Think subscription support, think TEMONA

TEMONA. Inc.
Securities code: 3985

Results Briefing Materials for the 2nd Quarter of the Fiscal Year Ending September 30, 2024 (FY2024)

May 2024

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Today's Agenda

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1. Results Summary

Results Summary

- Net sales fell 23.0% year on year to ¥959 million due to decreases in the total number of accounts and contract development revenue.
- Ordinary profit was ¥32 million, a similar level as a year earlier partly due to cost reductions by promoting management efficiency.

Net sales	Ordinary profit	EPS
¥959 million	**(¥32** million**)**	**(¥2.46)**
(down 23.0% year on year)	(Q2 FY2023: (¥29 million))	(Q2 FY2023: (¥2.57))

ARR	GMV	Total number of accounts
¥745 million	**¥63.2** billion	**1,134** accounts
(down 11.2% year on year)	(down 2.0% year on year)	(down 8.8% year on year)

*ARR calculated as monthly recurring revenue in final month of fiscal year multiplied by 12.

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Statement of Income (Year on Year)

- Gross profit margin decreased slightly but managed to remain at 52.0%, largely unchanged from a year earlier.
- Cost reductions made progress through the promotion of management efficiency including higher operational efficiency and adequate personnel reallocation.

(Unit: million yen)

	FY23 2Q Consolidated results		FY24 2Q Consolidated results		
	Result	Weighting (%)	Result	Weighting (%)	Change (%)
Net sales	1,245	100.0	959	100.0	(23.0)
Cost of sales	581	46.7	460	48.0	(20.9)
Gross profit	663	53.3	499	52.0	(24.8)
SG&A expenses	698	56.1	530	55.3	(24.0)
Operating profit	(34)	(2.8)	(31)	(3.2)	−
Non-operating income	9	0.7	1	0.1	(88.9)
Non-operating expenses	4	0.3	1	0.2	(54.2)
Ordinary profit	(29)	(2.4)	(32)	(3.3)	−
Extraordinary income	−	−	4	0.4	−
Extraordinary losses	−	−	−	−	−
Profit before income taxes	(29)	(2.4)	(27)	(2.9)	−
Profit attributable to owners of the parent	(27)	(2.2)	(26)	(2.7)	—

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4

Statement of Income (Quarterly)

- Net sales of the EC Support Business were on a downward trend due to sluggish growth in contract development revenue and the decrease in the total number of accounts.
- Net sales of the Engineering Business declined temporarily owning to a delay in a large project in the contract development service.

(Unit: million yen)
(Number of persons is the number of permanent and non-permanent employees)

	FY23 3Q Consolidated		FY23 4Q Consolidated		FY24 1Q Consolidated		FY24 2Q Consolidated	
	Result	Weighting (%)	Result	Weighting (%)	Result	Weighting (%)	Result	Weighting (%)
Net sales	580	100.0	515	100.0	505	100.0	453	100.0
（E-Commerce Support Business）	466	80.3	409	79.4	419	82.9	363	80.0
（Engineering Business）	114	19.7	106	20.6	86	17.1	90	20.0
Cost of sales	273	47.2	253	49.2	238	47.1	222	48.9
Gross profit	306	52.8	261	50.8	267	52.9	231	51.1
SG&A expenses	312	53.8	305	59.3	277	54.8	253	55.8
Operating profit	(5)	(1.0)	(43)	(8.5)	(9)	(1.9)	(21)	(4.4)
Permanent employees*1	169	—	160	—	147	—	142	—
Non-permanent employees*2	12	—	15	—	14	—	14	—

*1 Number of regular employees and executive officers as of the last day of each quarter
*2 Number of fixed-term employees, part-time employees, re-employed post-retirement employees, and dispatched employees as of the last day of each quarter

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Revision of Full-year Consolidated Earnings Forecast

- Net sales in revised forecast were down from the initial forecast due to the decrease in the number of accounts, the fall in contract development revenue and a delay in the sales expansion of SaaS products.

● Comparison of FY23 Results and **Initial Forecast**

(Unit: million yen)

