Cybozu, Inc.

Financial Results Briefing for the Fiscal Year Ended December 2023

February 27, 2024

Event Summary

Company Name	Cybozu, Inc.
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Event Language	JPN
Event Type	Earnings Announcement
Event Name	Financial Results Briefing for the Fiscal Year Ended December 2023
Fiscal Period	FY2023 Annual
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Venue	Webcast
Venue Size	
Participants	
Number of Speakers	6

Yoshihisa Aono	Representative Director & President
Tadamasa Hayashi	Director, Executive Officer, General Manager, Corporate Affairs Division
Yumika Nakane	Executive Officer, General Manager, Human Resources Division, General Manager, Legal & Compliance Division
Keito Kuriyama	Executive Officer, General Manager, Marketing Division, General Manager, Business Strategy Office
Teppei Sato	Executive Officer, General Manager, Development Division
Ikki Tamada	Executive Officer, Sales Division

Presentation

MC: Thank you very much for taking time out of your busy schedule today to attend the Cybozu, Inc., financial results briefing for the fiscal year ending December 2023. My name is Yoshimura from Public Relations at Cybozu and I will be the MC today. Thank you for joining us.

Today's financial results briefing and business overview presentation is being simultaneously streamed live via Zoom webinar and YouTube Live. After my housekeeping announcements, Representative Director & President, Mr. Aono, will commence his presentation.

You may take pictures of the slides during the presentation and post them on social media. However, some slides are marked with a DO NOT PHOTOGRAPH icon in the upper right corner. Please refrain from taking photos of those slides. After the presentation, there will be time for questions.

Now, Mr. Yoshihisa Aono, Representative Director & President of Cybozu, will report on the financial results and business performance for the fiscal year ended December 31, 2023.

Business Overview and Financial Results Briefing for the Fiscal Year Ended December 2023

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Company Overview
Cybozu, Inc.

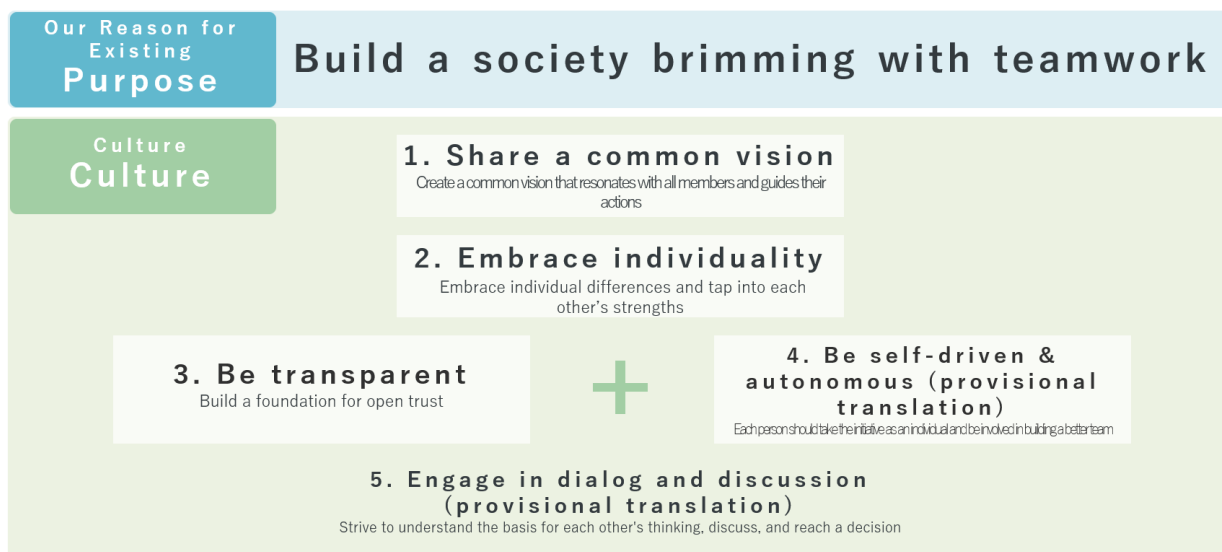| Business Description	Develop, sell, and operate groupware platforms/Methods Consulting Business
Representative Director and President	Yoshihisa Aono
Established	August 1997
Head Office	Tokyo Nihombashi Tower, 2-7-1 Nihombashi, Chuo-ku, Tokyo
Office locations	Japan: Tokyo, Osaka, Matsuyama, Nagoya, Fukuoka, Sendai, Sapporo, Hiroshima, Yokohama, Omiya, Shanghai, Shenzhen, Taipei, Ho Chi Minh, San Francisco, Sydney, Bangkok, Kuala Lumpur, etc.
Capital Stock	JPY 613 million
Listed Exchange	Tokyo Stock Exchange, Prime Section (Securities Code 4776)
Employee Headcount	Consolidated: 1,276 employees; Non-consolidated: 1,003 employees * As at end of December 2023 * Open-ended contract (permanent) employees only (executives not included)

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Aono: Hello, everyone. This is Aono from Cybozu. I will now present our financial results and business overview for the year ended December 31, 2023.

Firstly, here is an overview of the Company. What has changed here in the past year is the number of employees has increased. The number of open-ended contract (permanent) employees on a stand-alone basis surpassed the 1,000 mark, and the number of employees on a consolidated basis has grown to nearly 1,300 people in total.

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Company Vision

* Will be submitted to the 27th Annual Shareholders Meeting on March 30, 2024

Our Reason for Existing **Purpose**	**Build a society brimming with teamwork**

Culture **Culture**	

1. Share a common vision
Create a common vision that resonates with all members and guides their actions

2. Embrace individuality
Embrace individual differences and tap into each other's strengths

3. Be transparent
Build a foundation for open trust

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4. Be self-driven & autonomous (provisional translation)
Each person should take the initiative as an individual and be involved in building a better team

5. Engage in dialog and discussion (provisional translation)
Strive to understand the basis for each other's thinking, discuss, and reach a decision

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Here is our corporate vision, and what our employees are working on. We at Cybozu are very particular about our corporate vision so I will explain it in detail. First of all, with all of the people we have gathered together, we are trying to build a society brimming with teamwork. We believe that human beings are still not great at teamwork and should be able to get better at teamwork, and this is our purpose and raison d'etre: *To build a society brimming with teamwork*.

Specifically, below Purpose, you will see Culture, and the cultural elements stated here are how we will go about building a society brimming with teamwork, so let me describe them and what kind of teams we want to generate more of. For example, the first cultural element is *Share a common vision*. If you have a team but the team members are not working toward the same vision, if they have goals but the goals are not really shared, then it's not a very good team. Sharing a common vision is the cultural element we value the most, so that is why we put it top of the list.

Second, we place emphasis on embracing individuality. There are many different types of teams, and while traditionally it was fine for Japanese companies to ignore individuality and have everyone be uniform, in future eras I think it would be better to embrace diverse individuality.

Also, in the survival of the fittest business culture in US and Europe, only the strong survive and win as a team, which is not a bad thing. However, the ideal teamwork we want to create is one teamwork where various people value their own and other's individuality. We would much rather there be more 21st-century-style teams that embrace individual differences and make the most of each other's strengths, so that is why we have made *Embrace individuality* our second cultural element.

However, if we want to succeed in the art of teamwork that takes advantage of diverse personalities, we must first be transparent, and we must share information openly and understand each other really well. Furthermore, based on that information we must each then be willing to be self-reliant and motivated and to take the initiative to drive improving teamwork together. That is why we have made *Be transparent* and *Be self-driven & autonomous (provisional translation)*, our third and fourth cultural elements.

However, when it comes to executing on these cultural elements, what we need is the final cultural element, a platform for a culture of engaging in dialogue and discussion with each other. These are what we envision as the elements of good teamwork.

Right now, the fourth and fifth elements I have described are actually still combined together into a single fourth element titled, *Be yourself, take responsibility*. However, the opinion was voiced within the company that we should review our company vision, and after discussion, we have decided to try and split the fourth cultural element into these two parts, into a fourth element *Be self-driven & autonomous (provisional translation)*, and add a fifth element *Engage in dialog & discussion (provisional translation)*, to create a new company vision.
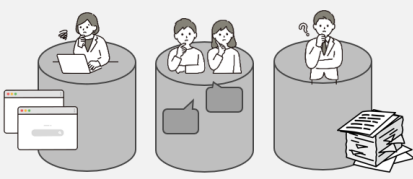
At Cybozu, we value our company vision so much that we have made it an agenda item for resolution at the Annual Shareholders Meeting, which will be held on March 30 this year.

If we want to increase the number of teams like these, the way we use tools must align with this. For example, if we share information in an analog manner, it's hard for everyone to share information with each other transparently, and even if we digitize, if the organization is siloed like this, it will cause fragmentation of teamwork and put up organizational barriers.

The worldview we are aiming to create is shown on the right. Our aim is to achieve the kind of teamwork where more people can share more information on a single platform and can all have access to that information as they take a self-driven approach to their work, and so we want to provide the tools in line with this.

Cybozu's Cloud Services

As at end of December 2023

* The above are the numbers of customer companies in Japan.
* Kintone is exclusively sold as a Cloud service.
* Installed customer base for Cybozu Office, Garoon, and Mailwise: The total number of domestic companies who have deployed product on-premises or in the cloud.

These are the four specific groupware services we offer: Cybozu Office, which makes it easy for small and medium-sized companies to share various information; Garoon, which can also be used by large companies; Kintone, which enables information sharing for a wide-range of business operations; and Mailwise, a dedicated e-mail information sharing service.

Our mainstay product is Kintone. Kintone is an extremely versatile information sharing platform that allows you to build all kinds of apps and share a diverse range of information.

That said, the hurdle is who is going to build what kinds of apps for this platform. And, to that end, we have devised a variety of measures to overcome this hurdle.

First, we have made Kintone a no-code tool. You cannot share a whole bunch of different information if a lot of programming is required to build the system in the first place. So, we make it possible for people who know nothing about programming to create apps without having to code.

Furthermore, since there are limits to what can be done with Kintone alone, we are working with our partners to expand the scope of what this platform can do by extending its functionality with plug-ins and integrating it with external services created by partners.

However, because it's not always easy for the people on the frontline doing the day-to-day work to be across all of this, when you need assistance you can engage one of the companion-runner partners (partners who provide hands-on deployment support) who we have developed as a resource to assist your non-IT people on the frontline. We are also focusing efforts on our user communities where users connect with each other, exchange information, share know-how, as well as invigorate and further motivate each other.

By working hard in all of these areas, each person out in the field will be reskilled, and with that higher-level of skill each person will grow to become a Digital Transformation (DX) human resource, thereby progressing user companies' ability to drive and insource DX themselves, which is the worldview we envision.

So this is something interesting about Cybozu. We are not just talking about creating SaaS services, what we are currently trying to do is to create this kind of worldview along with our products, to build a society brimming with teamwork.

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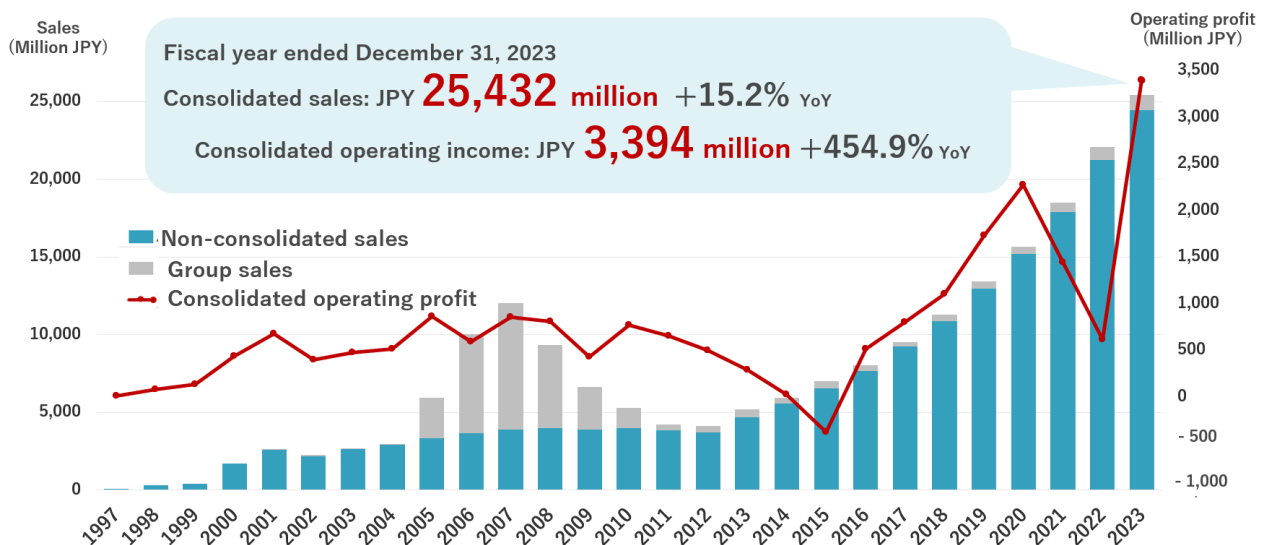# Company-wide Slogan for 2023-2025

25BT

"2025 and go Beyond with Trust"

We will focus on reaching our next big milestone in 2025, and work on long-term initiatives that look to the future beyond 2025 while placing great value on trust.

