



# Q1 FY2024 Results Briefing Materials

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May 2024

CERES INC. (Prime Market of the Tokyo Stock Exchange: #3696)





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  - Financial Service Business

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# 1. Consolidated Results Summary



## Executive Summary of Q1 FY2024

Net sales	¥ <b>6,718</b> mn	(+21.6%)
Operating profit	¥ <b>713</b> mn	(+181.2%)
Ordinary profit	¥ <b>1,140</b> mn	(+224.0%)
Profit	¥ <b>832</b> mn	(+313.8%)

- Net sales remained strong with a 21.6% YoY growth
- Gross profit margin was 49.0% and operating profit increased 2.8x YoY, reaching a quarterly record during the current Medium-Term Management Plan
- Strong BB performance due to booming crypto asset market led to significant increase in ordinary profit and below.

## Mobile Service

Net sales	¥ <b>6,275</b> mn	(+18.1%)
Operating profit	¥ <b>1,119</b> mn	(+63.1%)

- Strong sales of Moppy and D2C contributed to a significant increase in sales. In particular, the improvement in the gross profit margin of Moppy contributed to profit growth
- DX and AD.TRACK suffered YoY declines in sales and profits

## Financial Service

Net sales	¥ <b>447</b> mn	(+104.8%)
Operating profit	¥ <b>▲54</b> mn	(deficit reduction ¥82 mn)

- Mercury's staking business expanded significantly, partly due to the booming crypto asset market
- At labol, GMV grew 3.6x YoY due to strong performance in both factoring and card payments

# Executive Highlights of Q1 FY2024 Results



## POSITIVE

Improved gross profit margin of Moppy

**18.1%**

Q1 FY2023



**26.8%**

Q1 FY2024

- Elimination of the impact of Moppy's cost recognition delays in the prior year
- Gross profit margin improved due to further collaboration between Moppy and AD.TRACK

D2C sales increased by 2.7 times YoY

**¥645mn**

Q1 FY2023



**¥1,751mn**

Q1 FY2024

- Continued strong sales of "Pitsole"
- Steady increase in the number of users of "Oi gurt," a subscription product

Active crypto asset market

Bitcoin price

**¥378mn**

As of March 31, 2024



**¥1,079mn**

As of March 31, 2024

- Increased Mercury staking balance boosts earnings and narrows deficit
- In addition to the increase in trading volume, the rise in the price of crypto assets resulted in a significant profit for BB

## NEGATIVE

Sales and profit down YoY

**▲ 18.7%**

Net sales

**▲ 79.3%**

Operating profit

- Sales and profit decreased due to the transition phase of existing projects
- Promote acquisition of projects by leveraging the strength in design projects

# Condensed Income Statement

(Millions of yen)	Q1 FY2024	Q1 FY2023	YoY	Q4 FY2023	QoQ
Net sales	<b>6,718</b> (100.0%)	5,525 (100.0%)	+21.6%	6,777 (100.0%)	-0.9%
Gross profit	<b>3,292</b> (49.0%)	2,179 (39.4%)	+51.1%	3,167 (46.7%)	+4.0%
SG&A expenses	<b>2,579</b> (38.4%)	1,925 (34.8%)	+33.9%	2,785 (41.1%)	-7.4%
Operating profit	<b>713</b> (10.6%)	253 (4.6%)	+181.2%	382 (5.6%)	+86.6%
Ordinary profit	<b>1,140</b> (17.0%)	352 (6.4%)	+224.0%	483 (7.1%)	+136.0%
Quarterly profit *1	<b>832</b> (12.4%)	201 (3.6%)	+313.8%	339 (5.0%)	+144.9%
EBITDA *2	<b>1,255</b> (18.7%)	483 (8.8%)	+159.7%	566 (8.4%)	+121.6%

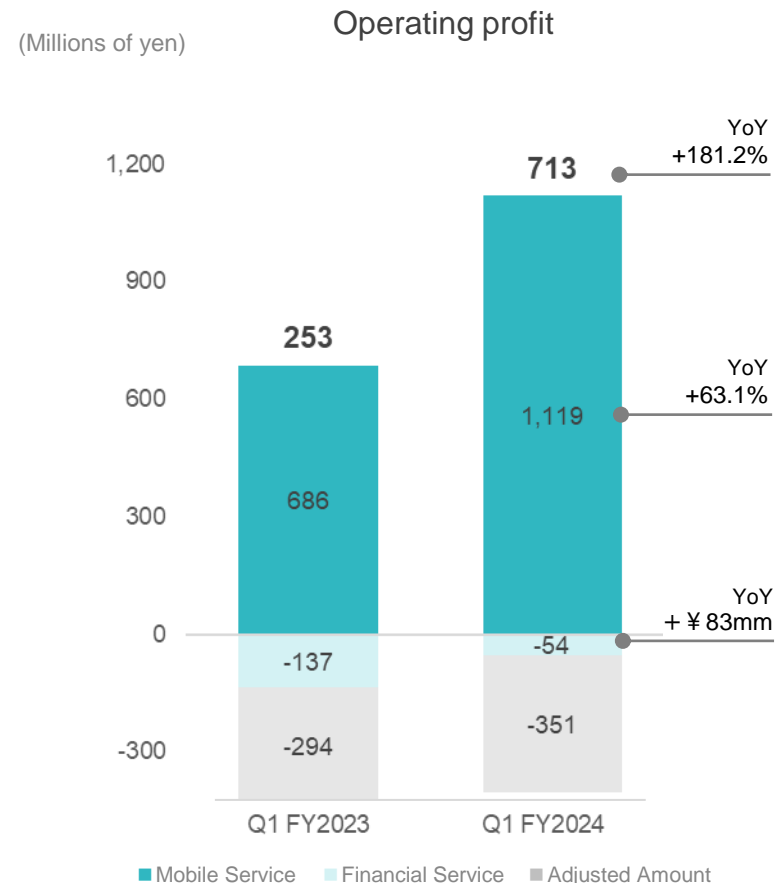
\*1 Quarterly profit represents profit attributable to owners of parent.

\*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

# Segment Information

In Mobile Service, sales increased significantly due to strong sales of Moppy and D2C and profit increased driven by an improved gross margin ratio of Moppy.

In Financial Service, sales increased by 2.2x and losses narrowed due to strong staking business and booming crypto asset market.



\* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.

\* Adjusted amount includes expense items that do not belong to a specific segment.

# Earnings by Business Segment

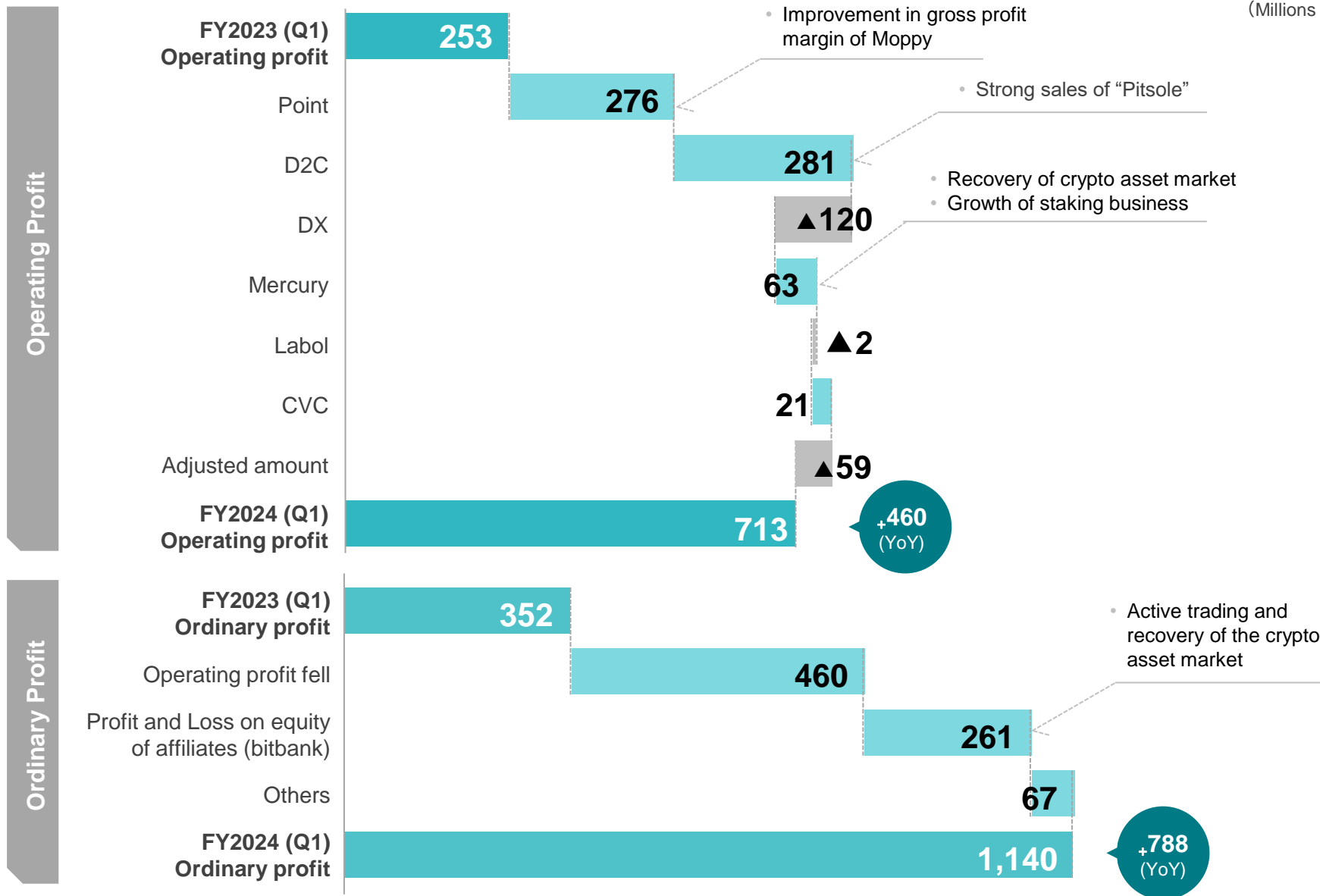
(Millions of yen)	Net sales		Operating profit	
	Q1 FY2024	Q1 FY2023	Q1 FY2024	Q1 FY2023
ALL	<b>6,718</b> YOY +21.6%	5,525	<b>713</b> YOY +181.2%	253
Mobile Service Business	<b>6,275</b> YOY +18.1%	5,314	<b>1,119</b> YOY +63.1%	686
Point	<b>3,553</b> YOY +0.8%	3,525	<b>782</b> YOY +54.7%	506
D2C	<b>1,751</b> YOY +171.3%	645	<b>341</b> YOY +470.5%	59
DX	<b>983</b> YOY -18.7%	1,210	<b>31</b> YOY -79.3%	152
Transaction value within segments	<b>-13</b> YOY -	-66	<b>-36</b> YOY -	-32
Financial Service Business	<b>447</b> YOY +104.8%	218	<b>-54</b> YOY -	-137
Inter-segment transaction value / Adjusted amount	<b>-4</b> YOY -	-7	<b>-351</b> YOY -	-294



# Factors Affecting Operating Profit and Ordinary Profit



(Millions of yen)

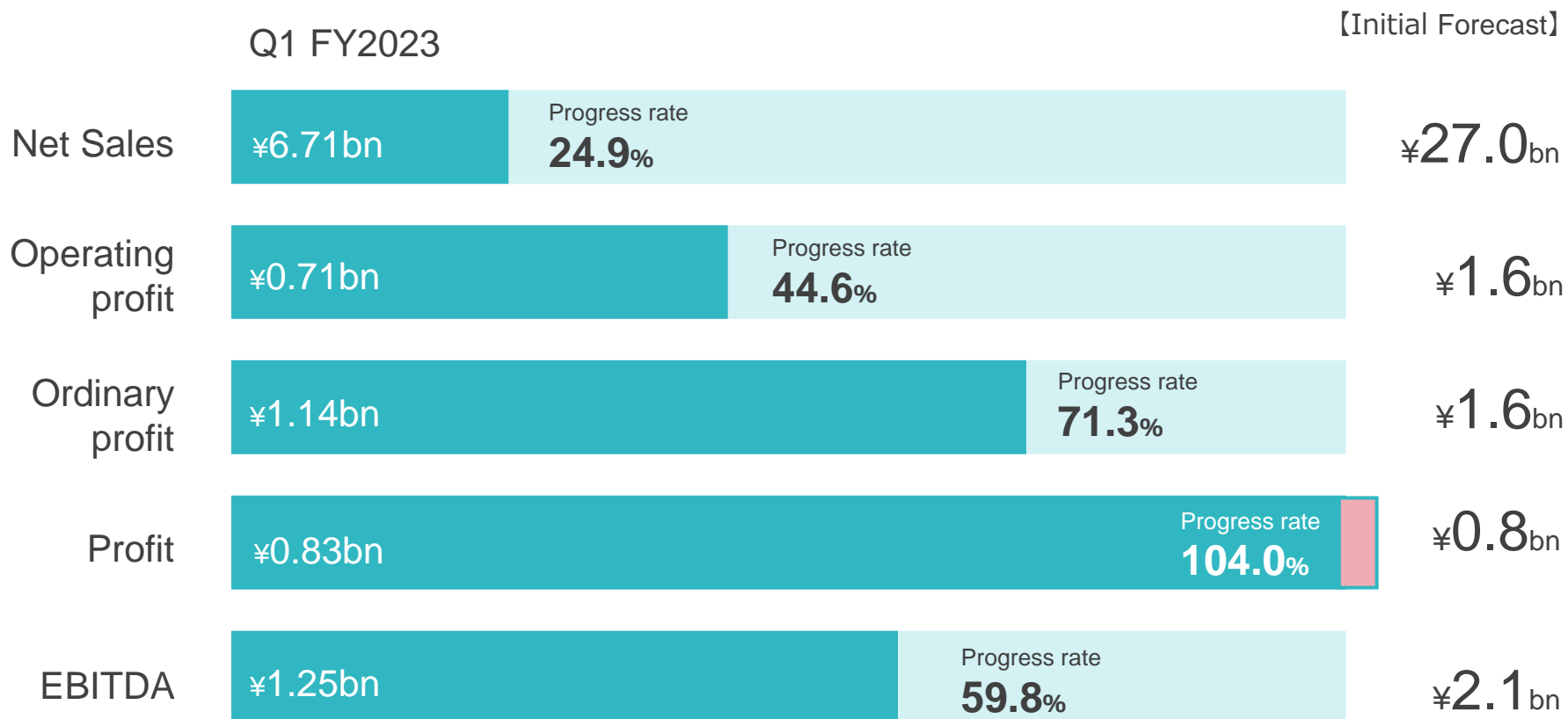


# Progress against the Initial Full-year Forecasts

Sales were in line with expectations, although the progress of each business varied.

