

Fiscal Year Ending August 31, 2024 (FY2024) Full-Year Results Briefing

Goodpatch Inc. (TSE Code: 7351)

October 15, 2024

- 01 FY2024 Full-Year Financial Highlights**
- 02 FY2024 Operational Review by Segment**
- 03 FY2025 Full-Year Earnings Forecast**
- 04 FY2025 Growth Strategy**
- 05 APPENDIX**

FY2024 Full-Year Financial Highlights

Financial Highlights for FY2024 (Sep. - Aug.)

As a result of spending the second half of the year addressing issues in acquiring projects, sales were in line with the previous year. In particular, operating income decreased due to active investment in the expansion of full-time design personnel resources and a decline in utilization during the second half of the year. Improvement measures are being implemented mainly in the sales area, and progress is being made in building a structure for growing again.

Net Sales

YoY change

3,942 million yen +0.4% (+14 million yen)

The company was far behind in acquisition of ongoing projects, and the second half of the year saw a YoY decline.
On the other hand, as a result of strengthening the project acquisition system, net sales in August returned to a positive level (monthly profit) on a YoY basis.

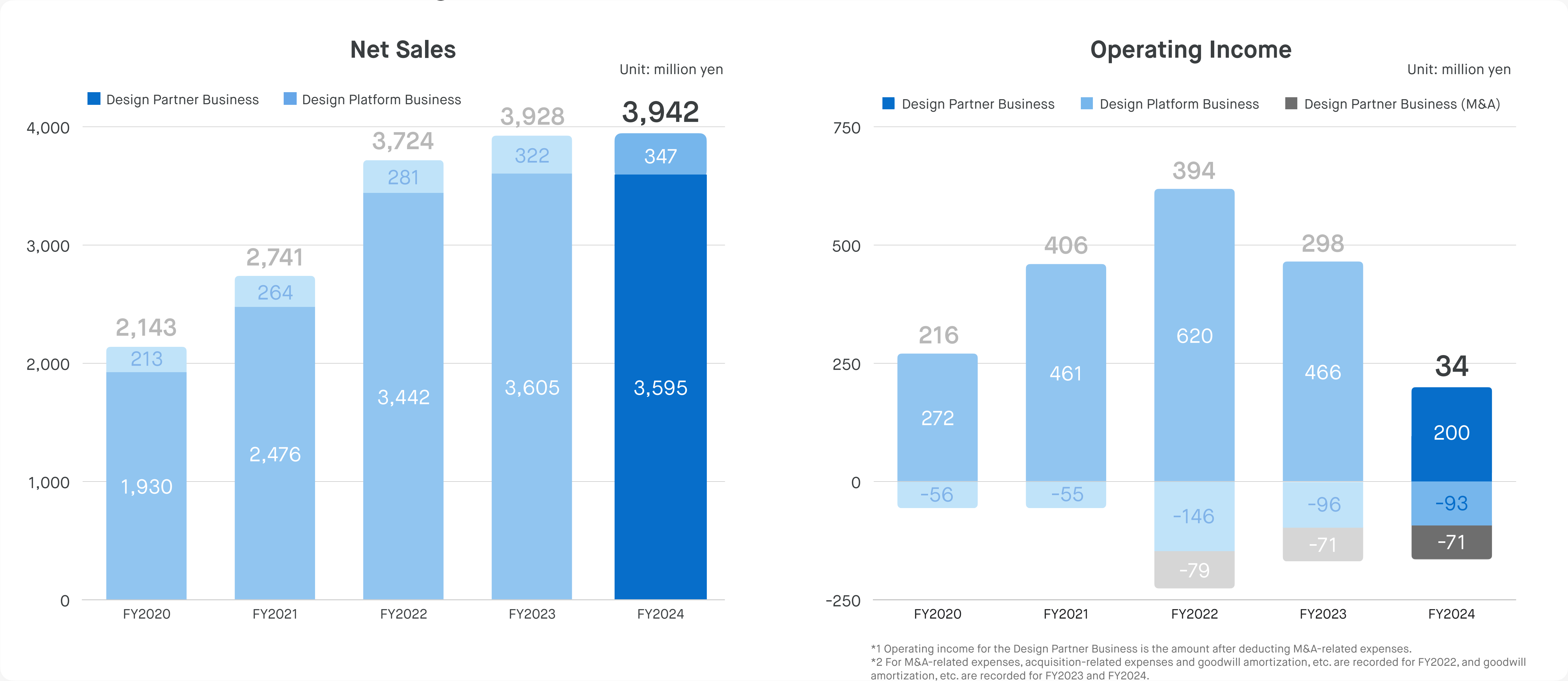
Operating income

YoY change

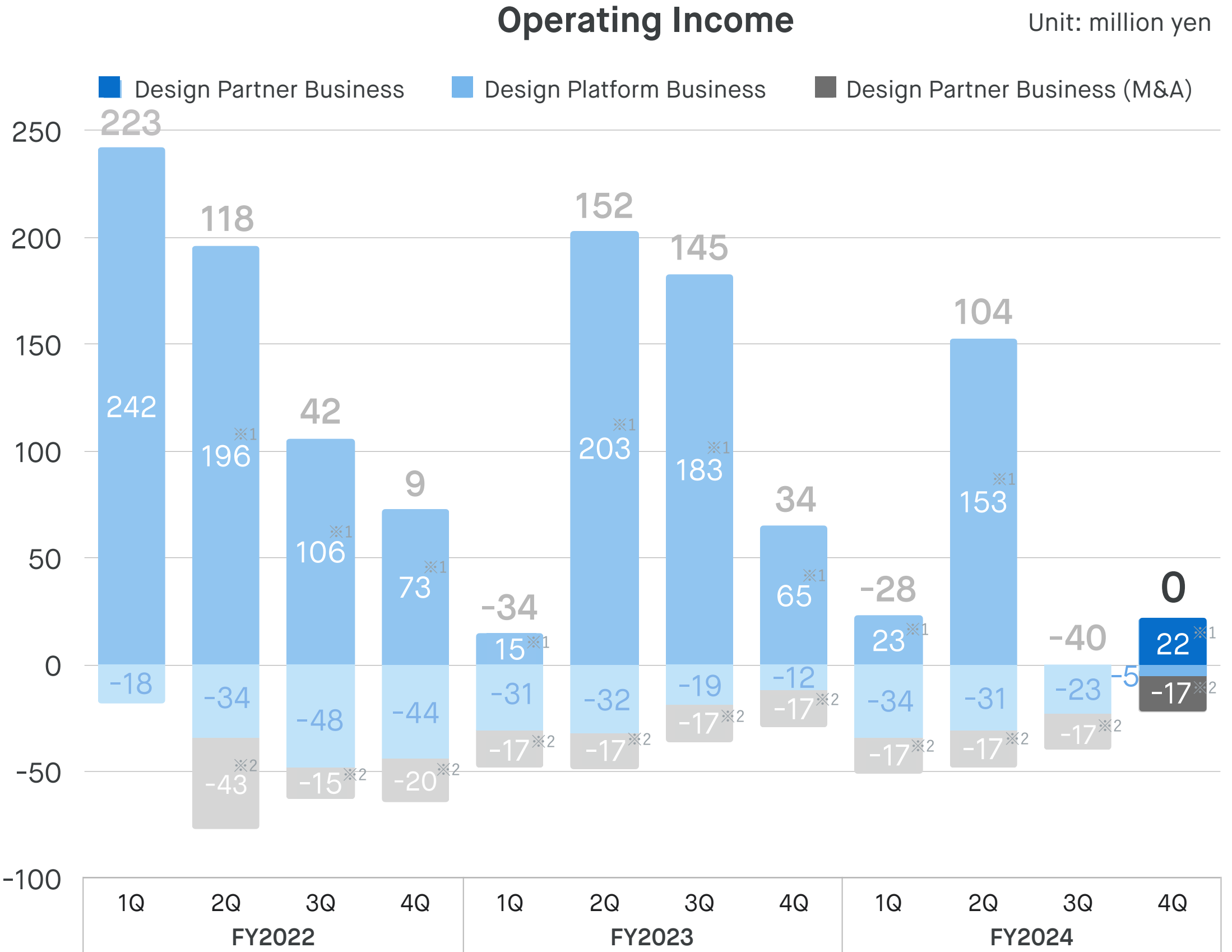
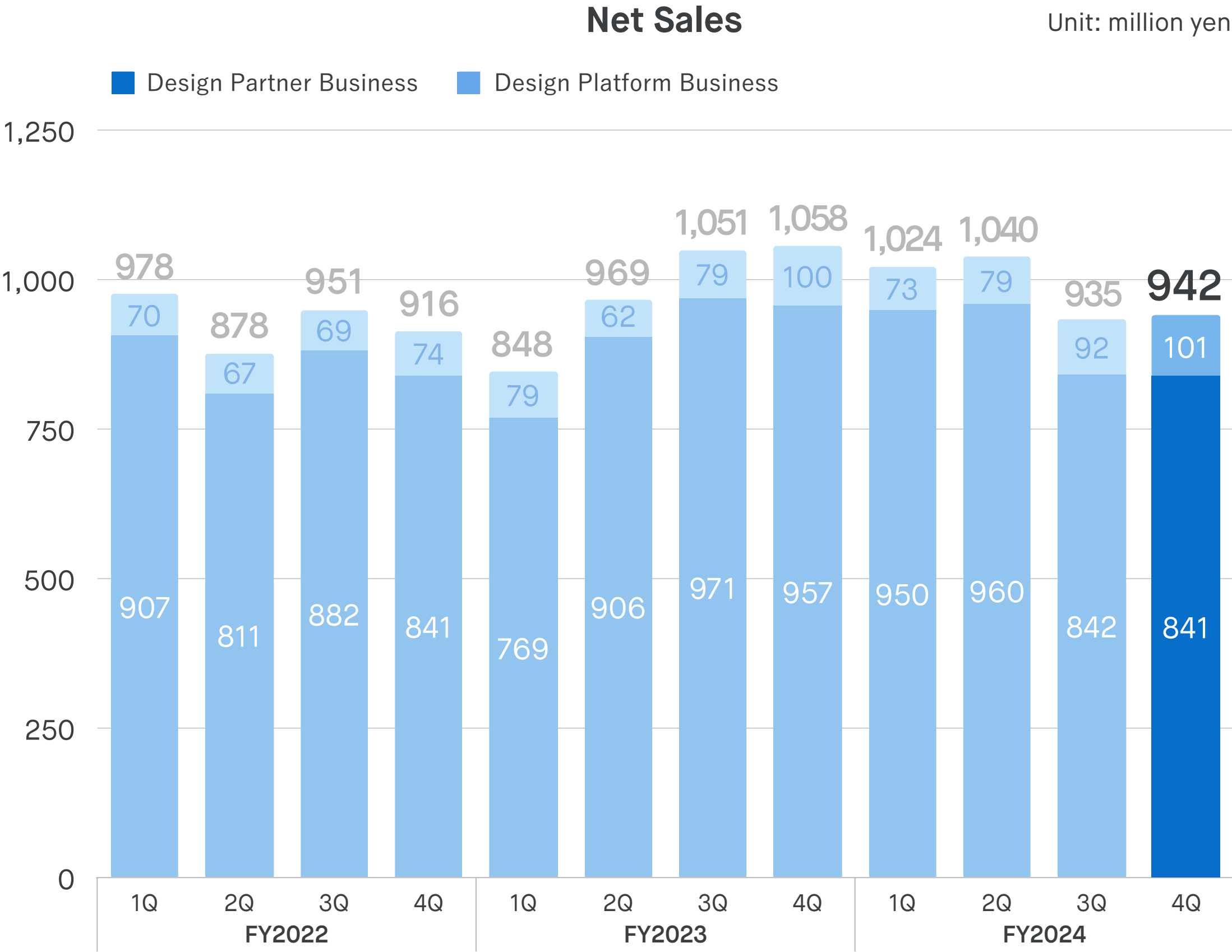
+34 million yen -88.4% (-264 million yen)

Sales targets were not met and operating income decreased due to increased fixed costs associated with investments in full-time designers and a decline in utilization during the second half of the year.
On the other hand, improvements in marketing and sales activities are progressing, and a foundation is being laid to increase the operation of future projects.

Net sales remained nearly unchanged YoY, and operating income declined due to lower utilization and higher recruitment investment costs.



Focused on project acquisition to offset the decline in 3Q, a recovery trend became clear in 4Q, and the company returned to profitability for the month of August.

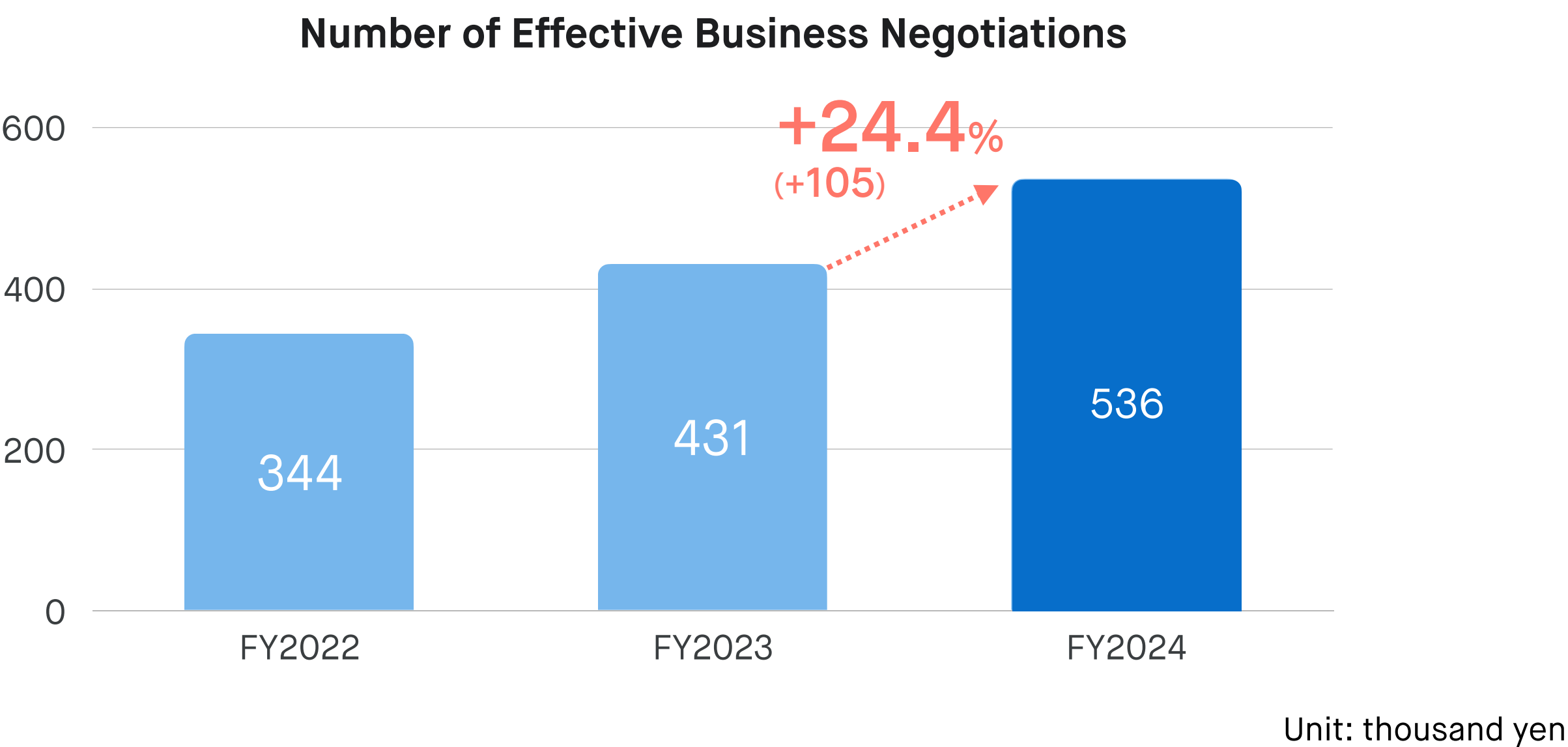


*1 Operating income for the Design Partner Business is the amount after deducting M&A-related expenses.
*2 For M&A-related expenses, acquisition-related expenses and goodwill amortization, etc. are recorded for FY2022, and goodwill amortization, etc. are recorded for FY2023 and FY2024.

FY2024 Full Year (Sep. - Aug.) KPI Highlights

Number of Effective Business Negotiations FY2024 full-year results	536	YoY change +24.4% (+105)	Plan 517	As a result of expanding the marketing and inside sales personnel structure, the number of effective business negotiations increased, especially with new clients, and the target number of effective business negotiations at the beginning of the term was achieved.
Average Revenue per Company / Month (thousand yen)	5,497	YoY change +0.4% (+23)	Plan 5,301	Although the annual average revenue per client was generally in line with the plan, there was a downward trend in 4Q, and the number of clients for which improving the average revenue per client is an issue decreased in 3Q. Although there was an increase in 4Q, there was a difference from the plan.
Average Number of Companies / Month	51.9	YoY change -1.5% (-0.8)	Plan 65.4	
Number of Designers End of 4Q FY2024	161	YoY change +18.4% (+25)	Plan 165	The number of designers increased to 161 (+25 YoY) as a result of active investment in recruiting activities to expand our design talent resources.

The number of effective business negotiations, which is the denominator for new project acquisition, increased by 24.4% YoY. The measures the company have taken thus far to strengthen our sales are beginning to show results, and the company have built a mechanism that will enable us to further increase the number of business negotiations.



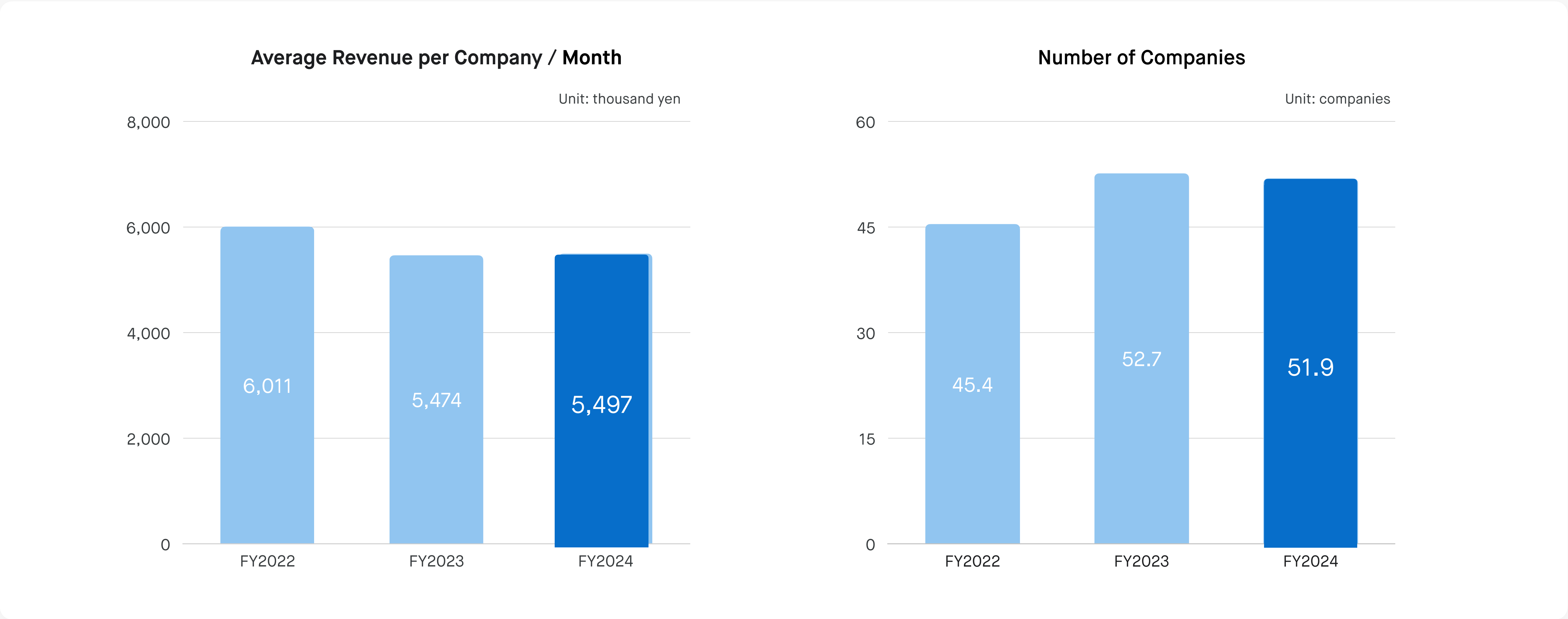
	FY2022	FY2023	FY2024
Advertising expenses	33,849	61,090	55,627
Acquisition unit price (Advertising expenses per effective business negotiation)	98.4	141.7	103.8

