



Second Quarter FY2024

Financial Results

KOKOPELLI Inc. (stock code: 4167)

Nov 14, 2024

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01

Corporate Overview

Find the future in corporate value

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



Company Overview

Name:	KOKOPELLI Inc.
Address:	Kioicho Bldg. 11th floor, 3-12 Kioicho, Chiyoda-ku, Tokyo
Established:	June 2007
CEO:	Shigeru Kondo
Capital:	812 million yen *As of September 30, 2024
Number of Group Employees:	134(permanent & part-time) *As of September 30, 2024
Group Companies:	Kokopelli Management Support Inc. Key Point Inc.
Overview:	Business platform • Operation of “Big Advance”, DX support platform for SMEs • DX Solutions



BtoB SaaS model service to support SMEs' growth and regional development (*1)

Big Advance

DX support platform for SMEs

Provide services for SMEs in concert with financial institutions nationwide



Corporate Portal Site

Provide regional financial institutions with corporate portal sites of SMEs

DX Solutions

IT support service

Tools to upgrade productivity for tax accountants and social insurance and labor attorneys.



file transfer and sharing service



Consulting on utilization of subsidies

Consulting services for SMEs on how to take advantage of subsidies

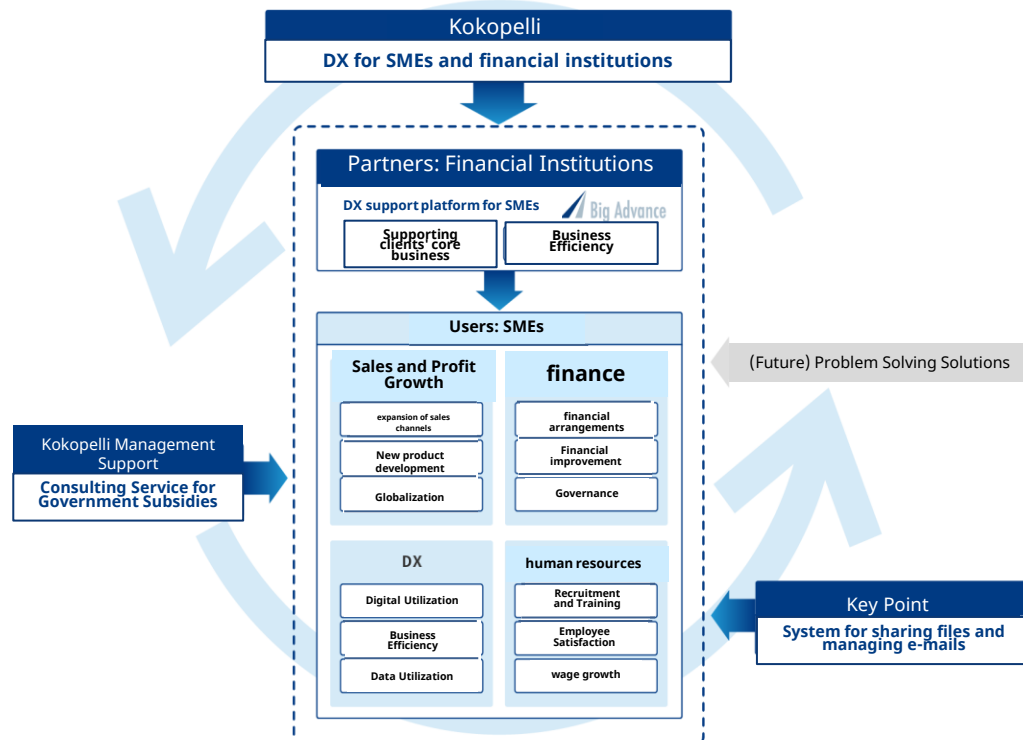


(*1) Abbreviation for “Software as a Service”. Software applications offered on Cloud by service providers which users can access through the network.

(*2) As of November 1, 2024, FLOW was transferred to FLOWERY Inc. through a corporate split, with FLOWERY Inc. as the succeeding company.

Building a Business Ecosystem for SMEs

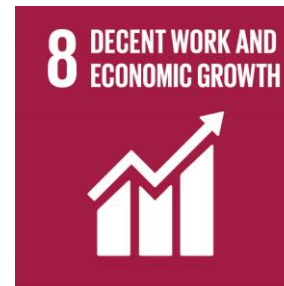
We aim to build a business ecosystem with the SME DX support platform "Big Advance" at its core.



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

Sustainable Development Goals (SDGs)

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



8.3

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



9.1

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



17.17

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

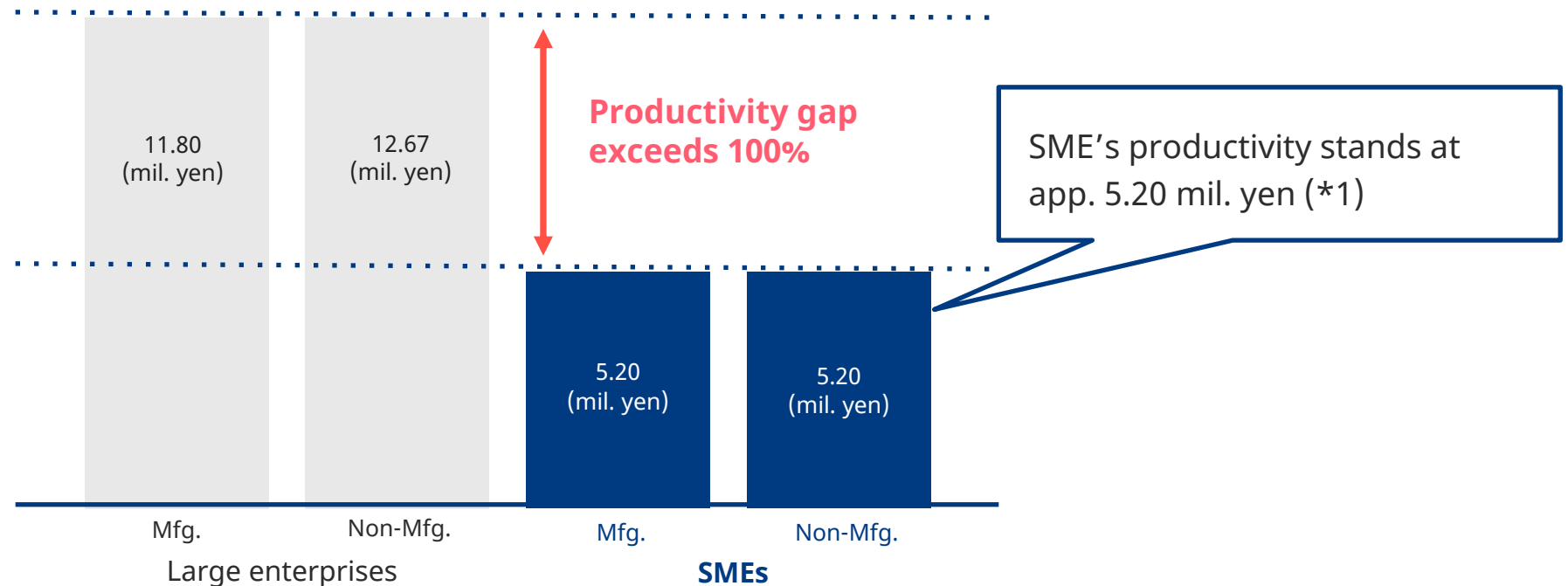
02

Our Overview (Big Advance)

Overview & Challenges for SMEs (1)

Addressing the Challenge of Low Labor Productivity in SMEs

Comparison of productivity

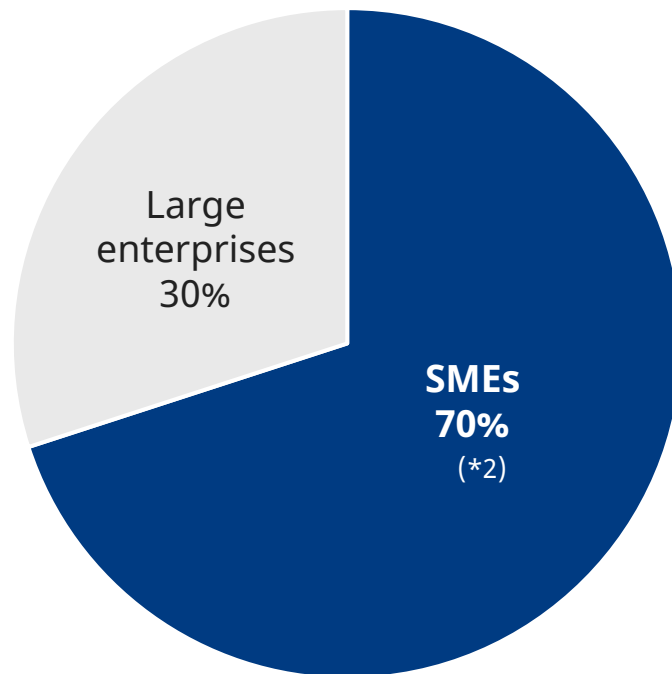


(*1) Small and Medium Enterprise Agency "2022 White Paper on Small and Medium Enterprises in Japan"

Overview & Challenges for SMEs (2)

SMEs Drive the Domestic Economy: A 10% Productivity Boost Could Generate a 16-Trillion-Yen Economic Impact

Ratio of workers at SMEs



3.58 million

SMEs/small enterprises (*2)

Ratio of SMEs vs total

99.7% (*2)

(*1) Our calculation, based on *2 and *3 above. (Total workers at SMEs of app.32mil. X 5.20 mil. yen X 10%)

(*2) Ministry of Internal Affairs and Communications and METI, "2016 Economic Census"

Overview & Challenges for Regional Financial Institutions (1)

Regional financial institutions act as principal players in the regional financial market.

Outstanding Loans to SMEs by Business Category from Regional Financial Institutions

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

Outstanding loans to SMEs: **308 trillion yen**

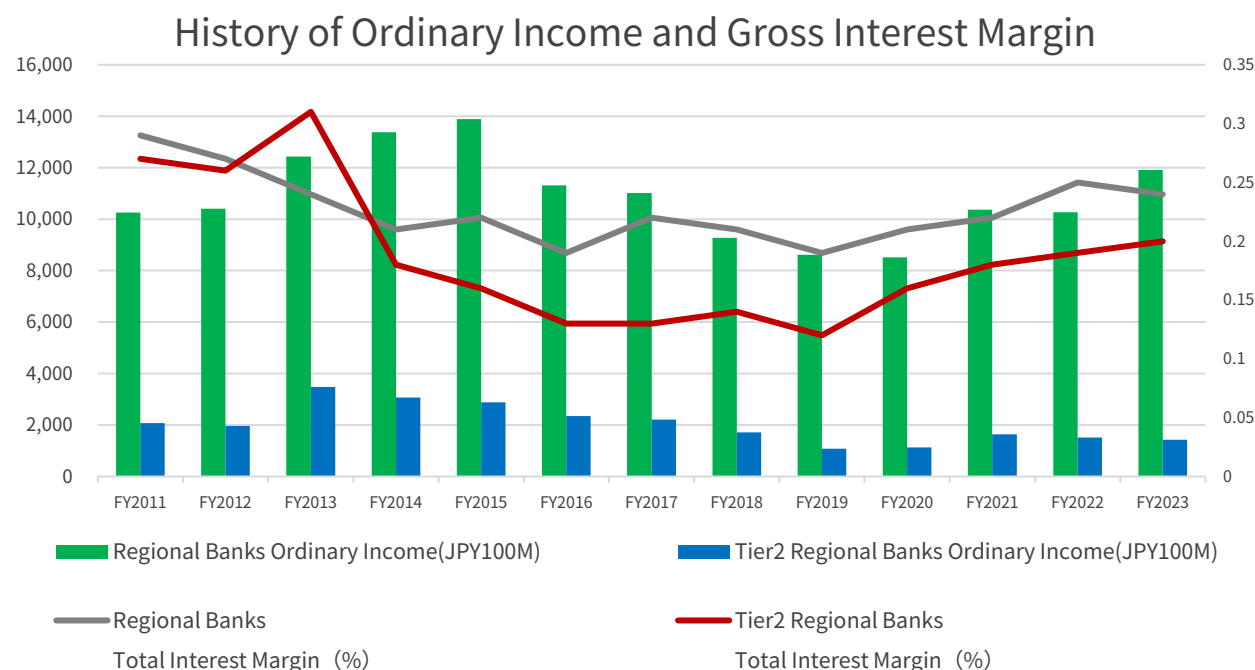
Act as principal players in the regional financial market

(*1) Our calculation, based on “A list of SMEs and Regional Banks in each Prefecture (as of March 2023)” by Small and Medium Enterprise Agency

(*2) Our calculation, based on disclosures for outstanding loans to SMEs from Mega Banks (Mitsubishi UFJ, Mitsui Sumitomo, Mizuho, Resona) as of March 2024.

Overview & Challenges for Regional Financial Institutions (2)

Need to secure stable income and promote DX (digital transformation) at SMEs.



- The economic stagnation of regional economies caused by aging populations and population decline has led to an increasingly challenging business environment for regional financial institutions.
- Although temporary funding demand has expanded due to COVID-related loans, sustained funding demand remains weak, necessitating further support for the core businesses of client companies.
- Financial institutions themselves are required to enhance their operational efficiency and create value through advancing their own digital transformation (DX).

(*1) Our analysis, based on “2023 Financial Results Trend” by Japanese Bankers Association.

Our Business (Big Advance)

A BtoB SaaS model management support platform for SME clients of financial institutions.

Basic Functions



Business matching

Facilitate business matching across regions through financial institutions.



Chat with financial institutions

Communicate directly with people in charge at financial institutions.



Subsidies and grants

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



Discussion with professionals

Connect with the most appropriate advisors in times of need.



Automatic website creation

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



“FUKURI” welfare program

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



Safety check

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



Business chat

Smooth intra-company communications regardless of time and place.

Optional Functions

*Optional only for requested financial institutions



Crowd Funding

Attract funding by sharing your passion to a common future.



Management Discussion Forum

Talk freely on managerial issues with other company managements.



Business Succession

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



“CHANTO Attendance Management”

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



“CHANTO Invoice”

