



1H FY2024 Results Briefing Materials

August 2024

CERES INC. (Prime Market of the Tokyo Stock Exchange: #3696)



INDEX

1. Consolidated Results Summary
2. Results Summary of Each Business
 - Mobile Service Business
 - Financial Service Business

APPENDIX



1. Consolidated Results Summary

Executive Summary of 1H FY2024 Results

Executive Summary of 1H FY2024

Net sales	¥ 13,151 mn	(+17.2%)
Operating profit	¥ 811 mn	(+74.1%)
Ordinary profit	¥ 1,069 mn	(+101.2%)
Profit	¥ 673 mn	(+90.1%)

- Net sales reached a record high for the first half of a fiscal year
- Gross profit margin improved 6.6 points YoY to 47.4%, and operating profit increased 1.7 times to ¥810 million.
- Due to the decline in cryptocurrency prices in Q2, BB recorded an equity method investment loss of ¥132 million yen
- Loss on change in equity of BB (extraordinary loss) of ¥70 million was recorded in the second quarter

Mobile Service

Net sales	¥ 12,543 mn	(+14.8%)
Operating profit	¥ 1,908 mn	(+31.8%)

- Gross profit margin of Moppy remained high
- D2C sales increased significantly, by approx.1.9 times compared to the previous year
- YUMEMI struggled due to the transition phase of existing projects as well as the impact of a change in accounting policy

Financial Service

Net sales	¥ 615 mn	(+100.2%)
Operating profit	¥ ▲467 mn	(deficit increase ¥72 mn)

- Due to the decline in the cryptocurrency market in Q2, Mercury posted negative sales and increased its deficit
- labol's invoice purchasing business is progressing well, and GMV has increased sharply by 3.2 times YoY
- In Q2, an impairment loss of ¥100 million was recorded on shares in the CVC business

Executive Highlights of Q2 (3 months) FY2024 Results

POSITIVE

Improved gross profit margin of Moppy

22.8%

Q2 FY2023



26.9%

Q2 FY2024

D2C sales increased by 1.5 times YoY

¥1,174mn

Q2 FY2023



¥1,748mn

Q2 FY2024

- Following on from Q1, point rewards have been carefully controlled
- Gross profit margin improved due to continued collaboration between Moppy and AD.TRACK

- The number of customers purchasing "Oi gurt", which is available on a subscription basis and was launched in Q3 last year, is steadily increasing
- Sales of "Pitsole" increased by approx. 1.3 times YoY

NEGATIVE

YUMEMI

FY2024
Net sales Forecast

¥5,500mn

1H FY2024
Net sales Summary

¥2,109mn

- Progress towards earnings guidance was delayed due to the transition phase of existing projects and impact of a change in accounting policy
- Order received was in good shape

Crypto asset price decline

Mercury

QoQ

Operating profit down

▲ ¥150mn

bitbank

Q2 FY2024

Equity in losses of affiliates

▲ ¥132mn

Impairment loss booked at CVC
Operating investment securities impairment loss (cost of sales)

▲ ¥99mn

Condensed Income Statement (1H)

(Millions of yen)	1H FY2024	1H FY2023	YoY
Net sales	13,151 (100.0%)	11,220 (100.0%)	+17.2%
Gross profit	6,239 (47.4%)	4,577 (40.8%)	+36.3%
SG&A expenses	5,427 (41.3%)	4,111 (36.6%)	+32.0%
Operating profit	811 (6.2%)	466 (4.2%)	+74.1%
Ordinary profit	1,069 (8.1%)	531 (4.7%)	+101.2%
Profit *1	673 (5.1%)	354 (3.2%)	+90.1%
EBITDA *2	1,240 (9.4%)	795 (7.1%)	+55.8%

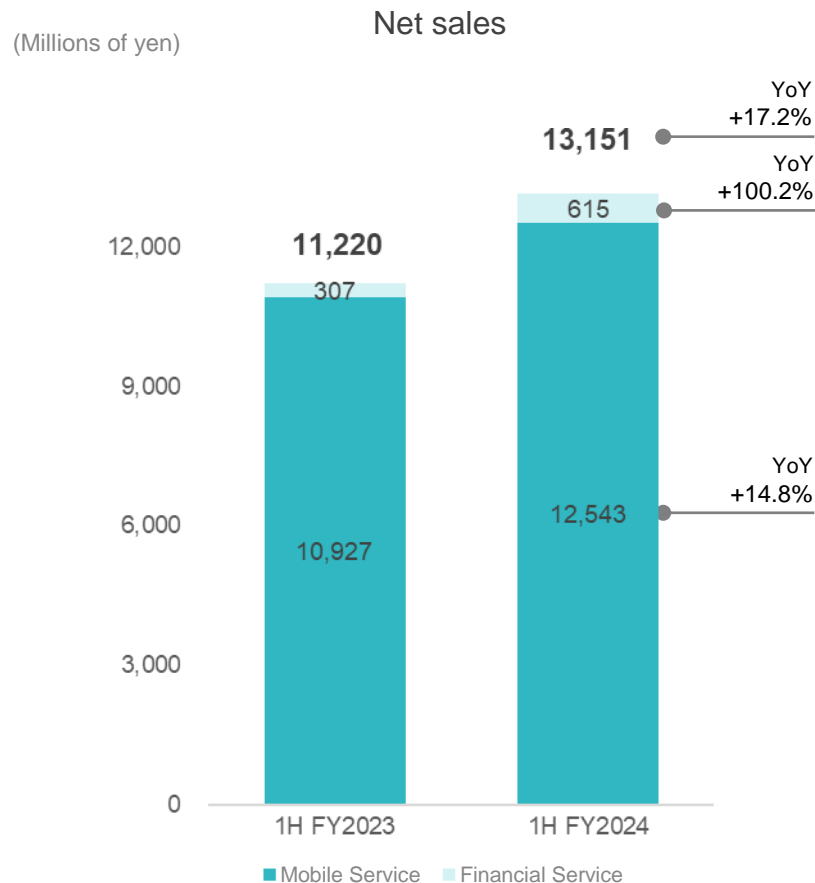
*1 Profit represents profit attributable to owners of parent.

*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

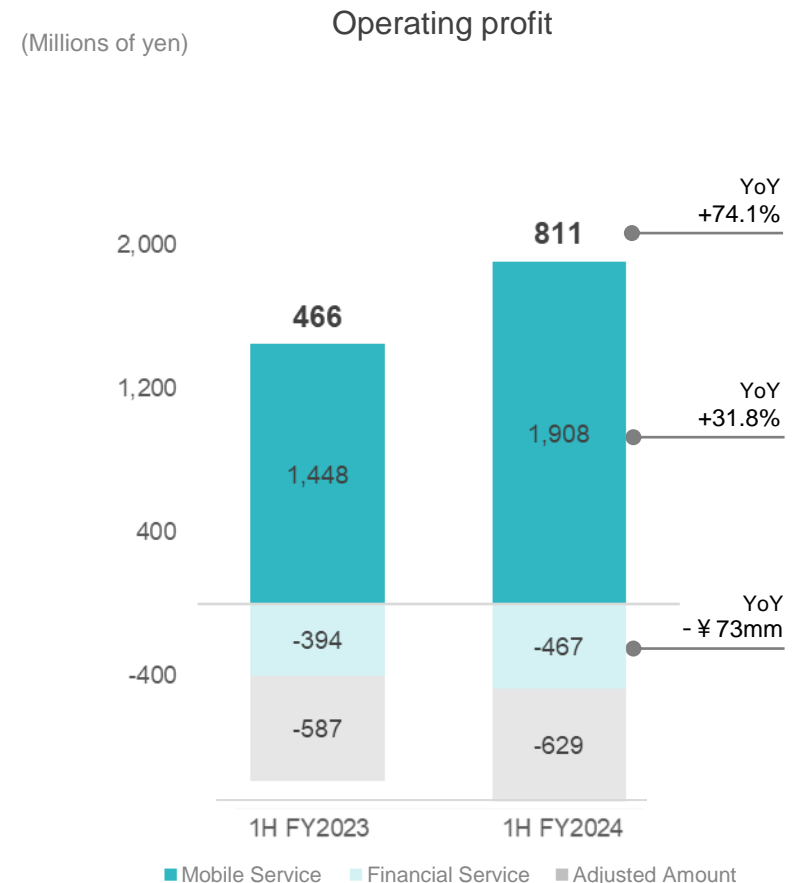
Segment Information (1H)

In Mobile Service, Moppy and D2C performed well, and although YUMEMI struggled, both sales and profit increased YoY.

In Financial Service, labol performed well, and sales increased YoY, but the loss widened due to the recognition of impairment losses on shares in CVC.



* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.

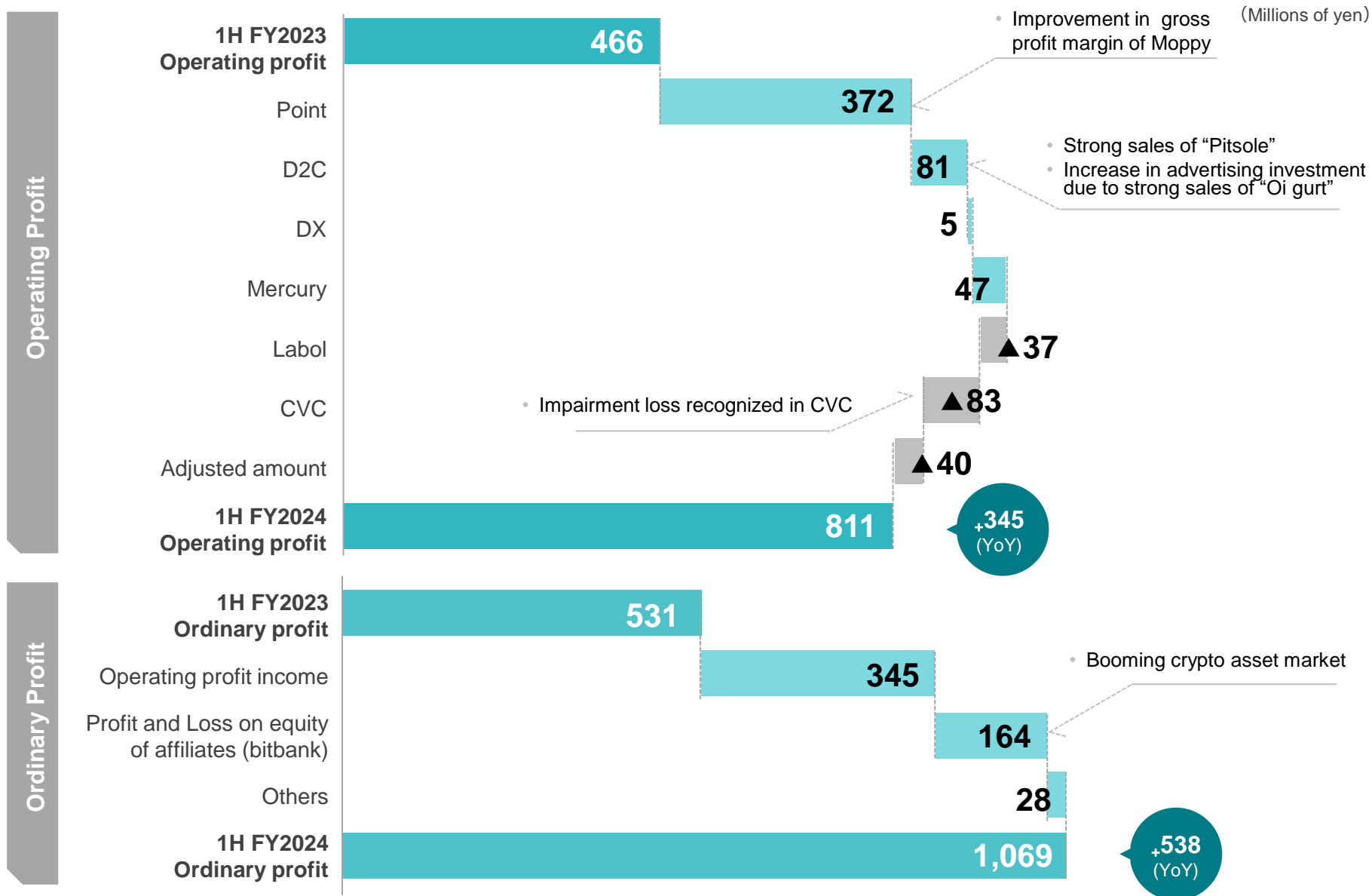


* Adjusted amount includes expense items that do not belong to a specific segment.

Earnings by Business Segment (1H)

(Millions of yen)	Net sales		Operating profit	
	FY2024 1H	FY2023 1H	FY2024 1H	FY2023 1H
ALL	13,151 YOY +17.2%	11,220	811 YOY +74.1%	466
Mobile Service Business	12,543 YOY +14.8%	10,927	1,908 YOY +31.8%	1,448
Point	7,007 YOY +1.8%	6,884	1,487 YOY +33.4%	1,115
D2C	3,500 YOY +92.3%	1,819	490 YOY +20.0%	408
DX	2,109 YOY -8.9%	2,315	-4 YOY -	-10
Transaction value within segments	-74 YOY -	-91	-64 YOY -	-65
Financial Service Business	615 YOY +100.2%	307	-467 YOY -	-394
Inter-segment transaction value / Adjusted amount	-7 YOY -	-14	-629 YOY -	-587

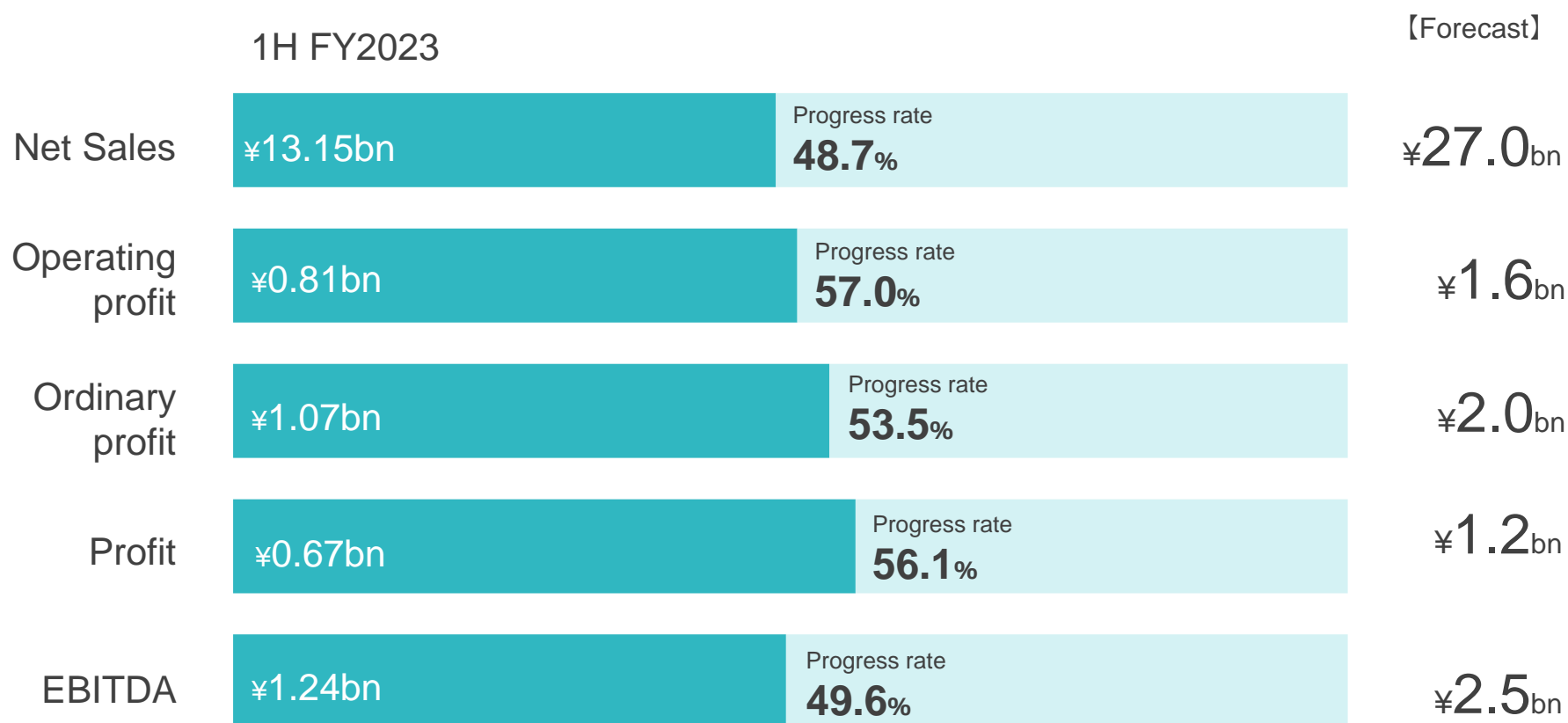
Factors Affecting Operating Profit and Ordinary Profit (1H)



Progress against the Full-year Forecasts

Sales progress was generally in line with forecasts, although progress varied across the businesses.

