

Third Quarter Results of Fiscal Year Ending August 31, 2024

Goodpatch Inc. (TSE Code: 7351)

July 12, 2024

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FY2024 3Q Financial Highlights

Financial Highlights for FY2024 3Q (Mar. – May.)

Net Sales

935 million yen

YoY change

-11.1% (-116 million yen)

Operating Income

-40 million yen

YoY change

-127.8% (-185 million yen)

Medium- to long-term policy

A company that “designs” innovations to advance corporate transformation based on customer experience

Business Focus for FY2024

Build deep relationships with our clients and expand solutions to help our clients transform their businesses

Net sales decreased YoY

Net sales decreased due to our not achieving our project acquisition plan in March and April

Profits decreased due to a decrease in net sales

We promoted investment in human resources to resolve the current issue of decreasing net sales and achieve our medium- to long-term growth
As a result, profits decreased, and we reported a loss

We revised our full-year plan downward considering the results for 3Q and the outlook for 4Q.

Net Sales 3,946 million yen Operating Income 26 million yen

Revised our full-year earnings forecast to net sales of 3.94 billion yen and operating income of 26 million yen
The number of effective business negotiations in May shows a recovery trend due to our reviewed sales strategy and enhanced sales structure

Consolidated Statement of Income

Unit: million yen

	Full-Year Results for FY2023	Initial Forecast for FY2024	Revised Forecast for FY2024	Changes from Initial Plan	Percent Change (%)
Net Sales	3,928	4,754	3,946	-808	-17.0%
Operating Income	298	405	26	-379	-93.6%
Ordinary Income	299	404	36	-368	-91.1%
Net Income	216	243	1	-242	-99.6%

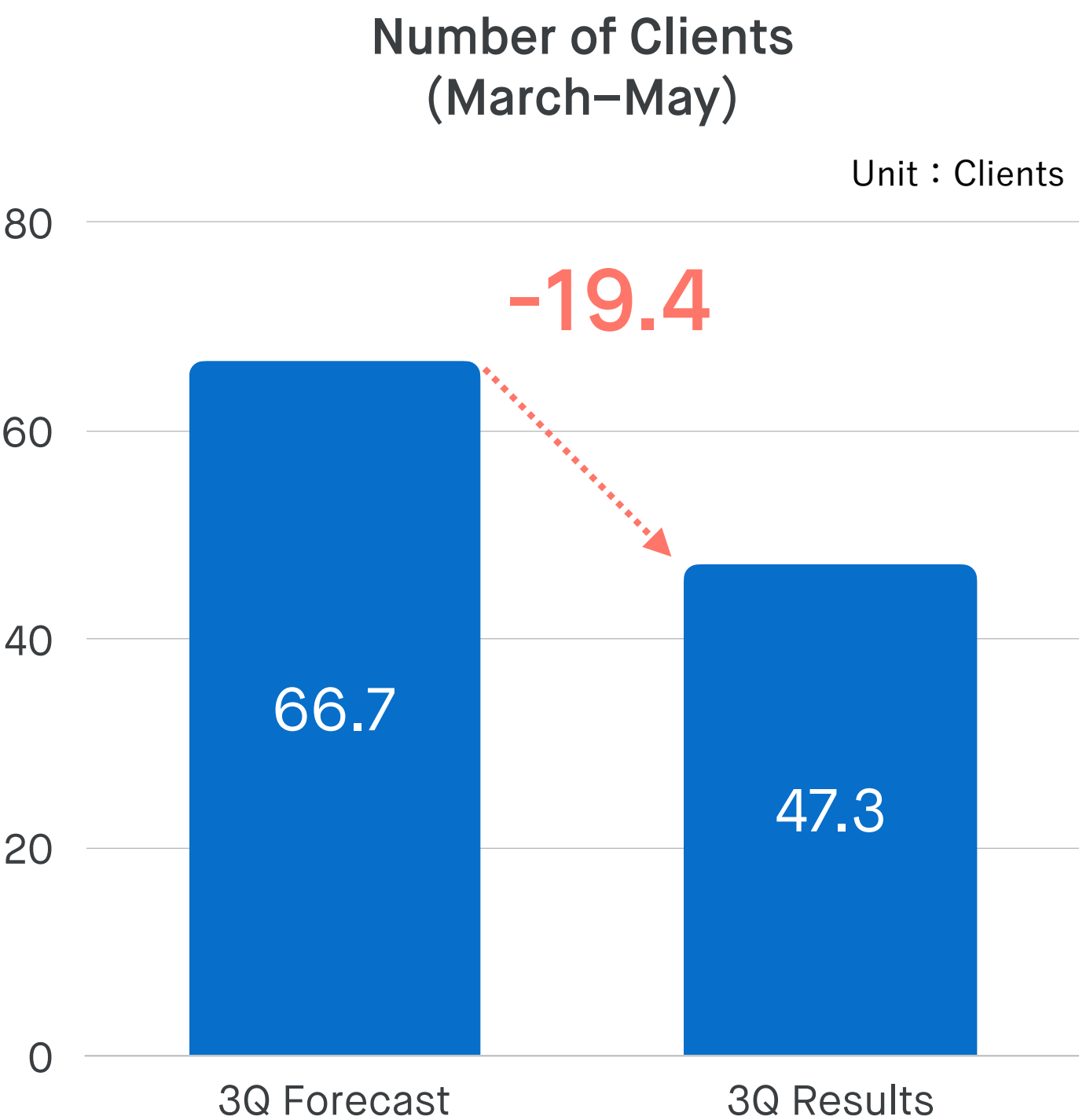
Future outlook

- In line with the recovery in the number of effective business negotiations in May, we expect that our project acquisition will be accelerated in 4Q, and we will return to profitability in terms of monthly earnings toward the second half of 4Q.
- As we acquire more clients, our designer utilization will improve, leading to a recovery in profitability.

Delay in the number of clients acquired from the initial plan mainly in March and April

Considering the current situation, we revised our earnings forecast for the full fiscal year ending in August 2024

Deviation from the Initial Forecast in the Number of Clients from Which Orders for Projects Have Been Received



Reasons for the deviation

Ongoing projects

- Certain large-scale projects were suspended or scaled down due to changes in the project budget policies of our clients

New projects

- We did not have enough leads to achieve our goal for the number of projects acquired in March and April.
- The commencement of some of the new projects, mainly those with large corporate clients, was delayed as they tend to require a longer lead time to review projects.

Implemented measures to address the current issues and get back on track for growth

Current Issues

Measures Taken

We failed to achieve our plan on the number of new business negotiations generated with our existing clients
The continuation ratio deteriorated YoY



To enhance contact points with our clients designed to promptly meet the diverse needs of our existing clients, we created producer roles and raised our delivery team's awareness of ongoing proposals

As our clients' needs have diversified, we have not fully succeeded in taking a marketing approach that is in line with their needs



By analyzing past projects' needs and solution data, we took a marketing approach better suited to our clients' needs
We increased the number of marketing personnel (from 4 employees at the end of FY2023 to 8 at the end of FY2024 3Q)

The amount of our proposals decreased because some of our sales personnel left the company
There is a time lag between hiring new employees and their readiness to contribute to the business

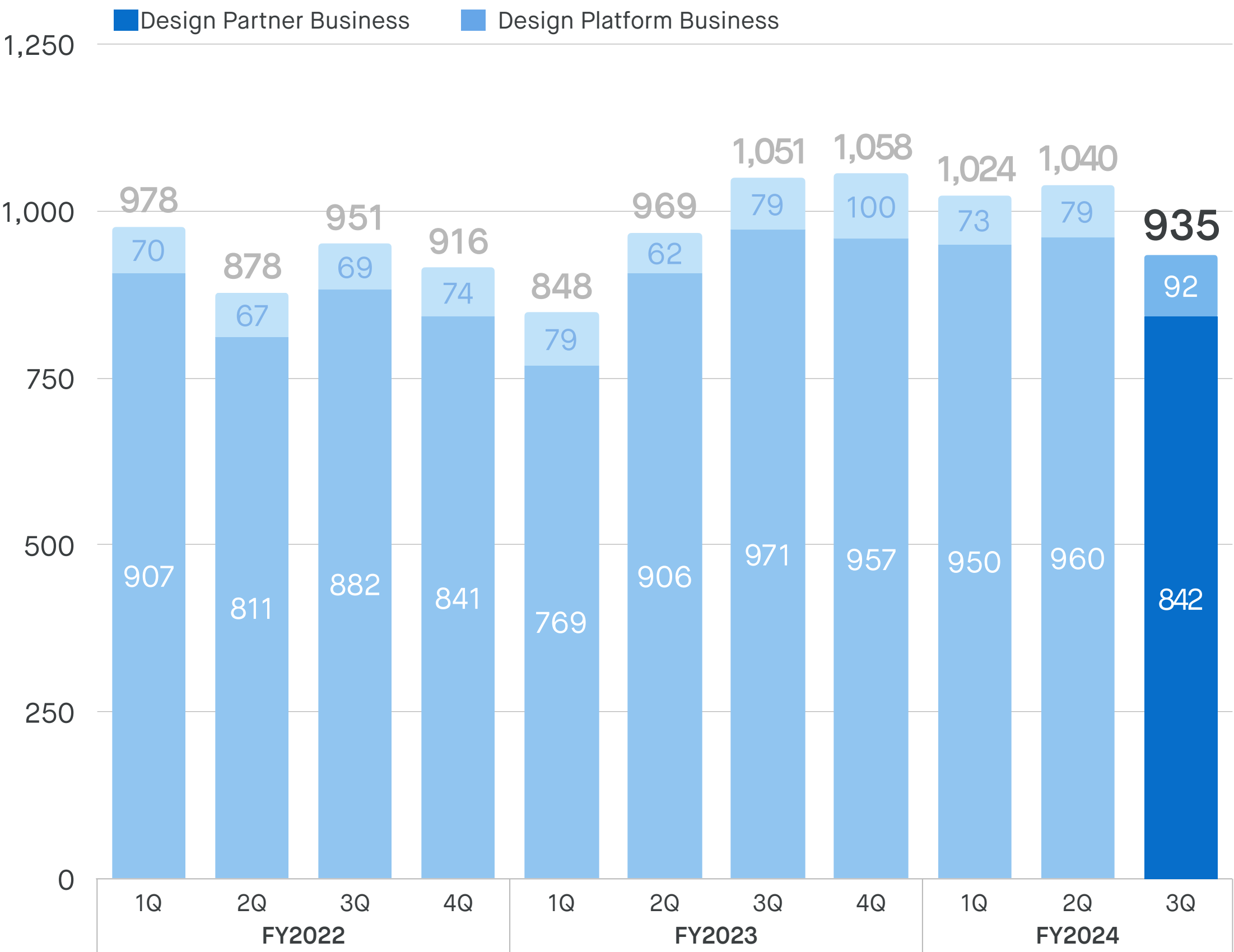


We concentrated our recruiting resources to accelerate the hiring of sales personnel
To improve the quality of our proposals, we encouraged our designers to actively participate in proposal activities, thereby strengthening our proposal capabilities

Net sales were down 11.1% YoY, and operating income was in the red due to lower profitability from upfront investments

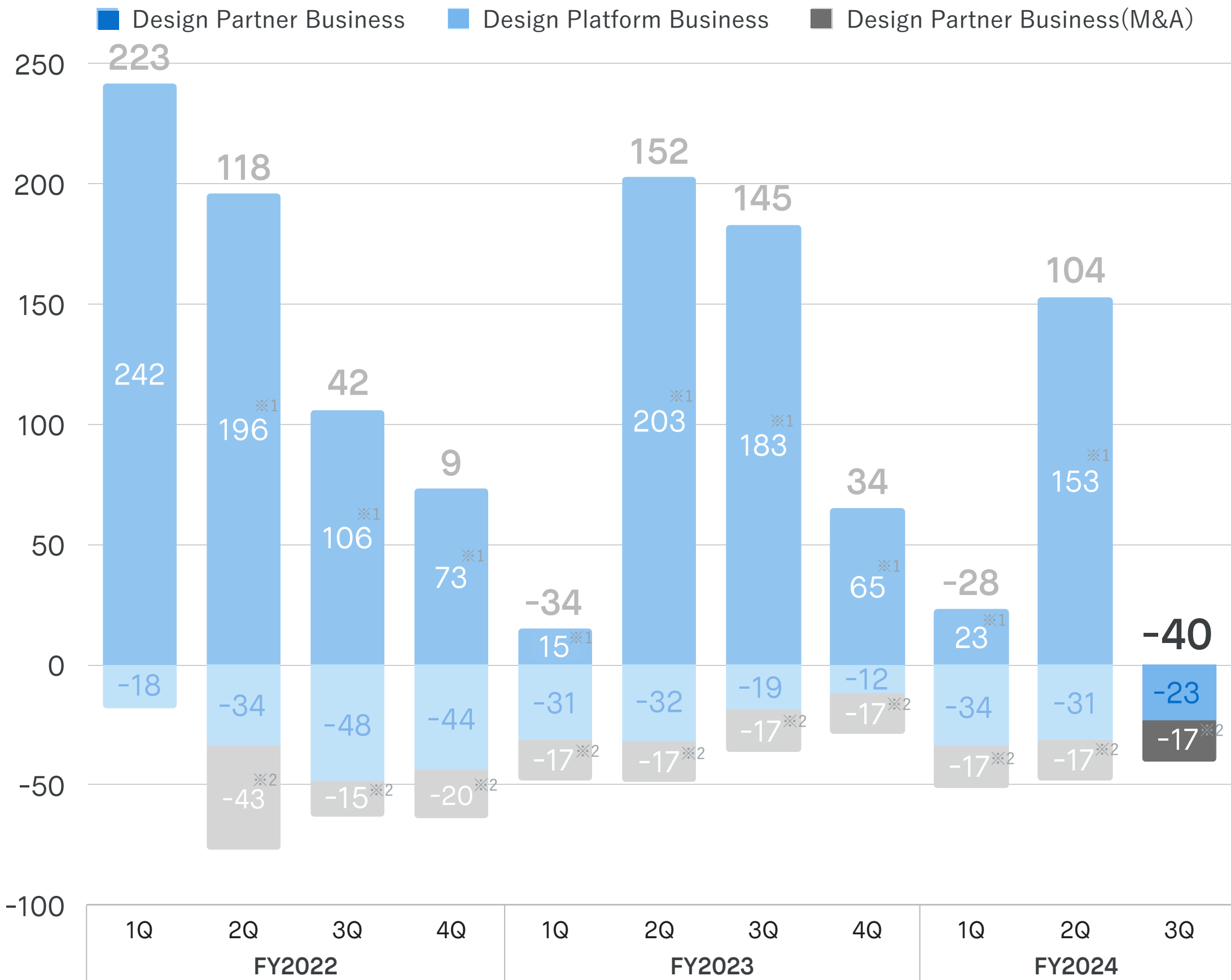
Net Sales

Unit: million yen



Operating Income *

Unit: million yen



*1 Operating income for the Design Partner Business is the amount after deducting M&A-related expenses.
*2 For M&A-related expenses, acquisition-related expenses and goodwill amortization, etc. are recorded for FY2022, and goodwill amortization, etc. are recorded for FY2023 and FY2024.

Net sales up 4.5% YoY, operating income down -40 million yen due to higher costs
Forecasting a shift in trend toward sales growth in the 4Q

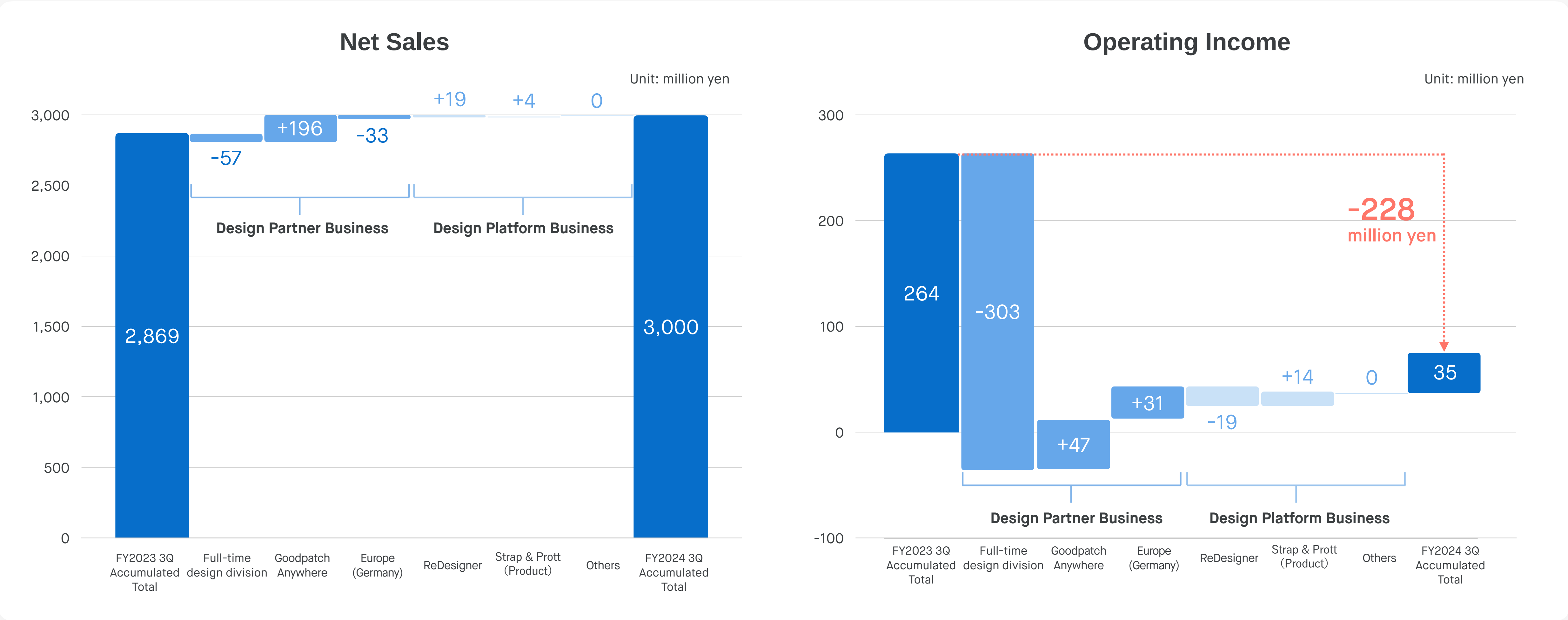
Consolidated Statement of Income (Sep. - May.)

