

Business Results for the First Nine Months
of the Fiscal Year Ending January 31, 2025
(Cumulative Q3 FY01/25)

NEOJAPAN

PRIME Section, Tokyo Stock Exchange
Ticker:3921

December 10, 2024



Software Business

NEOJAPAN

Development and sales of software
including desknet's NEO

System Development Service Business



System integration business

Overseas Business



California, United States
Local market research /
Software development etc.



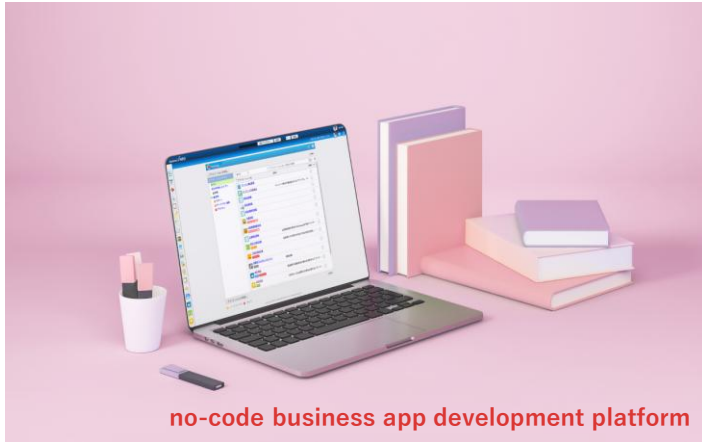
Bangkok, Thailand
Packaged software sales /
Cloud service provision



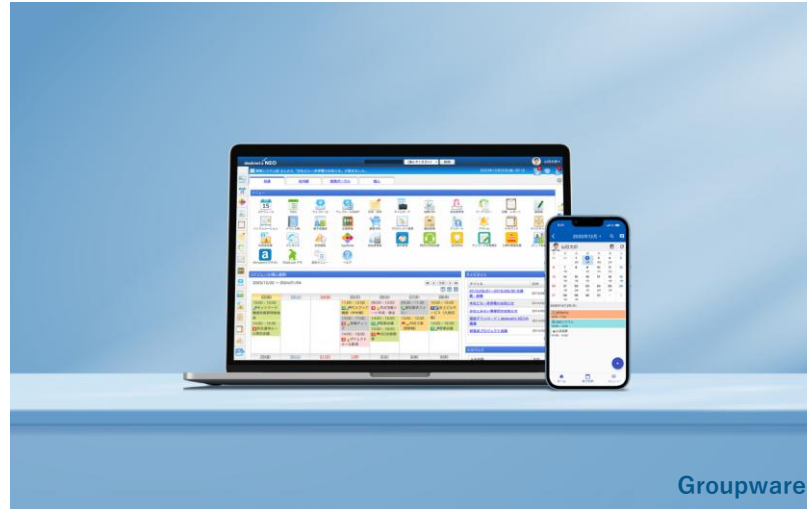
Kuala Lumpur, Malaysia
Packaged software sales /
Cloud service provision



Metro Manila, Philippines
Packaged software sales /
Cloud service provision

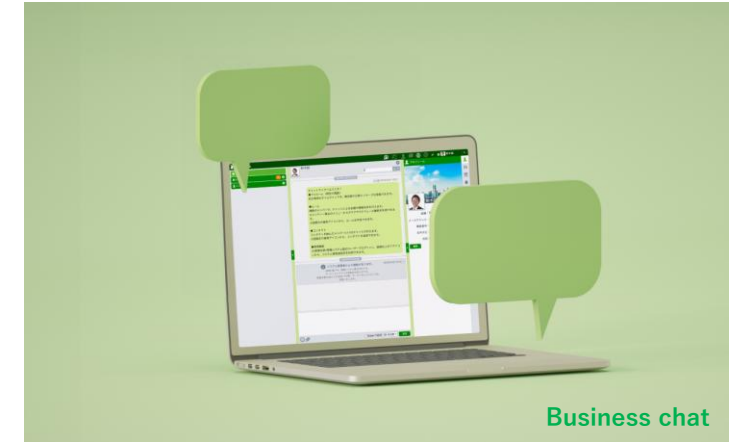


AppSuite:
Makes it easy for anyone to migrate work done using paper, email, or Excel to Web apps.



desknet's NEO:
An all-in-one platform to support digital transformation (DX) in any organization and to strengthen business efforts.

Groupware:
Own collaborative communication tool for enterprises



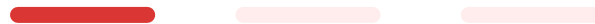
ChatLuck:
Business chat suitable for large-scale on-premises adoption, with a focus on security.

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FY01/25 Q3 Business Results

II

Consolidated Financial Results Forecast for
The Fiscal Year Ending January 31, 2025

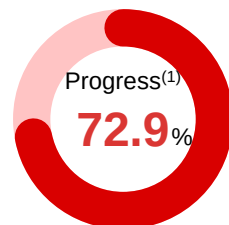


Cumulative Summary of Results

NEOJAPAN

Revenue

Upward revision↑

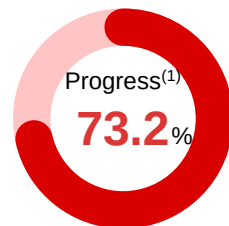


JPY**5,286** million

YoY: +**6.6**%

Operating profit

Upward revision↑

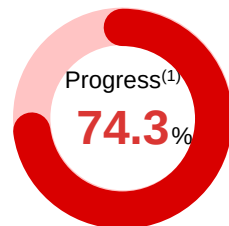


JPY**1,378** million

YoY: +**27.3**%

Profit attributable to parent

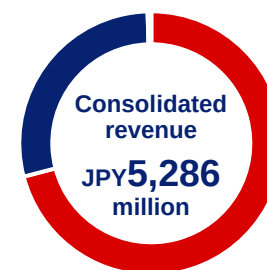
Upward revision↑



JPY**983** million

YoY: +**19.0**%

- **Consolidated financial results forecast for the fiscal year ending January 31, 2025 revised upward**
Upward revision due primarily to the price revisions for cloud services in the Software Business and solid performance of packaged products revenues.
- **Forecast of year-end dividends revised upward**
Forecast of year-end dividends revised from 14 yen to 17 yen in response to strong results, for a total annual dividend of 31 yen.
- **Medium-term targets for profits and dividends to be achieved ahead of plan**
Targets for various profits and dividends in FY01/26 are expected to be reached one year earlier.



NEOJAPAN
Software Business

PRO-SPIRE
System Development Service Business



The Software Business (NEOJAPAN nonconsolidated) drives Group sales and profit. This document focuses mainly on the Software Business.

Revision of forecasts of consolidated results⁽¹⁾

Revenue and various profits are expected to exceed the previous forecasts due primarily to the implementation of the price revisions for cloud services in the Software Business in September 2024 and a solid performance of product revenues. We have therefore revised our forecasts of consolidated results as follows,

(JPY mn)	3Q 2025 cumulative results	Forecasts before revision	Forecasts after revision	Increase / decrease	Rate of increase / decrease
Revenue	5,286	7,037	7,253	216	+3.1%
Gross profit	2,940	-	-	-	-
Gross profit margin	55.6%	-	-	-	-
Operating profit	1,378	1,605	1,884	279	+17.4%
Operating profit margin	26.1%	-	-	-	-
Ordinary profit	1,456	1,619	1,925	305	+18.8%
Profit attributable to owners of parent	983	1,098	1,323	225	+20.5%

1. The figures for forecasts of consolidated results shown on this page and beyond are the revised forecasts.

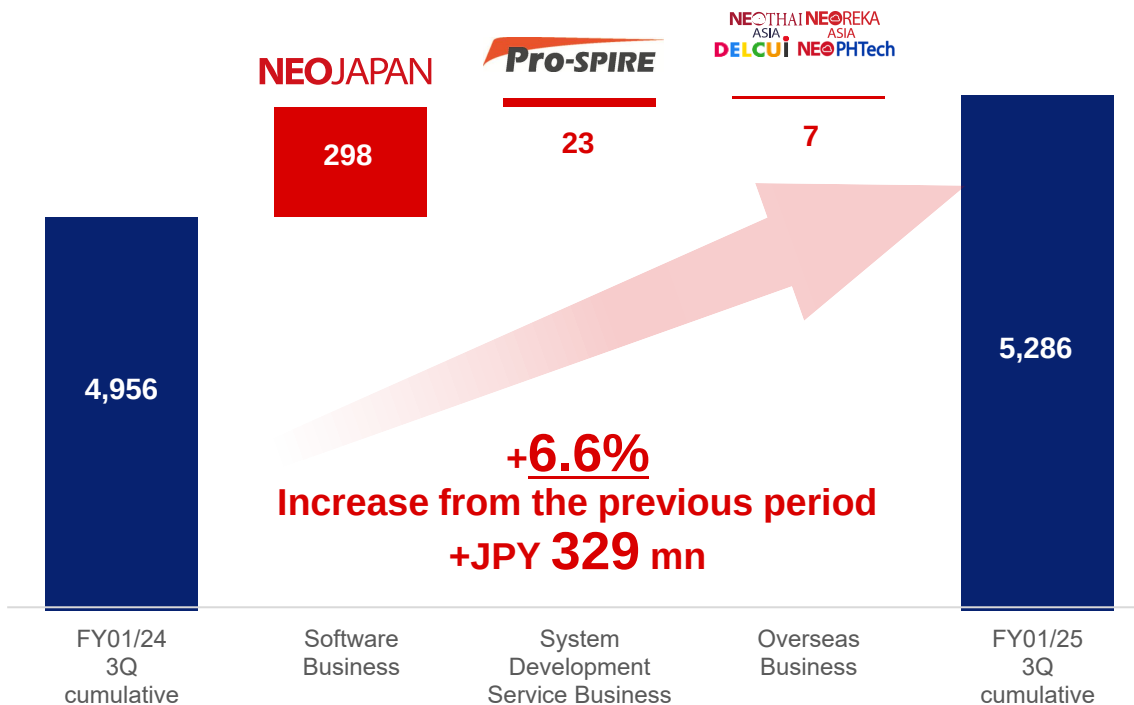
Consolidated Financial Results

NEOJAPAN

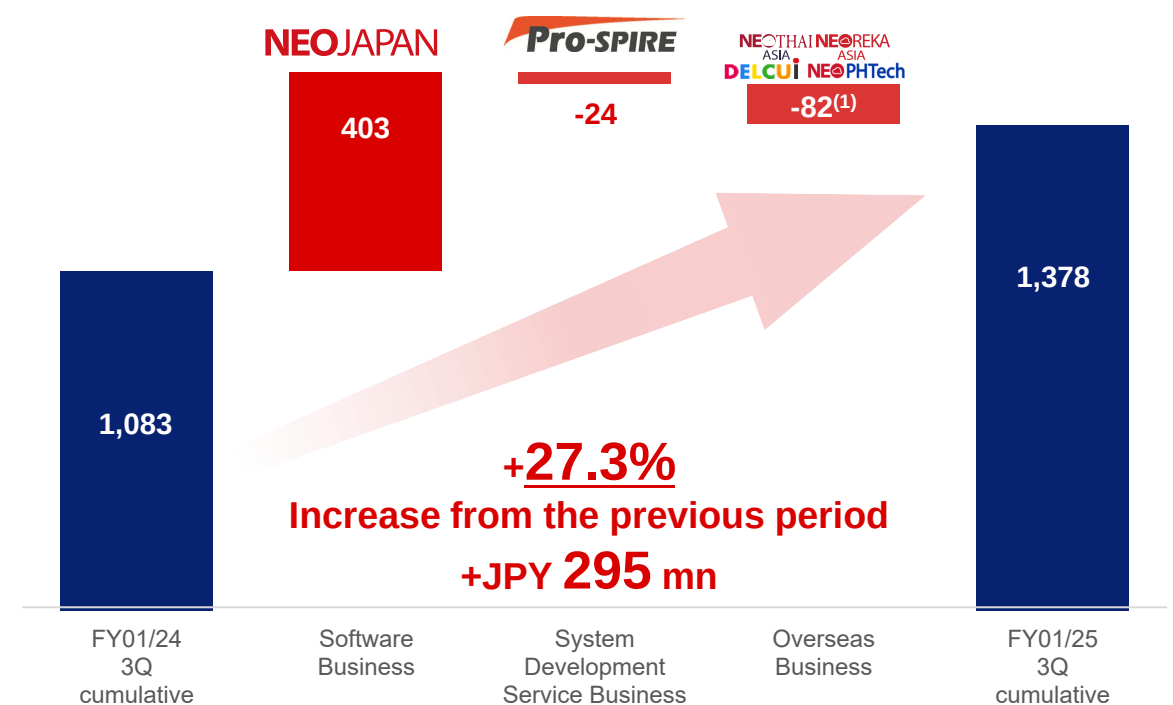
(JPY mn)	FY01/24 Q3 results	FY01/25 Q3 results	YoY	2025 full-year forecast	vs. Projected
Revenue	4,956	5,286	+6.6%	7,253	72.9%
Gross profit	2,731	2,940	+7.7%	-	-
Gross profit margin	55.1%	55.6%	-	-	-
Operating profit	1,083	 1,378	+27.3%	1,884	73.2%
Operating profit margin	21.9%	 26.1%	-	-	-
Ordinary profit	1,150	 1,456	+26.7%	1,925	75.7%
Profit attributable to owners of parent	826	 983	+19.0%	1,323	74.3%

Both revenue and operating profit were higher YoY, driven by the Software Business.

Factors behind Net Sales Increase/Decrease



Factors behind Operating Income Increase/Decrease



- Profit in the Overseas Business was significantly lower due to the comparative decline in figures generated in part by the sale of a service developed by DELCUI to NEOJAPAN (Software Business) last year for approx. 60 million yen and the establishment of a subsidiary in the Philippines.

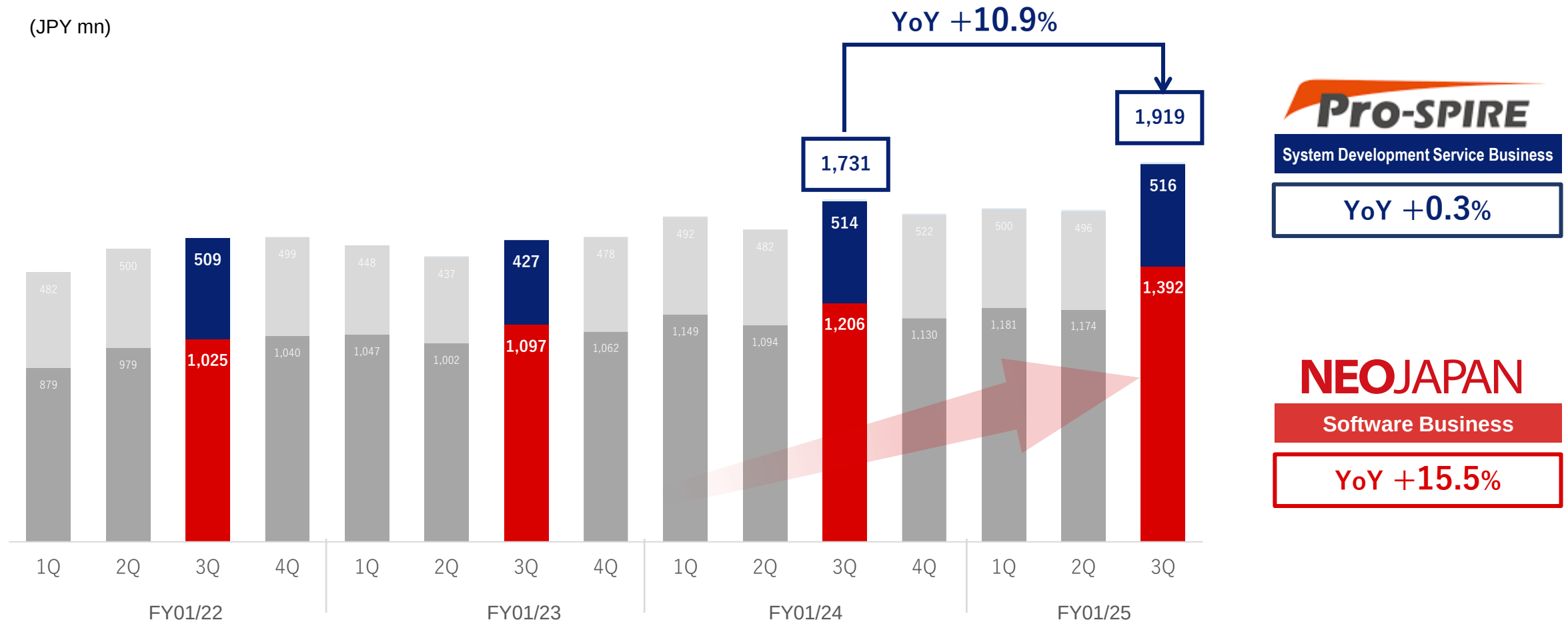
Consolidated Revenue ⁽¹⁾ Trends

NEOJAPAN

Record high revenues for the quarter

The software business posted record-high sales due to a significant increase in revenue.

