Fiscal Year Ended September 30, 2021 Financial Results Briefing Materials

Plus Alpha Consulting Co., Ltd.

(Tokyo Stock Exchange Mothers 4071)

November 12, 2021

Contents

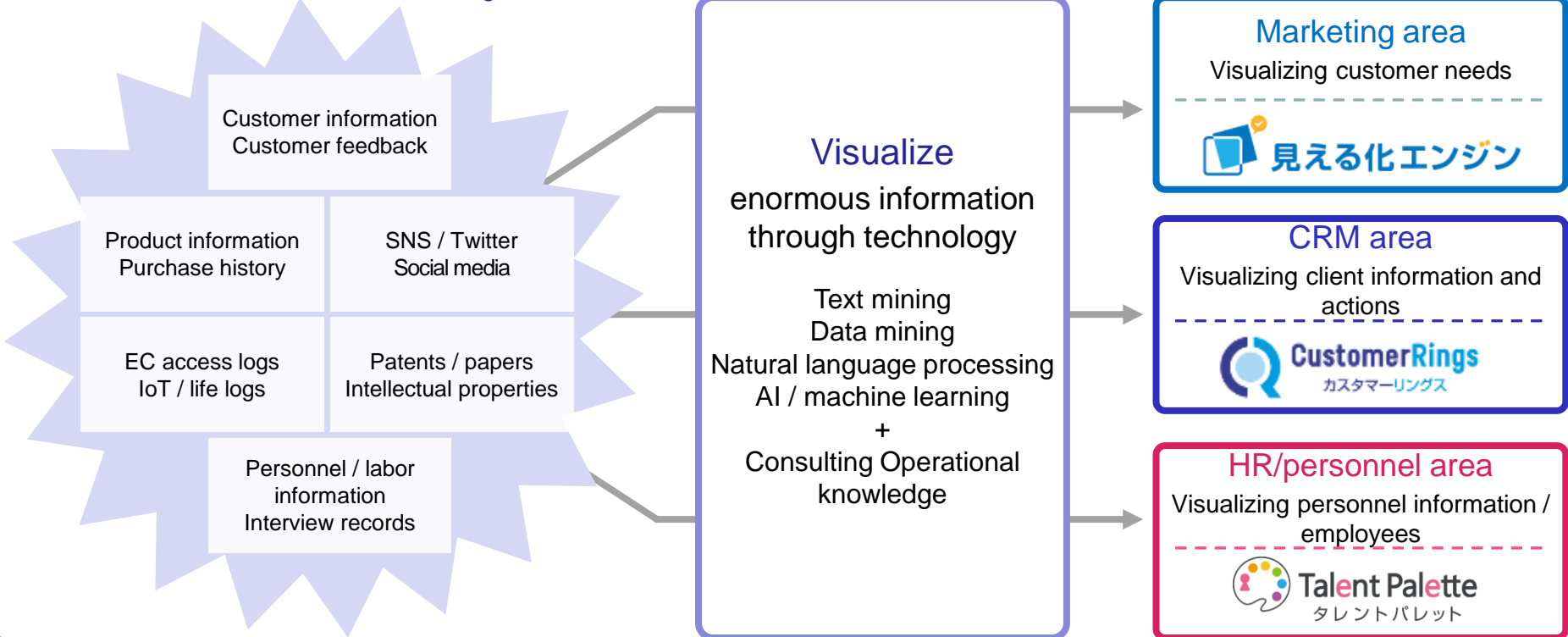# 01 Company outline

Company outline

- Company name   Plus Alpha Consulting Co., Ltd. (Tokyo Stock Exchange Mothers: 4071)
- Representative   Katsuya Mimuro, Representative Director and President
- Headquarters location   Sumitomo Hamamatsucho Building, 1-18-16 Hamamatsucho, Minato-ku, Tokyo
- Osaka Branch   13F Osaka Nakanoshima Building, 2-2-2 Nakanoshima, Kita-ku, Osaka-shi, Osaka
- Fukuoka Branch   4F Grand Cabin Tenjin minami, 3-3-33 Yakuin, Chuo-ku, Fukuoka-shi, Fukuoka
- Established   December 25, 2006
- Capital   63,475 thousand yen (as of June 30, 2021)
- Business content   Providing cloud services for data analysis platforms
- Number of employees   187 (as of September 30, 2021)
- URL   https://www.pa-consul.co.jp/

Business concept

Platform to visualize big data

Explosive information growth = Creation of big data

Information in all areas will be digitized

Serving various sectors

Customer information
Customer feedback

Product information
Purchase history

SNS / Twitter
Social media

EC access logs
IoT / life logs

Patents / papers
Intellectual properties

Personnel / labor
information
Interview records

Visualize

enormous information
through technology

Text mining
Data mining
Natural language processing
AI / machine learning
+
Consulting Operational
knowledge

Marketing area
Visualizing customer needs

見える化エンジン

CRM area
Visualizing client information and
actions

CustomerRings
カスタマーリングス

HR/personnel area
Visualizing personnel information /
employees

Talent Palette
タレントパレット

Main services

Developing profitable SaaS businesses in multiple areas

Marketing solutions	CRM solutions	HR solutions
見える化エンジン	**CustomerRings** カスタマーリングス	Talent Palette タレントパレット
Text mining analysis for the use of customer feedback data from call logs, Twitter, etc.	Customer analysis using purchase histories, web access logs, etc., and automation of marketing initiatives	Analysis of employee information for HR measures such as personnel development and optimal placement
Monthly subscription according to the amount of analyzed data	Monthly subscription according to the number of customers/e-mails delivered	Monthly subscription according to the number of employees

Subscription products

Technology and expertise behind the services

Language processing technologies	Visualized mining technologies	Mass data analysis expertise	Industrial / operational knowledge	Utilization support consulting

Business strengths

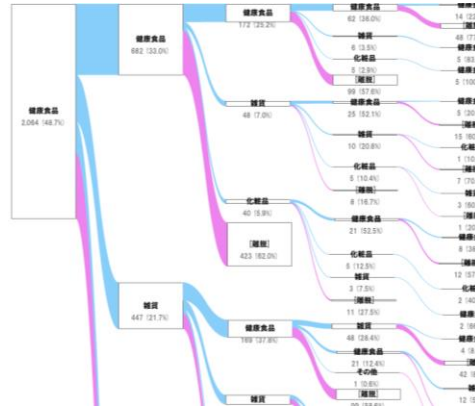Advanced technologies to visualize big data for practical use

見える化エンジン

Syntax analysis, word maps

Analyze Japanese text to create maps for subjects / predicates and positive /negative sentiment to see customer feedback at a glance

CustomerRings
カスタマーリングス

Purchasing pattern analysis

Analyze product purchasing data, etc., to visualize purchasing patterns and ascertain how customers become loyal customers

Talent Palette
タレントパレット

Employee network diagram
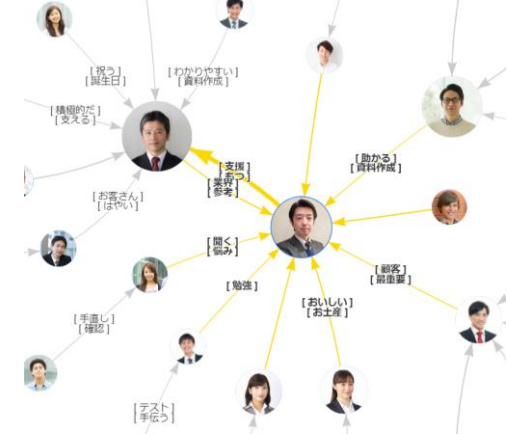
Through collaborative data between employees such as Thanks Points, ascertain volume and quality of communication between employees and departments

Business strengths
Organizational capabilities to realize rapid service evolution
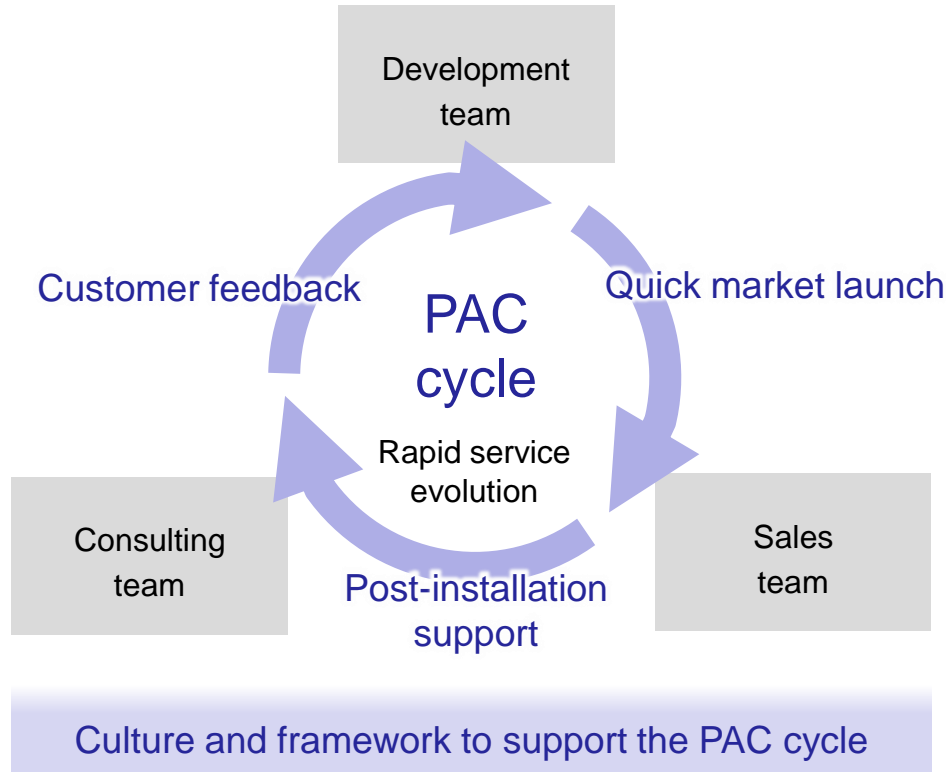
We realize rapid implementation of general-purpose functions by ascertaining needs through consulting services for leading companies

Development team

Customer feedback

Quick market launch

PAC cycle

Rapid service evolution

Consulting team

Sales team

Post-installation support

Culture and framework to support the PAC cycle

PAC cycle realizes:

Differentiation
by rapid functional evolution

ARPU improvement
by creating high added value

Cancellation prevention / LTV improvement
through a concerted effort by the entire team

Partner relationships
on equal footing with clients

Early market launch
of new functions and businesses

Business strengths

Capabilities to develop multiple businesses and create new businesses based on the SaaS business foundations

Rapid launch of new businesses such as Talent Palette by utilizing approximately 15 years of accumulated expertise in the SaaS business

Accumulated SaaS expertise through existing services

Highly profitable business

見える化エンジン

Stable growth business

CustomerRings
カスタマーリングス
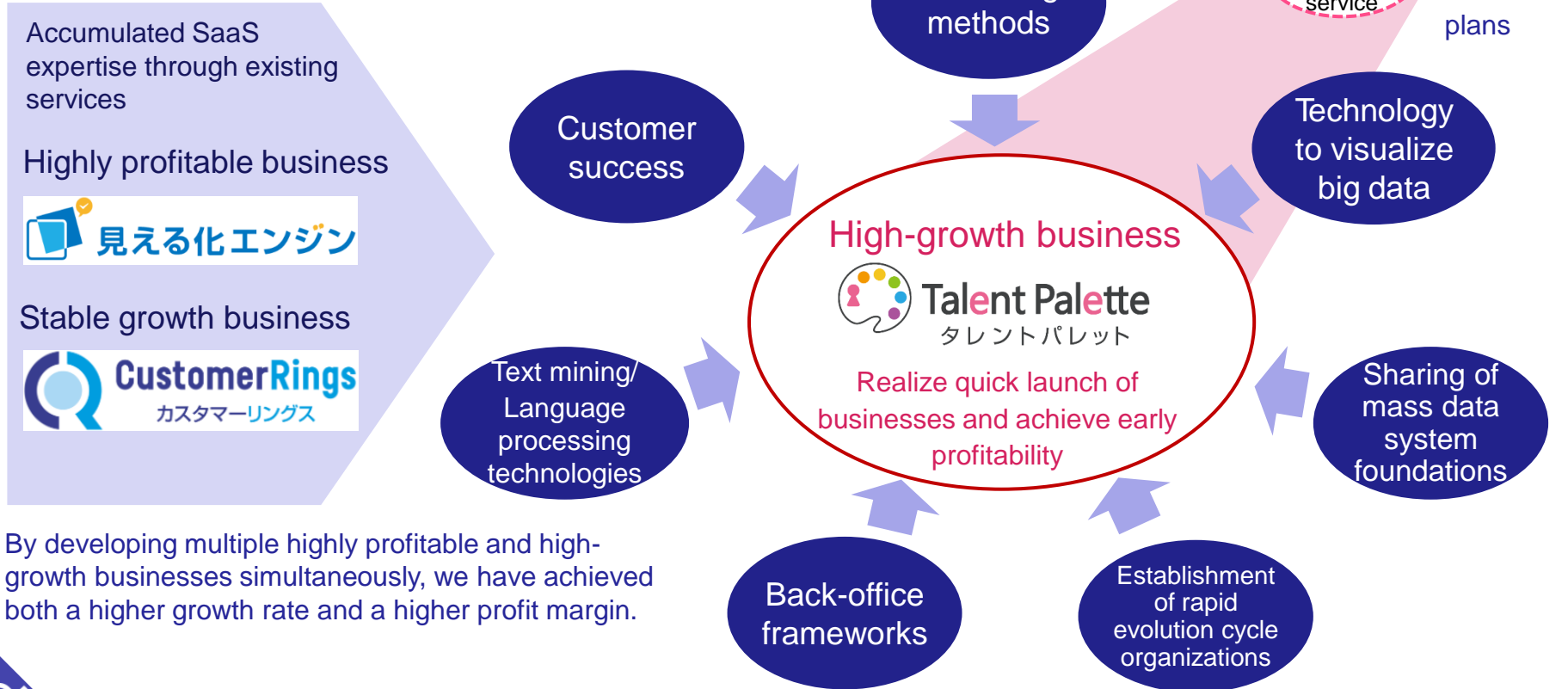
By developing multiple highly profitable and high-growth businesses simultaneously, we have achieved both a higher growth rate and a higher profit margin.

Marketing methods

Customer success

Text mining/ Language processing technologies

High-growth business

Talent Palette
タレントパレット

Realize quick launch of businesses and achieve early profitability

Technology to visualize big data

Sales service support

Educational support service

New business plans

Sharing of mass data system foundations

Back-office frameworks

Establishment of rapid evolution cycle organizations

Characteristics of Talent Palette

Entering the HR sector leveraging our expertise in "scientific personnel management"

By applying our marketing analysis method to the HR sector, we not only increase efficiency in HR operations but also support the decision-making process.

