

First Quarter of the Fiscal Year Ending September 30, 2024 Financial Results Briefing Materials

Plus Alpha Consulting Co., Ltd.
(Tokyo Stock Exchange Prime: 4071)

February 14, 2024

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01 Company outline

Company outline

- Company name Plus Alpha Consulting Co., Ltd. (Tokyo Stock Exchange Prime: 4071)
- Representative Katsuya Mimuro, Representative Director and President
- Headquarters location 25F Shiodome Sumitomo Building, 1-9-2 Higashi Shimbashi, Minato-ku, Tokyo
- Osaka Branch 13F Osaka Nakanoshima Building, 2-2-2 Nakanoshima, Kita-ku, Osaka-shi, Osaka
- Fukuoka Branch 4F Grand Cabin Tenjin-minami, 3-3-33 Yakuin, Chuo-ku, Fukuoka-shi, Fukuoka
- Consolidated subsidiary Grow Up Co., Ltd.
- Established December 25, 2006
- Capital 451,428 thousand yen (as of December 31, 2023)
- Business content Providing cloud services for data analysis platforms
- Number of employees 305 consolidated (as of December 31, 2023)
- URL <https://www.pa-consul.co.jp/>

Business concept

Platform to visualize big data

Explosive information growth = Creation of big data

Information in all areas will be digitized

Customer information
Customer feedback

Product information
Purchase history

SNS
X (formerly Twitter)

EC access logs
IoT / life logs

Business daily reports
Intellectual properties /
papers

Personnel / labor
information
Interview records

Visualize
enormous information
through technology

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

Serving various sectors
Marketing Solutions

Marketing area

Visualization of customer feedback



CRM area

Visualizing client information and
actions



HR Solutions

HR/personnel area

Visualizing personnel information /
employees



Education area



Main services

Developing profitable SaaS businesses in multiple areas

Marketing Solutions

Developing business in the areas of marketing and CRM with advanced technological capabilities to visualize big data in a way that is useful in practice

Marketing area



Text mining analysis for the use of customer feedback data from call logs, X (formerly Twitter), etc.

Monthly subscription according to the amount of analyzed data

CRM area



Customer analysis using purchase histories, web access logs, etc., and automation of marketing initiatives

Monthly subscription according to the number of customers/e-mails delivered

HR Solutions

Expanding business into the the areas of HR/personnel and education based on expertise on data utilization cultivated in the area of marketing

HR/personnel area



Analysis of employee information for HR measures such as personnel development and optimal placement

Monthly subscription according to the number of employees

Education area



Visualization by central management of information on teachers, students and parents, and promotion of educational data use and utilization

Monthly subscription according to the number of students and teachers

Subscription products

Technology and expertise behind the services

Language processing technologies

Visualized mining technologies

Mass data analysis expertise

Industrial / operational knowledge

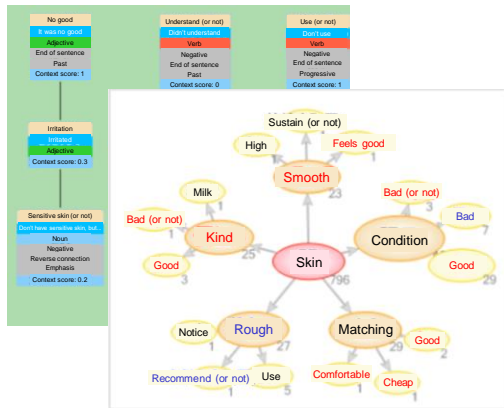
Utilization support consulting

Business strengths

Advanced technologies to visualize big data for practical use

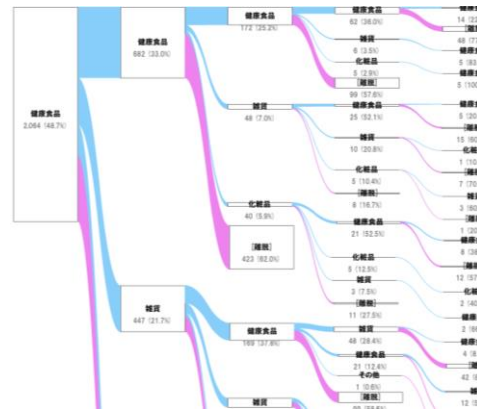


Syntax analysis, word maps



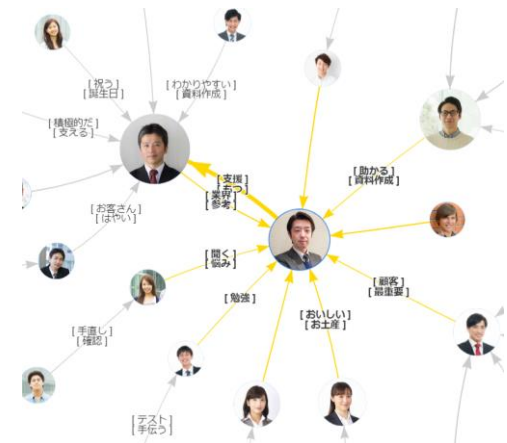
Analyze Japanese text to create maps for subjects / predicates and positive /negative sentiment to see customer feedback at a glance

Purchasing pattern analysis



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

Employee network diagram

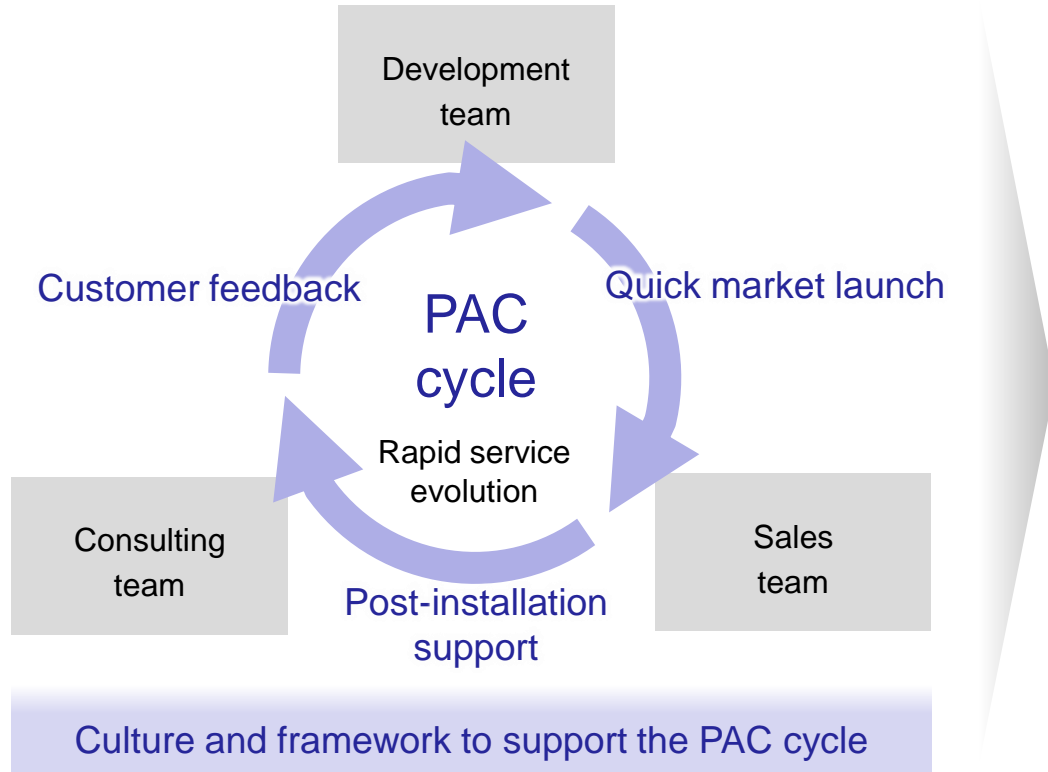


Through collaborative data between employees such as Thanks Points, ascertain volume and quality of communication between employees and departments

Business strengths

Organizational capabilities to realize rapid service evolution

We realize rapid implementation of general-purpose functions by ascertaining needs through consulting services for leading companies



PAC cycle realizes:

