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

March 21, 2025

For Immediate Release

Company name	CERES INC.
Representative	Satoshi Takagi, President and Representative Director (Code: 3696 TSE Prime Market)
Contact	Yasuhiro Kobayashi, Managing Director & General Manager of Administration Division
Telephone	+81-3-6455-3756

Action to Implement Management That is Conscious of Cost of Capital and Stock Price

CERES INC. (the “Company”) announces that at the Board of Directors meeting held on March 21, 2025, the Company conducted a current analysis of measures aimed at management with a focus on capital cost and stock price and resolved on an action plan to enhance corporate value.

Please refer to the attached document "Action to Implement Management That is Conscious of Cost of Capital and Stock Price" for details.

1. Recognition of current situation

The Company, under the corporate philosophy of "Enriching the World through Internet Marketing," has set a mid- to long-term management policy to establish a platform that revitalizes social and economic activities by creating a "Token Economy" (an alternative currency ecosystem) consisting of a point-based economic zone and blockchain. This is in line with our "Medium-Term Management Plan 2026 (a five-year plan)" formulated in December 2021.

Due to the high volatility of our recent stock price, we recognize that our cost of equity* stands at a relatively high level of 10.7%. However, in addition to achieving record-high earnings in our mobile services business, the profitability of our blockchain business—where we have made strategic growth investments—has improved. As a result, our return on equity (ROE) for the fiscal year ending December 2024 rose to 14.6%, surpassing the cost of equity.

In addition to the above-mentioned improvements in performance, our strengthened shareholder returns—including the decision to increase dividends to ¥60.00 and implement a shareholder perks—have further optimized our capital structure, leading to an improvement in PBR and PER from their lowest levels in 2022.

*The cost of *shareholders' equity is calculated using CAPM.

Performance Highlights

	2019	2020	2021	2022	2023	2024
Sales (¥ million)	11,852	12,803	17,846	20,536	24,070	27,706
Operating profit (¥ million)	880	1,496	2,305	1,246	1,118	2,228
Ordinary profit (¥ million)	792	1,816	3,499	679	1,217	2,677
Ordinary profit/Sales (%)	6.7	14.2	19.6	3.3	5.1	9.7
Profit attributable to owners of parent (¥ million)	74	744	2,775	46	451	1,480
ROE (%)	1.2	11.8	35.6	0.5	5.0	14.6
Dividend per share (¥)	14.00	18.00	40.00	20.00	20.00	60.00
Stock price as of end-December (¥)	1,249	2,723	2,444	874	1,221	3,105
PBR（x）	2.3	4.6	3.0	1.1	1.5	3.2
PER（x）	30.9	41.5	21.6	11.6	23.4	22.7

2. Policy for Improvement

We pursue both stable and non-linear growth through our mobile services business, which provides steady revenue accumulation, and our financial services business, which fosters innovation and serves as our next growth driver.

To enhance ROE, we focus on balanced balance sheet management, incorporating growth investments, financial soundness, and reinforced shareholder returns to optimize capital allocation.

Additionally, to lower capital costs, we strengthen IR activities and promote active engagement with shareholders and investors.

3. Specific Initiatives

(1) Enhancing Growth Prospects

Our business portfolio consists of multiple growth models, each with its own strategy. By reinforcing these businesses and considering M&A opportunities, we aim to achieve "Medium-Term Management Plan 2026" and improve corporate value sustainably.

- Point & DX (Yumemi): Stable and Sustainable Growth

  Moppy, the membership-based business operated within our points segment, is expected to achieve sustainable revenue growth as its membership base expands. In the fiscal year 2024, the number of active *Moppy* members has grown to 5.72 million, maintaining a stable annual growth rate of approximately 20%.

  In the DX (Yumemi), we ensure sustainable growth by securing market competitiveness through the continuous recruitment of highly skilled engineers and the enhancement of our technological capabilities.

- Blockchain: Innovation-Driven Growth

  Mercury is expanding its range of services, including staking, to capture the growing demand for asset management as a crypto asset investment platform. bitbank aims to become the No.1 crypto asset exchange in Japan in terms of trading volume and the number of listed tokens. Additionally, bitbank's subsidiary is working toward obtaining a crypto asset trust license and plans to expand its business in crypto asset custody services.

- D2C & labol: Accumulative Growth

  In the D2C business, we have achieved rapid revenue growth through an accumulation-based model by expanding our product lineup (SKUs) and growing our user base. We will further scale our business by increasing brand awareness through SKU expansion and enhanced marketing initiatives.

  labol aims to drive business growth by acquiring new users and capturing repeat demand for its online factoring service for freelancers, thereby expanding GMV (gross merchandise value) in invoice purchasing.

(2) Optimal Allocation of Management Resources

With improved profitability, we continue to enhance shareholder returns and optimize capital structure.

Strengthening Shareholder Returns: We aim for long-term shareholder value by maintaining stable dividend distributions from retained earnings.

Capital Structure Optimization: We strike a balance between financial stability and leveraged growth investments to drive sustainable expansion

(3) Further Deepen Dialogue with Shareholders and Investors

By incorporating investor feedback, we enhance disclosures on qualitative insights and growth indicators. This deepens engagement with shareholders and investors, shaping future growth expectations and ensuring a fair valuation in the stock market. Furthermore, to reduce information asymmetry, we proactively provide detailed explanations of our business strategy and growth outlook, fostering investor understanding.

End of document

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

March 2025
CERES INC. (Prime Market of the Tokyo Stock Exchange: #3696)

INDEX

1. Recognition of Current Situation

2. Policy for Improvement

3. Specific Action to Implement Management that is Conscious of Cost of Capital and Stock Price

ceres

Copyright © 2025 CERES Inc. All Rights Reserved.

1. Recognition of Current Situation

Copyright © 2025 CERES Inc. All Rights Reserved.

Stock Price and Trading Volume

Stock prices tend to reflect steady business performance and the growth potential of the cryptocurrency business.

Recent trading volume has reached a record high due to the mobile services business achieving its highest-ever profit and the enhancement of shareholder returns.