Marketing strategy	HR / personnel strategy
Ascertain customer needs	Ascertain employee needs Self-reporting, ES surveys
Develop loyal customers	Develop employee skills Succession planning
Prevent customer defection	Prevent employee resignations Motivation management
Capture new customers	Employee hiring activities
Visualizing customers	Visualizing employees

「科学的」人事の衝撃

HRテックで実現するマーケティング思考の人事戦略

三室克哉 鈴村賢治 中居隆
株式会社プラスアルファ・コンサルティング

マーケティング思考とITの活用で
人事の新時代が
やってくる！

人手不足 最適配置 人材育成
の悩みを解決する糸口は
「科学的」人事にある

最新HRテックの
「考え方」「活用方法」が
この1冊で
まるわかり！

Revolutionized personnel management by thinking of employees as customers and using various analysis methods in personnel strategy

Characteristics of Talent Palette

Over 3,000 functions installed as standard over approximately five years through consulting for a variety of leading companies

- Creation of evaluation operations flow
- Evaluation data analysis, etc.

- Human resource development (skill analysis)
- Optimal assignment, consideration of transfers
- Succession planning
- Optimal assignment, consideration of transfers

Improvement of efficiency of personnel operations
(136 cases)
22.4%

Scientific personnel management
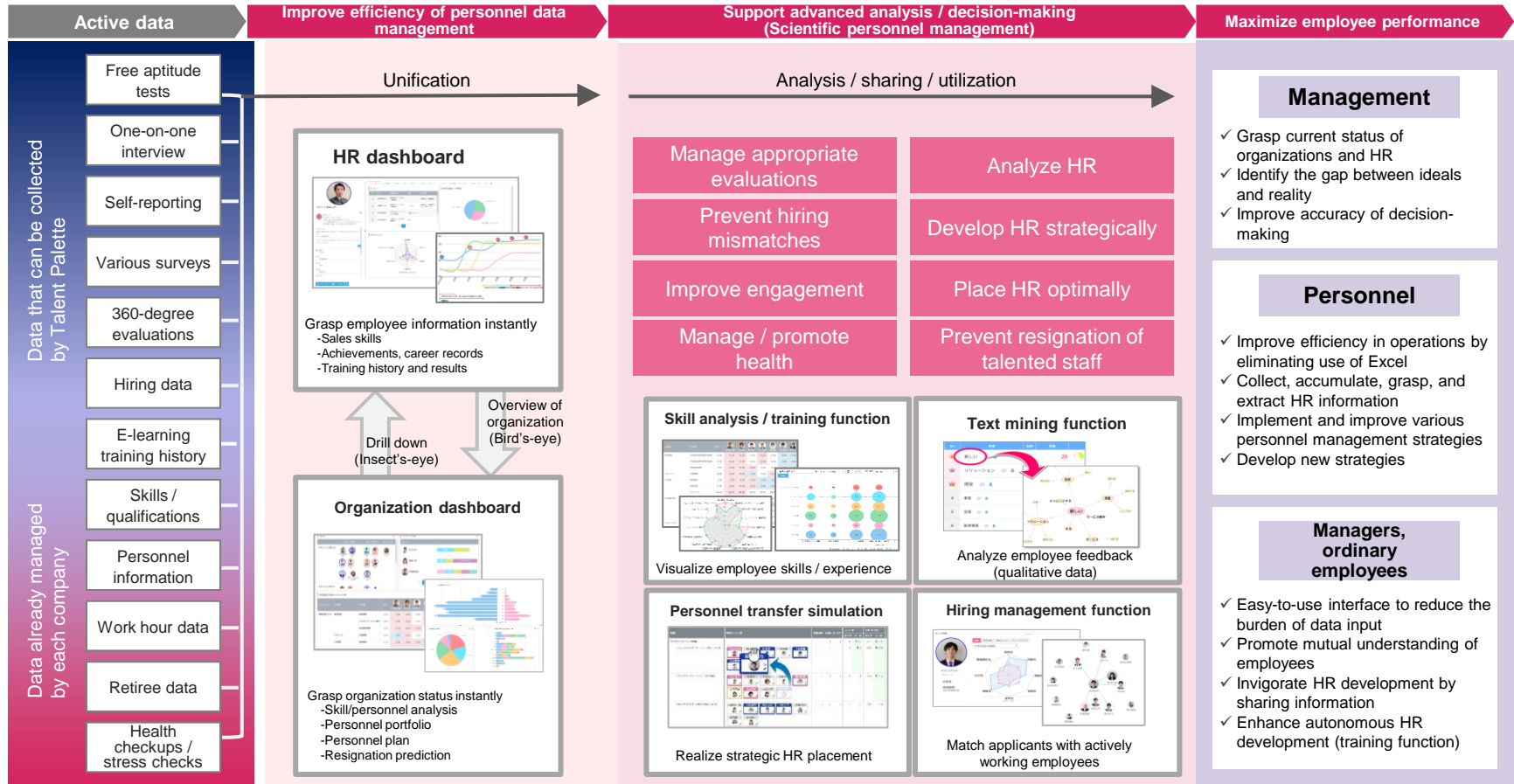(257 cases)
42.4%

Creation of human resource databases
(213 cases)
35.1%

- Consolidation of human resource information
- Personnel portfolio analysis
- Creation of HR dashboard
- Creation of group portal, etc.

Around 40% of the approx. 300 consulting projects and approx. 600 themes per year are related to scientific personnel management

Note) Annual delivery basis. Duplicates counted if a single project includes two or more themes

Number of upgraded functions (cumulative)

- Discovery of human resources
- Health care
- Personnel plan
- OKR
- Member journey
- Organization diagnosis
- Task force
- Thanks points
- Training (e-learning)
- Hiring management/analysis
- Text mining
- Resignation prevention (prediction)
- Skill analysis
- Free aptitude testing (TPI)
- Motivation analysis
- Transfer simulation

Period	Value
2017 1H	178
2017 2H	289
2018 1H	479
2018 2H	792
2019 1H	1,219
2019 2H	1,606
2020 1H	2,010
2020 2H	2,370
2021 1H	2,714
2021 2H	3,086

Characteristics of Talent Palette

Integrated personnel information platform
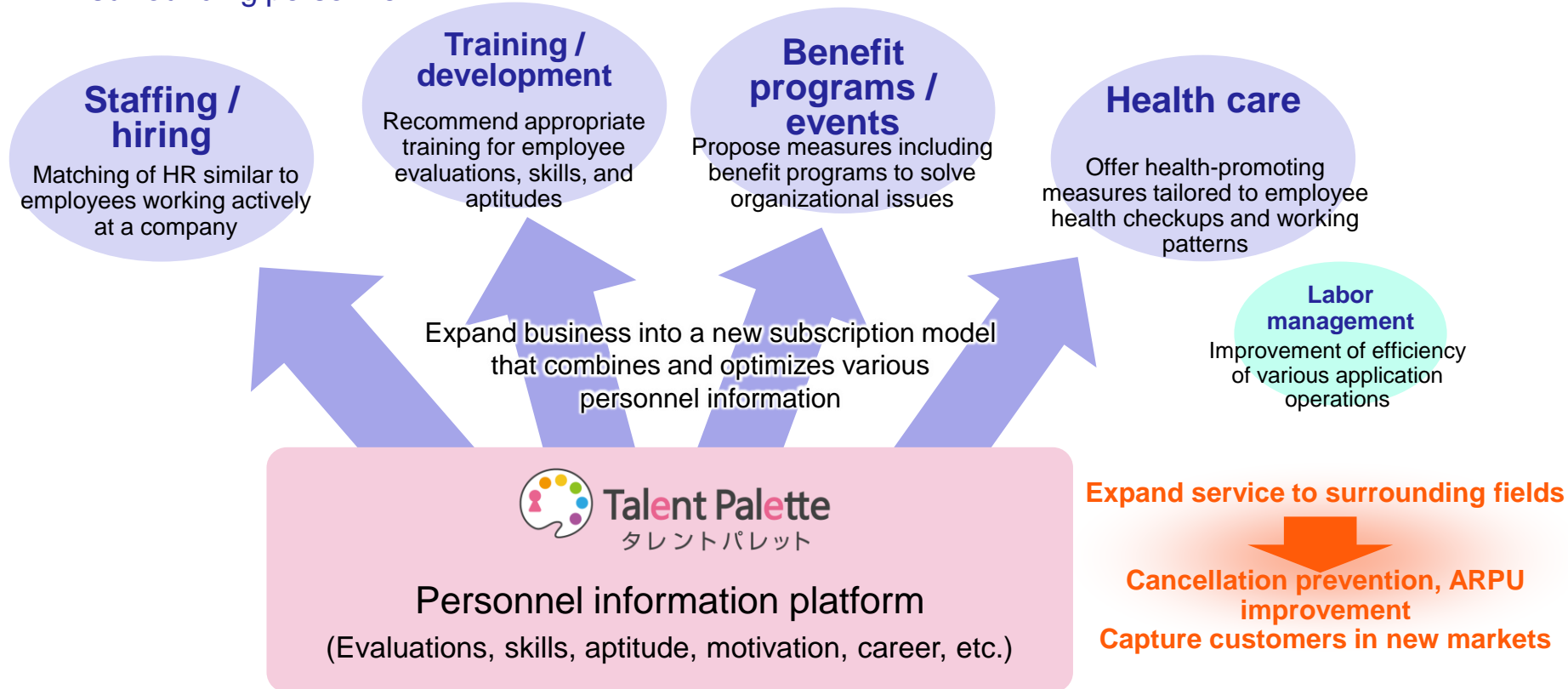
Evolved into a one stop service for various personnel measures by rapidly functionalizing the needs of leading companies

| Active data | Improve efficiency of personnel data management | Support advanced analysis / decision-making (Scientific personnel management) | Maximize employee performance |

Data that can be collected by Talent Palette
- Free aptitude tests
- One-on-one interview
- Self-reporting
- Various surveys
- 360-degree evaluations
- Hiring data
- E-learning training history

Data already managed by each company
- Skills / qualifications
- Personnel information
- Work hour data
- Retiree data
- Health checkups / stress checks

Unification

HR dashboard

Grasp employee information instantly
- Sales skills
- Achievements, career records
- Training history and results

Drill down (Insect's-eye)

Overview of organization (Bird's-eye)

Organization dashboard

Grasp organization status instantly
- Skill/personnel analysis
- Personnel portfolio
- Personnel plan
- Resignation prediction

Analysis / sharing / utilization

Manage appropriate evaluations	Analyze HR
Prevent hiring mismatches	Develop HR strategically
Improve engagement	Place HR optimally
Manage / promote health	Prevent resignation of talented staff

Skill analysis / training function

Visualize employee skills / experience

Text mining function

Analyze employee feedback (qualitative data)

Personnel transfer simulation

Realize strategic HR placement

Hiring management function

Match applicants with actively working employees

Management
✓ Grasp current status of organizations and HR
✓ Identify the gap between ideals and reality
✓ Improve accuracy of decision-making

Personnel
✓ Improve efficiency in operations by eliminating use of Excel
✓ Collect, accumulate, grasp, and extract HR information
✓ Implement and improve various personnel management strategies
✓ Develop new strategies

Managers, ordinary employees
✓ Easy-to-use interface to reduce the burden of data input
✓ Promote mutual understanding of employees
✓ Invigorate HR development by sharing information
✓ Enhance autonomous HR development (training function)

Characteristics of Talent Palette

Accelerating use of Talent Palette at leading companies

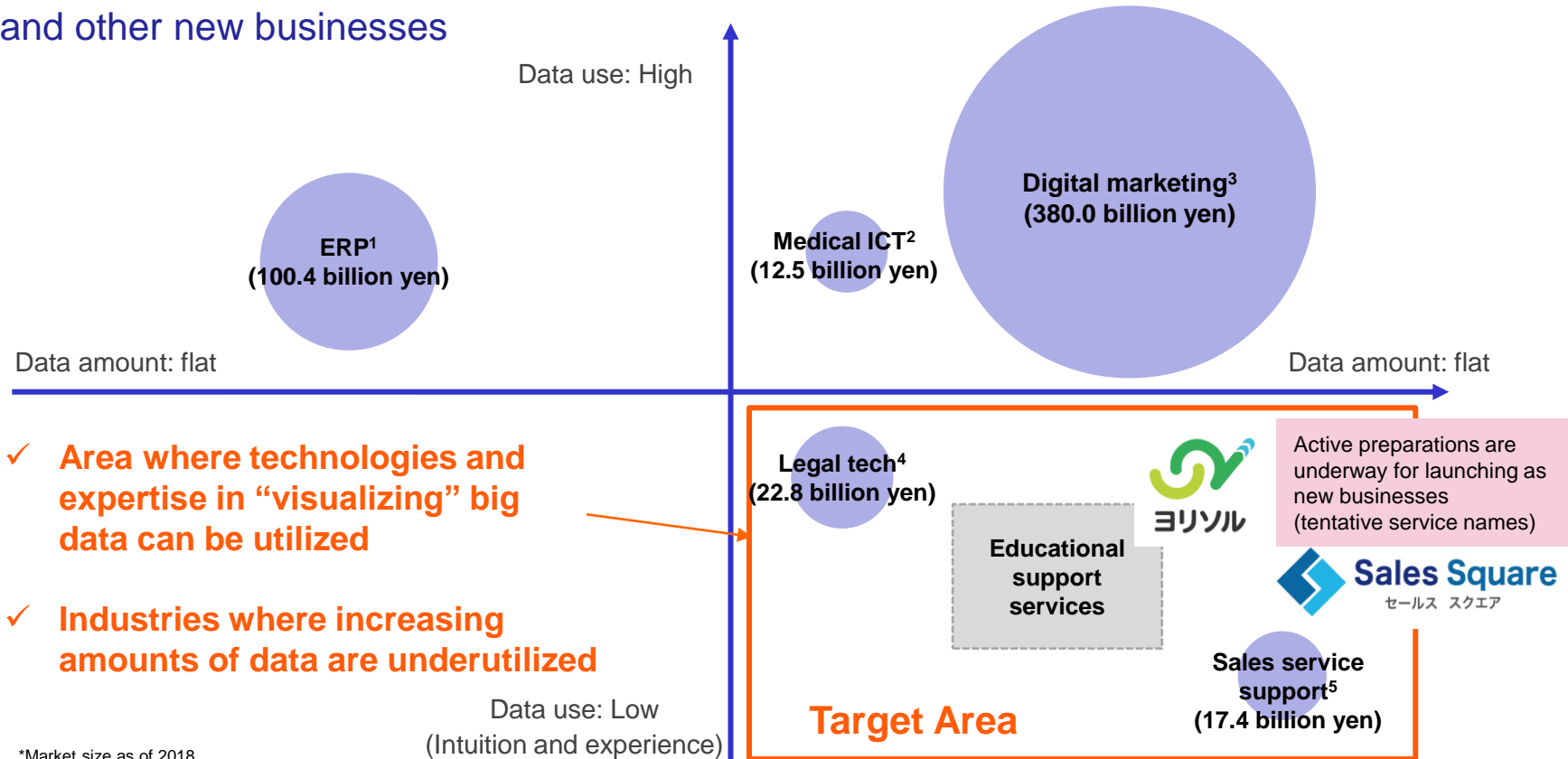# Further development of Talent Palette Business

Expand services to sectors surrounding HR

By utilizing HR data accumulated in Talent Palette, we have improved the accuracy of services surrounding personnel.