Differentiation

by rapid functional evolution

ARPU improvement

by creating high added value

Cancellation prevention / LTV improvement

through a concerted effort by the entire team

Partner relationships

on equal footing with clients

Early market launch

of new functions and businesses

Business strengths

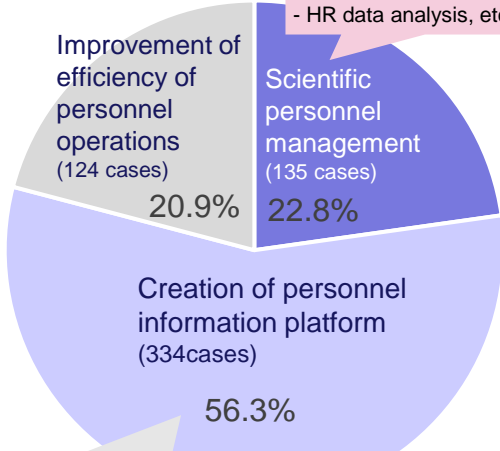
High-speed development of consulting results as a general purpose function

Realizing increased added value of services by leveraging enterprise consulting capabilities

Over 4,700 functions installed as standard over approximately seven years through consulting for a variety of leading companies



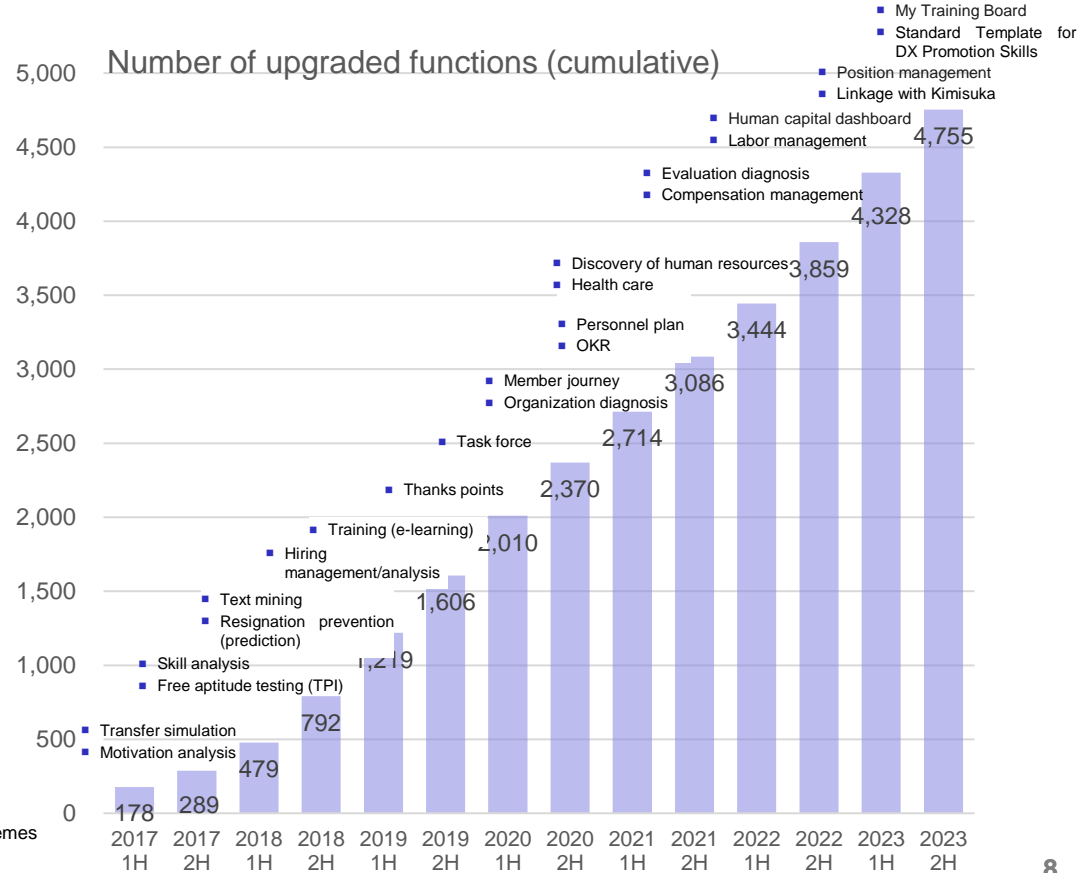
- Human resource development (skill analysis)
- Optimal assignment, consideration of transfers
- Succession planning
- HR data analysis, etc.



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

Approximately 80% of the approx. 400 annual consulting projects and approx. 600 themes are projects for the creation of a personnel information platform or scientific personnel management

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



Business strengths

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

Rapid launch of new businesses such as Talent Palette by utilizing more than ten years of accumulated expertise in the SaaS business

Accumulated SaaS expertise through existing services

Highly profitable business

 見える化エンジン

Stable growth business

 CustomerRings
カスタマーリングス

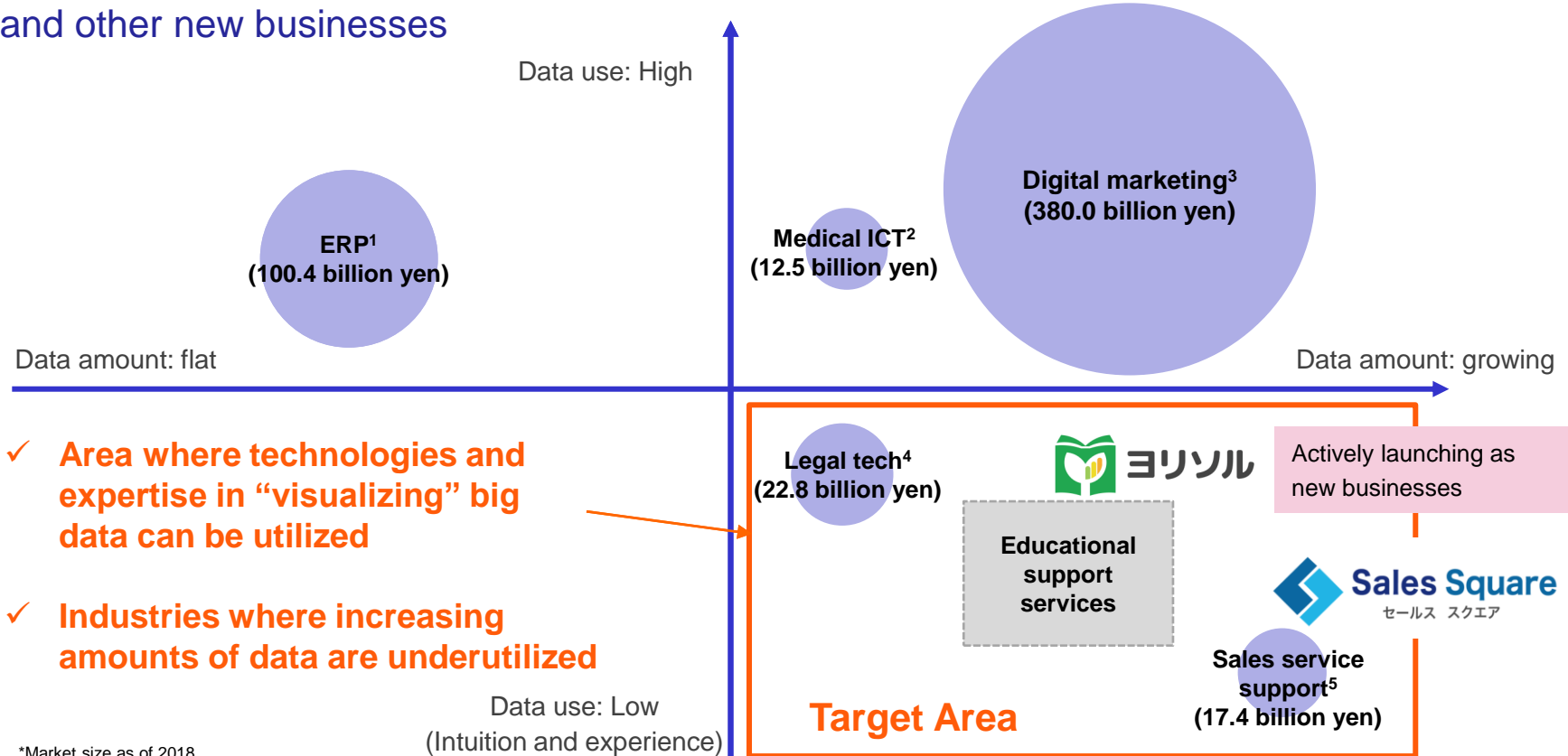
By developing multiple highly profitable and high-growth businesses simultaneously, we have achieved both a higher growth rate and a higher profit margin.