Profits exceeded expectations due to a strong performance in the mobile business, with Moppy and D2C performing particularly well.



Condensed Income Statement (Q2)

(Millions of yen)	Q2 FY2024	Q2 FY2023	YoY	Q1 FY2024	QoQ
Net sales	6,433 (100.0%)	5,695 (100.0%)	+13.0%	6,718 (100.0%)	-4.2%
Gross profit	2,946 (45.8%)	2,398 (42.1%)	+22.9%	3,292 (49.0%)	-10.5%
SG&A expenses	2,848 (44.3%)	2,185 (38.4%)	+30.3%	2,579 (38.4%)	+10.4%
Operating profit	98 (1.5%)	212 (3.7%)	-53.8%	713 (10.6%)	-86.2%
Ordinary profit	-71 (-)	179 (3.2%)	-	1,140 (17.0%)	-
Quarterly profit *1	-159 (-)	153 (2.7%)	-	832 (12.4%)	-
EBITDA *2	-15 (-)	312 (5.5%)	-	1,255 (18.7%)	-

*1 Quarterly profit represents profit attributable to owners of parent.

*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

Segment Information (Q2)

In Mobile Service, Moppy and D2C performed well, leading to an increase in sales, but an increase in advertising spend for “Oi gurt” in D2C led to a decline in profits.

In Financial Service, sales increased due to a strong performance with a threefold increase in GMV in labol, but the loss widened due to the recognition of impairment losses in CVC.



* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.



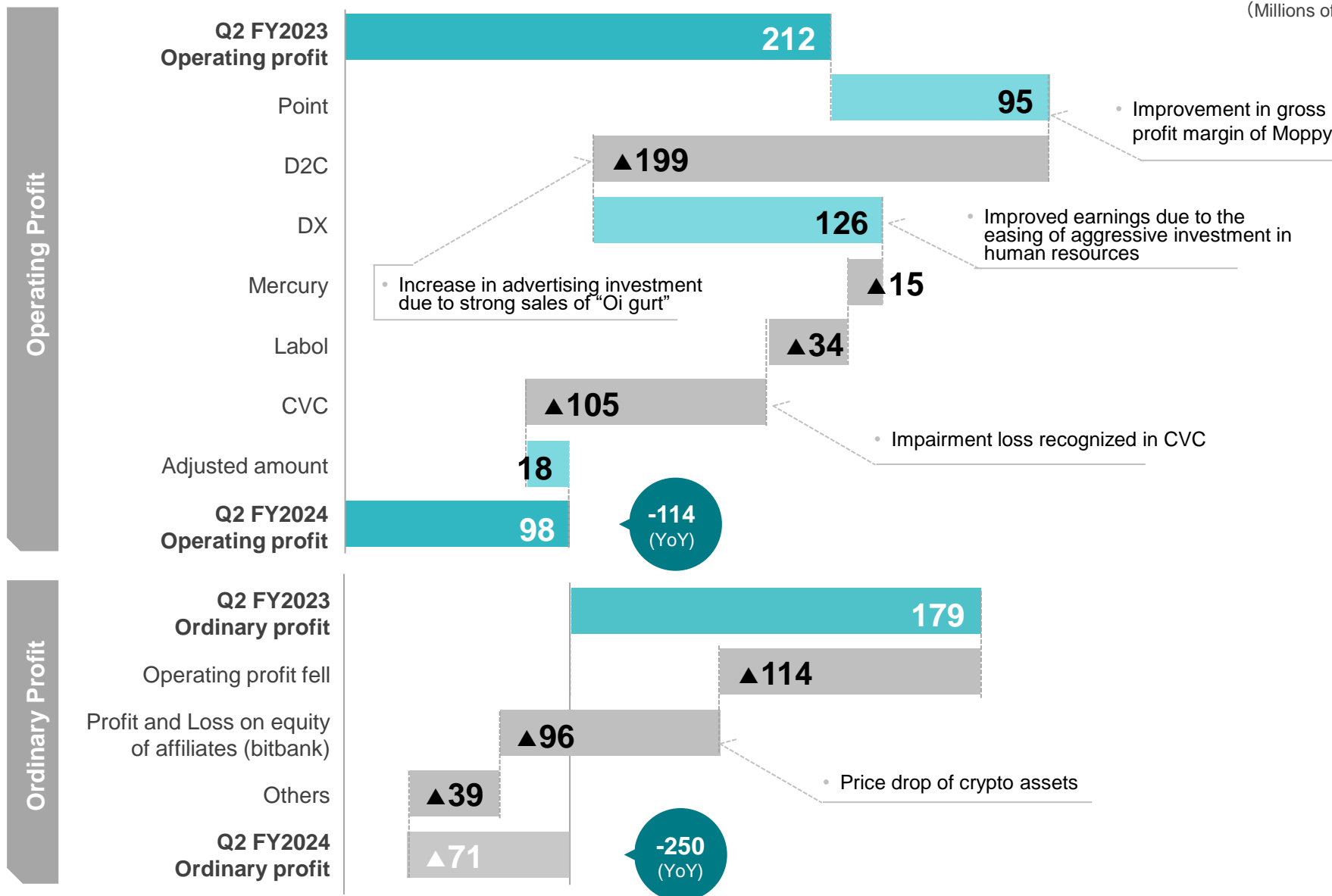
* Adjusted amount includes expense items that do not belong to a specific segment.

Earnings by Business Segment (Q2)

(Millions of yen)	Net sales		Operating profit	
	Q2 FY2024	Q2 FY2023	Q2 FY2024	Q2 FY2023
ALL	6,433 YOY +13.0%	5,695	98 YOY -53.8%	212
Mobile Service Business	6,267 YOY +11.7%	5,613	789 YOY +3.5%	762
Point	3,453 YOY +2.8%	3,359	704 YOY +15.6%	609
D2C	1,748 YOY +48.9%	1,174	149 YOY -57.2%	349
DX	1,125 YOY +1.9%	1,104	-36 YOY -	-163
Transaction value within segments	-60 YOY -	-25	-27 YOY -	-32
Financial Service Business	168 YOY +89.1%	89	-412 YOY -	-256
Inter-segment transaction value / Adjusted amount	-3 YOY -	-6	-278 YOY -	-293

Factors Affecting Operating Profit and Ordinary Profit (Q2)

(Millions of yen)



Condensed Balance Sheet

(Millions of yen)		End-Q2 FY2024	FY2023	Change	Major factors
	Current assets	20,943 (69.7%)	17,586 (67.9%)	+3,356	Cash and deposits: +2,655 Operational investment securities: -125 Inventory: +567
	Non-current assets	9,120 (30.3%)	8,328 (32.1%)	+791	Goodwill: -102 Software: +108 Shares of subsidiaries and associates: +172
Total assets		30,063 (100.0%)	25,915 (100.0%)	+4,148	
	Current liabilities	15,244 (50.7%)	13,451 (51.9%)	+1,792	Short-term borrowings: +527 Provision for point card certificates: +193 Income taxes payable etc.: +199
	Non-current liabilities	3,791 (12.6%)	2,417 (9.3%)	+1,373	Long-term borrowings: +1,163
Total liabilities		19,036 (63.3%)	15,869 (61.2%)	+3,166	
Total net assets		11,027 (36.7%)	10,045 (38.8%)	+981	Profit: +673 Dividends: -228
Total liabilities and net assets		30,063 (100.0%)	25,915 (100.0%)	+4,148	

Cash Flow Statement Summary

(Millions of yen)	1H FY2024	1H FY2023	Breakdown of 1H FY2024
Cash flows from operating activities	563	398	Profit before income taxes: 983 Depreciation • Amortization of goodwill: 223 Provision for point card certificates: 193 Share of profit of entities accounted for using equity method: -238 Increase in products: -567 Income taxes paid: -199
Cash flows from investing activities	-444	-212	CAPEX for head office relocation expenses: -277 Investment in Mercury's systems, etc. : -147 Investment securities: -114
Cash flows from financing activities	2,531	61	Increase in interest-bearing debt: 2,136 Shareholder returns (dividends): -227
Cash and cash equivalents at end of period	10,702	6,744	



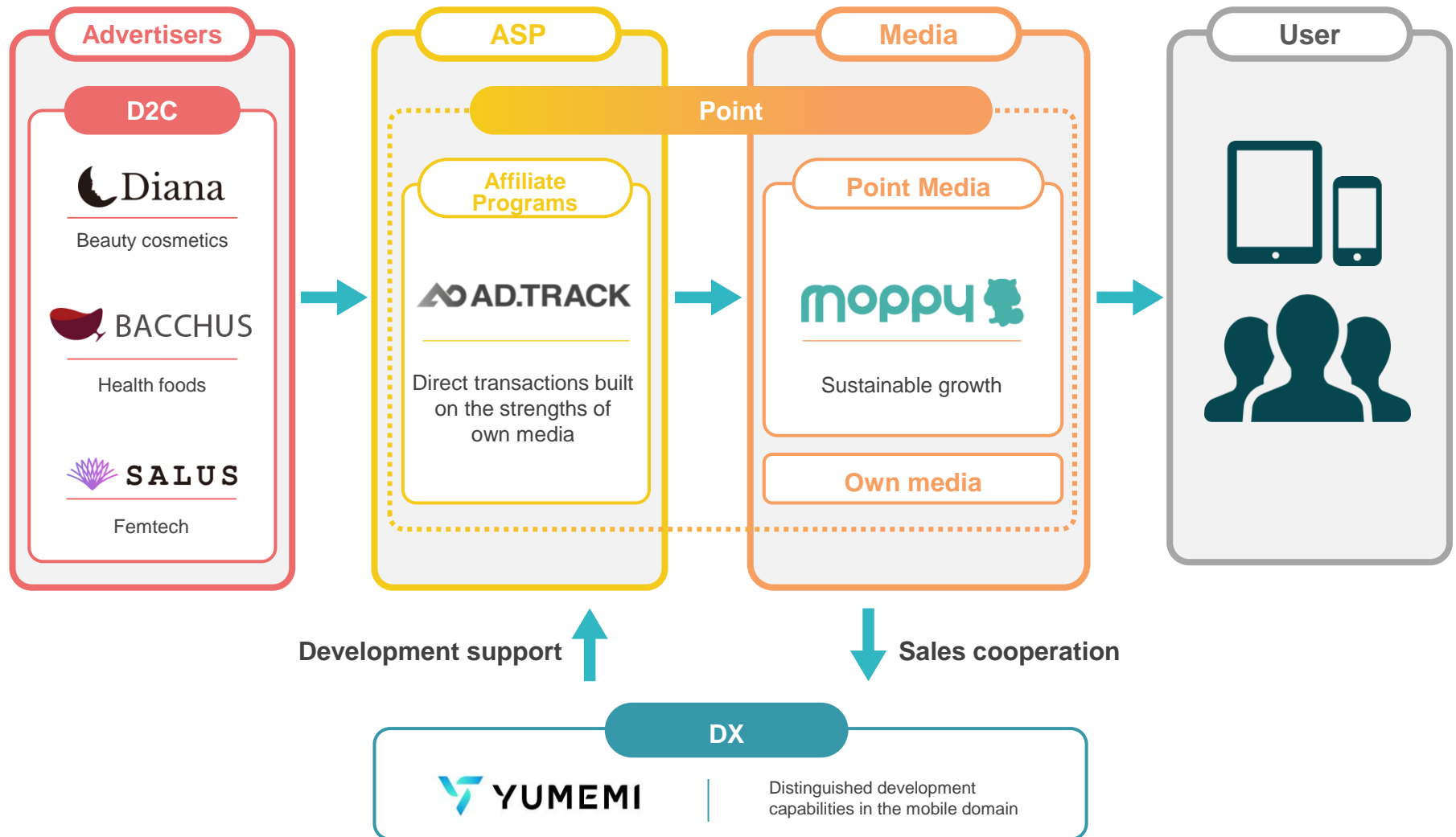
2. Results Summary of Each Business

Mobile Service Business

Financial Service Business

Mobile Service Business Domains

Create synergies through mutual collaboration between Moppy, AD.TRACK and D2C.



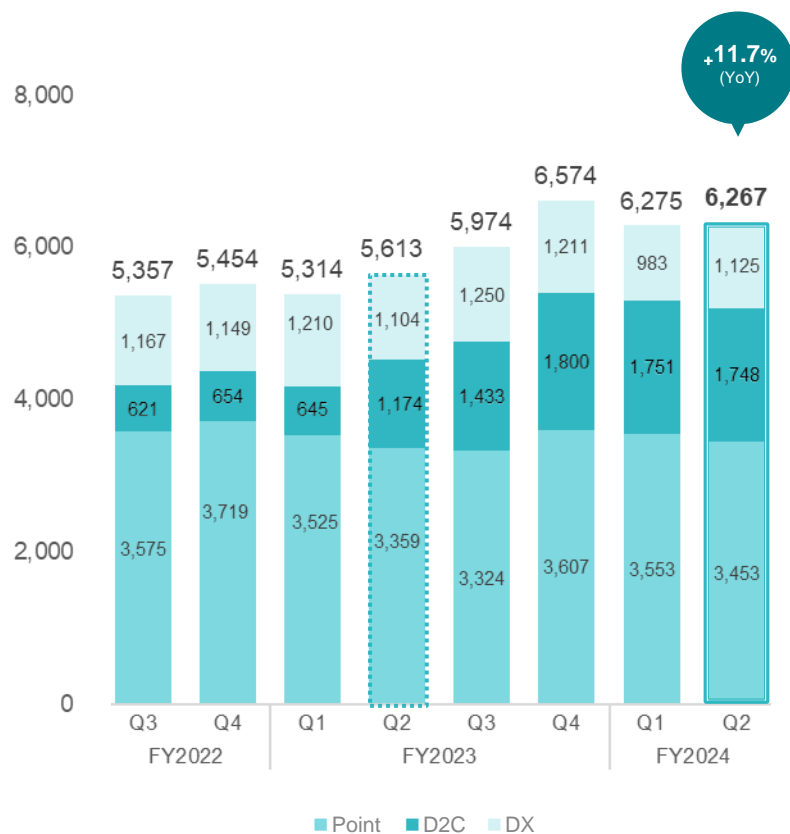
Mobile Service Business Earnings

Sales were stable at Moppy, orders were steady at DX, and D2C continued to perform well, remaining at the same level as the previous quarter.