Staffing / hiring

Matching of HR similar to employees working actively at a company

Training / development

Recommend appropriate training for employee evaluations, skills, and aptitudes

Benefit programs / events

Propose measures including benefit programs to solve organizational issues

Health care

Offer health-promoting measures tailored to employee health checkups and working patterns

Labor management

Improvement of efficiency of various application operations

Expand business into a new subscription model that combines and optimizes various personnel information

Talent Palette
タレントパレット

Personnel information platform
(Evaluations, skills, aptitude, motivation, career, etc.)

Expand service to surrounding fields

Cancellation prevention, ARPU improvement
Capture customers in new markets

Approach to new business creation
New sector of "visualizing" big data

Currently planning educational support services, sales force automation (SFA) services, and other new businesses

Data use: High

**ERP[1]
(100.4 billion yen)**

**Medical ICT[2]
(12.5 billion yen)**

**Digital marketing[3]
(380.0 billion yen)**

Data amount: flat

Data amount: flat

✓ **Area where technologies and expertise in "visualizing" big data can be utilized**

✓ **Industries where increasing amounts of data are underutilized**

**Legal tech[4]
(22.8 billion yen)**

ヨリソル

Educational support services

Active preparations are underway for launching as new businesses (tentative service names)

Sales Square
セールス スクエア

**Sales service support[5]
(17.4 billion yen)**

Data use: Low
(Intuition and experience)

Target Area

*Market size as of 2018

02   Financial results for the fiscal year ended September 30, 2021

Highlights

■ **Overview**
- Talent Palette Business continues to perform well.
- Visualization Engine and Customer Rings made progress generally as planned

■ **Results for the fiscal year ended September 30, 2021**
- **29.4**% increase in net sales, **47.3**% increase in operating profit and **34.4**% increase in operating profit margin in the fiscal year ended September 30, 2021
- Recurring revenue (MRR) increased **32.1**% year on year, and ARR grew to 5,867 million yen
- Talent Palette Business was strong, showing an increase of **65.8**% in net sales and an increase of **166.4**% in operating profit (before elimination of shared expenses)
- Although unused promotion expenses from 1H were strategically allocated to 2H, full-year operating profit ended up 14.6% above the planned level due to being able to acquire customers as planned despite curbing marketing expenses more than initially planned and net sales exceeding plans

■ **Earnings forecasts for the fiscal year ending September 30, 2022**
- We forecast net sales of **7,650** million yen (up **25.0**% year on year) and operating profit of **2,500** million yen (operating profit margin of **32.7**%)
- Performance is expected to improve centered on the Talent Palette Business, and growth in sales is planned to be more than 1,500 million yen, exceeding that in the previous year. Promotion investment will be increased from the previous year to accelerate growth, but we will secure an operating profit margin of 30% or more

Financial results highlights

- Financial results for the fiscal year ended September 30, 2021 showed a 29.4% increase in net sales and a 47.3% increase in operating profit from the previous fiscal year

<Full year>

Net sales	**6,118** million yen	YoY change	**29.4** % up
Operating profit	**2,106** million yen	YoY change	**47.3** % up
Ordinary profit margin	**34.4** %	YoY change	**4.2** point up
Ordinary profit	**2,091** million yen	YoY change	**44.7** % up
Profit	**1,428** million yen	YoY change	**39.2** % up

Full-year results vs. plan (Companywide)

- Net sales were 102.0% of the plan, steadily surpassing the plan.
- Operating profit was 114.6% of the plan, significantly surpassing the plan. In addition to exceeding planned net sales, we were able to acquire customers as planned while curbing marketing expenses more than initially planned.

Net sales vs. plan 102.0%

(Million yen)

	FY2020 results	FY2021 plan	FY2021 results
Net sales	4,726	6,000	6,118

Operating profit vs. plan 114.6%

(Million yen)

	FY2020 results	FY2021 plan	FY2021 results
Operating profit	1,430	1,838	2,106
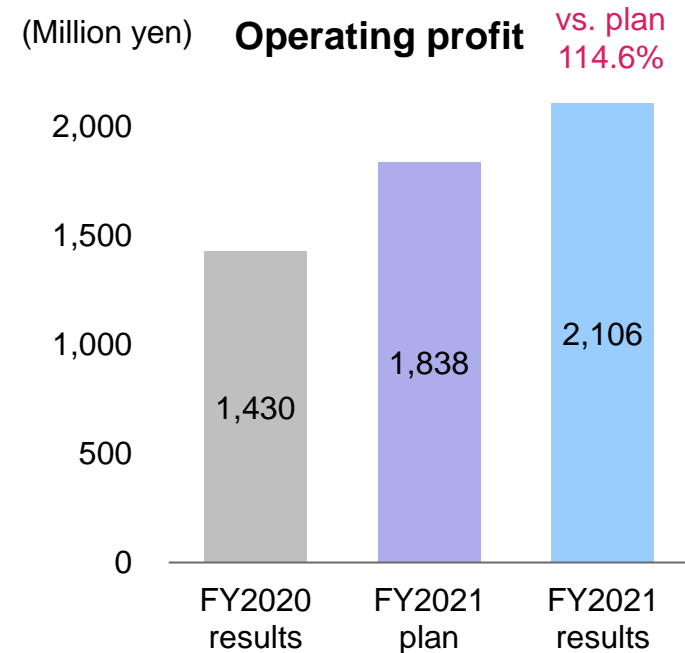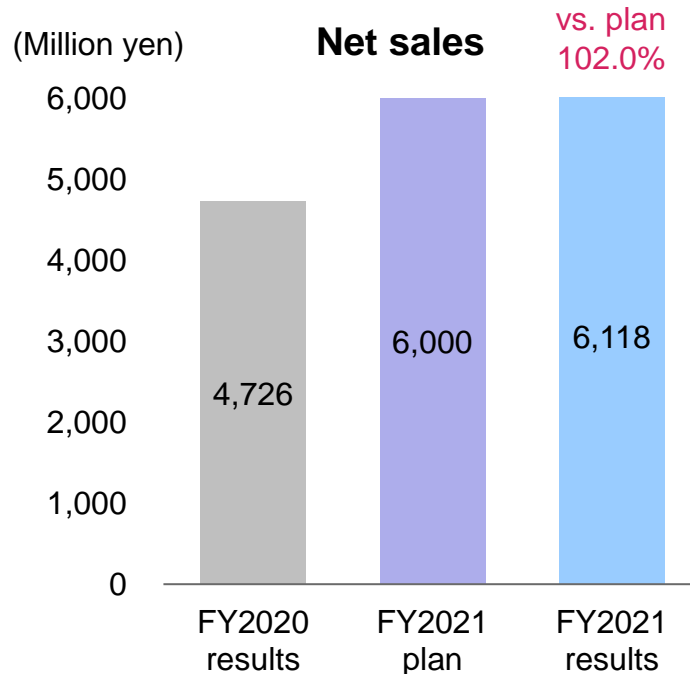
Financial results summary (Companywide)

- Net sales and operating profit increased both in 4Q and full year
- In 4Q, both net sales and operating profit increased steadily, by 32.8% year on year and 24.1% year on year, respectively

Million yen	FY2021 (Jul.-Sep.)			FY2021 (full year)			FY2021 (vs. plan)	
	4Q	4Q, FY2020		Cumulative 4Q	4Q, FY2020			
	Results	Results	YoY	Results	Results	YoY	Plan	vs. plan
Net sales	1,712	1,290	32.8%	6,118	4,726	29.4%	6,000	102.0%
Cost of sales	493	369	33.8%	1,767	1,341	31.8%	1,692	104.4%
Gross profit	1,218	920	32.3%	4,350	3,385	28.5%	4,307	101.0%
Selling, general and administrative expenses	624	441	41.2%	2,243	1,954	14.8%	2,469	90.8%
Operating profit	594	478	24.1%	2,106	1,430	47.3%	1,837	114.6%
Ordinary profit margin	34.7%	37.1%	-	34.4%	30.3%	-	30.6%	-
Ordinary profit	599	484	23.7%	2,091	1,445	44.7%	1,821	114.8%
Profit	452	394	14.6%	1,428	1,026	39.2%	1,191	119.9%

Financial results highlights (Talent Palette Business)

- The Talent Palette Business continued to perform well, showing a 65.8% increase in net sales and a 166.4% increase in operating profit

<Talent Palette Business - full year>

	FY2020		FY2021		YoY change	
Net sales[1]	1,878	million yen	3,114	million yen	65.8	% up
Operating profit[2]	563	million yen	1,502	million yen	166.4	% up
Ordinary profit margin[2]	30.0	%	48.2	%	18.2	point up
MRR[3]	142	million yen	252	million yen	77.3	% up
Number of customers[4]	430	Cases	700	Cases	270	Cases up
Revenue churn rate[5]	0.60	%	0.38	%	0.22	point down
ARPU[6]	329	thousand yen	363	thousand yen	10.3	% up

Note 1: FY2020 (full year) or FY2021 (full year) results

Note 2: FY2020 (full year) or FY2021 (full year) results, operating profit and operating profit margin by segment are before elimination of shared expenses

Note 3: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in September 2020 and in September 2021

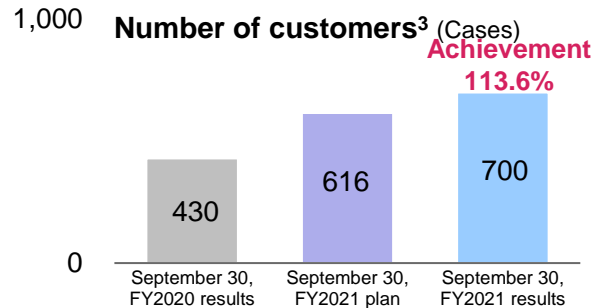Note 4: Number of monthly billed contracts as of September 30, 2020 and September 30, 2021
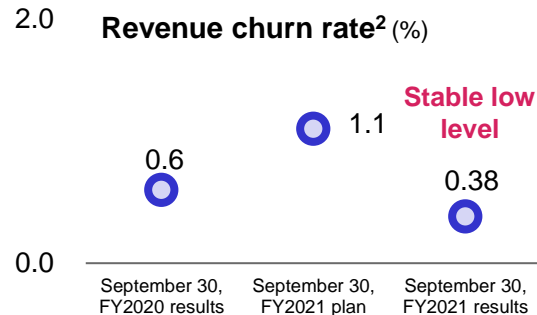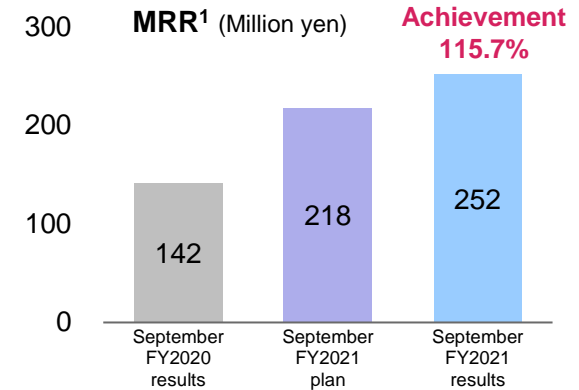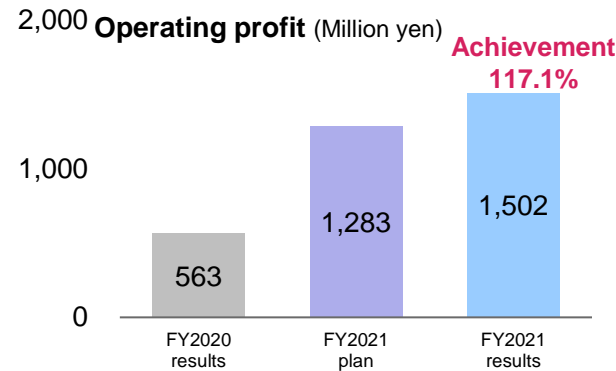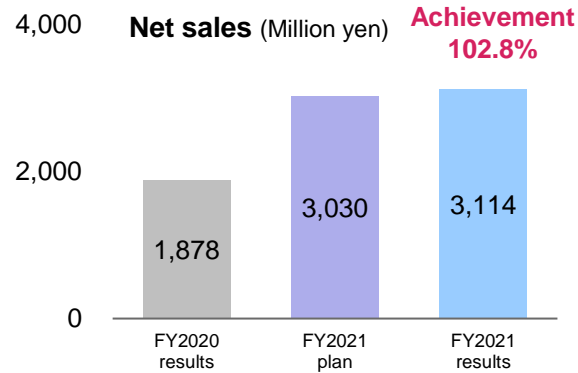
Note 5: Ratio of reductions as a result of cancellations to total monthly billed amounts as of September 2020 and September 2021 (average for the past 12 months). This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.

Note 6: Average Revenue Per User. Calculated by dividing the average MRR for FY2020 and FY2021 by the average number of paid billing enterprise users of each month for the same period.

Financial results progress (Talent Palette Business)

- In the Talent Palette Business, all KPIs exceeded plans.

