

# COMPANY RESEARCH AND ANALYSIS REPORT

## Toyokumo, Inc.

4058

Tokyo Stock Exchange Growth Market

8-Apr.-2025

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FISCO Ltd.

<https://www.fisco.co.jp>

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## Summary

### Results surpassed forecasts again in FY12/24. Aiming for accelerated growth enlisting newly acquired services

Toyokumo, Inc. <4058> (hereafter, also “the Company”) is a Software as a Service (SaaS) company providing cloud services to corporations. Provided services include a safety confirmation service, cloud services that link with the “kintone” service of Cybozu <4776>, and a group scheduler that makes it easy to adjust daily schedules.

#### 1. Overview of FY12/24 results

In the Company’s consolidated results for FY12/24, net sales were ¥3,146mn, operating profit was ¥1,162mn, ordinary profit was ¥1,162mn, and profit attributable to owners of parent was ¥841mn. Although the Company does not disclose year-on-year comparisons of its consolidated results due to changes with respect to such disclosure effective from FY12/24, results increased on a non-consolidated basis with net sales up 28.3% year on year (YoY), operating profit up 34.1%, ordinary profit up 34.3%, and profit attributable to owners of parent up 35.0%. Meanwhile, the Company largely achieved its upwardly revised targets upon having upwardly revised its results forecasts with release of its 3Q earnings announcement in November 2024. Operating profit surpassed the upwardly revised targets amid a scenario of favorable net sales performance attributable to both the safety confirmation service and Toyokumo kintoneApp. These results reflect lower than anticipated personnel expenses in addition to growth in net sales exceeding the Company’s expectations.

#### 2. FY12/25 forecasts

The Company’s forecast for operating results in FY12/25 is for net sales to increase 46.2% YoY to ¥4,600mn, operating profit to increase 20.4% to ¥1,400mn, ordinary profit to increase 20.4% to ¥1,400mn, and profit attributable to owners of parent to increase 30.7% to ¥1,100mn. In net sales, the Company expects continued growth in the number of paid contracts for its safety confirmation service and Toyokumo kintoneApp. The operating profit margin is expected to be 30.4%, a decrease from the figure of 36.9% recorded in the previous fiscal year. The Company also expects to incur amortization costs associated with its acquisition of Project mode, Inc. in January 2025. Meanwhile, the Company plans to maintain high sales growth while balancing personnel expenses amounting to roughly 30% of sales accompanied by disciplined advertising investment targeting an operating profit margin of 30% in order to maintain an operating profit margin of over 30% in the medium to long term. Whereas the Company overwhelmingly tends to release fairly conservative initial forecasts, it has achieved substantial gains in recent monthly sales attributable to effects of having adjusted pricing of Toyokumo kintoneApp. This suggests the prospect of progress surpassing the forecasts again in FY12/25 if sales persist at this pace. The Company acquired the NotePM SaaS platform for centralized management of operational manuals and know-how in January 2025, thereby giving rise to potential for growth in the burgeoning knowledge management market, which is larger than that of its core business of safety confirmation services. Furthermore, the Company is poised to achieve business growth going forward by fully leveraging synergies with Project mode amid a situation where the business models of the two companies bear strong similarities.

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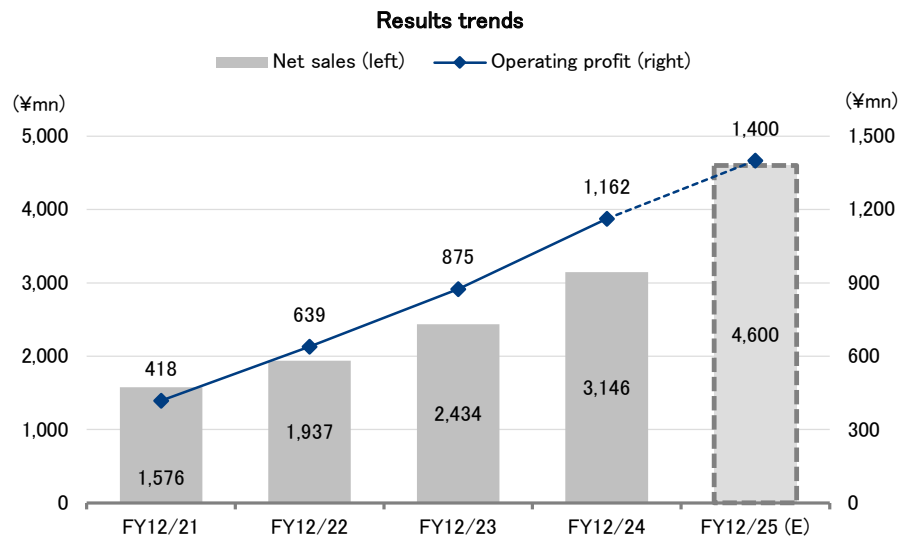
Summary

### 3. Medium-term growth strategy

The Company aims to realize “popularization of IT” by providing services that are easy, simple, and intuitive even for IT beginners to use. Its strategy is to thoroughly explore its current cloud-based business model and achieve significant medium-term growth. In safety confirmation services, continuation in addition to the existing model of confirming the safety of a company’s own employees, the Company is widening the scope of use to cover the entire supply chain, including suppliers, in order to consider continuation of a company’s business activities during a disaster. With respect to Toyokumo kintoneApp, the Company will continue to increase sales unit price per customer through cross selling.

#### Key Points

- Net sales and profits increased by double digits on a non-consolidated basis in FY12/24. Growth in net sales exceeded the Company’s expectations
- In FY12/25, the Company plans to accelerate personnel hiring and continue raising average wages while securing profits
- The Company has entered the knowledge management market with its acquisition of the NotePM SaaS platform for centralized management of operational manuals and know-how in January 2025
- High profit growth will continue with business management that emphasizes the KPIs of number of paid contracts, churn rate, and LTV, while keeping a high ratio of recurring income sales and curbing indirect expenses



Note: Figures through FY12/23 are stated on a non-consolidated basis and those from FY12/24 onward reflect consolidated results.

