FY2024 Review(25th term)

Financial Results Briefing – Third Quarter

May 13, 2024

Voltage Inc.

TSE Standard Market Securities Code: 3639

Executive Summary

FY 2024 3Q Financial results	■3Q: Sales: 820 mil. yen, Operating profit: △1 mil. yen, Recurring income: +40 mil. yen Resisting the downward trend in the app market, we are working to halt the decline in sales and reduce expenses. We have prevented significant attrition.
FY 2024 3Q Topics	■ Apps achieved a quarterly profit thanks to improved operational efficiency! ■ Sales in new areas is expected to increase in the long term thanks to the second investment. We have expanded our digital comics sales channels to North America. Sales for Switch/Steam remain strong.
Growth Strategy	■Focusing on building the “three pillars” of apps, eComics, and consumer business. 1. Boost in Japanese women apps x fandom, and app evolution (fandom strategy) 2. New areas x expansion / IP creation (Hit IP strategy)
FY2024 Earnings forecast	■We are not disclosing this information as the increasingly intense market environment has made it difficult to calculate reliable figures.

I FY 2024 Financial Results

Quarterly Performance Summary

[Unit: millions of yen]

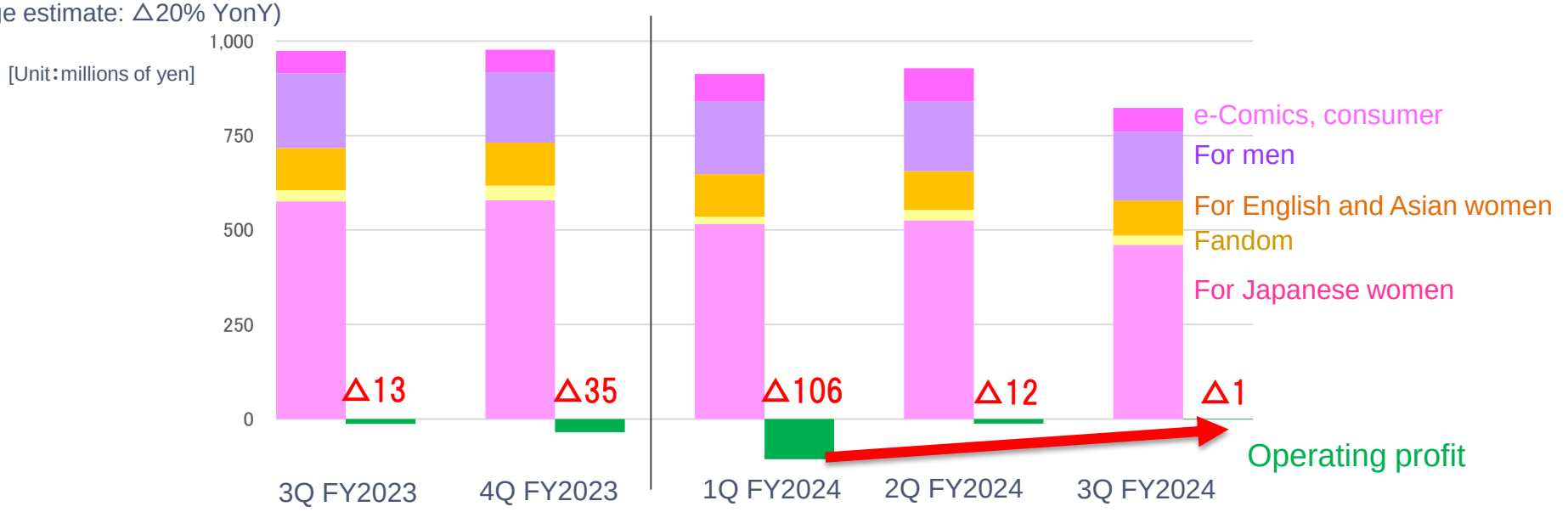
	FY ending June 2023		FY ending June 2024				
	3Q	4Q	1Q	2Q	3Q	YonY	QonQ
Sales	974	977	913	928	823	84%	89%
Cost of sales	446	429	456	437	378	85%	86%
Labor cost	213	184	210	199	189	89%	95%
Outsourcing cost	163	169	176	169	127	78%	75%
Others	69	74	69	67	61	88%	91%
SG&A expense	541	583	563	502	446	83%	89%
Advertising expenses	156	191	179	133	117	75%	88%
Sales commissions	231	241	223	219	171	74%	78%
Others	153	150	159	150	157	103%	105%
Operating profit	△13	△35	△106	△12	△1	–	–
Current profit	△10	△17	△98	△18	40	–	–
Net profit for the FY to shareholders of the parent company	16	△18	△99	△19	39	235%	–

Due to gains on sales of investment securities, etc.

Sales Figures by Quarter

Resisting the downward trend in the app market, we are working to halt the decline in sales and reduce expenses. We have prevented significant attrition.

