Financial Results Briefing Material for the Second Quarter of Fiscal Year Ending January 2024

Appirits Inc. | Securities code : 4174

September 14, 2023

Introductory Remarks

We would like to thank our shareholders for their continued support.

On September 14, the Company announced its financial results for the first two quarters of the fiscal year ending January 31, 2024.

Please refer to the IR page of our website (in Japanese) for the presentation materials and video of the financial results briefing.

For institutional investors, please contact our IR staff to set up an interview. We will also host several webinars for individual investors and hope you will join us for the webinars, which will include Q&A sessions. We have already announced some of these matters, but please wait as we will disclose them, including detailed schedules, on our website.

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Appirits

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Corporate Summary

Vision

The Internet Company

Mission

Always make Internet services that delight and enrich the world



At Appirits, our ambition is to become an Internet company that represents the world as we grow hand in hand with our clients and employees.
We are expanding our business to transform our clients' services and people's lives for the better by utilizing the latest digital technology and creative marketing.

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Company Profile

Established	July 2000	
No. of employees		
(non-consolidated)	617	
(consolidated)	725 (as of July 31, 2023 *including temporary employees)	
Top management	Junji Wada	President and Chief Executive Officer
	Toru Nagayama	Executive Officer and Chief Financial Officer
	Masahiro Kotosaka	Outside Director
	Keiko Kawamata	Outside Director
	Shinichi Kitagami	Outside Director
	Mayu Shono	Outside Director
	Jun Mihara	Corporate Auditor
	Naohiro Ishigami	Outside Auditor
	Eisuke Ito	Outside Auditor
Financial Indicators (consolidated)	Net sales: 7.32 billion yen (FY2023 ended January 2023) Profit: 210 million yen (FY2023 ended January 2023)	
Group companies (wholly owned subsidiary)	Moving Crew Co., Ltd. Y's Inc.	

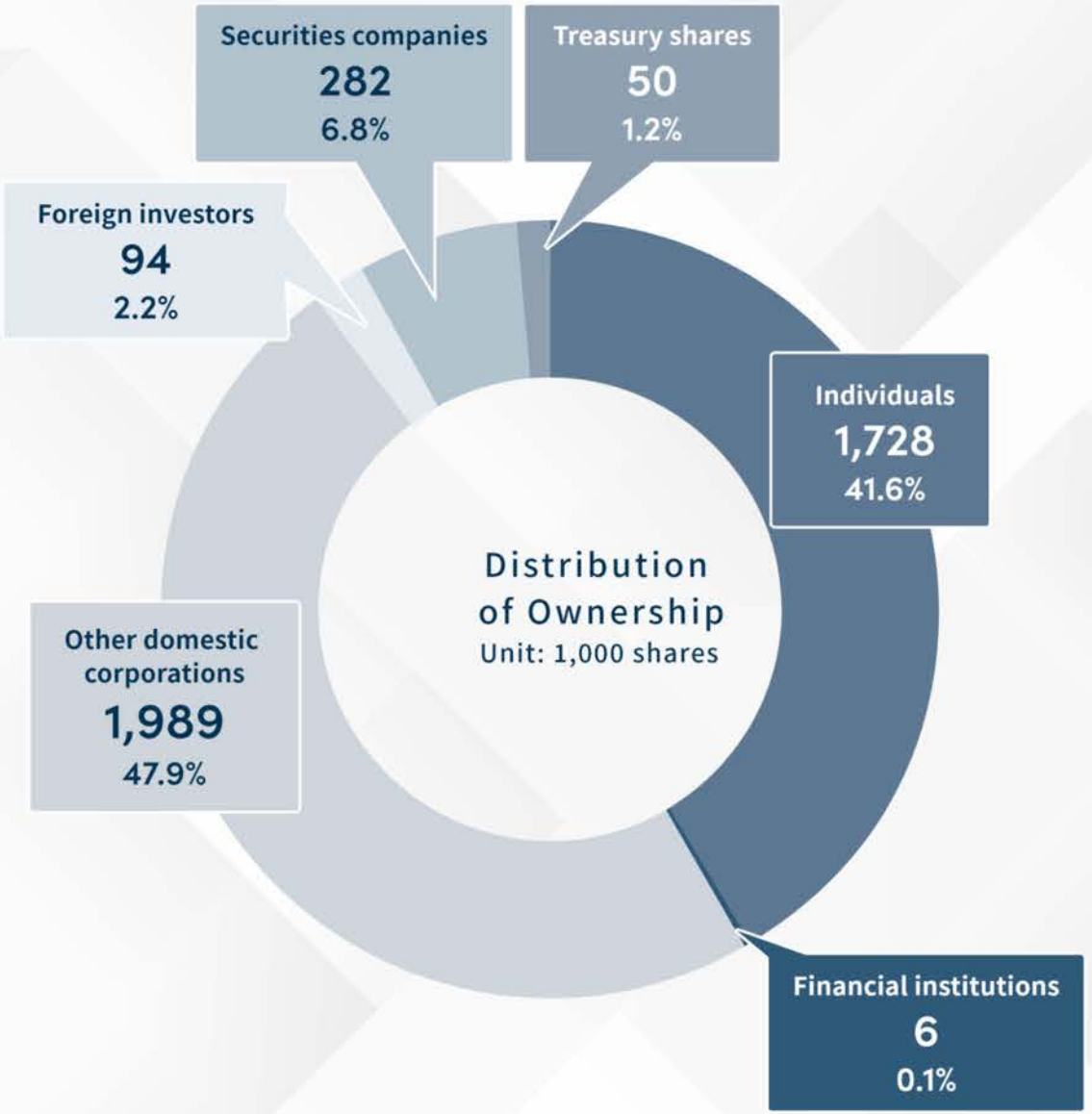
Company Profile

(As of July 3, 2023)

Securities code	4174
Total number of shares issued	4,151,400 shares
No. of shareholders	1,880

Major Shareholders (Top 10)

Name	No. of shares held	Shareholding ratio
ATGC Co., Ltd.	1,555,200	37.92%
CRYPTOMERIA	320,400	7.81%
Koichi Uoya	246,600	6.01%
Junji Wada	178,200	4.34%
Rakuten Securities, Inc.	113,400	2.76%
JPMorgan Securities Japan Co., Ltd.	88,300	2.15%
Shinya Kasatani	84,900	2.07%
Appirits Employee Stock Ownership Association	71,600	1.75%
TAKE AND GIVE. NEEDS Co., Ltd.	60,000	1.46%
Appirits Inc. (owned in the name of the Company)	50,038	-



Implement operations focused on three businesses

／Stably operating business

Web Solutions business

Appirits is your best partner for digital business transformation.

We conduct large-scale system development that takes full advantage of the cloud environment and provide EC solutions suitable for agility and cost optimization.
We realize the "transformation of corporate business models and business processes," with over 300 engineers having proven ability to get things done.

Digital Talent Development and Staffing

Appirits is your best partner for developing and staffing digital talent.

Utilizing the know-how cultivated in our Web Solutions and Online Gaming businesses, we develop digital talent and dispatch them to the frontlines of development for our clients.
By understanding and maximizing the strengths of our members, we contribute to our clients' businesses and work to achieve further growth for the members.。

／Growing business

Online Game

Appirits is your best partner for developing game-related services.

Appirits has more than 10 years of experience in contracted online game development and the planning and operation of games developed and copyrighted on its own.
Using in-house-developed engines allows for efficient development and continuous evolution of the game contents.

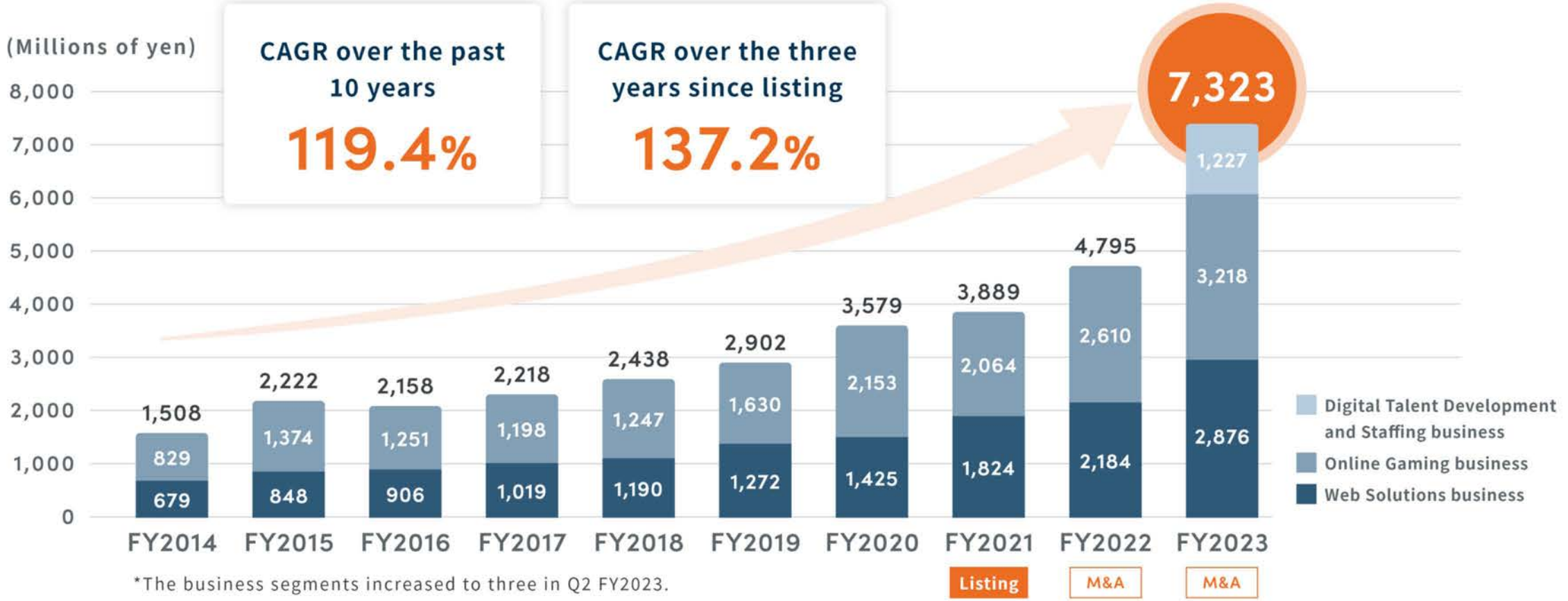
The history of the Company from its founding to the present has been a series of "challenges by young people."

Always learning from our mistakes and taking on challenges has led us to the present.



2000～2005	2006～2010	2011～2015	2016～present
Period of founding the business	First period of growth	Period of stagnation and transformation	Second period of growth
The CEO changed to the second CEO	Under the third CEO	Under the fourth CEO	

The Company has grown stably for the past 10 years.



*The business segments increased to three in Q2 FY2023.

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Financial Highlights for Q2 FY2024

(Company-wide, Cumulative)

Company-wide sales were almost in line with the plan,and profits were substantially higher than the earnings forecast for Q1 and Q2.

Web Solutions business	Both sales and profits were higher than planned, bolstered by the buoyant market environment.
Digital Talent Development and Staffing business	Both sales and profits were in line with the plan.
Online Gaming business	Performed lower than planned, struggling with games for which copyrights have been transferred to the Company.

Over the earnings forecast for Q1 and Q2, net sales were largely in line, profits rose significantly higher, and EBITDA increased steadily.

Consolidated (Millions of yen)	Cumulative Q2 FY2024	Cumulative YoY change	Earnings forecast for Q1 - Q2	Progress rate over earnings forecast for Q1 - Q2
Net sales	4,137	132.1%	4,230	97.8%
Cost of sales	3,164	133.8%	3,323	95.2%
Gross profit	972	126.8%	906	107.3%
SG&A expenses	714	119.1%	702	101.8%
Operating profit	258	154.7%	204	126.5%
Ordinary profit	257	167.8%	202	127.5%
Profit	151	163.8%	121	124.6%
EBITDA	338	149.3%	-	-

Non-consolidated (Millions of yen)	Cumulative Q2 FY2024	Cumulative YoY change	Earnings forecast for Q1 - Q2	Progress rate over earnings forecast for Q1 - Q2
Net sales	3,375	107.8%	3,392	99.5%
Cost of sales	2,529	107.0%	2,641	95.8%
Gross profit	845	110.3%	751	112.6%
SG&A expenses	574	95.8%	559	102.8%
Operating profit	271	162.3%	192	141.3%
Ordinary profit	277	180.9%	197	140.6%
Profit	180	195.1%	124	144.8%
EBITDA	324	142.9%	-	-

Steady progress was made in the year-on-year comparison, resulting in significant increases in sales and profits.

