FINATEXT

HOLDINGS

FY2023 Full-Year Financial Results

Finatext Holdings Ltd.

May 14, 2024

SUMMARY

FY2023 Actual

Revenue growth exceeded +40% for 3 consecutive terms after listing, and operating income improved significantly than planned.

Revenue	Partners (Financial Infrastructure)	Adj. EBITDA[1]	Operating Income
5,375m. yen	**22**	**292**m. yen	**204**m. yen
YoY **+41%**	YoY **+5**	YoY **in the black**	YoY **in the black**

FY2024 Guidance

Accelerate sales growth and aim for +42%, exceeding the previous year's growth rate, and increase operating income by c.3 times.

Revenue	Partners (Financial Infrastructure)	Adj. EBITDA[1]	Operating Income
7,627m. yen	**30**	**944**m. yen	**686**m. yen
YoY **+42%**	YoY **+8**	YoY **+223%**	YoY **+235%**

1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

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OUR BUSINESS

Our Mission

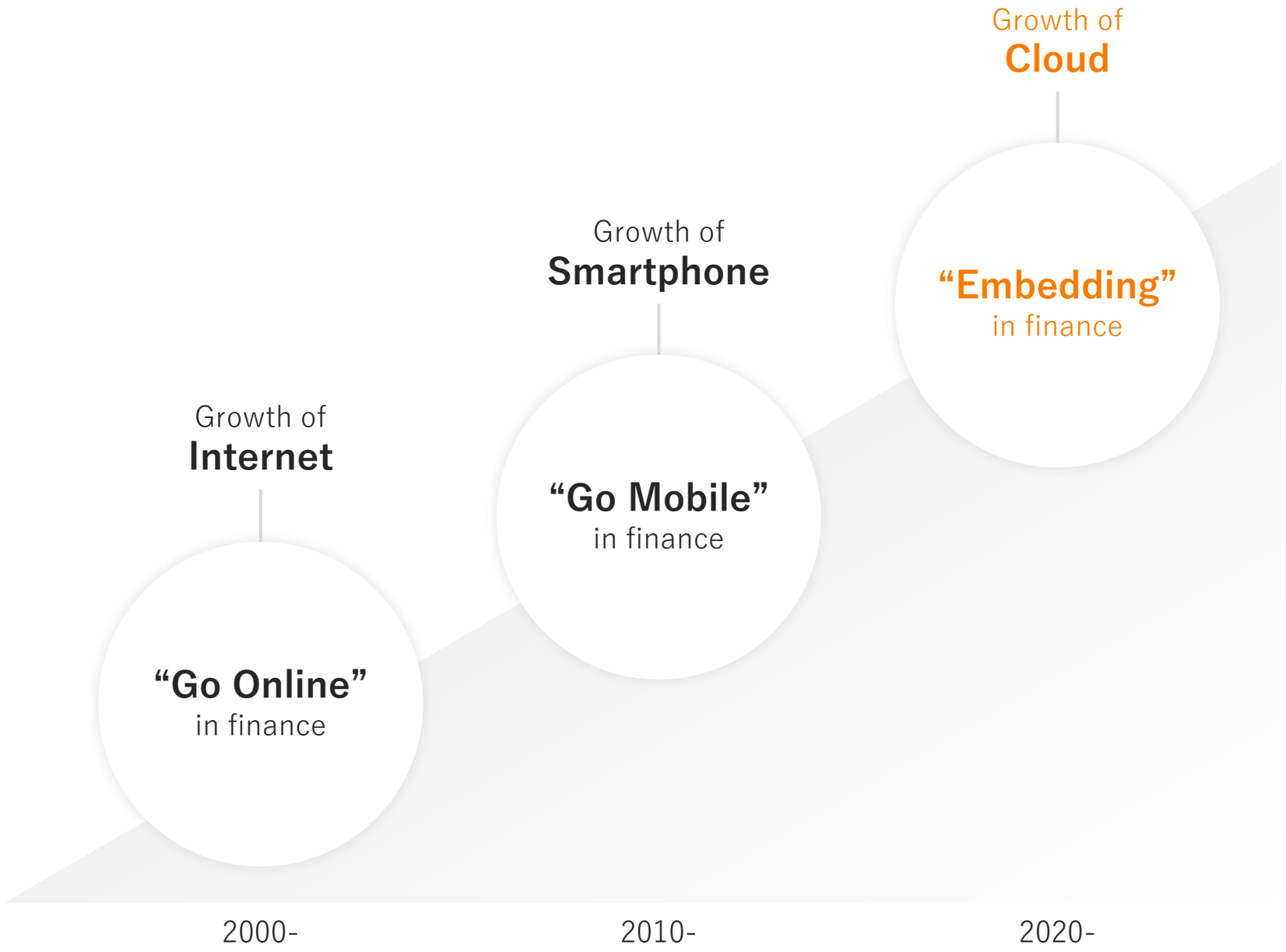
By realizing our mission together with our partners, we aim to provide financial services connected to our daily lives.

Reinvent Finance As a “Service”

Next-gen Cloud Infrastructure

On the rise of cloud technology, we are among the first to develop cloud-based infrastructure.

Possible to provide financial products at a lower cost than conventional systems in a form embedded in various daily services.



Vision

With the next-gen cloud infrastructure, we aim to transform the structure of the financial industry from “vertically integrated” to “horizontally integrated”.

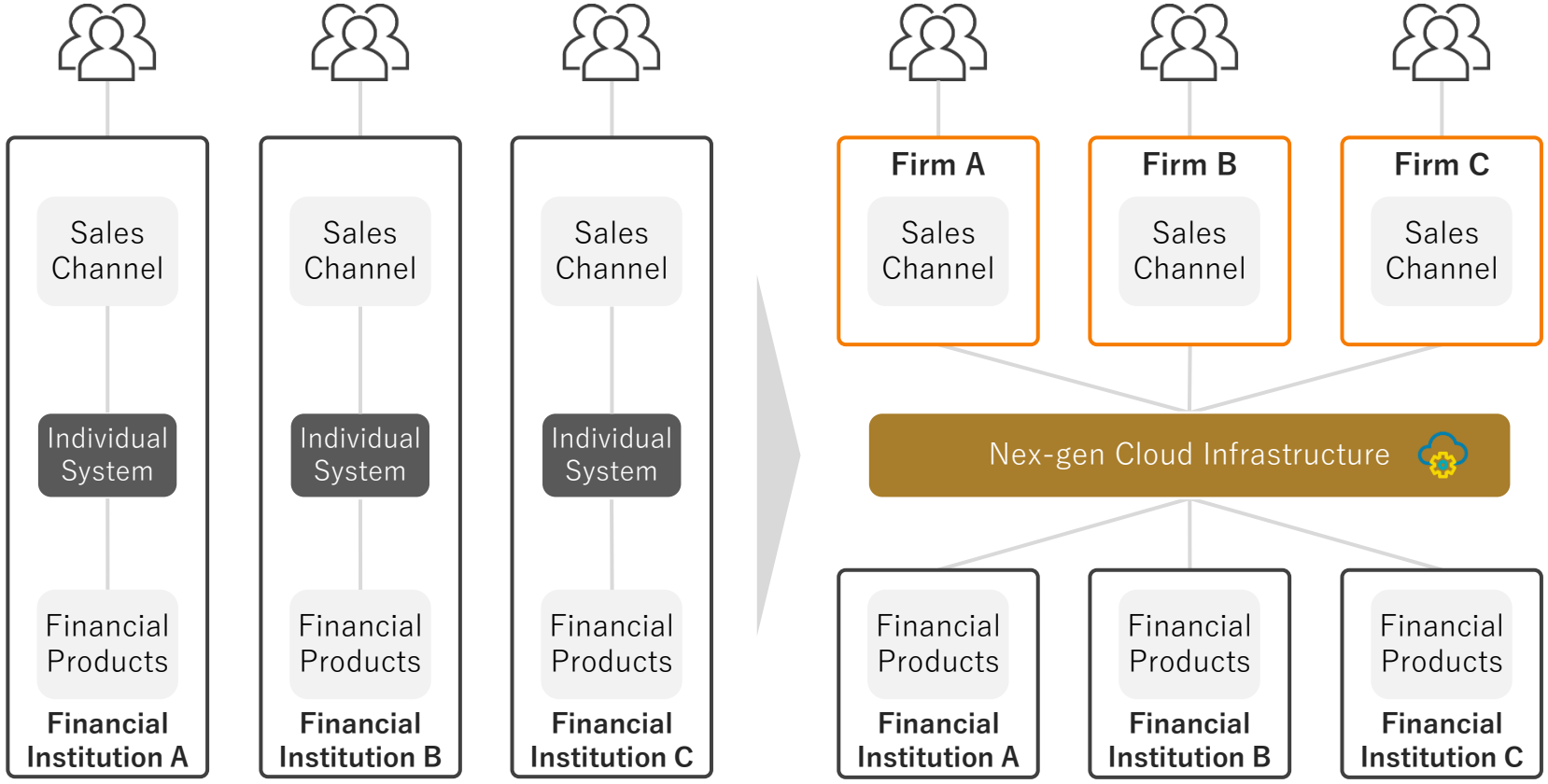
This will enable the convenient use of financial services from companies close to users' lives.

Incumbent Institutions

- Financial institutions work in a vertically integrated manner from origination to sales of financial products

Finatext’s Approach

- Separate origination / monitoring from marketing of financial products
- Financial institutions will focus on origination / monitoring of financial products, while companies closer to users' lives will take charge of marketing



Our Business

We started business of Fintech Solution in 2014.

After entering into the field of Big Data Analytics in 2016, we started our current core business, Financial Infrastructure, in 2018.

	Overview	Example
Fintech Solution (2014-)	• Develops **front-end applications** and provides **off-the-shelf tech solutions** to financial institutions to accelerate their DX • Beside system development, we also provide service planning and marketing support	**"Money Canvas"** • Support development in MUFG Bank's asset management platform • Provide Finatext's ID integration solution
Big Data Analytics (2016-)	• Provide **alternative data** for institutional investors and governments • Possess knowledge of cleansing and analysis of **POS and credit card data**	**"Alterna Data"** • Provide performance forecasts and price trends of individual tickers 
Financial Infra-structure (2018-)	• Provide **cloud-native, API-based infrastructure** for asset management and insurance businesses	**"BaaS"** • Infrastructure that enables partner companies to provide stock trading services for individual customers Japan Stock US Stock Robo advisory Fractional Shares

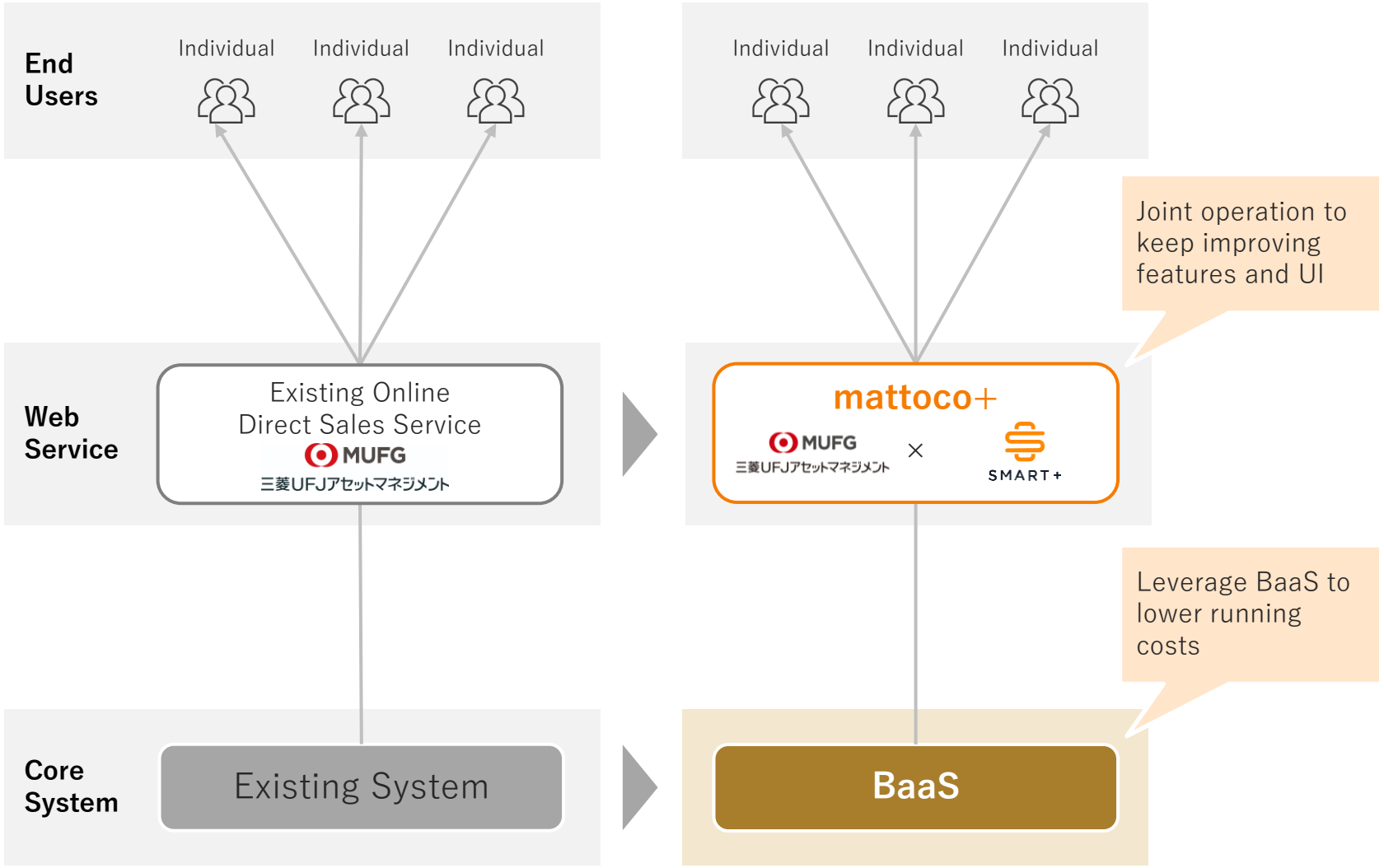
BUSINESS HIGHLIGHT

FINANCIAL INFRASTRUCTURE

Migration Projection

Mitsubishi UFJ AM announced that it would transfer its system to the brokerage infrastructure BaaS and launch a new online direct sales service “mattoco+” in Oct 2024.

With BaaS, operating costs of online direct sales business can be lowered while improving user experience.



Existing business of online direct sales service is split and transferred to our group

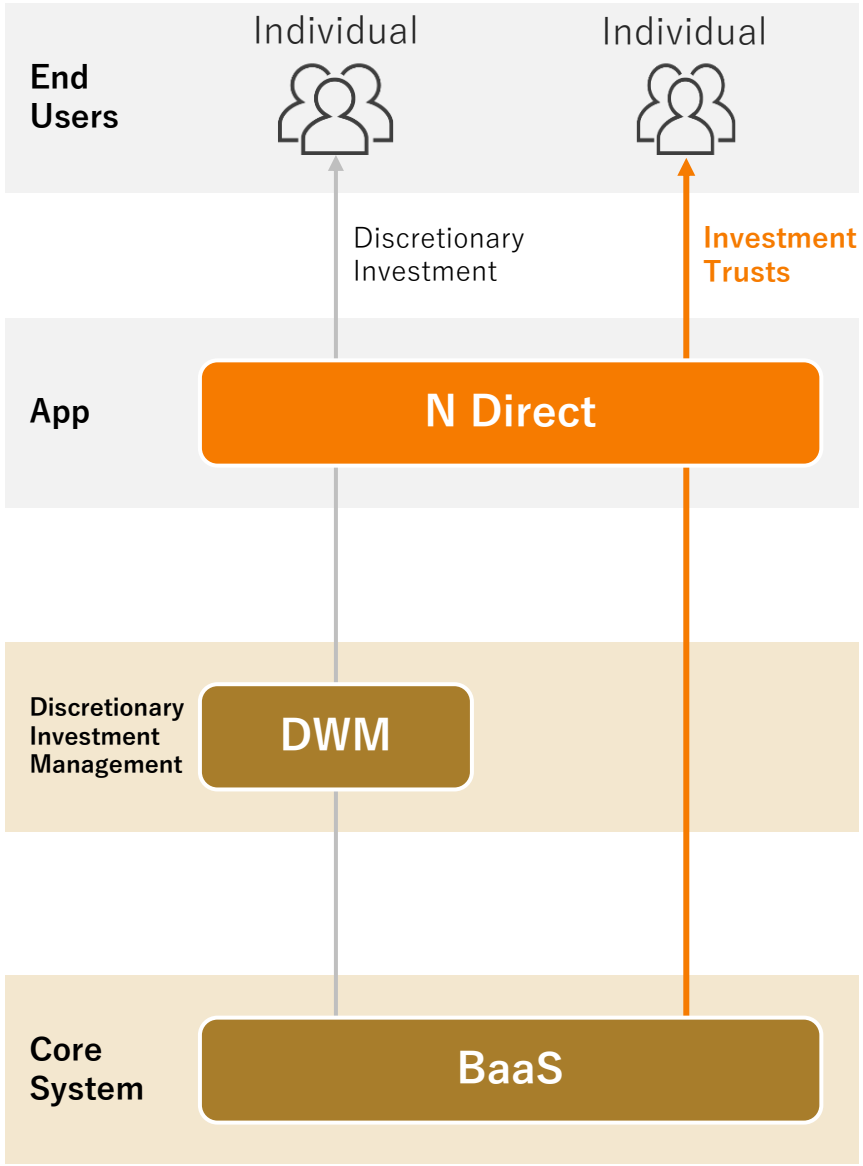
FINATEXT HOLDINGS

FINANCIAL INFRASTRUCTURE

New Service Launch

In Apr 2024, Nissay AM launched “N Direct”, an asset formation service for individual investors.

Beside “Goal Navi”, a discretionary investment management service, that Nissay AM has been providing, direct sales business of their investment trusts has been launched as well.



Overview of “N Direct”

- Able to invest in investment trusts carefully selected by Nissay AM, and discretionary investment management service “Goal Navi”
- For investment beginners, and compatible with new NISA system

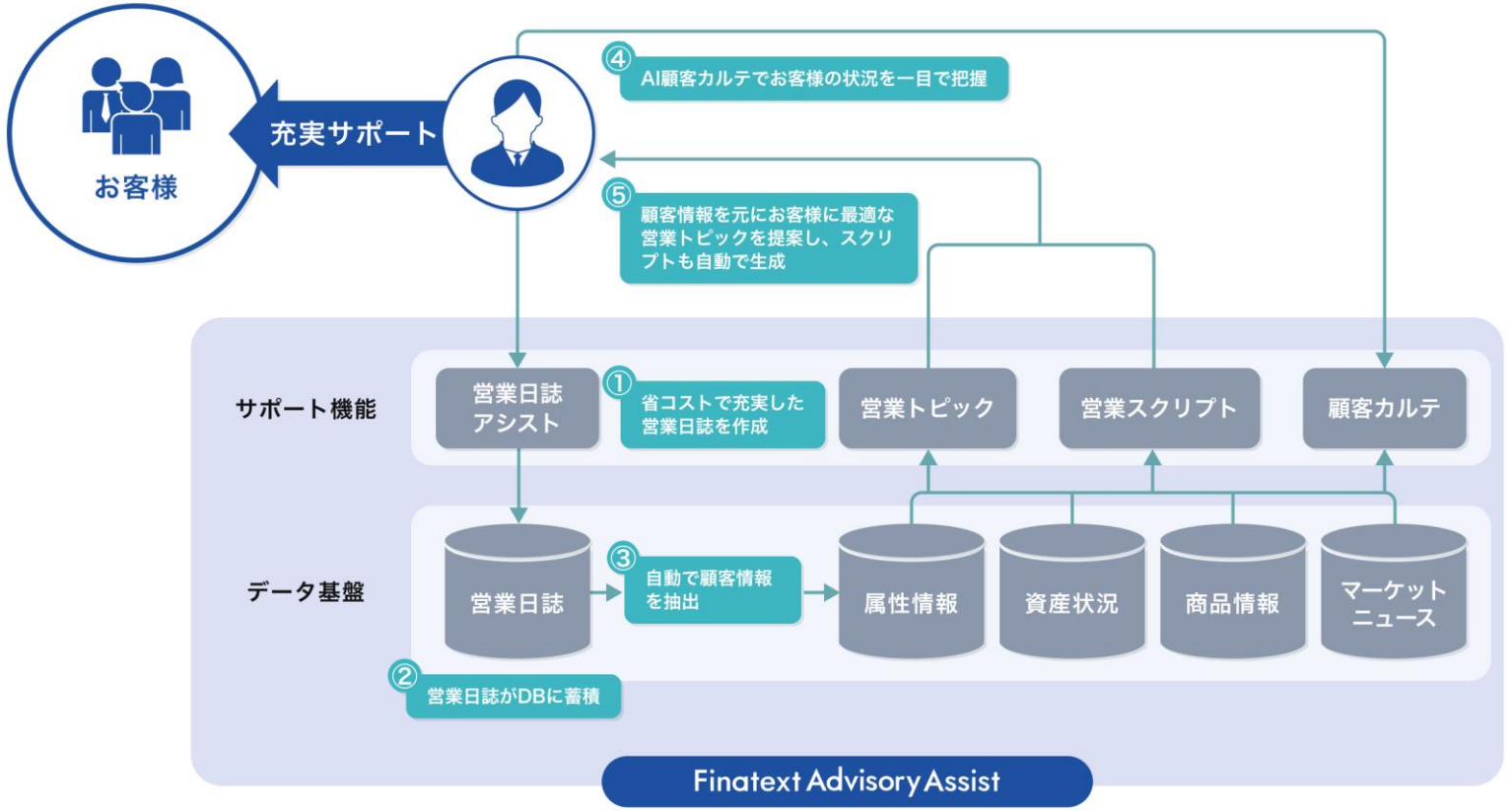


Launch of Generative AI Product

In Apr 2024, launched “Finatext Advisory Assist”, which uses generative AI to improve efficiency of advisory operations in personal financial services like brokerage, IFA, insurance and banks.

IFAs’ Financial Standard has decided to introduce this service.

“Finatext Advisory Assist”



Features

- **Auto Meeting Transcription & Business Diaries Assist**：online meeting tools compatibility, audio data summary, missing information checker, draft correction, TODOs and decisions extraction, and template registration.
- **Auto Databaseization**：Extract and accumulate customer attribute information from business diaries and asset status. Custom attributes alongside 200+ attributes specialized for AM sales.
- Features like recommendations for sales topics, auto creation of customer charts, sales talk script proposals, are on the roadmap

Appointment of New Leaders

In Apr 2024, Ryohei Katayama and Kazuaki Osawa were appointed as Managing Director of Data & AI Solution Business and Credit Infrastructure Business respectively.



Fintech Solution
Akane Kinoshita

Worked at Daiwa Securities and Thomson Reuters in product planning for wealth management. Joined Finatext in 2017. Appointed as Managing Director in 2019.



Brokerage Infrastructure
Noriko Kobayashi

Worked at former Kogin System and led planning and development of front-end app at Simplex after graduating from Gakushuin. Joined Finatext in 2021. Appointed as Managing Director in 2022.



Big Data Analytics
Masashi Tsujinaka

Worked at Bank of Japan's statistical and economic research after graduating from UKyoto. Joined Finatext in 2015. Appointed as Managing Director in 2019.



Insurance Infrastructure
Kazuhiro Kawabata

Worked at Hakuhodo and Boston Consulting after graduating from UTokyo. Joined Finatext and appointed as Managing Director in 2019.

New



Data & AI Solution
Ryohei Katayama

Worked at NRI after graduating from UOsaka. Joined Finatext in 2017 to launch services for institutional investors. Appointed as Managing Director in 2024.

New



Credit Infrastructure
Kazuaki Osawa

Worked at Mitsui & Co. and engaged in fintech business development at PayPay after graduating from UKyoto. Joined Finatext in 2023. Appointed as Managing Director in 2024.

FULL-YEAR RESULTS FY2023

SUMMARY OF FY2023 Full-Year Results

GROUP

- Revenue at **¥5.38b, growth exceeding 40% for the 3rd consecutive terms after listing**
- As for profits, **profitability achieved for the first time since IPO**, with **adj. EBITDA margin[1] at 5.4%**
- Net income attributable to owners of parent was higher than expected, despite special loss on trust-type SO

FINANCIAL INFRASTRUCTURE

- Revenue +**67% YoY** driven by Brokerage growth
- Brokerage's first system migration project of existing financial institutions, beside acquiring 3 new partners of discretionary investment
- Insurance growth for product expansion by existing partners, despite no new partners

BIG DATA ANALYTICS

- Revenue +**27% YoY**, driven by Data Licensing
- Data License continued to grow Alterna Data client base
- As for Data Consulting, beside analysis models for tenant store openings, also acquired multiple generative AI-related projects.

FINTECH SOLUTION

- Revenue +**9% YoY**, driven by Solution
- Solution, with a focus on projects with banks, continued to support service planning and development for major financial institutions

1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

Financial Summary

Revenue was ¥5,375m (+41% YoY), mostly in line with guidance.

As for profits, profitability achieved for the first time since IPO.

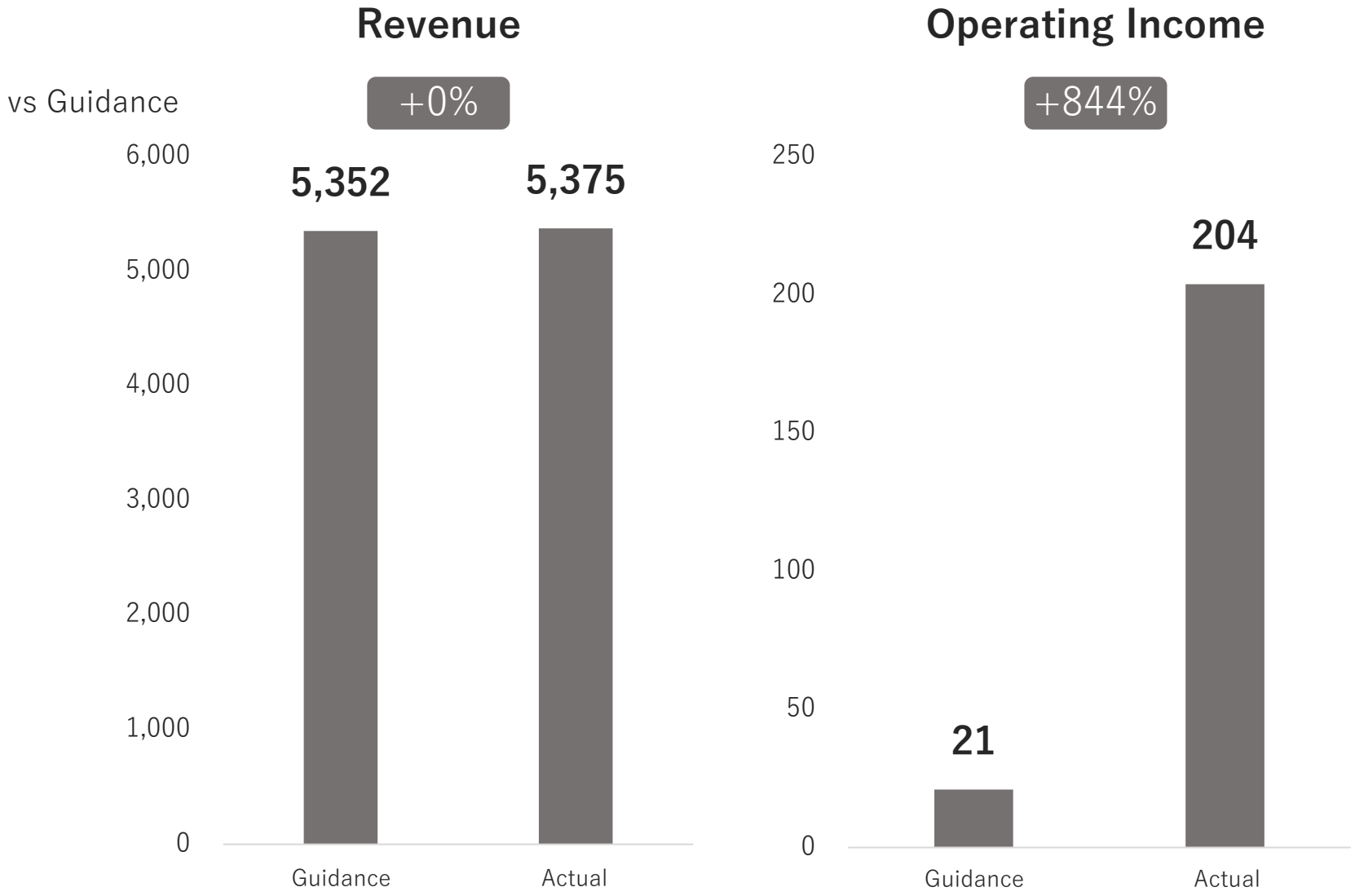
Net income attributable to owners of parent was much higher than expected, despite recording of special loss on trust-type SO.

(¥million)	FY2023 Full-Year	FY2022 Full-Year	YoY	Major Factors
Revenue	5,375	3,820	+41%	• Increase in one-off and usage-based revenue due to rise in Financial Infrastructure partners drove the overall growth
COGS	2,150	1,721	+25%	• Rise in labor and outsourcing expenses due to new projects
COGS Ratio	40%	45%	-	
Gross Profit	3,225	2,099	+54%	
SG&A	3,020	2,427	+24%	• Rise in labor expense and revenue sharing due to business expansion
SG&A Ratio	56%	64%	-	
Operating Income	204	▲ 328	-	
Operating Margin	4%	-9%	-	
Ordinary Income	194	▲ 324	-	
Net Income Attributable to Owners of Parent	▲ 78	▲ 388	-	• Recording special loss on trust-type SO and corporate tax on subsidiaries in the black

Actual vs Guidance

Revenue was almost exactly as planned for Financial Infrastructure, Big Data Analytics, and Fintech Solution.

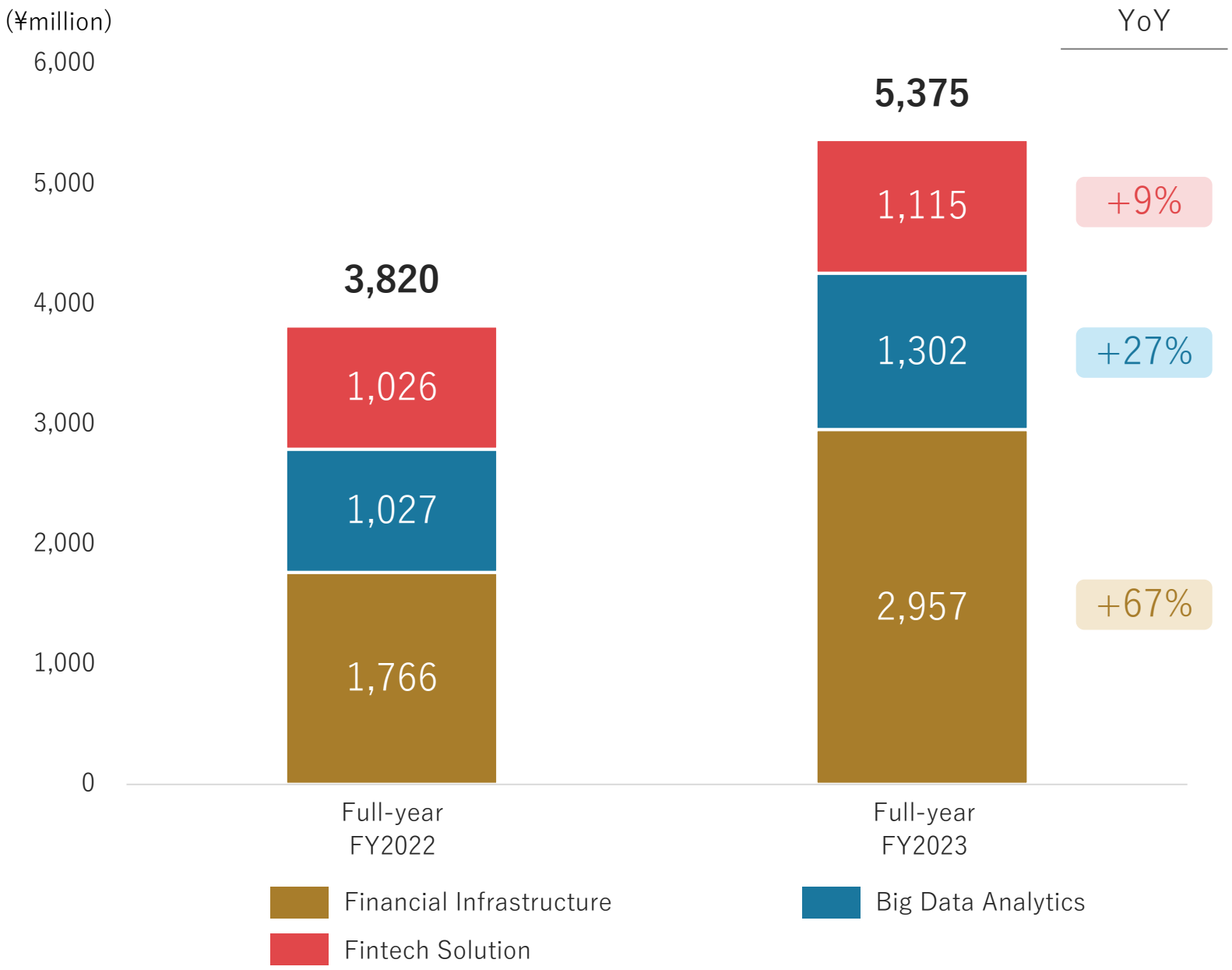
Operating income improved significantly by +844% compared to the initial plan, recorded ¥204m.