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

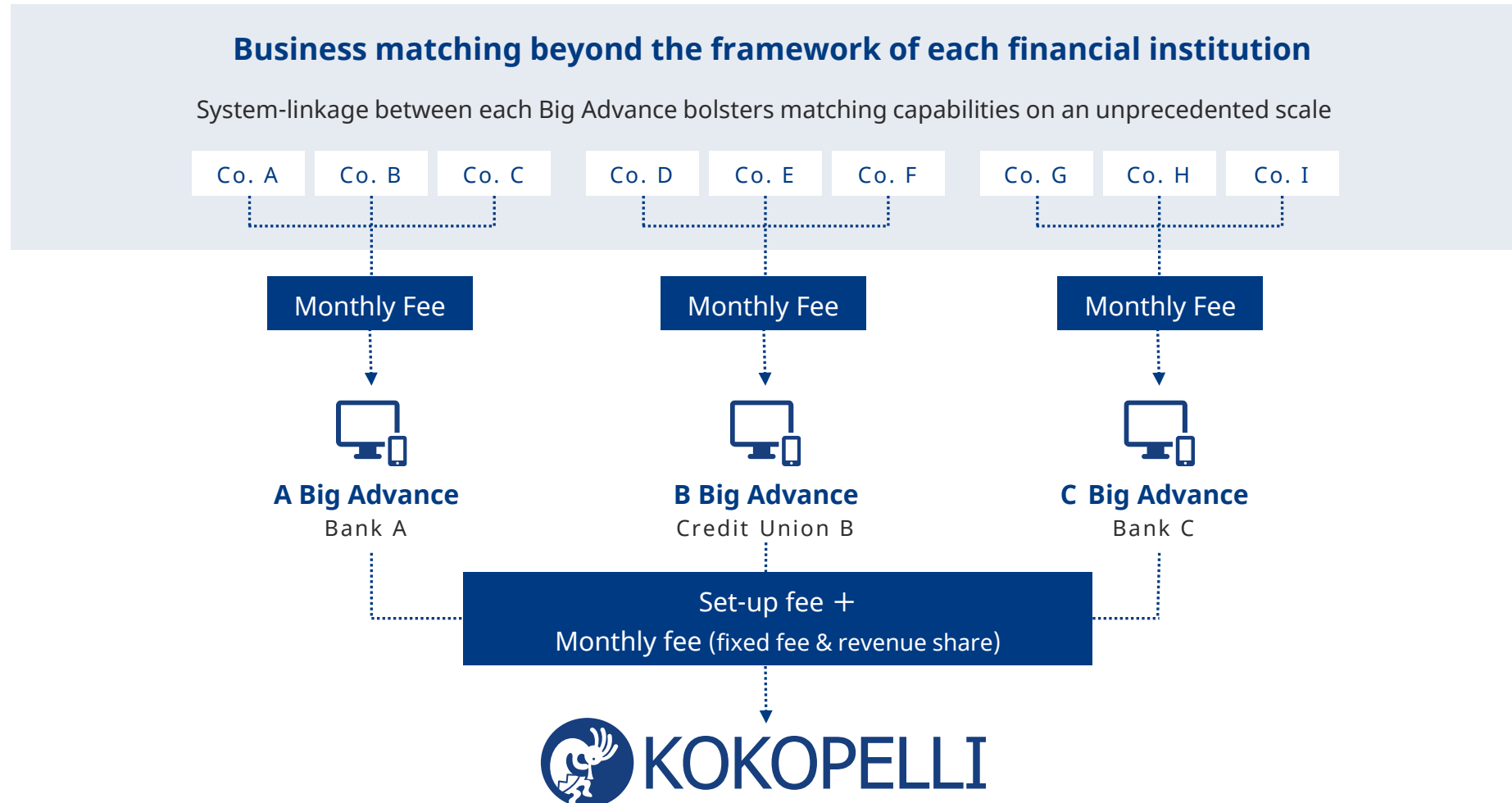


Subsidies Application Support

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

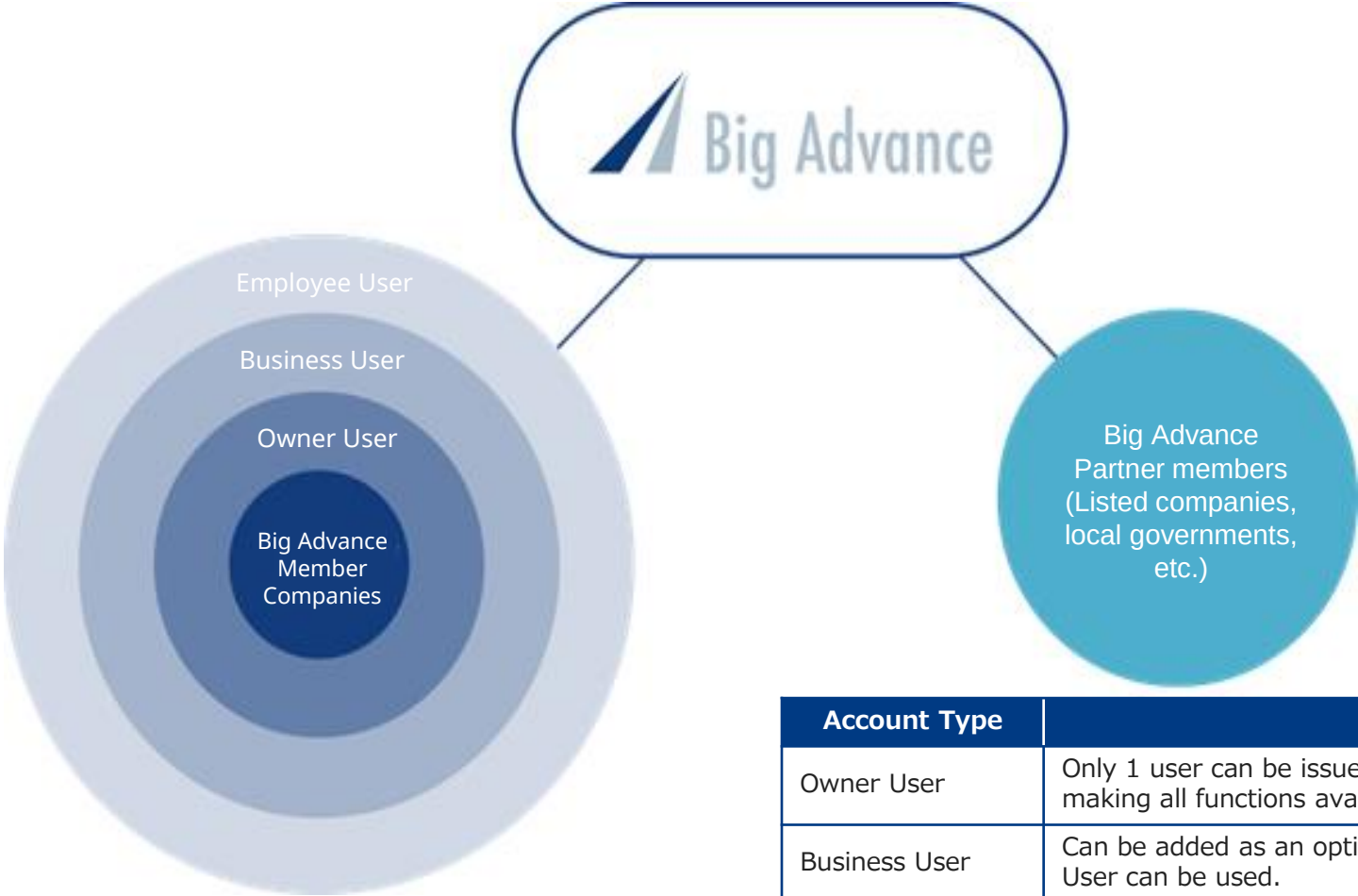
How “Big Advance” Works

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



Platforms with Multiple Touchpoints (1)

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

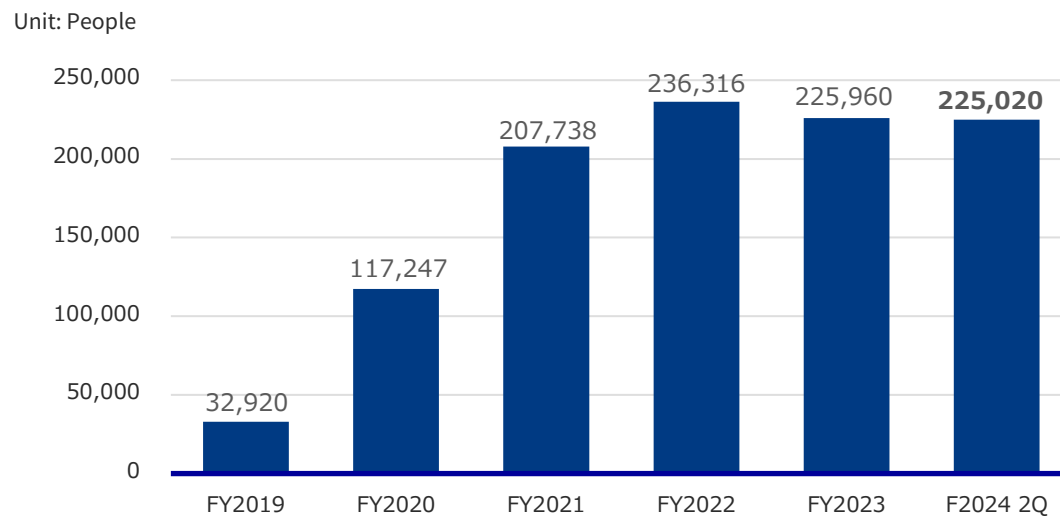


Account Type	Overview
Owner User	Only 1 user can be issued to Big Advance member companies, making all functions available.
Business User	Can be added as an option, almost all functions as the Owner User can be used.
Employee User	Unlimited issuance, limited to the use of some functions.

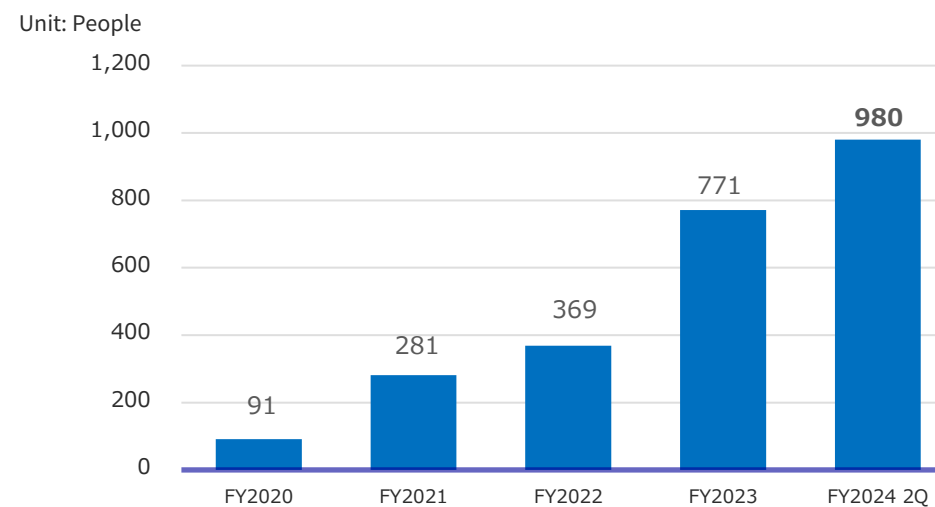
Platforms with Multiple Touchpoints (2)

Steady Growth in Business Users Achieved Through the Key Initiative of “Promoting Utilization of Business User Account”

Trend in Total Users



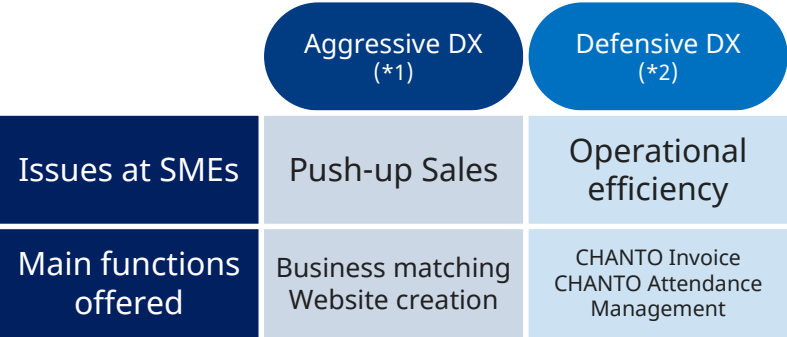
Trend in Business Users



Support for DX by SMEs

Provides a wealth of functions with competitive price offers to accelerate the pace of DX at SMEs.

Areas of DX Services on Offer



Big Advance is the one-stop solution to completing your DX process

Features for DX	Big Advance	Other Services							
Introduction and operational support by persons at financial institutions	✓								
Business Matching	✓	✓							
Website Creation	✓		✓						
Business Chat	✓			✓					
Subsidies/Grant	✓				✓				
Welfare Program	✓					✓			
Safety Check	✓						✓		
CHANTO Invoice (*4)	✓							✓	
CHANTO Attendance Management (*4)	✓								✓
Monthly Fee per a company	3,300 Yen/M Excluding optional functions	A company 1,500 Yen/M	B company 3,000 Yen/M	C company Fee for use	D company 1,000 Yen/M	E company 500-1,000 Yen/M/employee	F company Fee for use	G company Fee for use	H company Fee for use

(*1) DX areas contributing to higher sales such as website creation or web-based sales activities.
(*2) DX areas contributing to operational efficiency or cost reduction.
(*3) Other companies’ services are excerpted from each company’s website.
(*4) Optional functions.

The Potential of "Big Advance" with the Use of Generative AI

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



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

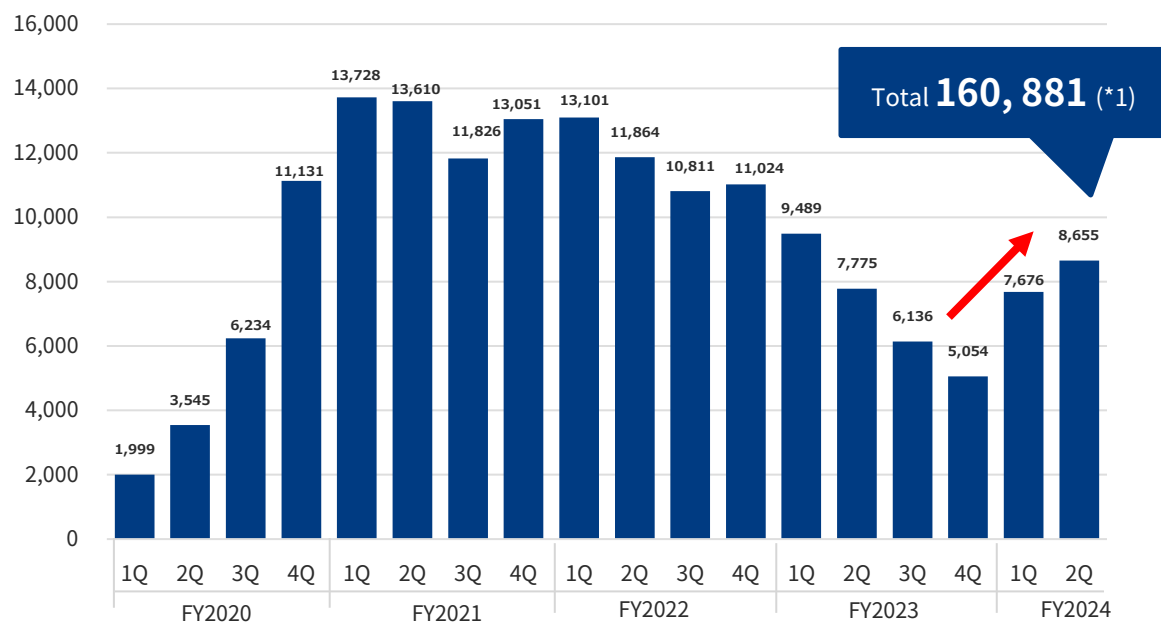
- The following features are introduced in Big Advance
- Automatic website creation
 - Automatic generation of business matching needs
 - Recommendation function for business matching

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

Business Matching Features Support Development of New Partnerships, Alliances, and Cross-Industry Innovations, Including New Product Development. Following Efforts to Enhance Quality of Business Negotiations, Focus Shifts to Increasing the Number of Business Negotiations in FY2024, Leading to Growth.

Quarterly requests for business talks

Unit: Cases



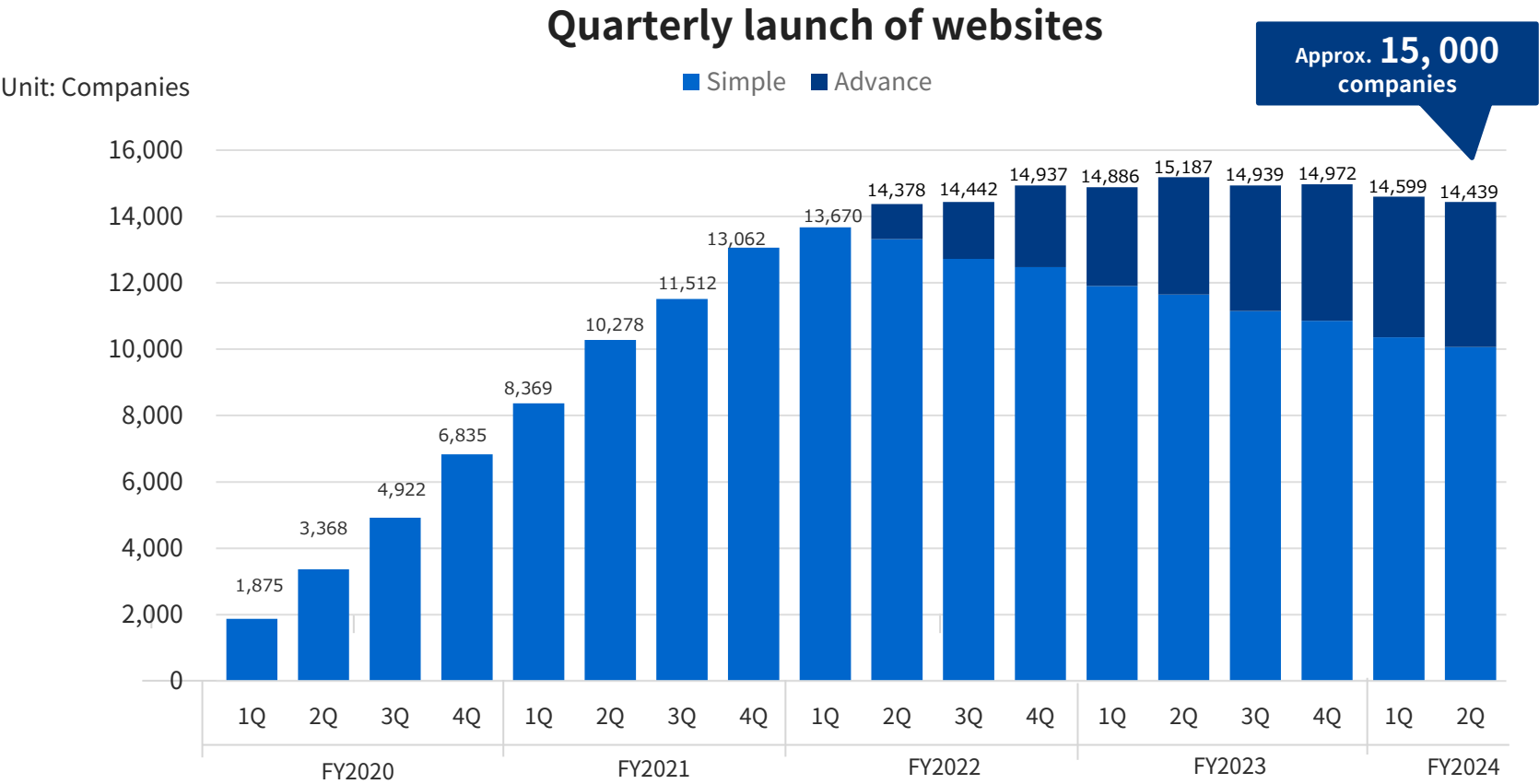
(*1) As of end September 2024

Initiatives to Increase Number of Business Negotiations

- Major Improvements to UI/UX for Searching and Viewing Needs, and Submitting Negotiation Requests
- Hosting Online Business Matchmaking Events
- Introducing Potential Matching Companies Using AI

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

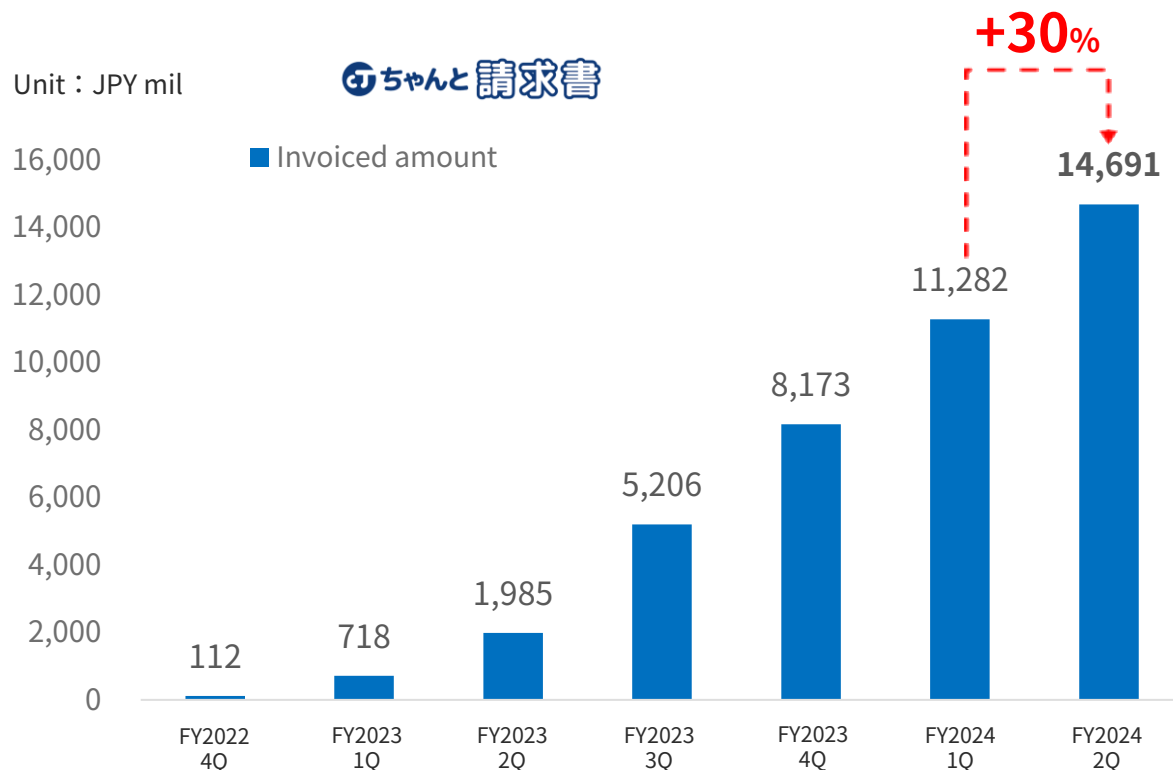
Enabling easy website creation and updates without specialized knowledge, supporting corporate information dissemination. Approximately 15,000 companies have established websites



Current Status of CHANTO Invoice (Electronic Invoice Services)

The cumulative amount of invoices issued by proper invoices increased significantly to 14,691 million yen as of the second quarter of FY2024.