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This is our company-wide slogan for the next three years, from 2023 to 2025. It's called 25BT. The slogan for 2021 and 2022 was more of a short-term plan to increase name recognition, raise awareness, and develop customers. 25BT is a switch to conversely work on what we can do in the medium term, and to prepare to be able to engage in major work in the medium to long term in anticipation of the years 2025 and beyond.

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Consolidated Sales and Operating Profit

Sales
(Million JPY)

Operating profit
(Million JPY)

Fiscal year ended December 31, 2023

Consolidated sales: JPY **25,432 million** **+15.2%** YoY

Consolidated operating income: JPY **3,394 million** **+454.9%** YoY

■ **Non-consolidated sales**
■ **Group sales**
— **Consolidated operating profit**

From here, I would like to present the fiscal year results for the year just passed. First, sales and profits. In fiscal 2023, consolidated net sales were JPY 25.4 billion and consolidated operating income was just over JPY 3.3 billion. In terms of numbers, this is a record high. In 2021 and 2022, we decided to go for short-term recognition and invested aggressively in advertising and other expenses under the slogan BET!, which resulted

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in a temporary decline in profits, but we have returned to a steady state, which means that sales and profits have returned to their previous trends.

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Consolidated Financial Results

Consolidated Financials (Unit: Million JPY)	FY2022 (Actuals)	FY2023 (Actuals)	FY2024 (Projection)
Sales	22,067	25,432	28,730
Operating profit	611	3,394	3,097
Ordinary profit	987	3,579	3,142
Current net profit	66	2,488	2,028
Net profit per share	JPY 1.45	JPY 52.29	JPY 42.57
Dividend per share	JPY 13.00	JPY 14.00	JPY 15.00

Here you can see the previous two fiscal years, and the forecast for the current fiscal year. Sales have been increasing by approximately JPY 3 billion each year, and we expect that for the current fiscal year sales will increase similarly to the previous fiscal year, while we also project operating income to come in at a little over JPY 3 billion this fiscal year.

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Detailed Consolidated Financial Results

Consolidated PL (Unit: Million JPY)	FY2022 (Actuals)	FY2023 (Actuals)
Sales	22,067	25,432
Cost of sales	1,951	2,364
Labor costs	7,854	8,828
Advertising expenses	6,452	4,313
R&D expenses	270	889
Other	4,927	5,643
Operating profit	611	3,394

Consolidated sales
+ **JPY 3,364 million** YoY **+15.2% YoY**

Stimulating long-term **R&D activities to create new businesses** in global fields **+228.4% YoY**

Consolidated operating profit
+ **JPY 2,782 million** YoY **+454.9% YoY**

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This is a breakdown of the FY2023 results. As I mentioned earlier, sales came in at JPY 25.4 billion, which is an increase of a little over JPY 3.3 billion YoY. Advertising expenditure dropped by about JPY 2 billion, from JPY 6.4 billion in FY2022 to JPY 4.3 billion in FY2023, which had a major positive effect on profitability.

On the other hand, I would like to draw your attention to the fact that investments are now being redirected to medium- and long-term development, and R&D expenses are increasing. We are now working hard on R&D for growth in 25BT and beyond.

Operating profit was a little over JPY 3.3 billion last financial year.

Results of Advertising Investment

Shift from the Increasing Product Awareness phase to the Deepening Product Understanding phase

Trends in Advertising Expenses, Kintone Awareness, and Percentage of Sales that Advertising Expenses Account for

▶ Thanks to the stepped up advertising to increase awareness focusing on Kintone in the past three years, **Kintone awareness* has increased by 12 pts since 2020**.

▶ Since 2023, we have **stepped up our focus on deepening product understanding** in parallel with our continued efforts to increase Kintone awareness.

The tagline for the Kintone commercial is now Build business apps without coding.

▶ We plan to **invest in advertising to instill widespread understanding of product value and increase** sales in 2024.

* Kintone awareness: Based on the awareness survey conducted by Cybozu

(Million JPY)
- Advertising expenses (consolidated)
- Kintone awareness
- Advertising Expenses as a Percentage of Sales

Year	Advertising expenses	Kintone awareness	Advertising Expenses as a Percentage of Sales
2020	2,673	19%	17%
2021	4,907	22%	27%
2022	6,452	28%	29%
2023	4,313	31%	17%

Stepped up advertising to increase awareness

Next phase + Deepening product understanding

As for advertising expenses, which are of interest, to give you some details, in 2021 and 2022, the name recognition of Kintone was still low, so we invested aggressively in TV commercials and other advertising for the purpose of gaining recognition.

Thanks to this, Kintone brand recognition has been continually increasing, as shown by the yellow line in the graph. I think this is also due to the TV commercials. Since recognition has increased a lot, we decided to try to return our advertising expenditure back down to a steady level for a while, and this time, as shown by the red line in the graph, the percentage of advertising expenditure to sales previously rose from 17% to levels of 27% and 29%, but in the 2023 financial year, our advertising spend returned to 17% again. That is because we were trying to bring advertising spend back down to a more constant level.

Thanks to the Kintone TV commercials recognition is becoming more widespread, and we have come to the point where, you can go to different places around Japan and find that people know the name Kintone, In fact, it's come to the stage where the product name Kintone is rather better known than the company name Cybozu.

From this fiscal year onward, I would like to keep a bit of an eye on that balance and consider the advertising spend. Although we considerably narrowed down our advertising last fiscal year, we will continue to focus on advertising while keeping a close eye on the balance, as we do tend to gain a great deal from investing heavily in advertising, particularly in TV commercials.

Financials

| Consolidated BS (Unit: Million JPY)	FY2022 (Actuals)	FY2023 (Actuals)	YoY
Assets	15,907	19,248	3,340
- Cash & deposits	5,124	6,492	1,367
Liabilities	11,277	7,995	-3,282
- Borrowings	4,680	—	-4,680
Net assets	4,630	11,253	6,623
- Treasury stock	-1,800	-1,346	454
Shareholder equity ratio	29.1%	58.5%	29.4%
Net assets per share	100.93	236.33	135.40

Borrowings repaid in full from proceeds of disposal of treasury stock in January 2023

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Continuing on, here is the balance sheet. There has been one major change and that is in the area of borrowings. Borrowings, which were over JPY 4.6 billion as of the end of the 2022 fiscal year, had been eliminated as of the end of the 2023 fiscal year.

This is partly because we became more profitable as a company, of course, but the biggest factor here is that we sold some of our treasury stock, which allowed us to pay off all of our debt. To elaborate, Ricoh, with whom we now have a business alliance, bought our treasury stock, which has enabled us to repay all of our loans.

Consolidated Sales by Product
Kintone Sales Break the JPY 13 Billion Mark

Kintone consolidated sales in 2023
JPY 13,012 million
+24.9% YoY
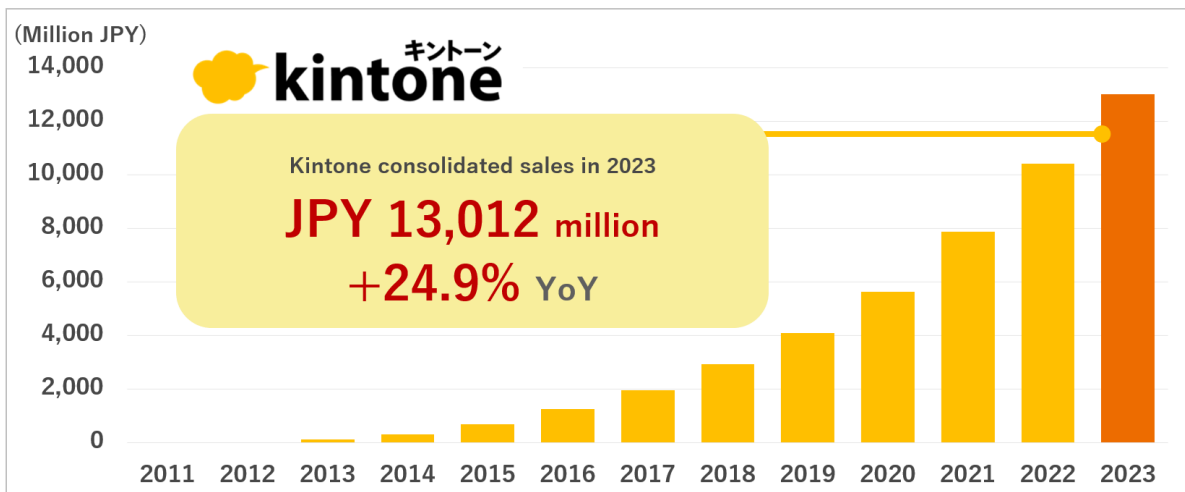
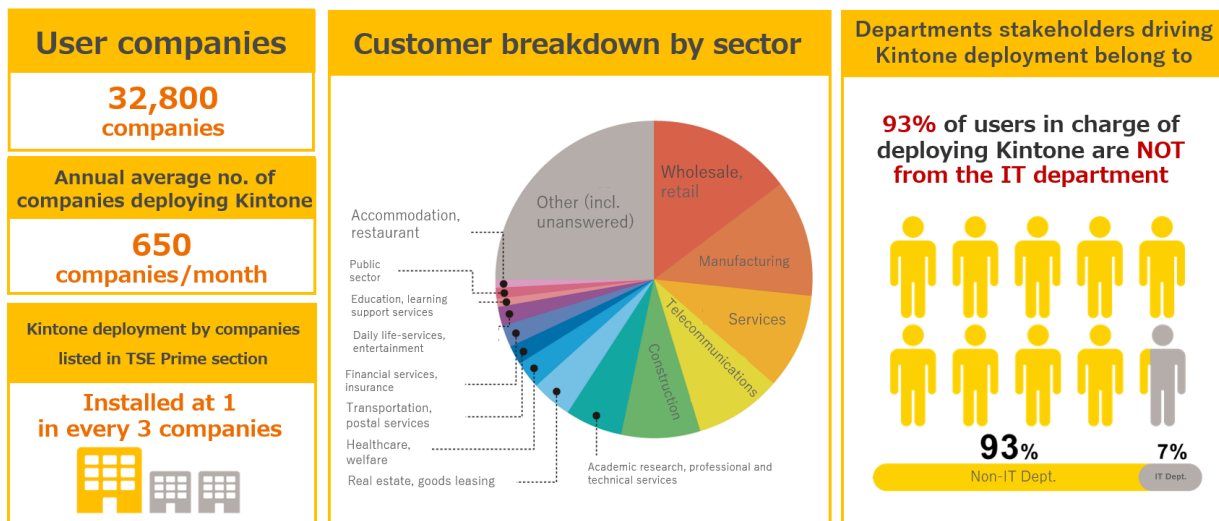* Kintone is exclusively sold as a Cloud service.

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I will continue by discussing the details of the business and future challenges. First, our mainstay product, Kintone, achieved sales of over JPY 13 billion in FY2023. In terms of the growth rate, this translates to positive growth of 24.9%. Thanks to this, sales have increased considerably.

Our Users

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As at end of December 2023

User companies	Customer breakdown by sector	Departments stakeholders driving Kintone deployment belong to

32,800 companies

Annual average no. of companies deploying Kintone
650 companies/month

Kintone deployment by companies listed in TSE Prime section
Installed at 1 in every 3 companies

Pie chart labels: Wholesale, retail; Manufacturing; Services; Telecommunications; Construction; Academic research, professional and technical services; Real estate, goods leasing; Healthcare, welfare; Transportation, postal services; Financial services, insurance; Daily life-services, entertainment; Education, learning support services; Public sector; Accommodation, restaurant; Other (incl. unanswered)

93% of users in charge of deploying Kintone are **NOT** from the IT department

93% Non-IT Dept.   **7%** IT Dept.

*The above figures are for Cloud service users only.

