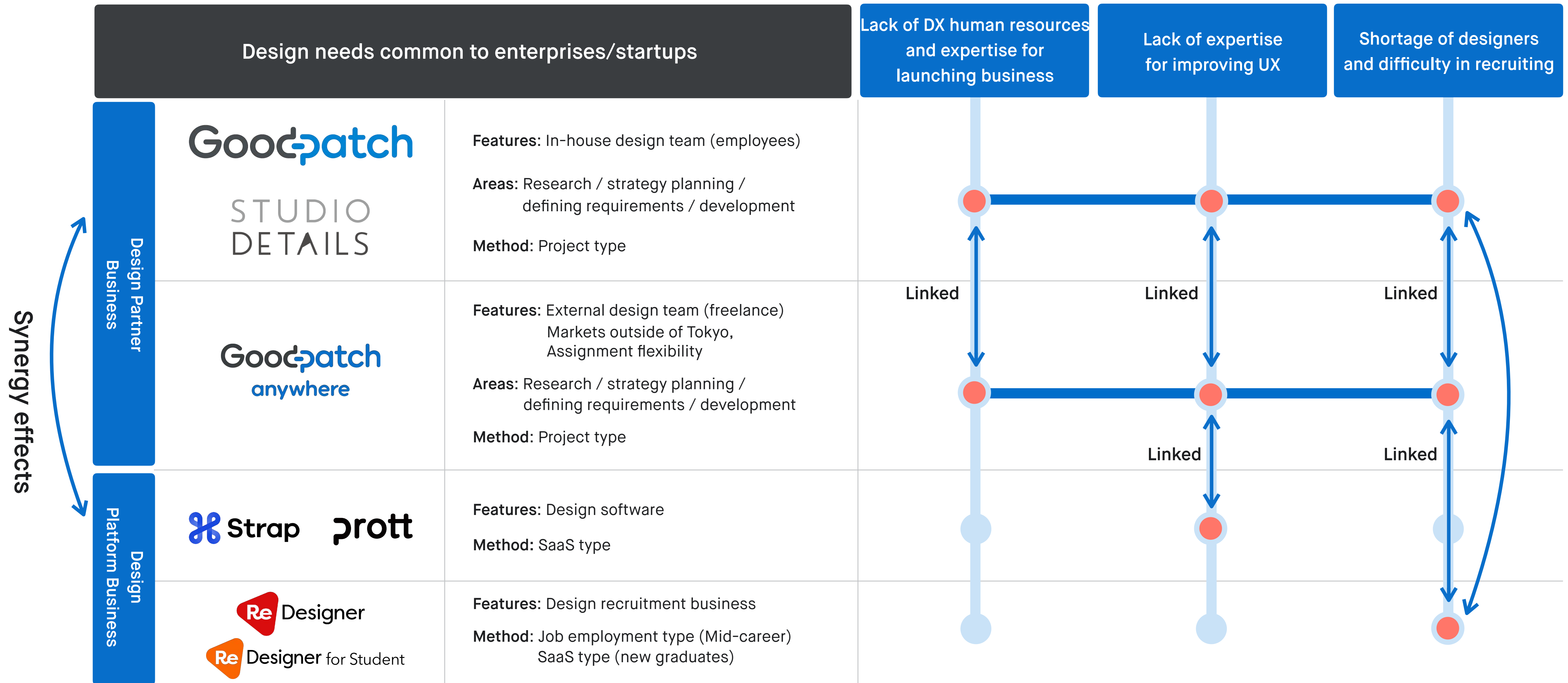


#### Profit Model

- Various plans are offered according to the size of the user company's organization
- Monthly billing model with an average monthly fee of approximately 1,000 yen per user or 20,000 yen or more per month per company

**Provide solutions on our own that enable us to offer multifaceted and long-term support in sync with evolving client needs**

# Two Business Segments Meeting Clients' Diverse Design Needs



# Our Features and Strengths

Company Strengths

## Goodpatch competitive advantages

- 1 Unique positioning, **dominant performance** and **brand value** in design
- 2 Accumulation of **systematized design know-how and knowledge**
- 3 Ability to gather employees and freelancers, **despite increasingly scarce design talent**
- 4 **Highly efficient and profitable business model** centered on the Design Partner Business