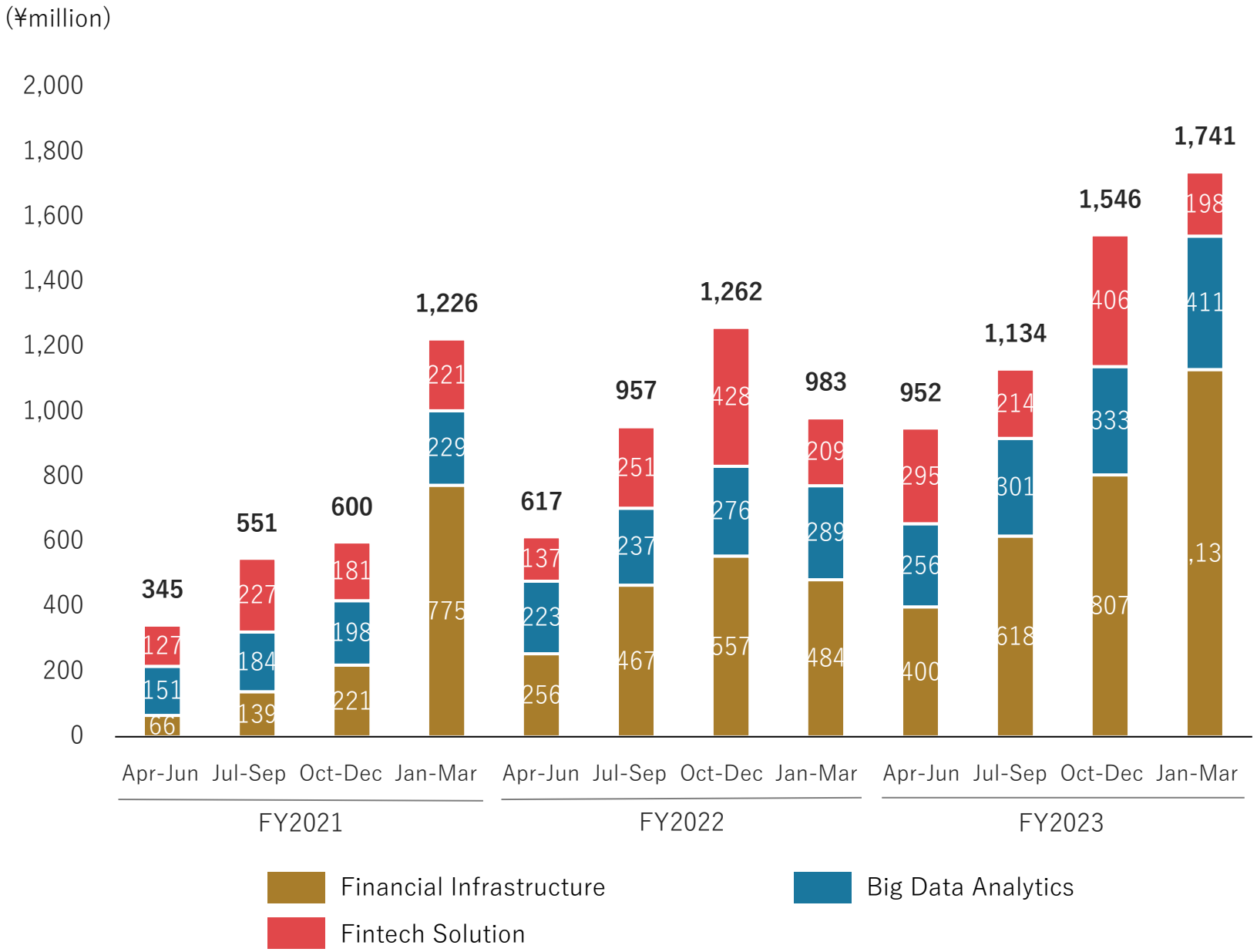
1. Revision of earnings forecast announced on April 22, 2024.

Revenue by Segment

Financial Infrastructure drove revenue growth with **+67% YoY increase**.

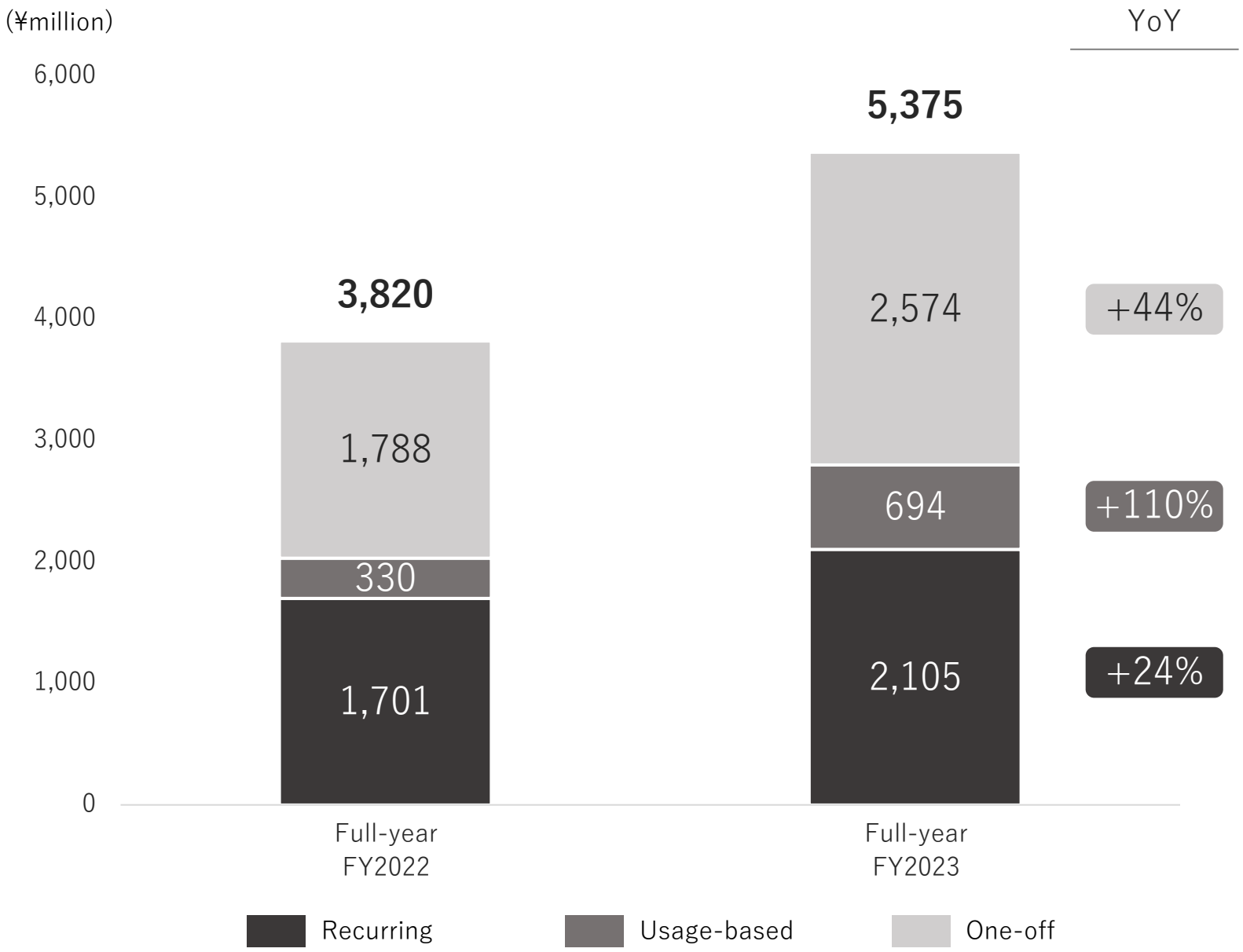


Revenue by Segment

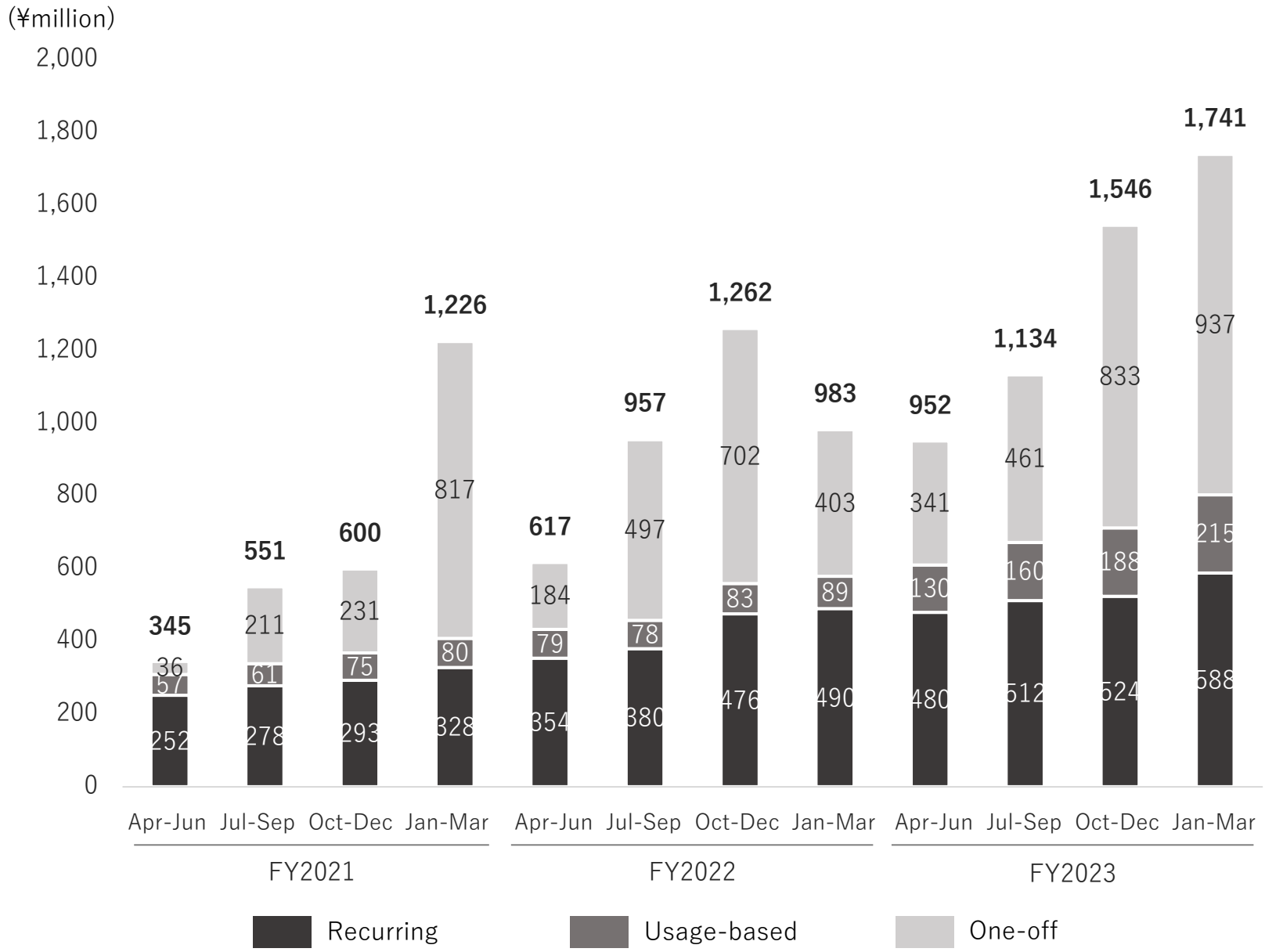


Revenue by Type

Due to the increased number of Financial Infrastructure partners and growth in AUM, **usage-based revenue experienced a significant increase of +110% YoY**.



Revenue by Type



(For Reference) Revenue Type

One-off revenue received at the time of system implementation, and recurring revenue and usage-based revenue received subsequently.

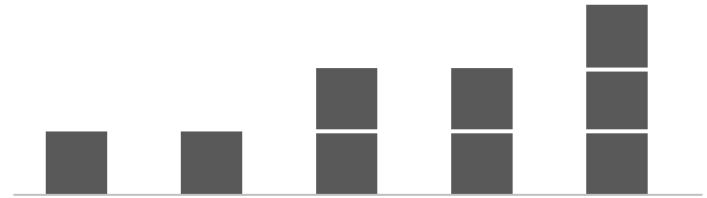
1 One-off

- One-off revenue received from partners at service implementation and additional development



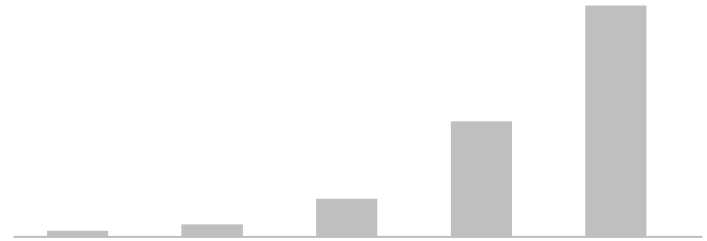
2 Recurring

- Recurring revenue received monthly from existing partners for operations



3 Usage-based

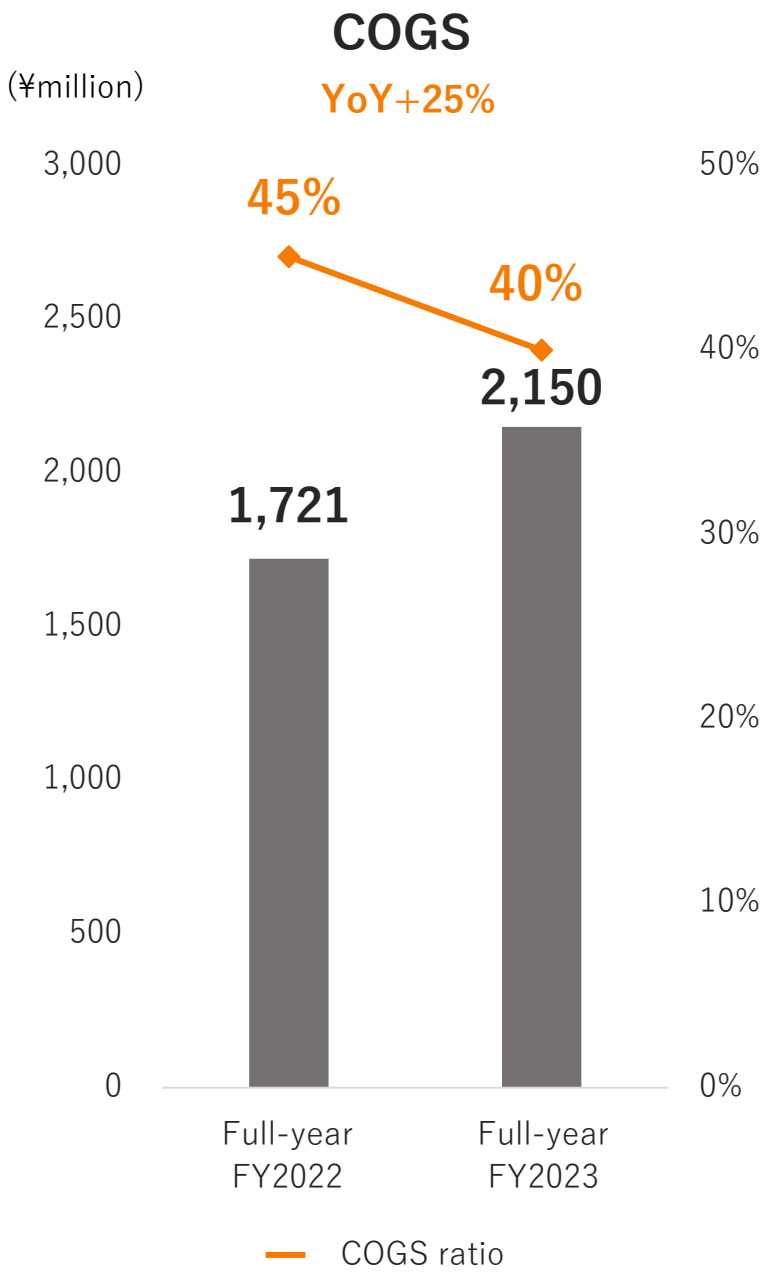
- Usage-based revenue according to AUM and insurance premium income

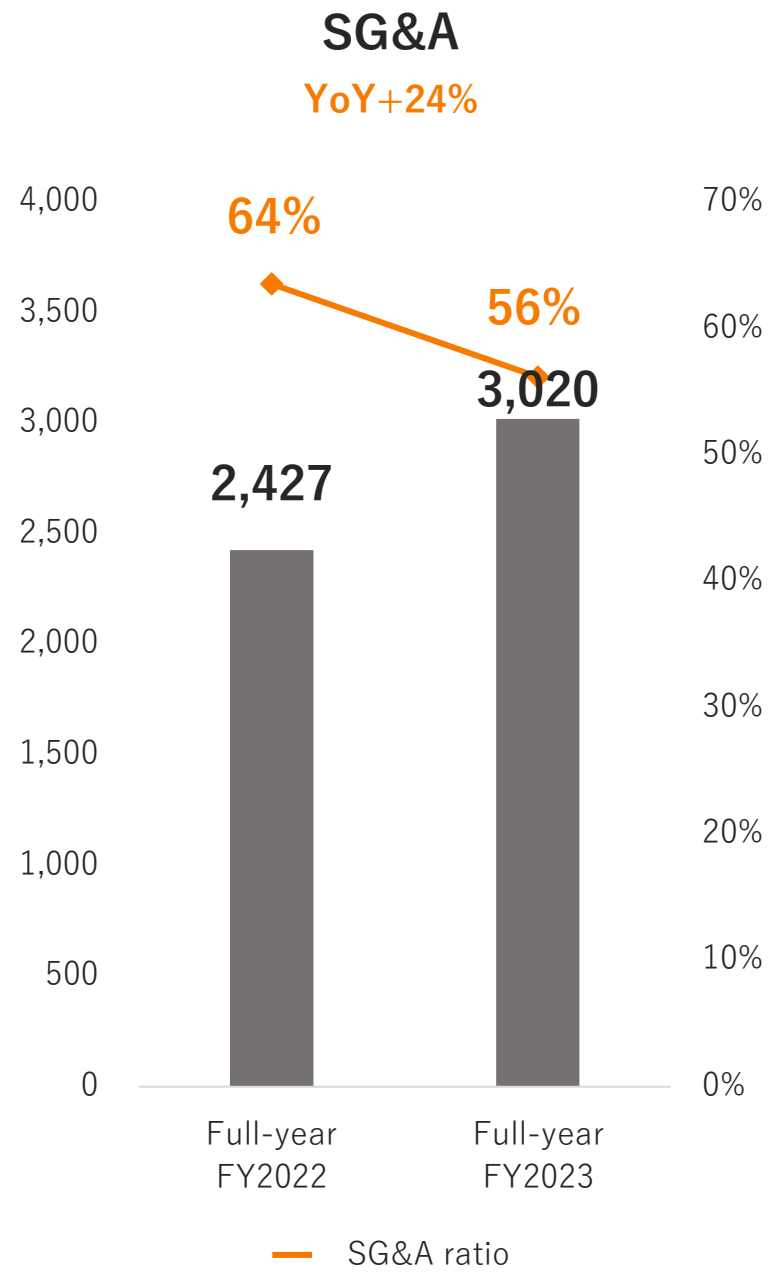


COGS and SG&A

COGS increased by only +25% YoY, reducing COGS ratio to 40%.

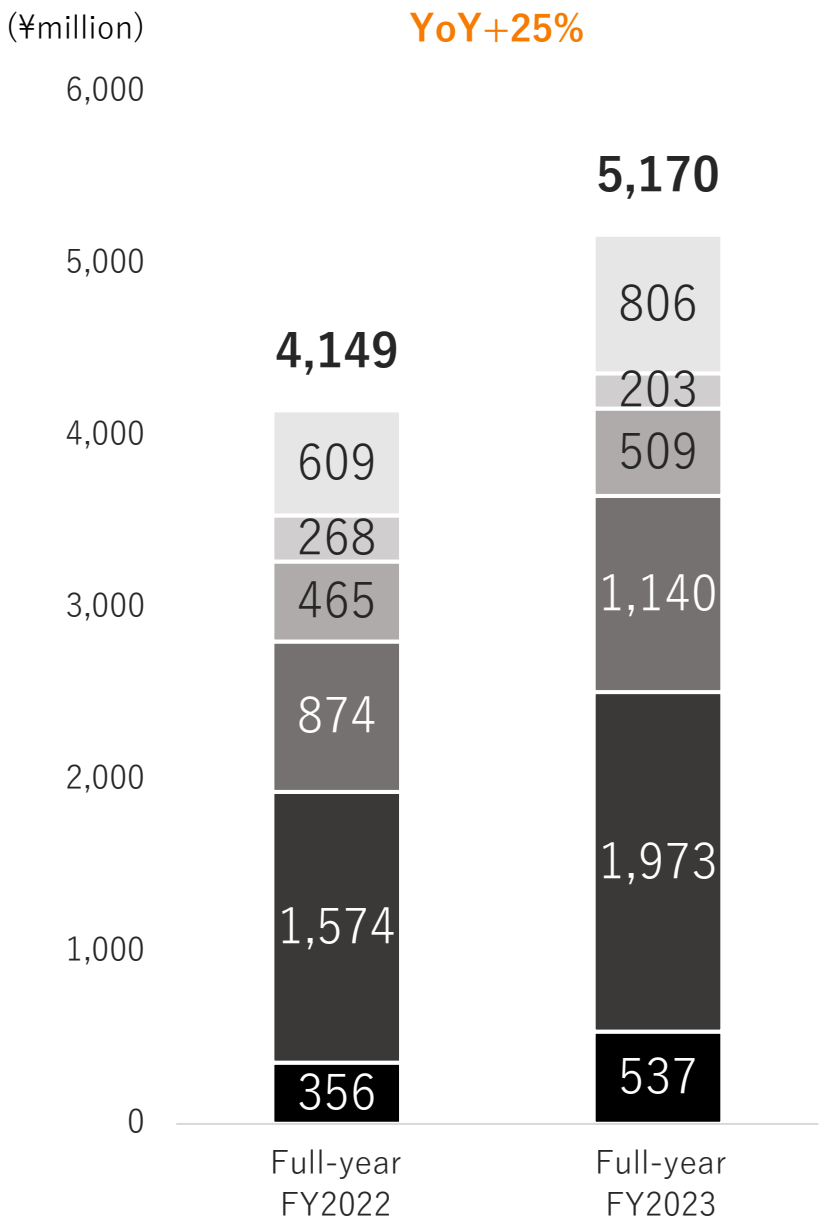
SG&A expenses also remained at rise of +24% due to solid cost control, which led to a decrease in SG&A ratio to 56%.





Cost Breakdown

Labor and outsourcing expenses are less than originally planned, **overall expenses remained at +25% YoY compared to +41% YoY increase in revenue.**



Other (YoY+32%)

- Financial-related expenses have increased due to the growth in the number of active services, and costs related to office expansion (¥22m) resulted in a YoY increase.

Advertising Expenses（YoY▲24%）

- Decrease due to reduced advertising and promotion for our own services

Communication Expenses（YoY+9%）

- Despite expansion of operating services in scale, YoY increase rate remained at 9%, thanks to cost-cutting measures

Outsourcing Expenses（YoY+30%）

- Mainly due to increase in development projects

Labor Cost (YoY+25%)

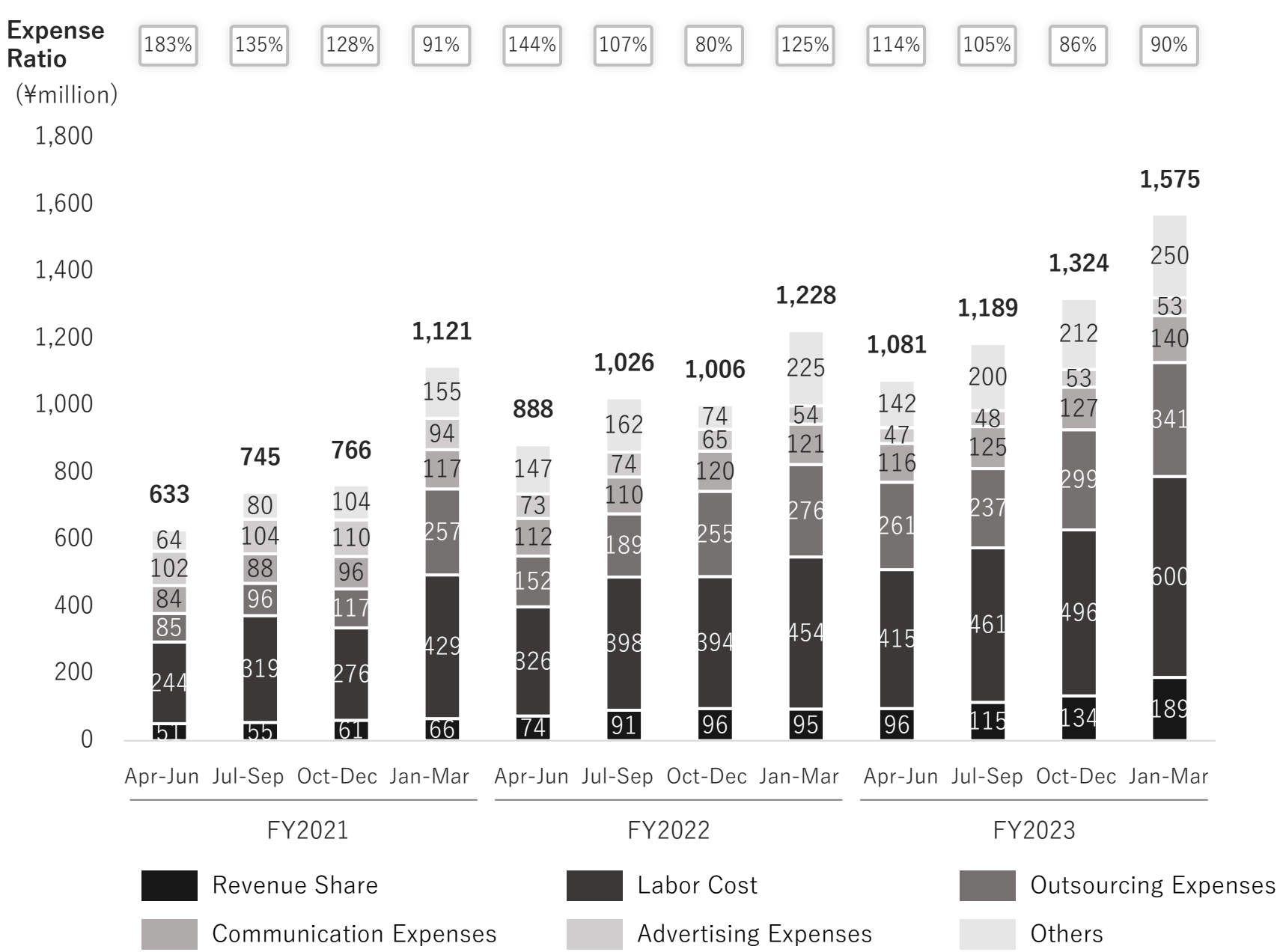
- Increased due to team expansion

Revenue Share（YoY+51%）

- Increased mainly due to respective growth of Data License and Financial Infrastructure Business

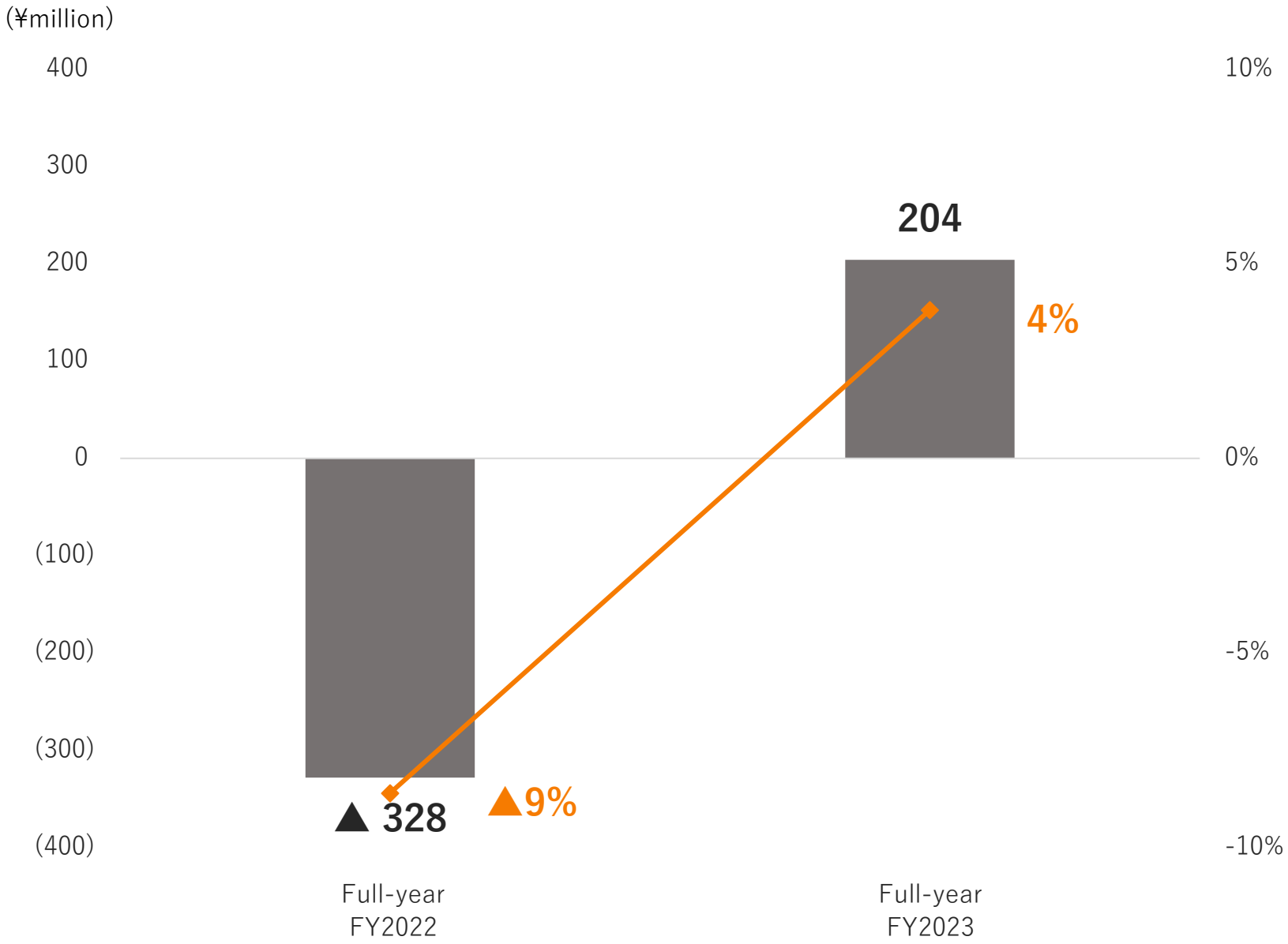
GROUP

Cost Breakdown

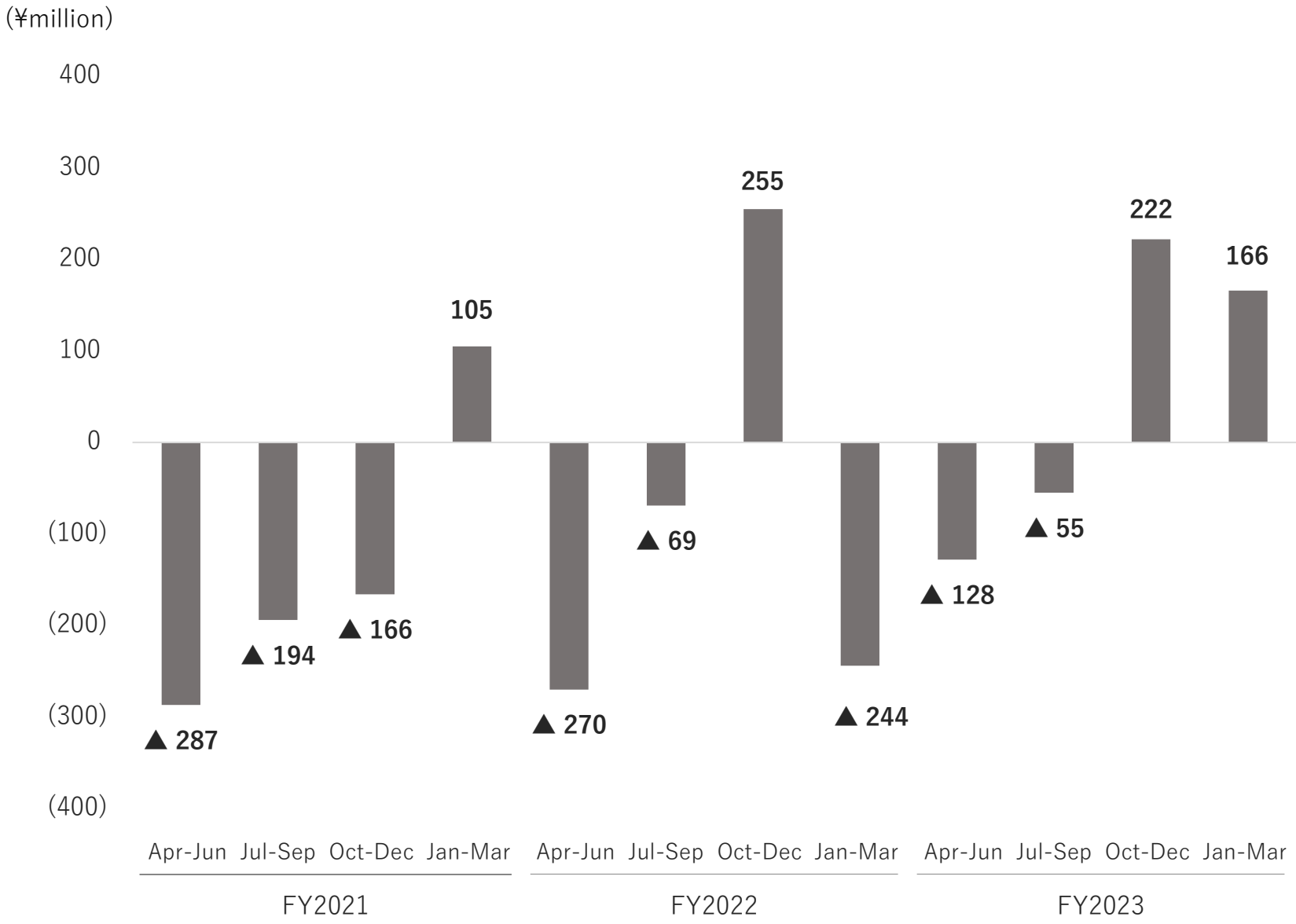


Operating Margin

Achieved operating profit due to the increase in revenue and the decline in SG&A ratio.