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As of December 31, 2023, the number of signed-up Kintone user companies is 32,800 and roughly 650 companies are coming on board as new Kintone users every month. One-in-three companies listed in the Prime Section of the Tokyo Stock Exchange (TSE) is using Kintone in some departments in their organization. Our user companies come from a wide variety of industries. There is not a skew towards one industry, but rather that Kintone's versatility has led to its adoption in a wide variety of industries. Another continuing positive trend is the high level of support that Kintone enjoys from frontline staff, and the fact that Kintone can be easily deployed by internal teams rather than it having to be deployed by the IT department.
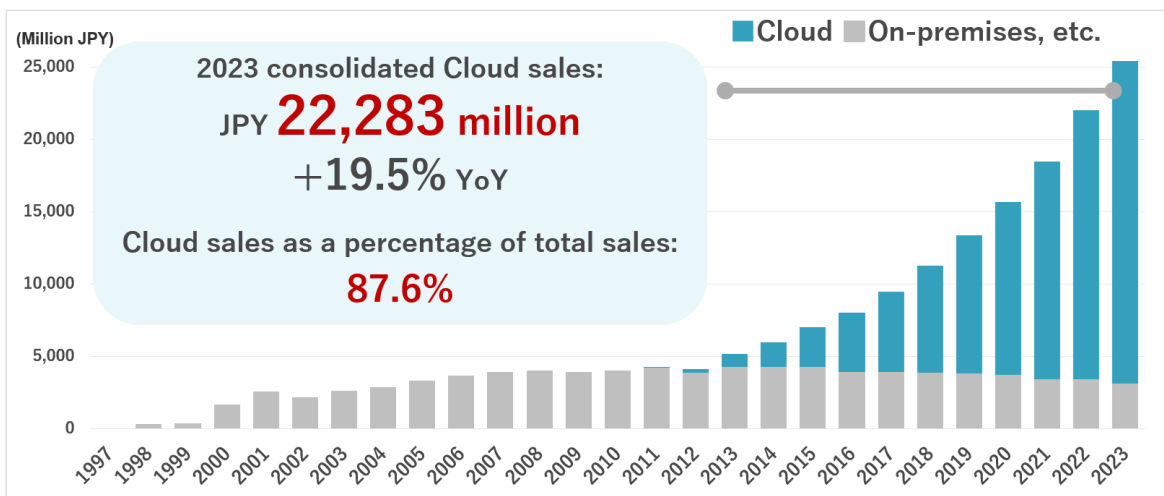
Consolidated Sales by Product
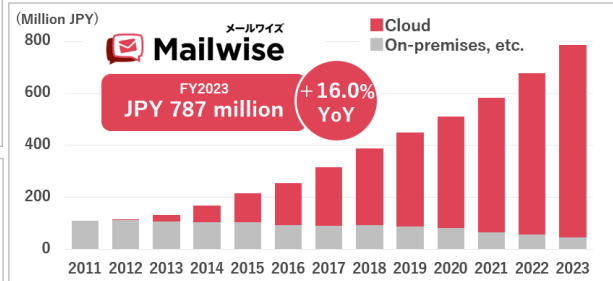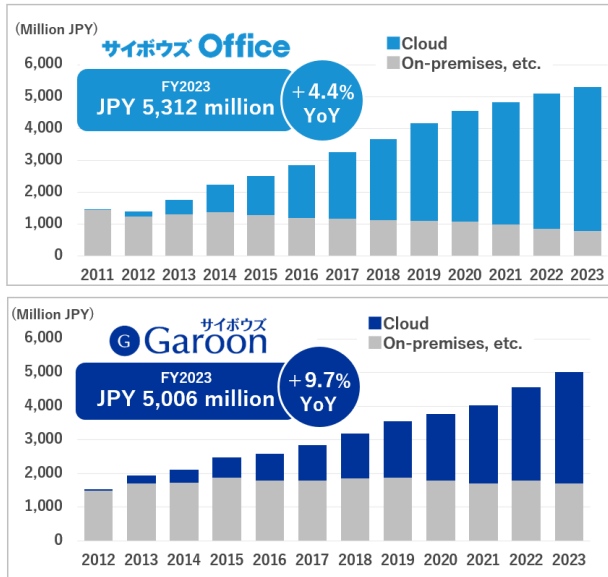
The Cloud-based versions of our other products: Cybozu Office, Garoon, and Mailwise are also continuing to grow thanks to the support of our customers.

Consolidated Sales (Cloud/On-premises)
Solid Growth in Cloud Sales

2023 consolidated Cloud sales:

JPY **22,283** million

+19.5% YoY

Cloud sales as a percentage of total sales:

87.6%

* Figures are non-consolidated until 2010 and consolidated from 2011. * Six month-fiscal period in 1999, 11-month fiscal period in 2012.
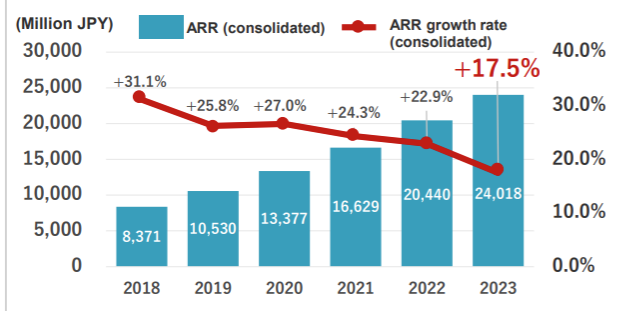
This graph shows the resulting percentage that Cloud sales currently make up out of total sales. Cloud sales currently account for 87.6% of total sales, or JPY 22.2 billion out of JPY 25.4 billion. In the past, you might have had the image of us being a packaged software company, but now that we have come this far, I think we can safely say that we are a Cloud company.

1st Ever Disclosure of SaaS Stats

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SaaS Management Indicators

As at end of December 2023

	ARR [1] (Million JPY)	ARR [2] Growth Rate(YoY)	MRR[3] (Million JPY)	Subscription sales percentage[4]
Consolidated sales	24,018	+17.5%	2,001	88.3%
Non-consolidated sales	22,882	+17.4%	1,906	88.7%

ARR and ARR Growth Rate (Consolidated)

(Million JPY) | ARR (consolidated) | ARR growth rate (consolidated)

+17.5%

30,000 — 40.0%
25,000 — +31.1%
20,000 — +25.8% +27.0% +24.3% +22.9% — 30.0%
15,000 — 20.0%
10,000 — 10.0%
5,000 —
0 — 0.0%

8,371 10,530 13,377 16,629 20,440 24,018

2018 2019 2020 2021 2022 2023

▶ While Cloud consolidated sales hit a record high, AAR growth rate is trending downward

*This data is for Cloud services only
(1) ARR: 12 months of MRR (Annual Recurring Revenue)
(2) ARR Growth Rate: YoY growth rate of ARR
(3) MRR: Monthly Recurring Revenue
(4) Subscription sales percentage: Percentage of MRR divided by monthly sales for all 12 months including package sales

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Today we are publicly disclosing our performance against SaaS indicators for the first time. While I have only told you good news so far, I'm now about to share some not so great figures with you. The Annual Recurring Revenue (ARR) growth rate, the so-called Cloud sales per month multiplied by 12, has been declining.

The worrisome trend is that the cumulative Cloud sales growth rate has been contracting, from over 20% in the past to 17.5% last fiscal year.

1st Ever Disclosure of SaaS Stats

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SaaS Management Indicators｜Non-Consolidated Sales by Product

As at end of December 2023

	ARR[1] (Million JPY)	ARR[2] Growth Rate (YoY)	MRR[3] (Million JPY)	Subscriptio nsales percentage[4]	Gross Revenue Churn Rate[5] Cancellation rate	Net Revenue Retention[6]	ARPA[7] (JPY) Average sales per subdomain
Kintone	13,310	+21.6%	1,109	100.0%	1.28%	107.0%	34,100
Cybozu Office	4,742	+7.4%	395	86.8%	0.91%	96.2%	16,600
Garoon	3,471	+16.6%	289	68.2%	0.39%	103.1%	116,700
Mailwise	786	+15.8%	65	95.0%	1.17%	102.1%	7,200

▶While the unit price of Garoon, which is designed to be an enterprise-wide platform, is high, the **unit price of Kintone**, which drives our product sales, is the challenge.

* This data is for Cloud services only
(1) ARR: 12 months of MRR (Annual Recurring Revenue)
(2) ARR Growth Rate: YoY growth rate of ARR
(3) MRR: Monthly Recurring Revenue
(4) Subscription sales percentage: Percentage of MRR divided by monthly sales for all 12 months including package sales
(5) Gross Revenue Churn Rate: Churn rate calculated by dividing the current month's loss in subdomain units due to churn and subscriber attrition by the previous month's revenue (12-month moving average).
(6) Net Revenue Retention: Annual net revenue retention rate calculated by dividing the current month's revenue of the subdomains subscribed to as of one year ago by the monthly revenue of one year ago (12-month moving average).
(7) ARPA: Average Revenue per Account (ARPA) per subdomain. * Excluding team support licenses, school & parents' licenses, and Kintone guest users. A single company may subscribe to multiple subdomains.

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This is the break down by product. This is what the ARR growth rates look like for each of the four products Kintone, Cybozu Office, Garoon, and Mailwise.

If we break this down further, to put it very simply, it is quantity multiplied by the unit price. That unit price is known as Average Revenue Per Account (ARPA). If you look at ARPA, Garoon comes in top place. Garoon is groupware that can be installed on a relatively large scale, so it has a reasonable ARPA of JPY 116,700, but Kintone continues to have a low unit price of JPY 34,100.
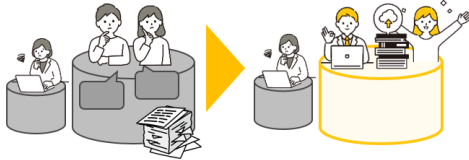
To put it another way, many companies have deployed Kintone, but maybe only a few departments within the organization are using it, say only 10 people or so.

For our part, since Kintone can be used to create a very broad range of apps, we hope to encourage companies to roll out and make use of Kintone across their entire organization so that all of their people can use it to create all kinds of apps enabling everyone to work transparently and autonomously, as I mentioned at the beginning of this presentation. At this stage, the actual situation remains that often only a few departments within a company have adopted and are leveraging Kintone. That is what we are seeing being reflected in the Kintone ARPA.

Striving to create a Platform that Allows More Diverse Customers to Handle Diverse Information

Digitization of specific departments

Data is fragmented by department, limiting the effectiveness of information sharing

Information sharing throughout the organization

Enabling <u>swifter decision making and efficient business processes</u>

kintone

▶ Easy-to-use **low-code/no-code tools** for everyone
Frontline-driven improvements without requiring IT expertise

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So, I think our challenge going forward, the biggest challenge we face, is that a few very specific departments have been digitalized so how can we expand digitalization across the entire organization. I think the key challenge for us is getting companies to expand the use of their Kintone platforms, which have only been deployed in a few select departments, across the entire company.

So far, we have achieved success in encouraging adoption of Kintone by departments within many organizations. We have had some success in achieving broader platform take up within companies, but there is still a great deal of work to be done in driving company-wide adoption. Without this, we cannot truly say that we have a society brimming with teamwork, and this is what we would like to focus on from now on.

We have begun that activity and are gradually improving our performance. We would like to introduce a few of our corporate users.
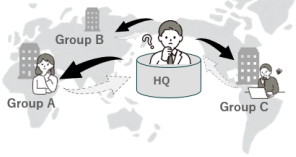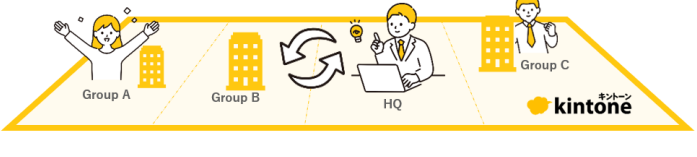
First is TAIYO NIPPON SANSO. After deploying Kintone in part of their company in 2017, this gas company has steadily expanded the number of Kintone apps it uses, and now their Kintone platform has grown to span 53 group companies with approx. 8,000 employees who are working with around 600 Kintone apps, which I think is one of our success stories.

This will change the way we work. What I mean by this is now information sharing infrastructure has developed to such an extent that we are hearing about how remote work has become the norm. In the past, only a few people in the IT department could create such systems, but what we are also hearing from our user companies is that by expanding adoption of the Kintone platform throughout their organization, various people in various departments can now create apps, and as a result their DX push is gaining traction and progressing rapidly.

This is an example of how companies have achieved progress with their DX programs as a result of holding in-house Kintone *dojos* thereby increasing the number of their DX capable people to further drive DX within their organization. We are very keen to continue to increase the number of such companies.

User DX Case Study｜Marubeni-Itochu Steel Inc.

Using Kintone as its organization-wide information sharing platform for more than 1,500 people, across 100 group companies in Japan and overseas

Digitization lagged
☑ Inefficient operations **due to non-automated handling of data aggregation and analysis**

Improved operational efficiency using digital technologies
☑ Achieved **annual reductions of approx. 800 work hours** thanks to customer management and sales negotiations **management apps**
☑ Able to **survey approx. 100 domestic and overseas companies in multiple languages**
☑ Improved operational efficiency thanks to automated data aggregation and analysis

Challenges in information sharing
☑ **Communication tended to be mostly one-way from the head office to the group companies**

Information can be shared across the entire group
☑ Achieved all round communication between the head office and group companies. Reflect **opinions of people in the field into system improvements**

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Another example is Marubeni-Itochu Steel. This corporate group also uses Kintone as its organization-wide information sharing platform for more than 1,500 people, across 100 group companies in Japan and overseas.

Specifically, Marubeni-Itochu Steel has seen remarkable annual reductions of approximately 800 work hours thanks to customer management and sales negotiations management apps alone.

Public Sector

User DX Case Study

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Kitakyushu City, Fukuoka Prefecture

All 8,000 staff members use Kintone and are working to digitalize the entire city office

Further accelerate improvement of citizens' services targeting the reduction of 100,000 work hours/year by 2025

| Short staffed due to hugely paper-based operations | ➤ | Costs reduced through digitization |

☑ Required a huge number of staff and amount of time to open and process mailings, and manage paper documents

☑ Reduced system costs equivalent to **2.2 billion yen** in 1.5 years after deployment
☑ Reduced **approx. 36,000**hours/year of staff work hours

Mishima City Board of Education, Shizuoka Prefecture

Provided Kintone accounts to all teachers at 21 public elementary and junior high schools in the city

Promoted digitization of school administration and reduced paperwork by 10,000 sheets per year

| Administered questionnaire documents in hardcopy | ➤ | Reduced paperwork and work hours |

☑ Had to enter data written on paper into the system and store the hardcopies

☑ Eliminated approximately **10,000 pieces of paper per year**
☑ Reduced a total of approx. **450 hours** of staff work time across schools in the city

Measures to install Kintone throughout the entire organization

▶ All Staff Kintone Deployment Introductory Price Campaign

▶ Complete local government DX all-in-one box
etc.

