FINATEXT

HOLDINGS

First Quarter FY2024 Financial Results

Finatext Holdings Ltd.

August 14, 2024

SUMMARY

Q1 FY2024 Actual

Revenue showed steady progress +73% YoY. Financial Infrastructure in the black for the first time and Adj. EBITDA margin at 14% exceeded annual plan.

Revenue	Partners (Financial Infrastructure)	Adj. EBITDA[1]	Operating Income
1,644m. yen	**22**	**223**m. yen	**172**m. yen
YoY **+73**%	YoY **+5**	Margin **14**%	Margin **10**%

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**	Margin **12**%	Margin **9**%

1. Adj. EBITDA = Operating income + (Depreciation + Stock-based compensation expense)

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OUR BUSINESS

Our Mission

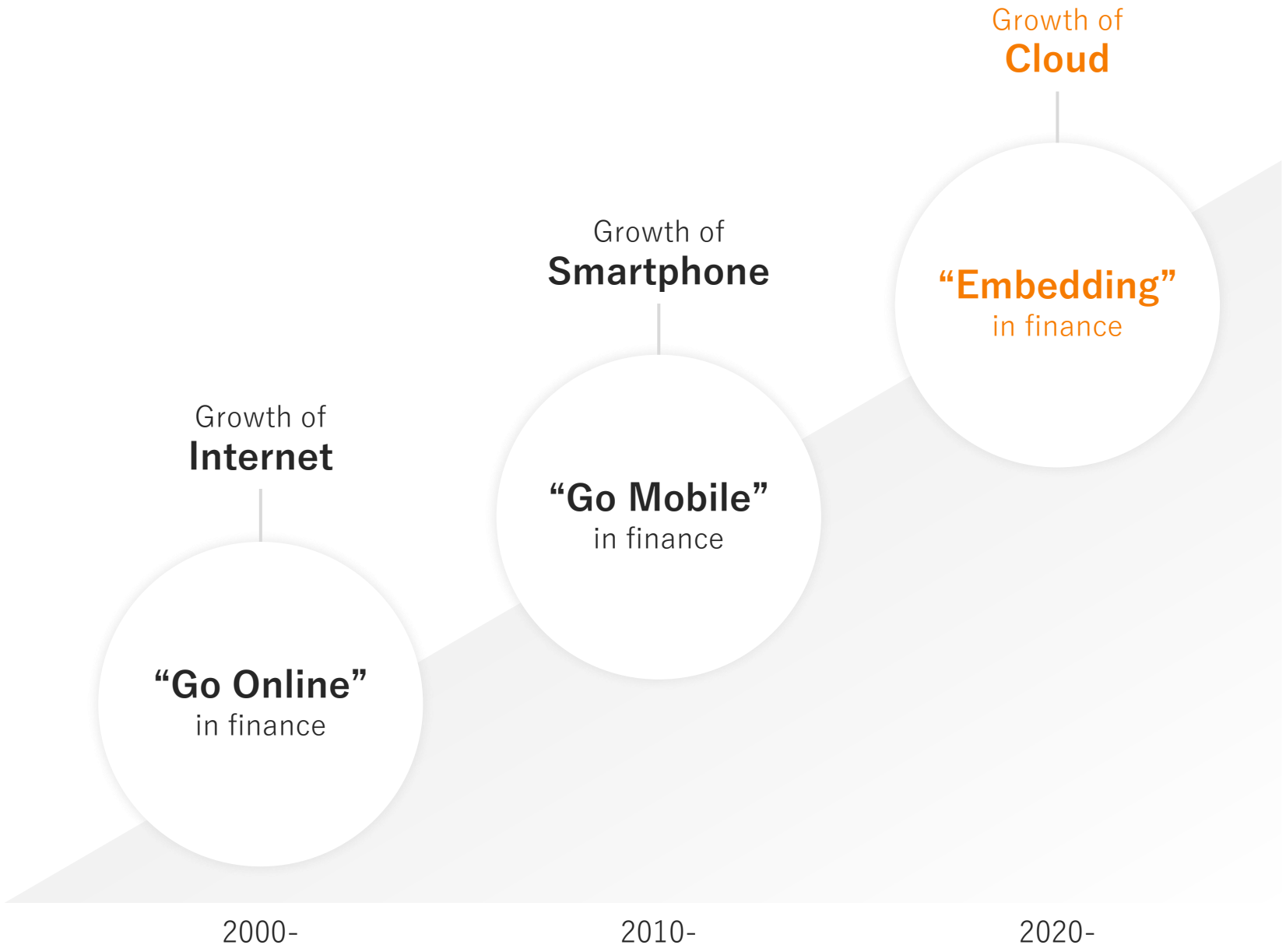
By realizing our mission together with our partners, we aim to provide financial services connected to our daily lives.

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”.

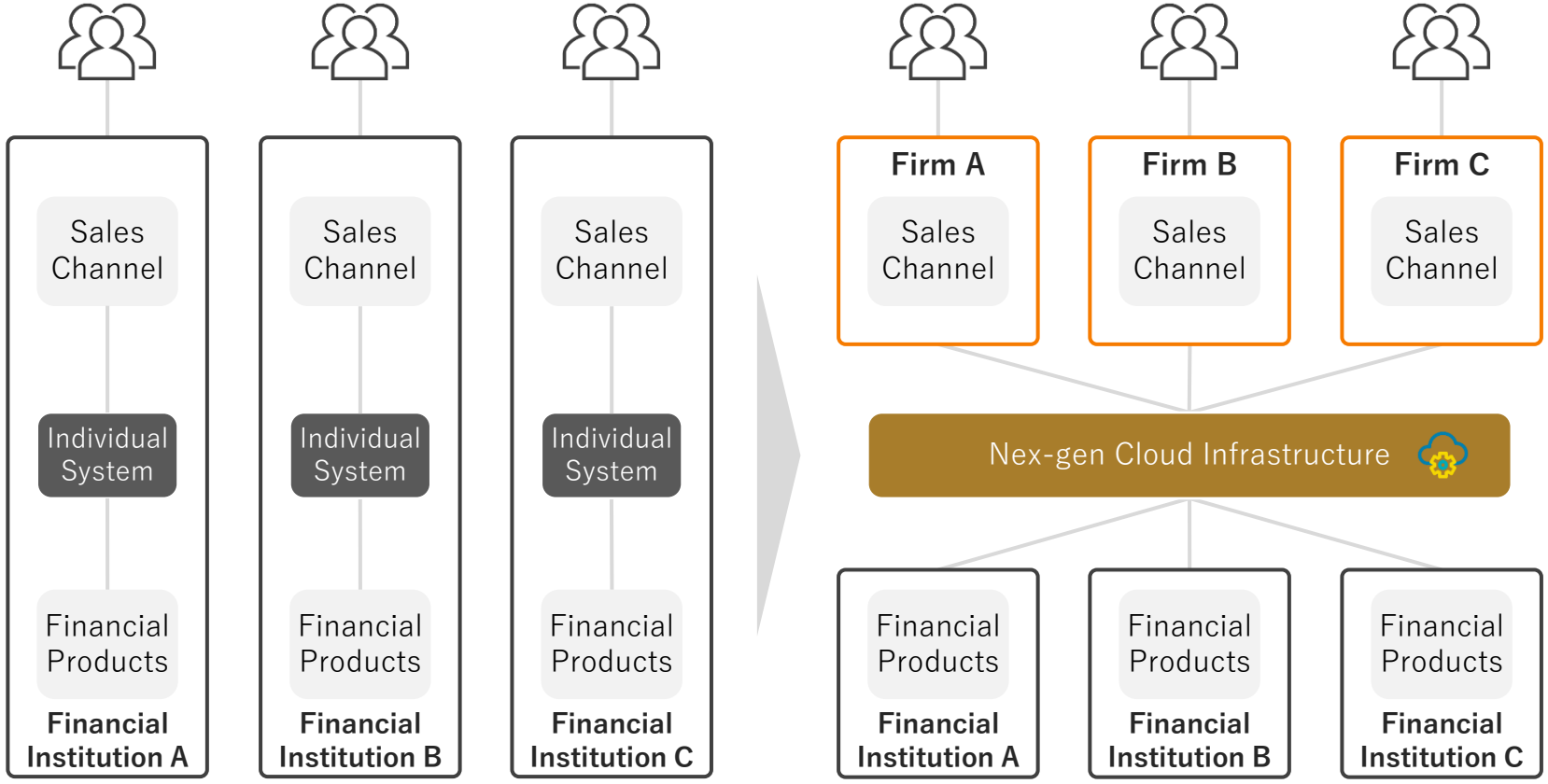
This will enable the convenient use of financial services from companies close to users' lives.

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



Robust Security Structure

Our group has numerous employees with advanced security certifications.

By utilizing technologies such as cloud and containers, we have built a system with strong recovery capability and resilience (**cyber resilience**) against security incidents.

Detailed System Segregation	• When unauthorized access or malware attacks occur, the extent of the impact is a crucial point. → In our company, we efficiently manage cloud accounts and achieve comprehensive system segregation at a low cost by finely dividing the systems.
Backup Protection	• Ransomware attacks cause damage when an organization's data, including backups, are encrypted and cannot be restored. → In our company, backups are protected by utilizing storage with WORM (Write Once Read Many) capabilities, which doesn't allow editing or deletion once data is written.
Disposable Infrastructure	• When unauthorized access or malware infection is detected, it is necessary to rebuild a clean environment for recovery. → In our company, by containerizing systems and automating construction, we make our infrastructure disposable, allowing for the rapid rebuilding of a clean environment even in emergency situations.

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

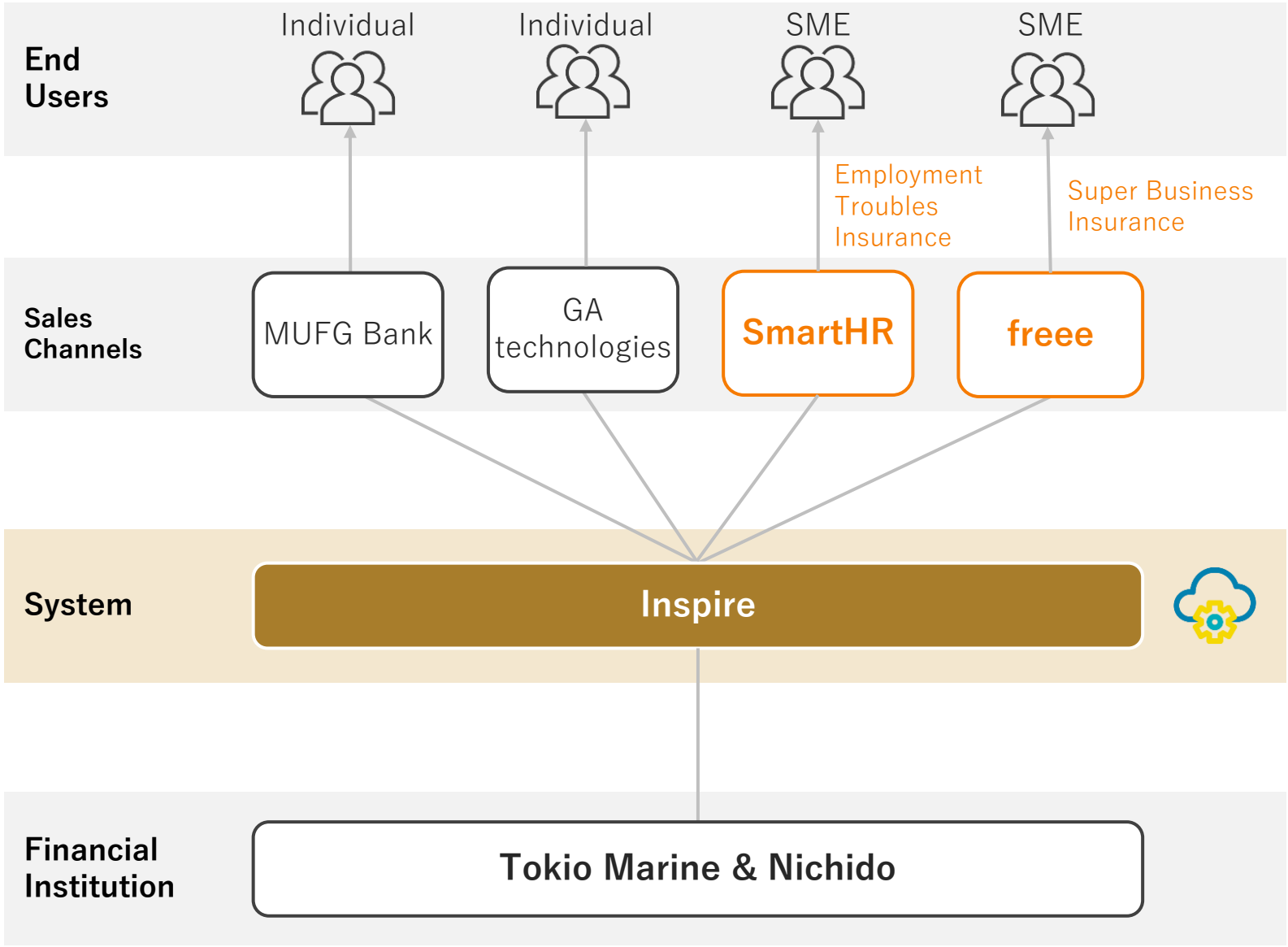
BUSINESS HIGHLIGHT

FINANCIAL INFRASTRUCTURE

Expansion of Existing Partners

In June 2024, we developed a new feature in collaboration with Tokio Marine that allows insurance to be embedded into back-office software.

This feature enables users of SmartHR and freee to enroll in insurance tailored for startups and SMEs.



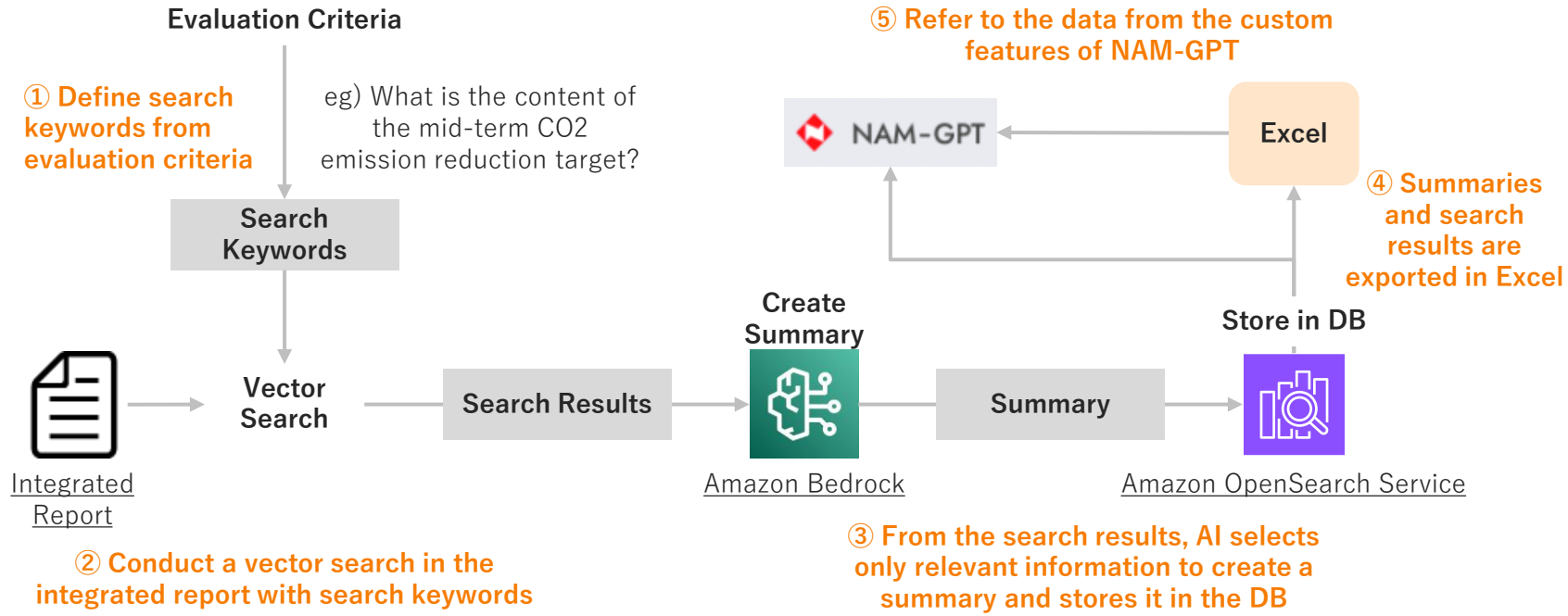
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Implementation of Generative AI

We supported Nissay AM to streamline integrated report analysis using generative AI.

Upon uploading an integrated report, a vector search is conducted based on pre-set evaluation criteria, and a summary is automatically generated from the extracted information.

Efficiency Improvement in Integrated Report Analysis with Generative AI



Project Overview

- Target Tasks
  - Review integrated reports and data sheets, and perform fact-checking based on evaluation criteria.
- Challenges When Using Conventional AI Chatbots
  - Too much information to be adequately addressed with a single prompt.
  - Fact-checking is required while viewing actual PDFs.
  - Quality prompts are required for complex searches.

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FINTECH SOLUTION

New Release

Developed “Hoken Minaoshi Hompo Online Store”, where customers can review, compare, and make appointments with experts for life insurance all in one place.

The focus of Solution Business was mainly on banks and securities, but now extending insurance agencies.

Hoken Minaoshi Hompo Online Store

- Developed not merely as a comparison site, but as a comprehensive information platform for those considering new insurance policies or reviewing existing ones, answering questions about insurance products through expert columns.



Service Overview

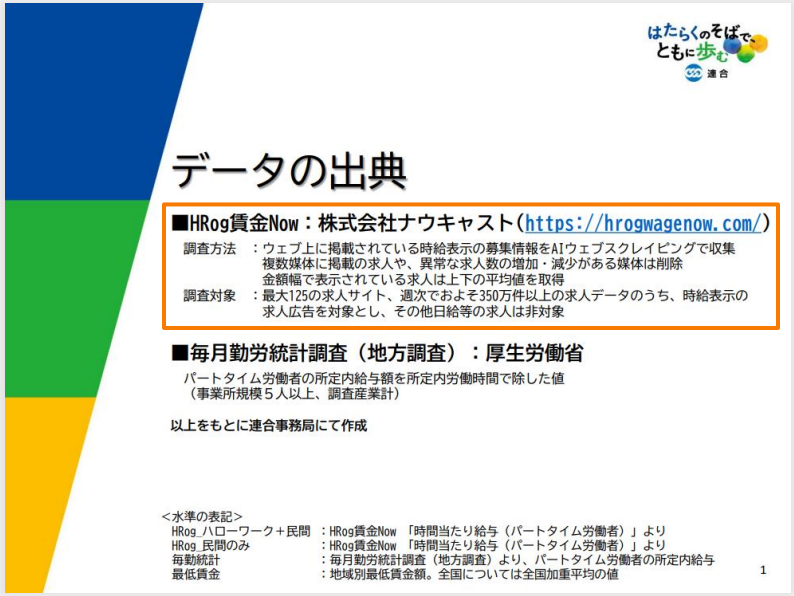
- Allow simulation and comparison of insurance premiums for medical, cancer, term/whole life insurance.
- Get recommendations and rankings with just gender and age. Easy to choose the optimal insurance products.
- Beside requesting further information for consideration, also able to book a face-to-face consultation.
- Expert columns help understanding hard-to-grasp insurance products and provide guidance on how to choose.

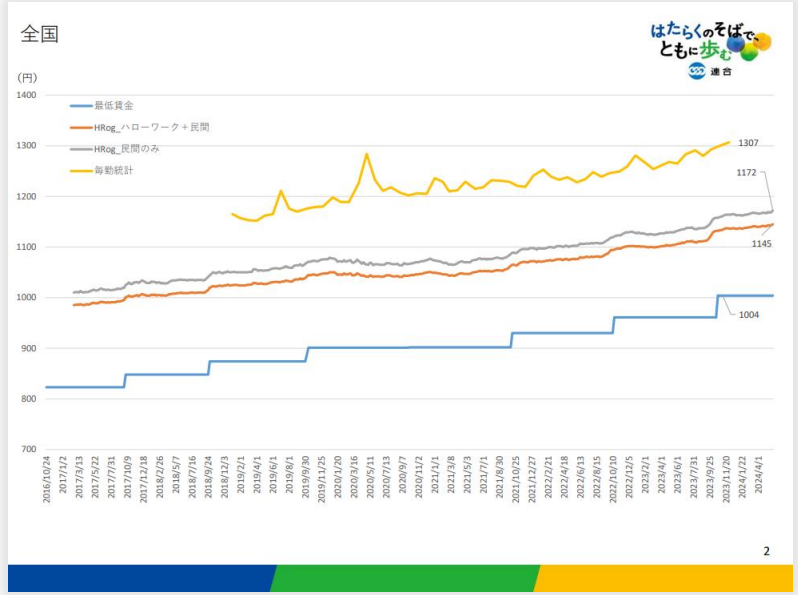
Contribution to Society

HRog Wage Now was used at the “FY24 Central Minimum Wage Council Guidelines Subcommittee (2nd) ” by the Ministry of Health, Labor and Welfare.

Provide more accurate and timely wage data to support understanding labor market trends and organizational decision-making.

Ministry of Health, Labor and Welfare
“FY24 Central Minimum Wage Council Guidelines Subcommittee (2nd) ”





Overview

- HRog Wage Now is a wage trend index with high frequency and promptness compared to various public statistics related to the labor market, making it easy to cross-sectional analysis such as “prefecture by occupation” and “industry by company size”.
- At the “Central Minimum Wage Council”, an advisory body that compiles the guideline for minimum wage revisions, a comparative analysis of hourly wages of part-time workers (Monthly Labor Statistics Survey), job offer wages (HRog Wage Now), and minimum wages by prefecture was conducted.

Credits: "Reference Material No.4_Nihei Committee Submission Document" from “FY24 Central Minimum Wage Council Guidelines Subcommittee (2nd) Materials”

QUARTERLY RESULTS
FY2024 Q1

Q1 Financial Summary

Revenue at **¥1,644m, +73% YoY**, driven by Financial Infrastructure.

