SpiderPlus & Co.

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SpiderPlus&Co.
Kenji Ito, President and Representative Director
(TSE Growth: 4192)

Transcript of interview with equity research analyst

Date and Time	：Monday, March 10, 2025, 1:00 p.m. - 2:00 p.m.
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【Notes】

This document has been translated from the original Japanese version*1 for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original,the original shall prevail.

*1 : Click here for the original Japanese version.：https://spiderplus.co.jp/ir/results/

【Notes on Transcription】

This transcription contains forward-looking statements. These forward-looking statements are based on information available as of the date of the financial results meeting. These forward-looking statements are not guarantees of future results or performance. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual future results and financial condition to differ materially from any future results and financial condition expressed or implied by such forward-looking statements.

Factors that could cause results to differ materially from those described in these statements include, but are not limited to, changes in national and international economic conditions and trends in the industries in which we operate.

Information regarding matters and organizations other than the Company is based on publicly available information, and the Company has not verified and does not guarantee the accuracy or appropriateness of such publicly available information.

This transcription is prepared for informational purposes only. It is not intended as an offer to sell or a solicitation of an offer to buy any securities in Japan, the U.S. or elsewhere.

The content of this transcription differs in part from the actual questions and answers at the briefing due to considerations of personal information, readability, control of duplicate questions, and selection of questions related to financial results and business.

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Question from SpiderPlus&Co. to equity research analyst

Questioner ：Yutaka Fujiwara, Director, Corporate Officer and CFO, SpiderPlus & Co.
Junichi Ishida, Senior Manager of Finance and IR, SpiderPlus & Co.
Respondent ：Yoshihiro Nakagawa, Equity Research Department, Mizuho Securities Co., Ltd.

Trends in listed construction companies

Through your interviews with listed construction companies during the most recent fiscal year, what did you notice about changes in DX needs?

The construction industry is seeing an improvement in its profit margin. In this context, I have the impression that the industry is taking steps to address the 2024 problem and the Commencement of overtime caps.

Transcribed questions and answers by equity research analyst

Questioner: Yoshihiro Nakagawa, Equity Research Department, Mizuho Securities Co., Ltd.
Respondent: Yutaka Fujiwara, Director, Corporate Officer and CFO, SpiderPlus & Co.
Junichi Ishida, Senior Manager of Finance and IR, SpiderPlus & Co.

Regarding the factors behind the difference between the FY2024 full-year results and the initial plan

FY2024 performance results were below plan for Net Sales, and looking at KPIs, while ARPU was in line with plan compared to the initial target, the number of IDs was below target. What was the reason behind the sluggish growth in the number of IDs?

As you understand, the shortfall in the Net Sales plan was due to a lack of accumulation of stock income. In addition, while ARPU landed as planned, the number of IDs was not achieved. This was due to major negotiations, such as Company-wide introduction and bulk introduction by large enterprises, taking longer than expected, and the expansion of demand from SMBs due to the “Commencement of overtime work limit regulations” that came into effect in the construction industry from April 2024 being lower than our forecast.

Regarding the churn rate for FY2024.Q4

The churn rate for FY2024.Q4 has risen to 0.9%. Please tell us the background, such as whether there are cancellations by large enterprises.

There has been no change in the cancellation trend, and the main factors remain the cancellations by “small-scale construction businesses” and “non-construction businesses”. We would also like to add that the cancellation rate is based on the number of companies.

Recording of extraordinary losses due to impairment of software

What were the specific details of the extraordinary loss recorded at the end of FY2024?

We decided to revise the development platform based on our product strategy at the end of 2024. As a result, we decided not to use part of the development platform that was being developed as part of the renewal project, and we recorded an extraordinary loss for the impairment loss on that part.

The renewal project was launched in 2020 with the aim of “improving development productivity through the renewal of the development platform”, and we have been proceeding with the project while sequentially launching new products and new functions that have been completed in the development process to date, but from now on we will also place greater emphasis on balancing development speed and quality improvement and providing new functions and products to customers more quickly.