Approach to new business creation

New sector of “visualizing” big data

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



- ✓ **Area where technologies and expertise in “visualizing” big data can be utilized**
- ✓ **Industries where increasing amounts of data are underutilized**

*Market size as of 2018

Note 1: “ERP Market 2020,” ITR

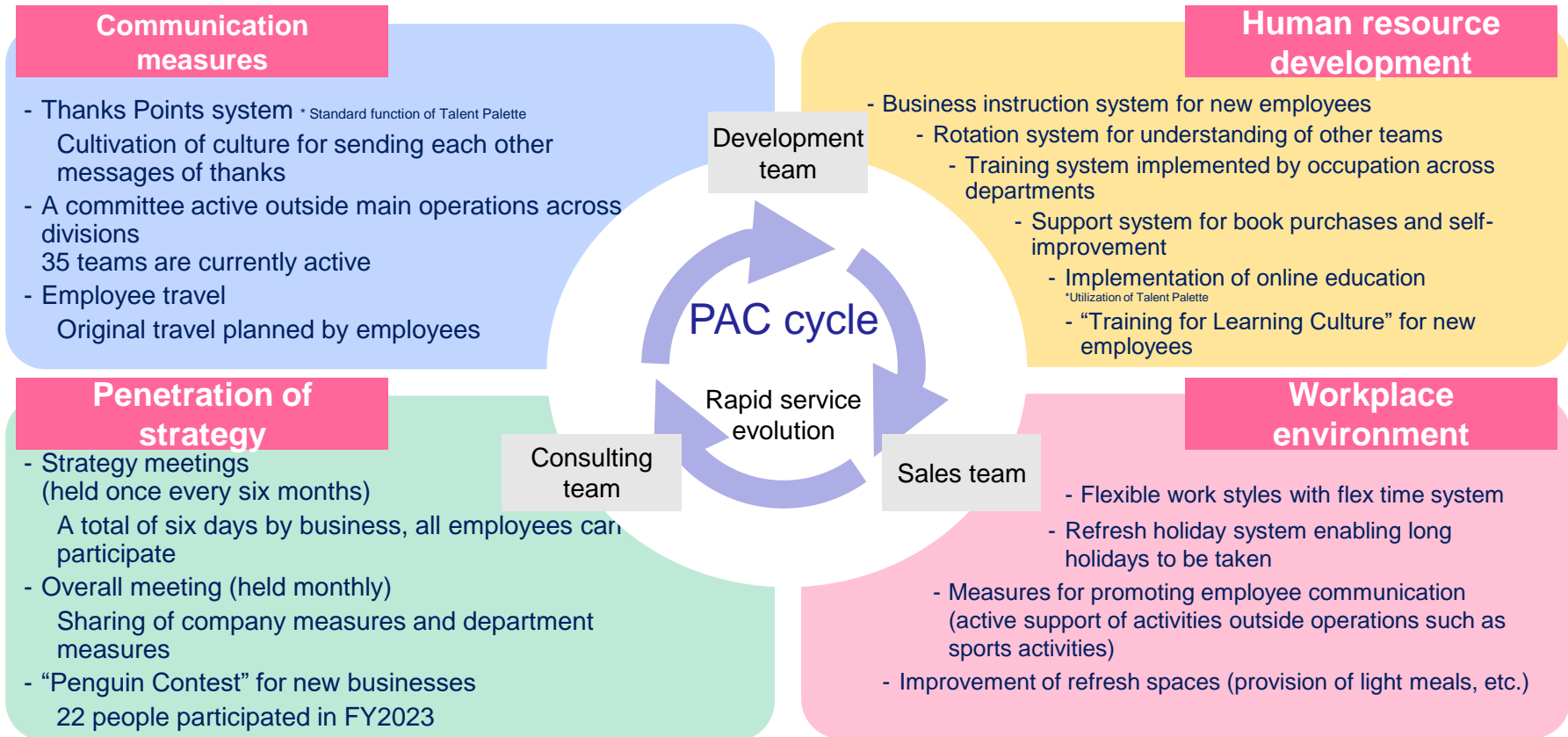
Note 2: “Current State and Future of the Next Generation Medical ICT Market, FY2020 Edition,” Yano Research Institute

Note 3: “Domestic Digital Marketing-related Service Market 2020 - 2024,” IDC

Note 4: “2019 Legal Tech Watch,” Yano Research Institute

Note 5: “Integrated Marketing Support Market 2020,” ITR

Initiatives to improve the human capital of PAC

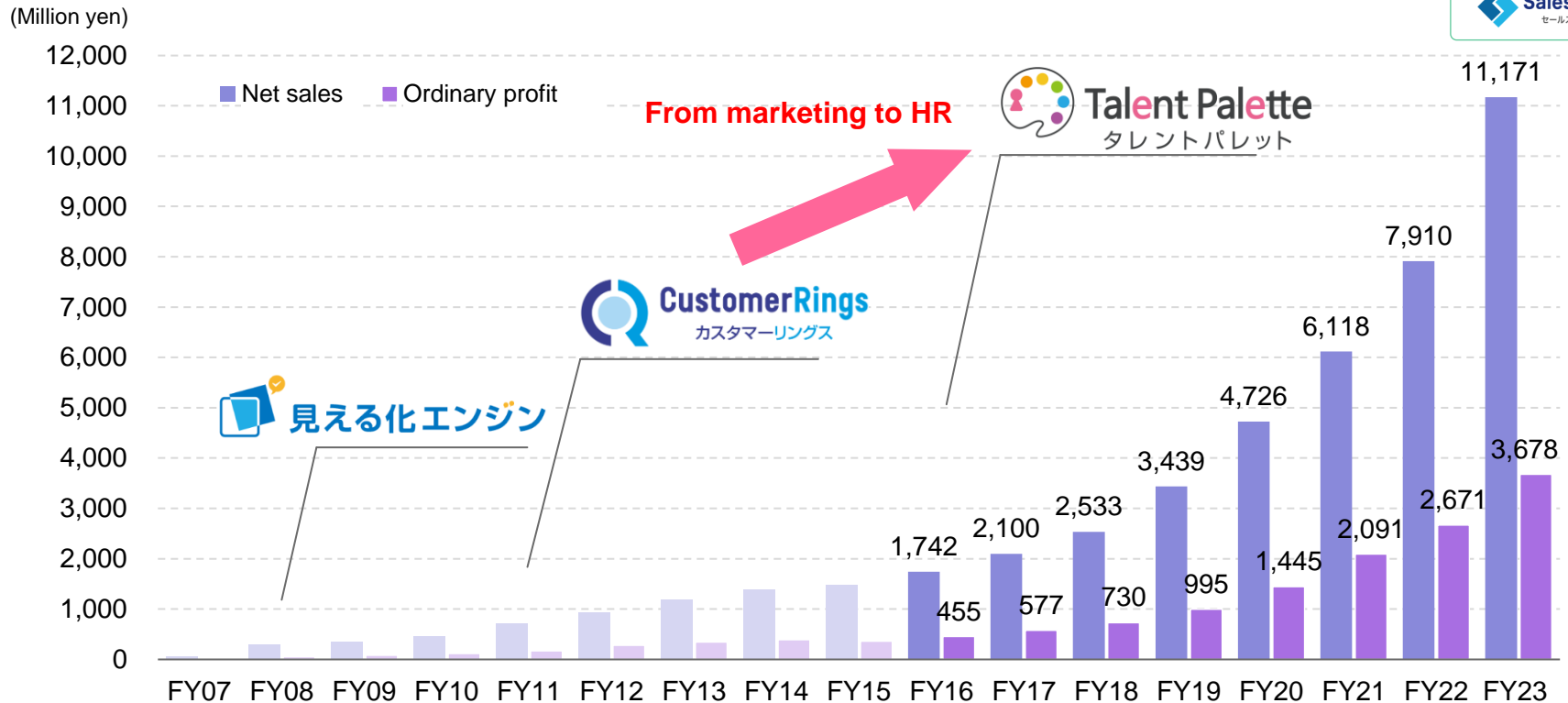


- ➔ ★ Employee awareness survey score (Company vision: 4.4/5.0), company atmosphere: 4.11/5.0, benefits: 4.2/5.0)
 ★ Annual turnover rate: 5.7%

