

**Supplementary Material on
Financial Results
for Q2 FY12/24
(Edition Reflecting Revisions to
Full-Year Financial Results
Forecast)**



August 19, 2024

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).

1. Group Topics



1-1. [Before revisions to financial results forecast] Financial results summary for Q2 FY12/24

Net sales

4.06

billion yen

Progress: 52.6%

(Before revisions to full-year financial results forecast)

Operating profit

1.10

billion yen

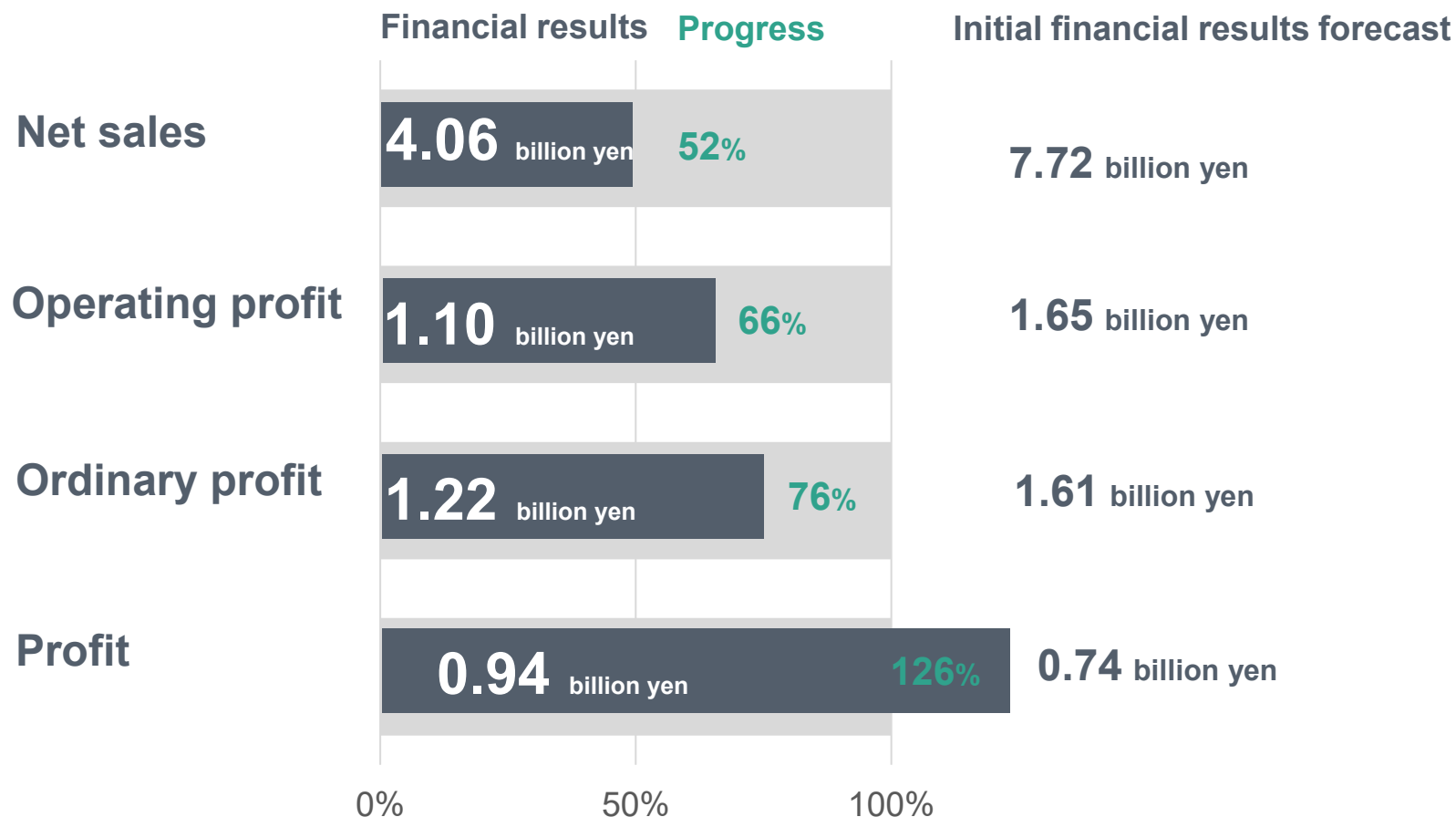
Progress: 66.8%

(Before revisions to full-year financial results forecast)

- The Group's operating profit for the six months ended June 30, 2024 reached a record high
- Net sales in the Content Production Solutions business for the six months ended June 30, 2024 reached a record high
- As a result of structural reforms (sale of the UI/UX business), sales decreased while profit increased from the previous FY

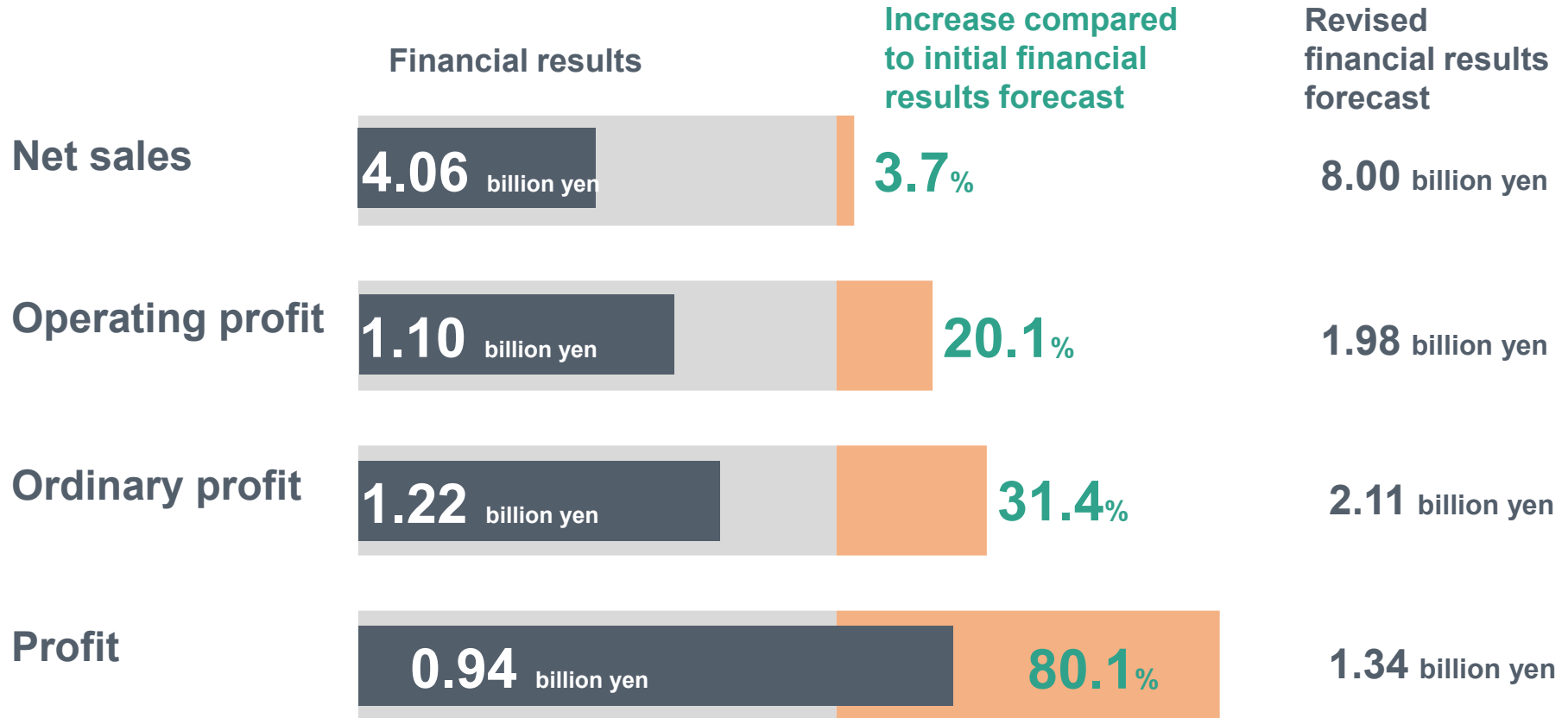
1-2. [Before revisions to financial results forecast] Progress in full-year financial results