Unit: million yen

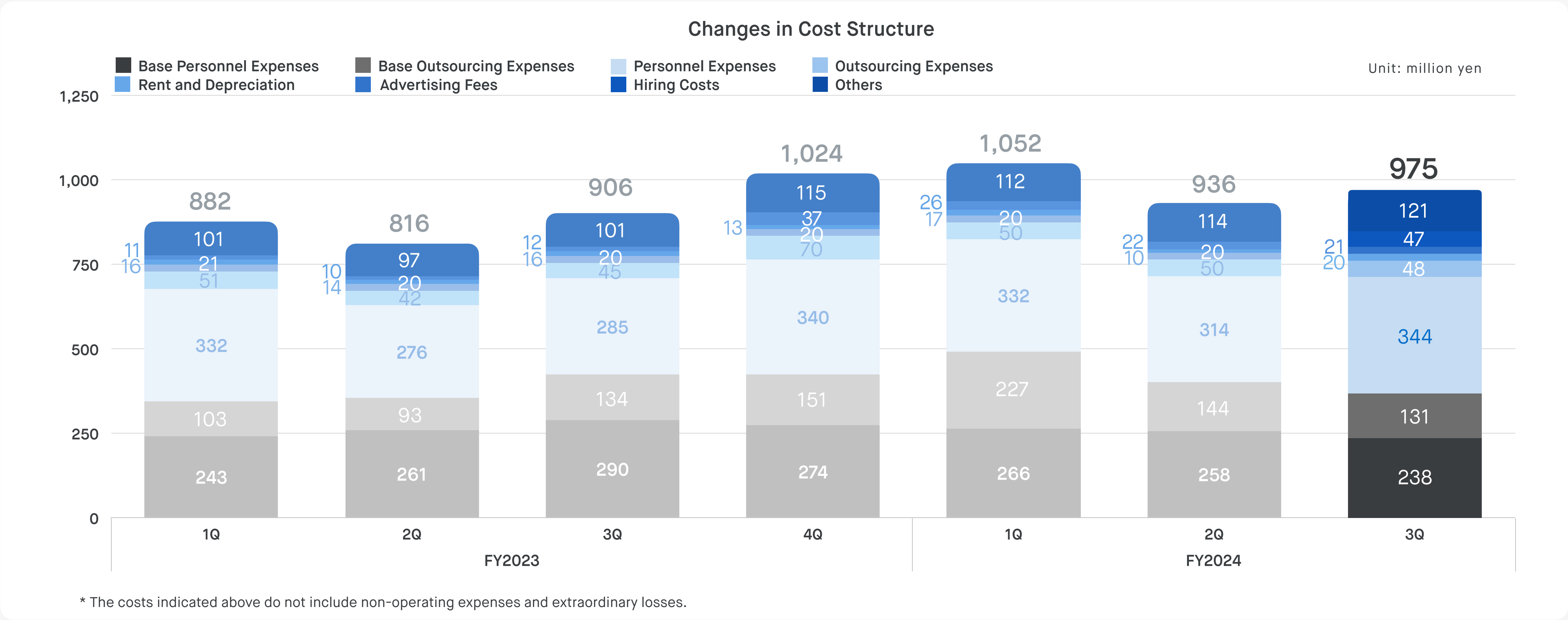
	FY2023 3Q	FY2024 3Q	YoY
Net Sales	1,051	935	-11.1%
Operating Income	145	-40	-185
Operating Margin	13.8%	-	-
Ordinary Income	139	-36	-175
Net Income	88	-31	-120

	FY2023 1-3Q	FY2024 1-3Q	YoY
	2,869	3,000	4.5%
	264	35	-228
	9.2%	1.2%	-8.0pt
	262	41	-220
	186	11	-175

Net sales increased by 131 million yen YoY in the 3Q accumulation due to the surplus growth up to the 2Q
On the other hand, operating income decreased by 228 million yen due to increased costs resulting from upfront investment in HR



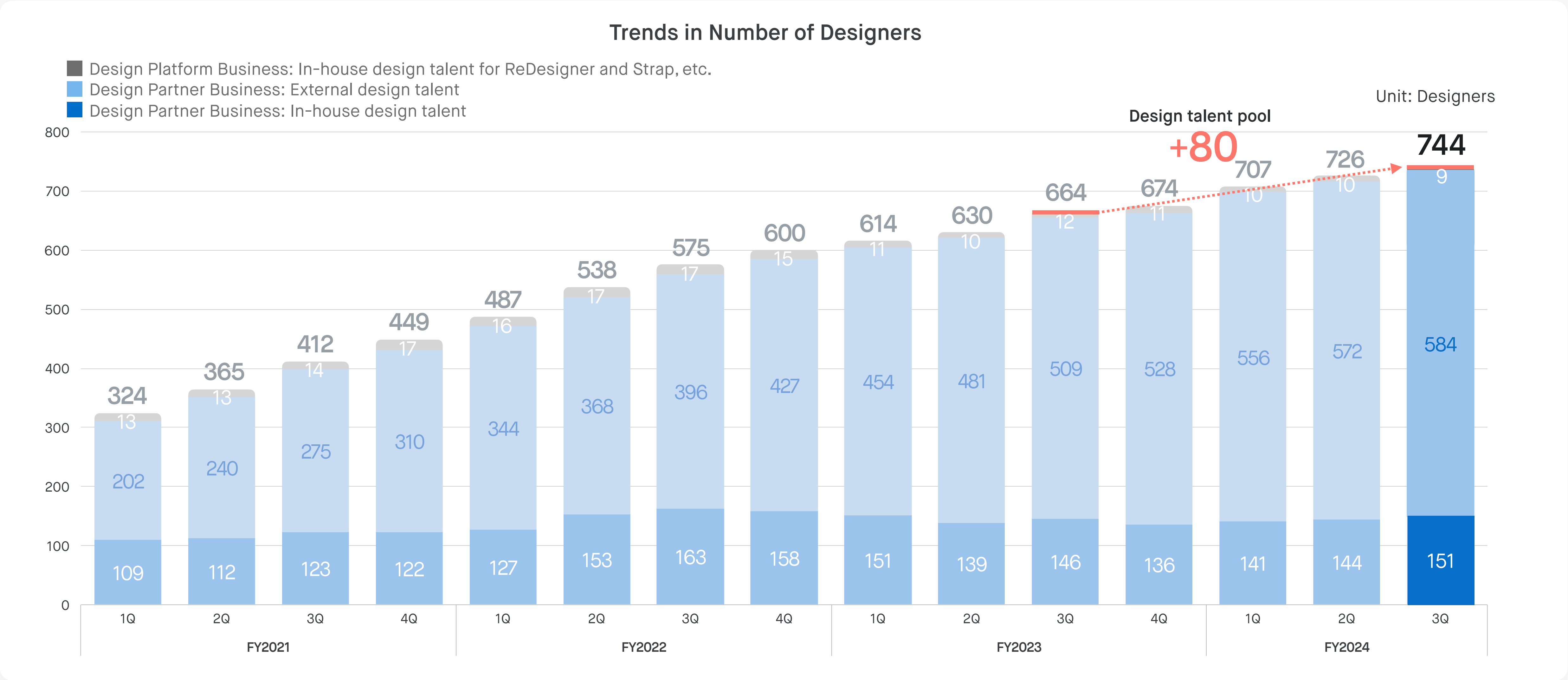
Total expenses increased by 7.6% YoY to +69 million yen, focusing on recruiting activities to contribute to medium- to long-term growth, while the cost of sales also decreased due to lower sales



Invested 90 million yen in 3Q
Successful recruiting measures improved recruiting efficiency and enabled us to hire employees, mainly designers

	2Q Investment results	3Q Investment results	Compared to 2Q
Business improvement investment (Personnel expenses for improvement)	7 million yen	8 million yen	+1 million yen
Recruitment investment etc (Recruitment expenses)	22 million yen	51 million yen	+29 million yen
HR development investment (Training expenses etc.)	2 million yen	10 million yen	+8 million yen
Marketing investment (Advertising expenses)	10 million yen	21 million yen	+11 million yen
Total	41 million yen	90 million yen	+49 million yen

Designer headcount steadily expanded to a total of 744, including internal and external designers, up 80 in YoY.



Continued to secure 3 billion yen in cash for immediate response to major M&A and other investments

Consolidated Balance Sheet

Unit: million yen

	FY2024 2Q	FY2024 3Q	QoQ	Main Reasons
Current assets	3,616	3,796	+179	
Cash and deposits	3,092	3,343	+250	
Fixed assets	852	853	+1	
Total assets	4,469	4,649	+179	
Current liabilities	427	468	+41	
Fixed liabilities	118	310	+191	+ Loans for working capital
Net assets	3,923	3,870	-52	
Equity ratio	87.3%	82.8%	-4.5pt	

Operational Review by Segment

Design Partner Business

Sales and operating income both down YoY due to lower number of project acquisitions from March to April

Overall segment FY2024 Q3 (Mar. - May.)

Net Sales

842 million yen

YoY Change

-13.3% (-129 million yen)

Operating Income*

0.5 million yen

YoY Change

-99.7% (-183 million yen)

* For operating income, goodwill amortization, etc. has been excluded.

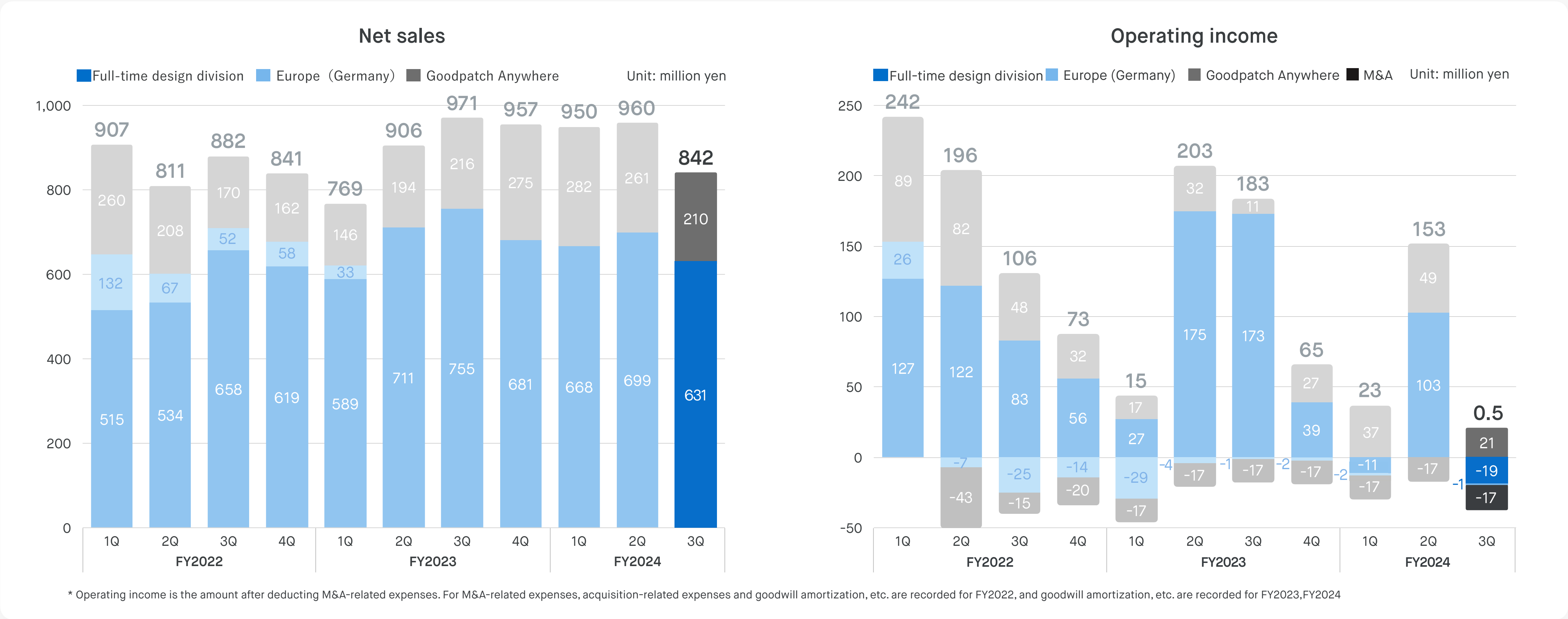
Business Focus for FY2024

- 1 Strengthen marketing to acquire effective business deals
- 2 Sales promotion to acquire loyal customers
- 3 Expand solutions offered
- 4 Value chain expansion, M&A strategy

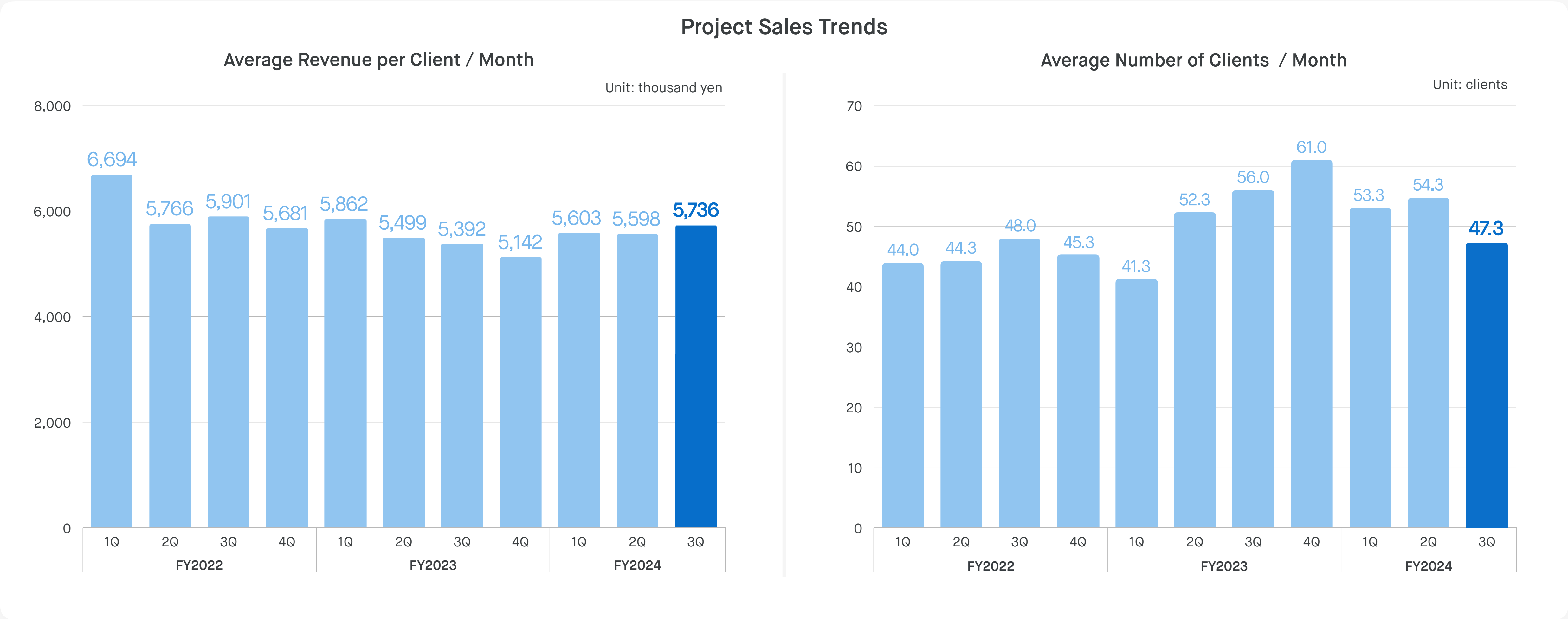
- Delayed progress in acquiring projects from effective business negotiations, resulting in a decline in the utilization rate of full-time designers
- Strengthen relationships with client companies by enhancing sales activities to the management level of client companies and proposals that match the progress of client companies' business strategies
- Reinforcement of recovery measures to Improve utilization ratio of designers from 4Q onward

Delayed project acquisitions resulted in a decrease in the number of client companies,
which affected sales

Decrease in operating income was mainly due to lower utilization ratio of designers and investment in HR

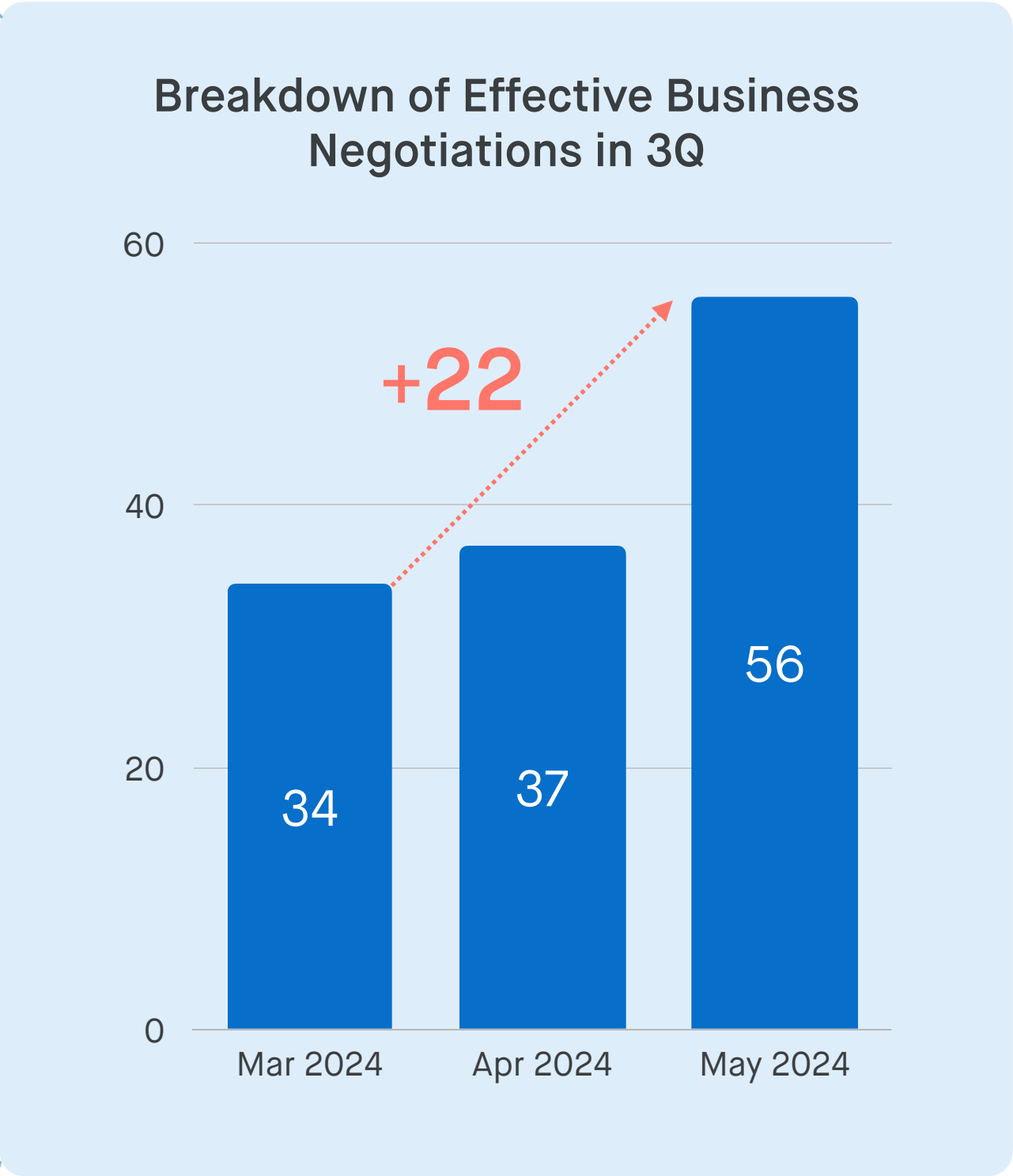
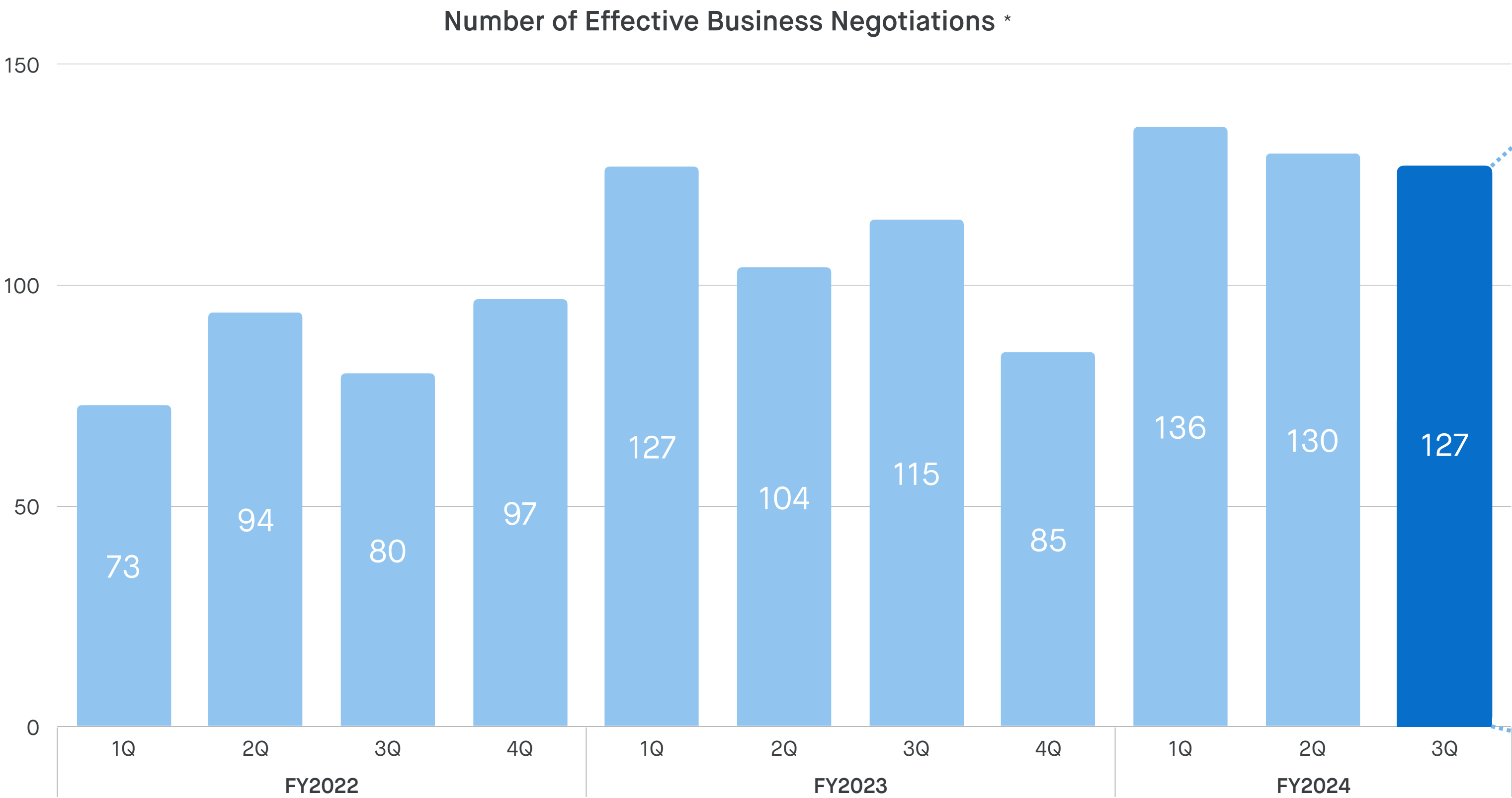