Unique positioning based on dominant performance and brand value in design



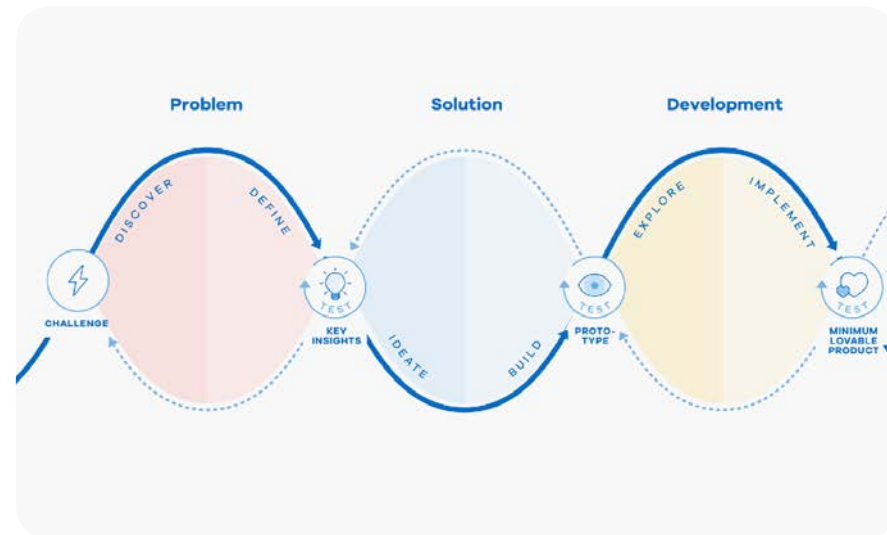
**Our strong track record** centering on the UI/UX and **brand value** have enabled us to support creation of new businesses and improvement of services, which should facilitate DX

\*Companies listed above are just a few of the companies our group has supported in the past

## Accumulation of systematized design know-how and knowledge

### Systematic process

A systematic process based on many achievements and a training system for industry-ready designers



Systematic design process

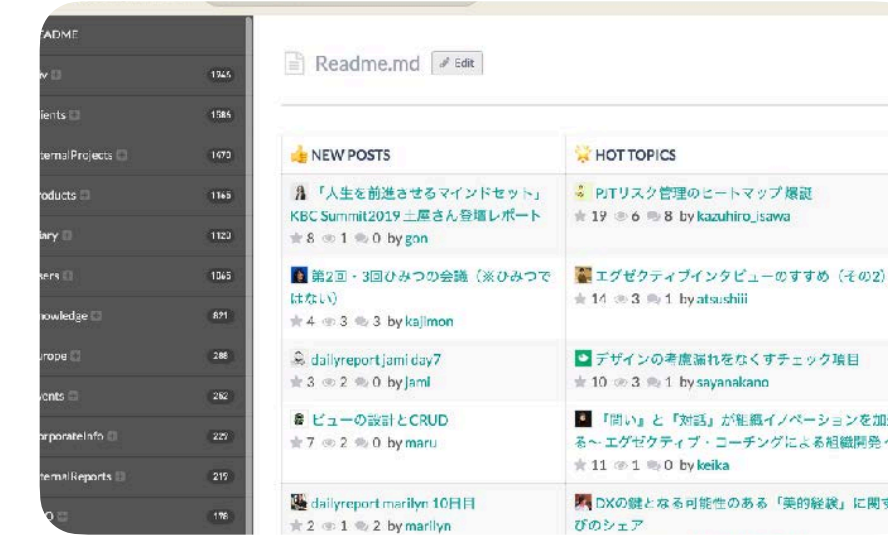


In-house training to sharpen skills as designers



### Over 30,000 know-how assets

We have built a mechanism to share internal knowledge and accumulate unique know-how assets



Internal knowledge database where the knowledge is constantly posted



Project reviews shared across the company

A system that reduces dependency on the individual skill of designers and **increases the reproducibility of quality**