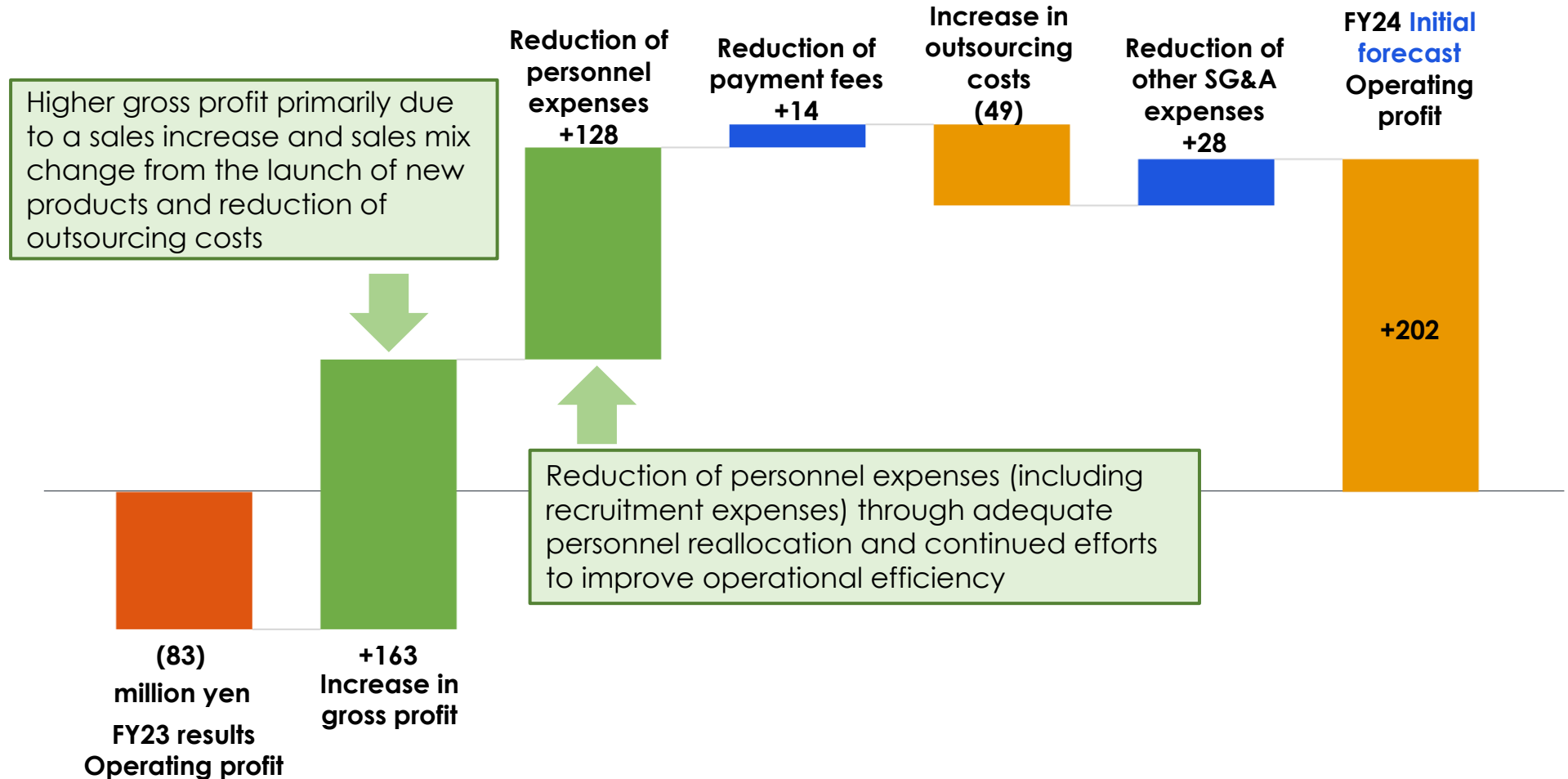|	FY23 Full-year consolidated earnings results	FY24 Full-year consolidated earnings forecast (11/13/2023 _ Initial forecast)	Comparison	
			Change (yen)	Change (%)
Net sales	2,341	2,436	95	4.1%
Operating profit	(83)	202	285	—
Ordinary profit	(76)	200	276	—
Profit attributable to owners of the parent	(126)	123	251	—

● Comparison of FY23 Results and **Revised Forecast**

(Unit: million yen)

	FY23 Full-year consolidated earnings results	FY24 Full-year consolidated earnings forecast (5/14/2024 _ Revised forecast)	Comparison	
			Change (yen)	Change (%)
Net sales	2,341	1,932	(408)	3.3%
Operating profit	(83)	13	97	—
Ordinary profit	(76)	11	87	—
Profit attributable to owners of the parent	(126)	(5)	122	—