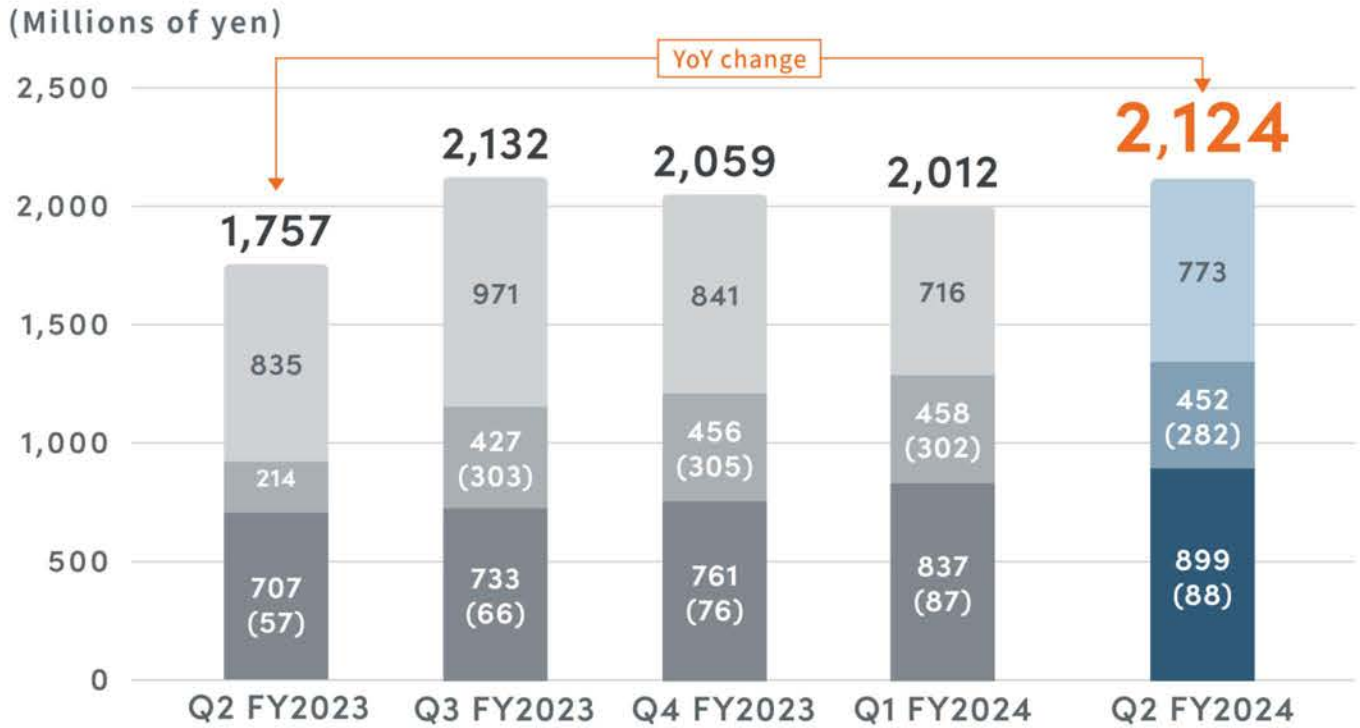
Net sales (cumulative)	4,137 million yen (up 32.1% year on year)
Operating profit (cumulative)	258 million yen (up 54.7% year on year)
Profit (cumulative)	151 million yen (up 63.8% year on year)
EBITDA	338 million yen (up 49.3% year on year)

Highlights of Consolidated Financial Results (Quarterly Net Sales Trends)

Achieved steady growth on a year-on-year basis.

The Web Solutions business and the digital talent development and staffing business performed as planned.

The Online Gaming business struggled but showed a recovery trend.



Online Gaming business
Digital Talent Development and Staffing business
Web Solutions business

*Figures in parentheses are for subsidiaries.

YoY change

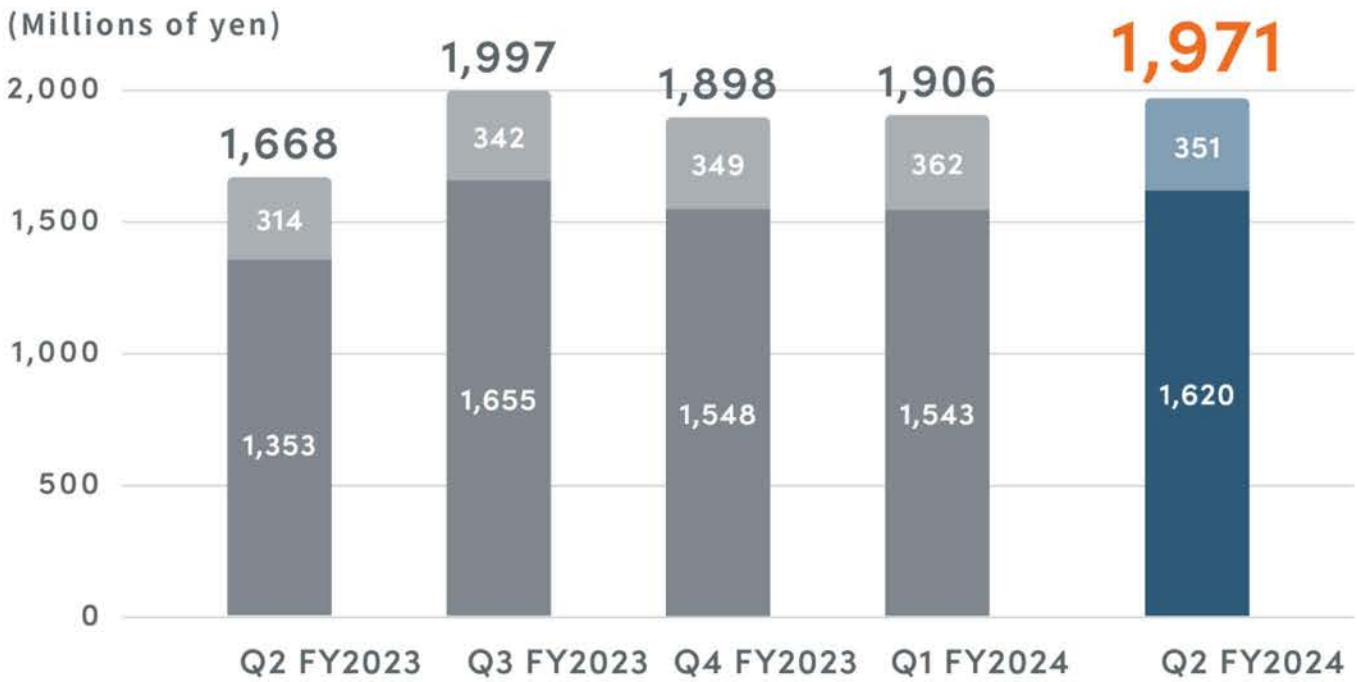
UP 20.9%

Change from Q1

UP 5.6%

Highlights of Consolidated Financial Results (Trends of Quarterly Cost of Sales and SG&A Expenses)

Kept at a value that is appropriate in relation to sales growth.



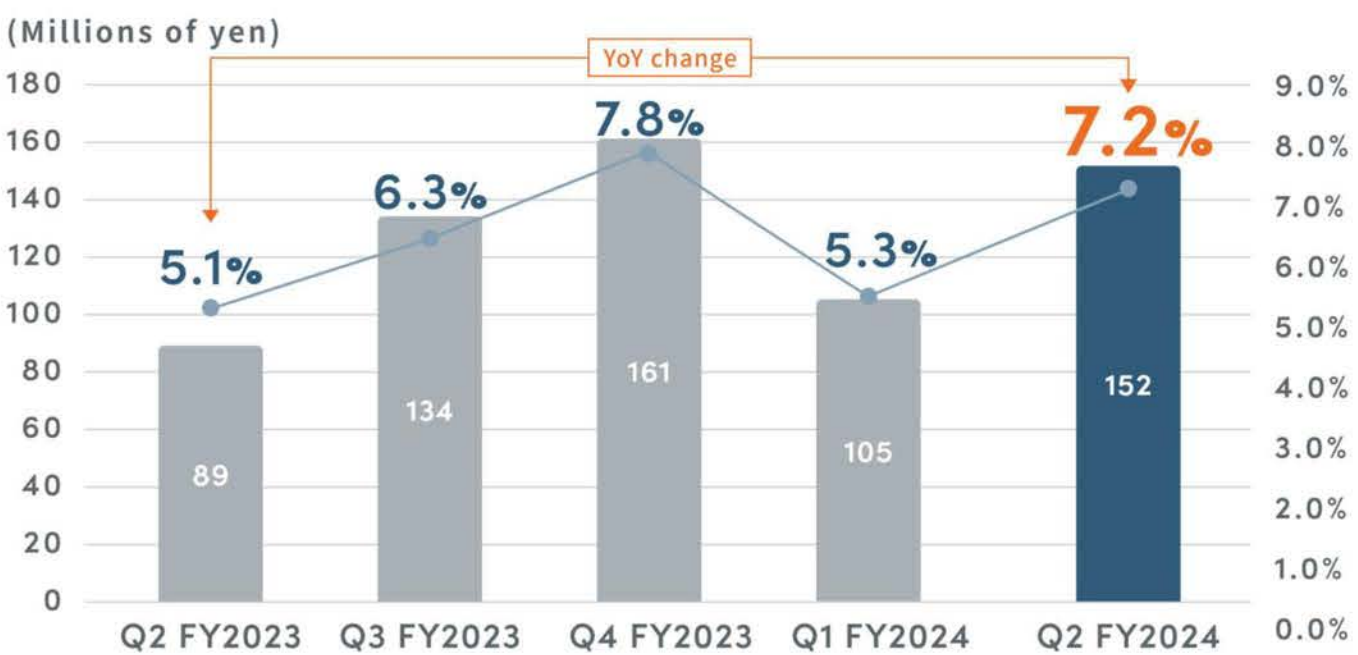
YoY change

UP 18.2%

Change from Q1

UP 3.4%

Operating profit exceeded the plan, driven by the strong performance of the Web Solutions business.



Operating profit margin

Operating profit

YoY change

UP 70.8%

Change from Q1

UP 44.8%

EBITDA increased steadily, absorbing the burden of amortization of goodwill for the M&As and copyright-transferred games.



*Figures in parentheses represent amortization of goodwill.

YoY change

UP 49.5%

Change from Q1

UP 32.9%

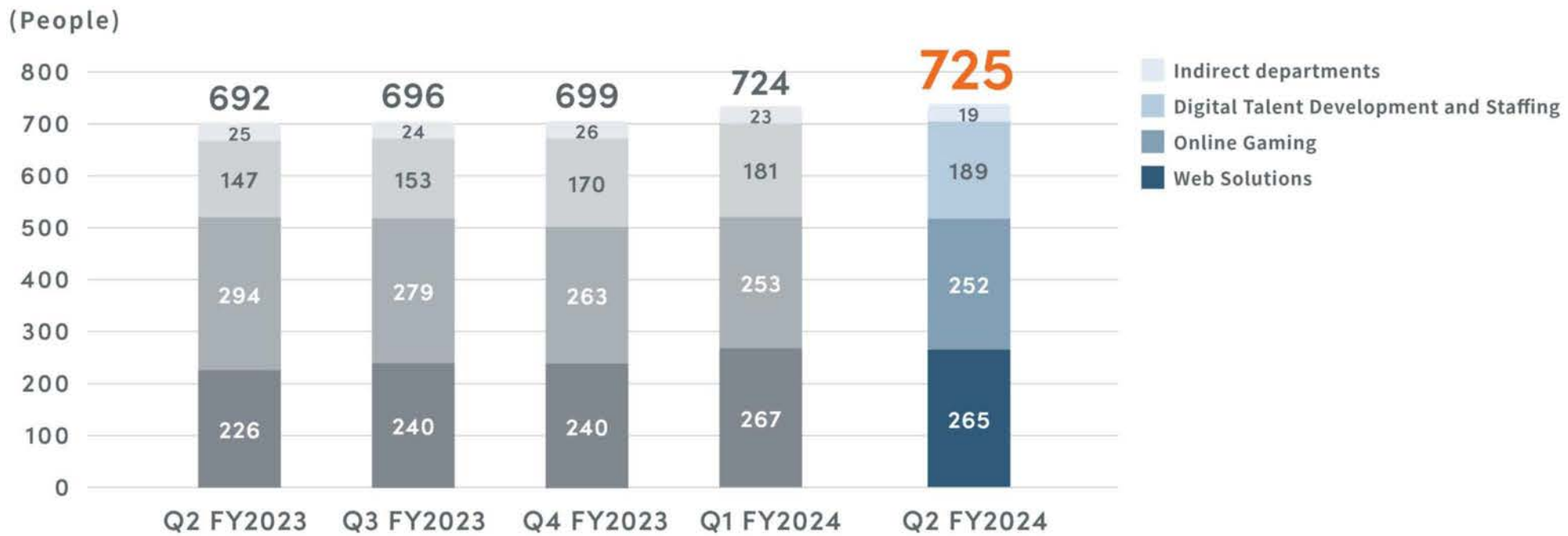
Highlights of Consolidated Financial Results (Balance Sheets)

Leasehold deposits and other expenses accrued as the Company decided to relocate its head office in the next fiscal year. Took out short-term borrowings in order to secure working capital.

(Millions of yen)	As of the end of Q1 FY2024	As of the end of Q2 FY2024	Change	Major factors of changes from Q1 FY2024
Current assets	3,153	3,124	-28	Decrease in cash and deposits: -132, increase in accounts receivable - trade: +8, increase in prepaid expenses: +81, increase in accounts receivable - other: +14
Of which, balance of cash and deposits	1,767	1,634	-132	Increase in short-term borrowings: +300, payment of leasehold deposits for the building to which the head office is to be relocated in FY2025: -414, repayments of borrowings: -27
Non-current assets	894	1,284	390	Increase in leasehold deposits for relocation in FY2025: +414, amortization of goodwill of subsidiaries:-16
Total assets	**4,047**	**4,408**	**361**	
Current liabilities	1,411	1,699	287	Increase in short-term borrowings: +300
Non-current liabilities	470	442	-27	Repayments of borrowings: -55
Total liabilities	**1,881**	**2,141**	**260**	
Net assets	**2,165**	**2,266**	**101**	Profit: +88
Total liabilities and net assets	**4,047**	**4,408**	**361**	
Equity ratio	53.3%	51.1%	-2.2%	
ROE	-	6.9%	-	
ROA	-	3.5%	-	

