

# Supplementary Material on Financial Results for Q1 FY12/24



May 10, 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 through 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



  
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](#)



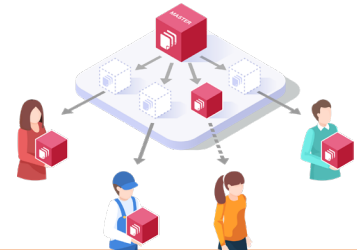
## Content Distribution Solutions business



  
&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)



# 1. Group Topics



# 1-1. Financial results summary for Q1 FY12/24

Net sales

**2.01**  
billion yen

Progress: **26.0%**

Operating profit

**0.565**  
billion yen

Progress: **34.2%**

- Quarterly net sales in the Content Production Solutions business 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. 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)

Interim dividend

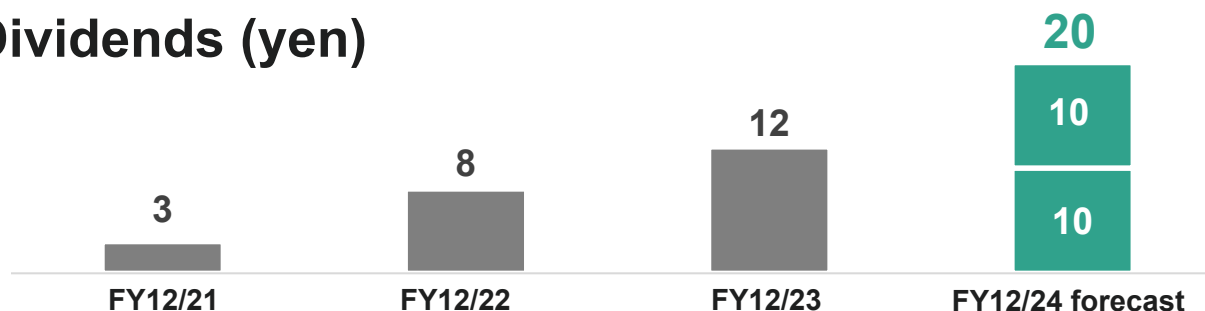
10 yen

Year-end dividend

10 yen

**Total: 20 yen**

### Dividends (yen)



**In 2024, profit returns will be reviewed in accordance with business progress in Q1 and Q2.**

## 1-3. 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**

The Company already intends to acquire a maximum of **1.0 billion yen** worth of treasury shares **from March 25 to June 30**, as disclosed in the “Notice Regarding Decision to Acquire Treasury Shares” on March 22, 2024.

## 1-4. Reducing capital

To prepare for agile and flexible capital policy in the future, share capital and legal capital surplus will be reduced on April 17, 2024, and the entire reduction will be transferred to other capital surplus.

Share capital

3,076,576,612 yen



10,000,000

Legal capital surplus

2,326,576,602 yen



2,500,000

**The increased surplus from this capital reduction will be used in providing the highest ever increase in dividends, including interim dividends, in addition to the acquisition of 2.0 billion yen of treasury shares to be implemented by March of the next year, enhancing the shareholder returns policy, and capital policy in the future.**



# 1-5. Progress of capital and business alliance agreements

## WEBTOON Entertainment



**Making progress in the AI space, utilization of DC3 content distribution platform solution, etc., with WEBTOON Entertainment and LINE Digital Frontier.**

For details (Japanese only): [https://www.celsys.com/files/user/pdf/groupnews/ArtSpark\\_News\\_20211210.pdf](https://www.celsys.com/files/user/pdf/groupnews/ArtSpark_News_20211210.pdf)

## Wacom Co., Ltd.



**Working on various projects in collaboration with Wacom Co., Ltd. for Wacom products, which are essential for creative production.**

For details (Japanese only): [https://www.celsys.com/files/user/pdf/ir/info/2022/info\\_2022-0411a.pdf](https://www.celsys.com/files/user/pdf/ir/info/2022/info_2022-0411a.pdf)

## Axell Corporation



**Engaging in joint development of AI technology.**

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

## 1-6. Election of new Directors

At the 12th Annual General Meeting of Shareholders of the Company held on March 28, 2024, the proposal for the election of Directors was approved and passed and two new Directors were appointed.

### Masamine Takahashi

Mr. Masamine Takahashi, the CEO of **LINE Digital Frontier**, the company which operates LINE Manga, was **appointed as Outside Director**.

### Maki Ikeda

Ms. Maki Ikeda, a member who contributes to **ensuring the diversity** of the Board of Directors and will demonstrate strength in sustainable enhancement of corporate value of the Group through globalization of the Company, promoting corporate alliances, etc., was **appointed as a female Director**.

# 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 apply to change the stock listing to the Prime Market of the TSE, and as of March 31, 2024, the main 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 March 31, 2024

	Satisfaction of requirements
Approx. 20,000	Satisfied
Approx. 250,000 units	Satisfied
22.5 billion yen	Satisfied
71%	Satisfied
31.7 billion yen	Satisfied
6.6 billion yen	Satisfied
3.0 billion yen	Satisfied

# 1-8. Impact of foreign exchange on financial results

The Content Production Solutions business is impacted by changes in foreign exchange rates, and the potential impact of **the yen growing weaker** in relation to each currency is as follows.

## Increased sales

**Sales and subscription fees for CLIP STUDIO PAINT processed in currencies other than Japanese yen**

- CLIP STUDIO PAINT subscription fees
- CLIP STUDIO PAINT outright purchase license version sales

## Increased expenses

**Server usage fees billed in currencies other than Japanese yen**

- AWS (Amazon Web Services), etc., server usage fees

**Advertising expenses billed in currencies other than Japanese yen**

- Google, Facebook/Instagram, etc., ad placement unit prices

As CLIP STUDIO PAINT processes payments in various currencies such as euros and South Korean won in addition to US dollars, and the foreign exchange rates set by the relevant payment platforms and stores for Apple, Google, etc., are determined by each company on an individual basis, the dollar-yen exchange rate is not directly reflected in financial results.

## 2. Financial Results Highlights



## 2-1. Consolidated statement of income

Unit: millions of yen

		Period comparison (from January to March)		
		Q1 FY12/23	Q1 FY12/24	YoY
Net sales	Financial results	2,211	<b>2,011</b>	<b>-9.1%</b>
	Excluding UI/UX business	1,914	<b>2,011</b>	<b>+5.1%</b>
Operating profit		548	<b>565</b>	<b>+3.1%</b>
Ordinary profit		558	<b>604</b>	<b>+8.3%</b>
Profit		398	<b>552</b>	<b>+38.6%</b>

### Topics

- Quarterly net sales excluding UI/UX business reached a record high (up 5.1% year-on-year)

\*Net sales from the UI/UX business in Q1 FY12/23 was 297 million yen

- Profits increased year-on-year in each section

## 2-2. Progress on plan for Q2 (cumulative)

Unit: millions of yen

	FY12/24		
	Q2 plan (cumulative)	Q1 financial results	Progress
Net sales	3,816	<b>2,011</b>	<b>52.7%</b>
Operating profit	664	<b>565</b>	<b>85.1%</b>
Ordinary profit	641	<b>604</b>	<b>94.3%</b>
Profit	254	<b>552</b>	<b>217.2%</b>

### Topics

- Net sales progressing as planned
- Profits significantly exceeded plans due to controlling costs, etc.

