

**FINATEXT**

**HOLDINGS**

# Growth Opportunities and Strategy

Finatext Holdings Ltd.

June 27, 2024

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# COMPANY OVERVIEW

# Corporate Overview

Finatext is a technology company which provides next-generation cloud infrastructure for the asset management and insurance industries.

**Company Name:** Finatext Holdings Ltd.

**Address:** 9F, Sumitomo RD Kudan Bldg.  
1-8-10 Kudankita, Chiyoda-ku  
Tokyo, 102 0073 Japan

**CEO:** Ryota Hayashi

**Establishment Date:** December 27, 2013

**Business:** Fintech Solution  
Big Data Analytics  
Financial Infrastructure

# Leadership



**Representative Director  
CEO  
Ryota Hayashi**

After working at Deutsche Bank in London and a hedge fund, Ryota co-founded Finatext in 2013. B.A. in Economics from UTokyo.



**Executive Director  
CFO  
Yuichiro Ito**

Yuichiro joined Finatext in 2016 after working IBD Div. in UBS Securities Japan for nearly 6 years. B.A. in Economics from UTokyo.



**Executive Director  
CTO/CISO  
Satoshi Tajima**

Satoshi joined Finatext in 2019 after working in VOYAGE GROUP (now CARTA HOLDINGS). Graduated from School of Information and Communication, Meiji U. CISSP holder.



**Outside Director  
Hideki Yamauchi<sup>1</sup>**

Hideki Established Global Cyber Investment in 2000 after working at The Industrial Bank of Japan. He became a outside director of Finatext in 2016. B.A. in Economics from UTokyo.

1. Hideki Yamauchi is an outside director.

# Leadership



## **Fintech Solution** **Akane Kinoshita**

Worked at Daiwa Securities and Thomson Reuters in product planning for wealth management. Joined Finatext in 2017. Appointed as Managing Director in 2019.



## **Brokerage Infrastructure** **Noriko Kobayashi**

Worked at former Kogin System and led planning and development of front-end app at Simplex after graduating from Gakushuin. Joined Finatext in 2021. Appointed as Managing Director in 2022.



## **Big Data Analytics** **Masashi Tsujinaka**

Worked at Bank of Japan's statistical and economic research after graduating from UKyoto. Joined Finatext in 2015. Appointed as Managing Director in 2019.



## **Insurance Infrastructure** **Kazuhiro Kawabata**

Worked at Hakuodo and Boston Consulting after graduating from UTokyo. Joined Finatext and appointed as Managing Director in 2019.



## **Data & AI Solution** **Ryohei Katayama**

Worked at NRI after graduating from UOsaka. Joined Finatext in 2017 to launch services for institutional investors. Appointed as Managing Director in 2024.



## **Credit Infrastructure** **Kazuaki Osawa**

Worked at Mitsui & Co. and engaged in fintech business development at PayPay after graduating from UKyoto. Joined Finatext in 2023. Appointed as Managing Director in 2024.

## Our Mission

By realizing our mission together with our partners, we aim to provide financial services connected to our daily lives.

# Reinvent

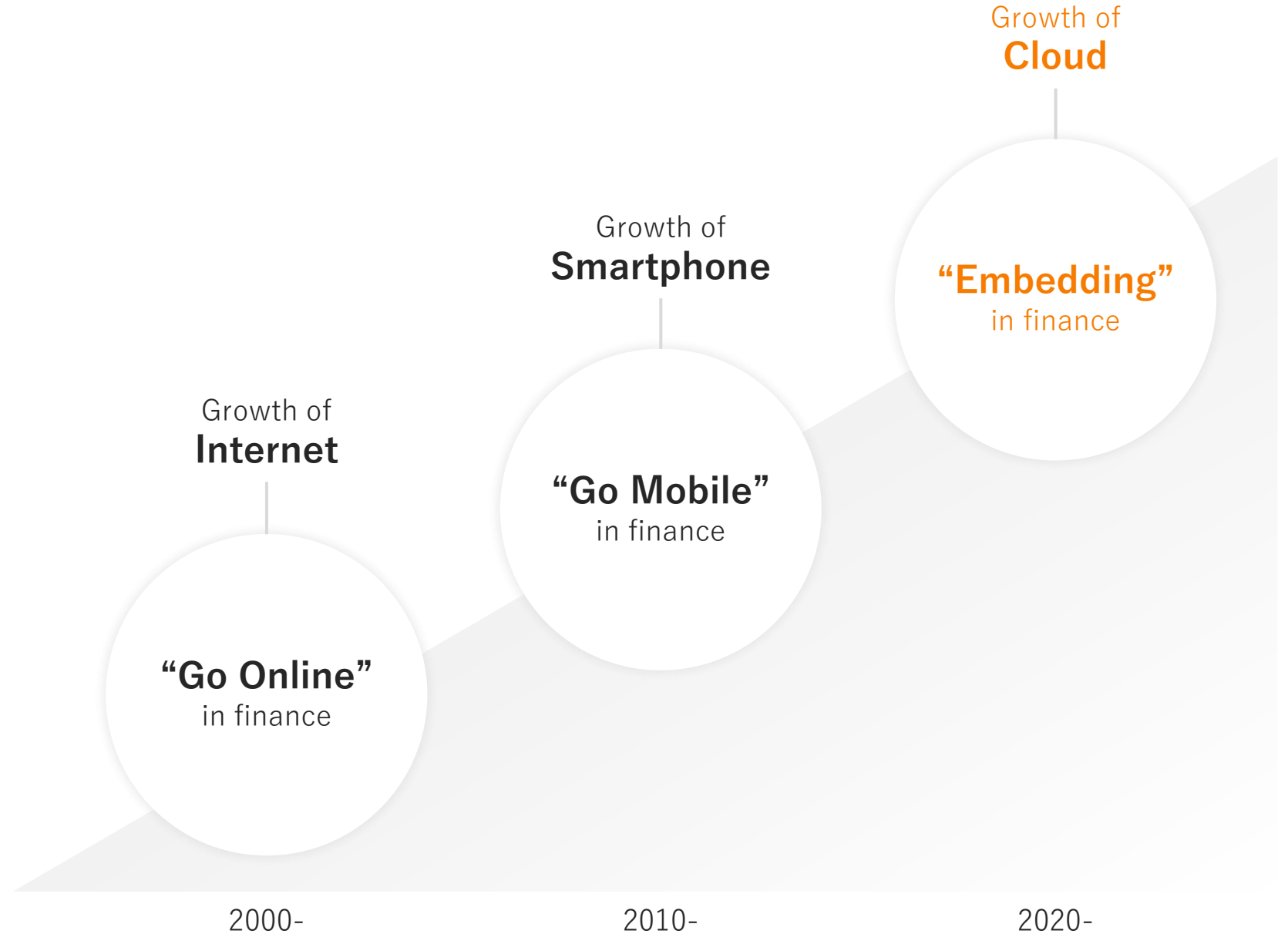
# Finance

# As a “Service”

# Next-gen Cloud Infrastructure

On the rise of cloud technology, we are among the first to develop cloud-based infrastructure.

Possible to provide financial products at a lower cost than conventional systems in a form embedded in various daily services.





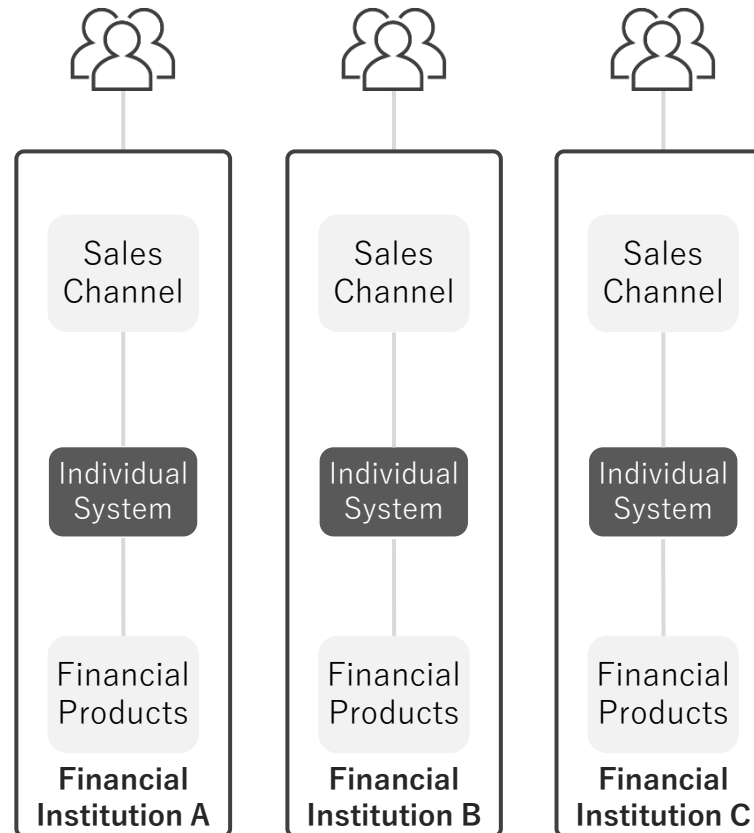
# Transformation

With the next-gen cloud infrastructure, we aim to transform the structure of the financial industry from “vertically integrated” to “horizontally integrated”.

This will enable the convenient use of financial services from companies close to users' lives.

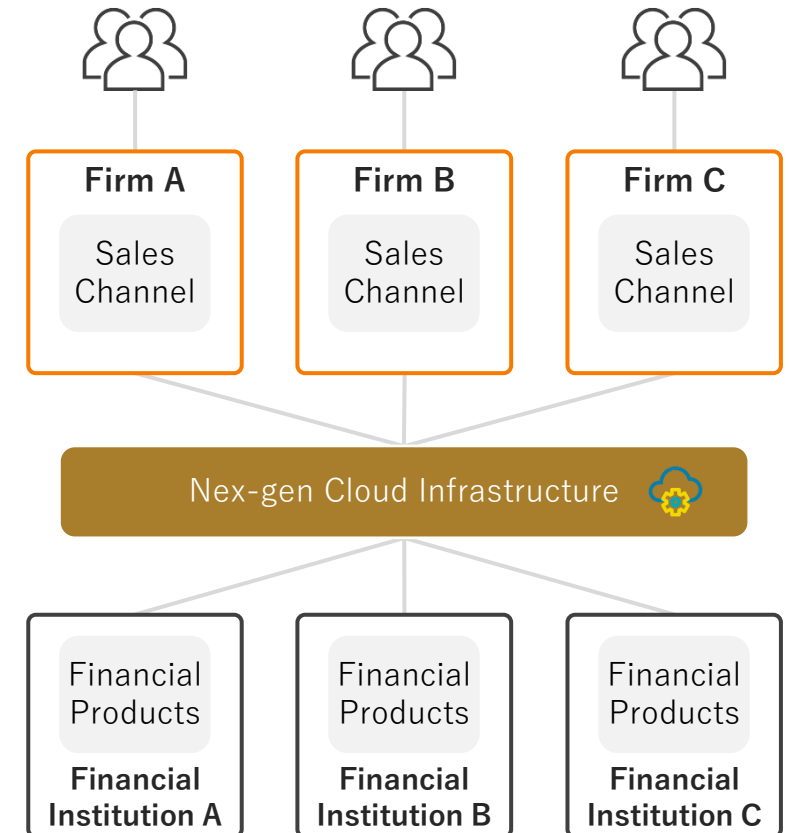
## Incumbent Institutions

- Financial institutions work in a vertically integrated manner from origination to sales of financial products



## Finatext's Approach

- Separate origination / monitoring from marketing of financial products
- Financial institutions will focus on origination / monitoring of financial products, while companies closer to users' lives will take charge of marketing



# BUSINESS OVERVIEW

# Our Business

We started business of Fintech Solution in 2014.

After entering into the field of Big Data Analytics in 2016, we started our current core business, Financial Infrastructure, in 2018.

## Overview

## Example

### Fintech Solution

(2014-)

- Develops **front-end applications** and provides **off-the-shelf tech solutions** to financial institutions to accelerate their DX
- Beside system development, we also provide service planning and marketing support

### “Money Canvas”

- Support development in MUFG Bank’s asset management platform
- Provide Finatext’s ID integration solution

### Big Data Analytics

(2016-)

- Provide **alternative data** for institutional investors and governments
- Possess knowledge of cleansing and analysis of **POS and credit card data**

### “Alterna Data”

- Provide performance forecasts and price trends of individual tickers



### Financial Infrastructure

(2018-)

- Provide **cloud-native, API-based infrastructure** for asset management and insurance businesses

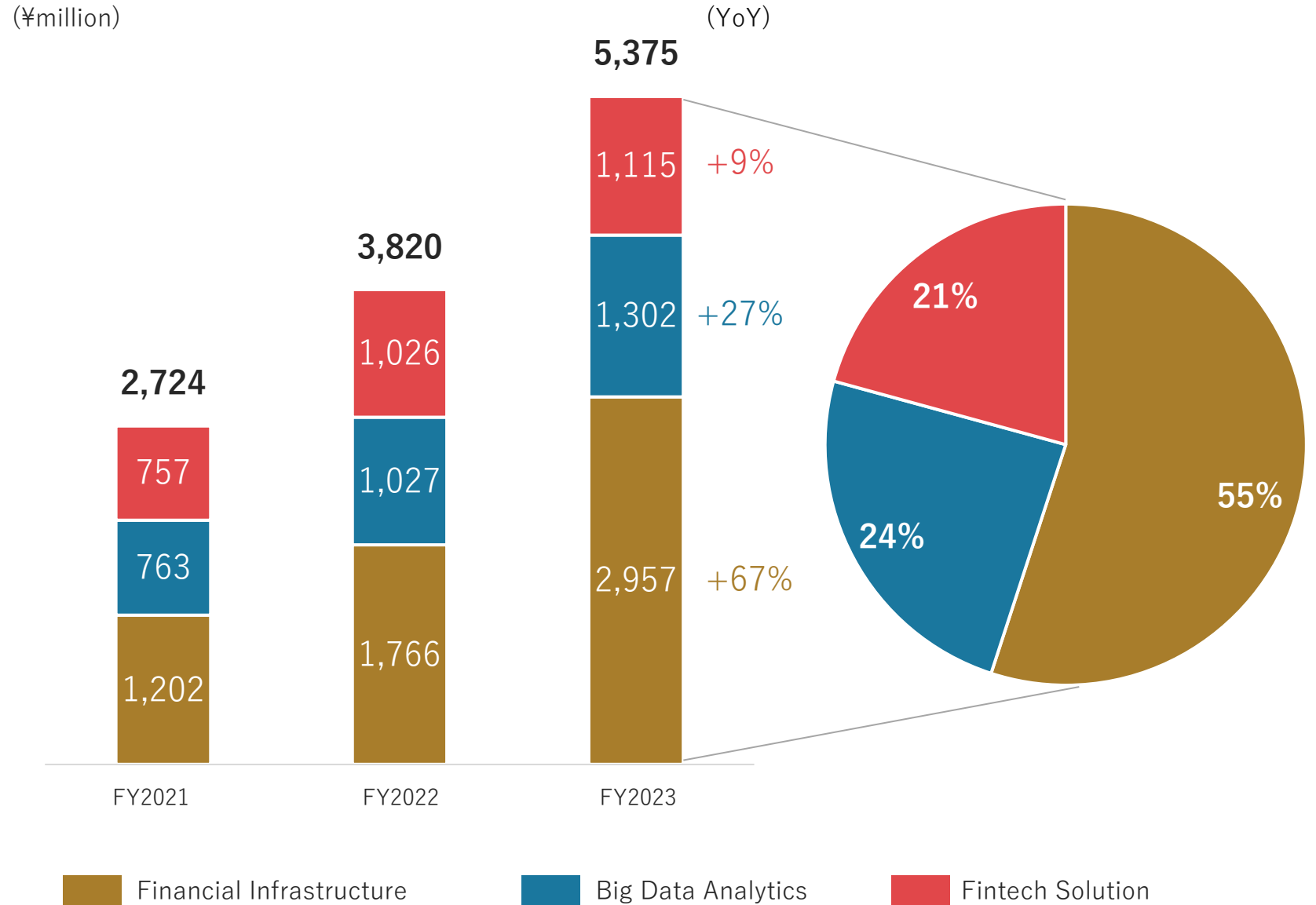
### “BaaS”

- Infrastructure that enables partner companies to provide stock trading services for individual customers

- Japan Stock
- US Stock
- Robo advisory
- Fractional Shares

# Revenue by Segment

By segment, Financial Infrastructure accounts for 55% of total revenue, Big Data Analytics represents 24%, and Fintech Solution makes up 21%.



# Revenue Type

One-off revenue received at the time of system implementation, and recurring revenue and usage-based revenue received subsequently.

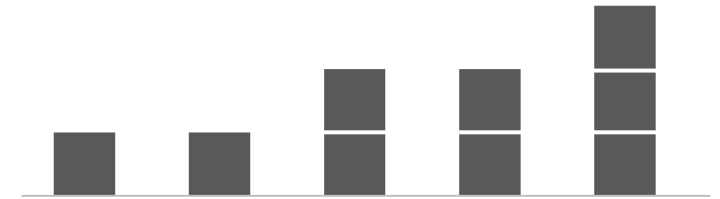
## 1 One-off

- One-off revenue received from partners at service implementation and additional development



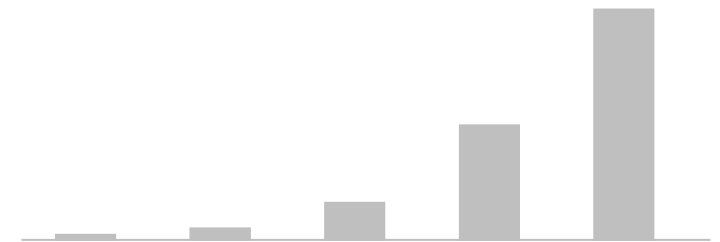
## 2 Recurring

- Recurring revenue received monthly from existing partners for operations



## 3 Usage-based

- Usage-based revenue according to AUM and insurance premium income



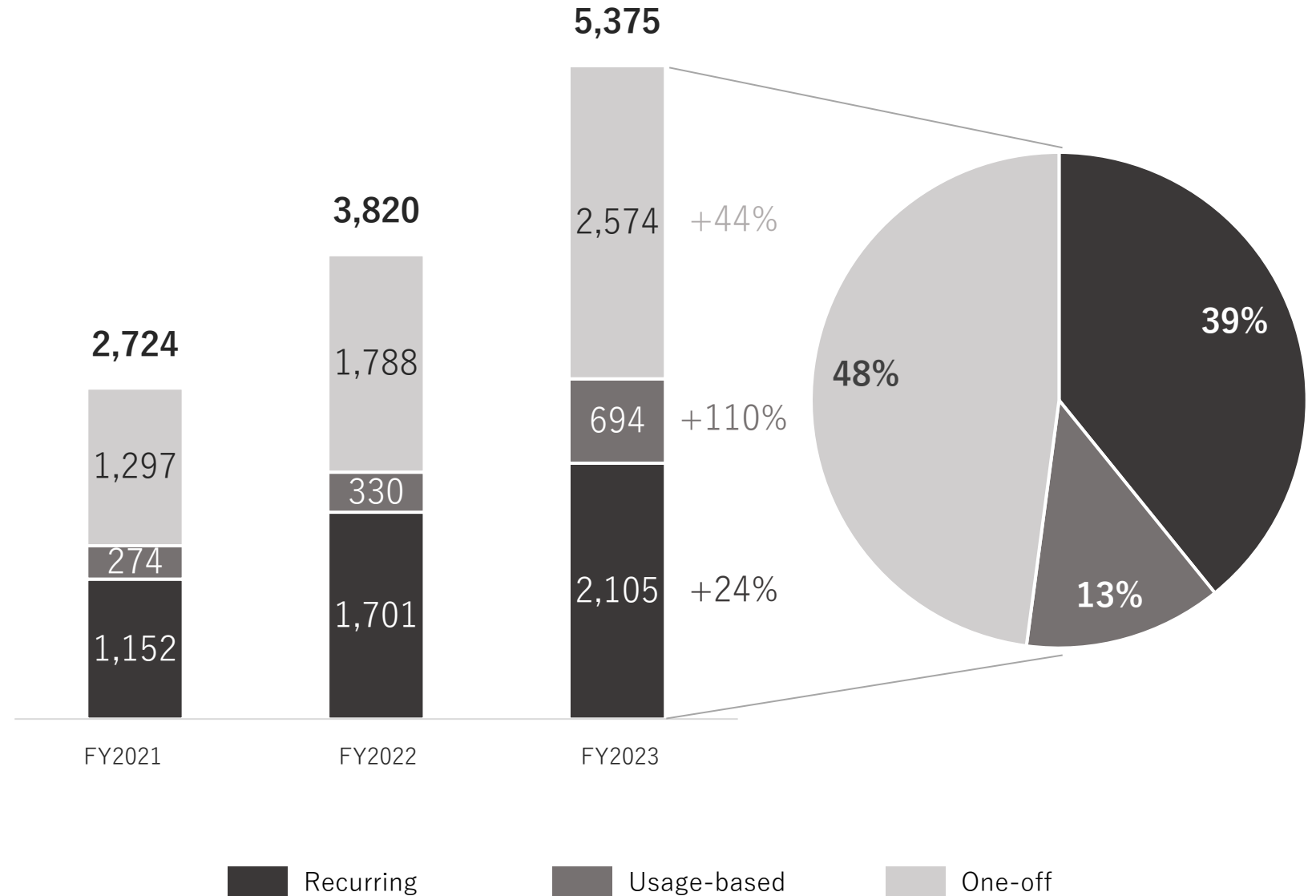
# Revenue by Type

At the moment, due to the high number of new Financial Infrastructure projects being introduced, one-off revenue accounts for 48% of the total.

Meanwhile, recurring revenue and usage-based revenue make up a combined 52% share.

(¥million)

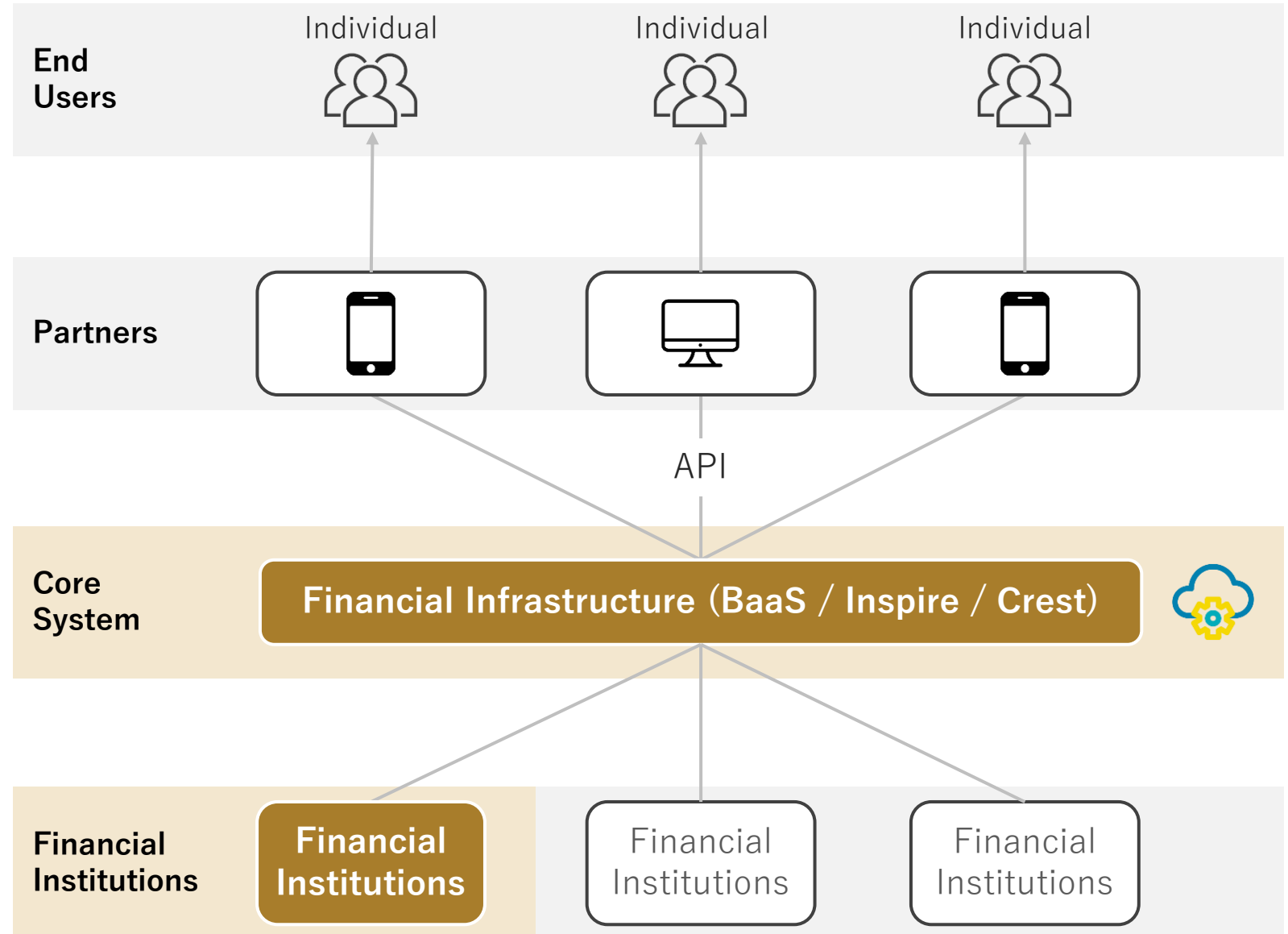
(YoY)



## Overview

Develop next-generation cloud-native core systems that provide necessary business infrastructure for offering financial services.

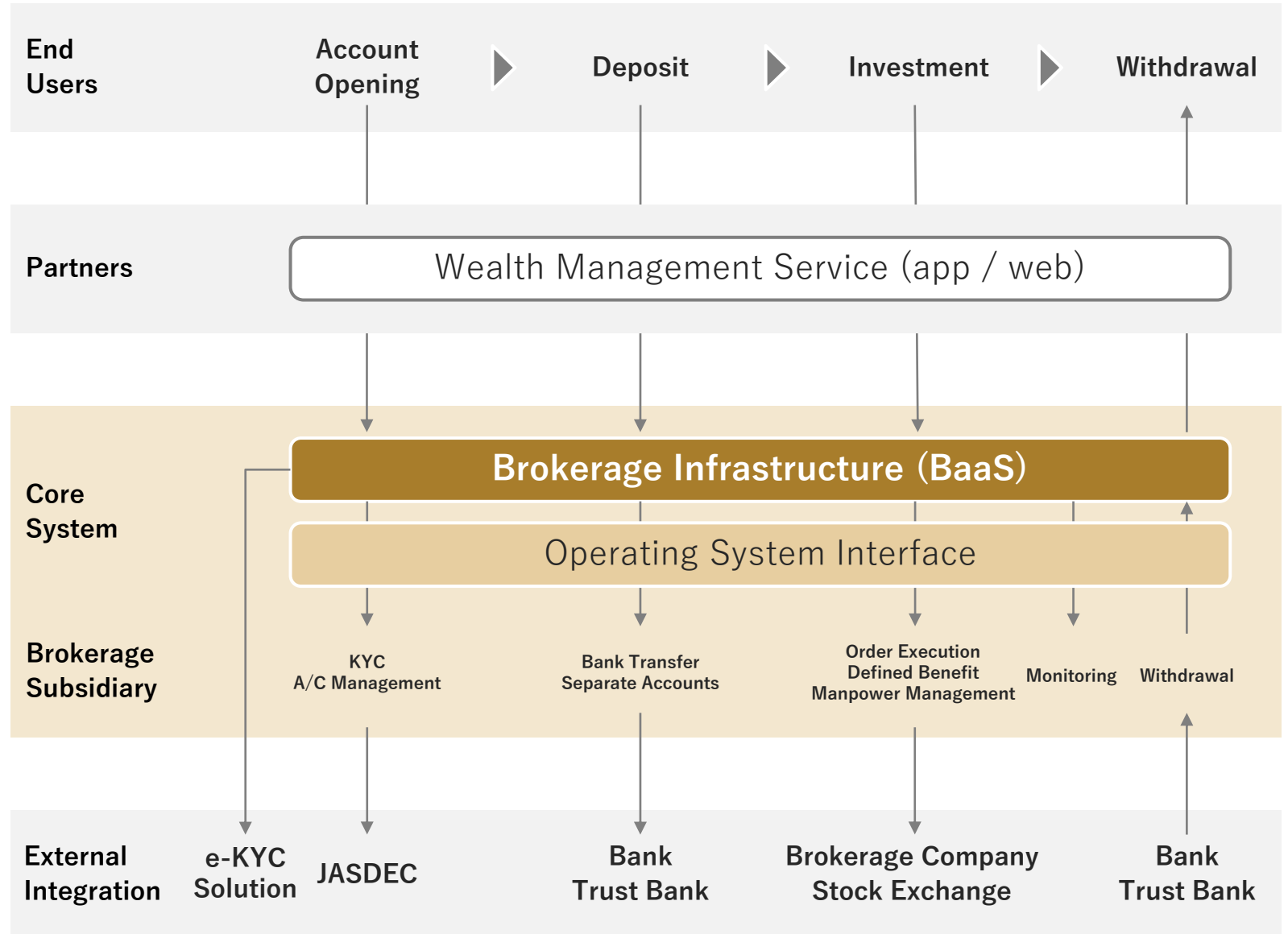
Currently offer 3 solutions: (1) “**BaaS**” for asset management services, (2) “**Inspire**” for insurance services, and (3) “**Crest**” for lending services.



