Results of Operations for the First Half of the Fiscal Year Ended August 31, 2022

April 2022

株式会社 セラク
SERAKU Corporation,Ltd.

I. Company Overview

Company Overview

Management Policy

Create and foster businesses through IT education/training services and contribute to the advancement of society.

Company name:	SERAKU Co., Ltd.
Established:	December 1987
Representative:	Tatsumi Miyazaki, Representative Director
Capital:	305,266,300 yen (as of March 31, 2022)
Employees:	3,091 on a consolidated basis (as of February 28, 2022)
Location:	Nishishinjuku Prime Square Bldg. 7-5-25 Nishishinjuku, Shinjuku-ku, Tokyo
Group companies:	P’s Engineering (wholly owned subsidiary) SERAKU ECA (wholly owned subsidiary)
Listed exchange:	Tokyo Stock Exchange, Prime Market (stock code 6199)

Our Business Model

Based on an "education-oriented IT human resources creation model" that focuses on new technologies, we have a continuously expanding profit structure and invest in growth fields to achieve strong growth.

IT System Construction and Operation

System integration (SI) domain

- Construction/operation of IT systems (long term projects)
- Industry specific IT support (for substantial IT needs)

Digital transformation (DX) domain

- Cloud domain, customer success domain (DX domain where companies' needs emerge and expand)

Unified three-way growth (recruiting, training, operations) in step with changes in technological trends and the nature of companies' requirements

Sharing of personnel and technology resources

Network Services

Agricultural IT domain

Midori Cloud みどりクラウド

Digital healthcare domain

Vital Program

A beta version was released in August 2021.

Focusing investments on social issues with the best prospects for growth

Use our own education programs to create experts in new technology domains where markets are growing and there is a shortage of people

Education-based IT professional creation

- Internal recruiting and training allow quickly creating large numbers of IT engineers
- Invest aggressively in human resources when the market is strong, leading to medium to long- term sales growth
- Limit recruiting when market conditions are unfavorable in order to place priority on earnings

Recruiting skill × **Training skill** × **Sales skill**

Track record of human resource training for 4,000 engineers and practical know-how obtained from the latest projects.

SERAKU's Competitive Strengths

Recruiting skill

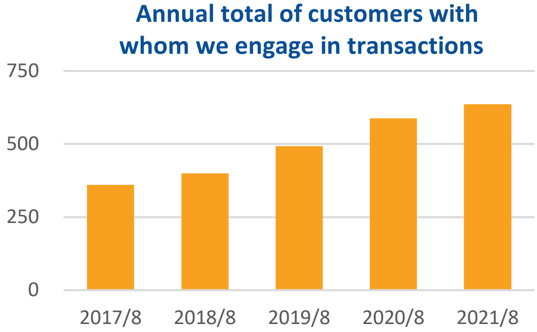
- Recruiting activities that promote the shift of human resources to the IT sector, a growth industry (hiring people with work experience but no IT experience who have growth potential)
- Recruiting not only new graduates, but also human resources for full-time positions throughout the year on a nationwide scale
- Training programs and a lineup of appealing services to allow SERAKU to offer attractive career opportunities; up to 3,000 applications received each month

Training skill

- The initial training program structured to place newly hired people in actual projects after only two to three months
- Practical training that uses the same equipment and environments as those for actual projects
- The SERAKU Jonetsu University as a platform for sharing knowledge and upgrading skills

Sales skill

- More than 100 new corporate customers added each year
- A stable transaction base with major system integrators
- Corporate customers with IT operation issues, in a wide range of industries and businesses



Business Segments and Service Domain

Aim to provide high value added and achieve significant growth in the DX business area by building on our strengths in SI, a business area that will grow stably over a long term.

Digital Transformation (DX)

Facilitate social reform and fast growth with a focus on areas with strong growth potential.

Cloud & Solutions Business

- Infrastructure solutions
- IoT cloud support center
- Cybersecurity

Customer Success Solutions Business

- Introduction and support services for operation of Salesforce.com
- Design of marketing activities
- Data science

Midori Cloud (DX)

Support the primary industry by leveraging the power of IT.

Midori Cloud
みどりクラウド

Midori Cloud Business

- Agricultural IoT service (Midori Cloud)
- Livestock IoT service (Farm Cloud)
- Solutions for the agriculture and fisheries sector

System Integration (SI)

Aim to expand the size of business through the stable operation and maintenance of IT systems over the long term and the provision of support to industries that have strong needs for IT.

Construction, operation and maintenance of IT systems

- Operation of IT infrastructures
- Operation of IT systems

Industry-specific IT support

- Financial/social systems
- Information communication systems
- Enterprise systems
- Service management
- Quality assurance

Mechanical Design and Engineering

P’s Engineering

P's ピーズ エンジニアリング

DX: Cloud & Solutions Business

- Total support for cloud computing in the corporate ICT environment (infrastructure, the Internet of Things) from designing and building to operation, monitoring and security.
- Shifting the focus to DX and cultivating engineers, while strengthening alliances to achieve growth in response to rapidly expanding market demand amid the COVID-19 pandemic

IoT cloud support center

24-hour Cloud infrastructure and IoT services every day

24-hour/365 day operation

Facilities with outstanding security and resilience to disasters

Managed service provider (MSP) for IoT systems

Business alliances

Automation of system operations and use of AI

SOC
Security operations center

Cybersecurity

Vulnerability diagnosis service, support from installation to operation of security products

Diagnosis service to identify vulnerabilities

SOC operation support
Assistance for assembling a framework (SOC engineer on site)

Installation of security products
Endpoint/UTM/CASB/VDI/others

Soliton
Microsoft
SKYSEA Client View
TANIUM
FORTINET
CISCO
TREND MICRO
paloalto NETWORKS

*Planning on adding more security products (alliances)

Cloud infrastructure solutions

A broad spectrum of support for creating a cloud corporate ICT environment

Design and construction services

Server
Linux／Windows／UNIX

Network infrastructures

Virtualization/Hyperconverged infrastructure (HCI)

Cloud
Microsoft Azure
Google Cloud Platform
aws

Kitting

We started to use the Cloud & AI Engineer Development Program of Microsoft Japan in September 2020.

We will aim to increase the number of engineers with Microsoft certificates to 250 in the fiscal years ending August 31, 2022.

DX: Customer Success Solutions Business

Specializing in the Salesforce platform, which has a high market share in the SFA/CRM domain and strengthening the shift from engineers in the SI domain to those in the DX domain

Salesforce.com utilization support services

Already assisting more than 300 companies due to rapid market growth
Providing utilization support both on site and remotely

- **Utilization assessment program**
- **Utilization support service**
- **Salesforce manager support service**

Design of marketing activities

- Salesforce Pardot/Marketing Cloud operation
- Digital marketing support using a company's customer data

Data science

- Tableau operation using data science engineers
- Data science and business intelligence support centered on customer data

Capital participation in Resona Digital Hub, a solution provider answering the diverse DX needs of small and medium enterprises

- SERAKU invested in Resona Digital Hub Co., Ltd. (RDH), established on April 1, 2022, to commence the operations of the joint venture.
- RDH will construct a platform to open the way for one-stop proposals of diverse IT solutions to the Resona Group's small and medium corporate customers to help them increase productivity and competitiveness.
- SERAKU staff will provide Salesforce.com utilization support through RDH's unique customer success plan. SERAKU will support DX solutions and internal production using the cloud services of Salesforce, Microsoft and others. It has worked to develop these solutions.

Strengthening collaboration with NTT Data and others, DX acceleration support through utilization support services

- In April 2021, SERAKU jointly launched a business reform support service with NTT Data Corporation.
- In July 2021, SERAKU strengthened Pardot utilization support service in collaboration with Netyear Group Cooperation.
- In July 2021, SERAKU extended utilization support services in collaboration with WingArc1st Inc.
- In December 2021, SERAKU increased Tableau utilization support service in collaboration with Intage Technosphere Inc.

DX: Customer Success Solutions Business

Updating the curriculum in consideration of market trends

As a market trend, increasing numbers of companies combine MA tools and BI tools and use Salesforce Platform.
In proportion to that trend, needs have increased for cross-cloud human resources, who are versed in multiple products.

Existing training

Strong in SFA and CRM, the core area of Salesforce

salesforce

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Adding new content

Creating cross-cloud staff
Cultivating human resources that will enable advanced utilization support

salesforce pardot

+ableau

＝

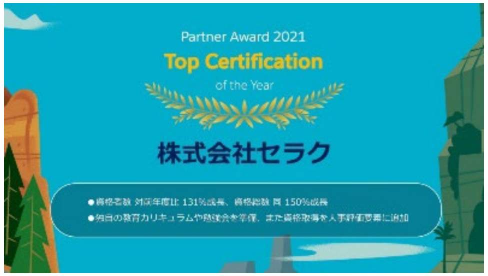
New added value

The creation of cross-cloud staff at an early stage will be able to offer customers engineers at a higher unit price.

Engineers' skills have improved due to the assignment of full-time trainers, support for acquisition of qualifications, and knowledge sharing.

Badge	Certification	Number
CERTIFIED Sales Cloud Consultant	Sales Cloud Consultants	110
CERTIFIED Experience Cloud Consultant	Experience Cloud Consultants	46
CERTIFIED Service Cloud Consultant	Service Cloud Consultants	50
CERTIFIED Administrator	Administrators	202
CERTIFIED Pardot Consultant	Pardot Consultants	31
CERTIFIED Tableau CRM and Einstein Discovery Consultant	Tableau CRM and Einstein Discovery Consultants	7
CERTIFIED Advanced Administrator	Advanced Administrators	35
CERTIFIED Pardot Specialist	Pardot Specialists	89

Made the greatest contribution to expanding Salesforce's resources in terms of the number of higher level qualifications acquired and the growth rate of qualifications acquired.
Won a Partner Award, "Top Certification of the Year."



Partner Award 2021
Top Certification
of the Year
株式会社セラク

DX: Digital Healthcare Business

- Released a beta version of a corporate healthcare cloud service in August 2021.
- The beta version can be used for promoting health-oriented management, promoting employees' health, and increasing productivity in the organization.

AI measures and quantifies health performance based on a simple questionnaire that will be answered weekly, in a minute or two.

Vital Program

Released a beta version of Vital Program, a cloud-based digital healthcare service, in August 2021.

Conducting user tests primarily at IT companies, seeking to release a commercial version in 2022

Making health condition visible

The program identifies employees' health issues that have not been visible and assigns scores to mental risks directly linked to the productivity of teams and individuals.

Risk alert

If there is any issue to address, AI will sound a risk alert as appropriate.

Proposing improvement measures

Assisted by AI, the program proposes realistic and reasonable improvement measures to teams and individuals.

Healthcare × **Economics** × **Data science**

Based on previous studies selected by WHO and other organizations, SERAKU has created an original analysis method.

We have identified factors that affect physical and mental conditions, employing statistical techniques (factors analysis, cluster analysis, recuperation model, etc.) and have developed a system to measure employees' health performance.