(JPY mn)



1. Figures after eliminating intersegment transactions

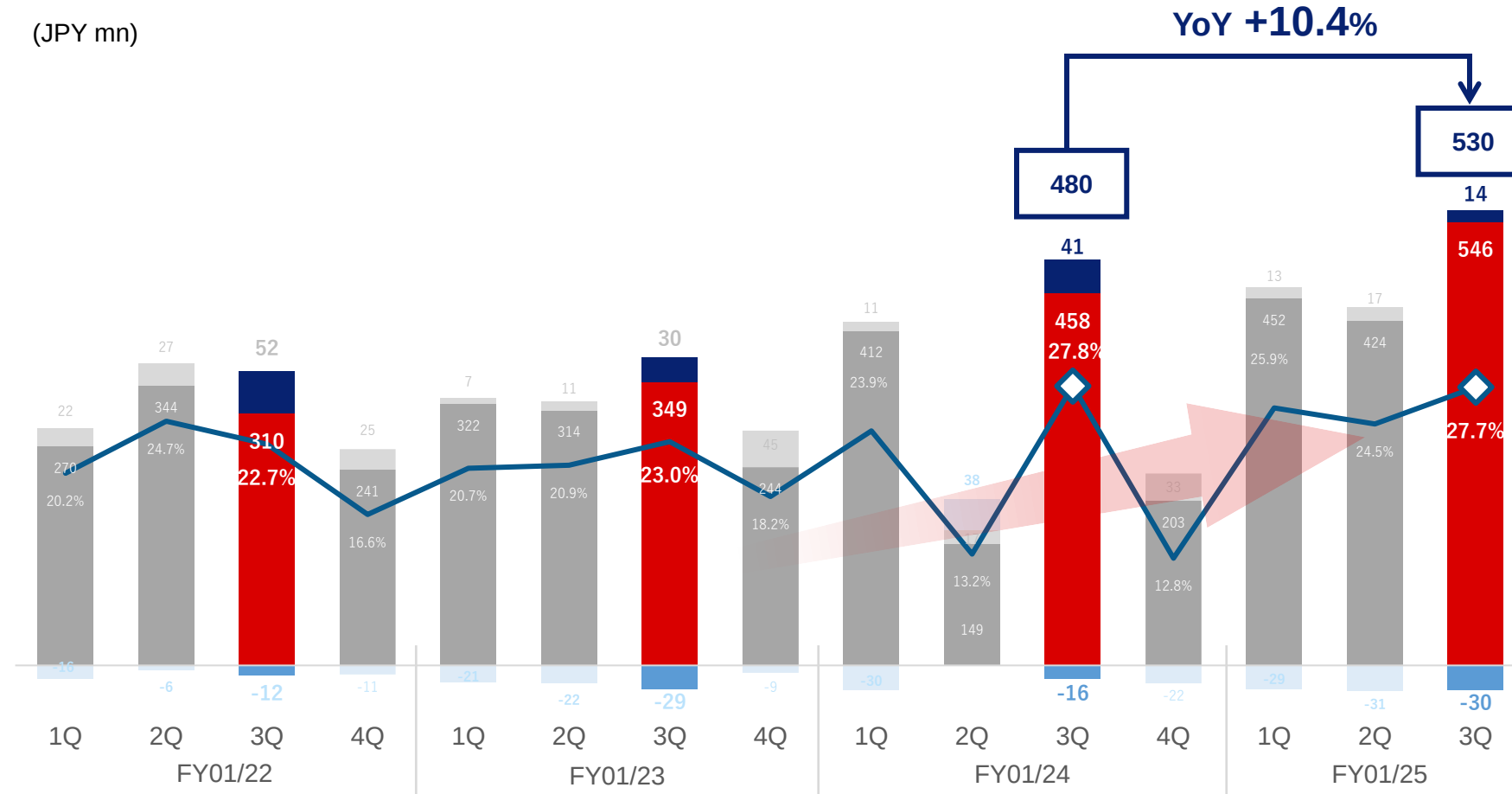
Consolidated Operating Profit and Operating Profit Margin Trends

NEOJAPAN

Quarterly operating profit set a new record high.

The Software Business grew sharply, setting a new record high for quarterly operating profit. Operating profits in the System Development Service Business declined, due primarily to higher labor costs.

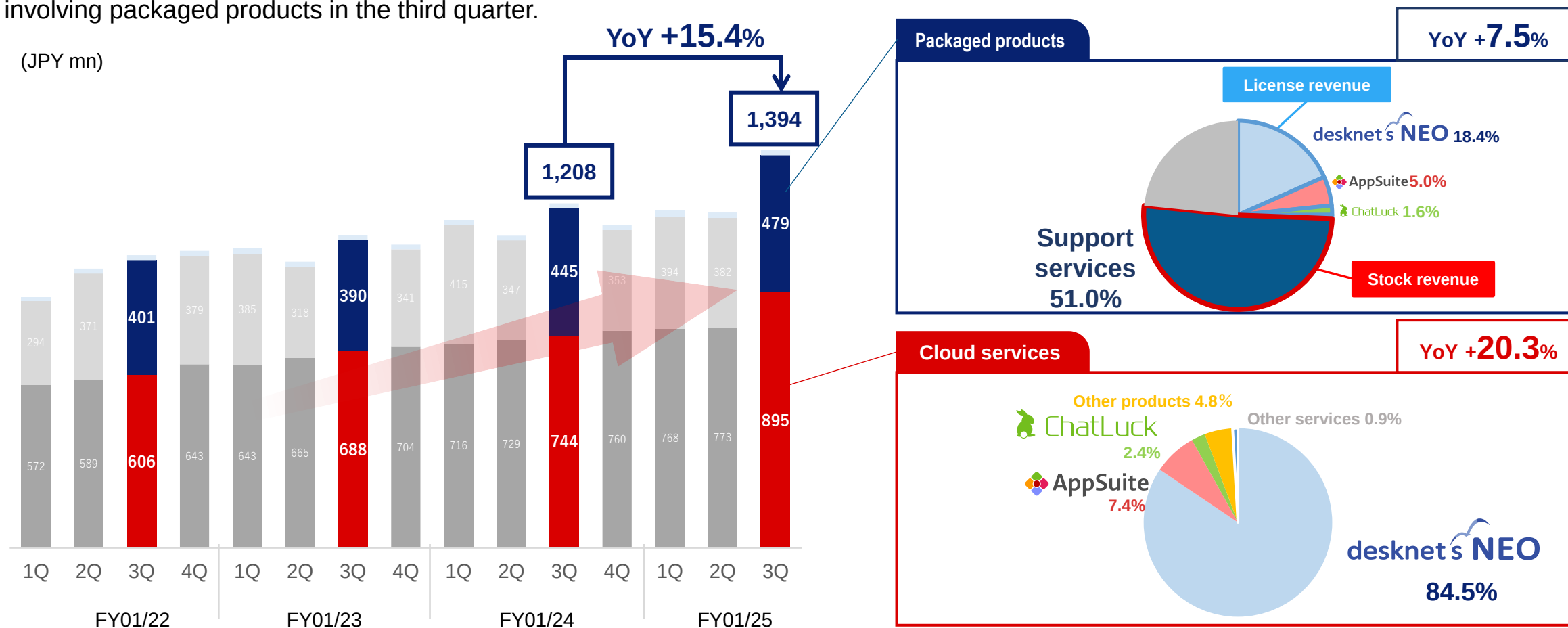
(JPY mn)



Both cloud services and packaged products achieved record high revenue.

Both cloud services and packaged products achieved record high revenue, with cloud services revenue increasing by 20.3% YoY due in part to price revisions implemented in September and packaged products revenue increasing due to several large-scale transactions involving packaged products in the third quarter.

(JPY mn)



Consolidated Balance Sheet

NEOJAPAN

Financial soundness remains high even after the acquisition of treasury shares.

We anticipate sharp growth in ROE.

While cash and deposits and net assets were down, due mainly to the March 14, 2024 acquisition of 850,000 treasury shares ⁽¹⁾, we continue to maintain very strong financial soundness. Full-year return on equity (ROE) is projected to grow sharply due to the acquisition of treasury shares.

(JPY mn)	01/24	01/25 3Q	vs. most recent period		01/24	01/25 3Q	vs. most recent period
Assets	8,622	8,426	-196	Liabilities	2,283	2,540	+256
Cash and deposits (included in above)	5,209	4,574	-634	Interest-bearing debt (included in above)	0	0	0
				Net assets and shareholders' equity	6,339	5,886	-453
				Shareholders' equity (included in above)	6,260	5,766	-494
				Equity ratio	73.4%	69.8%	-3.6%

1. All 850,000 treasury shares acquired on March 14, 2024 were cancelled on July 31, 2024.

Price Revisions for Cloud Services

As announced in the news release of 16 April 2024, we have revised the prices of our cloud services ,started selling new set plans from 1 September 2024.

(Monthly charge per user)	desknet's NEO	AppSuite	ChatLuck	Before (A)	After (B)	Difference (B)/(A)
desknet's NEO	●			400	600	150%
AppSuite		●		320	500	156%
ChatLuck			●	300	300	100%
Chat plus	●		●	700	760	109%
Standard	●	●		720	800	110%
Premium	●	●	●	1,020	1,000	98%

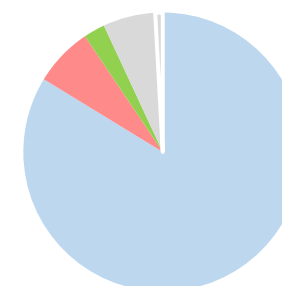
Goals under the new plans

While prices for desknet's NEO and AppSuite as single free-standing products have increased by 50% or more, these bundle plans keep overall price increases to 10% or less.

Through repeated version upgrades, AppSuite, our growth driver, has matured into a product that a solution to many of the challenges faced by companies.

At the time of the price revision announcement, AppSuite cloud users represent just 12% of desknet's NEO cloud users.

We plan to accelerate cross-sales of services like AppSuite and ChatLuck by introducing comparatively priced bundles.



Cloud User Composition As of April 30, 2024

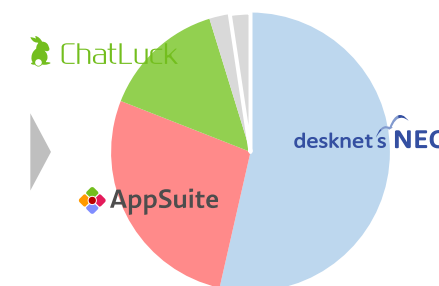


Illustration of our target cloud user composition

1. Revenues from set plans are prorated according to the percentage of the stand-alone price and recorded in the revenues of each service.

We revised the forecasts for consolidated results for FY01/25, taking into account the effects of the price revisions. Since there are a certain number of annual contracts, the price revisions are expected to be gradually reflected in revenue going forward.

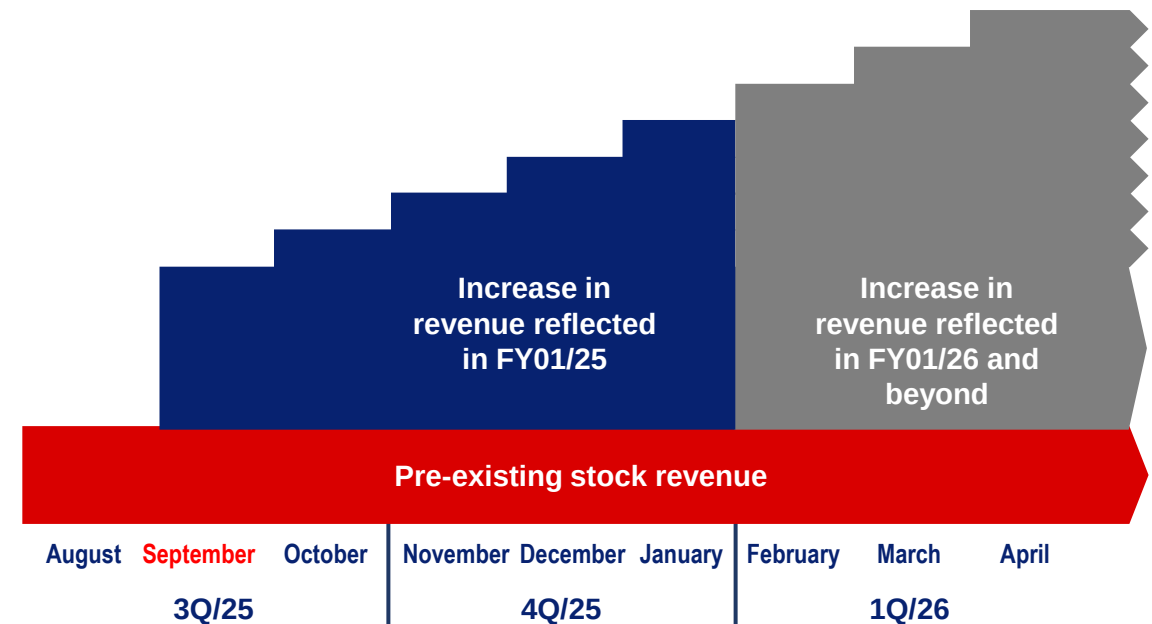
Timing of reflecting new pricing structure

The new prices will apply upon the renewal of the contract in and after September 2024. Since the timing of application varies depending on the specific contract, we expect the new prices to be reflected gradually over about one year.



Conceptual illustration of reflection in results

For annual contracts, the new prices apply upon the renewal of the contract. Thus, the effects of the price revisions are expected to be gradually reflected in FY01/25 and FY01/26.



I

FY01/25 Q3 Business Results

II

Consolidated Financial Results Forecast for The Fiscal Year Ending January 31, 2025

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Appendix



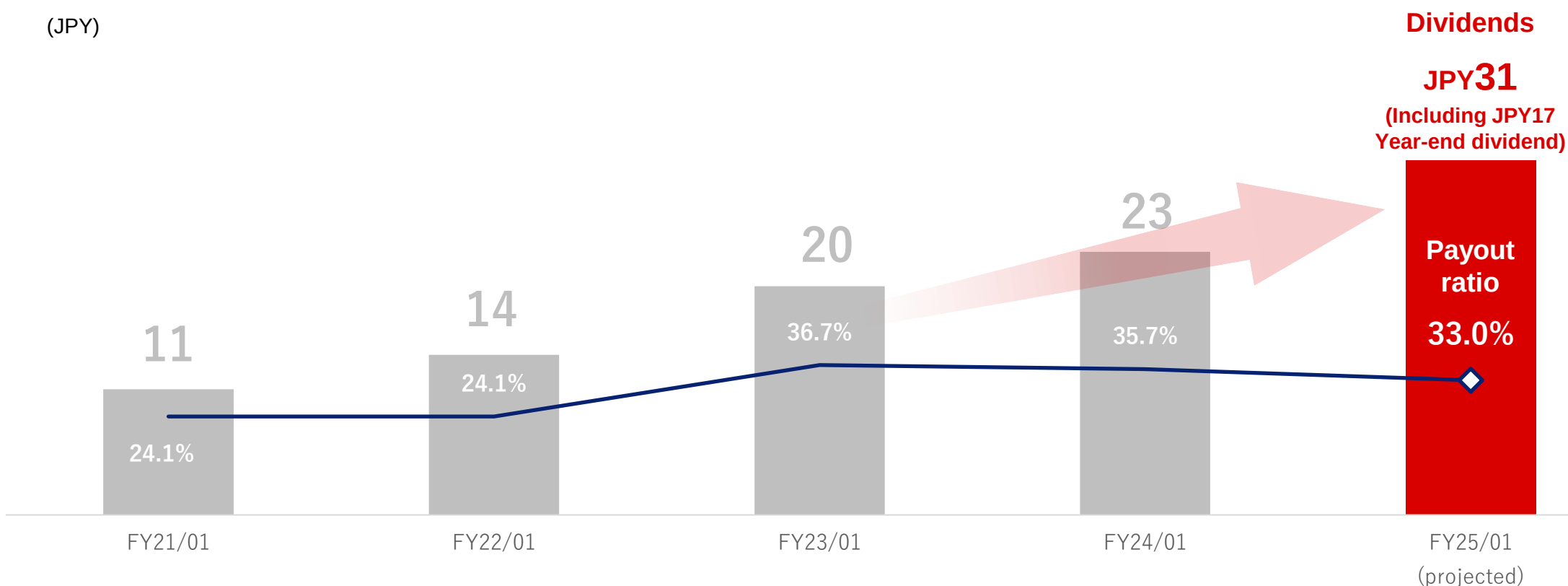
Revenues and profits increased significantly exceeding initial forecasts.
Announced upward revision of earnings forecast.

(JPY mn)	FY01/24 results	FY01/25 forecast (before revisions)	YoY	FY01/25 forecast (revised)	YoY
Revenue	6,615	7,037	+6.4%	7,253	+9.6%
Gross profit	3,639	-	-	-	-
Gross profit margin	55.0%	-	-	-	-
Operating profit	1,296	1,605	+23.8%	1,884	+45.3%
Operating profit margin	19.6%	22.8%	-	26.0%	-
Ordinary profit	1,375	1,619	+17.8%	1,925	+40.0%
Profit attributable to owners of parent	956	1,098	+14.8%	1,323	+38.4%

Revised year-end dividend forecast (increased dividend), and the company has continued to increase dividends since it was listed.