## 2-2. Consolidated balance sheet

Unit: millions of yen

	End of the previous fiscal year (December 31, 2023)		End of the consolidated three months under review (March 31, 2024)		
	Amount	Ratio	Amount	Ratio	Change from end of previous fiscal year
Current assets	<b>6,929</b>	<b>81.0%</b>	<b>6,317</b>	<b>71.3%</b>	-611
Non-current assets	<b>1,621</b>	<b>19.0%</b>	<b>2,536</b>	<b>28.7%</b>	915
Total assets	<b>8,551</b>	<b>100.0%</b>	<b>8,854</b>	<b>100.0%</b>	303
Current liabilities	<b>1,432</b>	<b>16.8%</b>	<b>1,592</b>	<b>18.0%</b>	160
Non-current liabilities	<b>458</b>	<b>5.4%</b>	<b>475</b>	<b>5.4%</b>	16
Total liabilities	<b>1,891</b>	<b>22.1%</b>	<b>2,068</b>	<b>23.4%</b>	176
Total net assets	<b>6,660</b>	<b>77.9%</b>	<b>6,786</b>	<b>76.6%</b>	126
Total liabilities and net assets	<b>8,551</b>	<b>100.0%</b>	<b>8,854</b>	<b>100.0%</b>	303

### Details of main increases and decreases

● Current assets:	Cash and deposits	-1,536 million yen	Shares of Axell Corporation were acquired
	Deposits paid	1,000 million yen	Expenses for the acquisition of treasury shares were deposited
● Non-current assets:	Investment securities	908 million yen	Shares of Axell Corporation were acquired



### 3. Outline of Each Business Segment

Content **Production** Solutions Business



# 3-1. Content Production Solutions business\_1

Unit: millions of yen

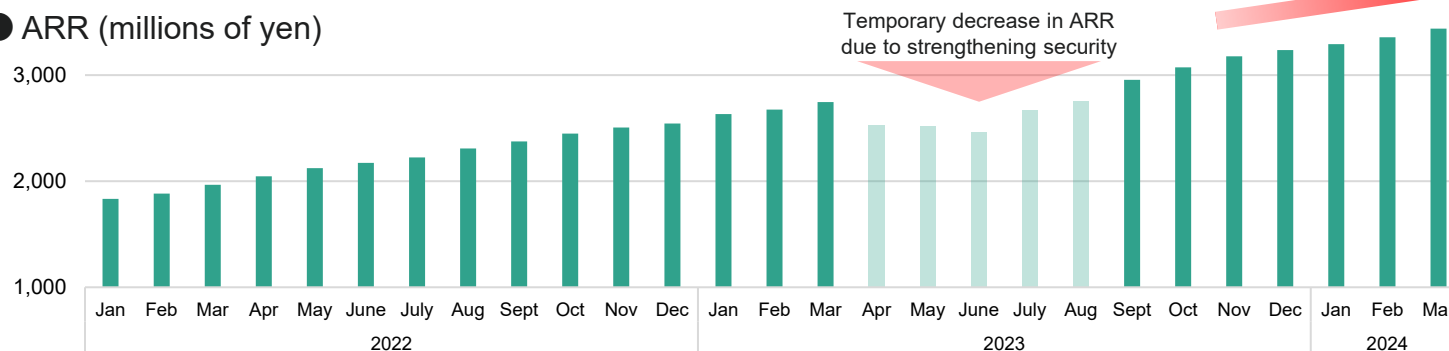
	Period comparison (from January to March)		
	FY12/23	FY12/24	YoY
Net sales	1,666	<b>1,749</b>	<b>+5.0%</b>
Operating profit	800	<b>751</b>	<b>-6.2%</b>

- Operating profit decreased due to factors including an increase in personnel expenses related to establishing structures to apply to change the stock listing to the Prime Market and an increase in raw material costs related to strong sales of CLIP STUDIO TABMATE 2 hardware which has added value for enhancing the competitiveness of CLIP STUDIO PAINT.

## Financial results forecast for the future of the Content Production Solutions business

- The ARR of subscription contracts for CLIP STUDIO PAINT, which represents approximately 50% of earnings, is currently on a trend of steady increasing despite a temporary decrease due to strengthening security in Q2 FY12/2023, and increased income and improved year-on-year indicators are expected.

- ARR (millions of yen)



## 3-1. Content Production Solutions business\_2

Financial results indicators for CLIP STUDIO PAINT as of March 2024

●Cumulative shipments	<b>38.91</b> million units	<b>+37.8%</b> YoY
●Overseas ratio	<b>80.2%</b>	<b>+1.9</b> Points YoY
●Subscription contracts	<b>0.972</b> million contracts	<b>+19.7%</b> YoY
●ARR for SaaS service	<b>3.43</b> billion yen	<b>+25.2%</b> YoY

Reference: Latest financial results indicators for CLIP STUDIO PAINT

●Cumulative shipments	Over <b>40.00</b> million units	*As of May 10, 2024
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# 3-1. Content Production Solutions business\_3