Operating profit decreased compared to the previous quarter due to an increase in advertising expenses at D2C as a result of strong sales of “Oi gurt”.

(Millions of yen)

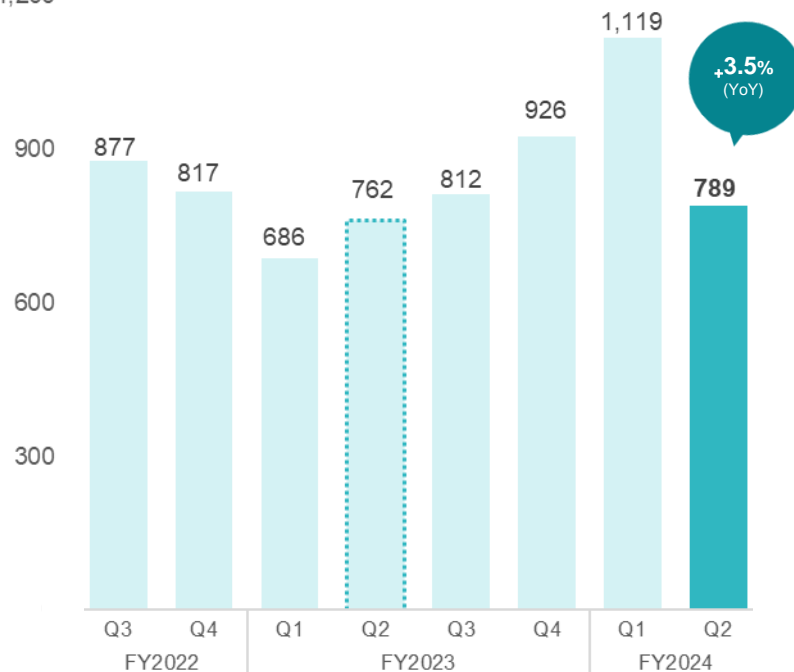
Net sales



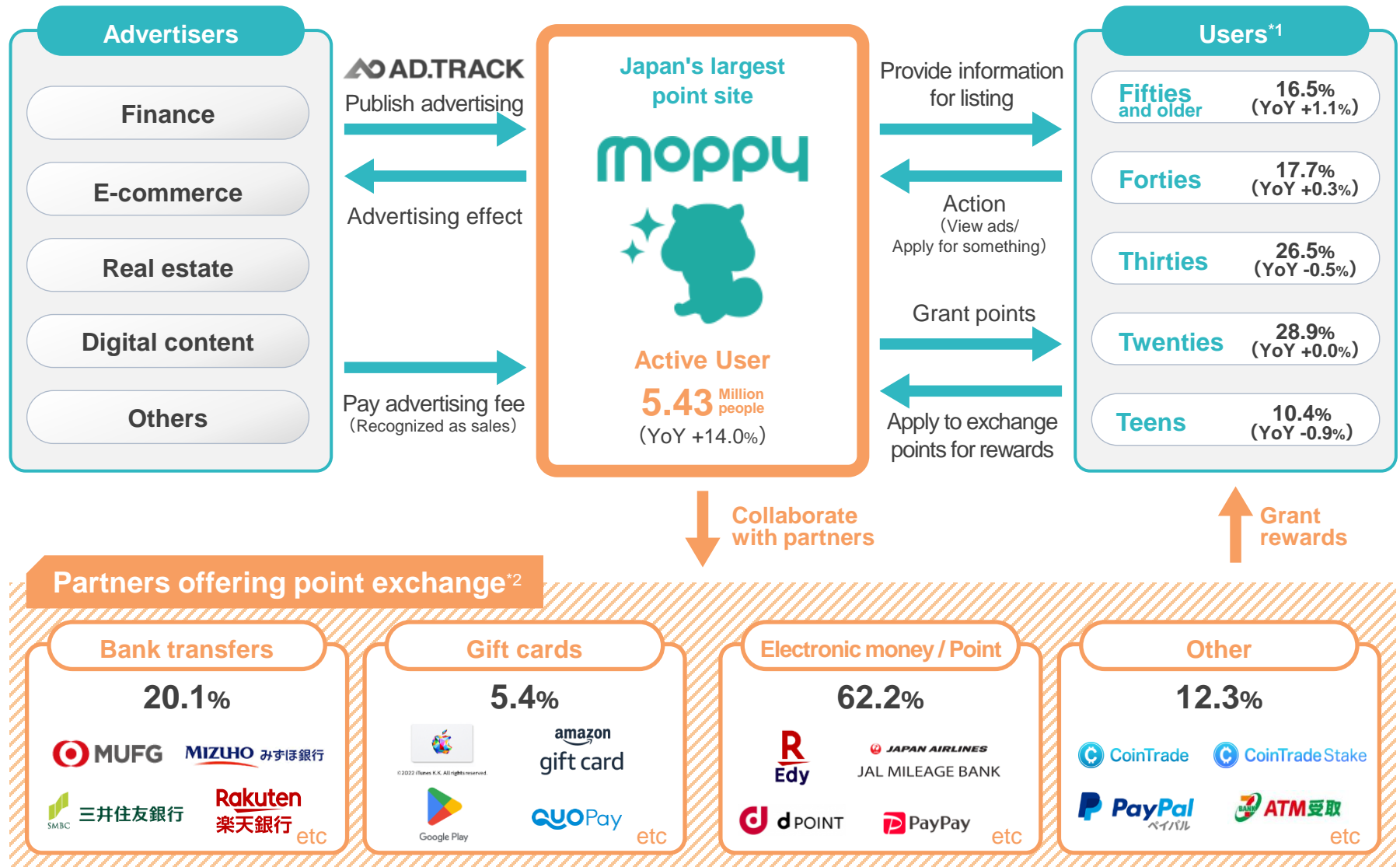
(Millions of yen)

Operating profit

(Millions of yen)



Moppy Business Model



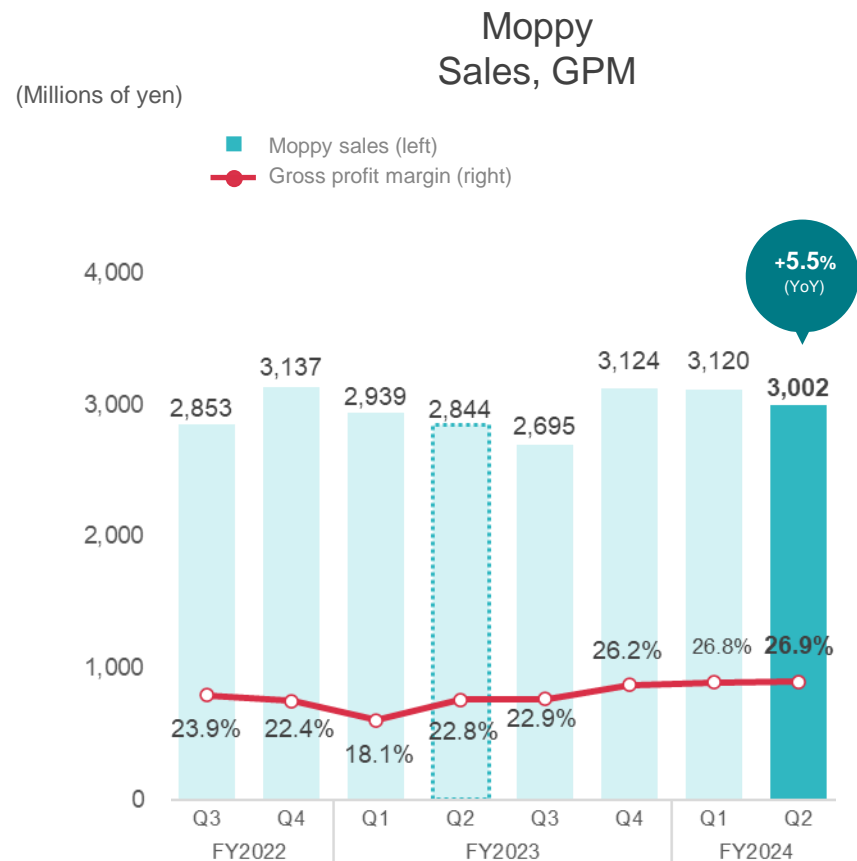
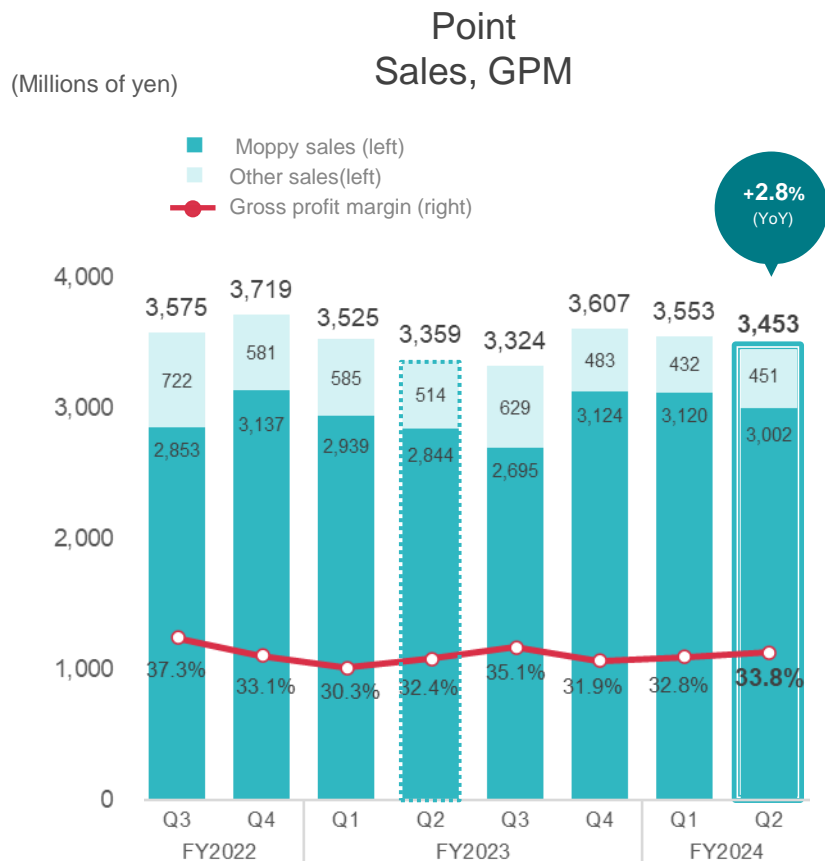
*1 Ratios as of June 30, 2024

*2 Point exchange ratios are for April to June 2024

Point Earnings

Sales were strong for Moppy, particularly in financial advertising, but struggled for the advertorial media, so sales were in line with last year.

Due to the further strengthening of the cooperation between Moppy and AD.TRACK, the gross profit margin remained high.

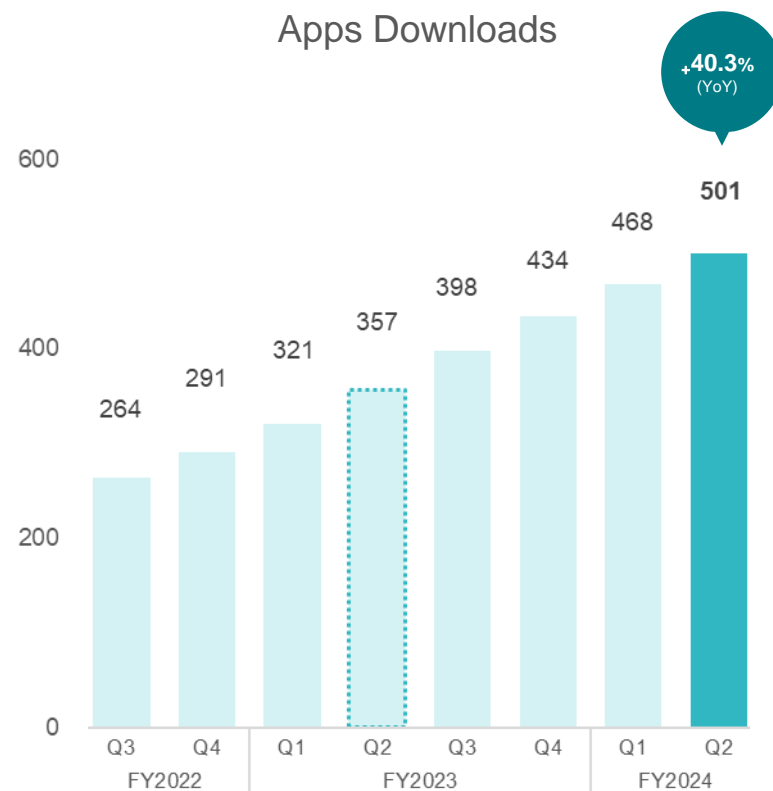
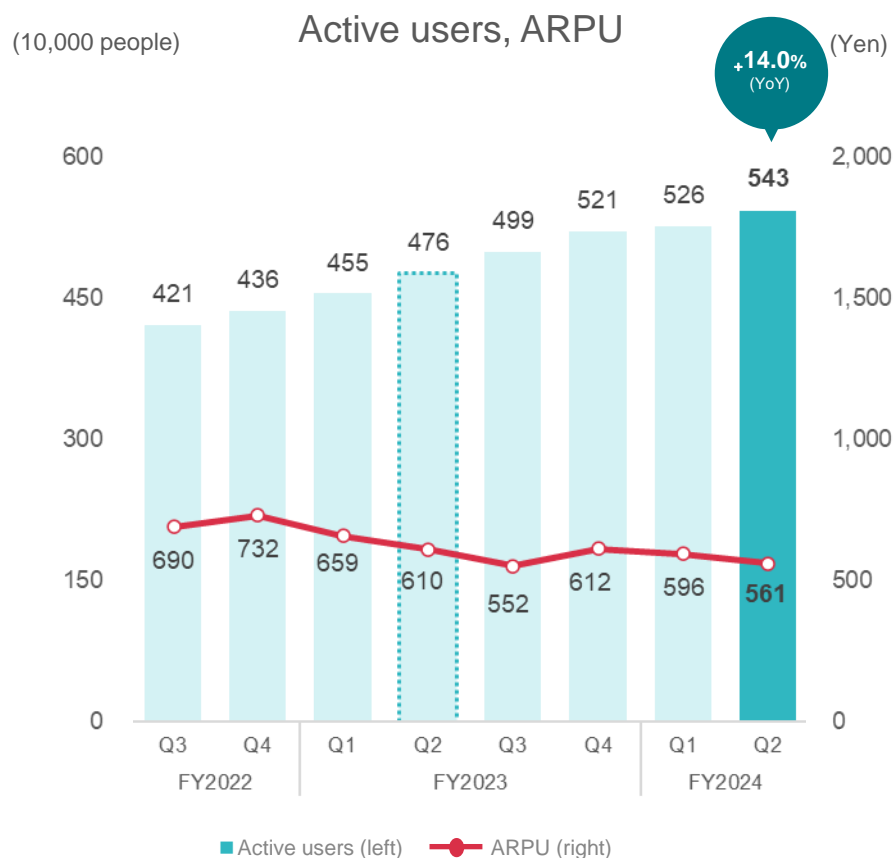


* Trading volume within segments are not indicated since their impact on the graphs is marginal.

