

Supplementary Material on Financial Results for Q4 FY12/23



February 9, 2024

2024

The Celsys Group has reached a new stage committed to business that offers total support of content, from production to distribution!



Content Production SaaS
CLIP STUDIO PAINT



Content Distribution Platform
DC3



Kei Narushima, President

In 2023, the Group completed structural reforms focused on the Content Domain business with the sale of the UI/UX business. With a new system in place in 2024, we are committed to business that offers total support, from content production (CLIP STUDIO PAINT), to content distribution (DC3).

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1. Group Topics

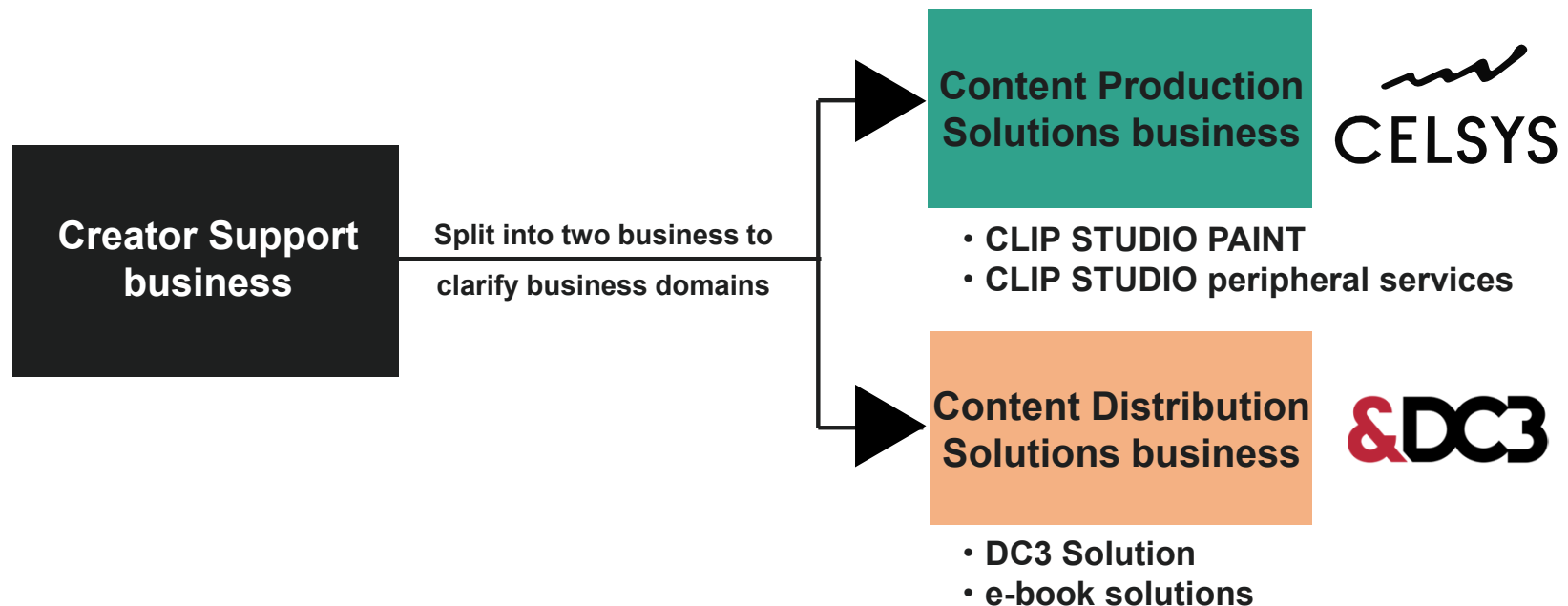


1-1. Reorganizing business domains aiming to expand the business scope

Aiming to expand the business scope, in 2023 we clarified business domains and enhanced efficiency and expertise.

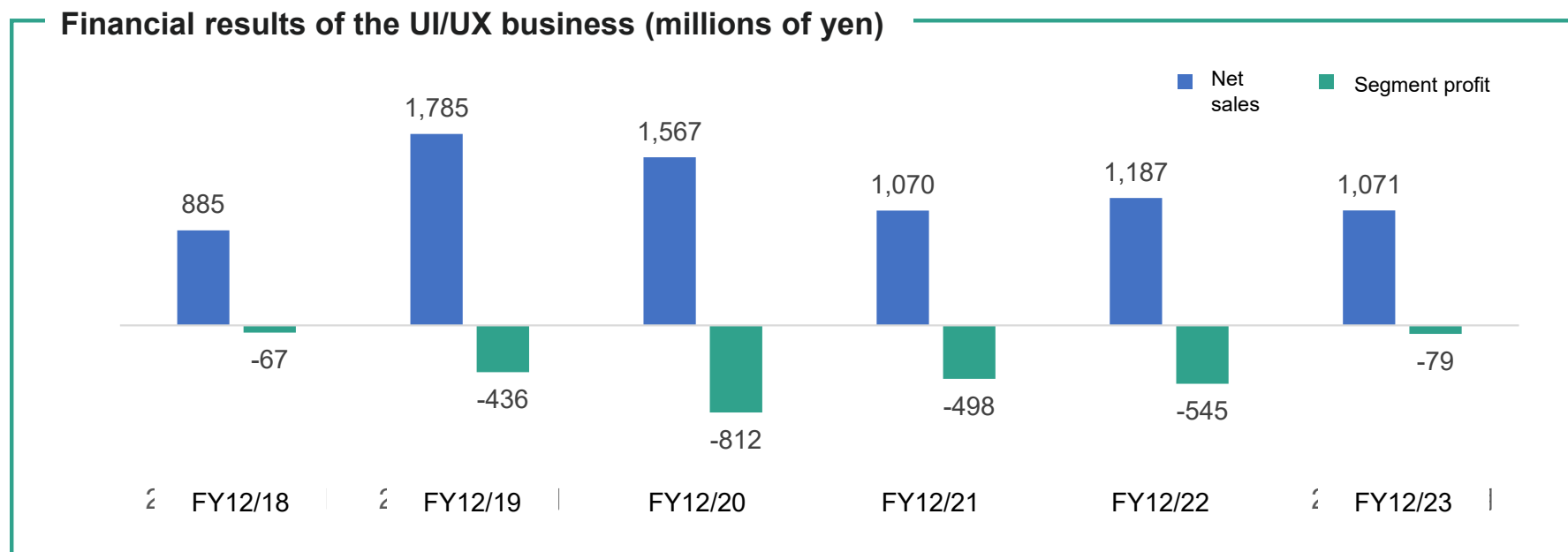
Celsys will focus on the Content Production Solutions business, focused on sales of CLIP STUDIO PAINT and providing peripheral services through transferring the e-book solutions division of the Creator Support business, which sells CLIP STUDIO PAINT, a software program for producing content, and provides peripheral services, as well as providing e-book distribution solutions, to &DC3.

Together with the split-off e-book solutions, &DC3 will focus on the Content Distribution Solutions business, which is focused on providing DC3 Solution, a platform to realize distribution of new digital content for the WEB3 generation through treating all digital data as unique “things,” as announced on December 8, 2022.



1-2. Entering a new stage with the finalization of the transfer of the UI/UX business

Transfer of the UI/UX business, which negatively impacted financial results, was completed on August 1, 2023.