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



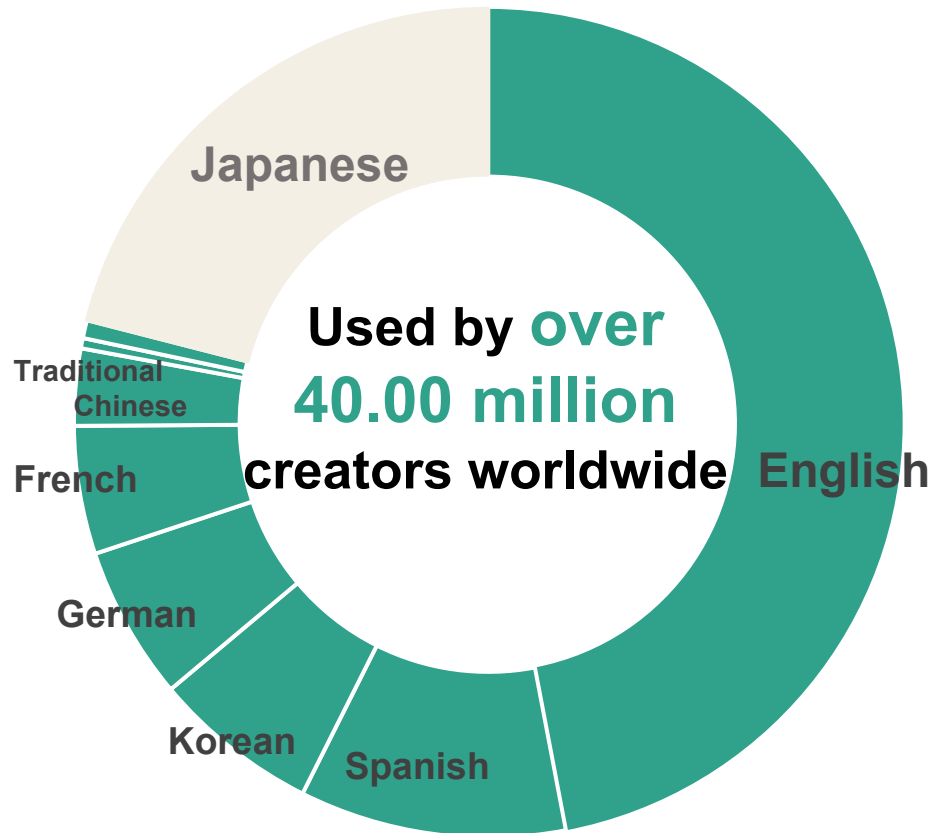
## CLIP STUDIO PAINT

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

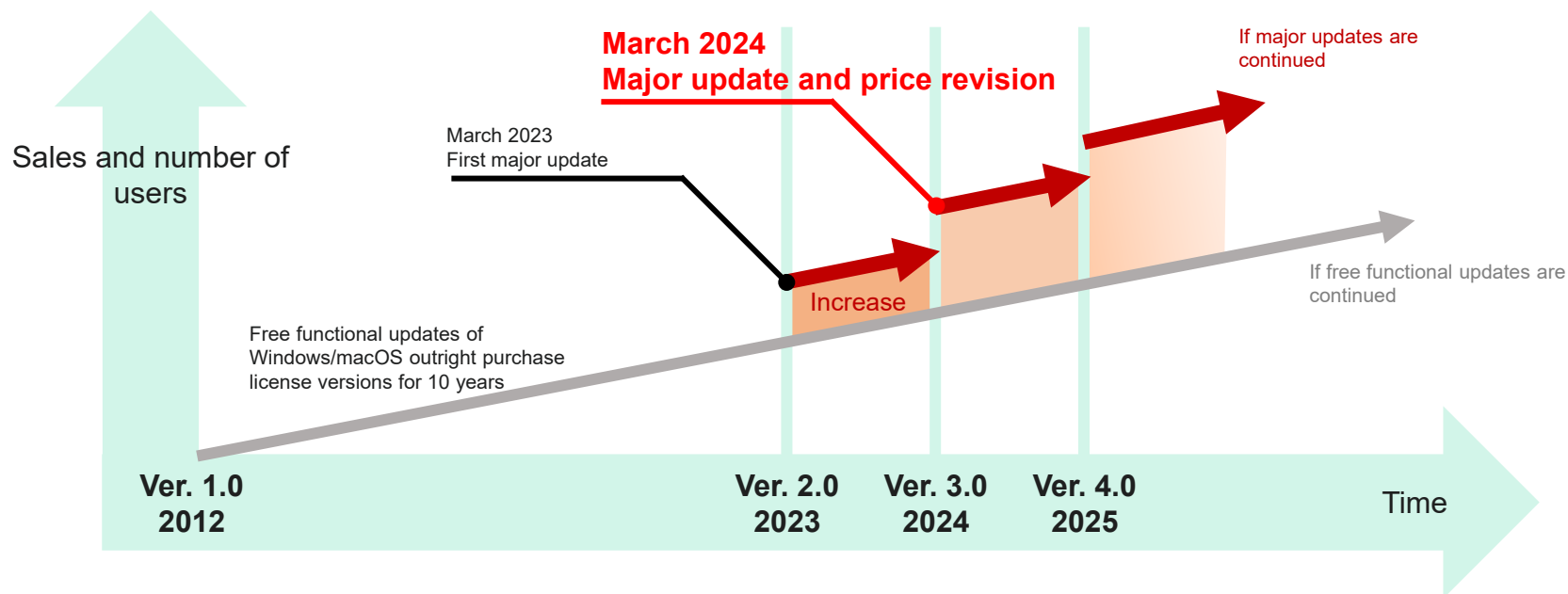
### Breakdown of units shipped by language



# 3-1. Content Production Solutions business\_4

## 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. 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 was released in March 2024. To coincide with this, pricing was revised for outright purchase license versions, with a 20% maximum increase in price.**





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

# 3-1. Content Production Solutions business\_5

## 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, **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.

# 3-1. Content Production Solutions business\_6

## Activity topic (4) Price revision of subscription contracts

Price revisions of subscription contracts for CLIP STUDIO PAINT as SaaS services for illustration and manga creation were enacted in March 2024.



CLIP STUDIO PAINT is provided to a worldwide audience and contracts are available at a variety of store locations. This price revision resulted in a maximum 15% increase in subscription fees for existing users who signed contracts before November 2023 on the “App Store” provided by Apple, the “Google Play Store” provided by Google, and other stores available on mobile platforms which represent the majority of the contributions included in ARR.

**Profitability will be improved through price revisions, and continued development investment in new functions for CLIP STUDIO PAINT will facilitate the provision of an even better creative environment worldwide.**

## 3-1. Content Production Solutions business\_7

### Activity topic (5) 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.



Celsys, 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 have been enhanced with capital participation in the AI field and entering into a strategic partnership.

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

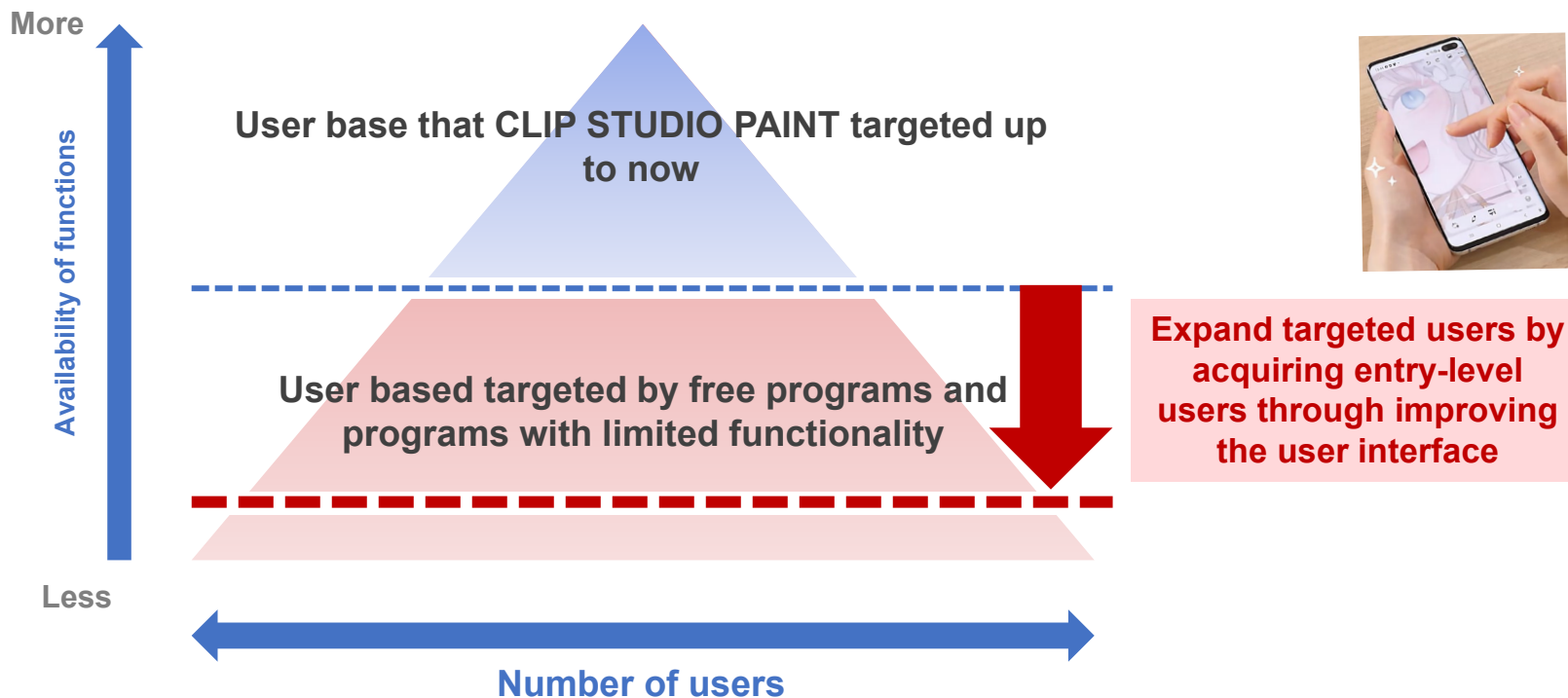


# 3-1. Content Production Solutions business\_8

## Activity topic (6) Enable a simple mode to expand the user base

Through improving the interface, in addition to the user base that the Company's products targeted up to now, the Company is able to approach the user base of free programs or programs with limited functionality, and 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>

## 3-1. Content Production Solutions business\_9

### Activity topics (7) Development and launch of CLIP STUDIO TABMATE 2

Sales of CLIP STUDIO TABMATE 2, a new wireless handheld shortcut device exclusively for CLIP STUDIO PAINT that is compatible with iPads and iPhones, launched from March 2024, which, together with simple mode, has strengthened the competitiveness of CLIP STUDIO PAINT for tablets and smartphones.