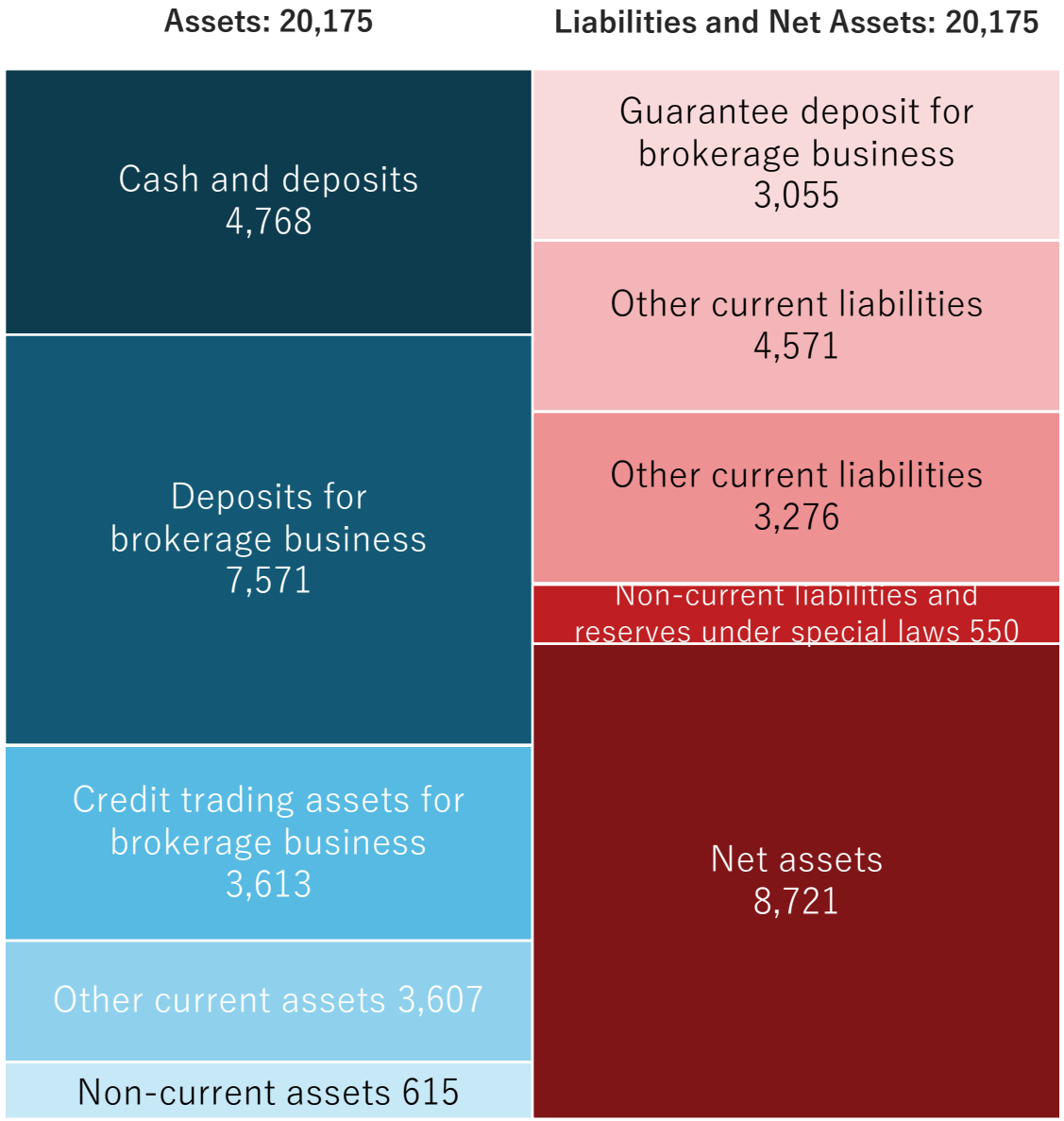
Operating Income



Balance Sheet

Strong financial base with about ¥4.8billion in cash and deposits as of the end of Mar 2024.

(¥million)

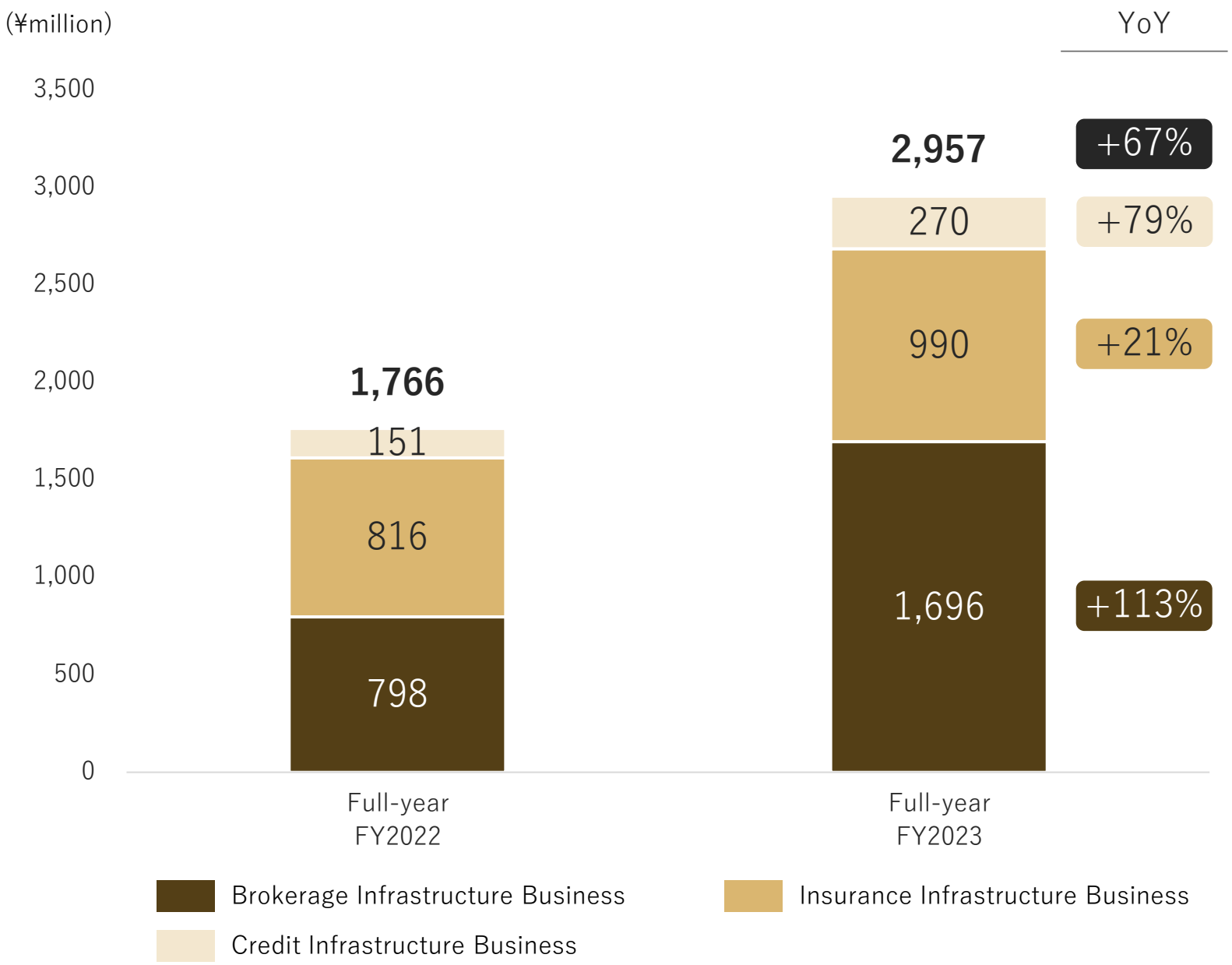


FULL-YEAR RESULTS BY SEGMENT FY2023

FINANCIAL INFRASTRUCTURE

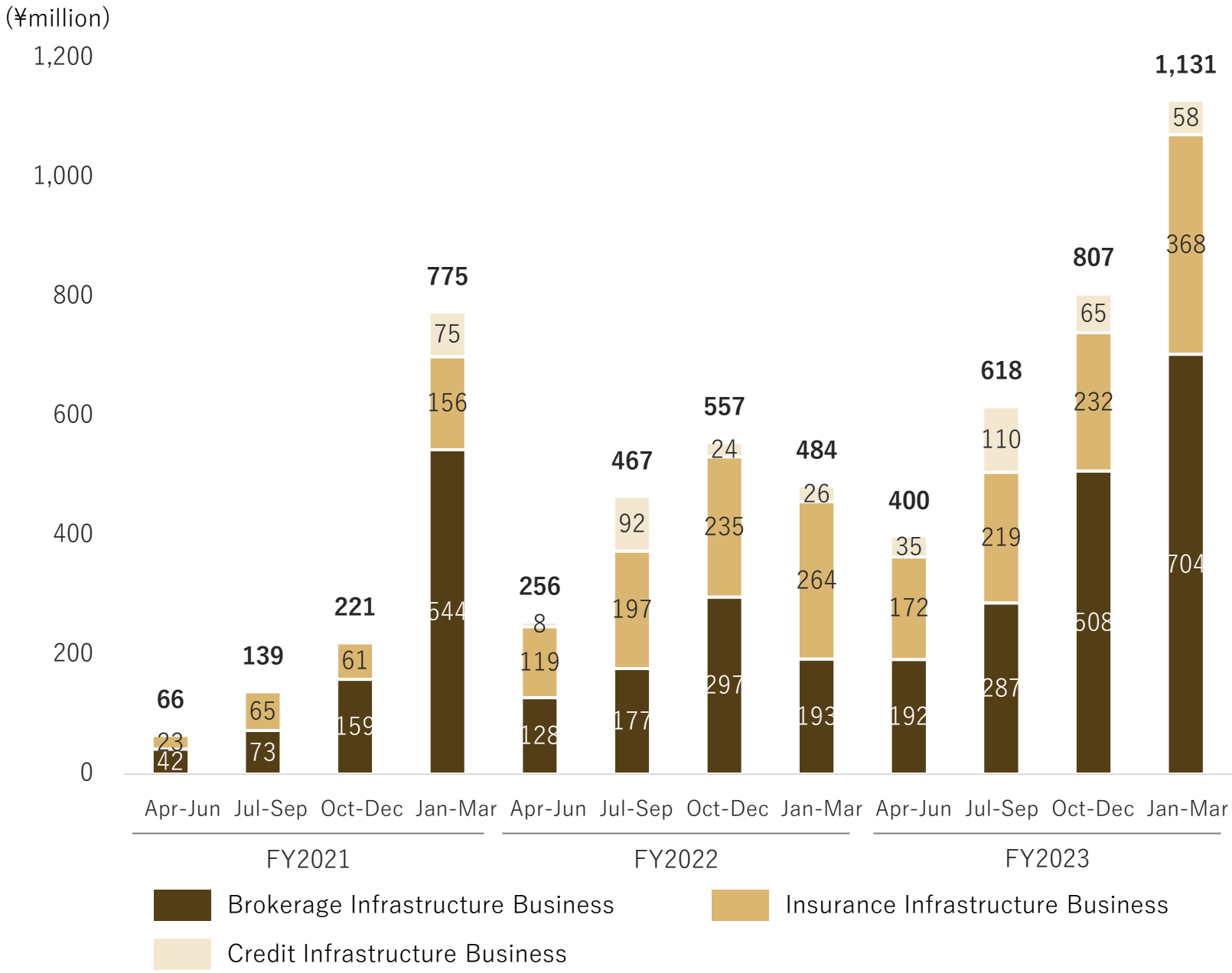
Revenue by Business

While all businesses are growing, growth of Brokerage Infrastructure Business has doubled, resulting in **revenue of ¥2,957m, +67% YoY.**



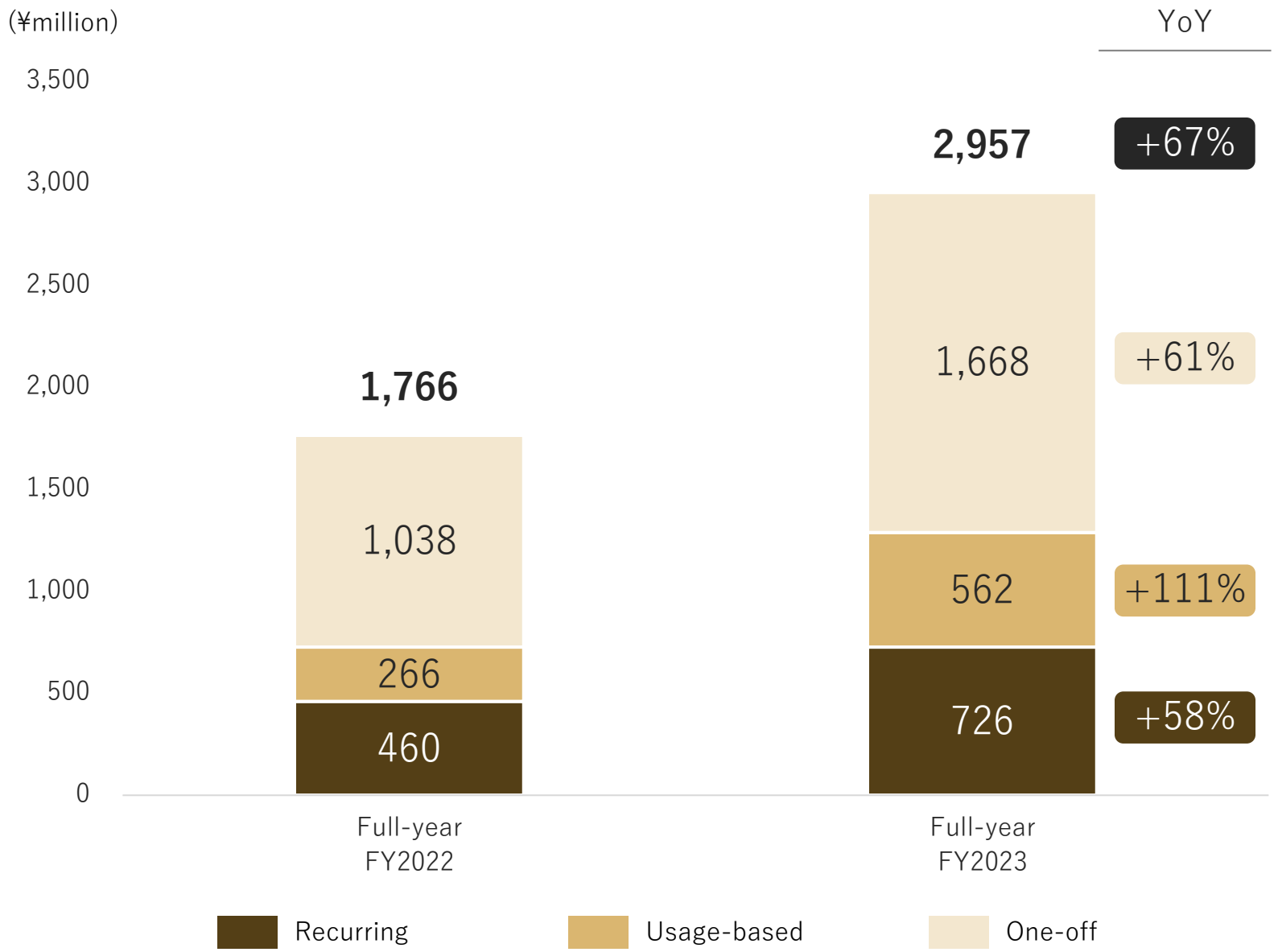
FINANCIAL INFRASTRUCTURE

Revenue by Business



Revenue by Type

By type, due to the increase in the number of partners from the previous year, usage-based revenue grew more than 2 times.

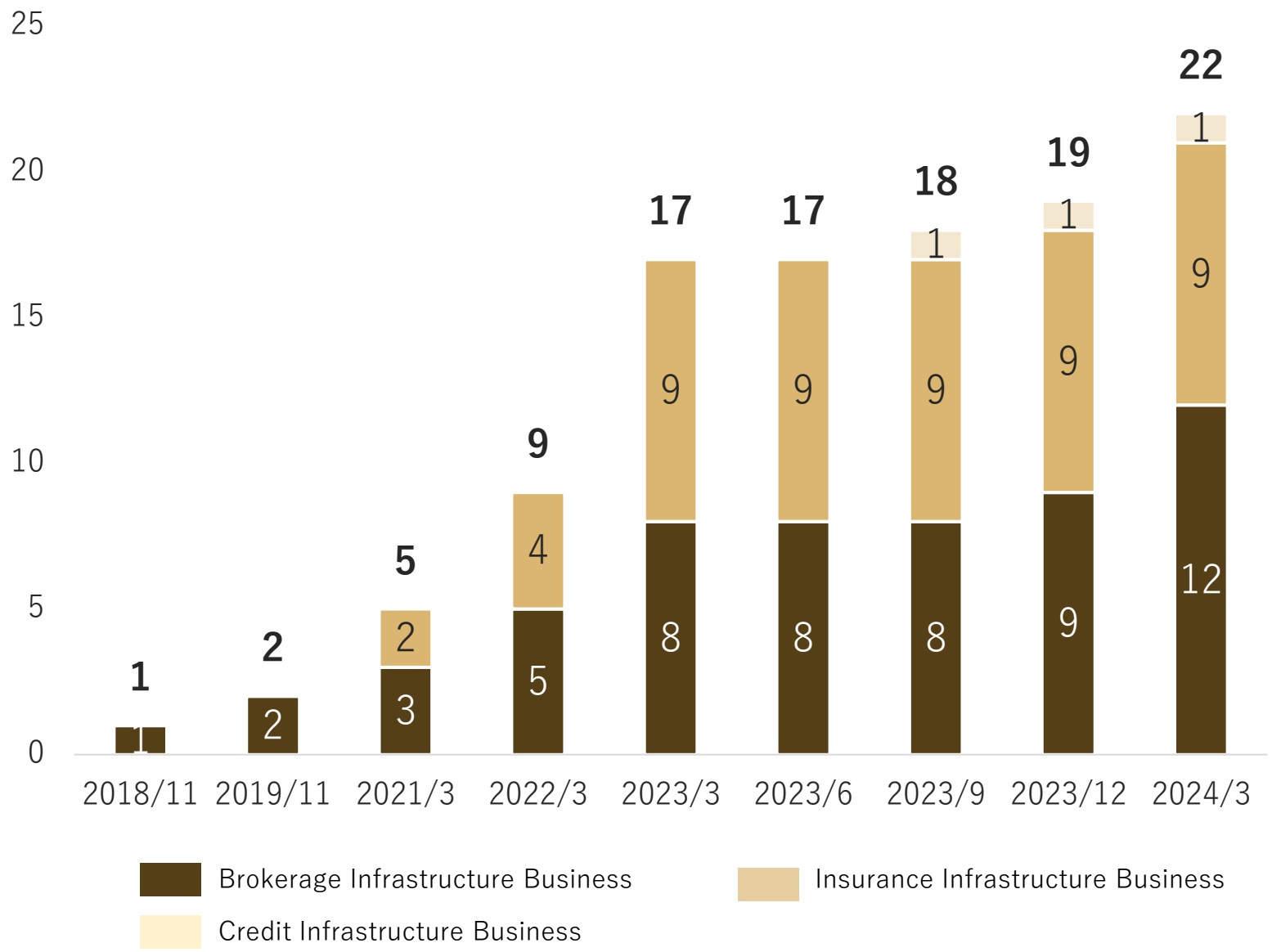


FINANCIAL INFRASTRUCTURE

Number of Partners

As to Brokerage, Saison AM and IFA's CS Assets introduced BaaS, which resulted in an increase of 3 partners in this quarter.

Since Insurance focused on additional projects for existing partners, and with postponement of new projects, no new acquisitions in this quarter.

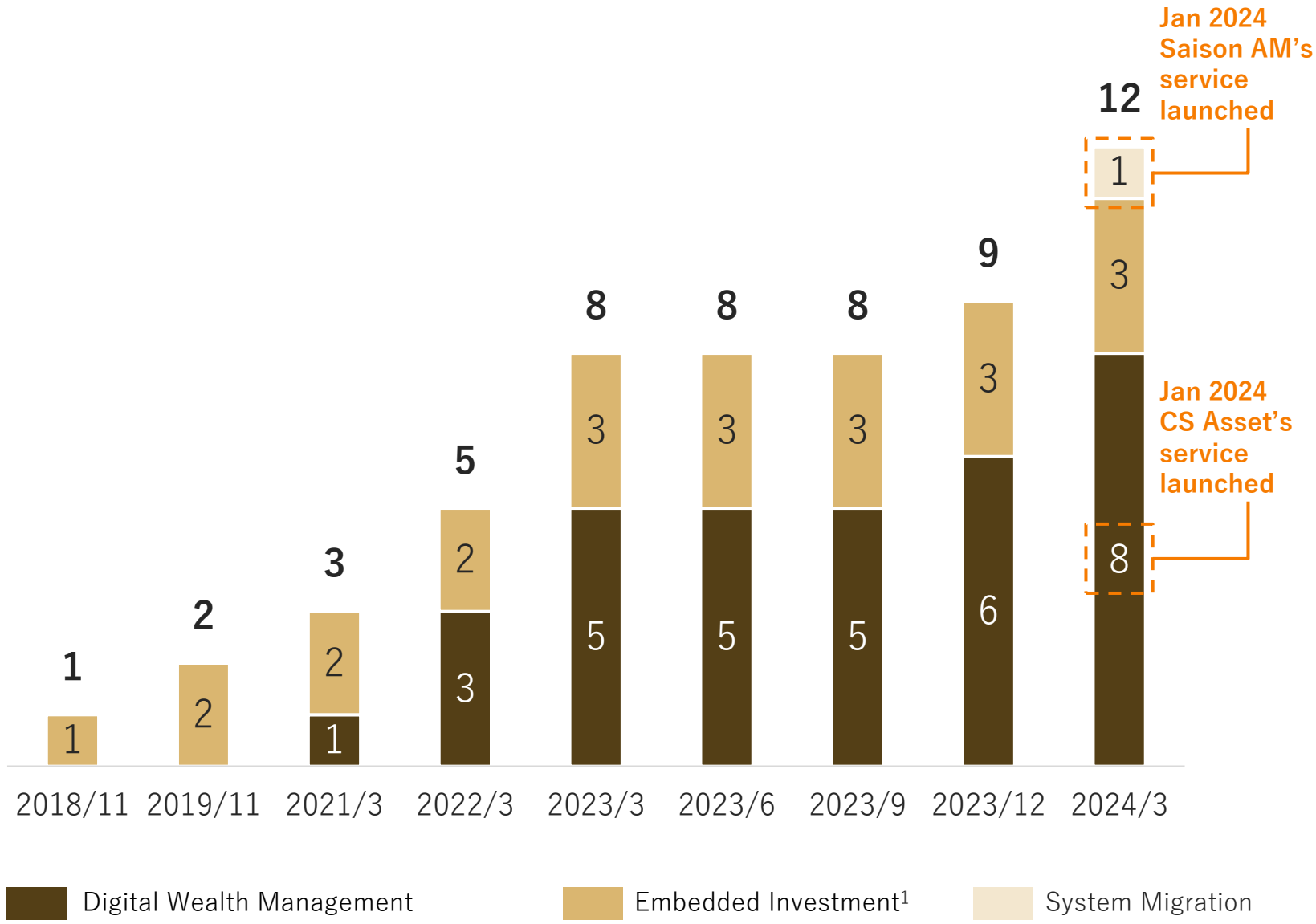


FINANCIAL INFRASTRUCTURE

of Services on BaaS

In this quarter, launched 3 projects including Saison AM and CS Asset (and 1 project unpublished).

Achieved the target number of partners in the initial plan of 12.

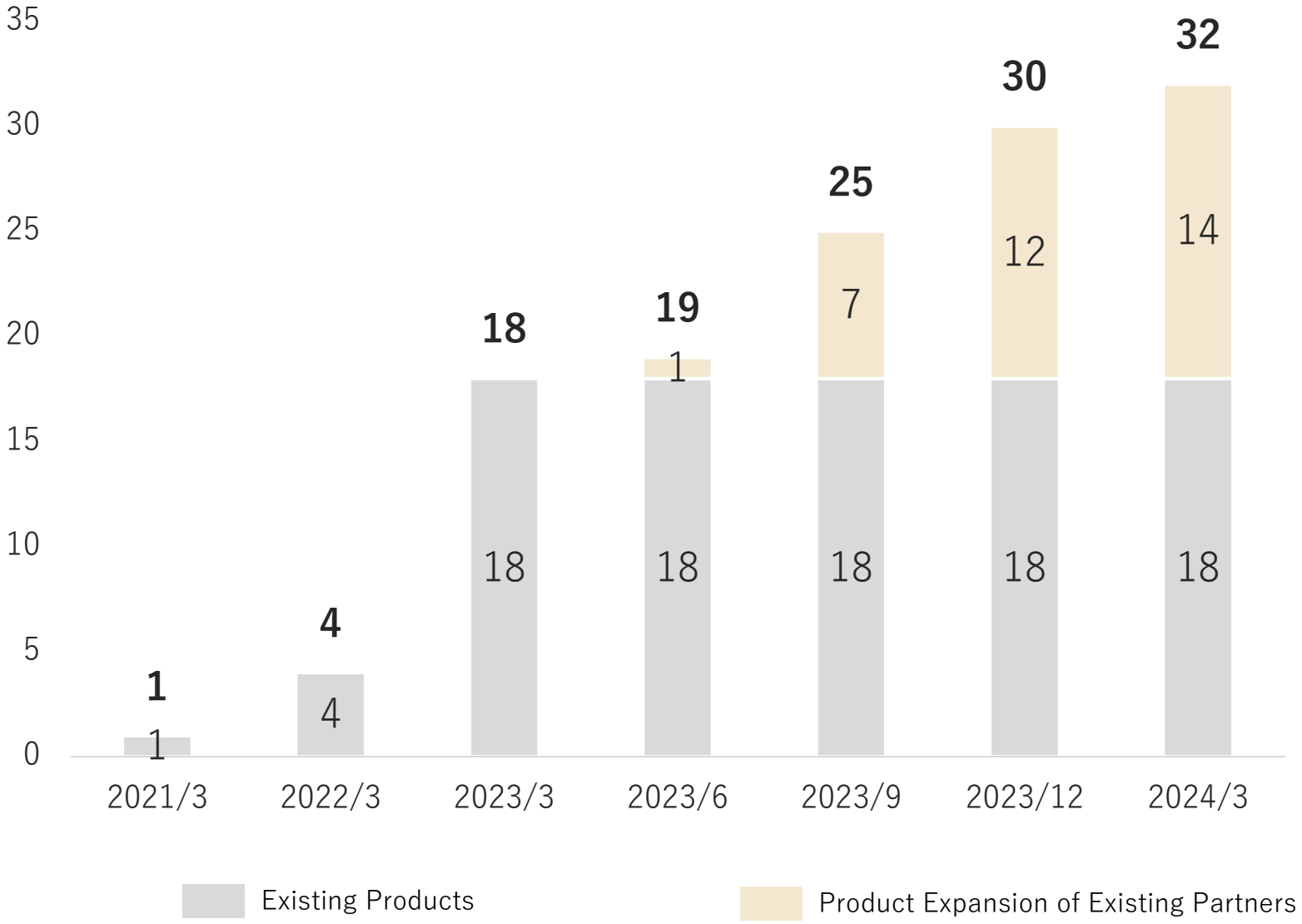


1. Including subsidiary Smartplus which provides STREAM via BaaS.

FINANCIAL INFRASTRUCTURE

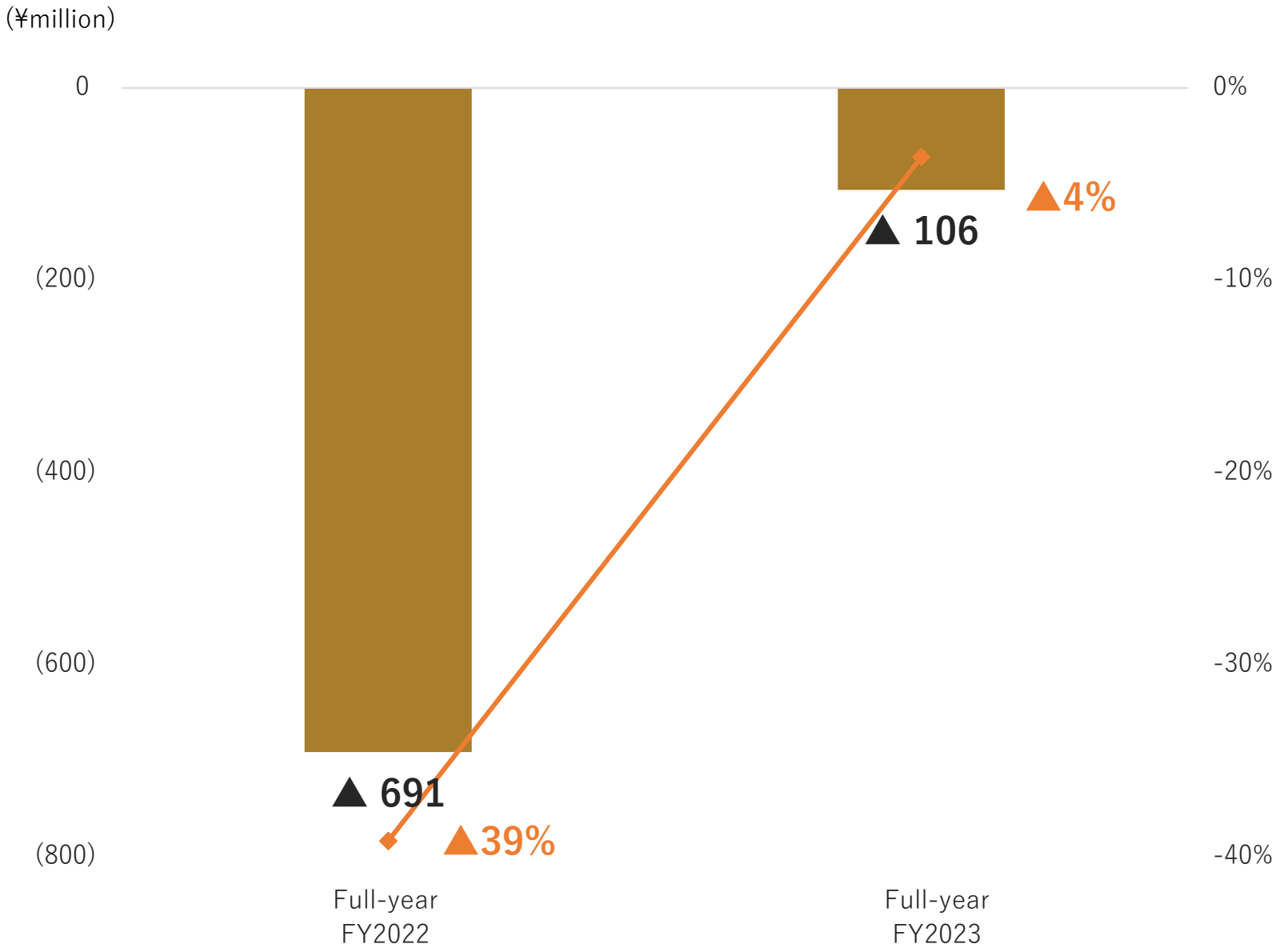
Increase # of Policies on Inspire

Due to product expansion of existing partners, the number of insurance policies available on Inspire **increased to 32, almost in line with the planned number of 33**.



