

SpiderPlus & Co.

February 25, 2025

SpiderPlus&Co.

Kenji Ito, President and Representative Director

(TSE Growth: 4192)

Transcript of Q&A Session and Archived Video of Financial Results Briefing

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| Date and Time | : Thursday, February 13, 2025, 8:00pm-9:30pm |
| Speakers | : Kenji Ito, President and CEO Director, Corporate officer, CFO Yu Fujiwara |
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Archived Videos of Financial Results Briefings

<https://youtube.com/live/6wZeCDWGbFA>

■ FY2024.Q4 Financial Results (disclosed February 25, 2025)

<https://en.spiderplus.co.jp/ir/results/>

【Notes1】

This document has been translated from the original Japanese version*1 for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

*1 : Click here for the original Japanese version. : <https://spiderplus.co.jp/ir/results/>

【Notes2】

This transcription contains forward-looking statements. These forward-looking statements are based on information available as of the date of the financial results meeting. These forward-looking statements are not guarantees of future results or performance. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual future results and financial condition to differ materially from any future results and financial condition expressed or implied by such forward-looking

statements.

Factors that could cause results to differ materially from those described in these statements include, but are not limited to, changes in national and international economic conditions and trends in the industries in which we operate.

Information regarding matters and organizations other than the Company is based on publicly available information, and the Company has not verified and does not guarantee the accuracy or appropriateness of such publicly available information.

This transcription is prepared for informational purposes only. It is not intended as an offer to sell or a solicitation of an offer to buy any securities in Japan, the U.S. or elsewhere.

The content of this transcription differs in part from the actual questions and answers at the briefing due to considerations of personal information, readability, control of duplicate questions, and selection of questions related to financial results and business.

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Closing remarks from CEO

Market Environment and Competitive Environment

Forecast for the expansion of the DX market triggered by the “2024 problem”

I have the impression that the expansion of demand due to the “2024 problem” has not become that apparent, but please tell me if your initial estimate of the market scale has not changed.

(CEO Ito)

Our assessment that the market will be large in the medium-to long-term has not changed. However, the start of DX investment by SMBs was slightly lower than our targets. On the other hand, we are seeing large enterprises actively promoting the introduction of DX. The issues of labor shortages and productivity improvements are becoming more and more serious, and we are confident that demand will continue to expand in the future.

Trends in the recruitment of female site supervisors in the construction industry

Is there a trend towards increased recruitment of women in the construction industry as a whole?

(CEO Ito)

I feel that the number of female site supervisors is steadily increasing, especially on large-scale projects, even on sites that used to be all-male. There are now several female supervisors on every site, and I think that the industry is making active efforts to recruit more women.

The impact of the central bank's interest rate hike on performance

How will the Bank of Japan's interest rate hike affect performance?

(CFO Fujiwara)

There is no significant impact. Although we have borrowings with variable interest rates, the financial impact of rising interest rates is not significant. Our customers (in the construction industry) are not seen to be refraining from using our services due to the interest rate hikes.

Performance

Regarding the possibility of accelerated growth in the number of IDs

I have the impression that the growth in the number of IDs is not enough. What is the growth potential for the number of IDs in the future, and what is the basis for this?

(CFO Ito, CFO Fujiwara)

We are actively expanding sales through partner companies, and we expect to see an acceleration in the introduction of the service, particularly among SMBs. Even for large enterprises, if there are more people promoting the service within the company, penetration within the customer will progress more easily, and we expect the growth in IDs to increase further from now on.

At present, we are prioritizing the penetration within customers by focusing on the contract amount per company, such as ARPA, and by accumulating introduction results on a site unit basis and improving added value, but as a result of these initiatives, we expect to see efficient expansion in the number of users in the long term.

Medium-to long-term profit outlook

What is your medium-term profit level outlook, such as operating profit in 3 to 5 years?