CLIP STUDIO  
TABMATE 2



**This product has had a significant response, with the number of pre-order sales made in the period leading up to starting shipments reaching 40 times that of the previous model in the prior month for the same amount of time.**

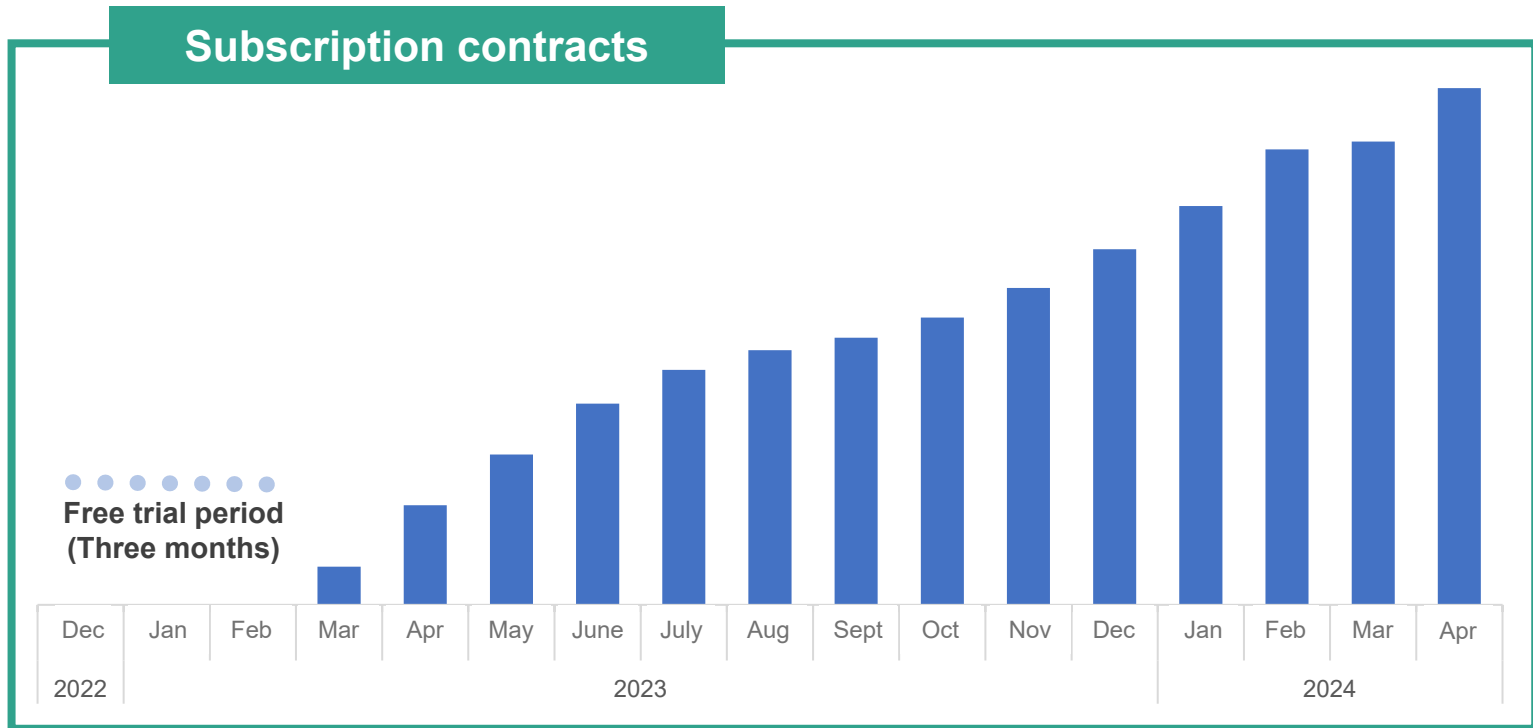
For details (Japanese only): <https://www.celsys.com/topic/20230318>

# 3-1. Content Production Solutions business\_10

## Activity topic (8) Subscription contracts in mainland China

A 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.



# 3-1. Content Production Solutions business\_11

## Activity topic (9) Other activities

### Increased subscription contracts

### Increased overseas users

- CLIP STUDIO PAINT bundled with the Samsung Galaxy Book4 Pro 360 laptop **worldwide**
- CLIP STUDIO PAINT **preinstalled** on the Android tablet NEC LAVIE Tab  
App available for continued use by transferring to a **subscription contract**
- CLIP STUDIO PAINT and Samsung Galaxy Tab S9+ offered together in new student product Wacom Mobile Creative Edition released by **Wacom Korea**

### 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 **8.58 million people worldwide**
- **Celsys and Adobe teamed up** on new font standard for Adobe Fonts in CLIP STUDIO PAINT  
Scheduled to be made compatible with Adobe-Manga1-0
- 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/en/irinfo\\_groupnews/&contents\\_type=7](https://www.celsys.com/en/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 March)		
	Q1 FY12/23	Q1 FY12/24	YoY
Net sales	248	261	+5.1%
Operating loss	157	186	—

### Topics

#### Sales and promotional activities to expand DC3 Solution sales

- **Promote proposal-based sales activities for DC3 towards 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

- **Promote proposal-based sales activities for DC3 towards IPs**

Collaboration **through the use of DC3 with several IPs**

#### Continued development invest towards improving solution quality

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

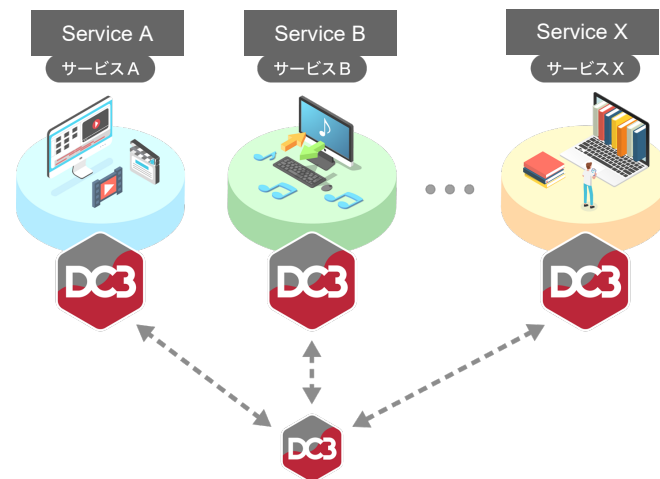
- **Strengthen functionality of DC3 My Room, a service that enables central management of held DC3 content**

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

## 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.

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.

## 3-2. Content Distribution Solutions business\_3

Activity topic (2) Launch of major update for DC3



March 2024

**Launch of major update** for the digital content distribution platform solution

A major update for DC3 was launched on March 14, 2024.

- Significant speed improvement for DC3 My Room
- Addition of “filing folder” function, enhanced 3D display for DC3 My Room
- DC3 Service Provider Console supports sales of listed content by service providers

This update provides a significant improvement to the end user’s UX and facilitates more comfortable usage of DC3.

Furthermore, it heightens the ease of introducing DC3 by offering lower service operating costs for businesses utilizing DC3.

