



Results of Operations for the Third Quarter of the Fiscal Year Ended August 31, 2023

July 2023



I. 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: 307,006,300 yen (as of May 31, 2023)

Employees: 3,423 on a consolidated basis (as of May 31, 2023)

Location: Nishishinjuku Prime Square Bldg. 7-5-25 Nishishinjuku, Shinjuku-ku, Tokyo

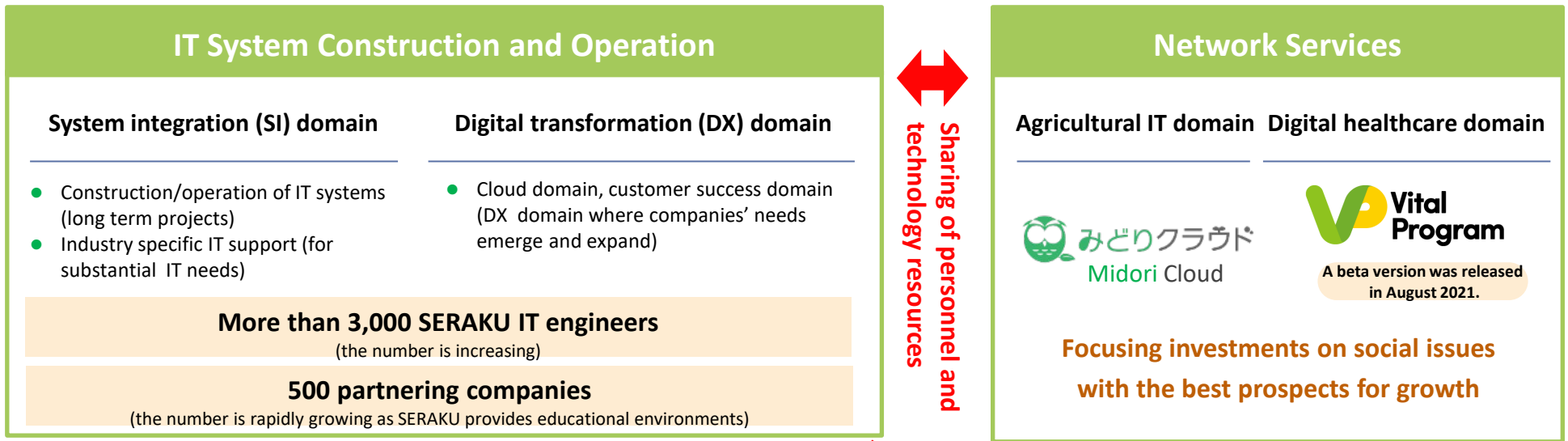
Group companies: SERAKU CCC (wholly owned subsidiary)

SERAKU Business Solutions (wholly owned subsidiary)

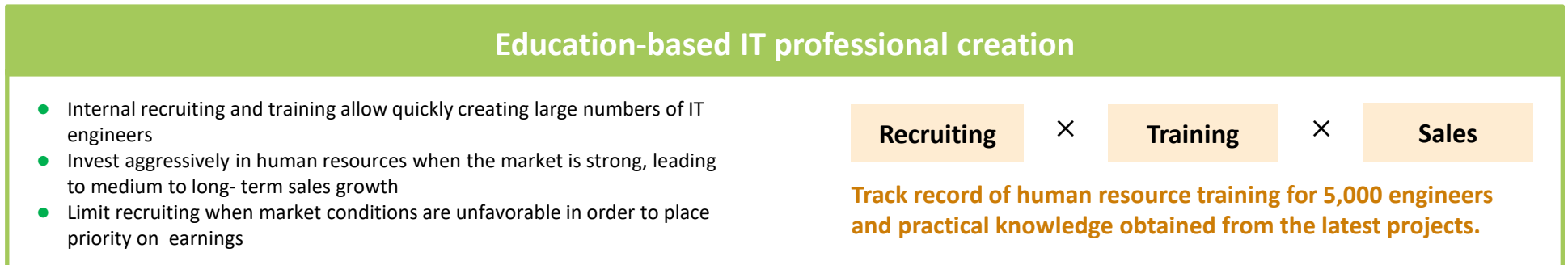
Listed exchange: Tokyo Stock Exchange, Prime Market (stock code 6199)

Our Business Model

Working as Digital Integrators, our more than 3,000 IT engineers and 500 partnering companies implement and operate IT systems and DX in society



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



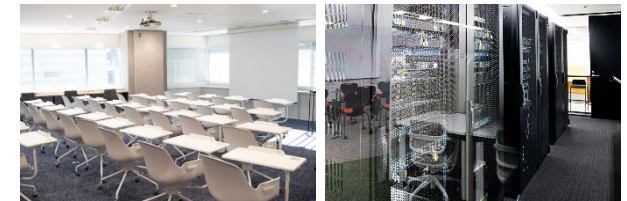
SERAKU's Competitive Strengths

Recruiting

- 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 nationwide
- Training programs and a lineup of appealing services to allow SERAKU to offer attractive career opportunities; up to 3,000 applications received each month

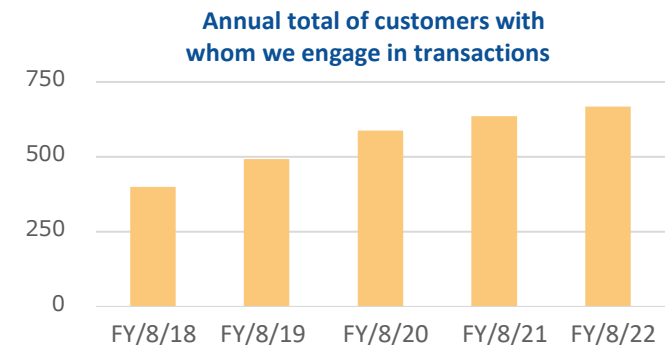
Training

- 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

- 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

We have integrated the SI and DX sectors into one organization and re-defined it as the Digital Integration business segment.

Digital Integration

Create high value-added and achieve high growth in new technology areas by building on our strength, namely, operating and maintaining IT systems with stability over the long term.

Construction, operation and maintenance of IT systems

- Operation of IT infrastructures
- Operation of IT systems
- Infrastructure solutions

IT support

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

Former SI Segment

Cloud & Solutions Business

- IoT cloud support center
- Cybersecurity

Operate cloud systems and facilitate their widespread use

- Supporting the introduction and operation of COMPANY*
 - Operate cloud systems and facilitate their widespread use
- *HR software
-
- Introduction and support services for operation of Salesforce.com
 - Design of marketing activities
 - Data science

Former DX Segment

Midori Cloud

Support the primary industry by leveraging the power of IT.

Agriculture and Fisheries DX Platform



- Measurement, recording and control of the farm / livestock building environments
- Sales support

Agriculture and Fisheries solutions

- DX solutions
- Digital transformation service of the farming and sales business



Mechanical Design and Engineering

Expand services by leveraging CAD-related technologies.

SERAKU Business Solutions



- Mechanical design, analysis and production technologies

Construction, operation and maintenance of IT systems

- 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 enduring 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.

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

Financial/
social systems

Information
communication
systems

Enterprise systems

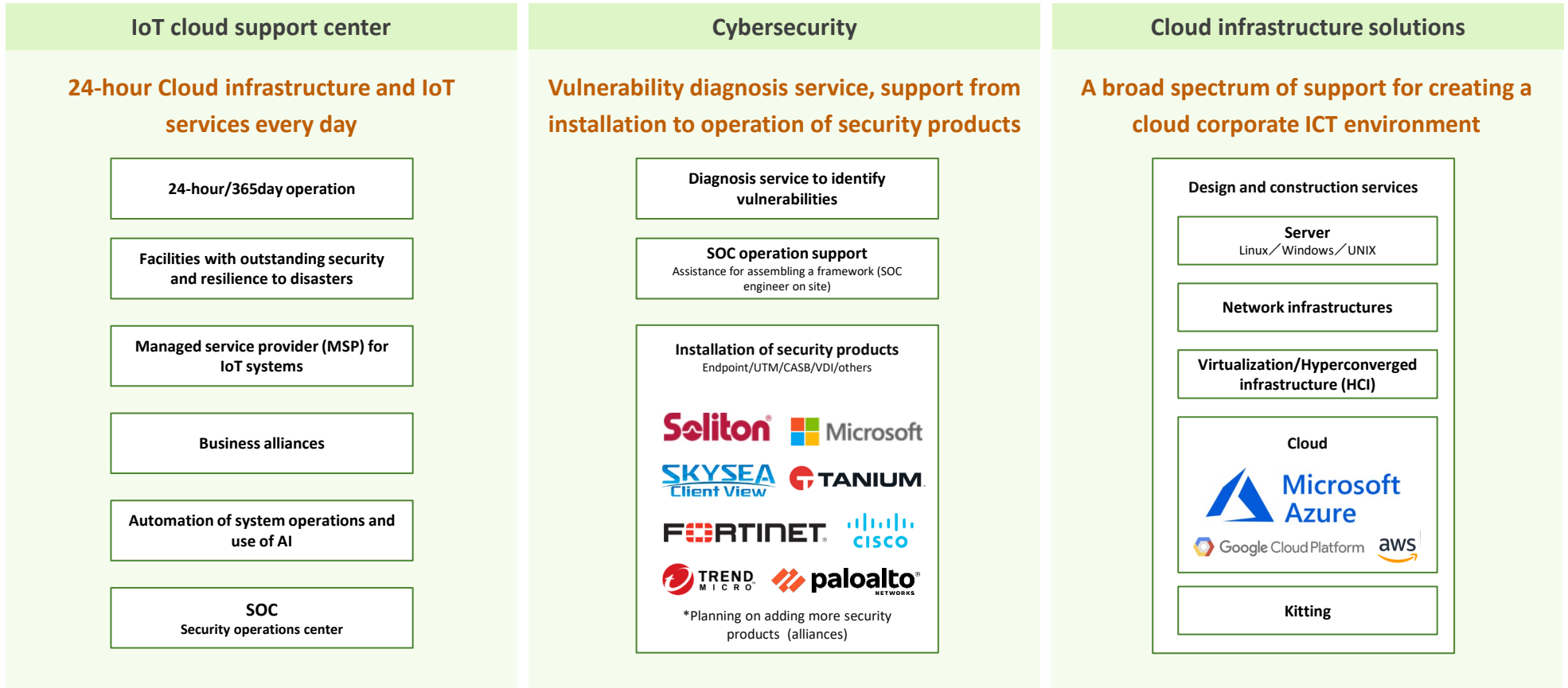
Steady growth under the education-based IT professional creation model and the provision of greater added value by shifting human resource to the DX domain

- SERAKU's exclusive IT professional creation model underpins growth by using introductory lessons and then lessons using actual working environments to train inexperienced people 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 challenging positions

Expanding well-developed training and sales systems helps inexperienced engineers grow into competitive at an early stage.