Make health performance visible, which is possible through simple operation, and promote health-oriented management at companies.

Midori Cloud Business

Agriculture and Fisheries DX Platform(IoT device x Cloud service ✕ Data science)

A platform for agriculture

みどりクラウド
Midori Cloud

A platform for pig and chicken farming

ファームクラウド
Farm Cloud

Environmental measurement and records

Midori monitor/Midori box

IoT devices measure environmental parameters at an agricultural operation, store data in the cloud and generate notices of abnormalities.

Total installed locations exceeded

2,700

Remote automated environmental control

Midori Monitoring Environmental Control Option

Controlling windows, curtains, ventilation and other equipment automatically in combination with other companies' products and remotely via an app

Coordination opportunities environmental control

Livestock environment measurement and records

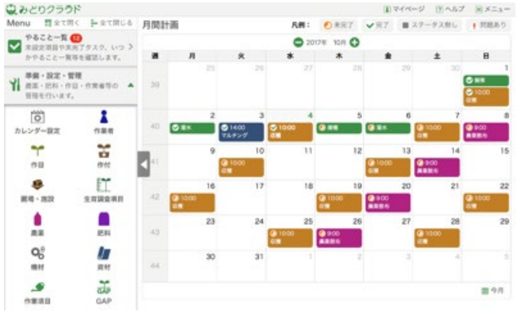
Measuring the environment in livestock buildings using IoT devices and storing measurement data on the cloud to detect abnormal environments and equipment in livestock buildings

Used at more than

130 locations

Production plans and work records

Midori note



Use PCs and smartphones for production plans and records of work performed.

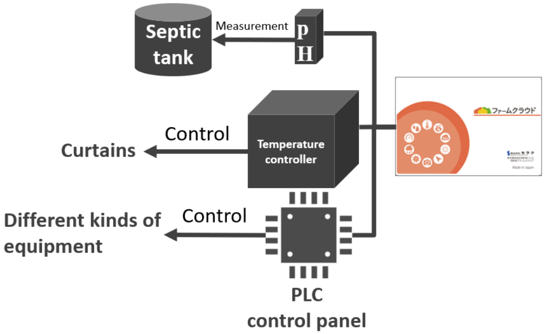
Farm management system recommended by the Japan GAP Foundation

Sales support

Farming support app

Visually displaying latest market data and price trends in the past ten years or more, and offering chemicals search and weather forecasts

Livestock building environment control



Automatically controlling the environment in connection with curtains and PLC systems used in livestock farming

Midori Cloud Business

Agriculture and Fisheries solutions

Primary industry DX by using agricultural production support platforms and SERAKU technologies

Agricultural production support platforms

みどりクラウド
Midori Cloud
ファームクラウド
Farm Cloud

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SERAKU technologies

- AI/machine learning
- UI/UX optimization
- System/applications
- Communication/network
- Hardware/IoT

Digitalization

- Sensing
- IoT device installation
- Data collection
- Use of smart devices to record data

Boosts productivity

- BI tools for visualization
- Development of UI/UX
- AI for automation/ laborsaving measures
- Control by using the IoT

Improves management

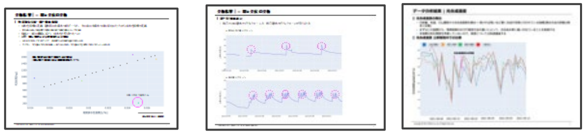
- Optimization of equipment and animal feed
- Support for receiving certifications
- Higher efficiency
- Sales channel optimization

Develop an environment for remote agricultural guidance using smart agriculture technologies

The Shimane Prefectural Government's Agriculture, Forestry and Fisheries Dept.

Issues **Difficulty offering on-site growing guidance to new farmers during the pandemic**

New farmers in the prefecture are being introduced to Midori Cloud for the development of an environment where data-based remote growing guidance can be provided.
Data analysis by data scientists and the reporting of results encourage prefectural promotion staff to use data.
Management indicator goals are presented to producers by offering environmental data from the Agricultural Technology Center.

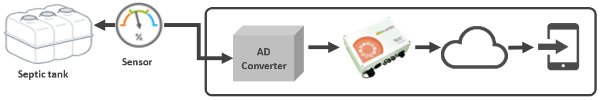


Functional extension in combination with other companies' products and systems

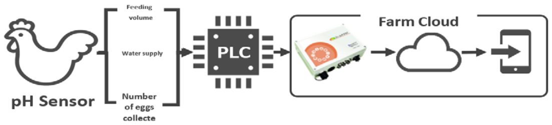
Functional extension in combination with other companies' products and systems
Livestock operators and agricultural producers

Issues **Desire to remotely monitor the status of equipment operating on production sites Sensors for a pig farm's septic tank are connected to Farm Cloud to remotely monitor its operating status.**

Sensors for a pig farm's septic tank are connected to Farm Cloud to remotely monitor its operating status.



IoT solutions are installed in poultry houses linking PLC systems for data collection to Farm Cloud.



Create a growing manual based on quantitative data

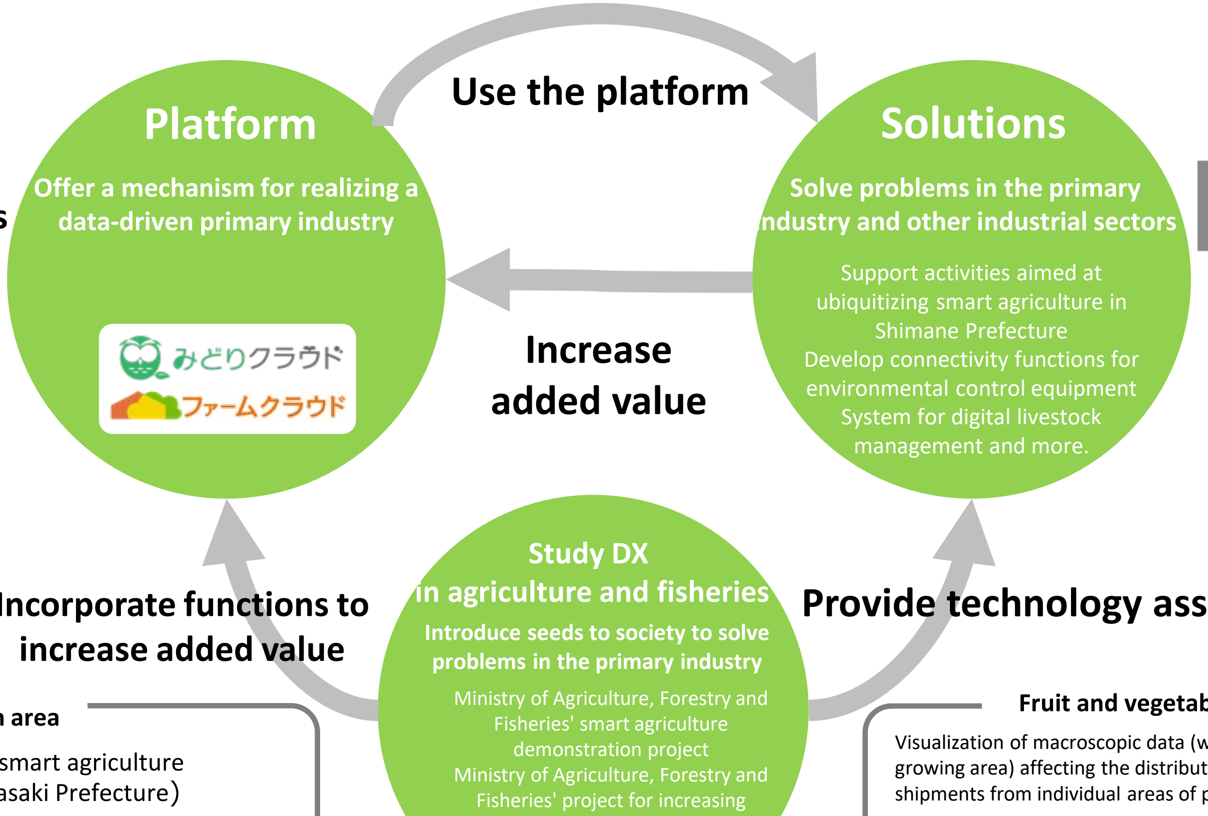
Minamishimabara City Government

Issues **Failure to effectively use data collected through smart agriculture**

Data from tens of farmers introducing smart agriculture technologies are analyzed to report to them what should be improved in growing. A growing manual using smart agriculture technologies is created by standardizing the methods of installing and using different sensors.

Midori Cloud Business

Interaction between services and research and development develops the whole Midori Cloud business



Producers
Distributors
Consumers

Sales agencies

Applying the Ministry of Agriculture, Forestry and Fisheries' introduction support project for nationwide spread of smart agriculture, forestry and fisheries.

Platform

Offer a mechanism for realizing a data-driven primary industry

みどりクラウド
ファームクラウド

Use the platform

Increase added value

Solutions

Solve problems in the primary industry and other industrial sectors

Support activities aimed at ubiquitizing smart agriculture in Shimane Prefecture
Develop connectivity functions for environmental control equipment
System for digital livestock management and more.

Manufacturers, system integrators, local governments, Japan Agricultural Cooperatives (JA) and agricultural production corporations

Incorporate functions to increase added value

Provide technology assets

Study DX in agriculture and fisheries

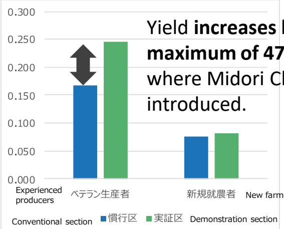
Introduce seeds to society to solve problems in the primary industry

Ministry of Agriculture, Forestry and Fisheries' smart agriculture demonstration project
Ministry of Agriculture, Forestry and Fisheries' project for increasing international competitiveness
DX platform for distribution of fruits vegetables and more

Government and research Institutions Alliance companies

Agricultural production area

Asparagus production system using smart agriculture technology (Minamishimabara, Nagasaki Prefecture)

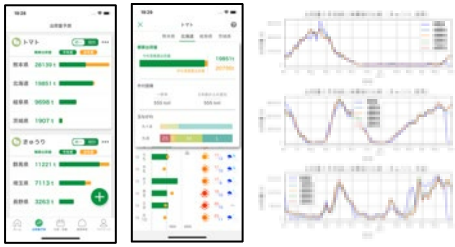


Yield **increases by a maximum of 47.3%** in places where Midori Cloud is introduced.

*Ministry of Agriculture, Forestry and Fisheries' project for development and demonstration of smart agriculture technologies (Task Number: Shi-2H04)

Fruit and vegetable distribution area

Visualization of macroscopic data (weather, past results and changes in growing area) affecting the distribution of fruits and vegetables and forecast of shipments from individual areas of production



Research and development efforts up to the end of FY2022

From FY2023 onwards, shipment forecast services will be offered to consuming companies and agricultural production corporations.

