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# O1 Highlights

#### **Highlights**



#### Consolidated net sales for FY2024 reached a record high

Consolidated net sales, operating profit, ordinary profit, and EBITDA all met the earnings forecasts revised upward twice.

• EBITDA doubled YoY, while operating profit increased significantly by 483% YoY

The Company actively leveraged AI and automation, resulting in a significant reduction in development costs.

The number of business matchings is once again on an upward trend

At Big Advance, the trend turned upward due to enhancements to the business matching function and the strengthening of business meeting events.

Development and release of new services

Released the business matching management system "BM Portal" and the specialized AI FAQ "SAF"; "BIG ADVANCE GLOBAL" is scheduled for release in June.

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#### FY2024 Results Highlight



#### **Consolidated Financial Results**

Sales

2,007 million yen (YoY +10.2%)

EBITDA (\*2)

**400** million yen (YoY +100.2%)

**Operating profit** 

**197**million yen (YoY +483.8%)

#### **Current Status of Big Advance**

Number of BA-installed financial institutions

**78** 

**Number of member companies** 

60,172

**Total number of users** 

221,518

Average churn rate

1.35 % (\*1)

<sup>(\*1)</sup> Churn rate: Unsubscribed companies during the month / Subscribed member companies at month-end (12-month average from April 2024 to March 2025).

<sup>(\*2)</sup> EBITDA is calculated by operating profit + depreciation + goodwill amortization + stock-based compensation expense.

02

Company & Business Overview

### **Company Overview**



Name:	KOKOPELLI Inc.			
Address:	Kioicho Bldg. 11 <sup>th</sup> floor, 3-12 Kioicho, Chiyoda-ku, Tokyo			
Established:	June 2007			
CEO:	Shigeru Kondo			
Capital:	<b>812 million yen</b> *As of March 31, 2025			
Number of Group Employees:	<b>124</b> (permanent & part-time) *As of March 31, 2025			
Group Companies:	Kokopelli Management Support Inc. Key Point Inc.			
Overview:	<ul><li>Business platform</li><li>Operation of "Big Advance", a management support platform for SMEs</li><li>DX Solutions</li></ul>			







# Find the future in corporate value

In concert with financial institutions, we help sprout the seeds of possibilities in companies across Japan.



#### **Service Contents**



- Core focus on a B2B SaaS model that supports the growth of SMEs and regional revitalization (\*1)
- Expanding services for financial institutions' DX and those leveraging generative AI





(\*1) Abbreviation for "Software as a Service". Software applications offered on Cloud by service providers which users can access through the network.

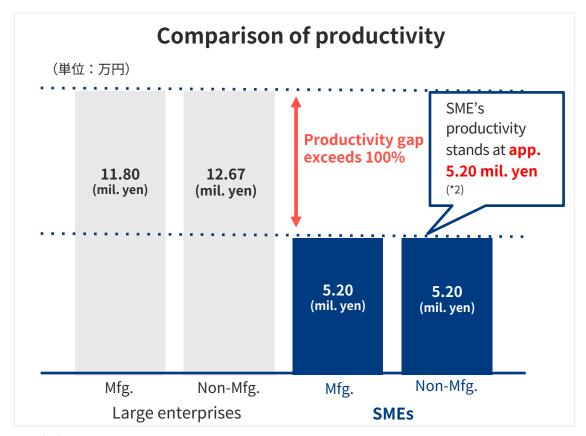
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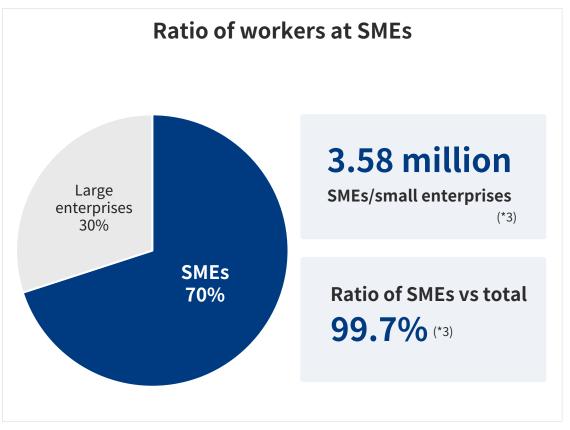
#### **Overview & Challenges for SMEs**



10/69

- Addressing the Challenge of Low Labor Productivity in SMEs
- SMEs play a significant role in the domestic economy, and a 10% improvement in labor productivity could generate a 16 trillion yen economic impact. (\*1)





- (\*1) Our calculation, based on \*2 and \*3 above. (Total workers at SMEs of app.32mil. X 5.20 mil. yen X 10%)
- (\*2) Ministry of Internal Affairs and Communications and METI, "2016 Economic Census"
- (\*3) Small and Medium Enterprise Agency "2020 White Paper on Small and Medium Enterprises in Japan"

#### Overview & Challenges for Regional Financial Institutions

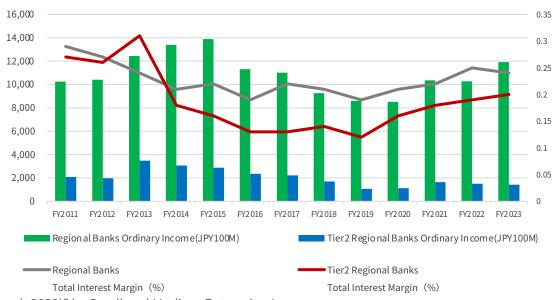


- Regional financial institutions hold 308 trillion yen in outstanding loans to SMEs, making them central to the regional financial infrastructure.
- Although temporary funding demand has expanded due to COVID-related loans, sustained funding demand remains weak, necessitating further support for the core businesses of client companies
- Need to secure stable income and promote DX (digital transformation) at SMEs.

# Outstanding Loans to SMEs by Business Type for Regional Financial Institutions

Туре	Number	Outstanding loans to SMEs (*1 *2)
Regional Banks	63	184 trillion yen
2 <sup>nd</sup> Tier Reginal Banks	37	41 trillion yen
Credit Unions	254	71 trillion yen
Credit Associations	145	12 trillion yen
Total	499	308 trillion yen
Mega Banks (Ref.)	4	132 trillion yen

#### History of Ordinary Income and Gross Interest Margin



- (\*1) Our calculation, based on "A list of SMEs and Regional Banks in each Prefecture (as of March 2023)" by Small and Medium Enterprise Agency
- (\*2) Our calculation, based on disclosures for outstanding loans to SMEs from Mega Banks (Mitsubishi UFJ, Mitsui Sumitomo, Mizuho, Resona) as of March 2024.

<sup>(\*3)</sup> Our analysis, based on "2019 Financial Results Trend" by Japanese Bankers Association.

#### Our Business (Big Advance)



- A BtoB SaaS model management support platform for SME clients of financial institutions.
- Provides a wealth of functions with competitive price offers to accelerate the pace of DX at SMEs.
- Aspiring to be the essential infrastructure for SMEs.

#### **Basic Functions**

**Business matching** 

Facilitate business matching across regions through financial institutions.

**?** Chat with financial institutions

Communicate directly with people in charge at financial institutions.

**Subsidies and grants** 

Access proprietary database with details of all municipalities across the country.

Discussion with professionals

Connect with the most appropriate advisors in times of need.

Automatic website creation

Easily set up websites by entering simple details into prescribed format.

"FUKURI" welfare program

Deliver welfare and benefits to employees in the form of coupons which can be used on the website.

Safety check

Check safety of employees in times of emergencies with a push of a button.

**Business chat** 

Smooth intra-company communications regardless of time and place.

#### **Optional Functions**

\*Optional only for requested financial institutions

Crowd Funding

Attract funding by sharing your passion to a common future.

**Management Discussion Forum** 

Talk freely on managerial issues with other company managements.

**Business Succession** 

Allows to acquire essential knowledge and calculate share prices in preparation for business succession.

"CHANTO Attendance Management"

Easy-to-use labor time management system with travel expenses and other expenses adjustment and settlement features

"CHANTO Invoice"

Simple operations to issue invoices and receive forms in line with the new invoice system and the revised Electronic Book Preservation Act.

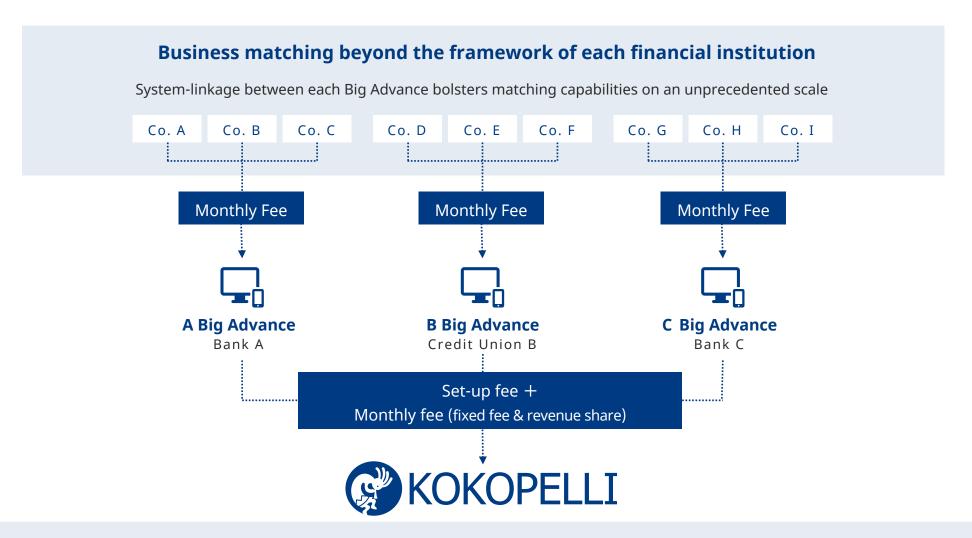
Subsidies Application Support

Seek professional guidance on the utilization of subsidies and obtain specialized assistance for application processes.