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 post the COVID-19 pandemic



The IoT/Cloud Support Center work to improve the quality of services using automation and AI.

Customer Success Solution (SERAKU CCC)

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

SFA/CRM utilization support services

Already assisting more than 400 companies due to rapid market growth
Providing utilization support both on site and remotely



Utilization assessment program

Utilization support service

Salesforce manager support service

Data utilization support through data analysis and data visualization



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

Support for use of marketing automation tools



- Marketing Cloud Account Engagement operation
- Digital marketing support using a company's customer data

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.

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 promote use of the cloud services of Salesforce, Microsoft and others that it has developed.

Customer Success Solution (SERAKU CCC)

We started offering the Tableau Data Cruise, a service pack for training human resources in data utilization.

The Tableau Data Cruise is a practical workshop-type service for human resource development planned and developed jointly by SERAKU CCC Co., Ltd. and Salesforce Japan Co., Ltd.(Tableau)

We released the service to address a market situation in which there is a significant shortage of persons with expertise in data utilization despite an increase in the number of companies that introduce the Tableau.



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

Companies are proactively training engineers to rise on a “trend toward the strengthening of marketing through data utilization” instead of “the utilization of standardized SFA.” In particular, the number of persons who acquire qualifications related to the Tableau and the Marketing Cloud is on the rise, contributing to growth from business perspectives.



Buoyant IT investment for the use of Salesforce, which is directly connected to the expansion of results

The business will be transferred to SERAKU CCC, a wholly owned subsidiary that will be established through a company split in December 2022.

We will establish the number one brand in the cloud system operation and utilization market

Supporting the introduction and operation of COMPANY

We have about 140 COMPANY engineers, making us one of the largest employers of COMPANY engineers in Japan.



- Largest share of the ERP product market (personnel affairs and salary)
- Introduced by about 1,200 corporate groups
- Used by many companies with annual sales greater than 100 billion yen

The ERP products have gained extensive support from major companies

Targeting large-scale customers, COMPANY has large transaction needs and a large size

Supporting the introduction and operation of COMPANY, an integrated personnel affairs system

We provide extensive support services ranging from the introduction to the improvement, standardization, maintenance and operation of COMPANY

Our services have been provided to:

- | | |
|--------------------------------|-------------------------------------|
| Major pharmaceutical companies | Large-scale healthcare corporations |
| Major general contractors | Private universities in Kansai |
| Co-ops | Major staffing companies ...etc |

- The service started in 2016
- We have about 140 COMPANY engineers
- Established support track record and abundant knowledge

Our biggest advantage in the DX COMPANY business is our many engineers capable of handling COMPANY.

As one of the largest employers of COMPANY engineers in Japan, we will become a top company providing services supporting COMPANY operations

As a solution partner, we started collaborating with Works Human Intelligence Co., Ltd.



- In November 2022, we started collaborating with Works Human Intelligence Co., Ltd. (WHI) as a solution partner*
- With WHI providing the training environment, we have established an original training program for the development of professionals
- To date, we have produced more than 100 COMPANY engineers, making us one of the largest employers of this type of engineer in Japan.
- We will develop 300 COMPANY engineers over the next three years and contribute to meeting the growing demand for COMPANY

*Solution partner:

A partner company that collaborates in supporting the introduction, utilization and upgrading of systems and the design and operation for outsourcing

A dedicated division was separately established in March 2023 in pursuit of the continued expansion of the business

Leveraging one of the largest resources of COMPANY engineers in Japan, we will increase our preparedness so that we are able to receive large-scale orders, make the service available in wider regions and handle more difficult orders

Midori Cloud Business

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



A platform for pig and chicken farming



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 **2,900**

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

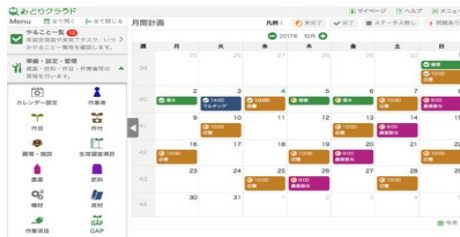


Measuring the environment in livestock buildings using IoT devices and storing measurement data on the cloud to detect abnormal environments and equipment in livestock buildings

Used at more than **160** locations

Production plans and work records

Midori note



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

Total number of users is **62**.

Sales support

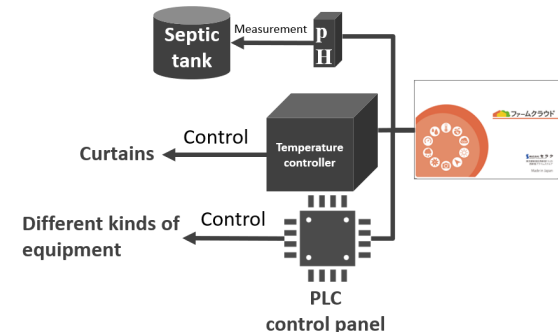
Farming support app



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

Number of registered users is **4,300**

Livestock building environment control

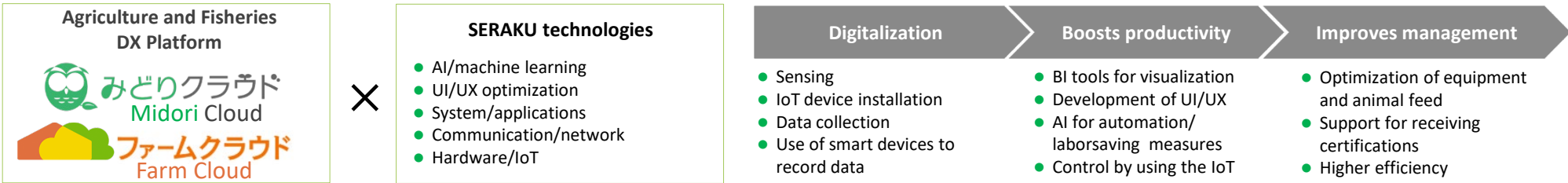


Automatically controlling the environment in connection with curtains and PLC systems used in livestock farming

Midori Cloud Business

Agriculture and Fisheries solutions

Agriculture and Fisheries DX Platform and SERAKU technologies will enable DX in various industries

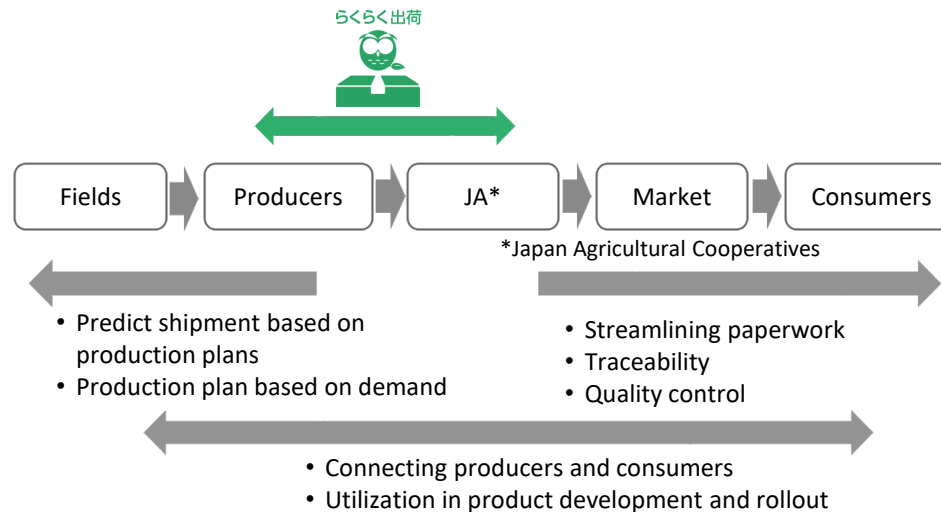


NEW!

Midori Cloud Rakuraku Shukka:

Up to 85% reduction of the working hours that farm instructors spend on the collecting and shipping goods

Previously, fruit and vegetable distribution was basically done using handwritten documents and manual counting. A digital technology system combining barcodes, cloud systems, smartphone apps and other technologies will be introduced to dramatically reduce the labor required to collect and ship goods. DX has been shown to help producers and farm instructors (JA) shorten the working hours spent collecting and shipping goods a maximum of 24% and 85%, respectively, and significantly reduce risks related to miscounting and other undesirable events. As the service allocates individual identification codes to fruits and vegetables, it increase access to smart food chains* to enhance the value of farm produce.