Progress in both sales and profit maintained above 50%.



1-3. [After revisions to financial results forecast] Full-year financial results forecast for FY12/24

The full-year financial results forecast was revised on August 9, 2024 as steady sales and cost control are expected from August onward, in addition to the financial results until July.



For details: https://www.celsys.com/files/user/pdf/ir/info/2024/info_2024-0809a_en.pdf

1-4. Strengthening shareholder returns: Increased 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 the increased interim dividend.

Dividends for FY12/24 (Forecast)

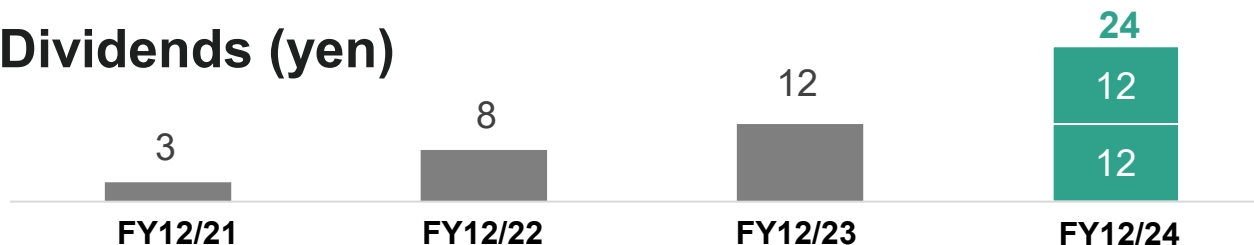
Interim dividend 12 yen

Year-end dividend 10 yen + 2 yen

Total: 24 yen

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.

Dividends (yen)



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>

1-7. Preparing to change market listing to the Prime Market for sustainable growth

As stated in “Notice Regarding Preparations to Apply to Change Listing to the Prime Market of the Tokyo Stock Exchange” disclosed on August 19, 2022, preparations are currently being made to change the stock listing to the Prime Market of the TSE, and as of June 30, 2024, the formal requirements for listing on the Prime Market as required by the TSE have been satisfied.

■ Prime Market initial listing criteria

	Initial requirements
Number of shareholders	800 or more
Tradeable shares	20,000 units or more
Market capitalization of the tradeable shares	10.0 billion yen or more
Number of tradeable shares	35% or higher
Market capitalization	25.0 billion yen or more
Amount of net assets	5.0 billion yen or more
Profits (Total of the last two years)	2.5 billion yen or more

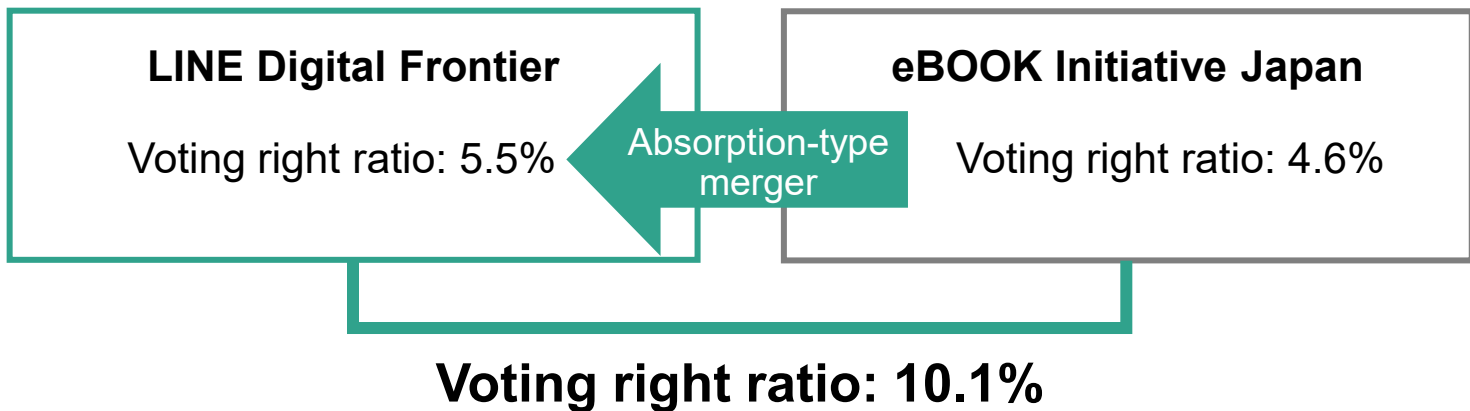
■ Status of the Company As of June 30, 2024

	Satisfaction of requirements
Approx. 22,000	Satisfied
Approx. 230,000 units	Satisfied
20.3 billion yen	Satisfied
65%	Satisfied
31.3 billion yen	Satisfied
5.9 billion yen	Satisfied
3.0 billion yen	Satisfied

1-8. Change in shareholders (planned)

In December 2021, the Company entered into a capital and business alliance with WEBTOON Entertainment, which was listed on Nasdaq in June 2024. WEBTOON Entertainment globally provides services such as LINE MANGA in Japan and NAVER WEBTOON in Korea, and its affiliated companies, LINE Digital Frontier and eBOOK Initiative Japan, are the Company's shareholders.

LINE Digital Frontier plans to merge with eBOOK Initiative Japan in an absorption-type merger as of September 1, 2024, and become a major shareholder of the Company.



2. Financial Results Highlights



2-1. Consolidated statement of income

Unit: millions of yen

		Period comparison (from January to June)		
		FY12/23	FY12/24	YoY
Net sales	Financial results	4,253	4,060	-4.5%
	Excluding UI/UX business	3,541	4,060	+14.7%
Operating profit		729	1,105	+51.6%
Ordinary profit		736	1,228	+66.9%
Profit		-92	943	-

Topics

- Net sales in 1H FY12/24 excluding UI/UX business, where the transfer was finalized in 2023, reached a record high

*Net sales from the UI/UX business in 1H FY12/23 were 712 million yen

2-2. Comparison of revised financial results forecast and actual financial results

Actual financial results exceeded 1H FY12/24 forecast, which was revised on June 26, 2024, for both sales and profit.