Source: Prepared by FISCO from the Company’s financial results

## ■ Company profile

### Provision of “easy, simple, and intuitive” cloud-services for corporations

#### 1. Management policy

The Company is a SaaS company providing cloud services to corporations. Provided services include a safety confirmation service, cloud services that link with the “kintone” service of Cybozu, and a group scheduler that makes it easy to adjust daily schedules.

The Company’s mission is “Freeing all people from inefficient work” and its corporate philosophy is “Contribute to abundant social activity around the world through information services.” The Company’s aim is not to provide the kind of services that have a boom, but rather to continually strive to provide the kind of services that become a corporate culture. By keeping ahead of the constantly changing times, it intends to anticipate products and services that customers will wish for and prepare them in advance. Furthermore, by focusing on points that have been conventionally absent in services: easy operation, simple functionality, and intuitive user interfaces, and providing services that can be used with confidence even by IT beginners unaccustomed to daily use of PCs and smartphones, the Company aims to support companies taking their first step towards the adoption of IT.

### Established as a wholly-owned subsidiary of Cybozu, transitioned to an independent management structure through an MBO

#### 2. History

Cybozu established the Company as Cybozu StartUps Inc. in Bunkyo Ward, Tokyo in August 2010 as a wholly-owned subsidiary to develop cloud services and other such new service offerings. Subsequently, it was judged that shifting the Company to an independent management structure would be beneficial for both companies, and a management buyout (MBO) was agreed upon. The Company was excluded from Cybozu’s scope of consolidation in March 2014 and transitioned to an independent management structure. In July 2019, to clarify the independence of the management structure from Cybozu, the Company changed its name to “Toyokumo.”

The origin of the Company name expresses the Company’s desire to spread cloud computing all over the world, just as the Japanese god Toyokumomonokami is said to have created clouds and brought rain to the land at the time of creation, thereby enabling agriculture. Toyokumomonokami refers to a cloud of abundance that appears in the first volume of Japan’s oldest chronicle, the Kojiki, and is considered to have been a deified cloud.

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## Company profile

## History

| Date           | Event   |
|----------------|---|
| August 2010    | Established as a wholly-owned subsidiary of Cybozu, Inc., specifically for starting up new business   |
| April 2011     | Released a composite photograph service, "DrCrop" for smartphones   |
| November 2011  | Terminated provision of "DrCrop" service  |
| December 2011  | Released "Safety confirmation service"  |
| February 2012  | Released "Sales Report Service" conducted using smartphones   |
| March 2012     | Released social task management product "ToDous"  |
| July 2012      | Released Toyokumo kintoneApp, "FormCreator"   |
| September 2012 | Released "Interview Support Service" for smartphones  |
| January 2013   | Released "BYOD Service" for managing employee smartphones   |
| May 2013       | Released "Dedicated Device Conversion Service" to convert Android devices into dedicated work devices   |
| December 2013  | Released the cloud service account management product, "Cloudum"  |
| March 2014     | MBO conducted by management, acquiring 70% of shares from Cybozu, Inc.  |
| April 2014     | Conducted a third-party allocation, mainly to management  |
| June 2014      | Released "Digital Signage" conducted using smartphone<br>Released Toyokumo kintoneApp, "PrintCreator"<br>Terminated provision of "BYOD Service"         |
| August 2014    | Terminated provision of "Cloudum" service   |
| September 2014 | Released Toyokumo kintoneApp, "kViewer"   |
| November 2014  | Released Toyokumo kintoneApp, "kBackup"   |
| December 2014  | Terminated provision of "Sales Report Service"  |
| March 2015     | Terminated provision of "Digital Signage" service<br>Terminated provision of "Dedicated Device Conversion Service"                                      |
| April 2015     | Conducted a third-party allocation to venture capital and others<br>Relocated head office to Shiba, Minato Ward, Tokyo<br>Transferred "ToDous" business |
| February 2016  | Terminated provision of "Interview Support Service"   |
| March 2016     | Released Toyokumo kintoneApp, "TimeStamp"   |
| January 2017   | Relocated head office to Nishi Gotanda, Shinagawa Ward, Tokyo   |
| July 2017      | Released the Toyokumo kintoneApp, "FormBridge"  |
| January 2018   | Released Toyokumo kintoneApp, "kMailer"   |
| July 2019      | Changed company name to Toyokumo, Inc.  |
| March 2020     | Released Toyokumo kintoneApp, "Data Collect"  |
| June 2020      | Terminated provision of Toyokumo kintoneApp, "FormCreator"  |
| September 2020 | Listed on the Tokyo Stock Exchange (TSE) Mothers Market   |
| June 2021      | Terminated provision of Toyokumo kintoneApp, "TimeStamp"  |
| September 2021 | Relocated head office to Kamiosaki, Shinagawa Ward, Tokyo   |
| November 2021  | Released "TOYOKUMO Scheduler"   |
| April 2022     | Transferred from the TSE's Mothers Market to the Growth Market  |
| November 2023  | Established Toyokumo Cloud Connect, Inc. as a subsidiary  |
| January 2025   | Made Project mode, Inc. a subsidiary  |

Source: Prepared by FISCO from the Company's website

## Business overview

### Cloud service business for corporations forms the Company's sole segment

#### 1. Business description

The Company's business comprises a single segment, the Corporate Cloud Services Business. The main services are the safety confirmation service, Toyokumo kintoneApp, and TOYOKUMO Scheduler.

##### (1) Safety confirmation service

Companies are required to provide countermeasures to minimize confusion in the event of a natural disaster or disaster caused by phenomena such as abnormal weather and continuously provide customer services. The Company provides safety confirmation service, a cloud service for confirming the safety of employees and others when disasters occur using their mobile phone, smartphone, or PC. The service features functions for accurately grasping the status of damage when a disaster occurs, and rapidly giving directions to employees and others. Furthermore, the service can also be used as a tool for sharing information during emergencies such as pandemics and for conducting emergency communications when the company's internal network is experiencing a fault.