***Smart food chain:**

Makes all processes of the food chain, from breeding to production, processing, distribution and consumption, "smart" using AI, data linking platforms and other technologies to, for example, enhance productivity, eliminate waste, reduce total costs, add high value to farm produce and foods and match needs and seeds

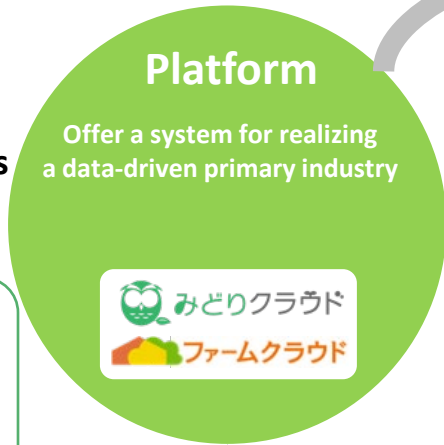
Midori Cloud Business

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.



Use the platform



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

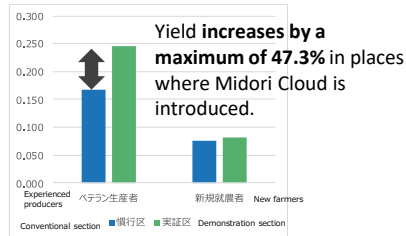
**Increase
added value**

**Incorporate functions to
increase added value**



Provide technology assets

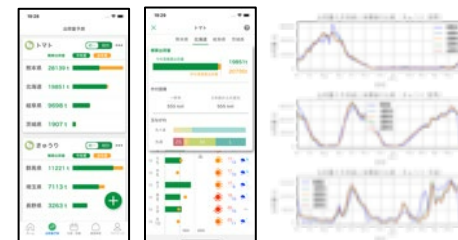
Agricultural production area
Smart agriculture technology applied on asparagus production system (Minamishimabara, Nagasaki Prefecture)



*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



We will start to sell a system using weather data to forecast the timing and volume of shipments of vegetables to JA and volume retailers

*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)

**Government and research
Institutions Alliance companies**

Mechanical Design and Engineering (SERAKU Business Solutions)

- The segment has been growing steadily thanks to group synergies in recruitment, training and sales since it was included in the SERAKU Group in April 2018.
- It seeks to expand its business domain and areas in which it can develop businesses by leveraging its mechanical design and engineering skills.

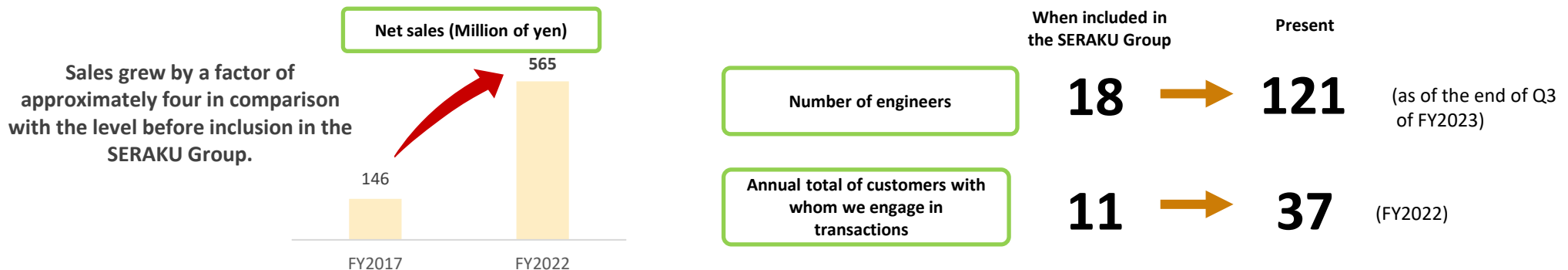
Mechanical Design and Engineering

- Provide the manufacturing and construction industries with a range of services such as the design, analysis and creation of various types of data.
- Expand the scope of engineers' activities into other areas related to field engineering, equipment maintenance, quality assurance, communication facility construction and telecommunications, as well as mechanical design and engineering.

Achievement of continuous growth

- Improve engineers' skills and expand the scope of services that can be offered, through the implementation of training on CAD and basic IT-related skills.
- Expand areas in which it can develop businesses into the Tohoku, Chubu, Kinki and Kyushu areas, in addition to the Tokyo area.
- Enhance engineers' skills and added value by continuously providing them with training.

The business size has been increasing since the segment was included in the Group, aided by the SERAKU Group's strengths in recruiting, training and sales.



P's Engineering was renamed SERAKU Business Solutions in October 2022 due to a change in its trade name.

The company seeks to further expand its businesses by fully leveraging the SERAKU Group's resources.

Vital Program

- Released a beta version of a corporate healthcare cloud service in August 2021 to address mental health issues.
- Going forward, efforts will be focused on providing support for physical health performance.



A system in which AI measures and quantifies primarily mental health performance was completed.

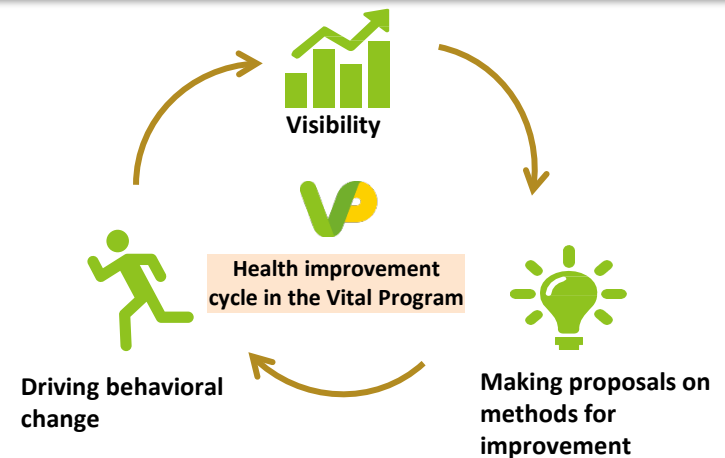
A beta version of Vital Program was released in August 2021. With the upgrade of the AI analysis system in 2022, trial installations and user testing conducted primarily at IT companies were completed.

Upgrades are expected to be made to offer services that help users improve their health in a real environment such as walking.

Seek to make proposals on how to improve health in a real environment by leveraging DX technologies.

Develop a scheme in which users are able to manage their health voluntarily and are inspired to change their behavioral patterns from a range of perspectives, including physical factors.

- The Group will implement health improvement initiatives including health and productivity management for its employees.
- Services will be developed through the analysis of health data, such as the number of steps walked by employees of the SERAKU Group, and data obtained as a result of the Group's implementation of initiatives such as health improvement programs, using statistical methods.
- Efforts will be made to improve practical health management content with a view toward offering services in which proposals are made on how to improve health in a real environment, as well as the development of system functions in the digital healthcare domain.



Health of employees is made visible and support is provided with respect to their behavioral changes from both physical and mental perspectives



II . 3Q FY8/23 Results of Operations

3Q FY8/23 Highlights

Quarterly net sales

5.3 billion yen

Quarterly sales hit a record high.
The market needs continued to be strong.

Engineer utilization rate

98.2%

Active efforts were made to recruit engineers while simultaneously maintaining a balance between such recruitment and the utilization rate.

Operating profit margin

10.6%

An operating profit margin of more than 10% was secured,
reflecting favorable engineer utilization rates.

Number of engineers

3,086

We will resume recruitment activities without changing
the targeted year-end number of engineers.

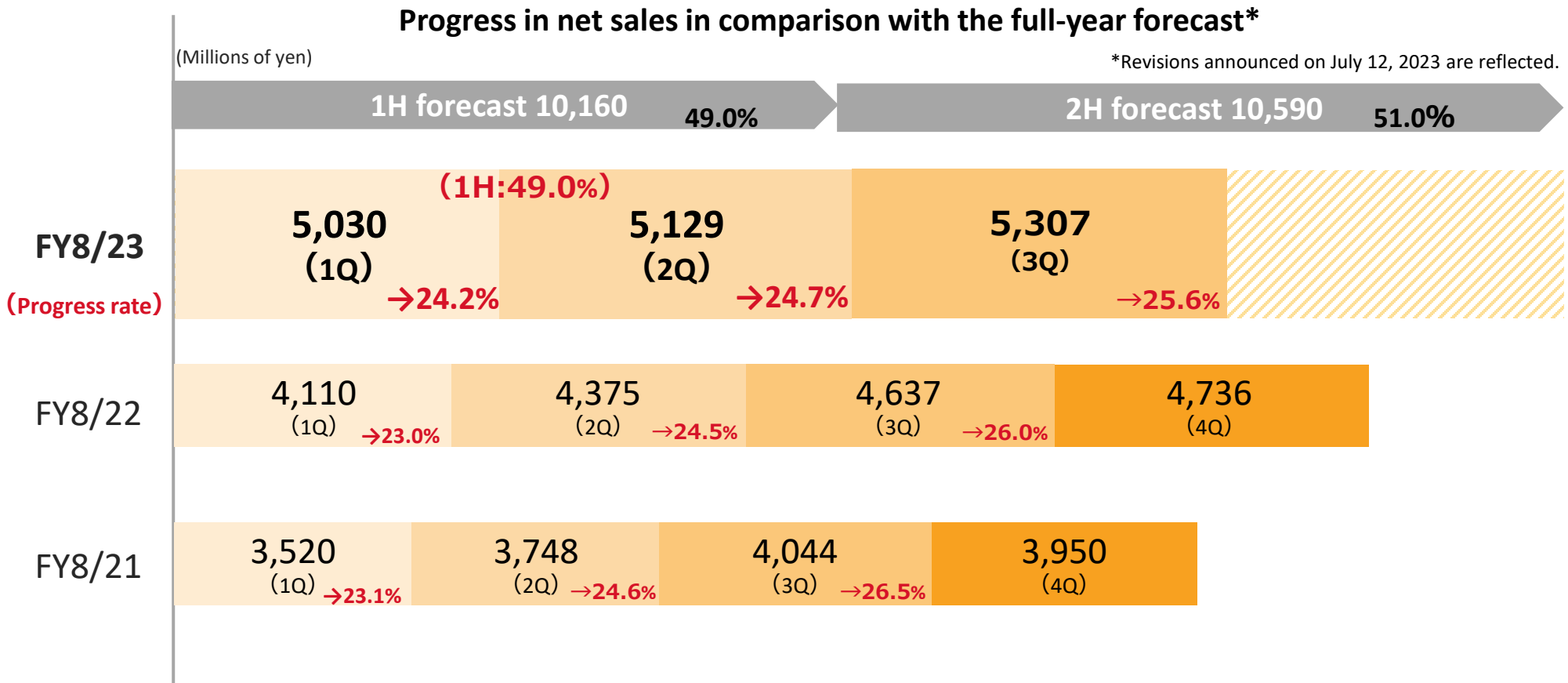
3Q FY8/23 Financial Highlights (1)