## Have an array of design talents, both employees and freelancers, whose scarcity value is rising

**Market Status**



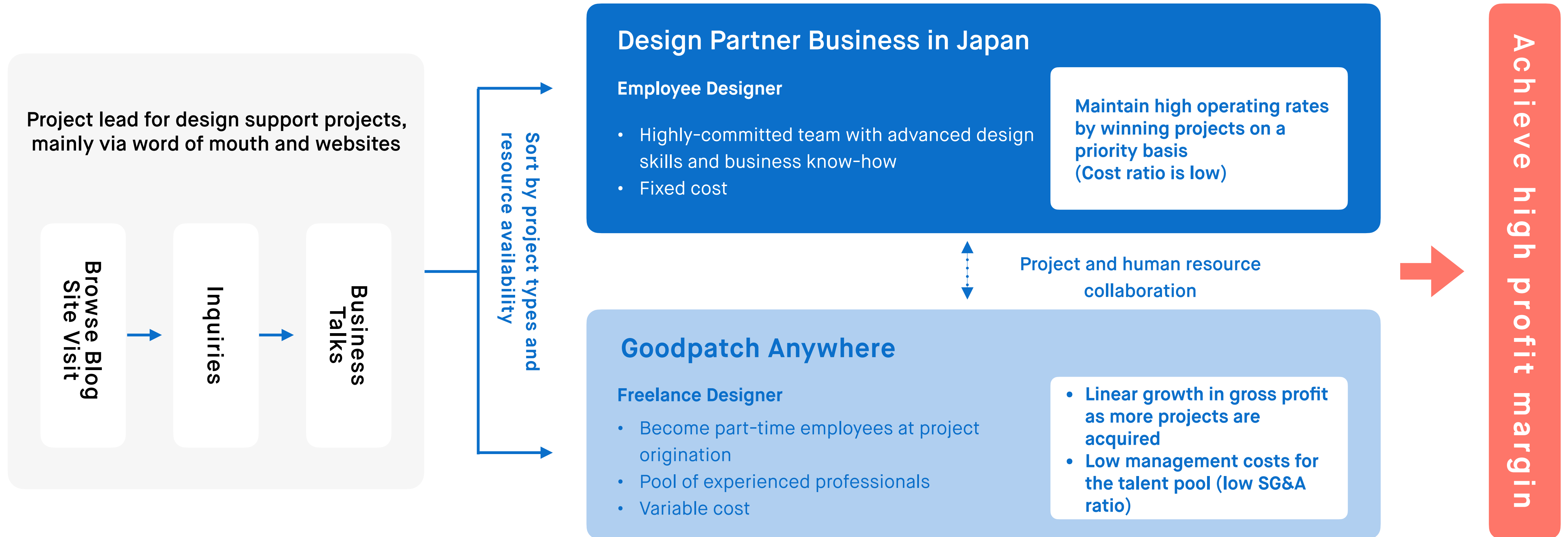
**Demand for design talents increases through digital transformation. The key success factor is how to hire and retain talented people.**  
**Demand rising:** Market value of UI/UX designers rises in the digital domain during digital transformation.  
**Supply limited:** Designers need to understand and be involved in the core business. Traditional art colleges are not equipped to train such human resources.

<b>Goodpatch</b>		
<p><b>Attractive job</b> (Chosen)</p>	<p><b>Be involved from strategy planning to development</b></p>	<ul style="list-style-type: none"> <li>- Opportunities to see the entire flow from strategy planning to product development</li> <li>- Various career paths including Goodpatch's own operations, in addition to client work</li> </ul>
<p><b>Ample design talent pool</b> (Accept)</p>	<p><b>Having an array of abundant talents covering business development through UI design</b></p>	<ul style="list-style-type: none"> <li>- People with business experience in start-ups and growth turned into designers</li> <li>- Hiring talents with specialized skills such as strategy and engineering with a focus on UI/UX</li> <li>- Promoting design projects through collaboration of our employees and Goodpatch Anywhere members</li> </ul>
<p><b>Designer management</b> (Retain)</p>	<p><b>Designer-centric culture and structure</b></p>	<ul style="list-style-type: none"> <li>- Designer-centric organizational culture</li> <li>- A structure for designers to output knowledge and review of projects</li> </ul>

A pool of design talents with strengths in UI/UX and business creation continues to expand  
**Have an array of design talents as No. 1\* design company in Japan**