26% improvement

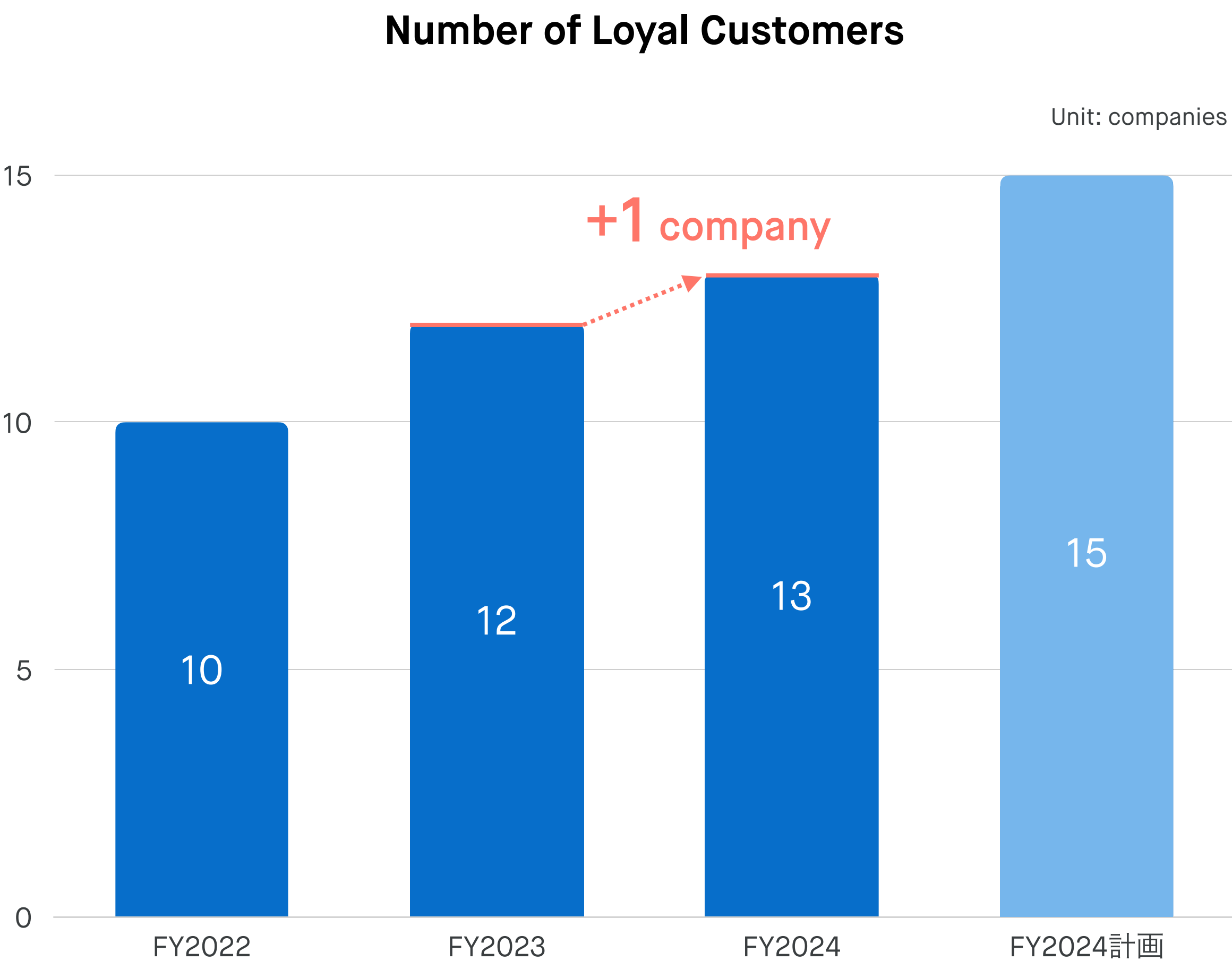
- In FY2024, the company hired four marketing staff members to strengthen the marketing activities of the Design Partner Business as a whole and to improve our ability to disseminate information.
- **The efficiency of advertising expenses has improved significantly, with a 26% improvement in advertising expenses per effective business negotiation.**
- The project win rate remained stable despite the increase in the number of effective business negotiations, and the number of new projects won increased; **a reproducible mechanism was built.**
- The company have continued to struggle to acquire projects having a certain sales volume and will continue to address this issue as a factor that has caused our recovery to take time.

Both the average revenue per company per month and the average number of companies per month are nearly flat compared to FY2023.

The declines in sales in 3Q and 4Q had an impact on the full-year KPIs, but there is now a recovery trend.



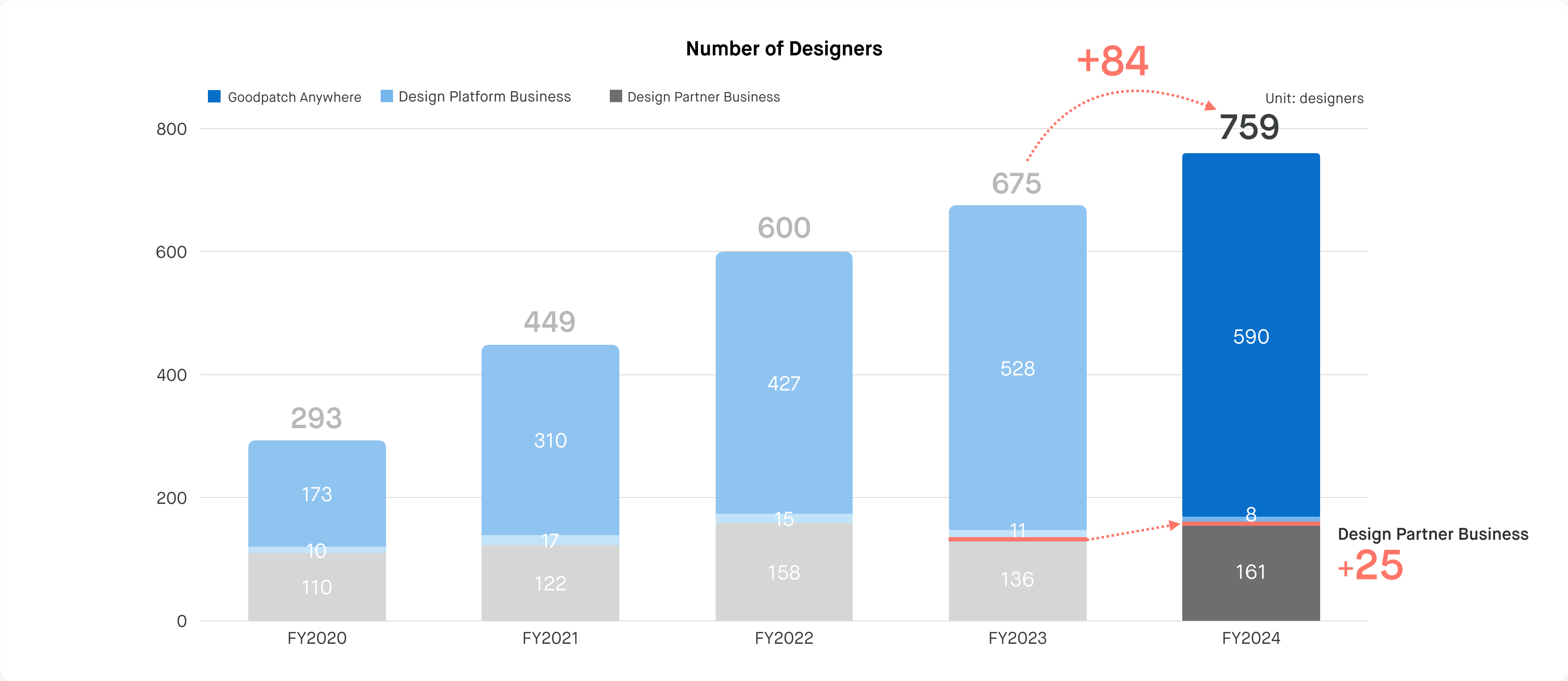
The company has 13 client companies that are loyal customers for which the company has annual sales of over 60 million yen.



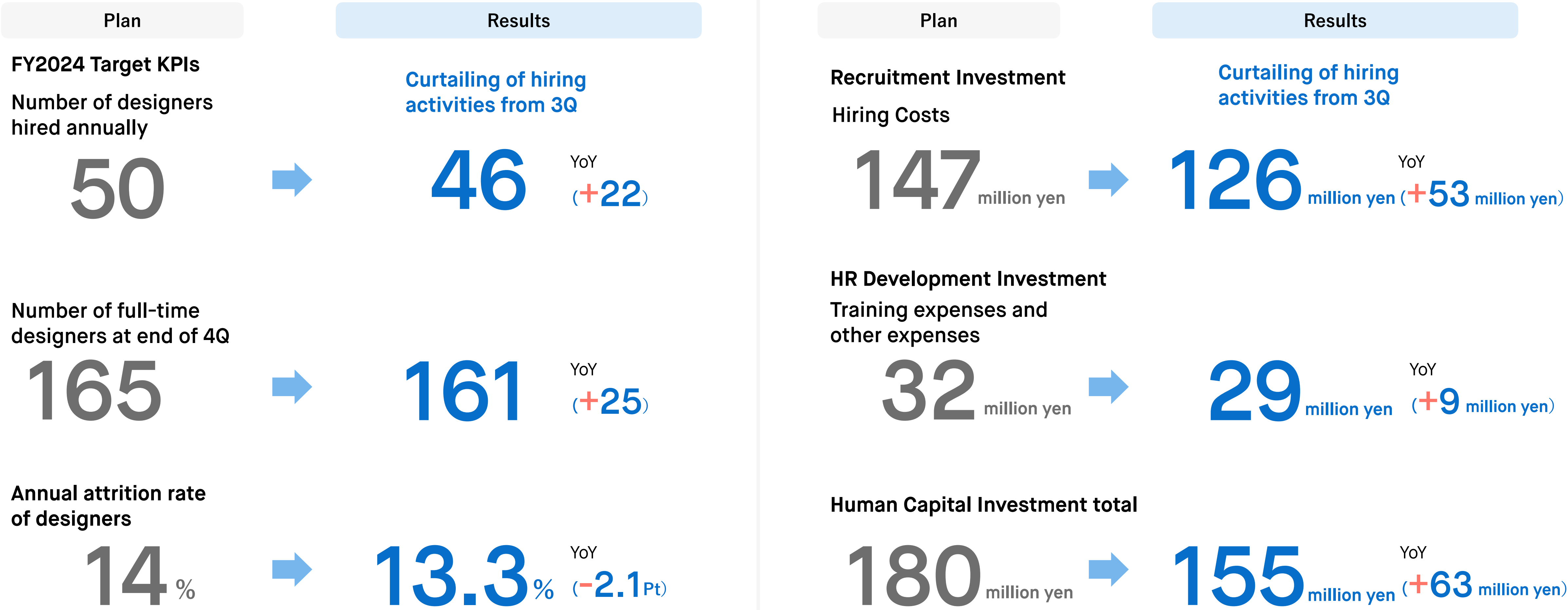
- **The number of loyal customers was 13 companies**, only one more than the previous year, compared to our target of 15 companies.
- While the company devoted resources to negotiating new business, the company was unable to allocate sufficient sales personnel to existing clients, and sales volume growth did not progress as planned.
- The company are also working to strengthen our ties with existing clients by establishing a producer organization, and the company will continue to do so.

* Loyal Customer: A client for which the company has annual sales of 60 million yen or more

The total number of designers is 759, and the number of full-time designers has increased to 161 because the company has hired more designers.



Our investment in recruiting and development was largely as planned, while the company maintained recruitment efficiency.



*The calculation of the attrition rate does not include the return of seconded employees.

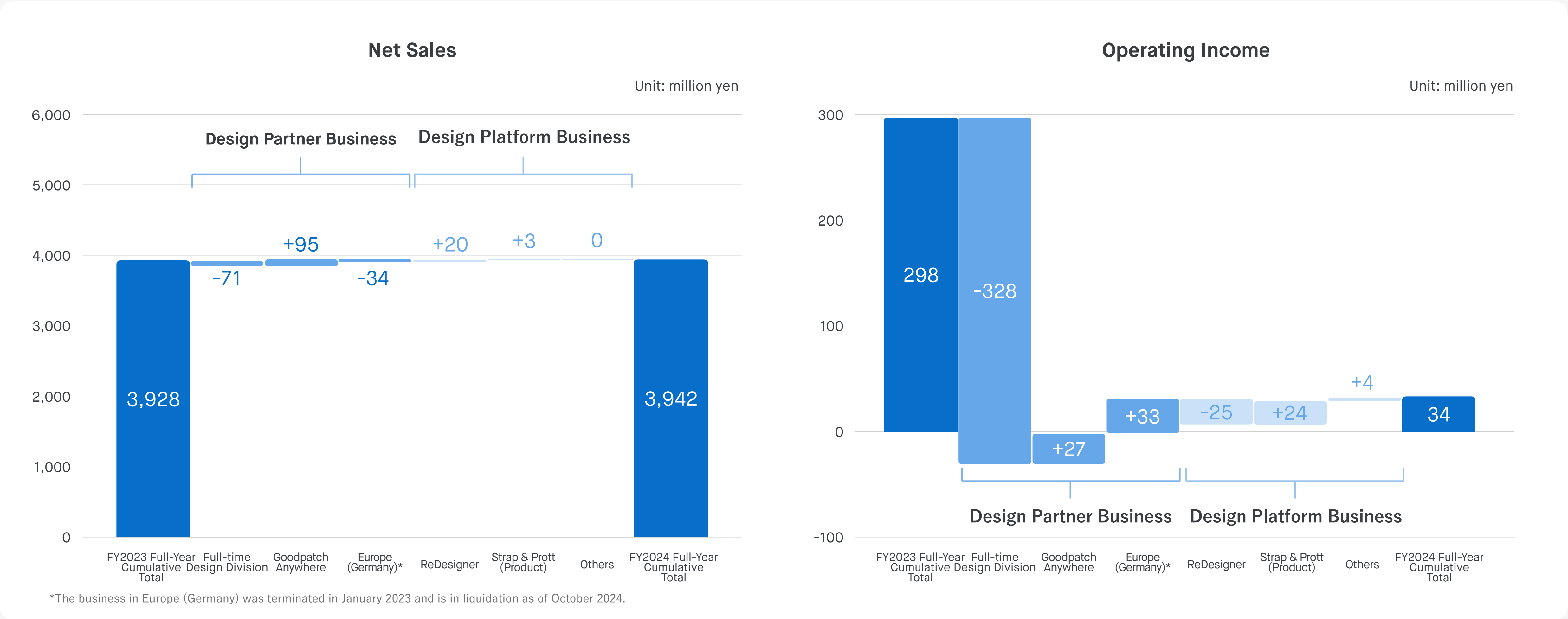
Due to the decrease in designer utilization, operating income and other profit categories decreased.

Consolidated Statement of Income (Sep. – Aug.)

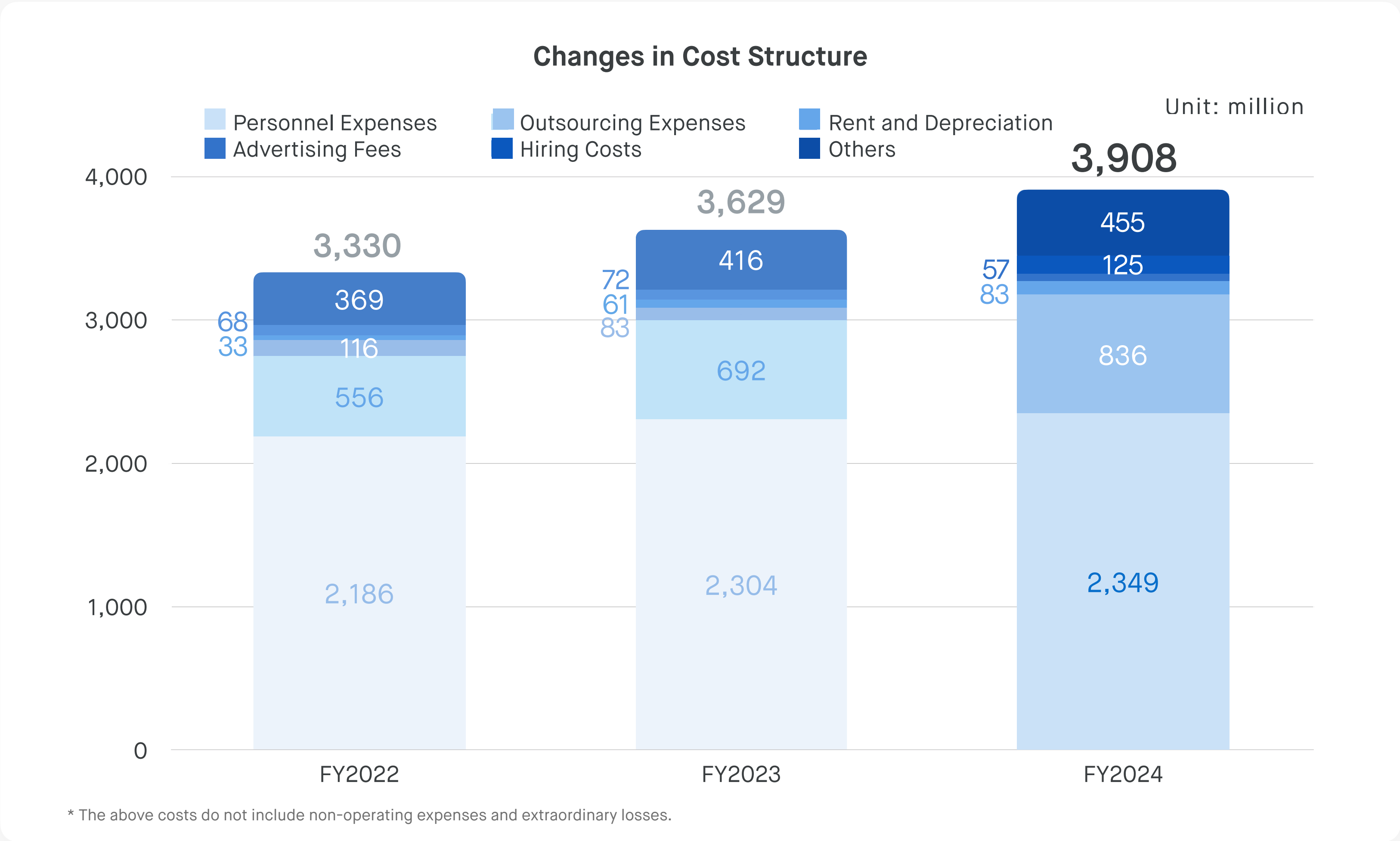
Unit: million yen

	FY2023 4Q	FY2024 4Q	YoY Change	FY2023 1-4Q	FY2024 1-4Q	YoY Change
Net Sales	1,058	942	-10.9%	3,928	3,942	0.4%
Gross Margin	603	550	-8.8%	2,272	2,183	-3.9%
Gross Profit Margin	57.0%	58.4%	+1.4pt	57.8%	55.4%	-2.5pt
SG&A	569	551	-18	1,973	2,148	175
Operating Income	34	0	-34	298	34	-264
Operating Income Margin	3.3%	-0.1%	-3.3pt	7.6%	0.9%	-6.7pt
Ordinary Income	36	4	-31	299	46	-252
Net Income	29	0	-28	216	11	-204

Although Anywhere sales increased, overall sales were sluggish due to lower utilization during the second half of the year. In addition, the decrease in operating income was due to an increase in personnel investments and outsourcing costs.

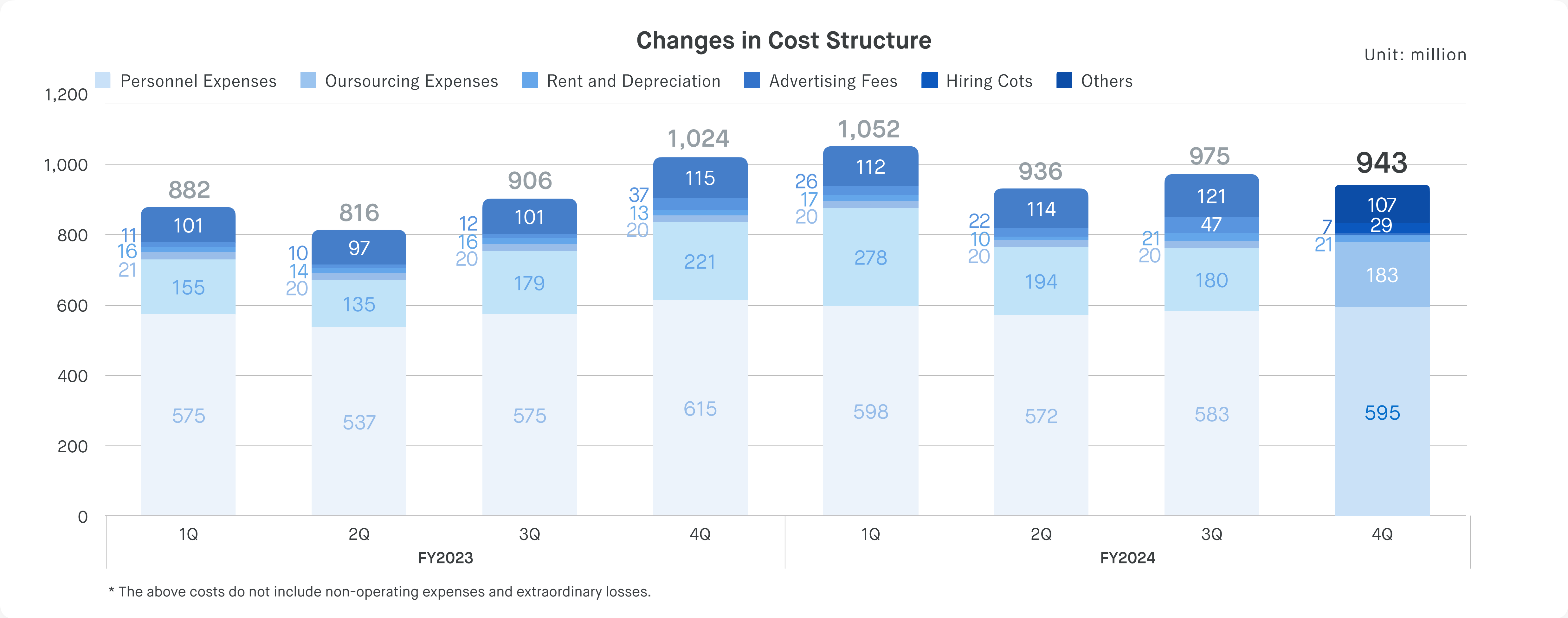


Total expenses increased by approximately 280 million yen.
This was due to increased investment in full-time designers and outsourcing expenses.