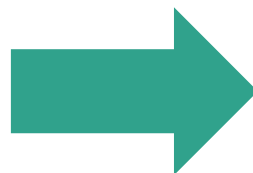
Aim to further expand the business scope by focusing on the Content Domain

1-3. Strengthening shareholder returns: Dividends

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 for FY12/24 (Forecast)

Per share: **12** yen



Interim dividend: 10 yen
Year-end dividend: 10 yen
Total: 20 yen

Reference: Dividends for FY12/23

Per share: **12** yen

The dividend forecast of 9 yen per share announced on February 10, 2023 was increased by 3 yen per share to 12 yen, taking the dividend payout ratio, etc. into consideration, and to strengthen share holder returns.

In 2024, profit returns will be strengthened in accordance with business progress.

1-4. Strengthening shareholder returns: Additional acquisitions of treasury shares

A total of 2.0 billion yen worth of treasury shares is slated to be acquired in one year, starting March 1, 2024, 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

Actual acquisitions will be announced as they are decided.

1-5. Progress of capital and business alliance agreements

In December 2021, a capital and business alliance agreement was entered with WEBTOON Entertainment, one of the world's leading service providers in the Webtoon space, aiming for collaborations with the Company to generate synergies.



Based on the capital and business alliance agreement, **one Outside Director from LINE Digital Frontier will be appointed** as of the shareholders meeting scheduled to be held in March 2024, and the effects of the business alliance are expected to accelerate.

LINE Digital Frontier is a group company of WEBTOON Entertainment in Japan, and is a direct shareholder of the Company.

For details (Japanese only): https://www.celsys.com/files/user/pdf/groupnews/ArtSpark_News_20211210.pdf
https://www.celsys.com/files/user/pdf/ir/info/2021/info_2021-1210a.pdf
https://www.celsys.com/files/user/pdf/ir/info/2023/info_2023-1225a.pdf

1-6. 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 apply to change the stock listing to the Prime Market of the TSE.

Towards the change to the Prime Market, we are striving for sustainable growth of the company and medium- to long-term enhancement of corporate value, aiming to strengthen systems such as corporate governance.

■ 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 December 31, 2023

	Satisfaction of requirements
Approx. 21,000	Satisfied
Approx. 250,000 units	Satisfied
Approx. 18.1 billion yen	Satisfied
71%	Satisfied
Approx. 26.0 billion yen	Satisfied
6.2 billion yen	Satisfied
3.0 billion yen	Satisfied

1-7. Enhancing corporate governance

A Nomination and Compensation Committee and a Sustainability Committee were established in January 2024 in order to strengthen corporate governance.

Nomination and Compensation Committee

Aim to enhance corporate governance through strengthening the fairness, transparency, and objectivity of procedures related to decisions on nomination, compensation, etc. of Directors

Sustainability Committee

Promote sustainability initiatives contributing to the realization of a sustainable society and recognizing medium- to long-term enhancement of corporate value as an important management issue through promoting the Group's business activities

For details (Japanese only): https://www.celsys.com/files/user/pdf/ir/info/2024/info_2024-0119a.pdf
https://www.celsys.com/files/user/pdf/ir/info/2024/info_2024-0119b.pdf

1-8. Reducing capital

To prepare for agile and flexible capital policy in the future, share capital and legal capital surplus will be reduced, and the entire reduction will be transferred to other capital surplus.

Share capital		
3,076,576,612 yen	➡	10,000,000 yen
Legal capital surplus		
2,326,576,602 yen	➡	2,500,000 yen

[Future plans]

Date of public announcement of notice for objections of creditors	March 12, 2024
Date of resolution of shareholders meeting	March 28, 2024
Last day for objections of creditors statement	April 12, 2024
Effective date of reducing capital	April 17, 2024

We aim to strengthen shareholder returns policy through reducing capital.

1-9. 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.

2. Financial Results Highlights



2-1. Consolidated statement of income

Unit: millions of yen

	Period comparison (from January to December)		
	FY12/22	FY12/23	YoY
Net sales	7,543	8,091	+7.3%
Operating profit	1,465	1,352	-7.7%
Ordinary Profit	1,605	1,404	-12.5%
Profit	1,047	626	-40.2%

Topics

- Although sales decreased due to transferring the UI/UX business, net sales increased from the previous FY
- Achieved operating profit of the revised plan (1,330 million yen)
- Recorded 914 million yen in temporary extraordinary losses in the fiscal year under review due to transferring the UI/UX business
- Profit increased 210% compared to the revised plan

2-2. Consolidated balance sheet

Unit: millions of yen

	End of the previous fiscal year (December 31, 2022)		End of the consolidated fiscal year under review (December 31, 2023)		
	Amount	Ratio	Amount	Ratio	Change from end of previous fiscal year
Current assets	8,263	81.4%	6,929	81.0%	-1,333
Non-current assets	1,893	18.6%	1,621	19.0%	-271
Total assets	10,156	100.0%	8,551	100.0%	-1,605
Current liabilities	1,518	15.0%	1,432	16.8%	-86
Non-current liabilities	413	4.0%	458	5.4%	45
Total liabilities	1,932	19.0%	1,891	22.1%	-40
Total net assets	8,224	81.0%	6,660	77.9%	-1,564
Total liabilities and net assets	10,156	100.0%	8,551	100.0%	-1,605

Details of main increases and decreases

● Current assets:	Accounts receivable - other	-185 million yen	Holiday season sales at the end of the previous fiscal year were strong
	Cash and deposits	-1,179 million yen	Approximately 2.0 billion yen worth of treasury shares were acquired
● Non-current assets:	Software	-308 million yen	Depreciation of software assets due to selling the UI/UX business
	Assets related to technology and customers	-162 million yen	Depreciation of assets due to selling the UI/UX business
● Net assets:	Acquisition of treasury shares	-2,000 million yen	

3. Outline of Each Business Segment

Content **Production** Solutions Business



3-1. Content Production Solutions business_1

Unit: millions of yen

	Period comparison (from January to December)		
	FY12/22*	FY12/23	YoY
Net sales	5,394	6,007	+11.4%
Operating profit	1,991	2,177	+9.3%

Highlights of financial results indicators for CLIP STUDIO PAINT as of December 2023

- Cumulative shipments **36.49 million units** **+42.4% YoY**
- Overseas ratio **79.8%** **+2.2 Points YoY**
- Subscription contracts **0.945 million contracts** **+30.9% YoY**
- ARR **3.236 billion yen** **+27.2% YoY**

*Figures taken from the Content Production Solutions portion of the Creator Support business in FY12/22.