(Voltage estimate: △20% YonY)

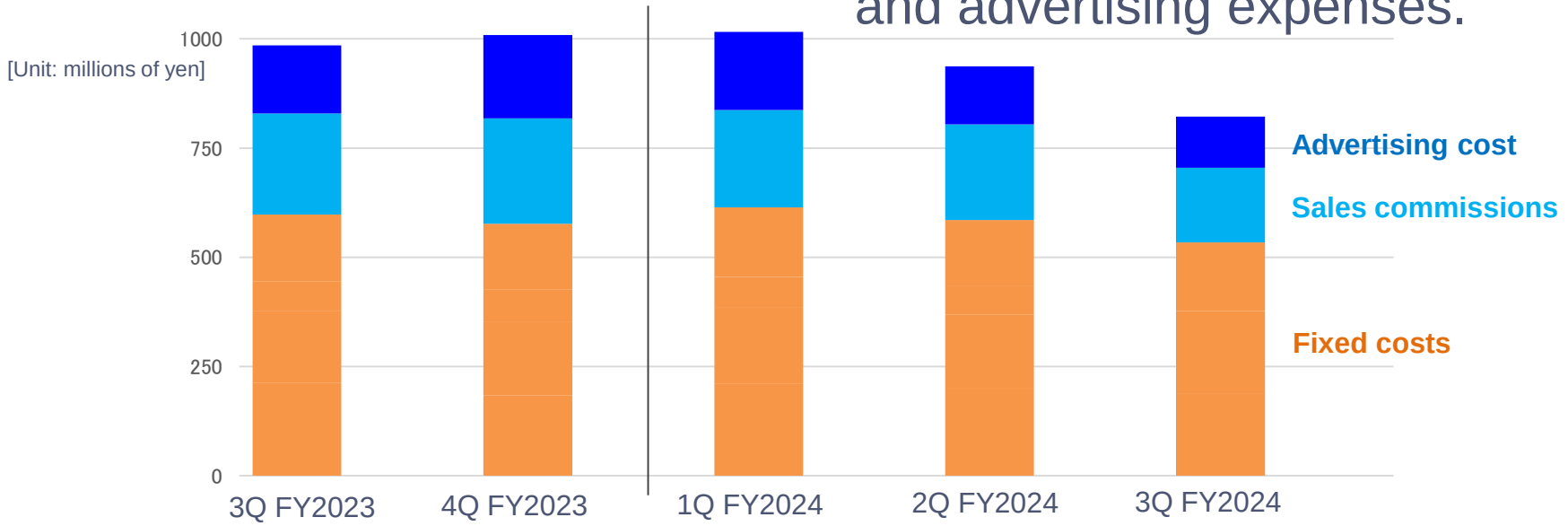


		Results	Results	Results	Results	Results	YonY	QonQ
App business	Japanese language women	575	578	515	525	460	80%	88%
	Fandom*	29	38	20	27	24	83%	88%
	English and Asian women	111	113	112	102	92	83%	91%
	Men	198	186	193	185	181	92%	98%
New areas	e-Comics and consumer businesses	59	59	71	87	63	106%	73%
	Total sales	974	977	913	928	823	84%	89%
	Operating profit	△13	△35	△106	△12	△1	–	–

* Fandom: Goods, cafe, events, videos, etc.

Expense Figures by Quarter

We have reduced expenses significantly by controlling fixed costs and advertising expenses.



		Results	Results	Results	Results	Results	YonY	QonQ
PA costs*	Advertising expenses	156	191	179	133	117	75%	88%
	Sales commissions	231	241	223	219	171	74%	78%
Fixed costs	Labor cost	213	184	210	199	189	89%	95%
	Outsourcing cost	163	169	176	169	127	78%	75%
	Others	223	225	229	218	219	98%	101%
	Subtotal	600	579	616	587	535	89%	91%
Total expenses		987	1,012	1,020	940	824	83%	88%

※Platform＆Advertising

Our financial position remains strong.

[Unit: millions of yen]

	End of 3Q, 25th term	End of 24th term	Over end of previous term
Current assets	1,958	2,042	96%
Fixed assets	913	911	100%
Assets	2,871	2,954	97%
Current liabilities	601	664	91%
Fixed liabilities	143	127	113%
Total liabilities	744	791	94%
Shareholders' equity	2,029	2,108	96%
Accumulated other comprehensive income	91	48	189%
Subscription rights to shareholders	5	5	110%
Net assets	2,127	2,162	98%
Total liabilities and net assets	2,871	2,954	97%