02 Overview of Talent Palette Business

Course of Growth

Expanded content of business by introducing business-specialized products in intervals of several years
Expanded business into personnel and HR centered on know-how utilizing data developed in marketing



Background of Rapid Growth of Talent Palette

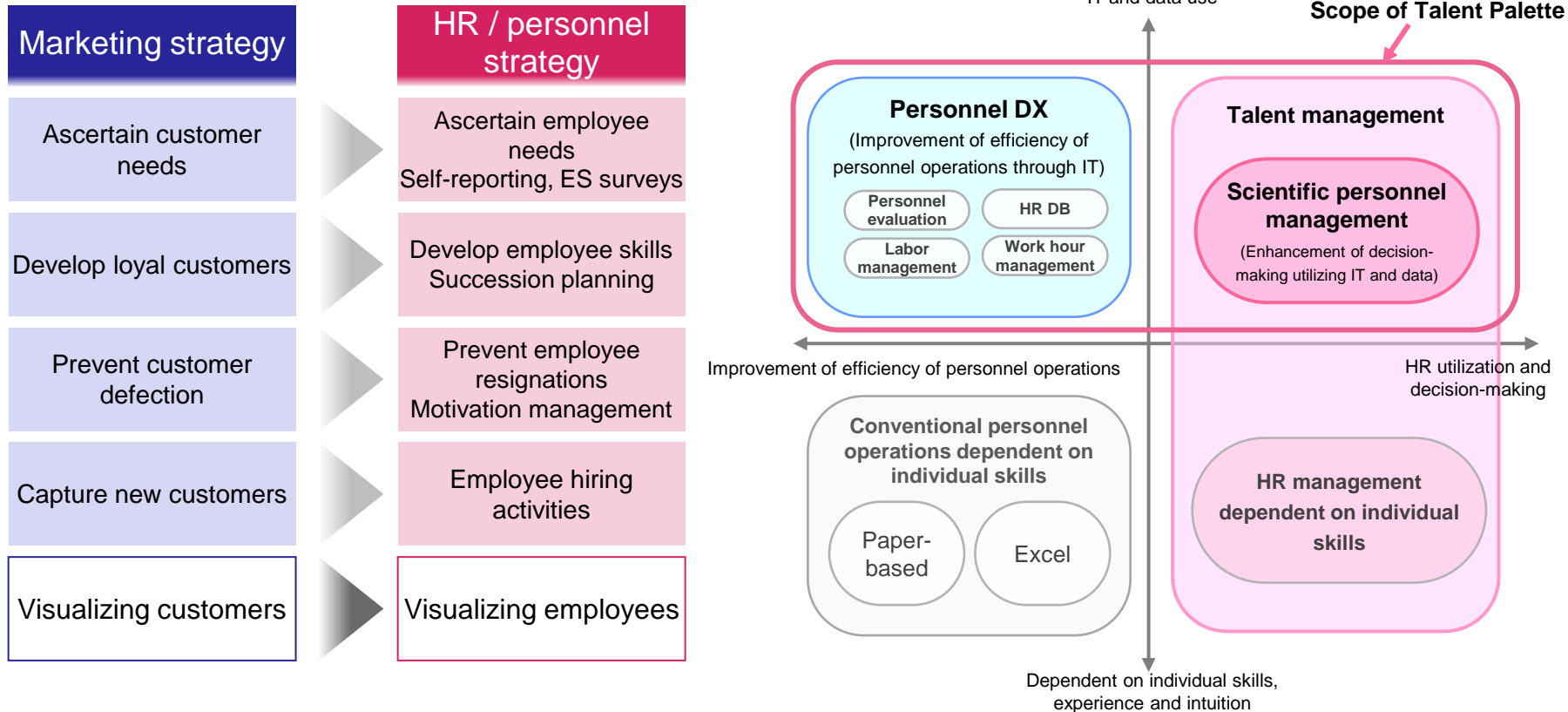
- It has become necessary to take initiatives such as how to **maximize utilization of HR** by current employees and whether **reskilling** can be achieved amid the increasingly serious labor shortage caused by the low birthrate and aging population and the diversification of work styles.
- COVID-19 has led to an **outflow of talented human resources** and a lowering of understanding of employees due to **remote work**, and it is no longer possible to ensure adequate precision with existing personnel systems.
- The Ministry of Economy, Trade and Industry has also begun nationwide efforts such as advocating that companies perceive human resources as “capital” that is the source of corporate growth, leading to to enhancement of medium- to long-term corporate value through “**human capital management**” that fully draws out their value.

⇒ **Based on this trend, the HRTech cloud market is expected to grow by +35.6% year on year in FY2022.** (Research by Deloitte Tohmatsu MIC Research Institute Co., Ltd.)

Characteristics of Talent Palette

Entering the HR sector leveraging our expertise in “scientific personnel management”

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



Characteristics of Talent Palette

All-in-one service from personnel DX to scientific personnel management

For enterprises, we differentiate with scientific personnel functions through the utilization of data, and for small and medium businesses, we integrate tools required for personnel management and realize the improvement of efficiency of personnel DX through IT

Scientific personnel management

Enhancement of decision-making utilizing IT and data

Safety confirmation
Swift and smooth implementation of safety confirmation in the event of a disaster

Stress checks
Support for stress checks that are mandated to be conducted once per year

Labor management
Various procedures when joining and leaving the company, My Number management and year-end adjustment

Internal job posting

Health management
Central management of data on employee health status, lifestyle habit checks and health diagnosis

Pulse surveys

Personnel FAQ
Creation of knowledge on systems and procedures in the Personnel and General Affairs Division

Target management
MBO, OKR, evaluator diagnosis, organization mission analysis

Training management
Recommendation of optimal training according to skill status

Hiring management
Similarity analysis of current employees and candidates, improvement of matching precision

Visualizing employees
Support for personnel decision-making

Skill management
Skill improvement analysis, personnel portfolio management

Transfer simulation
Optimal assignment and organizational reform based on analysis of condition of organization after transfer

Position management
HR requirement management, analysis of matching conditions, succession

TPI aptitude testing

Organization diagnosis
Recommendation of improvement measures by identifying organizational characteristics and issues based on surveys

Surveys
Visualization of employees' opinions through free question setting and text mining

Thanks points
Increasing engagement through employees expressing gratitude to each other