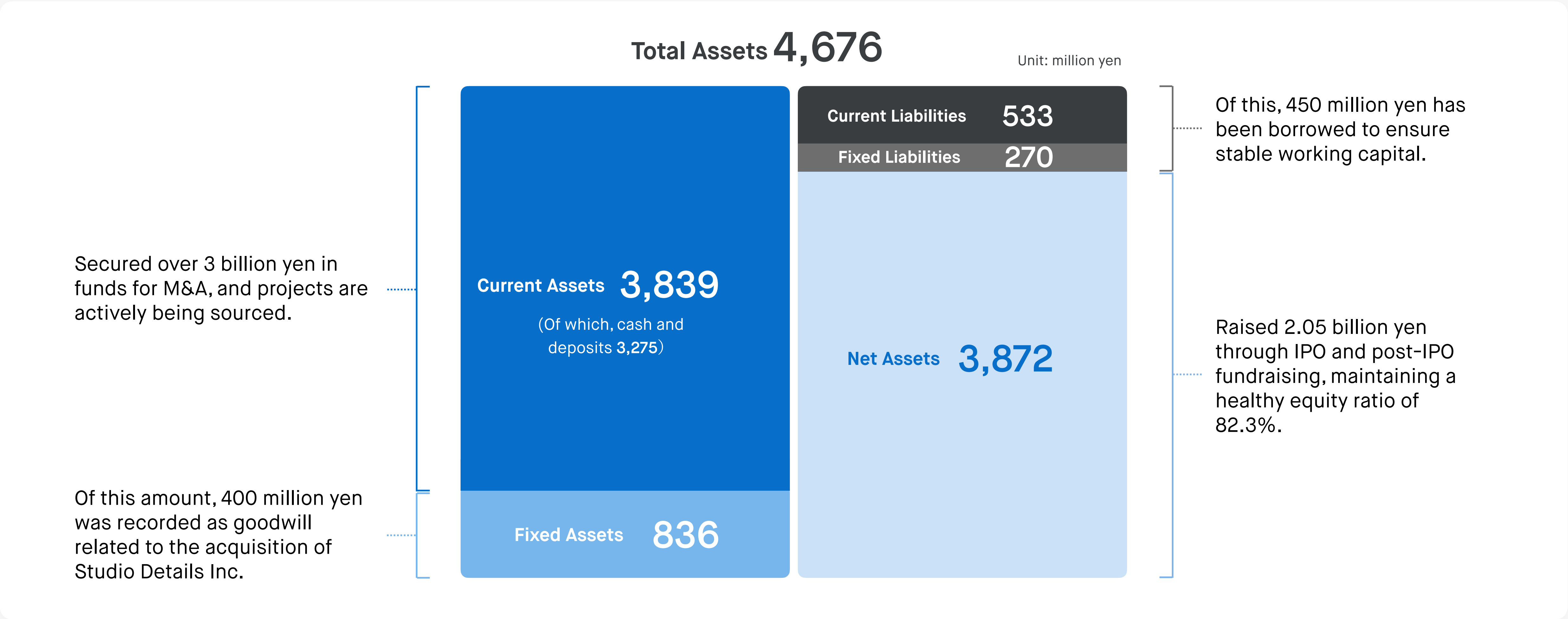
- While the number of personnel increased by 12% YoY, personnel expenses increased by only 1%.
- Outsourcing expenses were particularly affected by the increase in the ratio of project-related outsourcing in 1Q; since then, the company has been promoting the internalization of outsourced work, and the trend is now downward.
- Hiring costs and advertising fees are as stated previously.

Total expenses were reduced in 4Q, mainly in personnel expenses, and were down 3.3% QoQ. Outsourcing expenses have been controlled and stable since 2Q.



Secured more than 3 billion yen in M&A funds

Maintaining a healthy financial position with an equity ratio of 82.3%



Operational Review by Segment

Design Partner Business

There was a delay in ramping up projects from April onwards, and although the company returned to profitability in 4Q, profits decreased YoY.

Overall Segment FY2024 Full Year (Sep. - Aug.)

Net Sales

YoY Change

3,595 million yen -0.3% (-10 million yen)

Operating Income*

YoY Change

200 百万円 -57.2% (266 million yen)

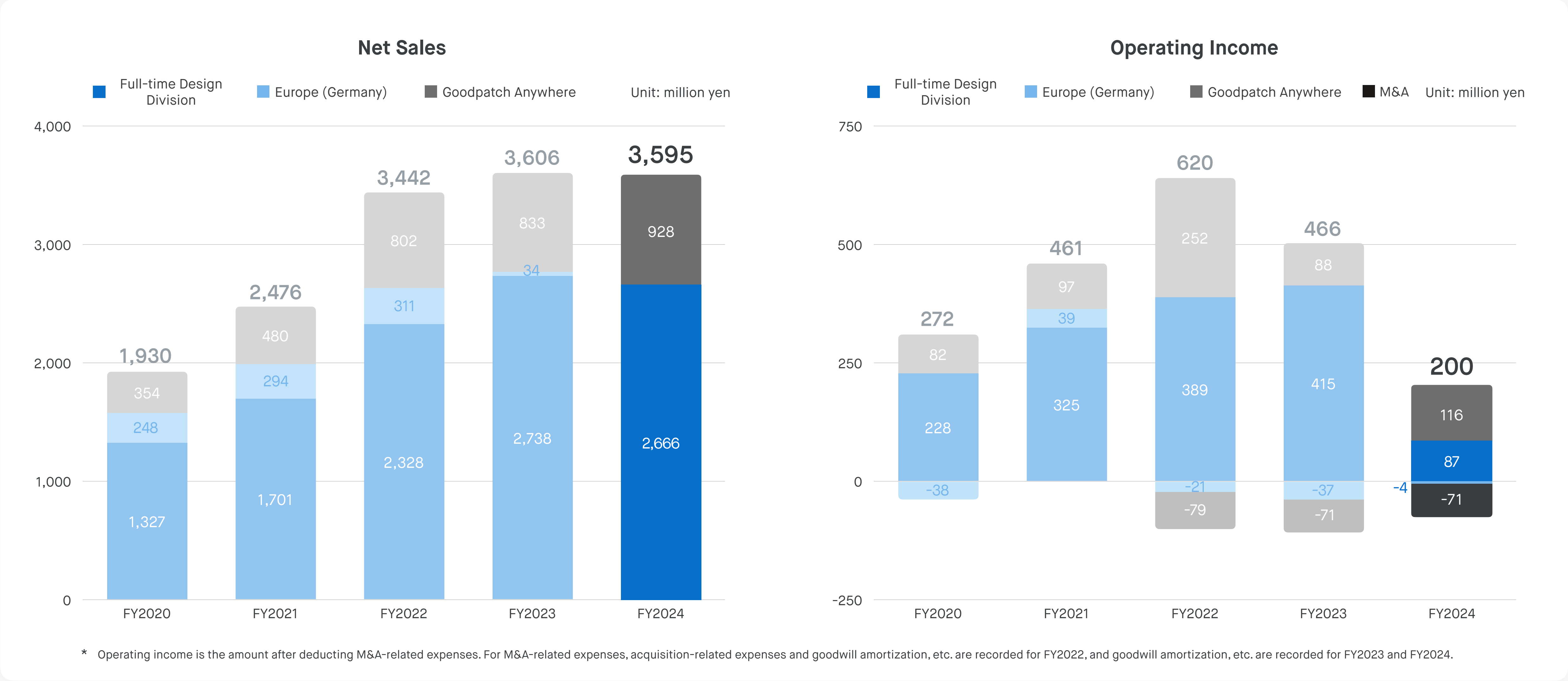
* For operating income, goodwill amortization, etc. has been excluded.

Business Focus for FY2024

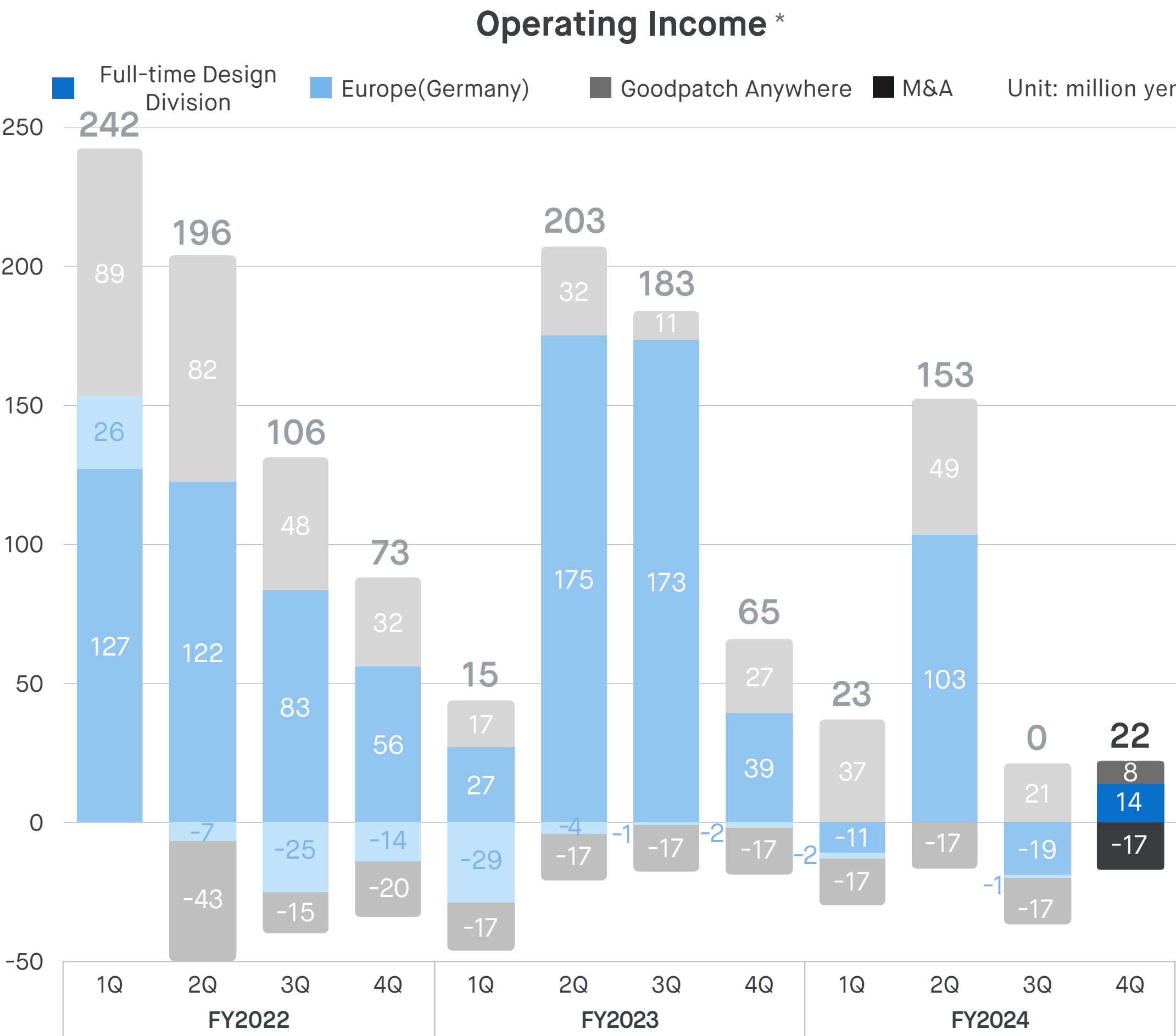
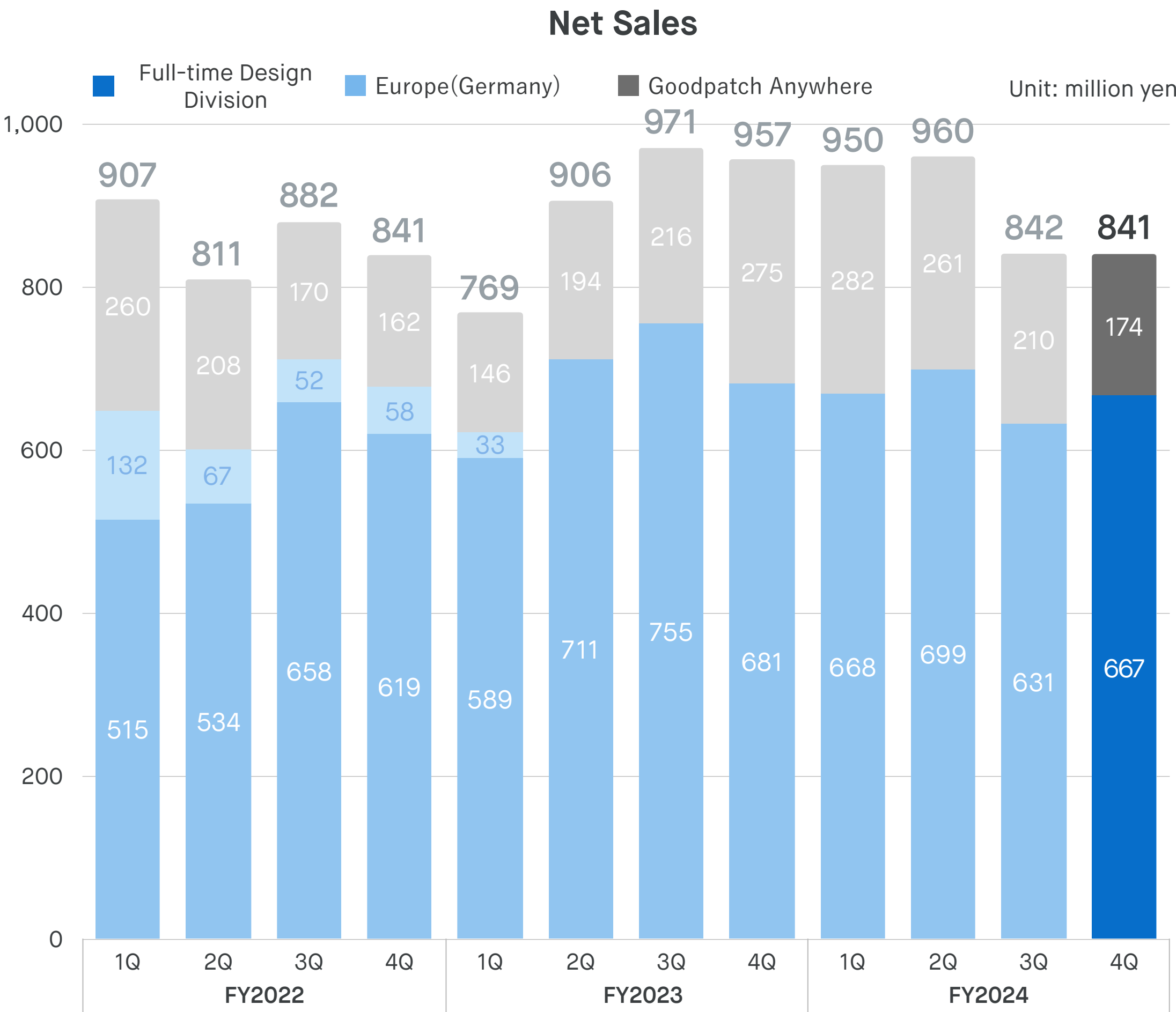
- 1 Strengthen marketing to acquire effective business deals
- 2 Sales promotion to acquire loyal customers
- 3 Expand solutions offered
- 4 Value chain expansion, M&A strategy

- Although the pace of new wins accelerated due to stronger sales, the loss of projects in progress in 3Q could not be offset, so net sales from April to July were negative YoY.
- The number of designers has increased as a result of proactive investment in human resource acquisition, and our capacity to provide services has expanded.
- Designer utilization bottomed out in May and gradually improved, with both sales and profits in August exceeding the same month of the previous year.

Net sales were flat and operating income decreased due to lower utilization of the full-time design division during the second half of the year.



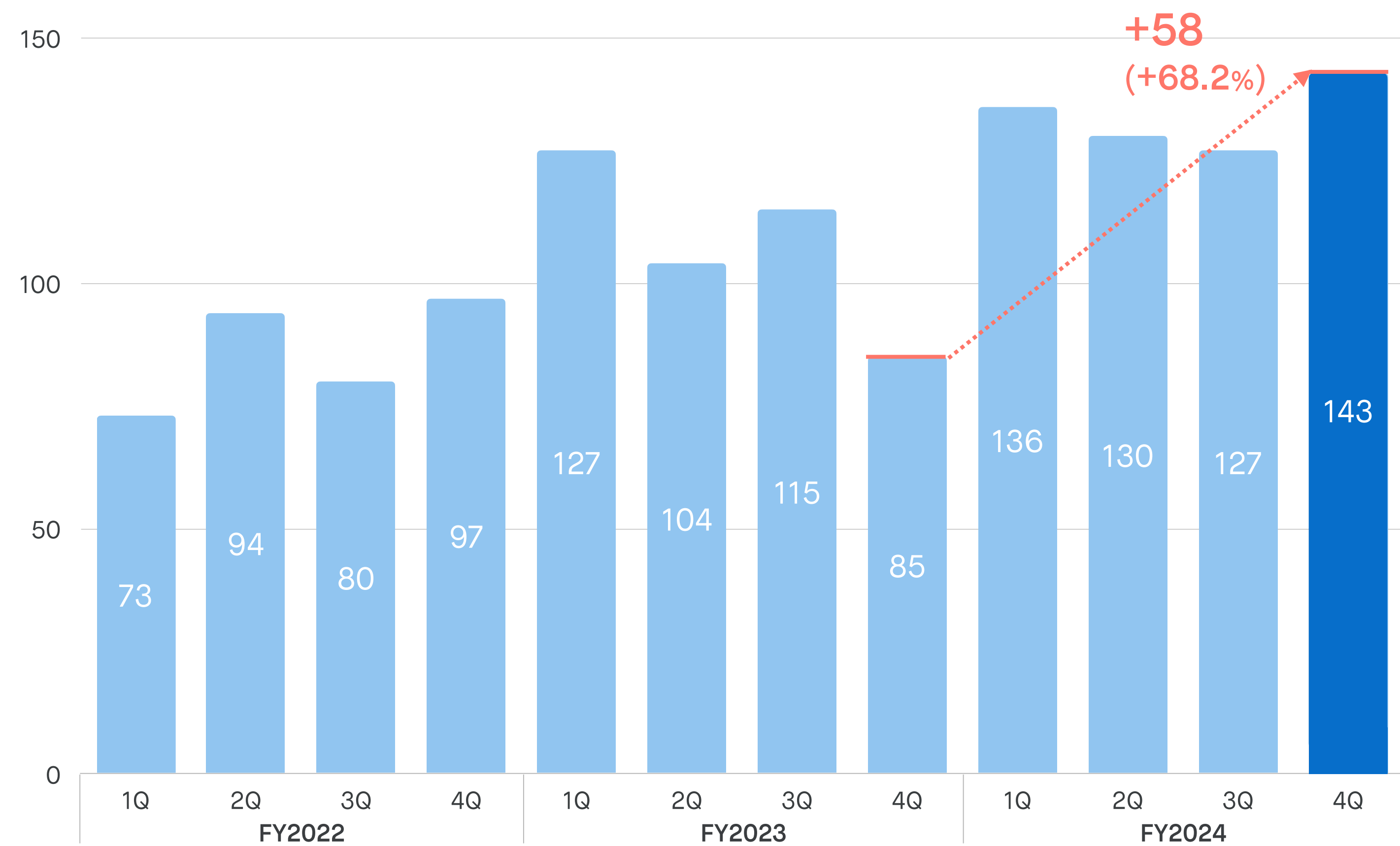
Although net sales in 4Q remained at the same level as 3Q, the full-time design division showed signs of recovery.



* Operating income is the amount after deducting M&A-related expenses. 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.

The number of effective business negotiations per year was 536, and in 4Q, the number increased by 58, an increase of 68.2% YoY, showing significant growth in the number of deals.