(CFO Fujiwara)

Our company has a stock-type profit model, and in the medium-to long-term, the business structure is such that the higher the stock income (Net Sales) accumulates, the easier it is to increase the profit margin. Although we do not disclose specific numerical plans such as “how much operating profit margin after how many years”, we expect to be able to achieve an operating profit margin of 20% and above in the medium-to long-term. From now on, our policy is to achieve both high ARR growth and improved profitability.

FY2025 First Half Earnings Outlook

While the first half of the year was positioned as an advanced investment period, why is the outlook for the first half of FY2025 a loss?

(CFO Fujiwara)

Due to advanced investment, fixed costs such as personnel expenses are increasing, and our business model is one that recovers through the expansion of marginal profits due to the expansion of stock income, so we expect to remain in the red until the first half of the year.

Our outlook for profits in FY2025 is to become profitable in the second half of the year, and we aim to achieve full-year profitability by the end of the fiscal year. We will continue to advance our business so that we can bring forward the timing of our return to profitability.

Policy for achieving full-year profitability in FY2025

If there are any negative factors, such as unexpected events, is there a possibility that you will end up in the red even if your target is full-year profitability, or do you plan to achieve profitability by reducing costs?

(CFO Fujiwara)

Full-year profitability is an important commitment for this fiscal year, but we will not cut all investments uniformly “to secure profitability” in the event of negative factors. We will continue to make investments that are essential for business growth, but we will also flexibly respond by delaying less necessary investments, etc., while determining the priority of investments, with the aim of achieving profitability.

Important measures for achieving the performance targets for FY2025

What are the key measures for achieving the FY2025 target?

(CEO Ito)

While aiming for an ARR growth rate of 30% and full-year profitability in Operating profit, we will continue with the key measures from the previous period: “exploring companies that have not yet introduced the service”, “penetration of existing customers”, and “co-creation with DX-advanced companies”. In addition, we plan to achieve high productivity growth by utilizing the sales organization and nationwide sales partner network that we have built through advanced investment to date.

(Reference: Excerpt from “FY2024 Q4 Earnings Presentation Materials” disclosed on February 13, 2025)

Cultivating new customers

Utilizing our own 6 bases nationwide and a network of over 30 sales partners, we will quickly capture the DX needs of SMBs that have become apparent.

Penetration of existing customers

Focusing on “Company-wide introduction projects”, such as switching to new plans and bulk introduction of optional functions, for existing customers where DX needs are increasing regardless of company size.

**Co-creation with
DX-advanced companies**

We will work with customers who are especially progressive in their approach, combining SaaS, BPO services, and individual company development to create new site management processes.

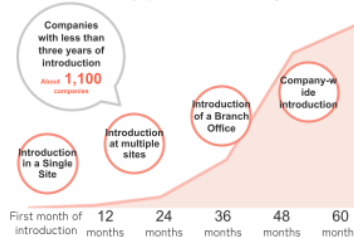
Construction industry pioneer

SPIDERPLUS
Implementing
companies
2,117
companies

Domestic target
About **20,000**
companies *1

* 1 : Number of businesses with special construction license
Search System are listed.

Penetration potential of existing
(Changes in the number of IDs for a large enterprise
in the equipment work industry)



SPIDERPLUS' Large enterprise customer base



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About the advanced investment period*1

With an eye on the expansion phase of the construction DX market, the business foundation is being strengthened through advanced investment.

Capturing the expanding demand and achieving efficient growth.

Business assets built

The Power to “Deliver” of Construction DX

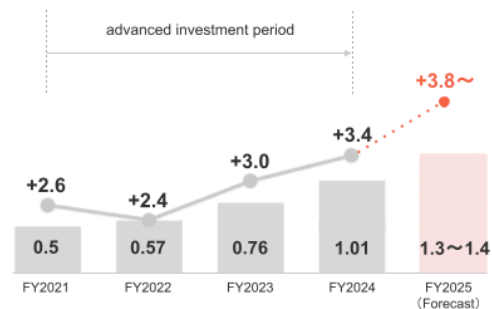


The power to “**solve**” of customer issues



Productivity of the target organization

●● : Net increase in ARR per employee (Unit: millions of yen)
■□ : Annual net increase in ARR (Unit: billion yen)



* 1. Statements regarding future Net Sales and Operating profit are medium-to long-term outlooks and do not guarantee future results or performance. These forward-looking statements involve known and unknown risks and uncertainties, and as a result, actual results or performance may differ materially from these forecasts.