YoY income growth significantly improved, and **despite a tendency for better results in H2, all segments were in the black from Q1.**

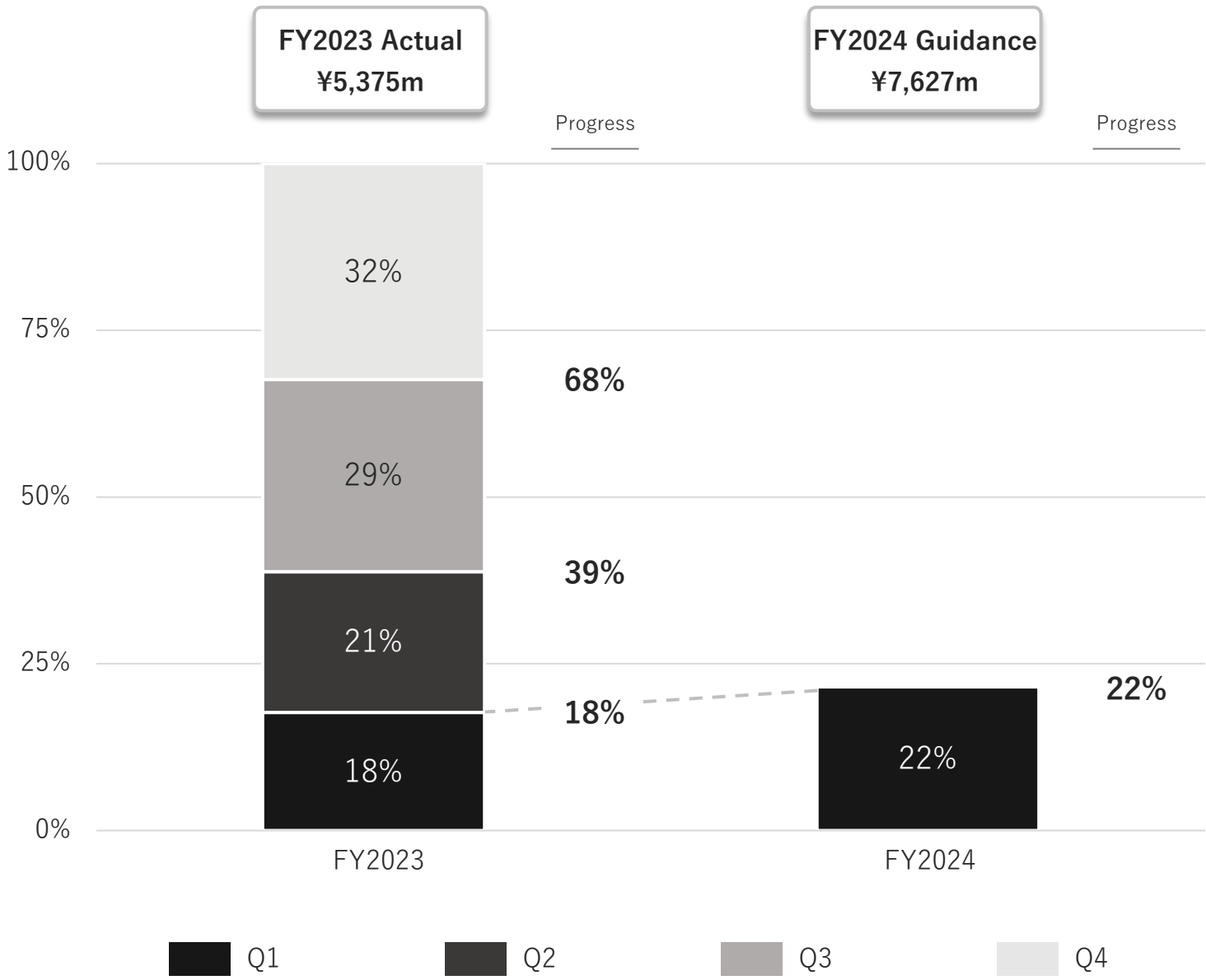
	FY2024 Q1	FY2023 Q1	YoY	Major Factors
Revenue	**1,644**	**952**	**+73%**	• Increase in one-off and usage-based revenue in Financial Infrastructure drove the overall growth
COGS	637	444	+44%	• Rise in labor and outsourcing expenses due to rising number of projects
Gross Profit	**1,006**	**508**	**+98%**	
COGS Ratio	61%	53%	-	
Adj. SG&A[1]	783	620	+26%	• Rise in communication expense and revenue sharing due to business expansion and currency depreciation
Adj. SG&A Ratio	48%	65%	-	
Adj. EBITDA[2]	**223**	**▲ 112**	**-**	
Adj. EBITDA Margin	14%	▲ 12%	-	
Depreciation + Stock-based compensation expense	51	16	+212%	• Recorded expenses of paid SO issued in April 2024 (¥26m)
Margin	3%	2%	-	
Operating Income	**172**	**▲ 128**	**-**	
Operating Margin	10%	▲ 14%	-	
Ordinary Income	168	▲ 129	-	
Net Income Attributable to Owners of Parent	117	▲ 140	-	

1. Adj. SG&A expense = SG&A expense - (Depreciation + Stock-based compensation expense)
2. Adj. EBITDA = Operating income + (Depreciation + Stock-based compensation expense)

Revenue Progress

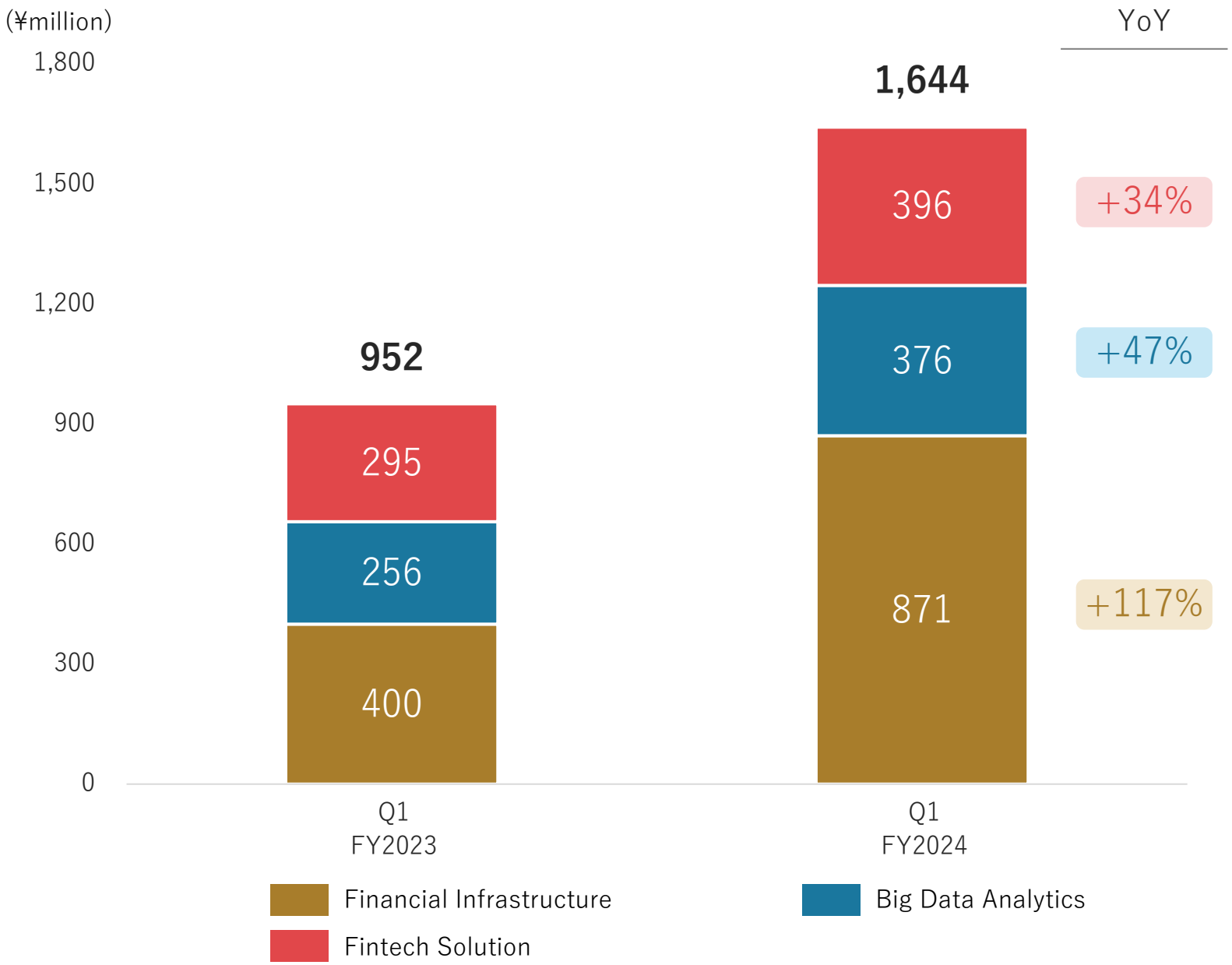
Although the progress rate compared to the annual plan remains at 22%, it is trending at a higher level than last year.

Since revenue tends to be weighted towards the second half of the year, we expect a progress rate of 40% for the first half, indicating that progress is on track as planned.

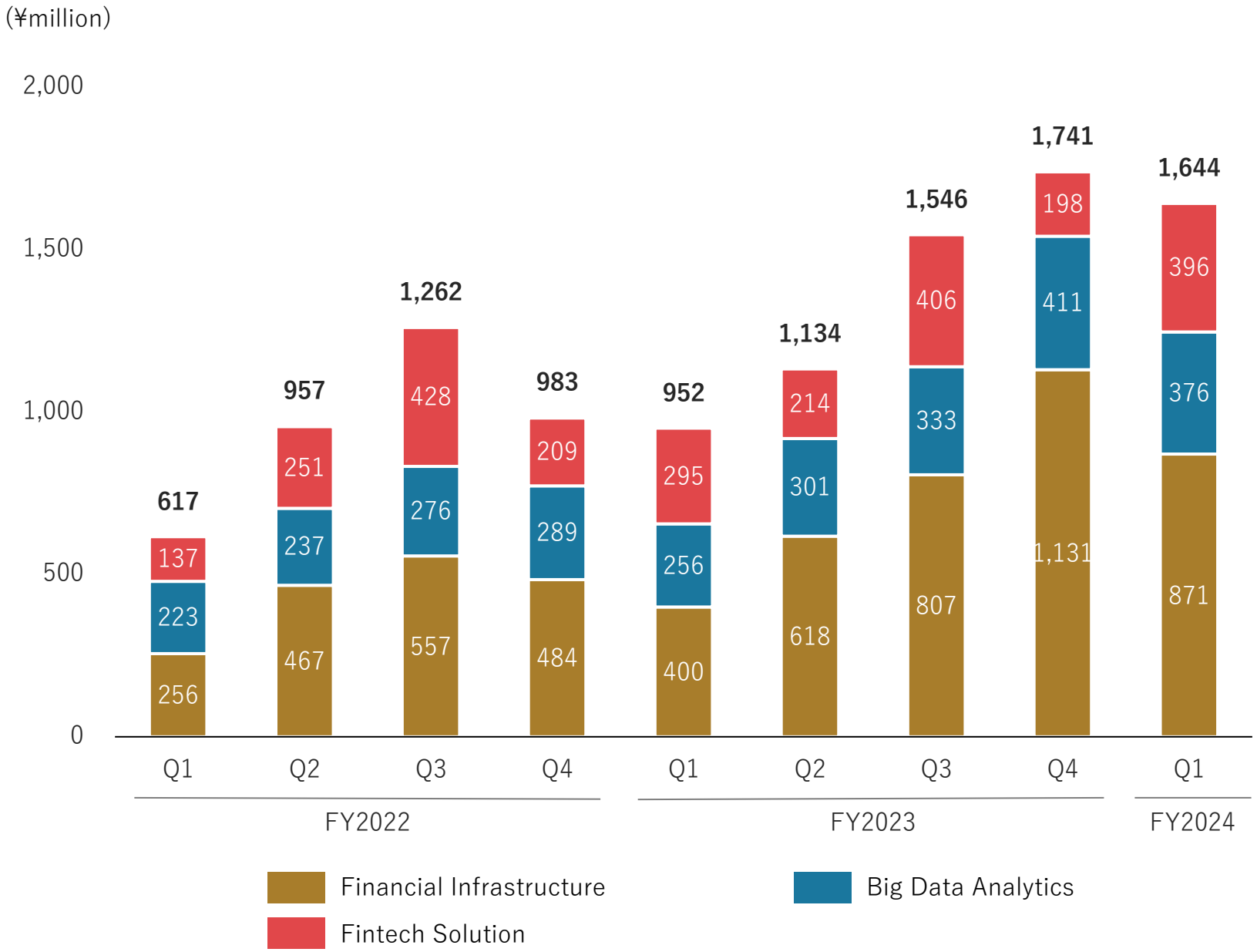


Revenue by Segment

Financial Infrastructure drove revenue growth with **+117% YoY**.

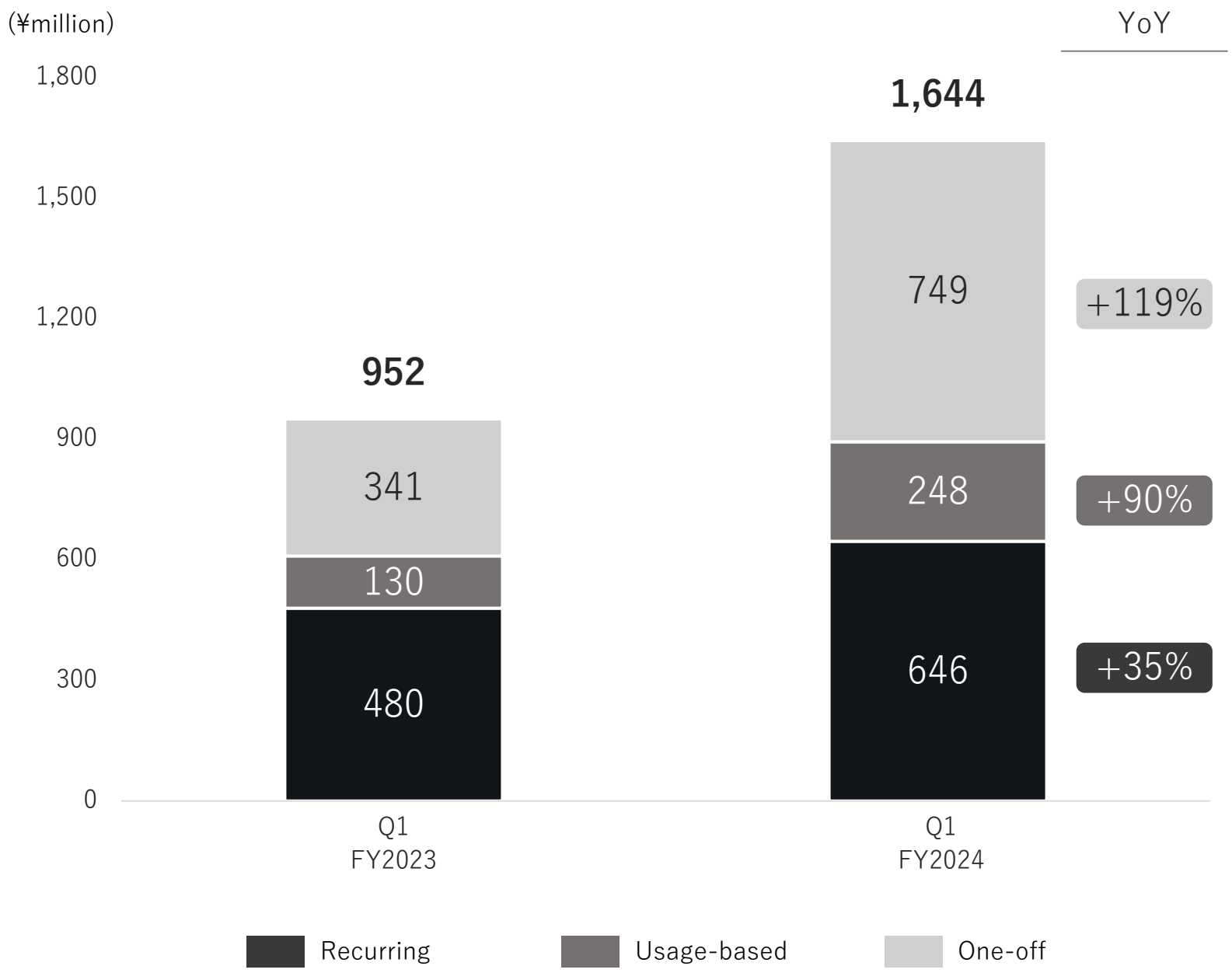


Revenue by Segment

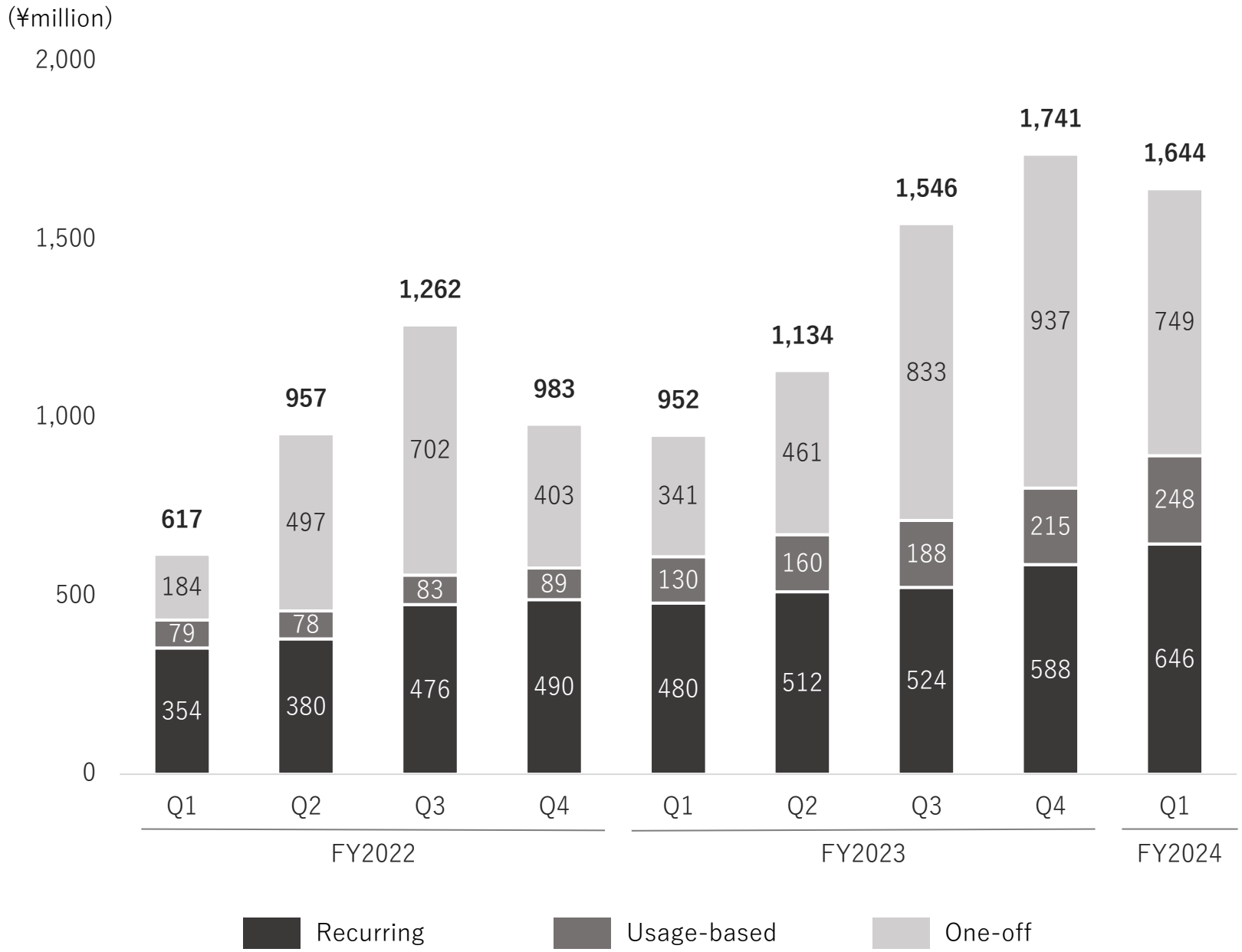


Revenue by Type

Due to the increased number of Financial Infrastructure partners and growth in AUM, **one-off revenue +119% YoY and usage-based revenue +90% 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.

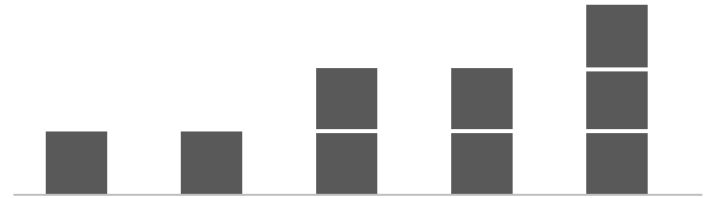
1 One-off

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



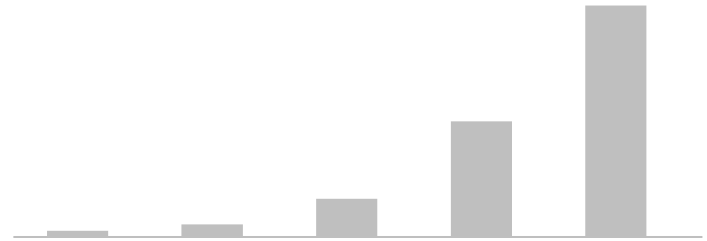
2 Recurring

- Recurring revenue received monthly from existing partners for operations



3 Usage-based

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

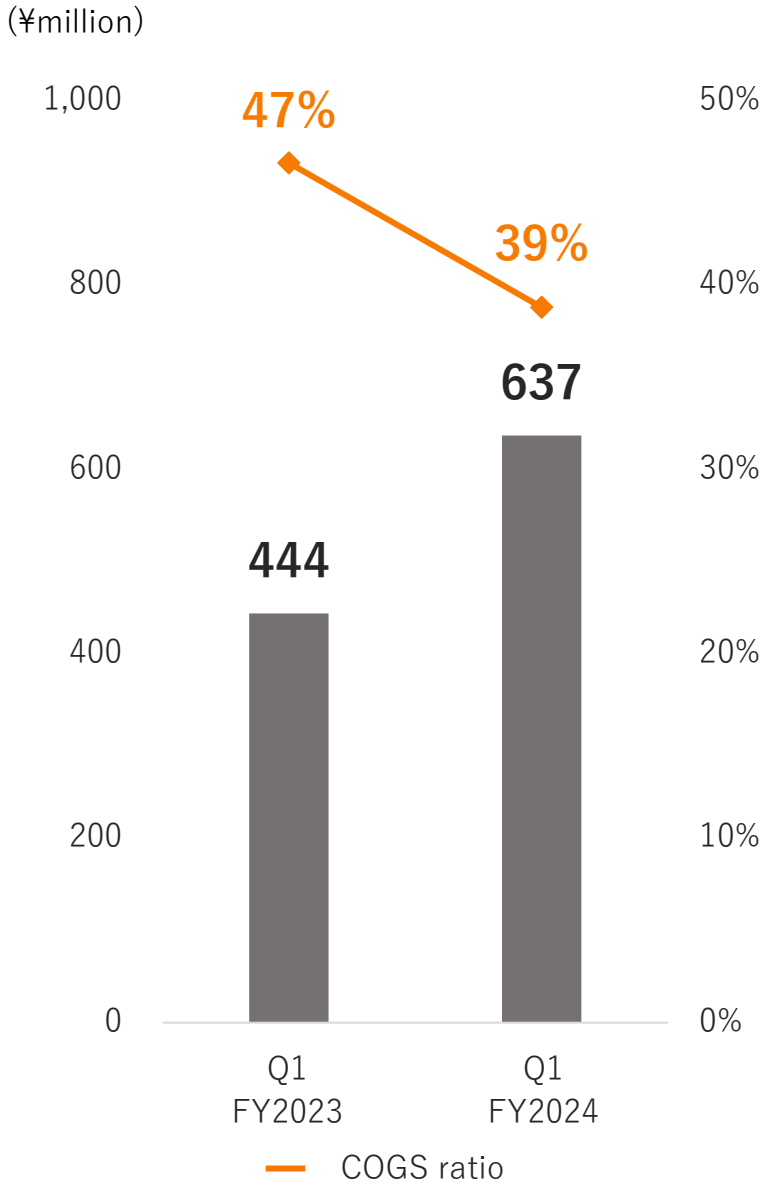


COGS and SG&A

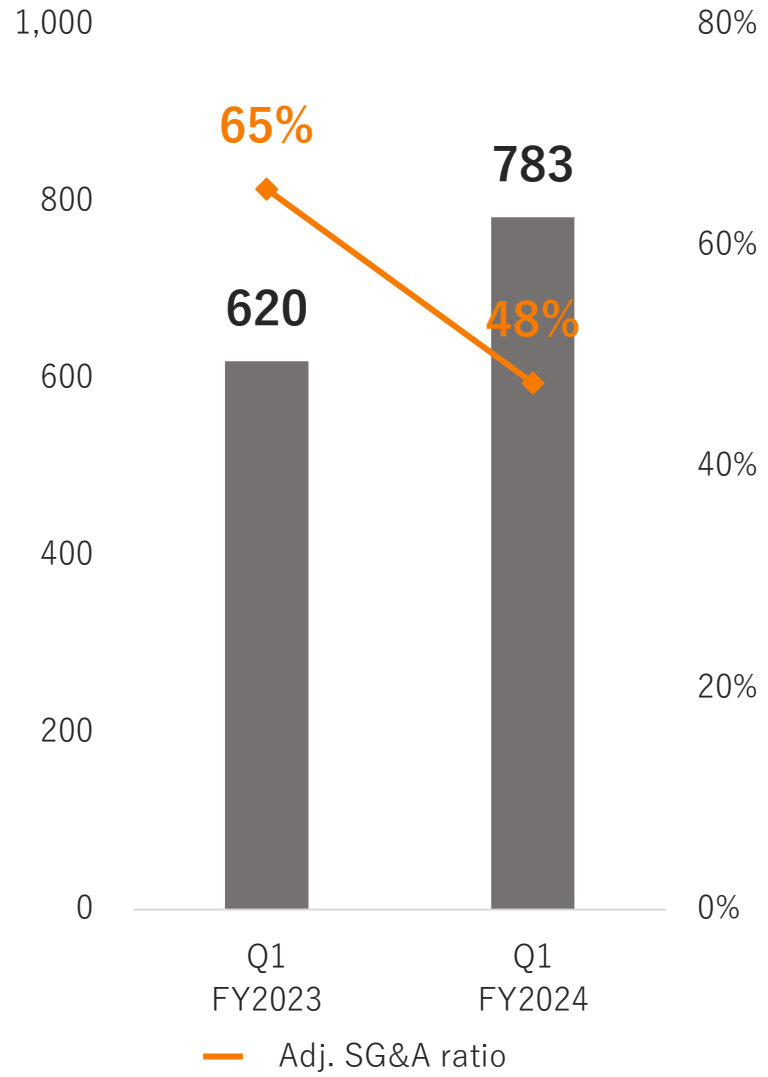
While revenue increased by +73%, COGS remained at YoY +44%, reducing COGS ratio to 39%.

Adjusted SG&A expenses were also capped at YoY +26%, bringing SG&A ratio to 48%.