#### How "Big Advance" Works



• Innovative Services for SMEs: "XX Big Advance" for each Financial Institution - Breaking Regional and Institutional Barriers



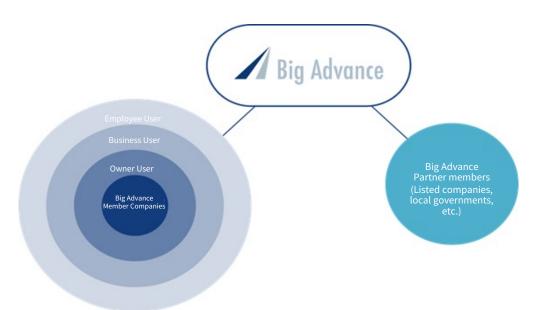
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#### **Platforms with Multiple Touchpoints**

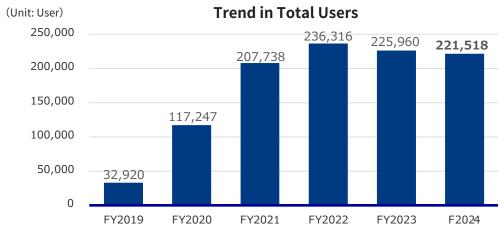


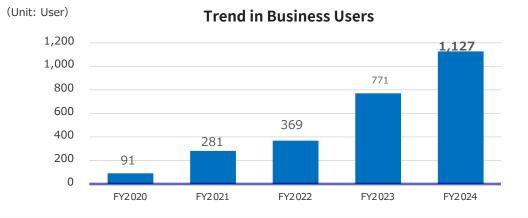
• Three Types of "Big Advance" Accounts: Connecting Users across Member Companies from Business Owners to Employees

• As a result of the priority measure of "promoting the use of business user accounts," the number of business users has steadily increased.



Account Type	Overview			
Owner User	Only 1 user can be issued to Big Advance member companies, making all functions available.			
Business User	Can be added as an option, almost all functions as the Owner User can be used.			
Employee User	Unlimited issuance, limited to the use of some functions.			





# Specialized AI FAQ (SAF) for inquiry operations at a Financial Institution KOKOPELLI



Utilizing Generative AI for Internal Inquiries on Policies and Documents within Financial Institutions



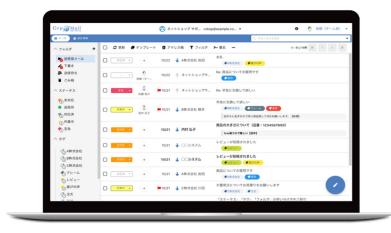


- Based on a PoC conducted in June 2024 at a financial institution, generative AI was trained on internal policies, manuals, and other documents to create a chatbot capable of answering inquiries. An FAQ feature was developed and first introduced in January 2025.
- By leveraging generative AI for internal inquiries regarding policies and documents, employees can quickly access the information they need.
- This ensures access to the most up-to-date information at all times, supports new employees in quickly catching up with their roles, and reduces the burden of responding to inquiries.

#### GrpMail & WebFile: File Transmission, Reception, and Sharing Services



- Developed and provided by Key Point, a group company.
- Introduced to over 2,000 companies to date.
- Addressing Information Security Challenges Such as File Attachment Transmission and Paperless Operations



A simple interface that prevents duplication and oversight, with a shared email management system





Corporate email transmission and sharing system that consolidates file transfers and retrievals



# O3 Key Topics

#### The Potential of "Big Advance" with the Use of Generative Al



• In tandem with the functions and data volume of "Big Advance", overwhelming operational efficiency can be achieved, leading to higher customer satisfaction.



(Accessible function)



SMEs



Automate operations, increase sales, reduce costs, drive innovation, and more.

The following features are introduced in Big Advance

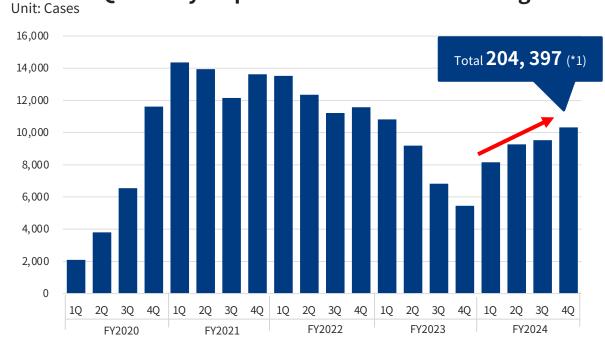
- Automatic website creation
- Automatic generation of business matching needs
- Recommendation function for business matching

#### Benefits of adopting Big Advance (1) ~Business Matching~



- Business Matching Features Support Development of New Partnerships, Alliances, and Cross-Industry Innovations, Including New Product Development.
- Focusing on functional improvements and business meeting events has led to a resurgence in the number of business talks, now exceeding 200,000 cumulatively.





(\*1) As of end March 2025

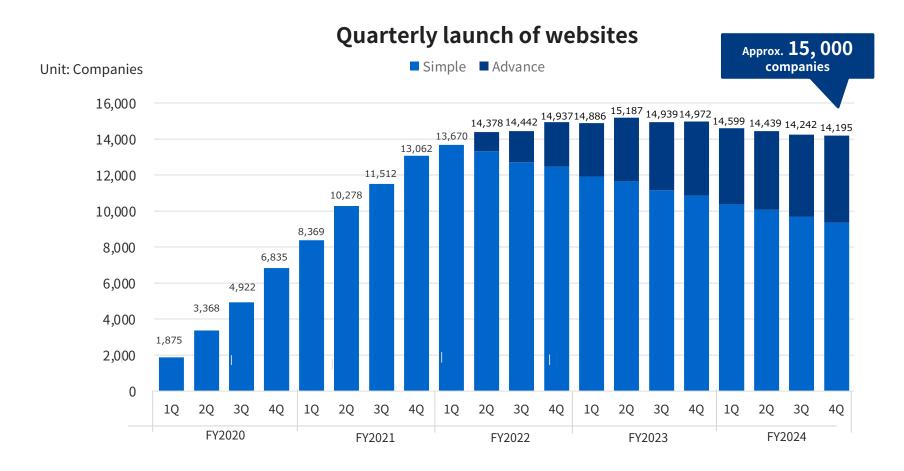
# **Initiatives to Increase Number of Business Negotiations**

- Major Improvements to UI/UX for Searching and Viewing Needs, and Submitting Negotiation Requests
- Hosting Online Business Matchmaking Events
- Introducing Potential Matching Companies Using AI
- Displaying Recommended Opportunities in the Needs List Using Al

#### Benefits of adopting Big Advance (2) ~Creation of Website~



- Enabling easy website creation and updates without specialized knowledge, supporting corporate information dissemination.
- Approximately 15,000 companies have established websites.



#### Effect of Introducing Big Advance (3): Employee Benefits "Fukuri"



- Formed a business alliance with Relo Club, expanding the number of available stores to over 10,000
- Employees of member companies can use discount coupons as part of their employee benefits







member companies

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#### Two years of progress and acceleration in generative AI utilization



• Leveraging generative AI to enhance our services, products, and business processes

PoC launch for generative AI targeting financial institutions Launch of ChatGPT evaluation Start of ChatGPT implementation for business Beta testing of "CHANTO Invoice AI-OCR" Alpha ver. release of "SAF" (\*2) for financial Participation in AWS-hosted "MLEW" (\*1) institutions Initiation of PoC for automated generation of Full release of "SAF" for business opportunity information from corporate financial institutions websites 2023/1Q 2023/2Q 2023/3Q 2023/4Q 2024/1Q 2024/20 2024/3Q 2024/40 Email distribution for Implementation of automated business opportunity BigAdvance recommended information creation in BigAdvance matching business opportunities PoC for Al-driven recommendations in BigAdvance matching TOP page displays Implementation of recommended business BigAdvance matching feature opportunities display in BigAdvance recommended business opportunities in order matching feature Implementation of Al-generated text creation Operational launch of "BigAdvance Support GPT" for HP creation feature in BigAdvance for corporate support tasks

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<sup>(\*1) &</sup>quot;Machine Learning Enablement Workshop" hosted by Amazon Web Services Japan G.K.

<sup>(\*2)</sup> Al-powered FAQ system developed by our company for handling internal inquiries at financial institutions

#### Al Agent Concept in Big Advance



• Accelerating the use of generative AI in Big Advance to further evolve into a future AI agent

#### **Past Initiatives**

#### **Implemented features in Big Advance:**

- Automatic HP creation function
- Automated business opportunity generation in business matching
- Recommendation function for business matching

Advancing AI agent capabilities We want to expand new business opportunities



**Future Outlook** 

Utilizing the business matching feature to request business negotiations

**Enhancing HP functionality** 

Proposing subsidies and grants

Al autonomously executes various functions of Big Advance based on customer needs

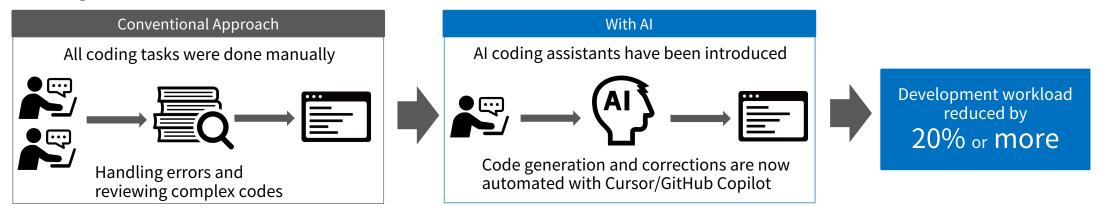
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#### **Development Cost Reduction Through AI and Automation**

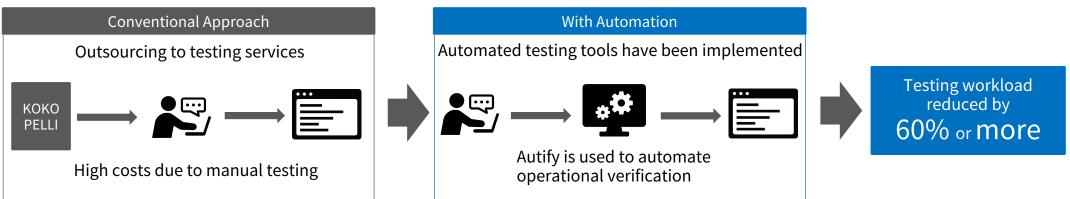


• Promoting AI utilization and automation in the development process has significantly increased productivity.