Number of municipalities using Kintone

Approx. 290 local governments in 2023

No. of installations throughout entire organizations increased 12-fold YoY

(bar chart: 2019, 2020, 2021, 2022, 2023; vertical axis 0–300)

* Definition of installation throughout the entire organization: Deployment for the number of users for the same as or more users as the total number of general administrative staff (general administration and social services) disclosed in the Survey Results of the Capacity Management of Local Governments published by the Ministry of Internal Affairs and Communications.

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Moreover, use of Kintone is expanding in the public sector as well. Here are some examples.

The first is the Kitakyushu City government in Fukuoka Prefecture. This customer also initially installed Kintone on a small scale and has now reached the point where all 8,000 staff members are using Kintone. Work the city government had been doing previously is now being increasingly digitally transformed, effectively reducing the workload. Moving forward, Kitakyushu City is set to reap great rewards as it aims to save approximately JPY 2.2 billion within 18 months of deploying Kintone.

The Mishima City Board of Education in Shizuoka Prefecture has also deployed Kintone, issuing Kintone user accounts to teachers at 21 public elementary and junior high schools in the city and sharing information across schools. Sharing information across schools involves a lot of communication with the school board, and this is an example of where a customer has been able to greatly reduce man-hours by making that part of the process paperless.

I believe that by expanding the scope of these small-scale system deployments to more widespread adoption, we will be able to achieve even greater results.

In order to promote this, we are supporting installation of Kintone throughout the entire government, and we are running the *All Staff Kintone Deployment Introductory Price Campaign*, in which we ask municipalities to roll-out Kintone across their entire workforce, and offer the system at a lower price in order to encourage organization-wide deployment. Through this campaign the number of municipalities installing Kintone and the number of municipalities deploying Kintone across their entire organization have increased significantly.

In particular, the number of cases where Kintone has been deployed across an entire government agency has increased twelve-fold YoY, steadily creating a trend of governments that had previously only deployed Kintone in a few departments now expanding its use significantly.

Striving to create a Platform that Allows More Diverse Customers to Handle Diverse Information

Expand the range of operations and information that can be handled	Eliminate barriers between departments and organizations
☑ **Product development**	☑ **Pricing/Services**
Cybozu NEXT	**Kintone Company-wide Deployment License**

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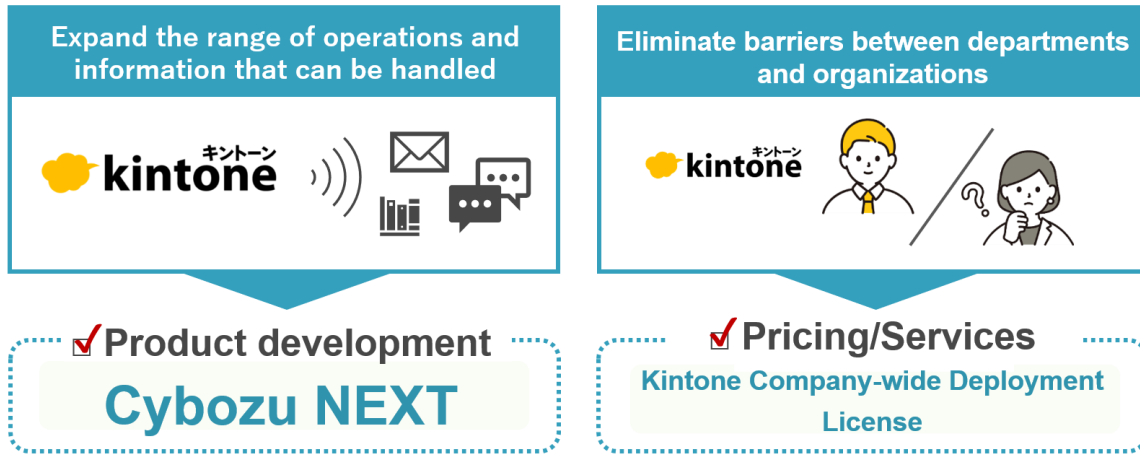
But there are still things that need to be done. We have to work on improving products and sales.

So today, I would like to introduce two developments, one is called Cybozu NEXT and the other is the *Kintone Company-wide Deployment License*.

Striving to Create a Platform that Allows More Diverse Customers to Handle Diverse Information

☑ **Product development**
Cybozu NEXT

Expand the range of operations and information that can be handled

Kintone Mail Sharing Option
First release is scheduled in 2024

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First, Cybozu NEXT. If we want people to share more information with more people, we need a system that is capable of handling a variety of information. If you say that only a certain type of information can be used, that might be fine for just the sales department, but by being able to share a variety of information, that means we can create a movement that will make the information available to more people.

One of the concrete steps in this process is the creation of the Kintone mail sharing option. The idea is to share emails that come in on Kintone.

Kintone has never had an incoming email feature, but we are developing and preparing to release an email sharing option by the end of this year, which will be able to receive emails, integrate with other Kintone apps, and share incoming emails throughout the Company. This development is called Cybozu NEXT.

Striving to create a Platform that Allows More Diverse Customers to Handle Diverse Information

✓ Pricing/Services

Kintone Company-wide Deployment License

Eliminate barriers between departments and organizations

Scheduled to go on sale in summer 2024
Kintone Company-wide Deployment License

License dedicated for company-wide rollout

Raise the upper limit of the number of apps

Dedicated plug-in

The other development is the *Kintone Company-wide Deployment License*. When you want to deploy software across the entire organization, it's better to have one dedicated license for the roll out. The benefits are not just price alone, for example, the current ceiling on the number of apps you can have is limited to 1,000 apps. If the entire company is going to use Kintone, the customer's expectation might be that 1,000 apps will not be enough, so we are trying to raise the maximum number of apps if a company deploys Kintone company-wide to meet those expectations.

Or there might be a certain feature that you want to have when you are deploying a system company-wide, so we are also developing a dedicated plug-in for company-wide deployment of Kintone and are putting together a *Kintone Company-wide Deployment License* that will bundle Kintone together with such features. This will be available for sale this summer, so please stay tuned.

Expansive Cybozu Ecosystem

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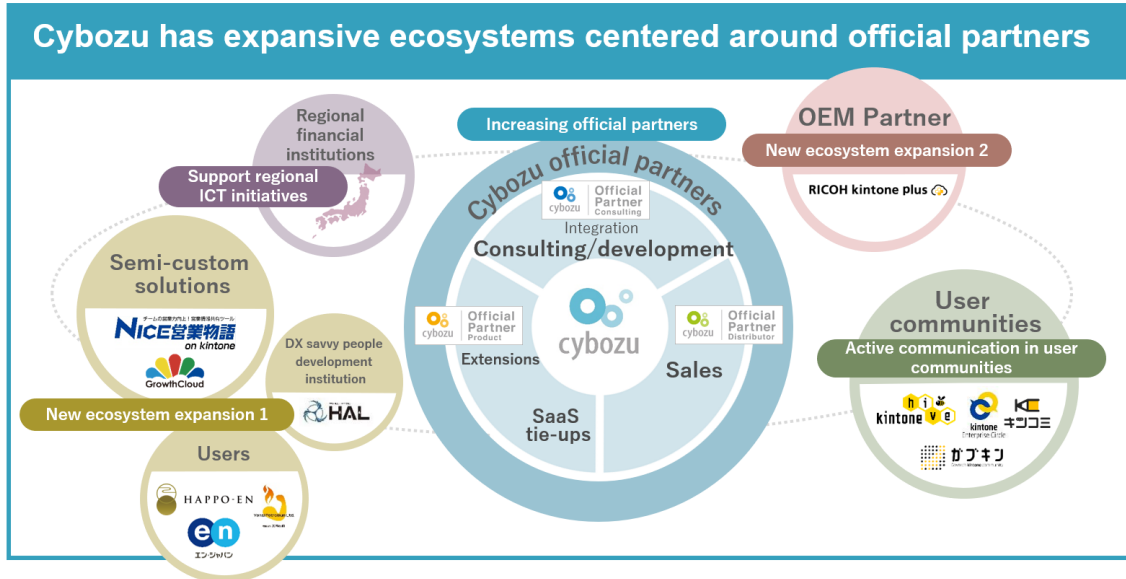
Next, I would like to talk about the expansion of the ecosystem. Kintone operates on an ecosystem-based business model, and this is really the most fundamental part of our strategy in the long run.

When you think of this kind of ecosystem, I think what immediately comes to mind is sales partners. Of course, we are doing our best to cultivate our network of sales partners, but in the case of Kintone, we are also trying to cultivate a network of all different types of partner companies right now.

For example, we have consulting and development partners, as well as partners who extend the functionality around this area and integrate with third-party SaaS services. We are also working with financial institutions and trying to cultivate partners who can create packaged services on Kintone, which we call semi-custom solutions.

In addition, we are creating a variety of solutions with very diverse partners, including where user are companies connecting with each other, offering Kintone on an OEM basis, etc.

Increasing official partners

Expanding the Partner Business

oo° cybozu

As at end of December 2023

Partner sales

Partner sales account for 62.9% of Cloud sales in 2023

Direct/indirect Cloud sales in Japan

(Million JPY)

2023
Indirect Cloud sales in Japan:
JPY 13,410
million
+21.9% YoY

- Indirect sales
- Direct sales

20,000 · 15,000 · 10,000 · 5,000 · 0

2011年 2012年 2013年 2014年 2015年 2016年 2017年 2018年 2019年 2020年 2021年 2022年 2023年

No. of partners

About **450** companies

Registered companies: more than 650
No. of companies preparing to register as official partners

Increasing number of AI-integrated services
Various AI-integrated services with Kintone were released in 2023. Cybozu is thoroughly bolstering the platform.

No. of integrated services

Over **350** services

kintone Teamwork Fund was established
A corporate venture capital fund was established in July 2023 to **invest in** companies taking up the challenge in new technology fields such as generative AI and companies offering semi-custom solutions, etc.

Initiatives to strengthen partner business

Held two events in Sendai, Miyagi Prefecture
The same events are scheduled to be held in Osaka in 2024

▶ *Real Cy-Musubi in Sendai* **in September 2023**
Exchange event between local consulting partners and SaaS product partners

▶ *Cybozu Cloud Garden in Sendai* **in December 2023**
An event utilizing our regional partner network, featuring exhibits and presentations on Cloud services including Kintone

First Real Cy-Musubi in Sendai in September 2023

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In terms of the overall picture of our partner business, partner companies now generate 62.9% of our Cloud sales in Japan.

In addition to the 450 official partners, there are 650 registered partners (which is the category of partner prior to a company becoming an official partner), and I believe the range of partners has also expanded considerably.

There are now over 350 services that integrate with Kintone, and in the area of AI, which is particularly a hot topic of late, the number of AI-related integrations has increased significantly. We have also established a fund called the Kintone Teamwork Fund to encourage partners to continue to actively create AI-based Kintone integrations in future too.

Networking among partners is also very important, and when partners work together, the synergy is even greater. We have an event called Cy-Musubi, which connects these partners, and an event called Cloud Garden, which also includes customers. We also actively organizing events like this to connect partners.

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Stream of AI-integrations

A series of AI-integrated services available with Kintone have been released since 2023

Kore.ai
Works ID Co.,Ltd.

AIntone+
Systems Nakashima Co.,Ltd

Front Agent
Umee Technologies Inc.

mojula for kintone
BIRDS Systems Research Institute, Inc.

Kinchabo
NDI Solutions, Ltd.

Associate AIHub for kintone
(provisional name) Showcase Inc.

AI utilization support feature (β) for RICOH kintone plus
Ricoh Company, Ltd.

Smart at AI
M-SOLUTIONSand more

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These are the AI services that integrate with Kintone we have just introduced. This is a short list of just some of what was exhibited at last year's Cybozu Days event.

There are also various AI integrations around Kintone. For example, there is an AI service that builds data that comes into Kintone and imports data into Kintone. And there are integrations that use AI to make the data in Kintone even better. There is also a mechanism for pulling out the data contained in the system in a chatbot like form that responds in natural language as it extracts the data. Also, some of the Kintone apps themselves are made with the help of generative AI.

A truly diverse range of AI integrations are being created around Kintone. We also intend to make use of these wonderful technologies around Kintone.

Support regional ICT initiatives

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No. of Partnerships/Results Achieved Rose in 6th Year Since Partnerships with Regional Banks Started

As at end of December 2023

Helping regional SMEs achieve DX by combining regional banks' management know-how and Cybozu's ICT support

The abundant business management support know-how and relationships of trust with customers that regional banks have cultivated, and Cybozu's Cloud services and strong partner network combine to assist **regional SMEs to achieve DX.**

▼Business model for tie-ups with regional banks

Provision of business improvement tools

Interview
ICT pitch
Consulting

Regional bank

Customer

Local bank branch
sales staff

Cybozu Official Partner

Cybozu

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Business matching

Cybozu Partner Network

Business issues interview sheet

Consultation

Integrate information
Backup & support

ICT consulting group

Host study sessions for bank employees

Host joint seminars

No. of regional bank partnerships

20 banks throughout Japan

Regional banks' consulting results

About 600 companies deployed Cybozu products

Kintone Training Camp

Cybozu runs a user community for banks to share and improve Kintone consulting and pitching skills

KTC
kintone Training CAMP

Next, I would like to introduce our collaboration with regional banks. We have been partnering with regional banks for some six years now, and it has proven to be quite successful.