Growth Strategy
and Basic Direction by Business

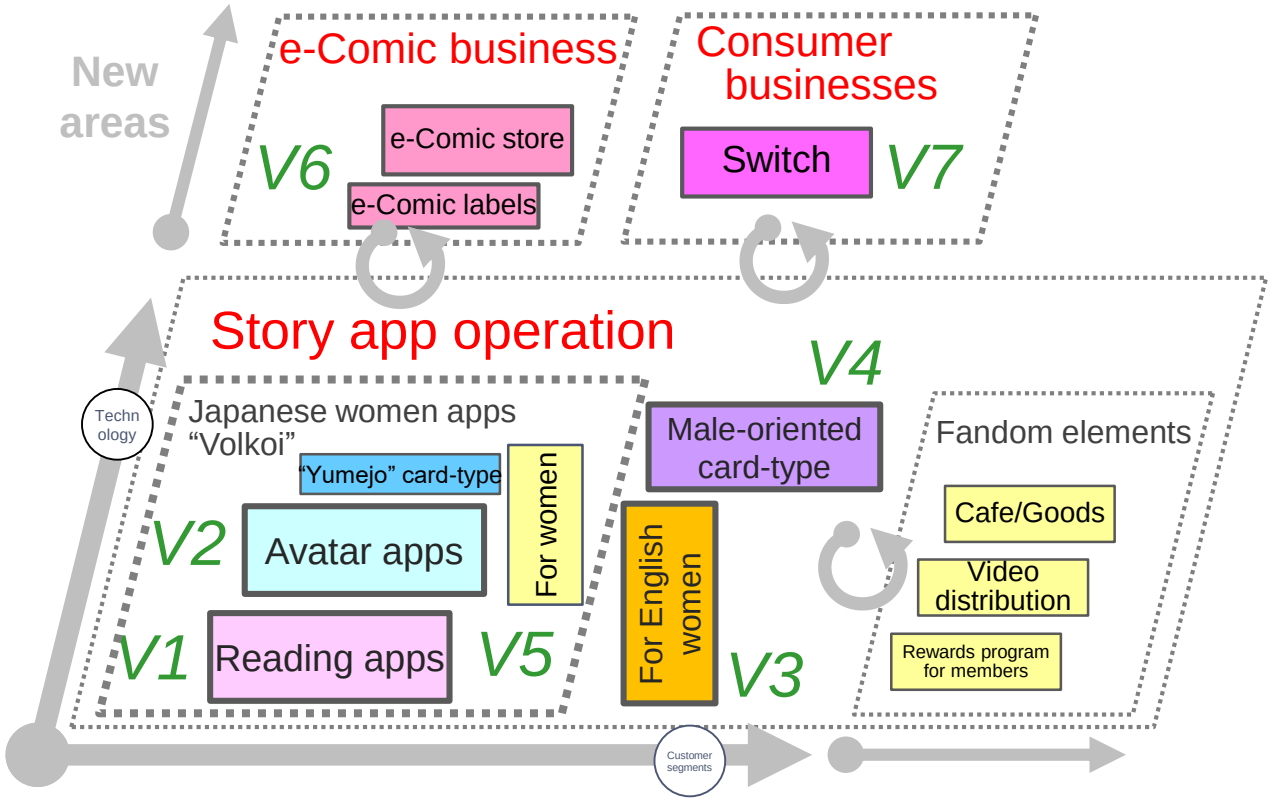
Basic strategy *Re-posted

Entertaining our global customers with storytelling apps in the digital era, “Love and conflicts”!

“Three pillars”: apps, eComics, and consumer business

Toward a diversified company

1. Japanese women apps x Fandom apps evolution (Fandom strategy)
2. New areas x expansion / IP creation (Hit IP strategy)
   (eComics & consumer business)

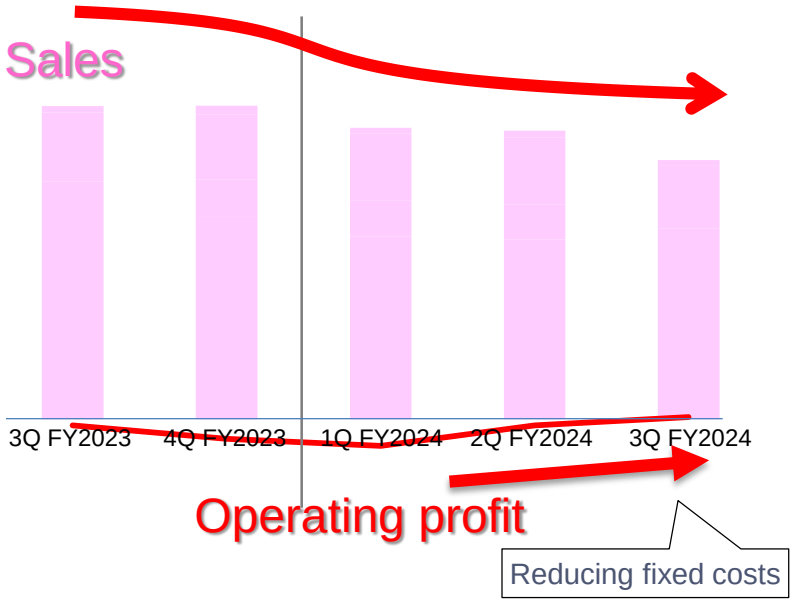


Vx: Set up quasi-companies and business companies for each specific area of know-how.

