

Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

ProjectCompany, Inc. [TSE Growth: 9246]
May 15, 2023



ProjectCompany
Group

FY2023 Q1 Financial Results

Net Sales	Operating Income	EBITDA ^{*1}	EBITDA Margin
¥1,494 million (+59.6% YoY)	¥228 million (+1.8% YoY)	¥271 million (+17.3% YoY)	18.2%

- **Net sales and operating income increased** year on year, EBITDA excluding the impact of non-cash expenses also increased, and progress was **generally in line with the initial plan**.
- Although net sales increased quarter on quarter, operating income decreased due to increased investment in recruiting expenses and other areas.
- The decline in gross profit margin in the Digital transformation business **was partly due to an increase in subcontracting expenses as a result of prioritizing the acquisition of projects**. It is expected to **improve in line with a decrease in the ratio of partners due to progress in the hiring** of employees.

Major Numerical Information ^{*2}

Net Sales per Client	Partner Ratio
¥12.3 million/quarter	1.03 partners/employee
<ul style="list-style-type: none"> □ As a result of expanding existing clients and turning them into large-scale customers, the net sales per client in the first quarter of this fiscal year was ¥12.3 million. (target for the end of FY2024: ¥43 million/year) □ By taking advantage of joint participation partners to execute projects flexibly, partner ratio (number of partners per employee) for the first quarter was 1.03. (target for the end of FY2024: 0.69) 	

Topics

M&A

- Two M&As announced in Q1 were completed in April 2023.
- As for ProjectTechnologies, which joined the group last year, further growth is expected through the rollup of artwise, which is in the same industry.

Organizational development and management system

- Formalizing organization building methods and improving the efficiency of manager development.
- With a view to transition to a pure holding company structure by January 2024, we will absorb ProjectPartners, a group company.

^{*1} EBITDA is operating income plus depreciation, security deposit amortization and stock compensation expenses.

^{*2} Results for the digital transformation business only.

1. Group Overview	p. 4
2. FY2023 Q1 Financial Results	p. 11
3. Progress and Forecasts for Major Numerical Information, etc.	p. 17
4. Topics	p. 24
Appendix 1 Outline of Digital Transformation Business	p. 30
Appendix 2 Future Growth Strategies	p. 38
Appendix 3 Other Reference Information	p. 45

1. Group Overview

∞ ProjectCompany Group

Group Management Philosophy

Creating a Project-based Society

The Japanese economy has continued to stagnate. If the situation remains unchanged, it is feared that it will continue to decline in the future.

We believe that the only way for the Japanese economy and society to regain their vitality is for Japanese companies to break away from their old, vertical, top-down “task-based” organizational structure and transform themselves into a “project-based” structure, where human resources who can proactively promote projects are organically connected based on their missions and work together as a team toward their goals. Based on this management philosophy, we will work together to develop our business toward creating a project-based society.

Company History

Period of diversified growth through group management



Project Company Group

October 2022: cuatro technologies Inc. (currently ProjectTechnologies Inc.) became a group company.

July 2022: Established ProjectDigitalMarketing Inc. (currently DCXforce, Inc.) and ProjectPartners, Inc. The company shifted to a group management system.

April 2022: ulogo Co., Ltd. (currently ProjectHRsolutions, Inc.) became a group company.

April 2023: Dr.KENKO KEIEI Inc. and artwize inc. became a group company.

Business expansion period



Project Company

January 2016: Establishment of the Company

June 2017: Relocation of Head Office

June 2018: Acquisition of Ulscope

June 2019: Relocation of Head Office

September 2021: Listed on the TSE Mothers (current TSE Growth)



2016 2017 2018 2019 2020 2021 2022 2023

Quarterly net sales

¥1.5 billion

¥1 billion

¥0.5 billion

Our Group's Business Domains

- ❑ In FY2022, we tested our group management system through M&As and spin-offs, and the results were **generally favorable**.
- ❑ In the future, we will **further accelerate the expansion of business domains with DX as our core competence** and aim for diversified growth through a group management system.

From Oct. 2022

DX x Technology business

A domain that supports client's business development from a technological perspective through system development, testing etc.



From Apr. 2022

DX x HR business

A domain that provides a variety of services mainly to the personnel and labor divisions of clients



Project Company Group



DX x new business domains

Further business expansion through M&As and new business creation with DX as a core competence



Digital transformation business

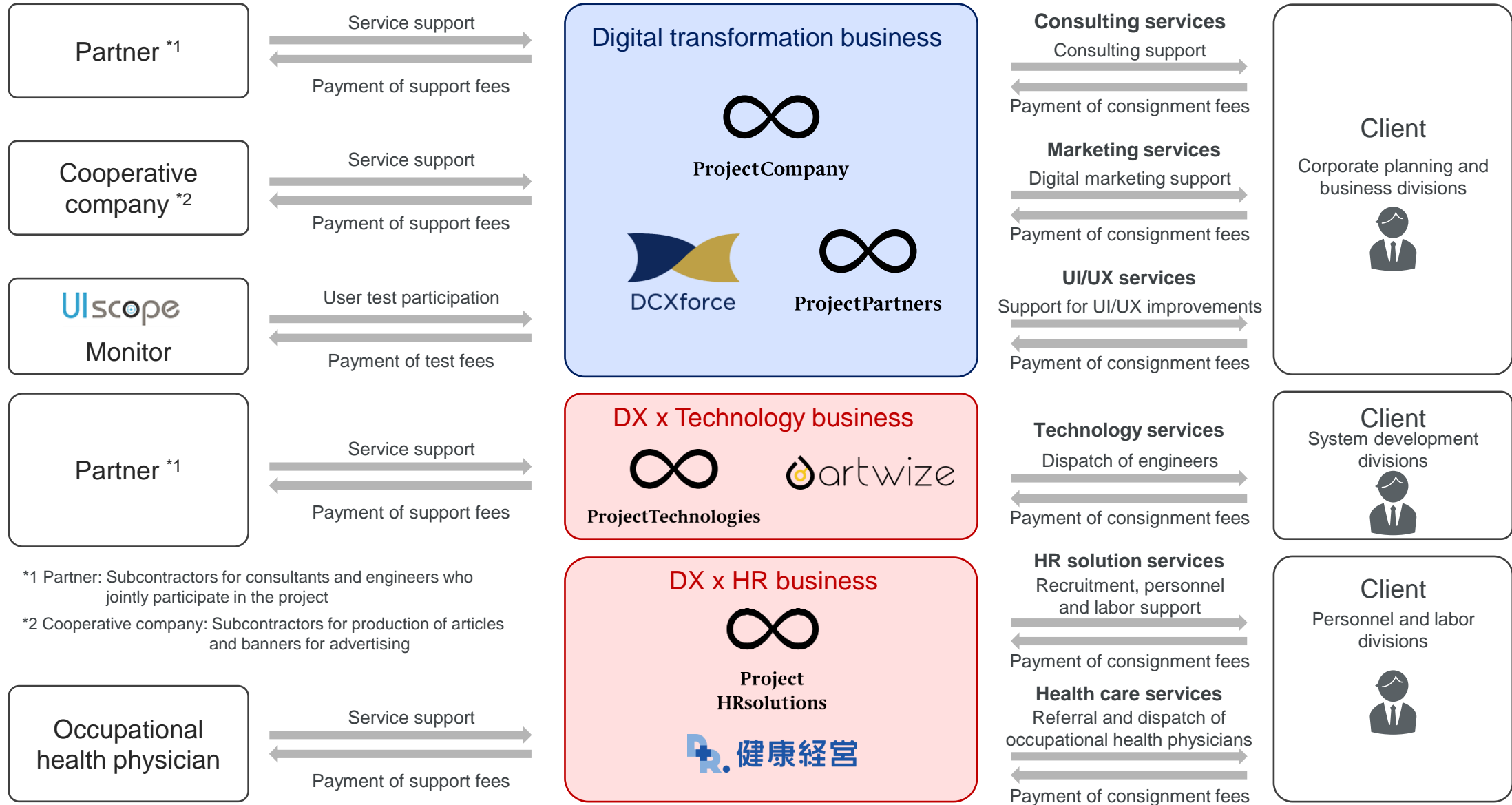
- consulting, marketing, and UI/UX -



A domain that serves as the foundation for business development based on the knowledge accumulated since the company's founding

Diagram of the Business Structure

□ The Group's business structure is shown below.



Case Studies

SBI NEOMOBILE SECURITIES



Support for launching a stock purchase service using T-points

- ▶ Supported a project to launch a new service that enables transactions through smartphones to attract young people and investment beginners. Acquired around 300,000 accounts in one year after launching the service.
- ▶ Launched a joint venture and reviewed a service design utilizing technologies such as a robo-advisor and chatbot.
- ▶ Developed and implemented digital marketing strategies to promote services.
- ▶ Utilized user tests (UIScope) to produce a service LP.

Area of support

Consulting (new business development)
Marketing (marketing consulting) UI/UX

Shimane Bank



Support for setting up smartphone branches

- ▶ Project to establish a "Smartphone Branch," a virtual branch with no passbook, no cash card, and no seal.
- ▶ Supported the release of the service symbolizing the bank's DX that can be applied for and used just with smartphones and acquired over ¥5 billion in deposits in four months upon release.
- ▶ Identified various discussion points and implemented measures before release. Worked on a range of activities, including producing a service LP and promotion strategies in cooperation with external business operators.
- ▶ After release, support for consideration of additional measures and establishment of customer management was provided.

Area of support

Consulting (new business development)
Marketing (marketing consulting)

transcosmos



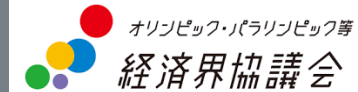
Joint DX support by combining know-how of both companies

- ▶ Tanscosmos supports more than 600 DX projects per year, provides a cross-channel one stop service for CX improvement, especially strong in building e-commerce/call centers.
- ▶ Combining the areas of expertise of both companies to jointly provide wide-ranging support for customer's digital marketing and business transformation.
- ▶ Supported multiple projects, including consideration of the concept of a global CRM system and consideration and implementation of one-to-one marketing strategies.

Area of support

Consulting (transformation of existing businesses and improvement of operations)

Olympic and Paralympic Games Business Council



2020 Tokyo Games momentum building project

- ▶ Major project to support momentum building for 2020 Tokyo Games in business circles in cooperation with IOC, the government and local governments.
- ▶ By the end of February 2020, more than 1,000 events were held in rural areas, utilizing corporate assets across Japan. More than 650 participating companies and 430 cooperating local governments.
- ▶ Supported a wide range of branding and public relations activities for projects that utilize digital channels.

Area of support

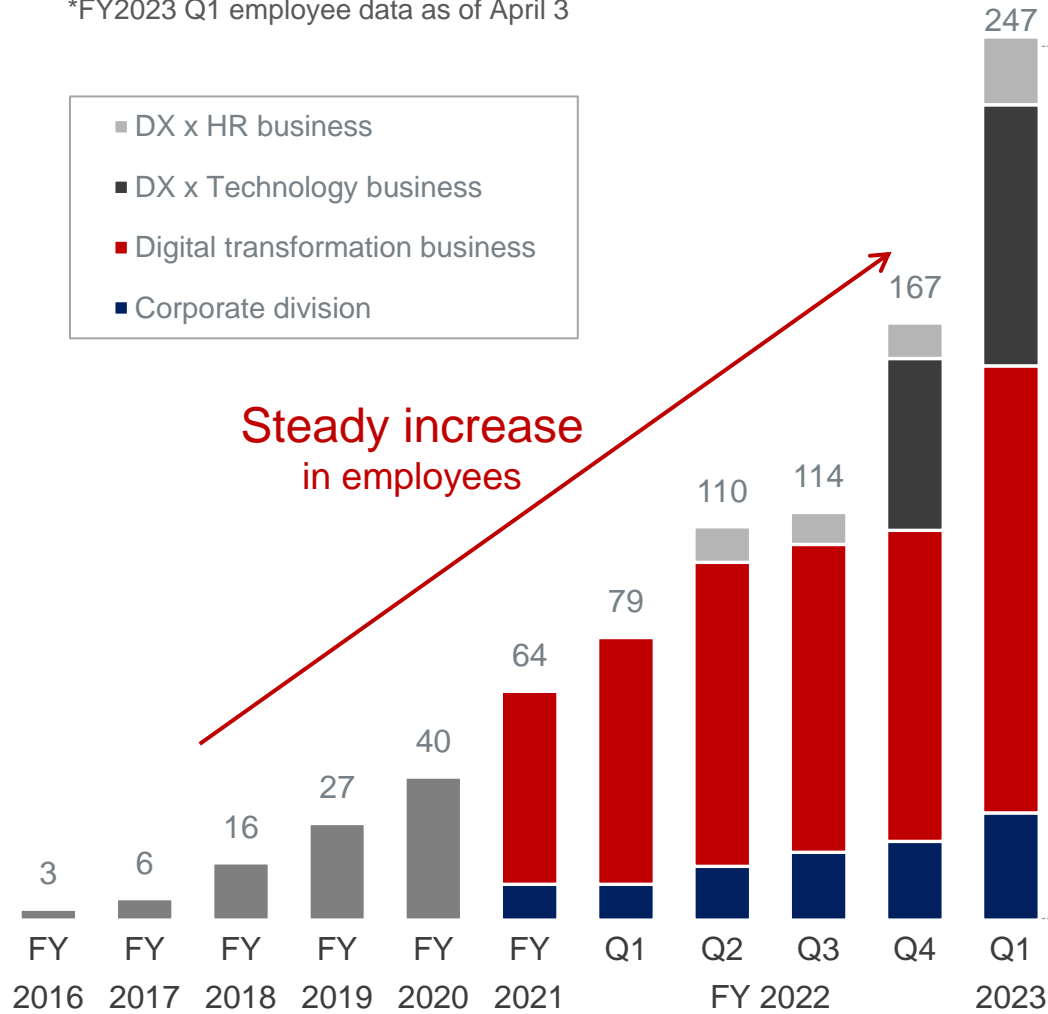
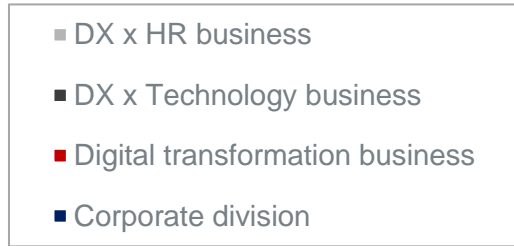
Marketing (SNS operation and marketing consulting)

Status of Employees

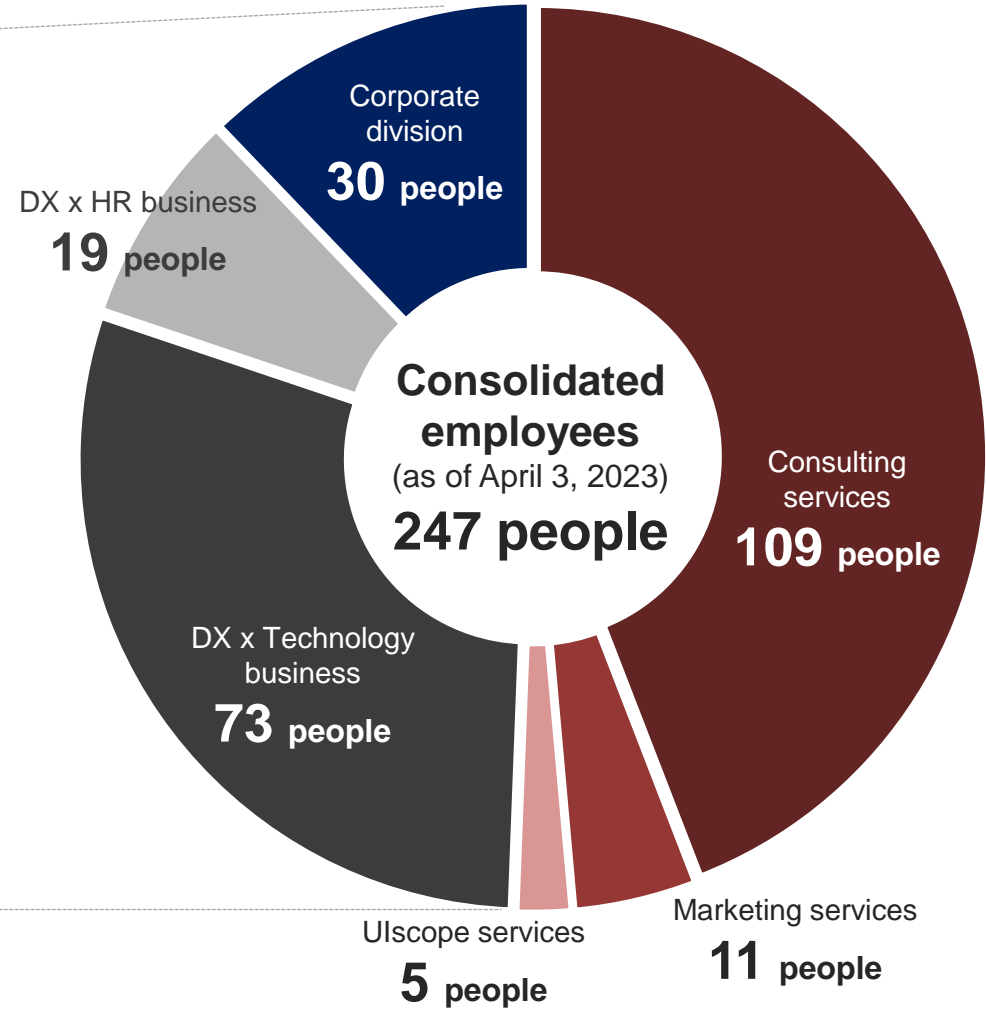
□ As of April 3, 2023, the number of employees increased steadily to 247, driving growth in net sales.