In regional areas, you will find that regional banks have a large network of small and medium-sized enterprises as their customers, and regional banks need to be able to provide these customers with ICT consulting services, but it is difficult for bank employees to immediately start delivering ICT consulting services. However, with Kintone, there is no coding, so if bank employees can learn how to use Kintone, if they understand the customer's business they will be able to pitch good proposals to them.

The latest figures show that we have partnered with more than 20 regional banks nationwide, and 600 companies have already gone ahead and deployed Cybozu products as a result of pitches by these regional banks.

We need bank employees to learn ICT skills, so we have set up a community for this purpose, which is called the Kintone Training CAMP. By creating these types of study opportunities, we are working to help bankers acquire skills in this area.

New ecosystem expansion 1

Oo°°cybozu

Users Have Become Partners through Joint Development, DX Savvy People Development

Semi-custom solutions

A wide variety of industries and business types, **not just SIer companies and IT consulting firms**, provide customers with unique services built on Kintone by combining Kintone utilization know-how and their exclusive business knowledge.

▶Japanese Customer Stories: NICE Sales Story on Kintone by Systems Nakashima Co.,Ltd, Growth Cloud by Funai Consulting Incorporated, and others

Joint Development Case Study
Jointly developed Cloud-based, HR-related apps with Pasona Inc.

Kintone HR Powered by PASONA

DX personnel development institutions

Kintone courses **are offered at 23 technical schools** and universities across Japan. Approximately **900 students took Kintone courses** in FY2023. Continue working to make **Kintone a fundamental business skill**.

Technical schools and universities providing Kintone courses
Hokkaido Computer School, Nihon Kogakuin College, and ECC College of Computer and Multimedia, Professional training college HAL, Kawaijuku Gakuen Trident Computer College, Aso Business Computer Collage, Musashino University, Tokyo Online University, Osaka Sangyo University, etc.

As at end of December 2023

A new trend: users becoming official partners

Examples of user companies who **have created a DX business** by combining **their Kintone utilization know-how** accumulated internally **and the knowledge of their main business** to generate new value. Because Kintone is a no-code/low-code tool, **non-IT companies can roll out their DX knowledge horizontally across their industry.**

▶Japanese Customer Stories: HAPPO-EN inc., en Japan Inc., Yanai Petroleum Ltd., and others

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Continuing on, here is another initiative we are working on with our partners. We have recently started delivering semi-custom solutions. Kintone is convenient for creating a variety of apps, but sometimes it is not easy to create an app from scratch, so we have put together some app templates to assist with that. Even so some people find it difficult to create something complex using only templates. That is why we are currently focusing on semi-custom solutions, which we believe can be rolled out horizontally.

For example, Systems Nakashima's *NICE Sales Story on Kintone* is a service that incorporates the sales force automation (SFA) know-how that Systems Nakashima has developed to date. By deploying *NICE Sales Story on Kintone* as a semi-custom solution, customers can quickly complete an SFA system.

Also, because it is a semi-custom system, you can leverage the advantages of Kintone; if and when you want to fix something, you can. The benefits of this package are that it's a semi-custom solution, its midway between a package system and one that you have had to build yourself, so you can leverage the advantages of having a semi-customized system on Kintone.

We have now co-developed a semi-custom solution with Pasona for HR-related apps offered under the product name *Kintone HR Powered by PASONA*. This is the kind of development we are working on.

We are also collaborating with various educational institutions to create opportunities for people to formally learn Kintone. Currently, Kintone courses are being offered at 23 vocational schools and universities across Japan, and 900 people are studying Kintone at those institutions to assist them with entering the workforce. I believe that having students learn about Kintone can drive widespread take up of Kintone.

Finally, another interesting development is the increasing number of user companies who are becoming partners. These are companies who have deployed Kintone and tried to drive their own DX, and in doing so, have developed a lot of DX-capable personnel within the company, and then started thinking about how they can take this know-how and put it to use outside the company.

For example, Happoen operates wedding halls, etc., and they have a lot of know-how that they have accumulated on their own, and they want to do something about progressing DX across the bridal industry in general. So, to our surprise, Happoen has launched a DX business and is now also exhibiting at our events and

trying to roll out DX horizontally across the industry. We would like to actively support these kinds of user developments.

New ecosystem expansion 2

OEM Partnership with Ricoh Co., Ltd.

Accelerating Kintone deployment through new methods of service provision and sales

RICOH kintone plus

Installed customer base hit **1,000** companies mark in approx. 1 year from the October 2022 launch

▼Advertising in TV commercials, etc.

* This information is based on Ricoh Co., Ltd.'s FY2023 ads.
This information was only valid only while the ads were on air (FY2023).

Features of RICOH Kintone Plus

- Standard integration with Ricoh's multifunction devices
- Exclusive plug-ins
- Ricoh original App store, etc.

Received faxes, scanned documents, and scattered files are stored directly in RICOH kintone plus for centralized management.

RICOH kintone plus

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Continuing on, this is an OEM initiative, which we are pursuing together with Ricoh. Ricoh had been selling Kintone through Ricoh's sales network, and said that they would like to offer Kintone as their own badged product through their network. So Ricoh have produced an OEM version, which Ricoh have made into their commercial product, called *RICOH Kintone plus* (or *RicoKin* as we refer to it internally within Cybozu) that they are selling through their sales network.

RICOH Kintone plus includes features not found in regular Kintone, such as standard integration with Ricoh's multifunction devices and its own plug-ins. Ricoh's original app store is also available. This is a really great product for Ricoh's customers, and I would be delighted if many Ricoh customers come to know about *RICOH Kintone plus*.

Active communication in user communities

Enhancing DX Quality Thru User Communities

Kintone user community for enterprises
Kintone Enterprise Circle
(Kintone EPC)

Promoting the use of Kintone within the participating companies
▶**Mutual exchange of feedback, useful information and know-how**, based on output-focused interactions between users about their company's issues and initiatives
▶Foster user-level teamwork across organizational and corporate boundaries

kintone Enterprise Circle

* No. of participating companies: about 25 companies
(JATCO Ltd., Rohto Pharmaceutical Co., Ltd., and others)

As at end of December 2023

How to develop DX savvy people using no-code tools
Presented along with case studies from large companies
Released in August 2023
Released the DX Savvy People Development Guidelines

Free access

https://topics.cybozu.co.jp/news/2023/08/28-18547.html
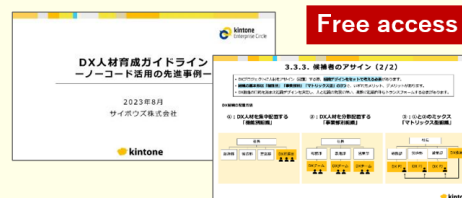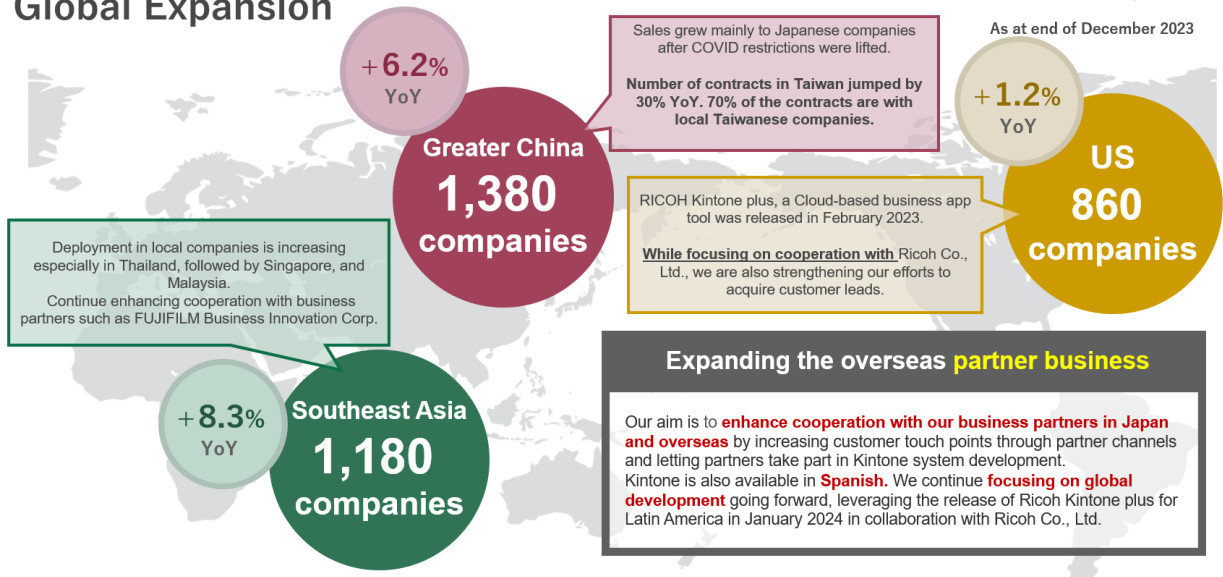
Possible to achieve DX without requiring IT expertise

We would like to continue to see Kintone being adopted by large companies who then roll it out enterprise wide. In order to do so, we need to create a mechanism for horizontal development of good customer use cases, that is why we are now running a user group for large scale users, called Kintone Enterprise Circle. We are managing the Kintone Enterprise Circle so that companies who have developed sophisticated use cases can join the Kintone Enterprise Circle, share their know-how, thereby promoting smooth deployment of Kintone in large companies.

Along with this, we have formulated the *DX Savvy People Development Guidelines* in an effort to compile this know-how into a set of guidelines. We have put together these guidelines on how to ramp up the number of people in large companies with the DX skills to create apps and improve systems, rather than just having a few people able to do so. (Note: these Japanese-language guidelines were co-written together with en Japan Inc.)

The guidelines (Japanese only) are available for free download here; we hope you will find them useful.

Global Expansion

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As at end of December 2023

+6.2% YoY

Greater China
1,380
companies

Sales grew mainly to Japanese companies after COVID restrictions were lifted.

Number of contracts in Taiwan jumped by 30% YoY. 70% of the contracts are with local Taiwanese companies.

+1.2% YoY

US
860
companies

RICOH Kintone plus, a Cloud-based business app tool was released in February 2023.

While focusing on cooperation with Ricoh Co., Ltd., we are also strengthening our efforts to acquire customer leads.

Deployment in local companies is increasing especially in Thailand, followed by Singapore, and Malaysia.
Continue enhancing cooperation with business partners such as FUJIFILM Business Innovation Corp.

+8.3% YoY

Southeast Asia
1,180
companies

Expanding the overseas partner business

Our aim is to **enhance cooperation with our business partners in Japan and overseas** by increasing customer touch points through partner channels and letting partners take part in Kintone system development.
Kintone is also available in **Spanish.** We continue **focusing on global development** going forward, leveraging the release of Ricoh Kintone plus for Latin America in January 2024 in collaboration with Ricoh Co., Ltd.

* Total number of companies in Greater China and SEA; number of subdomains signed up in the U.S.

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I would like to continue by discussing our global expansion. Globally, we are managing to increase sales in each of our markets now, although the situation is quite difficult due to changes in strategy and other factors.
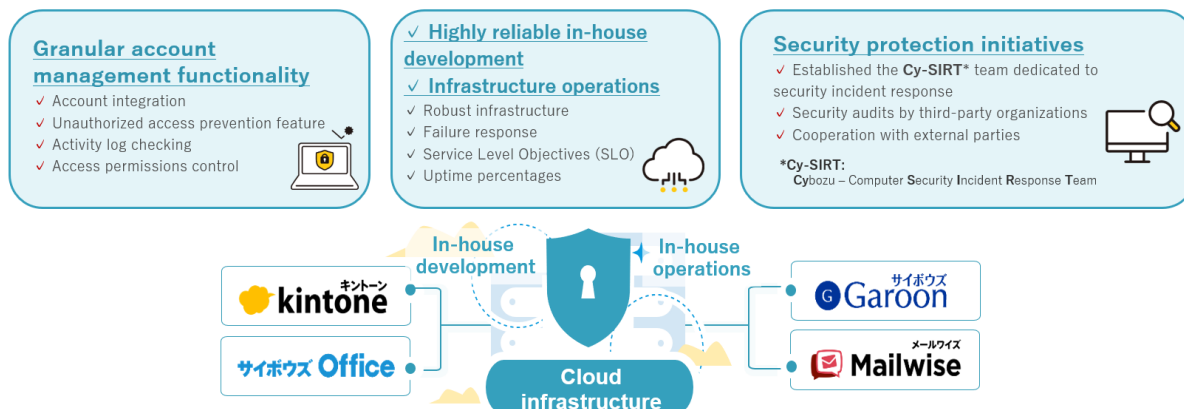
Here are the specifics. In the US, Cybozu has been developing a customer base directly until now. However, since we have formed a tie-up with Ricoh, we have made a major shift in our strategy, using Ricoh's US sales network to sell the US version of *RICOH Kintone plus*, and those activities have now begun. It may yet take some time to see results, but if things go well, I anticipate it will lead to the kind of significant growth that we have not been able to achieve thus far.

