

Supplementary Material on Financial Results for Q3 FY12/24

November 8, 2024



CELSYS

株式会社セルシス

The Celsys Group offers total support of content, from production to distribution!



Content Production SaaS
CLIP STUDIO PAINT



Content Distribution Platform
DC3



Kei Narushima, President

The Group, with a new system in place following the sale of the UI/UX business in 2023, is committed to business that offers total support, from content production (CLIP STUDIO PAINT), to content distribution (DC3).

Summary of Celsys Group's businesses

Content
Production
Solutions
business



Offers support for creators in the graphics industry and provides SaaS services for content creation worldwide through the illustration, manga, Webtoon and animation app as well as community sites that support creation.

[CLIP STUDIO PAINT](#)
[Services for Creators](#)

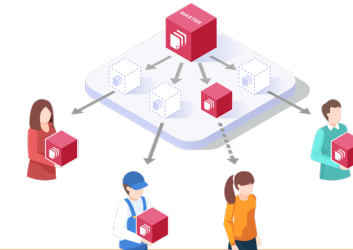


Content
Distribution
Solutions
business



Aims to contribute to a world where digital content is loved even more through solutions related to digital content distribution, such as the DC3 platform, where all digital data is treated as unique “things,” and e-book distribution solutions.

[DC3 Solution](#) (Japanese only)
[e-book Solutions](#) (Japanese only)



1. Group Topics



1-1. Change of the stock listing to the Prime Market

On September 25, 2024, the Company changed its stock listing from the Standard Market to the Prime Market of the Tokyo Stock Exchange.



We would like to express our sincere gratitude for the tremendous support we have received in the stock listing to the Prime Market. We will continue to contribute to the development of the content industry in Japan and around the globe for further growth. We will also respond to your support and expectations by further strengthening investor relations conscious of the Corporate Governance Code, and returning profits through dividend payments and acquisition of treasury shares. We look forward to your continued support in the future.

For details: <https://www.celsys.com/en/topic/20240925>

In addition to the regular interim dividend for the fiscal year ending December 31, 2025, we have decided to pay a commemorative dividend for the change of the stock listing to the Prime Market of 10 yen per share at the time of payment of interim dividend.

1-2. Financial results summary for Q3 FY12/24

Net sales

6.03
billion yen

Progress: 75.3%

Operating profit

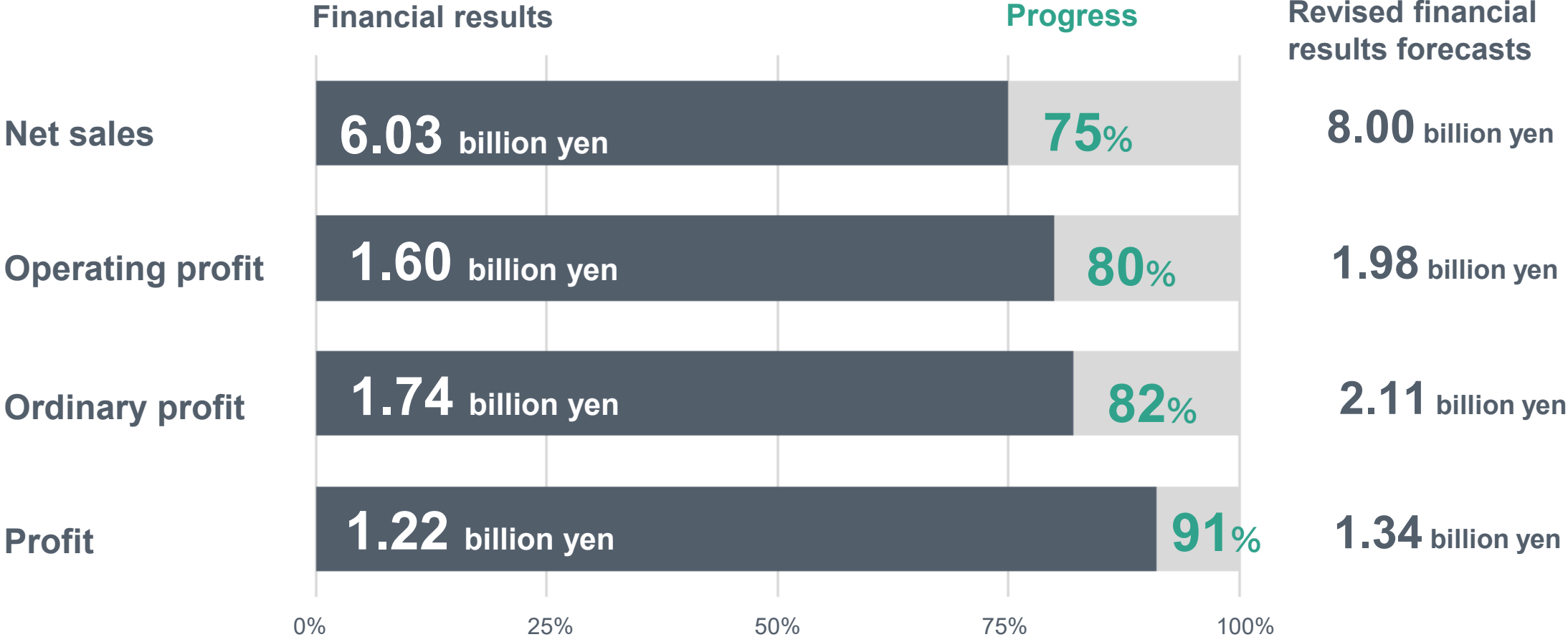
1.60
billion yen

Progress: 80.9%

- Progress in relation to the full-year financial results forecasts revised on August 9, 2024
- The Group's operating profit for the nine months under review reached a record high
- Net sales in the Content Production Solutions business for the nine months under review reached a record high

1-3. Progress in full-year financial results

Progress in both net sales and profit in relation to the full-year financial results forecasts revised on August 9, 2024 were maintained at a level above 75%.



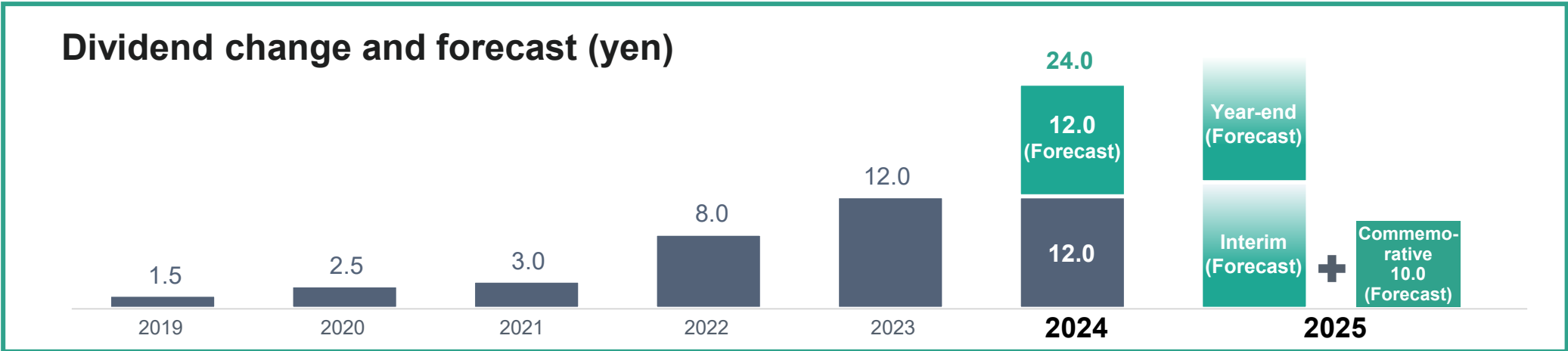
1-4. Strengthening shareholder returns: Dividends

For the fiscal year ending December 31, 2024, the Company expects to increase the year-end dividend by 2 yen per share in addition to a 2 yen increase in the interim dividend.

Dividends for FY12/24

Interim dividend	12 yen (Results)	▶	Total: 24 yen (Forecast)
Year-end dividend	12 yen (Forecast)		

The Company recognizes that shareholder returns to the shareholders is an important management issue, and for dividends, ensuring appropriate financial soundness based on a dividend payout ratio of 30% or more, strives for medium- to long-term growth through maintaining stable dividends as principle.



1-5. Strengthening shareholder returns: Acquisitions of treasury shares

A total of 2.0 billion yen worth of treasury shares is slated to be acquired to enhance capital efficiency, execute flexible capital policy in accordance with the business environment, and further fulfill shareholder returns.

Acquisitions of 2.0 billion yen in one year starting March 1, 2024

➔ Acquired 1.0 billion yen by June 2024

➔ **Plan to acquire the remaining 1.0 billion yen within the period**

We will announce the implementation of the purchase in due course.

1-6. Progress of capital and business alliance agreements

WEBTOON Entertainment Inc.