Number of Employees

*FY2023 Q1 employee data as of April 3



Composition of Employees

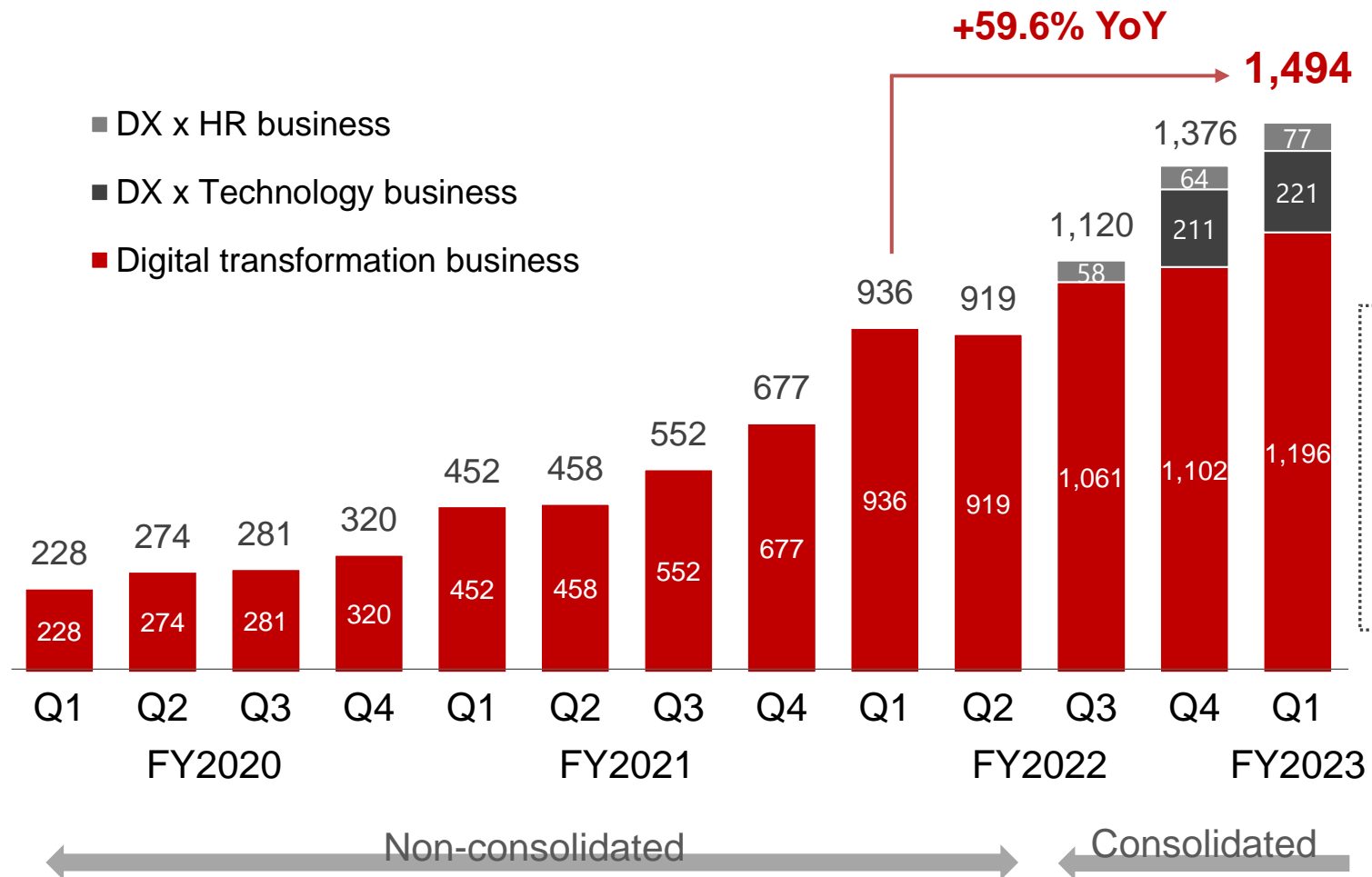


2. FY2023 Q1 Financial Results

Quarterly Consolidated Financial Results - Net Sales

- Net sales in FY2023 Q1 achieved ¥1,494 million, +8.6% QoQ and +59.6% YoY.
- Net sales in the digital transformation business alone were ¥1,196 million, +8.9% QoQ, +27.8% YoY.

Net sales (million yen)



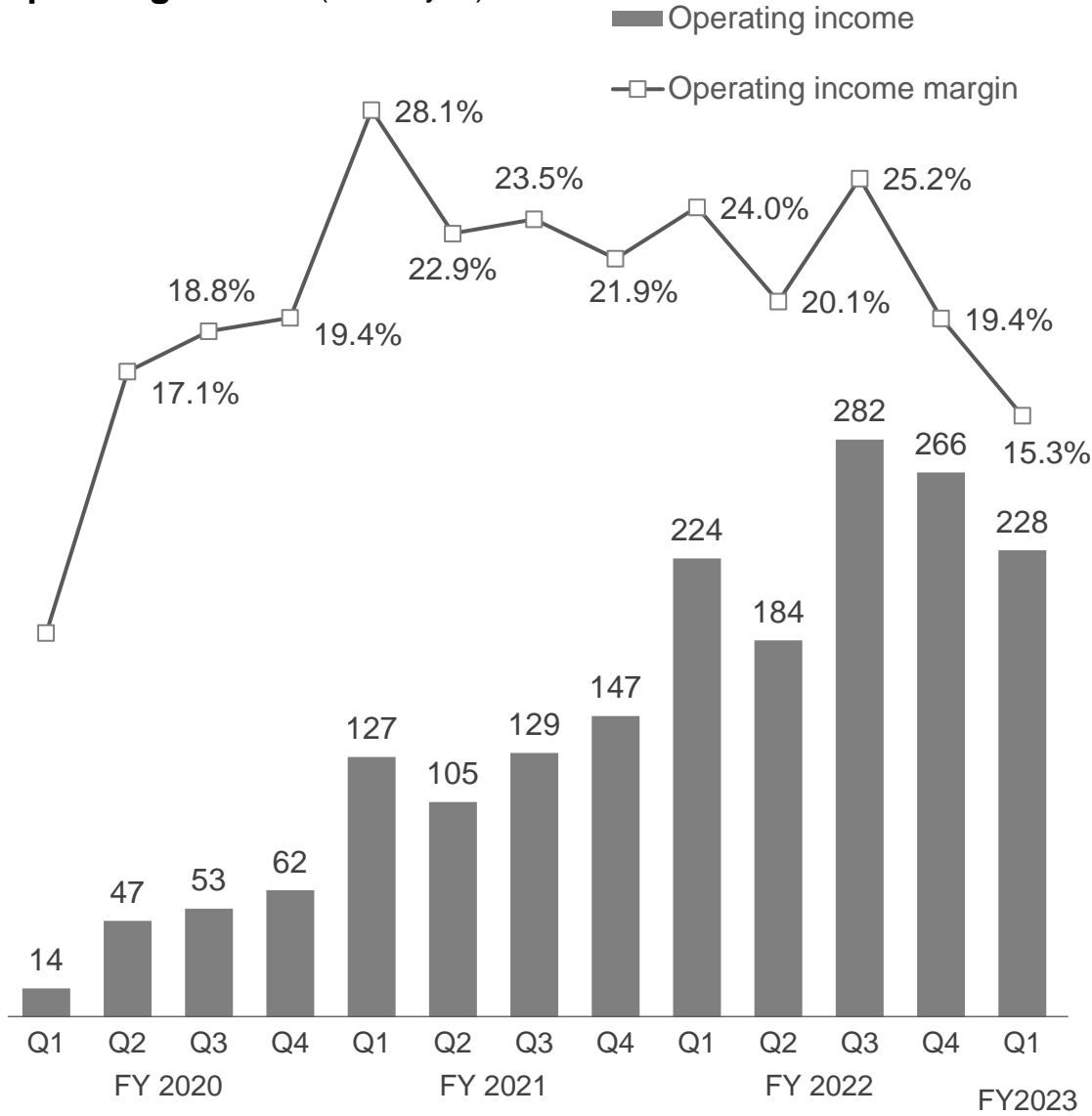
Net sales grew 27.8% YoY in the digital transformation business.

Although there was not as much seasonal variation as in the previous fiscal year, we were able to reap demand steadily while utilizing joint participation partners.

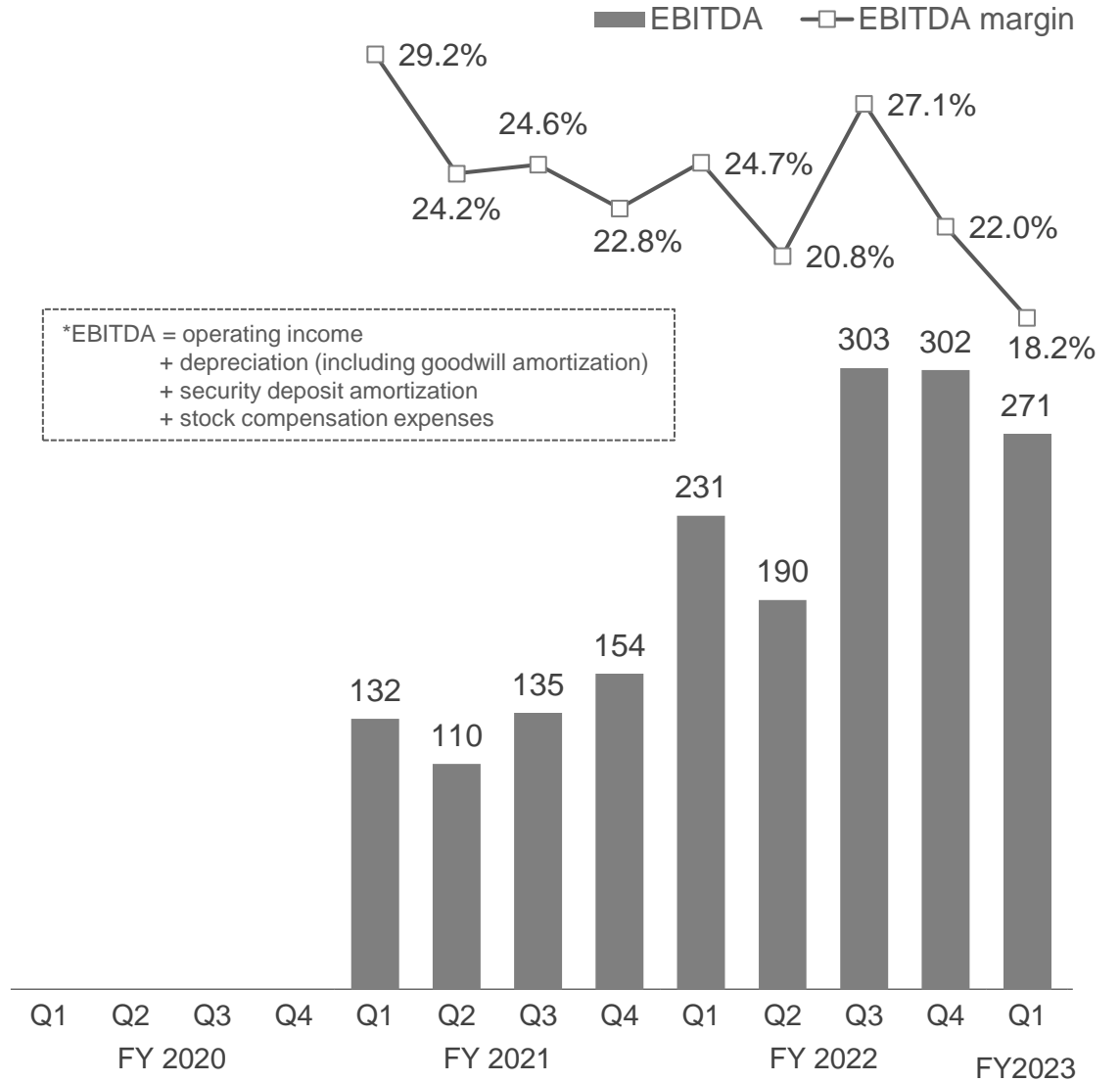
Quarterly Consolidated Financial Results - Operating Income & EBITDA

□ Operating income fell QoQ. EBITDA excluding the impact of non-cash expenses was ¥271 million.

Operating income (million yen)



EBITDA* (million yen)



*EBITDA = operating income
 + depreciation (including goodwill amortization)
 + security deposit amortization
 + stock compensation expenses

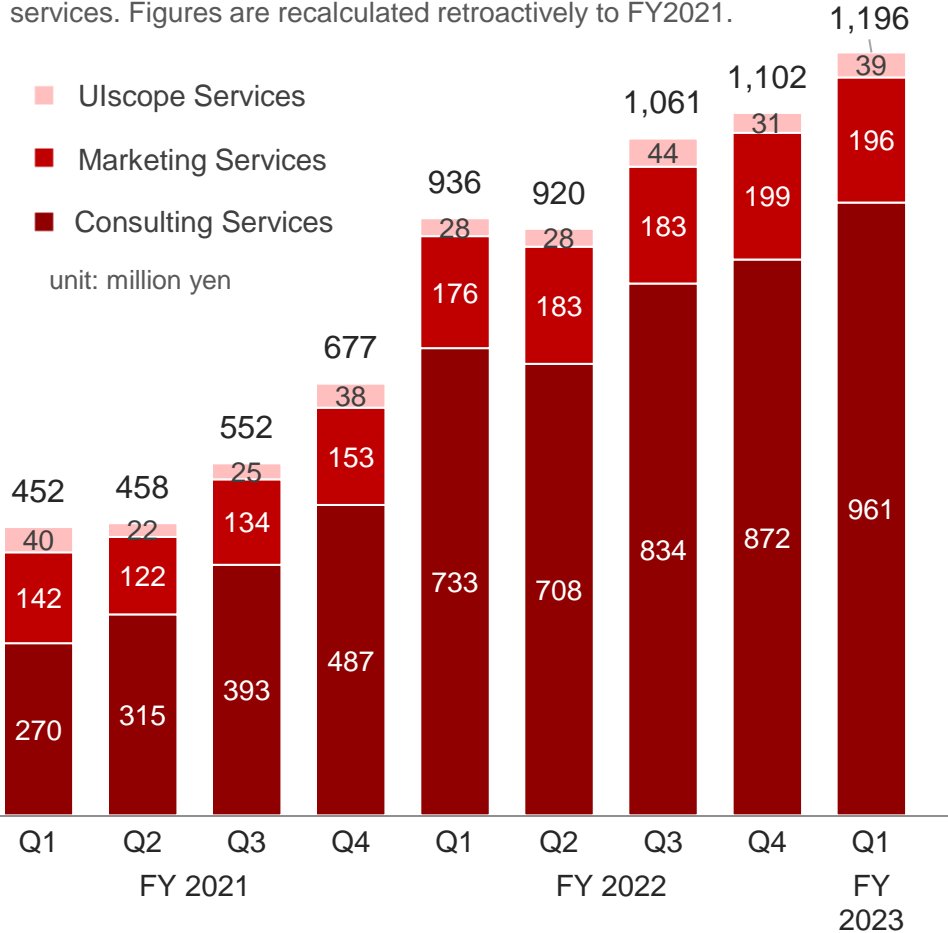
Results by Segment - Net Sales

□ Net sales by segment are as follows. Net sales in each business grew QoQ.

