Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (under Japanese GAAP)

November 13, 2024

Company name: SpiderPlus & Co. Listing: Tokyo Stock Exchange
Securities code: 4192 URL: http://en.spiderplus.co.jp/
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Scheduled date to commence payment of dividends: –
Preparation of supplementary briefing material on financial results: Yes
Holding of financial results briefing: Yes

(Note) Amounts less than one million yen have been omitted.

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (Percentage indicates year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of the parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	2,965	–	(457)	–	(460)	–	(468)	–
September 30, 2023	–	–	–	–	–	–	–	–

Note: Comprehensive income For the nine months ended September 30, 2024: ¥(470) million (–%)
For the nine months ended September 30, 2023: ¥ – million (–%)

	Basic earnings (loss) per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	(13.33)	–
September 30, 2023	–	–

Notes: 1. Since the Company started preparing the quarterly consolidated financial statements from the first quarter of the fiscal year ending December 31, 2024, the figures for the nine months ended September 30, 2023 and the year-on-year percentage changes are not stated.
2. The amount of diluted earnings per share is not stated although the Company has potential shares. This is because the Company recorded basic loss per share.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	4,448	2,951	66.3
December 31, 2023	–	–	–

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income):
As of September 30, 2024: 2,951 million yen As of December 31, 2023: – million yen

Note: Since the Company started preparing the quarterly consolidated financial statements from the first quarter of the fiscal year ending December 31, 2024, the figures as of December 31, 2023 are not stated.

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2024	–	0.00	–		
Fiscal year ending December 31, 2024 (forecast)				0.00	0.00

Note: Revisions to the dividend forecast most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentage indicates year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	4,321	–	(429)	–	(446)	–	(233)	–

Note: Revisions to the earnings forecast most recently announced: None

[Notes]

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (Company name: SPIDERPLUS VIETNAM CO., LTD.)
Excluded: None

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
(i) Changes in accounting policies due to application of new or revised accounting standards: None
(ii) Changes in accounting policies due to reasons other than (i) above: None
(iii) Changes in accounting estimates: None
(iv) Restatements of prior period financial statements: None

(4) Number of shares issued (common shares)
(i) Number of shares issued (including treasury shares)
As of September 30, 2024: 35,296,800 shares
As of December 31, 2023: 35,090,800 shares
(ii) Number of treasury shares
As of September 30, 2024: 157 shares
As of December 31, 2023: 152 shares
(iii) Average number of shares outstanding during the period
Nine months ended September 30, 2024: 35,176,005 shares
Nine months ended September 30, 2023: 34,709,279 shares

* Review of the Japanese originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* [Proper use of earning forecasts, and other special notes]
The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that such statements will prove to be correct. Actual results may differ significantly from the results anticipated in these forward-looking statements due to a variety of factors.

We have established SPIDERPLUS VIETNAM CO., LTD. as a consolidated subsidiary in March 2024 and have transitioned to a company that prepares the consolidated financial statements from the fiscal year ending December 31, 2024. The forecast of consolidated financial results includes the performance of this consolidated subsidiary. Furthermore, the forecast of consolidated financial results for this period remains unchanged from the performance forecast disclosed on February 14, 2024, as it includes the figures from this consolidated subsidiary.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the nine months ended September 30, 2024

The forward-looking statements in this document are based on the judgement that the Company made as of September 30, 2024. Since the Group started preparing the quarterly consolidated financial statements from the first quarter of the fiscal year ending December 31, 2024, no comparative analysis has been made with the figures for the nine-month period ended September 30, 2023 and the balances as of September 30, 2023.

With a mission of creating more "fun" to work, the Group operates the ICT business focused on the development and sales of SPIDERPLUS, which is a SaaS (Note) application for construction management that helps solve challenges in the construction industry by digitally transforming operations at construction sites.

Note: SaaS (Software as a Service) refers to a form of service allowing users to connect to and use software over the internet rather than install the software in users' computers.

The construction industry, where the Group provides its services, is in need of management and operational transformation as the industry is facing structural issues such as soaring labor costs and construction material prices, chronic labor shortages and long working hours becoming the norm. In addition, the industry is required to respond to the April 2024 application to the construction industry of the ceiling regulations of the "Act on the Arrangement of Related Acts to Promote Work Style Reform (so-called the "2024 problem").

Under such circumstances, the construction industry's willingness to invest in IT remains strong, including the introduction of digital transformation (DX) and SaaS that enables DX. The Group expects the construction DX market to enter the expansion phase triggered by the 2024 problem. Thus, in anticipation of a turning point in the construction DX market, the Group has continued to spend on strategic investments by defining the period from FY2021 through FY2024 as a period for making upfront investments, and has been focusing on expanding the scale of organization mainly through investment in human capital, and strengthening cooperative structures with sales partners across the country.

Under the above business environment, the number of IDs (users) for SPIDERPLUS, a service that promotes DX in the construction industry and contributes to productivity improvement and cost reduction, grew steadily, capturing IT investment demands in the construction industry. In addition to the increased number of IDs (users), Average Revenue Per Unit (ARPU) also increased steadily.

As a result of the above, the number of contracted IDs, the number of contracted companies, and ARPU as of September 30, 2024 remained firm with 73,885 (+12.1% YoY), 2,056 (+16.6% YoY), 4,740 yen (+14.4% YoY), respectively. Accordingly, for the nine months ended September 30, 2024 (the period under review), the Group reported net sales of 2,965,348 thousand yen, operating loss of 457,215 thousand yen, ordinary loss of 460,752 thousand yen, and net loss attributable to owners of the parent of 468,911 thousand yen.