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Regarding the fact that past performance has continuously failed to meet performance targets

What are your expectations regarding the fact that performance forecasts have not been met for four consecutive terms?

(CEO Ito)

We had set a target of 5 billion yen in ARR for FY2024, but we were only able to reach 4.5 billion yen, and I am very sorry to our shareholders. On the other hand, penetration into large

enterprises progressed more smoothly than initially expected, and I think there were also positive aspects. In the current fiscal year (FY2025), we plan to achieve full-year profitability and maintain a high level of ARR growth.

Business

The benefits of switching to the new plan for customers

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| If an existing customer switches to a new packaged plan, what are the benefits in terms of functionality and cost? |
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(CEO Ito)

The new plan is a packaged offering method that combines the best functions for each industry, selling them as a package rather than as “basic functions” and “optional functions” as we have done in the past.

For users, the benefits include the ability to introduce the best functions for their business in a single bulk introduction, and the ability to use more specialized functions to further improve productivity.

Regarding the factors behind the delay in ARR growth in the previous quarter

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| At the previous earnings announcement (FY2024.Q3), it was explained that “due to operational issues, it took longer than expected to close contracts, and negotiations with large enterprises were delayed, so ARR did not grow as expected”. Were these issues resolved in FY2024.Q4? |
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(CEO Ito)

We re-examined and reorganized the issues we had identified in the previous financial results, such as the need to improve our collaboration with sales partners and the contract processing flow. We also reorganized the communication flow with sales partner companies, clarified responsibilities, and worked to resolve issues. As a result, the lead time until a contract is concluded has been shortened, and negotiations with large enterprises in particular have started to progress concretely.

In addition to resolving operational issues, we will also continue to automate and enhance our operations. These initiatives will also have a positive impact on the introduction of additional products to existing customers, and are expected to contribute to the expansion of ARR through penetration measures for existing customers in FY2025.

Regarding the possibility of developing a dedicated terminal for SPIDERPLUS

Do you have any plans for the development of a dedicated terminal for SPIDERPLUS?

(CEO Ito)

Our service is provided as an app for iOS, and at present we have no plans to develop a dedicated device.

SPIDERPLUS Security Measures

What measures and systems are in place to deal with service malfunctions and the risk of information leaks due to cyber attacks?

(CFO Fujiwara)

As we have a responsibility to provide stable cloud services, we have a system in place that allows us to constantly monitor and quickly detect and respond to any problems. We have introduced an ISMS (Information Security Management System) for cyber security measures, and in addition to developing systems, we also regularly hold in-house training sessions and take various other initiatives to reduce the risk of information leaks.

Regarding the potential for use in the infrastructure field and the progress of collaboration with Change, Inc.

Is there room to use SPIDERPLUS in the field of infrastructure maintenance and development? What is the status of the collaboration with Change Corporation on DX for local governments?

(CFO Ito)

We expect there to be plenty of scope for using SPIDERPLUS in the maintenance field, such as for infrastructure maintenance. With regard to DX for local governments, we are continuing to work with Change, Inc. to make proposals and strengthen our collaboration with local governments.

(Reference: August 9, 2022 [IR release] SpiderPlus&Co. and Change, Inc. sign business partnership agreement to promote DX for local governments)

<https://contents.xj-storage.jp/xcontents/AS81382/7020cdba/38b0/4067/9029/18f5e9573996/140120220809516109.pdf>

Progress of Overseas Business

You have established a subsidiary in Vietnam. How is business progressing overseas? What is the status of your collaboration with Sigma Corporation, and what other activities are you involved in overseas?