Operating profit rose more than anticipated thanks to an improvement in Moppy's gross profit margin.

Ordinary profit increased due to the recording of the equity in earnings of affiliate bitbank, which was not included in the initial forecast.



# Revised Full-year Forecast

(Millions of yen)	FY2024 Revised Forecast	FY2024 Initial forecast	Initial forecast Change	Initial forecast Change (%)
Net Sales	<b>27,000</b>	27,000	-	+0.0%
Operating profit	<b>1,600</b>	1,600	-	+0.0%
Ordinary profit	<b>2,000</b>	1,600	400	+25.0%
Profit *1	<b>1,200</b>	800	400	+50.0%
EBITDA *2	<b>2,500</b>	2,100	400	+19.0%

## Reason for the revision

- Net sales progressed as planned at the beginning of the fiscal year
- As for operating profits,
  - Exceeded initial forecast due to improved gross profit margin at Moppy and strong performance at D2C
  - No specific risks are expected, but no revision of the operating profit forecast is made at this stage to assess the future situation
- Recorded equity in earnings of affiliate bitbank of ¥ 370 million, which was not included in the initial forecast. Ordinary profit and the current period profit were each revised upward by ¥ 400 million each

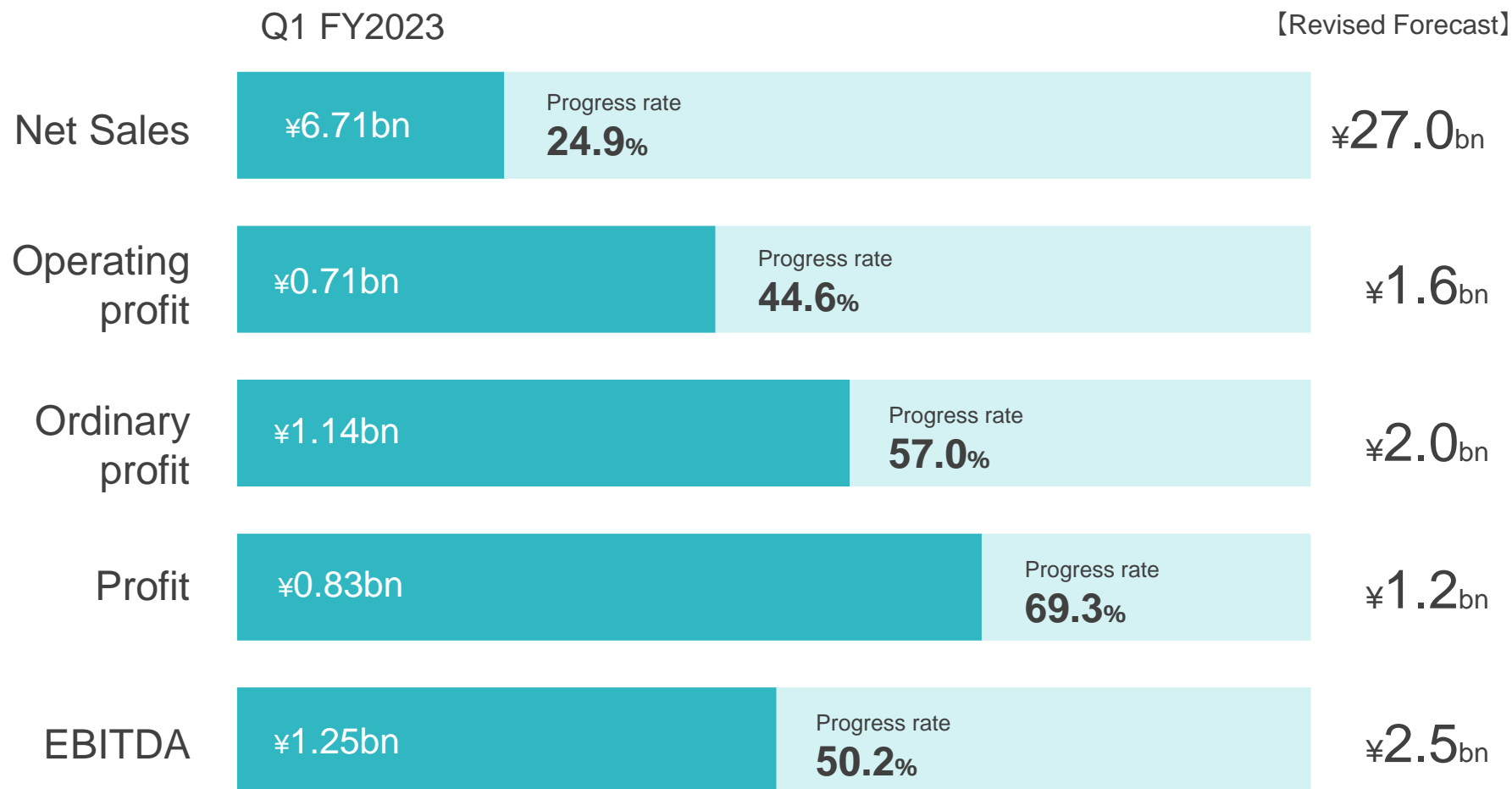
\*1 Profit represents profit attributable to owners of parent.

\*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

# Progress against the Revised Full-year Forecast

Sales and operating profit remain unchanged from the initial forecast, considering future changes in the business environment.

The revised forecast does not include bitbank's equity in profit (loss) from the second quarter as in the initial forecast.



# Condensed Balance Sheet

(Millions of yen)		End-Q1 FY2024	FY2023	Change	Major factors
	Current assets	<b>18,895</b> (67.7%)	17,586 (67.9%)	<b>+1,308</b>	Cash and deposits: +683 Inventory: +160 Operational investment securities: +8
	Non-current assets	<b>9,015</b> (32.3%)	8,328 (32.1%)	<b>+687</b>	Software: +62 Shares of subsidiaries and associates: +374 Goodwill: -51
Total assets		<b>27,911</b> (100.0%)	25,915 (100.0%)	<b>+1,996</b>	
	Current liabilities	<b>14,273</b> (51.1%)	13,451 (51.9%)	<b>+821</b>	Short-term borrowings: +221 Income taxes payable etc.: -7 Provision for point card certificates: -45
	Non-current liabilities	<b>2,330</b> (8.3%)	2,417 (9.3%)	<b>-87</b>	Long-term borrowings: -167
Total liabilities		<b>16,603</b> (59.5%)	15,869 (61.2%)	<b>+734</b>	
Total net assets		<b>11,307</b> (40.5%)	10,045 (38.8%)	<b>+1,261</b>	Profit: +832 Dividends: -228
Total liabilities and net assets		<b>27,911</b> (100.0%)	25,915 (100.0%)	<b>+1,996</b>	



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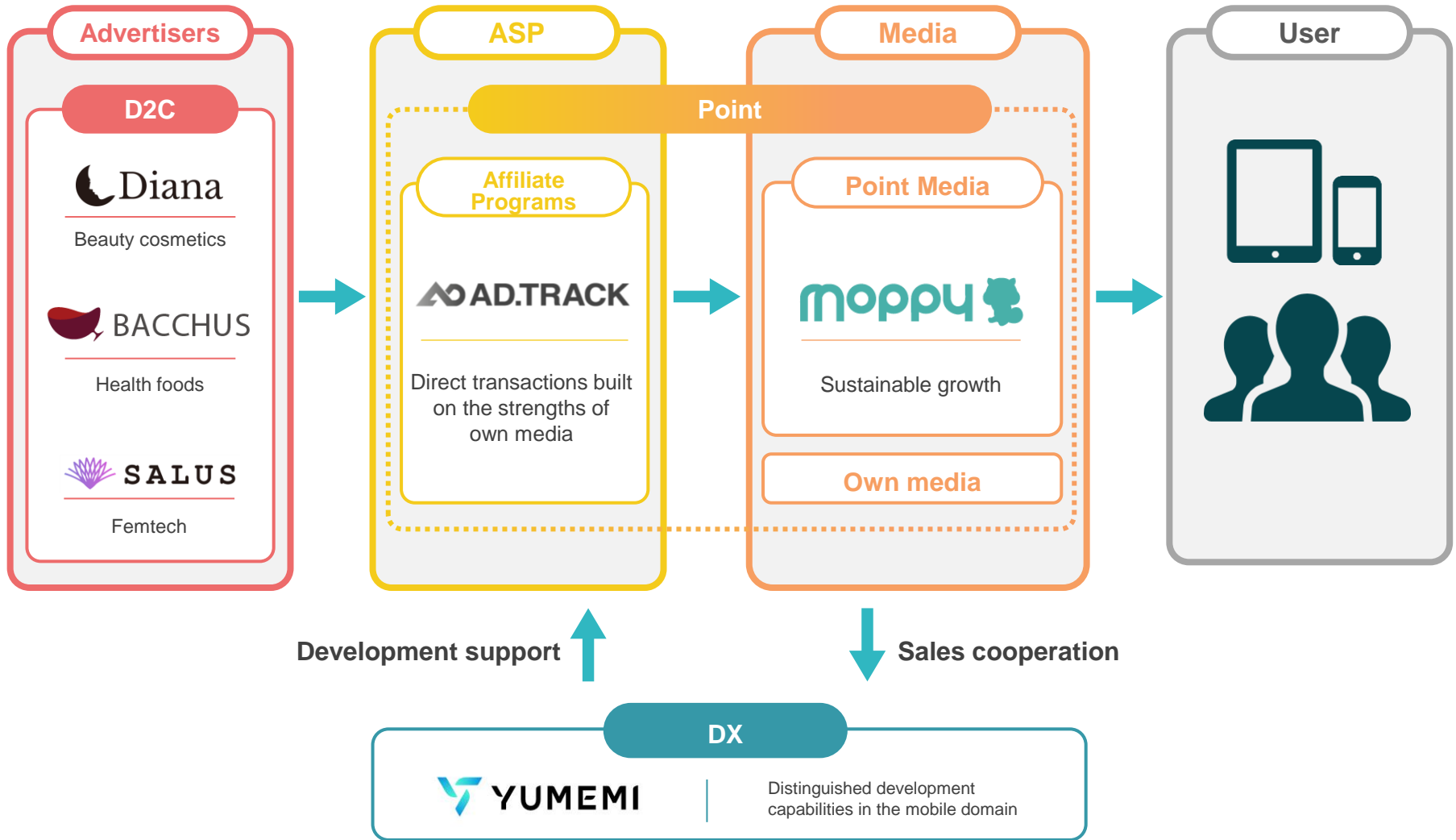
## 2. Results Summary of Each Business

Mobile Service Business

Financial Service Business

# Mobile Service Business Domains

Create synergies through mutual collaboration between Moppy, AD.TRACK and D2C.



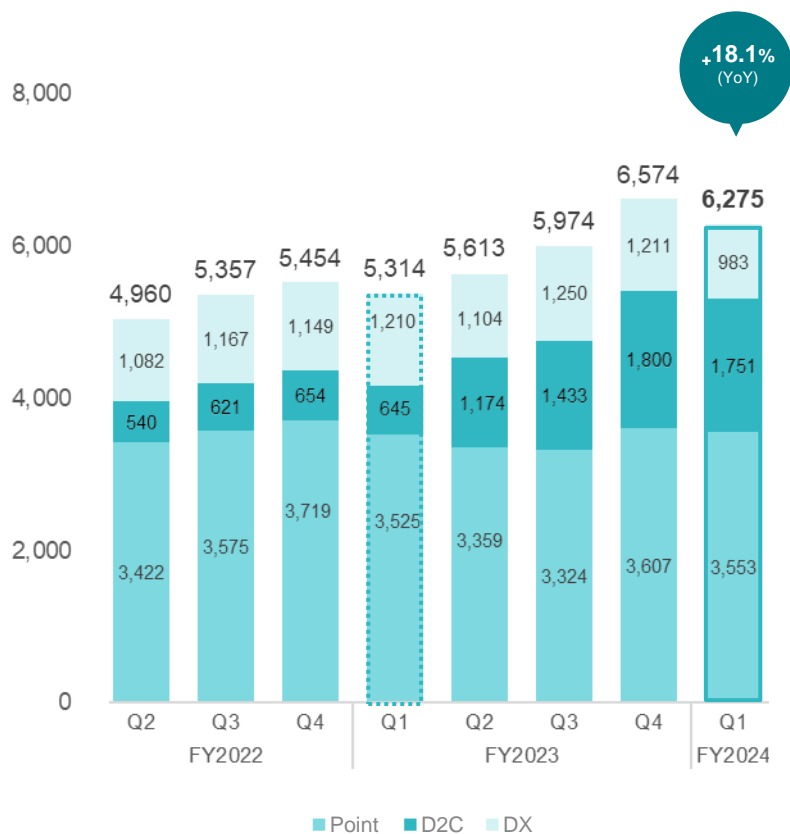
# Mobile Service Business Earnings

Sales increased YoY thanks to strong sales of Moppy and a significant increase in D2C sales, which offset the difficult situation in DX.