\*Among design companies focused on the digital domain

## Highly efficient and profitable business model centered on the Design Partner Business



Projects and talents are closely coordinated within the Design Partner Business

## High profit margins achieved through highly integrated business model

# The Environment Surrounding Our Business

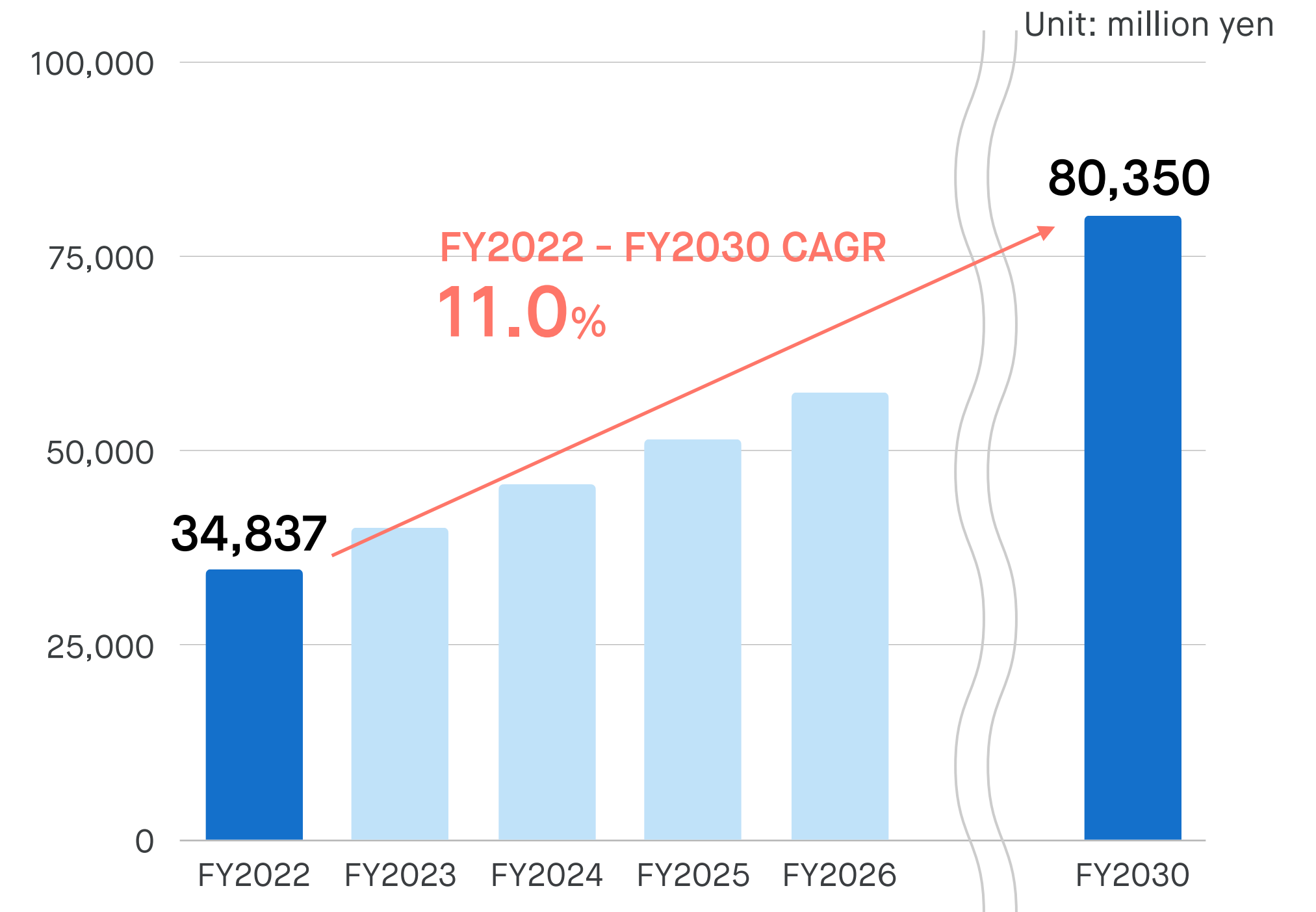
## Growing Demand for DX

DX personnel required by users

DX Personnel	Role of DX Personnel
<b>Business Architects</b>	To create new businesses and transform operations in order to provide new customer experience value and change revenue models, and to lead and promote related parties to achieve these goals
<b>Data Scientists</b>	Utilize in-house and user data to achieve new business and transform business operations by taking responsibility for design, implementation, and operation
<b>Software Engineers</b>	Responsible for the development and operation of systems and software to provide products and services using digital technology
<b>Cyber Security</b>	Take measures to limit the impact of cyber security risks on internal systems and other digital environments
<b>Designers</b>	To understand the direction of products and services from multiple perspectives, including customer and business perspectives, and to design products and services in line with these perspective