Number of Effective Business Negotiations



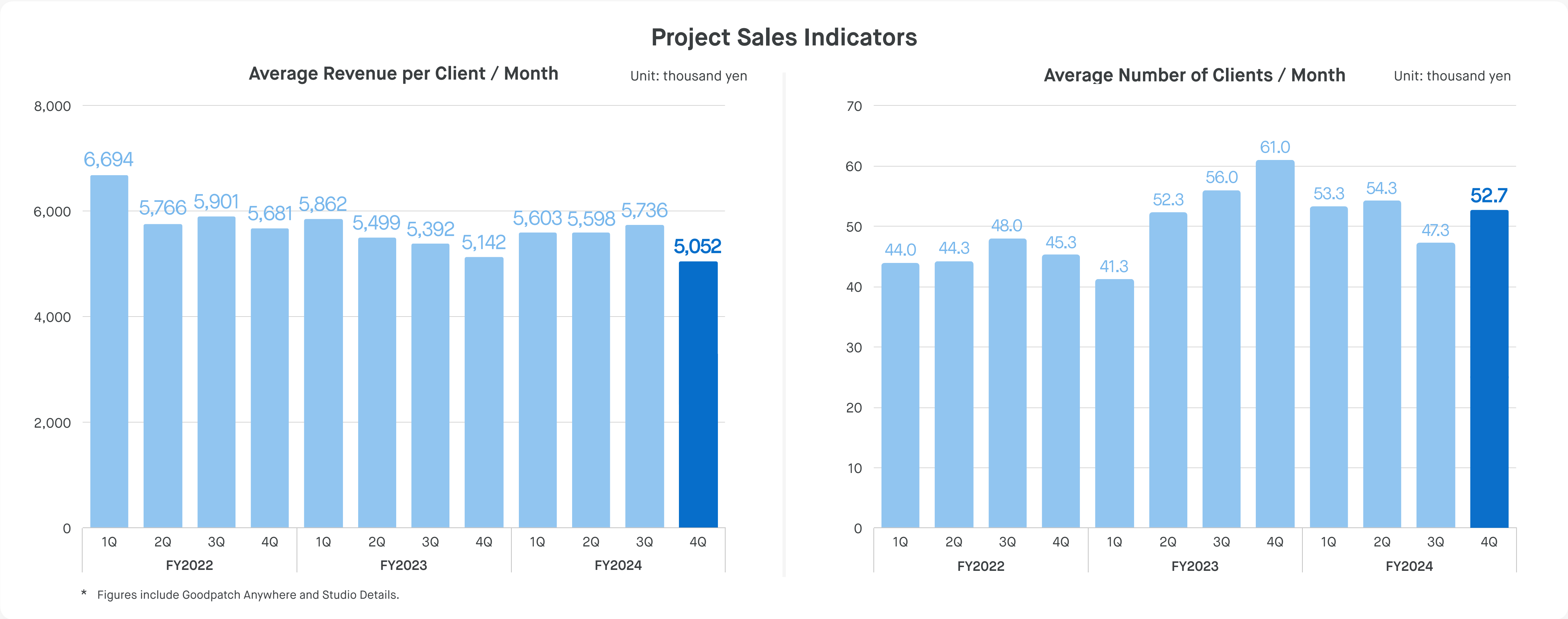
Strengthening of the mechanism for achieving effective business negotiations

- Optimized marketing efficiency by hiring five marketing and inside sales personnel to strengthen data analytics.
- New business opportunities were created as a result of advances in nurturing house leads and new leads.

Strengthening of the alliance strategy

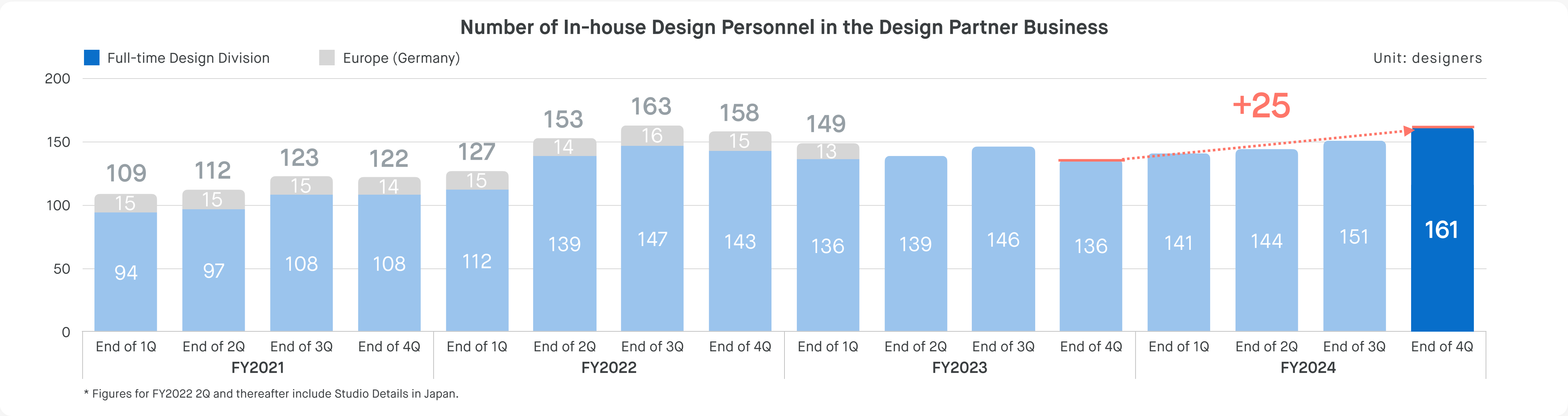
- As a result of strengthening our relationships with our capital and business alliance partners, the company has been able to reach new customers that would have been difficult to reach on our own, which has led to the creation of new business opportunities.
- The number of effective business negotiations via the alliance increased to 55 (an increase of 20 YoY).

Since the decline in FY2024 3Q, the number of client companies has increased as a result of strengthening new customer acquisition. However, as a result of prioritizing project acquisition over increasing revenue per client, the unit price of projects has declined, impacting the average revenue per client.



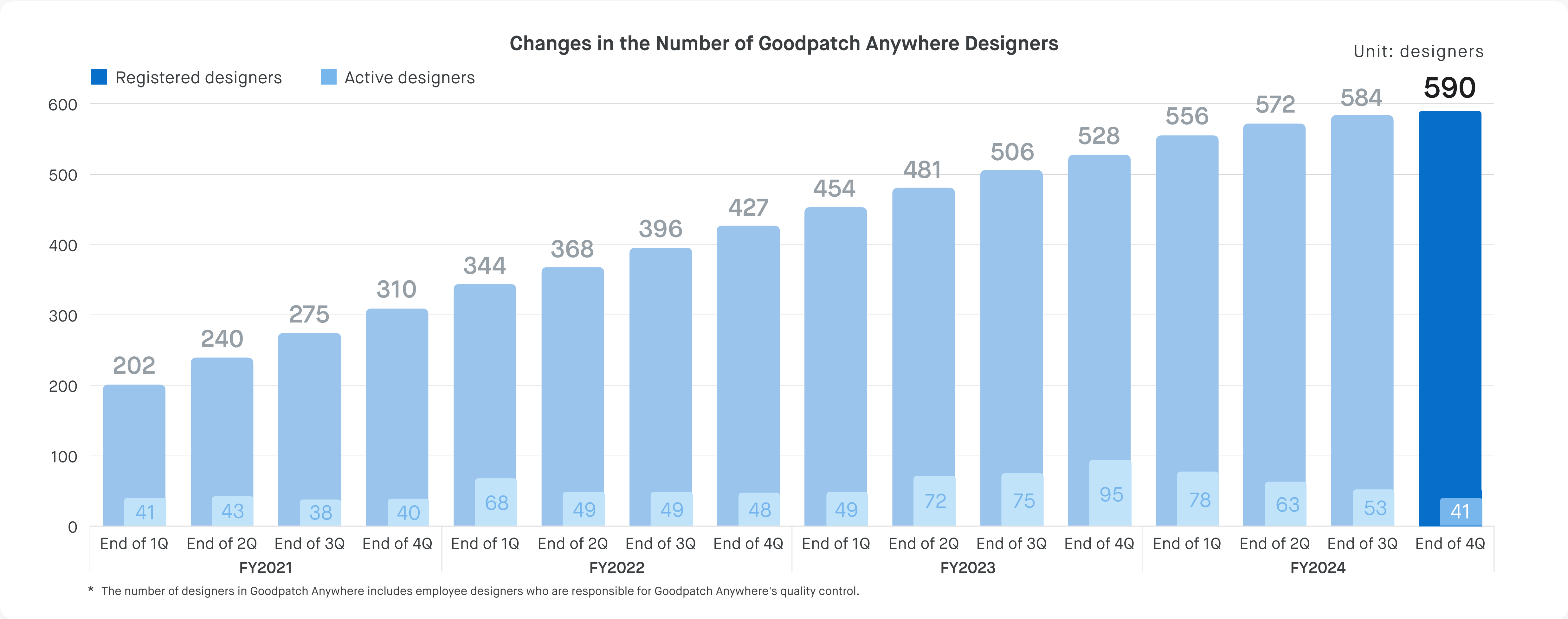
* Figures include Goodpatch Anywhere and Studio Details.

There are 161 full-time designers, and steady recruiting of new personnel has resulted in an increase of 25 people YoY, with 46 new hires, thereby nearly reaching the annual hiring target of 50 people.



- Although the company reduced hiring from 3Q, the company had 10 new hires in 4Q, and the number of designers increased due to a delay in the timing of retirement and the return of former employees.
- In FY2024, the company hired 46 designers, a net increase of 25 YoY, as the hiring measures implemented mainly during the first half of the year proved to be effective.
- The number of retirees remained within the plan at 18, giving an attrition rate of 13.3%.

Due to a decrease in net sales at Anywhere, the number of designers in operation decreased QoQ, and the pace of designer pool (the number of affiliated designers) expansion is slowing.



Operational Review by Segment

Design Platform Business

Net sales of the entire business grew positively YoY.
Operating loss is trending down due to reduced investments in Strap.

Overall Segment FY2024 4Q (Sep.- Aug.)

Net Sales

347 million yen

YoY Change

+7.6% (+25 million yen)

Operating Income

-93 million yen

YoY Change

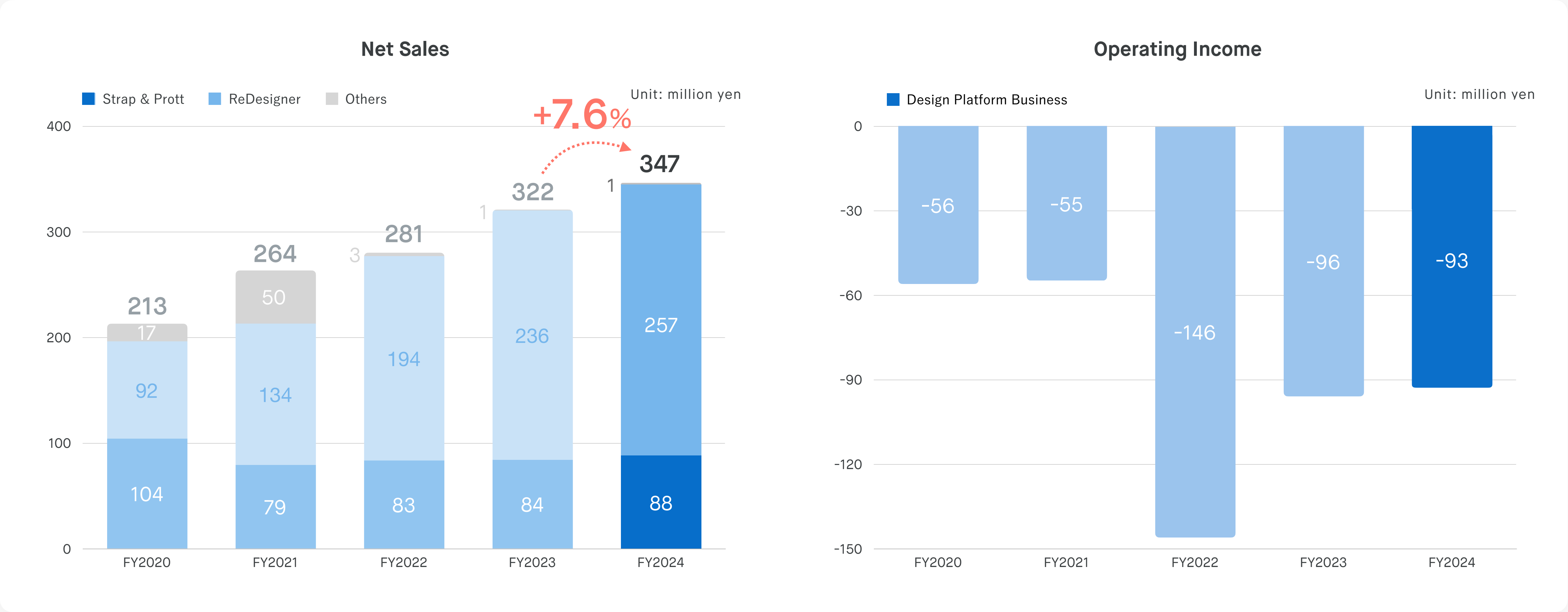
-3 million yen

Business Focus for FY2024

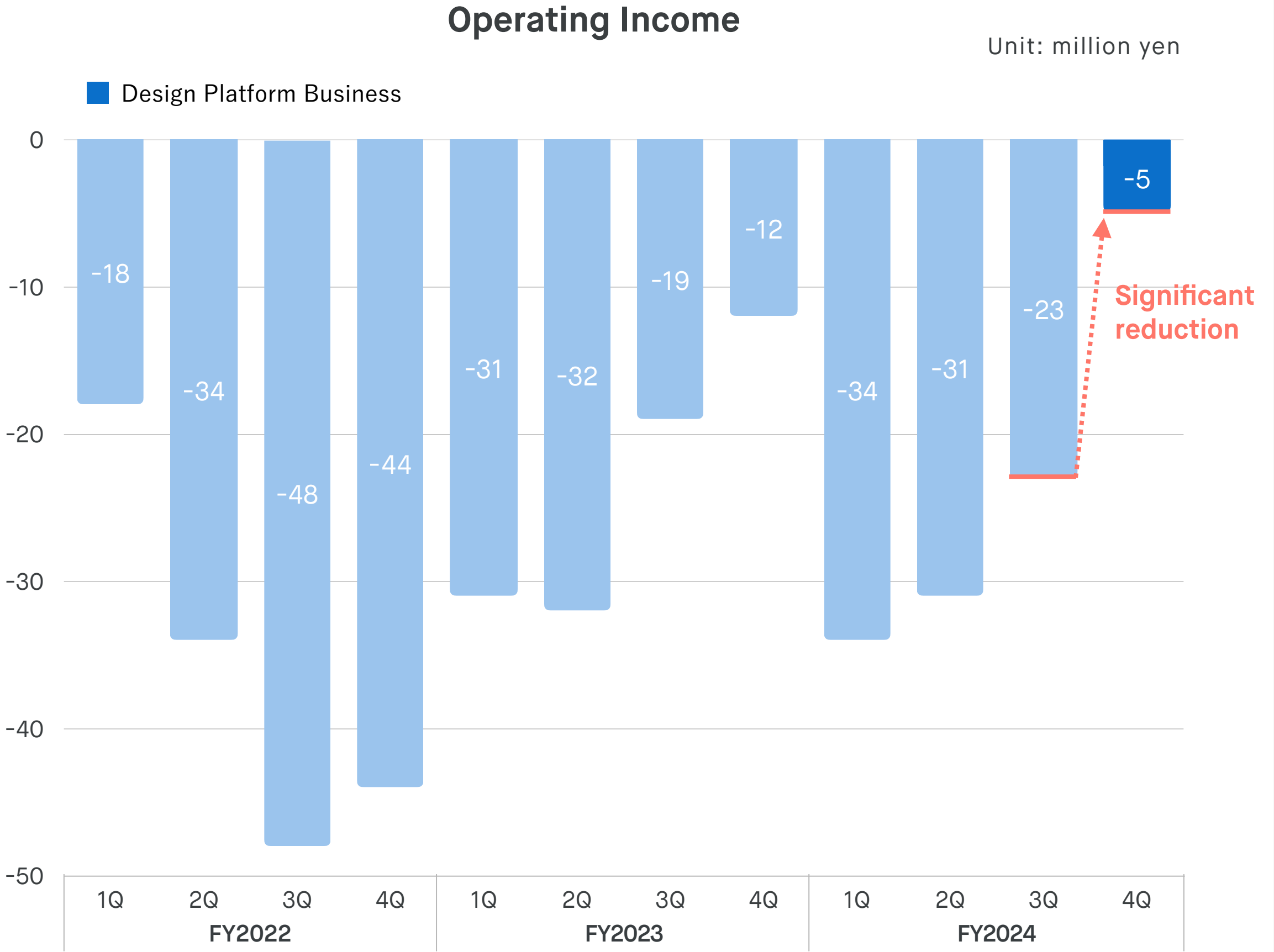
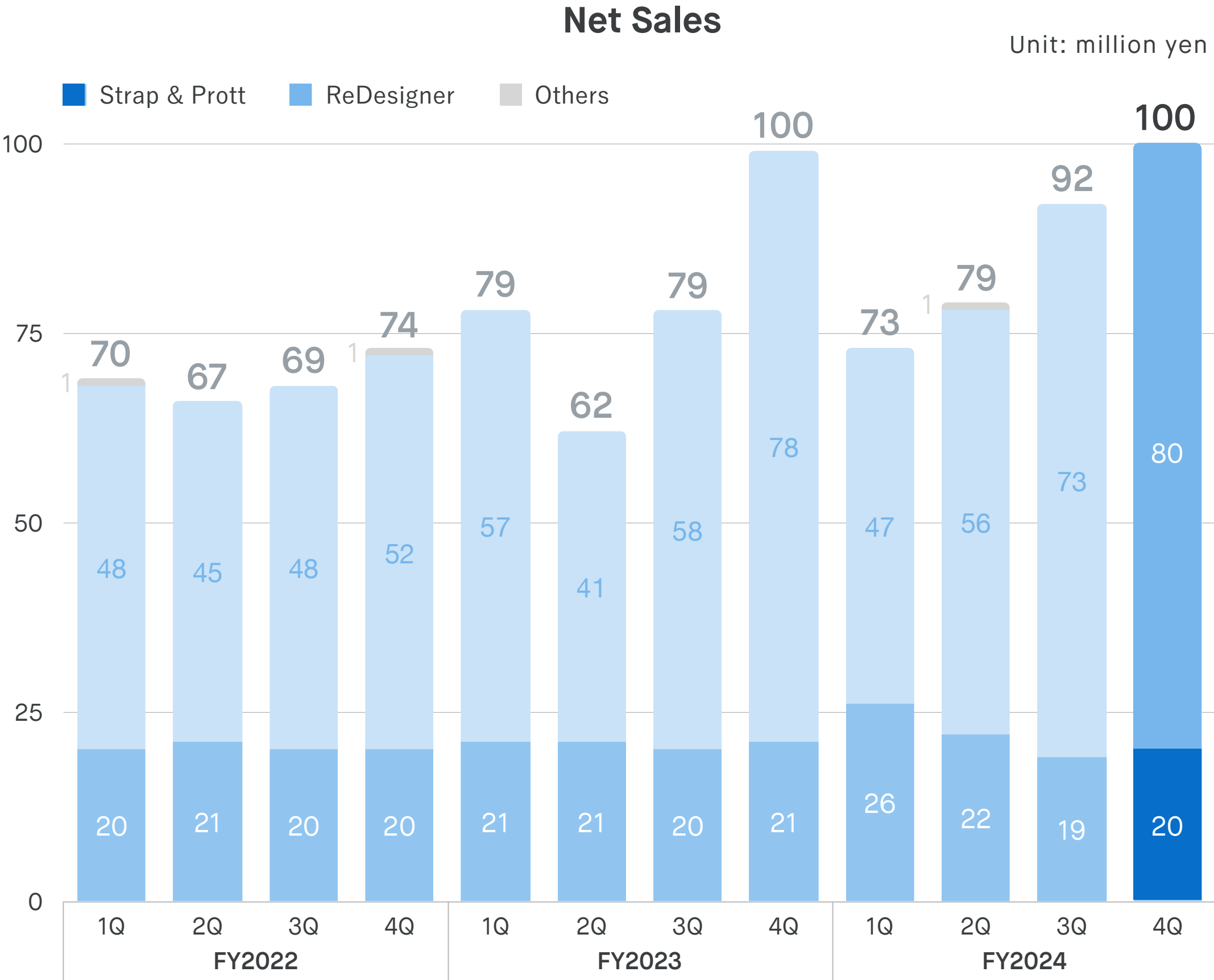
- 1 Growth of ReDesigner
Further energize the market to accelerate growth through implementation of direct recruiting
- 2 Growth of Strap
Generate growth by strengthening development and sales toward expansion into the enterprise domain while keeping SaaS business KPIs in mind

- ReDesigner : Mid-career services coexist with direct recruiting to strengthen competitiveness. Stable growth in services for new graduates.
- Strap : To explore growth potential, the company has introduced a new pricing structure that combines consulting services, curbed proactive investment in functional development to achieve results in 4Q, controlled the extent of operating loss, and will consider additional investment after assessing the effects of new measures.

Net sales increased 7.6% YoY due to the growth of ReDesigner, but new investments resulted in an operating loss. As a result of reduced investments in Strap, the business’s overall operating loss was kept below last year's level.