Active users / ARPU / Apps Downloads (Moppy)

The number of active users increased by 14% YoY and the cumulative number of users exceeded 12 million.

ARPU is gradually declining, and the issues are to increase the number of listings, increase the number of UUs, and improve the frequency of use.

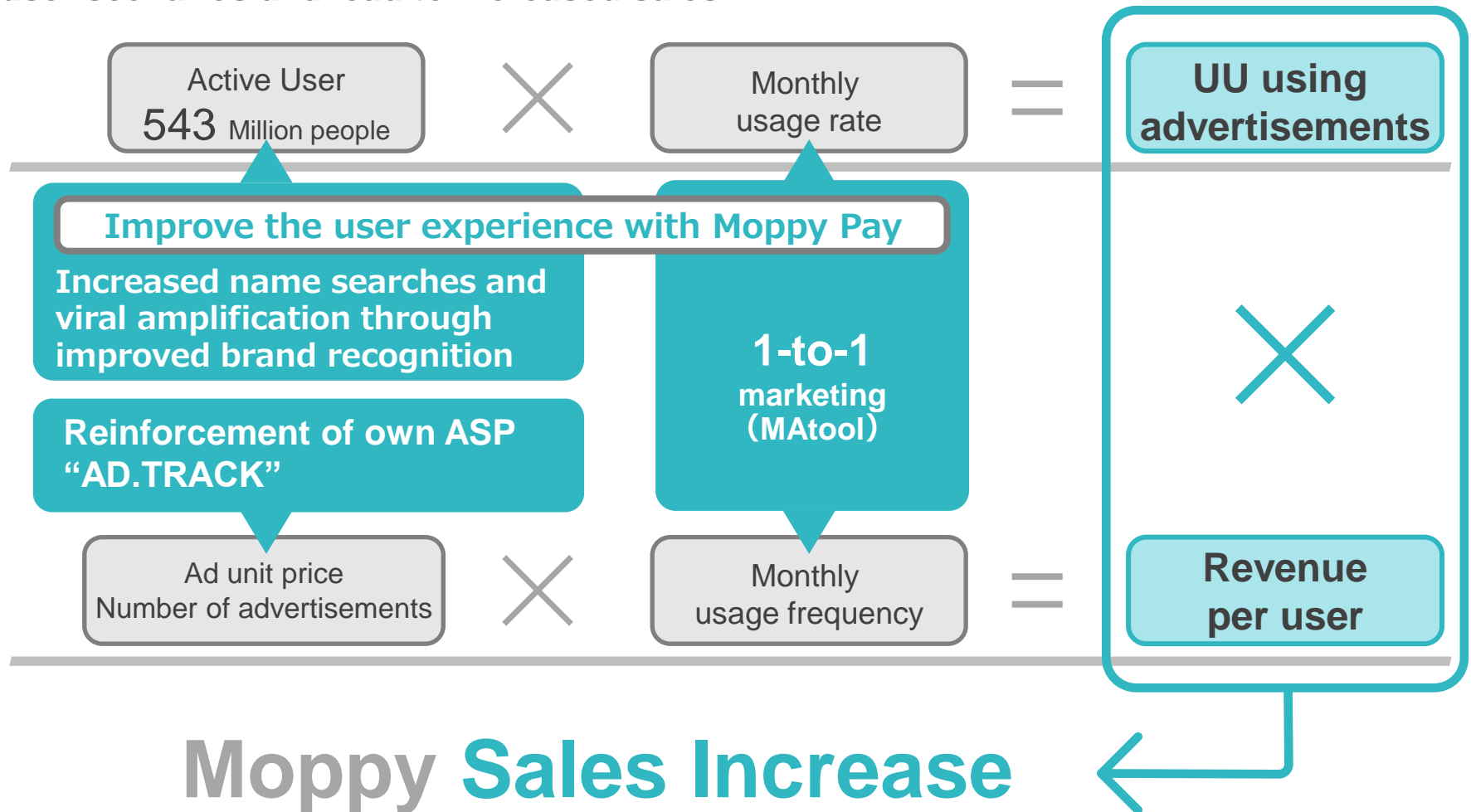


* ARPU is calculated by dividing Moppy's quarterly sales by the average number of active Moppy members during the period.

Moppy Business Strategy

Achieve stable user growth by improving the app's usability and increasing Moppy's brand awareness.

By strengthening 1-to-1 marketing and diversifying advertising, expand the number of user scenarios and lead to increased sales.



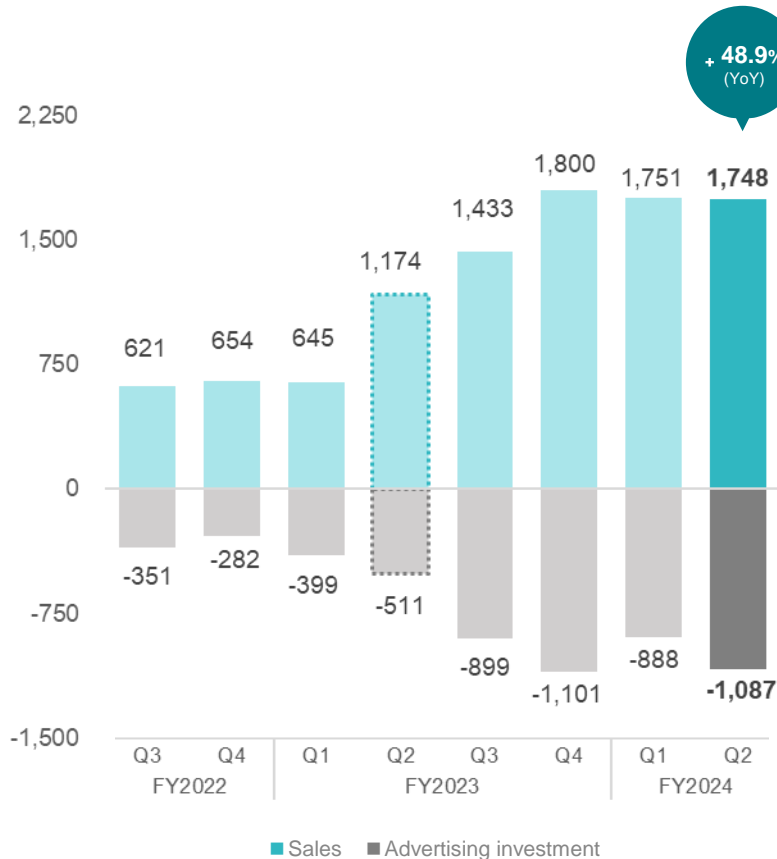
D2C Earnings

“Pitsole” has expanded its SKUs for children and other products, and sales have continued to be strong, remaining at the same level as the previous quarter.

“Oi gurt” is selling well, and with an increase in advertising investment of ¥200 million compared to the previous quarter, future profits are building up.

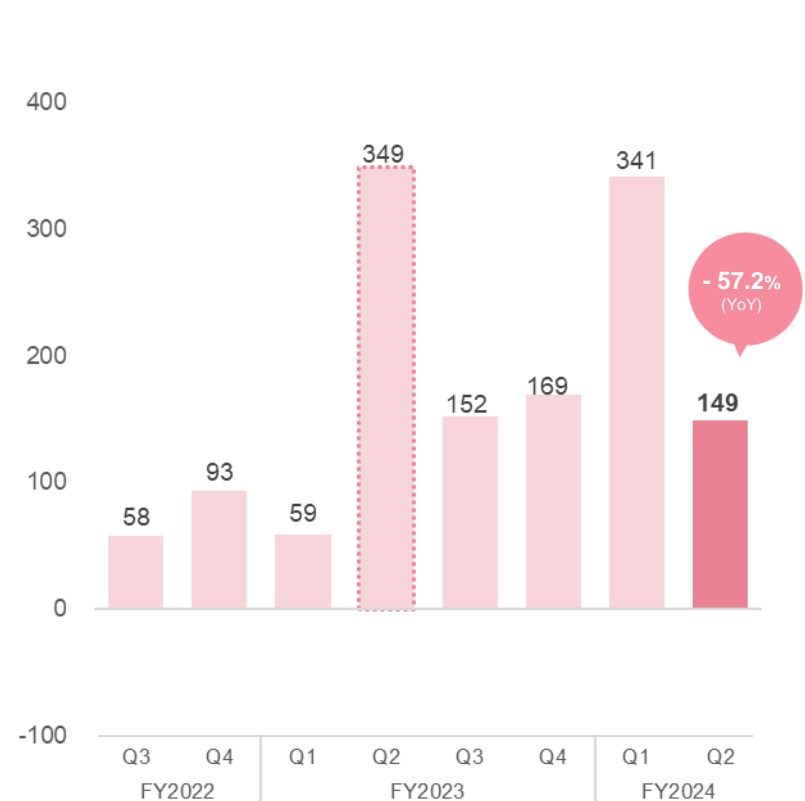
Sales,
Advertising investment

(Millions of yen)



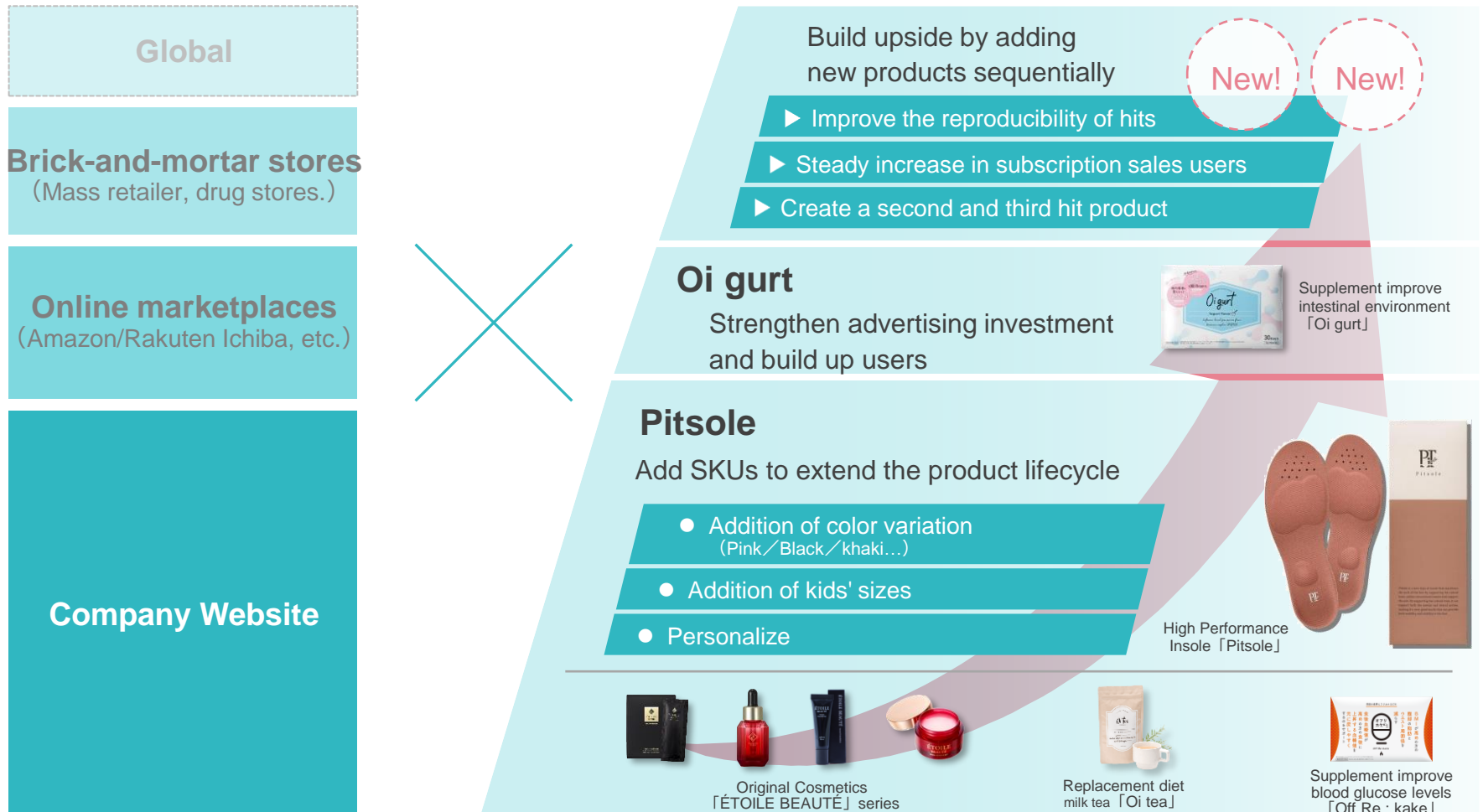
Operating profit

(Millions of yen)



“Pitsole” aims to extend the product lifecycle by expanding its product range.

By introducing new products and building up a user base for regularly sold products, it is developing its business through multiple channels.



In the area of women's health, our subsidiary Salus offers an online medical service for low-dose pills.

In addition to direct sales, the service is being actively developed for corporate employee benefit programs to encourage wider adoption.

Pills handled (part)



Online Medical Service 「anypill」

We offer online medical services for low dose birth control pills that can help reduce menstrual cramps and PMS (premenstrual syndrome).

The entire process, from consultation to prescription, can be completed using only your smartphone, and you can receive your pills at home.

