



Q1 Financial Results for the Fiscal Year Ended December 2025 (including Business Plan and Growth Potential)

Ibis Inc.

May 9, 2025

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



As an App Developed by a Japanese Company,
It Has Been No. 1 in Active Users in Europe
and the US for 5 Consecutive Years
and Ranked in the Top 3 Globally for 5 Consecutive Years

■ P2/P3 Survey Overview

Survey Method: Data collected from mobile data analysis tool "data.ai Intelligence"

Survey Target: Japanese apps of all categories on iPhone and Android Phone

Target regions: Global, including countries from the five geographical regions defined by the United Nations, based on data available from data.ai
(These regions include 27 countries in Europe, 12 countries in the Americas, 25 countries in Asia, 3 countries in Africa, and 2 countries in Oceania)

Survey Period: Usage status for each year over the six-year period from 2019 to 2024

Survey Data: Average monthly active users (MAU) for each year

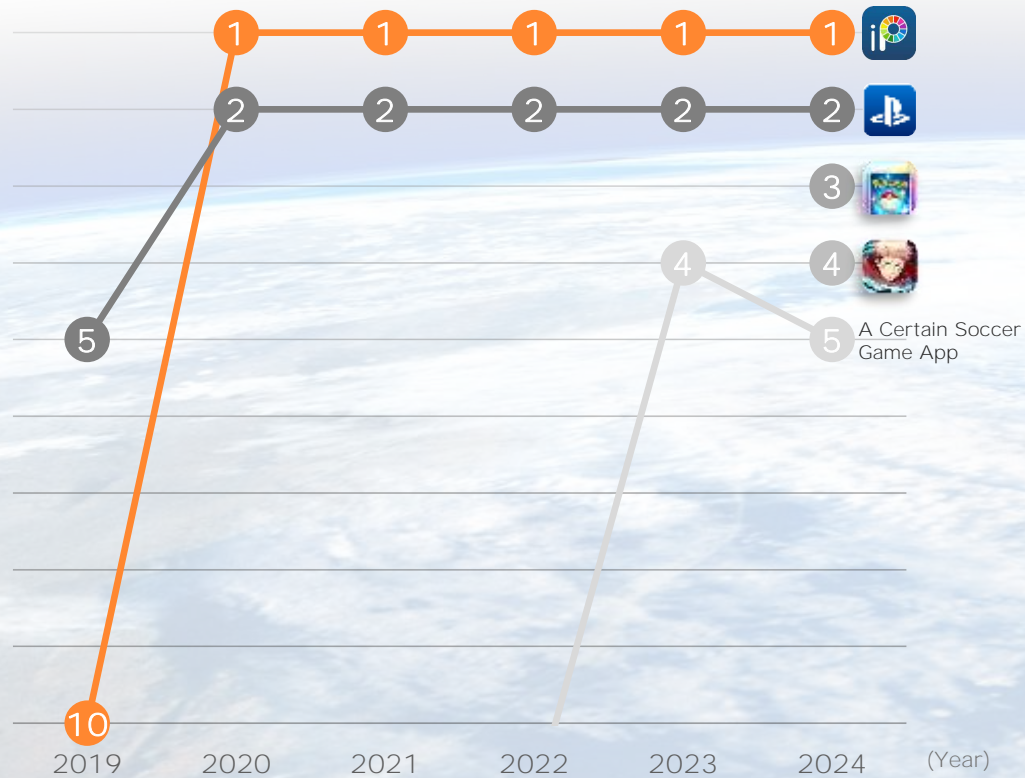
Survey Date: January 22, 2025

In the Rapidly Changing Global App Market, We Are Leading the Way with Made in Japan Products

Top 5 domestic apps with active users in 2024

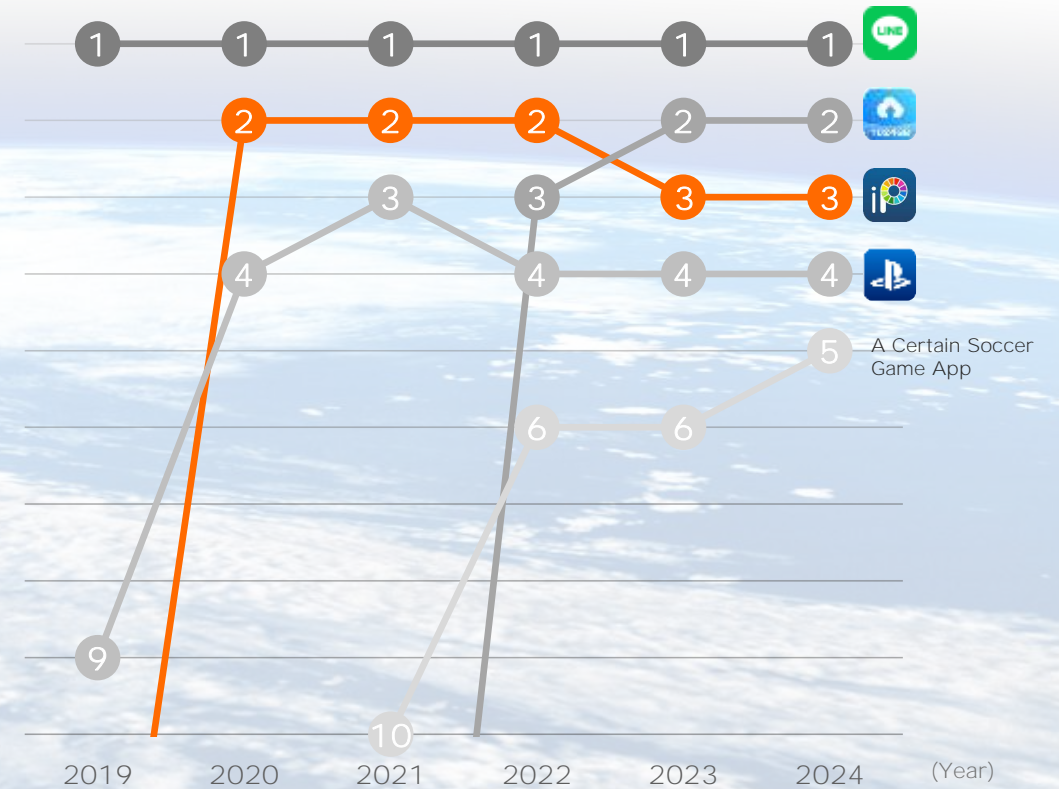
Europe and America

(Rank)



Worldwide

(Rank)



*App name (developer): Jujutsu Kaisen Phantom Parade (Sumzap Inc.), TeraBox (Flextech Inc.), PlayStation App (Sony Interactive Entertainment Inc.), Pokémon TCG Pocket (The Pokémon Company), LINE (LY Corporation), listed in Japanese alphabetical order by app name.
*See page 2 for the survey summary.

1. FY2025/12 Q1 Financial Results
2. FY2025/12 Consolidated Plan
3. Business Plan and Growth Potential
 - 1) Company Overview
 - 2) Business Overview
 - 3) Market and Competitive Analysis
 - 4) Growth Strategy
- Appendix



Strong Start with Record Profit: Subscription Model Fully Deployed

Q1 Financial Results (Reporting Period)

- ✓ Operating profit and all subsequent profit levels hit **record highs**, with progress exceeding a quarter of the full-year plan
- ✓ Mobile segment maintains strong growth with subscription sales up 90.3% and subscribers up 97.6% YoY, maintaining **nearly double** the growth
- ✓ App advertising sales remained soft, declining 27.0%, partly due to carryover effects from **past initiatives**
- ✓ In the solutions segment, sales increased by 2.7% driven by IT engineer dispatch, and segment profit improved significantly by 135.0%, supported by **high-margin project wins and productivity enhancement initiatives**.

Consolidated Plan

- ✓ With a focus on maintaining high profit margins, both the mobile and solutions segments aim for sales and profit growth
- ✓ The mobile segment is forecast to see 1.6x growth in subscription sales, while in-app advertising sales are projected with a highly conservative outlook
- ✓ The solutions segment is **leveraging AI** to significantly improve development productivity and enhance **gross profit margins**
- ✓ Based on the new dividend payout ratio (20-25%), the dividend for this fiscal year is planned at 50 yen (40 yen in the prior fiscal year)
- ✓ Techno-Speech, Inc. was made a wholly owned subsidiary at the end of January 2025; its financial results will be reflected in the consolidated plan from **Q2** onward

Growth Potential (as of 2025)

- ✓ We aim to drive growth across all segments - mobile, solutions, and AI singing voice synthesis (Techno-Speech)
- ✓ The main growth driver is subscriptions, with in-app purchase sales expected to surpass in-app advertising sales in two years
- ✓ We will further accelerate subscription conversion efforts targeting 2 million potential users, representing an estimated sales opportunity of 5 billion yen
- ✓ As part of our high-end strategy, we plan to launch the long-awaited Mac version within one year to capture the professional market
- ✓ The solutions segment continues to deliver stable growth, while the AI singing voice synthesis segment is laying the foundation for mid- to long-term expansion

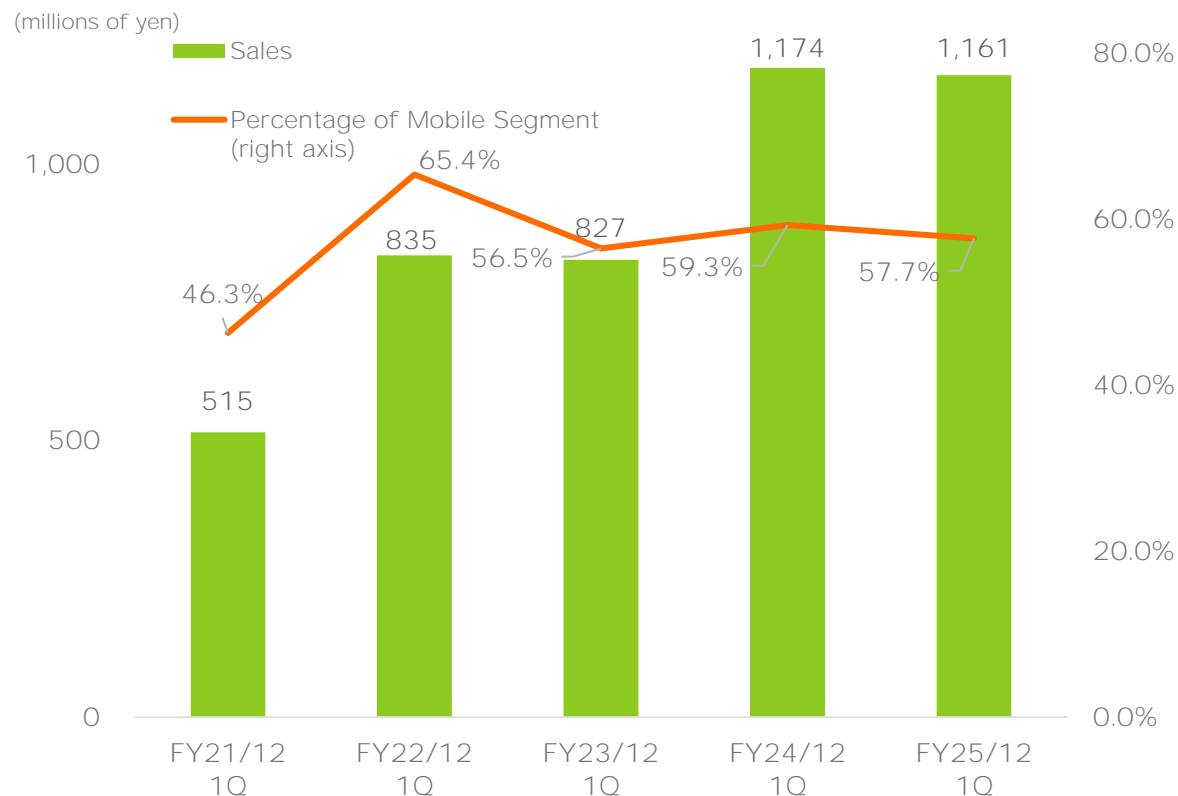
1. FY2025/12 Q1 Financial Results

Record Highs in Operating Profit, Operating Profit Margin, and Subscription Sales

	FY2024/12 Q1 Non-consolidated Results	FY2025/12 Q1 Consolidated Results		YoY
Net Sales	1.17 billion yen	1.16 billion yen	↘	-1.1%
Operating Profit	250 million yen	300 million yen	↗	+18.4%
Operating Profit Margin	22.0%	26.4%	↗	+19.7%
Subscription Sales from the ibisPaint Series	120 million yen	240 million yen	↗	+90.3%

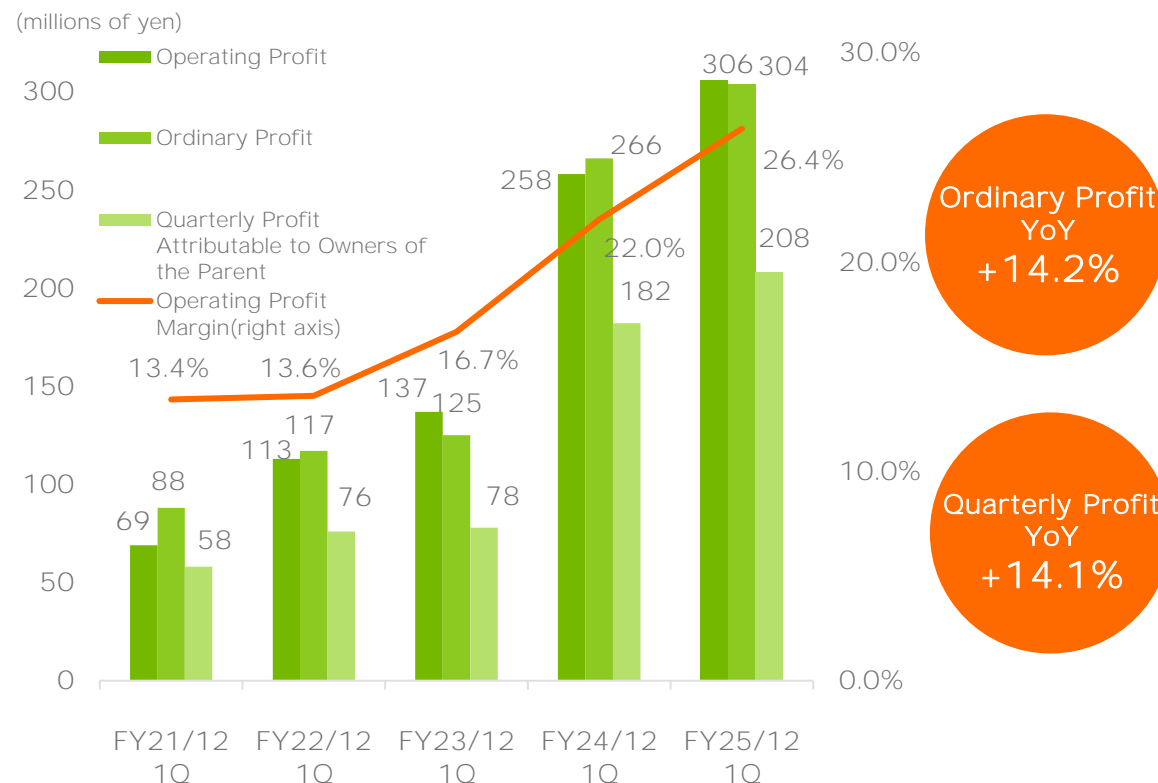
Stable Earnings Structure Established, with Steady Profit Growth Despite Slight Sales Decline

Net Sales Trends



- ✓ Company-wide sales amounted to 1.16 billion yen (YoY-1.1%), with the mobile segment accounting for 57.7%, down 1.6 points.

Various Profit Trends

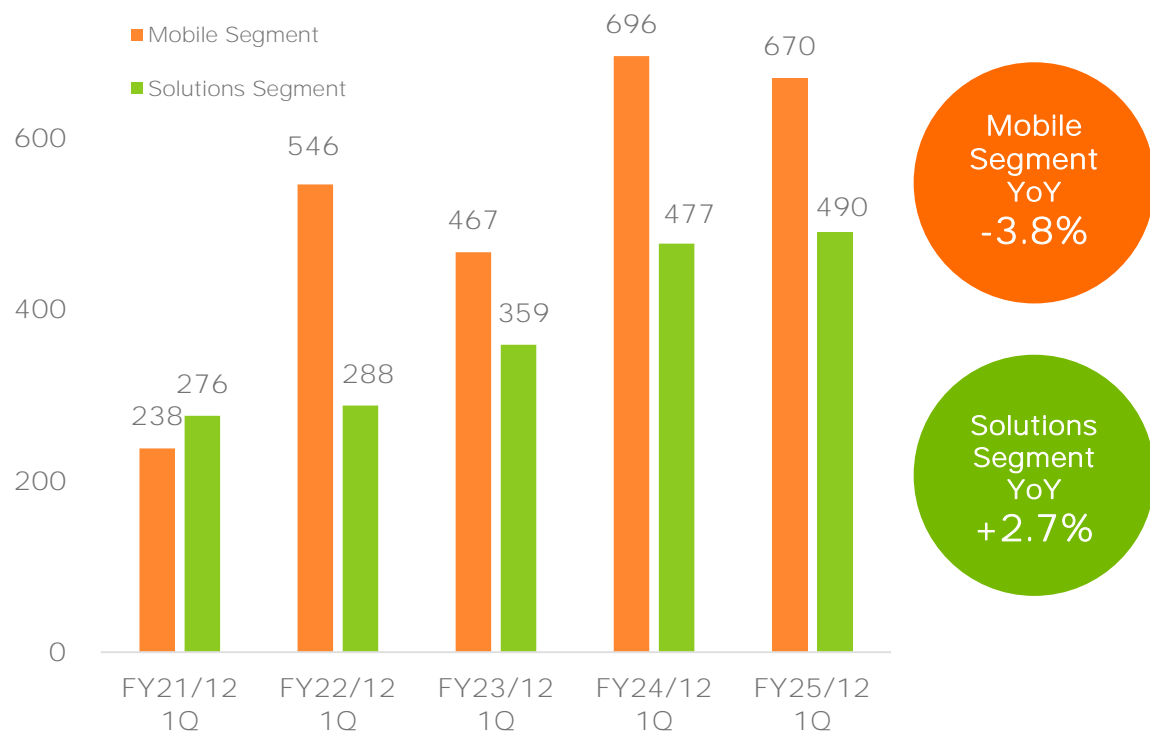


- ✓ By reducing advertising expenses in the Mobile segment and recruitment expenses in the solutions segment, operating profit increased to 306 million yen (YoY+18.4%), and the operating profit margin rose by 26.4%, a significant increase of 4.4 percentage points
- ✓ Ordinary profit increased to 304 million yen (+14.2%) and quarterly profit increased to 208 million yen (+14.1%)

Significant Profit Margin Expansion in Both Mobile and Solutions Segments

Net Sales Trends

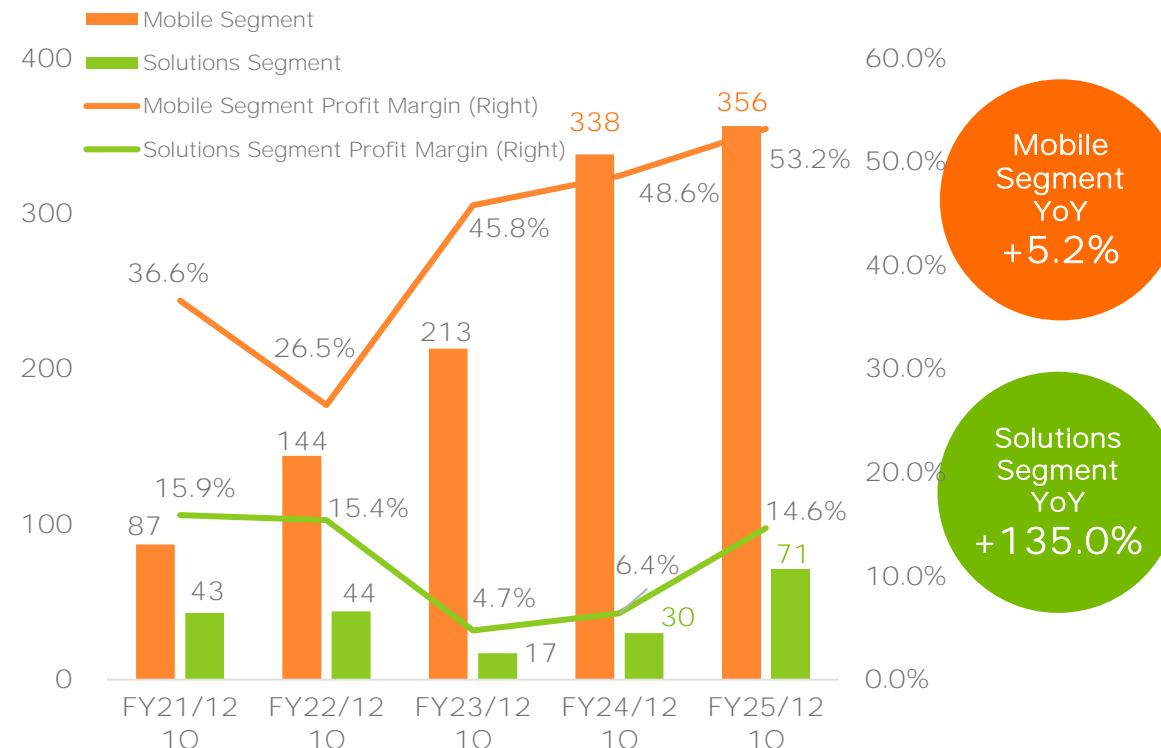
(millions of yen)



- ✓ Mobile segment sales amounted to 670 million yen (YoY-3.8%)
- ✓ Although sales decreased due to the impact of in-app advertising sales, subscription sales, which will become a future sales pillar, increased (YoY+90.3%)
- ✓ Solutions segment sales amounted to 490 million yen (+2.7%)

Segment Profit Trends

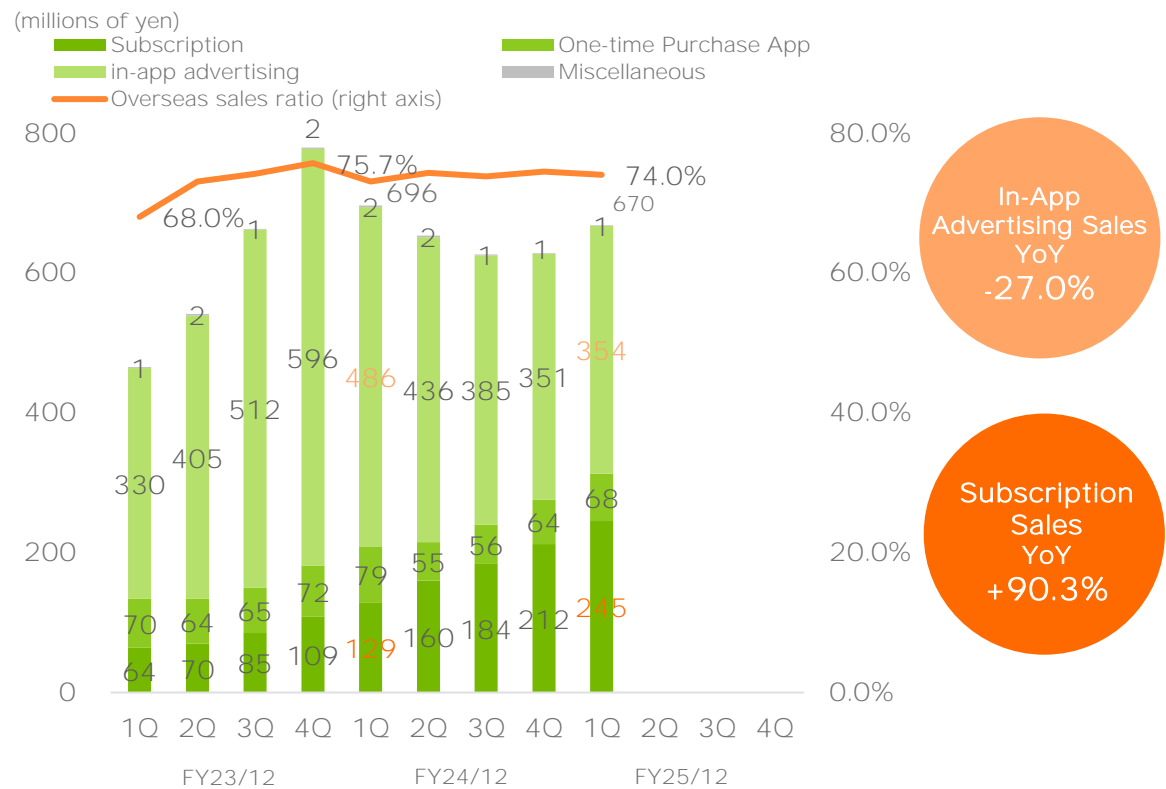
(millions of yen)