Unit: millions of yen

	FY12/24		FY12/24		
	1H initial plan		1H revised plan	1H financial results	Change
Net sales	3,816		4,027	4,060	+0.8%
Operating profit	664		1,001	1,105	+10.4%
Ordinary profit	641		1,055	1,228	+16.4%
Profit	254		802	943	+17.6%

2-3. Consolidated balance sheet

Unit: millions of yen

	End of the previous fiscal year (December 31, 2023)		End of the consolidated six months under review (June 30, 2024)		
	Amount	Ratio	Amount	Ratio	Change from end of previous fiscal year
Current assets	6,929	81.0%	6,094	72.4%	-835
Non-current assets	1,621	19.0%	2,323	27.6%	701
Total assets	8,551	100.0%	8,417	100.0%	-133
Current liabilities	1,432	16.8%	1,964	23.3%	532
Non-current liabilities	458	5.4%	504	6.0%	45
Total liabilities	1,891	22.1%	2,469	29.3%	577
Total net assets	6,660	77.9%	5,948	70.7%	-711
Total liabilities and net assets	8,551	100.0%	8,417	100.0%	-133

Details of main increases and decreases

- Current assets: Cash and deposits -391 million yen Shares of Axell Corporation and treasury shares were acquired
- Non-current assets: Investment securities 694 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 (financial 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%

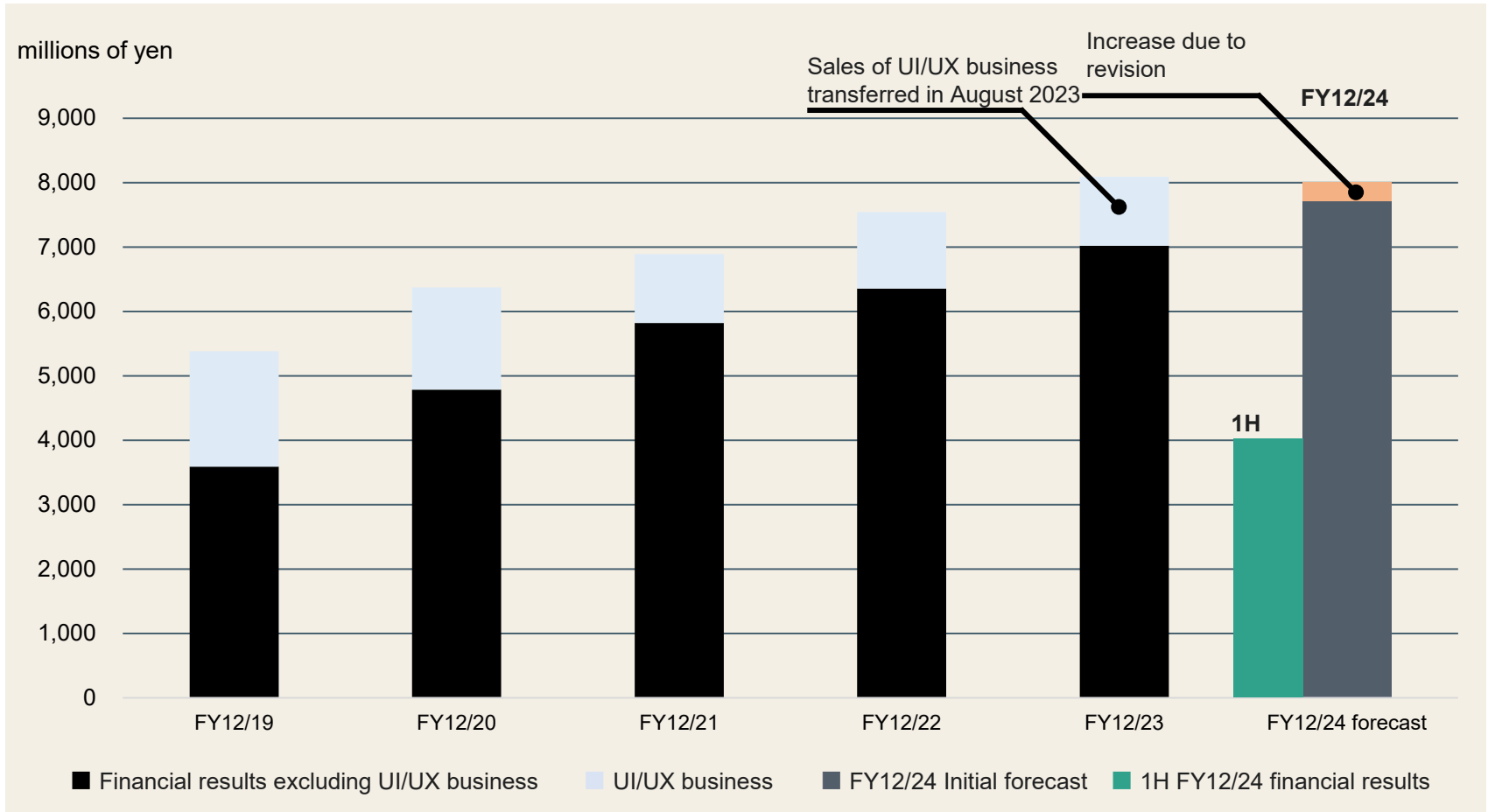
● Business of the UI/UX business was transferred on August 1, 2023.

● The Company revised financial results forecast for the 1H FY12/24 on June 26, 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