#### Coding with AI



#### **Automated System Testing**

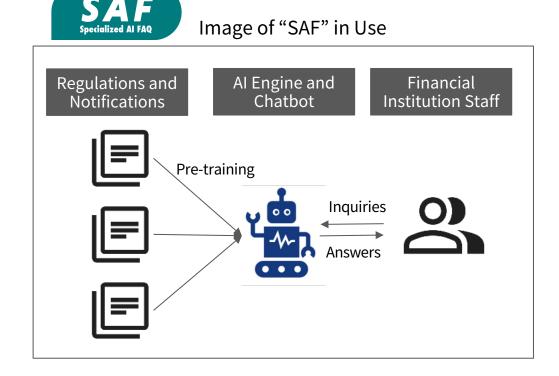


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#### SAF: Introduced to financial institutions in Kinki area



• The specialized AI FAQ service "SAF" was introduced at financial institutions in Kinki area (January 2025).



# Impact of Introduction

#### [Quantitative Effects]

- Responses provided in seconds from over 1,000 regulations and notifications
- Over 1,000 valid inquiries and responses within three months of introduction
- More than 80 hours of inquiry time saved over a three-month period

#### [Qualitative Effects]

- Improved psychological safety by allowing staff to ask questions anytime with ease
- A completely new AI-powered search experience, unlike traditional full-text search systems

#### Corporate Portal Site: Service Launched at Higo Bank



- Launched the "Corporate and Sole Proprietor Portal Site" for financial institutions at Higo Bank (February 2025)
- Integrated with Big Advance to strengthen core business support for client companies



#### **Main Features**

#### - Business Support

Regularly provides information to help solve issues faced by SMEs and allows users to book management consultations

- Contact

Reserve branch visits, sign up for seminars, and use chat features

- Cash Management Services

Balance inquiries and detailed statements of deposits and withdrawals for accounts at Higo Bank and other financial institutions

- Information Distribution

Regular delivery of announcements and updates

- Integration with External Services

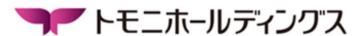
Includes features such as Big Advance, Tansaku-kun ("Zero-Carbon-System"), and electronic contracts

#### "GrpMail" and "WebFile" Services Introduced at Tokushima Taisho Bank



- First implementation at a regional financial institution (March 2025)
- Significantly reduces the risk of email misdelivery and information leakage
- Contributes to DX, operational efficiency, and enhanced security at financial institutions by centralizing file transmission, reception, and management



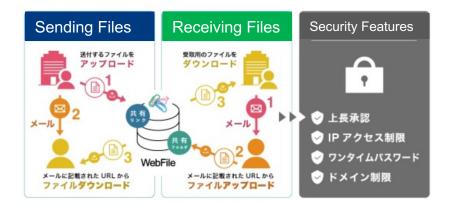


# Tokushima Taisho Bank Tomoni Holdings

#### [Features of GrpMail]



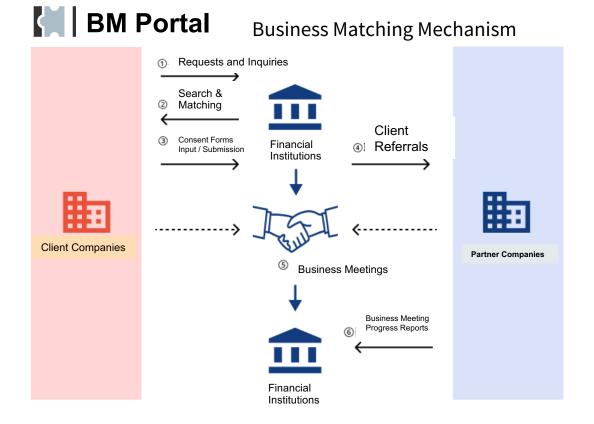
#### [Features of WebFile]



#### **BM Portal: Service Launched at Kyoto Bank**



• Released the "BM Portal," a platform for centralized online management of business matching operations at financial institutions, and launched the service at Kyoto Bank in April 2025.



#### **Key Features**

- Management of Partner Companies' Service Information
- O Digitization of Business Referral Agreements
- Tracking and Managing the Progress of Business

Matchings

O Systematization of Business Matching Knowledge and

Case Studies

- Equipped with Flexible Workflow Features
- Centralized Operations through Invoice Issuance

**Function** 

#### Launch of Owned Media "Connect"



- An online media platform developed through Big (https://connect.bigadvance.jp/)
- Highlights the strengths and innovations of regional SMEs, promoting them to a broad audience

# Matashichi Packing & Transport Company (Fukuoka Prefecture)



#### Steady Monthly Revenue Growth through Successful Collaboration with a Major Logistics Company

Faced with declining demand in the furniture transport sector, the company was successfully matched with a major logistics firm through Big Advance. Just a month and a half after joining, it was registered as a partner company and began receiving a stable stream of orders from across Kanto, Kansai, and Kyushu. Effective outreach via the company's website and support from their financial institution further contributed to steadily increasing monthly sales. With the potential opening of a Tokyo branch in sight, the company is aiming for even greater business expansion.

#### **Kunimune Company (Tokyo)**



# New Business Potential Sparked by Encounters with Clients

Kunimune, a printing company, expanded its business horizons through connections made on Big Advance. A partnership formed via the platform opened up new opportunities in web production and digital services, creating fresh avenues for proposals beyond their traditional business. The collaboration between local financial institutions and the Big Advance platform is helping to drive new business creation and diversification.

# Nakano MONO Technology K.K. (Aichi Prefecture)



#### Creating New Value through Unexpected Matches that Lead to Successful Deals

Through an online business meeting hosted by Big Advance, the company connected with a website development firm and successfully revamped its own corporate site. This led to the expansion of new sales channels and stronger recruitment efforts. Further diversification of its operations and revitalization of the organization are being promoted through collaborations with companies from other industries and external training programs for employees. Big Advance is playing a key role in supporting the company's sustainable growth.

#### Launch of a New Service: Big Advance Global Expansion



Service scheduled to start in April 2025 or later





[Objective]

Support the global expansion of SMEs to boost Japan's economy

#### Signed a MoU with the Office of SMEs Promotion (OSMEP) of Thailand



• To promote business matching between Japanese and Thai companies through "BIG ADVANCE GLOBAL," OSMEP and KAIGO Life Co., Ltd. signed a MoU.



From left to right: OSMEP Deputy Director-General Wachira Kaewkor, Acting Director-General Panita Shinawatra, KAIGO Life COO Chinnatip Phornprapha, and Kokopelli CEO Shigeru Kondo

#### [Overview of the MoU]

- OSMEP will cooperate in supporting the development of small and medium-sized enterprises (SMEs) through "BIG ADVANCE GLOBAL," developed by Kokopelli.
- OSMEP will promote and support the use of BIG ADVANCE GLOBAL by Thai SMEs, as well as assist in other related activities.
- The two parties will jointly promote initiatives beneficial to SMEs through knowledge sharing and other means, to strengthen SMEs in both countries.
- To optimize BIG ADVANCE GLOBAL for both Japan and Thailand, the parties will exchange information on the challenges faced by SMEs and examples of successful business matching.
- The parties will collaborate to expand cooperative relationships between
   Japanese and Thai SMEs to other ASEAN countries and implement joint projects to support SMEs.
- The parties will work together to develop a database to enhance business matching efficiency and provide services that support the overseas expansion of SMEs.

