



## CIRCULATION

Financial results presentation materials for the fiscal year ended July 31, 2021  
September 13, 2021 (Monday)

Circulation Co., Ltd.

Fiscal year ended  
July 31, 2021

Full year and 4Q  
summary

Fiscal year  
ending July 31,  
2022

Business forecast

- Full-year net sales were 5,506 million yen, growing 37.8% YoY. Operating income, ordinary income, and net income were 484 million yen, 454 million yen, and 294 million yen, respectively, marking a significant return to profitability.  
**All of these results exceeded the forecasts** disclosed in July 2021
- **Average number of projects in operation per month**, a key KPI, **reached a record high** of 1,053 in 4Q.  
Evolved the recurring business and building a system that can generate stable profits even under the coronavirus environment
- In addition to the strong performance of each service, the new area of business succession services has generated several M&A contracts and the business is on track, and the **medium-term growth strategy is progressing steadily**
- Even under the environment of the coronavirus, the impact on business performance will be minimal, and we will continue to maintain our management stance of **placing the highest priority on the realization of our vision and high growth potential**
- Maintain high growth potential **with net sales of 7,300 million yen, up 32.6% YoY**. Operating income is expected to grow 5.8% YoY to 512 million yen
- We have decided to **change gears to achieve another higher level of steady high growth and high profitability**.  
In the current fiscal year, we plan **to aggressively invest in human resources in existing and new areas, as well as in internal DX systems**, with an eye on the medium and long term

# Agenda

- ❑ Company overview
- ❑ Financial highlights for the fiscal year ended July 31, 2021
- ❑ Business forecast for the fiscal year ending July 31, 2022
- ❑ Topics related to the medium-term growth strategy
- ❑ Appendix



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- ❑ **Company overview**
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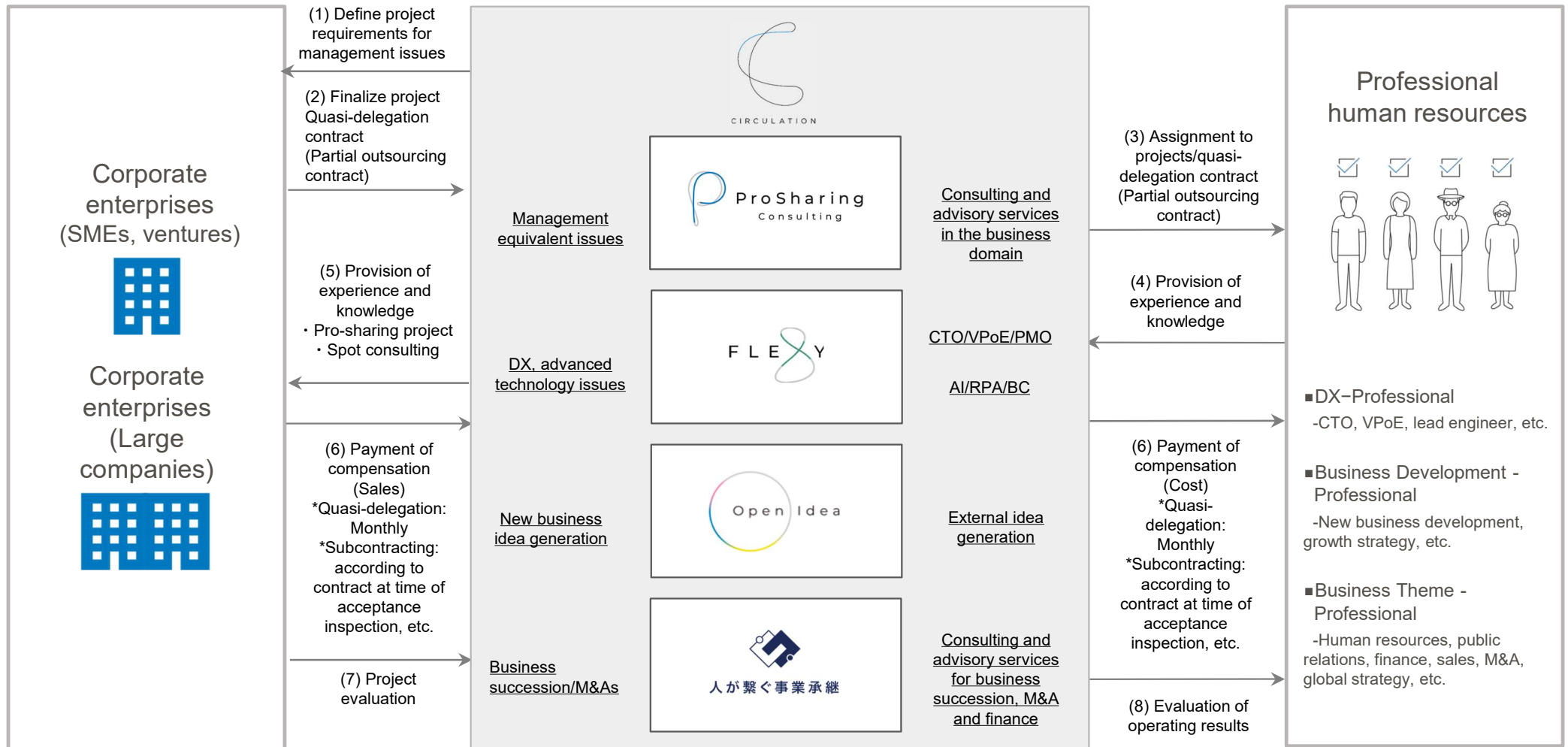
## OUR VISION

**Creating a society in which experiences and knowledge from around the world circulate**

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We provide a platform that improves the circulation of knowledge.


# Service flow




# Two paradigm shifts will significantly change the value of work

## WORK SHIFT <sup>(1)</sup>

The way we work will change. Professionals will change the fastest

30 years at a company, lifetime employment era 

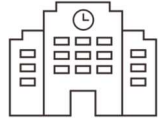
Era of changing jobs three times per person 


An era in which one person can work for three companies at the same time 

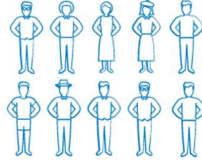
Notes: (1) WORK SHIFT: Quoted in "The Shift: The Future of Work Is Already Here" by Lynda Gratton. Refers to the discussion on the future of shifting work styles proposed in the book, which is driven by technological evolution and various social factors.

## OPEN INNOVATION

An era of effective utilization of external experience and knowledge

Universities and research institutes  
Innovation in technology 

Companies and organizations  
Innovation in functions 

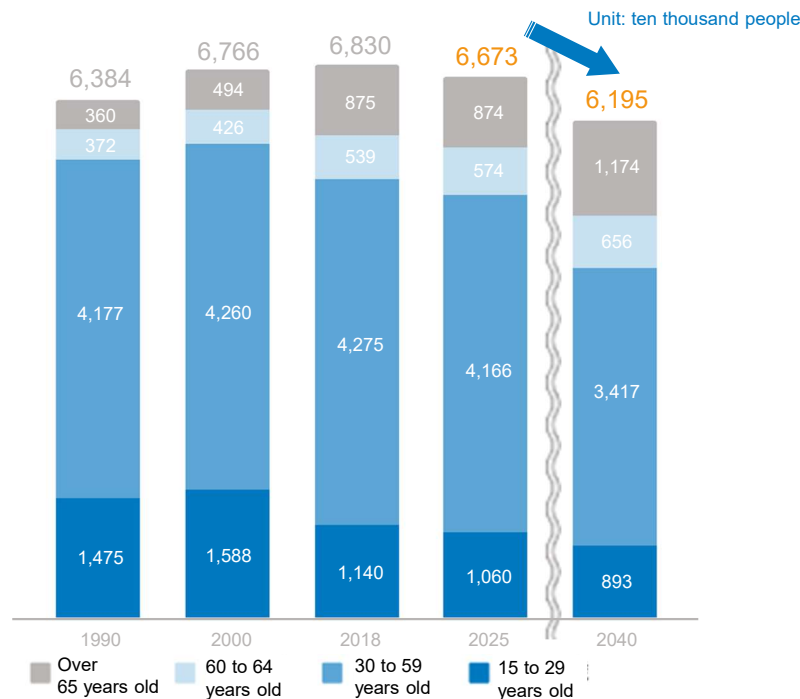
Human resources  
Innovation in knowledge 



# Paradigm-shifting markets (WORK SHIFT × OPEN INNOVATION)

- Japan, with its shrinking workforce, must increase its labor productivity
- There are few examples of project-based work among developed countries. Create a foundation for professionals to work

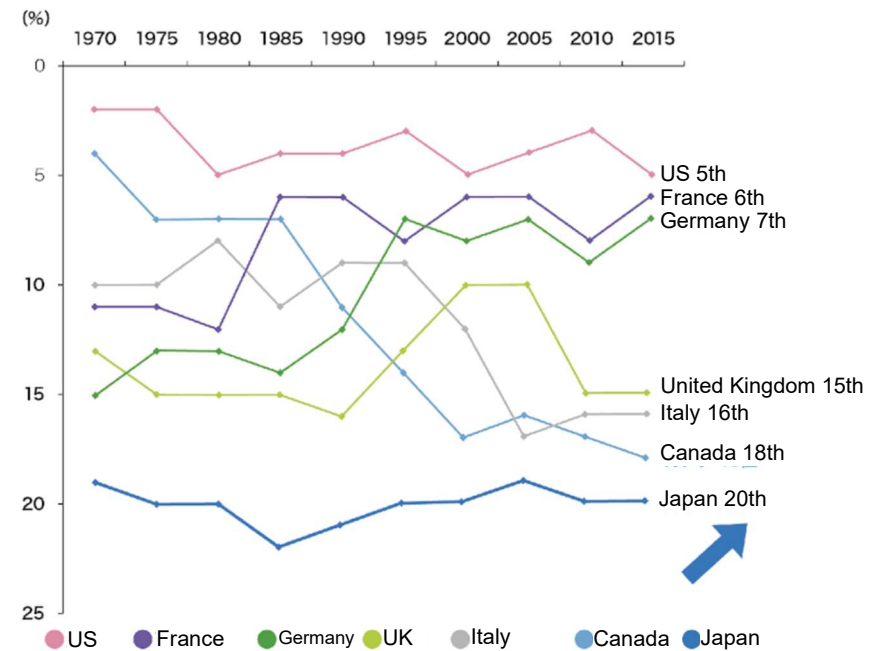
Changes in working population



Source: 2020 edition of the Annual Report on Health, Labor and Welfare, Materials Section, "General Health, Labor and Welfare"

The working population has peaked. Major decline expected in the future

Rankings of hourly labor productivity in seven major industrialized countries



Source: "International Comparison of Labor Productivity 2020," Japan Productivity Center

Japan has continued to have the lowest labor productivity, and the reform of work styles will require increased efficiency with the current workforce

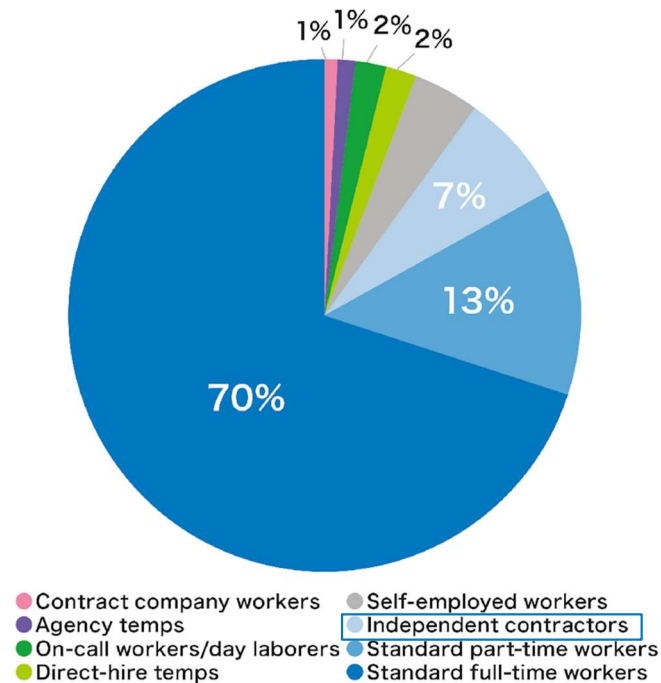


# Paradigm-shifting markets (WORK SHIFT × OPEN INNOVATION)



The trend of a shift from employees toward professional contracts is advancing around the world, especially in the US

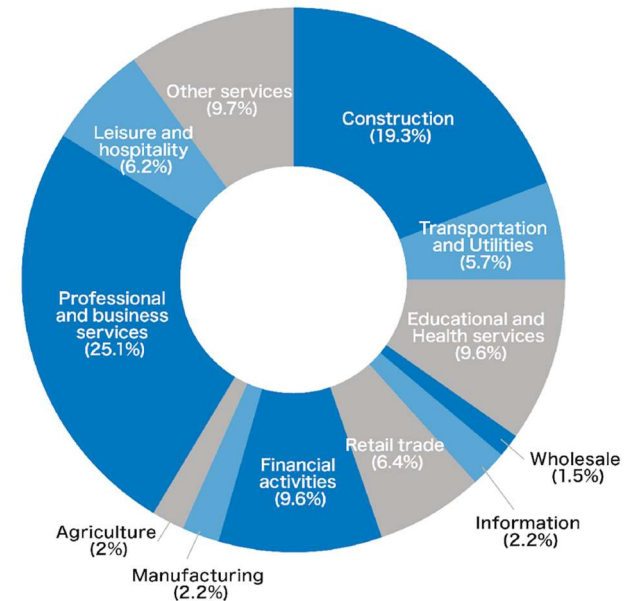
Independent Workers as a Percent of the U.S. Workforce (1)



30% of the population is freelance

In particular, about 7% are professional human resources

Percentage of Independent Contractors By Industry (2)



25.1% of professional human resources are used in professional services, 19.3% in construction, and 9.6% in finance, education and health

Source:(1)U.S. GOVERNMENT ACCOUNTABILITY OFFICE, GAO-15-168R Contingent Workforce, April 2015, Table 3: Contingent Share of Employed Labor Force by Alternative Work Arrangements Identified by GAO Page 14 GAO-15-168R Contingent Workforce and BLS Estimates, 1995-2005, <https://www.gao.gov/assets/670/669899.pdf> (2)U.S. BUREAU OF LABOR STATISTICS, Contingent and Alternative Employment Arrangements News Release, May 2017, Table 8. Employed workers with alternative and traditional work arrangements by occupation and industry, May 2017, [https://www.bls.gov/news.release/archives/conemp\\_06072018.htm](https://www.bls.gov/news.release/archives/conemp_06072018.htm)