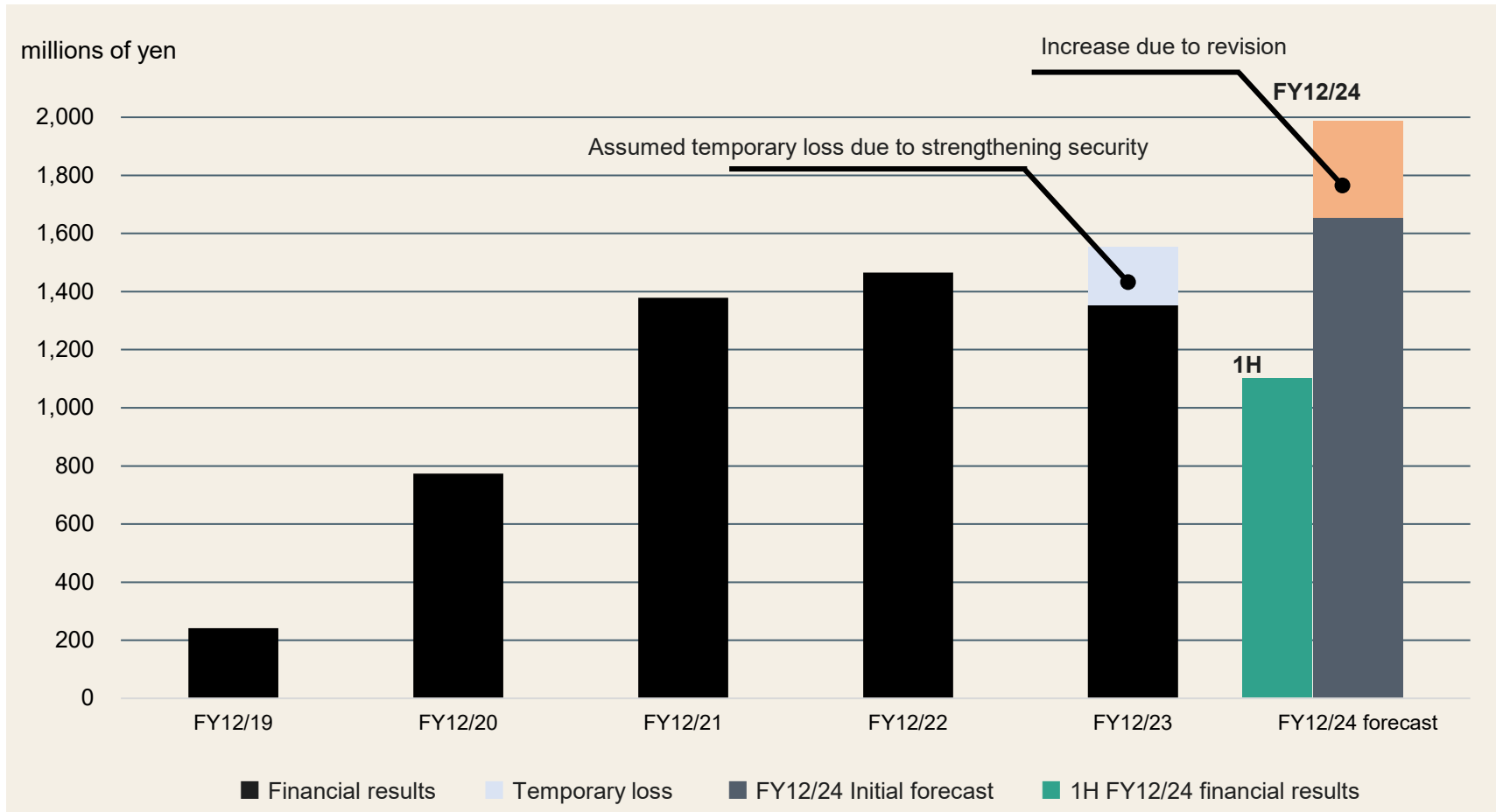


● Expected to achieve 8,009 million yen in FY12/24

● Reached 4,060 million yen in 1H FY12/24, progress of 50.7%

● 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 1,105 million yen in 1H FY12/24, progress of 55.6%

4. Outline of Each Business Segment

Content **Production** Solutions Business



Summary of Celsys Group's businesses

Content Production Solutions business




CELSYS

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](#)



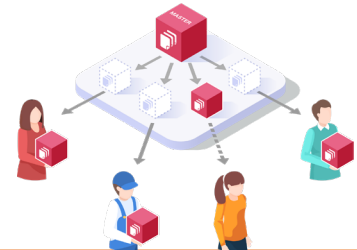
Content Distribution Solutions business




&DC3

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)



4-1. Content Production Solutions business_1

Unit: millions of yen

	Period comparison (from January to June)		
	FY12/23	FY12/24	YoY
Net sales	3,034	3,538	+16.6%
Operating profit	1,160	1,463	+26.1%

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 June 2024

- Cumulative shipments **41.61 million units** **+34.4% YoY**
- Overseas ratio **80.5%** **+0.8 Points YoY**
- Subscription contracts **1.001 million contracts** **+19.7% YoY**
- ARR **3.71 billion yen** **+50.8% YoY**

4-2. Content Production Solutions business_2

Activity topic (1) CLIP STUDIO PAINT supported languages and overseas usage ratio



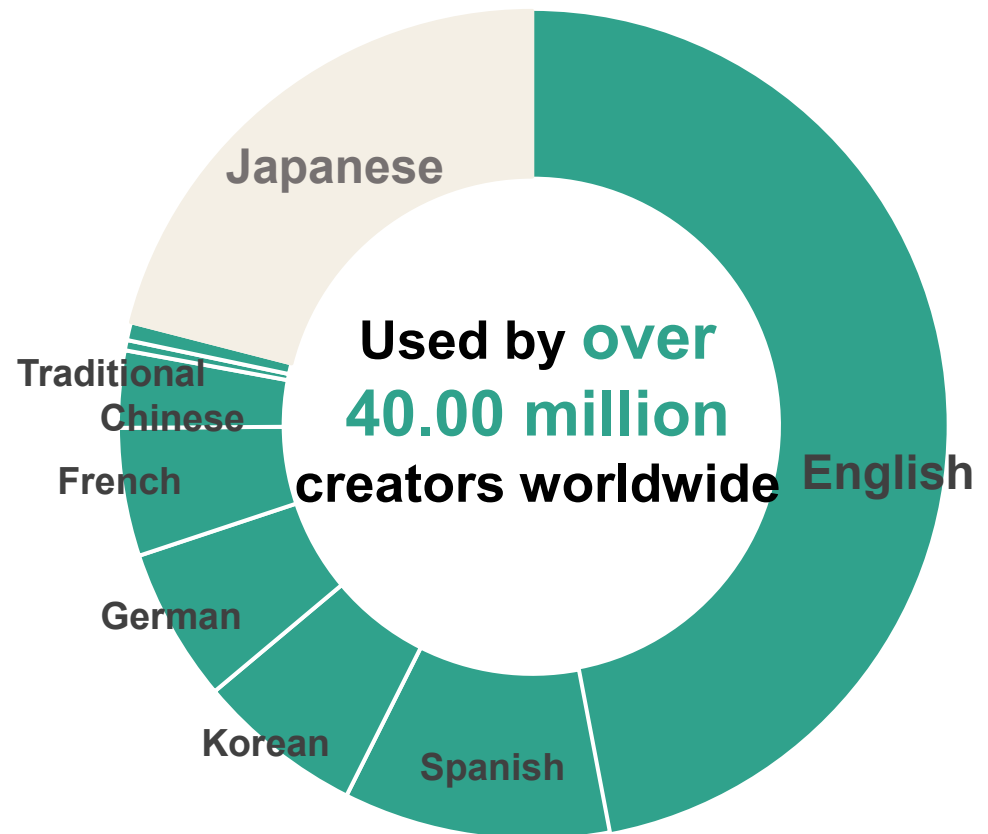
CLIP STUDIO
PAINT

Support for 11
languages

日本語	繁體中文
English	简体字
Français	ภาษาไทย
Español	Bahasa Indonesia
Deutsch	Português Brasileiro
한국어	

Japanese/English/Korean/Chinese
(Traditional/Simplified)/French/Spanish/German/Portuguese/Thai
/Indonesian

