

SpiderPlus & Co.

May 26, 2025

SpiderPlus&Co.

Kenji Ito, President and Representative Director

(TSE Growth: 4192)

Transcript of interview with equity research analyst

Date and Time	: Wednesday, May 21, 2025, 4:00 p.m. - 5:00 p.m.
Inquiries to	: Finance and IR Department, SpiderPlus & Co.
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.

List of Questions and Answers

Transcribed questions and answers by equity research analyst

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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 Treasury&IR Department, SpiderPlus & Co.

Regarding assessment of KPIs for FY2025.Q1

Please provide a review of KPIs for the first quarter.
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Progress toward KPIs for the first quarter was slow overall.

ARPA is a component of ARR. We promoted the introduction of new sales packages to large enterprises and the issuance of IDs to all site supervisors (company-wide introduction). However, the introduction results within customer companies, specifically the number of sites using the system and customer satisfaction, were not sufficient to decide on company-wide introduction or bulk introduction, and as a result, negotiations were prolonged.

In terms of the number of IDs, there were more ID suspensions than expected due to seasonal factors associated with the completion of construction sites at large enterprises. As a result of these factors, we believe that ARPA progress was slow.

Regarding the number of contracted companies, which is another factor that makes up ARR, the number of lead customers has increased against the backdrop of the boom in the construction DX market, but there are issues with the sales structure for reliably converting those leads into contracts, and we were unable to increase the number of new contracts as planned.

Due to the above factors, there was a gap between the target and actual results in both ARPU and the number of contracted companies, resulting in a slow ARR.

Regarding churn rate

Please explain the background and measures taken to address the increase in the churn rate.

There has been no change in the trend of major cancellations being non-construction companies and small-scale construction companies, and the impact on ARR is minimal. In addition, most of the companies that canceled their contracts are customers who have only been using the service for a short period of time since its introduction.

However, some cancellations are due to onboarding and customer success issues, and we

expect that a certain number of cancellations can be prevented by strengthening our proactive support system.

Regarding efforts to increase contract unit prices

Please provide specific details on your efforts to improve ARPA in the future.


We are gradually switching to the current sales format of packaged products, taking into account the degree of utilization by our customers.

Reference

How SPIDERPLUS is provided * 1

We provide industry-specific packages as SaaS.
In addition to SaaS, we also provide BPO services and contract development services.

Standard Package



Drawing management

Photo management

Viewing documents

Form creation

Punch List management

For construction work

Standard Package

Inspection function for construction work

For electric power work

Standard Package

Inspection function for electric power work

For Air conditioning and sanitation work

Standard Package

Inspection functions for air conditioning and sanitation work

Additional functions

S+Partner

Sharing information with partner companies on SPIDERPLUS is now possible.

S+BIM

No special software is required to view D models using SPIDERPLUS.

Additional Services

BPO / BPaaS

Pre-inspection preparation and other "arrangement" work can now be outsourced.

Professional Service

Contracted development of unique functions and linkage between SPIDERPLUS and the customer's own system are now possible.

* 1: The content of the offer is as of March 2025.
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In addition, our professional services initiatives are strengthening our contact with departments other than our customers' sites and playing a role in increasing the depth of introduction. With the disclosure of our case study with Shinryo Corporation last year, we have seen an increase in inquiries, and we are positioning this as an important measure for improving ARPU and promoting bulk introduction in the future.

Regarding cost structure

Please explain the analysis of the marginal profit rate, gross profit margin, and selling, general, and administrative expenses.

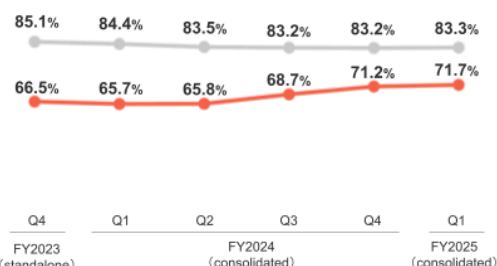
The marginal profit ratio remained generally unchanged from the previous quarter, and the gross profit margin remained stable at over 70%.

■ Cost of Sales

The marginal profit ratio and gross profit ratio remained stable from the end of the previous fiscal year. Gross profit margin is expected to remain at the same level in the second quarter and beyond.