Revised full-year earnings forecast. The year-end dividend has been revised to JPY17 per share from the previous forecast of JPY14 per share.

(JPY)



II

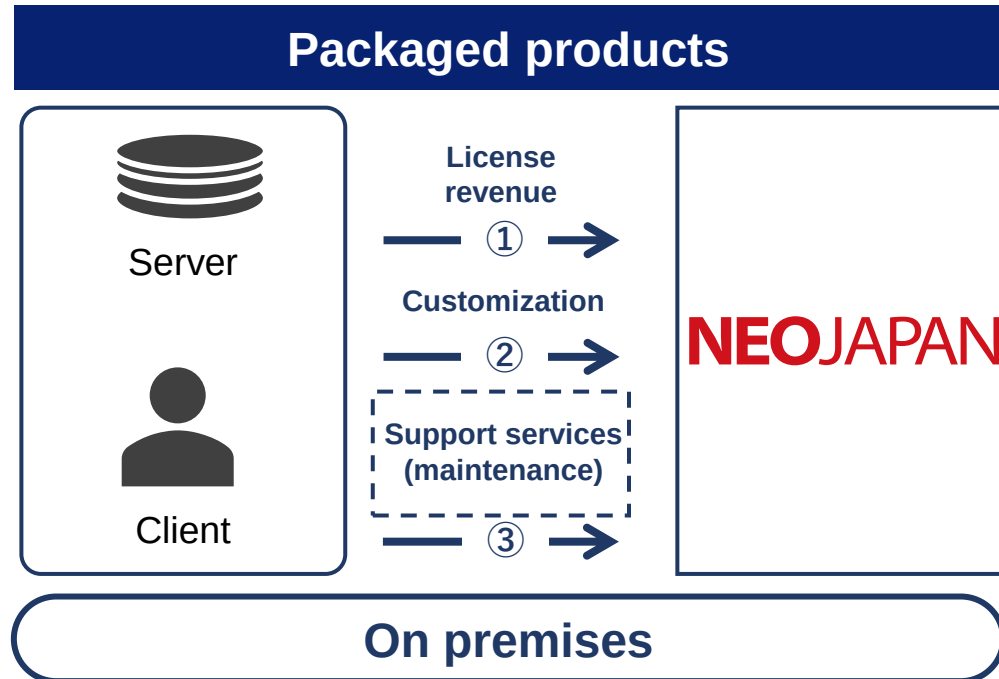
Consolidated Financial Results Forecast for
The Fiscal Year Ending January 31, 2025

III

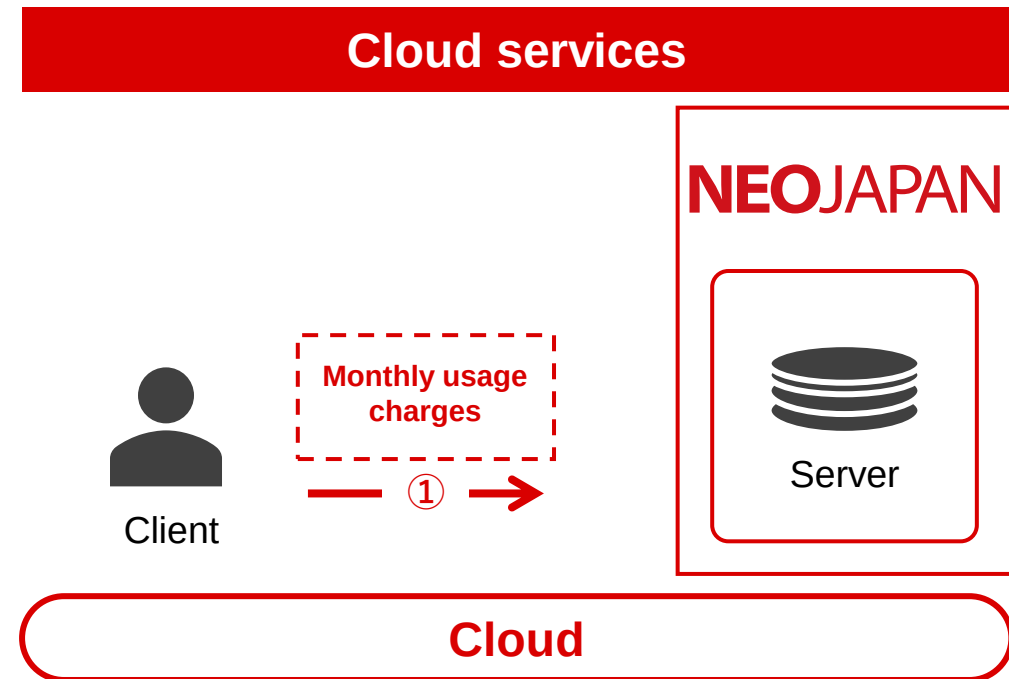
Appendix

i Non-Consolidated Results of Software Business





- ① Sales of products as license
- ② Customization to meet client needs
- ③ Provision of support services (maintenance)
(Annual maintenance revenue: **approx. 15% of package sales⁽¹⁾**)



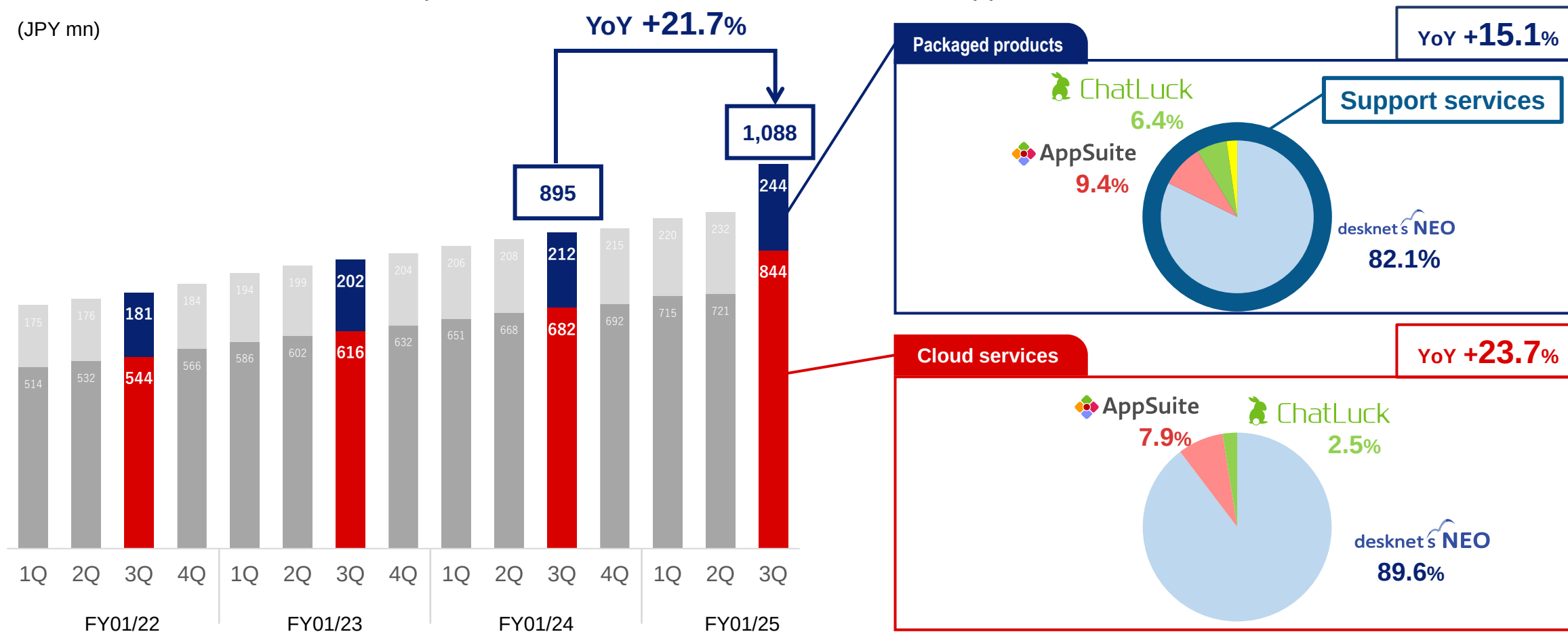
- ① Continually recording monthly usage charges as revenue

Stock revenue = Support service charges + Monthly usage charges

1. The ratio varies depending on the number of users and type of contract.

Sales of support services linked to packaged products increased significantly due to the accumulation of license sales. Cloud services rose sharply, up 23.7% YoY, due in part to the price revisions. We plan to accelerate cross-selling with the establishment of the new bundle plan and will seek to increase the ratio of AppSuite.

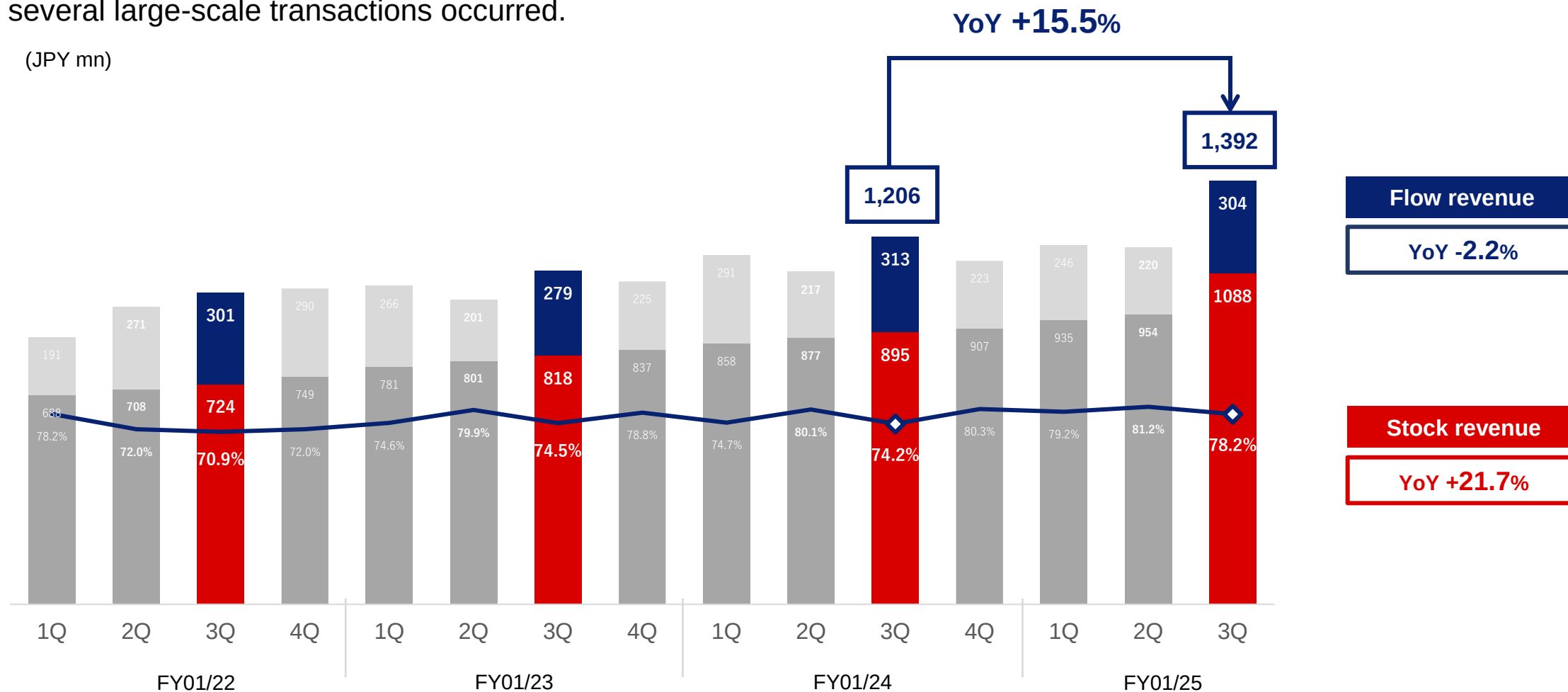
(JPY mn)



1. Total of the support services component of packaged product revenues and service charges for the desknet's NEO, ChatLuck, and AppSuite cloud services

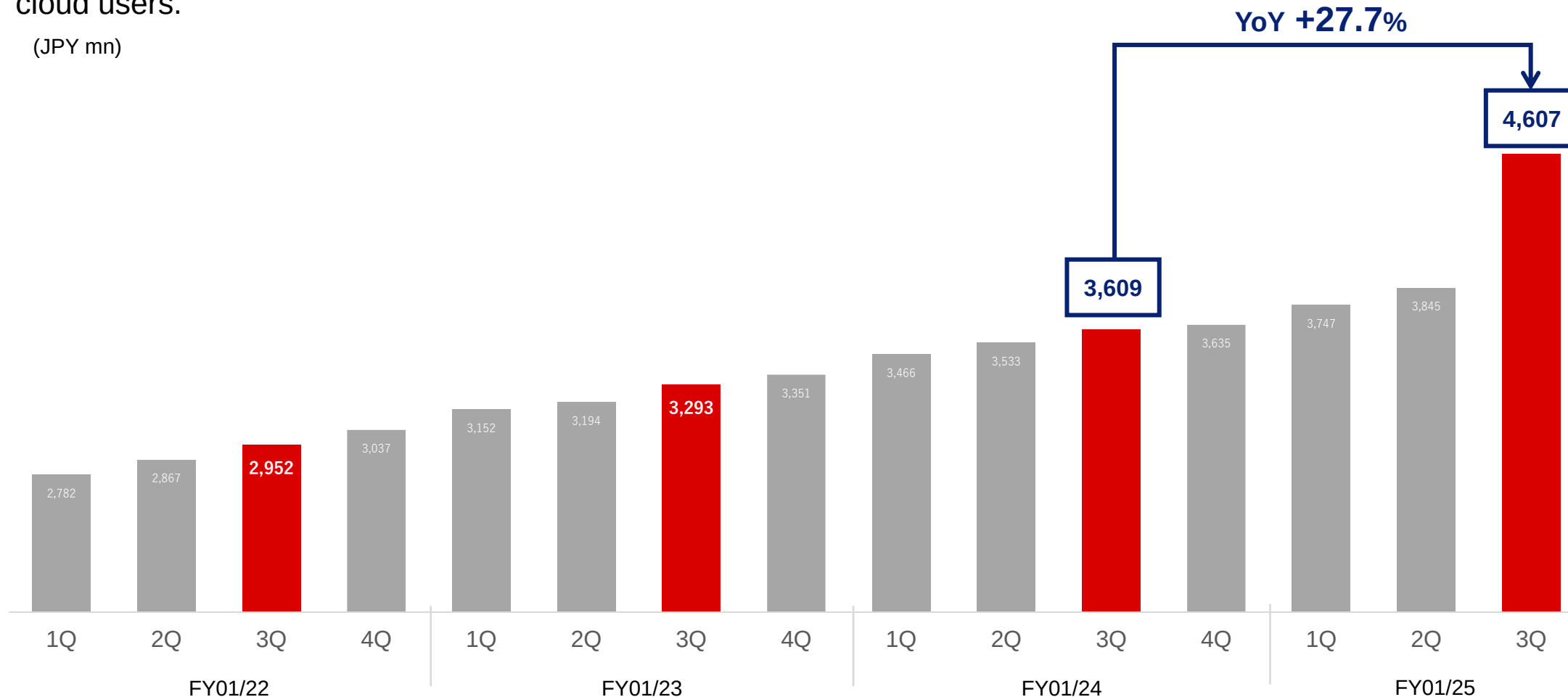
Stock revenue grew 21.7% YoY, resulting in a stock revenue ratio of 78.2%. While flow revenue declined YoY, it remains the second highest figure ever achieved, following only the figure for the same period of the previous year, in which several large-scale transactions occurred.

(JPY mn)



ARR increased 27.7% YoY, due in part to price revisions implemented in September 2024. We are targeting further growth in various ways beyond the price revisions, including the introduction of bundle plans and efforts to expand the numbers of cloud users.