Making progress in efforts to improve the efficiency of WEBTOON content production and translation using CLIP STUDIO, discussions in the AI field, utilization of DC3 content distribution platform solution, etc., with WEBTOON Entertainment and LINE Digital Frontier.

For details (Japanese only): <https://www.celsys.com/topic/20240703>

Wacom Co., Ltd.



Working on various projects in collaboration with Wacom Co., Ltd. for Wacom products, which are essential for creative production. Reporting on the progress of joint development, etc., in which Wacom's solutions and CLIP STUDIO PAINT collaborate at an event in Germany in June 2024.

For details (Japanese only): <https://www.celsys.com/topic/2024062401>

Axell Corporation



Engaging in joint development of AI technology.

For details (Japanese only): <https://www.celsys.com/topic/20240220>

2. Financial Results Highlights



2-1. Consolidated statement of income

Unit: millions of yen

		Period comparison (from January to September)		
		FY12/23	FY12/24	YoY
Net sales	Financial results	6,186		-2.5%
	Excluding UI/UX business	5,119	6,031	+17.8%
Operating profit		924	1,608	+73.9%
Ordinary profit		947	1,747	+84.5%
Profit		68	1,224	+1,698.3%

Topics

- Net sales in the nine months under review excluding UI/UX business, where the transfer was finalized in August 2023, reached a record high
- *Net sales from the UI/UX business in the nine months ended September 30, 2023 were 1,066 million yen

2-2. Consolidated balance sheet

Unit: millions of yen

	End of the previous fiscal year (December 31, 2023)		End of the consolidated nine months under review (September 30, 2024)		
	Amount	Ratio	Amount	Ratio	Change from end of previous fiscal year
Current assets	6,929	81.0%	6,195	73.1%	-734
Non-current assets	1,621	19.0%	2,280	26.9%	658
Total assets	8,551	100.0%	8,475	100.0%	-75
Current liabilities	1,432	16.8%	2,210	26.1%	777
Non-current liabilities	458	5.4%	507	6.0%	48
Total liabilities	1,891	22.1%	2,717	32.1%	825
Total net assets	6,660	77.9%	5,758	67.9%	-901
Total liabilities and net assets	8,551	100.0%	8,475	100.0%	-75

Details of main increases and decreases

- Current assets: Cash and deposits -163 million yen Treasury shares, etc. were acquired
- Non-current assets: Investment securities 654 million yen Shares of Axell Corporation were acquired
- Net assets: Treasury shares -992 million yen Treasury shares were acquired

3. Financial Results Forecast For FY12/24



3-1. Financial results forecast for FY12/24

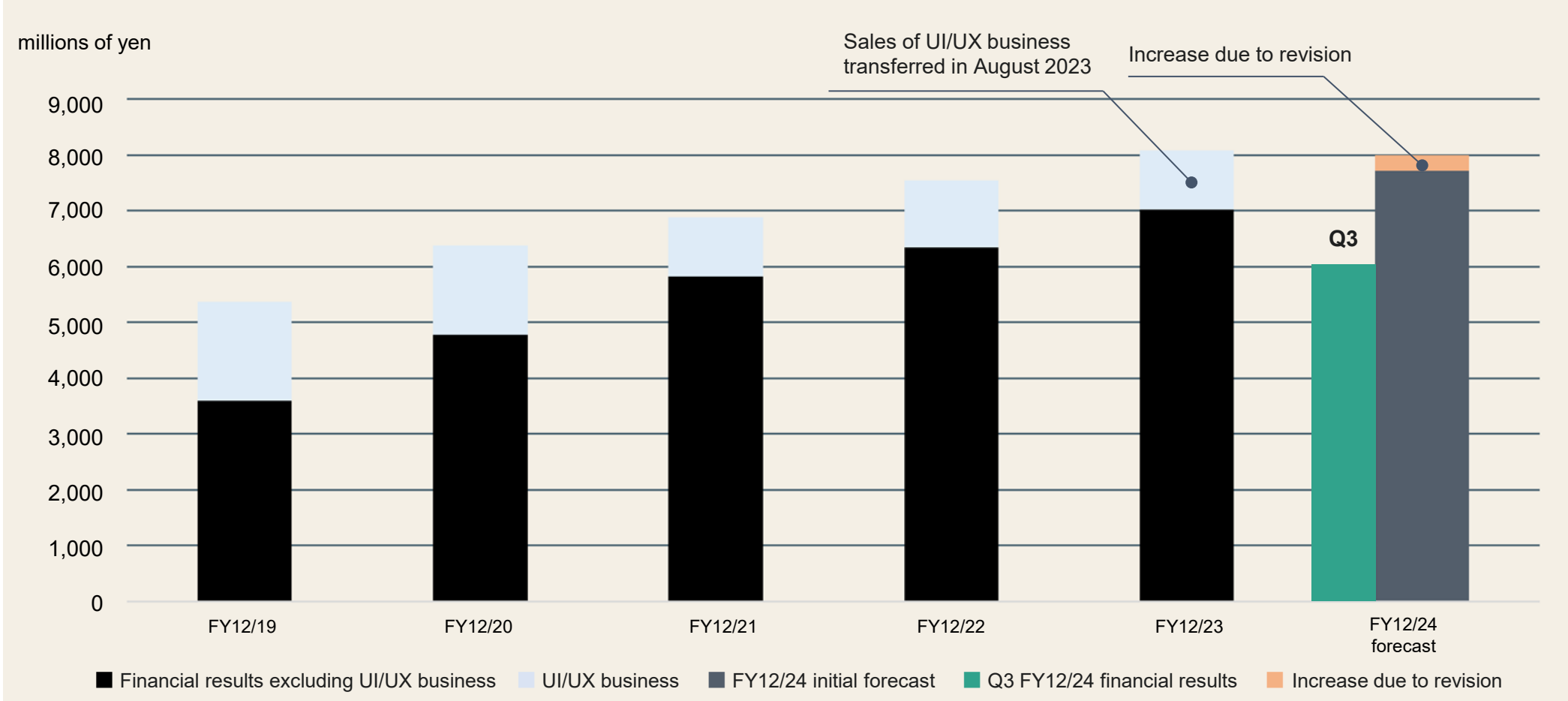
Unit: millions of yen

		FY12/23		FY12/24 (Forecast)			YoY (Full year)
		First half	Full year	First half (results)	Full year (initial)	Full year (revised)	
Net sales	Content Production Solutions	3,034	6,007	3,538	6,676	6,961	+15.9%
	Content Distribution Solutions	507	1,012	521	1,047	1,048	+3.5%
	UI/UX	712	1,071	-	-	-	-
	Total	4,253	8,091	4,060	7,723	8,009	-1.0%
Operating profit	Content Production Solutions	1,160	2,177	1,463	2,529	2,746	+26.1%
	Content Distribution Solutions	-327	-744	-358	-873	-755	-
	UI/UX	-104	-79	-	-	-	-
	Total	729	1,352	943	1,655	1,988	+47.0%

- Business of the UI/UX business was transferred on August 1, 2023.
- The Company revised full-year financial results forecasts for the FY12/24 on August 9, 2024.
- The Company will closely pay attention to business progress and promptly disclose any revisions as necessary.

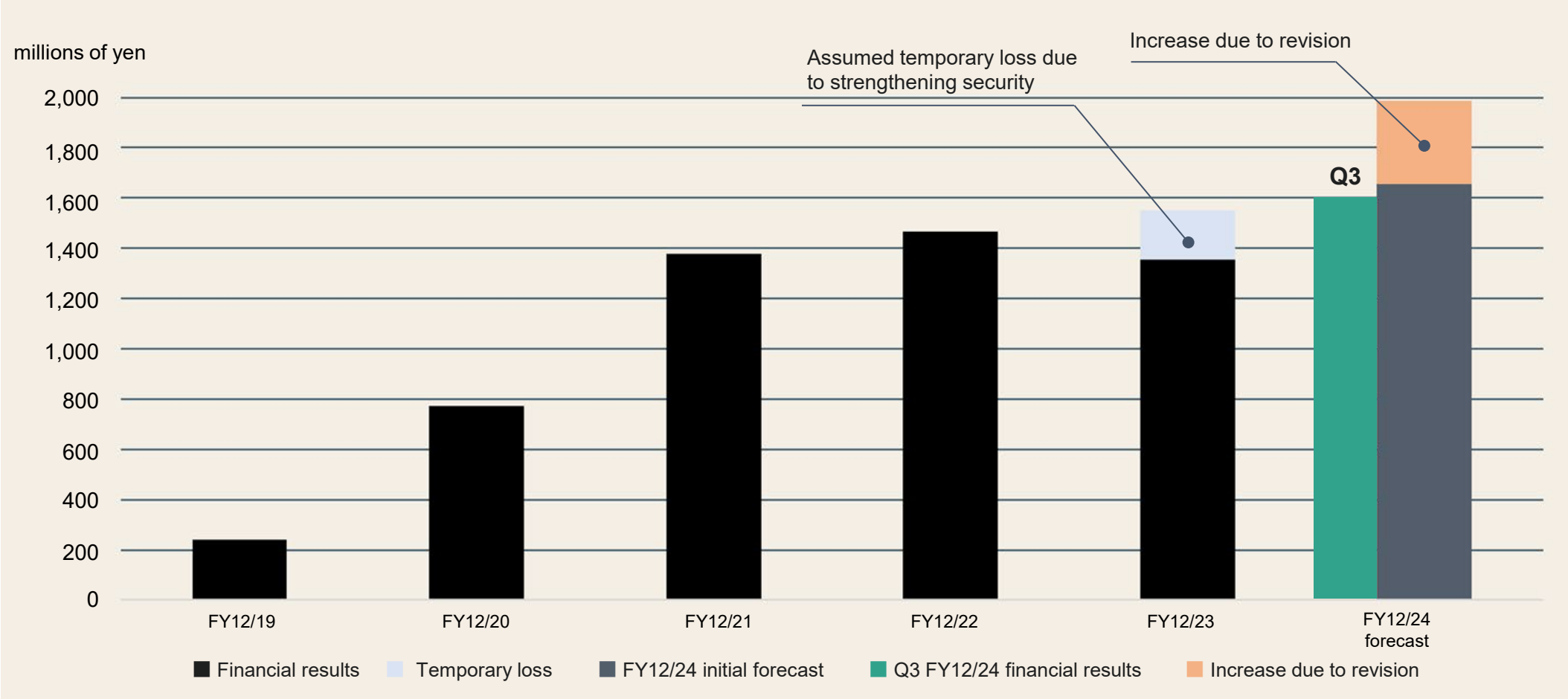
*Net sales by business field and operating profit by business field are both adjusted within the Group, and so there is a difference between the total value by business field and the consolidated total value of the Group.