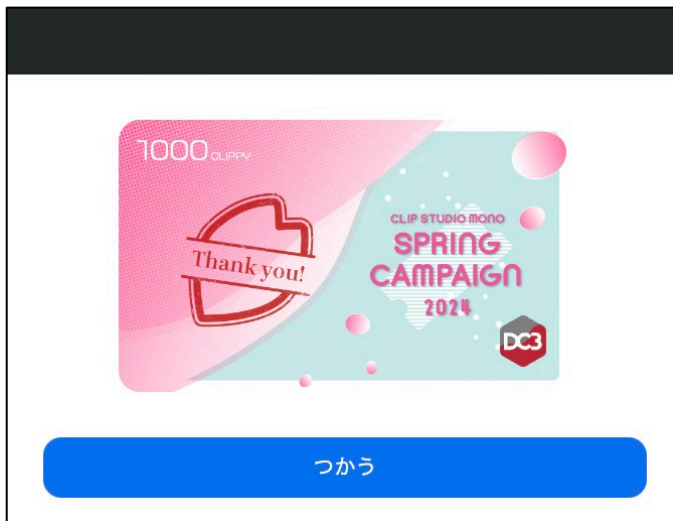
**➡ Aim to **expand functionality** of DC3 Solution through continuing development investment**

For details (Japanese only): <https://www.and-dc3.com/news/20240314/>



## 3-2. Content Distribution Solutions business\_4

### Activity topic (3) DC3 compatibility for cards/tickets



Hive Ticket Player



Ticket issuing service “Ticket-tier”

The DC3 player “Hive Ticket Player” was released on March 14, 2024.

This program 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/>

## 3-2. Content Distribution Solutions business\_5

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 **new ability for even PRO users to register DC3 master content** upon the release of CLIP STUDIO PAINT Version 3.0 on March 14, 2024, even more creators can distribute their works with ease

At the same time, by introducing the Hive Ticket Player into CLIP STUDIO MONO, users can issue CLIPPY tickets that can be exchanged for CLIPPY points that can be used within the CLIP STUDIO service.



**Plans to conduct campaigns to facilitate use of DC3 by creators in the future**

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

## 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.

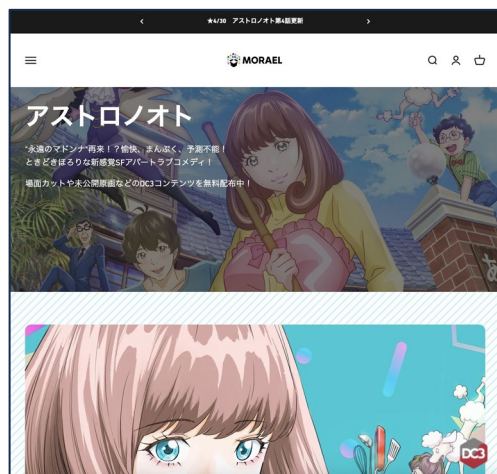
**➡ Launch of several services using DC3 Solution are scheduled this period**

For details (Japanese only): [https://www.dc3solution.net/assets/file/andDC3\\_News\\_2024\\_01\\_18.pdf](https://www.dc3solution.net/assets/file/andDC3_News_2024_01_18.pdf)

## 3-2. Content Distribution Solutions business\_7

### Activity topic (6) Collaboration with animation “Astro Note”

Engaging 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 by users



MORAE L feature page



Example of distributed content

In collaboration with the TV animation “Astro Note” that started airing in April 2024, distribution of unreleased original artwork and cuts from various scenes on the DC3 free content distribution service MORAE L began on April 5, 2024.

The experience of artistic productions is enriched by distribution that accommodates high-definition content.

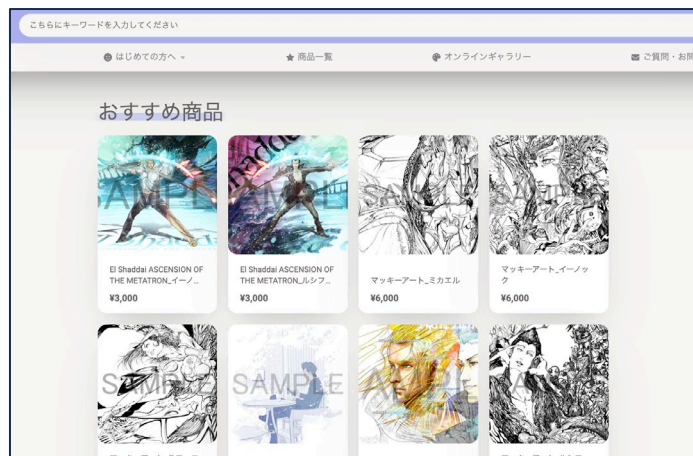
**➡ Collaboration with several other IPs has been decided in this period**

For details (Japanese only): [https://www.dc3solution.net/assets/file/andDC3\\_News\\_2024\\_04\\_05.pdf](https://www.dc3solution.net/assets/file/andDC3_News_2024_04_05.pdf)

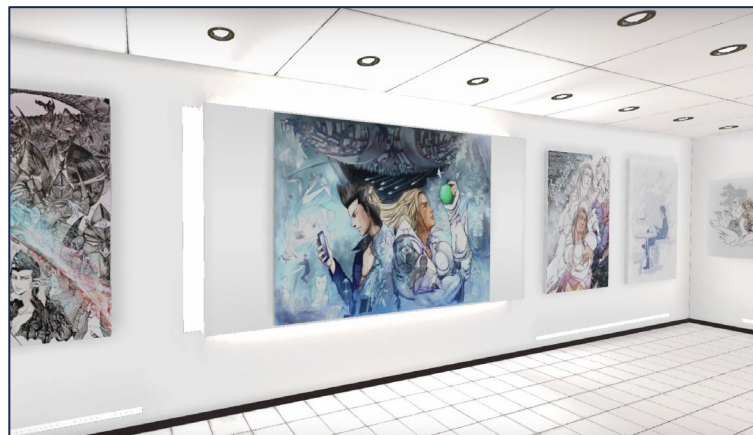
## 3-2. Content Distribution Solutions business\_8

### Activity topic (7) Collaboration with animation game “El Shaddai”

Engaging 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 by users



E-commerce site “crim DC3 SHOP”



Online 3D gallery

In collaboration with the game “El Shaddai,” the e-commerce site “crim DC3 SHOP” was opened in addition to free DC3 content distribution on MORAEI, and sales launched of artwork and original illustrations as DC3 content on April 28, 2024.

Furthermore, an online 3D gallery was opened in concert with a real-world solo exhibition.

**➡ Collaboration with several other IPs has been decided in this period**

For details (Japanese only): [https://www.dc3solution.net/assets/file/andDC3\\_News\\_2024\\_04\\_26.pdf](https://www.dc3solution.net/assets/file/andDC3_News_2024_04_26.pdf)