- ✓ Mobile segment profit increased by 356 million yen (YoY+5.2%) due to the continued shift toward organic growth
- ✓ Solutions segment profit more than doubled to 71 million yen (+135.0%) due to the continued strategy of acquiring high-profit projects
- ✓ Mobile segment profit margin increased by 4.6 percent points to 53.2% and Solutions segment profit margin increased by 8.2 percentage points to 14.6%

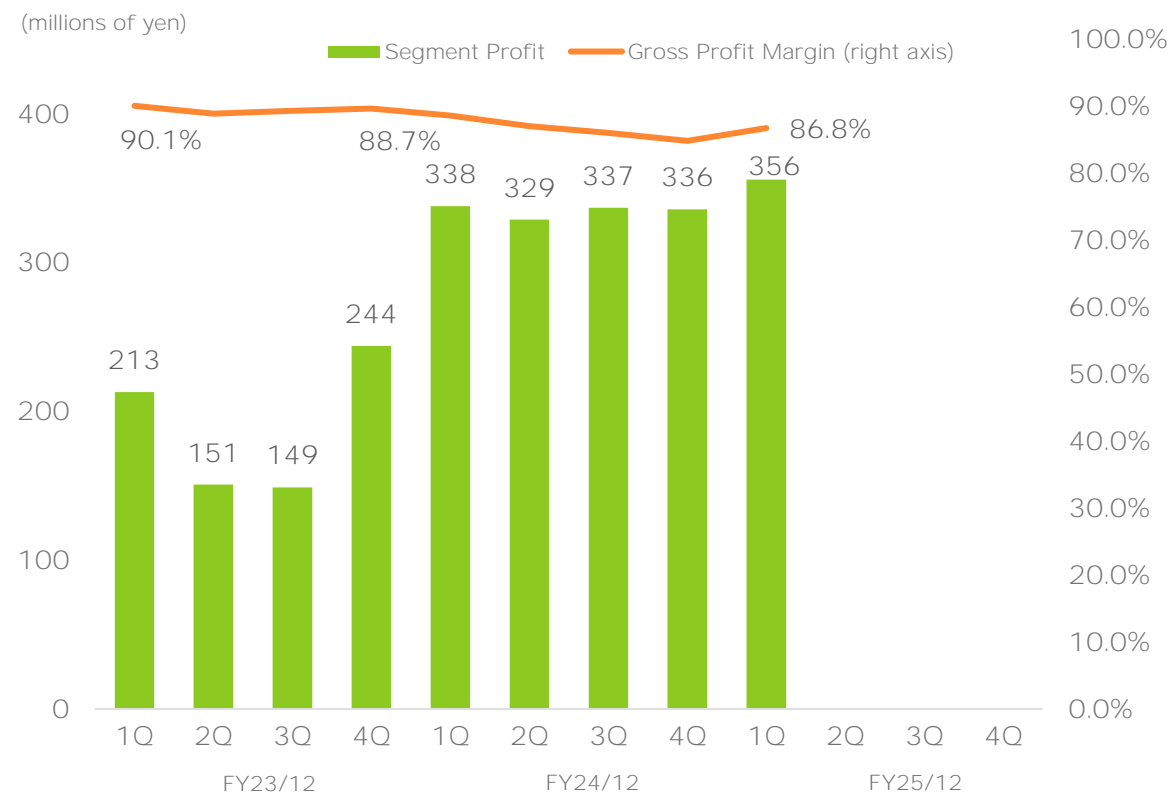
Subscription Sales: Growing into a Pillar of Sales with Strong Gross Profit Margins

Sales by Category and Overseas Sales Ratio Trends



- ✓ Mobile segment sales totaled 670 million yen (YoY-3.8%)
- ✓ Sales of in-app advertising were temporarily impacted by unexpected issues arising from certain measures in May FY2024, but signs of recovery are beginning to emerge. However, this impact persisted in Q1, with sales totaling 354 million yen (YoY-27.0%)
- ✓ Subscription Sales increased to 245 million yen (+90.3%), continuing to receive strong support from users

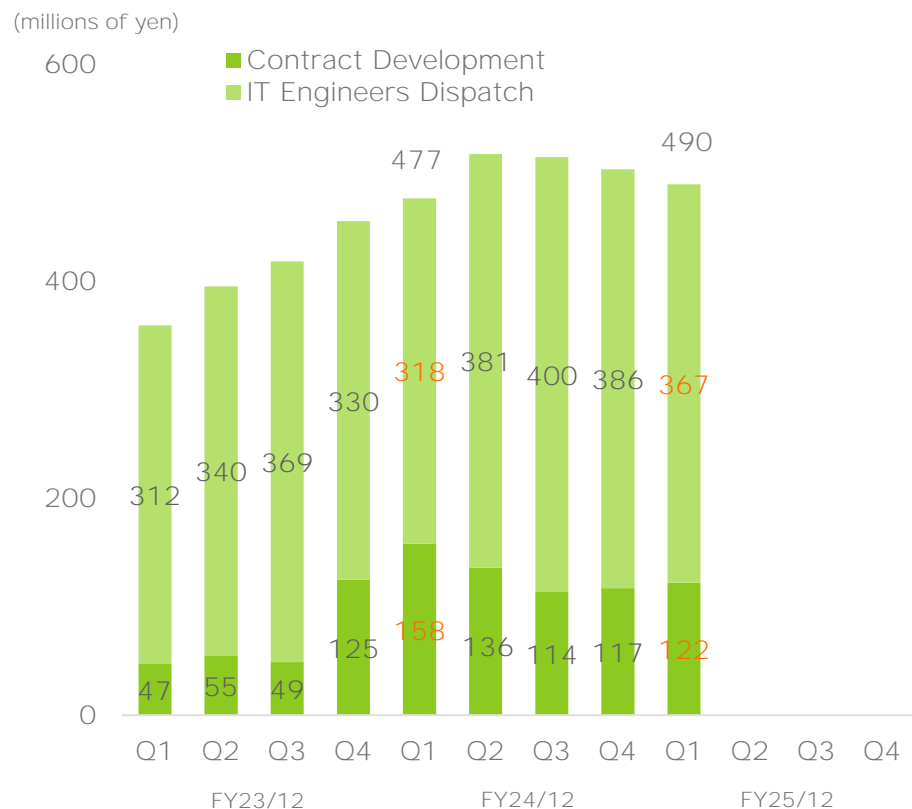
Segment Profit and Gross Profit Margin Trends



- ✓ Mobile segment profit totaled 356 million yen (YoY+5.2%)
- ✓ We have evolved our mobile advertising strategy from the previous 4Q and we currently fine-tuning it to a model that directly leads to an increase in in-app purchasing users. By acquiring new users at a low cost we ensure profitability
- ✓ Gross Profit Margin decreased by 1.9 percentage points YoY due to investments in engineering talent and other factors, but remained high at 86.8%

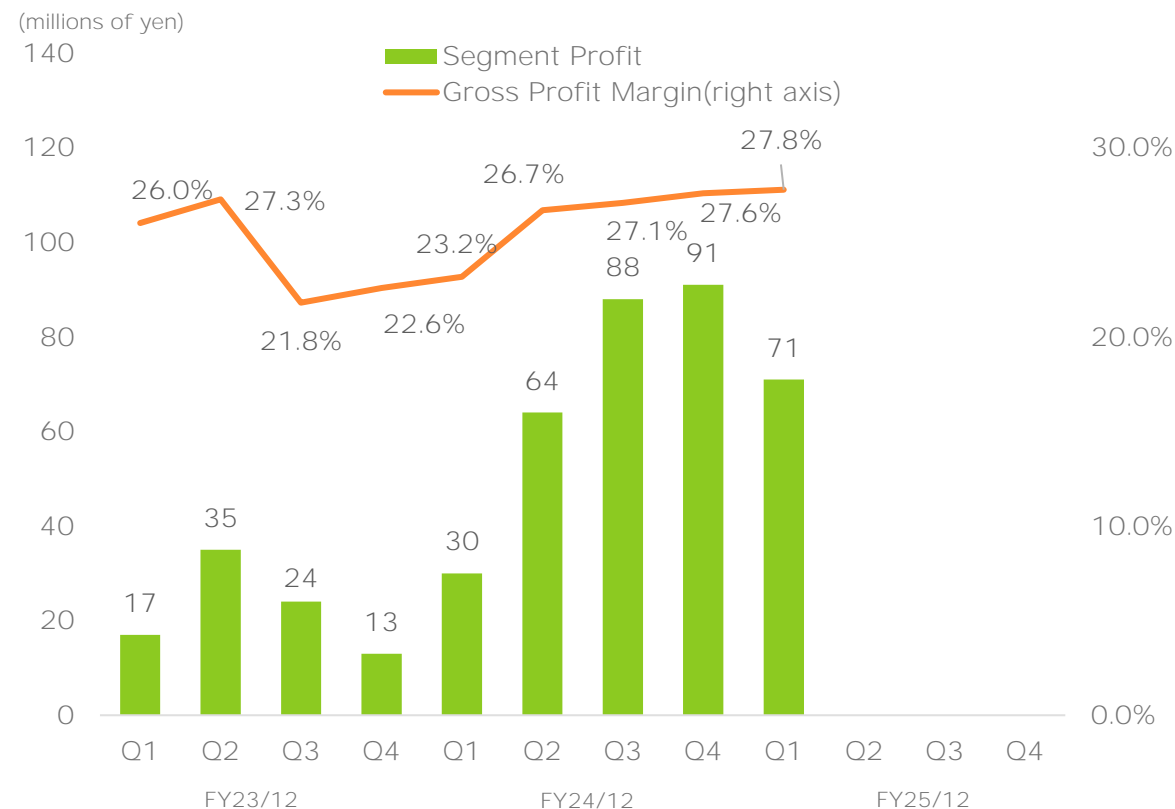
Segment Profit Reached a Record High in Q1 Due to the Acquisitions of High-Profit Projects and Productivity Improvements

Trends in Sales by Segment



- ✓ Solutions segment sales totaled 490 million yen (YoY+2.7%)
- ✓ As a result of continuing to focus on acquiring highly profitable projects rather than contract development projects, IT engineer dispatch sales totaled 367 million yen (+15.4%), while contract development sales totaled 122 million yen (-22.7%)
- ✓ Organizational changes were implemented to strengthen collaboration between departments and accelerate the decision-making process. Gradual improvements are expected after the summer

Trends in Segment Profit and Gross Profit Margin

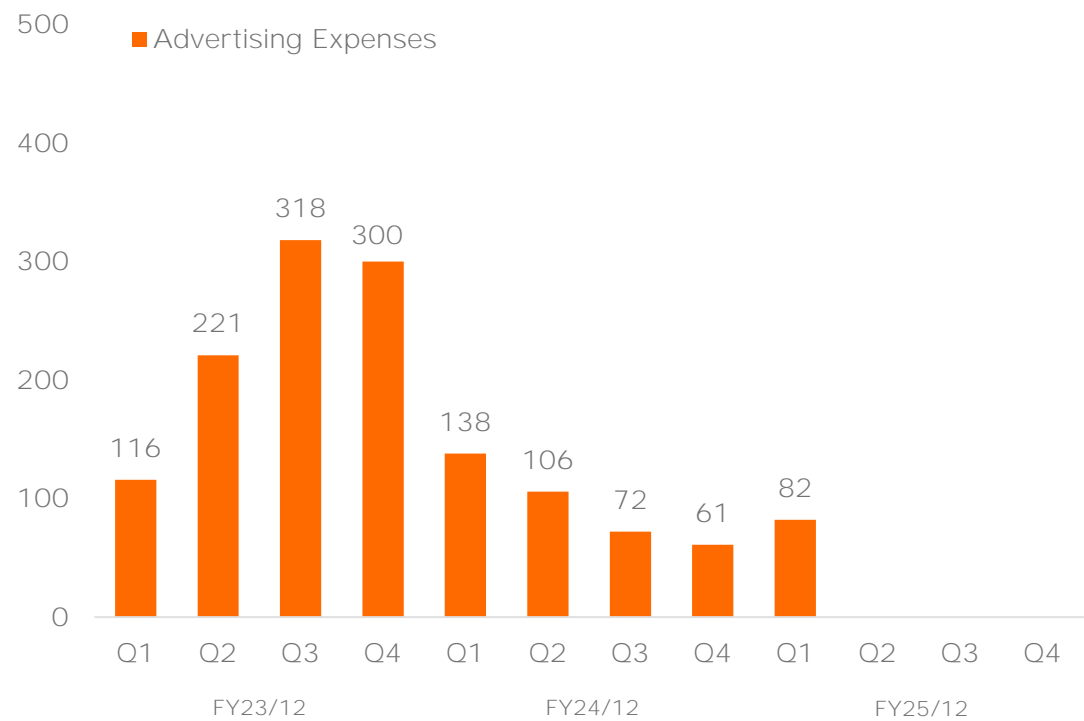


- ✓ As a result of the policy of carefully selecting top-tier SEs, solutions segment profit amounted to 71 million yen (YoY+135.0%) due to a reduction in investment
- ✓ Gross profit margin increased by 4.6 percentage points YoY, driven by a focus on acquiring highly profitable projects
- ✓ Results have started to appear from efforts to use AI to improve development productivity and build a highly profitable SI system

Strategic Implementations of Investment in Advertising and Engineers for Sustainable Growth

Advertising Investment Trends

(millions of yen)



- ✓ Advertising expenses decreases significantly to 82 million yen(YoY-40.4%), and the number of new downloads in Q1 dropped to 18,802 thousand (YoY-10.3%). However, the number of downloads continues to rise, demonstrating high cost-effectiveness compared to advertising expenses, and the cumulative total of 500 million downloads is expected to be achieved by FY2025/12
- ✓ Advertising expenses are incurred in mobile segment, with a focus on increasing the number of in-app purchasing users. The advertising-to-sales ratio will be kept at a stable level, and we will continue to manage it effectively while making timely and flexible advertising investments as needed

Trends in Investment in Engineers

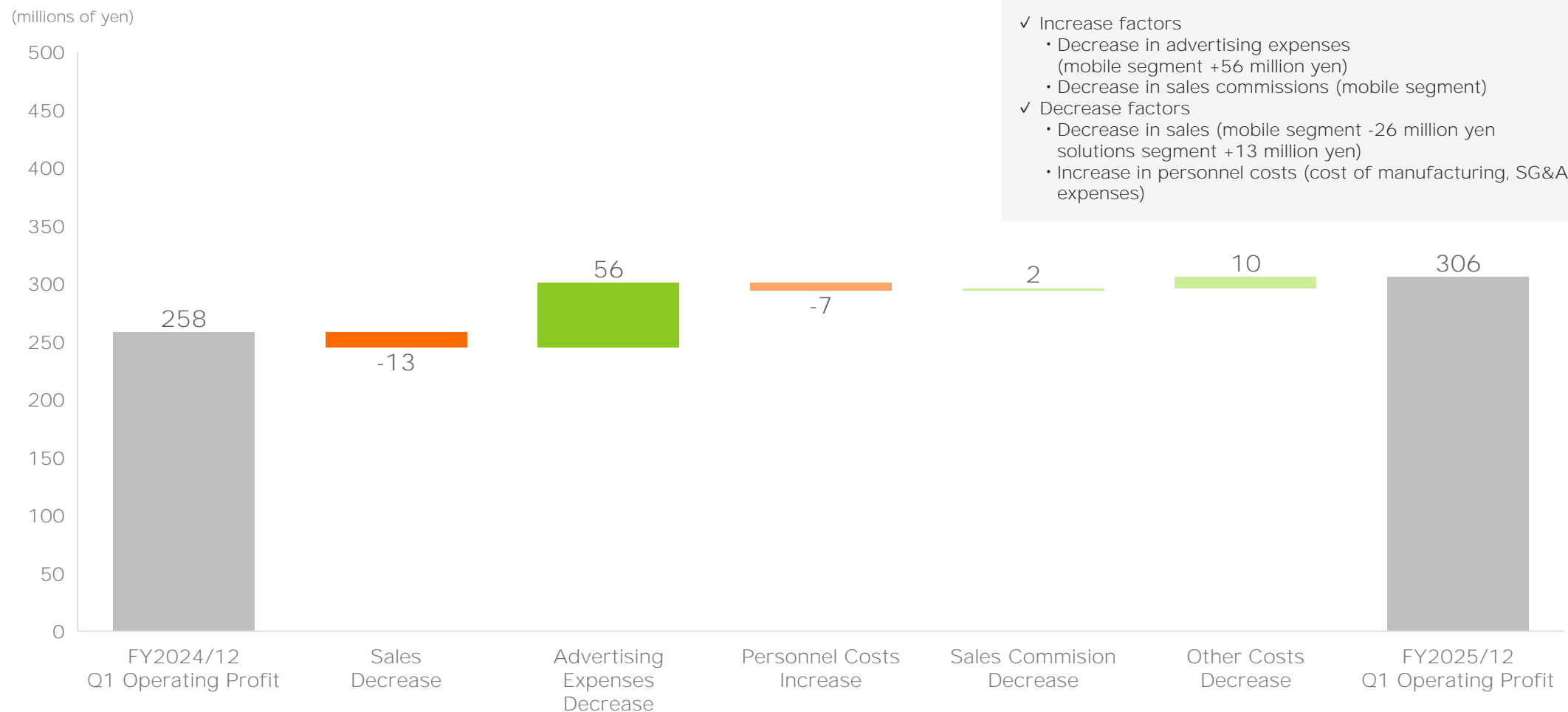
(millions of yen)



- ✓ Investment in engineers in the mobile segment amounted to 75 million yen (YoY+25.3%)
- ✓ Investment in engineers in solutions segment amounted to 372 million yen (YoY-5.2%), with both recruitment and labor costs decreasing

Secure Stable Profits and Make Progress in Shifting Towards a More Profitable Structure by Reducing Advertising Expenses

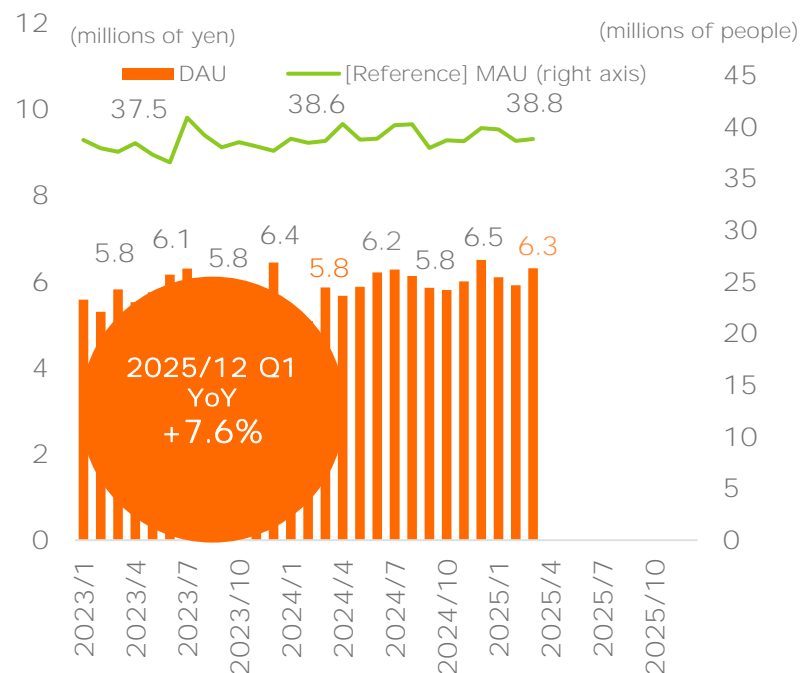
Analysis of Factors Affecting Changes in Operating Profit (Comparison Between FY2024/12 Q1 and FY2025/12 Q1)



Subscriptions Increase at an Accelerated Rate, DAU Remains High, and IT Engineers Stay Stable

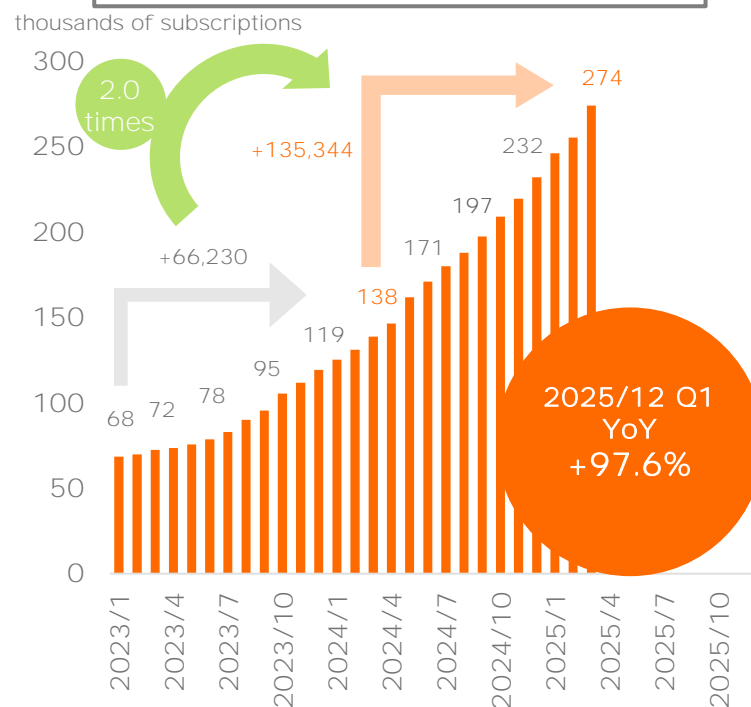
Mobile Segment

DAU (Daily Active Users)



✓ DAU at the end of Q1 remained at 6,316,035(YoY+7.6%) continuing to maintain a high level, ensuring a stable sales base for app advertising

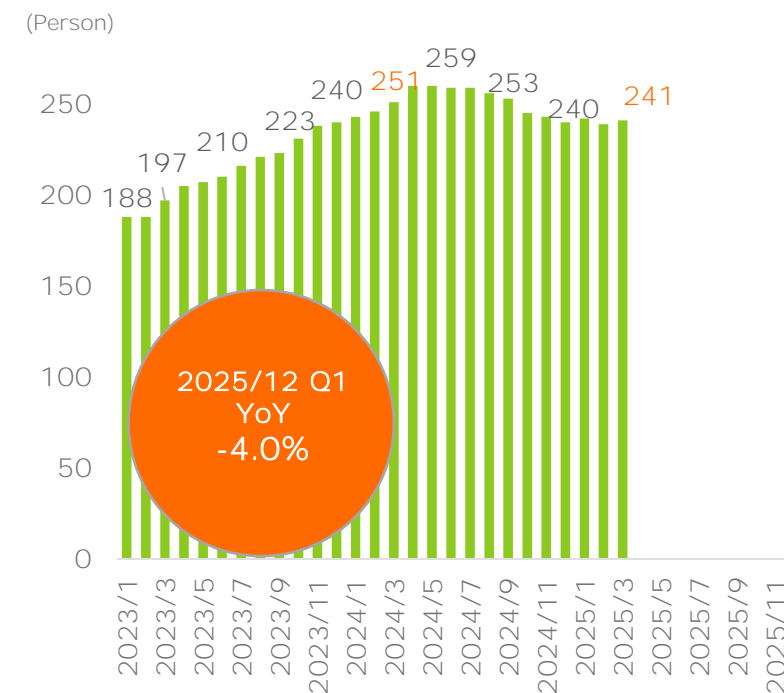
Number of Subscriptions



✓ With the addition of 9 new features in the major update (Ver.13) in March 2025, the number of subscriptions at the end of Q1 reached 274,083 (YoY+97.6%), nearly doubling the number of subscriptions from a year ago