COGS



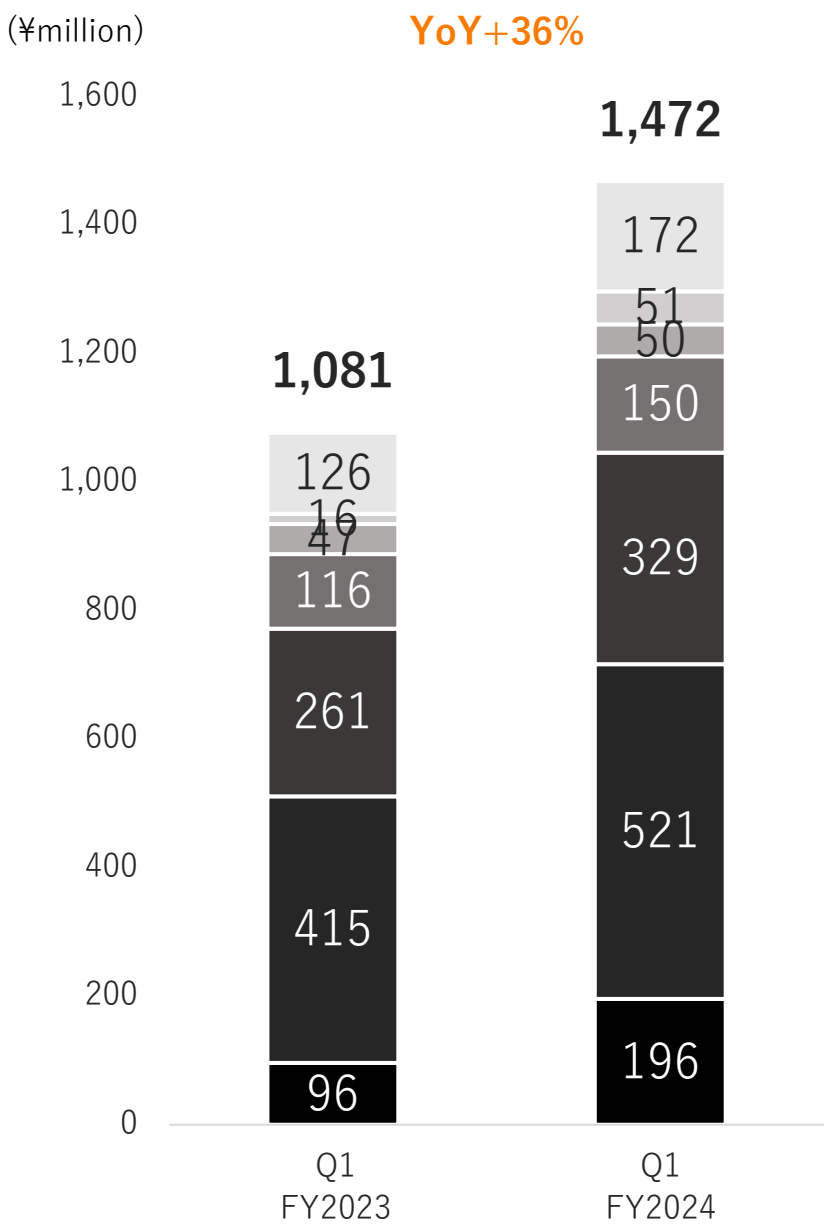
Adj. SG&A expense[1]



1. Adj. SG&A expense = SG&A expense - (Depreciation + Stock-based compensation expense)

Cost Breakdown

Labor and outsourcing expenses are less than originally planned, **overall expenses remained at +36% YoY compared to +73% YoY increase in revenue.**



Other （YoY+36%）
- Increased YoY due to additional office-related expenses

Depreciation + Stock-based Compensation Expense（YoY+212%）
- Recorded expenses of paid SO issued in April 2024 (¥26m)

Advertising Expenses （YoY+7%）
- Trending at roughly the same level as the same period last yearS

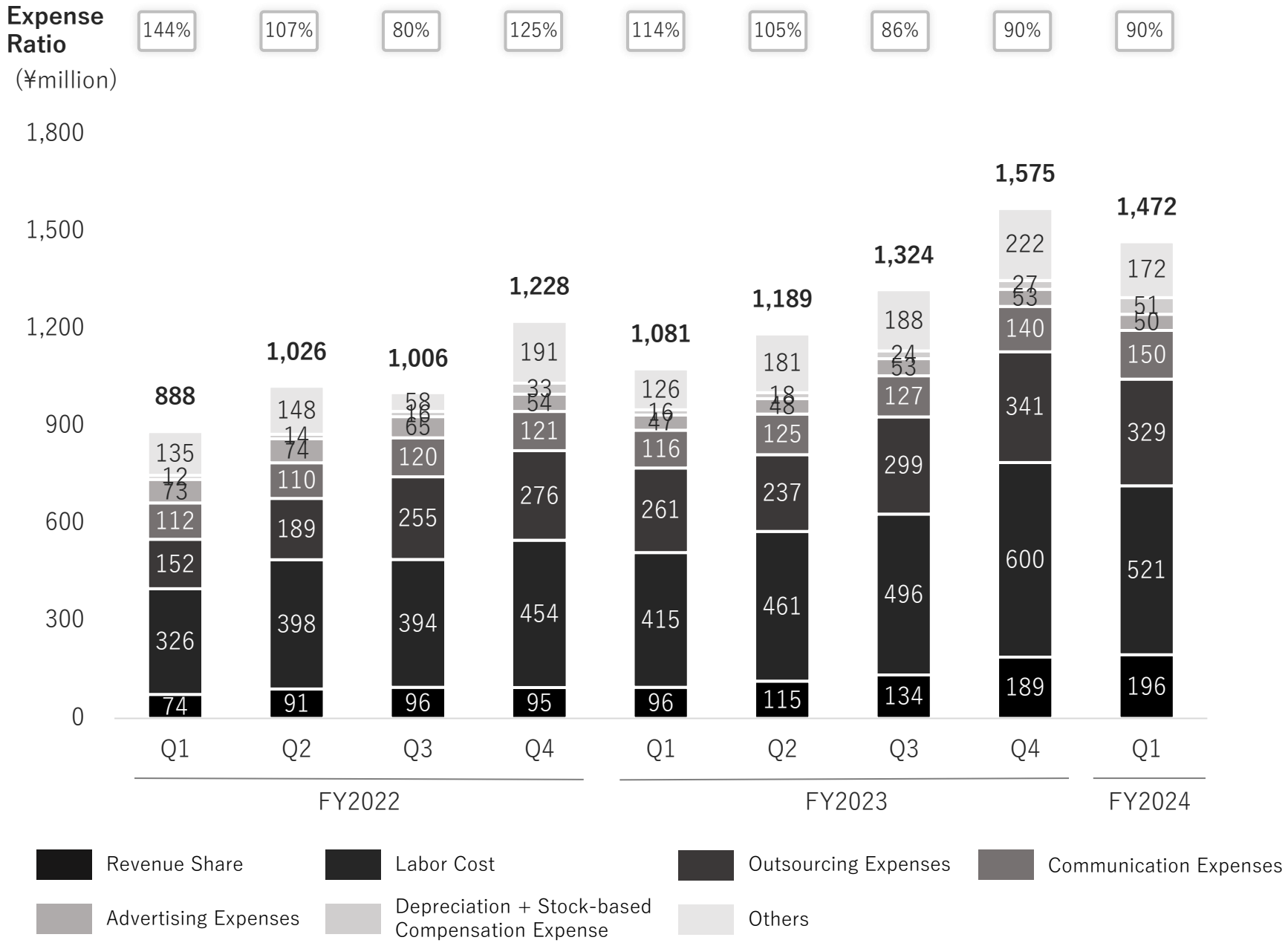
Communication Expenses （YoY+29%）
- Increase due to business expansion and currency depreciation

Outsourcing Expenses （YoY+26%）
- Mainly due to increase in development projects

Labor Cost （YoY+25%）
- Increased due to team expansion

Revenue Share （YoY+103%）
- Increased mainly due to respective growth of Data License Business and Financial Infrastructure

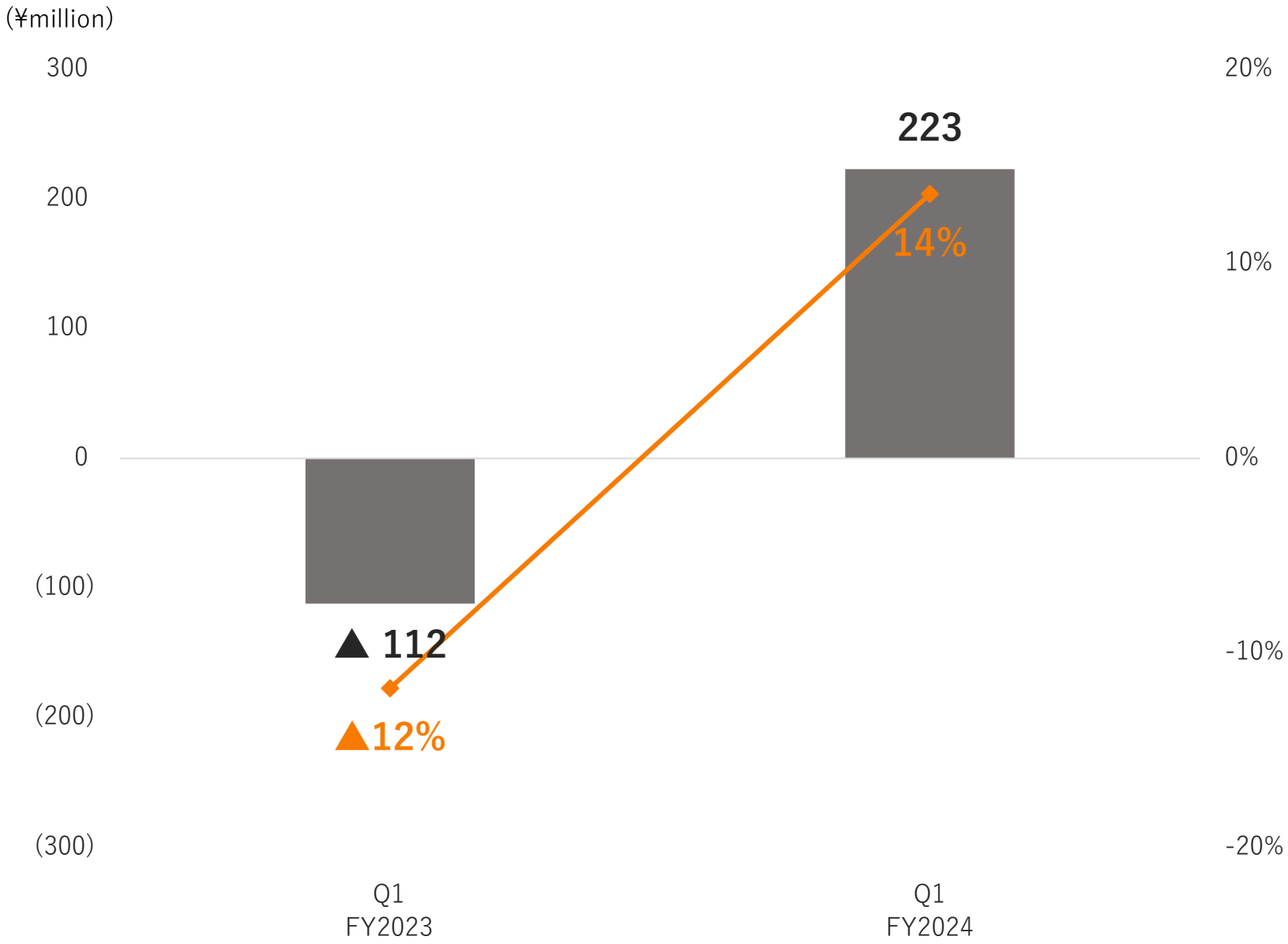
Cost Breakdown



Adj. EBITDA

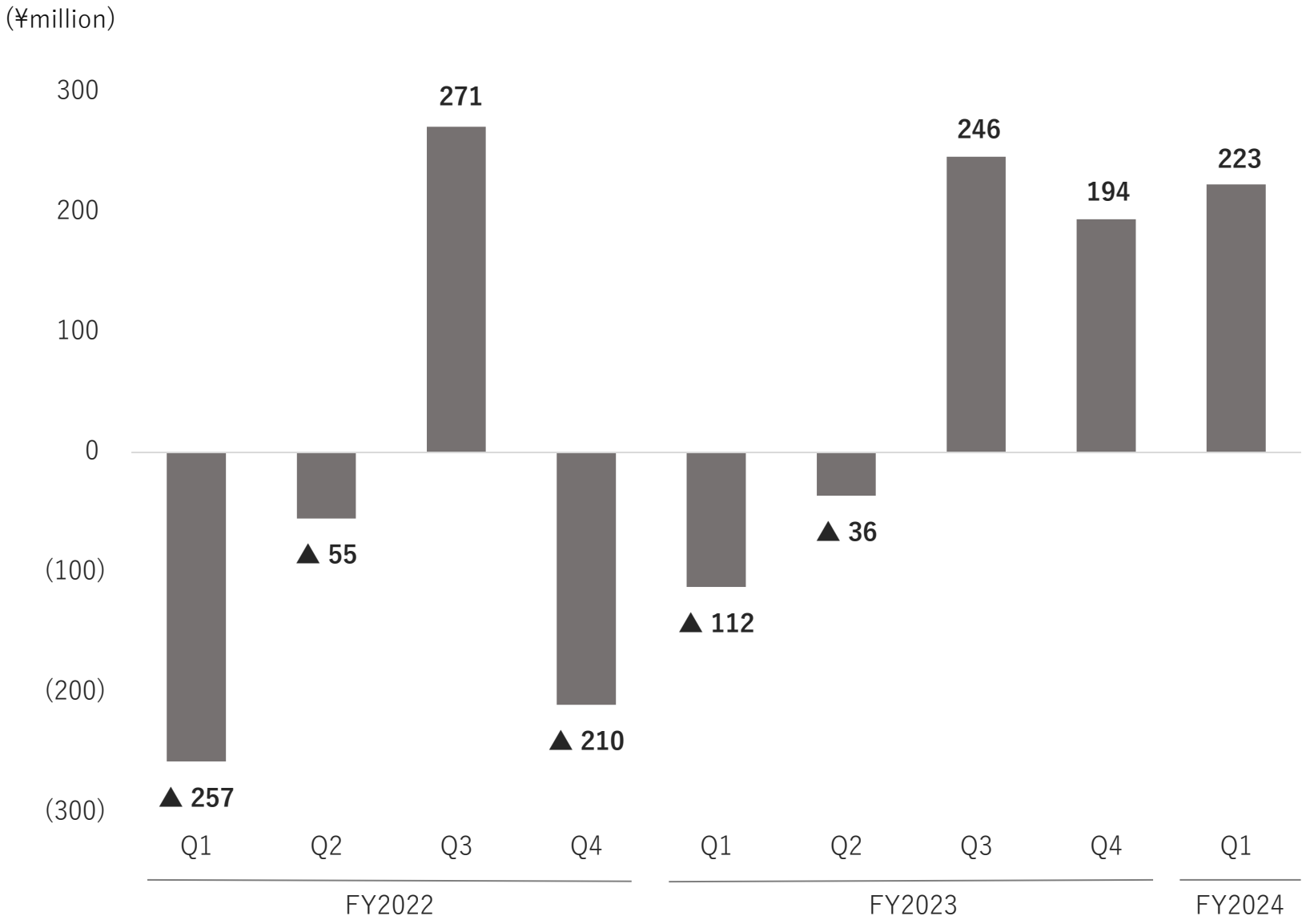
With the increase in revenue, profitability has significantly improved.

Adj. EBITDA[1] margin is trending at 14%, exceeding the annual plan of 12%.



1. Adj. EBITDA = Operating income + (Depreciation + Stock-based compensation expense)

Adj. EBITDA

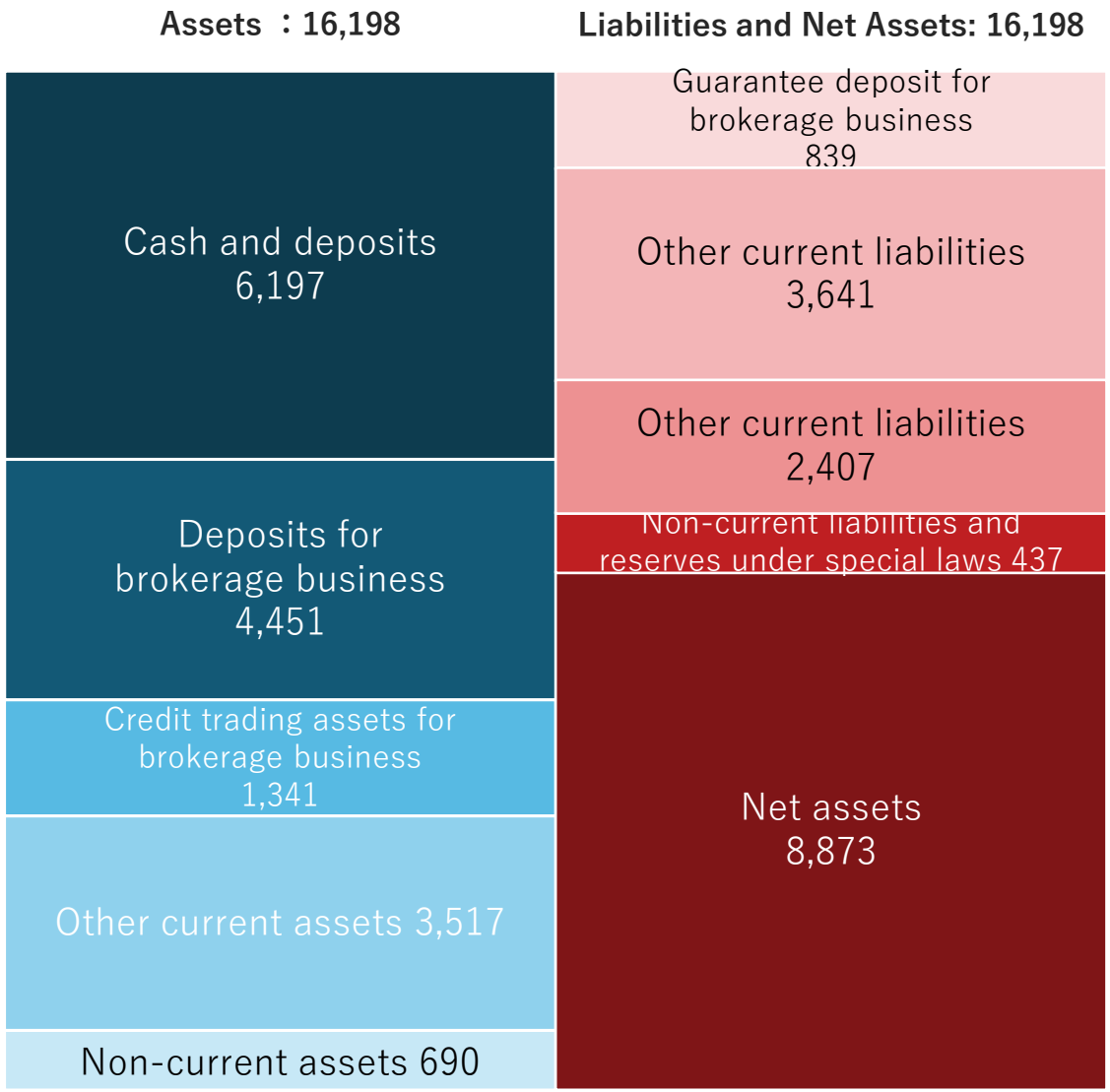


1. Adj. EBITDA = Operating income + (Depreciation + Stock-based compensation expense)

Balance Sheet

Strong financial base with about ¥6.2b in cash and deposits as of the end of June 2024.

(¥million)

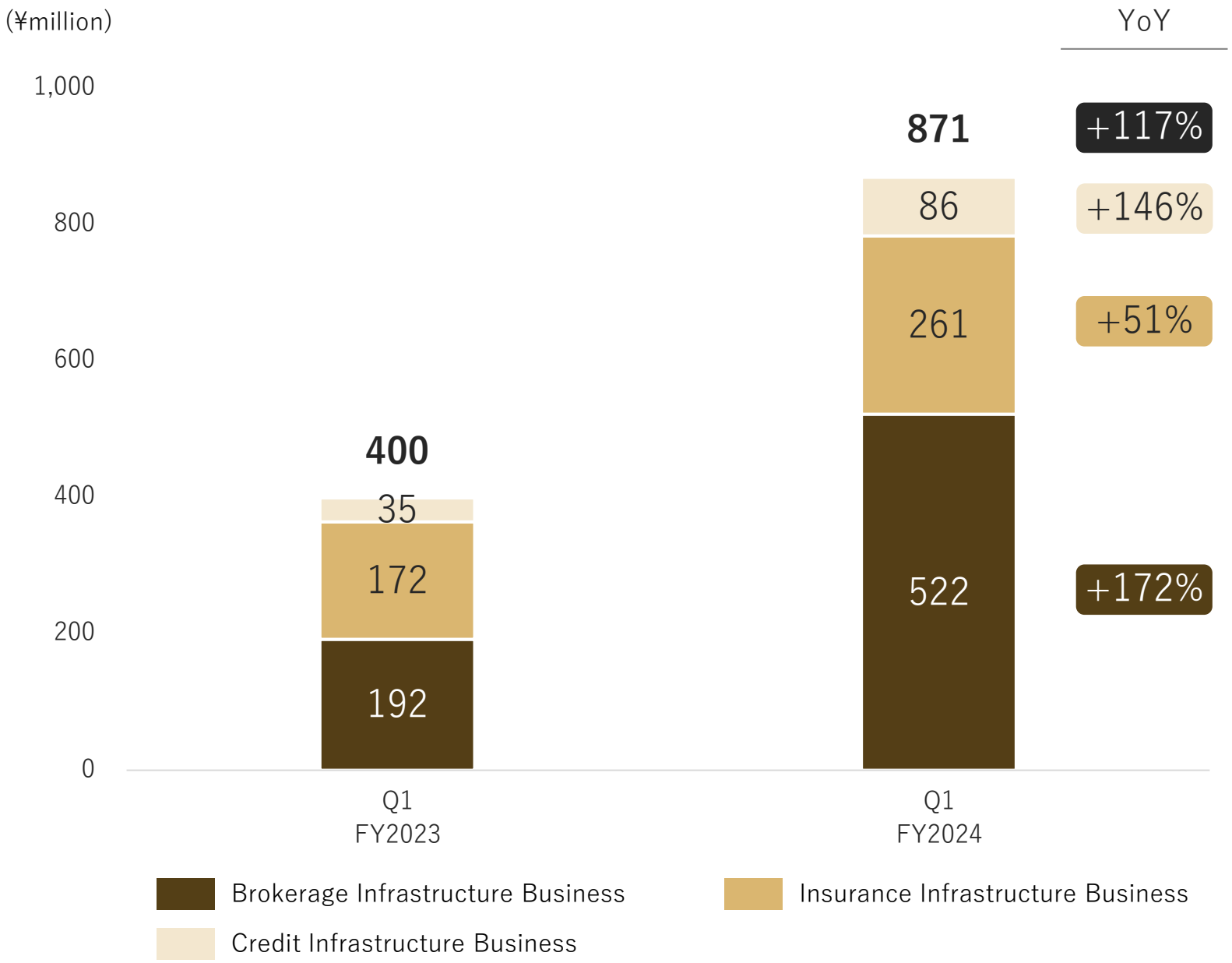


QUARTERLY RESULTS BY SEGMENT FY2024 Q1

FINANCIAL INFRASTRUCTURE

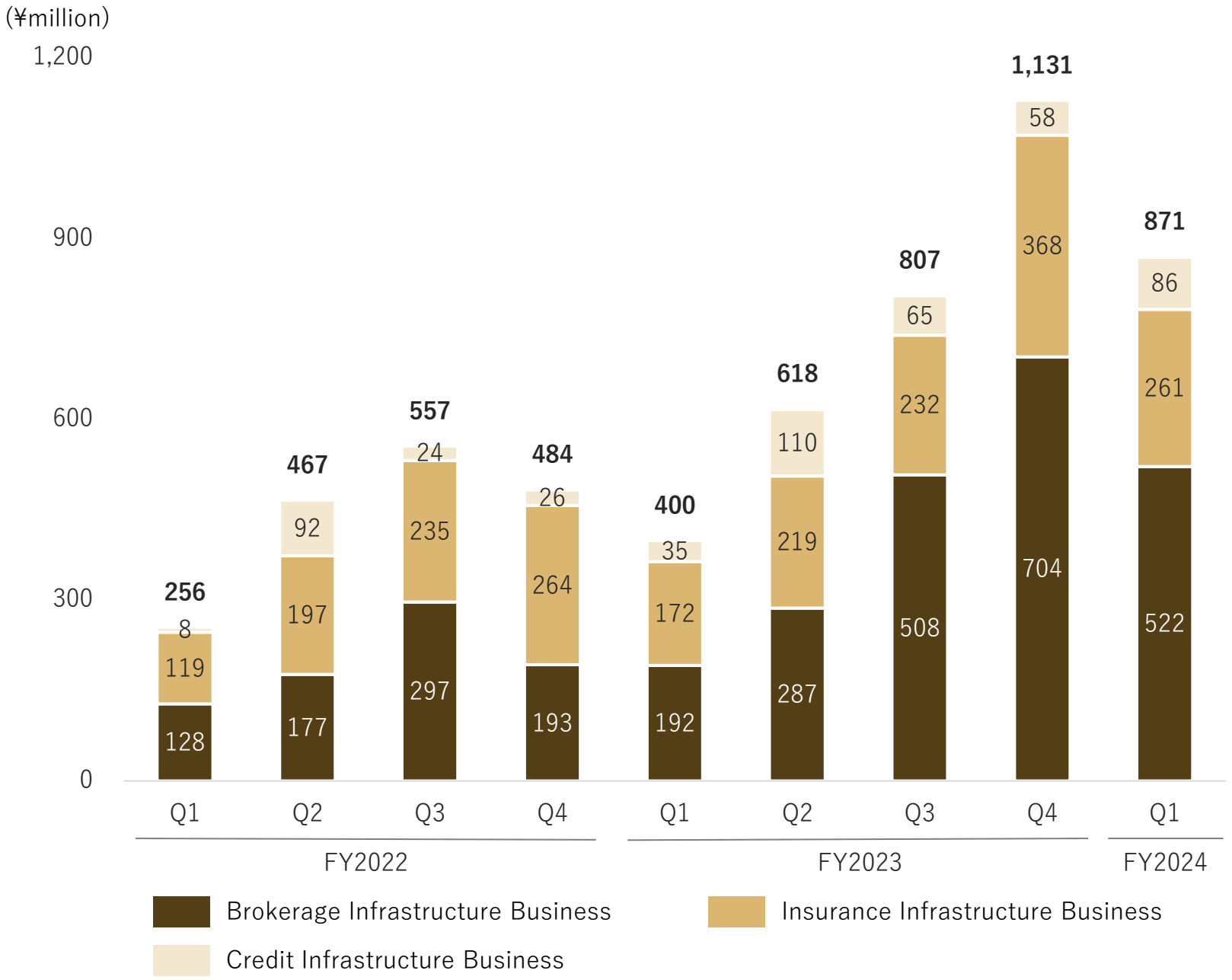
Revenue by Business

While all businesses are growing, particularly Brokerage Infrastructure grew more than 2.5 times, resulting in a revenue increase of **+117% yoy to ¥871m**.