Cumulative amount of invoice issuance (*1)



(* 1) Cumulative Issuance Amount as of October 28, 2024

(* 2) As of November 14, 2024, the number of adopting financial institutions is 45.

Adopting Financial Institutions (* 2)

The Miyazaki Bank, The Kino Kuni Shinkin Bank, The Gifu Shinkin Bank, The Seisei Shinkin Bank, The Chiba Shinkin Bank, The Towa Bank, Niigata Shinkin Bank, Hiratsuka Shinkin Bank, Minami Nippon Bank, Kofu Shinkin Bank, Nagano Bank, Alps Central Shinkin Bank, Sanjo Shinkin Bank, Fukui Shinkin Bank, Aomori Bank, Tomato Bank, Kagoshima Mutual Shinkin Bank, Toho Bank, Toyokawa Shinkin Bank, Himeji Shinkin Bank, Kyoei Shinkin Union, Iwate Bank, Tono Shinkin Bank, Fukuho Bank, Kure Shinkin Bank, Iyo Bank, Saga Bank, Sanin Godo Bank, Kochi Bank, Hanno Shinkin Bank, Kitanihon Bank, Tajima Shinkin Bank, Daiko Bank, Shonai Bank, Chukyo Bank, Kiyo Bank, Kuwana Mie Credit Union, Nishi Nihon City Bank, Fukuoka Chuo Bank, Kyoto Bank, Okinawa Kaiho Bank, Sendai Bank, Suwa Shinkin Bank, Higashi Nihon Bank, and Mito Shinkin Bank

The trend of ARPA for the entire group

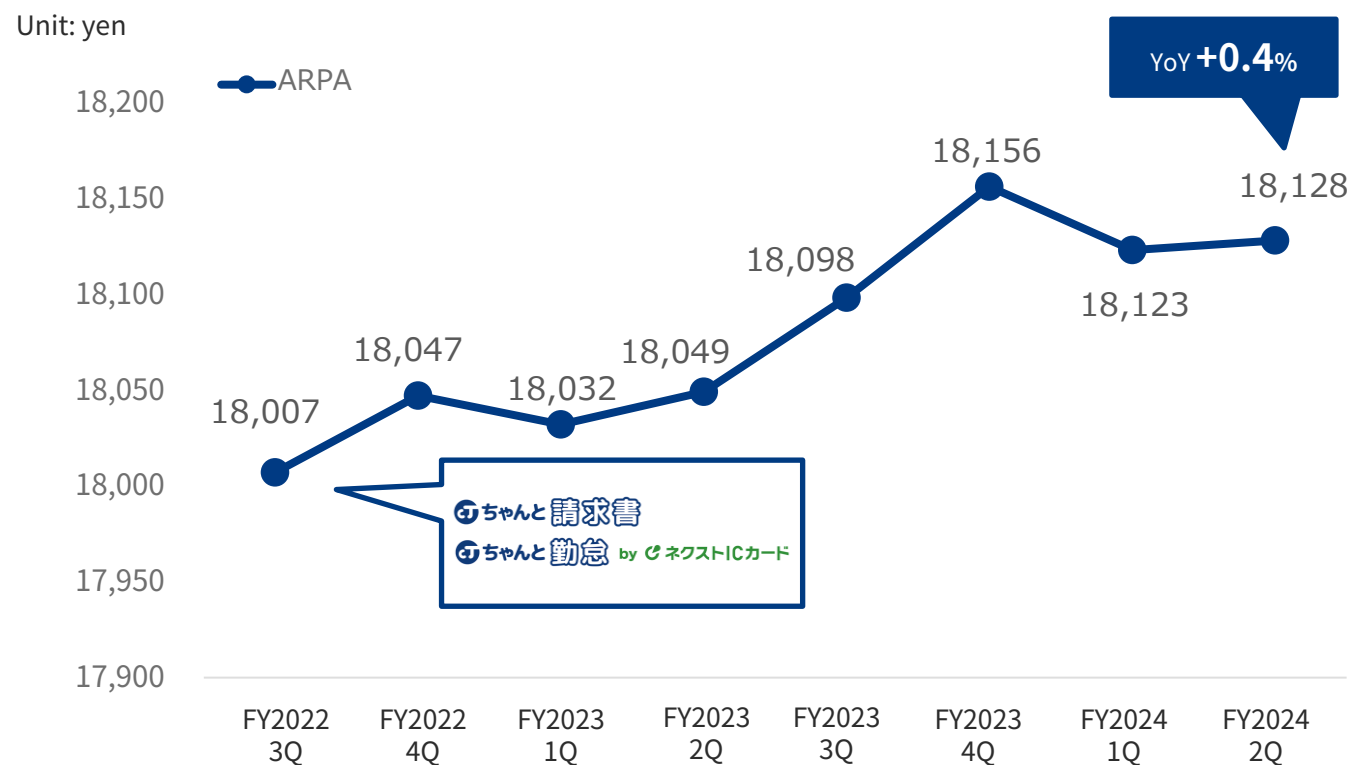
Based on the ARPA expansion strategy, the product lineup was expanded, leveraging the synergies among products, resulting in an ARPA of 19,992 yen, a 10.7% increase compared to the same period last year.



(*) ARPA stands for “Average Revenue per Account”, referring to an average sales amount per account.
This figure is calculated by dividing the annual revenue sales from member companies by the number of member companies at the end of each quarter.

The trend of ARPA for Big Advance

With the addition of optional features to the monthly subscription revenue share from Big Advance member companies, ARPA reached 18,128 yen, a 0.4% increase compared to the same period last year.





03

FY2024 Second Quarter Result

Consolidated Financial Results

Sales

1,052 million yen
(YoY +13.3%)

EBITDA ^(*2)

172 million yen
(YoY +129.1%)

Operating profit

77 million yen
(0 million yen YoY)

Current Status of Big Advance

Number of BA-installed financial institutions

79

Number of member companies

62,375

Total number of users

225,020

Average churn rate

1.48 % ^(*1)

(*1) Churn rate : Unsubscribed companies during the month / Subscribed member companies at month-end (12-month average from October 2023 to September 2024).

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

P/L Statement for the 2nd Quarter of FY Ending March 2025

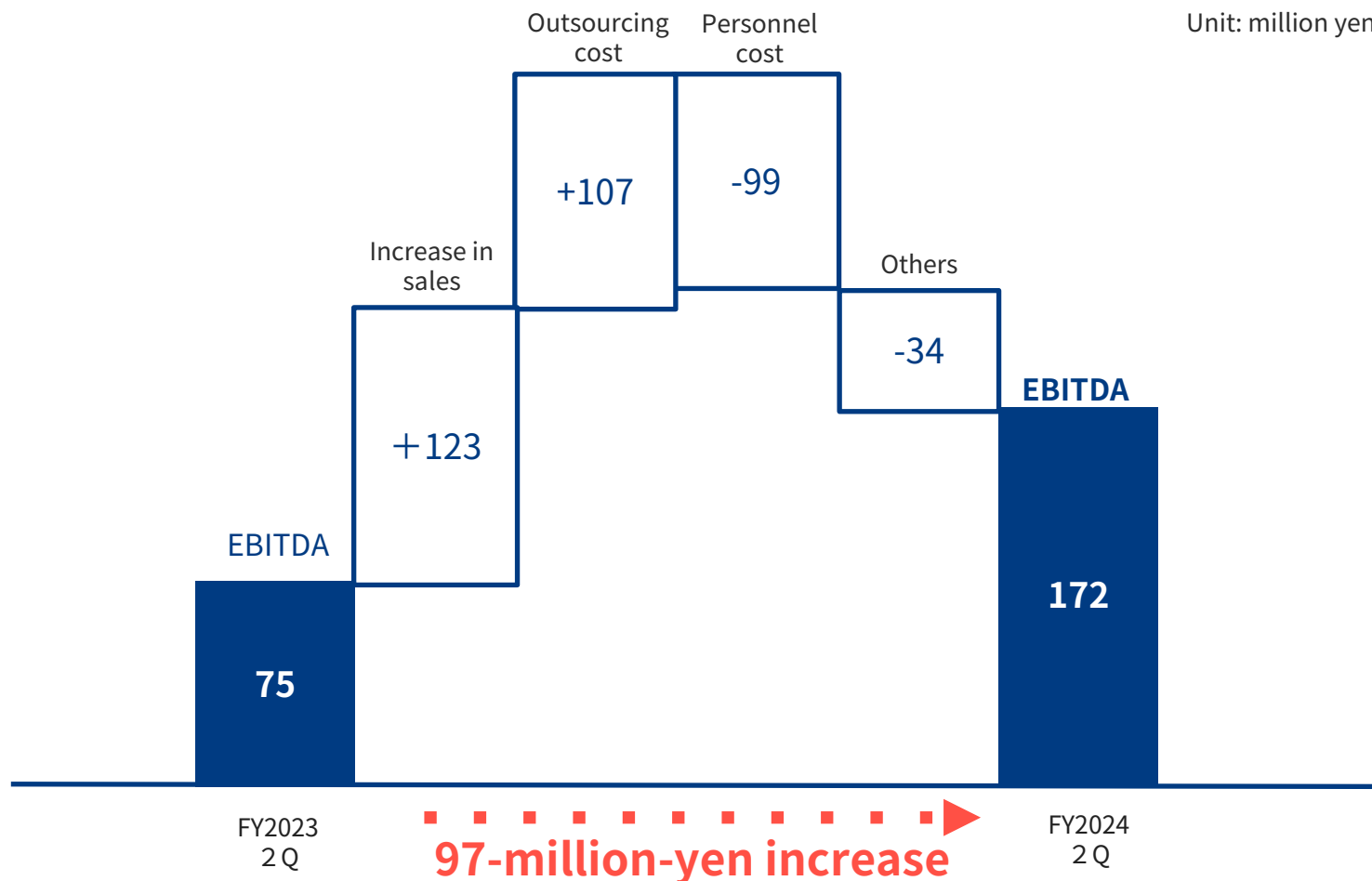
Revenue increased by 1,052 million yen (+13.3% YoY), driven by steady growth in Big Advance sales as well as DX Solutions. Gross profit margin improved by 2.7 points due to reduced outsourcing costs, resulting in a significant increase in earnings compared to the previous fiscal year, with EBITDA reaching 172 million yen and operating profit at 77 million yen.

Unit: million yen

	FY2023 2Q (Actual)	FY2024 2Q (Actual)	Difference from Previous Period	YoY
Net Sales	929	1,052	+123	+13.3%
Gross profit	472	564	+91	+19.4%
Gross profit ratio	50.9%	53.6%	—	+2.7P
EBITDA	75	172	+97	+129.1%
Operating Income	0	77	+77	—
Operating income ratio	0.0%	7.4%	—	+7.4P
Ordinary Income	0	78	+78	—
Quarterly net profit at shareholders of parent	-12	36	+49	—

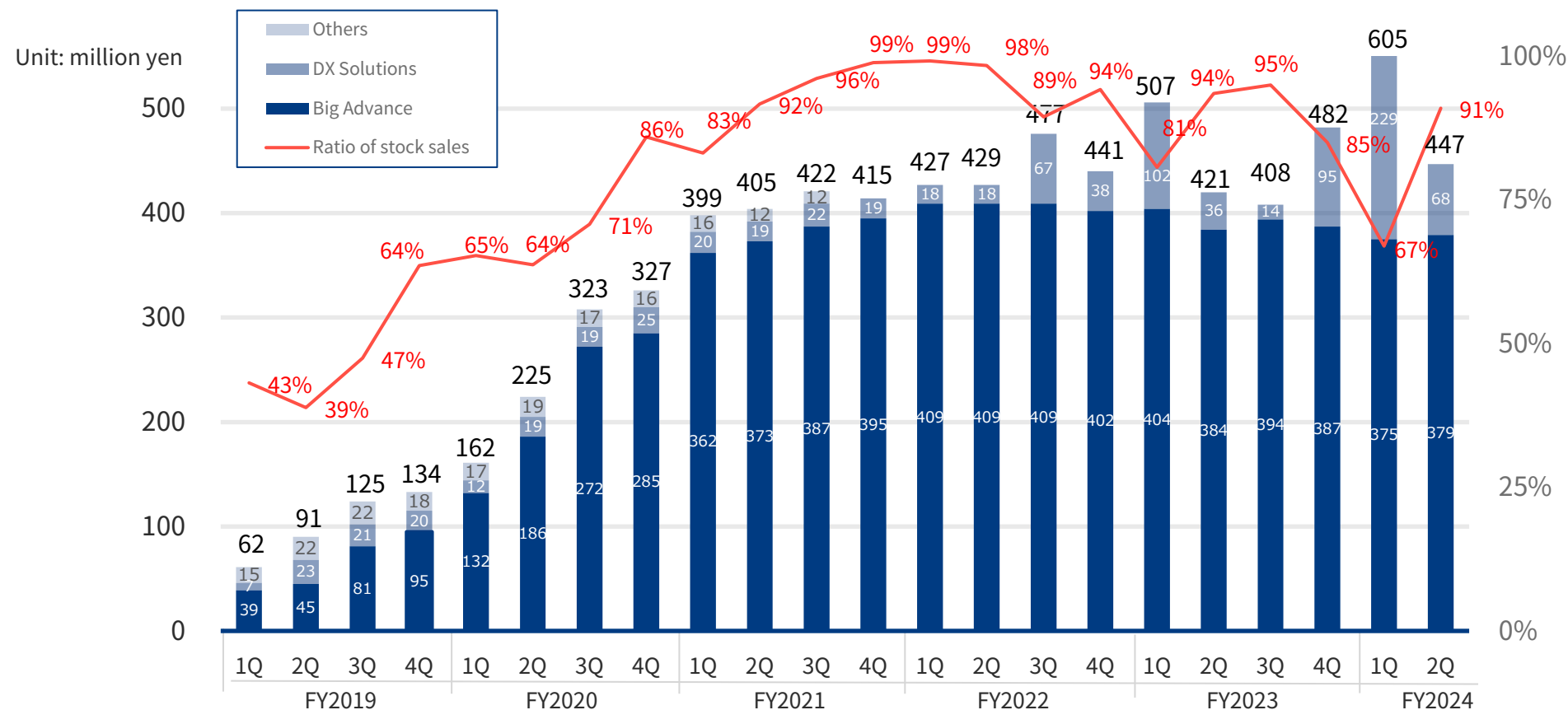
Factors affecting EBITDA

Revenue growth and reduced outsourcing costs through in-house system development enabled by hiring engineers contributed to a 97 million yen increase in EBITDA. Meanwhile, proactive recruitment of engineers accelerated development speed, enhancing capabilities for development of new feature and service



Trends in Quarterly Sales

Big Advance remained flat, while DX Solutions saw a decrease compared to Q1 due to the absence of subsidy approvals in subsidy consulting sales. The ratio of stock revenue (*2) increased to 91%.