# What is Pro-sharing?

## It is a platform for sharing professionals

Share the experience and knowledge of external professionals among multiple companies to solve all kinds of business issues



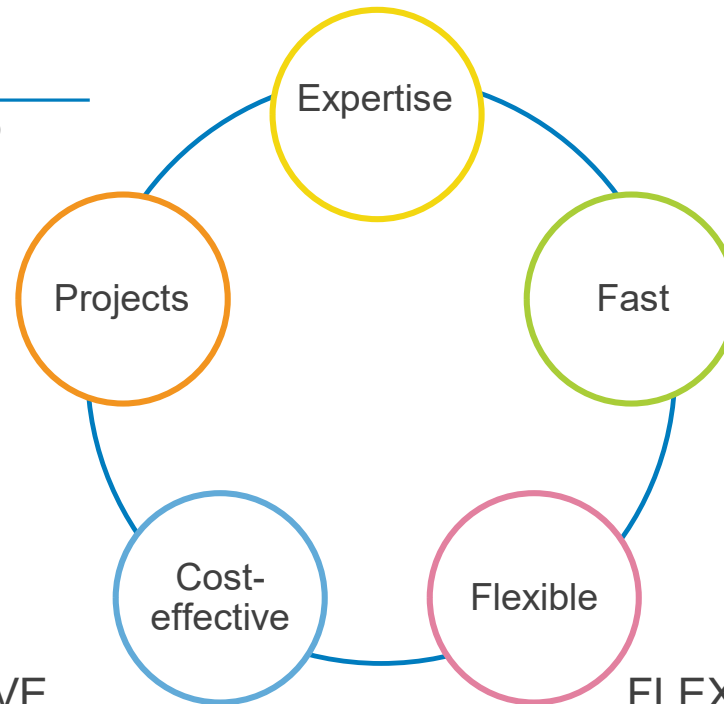
# 5 reasons to choose pro-sharing

## PROJECT

We can assign personnel to each issue and form a special team for each client

## SPECIALITY

First-class professionals in each field are available



## QUICK

Available as soon as next Monday

## COST EFFECTIVE

Can be used without hiring professional personnel who are not in the job market at a low cost

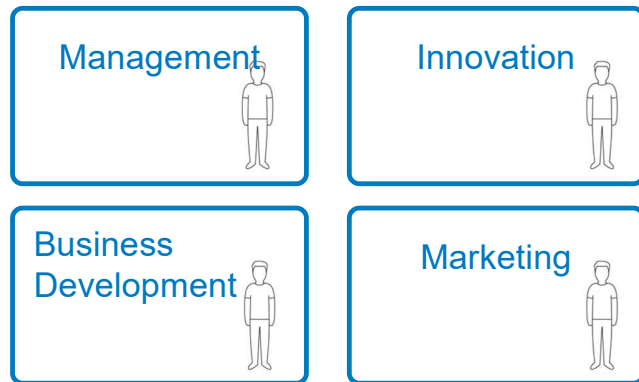
## FLEXIBLE

Can be used flexibly, from 2 hours a day to 3 days a week

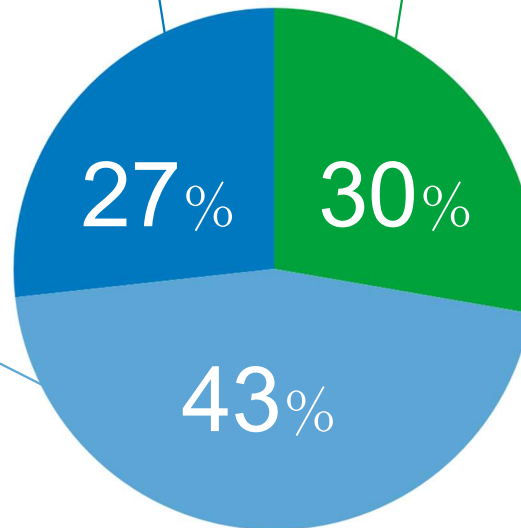
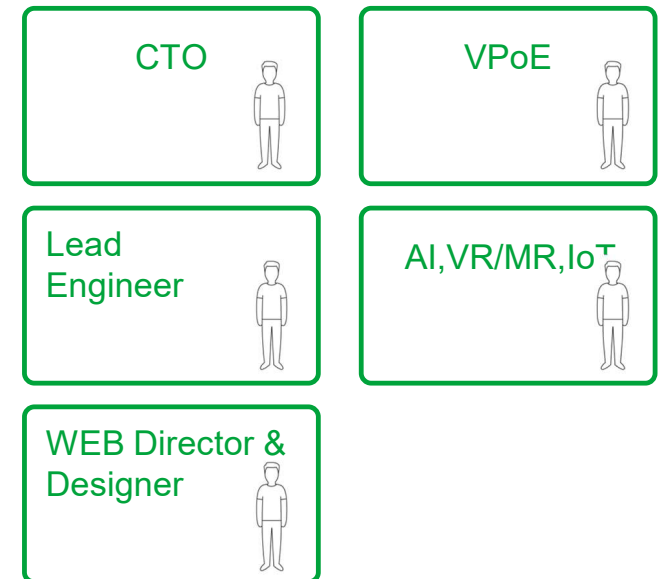
# Leader in its field, with 17,814 (1) professional human resources



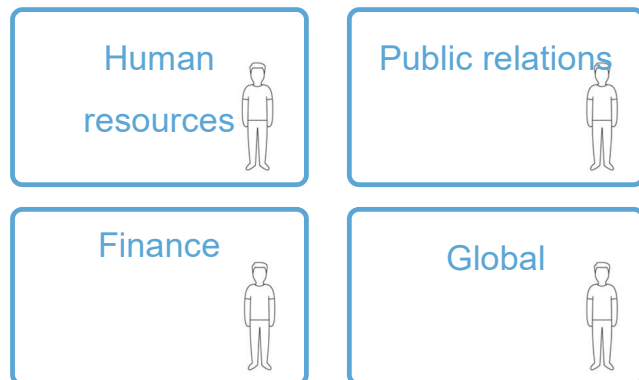
## Business Development - Professional



## DX-Professional



## Business Theme - Professional



\*Others: M&A, sales, etc.

### Operation flow of the professional human resources DB



Notes: (1) Number of registered professional human resources: Number of people registered in our database. Target services are all services. The number of professional human resources registered by July 30, 2021 is counted (as of August 2021). In the case of registration for multiple services, the total is calculated for the fiscal year in which the registration date of the first registered service belongs. Professional human resources who have withdrawn from the service (registration deleted) are excluded from the total.

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# Summary of financial results



- Net sales and income exceeded the upwardly revised forecasts
- Achieved substantial growth in each profit by absorbing prior investments made in the previous year

Statement of income (August 2020 to July 2021)

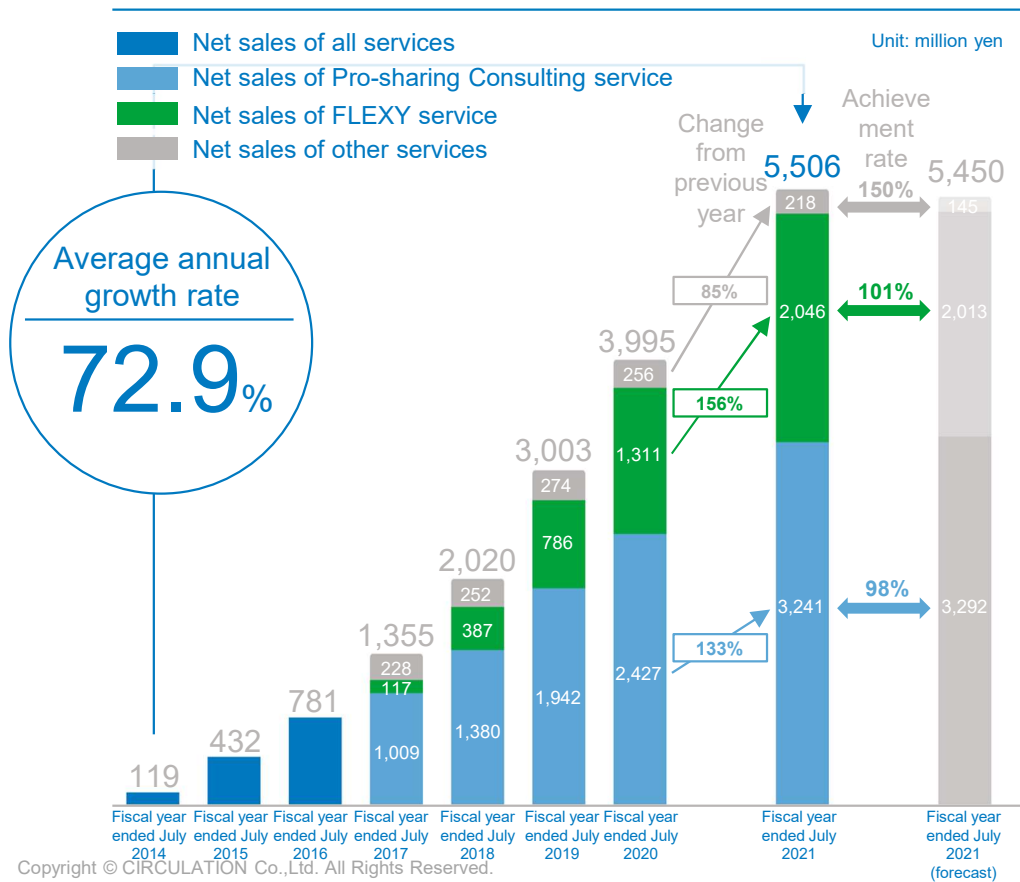
Unit: million yen

	Fiscal year ended July 31, 2020 Full year	Fiscal year ended July 31, 2021 Full year	YoY Percentage change	Business forecast Disclosed on July 27, 2021	Achievement rate
Net sales	3,995	<u>5,506</u>	+37.8%	5,450	101.0%
Operating income	-135	484	-	465	104.1%
Operating income ratio	-3.4%	8.7%	-	8.5%	-
Ordinary income	-139	454	-	438	103.7%
Net income	-109	294	-	290	101.4%

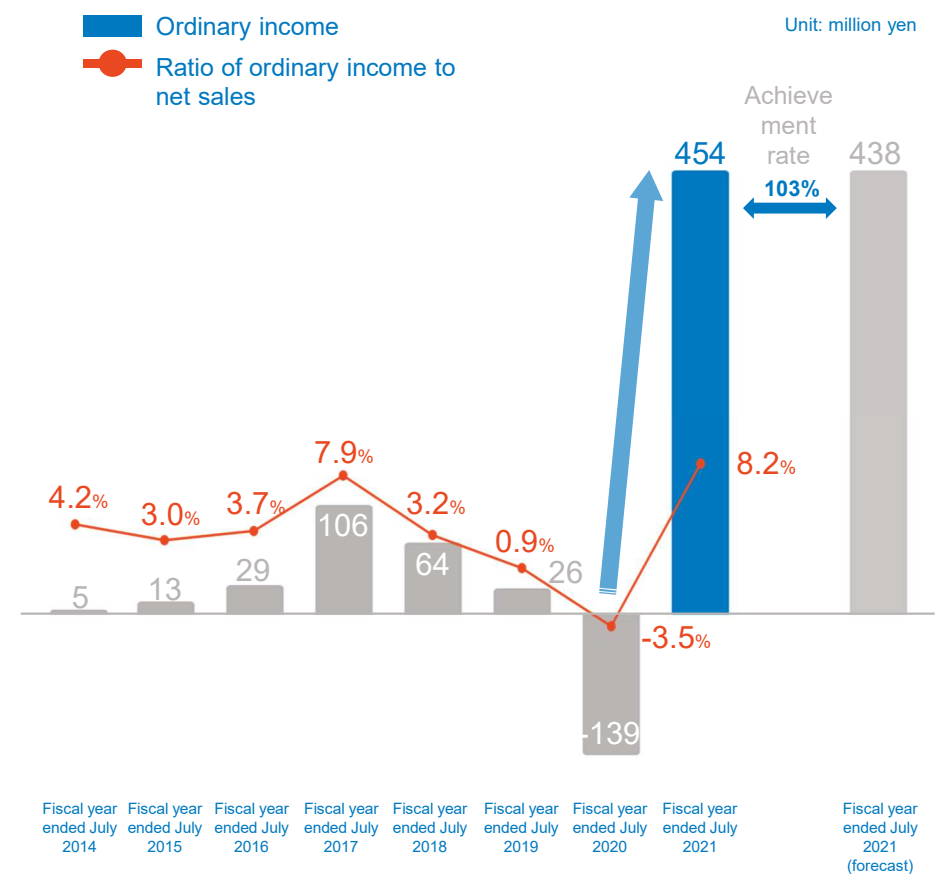
# High growth in net sales and ordinary income

- High net sales growth rates of 133% and 156% were achieved for both Pro-sharing Consulting service and FLEXY service
- In addition, the conclusion of M&A deals in the new field of business succession services is a positive factor for future earnings prospects