FINANCIAL INFRASTRUCTURE

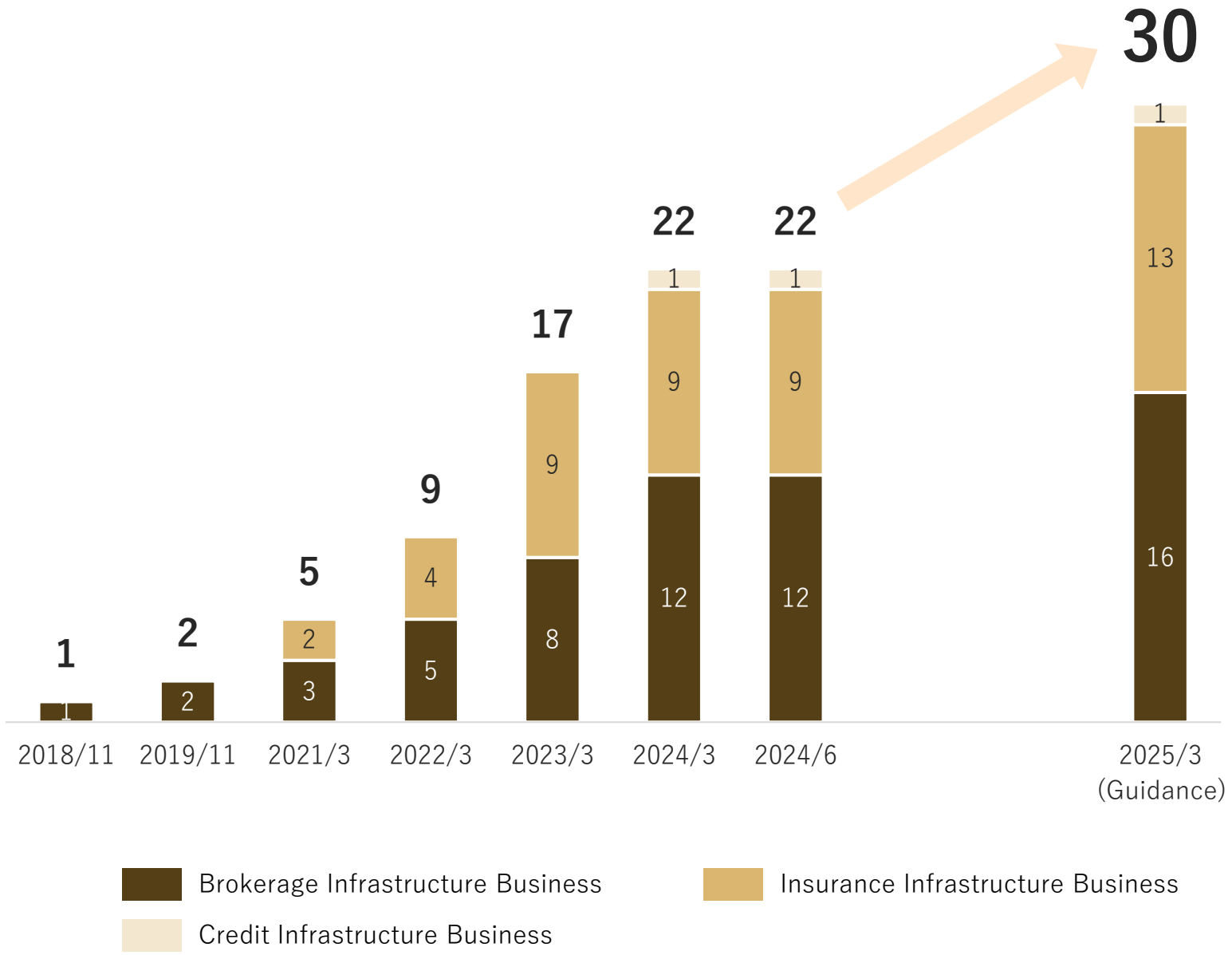
Revenue by Business



FINANCIAL INFRASTRUCTURE

Number of Partners

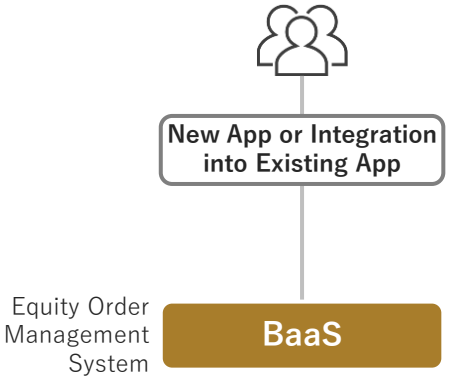
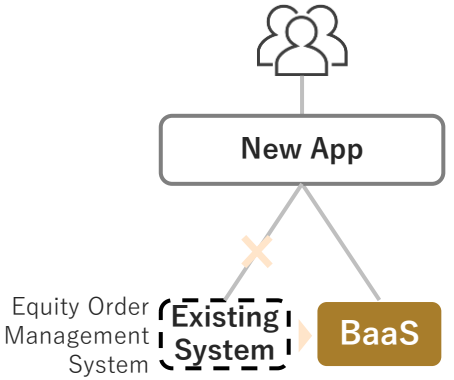
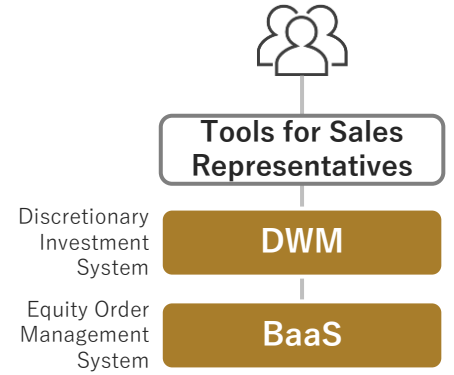
Although there were no new introductions for both brokerage and insurance in Q1, the pipeline is steadily building up towards the end-of-year goals.



Focus of Brokerage Infra.

As for Brokerage Infrastructure, there are 3 main patterns.

In this fiscal year, the focus will be on supporting direct sales for asset managers and discretionary investment management services for IFAs (DWM).

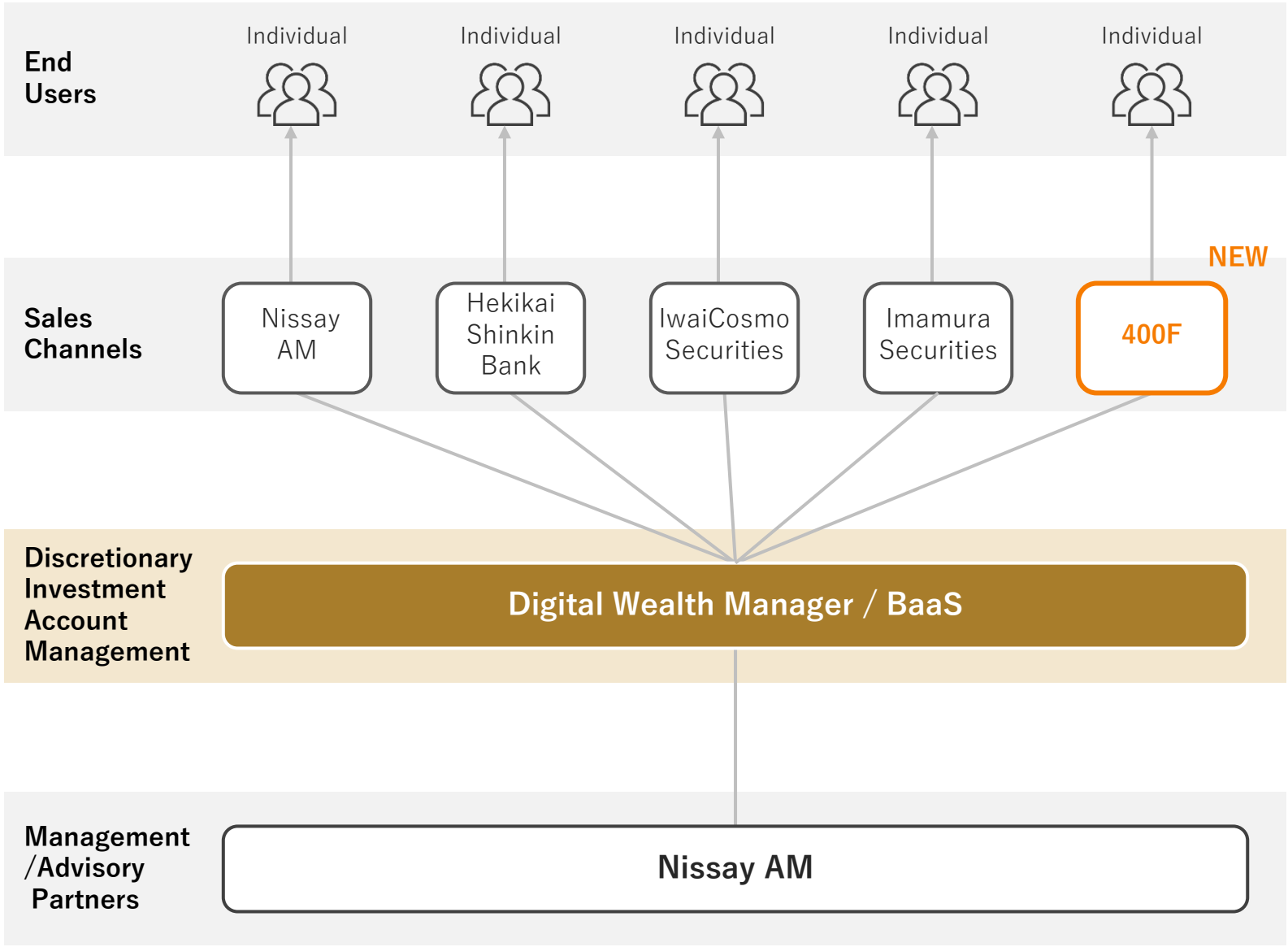
Embedded Investment by Non-FIs	• Players with large customer bases leverage their customer contact and context to reach potential users. • Support the development of investment services from planning stages tailored to partners, such as enabling the provision of investment functions within existing services. • 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

Expansion of Sales Channels

For discretionary investment management, we aim not only to acquire new partners but also to expand the sales channels of existing partners.

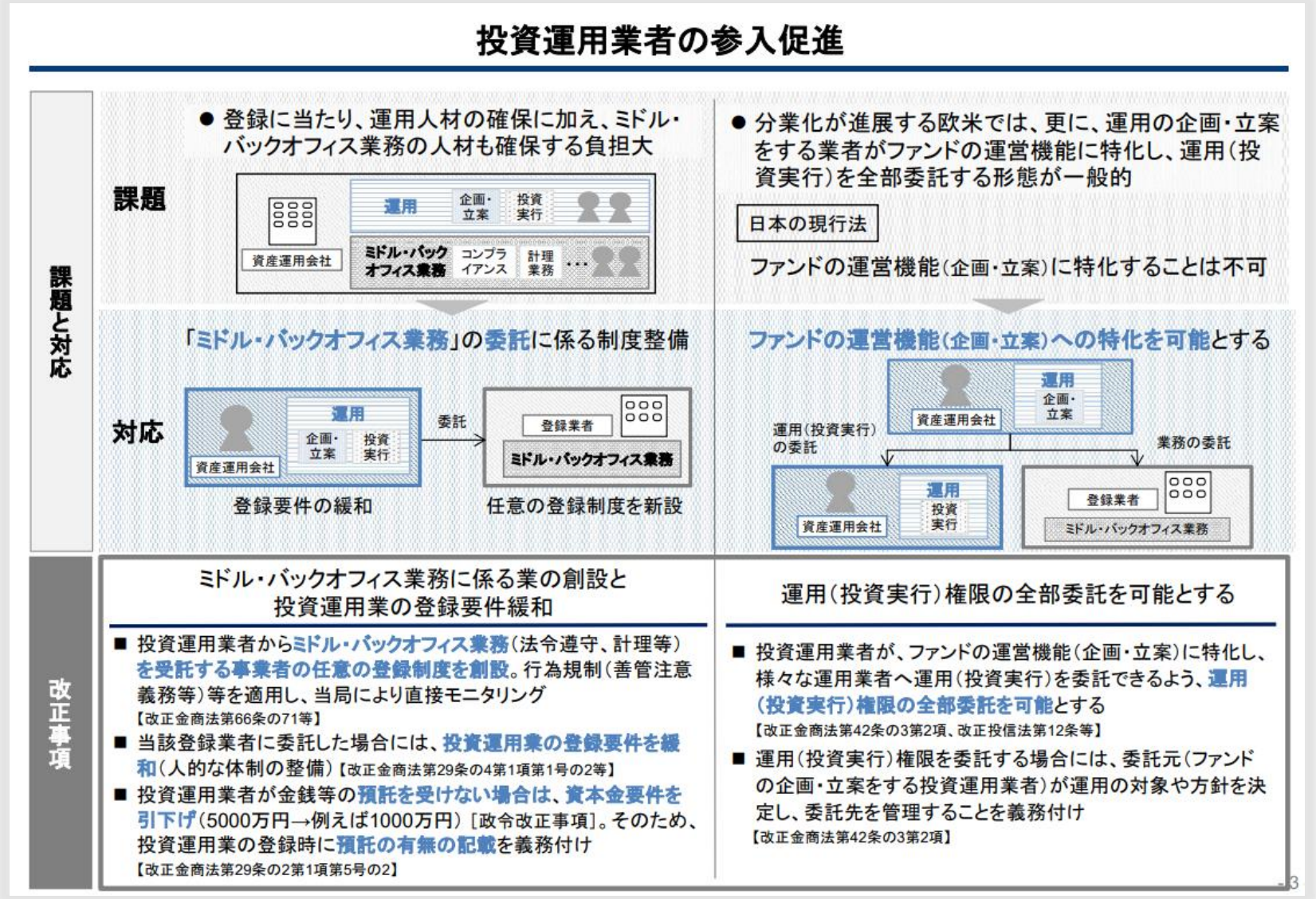
Through channel expansion, we aim to increase usage-based revenue with higher AUM of partners' service.



Legal Reform Brings in New Opportunities

Financial Instruments and Exchange Act was amended towards realizing a “nation of asset management,” with a voluntary registration for businesses which are delegated by AM firms for middle-back office and investment operations.

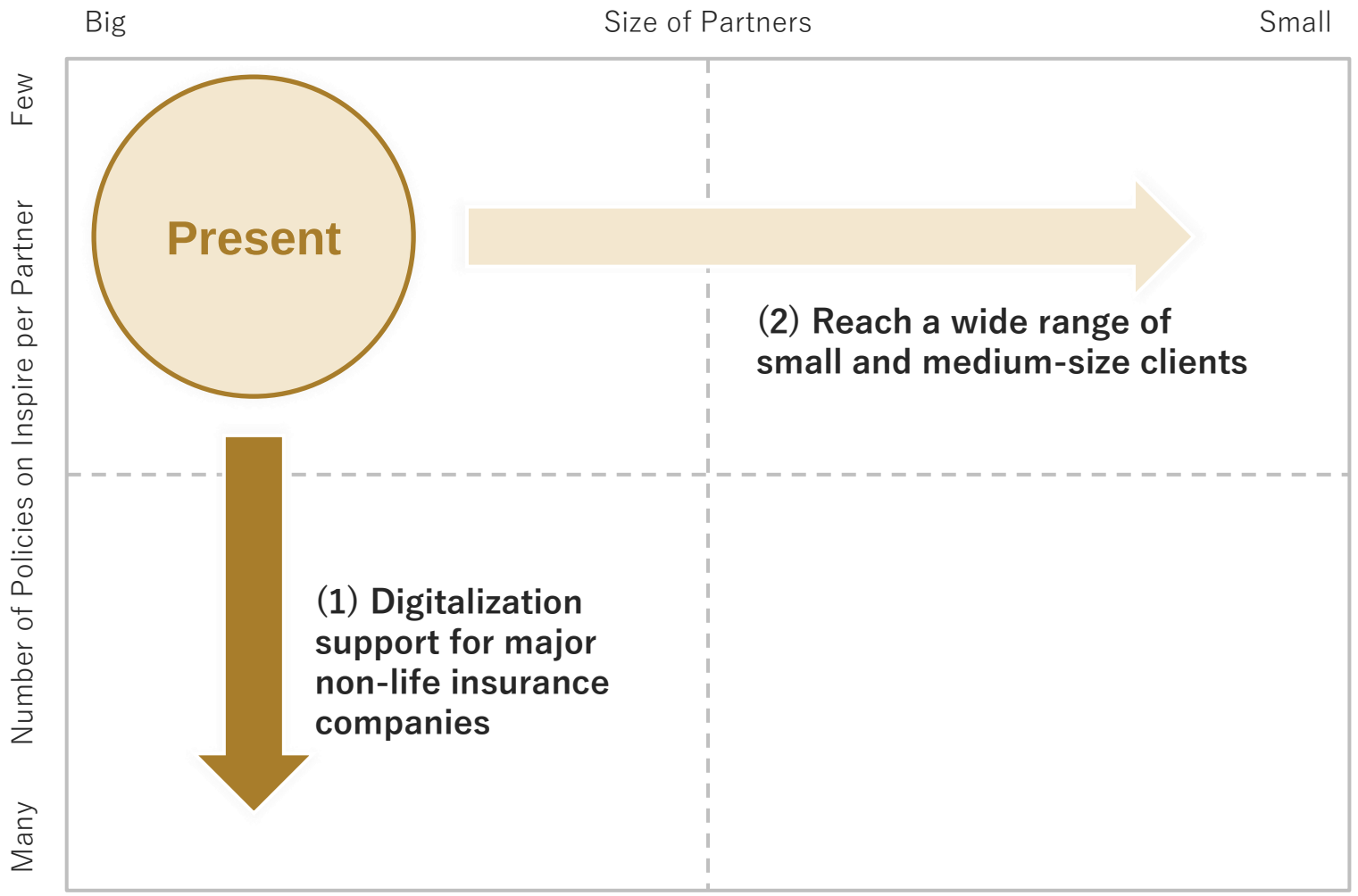
Considering entry into the business of middle-back office and investment operations using BaaS.



Credit: “Bill to partially amend the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations”, Financial Services Agency

Focus of Insurance Infrastructure

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

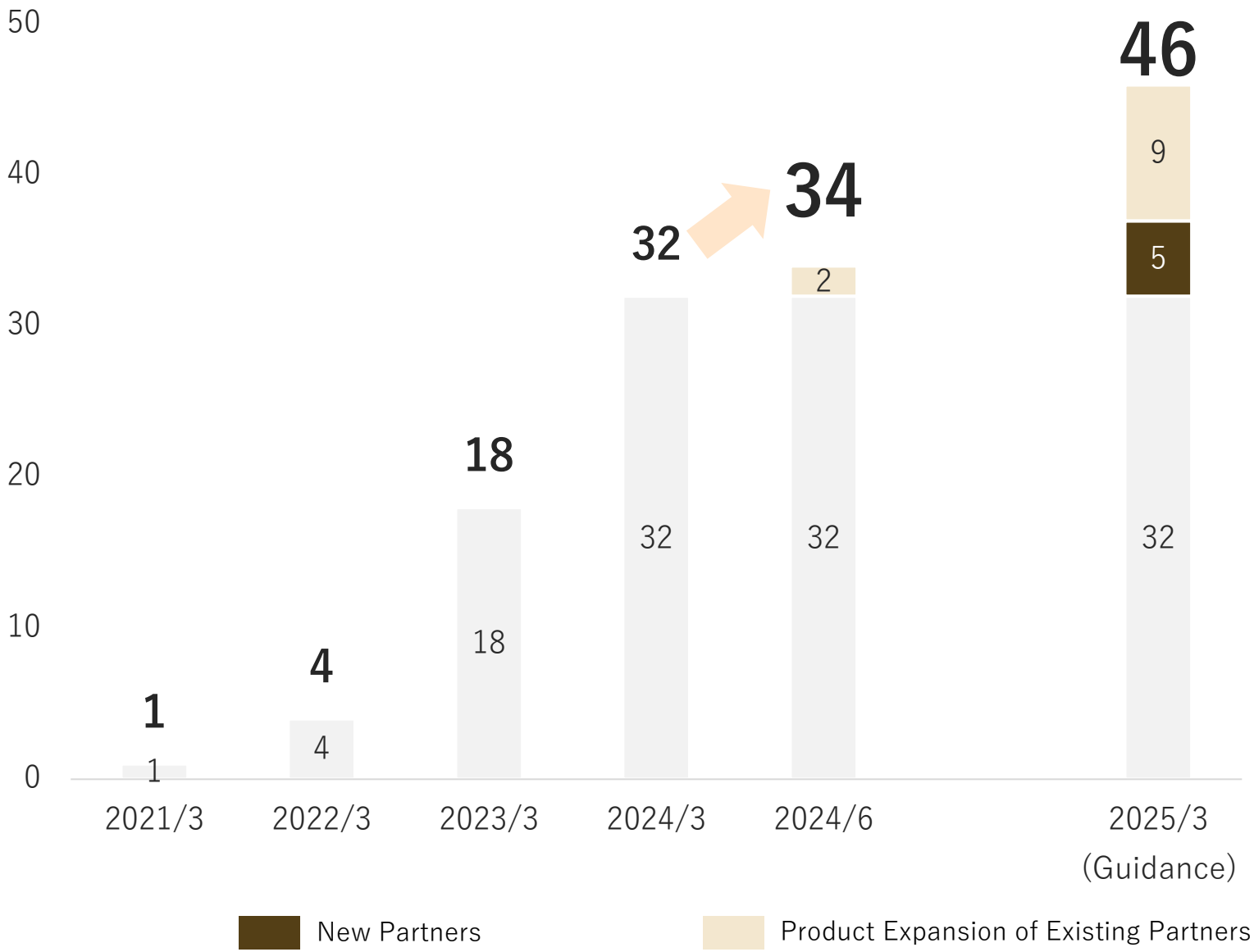


FINANCIAL INFRASTRUCTURE

DX Support for Non-Life Insurance Companies

Centering on product expansion of existing partners, we aim to raise the number of insurance products on Inspire to 46.

This quarter, with Tokio Marine adding 2 more products on Inspire (see p.10), the number of products increased from 32 to 34.