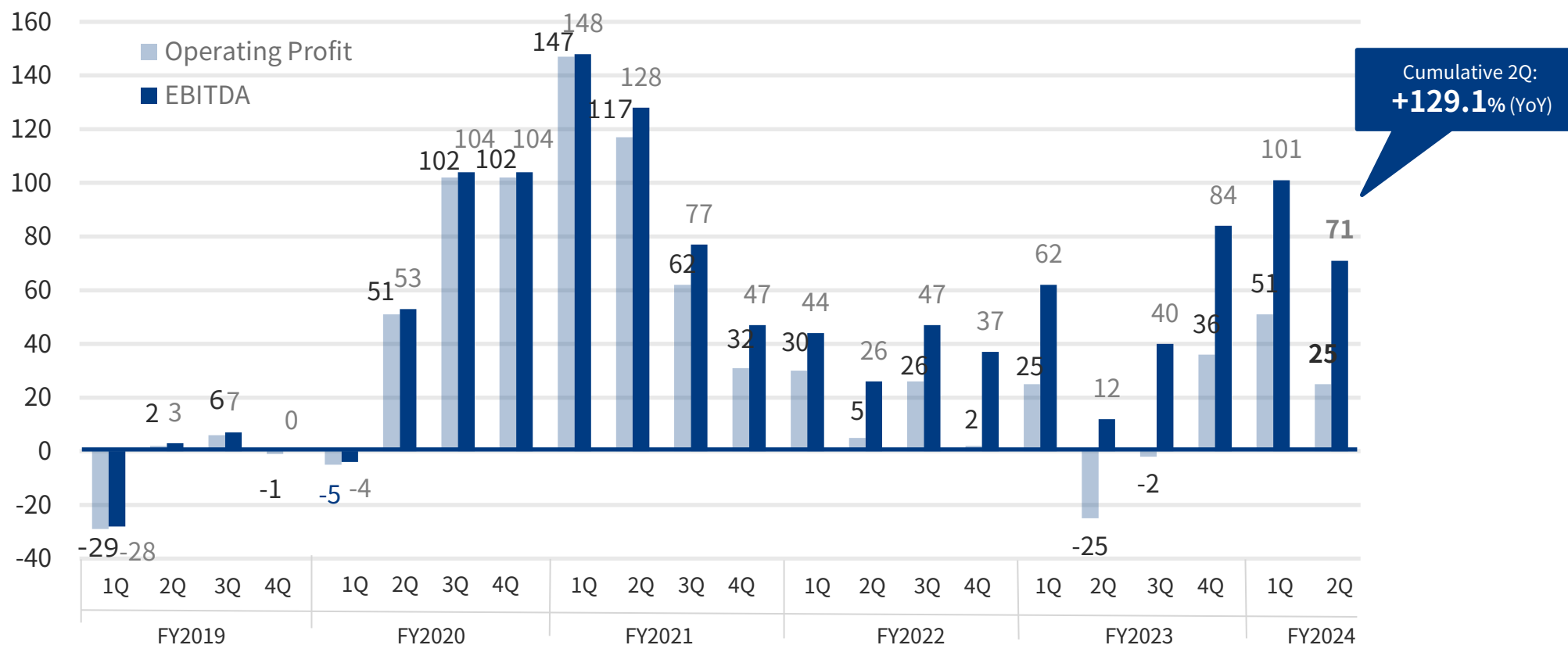
(*1) Stand-alone results used until 2Q of FY2022, and consolidated results from 3Q of FY2022.

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

Trends for Quarterly operating profit/loss and EBITDA

Revenue growth and reductions in outsourcing costs contributed to a 129.1% YoY increase in cumulative EBITDA for Q2.

Unit: million yen

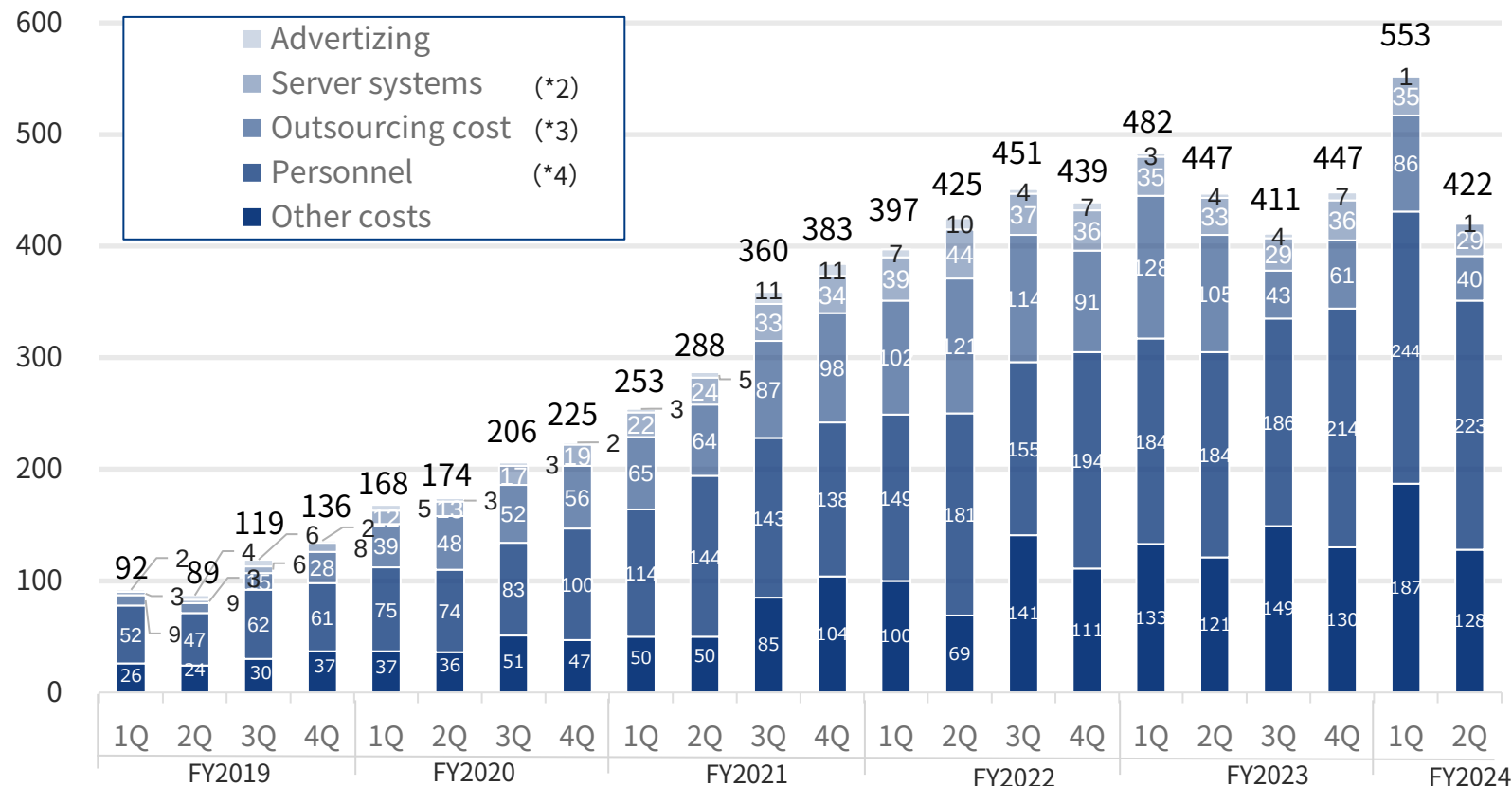


(*) Since FY2023 3Q, when consolidated financial statements were adopted, the financial figures until FY 2023 2Q were based on individual (standalone) statements.

Trends in Quarterly Cost Structure

Q2 saw a decrease in variable costs such as outsourcing expenses linked to subsidy consulting sales

Unit: million yen



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

(*2) AWS and web system usage fees. CoGS

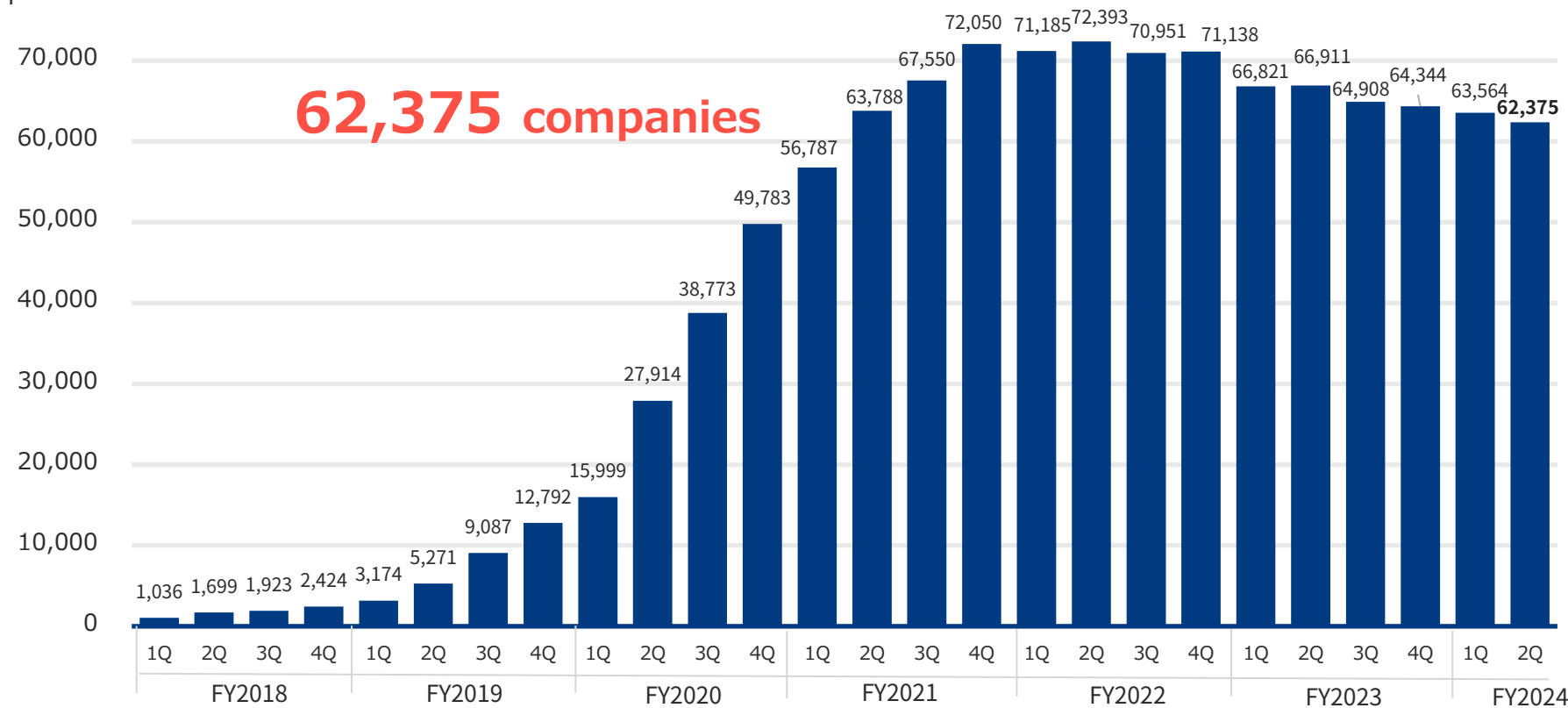
(*3) Cost of outsourcing development to external engineers. CoGS

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

Quarterly Trends of Member Companies

The number of member companies decreased by 1,189 from 1Q, bringing the total to 62,375. (*1)

Unit : companies

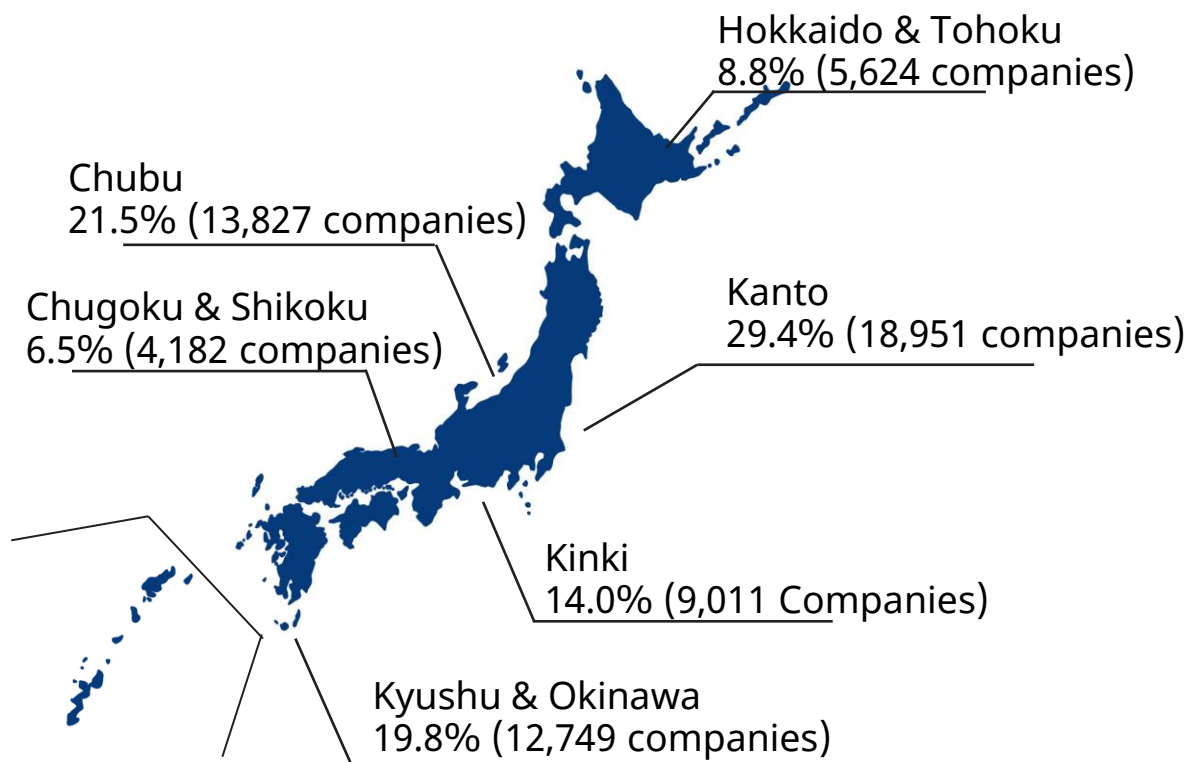


(*1) As of the end of September 2024

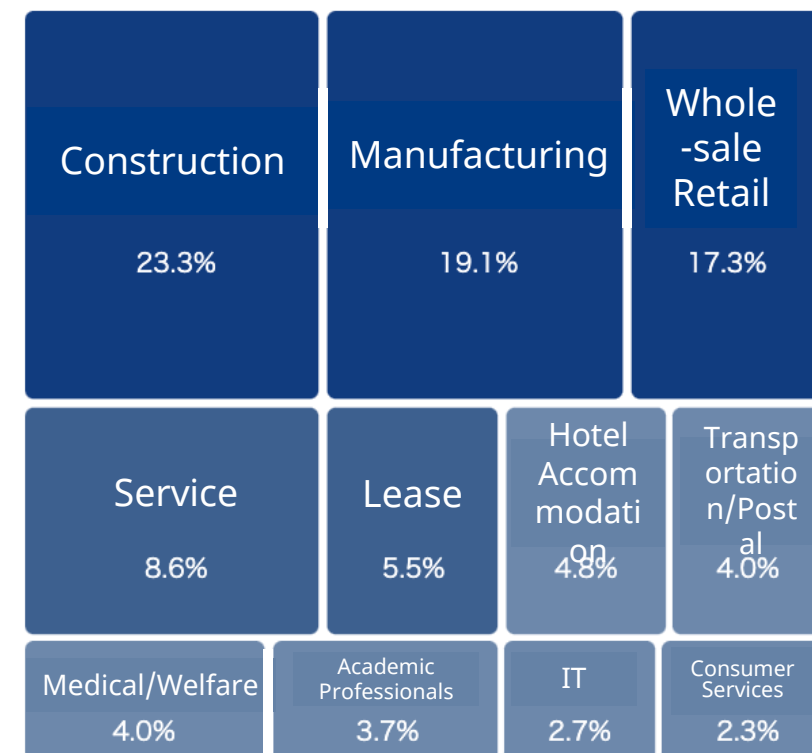
Nationwide Network of Member Companies

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

Composition ratio of Big Advance member companies by region



Industry Composition of Big Advance Member

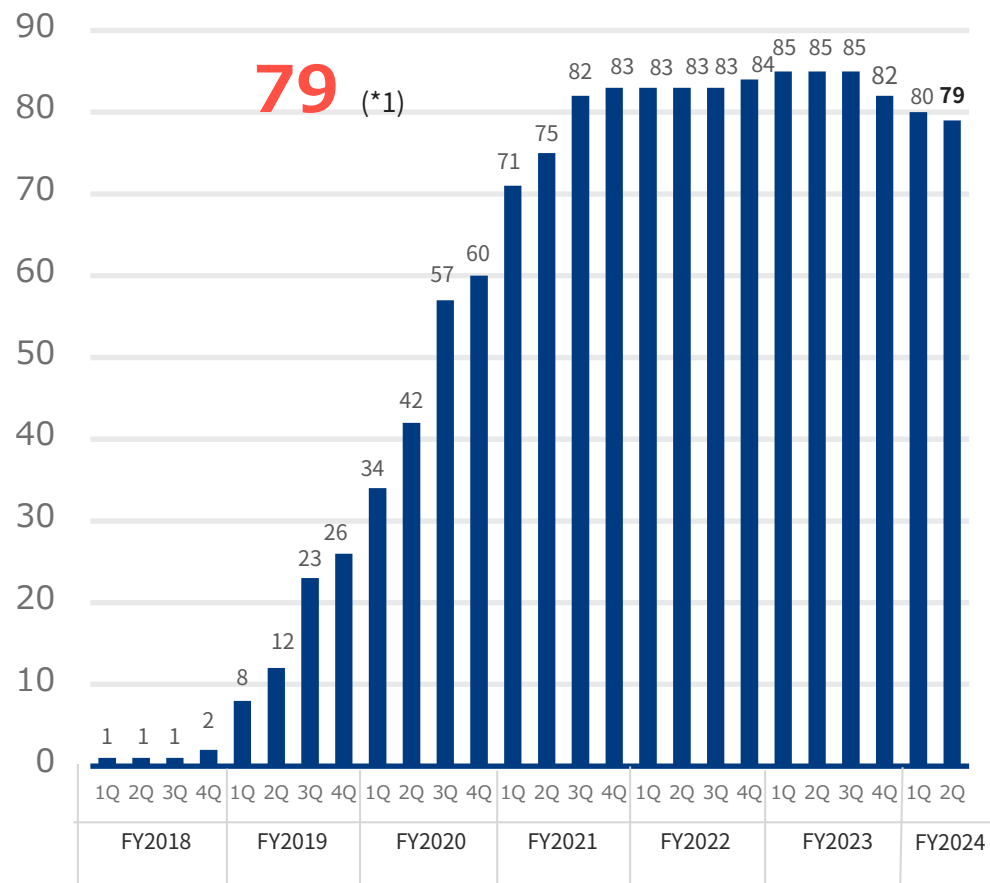


(*1) As of the end of March 2024

Trends in the number of BA-installed Financial Institutions

The number of BA-installed financial institutions that have adopted the system decreased by 1 from 1Q, bringing the total to 79. (*1)