Monthly Average Revenue per Client increased slightly, but the number of client companies decreased
Number of client companies expected to increase in the second half of 4Q



The number of effective business negotiations in March and April was lower than expected, resulting in a decrease in the number of projects
However, the number of effective business negotiations has been on an upward trend since May

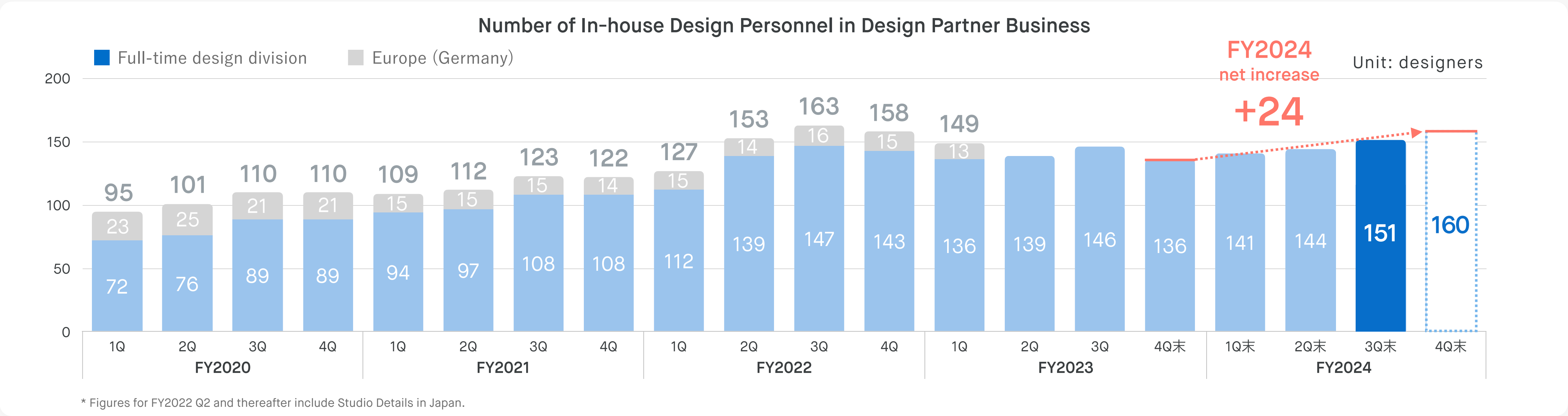
Number of Effective Business Negotiation Trends



* Figures include Goodpatch Anywhere and exclude Studio Details.

Full-time design personnel totaled 151, an increase of 7 in QoQ

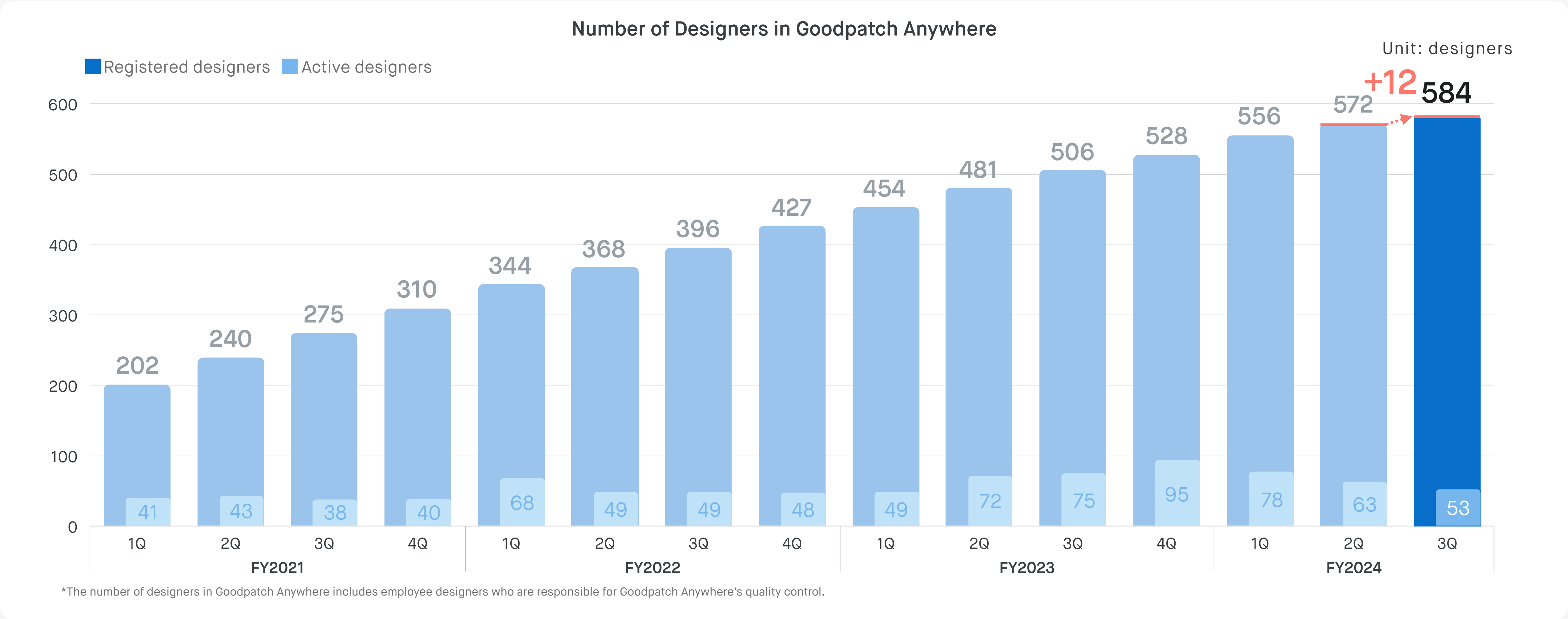
Improved recruiting efficiency and steady progress in recruiting personnel in line with annual hiring goals



- Increased pace of hiring in 3Q with 16 new hires, Total number of retirees(1Q to 3Q) remained lower than expected at 15
- The number of employees who made job offers in the 4Q is expected to be 11, and the number of employees who assumed retirement is expected to be 2, resulting in a net increase of 24 designers for the full fiscal year from the previous year

Number of affiliated designers steadily expanded, QoQ +12

Delays in acquiring new projects resulted in a QoQ decline in the number of designers in operation



Operational Review by Segment

Design Platform Business

Sales of the entire business grew positively in YoY, but there were delays in business progress
Continued operating loss due to prior investments

Overall Segment FY2024 Q3 (Mar.- May.)

Net sales

92 million yen

YoY change

+16.1% (+12 million yen)

Operating Income

-23 million yen

YoY change

- (-3 million yen)

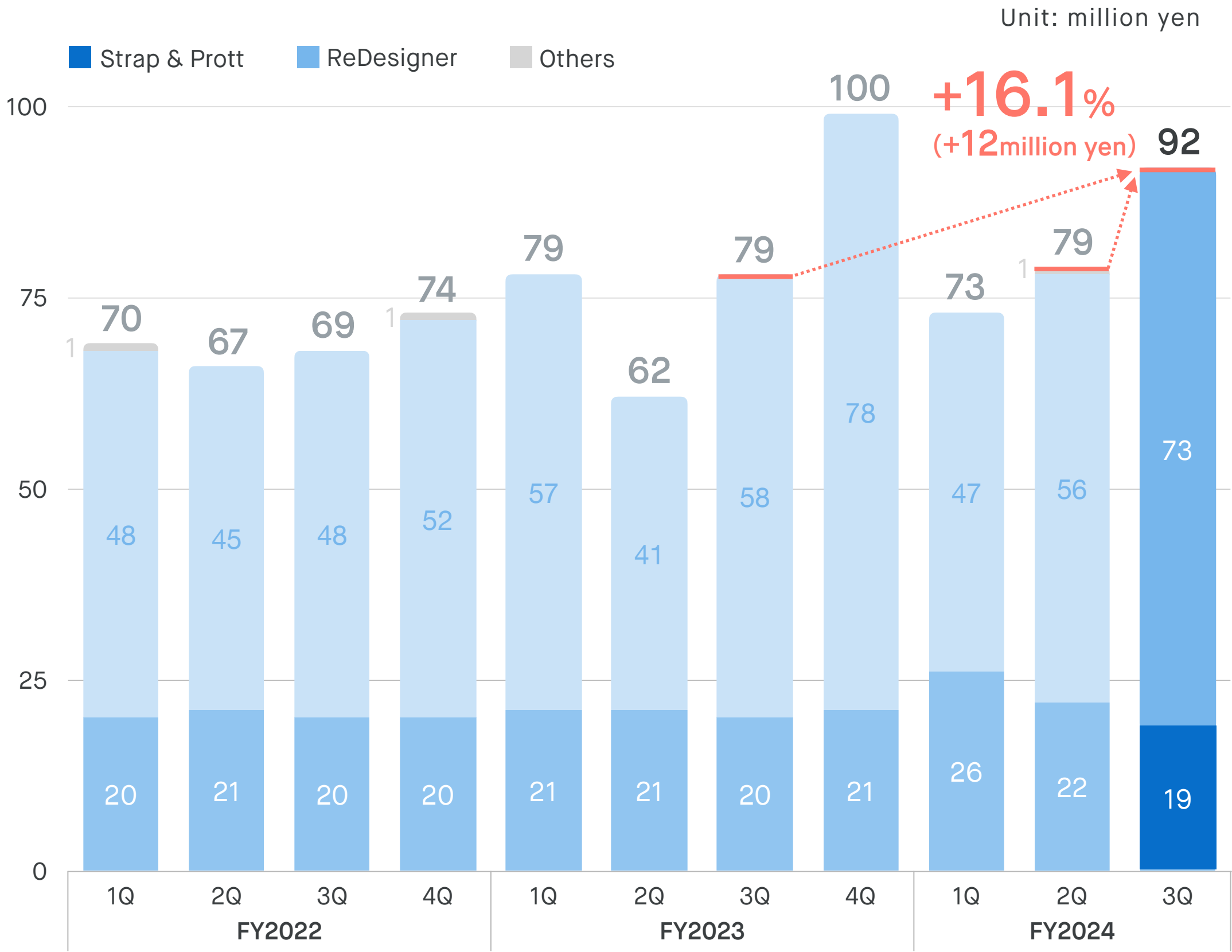
Business Focus for FY2024

- 1 Growth of ReDesigner
Further energize the market to accelerate growth through implementation of direct recruiting
- 2 Growth of Strap
Generate growth by strengthening development and sales toward expansion into the enterprise domain while keeping SaaS business KPIs in mind

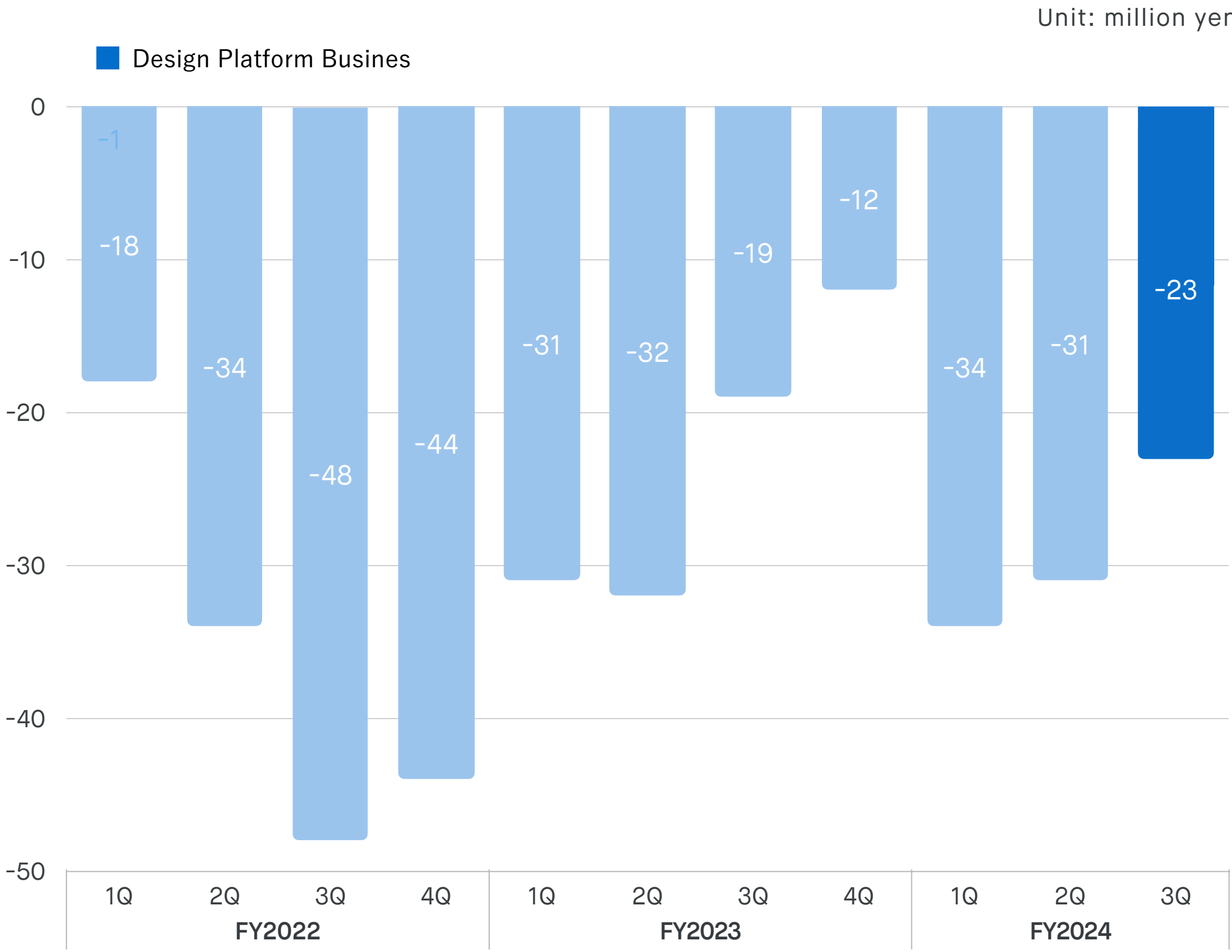
- ReDesigner : Both services for mid-career and new graduates improved significantly in QoQ, and are on an increasing revenue trend
Direct recruiting also continues to be a positive factor in earnings
- Strap : MRR growth was sluggish, plans to recover from 4Q onward with a new fee structure
- Prott : The decision to terminate the service as of August 31, 2024, due to the difficulty of monetizing the business

Net sales grew +16.1% in both YoY and QoQ mainly driven by strong performance of ReDesigner's mid-career recruiting services

Net sales

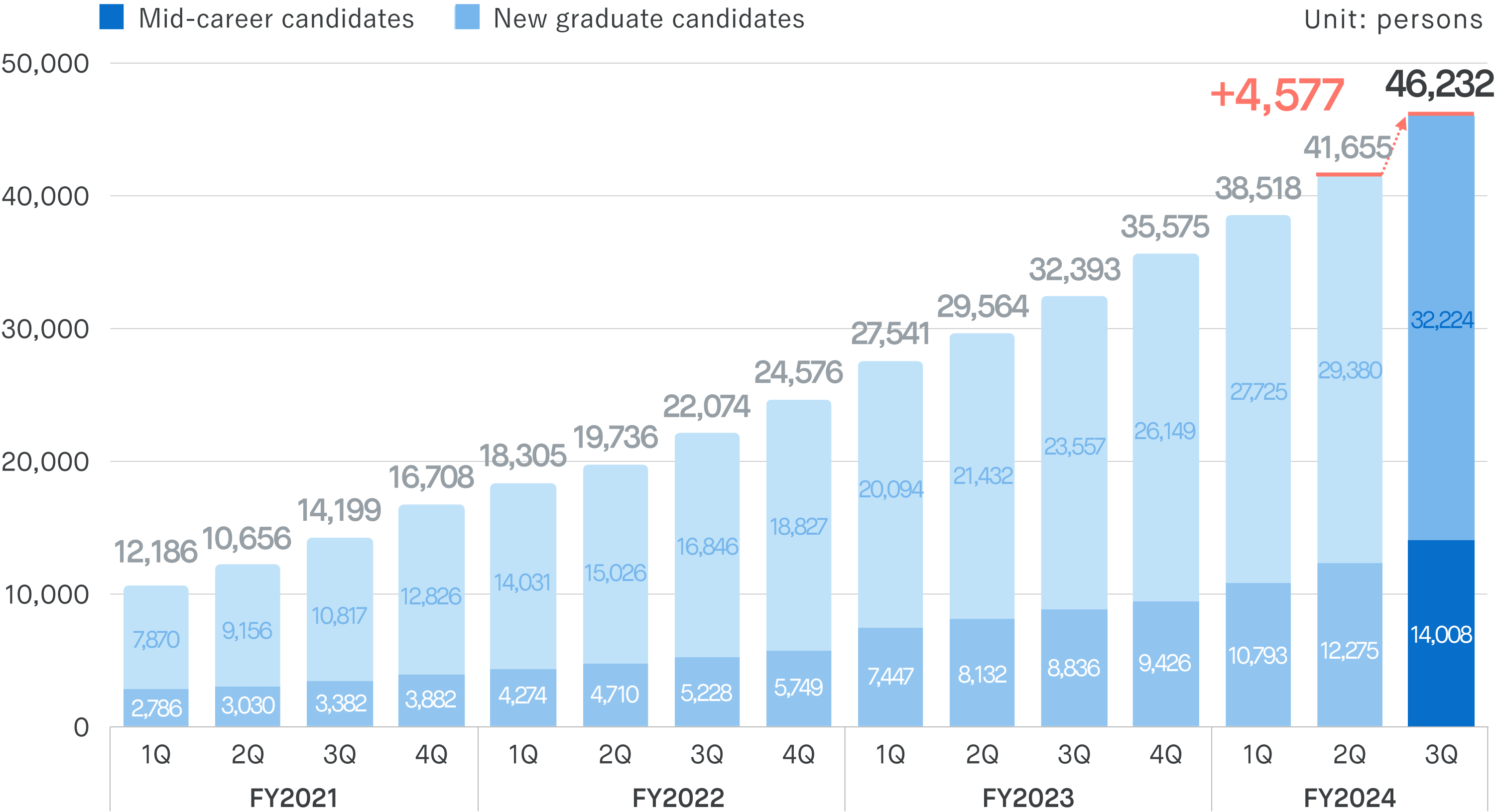


Operating Income



Direct Cumulative number of registrations for both mid-career and new graduates continues to increase, and the number of companies with clients also expands
Direct recruiting also contributes to sales