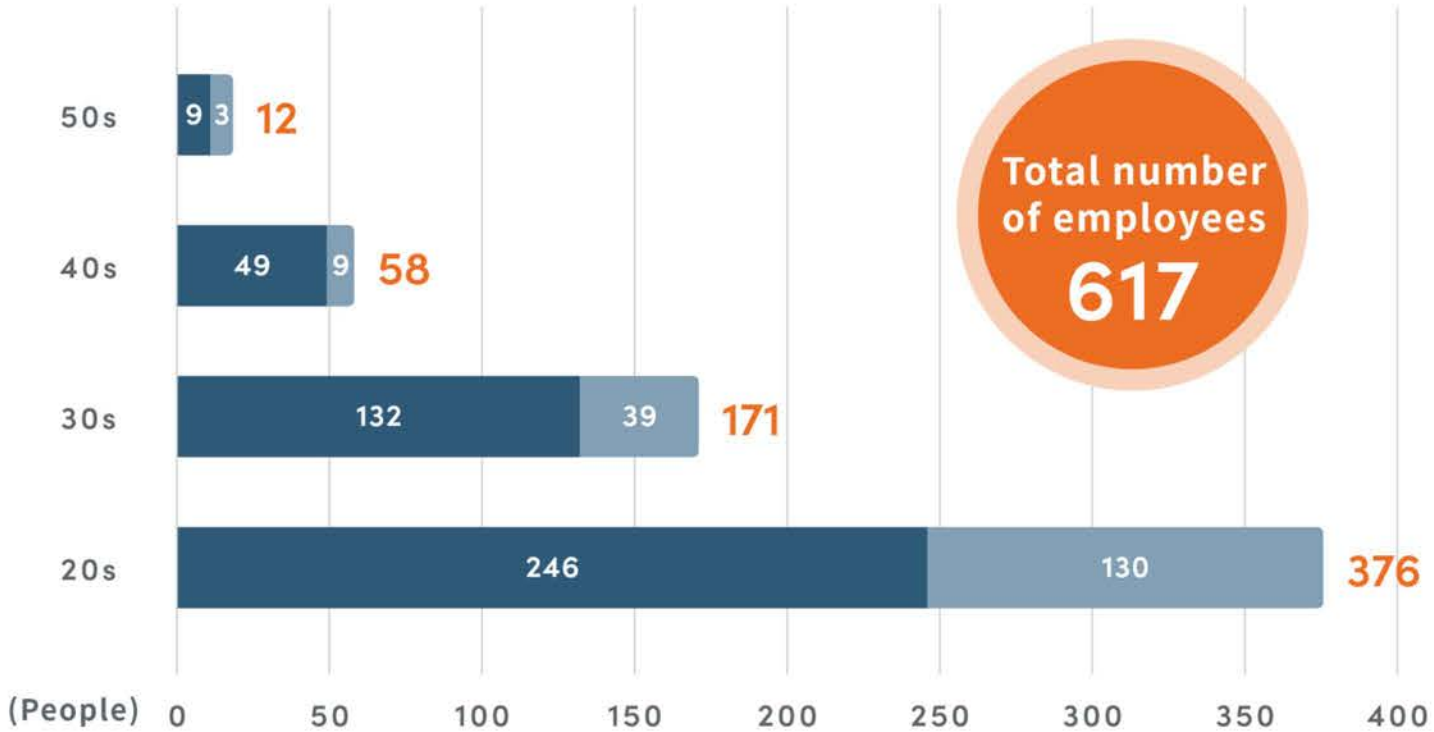
Trends in the Number of Employees

Without conducting any M&A, etc., headcount remained almost flat.



Approximately 60% of the employees are in their 20s, which will be a source of our future competitiveness in an era of declining workforce.

*Figures are for Appirits Inc. on a non-consolidated basis (including part-time employees).



*The retirement rate is calculated using the number of employees who retired a year ago as the parameter and the number of employees who retired during the subsequent year.

Average annual salary increase from 2021 to 2022*
Approx. 280,000 yen

Retirement rate
Approx. 11%

Average years of service
4.4 years

Percentage of females
Approx. 30%

Average age
Approx. 31.7years old

*Calculated based on the difference between the 2021 salary (including bonus) and the 2022 salary (including bonus) of an employee who has been with the Company for two years.
*The above figures are as of the end of FY2023.

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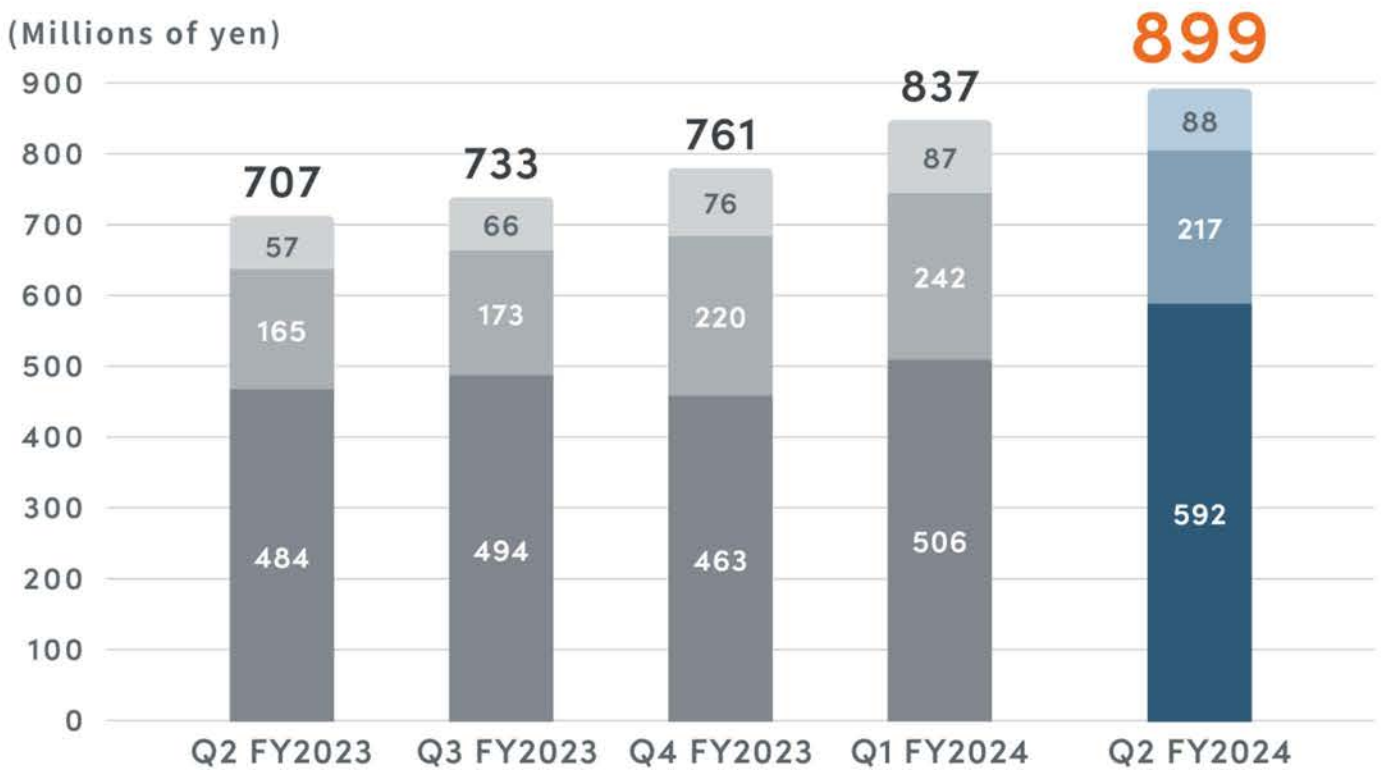
Financial Highlights for Q2 FY2024

Web Solutions Business

With the market environment remaining brisk, net sales grew steadily both YoY and over the plan.



*Includes consulting, design, marketing, security, and SaaS.

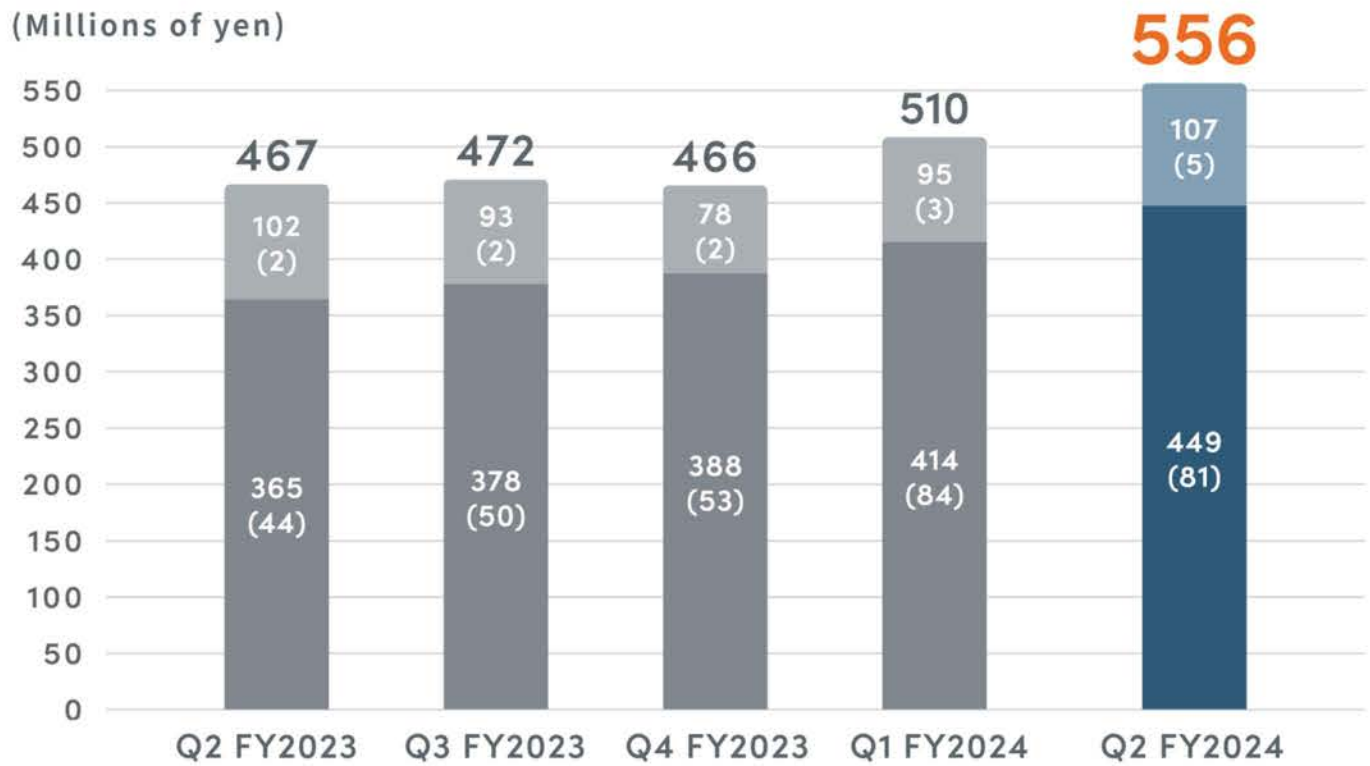
YoY change

UP 27.2%

Change from Q1

UP 7.4%

The cost of sales increased in proportion with sales growth but was kept at an appropriate value.



Outsourcing expenses

Personnel expenses and other manufacturing costs

*Figures in parentheses are for Moving Crew Co., Ltd.

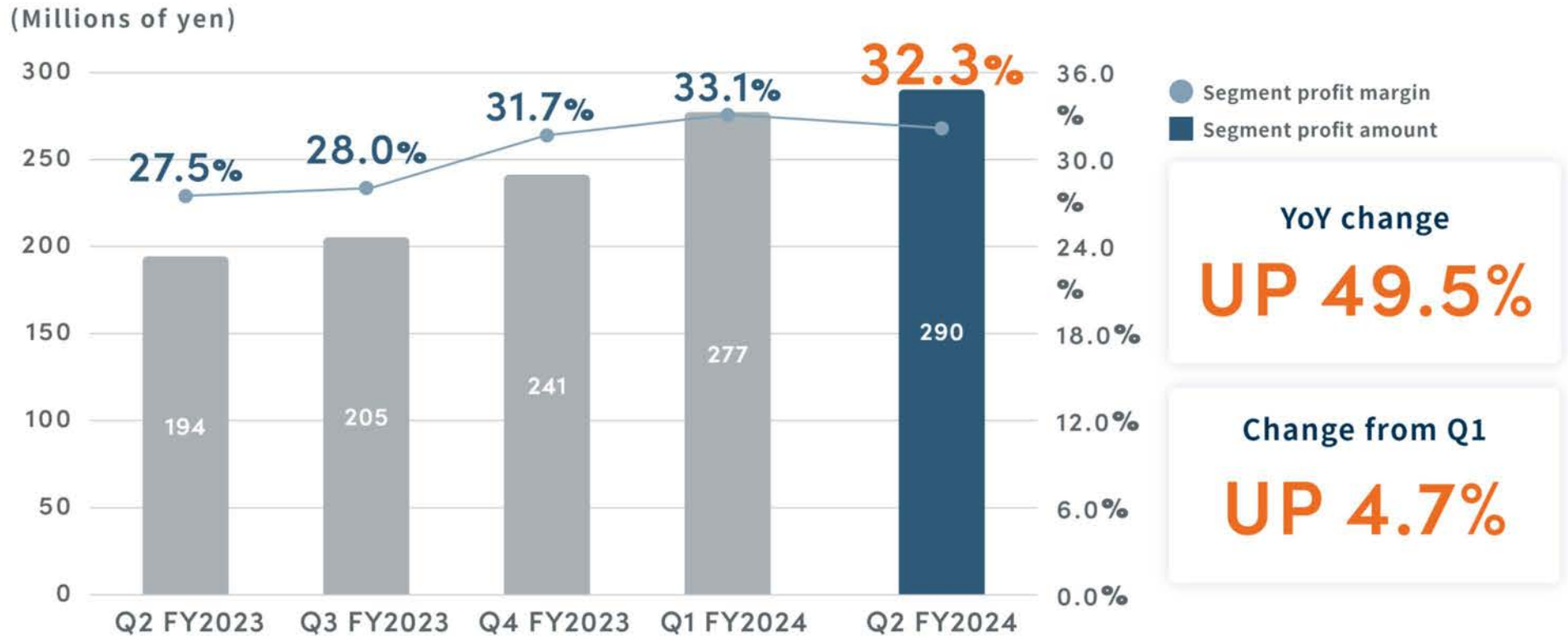
YoY change

UP 19.1%

Change from Q1

UP 9.0%

Both profit and profit margin have been on a rising trend, with the ratio of indirect costs, etc., decreasing in line with the expansion of scale.