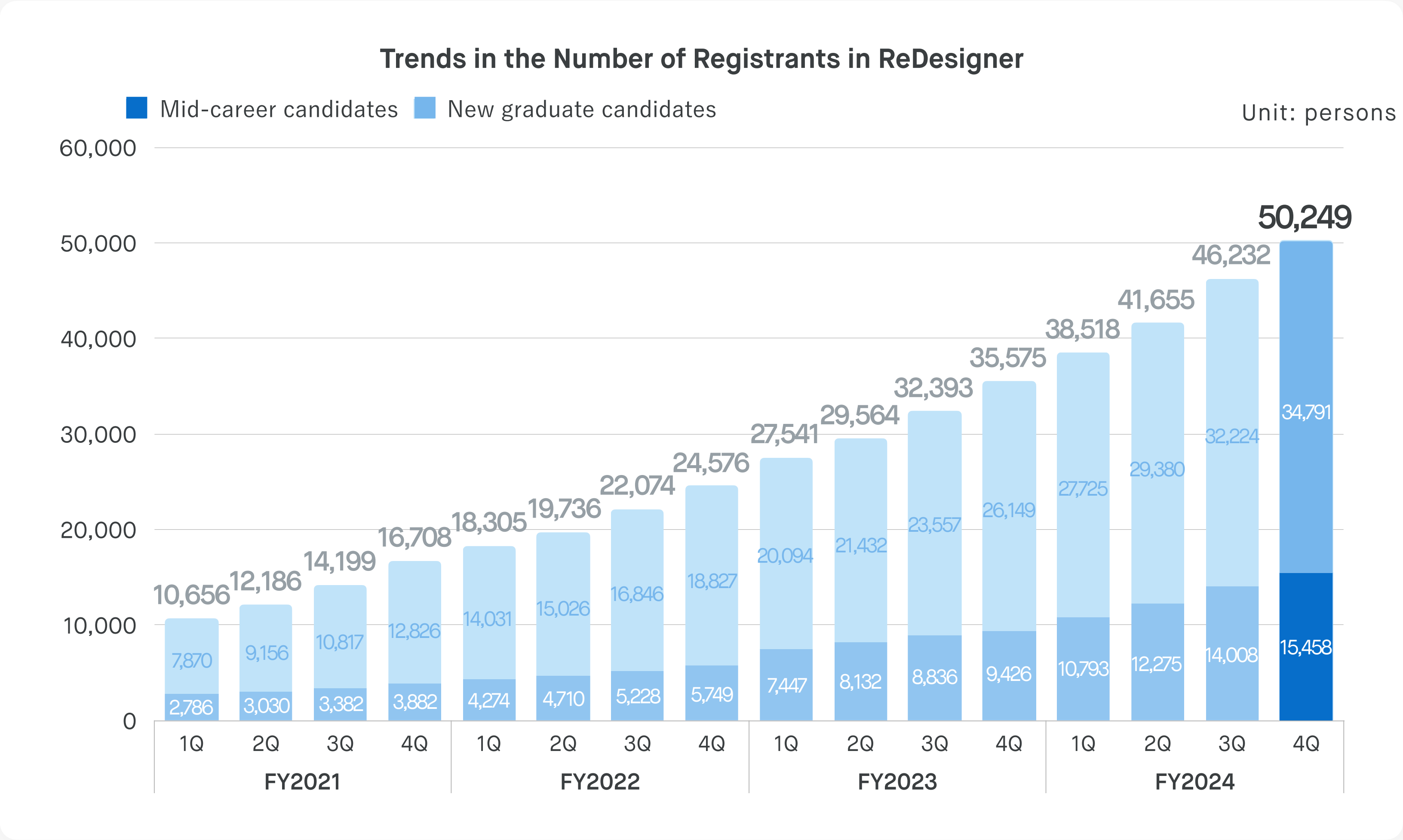


Sales of ReDesigner increased in 4Q, and total net sales of the business rose to 100 million yen. The operating loss was significantly reduced by recovering investments in direct recruiting and by reducing investments in Strap.



Direct number of registrations for both mid-career and new graduates continues to increase

The launch of our direct recruiting, which began in January, is going well.



Mid-career referral service

Career change support service

- Cumulative total of client companies increased to 860.
- Determined average annual income of hires also growing.

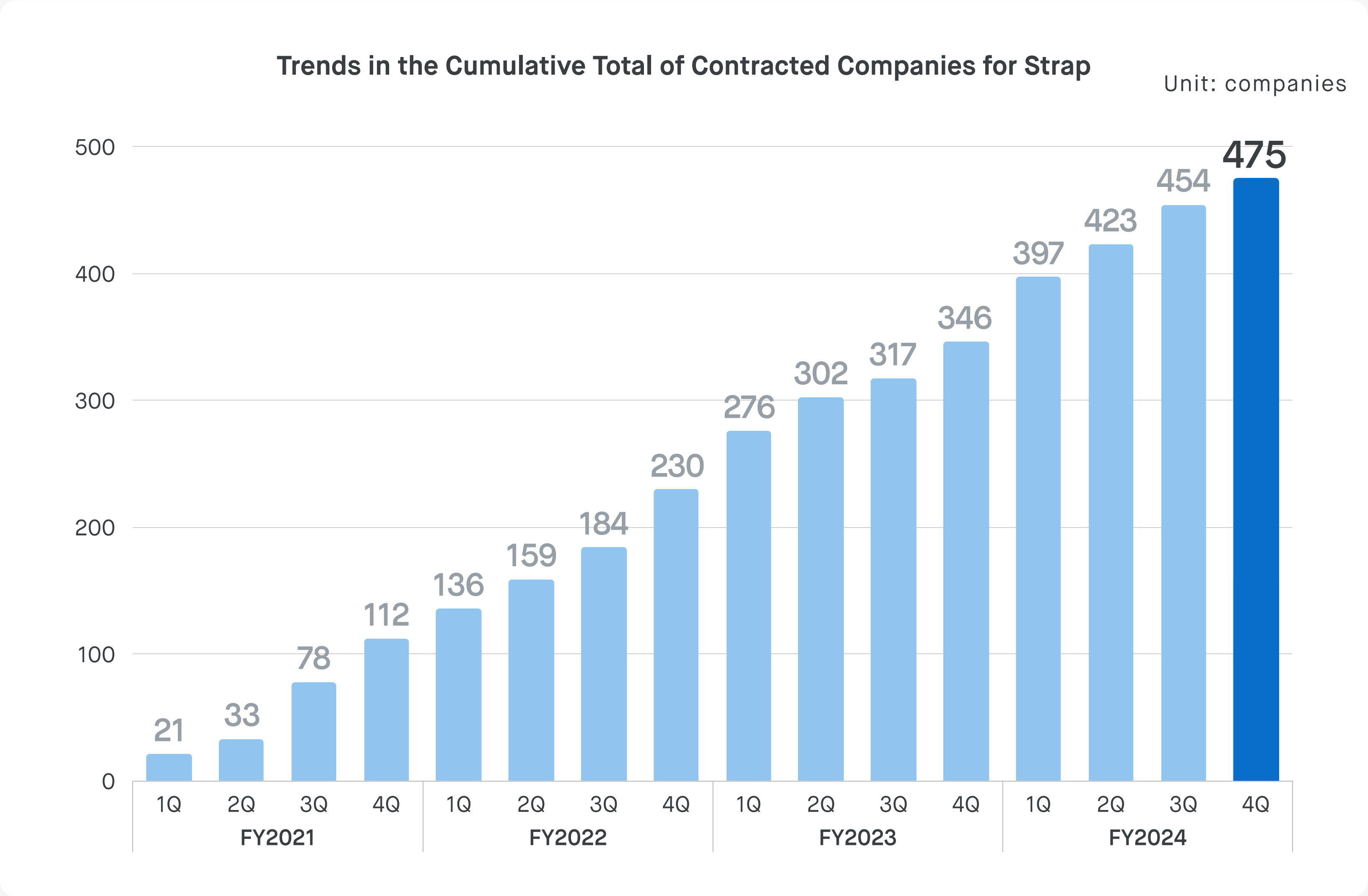
Direct recruiting service

- Cumulative total of client companies has grown to 49.

New graduate referral service

- Total number of client companies increased to 170.
- Achieved over 20% YoY growth in net sales.

The cumulative total of companies that have contracted with us is increasing, and we are aiming for lean growth with a new fee structure while limiting investment.



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 prices with a new pricing structure that includes consulting services, and the company achieved its first service delivery results in 4Q.



FY2025 Full-Year Earnings Forecast

As we rebuild the revenue-generating mechanism with a focus on business efficiency in our existing businesses, we will also invest in new initiatives for medium- to long-term growth.

FY2025 Full-Year Earnings Forecast

Net Sales

4,380 million yen (YoY +11.1%)

Operating Income

204 million yen (YoY +approx. 5.9times)

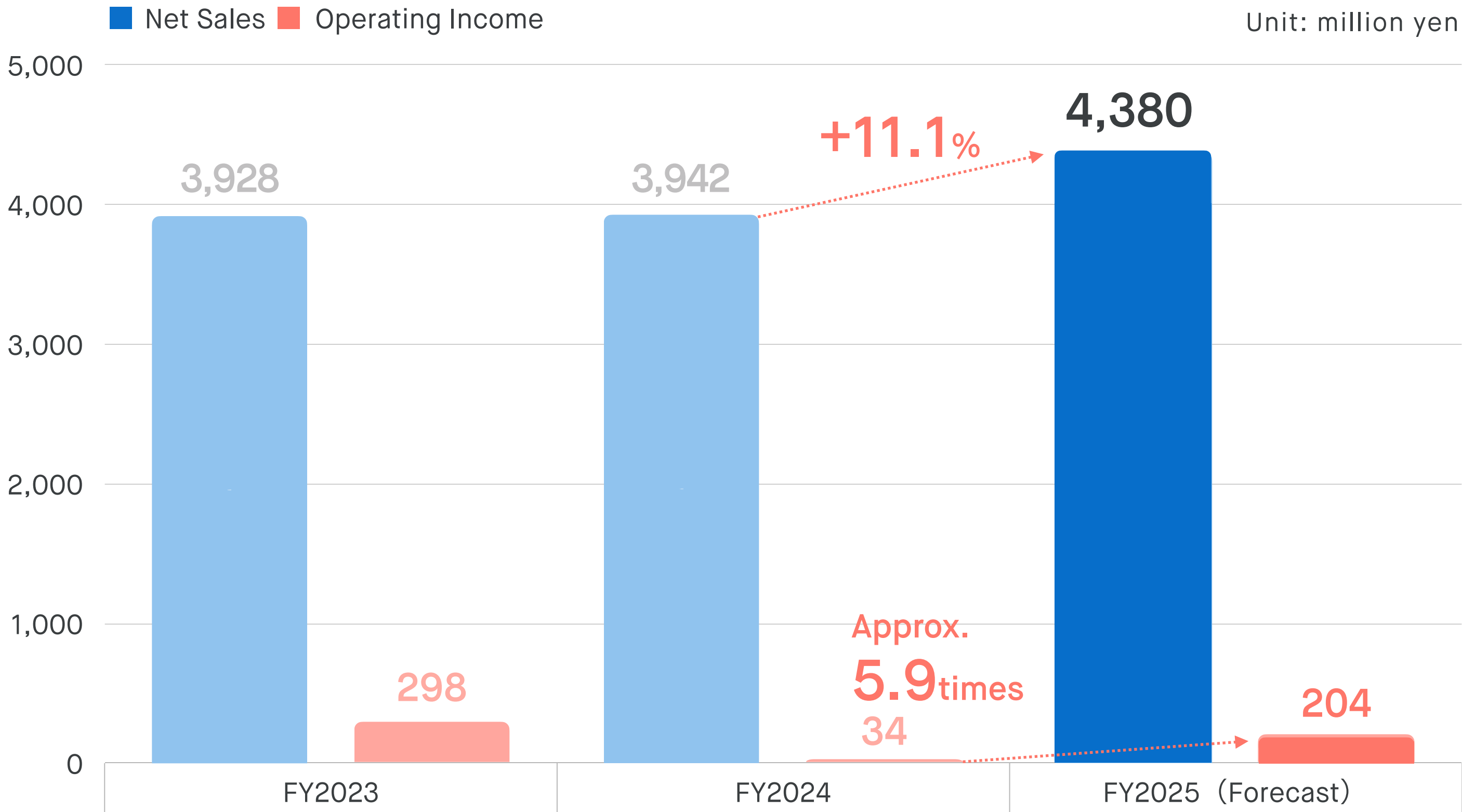
Ordinary Income

195 million yen (YoY +approx. 4.2times)

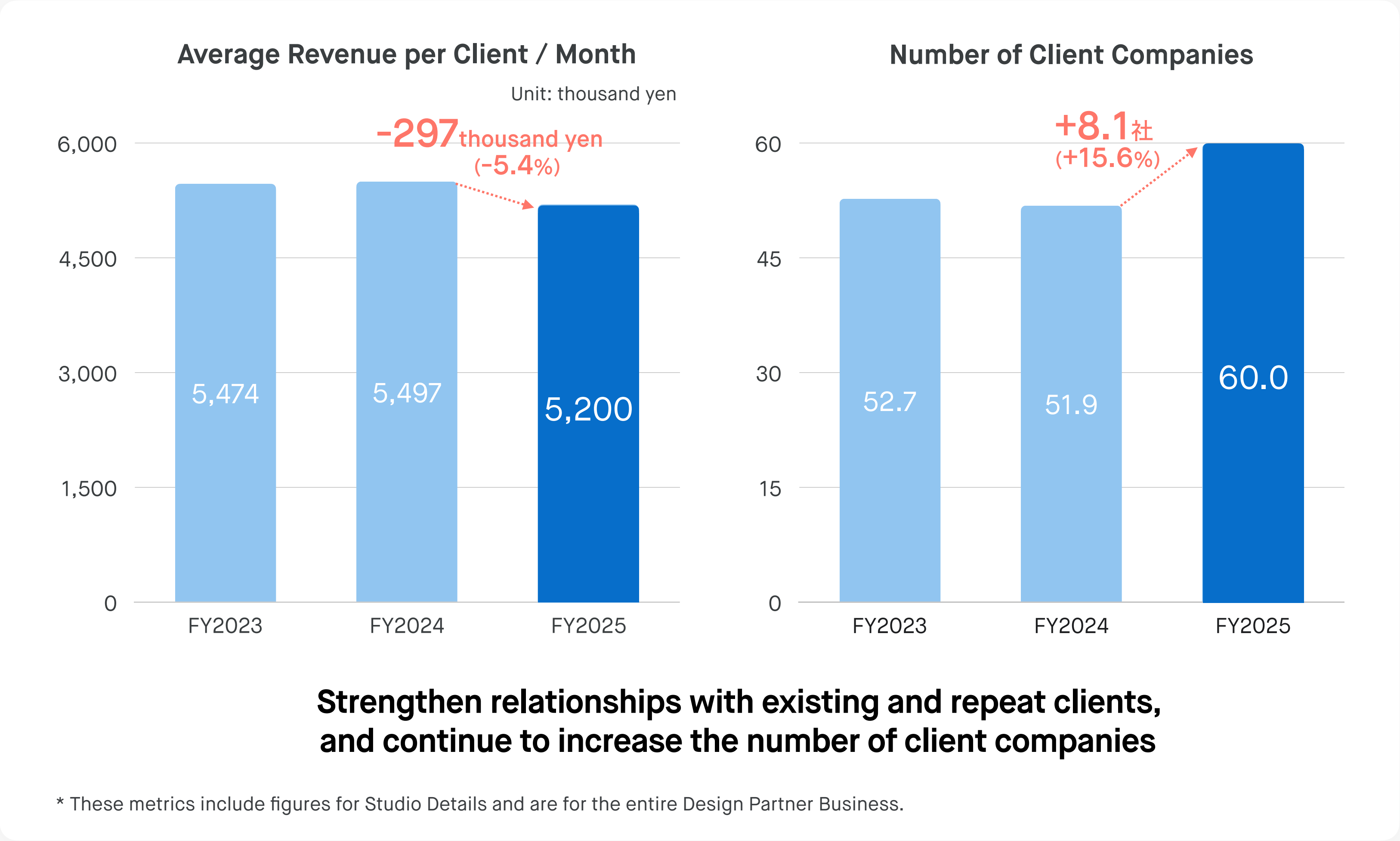
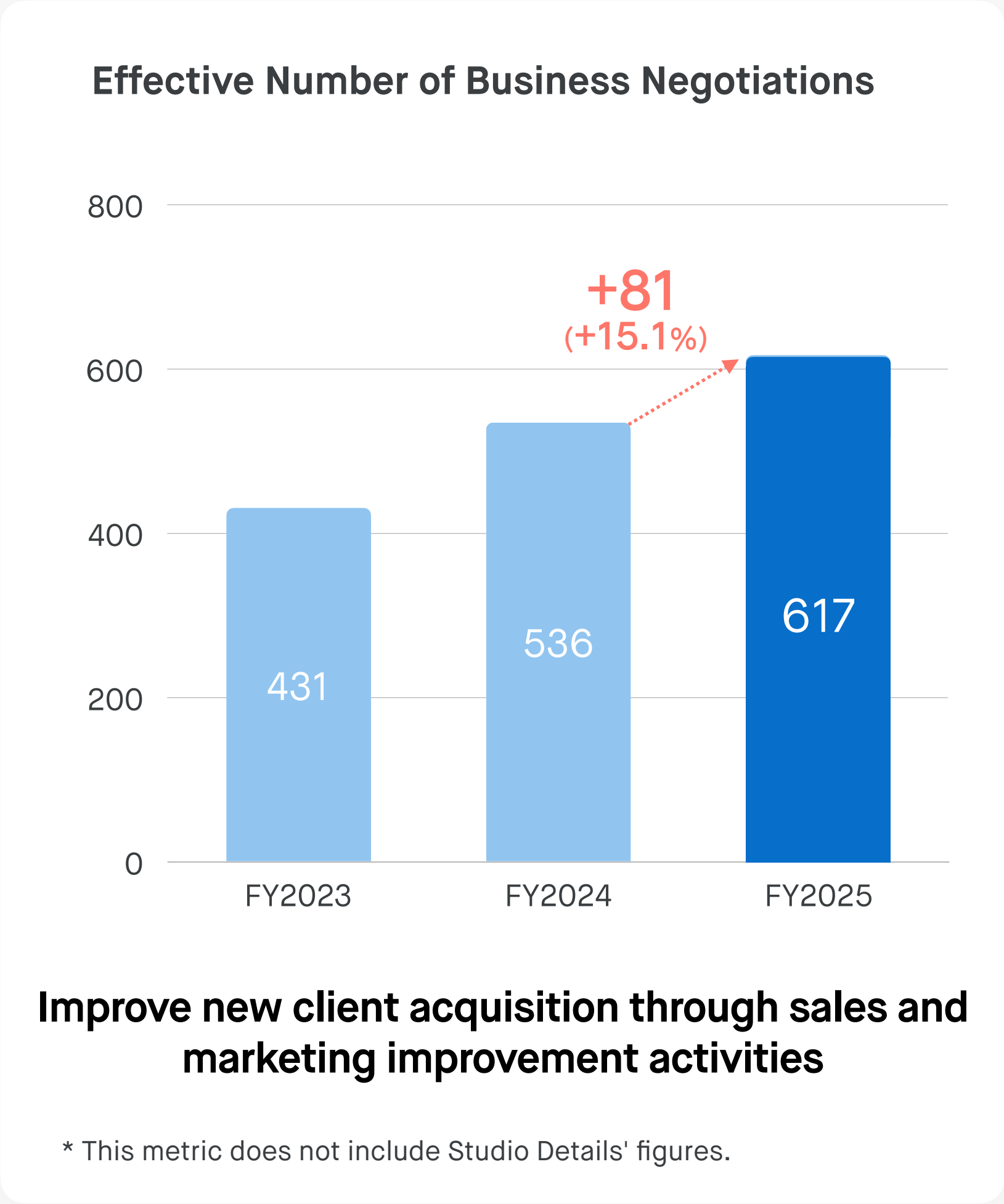
Net Income

113 million yen (YoY +approx. 9.8times)

FY2025 Consolidated Earnings Forecast



As we will continue to strengthen our sales and marketing efforts, there will be 617 effective business negotiations, an increase of 81 YoY. The average revenue per client per month will decrease slightly, reflecting the level in 4Q FY2024, while the number of client companies will increase to 60.



While investing in growth with a focus on sales and marketing, we are also investing in new businesses with a medium- to long-term focus.

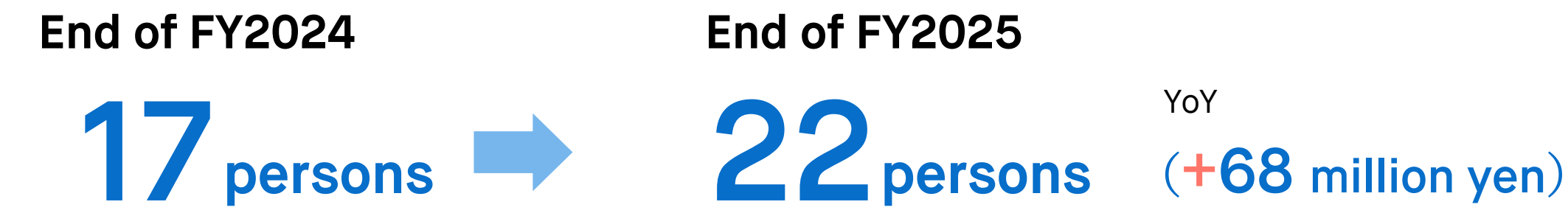
Main Investment Plan	Description	Investment Amount
Investment in the Design Partner Business	- Increased hiring and personnel expenses to strengthen the sales organization - Increased marketing activity expenses	76 million yen
	- Increased advertising to grow the Studio Details business - Increased hiring expenses and designer personnel expenses at Studio Details.	68 million yen
Investment in the Design Platform Business	- Increased personnel expenses to grow the ReDesigner business - ReDesigner-related IT investments	56 million yen
Investment in new businesses	- Expanding into new areas through joint ventures - Implementation of PoC for AI and new areas	100 million yen
Total		300 million yen

FY2025 Growth Strategy

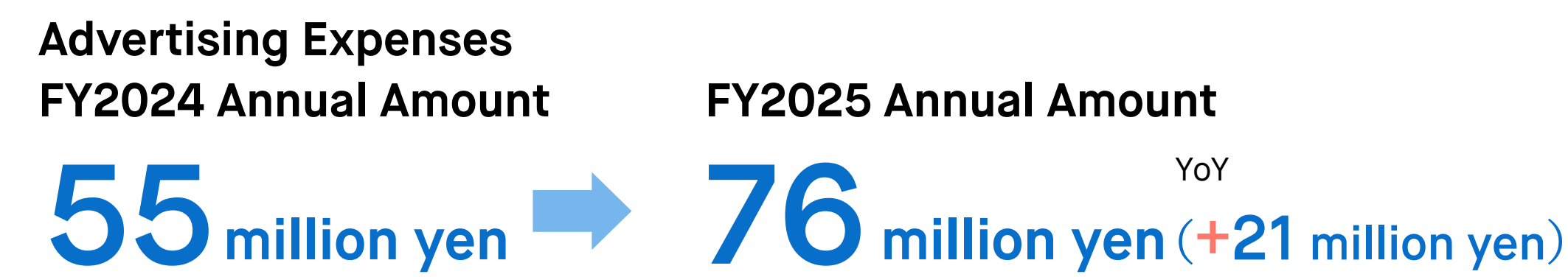
We will continue to invest in strengthening sales, increasing personnel, and broadening the range of solutions to improve the continuation rate and unit price.

