

SpiderPlus & Co.

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SpiderPlus&Co.

Kenji Ito, President and Representative Director

(TSE Growth: 4192)

Transcript of Q&A Session of Financial Results Briefing

Date and Time	: Wednesday, May 14, 2025, 7:00pm-8:00pm
Speakers	: Director, Corporate officer, CFO Yutaka Fujiwara
For inquiries regarding this matter, please contact	
	: Finance and IR Department, Spider Plus, Inc.
Email inquiries to	: ir@spiderplus.co.jp
Telephone inquiries to	: +81-3-6709-2834

【Notes1】

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/>

【Notes2】

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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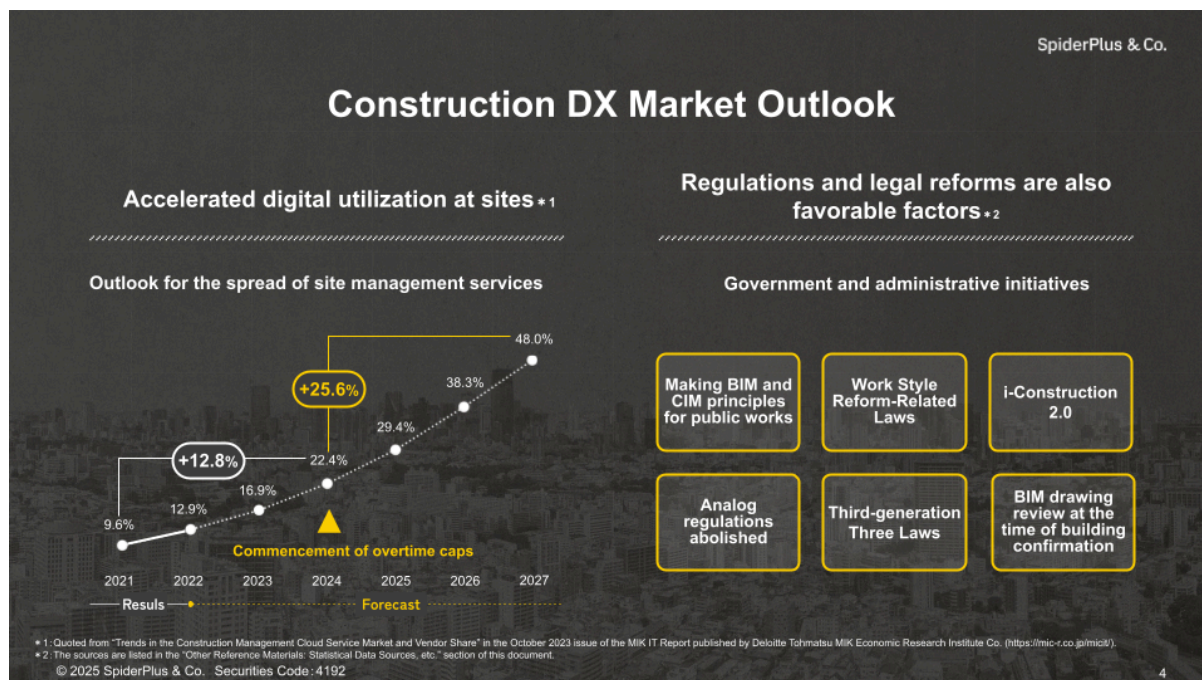
■ FY2025.Q1 Financial Results (disclosed May 14, 2025)

<https://en.spiderplus.co.jp/ir/results/>

1. Q&A on Market Environment

Regarding trends in the expansion of the construction DX market

Please explain the outlook for the spread of site management services in the “Outlook for the Spread of Site Management Services” section on page 4 of the financial results presentation materials.



Considering that our growth rate is higher than the outlook for the spread of site management services presented in the research company’s report included in the financial results briefing materials, we expect the construction DX market to expand beyond the predicted penetration rate.

2. Q&A on Business Performance

Regarding views on market performance forecasts

At the previous earnings briefing, the company mentioned that the operating profit forecast of 10 million yen was conservative. However, some analyst forecasts projected higher figures. What is your view on these market expectations?