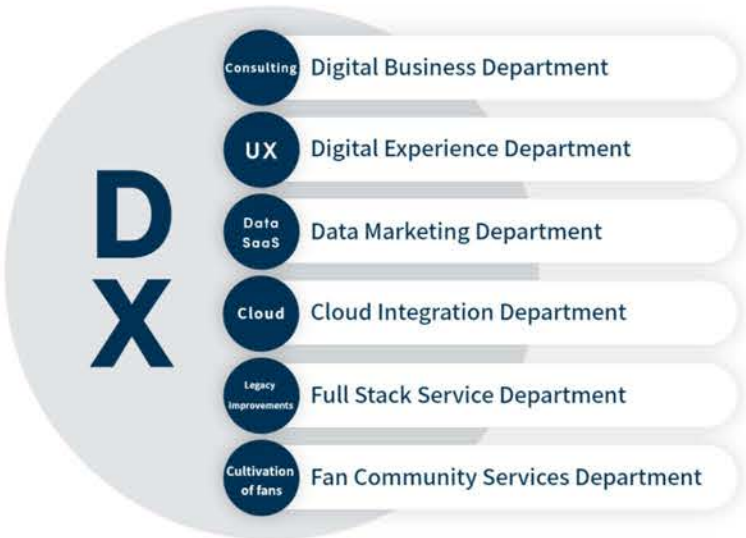
YoY change

UP 49.5%

Change from Q1

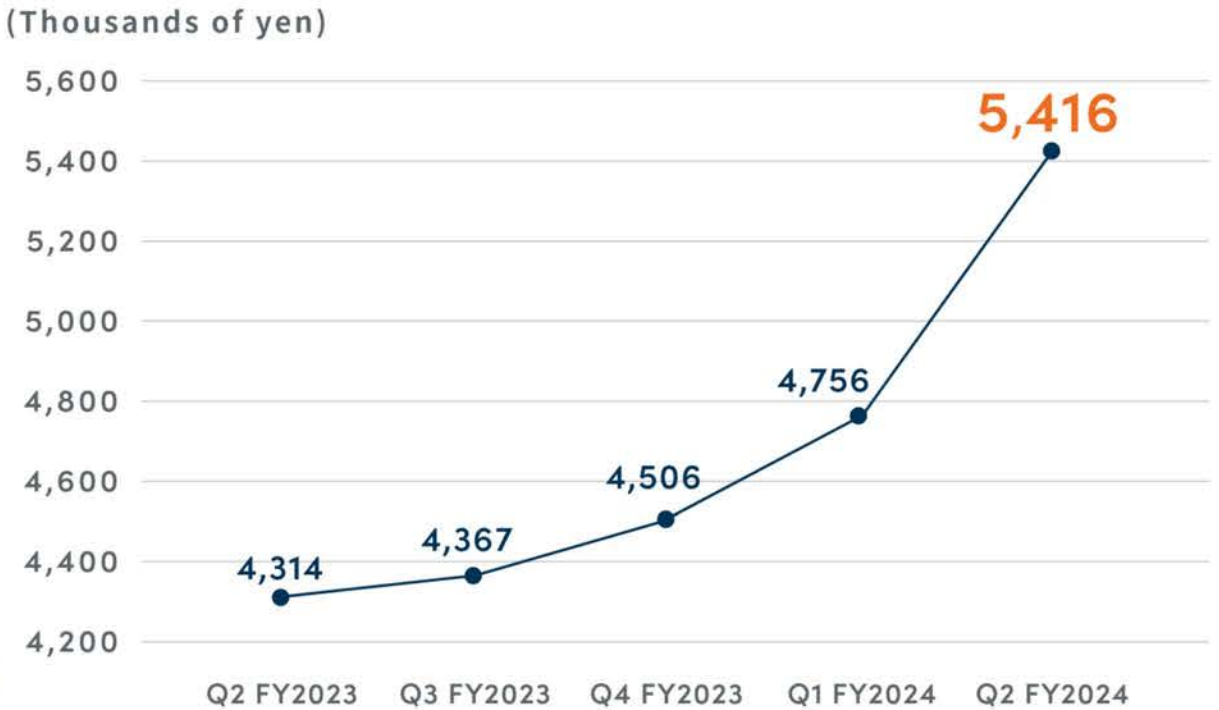
UP 4.7%

The market environment remains brisk. Unit prices remain on an increasing trend in line with the larger size of projects.



Transform into an organization that provides DX services

Acquire large-scale projects = Higher average unit price



Web Solutions Business: Highlights of Financial Results (Trends in the Number of Inquiries)

One of the growth strategies for the current fiscal year: increase the number of projects

Continue to function as a touch point for new contracted development.

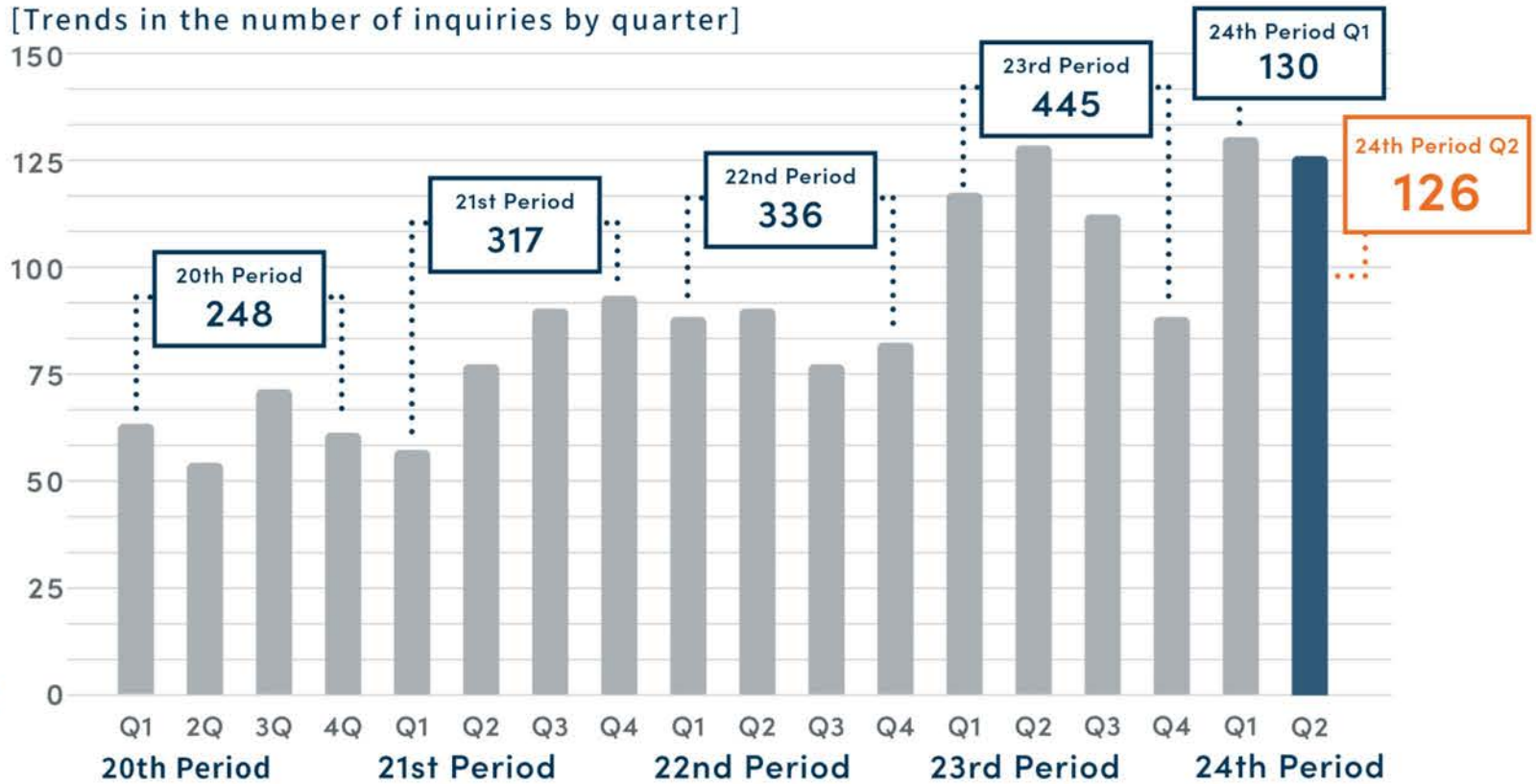
Adjust the scope of posting advertisements in consideration of the balance between the number and quality of inquiries.
Inquiries increased for maintenance handover and support for in-house system development.



Strengthen service lineups around DX.

Increase touch points = Larger number of projects

[Trends in the number of inquiries by quarter]



CAPCOM CO., LTD.

Utilize the knowledge of both companies for web production and development, and game development

Conducted planning, production, development, and operation in an integrated manner for Capcom Town, CAPCOM's 40th anniversary commemorative website.

DX case study | Upgrading of existing businesses and operations

The site commemorates CAPCOM's 40th anniversary with the concept of a digital destination for tourists.
The contents include a "Retro Games" corner where visitors can play CAPCOM's popular games on a Web browser, a "Museum" where visitors can view proposals and images/videos, and a participatory "CAPCOM Grand Election".
Appirits was engaged in idea generation, planning, design/asset production, requirement definition, development and implementation, and service operation in an integrated manner.
Supported the promotion of the project by utilizing the know-how of the online game business and proactively making proposals from Appirits members.



Satofull Co., Ltd.

Facilitate creation of the digital business platform

Provided comprehensive development of smartphone apps that bolster business growth

DX case study **Upgrading of existing businesses and operations**

The "Satofuru App" is a smartphone app that promotes regional revitalization by making Japan's Hometown Tax Program (a system for donations to municipalities) more familiar and user-friendly for donors through mobile phones and encouraging more people to utilize the program.
Appirits conducted the design, development, and operation of the native app, web view app, and API integration.
The app also supports the "Satofuru App de One-Stop Application," which allows users to complete applications for the one-stop special treatment system to each municipality online by using their national ID numbers.

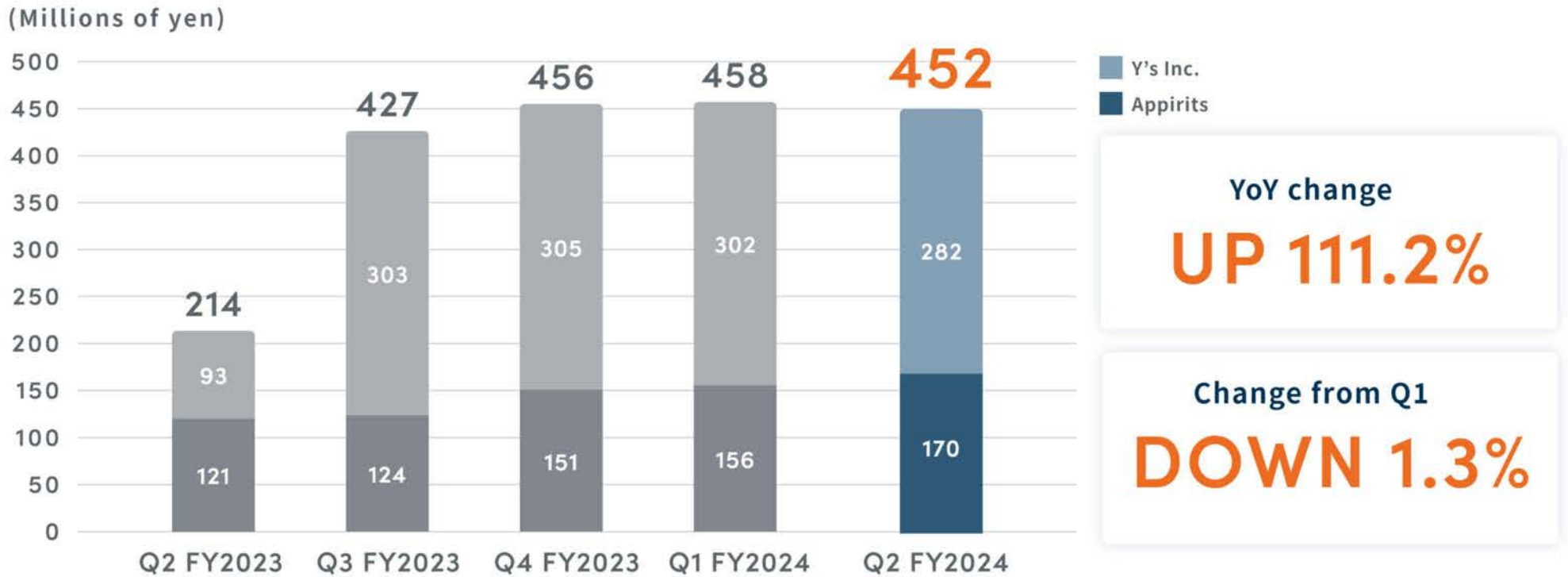


2-3

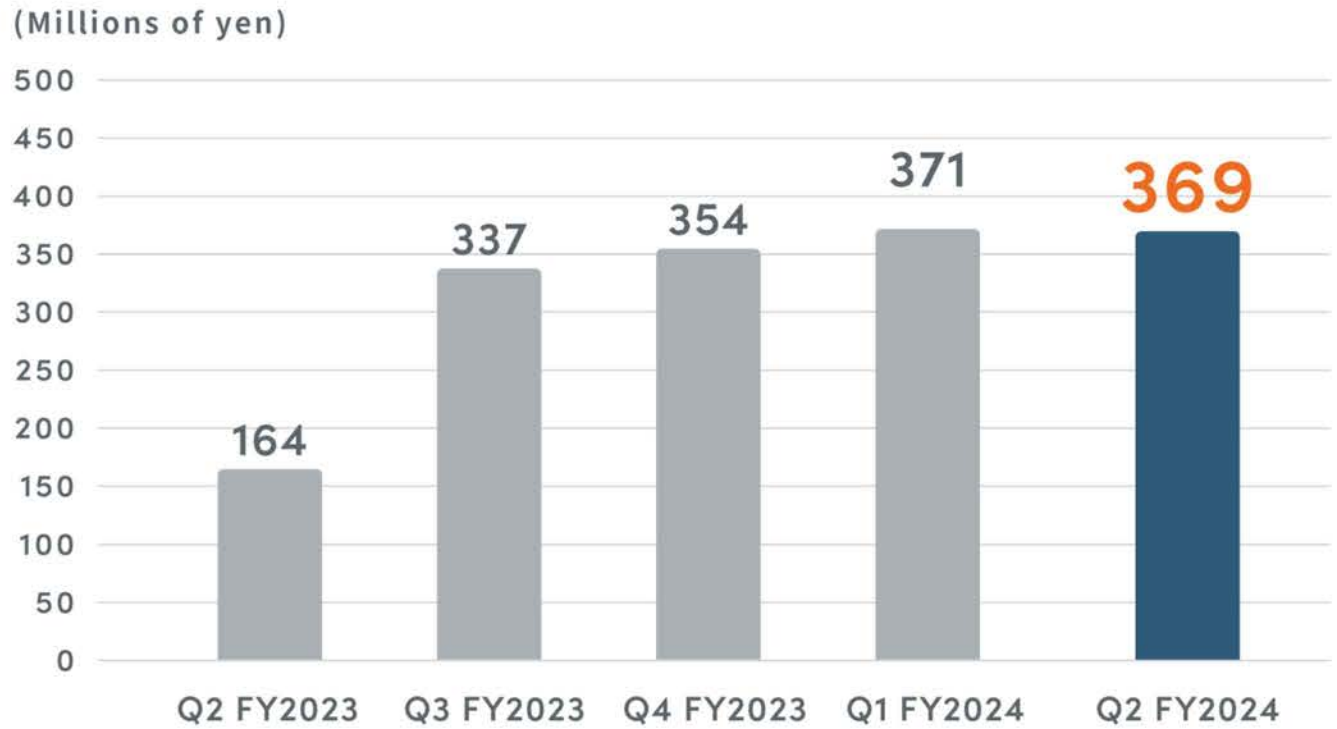
Financial Highlights for Q2 FY2024

Digital Talent Development and Staffing Business

Net sales remained flat from Q1.
Appirits itself performed solidly, but its group showed a minor decline.
As a whole, net sales were in line with the plan.