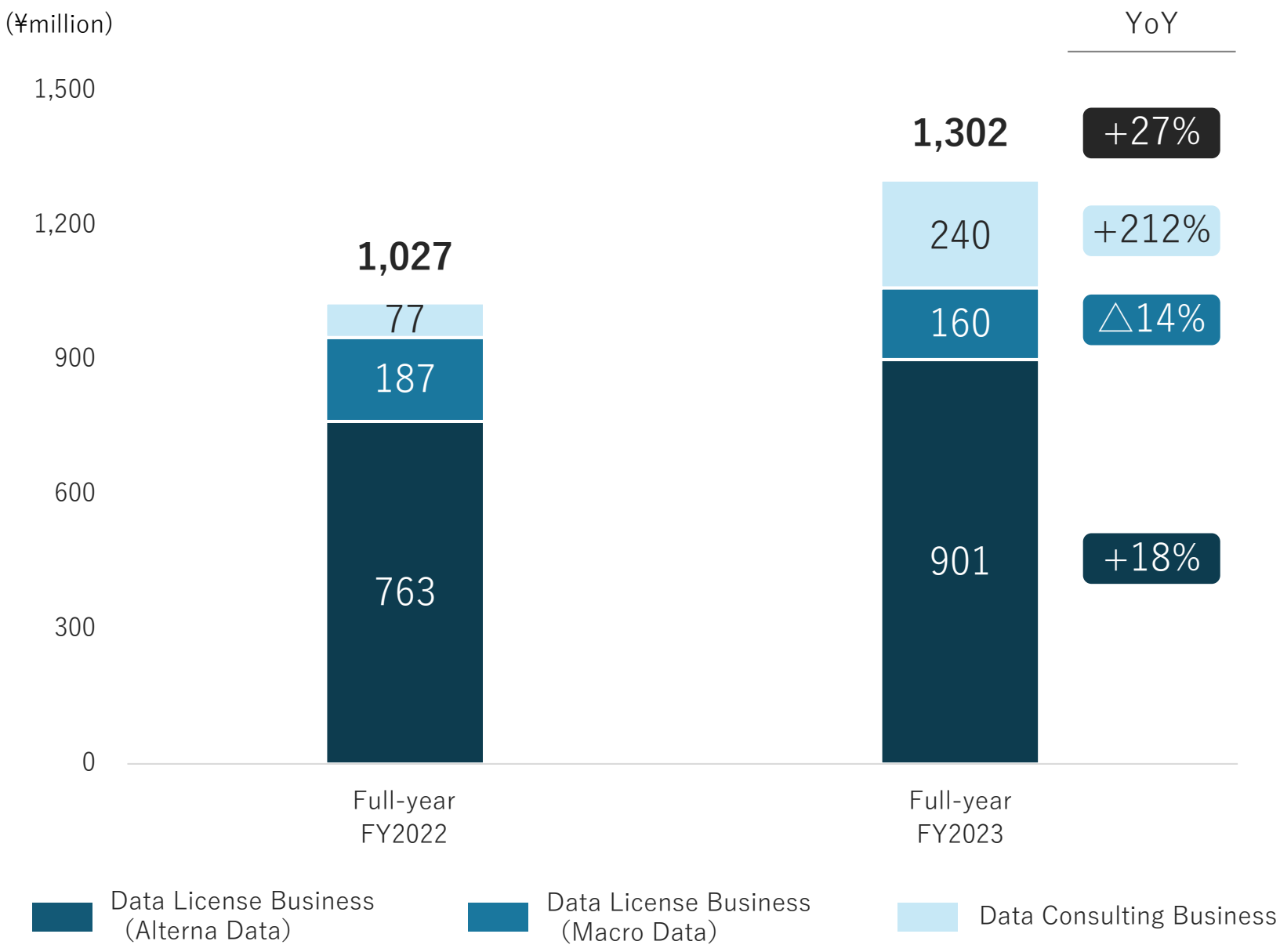
Operating Margin

In line with the scale of business expansion, **operating margin was on a significant improvement trend, improved from ▲39% to ▲4%.**

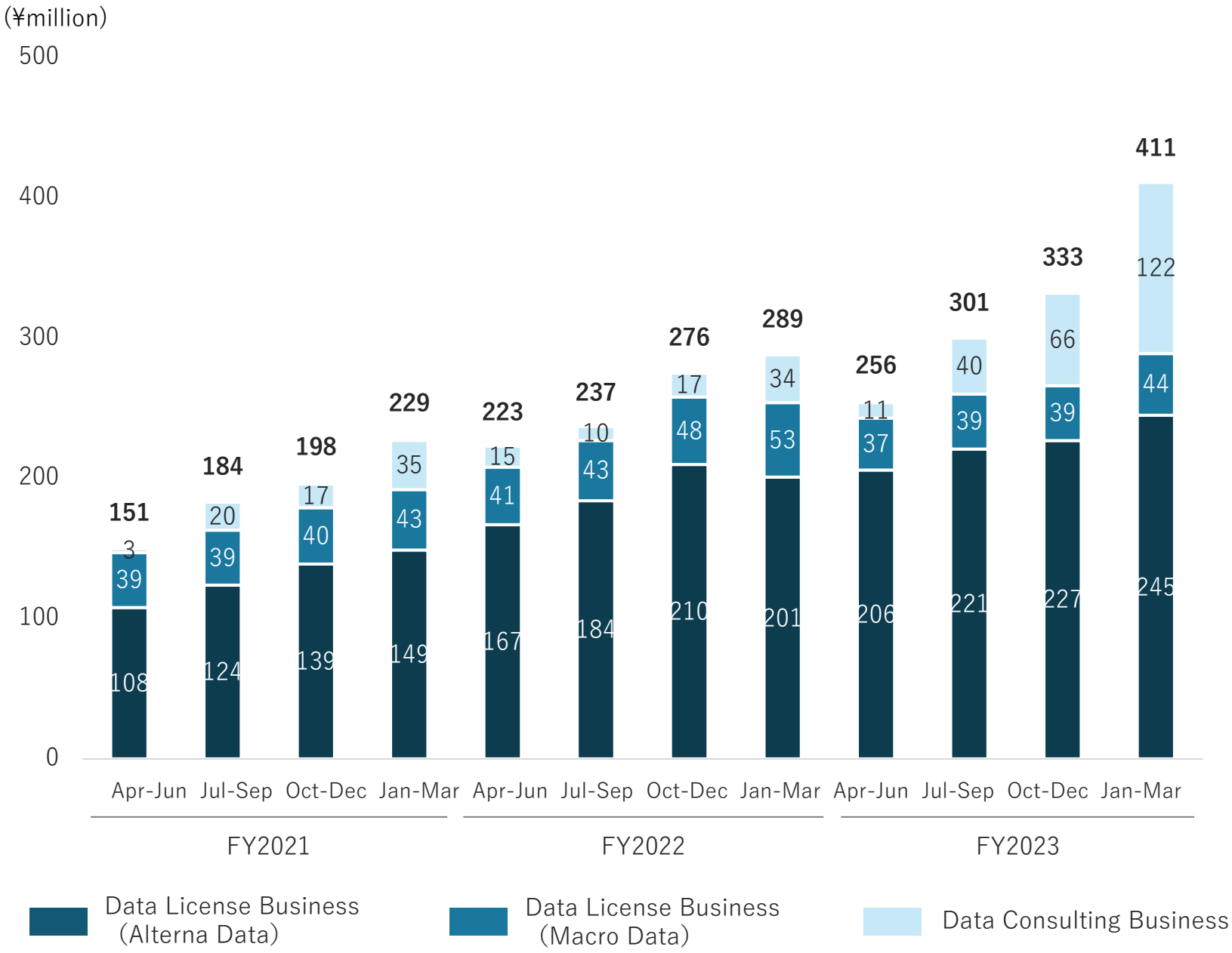


Revenue by Business

Data Consulting Business grew due to acquisition of multiple tenant and trade area analysis business and generative AI-related projects, resulting **increase in revenue by +27% YoY to ¥1,302m**.

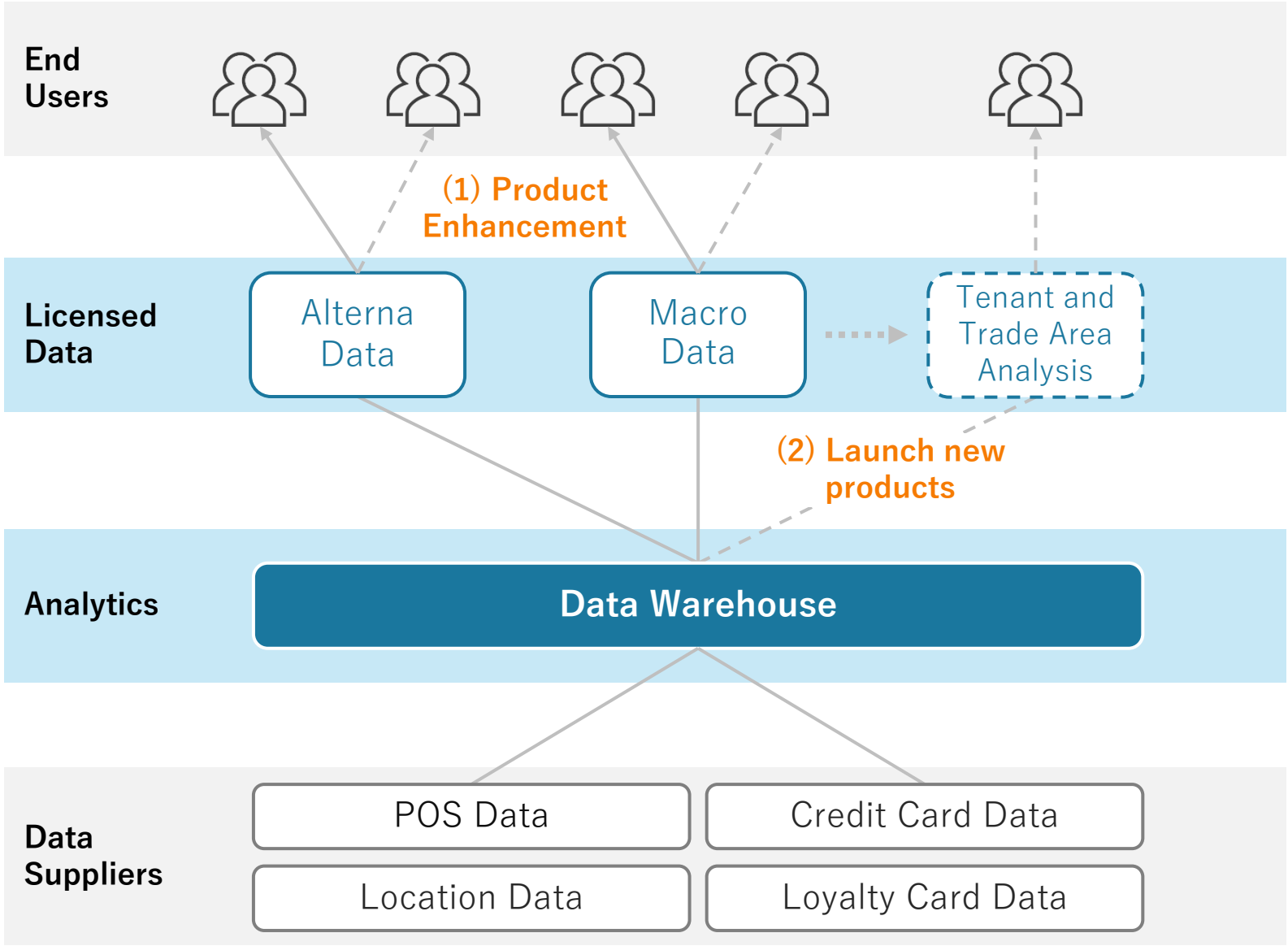


Revenue by Business



Strategy

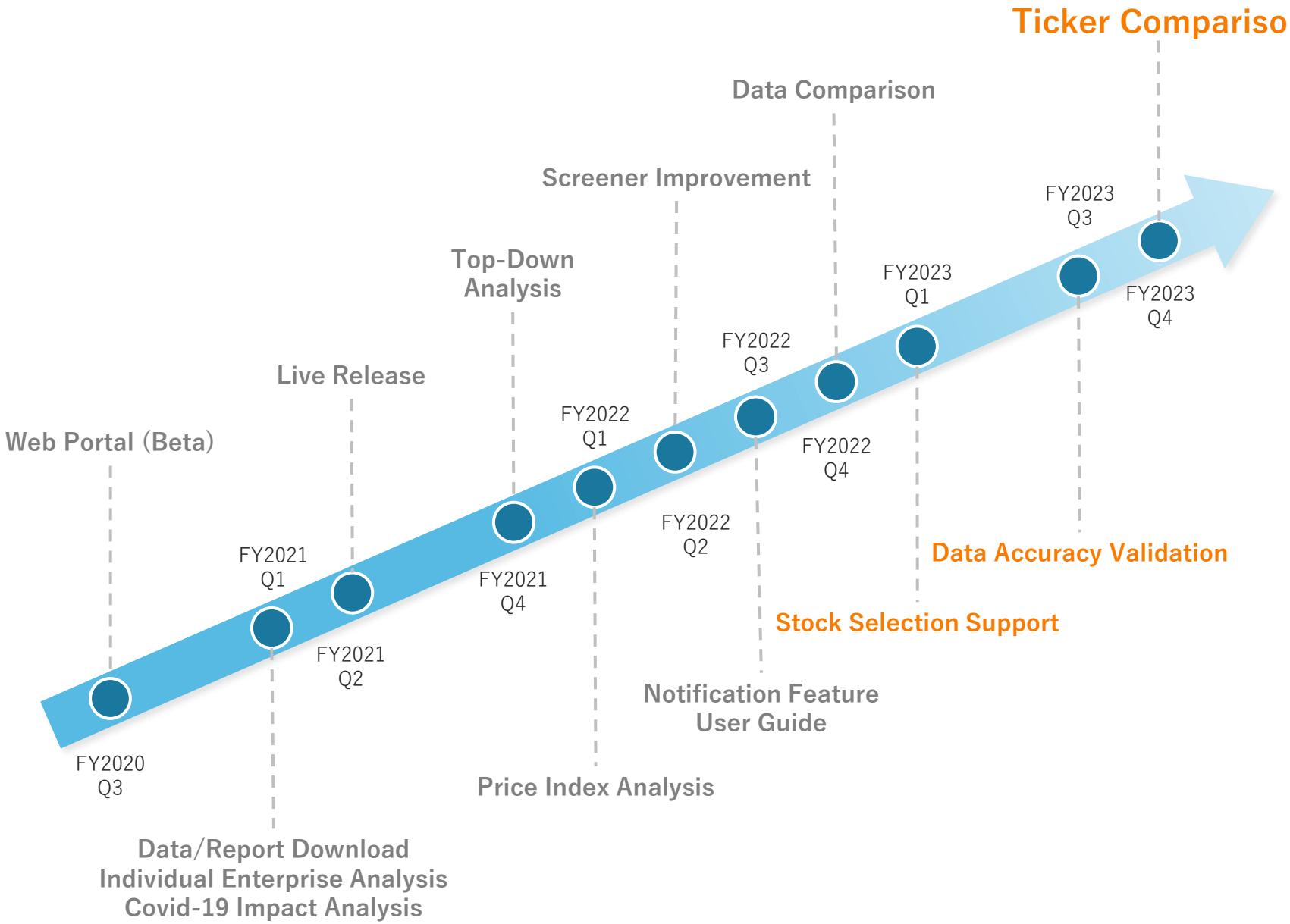
Aim to (1) enhance the products by increasing the variety of data and expanding features ; and (2) launch a new business in real estate domain, such as tenant and trade area analysis services.



Enhancement of Alterna Data

Continued enhancement of analytical features for fundamental funds and operating companies

Added features of stock selection support, data accuracy validation, and ticker comparison in FY2023.



Winning Int'l Competition

As a result of continuous expansion of data and features, we won "The Alternative Data Challenge – Asia 2024 Edition", a pitch competition for institutional investors, held in Singapore by BattleFin.

Data diversity, insights and actual use cases were highly evaluated.

BattleFin "The Alternative Data Challenge – Asia 2024 Edition"





Overview

- BattleFin is a company that provides information for institutional investors such as hedge funds which use alternative data and AI in decision-making.
- To build an alternative data ecosystem for institutional investors, BattleFin holds offline events around the world to connect data providers and users.
- We won the award as the best alternative data provider out of 43 participants from all over Asia.

Various Use Cases

Cabinet Office, amid growing interest in wage increases and wage disparities among regions, utilized “HRog Wage NOW” alongside Spring Labor Negotiations.

Analyzed how salary conditions differ across regions, and the changes over time.

Cabinet Office “Monthly Economic Report”

参考　日本経済

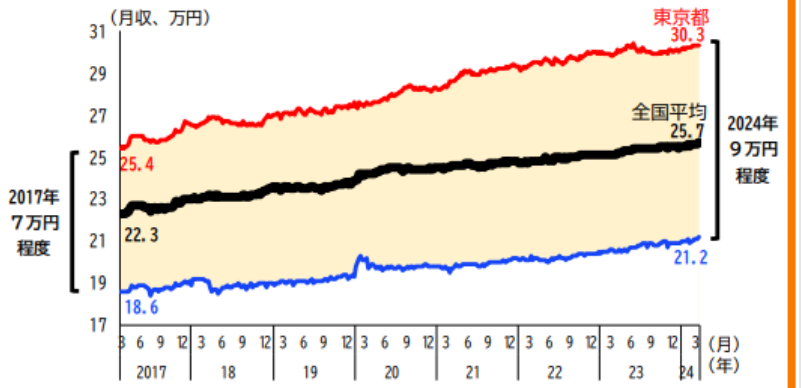
１図　春闘の地域別妥結結果
（４月19日時点）

	賃上げ率（%）※全規模	うち300人未満
全国	5.20	4.75
北海道	4.68	4.77
宮城県	5.44	4.21
秋田県	4.62	-
山形県	4.14	-
福島県	4.92	3.41
栃木県	5.42	4.71
群馬県	6.85	7.67
岐阜県	4.81	4.13
新潟県	4.83	-
山梨県	5.52	-
愛知県	5.32	4.93
富山県	5.26	-
石川県	4.49	4.07
福井県	5.30	-
広島県	6.52	4.78
山口県	4.80	3.93
徳島県	4.38	-
愛媛県	5.46	-
福岡県	5.98	4.64
佐賀県	5.03	-
長崎県	4.91	-
熊本県	5.24	4.69
大分県	5.69	3.90

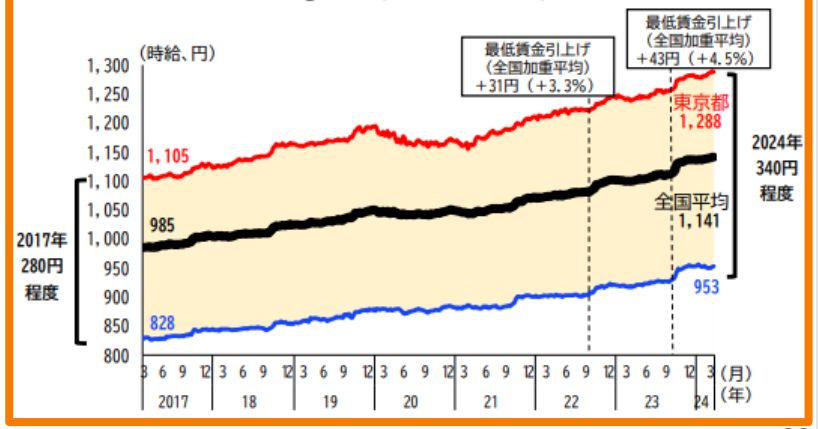
※赤字は全国平均を上回る道県。

２図　都道府県別募集賃金の推移（ビッグデータ）

①正社員



②パート・アルバイト



（備考）１．１図は、４月19日時点で妥結結果を公表している23の地方連合会の集計。
２．２図は、株式会社ナウキャスト「HRog賃金Now」により作成。HRog賃金Nowは、株式会社ナウキャストが作成している、求人広告サイトに掲載されている募集賃金を抽出・集計したビッグデータ。

22

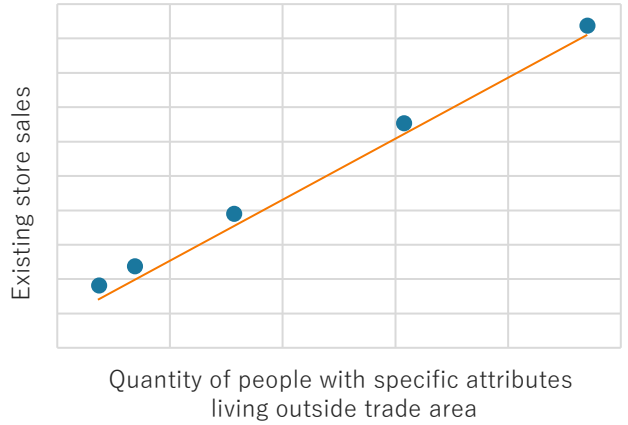
Credit: “Relevant Ministerial Meeting Materials on Monthly Economic Report (Apr 23, 2024)”, Cabinet Office

Strengthening of Tenant Analysis

Built a sales forecasting model that uses credit card and location data. Retail chains can pre-calculate sales expectations when opening new stores.
Also built a basket analysis model to extract brands with high co-sales rates with existing tenants of a target facility, supporting tenant strategies.

	Sales Forecasting Model	Basket Analysis Model
Input Data	• Sales of existing stores of the target retail chain	• Nil
Analysis Data	• Credit card data • Location data	• Credit card data
Application	• Based on the relationship between sales of existing stores and **footfall with specific attributes living outside the trade area**	• **Extract brands with high co-sales rates with existing tenants of the target facilities** from credit card data

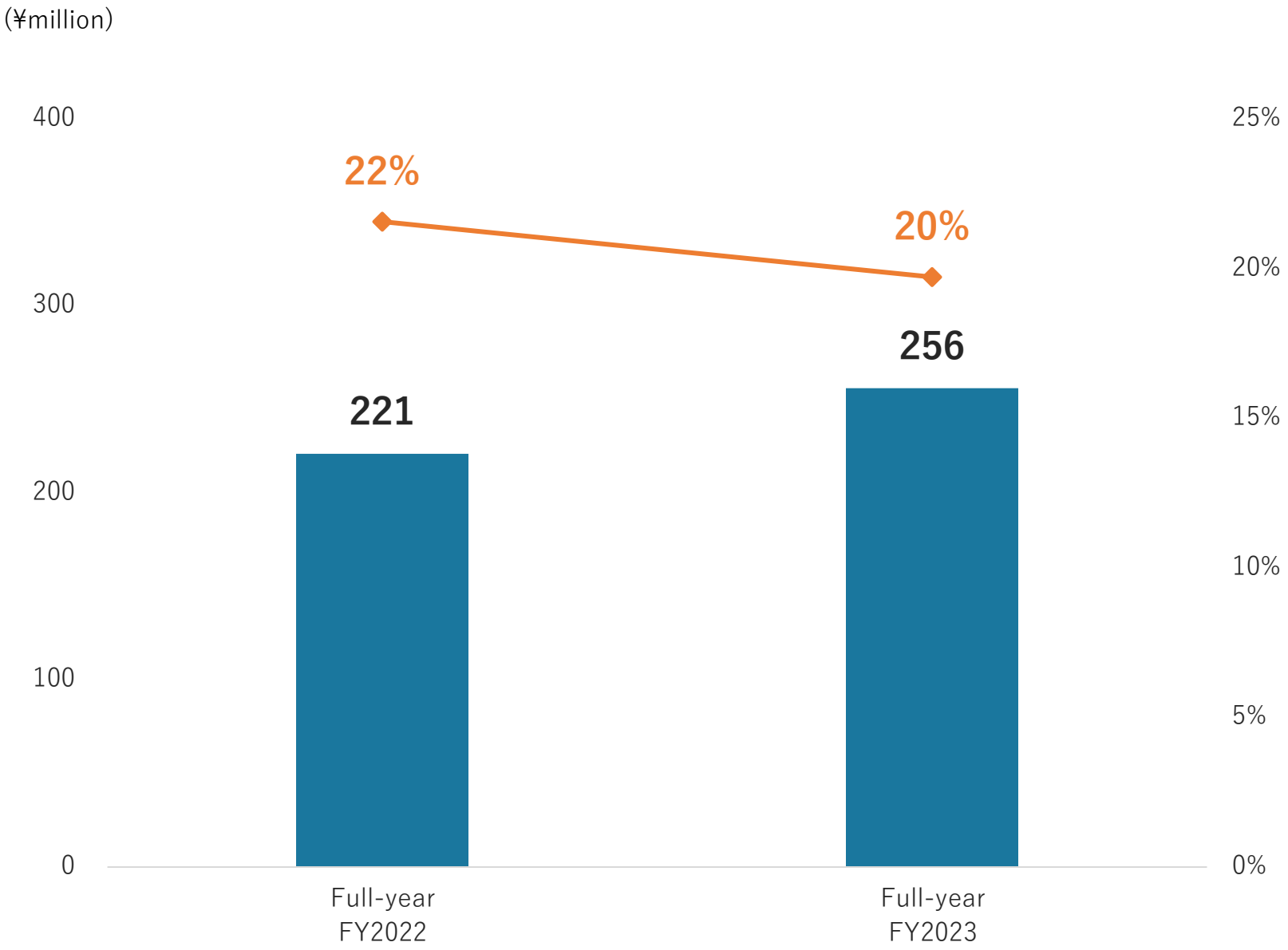
Actual Example



Major Category	Category	Brand Name	Lift Value
Foods	Japanese (fried food)	○○	6.84
Foods	Italian	○○	6.78
Others	Specialty	○○	6.52
Others	Grocery	○○	6.38
Apparel	Baby and kids clothing	○○	6.36
Others	Sports/outdoor	○○	6.25
Foods	Ramen	○○	6.24
Foods	Other Western	○○	6.23
Others	Grocery	○○	6.05
Foods	Japanese	○○	6.04

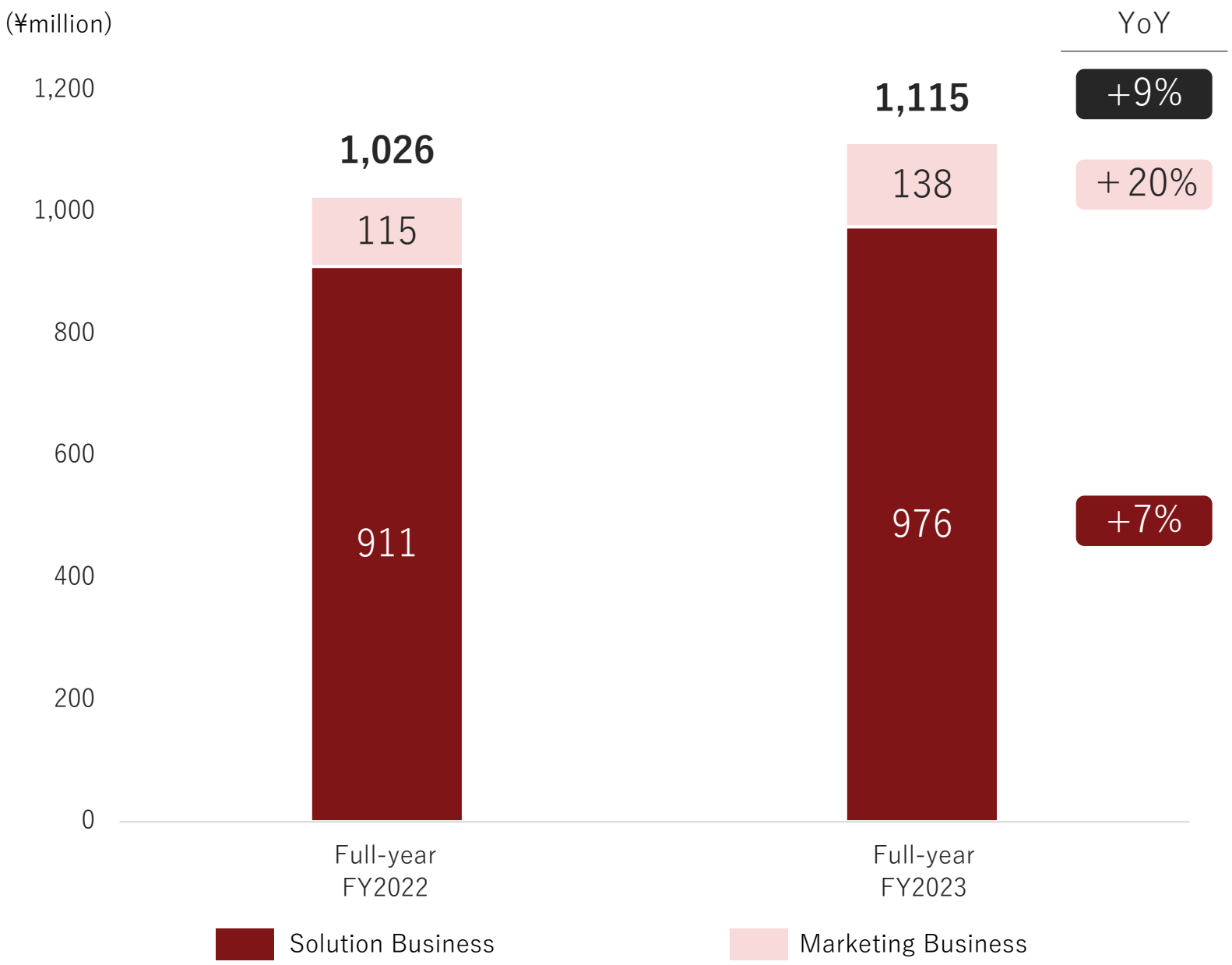
Operating Margin

Although Data License Business continued to grow, **operating margin slightly decreased from 22% to 20%** due to the planned increase in resources for new businesses, such as generative AI.



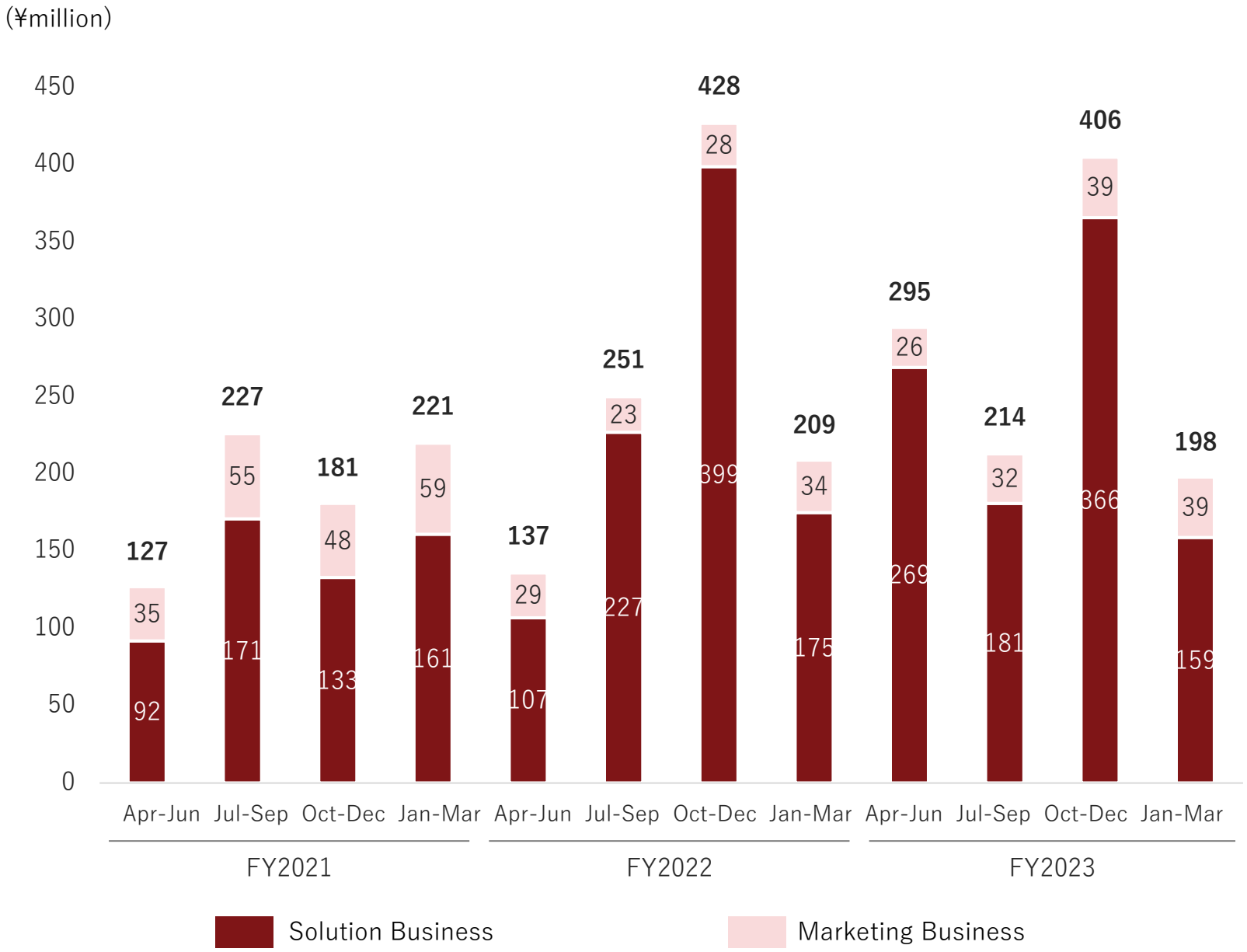
Revenue by Business

As a result of increase in one-off revenue from Solution Business, **revenue was ¥1,115m, +9% YoY.**



Revenue by Business

Solution Business is made up of high proportion of one-off revenue, resulting in volatility which depends on the timing of the implementation.

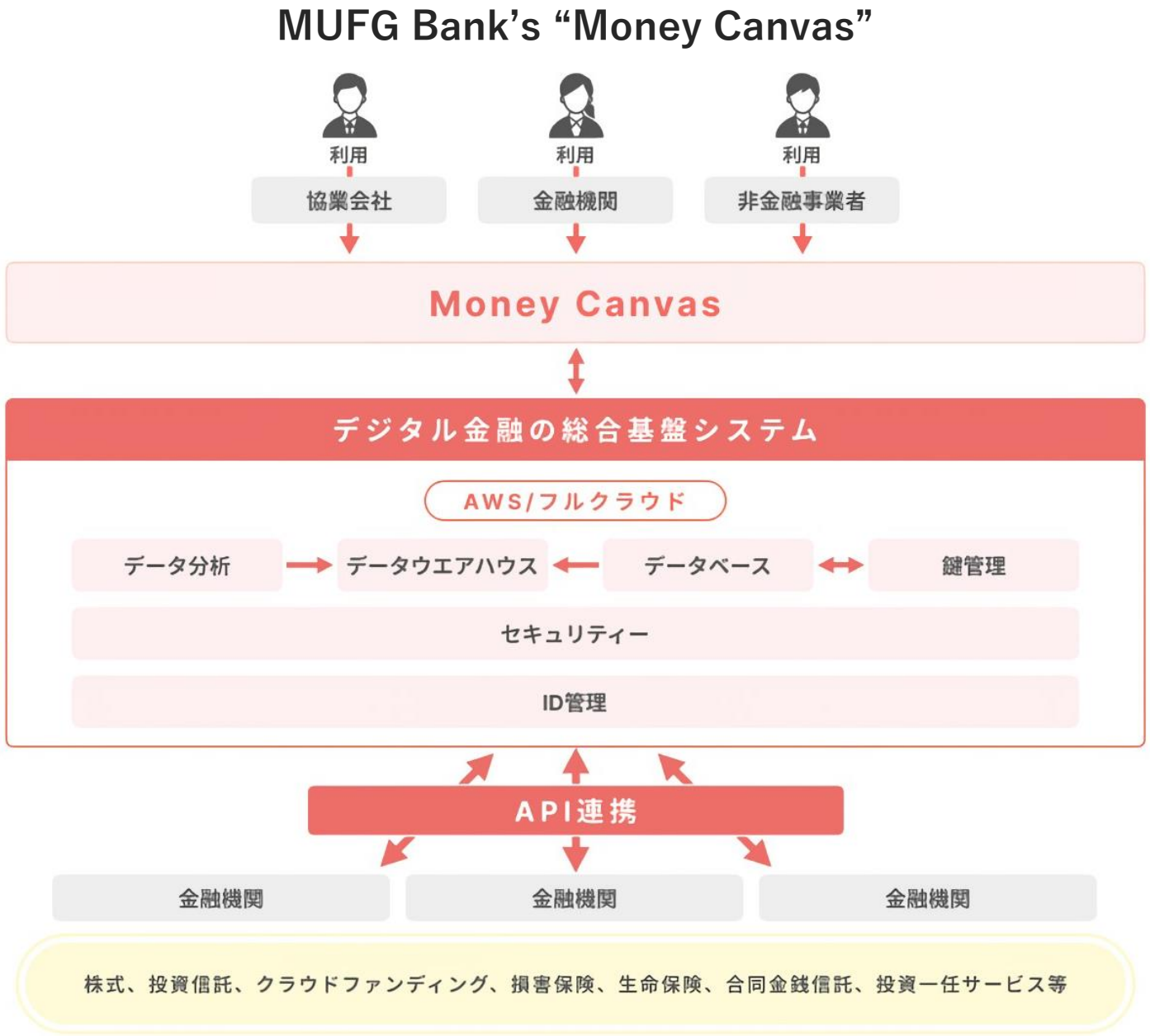


FINTECH SOLUTION

Diversifying Client Base

ID and comprehensive infrastructure of mutual ID linking with external systems has helped the growth in projects with customers such as banks.