Operating profit increased 1.6x YoY reflecting Moppy gross margin improvement and strong D2C sales.

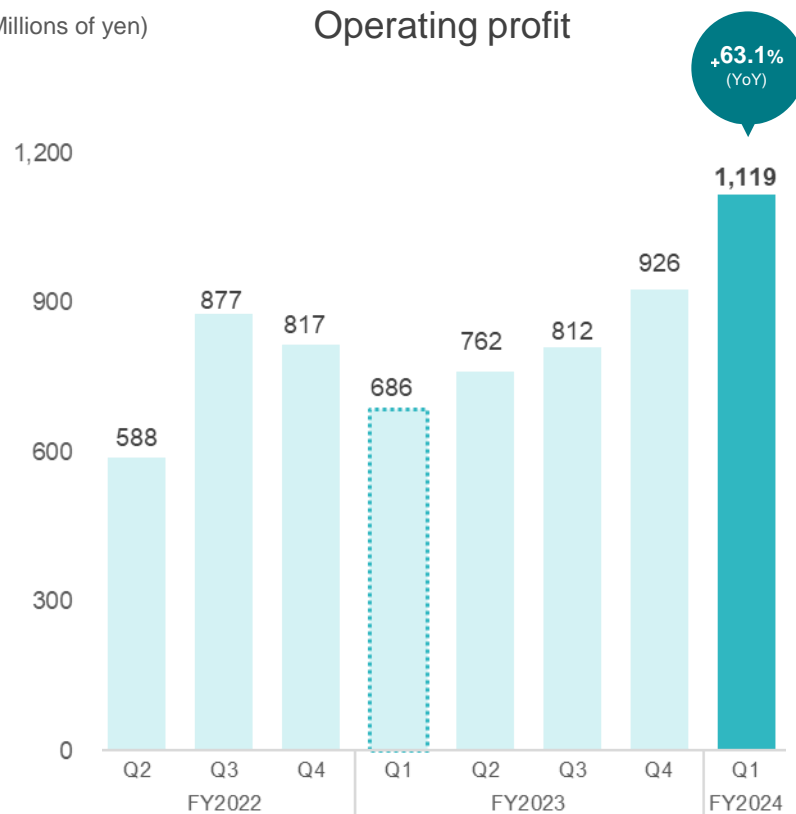
(Millions of yen)

## Net sales



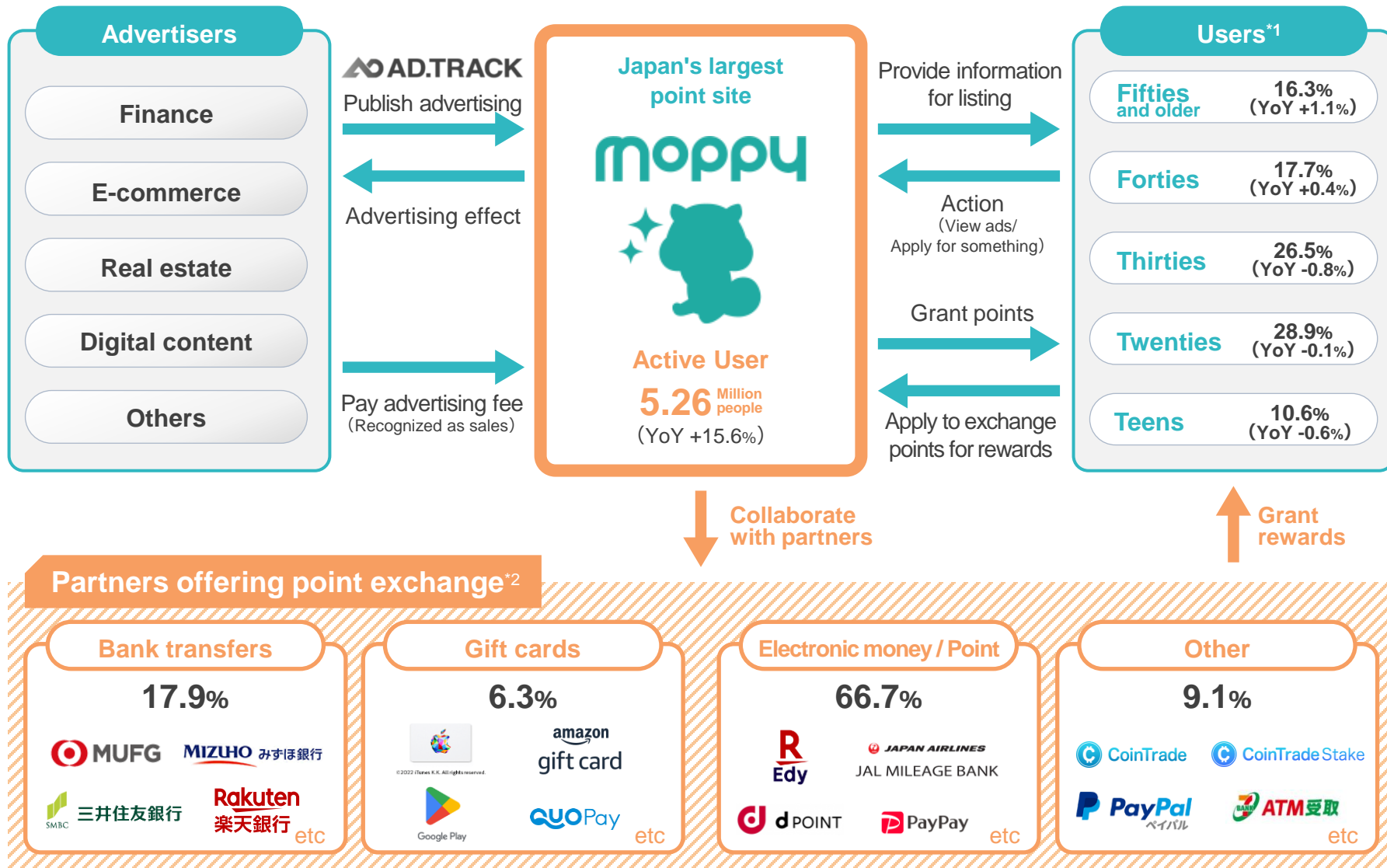
(Millions of yen)

## Operating profit





# Moppy Business Model



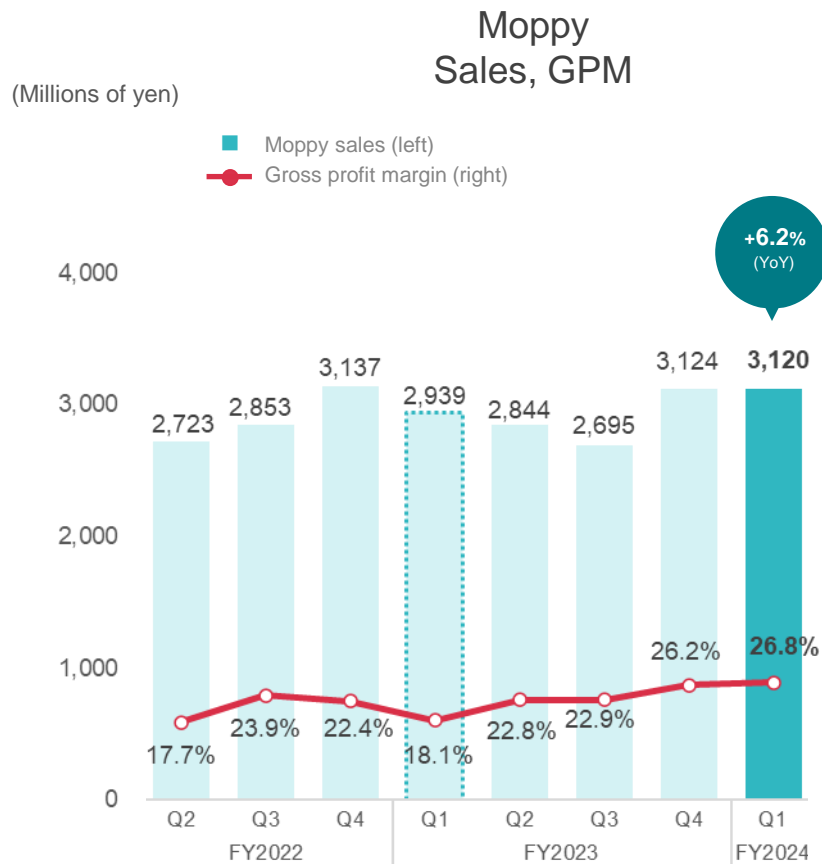
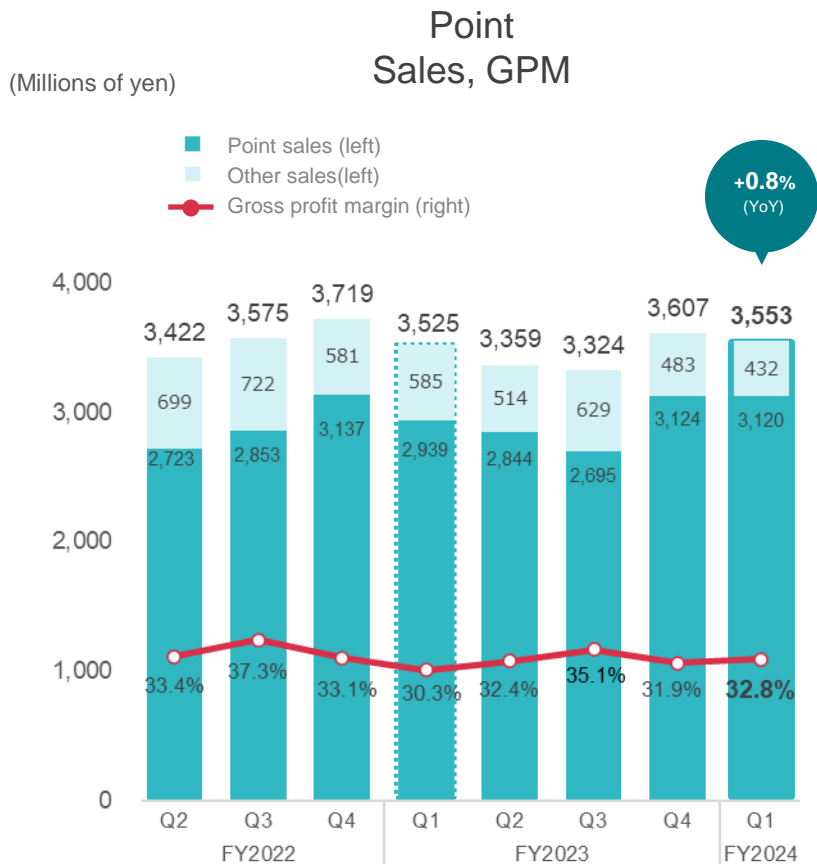
\*1 Ratios as of March 31, 2024

\*2 Point exchange ratios are for January to March 2024

# Point Earnings

Sales up YoY on strong performance of Moppy, despite challenges in AD. TRACK and advertorial media.

The gross profit margin increased thanks to the elimination of last year's negative effects and the collaboration between Moppy and AD. TRACK.

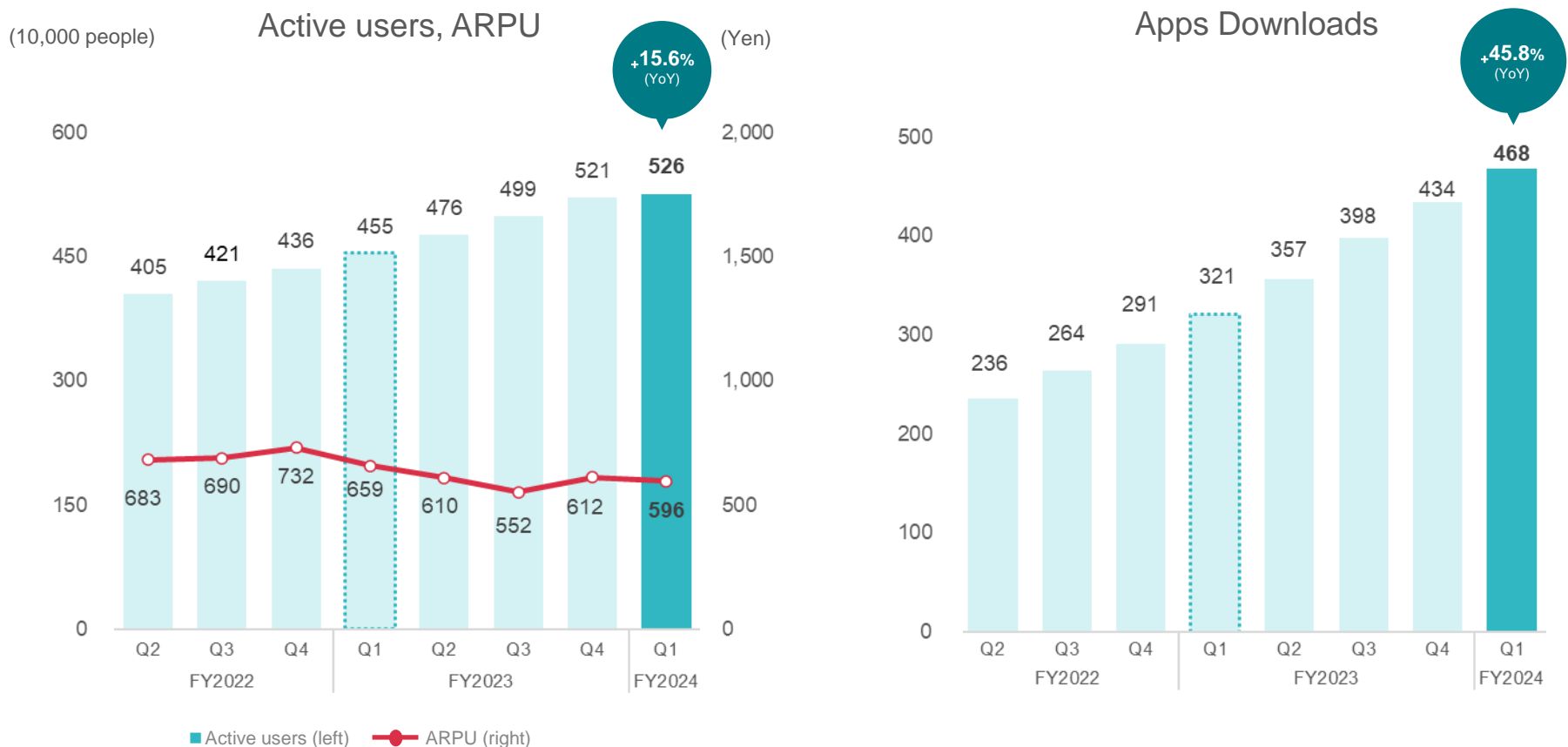


\* Trading volume within segments are not indicated since their impact on the graphs is marginal.