# (1) BaaS

Cloud-native, API-based infrastructure “BaaS” for wealth management providers.

Partners can launch wealth management services at low cost by managing the various external connections on the cloud.

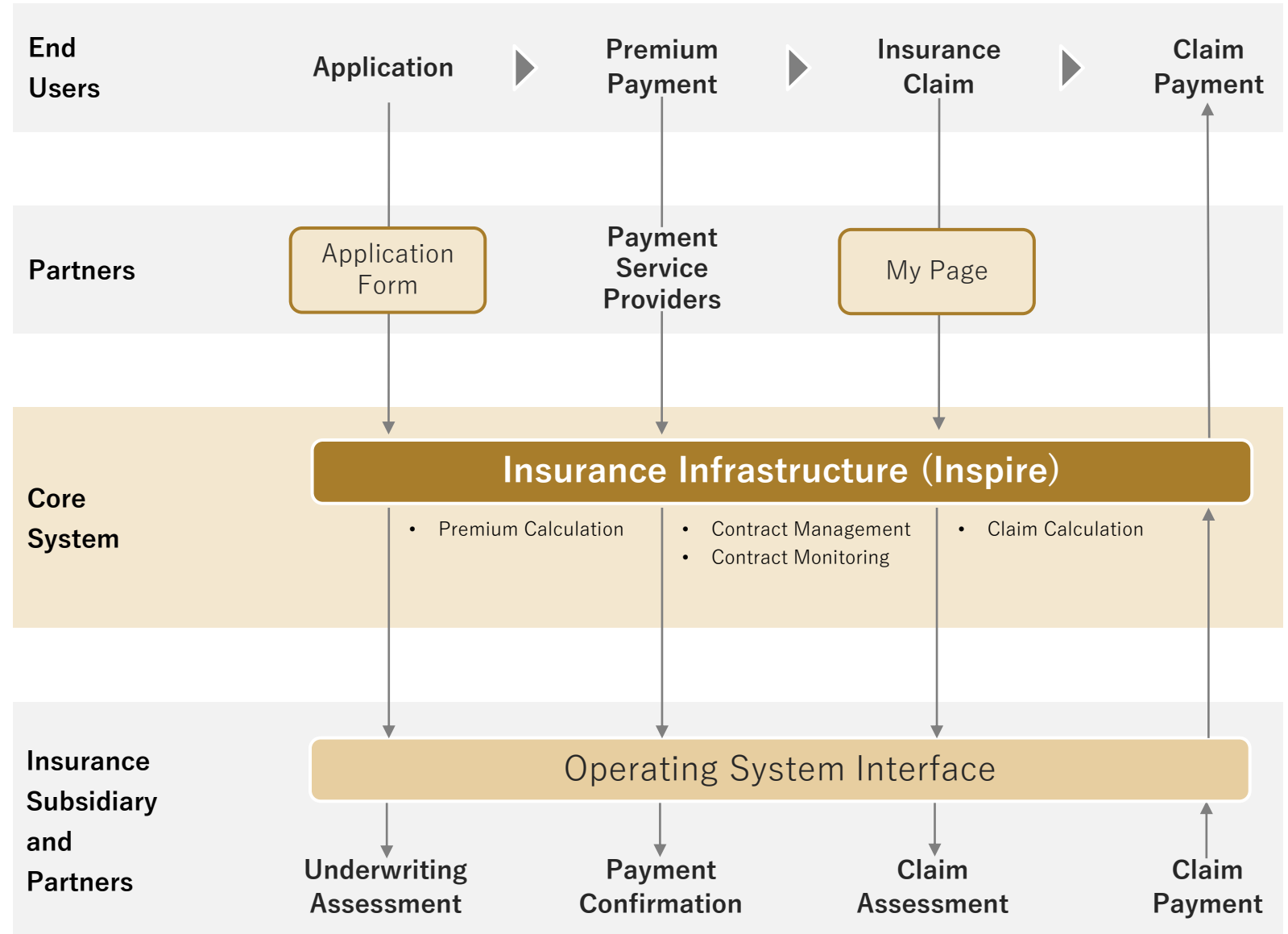




## (2) Inspire

Cloud-native, API-based infrastructure “Inspire” for insurance providers.

Enables partners to expand their business by putting new insurance products on the market in a short time with low cost.



## Partners

We support to numerous partner companies, mainly major enterprises.

### Brokerage Infrastructure

Credit Saison

ANA X

Seven Bank

GCI AM

Nissay AM

Saison AM

Japan AM

Financial  
Standard

Amber AM

CS Asset

Unpublished

Stream  
(Owned)

### Insurance Infrastructure

Aioi Nissay Dowa  
Insurance

Kyoei Fire & Marine  
Insurance

EPOS Small Amount  
Short-term Insurance

Mitsui Sumitomo  
Insurance

MUFG Bank

Nissay Plus Small  
Amount Short-term  
Insurance

Tokio Marine & Nichido  
Fire Insurance

MST Insurance Service

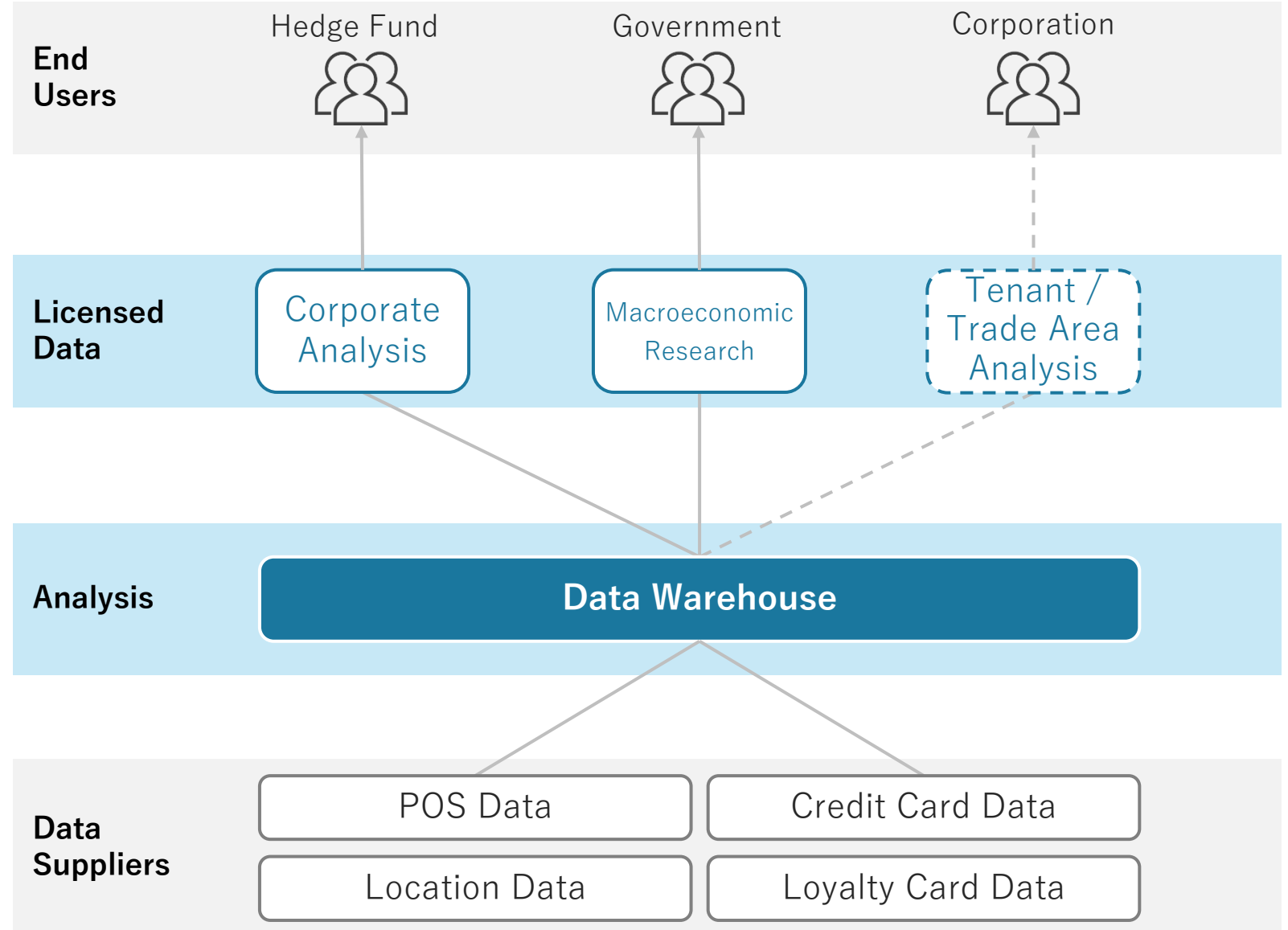
Smartplus Small  
amount Short-term  
Insurance

1. As of Mar 31, 2024

## Overview





An alternative data provider for institutional investors and governments.

Receives data from third-party data suppliers and sells value-added data using proprietary technologies such as cleansing, mastering and modeling.



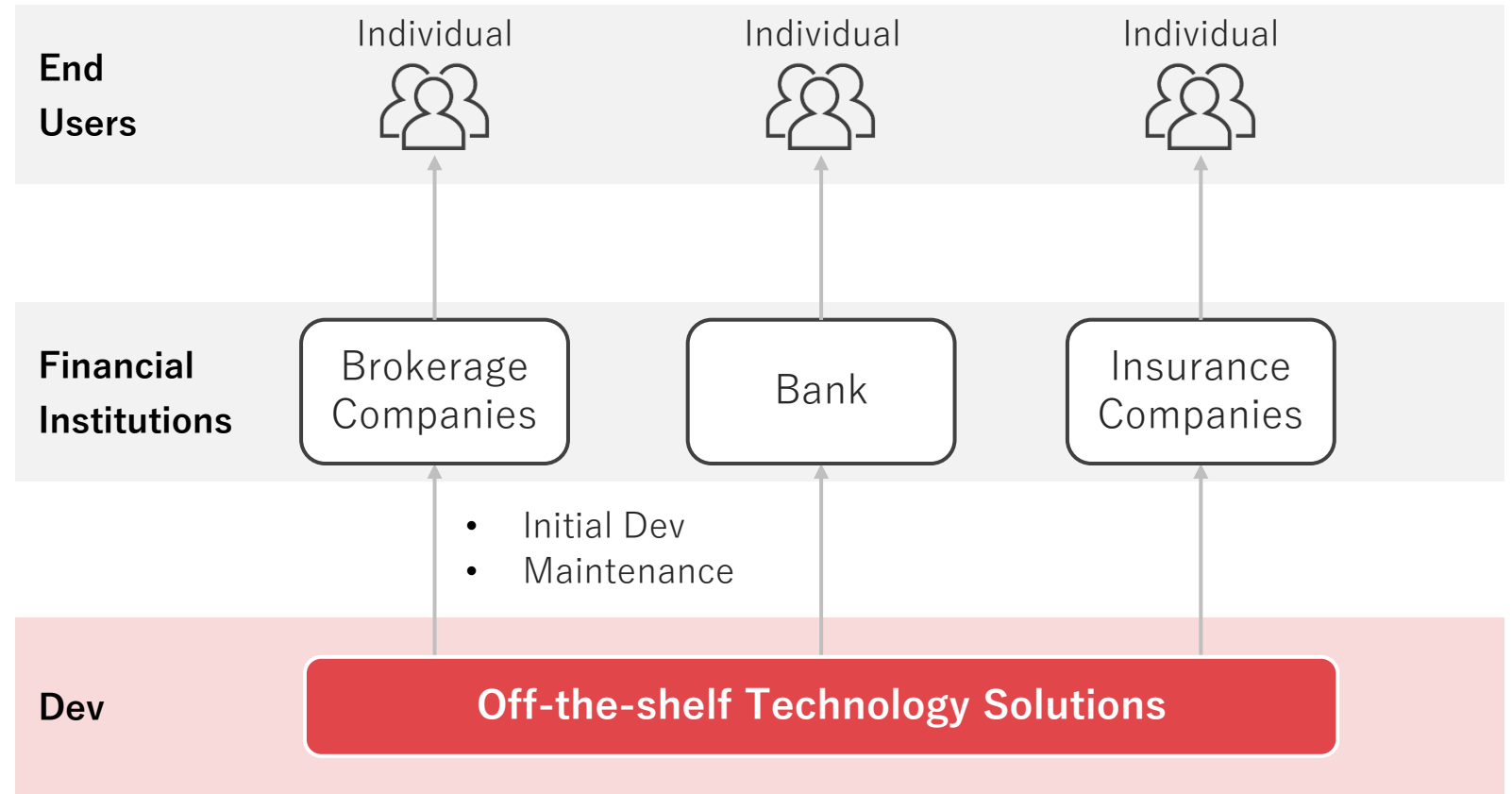
# Data License

Currently offer “Alterna Data” for corporate analysis; and “Nikkei CPI NOW”, “JCB Consumption NOW” and “HRog Wage NOW” for macroeconomic research.

	Data Services for Corporate Analysis	Data Services for Macroeconomic Research
<b>Overview</b>		  
<b>Overview</b>	<ul style="list-style-type: none"> <li>Provide insights for corporate analysis, such as sales, product unit prices, and customer unit prices</li> </ul>	<ul style="list-style-type: none"> <li>Offer price indices, consumption indices, and wage indices with higher frequency and faster reporting than official statistics</li> </ul>
<b>Data Partners</b>	<ul style="list-style-type: none"> <li>Nikkei</li> <li>True Data</li> <li>KDDI</li> <li>CCC Marketing</li> <li>BCN</li> <li>HRog etc.</li> </ul>	<ul style="list-style-type: none"> <li>Nikkei</li> <li>JCB</li> <li>HRog</li> </ul>
<b>Data</b>	<ul style="list-style-type: none"> <li>POS data</li> <li>Location data</li> <li>Loyalty card data</li> <li>Credit card data</li> <li>Job advertisement data</li> <li>Electronic receipt data</li> <li>TV commercials data</li> </ul>	<ul style="list-style-type: none"> <li>POS data</li> <li>Credit card data</li> <li>Job advertisement data</li> </ul>

# Overview

Develops front-end applications and provides off-the-shelf technology solutions to financial institutions to accelerate their DX.



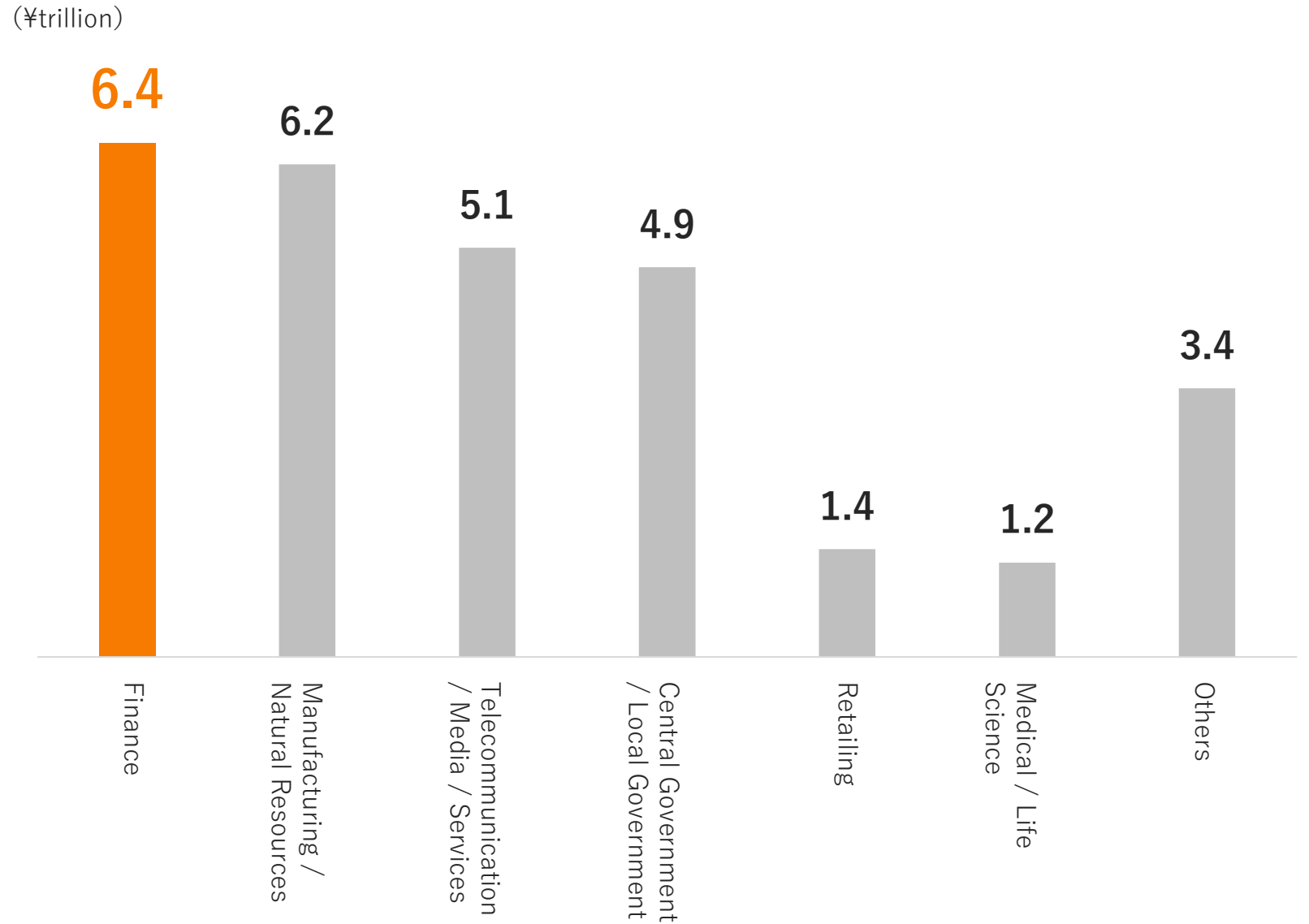
- Clients (Published)**
- KDDI
  - Daiwa Brokerage
  - Nomura Holdings
  - Rakuten Brokerage
  - MUFG Bank
  - SMBC Nikko
  - Nomura Asset Management
  - GMO Click Brokerage

# FINANCIAL SERVICES INDUSTRY TRENDS

# Technology Spending

Annual IT spending in the financial industry is expected to be ¥6.4 trillion, the highest in Japan by industry.

### Japan IT Spending Forecast by Industry (2022)



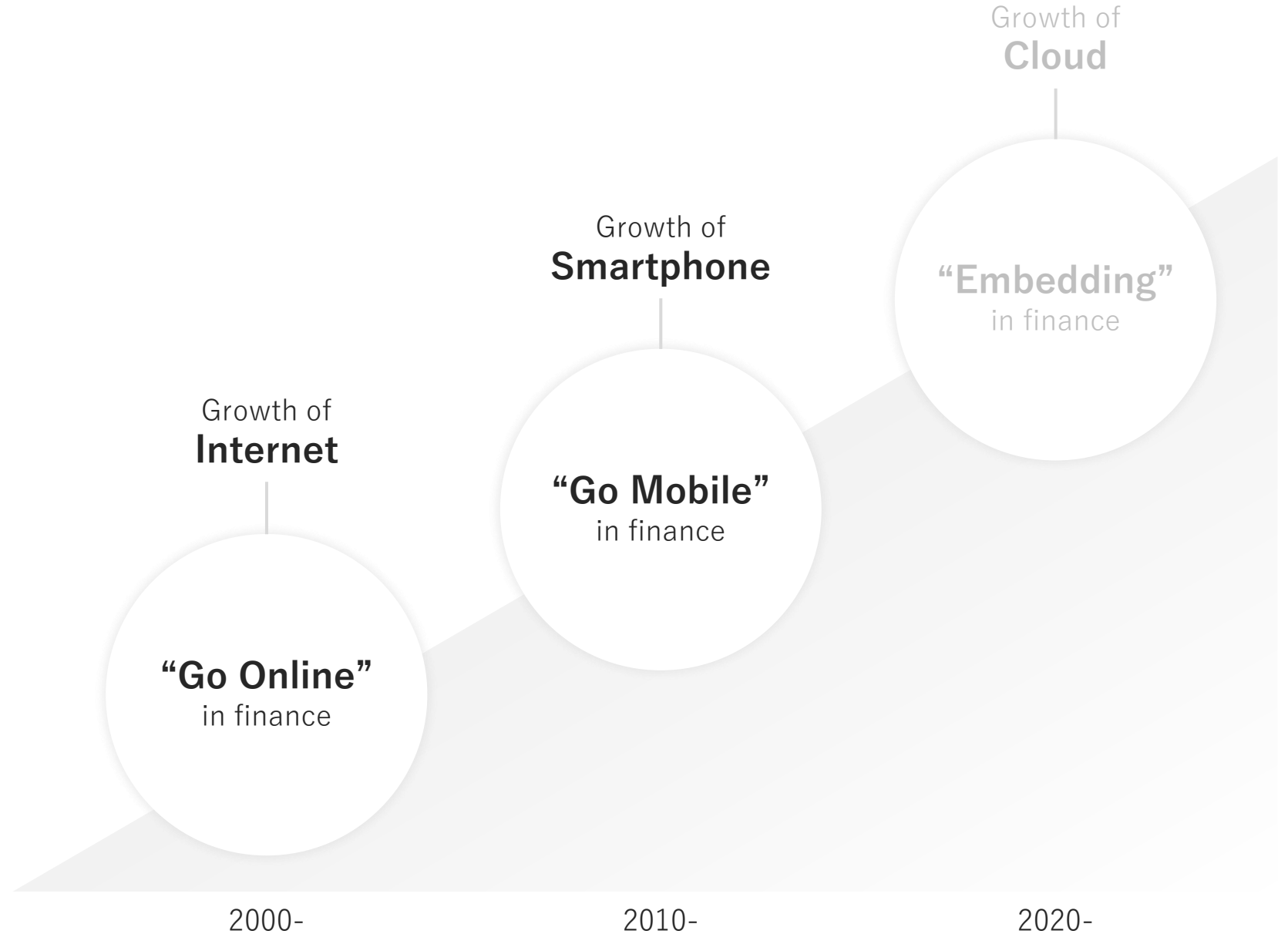
Credits: Gartner (2023/02/27)

## INDUSTRY TRENDS

# Industrial Transformation

In the 2000s, the financial industry went online, which significantly reduced fees with lots of new features.

Although going mobile has further improved usability, technological advancement has enabled everyone to provide high-quality services, making it difficult to differentiate only by fees, features and usability.

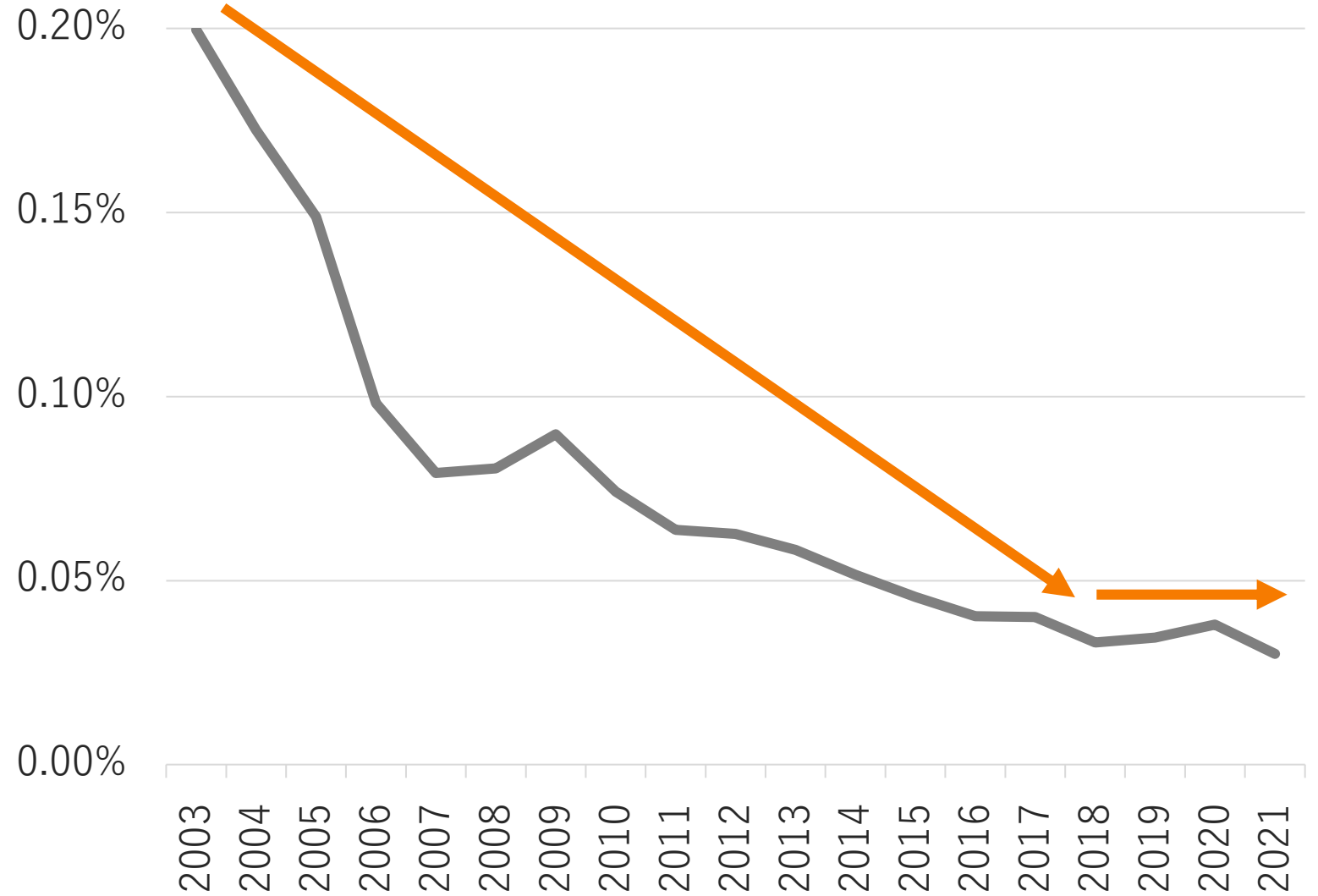




## INDUSTRY TRENDS

### Example: Brokerage Fee

The average brokerage fee has significantly decreased since 2003, but it has been leveling off since around 2018.