- We achieved a year-on-year rise of 17.9% in net sales by maintaining high utilization rates and winning projects with high unit prices.
- The gross profit margin exceeded 25%, reflecting unit price increases and reductions in the cost of engineers who were standing by.
- A year-on-year rise of 135.6% in operating profit was secured partly due to lower-than-projected SG&A expenses.

	Results on 3Q FY8/22		Results on 3Q FY8/23		
	(Millions of yen)	(% to sales)		(% to sales)	(YoY change)
Net sales	13,123	-	15,467	-	+17.9%
Gross profit	2,942	22.4%	3,969	25.7%	+34.9%
Operating profit	695	5.3%	1,638	10.6%	+135.6%
Ordinary profit	1,132	8.6%	1,844	11.9%	+62.8%
Profit	717	5.5%	1,194	7.7%	+66.5%

3Q FY8/23 Financial Highlights (2)

- In our business model, net sales grow in proportion to a rise in the number of working engineers.
- The rate of progress in the achievement of net sales up to the third quarter of the fiscal year ending August 31, 2023 was 74.5% and almost in line with the plan.
- We aimed to achieve full-year plans including an increase in the number of active engineers and the utilization of business partners



3Q FY8/23 Financial Highlights (3)

- We integrated the former SI and DX segments into the Digital Integration Business segment.
- Efforts were made to address the diverse needs of customers by utilizing technical resources in a cross-sectoral manner beyond the borders of former business domains.

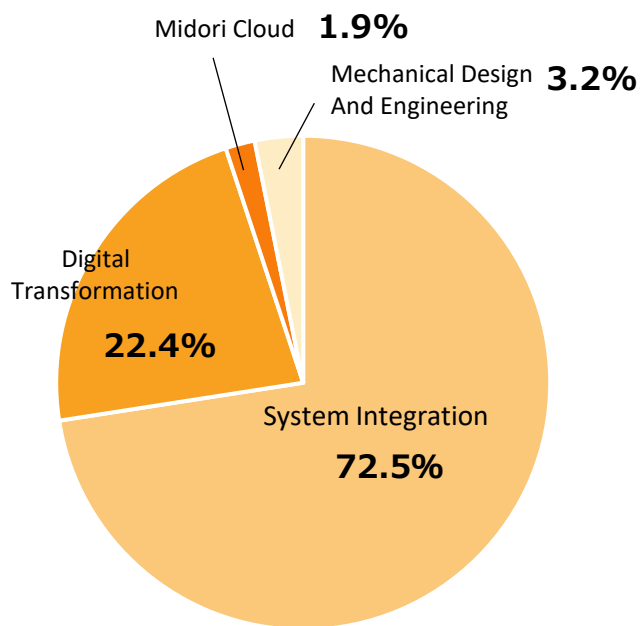
		3Q FY8/22		3Q FY8/23		Increase and Decrease	
		Amount of money	% to Total	Amount of money	% to Total	Amount of money	Percentage increase
Net sales	(Millions of yen)						
	Digital Integration	12,472	94.9%	14,747	95.1%	+2,274	+18.2%
	Midori Cloud	252	1.9%	296	1.9%	+44	+17.6%
	Mechanical Design and Engineering	415	3.2%	464	3.0%	+49	+11.8%
	Total	13,140	100.0%	15,508	100.0%	+2,367	+18.0%
Segment profit/loss	Digital Integration	755	108.6%	1,609	98.6%	+854	+113.1%
	(Segment profit margin)	6.1%		10.9%			
	Midori Cloud	(47)	(6.8%)	(20)	(1.3%)	+26	-
	Mechanical Design and Engineering	(12)	(1.8%)	42	2.6%	+55	-
	(Segment profit margin)			9.3%			
	Total	695	100.0%	1,631	100.0%	+936	+134.7%
	(profit margin)	5.3%		10.5%			

*The above total amounts are those before including or excluding adjustments.

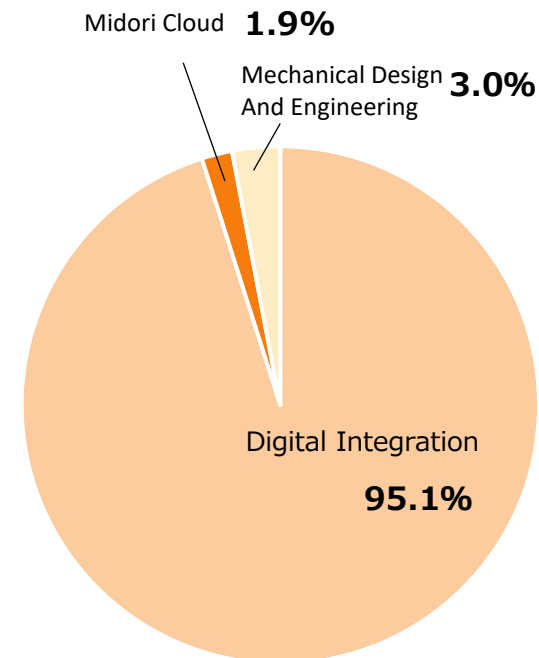
3Q FY8/23 Financial Highlights (4)

- Stable growth in the construction, operation and maintenance businesses of IT systems underpinned growth in new business.
- Regarding the sales ratio of the DX segment calculating based on the former segmentation is 25.6%.
- Operating profit continued to achieve high growth, primarily in the former DX segment.