For
Individuals



anypill

anypill

- Cumulative number of users
approx. **140,000** people
- Cumulative prescription results
approx. **900,000**

For
Corporate



anypill

エニビル for キャリア

anypill for career

- Online medical benefit services
- Number of companies using the service
15 companies
- Total number of eligible employees
approx. **2,500** people

* As of end-July 2024

Pursuit of
economic
rationality



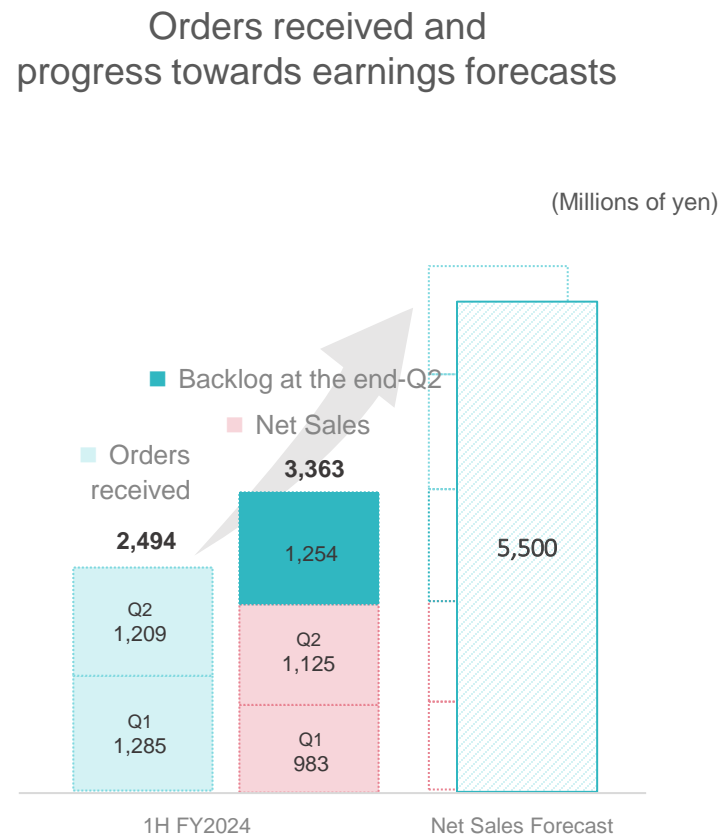
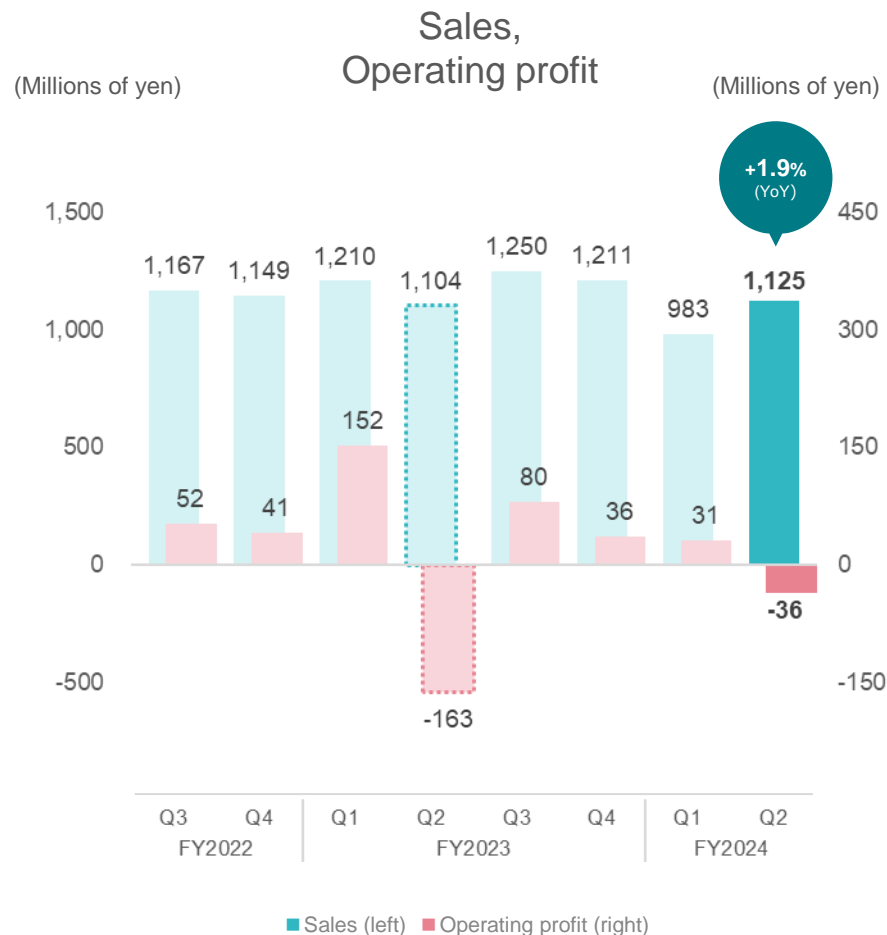
Promoting
DEI in the
Workplace

Promotion of women's activities

DX (YUMEMI) Earnings

While sales were in line with the previous year due to the transition phase of existing projects and a review of accounting policies, orders received was strong.

Although the rate of sales progress is below forecast, if the pace of orders received in 1H is maintained, the forecast is within reach.

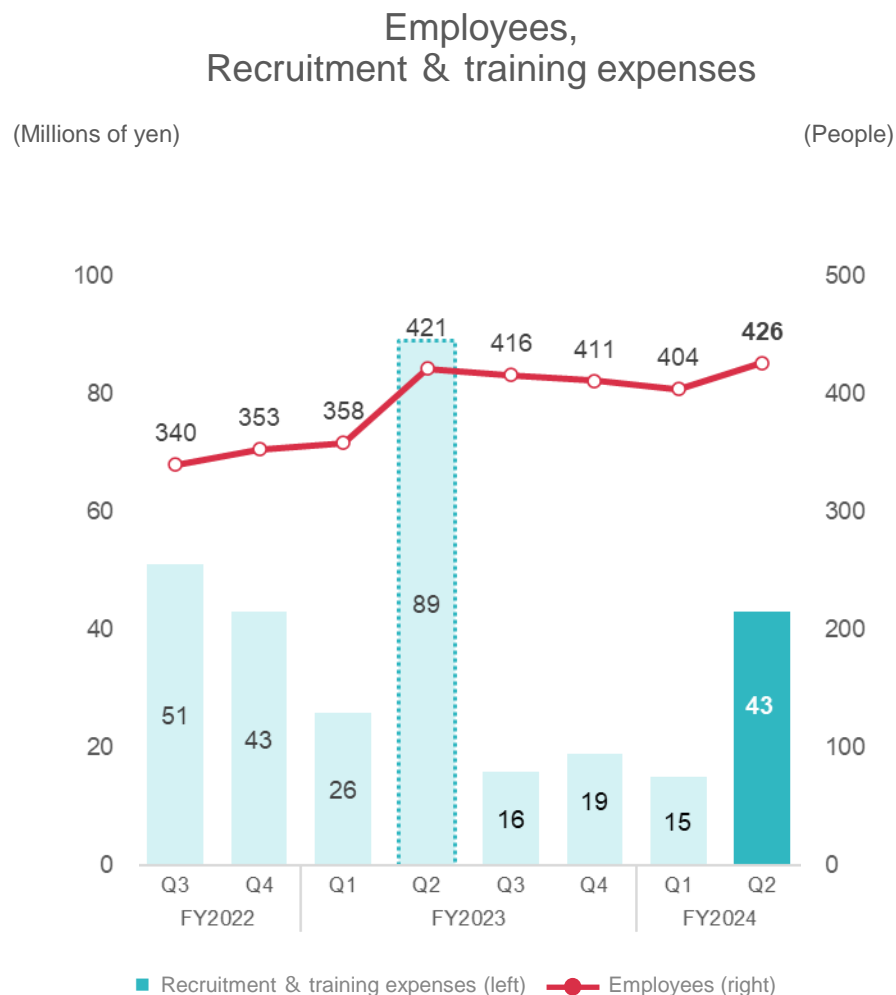


*From Q1FY2024 onward, there is a delay in the recording of sales due to a review of accounting policies related to revenues from some quasi-contractual projects.

DX (YUMEMI) Earnings

YUMEMI ranked 4th in the “Developer eXperience AWARD 2024”.

Successful recruitment branding and an increase in the number of self-applications led to a decrease in recruitment & training expenses.



Ranking in an engineer survey according to
perceived developer experience

“ Developer eXperience AWARD 2024 “

1	Mercari, Inc.
2	Google LLC
3	LINE Corporation
4	YUMEMI Inc. (Ranked 6th last year)
4	Microsoft Corporation
6	CyberAgent, Inc.
7	freee K.K.
8	DeNA Co., Ltd.
9	SmarterHR, Inc.
9	Classmethod, Inc.
11	LayerX Inc.
12	Amazon.com, Inc.
13	Cybozu, Inc.
14	Money Forward, Inc.
15	ZOZO, Inc.
16	Recruit Co., Ltd.
17	Amazon Web Services, Inc.
18	Sansan, Inc.
19	Apple, Inc.
20	Rakuten Group, Inc.

*Japan CTO Association: <https://cto-a.org/developerexperienceaward>



2. Results Summary of Each Business

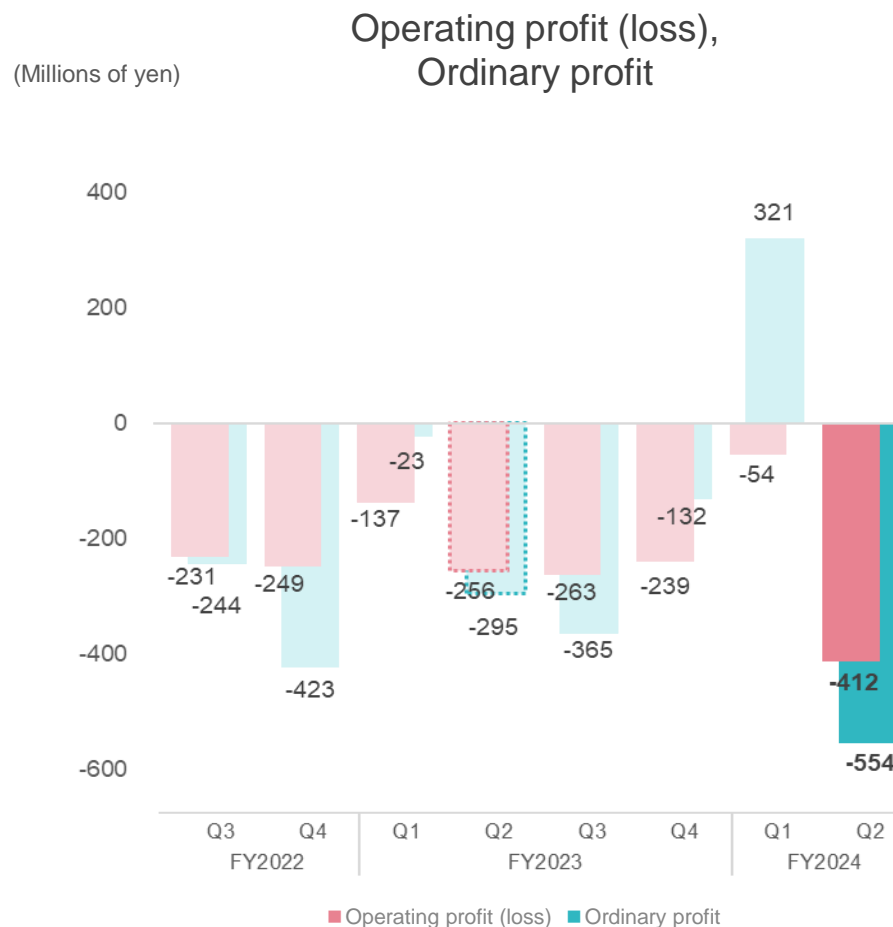
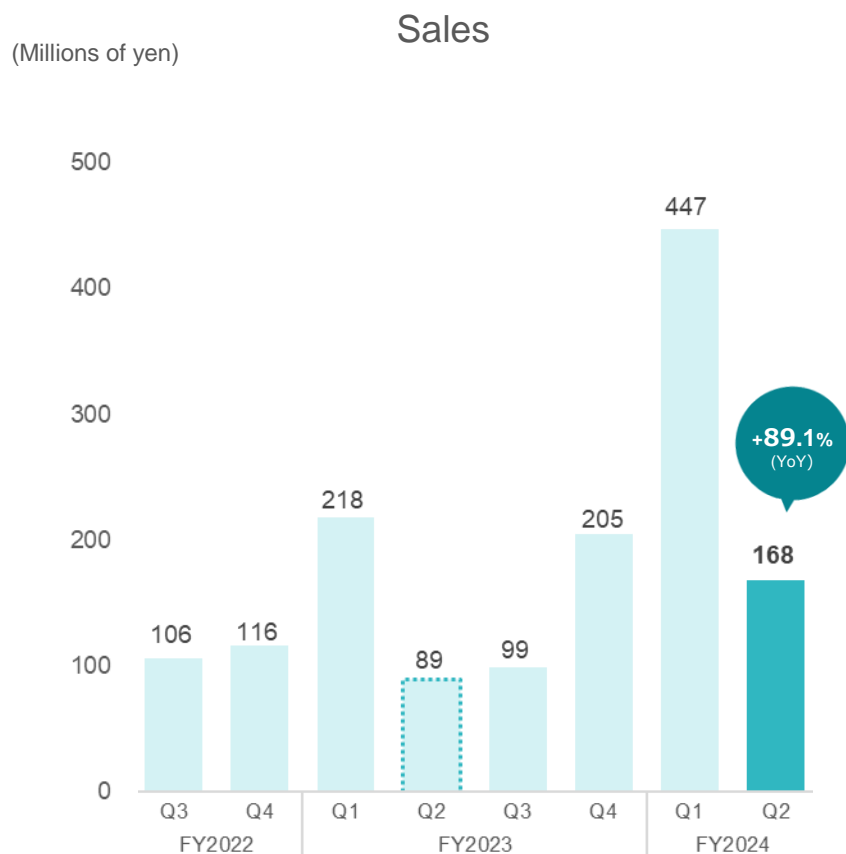
Mobile Service Business

Financial Service Business

Financial Service Business Earnings

In addition to the fall in cryptocurrency prices, there was a sale of CVC shares in Q1, resulting in lower sales compared to the previous quarter.

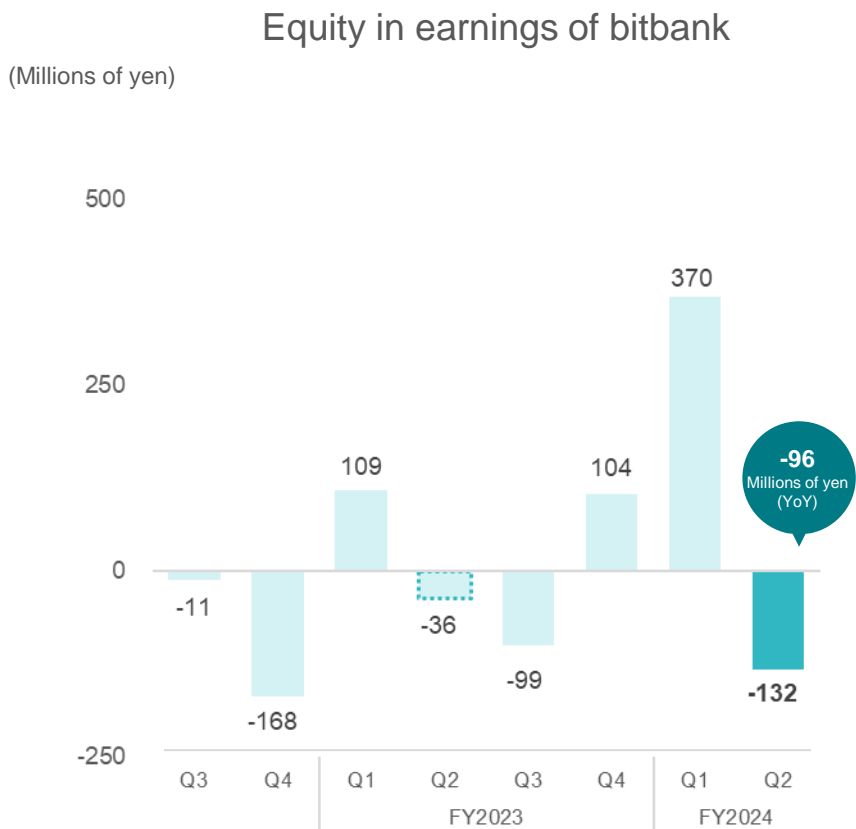
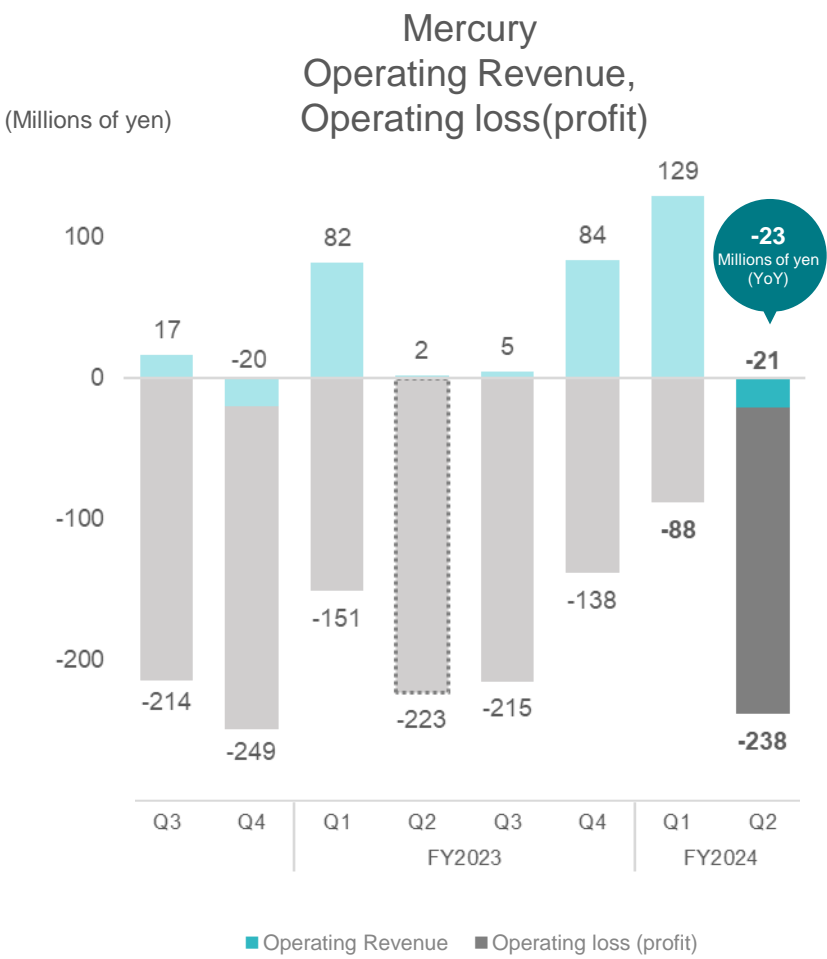
Mercury's sales decreased by approx. ¥150 million compared to the previous quarter, and the loss increased due to the recognition of a ¥100 million impairment loss in CVC in Q2