Trends in the Number of Registrants in ReDesigner



Mid-career referral service

Career change support service

- Total number of client companies increased to 840
- Determined average annual income of hires also grew

Direct recruiting

- Total number of client companies has grown to 35

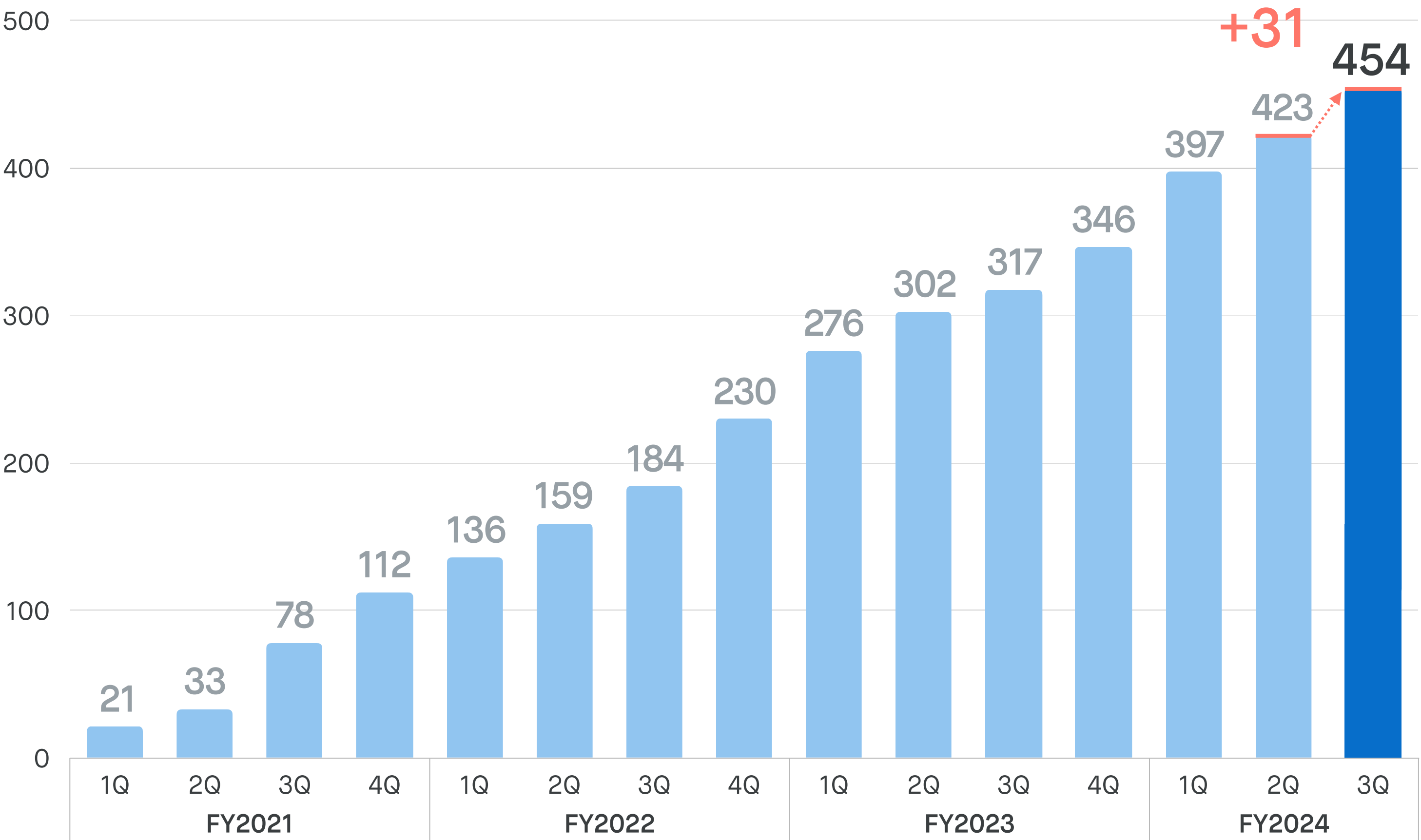
New graduate referral service

- Cumulative number of client companies increased to 154
- Despite the seasonality of sales tending to decline at the change of fiscal years, this fiscal year's sales grew YoY

Cumulative number of clients continuously grows, surpassing 450 companies

Trends in the Accumulated Number of Contracted Companies for Strap

Unit: companies



Strap's Growth Strategy

Appealing as a tool to support corporate transformations

- Strengthening appeals to a wide range of industries to meet growing needs in new areas
- Aiming to increase unit price with new fee structure

SUNTORY
SUNTORY BEVERAGE & FOOD

TOPPAN



FY2024 Q3 TOPICS



msh Inc. and Goodpatch developed a new cosmetic brand, “Ctrlx,” using a non-traditional approach utilizing the designer’s perspective
This is the first case in which Goodpatch has adopted a revenue-sharing model

Issues

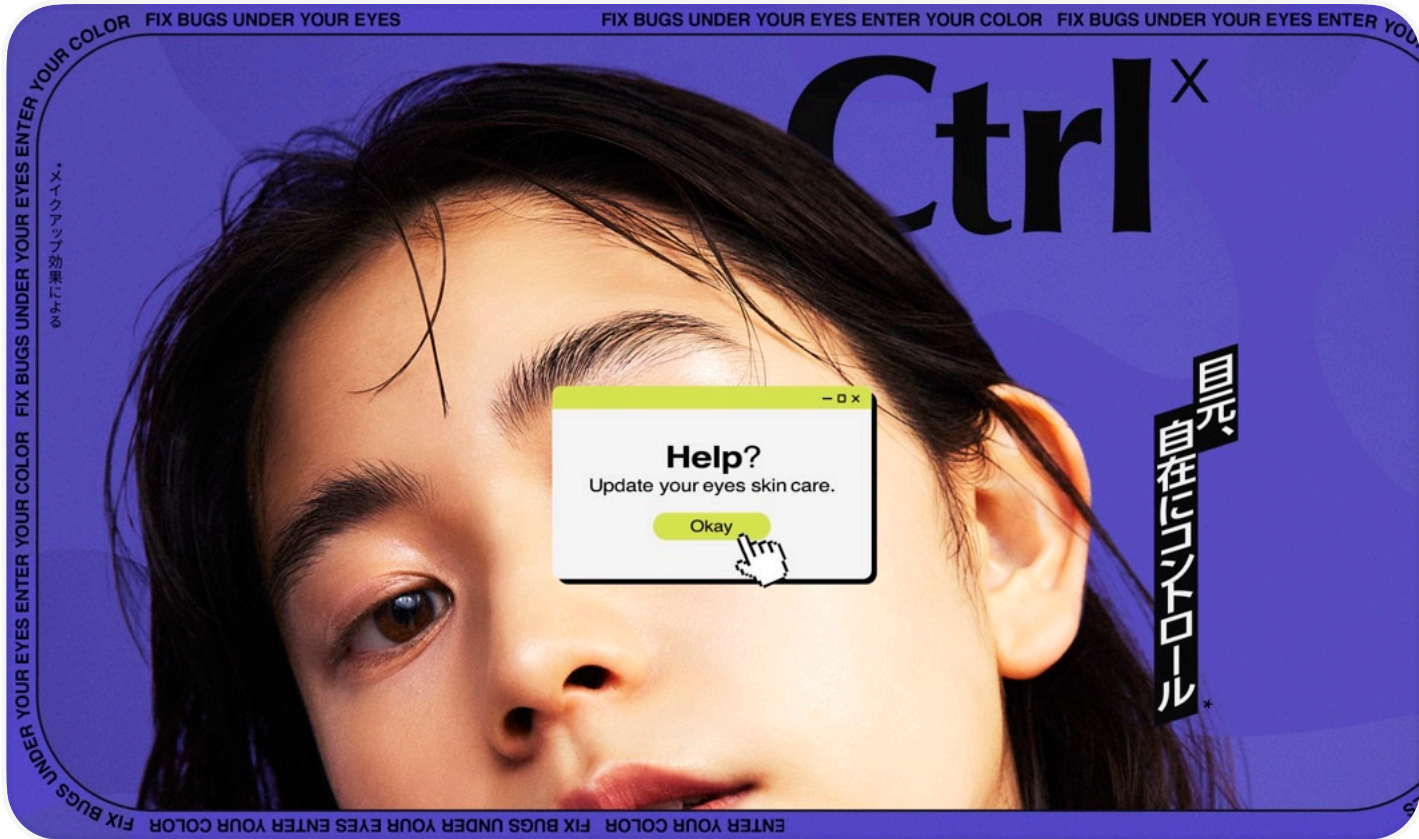


- msh has difficulties in creating new services and products, etc. to acquire new users:
- Difficulties in generating new ideas on its own;
 - Lack of mechanisms, structures and resources to launch a new business or brand while maintaining existing businesses; and
 - Difficulties in gaining user insights and designing user experience in an unconventional way

Approach



- msh and Goodpatch developed completely new eye care products by delving deeply into users’ emotions and motivations
- Identified users’ potential pains and needs through our own research, workshops and other efforts
 - Built a brand design that reflects the circumstances unique to the present day
 - We consistently discussed with each other product designs, sales promotion strategies and other issues to jointly create the brand



The products have attracted considerable attention, including many articles in mass media and numerous posts on social media, owing to their genderless and ageless designs such as look like PC keyboards, so potential male buyers would feel more comfortable when picking up one of the products

* For more details, see the blog entry below:
<https://goodpatch.com/blog/2024-05-mshxgp1> (Japanese language only)



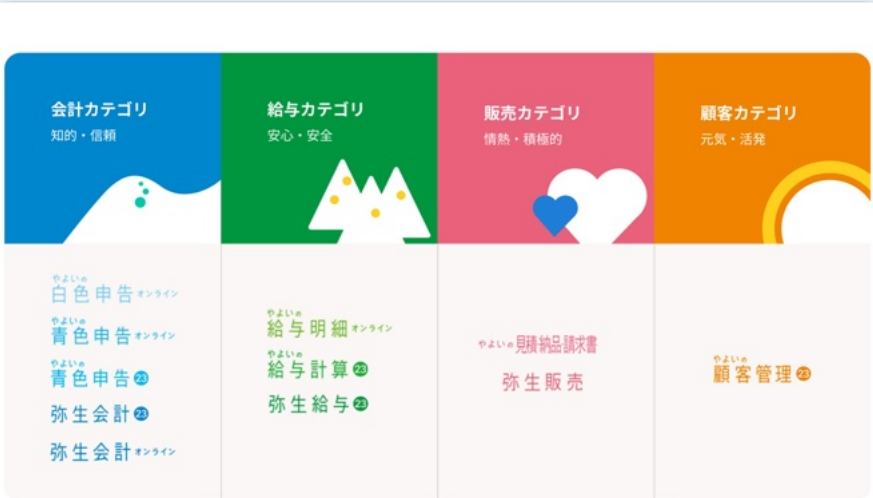
Goodpatch took charge of the full renewal of Yayoi’s website that clearly conveys the concept of “Business Concierge,” —the role Yayoi desires to play—contributing to significant improvements in PV and CVR.

Issues



- Amid growing needs for cloud services, Yayoi has difficulties in acquiring new users for its cloud-type products:
- It needs to drastically improve routes to guide website visitors to their desired pages and increase CVR, but lacks knowledge to do so;
 - It has not successfully conveyed to its potential customers that it can consistently support them—from establishing businesses to business succession—while it has an advantage in accounting, and
 - Its staff members do not share a unified definition of “business concierge.”

Approach



- Goodpatch built a website that is easy to use even for users with little IT literacy by setting high-definition personas and designing fine-tuned routes for viewing pages
- Built a process that systematizes the improvement of UI/UX based not only on numerical values but also on qualitative information by conducting user interviews
 - Created designs by breaking down the keywords of Yayoi’s highly abstract brand guidelines into components.



Triggered by this website development, other Yayoi teams now have a unified view of the concept of “business concierge,” which is reflected in their measures

It has been incorporated into Yayoi’s internal general development process and contributed to company-wide improvements

We have continued to receive orders for additional projects

* For more details, see the blog entry below:
<https://goodpatch.com/blog/2024-06-yayoi> (Japanese language only)

Growth Strategy

Medium- to Long-Term Direction and FY2024 Growth Strategy

Need to expand the design's 'value realization' domain in response to societal and corporate challenges

A company that designs software with UI/UX as its strength



Become a company that “designs” innovation to promote corporate transformation with customer experience

Direction of medium-term strategy

**In order to support corporate transformation and innovation,
we must deepen our relationships with client companies**



Deep partnerships through business co-creation

Strengthening partnerships through business co-creation

Joint venture
partnerships



Business alliance
partnerships



M&A
partnerships



Balancing the corporate transformation of client companies with
expansion of our own business portfolio and business growth

For clients' corporate transformation

Must build close relationships and provide a greater range of solutions to transform client's businesses

Setting a FY2024 growth strategy with the aim for medium- to long-term growth

Design Partner Business

- 1 Strengthen marketing to acquire effective business deals
- 2 Sales promotion to acquire loyal customers
- 3 Expand solutions offered
- 4 Value chain expansion, M&A strategy

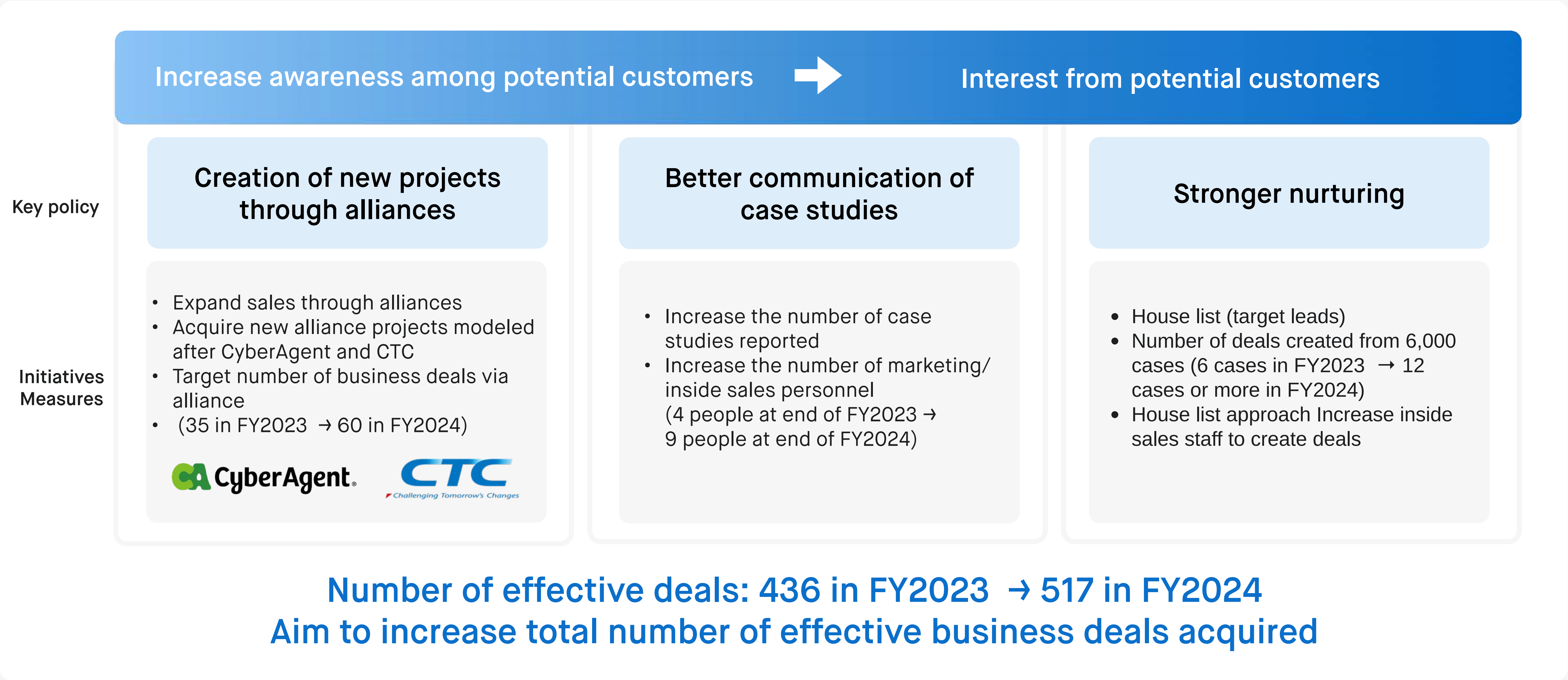
Design Platform Business

- 1 Growth of ReDesigner
- 2 Growth of Strap

Business infrastructure supporting growth

- 1 Talent strategy with quantity and quality
- 2 Design and sustainability

Expand marketing investment, aiming for 20% growth in number of effective business deals



Implementing measures based on sales strategy to increase the number of customers with annual sales of 60 million yen or more

Distribution of annual sales per customer
(Including Anywhere and Studio Details) Unit: companies

	FY2021	FY2022	FY2023
Over 100 million yen	3	5	6
Between 60 and 100 million yen	8	5	6
Between 30 and 60 million yen	13	22	20
Less than 30 million yen	68	110	119
Total	92	142	151

Number of customers with annual sales of 60 million yen or more:
12 companies in FY2023 → 15 companies in FY2024

Increase contact with decision makers to increase loyal customers
Continuously improve project quality and increase customer unit price

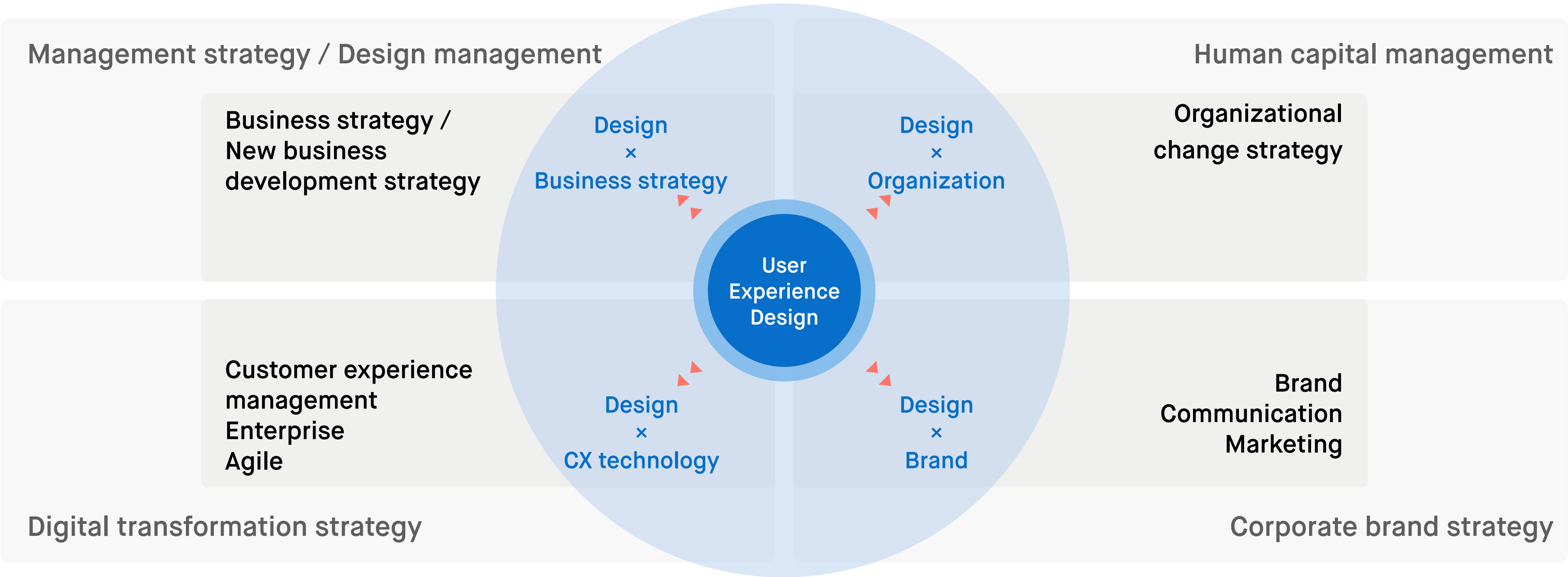
Sales strategy policy to build deeper relationships