Direct recruiting
Enabling direct scouting of students matching the company

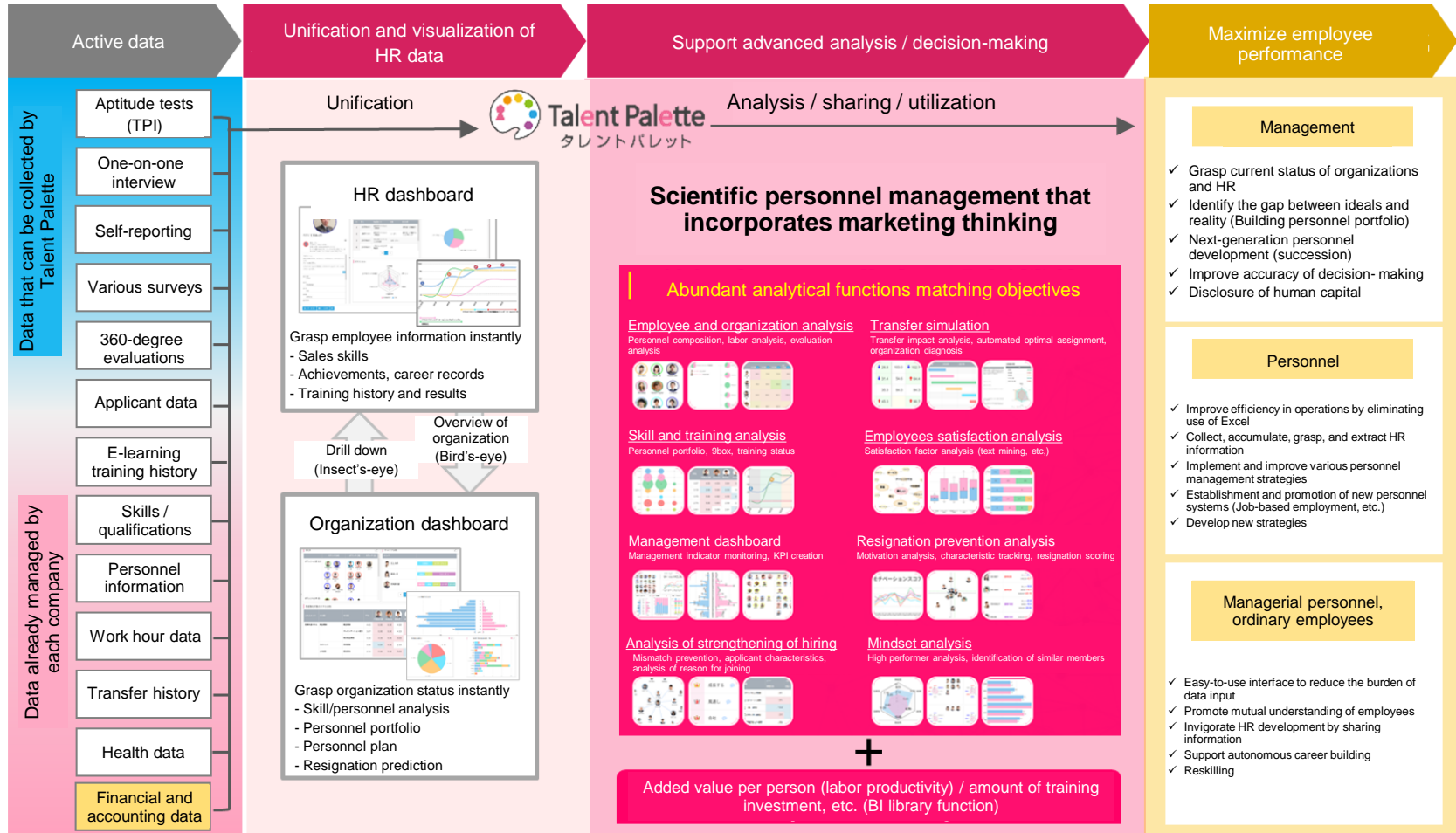
Personnel DX

Improvement of personnel operations using IT

Evolution of Talent Palette

Integrated personnel information platform

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



Companies Implementing of Talent Palette

Talent Management System Chosen by Leading Companies



202310-2

Manufacturers (lifestyle, parts, chemicals, pharmaceuticals, construction, other)



Finance (banking, life and non-life insurance, credit cards, leasing)



Public infrastructure (power, gas, etc.), communications, transportation, local government, other



Distribution, retail, restaurants, real estate, services, medical, nursing, welfare, education



IT, system development, call centers, entertainment



Staffing, advertising, mass media, specialized services



Scientific personnel management

Human capital management

Personnel DX

Shift to Job-based employment

Reskilling Autonomous career building

Becoming a holding company

*Some of the companies' logos are shown here with permission. (In no particular order)

Strengths of Talent Palette

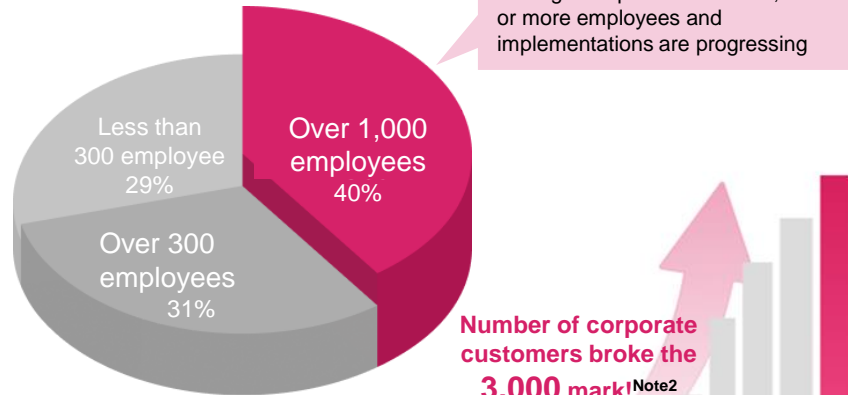
Enterprise penetration and high evaluation

The percentage of implementation in large enterprises with 1,000 of more employees (on a contract basis) is approximately 40%

Detailed functions and advanced consulting for enterprises are highly regarded

Percentage of contracts by plan

As of September 30, 2023

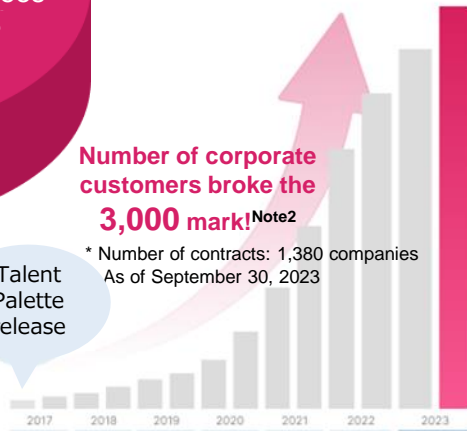


The service is highly regarded among enterprise user with 1,000 or more employees and implementations are progressing

Number of corporate customers broke the 3,000 mark!^{Note2}
* Number of contracts: 1,380 companies
As of September 30, 2023



Talent Palette release



Features highly appreciated by large enterprises

- Analysis functions specializing in diverse HR measures
- Specialized functions adapted to complex personnel management procedures
- An infrastructure that can withstand simultaneous access by tens of thousands of employees
- Speedy development and frequent updates of required functions
- Functions enabling flexible data links with customers' core systems and provision of technical support
- Advanced consulting and devoted concierge services

Extensive analytical function and detailed function

Rapid development system and interoperability

Consulting and concierge services

Note 1: 2022 Forecast of Personnel and Assignment Cloud Market Deloitte Tomatsu MIC Research Institute Co., Ltd. "HRTech Cloud Market Facts and Outlook FY2021"

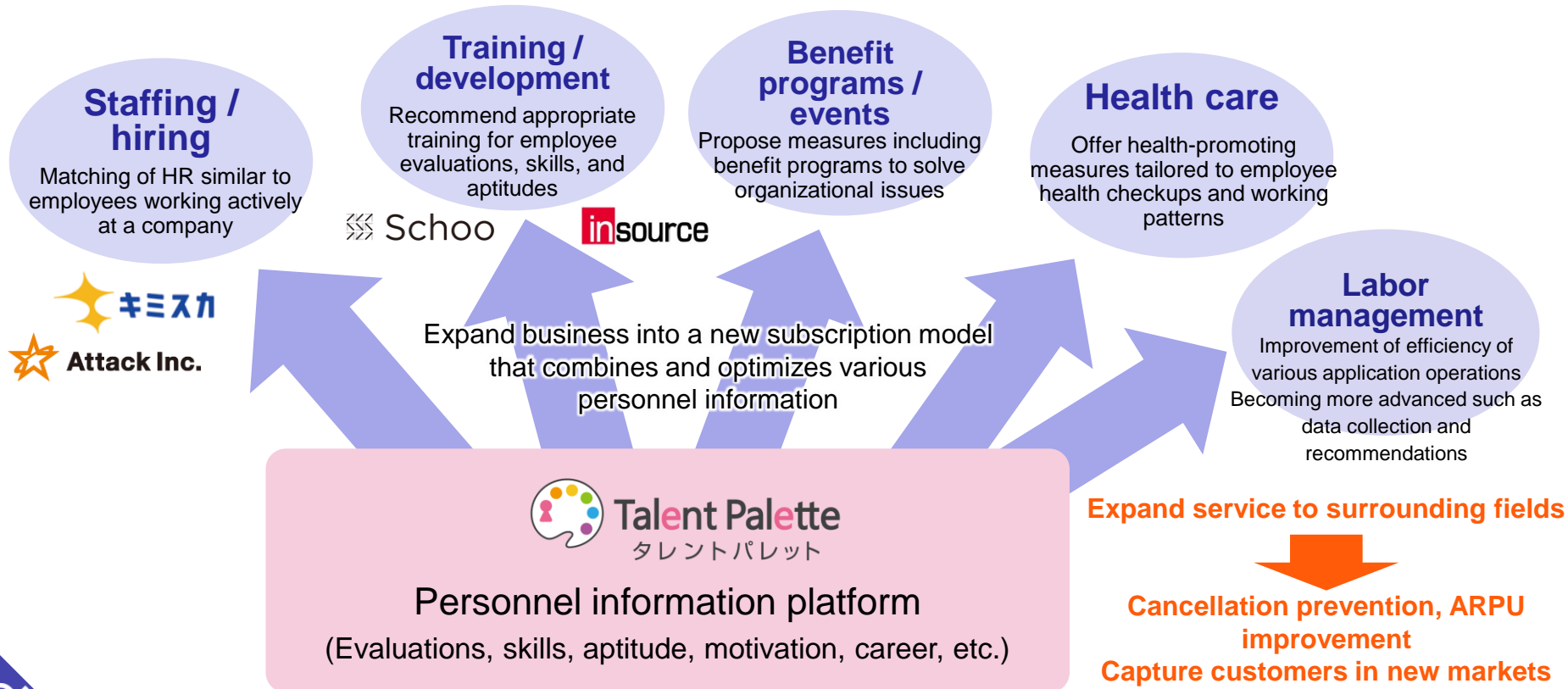
Note 2: Approximately 3,000 companies are using this service, taking in accounts of single contracts consisting multiple companies' usage.