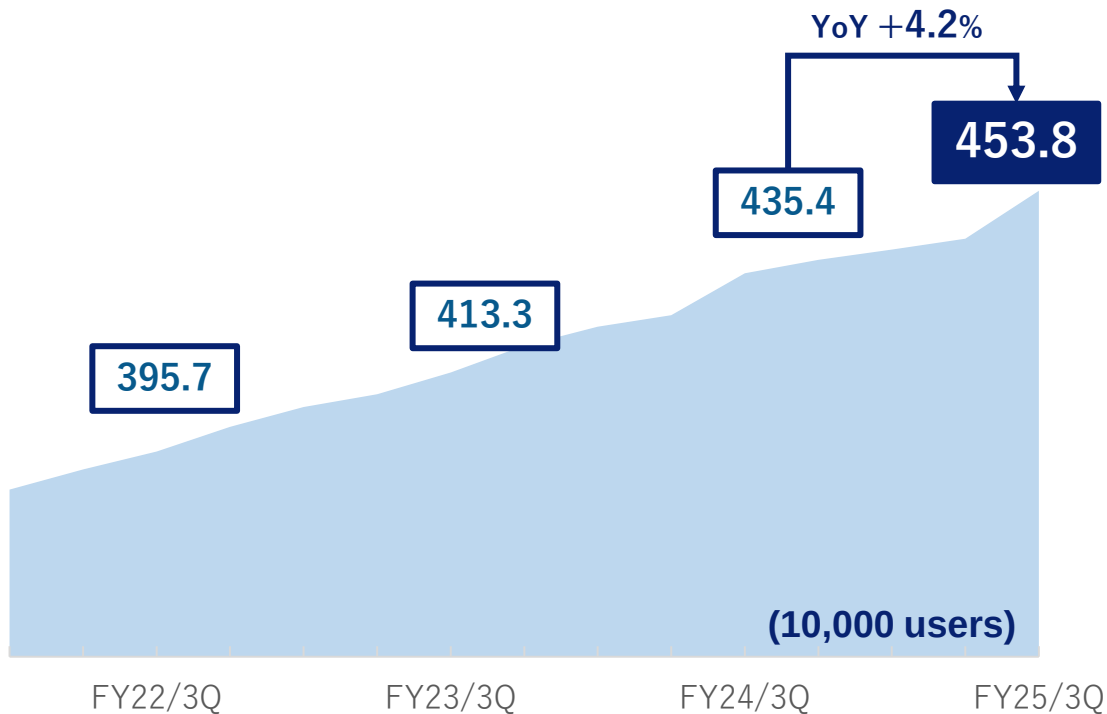
(JPY mn)



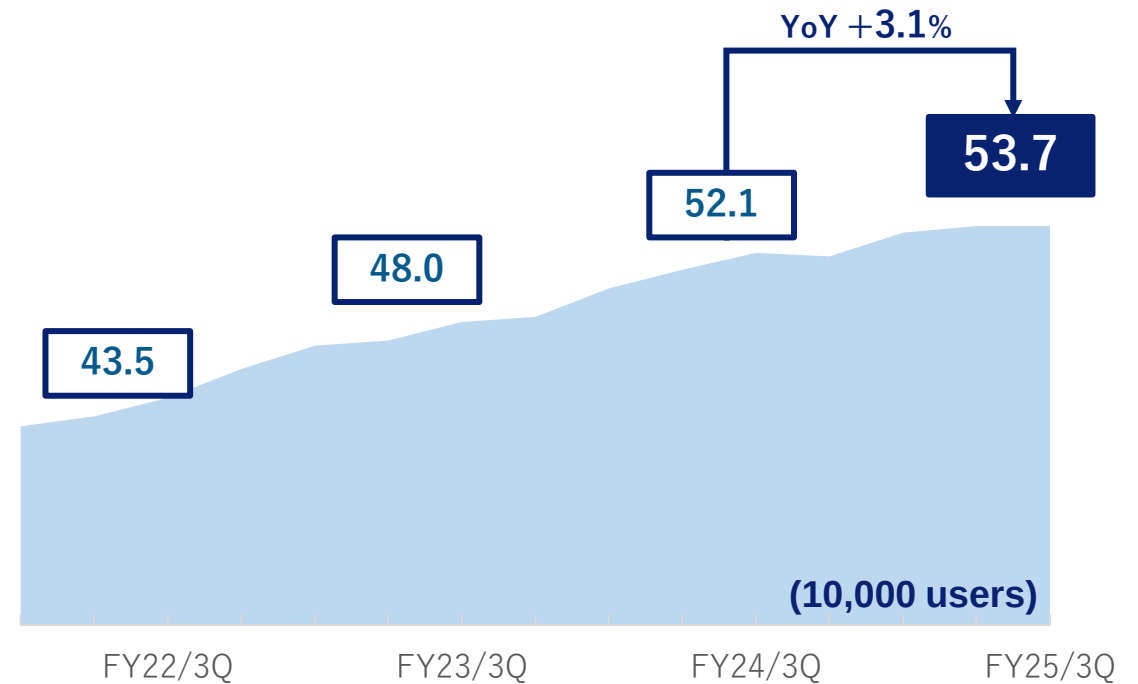
1. ARR is defined as single month stock revenue at the end of each quarter annualized by multiplying by 12

The number of packaged products results increased by +4.2% YoY. The number of cloud services users also increased by +3.1% YoY. Cloud services were affected by price revisions to a certain extent, but this was within our expectations, and we will continue to work on expanding the number of users.

Packaged product cumulative revenue trend



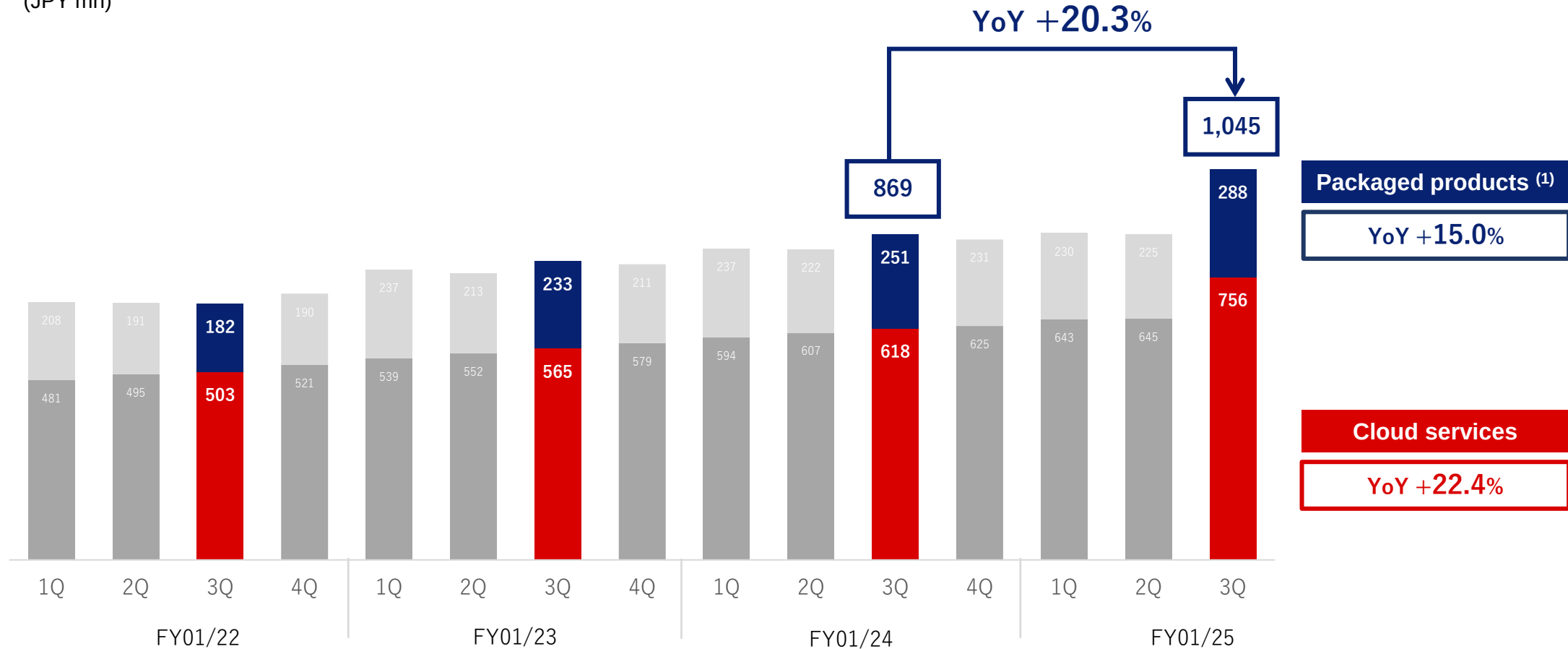
Cloud userbase trend



1. Figures shown exclude OEM.

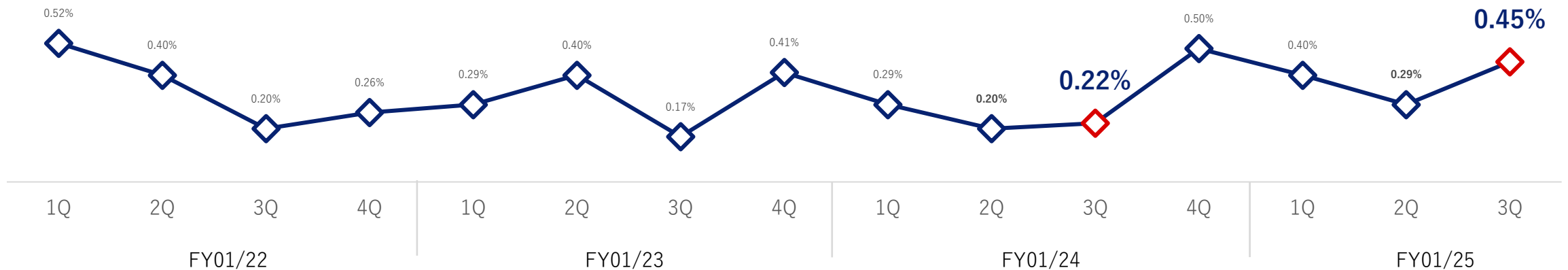
Cloud services revenue increased significantly, up 22.4% YoY, due in part to the effect of price revisions. Packaged products license revenue were up, support services grew, and overall Packaged products revenue increased by 15% YoY.

(JPY mn)



1. Total revenue of desknet's NEO license revenue, and support services.

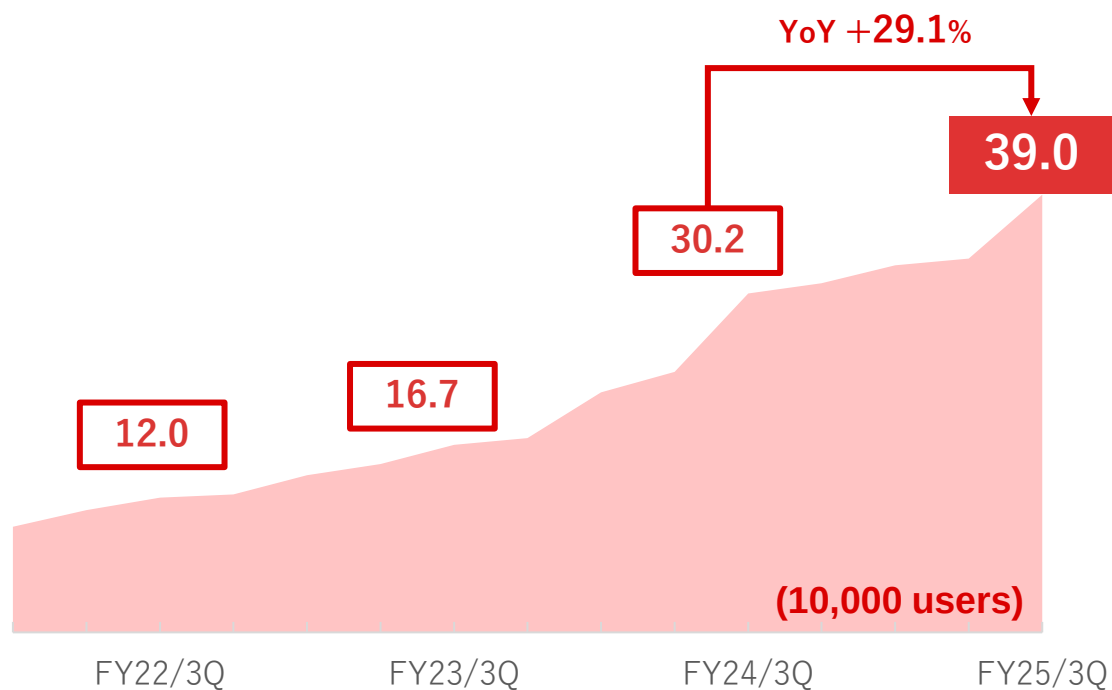
We revised our prices in September 2024, and the cancellation rate increased slightly in 3Q due to the impact of the price revision. The price revision may temporarily affect the cancellation rate, but we will continue to make further improvements in functions and services and shifting toward discounted service/product bundles. We will continue to maintain a low cancellation rate.



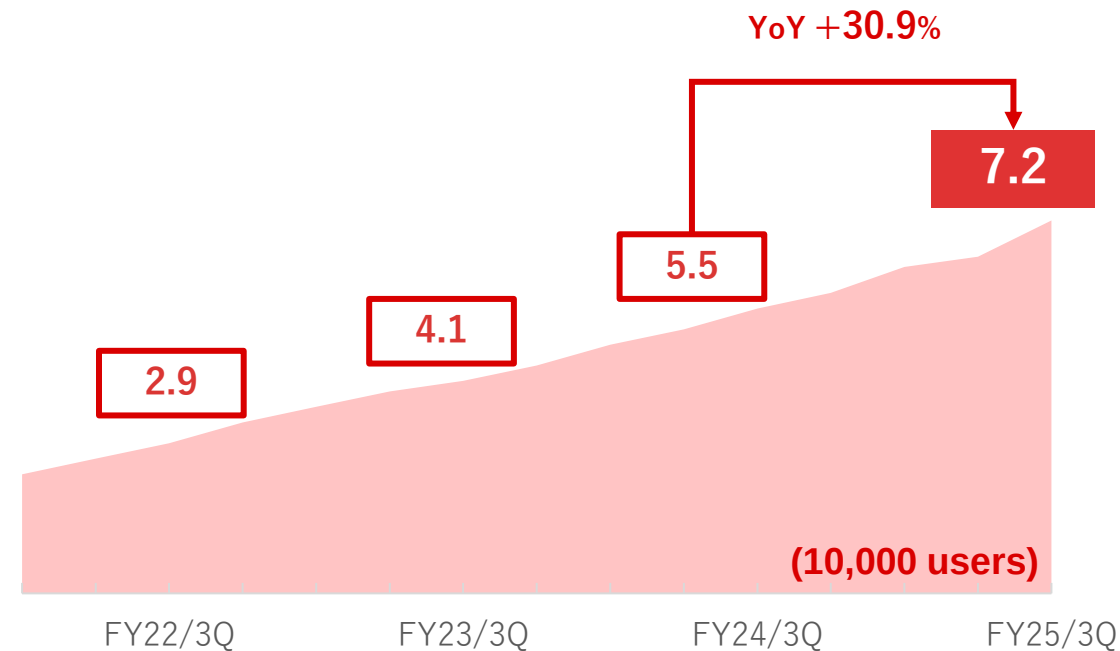
1. Calculated by averaging figures obtained by dividing (monthly decline in MRR [2] attributable to service cancellation) by (MRR at end of previous month) for desknet's NEO Cloud users for the relevant quarter
2. MRR is calculated based on the monthly charge for continuously billed users as of the end of the target month or the total amount of 1/12 of the annual charge.

The number of packaged products results increased by +29.1% YoY. The number of cloud services users also increased by +30.9% YoY. We will continue to make efforts to promote AppSuite's functions and expand the number of users.

Packaged product cumulative revenue trend



Cloud userbase trend



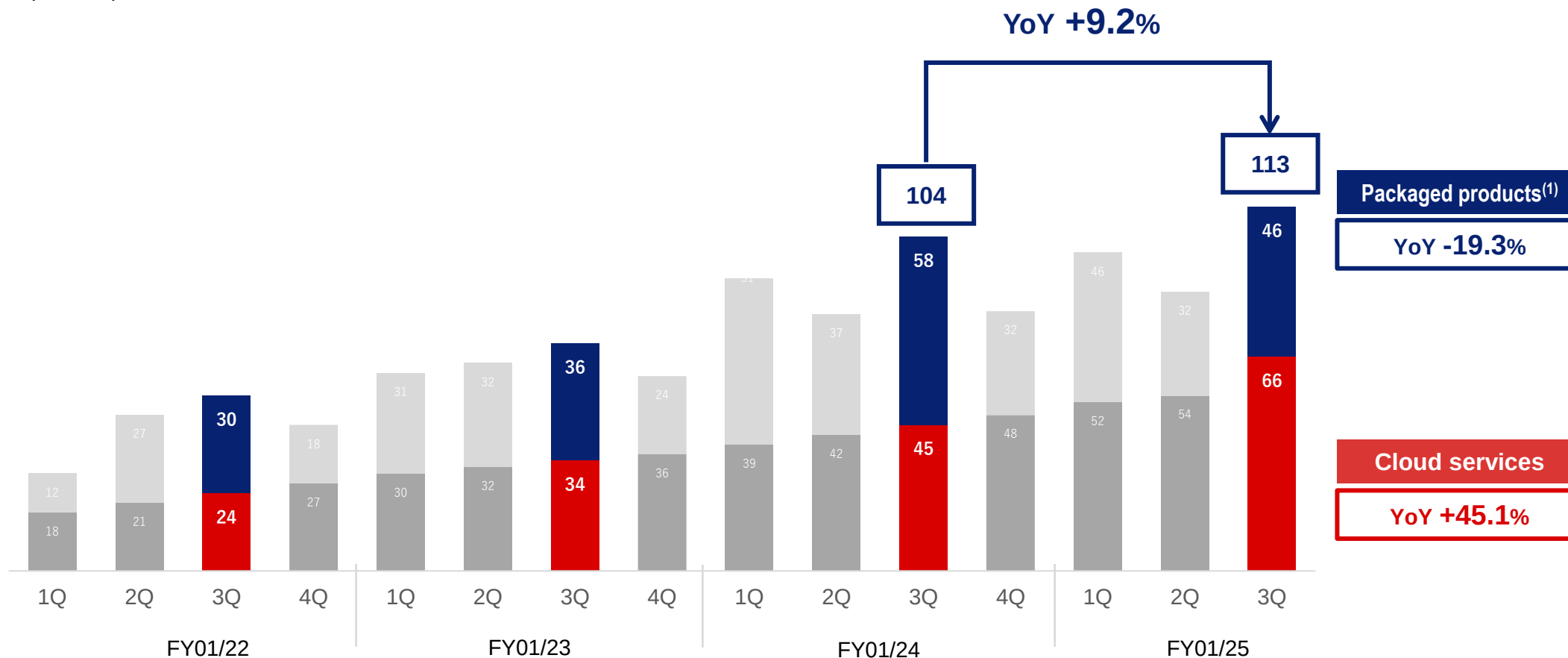


AppSuite Revenue Trends

NEOJAPAN

As with desknet's NEO, AppSuite's cloud services increased sharply, by 45.1%, due in part to the price revisions. Sales of packaged products fell 19.3% from the same period of the previous fiscal year, in which several large-scale transactions occurred.