Credits: "Summary of Financial Results of TSE General Trading Participants", Japan Exchange Group

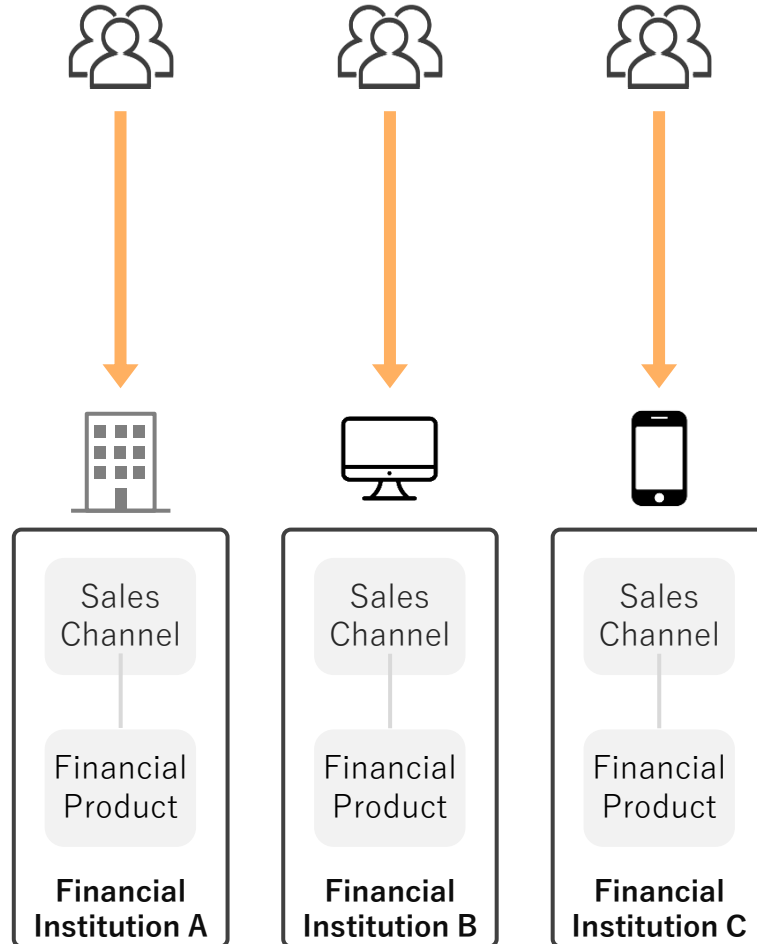
# “Embedding” in Finance

Difficulties in competitive differentiation resulted in higher advertising costs.

A new form of financial service has emerged which embeds financial products into services familiar to customers, rather than bringing customers to own sales channels.

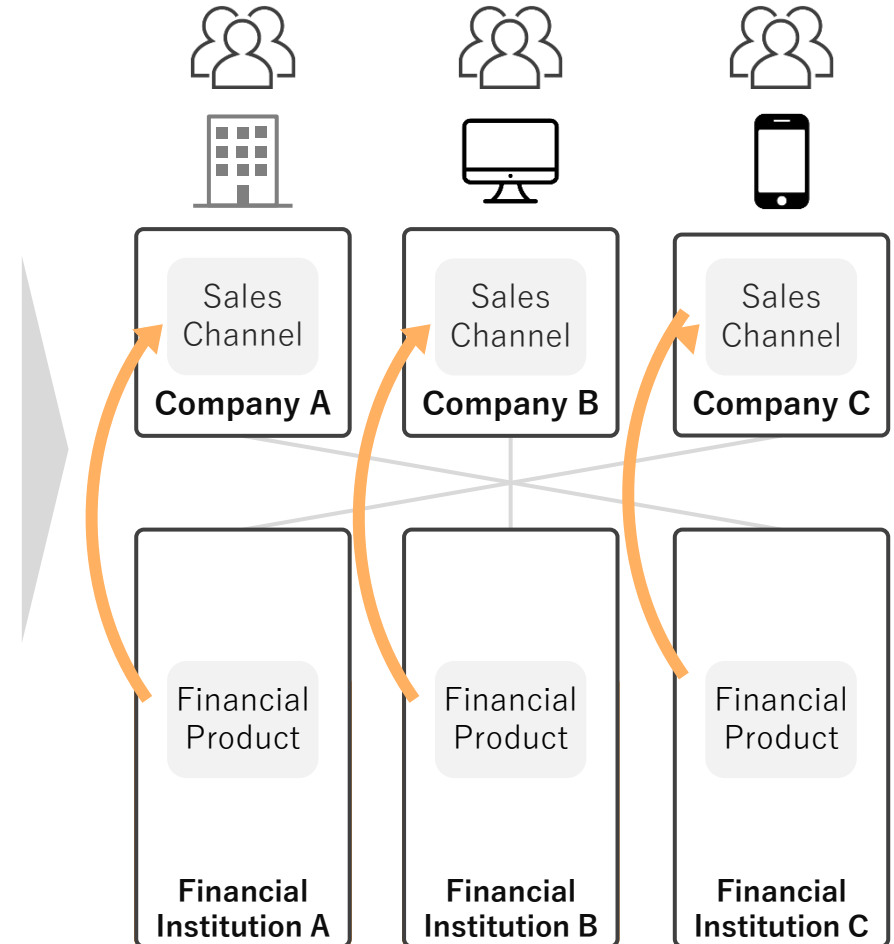
## Traditional Financial Industry

- Bring customers to own sales channels



## “Embedding” in Finance

- Embed financial products into everyday services of customers



### 2 Trends

In response to industry changes, players with a customer base leverage their touchpoints to offer financial services, resulting in an increase in **“1) new market entrants from different industries”**.

Meanwhile, existing financial institutions also strengthen their online customer touchpoints by **“2) providing digital services”**.

**1) New Market Entrants from Different Industries**

**2) Digital Brands by Existing Financial Institutions**

## Example 1: New Market Entrants

Seven Bank has launched a service called “Okaimono Toushi Korekabu”, which enables customers to invest while shopping, using our Brokerage Infrastructure “BaaS”.

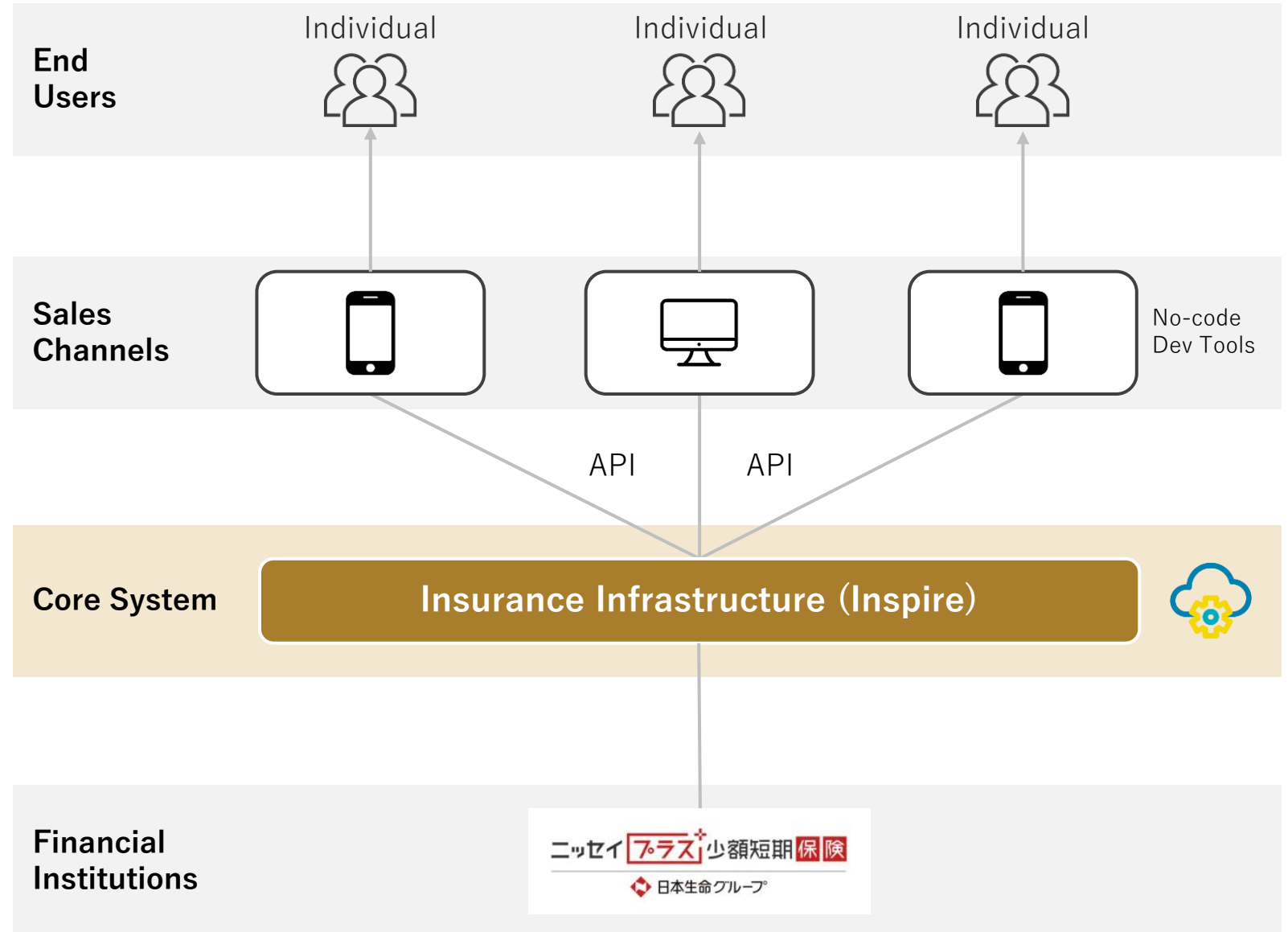


- Target Users: “My Seven Bank” app users
- Products offered: Trading of Japanese and US stocks / accumulation trading (about 300 stocks)
- Main features: one-stop shop, starting from a few hundred yen per share
- Roles: Seven Bank (registered financial institution) and Smartplus (type 1 financial instruments business operator)

## FINANCIAL INFRASTRUCTURE

### Example 2: Digital Brands by Existing Financial Institutions

Nippon Life Insurance has established Nissay Plus Small-Amount Short-Term Insurance to promote digital sales and has adopted Inspire as its core system.

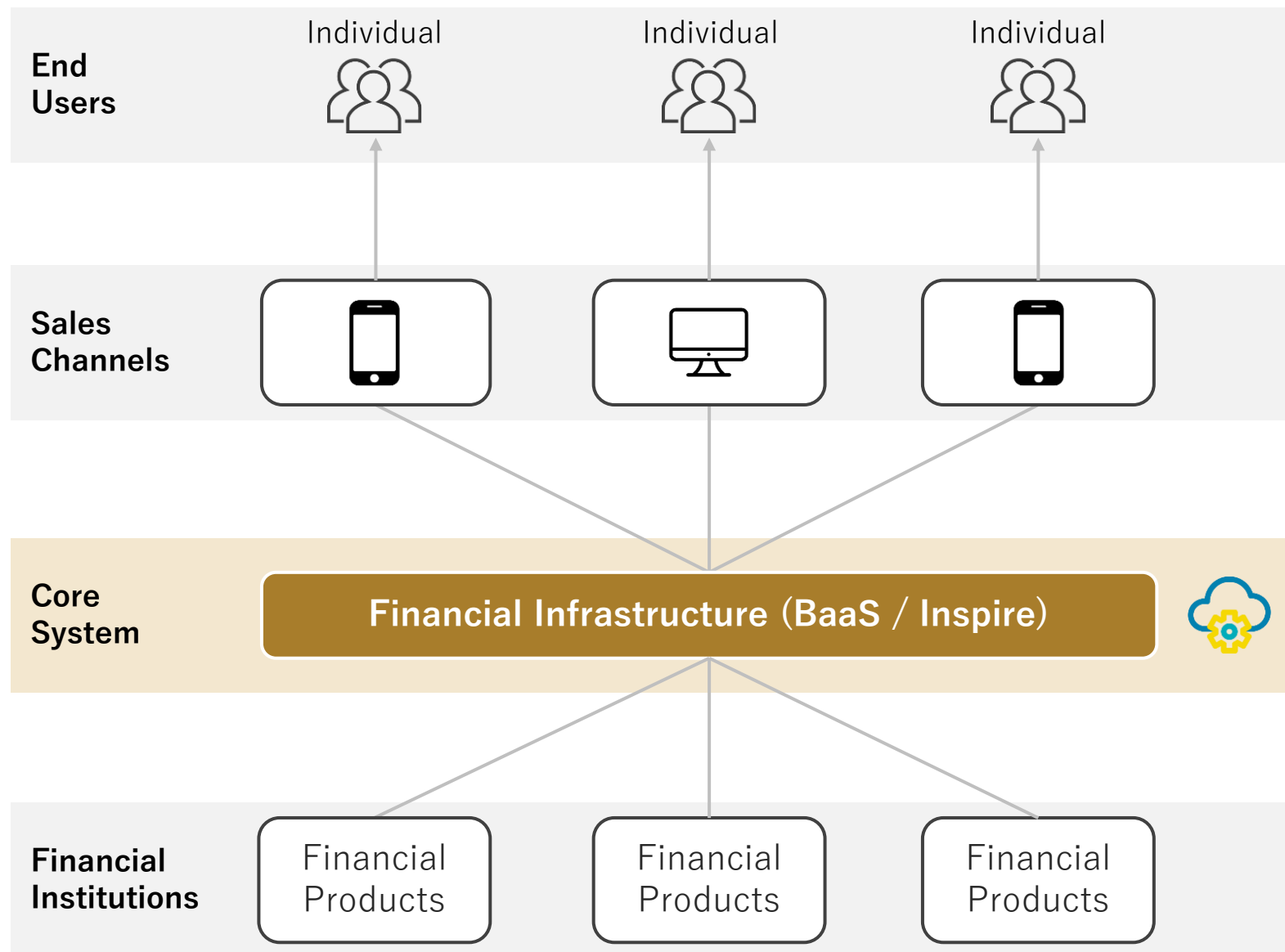


# STRENGTHS OF FINANCIAL INFRASTRUCTURE

## FINANCIAL INFRASTRUCTURE

### Core Systems for Embedded Finance

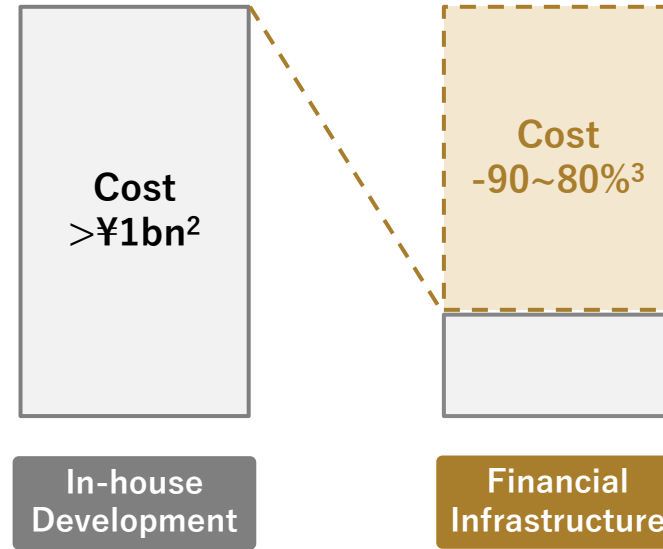
Provide a cloud-based, next-generation core system that connects “financial institutions” that compose and manage financial products, with “sales channels” that interface with end-users. Support new market entries and the launch of new digital brands for financial institutions via system provision.



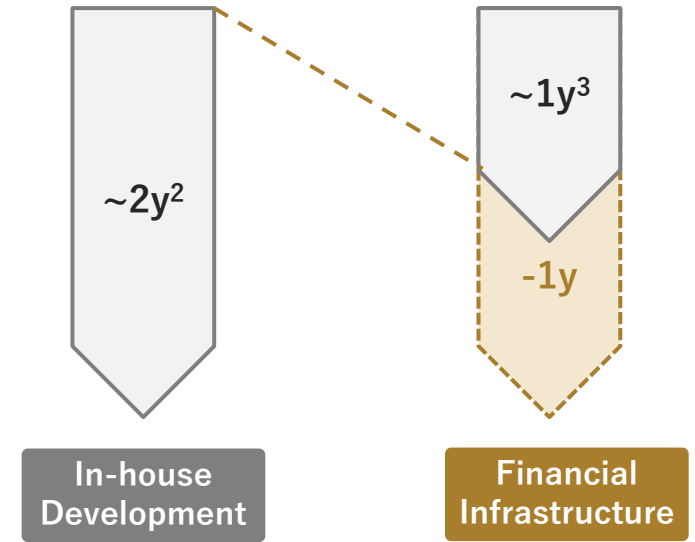
# Competitive Edge

Our financial infrastructure could significantly reduce costs and time of development.

## Significant Reduction in Implementation Costs<sup>1</sup>



## Reduction in Development Time<sup>1</sup>



## Customer Stories

Excerpt from Interview with Mitsumoto, CEO of Nissay Plus Small Amount Short-term Insurance  
 “We launched the first product with common features in 9 months. Compared to on-premise setup, we were able to shorten the time by more than half and cut 2 zeroes from the cost.”

Credits: Nikkei FinTech (2022/05)

1. Example of starting brokerage business as Type 1 financial instruments business operator, by comparing the cost and time of system development (brokerage business middle back system, brokerage frontend, web/mobile application) based on our internal estimates.
2. In the case of entering the brokerage industry
3. In the case of BaaS (Brokerage Infrastructure)



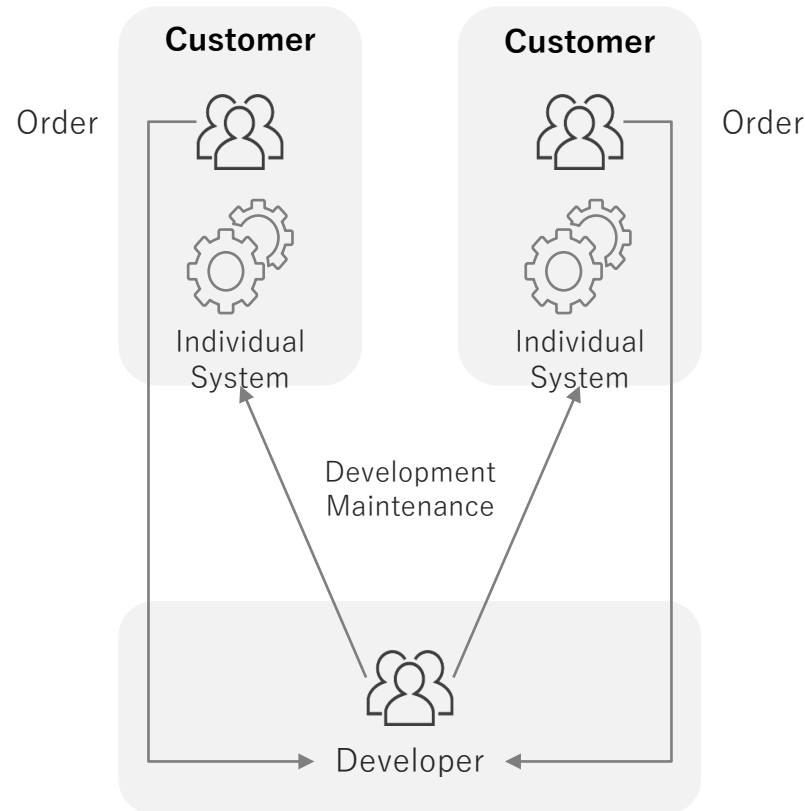
# Technical Superiority

Core systems have been being delivered individually as packaged software.

Our financial infrastructure is SaaS-based and provided as a common system, significantly reducing the cost and time required for implementation.

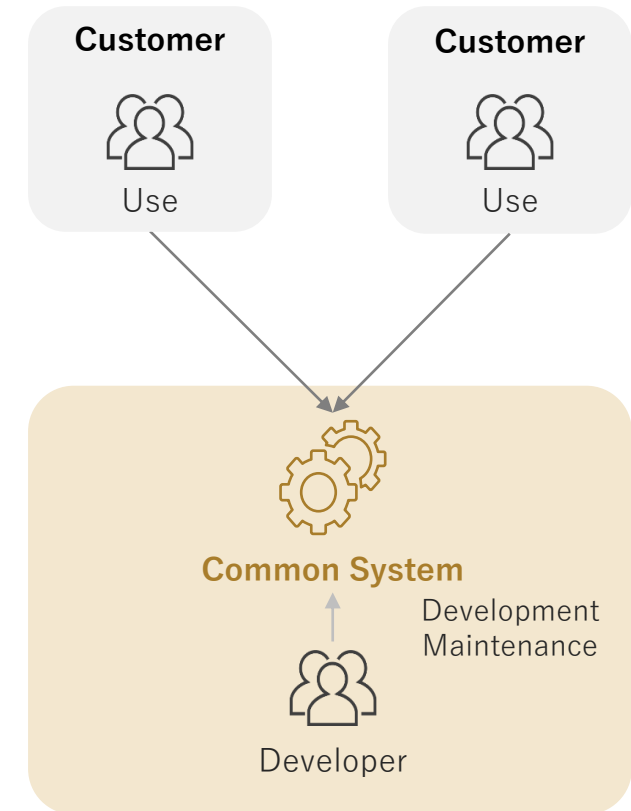
## Traditional Packaged Software

Delivery Method **Individual Delivery**  
Server **On-premises**  
Components **Monolith**



## Our Financial Infrastructure

**System Access (SaaS type)**  
**Cloud**  
**Microservices**



## Technical Superiority

In providing online services, it is crucial to have low operational costs, fast improvement speed, and easy external integration.

For this reason, even financial institutions that already possess core systems are adopting our financial infrastructure as a separate and dedicated core system for online purposes.

## SaaS model

- As online services tend to have lower unit prices, it is essential to keep operational costs low.
- By using a SaaS model, monthly system maintenance costs can be minimized.

## Microservices

- For online services, it is crucial to make speedy improvements based on user usage.
- With a loosely coupled front-end and core system, it is possible to make speedy improvements to the service.

## API integration

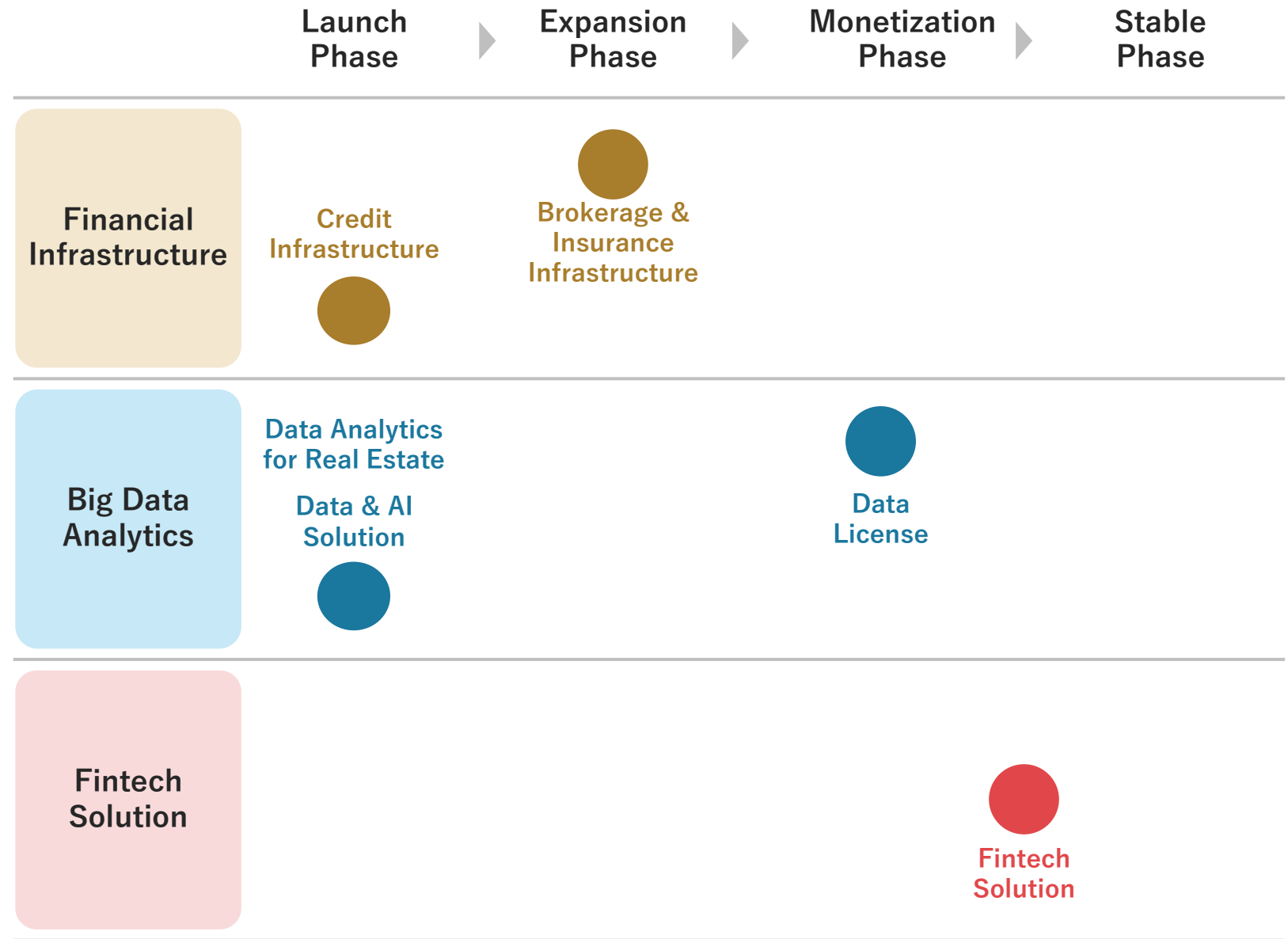
- Integration with external services is important for online services.
- With a cloud-based solution, smooth API integration is possible.

# GROWTH STRATEGY

# Strategy Highlights

Top priority is to increase market share by acquiring new partners in Financial Infrastructure.

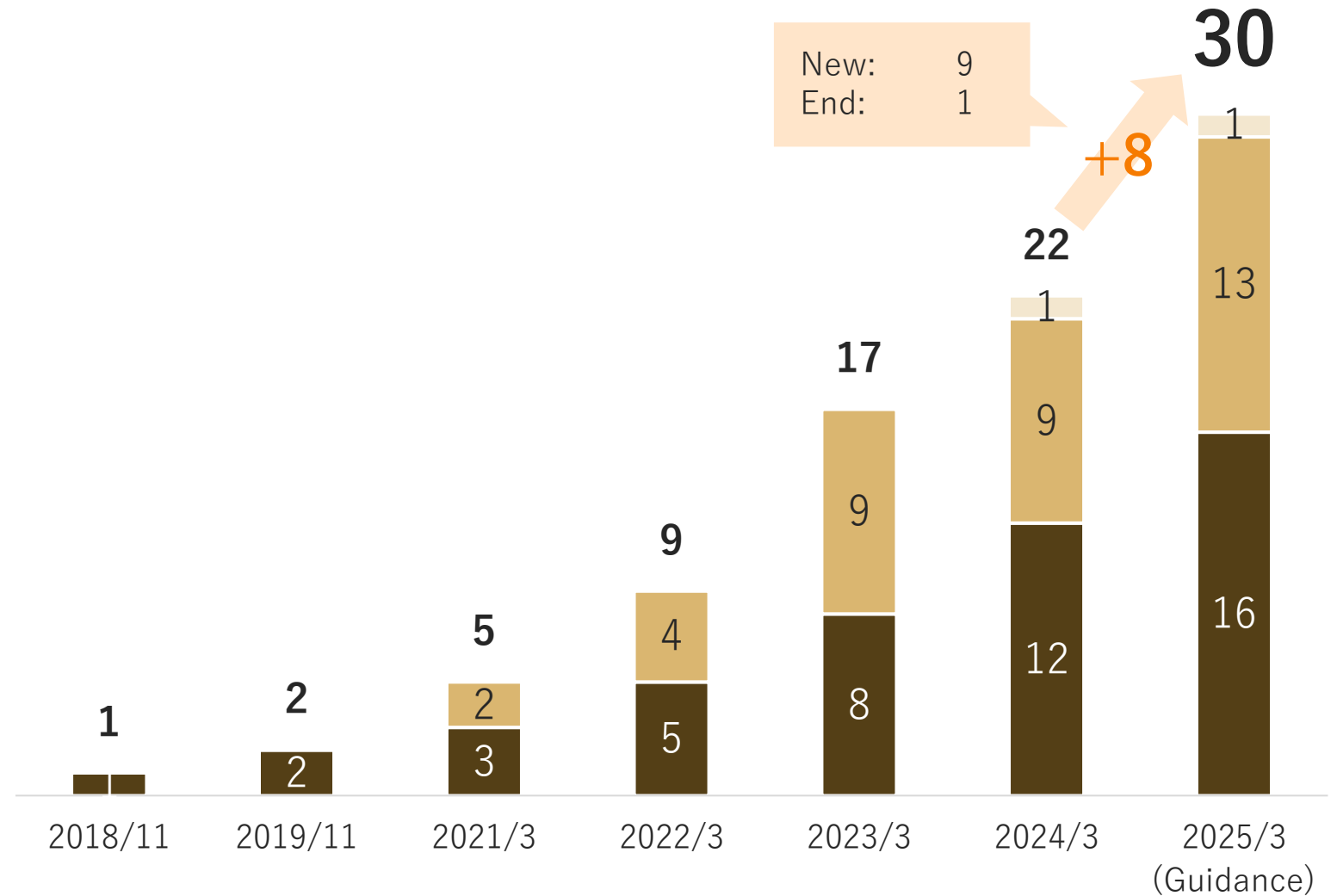
While maximizing the profits of existing Data License business and Fintech Solution, we will launch new products for LLM.