Fields we cover in DX promotion

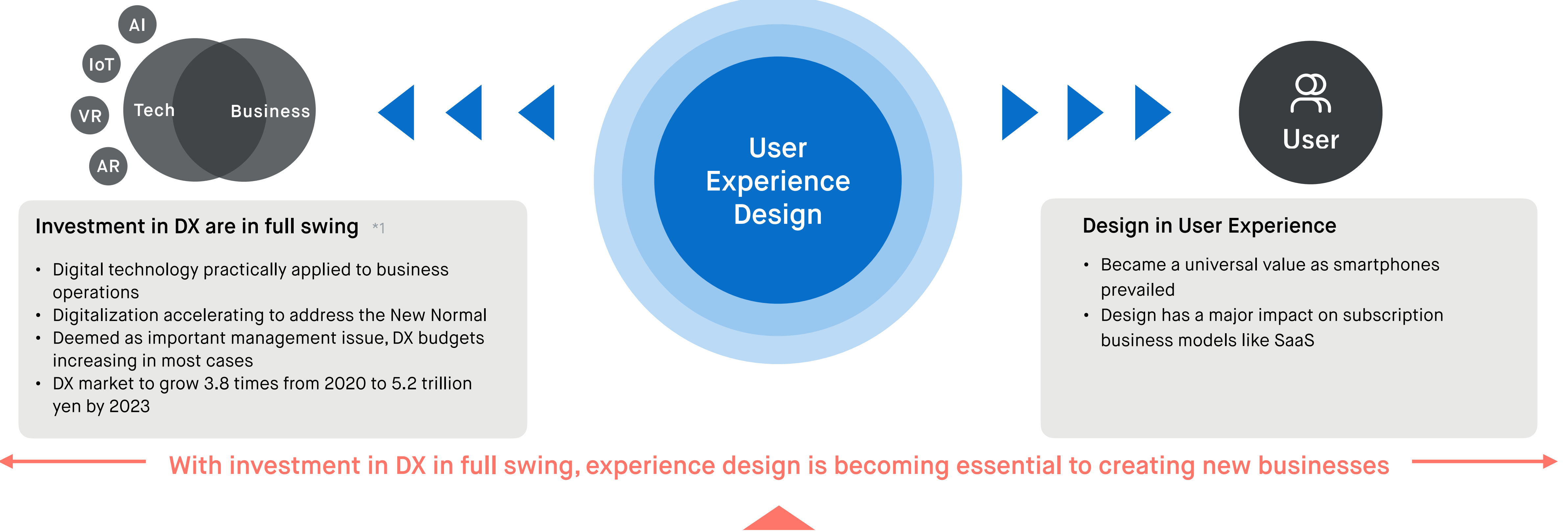
DX-related market size in Japan



\*Fuji Chimera Research Institute, Inc. Digital Transformation Business New Market 2024 Edition

- The domestic DX market is expected to expand to a scale of 8 trillion yen by the fiscal year 2030
- Investments in DX measures are proceeding in earnest, as major companies, in particular, are formulating DX strategies and building promotion systems
- The services we provide cover three of the five types of digital skills classified in the Digital Skills Standards developed by the IPA, an IT policy organization. In particular, users are actively seeking to enhance business architects, recognizing them as indispensable human resources