03 Growth strategy

Further development of Talent Palette Business

Expand services to sectors surrounding HR

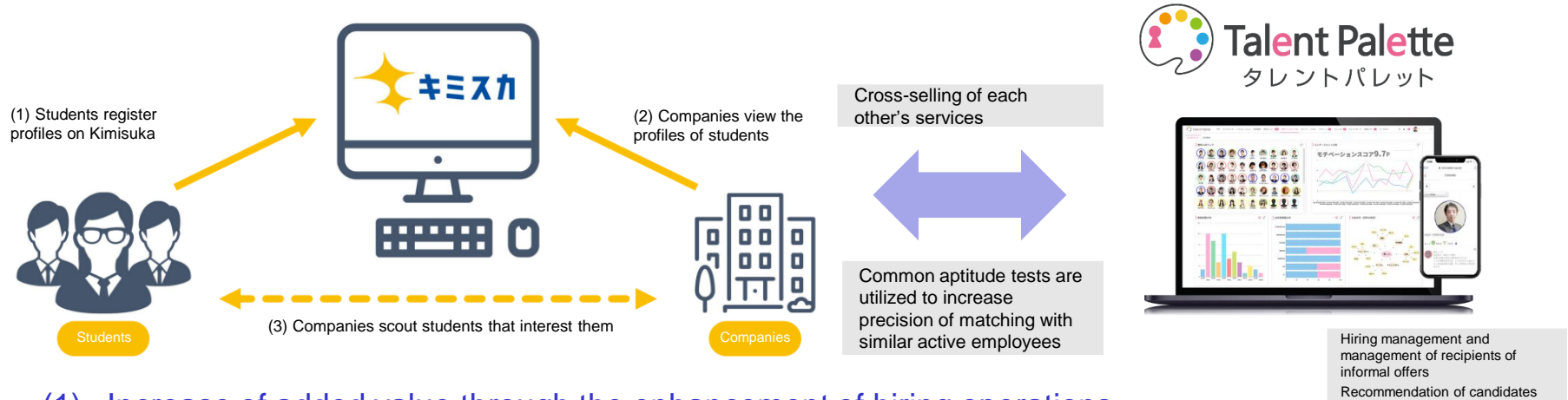
By utilizing HR data accumulated in Talent Palette, we have improved the accuracy of services surrounding personnel. We aim to expand business not only in the company but also by utilizing partnerships and capital alliances with partner companies



Further development of Talent Palette Business

Staffing / Hiring

Entry into hiring business through new graduate area by making Grow Up a subsidiary



(1) Increase of added value through the enhancement of hiring operations

Linking of hiring management and analysis functions of Talent Palette with Kimisuka. Recommendation of candidates that match job specs

(2) Promotion of cross selling of each other's services

Expansion of sales through cross selling of each other's services utilizing each other's customer base

(3) Sharing of knowhow on functional development and the hiring business

Functional development and sharing of knowhow for accelerating expansion in the hiring area through a high level of coordination of each other's services

Launch of new business

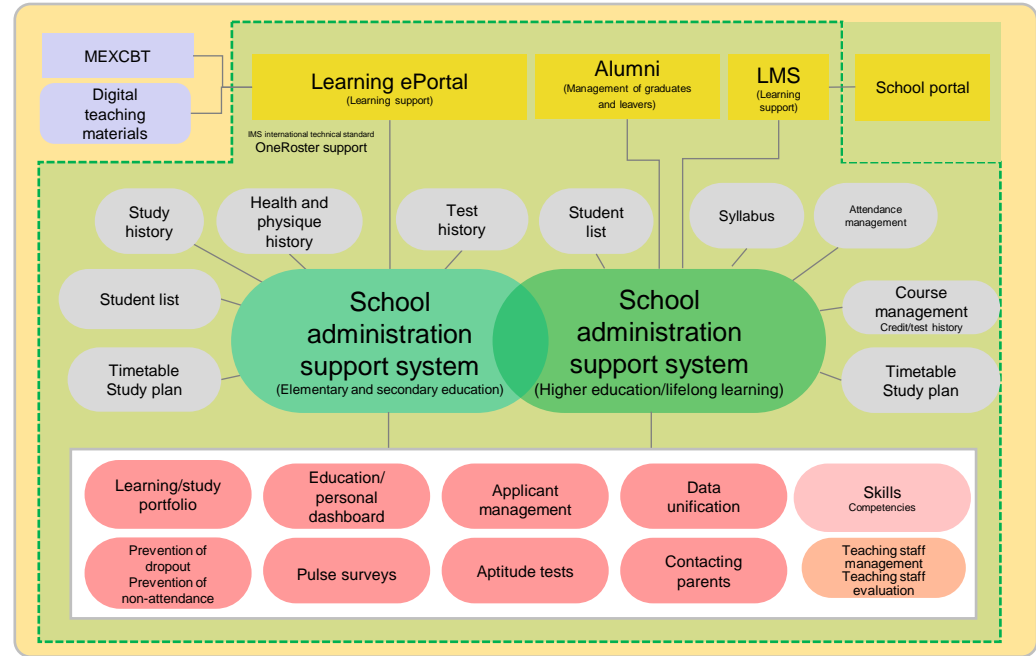
Full-scale implementation of Yorisoar, a new service aimed at education

Visualization by central management of information on teachers, students and parents, and promotion of educational data use and utilization

Aim for a total solution enabling centralized management of learning history, class evaluation, LMS, teaching and school administration