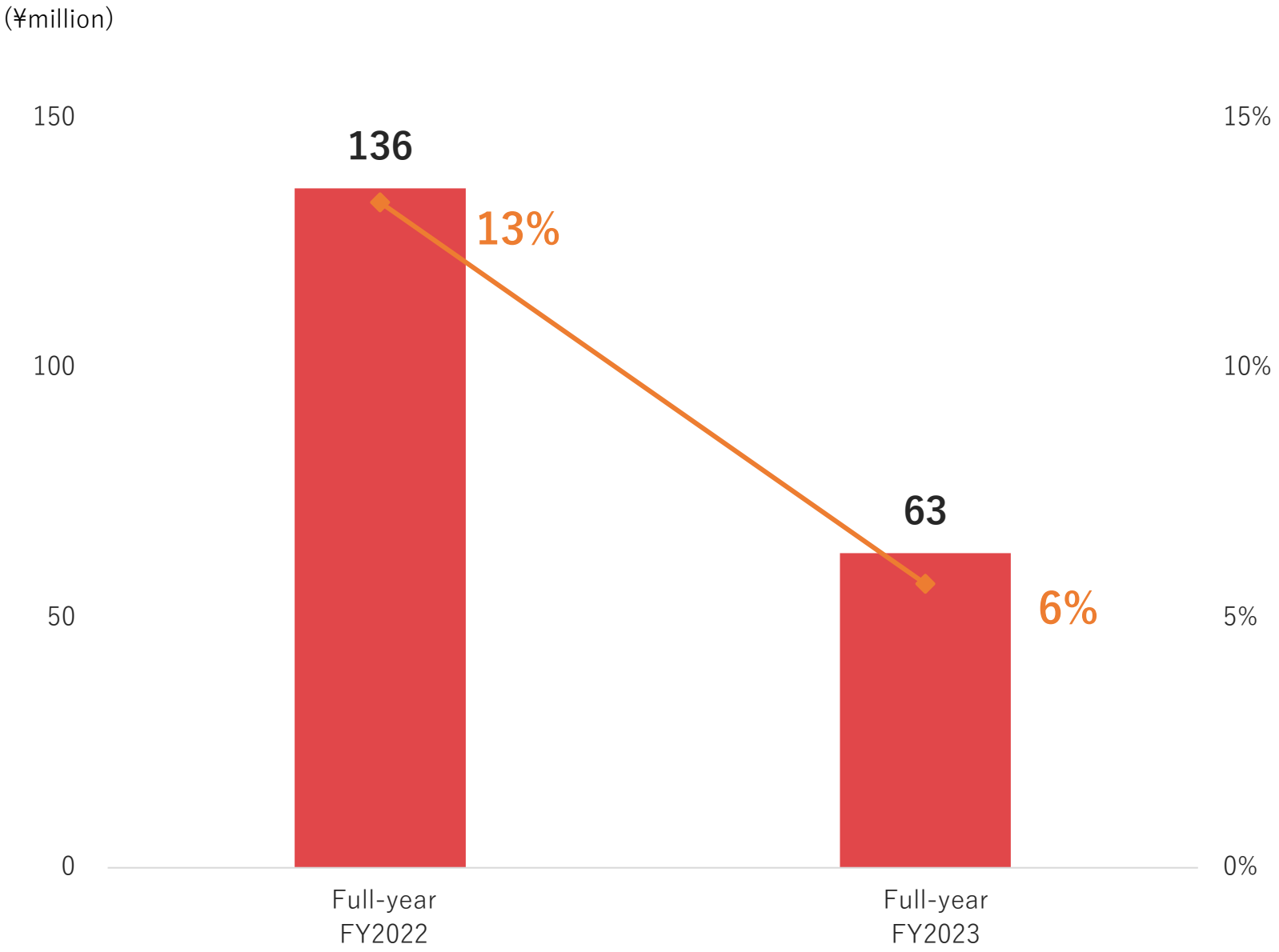
Continued to support MUFG Bank's "Money Canvas"after released in Dec 2021, and app release in 2023.



Operating Margin

Operating margin at 6%.

Although there was no significant change in the profitability of each project, profitability in FY2023 declined due to cross-periods in multiple projects to which the cost recovery method (see P.86) was adopted.



EARNINGS GUIDANCE FY2024

SUMMARY OF FY2024 EARNINGS GUIDANCE

GROUP

- Aim to further accelerate revenue growth and exceed the previous year's growth rate by **+42% YoY, ¥7.63b**
- Aim to improve profitability **from 5.4% to 12.4%**, to achieve mid-term target of adj. EBITDA margin[1] of 20%
- Will launch fully fledged Data & AI Solution Business and Credit Infrastructure Business

FINANCIAL INFRASTRUCTURE

- Revenue growth aim at **+49%**
- Aim to increase the number of partners from 22 to 30
- Brokerage: focus on support of direct sales of AM firms and discretionary investment management services of IFA
- Insurance: DX support for non-life insurance firms and packages for SSI firms and mutual aid

BIG DATA ANALYTICS

- Revenue growth aim at **+34%**
- Expand sales of tenant store opening analysis packages in real estate domain
- As for Data & AI Solution, expands features of "Finatext Advisory Assist", which boosts sales efficiency of financial services via multiple PoC

FINTECH SOLUTION

- Revenue growth aim at **+32%**
- Acquire Solution projects from major financial institutions and cross-sell within the group

1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

Guidance Highlights

Revenue is expected to accelerate further and exceed the growth of previous year by +42%.

Aim to improve adj. EBITDA margin to 12.4% and operating margin to 9.0%

With the mid-term incentive plan (see P.59), stock-based compensation expenses are expected from the current fiscal year.

(¥million)

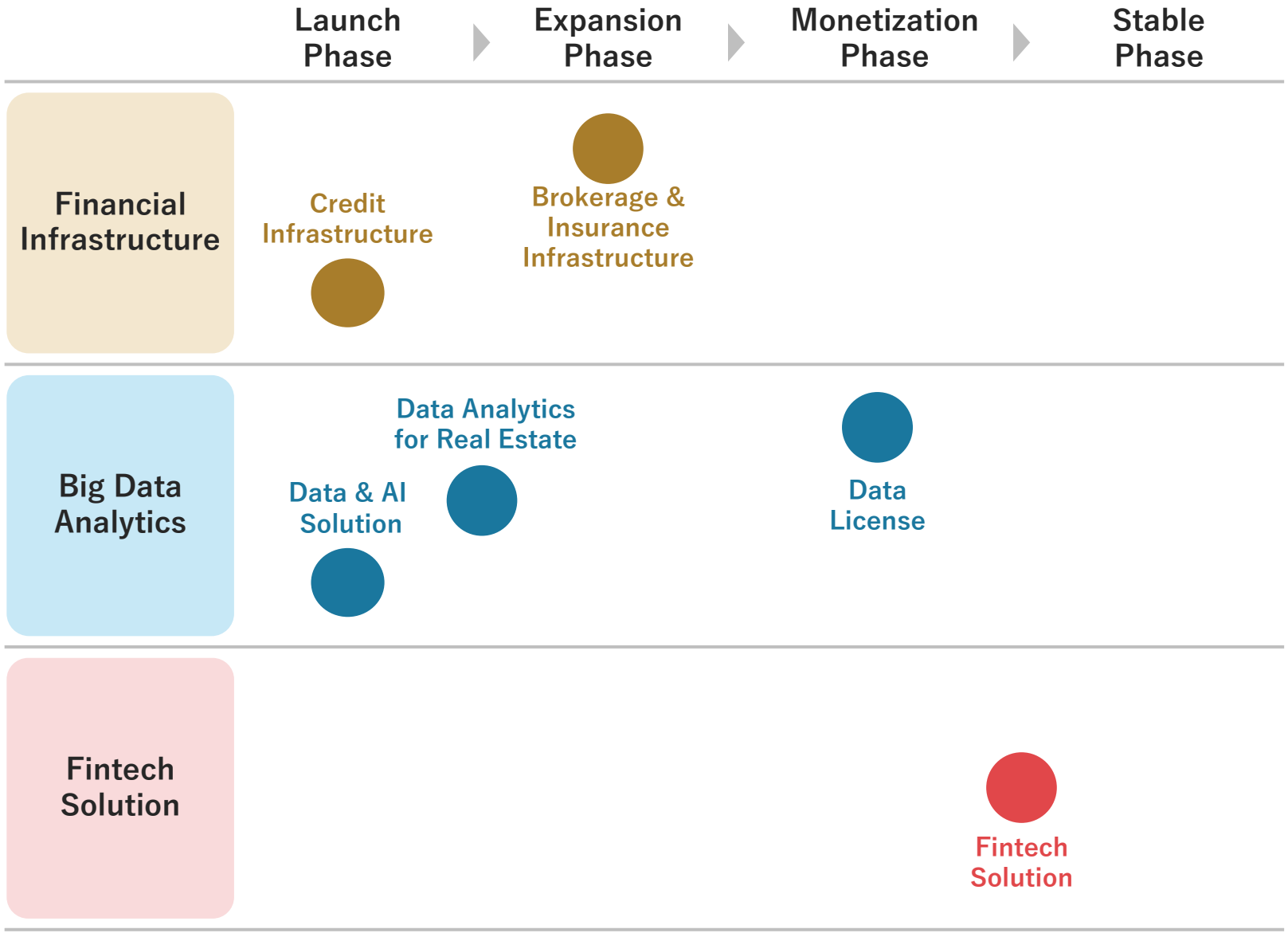
	FY2024 Guidance	FY2023 Actual	YoY
Revenue	**7,627**	**5,375**	**42%**
COGS	3,051	2,150	42%
Gross Profit	**4,576**	**3,225**	**42%**
Gross Margin	60.0%	60.0%	-
Adj. SG&A expense[1]	3,632	2,932	24%
SG&A Ratio	47.6%	54.6%	-
Adj. EBITDA[2]	**944**	**292**	**223%**
EBITDA Margin	12.4%	5.4%	-
Depreciation and amortization + Stock-based compensation expense	258	87	196%
D&A+SBC Ratio	3.4%	1.6%	-
Operating Income	**686**	**204**	**235%**
Operating Margin	9.0%	3.8%	-

1. Adj. SG&A expense = SG&A expense - Depreciation and amortization - Stock-based compensation expense ± Other adjustments
2. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments

Strategy Highlights

Top priority is to increase market share by acquiring new partners in Financial Infrastructure.

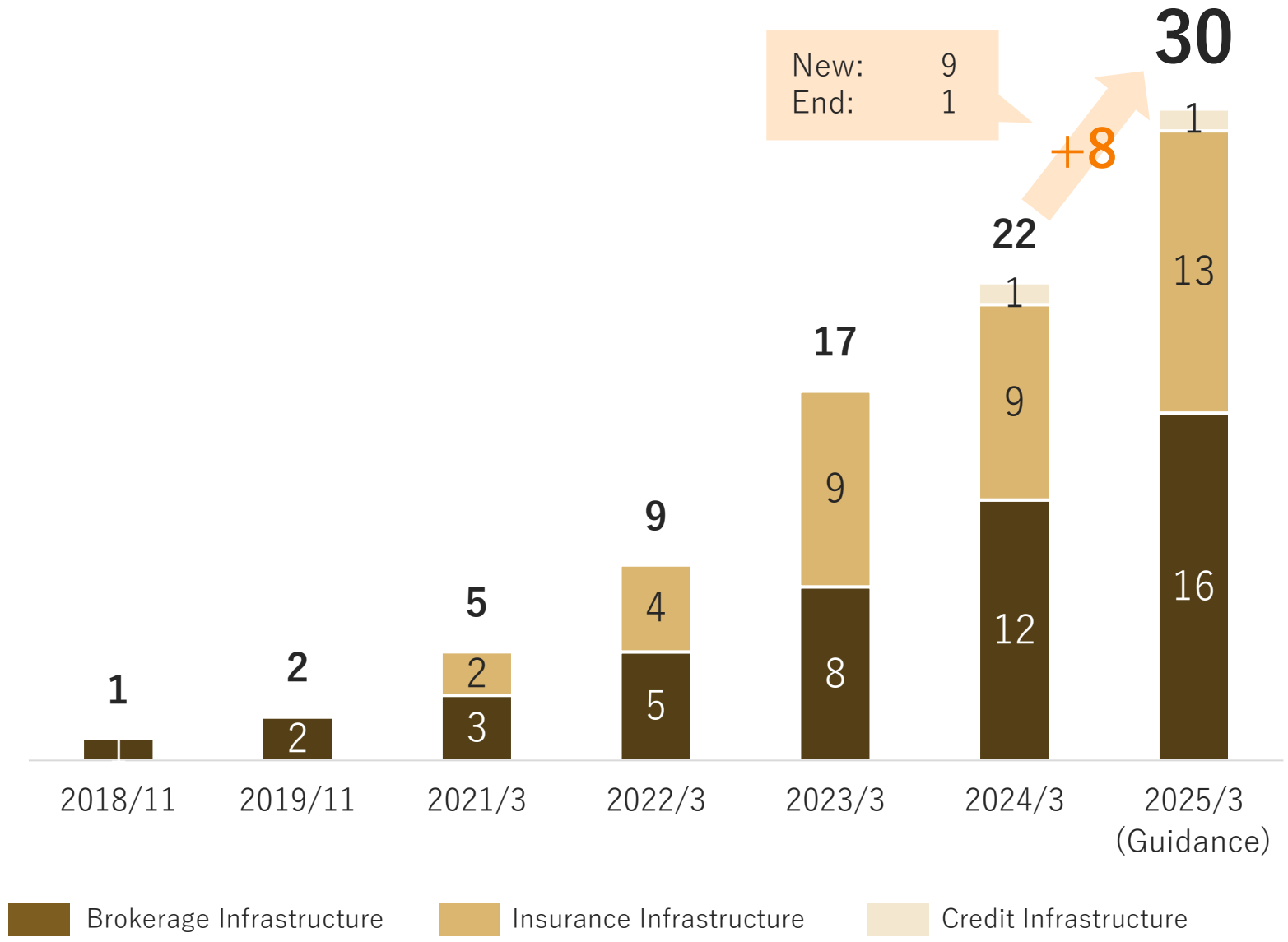
While maximizing the profits of existing Data License and Fintech Solution, we will launch Data & AI Solution and Credit Infrastructure



Pipeline for Financial Infra.

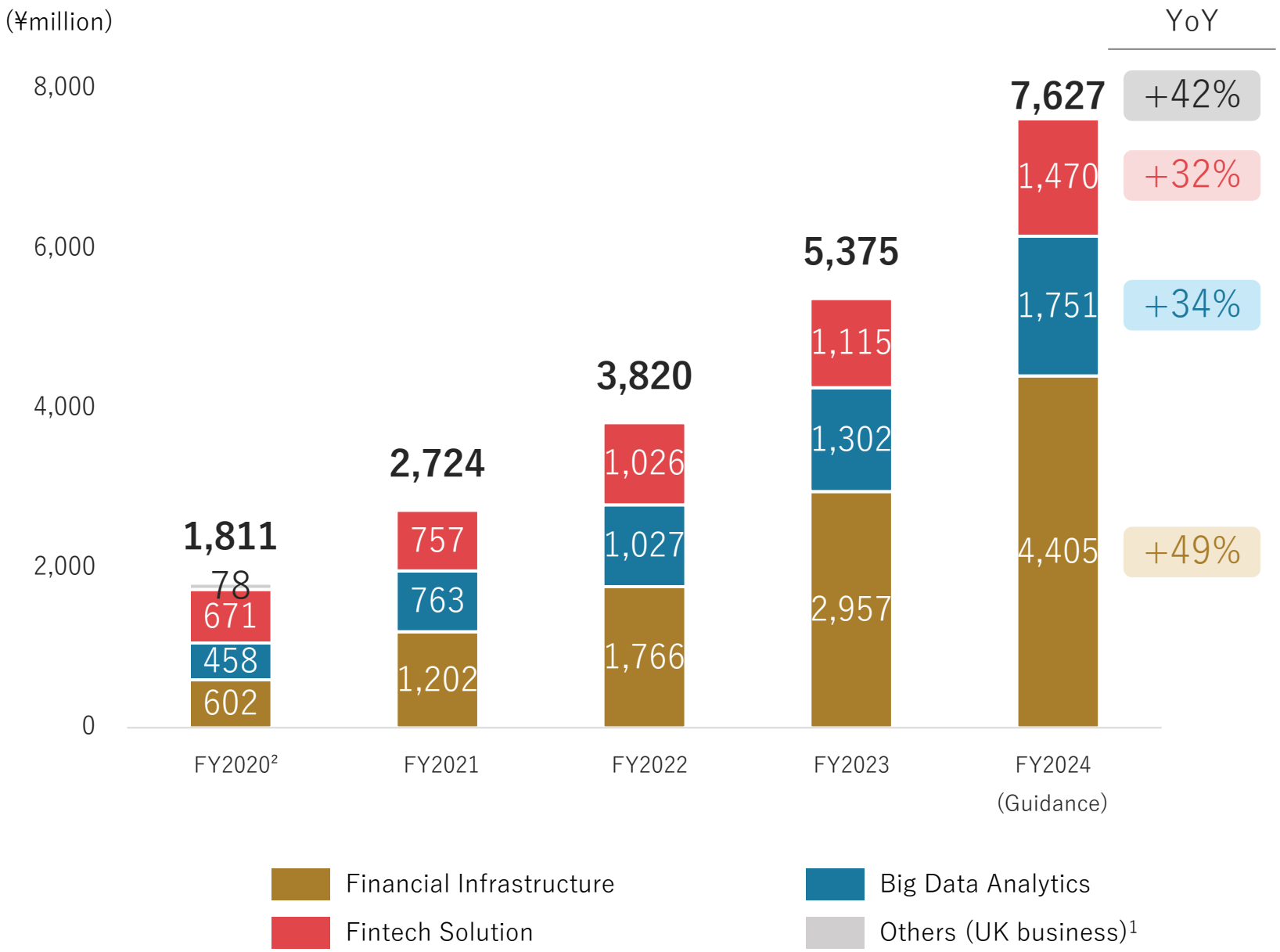
In FY2024, the goal is to acquire 9 new partners.

With the end of “Stream”, the number decreased by 1 and the net increase is expected to be 8.



Revenue Forecast by Segment

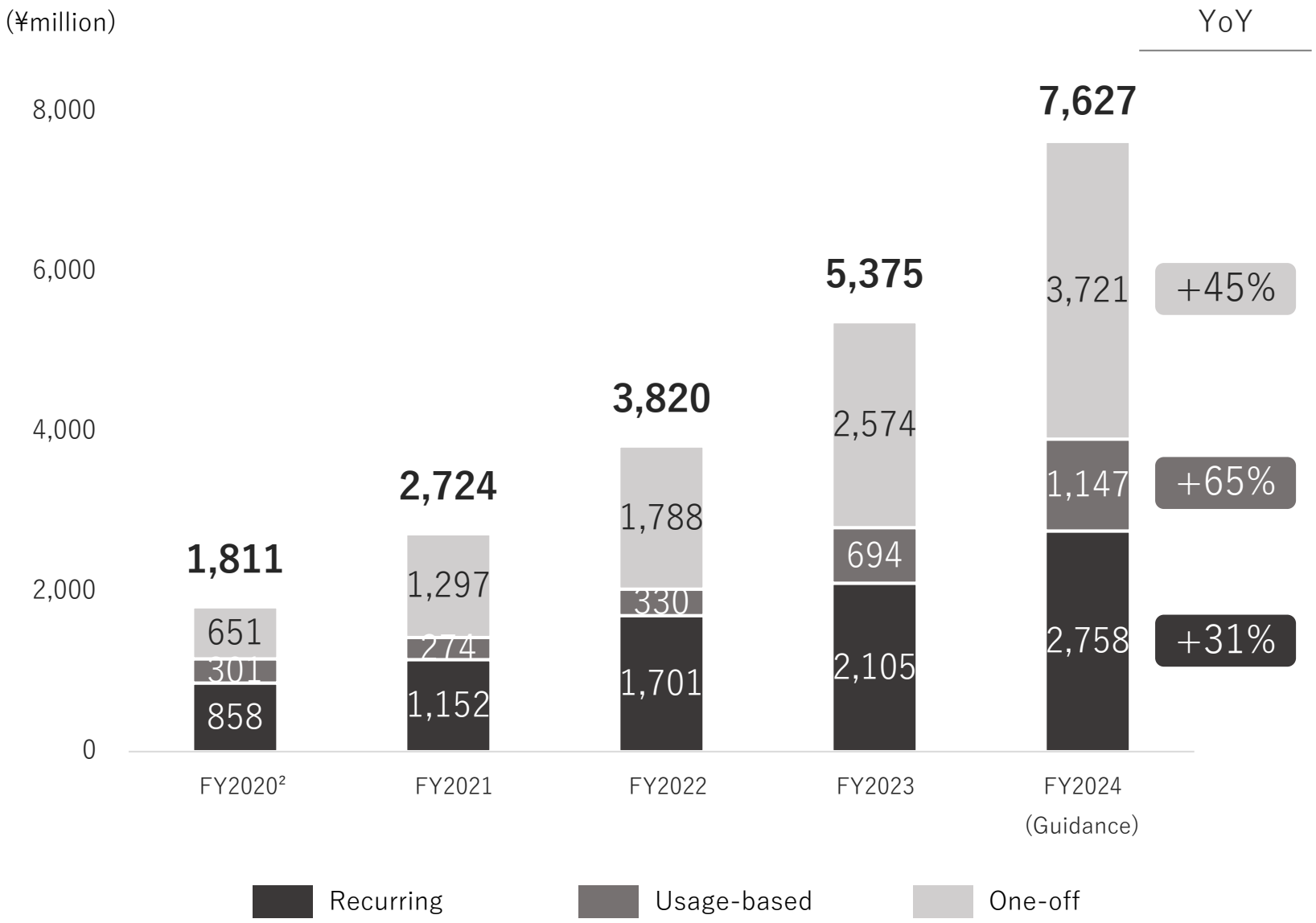
Expect a high growth rate of 30% or more in all segments, partly due to new business startups.



1. Revenue in UK business exited in the consolidated fiscal year 2020.
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Revenue Forecast by Type

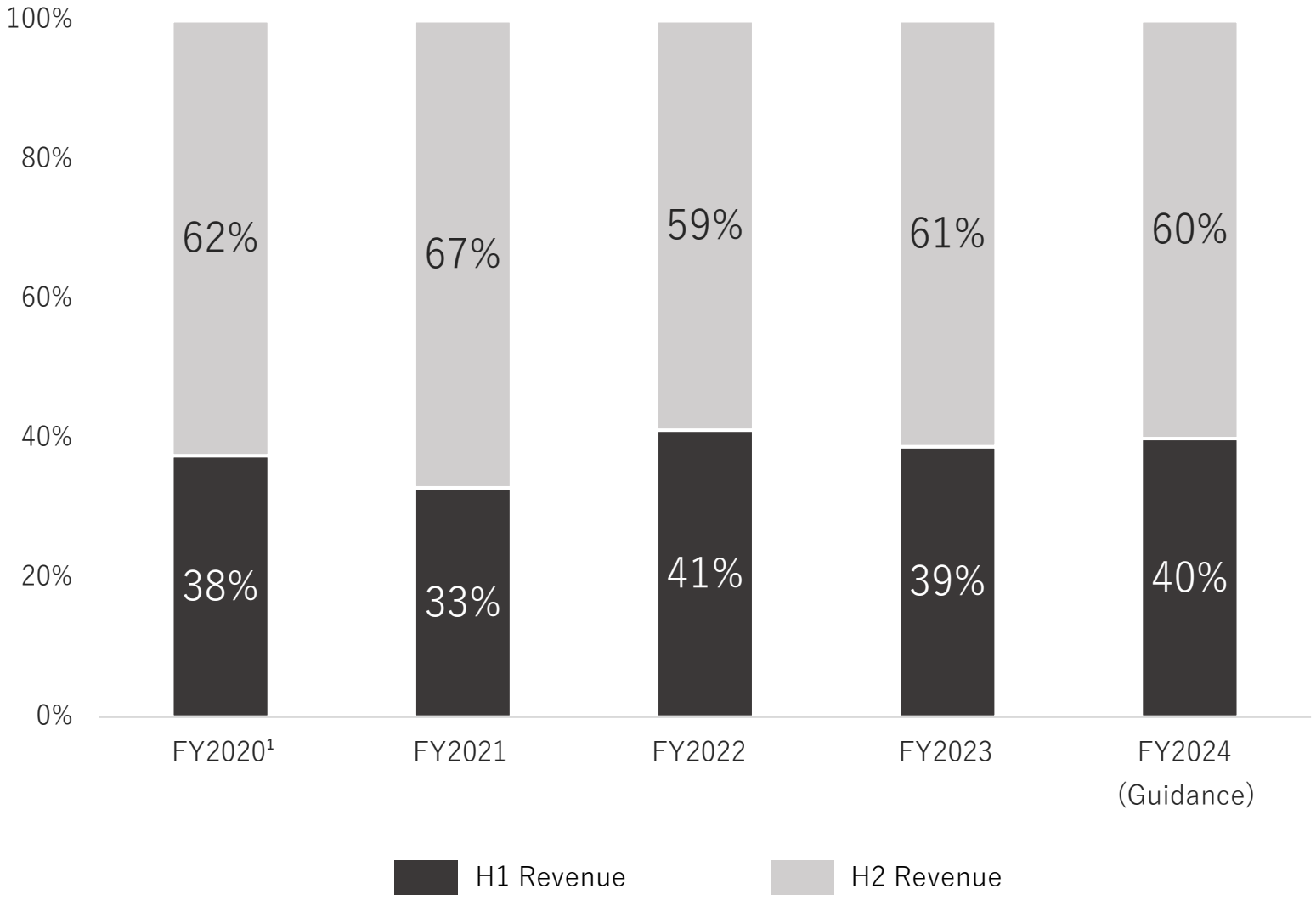
Expect both continuous revenue, namely recurring revenue and usage-based revenue to grow by +31% and +65% respectively.



1. Revenue in UK business exited in the consolidated fiscal year 2020.
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Seasonality

Revenue is expected to concentrate in the second half of FY2024 as before.

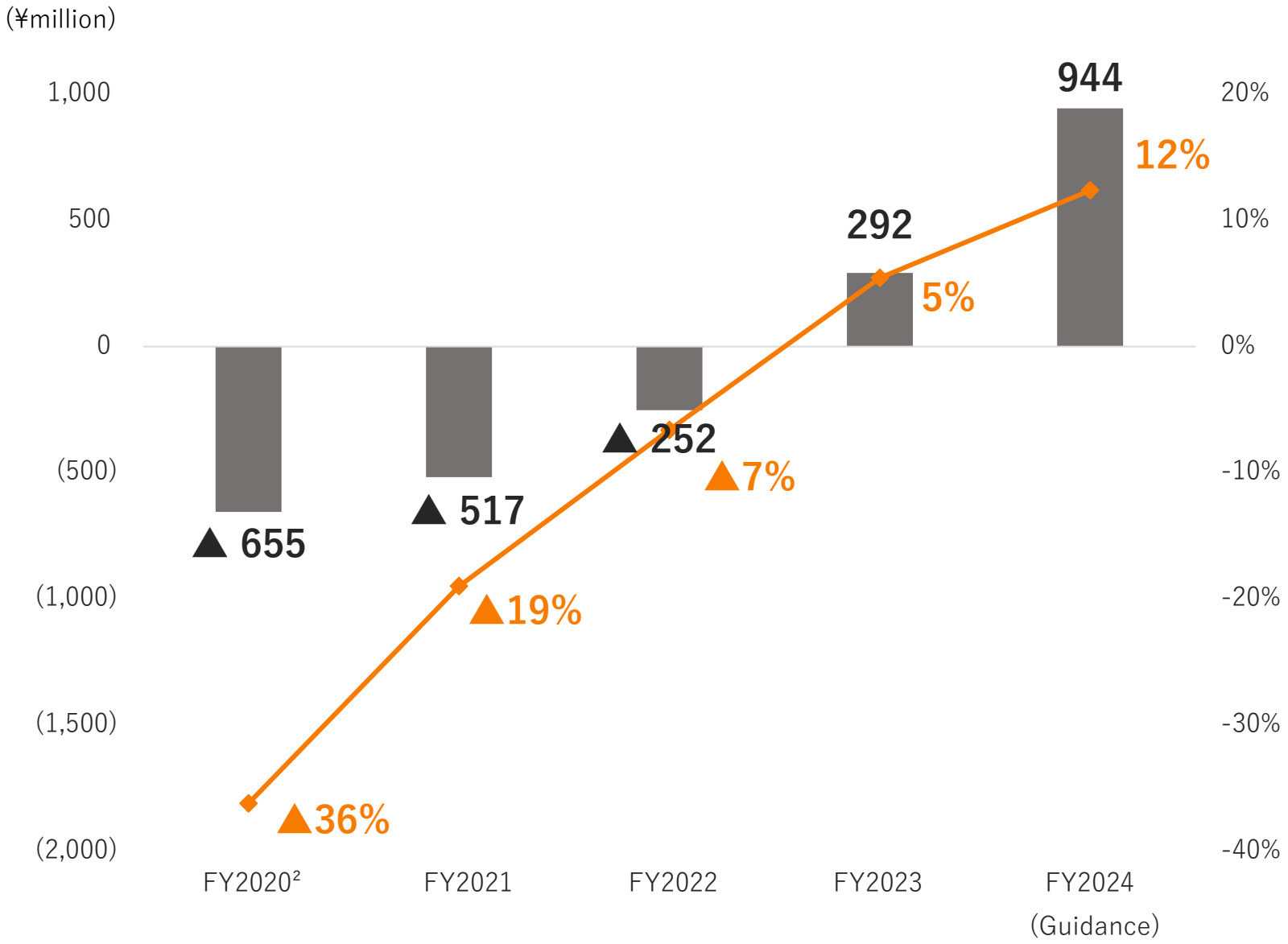


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Adjusted EBITDA Forecast

With continuous decline in SG&A ratio in line with increase in revenue, **adj. EBITDA[1] is expected to triple from ¥292m to ¥944m**.

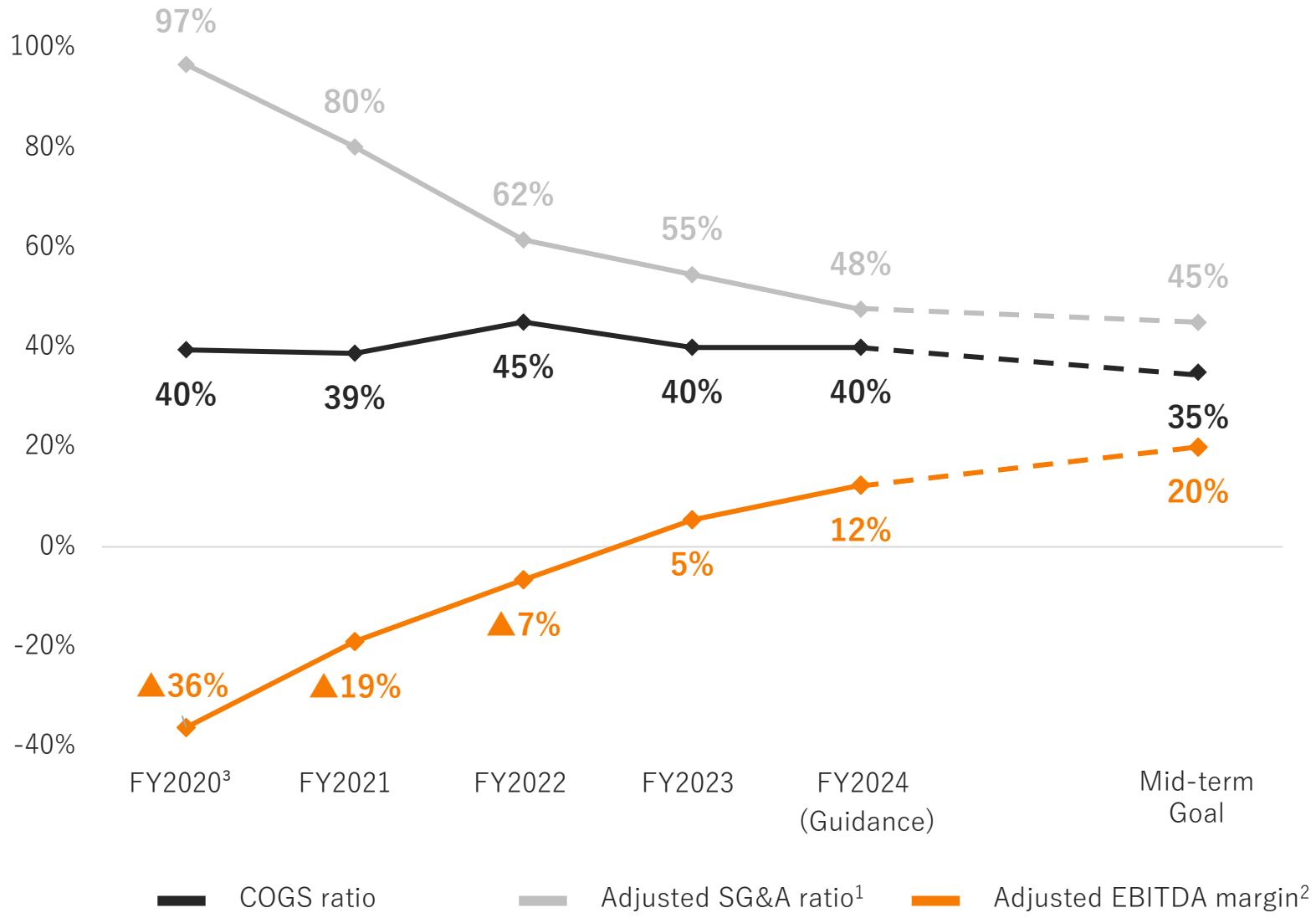
Adj. EBITDA margin is also expected to continue to improve and rise to 12.4%.



1. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments
2. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Mid-term Forecast

Goal in the mid-term is to achieve adj. EBITDA margin of about 20% with lower SG&A ratio.