3-2. Sales forecast and progress for FY12/24



- Expected to achieve 8,009 million yen in FY12/24
- Reached 6,031 million yen in Q3 FY12/24, progress of 75.3%
- FY12/23 includes 1,071 million yen of the UI/UX business, where the transfer was finalized in August 2023

3-3. Operating profit forecast and progress for FY12/24



- Expected to achieve 1,988 million yen in FY12/24
- Reached 1,608 million yen in Q3 FY12/24, progress of 80.9%

4. Outline of Each Business Segment

Content **Production** Solutions Business



4-1. Content Production Solutions business_1

Unit: millions of yen

	Period comparison (from January to September)		
	FY12/23	FY12/24	YoY
Net sales	4,360	5,241	+20.2%
Operating profit	1,545	2,130	+37.9%

Sales and profit increased due to strong sales of CLIP STUDIO PAINT Version 3.0, which was released in March 2024, strong domestic and overseas sales, and improved profitability through price revisions of subscription contracts and outright purchase license versions.

Financial results indicators for CLIP STUDIO PAINT as of September 2024

● Cumulative shipments	44.35 million units	+31.0% YoY
● Overseas ratio	80.7%	+0.8 Points YoY
● ARR	4.07 billion yen	+37.9% YoY
● Churn rate	5.0%	-5.0 Points YoY

Reference: Latest financial results indicators for CLIP STUDIO PAINT

● Cumulative shipments	45.21 million units	*As of October 31, 2024
● ARR	4.15 billion yen	*As of October 31, 2024

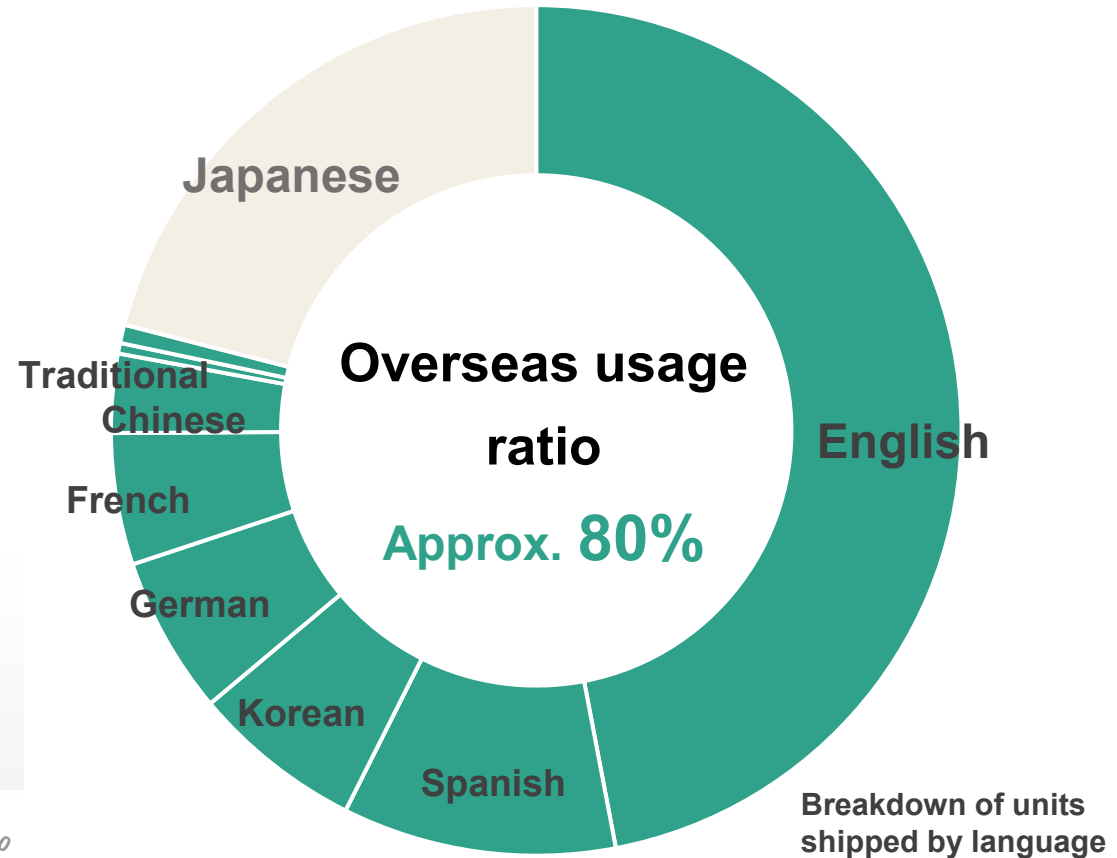
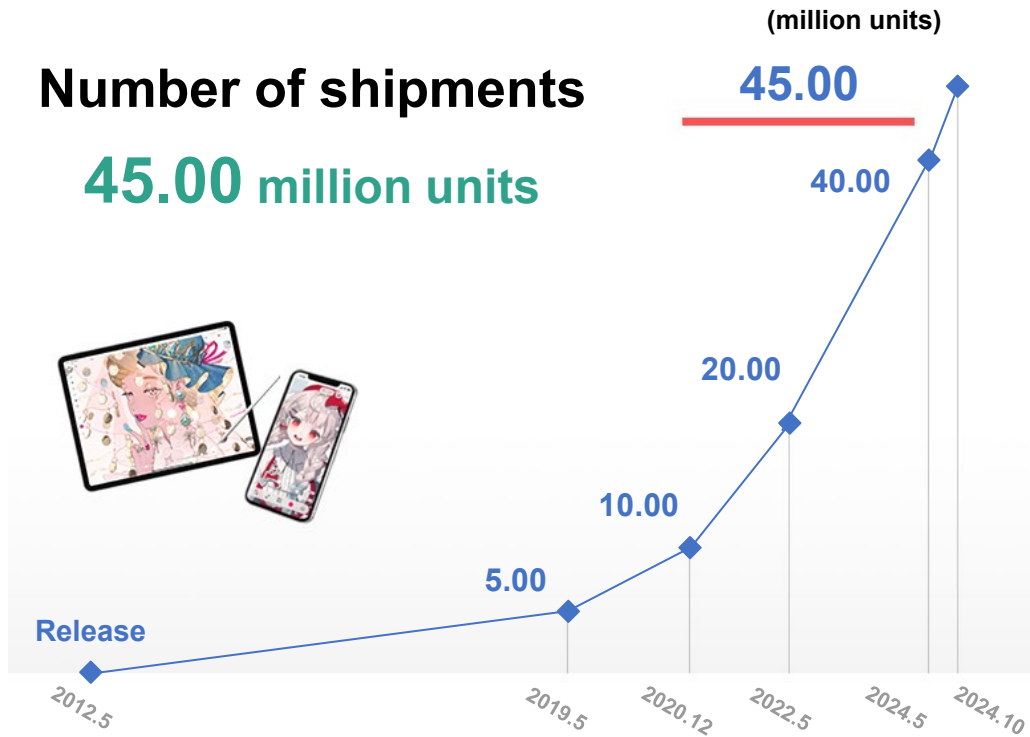
4-2. Content Production Solutions business_2