Net sales (Million yen) — **Achievement 102.8%**

	Value
FY2020 results	1,878
FY2021 plan	3,030
FY2021 results	3,114

Operating profit (Million yen) — **Achievement 117.1%**

	Value
FY2020 results	563
FY2021 plan	1,283
FY2021 results	1,502

MRR[1] (Million yen) — **Achievement 115.7%**

	Value
September FY2020 results	142
September FY2021 plan	218
September FY2021 results	252

Revenue churn rate[2] (%) — **Stable low level**

	Value
September 30, FY2020 results	0.6
September 30, FY2021 plan	1.1
September 30, FY2021 results	0.38

Number of customers[3] (Cases) — **Achievement 113.6%**

	Value
September 30, FY2020 results	430
September 30, FY2021 plan	616
September 30, FY2021 results	700

ARPU[4] (Thousand yen) — **Achievement 101.5%**

	Value
September FY2020 results	332
September FY2021 plan	355
September FY2021 results	360

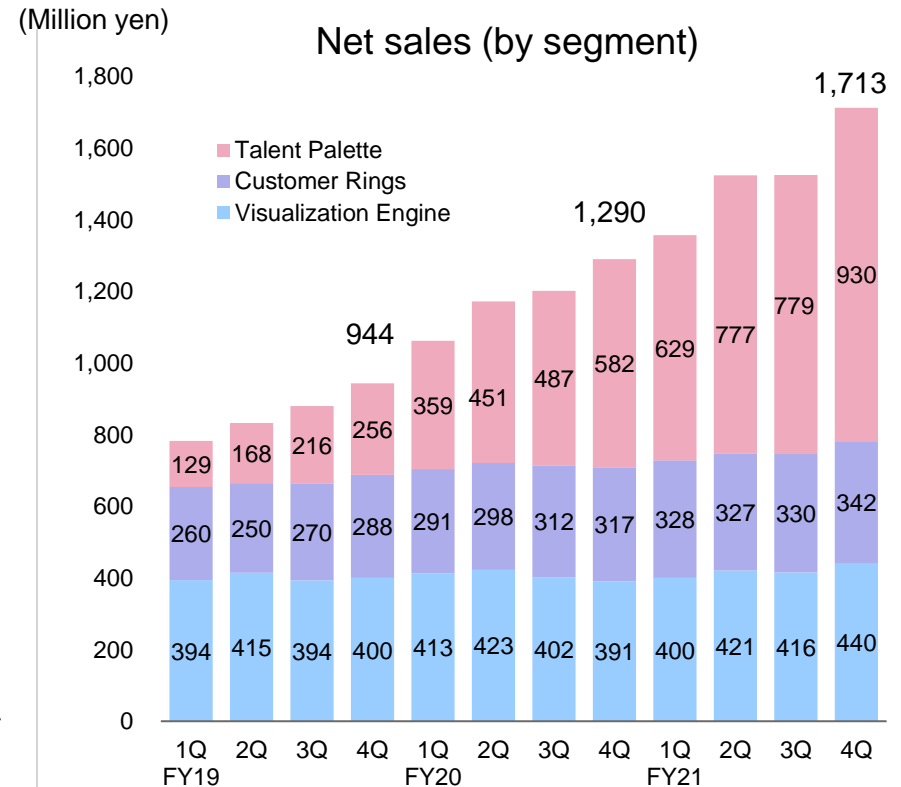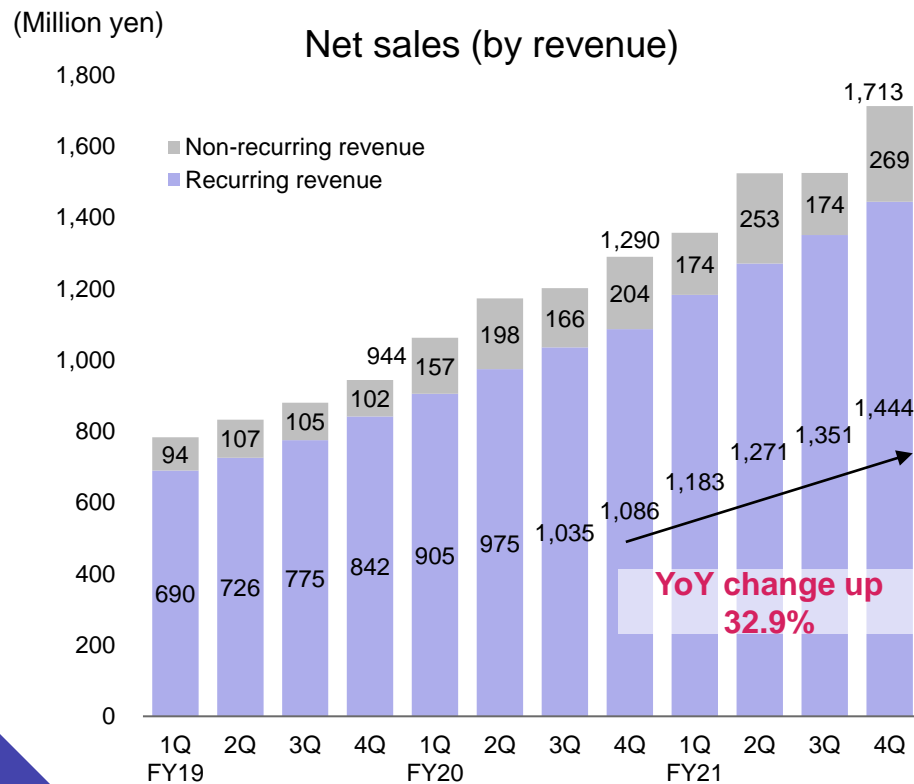Note 1: Monthly Recurring Revenue. Total of the monthly fees of contracted subscription users.
Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average for the past 12 months)
Note 3: Number of monthly billed contracts
Note 4: Average Revenue Per User. Calculated by dividing MRR by the number of customers at the end of the month.

Net sales trends (Companywide)

- Recurring revenue steadily increased and expanded to 1,444 million yen (+32.9% year-on-year) in 4Q
- Net sales increased 32.8% from the previous quarter due to the seasonal factor that non-recurring revenue tends to center on 2Q/4Q

(Million yen)

Net sales (by revenue)

- Non-recurring revenue
- Recurring revenue

	1Q FY19	2Q	3Q	4Q	1Q FY20	2Q	3Q	4Q	1Q FY21	2Q	3Q	4Q
Total				944				1,290				1,713
Non-recurring	94	107	105	102	157	198	166	204	174	253	174	269
Recurring	690	726	775	842	905	975	1,035	1,086	1,183	1,271	1,351	1,444

YoY change up 32.9%

(Million yen)

Net sales (by segment)

- Talent Palette
- Customer Rings
- Visualization Engine

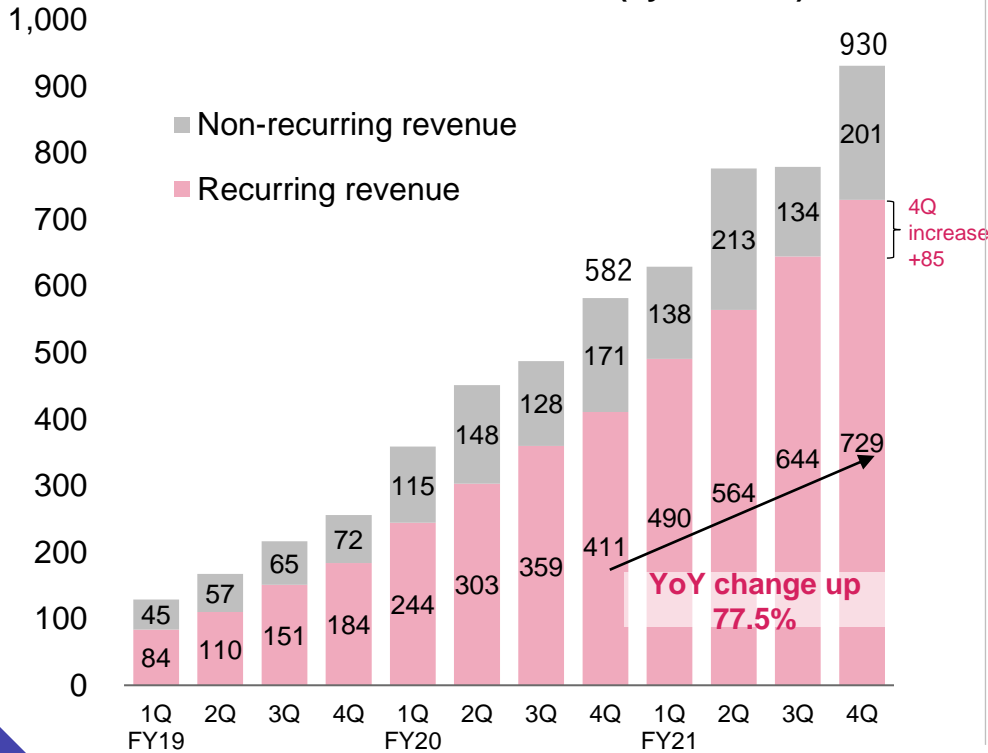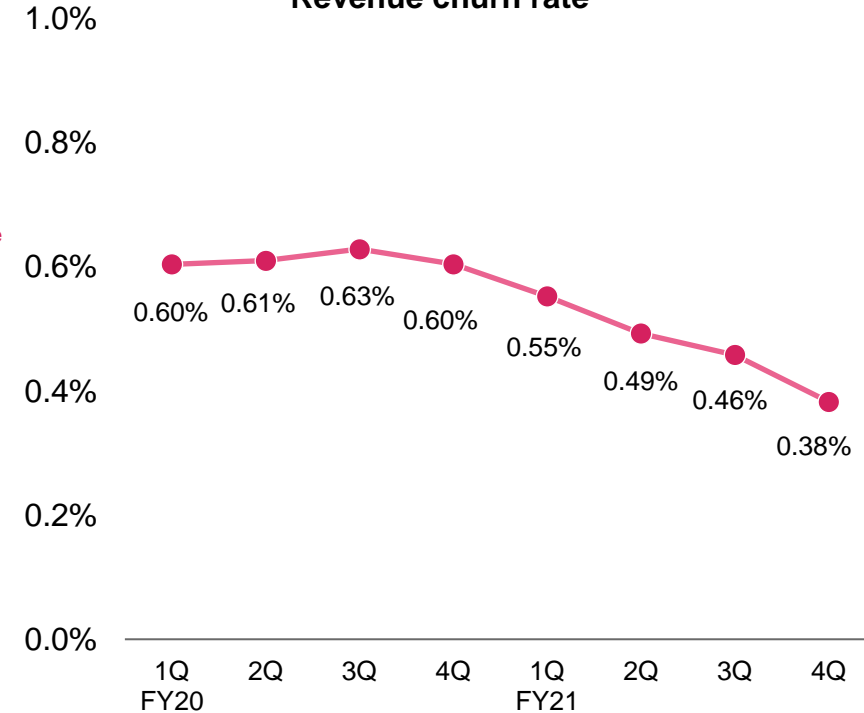|	1Q FY19	2Q	3Q	4Q	1Q FY20	2Q	3Q	4Q	1Q FY21	2Q	3Q	4Q
Total				944				1,290				1,713
Talent Palette	129	168	216	256	359	451	487	582	629	777	779	930
Customer Rings	260	250	270	288	291	298	312	317	328	327	330	342
Visualization Engine	394	415	394	400	413	423	402	391	400	421	416	440

Net sales trends (Talent Palette)

- Recurring revenue steadily increased and expanded to 729 million yen (+77.5% year-on-year) in 4Q
- Net sales increased 19.5% from the previous quarter due to the seasonal factor that non-recurring revenue tends to center on 2Q/4Q

(Million yen)

Net sales of Talent Palette (by revenue)
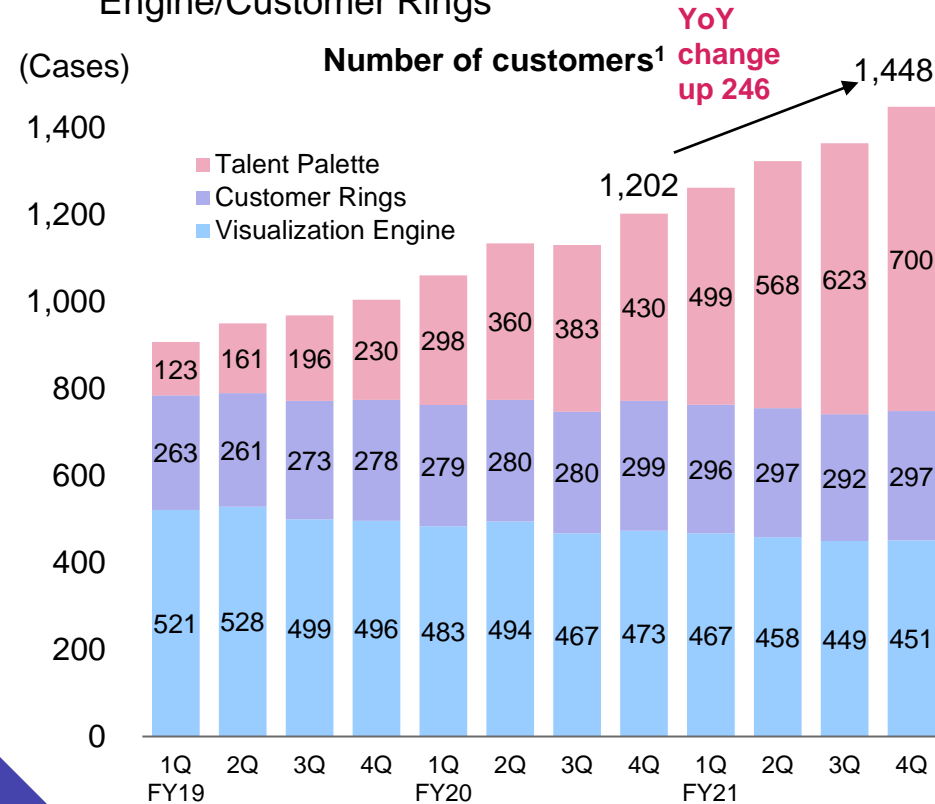
■ Non-recurring revenue
■ Recurring revenue

4Q increase +85
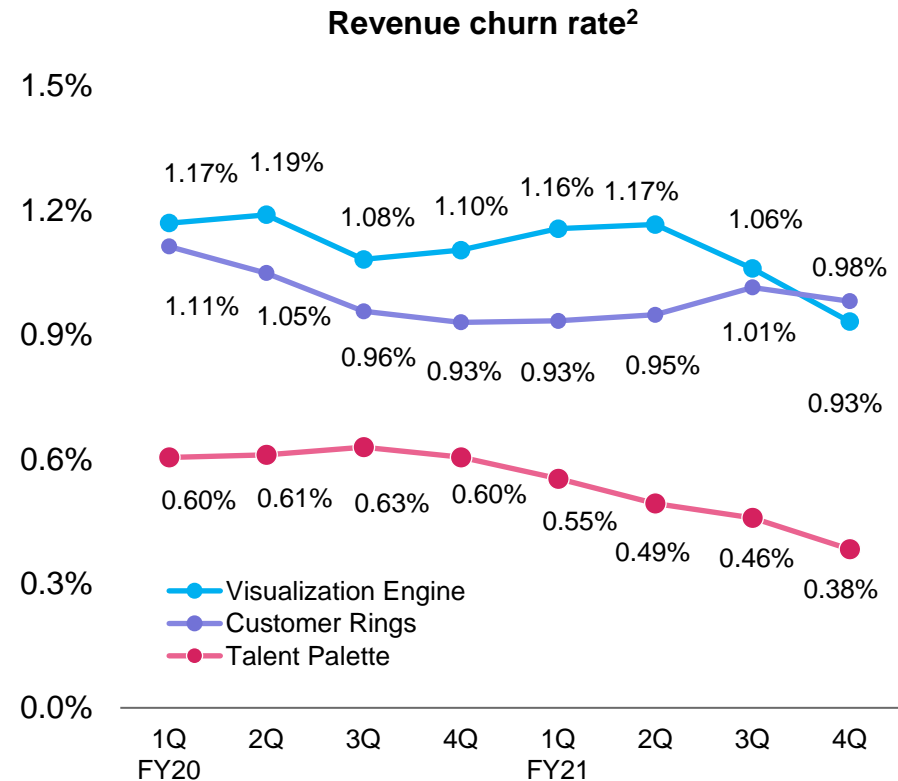
YoY change up 77.5%

	1Q FY19	2Q	3Q	4Q	1Q FY20	2Q	3Q	4Q	1Q FY21	2Q	3Q	4Q
Total		57						582				930
Non-recurring	45	57	65	72	115	148	128	171	138	213	134	201
Recurring	84	110	151	184	244	303	359	411	490	564	644	729