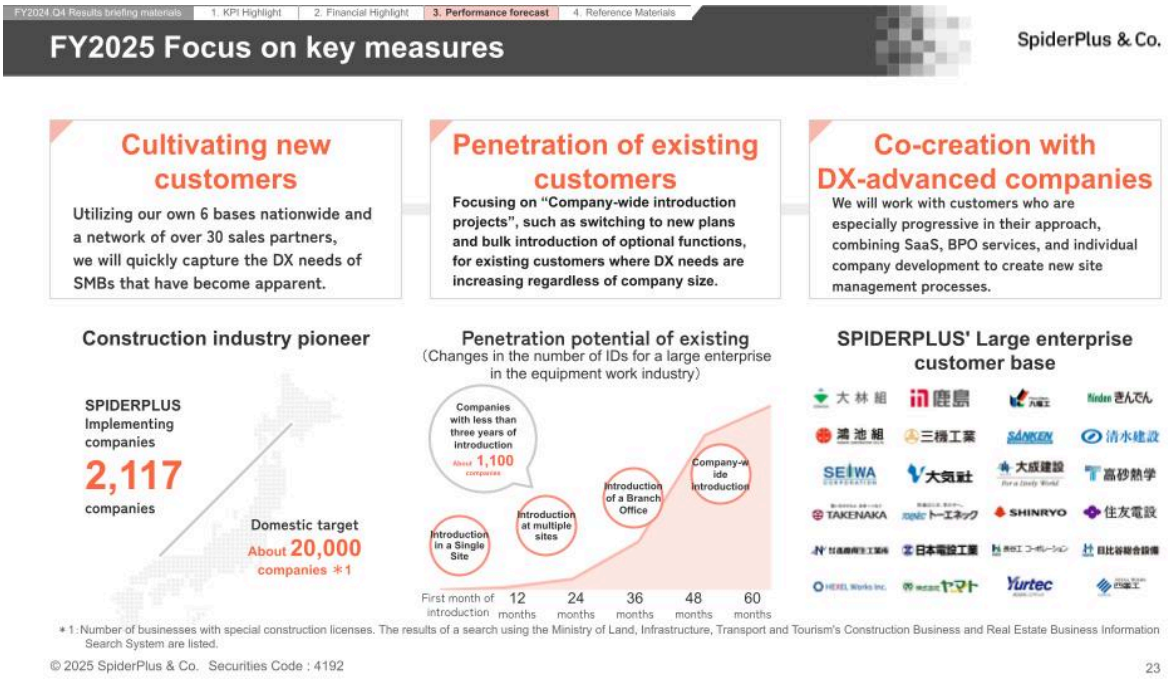


FY2025 performance forecast

What are the key points for achieving 30% ARR growth in FY2025?

Among the key measures for FY2025, “penetration of existing customers” will be the growth driver. As a result, we are targeting an increase in ARPA and ARPU.

The focus will be on increasing the amount charged per existing customer by offering new plans and options. However, we also expect to see an increase in the number of IDs added for large companies on a site unit basis, as well as an increase in the number of contracted companies through new customers among SMBs. We aim to achieve year-on-year growth of +30% through a combination of “increase in number of contracts + increase in ARPU”.

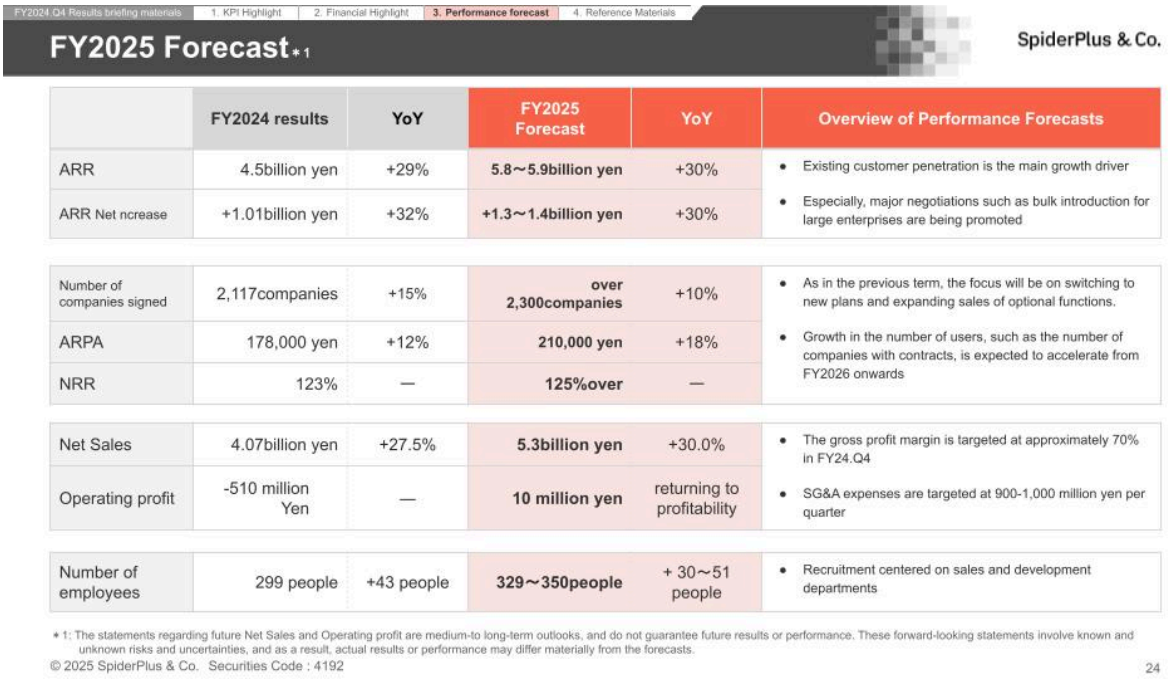


FY2025 Disclosure KPIs

There was no disclosure of the number of IDs in the FY2025 performance forecast. Please explain the background to this and your policy on disclosing the number of IDs in quarterly results.