Digital transformation business

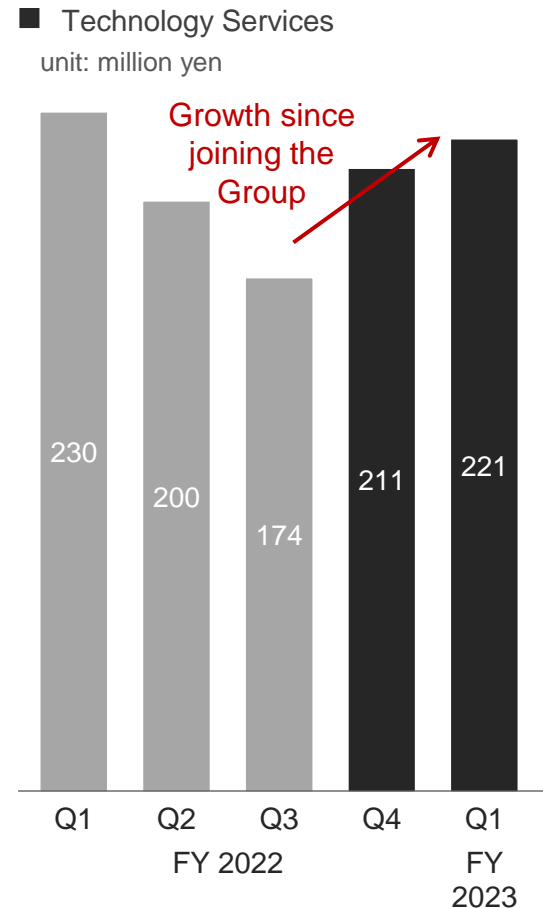
*From FY2023 Q1, the aggregation standards for marketing services were partially changed, and projects with strong consulting elements were transferred to consulting services.

*From this disclosure, only Ulscope projects are counted as Ulscope services. Figures are recalculated retroactively to FY2021.



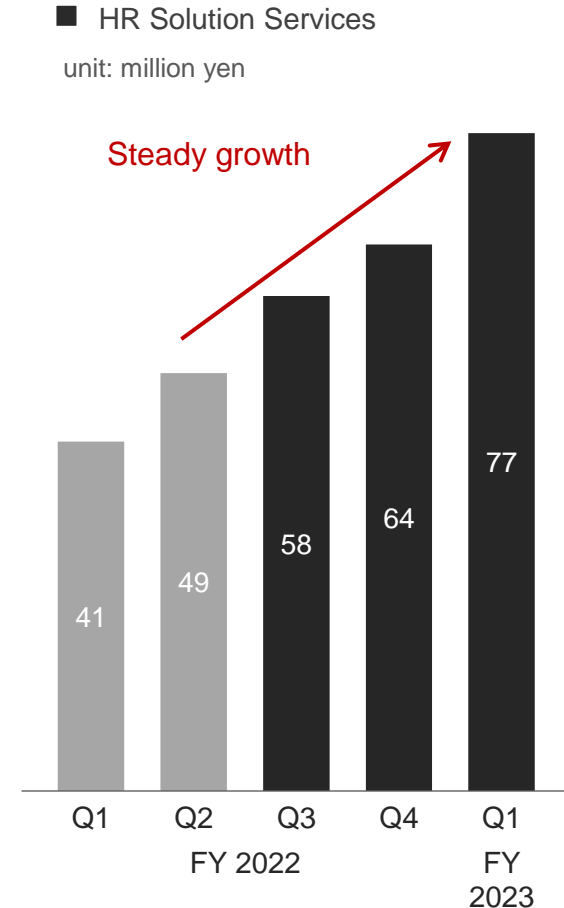
DX x Technology business

*Consolidated from FY2022 Q4. Previous figures are shown for reference and are net sales amount of the same business in cuatro pistas Ltd., which is the business transferee.



DX x HR business

*Consolidated from FY2022 Q3. Previous figures are the financial results of uloqo Co., Ltd. for reference.



Results by Segment - Cost of Sales & Gross Profit


- Cost of sales and gross profit by segment were as follows. In the Digital transformation business and DX x Technology business, the growth rate of subcontracting expenses was higher than that of net sales, lowering the gross profit margin.

	Digital transformation business		DX x Technology business		DX x HR business	
	Results (million yen)	QoQ	Results (million yen)	QoQ	Results (million yen)	QoQ
Net sales	1,196	+8.5%	221	+4.7%	77	+20.3%
Personnel expenses (cost of sales)	137	+0.8%	39	(2.7%)	15	+12.3%
Subcontracting expenses (cost of sales)	568	+20.5%	141	+12.2%	5	+12.5%
Other costs	2	+39.0%	0	(11.5%)	0	+184.9%
Gross profit	488	(0.9%)	39	(7.7%)	55	+23.4%
Gross profit margin	40.8%	-	18.0%	-	71.9%	-
SG&A expenses			353			QoQ +13.2%
Operating income			228			QoQ (14.3%)
Operating income margin			15.3%			

*Figures are before allocation of SG&A expenses, such as office rents, etc., to cost of sales, so do not match gross profit stated in Financial Results, Quarterly Reports, etc.

SG&A Expenses

- Selling, general and administrative expenses (SG&A expenses) were as follows. Recruiting expenses increased significantly QoQ.

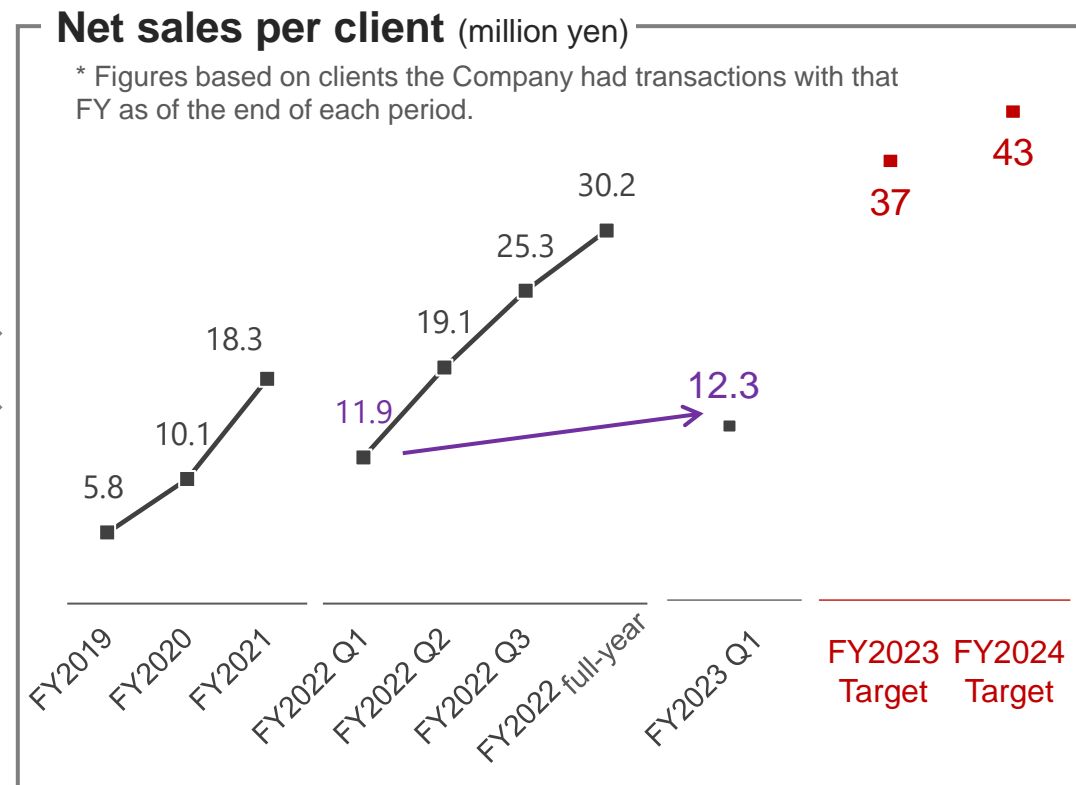
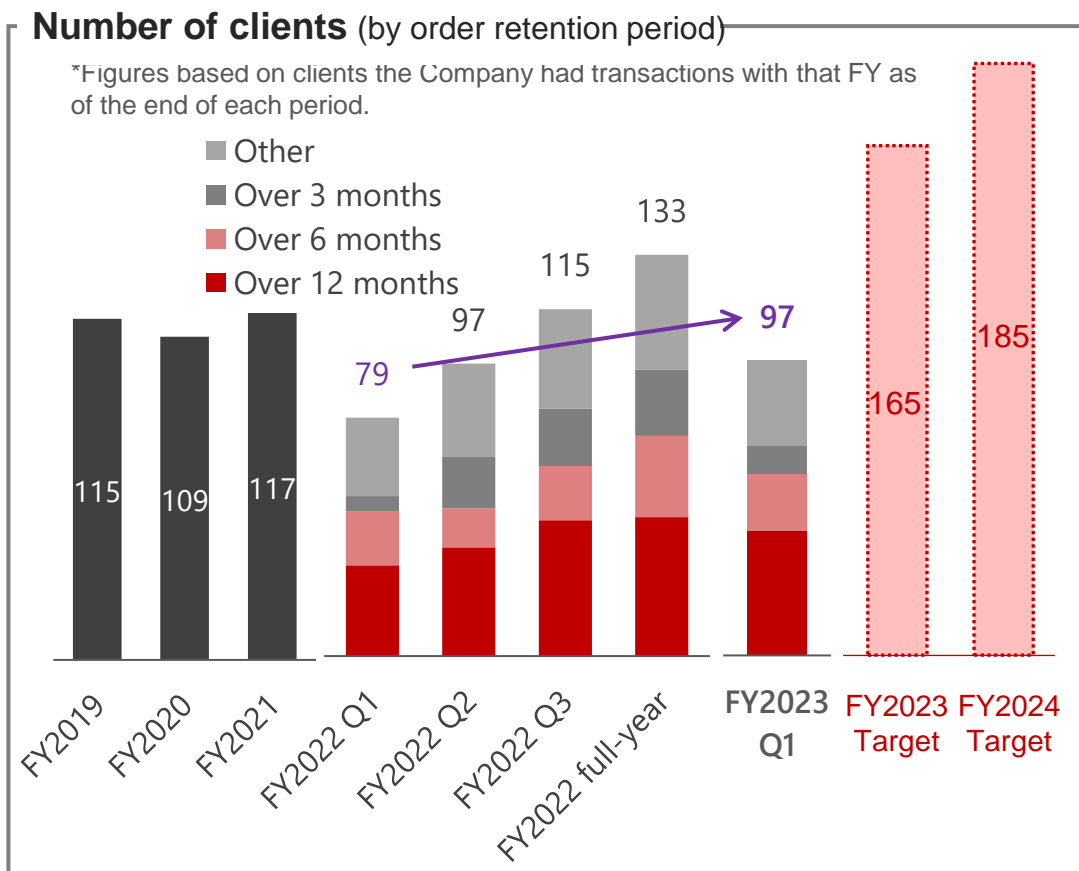
	Results (million yen)	SGA vs. net sales	QoQ	Description
Personnel expenses / subcontracting expenses (SG&A expenses)	139	9.3%	+10.8%	Executive compensation, back-office employee salaries, subcontracting expenses, etc.
Recruiting expenses	72	4.8%	 +41.9%	Agent fees, event expenses, etc.
Office rents	33	2.2%	(8.6%)	Office rent, etc.
Depreciation, etc. (including goodwill amortization)	43	2.9%	+15.9%	Goodwill amortization and depreciation of other non-current assets, security deposit amortization, etc.
Other SG&A expenses	66	4.5%	+1.4%	
Total SG&A expenses	353	23.7%	+13.2%	

Total SG&A expenses increased 13.2% QoQ to ¥353 million
mainly due to an increase of ¥21 million in recruiting expenses (+41.8% QoQ)

3. Progress and Forecasts for Major Numerical Information, etc.

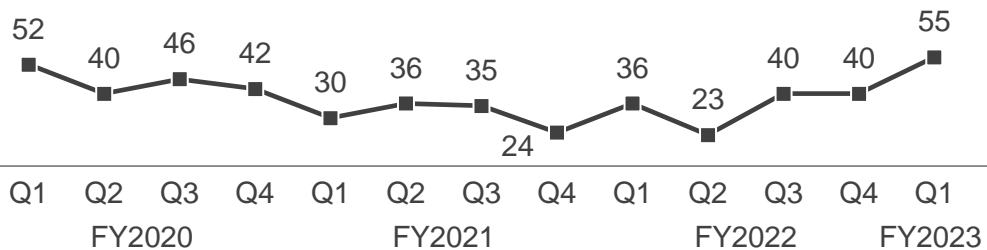
Digital Transformation Business | Number of Clients & Per-client Sales

Number of clients and net sales per client grew compared to FY2022 Q1.



Number of Ulscope projects

Ulscope efficiently attracts new customers



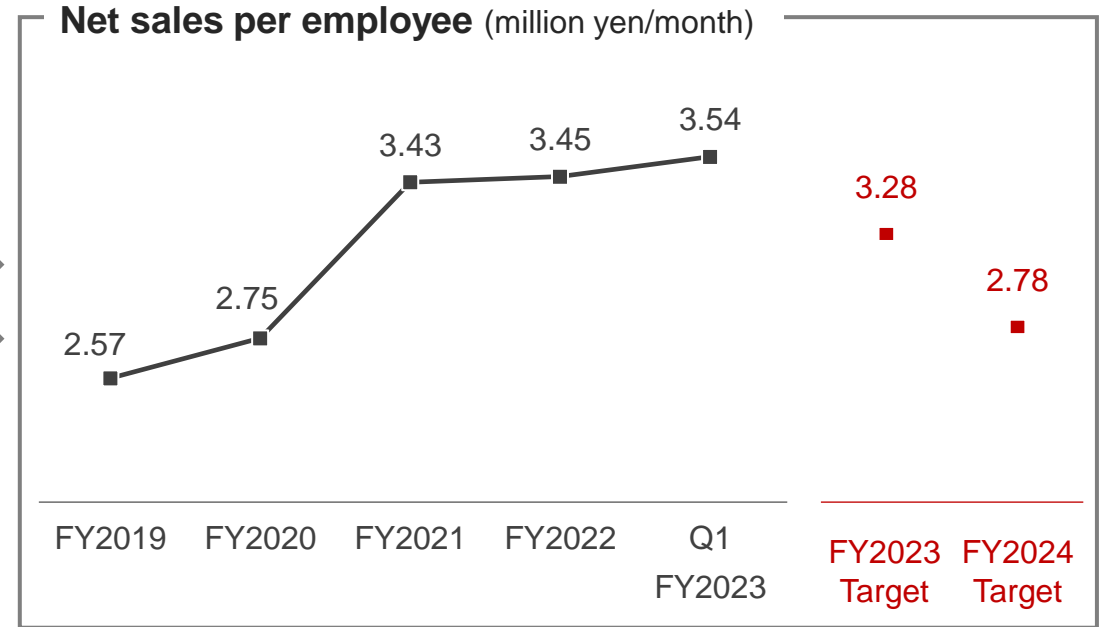
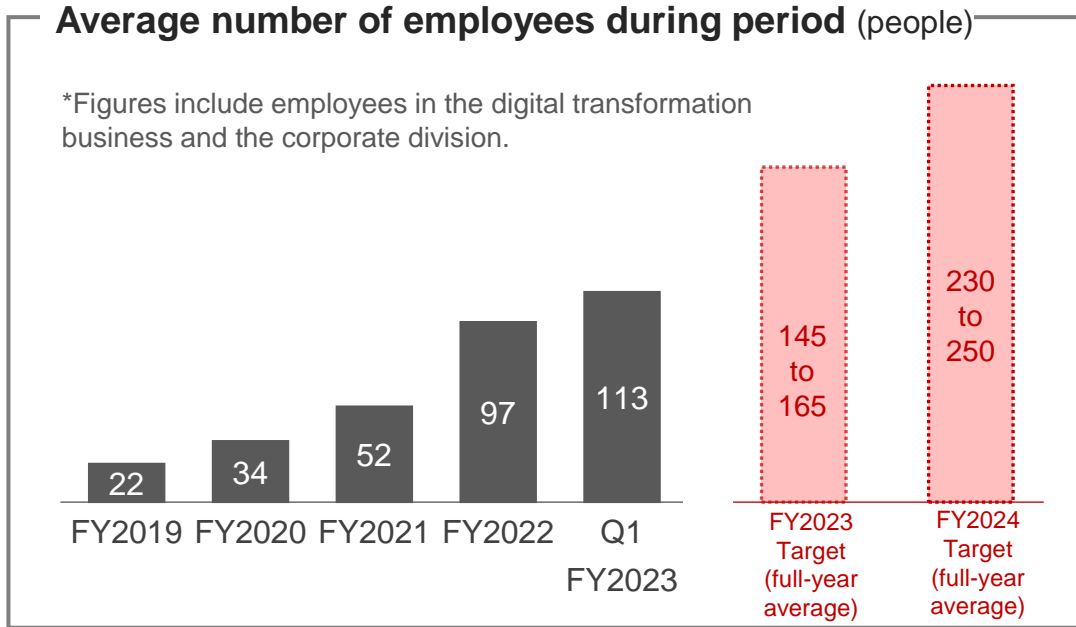
Number of clients by per-client sales

Expanding existing customers and turning them into large-scale customers

	up to ¥30 million	Up to ¥100 million	Up to ¥300 million	Over ¥300 million
FY2020	98 companies	8 companies	2 companies	0 companies
FY2021	103 companies	11 companies	2 companies	1 company
FY2022	103 companies	23 companies	5 companies	2 companies

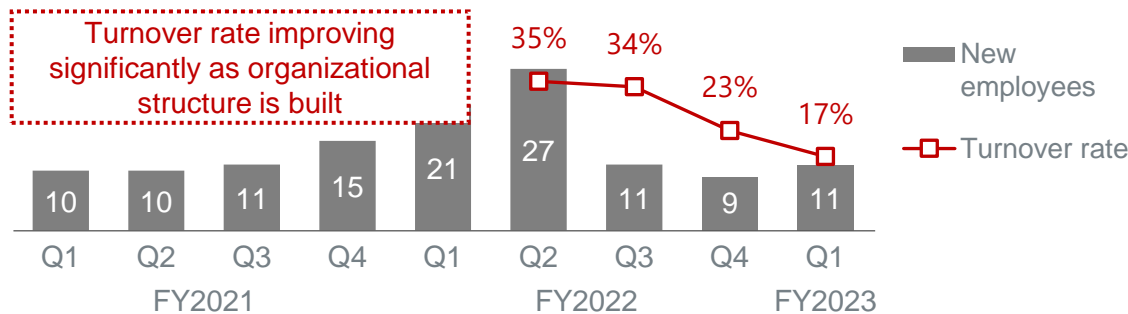
Digital Transformation Business | Number of Employees & Net Sales per Employee

Number of employees increased steadily. Net sales per employee is expected to decline in the medium- to long-term due to a reduction in the ratio of partners in line with progress in hiring.