## 4. Financial Results Forecast For FY12/24



## 4-1. Financial results forecast for FY12/24

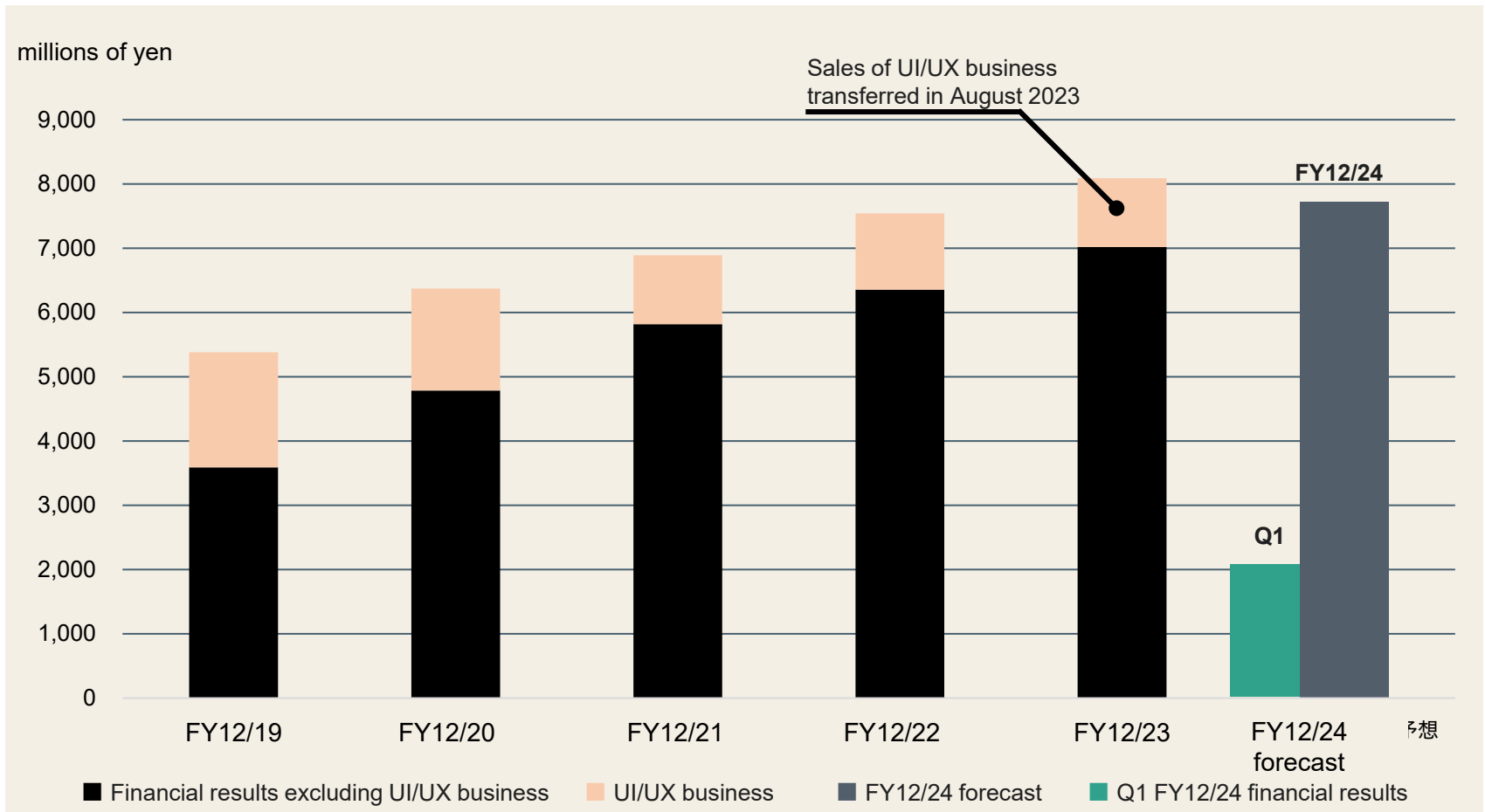
Unit: millions of yen

		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	<b>3,297</b>	<b>6,676</b>	<b>+11.1%</b>
	Content Distribution Solutions	507	1,012	<b>519</b>	<b>1,047</b>	<b>+3.4%</b>
	UI/UX	712	1,071	-	-	-
	Total	4,253	8,091	<b>3,816</b>	<b>7,723</b>	<b>-4.5%</b>
Operating profit	Content Production Solutions	1,160	2,177	<b>1,132</b>	<b>2,529</b>	<b>+16.2%</b>
	Content Distribution Solutions	-327	-744	<b>-467</b>	<b>-873</b>	-
	UI/UX	-104	-79	-	-	-
	Total	729	1,352	<b>664</b>	<b>1,655</b>	<b>+22.3%</b>

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 and progress for FY12/24



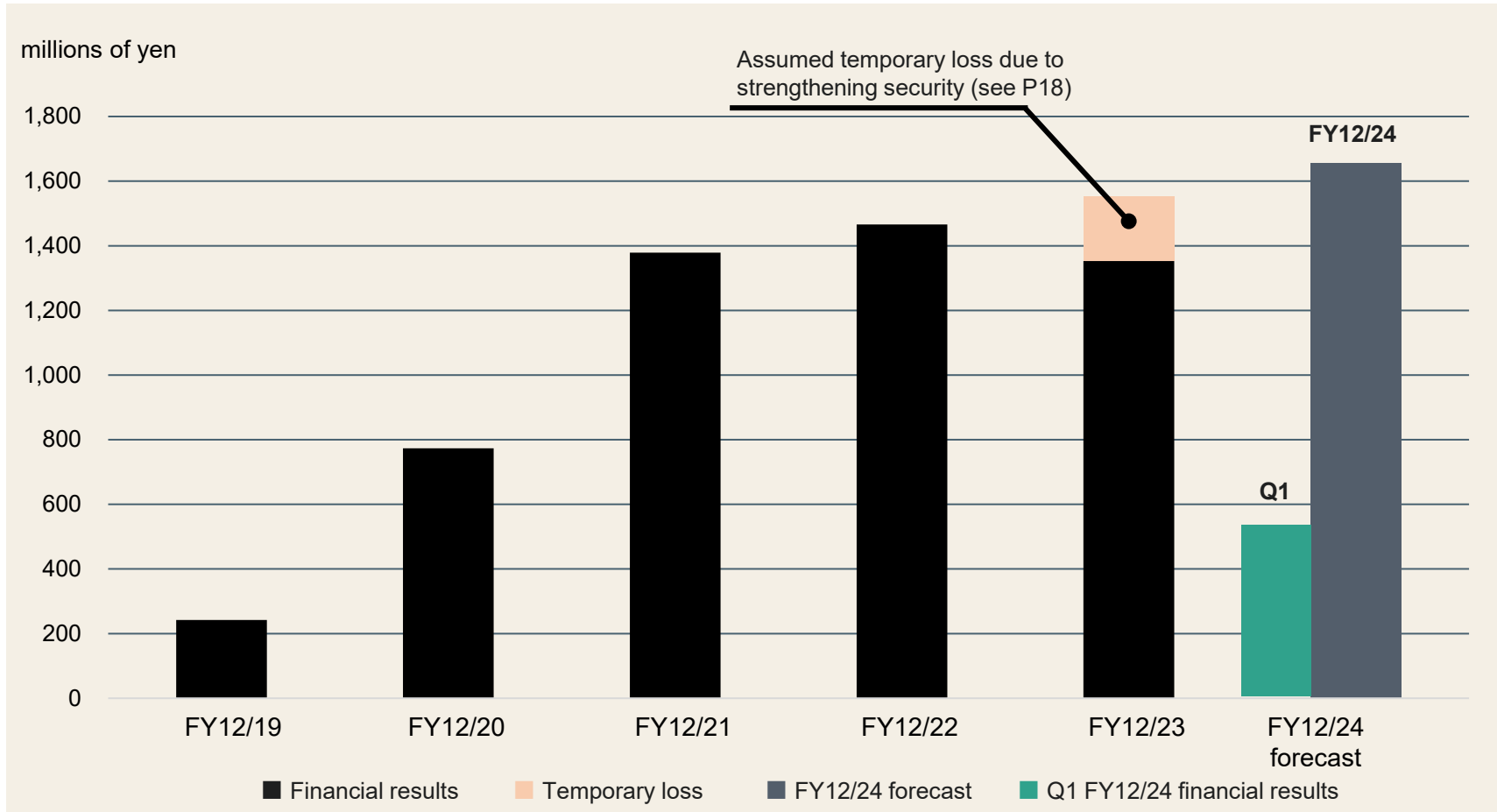
● Expected to achieve 7,723 million yen in FY12/24

● Reached 2,011 million yen in Q1 FY12/24, progress of 26.0%

● 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 and progress for FY12/24



● Expected to achieve 1,655 million yen in FY12/24

● Reached 565 million yen in Q1 FY12/24, progress of 34.2%

## 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 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**

# 5-1. 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.

For details : [https://www.celsys.com/en/irinfo\\_news/contents\\_type=47](https://www.celsys.com/en/irinfo_news/contents_type=47)

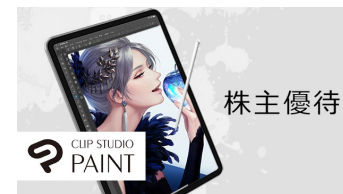


Monthly progress report

## 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/](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/](https://www.celsys.com/irinfo_questionnaire/)



Please let us hear your opinions on IR

## 5-2. 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 <b>100 shares (one unit) or more</b> of the Company's shares.