In FY2025 Q1, we recorded an operating loss of 10 million yen but achieved positive EBITDA for the quarter. We believe this indicates that we are in a position to turn a profit at any time. Since our policy is to actively invest in growth opportunities, we are not revising our forecast at this time. We remain committed to both accelerating growth and improving profitability.

Regarding progress of BPO services as a standalone business

What is the status of your BPO services, including their standalone performance and share of total revenue?

While we do not disclose standalone figures for BPO services, a significant portion of the 'spot revenue' in FY2025 Q1 came from BPO services. With ongoing labor shortages in the construction industry, demand for labor-saving BPO services is steadily increasing. Additionally, as we expand the scope of services offered, the scale of individual projects is also growing.

*For details on our BPO services, please refer to the following: <https://spider-plus.com/bpo/>

Regarding impact of professional services on performance

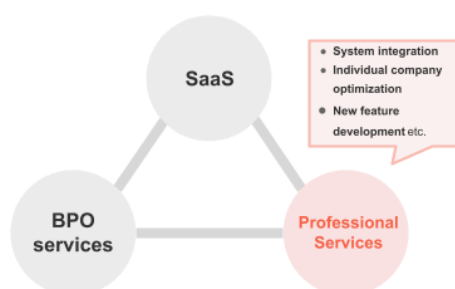
According to the explanation, there have been many inquiries since the full launch of professional services. Could you explain their performance and expected impact on financial results?

■ About Professional Services

Support services tailored to the unique DX needs of each company.
In the six months since full-scale launch, there have been approximately 40 inquiries, mainly for development projects.

Background of the initiative

Capturing the needs for DX in the increasingly sophisticated and diverse construction industry



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Expected effect

- Shortening lead times for major negotiations such as company-wide introductions
- Expansion of revenue opportunities through orders for contract development
- Strengthening customer base through deepening customer relationships

Case examples

- | | |
|--------|--|
| Case:1 | Real-time visualization of usage status on customer BI tools |
| Case:2 | Centralized management of accumulated site information on the customer's core system |
| Case:3 | Joint development of a new site management process utilizing BIM |

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Our professional services are aligned with the needs of large enterprises that are actively pursuing DX. As mentioned in our presentation, we received many inquiries within just six months of launch. We expect professional services to make a full contribution to earnings starting in FY2026. Beyond spot revenue, these services help deepen engagement at the executive level of major clients, which is expected to shorten lead times for large-scale deals and accelerate ARR growth.

3. Q&A on Business Strategy and Operations

Regarding SPIDERPLUS pricing strategy

In light of inflation trends, are you considering raising the price of SPIDERPLUS?

As operational costs such as server fees have been rising, we are continually evaluating price adjustments to reflect these increases. However, rather than implementing a simple price hike, we believe it's essential to ensure that users clearly recognize the value of SPIDERPLUS before making any changes.

Regarding target churn rate

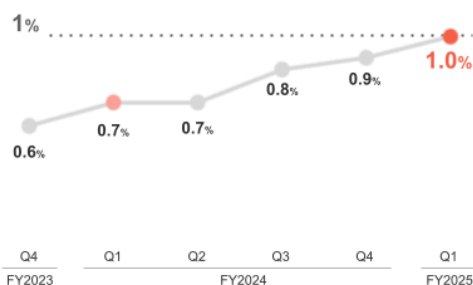
Churn rates have been rising recently. What level of churn is considered acceptable, and what measures are you taking to reduce it?

■ Churn rate*1

Churn rate is within the target range and is expected to remain at the same level in the next quarter.

Churn Rate Trends by Company Unit*1

Mainly small construction companies that have introduced the system recently



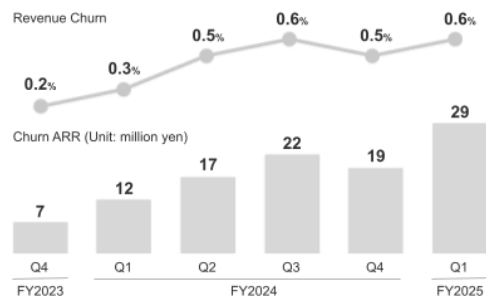
* 1: The corporate churn rate is the average monthly churn rate for the most recent 12 months.