## Where Experience Design Stands in DX



New relationship between user company and its vender company

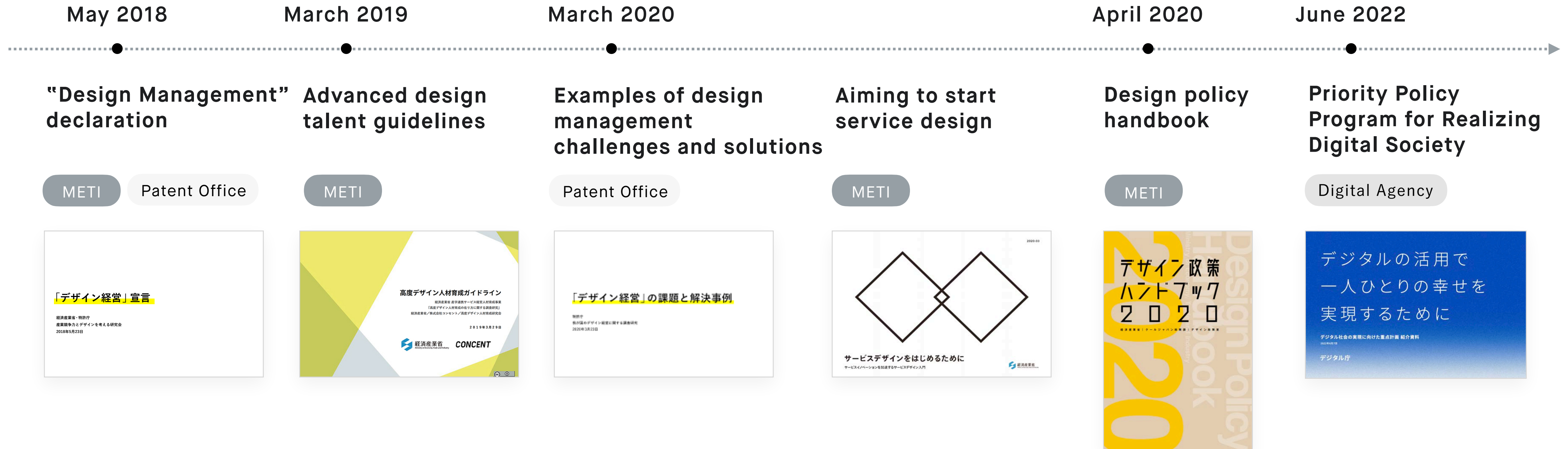
**As a “Business Partner” Goodpatch works to deeply understand the user companies’ business operations and jointly investigates the client's new business models** \*2

Points to consider when selecting a partner 1st rank: well-versed with the relevant industry and operations (25.3%)

2nd rank: excellent in problem-solving skills, business design and planning (24.4%) \*1

Notes: \*1. Reference: Fuji Chimera Research Institute, “2022 Future Prospects for the Digital Transformation Market: Market/Vendor Strategies”, \*2. Reference: Ministry of Economy, Trade and Industry, “DX Report 2 Midterm”

# Implementing design management and creating business cases in Japan



**Importance of design (especially digital design) is growing in Japan, as seen in the “Digital Management” declaration by METI and Patent Office**



# Management Team

## Management Team



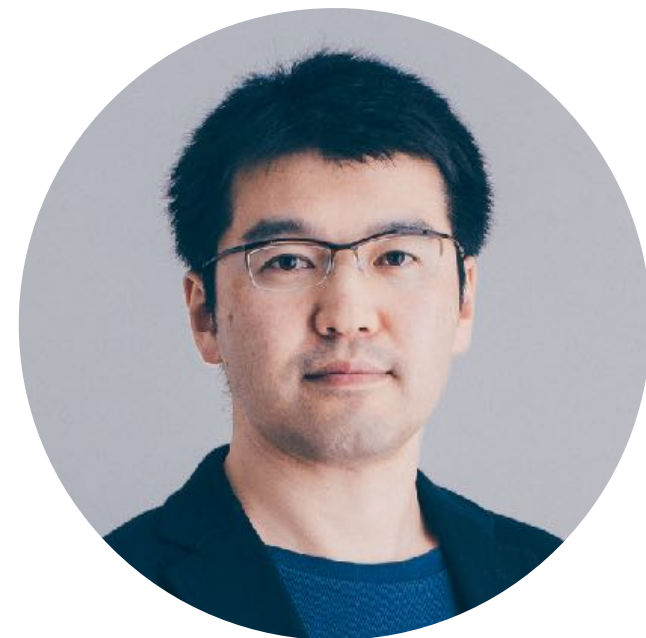
**Chief Executive Officer**  
**Naofumi Tsuchiya**

With extensive experiences as a web director, he supported various startups at a design company in San Francisco.  
Established Goodpatch Inc. in September 2011.



**Executive Officer**  
**Tsubasa Ohyama**

After gaining experience in producing and directing at a video production company and web design company, worked in a director role at NetYear Group and Recruit. In November 2017, joined Goodpatch. In December 2020, assumed the role of General Manager and business leader of the Design Division, responsible for domestic client work. His responsibilities are the Design Division and the Market Design Division since March 2023.