Net sales



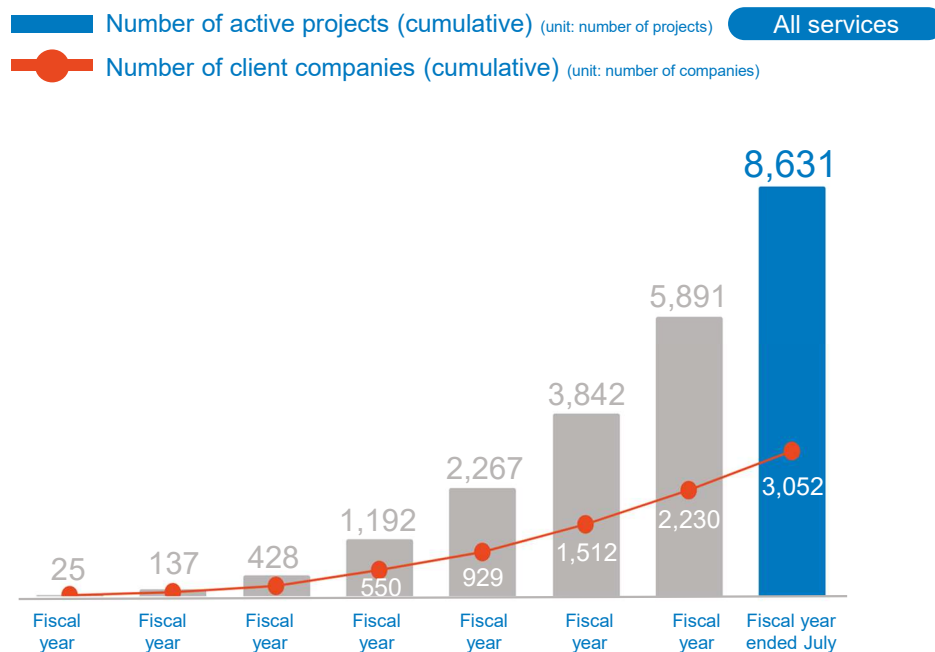
Ordinary income and ratio of ordinary income to net sales



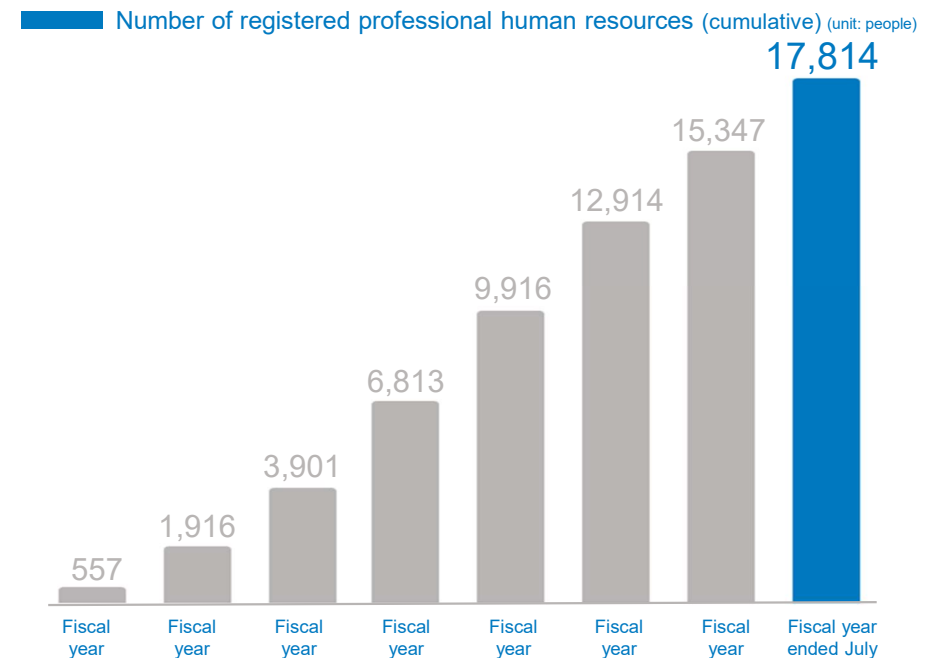
# Changes in key KPIs (fiscal year) - 1

- As of 4Q FYE July 2021, the cumulative number of active projects was 8,631, the cumulative number of client companies was 3,052, and the cumulative number of registered professional staff was 17,814, as there has been steady growth in both operational projects and the professional human resources DB since founding

## Changes in number of active projects (cumulative) and number of client companies (cumulative) <sup>(1)(2)</sup>



## Changes in number of registered professional human resources (cumulative) <sup>(3)</sup>



Notes: (1) Changes in number of active projects (cumulative): All projects that have been in operation in or before the relevant fiscal year. Target services are all services. The number of active projects by July 30, 2021 is counted (as of August 2021). Projects that were terminated their contracts before they became operational are excluded from the total. (2) Changes in number of client companies (cumulative): Number of all companies with a track record of transactions in or before the relevant fiscal year. Target services are all services. The number of companies with a track record of transactions by July 30, 2021 is counted (as of August 2021). Companies that terminated their contracts prior to the start of operation are excluded from the calculation. (3) Number of registered professional human resources (cumulative): Number of people registered in our database. Target services are all services. The number of professional human resources registered by July 30, 2021 is counted (as of August 2021). In the case of registration for multiple services, the total is calculated for the fiscal year in which the registration date of the first registered service belongs. Professional human resources who have withdrawn from the service (registration deleted) are excluded from the total.

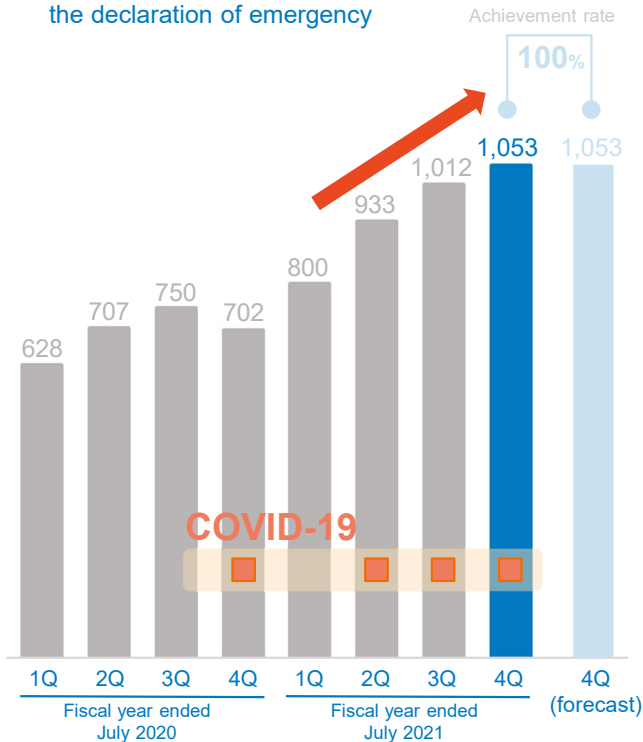


# Changes in key KPIs (quarterly) - 2

- Although the average number of projects in operation per month was affected by the first declaration of the state of emergency, from the second declaration onward, the impact was minimal and the number of projects in operation remained steady
- The average billing amount per active project remained almost unchanged

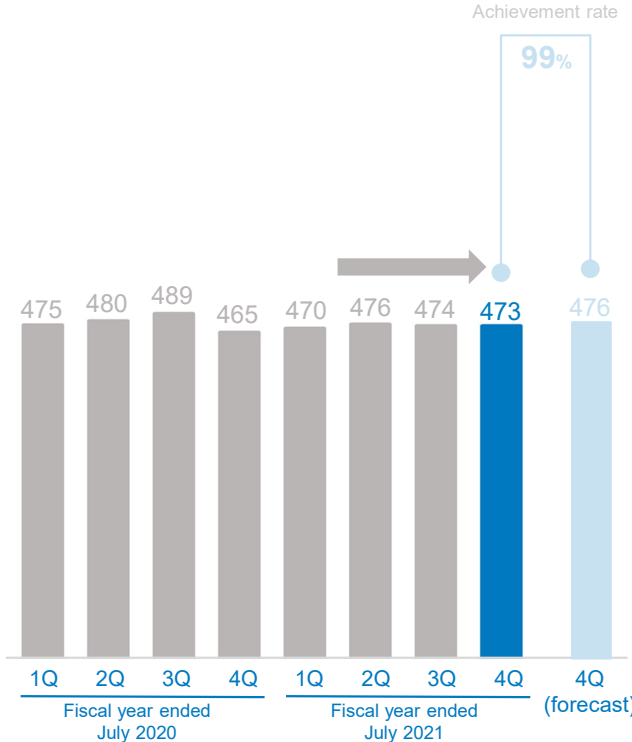
Average number of projects in operation per month <sup>(1)</sup>

■ Accounting period including the date of the declaration of emergency (Unit: number of projects)



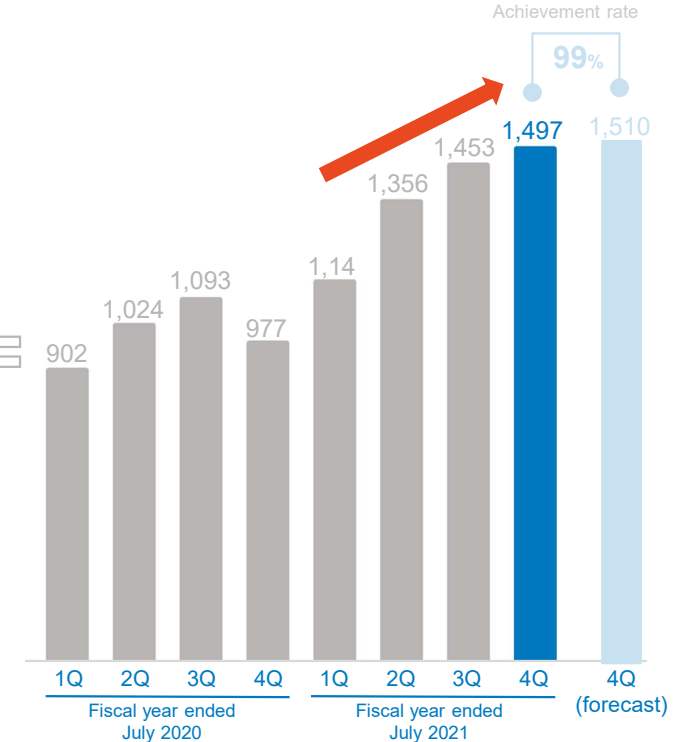
Average billing amount per active project <sup>(2)</sup>

(Unit: thousand yen)  
Achievement rate



Net sales <sup>(3)</sup>

(Unit: million yen)  
Achievement rate

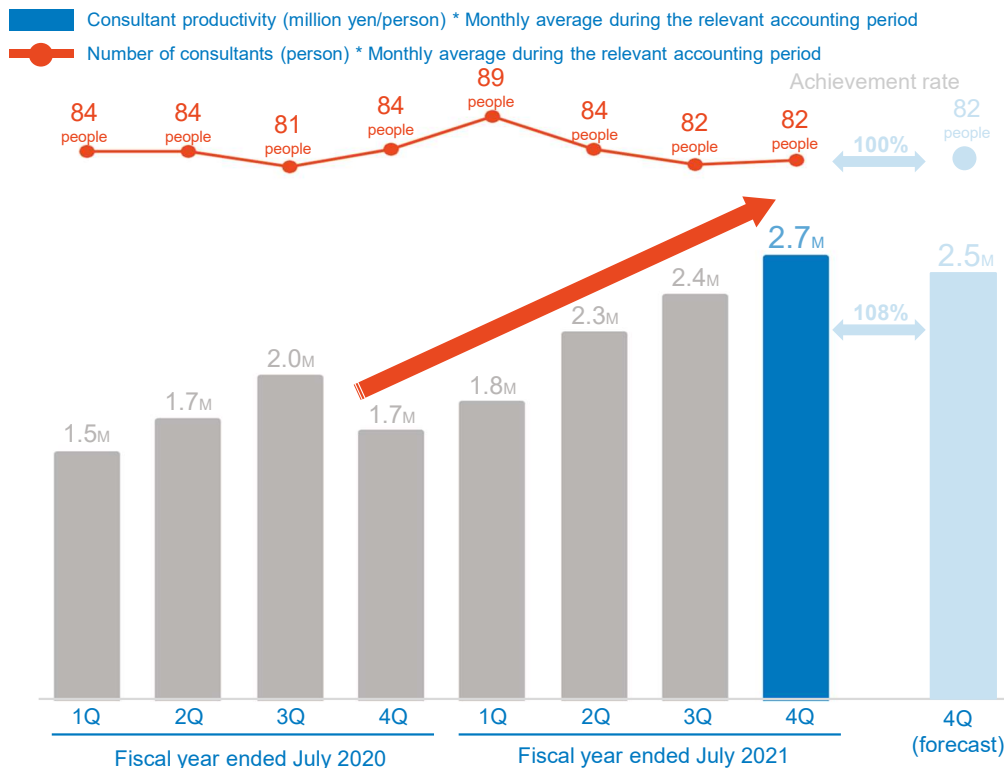


Notes: (1) Calculated as the average number of active projects for each month in the relevant accounting period. The total includes Pro-sharing Consulting service, FLEXY service, and other services (excluding spot consulting projects). (2) Calculated as the average monthly billing unit price for each month in the relevant accounting period. The figures are for Pro-sharing Consulting service, FLEXY service, and Open Idea service. (3) Calculated by multiplying the average number of projects in operation per month and the average billing amount per active project during the relevant accounting period and by multiplying an additional three months (the number of months in the quarter). Calculated on a management accounting basis.