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Factors Causing Increase or Decrease in Operating Profit:
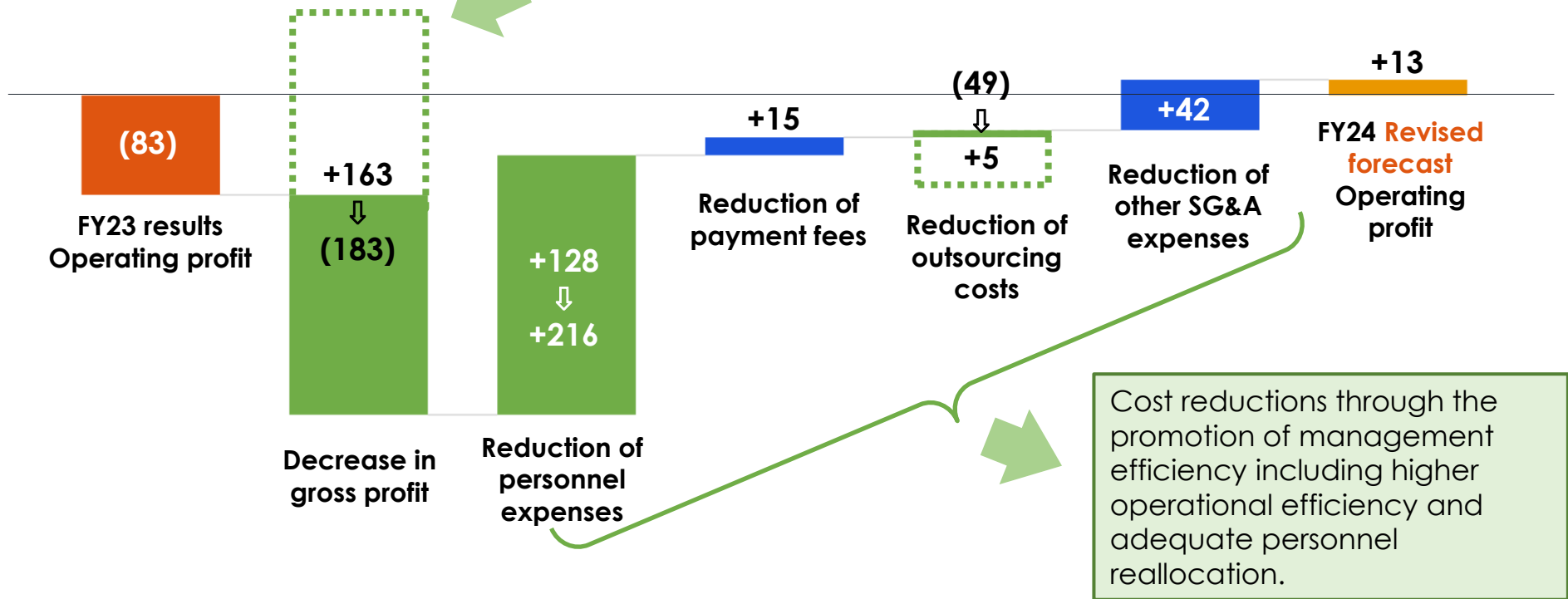## Comparison of FY23 Results and FY24 Initial Forecast

In the initial forecast, net sales and profit were expected to rise due to new efforts, including the launch of SaaS products, and continued measures to reduce costs.

Higher gross profit primarily due to a sales increase and sales mix change from the launch of new products and reduction of outsourcing costs

Reduction of personnel expenses (including recruitment expenses) through adequate personnel reallocation and continued efforts to improve operational efficiency

Reduction of personnel expenses +128

Reduction of payment fees +14

Increase in outsourcing costs (49)

Reduction of other SG&A expenses +28

FY24 Initial forecast Operating profit

+202

(83) million yen
FY23 results Operating profit

+163 Increase in gross profit

Factors Causing Increase or Decrease in Operating Profit:
Comparison of FY23 Results and FY24 Revised Forecast

The full-year forecast for FY2024 has been revised in light of the current earnings trend while continuing to advance earnings-increasing measures and reduce costs.

The revision has been made based on the current earnings status such as decreases in the number of accounts in Subsc-Store and Tamago Repeat, a fall in customization projects and a delay in the sales expansion of SaaS products.

(83)

FY23 results Operating profit

+163
⇓
(183)

Decrease in gross profit

+128
⇓
+216

Reduction of personnel expenses

+15

Reduction of payment fees

(49)
⇓
+5

Reduction of outsourcing costs

+42

Reduction of other SG&A expenses

+13

FY24 Revised forecast Operating profit

Cost reductions through the promotion of management efficiency including higher operational efficiency and adequate personnel reallocation.

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Balance Sheet (Year on Year)