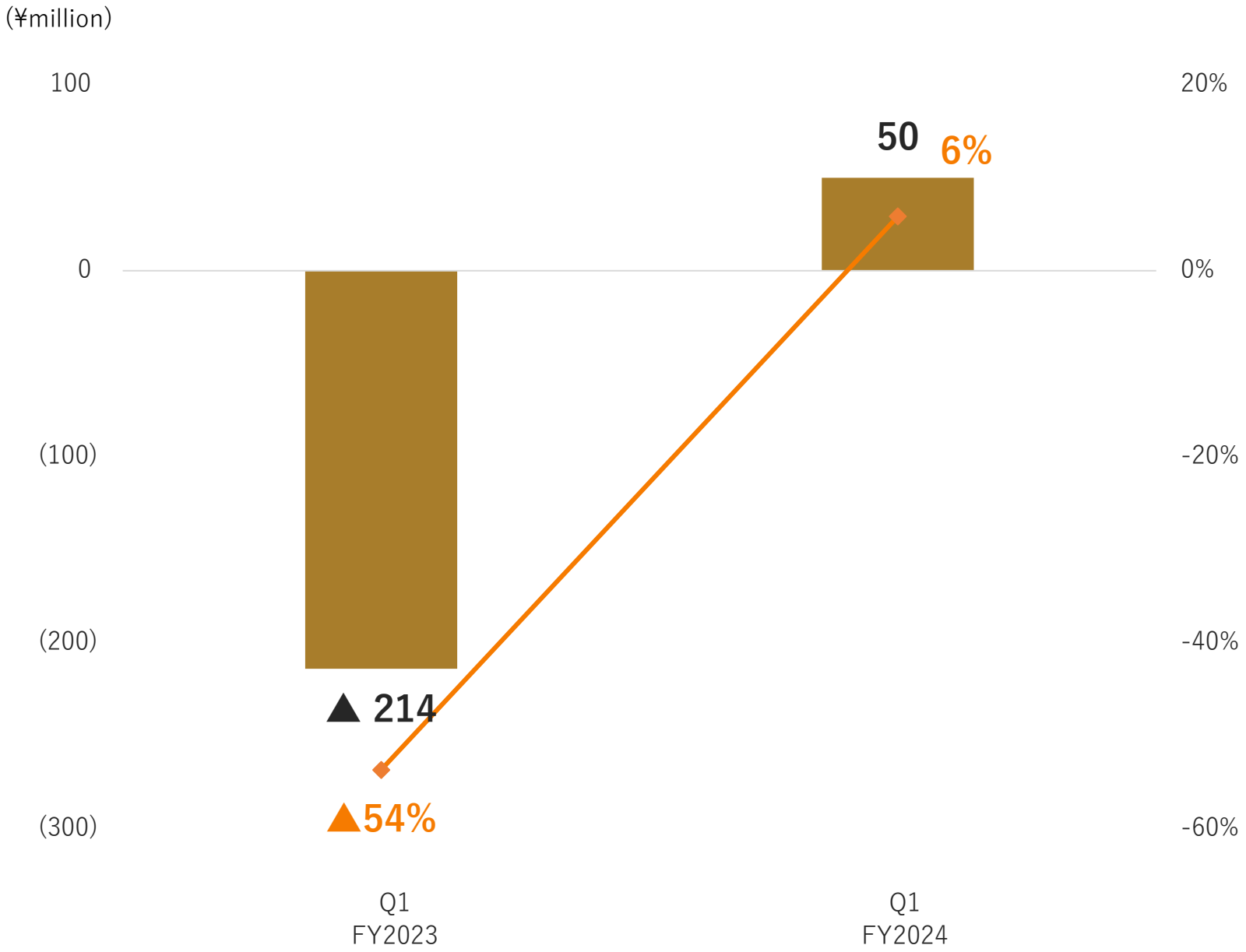


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FINANCIAL INFRASTRUCTURE

Operating Margin

Profitability significantly improved as the business scale expanded, **achieving the first profitability in this segment.**

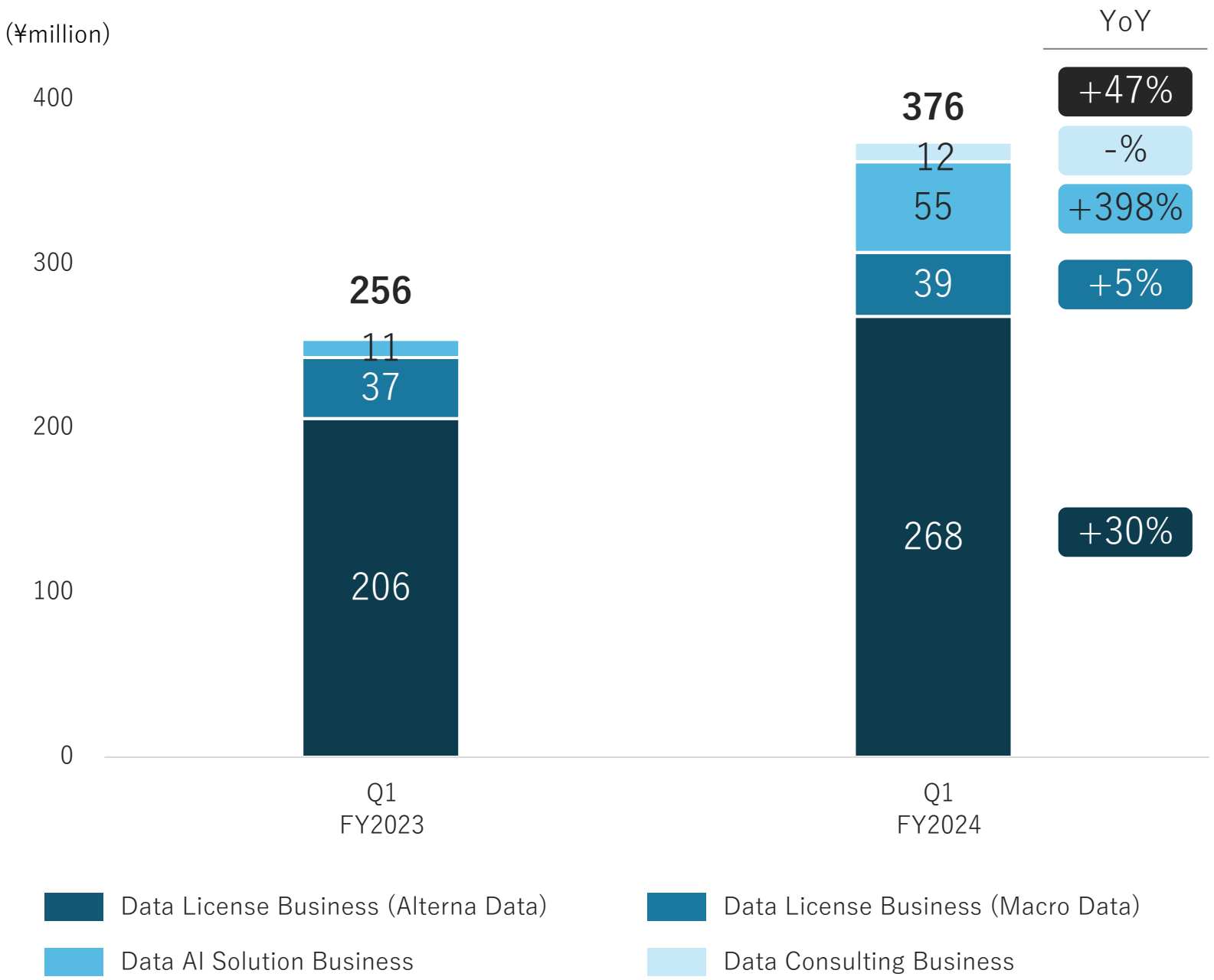


Revenue by Business

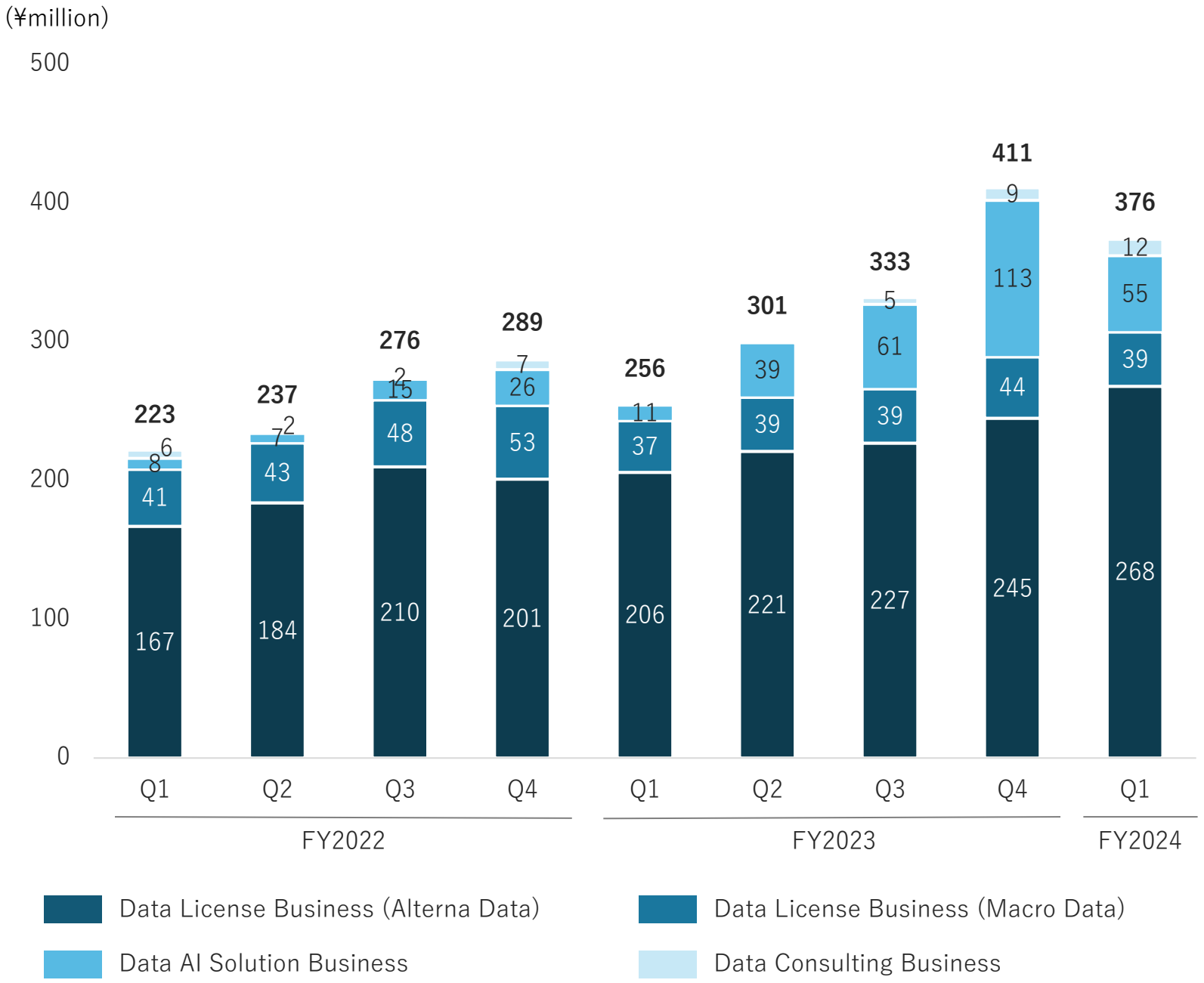
In addition to Alterna Data growing by YoY +30% partially due to weak yen, Data AI Solution saw significant growth with the acquisition of multiple projects. As a result, **revenue recorded ¥376m, YoY +47%.**

Disclosure Change

From this fiscal year, “Data AI Solution Business” is split out from “Data Consulting Business” for disclosure.



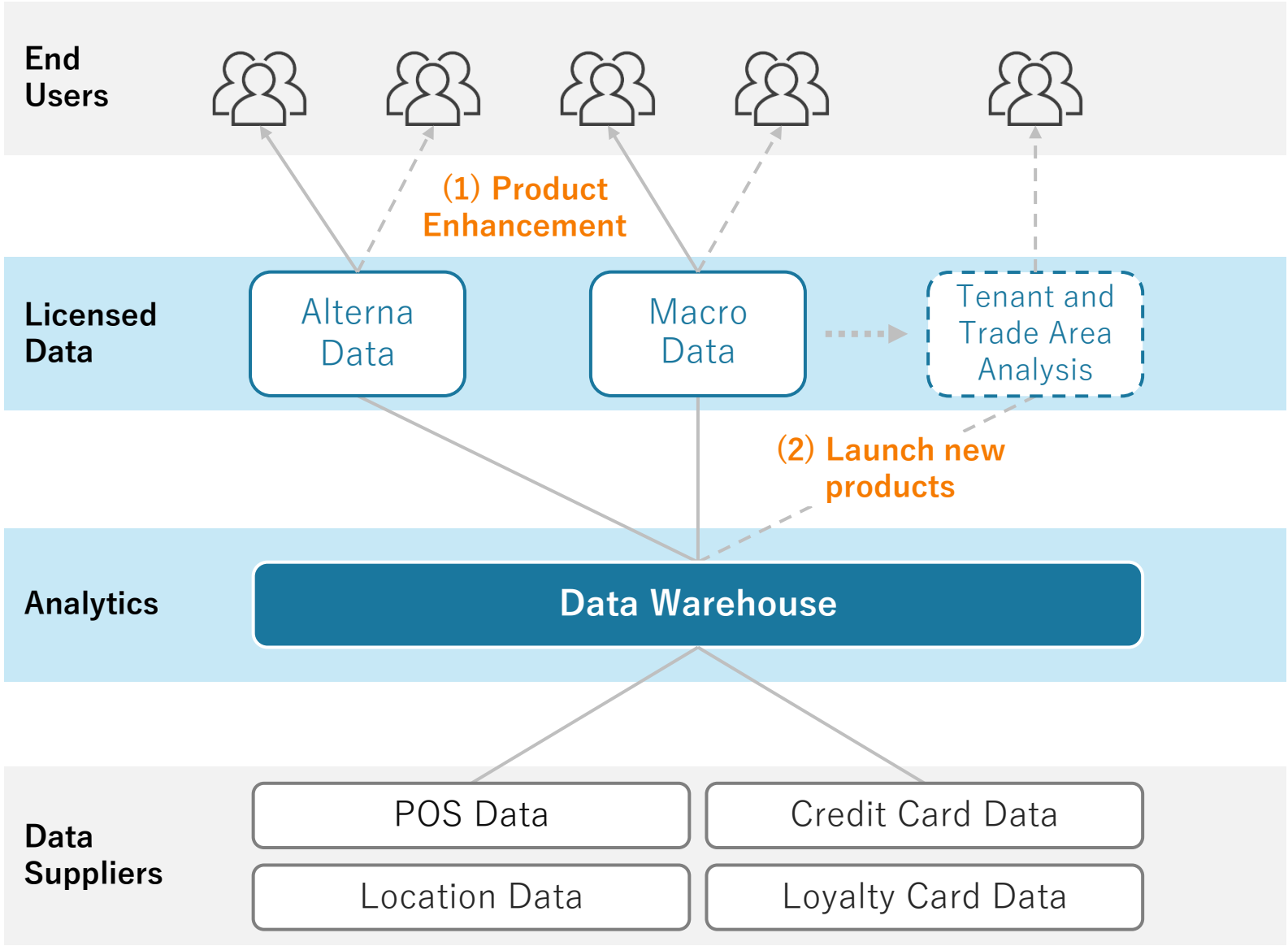
Revenue by Business



Strategy of Data License

As to Alterna Data, we enhance our products through the expansion of data variety.

As to Tenant and Trade Area Analysis, we aim to expand the provision of sales forecasting model for new store and basket analysis model built in the last fiscal year.



New Data Partner

Started working with an employee count data provider, truestar, in Alterna Data.

After cleansing and analyzing the employee count data of ~2m firms including ~3,000 domestic listed firms, we provide it to institutional investors.

Number of data partners is now 11.

List of Data Partners

	Data Supplier	Data Type	Major Collaboration
1	Nikkei	POS data	• Macro Data • Alterna Data
2	True Data	POS data	• Alterna Data
3	CCC Marketing	Rewards program data	• Alterna Data
4	JCB	Credit card data	• Macro Data
5	BCN	Electronics POS data	• Alterna Data
6	KDDI	Location data	• Alterna Data • Tenant and Trade Area Analysis
7	Credit Saison	Credit card data	• Tenant and Trade Area Analysis
8	HRog	Job advertisement data	• Alterna Data • Macro Data
9	Toshiba Data	Electronic receipt data	• Alterna Data
10	M-Data	TV commercials data	• Alterna Data
11	**truestar**	**Employee count data**	• **Alterna Data**

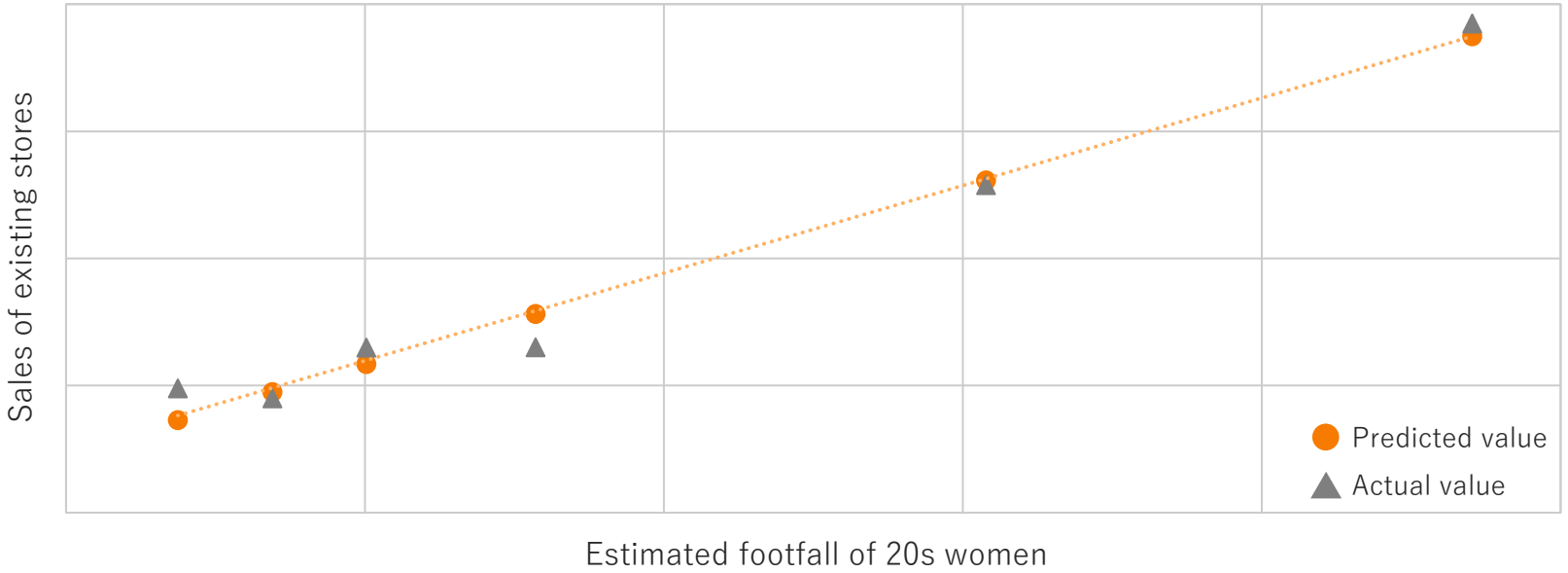
Tenant and Trade Area Analysis

Our sales forecasting model, which uses location data, assisted Good Idea Company, a pastry shop owner, in deciding on new store openings.

New-store sales in the target area is predicted by leveraging sales data of existing stores and KDDI's location data.

Sales Forecasting Model using Location Data

- Verify whether sales can be forecasted from the annual footfall in front of stores.
- Analyze sales of existing offline stores and footfall of 20s women passing in front of each store.



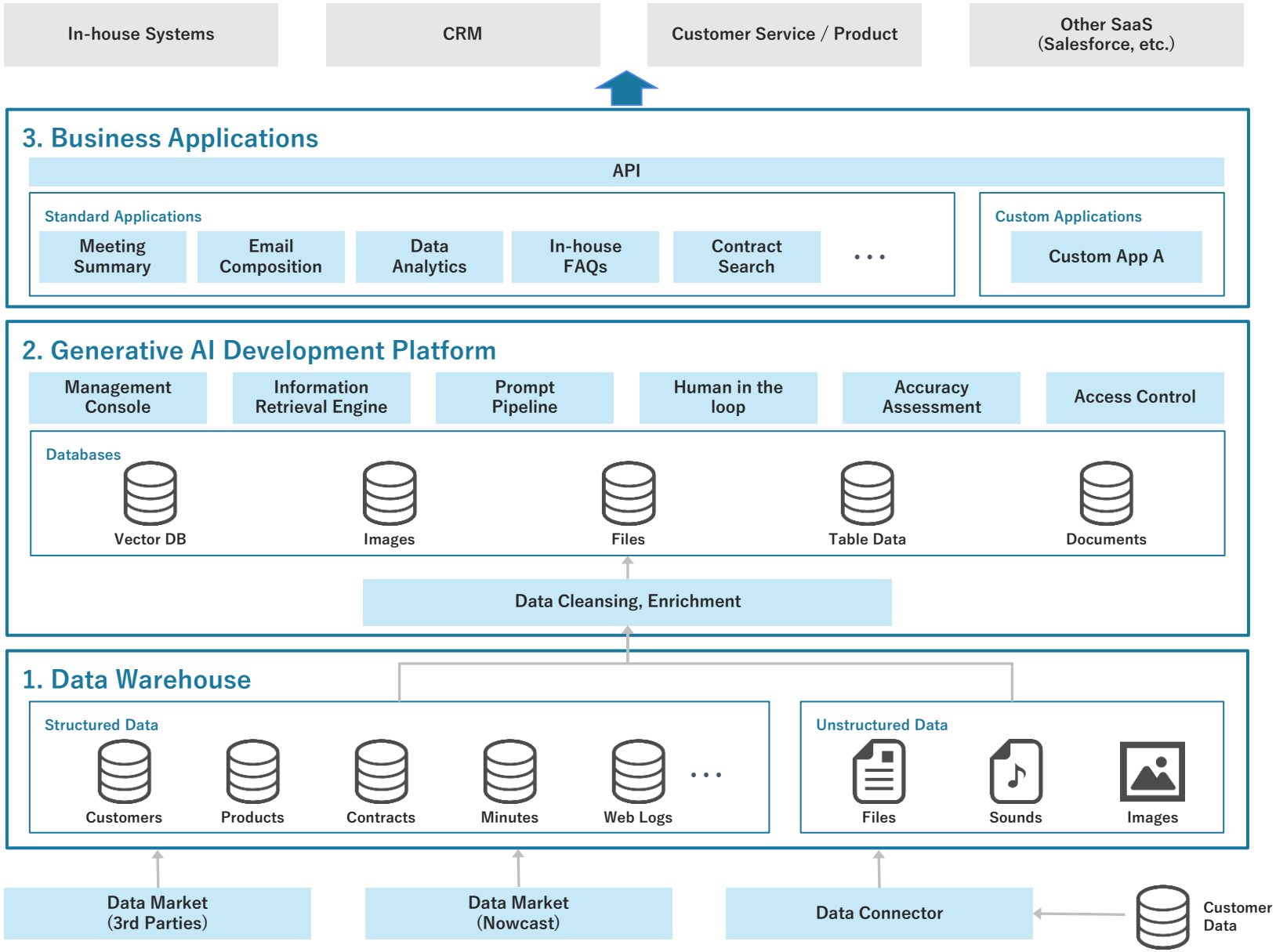
Overview

- In city-dwelling restaurants frequented by inbound tourists or a young demographic, it's crucial to accurately grasp rapidly changing trends and needs, provide services tailored to target customers, and select optimal locations.
- Traditional trade area analysis used data like population demography, geographical statistics, and customer data. However, location data is garnering attention for its ability to capture real-time footfall.
- We built a sales forecasting model with location data from KDDI's movement analysis tool "KDDI Location Analyzer" and existing store sales data provided by Good Idea Company.
- Together with Bamoove, an expertise in multi-store expansion, we have assisted Good Idea Company in decision-making on new store openings.

Strategy of Data AI Solution

Leveraging the expertise in building data infrastructures, we are launching Data AI Solution from this quarter.

Through various projects, we aim to establish a compressive system that can cope with from data warehouses to business applications.



Supporting Improvement on Data Infra.

We provided support to Mitsubishi Estate Group for their data infrastructure, ranging from evaluation of current status, to proposal of improvement measures, and actual development.

Issues

- Mitsubishi Estate Group has developed in-house data analysis infrastructure with various data from both within and outside the group in order to promote data utilization.
- Until now, they have carried out pilot tests by limiting the scope of provision to some group employees.
- To roll out this data analysis infrastructure across the entire group, they face challenges of high costs involved in data access control and infrastructure operations management.

Solutions

Assessment

- In order to thoroughly understand the current state of the infrastructure before making advancements, we performed an analysis evaluation in all 11 areas, such as “Data Governance” and “Data Architecture”, according to the “DAMA Wheel”; a framework which defines the areas of knowledge in data management.

Proposal

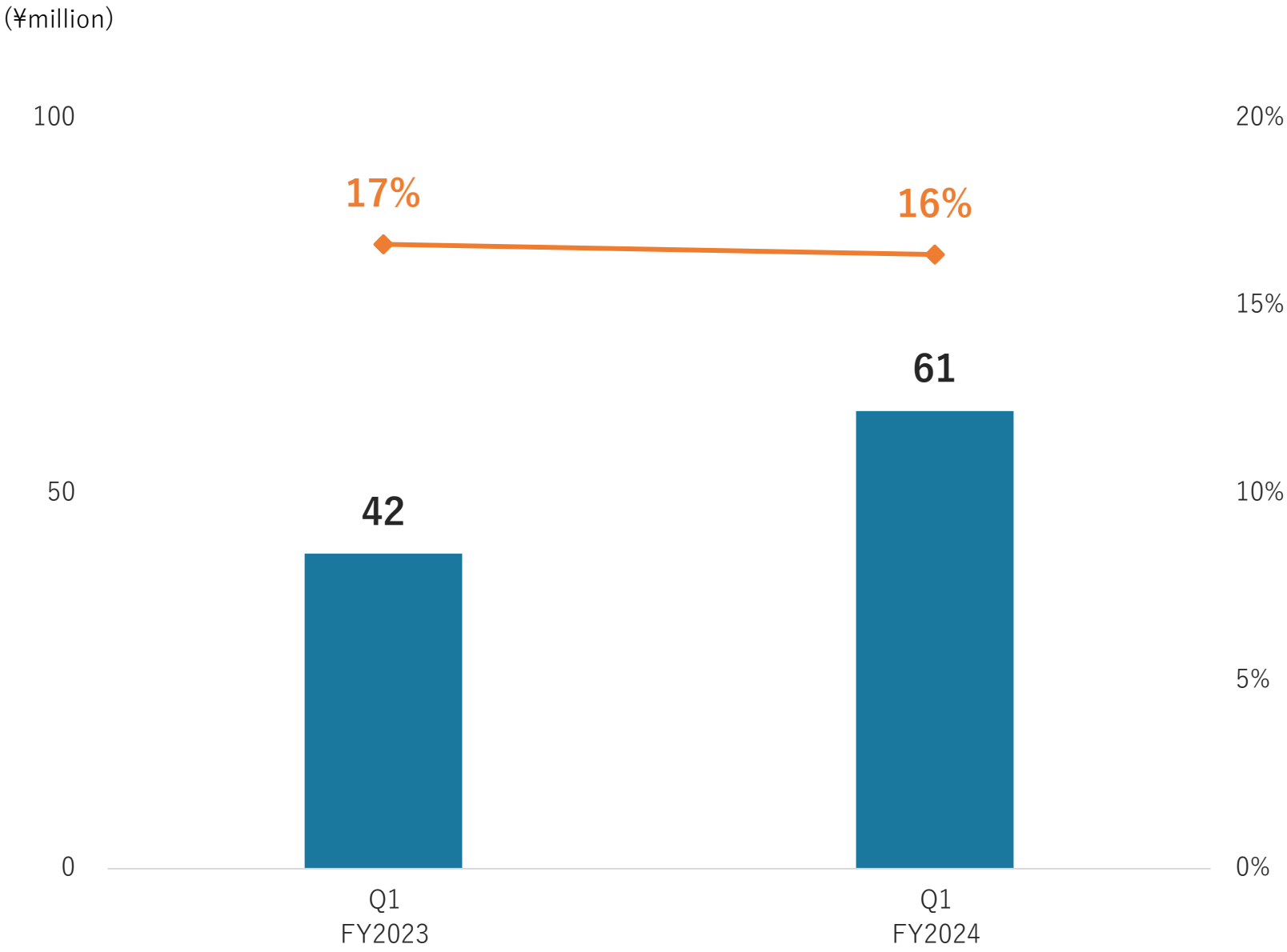
- Based on the assessment results, we sorted out the areas with high priority, and proposed specific improvement measures.

Implementation

- For the high-priority areas of “Data Integration and Interoperability”, “Data Architecture”, "Data Governance”, and “Document and Content Management”, we implemented the actual development for improvement.