# Changes in key KPIs (quarterly) - 3

- Consultant productivity increased due in part to the decision to conclude M&A projects
- In light of business expansion, we will aggressively invest in human resources while maintaining high productivity through selective hiring

## Changes in consultant productivity (1) and number of consultants (2)



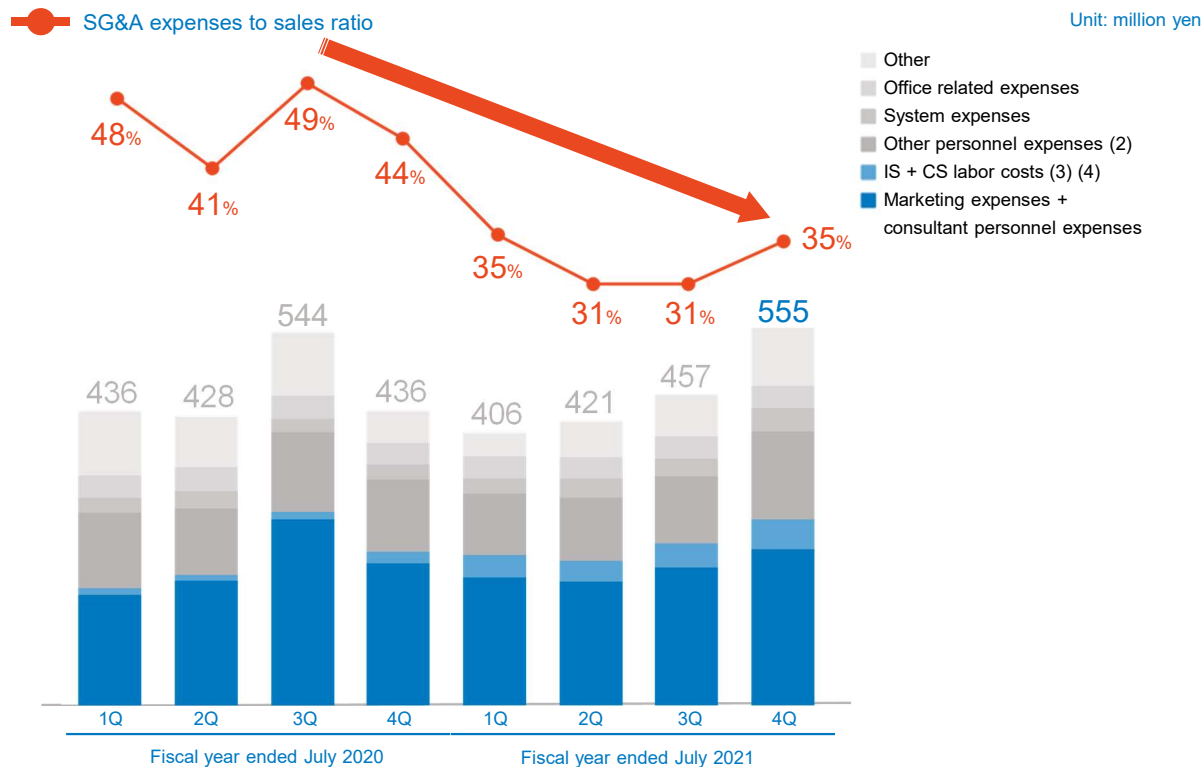
- Increase in consultant productivity by building an organization with a recurring business model
- Although we have been focusing on strengthening the existing organization, we will aggressively invest in further strengthening the organization in light of business expansion.
- While carefully selecting excellent human resources to support business growth, we expect to significantly increase the number of personnel.

Notes: (1) Consultant productivity: Average monthly gross profit per budgeted consultant, calculated by dividing the sum of the monthly gross profit for each month in the relevant fiscal year by the sum of the number of budgeted consultants for each month in the same period. Calculated on a management accounting basis. (2) Number of consultants: The average monthly number of consultants with a budget, calculated by dividing the sum of the number of consultants with a budget for each month in the relevant accounting period by 3. Excludes the number of personnel in consultant positions that have not been budgeted for.

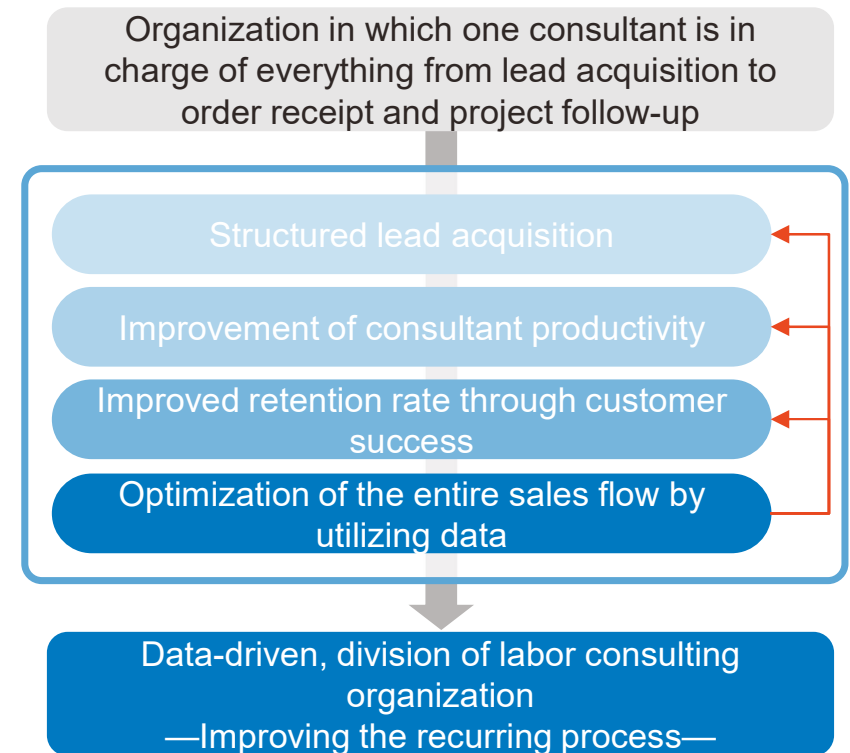
# Changes in key KPIs (quarterly) - 4

- In the 4Q FYE July 2021, the SG&A expenses to sales ratio rose slightly due to the impact of limited factors such as the recording of approximately 26 million yen in pro forma standard taxation
- However, excluding the impact of pro forma standard taxation, the ratio was almost the same as in the 3Q. Further productivity improvement is expected by strengthening the recurring model

Changes in SG&A expenses <sup>(1)</sup> and SG&A expenses to sales ratio



Background of decrease in SG&A expenses to sales ratio

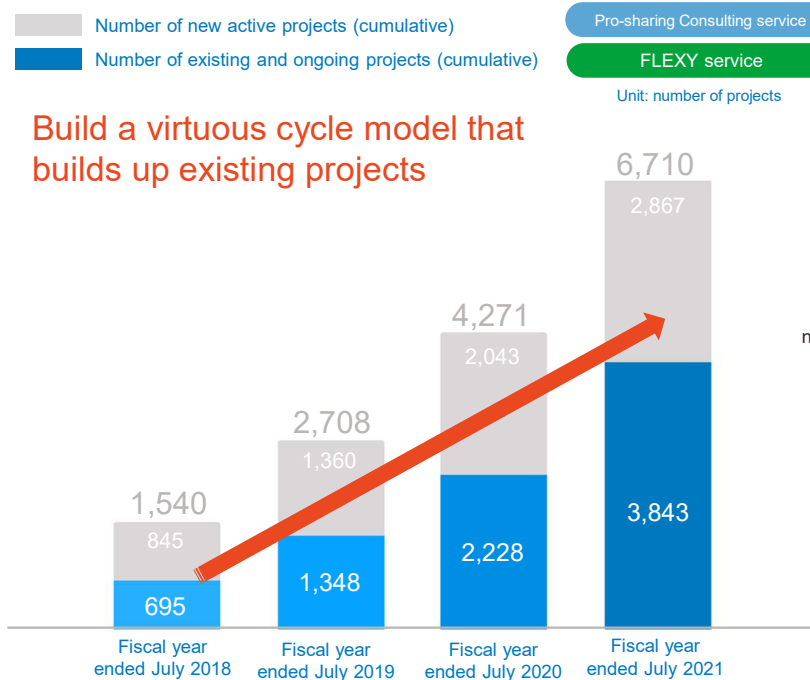


Notes: (1) SG&A expenses: Calculated on a management accounting basis. (2) Others: Expenses for utilizing external human resources, recruiting and training human resources, and other activities. (3) IS: Abbreviation for Inside Sales Team used within the company. (4) CS: Abbreviation for Customer Success Team used within the company.

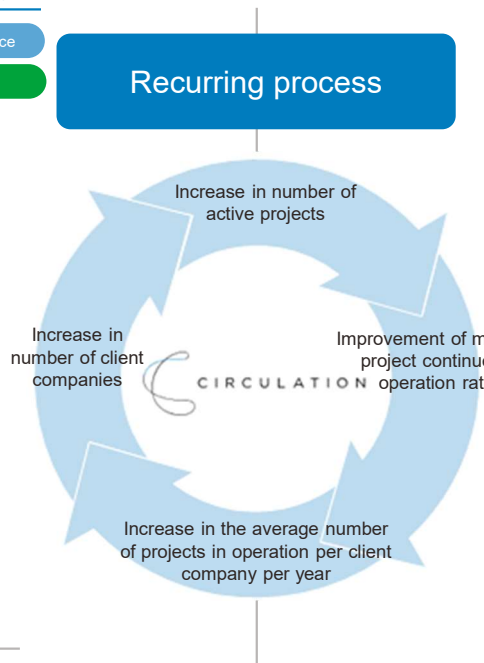
# Changes in key KPIs (fiscal year) - 5

- In addition to the acquisition of new projects every fiscal year, orders for stocked projects from the existing client base are expanding.
- Recurring business model that accumulates projects increases revenue

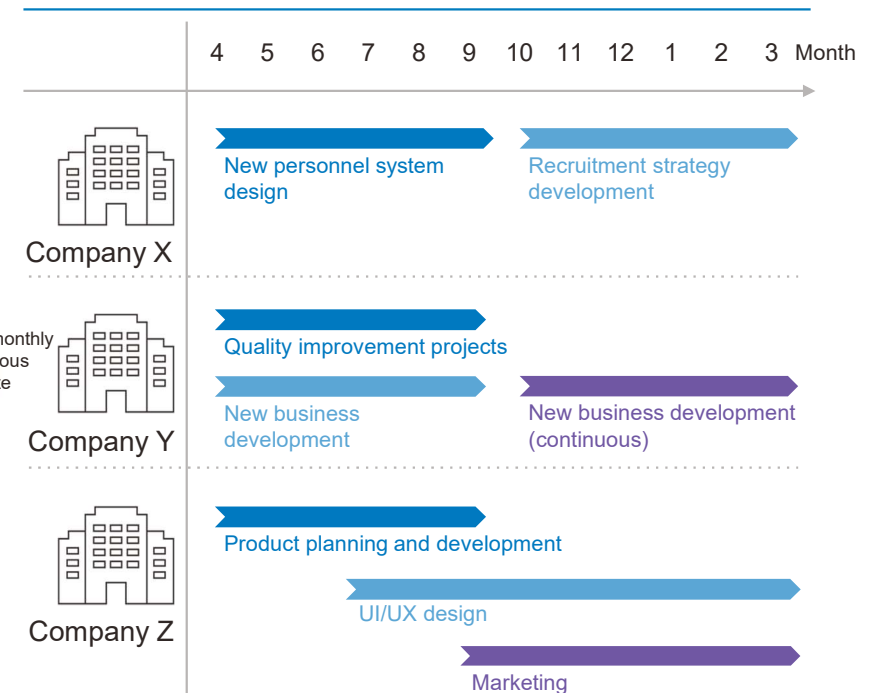
Changes in number of new active projects (cumulative) and number of existing and ongoing projects (cumulative) (2)



Build a virtuous cycle model that builds up existing projects



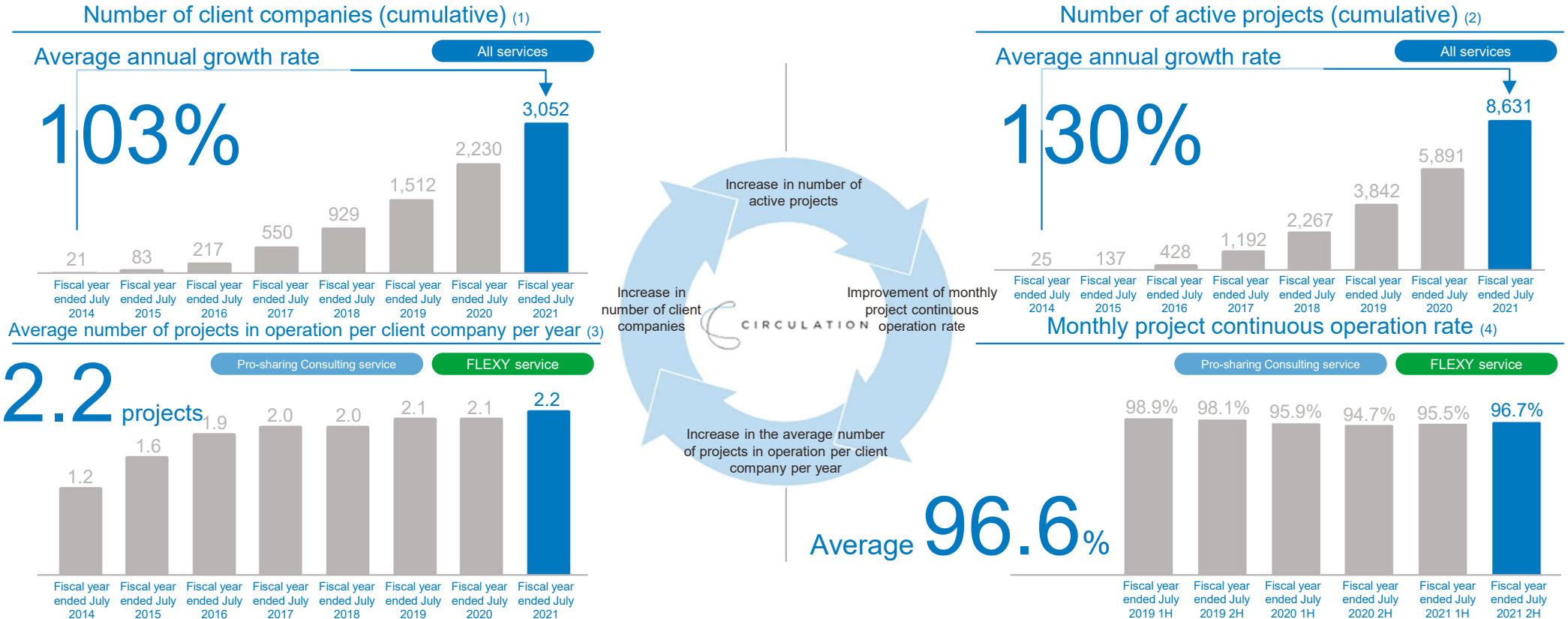
Multiple projects can be provided per company



Notes: (1) Recurring business model: The Company's business model is not a model for receiving a project and earning a one-time profit, but a model with a mechanism and approach for receiving multiple additional and ongoing projects from one existing client. (2) Number of new active projects (cumulative): Cumulative number of initial projects in or before the relevant fiscal year. Number of existing and ongoing projects (cumulative): Cumulative number of projects other than the first one in or before the relevant fiscal year. If more than one project goes into operation in the first year of operation, the number of new active projects will be counted as one, and the other projects will be counted as the number of existing and ongoing projects. The target services are the Pro-sharing Consulting service and FLEXY service. The number of projects that started operation by July 30, 2021 is counted (as of August 2021). Projects that were terminated their contracts before they became operational are excluded from the total.