*Ministry of Agriculture, Forestry and Fisheries' technology development project for increasing international competitiveness (Task Number: Mo-3-Ya-3, Task Title: Development of Innovative Farming Support Model)

System Integration Business

- Expand services matched to wide-ranging market needs using abundant resources according to the education-type IT professional development model
- Operate a stock-type business centering on the enduring operation of IT infrastructure and systems to achieve stable growth

Operation of IT infrastructure/systems

- One-stop services including system construction, operation and maintenance
- More than 75% of business are large scale operation projects that require long term continuous operation.
- The number of customers at locations other than Tokyo (Yokohama, Nagoya, Osaka, Fukuoka) is growing.

Assigning engineers matched to customer needs to enduing IT infrastructure and system operation projects

Industry-specific IT support

- Promoting projects working as a subcontractor for large projects of major system integrators or receiving orders from prime contractors.
- Aim for growth by using collaboration and alliances with partners.
- Train IT professionals with operational knowledge.

Cultiexperts primarily in fields where there are strong needs for IT. Expand business by expanding trading platforms with major system integrators.

Financial/social systems

Information communication systems

Enterprise systems

Steady growth under the education-based IT professional creation model and the provision of greater added value by shifting human resource to the DX domain

- SERAKU's exclusive IT professional creation model underpins growth by using introductory lessons and then lessons using actual working environments to train people with no experience so they can be assigned to projects within two to three months
- To provide greater added value, experienced people acquire more advanced skills for DX activities, project management and other higher level jobs

Positive recruiting activities and well-developed education system for working more intensively to expand scale

Ⅱ. 1H FY8/22 Results of Operations

1H FY8/22 Financial Highlights

1H net sales in comparison with forecast

97%

Consolidated net sales for 1H of FY8/22 stood at 8.48 billion yen.
The figure was almost the same as the forecast net sales for 1H (8.75 billion yen).

Quarterly net sales

Record high

4.3 billion yen

Highest-ever quarterly net sales recorded
Net sales are steadily rising in proportion to the number of engineers.

Number of engineers

2,808

Good progress was made in comparison to the full-year goal of 2,880.
Steady progress in the recruitment of inexperienced workers

Engineer utilization rate

99%

A high utilization rate was maintained despite positive recruiting activities.
Steady assignment of inexperienced employees after initial training

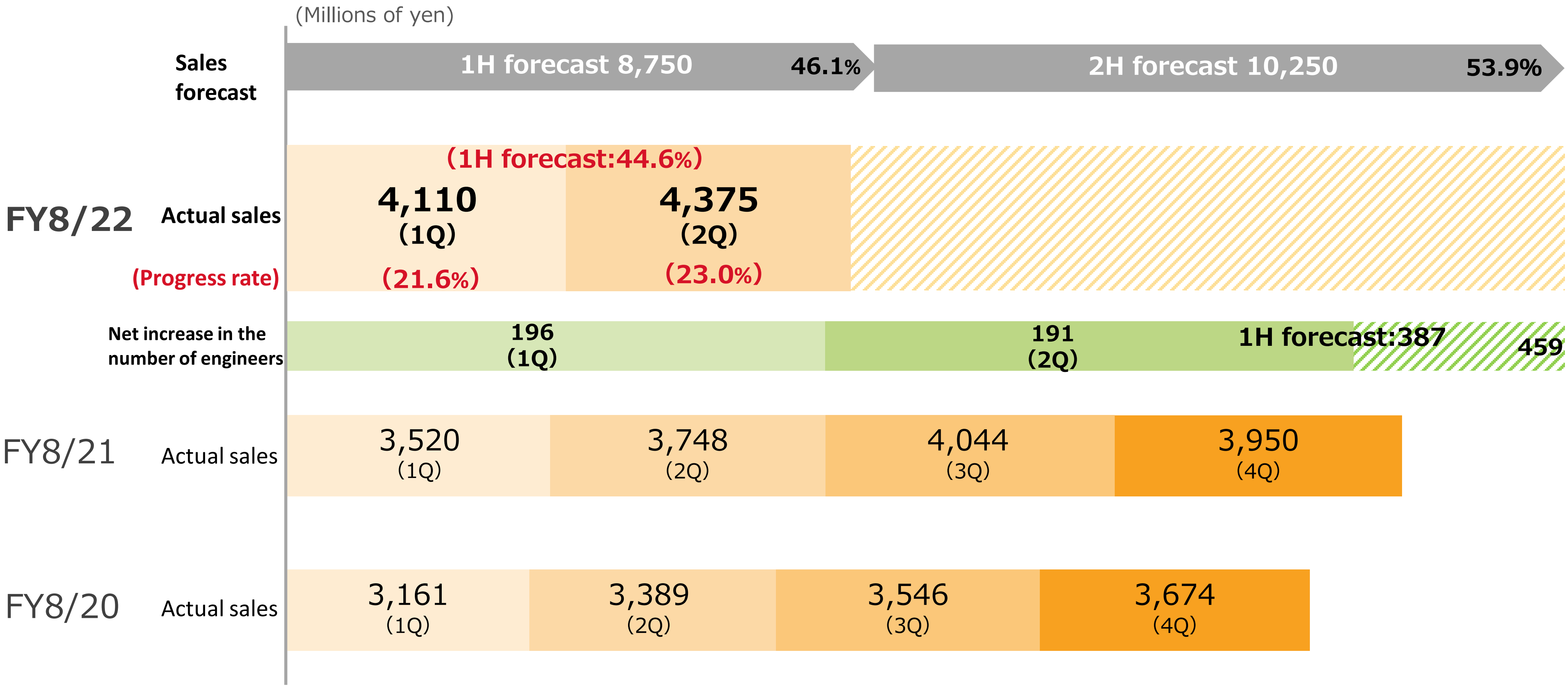
1H FY8/22 Financial Highlights (1)

- Net sales for 1H of FY8/22 showed healthy year-on-year growth that was near the planned level.
- Regarding profit, upfront investments in recruitment and education increased hugely.
- Active recruitment was intended to build a foundation for the growth of profit in 2H and later.

(Millions of yen)	1H FY8/21 (Results)	1H FY8/22 (Plan)	1H FY8/22 (Results)	Year on year	Versus plan
Net sales	7,268	8,750	8,485	+16.7%	△3.0%
Gross profit	1,790	-	1,890	+5.6%	-
Operating profit	716	440	391	△45.3%	△10.9%
Ordinary profit	1,110	640	694	△37.5%	+8.6%
Profit	703	400	457	△34.9%	+14.5%

1H FY8/22 Financial Highlights (2)

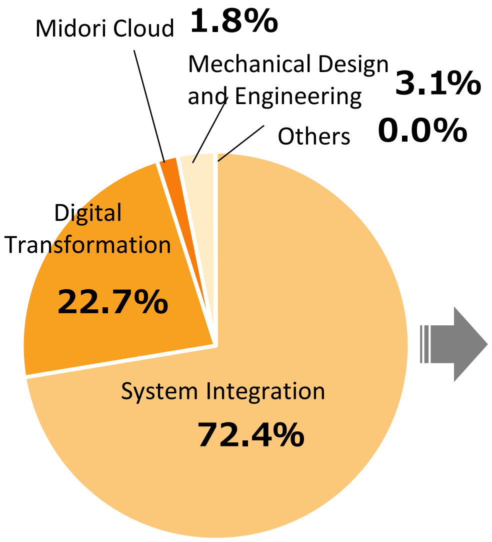
- **Net sales, which are in proportion to the number of engineers operating, rise mainly in the second half every year.**
- **For FY8/22, a large number of employees were hired in 1H. Accordingly, greater focus than usual will be placed on 2H.**
- **A strong net increase in engineers was achieved towards the fulfillment of the full-year target.**



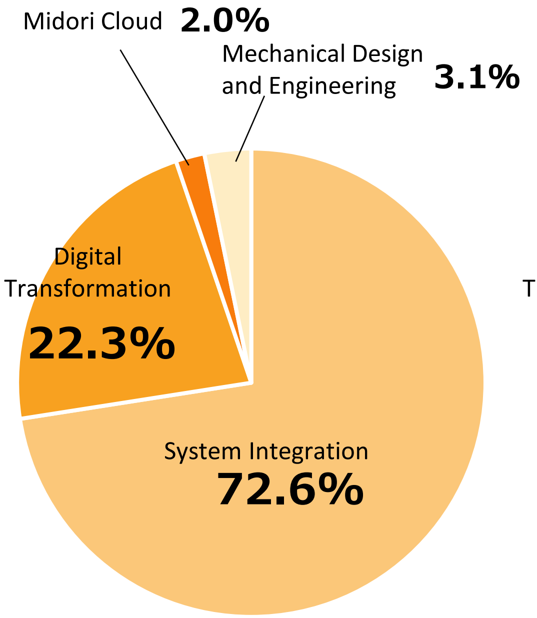
1H FY8/22 Financial Highlights (3)

- **Both in the SI segment and in the DX segment, newly hired engineers began operating. This increased total net sales.**
- **While continuously accelerating the DX shift, we carried out active recruiting efforts in the DX segment to increase staff.**
- **The Midori Cloud segment strengthened the development system with a view to business expansion.**

Sales by Business Segment

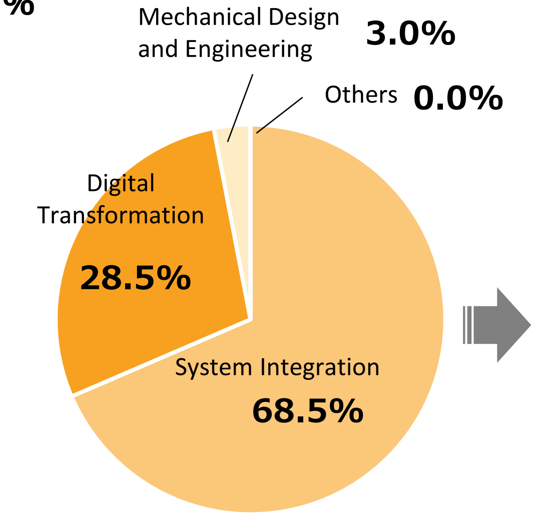


1H FY8/21



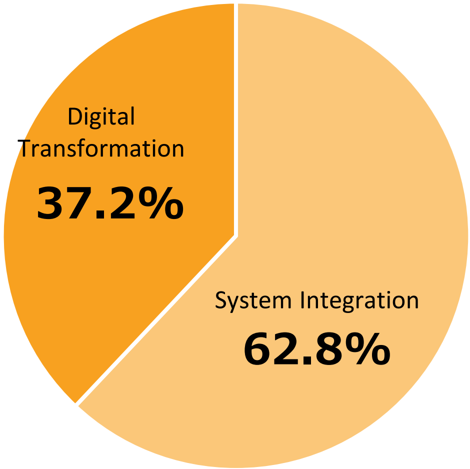
1H FY8/22

Operating Profit by Business Segment



1H FY8/21

(* Excluding sales and profits of the segments that are in red)