- Cash and deposits decreased ¥194 million mainly due to loan repayments and investment in software development.
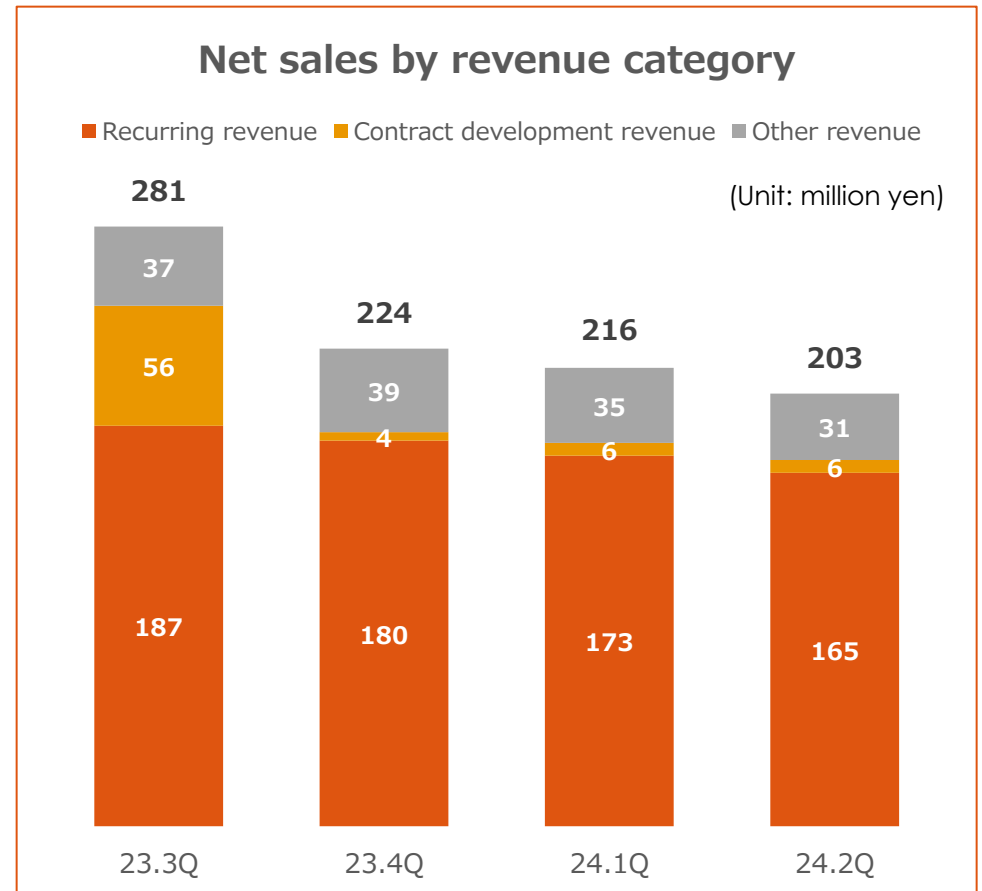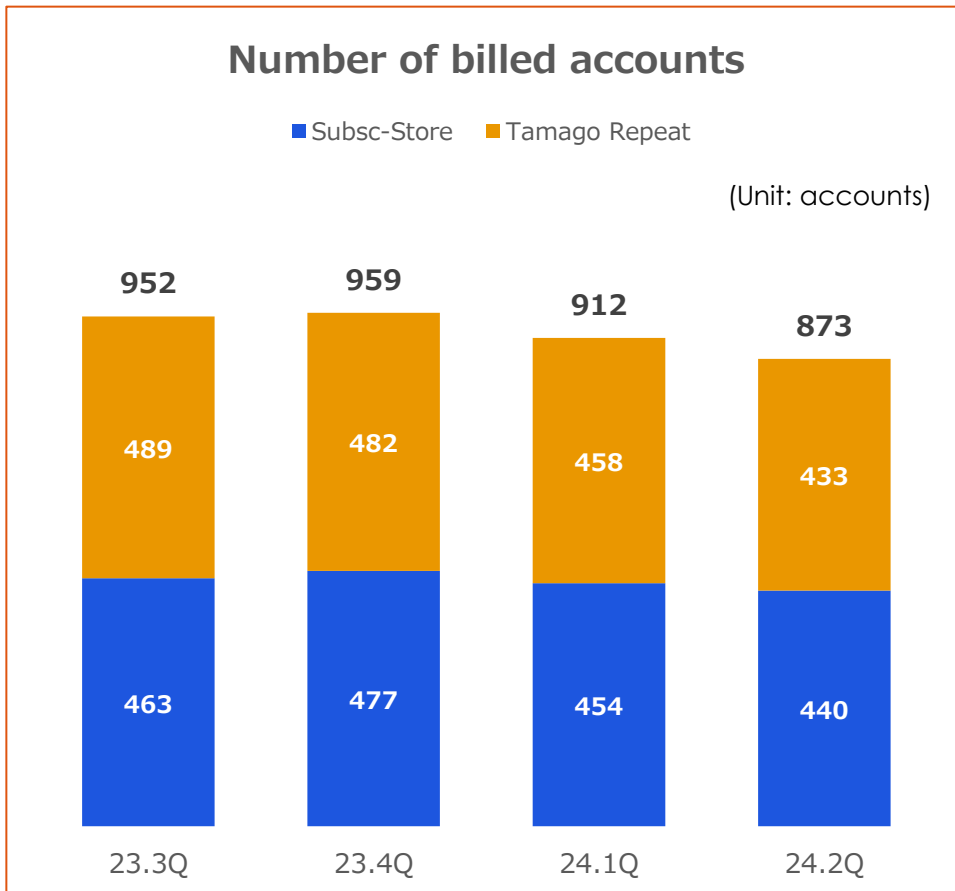
(Unit: million yen)

	FY23 year-end consolidated	FY24 2Q consolidated	Change
Cash and deposits	1,200	1,005	(194)
Accounts receivable-trade and Contract assets	216	225	8
Other current assets	77	75	(2)
Total current assets	1,494	1,306	(187)
Property, plant, and equipment	46	36	(10)
Intangible assets	487	485	(1)
Investments and other assets	226	230	(4)
Total non-current assets	760	752	(8)
Total assets	2,254	2,058	(196)