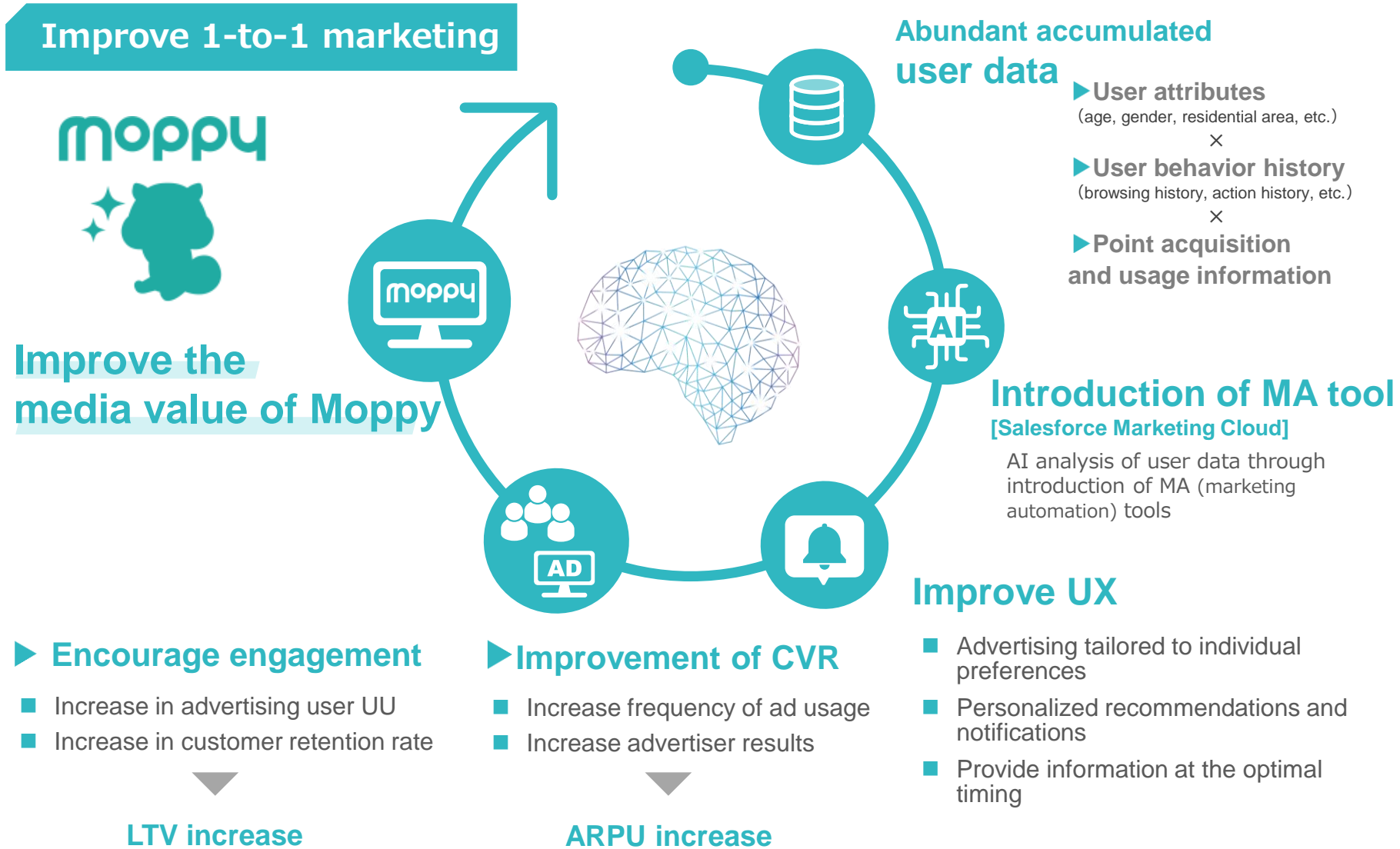
# Active users / ARPU (Moppy)

The cumulative number of users has surpassed 12 million driven by strong growth of new membership.

Membership increased YoY and sequentially, as additions exceeded departures due to a rigorous review of dormant users.



\* ARPU is calculated by dividing Moppy's quarterly sales by the average number of active Moppy members during the period.



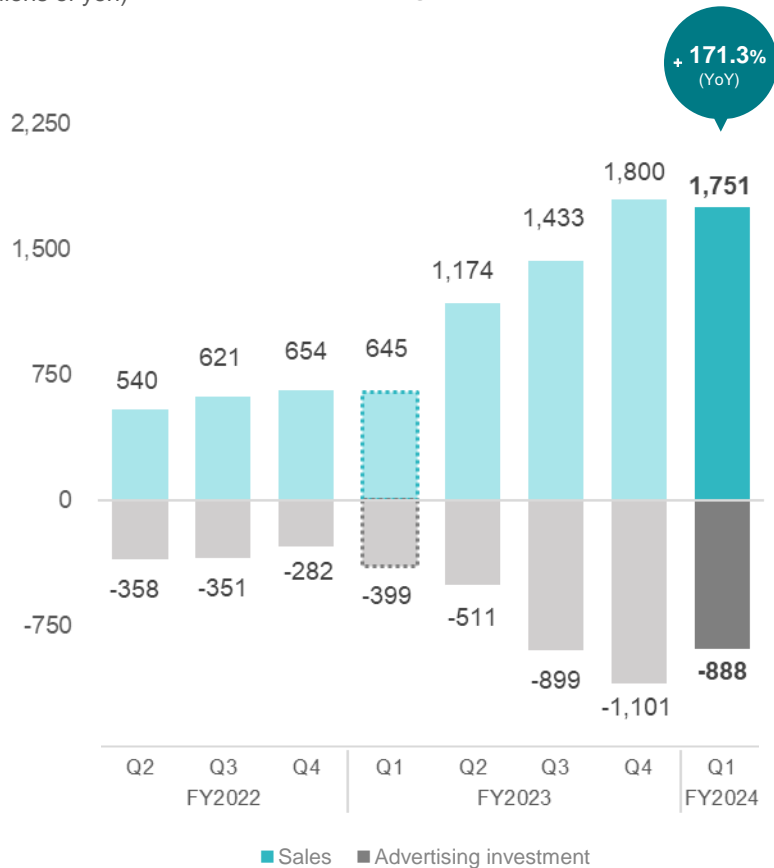
# D2C Earnings

Sales remained at the same level as the previous quarter, a period of high demand, thanks to continued strong sales of "Pitsole."

In addition to strong sales of the new black color of "Pitsole" , sales of "Oi gurt", a subscription product, were also strong.

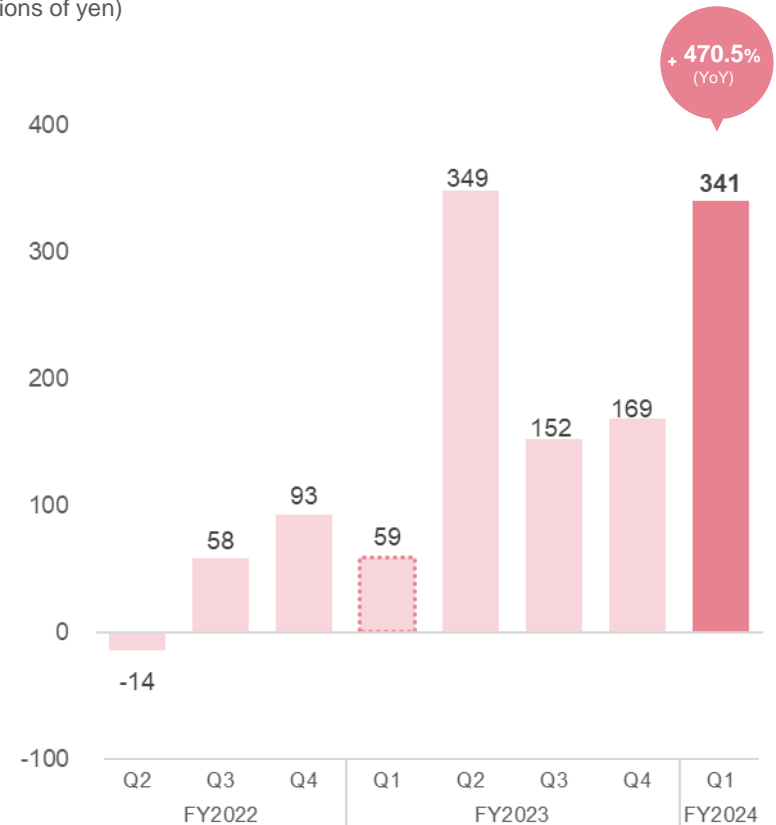
Sales,  
Advertising investment

(Millions of yen)



Operating profit

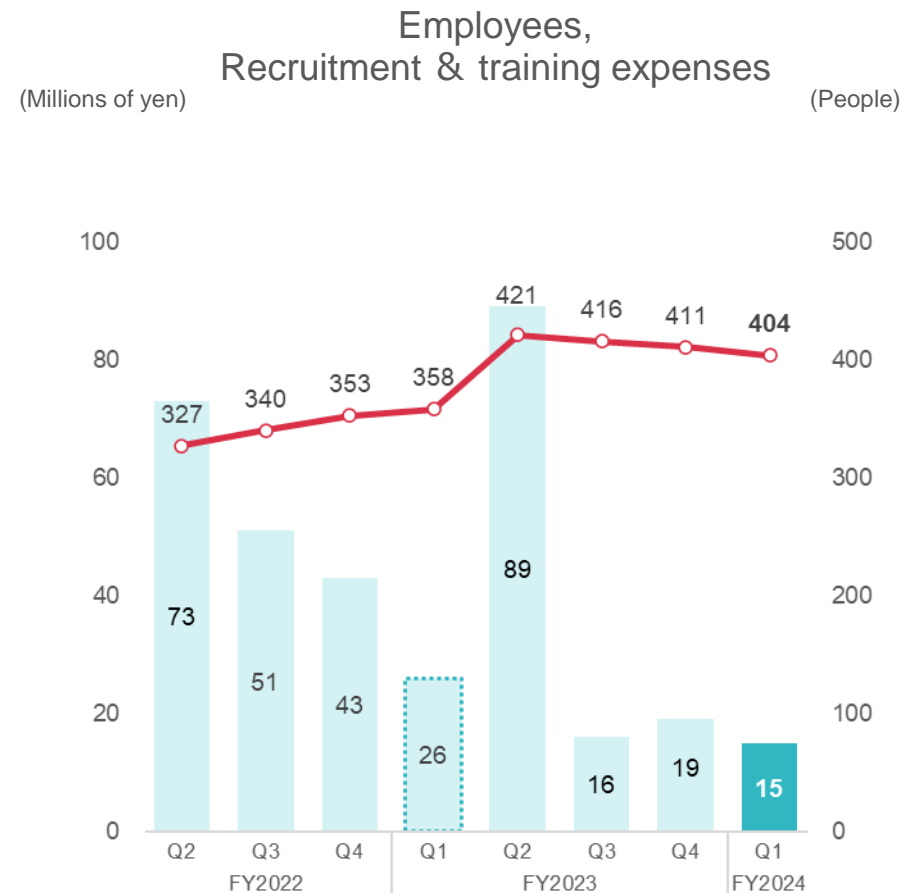
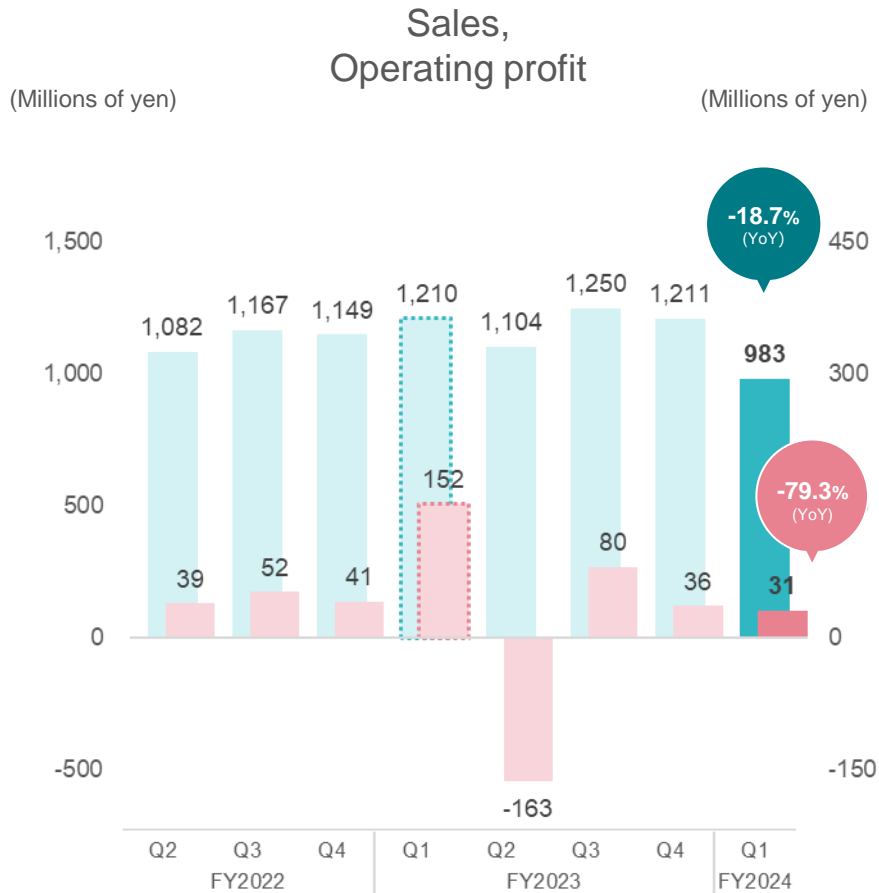
(Millions of yen)



# DX (YUMEMI) Earnings

Sales and profit decreased YoY due to the transition phase for existing projects and a review of accounting policies\*.