Solutions Segment

Number of IT Engineers



✓ The number of IT engineers was 241 (YoY-4.0%) due to the policy change to selectively hire top-tier SEs

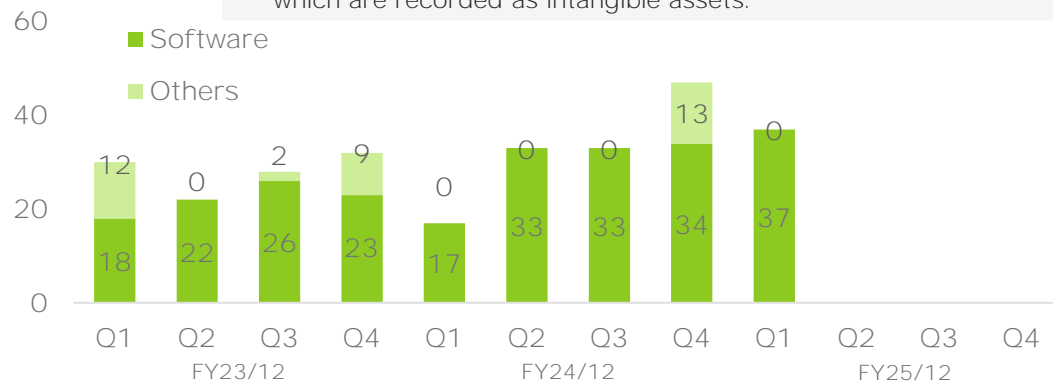
Company-wide FY2025/12 Q1 Capital Expenditures and Dollar-Yen Exchange Rate Trends

Investment Focus on Software Assets, Depreciation Increasing Due to Continued High-Function Strategy

Capital Expenditures Trends

(millions of yen)

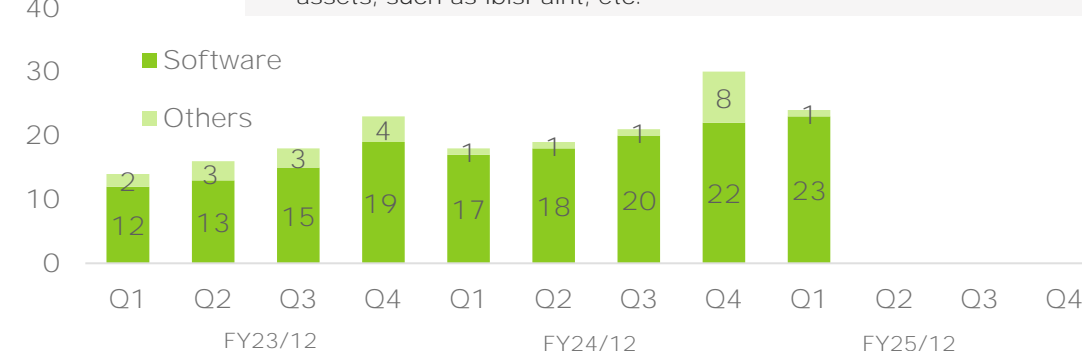
✓ Software mainly consists of development costs for ibisPaint, etc., which are recorded as intangible assets.



Depreciation Trends

(millions of yen)

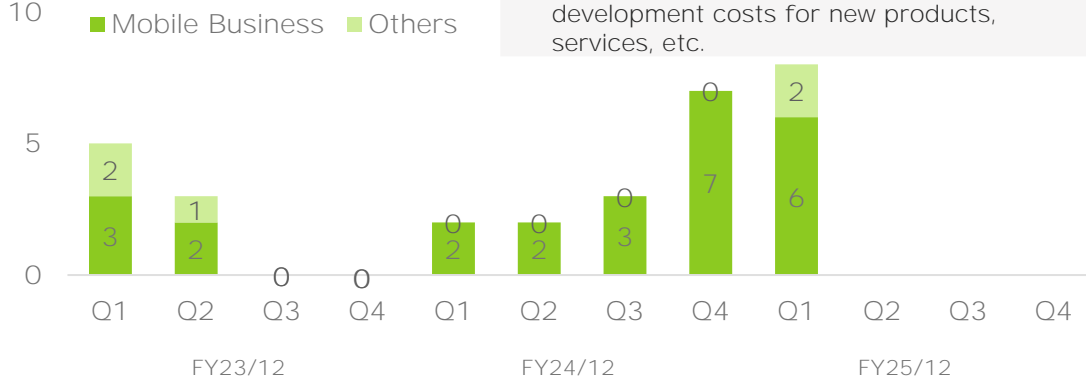
✓ Software mainly consists of depreciation expenses for intangible assets, such as ibisPaint, etc.



Research and Development Expenses Trends

(millions of yen)

✓ Other expenses include research and development costs for new products, services, etc.



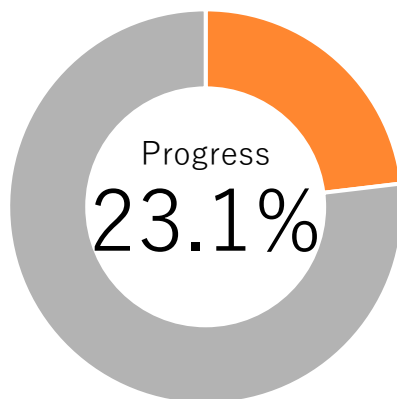
Dollar-Yen Exchange Rate

(Yen)

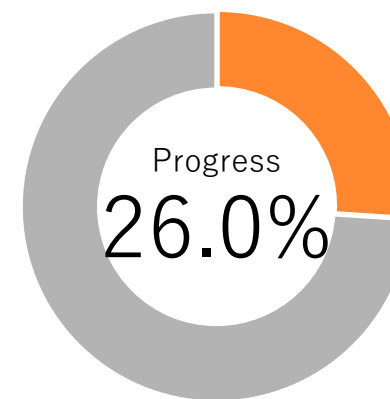


The Full-Year Non-Consolidated Plan Remains Unchanged as Various Profits Show Progress of Over 25%

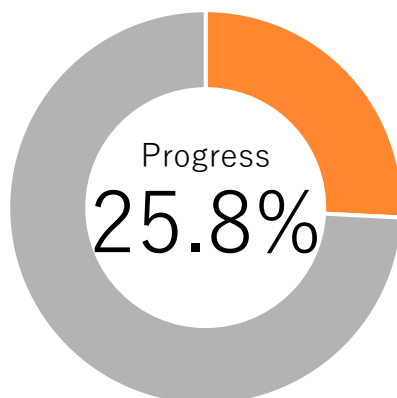
Net Sales



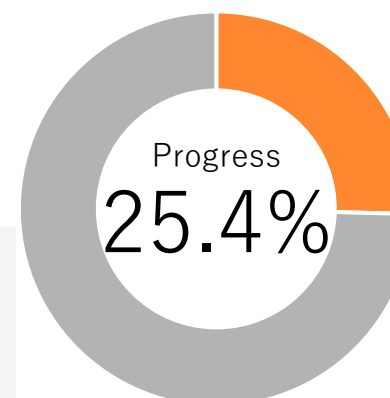
Operating Profit



Ordinary Profit



Profit attributable to owners of parent



- ✓ Operating profit, ordinary profit, and profit attributable to owners of parent are progressing at just over 25% of the consolidated earnings forecast
- ✓ As predicting the exchange rate trends and advertising market conditions until the end of the fiscal year, the non-consolidated earnings forecast remains unchanged.

Selected as the Best Drawing App of 2024, with New Features Added in major Update

Sensor Tower APAC Awards 2024 Winner of "Best Drawing App"



- ✓ Winner of the "Best Drawing App" award at the "Sensor Tower APAC Awards 2024", selected by Sensor Tower, a company providing an analysis platform for mobile apps and games
- ✓ The award was achieved due to global support, with over 90% of active users coming from overseas, and 23% of users coming from the US

Original Brush Pattern Feature Boosts User Engagement



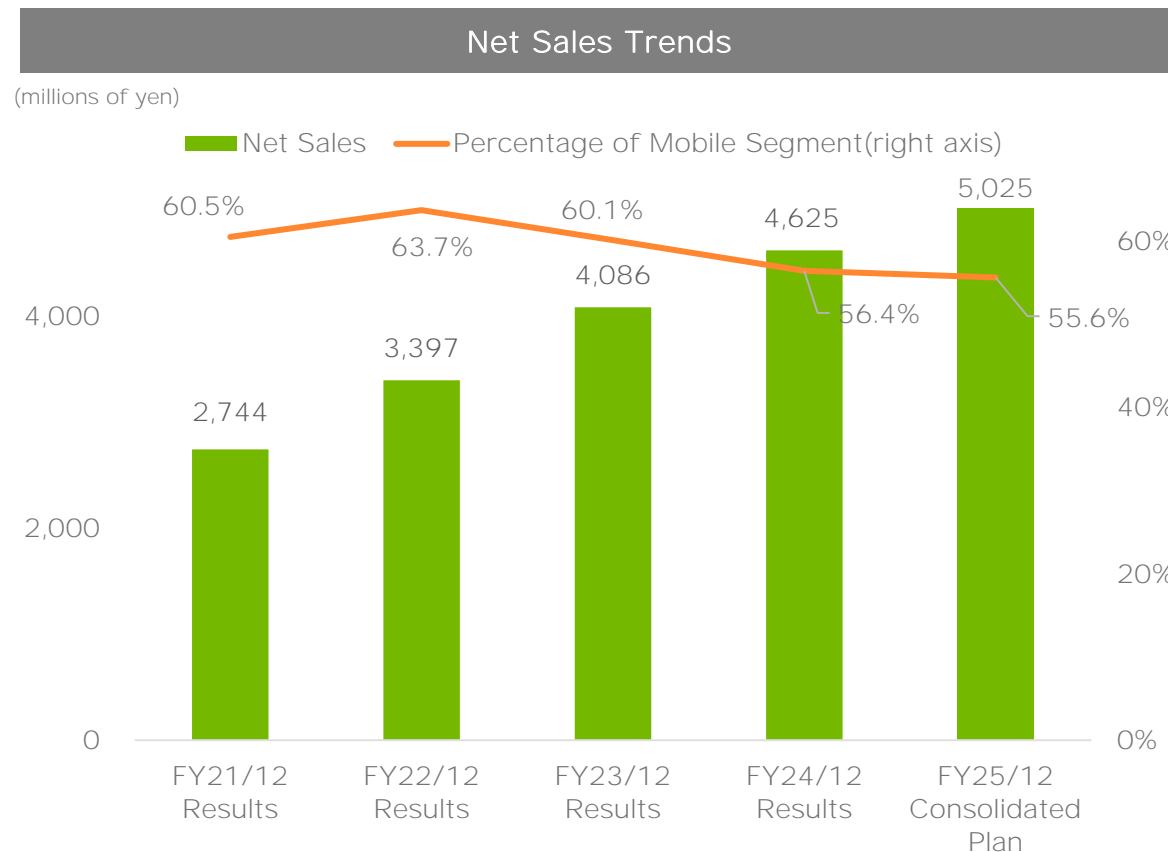
- ✓ Version 13.0.0 was released on March 5, 2025
- ✓ A new feature allows users to create and use their own original brush patterns, as well as share them with other users. Paid members enjoy unlimited usage
- ✓ Additionally, nine new features — including an enhanced fill tool — have been introduced exclusively for paid members, aiming to boost subscription numbers

2. FY2025/12 Consolidated Plan

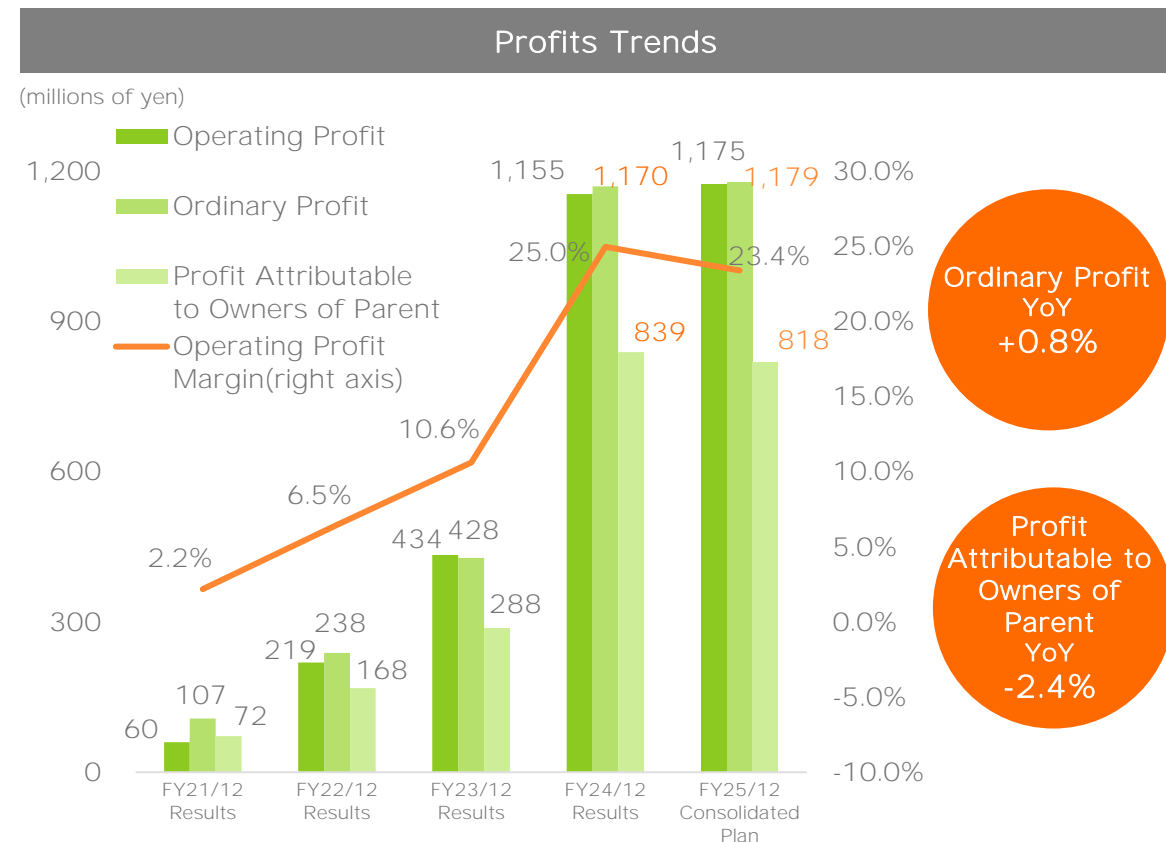
Renovating Consolidated Plans: Aiming for 1.6x Growth in Subscription Sales and Expansion in Net Sales and Operating Profit

	FY2024/12 Non-Consolidated Results	FY2025/12 Consolidated Plans		YoY
Net Sales	4.62 billion yen	5.02 billion yen	➔	+8.6%
Operating Profit	1.15 billion yen	1.17 billion yen	➔	+1.8%
Operating Profit Margin	25.0%	23.4%	➡	-6.3%
ibisPaint Series Subscription Sales	687 million yen	1.11 billion yen	➔	+62.2%

Despite the Impact of Consolidation, Net Sales and Profits Will Continue to Grow on an Ordinary Profit Basis



- ✓ Sales were planned to be 5.02 billion yen (YoY+8.6%) and continue to show steady growth
- ✓ The percentage of mobile segment is planned to remain in the upper 50% range

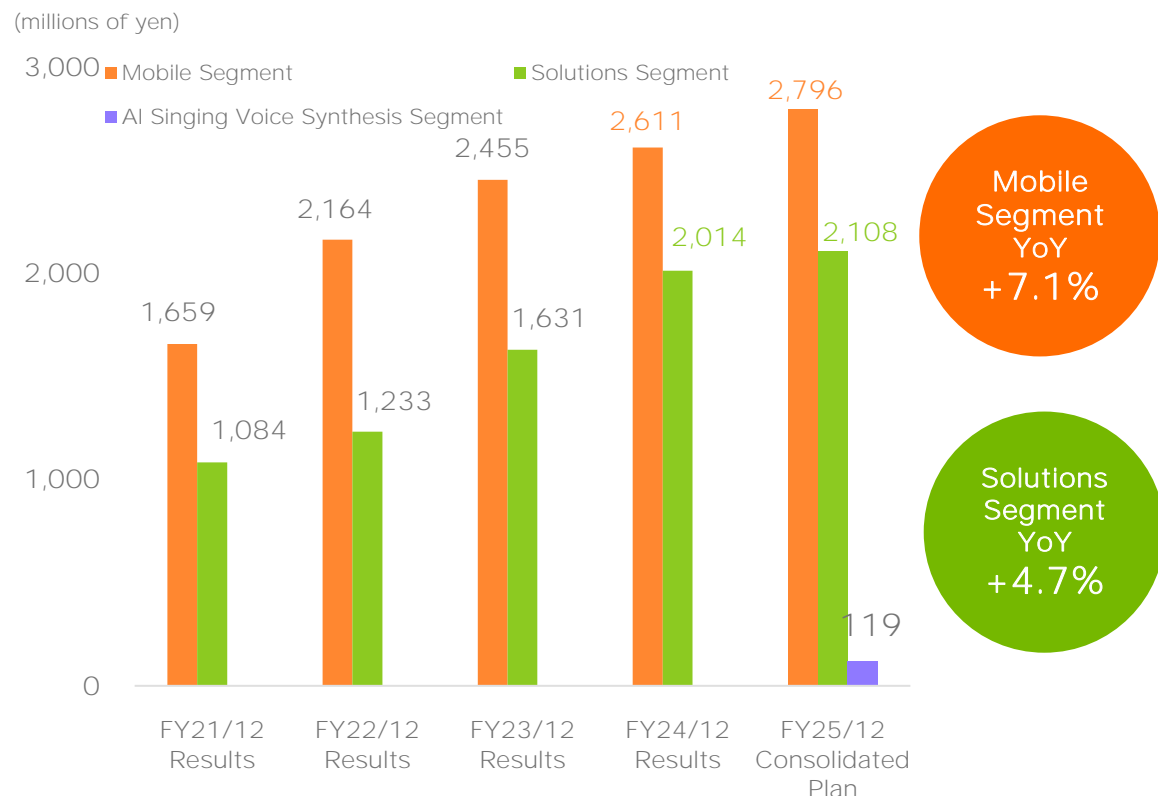


- ✓ The operating profit is planned to be 1.17 billion yen (YoY+1.8%), the ordinary profit 1.17 billion yen (+0.8%), and the profit attributable to owners of parent 818 million yen (-2.4%)
- ✓ In FY2025/12, we will continue the policy of organic growth (advertising expenses: half of the previous year) from FY2024/12

Note: Organic growth means that ibisPaint holds an extremely high global user share of 86.5% (see page 43 for details). Based on this, we believe that growth can be achieved through word of mouth, which is why we implemented this strategy starting from the previous fiscal year.

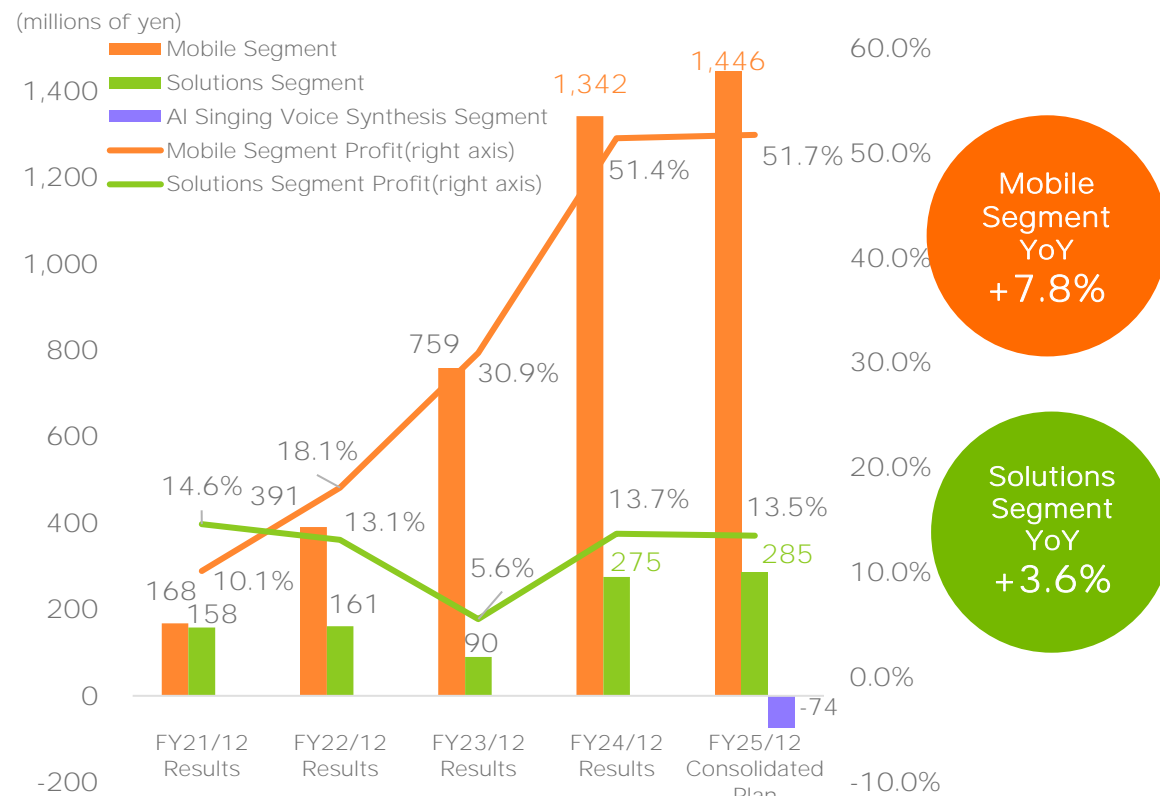
Aim for Further Sustainable Sales Growth through Strategic Measures including M&A