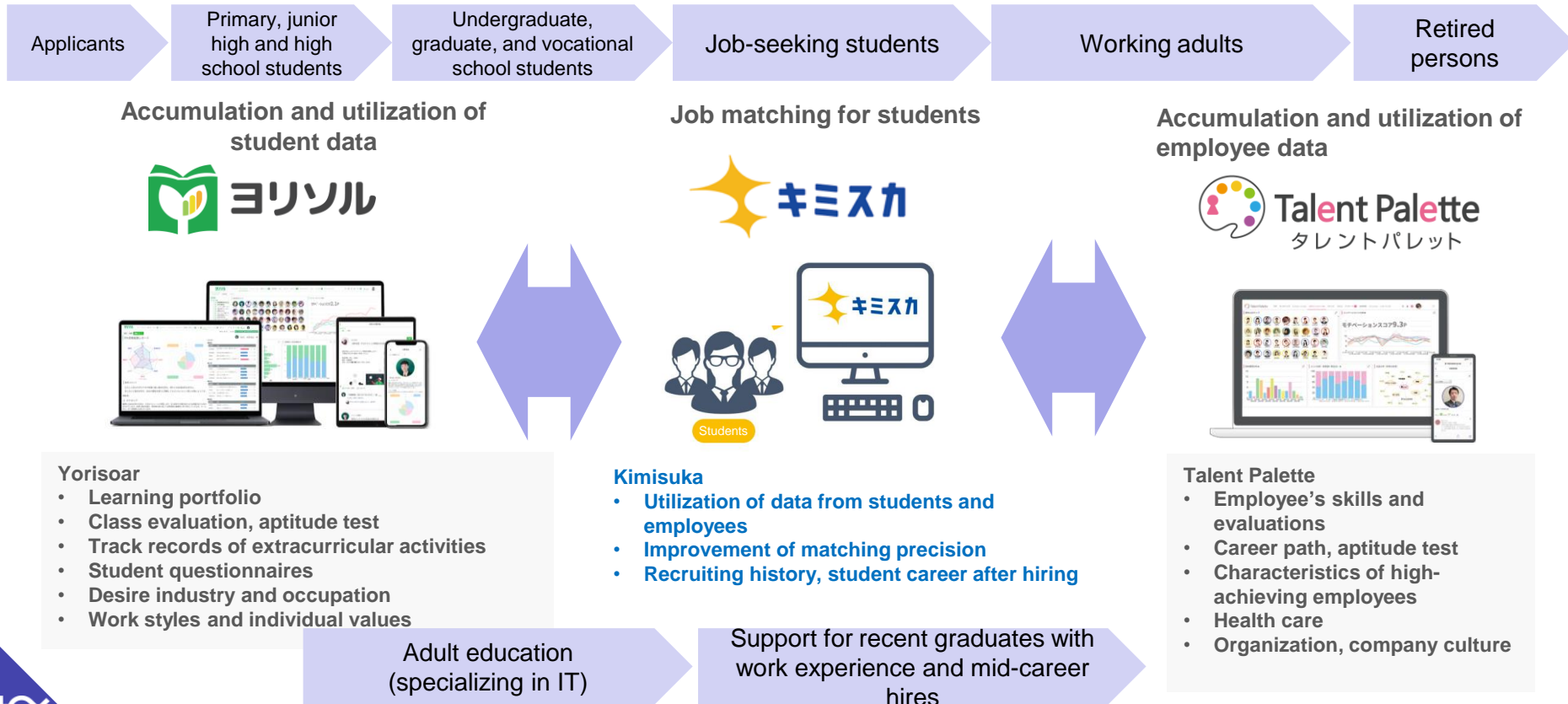


**Integrated school management system
realizing educational DX and visualization
of educational data**



“From students to members of society” platform concept including Yorisoar

We aim to develop a platform to accumulate and utilize the data of wide range of personnel including students, working adults and retiree



Yorisoar

- Learning portfolio
- Class evaluation, aptitude test
- Track records of extracurricular activities
- Student questionnaires
- Desire industry and occupation
- Work styles and individual values

Kimisuka

- Utilization of data from students and employees
- Improvement of matching precision
- Recruiting history, student career after hiring

Talent Palette

- Employee's skills and evaluations
- Career path, aptitude test
- Characteristics of high-achieving employees
- Health care
- Organization, company culture

04 Latest topics

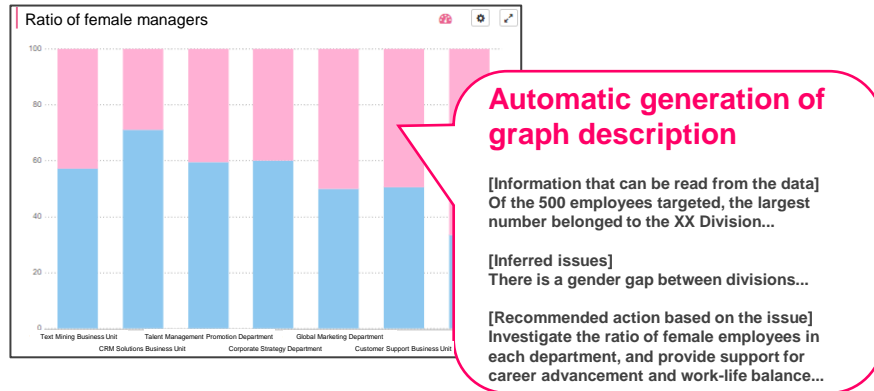
Latest topics

- (1) Various new features utilizing generative AI
- (2) Creating synergies through the penetration of linkage with Kimisuka
- (3) More advanced recruitment support services by making Attack a subsidiary
- (4) “Scientific HR Forum” as an enterprise measure
- (5) Start of new commercial for Talent Palette
- (6) Management policy conscious of cost of capital and share price

Topic (1): Various new features utilizing generative AI

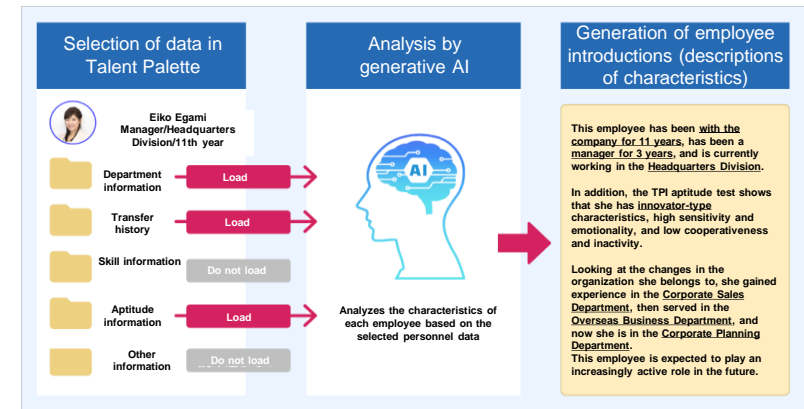
Increased convenience through automatic generation of valuable text by utilizing accumulated big data and generative AI technology

New functionality using generative AI to automatically generate explanatory text for analysis results



- By having a generative AI read the results of various analysis outputs, explanatory text such as a summary of the analysis results and points of interest is automatically generated for various analysis outputs.
- By adding explanatory text to the analysis results, even those unfamiliar with analysis can easily read the graphs.

New feature using generative AI to automatically generate employee introductions (descriptions of characteristics)

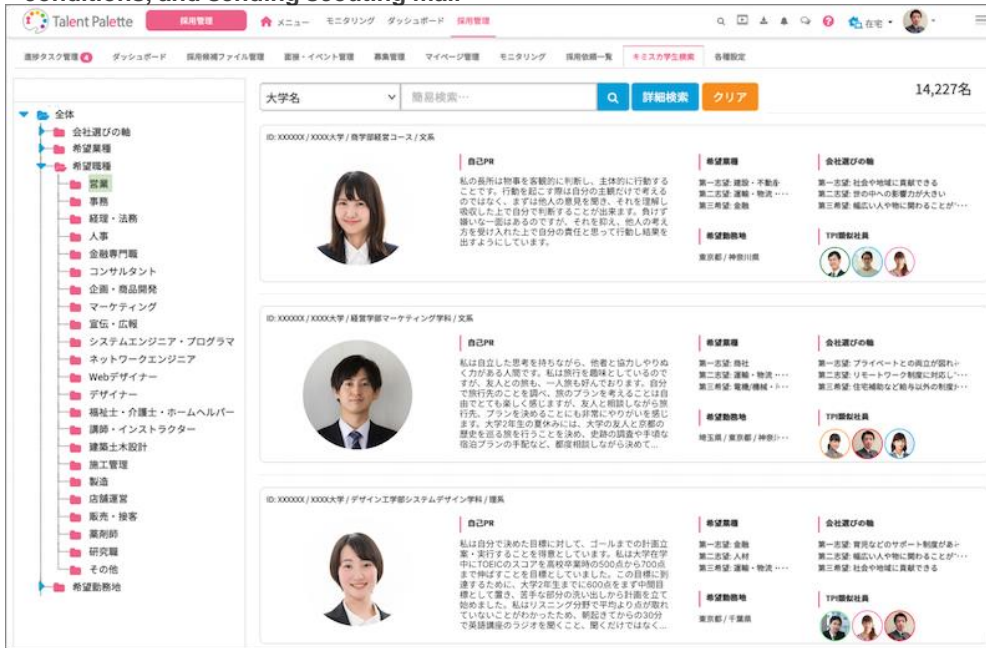


- Using a variety of human resources data accumulated in Talent Palette, an overview of the employee's career and characteristics is automatically generated as an employee introduction.
- Effective usage scenes of automatic introduction generation
 - Introducing new employees
 - Understanding technical skills and career overview
 - Preparing introductions for promoted or transferred employees
 - Understanding the personalities of target employees when considering personnel transfers, etc.