## FINANCIAL INFRASTRUCTURE

# Acquisition of New Partners

Focus on expanding our market share by acquiring new partners for Financial Infrastructure.



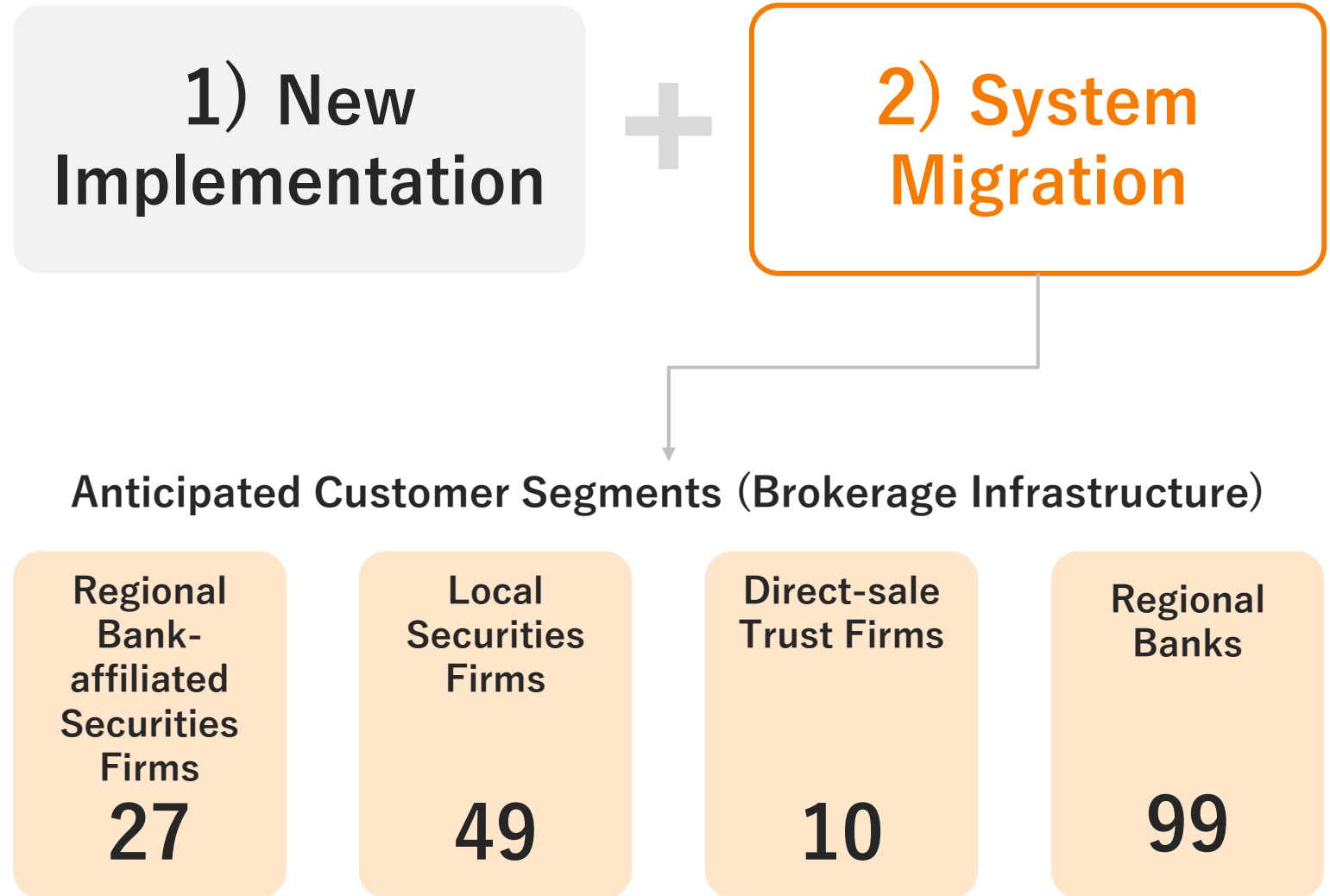
■ Brokerage Infrastructure    ■ Insurance Infrastructure    ■ Credit Infrastructure

## FINANCIAL INFRASTRUCTURE

### Continuous Partner Acquisition

We had only tackled “**New Implementation**” until last fiscal year, when we secured our first “**System Migration**” project, which involves transitioning from an existing system.

Moving forward, we will also focus on acquiring “**System Migration**” projects.



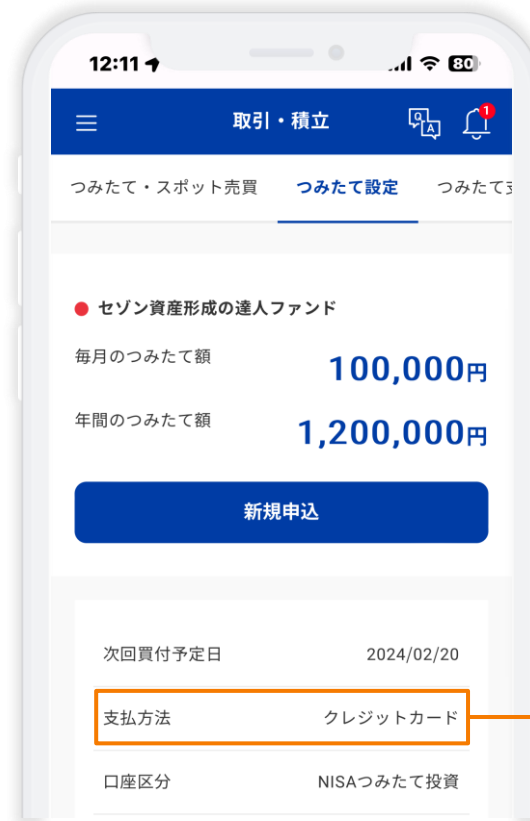
Source: based on our internal research

## Launch of First System Migration

Saison AM started a new online trading service “Saison To Tsuzuku” with our brokerage infrastructure BaaS in Jan 2024.

It was our first system migration project for financial institutions with customer accounts.

## Saison AM “Saison To Tsuzuku”



Feature 1: Integration with Saison Card allows periodic investment via credit cards.



Feature 2: Long-term periodic investment helping tools and investor-oriented features of total assets and allocations at-a-glance.

### Project Overview

- Saison AM had been considering DX of the system, along with the response to the new NISA scheme.
- With our brokerage infrastructure BaaS, not only was the adaption to the new NISA scheme implemented, but the entire process from account opening, mutual fund buy/sell, and support became possible to complete via smartphones.
- Furthermore, the improvement of UI/UX for back-office features was also achieved through BaaS.

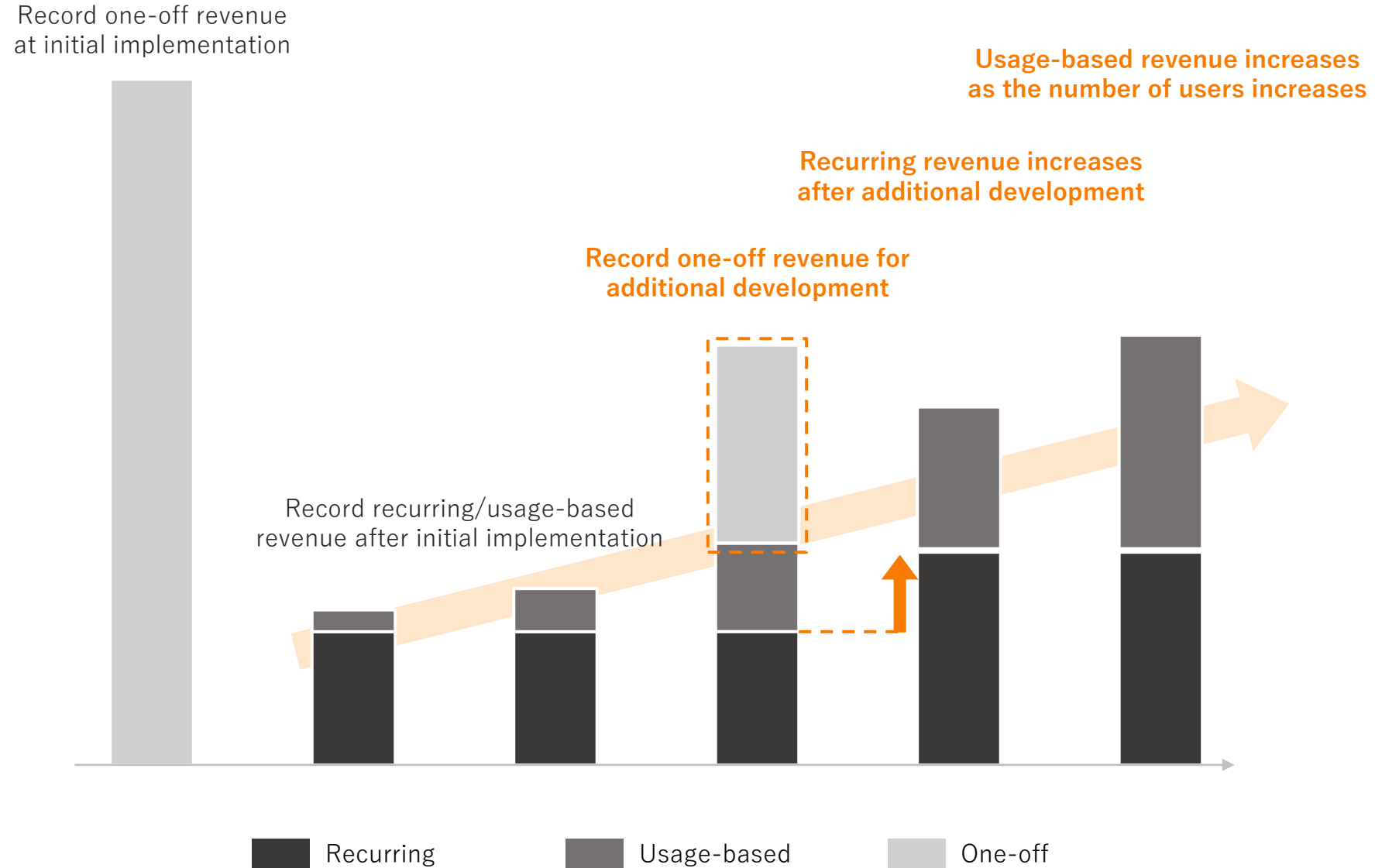
## FINANCIAL INFRASTRUCTURE

### Expansion Revenue from Existing Partners

Aim to **expand usage-based revenue for increase in the number of users** of financial services using our infrastructure in the mid-term.

Also seek growth through **increasing one-off revenue and recurring revenue** from adding features and sales channels of our existing partners.

### Revenue Recognition Per Partner Simulation

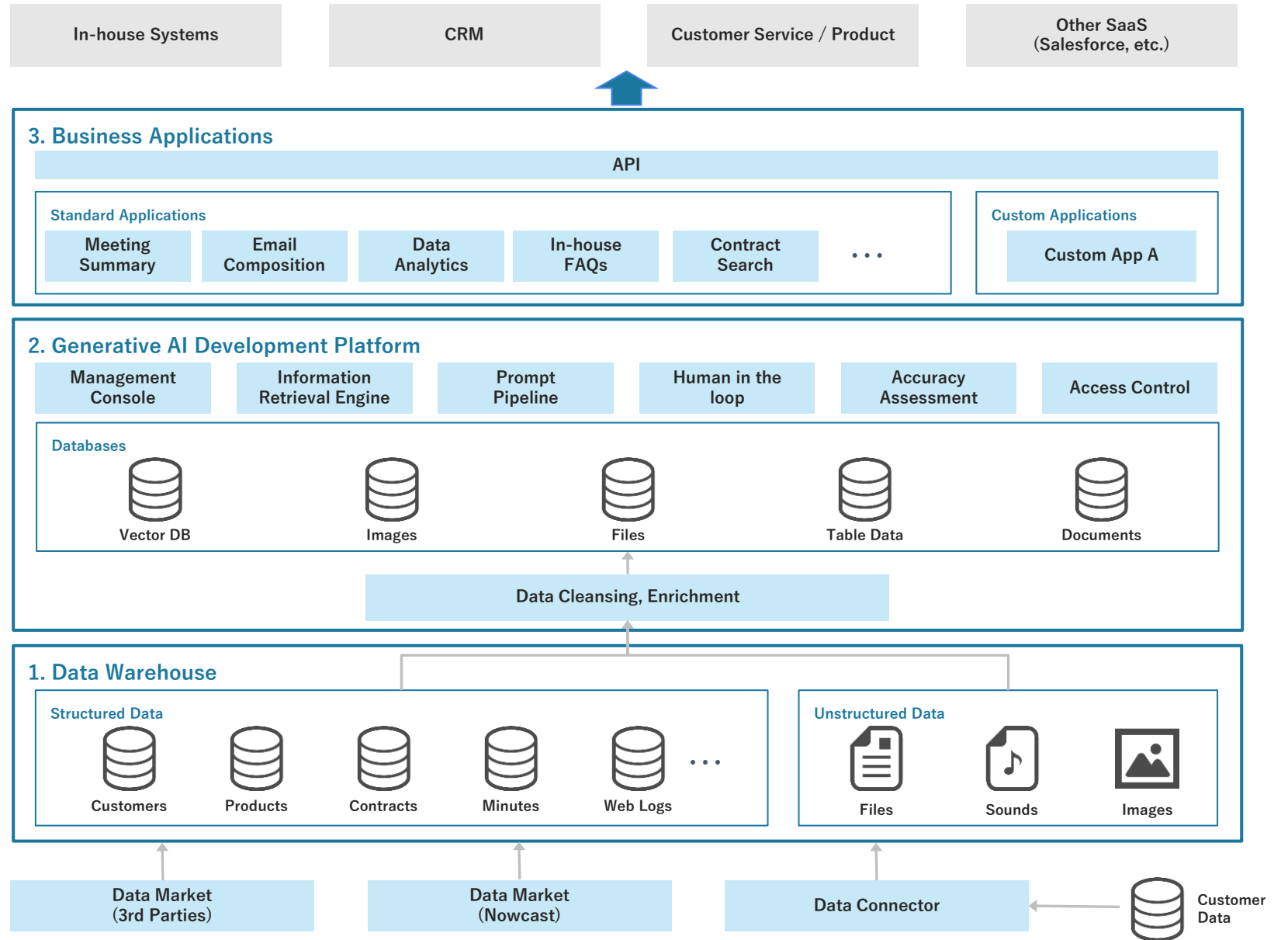




## Generative AI Business

Focus on generative AI businesses beside Financial Infrastructure.

Aim to comprehensively package and provide everything from data warehouses to business applications by utilizing the know-how accumulated in building data warehouse.

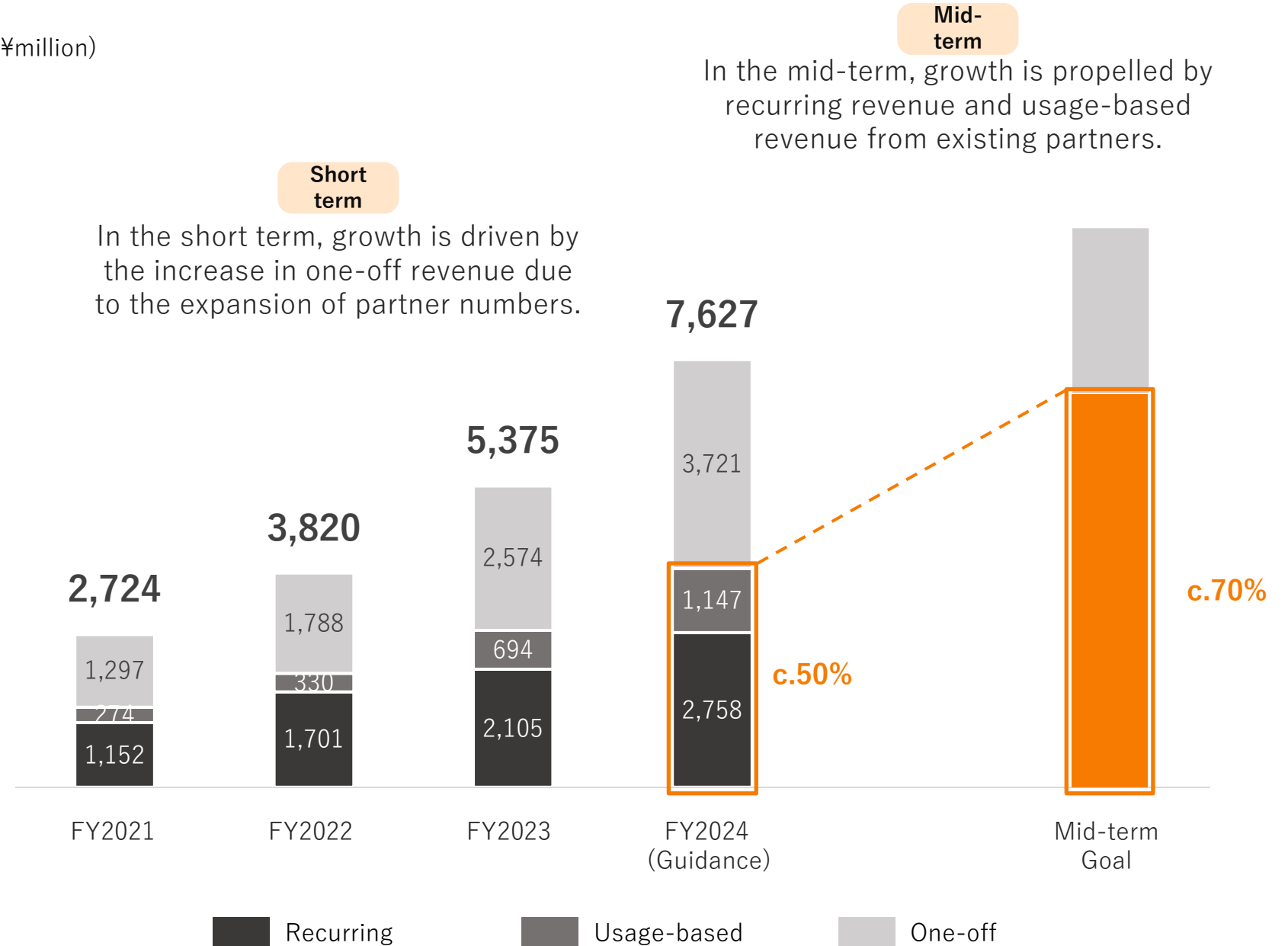


# Revenue Growth Simulation

Prioritize share expansion and aim to increase the number of partners, which leads to a higher ratio of **one-off revenue** in the short term.

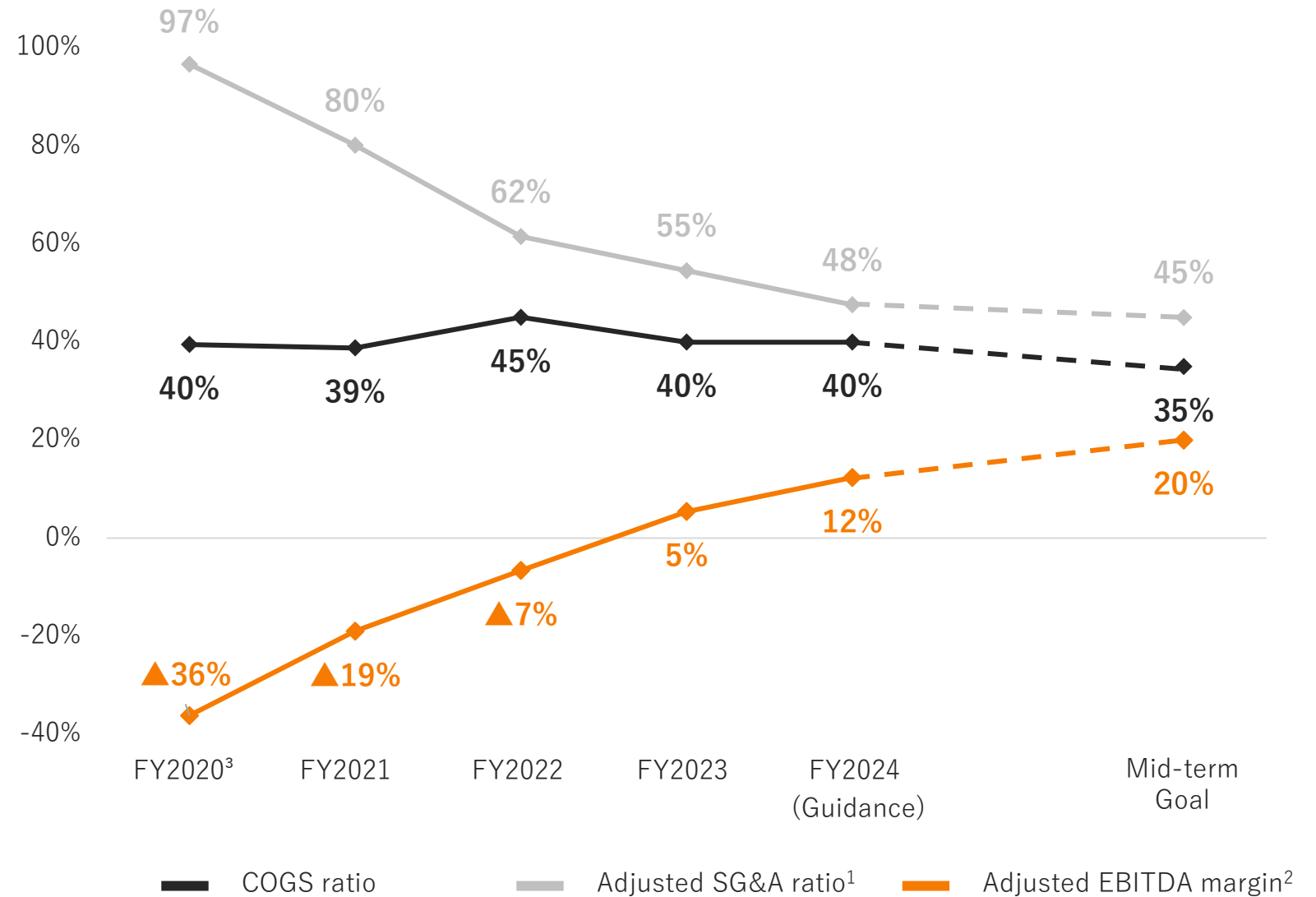
Am to increase **recurring revenue** and **usage-based revenue** from existing partners and raise continuing revenue to c.70% in the mid-term.

(¥million)



# Mid-term Forecast

Goal in the mid-term is to achieve adj. EBITDA margin of about 20% with lower SG&A ratio.



1. Adj. SG&A expense = SG&A expense - Depreciation and amortization - Stock-based compensation expense ± Other adjustments  
 2. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments  
 3. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

# FY2023 FINANCIAL RESULTS

# Financial Summary

Revenue was ¥5,375m (+41% YoY), mostly in line with guidance.

As for profits, profitability achieved for the first time since IPO.

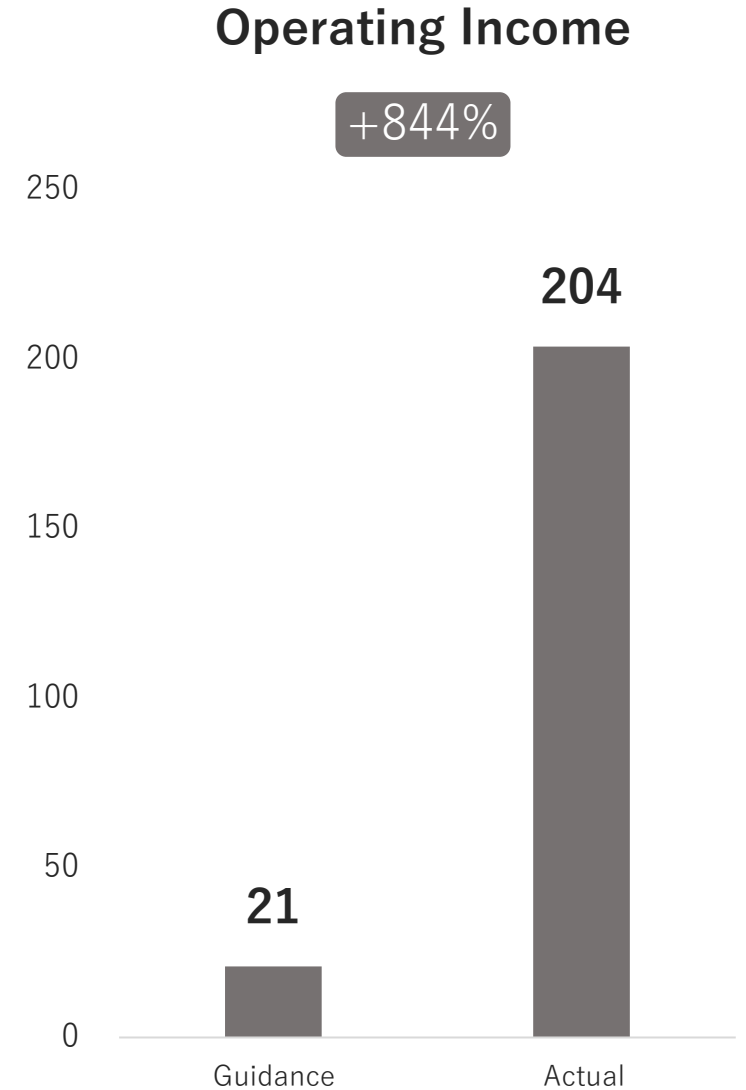
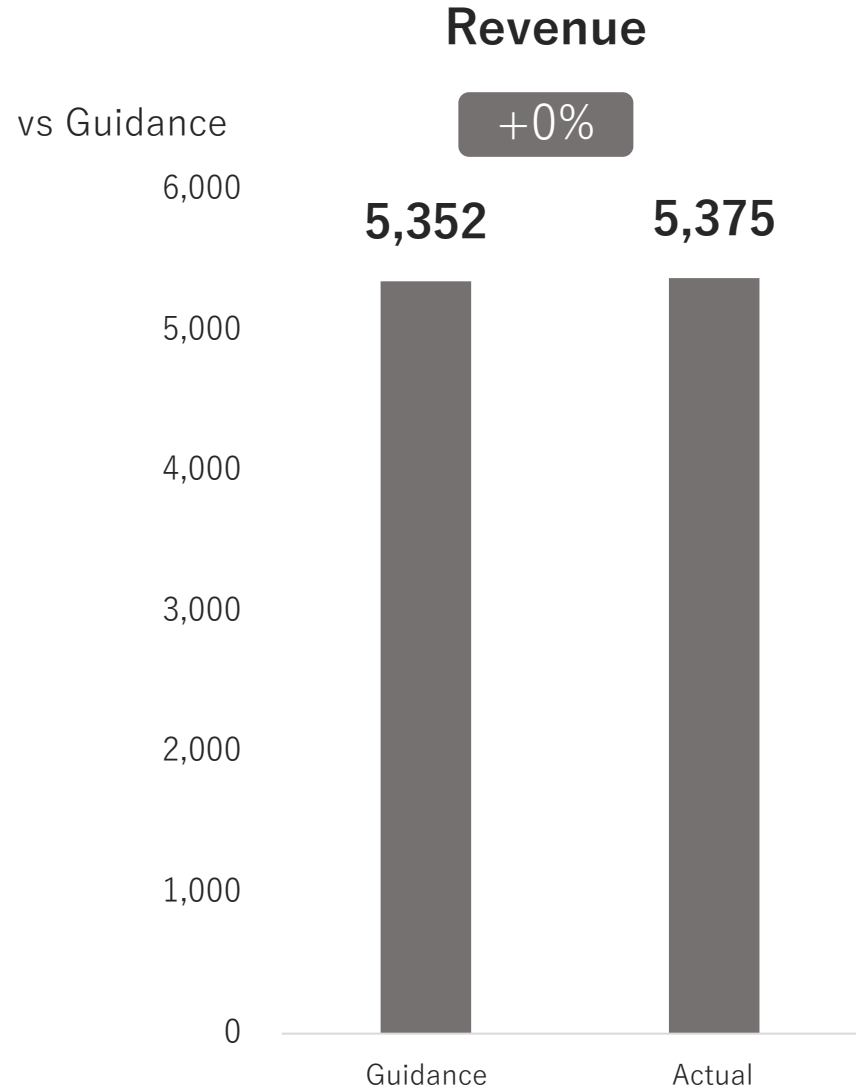
Net income attributable to owners of parent was much higher than expected, despite recording of special loss on trust-type SO.