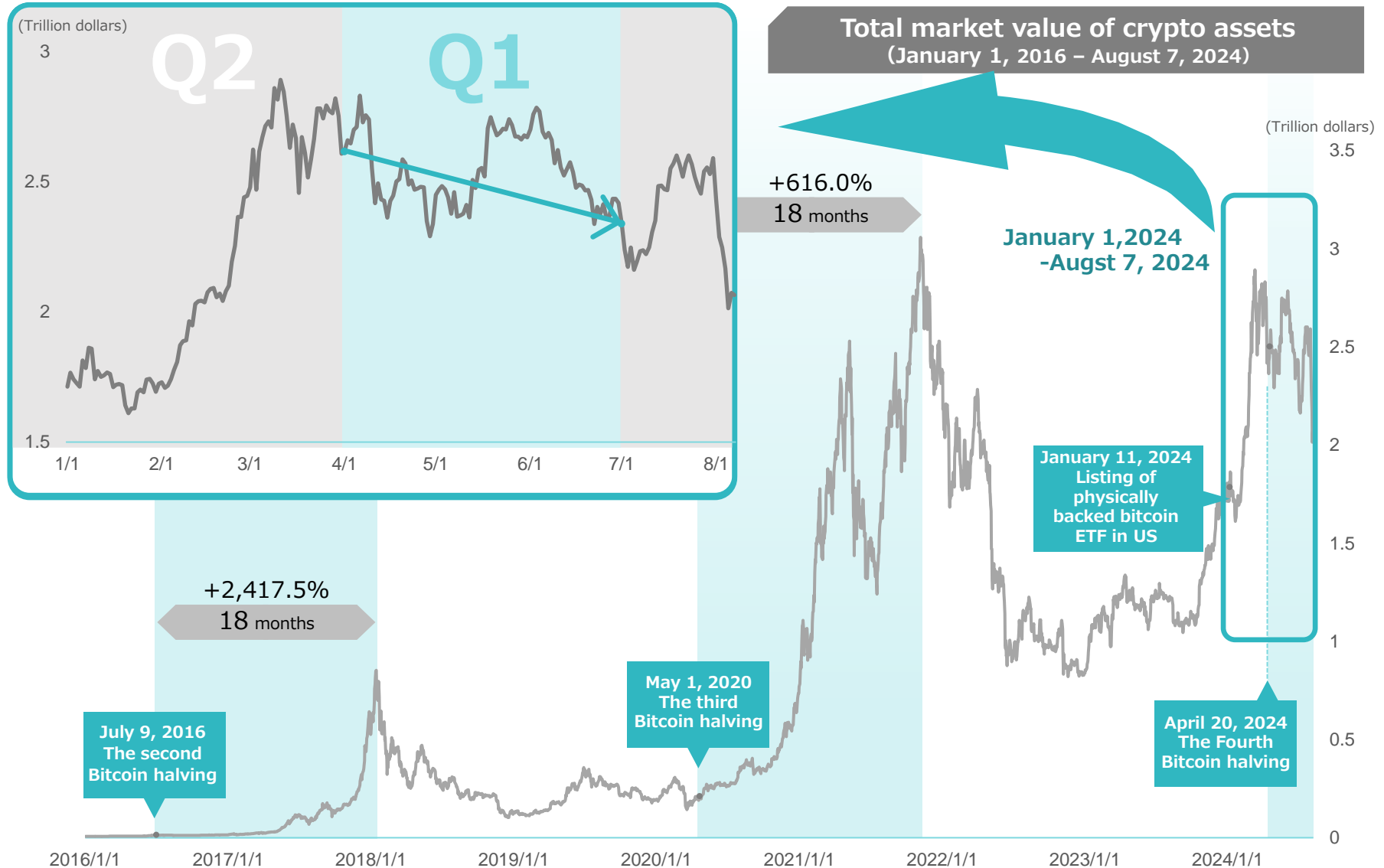
Mercury and bitbank Earnings

Despite progress in the staking business, Mercury saw a decrease in revenue and an increase in losses compared to the previous quarter due to the decline in cryptocurrency prices.

bitbank recorded a loss on equity method investments in Q2, and also announced the status of preparations for listing on the Tokyo Stock Exchange.



Total Market Value of Crypto Assets



*Source: Created Ceres from CoinGecko
*As of August 7, 2024

Mercury Business Strategy

In addition to the staking service, a cryptocurrency lending service has been launched. New services will be added in the future to make this a complete cryptocurrency management platform.

- 1 Effective utilization of assets held**
Effective use of assets even when the market is weak
- 2 Stable income**
Income gains
- 3 Market rises**
Capital gains
- 4 Risk diversification**
New asset class

Become a complete platform for the management of crypto assets

Staking



- In total **19** Cryptocurrencies Listed
Of which **12** for Staking
- APR* **1.0%~18.0%**

Lending

	ZPG	APR Max	0.1%
	ZPGAG	APR Max	0.05%
	ZPGPT	APR max	0.5%

Accumulated purchase

- Reduces the risk of capital gains while capturing income gains through dollar cost averaging
- Even with volatile crypto assets, the investment timing is not lost

(Launching later this year)

Stocks added sequentially

* APR : Annual Percentage Rate

Investment and Development Business (CVC)

Invested approx. ¥100 million in 2 companies in the SNS application and blockchain sectors in Q2

A loss of ¥100 million was recorded on the impairment of shares in two companies.

*As of June 30, 2024



Collaborations in Mobile Service

Media, D2C-related

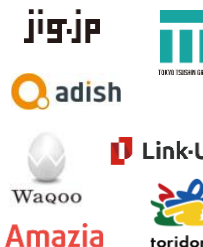


Collaborations in Financial Service

Fintech, blockchain-related



valuedesign



IPO Result 8 companies



Appendix

Appendix

Profile

Enriching the world through internet marketing

CERES aims to realize prosperous social interactions by providing various marketing services through the Internet, which has become a part of our social infrastructure.

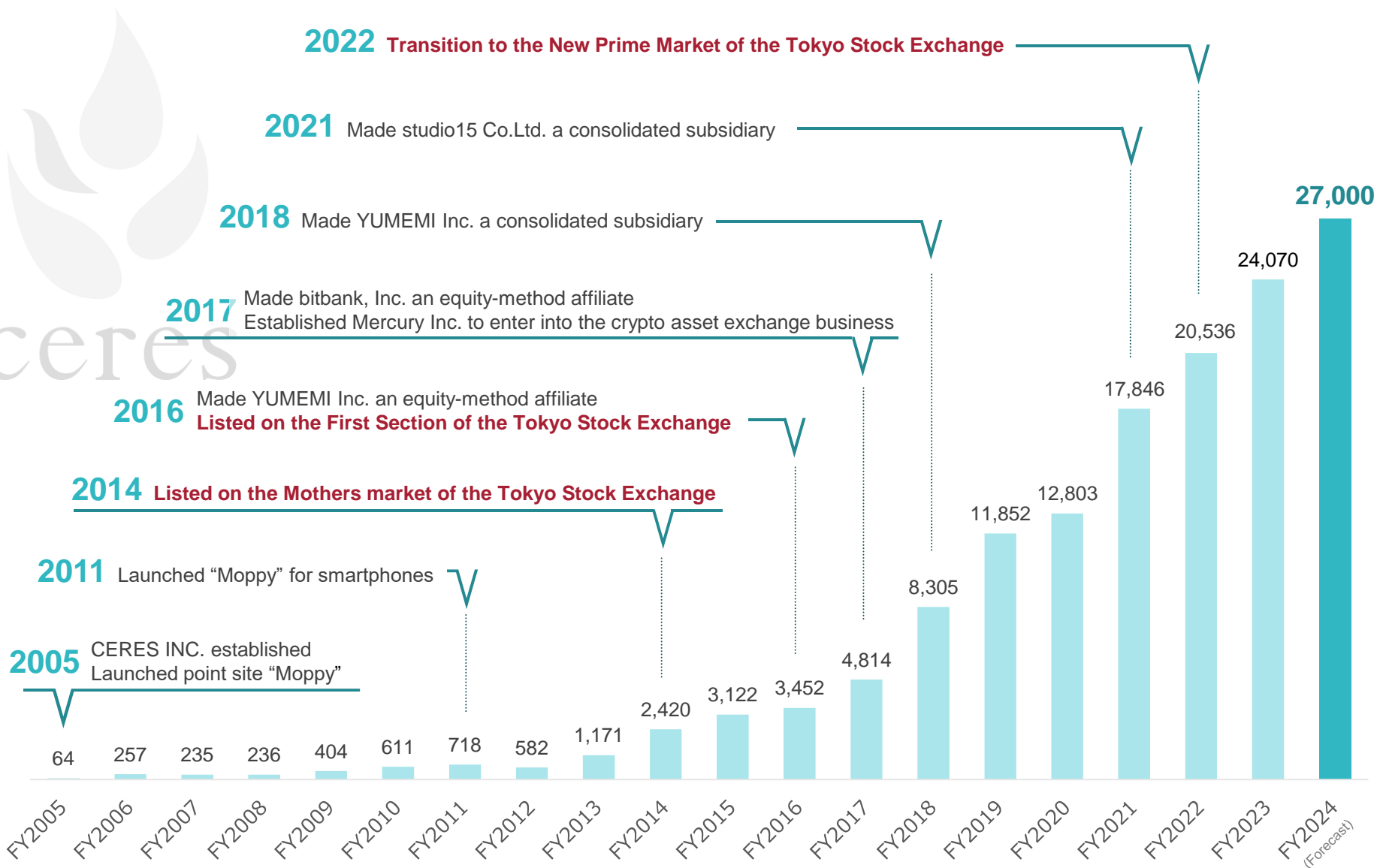
Create a token economy



CERES is “the goddess of the earth” and “the goddess of abundant harvest” in Greek mythology. The Greek name for the Goddess is Demeter, and CERES is its Roman equivalent.

Company Name	CERES INC.
Established	January 28,2005
Location	Shibuya Sakura Stage Shibuya Tower, 21 Floor 1-1 Sakuragaokacho, Shibuya-ku, Tokyo
Fiscal Year	December 31
Capital	¥ 2,125 million (As of June 30, 2024)
Representative	Satoshi Takagi, President and Representative Director
Employees (Consolidated)	670 (As of June 30, 2024; without temporary staff)
Businesses	Mobile Service Business Financial Service Business
Consolidated Subsidiaries	Mercury Inc., Diana Inc., Bacchus Inc., studio15 Co.Ltd., label inc., Salus,inc., Apollo Capital INC.,YUMEMI Inc., Apollo Capital I Investment Limited Partnership
Equity-method affiliate companies	bitbank, Inc.

History



*Net sales are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

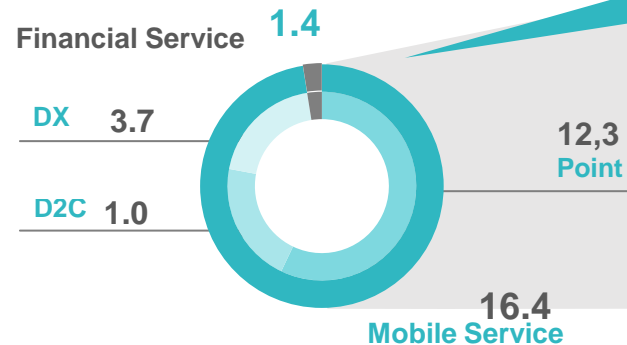
Sales (millions of yen)

Sales and Profit Structure under the Medium-Term Management Plan 2026

(Billion yen)

2021

Sales
¥ 17.8bn



*Including internal transactions of mobile services -600 million yen

2026

Financial Service

DX 7.0

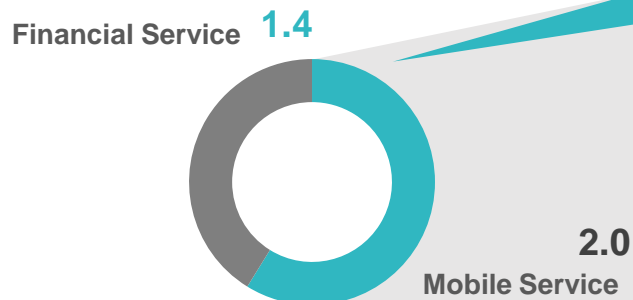
D2C 8.0

Sales
¥ 40.0bn

20.0
Point

35.0
Mobile Service

Ordinary profit
¥ 3.4bn



5.0
Financial Service















Ordinary profit
¥ 10.0bn

5.0
Mobile Service

Business Portfolio

We consistently generate cash from our core Moppy business and actively invest in growth areas.