Unit : companies



(*1) As of the end of September 2024

Hokkaido / Tohoku Region

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

Hokuriku Region

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

Kanto / Koshinetsu Region

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

Tokai Region

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

Kansai Region

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

Chugoku / Shikoku Region

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

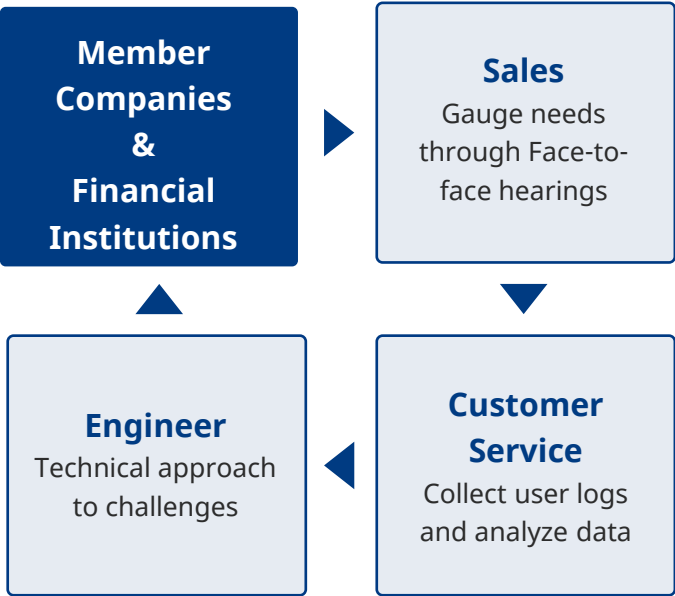
Kyushu / Okinawa Region

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

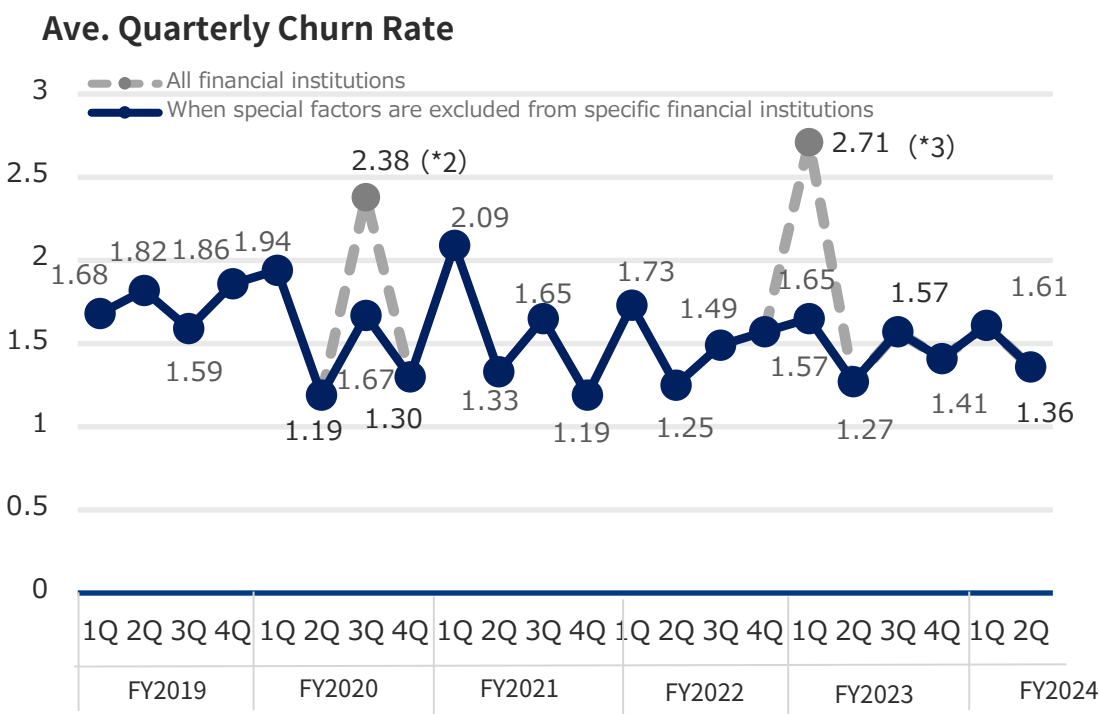
Sustaining users with quick improvements to functions

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

Cycle of functional upgrades



Ave. Annual Churn Rate at 1.48% (*1)



(*1) Churn rate: (Unsubscribed companies during the month) / (Subscribed companies at previous month end (12-month average from October 2023 to September 2024))

(*2) One-off increase in churn rate due to special factors at certain financial institutions in December 2020. Average churn rate in 3Q FY2020 is 1.67% without this effect.

(*3) The churn rate rose for a while in March and April 2023 due to special factors at certain financial institutions. Besides this, the average churn rate in Q1 FY2022 was 1.65%.

“Big Advance Conference” Held for Financial Institutions Adopting Big Advance

Financial institutions nationwide adopting Big Advance participated to strengthen collaboration across institutional boundaries.



Photo: Scene from the Event Day (Friday, September 6, 2024)

- Regional banks, credit unions, and credit associations, which aim to revitalize local economies and support SMEs, focused on strengthening collaboration across regional and institutional boundaries.
- On the event day, financial institution representatives were divided into small groups for theme-based sessions, where they shared use cases of Big Advance and discussed issues such as SME digital transformation (DX).
- Opportunities to exchange information across regional and institutional boundaries are rare, and bringing financial institution representatives from across the country together in this way is highly valuable. This conference was expected to play a significant role in revitalizing regional economies in the future.

A financial institution has decided to implement the specialized AI FAQ (SAF) for internal inquiry operations for the first time



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



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

Strategic Business Partnership in Thailand

Strategic Business Alliance Formed with KAIGO Life Co., Ltd. and Collinear Inc. for the Expansion of “BIG ADVANCE GLOBAL” in Thailand

 Big Advance Global

(From left: Akira Ogura, CEO of Collinear Inc.; Chayaporn Phornprapha, CEO of KAIGO Life Co., Ltd.; Shigeru Kondo, CEO of Kokopelli Inc.)

KAIGO Life Co., Ltd. (Thailand)

In Thailand, we collaborate with organizations like the Thai Chamber of Commerce, Ministry of Economy, Trade, and Industry, and the Japanese Embassy to provide government-level business matching and consulting services for both countries. The Siam Motors Group family, a pioneer in the automotive industry, is one of the old conglomerates supporting the Thai economy and is already partnered with nearly 40 Japanese companies

Collinear Inc.

Collinear Inc. offers business engineering services focusing on practical support. They design and implement optimal solutions for immediate challenges through data-driven business improvement, business development, and machine learning-based demand forecasting systems. In 2022, they received the Japan DX Award - Support Agency Division - Excellence Award

Rolleout to Regional Financial Institutions by Leveraging the Expertise and Achievements of WebFile and GrpMail,
Developed in the Security-Demanding Financial Industry

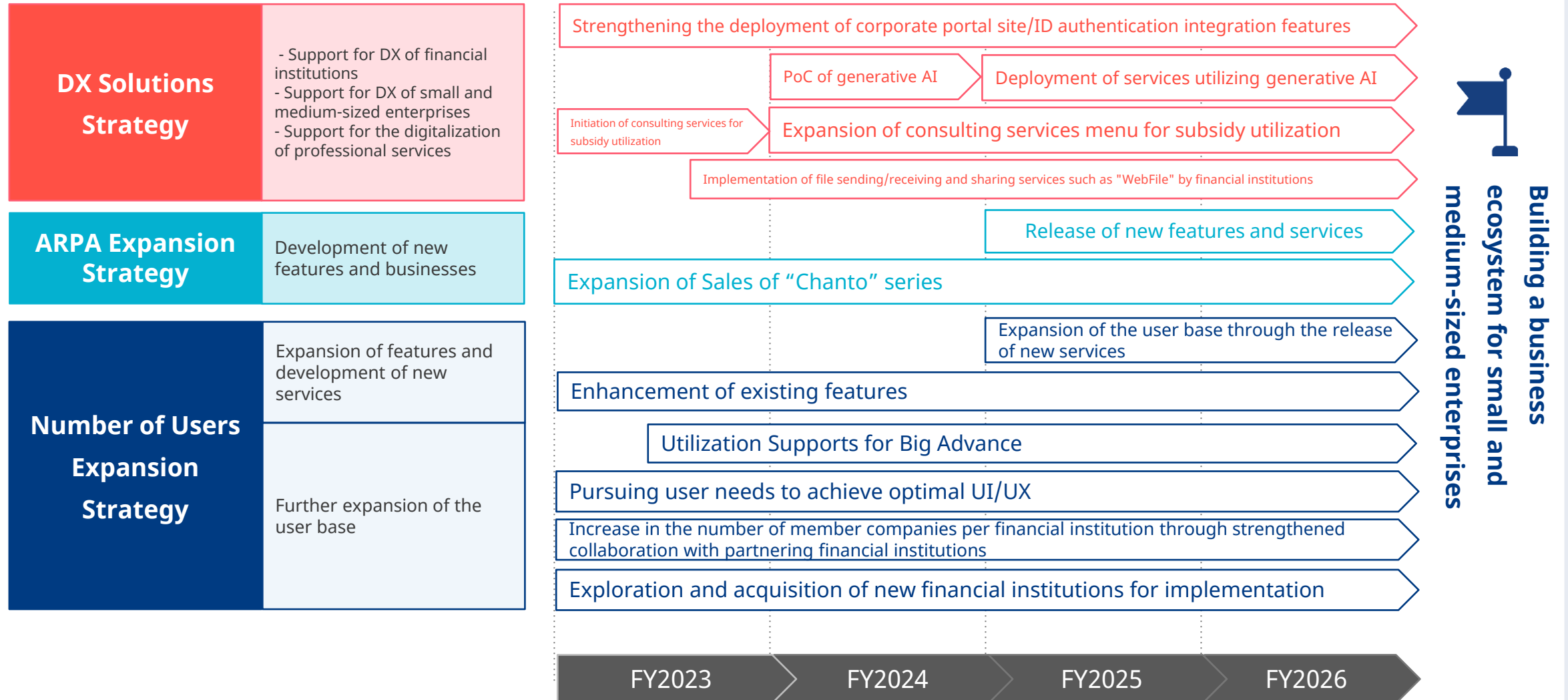
Service Rollout to Regional Financial Institutions Starting in the Second Half of 2024



04

Progress on mid-term management plan

"Growth Strategy Roadmap" for FY2024 and beyond



Service scheduled to start in
April 2025 or later



【Mission】

地域発世界

From Region **to the World**

【Objective】

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

Key Features of BIG ADVANCE GLOBAL

Expanding Big Advance's "Business Matching Feature" for International Use to Create a Platform Enabling SMEs to Engage in Direct Trade

Key Features of BIG ADVANCE GLOBAL

Build a secure
**member
company
network**

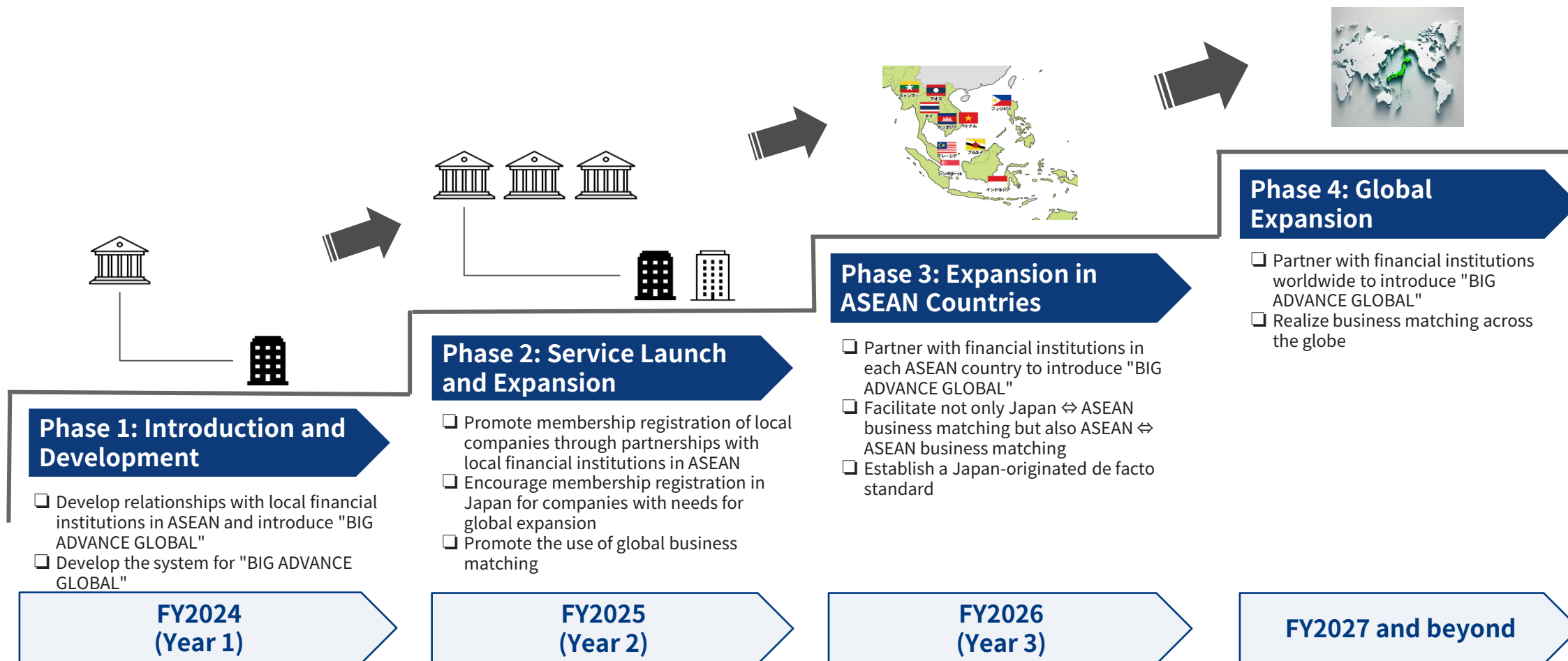
**AI-driven
creation** of
matching
opportunities

Overcome
language barriers
with **automatic
translation**

**Provide reliable
support** for trade
operations

Future Development of BIG ADVANCE GLOBAL

Aim to establish a global, Japan-originated de facto standard in the B to B business matching platform



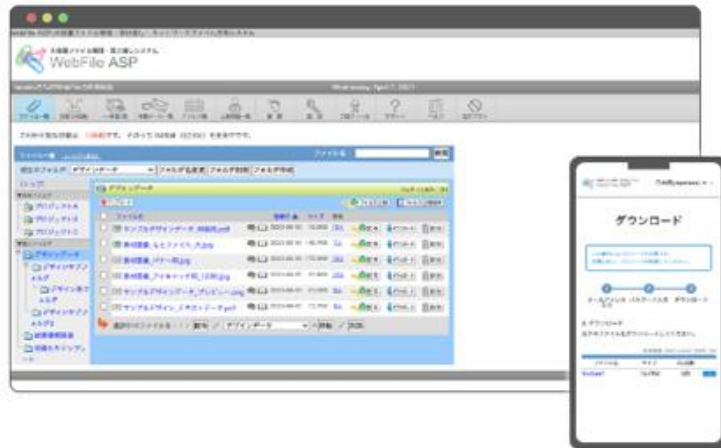
Expanding to Include the Handling of New Subsidies, Such as “Large-Scale Growth Investment Subsidy” and “Energy-Saving Subsidy,” in Addition to “Manufacturing Subsidy” and “Business Restructuring Subsidy”



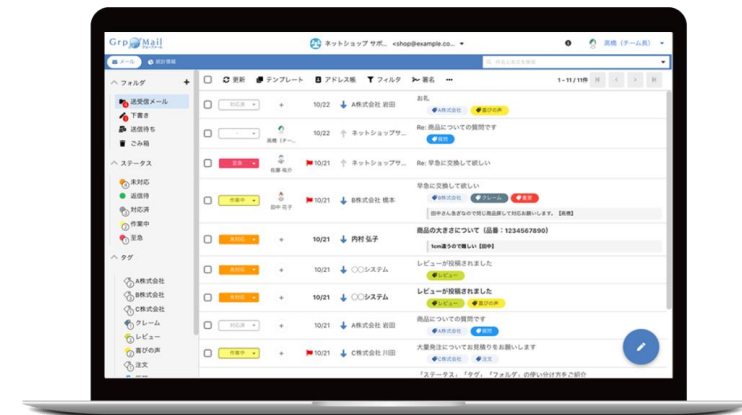
- ①Top-class support on subsidies in the Tokai region.
- ②Wide range of support provided on subsidies.
- ③Support provided by experienced professionals.
- ④Understanding of “proprietary skills”.
- ⑤Seminars held on subsidies and its application process.

File Transmission, Reception, and Sharing Services

Addressing Information Security Challenges Such as File Attachment Transmission and Paperless Operations



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



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



Examples of Utilizing “WebFile” in Regional Financial Institutions

1

[Regional second-tier bank A in Western Japan Region] File transfers to clients are conducted via PPAP (*1)



URL-based File Transfer Function Successfully Resolves PPAP Issues

2

[Regional second-tier bank B in Chugoku Region] Dual management of paper-based contracts with PDFs



**Paperless Operations Enabled by E-contract Functionality:
Click-to-Complete for Improved Efficiency**

3

[Regional banking group C in Kinki Region] Manual collection of paper-based surveys is time-consuming



Online Survey Functionality Provides a Solution

(*1) A method where a password-protected zip file is created and emailed to the recipient, followed by sending the password via email.