Revenue churn rate[1]

1Q FY20	2Q	3Q	4Q	1Q FY21	2Q	3Q	4Q
0.60%	0.61%	0.63%	0.60%	0.55%	0.49%	0.46%	0.38%

Note 1: Ratio of reductions as a result of cancellations to total monthly billed amounts (average of the past 12 months at the end of each quarter)

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Trends in number of customers and revenue churn rate

- The number of customers has continued to grow due to increased introduction of Talent Palette and a lower revenue churn rate
- Focus on recovery in number of customers and measures to increase average spend for Visualization Engine/Customer Rings
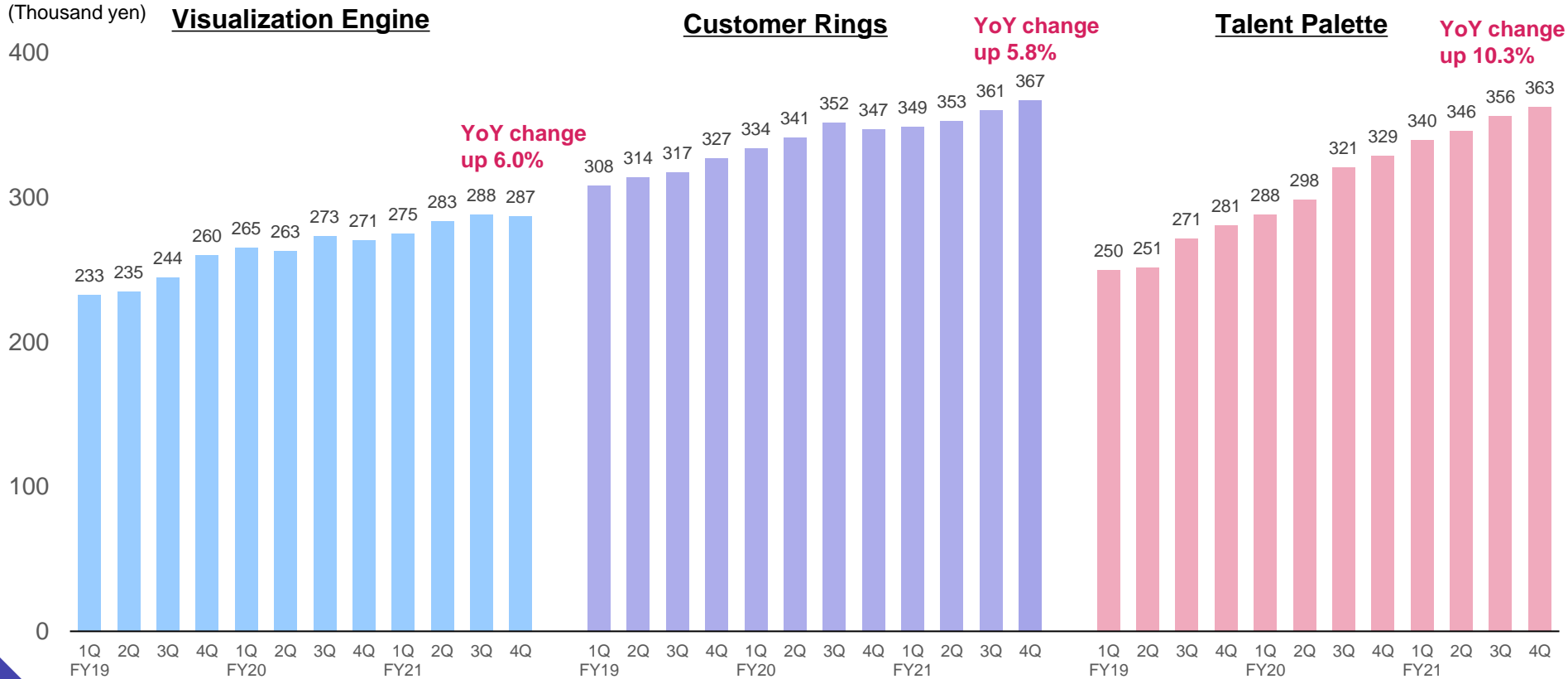

Number of customers[1]

(Cases)

YoY change up 246

1,448

1,202

Legend	
■	Talent Palette
■	Customer Rings
■	Visualization Engine

	1Q FY19	2Q	3Q	4Q	1Q FY20	2Q	3Q	4Q	1Q FY21	2Q	3Q	4Q
Talent Palette	123	161	196	230	298	360	383	430	499	568	623	700
Customer Rings	263	261	273	278	279	280	280	299	296	297	292	297
Visualization Engine	521	528	499	496	483	494	467	473	467	458	449	451

Revenue churn rate[2]

Visualization Engine: 1.17%, 1.19%, 1.08%, 1.10%, 1.16%, 1.17%, 1.06%, 0.98%

Customer Rings: 1.11%, 1.05%, 0.96%, 0.93%, 0.93%, 0.95%, 1.01%, 0.93%

Talent Palette: 0.60%, 0.61%, 0.63%, 0.60%, 0.55%, 0.49%, 0.46%, 0.38%

| | 1Q FY20 | 2Q | 3Q | 4Q | 1Q FY21 | 2Q | 3Q | 4Q |

Note 1: Number of monthly billed contracts

Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average of the past 12 months at the end of each quarter)

Trends in average revenue per u ser (APPU)

- All of solutions continued to be on an upward trend in APPU[1]
- Since COVID-19, we have proceeded with a shift to measures to acquire new business from major projects, leading to a gentle increase in ARPU

(Thousand yen)

Visualization Engine **Customer Rings** **YoY change up 5.8%** **Talent Palette** **YoY change up 10.3%**

YoY change up 6.0%

Visualization Engine values: 233, 235, 244, 260, 265, 263, 273, 271, 275, 283, 288, 287

Customer Rings values: 308, 314, 317, 327, 334, 341, 352, 347, 349, 353, 361, 367

Talent Palette values: 250, 251, 271, 281, 288, 298, 321, 329, 340, 346, 356, 363

Quarters: 1Q FY19, 2Q, 3Q, 4Q FY20, 1Q, 2Q, 3Q, 4Q FY21, 1Q, 2Q, 3Q, 4Q

Note 1: Average Revenue Per User. Average monthly revenue per paid billing enterprise user. Calculated as dividing the average MRR for each quarter by the average number of paid billing enterprise users of each month for the same period.

Major KPIs for FY2021

MRR[1]

Companywide

489 million yen

- Visualization Engine — 130 million yen
- Customer Rings — 107 million yen
- Talent Palette — 252 million yen

MRR growth rate[2]

Companywide

32.1 %

- Visualization Engine — 3.4 %
- Customer Rings — 4.5 %
- Talent Palette — 77.3 %

Average monthly revenue churn rate[3]

Companywide

0.7 %

- Visualization Engine — 0.9 %
- Customer Rings — 1.0 %
- Talent Palette — 0.4 %

Number of users[4]

Companywide

1,448 companies

- Visualization Engine — 451 companies
- Customer Rings — 297 companies
- Talent Palette — 700 companies

Recurring ratio[5]

Companywide

84.3 %

- Visualization Engine — 88.7 %
- Customer Rings — 94.8 %
- Talent Palette — 78.4 %

ARPU[6]

Companywide

339 thousand yen

- Visualization Engine — 287 thousand yen
- Customer Rings — 367 thousand yen
- Talent Palette — 363 housand yen

Note 1: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in September 2021 (excluding temporary sales).
Note 2: MRR growth rate from September 2020 to September 2021
Note 3: Ratio of reductions as a result of cancellations to total amounts of the existing monthly billed contracts as of September 2021 (average for the past 12 months).
         This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.
Note 4: Number of monthly billed contracts as of September 30, 2021
Note 5: Calculated as dividing total monthly billed amounts for the fourth quarter of the fiscal year ended September 30, 2021 by net sales for the same period.
Note 6: Average Revenue Per User. Results for three business segments are calculated as dividing the average MRR for the fourth quarter of the fiscal year ended September 30, 2021 by the average
         number of paid billing enterprise users of each month for the same period. Companywide result is calculated by dividing total amounts of the average MRRs of the three businesses for the fourth
         quarter of the fiscal year ended September 30, 2021 by the average number of total enterprise users for the three businesses of each month for the same period.

Major KPIs: Year-on-year change

\<Entire company - full year\>

	FY2020		FY2021		YoY change	
Net sales[1]	4,726	million yen	6,118	million yen	29.4	% up
Operating profit[2]	1,430	million yen	2,106	million yen	47.3	% up
Ordinary profit margin	30.3	%	34.4	%	4.2	point up
MRR[3]	370	million yen	489	million yen	32.1	% up
Number of customers[4]	1,202	Cases	1,448	Cases	246	Cases up
Revenue churn rate[5]	0.89	%	0.70	%	0.20	point down
ARPU[6]	310	thousand yen	339	thousand yen	9.3	% up

Note 1: FY2020 (full year) or FY2021 (full year) results
Note 2: FY2020 (full year) or FY2021 (full year) results
Note 3: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in September 2020 and in September 2021
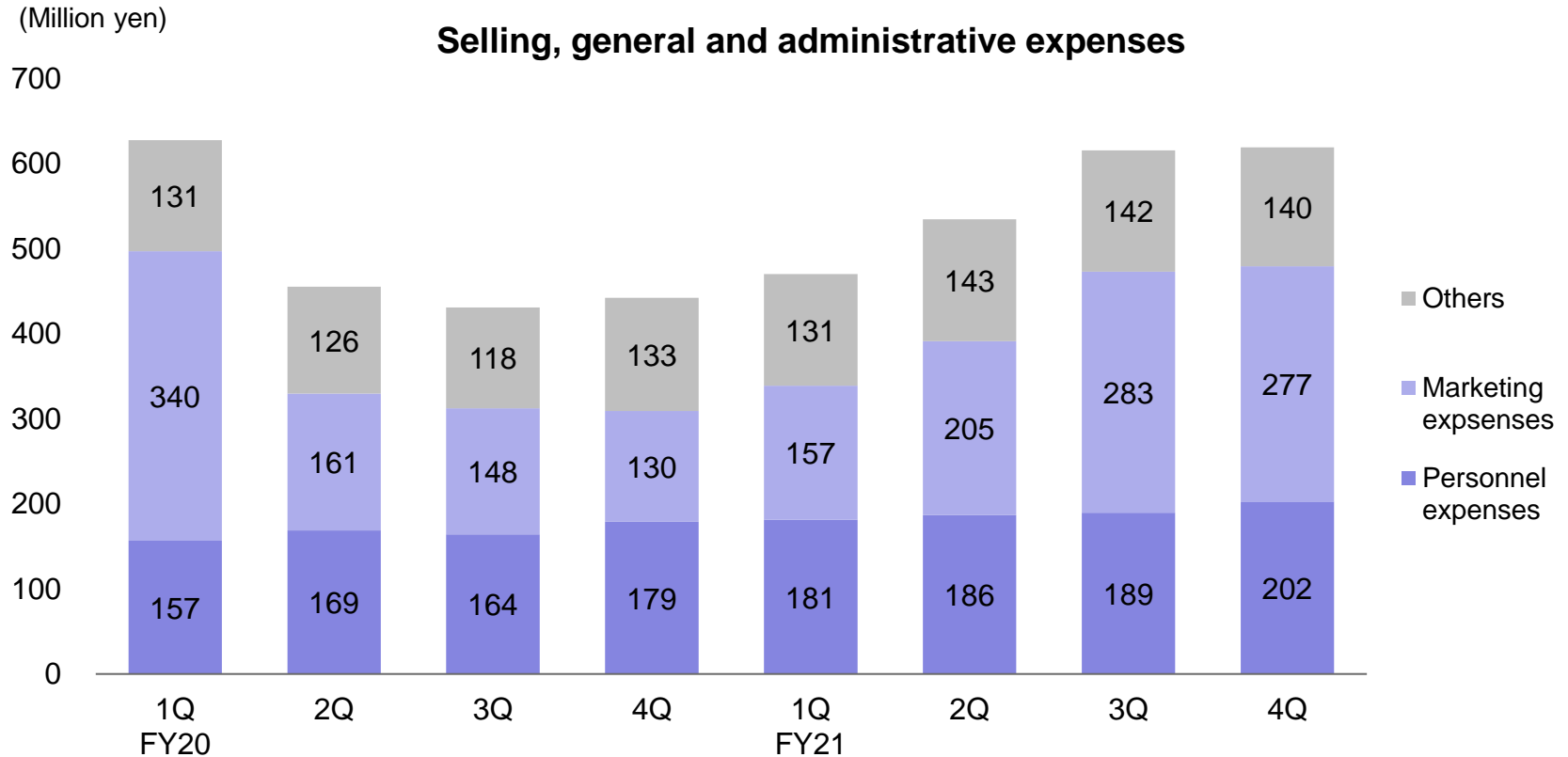Note 4: Number of monthly billed contracts as of September 30, 2020 and September 30, 2021
Note 5: Ratio of reductions as a result of cancellations to total monthly billed amounts as of September 2020 and September 2021 (average for the past 12 months). This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.
Note 6: Average Revenue Per User. Calculated by dividing the average MRR for 4Q of FY2020 and 4Q of FY2021 by the average number of paid billing enterprise users of each month for the same period.