Activity topic (1) CLIP STUDIO PAINT number of shipments, supported languages and overseas usage ratio



Support for 11 languages
Japanese/English/Korean/Chinese (Traditional/Simplified)/French/Spanish/German/Portuguese/Thai/Indonesian

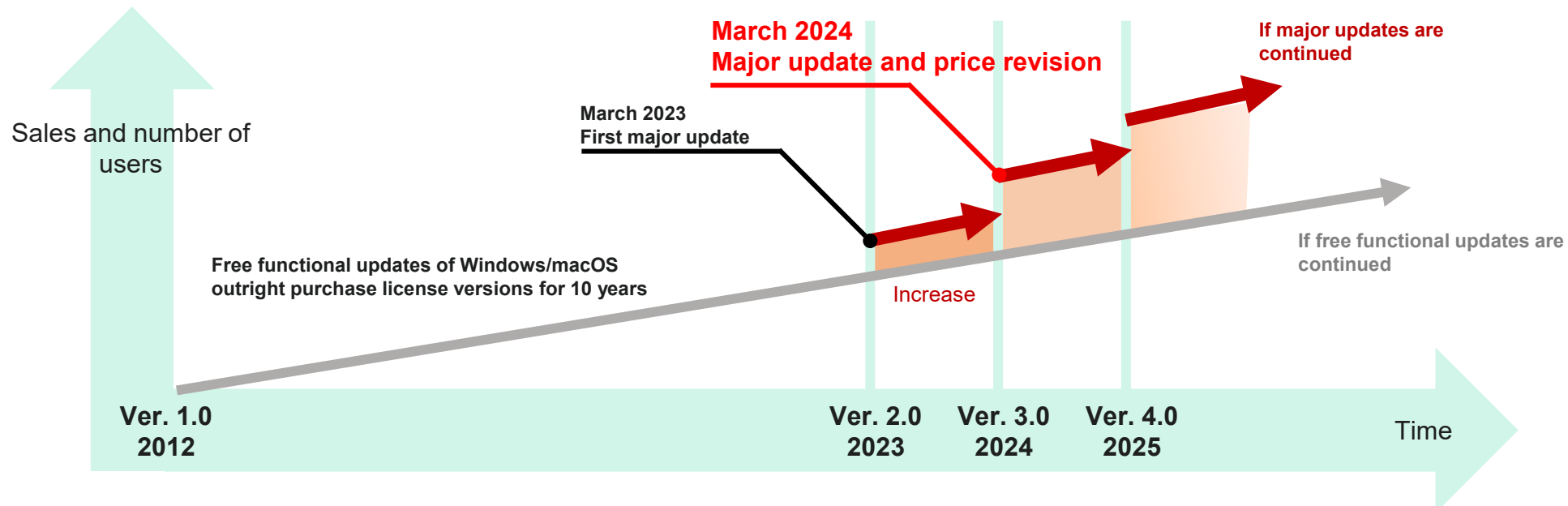
Number of shipments
45.00 million units



4-3. Content Production Solutions business_3

Activity topic (2) Release of major update of CLIP STUDIO PAINT

The major update released in March 2024 as well as in 2023 was well received, and the number of shipments increased, thanks to promotional campaigns overseas, resulting in increased sales and number of users. To coincide with this, pricing was revised for outright purchase license versions and subscription contracts, with a 20% maximum increase in price.





The price will be revised to match the increased value of services with the release of continued major updates in the future.

4-4. Content Production Solutions business_4

Activity topic (3) Measures to increase subscription contracts

Implement promotions to increase subscriptions to CLIP STUDIO PAINT

For the provision of a license for usage via a subscription model, subscription plans may lower the barriers to using the software by offering the software at a low price, but the short-term sales effectiveness is lower compared with the one-time purchase versions that collect license fees in lump-sum, one-time payments. That being said, the aim of increasing subscription model contracts will continue, as stable earnings in the medium to long term are expected to be generated with continued use.

	• Download version (one-time purchase)	• Monthly usage plan* (subscription)
<p>For illustrations</p> 	5,900 yen	480 yen per month
<p>For producing manga or animation</p> 	24,900 yen	980 yen per month

*Monthly contract fee plan for one device

The one-time purchase version, which continues to be sold at the same time as the subscription model, reinforces the subscription model by contributing income through campaigns that aim to acquire new users and leveraging the merits of meeting the needs of users who are reluctant to sign subscriptions contracts, and in doing so, aims to maximize earnings. The one-time purchase version is a provisional model that allows users access to new functions through adding a subscription contract or by paying for updated versions.

4-5. Content Production Solutions business_5

Activity topic (4) Strengthening AI development investment

Celsys, recognizing the potential of AI technologies ten or more years ago, has continued to conduct research and development, and worked to strengthen and further deepen investment in the AI field.

The logo for ax Inc., consisting of the lowercase letters 'a' and 'x' in a bold, black, sans-serif font.The logo for Celsys, featuring a stylized, wavy line above the word 'CELSYS' in a bold, black, sans-serif font.

Entering a capital participation and strategic partnership agreement with ax Inc., an industry leader in the practical application of AI technology, development capabilities have been enhanced.

The logo for WEB TOON, featuring the words 'WEB' and 'TOON' stacked vertically in white, bold, sans-serif font, inside a green speech bubble shape.The logo for Celsys, featuring a stylized, wavy line above the word 'CELSYS' in a bold, black, sans-serif font.

We also entered into a capital and business alliance with WEBTOON Entertainment, which globally provides services such as LINE MANGA in Japan and NAVER WEBTOON in Korea, and are in discussions in the AI field.

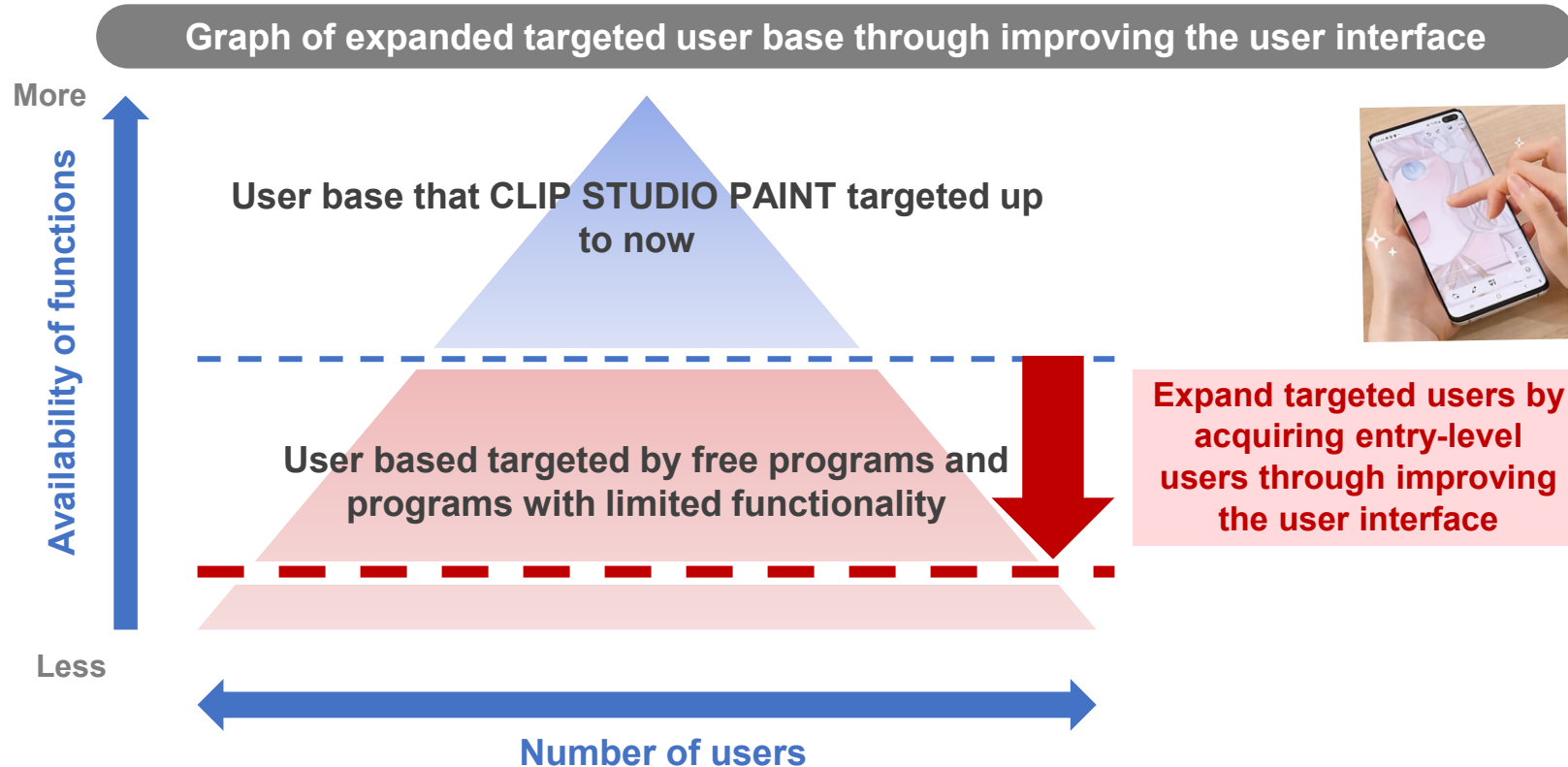
Celsys plans to maintain its policy of not incorporating functions using image generation AI in CLIP STUDIO PAINT. Based on our policy of maintaining the utmost respect for ethics and rights in creative activities at all times, we will explore how AI technologies can be used in areas where we can support creators in making their creative activities more enjoyable.