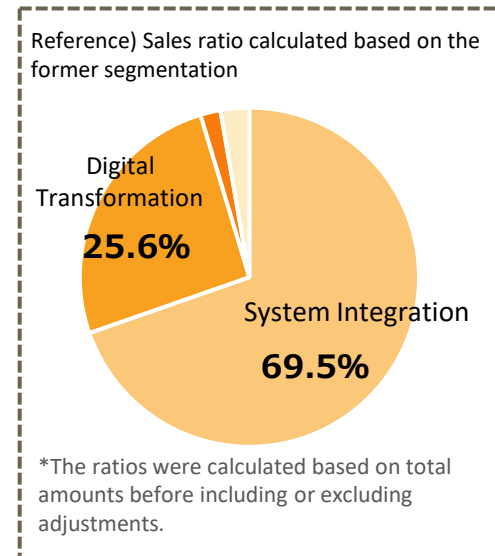
Sales by Business Segment



3Q FY8/22

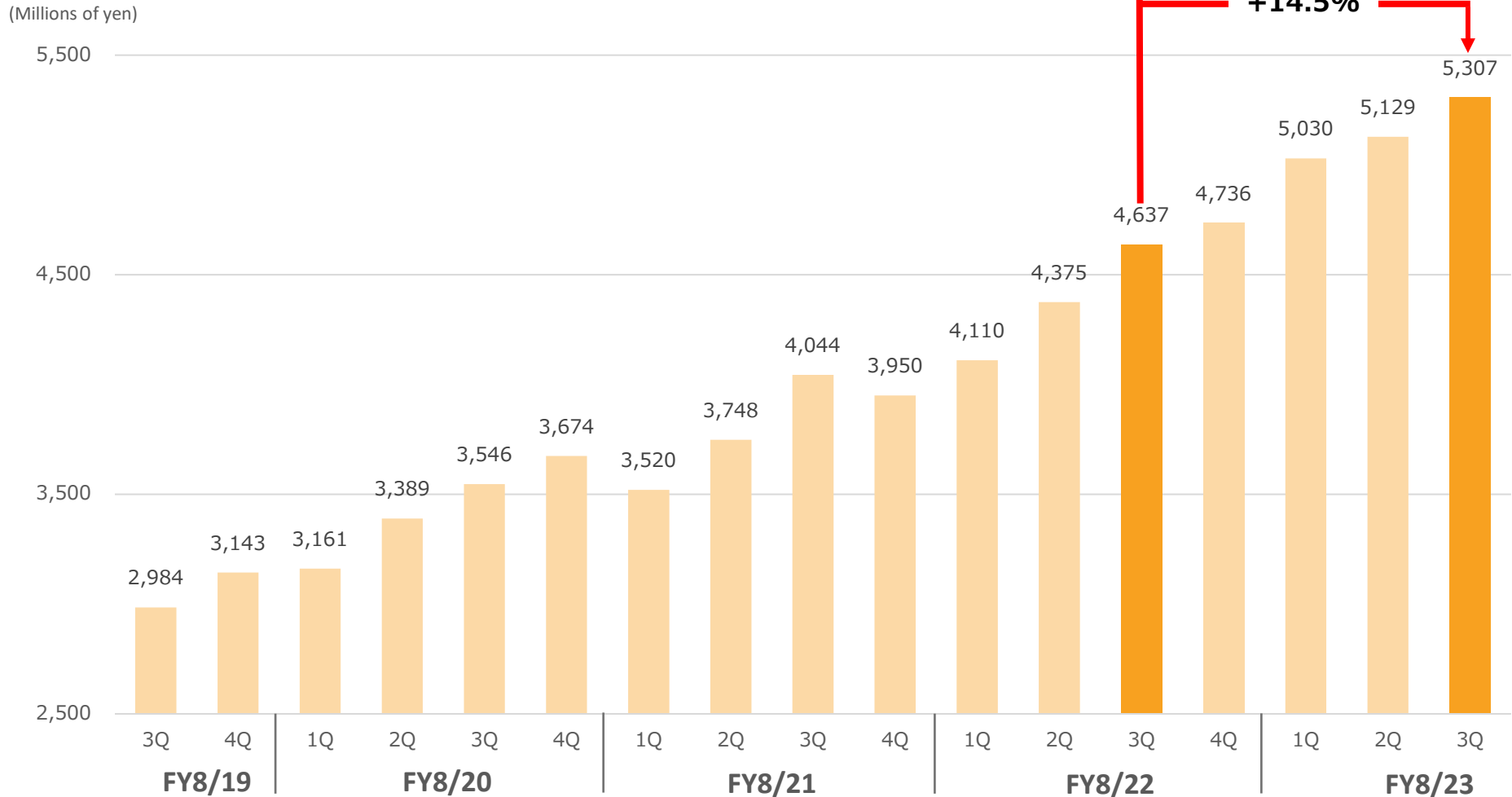


3Q FY8/23



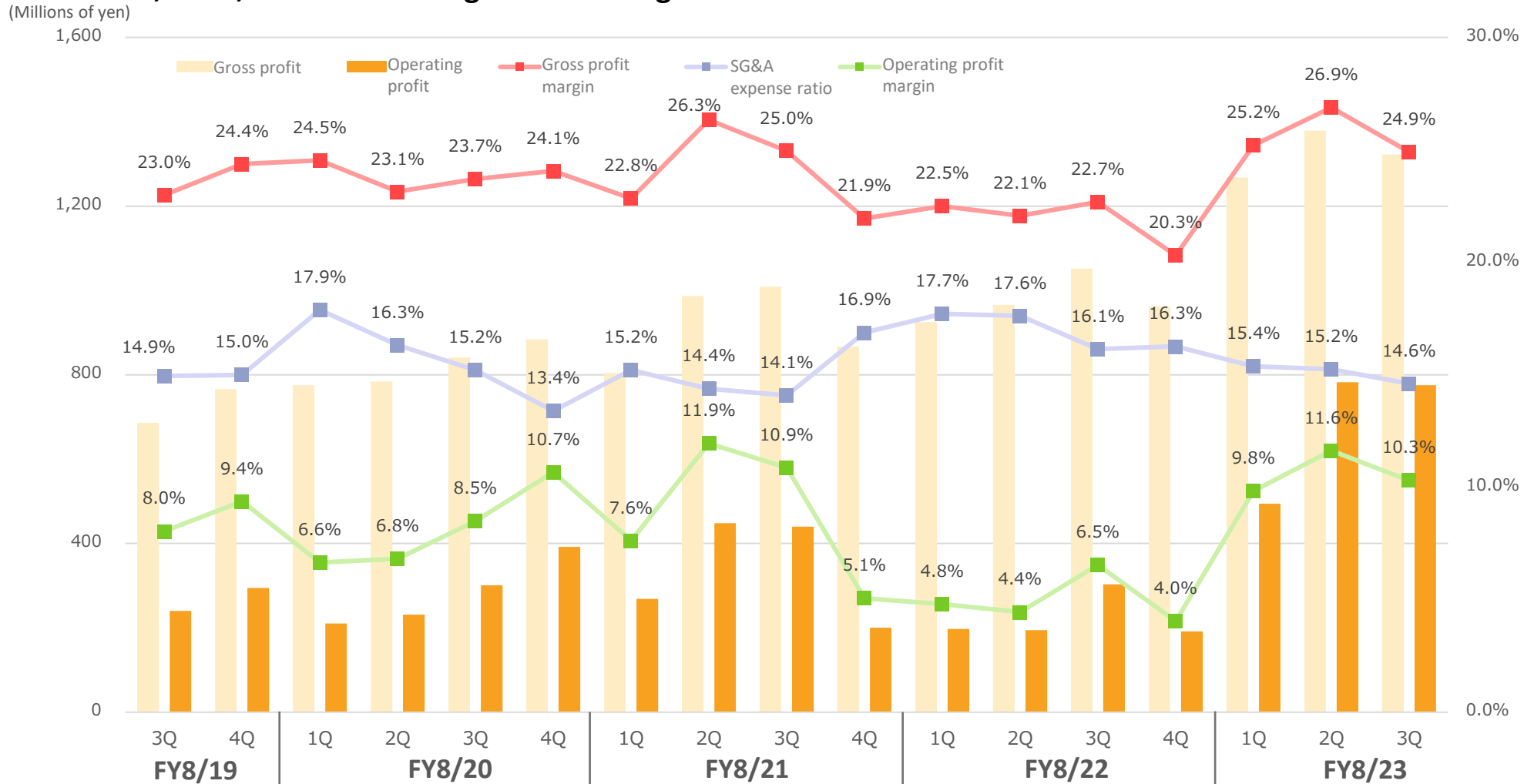
Quarterly Sales Growth

- We achieved a continuous increase in net sales by increasing the number of working engineers and raising unit prices for projects.
- In the third quarter of the fiscal year ending August 31,2023, net sales increased 14.5% from the same period of the previous fiscal year, hitting the highest record.



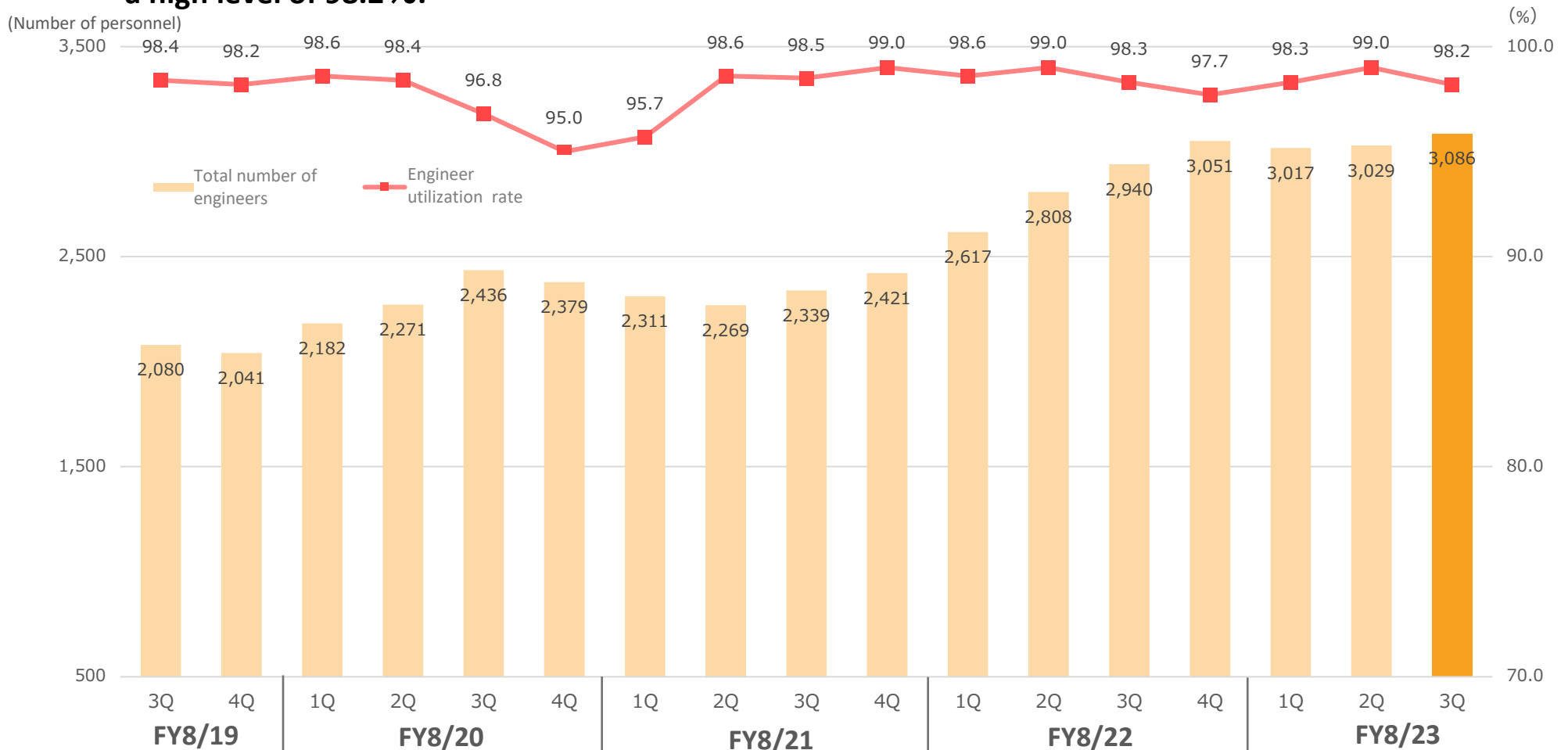
Quarterly Earnings Growth

- Increase/decrease in investment in growth relating to engineer recruitment had a significant impact on the gross profit margin.
- We secured an operating profit margin of over 10% in the third quarter of the fiscal year ending August 31, 2023, while continuing to recruit engineers.