Trends in selling, general and administrative expenses

- Marketing expenses increased after adding promotion expenses unused in the first half of the fiscal year to investments in mass advertising, web advertising, etc., in the second half

(Million yen)

Selling, general and administrative expenses

	Others	Marketing expsenses	Personnel expenses
1Q FY20	131	340	157
2Q	126	161	169
3Q	118	148	164
4Q	133	130	179
1Q FY21	131	157	181
2Q	143	205	186
3Q	142	283	189
4Q	140	277	202

Trends in the number of employees

- We reinforced the workforce, especially in consultant positions, due to the need to respond to the increasing number of Talent Palette customers

(Persons)

Number of employees[1]

■ Companywide (common)

■ Talent Palette

■ Customer Rings

■ Visualization Engine
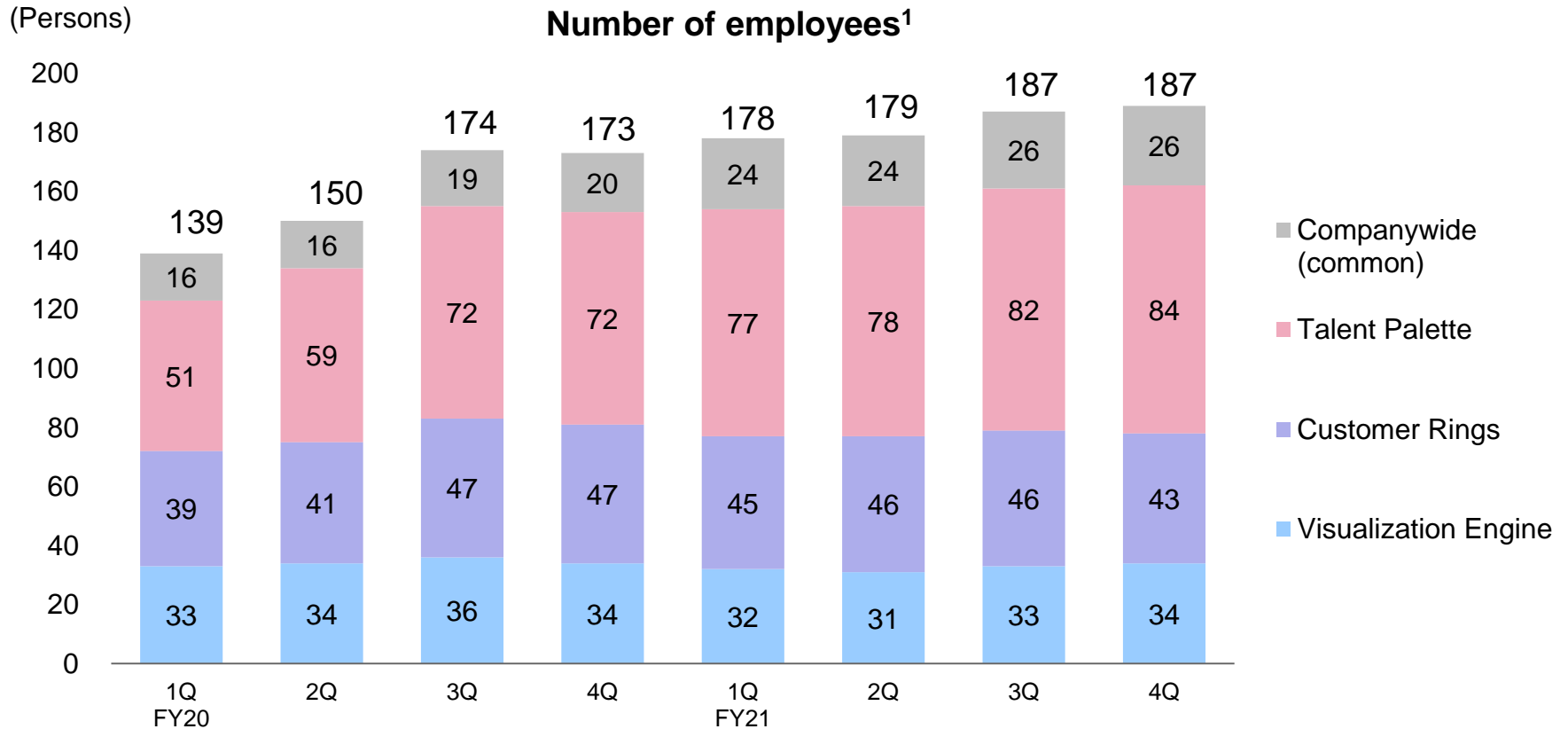
Note 1: The number of permanent employees as of the end of each quarter

Status of Balance Sheets

- As of September 30, 2021, net assets were 4,900 million yen, an increase of 880 million yen year on year due to an increase in retained earnings
- Maintained a financial standing streamlined by minimizing non-current assets and non-current liabilities

(Million yen)	Sep. 30, 2020	Sep. 30, 2021	Changes from Sep. 30, 2020
Current assets	3,897	5,498	up 1,601
(Cash and deposits)	3,251	4,614	up 1,363
(Accounts receivable - trade)	549	751	up 202
Non-current assets	576	636	up 60
Total assets	4,473	6,135	up 1,662
Current liabilities	897	1,227	up 330
Non-current liabilities	-	-	-
Net assets	3,576	4,907	up 1,331
Equity ratio	79.7%	79.8%	

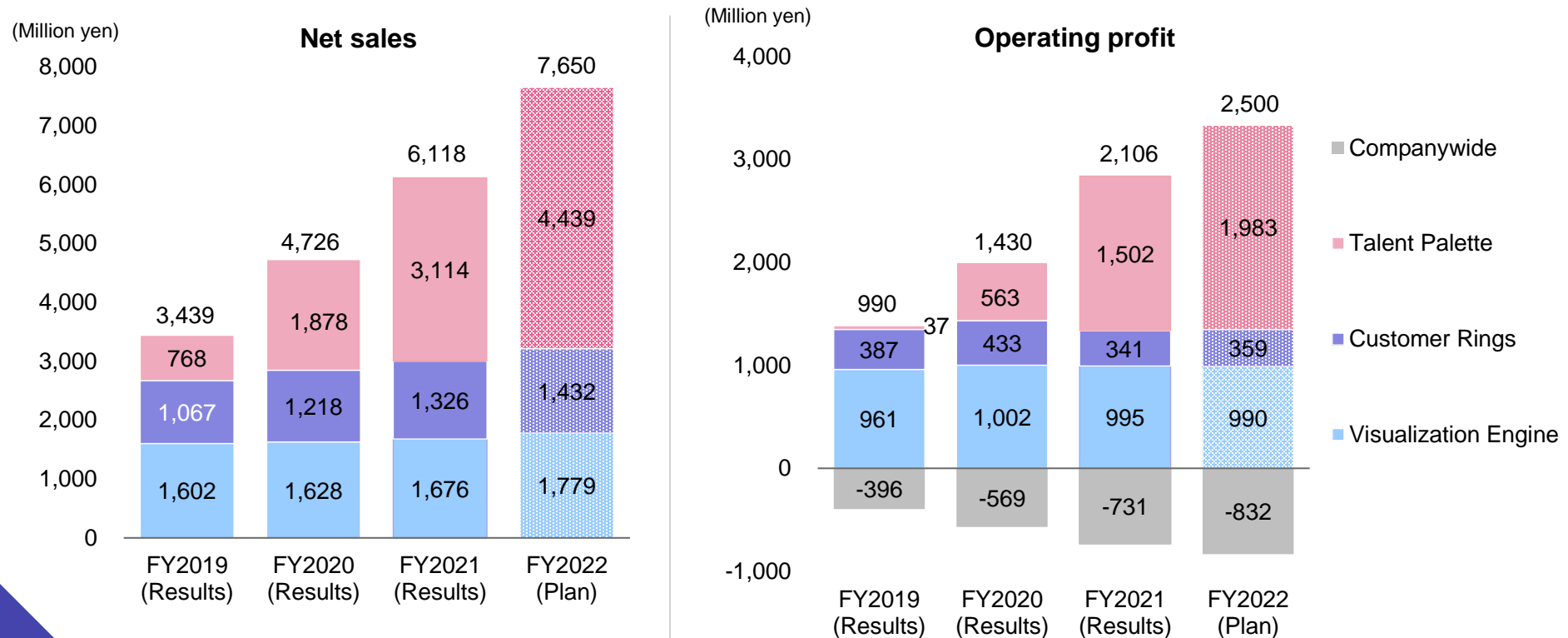03 Earnings forecasts for the fiscal year ending September 30, 2022

Earnings forecasts for the fiscal year ending September 30, 2022

- Revenues and profits are expected to increase year-on-year in the fiscal year ending September 30, 2022, with sales growth mainly in the Talent Palette Business
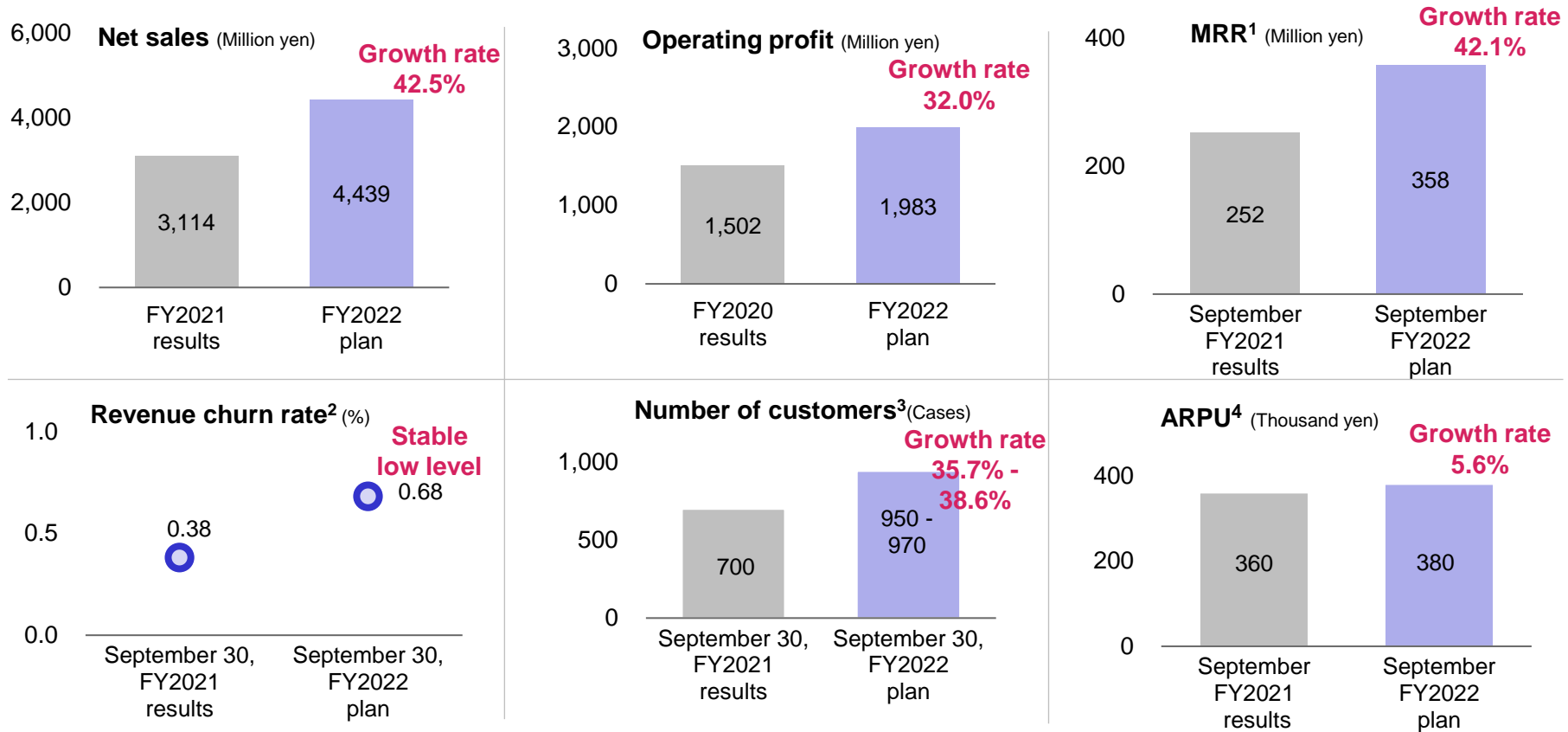- We are aiming for a 25% growth in net sales and an operating profit margin of 32.7%

(Million yen)

■ Net sales   ■ Operating profit

	2016/9 (Results)	2017/9 (Results)	2018/9 (Results)	2019/9 (Results)	2020/9 (Results)	2021/9 (Results)	2022/9 (Plan)
Net sales	1,742	2,100	2,533	3,439	4,726	6,118	7,650
Operating profit	451	575	722	990	1,430	2,106	2,500
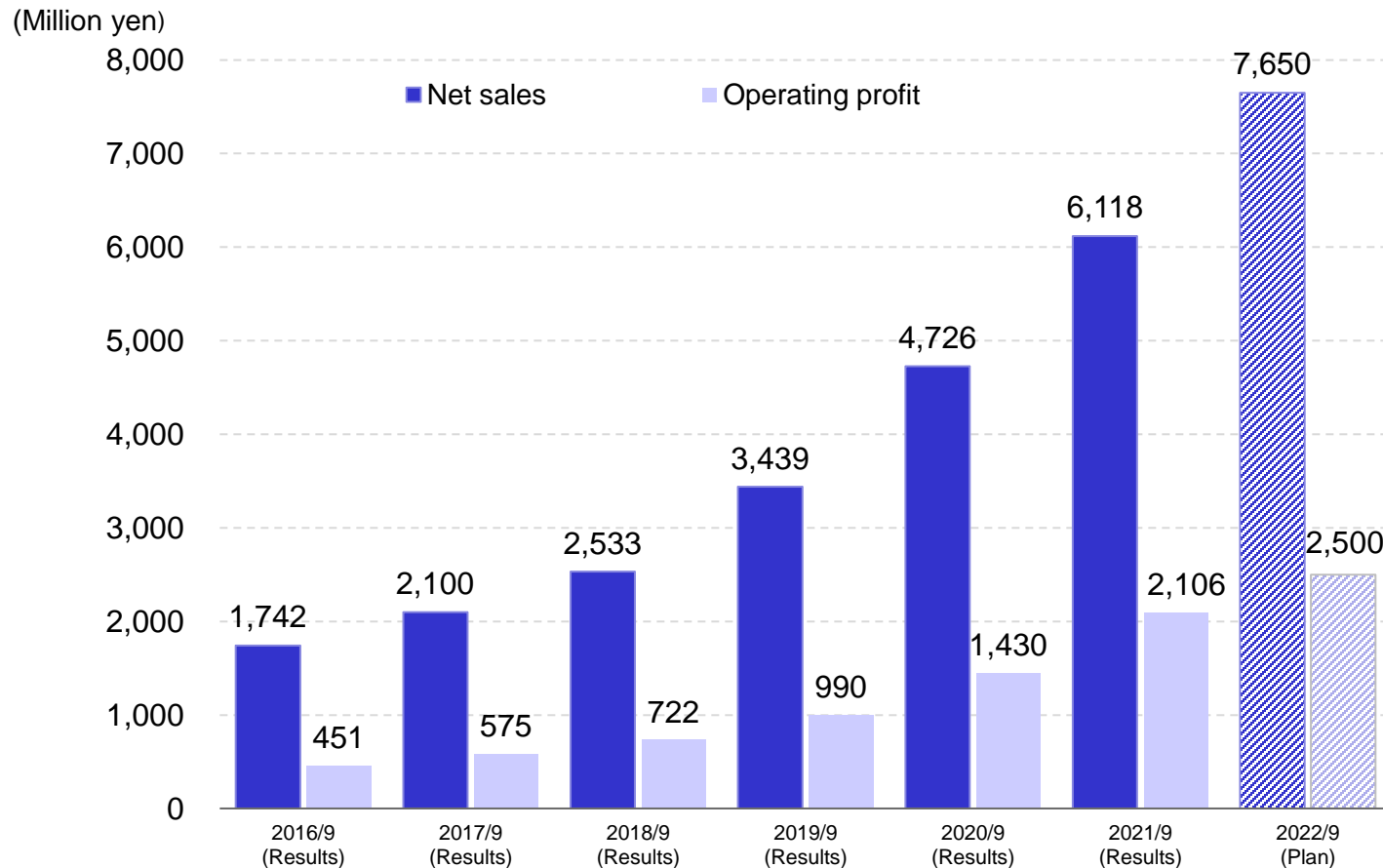
Earnings forecasts for the fiscal year endied September 30, 2021 (By segment)