Historical stock price and trading volume
（January 2019 to the end of December 2024）

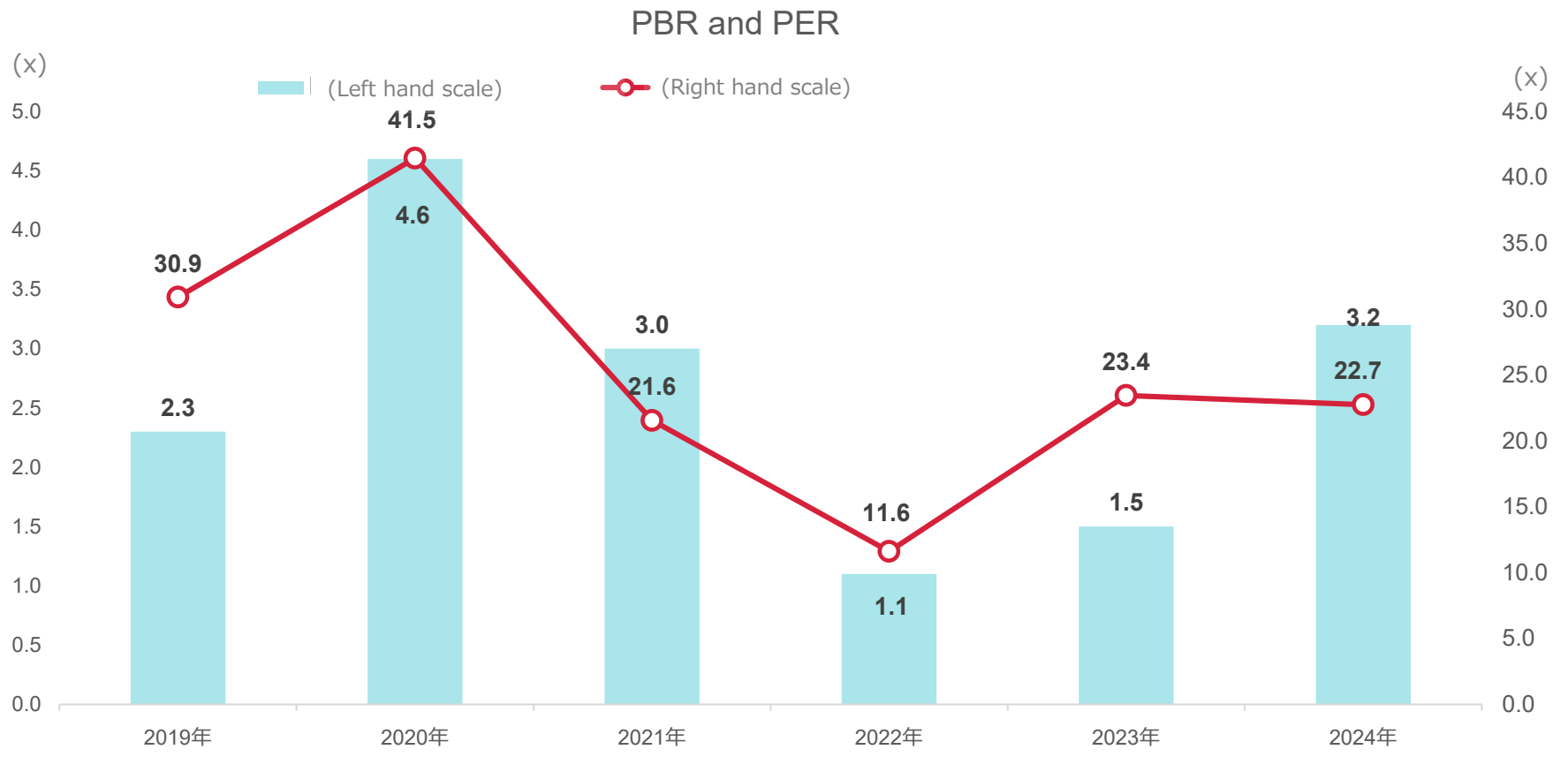


Copyright © 2025 CERES Inc. All Rights Reserved.

PBR / PER

PBR has remained above 1.0x, aiming for further improvement through enhanced expected growth rates and optimal allocation of management resources.

PER had been on a downward trend, but has recently started rising as future growth potential is factored in.



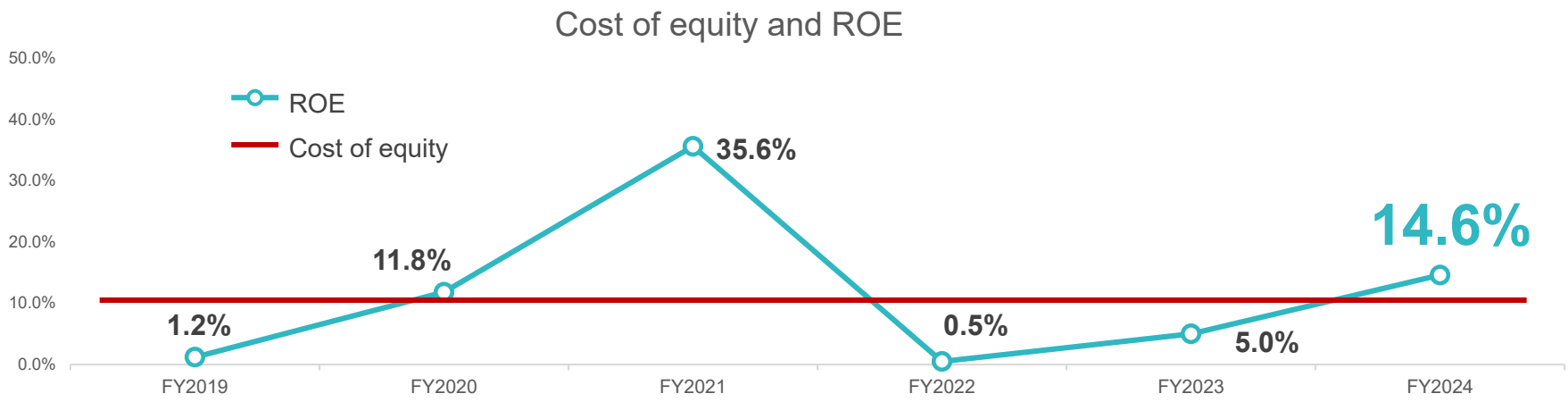
＊PER：Estimated EPS/Stock price (annual average)
＊PBR：BPS/Stock price at the end of December (closing price)

Copyright © 2025 CERES Inc. All Rights Reserved.

Cost of Equity and ROE

Given the recent high volatility in stock prices, the cost of equity is recognized to be at a relatively high level.

The monetization of growth investments has improved ROE, exceeding the cost of equity.



Calculation of cost of equity

		Risk free rate		β		Market risk premium
10.7%	=	1.11%	+	1.35	×	8.21%
		Yield on 10-year JGBs (As of December 30, 2024)		2-year average (January 2023-December 2024)		10-year average (January 2015 - December 2024)

Copyright © 2025 CERES Inc. All Rights Reserved.