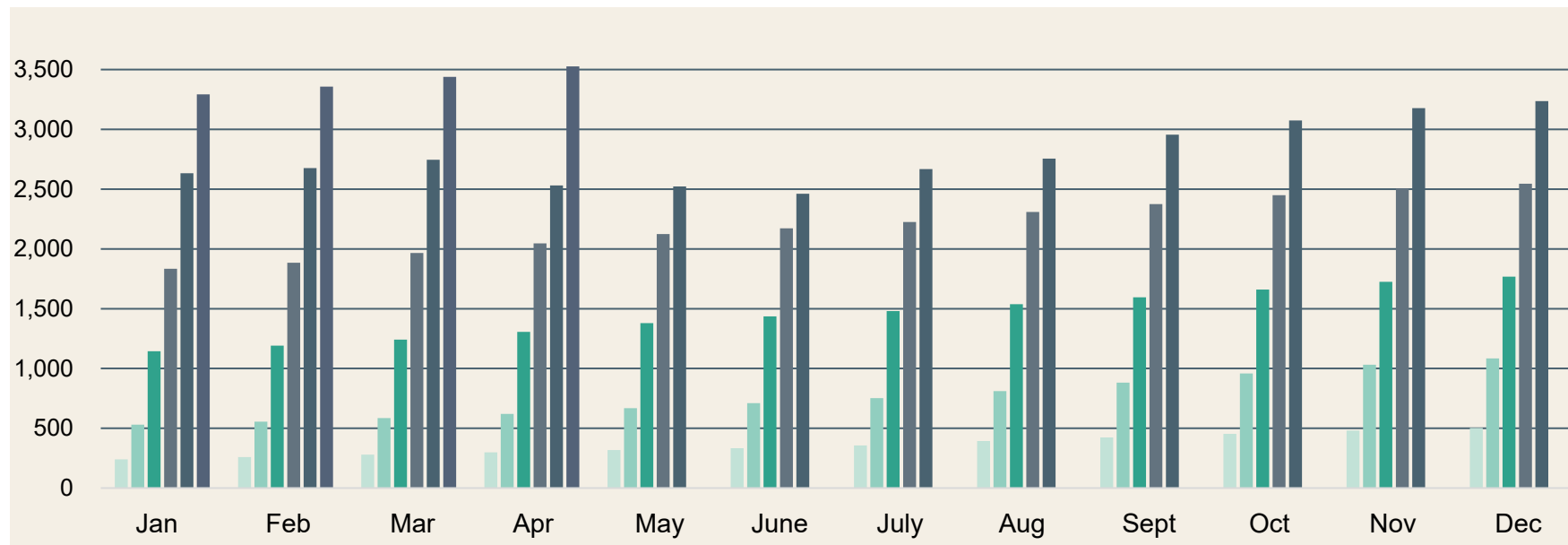
### After change

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 <b>200 shares (two units) or more</b> 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



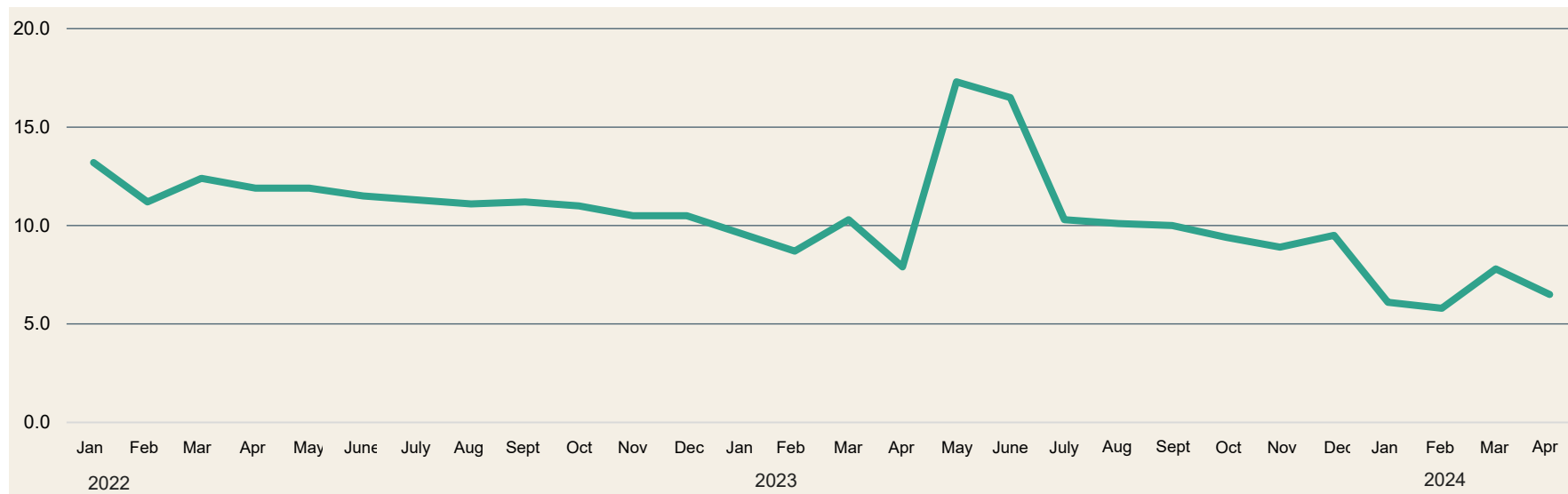
(Unit: millions of yen)

		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								

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: %)