1. Adj. SG&A expense = SG&A expense - Depreciation and amortization - Stock-based compensation expense ± Other adjustments
2. Adj. EBITDA = Operating income + Depreciation and amortization + Stock-based compensation expense ± Other adjustments
3. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Mid-Term Incentive Plans

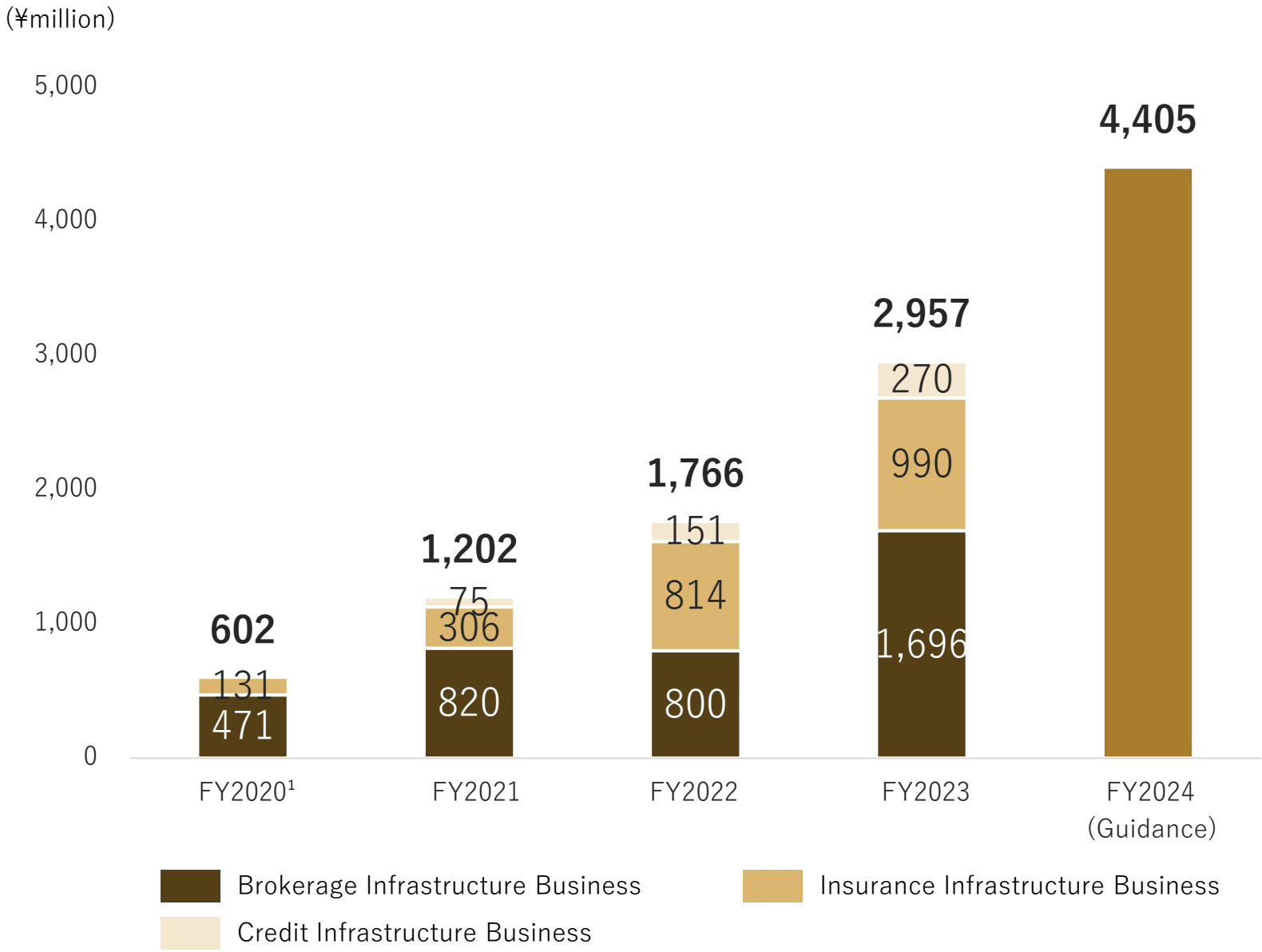
As we continue to be in the growth phase, we have designed 3 incentive plans to promote medium- to long-term growth.

	Paid SO	¥1 Free SO	Employee Stock Ownership Plan
Over-view	• Paid SO with performance condition; strike price fixed at issuance • Exercisable if consolidated revenue > ¥10b in FY2025	• Free SO with ¥1 strike price • Exercisable 2 years after vesting	• Characterized by high incentive ratio • Incentive ratio is 50% • Monthly ceiling is set at ¥20,000
Objective	• Achieve mid-term goals by boosting morale of members responsible for sales performance	• Align member incentives with post-listing growth • Competitive offers in recruitment	• Promote “Jibungoto” among members , one of the company principles
Target	• HD directors & Managing Directors	• All officers and employees	• All officers and employees
Options Issued[1]	• 8,000 (1.6% of NOSH[2])	• c.2,400 in 2 years (0.5% of NOSH[2])	• -
Options Granted	• Vested on Apr 10, 24	• TBD	• TBD

1. 1 stock option = 100 shares
2. NOSH = Number of shares outstanding

Revenue Forecast

Growth is expected to remain high, with **increase of +49% YoY**.

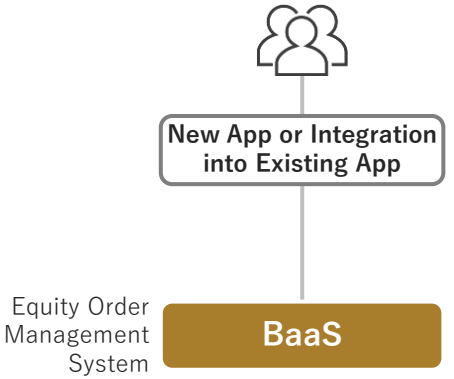
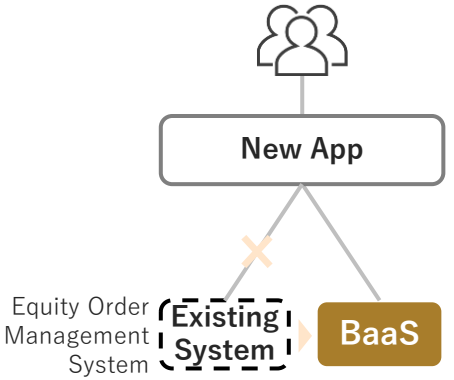
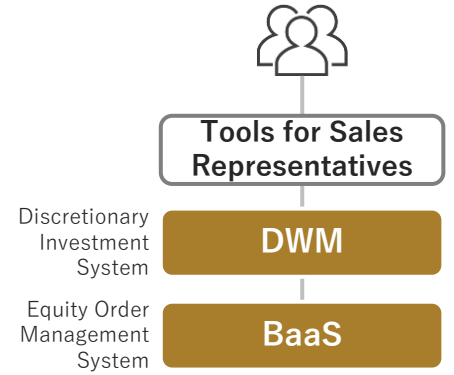


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

FINANCIAL INFRASTRUCTURE

Focus of Brokerage Infra.

As for Brokerage Infrastructure, there are 3 main patterns.

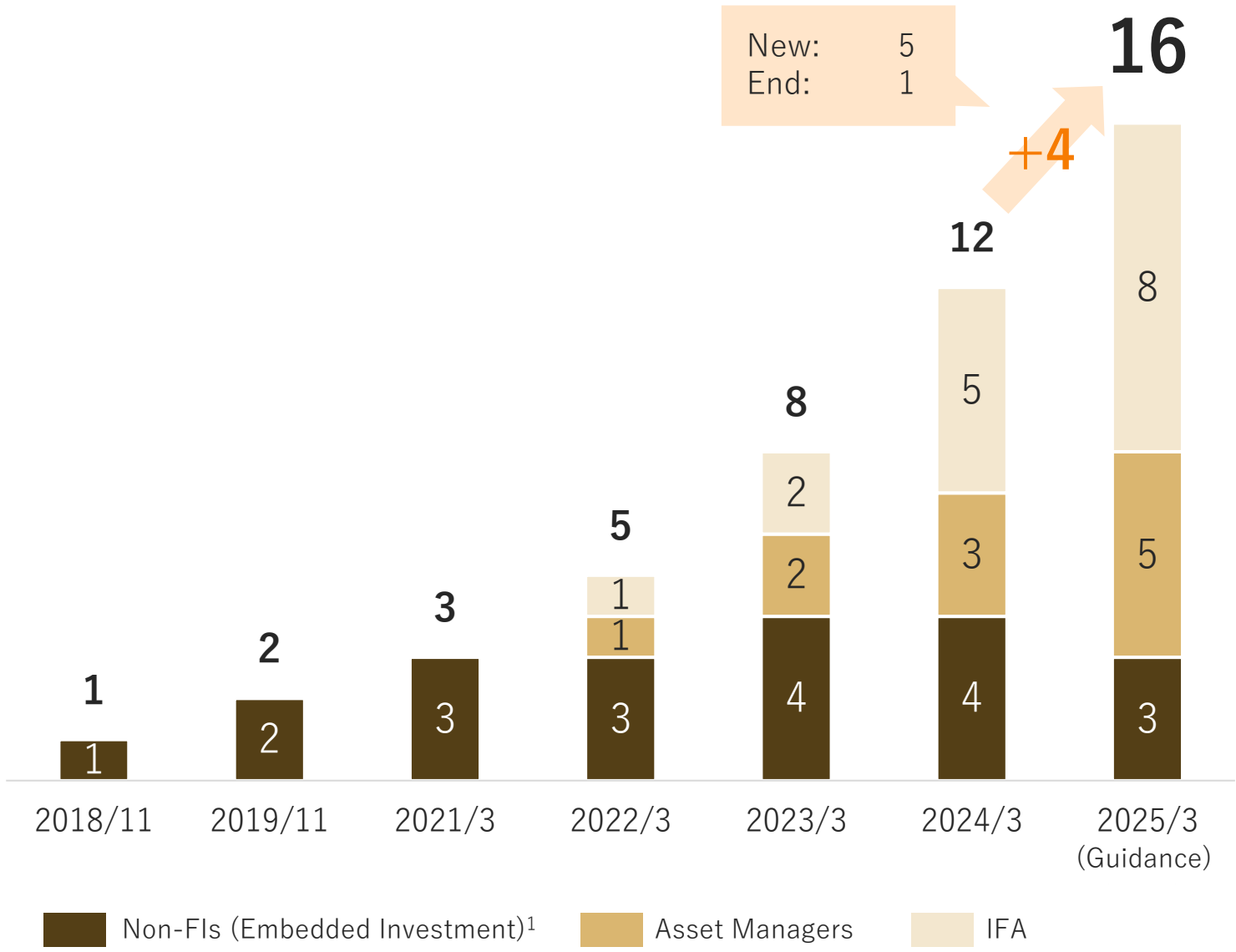
Embedded Investment by Non-FIs	• Players with large customer bases leverage their customer contact and context to reach potential users. • Support the development of investment services from planning stages tailored to partners, such as enabling the provision of investment functions within existing services. • Partner examples: Credit Saison, Seven Bank	
Direct Sales by Asset Managers	• Support Asset Managers to develop its direct sales business • Migrate from existing systems to BaaS for financial institutions with customer accounts. • Achieve DX of services simultaneously by refreshing web applications for users along with core system migration. • Partner example: Saison AM	
Discretionary Investment Management by IFA	• Integrating online and offline allows high-quality wealth management services to be provided to more customers. • Provide a platform that can implement discretionary investment service at a low cost, with tools for sales representatives. • Partner examples: Financial Standard	

FINANCIAL INFRASTRUCTURE

Pipeline for Brokerage Infra.

Aim for 5 new releases in FY2024.

Focus on support for (1) direct sales by Asset Managers and (2) discretionary investment management services by IFA.



1. Including “Stream”, which is provided by subsidiary Smart Plus.

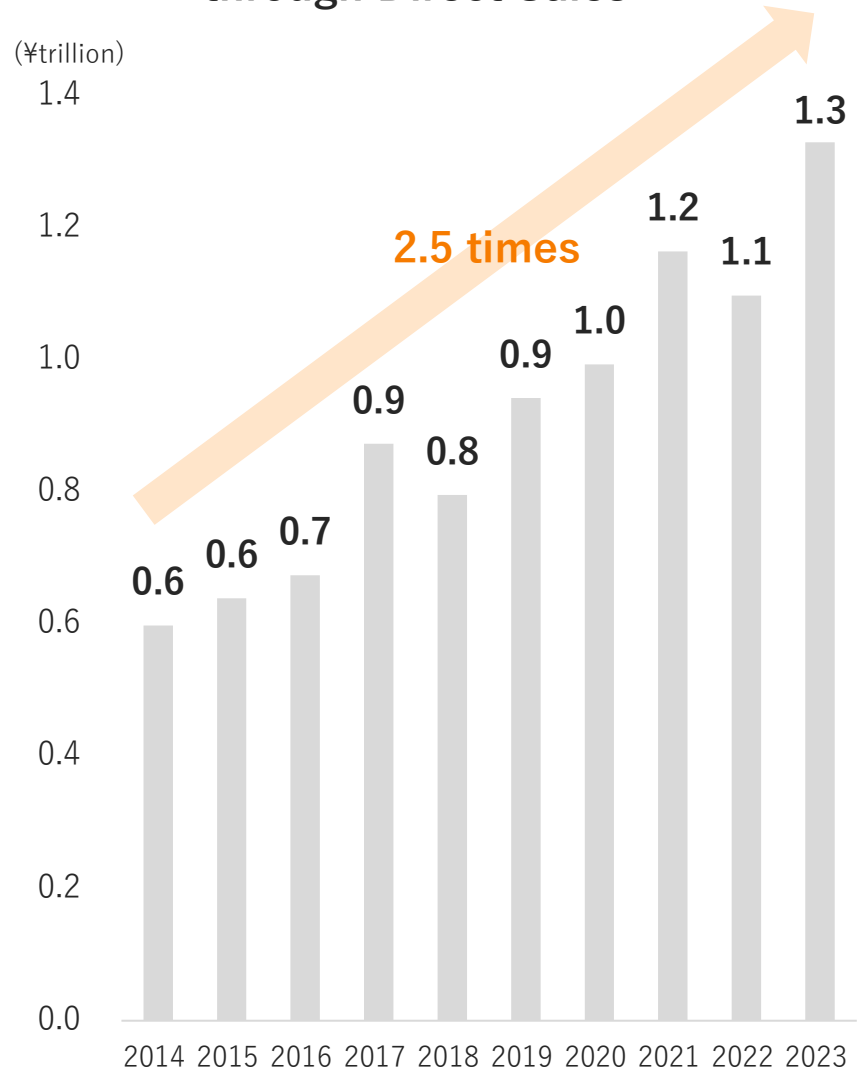
FINANCIAL INFRASTRUCTURE

(1) Expansion of Direct Sales by Asset Managers

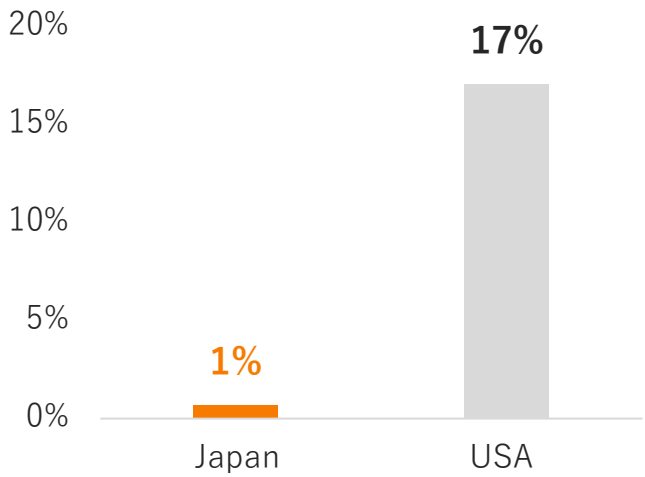
Although direct sales by Asset Managers have expanded rapidly by 2.5 times in 10 years, share remains at a lower level than in the US.

Brokerage infrastructure BaaS is a leading option for direct sales because it improves customer experience with low operating costs.

Amount of Investment Trusts through Direct Sales



Ratio of Direct Sales to Investment Trusts



Existing AM Partners

- Nissay AM
- Saison AM
- Mitsubishi UFJ AM

Credits：Investment Trusts Association, ICI "Characteristics of Mutual Fund Investors, 2023"

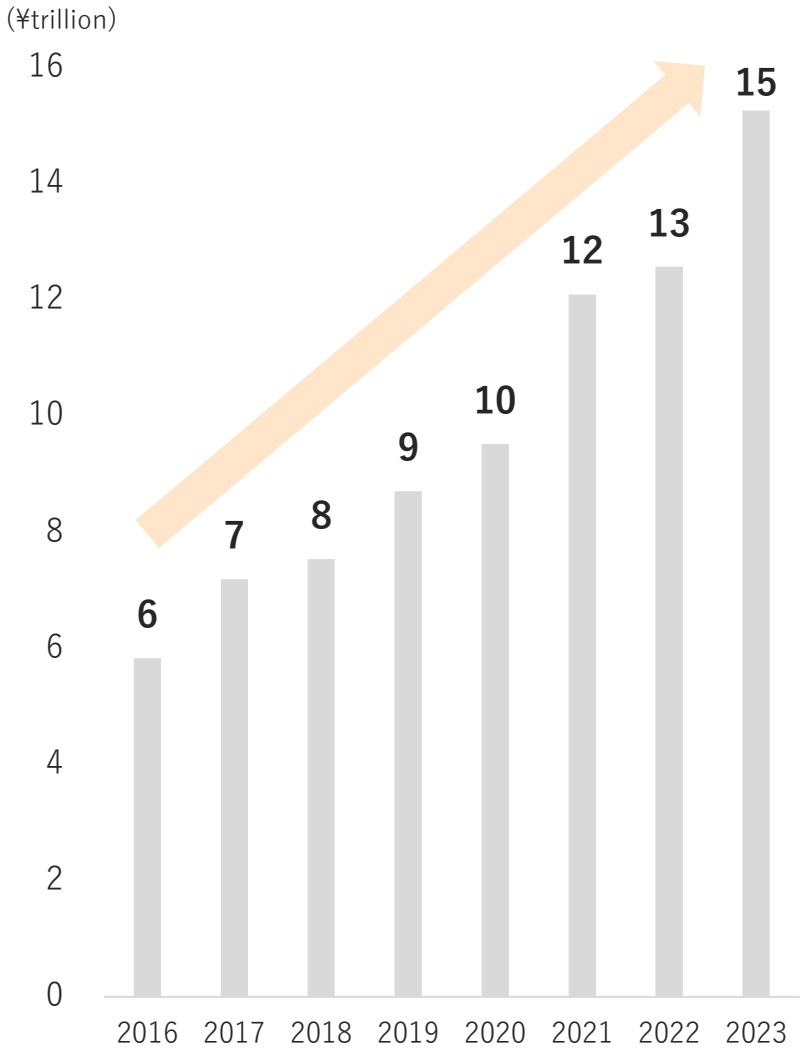
FINATEXT HOLDINGS

(2) Rising Demand for Discretionary Investment

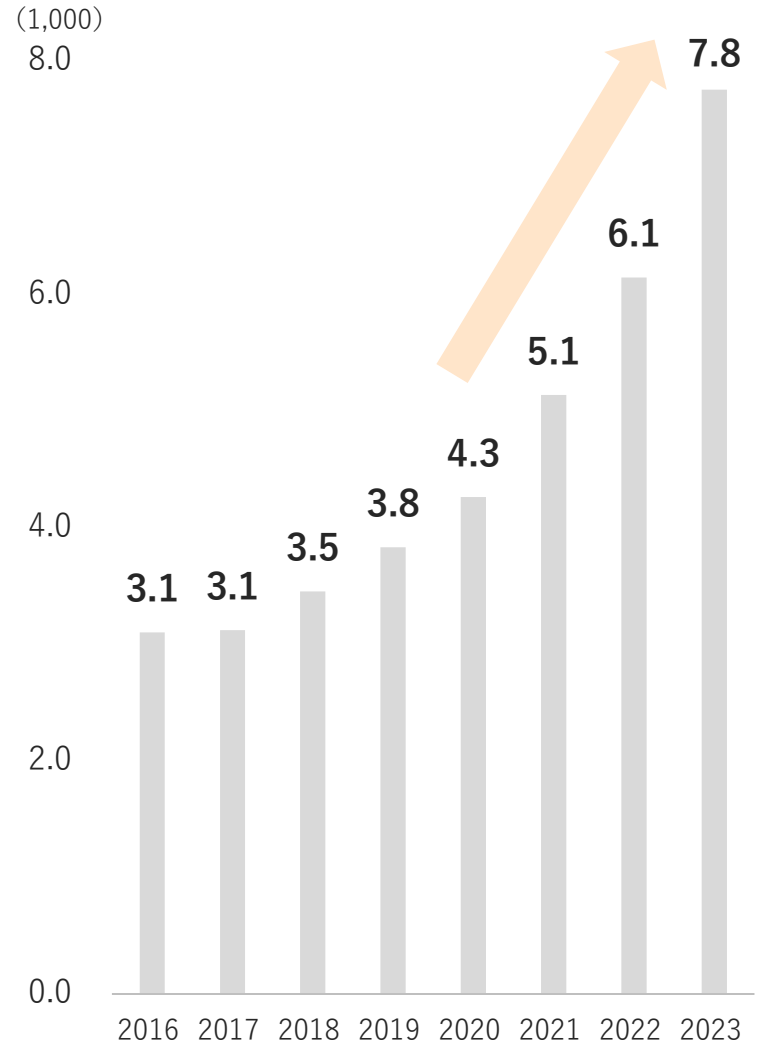
Discretionary investment business is on a growth trend, expanding about 2.5 times compared to 2016. No. of registered sales representatives of IFA also has skyrocketed lately.

Growing demand for DWM which can quickly and cost-effectively develop unique discretionary investment services.

Contract Amount of Individual Discretionary Investment (WRAP)



No. of Registered Sales Representative of Financial Instruments Intermediary Service Providers

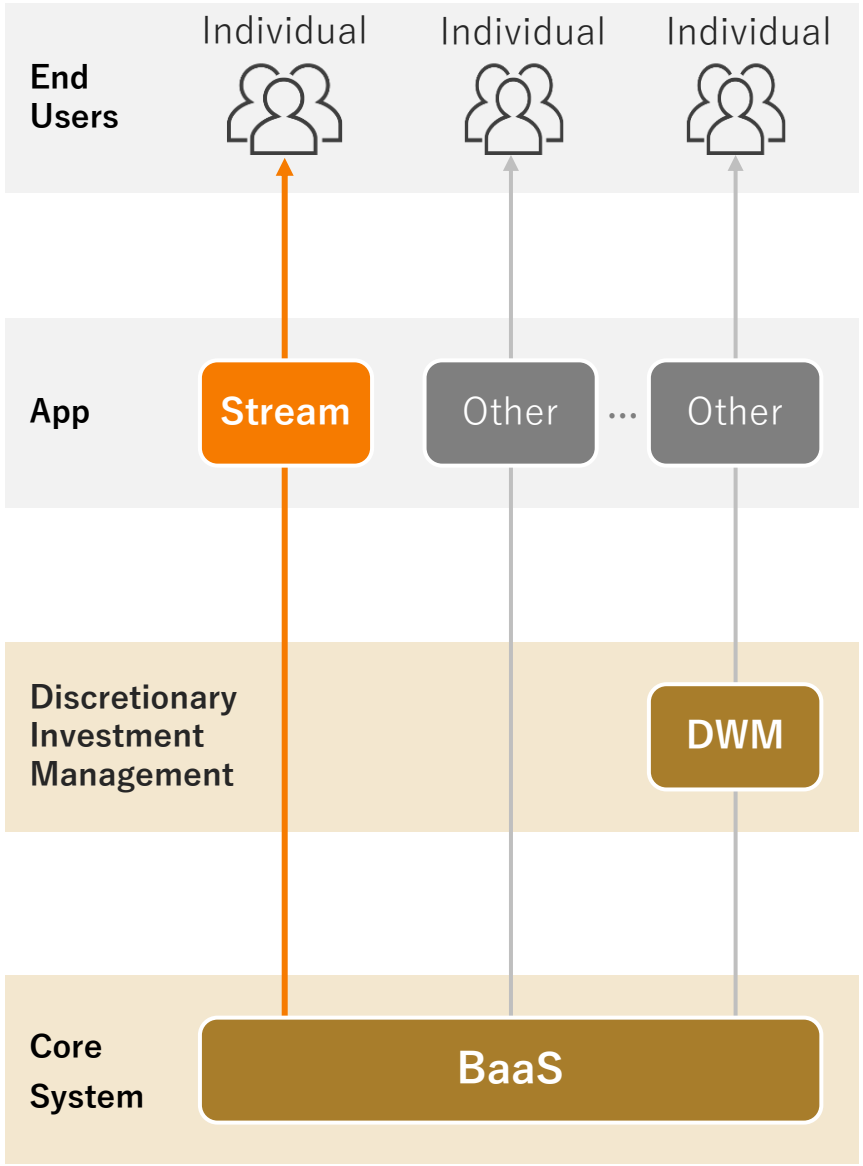


Credits: Japan Investment Advisers Association "Statistical Material", Japan Securities Dealers Association "Number of Employees of Members"

End of Stream Service

Launched our own service, “Stream”, in July 2018 as the first on brokerage infrastructure BaaS.

Since it was to demonstrate BaaS, we decided to end it in view of the increase in the number of BaaS partners and current profitability.



Overview of “Stream”

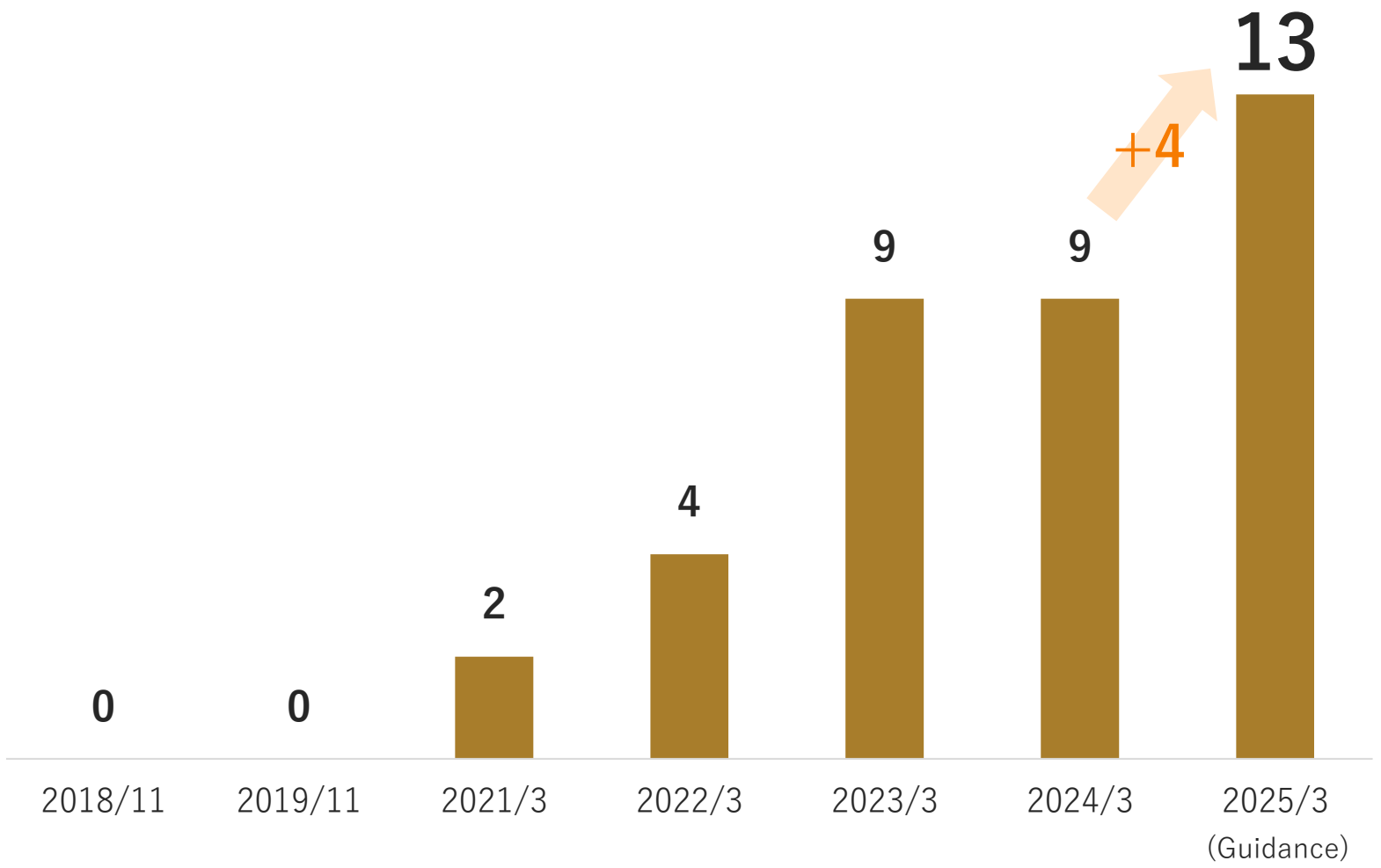
- Unique stock trading service with a community feature, in addition to Japan and U.S. stock trading
- Japan's first traditional stock commission waiver



FINANCIAL INFRASTRUCTURE

Pipeline for Insurance Infra.

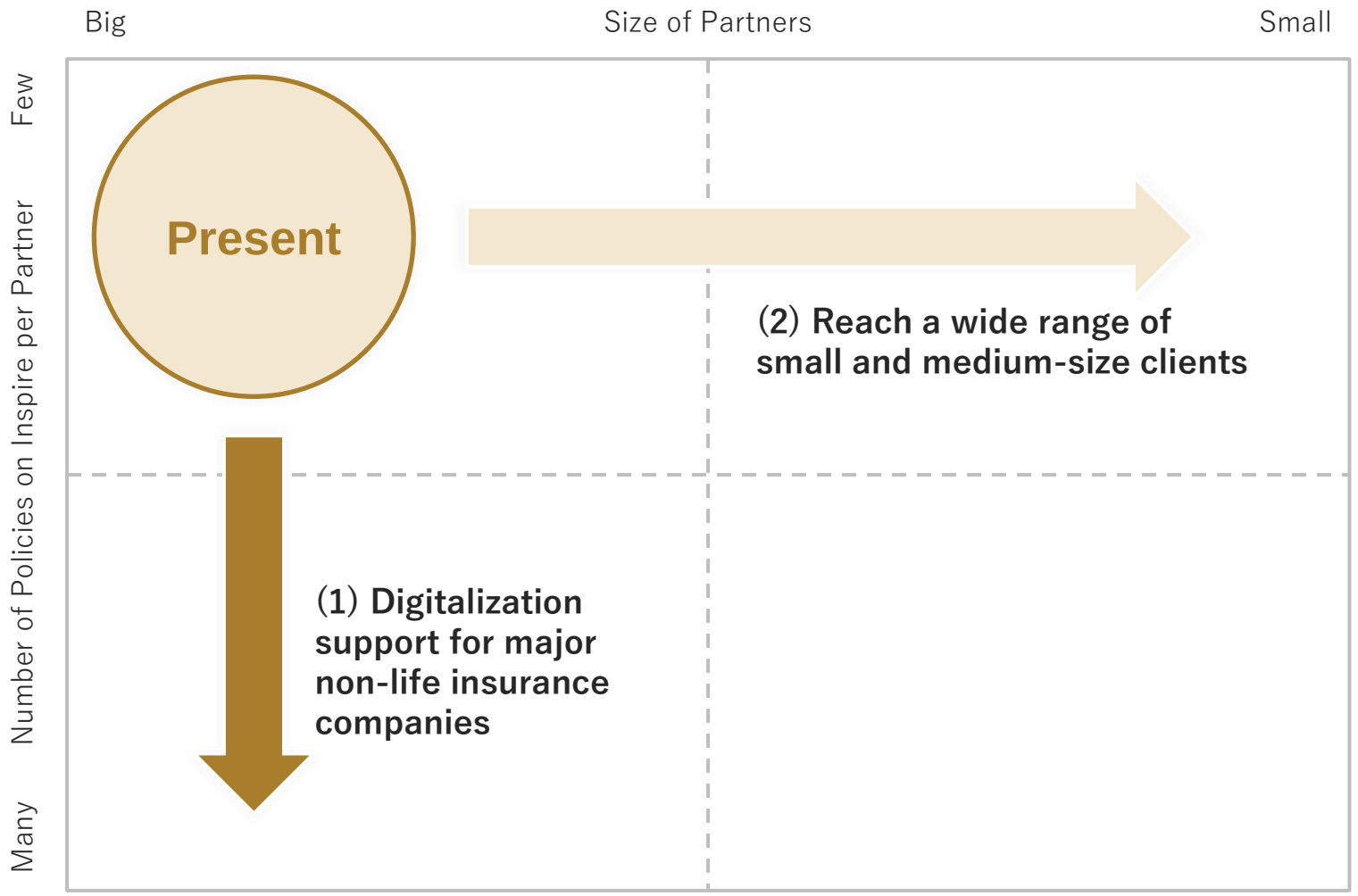
In FY2024, we will once again focus on acquiring new partners and aim at 4 new implementation.



1. Including subsidiary Smartplus Small Amount Short-term Insurance which provides maternal and child insurance for pregnant women and hotel cancellation insurance via Inspire.

Focus of Insurance Infra.

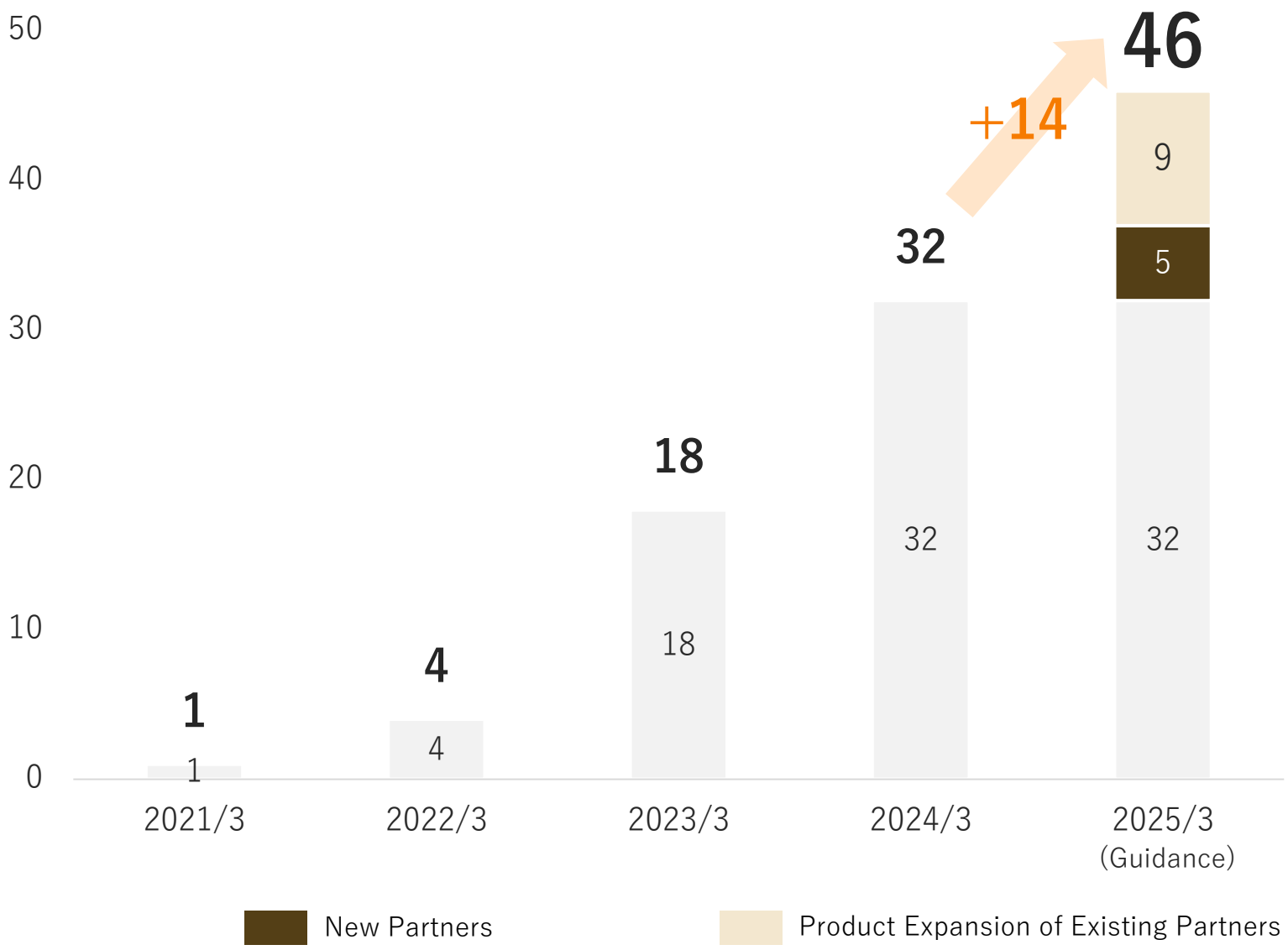
Aim to (1) support digitalization of major non-life insurance companies, and (2) strengthen efforts to reach a wider range of clients



FINANCIAL INFRASTRUCTURE

(1) DX Support for Non-Life Insurance Companies

With new partners and policy expansion of existing partners, we aim to expand the number of insurance policies available on Inspire from 32 to 46.