The cost of sales remained almost flat despite an upward trend due to the hiring of new graduates, etc., as included in the plan.



YoY change

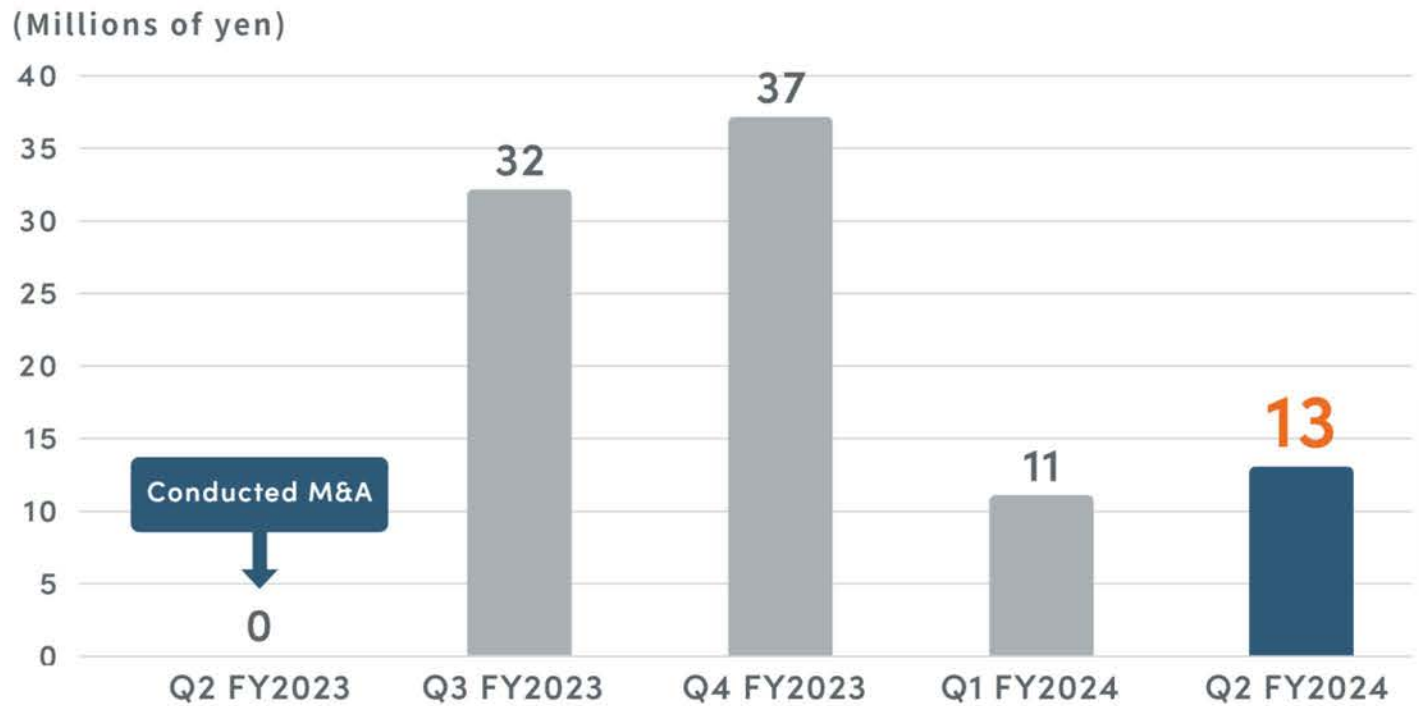
UP 125.0%

Change from Q1

DOWN 0.5%

Digital Talent Development and Staffing Business: Highlights of Financial Results (Segment Profit)

Profit was lower than the previous fiscal year, as planned, due to the hiring of new graduates and investment in measures conducted since Q1.
Segment profit is on a recovery trend from Q2, with a further recovery planned in Q3 and Q4.



YoY change
Up 13 million yen

Change from Q1
Up 18.2%

2-4

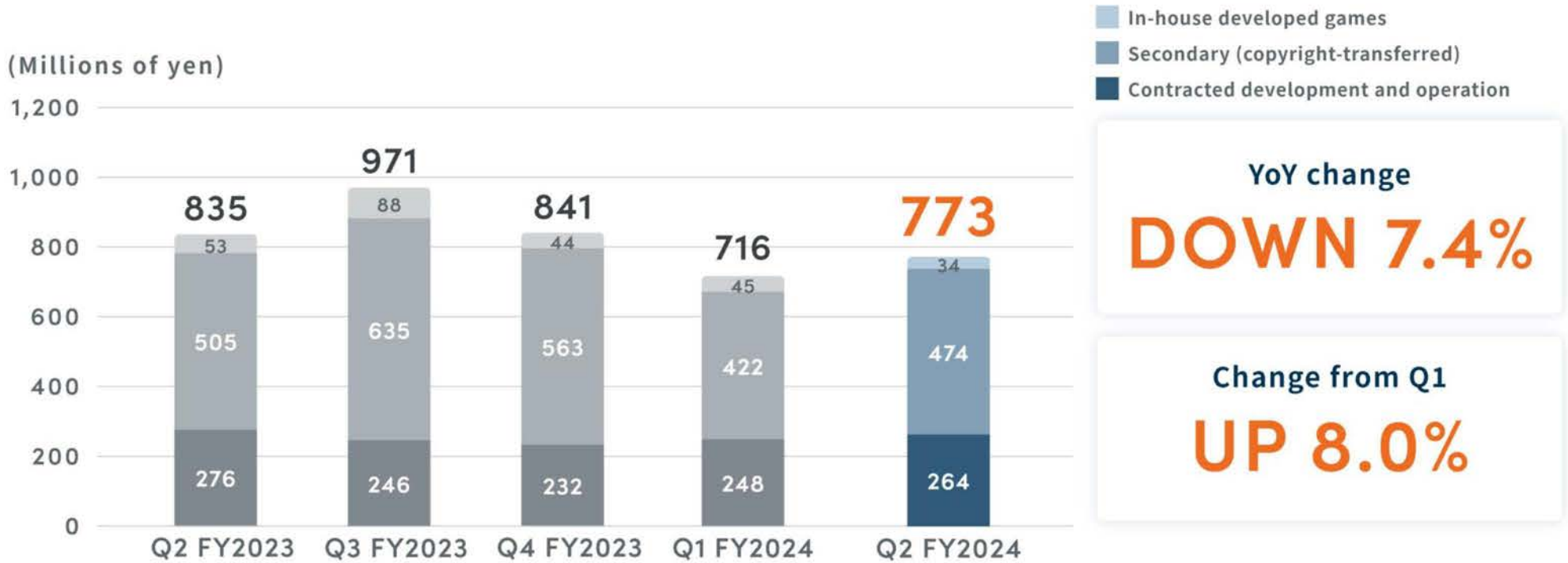
Financial Highlights for Q2 FY2024

Online Gaming Business

Online Gaming Business: Highlights of Financial Results (Quarterly Net Sales Trends)

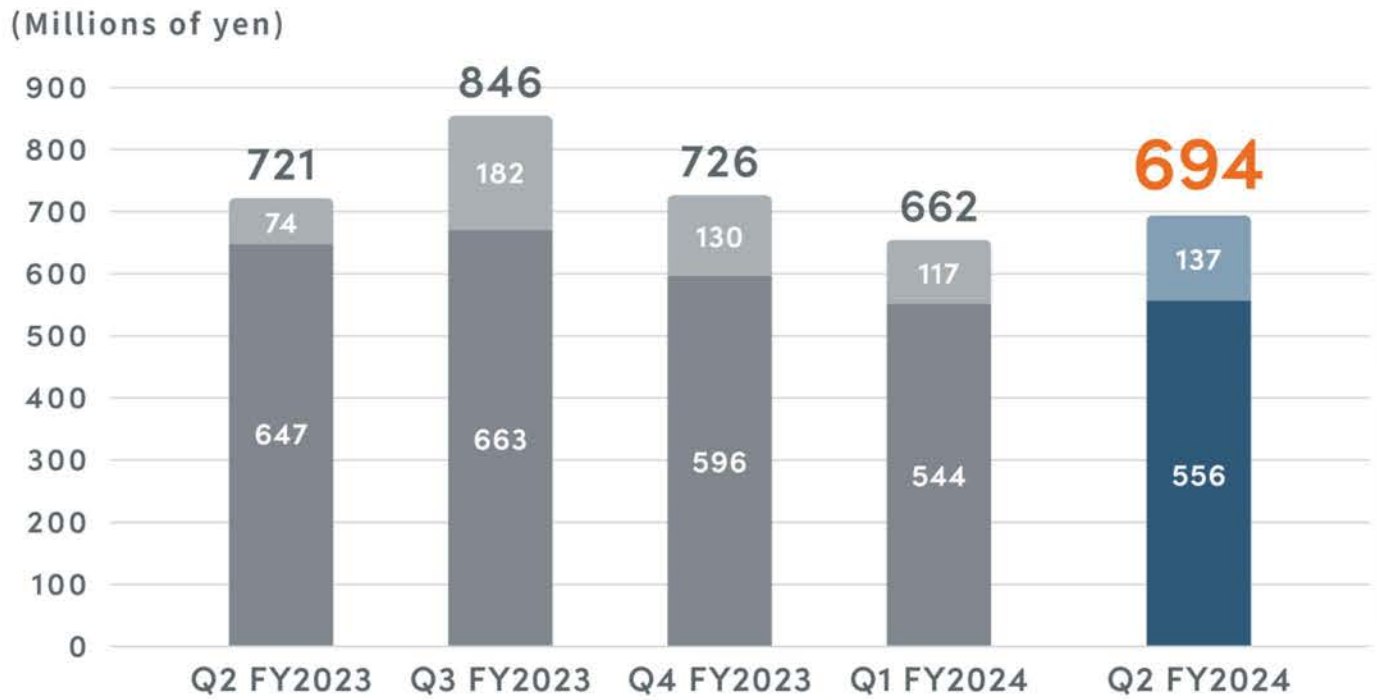
Contracted development and operation, as well as in-house games, performed as planned.

Copyright-transferred games showed a slight recovery, despite an interval before the annual event to be held in Q3.



Online Gaming Business: Highlights of Financial Results (Trends of Quarterly Cost of Sales)

Outsourcing expenses increased slightly, as planned, due to events held for copyright-transferred games.



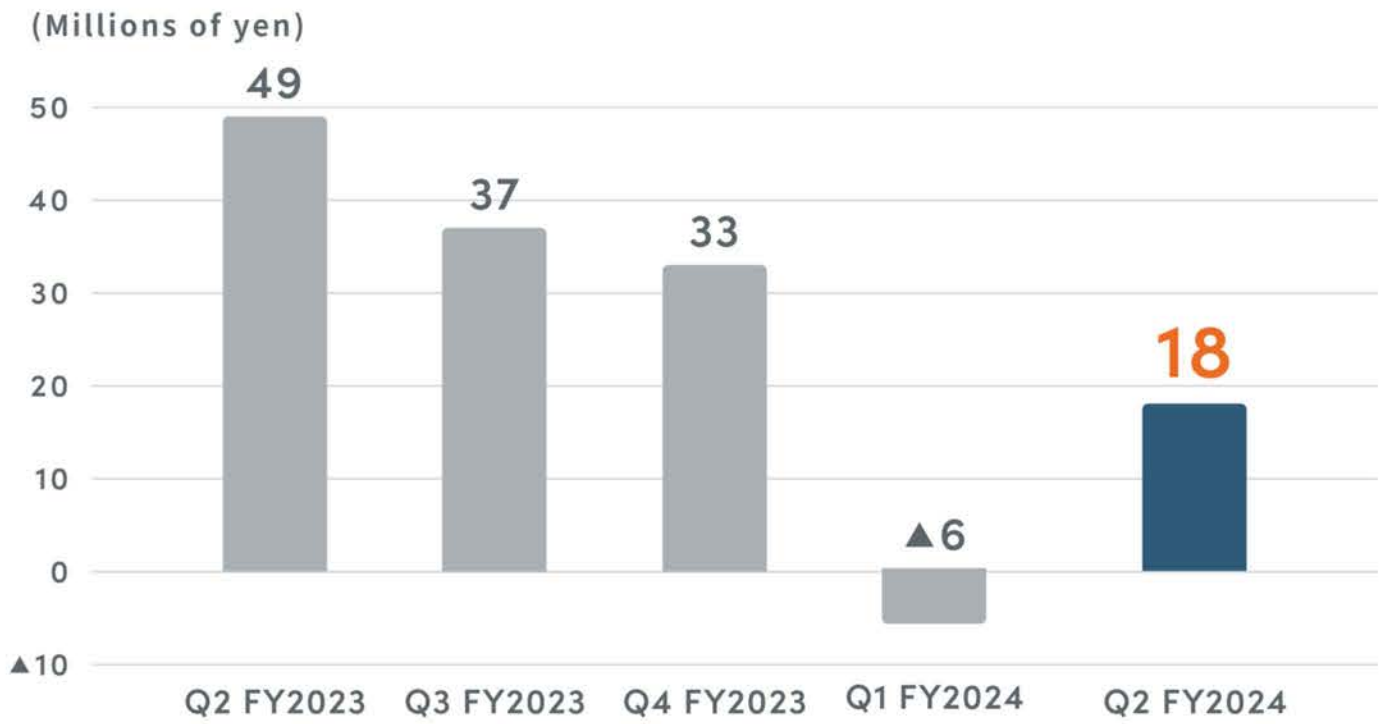
YoY change

DOWN 3.7%

Change from Q1

UP 4.8%

Segment profit is on a recovery trend due to increased sales of copyright-transferred games.