(CEO Ito)

As for the progress of our overseas business, our Vietnamese subsidiary is not only negotiating with Japanese companies, but also with local companies. In addition, we are currently in the process of considering localization development for our collaboration with Sigma, a large Vietnamese construction company, based on feedback from their use of SPIDERPLUS.

Within Sigma, which is using SpiderPlus&Co., the product is proving popular. However, there are some differences between Japan and Vietnam in terms of how sites are operated and the systems in place, so we are working to adjust for these differences.

In other overseas activities, we have exhibited at an exhibition held in Dubai recently, and the potential for use of the product is expanding in countries other than Vietnam.

(Reference: Announcement of June 26, 2024 [Notice] SpiderPlus&Co. (Collaboration with Sigma, Vietnam's largest equipment work company)

<https://contents.xj-storage.jp/xcontents/AS81382/c452059b/3234/455a/9840/dc6411c83266/140120240626538029.pdf>

Information about events for SPIDERPLUS users

I saw an article about a SPIDERPLUS user meeting. Do you have any plans to hold more of these in the future?

(CEO Ito)

We held our first large-scale user meeting at the end of last year.

The fact that participants were able to actively exchange information with each other was well received, and we plan to continue holding these meetings in the future.

(Report article on the SPIDERPLUS user meeting)

<https://jobs.spiderplus.co.jp/spider-class/2465>

About SPIDERPLUS's SEO measures

Even if you search for “site management app” or “construction DX app” on the internet, SPIDERPLUS does not appear at the top of the list. Have you implemented SEO measures?

(CFO Fujiwara)

We are conducting marketing both online and offline from a variety of perspectives, but as you have pointed out, we are aware that our company does not appear at the top of certain search results. In the construction industry, there are many introductions and competitions, and we place importance on channels for acquiring potential customers other than online, so we do not currently see this as a serious problem.

However, we are constantly revising our marketing measures, including SEO, and are working to optimize them.

Regarding efforts to secure human resources and prevent the outflow of human resources

We are concerned about the outflow of employees due to changes in the number of employees.
What measures are you taking to improve treatment, secure human resources, and develop human resources?

(CFO Fujiwara)

The number of employees has decreased due to adjustments in the number of temporary staff and outsourcing, as well as changes in the allocation of staff in line with the revision of the development system, but the recruitment of full-time employees is going smoothly. Many people are attracted to the company by the social significance of the “DX in the construction industry” project and want to join the company.

As part of our efforts to develop human resources, we are strengthening our support for the career growth and skill development of our employees and creating an environment that can directly contribute to business growth. From the perspective of human capital, we plan to continue to improve treatment and develop human resources in the future.

Regarding the target ARPU level

If you expect ARPU to be a measure of added value, is 10,000 yen per user a high hurdle?

(CFO Fujiwara)

When you consider the operational efficiency benefits of SPIDERPLUS, I think there is a good chance that ARPU will reach 10,000 yen. For example, there are results showing that just by using SPIDERPLUS, you can expect to streamline your operations by 2 hours per day, so when you consider the personnel costs that correspond to the reduced working hours, the ARPU level of 10,000 yen is not necessarily an unrealistic level.

Furthermore, the added value will also depend on how many functions and support are included, and adding new services and advanced functions will increase the added value.

Regarding the timing of the transition to the new plan for all customers

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| Is the new plan being rolled out to all users, and when do you expect it to be completed? |
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(CFO Fujiwara)

The new plan is being offered as a priority to customers who want to use a wider range of functions, but it is not being applied en masse. We are proposing upgrades flexibly in line with the usage status and needs of existing customers. As there is a possibility that we will add functions or revise the plan in the future, we are not targeting a specific date for the switchover.

Regarding the trial period, including the demo when SPIDERPLUS is introduced

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| Do you offer a demo or trial period as a measure to help customers understand the points that differentiate your service from those of other companies at the time of introduction? |
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We used to offer a short-term trial, but we are not currently doing so.