Encourage cross-selling to other areas and increase utilization by using design projects that are currently generating strong orders as a hook.



\*From Q1FY2024 onward, there is a delay in the recording of sales due to a review of accounting policies related to revenues from some quasi-contractual projects.



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## 2. Results Summary of Each Business

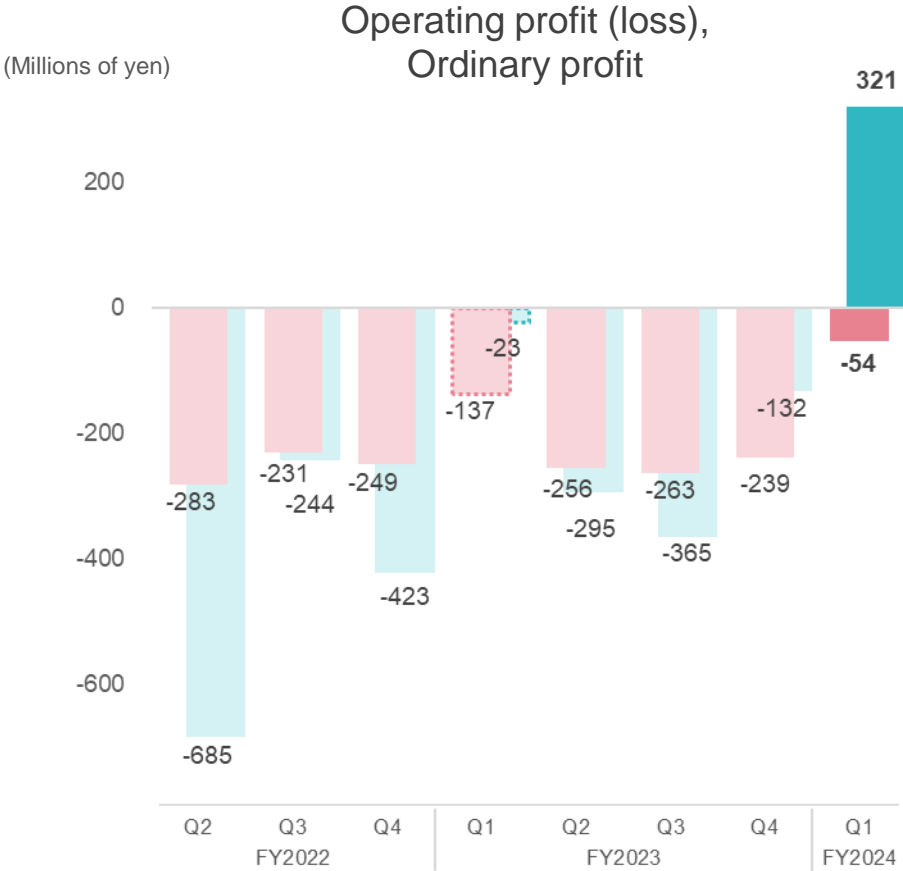
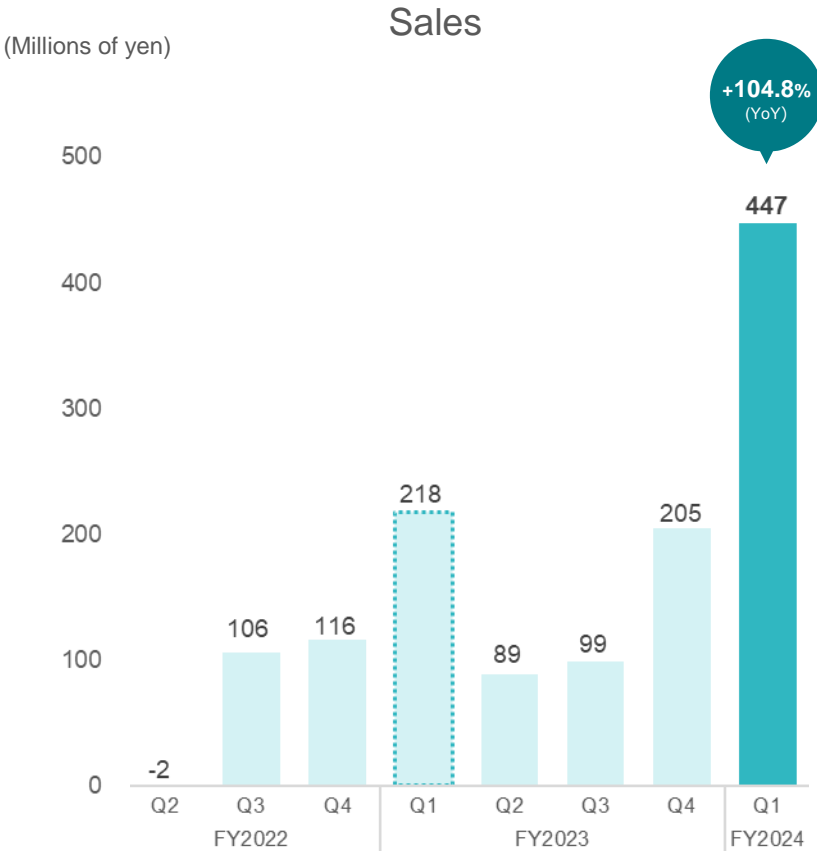
Mobile Service Business

Financial Service Business

# Financial Service Business Earnings

Strong performance in Mercury's staking business as well as labol's factoring and credit card payment.

Sales increased significantly partly due to the sale of shares at CVC, and ordinary profit was significantly positive due to equity-method earnings from BB.



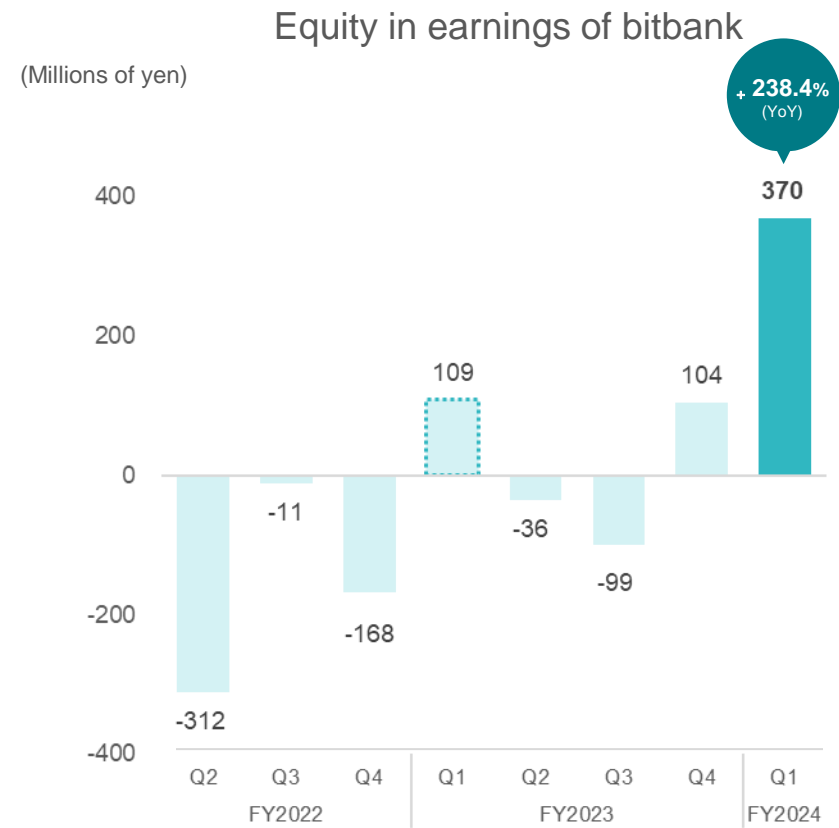
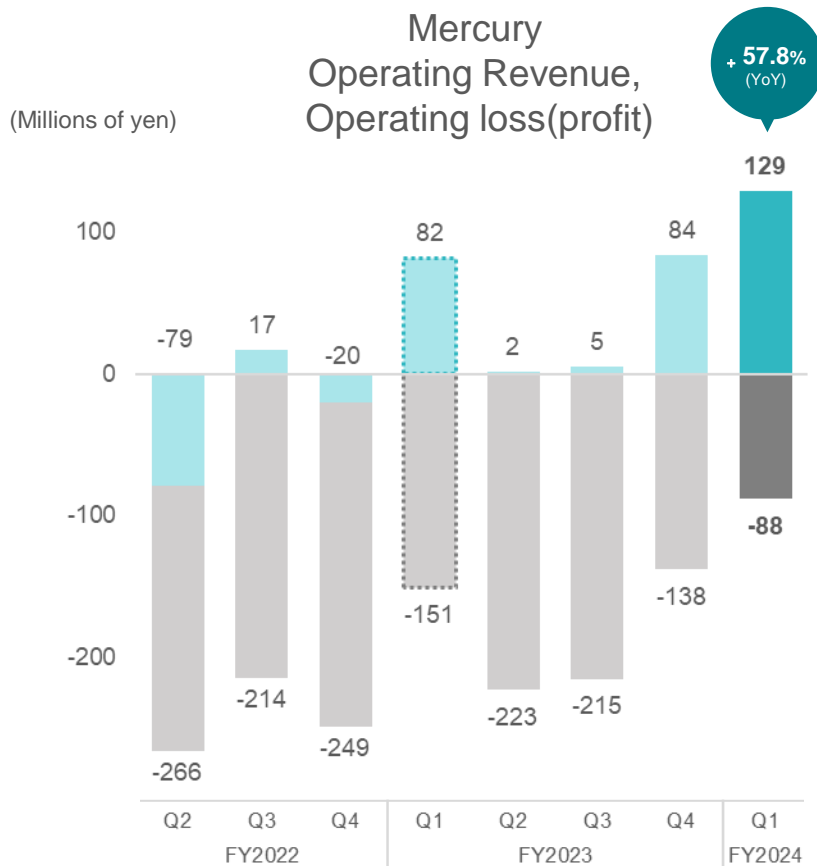
■ Operating profit (loss) ■ Ordinary profit



# Mercury and bitbank Earnings

Mercury's deficit narrowed due to steady progress in the staking business and higher crypto asset prices.

BB recorded equity in earnings of affiliates of ¥ 370 million in Q1 due to a rise in crypto asset prices and active transactions.



# Total Market Value of Crypto Assets

The crypto asset market is booming with the listing of the physically backed bitcoin ETF, the total net asset value of the ETF is \$58.9 billion\*.

With the BTC Halving, the crypto asset market centered around BTC is expected to be active due to the improvement in supply and demand.



\*Source: Created Ceres from CoinMarketCap  
\*As of April 30, 2024

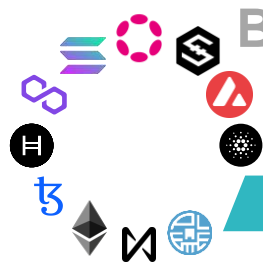
# Mercury Business Strategy

Offering crypto assets as a means of asset management through staking services. New services will be added in the future. The goal is to create a comprehensive management platform for crypto assets.

**1 Effective utilization of assets held**  
Effective use of assets even when the market is weak

**2 Stable income**  
Income gain

**3 Risk diversification**  
New asset class



## Become a Total Asset Management Platform for crypto assets

Staking

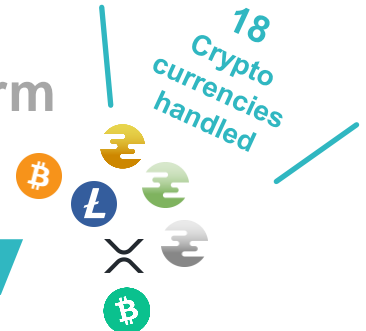
UI · UX

Lending

- Currently available in **11 currencies for staking**
- Other currencies will gradually be added in future



Plan to gradually expand other services



**Stable recurring revenue from customer balance**

# Investment and Development Business (CVC)

Invested ¥80mn in an entertainment start-up company in Q1.

Sold shares in a company in the first fund, generating ¥160mn in sales and ¥70mn in gross profit.