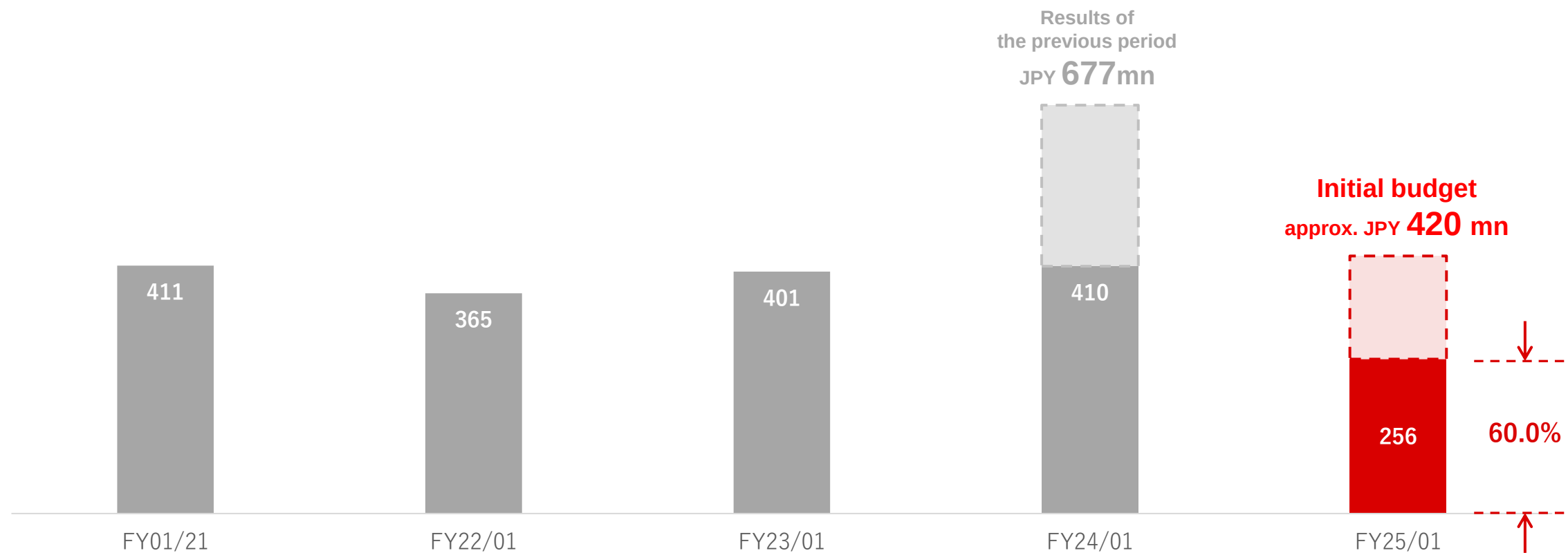
(JPY mn)



1. Total revenue from AppSuite license revenue and support services.

Following the success of our TV commercials in boosting name recognition during FY01/24, It is our policy not to run TV commercials in this fiscal year. As of the 3Q, 60% of the initial budget had been consumed.

(JPY mn)



(JPY mn)	FY2024/3Q	FY2025/3Q	YoY change	
Cloud services	744	895	+150	+20.3%
desknet's NEO ⁽¹⁾	618	756	+138	+22.4%
AppSuite ⁽¹⁾	45	66	+20	+45.1%
ChatLuck ⁽¹⁾	18	21	+2	+14.5%
Other monthly revenue	50	43	-7	-14.0%
Other services	11	8	-3	-31.8%
Packaged products	445	479	+33	+7.5%
desknet's NEO	73	88	+14	+19.0%
AppSuite	41	23	-17	-42.7%
ChatLuck	9	7	-1	-17.1%
Other license revenues	2	3	+0	+21.6%
Support services ⁽¹⁾	212	244	+32	+15.1%
Customization	24	39	+15	+65.2%
Other services	81	72	-9	-11.7%
Technological development	17	19	+2	+12.1%
Total Software business revenue	1,206	1,392	+186	+15.5%

1. Accounts defined as stock revenues

III

Appendix

ii Progress on Medium-Term Performance Targets

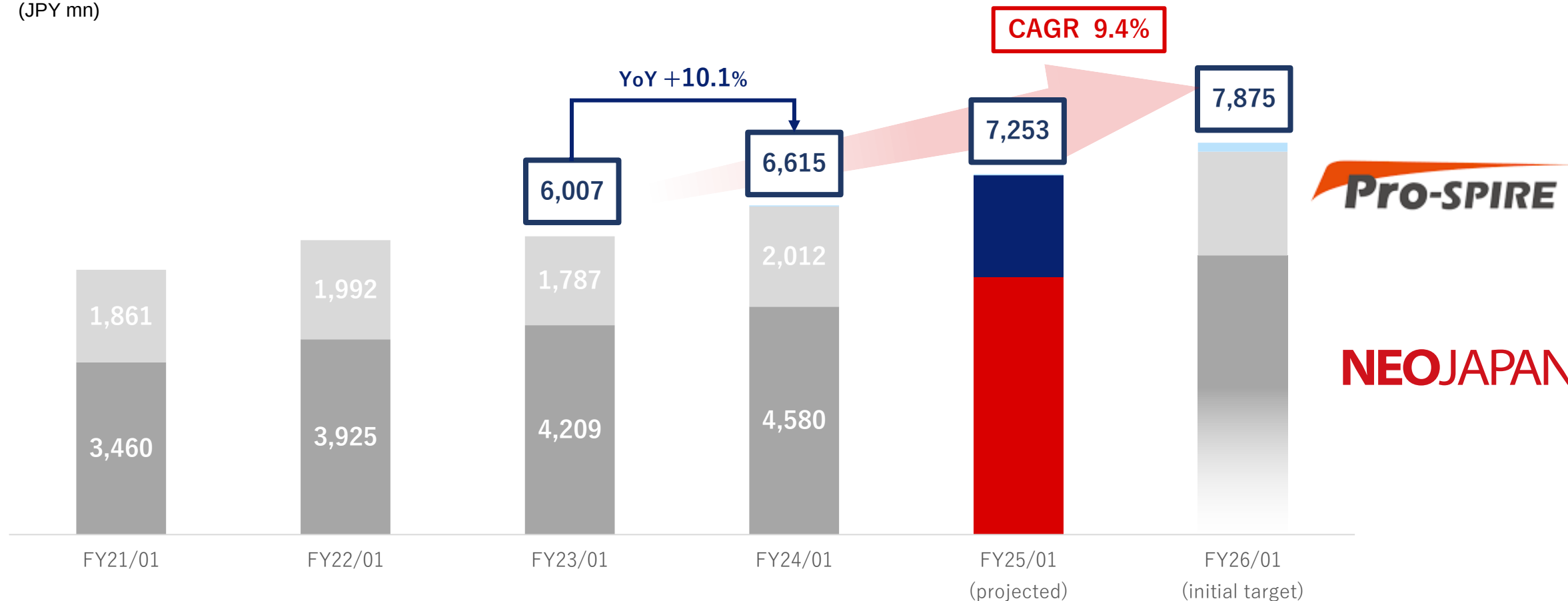


Consolidated Revenue Target and Progress

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On April 26, 2023, we announced a target for consolidated revenue of JPY7,875 million for the year ending January 31, 2026, a CAGR of 9.4%. We are making steady progress toward this goal: revenue in the first fiscal year was up 10.1%, Forecasted 9.6% revenue growth for the current fiscal year.

(JPY mn)

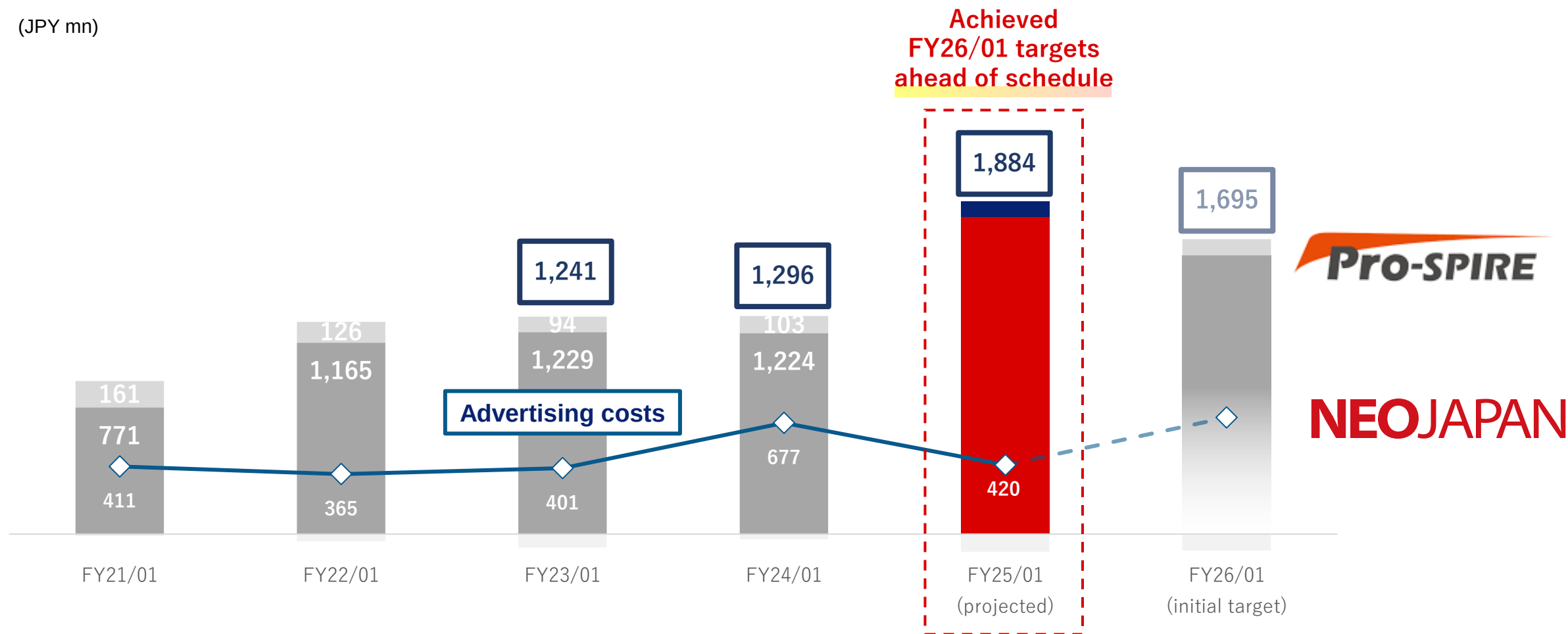


Consolidated Operating Profit Target and Progress

NEOJAPAN

Operating profit for the current fiscal year is expected to far exceed Medium-term results targets (FY01/26) of 1,695 million yen. The forecast for the FY01/26 is scheduled to be announced at the time of the earnings announcement for the FY01/25.

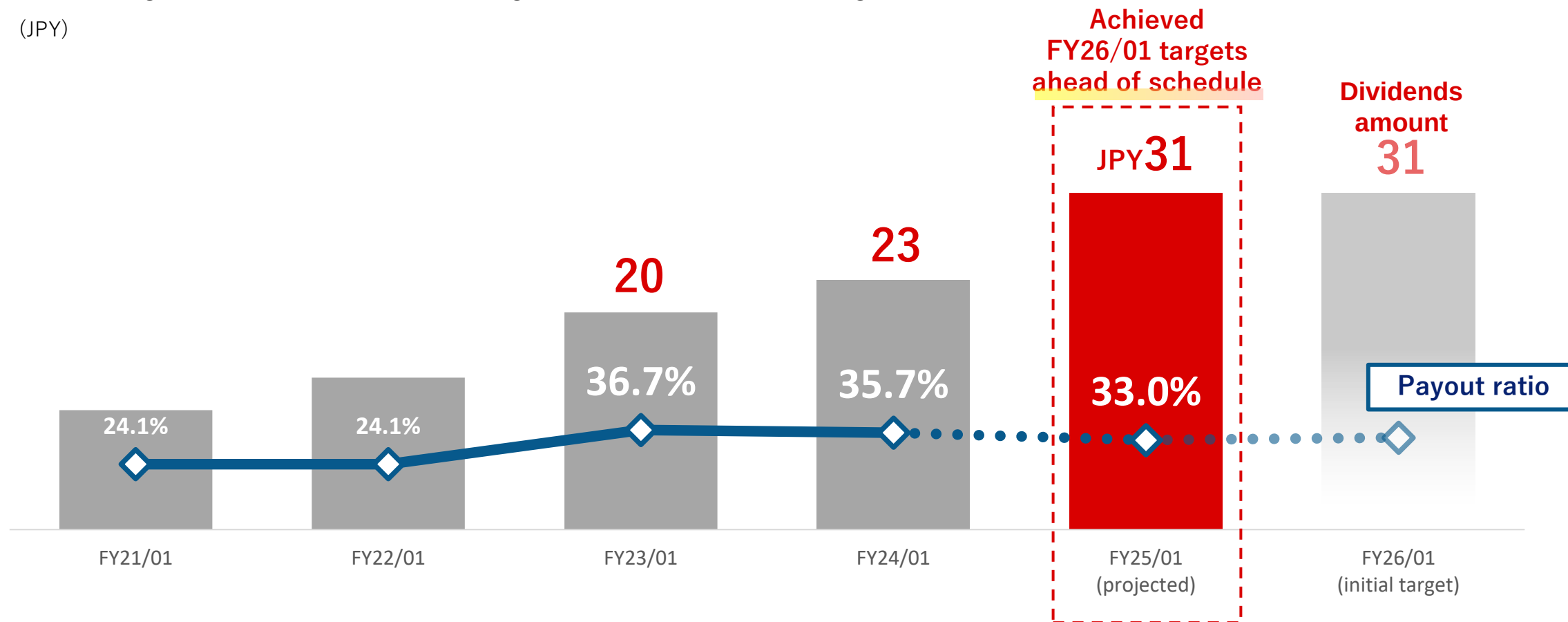
(JPY mn)



Planned Dividends

As a result of the upward revision of the annual dividend forecast from JPY28 to 31 for the FY01/25, we expect to achieve our Medium-term results targets (FY01/26) of JPY31 one year ahead of schedule. The dividend forecast for the FY01/26 is scheduled to be announced at the time of the earnings announcement for the FY01/25. We will continue our efforts for sustainable growth to continue increasing dividends since our listing.

(JPY)



Progress on Plans to Meet Prime Market Listing Standards

As described in the plan for meeting listing standards announced April 26, 2023, the Company plans to maintain its listing on the Tokyo Stock Exchange Prime Market following the reorganization of the market. Since May 2024, our share price (closing price) has trended at a level that meets the TSE's standard for continued listing on the Prime Market of 10.0 billion yen in market capitalization of tradable shares.

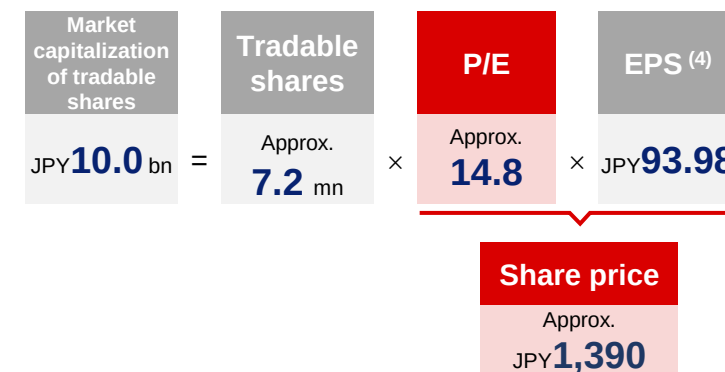
Item	Standard (Prime Market)	Our status as of January 31, 2024	Our present status	Satisfied?
Shareholders	800 or more	5,630	4,692 ⁽¹⁾	Y
Tradable shares	20,000 trading units or more	58,324 trading units	72,006 trading units projected	Y
Market capitalization of tradable shares	JPY10 bn or more	JPY5.94 bn	JPY12.41 bn ⁽²⁾	Y ⁽³⁾
Tradable shares ratio	35% or above	39.1%	51.2% projected	Y
Net assets	Positive	JPY6.33 bn	JPY5.88 bn	Y

Progress

Our market capitalization of tradable shares stood at approximately JPY6.0 bn in April 2023, below the standard level of JPY10.0 bn for continued listing on the Prime Market. In March 2024, our market capitalization of tradable shares increased sharply from 39.1% to 51.2% due to the acquisition as treasury shares of some shares held by former Director Otsubo.