YoY change

Down 63.3%

Change from Q1

Up 24 million yen

The pipelines have remained unchanged from Q1, with efforts being made to acquire new projects.

Development pipelines 2 lines

- In-house game development
- Contracted game development for collaborators

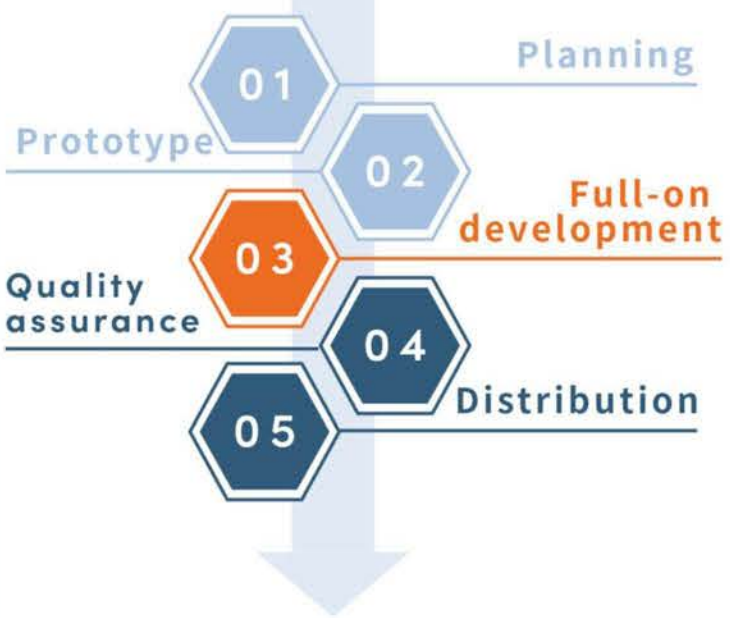
Operation pipelines 8 lines

In-house game development GOETIAX	**Operation of games for collaborators ❶** Ikkitousen Extra Burst Marvelous Inc.	**Operation of games for collaborators ❷** *Not disclosed as the game is published by another company.
Joint operation ❶ Senjyushi: Rhodoknight Marvelous Inc.	**Copyright-transferred project ❶** Engi (historical fiction) series	**Copyright-transferred project ❷** Kemono Friends 3
Copyright-transferred project ❸ Arca Last	**Copyright-transferred project ❹** UNI'S ON AIR	

A new game title for “Shikihime Project” is proceeding diligently.
The scheduled release date is around the second and third quarters of 2024.



Development roadmap



Game system in the new game title for "Shikihime Project"

- Real-time 3D virtual space
- Simultaneous connections between many people are possible
- Real-time communication (emotion, chat)

3

Revisions to Financial Forecasts

Announced revisions to earnings forecast for Q2 (cumulative).

Full-year earnings forecasts remain unchanged from the announcement made at the beginning of the fiscal year.

(Millions of yen)

Consolidated	FY2023	FY2024	Change	YoY change
Net sales	7,323	**8,734**	1,411	119.3%
Cost of sales	5,568	**6,762**	1,193	121.4%
Gross profit	1,754	**1,971**	217	112.4%
SG&A expenses	1,291	**1,421**	129	110.1%
Operating profit	462	**550**	87	118.8%
Ordinary profit	445	**545**	100	122.6%
Profit	210	**327**	117	155.7%

(Millions of yen)

Non-consolidated	FY2023	FY2024	Change	YoY change
Net sales	6,358	**6,907**	549	108.6%
Cost of sales	4,845	**5,290**	445	109.2%
Gross profit	1,512	**1,616**	103	106.8%
SG&A expenses	1,089	**1,115**	26	102.4%
Operating profit	423	**500**	77	118.2%
Ordinary profit	419	**512**	92	122.0%
Profit	215	**322**	106	149.4%

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The full-year earnings forecast remains unchanged in considerationof the investments for growth strategies, based on the following thoughts, without factoring in any M&A or copyright-transferred games.

Thoughts

Web Solutions business	Market environment	・Expected to continue to be as active as Q1 and Q2.
	Business	・Promote business to exceed the full-year target by continuously receiving orders for large-scale projects, like in Q1 and Q2.
Digital Talent Development and Staffing business	Market environment	・Expected to remain the same as it is at present without any particular change.
	Business	・Accelerate the training of new employees in Q3 and Q4 to help achieve full-year targets.
Online Gaming business	Market environment	・Expected to remain the same as it is at present without any particular change.
	Business	・Raise profit levels by further streamlining the operation and accordingly transferring employees to the Digital Talent Development and Staffing business, etc.
		・Conservatively expect earnings to decrease from the initial forecast, however, in consideration of the fact that it is difficult to estimate how copyright-transferred games will perform in Q3 and Q4 as well as of the impairment risks of such games.

Growth strategies

In accordance with the decision to relocate the head office as part of investments in people, depreciation increased in advance.

Expenses increased due to accelerated investments in R&D that included the use of ChatGPT.

Expenses increased to conduct investments in people, including internal institutional reforms.

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4

Purchase of Treasury Shares and Payment of Dividends

Decided to purchase treasury shares for use in M&As and as part of the measures for shareholder returns

Reasons for purchasing treasury shares

We have decided on the purchase in preparation for M&As that utilize the treasury shares and achieve a total payout ratio of 30% targeted in our dividend policy.
We will carefully consider a stock split and other measures against the possibly reduced liquidity of our shares.

1	2	3	4	5
Type of shares to be purchased	Total number of shares that may be purchased	Total amount of share acquisition price	Purchase period	Purchase method
Common stock of the Company	Up to 50,000 shares	Up to 80,000,000 yen Total purchase price of shares	From September 15, 2023 to March 15, 2024	Market purchase on the Tokyo Stock Exchange

*Percentage of total number of issued shares: 1.20%

*Discretionary trading by securities companies

Dividends

Interim dividend: payment will be made as per the dividend forecast announced at the beginning of the fiscal year.

Year-end dividend forecast: unchanged from the announcement made at the beginning of the fiscal year.

Interim dividend	Interim dividend for the previous fiscal year	Most recent dividend forecast (announced on March 17, 2023)	Determined amount of interim dividend
Record date	July 31, 2022	July 31, 2023	July 31, 2023
Dividend per share	5.00 yen	6.00 yen	6.00 yen
Total amount of dividends	20 million yen	-	24 million yen
Effective date	October 13, 2022	-	October 13, 2023

Year-end dividend	Year-end dividend forecast (announced on March 17, 2023)
Record date	January 31, 2024
Dividend per share	6.00 yen
Total amount of dividends	-
Effective date	-

Aim for a total payout ratio of 30% in combination with the purchase of treasury shares.

5

Future Growth Strategies

Illustrative Drawing of Business Growth

2 Drivers for further growth

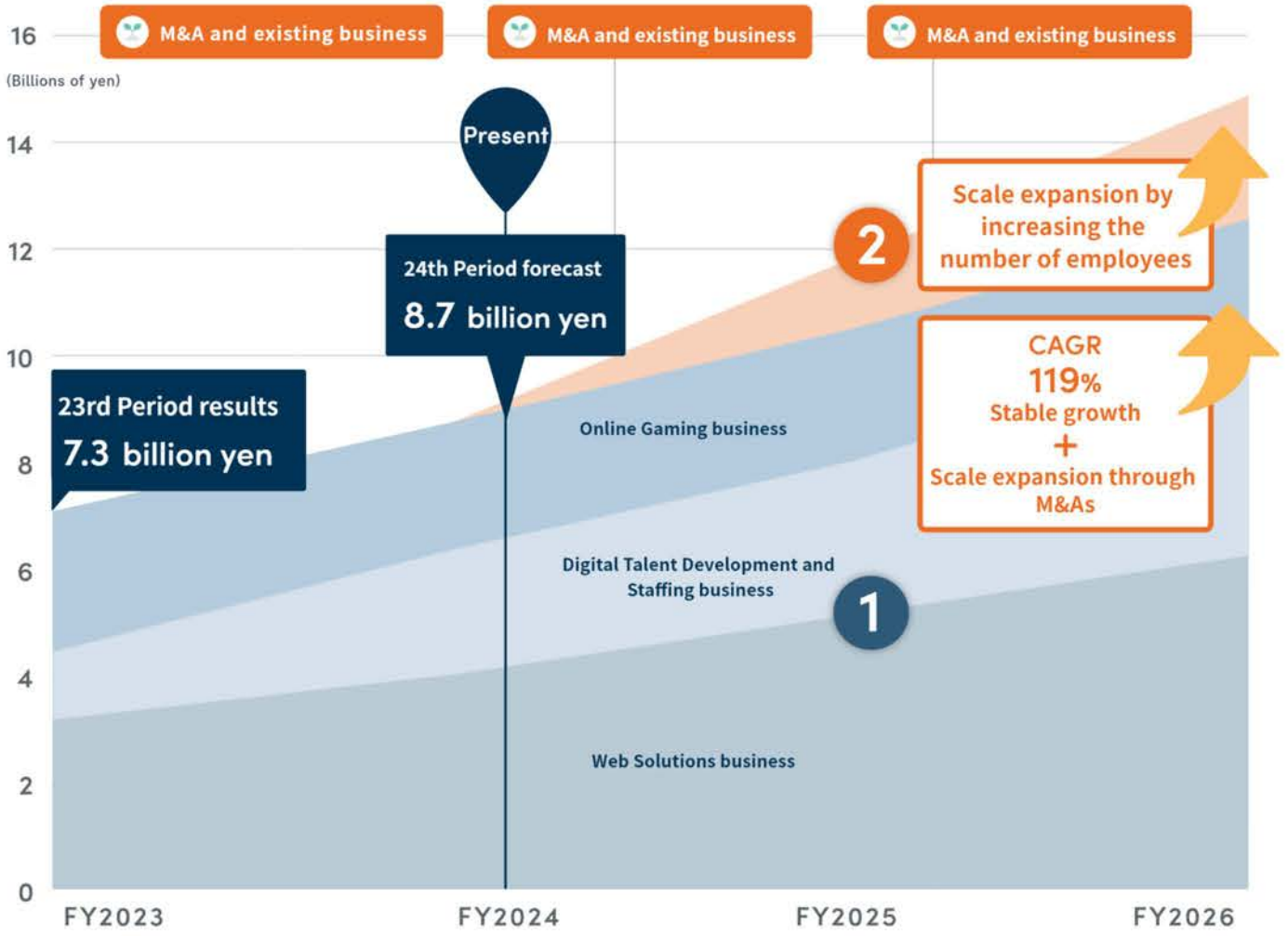
The Web Solutions business intends to expand its **scale through M&A and other measures**.

The Online Gaming business aims to increase its scale by **actively pursuing in-house games and acquiring new copyright-transferred projects**, etc.

1 Continued growth of stably-operating businesses

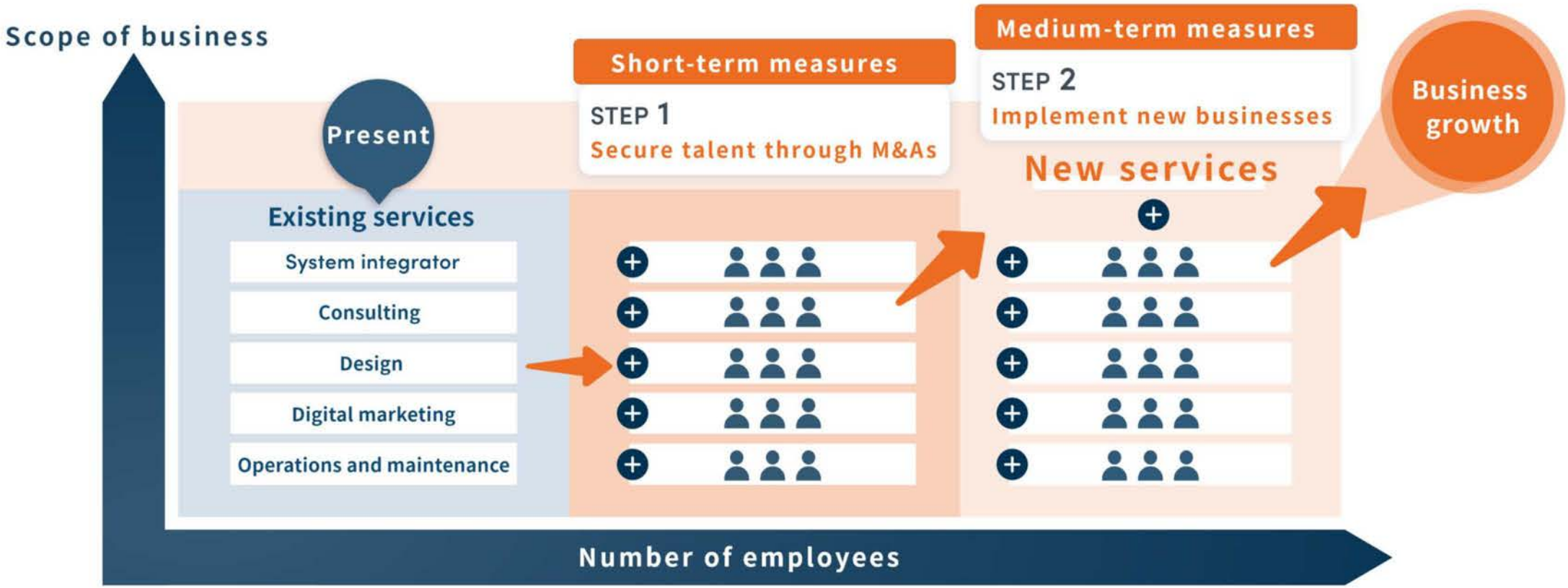
The Web Solutions business will **continue to grow stably at a CAGR of about 19%,** higher than in the past years through a loyalty loop by acquiring excellent projects in the brisk market.