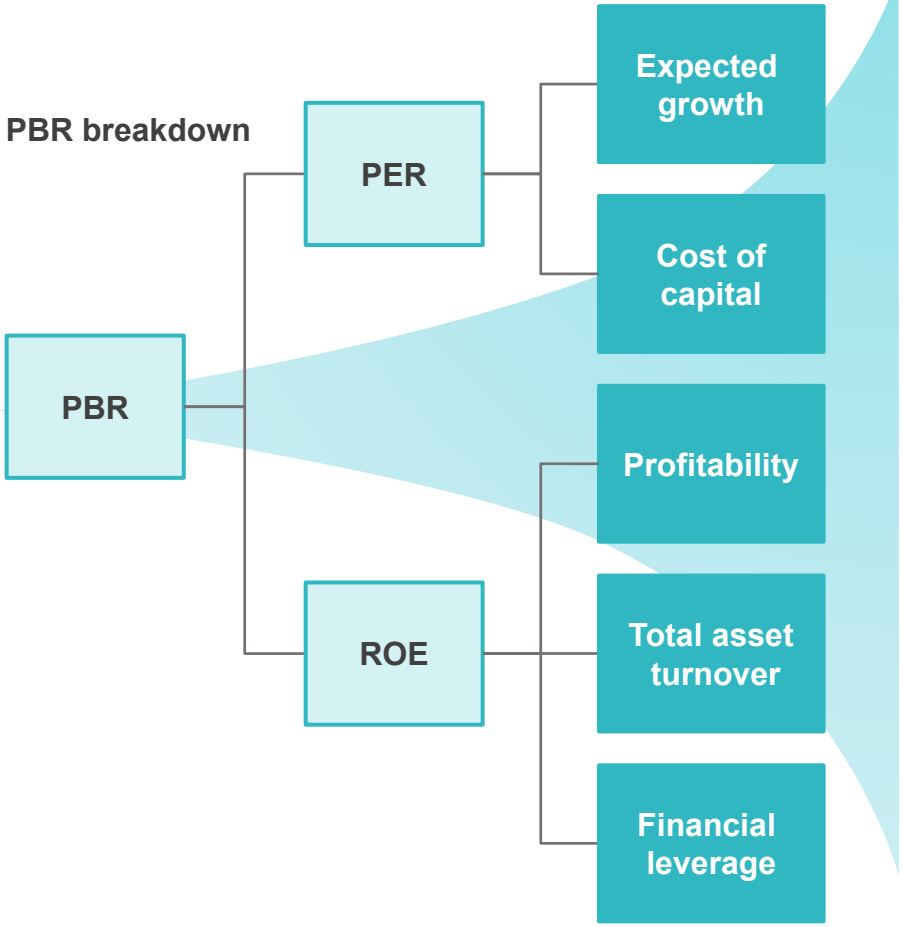
2. Policy for Improvement

Copyright © 2025 CERES Inc. All Rights Reserved.

Approach to Management with a Focus on Capital Cost and Stock Price

Formulate policies to further increase corporate value based on the current status of stock price and cost of capital.

Promoted with emphasis on improving expected growth rate, optimal allocation of management resources, and dialog with shareholders and investors.



Increase in expected growth rate

・・・・P11～

- We position the Medium-Term Management Plan 2026 as a five-year period dedicated to realizing the token economy, striving for sustainable growth to achieve our goals.

Optimal allocation of management resources ・・・・P15～

- To enhance shareholder value, we will strengthen shareholder returns by utilizing retained earnings as a source.
- While leveraging financial resources, we will maintain a healthy equity ratio.

Further deepen dialogue with shareholders and investors ・・・・P17

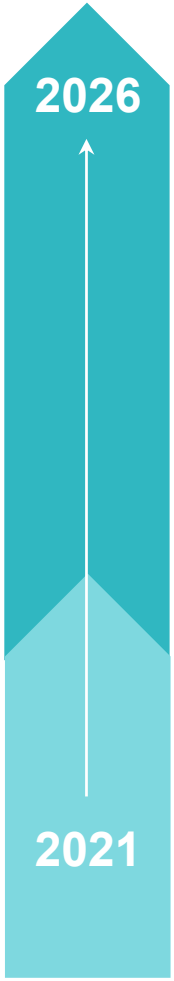
- We will actively engage in dialogue with shareholders and investors to foster market expectations for future growth.
- To reduce information asymmetry, we will enhance our disclosure practices.

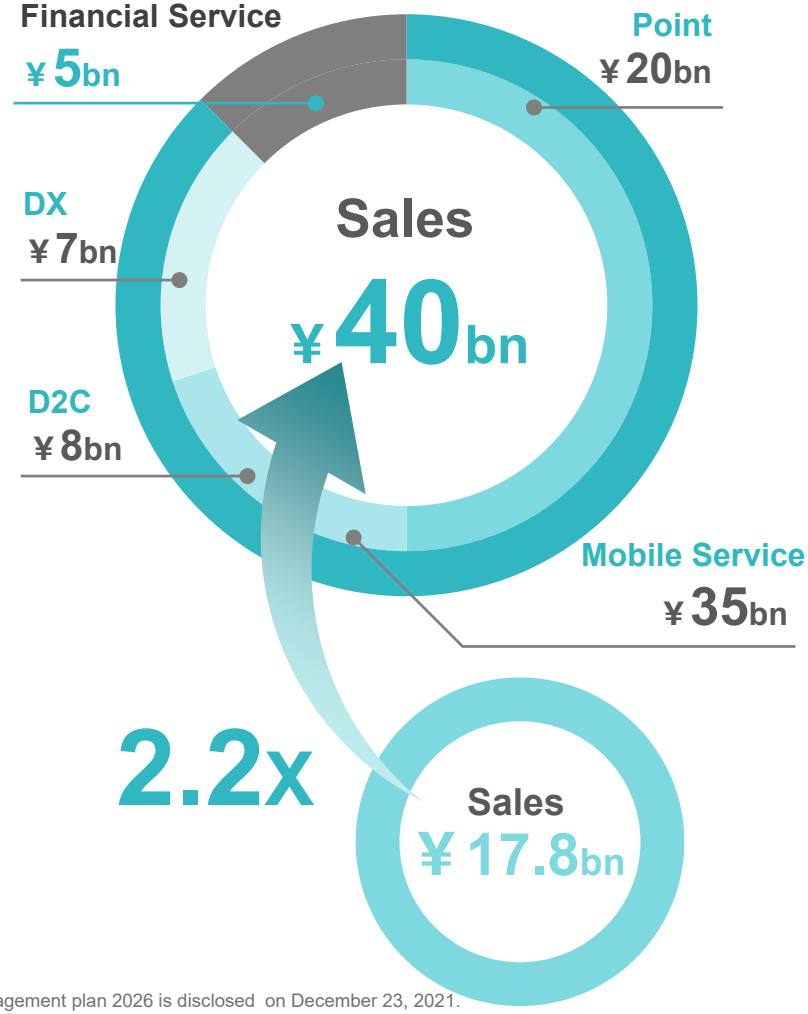
Copyright © 2025 CERES Inc. All Rights Reserved.