For details: https://x.com/clip_celsys/status/1760284105848361069

4-6. Content Production Solutions business_6

Activity topic (5) Enable a simple mode to improve the user interface

With the aim of approaching the user base of free programs or programs with limited functionality in addition to the user base that the Company's products targeted up to now, the Company will improve the interface to, in particular, engage with young people, the user base that competing programs focus on.

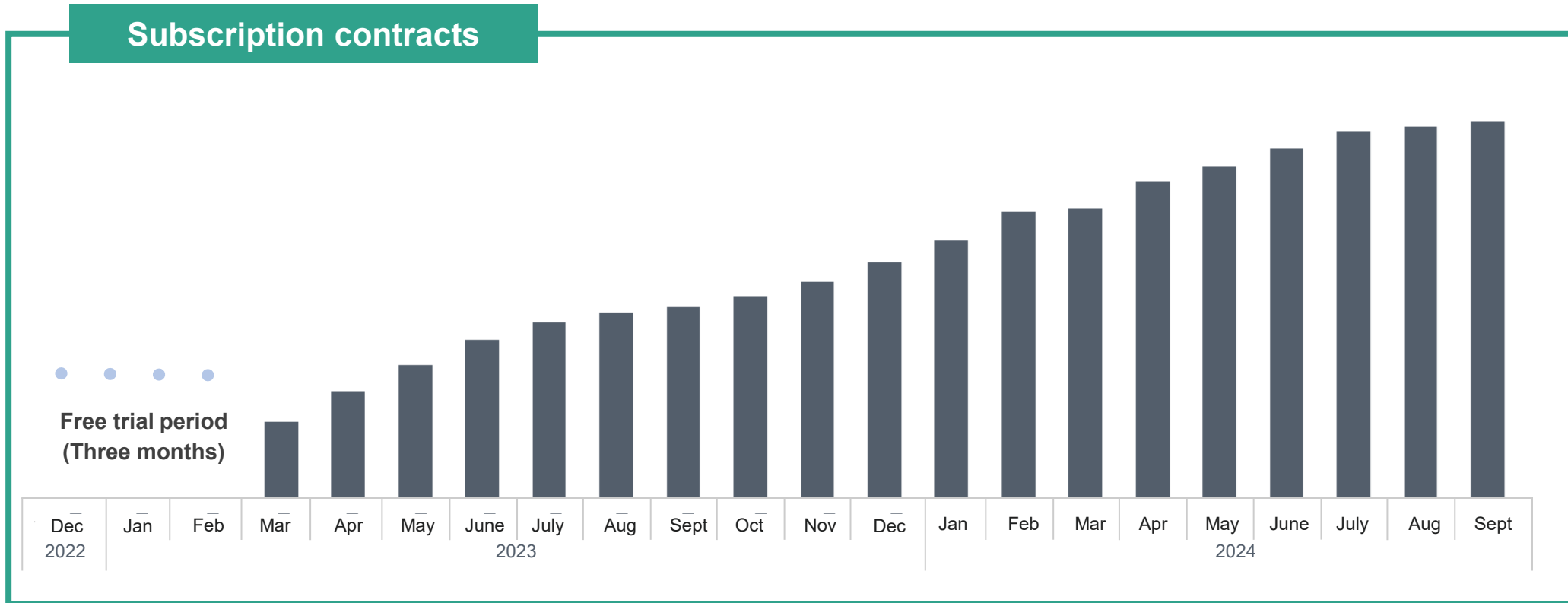


For details (Japanese only): <https://www.celsys.com/topic/2023061302>

4-7. Content Production Solutions business_7

Activity topic (6) Subscription contracts in mainland China

The SaaS version of CLIP STUDIO PAINT started to be provided in the tablet (iPad) market in mainland China from December 2022, and the number of users on subscription contracts has steadily increased. In this short period, it was ranked as 7th highest in terms of sales by country on the App Store, and growth is expected in the future.



4-8. Content Production Solutions business_8

Activity topic (7) Other activities

Increased subscription contracts

Increased overseas users

- CLIP STUDIO PAINT bundled with Samsung's Galaxy Tab S10 Ultra and Galaxy Tab S10+ for release. Bundles will be deployed globally
- CLIP STUDIO PAINT sponsored Connichi, one of the largest events for Japanese anime and manga enthusiasts in Germany
- CLIP STUDIO PAINT sponsored Japan's highest CG-related academic research symposium Visual Computing 2024
- The 2nd Global Comic Awards, a competition for comic and manga creators worldwide, was held jointly with Tapas Entertainment, a leading digital publishing platforms for web comics and web novels in North America

Support distribution and creators

- CLIP STUDIO PAINT was updated, adding numerous new features to enhance expression of users' works and present their works
Animation production and 3D functions also improved
- Creator membership of CLIP STUDIO, a support site for creators in the fields of illustrations, manga, Webtoons and animation, reached 9.29 million people worldwide
- CLIP STUDIO PAINT Launcher, a DC3 player that enables playback of DC3 content created based on CLIP STUDIO format files containing the layer structure of illustrations, etc., was released

See here for all activities: https://www.celsys.com/en/irinfo_groupnews/?contents_type=7&pageID=1

5. Outline of Each Business Segment

Content **Distribution** Solutions Business



5-1. Content Distribution Solutions business_1

Unit: millions of yen

	Period comparison (from January to September)		
	FY12/23	FY12/24	YoY
Net sales	759	789	+4.0%
Operating loss	537	522	—

Activity topics

Sales and promotional activities to promote the use of DC3 Solution

- **Actual examples of DC3 introduced by service providers**

Sales functionality of DC3 content was released for the new monthly membership platform Creatia, which connects creators and fans of the Toranoana Group

- **Actual examples of DC3 used by IPs**

Collaborated through the use of DC3 with several IPs

- *Hokkai no Maju Azarashi-san* (Beast of the North Sea Azarashi-san)
- TV animation “I Parry Everything: What Do You Mean I’m the Strongest? I’m Not Even an Adventurer Yet!”

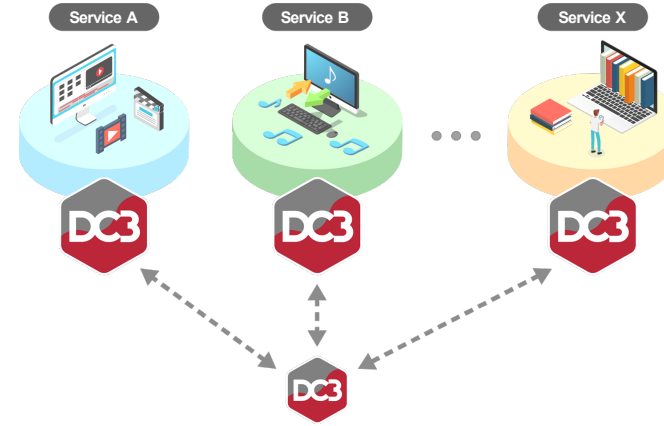
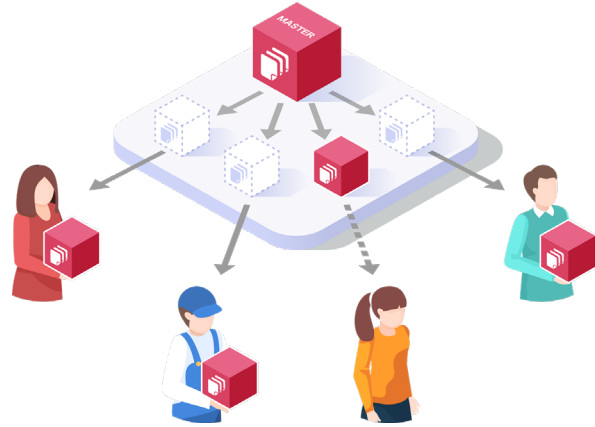
Continued development invest towards improving solution quality

Cooperation in the blockchain pilot project of the Ministry of Economy, Trade and Industry

5-2. Content Distribution Solutions business_2

Activity topic (1) What is DC3, which is investing in development?

Towards “Realizing a world where digital content is loved more”



DC3 is a digital content distribution platform solution that treats all digital data as unique “things.”

Content distributed on DC3 exists as a unique “thing,” which enables individuals to own it.