Net Sales Trends



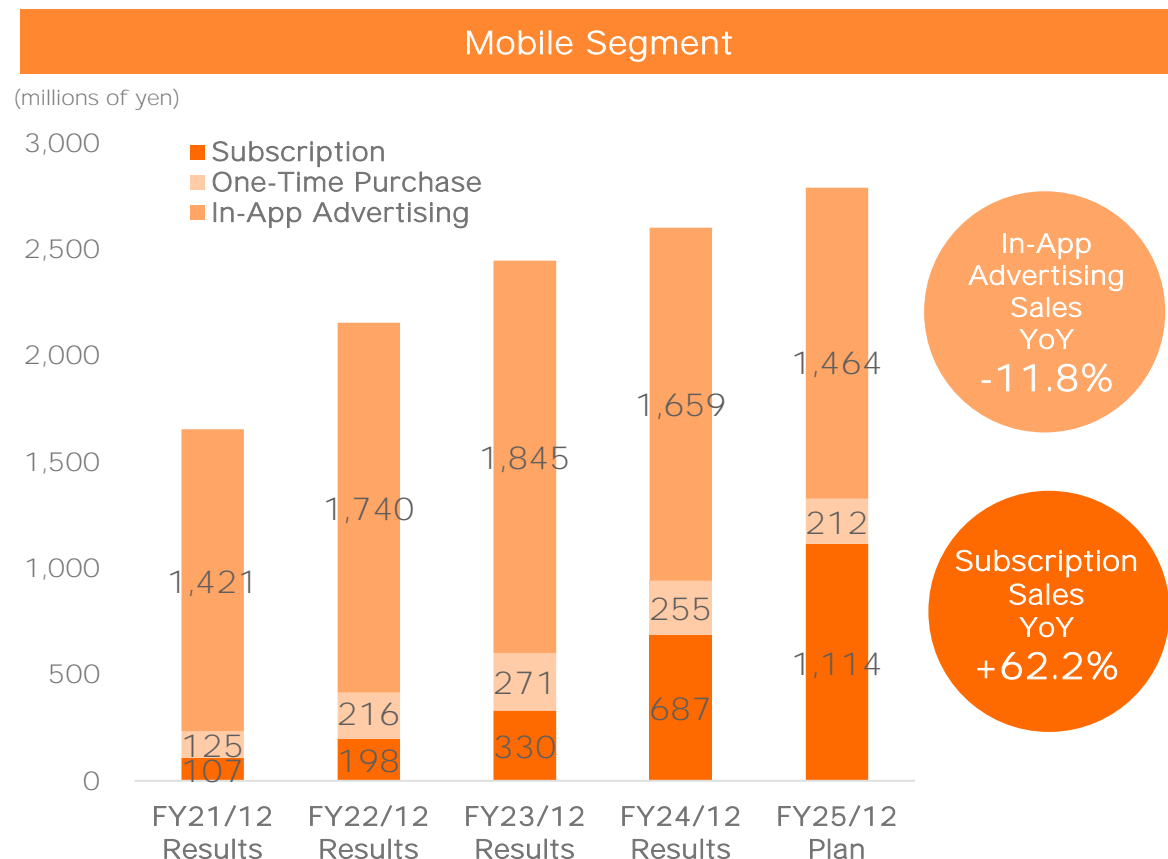
- ✓ Mobile segment sales were planned to be 2.79 billion yen (YoY+7.1%), aiming for continuous growth backed by the support of a large number of active users
- ✓ Solutions segment sales were planned to be 2.10 billion yen (+4.7%), and we will continue to recruit highly highly skilled IT engineers and acquire high-profit projects
- ✓ AI singing voice synthesis segment sales were planned to be 89 million yen for VoiSona sales and 30 million yen for contract development sales, totaling 119 million yen

Segment Profit Trends

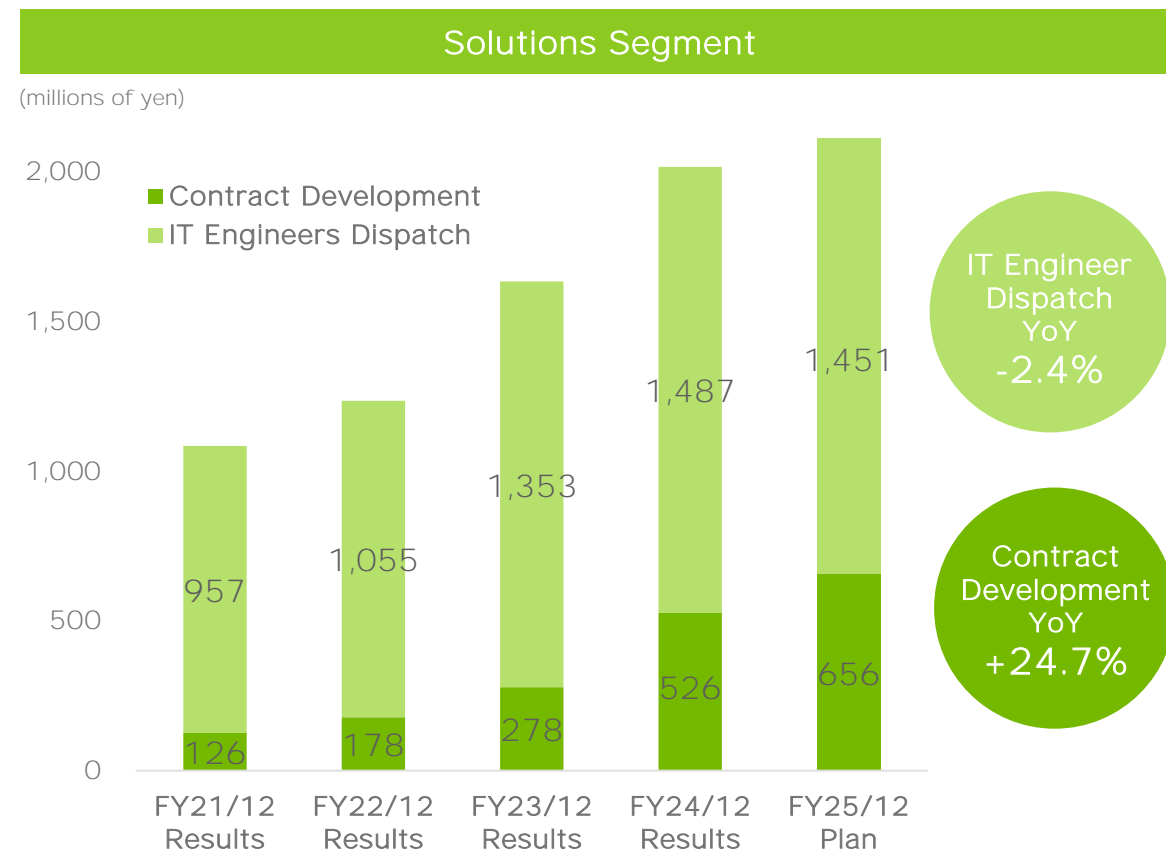


- ✓ Mobile segment profit is planned to be 1.44 billion yen (YoY+7.8%). The segment profit margin is expected to remain high due to continued investment in more effective and efficient advertising
- ✓ Solutions segment profit is planned to be 285 million yen (+3.6%). Although personnel expenses are expected to increase due to the acquisition of highly skilled talent, profits are also expected to increase as highly profitable projects are acquired, outweighing the increased costs
- ✓ AI singing voice synthesis segment profit is planned to be -74 million yen (including the amortization of goodwill of -56 million yen)

Mobile: Subscription; Solutions: Contract Development as the Growth Drivers



- ✓ Subscription sales are planned to reach 1.11 billion yen (YoY+62.2%), exceeding 1 billion yen for the first time. Subscriptions for the Windows version are also expected to enter a growth phase
- ✓ In-App advertising sales are planned to reach 1.46 billion yen (-11.8%). In FY2024/12, the impact of unexpected issues with some sales-boosting measures continues for some time, so the forecast remains extremely cautious
- ✓ The expected exchange rate for the full year of the mobile segment is 141 yen (TTB140 yen, TTS142 yen)

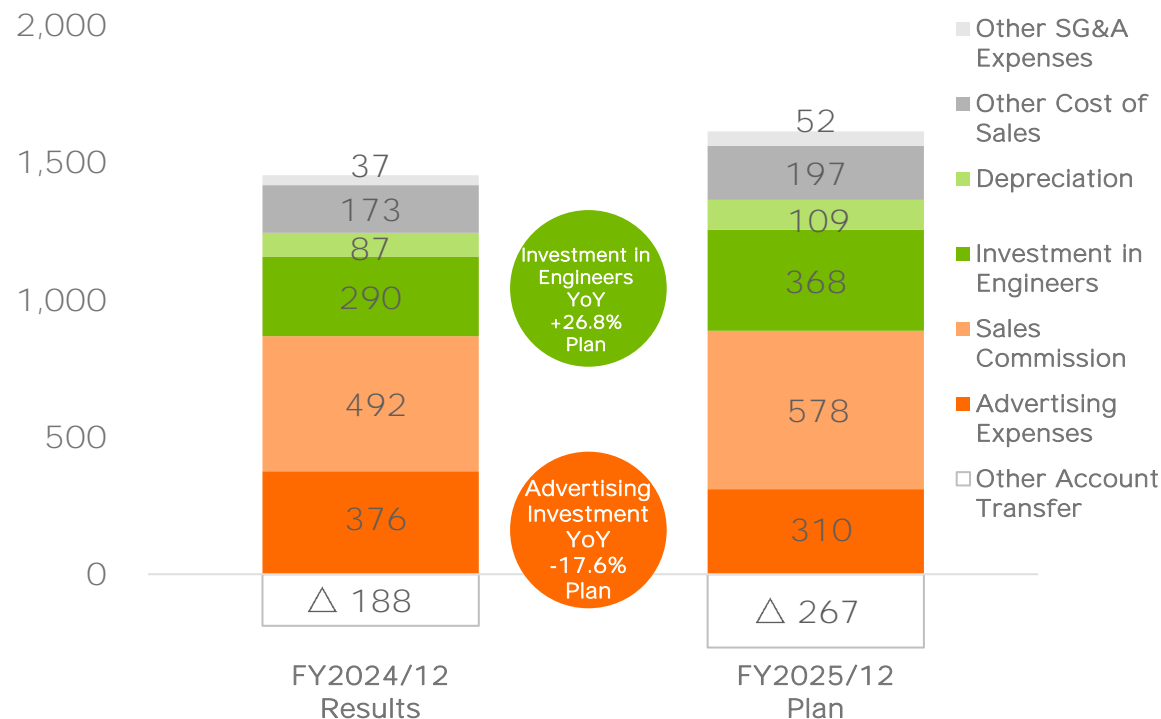


- ✓ Contract development sales are planned to be 656 million yen (YoY+24.7%) and IT engineer dispatch sales are planned to be 1.45 billion yen (-2.4%)
- ✓ Contract development will focus on quasi-delegated services that provide flexible supports for development at client locations
- ✓ While sticking to Sler, there is no change in the policy of prioritizing profit margins

Both Segments will Continue to Strengthen Investment in Engineers

Mobile Segment

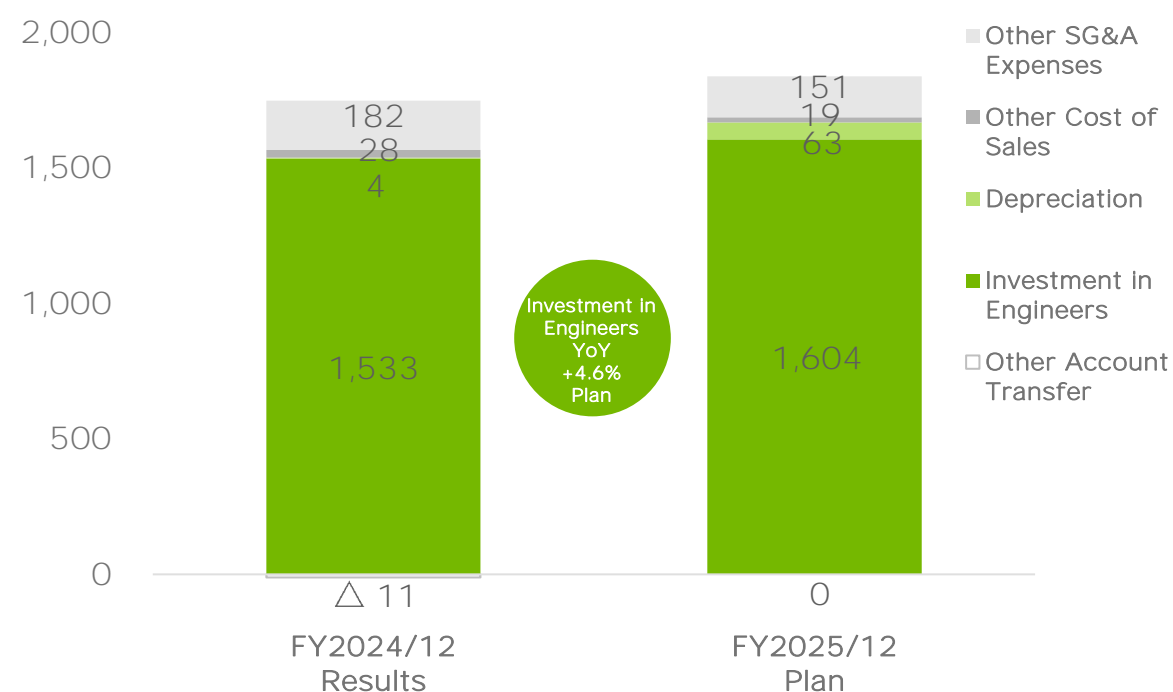
(millions of yen)



- ✓ Due to the continuation of the policy of shifting to organic growth from FY2024/12, advertising investment is planned to decrease further to 310 million yen (YoY-17.6%)
- ✓ Investment in engineers is planned to increase to 368 million yen (+26.8%) in order to continue strengthening the human resources base

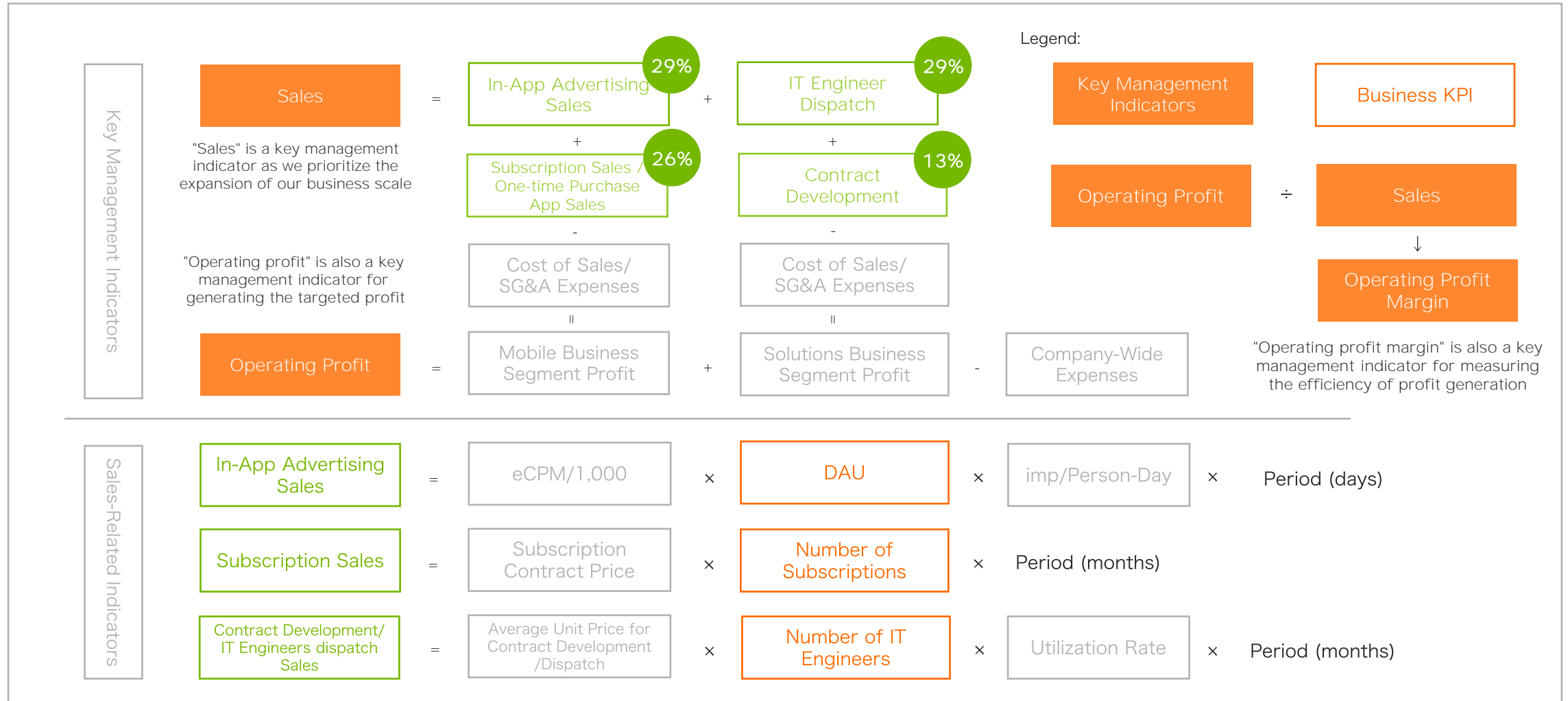
Solutions Segment

(millions of yen)



- ✓ Investment in engineers is planned to be 1.6 billion yen (YoY+4.6%), with plans to further shift towards hiring highly skilled engineers, placing more emphasis on quality over quantity

Simple Management Indicators and Business KPIs for Sustainable Growth

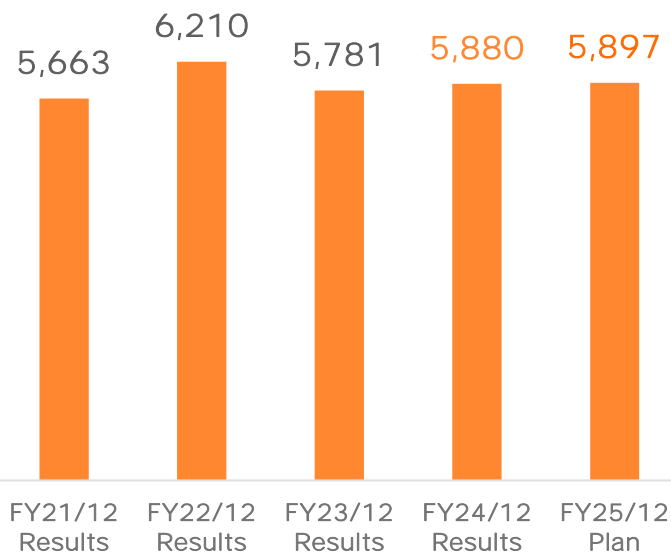


Aim to Increase the Number of Subscriptions, the Source of Growth,
by Approximately 1.5 times to 342,000

Mobile Segment

DAU

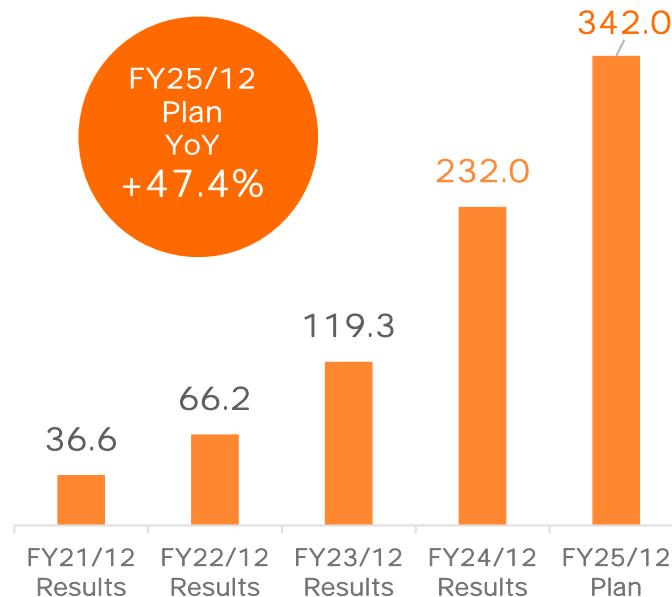
(Thousands of People)



✓ DAU is expected to remain at a stable level of, 5,897 thousand (YoY+0.3%)

Number of Subscriptions

(Thousands of Subscriptions)

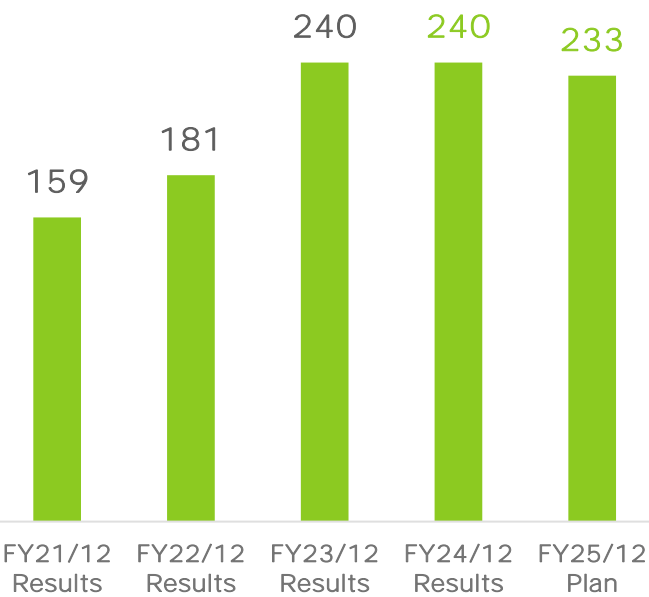


✓ The number of subscriptions is expected to reach 342 thousand (YoY+47.4%), with continued strong growth

Solutions Segment

Number of IT Engineers

(People)



✓ Although the plan is to selectively hire highly skilled engineers for higher-profit projects, the number of IT engineers is expected to decrease to 233 (YoY-2.9%) due to the continued increase in retirements from FY2024/12

FY2025/12 Consolidated Plan Shareholder Returns

Based on a dividend payout ratio of 20–25%, the dividend for the current fiscal year is scheduled to be 50 yen per share.

FY2024/12 Non-Consolidated Results	FY2025/12 Consolidated Plan
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YoY

Dividend
(per 1 share)

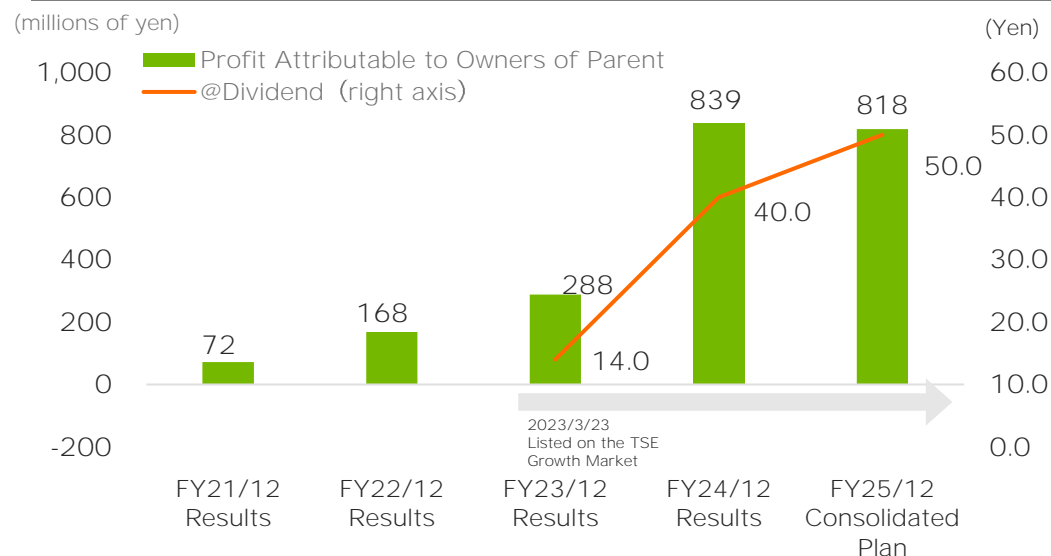
40.0 yen

50.0 yen



+25.0%

Profit Attributable to Owners of Parent



We will continue to consider increasing shareholder returns in line with profit growth in line with profit growth.

3.Business Plan and Growth Potential

(Updated: February 10, 2025)

1) Company Overview

MISSION

DELIVERING “WOW!” EXPERIENCE ON MOBILE.

Ibis Inc. is a mobile-savvy engineering firm.

Illustration transcends language, ethnicity, religion, and gender.

Creating global communication through mobile painting apps.

VISION

Boost Japanese Tech to the World

Ibis aims to elevate the global presence of ‘Made in Japan’.



VALUE



EXPERTS

**Group of Experts in
Advanced Technologies**

We are a group of experts who continuously acquire cutting-edge technologies, fully aware of our role as specialists in advanced technology, committed to solving societal challenges.