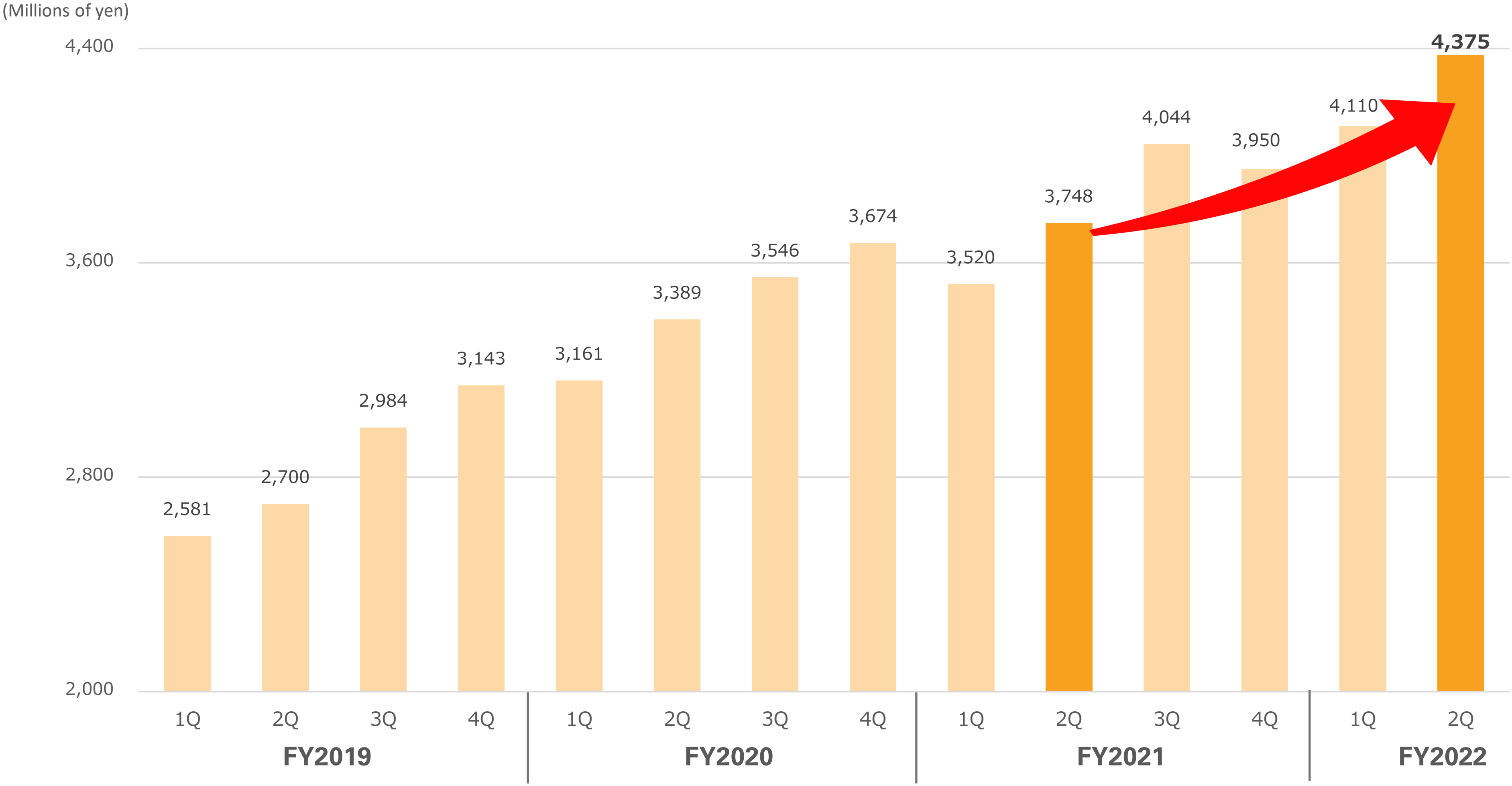


1H FY8/22

(* Excluding sales and profits of the segments that are in red)

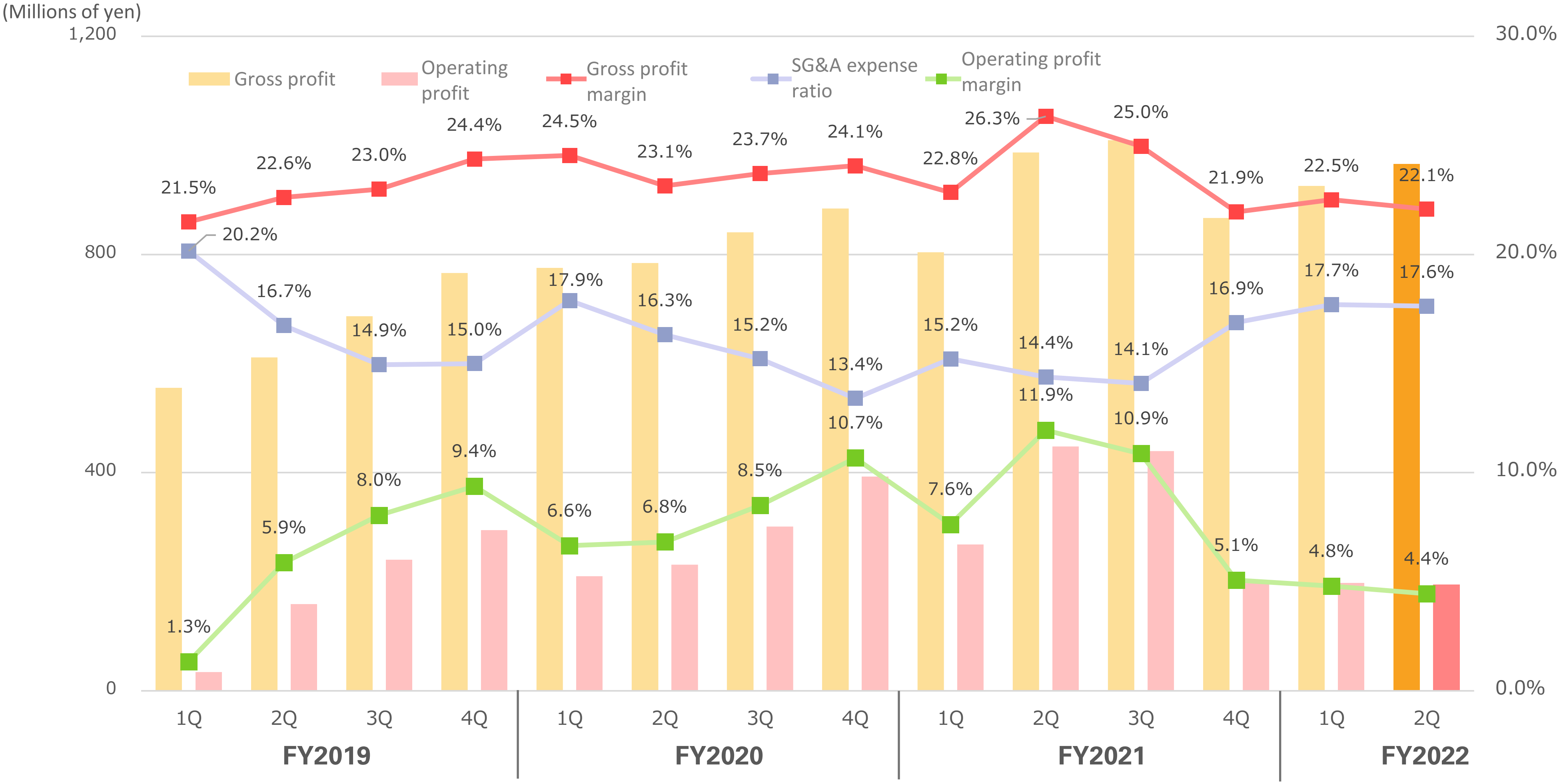
Quarterly Sales Growth

- Net sales are in proportion to the number of operating engineers and the utilization rate, continued to rise.
- For 2Q of FY8/22, the highest quarterly net sales ever were recorded, following the growth in number of engineers.



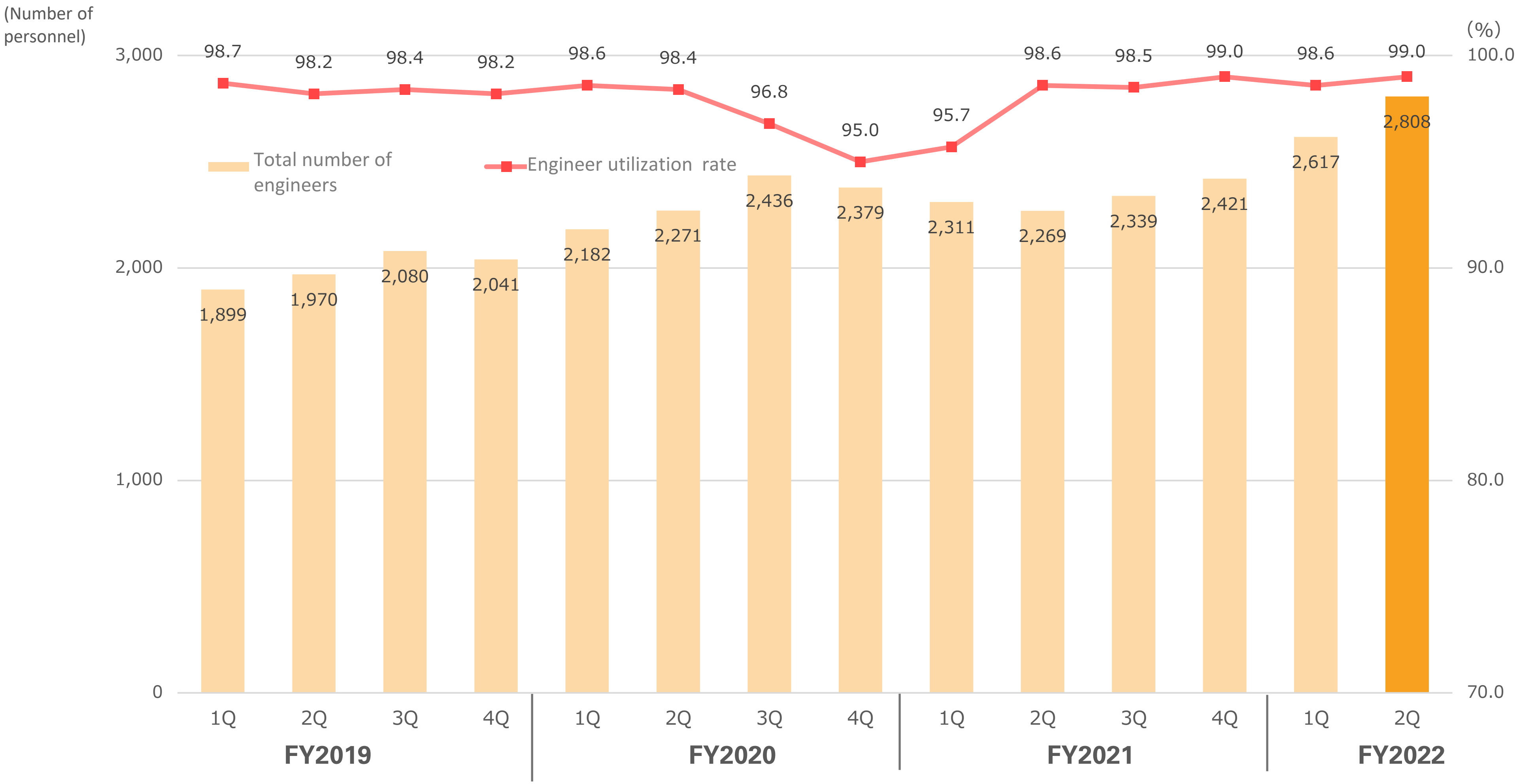
Quarterly Earnings Growth

- **For 1H of FY8/22, we carried out unprecedented intense recruitment efforts. Accordingly, investments in growth rose massively.**
- **Amid a continued increase in engineers, gross profit margin stayed over 20%.**