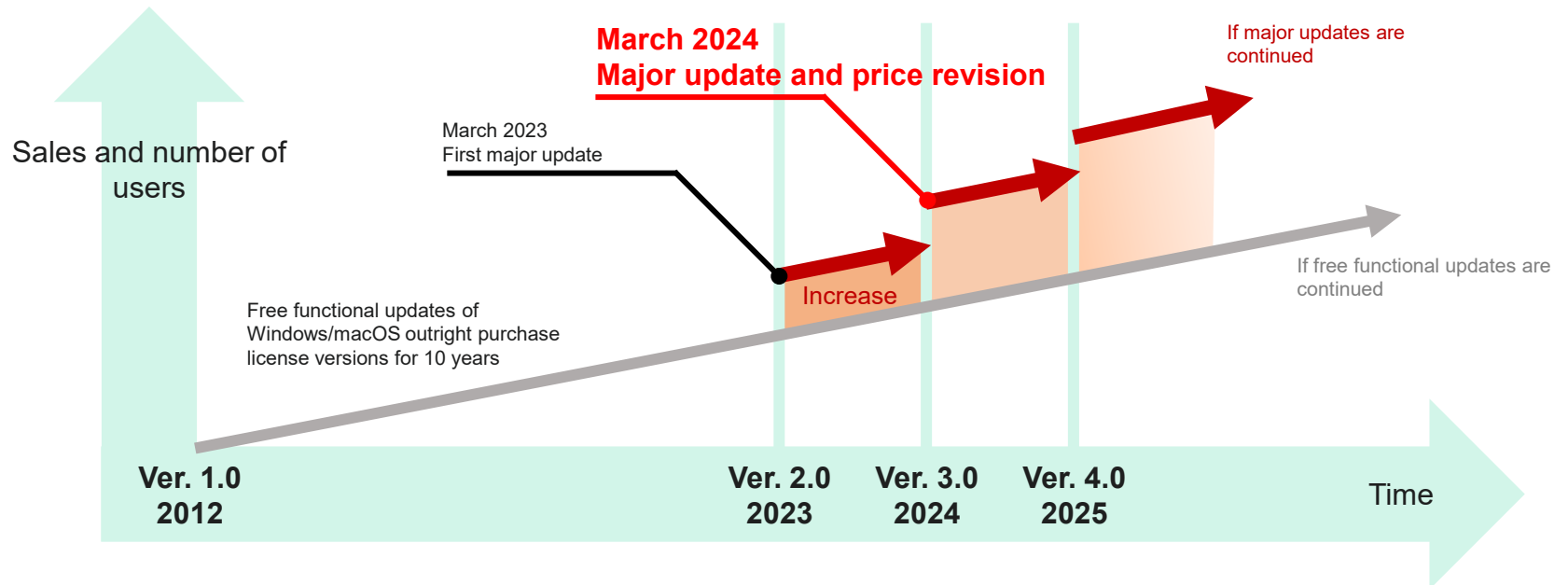
Breakdown of units shipped by
language



4-3. Content Production Solutions business_3

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

Free functional updates of Windows/macOS outright purchase license versions of CLIP STUDIO PAINT have been continuously provided for the 10 years since its launch in 2012. 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 in Japan and 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)
For illustrations 	5,900 yen	480 yen per month
For producing manga or animation 	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, serves 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 Celsys logo, 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 WEB TOON logo, featuring the words 'WEB TOON' in white, bold, sans-serif font inside a green speech bubble shape.The Celsys logo, 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.

*WEBTOON Entertainment was listed on Nasdaq in June 2024.

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.

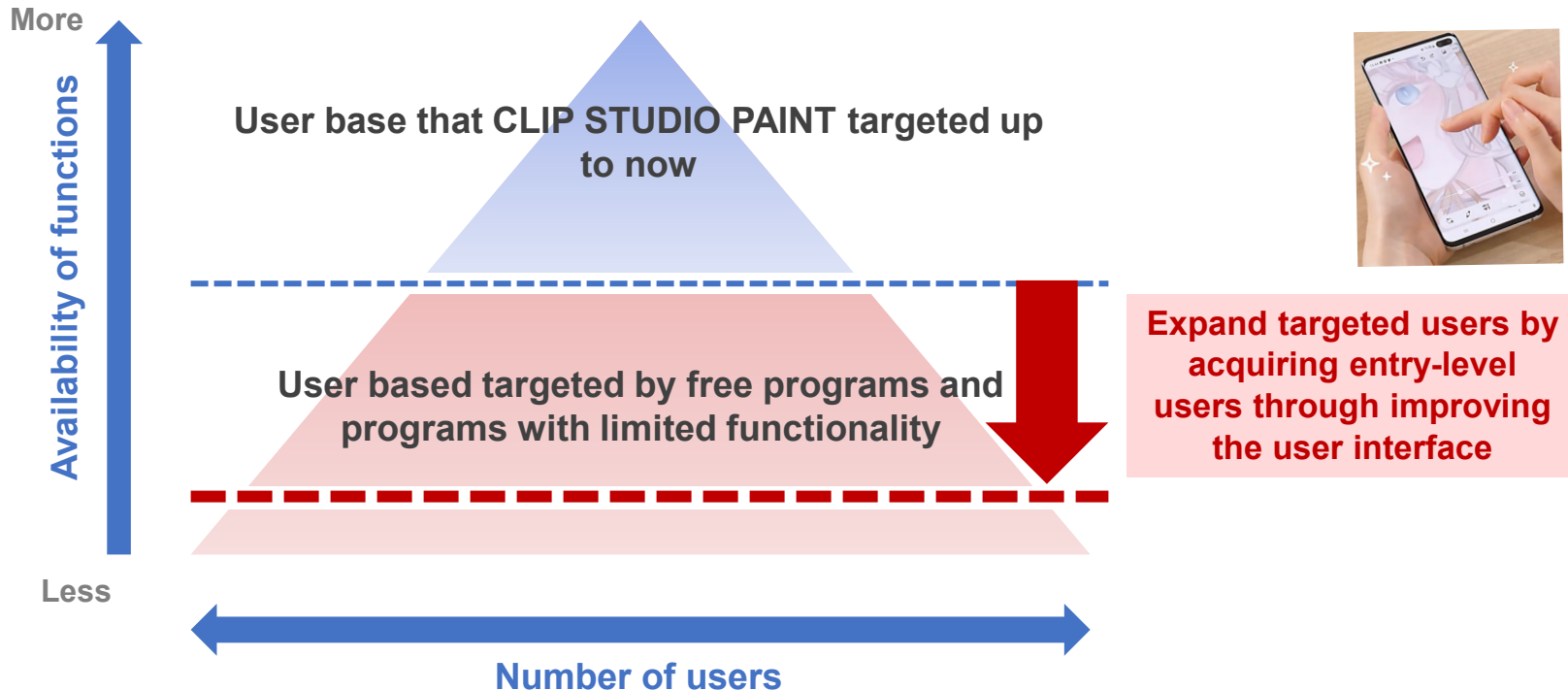
For details: <https://x.com/clipstudiopaint/status/1760284266272031138>

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.