Examples of Utilizing “GrpMail” in Regional Financial Institutions

1



[Regional second-tier bank A in Western Japan Region] The shared email address is not being effectively utilized.

Resolved with the shared email address feature:
Simplifies operations for handling by multiple people.

2



[Shinkin bank C in Chubu Region] email handling errors due to not being aware of other staff members' email exchanges with customers

The messaging feature reduces human errors,
preventing missed responses and duplicate handling.

3



[Regional second-tier bank D in Eastern Japan Region] consulting scheme has become overly complicated.

Resolved with the email approval feature:
Emails are drafted by Company D and sent upon customer approval.



05

FY2024 estimates

FY2024 Forecast

Q2 Progressed as Planned; No Change to Full-Year Earnings Forecast Due to Large-Scale Investments for the Upcoming Release of “BIG ADVANCE GLOBAL” in next FY

Unit : million yen

	FY2023 Actual Results (a)	FY2024/2Q Actual Results(b)	FY2024/3Q Full-year Forecast (c)	Progress Rate (b/c)	YoY Comparison (c/a)
Sales	1,821	1,052	2,000	52.6%	+9.8%
Gross profit	990	564	1,078	52.4%	+8.8%
EBITDA	200	172	278	62.0%	+38.9%
Operating Profit	33	77	78	99.8%	+130.1%
Recurring Profit	40	78	77	102.5%	+90.7%
Net profit for shareholders of parent company	33	36	30	122.4%	-10.1%

Business Policy for FY 2024 (Initial Plan)

In FY2024, business growth will be pursued through the following initiatives:

Big Advance

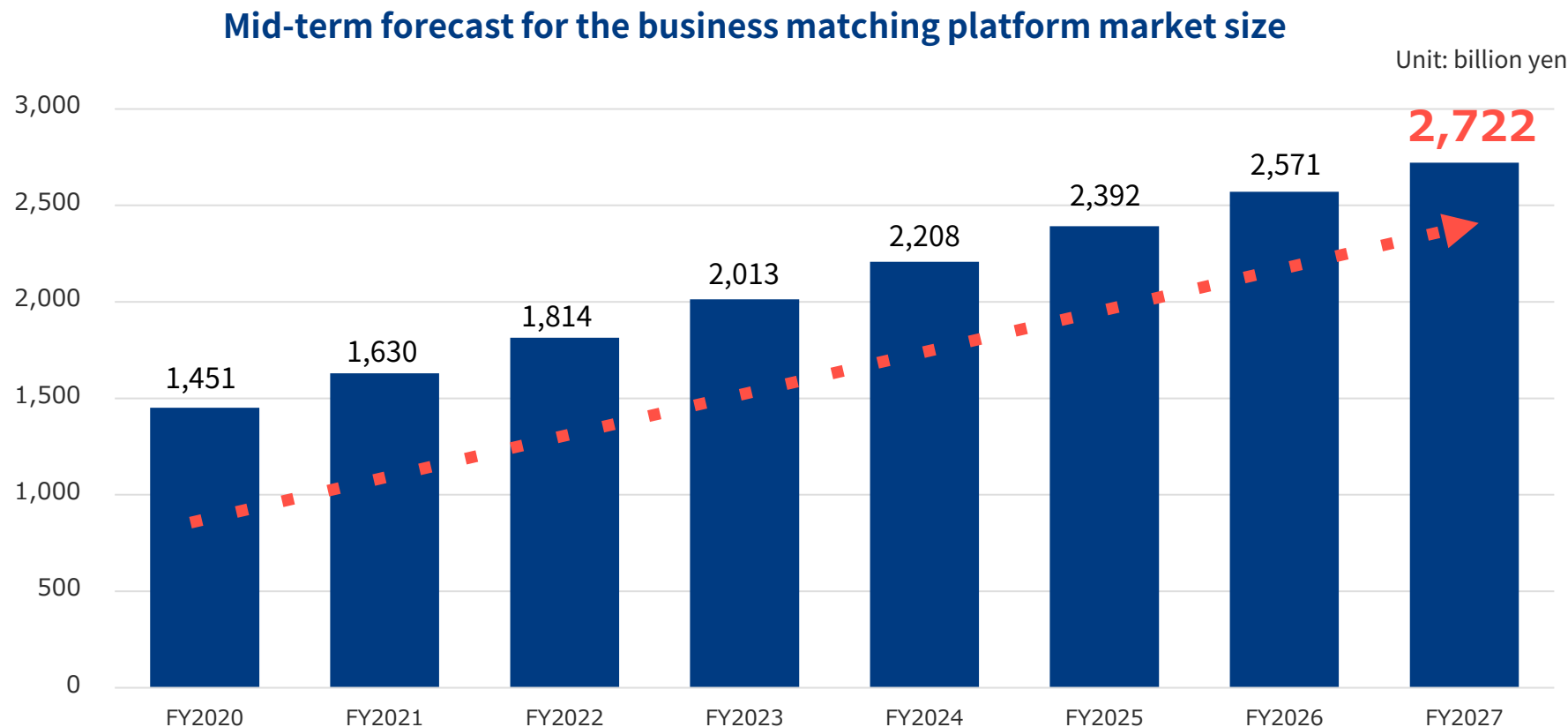
- Enhance existing functionalities, with a focus on the business matching feature, to attract new user segments through proactive DX efforts.
- Expand the sales of the "Chanto Series" as part of defensive DX measures.
- Promote the utilization of business user accounts.
- Strengthen relationships with financial institutions.
- Establish mechanisms for providing support and assistance to member companies.

DX Solutions

- Service implementation through validation experiments with AI generation.
- Expansion of the subsidies handled in subsidy utilization consulting.
- Introduction of file sending/receiving and sharing services like "WebFile" to financial institutions.

The market size of business matching platforms

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



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

06

Supplementary Information

To create the largest management support platform for SMEs in Japan



Find the future in corporate value.

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

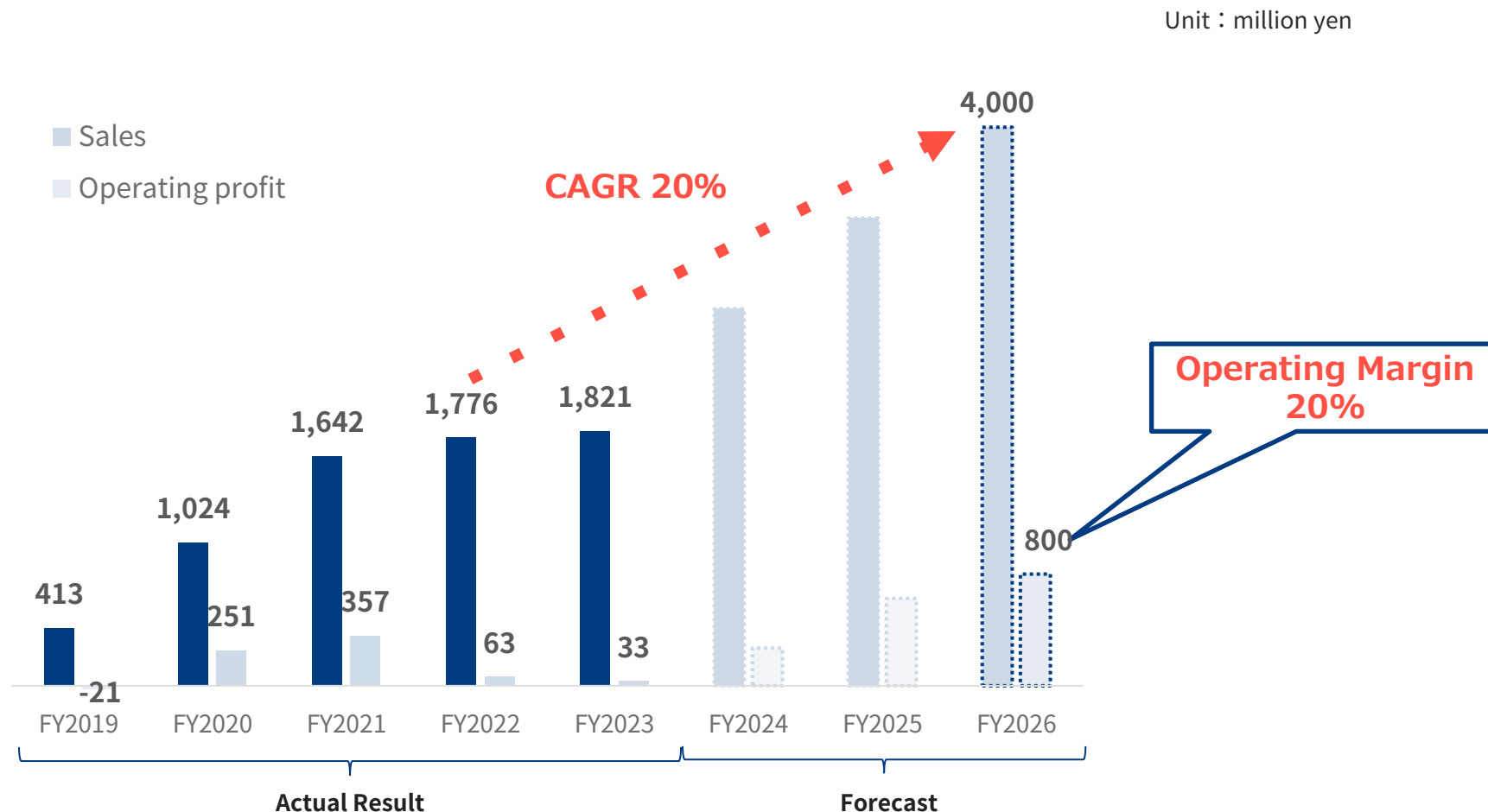
Unfortunately, many businesses do not see the light of day because they do not communicate the core values they have to offer.

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

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

Mid-term Management Target

By expanding the user base, increasing ARPA, and implementing the DX Solutions strategy, we aim for a 20% CAGR in revenue growth by FY2027.



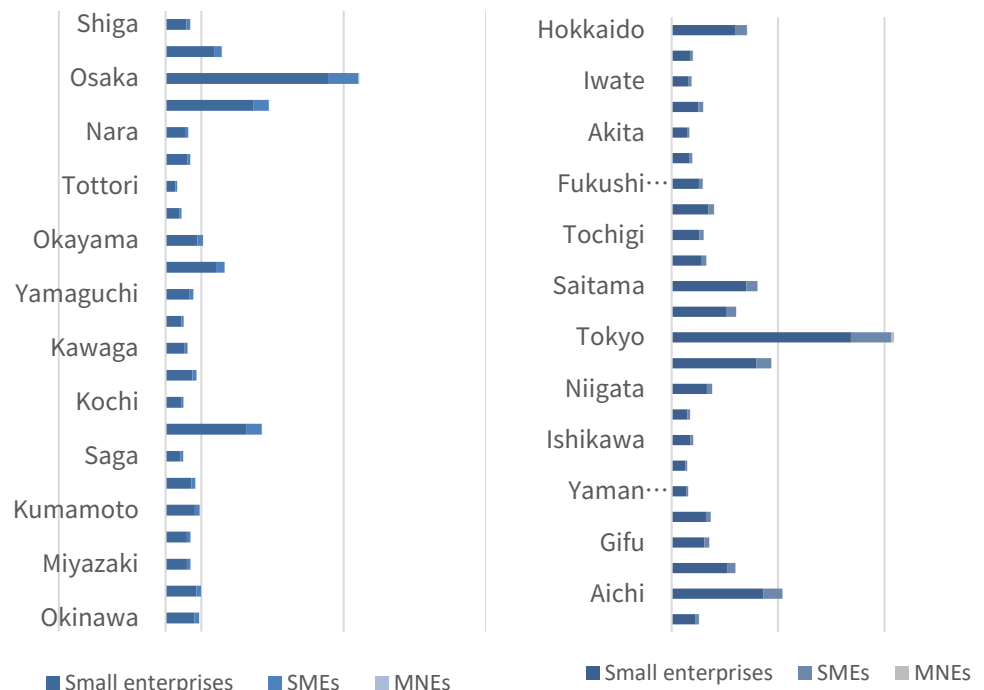
To become a core infrastructure for SMEs

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

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

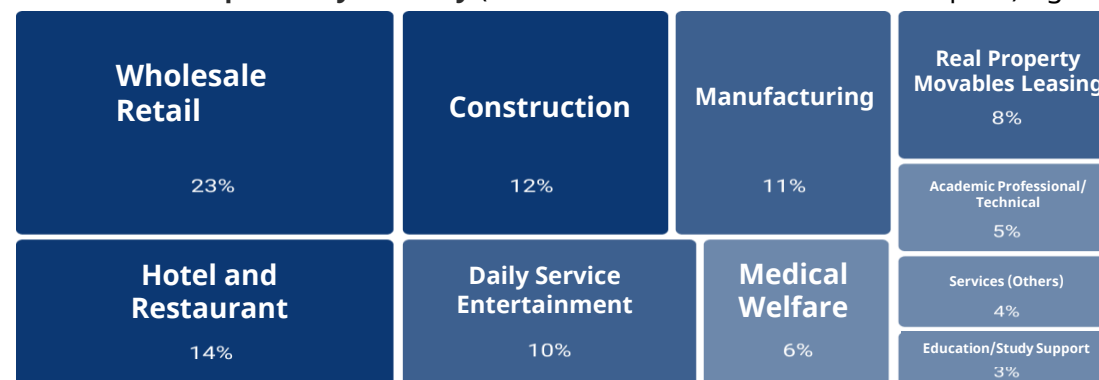
Number of companies by prefecture

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



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

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



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

Advantages of using Big Advance (1)

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

**Effective networking
with local financials**

**Effective networking
with SMEs across the
country**

**Fusion of in-person and
technology-based services**

**Data-driven
analysis and returns**

Advantages of using Big Advance (2)

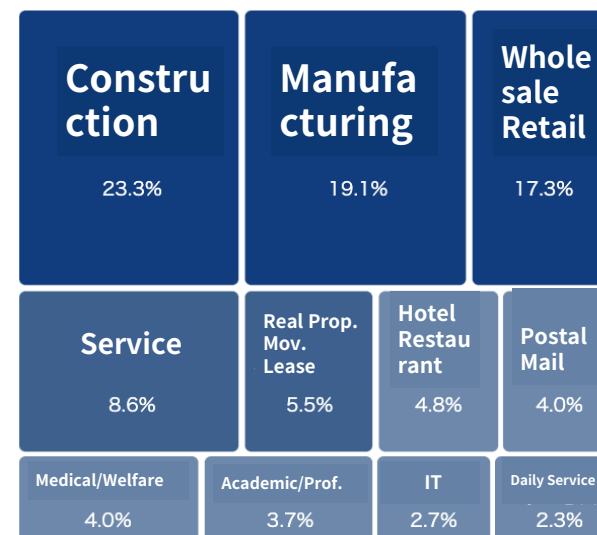
Effective networking with local financial institutions

- An established network of Japan's largest regional financial institutions, including regional banks, second-tier regional banks, shinkin banks, and credit unions, regardless of business category.
- Comprises 80 BA-installed financial institutions that have head offices spanning across 42 prefectures (47 prefectures including branches) and approximately 5,700 branches.



Effective networking with SMEs across the country

- A very effective network of 65,000 or more companies registered with Big Advance nationwide.
- Able to provide services to small, like-sized companies across the sector that were difficult to reach with web-based services.



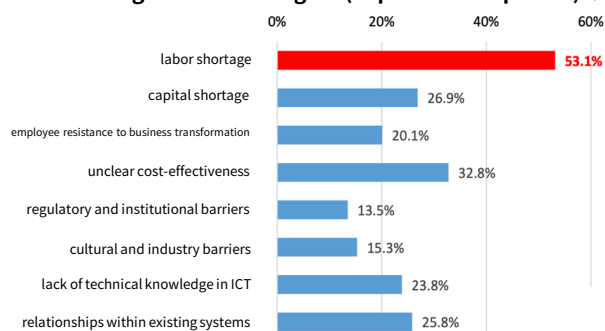
The top three industries of the member companies are construction, manufacturing and wholesale/retail.

Advantages of using Big Advance (3)

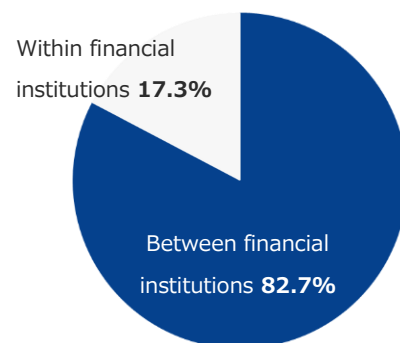
Fusion of in-person and technology-based services

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

Challenges in advancing DX (Japanese companies) (*1)



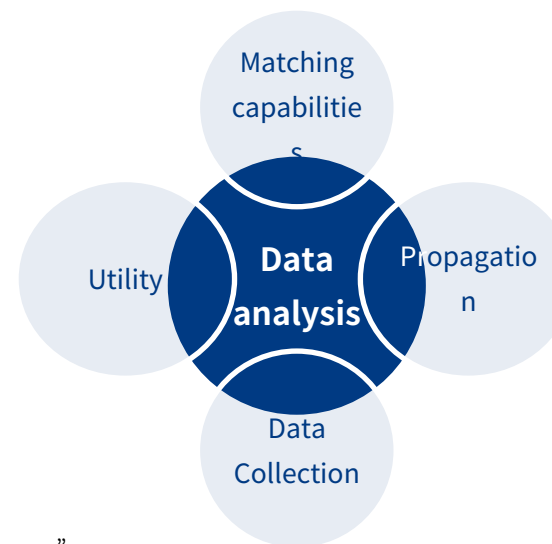
The main issues with DX is “lack of personnel” at 53.1%.