Proactively investing in sales personnel and marketing expenses to maximize the number of effective business

Continue to strengthen human resources in the sales divisions in charge of marketing and sales



Increase advertising expenses to strengthen our marketing activities, including SEO measures and webinars, with the goal of winning new projects



Improving the continuation rate of existing projects and expanding projects from existing clients

- Establish a new producing team within the design organization to increase the number of additional solutions and new service offerings based on our clients' business issues, thereby expanding existing projects.
- Strengthen proposal writing skills to improve project unit prices, and increase efforts to secure meetings with decision makers.
- Conduct strategic discussions with clients' management teams to improve corporate value, to build long-term partnerships, and to create opportunities for continuation and expansion of projects.

Building a solution system that is divided into clients’ business phases

Providing design support tailored to our clients’ issues

To provide appropriate know-how and human resources in response to each client’s situation, one of the three teams (Incubation, Growth, or Transformation) will become the project owner and provide value, with an awareness of the business’s growth cycle.



Since last year, the company has cut back on hiring full-time designers and are using Anywhere talent.

Full-time Design Organization

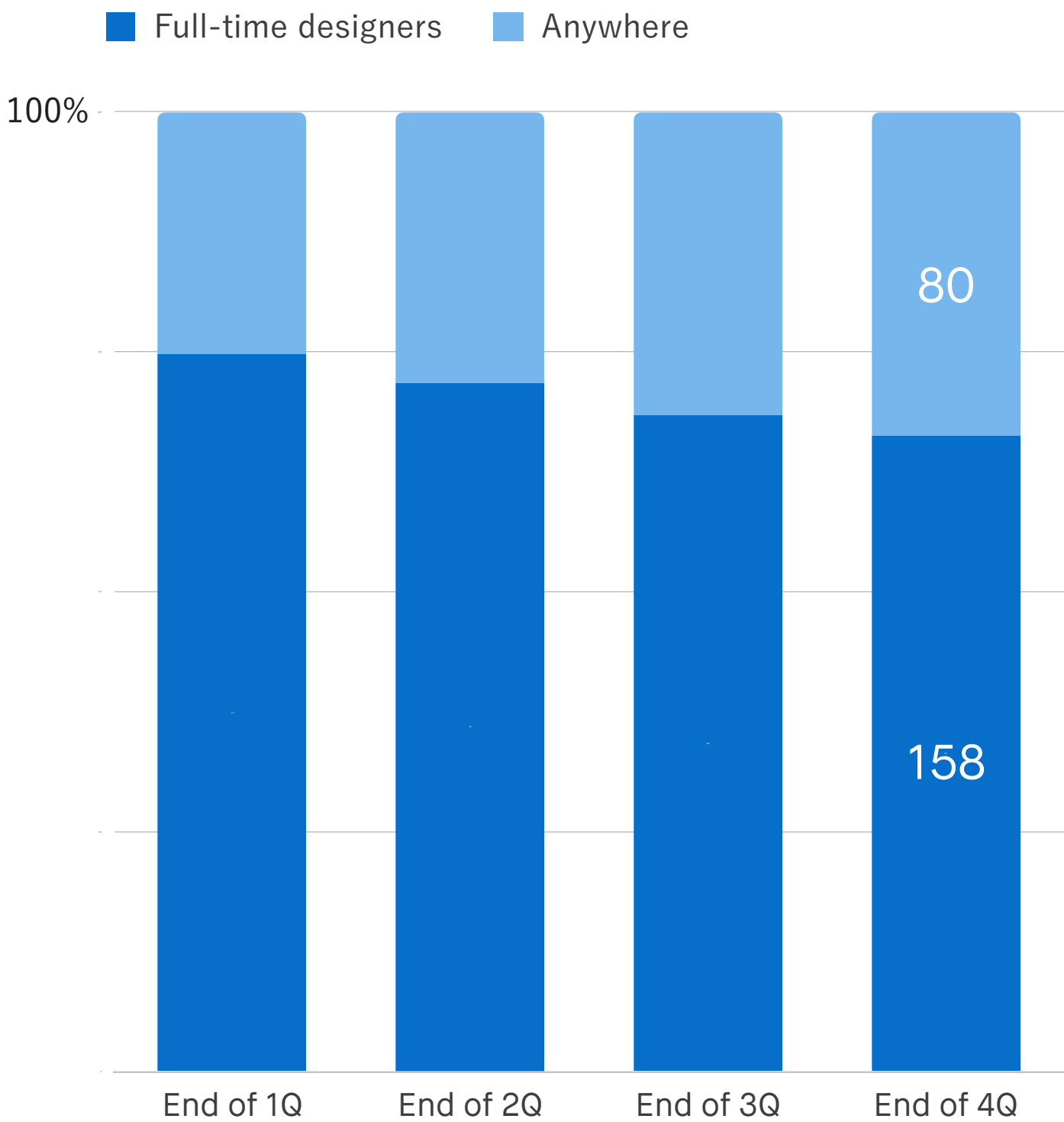
Maintain organizational scale and work to improve internal utilization

- The company plans to hire 31 designers annually (a decrease of 15 YoY), maintaining a balance between the number of new hires and the expected number of retirements.
- The company maintains the scale of the designer organization, with 158 designers as of the end of 4Q (-3 YoY).
- The company works to maintain utilization by proactively securing project continuation to offset customer attrition at the end of 3Q.
- In addition, the utilization rate is incorporated into the evaluation system as an important index.

Anywhere Design Organization (non-full-time designer organization)

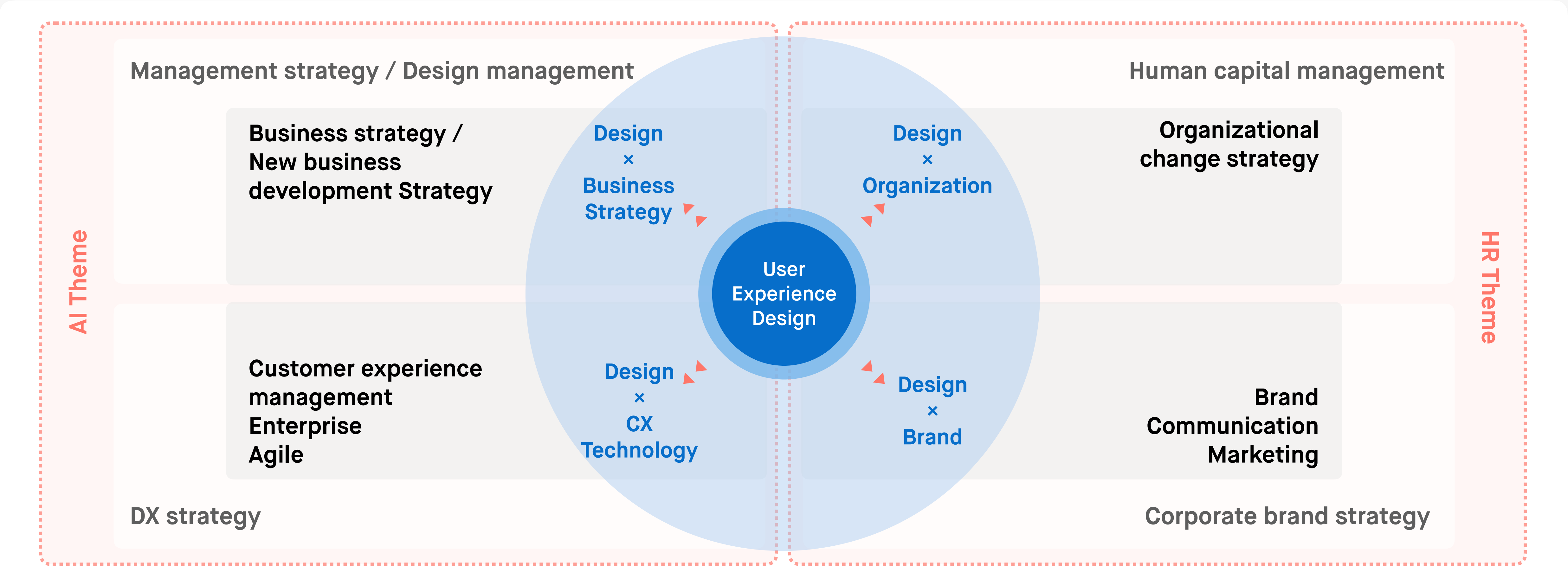
Implementing measures to acquire excellent freelance talent and improve utilization rates

- The company increases the number of AW designers in operation.
End of 4Q FY2024: 41 designers → End of 4Q FY2025: 80 designers
- The capacity limit can be flexibly adjusted to accommodate sudden changes in demand.
- The company offers flexible working styles to attract top freelance talent from outside the organization.



- Anywhere designers = Variable cost
- Full-time designers = Fixed cost

Focusing on HR and AI as key themes as we expand into four areas



AI is set as a core theme in the management strategy and the DX strategy, and HR is set as a core theme in human capital management and corporate brand design.

Established a joint venture company, People and Design, with PeopleX

Goodpatch

Expertise in designing products and organizations based on customer experience, and in promoting corporate reform

PeopleX

A platform that empowers employees to succeed

Goodpatch X PeopleX

People and Design

We provide consulting services and HR SaaS by combining the knowledge and experience of Goodpatch with the development and technical capabilities of PeopleX, an HR platform developer.

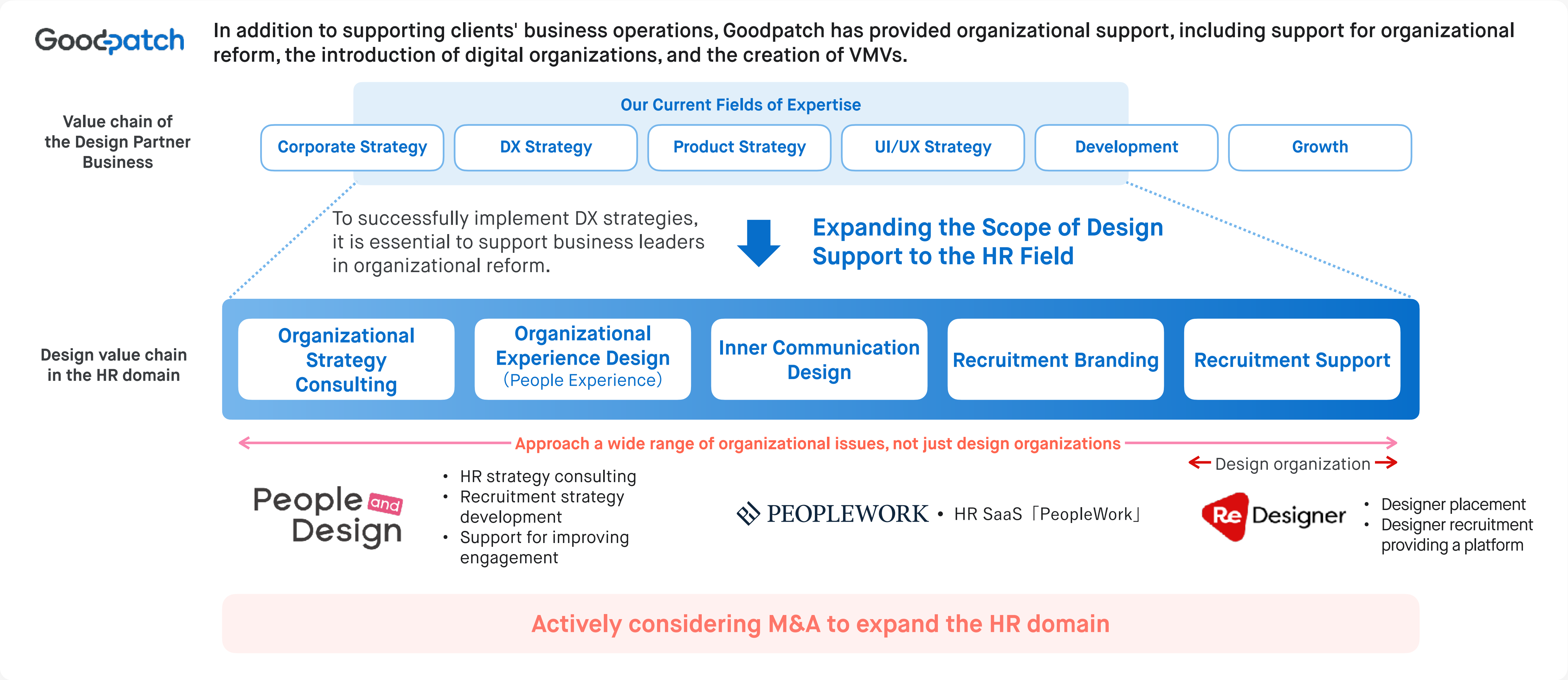
People and Design

People and Design Inc.

Date established	Oct. 1, 2024
Representative Director	Naofumi Tsuchiya
Capital	25 million yen
Shareholders	Goodpatch Inc. (51%), PeopleX Inc. (49%)
Business Details	HR consulting centered on People Experience (PX), HR SaaS sales and implementation support
URL	https://pand.design/

* For more information about People and Design Inc., please see the press release https://goodpatch.com/news/2024-10_peopleanddesign (Japanese only).

Expanding our support area to include HR (organizational area), and aiming to expand our business as an HR segment in the future.



Leveraging design expertise to pioneer the field of AI

The combination of technology and experience is necessary to create AI products that get used.

Kimura, who has led the launch of several companies in the AI space, has joined the company.



Executive Officer
Supervision of the Design Partner Business
AI Solution Development

Naoki Kimura

Career

After working on projects such as HR system design and organizational restructuring at SIGMAXYZ and Deloitte Tohmatsu Consulting, he successfully launched a new DX human resource development business at ExaWizards Inc. and most recently, as the head of a generative AI product business for enterprises, achieved 620 million yen in ARR in the first year. Joined Goodpatch in October 2024.

We have partnered with Algomatic* and have begun to take proactive actions.



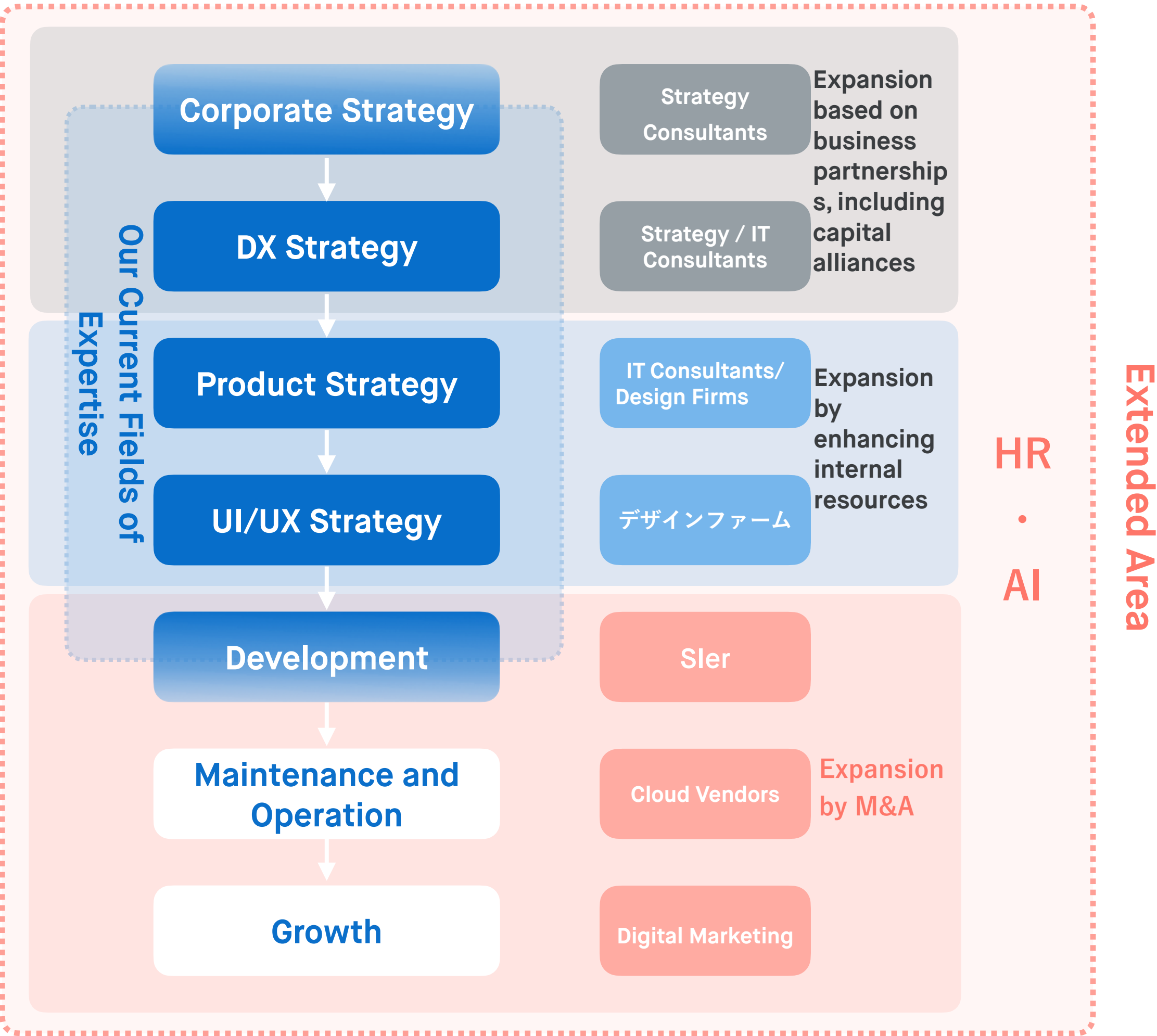
Goodpatch and Algomatic work together to provide workshops for problem exploration, proof of concept (PoC) development, development system support, etc.

Examples of problems we can solve

- Determining the direction in the early stages of product development
- Incorporation of AI functions based on user needs
- Compensating for lack of know-how in the design and operation of data infrastructure

* For more information about Algomatic, please see the release article https://goodpatch.com/news/2024-10_gp-am (Japanese only).

Utilizing M&A not only to extend the value chain but to expand business areas



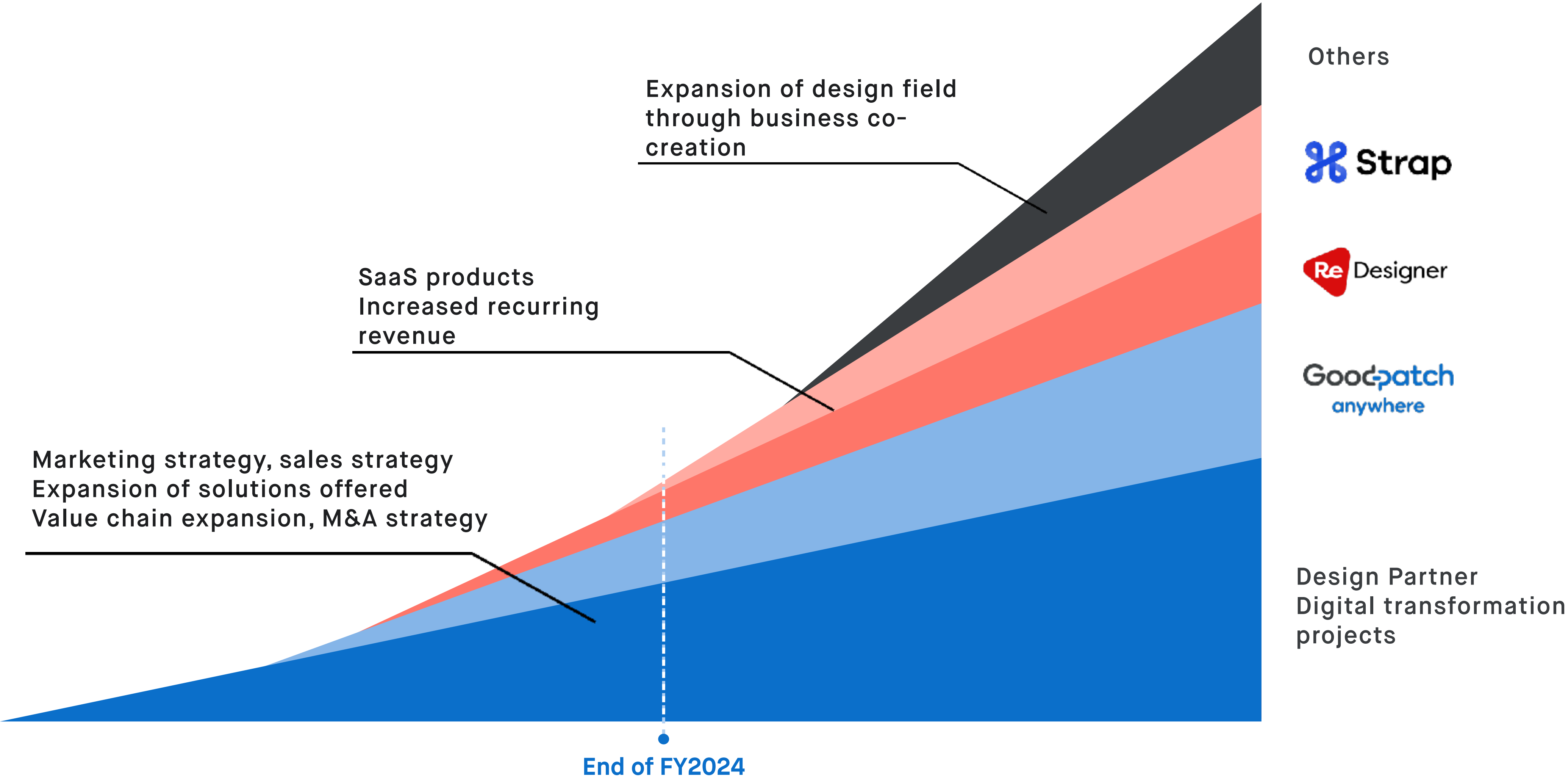
Acquiring the capabilities needed to support corporate reform through M&A

- The basic M&A strategy is to expand the DX value chain.
- As other priority M&A sourcing areas, we will look at other potential areas as targets for M&A, even if they are disconnected, with a focus on the HR and AI domains.