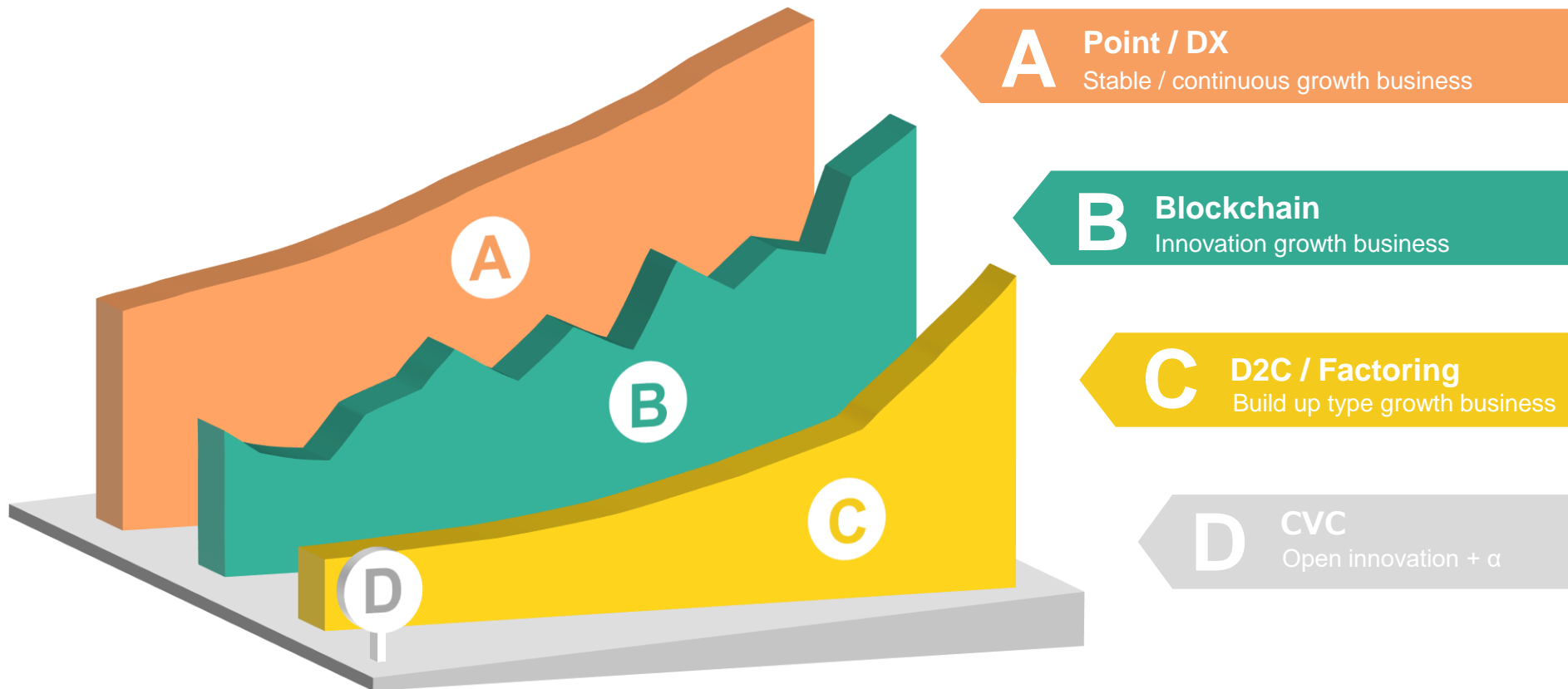
We achieve a sustainable business portfolio by combining businesses with different growth models.

	Segment	Operating company	Service		
Mobile Service Business	Point	CERES INC. studio15 Co. Ltd.	 	 	
	D2C	Diana Inc. Bacchus Inc. Salus, inc.			
	DX	YUMEMI Inc.			
Financial Service Business	Blockchain	Mercury Inc. bitbank, Inc.			
	Online Factoring	labol inc.			
	CVC (corporate venture capital)	Apollo Capital INC.			

An Image of Growth up to 2026

We will pursue medium-term growth leveraging three business portfolios that feature varying growth models.

We plan to achieve stable growth with Point and DX while aiming for dynamic and rapid growth with Blockchain and D2C.




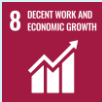





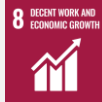





















Appendix

Sustainability

Setting Materiality

We identified seven material issues as key themes to focus on, and intend to step up existing ESG strategies implemented to practice sustainable management.

Materiality		SDGs					
1	Enriching the world through our services						
2	Resolving social issues and promoting economic development through open innovation						
3	Proper digital advertising and sound development of the industry						
4	Providing environmentally friendly products and services						
5	Active empowerment of diverse human resources						
6	Information security and privacy						
7	Strengthening of corporate governance						

* Sustainability site : <https://ceres-inc.jp/csr/English/>

Raising Funds with a Sustainability Linked Loan

We have raised funds through a Sustainability-Linked Loan (SLL) to promote sustainable business and economic growth.

The Sustainability Performance Targets (SPTs) are to achieve a CDP Climate Change Score Leadership level (A, A-).

Ceres' Net Zero GHG Efforts

Scope1, 2

Zero greenhouse gas emissions archived since 2021

Scope3

Measurement of emissions began in 2024

SLL is

A mechanism that links borrowing conditions to the achievement of SPTs set based on the borrower's management strategy.

Sustainability Linked Loans (SLL)

Effective Date	July 31, 2024
Borrowed Forms	Sustainability Linked Loan
Lender	Nippon Life Insurance Company
Borrowings	300 millions of yen

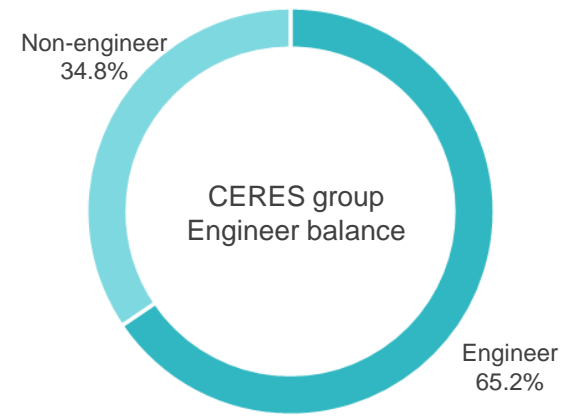
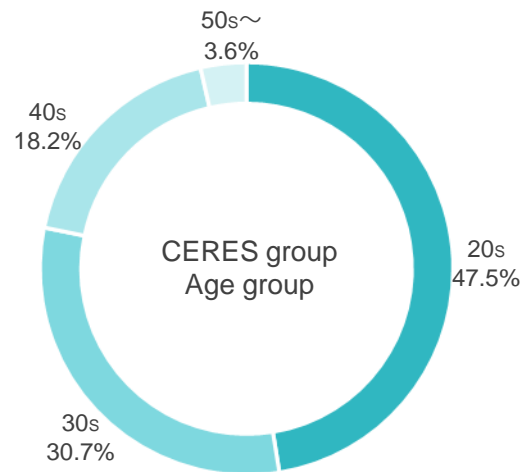
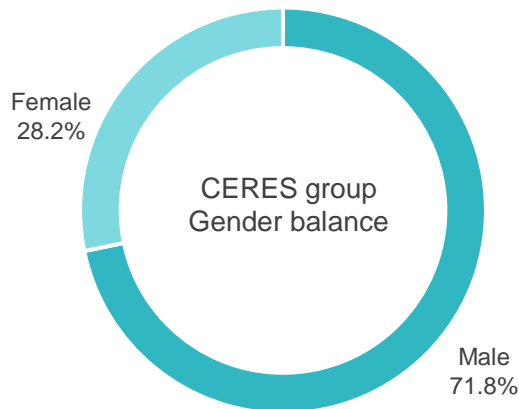
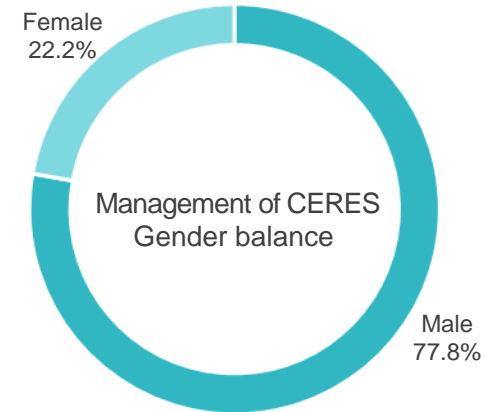
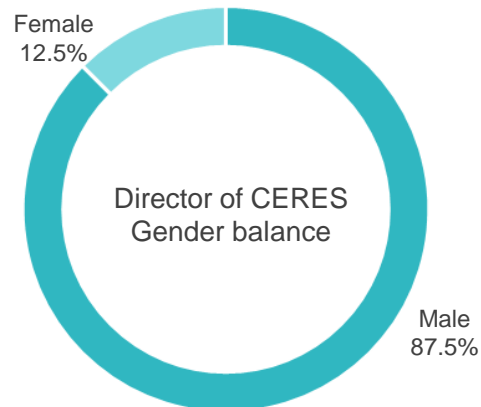
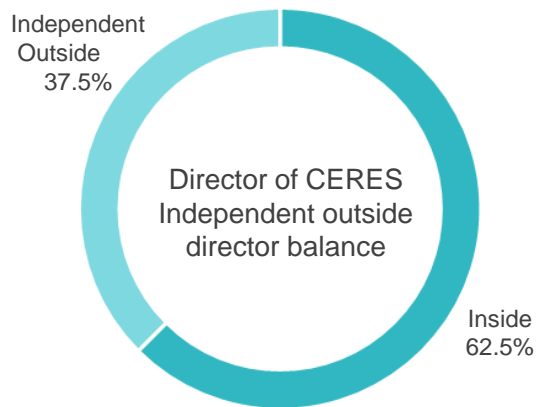


*1 「SPTs」 : Sustainability Performance Targets
*2 「SLL」 : Sustainability Linked Loan

Promoting Governance and Diversity

Boost corporate value over the medium to long term by strengthening corporate governance.

Promote diversity, including gender equality, to achieve sustainable growth.



* From Q1 FY2024, the definition of management has been changed in line with the content of the annual securities report.

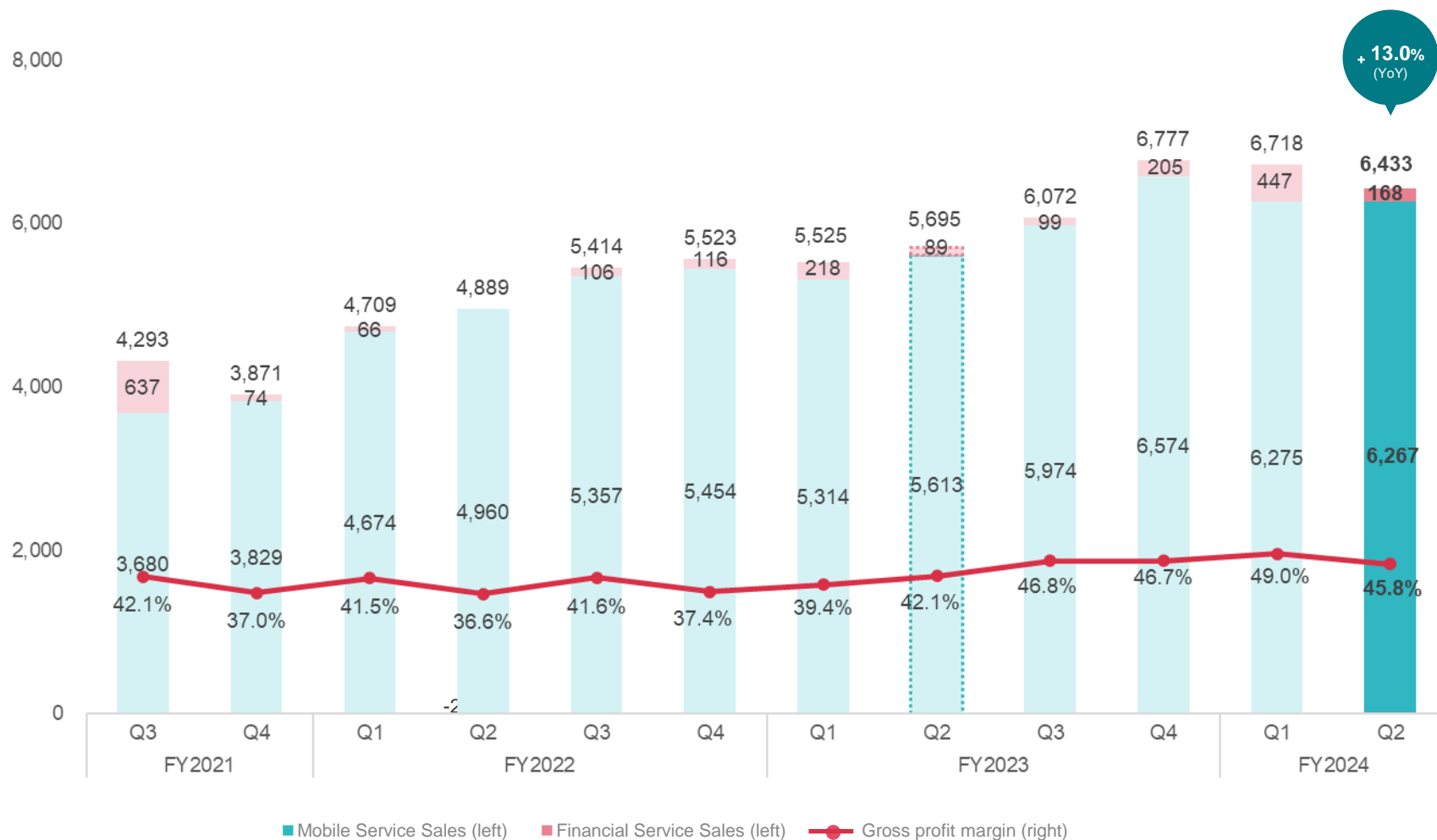
* As of June 30, 2024

Appendix

Earnings

Quarterly Sales

(Millions of yen)



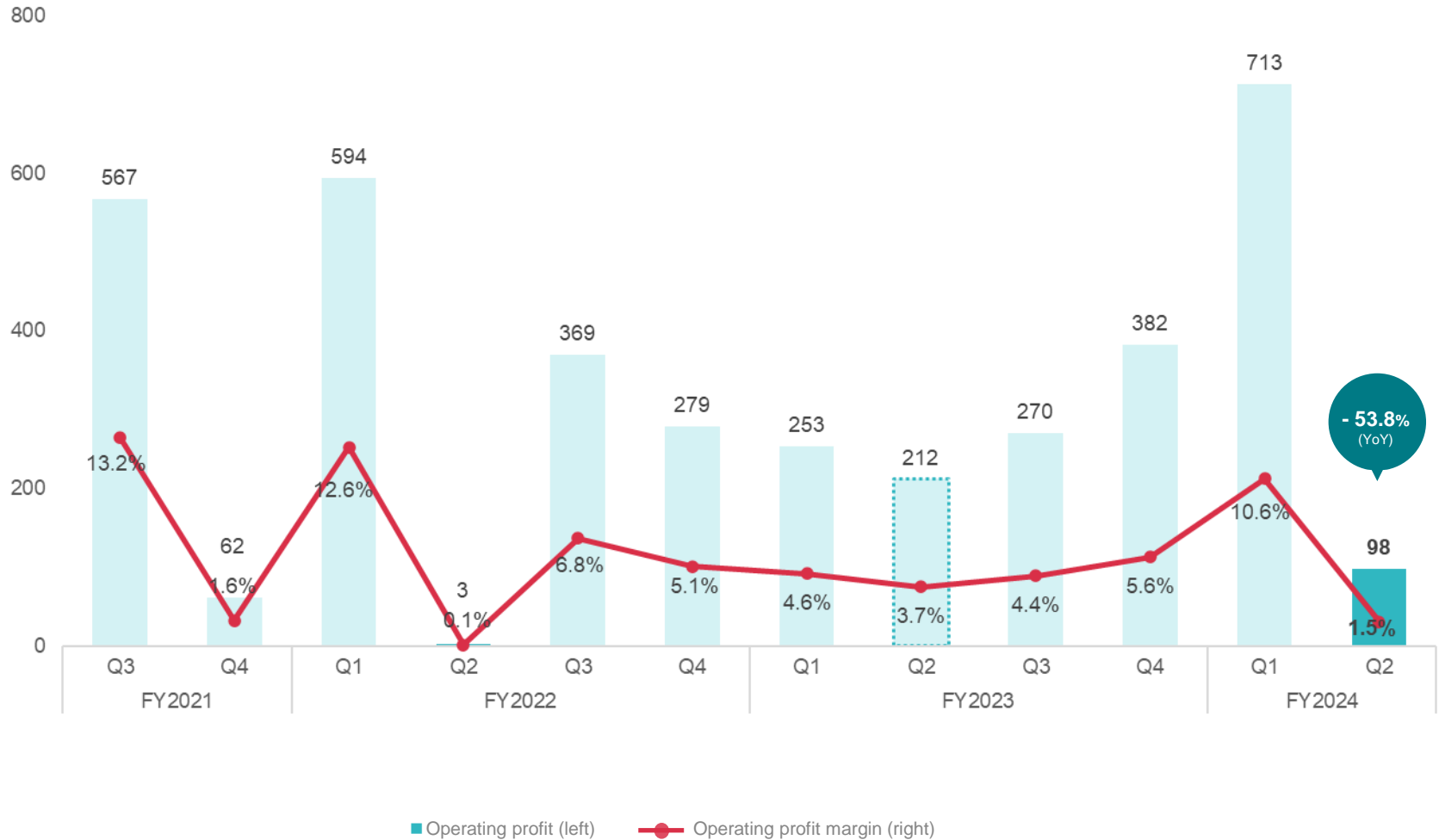
* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

* The business classification in the Mobile Service segment for FY2021 and earlier has been revised in accordance with the changes that subsequently took place in the segment.