In addition, as the result of an increase in our stock price in response to the announcement of financial results for the year ended January 31, 2024 and the announcement of price revisions, our share price trended from May to October 2024 (average closing price JPY1,724) at a level meeting the listing standards.

we estimate a share price of JPY1,390, which would meet listing standards.



1. Based on reference to the number of shares as of July 31, 2024

2. Calculated by multiplying the average closing share price from May to October 2024 by the projected number of tradable shares.

3. Judged to satisfy (or not) the listing standards based on multiplying the number of tradable shares at the end of the fiscal year by the average closing price over the three months preceding the end of the fiscal year

4. Projected EPS shown for year ending January 31, 2025

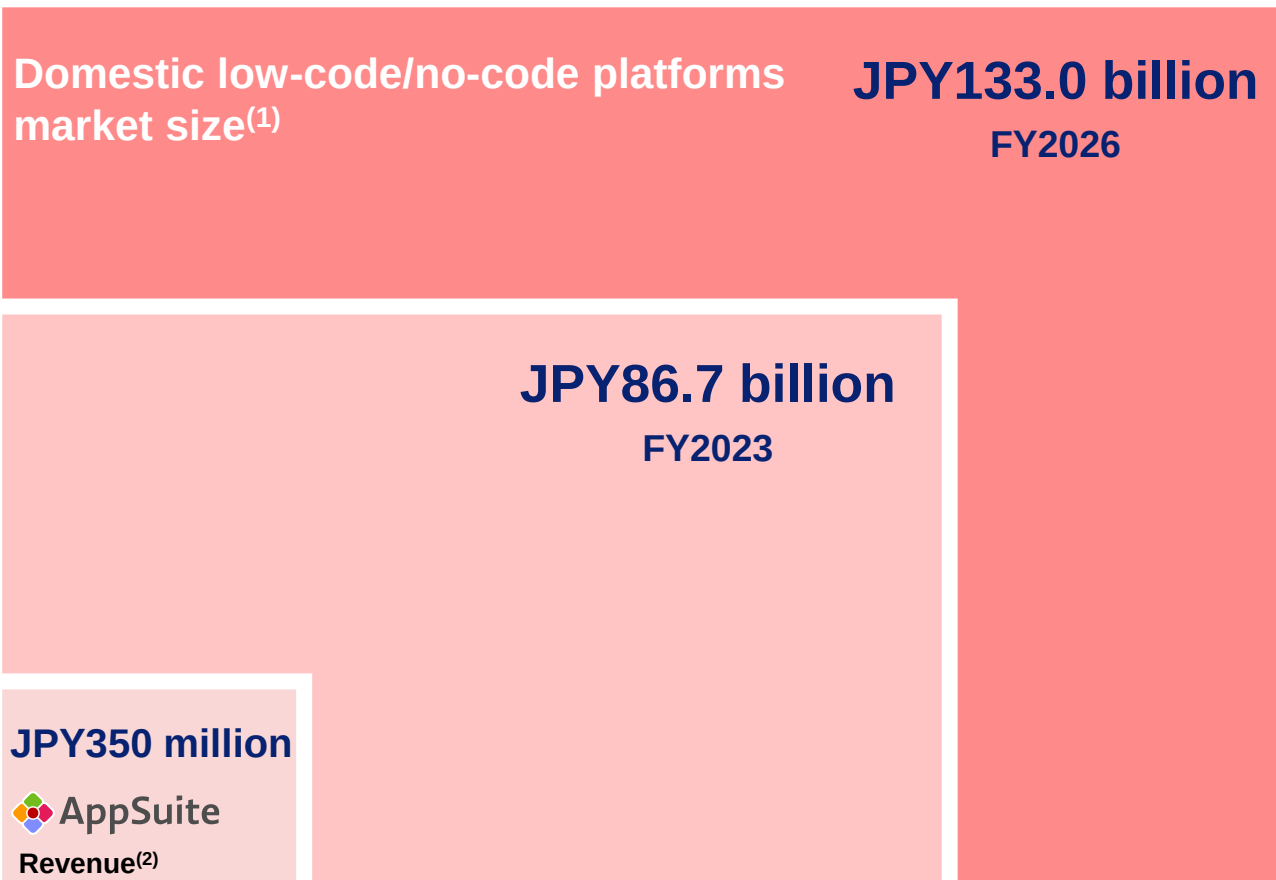


Appendix

iii Growth Strategy



The market for low-code/no-code platforms is projected to grow at a CAGR of 16.8% in FY2021–2026. While AppSuite, a late entry, holds a modest market share at this time, we will strengthen its share by leveraging the business foundations obtained by desknet's NEO to make the business one of our growth engines.



 AppSuite's market share **0.40%**



30% of desknet's NEO users
with AppSuite on the cloud

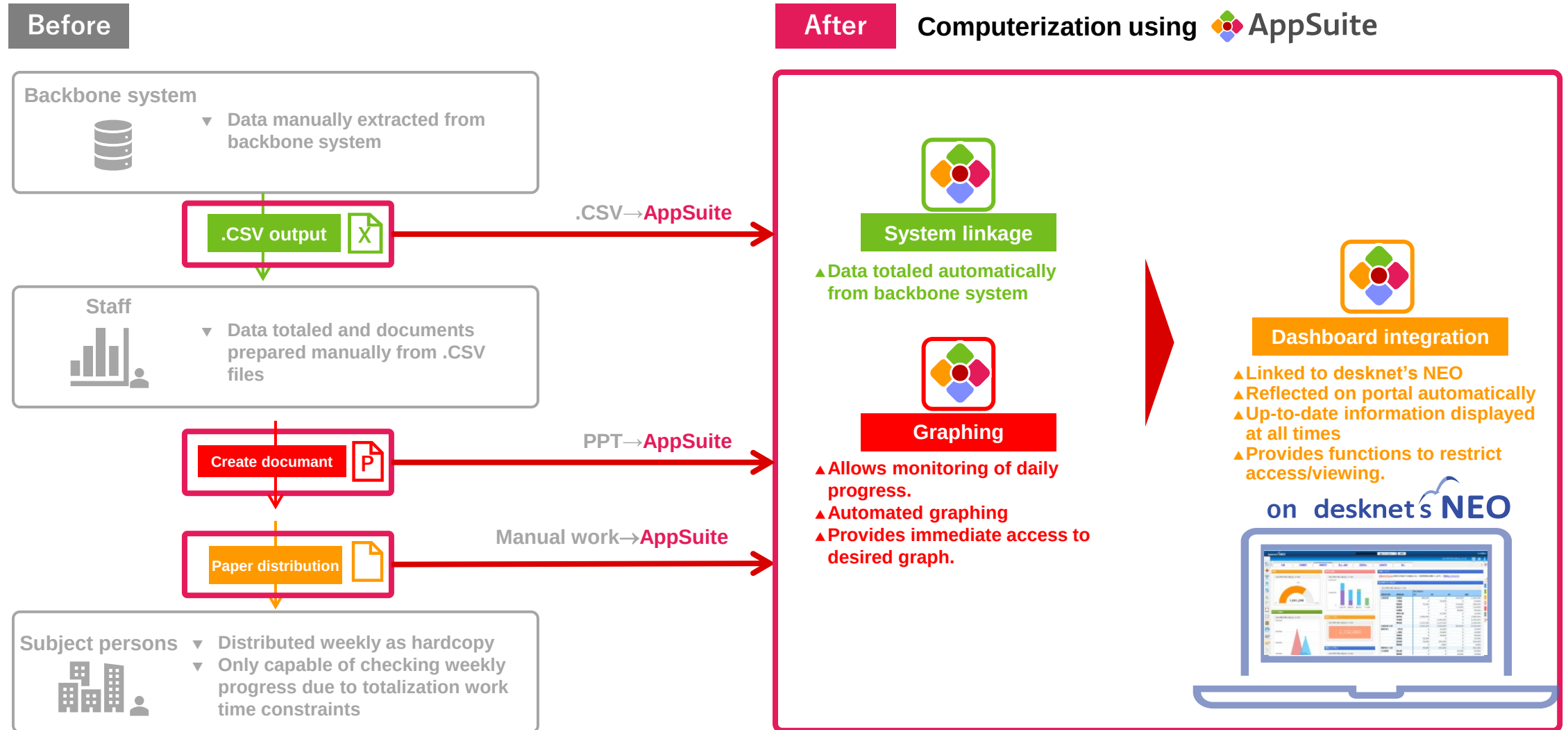
 AppSuite's market share **4.33%**
(vs. FY2026)

Considerable room remains for growth in market share. We have identified this as a **priority growth business** in which revenues have significant room to grow.

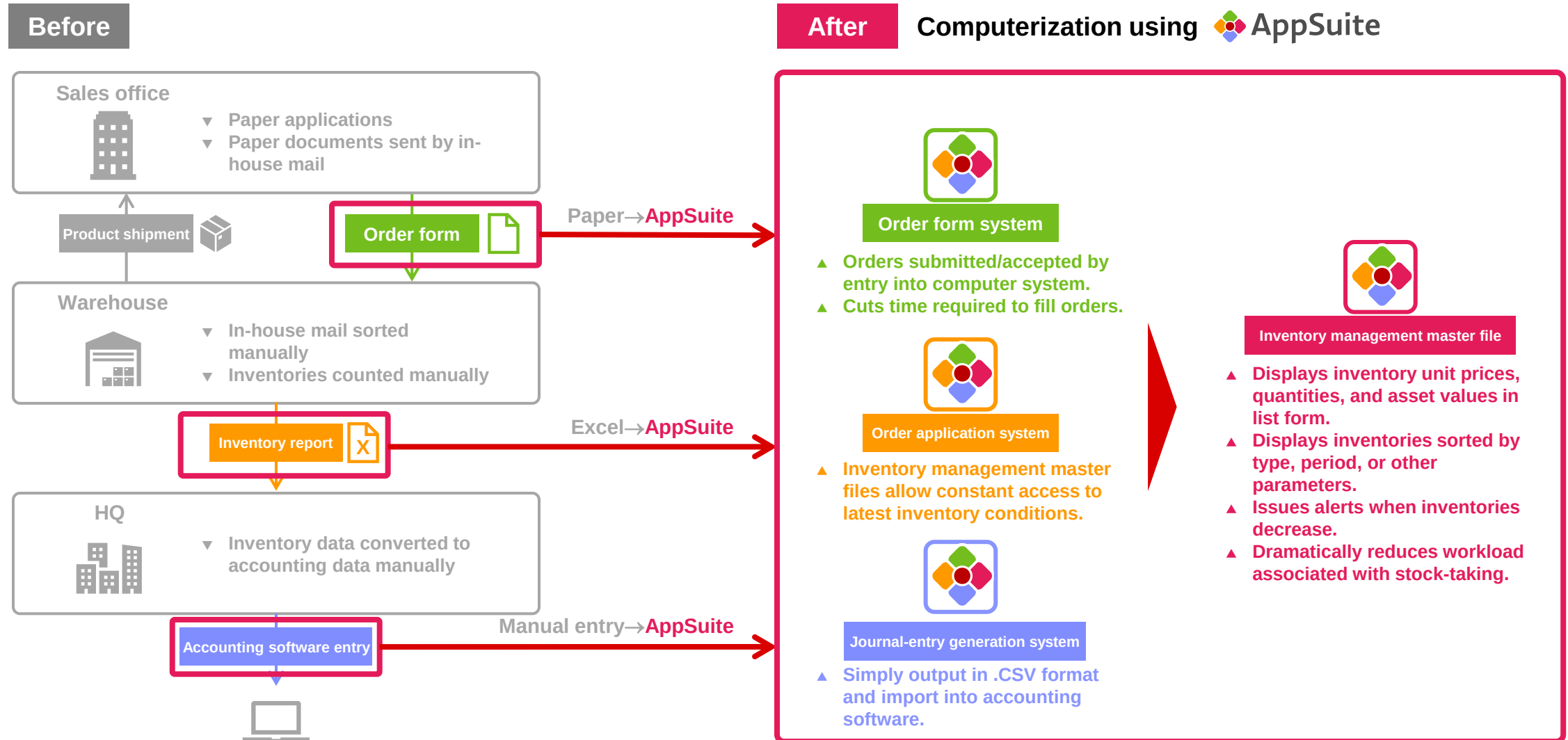
1. Source: ITR, *ITR Market View: Low-Code/No-Code Development Market 2023*, low-code/no-code development market size trends and forecasts (FY2020–2026 forecasts)

2. Results for the FY01/24

Automating manual totalization work

NEOJAPAN

Major business improvements achieved via computerization of inventory management



Case Study at Natoco Co., Ltd.

NEOJAPAN

Linked AppSuite to **external systems** via API. Thorough **automation** of accounting and administrative operations greatly reduced the workload. 

Issues prior to introduction	- Client had created JavaScript-based internal apps on an internal portal but wanted to increase versatility with a no-code tool. - Client wanted to digitalize operations. - Client wanted to create a platform that would allow direct dissemination of information from the departments and meeting bodies. - Client wanted to improve employee convenience by consolidating information in one place.
Reasons for selection	- The decisive factor was the product's track record and history. - Eliminates the need to switch to other products with expanding user numbers. - More reasonable cost than competing products, even when AppSuite is included. - desknet's NEO's portal was better suited to aggregating information. - Missing features can be easily added in AppSuite. - Customer impression of better fit for departments not familiar with IT
Results/impact after introduction	- AppSuite is used as a data entry form to digitize and manage paper-based evidence files. - Connected AppSuite to external document management software via API to meet the requirements related to searching for and storing files; achieved seamless compliance with the Act on Book and Record Keeping through Electronic Methods. - Created app to handle annual review of employee commute information, dramatically reducing labor and time spent by human resources and general affairs groups. - Aggregated information in the portal, improving employee access to necessary information.



Business	Manufacture and sale of paints, inks, synthetic resins, and fine chemical products; sales of related products
Established	November 1948
Product form used	Cloud version
Lead time to introduction	Six months
Number of users	380

<https://www.desknet.com/neo/casestudy/15731/>

Case Study at Asami Intelligence System Inc.