As we have been focusing on improving added value (increasing contract unit prices) since the previous term, and as the key performance indicator we are focusing on is “average revenue per active user (ARPA)”, we have decided to disclose only “ARR”, “number of contracts” and “ARPA” as KPIs, with the aim of aligning the perspectives of investors with those of the business and management.

We are currently considering whether to disclose IDs in the future as a “reference indicator” in quarterly disclosures.



FY2024 Q4 Results briefing materials | 1. KPI Highlight | 2. Financial Highlight | 3. Performance forecast | 4. Reference Materials

FY2025 Forecast*1

SpiderPlus & Co.

	FY2024 results	YoY	FY2025 Forecast	YoY	Overview of Performance Forecasts
ARR	4.5billion yen	+29%	**5.8～5.9billion yen**	+30%	• Existing customer penetration is the main growth driver • Especially, major negotiations such as bulk introduction for large enterprises are being promoted
ARR Net ncrease	+1.01billion yen	+32%	**+1.3～1.4billion yen**	+30%	
Number of companies signed	2,117companies	+15%	**over 2,300companies**	+10%	• As in the previous term, the focus will be on switching to new plans and expanding sales of optional functions. • Growth in the number of users, such as the number of companies with contracts, is expected to accelerate from FY2026 onwards
ARPA	178,000 yen	+12%	**210,000 yen**	+18%	
NRR	123%	—	**125%over**	—	
Net Sales	4.07billion yen	+27.5%	**5.3billion yen**	+30.0%	• The gross profit margin is targeted at approximately 70% in FY24.Q4 • SG&A expenses are targeted at 900-1,000 million yen per quarter
Operating profit	-510 million Yen	—	**10 million yen**	returning to profitability	
Number of employees	299 people	+43 people	**329～350people**	+ 30～51 people	• Recruitment centered on sales and development departments

*1: The statements regarding future Net Sales and Operating profit are medium-to long-term outlooks, and do not guarantee future results or performance. These forward-looking statements involve known and unknown risks and uncertainties, and as a result, actual results or performance may differ materially from the forecasts.

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Growth in the number of companies with contracts in FY2025

Will SMBs be the main companies driving growth in the number of companies signing contracts?

Our main target for achieving our goal of signing up 2,300 companies and above is SMBs. The labor shortage in the construction industry is a major issue, so at present, DX needs are rising more slowly than we had expected, but demand is steadily increasing.

Outlook for SG&A and Personnel Expenses in FY2025

How do you expect costs to change this quarter, especially SG&A and development personnel expenses?

The main reason for the increase in the SG&A expense outlook for FY2025 is due to an increase in the number of sales and customer success staff who are in direct contact with customers. As a result, SG&A expenses will increase in the second half of the year, but we will control investment in a disciplined manner, aiming for an average of 9-10 billion yen per quarter throughout the year.

Our development structure is centered on full-time employees, but we also plan to use outsourcing and subcontracting, including the use of AI and offshore development. We are working to strengthen our development productivity.

In addition, we are targeting a gross profit margin of 70% and above, which is generally the same level as FY2024.Q4. We are also targeting an increase in spot income from commissioned projects, etc. Although the profit margin for spot income projects is not as high as that for stock income (SaaS), we are targeting a gross profit margin of over 70% overall, taking these into account.

Regarding the timing of turning a profit on operating profit in FY2025

Is it correct to assume that the operating profit will turn positive in the second half of the year? Also, last year, there was a significant increase in Net Sales in the fourth quarter, but what is the trend for this quarter?

Because our business structure is based on subscription-type stock income, which accounts for the majority of our sales, there is no change in the fact that our net sales tend to increase in the second half of the year. In addition, quarterly figures may increase or decrease depending on when spot income such as commissioned development starts, but there is no change in the trend of net sales increasing in the second half of the year.

We plan to become profitable in the second half of FY2025, when our stock income will have accumulated.

Regarding the competitive environment

Please let us know if there are any changes in the competitive environment.

The competitive environment in business negotiations with large enterprise customers has not changed, and our SPIDERPLUS has also maintained its strong positioning in the area of large subcontractors.

On the other hand, in the area of small and medium-sized general contractors, some competitors have been stepping up their sales activities, so we are being compared more and more in business negotiations.

The impact on business due to the ongoing M&A activity in the construction industry

What impact will the increase in M&A of SMBs by large enterprises in the construction industry have on your business?

There is a possibility that demand for streamlining and digitization will increase due to the integration of large enterprises and the succession of SMBs. We also expect a positive impact, as there are cases where companies that have already introduced the system are expanding its use across the entire group through acquisitions and mergers.

and above