- Companywide growth in revenues and profits driven by sales and profit growth in Talent Palette
- Net sales increased for Visualization Engine and Customer Rings, but profit is expected to remain the same due to increases in marketing expenses and system expenses

Net sales

(Million yen)

	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Plan)
Total	3,439	4,726	6,118	7,650
Talent Palette	768	1,878	3,114	4,439
Customer Rings	1,067	1,218	1,326	1,432
Visualization Engine	1,602	1,628	1,676	1,779

Operating profit

(Million yen)

	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Plan)
Total	990	1,430	2,106	2,500
Companywide	-396	-569	-731	-832
Talent Palette	37	563	1,502	1,983
Customer Rings	387	433	341	359
Visualization Engine	961	1,002	995	990

Legend:
- Companywide
- Talent Palette
- Customer Rings
- Visualization Engine

Earnings forecast assumptions (Talent Palette Business)

Net sales (Million yen)

Growth rate 42.5%

- FY2021 results: 3,114
- FY2022 plan: 4,439

Operating profit (Million yen)

Growth rate 32.0%

- FY2020 results: 1,502
- FY2022 plan: 1,983

MRR[1] (Million yen)

Growth rate 42.1%

- September FY2021 results: 252
- September FY2022 plan: 358

Revenue churn rate[2] (%)

Stable low level

- September 30, FY2021 results: 0.38
- September 30, FY2022 plan: 0.68

Number of customers[3] (Cases)

Growth rate 35.7% - 38.6%

- September 30, FY2021 results: 700
- September 30, FY2022 plan: 950 - 970

ARPU[4] (Thousand yen)

Growth rate 5.6%

- September FY2021 results: 360
- September FY2022 plan: 380

Note 1: Monthly Recurring Revenue. Total of the monthly fees of contracted subscription users.
Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average for the past 12 months)
Note 3: Number of monthly billed contracts
Note 4: Average Revenue Per User. Calculated by dividing MRR by the number of customers at the end of the month.

Medium-term growth image

- Sales of 13 billion yen or more and operating profit of 5.5 billion yen or more expected as an extension of existing business in 2025/9
- Aim to further increase sales by making a full-scale entry into new businesses and peripheral fields in the human resources field

(Million yen)

Legend:
- New business
- Talent Palette
- Customer Rings
- Visualization Engine
- Operating profit

Addition by entering new businesses and peripheral fields in the human resources field

Realizing by the current pace of business expansion

13,100
* Aiming for an operating profit margin of 40-50% in 2025/9
* Revenue structure that can expand profits without significant cost increase

Chart values by year:

Year	Total sales	Talent Palette	Customer Rings	Visualization Engine	Operating profit
2019/9 (Results)	3,439	768	1,067	1,602	990
2020/9 (Results)	4,726	1,878	1,218	1,628	1,430
2021/9 (Results)	6,118	3,114	1,326	1,676	2,106
2022/9 (Plan)	7,650	4,439	1,432	1,779	2,500
2023/9 (Plan)	9,500	6,000	1,575	1,925	3,500
2024/9 (Plan)	11,300	7,500	1,725	2,075	4,500
2025/9 (Plan)	13,100	9,000	1,850	2,250	5,500

Key performance indicators

・ Number of customers

	2022/9 (plan)	2025/9 (increase)
Visualization Engine	467	+100
Customer Rings	319	+100
Talent Palette	950 - 970	+900

・ ARPU (thousand yen)

	2022/9 (plan)	2025/9 (forecast)
Visualization Engine	305	330
Customer Rings	370	370
Talent Palette	380	395

04 Reference materials

Service characteristics

	Visualization platform	Marketing automation tool	HR utilization platform
	見える化エンジン	CustomerRings カスタマーリングス	Talent Palette タレントパレット
Service overview	Text mining analysis of massive amounts of customer feedback from surveys, call logs, social media, etc.	Support for optimal communication with customers based on analysis results gained from integrated data for customer attributes and action histories	Utilized for talent management by visualizing personnel information such as employee skills, aptitude, evaluations, and survey results and hiring-related data
Users and usage	Introduced mainly into companies' contact centers and marketing divisions Used for improving clients' services and developing new products	Introduced mainly into companies in EC (apparel, health foods, cosmetics, general goods, etc.) and retail industries Used for planning and implementing measures for online marketing	Introduced mainly into personnel divisions Used for personnel planning and strategies to improve employee performance by utilizing human resources
Major Characteristics	No. 1 market share in the text mining tool area with functions of supporting a wide range of data sources, highly accurate natural language processing, an intuitive user interface, etc.	Intuitive interface, various functions to analyze and visualize customer actions, and support for multiple channels such as e-mail, social media, chat, and apps	Personnel database on employee information, evaluations, and skills. Support for optimal placement, HR selection, resignation analysis/prediction, and improvement in matching efficiency
Fee system	Monthly fee: Monthly subscription plan according to data amount Initial cost: For establishing system at service introduction, etc. Fee for on-demand services: Paid consulting, etc.	Monthly fee: Monthly subscription plan according to the number of members and distribution, etc. Initial cost: For establishing system at service introduction, etc. Fee for on-demand services: Paid consulting, etc.	Monthly fee: Monthly subscription plan according to the number of employees Initial cost: For establishing system at service introduction, etc. Fee for on-demand services: Paid consulting, etc.
Number of users[1] Rate of recurring revenue[2]	Number of contracts (453 companies) Rate of recurring revenue (88.7%)	Number of users (295 companies) Rate of recurring revenue (94.8%)	Number of users (700 companies) Rate of recurring revenue (78.4%)

Note 1: Number of contracts as of September 30, 2021
Note 2: Ratio of total monthly billed amounts to net sales (average of the fourth quarter of the fiscal year ended September 30, 2021)

Characteristics of Visualization Engine
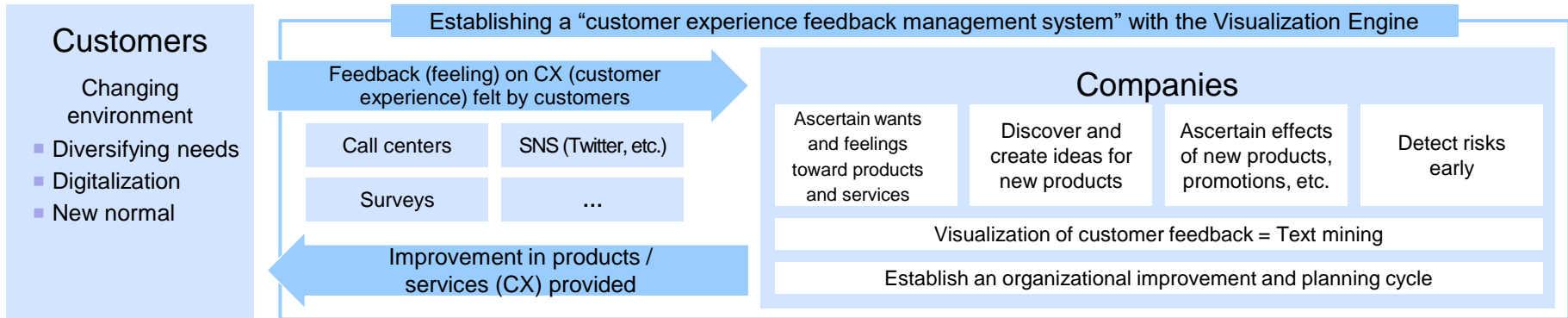
見える化エンジン

プラスアルファコンサルティング

Service characteristics

- Instantly visualize big data (customer feedback and actions) in the digital age
- Tool with No. 1 installation share, used by over 1,500 companies
- Intuitive user interface and high usability
- Highly accurate natural language processing that can handle free-form remarks and comments

ここがポイント！

- Text mining analysis of massive amounts of customer feedback from social media such as Twitter, call logs, and even surveys
- Visualization of sentiments such as requests, dissatisfaction, and satisfaction
- One-stop support for customer feedback-oriented improvement activities on a companywide basis using the dashboard function

A "customer experience feedback management system" to maximize a company's customer experience (CX) by understanding consumer voices

Customers

Changing environment
- Diversifying needs
- Digitalization
- New normal

Establishing a "customer experience feedback management system" with the Visualization Engine

Feedback (feeling) on CX (customer experience) felt by customers

| Call centers | SNS (Twitter, etc.) |
| Surveys | ... |

Improvement in products / services (CX) provided

Companies

| Ascertain wants and feelings toward products and services | Discover and create ideas for new products | Ascertain effects of new products, promotions, etc. | Detect risks early |

Visualization of customer feedback = Text mining

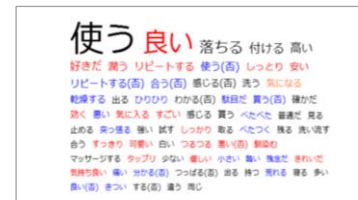Establish an organizational improvement and planning cycle

Visualized output of customer thoughts and wants (proprietary text mining technology)
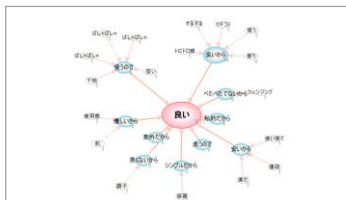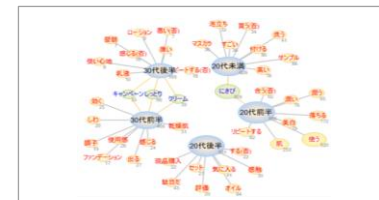
Reason map (Ascertain elements linked to central word)

Extract needs (Understand feelings at a glance)

Word cloud (Ascertain frequency of word occurrence)

Characteristic map (Compare characteristics by age group)

Companies that have introduced visualization engine 見える化エンジン

Introduced to many companies as a tool that can visualize the voices of a large number of customers.
No. 1 share for 10 consecutive years

Manufacturing

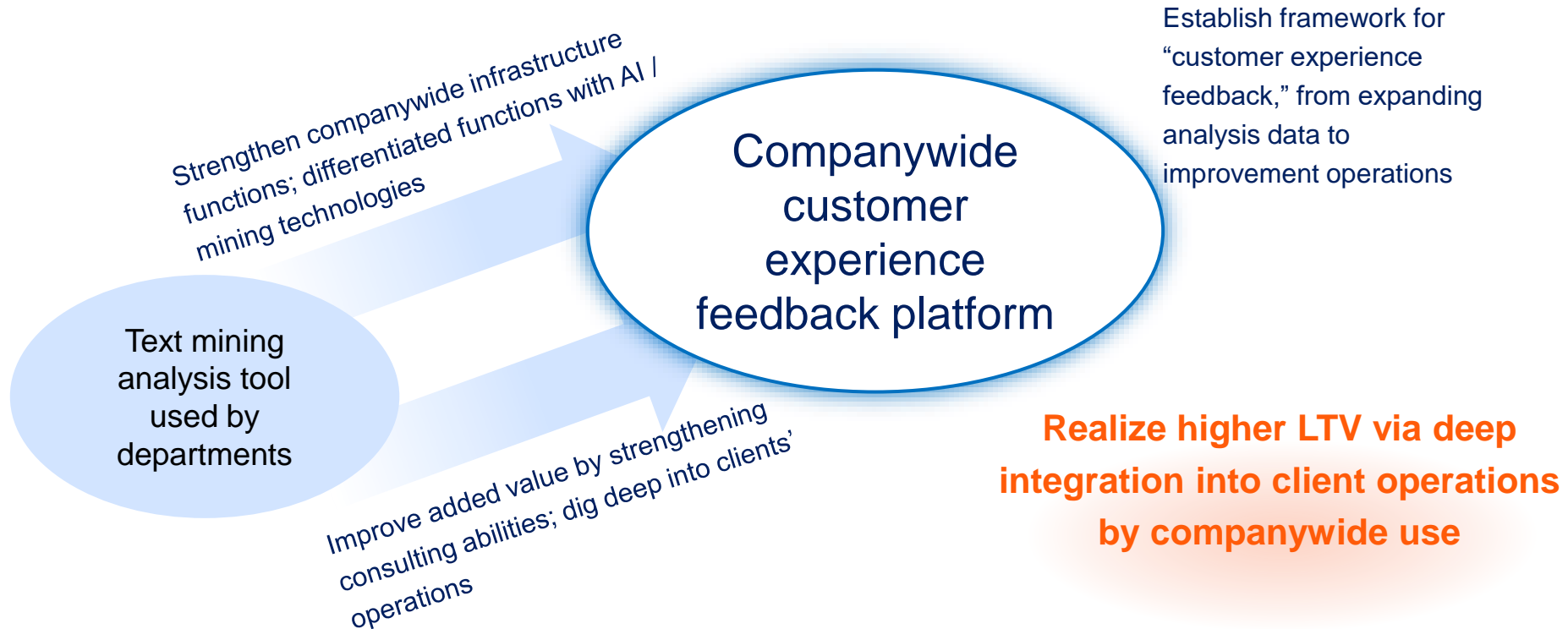## Retail distribution business

Pharmaceutical

Corporate support

Infrastructure (aviation, railroad, communication)

* Introducing some of the companies that have received permission to introduce and publish

Note 1: Fuji Chimera Research Institute, Inc. "New Markets in the Software Business"

Growth strategy for Visualization Engine Business 見える化エンジン

Strengthen infrastructure functions that facilitate customer experience feedback, expand the scope of applicable data, build intimate relationships with customers through high value-added consulting services, and raise LTV.