Number of Engineers and Utilization Rate

- In the second half of the fiscal year ending August 31, 2023, we will maintain a balance between the recruitment and utilization of engineers, while simultaneously continuing to hire them with an eye toward the next growth.
- The engineer utilization rate in the third quarter of the fiscal year ending August 2023 remained at a high level of 98.2%.

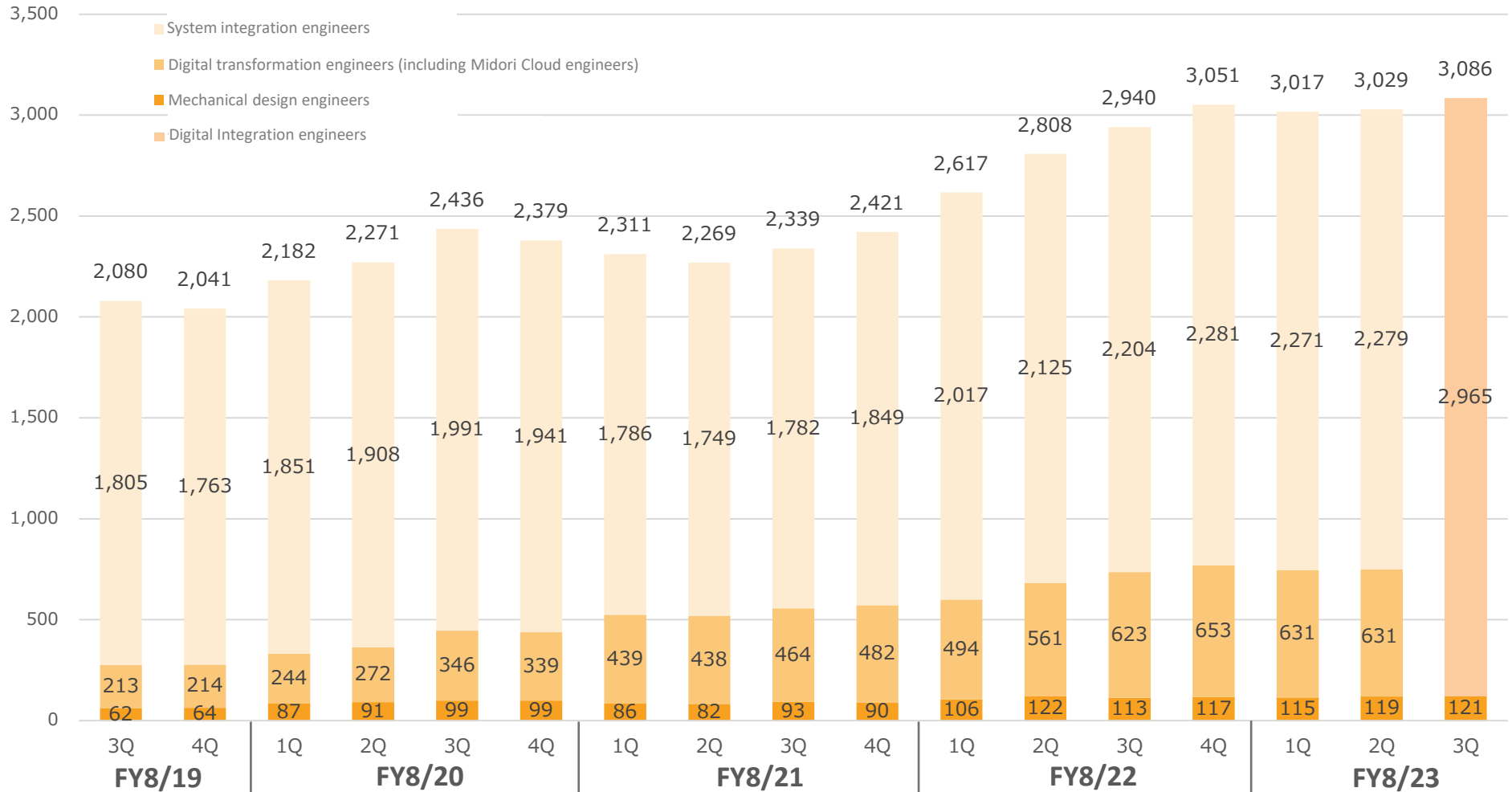


* The utilization rate is for engineers who have completed initial training.

Number of Engineers and Categories

- For the fiscal year ending August 2023, the number of engineers are increasing moderately compares to the previous year
- Even after the integration of the SI and DX segments, we are active in efforts aimed to increase the number of engineers working in new technology areas.

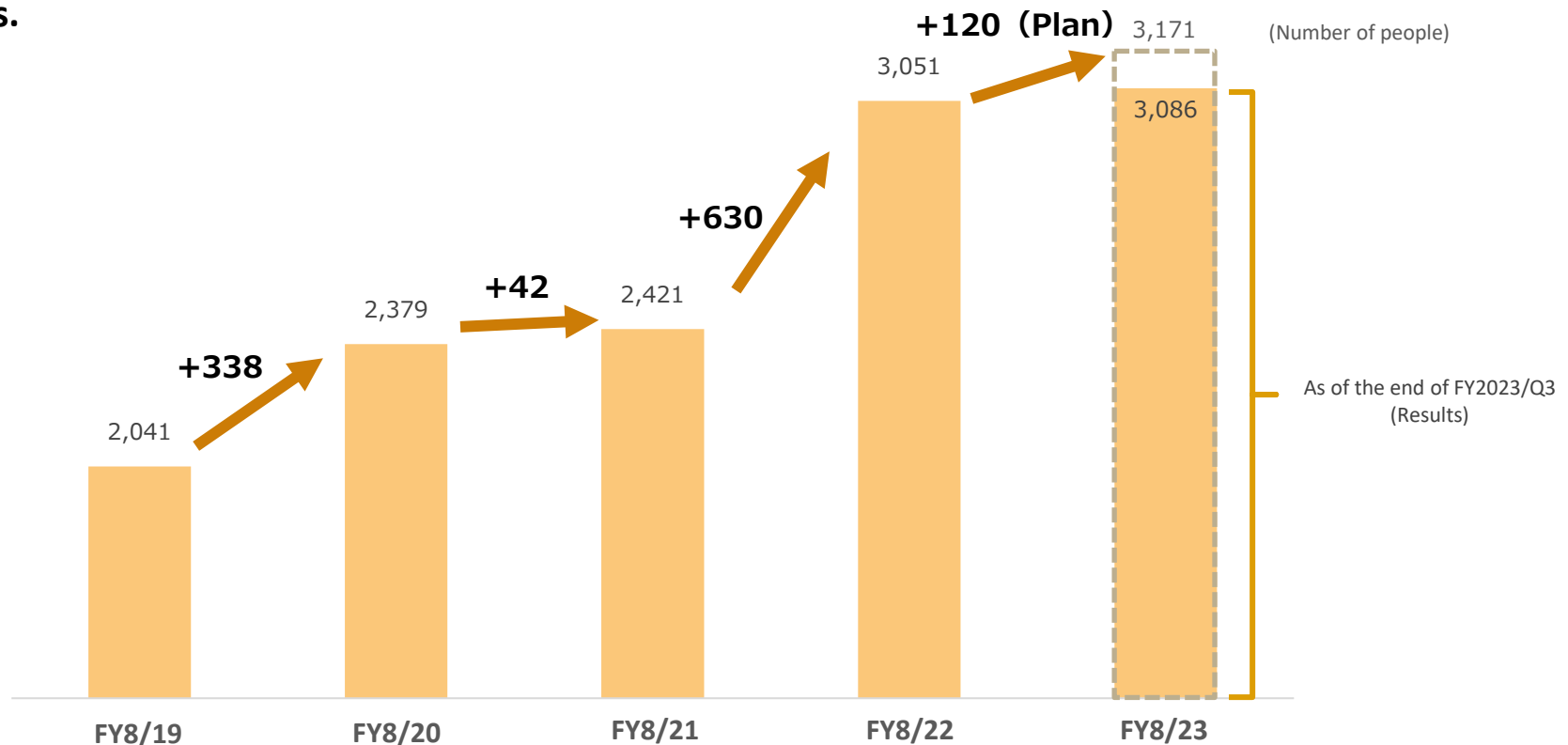
(Number of personnel)



Trends in Net Increase in Engineers

We will aim to increase the number of engineers while maintaining the balance between profitability and investment in growth.

- We will continue to decide the number of engineers to be recruited flexibly in response to changes in market conditions.
- The annual plan for the net increase in the number of engineers remains unchanged at 120 engineers. We will continue to make investments in the recruitment and training of human resources.
- Going forward, we will increase the number of engineers in service including those of business partners.