Decision to acquire treasury stock for future M&A

- We have decided to repurchase our own shares.
- The acquisition amount is 150 million yen, and the company will use its own shares for M&A.

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

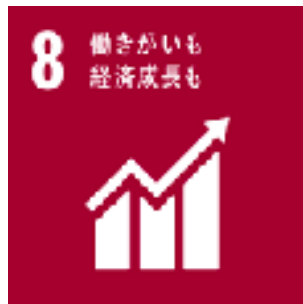


Considering four key themes (materiality) to realize vision and mission

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
- Improving web accessibility



Design with Governance

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



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	264 employees (as of August 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)	Studio Details Inc. , Muture Corp. , People and Design Inc.	
Offices	Japan (Tokyo and Nagoya)	



Vision and Mission

VISION

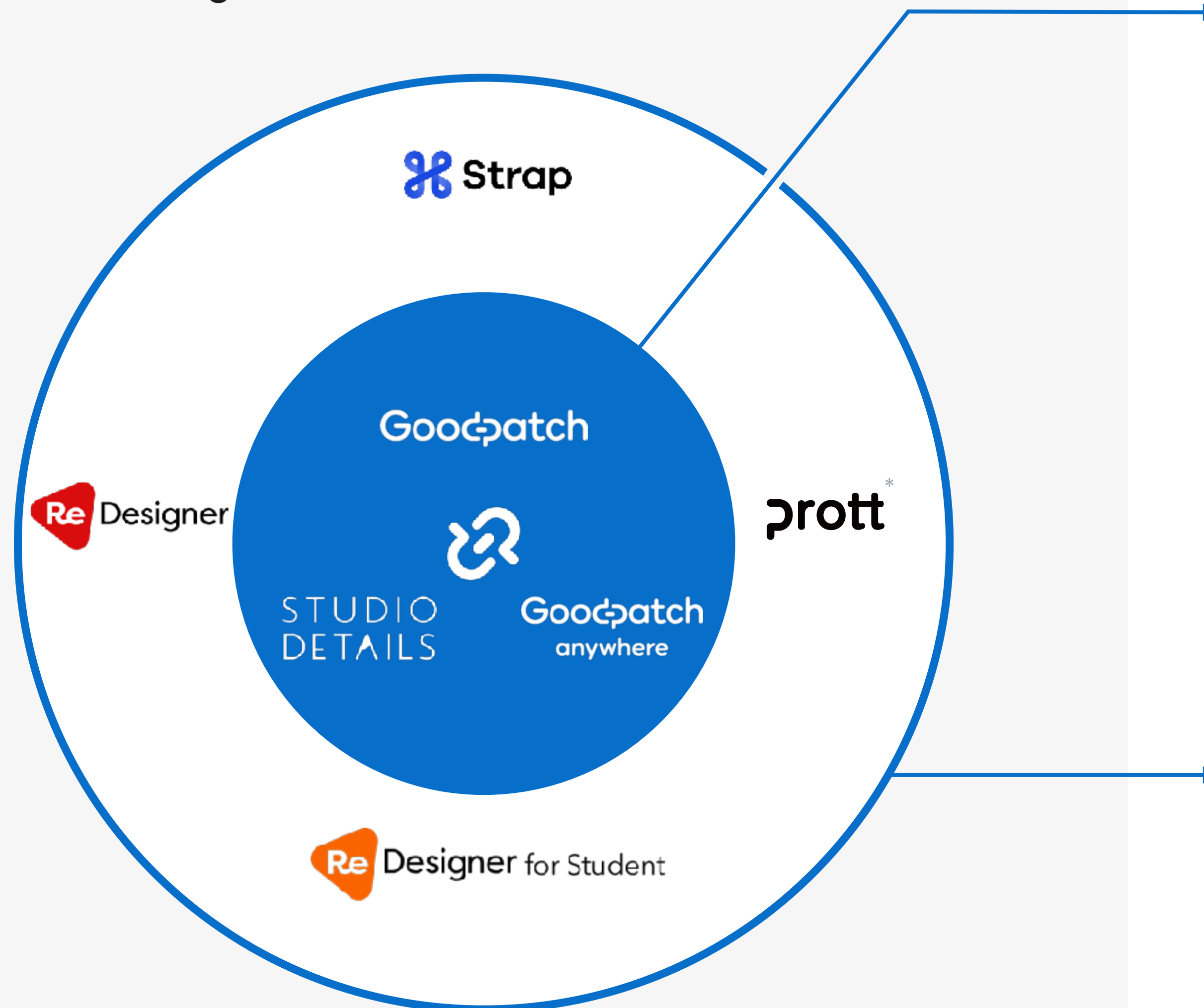
**Push the world forward with
design that moves people's hearts**

MISSION

Prove the power of design

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" *

*Prott service has been discontinued as of August 31, 2024

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

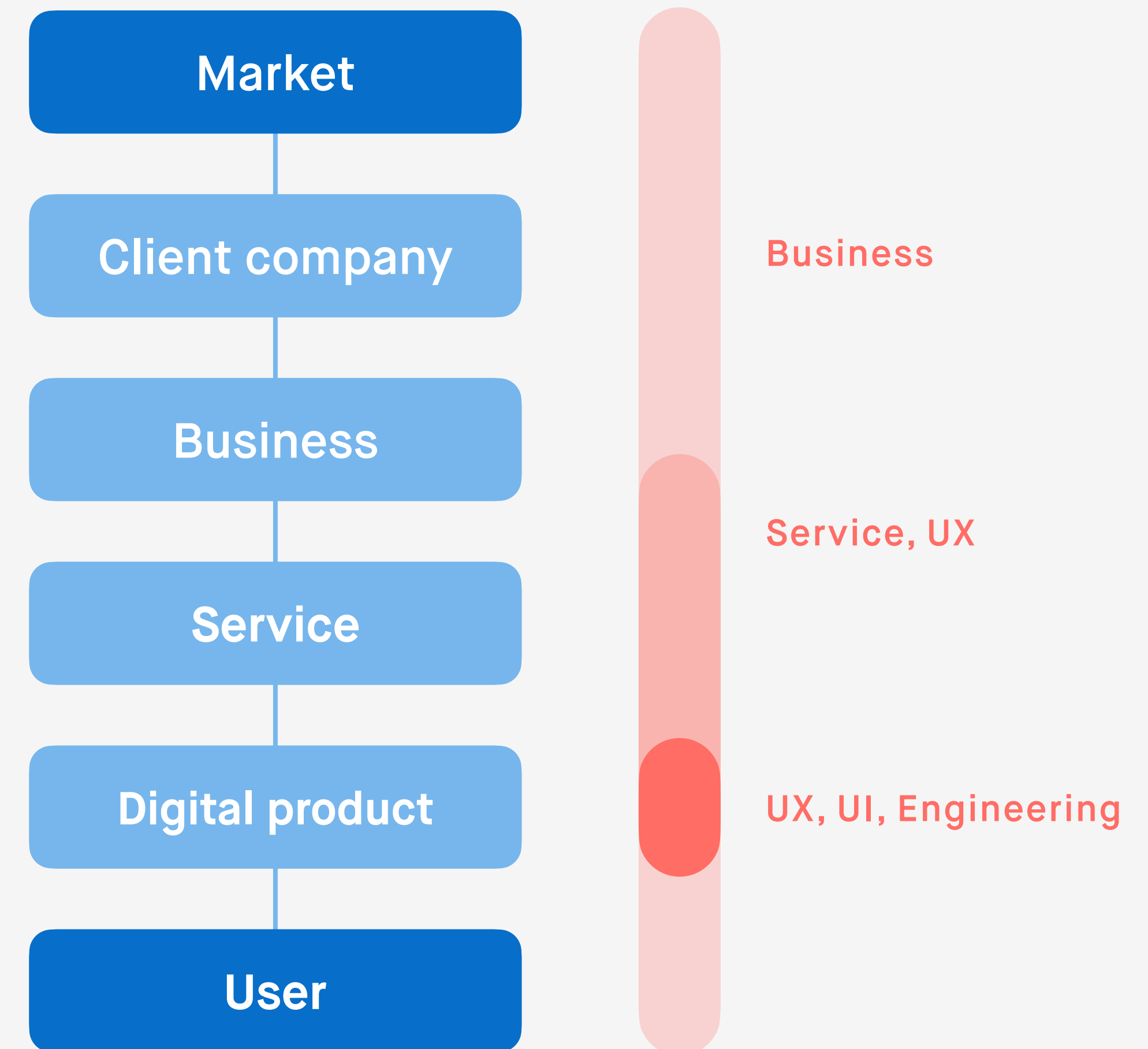
- Project duration per client is around 8~10 months on average

*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.

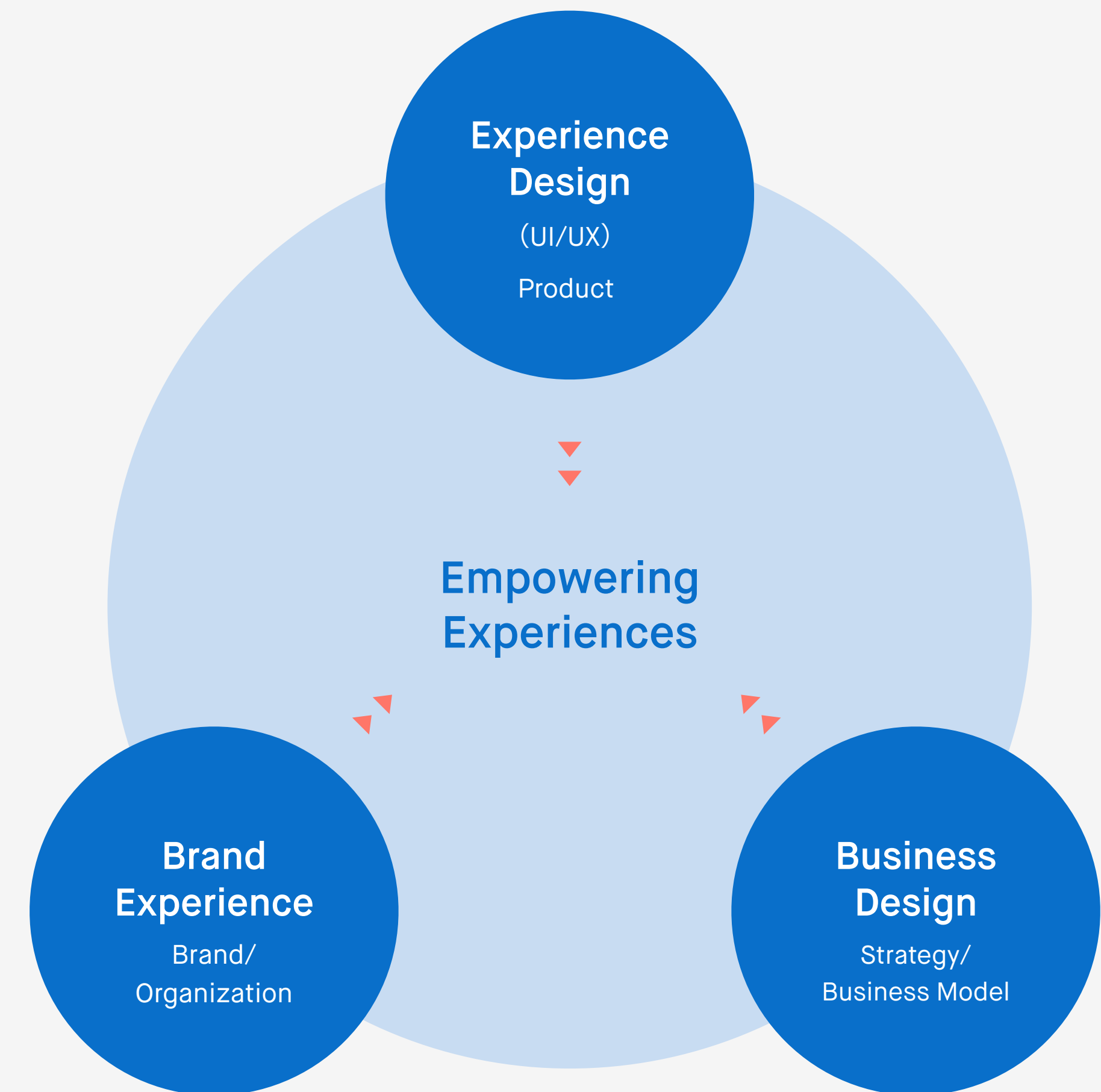
Brand Experience

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



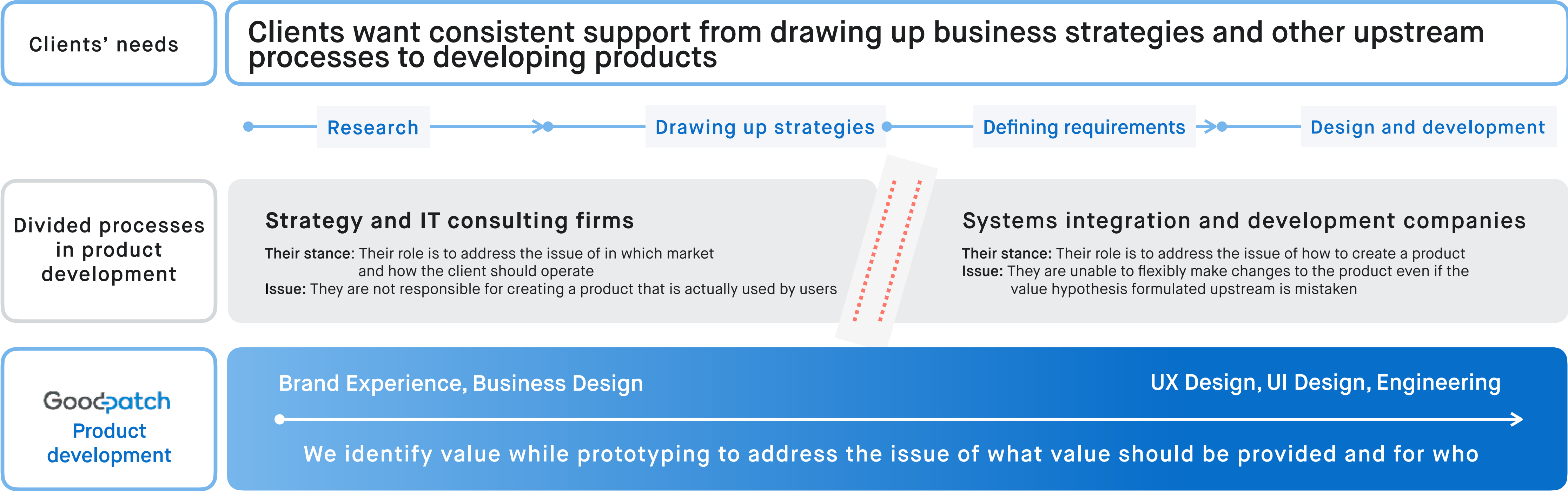
Startups



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.

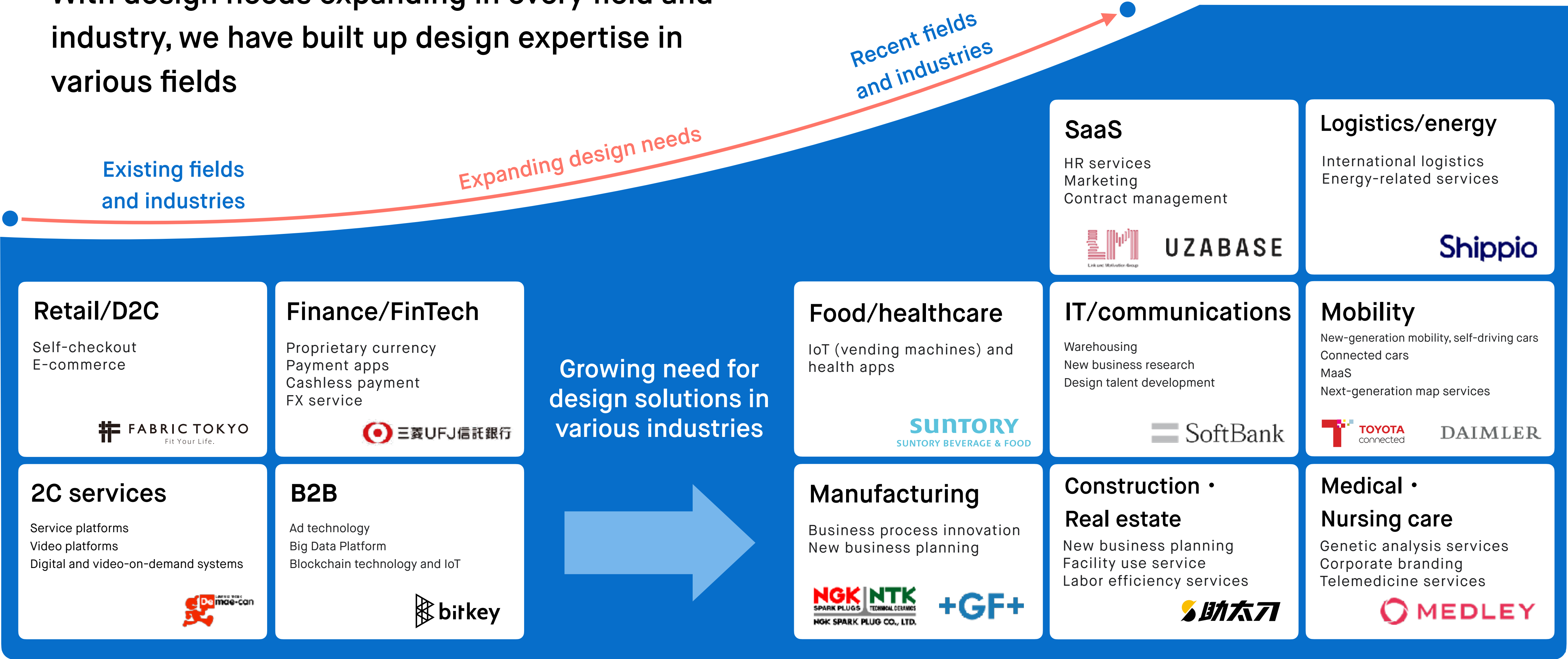
Provide consistent support from drawing up strategies to developing products, differentiating from consulting firms and systems integrators



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)

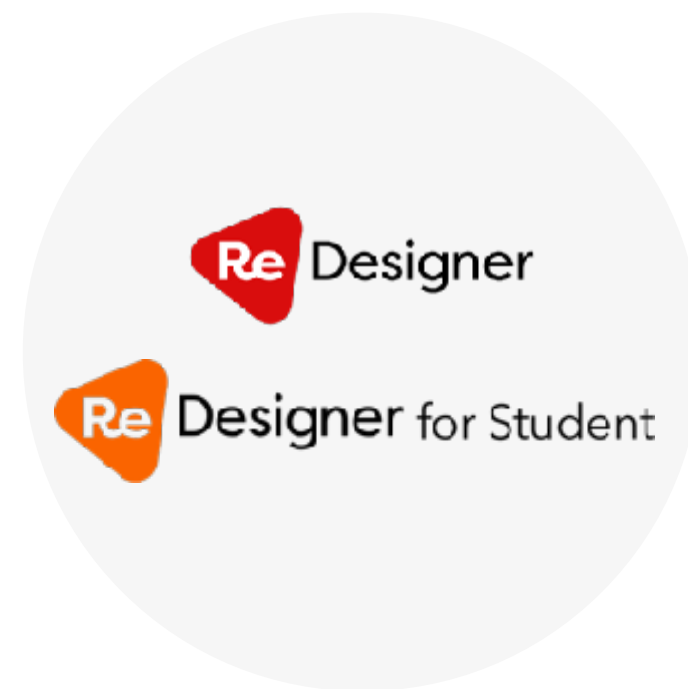
With design needs expanding in every field and industry, we have built up design expertise in various fields