**Director and Executive Officer, CFO**  
**Toshiyuki Makishima**

After serving as CFO of a one-to-one English conversation school company, which went public on TSE Mothers, he served as CEO of an education-related company, among other tasks. Joined Goodpatch in February 2019.  
Took office as Executive Officer in September 2019 and has been the Director and Executive Officer, CFO since November 2020.  
Mainly supervises accounting, finance and IR.



**President and CEO, Studio Detail**  
**Kenta Namba**

Graduated from the Graphic Design Department of University of the Arts London. Subsequently, he was based in London and worked on various global projects. Has been involved with Goodpatch as Design Director since 2018, and became Director of Studio Details, Inc. in December 2021. Took office as President and CEO of Studio Details in January 2023.

## Management Team



**Outside Director**  
**Hiroshi Kozuka**

Joined Nomura Research Institute after graduating from Kyoto University. Worked for McKinsey & Company and BayCurrent Consulting before founding Digital Connect in January 2019 and took office as its President and CEO. He is an outside director of CINC Corp. Took office as Outside Director of Goodpatch in November 2022.



**Outside Director**  
**Asuka Sato**

Joined Arthur D. Little after completing graduate studies at Kyoto University. Subsequently, took the master's course at Massachusetts Institute of Technology, and worked for Innovation Network Corporation of Japan (currently INCJ, Ltd.) and JIC Capital. Has been Director of INCJ since August 2021. She also serves as outside director of Peach Aviation Limited and EDOTCO Group Sdn Bhd. Took office as Outside Director of Goodpatch in November 2022.



**Outside Director**  
**Daichi Hiroki**

Joined MIXI, Inc. after graduating from University of Tsukuba Graduate School. He has served as director of Japan CTO Association since June 2019. Founded rector. inc. in June 2022 and took office as President and CEO. Works as outside chief technology officer for The Asahi Shimbun Company. Took office as Outside Director of Goodpatch in November 2022.

## Auditor



**Full-time Auditor**  
**Osamu Satake**

With extensive experiences as a sales representative at Kanematsu Co., Ltd., he served as Director of Internal Audit at the company and full-time Corporate Auditor at Kanematsu Communications. Has served as full-time Auditor of Goodpatch since December 2018.



**Part-time Auditor**  
**Toshiki Sada**

After working for Nomura Securities Group, served as Auditor for Kayak Co., Ltd. for four years during which it went public on Mothers in December 2014. Has served as Auditor of Goodpatch since July 2016. He also serves as auditor at several other companies.