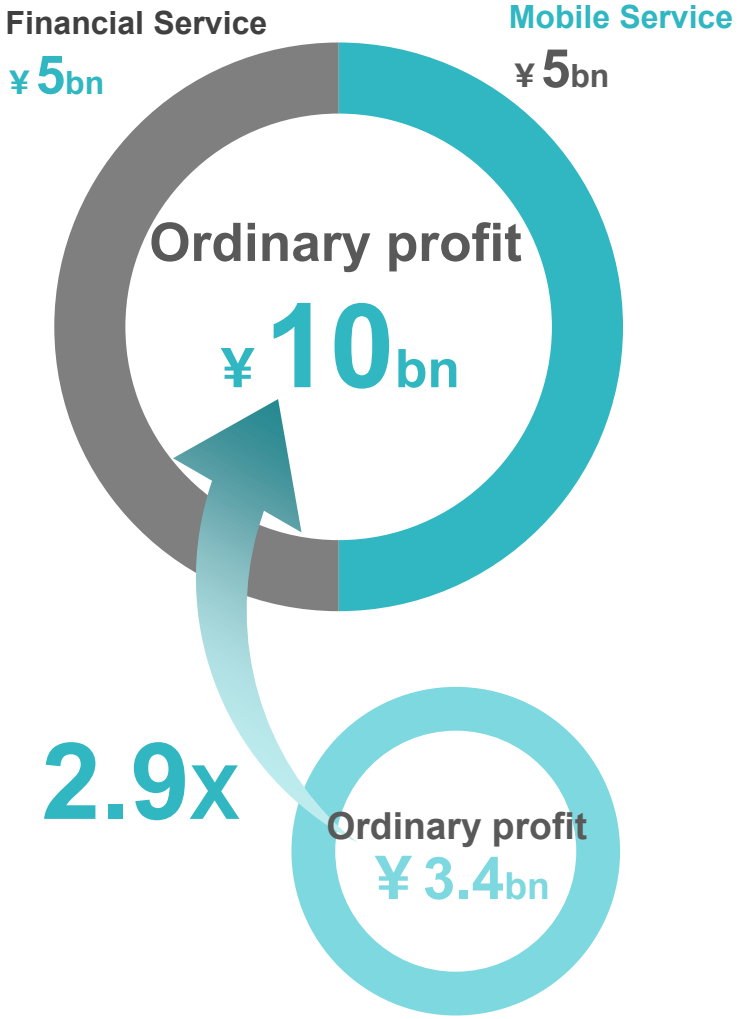
The Medium-Term Management Plan 2026 (Sales and Ordinary profit Targets)

In December 2021, we formulated a Medium-Term Management Plan with 2026 as the final year.

We aim to achieve consolidated sales of \40 billion, 2.2x and ordinary profit of \10 billion, 2.9x the level in 2021.







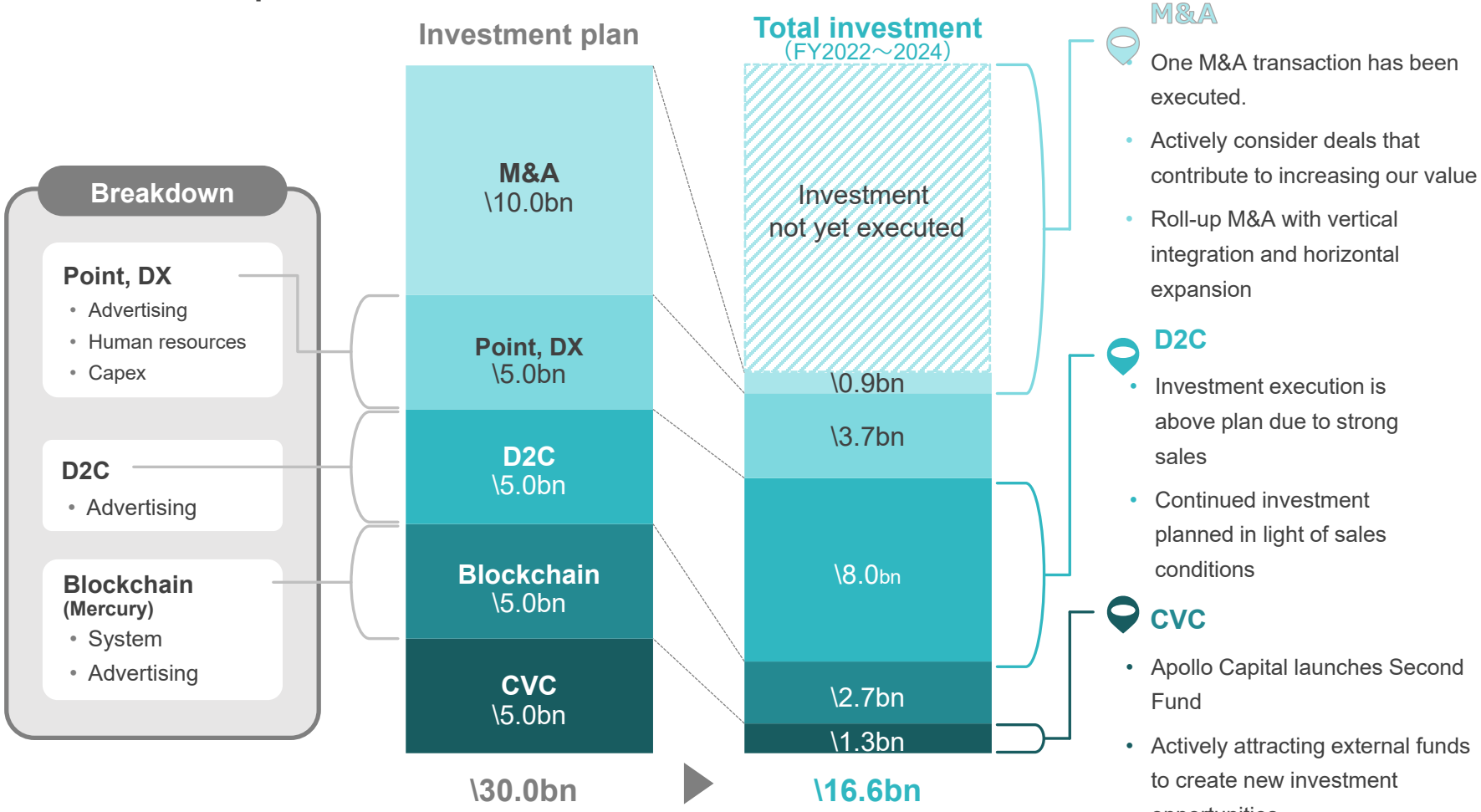
＊The Medium-term management plan 2026 is disclosed on December 23, 2021.

Copyright © 2025 CERES Inc. All Rights Reserved.

Progress of Medium-Term Management Plan 2026 （Investment）

Under the Medium-Term Management Plan 2026, we announced an investment plan of \30 billion over five years.