SPEED

**Rapid Decision-Making
and Execution**

Not only do we develop fast and efficient software, but we also make swift decisions and execute them promptly, ensuring agility in our operations.



CHALLENGE

Continuous Challenge

By relentlessly pursuing challenges without slowing down, we create new value and drive innovation.

Company Profile

Company Name	Ibis Inc.	
Establishment	May 11, 2000	
Capital	¥390,087,077	
Head Office	ORIX-Yaesudori bldg.2F 1-5-1 Hatchobori, Chuo-ku, Tokyo 104-0032, Japan	
Number of Employees	333 (281 IT engineers)	
Business	Mobile Business, Solutions Business (Contract Development and IT Engineer Dispatch)	
Permission	Worker Dispatch Business License Number (Dispatch Number13-317592)	
Director	Chief Executive Officer:	Eiji Kamiya
	Chief Operating Officer:	Kazuhiko Murakami
	Chief Technology Officer:	Takuya Maruyama
	Chief Financial Officer:	Hidekazu Yasui
Audit and Supervisory Committee Member	Director:	Yasuyuki Nakayama
	Outside Director:	Yohei Miyazaki (CPA)
	Outside Director:	Naoki Kondo (Attorney)
Listed Market	Tokyo Stock Exchange Growth Market (Securities Code: 9343)	
Closing date	Last day of December	
Major shareholders (Shareholding ratio)	Eiji Kamiya (47.4%)	
Affiliates (Shareholding ratio)	Techno-Speech, Inc. (100.0%)	



*Figures for capital, number of employees, and major shareholders (shareholding ratio) are as of December 31, 2024

Established for more than 20 years, focused on mobile app development

May 2000	Established Ibis Limited Company in Hamamatsu City, Shizuoka Prefecture (Mobile business started)
April 2001	Reorganized into a corporation in Nagoya City, Aichi Prefecture (Solutions business started)
December 2001	Designated Worker Dispatching (Special 23-020430) Certification (Solutions Business IT Engineer Dispatch Started)
October 2002	Tokyo Office Opened
June 2005	Full Browser App for Feature Phones “ibisBrowser” Released
September 2005	Full Mailer App for Feature Phones “ibisMail” Released
March 2007	Capital increased to 95,925,000 yen
September 2008	Privacy Mark (PMS) acquired
June 2011	First version of ibisPaint released
April 2014	Osaka Branch opened
March 2018	Worker Dispatching Business (Dispatch Number 23-302244) License obtained
October 2020	Cumulative downloads of the ibisPaint series exceed 100 million worldwide
December 2021	Cumulative downloads of the ibisPaint series exceed 200 million worldwide
January 2023	Cumulative downloads of the ibisPaint series exceed 300 million worldwide
March 2023	Listed on the Tokyo Stock Exchange's Growth Market (Securities Code: 9343)
July 2023	Mobile Paint App “ibisPaint Edu” Released
May 2024	ibisPaint has been downloaded more than 400 million times worldwide
July 2024	Registered Head Office changed from Nagoya Head Office to Tokyo Head Office
October 2024	Nagoya Office started operations to expand mobile business

Eiji Kamiya, Chief Executive Officer



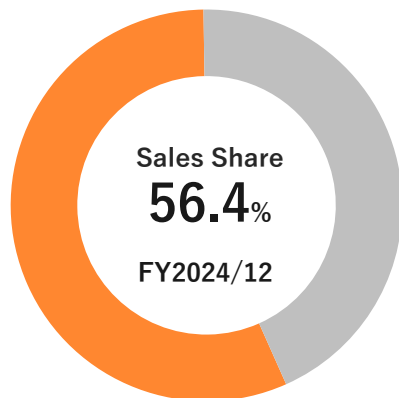
Mr. Kamiya was born in 1973 in Nagoya City, Aichi Prefecture, Japan. He graduated from the Department of Electrical and Information Engineering at Nagoya University of Technology.

From a young age, he showed a strong talent for programming. During his student years, he planned, designed, and sold original software, using the proceeds to fund his future entrepreneurial ventures. After graduation, he worked as a developer for several years. However, with the launch of NTT DoCoMo's i-mode service, he foresaw the rise of the mobile era and founded Ibis Corporation to seize the emerging opportunities.

In Addition to Two Existing Businesses, a New AI Singing Voice Synthesis Business Is Launched Through M&A

In addition to the mobile business and solutions business based on the mobile development technology and know-how accumulated over many years
As of the end of January 2025, Techno-Speech, Inc. became a wholly-owned subsidiary and launched a third business using its AI singing voice synthesis technology

Mobile Business



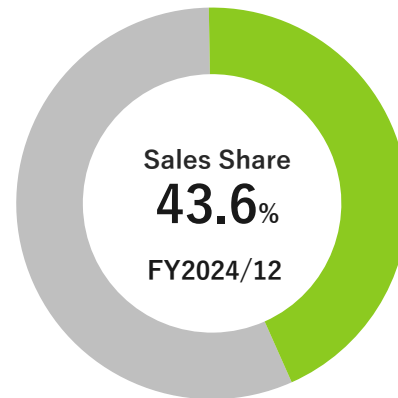
Mobile Paint App

Development and operation of IbisPaint

Proprietary product segment with
focus on profitability

High-Growth
Business

Solutions Business



Contract development and IT engineer
dispatch for domestic clients

Highly rated since founding

Stable growth
business

AI Singing Voice Synthesis Business

Techno-Speech, Inc.

Development and operation of VoiSona, an AI
singing voice synthesis app that realistically
reproduces human singing and speech

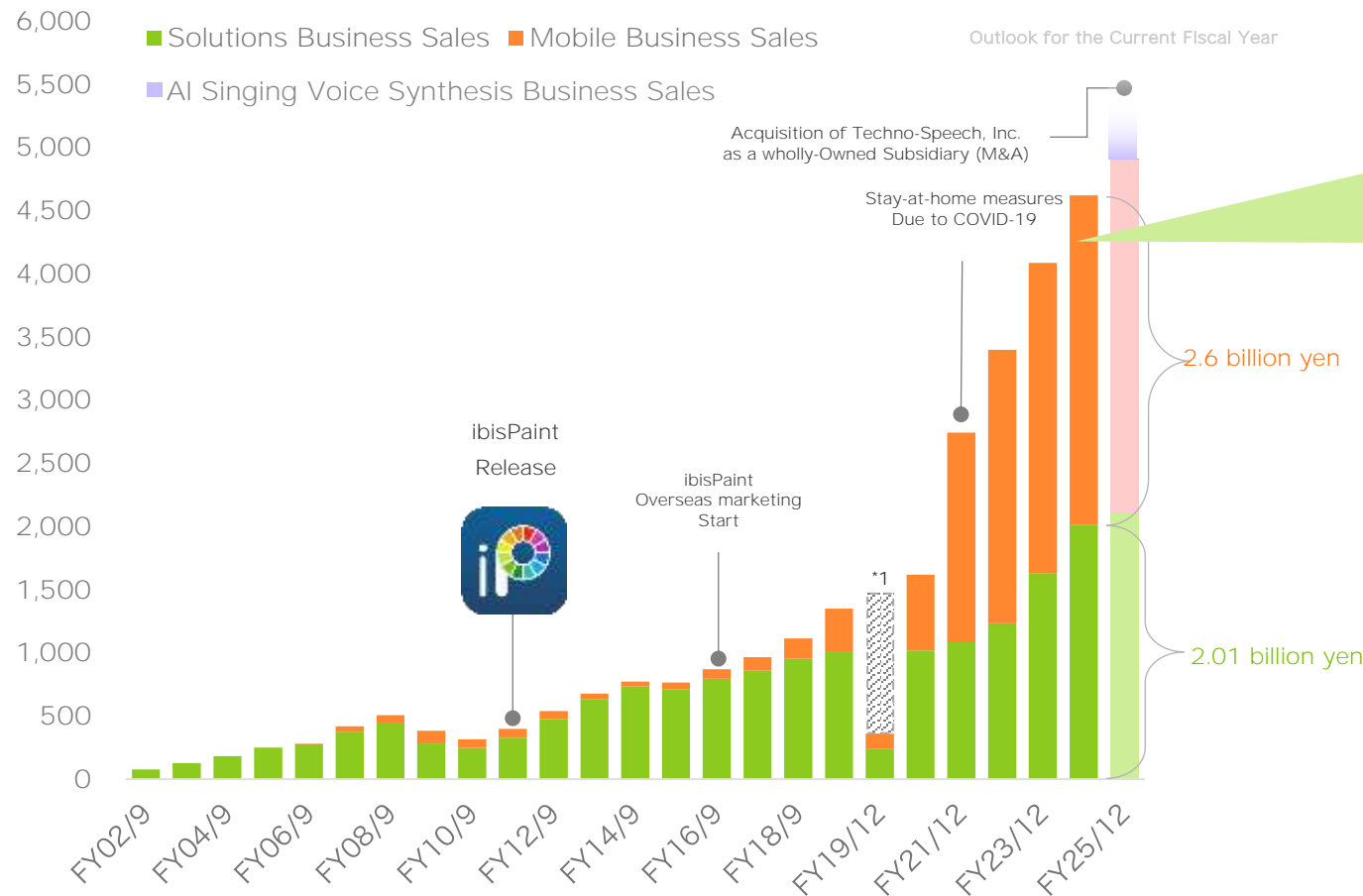
A deep-tech business utilizing voice technologies
with academic roots at Nagoya Institute of
Technology, aiming for global leadership

New growth
business

The Growth Drivers Are Subscriptions (and M&A) in the Mobile Business

Trends in Net Sales Since Establishment

(millions of yen)



FY2024/12
Net Sales
4.62 billion yen

- ✓ In addition to stable growth in the Solutions business, The release of ibisPaint in 2011, due to the expansion of overseas downloads **Mobile business becomes the main business**
- ✓ The current growth drivers are **ibisPaint subscriptions, M&A also contributes in the medium to long term**

*1 Change of accounting period

2) Business Overview

What is ibisPaint? [Mobile Business]

"We want users around the world to freely draw illustrations at any place and time," which is why we offer a robust set of basic features for free.

Basic Functions Are Free and Unlimited More Advanced Functions Are Available to Paid Members

Equipped with advanced PC-like functionality on mobile devices.

Equipped with advanced features comparable to professional-grade painting software used by professional illustrators.

Watch the video to see the intuitive usability and quality achieved with ibisPaint.

ibisPaint For Windows is also rolling out as a new sales source

Released
June 2022



ibisPaint, the No.1 mobile paint app, lets users choose a familiar UI to further expand their work environment

From the first app for digital illustration, ibisPaint aims to be the next choice

[*See Appendix \(p.66\) for product lineup details](#)



Video of using ibisPaint (20 seconds)

Utilizing Cutting-Edge Artificial Intelligence (AI) Technologies to Powerfully Support Users' Creativity

2011/06/21
ibisPaint
Release

2023/05/10

Release of AI Super-Resolution Functionality
(ibisPaint Ver.10.1.0)

The function that uses deep learning technology to enhance the image quality of an illustration with one tap
The image quality and size can be doubled

2024/05/07

Release of AI Learning Interference Functionality
(ibisPaint Ver.12.1.0)

The Function to add noise to illustrations that prevents additional learning by image generation AI
Add noise to illustrations without waiting time without requiring a separate plug-in

More new functions to be released in the future

2023/09/14

Release of AI Background Removal Functionality
(ibisPaint Ver.11.0.0)

Background Removal has been added as one of the AI-powered filters.
Taps can be used to read and crop specified objects

2024/09/05

AI Watercolor Filter Release
(ibisPaint Ver.12.2.0)

As one of the AI filters, a feature that utilizes deep learning technology to transform photos and illustrations into watercolor-like textures.

Translated Into 19 Languages, With Users in More Than 200 Countries
and Regions Around the World

Paint app for smartphones and tablets that lets you draw authentic illustrations with just one finger

Basic functions are free

The free basic functions are the first app for drawing users.

Paying members will be provided with more advanced functions to differentiate themselves from the free version.

Community

Create more engagement from the joy of seeing your illustrations with “ibispaint.com”, which allows users to freely post their own illustrations

Number of overseas users

More than 90% of all downloads are from overseas. Apps used across borders for non-verbal communication of illustrations

Generation Z

This is the first illustration app for junior high and high school students who have smartphones for the first time. It matches not only drawing but also new trends such as photo processing and oshi-katsu.



High-Quality Free Paint App Receives High Ratings

ibisPaint has established a new standard for painting apps: drawing with your finger using your smartphone.

Achieved high levels of customer satisfaction from users, received high ratings in related media, and received awards for business



「ibisPaint」
App Store Ratings

AppStore 4.7 /5
Google Play 4.6 /5
※1



「ibisPaint」
YouTube Subscribers

Over
2.95
million
Subscribers
※2



Cabinet Office Cool Japan
Platform Award 2023

Excellence
Award
Received
※3

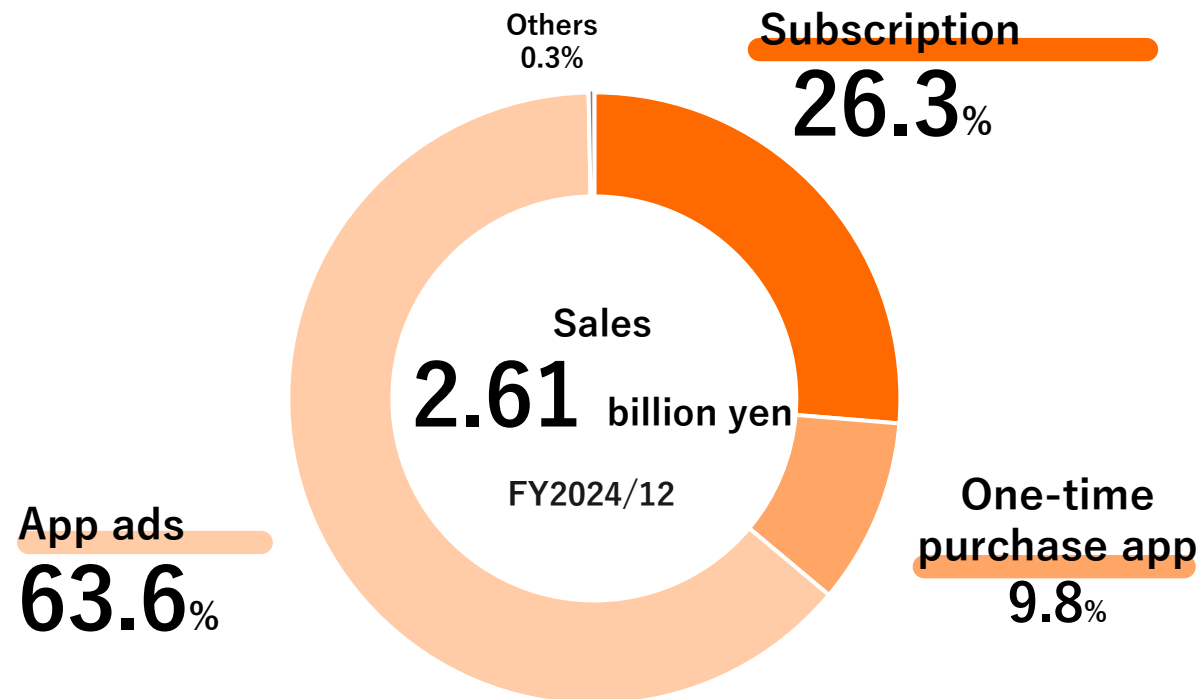


Sensor Tower
APAC Awards 2024

Best Drawing
App
Received
※4

The Company Is Shifting From Freemium Model to In-App Purchase Model

Mobile Business Sales Breakdown



Subscription

- ✓ Provision of a subscription-based (premium member) service that allows users to access additional features and materials, including the ad-hiding function
- ✓ Monetization through in-app purchases

One-Time Purchase App

- ✓ Provision of paid apps with ad-free functionality
- ✓ Provision of ad-free functionality add-ons for free apps
- ✓ Monetization through in-app purchases

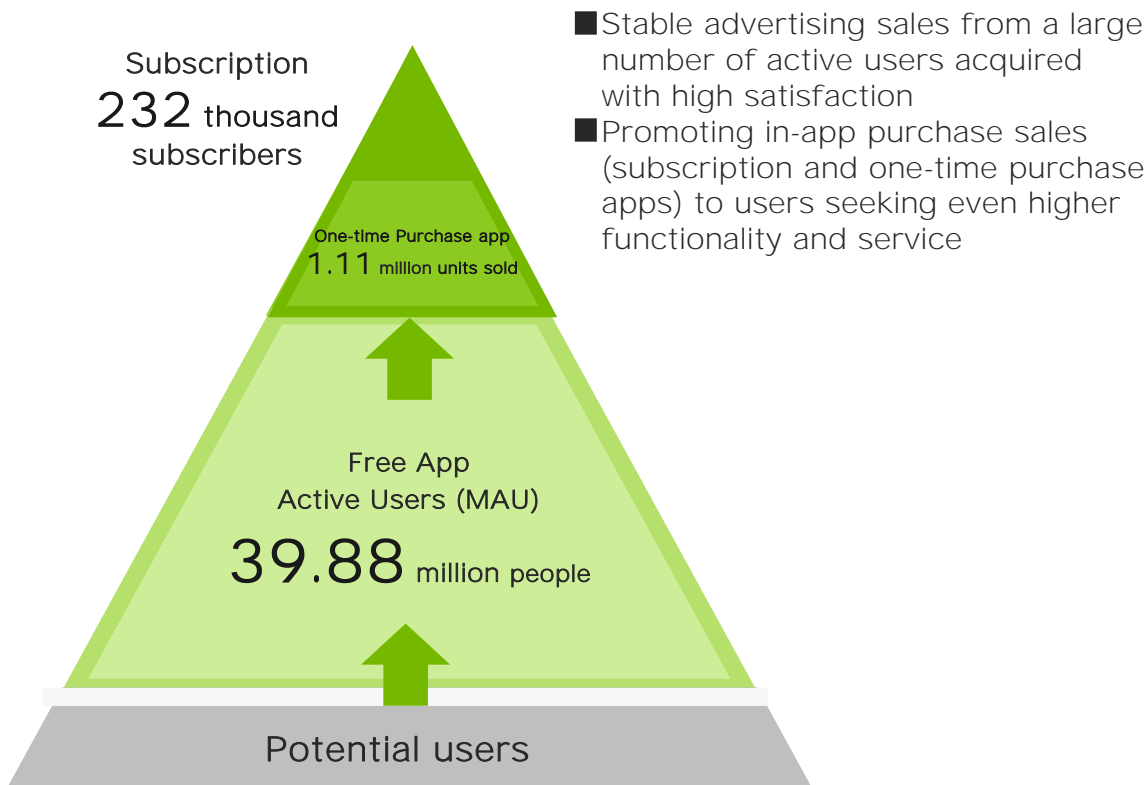
In-App Advertising

- ✓ Monetization by displaying banner ads and video ads from multiple SSP (Supply-Side Platform) providers on the free version of the app

*For details on the product lineup, see Appendix (p. 65)

We Are Shifting From a Freemium Model to an App Payment Model

User Configuration



How the freemium model works

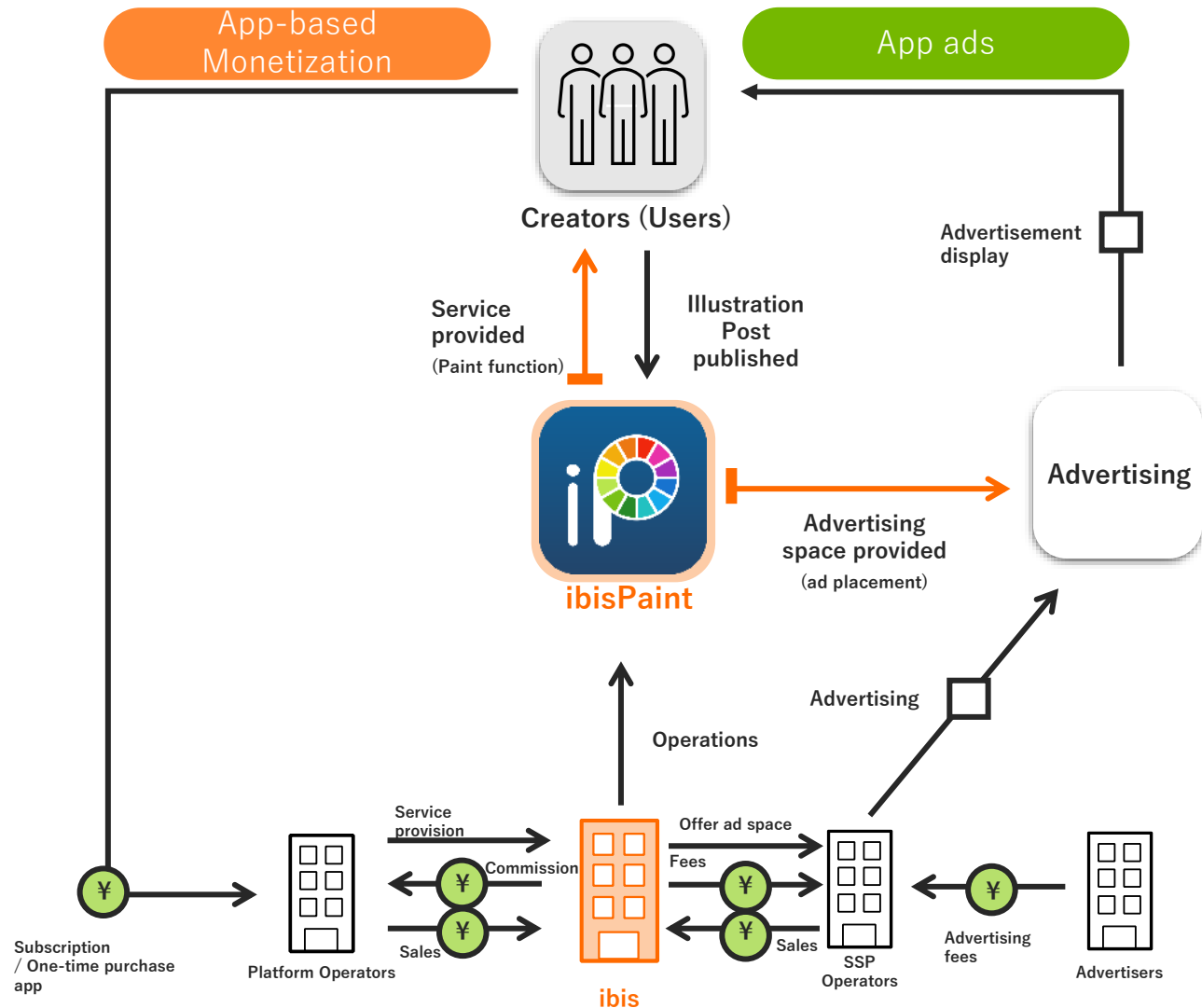
Because this is a **freemium model**, which is free in principle, it generates app advertising sales, allowing us to offer a wide range of features without charging users a high fee

A high level of satisfaction leads to more app downloads, resulting in **stable advertising sales**

Shift towards in-app purchase monetization

Promoting an increase in the app's sales conversion rate, with a focus on subscriptions