#### Launched partnerships with 19 domestic financial institutions



- Adoption of "BIG ADVANCE GLOBAL" has been confirmed by 19 financial institutions in Japan (\*1)
- In partnership with each institution, the platform supports the overseas expansion of Japanese SMEs



Press Conference Held on April 24, 2025









他3金融機関
※五十音順

Ehime Bank, Osaka Shoko Shinkin Bank, Kita-Nippon Bank, Kyoei Credit Association, Kyoto Bank, Shiga Chuo Credit Union, Suwa Shinkin Bank, Seishin Shinkin Bank, Tajima Shinkin Bank, Tamashima Shinkin Bank, Tama Shinkin Bank, Chiba Shinkin Bank, Tono Shinkin Bank, Towa Bank, Mizuho Bank, Hiratsuka Shinkin Bank

3 other financial institutions (in Japanese alphabetical order)

(\*1) As of May 14, 2025

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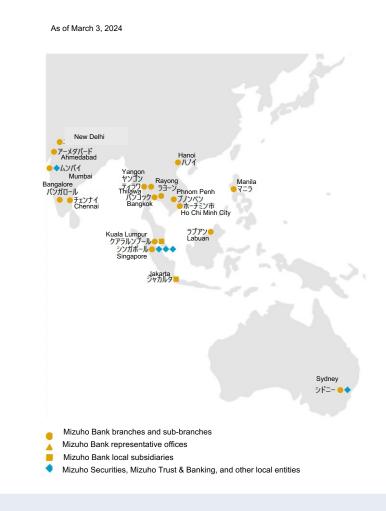
#### MoU Signed with Mizuho Bank



- Signed a Memorandum of Understanding with Mizuho Bank regarding the introduction of "BIG ADVANCE GLOBAL"
- Plans are in place to further expand into the ASEAN region by leveraging Mizuho Bank's extensive network



From left: Tomohiro Bannai, General Manager, Shibuya Corporate Banking Department, Mizuho Bank; Shigeru Kondo, CEO of our company; Hirofumi Ota, General Manager, Business Solutions Department, Mizuho Bank



04

Financial Results for FY2024

#### Income Statement for the Fiscal Year 2024



- DX Solutions recorded a revenue increase of 10.2% YoY, reaching ¥2,007 million.
- Operational efficiency improvements through AI utilization and other initiatives led to a 2.4 point improvement in gross profit margin compared to the previous year. Operating profit rose significantly by 483.8% YoY to ¥197 million, and EBITDA doubled to ¥400 million, up 100.2%.
- Final results exceeded the earnings forecast, which had been revised upward twice.

(Millions of JPY)

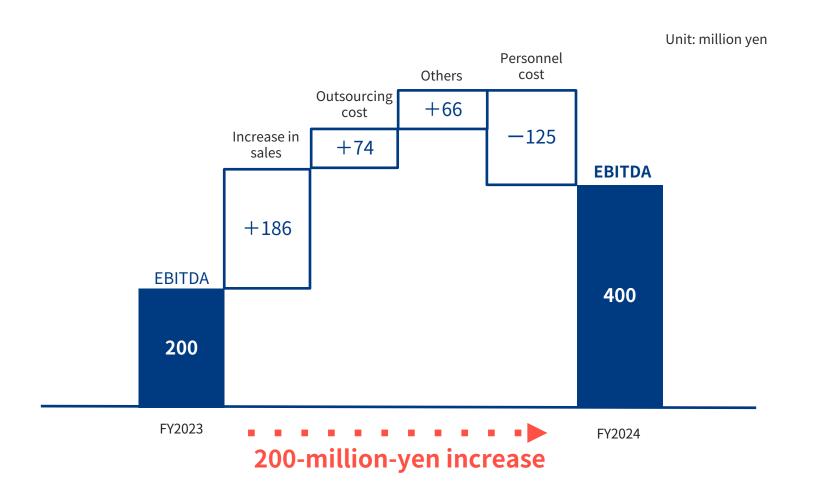
	FY 2023 (Actual)	FY 2024 (Forecast) (*1)	FY 2024 (Actual)	Change Amount (YoY)	YoY Comparison	Comparison to Forecast
Net Sales	1,821	2,000	2,007	+186	+10.2%	+0.4%
Gross Profit	990	1,125	1,139	+149	+15.1%	+1.3%
Gross Profit Margin	54.4%	56.3%	56.8%	_	_	_
EBITDA	200	355	400	+200	+100.2%	+16.4%
Operating Profit	33	170	197	+163	+483.8%	+12.8%
Operating Profit Margin	1.9%	8.5%	9.9%	_	_	_
Recurring Profit	40	171	199	+159	+395.3%	+16.9%
Net Income Attributable to Owners of the Parent	33	95	125	+92	+277.4%	+32.5%

<sup>(\*1)</sup> The revised earnings forecast announced on February 14, 2025, in the "Notice Regarding Revision of Earnings Forecast"

#### **Factors affecting EBITDA**



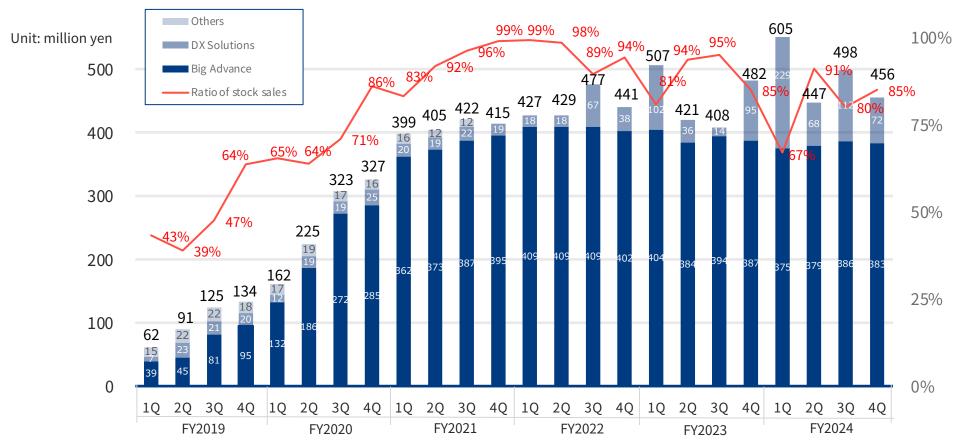
• Sales growth and efficiency improvements drove a JPY 200M YoY increase in EBITDA.



## **Trends in Quarterly Sales**



• DX Solutions revenue declined by ¥42 million compared to 3Q, due in part to the absence of new subsidy approvals; the ratio of recurring (stock-based) revenue remained at 85% (\*2).



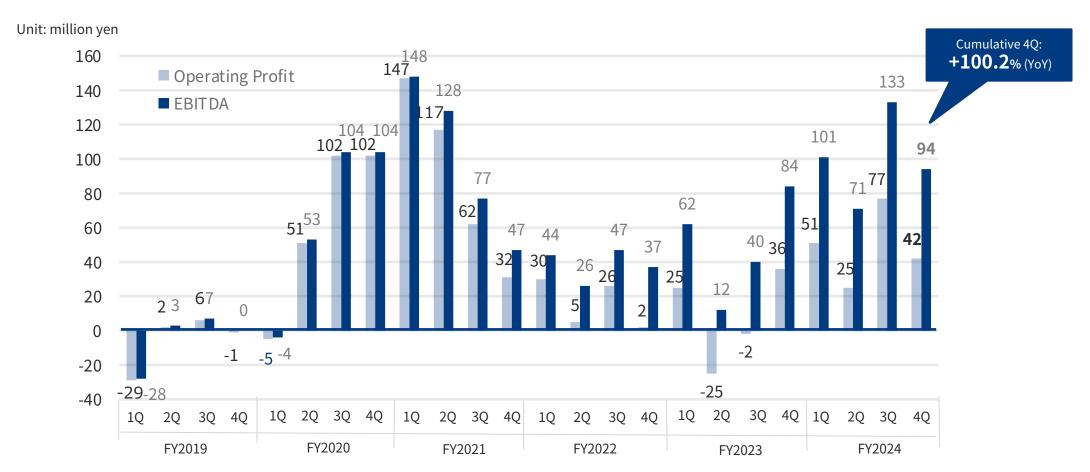
<sup>(\*1)</sup> Stand-alone results used until 2Q of FY2022, and consolidated results from 3Q of FY2022.

<sup>(\*2)</sup> Stock sales: revenue share of monthly maintenance cost and monthly cost of Big Advance at financial institutions.

## Trends for Quarterly operating profit/loss and EBITDA



• Revenue growth and efficiency improvements drove a 100.2% YoY increase in cumulative 4Q EBITDA.

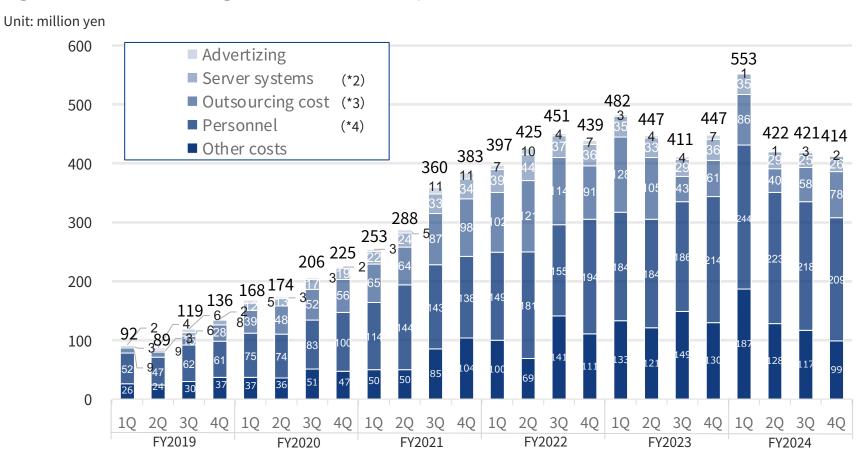


(\*) Since FY2023 3Q, when consolidated financial statements were adopted, the financial figures until FY 2023 2Q were based on individual (standalone) statements.

# **Trends in Quarterly Cost Structure**



#### Ongoing cost reduction through Al-driven efficiency improvements



<sup>(\*1)</sup> Financial statements are on a stand-alone basis until 2Q of FY2022, and then on a consolidated basis from 3Q of FY2023.