##### Main functions of the safety confirmation service

| Function                                   | Outline   |
|--|---|
| <b>Safety confirmation function</b>        | Enables user to send out bulk messages to preregistered contacts in the event of a major disaster such as an earthquake or tsunami  |
| <b>Information collection function</b>     | Enables users in roles such as crisis management officer to confirm the status of contacts on a list  |
| <b>Countermeasure instruction function</b> | Enables users to engage in three different communication functions: a message function for discussing countermeasures with the most suitable team member, a message board function for notifying transitional processes, and a bulk notification function for communicating the results |
| <b>Prior preparation function</b>          | Enables user information, region, and department information to be all stored in a single CSV file  |

Source: Prepared by FISCO from the Company's annual securities reports

The Company's safety confirmation service enlists a cloud-based system that enables flexible expansion of servers. The service is equipped with functions for automatically contending with increased access during emergencies. For instance, this includes a function for automatically expanding server capacity prior to surges in user access attributable to events such as release of earthquake notification from the Japan Meteorological Agency. Because there are few opportunities for use of the safety confirmation service during normal times given the nature of the service, the Company enters into server contracts aligned with access circumstances. This accordingly enables the Company to provide its safety confirmation service at competitive prices due to its ability to consistently operate the service while incurring an appropriate cost burden.

### Business overview

The Company conducted nationwide joint training for 702,114 users at 1,921 organizations among the contracted customers for the safety confirmation service on October 1, 2024. Through this training, the Company confirmed that its systems operate even under access loaded situations, such as during a disaster. In the area of safety confirmation services, a common reason given by companies for changing to another company's service seems to be that while their current system may work during their own training, it stopped in an actual disaster due to over concentration of access. For this reason, at FISCO we think that the large-scale safety confirmation training run by the Company is very significant. The Company's safety confirmation service is likely to be the subject of increasing focus going forward, and we believe that demand will continue to be solid, including switch overs from other companies.

## (2) Toyokumo kintoneApp

kintone is a cloud service provided by Cybozu. It is able to generate applications necessary for business operations, such as sales management and customer management. The application design and various operational settings do not need to be programmed by the users themselves as the service can be used simply by operating a mouse. While kintone can be used with various applications, there are some functions that cannot be achieved with the basic function alone, and the Company supports customers in making more convenient use of kintone by supplying Toyokumo kintoneApps, also known as extension functions.

The Company's Toyokumo kintoneApps include the PrintCreator service, which uses data registered in kintone to output forms such as estimates and invoices; FormBridge, a web-form generator service that generates questionnaire survey forms and application forms, etc., and can directly register data to kintone, as well as services that can protect, externally publish, collect and calculate data recorded on kintone. Moreover, customers who use Toyokumo kintoneApp purchase their kintone licenses via the Company, enabling them to make just one payment to the Company for what would normally be two separate payments.

### Main Toyokumo kintoneApps

| Service name                 | Outline   |
|------------------------------|---|
| <a href="#">PrintCreator</a> | A service that uses data registered in kintone to output forms such as estimates and invoices   |
| <a href="#">FormBridge</a>   | A web-form generator service that generates questionnaire survey forms and application forms, etc., and can directly register data to kintone |
| <a href="#">kBackup</a>      | A service for protecting data in case data registered on kintone is inadvertently deleted   |
| <a href="#">kViewer</a>      | A service for externally disclosing data registered on kintone  |
| <a href="#">kMailer</a>      | A service that can send emails while quoting data registered on kintone   |
| <a href="#">Data Collect</a> | A service that collects and calculates data inside kintone  |

Source: Prepared by FISCO from the Company's annual securities reports

The Company added a user management function called "Toyokumo kintoneApp Authentication" to the FormBridge and kViewer Toyokumo kintoneApps from February 1, 2022. Toyokumo kintoneApp Authentication is an authentication system that can be set up across Toyokumo kintoneApps. This eliminates the previous need for simple authentication for each Toyokumo kintoneApp, enabling users to move back and forth between multiple forms and views once they have logged in using their email address. Toyokumo kintoneApp, which expands the scope of information sharing, has exceeded 600,000 users in total, and the number of contracts for FormBridge and kViewer, which are compatible with Toyokumo kintoneApp Authentication, is increasing.



#### Business overview

Whereas user management under the kintone platform previously involved having employees with accounts perform operations as kintone users while suppliers and collaboration partners accessed the platform as guest users, use of Toyokumo kintoneApp Authentication now makes it possible to easily share information with others with whom online communication had previously not been possible. For example, the service enables the building of membership systems for apparel shops, fan clubs, and email magazines, as well as the building of low-cost systems for information sharing and communication between cram schools and their students, engineering firms and their clients, schools and guardians, and other such relationships. Toyokumo kintoneApp Authentication is expected to enable the evolution of kintone into an external information sharing platform and the expansion of Toyokumo kintoneApp provided by the Company going forward.

#### (3) TOYOKUMO Scheduler

TOYOKUMO Scheduler is a service released by the Company in November 2021. This service enables users to arrange schedules with people outside of their companies in addition to coordinating schedules with those in their companies who have access to conventional group schedulers. The service eliminates the process of manual entry during schedule creation through links with kintone or cybozu.com provided by Cybozu, as well as enabling one-click issuance of web meeting URLs. Since this service is intended to perform schedule arrangement, it can be used by companies of any industry or scale, offering a wide user base. It is also working to strengthen integration with other companies' cloud services, and has improved convenience by linking with Google Calendar and Microsoft Outlook, which are used by people outside the Company, as well as with Google Workspace, to enable the synchronization of user information.