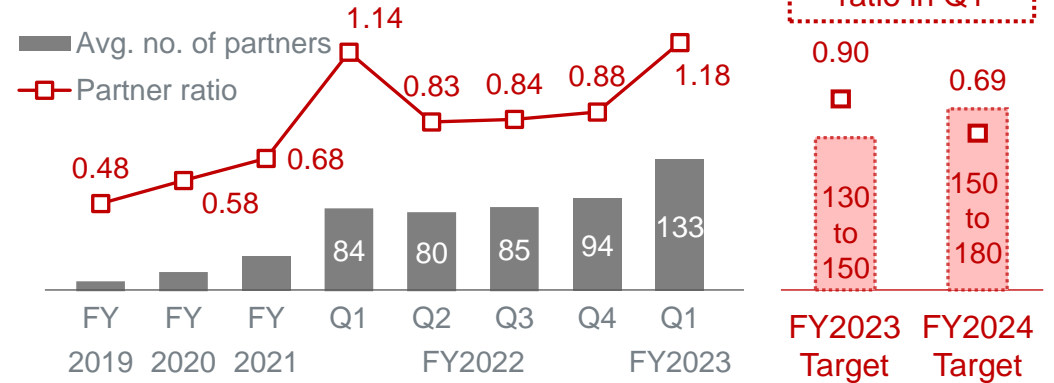


Number of new employees and turnover (Digital transformation business only)

*The turnover rate is calculated by dividing the number of retirees during the year up to each year-end date by the average number of employees for the same period.



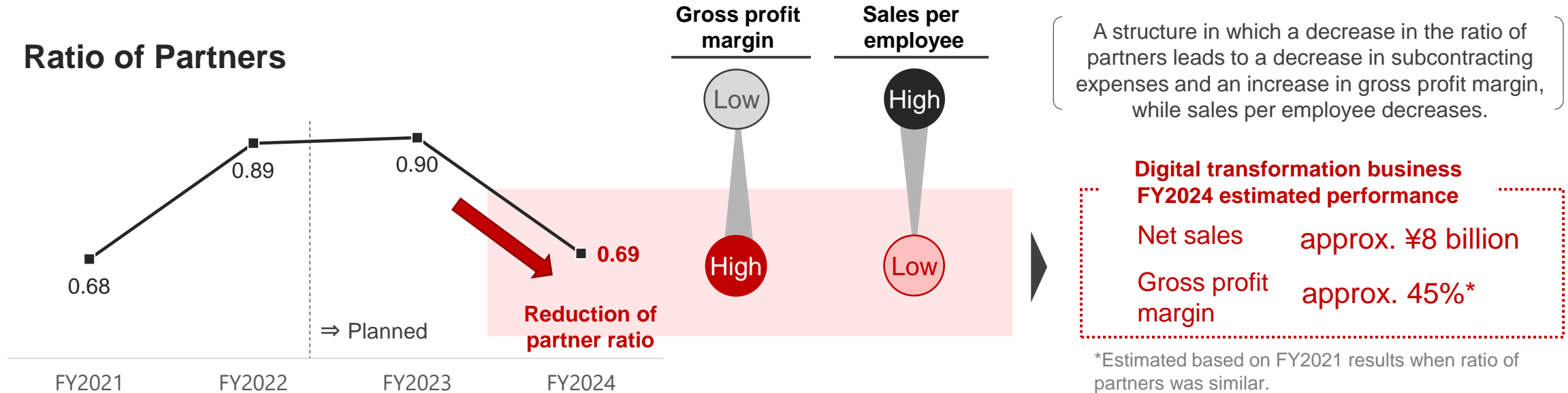
Average number of partners & Partner ratio



Digital Transformation Business | Ratio of Partners

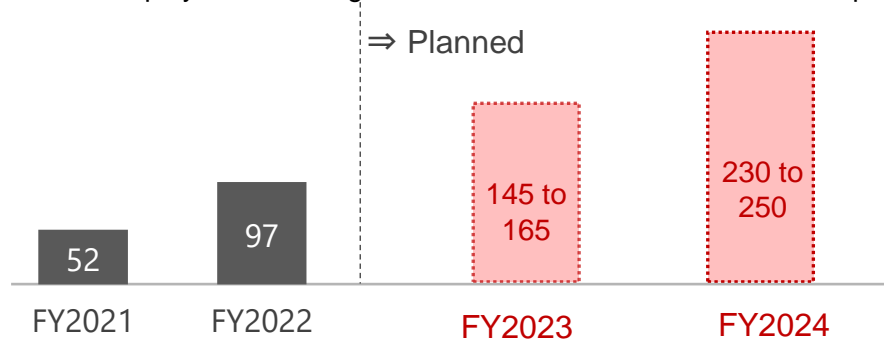
- Currently, we will focus on securing strong demand for projects by utilizing our partners. In the medium- to long-term, we will reduce our partner ratio and improve our profit margin.
- However, in consideration of the hiring situation and acquisition of projects, we may aim for further growth of the top line by increasing the partner ratio on the assumption that the absolute profits will be secured as planned.

Ratio of Partners



Average number of employees during the period

* Total number of employees in the digital transformation business and the corporate division.



From FY2022 to FY2023, we captured strong demand for projects by utilizing joint participation partners.

In the medium- to long-term, we will strive to improve our gross profit margin by reducing the ratio of partners as recruitment progresses.

Digital Transformation Business | Future Investment Plans Based on Personnel Plans

- As investments to secure human resources, we expect to record medium- to long-term expenses for recruiting expenses and office rents as shown below.

Personnel plan

*The total number of employees in the digital transformation business and corporate division at the end of each period.



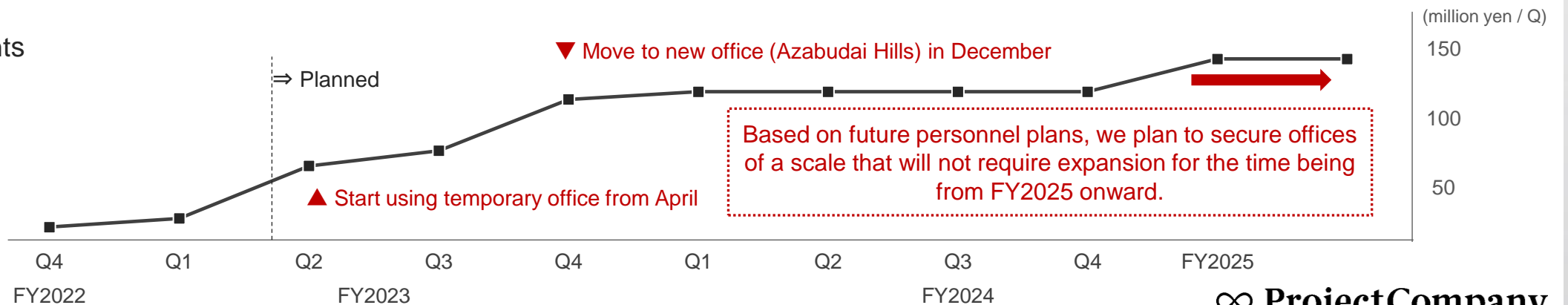
Investment plan

*Group-wide cost actuals or budget plans

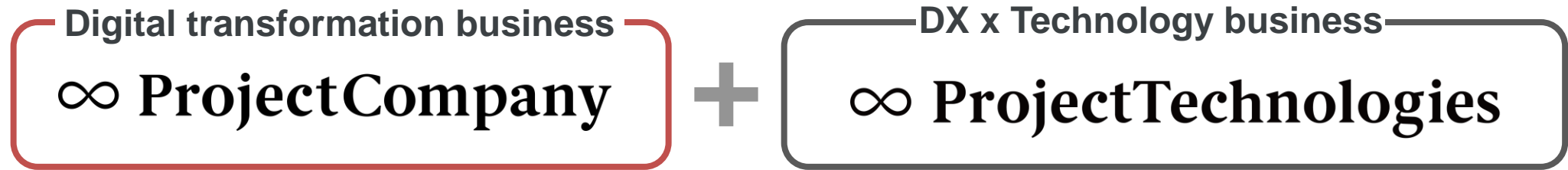
Recruiting expenses



Office rents

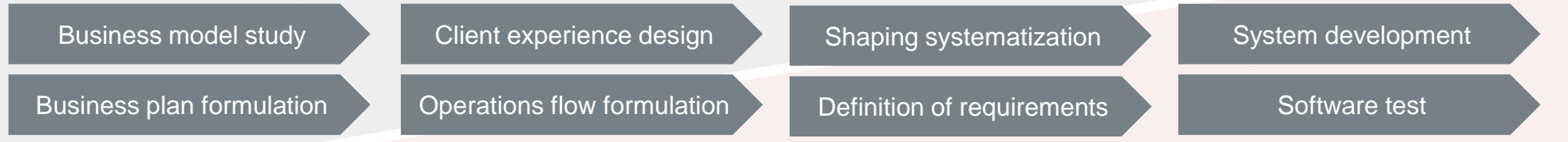


- ❑ Expanded the Group's support domain to include technology areas such as system development and software testing using engineer dispatch services acquired in October 2022.
- ❑ Aim to improve profitability by expanding the ratio of transactions with top companies in the IT industry's multi-subcontracting structure by utilizing our customer base, etc.



1

Expansion of areas of support

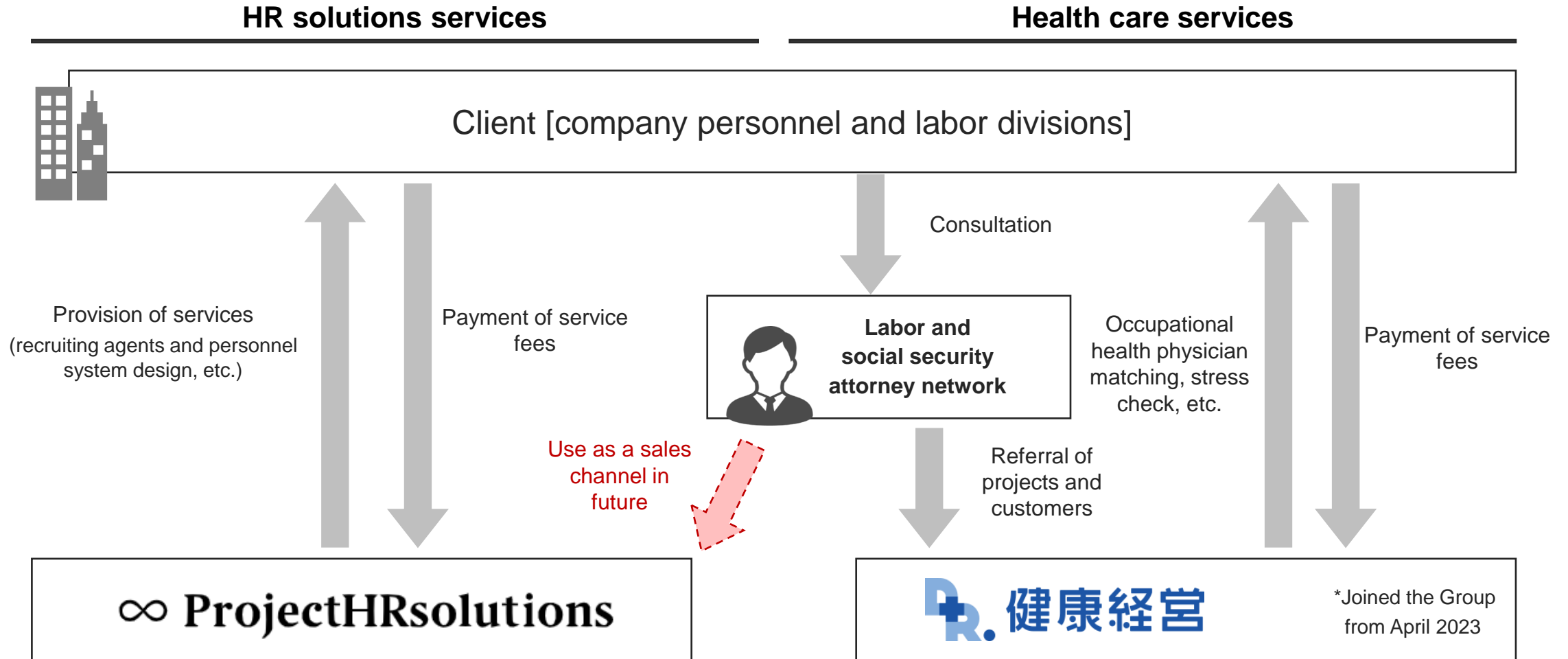


2

Improvement of profitability

We aim to improve profitability by increasing the ratio of transactions with companies ranked higher in the IT industry's multi-subcontracting structure by taking advantage of our client base and consulting expertise to participate in projects from upstream processes.

- uloqo Co., Ltd. (currently ProjectHRsolutions, Inc.), which joined the Group in April 2022, steadily expanded its business performance using the Group's know-how with a focus on organization building.
- In April 2023, the company acquired shares in Dr.KENKO KEIEI Inc., which mainly provides occupational health physician referral services, and is working to expand the range of services it offers in the personnel and labor fields and to expand its sales channels by utilizing the labor and social security attorney network Dr.KENKO KEIEI Inc. has.



4. Topics

M&A | Dr. KENKO KEIEI & artwize join the Group

- Two new M&As were completed in April 2023.

Dr.KENKO KEIEI Inc.



artwize inc.



<p>Company overview</p>	<p>Dr.KENKO KEIEI is developing businesses related to employee health and mental health care for corporate customers, with a focus on "Occupational Health Physician Concierge," an occupational health physician referral service.</p> <p>The scale of business is expanding with the mandated stress check system and the enforcement of work-style reform laws.</p>	<p>As with ProjectTechnologies, Inc., artwize mainly develops SES business.</p> <p>Due to the impact of the spread of COVID-19, the company posted an operating loss in the fiscal year ended June 2022, but it is expected to return to the black in the current period and earnings are on a recovery track.</p>
<p>Aim of M&A</p>	<ul style="list-style-type: none"> □ Cross-selling to existing clients of the Group by expanding the support menu in the HR field. □ Dr.KENKO KEIEI has a labor and social security attorney network as a source of projects, so we will expand our group's sales channels mainly through ProjectHRsolutions. 	<ul style="list-style-type: none"> □ Accelerate acquisition of projects by utilizing the resources of artwize, which has multiple engineers with expertise in Java, AWS, etc. □ Strengthen competitiveness in the recruitment market by infusing artwize's know-how on organization building to make it easier for engineers to work.
<p>Acquisition cost</p>	<p>¥0.50 billion (goodwill amortization: 10 years)</p>	<p>¥0.22 billion (goodwill amortization: 7 years)</p>
<p>Date of consolidation</p>	<p>April 3, 2023 (Consolidated from FY2023 Q2)</p>	

M&A | PMI of ProjectTechnologies

- ❑ Cuatro technologies, Inc. (currently ProjectTechnologies, Inc.), which has been a group company since October 2022, has made a generally favorable start.
- ❑ PMI focuses on organization building, hiring and back-office operations.