Number of Engineers and Utilization Rate

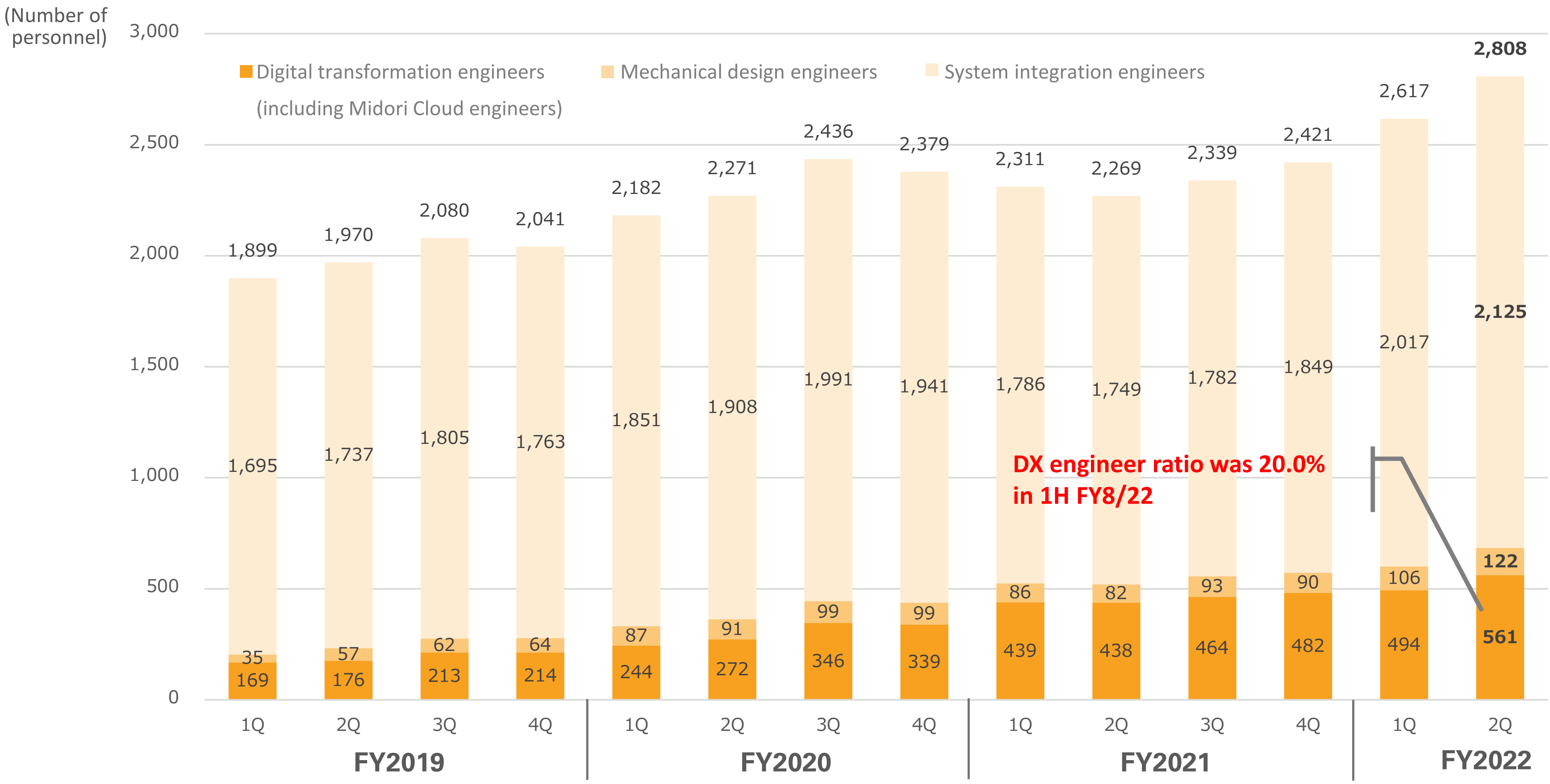
- The normal occupancy rate of 98-99% was maintained, after the second quarter of the fiscal year ended August 31, 2021.
- For 1H of FY8/22, we will maintain the utilization at high levels in the fiscal year ending August 31, 2022 even while strengthening recruitment.



* The utilization rate is for engineers who have completed initial training.

Number of Engineers and Categories

- **The number of engineers grew solidly in the SI segment, reflecting stronger efforts to recruit personnel with no experience.**
- **Recruitment of DX engineers was also strengthened mainly in the Customer Success Solution business and in the Midori Cloud business.**



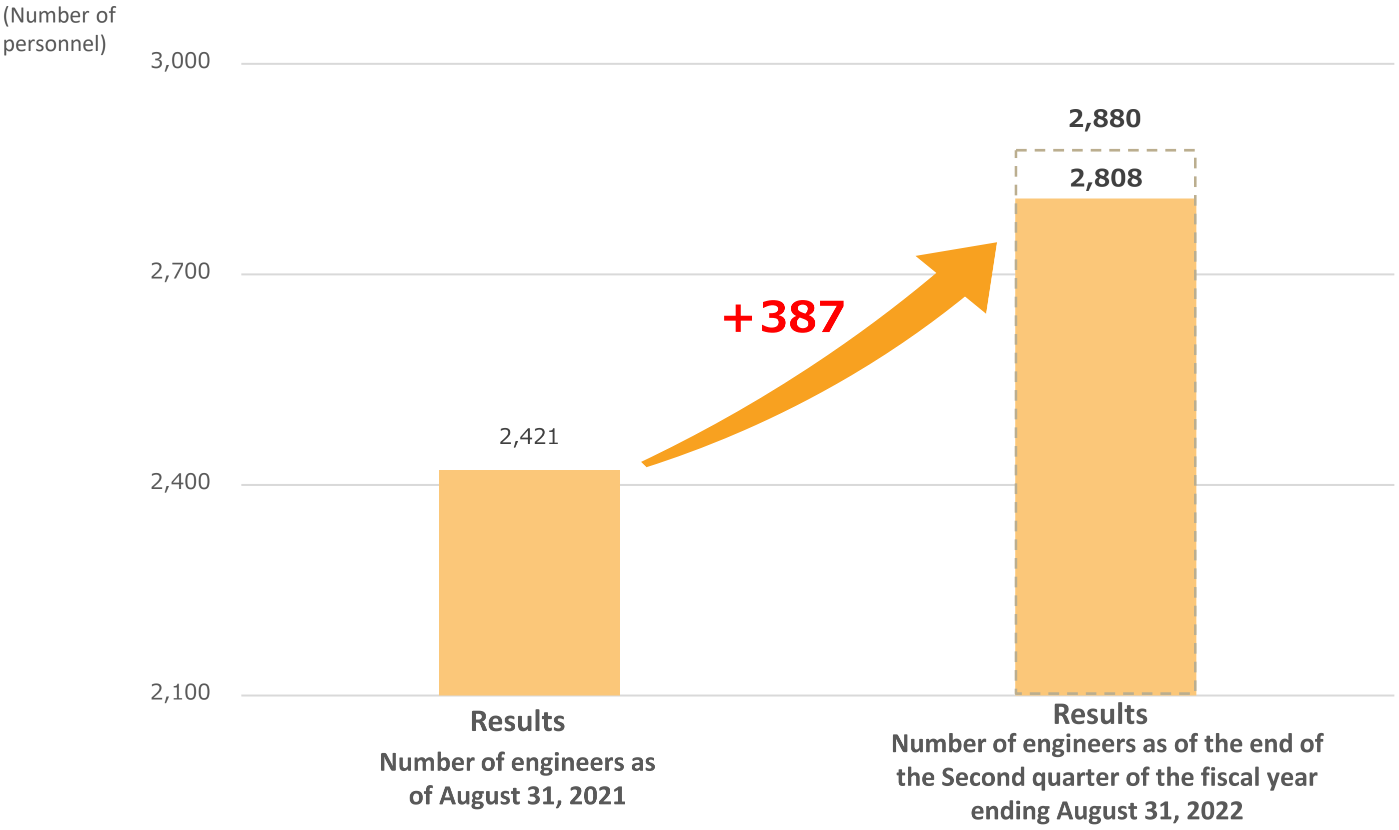
		Total	System integration engineers	Mechanical design engineers	Digital transformation engineers (including Midori Cloud engineers)
FY2019	1Q	1,899	1,695	35	169
	2Q	1,970	1,737	57	176
	3Q	2,080	1,805	62	213
	4Q	2,041	1,763	64	214
FY2020	1Q	2,182	1,851	87	244
	2Q	2,271	1,908	91	272
	3Q	2,436	1,991	99	346
	4Q	2,379	1,941	99	339
FY2021	1Q	2,311	1,786	86	439
	2Q	2,269	1,749	82	438
	3Q	2,339	1,782	93	464
	4Q	2,421	1,849	90	482
FY2022	1Q	2,617	2,017	106	494
	2Q	**2,808**	**2,125**	**122**	**561**

DX engineer ratio was 20.0% in 1H FY8/22

Recruitment activities

As of the end of 1H of FY8/22, the number of engineers was 2,808, with a net increase of 387, in comparison with the planned number of 2,880 at the end of FY8/22.

- **It is very likely that the plan for the number of engineers for FY8/22 will be met.**
- **Recruitment was increased at a much higher speed than planned.**
- **The increase in the number of engineers will significantly contribute to sales growth rates in the future.**



Education for Engineers

- Practical training that uses the same equipment and environments as those for actual projects improved engineers' skills.
- We focused on encouraging engineers to acquire certifications in the DX domain.
- By putting in place engineer training environments, we aim to increase the unit rate per engineer.