As planned, we have executed \16.6 billion in investments over three years, but the number of M&A transactions completed so far remains at one.



M&A

One M&A transaction has been executed.

- Actively consider deals that contribute to increasing our value
- Roll-up M&A with vertical integration and horizontal expansion

D2C

- Investment execution is above plan due to strong sales
- Continued investment planned in light of sales conditions

CVC

- Apollo Capital launches Second Fund
- Actively attracting external funds to create new investment opportunities

Copyright © 2025 CERES Inc. All Rights Reserved.

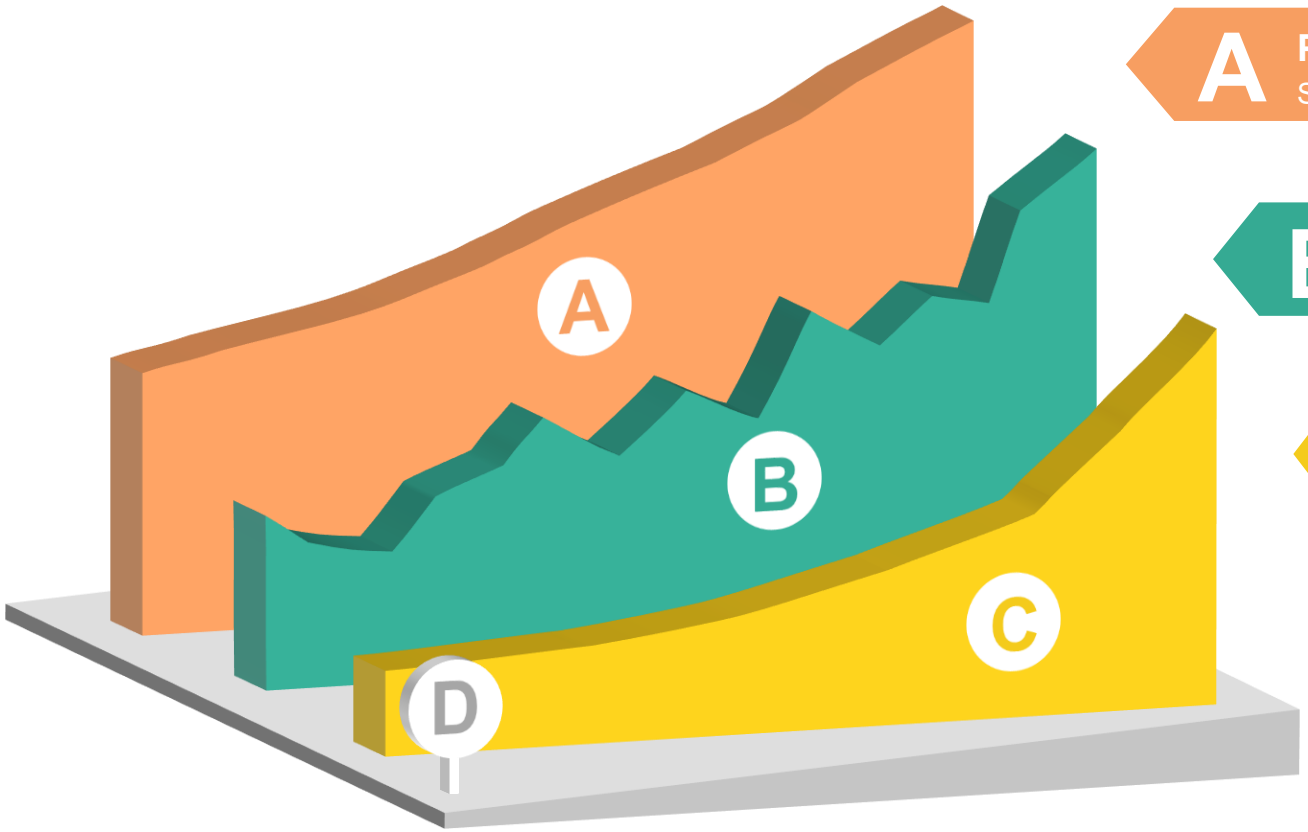
3. Specific Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Copyright © 2025 CERES Inc. All Rights Reserved.

An Image of Growth up to 2026

We will pursue medium-term growth leveraging three business portfolios that feature varying growth models.

We plan to achieve stable growth with Point and DX while aiming for dynamic and rapid growth with Blockchain and D2C.