In Southeast Asia, we are working on a partnership with FUJIFILM Business Innovation. We don't have much of a network in Asia either, so we are working on a partnership with FUJIFILM Business Innovation to sell more Kintone through their sales network.

In this way, we are looking to expand our business worldwide, with an emphasis on a partner business model overseas as well.

Additionally, a Spanish-language version of Kintone is now available. Supporting Spanish, allows us to start selling Kintone in Latin America too, and we will also commence our sales drive in the Latin America market with *RICOH Kintone plus*.

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Efforts to Improve the Quality of Cloud Infrastructure

Granular account management functionality
- ✓ Account integration
- ✓ Unauthorized access prevention feature
- ✓ Activity log checking
- ✓ Access permissions control

✓ Highly reliable in-house development
✓ Infrastructure operations
- ✓ Robust infrastructure
- ✓ Failure response
- ✓ Service Level Objectives (SLO)
- ✓ Uptime percentages

Security protection initiatives
- ✓ Established the **Cy-SIRT*** team dedicated to security incident response
- ✓ Security audits by third-party organizations
- ✓ Cooperation with external parties

***Cy-SIRT:**
Cybozu – **C**omputer **S**ecurity **I**ncident **R**esponse Team

In-house development → | Cloud infrastructure | ← In-house operations

kintone
サイボウズ Office

Garoon
Mailwise

Since the start of our Cloud business in 2011, we have continued to develop and operate our own cloud infrastructure.
The transition to NECO, an in-house developed, next-gen Cloud infrastructure with reliability enhanced by state-of-the-art technologies, by around 2025 is underway.

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I would like to introduce several other initiatives we are engaged in.

First is our Cloud infrastructure. What we often get asked about in relation to our roll out of Cloud services is if we are running our services on top of powerful global infrastructure companies such as Amazon Web Services or Microsoft Azure, then doesn't that mean the more Cybozu services sell, the more money those companies make?

Cybozu has a very salient feature: all Cybozu Cloud services for Japan are developed and operated in-house. So, we have the distinction of renting our own data centers, purchasing our own servers, and building and providing Cloud services by ourselves. In that sense Cybozu is characterized by being a fully made-in Japan Cloud service.

We have been doing our best to do it ourselves, and it is time to innovate with new technology, so we are migrating to a new Cloud platform that we have developed in-house, which we call NECO.

By moving to this new Cloud infrastructure built on the latest technology, we can greatly increase reliability again. For example, we are moving to a very reliable infrastructure that is resilient to failures, can be recovered quickly in the event of a failure, easily handles scalability, lowers our operating costs, and is enhanced in terms of security.

We are actually in the process of migration now, and this year is the crucial stage of that process, which we are targeting to complete in around 2025 or 2026. So I wanted to share these kinds of behind-the-scenes activities we are engaged in with you as well.

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Security Assessments by Third-party Organizations

NEW Received SOC2 Type1 Security Report

We received a SOC2 Type1 Report in December 2023 for Kintone as Cloud service provided to overseas customers. External auditors evaluated our internal controls related to security and other aspects of the Trust Services Criteria established by the American Institute of Certified Public Accountants (AICPA).

Registered as compliant with security evaluation standard for government information systems (ISMAP)

The **Cloud service infrastructure cybozu.com as well as Garoon and Kintone (both hosted on cybozu.com)** have been registered and renewed in the ISMAP-certified Cloud service directory since September 2021.

Acquired Certifications for Information Security Management Systems (ISMS)

- <u>ISO/IEC 27001:2013</u>   ***Scheduled to be compliant with ISO/IEC 27001:2022 in 2024**
  Certification scope: Design, configuration, and maintenance of infrastructure for our in-house developed Cloud services/Design, configuration, operation, and maintenance of our internal IT systems/Development of our Cloud-based services, on-premises products, and our in-house systems
  Certification number: IS 577142

- <u>ISO/IEC 27017</u>
  Certification scope: ISMS Cloud security management system for system operation and maintenance as a Cloud services provider of cybozu.com, Garoon, Kintone, Cybozu Office, and Mailwise
  Certification number: CLOUD 715091

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These are the security assessments performed by external organizations. In order, from the bottom up, we have these fundamental ISMS certifications and continue to keep them up to date.

In addition, there is an evaluation system for Japanese government information systems called ISMAP, which makes it easier to tender for Japanese government procurement projects, and we are certified and registered under this system as well.

In addition, we have been working on SOC2, which is a type of global security certification. We have also been working to comply with global security standards such as SOC2 in order to expand the adoption of Kintone globally in future.

Third-party Commendations
(Customer Support/User Experience)

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Nikkei Computer, March 7, 2024 edition
Partner Satisfaction Survey 2024
Cloud Information System Services category
1st place

パートナー満足度調査 2024
日経コンピュータ
クラウド情報系サービス

Nikkei Computer, March 7, 2024 edition
Partner Satisfaction Survey 2024
Software/Services that Improve Business Efficiency and Support Insourcing category
1st place

パートナー満足度調査 2024
日経コンピュータ
業務効率化・内製支援ソフト/サービス

Nikkei BP Government Technology, Autumn 2023 edition
Municipal Government IT System Satisfaction Survey 2023-2024
Groupware/Business Chat category
1st place

自治体ITシステム満足度調査 2023-2024
日経BPガバメントテクノロジー

HDI Rating Benchmarks
Per response record/monitoring evaluation (telephone)
Received the highest rating of 3 stars
for the 2nd straight years

3 Stars Quality Service
HDI-Japan 2023

cybozu connect.C

Cybozu Connect.C was founded in June 2023
to enhance customer support for Cybozu products

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Continuing on, I would also like to introduce some evaluations of our performance by external organizations. This Partner Satisfaction Survey is from the March 7, 2024 issue of Nikkei Computer magazine, so it is the most recent. We took out first place in two categories of this Partner Satisfaction Survey: one in the Cloud Information Services category and the second in the Software/Services that Improve Business Efficiency and Support Insourcing category.

I think that this represents the high level of satisfaction our partners have with our services.
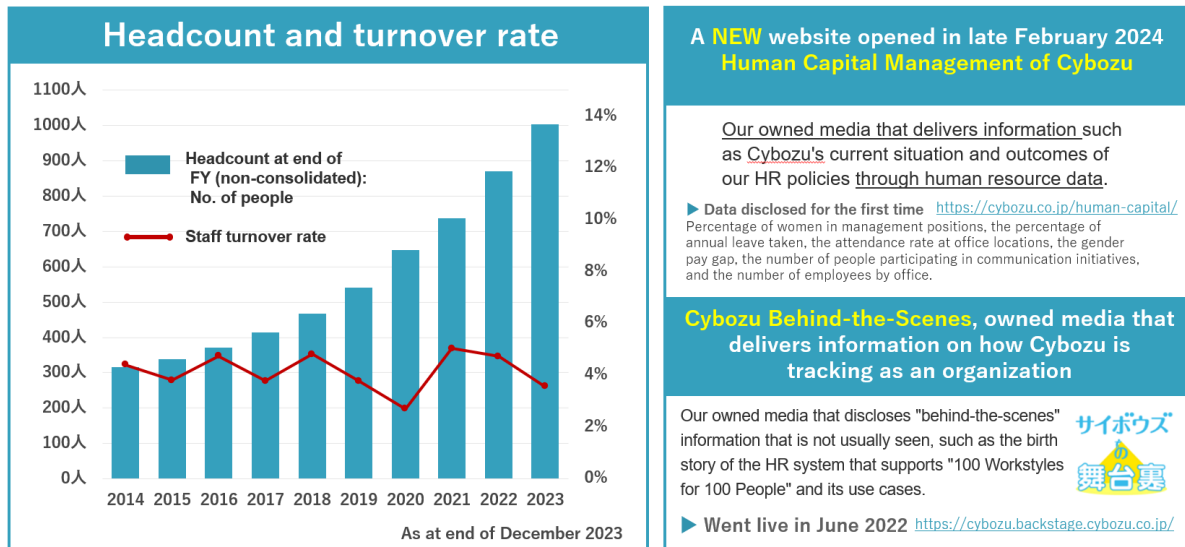
In addition, the local government IT systems satisfaction level is also high, meaning we are also providing the thriving local government IT market with services that enjoy a high degree of satisfaction.

In the call center space we have also received the highest possible rating of three stars, despite this rating not being easy to obtain.

As our customer numbers continue to increase, the call centers have also been receiving more inquiries, so in order to further enhance our call center system, we established a specialized company called Cybozu Connect.C, in June last year, to provide logistical support for our call centers. Cybozu Connect.C, aims to ensure even higher quality call center operations.

Additionally, Kintone has been positioned in Gartner's Magic Quadrant for Enterprise Low-Code Application Platforms for seven consecutive years.

Human Resources and Organization Updates

Headcount and turnover rate

- Headcount at end of FY (non-consolidated): No. of people
- Staff turnover rate

2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

As at end of December 2023

A NEW website opened in late February 2024
Human Capital Management of Cybozu

Our owned media that delivers information such as Cybozu's current situation and outcomes of our HR policies through human resource data.

▶ **Data disclosed for the first time** https://cybozu.co.jp/human-capital/
Percentage of women in management positions, the percentage of annual leave taken, the attendance rate at office locations, the gender pay gap, the number of people participating in communication initiatives, and the number of employees by office.

Cybozu Behind-the-Scenes, owned media that delivers information on how Cybozu is tracking as an organization

Our owned media that discloses "behind-the-scenes" information that is not usually seen, such as the birth story of the HR system that supports "100 Workstyles for 100 People" and its use cases.

サイボウズ
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舞台裏

▶ **Went live in June 2022** https://cybozu.backstage.cybozu.co.jp/

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Changing the subject, I would now like to turn to human resources and organizational matters. As shown in the graph, thanks to the growth of our business, the number of employees has continued to grow while the staff turnover rate has been maintained at under 5%. We have been able to increase the number of employees on a steady basis.

Cybozu is taking on a variety of challenges in the way the organization is run, including workstyle reform, and we are publicly sharing our organizational know-how in the Cybozu on-demand media, *Behind the Scenes at Cybozu* (Japanese only).

In addition, we have launched this new website to disseminate information through human resource data, including the newly released Human Capital Index. This site also provides information that has not been made public until now, such as trends in the percentage of women in management positions at Cybozu, the percentage of annual leave taken, the gender wage gap, and so on.

We manage our company with an emphasis on diverse individuality, and we would like to make our management of the company even stronger based on this kind of people-related information, so please take a look at this information we are disclosing and let us know your feedback.

Corporate Governance Update

Maintaining proper governance by selecting candidates for the Board of Directors from inside and outside of the company

Board Composition (Candidates for FY2024)

Outside Directors

Ms. Watanabe **will be** reappointed for FY2024. Ms. Kumahira will be appointed as a new Outside Director. She is active in a wide range of areas, including promoting educational reform, nurturing of social entrepreneurs, and reducing educational inequality.

Mika Kumahira
Dean, Showa Women's University Career College
Representative Director, 21st Century Learning Institute, Inc.
New appointment

Yuko Watanabe
HSW Japan, Partner and Co-founder 888
NY Consulting, LLC, Founder and Owner
Reappointment

Other Directors

Current Representative Director and the top three nominees selected in an internal ballot were selected as candidates, **in accordance with statutory and administrative considerations.**

Yoshihisa Aono
Representative Director and President
Reappointment

Riku Okada
Human Resources (HR) Division
New appointment

Takakazu Morioka
Organization Strategy Office
Reappointment

Tomoya Taoka
Corporate Affairs Division
New appointment

I will now turn to corporate governance. Specifically, regarding the directors on the board. We are making another major change in the system here.
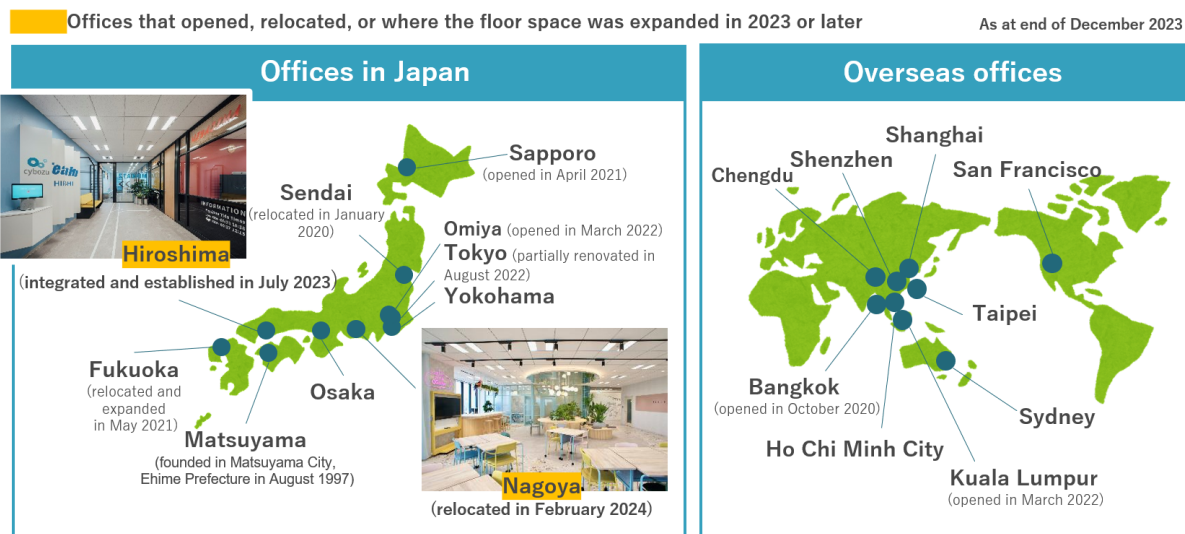
We have been sharing information internally, so my approach is that we are all directors. We have been operating corporate governance under this system with the idea that everyone should monitor and supervise each other as if they were directors, but with such a large number of people, it has become difficult to have everyone on the board.