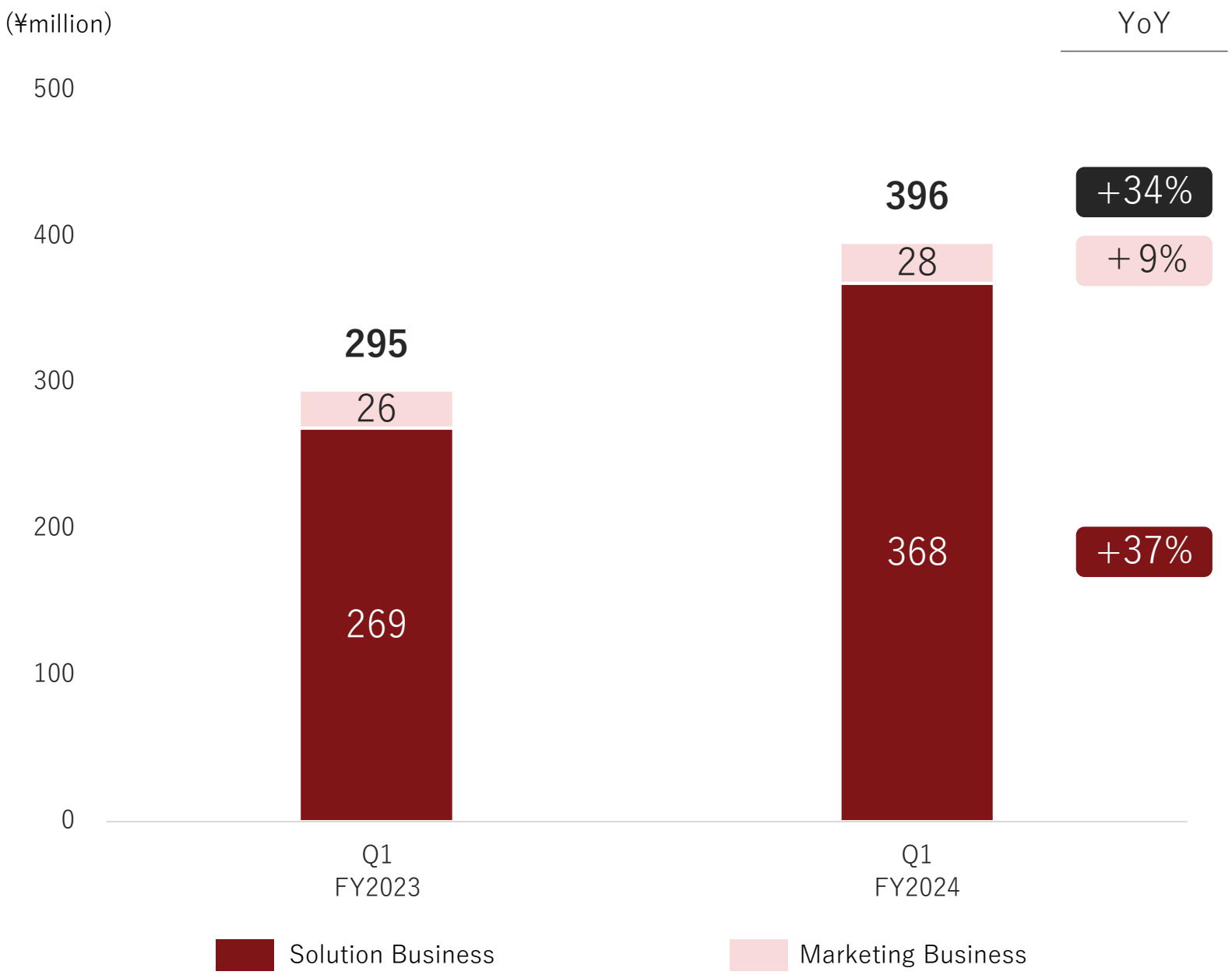
Operating Margin

Following last fiscal year, we are steadily increasing resources for new businesses including Data AI Solution, with the operating profit margin remaining at a similar level.



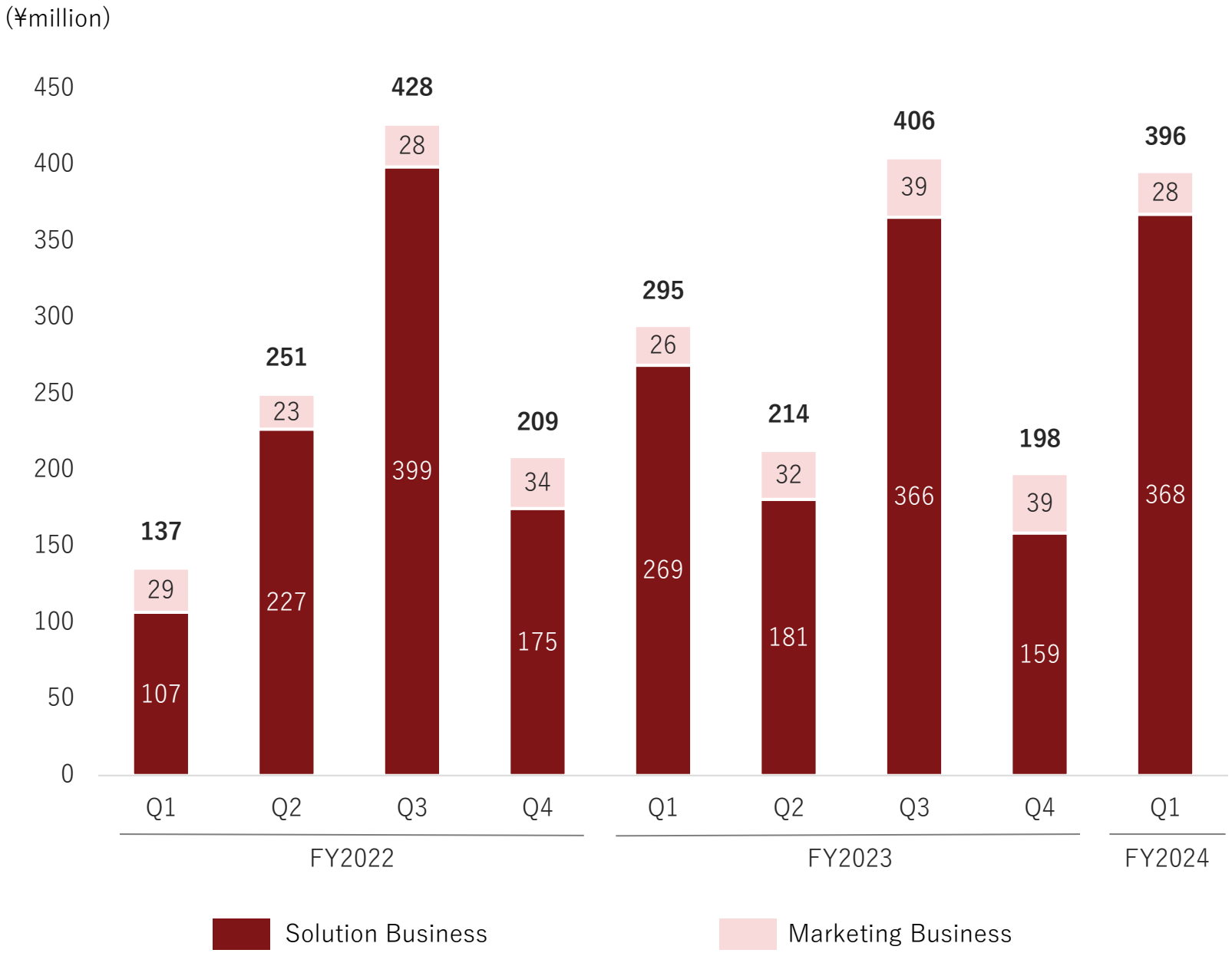
Revenue by Business

As a result of increase in one-off revenue from Solution Business, **revenue was ¥396m, +34% 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.

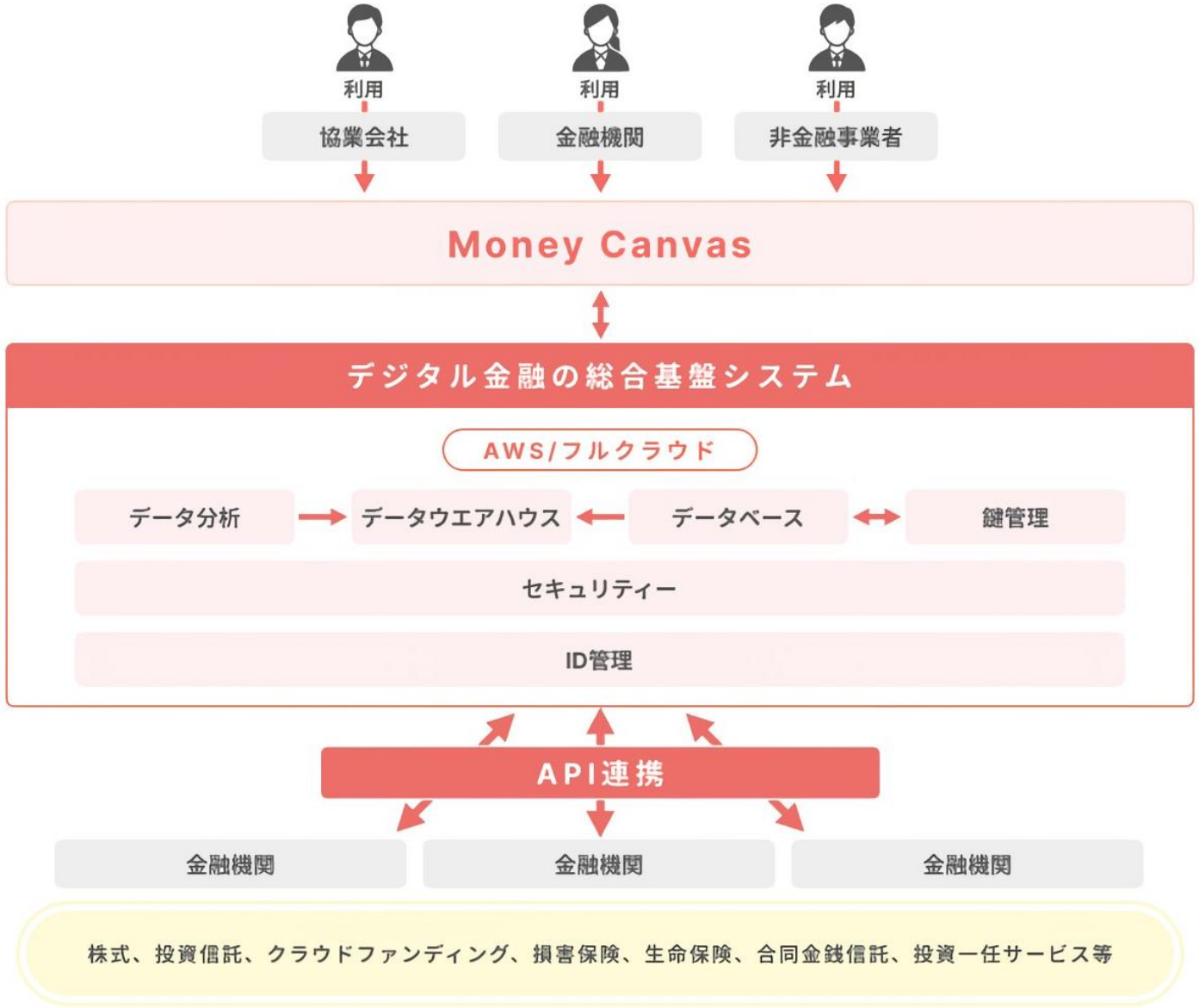


Diversifying Client Base

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

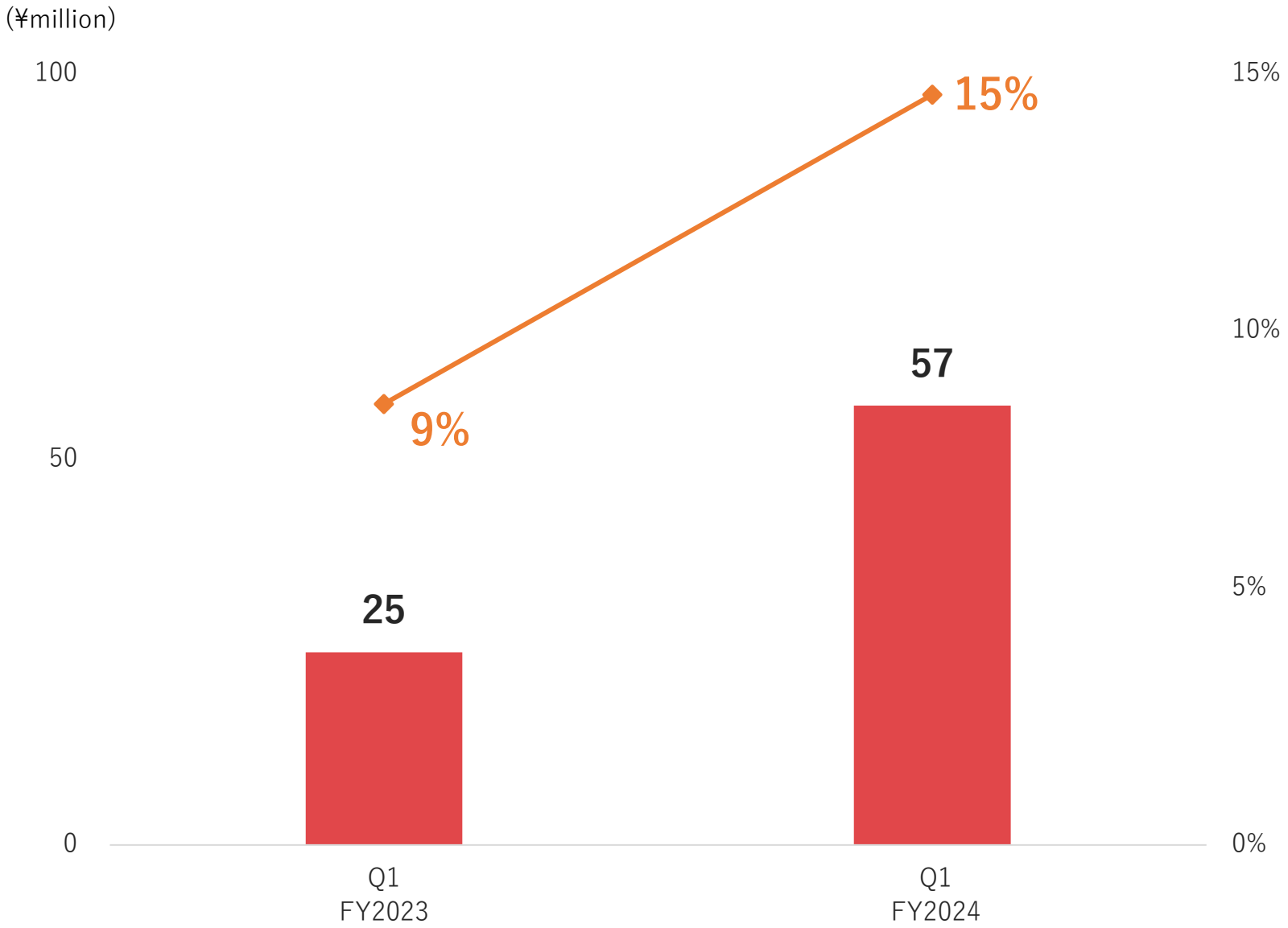
Continued to support MUFG Bank's "Money Canvas"after released in Dec 2021, and app release in 2023.

MUFG Bank's "Money Canvas"



Operating Margin

Profitability increased compared to the same period last year due to the release of projects in this quarter with cost recovery method that crossed over from FY2023 Q4.



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 + Stock-based compensation expense)

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, stock-based compensation expenses are expected from this fiscal year.

(¥million)

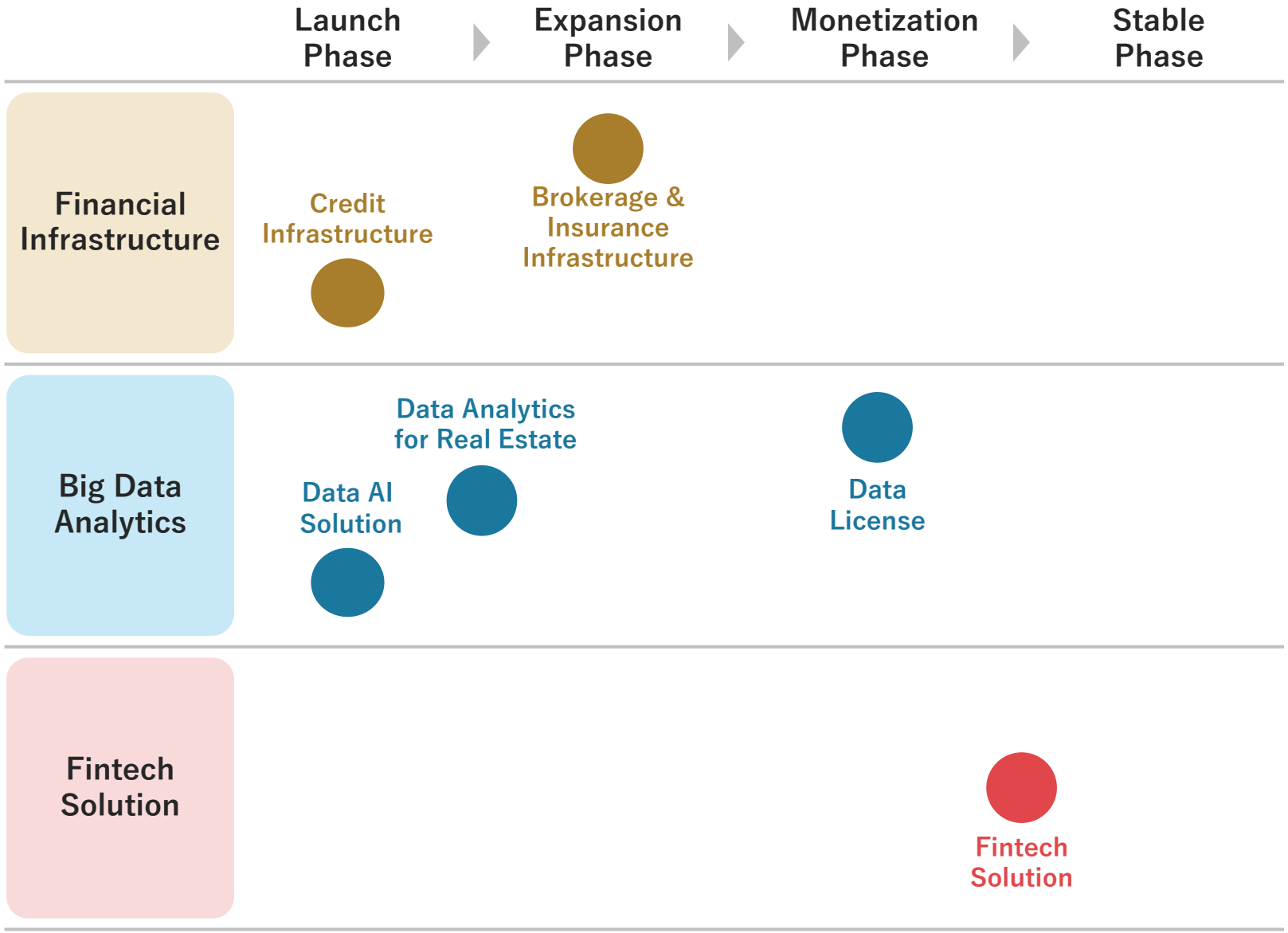
	FY2024 Guidance	FY2023 Actual	YoY
Revenue	**7,627**	**5,375**	**42%**
COGS	3,051	2,150	42%
Gross Profit	**4,576**	**3,225**	**42%**
vs Revenue	60.0%	60.0%	-
Adj. SG&A expense[1]	3,632	2,932	24%
vs Revenue	47.6%	54.6%	-
Adj. EBITDA[2]	**944**	**292**	**223%**
vs Revenue	12.4%	5.4%	-
Depreciation + Stock-based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

1. Adj. SG&A expense = SG&A expense - (Depreciation + Stock-based compensation expense)
2. Adj. EBITDA = Operating income + (Depreciation + Stock-based compensation expense)

Strategy Highlights

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

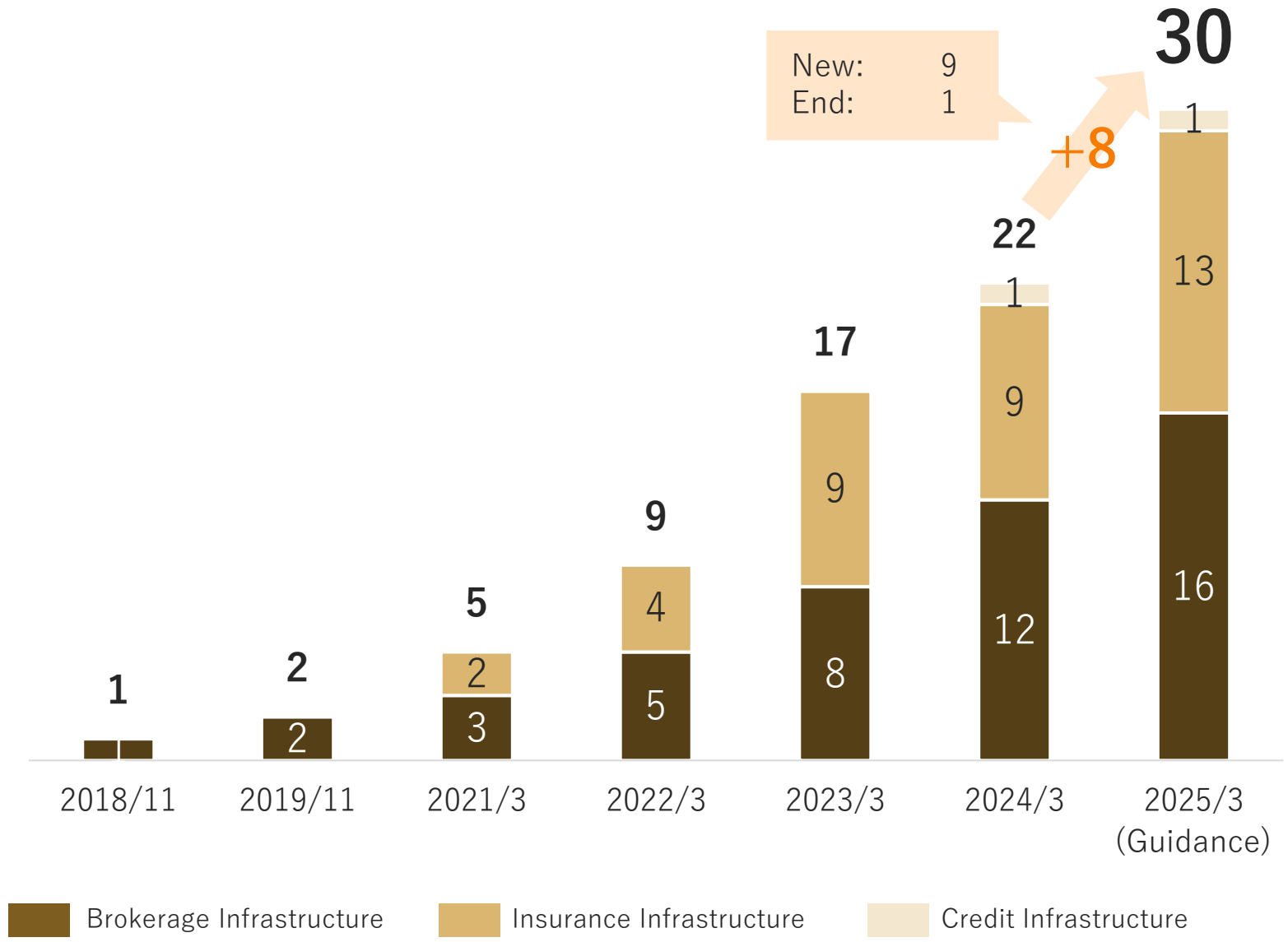
While maximizing the profits of existing Data License and Fintech Solution, we will launch new products for real estate and utilizing LLM.



Pipeline for Financial Infra.