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

Data-driven analysis and returns

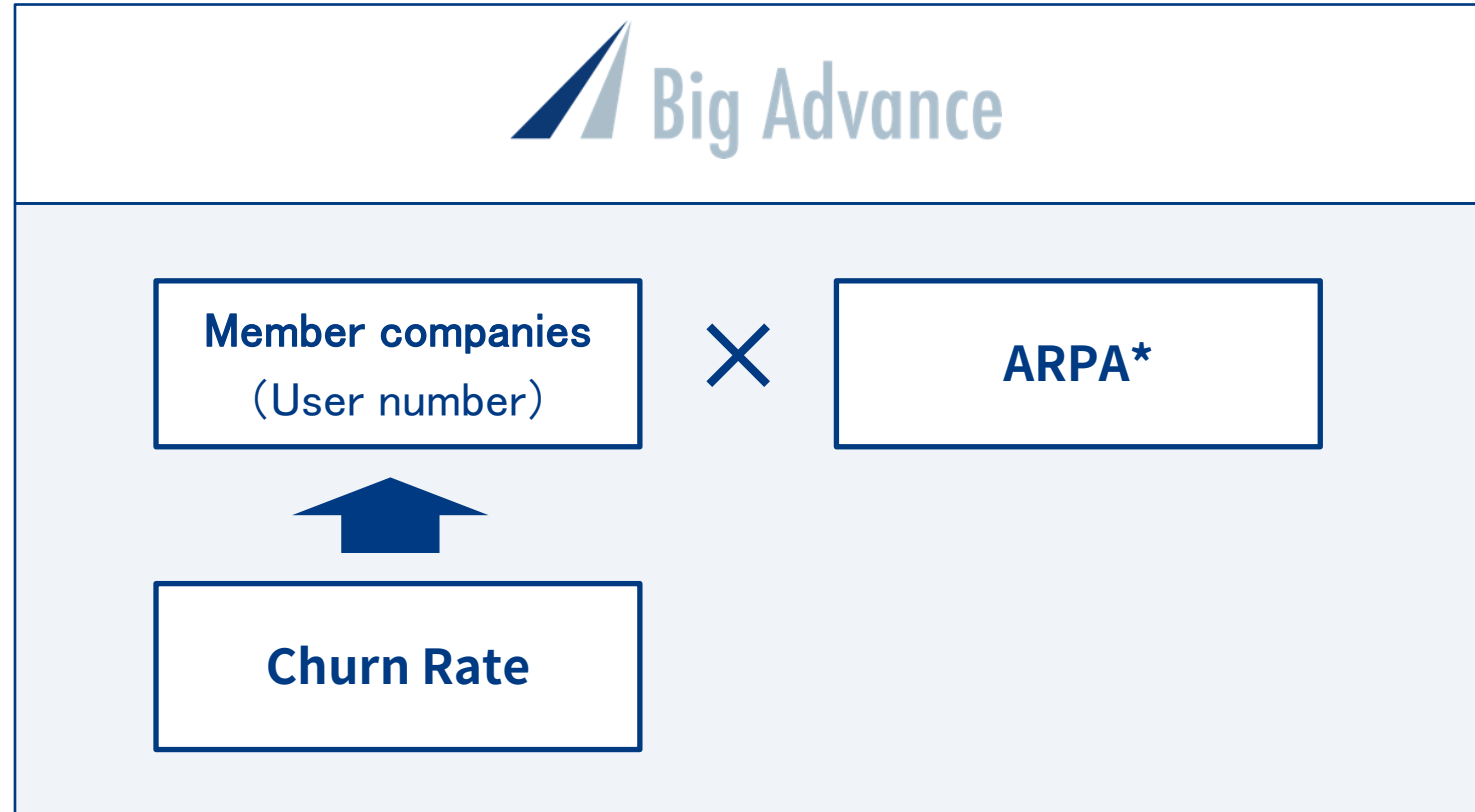
- Core business support to clients of financial institutions by offering data collected by Big Advance (data provisions to begin in April 2022).
- Business matching function offers AI-driven recommendations of business activities to companies.
- Presents ways of using Big Advance on the web, depending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



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

Evaluation Indicators

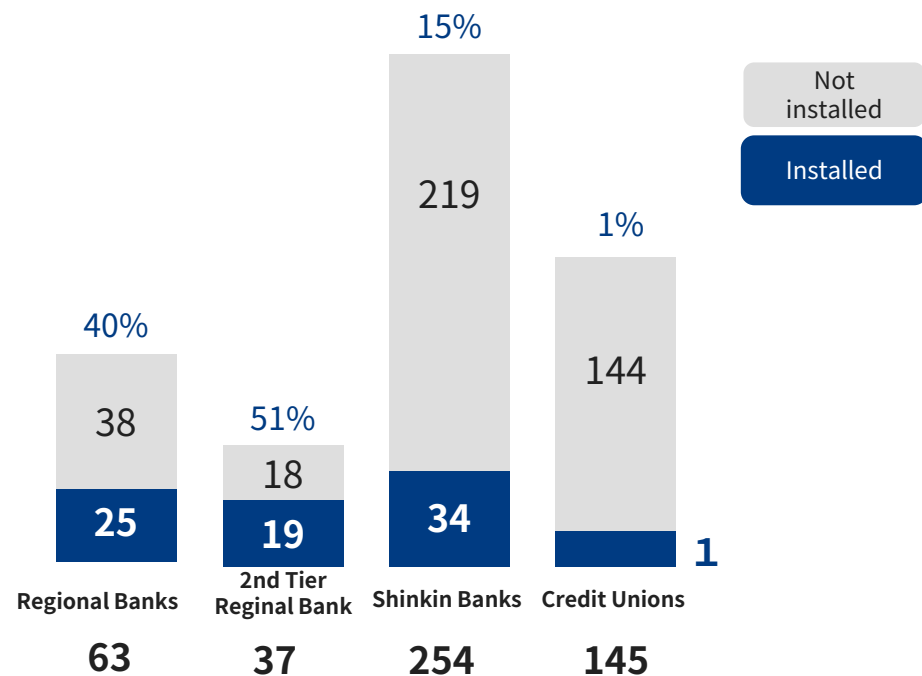
Expected to bolster sales through higher price per customer (ARPA) along with more member companies (users).



(*) ARPA stands for Average Revenue per Account, referring to average sales per account.

Attracting more users (1):Expanding the user base

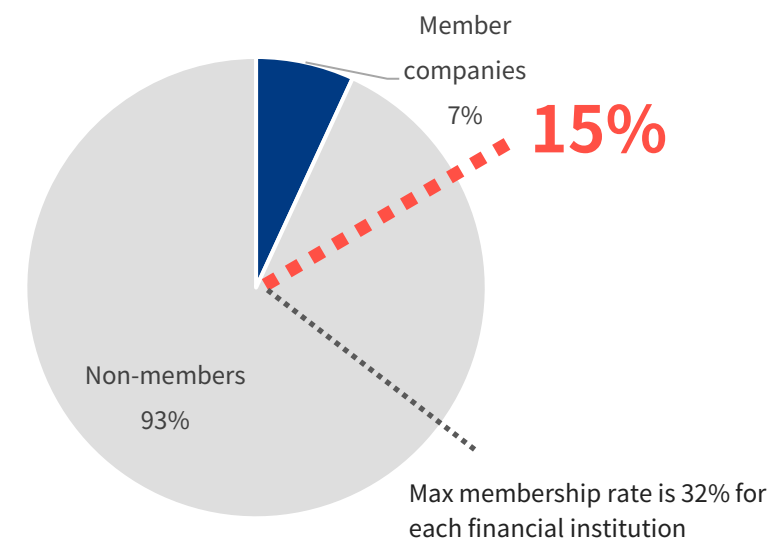
Number of financial institutions



- Installed at 16% (79/499) of financial institutions
- Target for 100 financial institutions to install the system

(as of 30 September 2024)

Potential finance customers

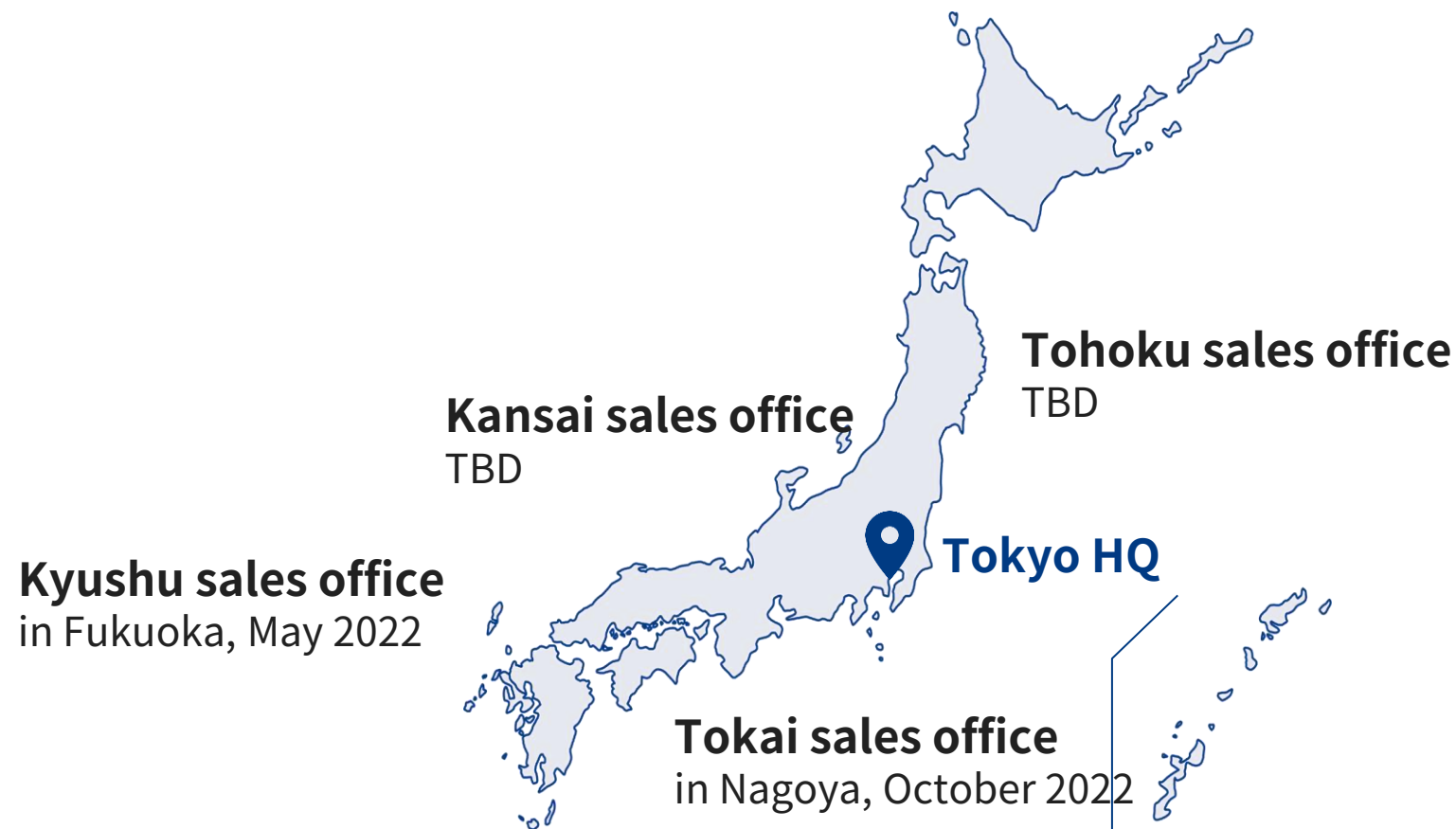


- Potential clients in finance is around 1 million (based on our research) , and the current membership rate for Big Advance is 7%
- Target average membership rate of 15% (150,000 companies)

(Based on the 79 BA-installed financial institutions)

Attracting more users (2):Expanding the user base

Set up new sales offices in Kyushu and Tokai region to strengthen relations between financial institutions and local municipals.



Attracting more users (3): Stronger ties with local governments

To realize regional revitalization, we collaborate with local governments to promote DX for regional businesses.

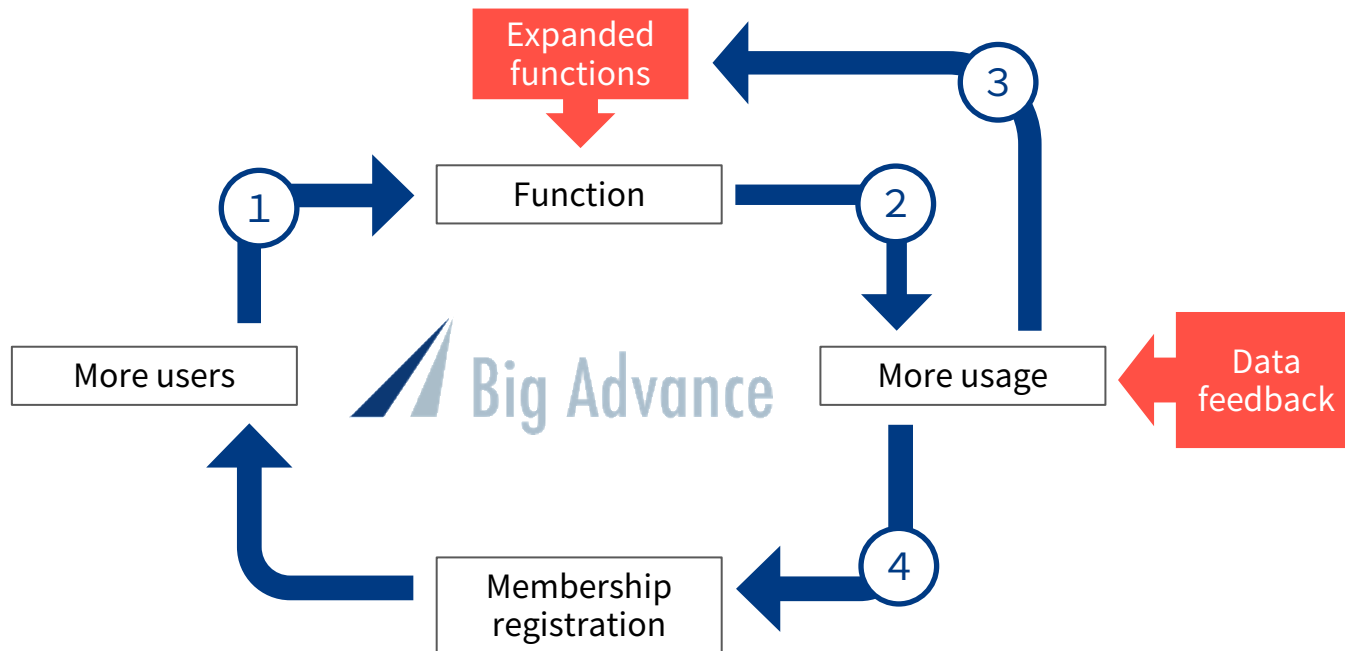


Top left: Mr. Kazuki Okada, Mayor of **Fujiidera City**; Top right: Mr. Koichi Hama, Chairman of **Fujiidera City Chamber of Commerce and Industry**
Bottom left: Shigeru Kondo, CEO of **Kokopelli Inc.**; Bottom right: Atsushi Ukawa, CEO and Representative Director at **The Senshu Ikeda Bank**

- In February 2022, we entered into a “Partnership Agreement for Regional Economic Promotion” with Kamimine Town, the Kamimine Town Chamber of Commerce, and Saga Bank in Saga Prefecture.
- In August 2022, we entered into a “Partnership Agreement for Regional Economic Promotion” with Fujiidera City, the Fujiidera City Chamber of Commerce, and Ikeda Senshu Bank in Osaka Prefecture.

Attracting more users (4): Expanded functions and data usage

Facilitate the expansion of functions and data usage, to create a growth cycle for the service.



- 1 More users will facilitate the networking effect and add value to the service. Also, examples will be shown of how the users can take advantage of the service (tutorial).
- 2 Users will increase usage as more value is extracted from the service. More functions will also be added based on user needs.
- 3 Increased usage will propel the use of other functions and improve the churn rate.
- 4 Higher usage will lead to new users, and providing feedback of success stories to financial institutions will bring in even more.

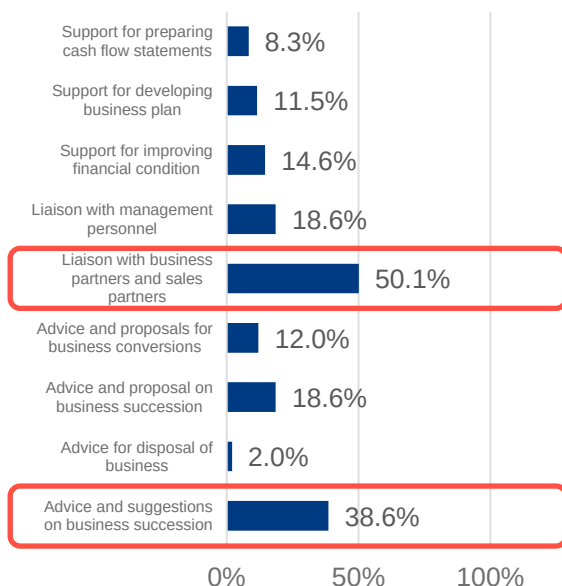
ARPA Expansion Strategy: New Business Development

Providing new solutions through the development of innovative solutions and M&A to address various challenges faced by SMEs.