NEOJAPAN

Appsuite realized income and expenditure management all employees can see at a glance, eliminating 130 hours of work per month and 9,600 sheets of paper per year. 🍌

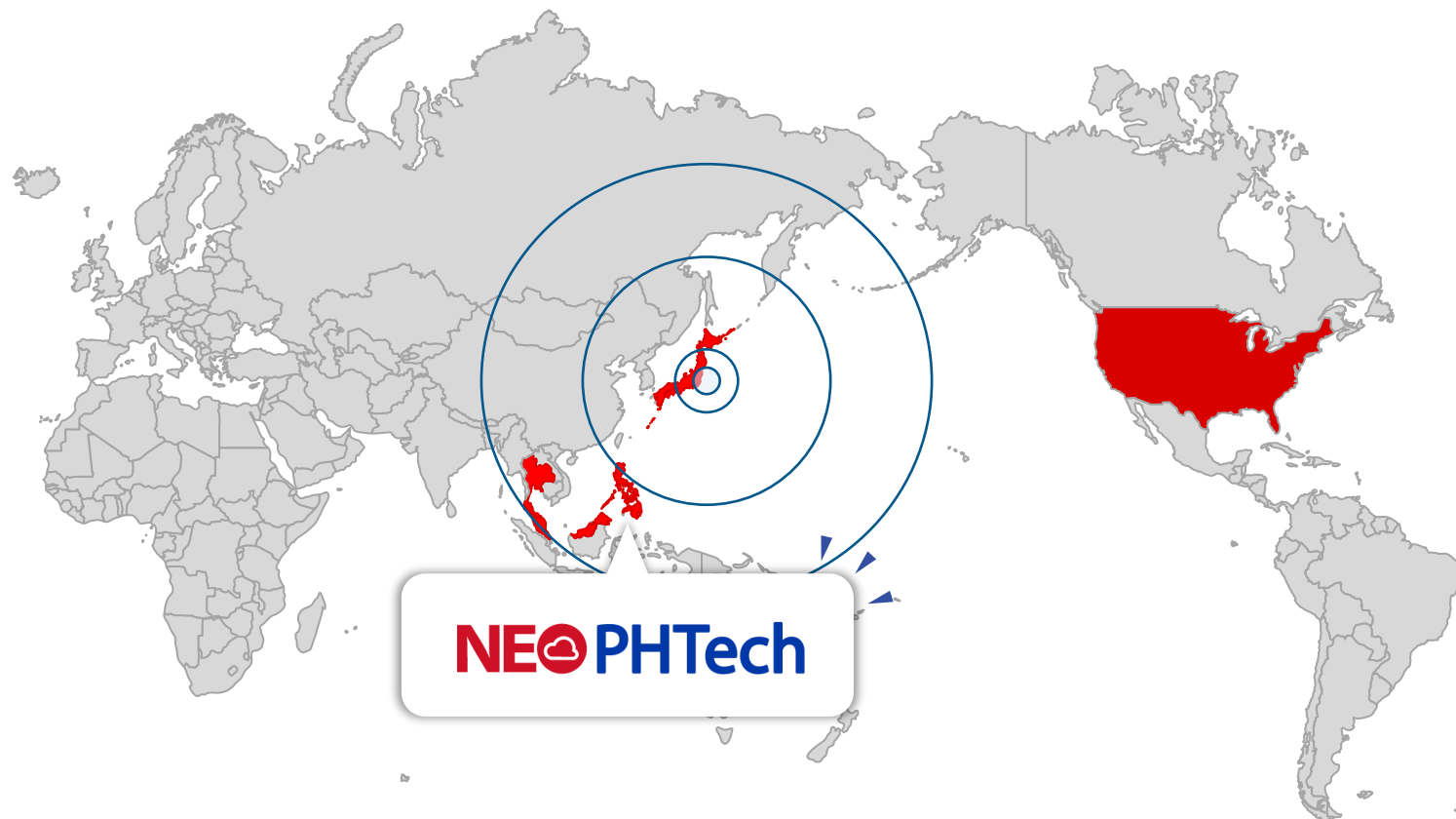
Issues before introduction	- Project management was done using handwritten duplicate slips. This entailed significant time and effort. - Significant effort was spent on summarizing and adding up figures based on duplicate slips. - The status of sales and purchases was managed separately in Excel, resulting in time-consuming compilation and rendering real-time forecasts of income and expenditures impossible.
Reasons for selection	- Reasonable initial installation costs - Interface appeared easy to use and likely to remain useful well into the future. - Potential to develop systems without coding appeared likely to facilitate actual work tasks. - High compatibility with desknet's NEO
Results/impact after introduction	- AppSuite made it possible to create and release a business improvement app in a week and a half. - Digitization of slips reduced overtime within the administrative department by 10 hours per month. - The sales and engineering departments achieved total work time savings of 130 hours per month by digitizing slips and reducing the time spent on tabulation. - Systematization with AppSuite enabled real-time management of income and expenditures, improving the cost awareness of all employees. - Eliminated use of paper slips for project management; reduced paper consumption by 9,600 sheets per year.



Business	GIS (Geographic Information System), system development and support, CAD (input and output), electronic filing, field surveys, temporary staffing
Established	October 1, 1973
Product form used	Packaged version
Lead time to introduction	Six months
Number of users	90

<https://www.desknet.com/neo/casestudy/15801/>

As announced in an April 23, 2024 news released, we have established NEOPhilippine Tech as a wholly owned subsidiary in the Philippines. In addition, the Malaysian Investment and Development Authority has started operating our products.



Apr. 23, 2024

Established NEOPhilippine Tech, a subsidiary in the Philippines.

Jul. 31, 2024

NEOREKA ASIA uses AppSuite to support digital reforms in Malaysian Investment Development Authority (MIDA)

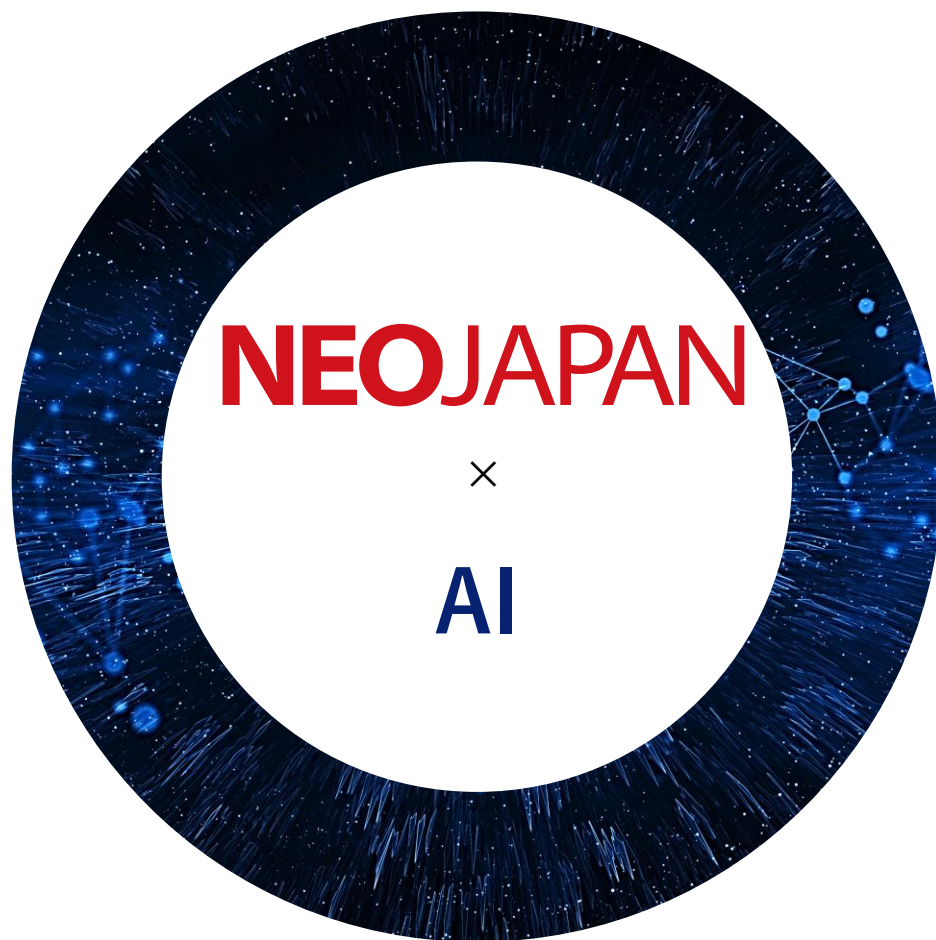
Nov. 27, 2024

Announced US\$1 million capital increase for U.S. subsidiary DELCUI to accelerate development.

We have traditionally identified cross-sales of products like AppSuite and ChatLuck to the desknet's NEO userbase as a growth scenario. Now, with the launch of new bundle plans, we will accelerate these efforts. We will also seek to strengthen financial results in various other ways, including launching the new service NEOPORT growing sales of a new addition to our lineup.



desknet's NEO has accumulated business data from a wide range of industries. To facilitate business operations by applying AI, NEOJAPAN is proceeding with various AI-related developments.



- 01  Equipped with ChatGPT “AI assistant”
- 02  Linkage with ChatGPT
- 03 Hiring AI Engineers at 
- 04 Started providing AI customer communication hub 
- 05 Capital increase to strengthen development 
- 06 Announced business alliance with 



Appendix

iv Topics



Major Topics in FY01/25 3Q and beyond

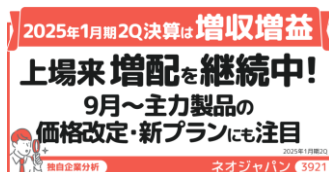
August 20, 2024	Products	Began offering a new version (6.5) of the ChatLuck business chat app. New version adds various features, including conversation logs and feature for querying ChatGPT using images.
September 3, 2024	Awards	desknet's NEO and ChatLuck receive three awards in their respective categories at BOXIL SaaS AWARD Autumn 2024.
September 11, 2024	IR	Notice of dividends (interim dividends)
September 13, 2024	Products	Began offering groupware desknet's NEO v8.6. Added new features, including compatibility with AppSuite mobile and an app that works with the Elecom alcohol checker.
September 19, 2024	Other	Launched AppSuite Integrator Program to certify partner companies who provide AppSuite support for operational efficiency improvements.
September 30, 2024	Awards	Ranked No. 1 in the Groupware/Business Chat category of the Municipal IT System Satisfaction Survey 2024-2025 in the Autumn 2024 issue of Nikkei BP Government Technology.
October 1, 2024	Other	Start of demo project for the Information Sharing System for the Sick and Wounded (tentative name), developed jointly with Yokohama City; further accelerated DX for emergency scenarios
October 2, 2024	Overseas	Malaysian subsidiary NEOREKA ASIA signs distributor partnership agreement with Solsis (M) Sdn. Bhd., a subsidiary of Dataprep Holdings Bhd.
October 16, 2024	Awards	Won the highest rank of Leader in four categories of the IT review Grid Award 2024 Fall. desknet's NEO won the award for the groupware category for the 22nd consecutive term.
November 27, 2024	Overseas	Notice of addition of business and capital increase of U.S. Subsidiary (DELCUI)
December 3, 2024	Awards	desknet's NEO, AppSuite and ChatLuck won 10 awards at the BOXIL SaaS AWARD Winter 2024
December 4, 2024	Alliance	Announcement of business alliance with neoAI for the sale and provision of generative AI services
December 10, 2024	IR	Notice of revision of forecasts of consolidated results and year-end dividend (dividend increase)



Briefing for individual investors(KabuBerry Channel)

June 20, 2024

<https://youtu.be/0J3r3QBUy0c?si>



Original Company Analysis Article(MINKABU)

September 30, 2024

<https://mag.minkabu.jp/companys-features/28415/>



Equity Research Report(WEALTH ADVISOR)

October 8, 2024

https://www.wealthadvisor.co.jp/stock/er_report/pdf/er3921_241008.pdf



Research Coverage Report(Shared Research)

October 11, 2024

[EN]<https://sharedresearch.jp/en/companies/3921>

[JP] https://www.neo.co.jp/wp-content/uploads/2024/10/SharedResearch_20241011.pdf



Questions from Institutional Investors

In FY 01/25 3Q, we received many questions concerning price revisions in cloud services and their impact on results.

Overseas strategy: 3 questions

Other: 16 questions

- Q. You implemented an acquisition of treasury shares in March. What will be your policy for shareholder returns going forward?
- A. The major acquisition of shares from a large shareholder in March improved our tradable shares ratio. Acquisitions of treasury shares from the market, on the other hand, reduces the tradable shares ratio, so this requires careful consideration. We aim to maintain the unbroken string of dividend increases since our listing.

Marketing: 26 questions

Growth strategy: 32 questions

- Q. What ideas do you have with regard to applying AI?
- A. Groupware accumulates all kinds of internal company data. We're considering various ways to apply AI, including for sales support and improvements in business efficiency.

Markets: 33 questions

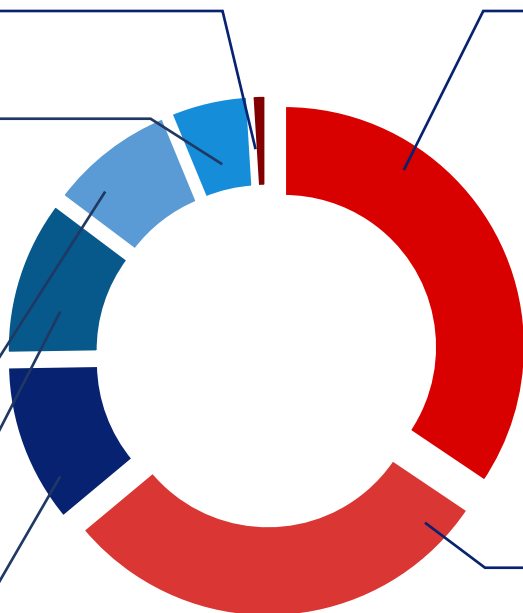
- Q. Have there been any changes in the competitive environment—for example, the emergence of foreign products?
- A. No. Foreign products may emerge as competitors, but we believe we can continue to coexist by pursuing ease of use, including measures to improve ease of use for AppSuite. This is yet another reason the ongoing development of features is so critical.

Products and services: 105 questions

- Q. Is the migration to bundle plans progressing following the announcement of the price revisions?
- A. We don't expect the migration to proceed immediately after the price revisions. Taking the opportunity of the price revisions, we're positioning AppSuite as groupware with no-code tools and promoting what can be done with it. These efforts are intended to drive a transition to bundle plans.
- Q. Is it possible the price revisions could increase cancellation rates?
- A. We've managed to establish a certain level of understanding with regard to the price revisions, so we do not expect a dramatic increase in cancellation rates. However, as cancellation rates are low to begin with, temporary increases are possible, depending on the behavior of major users and other factors.

Management indicators: 90 questions

- Q. Please tell us the pace of reflection in revenue of the price revisions implemented on September 1. What is the rough percentage of annual contracts?
- A. We don't disclose the percentage of annual contracts, but it should be pretty much as expected. The price revisions will be reflected gradually, starting in September, over the course of a year or so. That means the results for the next fiscal year won't fully reflect the impact of the price revisions.
- Q. What do you see regarding costs for the next fiscal year?
- A. That remains unclear at this point. Factors like enhancements in development and services and advertising may lead to higher costs.



We have fully renewed the product website to emphasize that it is “**All-in-one no-code groupware**” and we are working to increase the adoption rate of the “standard” (desknet's NEO + AppSuite) by promoting the functions that can be achieved by adding AppSuite.



AppSuite Integrator Program Launched

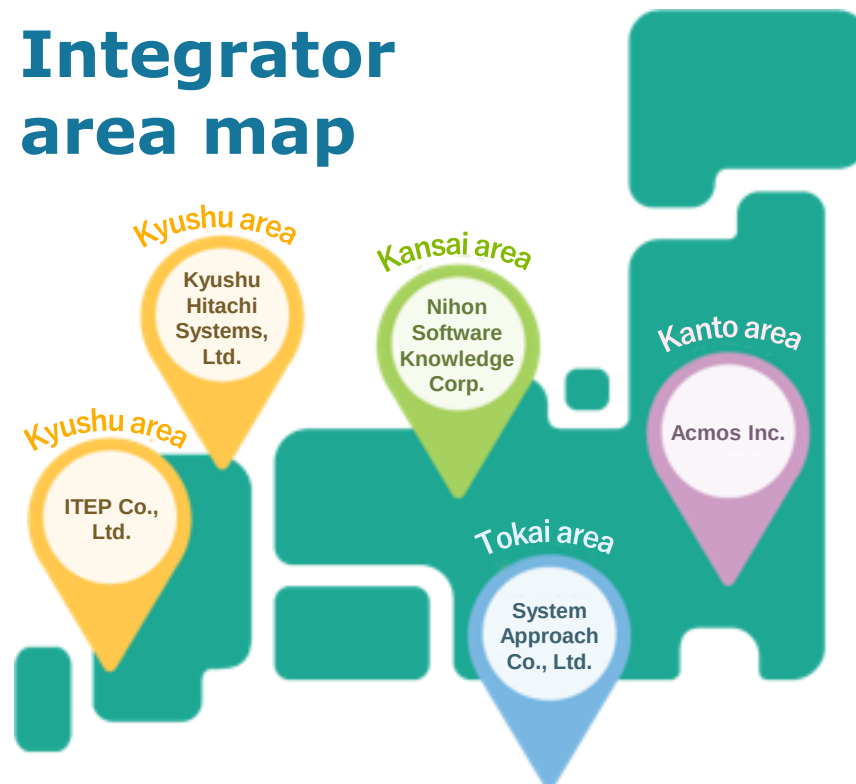
NEOJAPAN

The AppSuite Integrator Program was launched to certify partner companies with extensive technologies in app creation with AppSuite, API systems development, and environment construction, thereby strengthening support for companies seeking to improve operational efficiency using the AppSuite no-code business app development platform.



The AppSuite Integrator is a framework of partner companies with the technical capabilities and organizational structures required to create AppSuite applications and develop, build, and implement systems using APIs. The purpose of this program is to implement work efficiency improvements via AppSuite and to facilitate the selection of partner companies for AppSuite users.