(2) Overview of financial position for the nine months ended September 30, 2024

Assets

Total assets as of September 30, 2024 amounted to 4,448,986 thousand yen, which mainly consist of cash and deposits of 2,719,349 thousand yen; accounts receivable – trade of 554,881 thousand yen; property, plant and equipment of 238,022 thousand yen; software of 367,429 thousand yen; and software in progress of 252,702 thousand yen.

Liabilities

Total liabilities as of September 30, 2024 amounted to 1,497,047 thousand yen, which mainly consist of short-term borrowings of 250,000 thousand yen, current portion of long-term borrowings of 153,420 thousand yen, accounts payable – other of 156,741 thousand yen, and long-term borrowings of 412,523 thousand yen.

Net assets

Total net assets as of September 30, 2024 amounted to 2,951,939 thousand yen, which mainly consist of share capital of 2,495,282 thousand yen, capital surplus of 2,772,840 thousand yen, and retained earnings of negative 2,314,924 thousand yen.

(3) Forward-looking information including consolidated earnings forecast

We have established SPIDERPLUS VIETNAM CO., LTD. as a consolidated subsidiary in March 2024 and have transitioned to a company that prepares the consolidated financial statements from the fiscal year ending December 31, 2024. The forecast of consolidated financial results includes the performance of this consolidated subsidiary. Furthermore, the forecast of consolidated financial results for this period remains unchanged from the performance forecast disclosed on February 14, 2024, as it includes the figures from this consolidated subsidiary.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of September 30, 2024
Assets	
Current assets:	
Cash and deposits	2,719,349
Accounts receivable – trade	554,881
Other	84,633
Total current assets	3,358,865
Non-current assets:	
Property, plant and equipment	238,022
Intangible assets:	
Software	367,429
Software in progress	252,702
Total intangible assets	620,132
Investments and other assets:	231,967
Total non-current assets	1,090,121
Total assets	4,448,986
Liabilities	
Current liabilities:	
Short-term borrowings	250,000
Current portion of long-term borrowings	153,420
Accounts payable – other	156,741
Accrued expenses	102,445
Income taxes payable	20,440
Other	390,263
Total current liabilities	1,073,310
Non-current liabilities:	
Long-term borrowings	412,523
Asset retirement obligations	8,742
Other	2,471
Total non-current liabilities	423,736
Total liabilities	1,497,047
Net assets	
Shareholders' equity:	
Share capital	2,495,282
Capital surplus	2,772,840
Retained earnings	(2,314,924)
Treasury shares	(186)
Total shareholders' equity	2,953,011
Accumulated other comprehensive income:	
Foreign currency translation adjustment	(1,541)
Total accumulated other comprehensive income	(1,541)
Share acquisition rights	469
Total net assets	2,951,939
Total liabilities and net assets	4,448,986

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)
Net sales	2,965,348
Cost of sales	984,241
Gross profit	1,981,107
Selling, general and administrative expenses	2,438,322
Operating income (loss)	(457,215)
Non-operating income:	
Interest income	257
Commission income	4,613
Other	1,619
Total non-operating income	6,490
Non-operating expenses:	
Interest expenses	7,688
Commission expenses	2,336
Other	3
Total non-operating expenses	10,028
Ordinary income (loss)	(460,752)
Extraordinary income	
Gain on reversal of share acquisition rights	10
Total extraordinary income	10
Net income (loss) before income taxes	(460,742)
Income taxes – current	8,169
Total income taxes	8,169
Net income (loss)	(468,911)
Net income (loss) attributable to owners of the parent	(468,911)

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)
Net income (loss)	(468,911)
Other comprehensive income	
Foreign currency translation adjustment	(1,541)
Total other comprehensive income	(1,541)
Comprehensive income	(470,452)
Comprehensive income attributable to:	
Owners of the parent	(470,452)

(3) Notes to quarterly consolidated financial statements

Changes in the scope of consolidation or the scope of application of the equity method

(1) Significant changes in the scope of consolidation

From the first quarter of the fiscal year ending December 31, 2024, SPIDERPLUS VIETNAM CO., LTD., which was newly established by the Company, has been included in the scope of consolidation.

(2) Significant changes in the scope of application of the equity method

Not applicable.

Additional information

Significant matters that serve as the basis for the preparation of quarterly consolidated financial statements

The Group started preparing the quarterly consolidated financial statements from the first quarter of the fiscal year ending December 31, 2024. The following are the significant matters that serve as the basis for the preparation of quarterly consolidated financial statements.

1. Scope of consolidation

Number of subsidiaries: 1

Name of a consolidated subsidiary: SPIDERPLUS VIETNAM CO., LTD.

2. Application of the equity method

Not applicable.

3. Quarterly closing date, etc. of the consolidated subsidiary

The quarterly closing date of the above consolidated subsidiary is June 30. When preparing the quarterly consolidated financial statements, the Company used the quarterly financial statements of the consolidated subsidiary as of June 30 by making adjustments required for consolidation purposes for significant transactions that occurred during the period up to the quarterly closing date for the consolidated financial statements.

Application of accounting treatment specific to the preparation of quarterly consolidated financial statements

Calculation of tax expenses

The Company made a reasonable estimate of an effective tax rate, determined after applying the tax effect accounting on net income before income taxes for the fiscal year including the nine-month period ended September 30, 2024, and then calculated income taxes by multiplying net income before income taxes by the estimated effective tax rate.

Segment information, etc.

Segment information

I. Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

The Group operates under a single segment; therefore, segment information has been omitted.

Significant changes in shareholders' equity

Not applicable.

Going concern assumption

Not applicable.

Notes on quarterly consolidated statement of cash flows

The quarterly consolidated statement of cash flows for the nine months ended September 30, 2024 has not been prepared. Depreciation (including amortization of intangible assets) for the nine months ended September 30, 2024 is as follows.

(Thousands of yen)

	Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)
Depreciation	121,385