(¥million)	FY2023 Full-Year	FY2022 Full-Year	YoY	Major Factors
Revenue	5,375	3,820	+ 41%	• Increase in one-off and usage-based revenue due to rise in Financial Infrastructure partners drove the overall growth
COGS	2,150	1,721	+ 25%	• Rise in labor and outsourcing expenses due to new projects
COGS Ratio	40%	45%	-	
Gross Profit	3,225	2,099	+ 54%	
SG&A	3,020	2,427	+ 24%	• Rise in labor expense and revenue sharing due to business expansion
SG&A Ratio	56%	64%	-	
Operating Income	204	▲ 328	-	
Operating Margin	4%	-9%	-	
Ordinary Income	194	▲ 324	-	
Net Income Attributable to Owners of Parent	▲ 78	▲ 388	-	• Recording special loss on trust-type SO and corporate tax on subsidiaries in the black

# Actual vs Guidance

Revenue was almost exactly as planned for Financial Infrastructure, Big Data Analytics, and Fintech Solution.

**Operating income improved significantly by +844% compared to the initial plan, recorded ¥204m.**

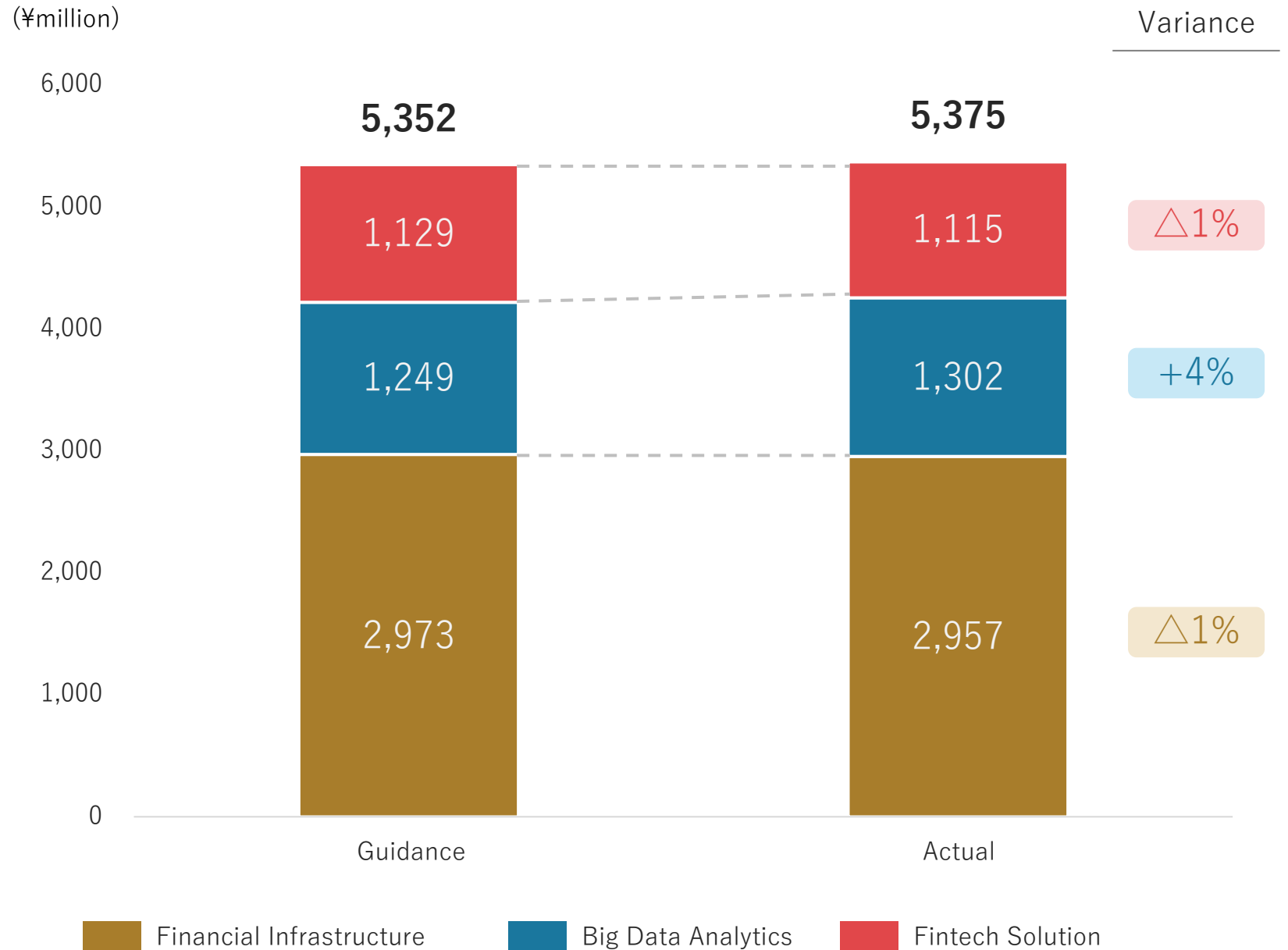


1. Revision of earnings forecast announced on April 22, 2024.

# GROUP

## Actual vs Guidance: Revenue by Segment

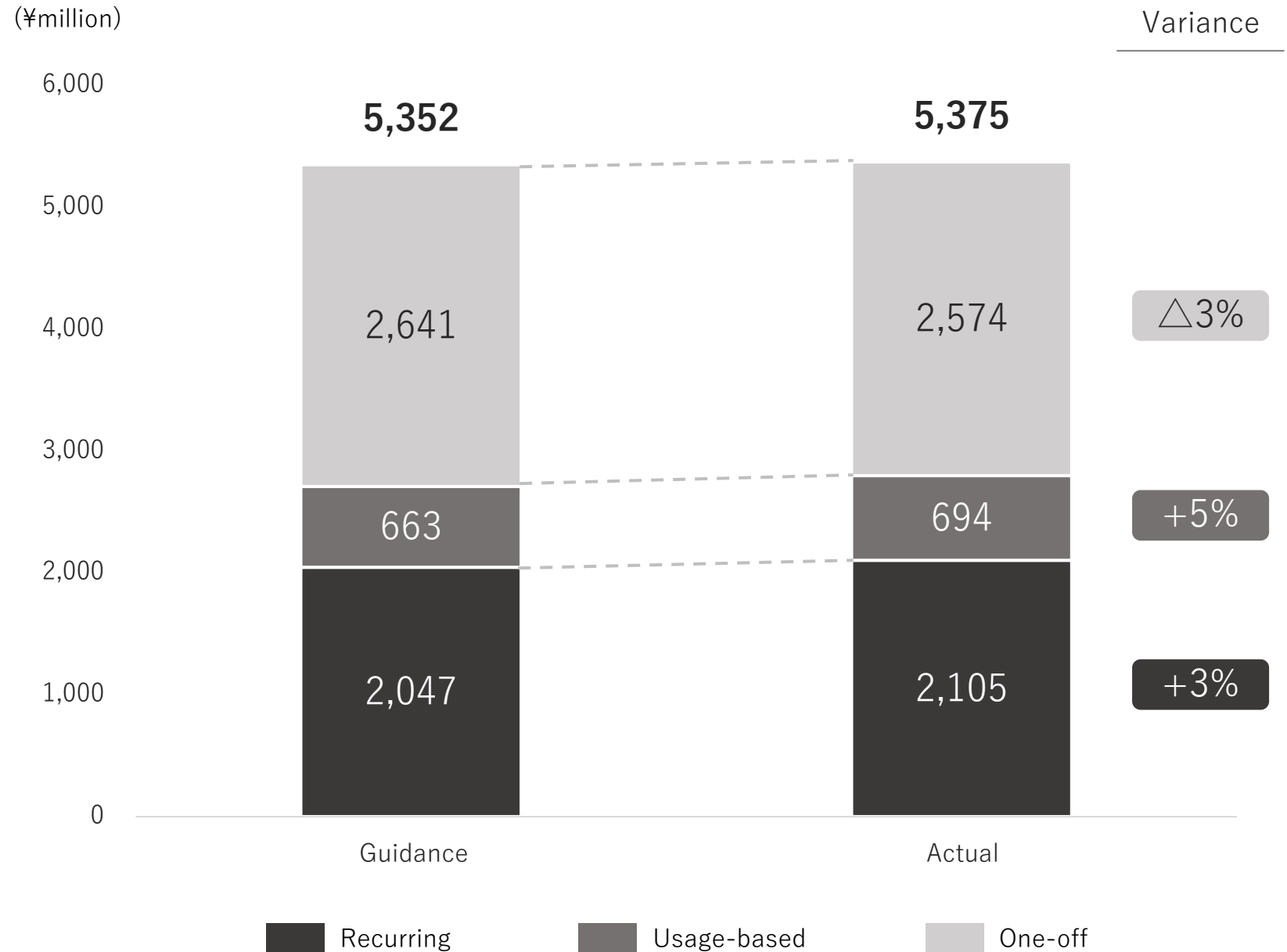
Landed almost exactly as planned, excluding the slight upward trend in Big Data Analytics due to factors like yen depreciation.



## GROUP

### Actual vs Guidance: Revenue by Type

Due to a lower initial adoption in the insurance business of our financial infrastructure, one-off revenue slightly underperformed. On the other hand, in the brokerage business, usage-based revenue slightly overperformed.



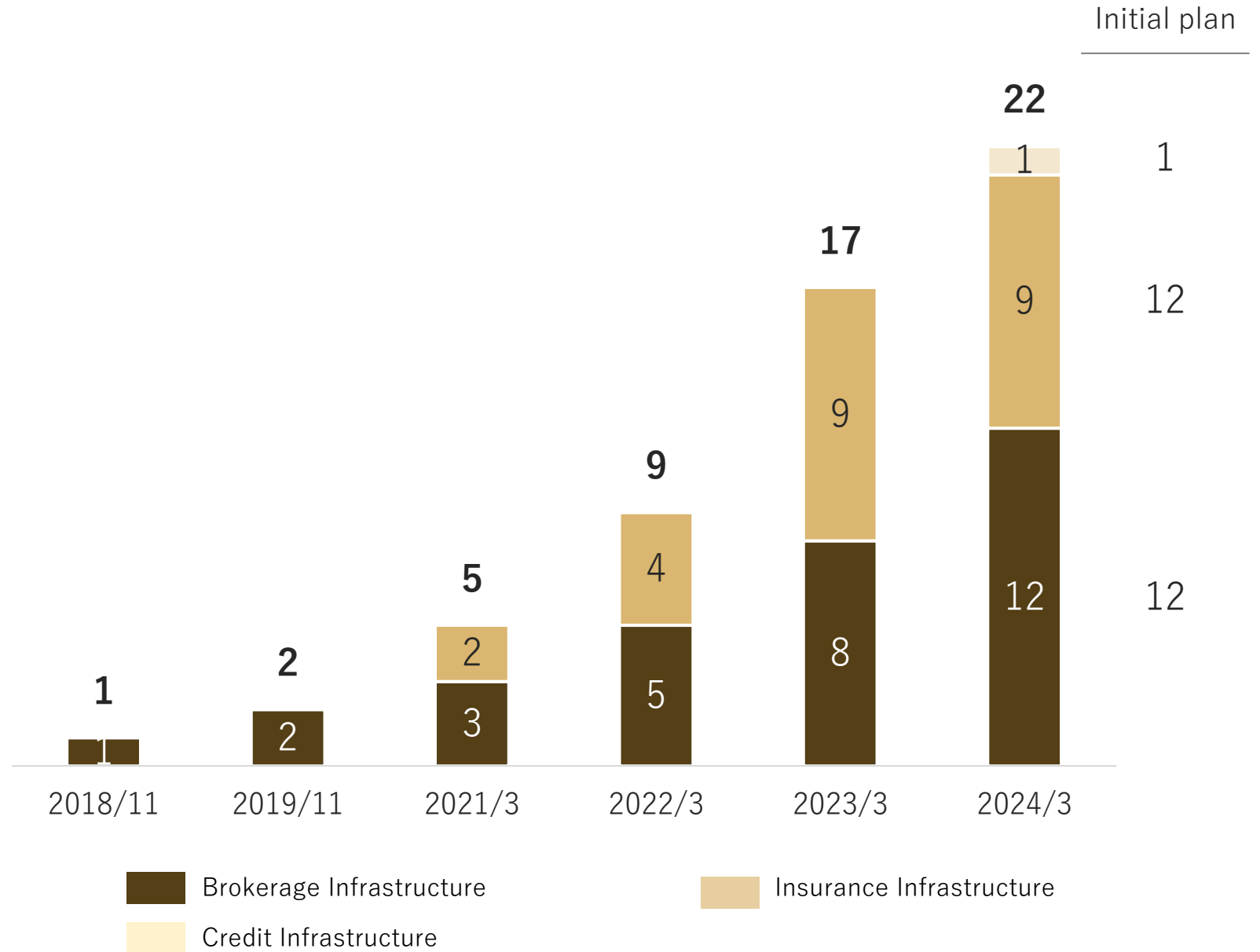


## FINANCIAL INFRASTRUCTURE

# Number of Partners

As to Brokerage, 4 partners introduced BaaS, and we achieved the target number of partners in the initial plan of 12.

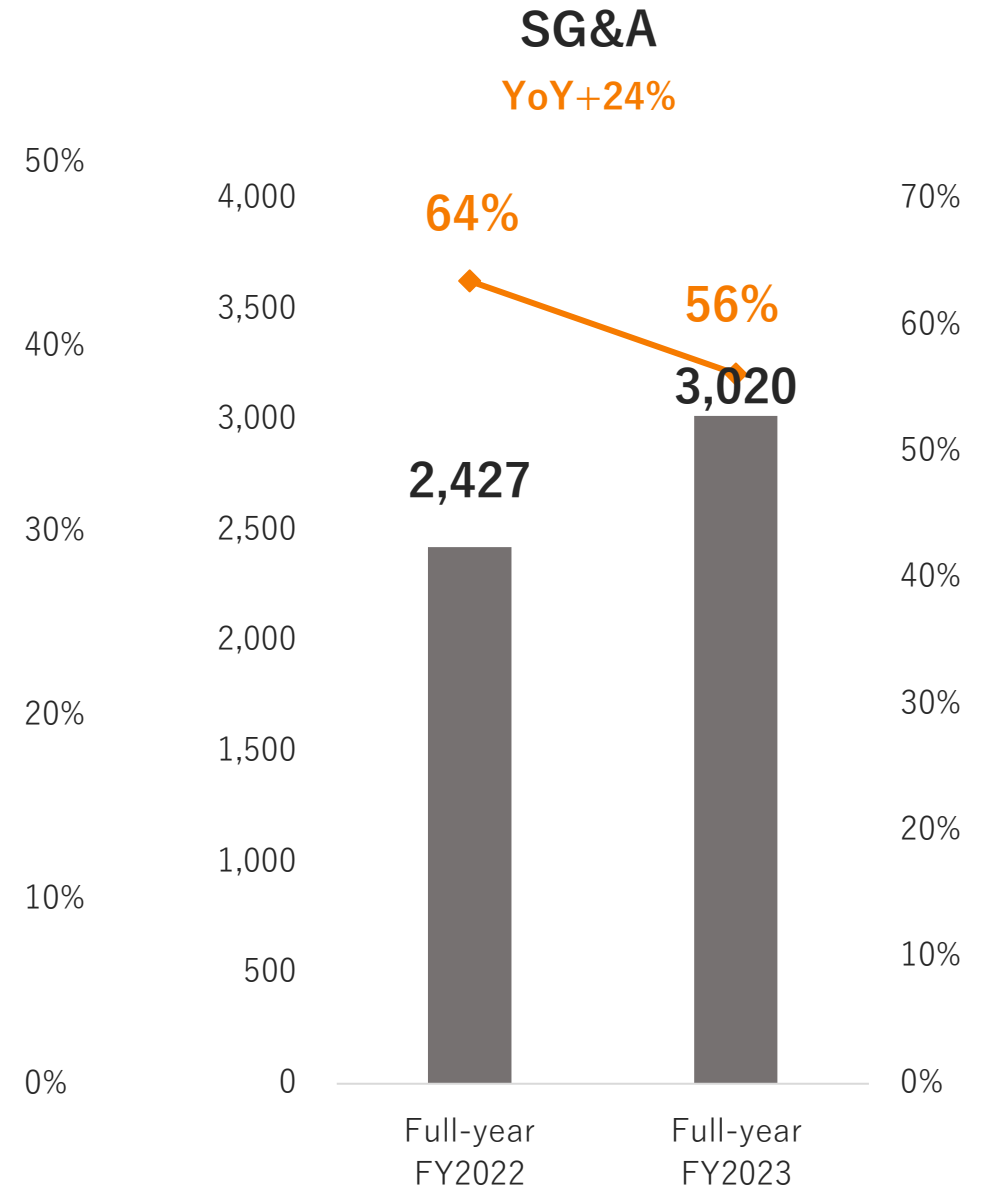
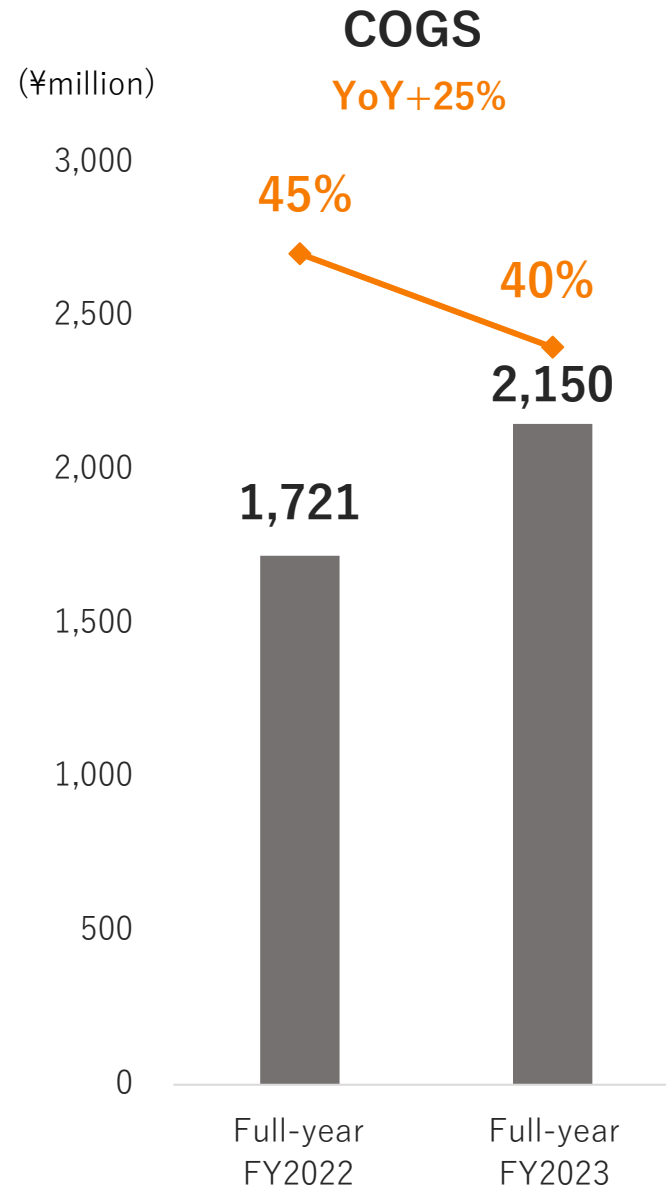
Since Insurance focused on additional projects for existing partners, and with postponement of new projects, no new acquisitions.



# COGS and SG&A

COGS increased by only +25% YoY, reducing COGS ratio to 40%.

SG&A expenses also remained at rise of +24% due to solid cost control, which led to a decrease in SG&A ratio to 56%.



— COGS ratio

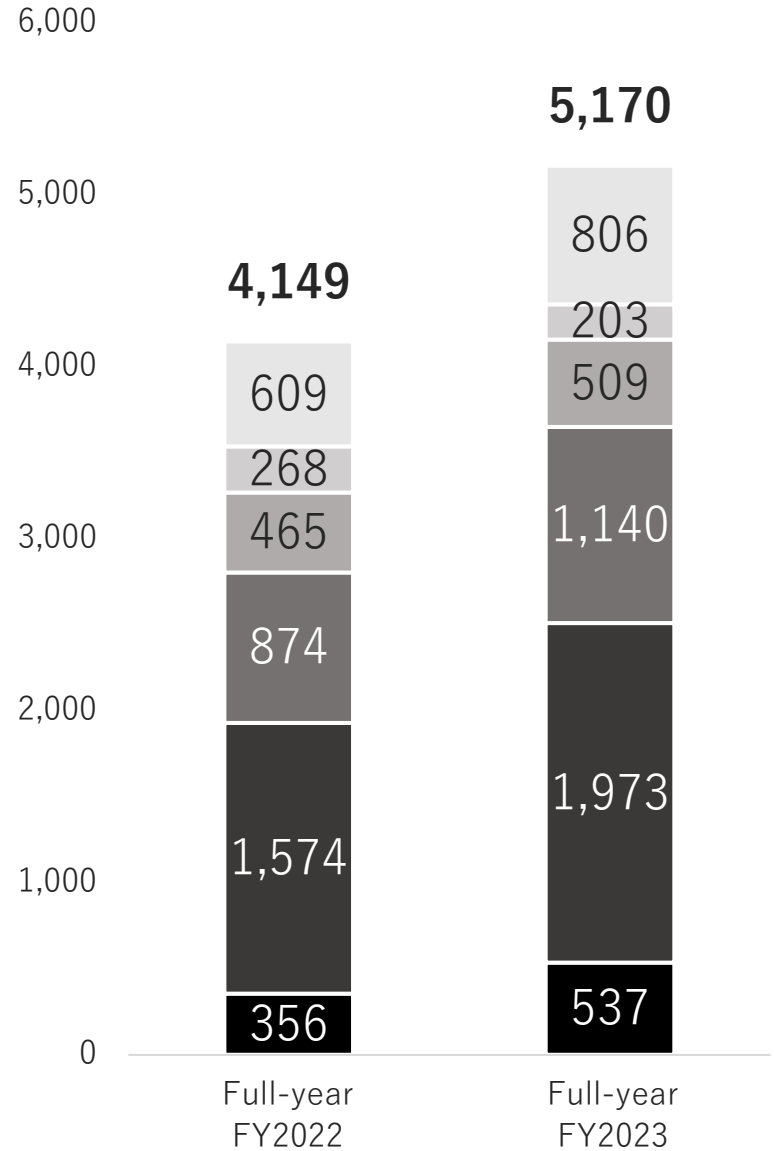
— SG&A ratio

# Cost Breakdown

Labor and outsourcing expenses are less than originally planned, **overall expenses remained at +25% YoY compared to +41% YoY increase in revenue.**

(¥million)

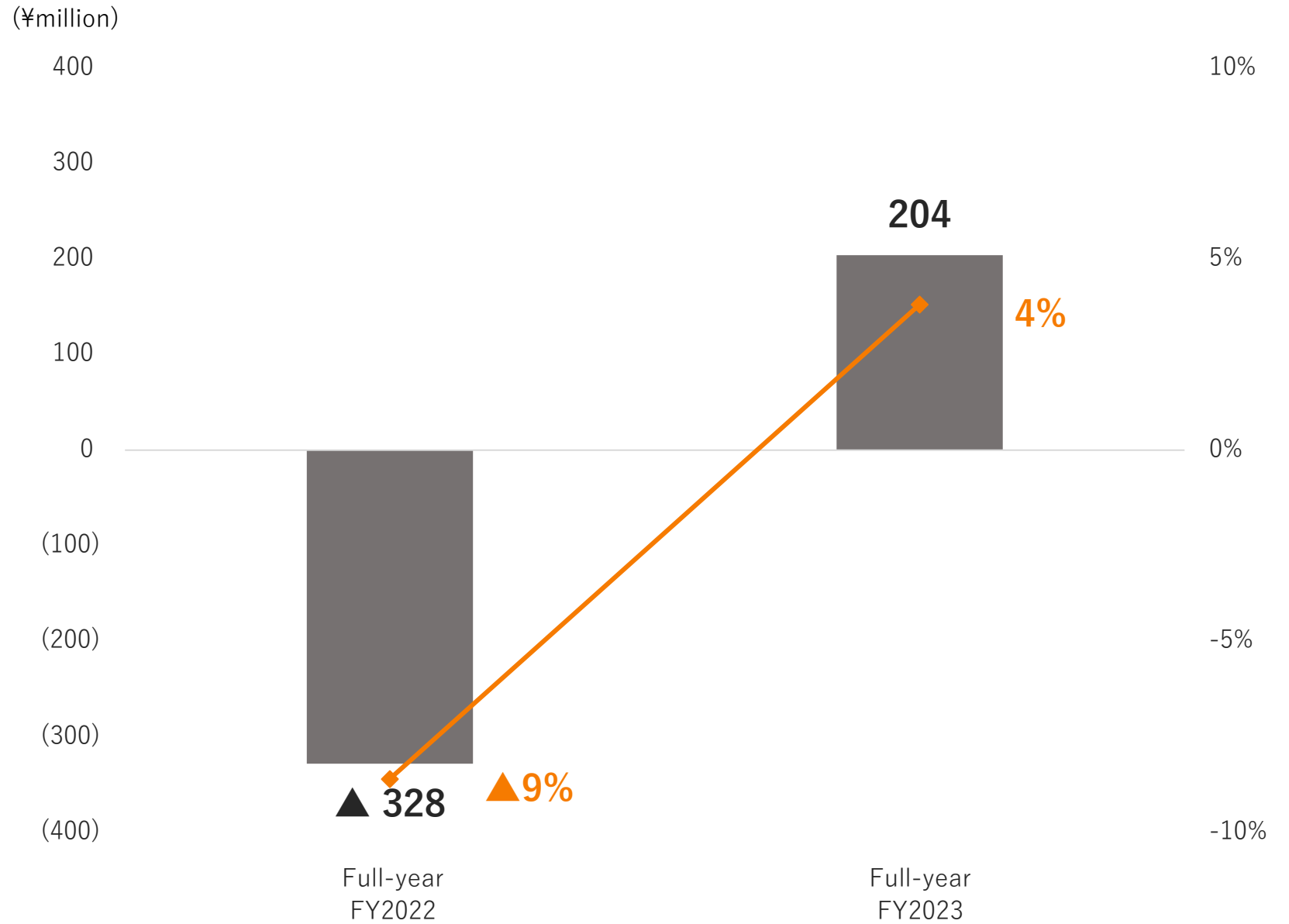
YoY+25%



- Other (YoY+32%)**
  - Financial-related expenses have increased due to the growth in the number of active services, and costs related to office expansion (¥22m) resulted in a YoY increase.
- Advertising Expenses (YoY▲24%)**
  - Decrease due to reduced advertising and promotion for our own services
- Communication Expenses (YoY+9%)**
  - Despite expansion of operating services in scale, YoY increase rate remained at 9%, thanks to cost-cutting measures
- Outsourcing Expenses (YoY+30%)**
  - Mainly due to increase in development projects
- Labor Cost (YoY+25%)**
  - Increased due to team expansion
- Revenue Share (YoY+51%)**
  - Increased mainly due to respective growth of Data License and Financial Infrastructure Business

# Operating Margin

**Achieved operating profit** due to the increase in revenue and the decline in SG&A ratio.



# FY2024 BUSINESS PLAN

# Guidance Highlights

Revenue is expected to accelerate further and exceed the growth of previous year by +42%.