A **Point / DX**
Stable / continuous growth business

B **Blockchain**
Innovation growth business

C **D2C / Factoring**
Build up type growth business

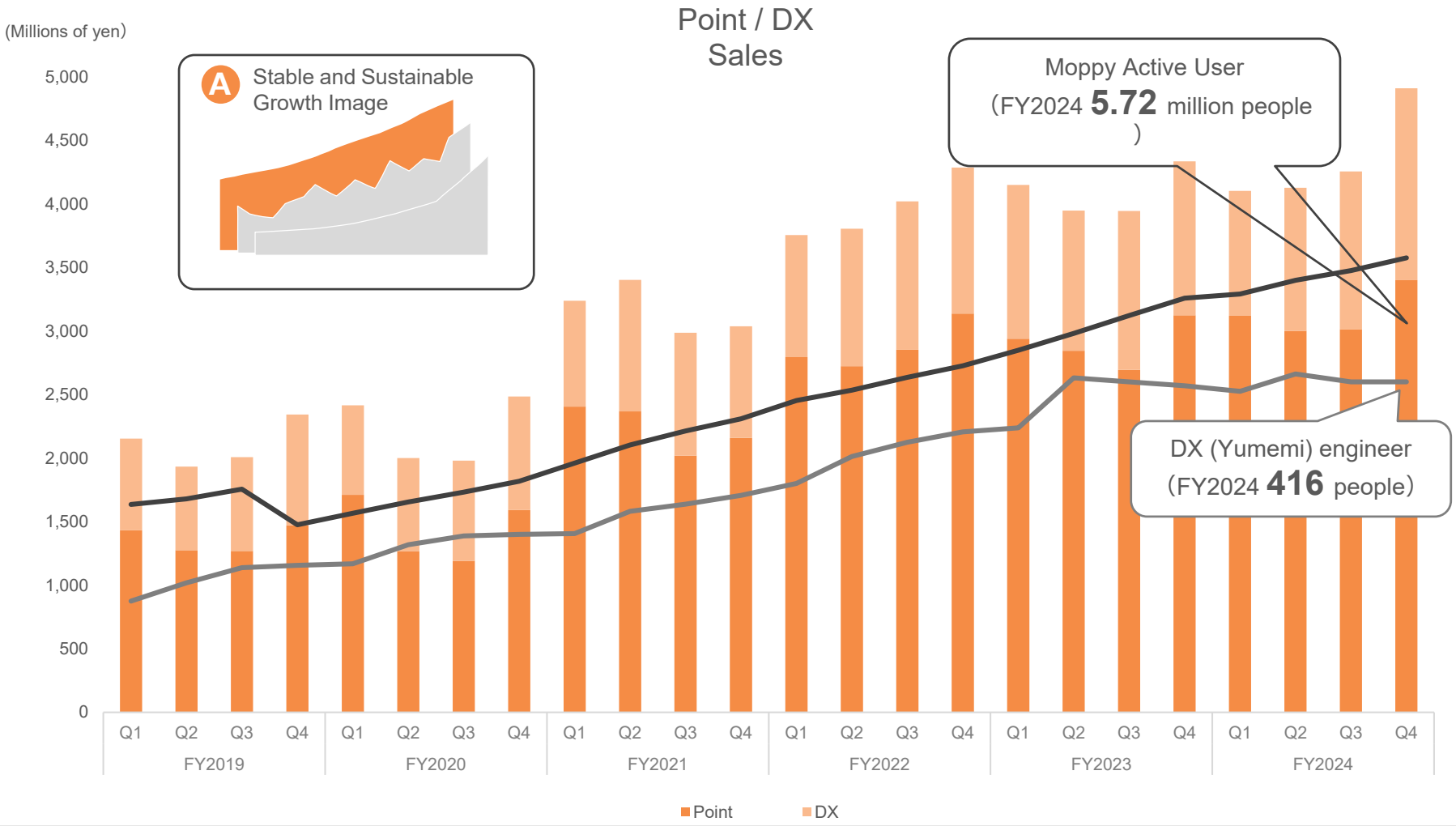
D **CVC**
Open innovation + α

Copyright © 2025 CERES Inc. All Rights Reserved.

Stable and Sustainable Growth（Point / DX）

Point is the membership business, enabling sustained revenue growth through an increasing member base.

DX (Yumemi) secures growth competitiveness in an expanding market by continuously hiring top-tier engineers.

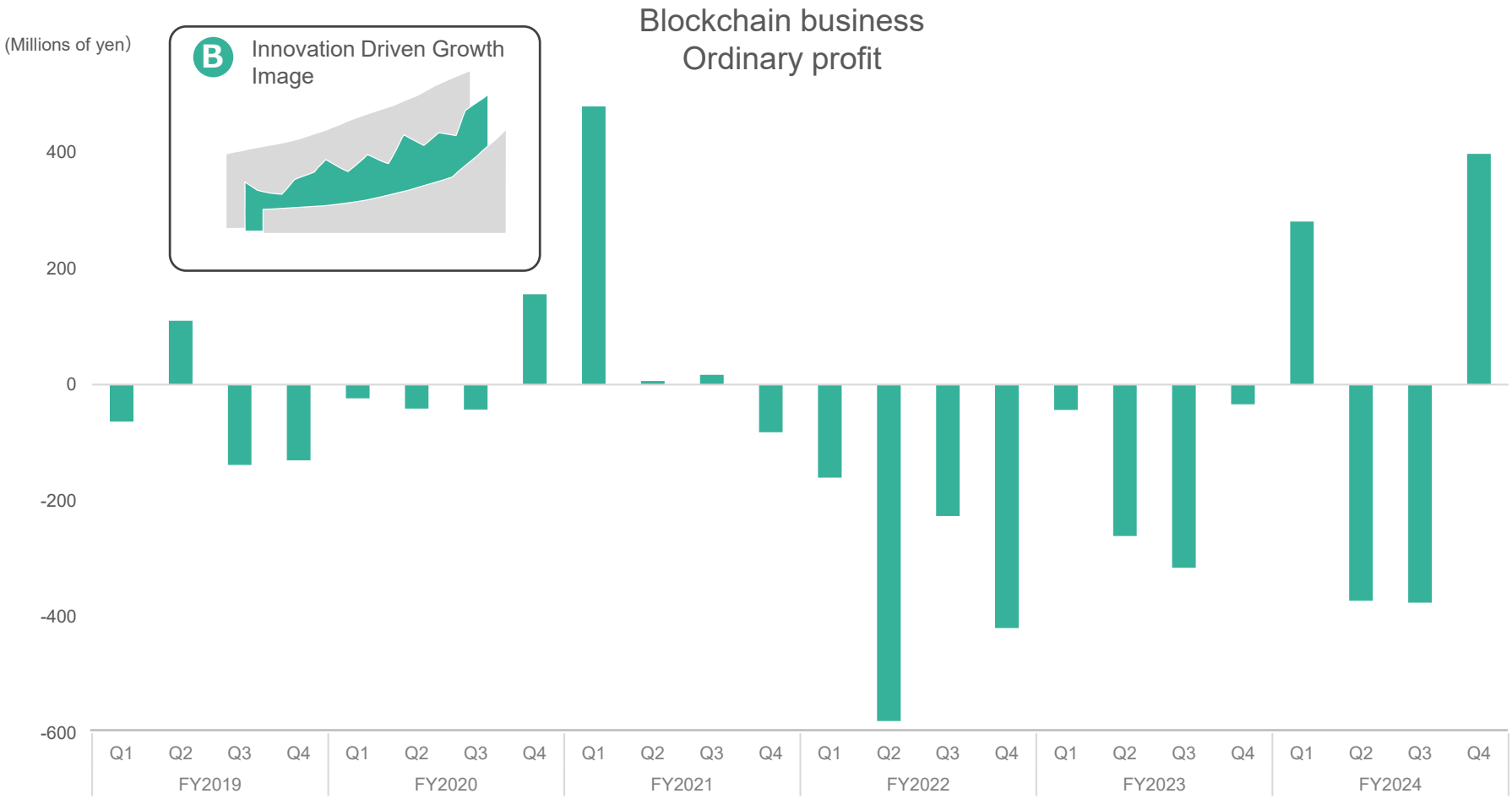


Copyright © 2025 CERES Inc. All Rights Reserved.

Innovation Driven Growth（Blockchain）

Mercury (MQ) aims to differentiate itself from competitors by strengthening its operational services, such as improving staking.

BB aims to become the number one exchange in Japan by launching margin trading and increasing the number of listed Cryptocurrencies.



*MQ：Mercury Inc.　＊BB：bitbank, Inc.