Progress by area

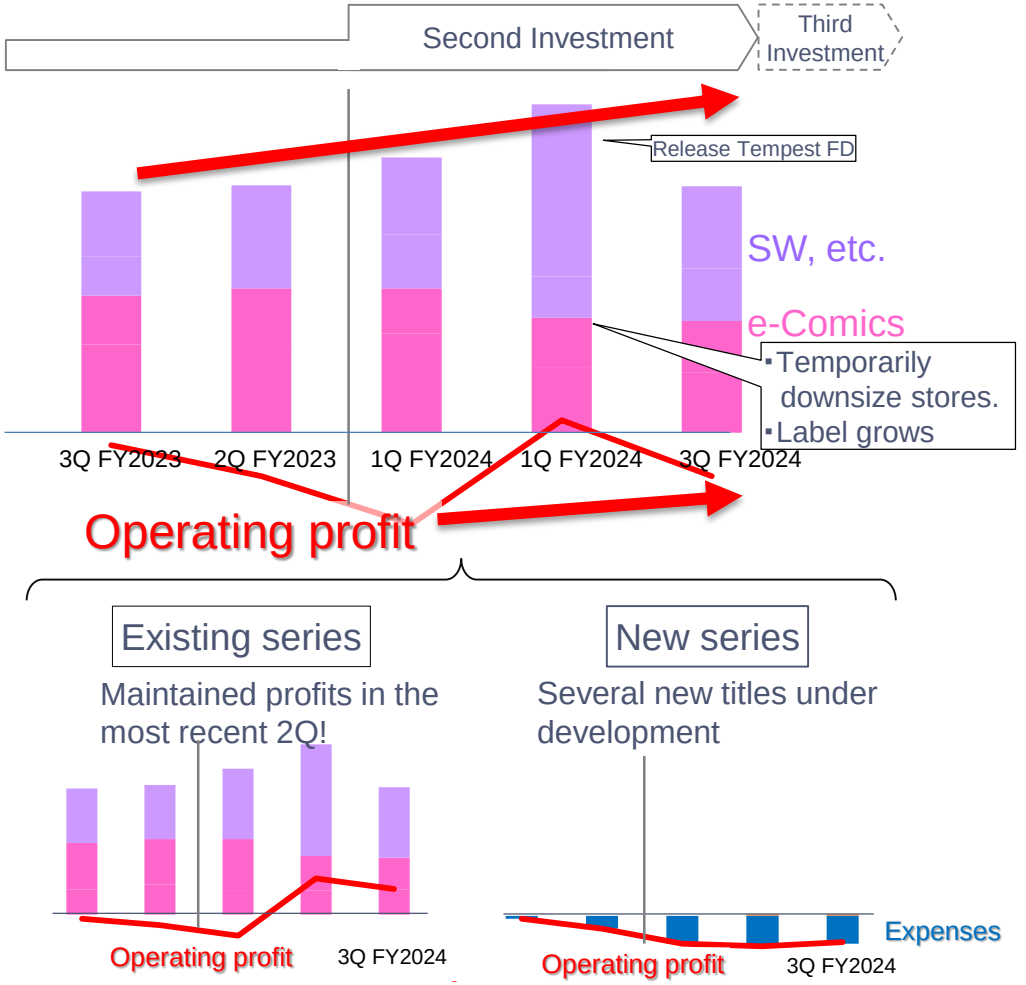
Apps Business

Achieved a quarterly profit thanks to improved operational efficiency!



New Area Businesses

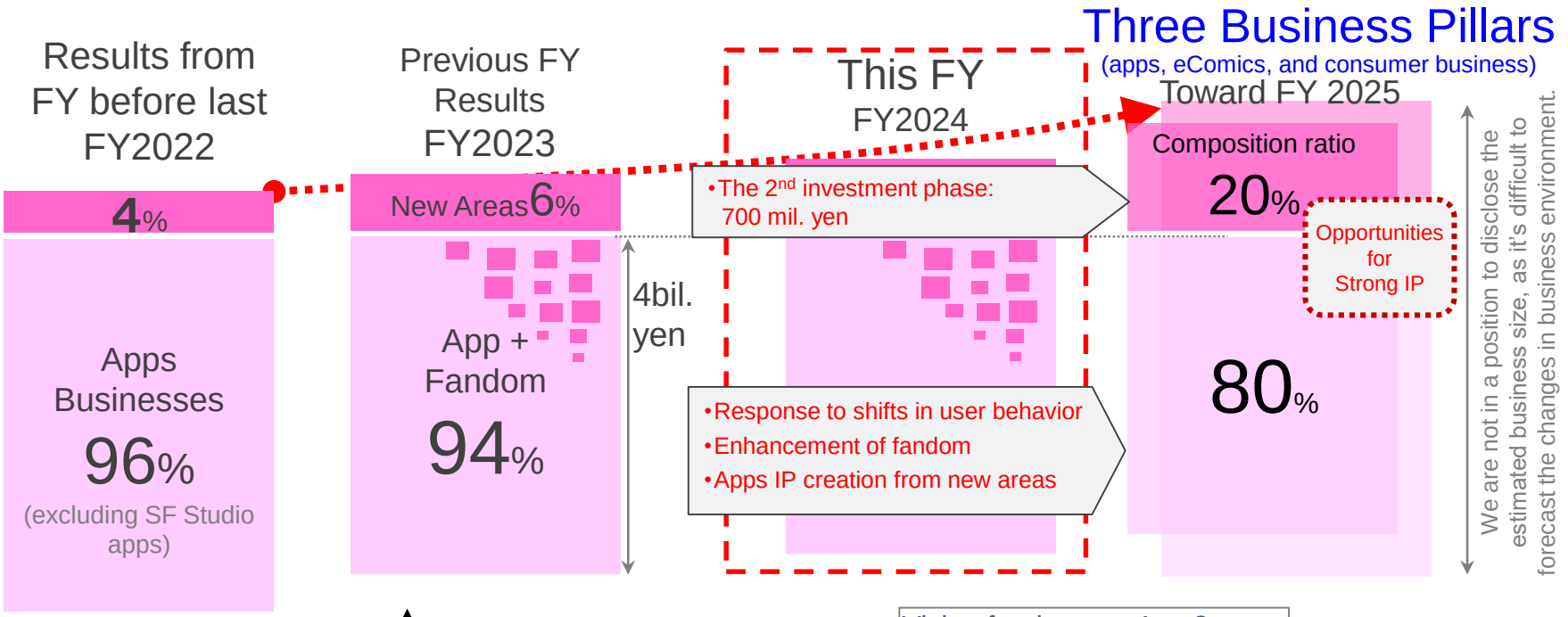
Sales is expected to increase in the long term thanks to the second investment.