Aim to improve adj. EBITDA margin to 12.4% and operating margin to 9.0%

With the mid-term incentive plan, stock-based compensation expenses are expected from the current fiscal year.

(¥million)

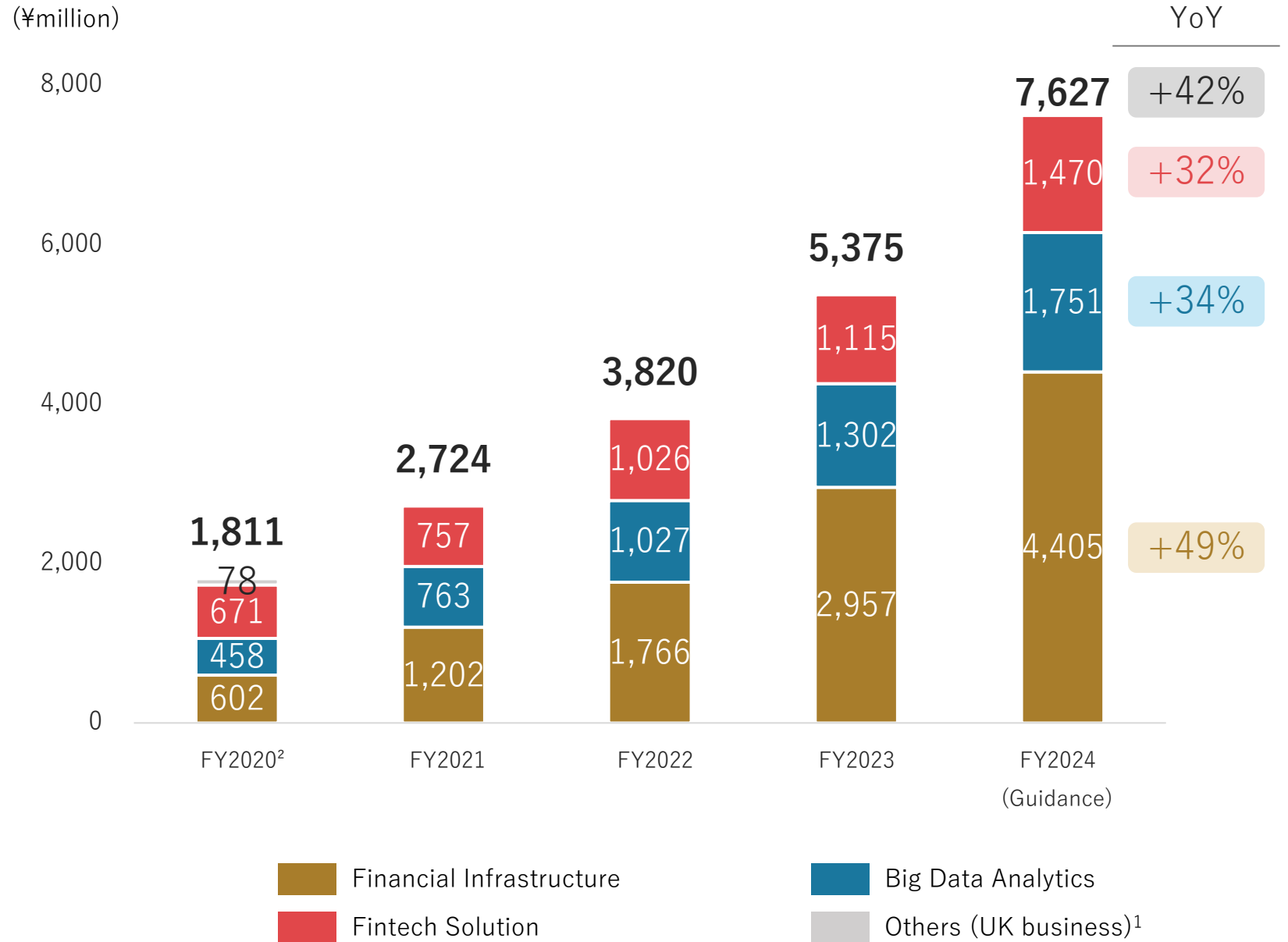
	FY2024 Guidance	FY2023 Actual	YoY
<b>Revenue</b>	<b>7,627</b>	<b>5,375</b>	<b>42%</b>
COGS	3,051	2,150	42%
<b>Gross Profit</b>	<b>4,576</b>	<b>3,225</b>	<b>42%</b>
Gross Margin	60.0%	60.0%	-
Adj. SG&A expense <sup>1</sup>	3,632	2,932	24%
SG&A Ratio	47.6%	54.6%	-
<b>Adj. EBITDA<sup>2</sup></b>	<b>944</b>	<b>292</b>	<b>223%</b>
EBITDA Margin	12.4%	5.4%	-
Depreciation and amortization + Stock-based compensation expense	258	87	196%
D&A+SBC Ratio	3.4%	1.6%	-
<b>Operating Income</b>	<b>686</b>	<b>204</b>	<b>235%</b>
Operating Margin	9.0%	3.8%	-

1. Adj. SG&A expense = SG&A expense - Depreciation and amortization - Stock-based compensation expense ± Other adjustments

2. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

# Revenue Forecast by Segment

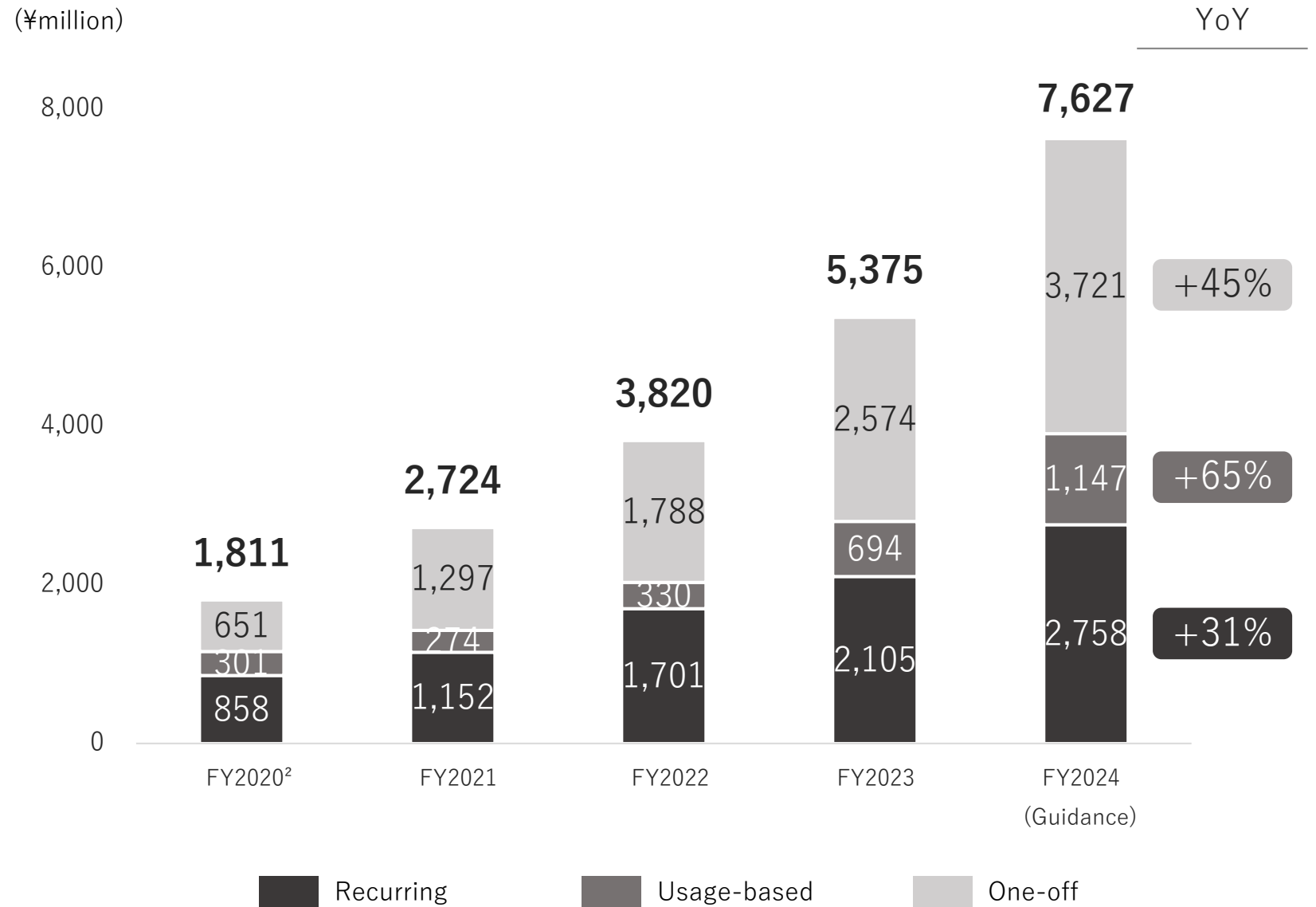
Expect a high growth rate of 30% or more in all segments, partly due to new business startups.



1. Revenue in UK business exited in the consolidated fiscal year 2020.  
 2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

# Revenue Forecast by Type

Expect both continuous revenue, namely recurring revenue and usage-based revenue to grow by +31% and +65% respectively.

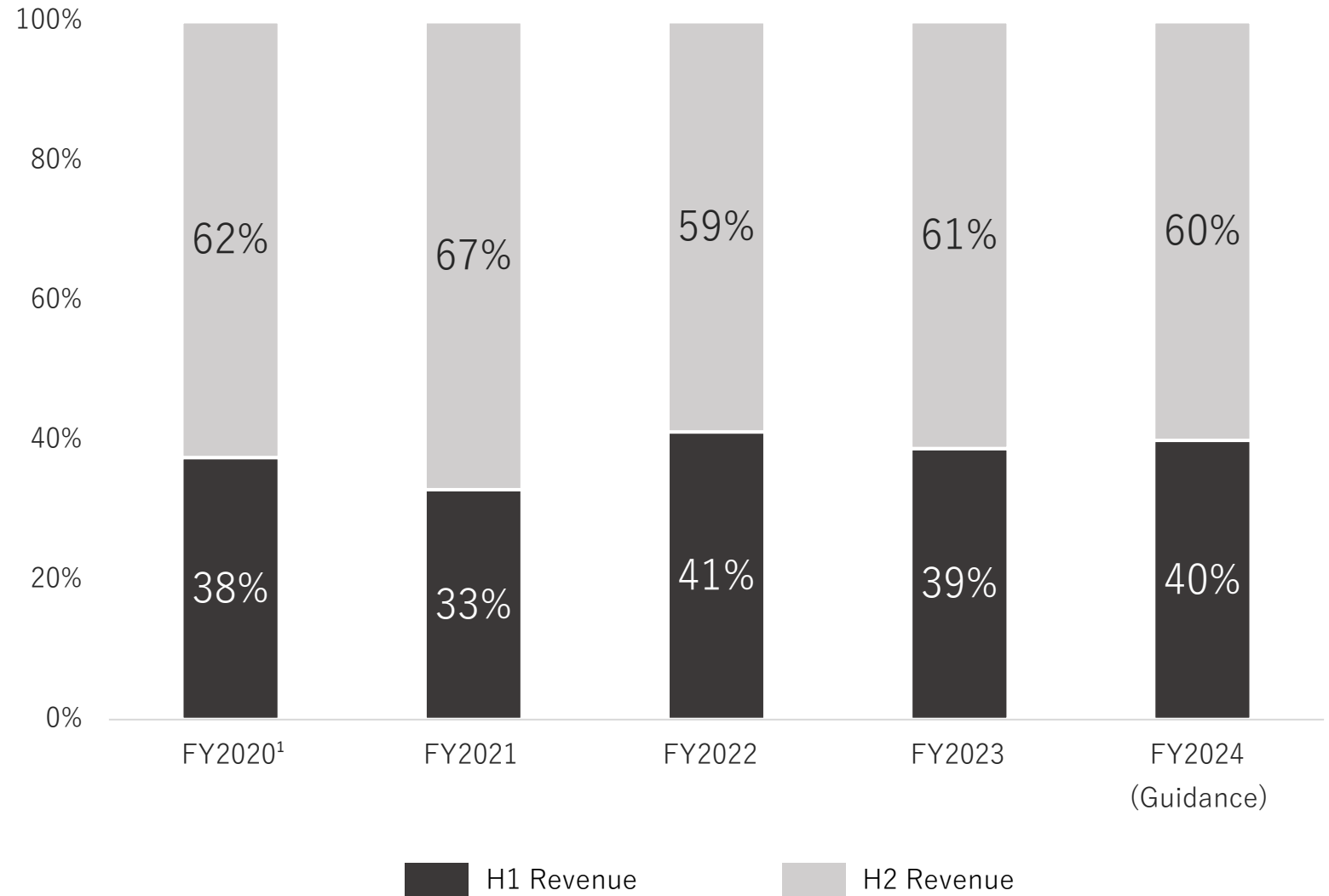


1. Revenue in UK business exited in the consolidated fiscal year 2020.  
 2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.



# Seasonality

Revenue is expected to concentrate in the second half of FY2024 as before.

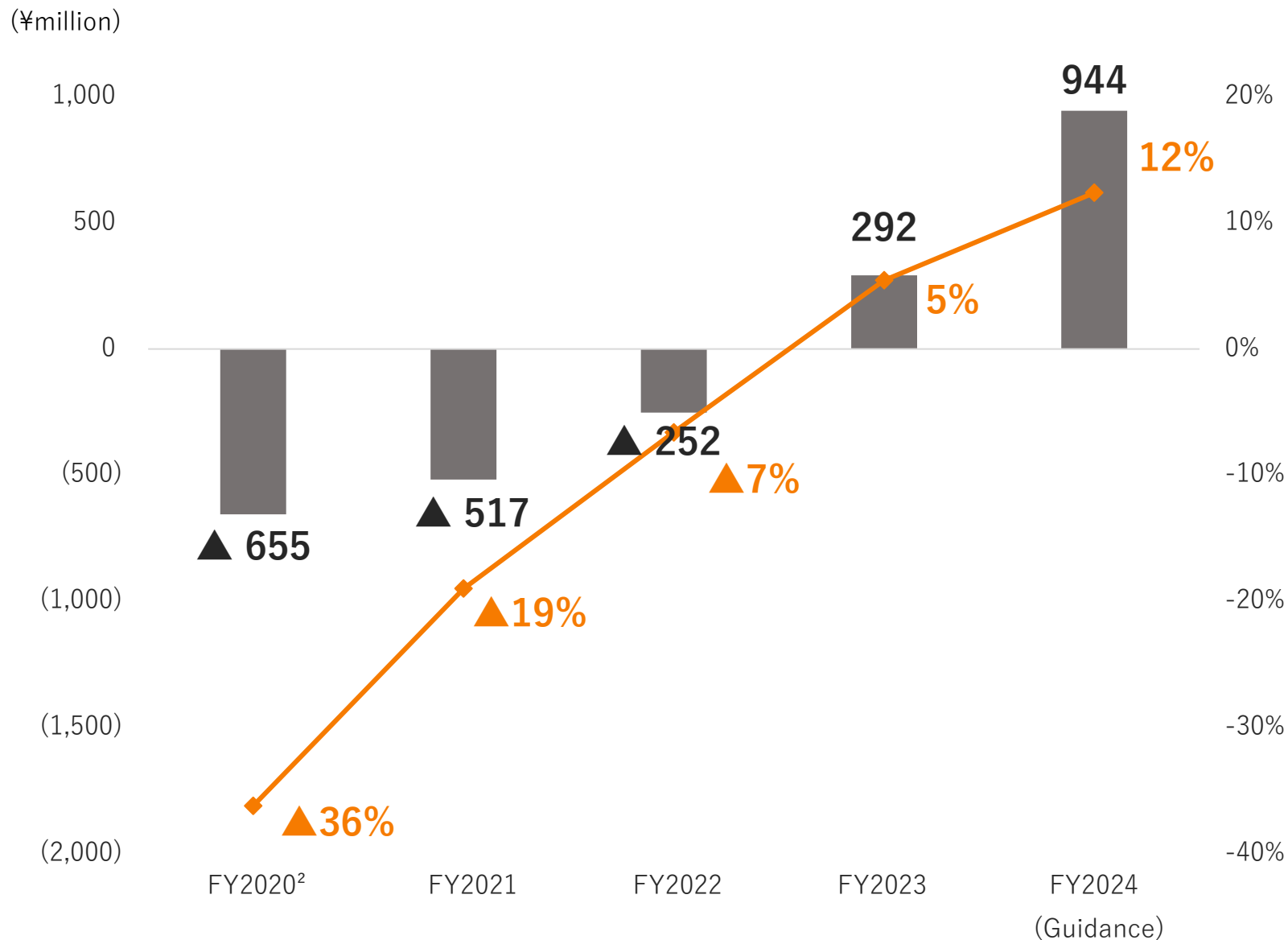


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

## Adjusted EBITDA Forecast

With continuous decline in SG&A ratio in line with increase in revenue, **adj. EBITDA<sup>1</sup> is expected to triple from ¥292m to ¥944m.**

Adj. EBITDA margin is also expected to continue to improve and rise to 12.4%.



1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

# Mid-Term Incentive Plans

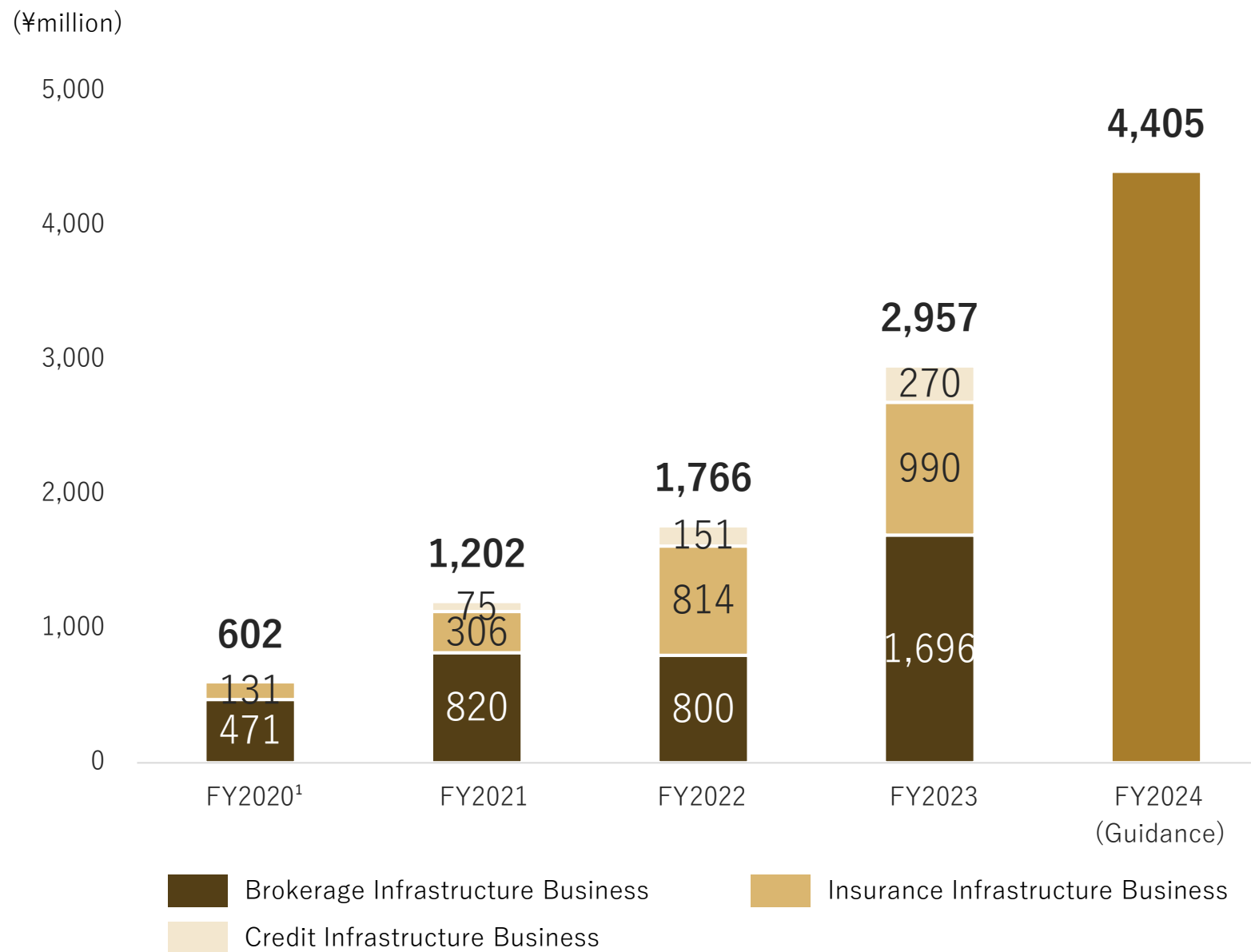
As we continue to be in the growth phase, we have designed 3 incentive plans to promote medium- to long-term growth.

	Paid SO	¥1 Free SO	Employee Stock Ownership Plan
<b>Overview</b>	<ul style="list-style-type: none"> <li>• Paid SO with performance condition; strike price fixed at issuance</li> <li>• Exercisable if consolidated revenue &gt; ¥10b in FY2025</li> </ul>	<ul style="list-style-type: none"> <li>• Free SO with ¥1 strike price</li> <li>• Exercisable 2 years after vesting</li> </ul>	<ul style="list-style-type: none"> <li>• Characterized by high incentive ratio</li> <li>• Incentive ratio is 50%</li> <li>• Monthly ceiling is set at ¥20,000</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>• Achieve mid-term goals by boosting morale of members responsible for sales performance</li> </ul>	<ul style="list-style-type: none"> <li>• Align member incentives with post-listing growth</li> <li>• Competitive offers in recruitment</li> </ul>	<ul style="list-style-type: none"> <li>• Promote “Jibungoto” among members , one of the company principles</li> </ul>
<b>Target</b>	<ul style="list-style-type: none"> <li>• HD directors &amp; Managing Directors</li> </ul>	<ul style="list-style-type: none"> <li>• All officers and employees</li> </ul>	<ul style="list-style-type: none"> <li>• All officers and employees</li> </ul>
<b>Options Issued<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• 8,000 (1.6% of NOSH<sup>2</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>• c.2,400 in 2 years (0.5% of NOSH<sup>2</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>• -</li> </ul>
<b>Options Granted</b>	<ul style="list-style-type: none"> <li>• Vested on Apr 10, 24</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>

1. 1 stock option = 100 shares  
 2. NOSH = Number of shares outstanding

# Revenue Forecast

Growth is expected to remain high, with **increase of +49% YoY.**



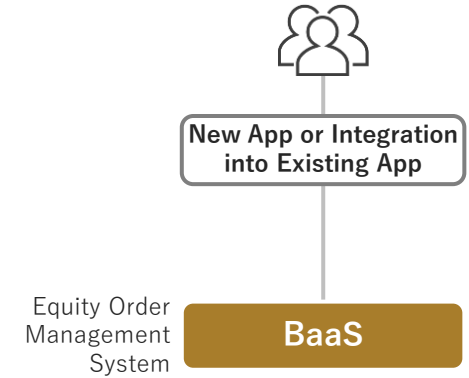
1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

# Focus of Brokerage Infra.

As for Brokerage Infrastructure, there are 3 main patterns.

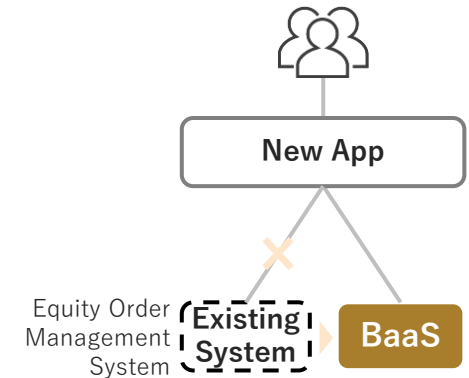
## Embedded Investment by Non-FIs

- Players with large customer bases leverage their customer contact and context to reach potential users.
- Support the development of investment services from planning stages tailored to partners, such as enabling the provision of investment functions within existing services.
- Partner examples: Credit Saison, Seven Bank



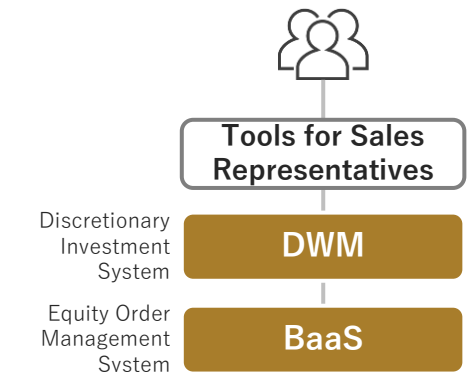
## Direct Sales by Asset Managers

- Support Asset Managers to develop its direct sales business
- Migrate from existing systems to BaaS for financial institutions with customer accounts.
- Achieve DX of services simultaneously by refreshing web applications for users along with core system migration.
- Partner example: Saison AM



## Discretionary Investment Management by IFA

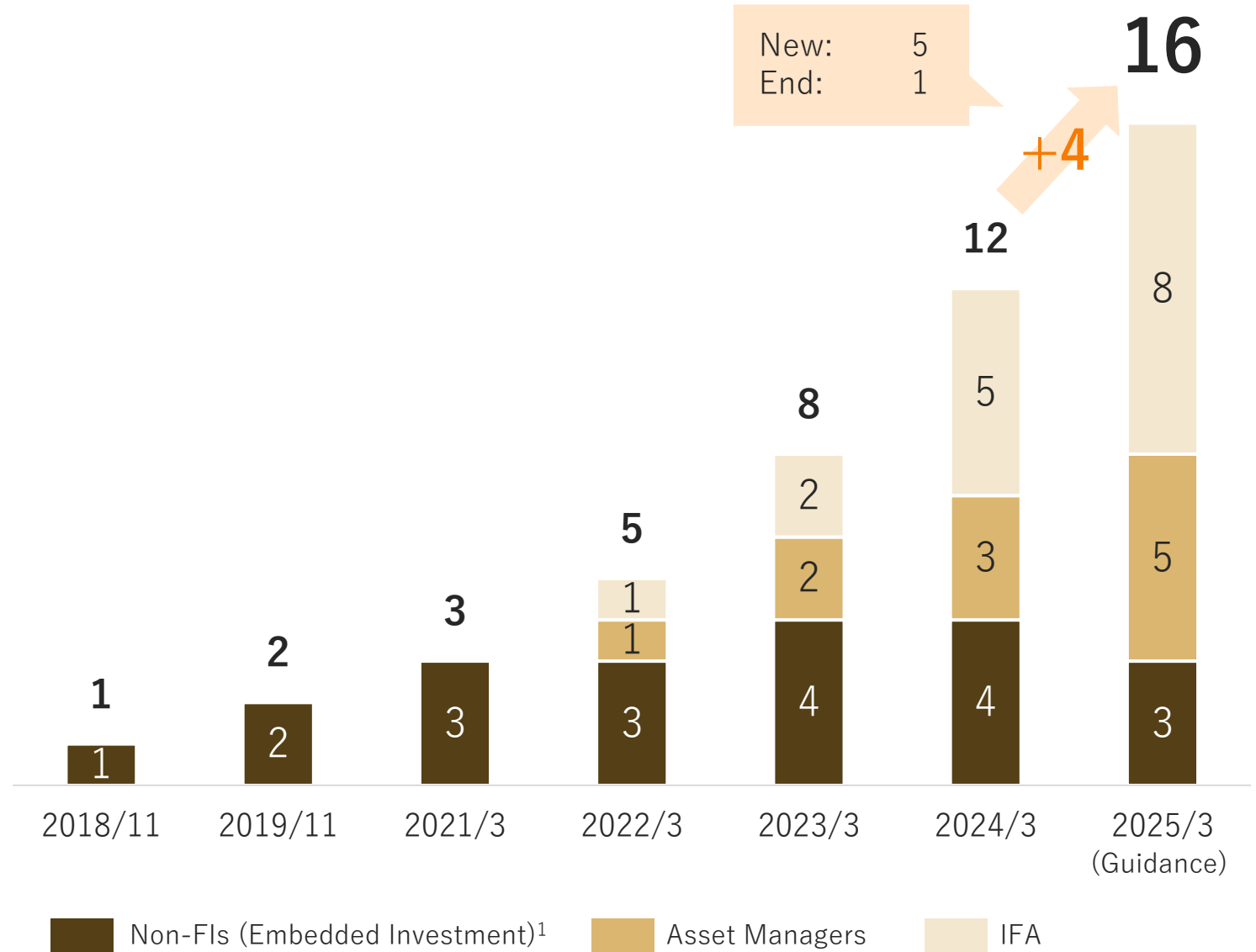
- Integrating online and offline allows high-quality wealth management services to be provided to more customers.
- Provide a platform that can implement discretionary investment service at a low cost, with tools for sales representatives.
- Partner examples: Financial Standard



# Pipeline for Brokerage Infra.

**Aim for 5 new releases in FY2024.**

Focus on support for (1) direct sales by Asset Managers and (2) discretionary investment management services by IFA.