# Changes in key KPIs (fiscal year, half year) - 6

- Steady growth in the recurring revenue model, which is based on the high level of trust from customers and continuous acquisition of projects



Notes: (1) Changes in number of client companies (cumulative): Number of all companies with a track record of transactions in or before the relevant fiscal year. Target services are all services. Companies that terminated their contracts prior to the start of operation are excluded from the calculation. (2) Changes in number of active projects (cumulative): All projects that have been in operation in or before the relevant fiscal year. Target services are all services. Projects that were terminated their contracts before they became operational are excluded from the total. (3) Average number of projects in operation per client company per year: Calculated by dividing the number of projects in operation per year in each fiscal year by the number of client companies in operation per year during the same period. In the case of projects spanning multiple fiscal years, each fiscal year is counted as one project. Only the fiscal year in which the project was actually in operation is counted. The target services are the Pro-sharing Consulting service and FLEXY service. Rounded to the first decimal place. (4) Monthly project continuous operation rate: Calculated by dividing the total number of projects canceled during the month by the total number of projects in operation during the month, and subtracting the result from 1. The target services are the Pro-sharing Consulting service and FLEXY service. Rounded to the first decimal place.

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# Business forecast

- Maintain a high growth rate of 30% or more in net sales
- At the same time, we will invest in strengthening our organizational structure to maintain high growth rate

## Business forecast (August 2021 to July 2022)

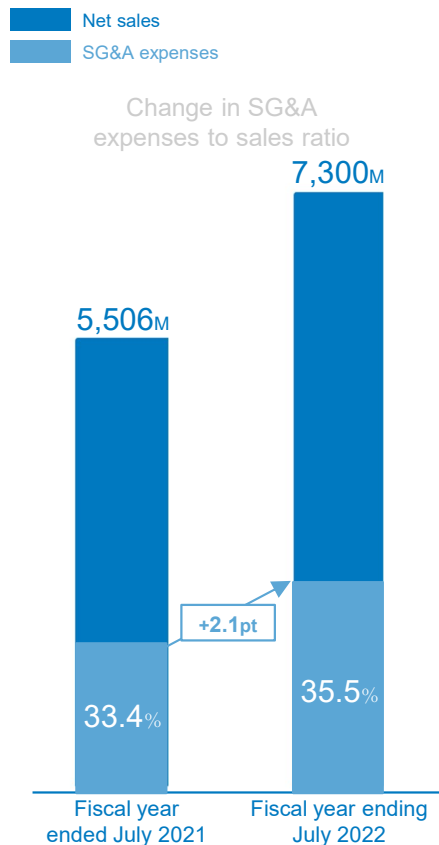
Unit: million yen

	Fiscal year ended July 31, 2021 Full year	Fiscal year ending July 31, 2022 Full year	YoY Percentage change
Net sales	5,506	<u>7,300</u>	+32.6%
Operating income	484	512	+5.8%
Operating income ratio	8.8%	7.0%	-
Ordinary income	454	508	11.9%
Net income	294	328	11.6%

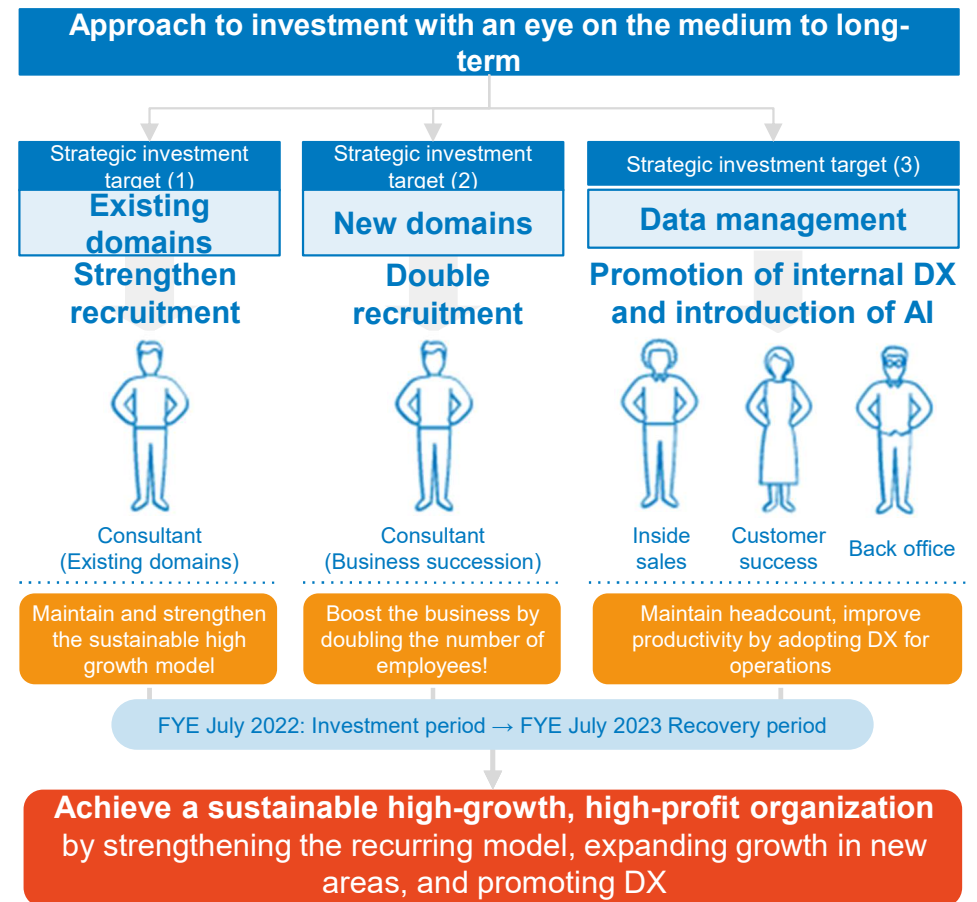
# Difference from the previous year

- In the fiscal year ending July 2022, we will accelerate investment in human resources with a view to further medium to long-term growth
- At the same time, we will promote internal DX by investing in systems to improve productivity

## ■ Comparison of SG&A expenses to sales ratio



- Investment in recruitment to strengthen the organization
- System investment for internal DX
- While the amount of investment for marketing expenses in FYE July 2022 will increase compared to FYE July 2021, the percentage of sales will remain almost unchanged





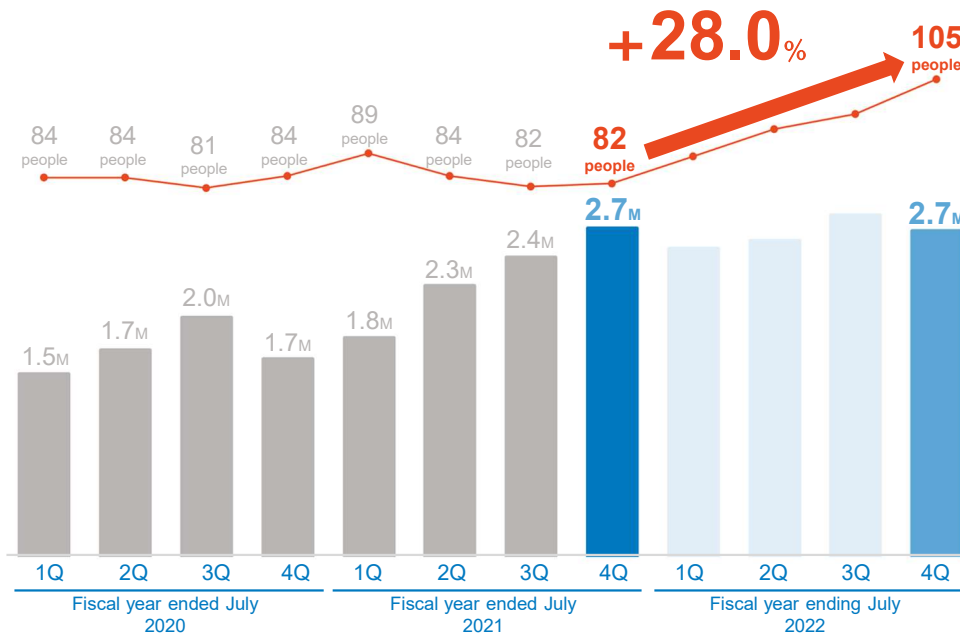
# Projected changes in number of consultants and productivity

- The number of consultants will increase by about 30% from FYE July 2021 to FYE July 2022, and recruitment will be accelerated
- On the other hand, productivity is expected to be maintained, with growth in high-productivity business succession services offsetting the impact of the onboarding of new hires.

## Projected changes in consultant productivity <sup>(1)</sup> and number of consultants <sup>(2)</sup>

■ Consultant productivity (million yen/person) \* Monthly average during the relevant accounting period  
● Number of consultants (person) \* Monthly average during the relevant accounting period

### Change in number of consultants Previous fiscal year → current fiscal year (YoY)



- **Onboarding** with data management and a recurring model **is our strength**
- In particular, we assume that it will take **approximately one to one and a half years** for new hires to reach the company-wide average productivity.
- Therefore, while maintaining a sales growth rate of 30% or more in the current fiscal year, **we expect to achieve a higher level of growth** in the FYE July 2023 to FYE July 2024 period through aggressive investment in human resources in the current fiscal year.
- Furthermore, we will accelerate the hiring of professionals in the new field of business succession services, and **the growth of the high-profit service model** is expected to make a greater contribution to the company's performance.

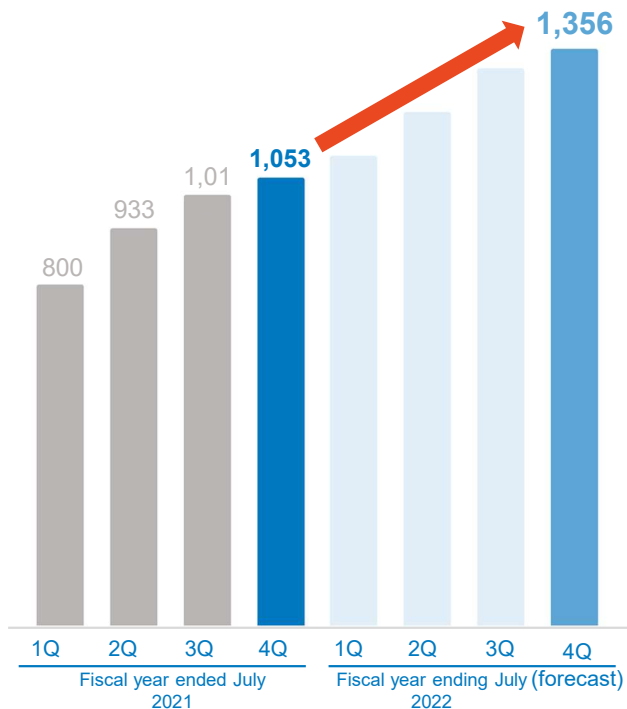
Notes: (1) Consultant productivity: Average monthly gross profit per budgeted consultant, calculated by dividing the sum of the monthly gross profit for each month in the relevant fiscal year by the sum of the number of budgeted consultants for each month in the same period. Calculated on a management accounting basis. (2) Number of consultants: The average monthly number of consultants with a budget, calculated by dividing the sum of the number of consultants with a budget for each month in the relevant accounting period by 3. Excludes the number of personnel in consultant positions that have not been budgeted for.

# Forecast of key KPIs

- The average number of projects in operation per month is expected to increase by approximately 300 to 1,356 (as of 4Q FYE July 2022).
- The average billing amount per active project is expected to remain almost the same, although it is expected to rise slightly.

Average number of projects in operation per month <sup>(1)</sup>

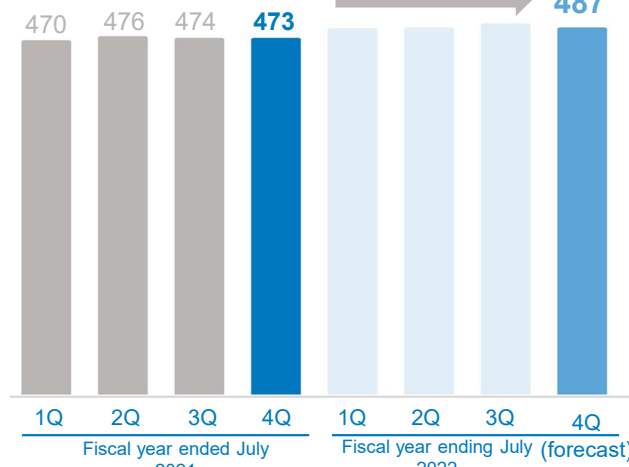
(Unit: number of projects)



Average billing amount per active project <sup>(2)</sup>

(Unit: thousand yen)

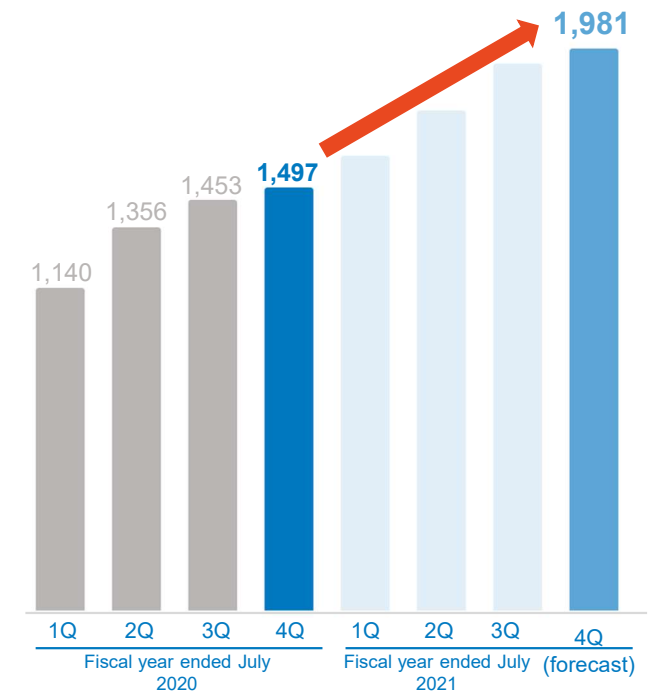
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Net sales <sup>(3)</sup>

(Unit: million yen)



Notes: (1) Calculated as the average number of active projects for each month in the relevant accounting period. The total includes Pro-sharing Consulting service, FLEXY service, and other services (excluding spot consulting projects). (2) Calculated as the average monthly billing unit price for each month in the relevant accounting period. The figures are for Pro-sharing Consulting service, FLEXY service, and Open Idea service. (3) Calculated by multiplying the average number of projects in operation per month and the average billing amount per active project during the relevant accounting period and by multiplying an additional three months (the number of months in the quarter). Calculated on a management accounting basis.