Strengthen companywide infrastructure functions; differentiated functions with AI / mining technologies

Establish framework for "customer experience feedback," from expanding analysis data to improvement operations

Companywide customer experience feedback platform

Text mining analysis tool used by departments

Improve added value by strengthening consulting abilities; dig deep into clients' operations

Realize higher LTV via deep integration into client operations by companywide use

Characteristics of Customer Rings

CustomerRings
カスタマーリングス

Service characteristics

- A CRM/MA tool that realizes optimal communication with customers by integrating and analyzing massive amounts of customer information and purchase histories
- An intuitive interface that does not hamper users' thinking
- Enables timely approaches to customers through optimal channels, ranging from e-mail, LINE, SMS, web customer support, app notifications, direct mails, etc

ここがポイント！

- Supports the planning and execution of marketing initiatives via diverse analysis functions and a wealth of visualized output that allow users to gain a firsthand understanding of each customer's behaviors and preferences.
- Supports digital marketing strategies in any industry or business type, including EC, finance, and retail businesses.
- Consultants provide comprehensive support by aiding in strategy and analysis.

Automates the optimal communication with customers by directly understanding customers with big data
An essential marketing automation system for the digital marketing age

Data integration (CDP)   Analysis (BI: understanding customers)   Use (MA)
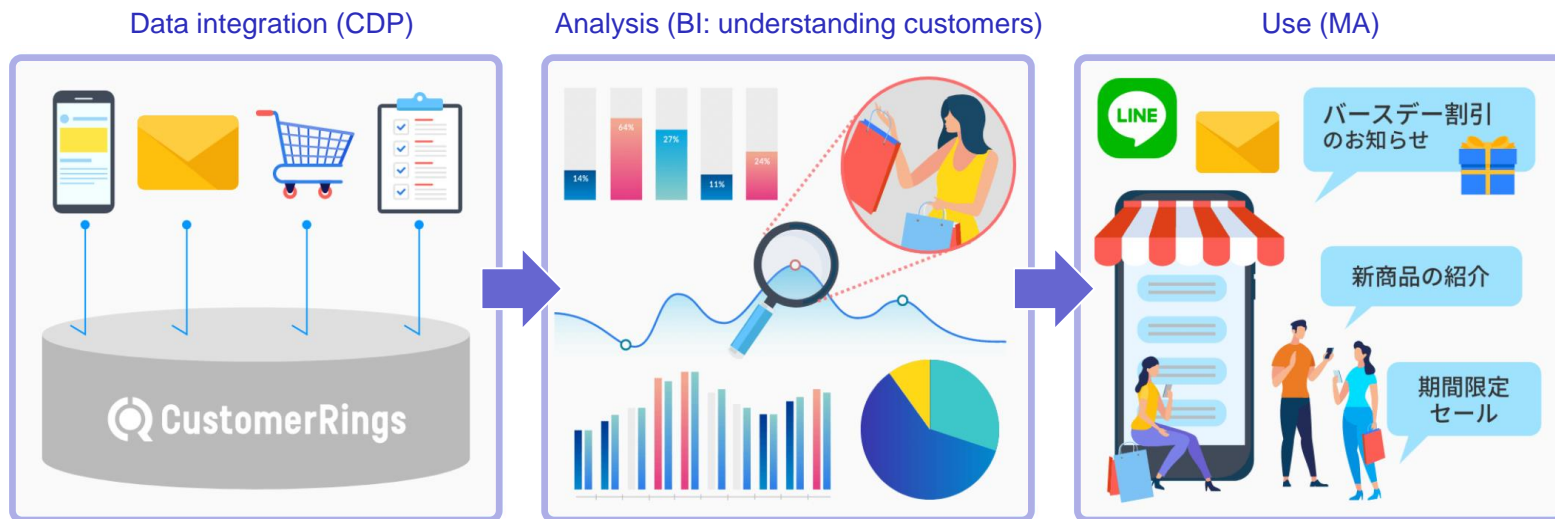
Automation (allows users to focus on more creative work)

Companies that have introduced Customer Rings

Supporting digital marketing / CRM enhancement of more than 600 growing companies

Growth strategy for Customer Rings Business

Expand differentiated "customer feeling" functions, create high added value for analysis consulting, and evolve into a marketing platform that can be linked with various marketing actions.

Differentiation via analysis functions from AI / mining technologies and "customer feeling" functions

Expand industries by expanding services through high value-added consulting

Create a platform that also enables various marketing actions

A digital marketing platform highly sensitive to customer needs

LINE linkage
App linkage

EC website linkage
Web customer

Sending e-mail
Sending SMS

Inventory management
Various core systems
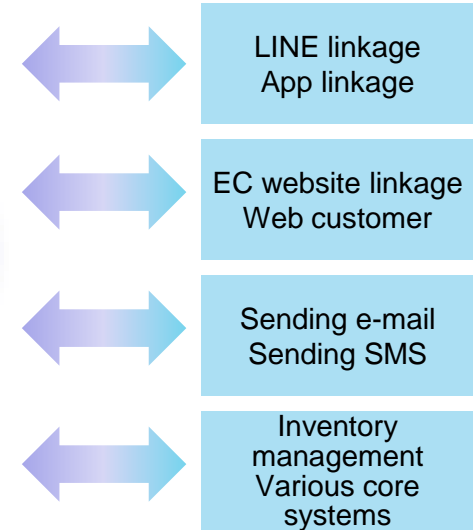
Shift from EC centric to expand the scope of industries and realize higher MRR and ARPU

Characteristics of Talent Palette

Talent Palette
タレントパレット

プラスアルファ
コンサルティング

Service characteristics

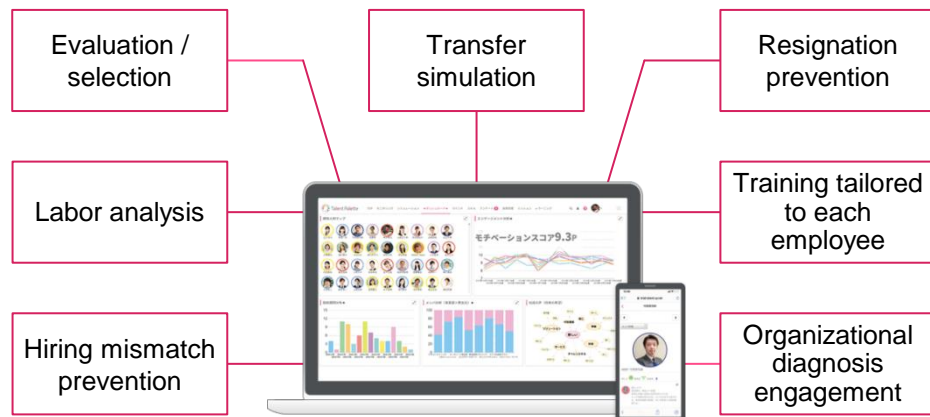- Realizes data-based scientific personnel management strategy to enable users to succeed in an age of labor shortage
- Employee visualization functions that can be used for optimal employee placement or human resource selection
- Hiring functions including increasing efficiency of hiring operations, mismatch prevention, and performance forecasting
- Employee performance analysis and learning facilitation functions such as e-learning
- Resignation prevention functions such as resignation analysis and prediction and motivation measurement

ここがポイント！

- A first in the industry, we took our approach to analyzing massive amounts of data in marketing, an area in which we excel, and applied it to the HR field.
- A human resource platform that realizes "scientific personnel management," including data-driven optimal placement, appropriate evaluations, discovering and hiring more talents, and resignation prevention.
- Analyzes employees' aspirations and requests to the company using text mining technology. Enables management to reflect previously untapped "employee voices."

Realizes proprietary scientific personnel management that incorporates marketing thinking

Intuitive visualization of human resources and organization status

- Evaluation / selection
- Transfer simulation
- Resignation prevention
- Labor analysis
- Training tailored to each employee
- Hiring mismatch prevention
- Organizational diagnosis engagement
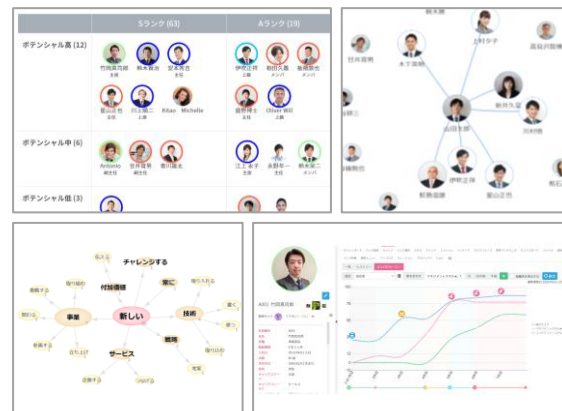
| Experience and intuition | × | Visualization of employee information | = | **Realize scientific personnel management strategy** (Data-driven creative personnel strategy) |

Talent Palette's target market

The talent management service is targeted for companies with 100 or more employees.
Since market characteristics differ depending on the number of employees, we adopt a method of approach focusing on selling points suitable for each market.

Target markets and selling points of the talent management service

[Key selling points]

Talent management service markets

Major companies (Over 3,000 employees)
- Realize utilization and development of human resources across group companies through a portal for group strategies
- Support for companywide development and penetration of the service by our consultants

Medium-scale and large companies (Over 1,000 employees)
- Realize HR initiatives through various analysis functions such as transfer simulations, organization diagnosis, career development, motivation management, etc.
- Visualize employees through the management dashboard function

SMEs and medium scale-companies (100-1,000 employees)
- Establish a HR database
- Respond to various operations such as hiring, evaluations, training, employee analysis, etc., through one platform

Individual business owners and SMEs (less than 100 employees)

Markets that value high-quality analysis functions

Markets that value a wide range of operations

Unique position as an integrated human resource platform

Differentiate Talent Palette from competing services by supporting a wide range of operations with integrated and accumulated personnel data, and enriching analysis functions

Field of expertise

■ Status of competition seen from our services[1] Analysis

Our position
- Providing a service to analyze wide -
ranging data from different perspectives

Analysis-oriented tools for HR information management

- Primarily for personnel information management
- Has standard analysis functions
- Mainly targets personnel divisions

[Status of competition]
✓Limited competitors due to fewer newcomers that target small markets.
✓Possible to compete with rivals by highlighting diverse functions.

Integrated HR utilization platform

Talent Palette
タレントパレット

- Comprehensively analyzes and utilizes work hour data, aptitude tests, employee feedback, motivation (dynamic data), hiring data, etc in addition to personnel information
- Superior UI, usable by management and department managers

Narrow ← → **Wide**

Tools specialized in optimization of certain operations

- Specialized in increasing efficiency in certain operations, such as making evaluations available on the web and placing personnel information into databases
- These tools are cheap and simple to install as they offer a single function

[Status of competition]
✓Fierce price competition between many newcomers with low prices.
✓Offer basic functions such as centralization of HR data and making evaluations available on the web.
✓Some superficially overlapping concepts between Talent Palette and competitors due to additional functions such as simple analysis.

Core integrated personnel systems

- Handle many types of information, such as personnel information, work hours, salary, and evaluations
- Dedicated to administrative functions, used as core personnel systems at large companies

[Status of competition]
✓Since many have already been introduced as core systems company or group-wide, replacement is difficult.
✓However, there are many cases of coexistence through data linkage, etc., because of advantages in price and functionality.

Available areas

Management ▼

Note 1: According to our company's study, as of June 30, 2021
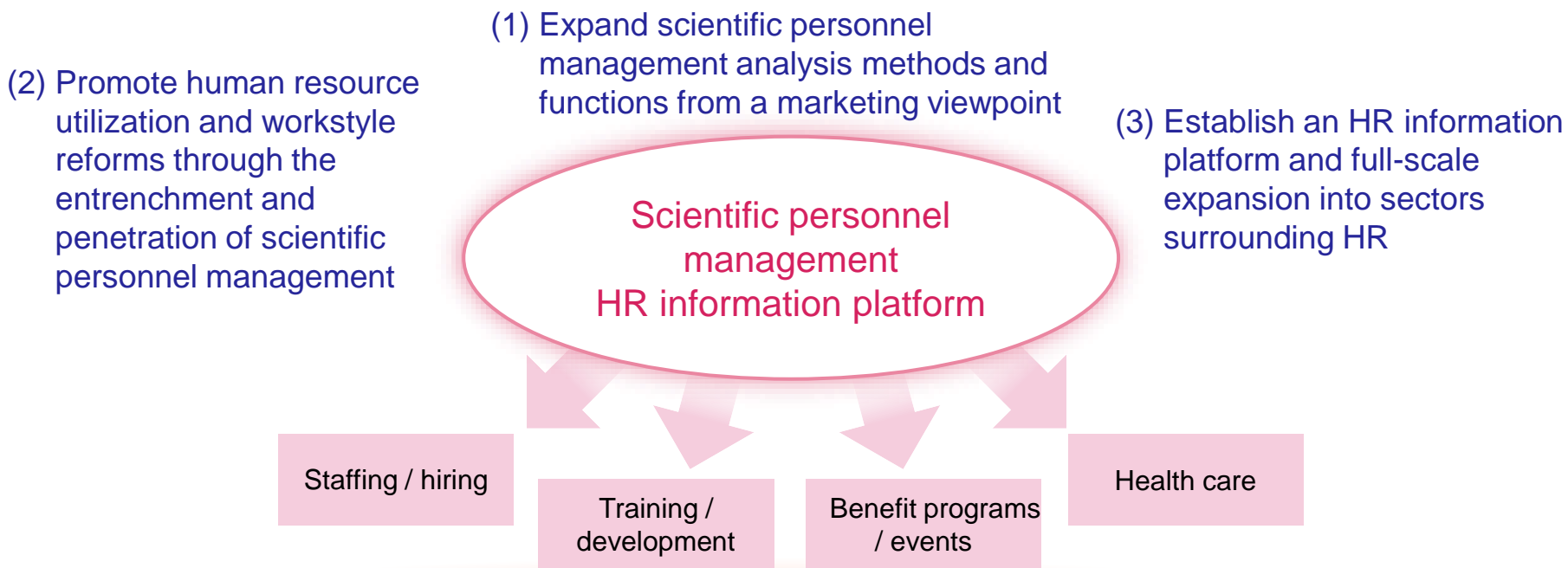
Accelerating use of Talent Palette at leading companies

Growth strategy for Talent Palette Business

Expand the methodology and functions of "scientific personnel management," advance expansion in services for sectors surrounding HR, and realize an HR information platform that promotes use of new human resources and workstyle reforms.

(1) Expand scientific personnel management analysis methods and functions from a marketing viewpoint

(2) Promote human resource utilization and workstyle reforms through the entrenchment and penetration of scientific personnel management

(3) Establish an HR information platform and full-scale expansion into sectors surrounding HR

Scientific personnel management
HR information platform

Staffing / hiring

Training / development

Benefit programs / events

Health care

Acquire a dominant market share in the HR space by acquiring core personnel data

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