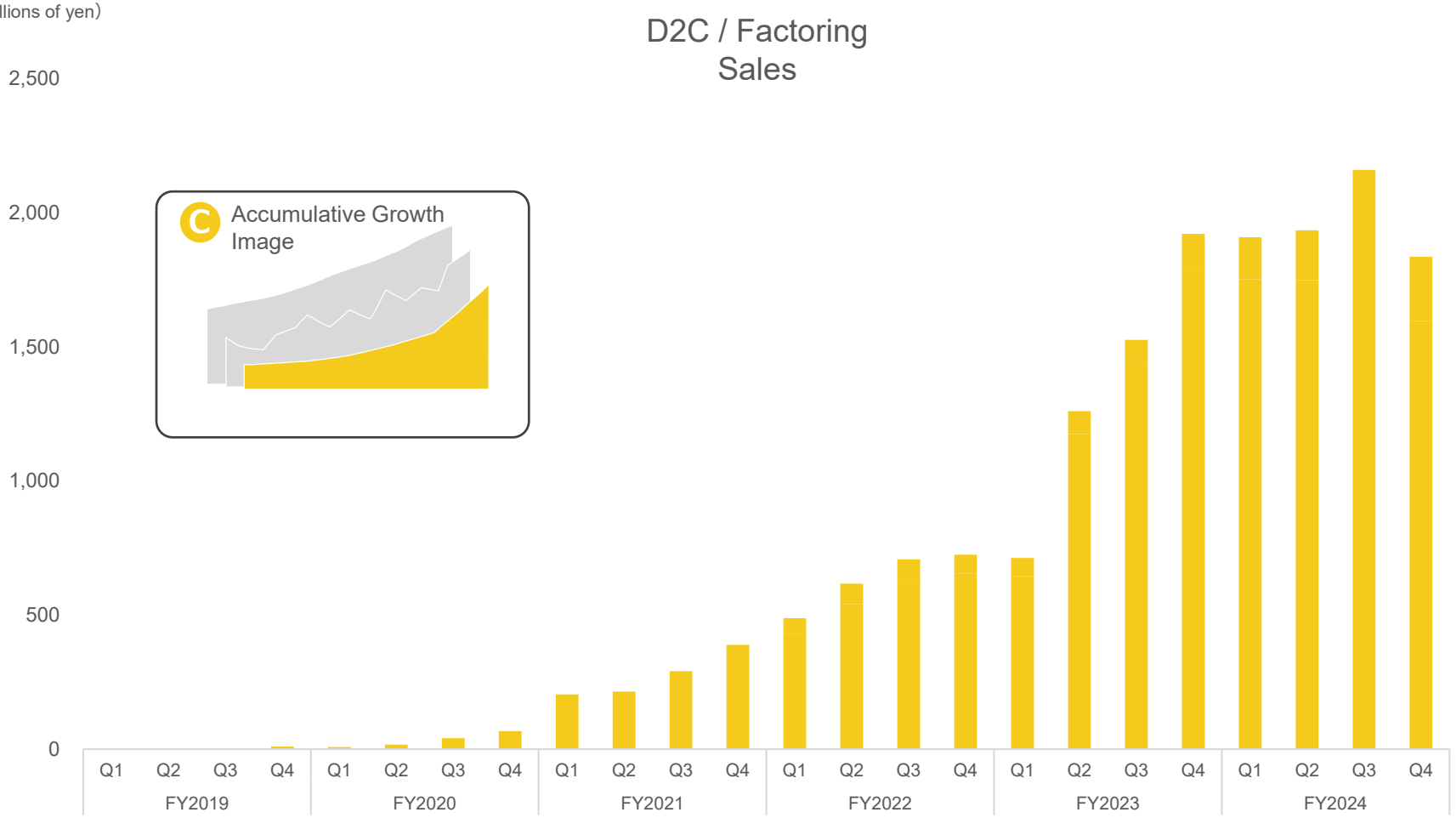
* Blockchain business ordinary profit shows the total of Mercury's ordinary profit/loss and bitbank's equity-method investment gain/loss.

Copyright © 2025 CERES Inc. All Rights Reserved.

Accumulative Growth（D2C / Factoring ）

D2C combines user growth and SKU expansion to diversify the overall business revenue.
labol expands GMV (invoice purchase amount) by building up users and factoring.

(Millions of yen)



* SKU：Stock keeping Unit　* labol was established December 1, 2021.
* Factoring：A service that purchases invoices (accounts receivable) from freelancers, accelerating cash flow (financing) and supporting their liquidity management.

Copyright © 2025 CERES Inc. All Rights Reserved.

B/S Management

Execute growth investments while maintaining financial soundness through business growth and use of leverage.

Solid growth of the business portfolio through the growth of each of our diverse portfolio companies.

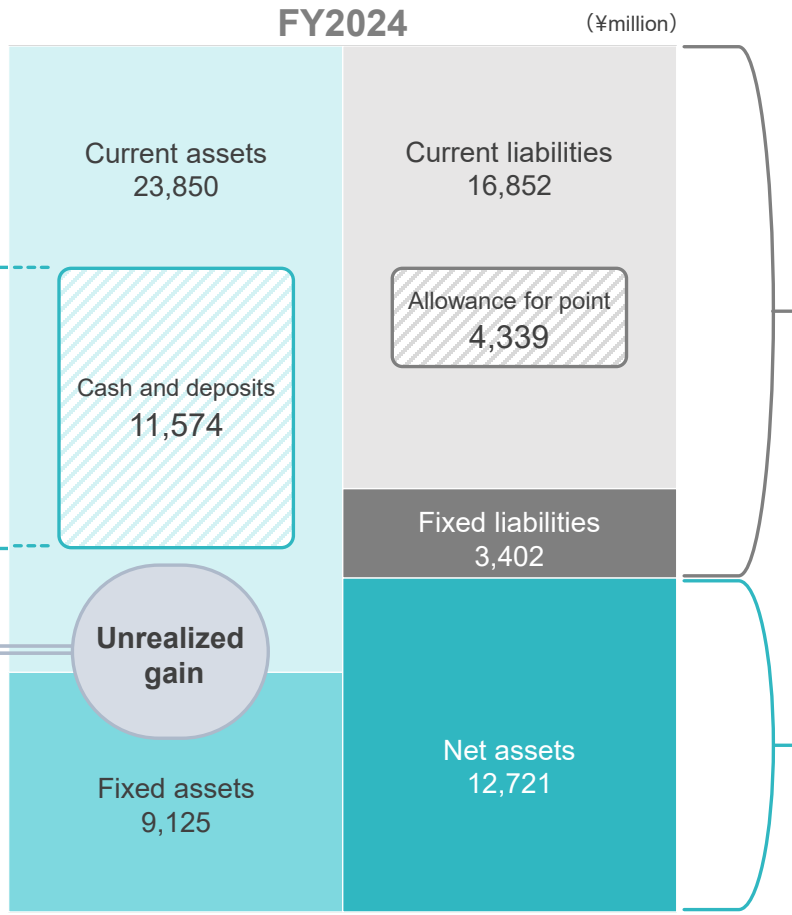
Cash Allocation

Growth investment
Shareholder returns

- Plan to invest total of ¥**30.0** billion
- Strengthen **dividend** and **shareholder** perks

Unrealized gain

- Investment securities
- Shares of subsidiaries and associates（bitbank, Inc.）
- Subsidiaries（labol inc.）



The D/E ratio is 0.7x, increasing leverage while leaving room for additional capacity.