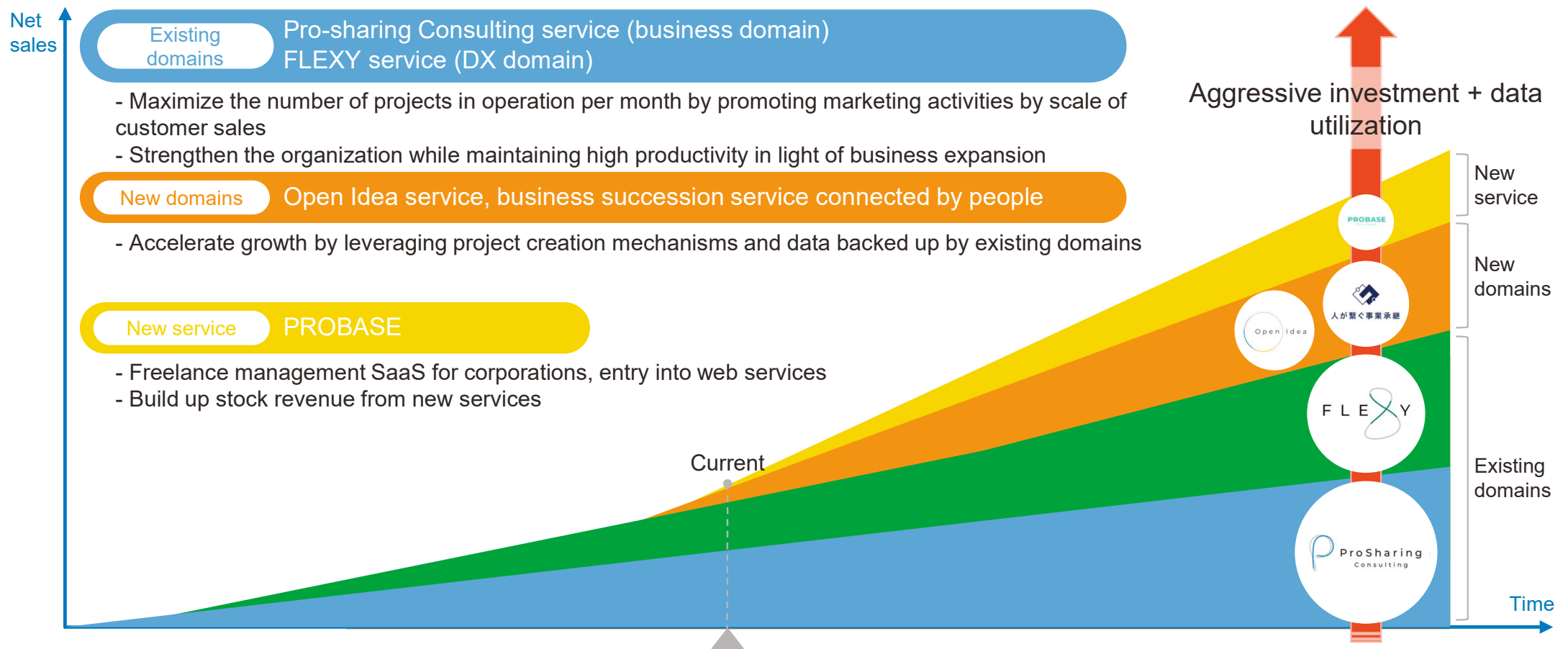
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# Medium-term growth strategy image

## Accelerate business expansion through aggressive investment and data utilization



Existing domains:

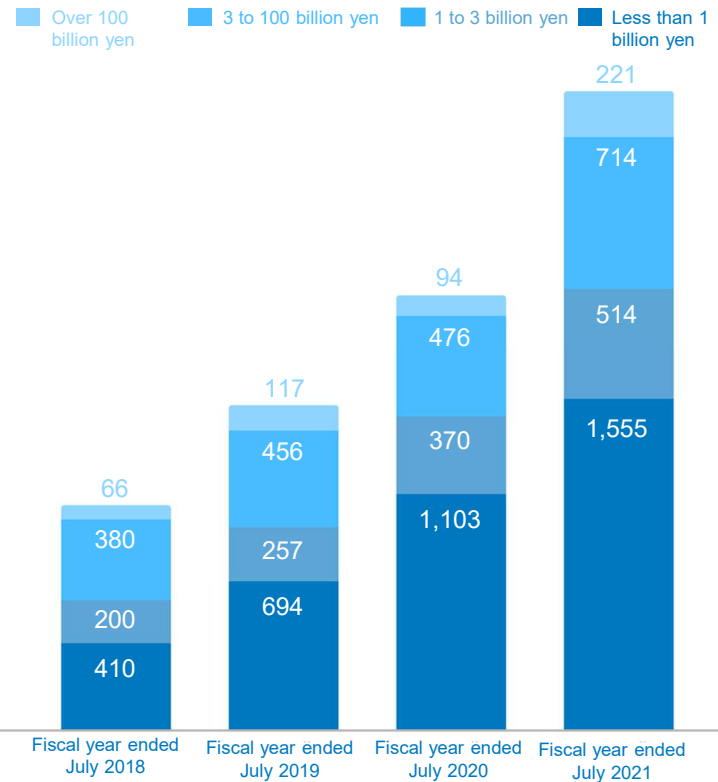
Efforts to maximize the number of projects in operation per month at a more accelerated pace



- Aggressive investment in advertising and public relations to acquire projects in the DX domain at medium-sized and large companies
- Aim to further expand the number of client companies among small, medium-sized and venture companies

Existing domains	Pro-sharing Consulting service (business domain) FLEXY service (DX domain)
New domains	Open Idea, business succession M&A services
New service	PROBASE

Number of projects in operation per year by client size (1)



	Aim	Initiatives
Medium-sized and large companies	Increase the number of companies with multiple projects in operation	<ul style="list-style-type: none"> <li>● Aggressive investment in advertising, especially webinars, to acquire projects in the DX domain</li> <li>● Accelerate cross-departmental development within customers</li> </ul>
SMEs and ventures	Increase the number of client companies	<ul style="list-style-type: none"> <li>● Develop new business with top regional banks and megabanks and strengthen relationships with existing alliance partners.</li> <li>● Increase distribution of digital content useful to bankers to promote introductions of projects from alliance partner financial institutions</li> </ul>

Notes: (1) Pro-sharing Consulting service and FLEXY service. When a project period (contract start date to contract end date, or mid-term termination date in the case of mid-term termination) has operations spanning multiple fiscal years, the data is counted for all fiscal years from the fiscal year in which the contract start date belongs to the fiscal year in which the contract end date (or mid-term termination date) belongs. The number of projects that were canceled for some reason after receiving an order but before the project started is not included. S rank: Sales of 100 billion yen or more/mainly handled by enterprise promotion; A rank: Sales of 3 billion yen to less than 100 billion yen/mainly handled by each SMB industry in the Tokyo metropolitan area; B rank: Sales of 1 billion yen to less than 3 billion yen/mainly handled by regional and branch offices; C rank: Sales of less than 1 billion yen/mainly handled by regional and branch offices

[Growth Driver] Lead acquisition - 1

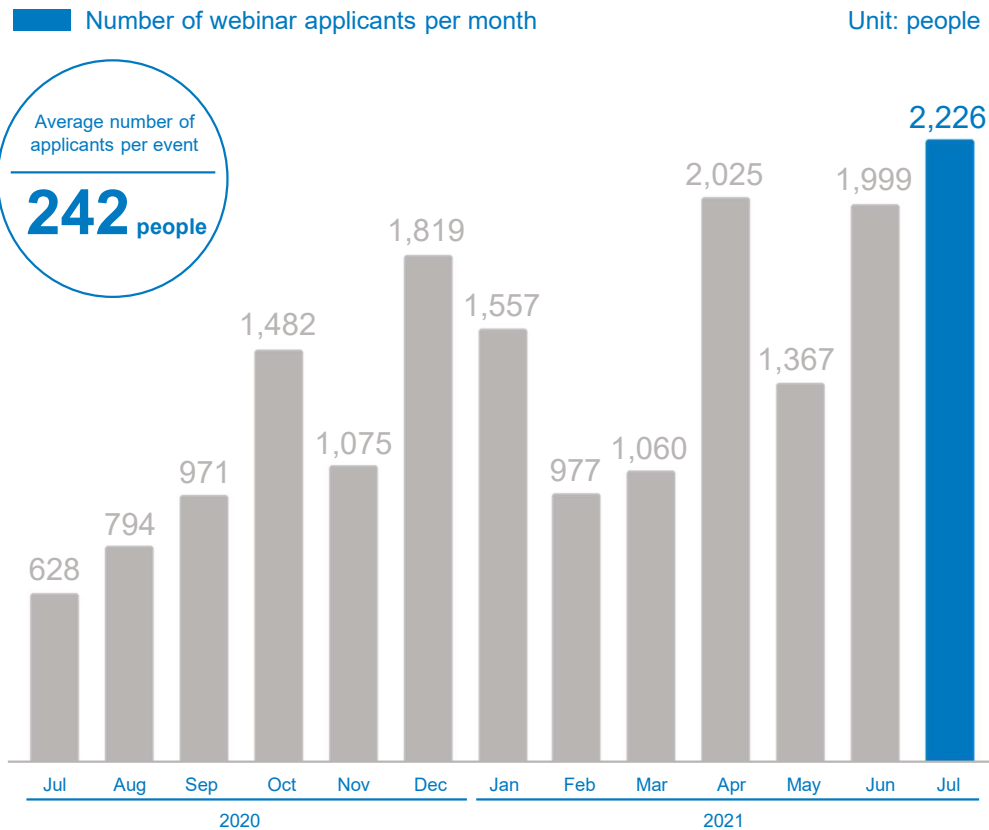
Strong webinar performance led to steady acquisition of business manager level leads from major companies



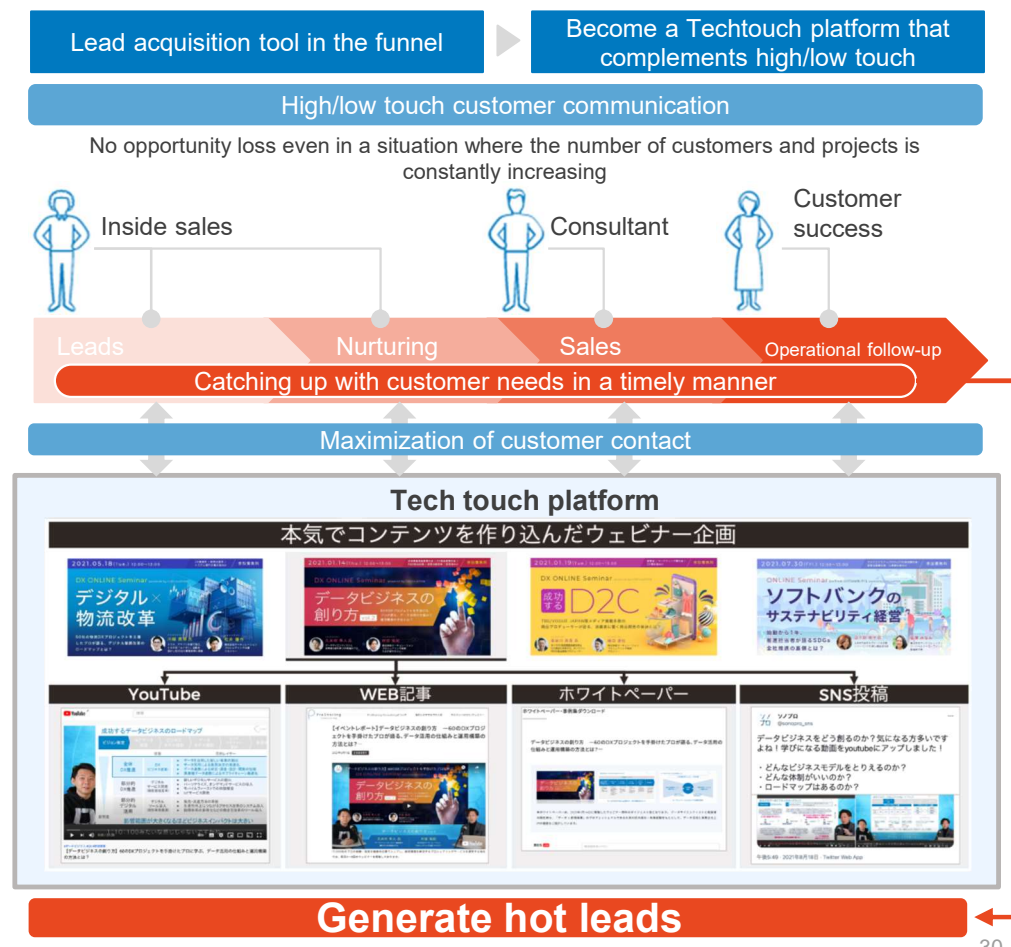
- Webinars have grown to become a channel for steady acquisition of leads on a regular basis
- In the current fiscal year, we have started to build a system to generate hot leads based on webinar content.



Change in the number of webinar applicants per month



Strengthen marketing by leveraging the strength of webinars

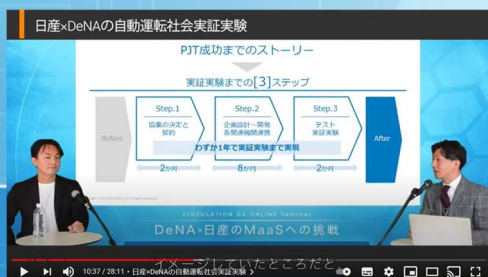


# [Growth Driver] Lead acquisition - 1

## Release video marketing initiative "SonoPro" (August 2021)



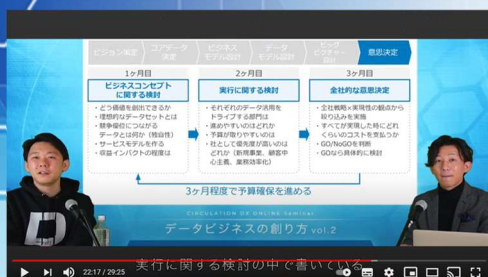
- Implement video marketing using the business Youtube channel
- Aim to acquire leads as key content for the Techtouch platform



- Full-fledged business solution channel that has never been seen before



- Edited an hour-long webinar into 20 minutes by focusing on actual case studies



- Aiming to become a lead acquisition channel for cutting-edge management themes, both new and existing.