1. Including "Stream", which is provided by subsidiary Smart Plus.

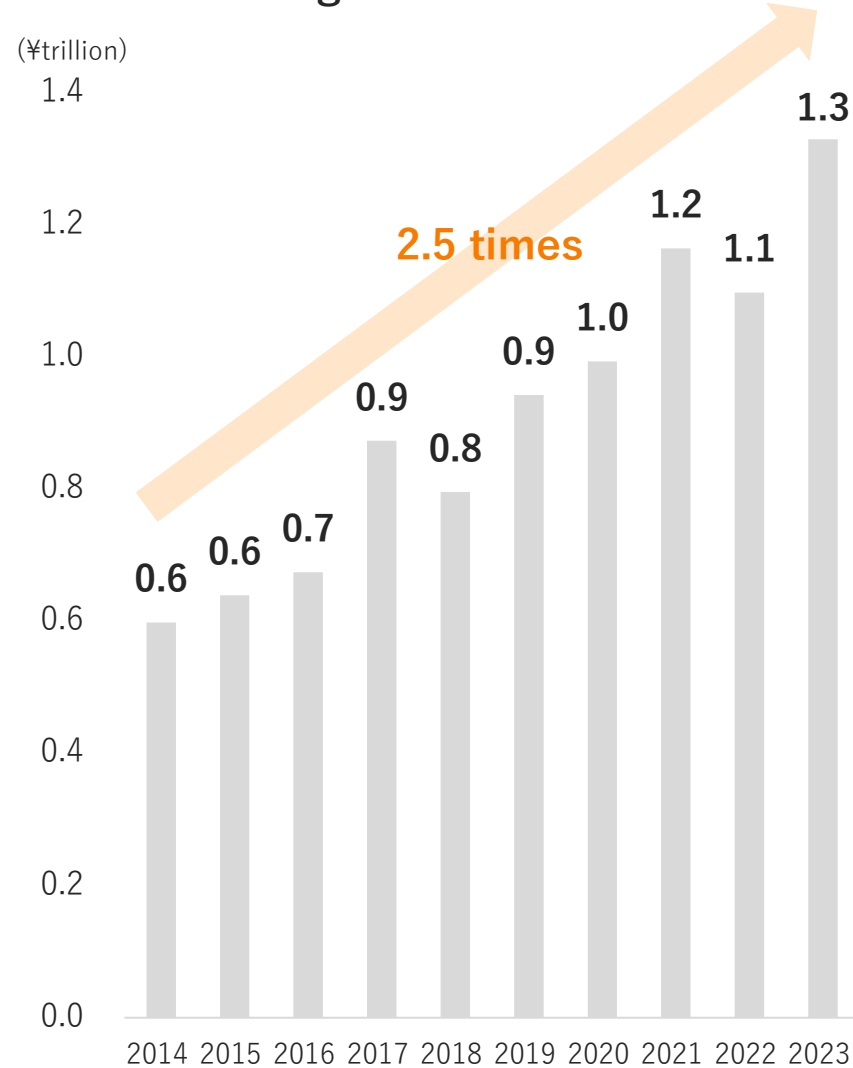
## FINANCIAL INFRASTRUCTURE

### (1) Expansion of Direct Sales by Asset Managers

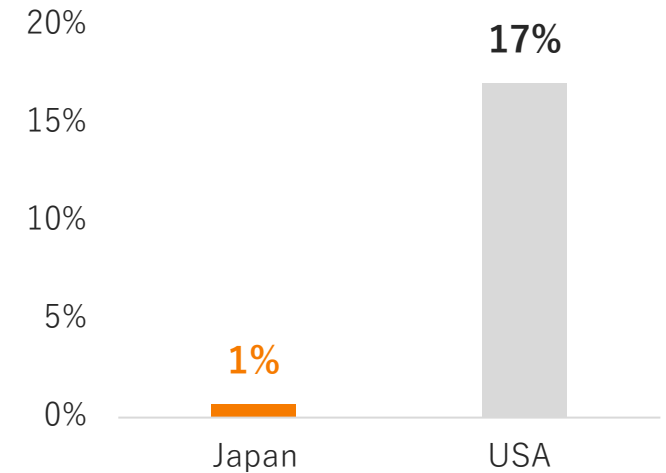
Although direct sales by Asset Managers have expanded rapidly by 2.5 times in 10 years, share remains at a lower level than in the US.

**Brokerage infrastructure BaaS is a leading option for direct sales because it improves customer experience with low operating costs.**

#### Amount of Investment Trusts through Direct Sales



#### Ratio of Direct Sales to Investment Trusts



#### Existing AM Partners

- Nissay AM
- Saison AM
- Mitsubishi UFJ AM

Credits : Investment Trusts Association, ICI "Characteristics of Mutual Fund Investors, 2023"

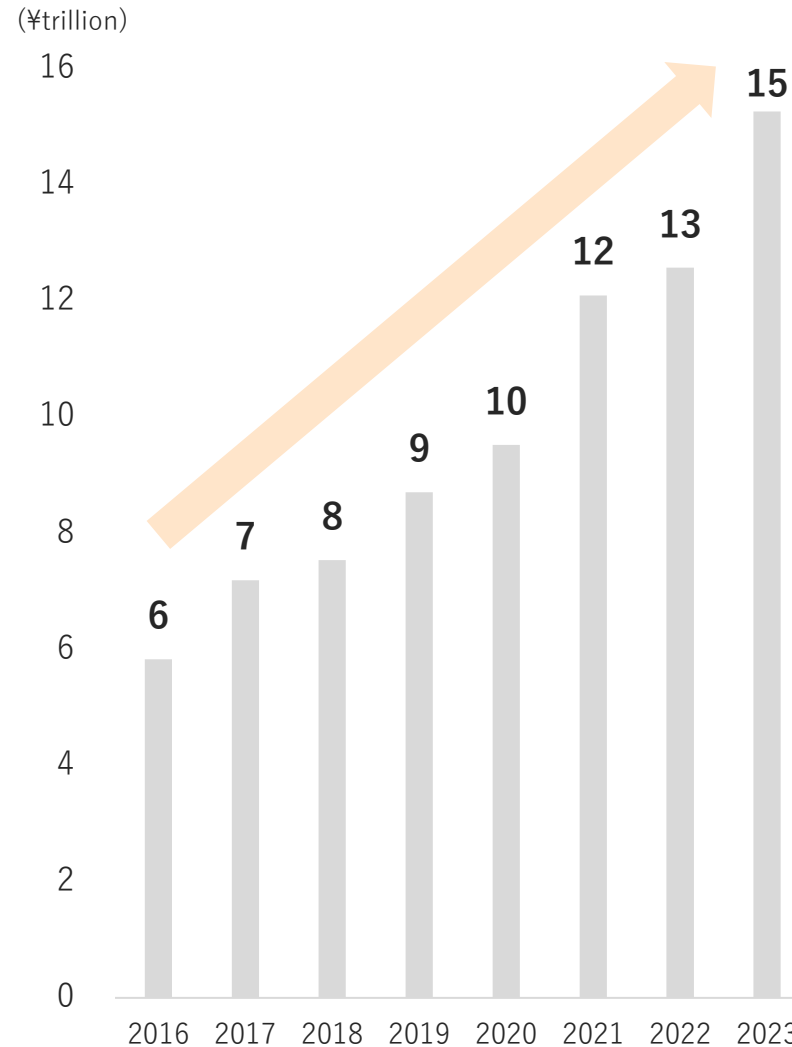
## FINANCIAL INFRASTRUCTURE

### (2) Rising Demand for Discretionary Investment

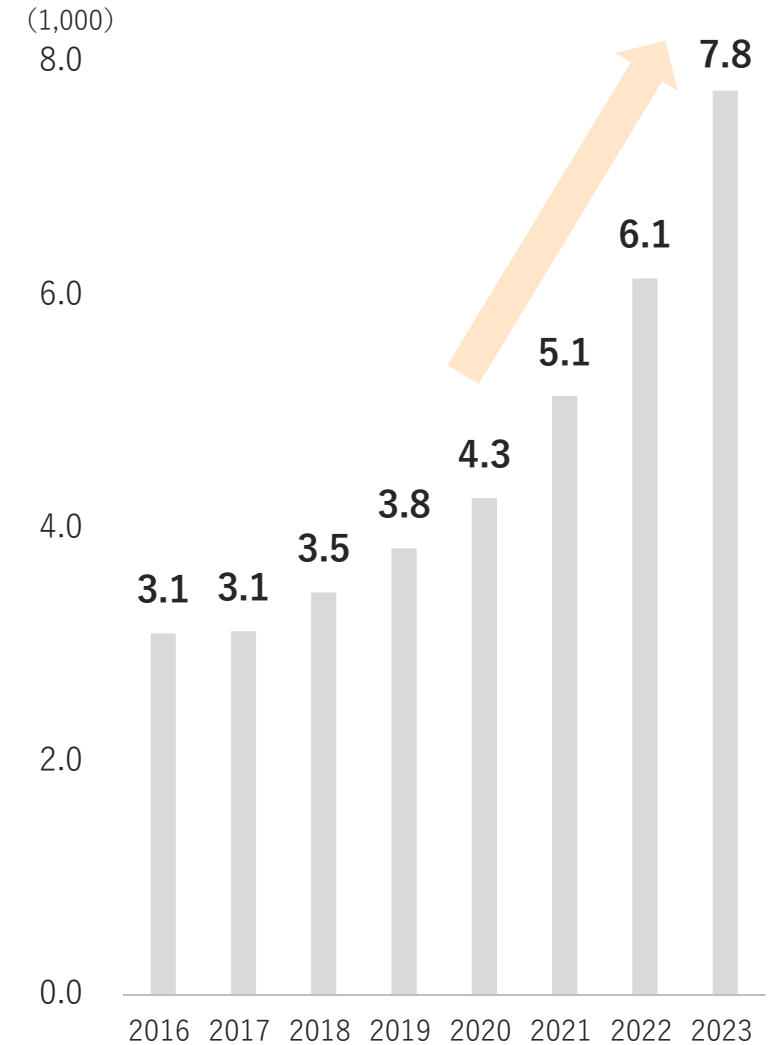
Discretionary investment business is on a growth trend, expanding about 2.5 times compared to 2016. No. of registered sales representatives of IFA also has skyrocketed lately.

**Growing demand for DWM which can quickly and cost-effectively develop unique discretionary investment services.**

#### Contract Amount of Individual Discretionary Investment (WRAP)



#### No. of Registered Sales Representative of Financial Instruments Intermediary Service Providers



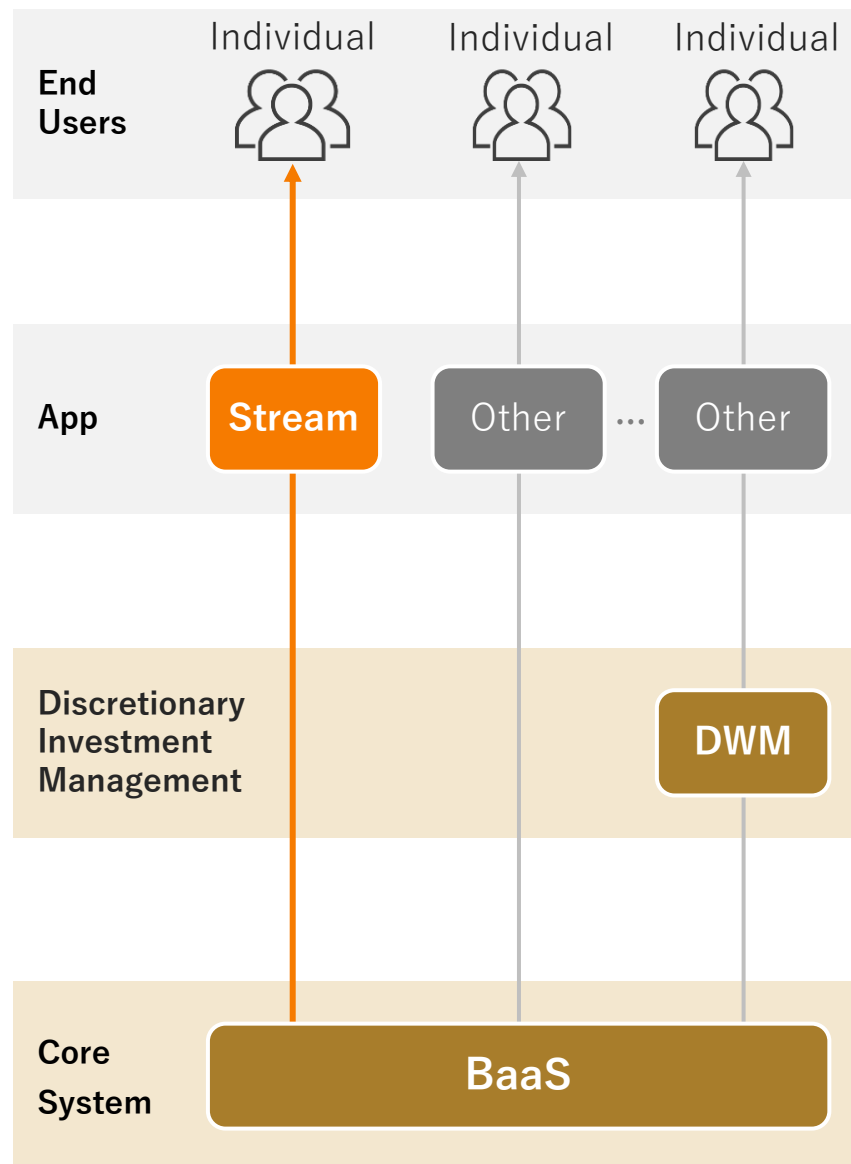
Credits: Japan Investment Advisers Association "Statistical Material", Japan Securities Dealers Association "Number of Employees of Members"



# End of Stream Service

Launched our own service, “Stream”, in July 2018 as the first on brokerage infrastructure BaaS.

Since it was to demonstrate BaaS, we decided to end it in view of the increase in the number of BaaS partners and current profitability.



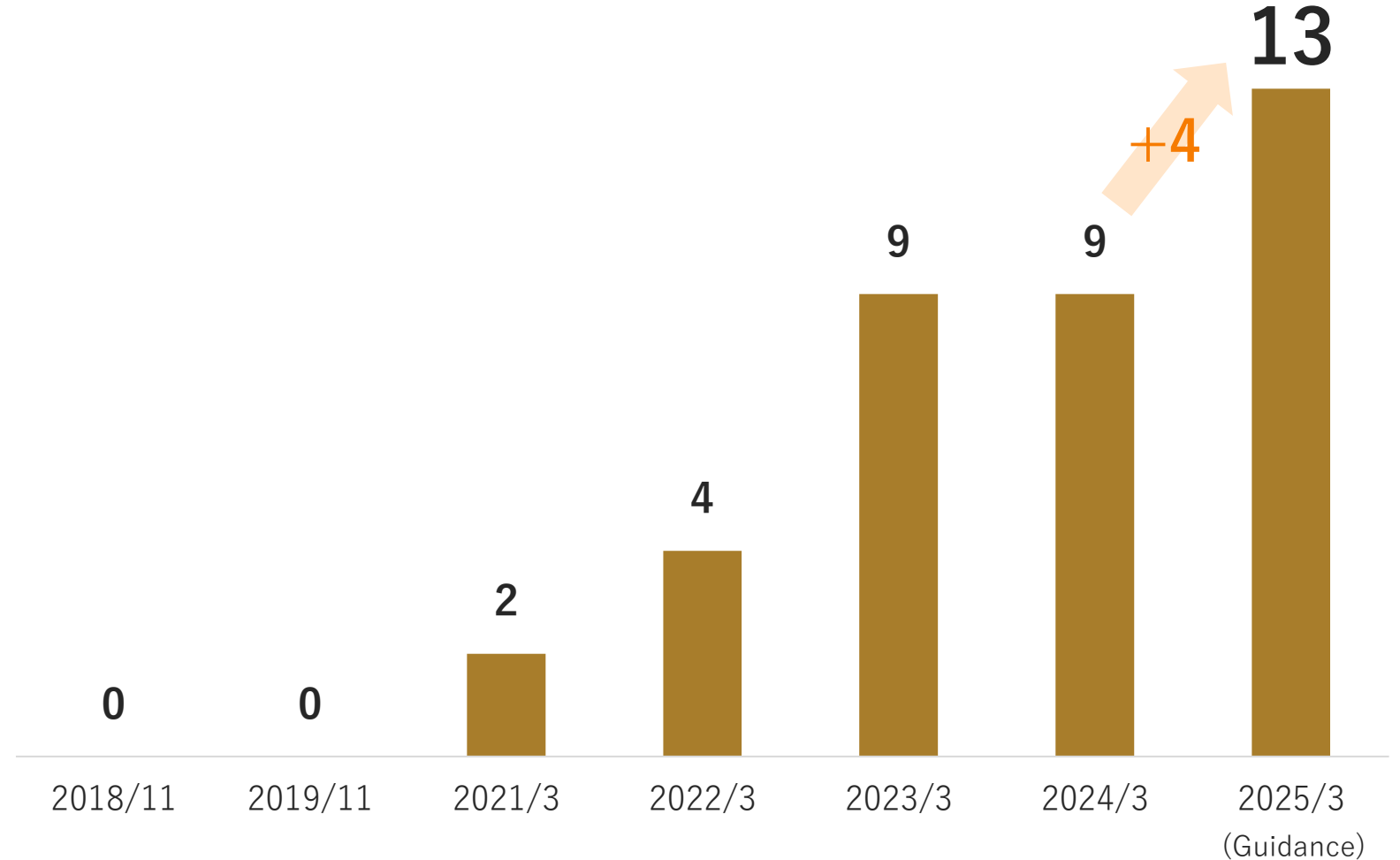
## Overview of “Stream”

- Unique stock trading service with a community feature, in addition to Japan and U.S. stock trading
- Japan's first traditional stock commission waiver



## Pipeline for Insurance Infra.

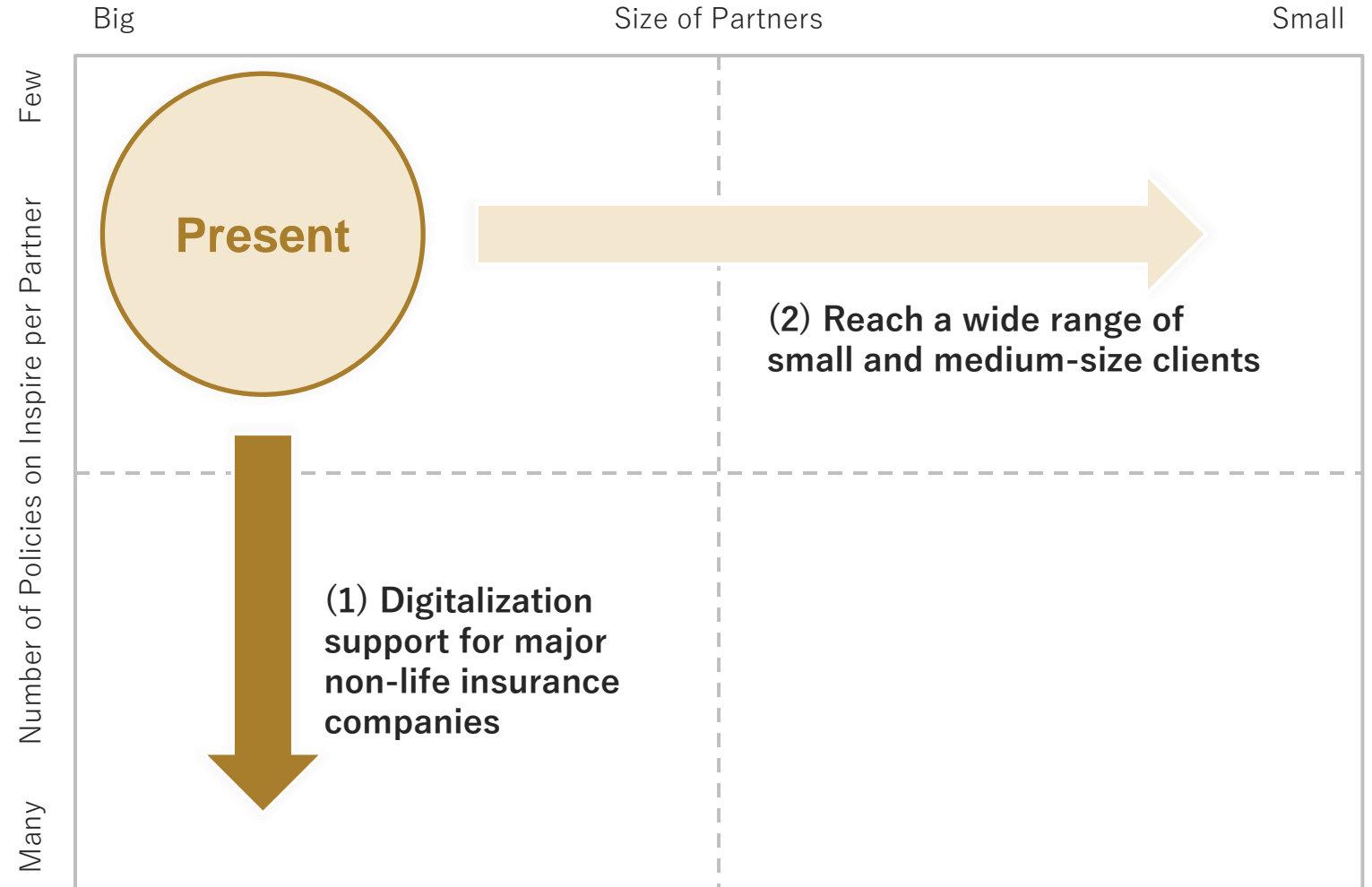
In FY2024, we will once again focus on acquiring new partners and aim at 4 new implementation.



1. Including subsidiary Smartplus Small Amount Short-term Insurance which provides maternal and child insurance for pregnant women and hotel cancellation insurance via Inspire.

# Focus of Insurance Infra.

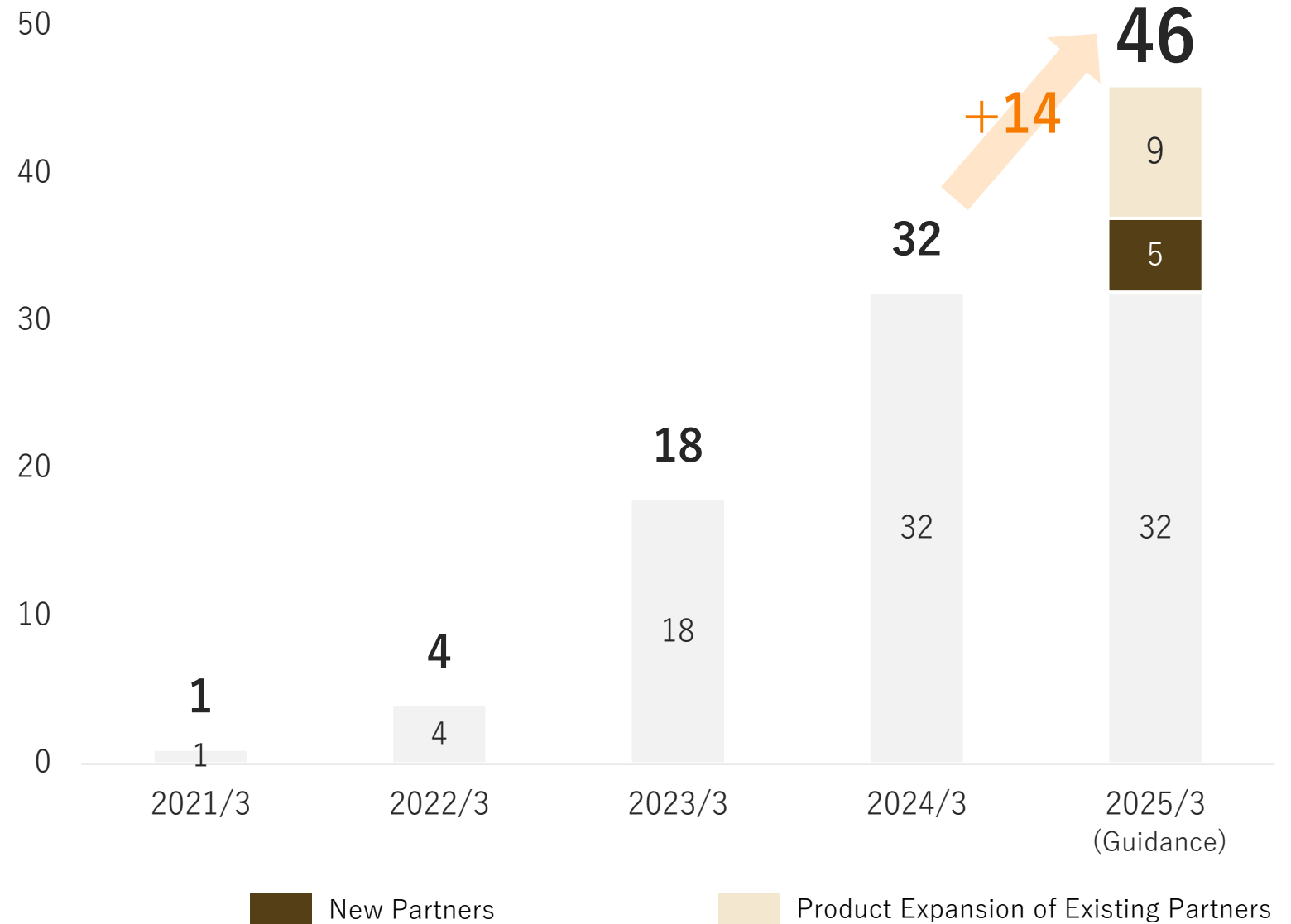
Aim to (1) support digitalization of major non-life insurance companies, and (2) strengthen efforts to reach a wider range of clients



## FINANCIAL INFRASTRUCTURE

### (1) DX Support for Non-Life Insurance Companies

With new partners and policy expansion of existing partners, we aim to expand the number of insurance policies available on Inspire from 32 to 46.



## (2) Expansion of Client Base

Package insurance infrastructure “Inspire for SSI / Mutual Aid” for small amount short-term insurance companies and mutual aids.

By formulating process of defining requirements and design, together with cost control, implementation could be done in 2 weeks.