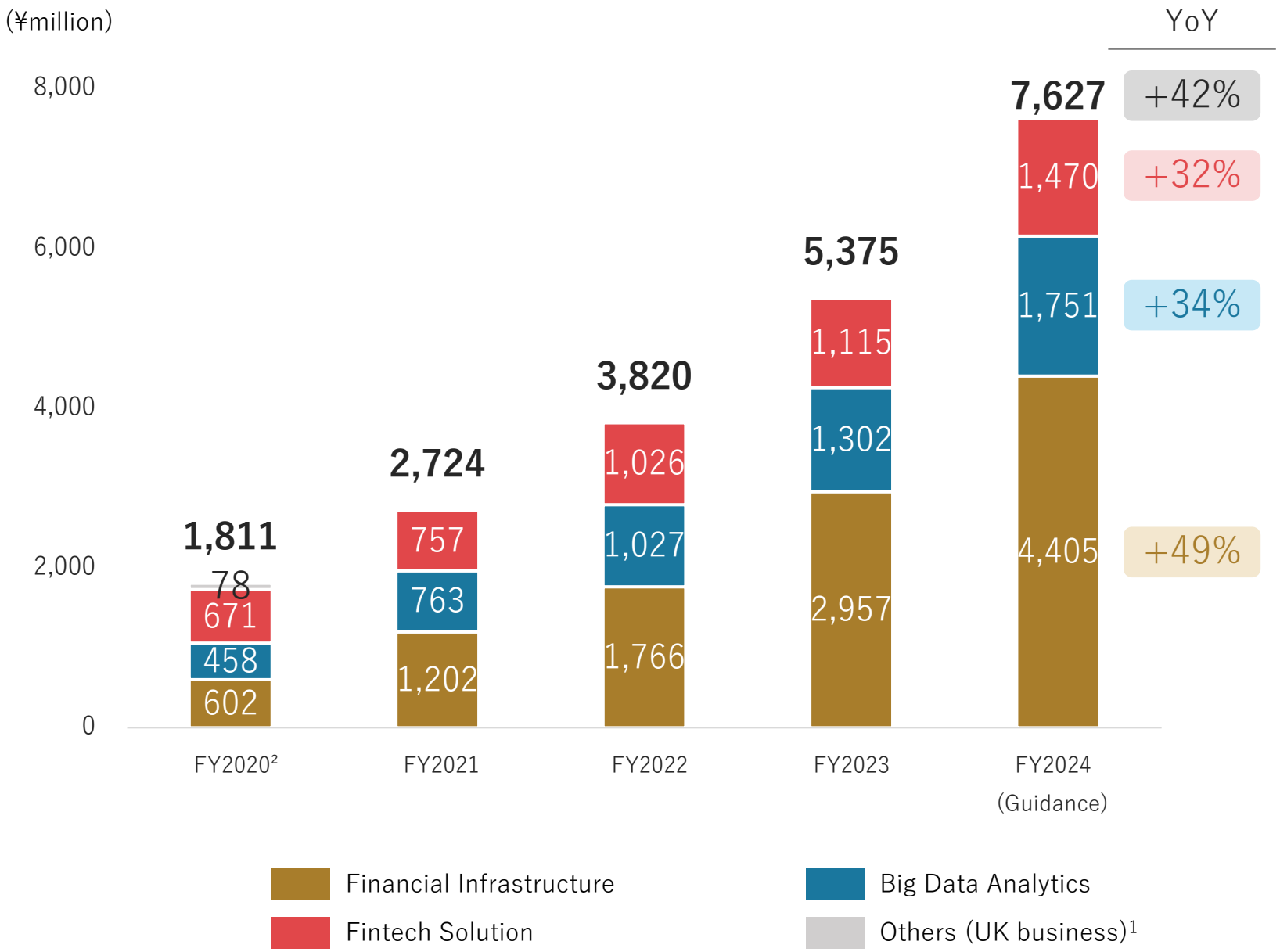
In FY2024, the goal is to acquire 9 new partners.

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



Revenue Forecast by Segment

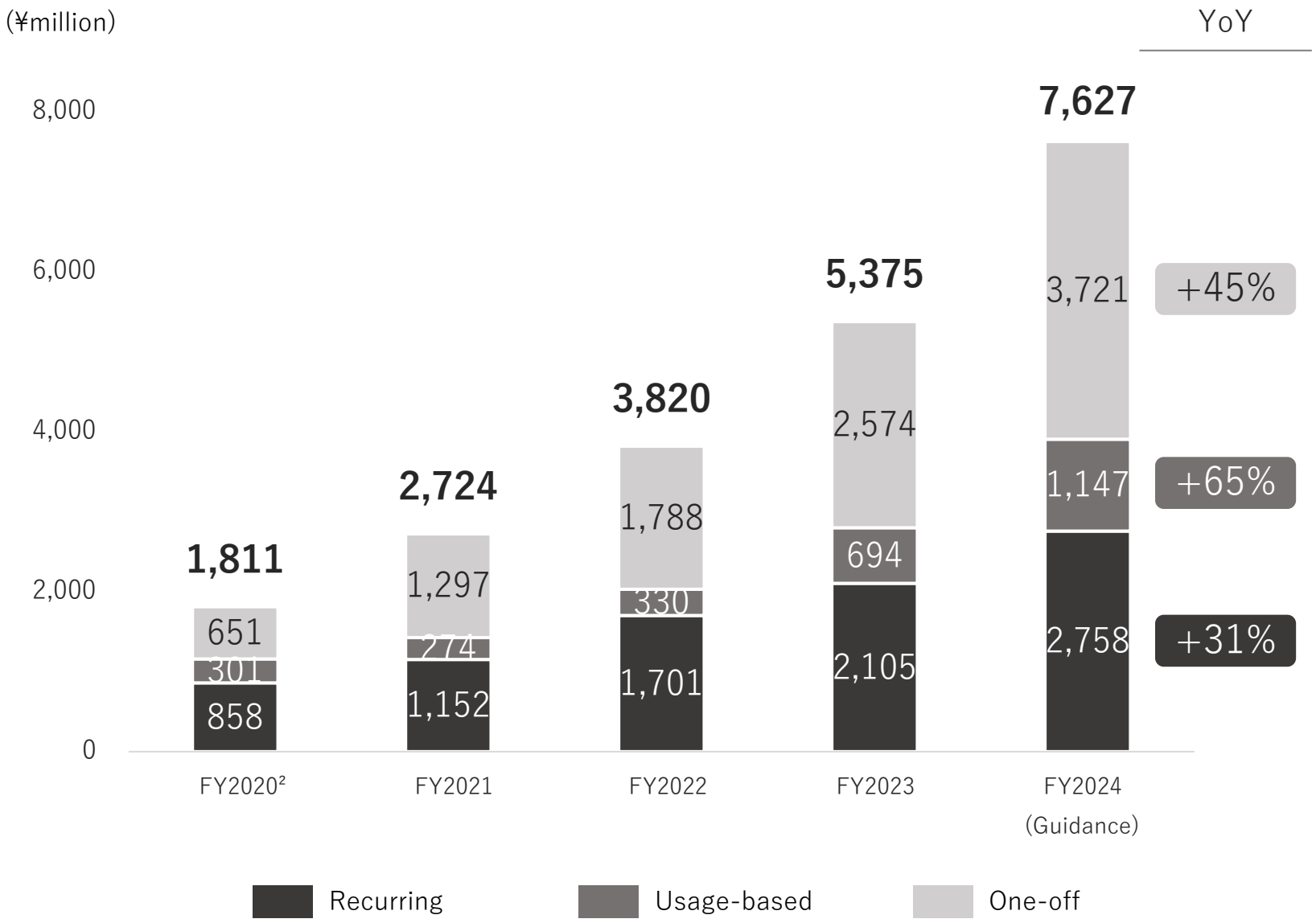
Expect a high growth rate of 30% or more in all segments, partly due to new business startups.



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

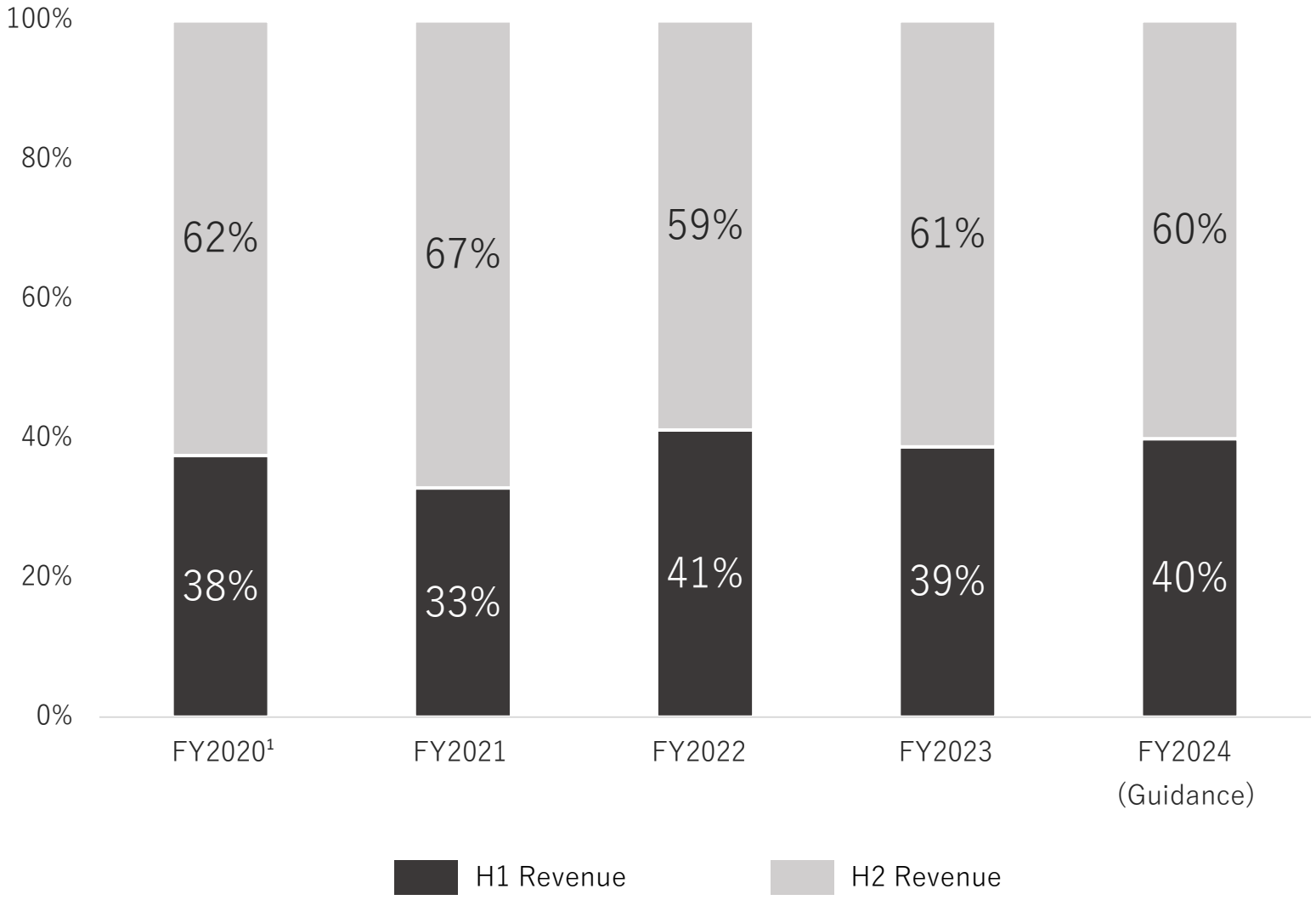
Expect both continuous revenue, namely recurring revenue and usage-based revenue to grow by +31% and +65% respectively.



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.

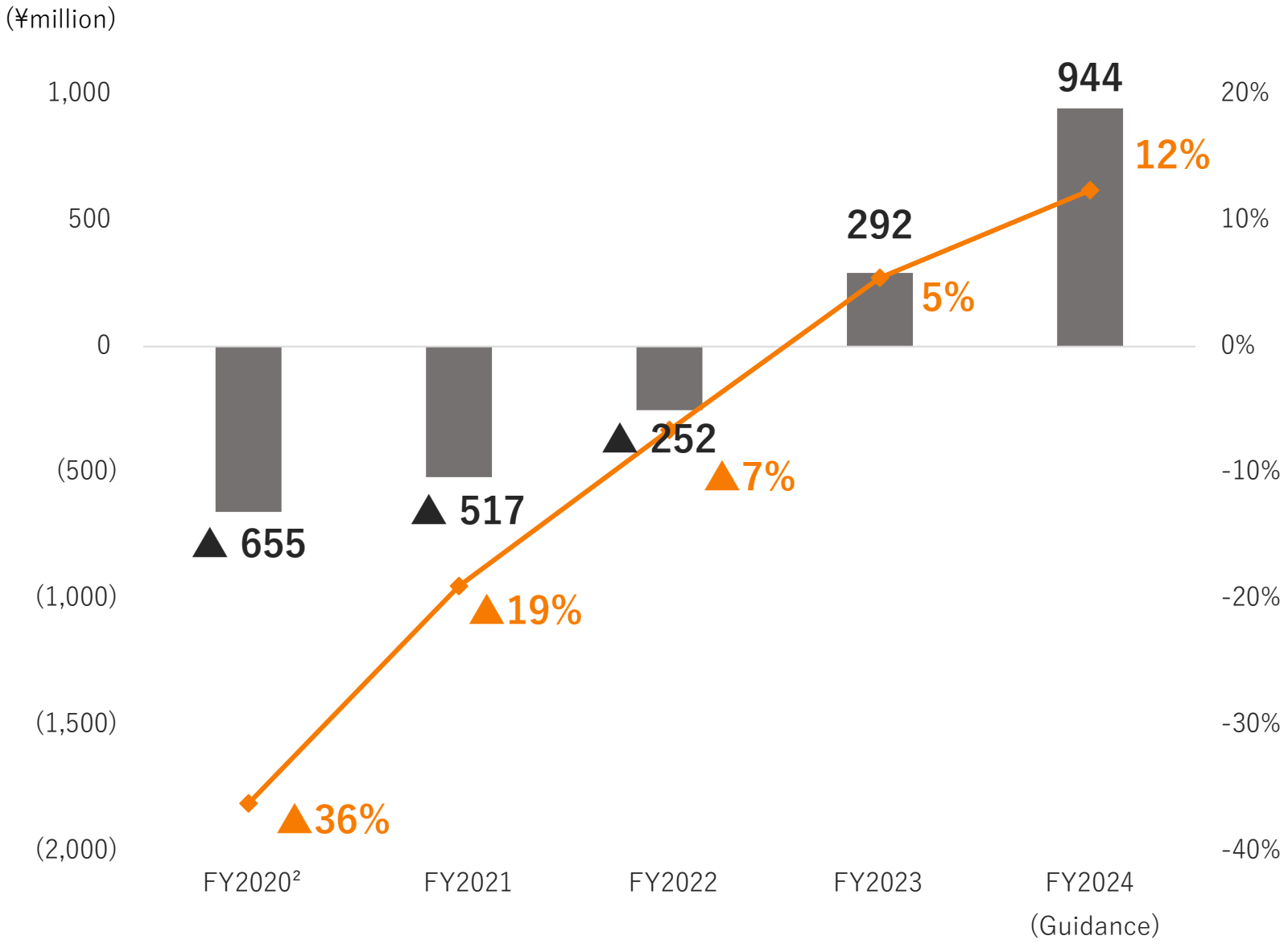


1. Financial results for FY2020 (April 2020 to March 2021) are unaudited.

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**.

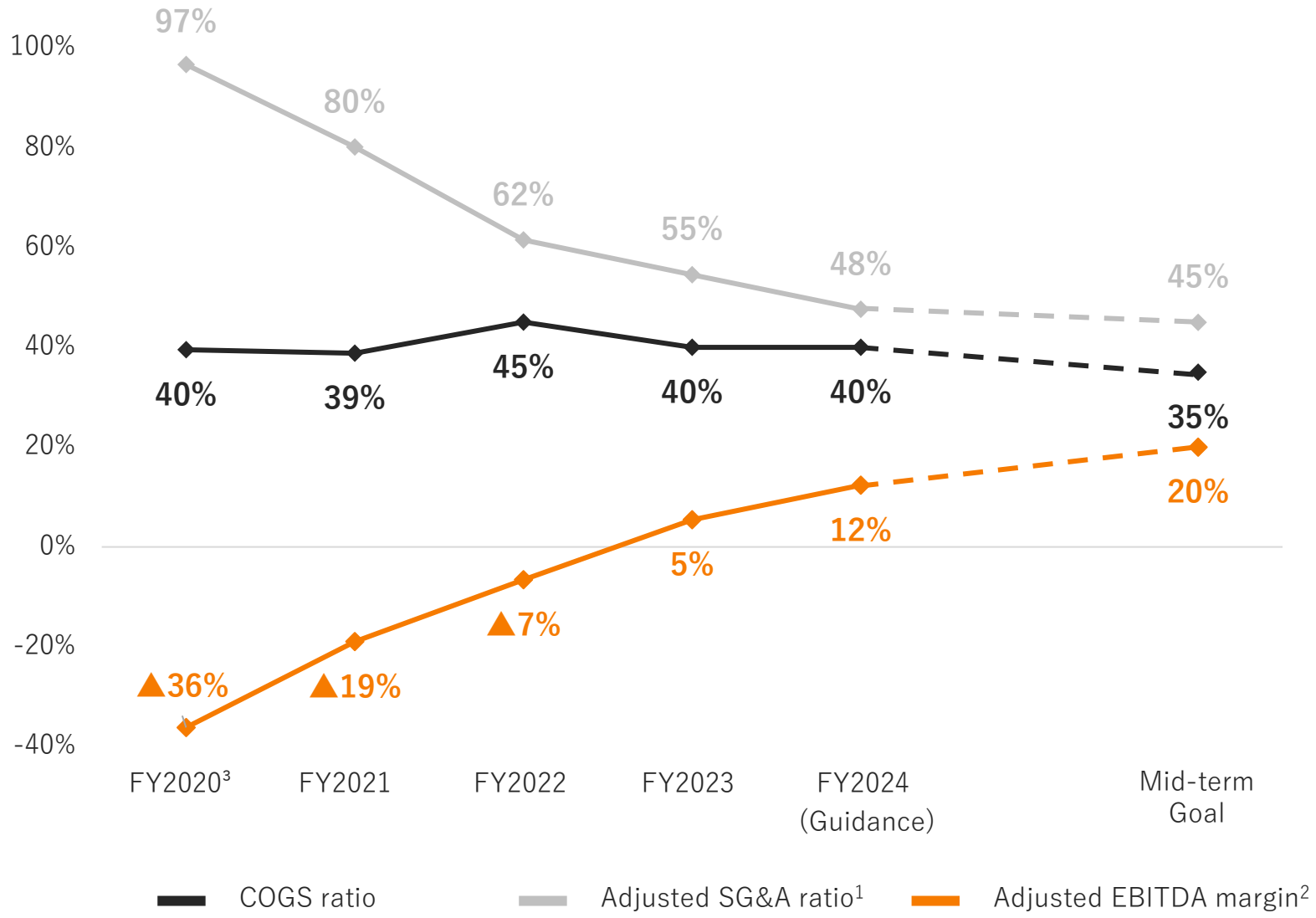
Adj. EBITDA margin is also expected to continue to improve and rise to 12.4%.



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

APPENDIX

APPENDIX

COMPANY OVERVIEW

Corporate Overview

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

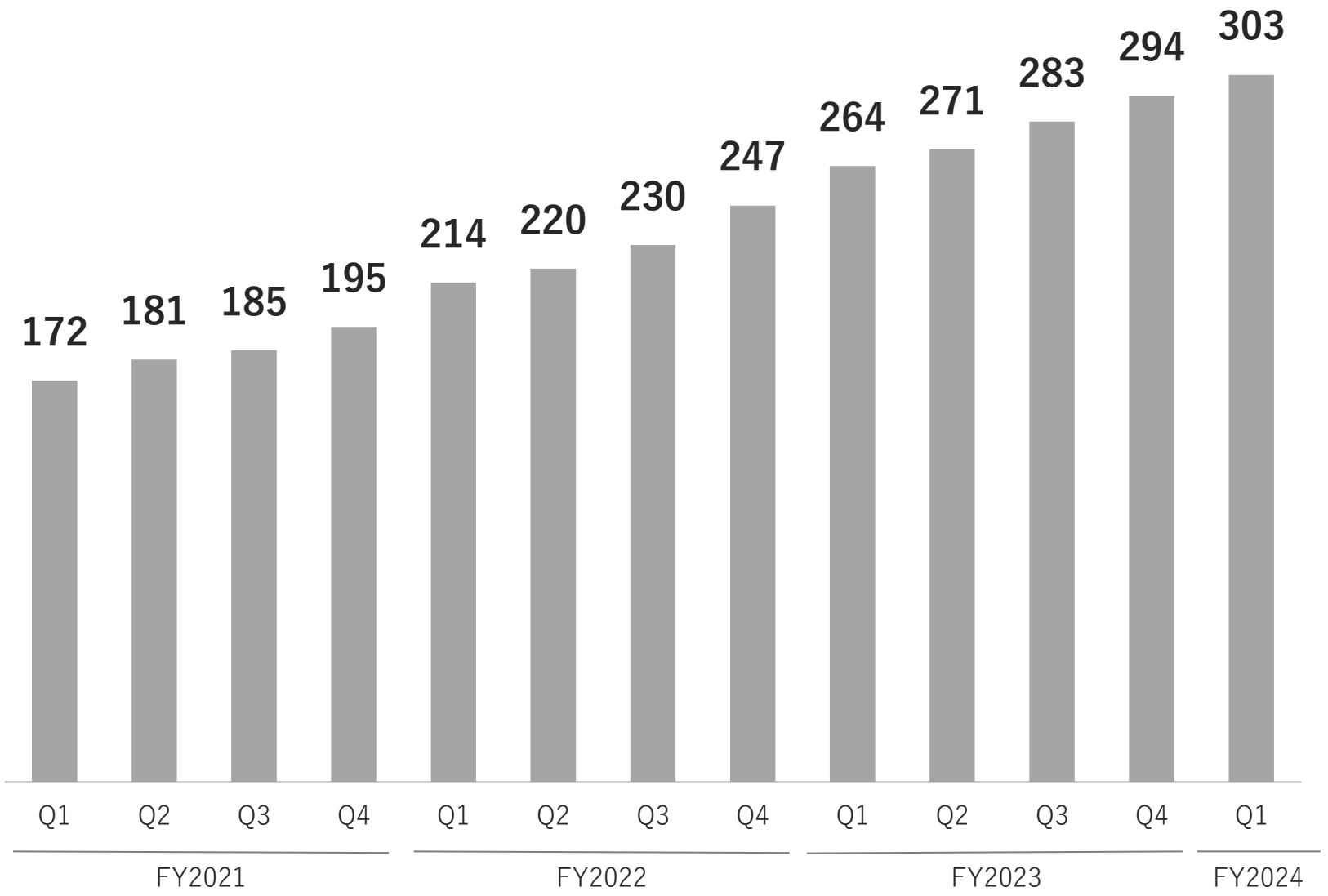
Company Name:	**Finatext Holdings Ltd.**
Address:	**9F, Sumitomo RD Kudan Bldg. 1-8-10 Kudankita, Chiyoda-ku Tokyo, 102 0073 Japan**
CEO:	**Ryota Hayashi**
Establishment Date:	**December 27, 2013**
Business:	**Fintech Solution Big Data Analytics Financial Infrastructure**

Corporate Structure

Entity	Ownership	Number of Employees[1]	Business	Segment
FINATEXT HOLDINGS	-	17	• Group holding company	
Finatext	100%	106	• Software development for financial institutions and group enterprises	Financial Infrastructure Fintech Solution
Nowcast	100%	40	• Big Data Analytics service to institutional investors and government	Big Data Analytics
Smartplus	85%	38	• Brokerage company	Financial Infrastructure
Smartplus SSI	93%	4	• 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])	94	• Offshore development for group companies in Vietnam	Fintech Solution

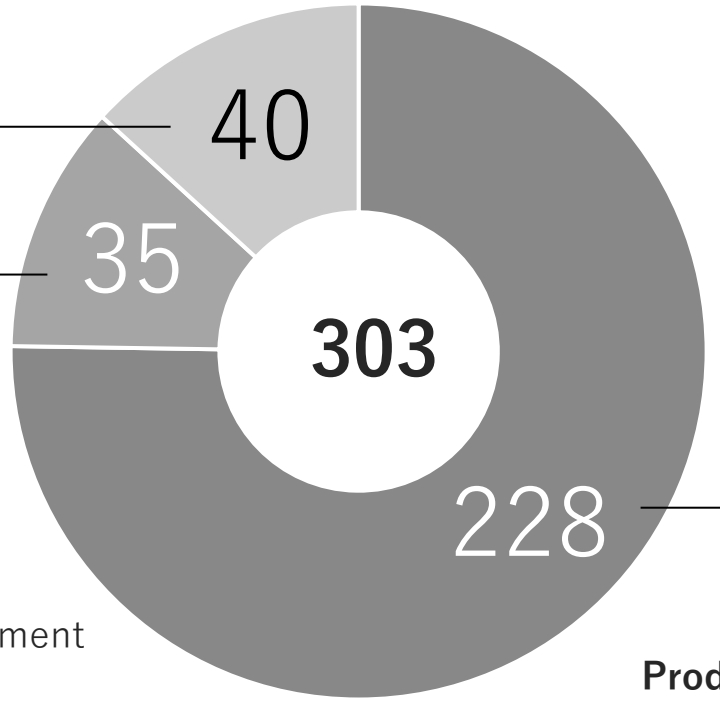
1. Number of full-time employees as of June 30, 2024.
2. Indirect ownership ratio by Finatext Holdings Ltd.

of Employees



Staff Composition

Operations / Back Offices 13%
- Financial Operations
- Back Offices



Sales / PR 12%
- Business Development
- Promotion
- Research & Market

Product 75%
- Engineer
- Product Management
- Designer
- Web Director

1. Number of full-time employees as of June 30, 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.

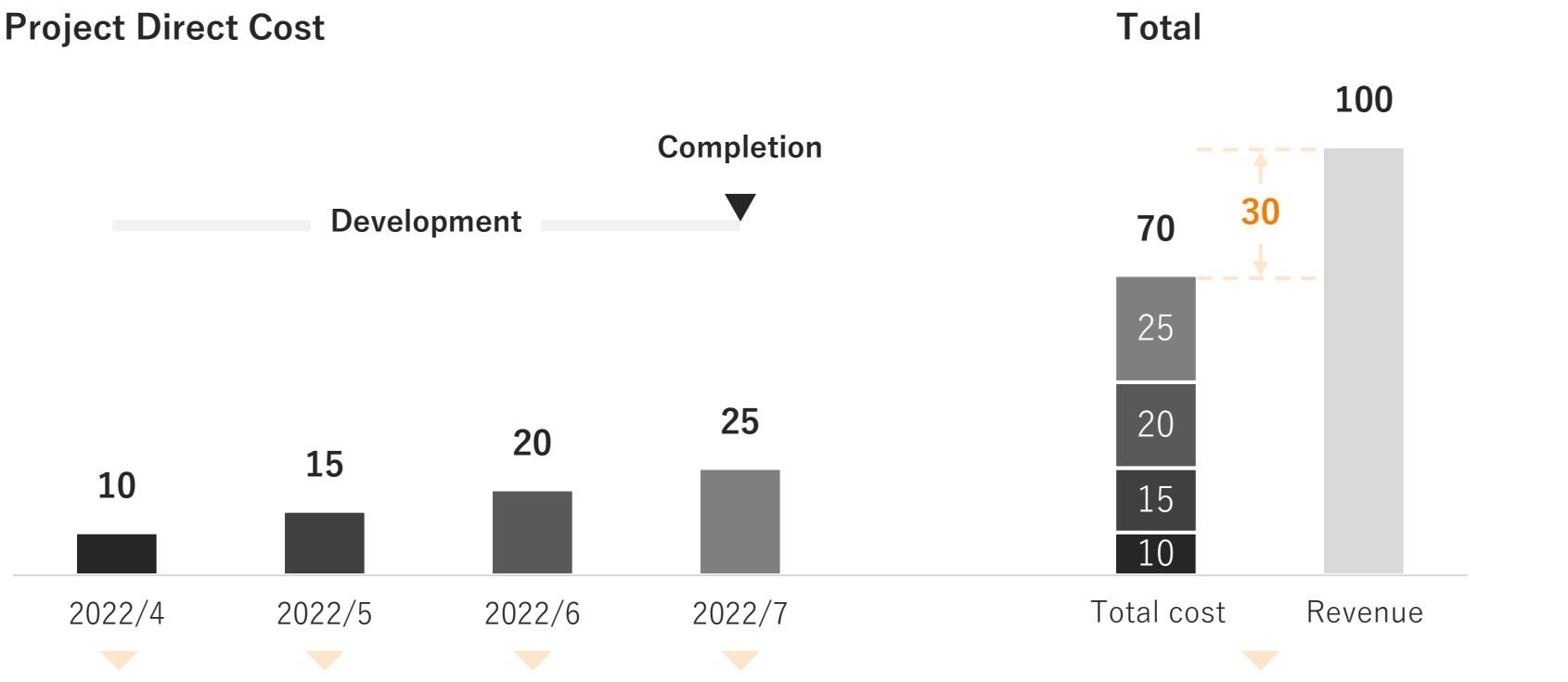
APPENDIX

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.