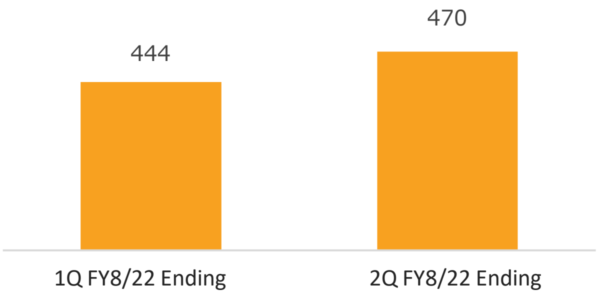
Number of Microsoft Azure Certifications

SERAKU 's technology and the use of Microsoft Azure proven by its track record in the introduction of Microsoft Azure were acknowledged, and SERAKU achieved Gold Cloud Platform Competency, the highest accreditation in the cloud platform field.

Examples of certifications

- AZ-900: Microsoft Azure Fundamentals
- AZ-103: Microsoft Azure Administrator
- AZ-104: Microsoft Azure Administrator
- DP-100: Designing and Implementing a Data Science Solution on Azure

and many more



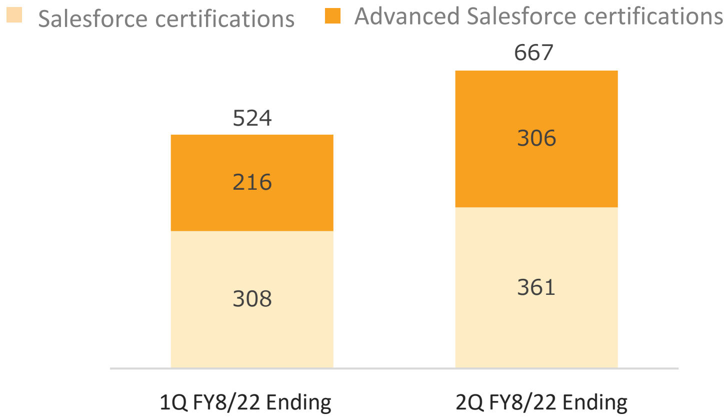
Number of Salesforce Certifications

SERAKU earned high marks for making the greatest contribution to expanding Salesforce's resources in terms of the number of higher level qualifications acquired as well as the growth rate of qualifications acquired, and won Top Certification of the Year in Salesforce Partner Summit 2021.

Examples of certifications

- Sales Cloud consultant
- Experience Cloud consultant
- Field Service Lightning consultant
- Community Cloud consultant
- Tableau CRM and Einstein Discovery consultant
- Pardot consultant

and many more



Topics

- Mar. 30, 2021 **Cooperation with NTT Data for Creating 500 Business Reform Personnel over Three Years**

  Started in April 1, 2021 a joint business reform support service starting with service utilization support for companies using Salesforce

- Apr. 30, 2021 **Midori Cloud and a Produce Distribution Support Project Using AI Selected**

  Midori Cloud and a produce distribution support project using the cloud and AI is selected as an innovative farming support model development project by the Ministry of Agriculture, Forestry and Fisheries.

- May 10, 2021 **A Partner Agreement with Tableau Software Concluded**

  A formal alliance contract is concluded with Tableau Software, which provides a reading analysis platform.

- Jun. 2, 2021 **Top Certification of the Year Achieved at Salesforce Partner Summit**

  Selected from among more than 500 domestic companies that participate in the partner program of Salesforce.com Co., Ltd.

- Jul. 13, 2021 **Cooperate with Netyear Group Cooperation to Strengthen Pardot Utilization Support Project**

  Cultivate human resources having Salesforce Platform skill to have 100 certified Pardot engineers by April 2022.

- Jul. 27, 2021 **Achieve Microsoft's Gold Cloud Platform Competency**

  SERAKU's technology and use of Microsoft Azure proven by its track record of Microsoft Azure introduction were acknowledged, and SERAKU achieves the highest accreditation in the cloud platform field.

- Aug. 31, 2021 **Release a Beta Version of Vital Program, a Digital Healthcare Service**

  Release a cloud-based digital healthcare service using AI for employees' health promotion and mental healthcare, and the improvement of productivity.

- Oct. 28, 2021 **We entered into a business collaboration with Toto Kogyo Co., Ltd., which has a high market share in greenhouse products.**

  We entered into a business collaboration with Toto Kogyo Co., Ltd, a company which has engaged in the greenhouse product business for nearly 60 years, to develop IoT technologies for electric ventilation systems used in greenhouses.

- Feb 1, 2022 **Investment in the DX Support Subsidiary Set Up by Resona Holdings to Participate in the Joint Venture**

  A business offering Salesforce.com and other solutions to meet diverse DX implementation needs has been launched in collaboration with Resona Group companies and others.

III. FY8/22 Initiatives and Growth Forecast

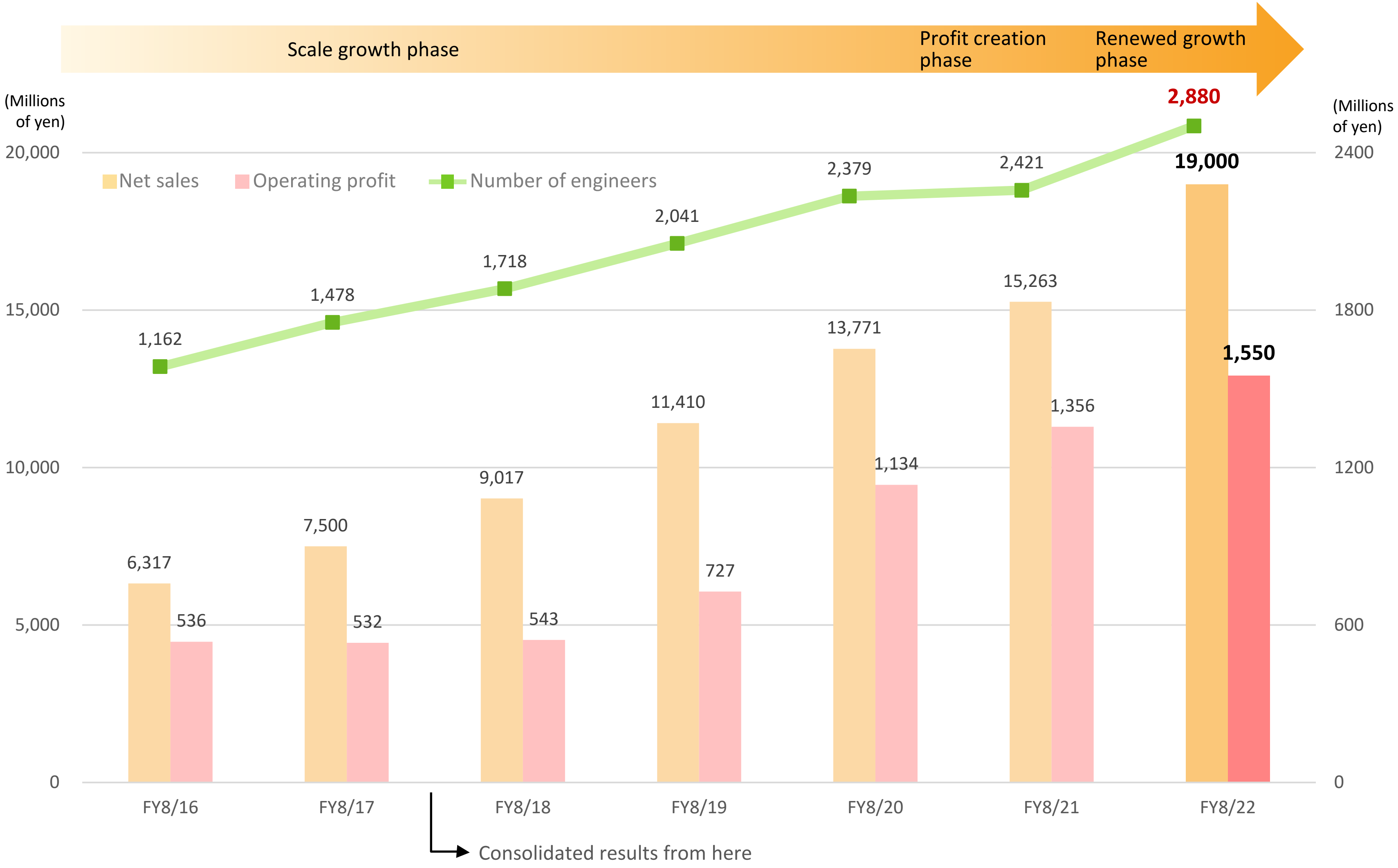
FY8/22 Plan

- **We forecast a 24.5% year-on-year sales increase as the number of engineers is growing.**
- **We will actively invest in recruitment in a renewed growth phase. Meanwhile, the operating profit margin will remain at 8% or higher.**
- **We will monitor trends in the market. If the market condition deteriorates significantly, we will curb investment in recruitment to ensure profitability.**

	FY8/21 results		FY8/22 plan		
(Millions of yen)		(% to sales)		(% to sales)	(YoY change)
Net sales	15,263	-	19,000	-	+24.5%
Operating profit	1,356	8.8%	1,550	8.2%	+14.3%
Ordinary profit	1,836	12.0%	1,900	10.0%	+3.4%
Profit	1,240	8.1%	1,250	6.6%	+0.7%
Dividends	5.6 yen	-	8.6 yen	-	-

FY8/22 Plan

- **The number of engineers will rise, and the sales growth rate will remain high.**
- **The phase changed from the profit creation phase to a renewed growth phase in the third quarter of the fiscal year ended August 31, 2021. Growth has been accelerating.**



Growth Forecast in Fiscal Year Ending August 31, 2022

In a growth phase, we will expand the scale of operations through active recruitment, education and sales and increase digital transformation engineers.

- Prioritize increasing the number of engineers through recruitment and education and expect the number of engineers to be 2,880 at the end of the fiscal year.
- Continue to advance the DX shift of engineers, focusing on cultivating human resources who have advanced Salesforce and Microsoft certificates, and boost our highly profitable structure.
- Focus on creating solutions in the agriculture and fishery sector, aiming to become the No. 1 company in the sector.
- Start to provide a beta version of Vital Program, a digital healthcare service, and focus on developing the service for some time to come.

IT professional creation

- In addition to hiring engineers who have experience in the IT industry, increase the number of engineers by hiring inexperienced engineers and training them.
- Expand practical project education at Tech Lab, a new training facility.

Current businesses

- Focus on becoming a prime contractor and strengthening partnerships.
- Continue an engineer's DX shift and strive to increase profit margins and expand high growth projects.
- Develop alliances to create projects in all business fields.
- Expand business responding to technological trends, for instance in the verification field.
- Expand COMPANY, an ERP package for large companies, and the operation support business.

New businesses

- Focus on expanding the scale of solutions in agriculture and fishery for companies and in the public sector.
- Focus on developing new services in the digital healthcare field.

Infrastructure

- Continue to strengthen the management system and system infrastructure.