Integrator area map



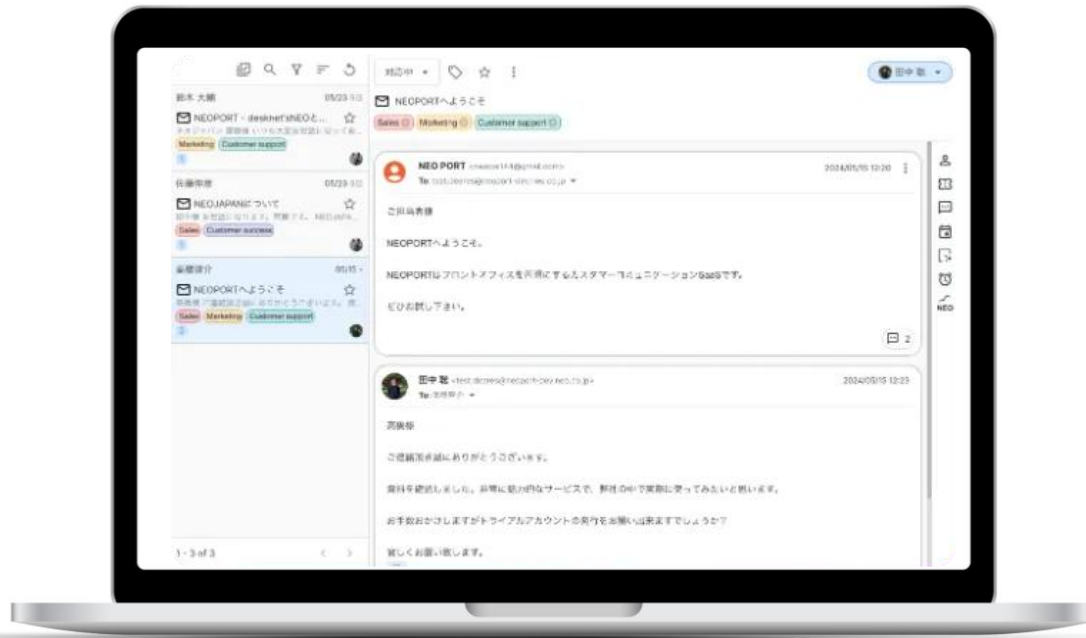
<https://mk.desknets.com/appsuite/integrator>

New **NEO**PORT Product Launched

NEOJAPAN

NEOPORT, a new cloud-based communication tool, integrates increasingly diverse customer communication channels like email, chat, and audio and video messaging into a shared platform while allowing teams to interact with customers more efficiently using AI and automation technologies.

June 3, 2024 News Released



- **Increasing the efficiency** of team customer and partner service on **the shared platform**
- **Linked to** desknet's NEO, AppSuite, and **other services**
- **AI assistant** supports more efficient handling of inquiries.



Appendix

- v NEOJAPAN Group Overview



Contributing to the formation of a flourishing information society through real IT communication tools

Our services provide vital support for workers in organizations of all scales and industries, including those involved in social infrastructures like rail, electricity, and construction.

Company Profile

NEOJAPAN

Company name	NEOJAPAN Inc.	
Established	February 29, 1992	
Location (Japan)	Headquarters	Yokohama Landmark Tower, 10th Floor 2-2-1 Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa, Japan
	Osaka Office	Nakanoshima Dai Building, 7th Floor 3-3-23 Nakanoshima, Kita-ku, Osaka-shi, Osaka, Japan
	Nagoya Office	JP Tower Nagoya, 21st Floor 1-1-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi, Japan
	Fukuoka Office	Across Cube Hakata Ekimae 3-4-25 Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka, Japan
Consolidated subsidiary (Japan)	Pro-SPIRE Inc.	WIRA Omori Building, 7th Floor 1-6-8 Omori-kita, Ota-ku, Tokyo, Japan
Consolidated subsidiaries (Overseas)	DELCUI Inc.	California, United States
	NEOREKA ASIA Sdn.Bhd.	Kuala Lumpur, Malaysia
	NEO THAI ASIA Co.,Ltd.	Bangkok, Thailand
	NEOPhilippine Tech Inc.	Metro Manila, Philippines
Representative	Akinori SAITO, President	
Capital	297million yen(As of January 31, 2024)	
Consolidated revenue	6,615 million yen (FY01/24)	
Number of employees	285 (Consolidated) (As of January 31, 2024)	

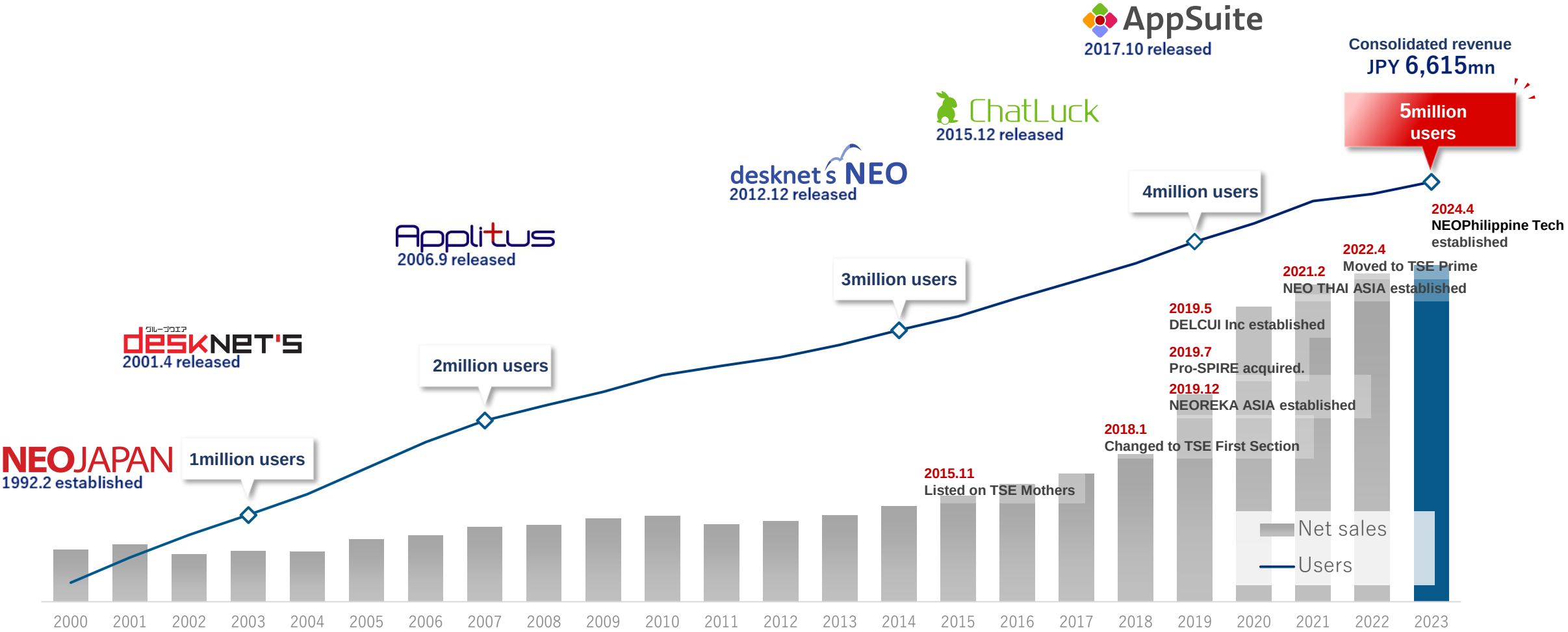


Office Entrance



Development Area

Company History



Corporate Sales

NEOJAPAN

desknet's NEO has been sold by many companies regardless of industry or size.
Cumulative sales exceeded **5.2 million users**⁽¹⁾ and are still expanding.

Information and communication



School and education



Manufacturers



Medical care and welfare



Construction and real estate



General · Organization



Financial institutions



Service



Traffic and transportation



Advertising and publishing



Logistics and retail companies



1. Total number of users based on the number of users subscribing to desknet's NEO's cloud version and users based on cumulative sales of the packaged version.

Sales to Government Agencies and Local Governments

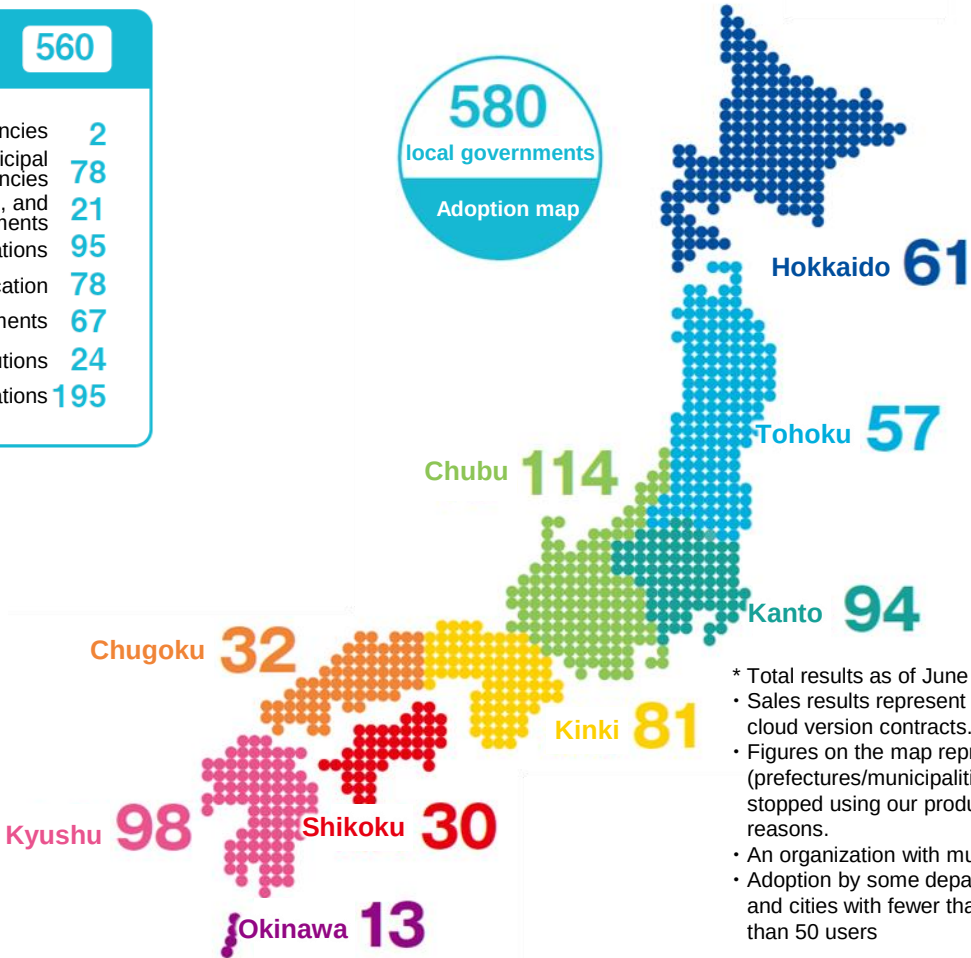
[Adopted by more than 1,100 government agencies and local governments]

Local governments 580	
Prefectures	18
Ordinance-designated major cities	6
Wards (23 wards of Tokyo)	5
Cities	187
Towns	245
Villages	42
Adoption by some departments	77

Government agencies 560	
Central ministries and agencies	2
National/prefectural/municipal agencies	78
Local branches, bureaus, and departments	21
Local public sector associations	95
Boards of education	78
Fire and police departments	67
Independent administrative institutions	24
Public corporations	195

Adopted by

Numerous customers, including the Ministry of Internal Affairs and Communications, Akita Prefecture, Miyagi Prefecture, Shiga Prefecture, Sunagawa in Hokkaido, Yokohama in Kanagawa Prefecture, Kobe in Hyogo Prefecture, and Naha in Okinawa Prefecture

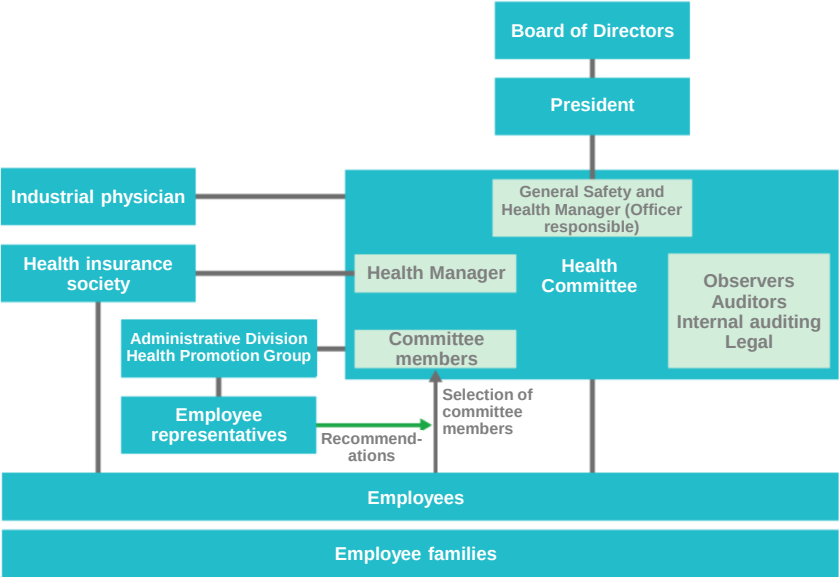


* Total results as of June 2023
• Sales results represent the total of packaged products shipped and cloud version contracts.
• Figures on the map represent sales to local governments (prefectures/municipalities), not including customers who have stopped using our products or services due to mergers or other reasons.
• An organization with multiple contracts is counted as one customer.
• Adoption by some departments: Sales to prefectures, special wards, and cities with fewer than 300 users or towns and villages with fewer than 50 users

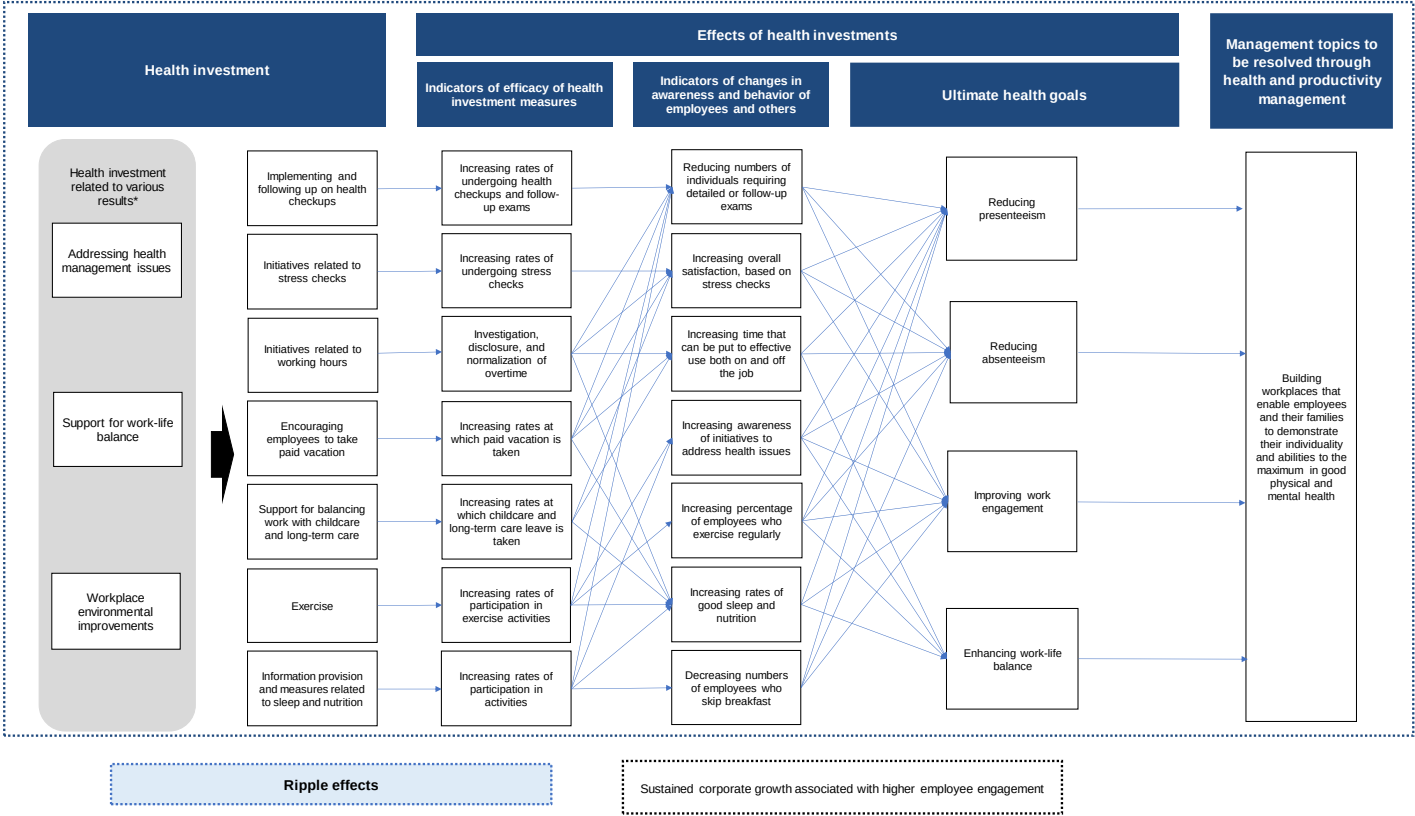
Health Management Initiatives

We recognize that the mental and physical health of our employees and their families, as well as comfortable working environments in which individuals can demonstrate their abilities in good health, contribute to corporate growth. Based on that understanding, we are promoting health management to support the health of our employees and their families.

Promotion organization



Health and productivity management strategic map



Certifications





We distribute IR information to individual investors by e-mail.
If you wish to receive this service, please sign up at the URL or QR code below.
<https://rims.tr.mufig.jp/?sn=3921>



This document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the “forward-looking statements”). The forward-looking statements are made based upon, among other things, the company’s current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result. Therefore, these forward-looking statements are dependent on various risks and uncertainties, and actual results may significantly differ from the results expressed or implied in the forward-looking statements. Accordingly, you should not place undue reliance on the forward-looking statements. We are not under any obligation to change or correct the forward-looking statements according to new information, future events or other discoveries.