## Emphasizing the number of paid contracts, churn rate, and LTV

### 2. Business model

The Company's services are cloud services. All stages of the service from application to usage are completed online, which means that the service can be installed without a visit from the Company's sales representatives. The Company focuses on providing services that are "easy" and "convenient" for customers to use, offering companies who make inquiries a free trial period, and coming up with ways for the customer's personnel to master operation of the services themselves during the period. To this end, the Company has made it possible for users to implement the services themselves, simply by using telephone support and website FAQs as needed, rather than the Company's sales representatives visiting the customer to give an explanation. In addition, since the services are not individually customized, the burden of support on the Company is low. Through efficient business operations where indirect costs are kept to a minimum, the Company is able to provide services at a low price.

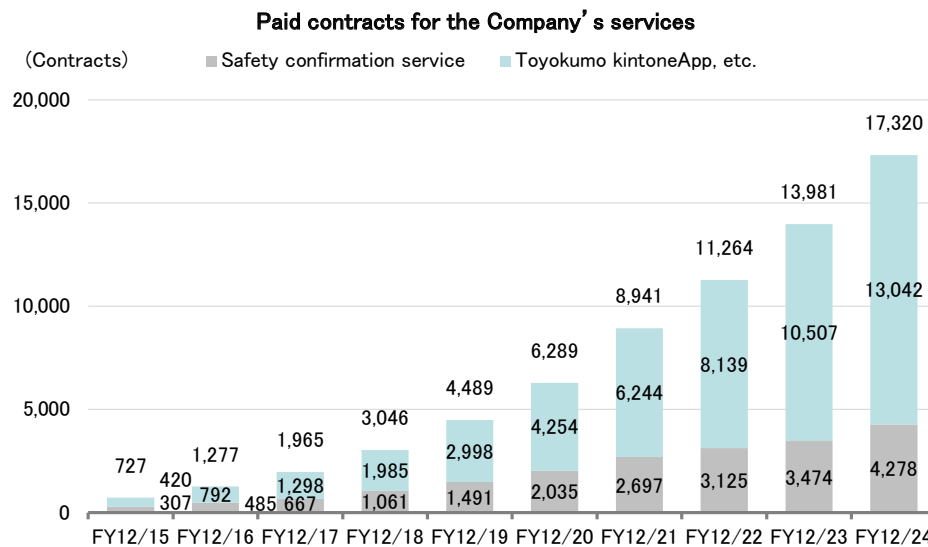
The Company's services employ a recurring income business model whereby earnings increase continuously as the number of paid contracts increases because charges are incurred based on durations of use. The Company's services are inherently unaffected by trends and are likely to be used continuously, giving them a distinctively low churn rate (annual average cancellation rate). Sales of services are mainly in the form of direct sales to customers who apply directly to the Company. However, some sales are conducted through sales partners such as agents.

The Company's priority KPIs are "number of paid contracts," "churn rate," and "LTV."

## Business overview

### (1) Number of paid contracts

The number of paid contracts at the end of FY12/24 was up 23.9% YoY to 17,320. By service, safety confirmation service contracts were up 23.1% to 4,278, and kintone-linked service contracts were up 24.1% to 13,042. In safety confirmation service, some customers had switched over from other companies. In Toyokumo kintoneApp, there was also an increase in the number of customers using multiple services, which contributed to significant growth. However, the rate of growth in paid contracts has been slowing, at just 26.0% in FY12/22, 24.1% in FY12/23 and 23.9% in FY12/24 compared to 47.4% in FY12/19, 40.1% in FY12/20, and 42.2% in FY12/21. Since a slowdown in the rate of growth in paid contracts will lead directly to a downturn in the rate of sales growth in the future, the Company is launching new initiatives to reignite sales growth, including more efficient uses of advertising expenses and personnel hiring, and providing a solutions pack targeting enterprises such as local governments and large companies. This local government and enterprise business will be a particular point to watch going forward. Laying the groundwork for this, the Company established Toyokumo Cloud Connect, Inc. in November 2023 and is working on increasing the number of contracts.



Note: Figures for Toyokumo are stated on a non-consolidated basis.

Source: Prepared by FISCO from the Company's annual securities reports and results briefing materials

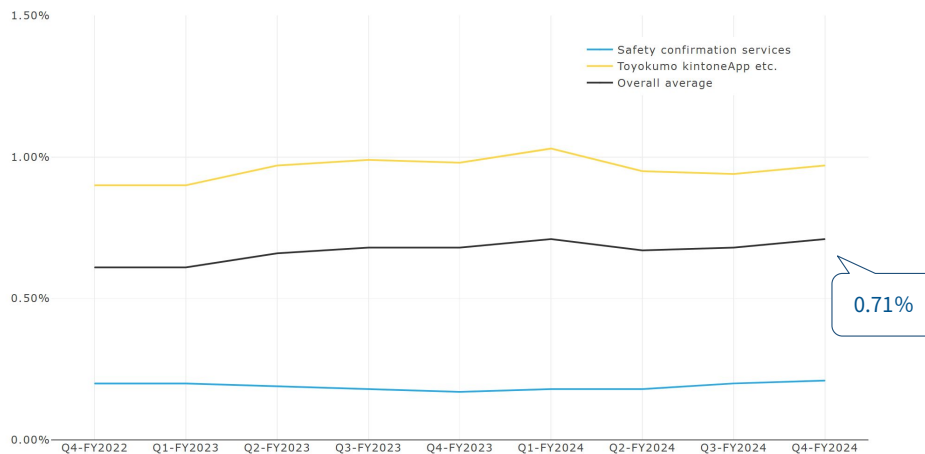
### (2) Churn rate

Churn rate represents the annual average cancellation rate, calculated based on average contract and cancellation amounts over a 12-month period. The Company's non-consolidated churn rate as of the end of FY12/24 on a monetary basis amounted to 0.71%, thereby remaining at a low level below 1%. Toyokumo kintoneApp, etc. have a stable churn rate overall, although some variation is seen due to factors such as spot projects from local governments.

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#### Business overview

#### Churn rate



Note: Figures for Toyokumo are stated on a non-consolidated basis.