Graph of expanded targeted user base through improving the user interface



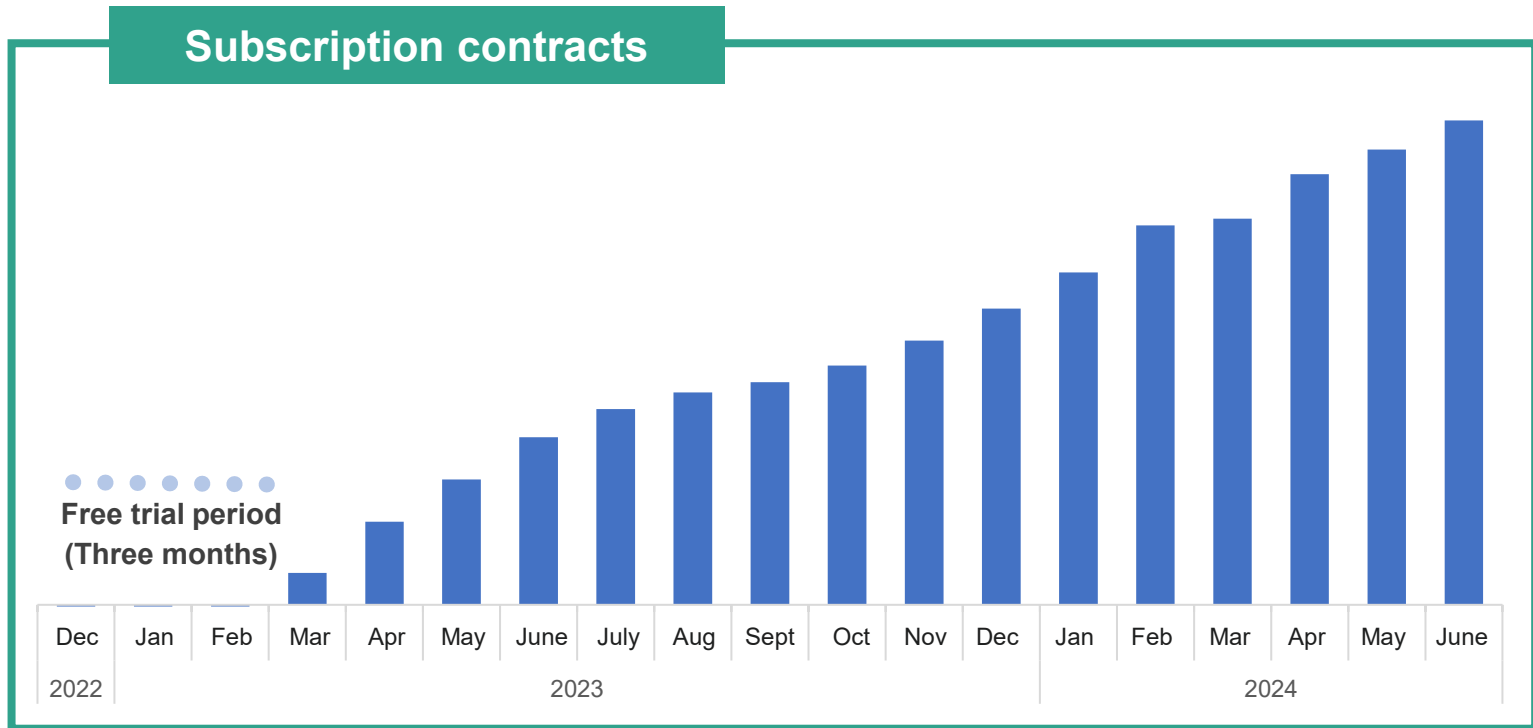
For details (Japanese only): <https://www.celsys.com/topic/2023061302>

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 Wacom OLED pen tablet, Wacom Movink 13, for worldwide release
- CLIP STUDIO PAINT sponsored DoKomi, the largest Japanese pop culture event in Germany
- CLIP STUDIO PAINT sponsored WEBTOON CONCOURS 2024 hosted by WEBTOON FRANCE

Support distribution and creators

- New exclusive font family for Webtoon creation “Clip Studio Comic” developed by Celsys and Iwata
- Creator membership of CLIP STUDIO, a support site for creators in the fields of illustrations, manga, Webtoons and animation, reached 8.92 million people worldwide
- CLIP STUDIO PAINT made compatible with Apple Pencil Pro, supporting barrel rotation and other functions for more intuitive drawing on the iPad
- The 1st Global Comic Awards, a competition for comic and manga creators around the globe, was jointly held with pixiv, an illustration communication service with over 100 million users

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

3. 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 June)		
	FY12/23	FY12/24	YoY
Net sales	507	521	+2.8%
Operating loss	327	358	—

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 in January 2024 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

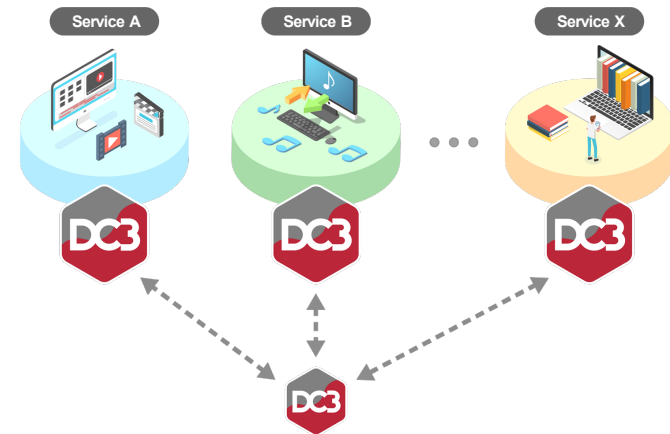
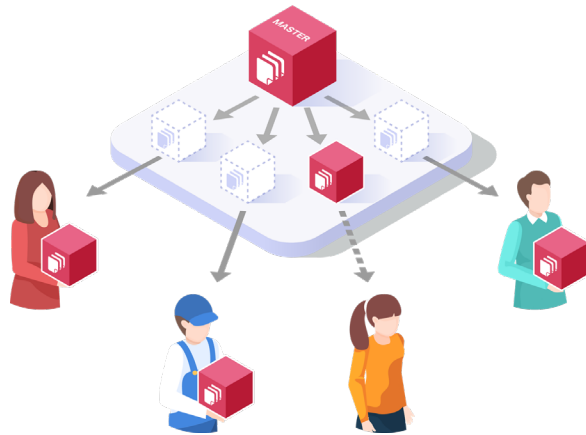
- Animations “Astro Note” and “Whisper Me a Love Song”
- Games “El Shaddai” and “Shadow Corridor 2: Ame no Yohira”
- Movie “A Few Moments of Cheers”

Continued development invest towards improving solution quality

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.

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

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.

5-3. Content Distribution Solutions business_3

Activity topic (2) Launch of update for DC3



May 2024

Launch of update for the digital content distribution platform solution

- Improved 3D space functionality for DC3 My Room
- Launched DC3 master content registration and editing app
- Added property transfer function for master content



May 2024

Launch of update for various players of Hive

- Enhanced signing function
- Enhanced framing function

For details (Japanese only): <https://www.and-dc3.com/news/20240529/>
<https://www.and-dc3.com/news/20240530/>

5-4. Content Distribution Solutions business_4

Activity topic (3) Realize compatibility between DC3 and CLIP STUDIO PAINT

A cumulative 40.00 million users



CLIP STUDIO
PAINT



Register works that have been
produced



With the release of CLIP STUDIO PAINT Version 3.0 in March 2024, the DC3 master content registration function was made available to PRO users as well as EX users to enable even more creators to distribute their works with ease

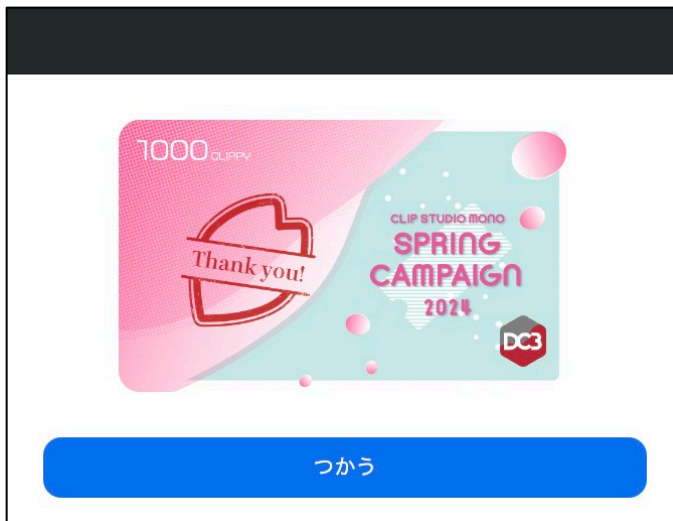


Continue to conduct campaigns to facilitate use of DC3 by creators

For details (Japanese only): <https://www.and-dc3.com/news/2024031403/>
<https://www.and-dc3.com/news/2024031802/>

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

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_yutai/



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.