When construction companies, including large enterprises and medium-sized companies, are comparing and considering multiple services, they often decide on an introduction after checking the detailed functions in a competitive format. We are conducting thorough demonstrations so that you can be satisfied with the process, so we do not currently have any plans to offer a free trial, etc.

Impact of the acquisition of intellectual property on business activities

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| Does the patent have any effect on the contract? |
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In terms of patents, our technology has a certain advantage in that it is our own unique technology.

Registration with NETIS (New Technology Information System) is a factor that some companies consider when considering adopting a technology, so there is a possibility that it will be a positive factor in acquiring contracts.

However, since the technology is already being actively used at sites, it is more likely to boost assessments than directly lead to a large number of contracts at this point in time.

(Reference: February 5, 2025 Disclosure [Notice] Construction DX Service “SPIDERPLUS&Co.” Promoted to “VE Evaluation” in the Ministry of Land, Infrastructure, Transport and Tourism's NETIS)

<https://spiderplus.co.jp/news/news-release/9018/>

Stock-related and other

Regarding measures to deal with the stock price

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| What are your thoughts on measures to deal with the stock price? |
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(CFO Fujiwara)

As a measure to improve our share price, we recognize the importance of creating an environment that makes it easier for investors to trade by increasing liquidity and building up trading volume. We are continuing to receive many requests for meetings with Institutional Investors and Overseas Investors, and we plan to enhance our IR activities. We expect to improve our share price by showing “results” of full-year profitability and growth, and by increasing our corporate value.

Regarding the shareholding ratio of President Ito

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| What are your expectations regarding President Ito's high shareholding ratio? |
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(CEO Ito)

We have several targets for when we will consider moving to the Prime Market or forming partnerships with other companies. We have also received feedback from Institutional Investors that our ratio is too high, and we expect to make appropriate adjustments in the future.

Shareholder benefit program costs and future considerations

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| What are the costs of the shareholder benefits program and what is the status of future reviews? |
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(CFO Fujiwara)

The cost of the shareholder benefits has been incorporated into the performance forecast based on the results at the end of FY2024. We have implemented the shareholder benefits ahead of schedule with the intention of achieving profitability this fiscal year after the advanced investment period. In the future, the management team will deepen discussions on using them in conjunction with dividends, revising the content of the benefits, and expanding them.

Trends in the Shareholding Ratio of Domestic Institutional Investors

If you compare the Shareholder Composition at the end of June and December 2024, the percentage held by domestic institutional investors has halved. What are the reasons for this and what measures will be taken in the future?

(CFO Fujiwara)

There are various cases of investment policy among domestic institutional investors, and some of them have the idea that it is difficult to take a position in a company that is running at a loss, so we think it is possible that some investors adjusted their positions in light of the changes in the growth market in August 2024.

On the other hand, the number of IR meetings with institutional investors and overseas investors has not decreased compared to previous years, both domestically and overseas, and we have been able to secure the number of meetings. We have also been able to continue to secure a large number of meetings after the fourth quarter earnings, and we feel that interest in our company continues to be high.

As a measure for the future, we will of course continue to firmly demonstrate our results, such as ARR growth and full-year profitability, but as an IR team, we will also strengthen our IR measures to increase liquidity and build trading volume so that institutional investors can participate.

Closing remarks from CEO

We apologize to our investors that we were unable to achieve our target for FY2024, with ARR remaining at 4.5 billion yen.

However, there were also many aspects where we achieved steady results, such as penetration among existing customers and the development of a development system. In FY2025, we will finally enter the phase of aiming for profitability, and we will definitely achieve both 30% ARR growth and profitability.

After that, we plan to further expand our scale in 2026 and 2027, with the aim of achieving 10 billion yen in ARR.

We will continue to advance our business with a sense of mission to fundamentally solve the social issues of a shortage of human resources and low productivity at construction sites through DX.

And above is our report on the full-year financial results for FY2024 and our policies and outlook for the future. Thank you very much for listening today.

and above