Source: The Company's results briefing materials

### (3) LTV

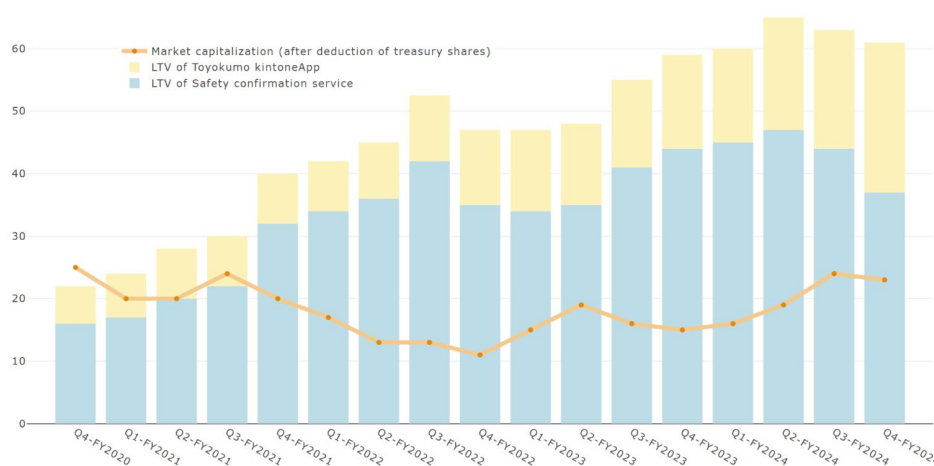
The Company has set customer Life Time Value (LTV) as an important indicator. LTV is earnings to be received from customers in the future, calculated by dividing Monthly Recurring Revenue (MRR) by the churn rate (monetary amount basis).

In calculating LTV, it is important to take into account the notion that even slight variation in short-term churn rate has a significant impact on results given that the Company's churn rate is at an extremely low level of less than 1%. The sum total LTV associated with individual services (safety confirmation service LTV and Toyokumo kintoneApp LTV) has generally remained on an upward trajectory since having reached ¥60.0bn in 4Q FY12/23.

#### LTV and market capitalization

$LTV^* = \text{total MRR} / \text{annual average cancellation rate (monetary amount basis)}$

(¥bn)



Source: The Company's results briefing materials

## Strengths consist of low churn rate and efficient sales structure

### 3. Strengths

The Company's strengths consist of its low churn rate and its efficient sales structure. The Company's churn rate is 0.71%, thereby remaining stable at a level below the overall average of 1%. The Company's business model entails ultimately strengthening the management foundation given its likelihood of producing continuous sales results amid a scenario where 99.8% of the Company's services generate recurring income sales. The sales structure is mainly direct sales via the internet, which make up around 60% of overall sales. Since the Company provides non-customized software and does not conduct proposal sales, the acquisition cost per contact was kept low. Under this flow, new customer leads are often identified through online promotions, advertising, and displays at events. After that, prospective customers visit the Company's website to have a free trial of the services before concluding a contract. For post-contract support, the Company is efficiently providing support via telephone and email, in addition to enhancing the content of the website.

## Results trends

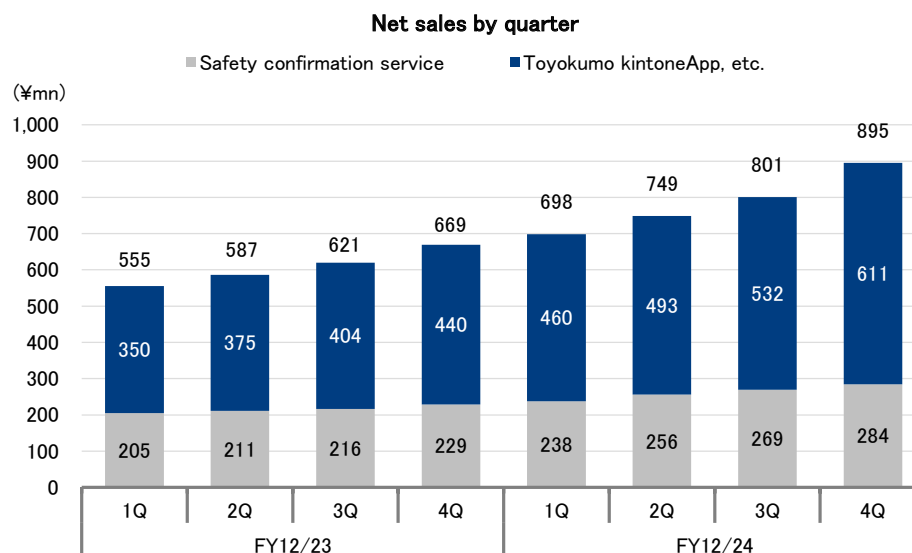
### Net sales and profits increased by double digits on a non-consolidated basis in FY12/24. Growth in net sales exceeded the Company's expectations

In the Company's consolidated results for FY12/24, net sales were ¥3,146mn, operating profit was ¥1,162mn, ordinary profit was ¥1,162mn, and profit attributable to owners of parent was ¥841mn. Although the Company does not disclose year-on-year comparisons of its consolidated results due to changes with respect to such disclosure effective from FY12/24, calculations derived from simple comparisons performed by FISCO indicate increases in results with net sales up 29.3% YoY, operating profit up 32.8%, ordinary profit up 32.9%, and profit attributable to owners of parent up 33.3%. Results increased on a non-consolidated basis with net sales up 28.3% YoY, operating profit up 34.1%, ordinary profit up 34.3%, and profit attributable to owners of parent up 35.0%. Whereas the Company presented its consolidated targets in May 2024 with projections for net sales of ¥3,000mn and operating profit of ¥1,000mn, it upwardly revised those amounts to net sales of ¥3,100mn and operating profit of ¥1,100mn with release of its 3Q earnings announcement in November 2024, and largely achieved those targets. Operating profit surpassed the upwardly revised targets amid a scenario of favorable net sales performance attributable to both the safety confirmation service and Toyokumo kintoneApp. These results reflect lower than anticipated personnel expenses in addition to growth in net sales exceeding the Company's expectations. Also, since the number of paid contracts, which is one of the Company's KPIs, is on a growth trajectory, net sales and operating profit can be expected to trend steadily upward in the future.