Number of engineers at end of term

2,880 (a net increase of 459)

Salesforce certificates acquired

Increased by 400

Number of Microsoft certificates

Increased by 250

Solutions in the agriculture and fishery sector

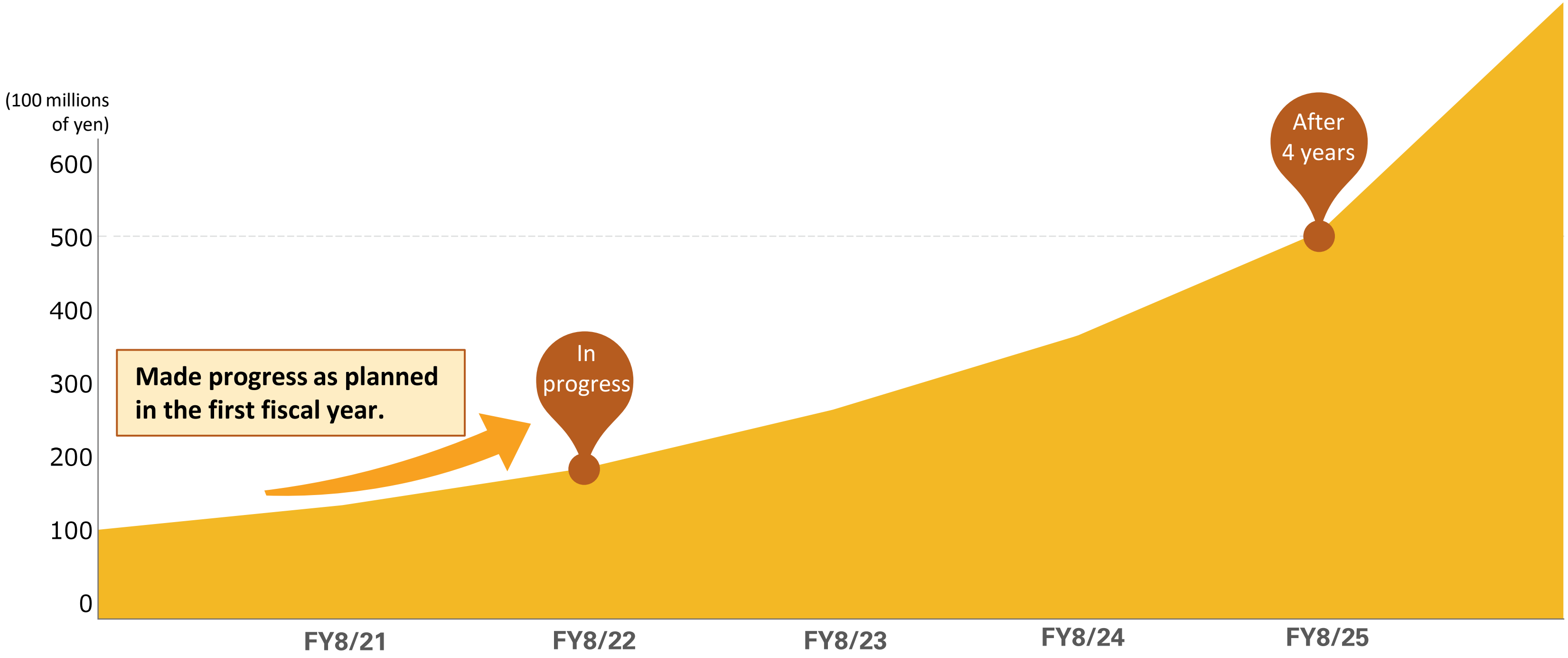
Increased by 50

Medium-term Vision

The medium-term plan has the goal of raising sales to 50 billion yen in FY8/25

Made progress as planned in the first fiscal year. Expect to make steady progress in the second year, the fiscal year ending August 31, 2022.

- Based on our IT professional creation and the diverse job opportunities that we provide to engineers, we have created an environment in which engineers can fulfill their potential, leading to the sustained growth of the company.
- Establish a business to raise both profit margins and the speed of growth by shifting engineers to the DX domain while achieving stable growth in the System Integration business, where demand is expected to remain firm.
- Utilize alliances with major cloud platform companies in order to use operational and utilization support for more growth.
- M&A in market sectors with the potential for synergy with existing businesses and the provision of SERAKU's recruiting, education and sales expertise to newly acquired companies and businesses for growth.
- Launch businesses based on IT that target social issues with growth potential in order to add more sources of growth.



Features and Superiority of the Education based IT Professional Creation Model

Our education-based IT professional creation model continues to have a competitive edge.

- Starting to create professionals to be prepared for markets that have high potential for growth
- Use horizontal expansion of recruiting, education and sales skills to expand our technology domains
- Business growth by taking service formats to a higher level to reflect the growth of markets

2021-
Solving issues in the primary industry through agricultural and fishery solutions, realizing corporate health management through digital healthcare services, we will enter into alliances with major platform companies and supporting the ongoing digital transformation in all aspects of society

2020-
Looking ahead to growth of the Microsoft platform, started training programs for the Microsoft certifications of at least 200 people every year

2018-
Looking ahead to growth of the DX market, started training programs for robotic process automation (RPA), security, data science, verification and other activities

2013-
Looking ahead to the growth of the cloud systems market, started training activities for Salesforce engineers

Currently expanding Customer Success Solutions Business

2008-
Looking ahead to the widespread use of smartphones and the IoT, started training programs for smart technology engineers

Currently expanding the Midori Cloud business and other activities in the data science domain

2002-
Anticipating growth in demand for IT utilization services at companies, started training programs for IT infrastructure and network engineers

Currently expanding the System Integration business

1997-
Anticipating growth of the web systems domain, started a system development business and training programs for system development engineers

Currently expanding the System Integration business

1995-
Started an internet business before the internet became widely used and started training programs for web engineers

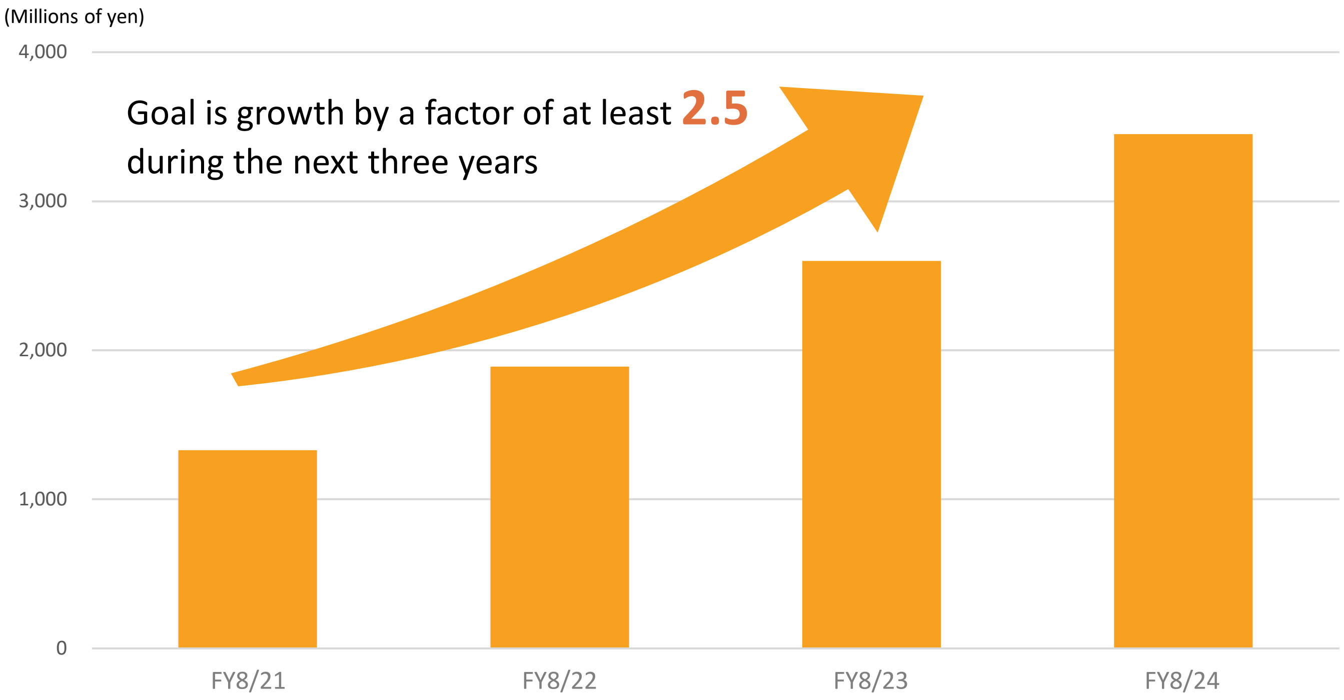
Currently expanding business operations in the digital marketing domain

DX: Cloud & Solutions Business Growth Scenario

Create a highly profitable structure consisting of continuously cumulative managed services and Microsoft platforms.

- Use the alliance with Microsoft Japan to continuously develop engineers with Microsoft certificates. Focus on creating projects in the fiscal year ending August 2022.
- Expand the workforce for managed services (a center operates companies' cloud infrastructures 24 hours a day, every day), which have high growth potential.
- Start maintenance and operation and managed services at regional sites.
- Implement a highly profitable platform resale and license resale

Net sales



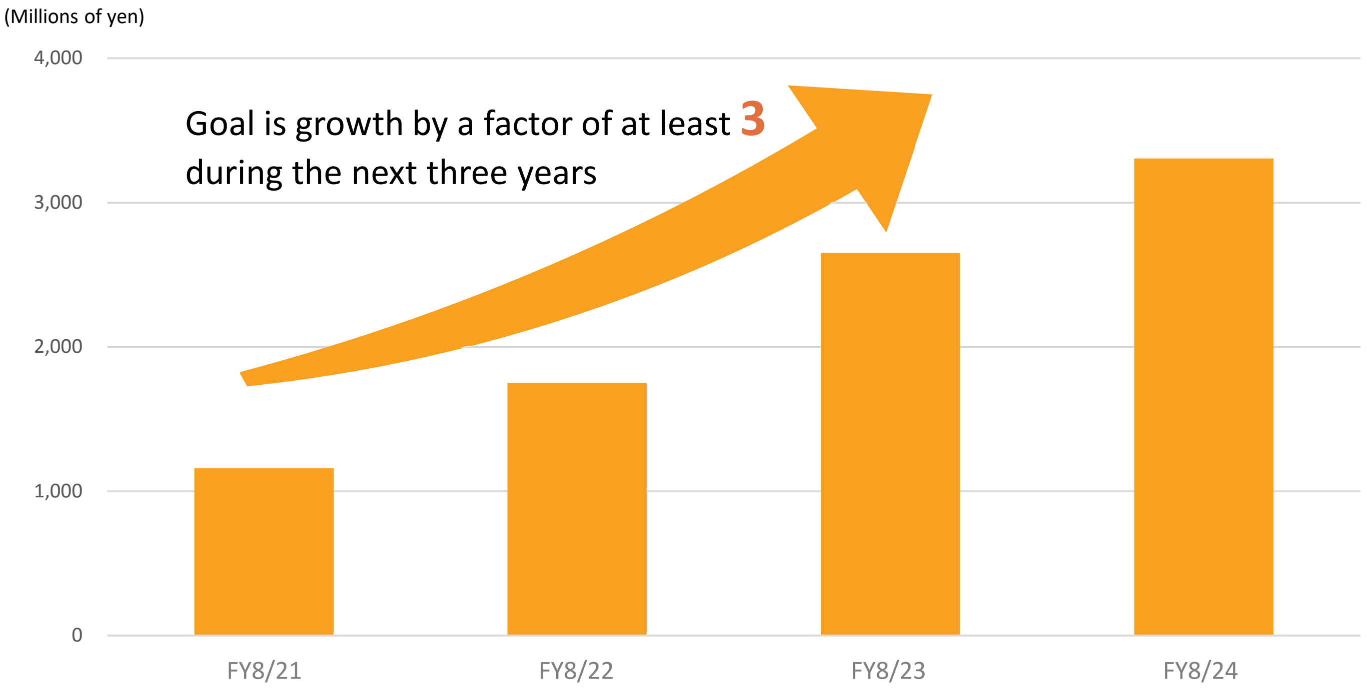
Goal is growth by a factor of at least **2.5** during the next three years

DX: Customer Success Solutions Business　Growth Scenario

Salesforce engineers has been created successfully. We will accelerate the development of human resources, aiming to become the leader in Japan in the new and growing Salesforce use and operation services market.