Although existing digital content runs into problems such as disappearing when the service from which a purchase had been made ends, duplication, difficulty in authentication, and not being able to be used collaboratively or across services, with DC3, these issues are solved.

DC3 can be used with a unique program called DC3 Module, by integration with web services of service providers.

Overall reliability and safety is ensured with compatibility between the DC3 Module which has been integrated into the services and Common DC3, which has the functionality of handling content across services and managing the block chain.

Also provided is functionality to centrally manage content held by users across services, and functionality to partially display content held in 3D.

For details on DC3 (Japanese only): <https://www.dc3solution.net/>

5-3. Content Distribution Solutions business_3

Activity topic (2) Launch of update for DC3



July 2024

Launch of major update for the digital content distribution platform solution

- Updated DC3 platform to version 2.0 for further stabilization
- Added a local share function for DC3 My Room
- Added a signature function for DC3 master content



July 2024

Launch of Update for Hive Ticket Player and Ticket-tier

- Added a notification function to Hive Ticket Player
- Improved convenience by allowing Ticket-tier to distribute and manage tickets within the service

For details (Japanese only): <https://www.and-dc3.com/news/2024073002/>

<https://www.and-dc3.com/news/20240731/>

5-4. Content Distribution Solutions business_4

Activity topic (3) Release of CLIP STUDIO PAINT Launcher

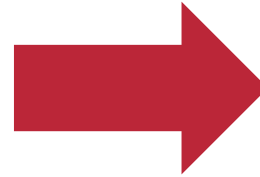
A cumulative 40.00 million users



CLIP STUDIO
PAINT



Register works that have been
produced



The DC3 player CLIP STUDIO PAINT Launcher was released in July 2024.

It enables playback of DC3 content created based on CLIP files containing the layer structure of illustrations, etc., allowing users to enjoy the creative process of content and create content containing variations.

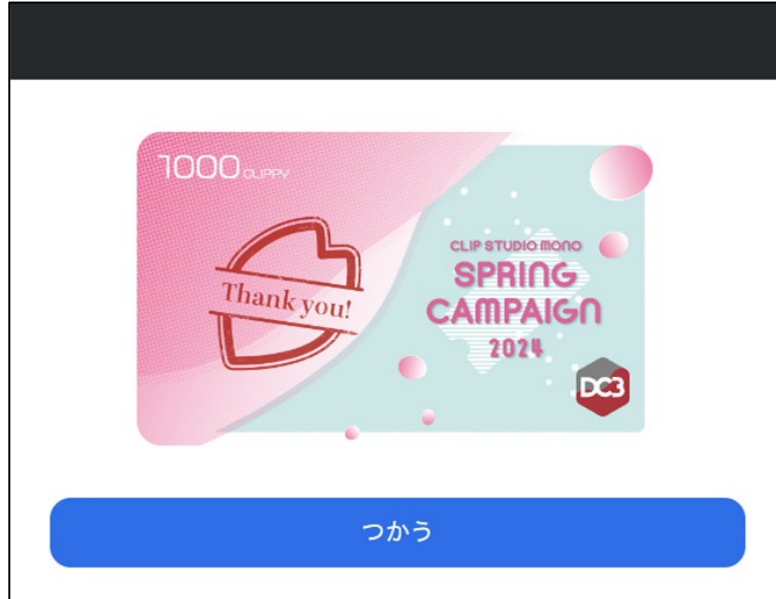


Continue to conduct campaigns to facilitate use of DC3 by creators

For details (Japanese only): <https://www.and-dc3.com/news/20240730/>

5-5. Content Distribution Solutions business_5

Activity topic (4) DC3 compatibility for cards/tickets



Hive Ticket Player



Ticket issuing service “Ticket-tier”

The DC3 player “Hive Ticket Player” released in March 2024 makes it so that cards, tickets, and other rights and licenses can be made into DC3 content. The ticket issuing service “Ticket-tier” was released in conjunction with this development, which provides businesses a way to easily handle tickets as DC3 content.

For details (Japanese only): <https://www.and-dc3.com/news/2024031402/>

5-6. Content Distribution Solutions business_6

Activity topic (5) Introduction of Creatia to DC3



Sales functionality of DC3 content was released for the new monthly membership platform Creatia, which connects creators and fans of Toranoana Group, the major support service for sales of self-published works and creators

Creatia is a monthly membership fan club platform that connects creators who create diverse entertainment, such as Vtubers, streamers, voice actors, and illustrators, with fans.

With the introduction of DC3, creators can sell limited content with added value. In addition, as income is shared with creators when content is distributed, a further increase in the value of fan clubs is enabled.

Furthermore, because unauthorized copies of content can be prevented, it is possible to safely announce one's creations.



Launch of several services using DC3 Solution are scheduled this period

For details (Japanese only): https://www.dc3solution.net/assets/file/andDC3_News_2024_01_18.pdf

5-7. Content Distribution Solutions business_7

Activity topic (6) Collaboration with movie “A Few Moments of Cheers”

Engaged in proposal-based sales activities toward IPs to acquire content that has a compatible affinity with CLIP STUDIO PAINT, such as manga, animation, and games to facilitate the use of DC3



Example of distributed content



DC3 My Room

An initiative was taken to distribute free of charge key visuals, scene clips and other items from the movie “A Few Moments of Cheers” as DC3 content. Ticket content in collaboration with this work are also distributed on CLIP STUDIO MONO.



Plan collaboration with several other IPs for the future

For details (Japanese only): https://www.dc3solution.net/assets/file/andDC3_News_2024_06_14.pdf

5-8. Content Distribution Solutions business_8

Activity topic (9) Cooperation in the pilot project of the Ministry of Economy, Trade and Industry as vice chair of the Technology Promotion Subcommittee of Japan Contents Blockchain Initiative (JCBI)



In the framework the “Pilot Project for Building Digital Public Goods Using Web 3.0 & Blockchain” of the Ministry of Economy, Trade and Industry, the publicly solicited theme of “Formulation of guidelines for content IP protection” proposed in cooperation with PwC Consulting LLC, a member firm of JCBI, and JCBI’s Technology Promotion Subcommittee and Copyright Distribution Subcommittee was adopted.

&DC3, which serves as vice chair of the Technology Promotion Subcommittee, will participate in the Content NFT Study Group, which conduct pilot experiments and hearings to formulate these guidelines. Aiming to realize a world in where digital content can be distributed more safely and securely, &DC3 will work with content-related companies to formulate guidelines to ensure vesting of rights in legitimate right holders, protection of consumers, and so on.

For details (Japanese only): <https://www.and-dc3.com/news/20240913/>

6-1. Essential activities for FY12/24

Content Production Solutions business



- **Accelerate overseas development**

Meticulous localization and culturalization for countries and regions, such as increasing supported languages

- **Initiatives to increase subscription contracts**

Review the one-time purchase provision model, and increase the use of activation codes through partners to acquire future prospective customers

- **Focus on mobile platforms**

Expand the user base through strengthening services for tablets and smartphones

- **Strengthen competitiveness by strengthening compatibility between CLIP STUDIO PAINT and DC3 Solution**

- **Improve the user experience and increase income through major updates**

- **Continue development investment such as creation support functionality that utilizes AI**

Content Distribution Solutions business



- **Promote DC3 development and sales activities**

- **Development towards improving UX for DC3 users**

- **Attract IP content**

- **Acquire customers and partners**

- **Strengthen media exposure**

6-2. To the Shareholders

Monthly progress report

Main indicators are reported monthly on the Content Production Solutions business and Content Distribution Solutions business.

Report: https://www.celsys.com/en/irinfo_news/contents_type=47



Shareholder benefit system

A shareholder benefit system has been established so many people will hold the Company's shares in the medium to long term and to deepen understanding of the Company's business. Shareholders can continuously use CLIP STUDIO PAINT EX.

Shareholder benefit (Japanese only): https://www.celsys.com/irinfo_returns/



IR questionnaire

A questionnaire on IR is posted on the Company's website. Your opinions will be used as a reference for future IR activities, such as improving the Monthly progress report.

Questionnaire (Japanese only): https://www.celsys.com/irinfo_questionnaire/



IR online magazine

The latest IR information will be sent to registered shareholders via e-mail.

Online magazine (Japanese only): https://www.celsys.com/irinfo_magazine/

6-3. Partially revising the shareholder benefit system

From the viewpoint of balancing fair returns of profit to shareholders, shareholder dividends, and shareholder benefits, the shareholder benefit system will be revised from 2025.

Before change

Details:	Six-month version of CLIP STUDIO PAINT EX for one device
Applicable shareholders:	Shareholders listed in the shareholder register as of June 30 and December 31 of each year, or shareholders recorded to hold 100 shares (one unit) or more of the Company's shares.