### Order

- Client requests on customer’s web pages (application form, my page) and policy information collected via order



### Swift Release in 2 Weeks

### Setup

- Set up customer’s web pages on Inspire based on order sheets
- Adjust according to feedback



### Test / Release

- Conduct tests and final confirmation with clients
- Release after completion

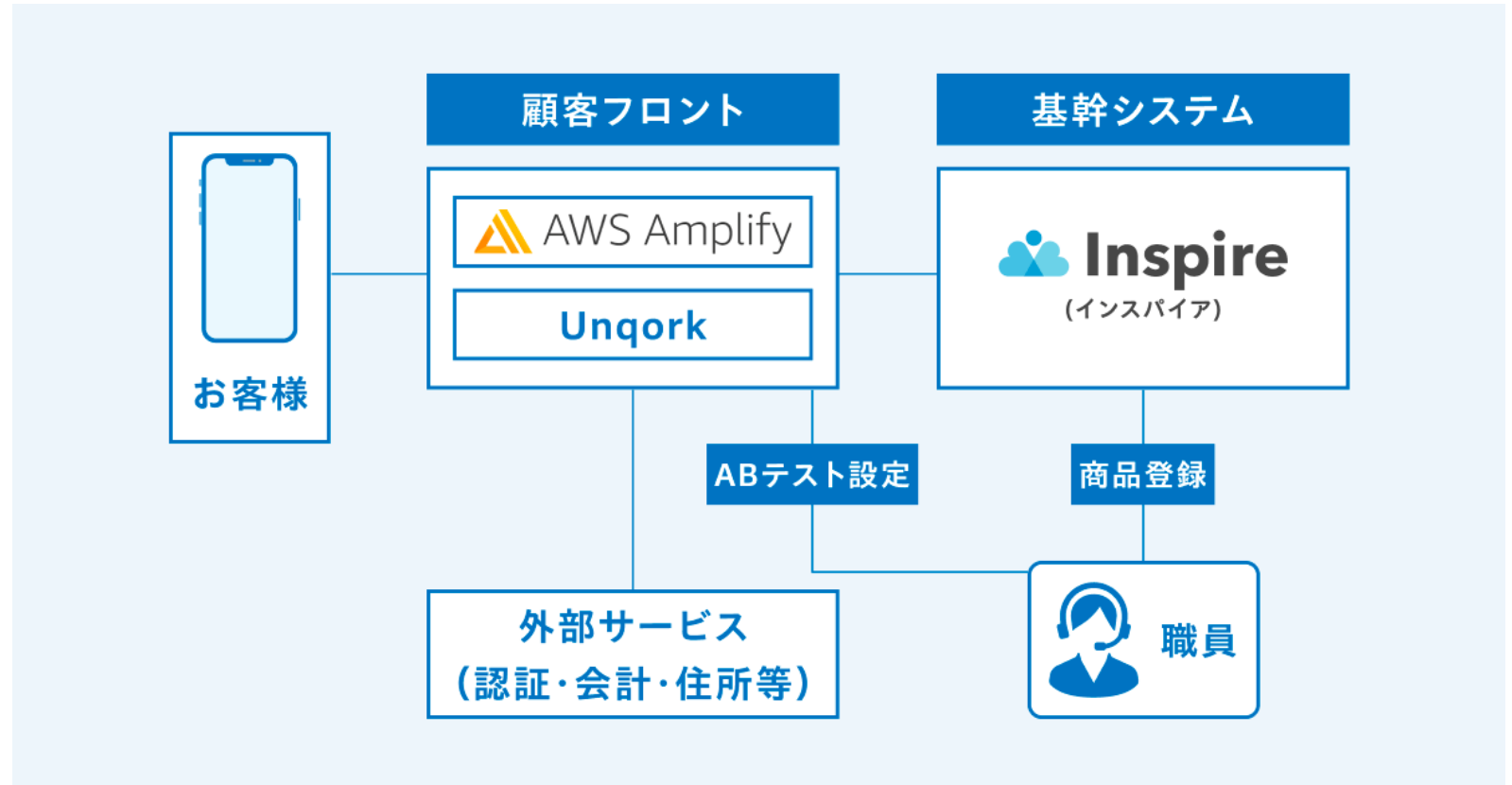


## (2) Expansion of Client Base

Strengthen partnership  
to efficiently reach a  
wide range of customers.

Aim to acquire  
customers by providing a  
flexible digital sales  
system for life insurance  
companies, via linking  
with Nissay Information  
Technology's front-end  
solution.

### Partnership with Nissay Information Technology



#### Partnership Overview

- By combining no-code, low-code tools with Inspire, it is possible to quickly build a responsive web application system with minimal coding.
- By building on multiple low-code platforms, it is possible to develop with an infrastructure configuration that meets the needs of life insurance companies.

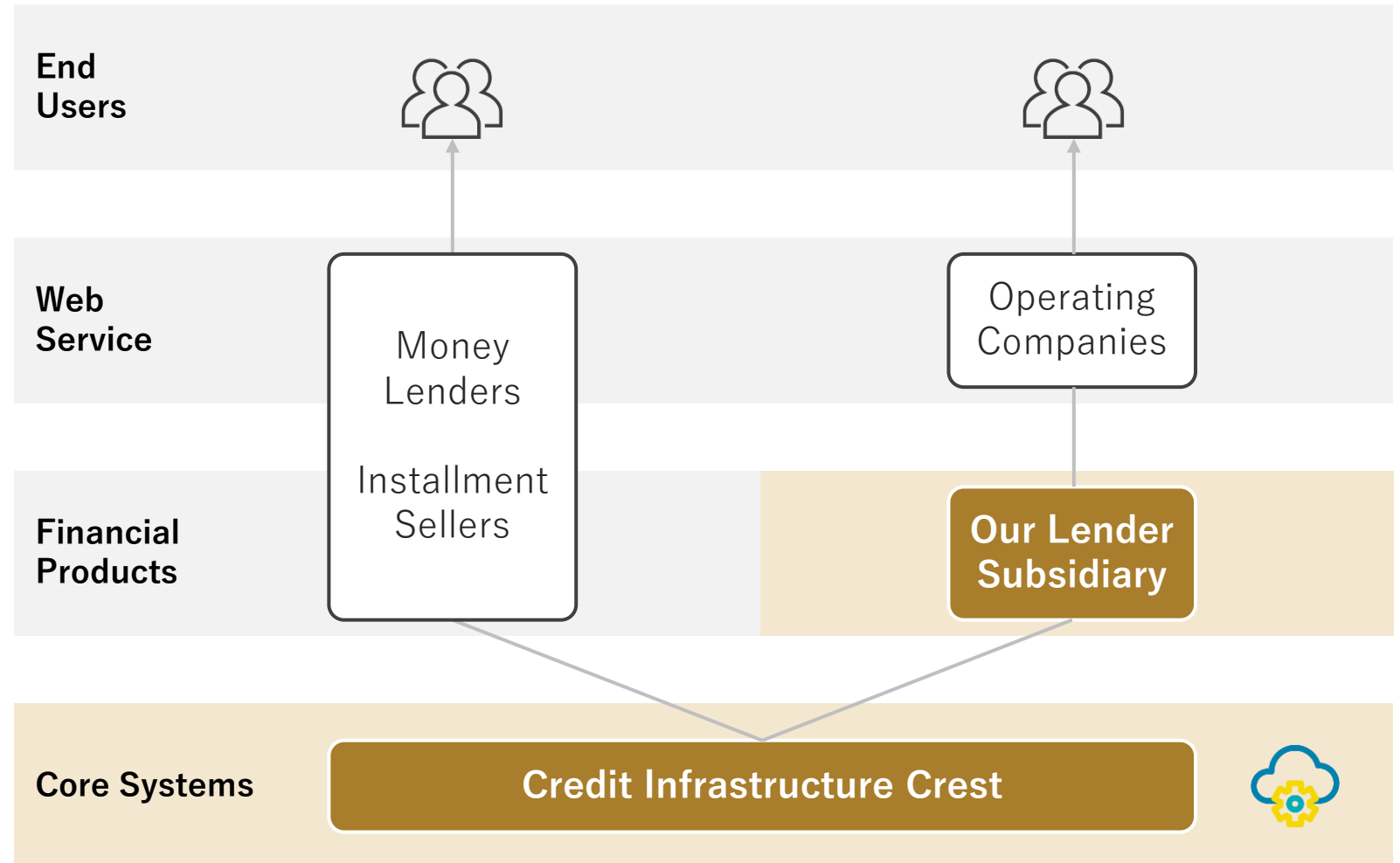
# FINANCIAL INFRASTRUCTURE

## Focus of Credit Infra.

In order to provide a comprehensive system necessary for the loan business, we will focus on expanding the features of the Credit Infrastructure Crest.

### 1 DX Support for Lenders & Installment Sellers

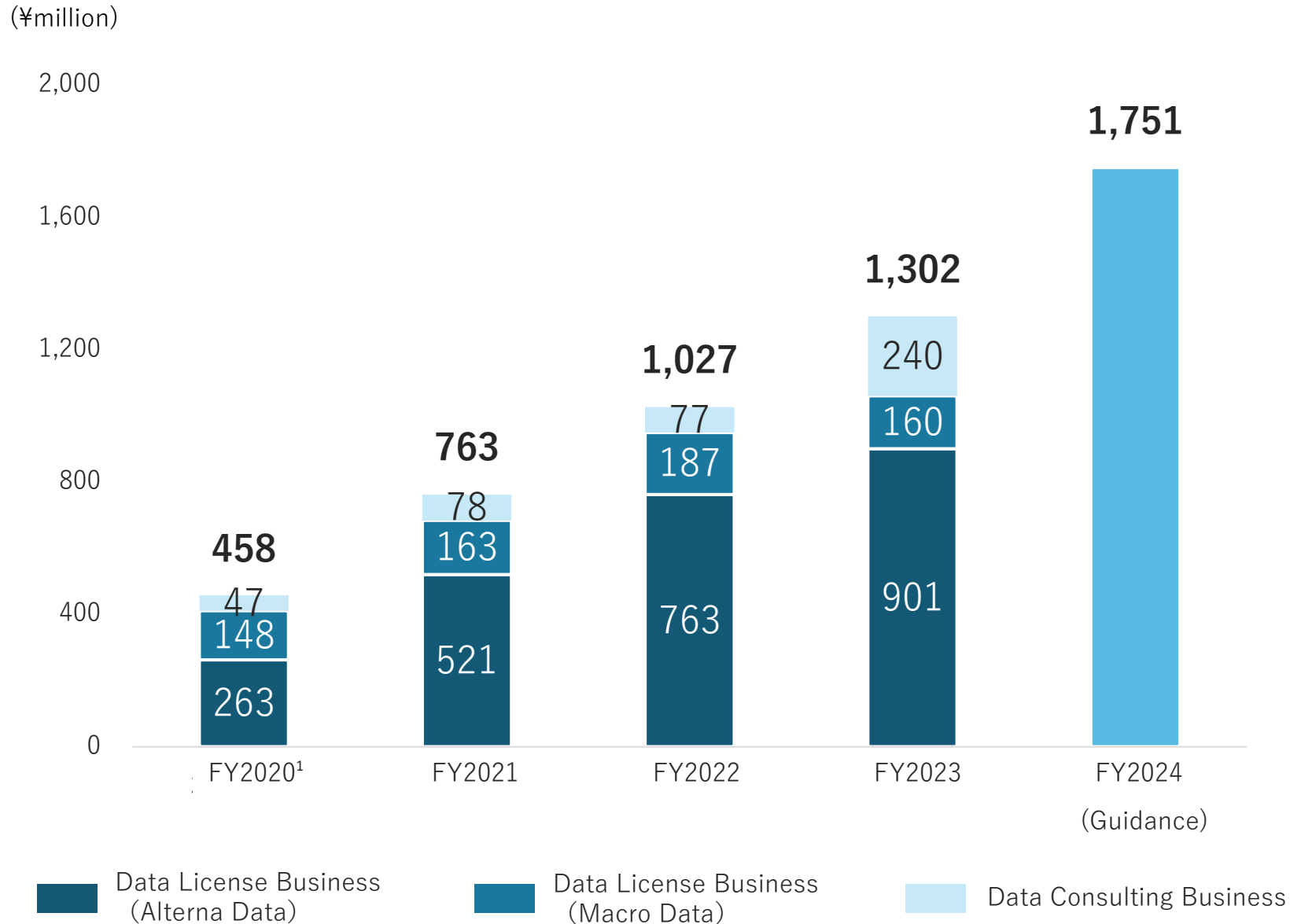
### 2 Embedded Lending



# Revenue Forecast

Expected to grow by +34% YoY.

While continuing to focus on Data License, we aim to grow by (1) **expanding service of tenant and trade area analysis**, and (2) **launching “Data & AI Solution” that utilizes generative AI.**



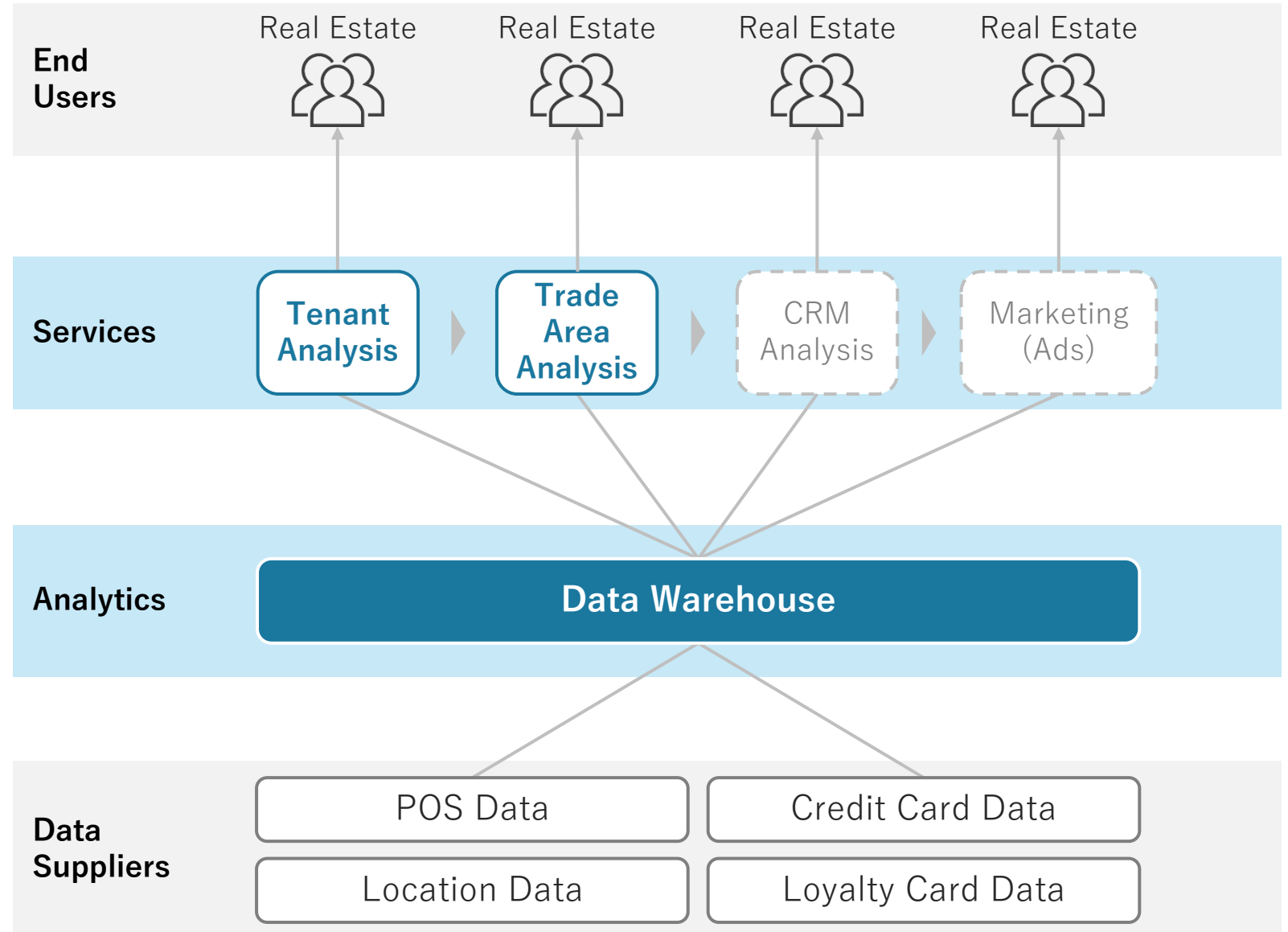
1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.



## Expansion of Tenant and Trade Area Analysis

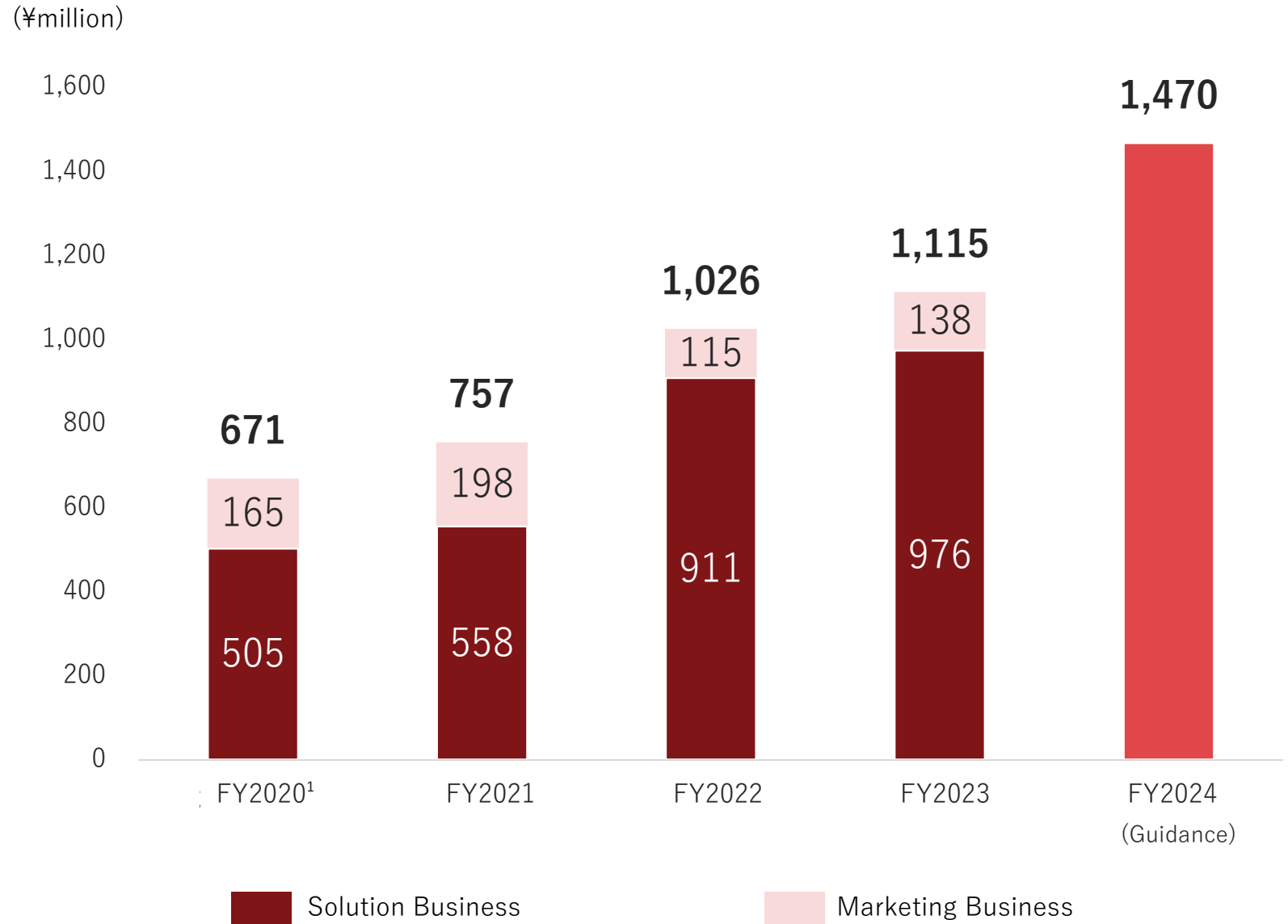
Analysis services that utilize alternative data in the real estate domain.

Launch various tenant store opening analysis services, such as sales forecasting and basket analysis models, built in the previous year.



# Revenue by Business

Expect to **grow by +32% YoY**, primarily by expanding Solution Business.

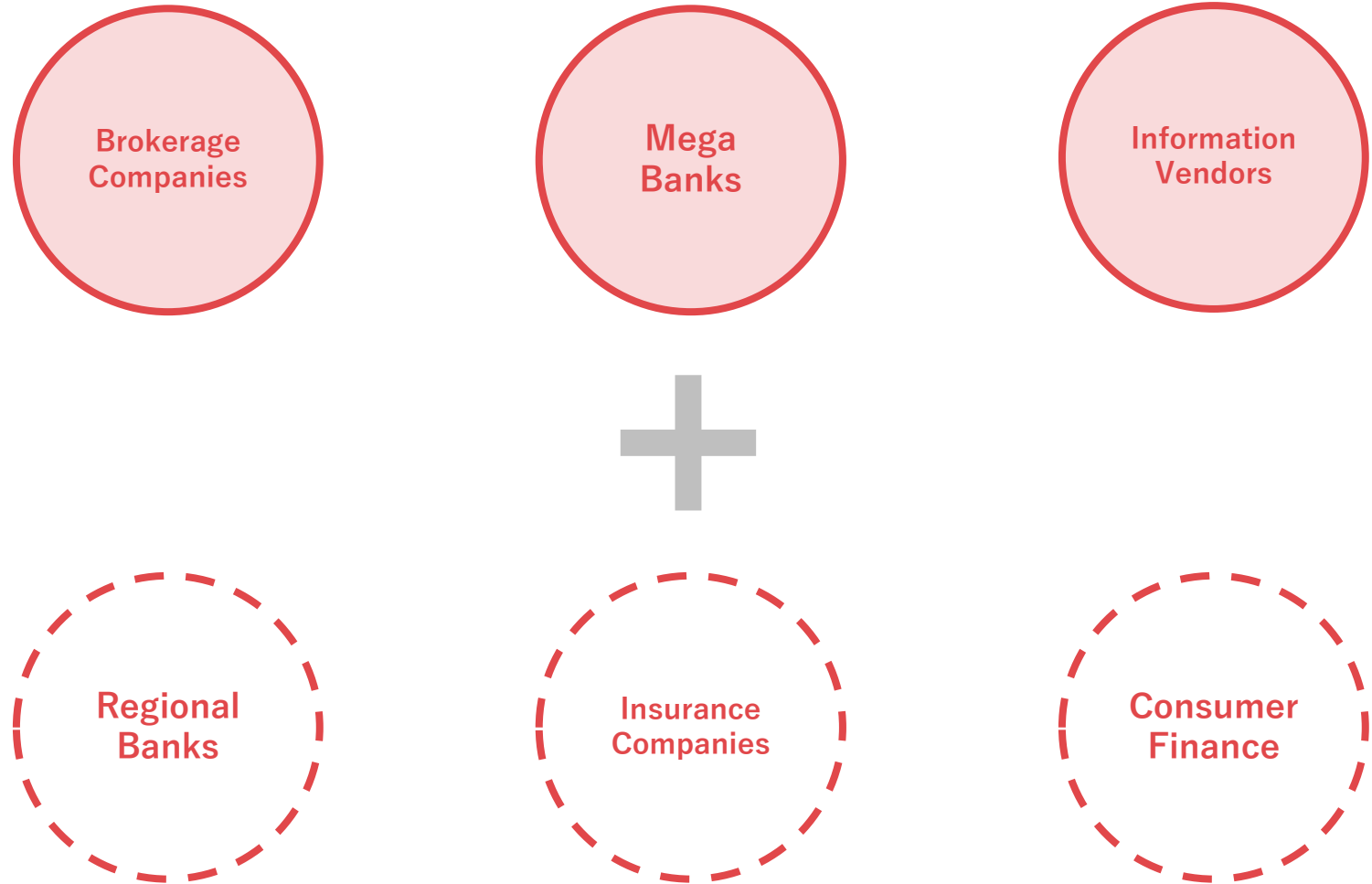


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

# Solution Strategy

Plan to provide insurance policy comparison tools and life plan simulation tools using generative AI to insurance companies and regional banks.

Aim to **acquire financial infrastructure clients through projects** with financial institutions.



# RISK DISCLOSURES

# Risks of Business

## Material Risks

## Countermeasures/Impact

### Revocation of Licenses

In our group, we are registered as a "main shareholder" under the Insurance Business Act, our subsidiary Smartplus Ltd. is a "type I financial instruments business operator," "type II financial instruments business operator," and "investment management business operator" under the Financial Instruments and Exchange Act, our subsidiary Smartplus Small amount Short-term Insurance Ltd. is a "small-amount short-term insurance business operator" under the Insurance Business Act, and our subsidiary Smartplus Credit Ltd. is a "money-lending business operator" under the Money Lending Business Act. Compliance with these licenses (registrations) and respective regulatory laws is a material matter in the business operations of our group.

As of the submission date of this document, we are not aware of any facts that would disqualify us as a business operator or lead to the revocation of these licenses (registrations). However, we recognize this as a particularly important risk, as the occurrence of disqualifying or revocation -causing facts in the future could lead to the revocation of licenses (registrations) and cause difficulties in our group's business operations, affecting our financial position and operating results.

Furthermore, our group complies with laws, regulations, policies, business practices, accounting systems, and tax systems, including those mentioned above, in carrying out our business. These laws and regulations may be newly established, amended, or abolished in the future, and depending on their content, they could restrict the provision of our group's services, necessitate the introduction of new risk management methods, require other system improvements, and adversely affect our group's business, operating results, and financial position.

### Sanctions from Financial Services Agency

Our subsidiary, Smartplus Ltd., is registered with the Kanto Local Finance Bureau as a type I and type II financial instruments business operator under Article 29 of the Financial Instruments and Exchange Act and conducts its business in compliance with the laws, regulations, and rules of the Financial Instruments and Exchange Act, among others. For financial instrument trading businesses, the conditions for revocation of registration are stipulated in Article 52(1) and (4), or Article 53(3), and Article 54 of the Financial Instruments and Exchange Act. In the event that these conditions are met, administrative sanctions, including the revocation of registration, will be imposed.

If any event of violation of relevant laws and regulations occurs within our group for any reason, we may be subject to administrative actions such as administrative guidance, suspension of business and revocation of registration. In such cases, our group's goodwill may be significantly damaged, leading to a substantial impact on our operating results and financial position.

We have provided information on matters that we believe are particularly important for investors' decision-making from the perspective of proactive information disclosure. The contents of this section do not cover all the risks associated with investing in our shares. While we recognize the potential for these risks to arise and strive to avoid their occurrence and respond promptly should they occur, we believe that investment decisions related to our shares should be made carefully after considering the information in this and other sections, as well as the "Risks in Business" in the securities reports. Please note that the matters concerning the future in this document are based on the company's judgment as of the submission date of this document. In addition, each risk may materialize due to external factors beyond our control, even if we have taken sufficient risk mitigation measures. Since accurate predictions cannot be made, we have omitted the description of the possibility of the manifestation of these risks.

# Risks of Business

## Material Risks

## Countermeasures/Impact

### Systems Malfunction

Our group's business is provided through the internet, and system stability is crucial for our operations. Therefore, we have implemented continuous measures against system failures, such as network monitoring and establishing system management structures.

However, should system failures or information leaks occur due to factors such as program defects, human errors, unauthorized access, or natural disasters, the resulting loss of trust in our group, decrease in corporate goodwill, and significant cost burden could potentially impact our group's business and operating results.

### Personal Information Protection

Our group holds various personal information through financial infrastructure businesses and other activities. We regard personal information management as a critical issue in our business operations, focusing not only on preventing external leaks but also on preventing inappropriate use and tampering. We have established personal information protection basic regulations and Information system management regulations to strictly manage personal information and have rigorously implemented internal training for all employees. We are actively working on personal information protection by complying with laws and regulations related to personal information protection, as well as relevant guidelines applicable to our group.

However, in the event that personal information is leaked externally due to unauthorized access or flaws in our internal management systems, or if inappropriate use or tampering occurs, our group may face damage claims and significant expenses in addressing the issue. In addition, the loss of social trust could impact our group's business and operating performance.

We have provided information on matters that we believe are particularly important for investors' decision-making from the perspective of proactive information disclosure. The contents of this section do not cover all the risks associated with investing in our shares. While we recognize the potential for these risks to arise and strive to avoid their occurrence and respond promptly should they occur, we believe that investment decisions related to our shares should be made carefully after considering the information in this and other sections, as well as the "Risks in Business" in the securities reports. Please note that the matters concerning the future in this document are based on the company's judgment as of the submission date of this document. In addition, each risk may materialize due to external factors beyond our control, even if we have taken sufficient risk mitigation measures. Since accurate predictions cannot be made, we have omitted the description of the possibility of the manifestation of these risks.

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In addition, although this material may contain forward-looking statements such as the Company's business strategy, they reflect the Company's opinion on uncertain factors based on information available to the Company. There is no guarantee that the statements will be realized in the future, from which the actual results may differ materially.

**The next “Growth Opportunities and Strategy” will be released in June 2025.**

**FINATEXT**

**Reinvent Finance as a Service**