Status of cuatro technologies, Inc. (currently ProjectTechnologies, Inc.)

- ✓ Joined the group in October 2022. Earnings increased before and after M&A.
- ✓ In April 2023, artwize inc. became a group company. Artwize employs engineers with diverse expertise, and has strengths in building organizations that are easy for engineers to work in. We are aiming to achieve synergy between these two companies.

Future outlook based on artwize inc. joining the Group

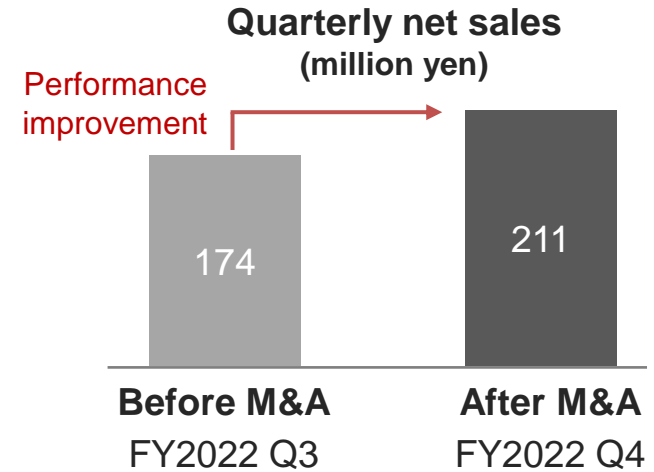
Acquisition of projects from
ProjectCompany Group clients



ProjectTechnologies



Human resources with diverse expertise
and know-how in building an easy-to-
work organization for engineers



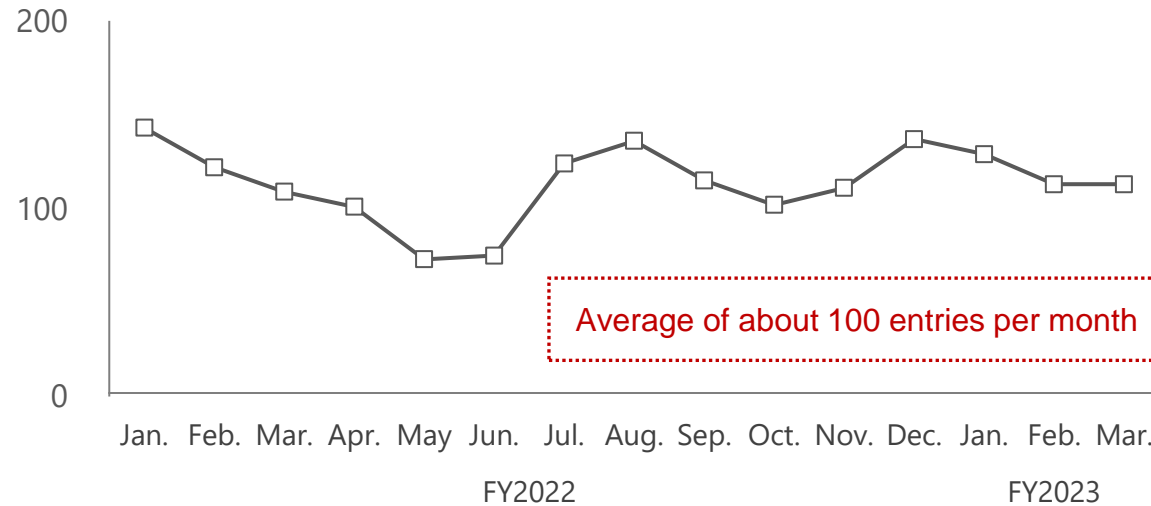
Main PMI implementation items

Organization building	<ul style="list-style-type: none"> ✓ Focusing on business management and sales activities by deploying professional human resources with successful results in ProjectCompany. ✓ Strengthen management by building an organizational structure which consists of personnel below board members; directors, managers, and members.
Hiring	<ul style="list-style-type: none"> ✓ Strengthen human resources recruitment by utilizing the Group's recruitment know-how and the listed company Group's brand.
Back-office	<ul style="list-style-type: none"> ✓ Reduce indirect costs by consolidating back office operations, mainly accounting and legal affairs.

- Changes in the total number of applications and the number of new employees are as follows. It is recognized that a certain level of quality can be used as collateral.

Mid-career recruitment

〈Number of entries*〉 *Candidates who had at least one interview with our employees are counted as entered candidate.



〈Hiring results〉

Jan.-Dec. 2022 total **64** people
(Candidates who had their first interview in 2022)

Carefully hired at a hiring rate of 4.7% against 1,384 entries in 2022

New graduate recruitment

〈Results for new graduates of 2023〉

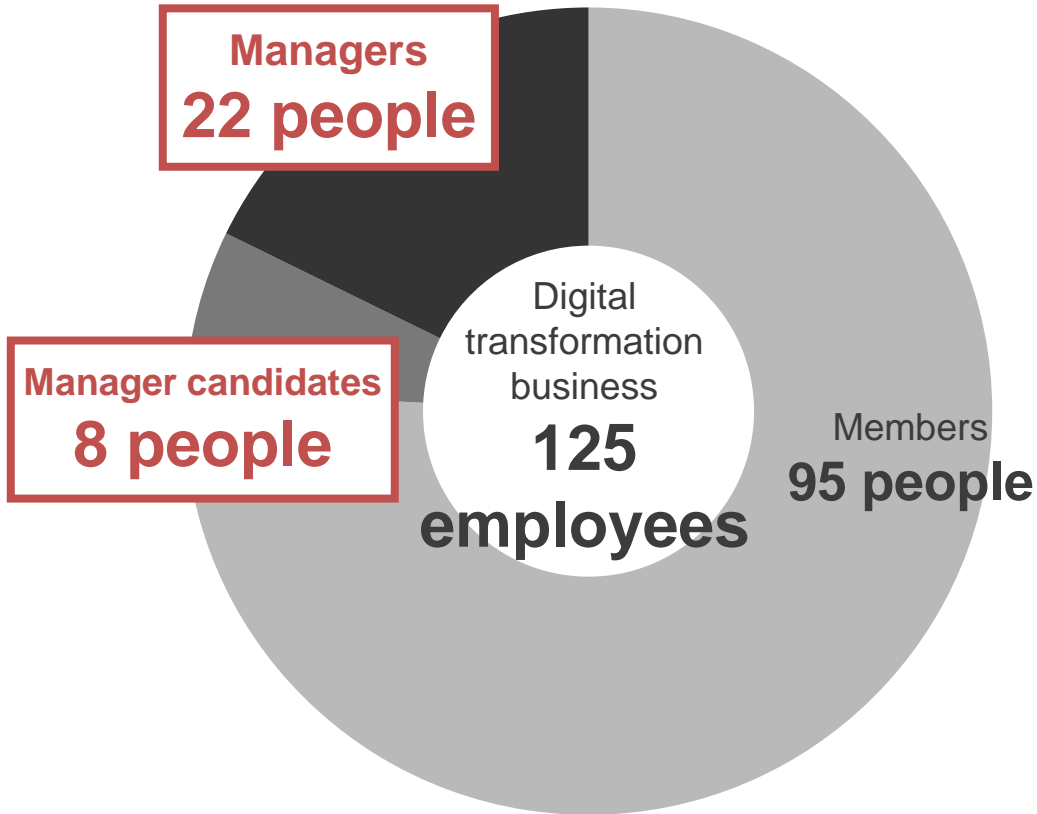
No. of first interviews conducted	824
No. of hires	42 people

For new graduates, only upper ranked candidates were hired at a hiring rate of 5.1%.

- ❑ Steady progress in developing human resources for managers, which are key points in the Project Company-style organization building.
- ❑ Using the accumulated know-how as a guideline to formalize human resources development.

Breakdown of Employees by Title

* Only Digital transformation business employees as of April 3, 2023 are included.



Building the Project Company style organization

❑ Selection system and challenge culture

- ✓ At the time of joining the company, all members are assigned to projects as members. Those who achieve results here are promoted to "manager candidates" regardless of the month they join the company.
- ✓ "Manager candidates" assume the same responsibilities as managers, and when they achieve results, they are formally appointed as managers.
- ✓ Even if results are not good, employees are welcome to try again.



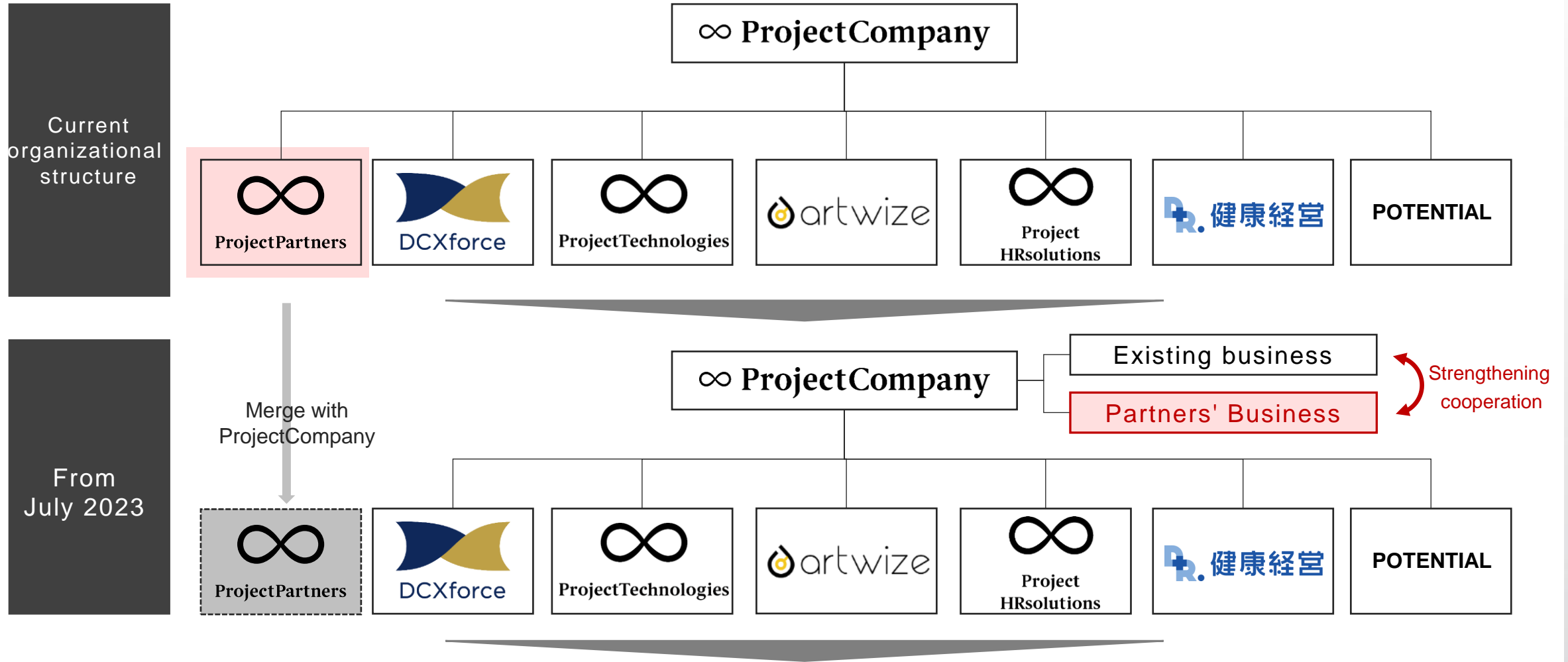
❑ Formalization of human resources development guidelines

- ✓ We have written down our accumulated know-how on mindsets and skill sets related to project-type work and distributed it to all Group employees in a booklet.
- ✓ It is used as a guideline not only for the execution of duties by employees but also for the feedback from managers.



Management Structure | Merger of ProjectPartners

- ❑ In preparation for the establishment of a pure holding company structure in January 2024, ProjectCompany will absorb ProjectPartners and transfer it to ProjectCompany Co., Ltd. in July 2023 to strengthen cooperation among consulting businesses within the Group.

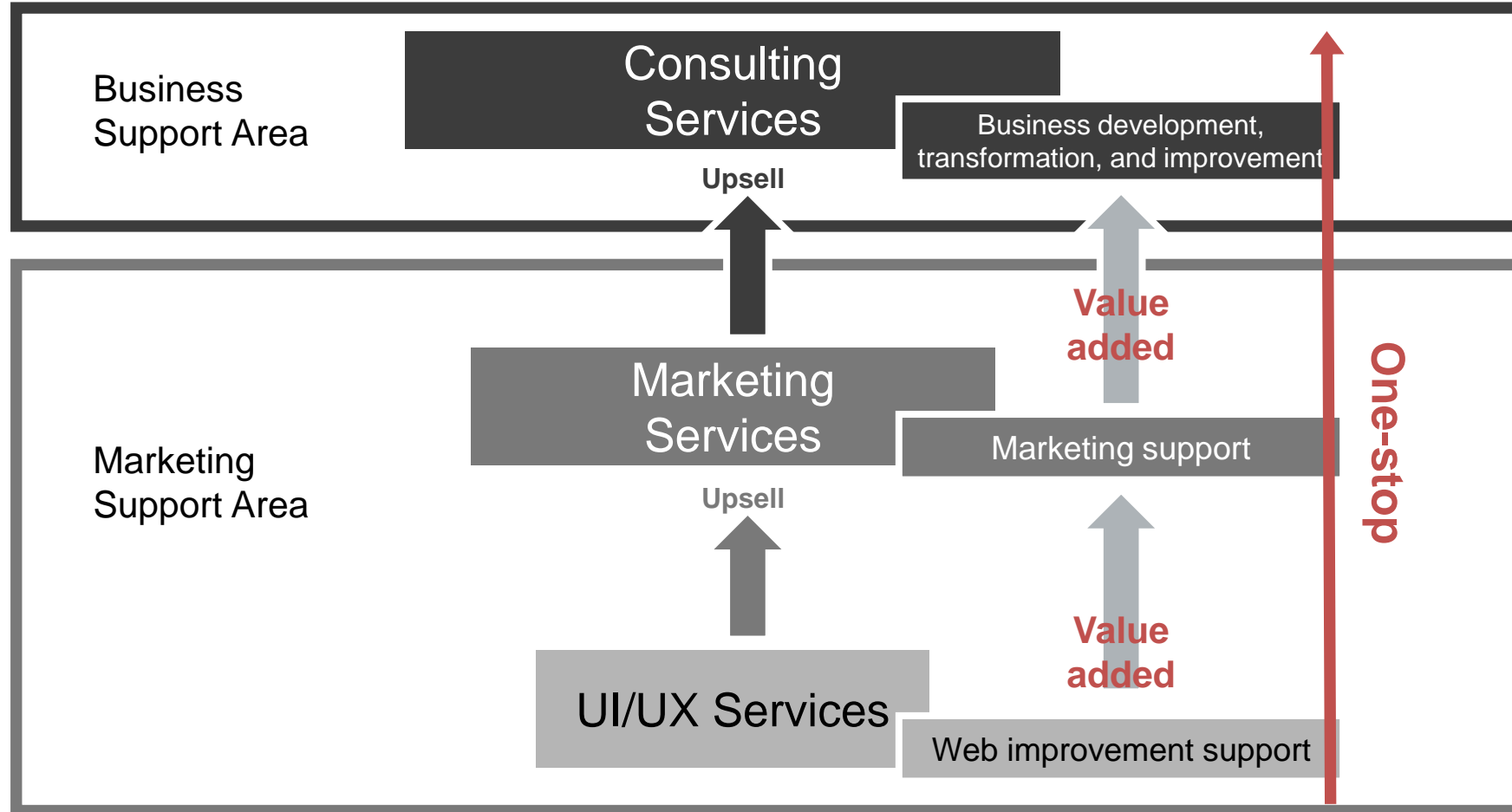


Establishment of a pure holding company system by January 2024 (announced on February 21, 2023)

5. Appendix (i) Overview of Digital Transformation Business

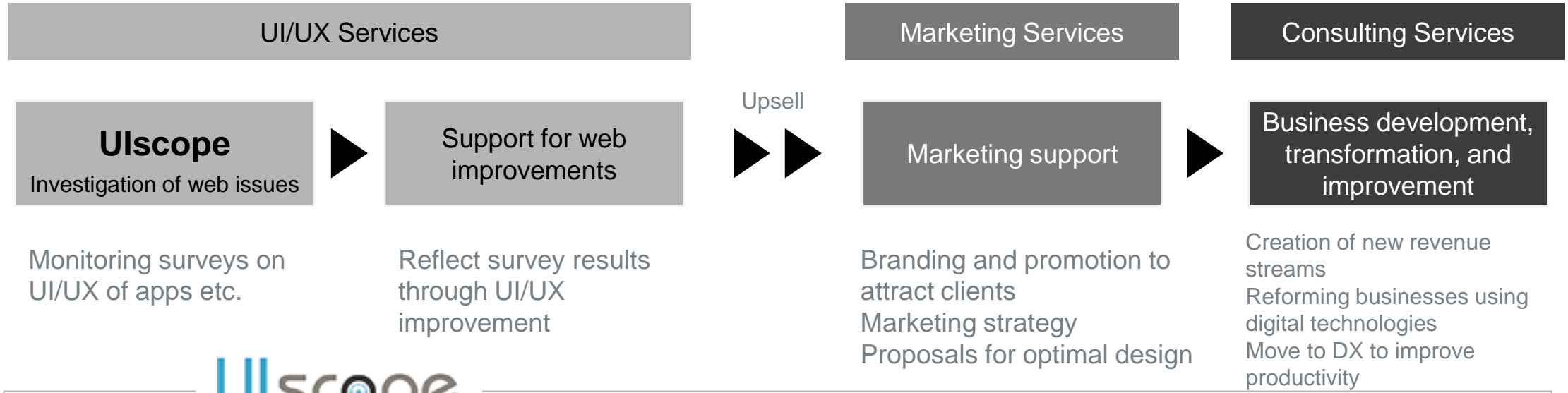
Feature (1) | DX's One-stop Advisory System

- ❑ Provide a one-stop service ranging from web improvement support for user interfaces, to marketing support and business support such as new business development.
- ❑ Efficient and effective digital transformation (DX) is possible because customers can receive one-stop support.
- ❑ There are many competitors in each of our services, but only a limited number of companies provide a one-stop service.