- **Widen:** Expand solutions
- **Climb:** Increase the number of cases that can approach management
- **Deepen:** In-depth sales that gets deeper into business issues with customers

Monitoring, analysis and improvement of business status

- Visualize introduction routes and order trends from marketing measures
- Set negotiation and monitor decision rate by negotiation level
- Understand customer needs trends and analyze orders/ losses, sharing them with design organization
- Visualize sales force activity

Expanding solutions into four areas centered on experience design



Create a design organization system that meets customer issues based on four areas to expand the solutions we provide

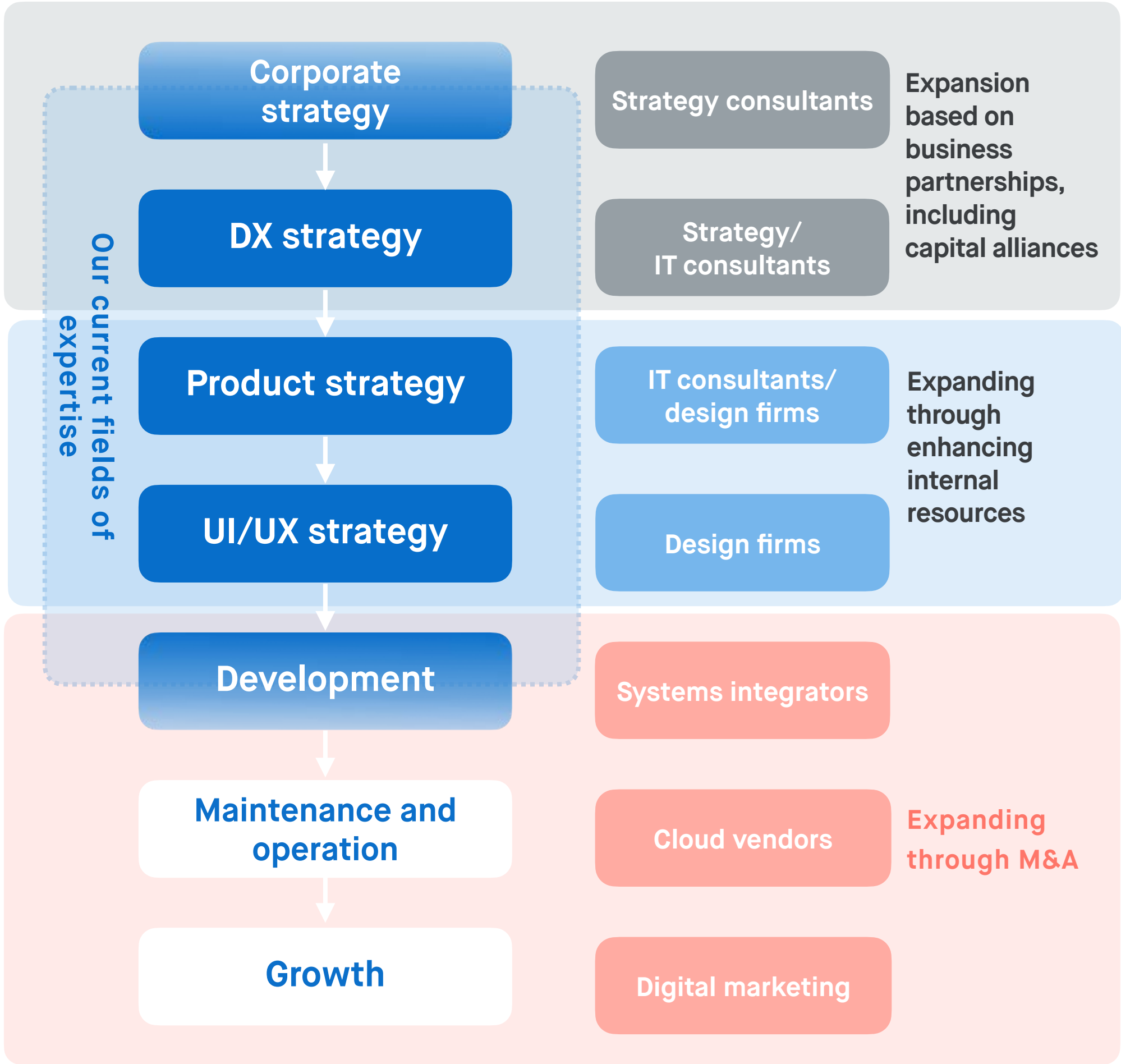
Strengthen M&A promotion, expand value chain, and build a comprehensive group structure

Greater management strategy, area of digital transformation, and organizational strategy

- Expand collaboration through business alliances with leading companies (CyberAgent, CTC, etc.) Contribute to corporate organizational change.
- Through joint venture with Marui Group (Muture), which we have been working on since before FY2023, we have realized the creation of new business value by leveraging the assets of both parties.

Creating synergistic M&A

- Utilize M&A to expand capabilities and build an all-in-one system in the downstream area of the value chain.
- Make effective use of the Group’s assets and enter new areas where there is synergy with partner businesses.



Further growth for the Design Platform Business

Growth of ReDesigner



Design talent recruitment platform
Providing a place for designers to play an active role in their respective growth phases

New graduate

Mid-career

End of FY2023	FY2024	End of FY2023	FY2024
Total number of contract companies 100	Total number of contract companies 120	Total number of contract companies 750	Total number of contract companies 900
Total number of users 26,000	Total number of users 30,000	Total number of users 9,400	Total number of users 12,000

- Developed and implemented with UI/UX in mind as an open platform
- Further activated the market and increased the growth trajectory by implementing direct recruiting function
- Developed and implemented skill maps and portfolio creation support

Growth of Strap

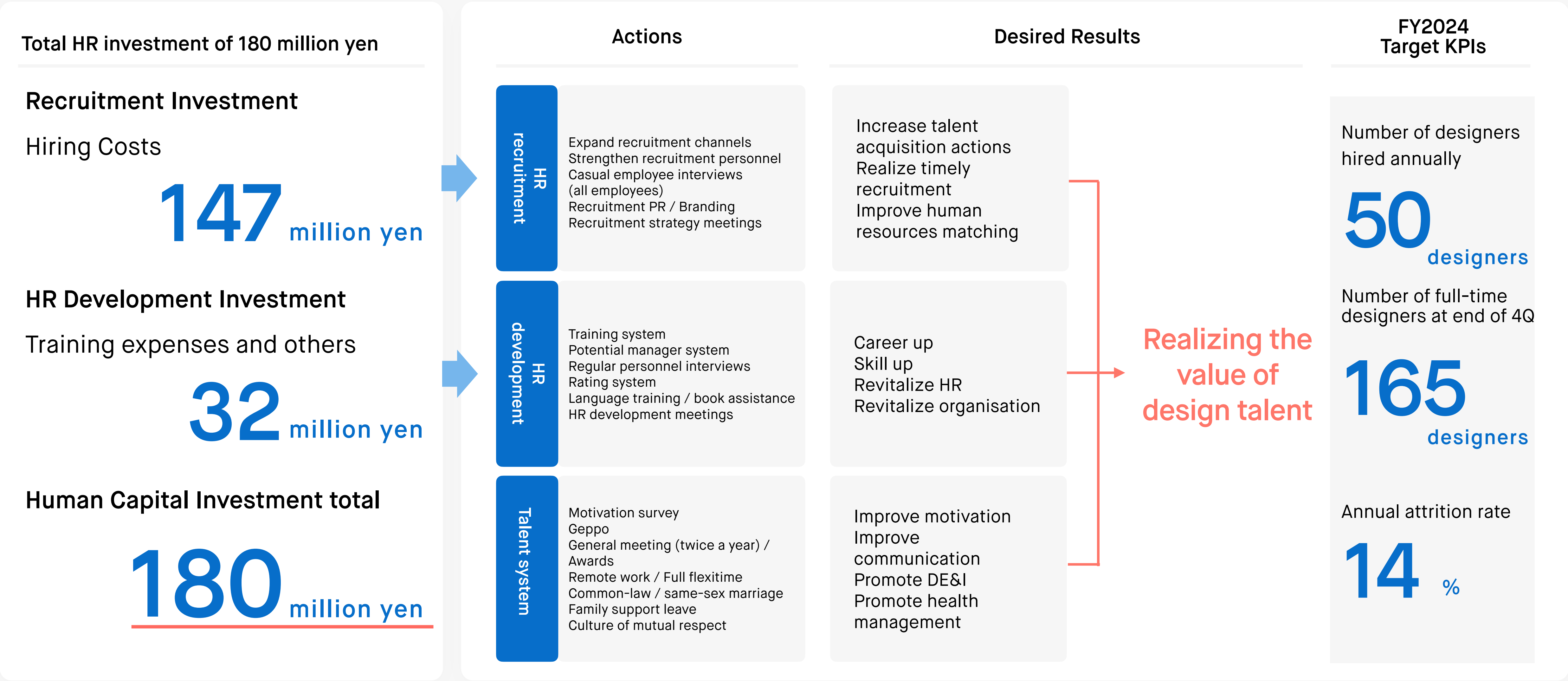


Online collaboration platform
Providing digital transformation tools that transform individual creative thinking and organizational meetings

FY2022	FY2023	FY2024
Introduced at 230 companies	Introduced at 346 companies	Introduced at 500 companies

- Growth while keeping SaaS business KPIs in mind
- Strengthen development and sales toward expansion into the enterprise field
- Supporting digital transformation and human capital management needs with training solutions

Investing 180 million yen in human resources recruitment and development to realize business growth

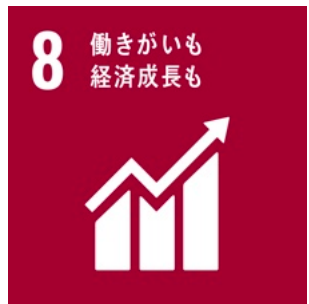


Considering four key themes (materiality) to realize vision and mission

Working with stakeholders to spread the power of design to advance society

Design for Talent

- Hiring and training human resources to create opportunities for success
- Promotion of diversity, equity & inclusion (DE&I)
- Improving the value (treatment) of designers



Design for Partner

- Co-creation with business partners
- Creating and transforming customer value



Design for Society

- Initiatives that consider the global environment
- Community empowerment

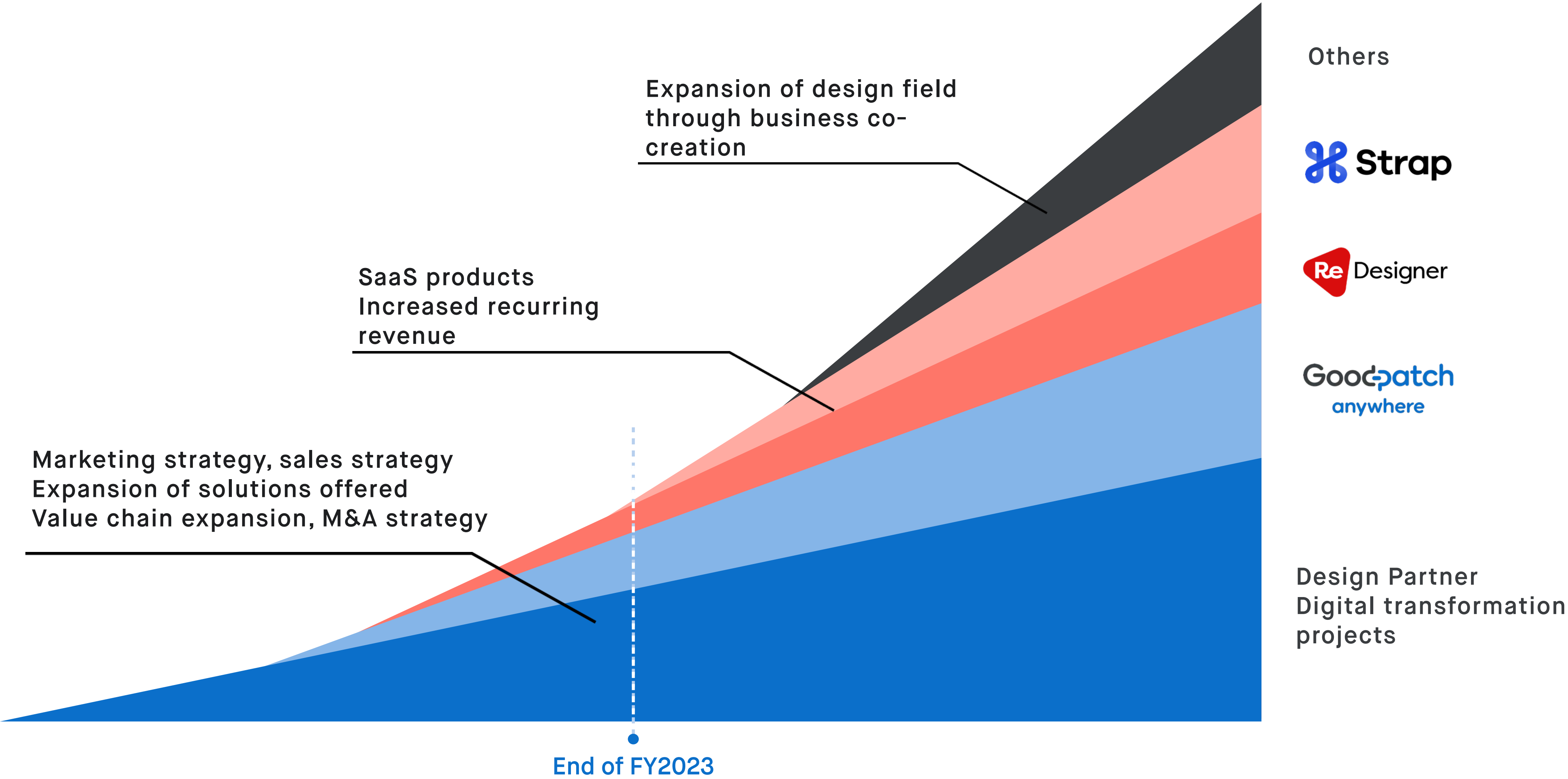


Design with Governance

- Employee health and safety
- Sound corporate governance system
- Corporate ethics and compliance
- Design ethics and responsibility



Expand the possibilities of design, aiming for sales of 10 billion yen or more in full speed



Appendix

Company Information

Company Information

Basic Information

Company name	Goodpatch Inc.	
Incorporated	September 2011	
Address	VORT Shibuya South 2F 3-3 Uguisudanicho, Shibuya-ku, Tokyo 150-0032, Japan	
Number of employees	251 employees (as of May 31, 2024 on a consolidated basis)	
Directors and auditors	Representative Director / CEO	Naofumi Tsuchiya
	Director / Executive Officer	Toshiyuki Makishima
	Outside Director	Hiroshi Kozuka
	Outside Director	Asuka Sato
	Outside Director	Daichi Hiroki
	Full-time Auditor	Osamu Satake
	Part-time Auditor	Toshiki Sada
	Part-time Auditor	Masaki Kawaguchi
Business description	UI/UX design, business model design, brand experience design, organizational design, and software development	
Subsidiaries and affiliates (ownership ratio)	* Goodpatch GmbH (100%), Studio Details Inc. (100%), Muture Corp. (40%), X.1 Inc. (33%)	
Offices	Japan (Tokyo and Nagoya)	

* Business ended in January 2023, liquidation process underway as of July 2024



Vision and Mission

VISION

Push the world forward with
design that moves people's hearts

MISSION

Prove the power of design

Why Design Matters Now?

Why Design?

Company co-founded by designers grow significantly

Slack

Instagram

Airbnb

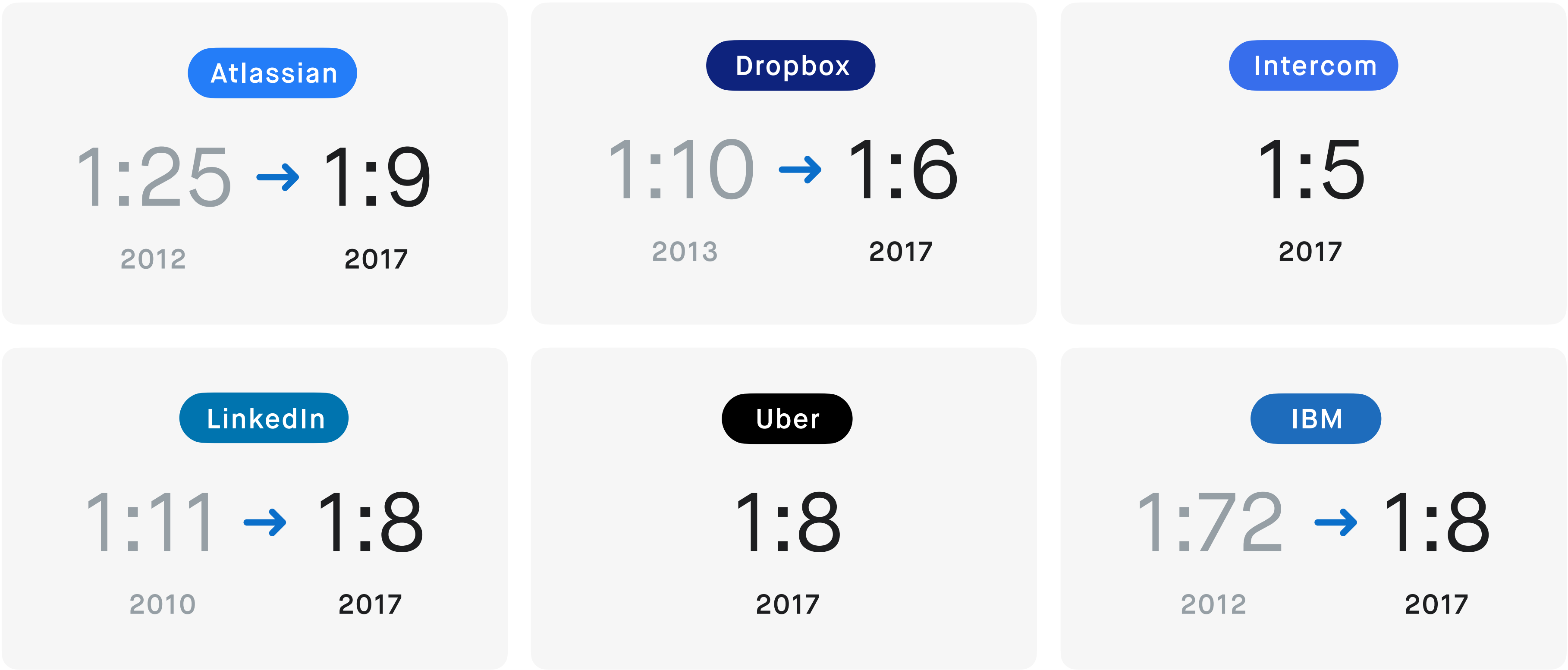
YouTube

Twitter

Pinterest

Designers were among the co-founders of these companies

Designers vs. engineers ratio has changed in global companies

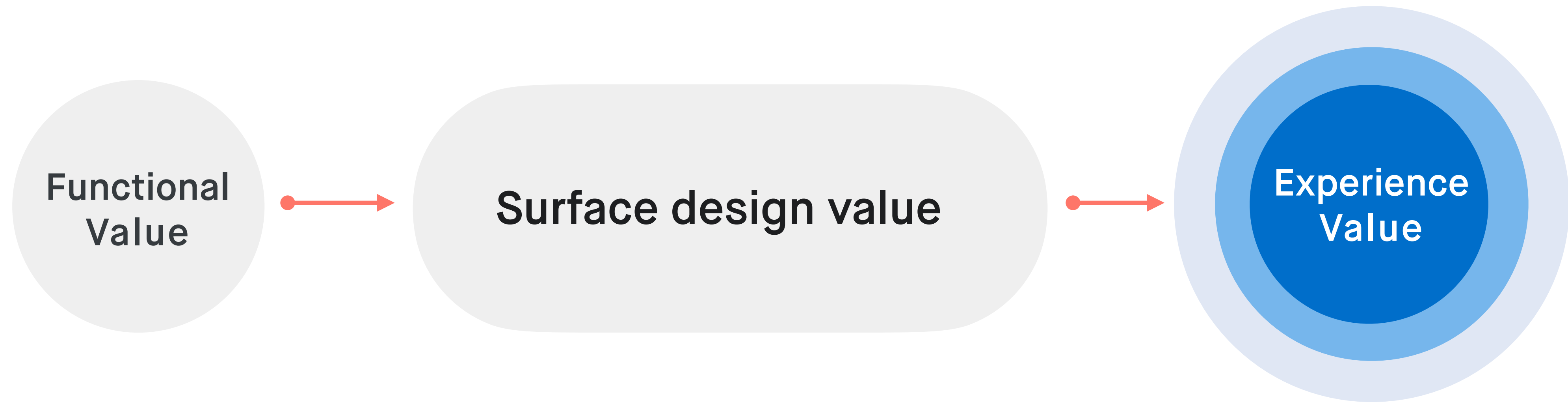


Designers are becoming increasingly important

<https://techcrunch.com/2017/05/31/here-are-some-reasons-behind-techs-design-shortage/>

*The number of engineers per designer is indicated by ratio.