\*As of March 31, 2024



## Collaborations in Mobile Service

Media, D2C-related

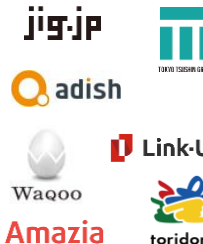


## Collaborations in Financial Service

Fintech, blockchain-related



valuedesign



IPO Result 8 companies



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# Appendix



# Appendix

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## Profile

## Enriching the world through internet marketing

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CERES aims to realize prosperous social interactions by providing various marketing services through the Internet, which has become a part of our social infrastructure.

# Create a token economy



CERES is “the goddess of the earth” and “the goddess of abundant harvest” in Greek mythology. The Greek name for the Goddess is Demeter, and CERES is its Roman equivalent.

<b>Company Name</b>	CERES INC.
<b>Established</b>	January 28,2005
<b>Location</b>	Shibuya Sakura Stage Shibuya Tower, 21 Floor 1-1 Sakuragaokacho, Shibuya-ku, Tokyo
<b>Fiscal Year</b>	December 31
<b>Capital</b>	¥ 2,046 million (As of March 31, 2024)
<b>Representative</b>	Satoshi Takagi, President and Representative Director
<b>Employees (Consolidated)</b>	615 (As of March 31, 2024; without temporary staff)
<b>Businesses</b>	Mobile Service Business Financial Service Business
<b>Consolidated Subsidiaries</b>	Mercury Inc., Diana Inc., Bacchus Inc., studio15 Co.Ltd., label inc., Salus,inc., Apollo Capital INC., YUMEMI Inc., Apollo Capital I Investment Limited Partnership
<b>Equity-method affiliate companies</b>	bitbank, Inc.





**2022** Transition to the New Prime Market of the Tokyo Stock Exchange

**2021** Made studio15 Co.Ltd. a consolidated subsidiary

**2018** Made YUMEMI Inc. a consolidated subsidiary

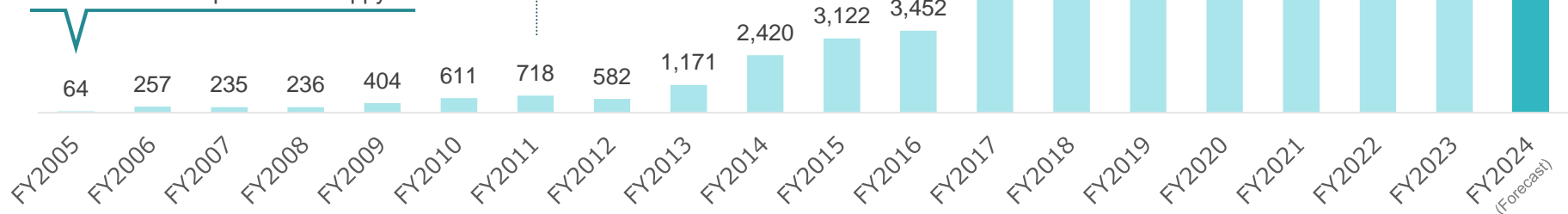
**2017** Made bitbank, Inc. an equity-method affiliate  
Established Mercury Inc. to enter into the crypto asset exchange business

**2016** Made YUMEMI Inc. an equity-method affiliate  
**Listed on the First Section of the Tokyo Stock Exchange**

**2014** **Listed on the Mothers market of the Tokyo Stock Exchange**

**2011** Launched “Moppy” for smartphones

**2005** CERES INC. established  
Launched point site “Moppy”



\*Net sales are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

Sales (millions of yen)

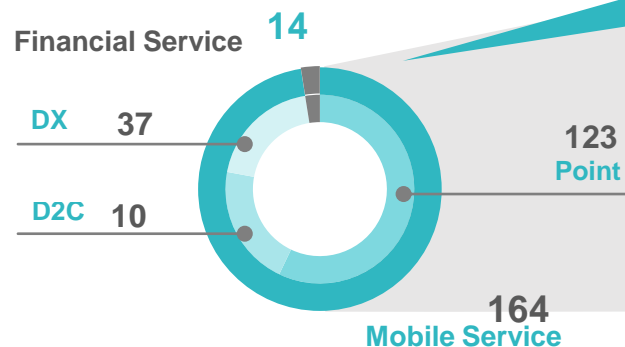
# Sales and Profit Structure under the Medium-Term Management Plan 2026

(Billion yen)

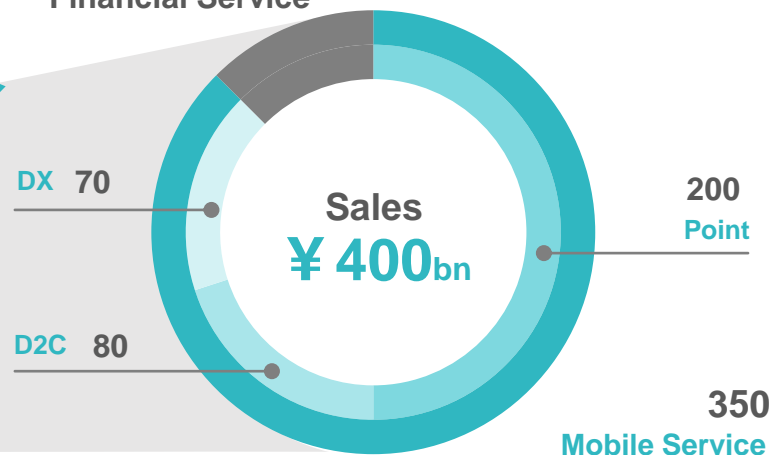
## 2021

## 2026

Sales  
¥ 178bn



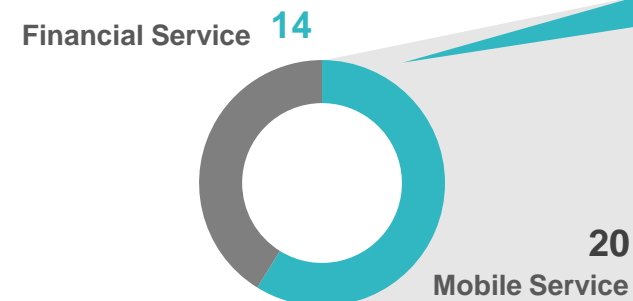
50  
Financial Service



164  
Mobile Service

\*Including internal transactions of mobile services -600 million yen

Ordinary profit  
¥ 34bn



50  
Financial Service















Ordinary profit  
¥ 100bn

50  
Mobile Service

# Business Portfolio

We consistently generate cash from our core Moppy business and actively invest in growth areas.

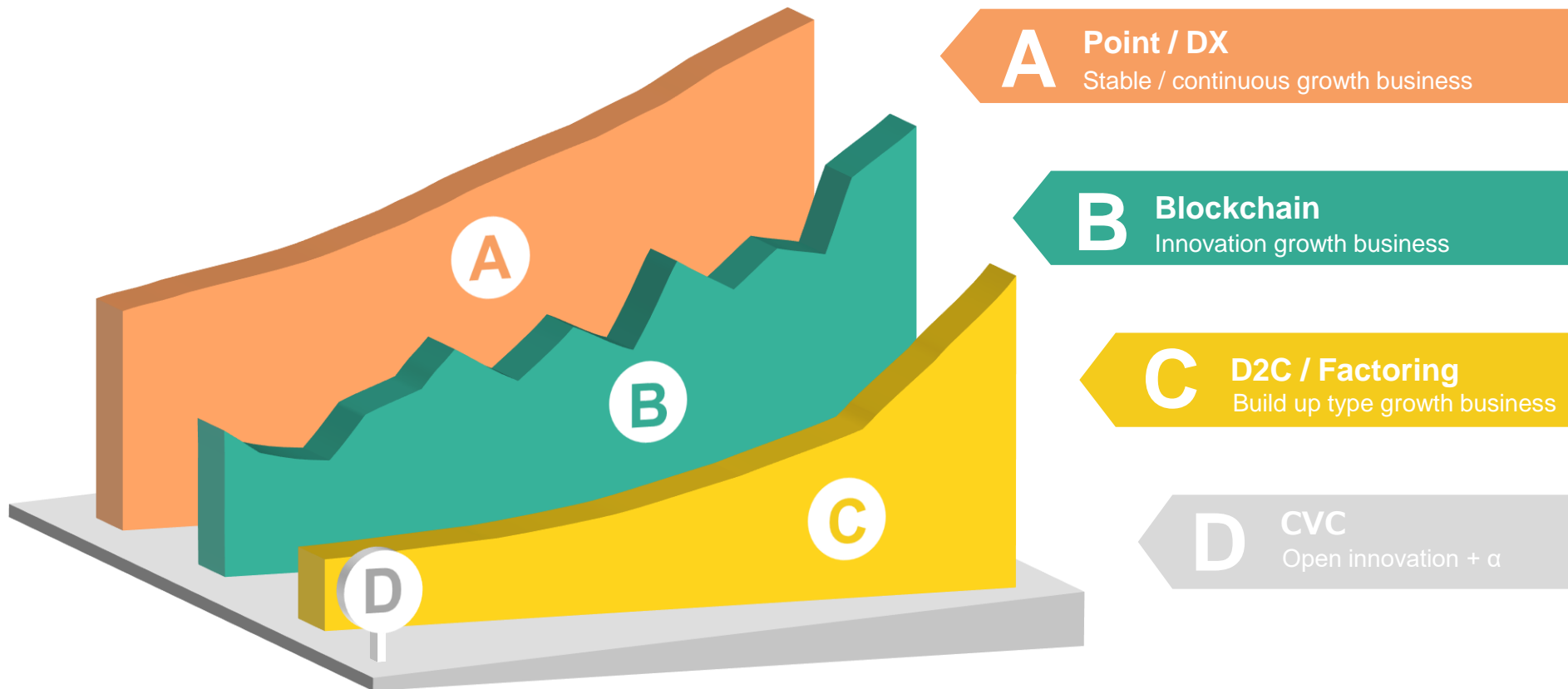
We achieve a sustainable business portfolio by combining businesses with different growth models.

	Segment	Operating company	Service			
Mobile Service Business	Point	CERES INC. studio15 Co. Ltd.	 	 		
	D2C	Diana Inc. Bacchus Inc. Salus, inc.				
	DX	YUMEMI Inc.				
Financial Service Business	Blockchain	Mercury Inc. bitbank, Inc.				
	Online Factoring	labol inc.				
	CVC (corporate venture capital)	Apollo Capital INC.				

# An Image of Growth up to 2026

We will pursue medium-term growth leveraging three business portfolios that feature varying growth models.

We plan to achieve stable growth with Point and DX while aiming for dynamic and rapid growth with Blockchain and D2C.












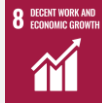



















# Appendix

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## Sustainability

# Setting Materiality

We identified seven material issues as key themes to focus on, and intend to step up existing ESG strategies implemented to practice sustainable management.

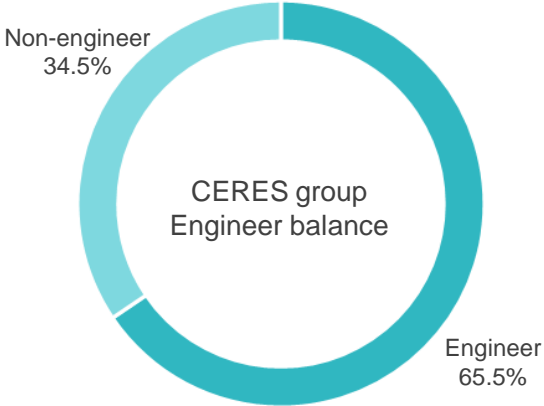
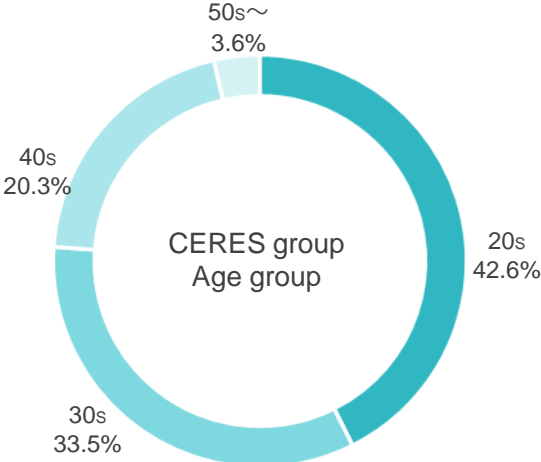
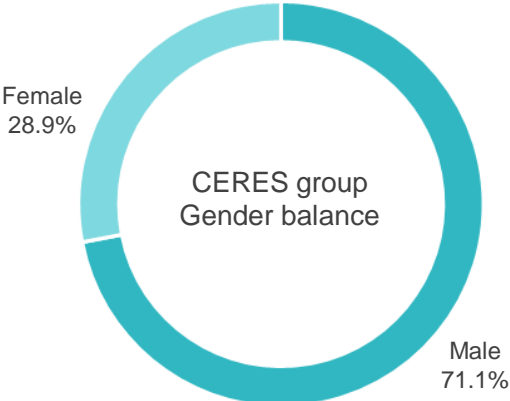
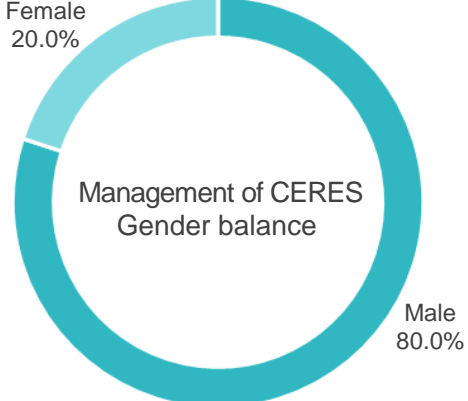
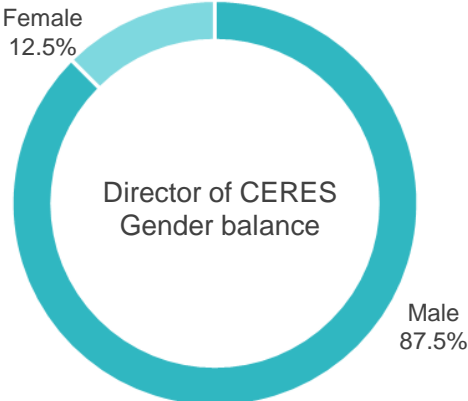
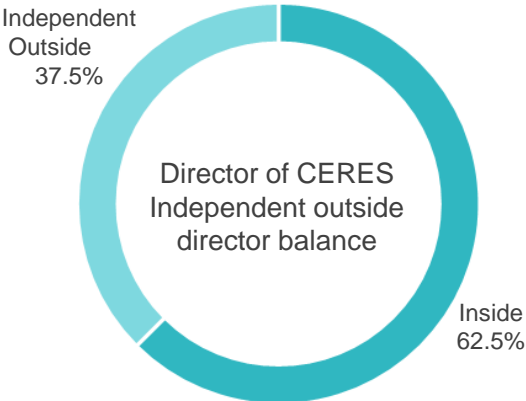
Materiality		SDGs					
1	Enriching the world through our services						
2	Resolving social issues and promoting economic development through open innovation						
3	Proper digital advertising and sound development of the industry						
4	Providing environmentally friendly products and services						
5	Active empowerment of diverse human resources						
6	Information security and privacy						
7	Strengthening of corporate governance						

\* Sustainability site : <https://ceres-inc.jp/csr/English/>

# Promoting Governance and Diversity

**Boost corporate value over the medium to long term by strengthening corporate governance.**

**Promote diversity, including gender equality, to achieve sustainable growth.**



\* From Q1 FY2024, the definition of management has been changed in line with the content of the annual securities report.