Generated from Retained Earnings
Equity Ratio: 33.8%
Achieving Both Profit Growth and Enhanced Shareholder Returns

Copyright © 2025 CERES Inc. All Rights Reserved.

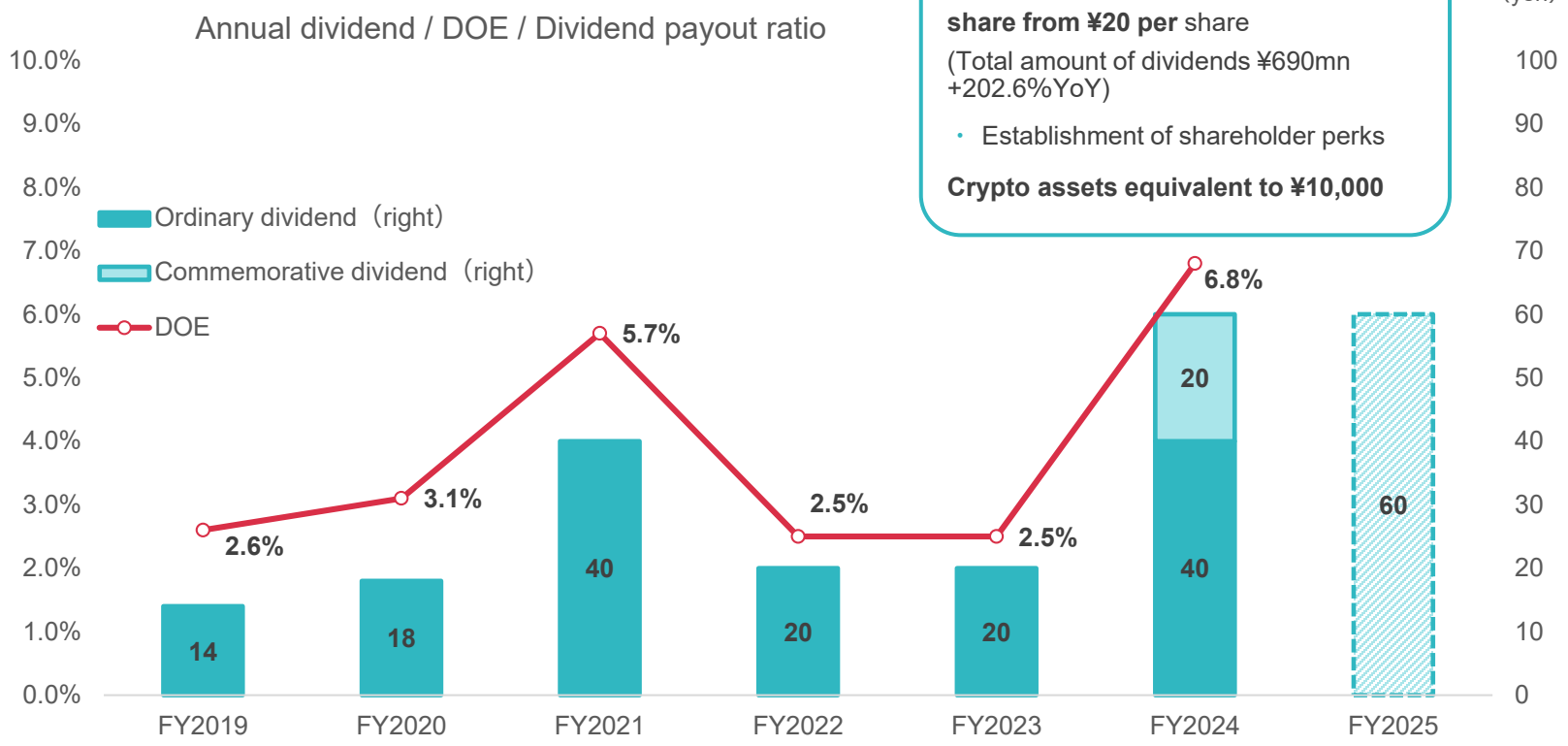
Shareholder Returns

Optimize capital structure by strengthening shareholder returns in line with improved profitability. Maintain stable dividends funded by retained earnings to enhance long-term shareholder value.

FY2024 Shareholder returns

- Annual dividend increased **to ¥60 per share from ¥20 per** share
  (Total amount of dividends ¥690mn +202.6%YoY)
- Establishment of shareholder perks

Crypto assets equivalent to ¥10,000



Dividend payout ratio	206.5%	26.7%	15.9%	484.9%	50.5%	46.5%	32.9%

Results | Forecasts

Copyright © 2025 CERES Inc. All Rights Reserved.

Further Deepen Dialogue with Shareholders and Investors

Based on feedback from investors, enhance qualitative information and indicators that demonstrate growth potential.

Deepen dialogue with shareholders and investors, aiming for appropriate corporate valuation in the stock market.

Initiatives	Performance for the fiscal year 2024
Enhancement of disclosure information in various materials	Simultaneous disclosure of financial results materials in Japanese and English Enhancement of the content in financial results presentation materials Disclosure of the transcript of the earnings briefing Posting of the earnings briefing video on the website
Strengthening interactions with analysts and institutional investors	Introduced an investor database to proactively arrange meetings with institutional investors and analysts.→ Number of meetings in 2024**: +10.1% YoY** Held earnings briefings for analysts and institutional investors twice (February and August). Number of participants in the full-year 2024 earnings briefing: **+15.4% YoY**
Expansion of information communication channels for individual investors	Held briefings: **2** online (February, November) and **2** in-person (May, November). Exhibited at the Asset Management EXPO (September): CEO had a presentation at a large seminar, CFO & IR gave small group presentation. Continued information dissemination via X, IR Note Magazine, Facebook, email newsletter, and QAstation.

Further enhancement of information disclosure

- Reflect shareholder and investor feedback to create clearer financial results presentation materials.
- Expand disclosure of non-financial information with a focus on sustainability.
- Enhance the quality of English disclosures to match the level of Japanese disclosures.

Further Deepen Dialogue with Shareholders and Investors

- Enhance opportunities for dialogue with management.
- Hold earnings briefings on a quarterly basis.
- Foster close communication with investors by sending summaries after financial results announcements.

Copyright © 2025 CERES Inc. All Rights Reserved.



Notes regarding forward-looking statements

- The materials and information provided in this presentation contain forward-looking statements that are based on current forecasts, estimates, and assumptions that are subject to risk, and also include uncertainties that could cause actual results to differ materially from the statements in this presentation.
- These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- Please note that the Company is under no obligation to update or revise the forward-looking statements contained in this presentation, even if new information or events emerge in the future.

Copyright © 2025 CERES Inc. All Rights Reserved.