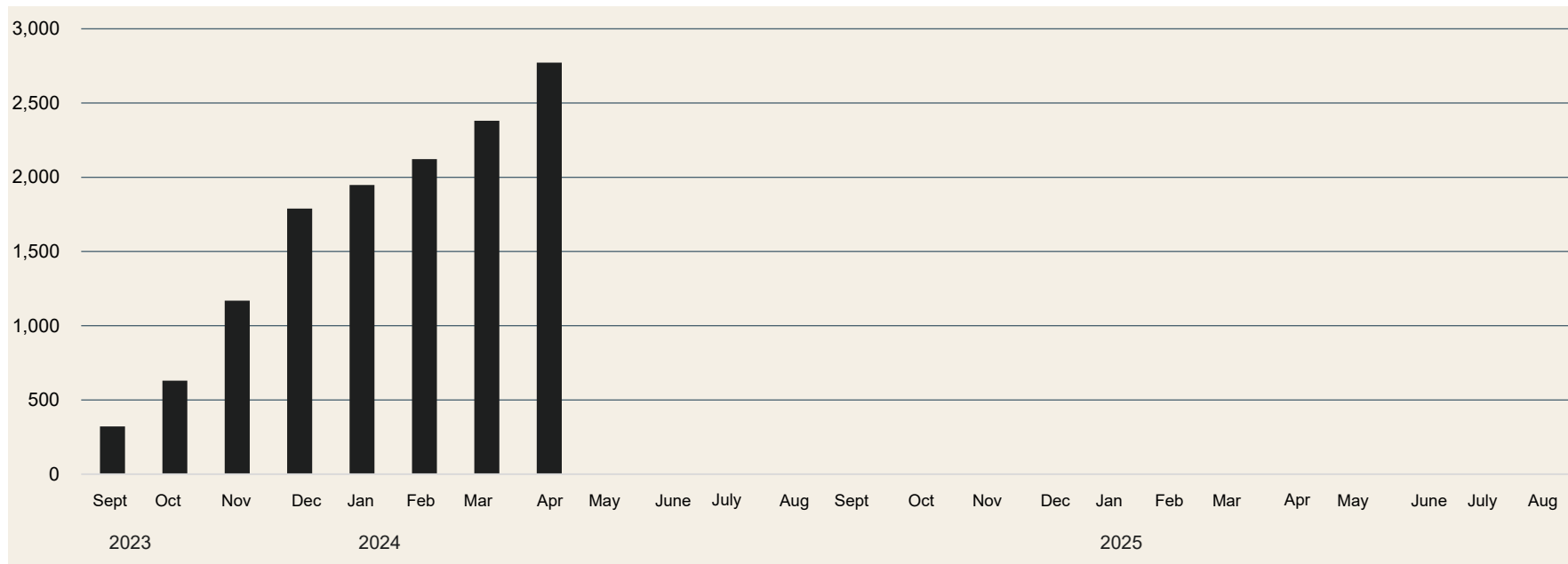
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2022	13.2	11.2	12.4	11.9	11.9	11.5	11.3	11.1	11.2	11.0	10.5	10.5
2023	9.6	8.7	10.3	7.9	17.3	16.5	10.3	10.1	10.0	9.4	8.9	9.5
2024	6.1	5.8	7.8	6.5								

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.

Note: Due to the major version update for Clip Studio Paint that was implemented in mid-March, the churn rate temporarily increased. This trend is the same as in March 2023, when another major version update was implemented. In the future, annual major version updates are expected to have a temporary impact on subscription churn rates. However, the ARR has steadily progressed and we expect that revenues from the subscription model shall continue.

# Reference material: Monthly progress of the Content Distribution Solutions business

■ Number of master content in DC3 Solution



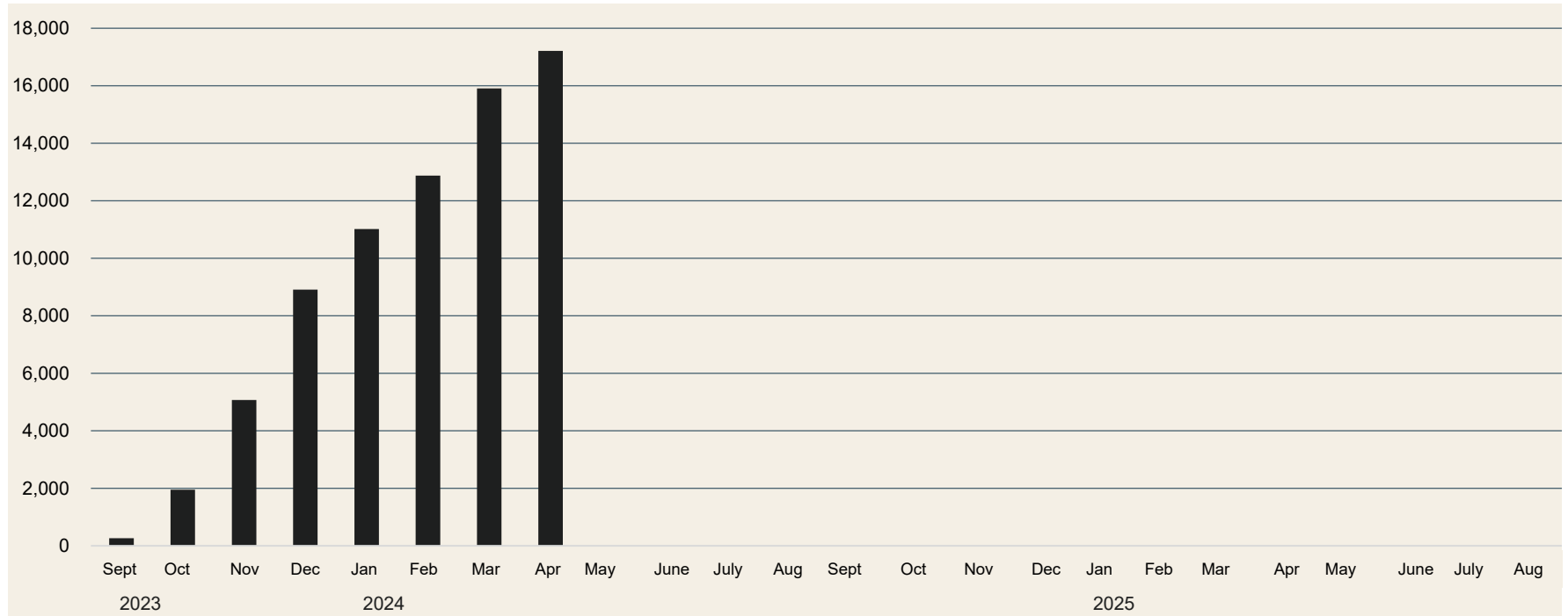
(Unit: units)

	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								

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)

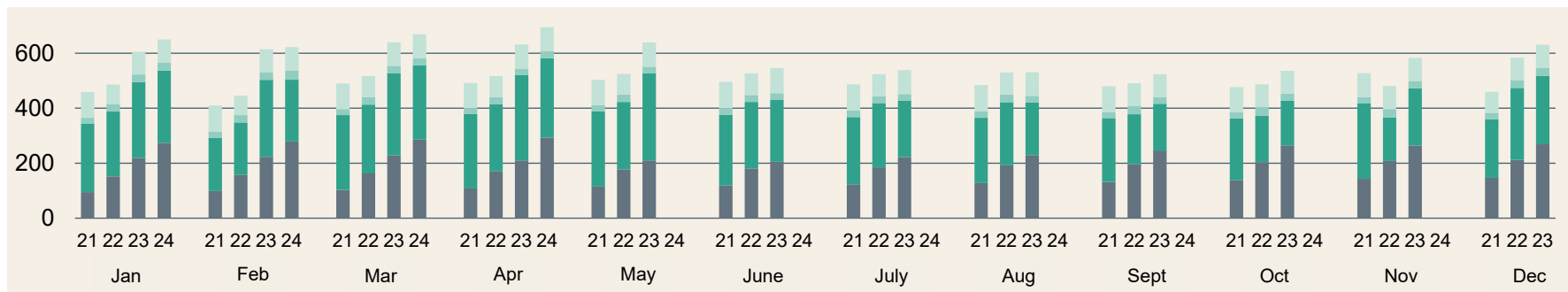
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2023	—	—	—	—	—	—	—	—	266	1,955	5,074	8,910
2024	11,016	12,875	15,908	17,212								

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



■ Distribution solution ■ Services ■ Tool sales ■ Subscriptions

(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
2024	Distribution solution	85	86	87	87								
	Services	28	32	26	26								
	Tool sales	263	225	270	289								
	Subscriptions	274	279	286	293								

Note: A three-month moving average is used 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 March 31, 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.