01. Fringe81 Overview

02. Financial Results Update

Unless otherwise stated, figures of less than JPY1 MM are rounded down to the nearest JPY1 MM. Ratios and percentages are rounded to the nearest whole number.
01. Fringe81 Overview
What We Do

- Born an internet ad company, Fringe81 now focuses on Unipos’ growth

### Key Financial Metrics

<table>
<thead>
<tr>
<th>Gross Revenue</th>
<th>Media Cost</th>
<th>Net Revenue</th>
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<tbody>
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### Business Description

- Purchase and sell advertising inventory
- Focus on display/programmatic ads
- Jointly operates ad networks and receive shared revenue
- Provide support (e.g. sales) for internet media players to monetize via ads
- A SaaS peer recognition service
- Enables peer to peer bonus and real-time feedback
Fringe’s Growth Story Now Centered Around Unipos

Half-year Net Revenue
(2017 vs 2019)

Key Developments

- Steadily-growing internet ad business **generate cash** to spur Unipos marketing spend
- **Significant contribution to Unipos’ marketing** with the use of cutting-edge marketing methodologies. Forms a new service to help other SaaS players to grow

- **More than 300 companies** now using Unipos
- **> JPY 20MM monthly revenue** within two years
- Massive marketing investment (**up to 12x last fiscal year**)
- Foothold in **EU market**
- Secured **JPY 2.8Bn debt funding**
What is Unipos?

● Unipos is Japan's first web-based peer bonus service
  
  • Raises motivation of employees by increasing communication with praise
  • Communication shared in timeline and contribution recognized among employees
  • Create a sense of unity in the organization by establishing cooperative relationships
Why Unipos?

First to Market

First product in the peer-bonus® market

Remarkable Growth

2.2x user accounts and 1.7x companies within one year

Low Churn Rate

0.6% monthly churn rate
High customer lifetime value (LTV) driven by >8 years of usage period

Market Potential

Total Addressable Market (TAM) ~ 70,000 companies and 13MM employees
Remarkable Growth and High Retention Rate

- 1.7x number of companies and 2.2x user accounts within one year
- Churn rate remains very low
- JPY 2.6Bn cumulative marginal profit expected over >8-year usage period (<1% churn rate) exceeds cumulative investment in Unipos (marketing etc.) of JPY 251MM

### KPI as of Sep 2019
- # of companies: 310
- # of employee accounts: 37,000
- Retention Rate: 99.4%
- Order Backlog (# of accounts): 5,534

### KPI as of Sep 2018
- # of companies: 180
- # of employee accounts: 17,000

Note 1: The number of companies is an approximation of the cumulative number of companies that have introduced this system for a fee.

Note 2: The number of accounts is an approximation of the cumulative number of accounts to be charged for companies that have introduced this system for a fee.

Note 3: Retention rate is the monthly retention rate calculated based on the number of accounts at the end of Sep and the cancellation track record for the period from the launch of the service in Sep 2017 to the end of Sep 19.

Order 4: Order backlog is the number of accounts that have already received orders and are scheduled to start from Q2 onward.
Growth of User Accounts and Client Companies

- Number of users show 123% QoQ while number of client companies grew by 111%
- Largest number of user accounts increase

**Number of Users**

123% QoQ increase

**Number of Clients**

111% QoQ increase

*1: Rounded to the nearest thousands
*2: Rounded to the nearest 10s
Unipos Key Customers

Below chart shows some of the key clients and does not cover all the companies
02. Financial Results Update
<table>
<thead>
<tr>
<th>FY Mar 2020 Forecast</th>
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<tbody>
<tr>
<td>FY Mar 2020</td>
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<tr>
<td>Sales</td>
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<tr>
<td>Marginal Profit</td>
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<tr>
<td>SG&amp;A</td>
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<tr>
<td>Operating Profit</td>
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<tr>
<td>Net Income</td>
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Marginal profit grew 132% QoQ driven by Advertising business growing 134% QoQ and Unipos.

1H marginal profit 95% YoY due to personnel shift from Ad business to Unipos and declining solution sales.

Largest-ever increase of Unipos’ revenue.
- Investment in Unipos growth (marketing etc.) grew from JPY 55MM to 131MM
Disclaimer

This document contains forecasts and plans for the future related to Fringe81 Corporation. These forward-looking statements are based on management’s assumptions and beliefs in light of information currently available to it and involve risks and uncertainties that could cause actual results to differ materially from those discussed in these statements. Actual results may differ materially from these statements due to a variety of factors. We shall not be obligated to update or revise any forward-looking statements contained in this report even if there is new information or future events.