From functional value to experience value



The age of selling products is over, the **age of selling experience** has arrived

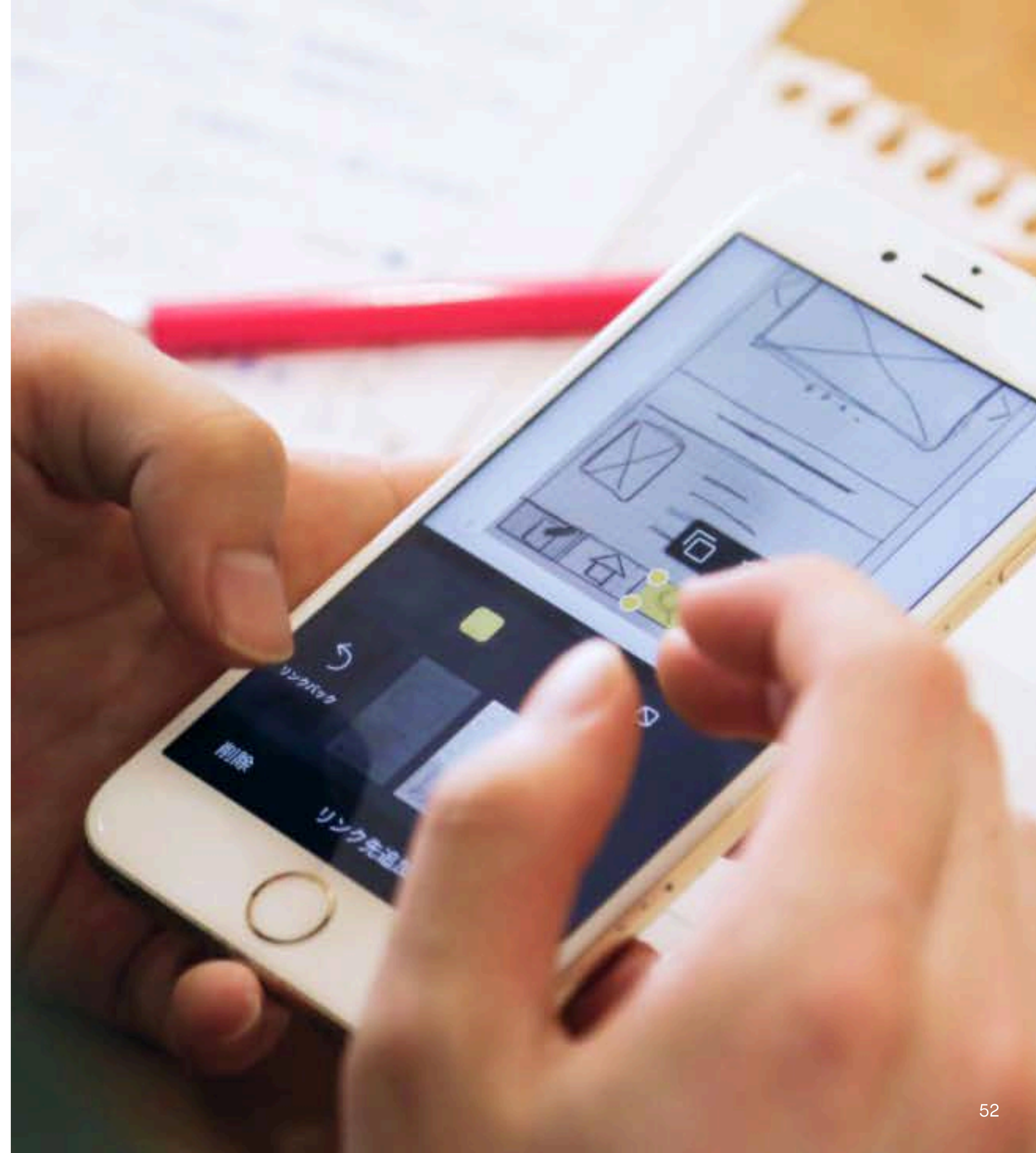
Why Design Matters Now?

Paradigm shift in user experience

Differentiating user experience (UX) from others significantly affects business performance

Smartphones, the device closest to users, have changed peoples' lives.

Comfortable **UI design** and **UX design**, which designs all use scenes and ever-complicated user experience as a whole, have become increasingly important

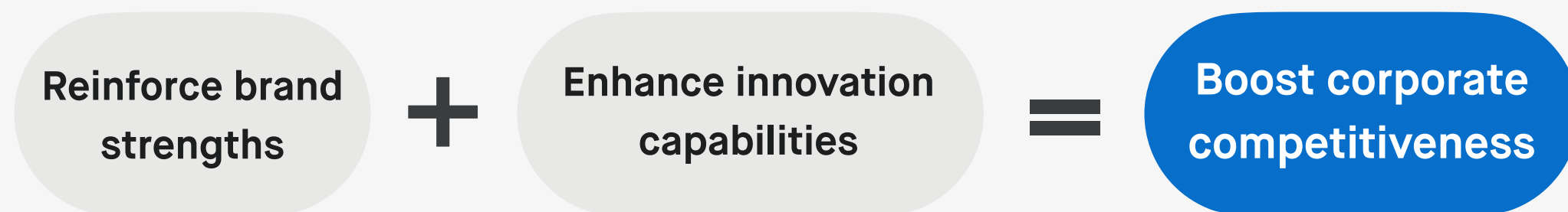


Differentiating the user experience (UX) from others significantly affects business performance

Design is misunderstood in Japan

In Japan, design is often misunderstood for decoration and to be superficial, but **design essentially involves "planning and architecture"**

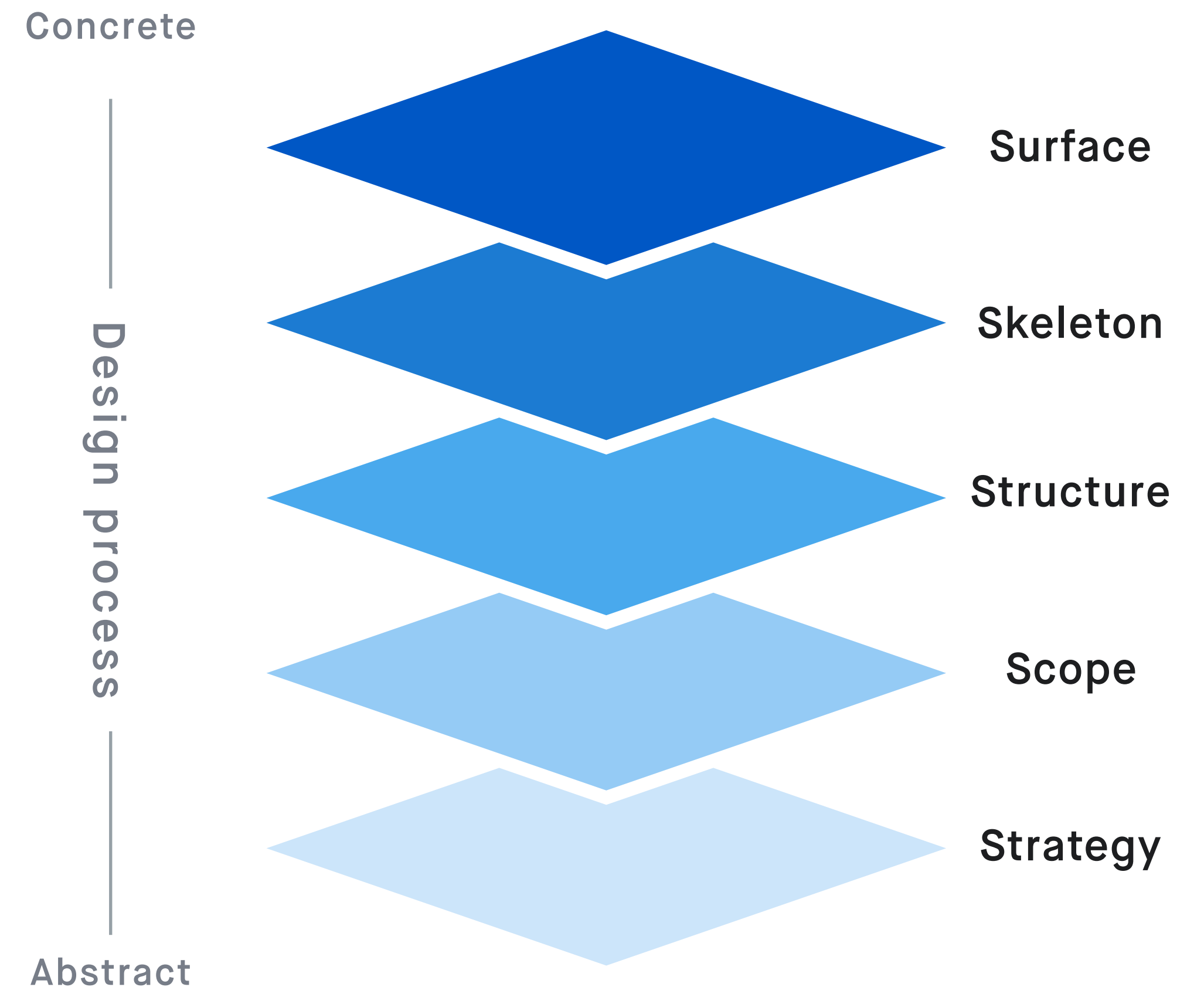
Effects of design management



What is required to promote management by design

1. Have a design executive in the management team
2. Have design involved from the start of creating business strategy

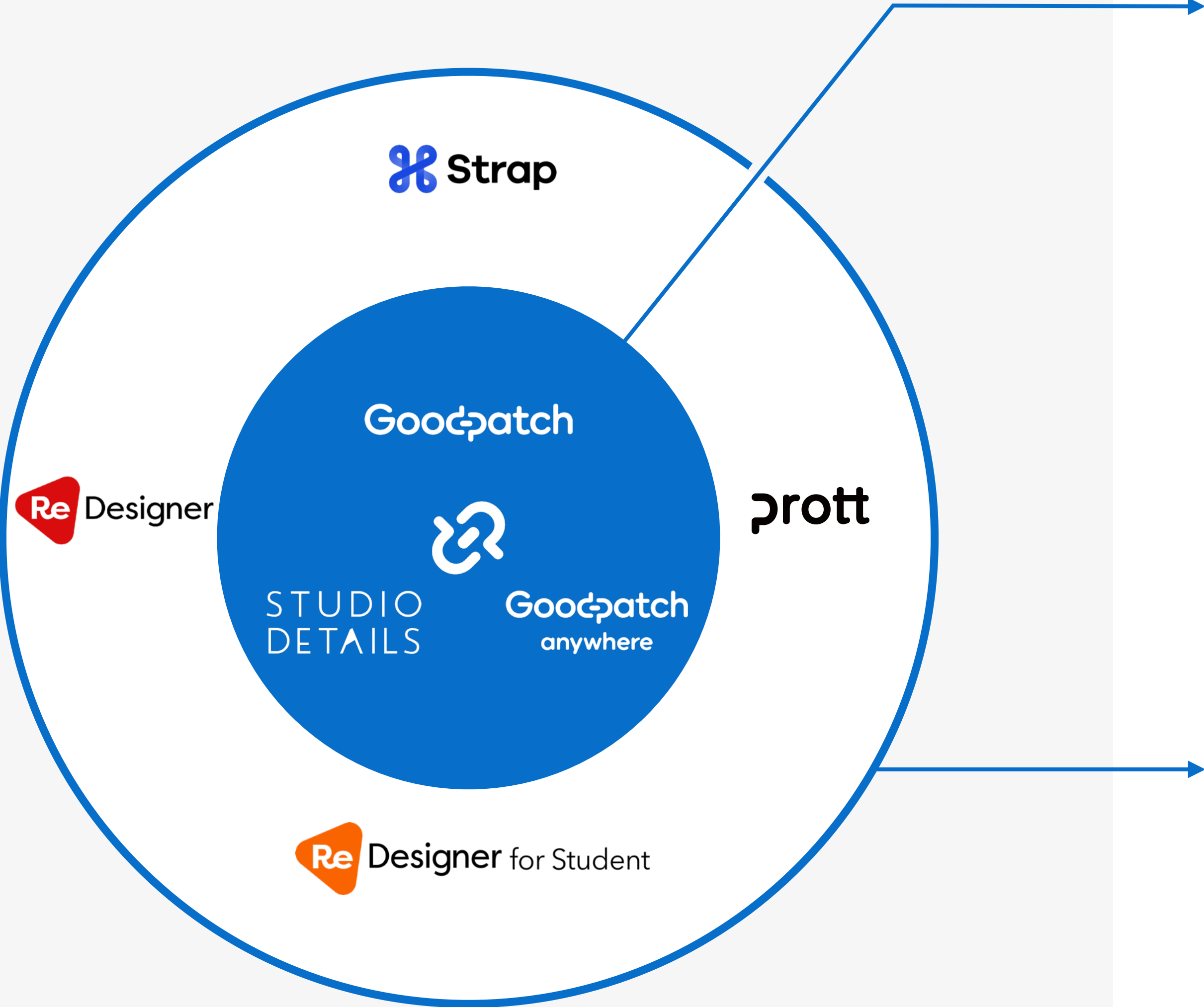
The Five Elements of User Experience



Elements of User Experience (Jesse James Garrett)

Our Business

The Two Segments



Business Segment 1

Design Partner Business

Goodpatch: Provides one-stop services from strategy building to concept design, UI/UX design and development for product development related to websites, iOS, Android, and IoT, and offers support for launching new businesses, renovating existing businesses, planning corporate design strategies and building design organizations

Studio Details: A digital branding firm founded in Nagoya and acquired in December 2021, supporting client companies for their creative works and branding strategies, whether for websites, apps, or graphics

Goodpatch Anywhere: Implements full-remote UI/UX design projects by registered external design talents

Business Segment 2

Design Platform Business

Provides in-house services and products, including designer-specific career support service “ReDesigner”, online whiteboard tool “Strap”, and prototyping tool “Prott”

Design Partner Business

Works to solve challenges facing clients together **as their design partner, not just another vendor**

- Design entire services through co-creation with clients, engaged from the initial strategic layer of the business
- Work together with clients throughout the development of digital product offered to end users
- At least 2 (average of 3-4) designers (including engineers) are involved in the clients' projects

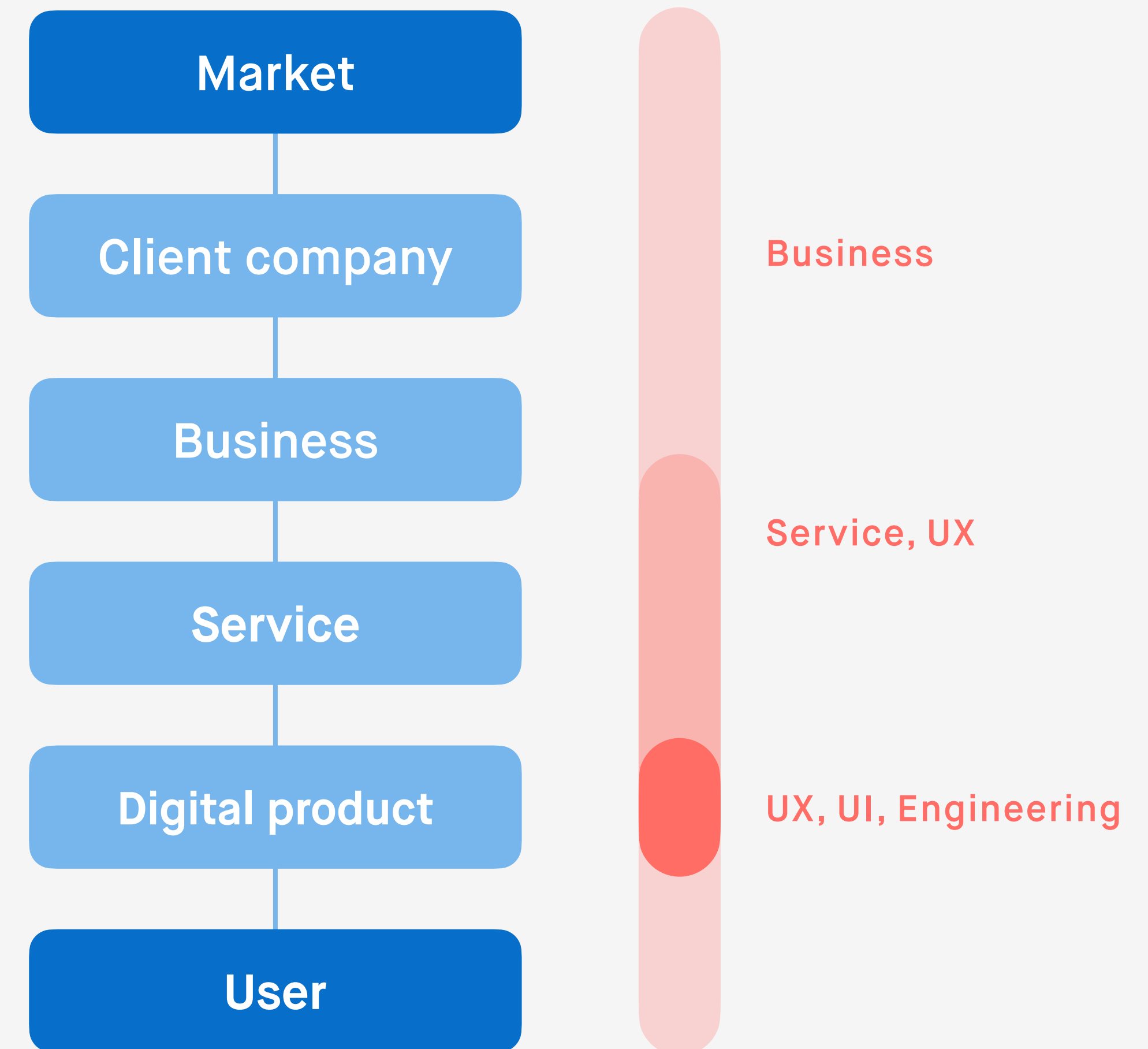
- Project duration per client is around 8~10 months on average

*Actual results for FY2021~2023, excluding short-term projects lasting less than one month.

- **Work mainly on time-and-material contracts instead of fixed-price contracts**

Time-and-material contract: Sales are recorded monthly,
the same as consulting firm > Sales are more stable

Fixed-price contract: Sales are recorded in lump-sum upon delivery, the same as a
system development company > Sales are less stable



Design Partner Business • Design Fields

Offer design support for a wide range of areas, with a focus on Experience Design while covering Brand Experience and Business Design

Experience Design

Provide support for UI/UX design (support for strategy building, planning, product designing and development) of digital products, mainly smartphone and SaaS applications, to achieve easier-to-use services from the users' perspective.