Specifically, for example, when an employee commits misconduct, it is not appropriate to share the details throughout the Company, and so a limited number of people share the information, discuss the matter, and decide how to handle the situation. That sort of situation makes it difficult for all of us to be directors.

So, for this reason, we are trying to change this role of director, so that directors will be appropriately involved in these issues that can't be shared with everyone and follow the proper process to check if anything unfair is being done by any one manager, and so directors will be responsible for asking questions on any new matters that are classified as private (not made public within the company). This is the kind of role we would like the board members to take on, and we are now selecting people accordingly.

We are planning to add Mika Kumahira as an outside director, and in terms of internal directors we also have new, young members running for the board of directors. We are trying to create this kind of board structure so that people can be involved in complex internal issues from a young age to raise their perspectives.

Locations in 10 Cities in Japan and 9 Cities Overseas

Offices that opened, relocated, or where the floor space was expanded in 2023 or later

As at end of December 2023

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Next is the office situation. As the number of employees has increased, we have gradually expanded our offices. Looking at offices within Japan first, we recently opened a lovely new office in Hiroshima, near Hiroshima station.

In February of this year, we renovated our Nagoya office and made it much larger. We are now in the newly built Chunichi Building and have created a new office where we can expand our ecosystem radiating outward from Nagoya.

Our overseas offices are gradually being expanded and upgraded as well. For an example, we now have a Bangkok office which is relatively close by, and then there is our office in Kuala Lumpur in Malaysia. We are steadily also expanding our bases for global sales.

Our IT Support for Disasters in Japan and Overseas

Provide free licenses and IT support for disaster recovery

Support disaster affected areas and on-site support teams using Cybozu's IT services that can improve business operations from the perspective of people in the field.

Licenses for disaster support ▶ Offer all Cybozu Cloud services free-of-charge for 6 months

Disaster Support Team ▶ In 2020, the Disaster IT Support Team was formed by voluntary applicants.

Disaster Support Partners ▶ Strengthened collaboration with local governments, social welfare councils, and our partners

Use cases
☑ Consolidating, organizing, and disseminating information in the event of a disaster
☑ Connecting disaster-affected areas with the support needed
☑ Improving efficiency of support activities, etc.

Published training textbook for disaster volunteer centers

The book covers deployment thru to usage tips

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Continuing on, since there was a natural disaster in Japan on New Year's Day, I would like to talk about natural disasters. This kind of information sharing system is also very effective in times of disaster. Since the Great East Japan Earthquake in 2011, our members have gone to various major disaster areas and have cooperated with the people on the ground and promoted the use of Kintone in disaster management.

We have accumulated a lot of know-how. We put a Kintone user license system in place that can be used immediately, formed an in-house support team called the Disaster Support Team to provide immediate logistical support, and gathered partners to work with us in areas where we cannot do everything on our own. In this way, we have worked hard to ensure a smooth response in the event of a disaster.

Let's talk about the earthquake that struck the Noto Peninsula on New Year's Day. The earthquake occurred on January 1, and the Cabinet Office approached Cybozu directly shortly thereafter. They asked if we could help them, and they told us that the situation in the area was serious and that the local government was unfortunately not functioning as it had been damaged in the disaster. We partnered with the Self-Defense Forces to create a system that allowed the Self-Defense Forces to visit evacuation centers in the Okunoto area and input the information obtained at the evacuation centers into Kintone from smartphones or tablets, so that the entire situation could be grasped by central command.

This system was created for the purpose of collecting information from many shelters specifically on what was lacking, and how many of one thing was needed at one evacuation shelter and what was lacking at another shelter and how many of that thing was needed, to enable efficient and direct support to be provided from a central location. Also, as volunteers have been joining the program since late January, we have now created a Kintone-based system for registering and processing volunteers from all over Japan. We also provide this Kintone-based system for team management of volunteers that makes it possible to register volunteers and let them know where the organization would like them to go to and what work they would like them to do.

When a disaster like this strikes and an IT system needs to be set up very quickly, and it needs to able to be rebuilt and adapted over-and-over to suit the ever-changing situation, that is exactly where something like Kintone can play a hugely helpful role. We want to put our business know-how to best use for this kind of social infrastructure. One thing I would like to add is that we have been involved in volunteer center

operations in the event of a disaster, so we have developed a model for this, which we have put into writing. This is a collection of know-how on how to successfully operate a volunteer center in the event of a disaster, so please take a look at it.

Oo° cybozu

Company-wide Slogan for 2023-2025

25BT

"20**25** and go **B**eyond with **T**rust"

We will focus on reaching our next big milestone in 20**25**, and work on long-term initiatives that look to the future **beyond** 2025 while placing great value on **trust**.

I would like to conclude by talking once again about our future prospects. First, we are working under the slogan 25BT for the three years, 2023, 2024, and 2025, because we are investing in medium- to long-term growth. We will do our best to achieve strong growth once again from 2025 and beyond.

Oo° cybozu

Striving to create a Platform that Allows More Diverse Customers to Handle Diverse Information

Digitization of specific departments

Data is fragmented by department, limiting the effectiveness of information sharing

Information sharing throughout the organization

Enabling swifter decision making and efficient business processes

kintone

▶ Easy-to-use **low-code/no-code tools** for everyone
Frontline-driven improvements without requiring IT expertise

And the biggest challenge is to drive the spread of our products that are being used in a particular department be more horizontally rolled out throughout the entire organization. While our products are being used in quite a few divisions within organizations, I think the biggest development for 2025 and beyond will be getting organizations to make our system their organization-wide DX infrastructure and information-sharing platform. We will work hard toward this.

Aggressive Investment to Further Expand Cloud Business

Consolidated Sales and Operating Income
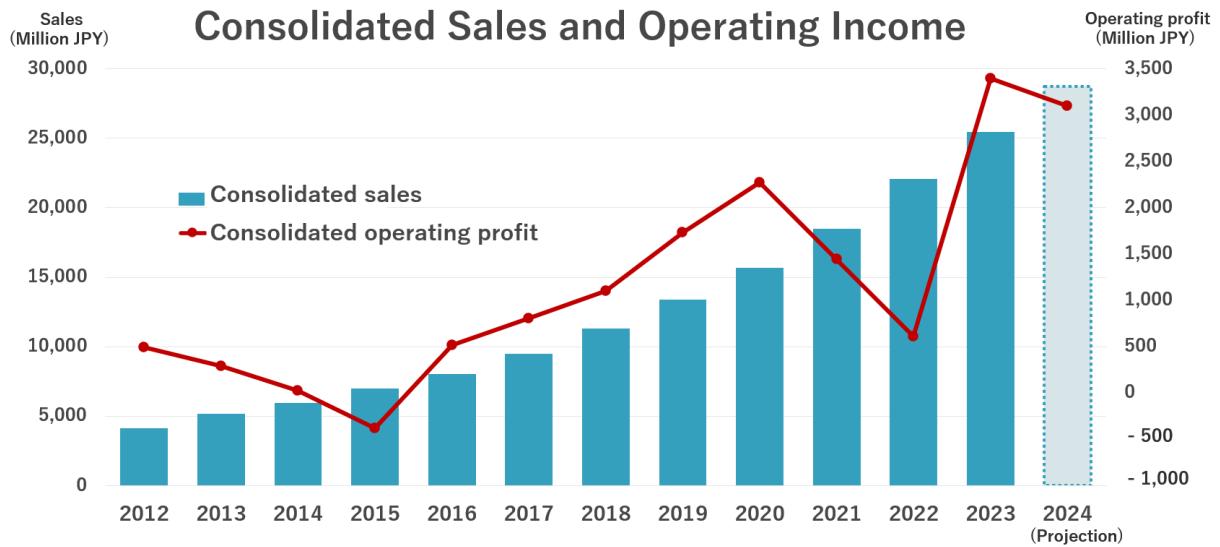
This is the forecast for the current fiscal year. We are forecasting sales of over JPY 28 billion and a profit of over JPY 3 billion.

That is all I have to say about the financial results and the business. Thank you very much for your attention.

Questions & Answers

MC: We will now move on to the question-and-answer session.

Attendee [Q]: Thank you for your explanation. Please let me ask you about price revisions. Salesforce revised its prices last year, and I believe we have been told that Microsoft is also planning a 20% price increase starting this April. I think that revising prices would be effective in three respects at Cybozu as well, but I don't think you are working on it at present, so I would like to ask why you are not working on it.

As for the specific benefits that can be obtained, the first is that I think your price is low compared to similar services, so I believe convincing customers will be easy. The second is setting the right price will also make things such as functional enhancements and higher wages for employees sustainable. The third is that by increasing profit levels, given we are now entering the AI era, I believe you could investment more strongly, such as in AI servers, so I think there would be significant advantages to following the lead of other companies and revising your prices. Please give us your views.

MC: Thank you for your question. The General Manager of the Business Strategy Office will respond.

Kuriyama [A]: We have done a number of simulations of price revisions, and we have the simulations showing at a certain revised price with a certain scenario, this is what would happen.

In conclusion, the reason we decided not to do this at this time is because we are aware that there are indeed many other companies, including American companies, that are simply raising prices, but what we want to do is come up with a new type of subscription plan. We are currently going through the process of creating a subscription plan that increases the value we provide to our customers and are considering the new price to put on it. Simply raising prices is not in the best interest of our customers so we are foregoing doing that.

Attendee [Q]: Regarding the point you just made, that you are preparing a new rate plan, if you don't mind me asking, can you please elaborate on what kind of subscription plan you have in mind?

Kuriyama [A]: We are not currently disclosing any part of this outside the company. However, I would be happy to tell you about it when we are ready to disclose the information. It is now right in the midst of planning.

Attendee [M]: Thank you.

MC: Thank you for your question. We will then move on to the questions in the Zoom webinar Q&A box. There are two questions. I will read each out.

Attendee [Q]: Could you please elaborate on the factors behind the projected decrease in profits for the year ending December 31, 2025? What are the most significant factors? Also, in which quarter of the current fiscal year should we expect those factors to occur?

MC: First, we will answer your first question. The General Manager of the Corporate Affairs Division will respond.

Hayashi [A]: This is Hayashi from the Corporate Affairs Division. First, I think the question is about the year ending December 31, 2024, not 2025, so I will answer with that in mind. As for the most significant factors, there are two major factors, so let me answer regarding both of them. The first factor is we have continued to aggressively hire personnel over the past three years, and the increase in personnel costs due to this is one of the major factors. The second factor, as Mr. Aono explained earlier in his financial results briefing and

business overview, we have made the decision to spend on another round of advertising this fiscal year, so these two factors are major factors.

Attendee [Q]: What is the impact on the P&L this fiscal year and into the next in relation to the transition to the new Cloud infrastructure in around 2025?

Hayashi [A]: As I think Mr. Aono explained earlier, we are now preparing for the transition to the new infrastructure, which is called NECO. We are now anticipating a large purchase of equipment for this purpose, probably in April or May, and the P&L will subsequently be affected in the form of new depreciation expenses being incurred.

Attendee [Q]: I would like to ask you about your overseas operations, such as in the US. Based on the difference between the consolidated results of the entire company, including the overseas operations, and the non-consolidated domestic results, we estimate that the overseas operations have accumulated a deficit of about JPY 8 billion over the past seven years. In contrast, sales for the previous fiscal year were only JPY 800 million, so frankly speaking, I think we can say that the JPY 8 billion investment was a failure.

I believe that you are planning another JPY 1 billion loss this fiscal year, and I would like you to explain how these losses will contribute to increasing corporate value. Also, when do you expect the US business to turn a profit?

Aono [A]: Regarding the JPY 8 billion investment for a JPY 800 million profit, if you ask me if it was a failure, then I will say it was a failure. However, when I think about how big of a return we will get if this business also succeeds, for example, if we are to become one of the leaders in Cloud services in the US, and how much Cybozu's corporate value would increase then, I don't think I can say that on the whole it's been a failure, we can't win if we don't try, right?

If it's a small return, I think it's fine to withdraw from it altogether, but I think this is like winning the lottery, which is a big deal if you win. So, in my opinion, we must do what we can to continue to challenge ourselves appropriately. Therefore, I want to continue to take on this challenge, even though it is about JPY 1 billion in the red every year.

If, on the other hand, we start to get results that really look like the business is taking off, then that could exceed JPY 1 billion. In which case, we will raise funds more boldly and accelerate full throttle. As you may know, American Cloud computing companies are increasing their sales while incurring losses of JPY 10 billion to JPY 20 billion every year, and this is how they do business. I would like you to understand that it's possible we may also shift to that kind of business if things go well.

Our company vision is to build a society brimming with teamwork, and we will continue to take on challenges with a global perspective.