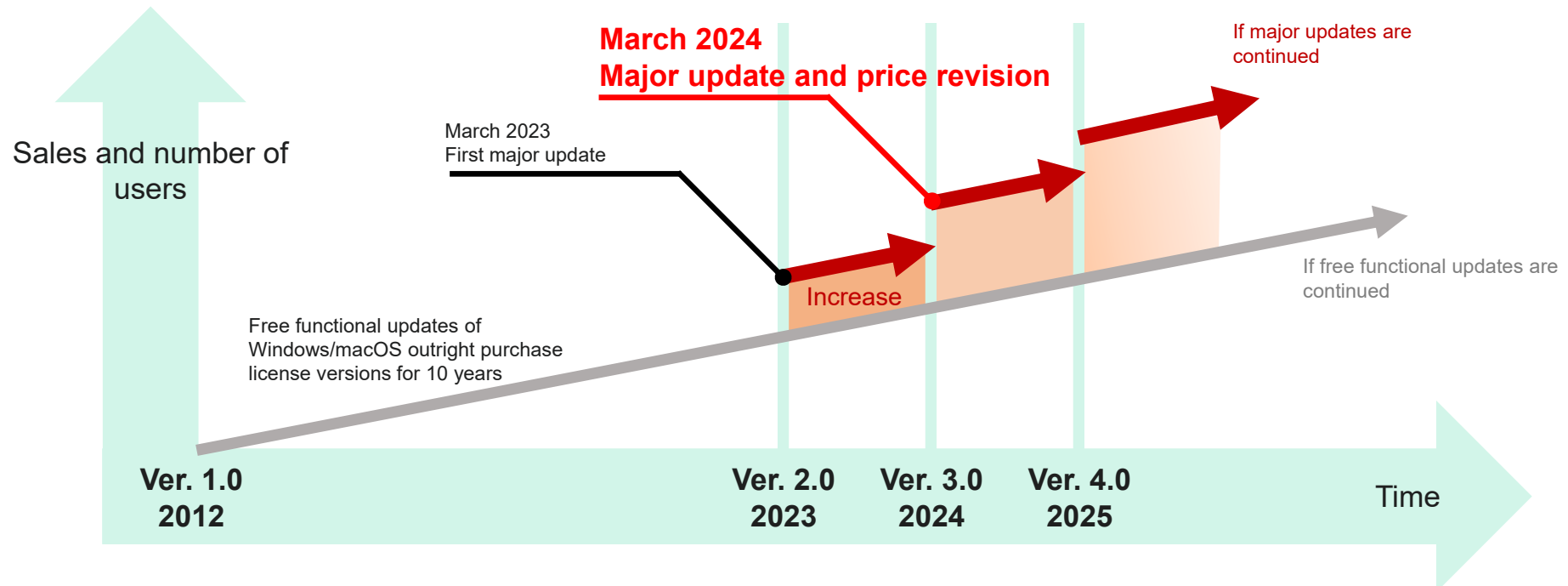
3-1. Content Production Solutions business_2

Activity topic (1) 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. In addition to the major update being well received since its release in 2023, the number of shipments increased, thanks to global promotional campaigns, resulting in increased sales and number of users. **A major update will be released in March 2024.**

To coincide with this, **pricing will be revised for outright purchase license versions, with a 20% maximum increase in price.**

●Graph of number of users and sales through major update measures



3-1. Content Production Solutions business_3

Activity topic (2) Measures to increase subscription contracts

Implement promotional activities to increase subscription contracts

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 	5,000 yen	480 yen per month
For producing manga or animation 	23,000 yen	980 yen per month

*Monthly contract fee plan for one device

The payment system used for subscription fees for Windows and macOS was changed in April 2023 in order to strengthen security. Although the number of contracts temporarily decreased because of this, the number of new contracts continued to steadily increase, and the number of contracts recovered at the end of 2023. The total amount of decreased income is expected to be approximately 0.2 billion yen by the end of 2023, after recovery from the payment system change.

3-1. Content Production Solutions business_4

Activity topic (3) Strengthening Ai development investment

Investment in the **AI field**, which we have been working on, **will be strengthened and further deepened**. 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 Company, recognizing the potential of AI technologies ten or more years ago, has conducted research and development. ax Inc. is an industry leader in the practical application of AI technology, and through these initiatives, the Company's AI technology development capabilities will be enhanced with capital participation in the AI field and entering into a strategic partnership.

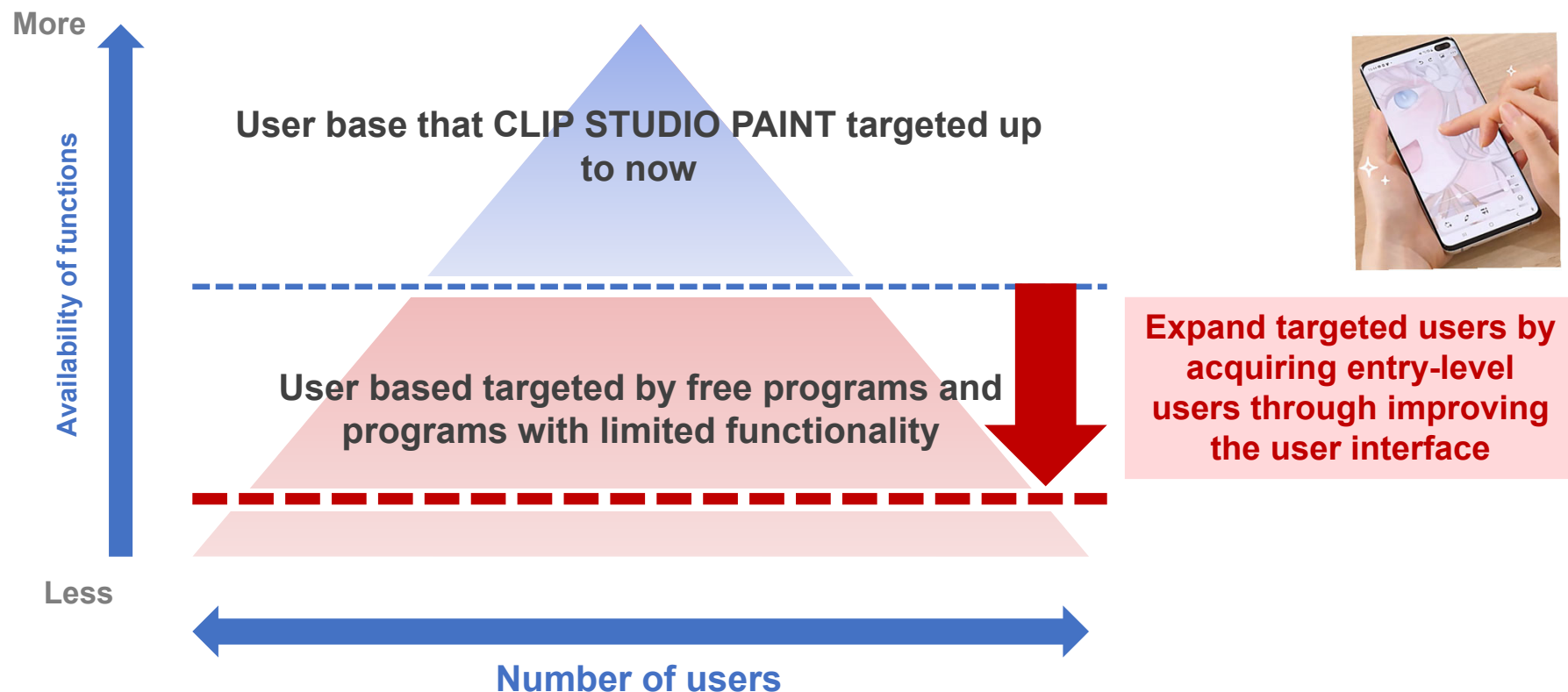
For details (Japanese only): <https://www.celsys.com/topic/2023092702>

3-1. Content Production Solutions business_5

Activity topic (4) Enable a simple mode to expand the user base

Through improving the interface, the user base that CLIP STUDIO PAINT targeted up to now will be **expanded to young people, the user base that competing programs focus on**, and who are targeted by free programs or programs with limited functionality.