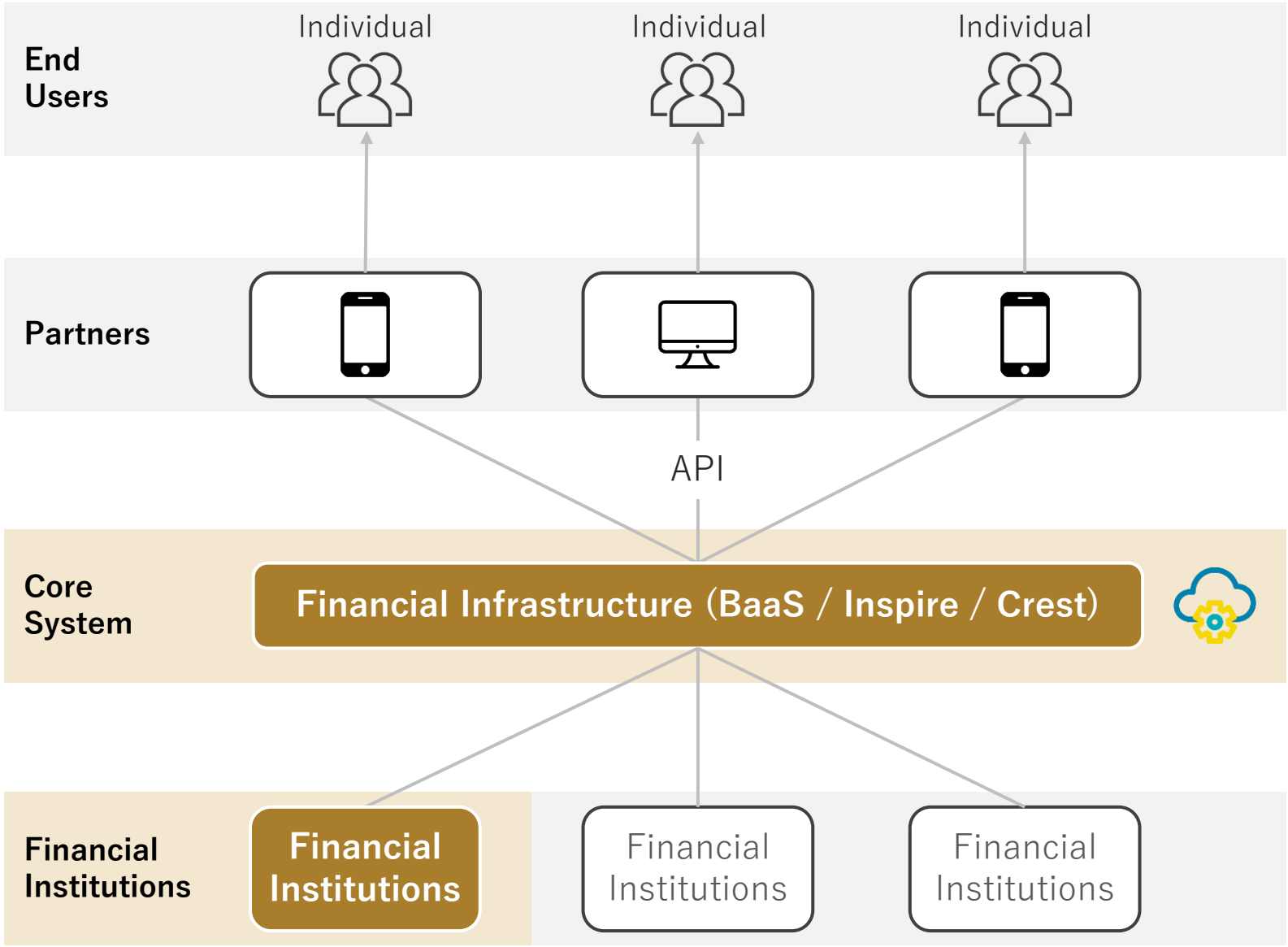
Revenue Recognition

	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.

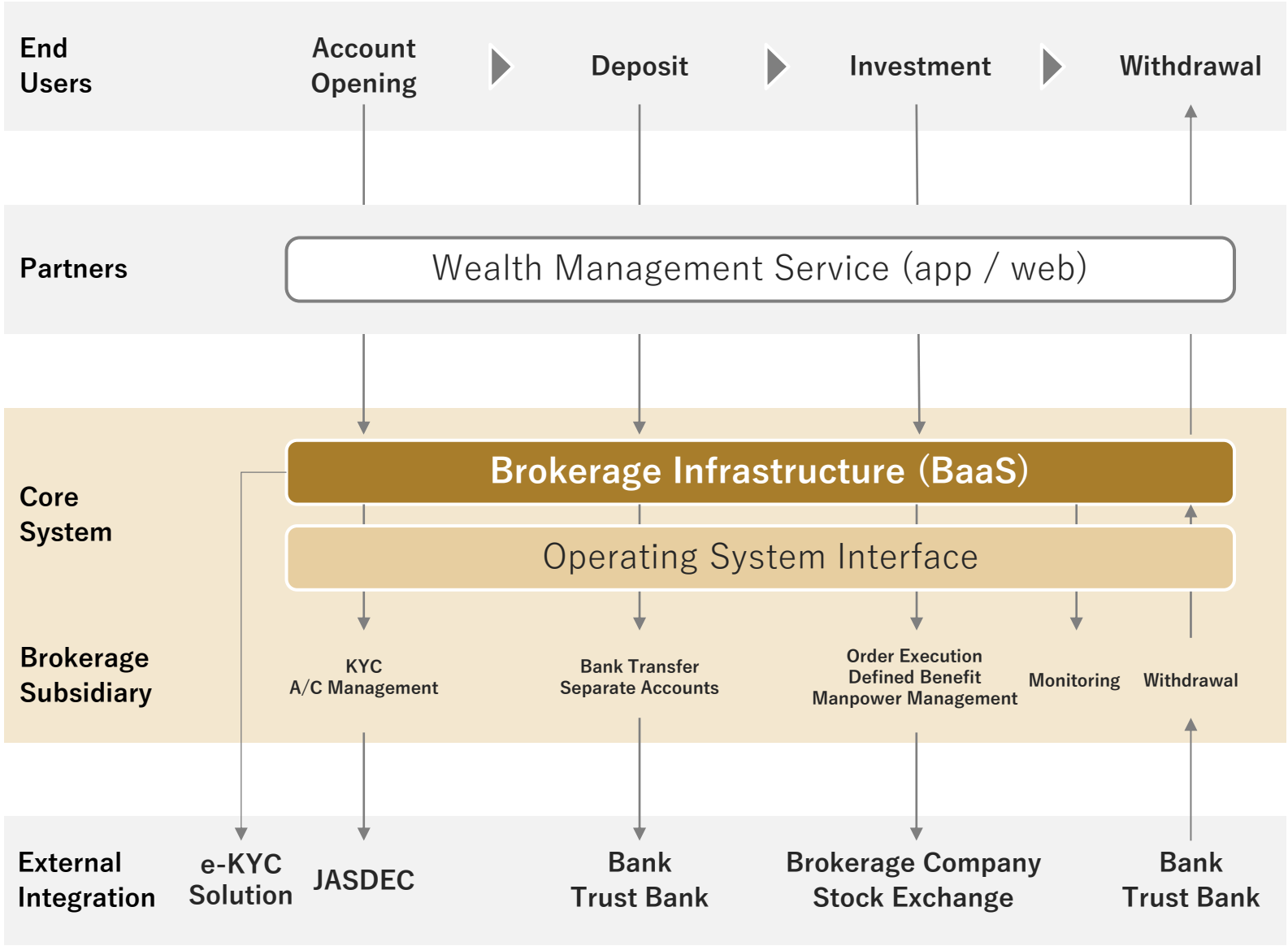
Currently offer 3 solutions: (1) “**BaaS**” for asset management services, (2) “**Inspire**” for insurance services, and (3) “**Crest**” for lending services.



(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

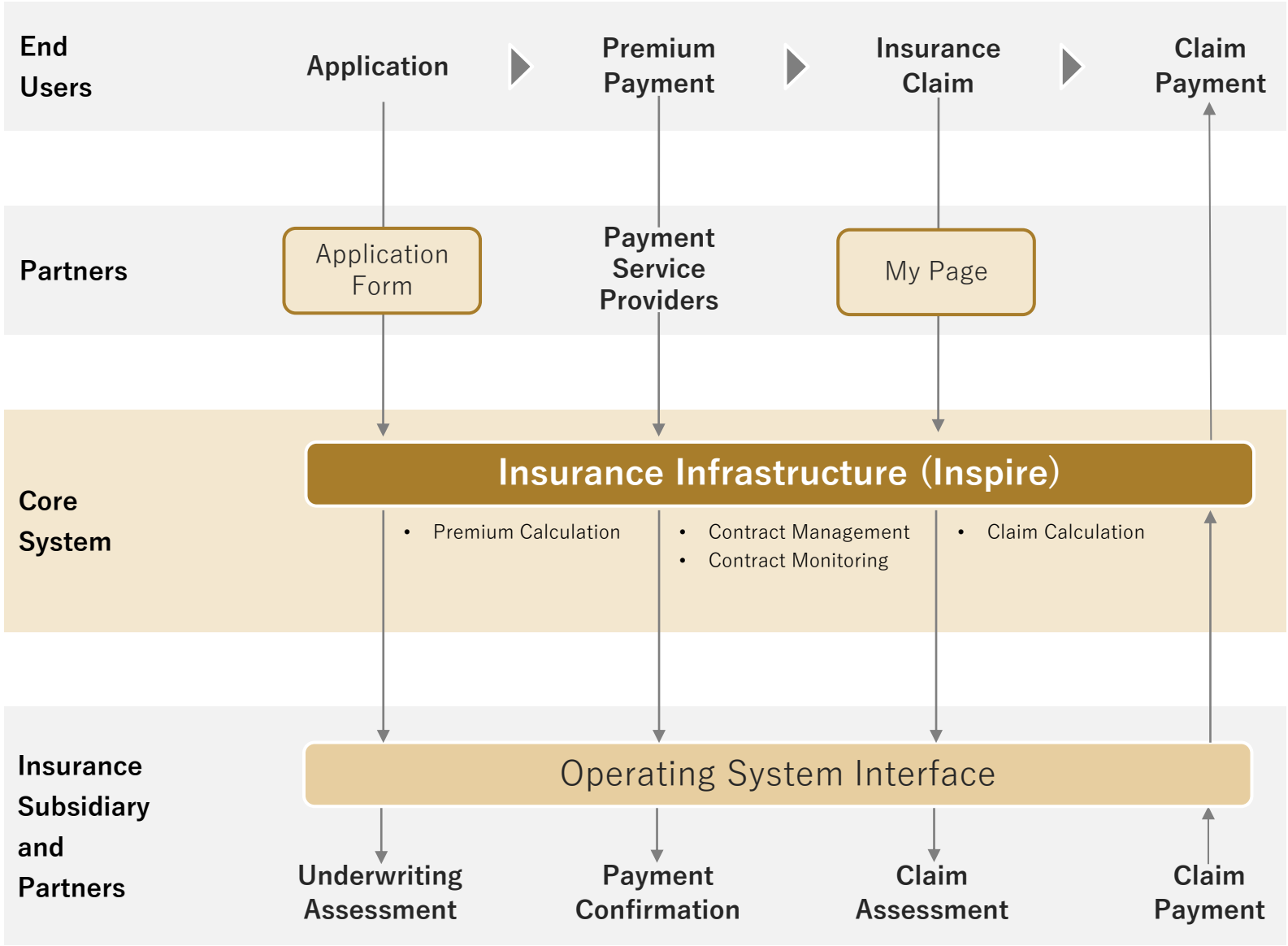
Currently 12 services are in operation.

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.

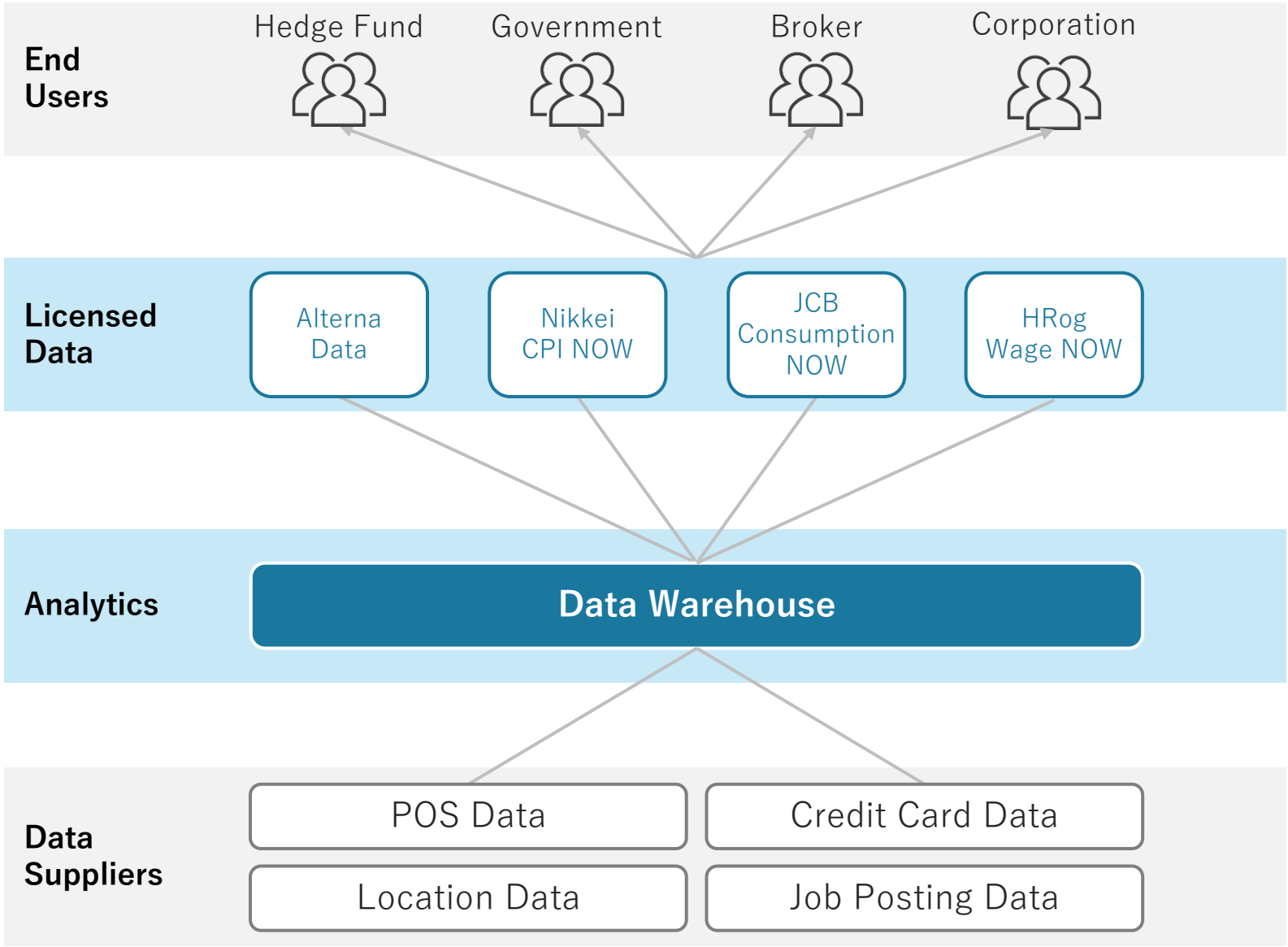
Support a wide range of insurance products from small amount short-term insurance to non-life insurance, from individuals to business entities.

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.



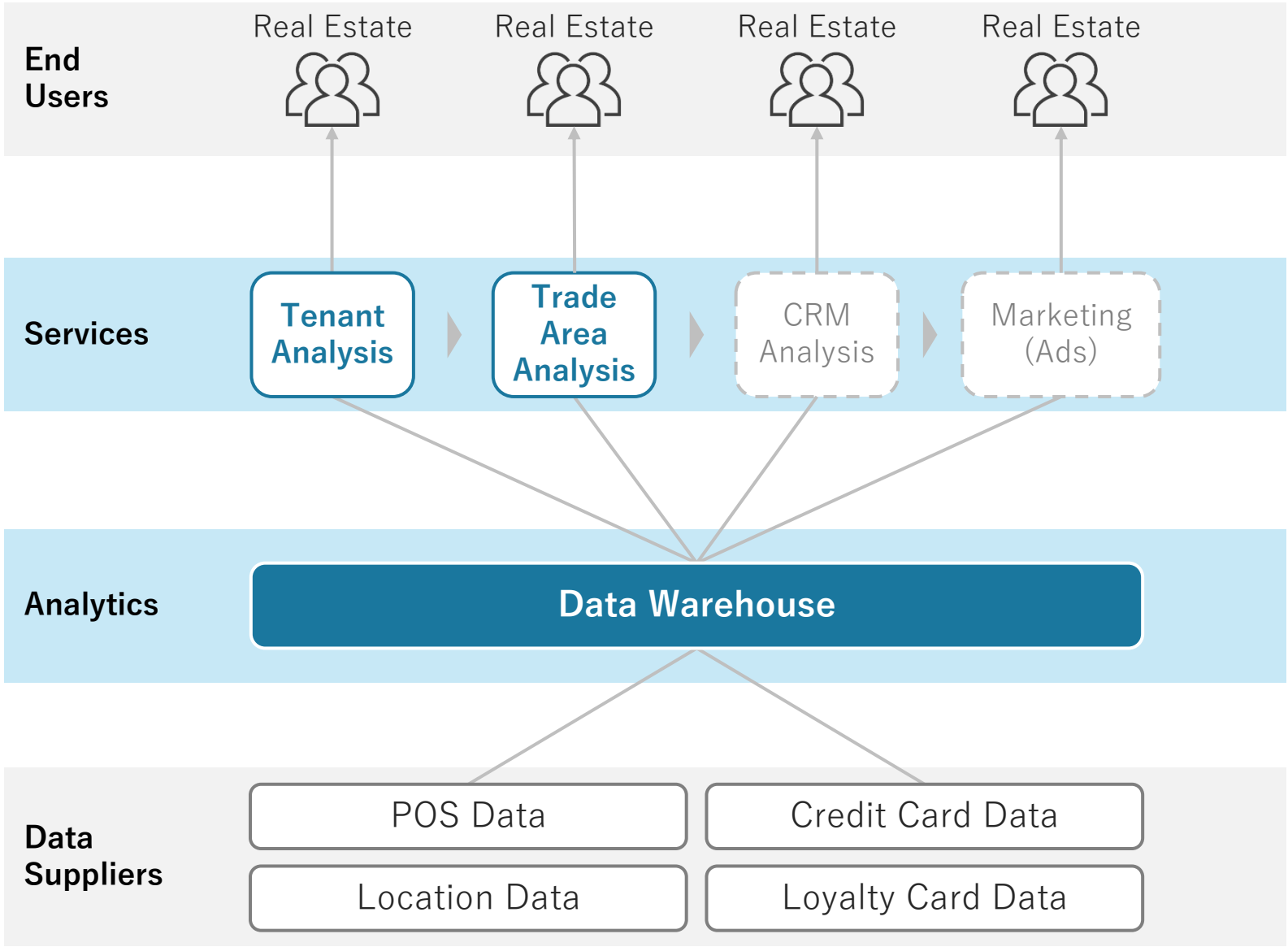
Data License

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

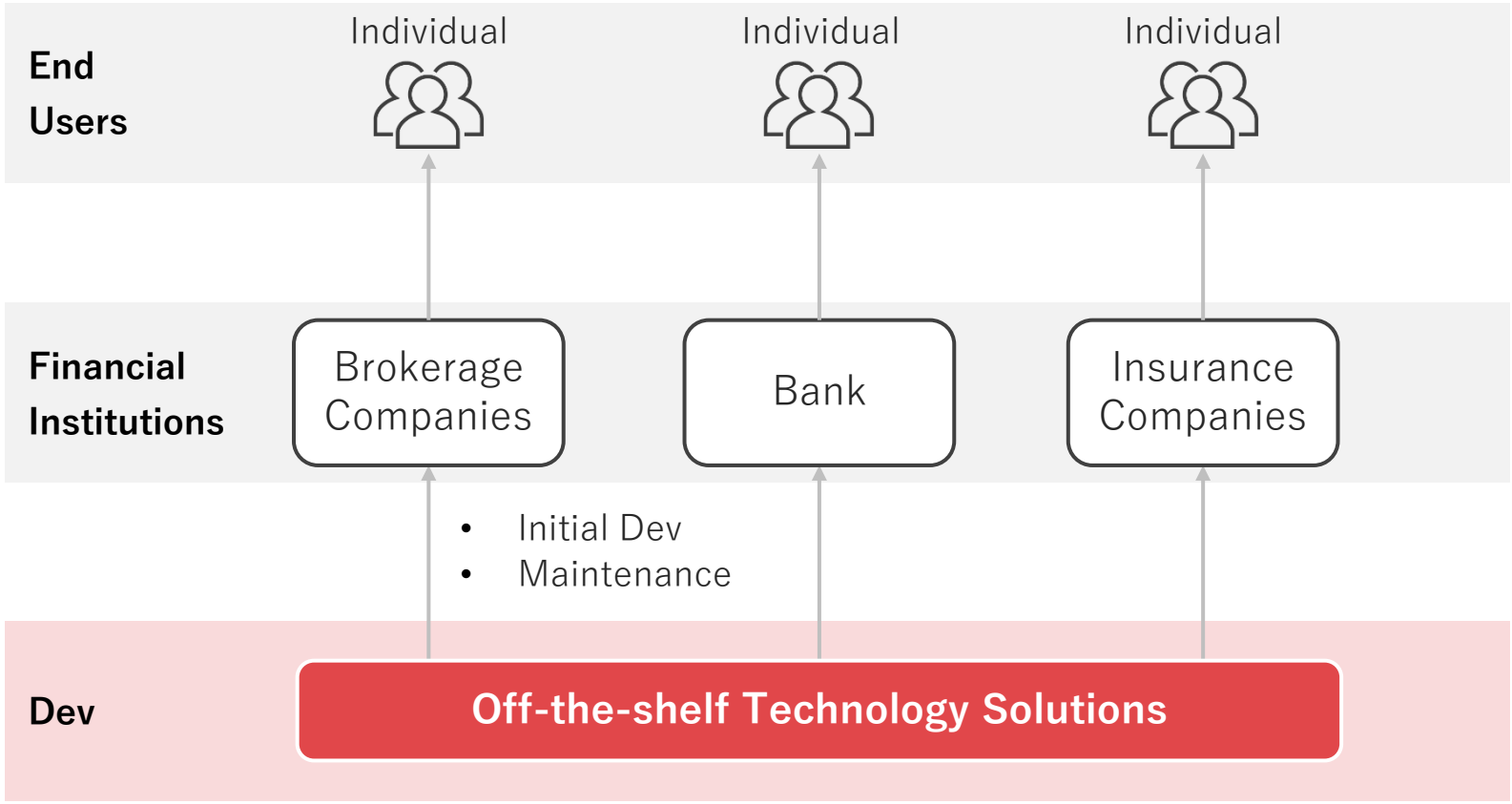
Data Analytics for Real Estate

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

Disclaimer

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In addition, although this material may contain forward-looking statements such as the Company's business strategy, they reflect the Company's opinion on uncertain factors based on information available to the Company. There is no guarantee that the statements will be realized in the future, from which the actual results may differ materially.



Reinvent Finance as a Service