<sup>(\*2)</sup> AWS and web system usage fees. CoGS

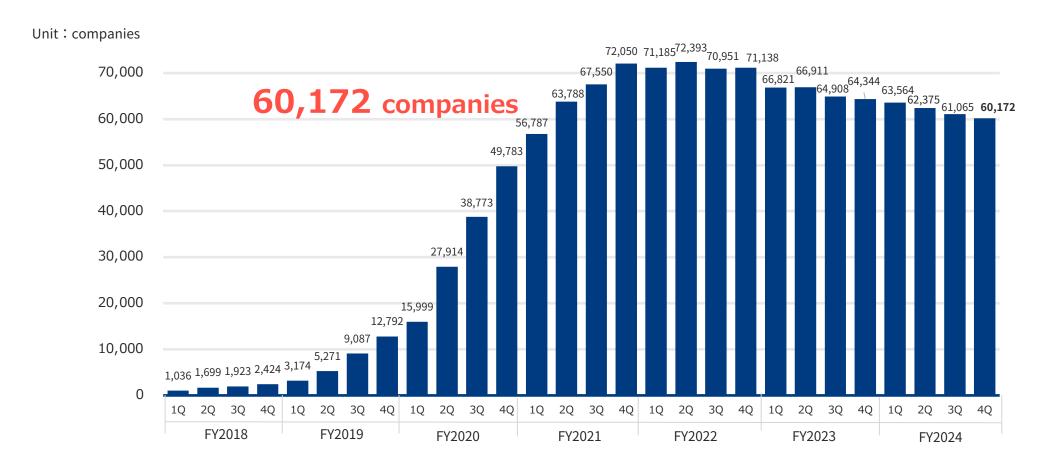
<sup>(\*3)</sup> Cost of outsourcing development to external engineers. CoGS

<sup>(\*4)</sup> Salary for engineers, sales, customer service, corporate employees and executive pay, plus social insurance and recruitment costs. Total of CoGS and SGA.

# **Quarterly Trends of Member Companies**



• The number of member companies decreased by 893 from 3Q, bringing the total to 60,172. (\*1)



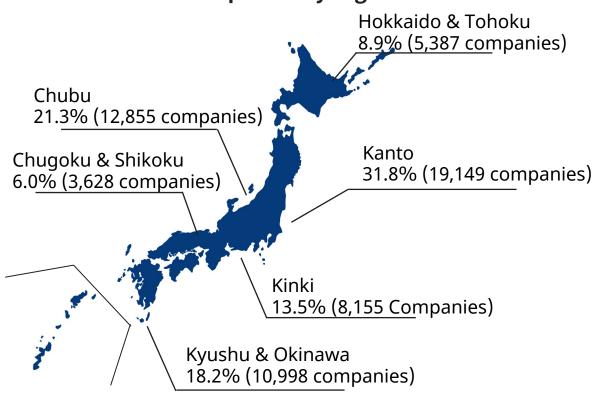
(\*1) As of the end of March 2025

# **Nationwide Network of Member Companies**

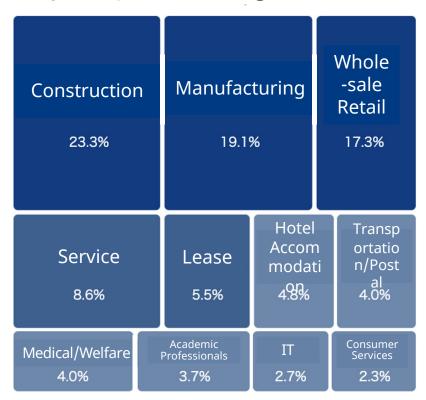


A unique network of SMEs participating from across the nation beyond regional boundaries

# Composition ratio of Big Advance member companies by region



#### **Industry Composition of Big Advance Member**

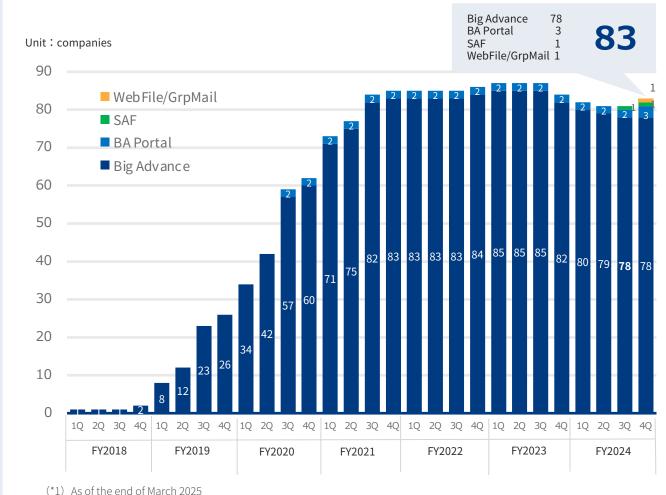


(\*1) As of the end of March 2025

# Trend in Financial Institutions Adopting Kokopelli Group Services



• Big Advance remains at 78 institutions as of 3Q. BA Portal increased by one to a total of 3 institutions. The new product SAF was adopted by 1 institution, and the file transfer and sharing services (WebFile/GrpMail) were also introduced at 1 institution, bringing the cumulative total to 83 financial institutions.



#### [Big Advance]

#### Hokkaido / Tohoku Region

Aomori Michinoku Bank / Iwate Bank / Kita-Nippon Bank / The 77 Bank / Shonai Bank / Sendai Bank / Toho Bank / Hokuyo Bank

#### **Hokuriku Region**

Kanazawa Credit Union / Kyoei Credit Association / Sanjo Shinkin Bank / Niigata Shinkin Bank / Fukui Bank / Fukui Credit Union / Fukuho Bank / Hokuriku Bank

#### **Kanto / Koshinetsu Region**

Alupuschuo Shinkin Bank / Ashikaga Bank / Kawasaki Credit Union / Kofu Credit Union / Seibu Credit Union / Shinonome Credit Union / Joyo Bank / Suwa Shinkin Bank / Daiko Bank / Tama Credit Union / Chiba Bank / Chiba Kogyo Bank / Chiba Credit Union / Tokyo Higashi Credit Union / Towa Bank / Tochigi Bank / Nagano Bank / Hanno Credit Union / Higashi Nihon Bank / Hiratsuka Credit Union / Mito Shinkin Bank / Yokohama Credit Union

#### **Tokai Region**

Gifu Shinkin Bank / Kuwana Mie Credit Union / Seishin Credit Union / Takayama Credit Union / Aichi Bank / Tono Credit Union / Toyokawa Credit Union / Nagoya Bank / Hekikai Credit Union

#### Kansai Region

Ikeda Senshu Bank / Osaka shoko Shinkin Bank / Kinokuni Shinkin Bank / Kiyo Bank / Kyoto Bank / Shiga Bank / Shiga Chuo Credit Union / Tajima Bank / Tajima Credit Union / Nara Chuo Shinkin Bank / Himeji Shinkin Bank

#### Chugoku / Shikoku Region

Iyo Bank / Ehime Bank / Kure Credit Union / Kochi Bank / Sanin Godo Bank / Shikoku Bank / Tamashima Credit Union / Tomato Bank

#### Kyushu / Okinawa Region

Oita Bank / Okinawa Bank / Okinawa Kaiho Bank / Kagoshima Sougo Shinkin Bank / Koga Shinkin Bank / Saga Bank / Nishi Nihon City Bank / Higo Bank / Fukuoka Chuo Bank / Nagasaki Bank / Minami Nippon Bank / Miyazaki Bank

#### [BA Portal]

Okinawa Bank / Kyoto Bank / Higo Bank

#### [SAF]

A Shinkin Bank in the Kinki region (Non-disclosed)

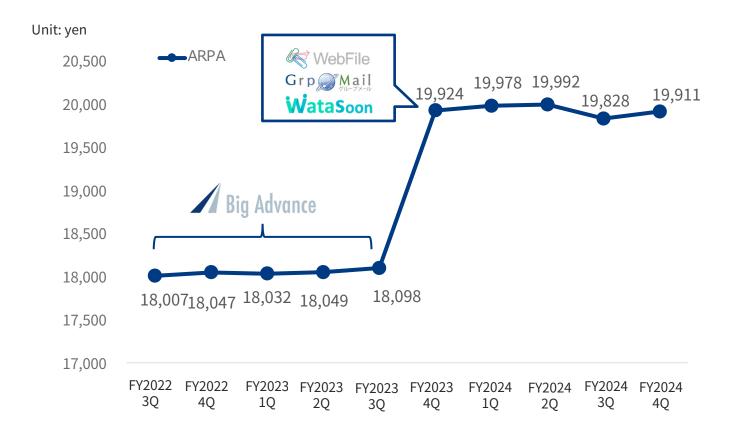
#### [WebFile/GrpMail]

Tokushima Taisho Bank

## The trend of ARPA for the entire group



- Based on the ARPA expansion strategy, the product lineup was expanded, leveraging the synergies among products,
- An ARPA of 19,911 yen, a 0.1% decrease compared to the same period last year.



<sup>(\*)</sup> ARPA stands for "Average Revenue per Account", referring to an average sales amount per account.

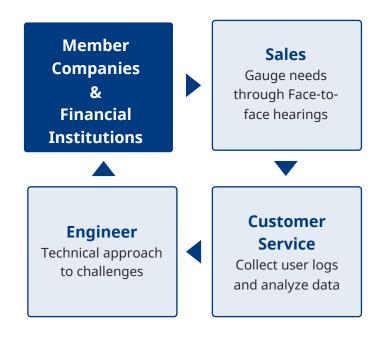
This figure is calculated by dividing the annual revenue sales from member companies by the number of member companies at the end of each quarter.

# Sustaining users with quick improvements to functions

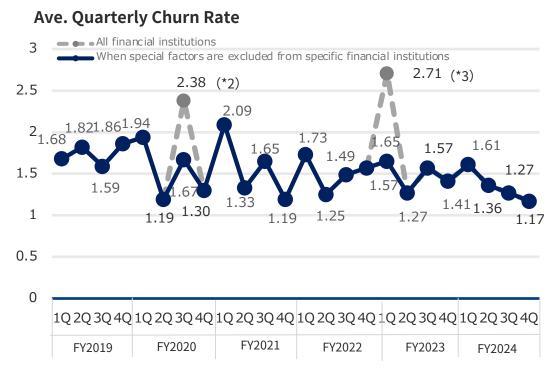


• Average annual churn rate stayed in the 1% range, on the back of efforts to collect and quickly reflect the needs of financial institutions and member companies in our services to heighten customer satisfaction and convenience.