Graph of expanded targeted user base through improving the user interface



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

3-1. Content Production Solutions business_6

Activity topic (5) CLIP STUDIO PAINT supported languages and overseas usage ratio



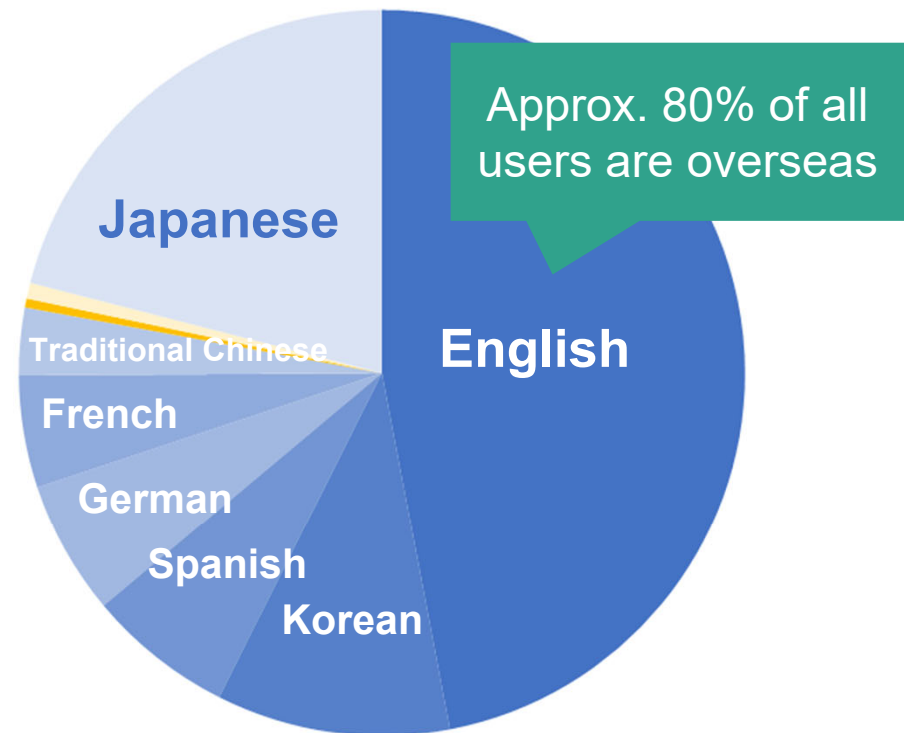
CLIP STUDIO PAINT

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



Used by **over 35.00 million** creators worldwide

3-1. Content Production Solutions business_7

Activity topic (6) Subscription contracts in mainland China

A version for iPads started to be provided in the Chinese market from December 2022, and an increased number of users was achieved through subscription contracts stemming from a three-month free trial period. In this short period, it was ranked within the **top 10 in terms of sales by country** on the App Store, and growth is expected in the future.



3-1. Content Production Solutions business_8

Activity topic (7) Price revision of subscription contracts

Price revisions of subscription contracts for CLIP STUDIO PAINT were enacted in Q4 FY12/23 to enhance income.



CLIP STUDIO
PAINT



Prices will be revised in the future with the increased value of services.

3-1. Content Production Solutions business_9

Activity topic (8)

Increased subscription contracts

Increased overseas users

- Launched **the major update** of CLIP STUDIO PAINT Ver.2.0
Changed methods to provide and sell one-time purchase (unlimited) Windows / macOS versions
Now supports simplified Chinese, Portuguese, Indonesian, and Thai
- Cumulative shipments of CLIP STUDIO PAINT reached 35.00 million units in December, with an increasing trend where **overseas shipments** in languages other than Japanese **reached approximately 80%** (see P23)
- Launched updates for smartphones and tablets to **expand the user base**
Realized providing simple and intuitive interface with the addition of a new, intuitive, easy-to-use interface (see P22)

Support distribution and creators

- Support site for creators in the fields of illustrations, manga, and animation
Membership of CLIP STUDIO Creator reached **8.00 million people worldwide**
- Started Mochikomi online, a service for aspiring manga artists to introduce their works online to editorial departments
Some manga artists have made their debut through this matching

For details on all activities (Japanese only): https://www.celsys.com/irinfo_groupnews/&contents_type=7

3. Outline of Each Business Segment

Content **Distribution** Solutions Business



3-2. Content Distribution Solutions business_1

Unit: millions of yen

	Period comparison (from January to December)		
	FY12/22*	FY12/23	YoY
Net sales	961	1,012	+5.3%
Operating loss	26	744	-

Topics

Sales and promotional activities to expand DC3 Solution sales

- Promote proposal-based sales activities for DC3 towards service providers

Contracts with several service providers planning to use DC3 Solution in progress

Launch of several services using DC3 Solution expected this year

Kanematsu Granks, of the trading company Kanematsu Group, launched the marketplace that handles DC3 content, mitekore, in December

Continued development invest towards improving solution quality

- Expand functionality and strengthen quality of DC3 Module, the core program

- Strengthen functionality of DC3 My Room, a service that enables central management of held DC3 content

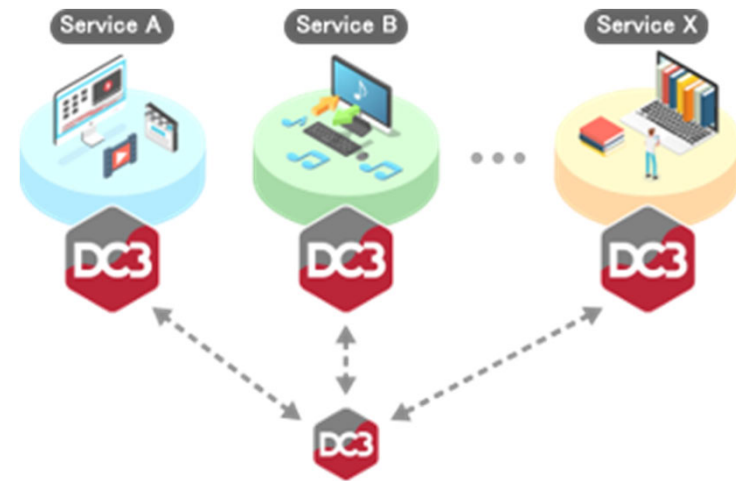
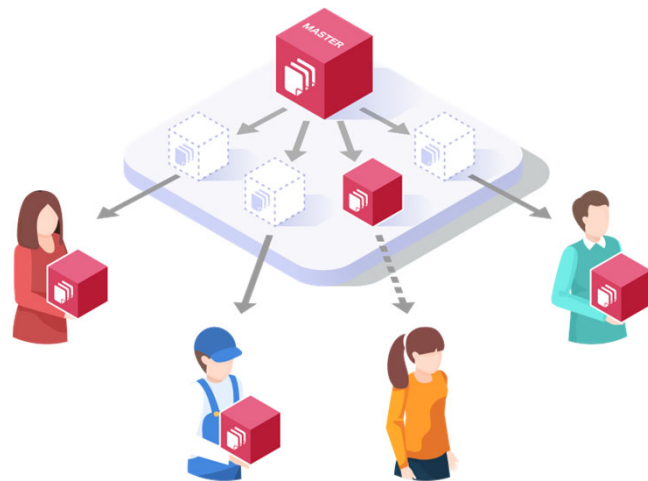
- Strengthen functionality of DC3 Service Provider Console so service providers can run their businesses smoothly with DC3

*Figures taken from the Content Distribution Solutions portion of the Creator Support business in FY12/22.