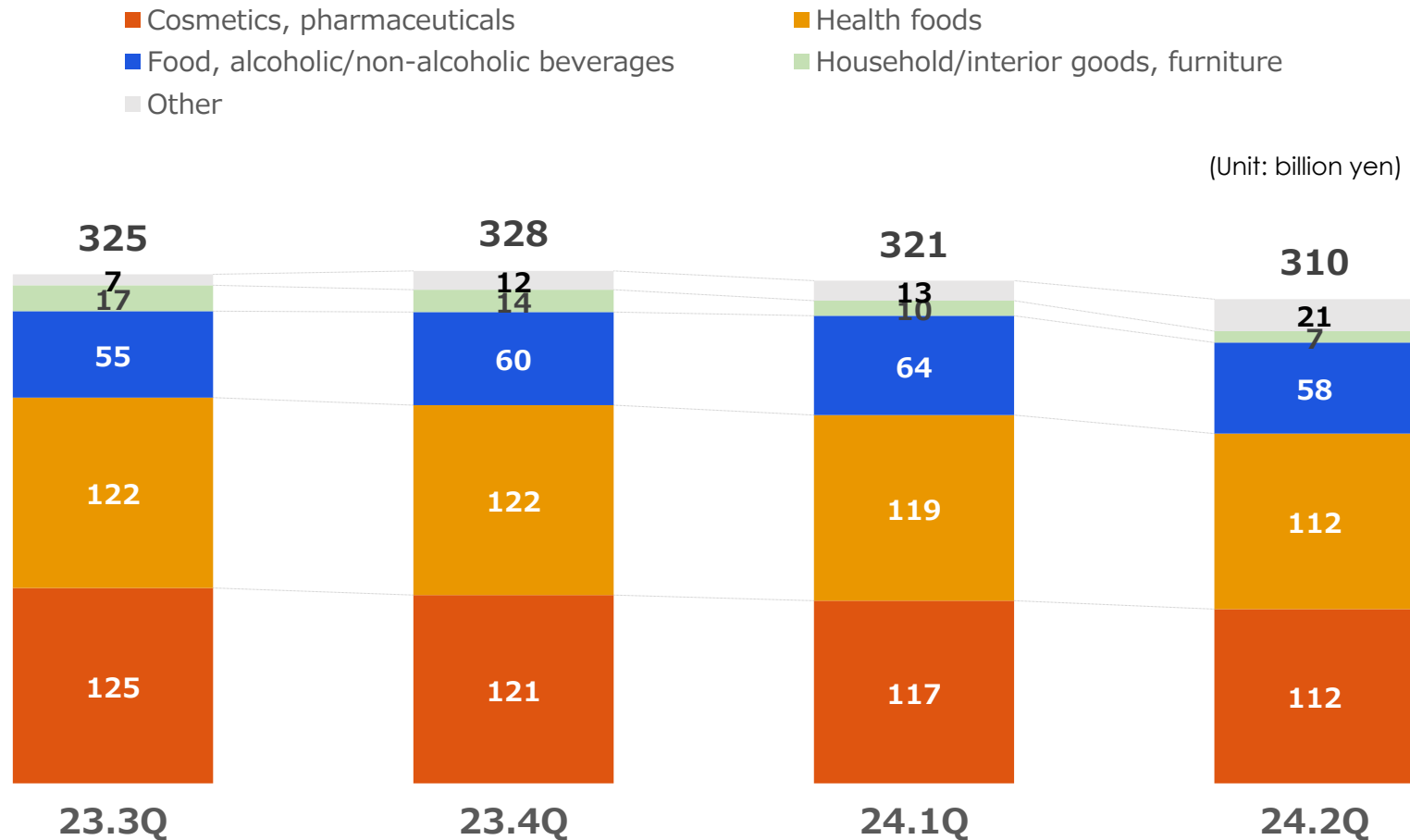|	FY23 year-end consolidated	FY24 2Q consolidated	Change
Accounts payable-trade	72	59	(13)
Other current liabilities	653	576	(77)
Non-current liabilities	436	354	(81)
Total liabilities	1,163	990	(172)
Capital stock	386	386	0
Capital surplus	376	378	1
Retained earnings	875	848	(26)
Treasury shares	△583	△583	0
Stock acquisition rights	37	35	(1)
Non-controlling interests	–	1	1
Total net assets	1,091	1,067	(23)
Total liabilities and net assets	2,254	2,058	(196)

2. Results by Service

Subsc-Store + Tamago Repeat

- The number of accounts in Subsc-Store has been reversing since previous 4Q and is on a downward trend.
- Net sales remain sluggish partly because contract development resources for the enterprise area are focused on the customization of Subsc-Store B2B.