* Trading volume within segments are not indicated since their impact on the graphs is marginal.

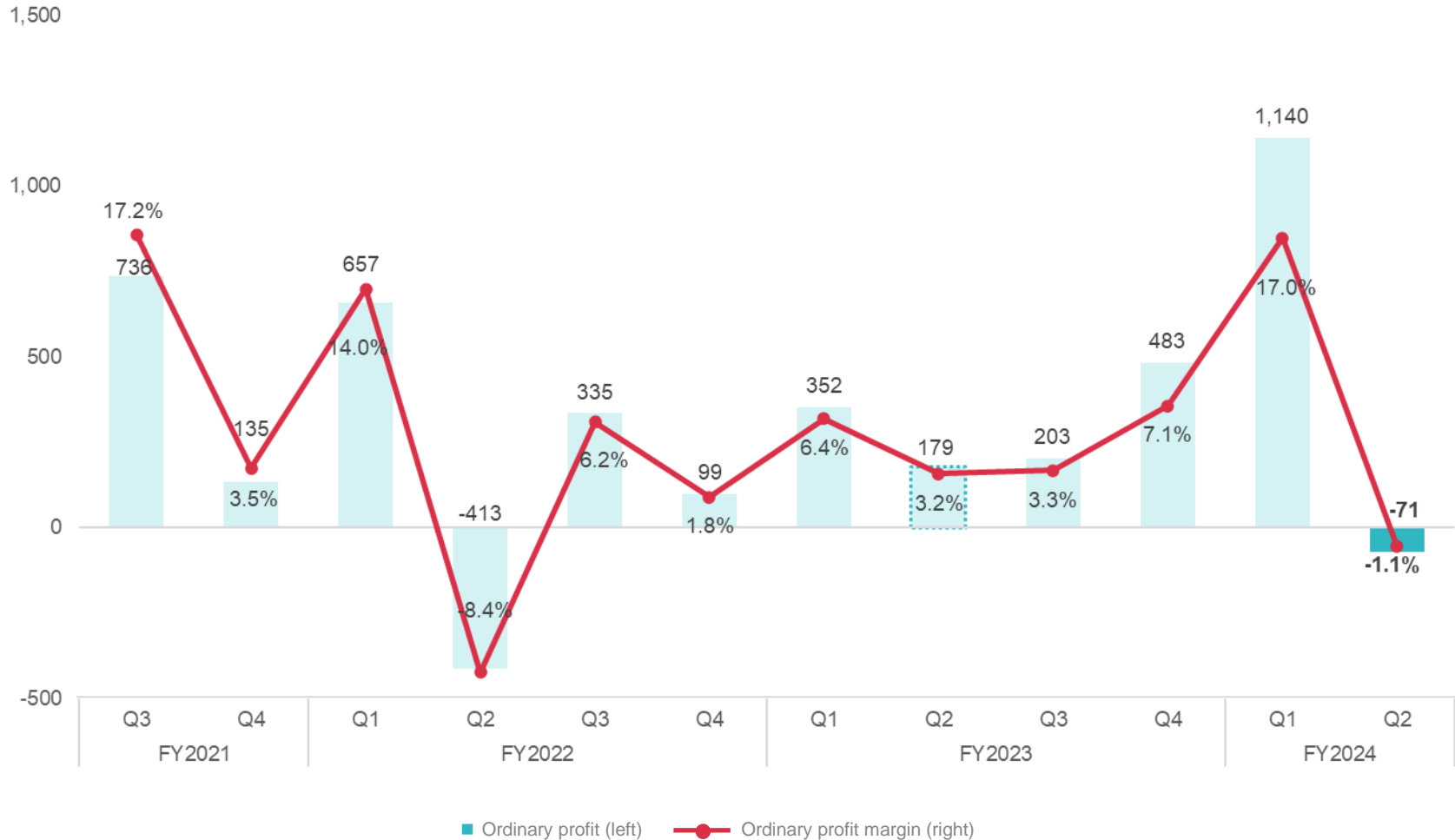
Quarterly Operating Profit

(Millions of yen)



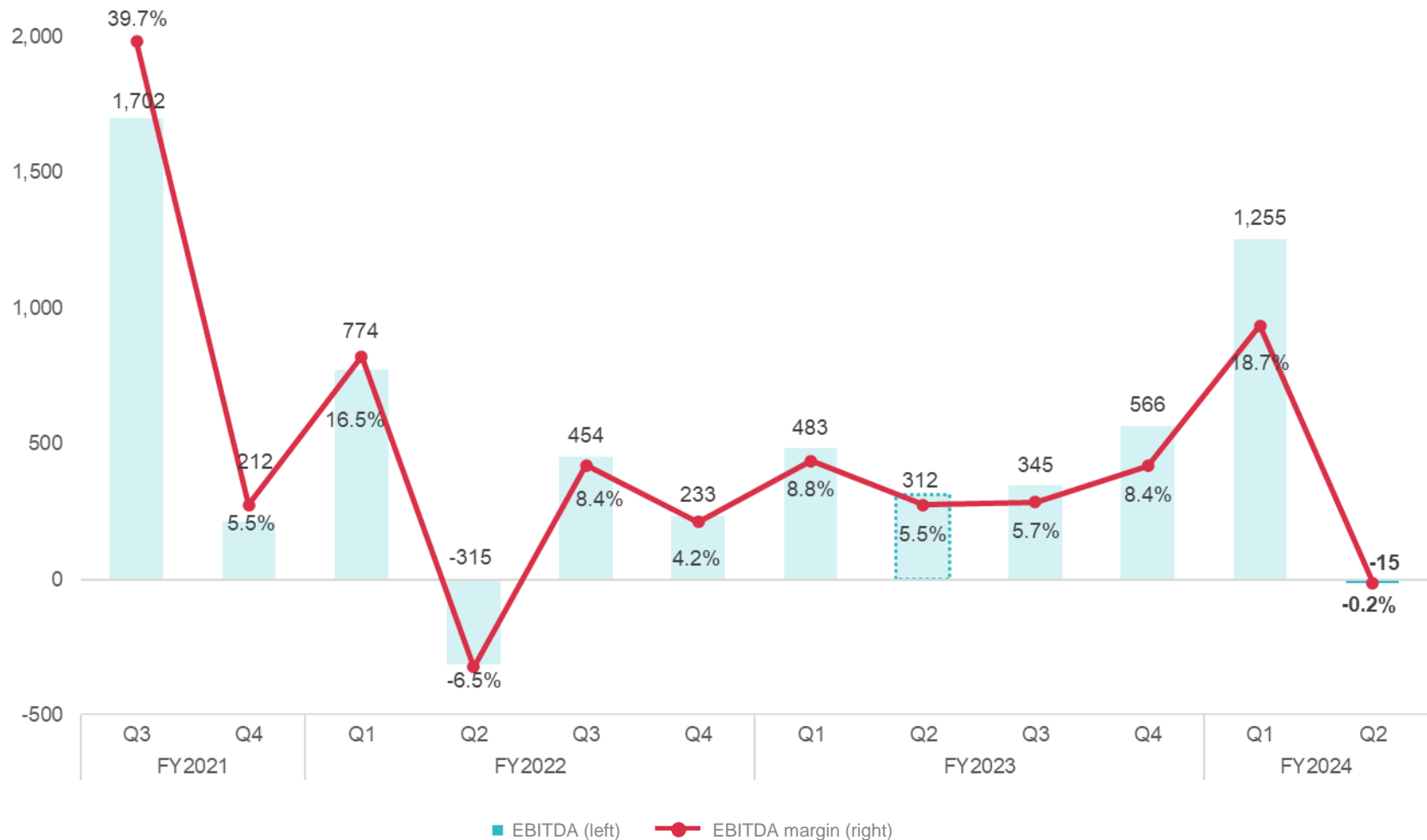
Quarterly Ordinary Profit

(Millions of yen)



Quarterly EBITDA

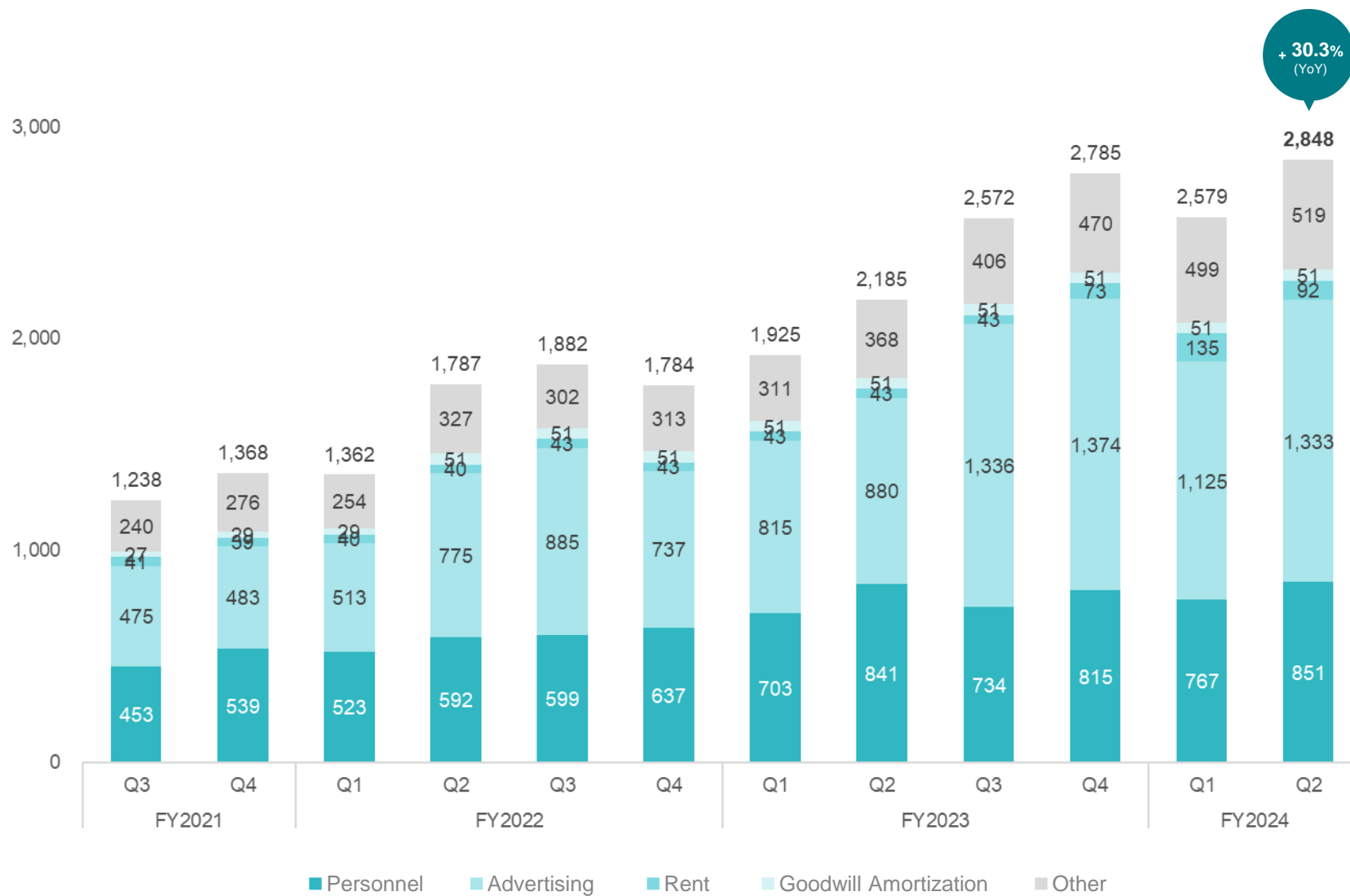
(Millions of yen)



* EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment loss.

Quarterly SG&A Expenses

(Millions of yen)



Employees

(People)



+ 11.7%
(YoY)

* Excluding contract employee, temporary employee, and part-time job

Quarterly Sales

(Millions of yen)	FY2022		FY2023				FY2024	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	5,414	5,523	5,525	5,695	6,072	6,777	6,718	6,433
Mobile Service Business	5,357	5,454	5,314	5,613	5,974	6,574	6,275	6,267
Point	3,575	3,719	3,525	3,359	3,324	3,607	3,553	3,453
D2C	621	654	645	1,174	1,433	1,800	1,751	1,748
DX	1,167	1,149	1,210	1,104	1,250	1,211	983	1,125
Transaction value within segments	-7	-68	-66	-25	-32	-45	-13	-60
Financial Service Business	106	116	218	89	99	205	447	168
Inter-segment transaction value or transfers	-49	-47	-7	-6	-1	-2	-4	-3

Quarterly Operating Profit

(Millions of yen)	FY2022		FY2023				FY2024	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Operating profit	369	279	253	212	270	382	713	98
Mobile Service Business	877	817	686	762	812	926	1,119	789
Financial Service Business	-231	-249	-137	-256	-263	-239	-54	-412
Adjusted amount	-277	-288	-294	-293	-279	-304	-351	-278



Notes regarding forward-looking statements

- The materials and information provided in this presentation contain forward-looking statements that are based on current forecasts, estimates, and assumptions that are subject to risk, and also include uncertainties that could cause actual results to differ materially from the statements in this presentation.
- These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- Please note that the Company is under no obligation to update or revise the forward-looking statements contained in this presentation, even if new information or events emerge in the future.