3-2. 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/>

3-2. Content Distribution Solutions business_3

Activity topic (2) Release of official version of DC3



December 2023

Release of official version of the digital content distribution platform solution

- DC3 content management service, DC3 My Room
- Service for DC3 providers, DC3 Service Provider Console
- DC3 Content Distribution Service, MORAEAL
- DC3 master content handling service, MCS
- DC3 player compatible with five types of files- illustrations, manga, reflowable e-books, 3D models, and movies

Started providing a **support product for using DC3** upon request of service providers utilizing DC3

- SaaS version of DC3 Module
- WooCommerce plugin, DC3 for WooCommerce
- Shopify plugin, DC3fy

➔ Aim to expand functionality of DC3 Solution through continuing development investment

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

3-2. Content Distribution Solutions business_4

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

A cumulative **35.00 million** users



CLIP STUDIO
PAINT



Register works that have been
produced

Your works as “things”



Realize total support of creators, from producing content to distributing content, with **DC3 and CLIP STUDIO PAINT compatibility**

Significant increase of value provided by CLIP STUDIO PAINT to creators

With the addition of functionality that enables registering manga and illustrations created as DC3 content upon the release of CLIP STUDIO PAINT Version 2.2.0 on September 26, 2023, **works created by creators can be easily produced as unique “things.”** Subsequently, with the launch of the new service CLIP STUDIO MONO, which enables DC3 content to be listed and obtained, an environment where DC3 content can be distributed has been made ready.

For details (Japanese only): <https://www.and-dc3.com/news/20230926/>

3-2. Content Distribution Solutions business_5

Activity topic (4) Release of mitekore



The marketplace that handles DC3 content, mitekore, was **launched in December 2023 by Kanematsu Granks, of the general trading firm Kanematsu Group**

mitekore is a marketplace that enables sales to fans in a manner similar to sales exhibitions and solo exhibits through a new experience provided the digital content, DC3, which utilizes blockchain technology.

While the content may be digital, the content can be held as a “thing” like in the real world, which creates new forms of creativity.

➡ Launch of several services using DC3 Solution are scheduled this period

For details (Japanese only): https://www.dc3solution.net/assets/file/andDC3_News_2023_09_27.pdf

3-2. 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_2023_09_27_02.pdf

3-2. Content Distribution Solutions business_7

Activity topic (6) Sales of DC3 content of artists

Famous artists utilizing DC3

Yoshiyasu Tamura to sell unique digital content works at the “TAMURA Yoshiyasu DC3 CONTENTS STORE,” opening Thursday, November 16
Initiatives such as solo exhibits at Takashimaya

The painter and manga artist Yoshiyasu Tamura, widely active in Japan and overseas, such as in Europe, started sales of his works on the e-commerce site, “TAMURA Yoshiyasu DC3 CONTENTS STORE,” utilizing DC3, on Thursday, November 16, 2023.

Furthermore, at the solo exhibit at the Shinjuku Takashimaya held from November 22, 2023, Mr. Tamura gifted unique animation content to those purchasing paintings.



≡ メニュー

TAMURA Yoshiyasu
DC3 CONTENTS STORE

Q 検索する

🛒 カートを確認する

TAMURA Yoshiyasu DC3 CONTENTS STORE

世界に1つしかない
1点ものの絵画から
先進技術で生成される
1点もののデジタル作品を
販売します。

TAMURA Yoshiyasu DC3 CONTENTS STORE で販売される全てのデジタル作品は、「DC3コンテンツ」という特別なコンテンツです。

DC3コンテンツは、現実世界の「モノ」と同じように、1つ1つが識別された状態で存在しています。エディションナンバーの付いた複製版画のような「一点もの」をデジタルの世界でも実現しました。