Number of billed accounts

■ Subsc-Store ■ Tamago Repeat

(Unit: accounts)

	23.3Q	23.4Q	24.1Q	24.2Q
Total	952	959	912	873
Tamago Repeat	489	482	458	433
Subsc-Store	463	477	454	440

Net sales by revenue category

■ Recurring revenue ■ Contract development revenue ■ Other revenue

(Unit: million yen)

	23.3Q	23.4Q	24.1Q	24.2Q
Total	281	224	216	203
Other revenue	37	39	35	31
Contract development revenue	56	4	6	6
Recurring revenue	187	180	173	165

GMV by Client Segment (Quarterly)

- GMV remained around ¥32 billion in the past quarters but is also on a downward trend due to the decrease in the number of accounts.

■ Cosmetics, pharmaceuticals ■ Health foods
■ Food, alcoholic/non-alcoholic beverages ■ Household/interior goods, furniture
■ Other

(Unit: billion yen)

	23.3Q	23.4Q	24.1Q	24.2Q
Total	325	328	321	310
Other	7	12	13	21
Household/interior goods, furniture	17	14	10	7
Food, alcoholic/non-alcoholic beverages	55	60	64	58
Health foods	122	122	119	112
Cosmetics, pharmaceuticals	125	121	117	112

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Other

- Settlement fees are on a downward trend, as is the GMV tendency.
- Subs-Store B2B and Subsc-@ have continued to grow.
- The Engineering Business has declined due to sluggish growth in SES Services.

Service	Net sales (million yen)		Change (%) (%)	Explanation
	FY23 2Q Total	FY24 2Q Total		
Settlement fees	239	219	(8.1)	Decreased 8.1% year on year mainly due to a 2.0% decline in GMV.
Subsc-Store B2B	30	46	51.8	Number of accounts up to 25 from 19 year on year. Recurring revenue rose to ¥17 million from ¥16 million year on year.
Subsc-@	22	38	71.0	Number of accounts (corporate contracts) up to 204 from 168 year on year. Recurring revenue rose to ¥27 million from ¥18 million year on year.
Other EC support business	73	57	(21.3)	Fell 21.3% year on year due to a decrease in spot transactions, such as ranking service, that are in the peripheral support area for EC operators.
Engineering business	241	177	(26.7)	Down 26.7% due to a decrease in the number of clients to which system engineering services were provided.

3. Progress in Implementation of Policy for FY 2024 and Actions for the Second Half

Summary of Business Progress for the Second Quarter of FY 2024

Drove the expansion of the earnings foundation by aiming at ARR growth and GMV growth based on three focal points as the pillars.

(1) Development and sales of new SaaS products

Expanded the support area by releasing three kinds of new services.

O Fraudulent order detection service
Started the "ECield" service.

O ECO-Friendly Deferred Payment Service
Started "Subsc-Deferred Payment ECO" service.

O Next-Generation EC Order-Taking Chatbot
Started "TEMOCHA" service.

(2) Strengthening of the rebranding of Tamago Repeat and Subsc-Store

O **Started providing "Tamago Repeat Tamashii" as a growth service for Tamago Repeat.**

O **Offered "Special Plans" for both Tamago Repeat Tamashii and Subsc-Store services.**

O **Enhanced core services.**
- Implemented SMS functions.
- Implemented rental-type subscription functions.

O **Held user meetings in Tokyo and Fukuoka.**
Advanced "field communication-driven development*," where we listened to user feedback directly and decided on which functions to create and which functions to give priority.

* A development method that involves closely communicating with customers and creating something necessary and truly appreciated

(3) Transformation to Leaner Organization

O **Implemented adequate personnel reallocation aimed at ensuring productivity.**
O **Maximized value provision at optimal cost by strengthening response and collaboration throughout the TEMONA Group**

(1) Development and Sales of New SaaS Products

> Aim to expand earnings through "sales of new SaaS products" and improve profitability through changes in the "sales mix."

○ Policy for FY 2024

- ➢ Start developing and selling SaaS products (ECield, SMS, etc.).
- ➢ Implement continuous development of SaaS products with an emphasis put on voices on the ground of business operators.
- ➢ Shift from sales using a shopping cart system to sales of SaaS products (shopping cart system, ECield, SMS, etc.) and implement existing cross-selling with the connection with our shopping carts (Tamago Repeat, Subsc-Store, and Subsc-Store B2B) as the standards.

○ Progress of implementation in the Second Quarter of FY 2024 and actions for the second half

Progress in implementation	Although new SaaS products were put on market, cross-selling between our shopping carts and SaaS products has not grown as much as initially planned, and sales expansion has been delayed.
Actions for second half	Listen to user feedback of SaaS products, refine SaaS products and drive the sales expansion of new products through measures such as approaching new customers in addition to cross selling.

(2) Strengthening of the Rebranding of Tamago Repeat and Subsc-Store

Aim to lower the cancellation rate and acquire new accounts in the short term and improve profitability in the medium to long term, through rebranding measures.