#### **Cycle of functional upgrades**



#### Ave. Annual Churn Rate at 1.35% (\*1)



- (\*1) Churn rate: (Unsubscribed companies during the month) / (Subscribed companies at previous month end (12-month average from April 2024 to March 2025)
- (\*2) One-off increase in churn rate due to special factors at certain financial institutions in December 2020. Average churn rate in 3Q FY2020 is 1.67% without this effect.
- (\*3) The churn rate rose for a while in March and April 2023 due to special factors at certain financial institutions. Besides this, the average churn rate in Q1 FY2022 was 1.65%.

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# 05

FY2025 estimates

## **Business Policy for FY2025**



We will pursue business growth in FY 2025 through the following initiatives.

# Initiatives for Big Advance

#### Strengthening our position as essential infrastructure for SMEs

- Returning to a growth trend in membership
- Enhancing relationships with financial institutions
- Expanding support for member companies
- Strengthening "Fukuri," the employee benefits coupon platform for SMEs.
- Launching the overseas business matching platform "BIG ADVANCE GLOBAL" in Thailand
- Expanding implementation of the corporate portal site
- Rolling out the new business matching management service "BM Portal"

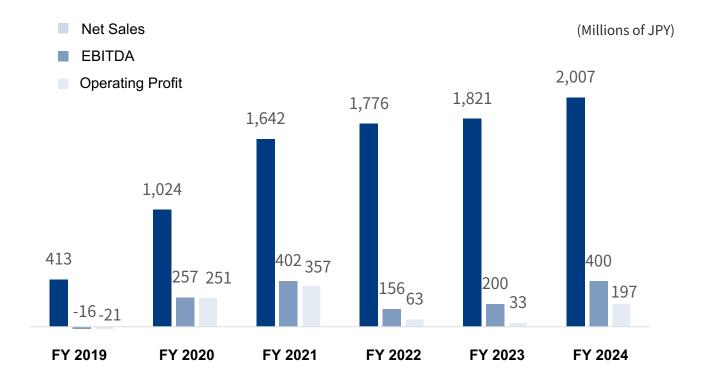
# Initiatives for DX Solutions

- Expanding adoption of the specialized AI FAQ system "SAF," powered by generative AI
- ncreasing the number of financial institutions implementing the file transfer and sharing services "GrpMail" and "WebFile"
- Broadening the range of subsidies handled through subsidy utilization consulting services

# Full-Year Earnings Forecast for FY2025



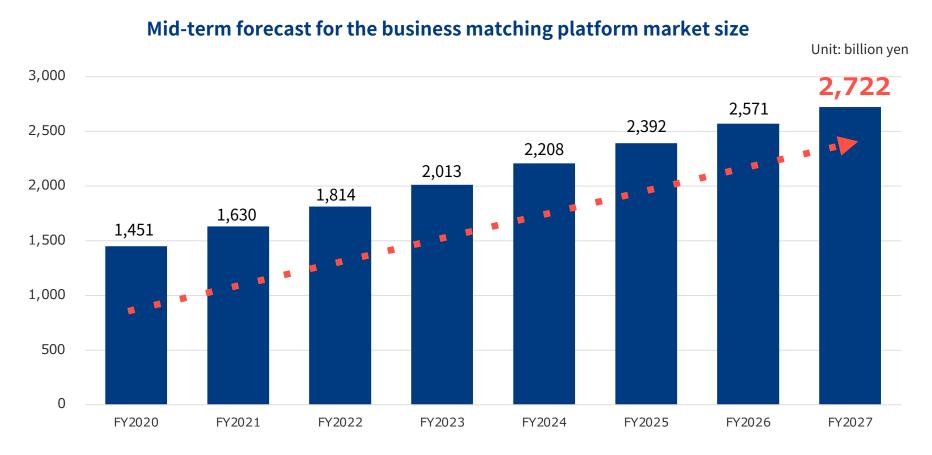
- In anticipation of the launch of the cross-border business matching platform "BIG ADVANCE GLOBAL" in Japan and Thailand starting in June 2025, preparations for local collaboration in the Thai market are progressing steadily. The platform is expected to serve as a new growth driver, particularly in Thailand.
- With the selection for the "Global South Subsidy," the overseas expansion development plan is being significantly accelerated. We aim to enhance the product's competitiveness and achieve early market penetration.
- Given these circumstances, we have determined that it is currently difficult to reasonably calculate earnings forecasts. As such, we are withholding disclosure of the forecast at this time. We will promptly disclose the forecast once conditions become sufficiently predictable.



# The market size of business matching platforms



• The domestic market as a whole is expected to expand from 2,013 billion yen in FY 2024 to 2,722 billion yen in FY2028



(Source) Deloitte Tohmatsu MIC Research Institute Co., Ltd., "Current Status and Outlook of the Domestic Business Matching Platform Market [2023 Edition]," issued on December 13, 2023. (https://mic-r.co.jp/mr/02980/)

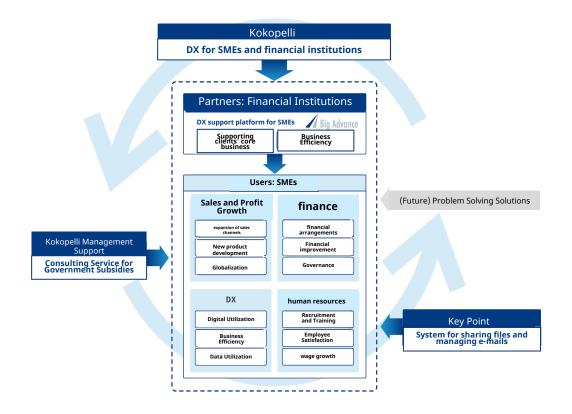
06

Progress on mid-term management plan

## **Building a Business Ecosystem for SMEs**



• We aim to build a business ecosystem with the SME DX support platform "Big Advance" at its core.

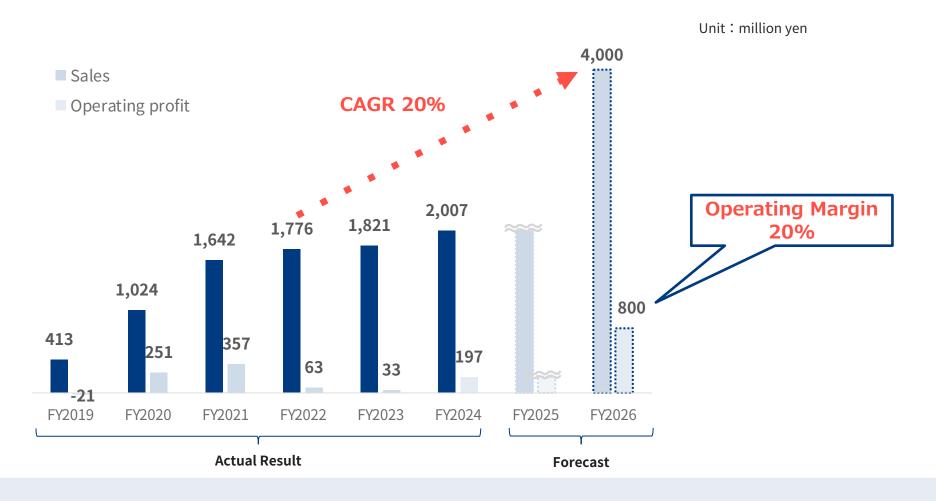


- By building the ecosystem, we provide solutions to various issues faced by SMEs and an environment for sustainable growth.
- We develop new solutions to solve problems or collaborate with companies that already have such solutions.

#### Mid-term Management Target



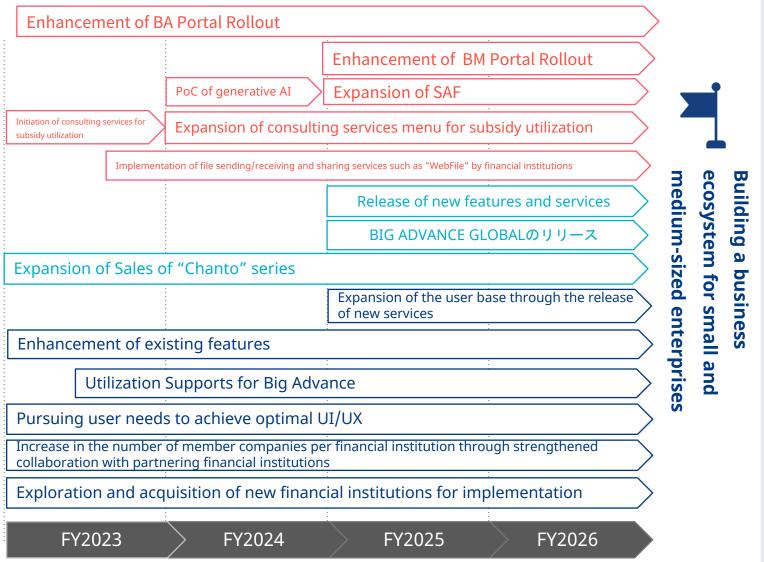
- By expanding the user base, increasing ARPA, and implementing the DX Solutions strategy, we aim for a 20% CAGR in revenue growth by FY2027.
- We are maintaining our medium-term management targets, as we plan to capture new demand through the launch of the cross-border business matching platform "BIG ADVANCE GLOBAL," scheduled for release in Japan and Thailand in June 2025.