Feature (2) | Uiscope as a Starting Point of One-stop Support

- ❑ The usability testing and improvement of Uiscope supports objective and comprehensive app/web improvements through UI/UX surveys using registered monitors.
- ❑ **Boasts high recognition in the UI/UX domain**, with inbound* orders accounting for 82% of UI/UX service projects in FY2022 results.



Uiscope



Reasonable, Fast, and Simple High-Quality User Tests

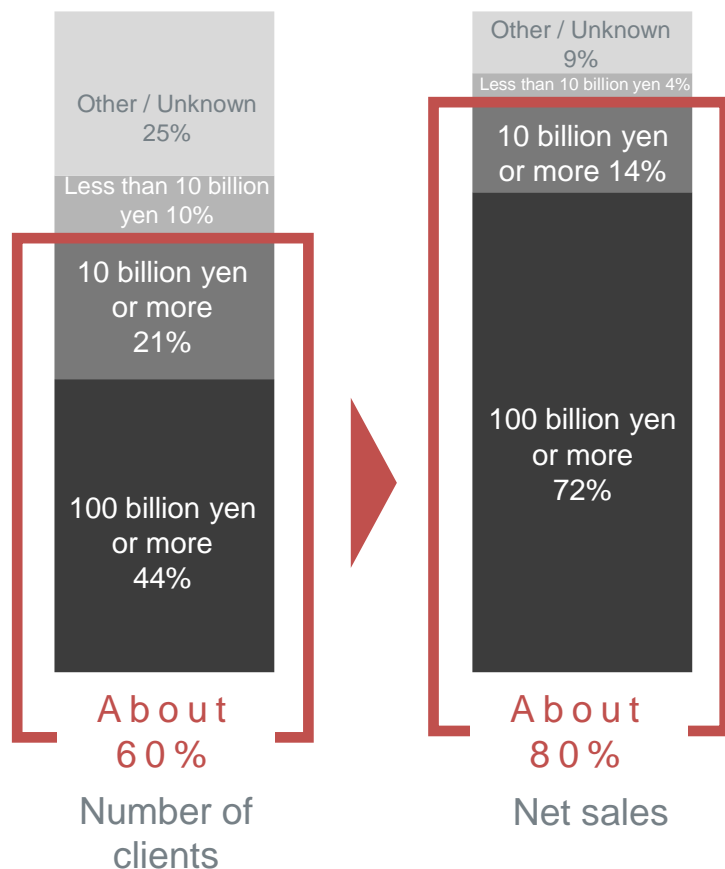


*Inbound: Inquiries from clients that lead to orders, instead of making sales approaches to companies

Feature (3) | Strong Customer Base Centered on Major Companies

- About 60% of all clients are large companies with sales of 100 billion yen or more. These companies account for about 80% of our total net sales.
- **We do business with a wide range of major companies** in IT, communications, finance, and other industries.

Breakdown of Customer Sales by Size (FY2022 results)



Trading Performance

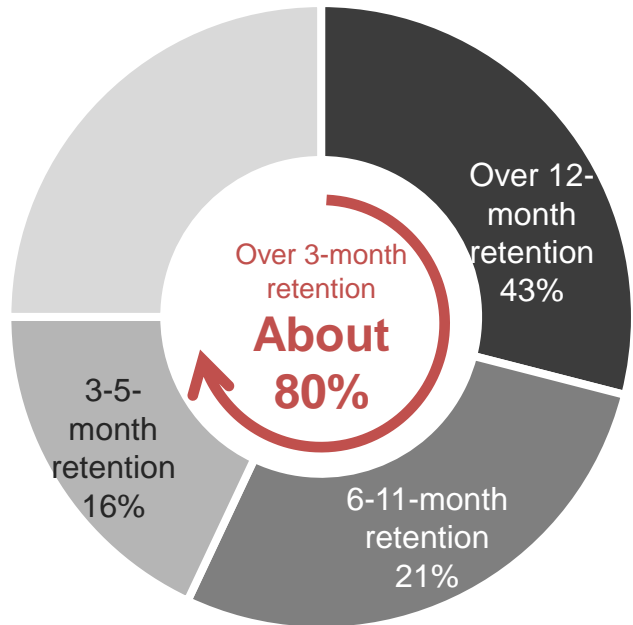


Feature (4) | Accumulation of Long-term Customers through Stock-type Business Model

- We recognize that consulting companies generally have a sales structure with emphasis on spot and flow projects.
- We have built up net sales by building a stock-type business model that is premised on continued support backed by integrated services. The stock sales ratio for FY2022 was approximately 89% (total for digital transformation business).

Order Retention Ratio* (%)

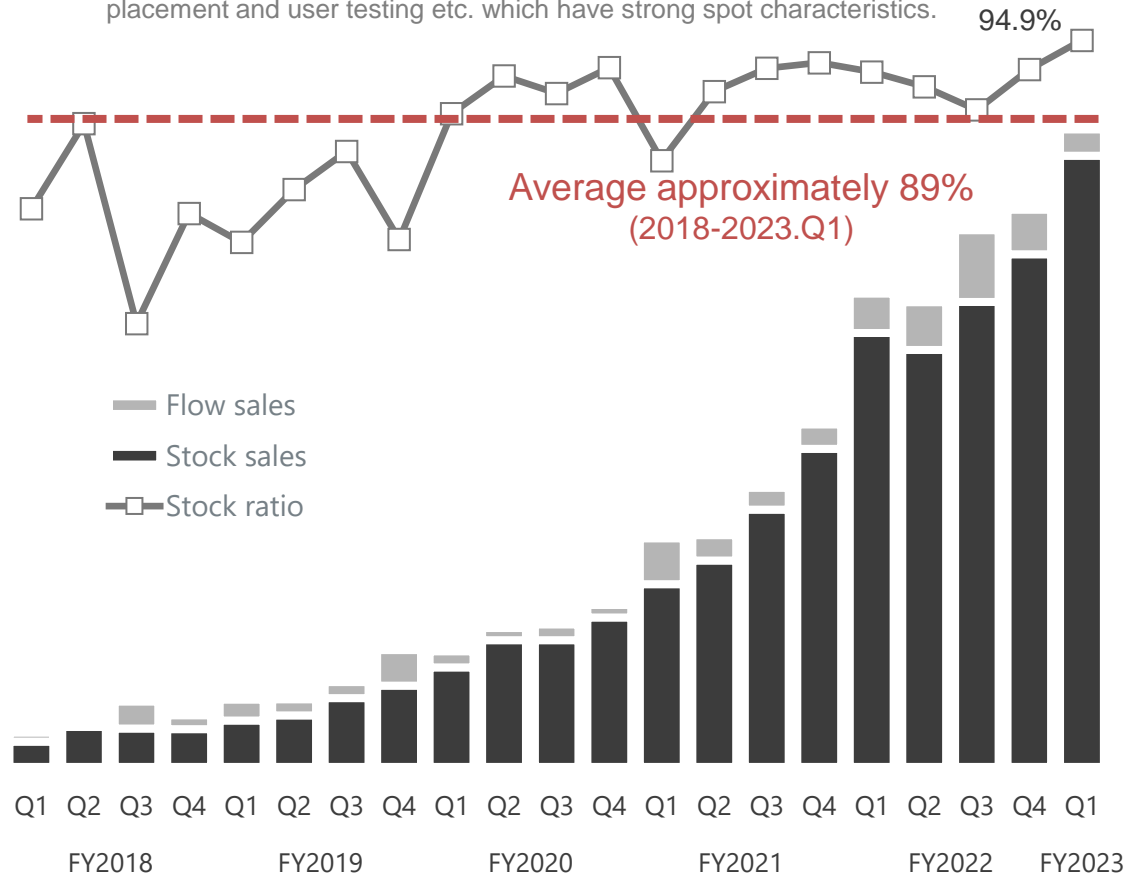
*Percentage of clients with sales of 10 billion yen or more who signed contracts over multiple months between January 2018 and March 2023



* Figures are only for digital transformation business. Excluding UIscope shot project clients.

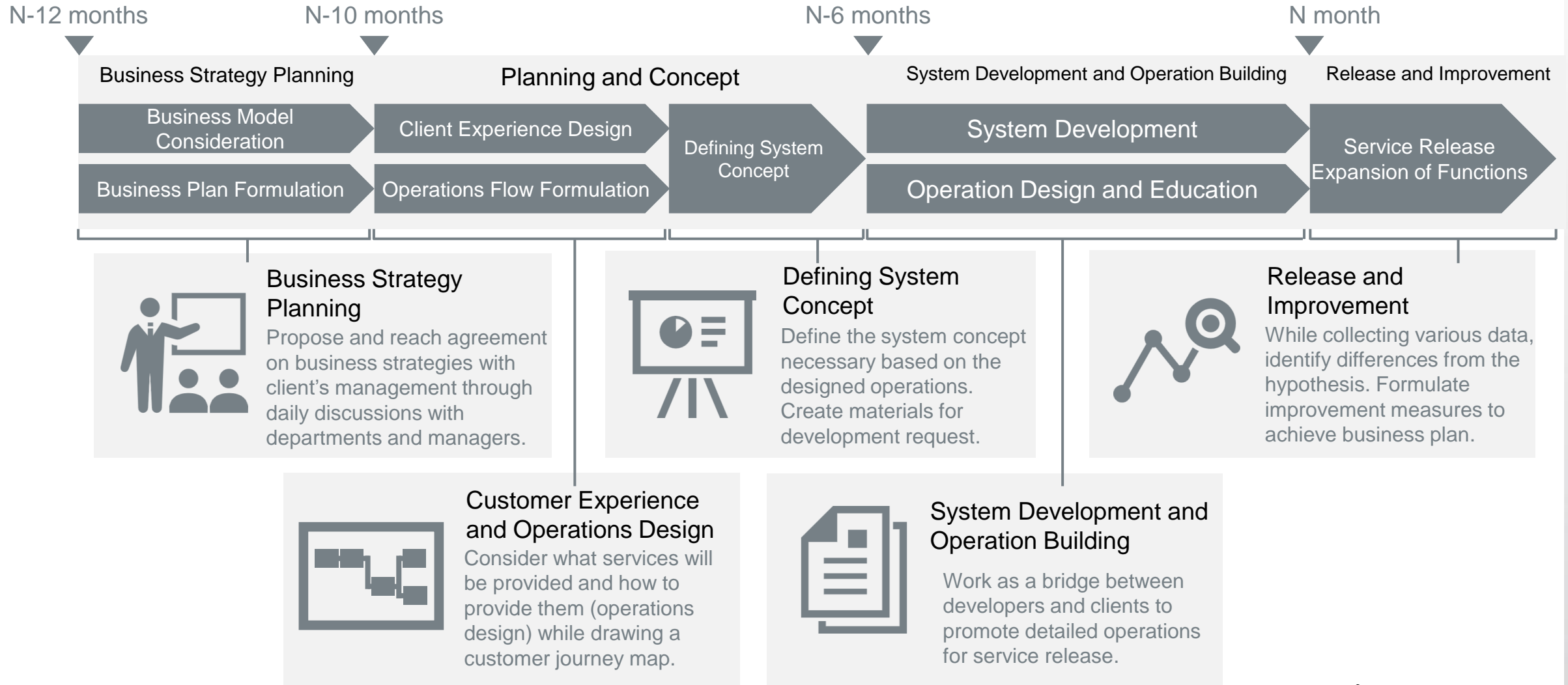
Stock Sales* Ratio

* Stock sales: Sales from clients with an order retention of over 6 months, excluding ad placement and user testing etc. which have strong spot characteristics.



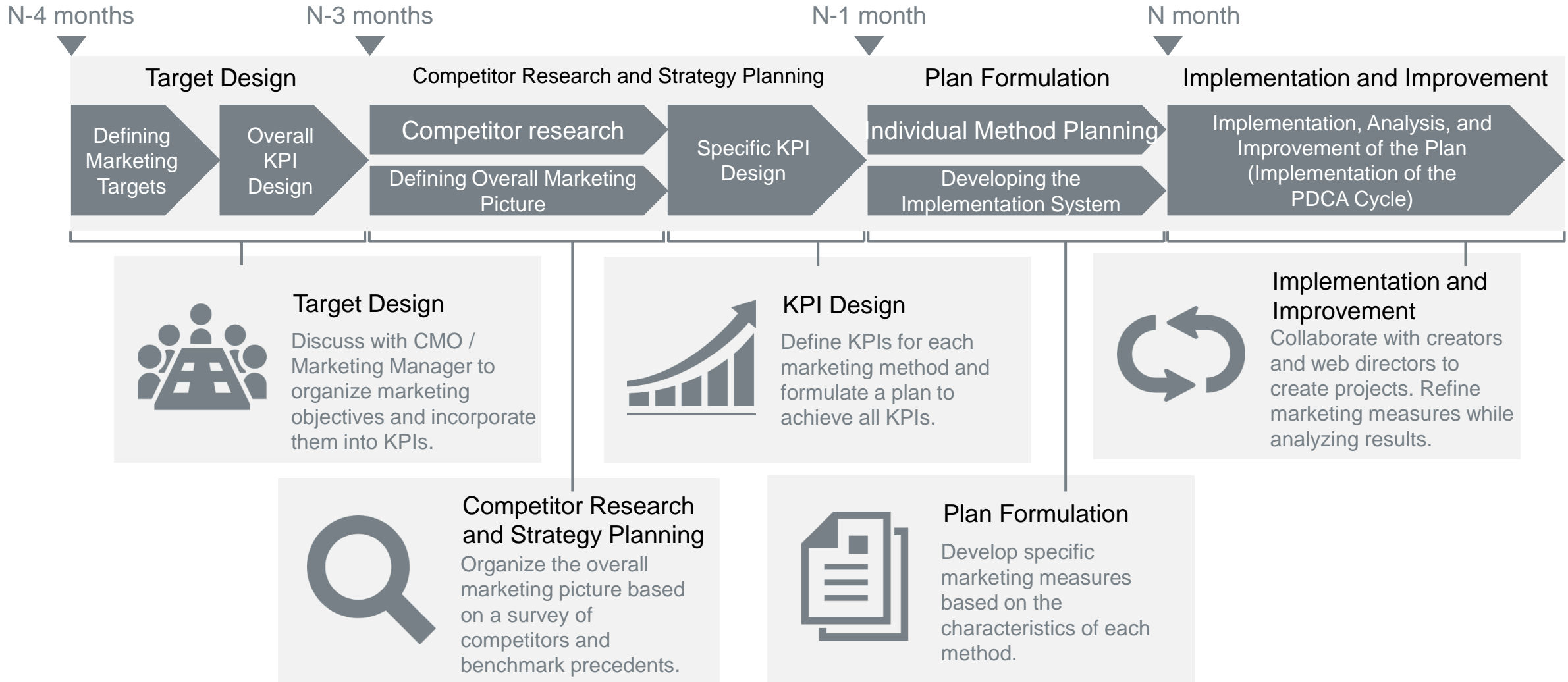
Case Introduction | Consulting Services (New Business Development)

- Many new business development projects are supported by business strategy planning, such as business model consideration and business plan formulation.
- As business development professionals, we develop and manage the overall schedule until service release and take charge of leading problem solving and meeting facilitation.