\* As of March 31, 2024



# Appendix

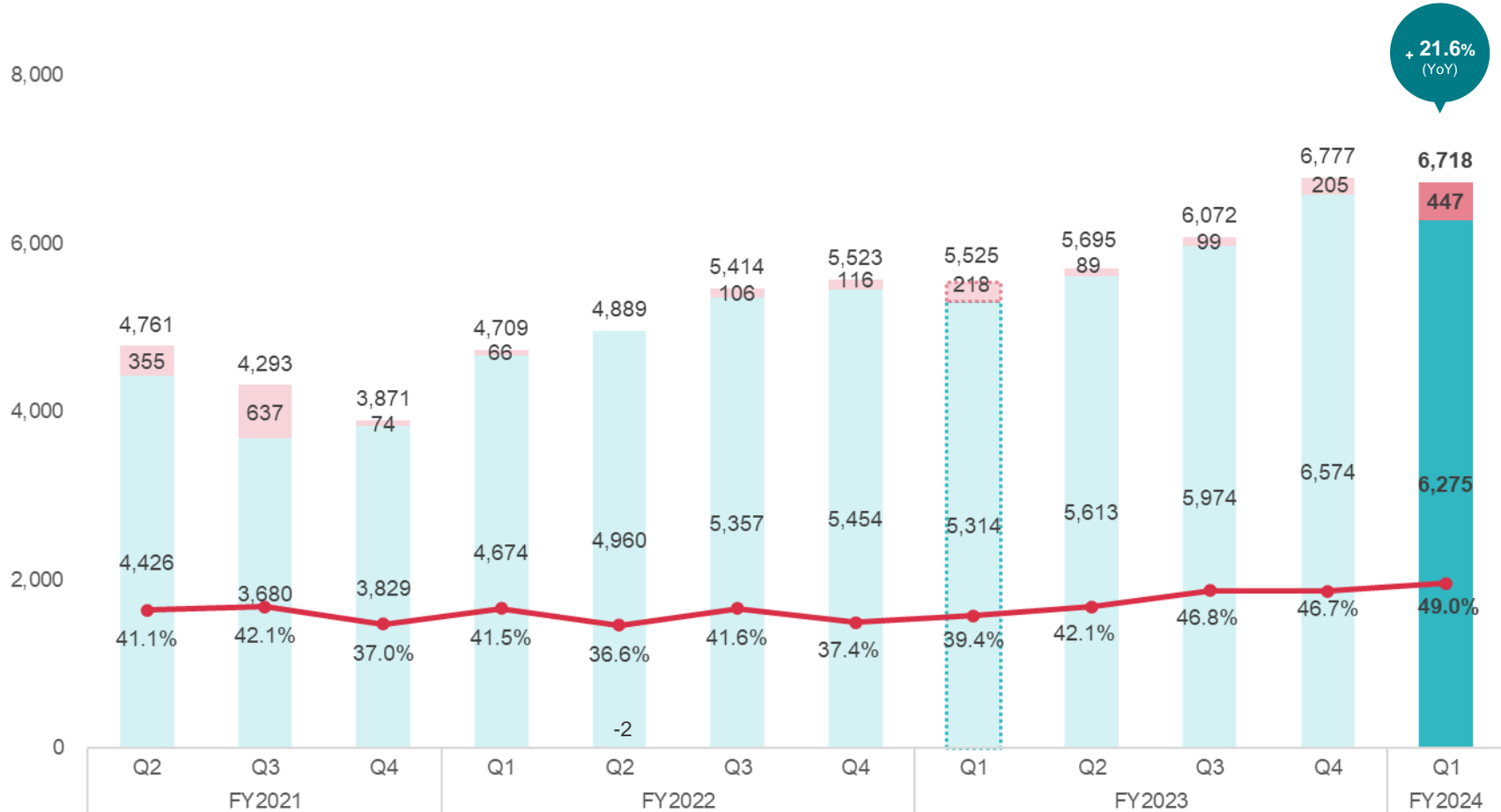
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## Earnings



# Quarterly Sales

(Millions of yen)



+ 21.6%  
(YoY)

■ Mobile Service Sales (left) ■ Financial Service Sales (left) ● Gross profit margin (right)

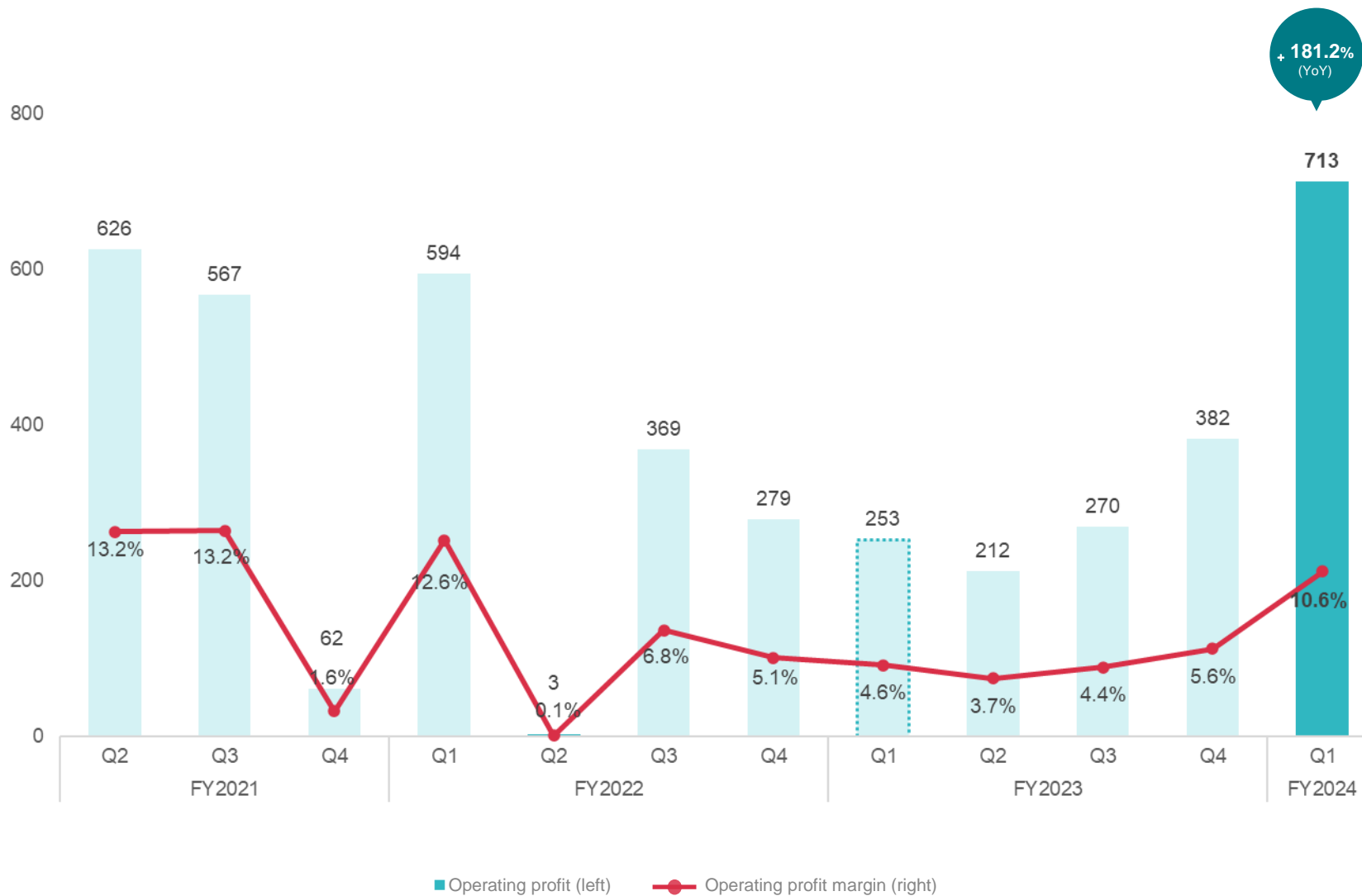
\* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

\* The business classification in the Mobile Service segment for FY2021 and earlier has been revised in accordance with the changes that subsequently took place in the segment.

\* Trading volume within segments are not indicated since their impact on the graphs is marginal.

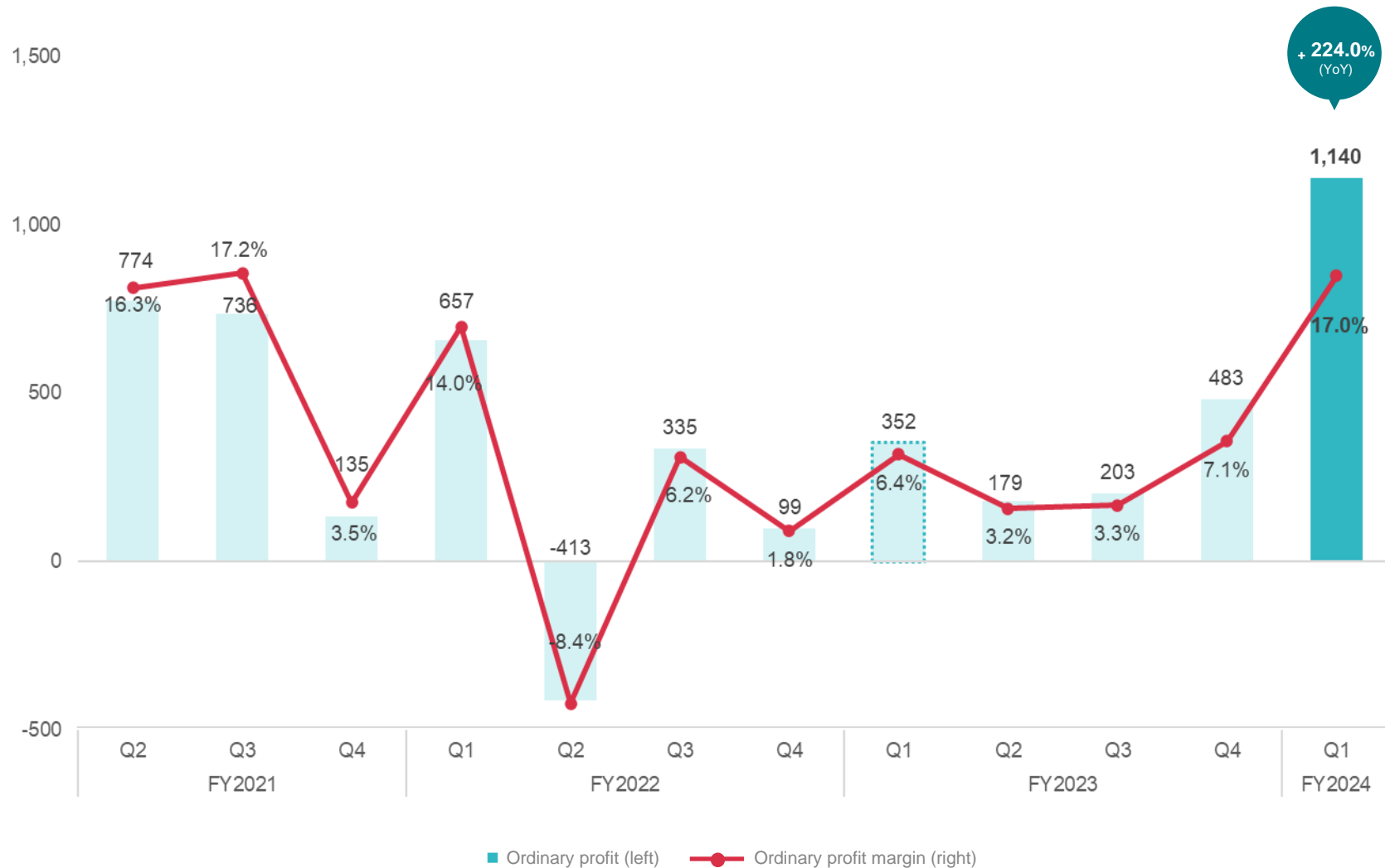
# Quarterly Operating Profit

(Millions of yen)