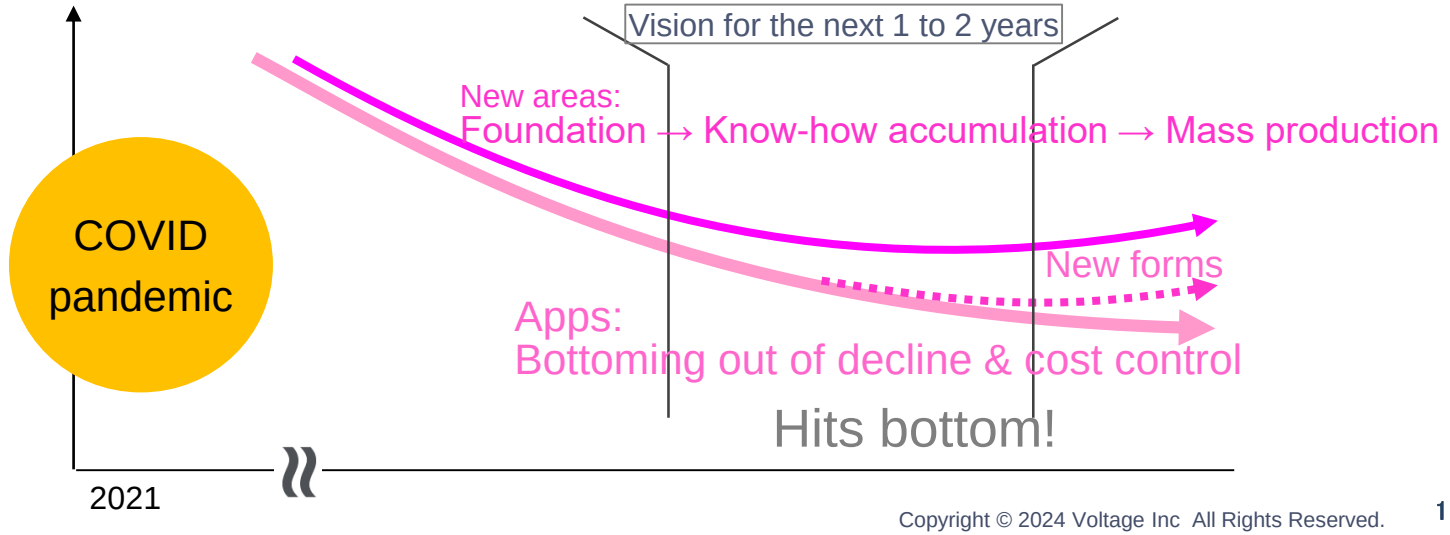


Sales and operating profits in the graph are calculated by average revenue per paid user based on management accounting (by quarter).

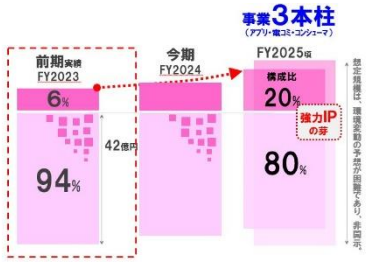
Business Portfolio Overview *Re-posted

We aim to establish the three pillars by around FY 2025!





Near-term focus projects *Re-posted



Apps

Japanese women

Cost control

Reduced operations personnel
Adjustments to advertising costs

Shifts in user behavior

Time performance-oriented,
and right-now-oriented
Revisions to game structures, UI, etc.

Considering the third investment

Fostering fandom

Responding to post-COVID trends towards going out

New areas

Know-how accumulation

Second investment in full swing

Considering the third investment

Create hit trajectories

Overview for New Area Businesses' Expansion

The second investment for new areas has been in full swing since the previous term. Move fast to accumulate know-how

Planned investment: 300 mil. Yen		FY2024	FY2025
		New and Serial + Initiation	Continuation + New Start (planned)
eComics labels	Monochrome	20 + 10 labels ・including licensing-out labels	Around 30 labels ・including licensing-out labels
	Webtoon	1 + 3 labels	Around 8 labels

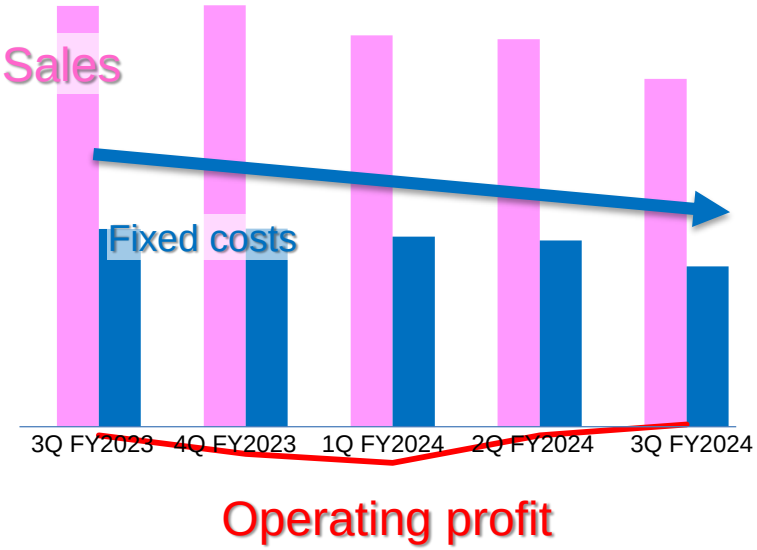
Planned investment: 400 mil. Yen		Release + New Start	Release + New Start (planned)
Switch	Volkoi converted for Switch	4 + 1 labels	Around 6 labels
	Original	1 + 3 labels	

As of May 2024

III App business

Turned a profit through cost containment despite QonQ decline in sales revenue

Sales, fixed costs, and profits in the app business



Topics

[Apps]

· March: “Tenka Toitsu Koi no Ran Love Ballad - The Tsuki Chapter” celebrates its 7th anniversary.
In addition to campaign initiatives, a collaboration with Sanrio was held from March 22 thru April 1.

· April: New title "Childhood Friend, Second First Love" launches on "100 Scene no Koi+."
Numerous new titles are scheduled to be released in succession in June and August.

Sales and operating profits in the graph above are calculated from charged sales based on managerial accounting (by quarter).

App business (Fandom)

Volkoi Experience Fan Meeting
Held "Winter Love 2024 ~ Youthful Valentine's Day with my Boyfriend~" (February)

Following the Summer Love 2024 event, a real event where users can enjoy and make memories with Voltage characters was held in Shibuya, Tokyo.

First stage production of "Ayakashi Koimeguri" Held the "Immersive STAGE Ayakashi Koimeguri, Akatsuki Chapter ~Kouga Edition~" (May)

The world of "Ayakashi Koi Meguri" is brought to users in a new and immersive stage experience. Held at Shinjuku Mura LIVE.