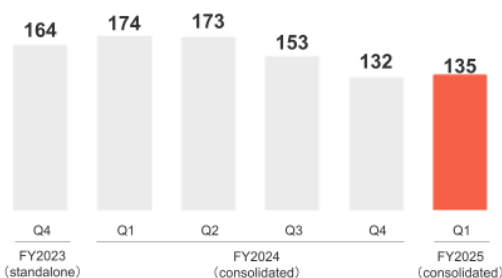
Marginal profit ratio*1 and Gross profit margin

● : Gross profit margin ratio ● : Marginal profit ratio



Breakdown of Fixed Costs*2

Unit: million yen



*1: The marginal profit is calculated as "Net Sales - Communication Costs (Cost of Sales) - Commission Fees (Cost of Sales)", and the marginal profit ratio is calculated as "Marginal Profit ÷ Net Sales".
*2: This is only the fixed costs in the cost of sales, and does not include the fixed costs in the selling, general and administrative expenses.

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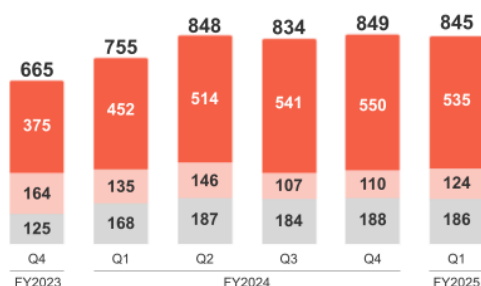
Selling, general and administrative expenses are trending as expected. Previously, the ratio of selling, general and administrative expenses to net sales was around 50%, but the ratio has improved due to sales growth keeping pace with the expansion of scale resulting from advanced investments.

■ SG&A expenses

Selling, general and administrative expenses remained at the same level as at the end of the previous fiscal year, partly due to relatively low one-time expenses. No change to FY2025 policy, targeting quarterly average of 900 million to 1,000 million yen.

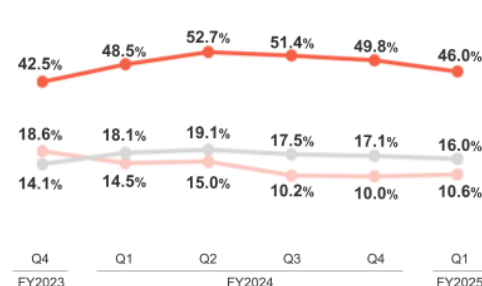
SG&A Expenses*1,2

■ : S&M ■ : R&D ■ : G&A
Unit: Millions of yen



Ratio of SG&A expenses to net sales*1,2

■ : S&M ■ : R&D ■ : G&A
Unit: %



*1: Each composition is a management accounting composition. S&M, R&D and G&A are abbreviations, and details are provided in the "Other References" section of this document.
*2: A partial revision of the allocation basis was made in FY2023.Q2, taking into account the impact of departmental transfers and reorganization.

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Regarding recruitment progress

Please share your thoughts on the pace of employee growth.

We recognize that the pace of hiring is somewhat slow, and we expect to strengthen our hiring efforts. Rather than hiring a large number of people across a wide range of positions, we plan to focus on hiring for specific positions that we need to fill.

Regarding current development system and future initiatives

What is the current status and future plans for your development system?

We are promoting efficient development through the use of AI in our operations and the strengthening of our offshore system. We aim to achieve both an understanding of the construction industry and the accumulation of domain knowledge and productivity.

Our strength lies in our domain knowledge of construction sites and operations, which is also shared by our development department. We expect that our domain knowledge of the construction industry will enable us to achieve high development productivity.

Regarding overseas business

Besides Vietnam, are there other regions you are focusing on for overseas expansion?

We are seeing strong interest from the Philippines. We are considering raising the priority of the Philippines in the future.

Regarding needs for professional services

What is the background behind the strong demand for professional services? Is it due to changes in the relationship between general contractors' sites and their head offices, and the growing trend of consolidating administrative work that was previously done at sites at head offices? Is it correct to understand that this has led to an increasing need for systems that enable coordination between head offices and sites?

Currently, DX needs are increasing across the construction industry, and efforts to utilize AI, data, BIM/CIM, etc. are becoming more active, especially among large enterprises. As a result, DX-related budgets are on the rise at various companies, and against this backdrop, inquiries about our professional services are increasing.

We believe that this initiative is extremely important for improving the ARPU of SPIDERPLUS and promoting its company-wide introduction. In addition to the introduction

results at the site, this strategy will enable us to quickly achieve company-wide introduction by strengthening relationships with the head office departments.

The professional services we provide range from consulting and business process construction support to specialized onboarding support, but currently, we are receiving many inquiries for development that meets the needs of individual companies, such as integration with head office systems and joint development of new functions.

■ 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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graph TD; SaaS((SaaS)) --- BPO((BPO services)); SaaS --- PS((Professional Services)); BPO --- PS;
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- System integration
- Individual company optimization
- New feature development etc.

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

and above