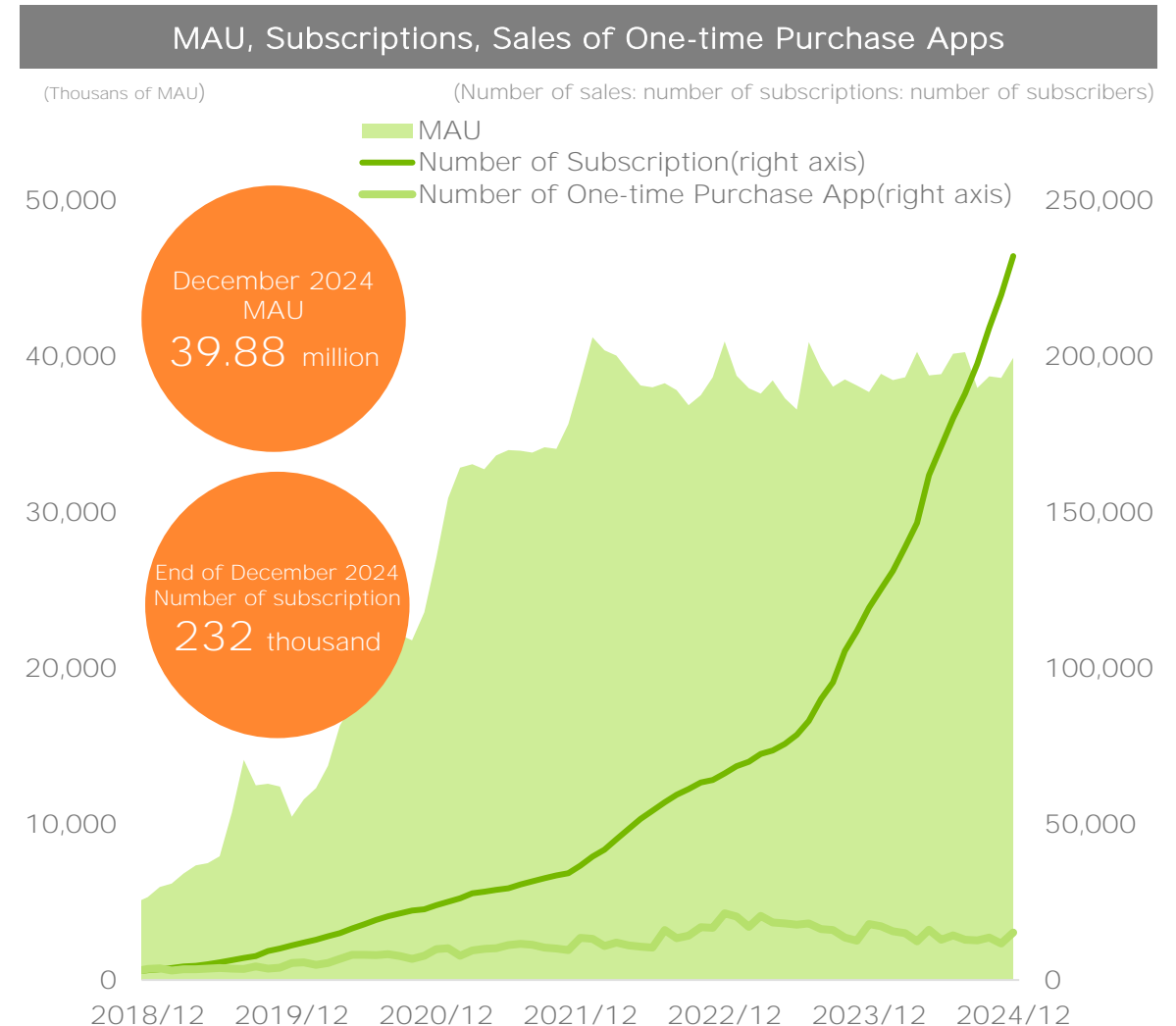
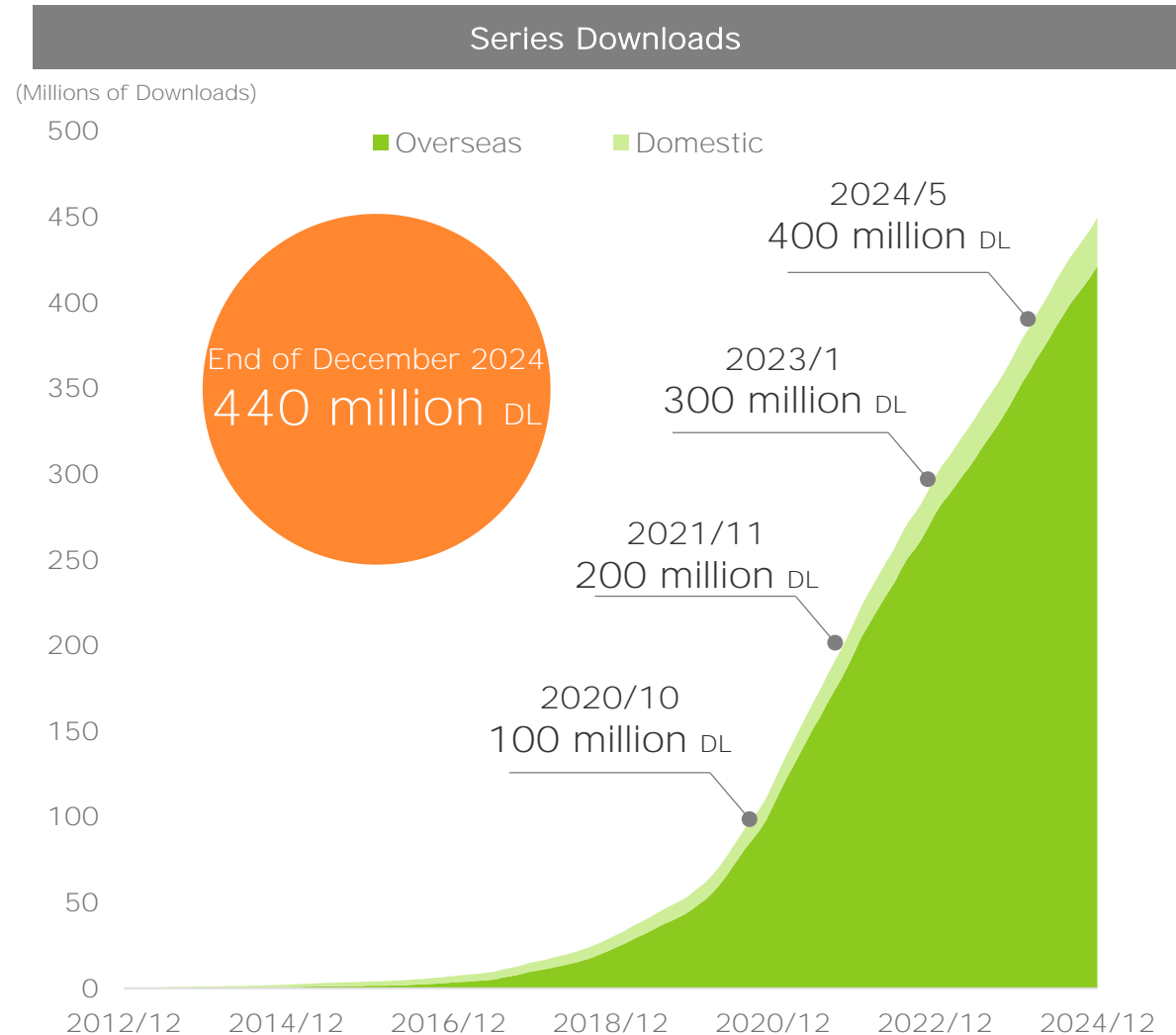
Sales Come From In-App Purchases and In-App Advertising Sales.



In addition to **in-app advertising sales** from the free version, we have diversified our sales sources through **subscription sales** from premium membership services and **in-app purchase sales**, including sales of one-time purchase apps.

- Major business partners
 - Google LLC
 - Apple Inc.
 - GMO Payment Gateway, Inc.

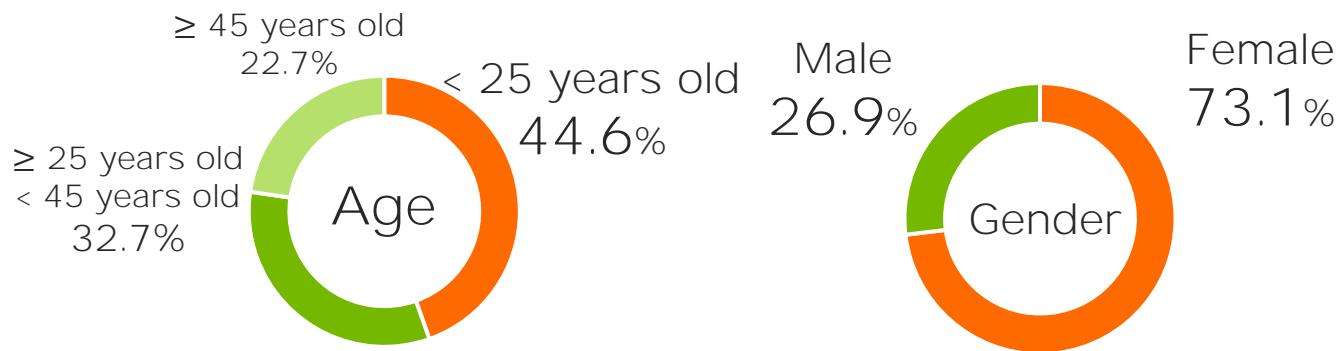
Source of Profit Is Acquisition and Retention of Core Digital Paint Users



Strong support from Generation Z [Mobile Business]

The Majority of Users Are from Generation Z,
with the Highest Share of Active Users Being Under 25

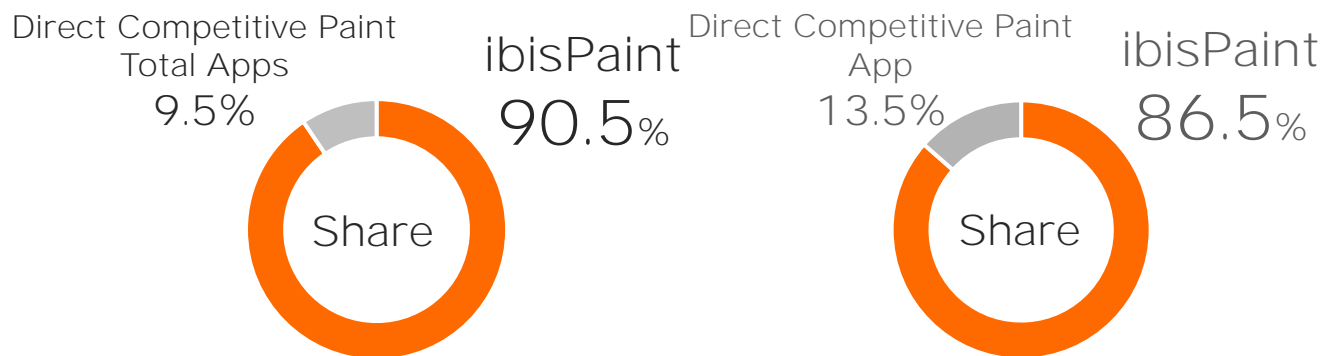
User Attributes



Most users (non-professionals) enjoy illustration as a hobby

Under 25 user share

Reference: Global user share



Benefits of Being Supported by Generation Z

- By leveraging Generation Z's influence on **social media** and other digital platforms, we expect to increase our user base through word of mouth
- Among paint applications, ibisPaint is often the first app downloaded by Generation Z users. Once users begin using a paint app, they typically become accustomed to its unique interface and continue using it, **making it less likely for them to switch to a competitor's product.**



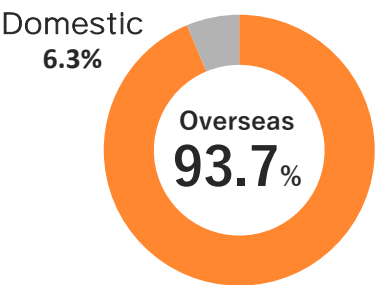
As Generation Z is expected to shape future **consumption trends**, we anticipate long-term sales opportunities from this user segment

Overseas Sales Account for 70% or More as a Result of Active Overseas Promotion

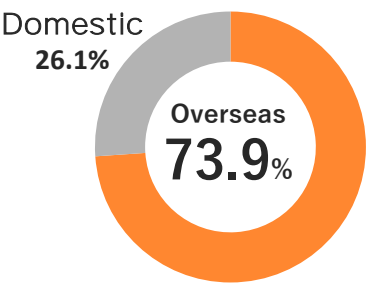
Overseas

Cumulative downloads

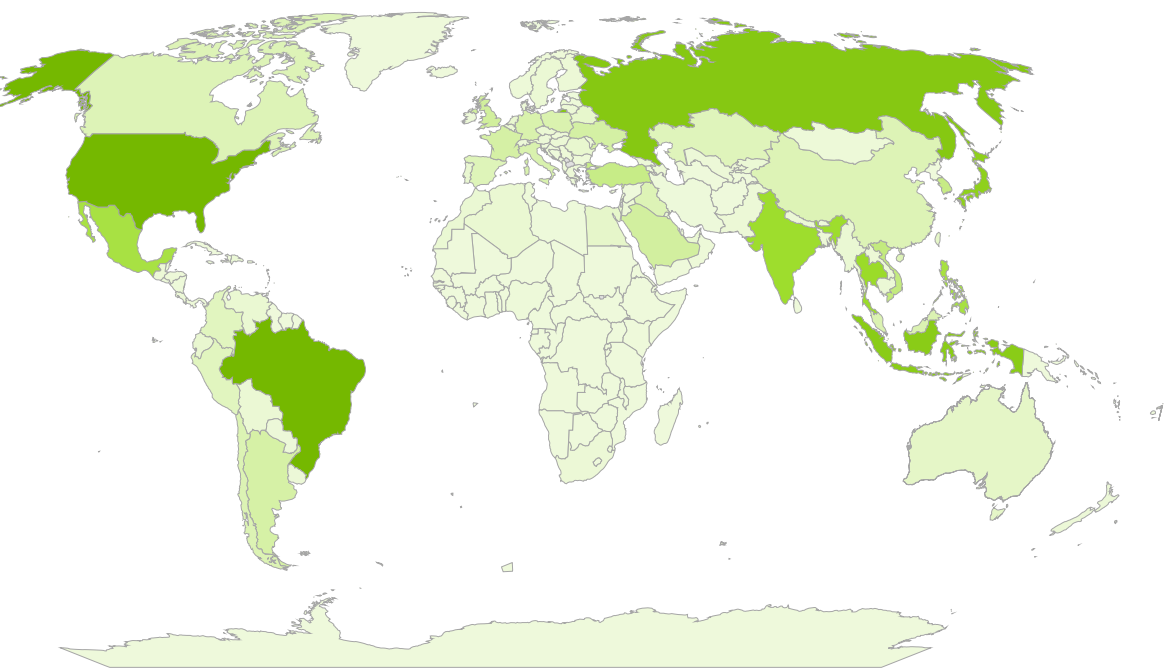
Cumulative downloads



Sales



Rank	Country	Cumulative number of downloads
1	USA	41.96 million
2	Brazil	41.93 million
3	EU (27 countries)	38.27 million
4	Russia	33.06 million
5	Indonesia	30.69 million
6	Japan	28.21 million
7	Thailand	22.18 million
8	India	20.71 million
9	Philippines	18.30 million
10	Mexico	18.12 million



Source: Bing
© Australian Bureau of Statistics, GeoNames, Geospatial Data Edit, Microsoft, Navinfo, Open Places, OpenStreetMap, TomTom, Zenrin

Cumulative Downloads(End of 12/2024)
0 2098 4196
(10,000 times)

*The above figures are for FY2024/12.
*Data by country cannot be obtained for the cumulative download numbers for Huawei, so for convenience, all figures are included in "Overseas" where China, the country providing the data, belongs.

Strong in Supporting Mobile App Development Using the Latest Technologies

Latest Technology

We provide **the latest technology** to support application development not only for mobile devices such as smartphones and tablets, but also for PCs and other Internet devices in general.

Cloud Environment

Strong in supporting the **construction and migration of cloud servers** (including the construction of serverless environments), supported by the rapid evolution of cloud computing technology

High Customer Satisfaction

Increased orders for application development from a **wide range of corporations and local governments**, achieving **high customer satisfaction** in all cases

Engineer Growth Capacity

To master a wide range of fields from basic to advanced technologies
Provides a **wide variety of educational curricula** and practices on an **OJT** basis

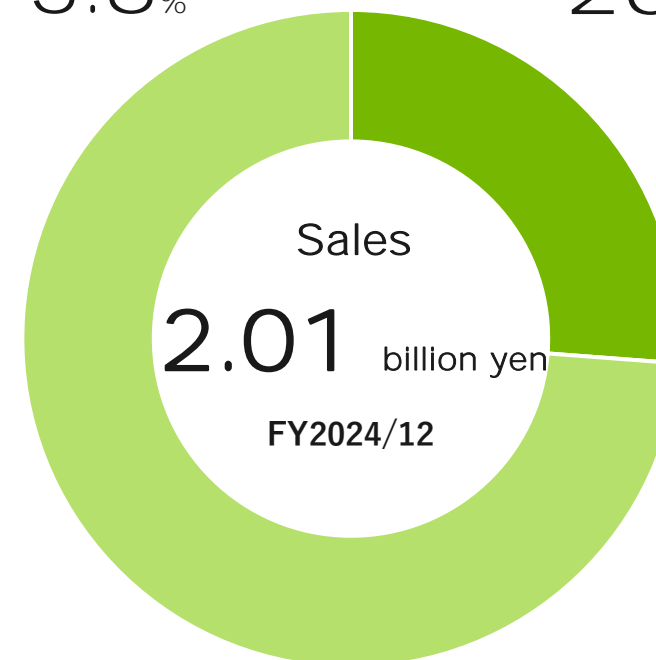
Breakdown of Sales from Solutions Business

IT Engineer Dispatch

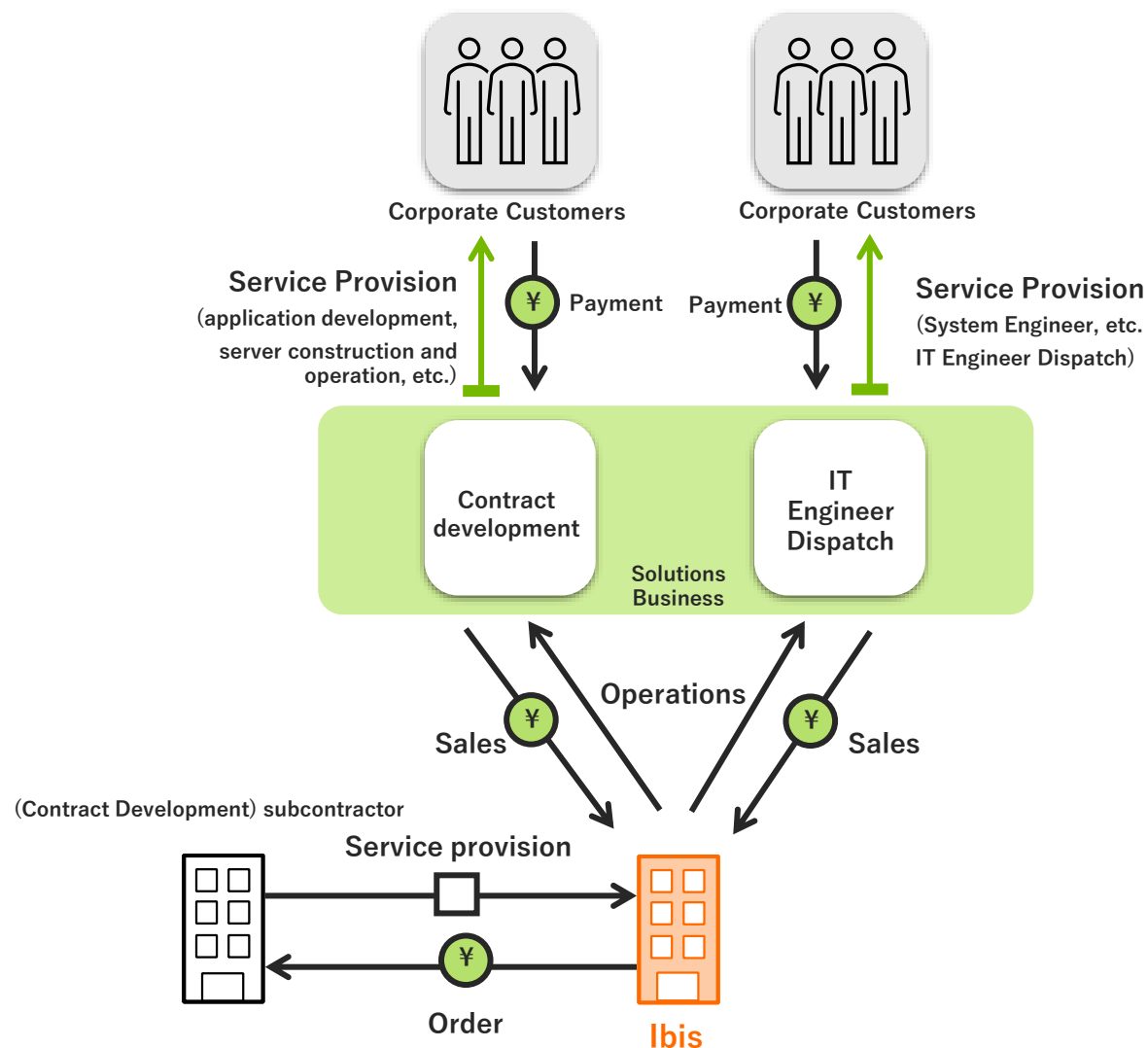
Contract Development

73.8%

26.2%



Since Its Founding, Two Highly Regarded Application Development Support Services



Application development for smartphones, tablets, PCs, and other **internet terminals, contract development of cloud server environments, operation and maintenance**, and IT engineer dispatch services

■ Key Clients

- KDDI Corporation
- Honda Motor Co., Ltd.
- Honda R&D Co., Ltd.
- The Asahi Shimbun Company
- DWANGO Co., Ltd.

Enriching People's Lives and Enjoying the World with the World's Leading AI Voice-Related Technologies

Aiming to Disseminate the World's Leading Voice-Related Technologies Developed at Nagoya Institute of Technology
Techno-Speech, Inc., established in November 2009, becomes a wholly-owned subsidiary on January 31, 2025

Techno-Speech, Inc.

Company Name	Techno-Speech, Inc.	Director	President & CEO: Representative Director: Director (Non-Executive) Auditor (Non-Standing):	Keiichiro Oura Keiichi Tokuda Eiji Kamiya Yohei Miyazaki(CPA)
Establishment	November 19, 2009	Closing date	The last day of December (effective from the period after the fiscal year ending June 2025)	
Capital	38,444,000 yen	Major Shareholders (Shareholding ratio)	Ibis Inc. (100.0%)	
Head Office	14-13, Aoi 1-chome, Higashi-ku, Nagoya, Aichi			
Number of employees	29			
Business	AI-based Speech Synthesis Technology-related Business			

*Capital, number of employees, and major shareholders (shareholding ratio) are as of January 31, 2025.
*As a result of the acquisition of shares, Techno-Speech, Inc. will become a consolidated subsidiary of our company starting from the fiscal year ending December 2025 and its financial results will be included in our consolidated financial statements from this fiscal year (In accordance with the provisions on the deemed acquisition date in the Accounting Standard for Consolidated Financial Statements, the consolidated balance sheet will be incorporated as of March 31, 2025, and the consolidated statement of income will be incorporated from April 1, 2025.)

4 Highlights of Techno-Speech, a Pioneer in the Speech Synthesis Technology Business

1 The speech synthesis market is set for significant growth.

The global speech synthesis market, estimated at 600–800 billion yen in 2023, is expected to grow rapidly to **1.16–1.4 trillion yen** by 2030.

2 World-class management and technical and development capabilities

Led by President Keiichi Tokuda—who specializes in speech synthesis and is the only university professor in the field to have received **the Medal with Purple Ribbon**—the company is comprised of a small, elite team that includes graduates from his research lab as well as top-tier researchers and developers from the University of Tokyo. The team’s technological capabilities are **among the highest in Japan**.