*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



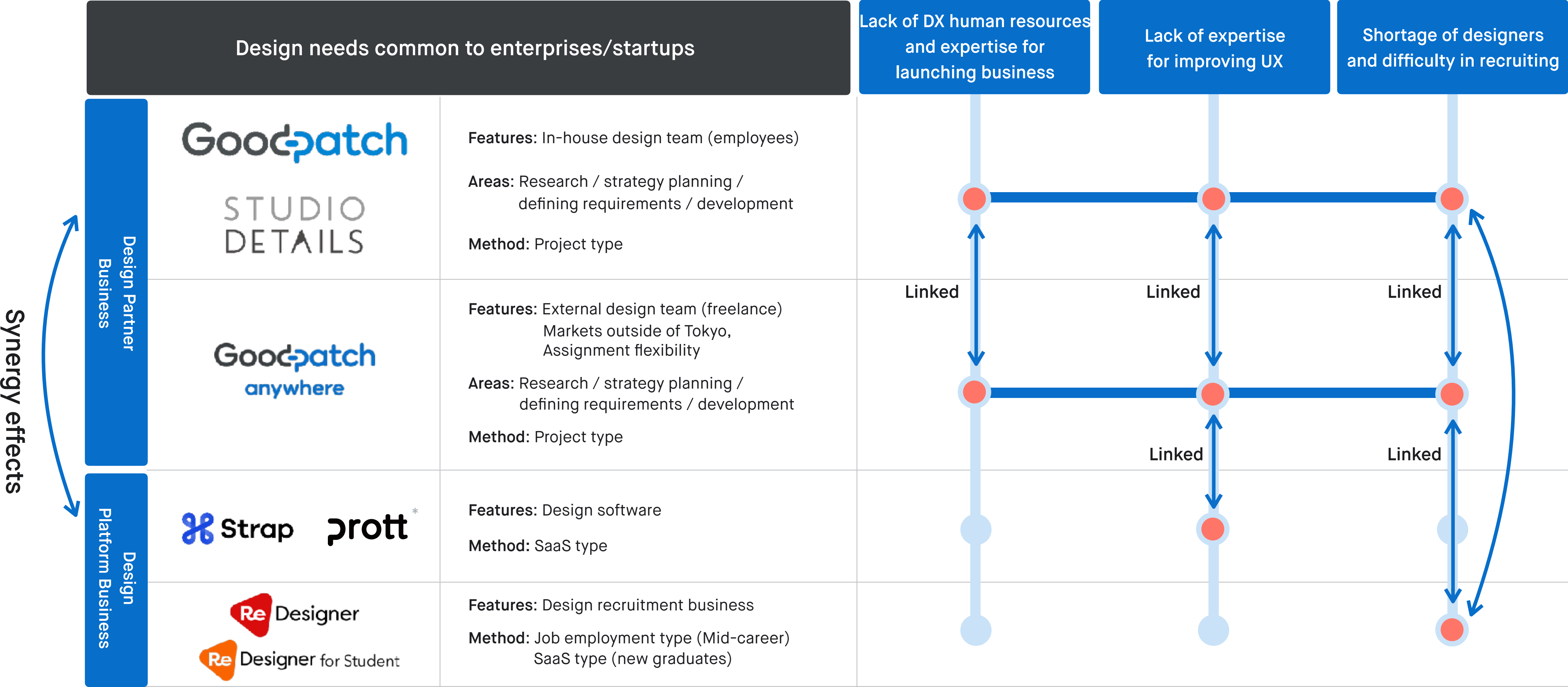
Profit Model

- 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

*Pratt service has been discontinued as of August 31, 2024

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



*Prott service has been discontinued as of August 31, 2024

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



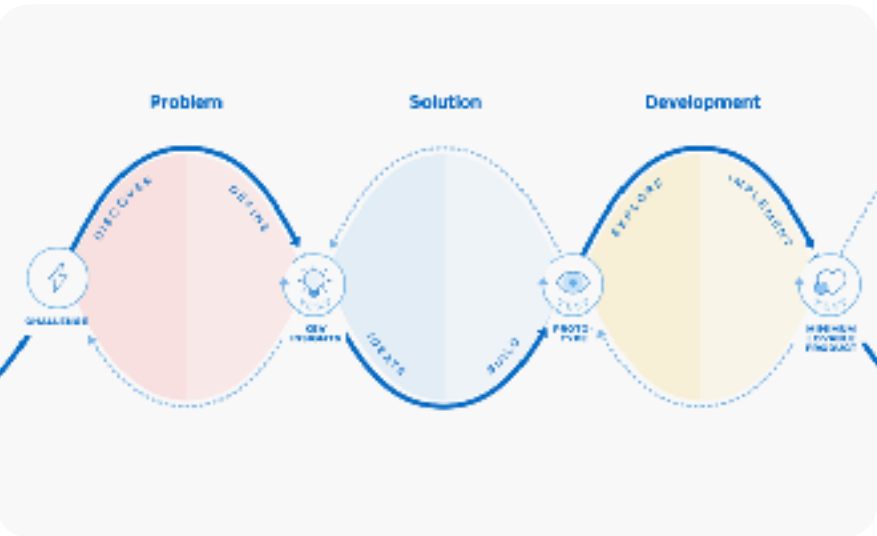
Our strong track record centering on the UI/UX and **brand value** have enabled us to support creation of new businesses and improvement of services, which should facilitate DX

*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

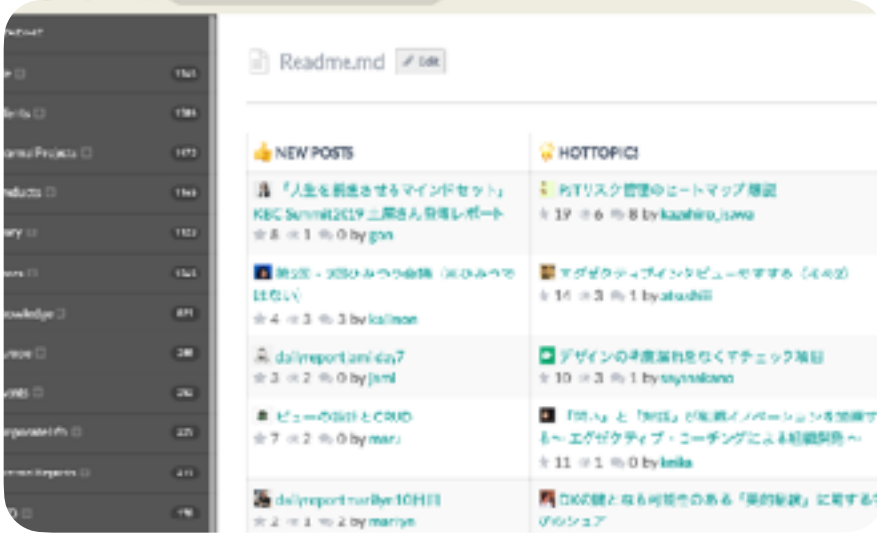


In-house training to sharpen skills as designers



Over 40,000 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

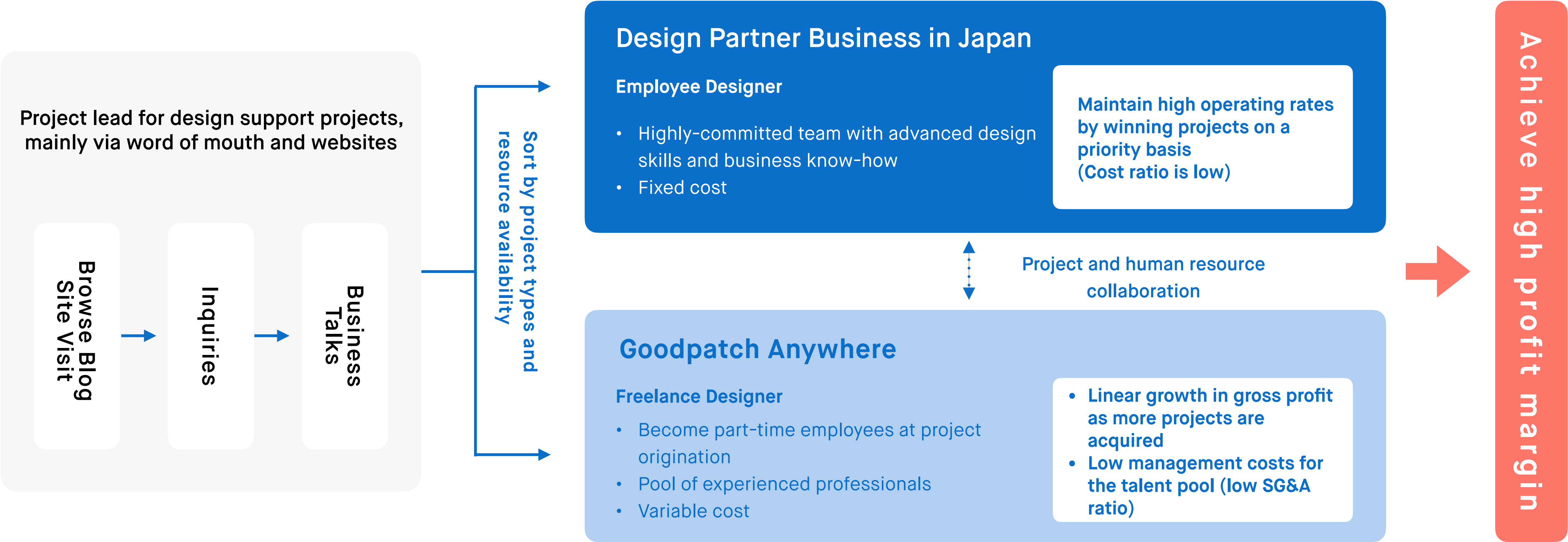
Attractive job (Chosen)	Be involved from strategy planning to development	- Opportunities to see the entire flow from strategy planning to product development - Various career paths including Goodpatch’s own operations, in addition to client work
Ample design talent pool (Accept)	Having an array of abundant 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

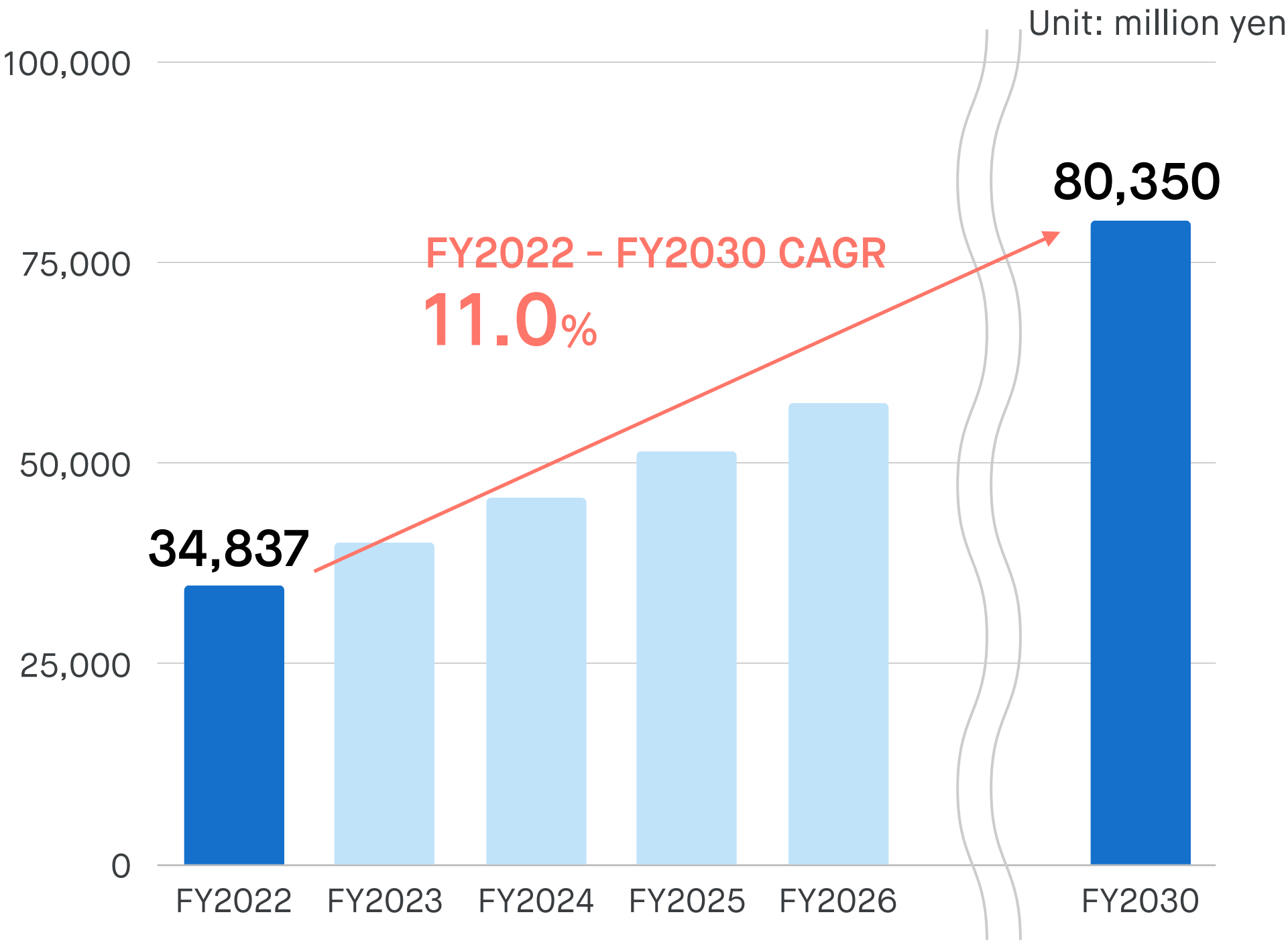
Growing Demand for DX

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

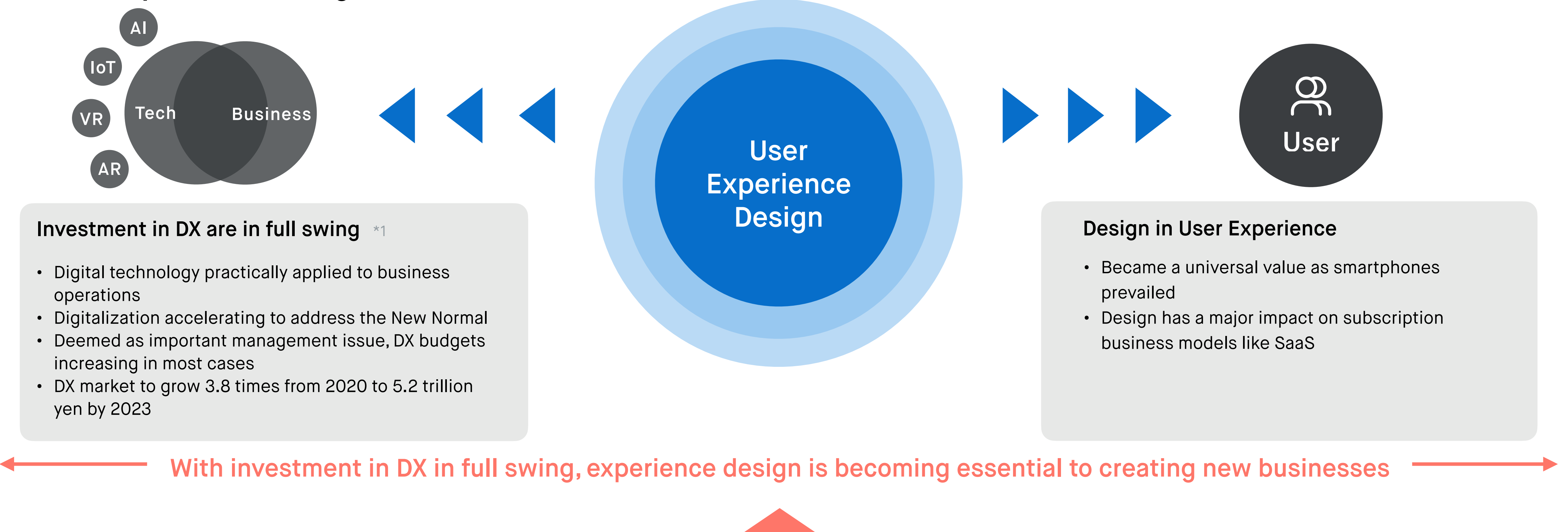
DX-related market size in Japan



*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



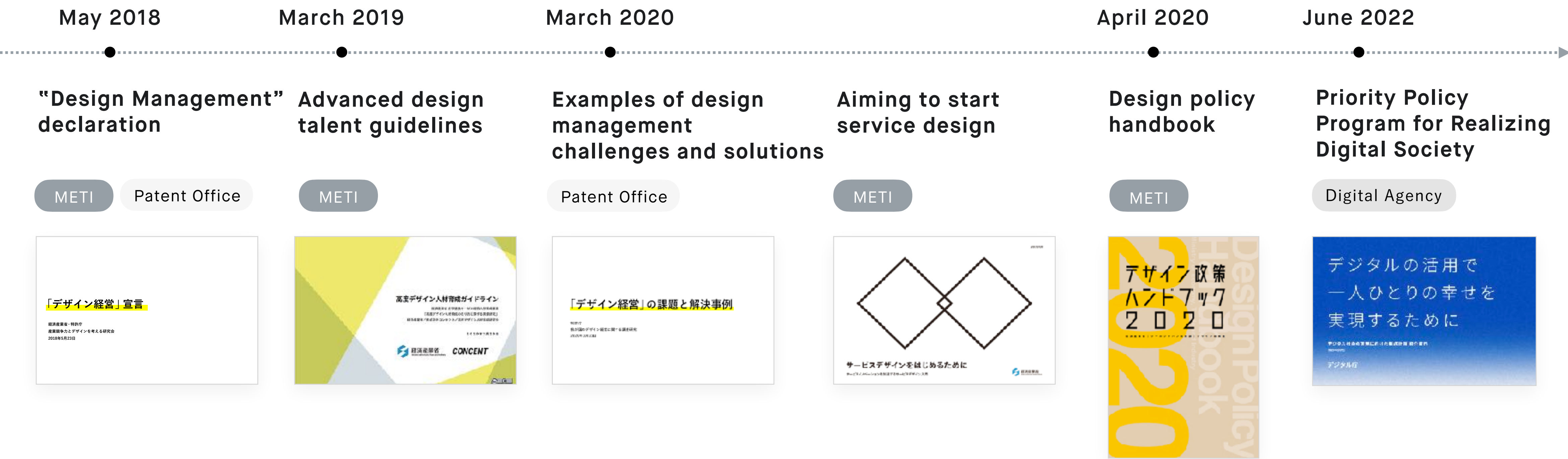
New relationship between user company and its vender company

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. In April 2022, he established Muture Corporation, a joint venture with Marui Group, and became a director. In June 2023, he was appointed as the CDXO of the Marui Group Co. Ltd. In September 2024, he was appointed as a director of Marui Unite. In October 2024, he established People and Design Inc., a joint venture with PeopleX Inc., and became CEO.



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, corporate planning, IR, IT, and general affairs.



Executive Officer, CHRO

Akihiko Ide

After working at Matsushita Electric Industrial (now Panasonic Holdings), Nissan Motor, and Renova, he joined Goodpatch in September 2022. Appointed as the head of the People Empowerment Office in March 2023 and as the executive officer and CHRO in September 2024. Mainly supervises the People Empowerment Office (HR, Labor).



Executive Officer

Naoki Kimura

After experiencing entrepreneurship while at university, he joined Sumitomo Mitsui Finance and Leasing. After working at Deloitte Tohmatsu Consulting and ExaWizards, he became an executive officer at Goodpatch in October 2024. Mainly supervises the Design Partner Business.

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.

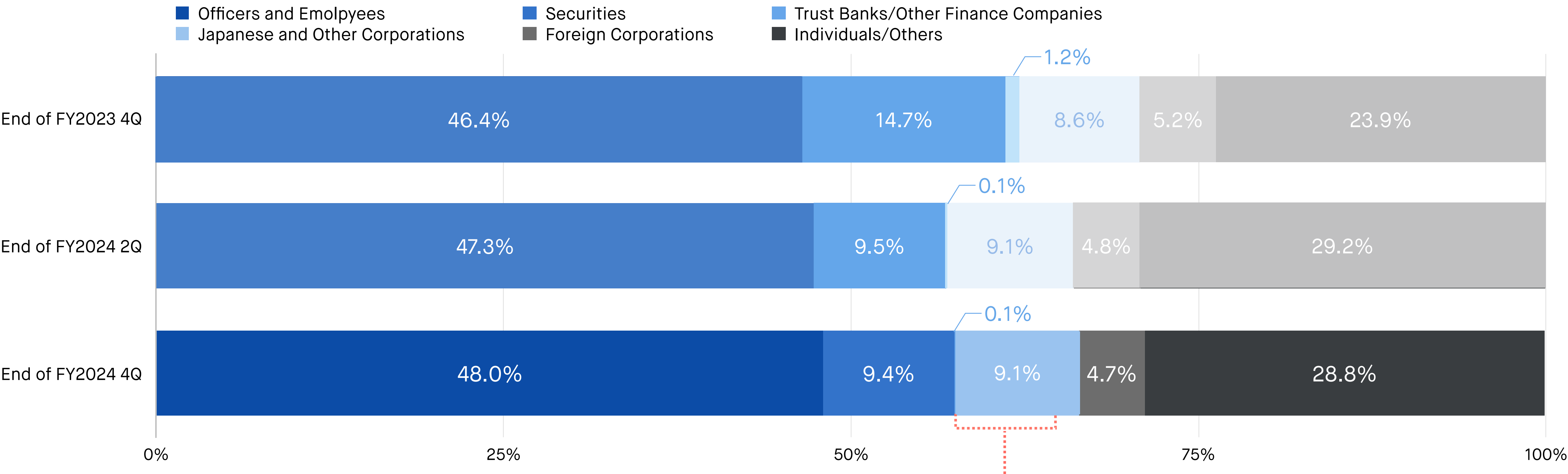


Part-time Auditor
Masaki Kawaguchi

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.

Shareholder Structure

Percentage of Share



7.9% owned by 'CyberAgent'

* The percentage of issued shares (excluding treasury shares) is calculated.

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♥