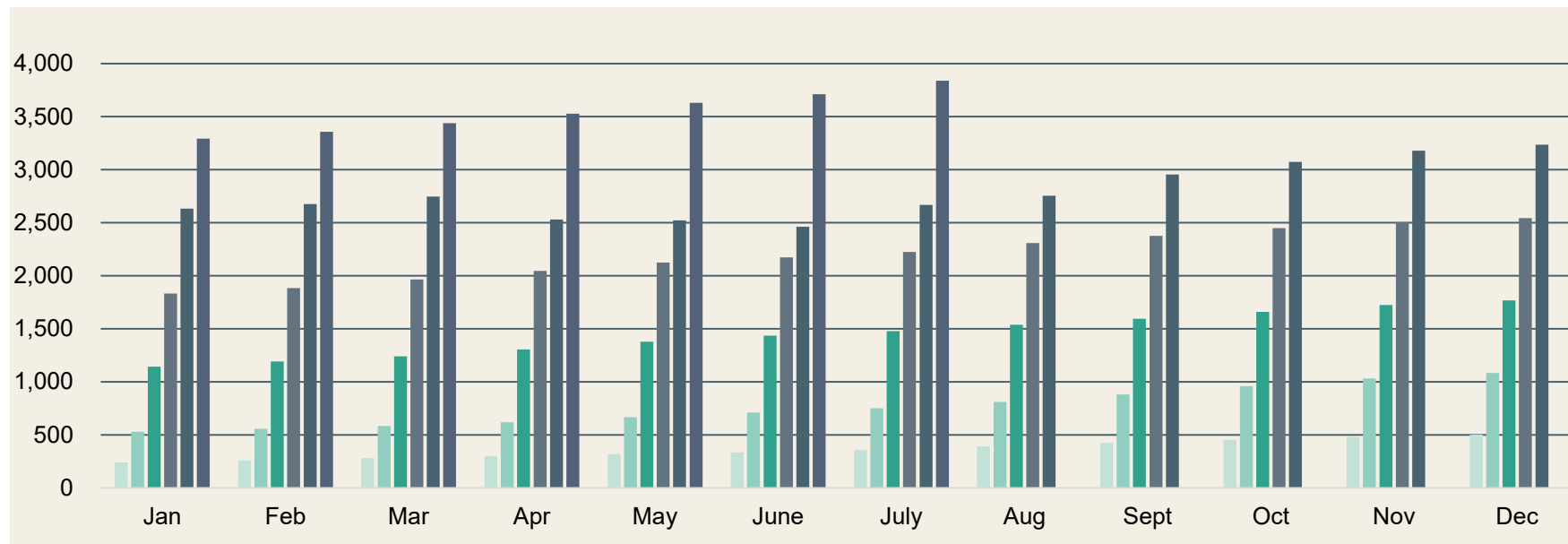
After change

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



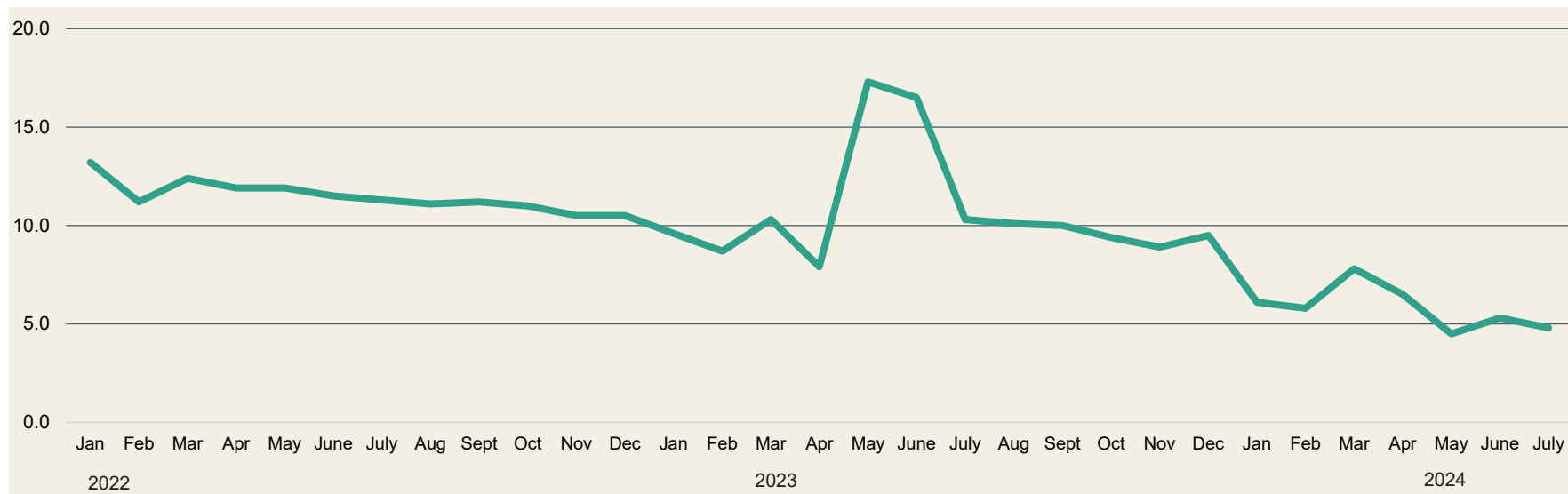
(Unit: millions of yen)

		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					

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: %)