その仕事の  
プロから学ぼう。  
ソノプロ

# [Growth Driver] Lead acquisition - 2

## Record high number of referrals from alliance financial institutions



- 865 cases introduced by alliance financial institutions in 4Q FYE July 2021
- The number of cases introduced by alliance financial institutions is expected to increase further in the future as measures to strengthen relationships with alliance partners progress



### Alliance banks are expanding nationwide

■ Prefectures where alliance banks are headquartered

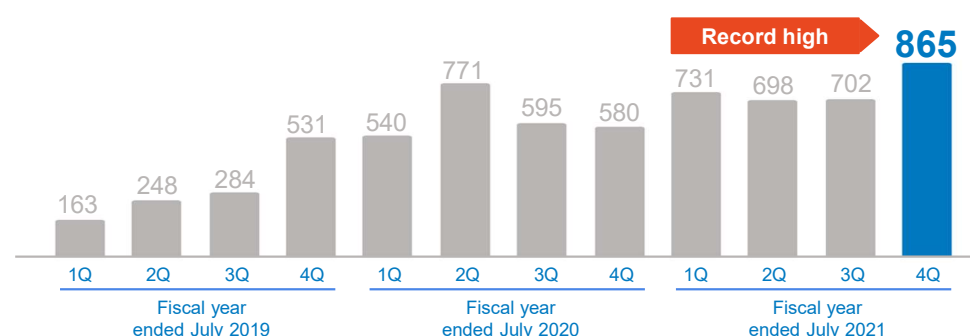
# 51 banks

/102 banks <sup>(1)</sup>

- ✓ Regional banks to provide human resource services due to shortage of human resources in rural areas
- ✓ Working in local area is possible with Pro-sharing

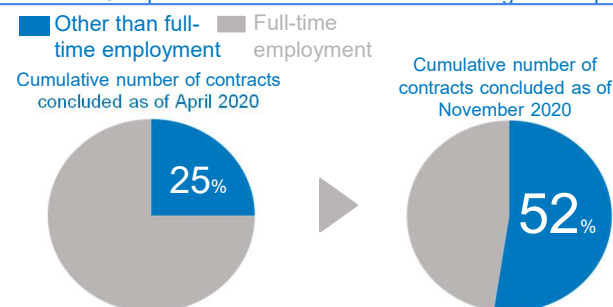


### Number of cases introduced by alliance financial institutions <sup>(2)</sup>



### Achievements in the Pioneering Human Resource Matching Project <sup>(3)</sup>

—Comparison of the number of contracts signed in April 2020 and November 2020 <sup>(4)</sup>—



The share of local human resources needs is reversing for professional human resources

Notes: (1) 33 first-tier regional banks and 12 second-tier regional banks have signed alliance contracts, excluding city banks and Shinkin Banks (as of July 31, 2021). The figures used for the total number of first- and second-tier regional banks are as of 2019. (2) Number of cases introduced by alliance financial institutions: The number of cases is the number of cases (negotiations) with client companies introduced by alliance financial institutions. The number of cases is not counted if there was no direct contact with the introduced client companies. Aggregated for the fiscal year in which the date of introduction from the alliance financial institution belongs. (3) Pioneering Human Resource Matching Project: The Pioneering Human Resource Matching Project is a part of the Regional Human Resources Support Strategy Package included in the 2nd Comprehensive Strategy for Town, People, and Job Creation (approved by the Cabinet on December 20, 2019). Under this project, regional financial institutions and other organizations that are involved with local companies on a daily basis and are responsible for identifying their management issues will survey and analyze the human resource needs of local companies and match high-level management personnel, etc. in cooperation with employment agencies, etc., and the Japanese government provides support for these efforts (Pioneering Human Resource Matching Project website: <https://pioneering-hr.jp/>). Prepared by the Cabinet Office based on a report by the executive management organization (PwC Consulting). (4) The number of contracts is the number of high-level human resources eligible for subsidies. Note that the number of contracts is current and may change due to final inspections.



[New Domain] Business succession service

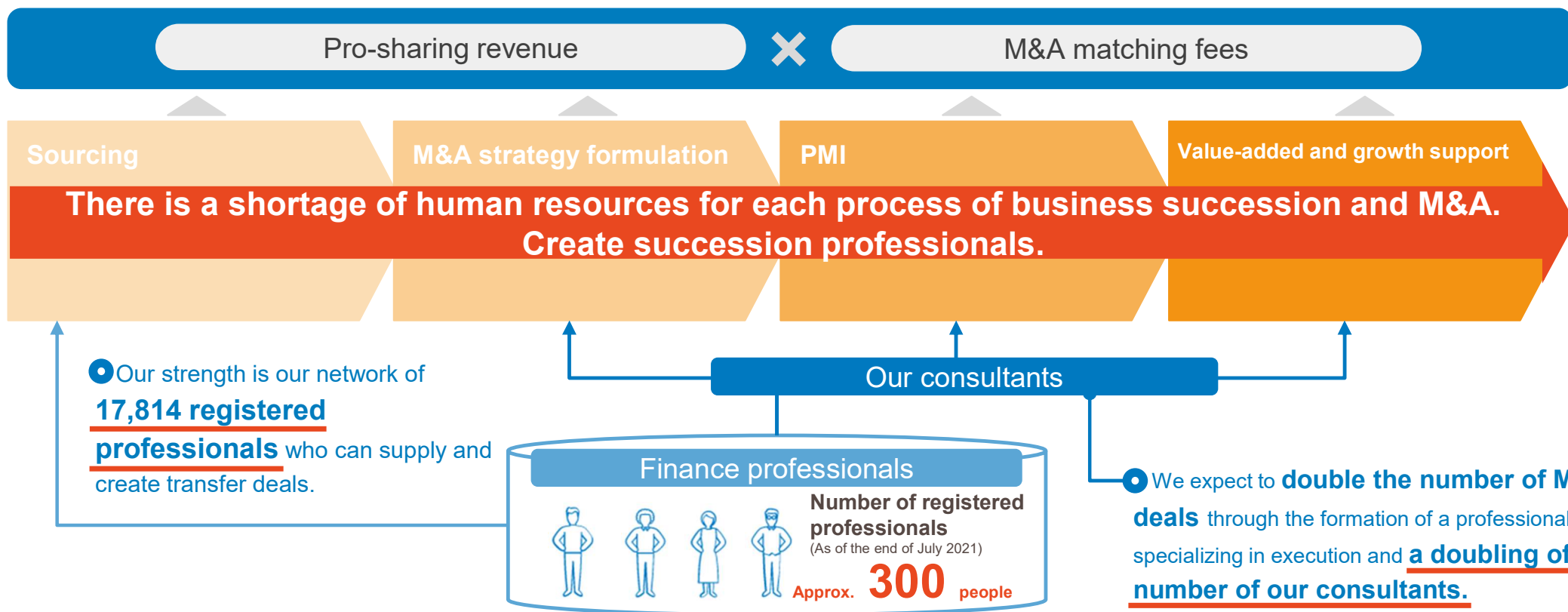
Generated several M&A deals (FYE July 2021 results), moving from business start-up to expansion and growth phase



- In the fiscal year ending July 2022, we will actively invest in organizational expansion, including the formation of a professional team specializing in execution
- Expect to double the number of M&A deals by strengthening the organizational structure

Existing domains	Pro-sharing Consulting service (business domain) FLEXY service (DX domain)
New domains	Open Idea, business succession M&A services
New service	PROBASE

Overview of business succession and M&A services



# [New Service] Probase

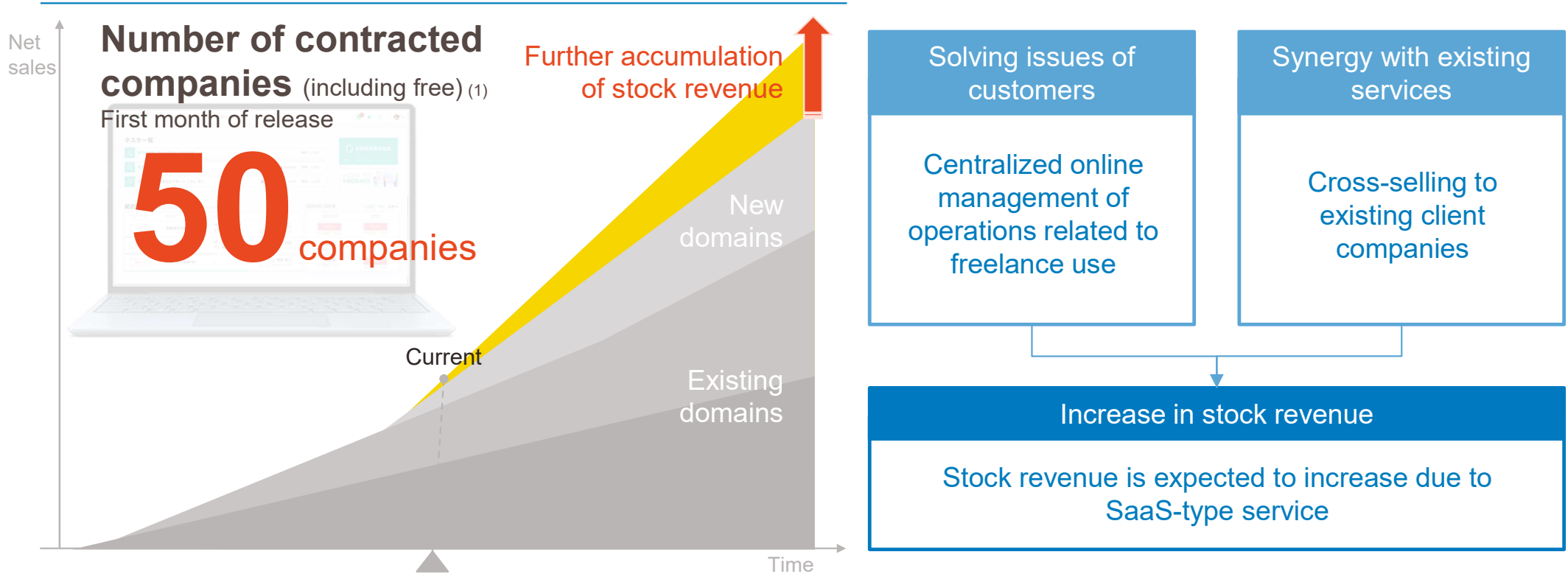
First month of release (August 2021), 50 companies signed contracts, a steady start



- Maximize the number of contracted companies through synergy with existing services in the current fiscal year
- Number of contracted companies is expected to reach **1,000 companies**

Existing domains	Pro-sharing Consulting service (business domain) FLEXY service (DX domain)
New domains	Open Idea, business succession M&A services
New service	PROBASE

## Image of the positive impact of Probase



Notes: (1) There is a switch to a paid contract from a free contract when the service is first introduced

# Agenda

- ❑ Company overview
- ❑ Financial highlights for the fiscal year ended July 31, 2021
- ❑ Business forecast for the fiscal year ending July 31, 2022
- ❑ Topics related to the medium-term growth strategy
- ❑ **Appendix**