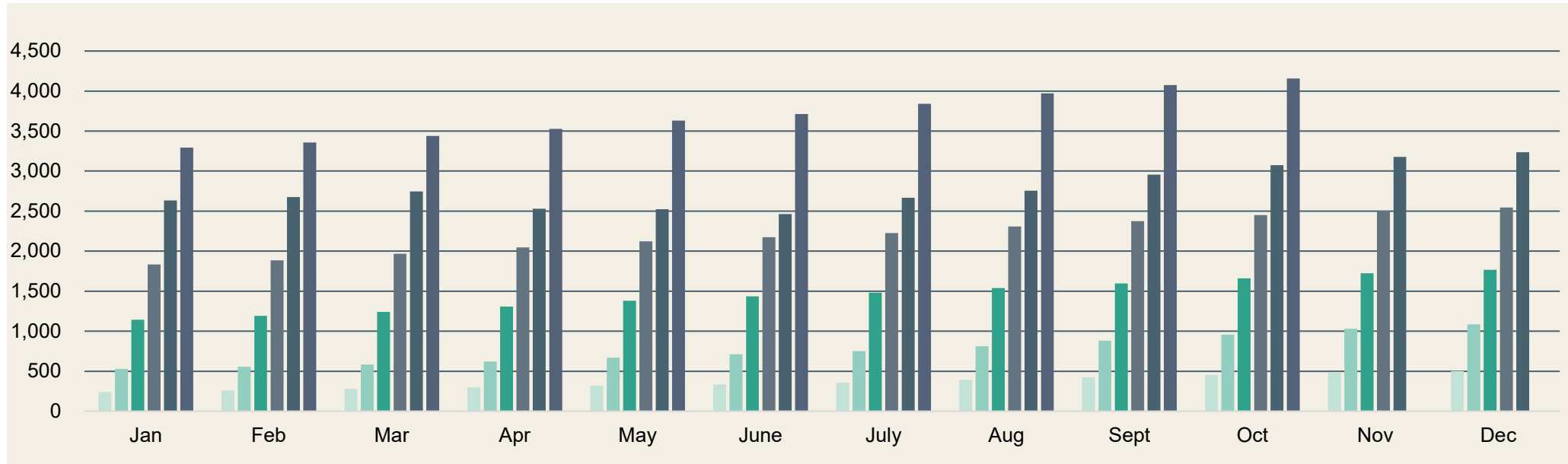
After change

Details:	Six-month version of CLIP STUDIO PAINT EX for one device
Applicable shareholders:	Shareholders recorded in the shareholder register as of June 30 and December 31 of each year, or shareholders recorded to hold 200 shares (two units) or more of the Company's shares.

The above changes will be applied to shareholder benefits for applicable shareholders listed or recorded in the Company's shareholder register as of June 30, 2025.

Reference material: Monthly progress of the Content Production Solutions business

■ Rolling three-month average ARR of CLIP STUDIO PAINT subscription sales



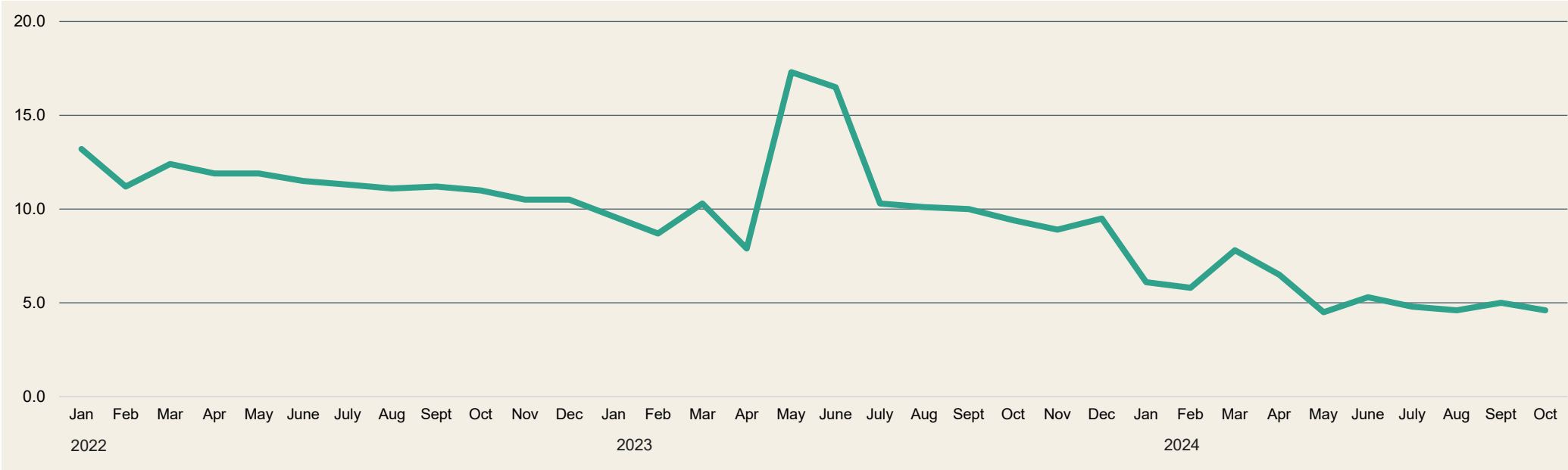
(Unit: millions of yen)

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2019		240	259	280	299	318	334	356	393	424	453	481	503
2020		530	556	585	620	668	710	752	811	882	959	1,032	1,084
2021		1,144	1,191	1,242	1,306	1,380	1,436	1,480	1,538	1,595	1,660	1,725	1,768
2022		1,834	1,884	1,966	2,046	2,124	2,173	2,225	2,309	2,375	2,450	2,506	2,545
2023		2,633	2,676	2,746	2,531	2,523	2,462	2,668	2,755	2,956	3,074	3,178	3,236
2024		3,293	3,358	3,439	3,527	3,631	3,713	3,840	3,972	4,075	4,158		

Note: A rolling three-month average is used for ARR (abbreviation for Annual Recurring Revenue, expected net sales for one year assuming that all contracts are renewed at the time of renewal) as the amount fluctuates due to the fact that the number of business days per month every three months depends on the settlement method (usually 28 business days, but there are special cases of 35 business days), and because adjustments are made at the end of each quarter, when results are calculated.

Reference material: Monthly progress of the Content Production Solutions business

CLIP STUDIO PAINT churn rate (paid contracts)



(Unit: %)

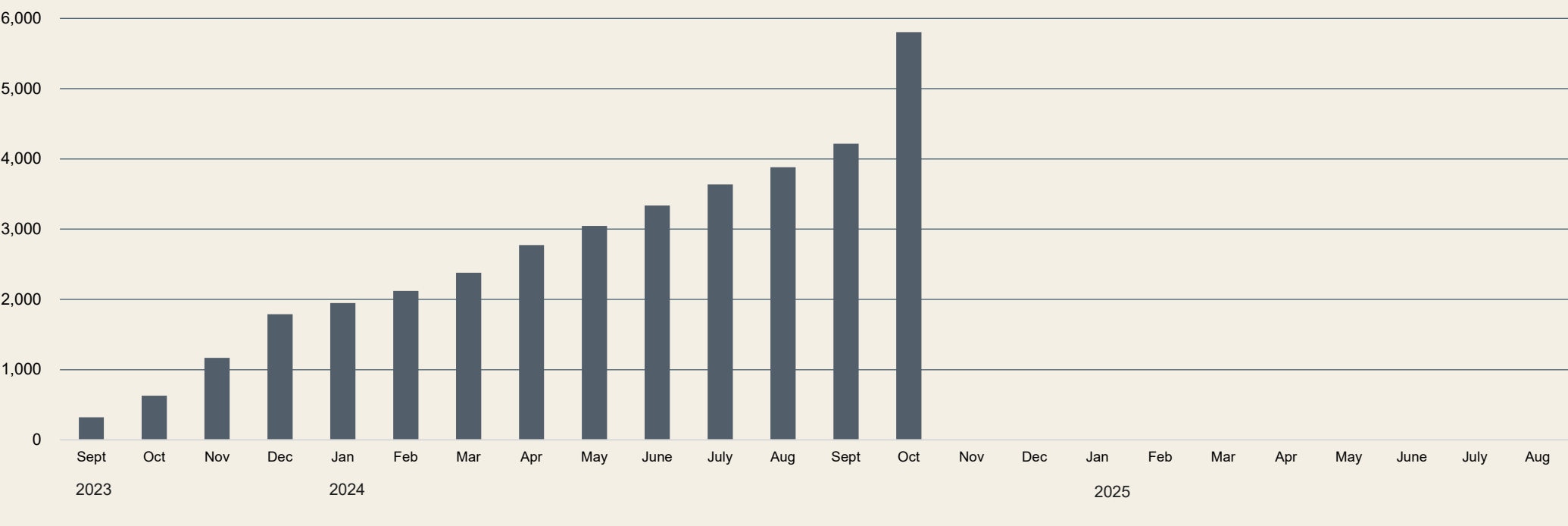
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2022	13.2	11.2	12.4	11.9	11.9	11.5	11.3	11.1	11.2	11.0	10.5	10.5
2023	9.6	8.7	10.3	7.9	17.3	16.5	10.3	10.1	10.0	9.4	8.9	9.5
2024	6.1	5.8	7.8	6.5	4.5	5.3	4.8	4.6	5.0	4.6		

Note: This indicator is the customer churn rate based on the number of customers with paid subscription contracts for the SaaS version of CLIP STUDIO PAINT. The rate is calculated based on the number of cancellations during the month relative to the number of contracts as of the end of the previous month. In cases where one customer has multiple contracts, each contract is calculated separately. Due to the nature of the product, which offers monthly contracts that allow customers to use the product as needed, in addition to annual contracts, the same customer may repeatedly sign and cancel contracts, but the calculation includes all such cases.