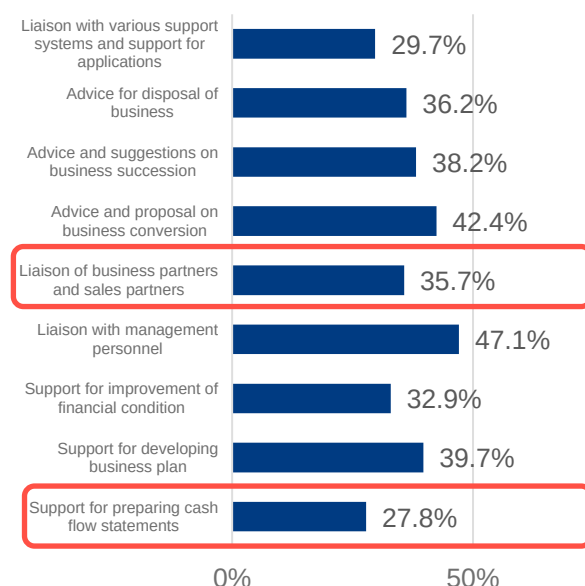
Company surveys

Services from financial institutions wanted by SMEs, which they would pay for. (*1)

Services in demand



Services worth paying a commission

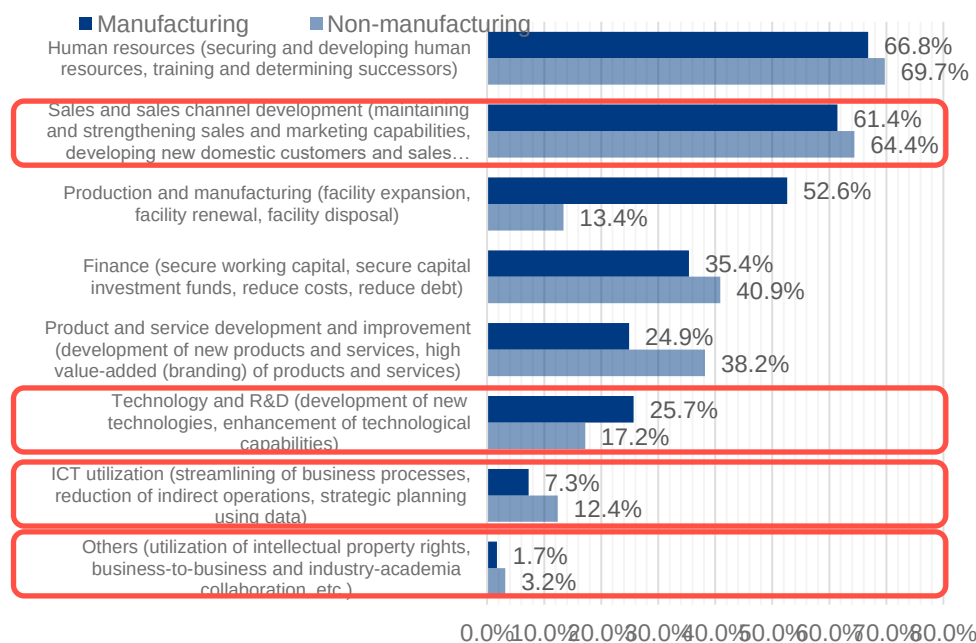


(*1) Financial Services Authority "The JFSA Strategic Priorities July 2021-June 2022"

(*2) The Small and Medium Enterprise Agency "2020 White Paper on Small Enterprises in Japan"

Survey on SMEs' issues and public support needs

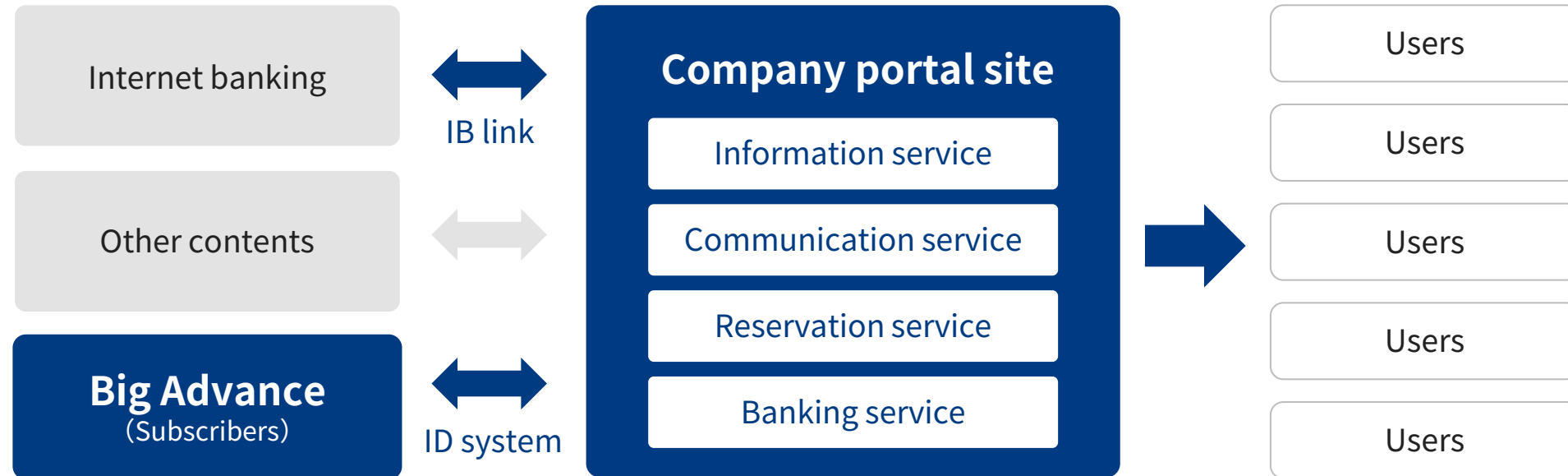
Major issues faced by small enterprises (*2)



...Services already offered by Big Advance

Strategy for DX Solutions: DX Support for financial institutions

Provide company portal sites and ID certification linkage systems for financial institutions.



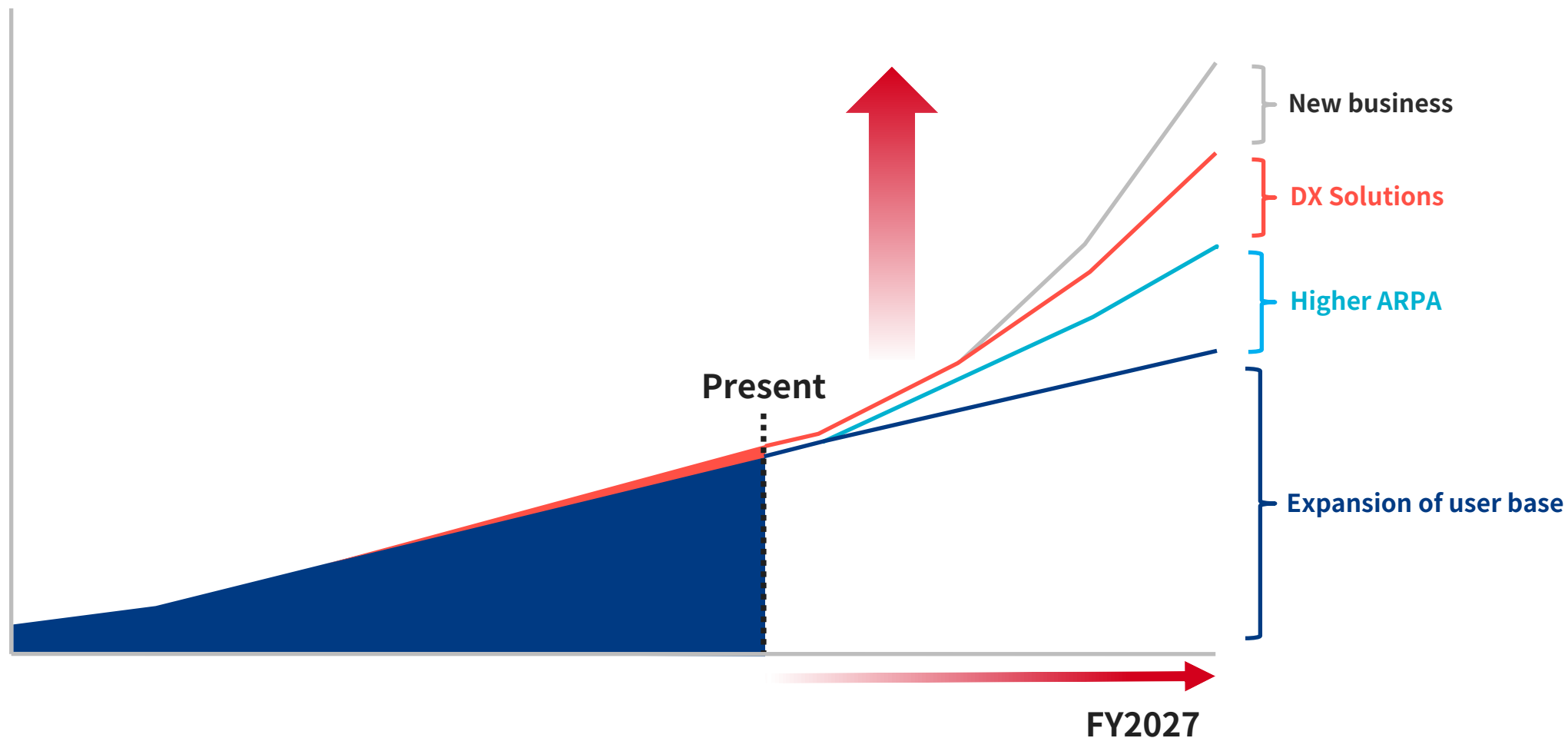
Track records

Company portal sites: Kyoto Bank/Okinawa Bank

Linked-up ID certification system: Chiba Bank/Yokohama Bank/The Senshu Ikeda Bank/The San-In Godo Bank, Ltd./The Nishi-Nippon City Bank/...and 4 others

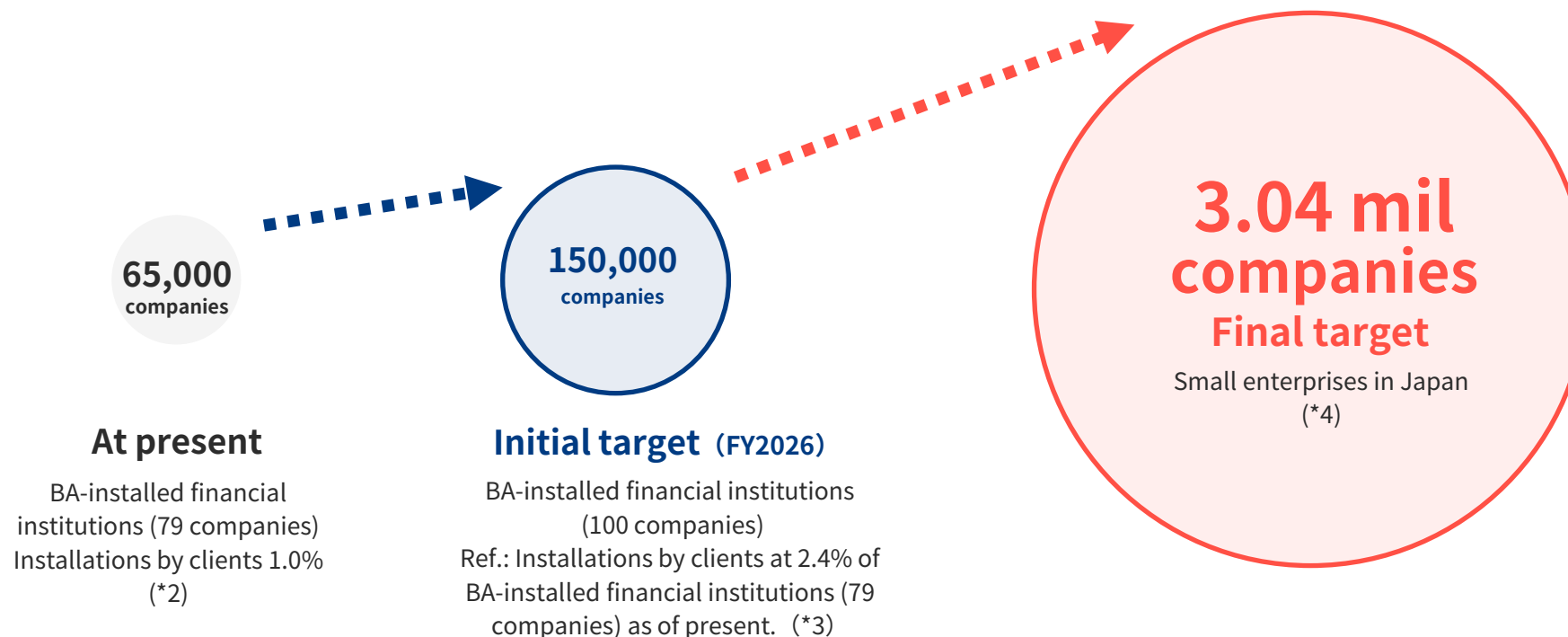
Growth scenarios in the mid-term management plan

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



Further expansion of user base

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



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

(*1) Total number of corporate clients of BA-installed financial institutions (79 companies) = 6.49 million in total (as of March 31, 2024)

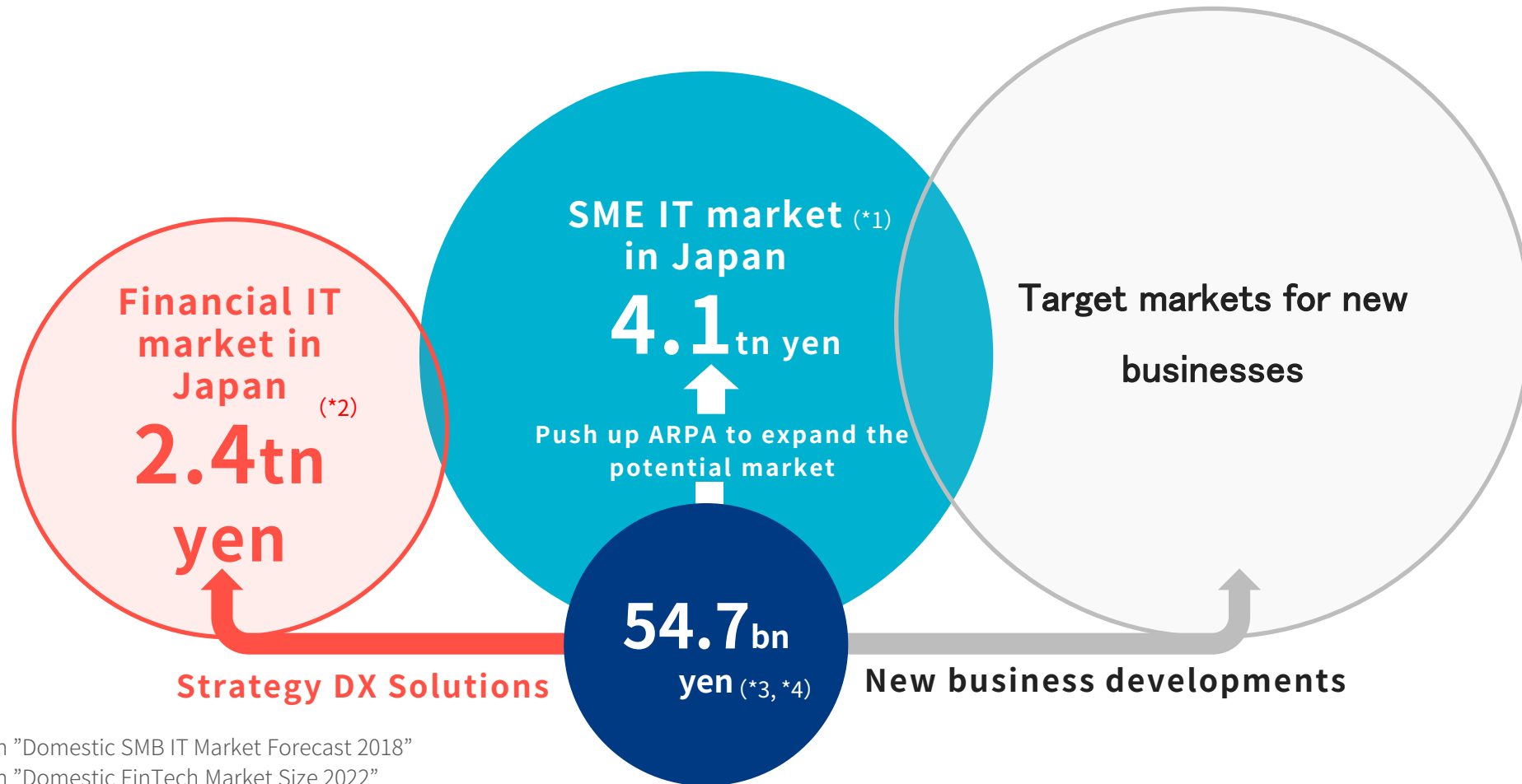
(*2) Installation rate at clients = Big Advance member companies / number of corporate clients of the 80 BA-installed financial institutions (as of March 31, 2024)

(*3) 150,000 companies / Number of corporate clients of the 80 BA-installed financial institutions (as of March 31, 2024)

(*4) 3.58 million SMEs "2016 Economic Census" x 84.9% small businesses "Number of small and medium-sized enterprises (as of June 2016)"

Potential market with room for further expansion

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



(*1) IDC Japan "Domestic SMB IT Market Forecast 2018"

(*2) IDC Japan "Domestic FinTech Market Size 2022"

(*3) Target customer base x Current fee plan=54.7 billion yen

(*4) target audience × current pricing

Improved stock incentives

Upgrade scheme for granting stock options and restricted stocks to executives and employees.

Objective	• Grant incentive for executives and employees for mid- to long-term business growth. • Offer competitive salaries for recruiting top talent.
Detail of the scheme	• The ratio of restricted stock and stock options shall be decided based on the stock price and other factors at the time of grant. • Assumes an annual issuance cap of approximately 1% of outstanding shares, with a maximum dilution of 5% over the next five years (2022 – 2027). • 2.5% of total shares outstanding, including restricted stock and unexercised stock options as of FY2023.

- The contents contained this document are based on generally accepted economic, social and other conditions as of the date of preparation and certain assumptions that we judged to be reasonable, but may be subject to change without notice due to changes in the business environment or other reasons.
- The materials and information provided in this document contain so-called "forward-looking statements". They are based on current expectations, forecasts, and assumptions that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include general industry and market conditions, and general national and international economic conditions, such as interest rate and forex swings.
- The Company assumes no obligation to update or revise the "forward-looking information" contained in this document, even in the event of new information released or future incidents.