# Release of Sustainability Page



SUSTAINABILITY STRATEGY  
サステナビリティ ストラテジー

5 MATERIALITY  
5つのマテリアリティ

PROMOTION SYSTEM  
推進体制

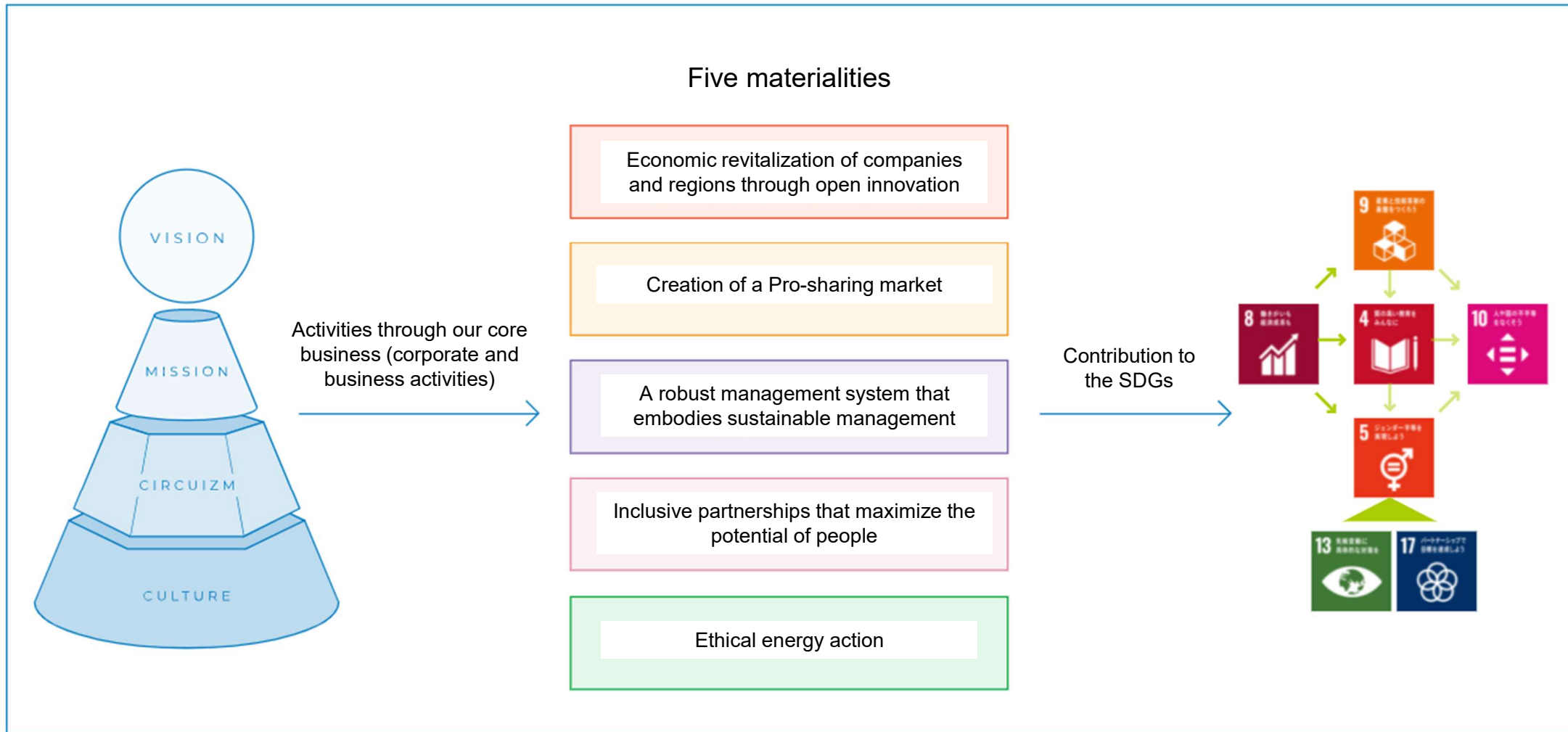
INITIATIVE  
取り組み



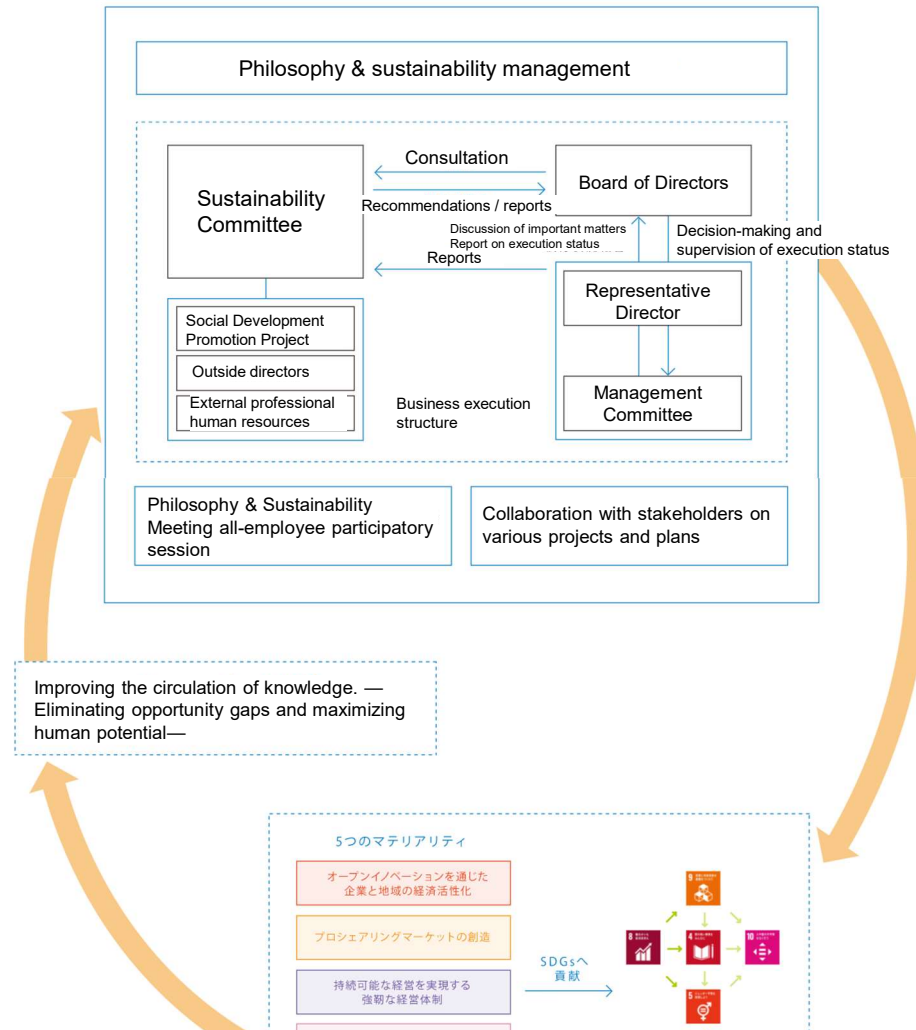
知のめぐりをよくなる。

機会格差をなくし、  
人の可能性を最大化する。

# Circulation's priority issues (materiality)



# Implementation system





## Promoting open innovation

We are moving away from the traditional full-time employee way of working to a way of working where individuals and companies are connected through trust and projects.

Individuals will be able to make use of their own experience and knowledge and have new options that are not limited by time, place, or organizational framework. Companies will accelerate innovation by proactively bringing in know-how from outside that is not available within the company. We will create a society in which individuals and companies can expand their options and connect and activate as each changes.



### Promoting corporate transformation through the use of professional human resources

We are promoting support for corporate transformation and growth through the use of Pro-sharing in areas throughout Japan.

- Number of business locations nationwide: 7
- Number of companies using Pro-sharing: 2,870 (as of the end of April 2021)
- Cumulative number of projects: 8,005 (as of the end of April 2021)

### Promotion of economic activities of local SMEs and local communities

In cooperation with regional banks, city banks, and Shinkin Banks across Japan, we are contributing to the revitalization of local bank solutions and support for the growth of regional companies.

- Number of partnerships with regional banks, city banks, and Shinkin Banks: 57 (as of March 16, 2021)
- Number of companies introduced by regional banks: More than 200 companies/month

### Project management achieving customer success

We promote a system for building, managing, operating, and following up on projects to achieve customer success.

- Professional human resources assessment both online and offline
- Project management through monthly business reports
- Project cancellation rate and customer satisfaction management through project meeting follow-up



## Encountering knowledge and nurturing knowledge

We will create a system in which knowledge does not stay in one place but circulates. By improving the circulation of knowledge, we will make people who do not know things into people who know things. By spreading knowledge to every corner of the world, encountering knowledge, and nurturing knowledge, each person and each company will create as many opportunities and as many possibilities as possible.



### Provision of Pro-sharing methods

We provide know-how to promote open innovation in companies and to realize new ways of working for individuals.

- Release of Pro-sharing white paper
- Communication of information for freelance and sideline professionals through nomad journal
- Communication of information on open innovation DX promotion through DX ONLINE Webinar

### Creation of opportunities to acquire knowledge and skills for professional personnel

We promote the sharing of know-how through recurrent programs and meetups for professional personnel.

- Holding CTO meetups
- Holding Creators meetups
- Managing FLEXY's dedicated owned media
- Providing SDGs recurrent programs for professional human resources

### Creation of opportunities to acquire knowledge and skills for employees

We promote opportunities for employees to acquire skills through skill development programs and knowledge exploration projects.

- MBA training for employees
- Study sessions on various fields by professional human resources
- Providing opportunities to understand trends in sustainability and SDGs and to foster awareness of the issues through sustainability meetings





## Making the most of diversity

Because of the unpredictability of our society, we should not be bound by preconceived notions, but rather be unafraid of differences from the norm and new innovations.

It is only by combining the differences in experiences, knowledge, work styles, ideas, orientation, cultural backgrounds, and attributes of each individual that we can create something that has never existed before.

Our goal is to create a society where we can create new value together by making the most of the individuality of each person.



### Creating opportunities that create job satisfaction

We aim to create opportunities and an environment where each and every worker can utilize their abilities and choose to work in their own way.

- Number of registered professional human resources: 17,116 (as of the end of April 2021)
- Provision of services to corporations and individuals as a certified matching service provider
- Side job/concurrent job/job rotation system
- Sharing of appreciation through the peer bonus Circupay
- Sharing of good work through the Crying Work Award voted on by the entire company

### Pursuit of individual wellbeing

We aim to create opportunities and an environment where each person who encounters Circulation can be happier through working together.

- Provision of benefit plans for freelancers
- MBO (management by objectives) system focused on supporting individual growth
- Career counseling system
- Health management care, 120 days off per year
- Support for work styles during pregnancy and childcare leave

### Trusted partnerships connected by vision

We aim to create opportunities and an environment where each person who encounters Circulation can be happier through working together.

- Confirmation of "Why Will Give" through philosophy meetings
- Sharing philosophy and culture through the IZM Project

# Investment of funds at the time of listing (plan)



(Unit: million yen)

Item	Planned amount	Description	Planned timing of use		
			Fiscal year ended July 31, 2021	Fiscal year ending July 31, 2022	After Fiscal year ending July 31, 2023
Recruitment and personnel expenses	700	In light of future business expansion, the Company plans to use the funds mainly for expenses related to the hiring of consultants for the Pro-sharing Division and staff for the Corporate Division (personnel hiring and personnel expenses).	—	400	300
Marketing expenses	250	We plan to allocate these expenses for more efficient marketing to corporate clients, mainly through webinars, and for the payment of referral fees to financial institutions with which we have concluded alliance agreements for the introduction of corporate clients.	—	150	100
Investment in software development	150	We plan to use the funds for the development of the freelance management system that we are currently developing.	—	100	50
Loan repayment	584	The funds will be used to partially repay loans.	—	584	—
<b>Total (*)</b>	<b>1,684</b>		<b>—</b>	<b>1,234</b>	<b>450</b>

(\*) Estimated net proceeds after subtracting the estimated amount of issuance costs from the total amount to be paid in

# Major risks recognized by management



The following is a list of major risks that the Company believes may pose a risk to its operations. There is no change from the "Matters Related to Business Plans and Growth Potential" disclosed on July 27, 2021 (Japanese only). The following is an excerpt of the major risks that may affect the realization of growth and the execution of the business plan, which are described in the "Business and other risks" section of the Annual Securities Report. For other risks, please refer to "Business and other risks" in the Annual Securities Report. The forward-looking statements in this document are based on the Company's current assumptions and beliefs in light of the information currently available, and are not intended to be a comprehensive list of all risks that may arise in the future. In addition, external factors beyond our control and matters that do not necessarily correspond to risk factors are also stated.

Item	Major risks	Possibility	Timing	Impact	Measures to deal with this risk
Dependence on the Pro-sharing business	The Company's operating revenue is derived solely from the Pro-sharing business. We believe that we will continue to expand the scale of our earnings by increasing the number of corporate clients and registered professional human resources through aggressive sales measures and advertising, expanding the services we provide, and raising awareness through the expansion of our business scale. However, if the Pro-sharing business does not develop as we expect due to the introduction or revision of new legal regulations or other unforeseen factors, our business performance and financial position may be affected.	Medium	Medium term	Medium	We will respond by promoting the development of businesses other than the Pro-sharing business and by diversifying. In particular, we will work to improve services and strengthen sales of Probase, a SaaS-type service that we will be developing.
Competition	Our Pro-sharing business faces competition from companies that propose external human resources to corporate clients through outsourcing contracts, as well as domestic companies that provide matching platforms on the Internet. The Company provides a service with 17,116 registered users (total number of registered users) with flexibility in terms of management issues, industry, region, contract type, etc. We have a frequently updated database of advisors who have accumulated experience and knowledge in a wide range of industries and businesses, and provide various services based on this database. However, in the event that the Company's competitiveness declines in the future due to the provision of new added value by competitors or other factors, the Company's business performance and financial position may be affected due to price competition or a decrease in the number of projects.	Medium	Medium term	Medium	We will work to strengthen our system to acquire more data, which is the source of our strength, in a more efficient manner. In particular, project evaluation data from corporate clients and evaluation data of professional human resources in project support are valuable information that other companies cannot imitate. We will strive to differentiate ourselves from our competitors by strengthening our system to attract professional human resources efficiently based on this information and to build hypotheses on management issues inferred from data on management issues of analogous companies when developing new clients.
Personal information	We hold a large amount of personal information in the course of our business operations. In light of this, we manage personal information in accordance with our privacy policy and other internal regulations created in accordance with the provisions of the Act on the Protection of Personal Information (enacted in April 2005), educate our employees on the handling of personal information, and strive to handle personal information in an appropriate manner. We are also working to strengthen our information security measures by acquiring Privacy Mark certification. However, in the event that personal information is leaked outside the Company for any reason, it may cause a loss of trust in the Company, as well as the filing of a lawsuit for damages, which may affect the business performance and financial position of the Company.	Medium	Medium term	Large	We will continue to manage personal information in accordance with our current privacy policy and other internal regulations, and educate our employees on the handling of personal information to ensure the appropriate handling of personal information.
Securing and training of human resources	We recognize that securing and training excellent human resources is an important issue for the future expansion of our business, and it is our policy to actively recruit and train human resources. However, in the event that we are unable to secure and train the human resources we require at the appropriate time, or in the event that it becomes difficult for existing human resources to perform their duties for some reason, such as an outflow from the company, our business performance and financial position may be affected.	High	Long-term	Large	We will continue to diversify our recruitment methods while keeping abreast of changes in the recruitment market to expand our contact with candidates, and at the same time, diversify and equalize our training opportunities.
Economic impact due to the spread of the coronavirus	In anticipation of the spread of the coronavirus, the Company has taken measures to minimize the risk of a significant impact on the continuation of our business, such as the introduction of remote work, staggered work hours, and financial measures to ensure liquidity on hand. However, if the domestic and global epidemic does not end, restrictions are imposed on people's activities for a long period of time, and the economic situation worsens, our business activities may be disrupted and our business performance may be affected.	Low	Short-term	Small	We have already introduced remote work and staggered work hours, and we believe that the impact of the emergency declaration on our business operations will not be significant, but we will continue to monitor the situation closely to ensure that the productivity of activities by our employees does not decrease. In addition, we believe that we will be able to proceed with our operational projects without major business damage by switching to remote work, and we will continue to work to achieve a balance between the prevention of infectious diseases and economic activities.

# Handling of this document



- This document contains forward-looking statements. These statements are based only on information available at the time the statements were made. Furthermore, such statements are not guarantees of future results and involve risks and uncertainties. Actual results may differ materially from those in the forward-looking statements due to changes in the environment and other factors.
- These forward-looking statements are subject to a number of risks and uncertainties. Known or unknown risks, uncertainties and other factors may cause our actual results to differ materially from those contained in any forward-looking statements.
- The information contained in this document regarding other than the Company is quoted from publicly available information, etc., and the Company has not verified or guaranteed the accuracy or appropriateness of such information in any way.

This document contains updates to the "Business Plans and Growth Potential Presentation" disclosed on July 27, 2021.

The next update of the "Business Plans and Growth Potential Presentation" is scheduled for September 2022.