## "Growth Strategy Roadmap" for FY2024 and beyond





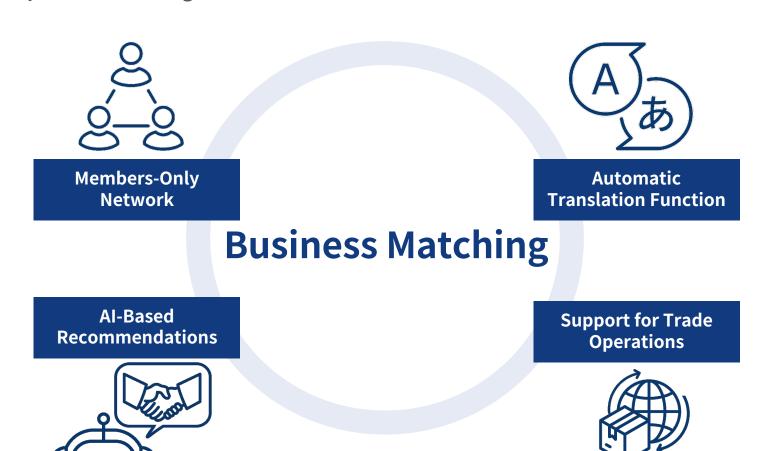


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#### Features of BIG ADVANCE GLOBAL

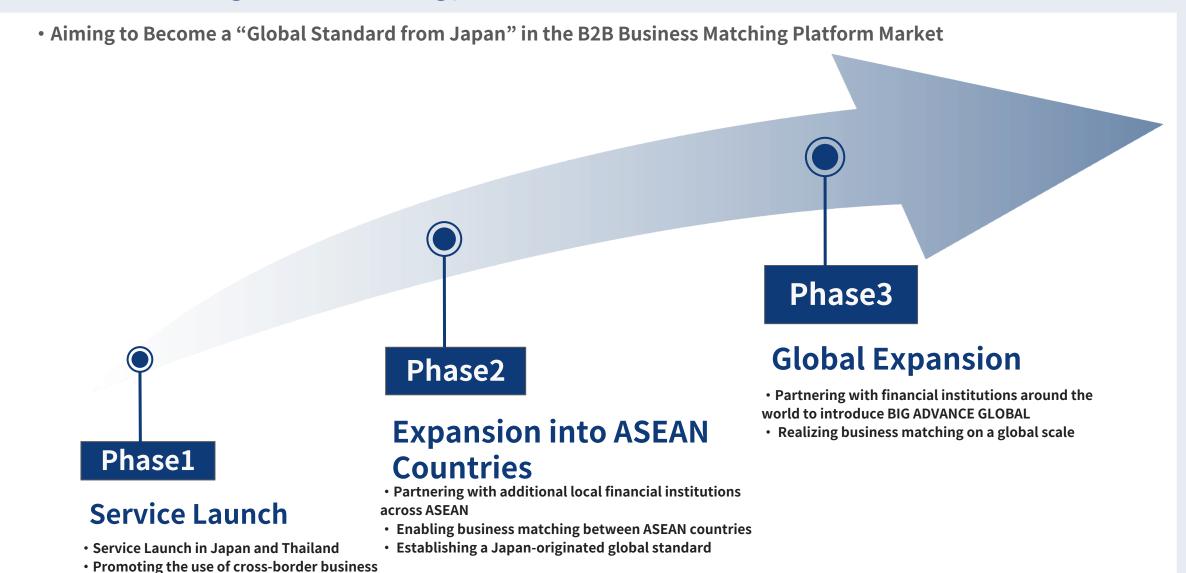


- Leverages the "trusted network" provided by financial institutions and advanced technology
- Japan's first global platform enabling direct trade between SMEs



# Medium- to Long-Term Strategy for BIG ADVANCE GLOBAL





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matching

# **Consulting Service for Government Subsidies**



• In addition to the "Manufacturing Subsidy", "Business Restructuring Subsidy", "Large-Scale Growth Investment Subsidy", and "Energy Conservation Subsidy", we have newly started handling the "SME Productivity Enhancement Investment Subsidy", the "SME New Business Expansion Subsidy" and "SME Growth Acceleration Subsidy", among others.



- **1)**Top-class support on subsidies in the Tokai region.
- **②Wide range of support provided on subsidies.**
- **3** Support provided by experienced professionals.
- **4** Understanding of "proprietary skills".
- **5**Seminars held on subsidies and its application process.

07
Suppler

**Supplementary Information** 

#### **Big Advance Concept**



To create the largest management support platform for SMEs in Japan



## Find the future in corporate value.

To realize this mission, KOKOPELLI has consistently developed services to support SMEs since its establishment.

Unfortunately, many businesses do not see the light of day because they do not communicate the core values they have to offer.

Our challenge is to harness the power of technology to sprout and nurture these seeds of buried value, growth opportunities, and business potential to take them into the futures ahead.

We combine technology and innovation to create business models to improve labor productivity and deliver services that are truly valuable to the companies we serve.

#### To become a core infrastructure for SMEs

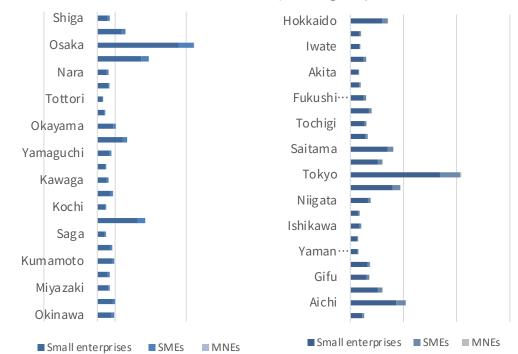


#### To become the absolute leader in the DX market for Japanese SMEs in the next 3 years (FY2022-FY2024).

- Of the nation's 3.58 million businesses, 99.7% are small and medium-sized enterprises and 84.9% are small businesses.
- Small businesses are distributed in each region.
- The top 3 industries are wholesale/retail, lodging/restaurant services, and construction.

#### **Number of companies by prefecture**

(Source: The Small and Medium Enterprise Agency, as of 6 June 2016)



Definition of SMEs and small businesses			
	SME		Of which small business
Sector type	Capital or employees		Employees
Mfg. and others	300 mil. JPY or less	300 or less	20 staffs or less
Wholesale	100 mil. JPY or less	100 or less	5 staff or less
Service	50 mil. JPY or less	100 or less	5 staff or less
Retail	50 mil. JPY or less	50 or less	5 staff or less

Number of companies by industry (Source: The Small and Medium Enterprise) Agency



Transportation, postal service...2% / Information Technology...1% / Finance, Insurance...1% / Combined services...0% / Mining, Quarrying of stone and gravel...0% / Electricity, gas, heat and water services...0%

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## Advantages of using Big Advance (1)



A thorough delivery of WEB services to local companies, based on established network of local financial institutions.

Effective networking with local financials

Effective networking with SMEs across the country

Fusion of in-person and technology-based services

Data-driven analysis and returns

# Advantages of using Big Advance (2)



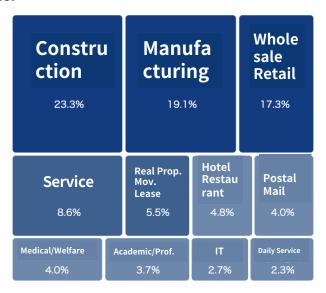
# Effective networking with local financial institutions

- An established network of Japan's largest regional financial institutions, including regional banks, second-tier regional banks, shinkin banks, and credit unions, regardless of business category.
- Comprises 78 BA-installed financial institutions that have head offices spanning across 42 prefectures (47 prefectures including branches) and approximately 5,700 branches.



# Effective networking with SMEs across the country

- A very effective network of 60,000 or more companies registered with Big Advance nationwide.
- Able to provide services to small, like-sized companies across the sector that were difficult to reach with web-based services.



The top three industries of the member companies are construction, manufacturing and wholesale/retail.

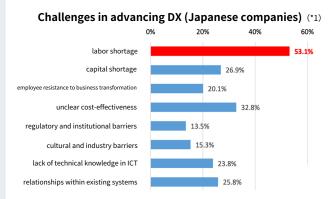
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# Advantages of using Big Advance (3)



# Fusion of in-person and technology-based services

- Trusted personnel at financial institutions in close contact with companies on a daily basis will support the installation and operation of Big Advance to promote DX.
- Share the core values of local companies with those across the country via the web.



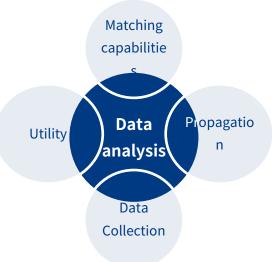
The main issues with DX is "lack of personnel" at 53.1%.



Business talks between regional and financial institutions comprise 82% of the business matching function offered by Big Advance.

# Data-driven analysis and returns

- Core business support to clients of financial institutions by offering data collected by Big Advance (data provisions to begin in April 2022).
- Business matching function offers Al-driven recommendations of business activities to companies.
- Presents ways of using Big Advance on the web, depending on the company's usage, to facilitate the DX process (starting in May 2022).