更に、DC3コンテンツは、「DC3マイルーム」と連携させることで、仮想の3D空間上にディスプレイすることができます。

DC3コンテンツは購入に際し、暗号資産を必要としません。一般的なネット通販と同じく、法定通貨（日本円）で購入いただけます。

©TAMURA Yoshiyasu DC3 CONTENTS STORE DC3

 **Launch of several services using DC3 Solution are scheduled this period**

For details (Japanese only): <https://www.and-dc3.com/news/20231116/>

4. Financial Results Forecast For FY12/24



4-1. Financial results forecast for FY12/24

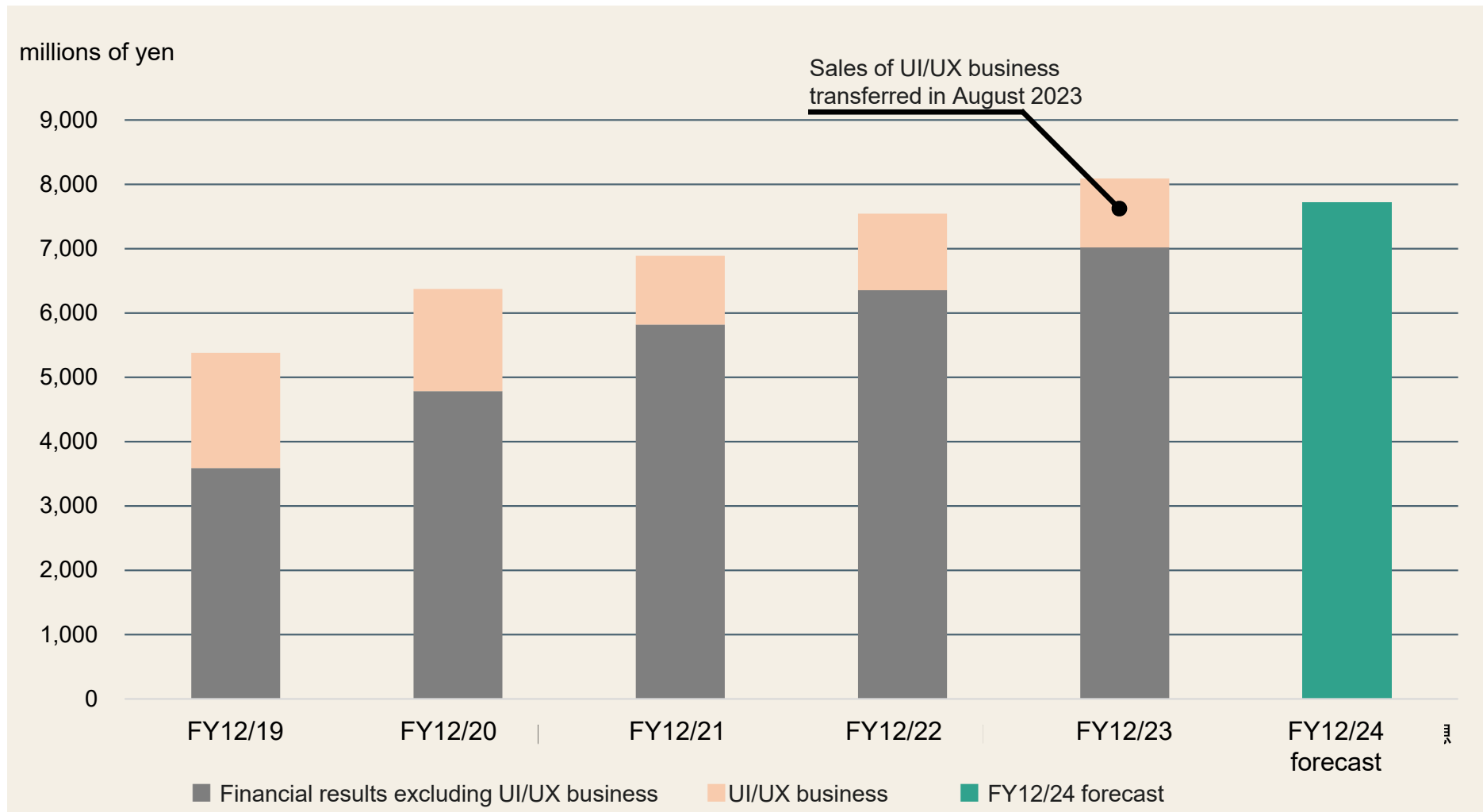
Unit: millions of yen

		FY12/23		FY12/24 (Forecast)		YoY (Full year)
		First half	Full year	First half	Full year	
Net sales	Content Production Solutions	3,034	6,007	3,297	6,676	+11.1%
	Content Distribution Solutions	507	1,012	519	1,047	+3.4%
	UI/UX	712	1,071	-	-	-
	Total	4,253	8,091	3,816	7,723	-4.5%
Operating profit	Content Production Solutions	1,160	2,177	1,132	2,529	+16.2%
	Content Distribution Solutions	-327	-744	-467	-873	-
	UI/UX	-104	-79	-	-	-
	Total	729	1,352	664	1,655	+22.3%

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

*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.

4-2. Sales forecast for FY12/24

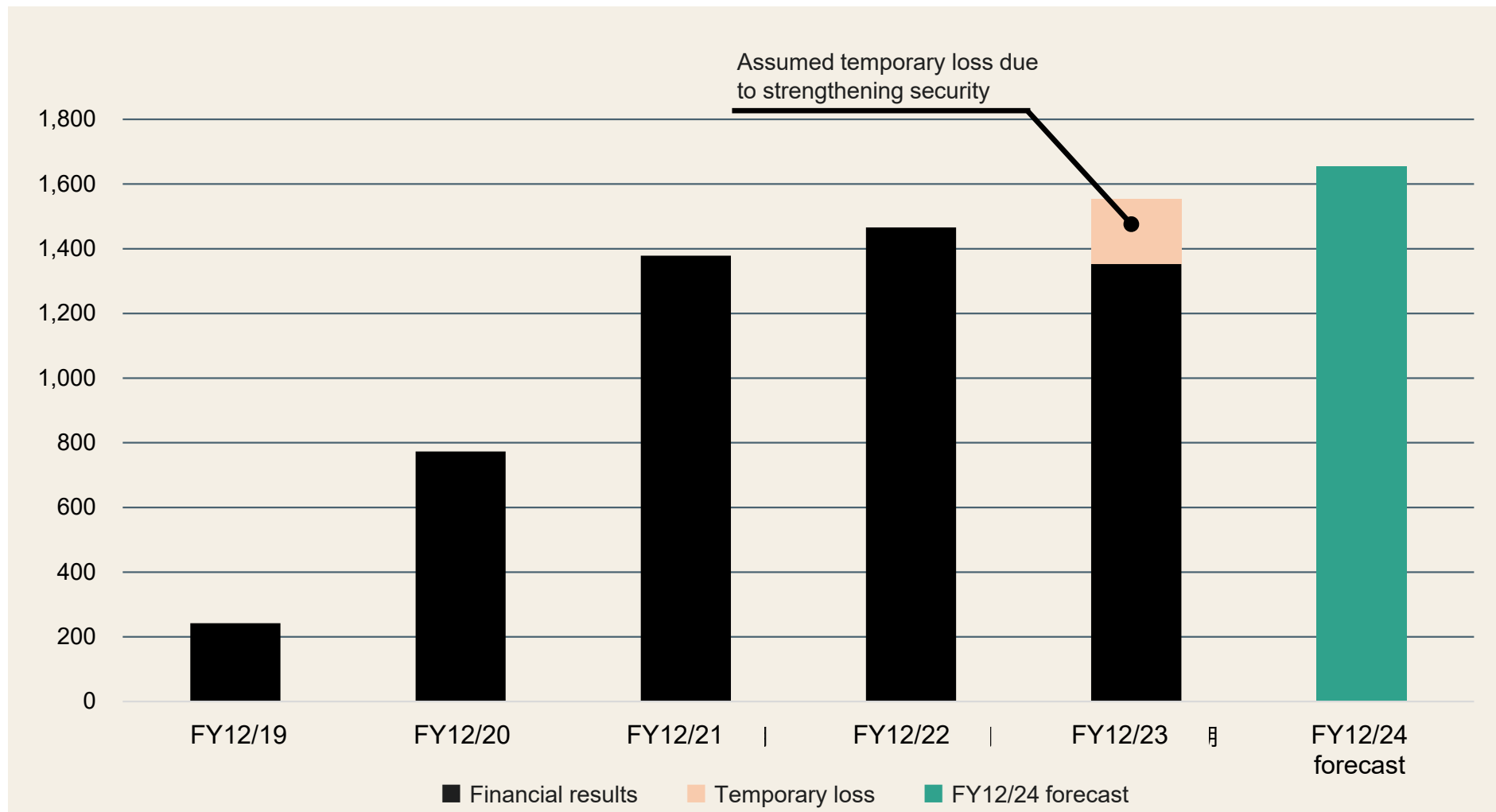


● Expected to decrease 4.5% year-on-year to 7,723 million yen in FY12/24

● Increased 7.3% year-on-year to 8,091 million yen in FY12/23

● FY12/23 includes 1,071 million yen of the UI/UX business, where the transfer was finalized in August 2023

4-3. Operating profit forecast for FY12/24



● Expected to increase 22.3% year-on-year to 1,655 million yen in FY12/24

● Decreased 7.7% year-on-year to 1,352 million yen in FY12/23

● Assumed temporary loss due to strengthening the payment system (see P20) from April 2023

4-4. 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 profitability through competitiveness by strengthening DC3 Solution compatibility**

- **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**

In addition to unifying the Content distribution business by transferring the e-book solution provided by Celsys

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

- **Attract IP content**

- **Continue development of solutions and services provided by &DC3**

- **Acquire customers and partners**

- **Strengthen media exposure**

4-5. Investment policy for the Content Distribution Solutions business and review of the medium-term management plan

As for the Company's initiatives in the Content Distribution Solutions business, development of the basic functionality necessary to provide the DC3 Solution service was completed in December 2023, and new revenue streams will be nurtured to expand the use of the DC3 Solution through continuing initiatives toward strengthening CLIP STUDIO PAINT compatibility and strengthening sales activities.

Although the sales plan for 2024 for the DC3 Solution, transitioning from the initial development investment phase upon establishing the business to the operational phase, is forecast at a conservative level that is certain to be expected, significant changes may occur from 2025 onward depending on the financial results of 2024. Investments in DC3 development will be made being conscious of the proceeds and expenditures of the whole Group.