The Digital Talent Development and Staffing business will secure continuous growth on the basis of an expanded workforce.



Direction of M&As (Web Solutions Business)

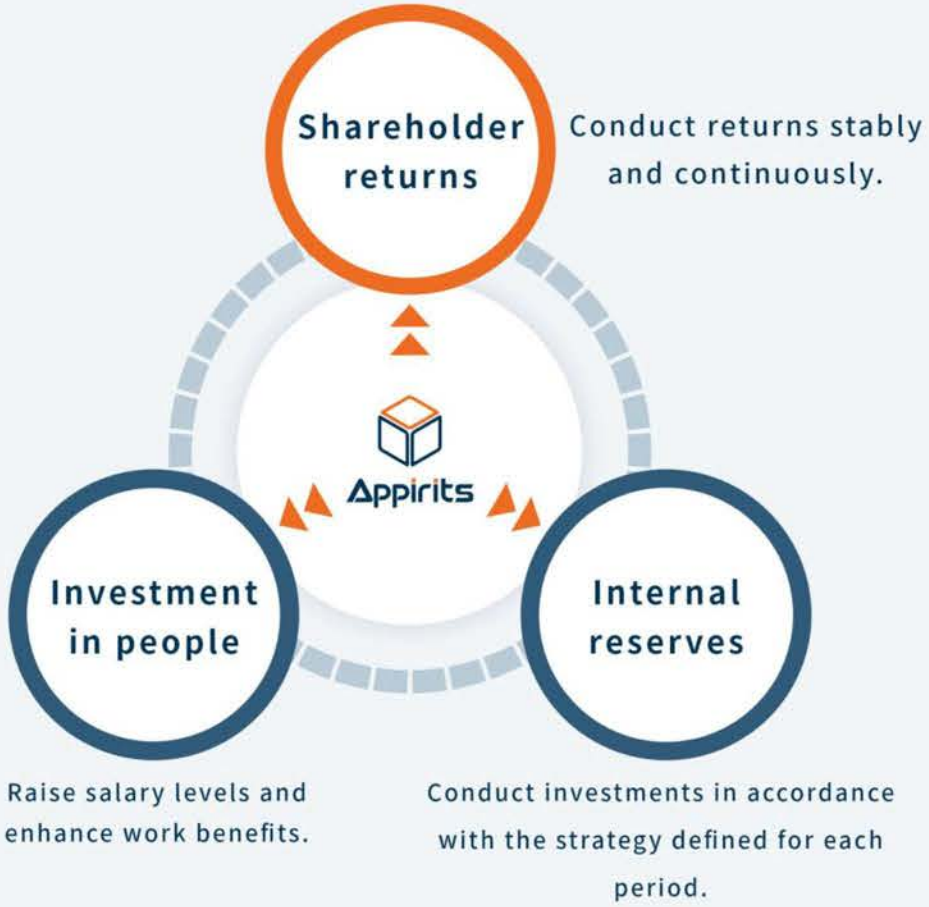
First, implement business growth by securing digital talent to expand existing businesses.
Over the medium term, conduct M&As with the goal of developing new businesses and services.



Leverage our know-how in copyright-transferred games, accumulated on the basis of contracted development that is a stable revenue source, and achieve growth through joint operation, largescale copyright-transferred games, and contracted operation.



Shareholder Returns and Investment Allocation Policy



Shareholder returns

Our policy is to provide stable and continuous returns to shareholders, in terms of dividends and purchase of treasury shares. We aim for a total payout ratio of 30%.

Investment in people

We invest in people by raising salary levels and enhancing various benefits for employees. By continuing these efforts, we will work to expand businesses and achieve returns to our stakeholders.

Internal reserves

We will make strategic investments in accordance with the strategy defined for that period.

As part of our investments in people, we decided to relocate the head office to a new venue (scheduled for September 2024).

We recognize that improving employee satisfaction and ease of work, as well as building high-quality teams, is critical for continued business expansion.

To achieve this objective, we have determined that an office environment that encourages creativity and motivation is a prerequisite. We decided to relocate our headquarters to “Shibuya Sakura Stage,” a new landmark in Shibuya that is the center of information.



Strengthen IR for Individual Investors

Proactively implement and continue IR activities, focusing on collaboration with highly enthusiastic investor communities and holding face-to-face seminars in various cities in Japan, in order to increase the number of investors who become fans and support us on a long-term basis.

We participated in
more than 18 seminars for individual investors
in 12 months, from January to December 2022.

Dates / scheduled dates	Location	Method	Organizer / seminar title	Content
Saturday, September 23, 2023	Ikebukuro	Face-to-face / online	An equity investment group	Explanation of financial results for Q2 FY2024 and company profile
Saturday, September 30, 2023	Webinar	Online	logmi Finance	
Saturday, October 7, 2023	Hanzomon	Face-to-face	IR Finance hosted by Mr. Takezo	
Saturday, October 21, 2023	Sapporo	Face-to-face	Events Co., Ltd.	
November 2023	TBD	TBD	TBD	

Information and supplemental information
about our business is posted on
X (formerly Twitter)
as IR information.

@CF039259298
Appirits

6

Appendix
Web Solutions Business

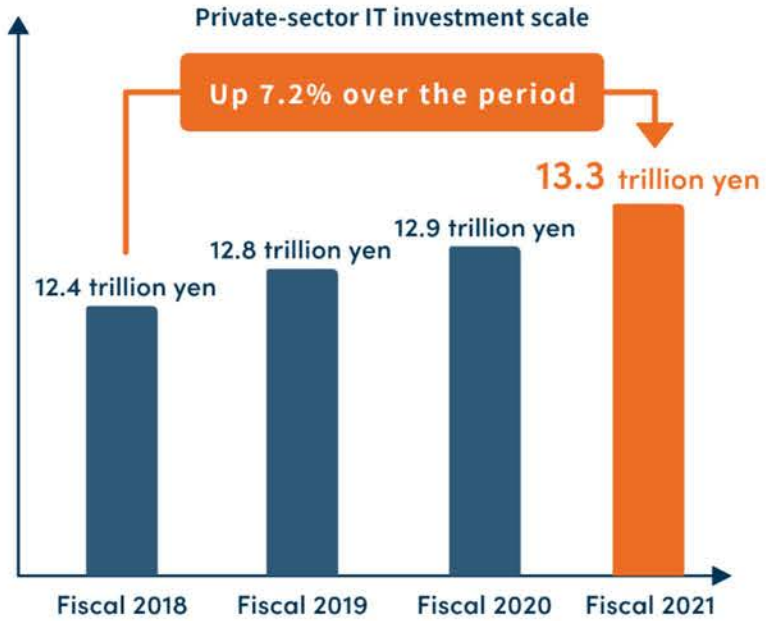
Business Overview

The size of the domestic private-sector IT market will continue to increase going forward.

By capturing the positive needs for digitalization initiatives, our Web Solutions business has grown faster than the market environment.

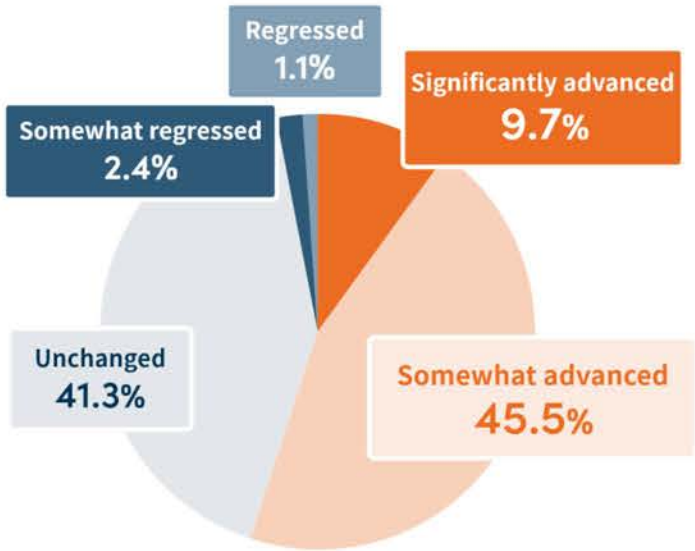
As a DX-enabling partner, we aim for growth centered on the Web Solutions business by continuing to acquire large-scale, long-term,continuous transactions

Trends and forecasts of the domestic privatesector IT market size



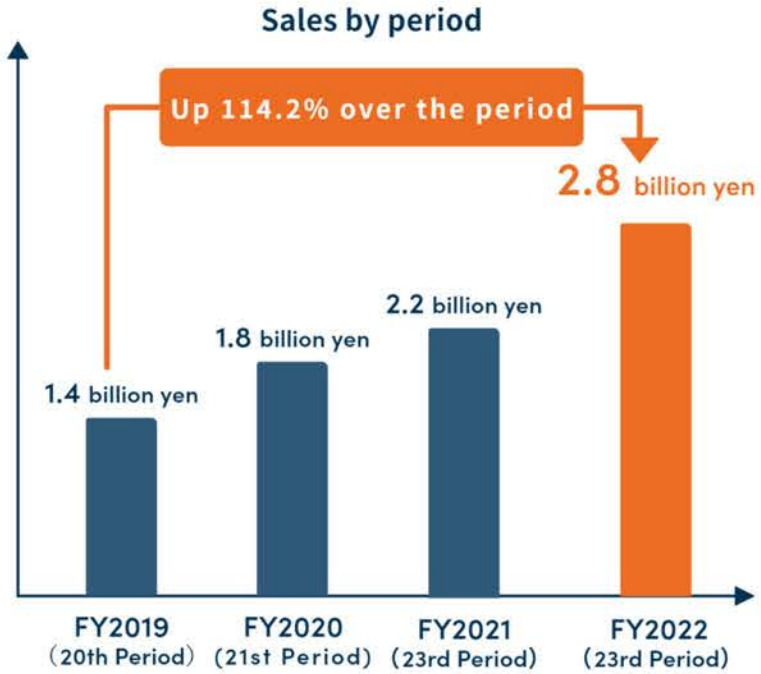
*Implementation of Survey on IT Investments by Domestic Companies (2021) by Yano Research Institute Ltd.

Changes in the status of digitalization efforts due to COVID-19 pandemic



*Implementation of Survey on IT Investments by Domestic Companies (2021) by Yano Research Institute Ltd.

Sales trends of the Web Solutions business



Appirits is a specialized web development company for B2C and creates a virtuous circle of projects by providing a full range of customer services, from “strategy and planning consultancy” to “system development and maintenance”.

01. Strategy and analysis

Understand the client’s business strategies and plan business models and business processes that meet user scenarios and needs.

02. Planning and design

Organize marketing requirements, content requirements, and system requirements in line with the business model and translate the business into development.



03. Development and production

Provide schemes that meet business requirements, and support strategy and planning on the technical side. Emphasize a development concept that accounts for a sustainable operational system.

04. Operation and maintenane

Accelerate business growth with an operational structure that ensures stable system operation after release and enhances productivity and agility.

Form a situation in which the retention rate of existing customers is approximately 80%, while acquiring new customers.

A virtuous cycle of projects completed in-house accelerates the next-phase acquisition loop.

Customer retention rate in sales



Generation of a loyalty loop



In-house completion of consulting and system development and maintenance creates a loyalty loop that

shortens the customer decision-making process

*Reinterpretation of McKinsey's customer decision Journey

The year-on-year rate of change in sales is maintained at a high level. Maintain our growth potential through M&Aand other measures to raise our position in market capitalization.