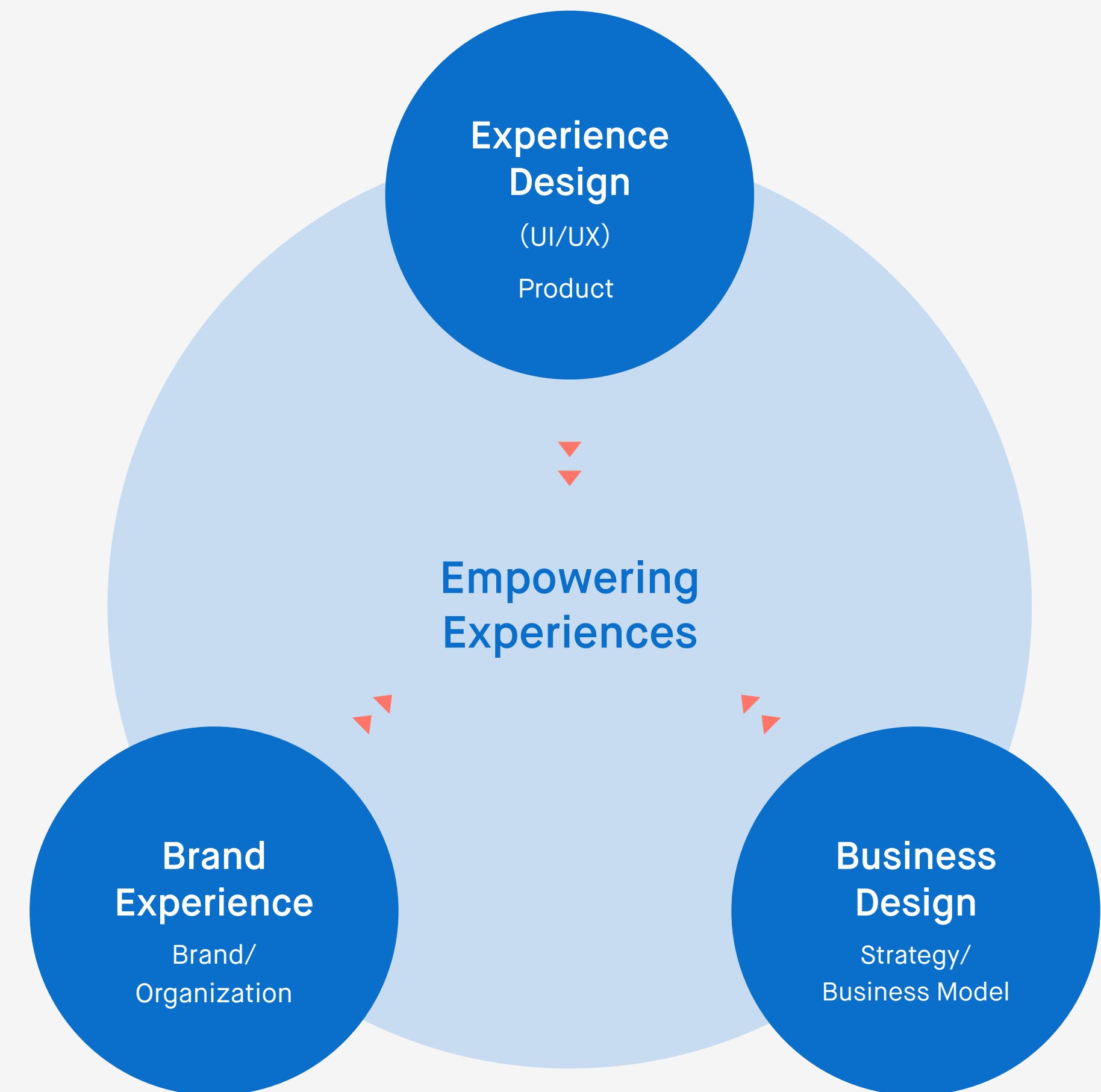
Brand Experience

Conduct organizational design and brand image design based on the client company's management vision and mission, helping to build a strong brand by embodying in design the minds and value embedded in the brand owner's services.

Business Design

Design the strategies and business models for client companies' overall products, not limited to digital areas.

Define the requirements for a service that is accepted by users to drive product growth, and design measures to achieve the goal.



Design Partner Business • Proven Track Record (By Company)

12 companies
went public after
our support.

B2C and B2B enterprises



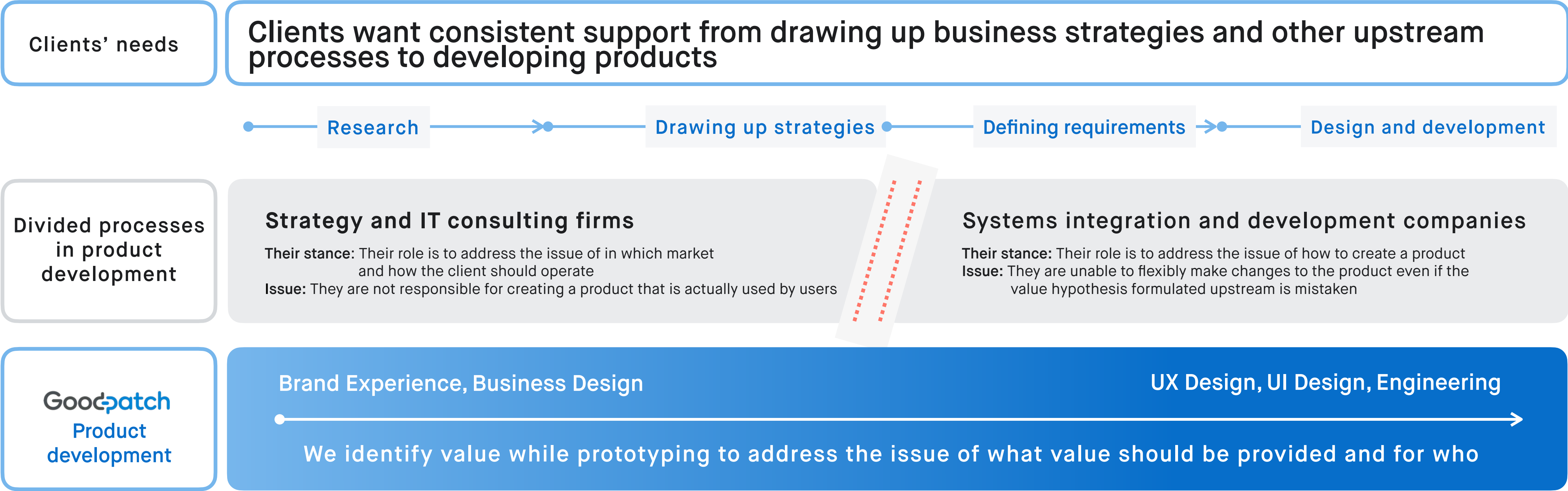
Startups



Serve a wide range of customers from B2C and B2B enterprises to startups
Good Design Award granted to our clients (or our proprietary products or Studio Details products)
13 times to date and for 10 consecutive years

* Above are some of the companies for which the Goodpatch Group has conducted design support.

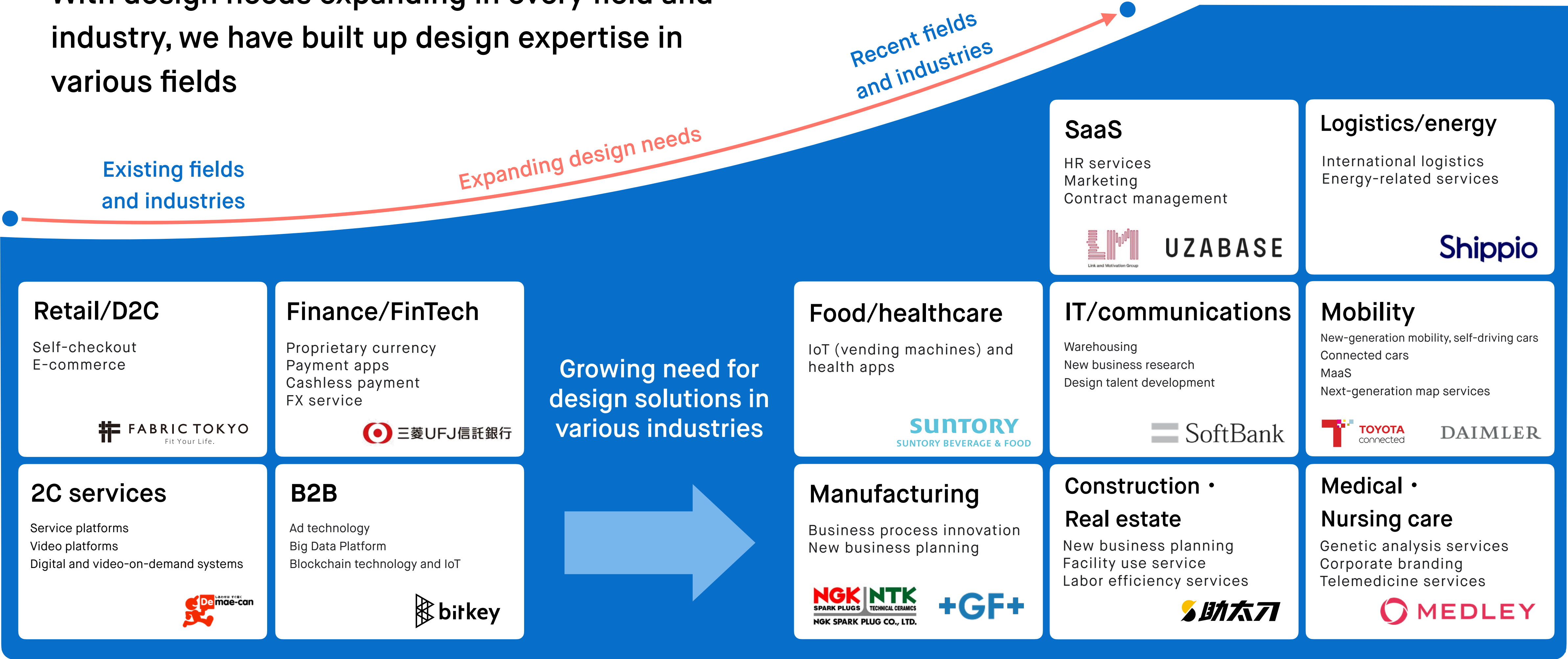
Provide consistent support from drawing up strategies to developing products, differentiating from consulting firms and systems integrators



Consistent product design that connects business strategies with users' needs
Reproducible business support focusing on the discovery of new knowledge and learning

Design Partner Business • Extensive Cases (by Industry)

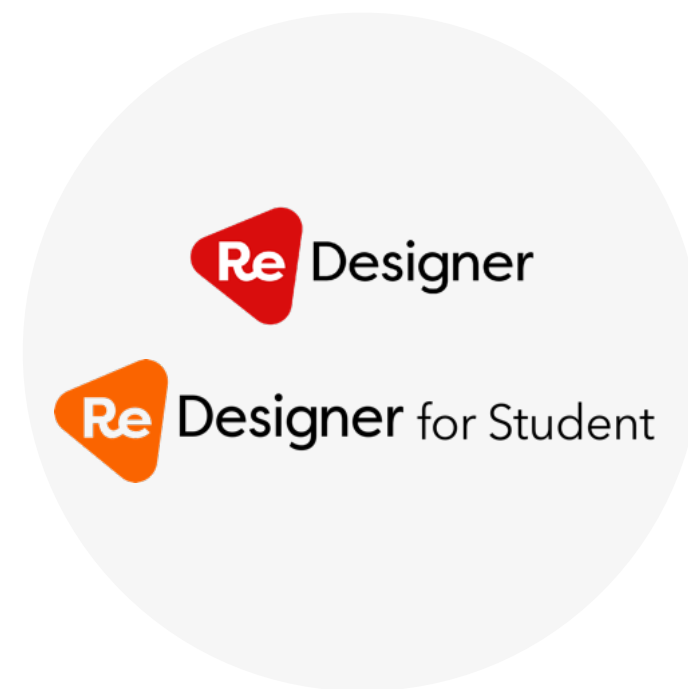
With design needs expanding in every field and industry, we have built up design expertise in various fields



*The chart below indicates some of the cases in which the Goodpatch Group has conducted design support. The company logos are shown under the permission of the relevant companies.

Design Platform Business

Career Support Service for Designers



Profit Model

- For mid-career hires, a contingency fee-based model in which the recruiting company is compensated for successful hires.
- For new graduates, a monthly fee is charged to companies using the service.
- A portion of revenues are booked as options, such as events and media coverage

Online whiteboard Prototyping SaaS tool

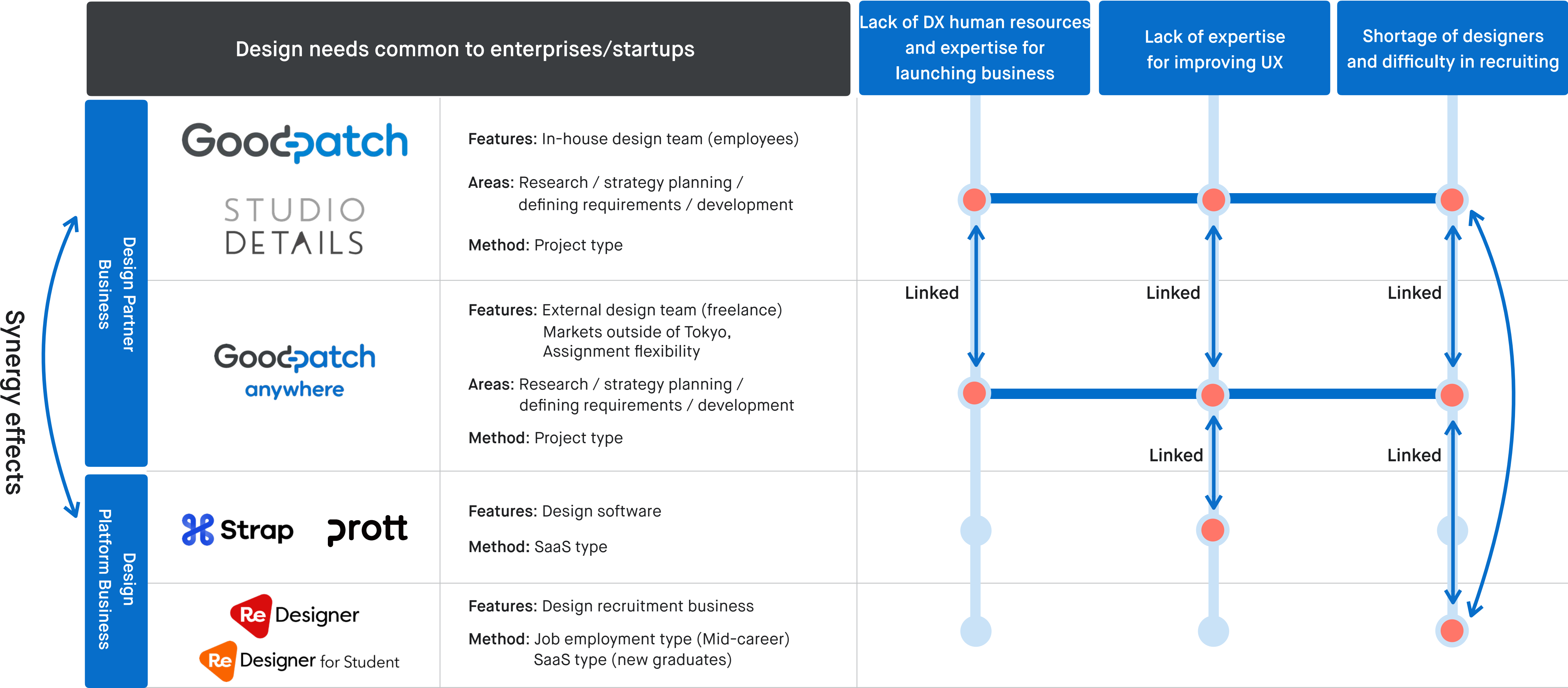


Profit Model

- Various plans are offered according to the size of the user company's organization
- Monthly billing model with an average monthly fee of approximately 1,000 yen per user or 20,000 yen or more per month per company

Provide solutions on our own that enable us to offer multifaceted and long-term support in sync with evolving client needs

Two Business Segments Meeting Clients' Diverse Design Needs



Our Features and Strengths

Company Strengths

Goodpatch competitive advantages

- 1 Unique positioning, **dominant performance** and **brand value** in design
- 2 Accumulation of **systematized design know-how and knowledge**
- 3 Ability to gather employees and freelancers, **despite increasingly scarce design talent**
- 4 **Highly efficient and profitable business model** centered on the Design Partner Business

Our Features and Strengths

Unique positioning based on dominant performance and brand value in design



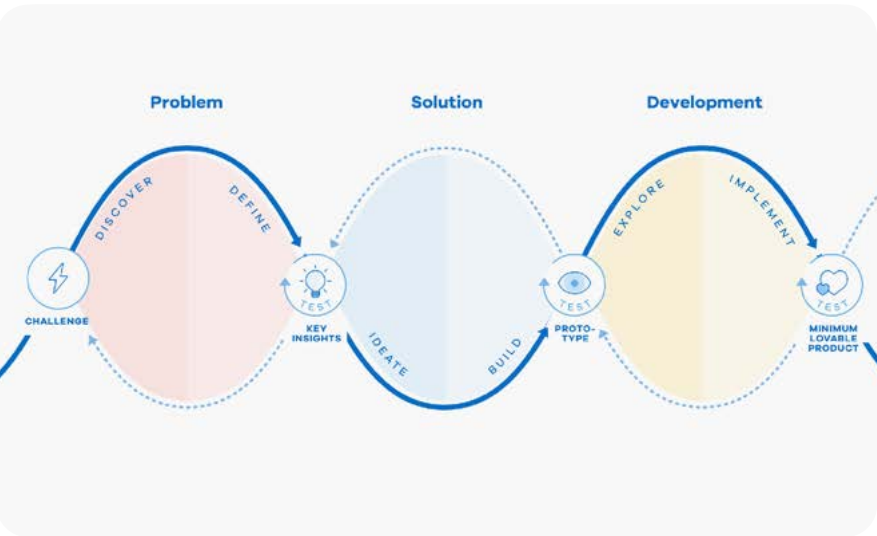
Our strong track record centering on the UI/UX and **brand value** have enabled us to support creation of new businesses and improvement of services, which should facilitate DX

*Companies listed above are just a few of the companies our group has supported in the past

Accumulation of systematized design know-how and knowledge

Systematic process

A systematic process based on many achievements and a training system for industry-ready designers



Systematic design process



In-house training to sharpen skills as designers



Over 30,000 know-how assets

We have built a mechanism to share internal knowledge and accumulate unique know-how assets



Internal knowledge database where the knowledge is constantly posted



Project reviews shared across the company

A system that reduces dependency on the individual skill of designers and **increases the reproducibility of quality**

Have an array of design talents, both employees and freelancers, whose scarcity value is rising

Market
Status



Demand for design talents increases through digital transformation. The key success factor is how to hire and retain talented people.

Demand rising: Market value of UI/UX designers rises in the digital domain during digital transformation.

Supply limited: Designers need to understand and be involved in the core business. Traditional art colleges are not equipped to train such human resources.