Immersive STAGE =
The production makes use of unprecedented digital technology, including interactive production that animates images in response to the audience's and performers' movements.

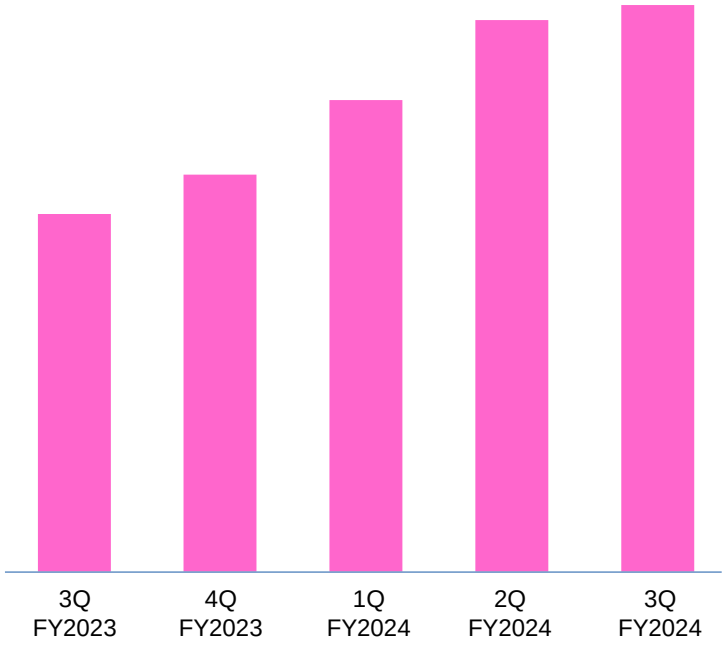
© "Ayakashi Koimeguri" Stage production committee

Ⅳ New areas

e-Comic business

Monochrome comic label "Volkoi Comic" is undergoing steady sales growth.
We are expanding its sales channels and strengthening its structure and original writing together with vertical format color manga "Volkoi TOON."

"Volkoi comic" sales



Topics.

“Vol-Comi” store
•Began distribution of Square Enix manga titles.

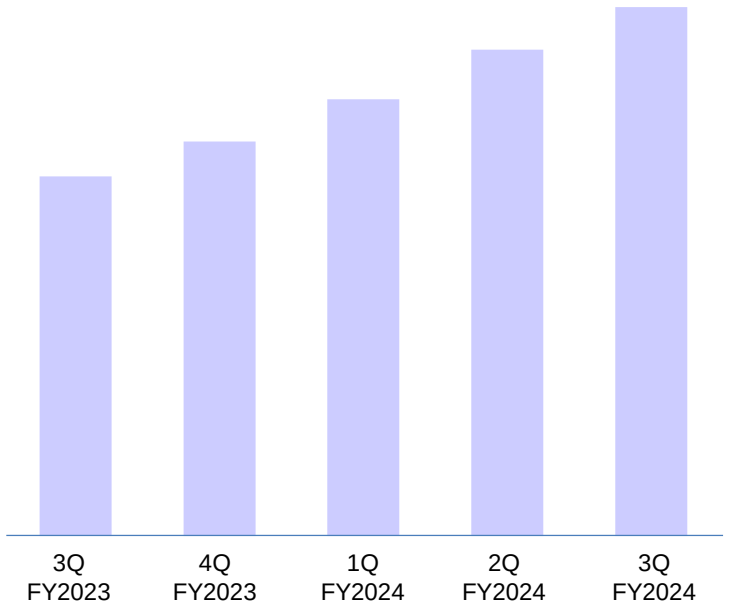
Comic book label "Volkoi comic”
•Overseas sales began in April with the English translation version.

"Volkoi TOON”—our vertical format color manga label
•The first installment, the "Love Affair Revealed" story and other titles were given a boost.

Following the lead of "LINE Manga" and "Vol-Comi" etc., sales channels will be extended to "Mecha Comic," "Comic CMOA" and other channels from 4Q and onwards.
•The second and third titles are currently in production for release this fall.

Revenue remains strong despite a QonQ decrease in revenue due to the launch of new products at the end of the year and response from major events.
Sales of titles for Switch/Steam top 140,000 copies. (As of May 13)

Number of units for Switch/Steam sold (cumulative)



Topics.

Converted Volkoi titles
- January: “Ukkari Kon" (Switch, Steam) released
- April: Released "Stat Call: Lifesaving Love 24 Hours" (for Switch, Steam)

Original title
- Released fan books and various other "Tempest" IP related products.
  Three new original IPs are also currently in production.