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### Results trends

In terms of sales by service in FY12/24, both the safety confirmation and Toyokumo kintoneApp performed favorably with sales of the safety confirmation service having increased 21.4% to ¥1,047mn and sales of Toyokumo kintoneApp, etc. having increased 33.6% to ¥2,098mn. Orders placed for the safety confirmation service were strong due to heightening disaster awareness attributable to the occurrence of unprecedented earthquakes. The Company raised monthly and annual prices of its Toyokumo kintoneApp by approximately 20% with respect to orders placed beginning in October 2024. As such, net sales results from November onward somewhat reflected effects of these price adjustments. The Company's average unit price gained substantially to ¥19,548 at the end of December 2024 from the ¥18,000 range at the end of December 2023. With gross profit of ¥3,057mn, the Company maintained a high gross profit margin of 97.2%. The operating profit margin was 36.9%, up 1.0 percentage points from 35.9% in the previous fiscal year. Although personnel expenses and advertising expenses continued to rise, net sales and profits also continued to grow significantly, so we at FISCO view this as a highly favorable financial result.



Note: Figures for FY12/23 are stated on a non-consolidated basis and those for FY12/24 reflect consolidated results.  
Source: Prepared by FISCO from the Company's results briefing materials

Whereas the initial advertising budget for FY12/24 was ¥620mn, the Company upwardly revised the budget to ¥760mn with release of its 3Q earnings announcement in November 2024. The Company added to its advertising budget having taken into account adjustments made to its results forecasts particularly with respect to its upward revision of net sales and downward revision of personnel expenses. Actual advertising expenses for FY12/24 were ¥752mn, with the budget effectively used particularly for online advertisements and case study content preparation.

Regarding the Company's priority KPIs, paid contracts at the end of FY12/24 stood at 17,320, an increase of 23.9% YoY (up 3,339). Looking at the number of paid contracts by service, both the safety confirmation and Toyokumo kintoneApp performed favorably with safety confirmation services at 4,278 contracts (up 804) and Toyokumo kintoneApp, etc. at 13,042 contracts (up 2,535). The growth rate with respect to the number of paid contracts has slowed to growth of 23.9% in FY12/24. The churn rate held to a low level at 0.71%.

The sum total LTV associated with individual services (safety confirmation service LTV and Toyokumo kintoneApp LTV) held to the ¥60.0bn range in FY12/24. Growth of Toyokumo kintoneApp LTV picked up speed particularly in 4Q. As a result, Toyokumo kintoneApp LTV has increased to around 40% of total LTV.

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## Results trends

## Outline of results for FY12/24

|  | FY12/23 (non-consolidated) |               | Revised forecast | FY12/24 (consolidated) |               |       |
|--|----------------------------|---------------|------------------|------------------------|---------------|-------|
|  | Result                     | vs. net sales |                  | Result                 | vs. net sales | YoY   |
| Net sales                                    | 2,434                      | 100.0%        | 3,100            | 3,146                  | 100.0%        | 29.3% |
| Cost of sales                                | 58                         | 2.4%          | -                | 88                     | 2.8%          | 51.7% |
| Gross profit                                 | 2,375                      | 97.6%         | -                | 3,057                  | 97.2%         | 28.7% |
| Selling, general and administrative expenses | 1,500                      | 61.6%         | -                | 1,895                  | 60.2%         | 26.3% |
| Personnel expenses                           | 628                        | 25.8%         | 850              | 821                    | 26.1%         | 30.7% |
| Advertising expenses                         | 629                        | 25.8%         | 760              | 752                    | 23.9%         | 19.7% |
| Operating profit                             | 875                        | 35.9%         | 1,100            | 1,162                  | 36.9%         | 32.8% |
| Ordinary profit                              | 875                        | 35.9%         | 1,100            | 1,162                  | 36.9%         | 32.9% |
| Profit attributable to owners of parent      | 631                        | 25.9%         | 760              | 841                    | 26.7%         | 33.3% |

Note: The YoY comparisons have been provided for reference purposes.

The revised forecasts are based on figures released in November 2024.

Source: Prepared by FISCO from the Company's financial results and results briefing materials

The Company releases preliminary figures for monthly sales on around the 15th of each month. Although sales growth persistently exceeded 40% on a monthly basis YoY from 2021 to around February 2022, the Company has since encountered a slowdown in its rate of sales growth. Whereas the Company achieved steady monthly sales growth ranging from 25%–28% YoY on a non-consolidated basis through to October in 2024, its rate of growth accelerated to 36%–37% from November onward due to effects of revisions to prices of its Toyokumo kintoneApp. Sales grew by 52.6% on a consolidated basis in January 2025. The Company expects the price increases to affect full-year results again in FY12/25.