Subsequently, the medium-term management plan formulated in May 2023 was reviewed, and as the stage where it is possible to conduct a thorough investigation centered on the DC3 Solution has been reached, the medium-term management plan is scheduled to be reformulated. The Group's profit plan for 2024 plans for 1.64 billion yen, as planned in the existing medium-term management plan, and there are no plans to significantly change activities of the Content Production Solutions business.

5. To the Shareholders

Monthly progress report

Main indicators are reported monthly on the Content Production Solutions business and Content Distribution Solutions business in order to deepen understanding of the Company's business. The content of the report are revised as needed.

For details (Japanese only): https://www.celsys.com/irinfo_news/contents_type=47



Monthly progress report

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.

For details (Japanese only): https://www.celsys.com/irinfo_yutai/



Shareholder benefit

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.

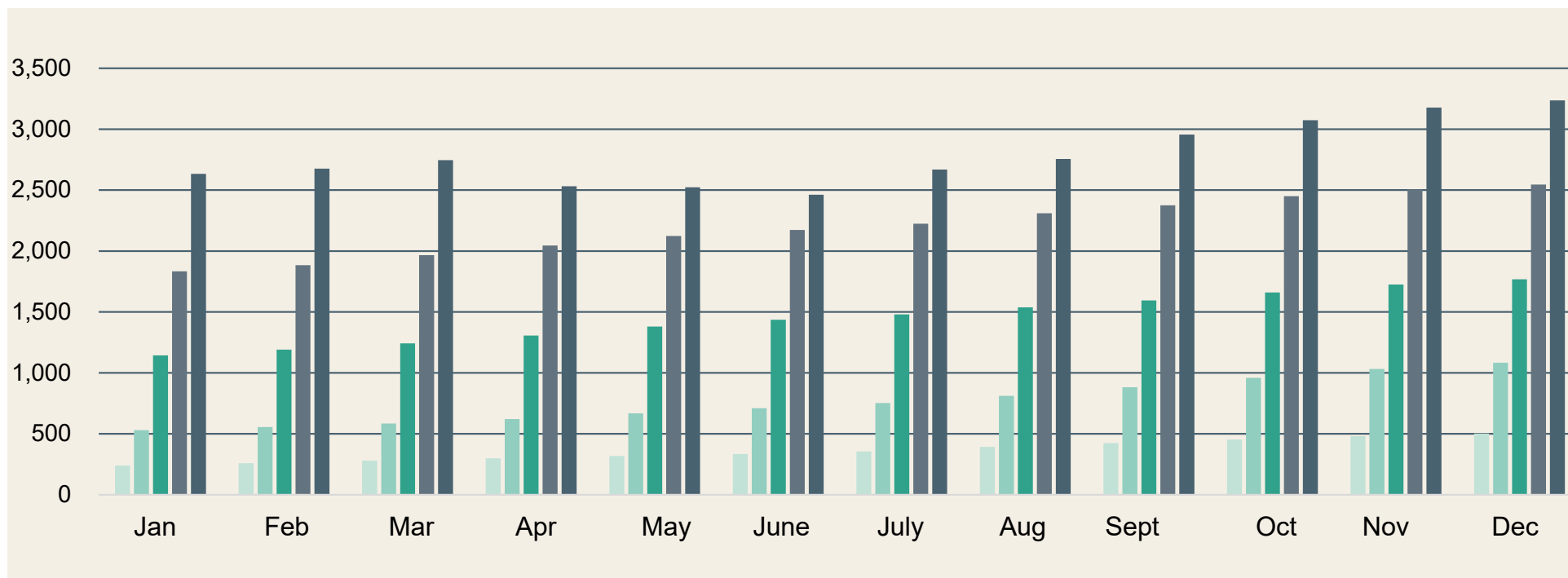
For details (Japanese only): https://www.celsys.com/irinfo_questionnaire/



Please let us hear your opinions on IR

Reference material: Monthly progress of the Content Production Solutions business

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



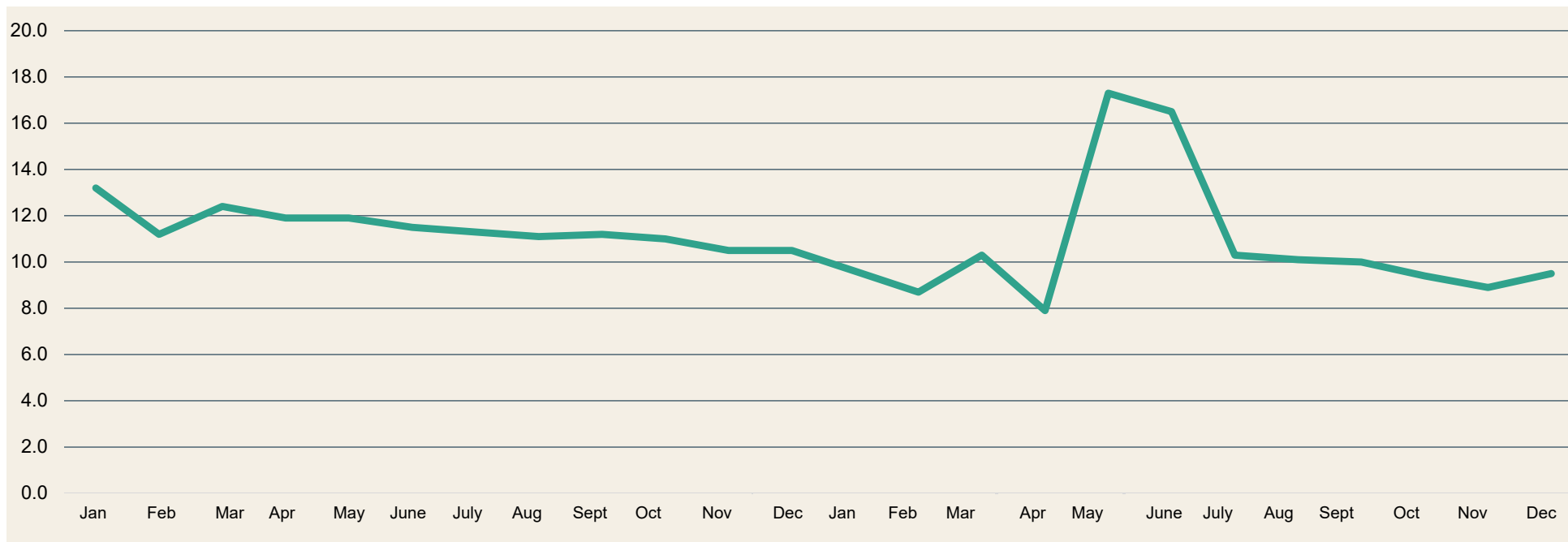
(Unit: millions of yen)

		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

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)