APPENDIX

Company Information

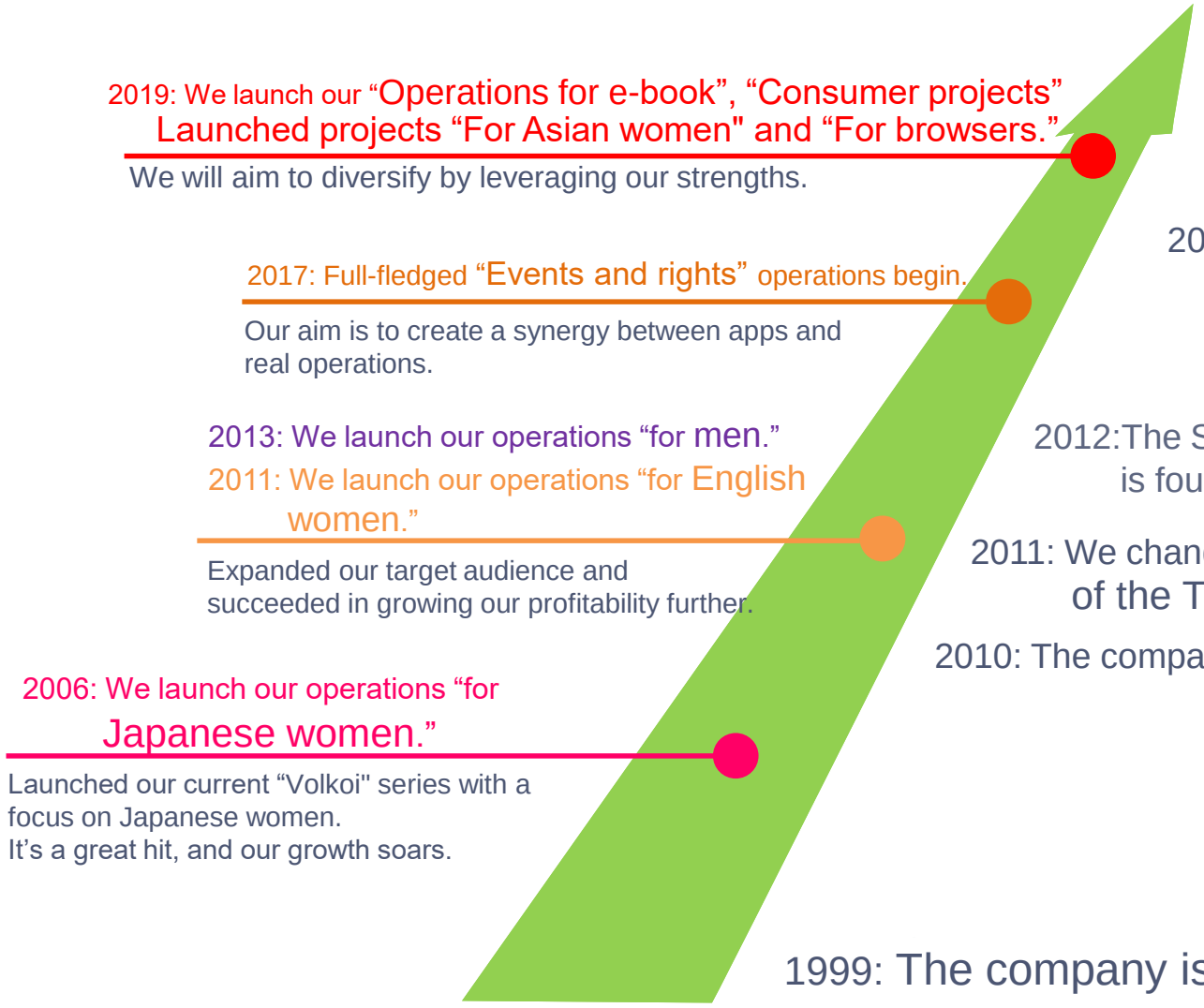
Company profile

Company name	Voltage Inc.
Representative	Representative chairman and president: Yuji Tsutani
Business Philosophy /Vision	Make contributions in the areas of art and business. Bring excitement to people's lives through dramas of love and conflicts. Develop individuals and organizations that autonomously grow under their own initiative and responsibility.
Foundation	September 1999
Date of listing	TSE Standard: April 2022 (TSE First Section: June 2011, TSE Mothers: June 2010)
Capital	1,250 mil. yen (As of the end of March 2024)
Number of employees	167* (As of the end of March 2024)
Subsidiaries	Japan: Vol Pictures Inc.

* Excluding temporary employees (such as fixed-term contract employees, part-time employees, and workers from temporary staffing agencies)

History and business operations

We have expanded our customer segments and technologies in sync with the changes in the market.



2022: Switched market to TSE Standard.

2019: Company's 20th anniversary

2018: The number of "Romance Apps" titles hits 100.

2019: We launch our "Operations for e-book", "Consumer projects" Launched projects "For Asian women" and "For browsers."

We will aim to diversify by leveraging our strengths.

2017: Full-fledged "Events and rights" operations begin.

Our aim is to create a synergy between apps and real operations.

2013: We launch our operations "for men."

2011: We launch our operations "for English women."

Expanded our target audience and succeeded in growing our profitability further.

2012:The SF Studio,our US subsidiary is founded.

2011: We change our market to the 1st section of the TSE.

2010: The company is listed in Mothers.

2006: We launch our operations "for Japanese women."

Launched our current "Volkoi" series with a focus on Japanese women.
It's a great hit, and our growth soars.

1999: The company is founded.

Business segments and strengths

Business segments (4Q and later)

Segments		Categories	Primary titles
Story apps	Japanese women	Reading material type	100 love scenes+
		Avatar type	Koiran, Chikai, Cinde, MIRAPRI, Oji, Makai, Bakuten, 2LDK
		Card type	Aya Koi, Anidol
		Fandom	Vol SHOP (goods) Vol Fes, collaborative cafes 2.5D stage shows, fan meetings Video distribution
	English and Asian women	Reading material type	Love365 for China and Taiwan
	Men	Card type	Roppongi
New field	e-Comics / Consumer businesses	eComics store	Vol-Comi
		eComics label	(B&W comics) Volkoi-Comic (Vertical format color manga) Volkoi-TOON
		for Nintendo Switch™/ Steam®	Converted Volkoi titles Tempest Witch

Voltage's strengths

1. Reading material app production capability
2. In tune with women's needs

Products

Sales

Organization

3. Autonomous PDCA

Story apps x Global/real events

Global expansion

	Japan	English	China	Hong Kong & Taiwan	SE Asia	Europe
100 Love Scenes+	○	○ Love3	—	—	—	○ Love3
Doubt	○	○ Liar!	○ 揭穿	○ Doubt	—	—
Koiran (Love Ballad)	○	○ Samurai	—	—	—	—
Makai	○	○ Darkness	—	—	—	—
Aya Koi	○	○ Ayakashi	—	—	Thailand ○ Ayakashi	—
Anidol	○	—	—	—	—	—

* Excluding titles for Nintendo Switch

Fandom actions

User interaction (alternative online/ combined events)	Stage shows (alternative online/ combined events)	Video
○ Shops, fests	○ Recited drama	○ Niconico videos
—	—	—
○ Shops, fests	—	○ YouTube
○ Shops, fests	—	○ YouTube
○ Shops, fests	—	○ YouTube
○ Shops, fests	○ stage shows	○ TV, YouTube

ESG and SDGS related initiatives [1]

Voltage is committed to actively engage with the SDGs towards the realization of a sustainable world.