(Millions of yen)

Securities code	Company name	Market capitalization	YoY change rate in sales	PER	Net sales	Operating profit	Operating profit margin	Profit margin	ROE
4053	Sun Asterisk	51,756	133.8%	35.41 times	10,745	902	8.4%	7.7%	11.5%
4434	Serverworks	26,401	158.4%	96.65 times	17,296	552	3.2%	2.6%	4.9%
2130	Members	17,193	118.2%	15.98 times	17,662	1,441	8.2%	5.7%	15.8%
4174	Appirits	**4,438**	**152.7%**	13.35 times	7,323	462	6.3%	2.9%	10.4%
4198	TENDA	3,846	120.7%	11.58 times	4,235	455	10.7%	6.3%	12.2%

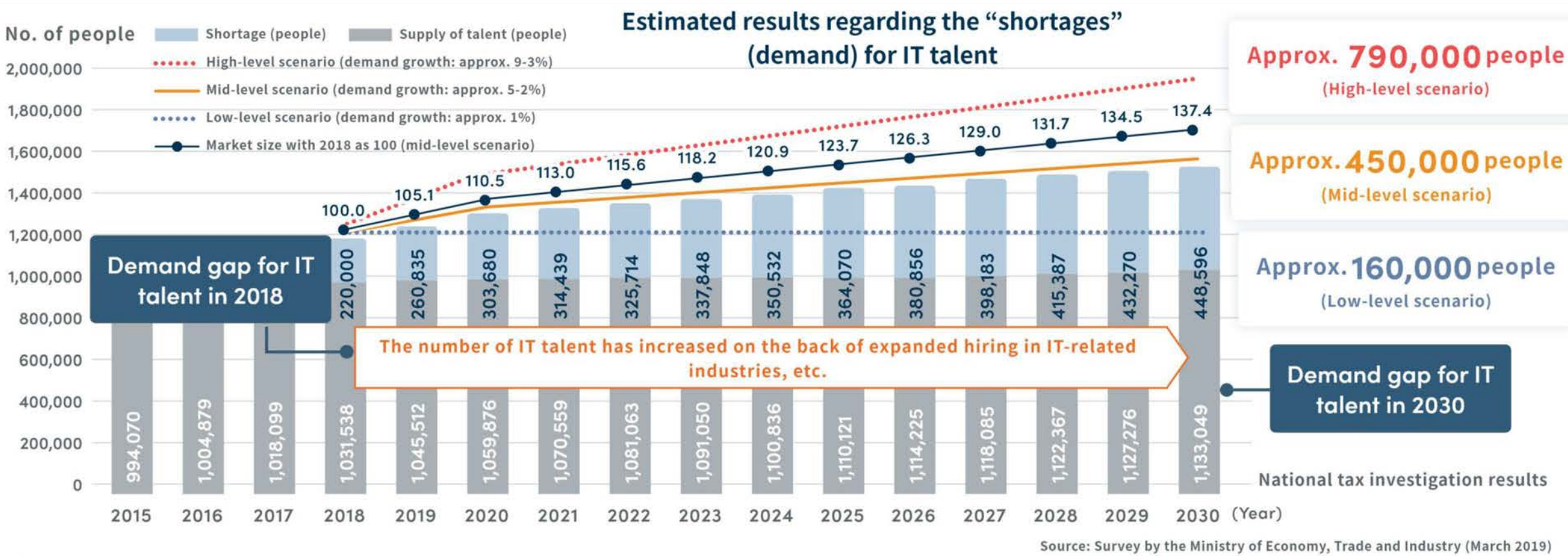
※Picked up and indicated companies that develop B2C services in an integrated manner.
※Market capitalization and PER are as of August 31, 2023.

6-2

Appendix
Digital Talent Development and Staffing Business

Business Overview

Digital talent is still in short supply in our society.



Source: Survey by the Ministry of Economy, Trade and Industry (March 2019)

Hiring and training strategies that support the foundation of our business
A scheme to enable talent to play an active role

	Hiring	Talent development	Staffing	Growth and active role
Appirits	・Hire inexperienced people Web engineers Web designers Game creators	・On-the-job training through in-house projects ・Unique curriculum	・Staffed as Web engineers ・Staffed as game planners	・Promote growth based on in-house development and operational know-how ・Thorough follow-up and coaching after hiring
General staffing companies	・Focus on mid-career hires who are ready-forwork people Hiring digital talent is chalenging, and thenumber of people is not increasing easily.	・Centering on general training Talent development is slow as specialized skills are left to the individual's initiative for learning.	・Start with simple tasks Careers may not advance as desired, as people will start with debugging work.	・Depends on the frontlines The staffing companies lack know-how on talent development, which depends on the individual's efforts and the frontline environment.

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Expand the mobility of talent with the Web Solutions segment and the Online Gamingsegment, and accumulate know-how.



6-3

Appendix
Online Gaming Business

Business Overview

Pursue R&D and target high growth potential in earnings through in-house game development, while leveraging the know-how to conduct contracted game development for collaborators, secondary development, staffing, and other businesses.

In-house game development

Provide online games for free through our own and other company' online game platforms, and maintain revenue through in-game item charges and other means.

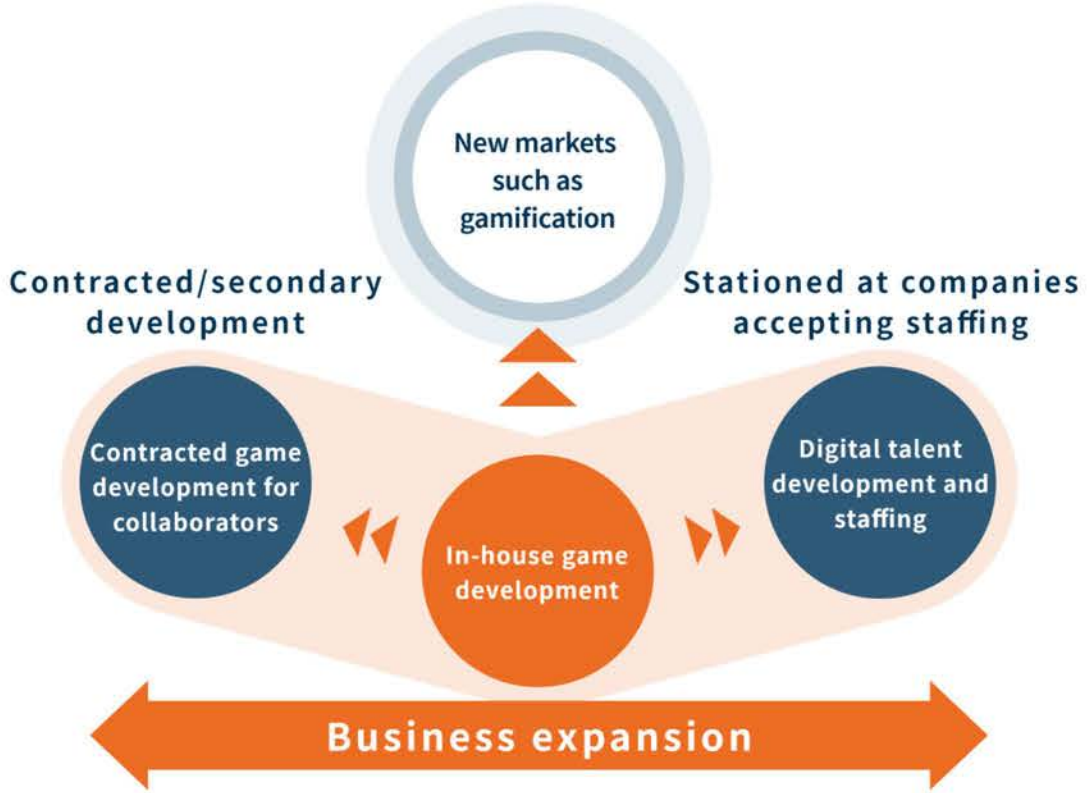
Contracted game development for collaborators (contracted development and operation of copyright-transferred games)

Based on the know-how cultivated through the development and operation of our in-house games, conduct the contracted development and operation of our collaborators' games.

Creator staffing

Staff our talent with know-how on online game development to other game developmentcompanies, who are stationed at such companies to support their game development.

Note that the creator staffing business has been segmented into the Digital Talent Development and Staffing business, starting in Q2 FY2023.



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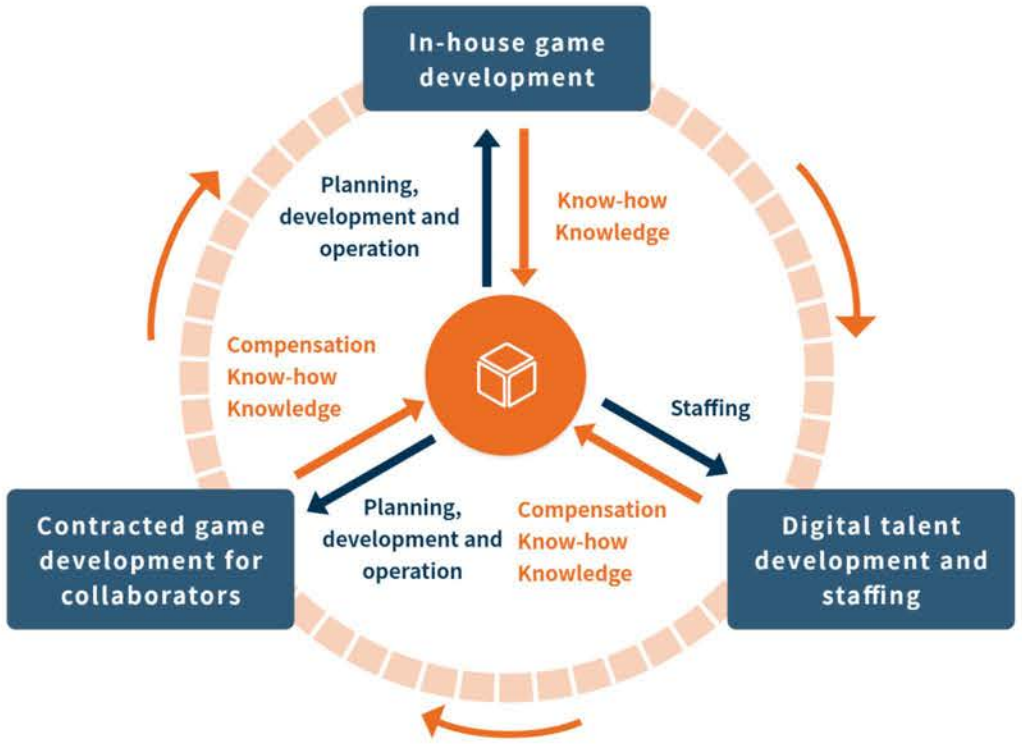
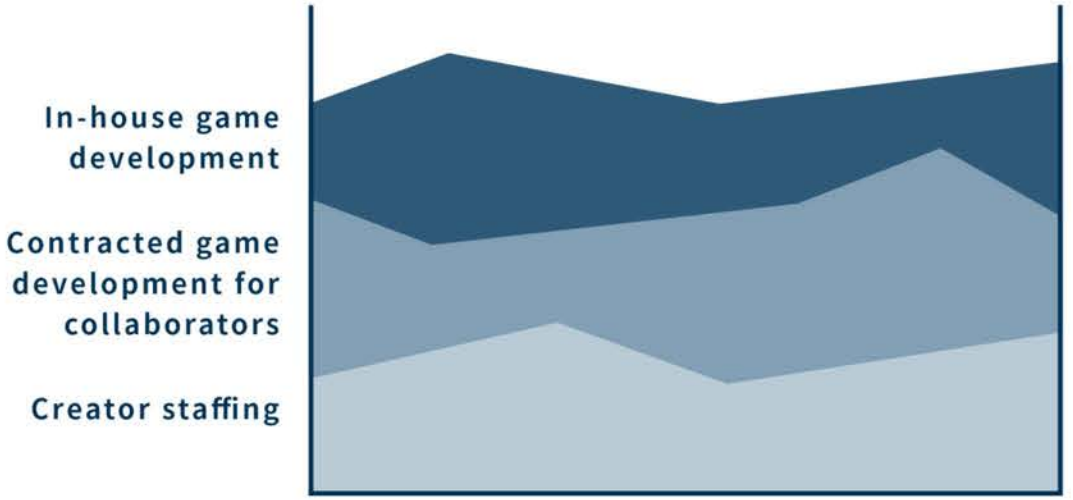
Realize an optimal cost structure

through effective use of human resources and leveling of skills.



Resource circulation and skills leveling

Continue to
secure stable revenue
and
horizontal expansion of business
in the gaming industry, which is considered to be highly volatile.



6-4

Appendix

Overview of Subsidiaries (Moving Crew Co., Ltd.)

Mission

Comprehensive entertainment with dreams and excitement

It has been more than 20 years since the Internet permeated society. In the world of the Internet, which has developed rapidly in a short period of time, we, a group of system design professionals, have the knowledge and experience we have cultivated over the years.

When we utilize and evolve them without sparing any effort, new IT solutions that are people-friendly, loved by people, and contribute to people will be born.

We are thoroughly and confidently committed to not only the color and shape but also the materials and lining of each piece.
“Dreams” and “fun” that no one has ever seen or experienced before are now a reality.

Like Appirits, Moving Crew provides a full range of customer services, from "strategy and planning consultancy" to "system development and maintenance".

Its strengths are in the entertainment area.

Virtuous circle business



- Strategy and analysis
- Planning and design
- Development and production
- Operation and maintenance

Entertainment area

Fan clubs
- Establishment, transfer and operation of fan clubs
- Membership Management
- Content creation

System development/ collaboration
- Contracted system development
- Integration with-external systems
- Development of smartphone apps

Creative
- Planning
- Website creation
- Various graphic design



Fan support
- Call center
- Support for various types of inquiries

Support for "live" venues
- Venue operation support
- Adoption of on-site systems

Use of social media
- Operation of official social media sites
- Social media marketing

6-5

Appendix

Overview of Subsidiaries (Y's Inc.)

Mission

To accelerate your business with the power of design

We believe that we can make better use of our strengths in design for our clients' great businesses and digital content.

Realizing the need for more digital capabilities, we have expanded the scope of our production to include marketing, web, and video creation. We have also expanded our genre to include design branding for small and medium-sized companies and outsourcing of creators to major corporations.

Furthermore, we are aiming to create new forms of "events" that allow us to spend time with our clients and grow with them, and we have included this thought in the word "accelerate".

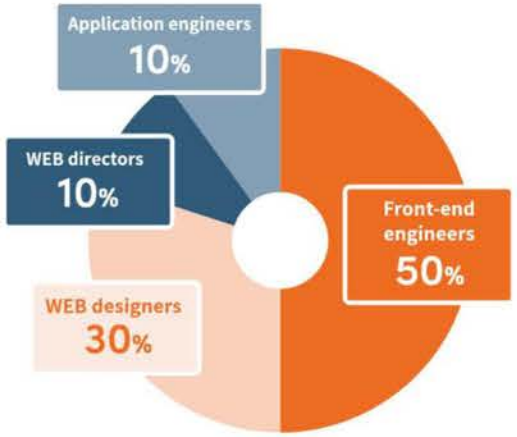
Y's Inc.

Conduct businesses with a strong affinity for Appirits, including web design and consulting, IP design, and talent staffing.

Staffing business

- Conduct digital talent staffing business focused on front-end engineers and web designers.
- About 80% of the staffed members had no experience but have become digital talent through in-house training.





Web production and consulting business



Design production business



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Appirits