- In the cloud IT systems field, we expect that the market is expanding with the keywords of "utilization," "operation" and "digital transformation." SERAKU aims to achieve greater business growth as a leader in this field.
- SERAKU will develop no-code/low-code platform engineers who will be the main source of utilization, operation and DX services
- Through strengthening alliances with NTT Data and other partners, receive more utilization and support orders from large and growing companies in Japan

Net sales

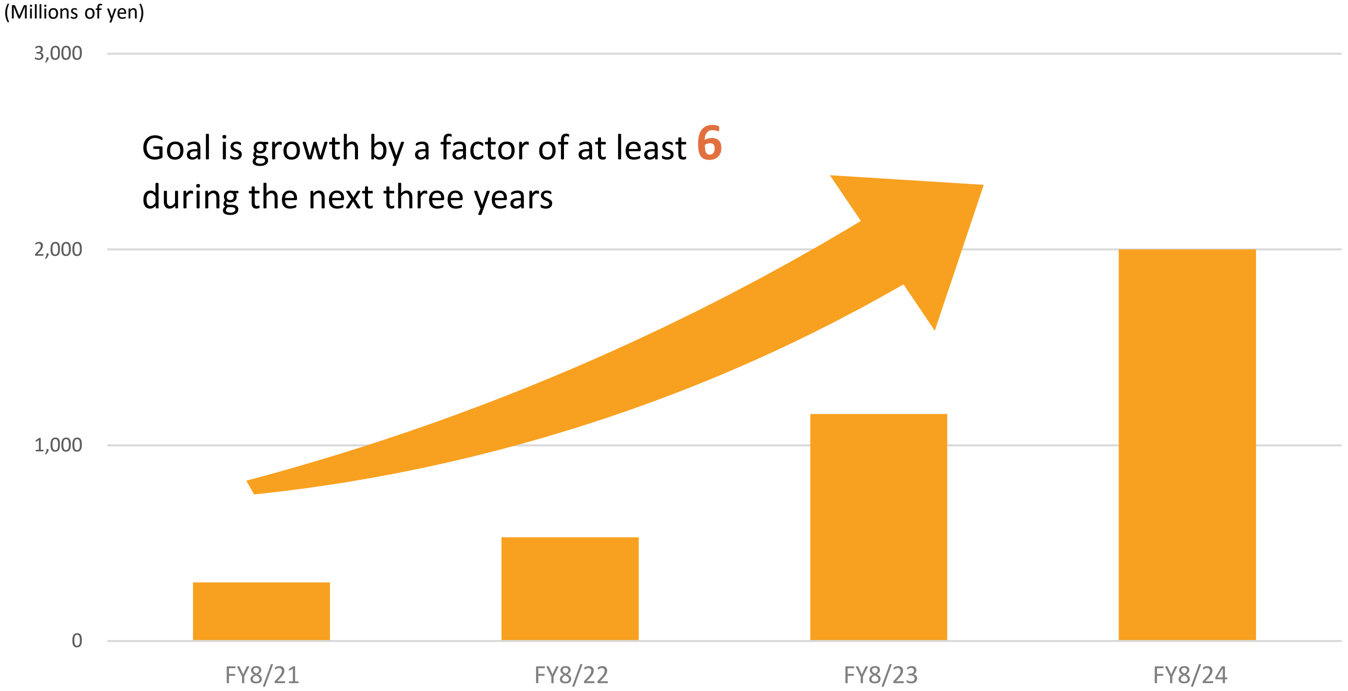


DX: Midori Cloud Business　Growth Scenario

Become the primary industry DX leader, a sector with significant growth potential, by combining production support platforms and SERAKU's system integration expertise

- Continuously increase production support experience and agricultural IT expertise through the steady expansion of the use of production support platforms
- Receive orders for large agriculture/fisheries solutions during the phase of implementing the primary industry DX by companies and the public sector
- Become the primary industry DX leader by leveraging synergies between the platform business and agriculture/fisheries solutions business

Net sales

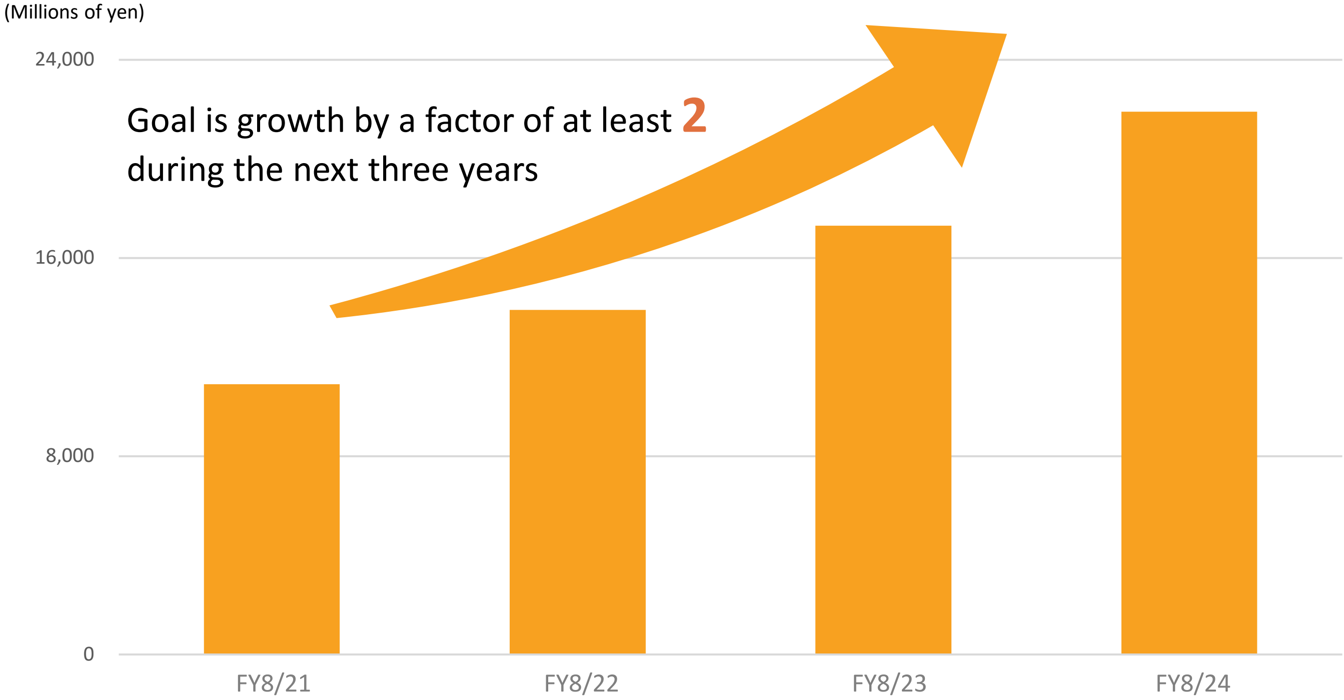


System Integration Business　Growth Scenario

Maximize the expansion of operations using our recruitment, education, and sales capabilities. Aim to expand IT operations in a continuously cumulative IT structure management and projects in industries where stable IT needs are expected.

- Plan to achieve steady increases in sales and profit, prioritizing expanding the scale of operations by increasing the number of IT engineers through recruitment and education.
- Speed up business growth using our sales skills along with an increase in the number of partner companies and the strengthening of alliances.
- For IT needs for different industries, create large projects and subcontracting projects by giving engineers practical training and developing engineers with business process knowledge.
- Responding to these technological trends, expand the new business domain, including the verification field.

Net sales



Goal is growth by a factor of at least 2 during the next three years

SERAKU's Initiatives for ESG and SDGs

The SERAKU Group will build a long-term foundation for growth by promoting ESG activities. As a company that creates social value, the Group will strengthen initiatives to help achieve a sustainable society.

Safe operation of systems in the IT society

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

- Building sustainable and strong IT security
- Providing IT environments and services tailored to customers
- Helping maintain social activities using IT

Human resources development

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

- Cultivating human resources who have advanced expertise
- Providing ongoing education for IT engineers
- Ensuring employment for young people and utilizing a variety of human resources

Creation of new value in society

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

- Enhancing the value of industry using IT technology
- Achieving regional revitalization through recruitment and IT technology
- Achieving high productivity and low workload by using IT

Use of IT in agriculture field

2 ZERO HUNGER
13 CLIMATE ACTION
15 LIFE ON LAND

- Advancing smart agriculture to improve productivity in agriculture
- Revitalizing the primary industry using IT
- Producing abundant food stably

Realization of a physically and mentally healthy society

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

- Providing digital healthcare services
- Solving social issues using IT
- Cooperating with academic institutions

Sophistication of corporate governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

- Ensuring compliance
- Strengthening corporate governance
- Improving information disclosure

Forward looking Statements

Documents and information provided at today’s presentation include forward-looking statements.

These statements are based on assumptions that include current expectations, forecasts and risk factors. As a result, forward-looking statements include many uncertainties that may cause actual performance to differ from these statements.

Risk factors and uncertainties include the condition of industries and markets where SERAKU operates, changes in interest rates and foreign exchange rates, and other items involving the Japanese and global economies.

SERAKU has no obligation to update or correct these forward-looking statements even if there is subsequently new information or an event that affects these statements.

An announcement will be made promptly if there are revisions to the FY8/22 forecasts or differences between the results of operations and these forecasts that require disclosure.