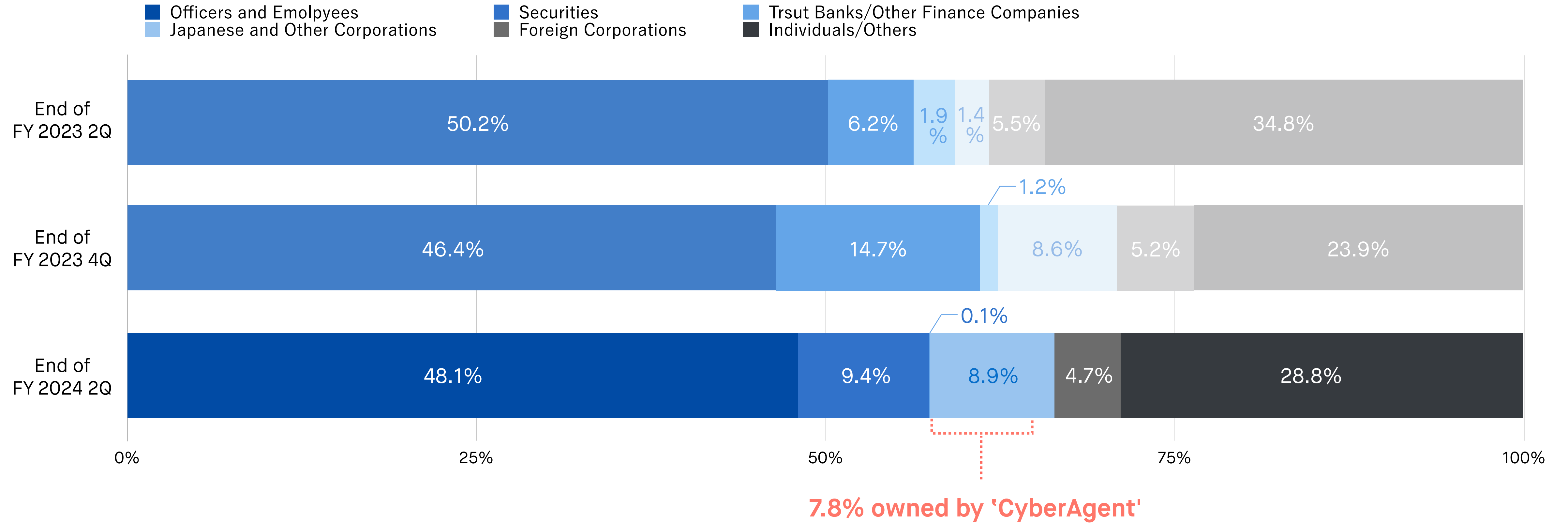


**Part-time Auditor**  
**Masaki Kawaguchi**

After graduating from the Legal Training and Research Institute of Japan in December 2012 joined the law firm, Authense. June 2018, appointed as the head of the Pro Bono Promotion Office at Authense, and in January 2020 appointed to Supervision. Has served as Auditor of Goodpatch since November 2023.

# Shareholder Structure

# Percentage of Share



# FAQ

## FAQ

### Q. Why design now?

**A.** First, we believe that there is a misunderstanding of the perception of design in Japan. Design in Japan is considered to be "decorative and superficial," but in reality, design includes "planning and structuring," and is intended to solve essential problems while making full use of creative techniques.

The era of selling products by making them is over, and we are now in the era of selling "things" (experiences). In recent years, the concept of "design management" (a management method that utilizes the power of design to build brands and create innovation)\* has been introduced by government agencies, and we believe that it will become even more necessary for design to be involved from the very beginning of business strategy development

### Q. What are the strengths of Goodpatch's design partner business?

**A.** We are not only a designer, but also a business partner that can solve all kinds of corporate issues, such as brand building and design organization building, while working side-by-side with our clients, and being involved from the upstream strategic layer of business, including product development and new business launches.

\*From the JPO Design Management Project Team HP



## FAQ

### Q. What type of designers work for Goodpatch?

**A.** Goodpatch designers work in a variety of positions, including PdM (product manager), PM (project manager), design researcher, design strategist, engineer, and facilitator who arranges workshops. <sup>\*1</sup>

Their backgrounds are diverse, ranging from business company marketers, business developers, consultants, engineers, and web designers. Please refer to our employee interviews to learn more about their backgrounds and impressions of the company. <sup>\*2</sup>

### Q. Please provide specific examples of synergies between your design partner and design platform businesses

**A.** In the design partner business, we are recruiting personnel through ReDesigner to strengthen our recruitment channels. In addition, the trends of in-house designers obtained through ReDesigner are fed back to the company for use in marketing activities. We also use Strap in our design support workshops.

In the design platform business, design know-how and other knowledge gained through design support is shared within the company and utilized in the development of Strap's UI/UX.

(\*1) More details can be found in the Goodpatch list of openings <https://goodpatch.com/careers>

(\*2) Goodpatch blog Member Interviews : <https://goodpatch.com/blog/category/interview>

About the cover design

## Design concept "MAKE A MARK"

The "MAKE A MARK" design concept is a verbalization of all that is necessary for Goodpatch today.

It has been three years since Goodpatch's IPO. At times the Company was underperforming but every member persevered and continued to uphold our mission and vision. Now we are back and on a growth path with a clear recovery in our business performance.

When we look at the progress we have made and the future ahead, we ask ourselves, "What will we leave in the future?"

Goodpatch continues to take on the challenge to leave a new business impact on the world, or in other words, **MAKE A MARK is proof of the power of design.**



This material is the English translation of the financial results for Goodpatch Inc. The Japanese original is authoritative and the company does not assume responsibility for any differences in interpretation between the English version and the official Japanese version of the disclosed materials. The forward-looking statements and projected figures concerning the future performance of Goodpatch Inc. contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management based on currently available information.

These projections and estimates might be affected by the future business operations of Goodpatch Inc., the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the effects of competition, services and new businesses, changes to laws and regulations affecting the industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in any other materials publicly disclosed by Goodpatch Inc. on its website.

# Goodpatch

Design to empower ♥