(2) Expansion of Client Base

Package insurance infrastructure “Inspire for SSI / Mutual Aid” for small amount short-term insurance companies and mutual aids.

By formulating process of defining requirements and design, together with cost control, implementation could be done in 2 weeks.

Swift Release in 2 Weeks

Order

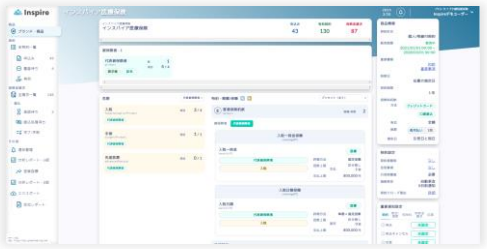
- Client requests on customer’s web pages (application form, my page) and policy information collected via order



Setup

- Set up customer’s web pages on Inspire based on order sheets
- Adjust according to feedback





Test / Release

- Conduct tests and final confirmation with clients
- Release after completion

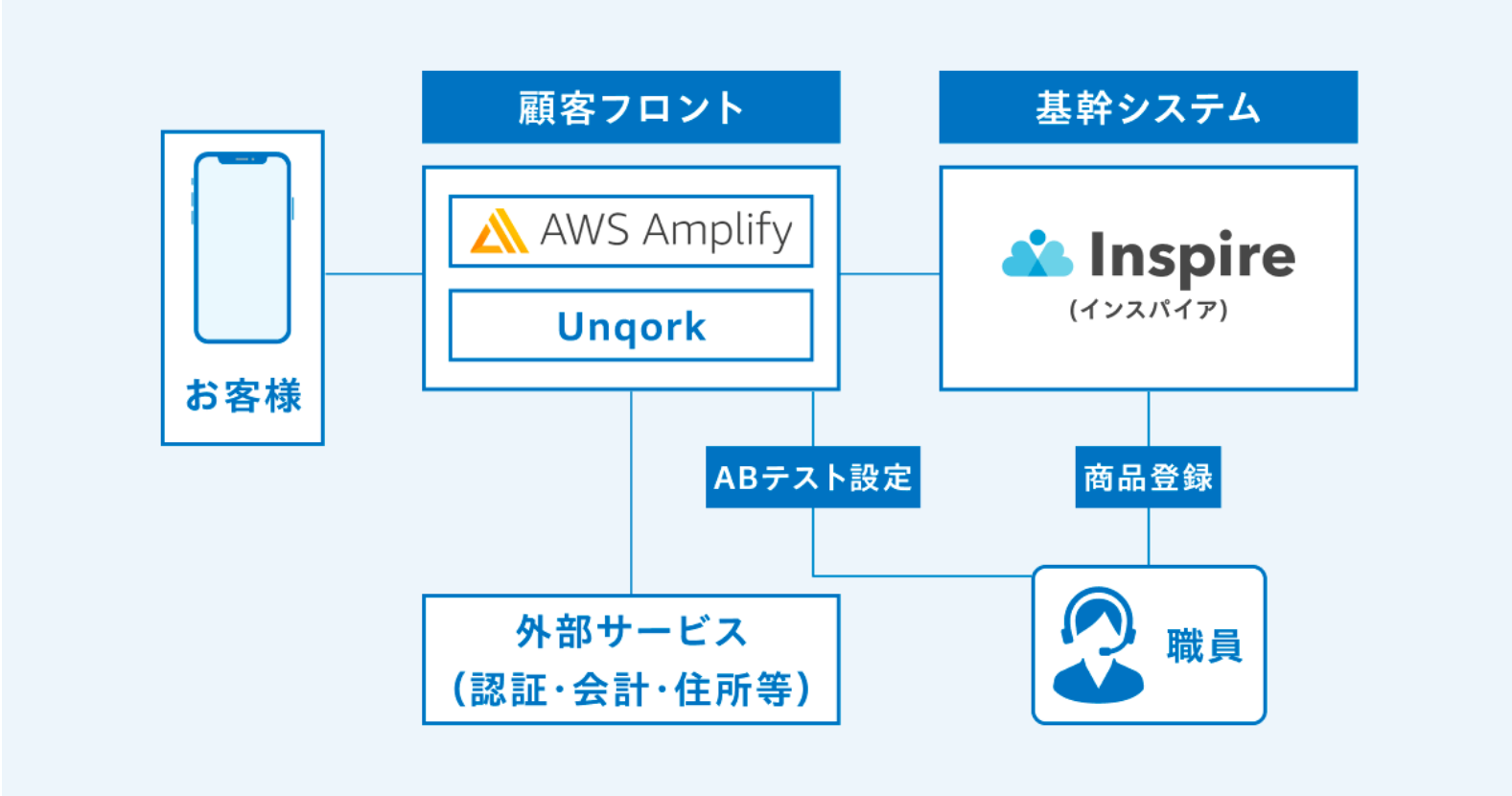


(2) Expansion of Client Base

Strengthen partnership to efficiently reach a wide range of customers.

Aim to acquire customers by providing a flexible digital sales system for life insurance companies, via linking with Nissay Information Technology's front-end solution.

Partnership with Nissay Information Technology



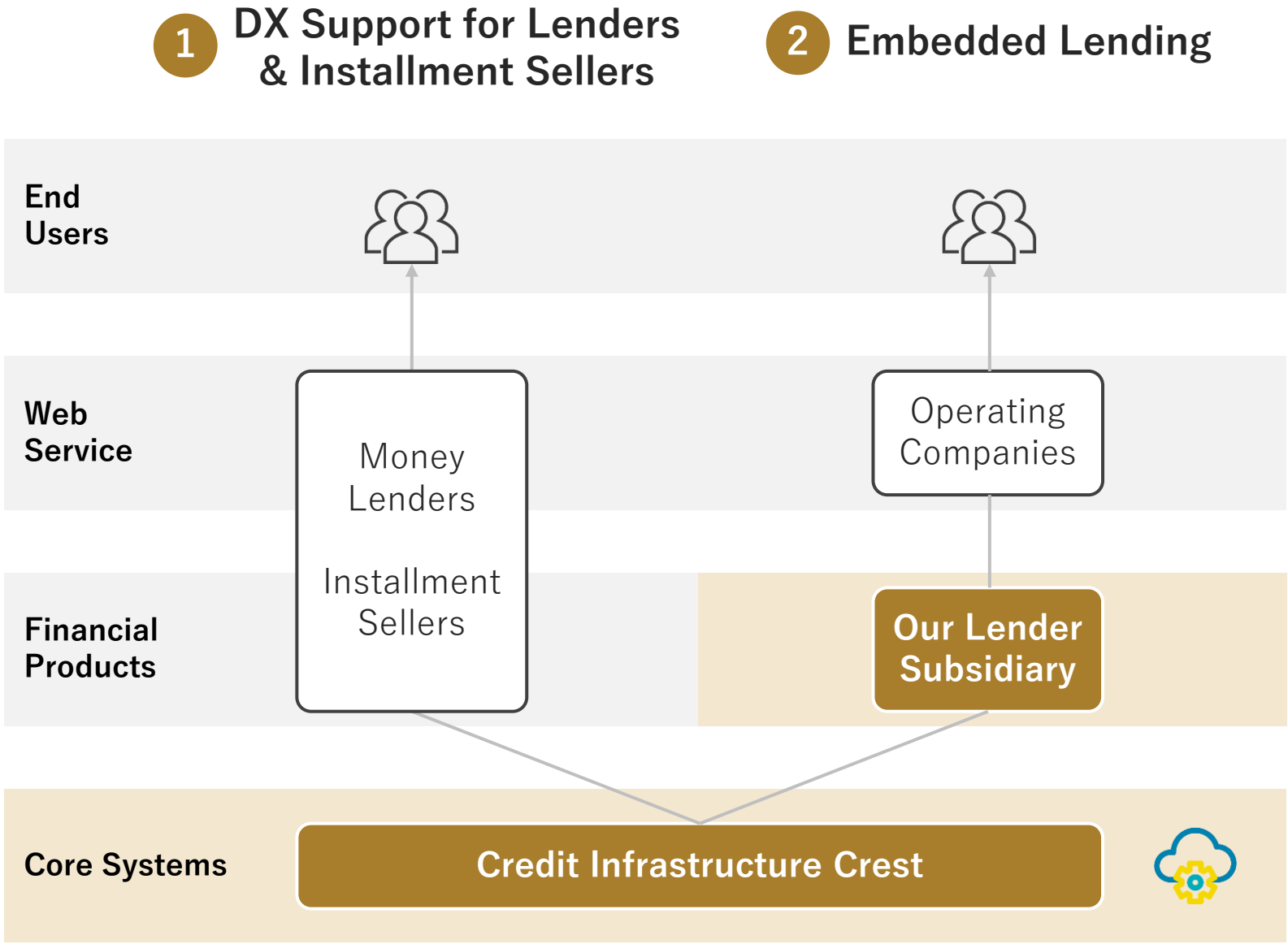
Partnership Overview

- By combining no-code, low-code tools with Inspire, it is possible to quickly build a responsive web application system with minimal coding.
- By building on multiple low-code platforms, it is possible to develop with an infrastructure configuration that meets the needs of life insurance companies.

FINANCIAL INFRASTRUCTURE

Focus of Credit Infra.

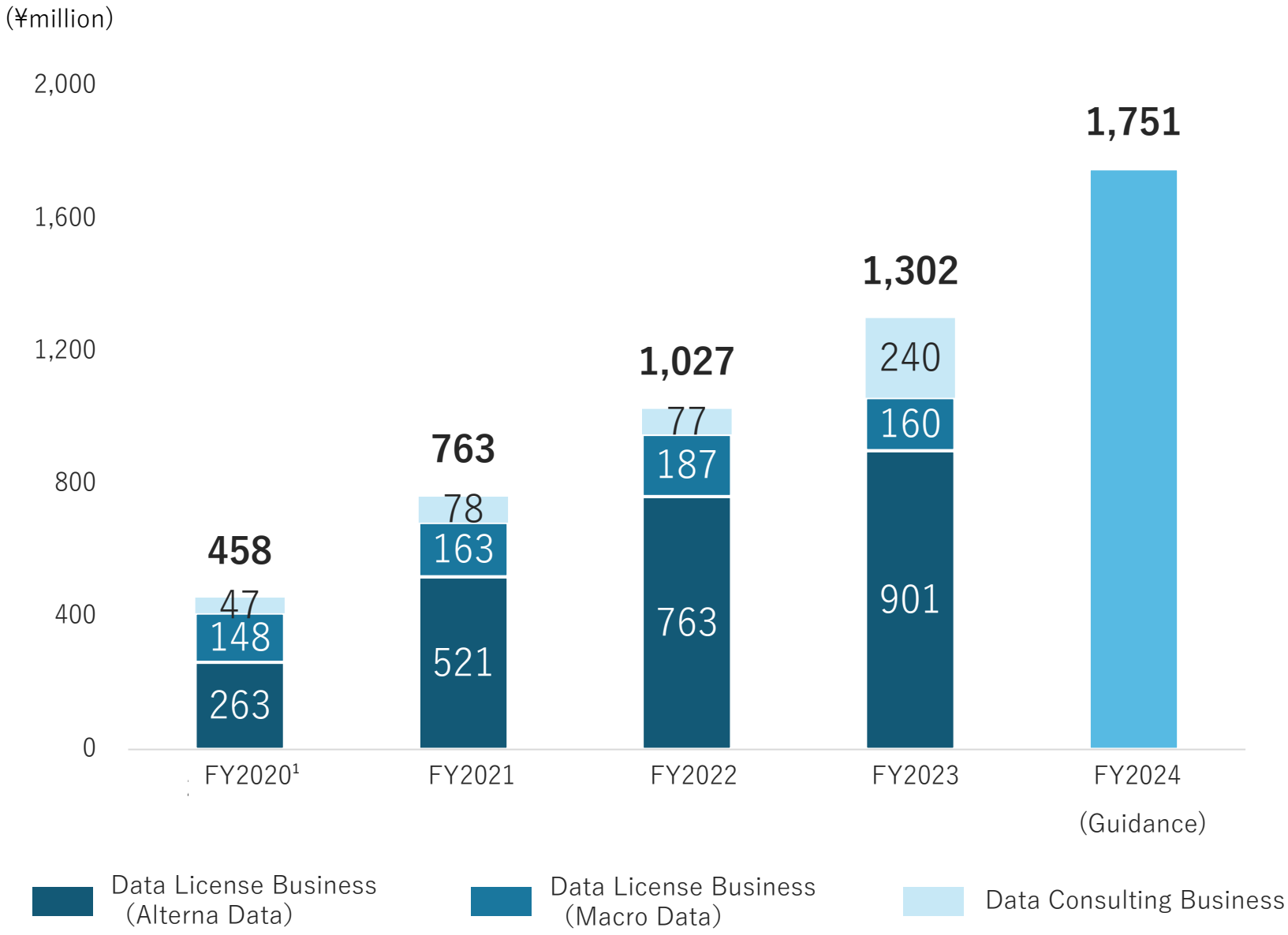
In order to provide a comprehensive system necessary for the loan business, we will focus on expanding the features of the Credit Infrastructure Crest.



Revenue Forecast

Expected to grow by +34% YoY.

While continuing to focus on Data License, we aim to grow by **(1) expanding service of tenant and trade area analysis, and (2) launching "Data & AI Solution" that utilizes generative AI.**

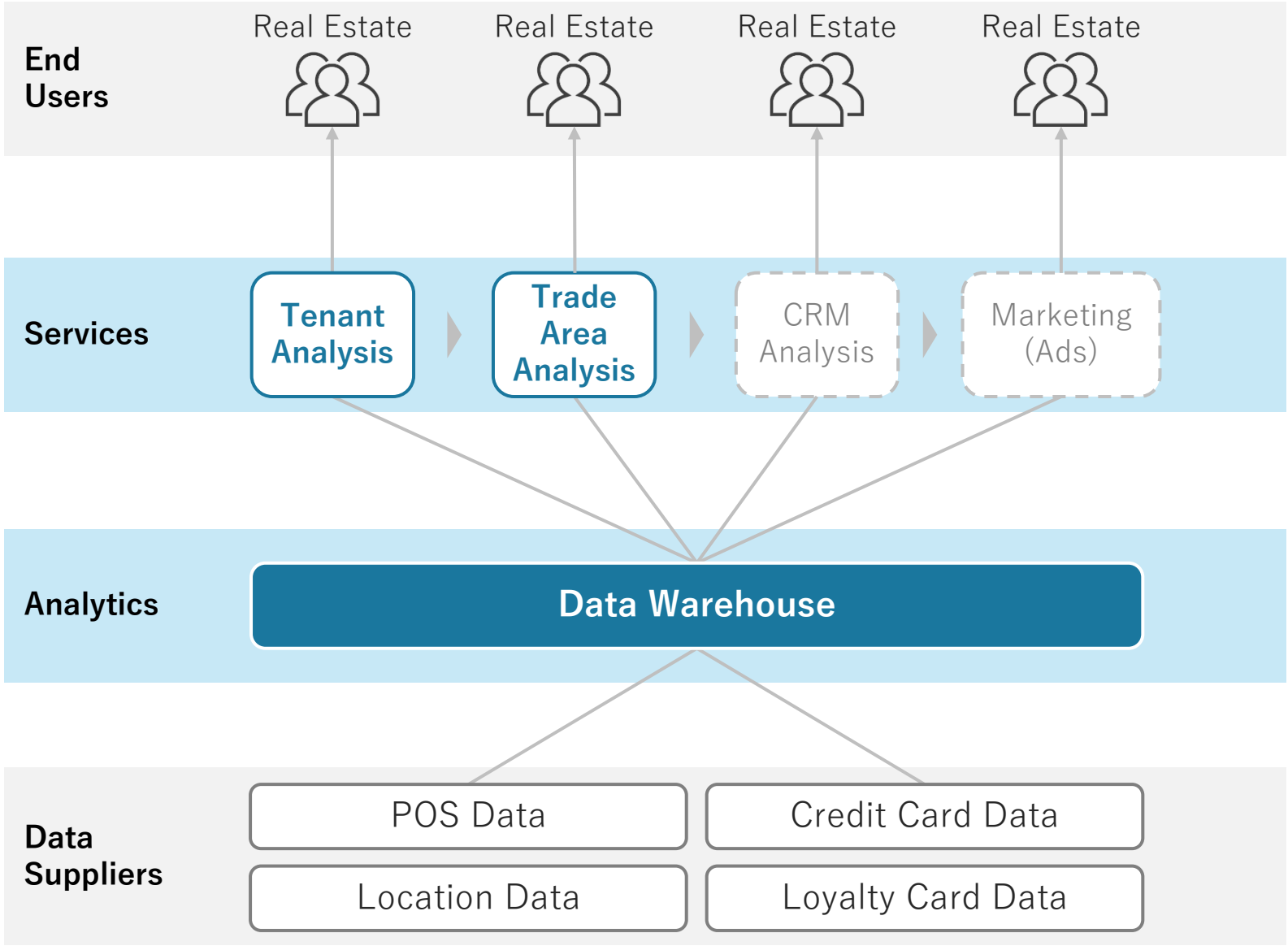


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

(1) Expansion of Tenant and Trade Area Analysis

Analysis services that utilize alternative data in the real estate domain.

Launch various tenant store opening analysis services, such as sales forecasting and basket analysis models, built in the previous year.

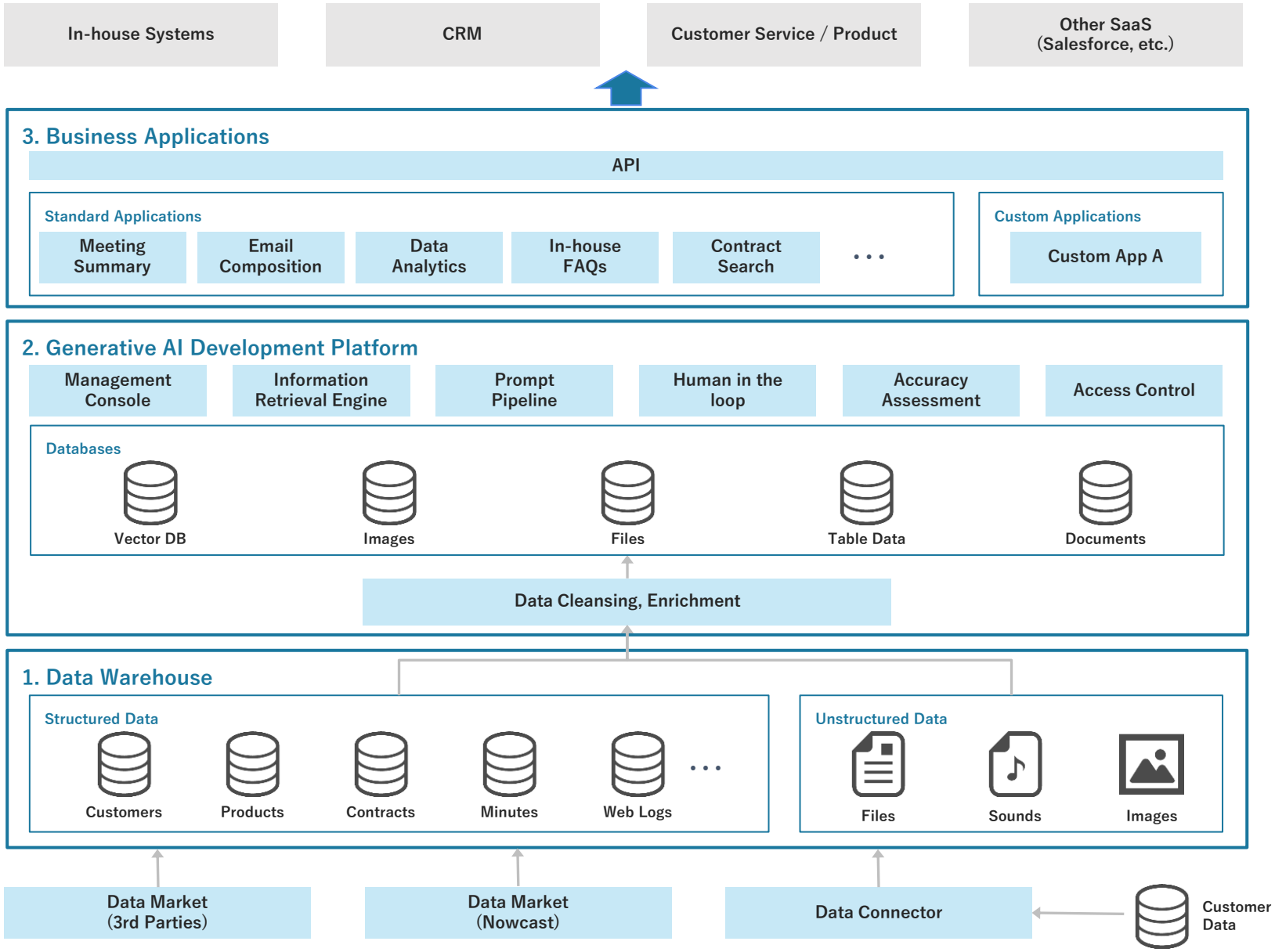


(2) Generative AI Business

Launch “Data & AI Solution” by utilizing know-how of data infrastructure cultivated so far.

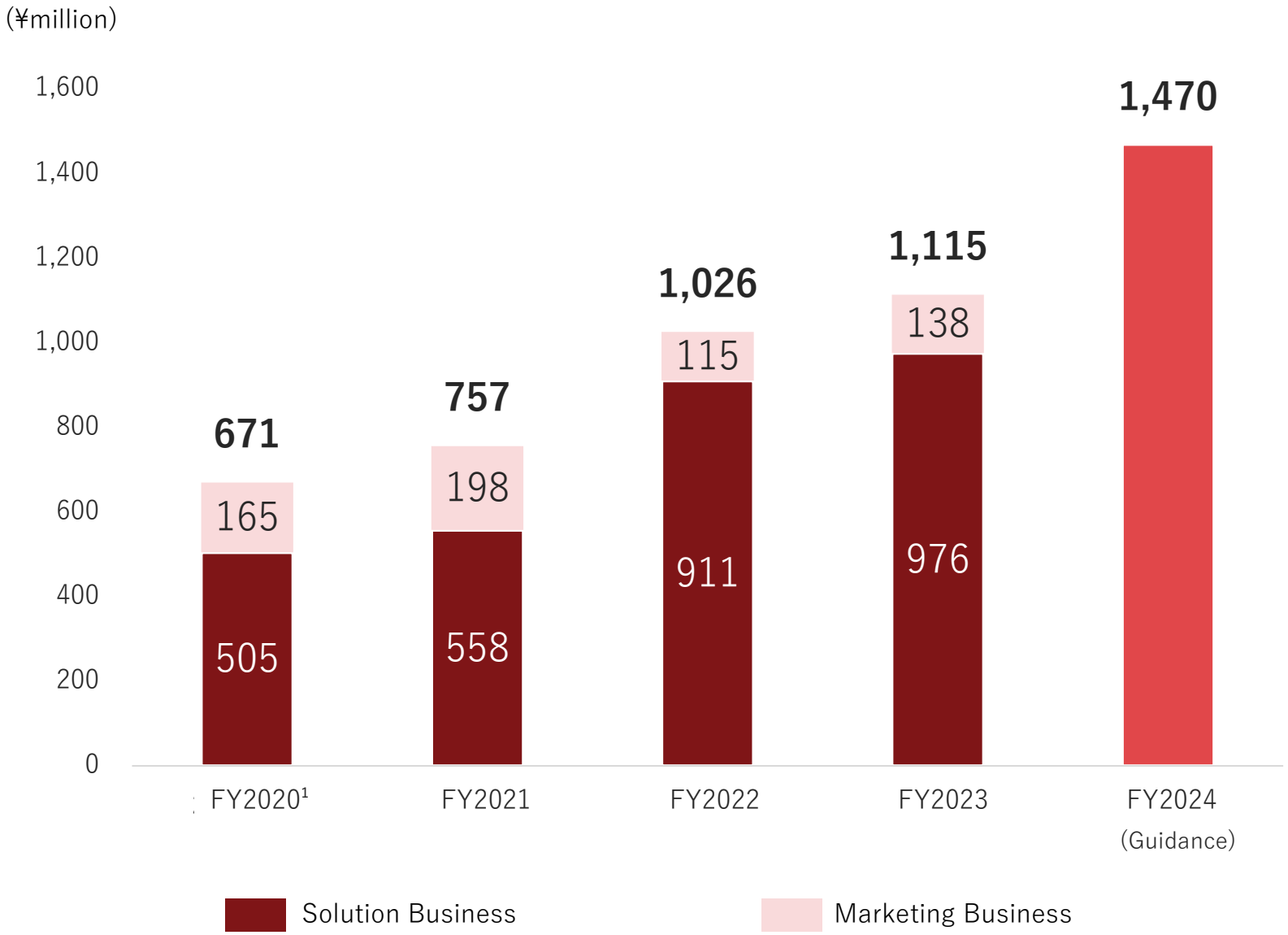
Aim to provide comprehensive package from data warehouse to business applications, specializing in AM industry.

“Finatext Advisory Assist” on P.12 as the first step.



Revenue by Business

Expect to **grow by +32% YoY**, primarily by expanding Solution Business.

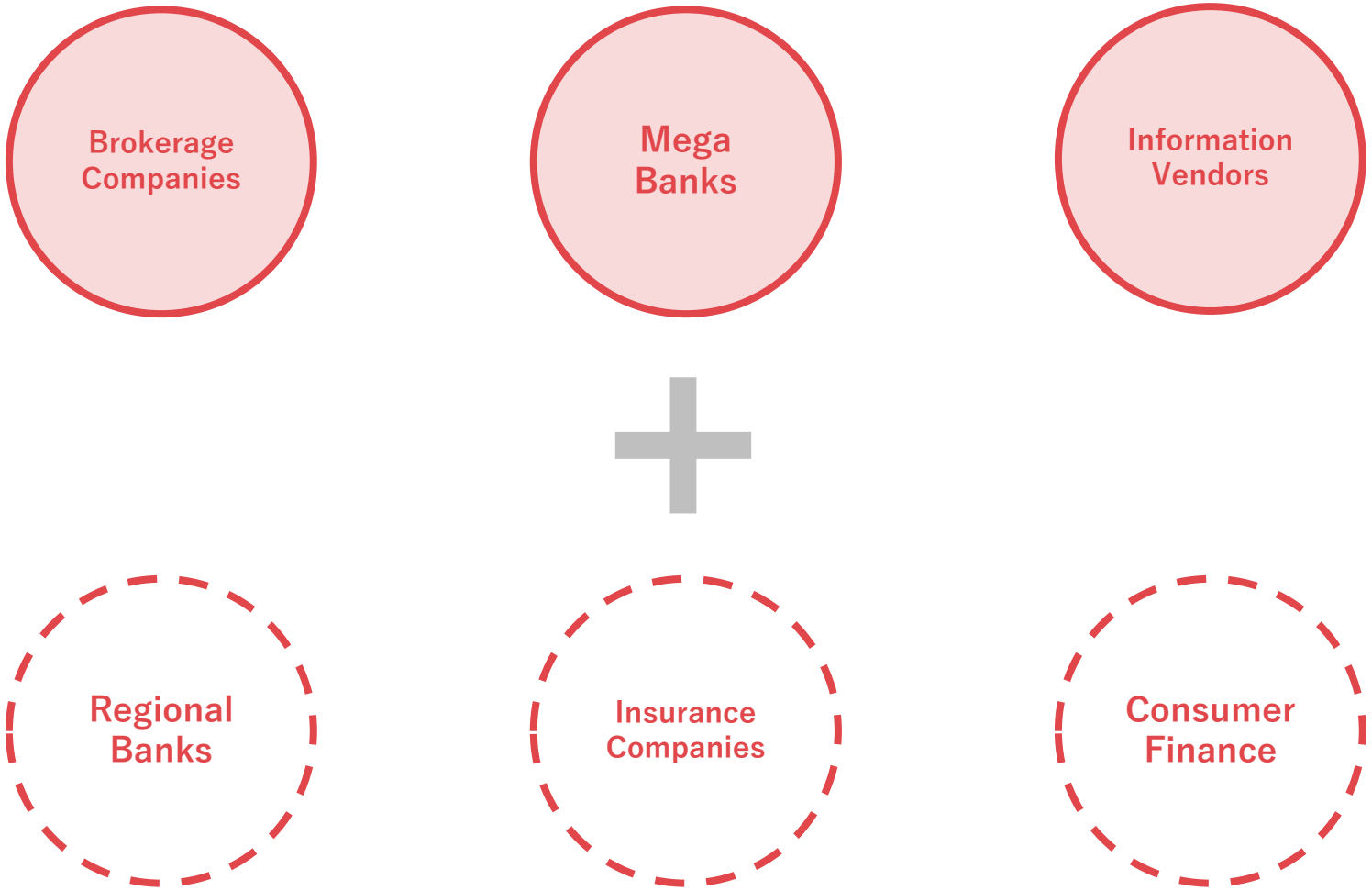


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

Solution Strategy

Plan to provide insurance policy comparison tools and life plan simulation tools using generative AI to insurance companies and regional banks.

Aim to **acquire financial infrastructure clients through projects** with financial institutions.



APPENDIX

APPENDIX

COMPANY OVERVIEW

Corporate Overview

Finatext is a technology company which provides next-generation cloud infrastructure for the asset management and insurance industries.

Company Name:	**Finatext Holdings Ltd.**
Address:	**9F, Sumitomo RD Kudan Bldg. 1-8-10 Kudankita, Chiyoda-ku Tokyo, 102 0073 Japan**
CEO:	**Ryota Hayashi**
Establishment Date:	**December 27, 2013**
Business:	**Fintech Solution Big Data Analytics Financial Infrastructure**

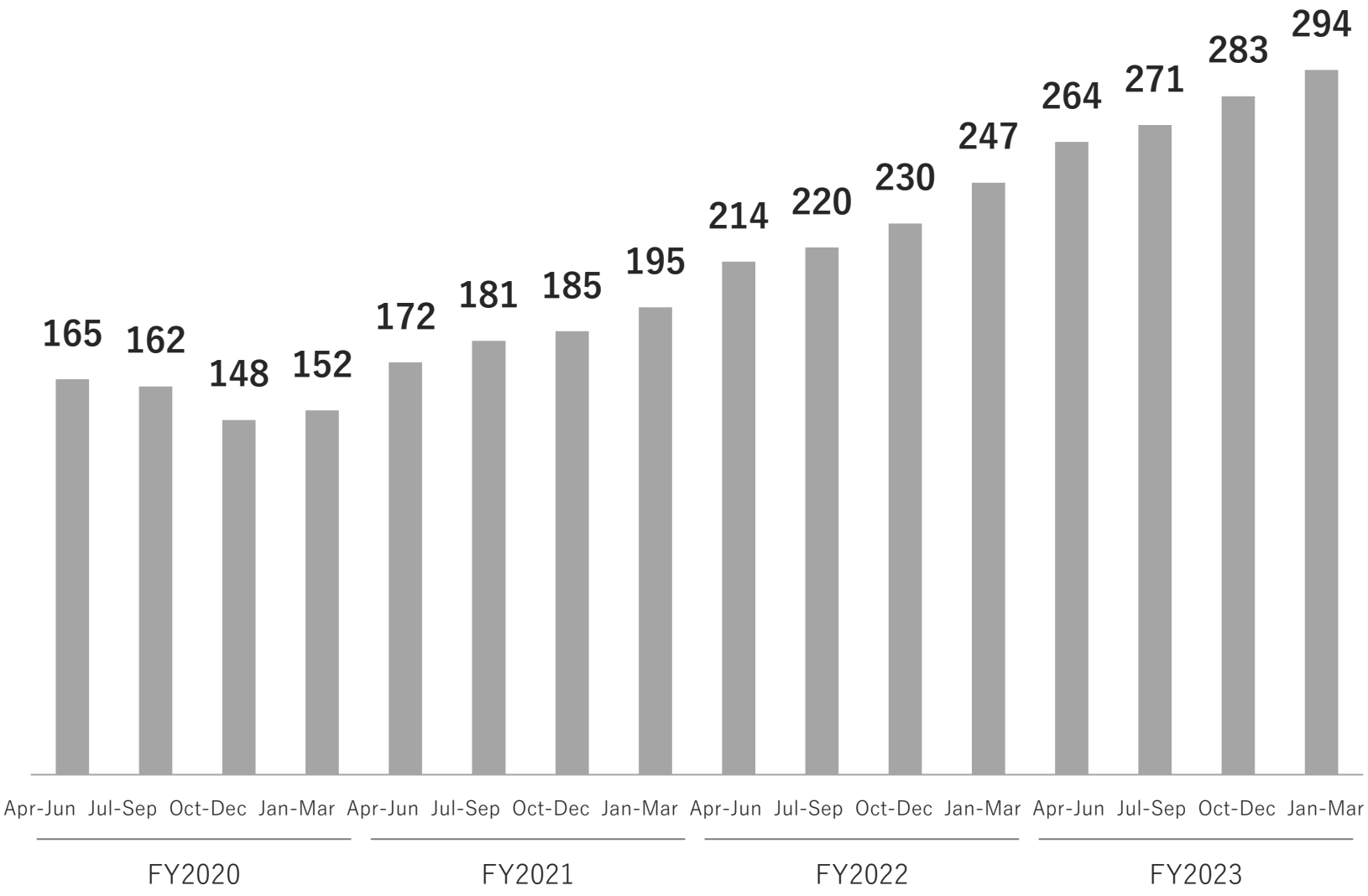
Corporate Structure

Entity	Ownership	Number of Employees[1]	Business	Segment
FINATEXT HOLDINGS	-	16	• Group holding company	
Finatext	100%	103	• Software development for financial institutions and group enterprises	Financial Infrastructure Fintech Solution
Nowcast	100%	37	• Big Data Analytics service to institutional investors and government	Big Data Analytics
Smartplus	85%	40	• Brokerage company	Financial Infrastructure
Smartplus SSI	93%	5	• Small amount and short-term insurance company	Financial Infrastructure
Smartplus Credit	100%	0	• Lender	Financial Infrastructure
Teqnological	70%	4	• Offshore outsourcing bridge	Fintech Solution
Teqnological Asia	72% (50.4%[2])	89	• Offshore development for group companies in Vietnam	Fintech Solution

1. Number of employees as of March 31, 2024.
2. Indirect ownership ratio by Finatext Holdings Ltd.

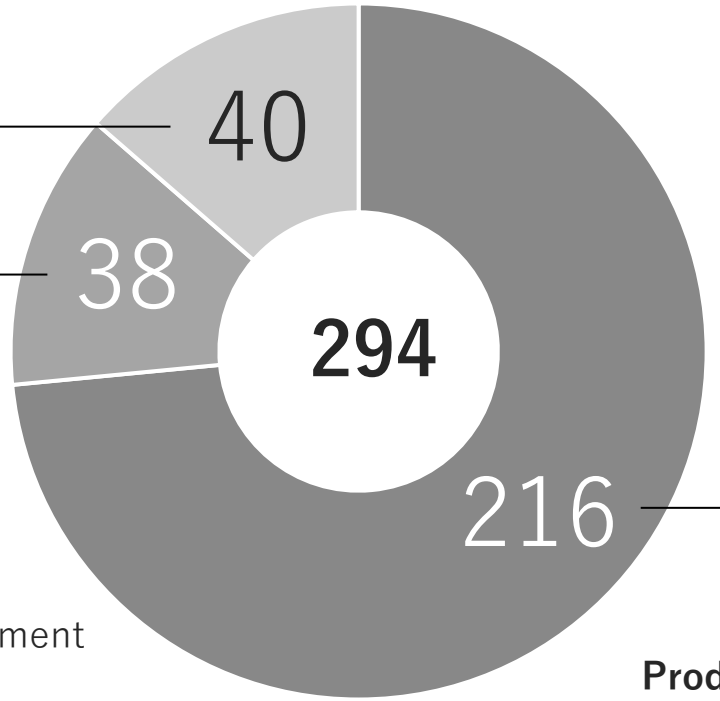
of Employees

Although the number of employees decreased in Oct-Dec 2020 due to the exit of UK business, it has been increasing afterwards.