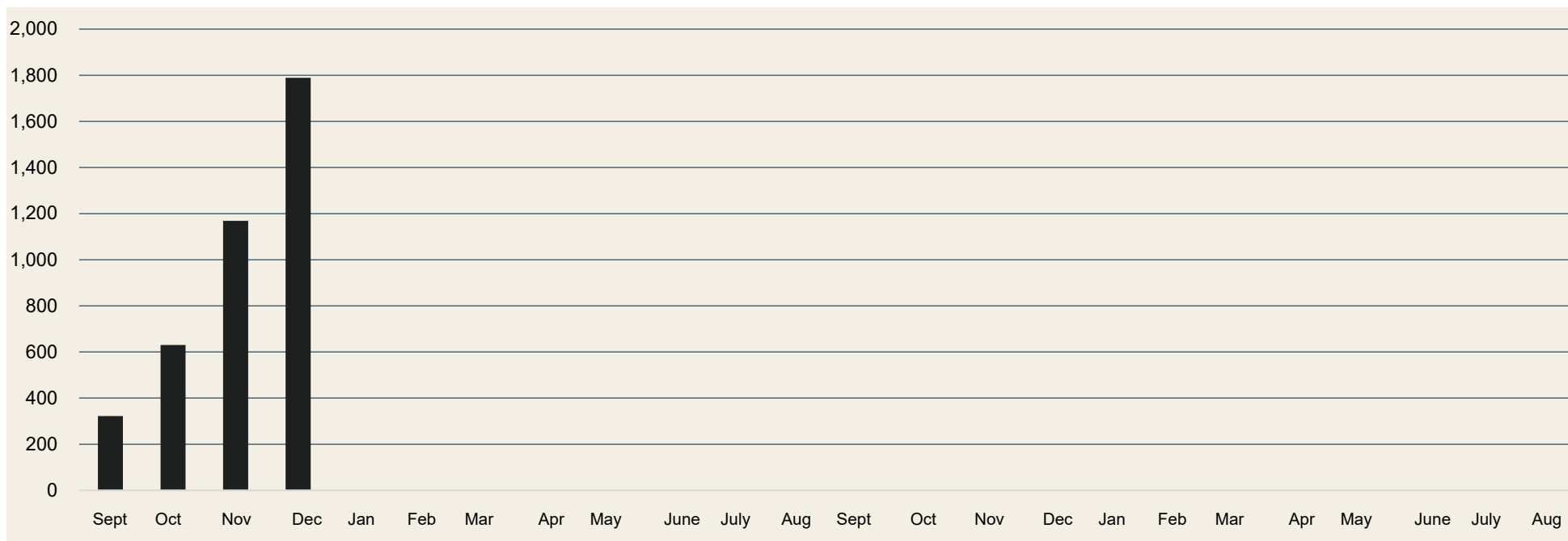
(Unit: %)

	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

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



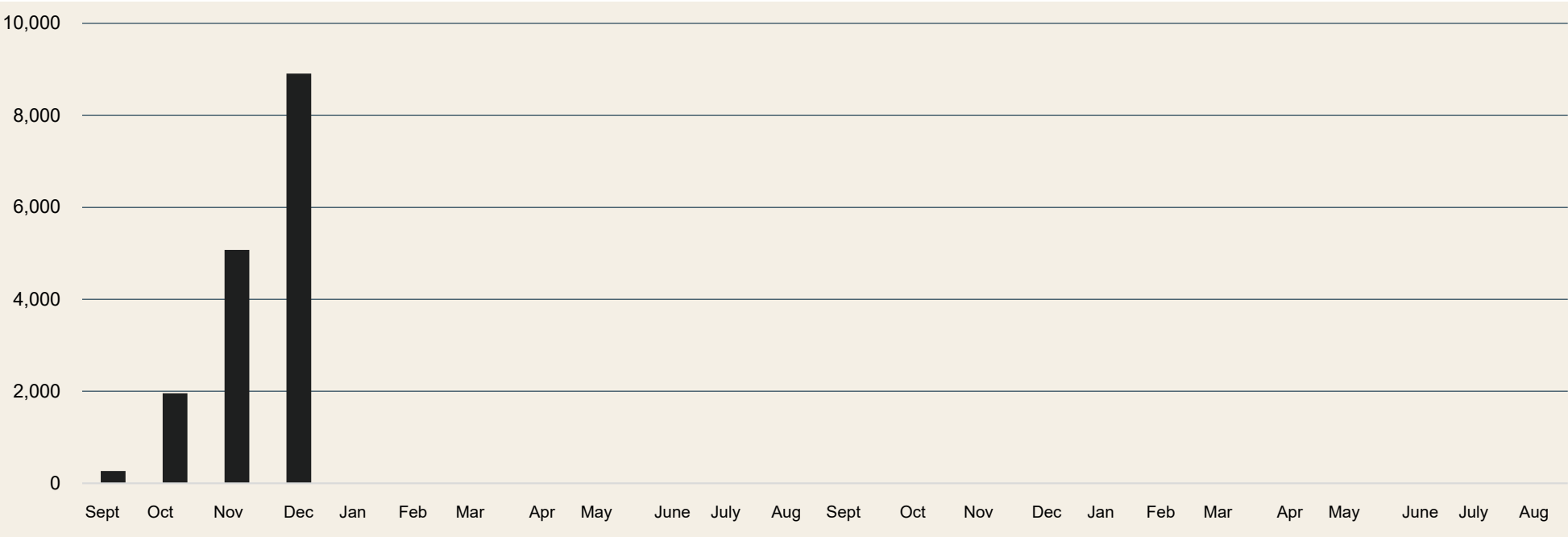
(Unit: units)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2023	—	—	—	—	—	—	—	—	322	630	1,169	1,789

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



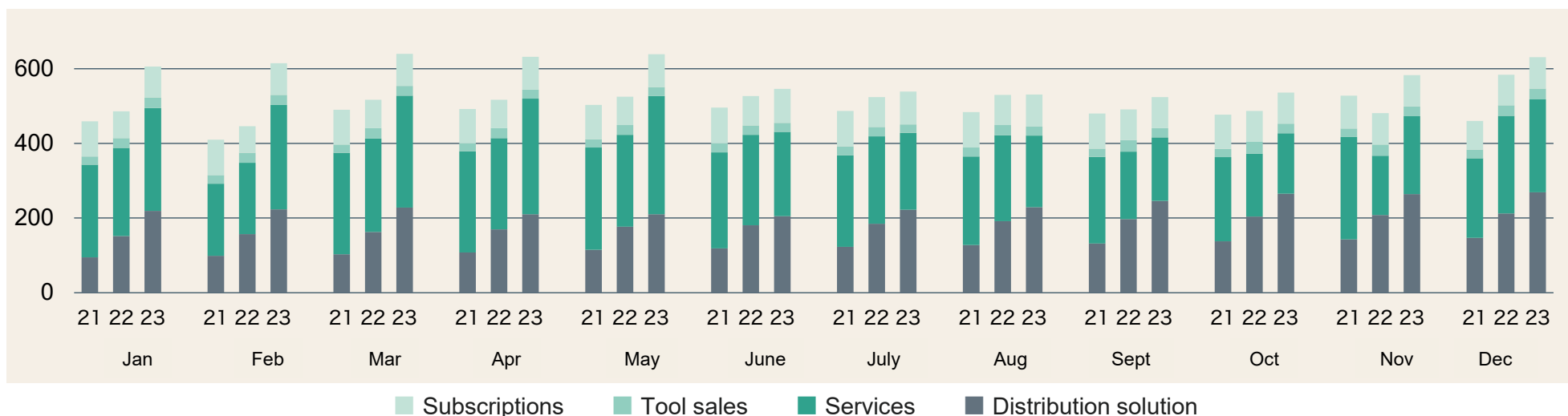
(Unit: transactions)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2023	—	—	—	—	—	—	—	—	266	1,955	5,074	8,910

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	Distribution solution		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

Note: A three-month moving average is used as 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. 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 December 31, 2023. 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.