- 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.
- Apr 1, 2022 **Concluded Japan's first Customer Success Partner agreement with WalkMe.**
Develop engineers who provide support for the establishment and use of WalkMe and provide enhanced services for the establishment and utilization of Salesforce in collaboration with WalkMe Ltd.
- Aug 26, 2022 **SERAKU CCC will succeed the cloud system operation and utilization business through a company split.**
Aim to be number one in Japan in the new, high-growth market and will accelerate growth in the DX area of the SERAKU Group.
- Nov.17, 2022 **Strengthened collaboration with WHI from the perspective of solution partners.**
Operation support services were strengthened from the perspective of promoting the widespread use of COMPANY by companies that introduce the service. We will develop 300 dedicated engineers for COMPANY over the next three years.
- Jan. 19, 2023 **Launched the service for training human resources in the utilization of Tableau in collaboration with Salesforce Japan**
Started offering Tableau Data Cruise, a service pack for training human resources in data utilization, to the companies that were interested in the full-scale introduction and utilization of Tableau
- Mar. 29, 2023 **Launched Midori Cloud Rakuraku Shipment, a digital service for fruit and vegetable distribution**
Digital technologies were introduced in fruit and vegetable distribution so that the fruits and vegetables could enter smart food chains to increase the value of farm produce.
- Apr. 27, 2023 **Realized AI-assisted forecasts on the shipments of produce and started to provide information on expected shipments in the main production areas.**
Created an AI-assisted system in which the shipments of produce are forecast based on a range of data such as volumes previously distributed in the market, as well as climate information.
- May. 29, 2023 **The Midori Cloud received the Development Encouragement Award in the 2023 Annual Convention of the Japanese Society of Agricultural Informatics.**
The Development and popularization of the Midori Cloud, a service that supports data-based agriculture, built a strong reputation, which resulted in receiving the Development Encouragement Award.
- Jun. 26, 2023 **The Midori Cloud Rakuraku Shukka service received the Excellence Award of the SX and GX Category in the Japan DX Grand Prix.**
The service was highly evaluated due to initiatives for addressing supply and demand issues at agricultural frontlines by leveraging expertise on smart agriculture, which resulted in receiving the Excellence Award.

III. FY8/23 Initiatives and Growth Forecast

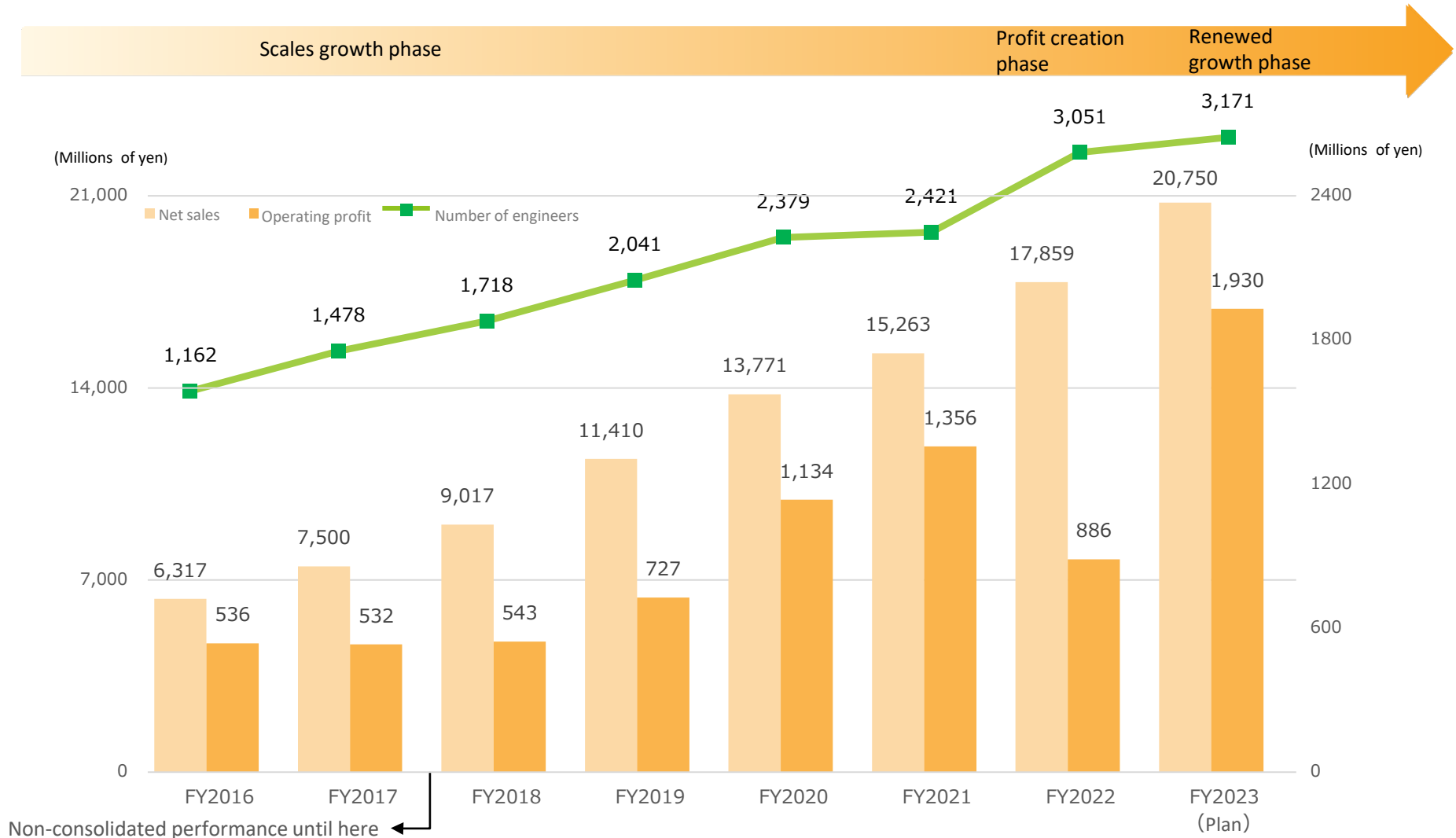
FY8/23 Plan (1)

- In consideration of improvements in the utilization rate and reductions in SG&A expenses, we made upward revisions to forecasts the full-year consolidated financial results on July 12, 2023.
- We expect that net sales will grow 16.2% year on year due to an increase in the number of working engineers.
- We will continue to make investments to strengthen business on a medium- to long-term basis.

	FY8/22 results		Before revision FY8/23 plan (Disclosed on October 14, 2022)		After revision FY8/23 plan (Disclosed on July 12, 2023)	
	(Millions of yen)	(% to sales)	(Millions of yen)	(% to sales)	(Millions of yen)	(% to sales)
Net sales	17,859	-	20,700	-	20,750	-
Operating profit	886	5.0%	1,420	6.9%	1,930	9.3%
Ordinary profit	1,434	8.0%	1,600	7.7%	2,140	10.3%
Profit	966	5.4%	1,040	5.0%	1,360	6.6%
Dividends	8.60yen	-	8.60yen	-	8.60yen	-

FY8/23 Plan (2)

- We will expand sales systems to raise the utilization rate of the new engineers hired.
- While continuing to make investments for growth, we will expand sales and make a profit steadily.



*Revisions announced on July 12, 2023 are reflected.

Growth Forecast in Fiscal Year Ending August 31, 2023 (1)

- Expand sales systems to increase the number of working engineers and gain new customers.
- Win primary subcontracts and strengthen partnerships to create a business structure that will enable us to expand business in the long term as a system integrator.
- Continue to take measures to keep engineers from quitting their jobs for long-term career development and high added-value.
- SERAKU CCC will enter the cloud system operation and utilization market, focusing on Salesforce.

IT professional creation

- Maintain an advantage in recruiting skill. May hire more employees than planned depending on sales and market conditions.
- Cultivate project leaders in anticipation of the expansion of primary subcontracts.

Growth measures

- Change the organizational structure to win primary subcontracts.
- Strengthen partnerships and create a structure that will enable flexible assignment of engineers.
- 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 COMPANY, an ERP package for large companies, and the operation support business.
- Enter the cloud system operation and utilization market. First, focus on increasing projects in the area related to Salesforce.
- Commercialize food value chain digital transformation solutions

Number of engineers at end of term

3,171
(net increase of 120)

Management foundation

- Introduce a talent management system to visualize human resources information and support career development.
- Continue to strengthen the management system and system infrastructure

Create projects as a primary subcontractor, support long-term career development, and enter the cloud system operation and utilization market to achieve growth potential in the next generation.

Growth Vision for the Fiscal Year Ending August 31, 2023 (2)

- Make investments to strengthen businesses in the medium to long term and maintain the operating profit margin level in the scale growth phase.
- Can shift the focus to the expansion of recruitment or to earnings if market conditions change significantly.

Recruitment and education of engineers (Expenses for recruitment of new graduates, recruitment of mid-career employees with no experience, recruitment of experienced people, and training for hired engineers, etc. in 2023, 2024, and 2025)	724 million yen
Recruitment of managers	47 million yen
Expansion of buildings at business sites	57 million yen
Marketing for SERAKU CCC	27 million yen
Cultivation of prospective leaders and advanced engineers	23 million yen
Strengthening infrastructure (including system infrastructure)	262 million yen
Total	1,140 million yen

Continue to make growth investments to strengthen business in the medium to long term.