Attendee [Q]: From what you just said, I got the impression that the deficit of about JPY 1 billion will continue for the next few years. I am aware that by collaborating with Ricoh, you are now able to do marketing and other activities using the resources of a large company rather than your own resources, so I was wondering if you could also reduce your deficit. Why do you need to have a deficit of about JPY 1 billion?

Company Representative [A]: There are basically two types of costs: labor and advertising. With regard to labor costs, I mean Sales staff and SEs, and then there are other staff, but it's mainly Sales staff and SEs. Most of these personnel are now working on assisting and supporting the collaboration with Ricoh; we have a good number of people assisting with the US plus South America. When the partner business is up and running, the number of employees will be small relative to the size of the business, but during start-up, the partner business needs to have more people than the size of the business.

Regarding what we are spending our advertising budget on, there are two things. One is advertising expenses for direct sales, as we would like to continue direct sales until the partner business is fully up-and-running. The other is the cost of improving the value of Kintone, or branding, which is what we are spending money on now, including personnel and advertising costs.

In contrast, sales are small, resulting in a deficit of JPY 1 billion. However, we recognize that the expenses themselves are not expenses that will increase with an increase in sales, so if sales increase, this deficit will inevitably shrink.

However, as Mr. Aono mentioned earlier, we believe that we will need to spend quite a lot of money, not of the current proportions, when we really go all out to win, so we consider that will be a separate cost when we go all out to win, separate from the current fixed costs, and also a separate line item. If we continue as is, I think the volume of expenses will shrink as sales grow, since expenses will not increase simultaneously.

Attendee [Q]: I would like to ask you to explain when you expect to turn a profit.

Aono [A]: To answer your question from my point of view, we are not on track to turn a profit, nor have we even set a timetable for turning a profit. If we had started aiming to turn a profit, we would have given up on the US market. In order to win in the US, we are aiming for success on a completely different scale than in Japan, so we do not have a clear vision for becoming profitable in the short or medium term that we can see right now.

Attendee [Q]: Is it correct to understand it this way, that the deficit will only shrink as sales grow, that you are not oriented toward turning a profit, but rather toward increasing sales?

Aono [A]: You are right. Increasing the top line is the challenge in the US.

Attendee [M]: Thank you for your explanation.

Attendee [Q]: Regarding the percentage of sales generated by partners, in 2022 the figure was 61.6%, while in 2023 it was 62.9%. This could be seen as sluggish or it could be seen as growing steadily. How does Cybozu view these figures? What are your plans for expansion from here?

MC: This will be answered by the General Manager of the Sales Division.

Tamada [A]: I am Tamada from the Sales Division. As you have just mentioned, I think the number is relatively close to that of the previous financial year. As shown in the graph in the financial results materials, direct sales are growing in direct proportion, while indirect sales are growing quadratically in some areas. We do not have control over the figures achieved in this part of the business, but I think that the partner business will inevitably scale up, so I think it is possible that this percentage will increase.

At the moment we are not controlling this area of business and so its natural growth. However, we estimate that the indirect sales business expansion phase will be fast.

Attendee [Q]: Let me ask in relation to the earlier question. Which quarter of this this current financial year will advertising expenditure tend to congregate in? This is a question regarding advertising expenses.

Aono [M]: I think you are asking if they will be unevenly distributed.

Kuriyama [A]: I am also the General Manager of the Marketing Division, so I will answer. The greatest amount of expenses will probably be recorded in Q4. I would like to spend evenly this year, however, we will hold a lot of events in Q4, so I think they will be greatest in Q4.

Attendee [Q]: I would like to ask about AI-related investment. In the previous fiscal year, you spent about JPY 900 million on research and development and JPY 4.3 billion on advertising. This makes me feel that you are underinvesting a bit in AI-related projects. Do you have any intention of enhancing development of AI functionality, for example by providing or adding AI functionality to Kintone itself, rather than advertising?

MC: Thank you for your question. This will be answered by the General Manager of the Development Division.

Sato [A]: To answer your question just now about AI, as we presented a little about at last year's Cybozu Days, we are currently at the research and development stage within the Company. Naturally, how the data stored in Kintone can be used for AI is an area we would like to come up with moving forward.

In terms of the amount of investment, I think that in many cases, the cost of building servers or training the model is probably the most significant part of the investment in AI. At the moment, we are not investing much in building the model itself, but rather mainly in how to utilize AI, so the amount of money spent is not that large.

In terms of what will happen in future, we will continue our research and development as we keep an eye on the emerging trends, and we hope to be able to announce products that incorporate such features.

MC: Thank you for your question. We will now move on to questions from our YouTube Live viewers. I will now read them out in order.

Attendee [Q]: I would like to ask a question about the sales forecast for the current fiscal year. You are forecasting a 13% increase in sales over the previous year. If you stopped spending billions of yen on advertising, what would the projected growth rate be? My concern is whether it's necessary to spend so much on advertising for this level of increase in revenue.

Kuriyama [A]: If you ask me if it is necessary in the short-term, I don't think that if we stop spending this year, the growth rate for this year will suddenly fall. Looking at the breakdown of advertising expenses, there are short-term expenses, medium- to long-term expenses to raise Kintone brand awareness and increase recognition, overseas investments, and expenses to improve the branding of Cybozu, not Kintone, and various other expenses. It's a mix of various different expenses.

I understand that your question is about the short-term part of this. So, in the short-term sales will not suddenly drop this year because we stopped investing in advertising this year. However, and this is where the medium- to long-term part comes in, it will be effective over the medium to long term, so we continue to invest in this area because we believe it is necessary.

Attendee [Q]: It seems that foreign investors are also starting to buy Japanese stocks. How is your company doing in terms of the number of one-on-ones and small meetings?

Hayashi [A]: I would like to answer about our holding one-on-ones and small meetings. Until last year, we held these on a very limited basis, with Mr. Aono handling these. This year we would like to hold more of these than last year, with me handling these. In fact, we have received several inquiries.

However, if we are going to agree to hold such meetings, we would like to make sure that other institutional investors and shareholders understand the situation. Therefore, we still intend to have a policy whereby we will agree to interviews with those people who agree, if possible, for the content of the interview to be made public.

Attendee [Q]: I'm a shareholder. There is no other stock in my holdings that I do not understand the point of it being listed on the stock exchange as much as your company's stock. Once again, what is the point of it

being listed? Also, do you have any plans to strengthen the IR aspect of your management of the company with respect to being conscious of the stock price and the cost of capital?

Hayashi [A]: First of all, in terms of being listed on the stock exchange, we think there is tremendous value in bringing together shareholders who understand Cybozu's business and vision through the broader market. We also believe that being listed is of great value in terms of business credibility and branding in terms of recruitment.

In relation to stock price and cost of capital conscious management, as we have said previously, Cybozu believes that sustainable business growth is the way to maximize returns for shareholders. Although we do tabulate the figures re cost-of-capital indicators such as WACC and ROIC, we are not currently making business decisions that place undue emphasis on them.

On the other hand, we are aware that the Tokyo Stock Exchange (TSE) and others have requested that companies focus on such matters, or should I say focus on IR, and we will consider this matter, including how to disclose information in the future.

Attendee [Q]: I would appreciate it if you could tell me how you work with, and what the relationship is with, the company Toyokumo.

Tamada [A]: Our relationship with Toyokumo is that we are collaborating with them as partners in the currently offered integration services. We have many opportunities to work together with them on many projects, and we will continue to strengthen that in terms of product integrations.

I understand that a company called Toyokumo Cloud Connect has been formed and that it handles large-scale projects. We will continue to exchange information on this issue, and since the other party is planning to conduct business that will allow customers to use our products with greater peace-of-mind, we will provide them with the necessary information to continue to improve our cooperative relationship.

Attendee [Q]: Is DreamArts a competitor in the no-code tool space? DreamArts apparently has a large number of high unit-price clients, which was written in their disclosure document.

Tamada [A]: As you mentioned, there are cases in which we compete with DreamArts, so I would say that they are a competitor. With some customers we will be in competition and with others we will not, so I think this is a case-by-case situation here, but as you mentioned, there may be cases where we compete for large accounts, etc.

Attendee [Q]: It seems that not much progress has been made since a year ago regarding your tie-up with Ricoh, etc. Will you continue to work in conjunction with large companies in the future? Are you considering different policies and strategies, such as in-house initiatives or M&As?

Kuriyama [A]: I am in charge of that tie-up, and I will answer. We have made a lot of progress since a year ago, and in terms of our efforts in Japan, as mentioned earlier, we worked with them on over 1,000 companies in one year. We are also planning a series of overseas releases, the release has already occurred in the US, and are preparing for releases in South America and Asia.

We have not seen results yet, so we can only explain about the process, but we have made progress with study sessions, etc., and have increased the number of people who can pitch Kintone in various locations, etc. My perception is that we may not be able to say that we have made progress until we have succeeded in increasing sales in the future, but in terms of the process, we have made a lot of progress in this collaboration over the past year. We have already seen results in Japan, so we would like to hurry up and expand this to other countries.

Attendee [Q]: What do you perceive as the problem as to why services are not expanding overseas as expected?

Kuriyama [A]: The situation is quite difficult compared to Japan. In terms of the situation in the US the year before last, there were times in a good month when, working in cooperation with our team members in the US, we were able to find a way to get more than 30 customers to buy Kintone in one month. While analyzing those deals with the US team, we also recognized that Kintone itself is not uncompetitive as a product in the US market, and that Kintone can adequately compete.

However, the way we won those 30 deals was quite expensive, making it difficult to continue with that method, and we had to think of a different approach, and it is in this context that we are collaborating with Ricoh. However, the lack of know-how and insufficient approach to generating new deals is where we are fighting the toughest battle right now. When we actually get to the phase where we have a potential deal and pitch to the customer, the closing rate is quite high, and this is what we have found from our past statistics.

The challenge now is not in closing deals, but in the step before that, in generating potential deals. We are confident that we can win with Kintone if we can prepare various measures this year and win as many deals as possible. So the answer to your question is that finding potential deals is the challenge.

Attendee [Q]: You have tried many things in terms of governance, but can you tell us if young employees can adequately serve as board directors and how the people around them provide support?

Aono [A]: We will first combine young people and experienced people. To avoid the young people becoming isolated, we intend to include veteran employees as well as outside directors on the board to provide support. In addition to that, we would also like to have back-up support from the Corporate Affairs Division and the Human Resources Division, and we will definitely support the younger directors so that they can learn.

Attendee [Q]: You are aiming to spread information sharing not just within divisions but throughout the entire organization, what other measures are you considering besides a company-wide deployment license? What sort of expanded take up are you envisaging?

Tamada [A]: Currently in many cases our products are deployed within a department and so are now working to create a dedicated organization to approach customers in such cases. We have such an organization within our sales function, and there is also a team called Customer Success, which looks after existing customers.

So, we would like to increase the number of such organizations engaged in these efforts, and at the same time, we are engaged in providing a variety of information to organizations that are working on expanding take up on a company-wide scale, and activities designed to broaden deployment, which we hope will lead to company-wide adoption of our platform.

Attendee [Q]: Do you have any plans to expand into India?

Kuriyama [A]: No plans at this time. If there was an interesting deal on the cards, we may consider it, but at this point we do not have any plans.

Attendee [Q]: If you want people to look at the stock price and corporate value improving over the long term, and if you want people who will take a long-term view to become shareholders, that doesn't stack up unless you issue a medium-term management plan, so do you have any plans to do so?

Aono [A]: There seems to be some misunderstanding, so I would like to talk about that while explaining. Rather than wanting people who will take a long-term view to become shareholders, by far the highest priority is that we want people who share our company vision to become shareholders.

Our primary desire is build a society brimming with teamwork, and we want people who hope to see more teams like this in the world to become shareholders. I believe that our activities will be further invigorated if these types of people become shareholders, so that is the most important point.

Secondly, our policy is focused on paying dividends rather than on the share price. While it is difficult for us to control the share price, we can increase dividends through our business operations, so I would like to talk about dividends rather than share price as one indicator of financial return.

I was not able to show you this today, but we have so far managed to keep increasing our dividends, our dividends continue to grow each year. I think that this is unusual amongst our peer companies in Japan. That is what we would like people to look at.

In this context, whether it is a short-term or medium-term relationship, the first thing is to have a relationship with people who share our company vision and who would like to receive a financial return in the form of dividends and want us to increase dividends more. I would also like to receive that kind of feedback.

Also, in this context, on the subject of a medium-term management plan, although we do not refer to it as a management plan within the Company, we are operating the business with a medium-term outlook. I will take that on board as a future task to work out how we provide information in this area. So, we would very much like to ensure that we can communicate with all of you, including on the medium- to long-term outlook.

MC: Thank you for your question. The next question will be the last one.

Attendee [Q]: I would like the financial results briefing materials to be released at the same time as the earnings announcement and the summary of the financial results, is this not possible?

Hayashi [A]: Regarding the question of whether we can release the materials at the same time, we wanted to provide materials for today's financial results briefing that contain the latest possible information, so we are not currently considering releasing them at the same time. On the other hand, we can bring forward release of the SaaS indicators figures that we disclosed today, so we would like to consider enhancing the information we disclose in the summary of the financial results in the future.

MC: Thank you very much. This concludes the question-and-answer session.

This also concludes Cybozu's financial results briefing for the fiscal year ended December 2023. Thank you very much for joining us today.

[END]

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Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*