Our initiatives	Applicable SDGs targets
Environment ■ Transition to paperless ■ Paper recycling	
Social ■ Accepting student visits ■ Flexible work system and active participation of female managers	
Governance ■ Set up and maintain systems for achieving compliance and risk management. ■ Set up contact points for various notifications and reporting. ■ Build relationships with shareholders (IR staff, contact point for inquiries).	

ESG and SDGS related initiatives [2] Active participation by women

We are focusing on "creating an organization where women can play an active role."

Actual results

2021 Survey on the Active Participation of Women in Corporations, Nikkei WOMAN
140th overall
21st in the “Information and Communications” industry

	Overall	“Information and Communications” industry
2021	**140th**	**21st**
2020	152nd	24th
2019	206th	25th
2018	198th	22nd

We came in at 140th place overall and 21st in the “Information and Communications” industry in the 2021 Nikkei WOMEN Survey on the Active Participation of Women in Corporations which ranked corporations on how comfortably women are able to work at these companies.

5th place in the “300 to less than 1,000 Employees Category” in the Forbes JAPAN WOMEN AWARD 2017

This award recognizes companies that are actively creating an environment where motivated women are able to work comfortably.

Percentage of female managers
54% compared to the national average of 9.8% *

	FY2020	FY2021	FY2022
Women	17	14	13
Overall	30	26	24
Percentage (women/overall)	57%	54%	54%

* From the Aug 17, 2023 “Survey on Corporate Awareness on the Appointment of Women” by the Teikoku Databank, Ltd.

Other initiatives

- Shorter working hours
- Child nursing leave
- Child support leave
- Moms' lunch parties
- Childcare facility fee subsidies for post-illness children

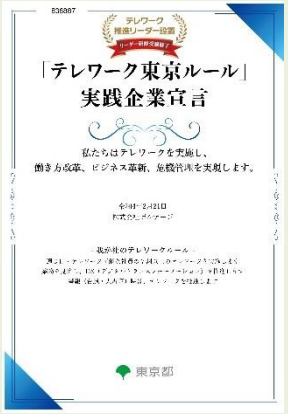
Please see our website for details.
https://www.voltage.co.jp/recruit/woman/

ESG and SDGS related initiatives [3] Flexible work system

We focus on creating working environments that support diverse work styles.

Actual results

Certified as a "Telework Tokyo Rules" practicing company (Feb. 2022)



We have been certified as a "Telework Tokyo Rules" practicing company* by the Tokyo Metropolitan Government based on how we have formulated rules for promoting teleworking and DX by improving business efficiency.

* Practices developed and declared by individual companies based on strategic visions for implementing teleworking in forms such as “work style reforms" and "business innovation.”

Registered as a "Barrier-Free Mind" advocate company (Apr. 2022)

We were acclaimed for the support systems we provide for employees with children as well as for translated content we provide for overseas audiences, etc., and were registered as a "Barrier-Free Mind*" advocate company by the Tokyo Metropolitan Government.

* To continue to think about how to realize a society and environment where all people are able to participate equally and take necessary actions.

Realized the “Office/Telework Hybrid” work style (Nov. 2021)

Along with floor space reductions at our head office, we made reforms and made the transition to a free-address system.

By combining office work where people can have face-to-face communication with teleworking, we have created an environment that facilitates the creation of ideas and smooth collaboration.

Other projects

- Voluntary selection of work time categories
- Refreshment leave system
- Flextime (currently as a trial)

Please see our website for details.
https://www.voltage.co.jp/company/workstyle/

Explanation of Terms

Terms	Definition
Reading material type	A type of application in which users may mainly enjoy reading the story.
Avatar type	A type of application in which the main contents are stories, combined with gameplay elements such as user avatars.
Card type	A type of application that has the factors of collecting and fostering cards.
Fandom	Fan culture generated based on deep, positive emotional connection to our titles. Refers to a community of fans who are not just consumers but share love of our titles and support their success. Also refers to non app forms of entertainment to foster the above-mentioned culture and community.
Time performance	Time performance (time efficiency). Refers to the level of satisfaction for the time spent, such as for content consumption.
UI	User Interface. Visual elements that directly affect user usability and convenience, such as content fonts, coloring, and screen layout.
Volkoi	Collective name of love drama series that we offer. With a focus on apps, it also includes web content and offerings for home video games.
IP	Intellectual Property. It means each of our company's original titles.
Webtoon	Vertical scrolling color comic site ideal for reading on smartphones and tablets.
Events and rights activities	Activities outside of apps that use our title IPs. These are mainly categorized into the implementation of real events such as stage shows and collaborative cafes, merchandise sales, cinematic adaptations, and video/music activities such as CD sales.

Voltage Inc.

- This document contains forward-looking statements, which include judgments made by the Company based on the information available at the time of preparation of this report, but such judgments are not intended to guarantee the accuracy of information. Actual results may differ significantly due to changes in various factors.
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