O Policy for FY 2024

➢ Start providing "Tamago Repeat Tamashii" as a growth service of Tamago Repeat (from October 2023).
➢ Hold user meetings and advance "field communication-driven development*," where we listen to user feedback directly and decide on which functions to create and which functions to give priority (from November 2023).
  * A development method that involves closely communicating with customers and creating something necessary and truly appreciated
➢ Start offering "Special Plans" for both Tamago Repeat Tamashii and Subsc-Store services as part of rebranding (from November 2023).

O Progress of implementation in the Second Quarter of FY 2024 and actions for the second half

Progress in implementation	In the middle of making improvements such as a makeover of My account design in "Tamago Repeat Tamashii." Field communication-driven development is ongoing, and catching up with needs of business operators was completed.
Actions for second half	In Subsc-Store, install the new rental-type subscription as an accessory, and establish its position as an omnidirectional shopping cart.

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(3) Transformation to Leaner Organization

Aim to improve profitability by making an effort as a continuous measure.

○ Policy for FY 2024

➢ Aim to bring costs to appropriate levels through adequate personnel reallocation and continued revisions to ensure profitability.
➢ Proceed to maximize value provision at optimum costs by stepping up response and collaboration on a TEMONA Group-wide basis.

○ Progress of implementation in the Second Quarter of FY 2024 and actions for the second half

Progress in implementation
Cost reductions are progressing as the promotion of enhance management efficiency, including higher operational efficiency and adequate personnel reallocation, is going as planned.

Actions for second half
Intend to shift to a lean organization (not just focused on short-term profits) including the reinforcement of collaboration on a TEMONA Group-wide basis.

Appendix

Contents（appendix）

1．About Us

Company Overview

The expansion of subscriptions will help to realize a prosperous world in which many businesses will continue to provide essential, high-value services and pursue customer satisfaction.
Our Purpose is to "enrich the world with subscriptions" by supporting businesses with our subscription-specific technology and expertise.

About the Company

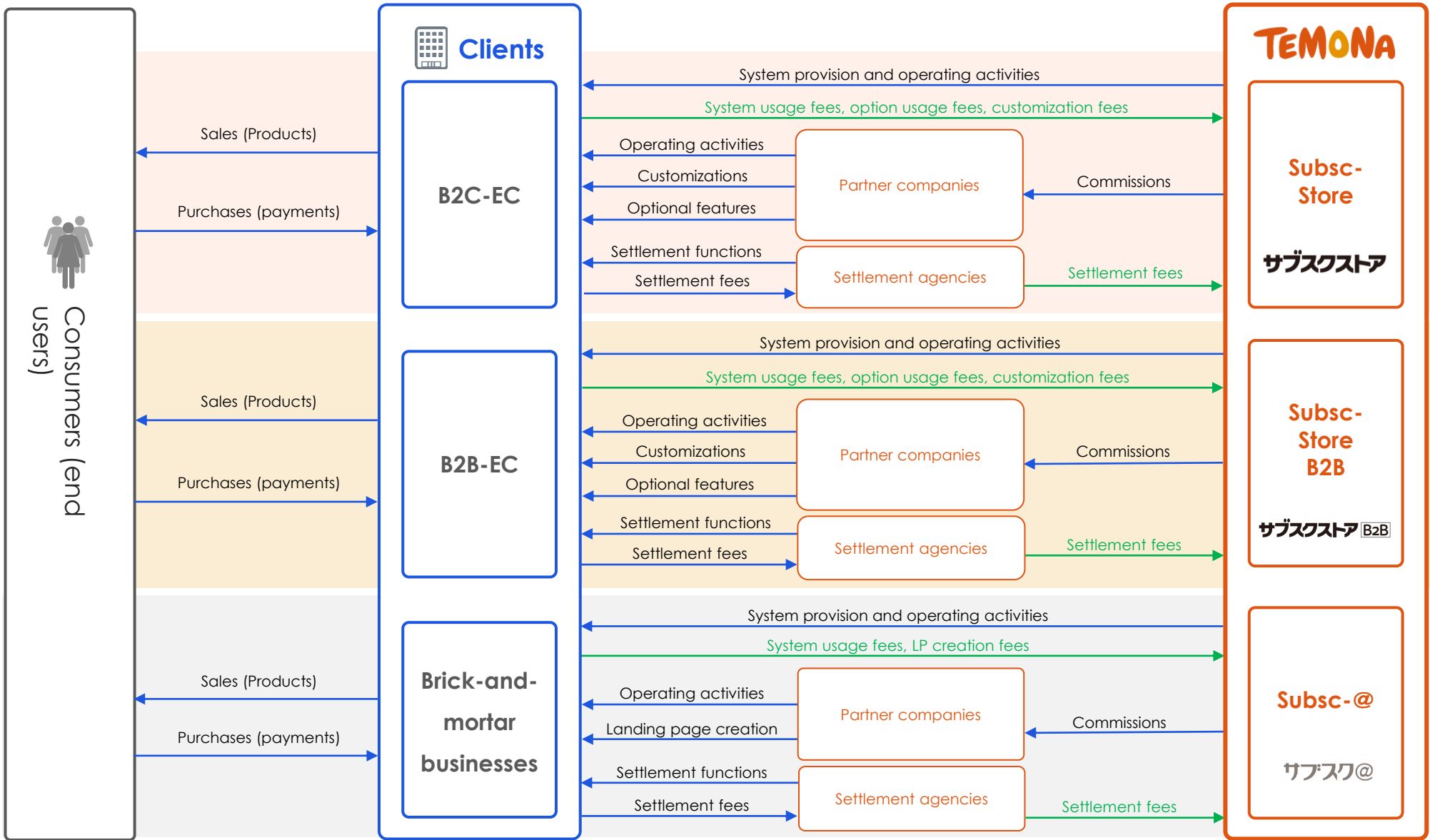|	
Company name	TEMONA. Inc.
Established	October 2008
Capital	¥386.42 million
Representative	Hayato Sagawa, president & representative director
Headquarters	2-12-19 Shibuya, Shibuya-ku, Tokyo
Employees	142 (as of March 31, 2024)