3 Proven track record with leading Japanese corporations

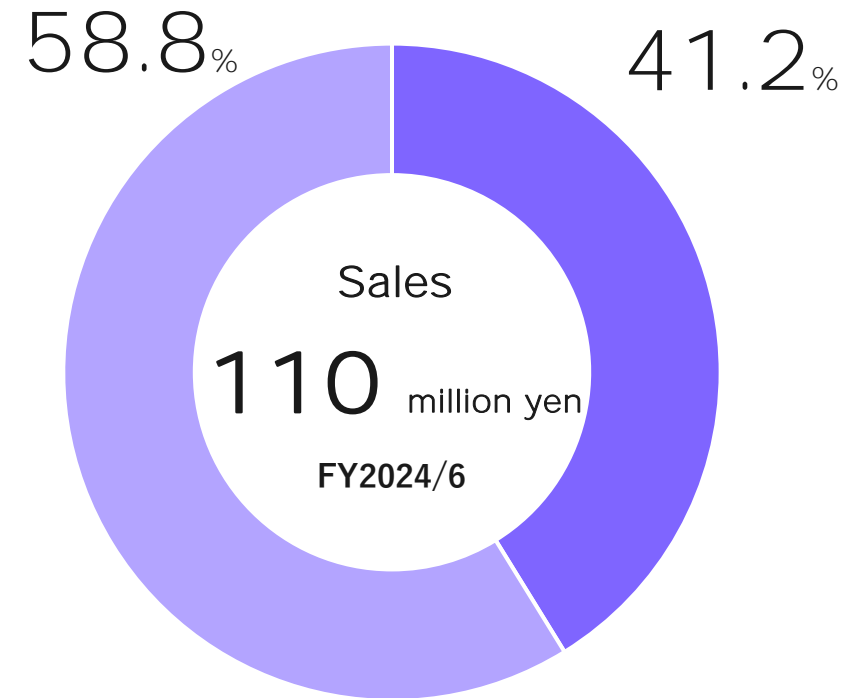
The company has established **strong and enduring business relationships with major companies** such as Konami Group Corporation, Tsuburaya Productions Co., Ltd., Casio Computer Co., Ltd., Kawai Musical Instruments Manufacturing Co., Ltd., Brother Industries, Ltd., Bandai Namco Entertainment Inc., SoftBank Group Corp., Sony Music Entertainment (Japan) Inc.

4 Basic B2B business and B2C business with high growth potential

Building on a stable B2B foundation through ongoing development from major corporations, the company has enhanced its technical and development capabilities. In addition to its participation in the CeVIO project since 2012, the company launched the AI singing voice synthesis app “VoiSona” in 2022 and is now **expanding its business with a focus on the B2C domain**.

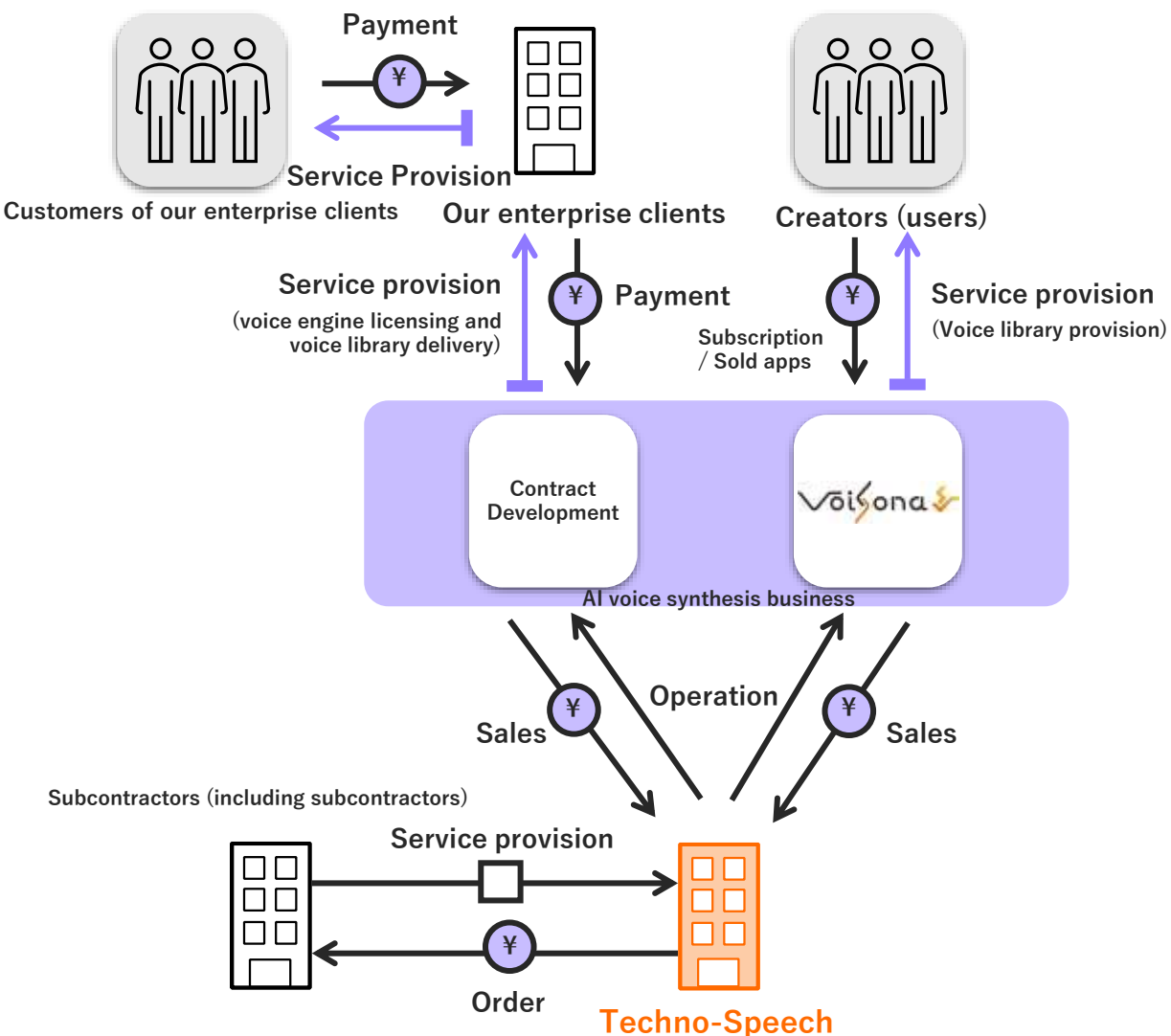
AI Singing Voice Synthesis Business Sales Breakdown
(The financial figures just before our complete subsidiary acquisition.)

Contract Development



Sales Structure [AI Singing Voice Synthesis Business]

Both the Core Business Contract Development and the Growing Business AI singing Voice Synthesis App VoiSona



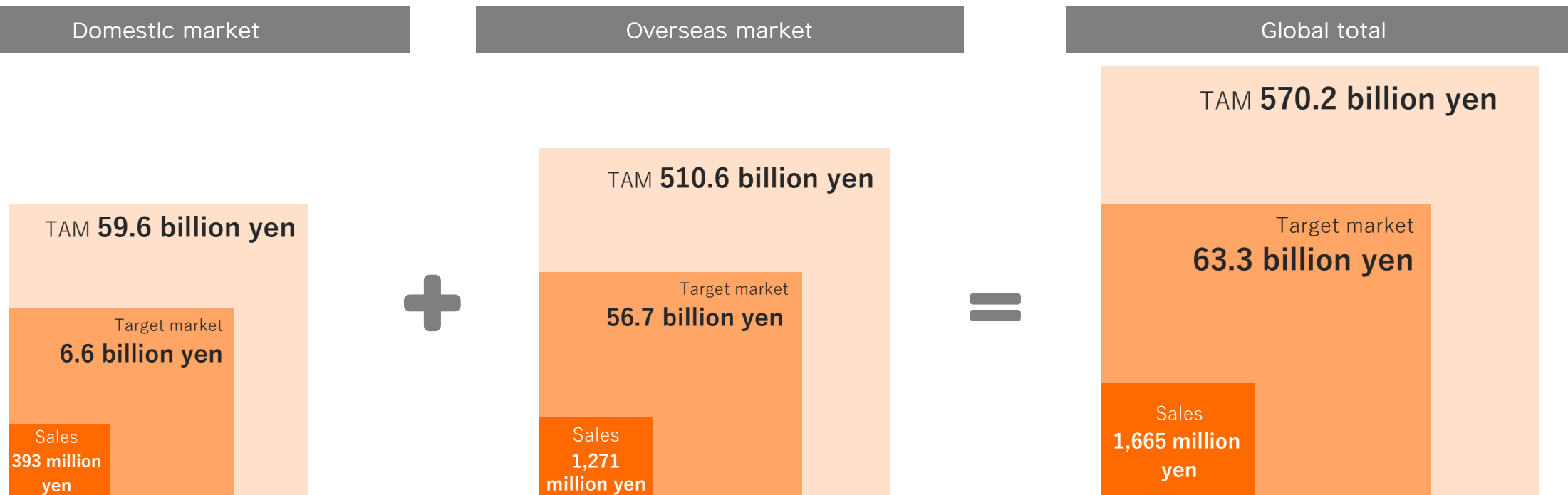
- ✓ **Contract development** for voice engine licensing and development and delivery of voice libraries that meet corporate needs (B2B)
- ✓ **AI singing voice synthesis app VoiSona** (B2C) aims to expand globally with a wide range of voice libraries supported by users

■ Main business partners

- Konami Digital Entertainment Co., Ltd.
- BROTHER INDUSTRIES, LTD.
- Kawai Musical Instruments Manufacturing Co., Ltd.
- CASIO COMPUTER CO., LTD.
- SoftBank Robotics Corp.

3) Market and Competitive Analysis

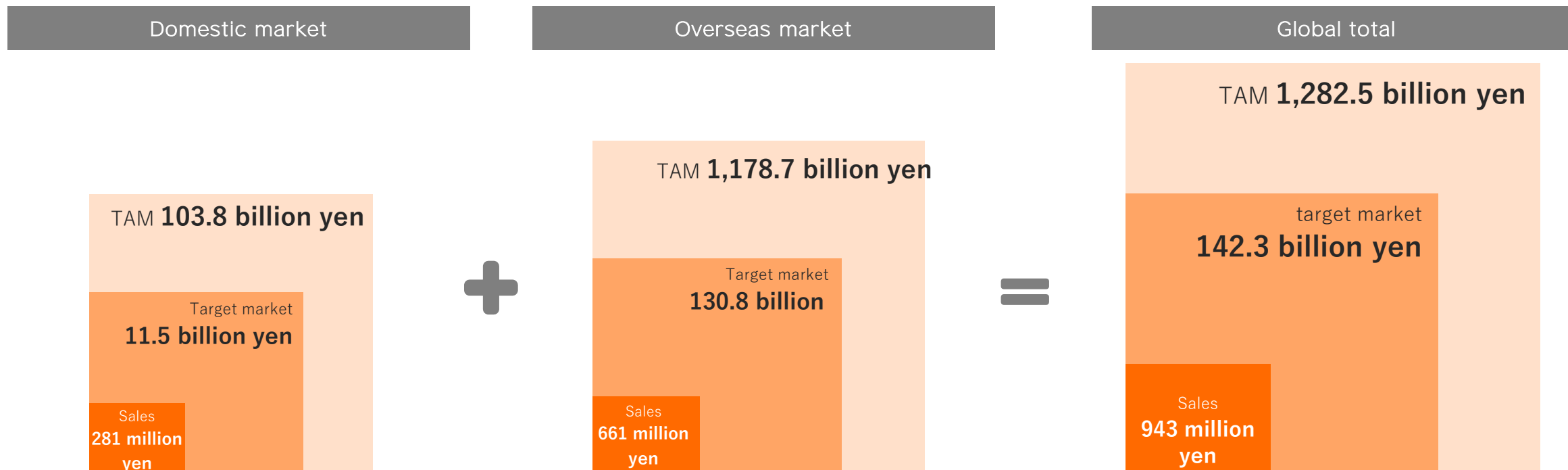
The Market Size of the Paint App x Online Advertising Market Size Is Large



[Basis of Calculation]

- The amount of TAM * in the Internet advertising market (in Japan) of 59.6 billion yen is calculated by multiplying the total of 1,529.3 billion yen by display advertising of 770.1 billion yen, video advertising of 686 billion yen, and pay-for-performance advertising of 73.2 billion yen out of 2,687 billion yen in Internet advertising media expenditure in 2023, according to the research report "Advertising Expenditure in Japan in 2023" published by Dentsu Inc., by the ratio of 78.9% of smartphone ownership in the "White Paper on Information and Communications in 2019" published by the Ministry of Internal Affairs and Communications (Part II, Chapter 1, Section 11), and by the 3.9% ratio of 5.0% of "BtoC-EC Market Size in the Digital Sector > (5) Others" in 2023, according to the research report "Market Research Report on Electronic Commerce 2023" published by the Ministry of Economy, Trade and Industry. The target market amount of 6.6 billion yen was calculated by multiplying the TAM amount in the online advertising market (Japan) by the ratio of 11.1% of the active and potential users who draw digital illustrations out of the population (N=5,154) based on a questionnaire survey on illustration apps in Japan conducted via Cross Marketing, Inc. between 3/25/2022 and 3/28/2022.
- The amount of TAM in the Internet advertising market (overseas) is 510.6 billion yen, compared with the "In-app Advertising Market Report by Advertising Type, Platform, Application, and Region 2024-2032" 25,651.8 billion yen (USD 163.2billion. Converted to yen at TTB157.18 yen as of 12/31/2024) announced by the International Market Analysis Research and Consulting Group. This figure is calculated by subtracting 59.6 billion yen from 570.2 billion yen, which is calculated by multiplying the ratio of the aforementioned 3 media expenses to "Internet advertising media expenses" in 2023 by 57.0% and the result of the multiplication by 3.9%. The target market amount of 56.7 billion yen is calculated by multiplying the ratio of 11.1% of the active and potential users who draw digital illustrations by the TAM amount in the online advertising market (overseas).

The Market Size of Paint Apps x App Payments Market Is Large



[Calculation Basis]

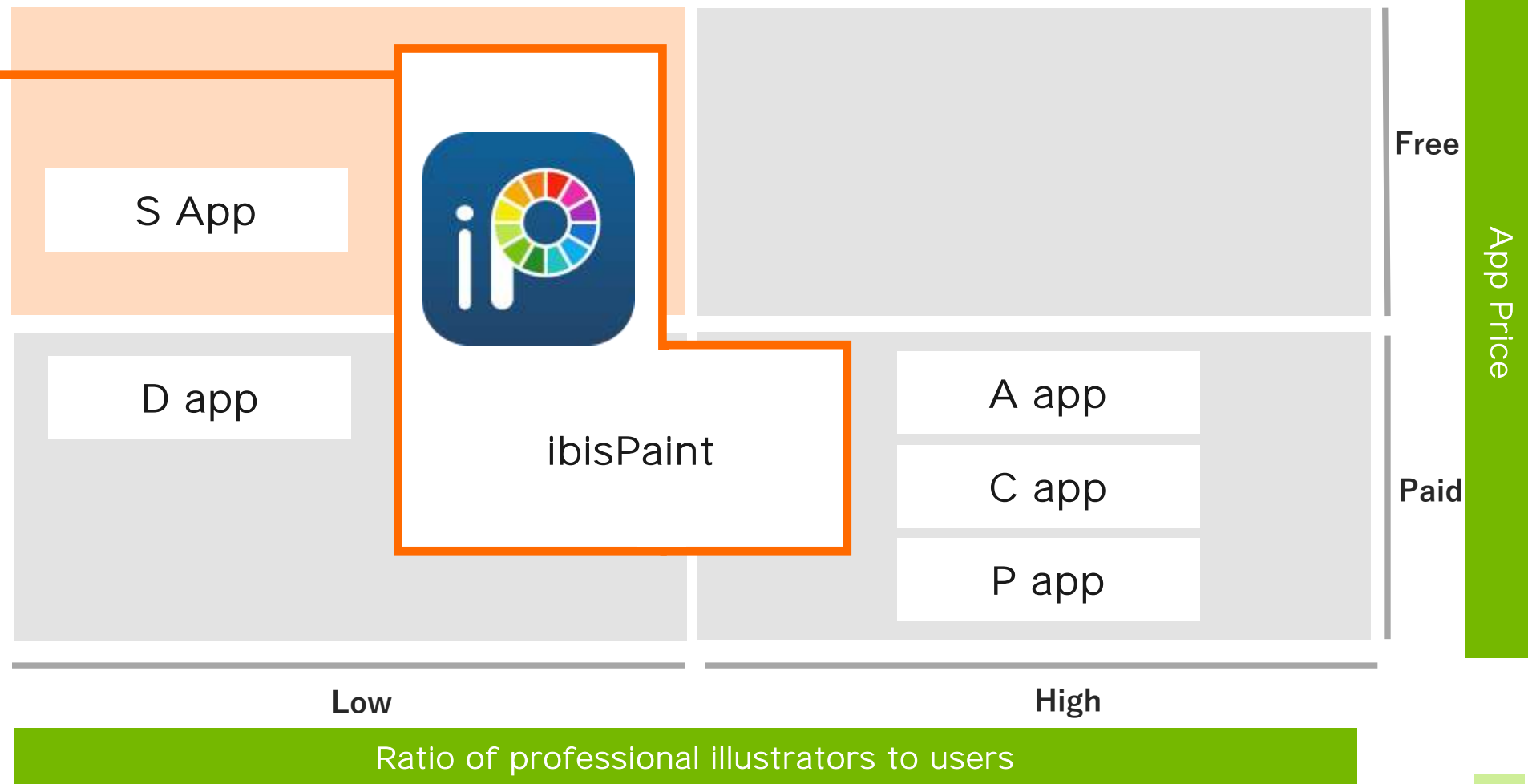
- The amount of TAM in the application sales market (Japan) of 103.8 billion yen is calculated by multiplying the "BtoC-EC market size in the digital field > (5) Others" of 131.6 billion yen in 2023 according to the research report "Electronic Commerce Market Research Report 2023" published by the Ministry of Economy, Trade and Industry, and the smartphone ownership ratio of 78.9% according to the "White Paper on Information and Communications 2019 (Part II, Chapter 1, Section 11)" published by the Ministry of Internal Affairs and Communications. The amount of 11.5 billion yen in the target market is calculated by multiplying the ratio of 11.1% of the active and potential users who draw digital illustrations on the previous page by the amount of TAM in the application sales market (Japan).
- The amount of 1178.7 billion yen in the application sales market (overseas) is calculated by subtracting the amount of TAM in Japan of 103.8 billion yen from the "In-app Advertising Market Report by Advertising Type, Platform, Application, and Region 2024-2032" of 25,651.8 billion yen (USD 163.2billion. The conversion method to yen is the same as the previous page.) published by the International Market Analysis Research and Consulting Group, which is calculated by multiplying the ratio of 5.0% of the BtoC-EC market size in the digital field > (5) Others on the previous page by the amount of 1,282.6 billion yen in 2023. The amount of 130.8 billion yen in the target market is calculated by multiplying the ratio of 11.1% of the active and potential users who draw digital illustrations on the previous page by the amount of TAM in the application sales market (overseas).

Going Forward, Our Core Target Is Pro Use and Other Paid Users

Almost Done Cultivating Users Who Want to Start Drawing Casually With a Free App

Superiority of ibisPaint

- Cultivating and capturing users who want to start drawing casually with a free app
- Since we earn money from app advertising, we can offer highly functional apps for free
- Since customer satisfaction is high, there are many app downloads through word-of-mouth and other natural flows, and the MAU is high
- In addition to the free version, there is also a paid version (subscriptions, one-time purchase type) that offers functions and services that can be used professionally.



Mobile-Native Approach, Excellent Talent, and Commitment to Speed: A Triad Driving Differentiation in Management, Development, and Service Operations

Mobile optimization



Prepared for mobile screens
Simple and easy-to-use UI

Highly user-friendly UX

High app performance, including
GPU utilization and device-specific
memory management

Superior UI/UX and performance
Create competitive advantage
over other apps

Excellent engineers



Logical Thinking Skills to Research,
Research, and Implement Image
Processing Technology
and Scientific Literacy

Highly specialized
Many science graduates

Study sessions are held at least
once a month to learn cutting-edge
technologies and make
presentations by individuals

Building a Human Resource
Base to Support Growth

Focus on speed



Speed of understanding user needs
and reflecting them into products

Speed of running high-performance
apps

Focuses on social functions
Speed at which works and word of
mouth spread

Speedy response
Improve user satisfaction

The Market Size of the Contract Development and IT Engineer Dispatch Market is Large

Contract Development Market



IT Engineer Dispatch Market



Contract Development and IT Dispatch Market (Japan)

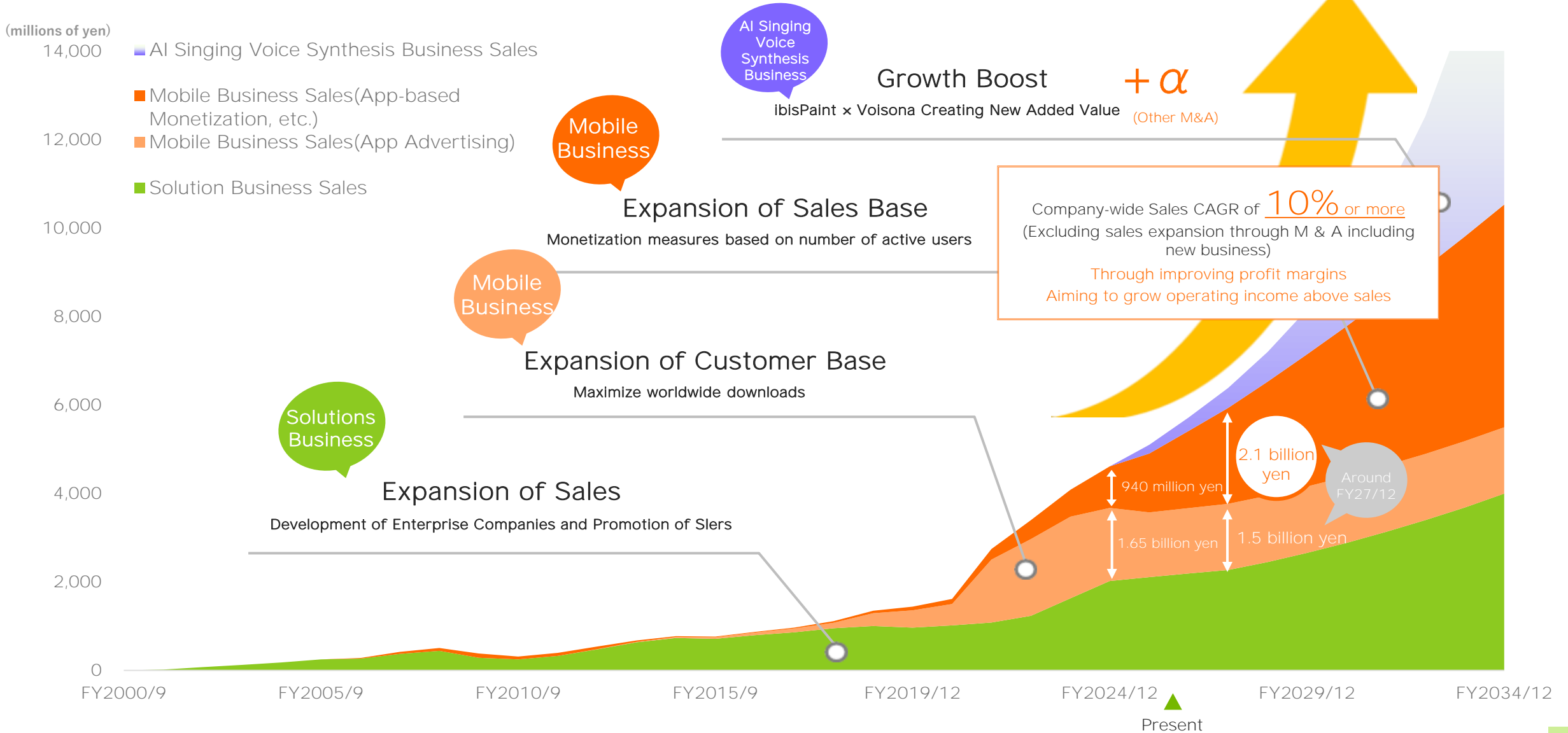


[Basis of calculation]

- The value of TAM in the contract development market of 10,417.7 billion yen is extracted from the value of "Software orders received" in 2023 in the "Statistical Survey of Specified Service Industries" released by the Ministry of Economy, Trade and Industry. The target market amount of 6,813.1 billion yen is calculated by multiplying the TAM amount by the ratio of 65.4%, which is calculated by dividing the total annual sales (Tokyo 4,758.5 billion yen, Aichi 624.5 billion yen, Osaka 1,000.4 billion yen) of "order-received software development" in the prefectures where our company offices are located in the "2018 Survey of Actual Conditions of Specified Service Industries (the Ministry of Economy, Trade and Industry)" announced by the Ministry of Economy, Trade and Industry, 6,383.4 billion by the annual sales of "order-received software development" of 9,766.1 billion yen.
- The amount of TAM in the IT Engineer Dispatch market of 1,441.3 billion yen is calculated by summing the average dispatch fee of 32,871 yen per day for information processing and communications engineers as $\times 20 \text{ days} \times 12 \text{ months}$ in the "Summary of the FY 2022 Worker Dispatching Business Report (Preliminary Report)" announced by the Ministry of Health, Labour and Welfare and the number of dispatched information processing and communications engineers as of June 1, 2023 in the "Status of the Worker Dispatching Business" section of 182,701. The amount of TAM in the target market of 1,078 billion yen is calculated by multiplying the TAM amount by the ratio of 74.8%, which is calculated by dividing the total annual sales (South Kanto 3,897.9 billion yen, Tokai 1,284.6 billion yen, Kinki 1,370.9 billion yen) of 6,553.4 billion yen in the prefectures in which our company's offices are located in the former document by the total sales of 8,764.6 billion yen related to the worker dispatch business.