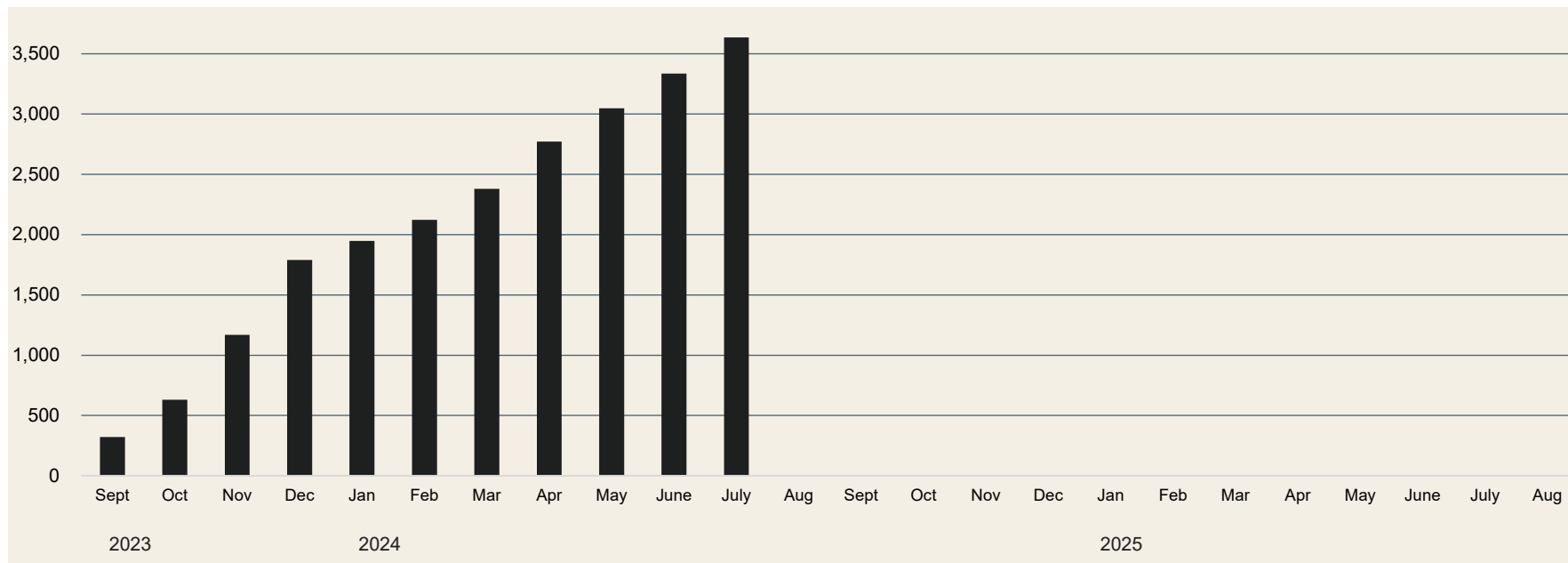
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2022	13.2	11.2	12.4	11.9	11.9	11.5	11.3	11.1	11.2	11.0	10.5	10.5
2023	9.6	8.7	10.3	7.9	17.3	16.5	10.3	10.1	10.0	9.4	8.9	9.5
2024	6.1	5.8	7.8	6.5	4.5	5.3	4.8					

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



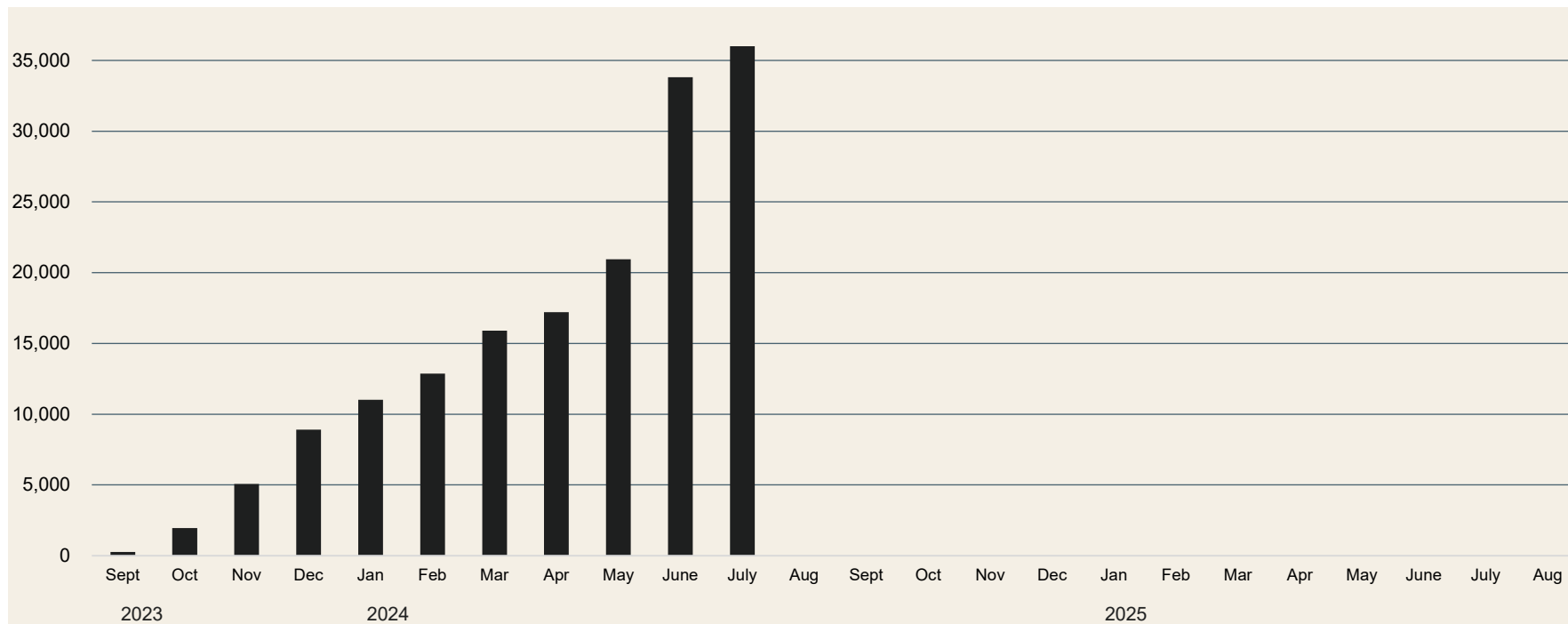
(Unit: units)

	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					

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



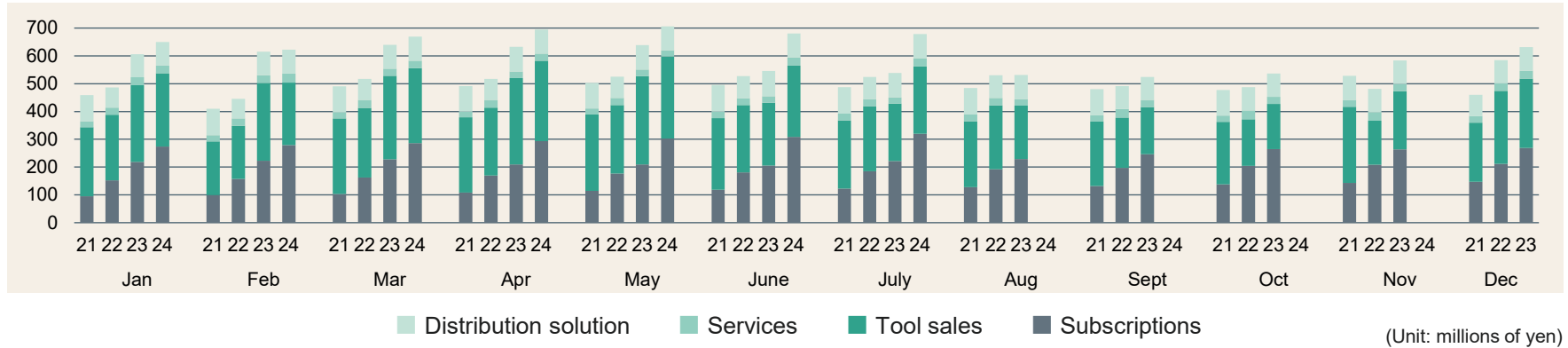
(Unit: transactions)

	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					

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



			(Unit: millions of yen)											
			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					
	Services		28	32	26	26	22	30	30					
	Tool sales		263	225	270	289	296	256	242					
	Subscriptions		274	279	286	293	302	309	320					

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 August 9, 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.