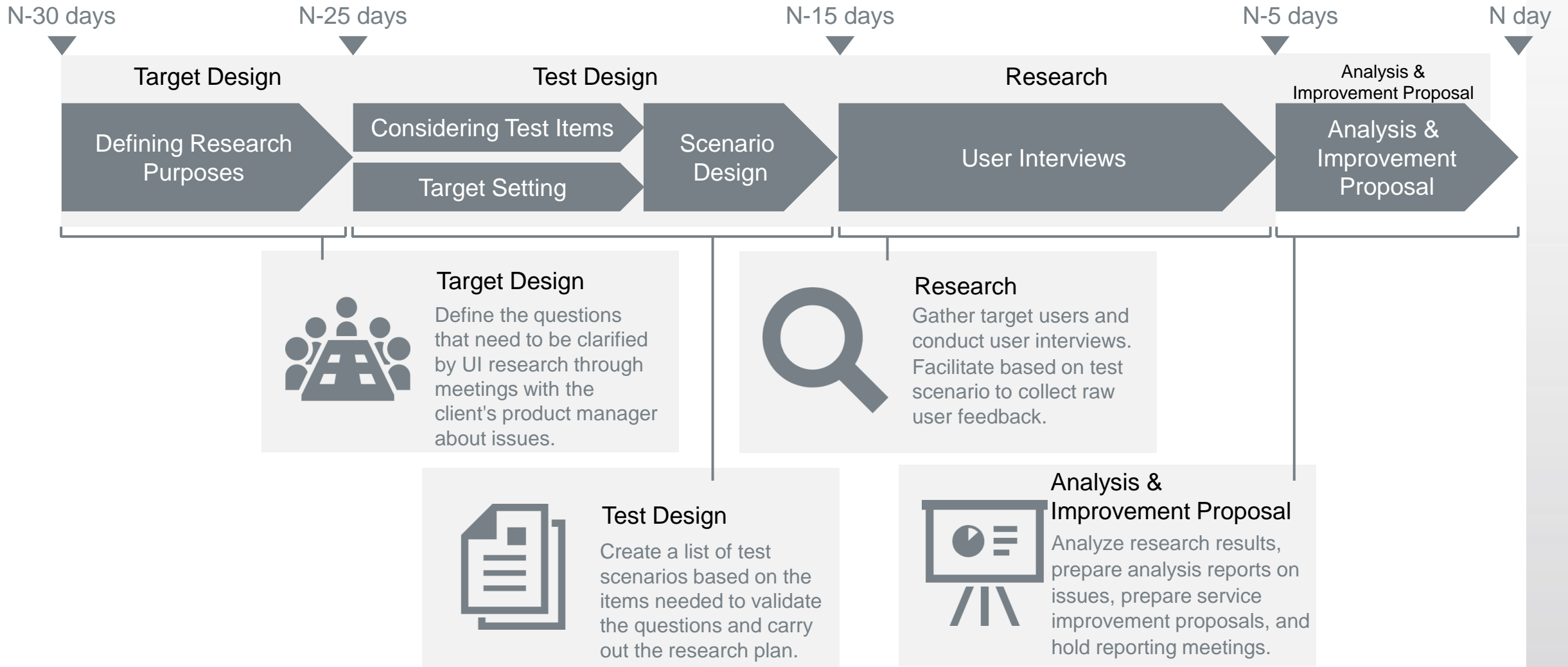
Case introduction | Marketing Services (Marketing Strategy Planning to Implementation Support)

- ❑ In planning a marketing strategy, it is important to clarify "What is marketing for?" by defining targets.
- ❑ In addition, the value of our marketing support is not only in strategy planning, but also in realizing tangible results through repeated PDCA cycles.



Case Introduction | UI/UX Services (UI research)

- ❑ In UI research, we collect raw opinions from target users regarding the convenience of applications and websites.
- ❑ We implement effective proposals for improvement by discovering bottlenecks that cannot be clarified by quantitative data alone.

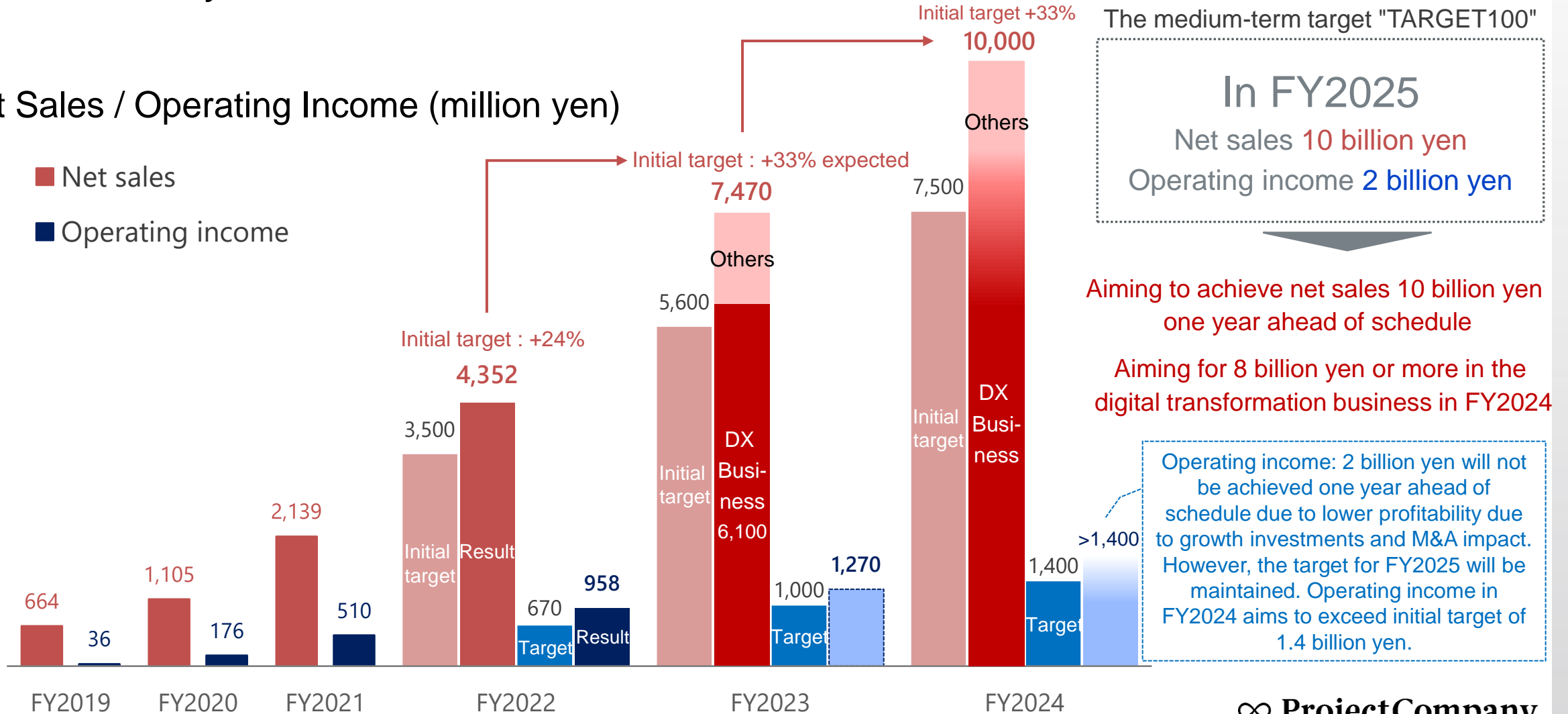


6. Appendix (ii) Future Growth Strategies

Progress Towards the Medium-term Target "TARGET100"

- The medium-term target "TARGET100" (announced in February 2022) aims to achieve 10 billion yen in net sales and 2 billion yen in operating income in FY2025. Both net sales and operating income are progressing smoothly.
- We will continue to focus on achieving a high growth rate and move forward **to achieve the 10-billion-yen mark in net sales one year ahead of schedule.**

Net Sales / Operating Income (million yen)



Policies to Achieve Performance Targets

- Aiming to achieve net sales of 10 billion yen one year ahead of schedule, we will strive to achieve both (1) growth in existing businesses and (2) discontinuous growth through M&A.

Aiming to achieve net sales of 10 billion yen one year ahead of schedule

Policy

Action Plan

1

Continued organic growth in digital transformation business

- Aiming for "Profitable Hypergrowth" by proactively implementing investments necessary for future growth while assuming that we secure a certain level of operating income.
- Recruiting expenses and office expenses are expected to increase by approximately 200 million yen in FY2023 compared to the previous fiscal year.

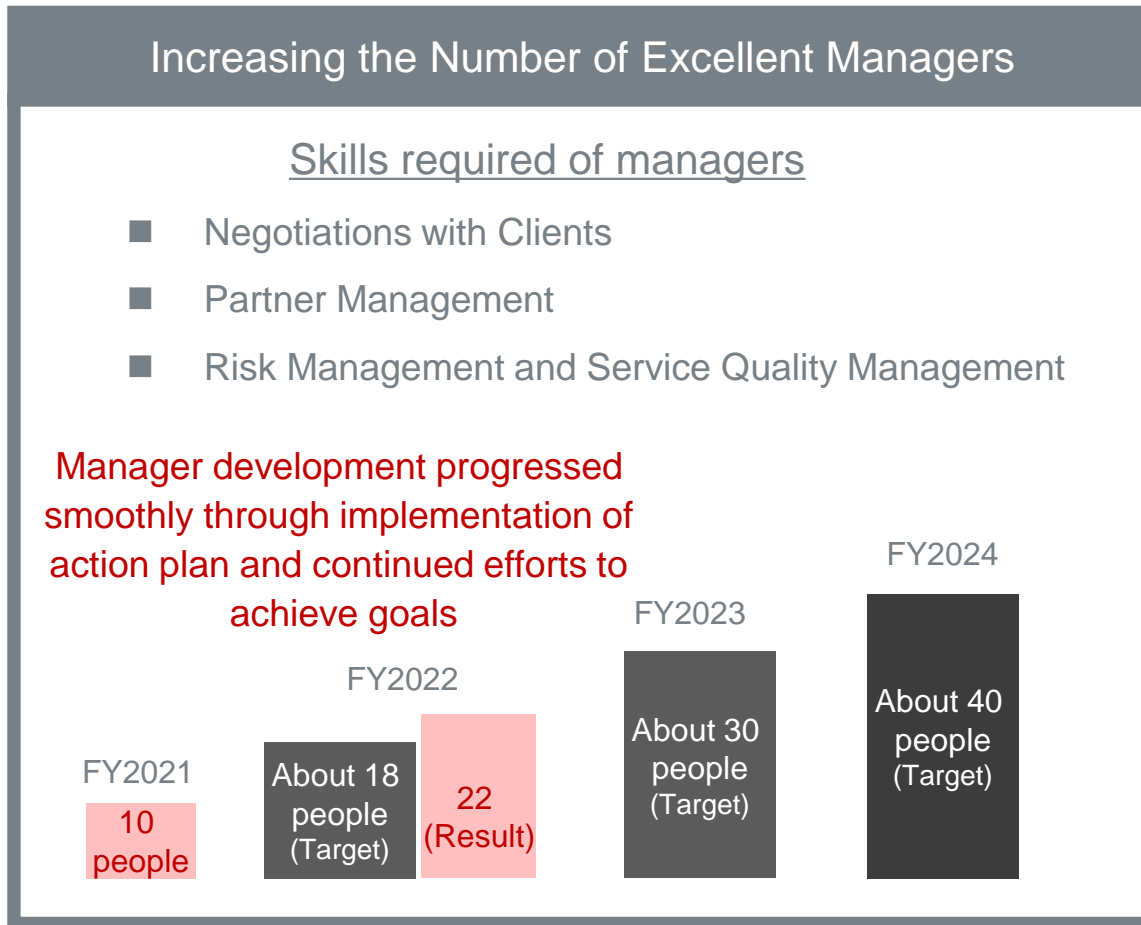
2

Acceleration of discontinuous growth through M&A and new business development

- Based on the smooth progress of the group management system, which was implemented on a trial basis in fiscal 2022, we will pursue diversified expansion as a corporate group through M&As and new business creation.
- Actively consider and implement M&As that can generate synergies with existing businesses, and promote "Project Company-style PMI" by leveraging the business development and growth capabilities cultivated in the digital transformation business.

(1) Organic Growth Strategies | Development of Managers

- ❑ Develop managers in line with sales targets and drive growth.
- ❑ In addition to expanding the number of employees in the member class through increased recruitment of human resources, develop a system to maximize the use of human resources within the organization through enhanced training.
- ❑ Continue efforts to improve management skills in three areas: "individual challenge," "equalization" and "mindset".

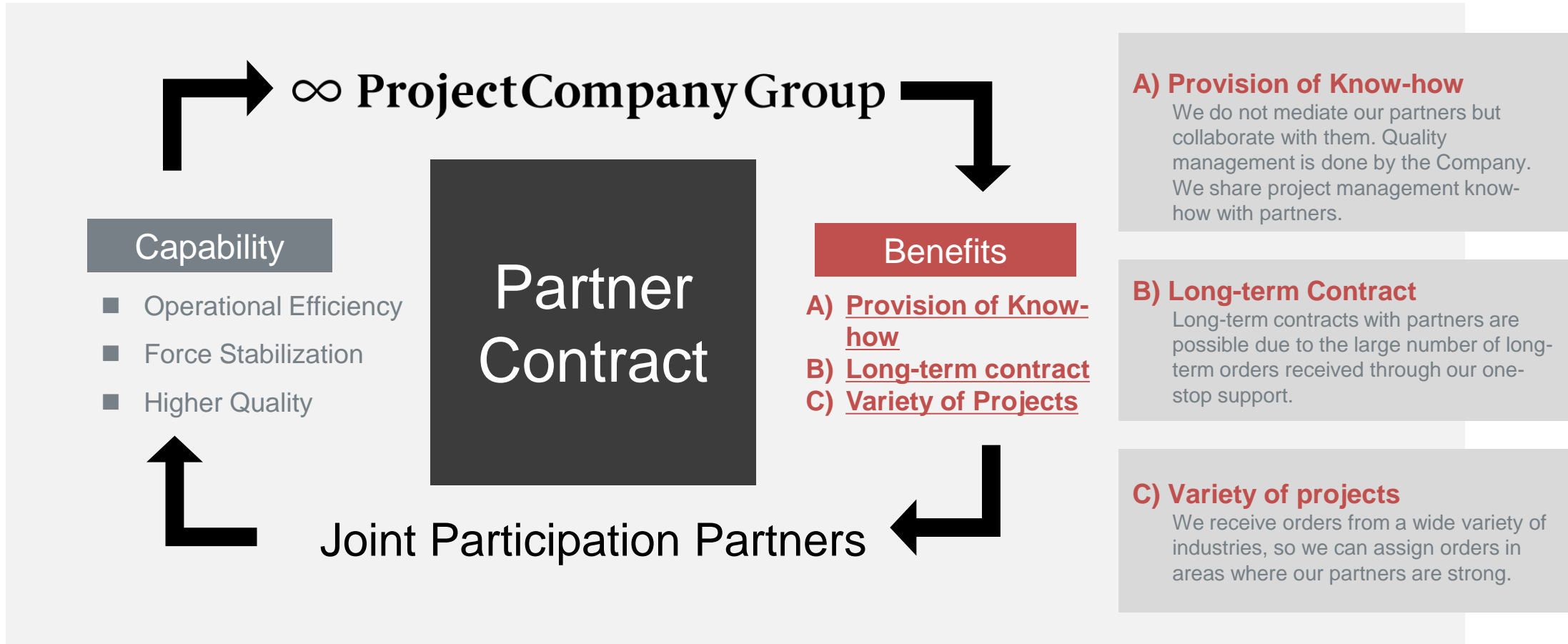


Building an Organizational Structure Suitable for a Stock-type Business



(1) Organic Growth Strategies | Expansion of Joint Participation Partners

- By jointly participating in projects with partners and providing benefits such as project management know-how, we will expand the number of partners and establish a system to realize a flexible order receiving system.
- The average number of partners during FY2022 was 85.8 people. We plan to increase the number of partners by continuing to expand our network.