* 2: The churn ARR is calculated as the total ARR of companies that canceled their contracts in each quarter, and the revenue churn is calculated as the total ARR of companies that canceled their contracts in each quarter divided by the ARR at the end of the previous quarter.

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Analysis of churn rate*2

The impact of churn on ARR growth is limited



We set our monthly average churn threshold at 1%, taking into account the current market expansion phase. We also place importance on the quality of cancellations. For instance, if users leave because they couldn't fully utilize the product, this is something we aim to address. We are strengthening our internal support and onboarding systems, including collaborations with sales partners.

Regarding focus strategies by company size

Will the company focus more on large enterprises or SMEs going forward?

In the short term, we are prioritizing the penetration of SPIDERPLUS within large enterprises and capturing increasing DX demand. However, as the market expands and the number of SME leads grows, we believe that SME acquisition will also significantly contribute to revenue growth in the mid-term.

Regarding measures to address prolonged major negotiations

How are you addressing the prolonged sales cycle for large enterprise deals?

One key challenge is the lack of sufficient internal usage within customer organizations to support company-wide adoption decisions. We are addressing this by strengthening account management aligned with client DX strategies, and offering professional services tailored to each client's specific needs. These efforts aim to shorten the lead time for large deals.

■ Analysis of business progress and initiatives

Major negotiations with large enterprises are becoming increasingly important.
Accelerating ARR growth in Q2 and beyond by shortening the sales lead time.

	FY2025.Q1	Initiatives for FY 2025.Q2 and beyond
Large Enterprise	Problem RPA <ul style="list-style-type: none"> Major negotiations, such as company-wide introduction, took longer than expected. Analysis <ul style="list-style-type: none"> Improvement in customer engagement (results of utilization) necessary for advancing major negotiations is required beyond the target level. 	Strengthening account management structure <ul style="list-style-type: none"> Strengthen customer onboarding systems and propose solutions based on results achieved with key customers and DX strategies. Combination with professional services <ul style="list-style-type: none"> Shortened lead times through joint development with core systems Responding to the individual requests of DX-advanced companies to broadly address DX needs
SMB	Problem Company <ul style="list-style-type: none"> Improvement in contract conclusion rate for new customers Onboarding for SMBs Analysis <ul style="list-style-type: none"> The number of leads increased with market expansion, but there were variations in sales capabilities. Resource dispersion in SMB onboarding systems 	Strengthening sales organization <ul style="list-style-type: none"> Implement sales team training and optimize business processes. Strengthening the onboarding system <ul style="list-style-type: none"> In addition to online study sessions and content expansion, we will establish an onboarding system with partner companies.

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Regarding relationship between onboarding system and number of contracted companies

How does the increase in customer companies affect the quality of onboarding?

We do not expect the quality of onboarding to decline as the number of contracted companies increases, nor should it. To prevent this, we are increasing human resources within the company and working to enhance online study sessions and user content. In addition, we are working not only within the company but also with our sales partners to build an onboarding system.

Regarding the pace of increase in IDs

What is behind the recent slowdown in the growth of IDs?

Reference KPI trends*1

	FY2023.Q1	FY2023.Q2	FY2023.Q3	FY2023.Q4	FY2024.Q1	FY2024.Q2	FY2024.Q3	FY2024.Q4	FY2025.Q1
Unit : Billions of yen									
ARR	2.8	3.0	3.2	3.5	3.6	3.9	4.2	4.5	4.6
Large Enterprise	2.0	2.1	2.3	2.4	2.5	2.7	2.8	3.0	3.0
SMB	0.8	0.8	0.9	1.0	1.1	1.2	1.3	1.5	1.5
Unit : Companies									
Company	1,593	1,671	1,763	1,841	1,901	1,985	2,056	2,117	2,134
Large Enterprise	325	336	350	365	373	383	381	386	387
SMB	1,268	1,335	1,413	1,476	1,528	1,602	1,675	1,731	1,747
Unit : thousand yen									
ARPA	149	152	155	159	161	166	170	178	180
Large Enterprise	522	541	555	569	574	596	625	649	653
SMB	54	54	55	57	61	63	68	73	76
ARPU	3,971 yen	4,030 yen	4,145 yen	4,282 yen	4,437 yen	4,600 yen	4,740 yen	4,997 yen	5,109 yen
Large Enterprise	3,705 yen	3,774 yen	3,891 yen	4,019 yen	4,124 yen	4,258 yen	4,342 yen	4,469 yen	4,519 yen
SMB	4,819 yen	4,853 yen	4,936 yen	5,092 yen	5,371 yen	5,605 yen	5,887 yen	6,515 yen	6,790 yen
IDs	60,152	63,199	65,937	68,505	69,321	71,809	73,885	75,555	75,591
Large Enterprise	45,818	48,230	49,950	51,748	51,931	53,630	54,865	56,059	55,957
SMB	14,334	14,969	15,987	16,760	17,390	18,179	19,020	19,496	19,634