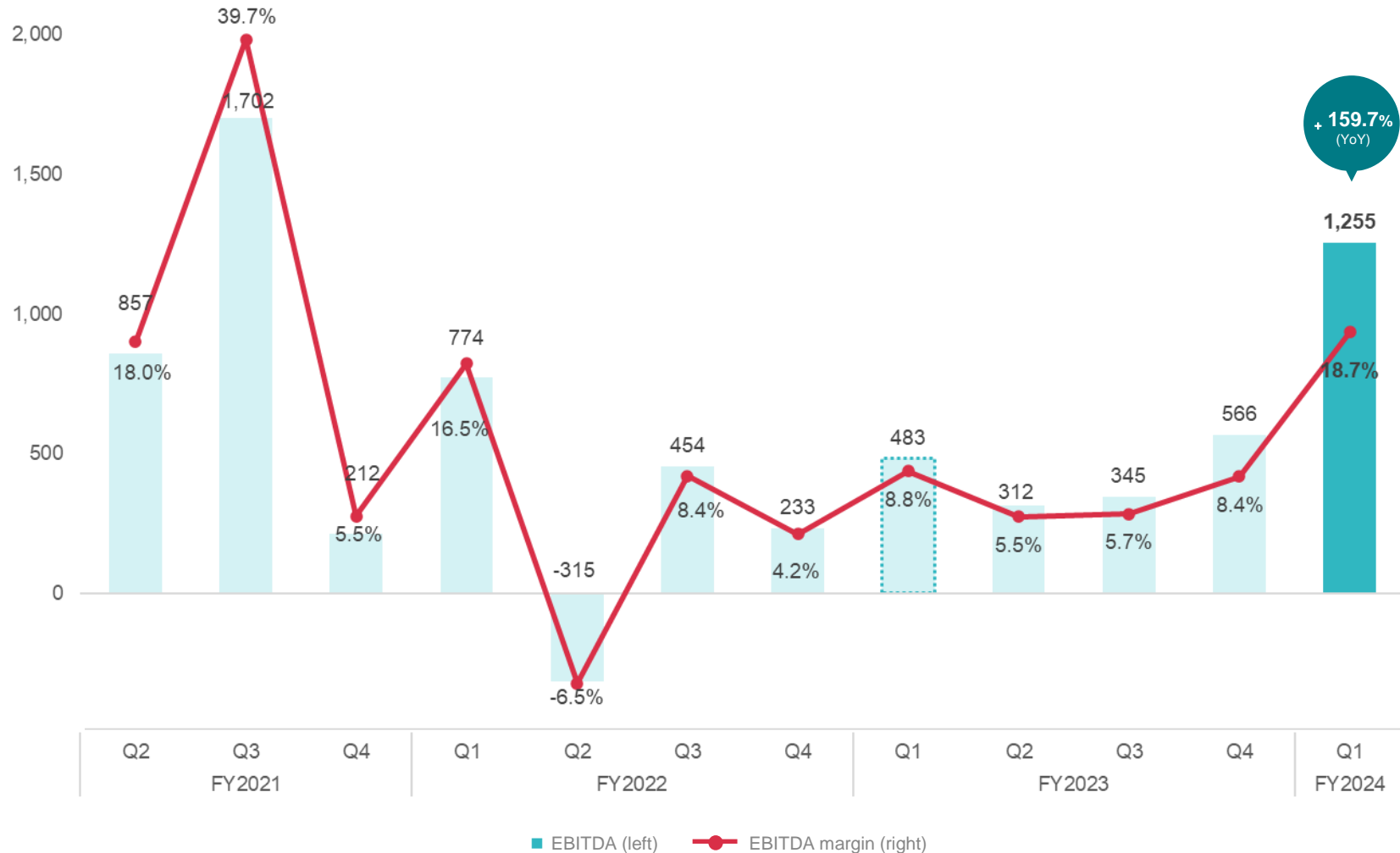
# Quarterly Ordinary Profit

(Millions of yen)



# Quarterly EBITDA

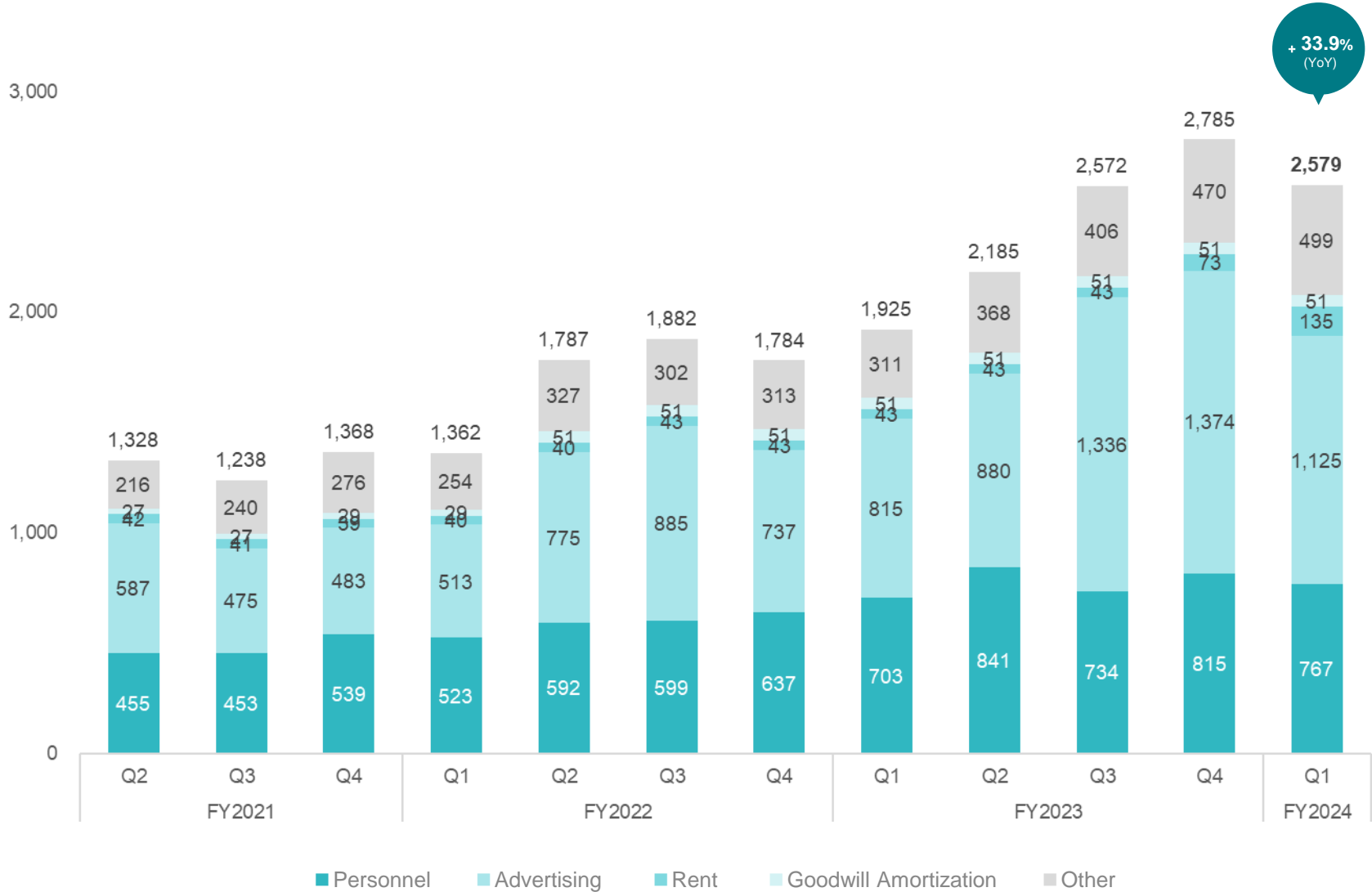
(Millions of yen)



\* EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment loss.

# Quarterly SG&A Expenses

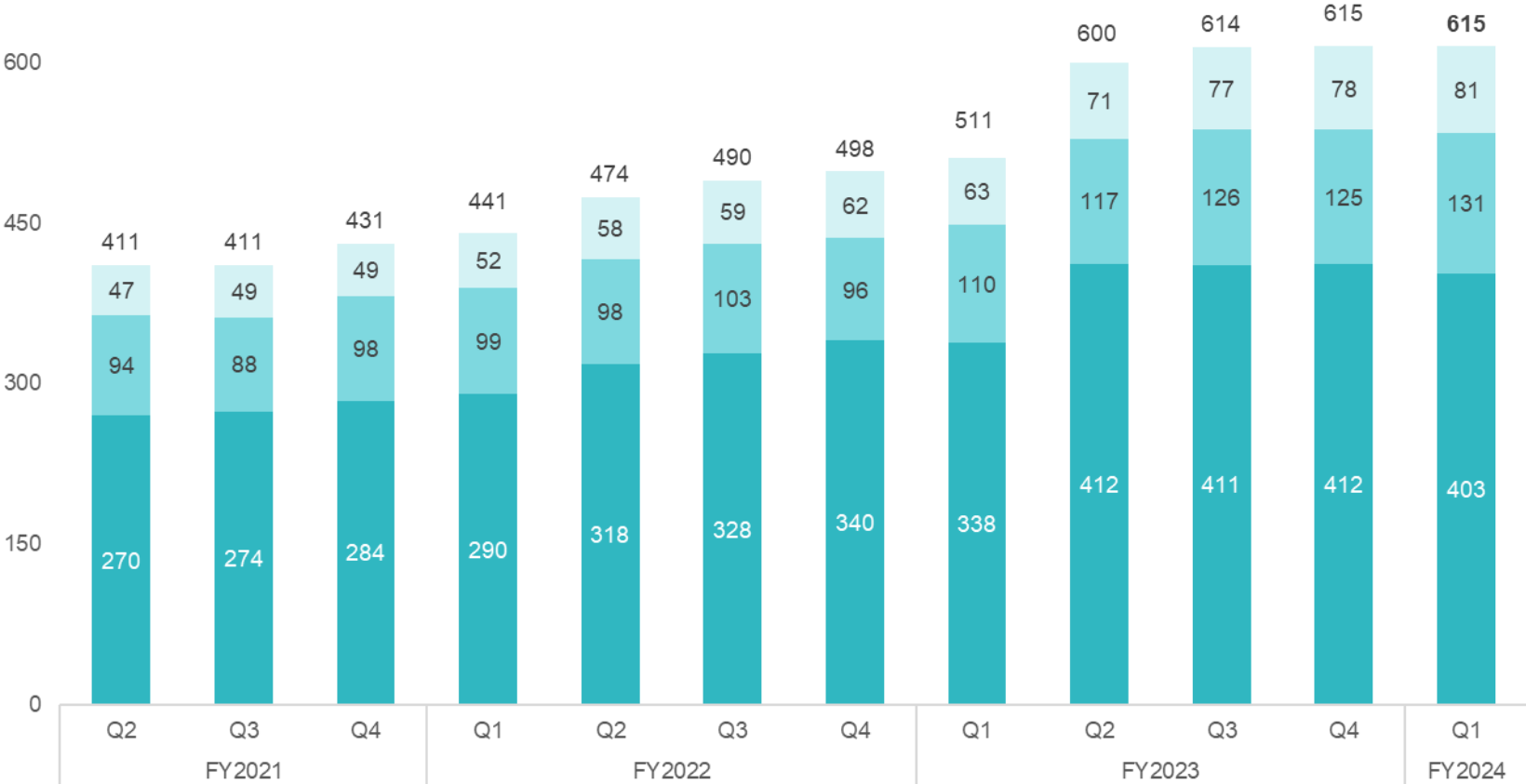
(Millions of yen)



# Employees

(People)

+ 20.4%  
(YoY)



■ Engineer ■ Marketing ■ Corporate

\* Excluding contract employee, temporary employee, and part-time job

## Quarterly Sales

(Millions of yen)	FY2022			FY2023				FY2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	4,889	5,414	5,523	5,525	5,695	6,072	6,777	<b>6,718</b>
Mobile Service Business	4,960	5,357	5,454	5,314	5,613	5,974	6,574	<b>6,275</b>
Point	3,422	3,575	3,719	3,525	3,359	3,324	3,607	<b>3,553</b>
D2C	540	621	654	645	1,174	1,433	1,800	<b>1,751</b>
DX	1,082	1,167	1,149	1,210	1,104	1,250	1,211	<b>983</b>
Transaction value within segments	-84	-7	-68	-66	-25	-32	-45	<b>-13</b>
Financial Service Business	-2	106	116	218	89	99	205	<b>447</b>
Inter-segment transaction value or transfers	-68	-49	-47	-7	-6	-1	-2	<b>-4</b>

## Quarterly Operating Profit

(Millions of yen)	FY2022			FY2023				FY2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Operating profit	3	369	279	253	212	270	382	<b>713</b>
Mobile Service Business	588	877	817	686	762	812	926	<b>1,119</b>
Financial Service Business	-283	-231	-249	-137	-256	-263	-239	<b>-54</b>
Adjusted amount	-301	-277	-288	-294	-293	-279	-304	<b>-351</b>



### Notes regarding forward-looking statements

- The materials and information provided in this presentation contain forward-looking statements that are based on current forecasts, estimates, and assumptions that are subject to risk, and also include uncertainties that could cause actual results to differ materially from the statements in this presentation.
- These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- Please note that the Company is under no obligation to update or revise the forward-looking statements contained in this presentation, even if new information or events emerge in the future.