Goodpatch

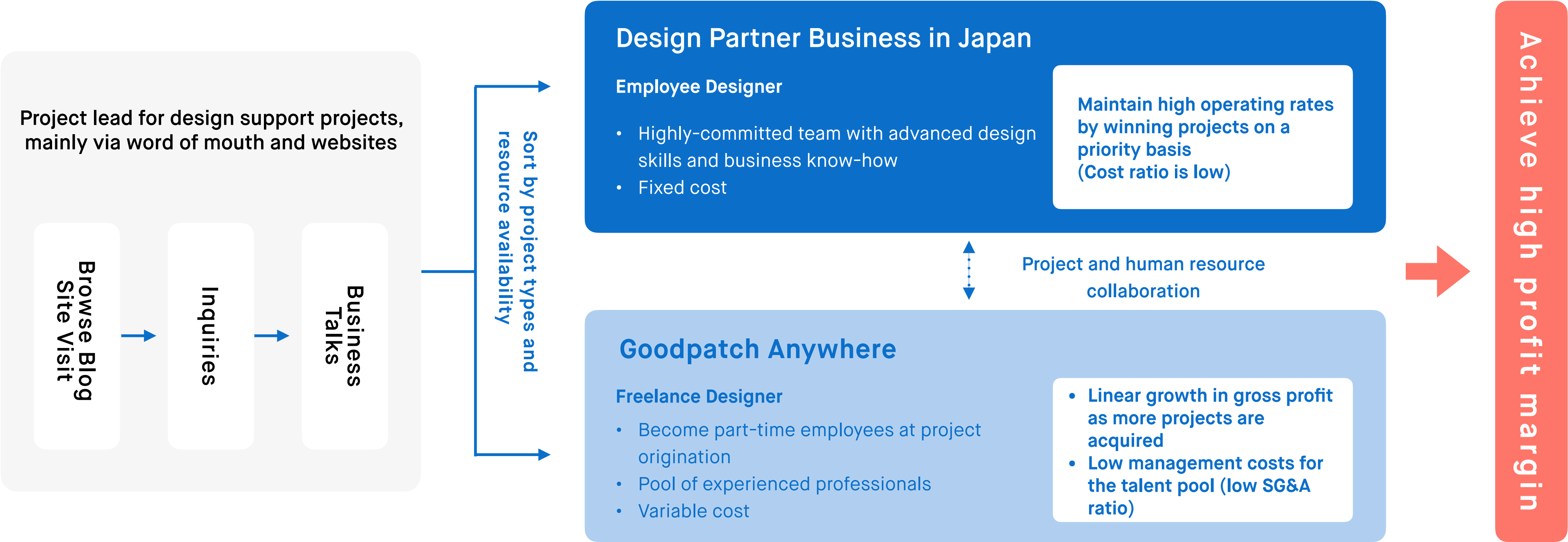
Attractive job (Chosen)	Be involved from strategy planning to development	- Opportunities to see the entire flow from strategy planning to product development - Various career paths including Goodpatch’s own operations, in addition to client work
Ample design talent pool (Accept)	Having an array of abundant talents covering business development through UI design	- People with business experience in start-ups and growth turned into designers - Hiring talents with specialized skills such as strategy and engineering with a focus on UI/UX - Promoting design projects through collaboration of our employees and Goodpatch Anywhere members
Designer management (Retain)	Designer-centric culture and structure	- Designer-centric organizational culture - A structure for designers to output knowledge and review of projects

A pool of design talents with strengths in UI/UX and business creation continues to expand

Have an array of design talents as No. 1* design company in Japan

*Among design companies focused on the digital domain

Highly efficient and profitable business model centered on the Design Partner Business



Projects and talents are closely coordinated within the Design Partner Business

High profit margins achieved through highly integrated business model

The Environment Surrounding Our Business

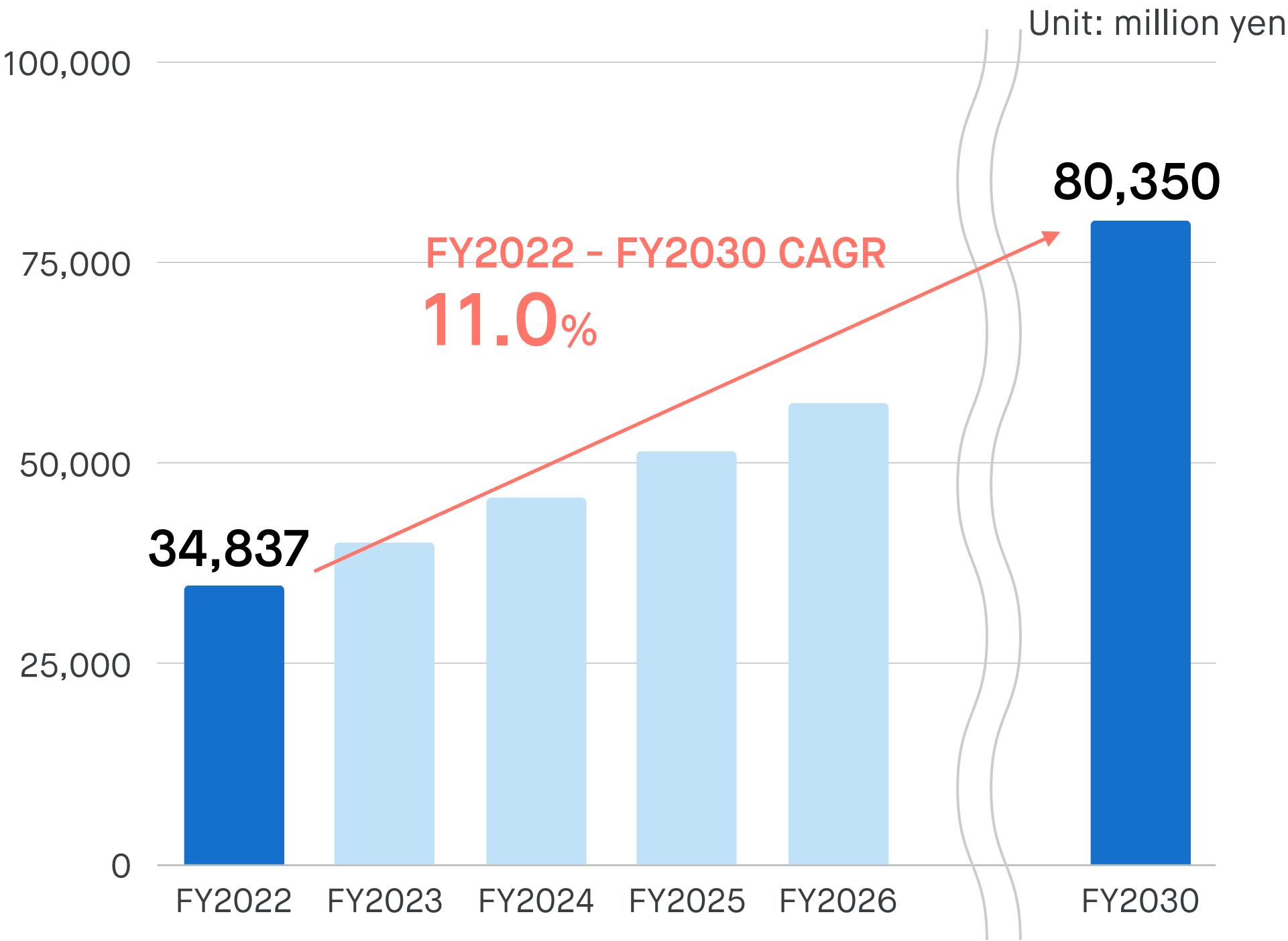
Growing Demand for DX

DX personnel required by users

DX Personnel	Role of DX Personnel
Business Architects	To create new businesses and transform operations in order to provide new customer experience value and change revenue models, and to lead and promote related parties to achieve these goals
Data Scientists	Utilize in-house and user data to achieve new business and transform business operations by taking responsibility for design, implementation, and operation
Software Engineers	Responsible for the development and operation of systems and software to provide products and services using digital technology
Cyber Security	Take measures to limit the impact of cyber security risks on internal systems and other digital environments
Designers	To understand the direction of products and services from multiple perspectives, including customer and business perspectives, and to design products and services in line with these perspective

Fields we cover in DX promotion

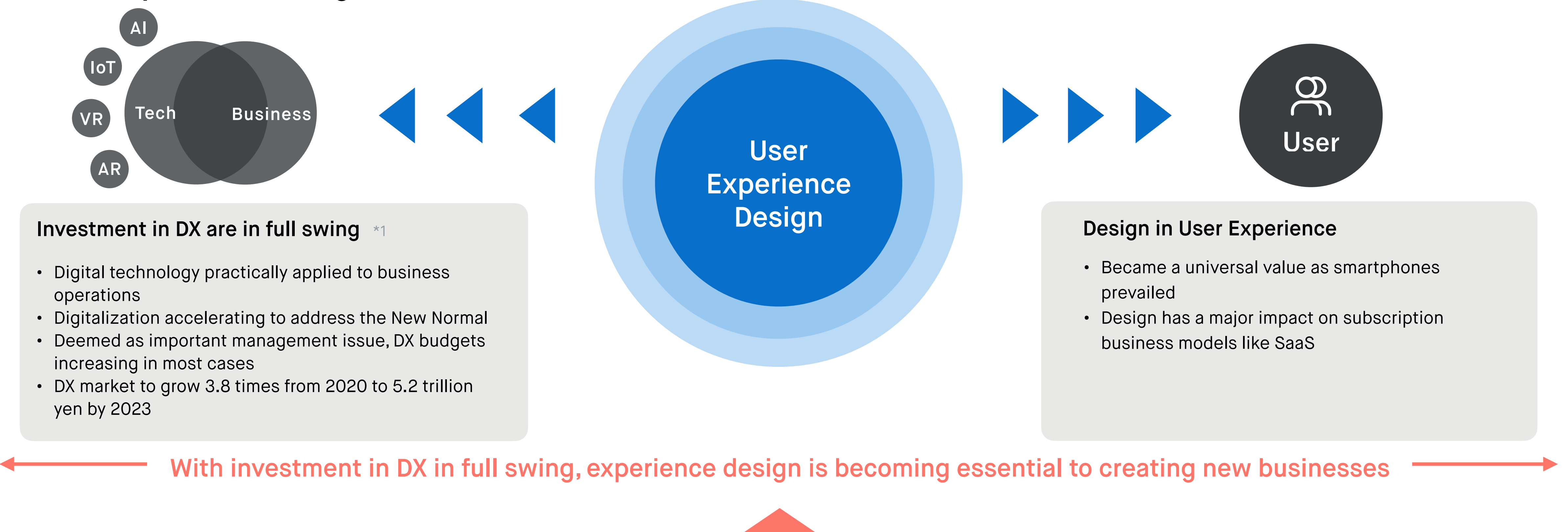
DX-related market size in Japan



*Fuji Chimera Research Institute, Inc. Digital Transformation Business New Market 2024 Edition

- The domestic DX market is expected to expand to a scale of 8 trillion yen by the fiscal year 2030
- Investments in DX measures are proceeding in earnest, as major companies, in particular, are formulating DX strategies and building promotion systems
- The services we provide cover three of the five types of digital skills classified in the Digital Skills Standards developed by the IPA, an IT policy organization. In particular, users are actively seeking to enhance business architects, recognizing them as indispensable human resources

Where Experience Design Stands in DX



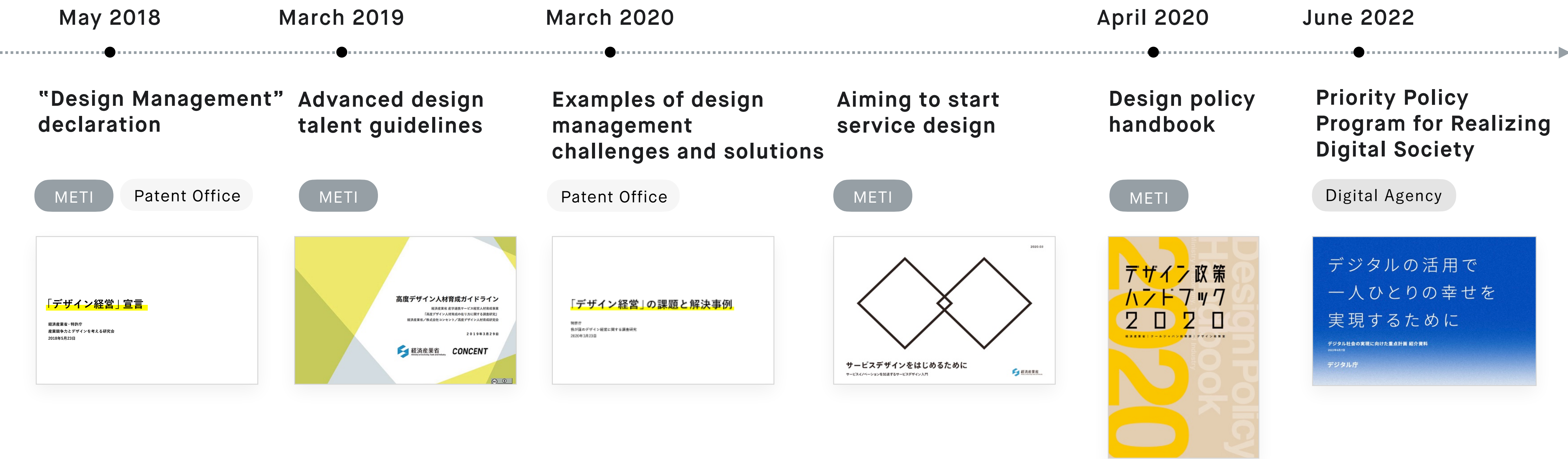
New relationship between user company and its vender company

As a “Business Partner” Goodpatch works to deeply understand the user companies’ business operations and jointly investigates the client's new business models *2

Points to consider when selecting a partner 1st rank: well-versed with the relevant industry and operations (25.3%)
2nd rank: excellent in problem-solving skills, business design and planning (24.4%) *1

Notes: *1. Reference: Fuji Chimera Research Institute, “2022 Future Prospects for the Digital Transformation Market: Market/Vendor Strategies”, *2. Reference: Ministry of Economy, Trade and Industry, “DX Report 2 Midterm”

Implementing design management and creating business cases in Japan



Importance of design (especially digital design) is growing in Japan, as seen in the “Digital Management” declaration by METI and Patent Office

Management Team

Management Team



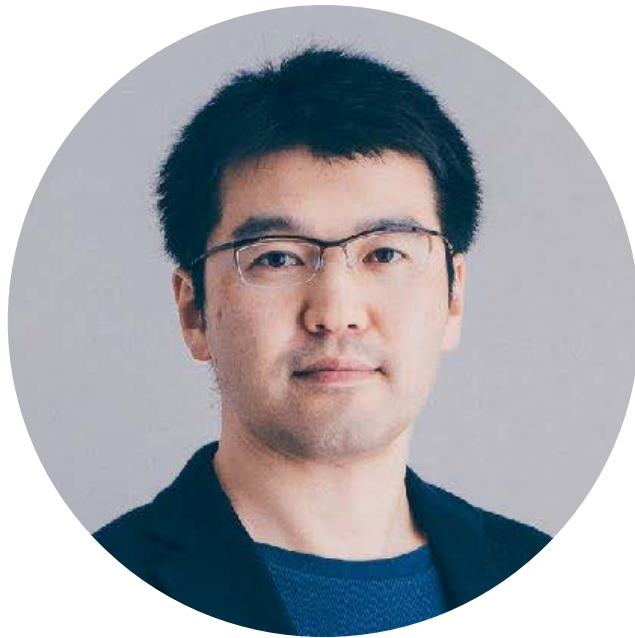
Chief Executive Officer
Naofumi Tsuchiya

With extensive experiences as a web director, he supported various startups at a design company in San Francisco.
Established Goodpatch Inc. in September 2011.



Executive Officer
Tsubasa Ohyama

After gaining experience in producing and directing at a video production company and web design company, worked in a director role at NetYear Group and Recruit. In November 2017, joined Goodpatch. In December 2020, assumed the role of General Manager and business leader of the Design Division, responsible for domestic client work. His responsibilities are the Design Division and the Market Design Division since March 2023.



Director and Executive Officer, CFO
Toshiyuki Makishima

After serving as CFO of a one-to-one English conversation school company, which went public on TSE Mothers, he served as CEO of an education-related company, among other tasks. Joined Goodpatch in February 2019.
Took office as Executive Officer in September 2019 and has been the Director and Executive Officer, CFO since November 2020.
Mainly supervises accounting, finance and IR.

Management Team



Outside Director
Hiroshi Kozuka

Joined Nomura Research Institute after graduating from Kyoto University. Worked for McKinsey & Company and BayCurrent Consulting before founding Digital Connect in January 2019 and took office as its President and CEO. He is an outside director of CINC Corp. Took office as Outside Director of Goodpatch in November 2022.



Outside Director
Daichi Hiroki

Joined MIXI, Inc. after graduating from University of Tsukuba Graduate School. He has served as director of Japan CTO Association since June 2019. Founded rector. inc. in June 2022 and took office as President and CEO. Works as outside chief technology officer for The Asahi Shimbun Company. Took office as Outside Director of Goodpatch in November 2022.



Outside Director
Asuka Sato

Joined Arthur D. Little after completing graduate studies at Kyoto University. Subsequently, took the master’s course at Massachusetts Institute of Technology, and worked for Innovation Network Corporation of Japan (currently INCJ, Ltd.) and JIC Capital. Has been Director of INCJ since August 2021. She also serves as outside director of Peach Aviation Limited and EDOTCO Group Sdn Bhd. Took office as Outside Director of Goodpatch in November 2022.

Auditor



Full-time Auditor
Osamu Satake

With extensive experiences as a sales representative at Kanematsu Co., Ltd., he served as Director of Internal Audit at the company and full-time Corporate Auditor at Kanematsu Communications. Has served as full-time Auditor of Goodpatch since December 2018.



Part-time Auditor
Toshiki Sada

After working for Nomura Securities Group, served as Auditor for Kayak Co., Ltd. for four years during which it went public on Mothers in December 2014. Has served as Auditor of Goodpatch since July 2016. He also serves as auditor at several other companies.



Part-time Auditor
Masaki Kawaguchi

After graduating from the Legal Training and Research Institute of Japan in December 2012 joined the law firm, Authense. June 2018, appointed as the head of the Pro Bono Promotion Office at Authense, and in January 2020 appointed to Supervision. Has served as Auditor of Goodpatch since November 2023.

FAQ

FAQ

Q. Why design now?

A. First, we believe that there is a misunderstanding of the perception of design in Japan. Design in Japan is considered to be "decorative and superficial," but in reality, design includes "planning and structuring," and is intended to solve essential problems while making full use of creative techniques.

The era of selling products by making them is over, and we are now in the era of selling "things" (experiences). In recent years, the concept of "design management" (a management method that utilizes the power of design to build brands and create innovation)* has been introduced by government agencies, and we believe that it will become even more necessary for design to be involved from the very beginning of business strategy development

Q. What are the strengths of Goodpatch's design partner business?

A. We are not only a designer, but also a business partner that can solve all kinds of corporate issues, such as brand building and design organization building, while working side-by-side with our clients, and being involved from the upstream strategic layer of business, including product development and new business launches.

*From the JPO Design Management Project Team HP

FAQ

Q. What type of designers work for Goodpatch?

A. Goodpatch designers work in a variety of positions, including PdM (product manager), PM (project manager), design researcher, design strategist, engineer, and facilitator who arranges workshops. ^{*1}

Their backgrounds are diverse, ranging from business company marketers, business developers, consultants, engineers, and web designers. Please refer to our employee interviews to learn more about their backgrounds and impressions of the company. ^{*2}

Q. Please provide specific examples of synergies between your design partner and design platform businesses

A. In the design partner business, we are recruiting personnel through ReDesigner to strengthen our recruitment channels. In addition, the trends of in-house designers obtained through ReDesigner are fed back to the company for use in marketing activities. We also use Strap in our design support workshops.

In the design platform business, design know-how and other knowledge gained through design support is shared within the company and utilized in the development of Strap's UI/UX.

(*1) More details can be found in the Goodpatch list of openings <https://goodpatch.com/careers>

(*2) Goodpatch blog Member Interviews : <https://goodpatch.com/blog/category/interview>

Design concept "MAKE A MARK"

The "MAKE A MARK" design concept is a verbalization of all that is necessary for Goodpatch today.

It has been three years since Goodpatch's IPO. At times the Company was underperforming but every member persevered and continued to uphold our mission and vision. Now we are back and on a growth path with a clear recovery in our business performance.

When we look at the progress we have made and the future ahead, we ask ourselves, "What will we leave in the future?"

Goodpatch continues to take on the challenge to leave a new business impact on the world, or in other words, **MAKE A MARK is proof of the power of design.**



This material is the English translation of the financial results for Goodpatch Inc. The Japanese original is authoritative and the company does not assume responsibility for any differences in interpretation between the English version and the official Japanese version of the disclosed materials. The forward-looking statements and projected figures concerning the future performance of Goodpatch Inc. contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management based on currently available information.

These projections and estimates might be affected by the future business operations of Goodpatch Inc., the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the effects of competition, services and new businesses, changes to laws and regulations affecting the industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in any other materials publicly disclosed by Goodpatch Inc. on its website.

Good&patch

Design to empower♥