Main services provided

サブスクストア   サブスクストア B2B   サブスク@

たまごリピート魂   テモナビ TEMONAVI VALUE CHAIN   テモロジ TEMOLOGI VALUE CHAIN

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Business System Chart

Consumers (end users)

Clients

B2C-EC
- Sales (Products)
- Purchases (payments)

B2B-EC
- Sales (Products)
- Purchases (payments)

Brick-and-mortar businesses
- Sales (Products)
- Purchases (payments)

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Subsc-Store
サブスクストア

Subsc-Store B2B
サブスクストア B2B

Subsc-@
サブスク@

System provision and operating activities
System usage fees, option usage fees, customization fees
Operating activities
Customizations
Optional features
Partner companies
Commissions
Settlement functions
Settlement fees
Settlement agencies
Settlement fees

System provision and operating activities
System usage fees, option usage fees, customization fees
Operating activities
Customizations
Optional features
Partner companies
Commissions
Settlement functions
Settlement fees
Settlement agencies
Settlement fees

System provision and operating activities
System usage fees, LP creation fees
Operating activities
Landing page creation
Partner companies
Commissions
Settlement functions
Settlement fees
Settlement agencies
Settlement fees

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Service Overview: Subsc-Store

Subsc-Store is a cloud-based system that enables users to centrally manage regular purchase systems/carts for the kind of product and customer management required for single-item e-commerce, D2C, and subscription businesses.

Pricing plans (not incl. tax)	
Standard Plan	¥49,800 per month
Premium Plan	¥79,800 per month
Expert Plan	Varies depending on development work required

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Service Overview: Tamago Repeat Tamashii

できないことは、もう何もない。

マニアックすぎて使い手を選ぶ、
プロ事業者専用D2Cリピート通販システム

📄 資料請求・お問い合わせ

- 🔲 遷移なし買い物かごフォーム
- ⚙️ ゴッドハンド・RPA・API
- 🔒 SMS認証ログイン機能

デザインフルカスタマイズ

Tamago Repeat Tamashii is a cloud-based mail-order system that is tailor-made for subscription business. By modernizing aging functions of the previous Tamago Repeat, making speed improvements, and adding technological functions, it will solve all the problems of the single-item mail-order sales and the D2C business.

🐔 たまごリピート魂

Pricing plan (not incl. tax)	
ASP Plan	¥49,800 per month
Gold Plan	¥79,800 per month

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Service Overview: Subsc-Store B2B

Subsc-Store B2B is a one-stop operations support tool for B2B subscription businesses in a wide range of industries. Suitable for wholesale, professional and consulting services, property rental, maintenance services, group membership fee subscriptions, etc.

Pricing plan (not incl. tax)
¥79,800 per month

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Service Overview: Subsc-@

Subsc-@ is a cloud system dedicated to supporting brick-and-mortar store subscriptions. Features include subscriber perk and discount voucher issuance, subscriber management, payment settlement, and store visit reservations, as well as notifications to encourage subscribers to visit stores.

Pricing plan
Please contact us for details

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Disclaimer

Information provided in these briefing materials includes forward-looking statements based on plans, estimates, and forecasts regarding our business and industry trends as of the time of writing.

Such forward-looking statements are inherently subject to various risks and uncertainties. Known and unknown risks, uncertainties, and other factors may cause actual performance and financial results in future periods to differ materially from projections of future performance or results expressed in the forward-looking statements.

The actual performance and financial results of the Company in future periods may differ materially from the forward-looking statements contained in these briefing materials.

The forward-looking statements set forth by the Company in these briefing materials are based on information available as of May 31, 2024. The Company undertakes no obligation to update or revise forward-looking statements to reflect future events and circumstances.

Contact
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サブスクで世の中を豊かに