Note: The payment system used for subscription fees for Windows and macOS was changed in May 2023 in order to strengthen security to prevent authorized payments not going through due to unknown attacks. Although the churn rate temporarily increased significantly due to contracts lapsing at the end of the reregistration period at the end of May with some subscribers not reregistering, the number of new contracts continued to steadily increase, and from July 2023, remained steady.

Reference material: Monthly progress of the Content Distribution Solutions business

■ Number of master content in DC3 Solution



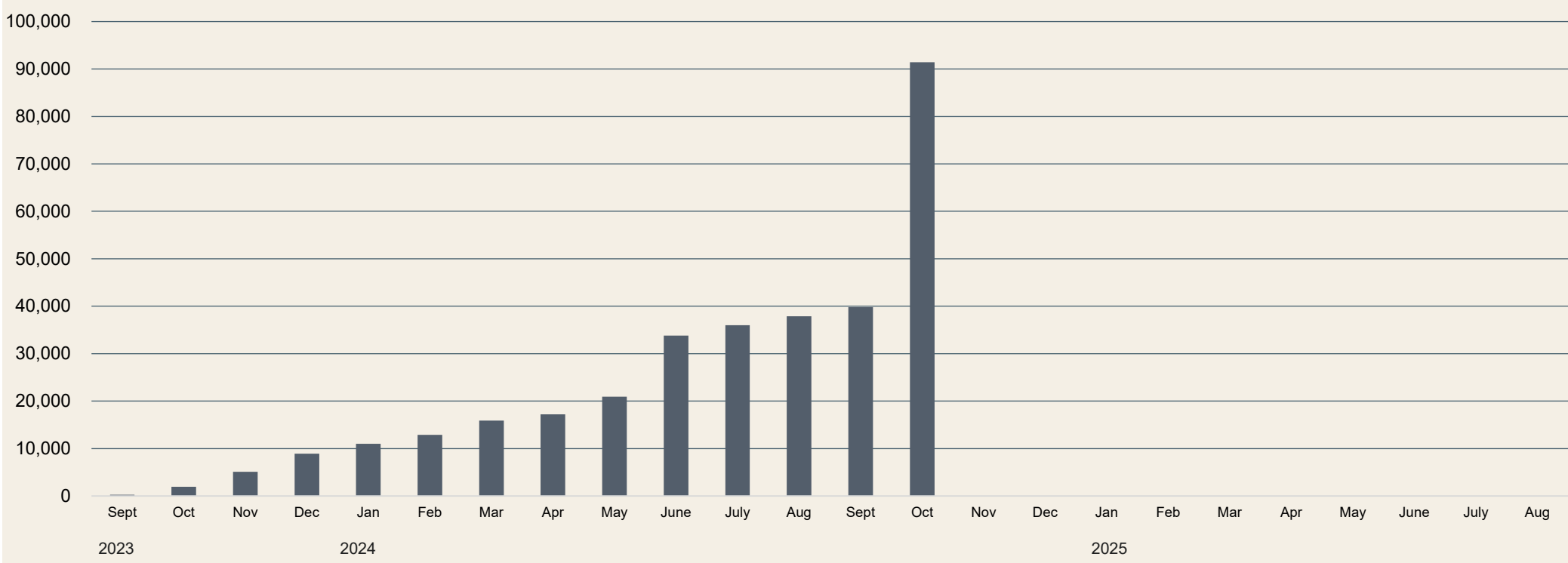
(Unit: units)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2023	—	—	—	—	—	—	—	—	322	630	1,169	1,789
2024	1,948	2,122	2,380	2,772	3,047	3,335	3,637	3,880	4,216	5,804		

Note: The number of master content is the total number of all DC3 master content registered in the service integrated with DC3 Solution. Master content is a mold for content in the DC3 universe. Making master content into DC3 content enables each and every content to be unique “things,” as in the real world. Using digital comics as an example, the idea is to create binding data (master content) based on illustrations, and then print a standalone comic (DC3 content).

Reference material: Monthly progress of the Content Distribution Solutions business

■ Cumulative number of DC3 Solution transactions



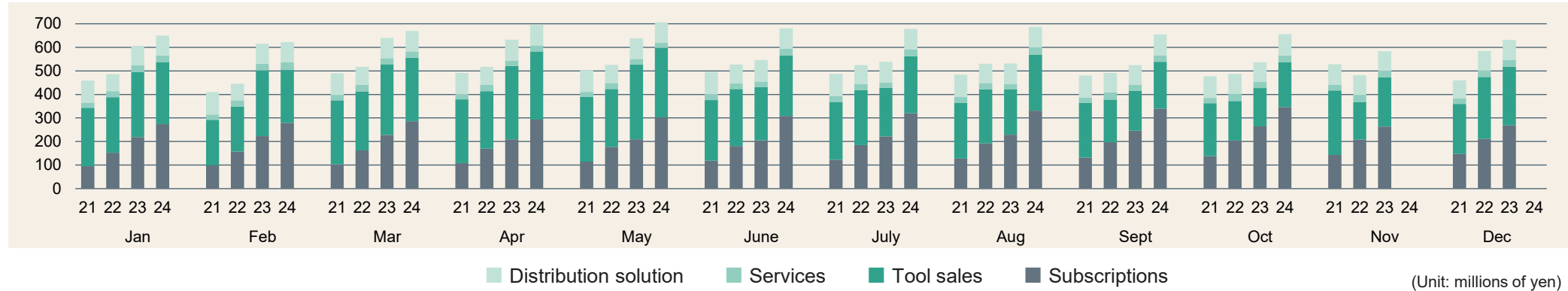
(Unit: transactions)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2023	—	—	—	—	—	—	—	—	266	1,955	5,074	8,910
2024	11,016	12,875	15,908	17,212	20,954	33,808	36,005	37,879	39,840	91,413		

Note: The number of transactions include all transactions, such as transfers, granting access rights, etc.

Reference material: Monthly progress of Production S business and Distribution S business monthly progress

■ Breakdown of rolling three-month average sales of Content Production Solutions business and Content Distribution Solutions business



		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2021	e-books	94	95	93	92	92	96	95	95	94	92	88	77
	Services	22	23	22	21	22	24	24	24	22	22	23	23
	Tool sales	248	193	272	271	274	257	245	237	232	225	274	213
	Subscriptions	95	99	103	108	115	119	123	128	132	138	143	147
2022	e-books	72	71	76	76	76	79	80	81	82	83	84	82
	Services	26	27	28	27	26	25	25	27	31	32	30	28
	Tool sales	236	191	250	244	246	242	234	230	181	168	159	262
	Subscriptions	152	157	163	170	177	181	185	192	197	204	208	212
2023	e-books	83	85	86	88	88	91	88	86	83	83	84	84
	Services	28	27	26	24	24	24	23	24	25	26	26	29
	Tool sales	276	280	300	310	317	226	206	192	170	162	209	249
	Subscriptions	219	223	228	210	210	205	222	229	246	256	264	269
2024	e-books	85	86	87	87	86	86	86	87	89	91		
	Services	28	32	26	26	22	30	30	32	27	28		
	Tool sales	263	225	270	289	296	256	242	237	200	191		
	Subscriptions	274	279	286	293	302	309	320	331	339	346		

Note: A three-month moving average is used as Tubers the amount fluctuates due to the fact that the number of business days per month every three months depends on the settlement method (usually 28 business days, but there are special cases of 35 business days), and because adjustments are made at the end of each quarter, when results are calculated. The figures may display differences from consolidated financial results, or other indicators, as a product of the inclusion of group-internal sales and the practice of rounding down to the nearest million yen.

Subscriptions are CLIP STUDIO PAINT subscription sales.

Tool sales include downloads through the one-time payment model and licenses for corporations.

Services include sales of CLIP STUDIO WEB services. Distribution solution include sales related to e-books.



This material is to provide information on the Company's business, management strategy, and financial results, and is not intended to solicit investment in securities issued by the Company. In addition, financial data and company data in this material are produced based on data as of September 30, 2024. The opinions, forecasts, etc. stated in this material are based on judgements of the Company at the time of producing the material, and the accuracy and completeness of the information cannot be guaranteed nor promised, and is subject to change without prior notice in the future.