(2) M&A Strategies | Investment Policy / PMI

- ❑ For M&A, while continuously sourcing projects, we will actively consider projects with potential synergies with an EV/EBITDA ratio of around 5 times.
- ❑ After executing M&A, PMI results that exceed goodwill amortization are achieved through knowledge injection and cross-selling.

M&A Investment

Continuous Project Sourcing

Continuously obtain information on proposals from networks of directors and employees and M & A intermediaries and compare and them with corporate information memoranda.

Investment Decisions Made Based on Certain Investment Criteria.

Execute investment that secures governance in accordance with internal investment principles.

<Investment Principles>

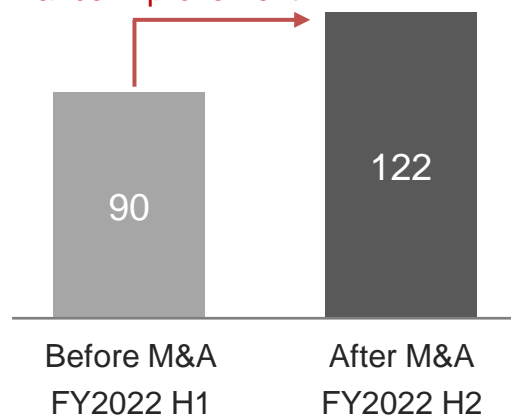
- EV/EBITDA ratio of around 5 times
- Limited possibility of damage to consolidated PL due to loss in goodwill
- Synergy creation and high business growth prospects by PMI etc.

PMI after M&A

Uloqo Co., Ltd. (now ProjectHRsolutions, Inc.), which became a consolidated subsidiary in Q3 FY2022, realized synergies through PMI implementation.

Half year net sales (million yen)

Performance improvement



Project Summary

Scheme	Full acquisition of shares
Run Date	April 28, 2022
Acquisition cost	Approximately 200 million yen
Amount recorded goodwill	Approximately 140 million yen (5-year amortization)

* For ProjectHRsolutions, Inc., the fiscal year ends in October until FY2022. Therefore, the period from 2021.11 to 2022.4 is counted as the first half and the period from 2022.5 to 2022.10 as the second half.

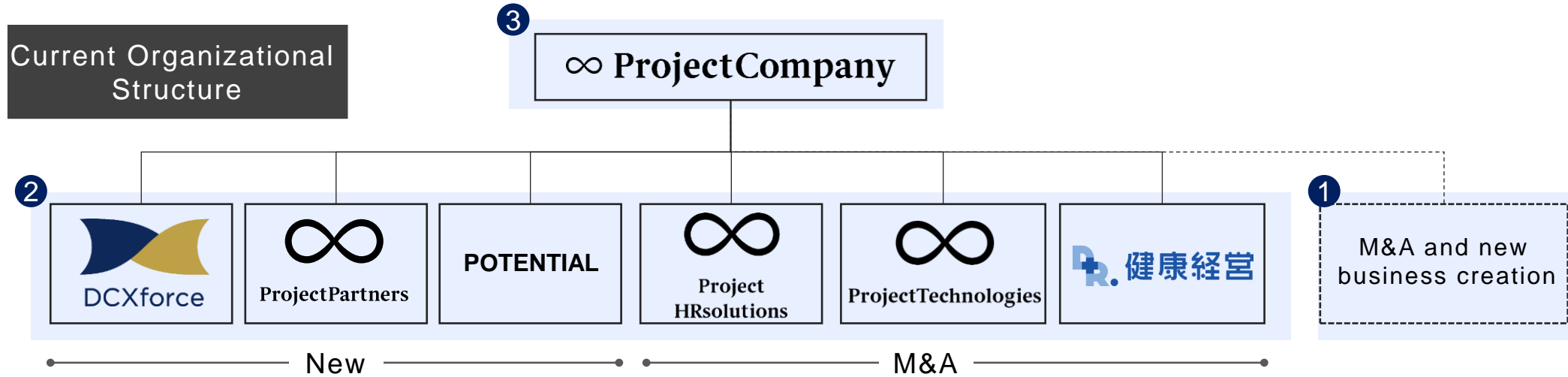
Main PMI Items

Organization building	Manager personnel are dispatched (treated as on assignment) to build an organizational structure that can handle the acquisition.
Adoption	Strengthen human resources recruitment by utilizing the recruitment know-how of ProjectCompany.
Back office	Reduce indirect costs and improve operational efficiency by consolidating back-office operations, mainly accounting and legal affairs.

▶ Accumulating know-how as "ProjectCompany-style PMI"

(2) M&A Strategies | Becoming a Holding Company to Accelerate Group Management System Expansion

- Based on the generally smooth progress of the group management system that was implemented on a trial basis in fiscal 2022, in order to further accelerate diversified growth through M&As and spin-offs, we plan to transfer the current ProjectCompany to a pure holding company by January 2024 and parallelize the ProjectCompany businesses with other businesses.



By the end of January 2024, the current ProjectCompany will be transformed into a pure holding company, ProjectHoldings, and the ProjectCompany business will be in parallel with other Group companies.

Objectives of the Measures

- Accelerate growth of the entire Group** through M&A and new business creation through the pure holding company ProjectHoldings.
- Enable agile business operations and strengthen the development of management personnel** by delegating authority appropriately to the presidents of each operating company and clarifying performance responsibilities.
- Enhance governance as a corporate group** by separating and clarifying management oversight functions from business operators.

7. Appendix (iii) Other Reference Information

Company Overview

Company Name	ProjectCompany, Inc.			
Head Office Location	Izumi Garden Tower 39F, 1-6-1 Roppongi, Minato-ku			
Establishment	January 2016			
Share Capital	977,559,000 yen (as of March 31, 2023)			
Board Composition	Representative Director and President, Group CEO	Yunosuke Doi	Full-time Corporate Auditor	Aiko Yuki
	Chairman of Board of Directors	Shota Ito	Auditor	Yuji Momosaki
	Senior Managing Director, Group CFO	Ryo Matsumura	Auditor	Jo Kawazoe
	Outside Director	Yuki Matsumoto		
	Outside Director	Kazumasa Yanagisawa		
Business Description	Digital transformation business (consulting services, marketing services, UI/UX services) DX x Technology business (technology services) DX x HR business (HR solutions services)			
Affiliated Companies	DCXforce, Inc., ProjectPartners Co., Inc., ProjectTechnologies Inc., artwize inc., ProjectHRsolutions Inc., Dr.KENKO KEIEI Inc., and Potential Inc. (all wholly owned by ProjectCompany, Inc.)			
Employees	Non-consolidated: 133 Consolidated: 247 (as of April 3, 2023)			

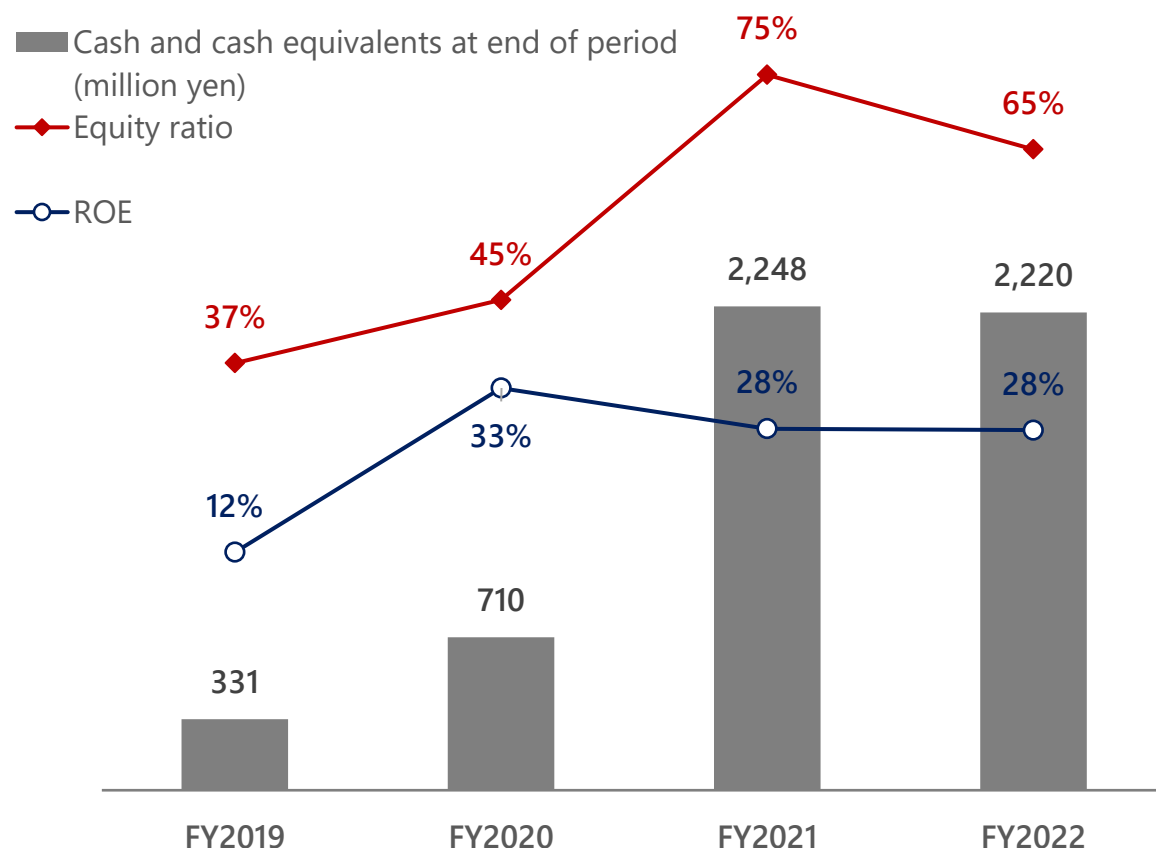
Financial strategy

- Aim for "Profitable Hypergrowth" by securing sustainable EBITDA growth centering on existing businesses and financing capacity based on a sound financial base and actively investing in businesses and M&A for growth.

Current Situation Recognition

Equity ratio is high enough to be safe.

With high profitability, ROE is 28%, well above the average in Japan.



Financial Strategy Basic Policy

Capital Allocation Policy

At present, we believe that prioritizing investments in organic and inorganic growth (M&A, new businesses, etc.) is the most effective way to increase corporate value.

We will strive to invest in future growth and strengthen our financial base. Regarding shareholder returns, we will consider it based on capital efficiency after determining that we have secured sufficient internal reserves for investment necessary for future growth.

Procurement Policy

We aim to leverage our stable EBITDA and strong financial base to actively utilize interest-bearing debt.

*A total commitment line of 500 million yen has been secured.

Based on retained earnings and interest-bearing liabilities, we will flexibly consider the means that will contribute most to increasing our corporate value depending on investment scale and market environment.

Financial Data

Rotation		1st period	2nd period	3rd period	4th period	5th period	6th period	7th period	First quarter of the 8th period
Fiscal year end		December 2016	December 2017	December 2018	December 2019	December 2020	December 2021	December 2022	March 2023
Net sales	(thousand yen)	40,533	132,676	391,446	664,066	1,104,923	2,139,581	4,352,418	1,494,792
Ordinary profit	(thousand yen)	10,072	15,161	24,374	31,380	170,405	502,223	948,727	224,928
Profit (attributable to owners of parent)	(thousand yen)	7,495	10,299	16,224	19,645	113,998	359,744	676,809	136,295
Share capital	(thousand yen)	900	16,500	98,000	150,700	311,950	945,522	970,984	977,559
Total number of issued shares	(shares)	401,000	411,350	445,390	461,590	504,590	5,637,150	5,736,950	5,763,200
Net assets	(thousand yen)	8,895	34,795	135,619	203,865	479,114	2,088,220	2,805,803	2,972,675
Total assets	(thousand yen)	36,210	86,799	380,343	555,776	1,061,676	2,784,773	4,285,852	4,266,633
Net assets per share	(yen)	22.18	84.59	304.63	44.19	94.99	370.44	489.08	—
Basic earnings per share	(yen)	18.73	25.33	38.07	4.35	23.96	69.58	119.17	23.69
Equity ratio	(%)	24.6	40.1	35.7	36.7	45.1	75.0	65.1	69.1
Equity profit margin	(%)	161.3	47.1	19.0	11.6	33.4	28.0	27.8	—
Cash flows from operating activities	(thousand yen)	-	-	-	17,231	155,620	428,698	782,657	—
Cash flows from investing activities	(thousand yen)	-	-	-	(36,658)	(83,170)	(26,564)	(1,218,189)	—
Cash flows from financing activities	(thousand yen)	-	-	-	85,239	307,264	1,135,506	407,808	—
Cash and cash equivalents at end of period	(thousand yen)	-	-	-	330,693	710,407	2,248,013	2,220,324	2,118,762
Employees	(persons)	3	6	16	27	40	64	167	247

*The Company conducted a 10-for-1 stock split as of June 2, 2021 based on a resolution of the Board of Directors held on May 14, 2021. Net assets per share and basic earnings per share are calculated on the assumption that the split was carried out at the beginning of the fourth fiscal period.

Initiatives Related to Environmental and Social Issues

- Actively addressing environmental and social issues and aiming for mid - to long-term increasing our corporate value

Environment

Initiatives related to environmental issues

Relocation to New Environmentally-friendly Office

- ✓ Office to be relocated to Azabudai Hills, which boasts about 2.4ha of greenery.
- ✓ We will move into an office that in addition to supplying 100% renewable energy power to meet RE100 (Renewable Energy 100%) requirements, has also received a preliminary platinum rank certification under the green building certification program "LEED".



Social

Initiatives related to social issues

Regional Revitalization (i) Partnership with THE SHIMANE BANK,LTD.

- ✓ Utilizing Shimane Bank's network in the Sanin area to develop our expertise in digital transformation (DX).

Regional Revitalization (ii) Joint venture Established as Part of Osaka Prefecture and City's Plan to Become an International Financial City

- ✓ Jointly established SBI Digital Hub Co., Ltd. with SBI Holdings, Inc.
- ✓ Promoting local economic activities through Web3-related projects.

Governance

Initiatives related to corporate governance

Election of Outside Directors

- ✓ Two of the five directors are outside directors (outside director ratio of 40%).
- ✓ Promoting the creation of a mechanism for transparent and fair decision-making.

Formulation of General Business Operator Action Plan Based on "Act on the Promotion of Women's Active Engagement in Professional Life"

- ✓ Creating an environment in which many women with a desire to work can work long-term.

To Our Investors



I would like to express my sincere gratitude to all our shareholders and potential investors for your warmest support.

I would like to take this opportunity to share with you what I value as a manager. As a company manager, I place the highest priority on doing the things that are taken for granted thoroughly, or "accomplishing ordinary tasks with maximum effort" (in Japanese "Bonji Tettei.")

Until junior high school, I aimed to be a professional pianist, and I practiced hard. However, my teacher at the time told me, "Even if you continue to work hard, you will only become the third best pianist in Japan". So, I decided to compete not in the field of art that requires an innate artistic sense, but in a field where I can achieve successful results by being thorough in my work, and since then, I pursued the field of management as the career of my choice..

Although our main business domain is digital transformation (DX), which in a sense is a trendy area, we are striving to be thorough even with ordinary tasks, such as, first raising the level of our organization, working united as one team, providing value to clients on a deeper level, and as a result, committing to sales and profits.

As we are a publicly traded company, we are naturally aware of the need for quantitative results in terms of sales and earnings growth.

We ask all our stakeholders and shareholders to support us over the long term, and we will do our utmost to return the benefits of increasing our corporate value. We ask for your continued support.

Yunosuke Doi, Representative Director and President, Group CEO

Points to Note

- ▶ Information contained in this document other than information on the Company is derived from publicly available information, and the Company makes no representations or warranties as to its authenticity, accuracy or completeness.
- ▶ This document also refers to the future prospects of the Company's industry trends and business contents based on current plans, estimates, prospects or forecasts. There are various risks and uncertainties inherent in these forward-looking statements. Known or unknown risks and uncertainties or other factors may cause results to differ from those contained in the forward-looking statements.
- ▶ The Company's actual future business and performance may differ from the forward-looking statements contained in this document.
- ▶ This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.