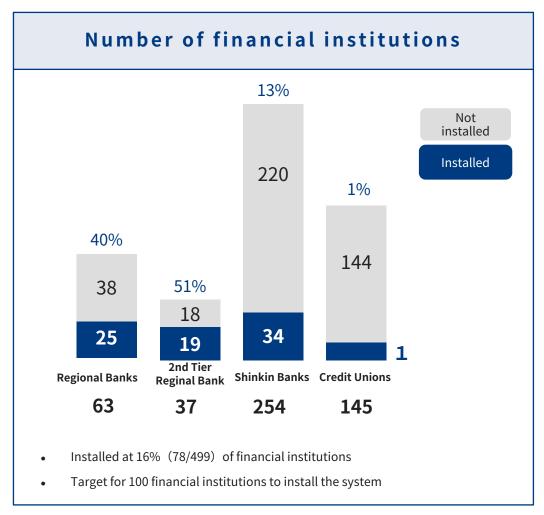


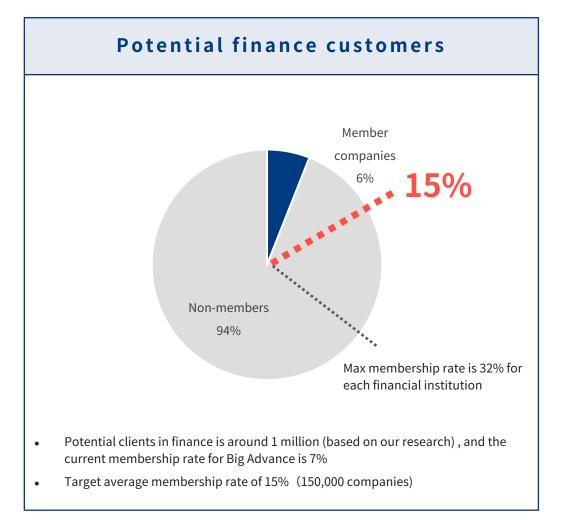
(\*1) Ministry of Internal Affairs and Communications, Japan "2021 White Paper Information and Communications in Japan"

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# Attracting more users (1): Expanding the user base







(as of 31 March 2025)

(Based on the 78 BA-installed financial institutions)

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# DX Solutions Strategy: Supporting Financial Institutions' Digital Transformation KOKOPELLI

• We provide diverse DX solutions to help financial institutions solve various challenges.

Corporate Portal Site

**Communication platform** 



**Business Matching Management** 



Grp Mail



File transfer and sharing service

**Providing DX Solutions to Address Financial Institutions' Challenges** 





**User company** 



**User company** 



**User company** 



User company

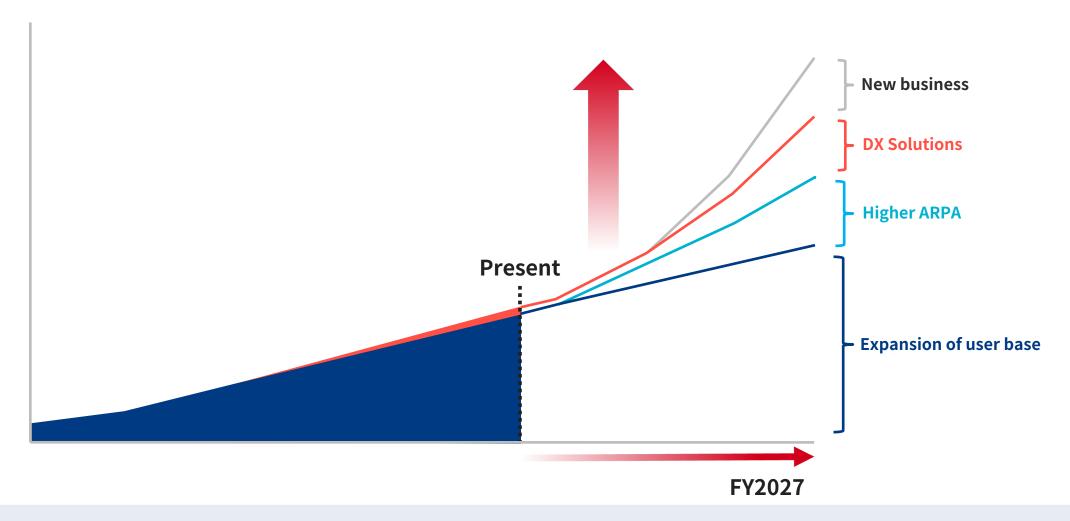


User company

# Growth scenarios in the mid-term management plan



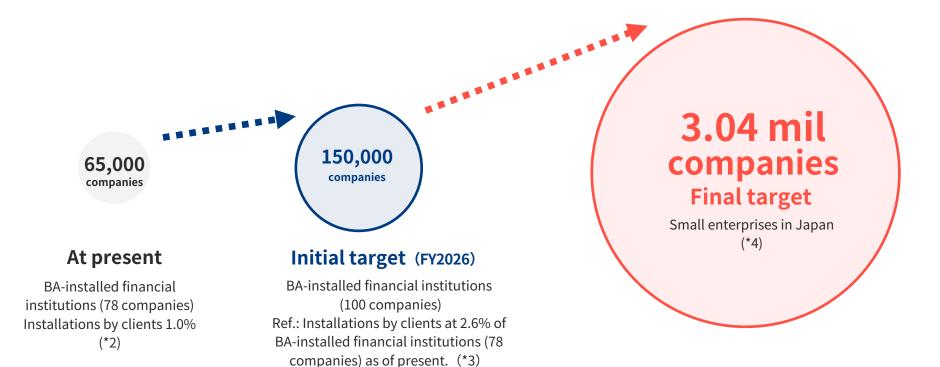
• Achieve sustainable and exponential growth by expanding the user base, increasing ARPA, and accumulating recurring revenue through DX solutions and new business initiatives.



## Further expansion of user base



Target clients of regional financial institutions operating small enterprises across Japan.



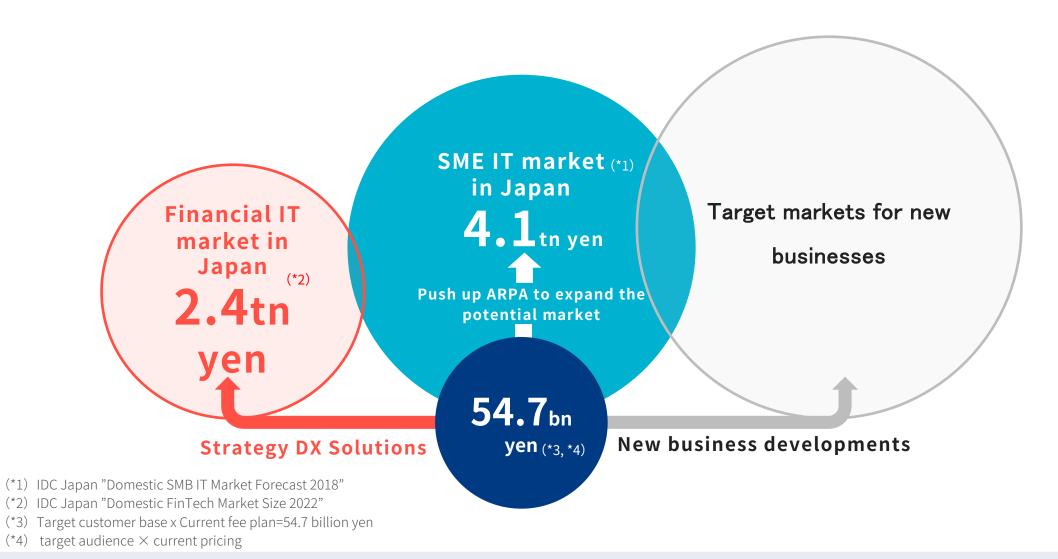
Source: "Financial System Report – Annex (July 2019)", Bank of Japan, "Economic Census 2016", Ministry of Internal Affairs and Communications/Ministry of Economy, Trade and Industry, and Financial Services Authority website

- (\*1) Total number of corporate clients of BA-installed financial institutions (78 companies) = 6.49 million in total (as of March 31, 2024)
- (\*2) Installation rate at clients = Big Advance member companies / number of corporate clients of the 80 BA-installed financial institutions (as of March 31, 2024)
- (\*3) 150,000 companies / Number of corporate clients of the 80 BA-installed financial institutions (as of March 31, 2024)
- (\*4) 3.58 million SMEs "2016 Economic Census" x 84.9% small businesses "Number of small and medium-sized enterprises (as of June 2016)"

## Potential market with room for further expansion



Raise ARPA through offering new functions and links with other companies' services, as well as an expanded user base.



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## Improved stock incentives



- Stock-based compensation for executives and employees to incentivize medium- to long-term business growth.
- Establishment of an Employee Stock Ownership Plan (ESOP) to foster employee engagement in management and enhance future corporate value.

#### **[Stock-based compensation]**

- The ratio of restricted stock and stock options shall be decided based on the stock price and other factors at the time of grant.
- Assumes an annual issuance cap of approximately 1% of outstanding shares, with a maximum dilution of 5% over the next five years (2022 2026).
- 3.0% of total shares outstanding, including restricted stock and unexercised stock options as of FY2023.

#### [ESOP]

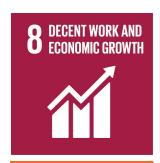
• Establishment of an Employee Stock Ownership Plan (ESOP) with a 10% matching contribution.

## Sustainable Development Goals (SDGs)



We strive to "Find the future in corporate value", and "make technologies accessible to SMEs" through on-going efforts to add corporate value and commit to resolving social issues through our engagements.





#### 8.3

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the births and growth of micro-, small- and medium-sized enterprises by improving access to financial services.



#### 9.1

Develop quality, reliable, sustainable and resilient regional and trans-border infrastructures, to support economic development and human well-being, with a focus on affordable and equitable access for all.



#### 17.17

Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies based on a wealth of partnerships experiences.

#### Disclaimer



- The contents contained this document are based on generally accepted economic, social and other conditions as of the date of preparation and certain assumptions that we judged to be reasonable, but may be subject to change without notice due to changes in the business environment or other reasons.
- The materials and information provided in this document contain so-called "forward-looking statements".
  They are based on current expectations, forecasts, and assumptions that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include general industry and market conditions, and general national and international economic conditions, such as interest rate and forex swings.
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