Initiatives in and after 3Q FY8/23 (1) Maximization of Human Resources

Management philosophy: Pursue happiness for employees Building an organization capable of working and growing eternally through health and productivity management

- Implement organizational reforms to reorganize the company to maximize our strengths in sales and technologies and to continue to increase in size. Enhance our organizational strength in all aspects such as recruitment, education, sales and management and increase the value we offer to customers
- We have the wind at our back in terms of market conditions and sales activities. Because of this, the added value that our engineers provide has been increasing steadily
- The Vital Program and the Walking Project facilitate the environment for engineers to work long term
- The Personnel and Organization Development Office manages talent, trains engineers and enables career development in a centralized manner

Health and productivity management

- The Vital Program + Walking
- Implement effective initiatives for health promotion
- Vital Village, a future initiative

Pay

- Consider high prices and other facts when raising pay
- Increase the starting salary of new employees to secure talented human resources

Reorganization

- Reorganize the sales organization for each group of customers
- Reorganize the technical organization for each technical domain
- Gain prime orders and maximize contribution to customers

Value offered

- The added value our engineers provide is steadily increasing
- Expect an increase in added value based on market conditions and improvements in training
- New-graduate engineers hired by SERAKU in April are starting work around July.

Organizational reform

- Company-wide initiatives with a view toward the continued expansion of the organization
- Increase our organizational strengths based on the code of conduct and specific methodology
- Seek the maximization of our corporate value from a long-term perspective

Human resource development



- Visualize the value of human resources through talent management
- Leader development program
- Promote DX
- Shift the business environment to face-to-face communication and place importance on human connections
- Baby-sitting assistance and other programs to support engineers in many different ways

Initiatives in and after 3Q FY8/23 (2) Technical Development for Future Generations


Efforts for growing domains with a view toward evolution of the digital society after the 2025 Digital Cliff

Operation of cloud systems and their widespread use

- The shift of corporate systems to cloud computing is progressing. The operation of these systems is more important than their introduction
- Seek to be the no. 1 company in the operation of cloud systems and their widespread use


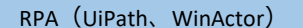
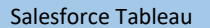

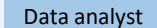
Focusing on Salesforce, we will also start other cloud services



The services supporting the introduction and operation of COMPANY, a personnel and salary system from WHI, will be made into an independent business



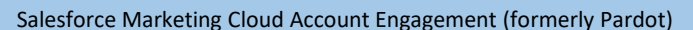

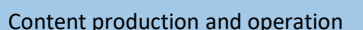
Data utilization

- Companies' need to utilize internal and external data is growing dramatically
- The need to automate data integration, input and output across multiple systems has become evident


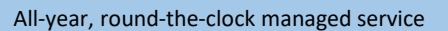
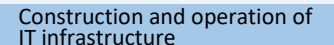
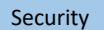
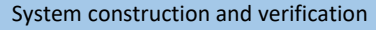
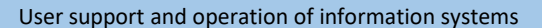
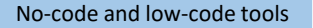
Digital sales

- The purchasing processes of companies and individuals will increasingly be digitalized
- We have the wind at our back as we have human resources and technologies that are capable of handling the entire process

Operation and construction of information systems

- Needs related to the operation of intra-company IT infrastructure and IT systems continue to grow
- Needs for human resources providing user support, introducing no-code tools and performing other tasks are growing

We aim to Digital Integrators

- Produce human resources equipped with elemental technologies, cloud platform knowledge and business skills capable of implementing and operating technologies in society
- Assume responsibility for the implementation and operation of IT and DX technologies in society and contribute to the enhancement of productivity in the digital society

The 2025 Digital Cliff problem

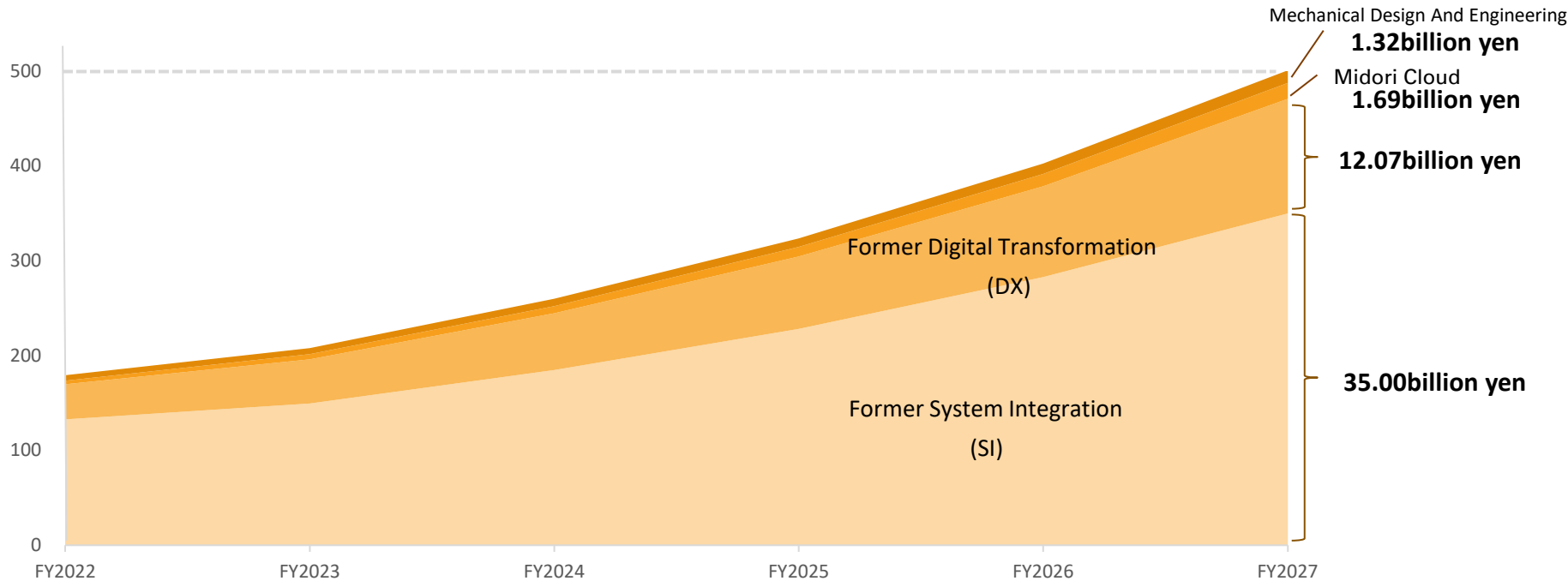
A challenge pointed out in DX Report (2019) of the Ministry of Economy, Trade and Industry. The report says that existing IT systems at companies and in society are complicated and like a black box and data are not fully utilized and that an annual economic loss of 12 trillion yen maximum will be incurred from 2025 if there is no adequate digital transformation to address the current situation.

Medium-term Vision

Promotion of Medium-term Vision

The medium-term plan has the goal of raising sales to 50 billion yen in FY8/27.

- 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
- Accelerate growth in a new market for cloud system operation and utilization.
- Continue to make efforts to achieve the following goals.
 - ✓ 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 and add more sources of growth in new technology areas.



Growth Scenarios by Domain

SI

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 the public-service sector and the financial and information and communications industries, among other industries

- Prioritize increasing the number of engineers through recruitment and education, and recruit a greater number of engineers than initially planned.
- Expand business as a system integrator by increasing primary subcontracts, expanding partnerships, and strengthening alliances.
- Create large projects by giving engineers practical training and developing engineers with business process knowledge.

DX

Strive to expand projects in the market for cloud infrastructure that is operated by a center and in the cloud system operation and utilization market and expand a highly profitable, high growth model created through the DX shift.

- Expand the workforce for managed services, in which a center operates companies' cloud infrastructures 24 hours a day, every day.
- SERAKU will develop no-code/low-code platform engineers who will be the main source of utilization, operation and DX services
- Horizontally expand into the market for operation and utilization of cloud systems other than Salesforce.

Midori Cloud

Achieving digital Transformation with a Centering on Primary Industries by using agricultural production support platform and SERAKU technologies

- Expand the business by steadily promoting agricultural production support platforms and providing digital transformation solutions in the primary industry.
- Strive to commercialize food value chain digital transformation solutions.

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 the System Integration business

Growth Scenario for Subsidiary SERAKU CCC

Achieve growth by horizontally expanding into other cloud systems as Japan's number one company in Salesforce operation and utilization support.

- Increase the number of engineers for business areas related to Salesforce and expand the business scale, using our recruitment, sales, and education capabilities.
- Expand horizontally as the business areas related to Salesforce are expanding and expand horizontally into operation and utilization support for other cloud systems.
- Aim to be number one in the cloud system operation and utilization market, a new market with high growth potential.

Contribute to addressing the lack of IT personnel and the 2025 Digital Cliff problem by cultivating engineers who have business experience.

- Anticipate that the digital transformation in society will change the field that IT personnel work in from the construction of IT systems to the operation of IT systems and data utilization.
- Demand for human resources and businesses that can cross-functionally support the operation and use of multiple cloud systems and data utilization will increase dramatically.
- Accelerate development of no-code and low-code engineers having business experience and expand the scope of business.
- IT personnel that have both technological and business capabilities will achieve high productivity in cloud system operation and utilization.
- The development of the subsidiary will contribute to addressing lack of IT personnel and to the digital transformation in society.

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



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

Human resources development



- 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



- 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



- 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



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

Sophistication of corporate governance



- 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 FY8/23 forecasts or differences between the results of operations and these forecasts that require disclosure.