## Monthly sales (Toyokumo, non-consolidated)

|                  | FY12/24 (consolidated) |        |        |        |        |        |        |        |        |        |        |        |
|------------------|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                  | Jan.                   | Feb.   | Mar.   | Apr.   | May    | Jun.   | Jul.   | Aug.   | Sep.   | Oct.   | Nov.   | Dec.   |
| 2024             |                        |        |        |        |        |        |        |        |        |        |        |        |
| Monthly sales    | 227                    | 231    | 235    | 242    | 247    | 253    | 260    | 265    | 270    | 275    | 300    | 307    |
| YoY              | 125.2%                 | 125.1% | 125.1% | 125.7% | 126.2% | 127.4% | 128.4% | 127.9% | 127.9% | 126.7% | 136.3% | 137.2% |
| Cumulative sales | 227                    | 459    | 695    | 937    | 1,184  | 1,437  | 1,697  | 1,963  | 2,233  | 2,508  | 2,809  | 3,116  |
| YoY              | 125.2%                 | 125.2% | 125.1% | 125.3% | 125.4% | 125.8% | 126.2% | 126.4% | 126.6% | 126.6% | 127.6% | 128.5% |
| 2023             |                        |        |        |        |        |        |        |        |        |        |        |        |
| Monthly sales    | 181                    | 184    | 188    | 192    | 195    | 198    | 202    | 207    | 211    | 217    | 220    | 224    |
| YoY              | 127.5%                 | 126.0% | 126.2% | 126.5% | 125.0% | 125.3% | 126.5% | 126.2% | 124.1% | 126.2% | 126.4% | 125.8% |
| Cumulative sales | 181                    | 366    | 555    | 748    | 943    | 1,142  | 1,345  | 1,553  | 1,764  | 1,981  | 2,202  | 2,426  |
| YoY              | 127.5%                 | 126.6% | 127.4% | 126.4% | 126.2% | 126.2% | 126.1% | 126.2% | 126.1% | 126.1% | 126.2% | 126.2% |

Source: Prepared by FISCO from the Company's IR news releases

## ■ Outlook

### Progress in expanding sales of NotePM warrants focus in FY12/25

#### 1. FY12/25 forecasts

The Company operates in the cloud services market, where digital transformation (DX) is becoming increasingly important for driving operational efficiency and productivity gains. Moreover, the COVID-19 pandemic presented an opportunity for the popularization of diverse workstyles such as remote work, and this trend is expected to continue increasing future demand for cloud services that can be used anytime, anywhere. At FISCO, we expect corporate investment in IT to increase in this environment, and expect to see high growth, particularly in the cloud services market.

The Company's forecast for operating results in FY12/25 is for net sales to increase 46.2% YoY to ¥4,600mn, operating profit to increase 20.4% to ¥1,400mn, ordinary profit to increase 20.4% to ¥1,400mn, and profit attributable to owners of parent to increase 30.7% to ¥1,100mn. In net sales, the Company expects to see continued growth in the number of paid contracts for its safety confirmation service and Toyokumo kintoneApp. The operating profit margin is poised to decline to 30.4% from 36.9% in FY12/24, which is attributable to factors that include the Company's plans to hire about 20 new employees in line with its usual pace of annual recruitment as well as aggressive efforts to raise average wages. The Company also expects to incur amortization costs associated with its acquisition of Project mode in January 2025. The Company has yet to determine the precise amount of such costs, but intends to disclose such details with release of its 1Q results. The amortization period is likely to be around seven years with associated amortization expense of around ¥200mn to be incurred throughout the full fiscal year. Meanwhile, the Company plans to maintain high sales growth while balancing personnel expenses amounting to roughly 30% of sales accompanied by disciplined advertising investments targeting an operating profit margin of 30% in order to maintain an operating profit margin of over 30% in the medium to long term. The Company overwhelmingly tends to release fairly conservative initial forecasts and released upward revisions to its full-year results forecasts with release of its 3Q earnings announcements from FY12/22 to FY12/24. Meanwhile, the Company has achieved substantial gains in recent monthly sales attributable to effects of having adjusted pricing of Toyokumo kintoneApp, which accordingly suggests the prospect of progress surpassing the forecasts if sales persist at this pace.

A key point warranting focus in FY12/25 is that of expanded sales of the NotePM SaaS platform for centralized management of operational manuals and know-how launched by Project mode, which became a subsidiary on January 8, 2025. NotePM is an intra-company wiki tool for posting operation manuals and expertise while also facilitating access to necessary information enlisting its enhanced search functions. Whereas intra-company wiki tools have primarily been adopted by IT enterprises thus far, NotePM has been gaining support mainly from non-IT companies due to its ease of use and problem-solving capabilities. NotePM gives rise to potential for growth in the burgeoning knowledge management market, which is larger than that of the Company's core business of safety confirmation services. Furthermore, the Company is poised to achieve business growth going forward by fully leveraging synergies with Project mode amid a situation where the business models of the two companies bear strong similarities.

## Outlook

### Forecast for FY12/25

(¥mn)

|   | FY12/24 |               | FY12/25      |               |       |
|---|---------|---------------|--------------|---------------|-------|
|   | Result  | vs. net sales | Company plan | vs. net sales | YoY   |
| Net sales                               | 3,146   | 100.0%        | 4,600        | 100.0%        | 46.2% |
| Operating profit                        | 1,162   | 36.9%         | 1,400        | 30.4%         | 20.4% |
| Ordinary profit                         | 1,162   | 36.9%         | 1,400        | 30.4%         | 20.4% |
| Profit attributable to owners of parent | 841     | 26.7%         | 1,100        | 23.9%         | 30.7% |

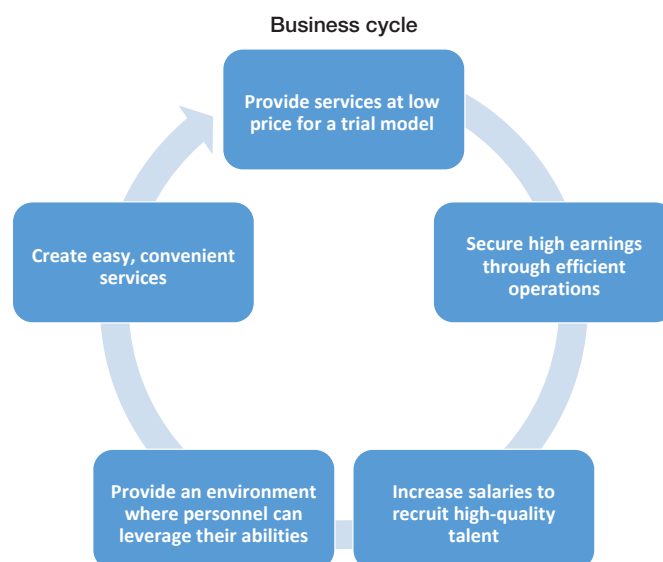
Source: Prepared by FISCO from the Company's results briefing materials

## Refining the business model and aiming for “popularization of IT”

### 2. Medium-term growth strategy

#### (1) Management strategy

The Company aims to realize “popularization of IT” by providing services that are easy, simple, and intuitive even for IT beginners to use. Its strategy is to thoroughly explore its current cloud-based business model and achieve significant medium-term growth. Specifically, the Company's daily activities continue with an awareness of the business cycle (provide services at low price for a trial model → secure high earnings through efficient operations → increase salaries to recruit high-quality talent → provide an environment where personnel can leverage their abilities → create easy, convenient services).