* 1 : Large enterprises/SMBs are classified based on our customer management standards, such as having 300 or more employees.
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The Construction DX market continues to expand, and we do not see intensified competition at this time. We believe that building usage among major clients—which is our strength—will also drive ID growth in both large and small companies. Currently, our sales team is focusing more on enhancing value per ID (ARPU/ARPA) rather than simply increasing ID numbers.

Regarding suspension of ID

What does 'ID suspension' mean, and do you charge fees for suspended accounts?

ID suspension refers to users who temporarily stop using SPIDERPLUS, often due to project completion. While we generally do not charge service fees during suspension, we may collect server usage fees. Since this is a service for construction sites, such temporary suspensions are normal, and users typically resume when the next project begins.

Regarding progress of alliance with CHANGE, Inc.

What is the status of your alliance with CHANGE, Inc. in terms of adoption by local governments?

Our alliance with Change Inc. focuses on promoting DX in municipalities. We are working together to expand the use of SPIDERPLUS in local governments and also aim to increase adoption among regional general contractors and subcontractors.

(Reference: August 9, 2022 [IR release] SpiderPlus&Co. and Change conclude business alliance agreement to promote DX in local governments)

<https://contents.xi-storage.jp/xcontents/AS81382/7020cdba/38b0/4067/9029/18f5e9573996/140120220809516109.pdf>

Regarding progress of overseas business

What is the current progress of your overseas expansion, specifically in Vietnam?

In Vietnam, we are not only targeting Japanese firms but also engaging with local companies. Since June 2024, we have been collaborating with Sigma, the country's largest MEP contractor. Together, we are localizing SPIDERPLUS for Vietnam's unique workflows and regulations. Progress is proceeding as planned.

(Reference: June 26, 2024 [Announcement] SpiderPlus&Co. collaborates with Sigma, Vietnam's largest equipment work company)

<https://contents.xi-storage.jp/xcontents/AS81382/c452059b/3234/455a/9840/dc6411c83266/140120240626538029.pdf>

Regarding utilization of AI in service development

Are you considering using AI in product or service development?

Yes, we are actively exploring AI use in both product integration and internal operations. Our focus is on embedding AI into our offerings and enhancing productivity in development and business operations through AI.

4. Q&A on Stock and Shareholder Returns

Regarding Status of consideration of shareholder benefits

Are there any plans to enhance shareholder benefits, especially for long-term holders?

We introduced a shareholder benefit program in December last year and have since received various feedback. Our management team is currently discussing potential revisions to the program. As for dividends and other shareholder return policies, we plan to consider them once we achieve full-year profitability and have secured sufficient distributable reserves.

5. Closing Remarks by CFO

Thank you for taking the time to join our earnings briefing today, especially during a busy period when many listed companies are announcing their results. We had a solid start in the first quarter, and we have a clear understanding of our current challenges and the necessary actions to take. It is important that we consistently execute on our priorities, meet the expectations of our customers and investors, and ultimately exceed them. Among the topics discussed today, I would like to emphasize our professional services, which we believe will be a key driver of future growth. We are seeing strong interest, particularly from large enterprises. With the full commitment of our entire company, we aim to turn this opportunity into tangible results. We appreciate your continued support of SpiderPlus.

and above