Staff Composition

Operations / Back Offices 14%
- Financial Operations
- Back Offices



Sales / PR 13%
- Business Development
- Promotion
- Research & Market

Product 73%
- Engineer
- Product Management
- Designer
- Web Director

1. Number of full-time employees as of March 31, 2024.

Leadership



Representative Director
CEO
Ryota Hayashi

After working at Deutsche Bank in London and a hedge fund, Ryota co-founded Finatext in 2013. B.A. in Economics from The Univ. of Tokyo.



Executive Director
CFO
Yuichiro Ito

Yuichiro joined Finatext in 2016 after working IBD Div. in UBS Securities Japan for nearly 6 years. B.A. in Economics from The Univ. of Tokyo.



Executive Director
CTO/CISO
Satoshi Tajima

Satoshi joined Finatext in 2019 after working in VOYAGE GROUP (now CARTA HOLDINGS). Graduated from School of Information and Communication, Meiji University. CISSP holder.

Leadership



Outside Director Hideki Yamauchi[1]

Hideki Established Global Cyber Investment in 2000 after working at The Industrial Bank of Japan. He became a outside director of Finatext in 2016. B.A. in Economics from The Univ. of Tokyo.



Statutory Auditor Ryosuke Nomura[2]

Ryosuke joined Edison Law Office as a lawyer in 2018 after working at several law offices. He became a statutory auditor of Finatext in 2020. B.A. in Laws from The Univ. of Tokyo.



Statutory Auditor Mamoru Sato[2]

Mamoru began his career at Bankers Trust in Japan and served as CFO and Statutory Auditor at Citi in Japan. He became a statutory auditor of Finatext in 2019. B.A. in Economics from Senshu Univ.



Statutory Auditor Hisayori Kataoka[2]

Hisayori established Hisayori Kataoka CPA Office in 2020 after working at Deloitte as a CPA. He became a statutory auditor of Finatext in 2021. B.A. in Economics from Keio Univ.

1. Hideki Yamauchi is an outside director.
2. Statutory auditors Mamoru Sato, Ryosuke Nomura and Hisayori Kataoka are outside statutory auditors.

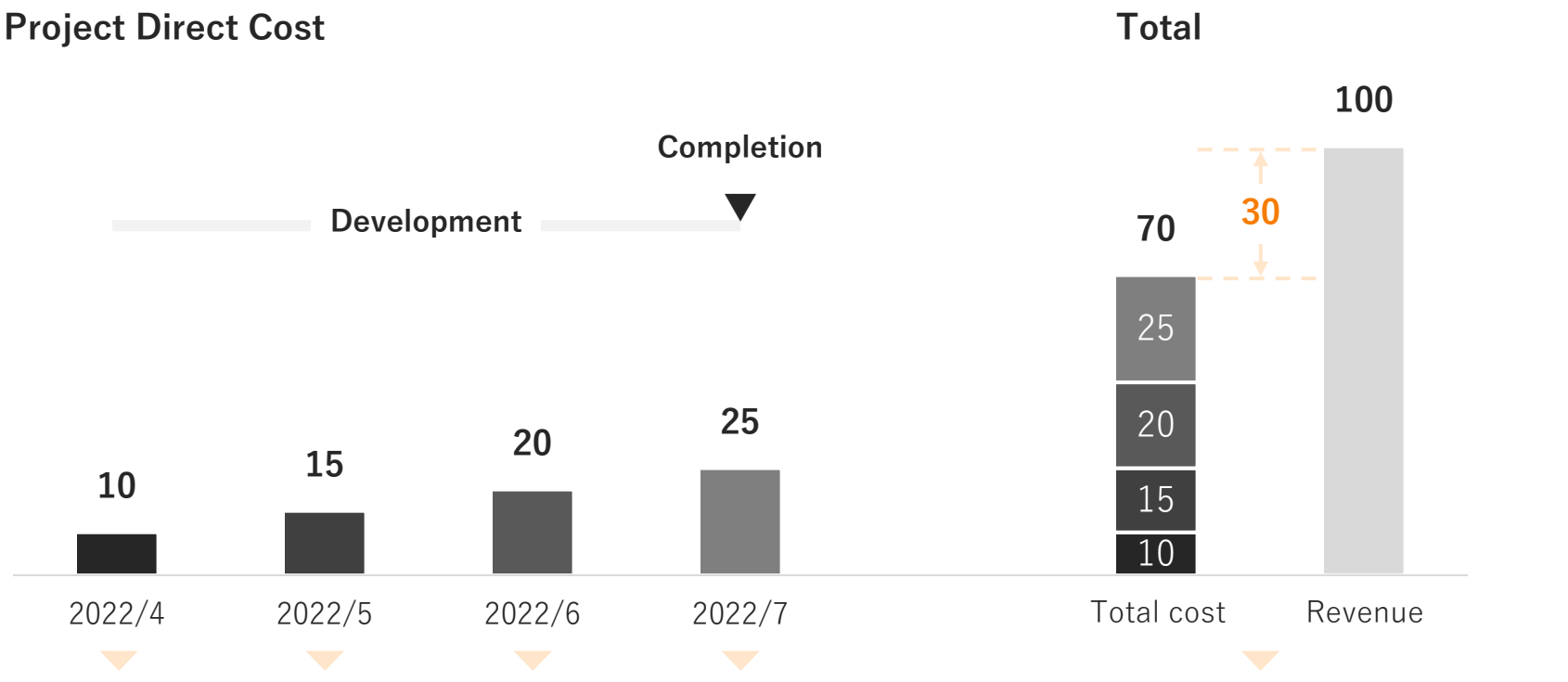
APPENDIX

BUSINESS OVERVIEW

Revenue Recognition of Dev Projects

"Cost recovery method" is adopted in recording one-off revenue of development projects.

Although part of the revenue is recognized in development phrase, profitability tends to be low, because revenue and expenses are recorded in the same amount.



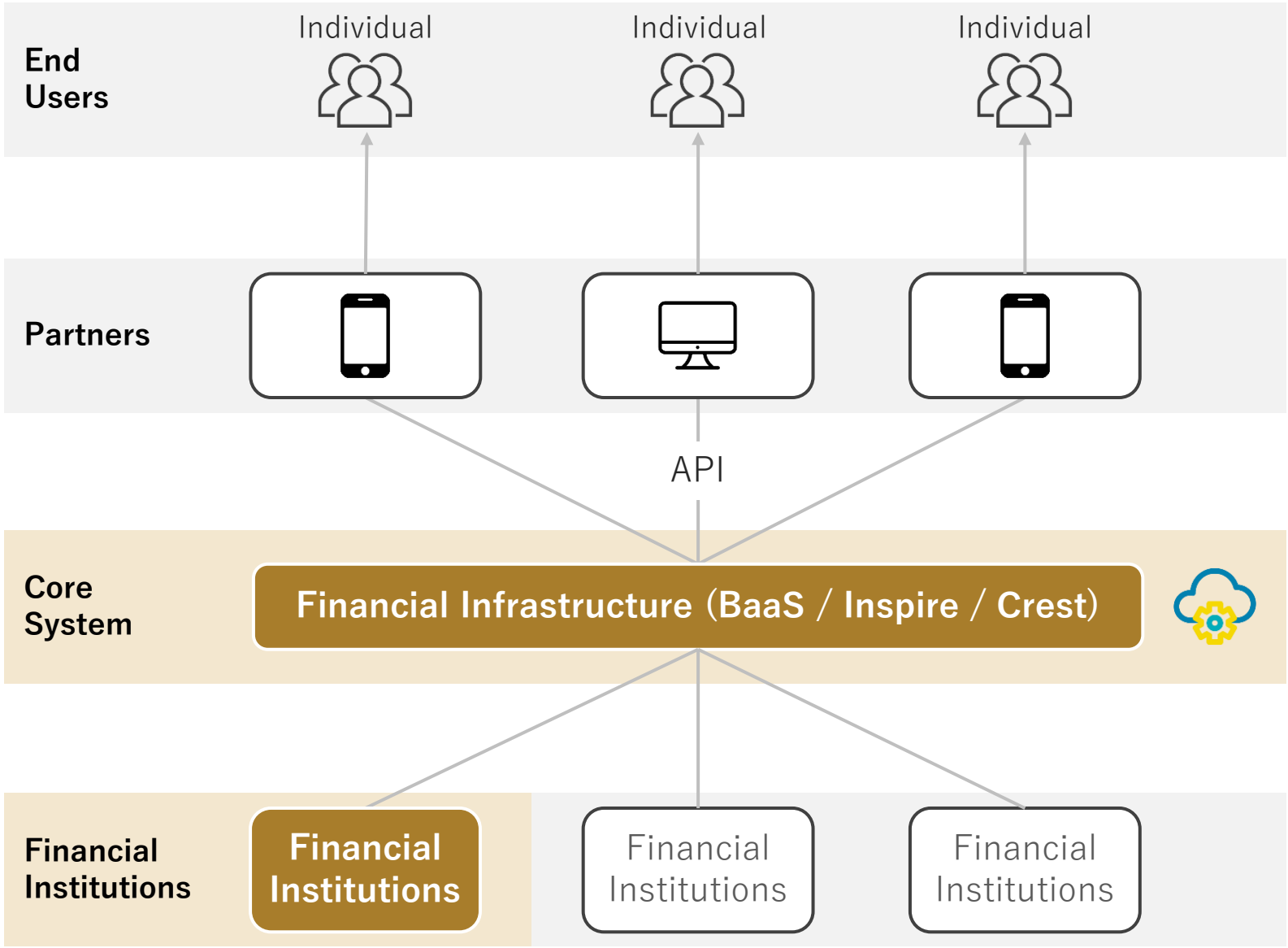
Revenue Recognition

	2022/4	2022/5	2022/6	2022/7
Dev	10	15	20	25
Completion				30
Total	**10**	**15**	**20**	**55**

Overview

Develop next-generation cloud-native core systems that provide necessary business infrastructure for offering financial services.

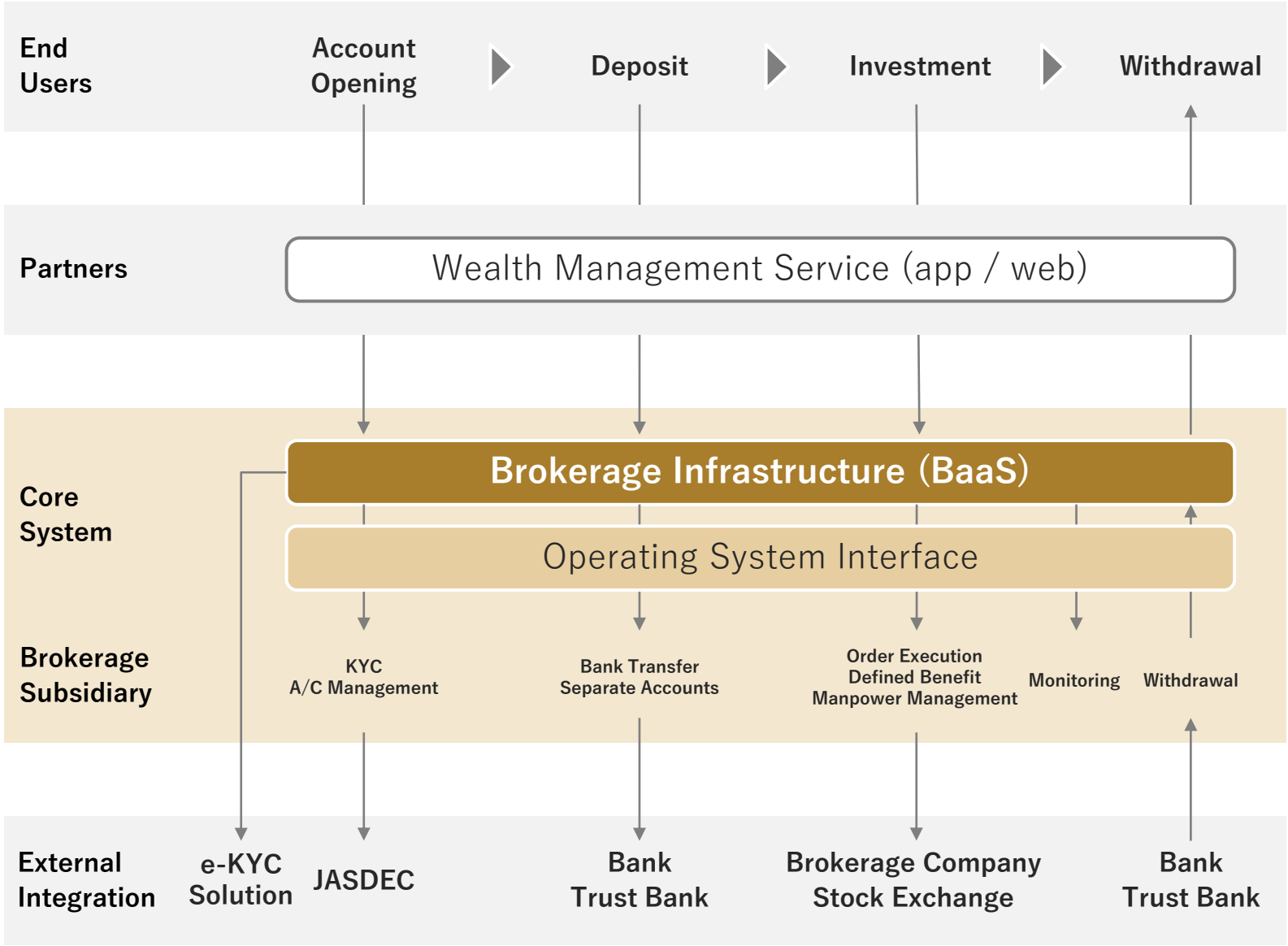
Currently offer 3 solutions: (1) “**BaaS**” for asset management services, (2) “**Inspire**” for insurance services, and (3) “**Crest**” for lending services.



(1) BaaS

Cloud-native, API-based infrastructure “BaaS” for wealth management providers.

Partners can launch wealth management services at low cost by managing the various external connections on the cloud.



(1) BaaS Service

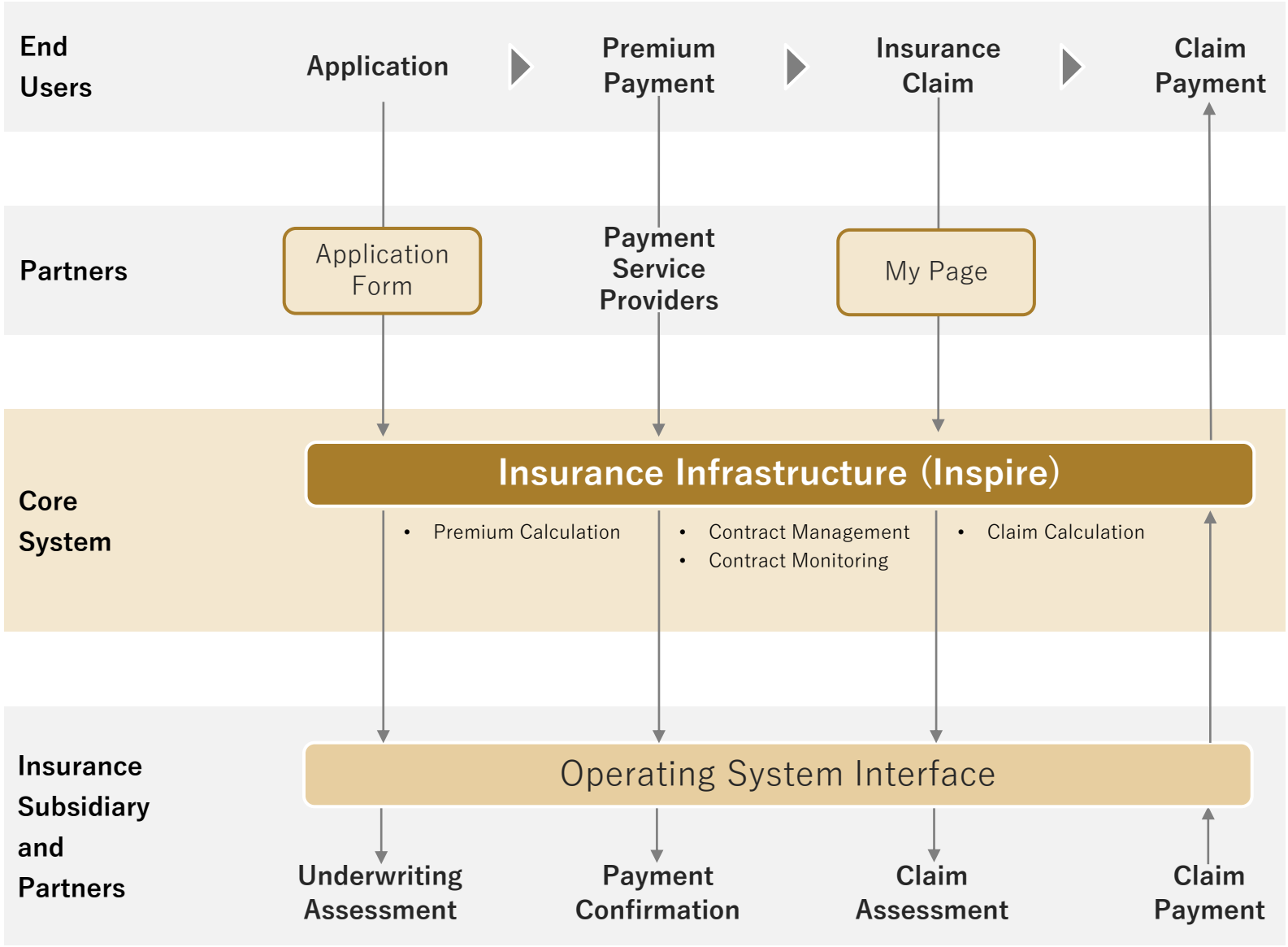
Currently 12 services are in operation.

Non-Financial Institutions (Embedded Investment)		Asset Managers (Direct sales)	IFA (Discretionary Investment Management)	
Stream (Owned)	Wealth Wing (ANA X)	US ETF WRAP (GCI AM)	JAM WRAP (JAM)	CS Asset
Saison Pocket (Credit Saison)	Korekabu (Seven Bank)	N Direct (Nissay AM)	Financial Standard	Unpublished
		Continue with Saison (Saison AM)	Amber AM	

(2) Inspire

Cloud-native, API-based infrastructure “Inspire” for insurance providers.

Enables partners to expand their business by putting new insurance products on the market in a short time with low cost.



(2) Inspire Client

Provided to 9 companies, including our small amount short-term insurance subsidiary.

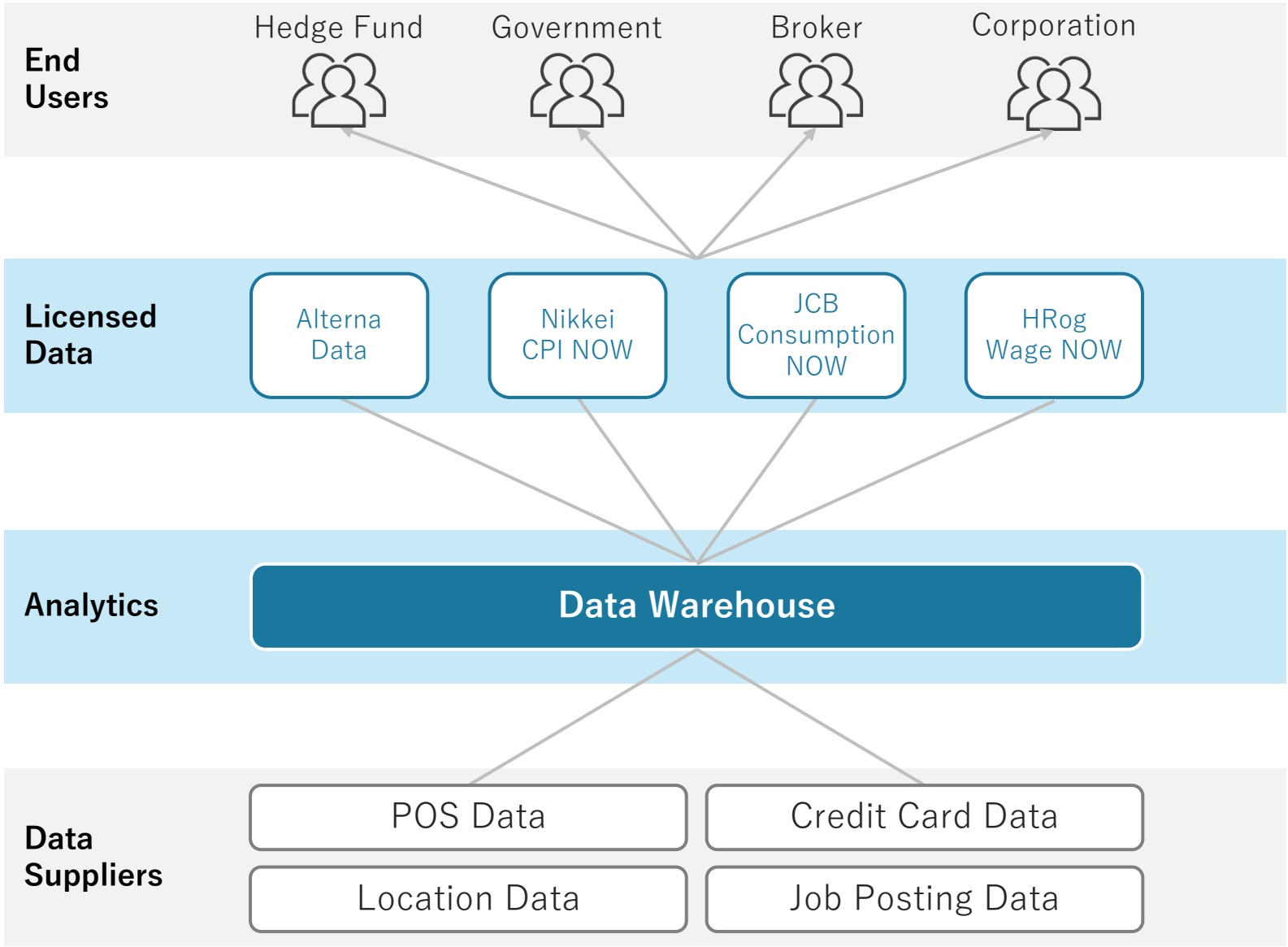
Support a wide range of insurance products from small amount short-term insurance to non-life insurance, from individuals to business entities.

1. Aioi Nissay Dowa Insurance
2. EPOS Small Amount Short-term Insurance
3. Nissay Plus Small Amount Short-term Insurance
4. Smartplus Small amount Short-term Insurance
5. Mitsui Sumitomo Insurance
6. MUFG Bank
7. Tokio Marine & Nichido Fire Insurance
8. MST Insurance Service
9. Kyoei Fire & Marine Insurance

Overview

Provide alternative data, such as POS and credit card data, to institutional investors and public institutions.

Sell value-added data by transforming raw data of data suppliers, using proprietary cleansing, mastering and modeling techniques.



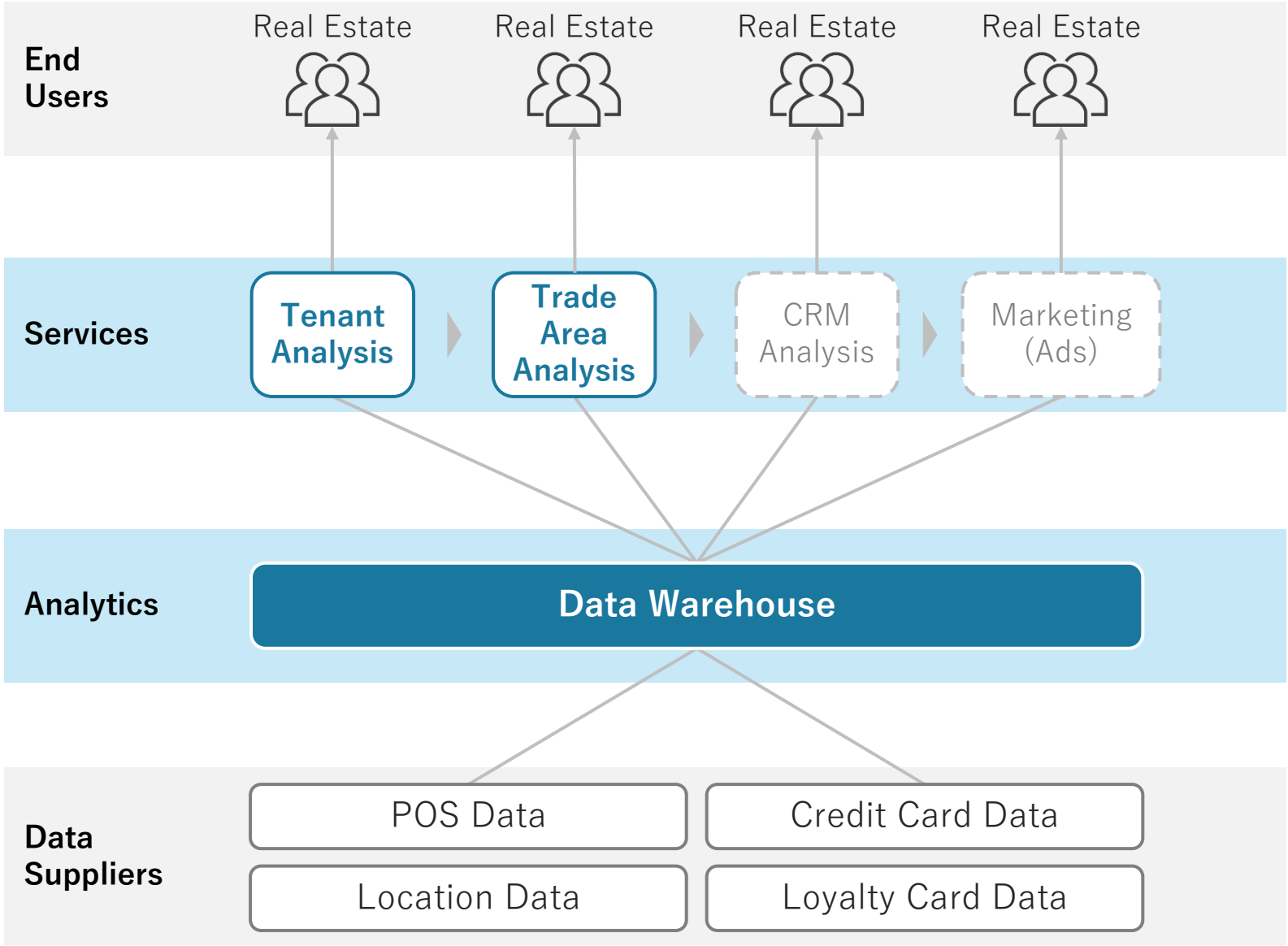
Data License

Currently offer “Alterna Data” for corporate analysis; and “Nikkei CPI NOW”, “JCB Consumption NOW” and “HRog Wage NOW” for macroeconomic research.

	Data Services for Corporate Analysis	Data Services for Macroeconomic Research
Overview	AlternaData	日経CPINOW JCB消費NOW HRog賃金Now
Overview	• Provide insights for corporate analysis, such as sales, product unit prices, and customer unit prices	• Offer price indices, consumption indices, and wage indices with higher frequency and faster reporting than official statistics
Data Partners	• Nikkei • True Data • KDDI • CCC Marketing • BCN • HRog etc.	• Nikkei • JCB • HRog
Data	• POS data • Location data • Loyalty card data • Credit card data • Job advertisement data • Electronic receipt data • TV commercials data	• POS data • Credit card data • Job advertisement data

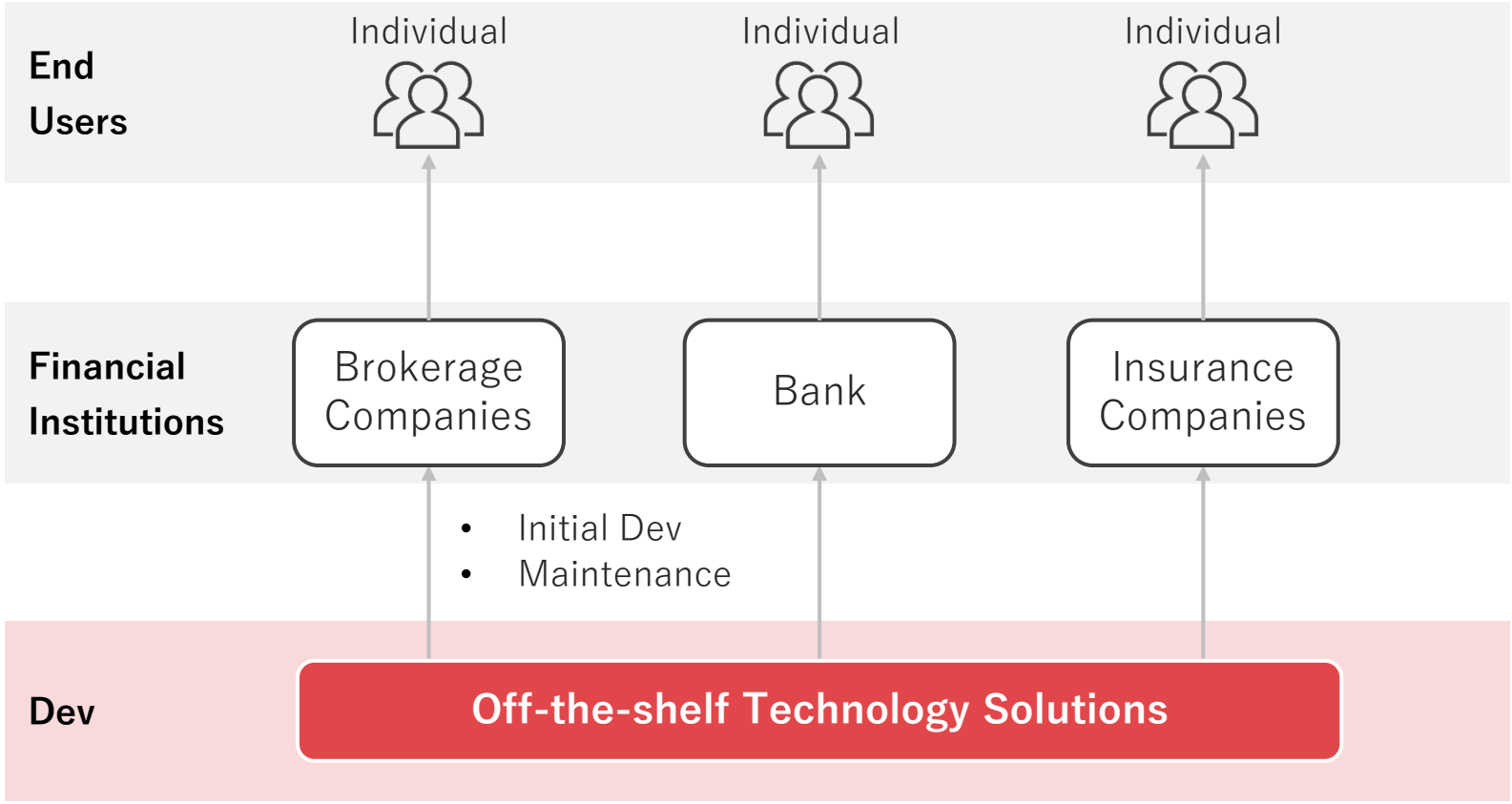
Data Analytics for Real Estate

Data analytics services by integrating multiple alternative data with our knowledge and experience.



Overview

Develops front-end applications and provides off-the-shelf technology solutions to financial institutions to accelerate their DX.



Clients (Published)

- KDDI
- MUFG Bank
- Daiwa Brokerage
- SMBC Nikko
- Nomura Holdings
- Nomura Asset Management
- Rakuten Brokerage
- GMO Click Brokerage

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