Source: The Company's results briefing materials



## Outlook

### (2) Business strategy

#### a) Safety confirmation service

Previously, safety confirmation was thought of as something to be conducted for a company's own employees; however, in order to consider the continuation of a company's business activities during a disaster, it is necessary for safety confirmation to cover the entire supply chain, including suppliers. The Company's services can be used in any kind of application within safety confirmation, so it will aim to capture demand by appealing to entire supply chains through example cases of companies already implementing the service as new methods of use.

#### b) Toyokumo kintoneApp

The Company provides several Toyokumo kintoneApps. Since these services can be used easily by linking them to one another, the Company will continue to increase sales unit price per customer through cross-selling by providing simple introductions of examples where services are used by linking them together.

#### c) TOYOKUMO Scheduler

TOYOKUMO Scheduler enlists the concept of enabling users to coordinate plans with persons from outside their companies. Its roll out overseas warrants attention going forward given that the Company perceives it as a service with potential for overseas expansion.

### (3) Product development

The Company has developed various software for corporations since its foundation. At the time of its foundation, the software covered many categories, but subsequently the Company narrowed its focus. In FY12/24, the number of categories was three (safety confirmation service, Toyokumo kintoneApp, and TOYOKUMO Scheduler), and the number of services was eight. In FY12/25, the Company will provide nine services in four categories with the addition of NotePM associated with its acquisition of Project mode. Going forward, it seems likely to continue expanding its services in line with its policy of providing cloud services that are easy, simple, and intuitive to corporations.

## Shareholder return policy

### Dividend for FY12/25 is expected to increase by ¥6.0 to ¥20.0

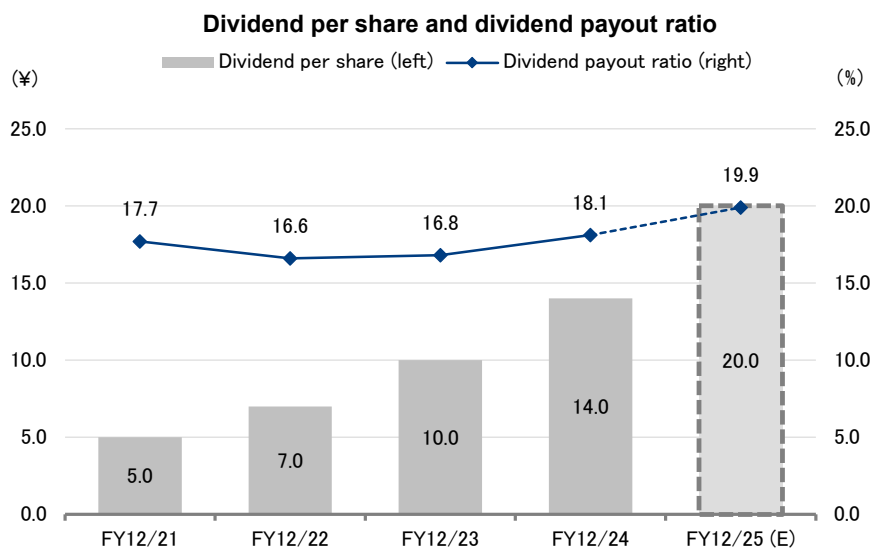
The Company has not made any dividend payments since its establishment as it prioritizes enhancing the necessary internal reserves for future business expansion in order to strengthen its financial position and secure the competitiveness of its businesses. However, while there is no change to its direction of prioritizing growth investment and aiming for business expansion, the Company recognizes that returning profit to shareholders is an important management task. The Company has therefore decided to pay dividends from FY12/21.

The Company's dividend policy is to conduct continuous return of profits to shareholders, with a dividend payout ratio standard of around 20% of net profit at the end of the fiscal year. Going forward, the Company will revise the policy appropriately in consideration of factors such as its earnings, business environment, financial position, and future business development. Moreover, the deciding body for the Company's dividend of surplus is the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend. In addition, the Company has stipulated in its Articles of Incorporation that it may pay an interim dividend.

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Shareholder return policy

The dividend per share for FY12/21 was ¥5.0 (year-end dividend), which the Company increased in FY12/22 by ¥2 to ¥7.0 (year-end dividend), in FY12/23 to ¥10.0 (year-end dividend), and in FY12/24 to ¥14.0 (year-end dividend). Although the Company's results surpassed initial forecasts, the dividend amount remained as initially planned. Meanwhile, the Company expects its total shareholder return ratio to reach approximately 42% amid a scenario where it plans to purchase a maximum of ¥200mn in treasury shares (acquisition period: February 13, 2025 to April 30, 2025), which exceeds total dividends of ¥152mn. The Company also expects to increase its dividend per share for FY12/25 by ¥6.0 to ¥20.0. The dividend payout ratio for FY12/25 is forecast to be 19.9%, compared to 18.1% in FY12/24, 16.8% in FY12/23, 16.6% in FY12/22, and 17.7% in FY12/21. However, since the Company's forecasts are prepared conservatively, the final dividend payout ratio may end up lower than 19.9% if, as in FY12/24, the earnings are higher than its initial plans and the dividend remains unchanged from the initial forecast. The Company intends to continue steady dividend increases, aiming for a payout ratio of around 20%.



Source: Prepared by FISCO from the Company's financial results

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