4) Growth Strategy

Current Growth Driver Is Subscriptions, and in Two Years We Will Grow to the Point Where Chasing Exceeds Advertising



Full-Scale Subscription Enhancement

We will continue to create new functions unique to our 2 million subscribers (sales image: 6 billion yen).

We will further accelerate the increase in both sales and profits by promoting subscriptions that are 14 times or more per unit of sales free of charge through our own advertising.

Subscription Sales
Image

19 billion yen

6 billion yen

680 million yen
(FY 2024/12)

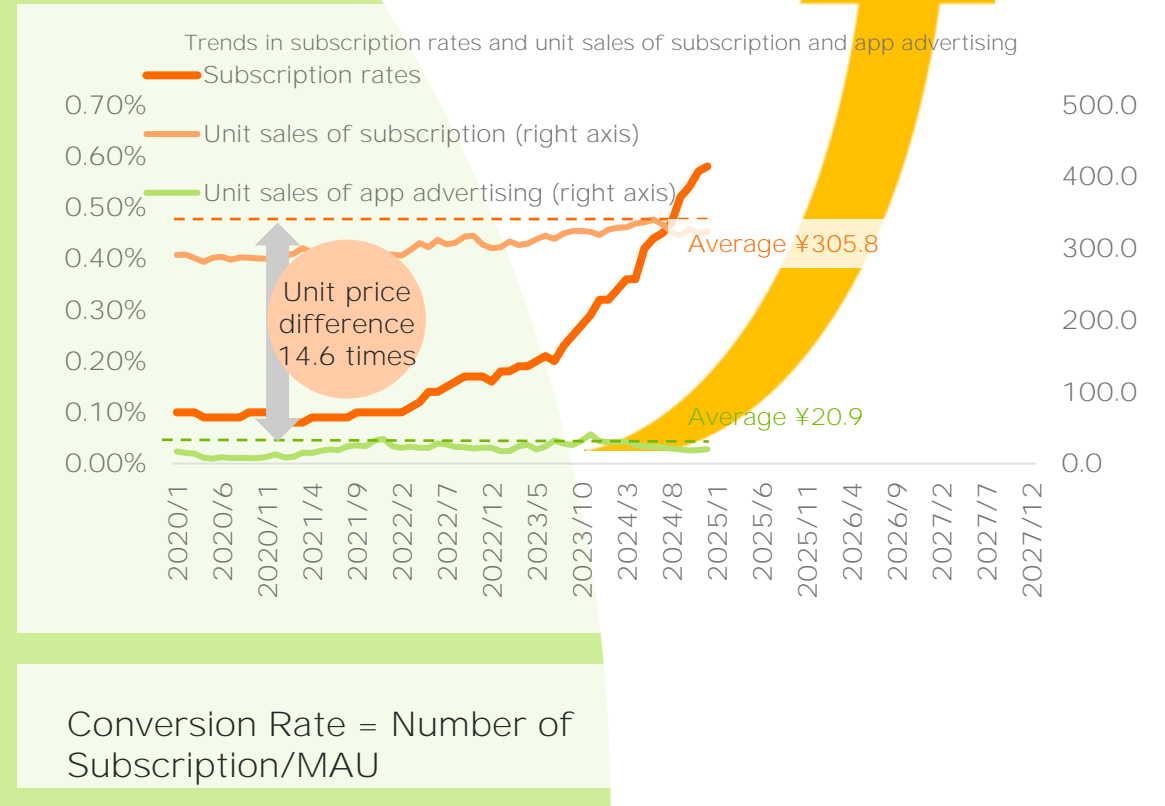
MAU:
39.88 million

Monthly average usage time
Same as subscriber

Number of Heavy Users:
6.35 million (Conversion Rate 15.9%)

Potential Subscribers:
2 million (Conversion Rate 5.0%)

Number of subscription contracts:
232,000 (Conversion Rate 0.58%)



*Data as of December 31, 2024.

*The number of heavy users is defined as free advertising users whose average monthly usage time is more than that of current subscription subscribers.

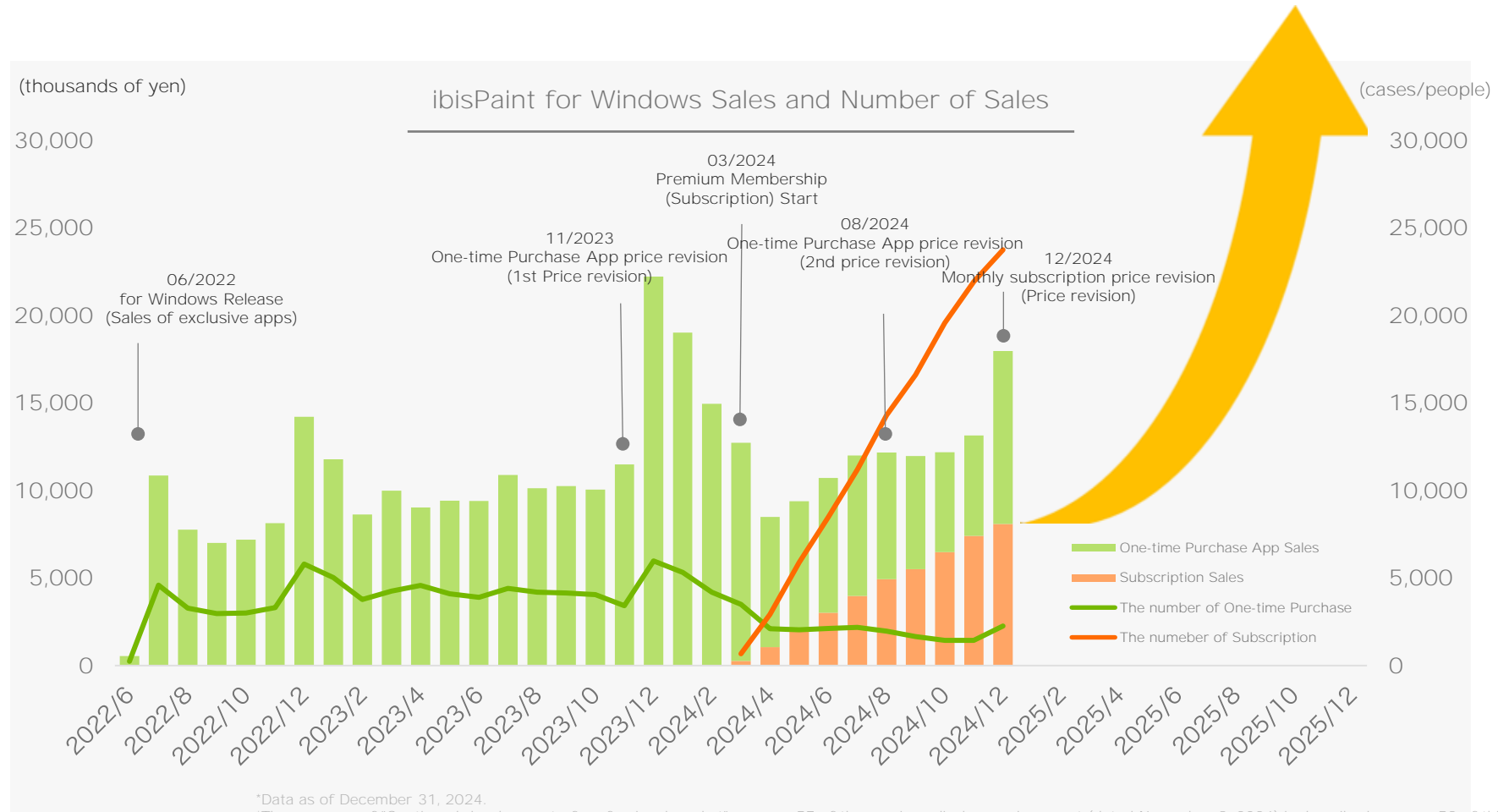
*The number of reserve subscribers is defined as free advertising users whose Charing rate is 5% (industry average 3~10%).

*The progress of "Continue subscription enhancement" on page 56 of the previous disclosure document (dated November 8, 2024) is described on pages 5, 7, 10, and 14 of this document. The number of subscription contracts, which is a business KPI based on this strategy, reached 232,000, falling short of the revised plan of 245,600.

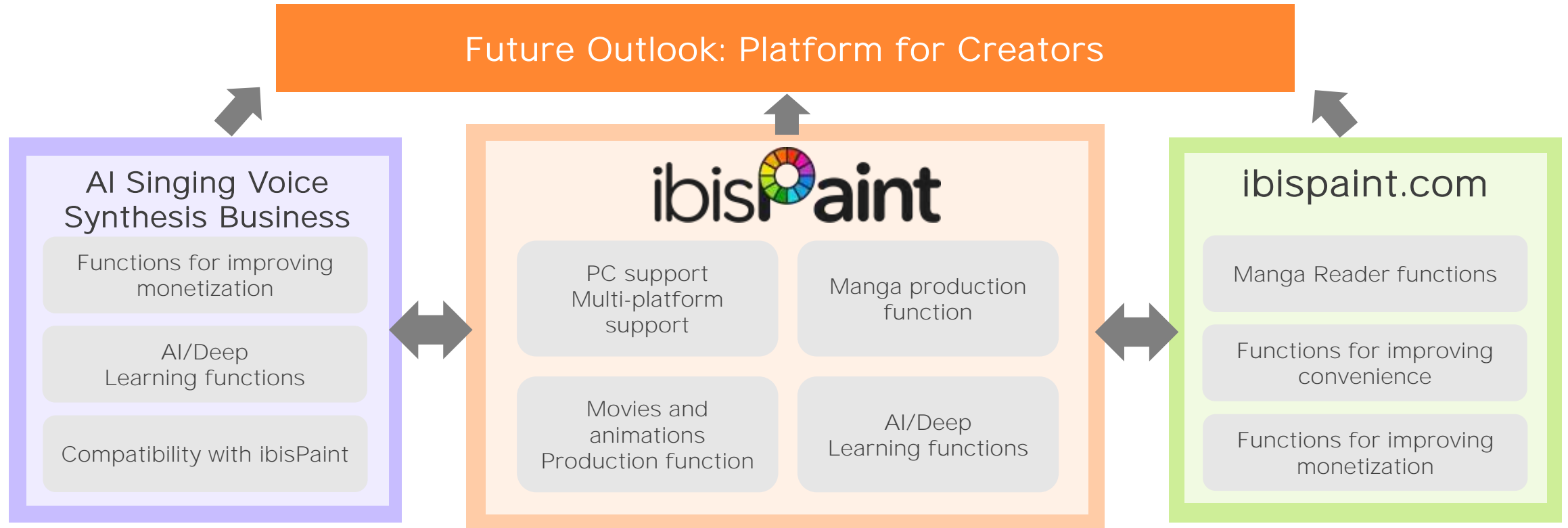
Development of Pro Market: Full-Scale Strengthening

Expecting full-scale professional use, the long-awaited ibisPaint for Mac will be released **within 1 year**.

Establish the **ibisPaint brand** for all devices to 2 million subscribers

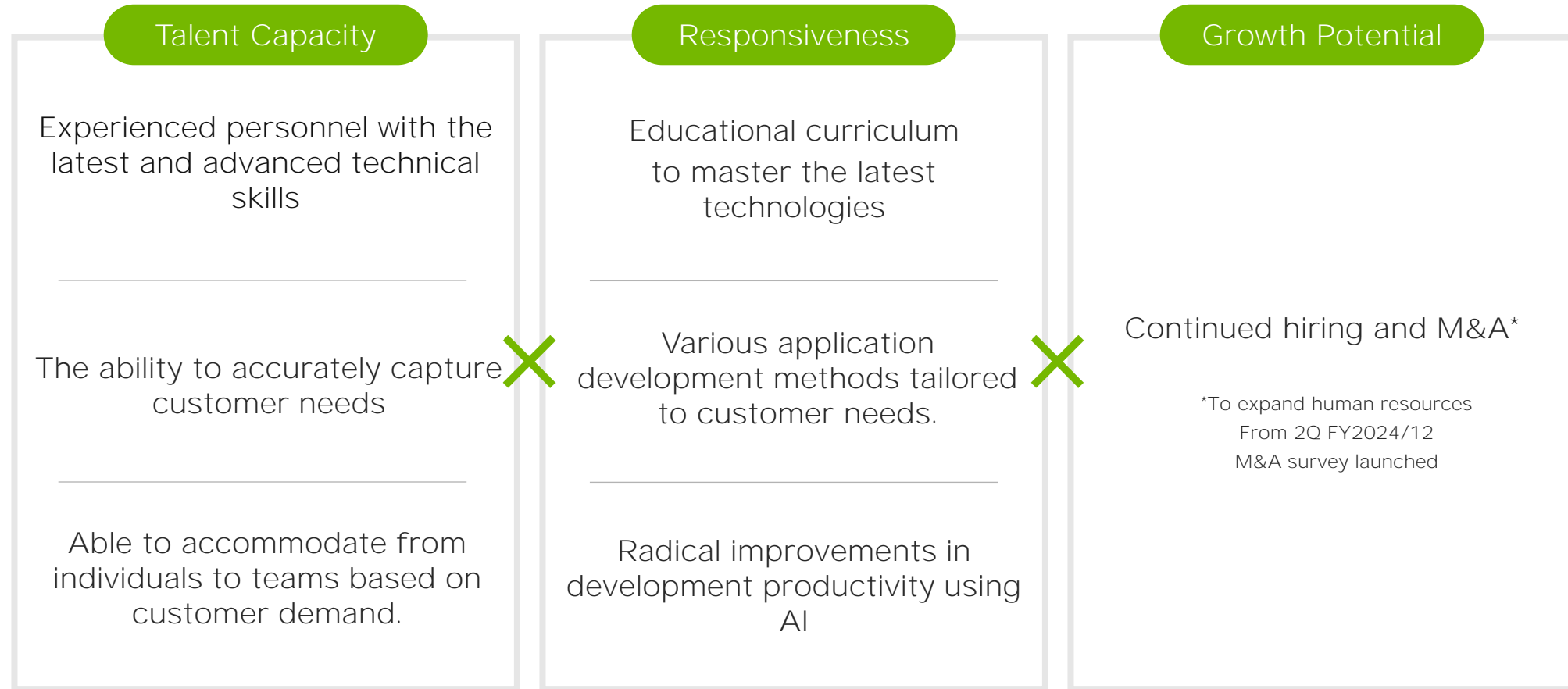


Full-scale Strengthening of High-Performance Development



- ✓ It is necessary to continue to provide users with cutting-edge and **advanced functions and services** such as AI and deep learning over the medium to long term.
- ✓ Therefore, the investment in development personnel (total labor cost of mobile app development engineers plus hiring cost) is equal to the amount (number of engineers) and FY2025/12 is planned as **YoY+26.9%** to increase both quality (capability and experience)
- ✓ **Techno-Speech, Inc., which has the world's most advanced AI singing voice synthesis technology, becomes a wholly-owned subsidiary** on January 31, 2025
- ✓ We will continue to increase the **total amount of development capabilities** that are the source of growth over the medium to long term

Continue Building an SI System While Strengthening Orders for Profitable Projects



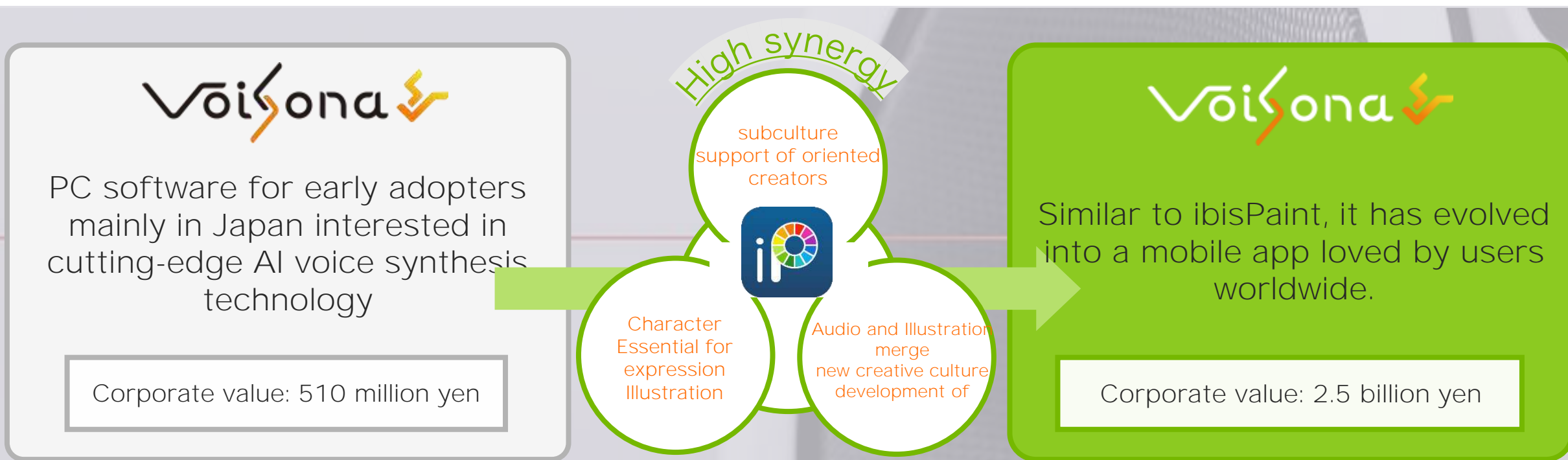
*To expand human resources
From 2Q FY2024/12
M&A survey launched

Promoting the Fusion of Illustration and Music to Create a New Culture

In addition to ibis' **mobile development technology, global marketing, and business planning capabilities**, as a product, the following **high synergy effects** are expected to boost the Group's growth in the medium to long term

Before the M&A

After the M&A



Key Risks Recognized and Mitigation Strategies

Major risks	Category	Summary	Occurrence Possibility	Influence	Countermeasures
Changes in Internet Advertising Market Trends	Mobile Business	The advertising market is susceptible to market changes and fluctuations in economic trends, and in the event of rapid economic changes, etc.	High	Large	Aiming to create a sales structure that minimizes the impact of the advertising market, we will implement promotional measures to strengthen inductions to premium subscription services, which are flat-rate subscription type services.
Changes in user preferences	Mobile business	When mobile apps provided by our company fail to respond quickly to changes in user needs and trends	Medium	Large	We will continue and expand our business by striving to provide optimal apps through understanding user preferences through marketing and collecting opinions from existing users.
Changes in Mobile App Market Trends	Mobile Business	If the mobile app market shrinks sharply, contrary to our company's forecasts	Low	Large	Our company positions the solutions business as a pillar of its earnings, and will diversify its risk by expanding its business portfolio
Dependence on ibisPaint	Mobile Business	If we are unable to maintain or promote the use of ibisPaint	Medium	Large	Revitalize user usage by improving functions, adding new functions, and various promotions
Overseas expansion	Mobile business	When users' tastes and business practices differ greatly from country to country, and apps are suspended or business cannot be expanded as expected	Medium	Large	When expanding overseas, we will continue to conduct regular and thorough investigations, collect information, and implement services so that the risks mentioned in the left column do not appear.
Serious defects in products and services provided	Mobile business	When a serious problem occurs in a system due to an unexpected bug, defect, or operation error after the provision of various products or services	Medium	Large	Efforts will be made to release to production after thoroughly checking quality in accordance with the defined development process from development plan to production release
M&A and capital and business alliance	Company-wide	When the target company's business does not progress as planned and it becomes difficult to recover invested funds, or when financial or legal problems that were difficult to detect in DD are discovered	Medium	Large	We will conduct a DD including experts, and proceed with the implementation after fully considering the target company's performance, financial position, competitive advantage, synergies with our company business, and risk analysis results.
Legal Regulations	Company-wide	In the event of a breach of legal regulations related to our company, such as the Unfair Competition Prevention Law, the Worker Dispatching Law, and the Personal Information Protection Law in Japan and overseas, and business cannot be developed as expected	Medium	Large	We strive to comply with laws and regulations by collecting information on relevant laws and regulations as appropriate and conducting periodic internal audits and compliance training.

Appendix

	For Mobile			For PC (Windows)		
	Free Version	Paid Version		Free Version	Paid Version	Paid Version
Sales category	App Advertising	One-time Purchase App	Subscription	-	Pro Add-On (One-time Purchase)	Subscription
Service Classification	Free App	Paid App Ad removal add-on	Premium membership Service	Free Trial Mode	Pro Add-on	Premium membership Service
Usage Time	Unlimited	Unlimited	Unlimited	Up to 1 hour per day	Unlimited	Unlimited
Advertising	Yes	No	No	No	No	No
Basic functions	✓	✓	✓	✓	✓	✓
Premium functions	x	x	✓	x	*1	✓
Premium materials	x	x	✓	x	x	✓
Cloud Storage	64MB	64MB	20GB	64MB	64MB	20GB
User Cost	Free	1,500 yen to 1,600 yen (depending on the store)	Monthly 300 yen Annual 3,000 yen	Free	4,800 yen	Monthly 480 yen Annual 2,950 yen

*Actual pricing varies by app store and country and region. Please check the display in the app.
*1 Only some premium features are available..

Disclaimer

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Unless otherwise stated, financial data presented in this document are presented in accordance with generally accepted accounting principles in Japan.

This document contains forward-looking statements. These forward-looking statements are based on information as of the date of preparation of this document. These statements do not constitute guarantees of future results or results. These forward-looking statements involve known and unknown risks and uncertainties, and as a result, actual results and financial conditions in the future may differ materially from those forecasts expressed or implied by these forward-looking statements.

Factors that may differ materially from these statements include, but are not limited to, changes in domestic and international economic conditions and trends in the industries in which our company operates. Information about matters other than our company is based on publicly available information. our company has not verified the accuracy or appropriateness of such publicly available information and does not warrant it.

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The next update to this document is scheduled for the financial results for the fiscal year ending December 2025 (August 2025).



delivering **WOW** experience on mobile