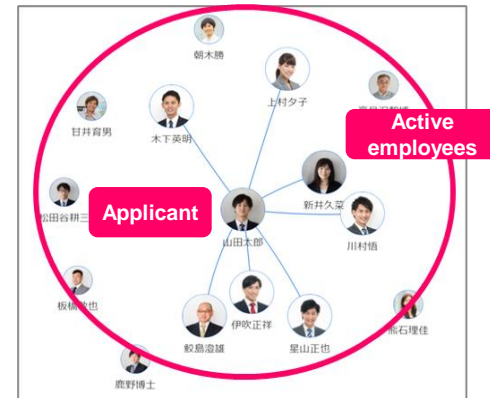
Topic (2): Creating synergies through the penetration of linkage with Kimisuka

Linking functions for searching, analyzing and scouting students registered on Kimisuka through Talent Palette Introduced as a new graduate scout option to more than 100 companies since October, shifting to performance-based compensation according to students acquired

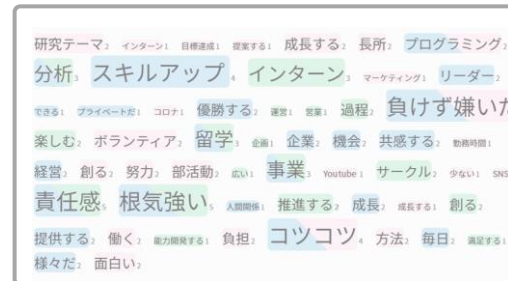
Enables searching for students suitable for own company based on a variety of conditions, and sending scouting mail



Understanding of students by similarity to employees working in own company



Text mining of student profiles

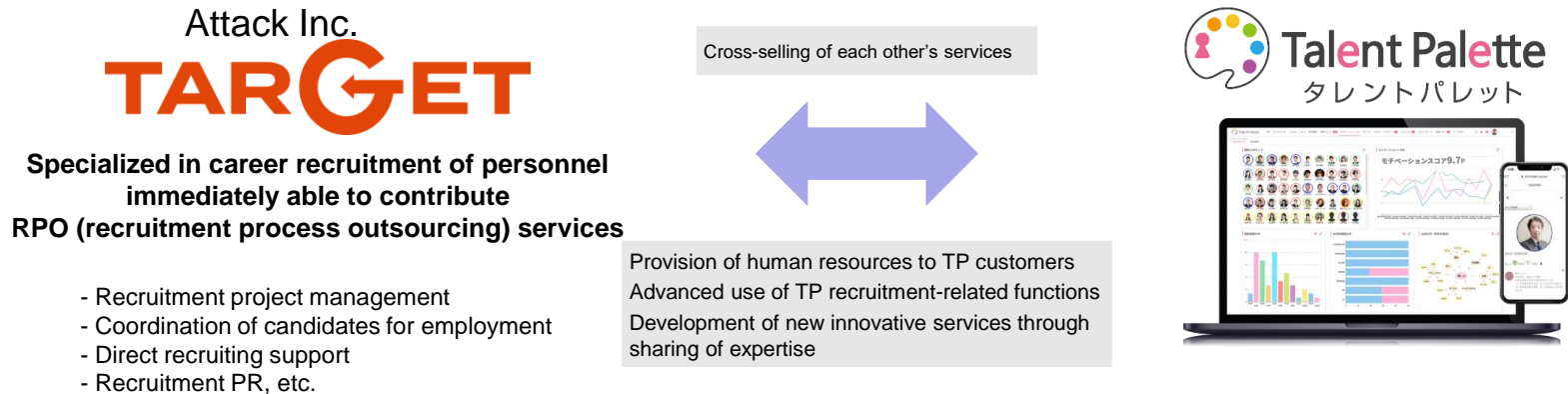


Preparation of companies' appeals (scouting text) for students is supported by generative AI

Topic (3): More advanced recruitment support services by making Attack a subsidiary

More advanced recruitment support consulting services made possible through acquisition of Attack Inc. as a subsidiary

Aiming to expand sales and create synergies in the recruitment area through collaboration with Talent Palette



(1) Promotion of advanced use of TP recruitment-related functions

Providing human resources and advanced utilization of recruiting-related functions to companies that have implemented Talent Palette

(2) Cross selling of each other's services

Expansion of sales through cross selling of each other's services utilizing each other's customer base

(3) Sharing of recruitment expertise and development of new functions

Development of new innovative services for Talent Palette by leveraging customer needs acquired through Attack's operations

Topic (4) “Scientific HR Forum” as an enterprise measure

Held the Scientific HR Executive Forum 2023 to promote personnel strategies using HR data and to award companies that have implemented Talent Palette for their progressive initiatives



Announced on
November 17, 2023



Grand Prize

United Arrows Ltd.
Tohoku Electric Power Co., Inc.
SoftBank Corp.
Ricoh Co., Ltd. / RICOH JAPAN Corp.

Special Prize

Aflac Life Insurance Japan Ltd.
MARUHAN Corporation

*Titles omitted

Topic (4) “Scientific HR Forum” as an enterprise measure



Grand Prize

[United Arrows Ltd.](#)

Utilized and analyzed all HR data to identify issues and implement priority measures. Attempted reform in the era of human capital management

[Tohoku Electric Power Co., Inc.](#)

Promoted human resource strategy to support business transformation and implement scientific human resource portfolio building to realize business strategy

[SoftBank Corp.](#)

Provided opportunities and fostered a culture that enables employees to develop autonomous careers, and evolved the organization along with employee growth

[Ricoh Co., Ltd. / RICOH JAPAN Corp.](#)

Ricoh: Developed a group-wide autonomous employee training and development system

RICOH JAPAN: Realized a certification system for professional human resources and visualization of skill portfolios

Special Prize

[Aflac Life Insurance Japan Ltd.](#)

Promoted and realized advanced human resource policies under a plan and system construction aimed at speedy realization of scientific human resource strategy

[MARUHAN Corporation](#)

Established a culture of “sowing the seeds of ism” and revitalized communication

Fostering even warmer human relationships and values that the company places importance upon, and improved retention rates

*Titles omitted

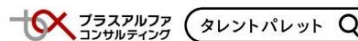
Topic (5): Start of new commercial for Talent Palette

Eiko Koike, who plays an outside director, uses Talent Palette to solve the HR issues of “large organizations” with an enterprise mindset, such as fast-growing companies, well-established companies, and holding companies



タレントパレットなら人事に必要な機能が **オールインワン** で。

人材の見える化	異動・配置	評価	人材育成・研修	リスクリング
人的資本経営	採用管理	離職防止	エンゲージメント	労務



President of a fast-growing company (Toru Nomaguchi)



President of a well-established company (Denden)

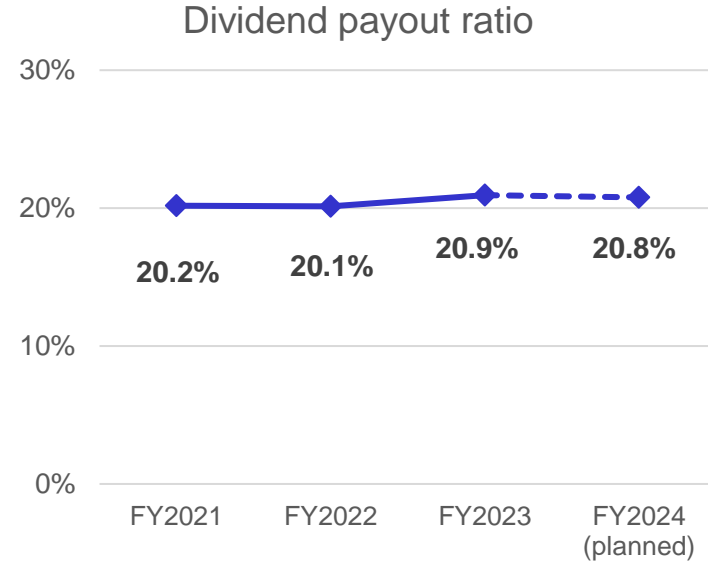
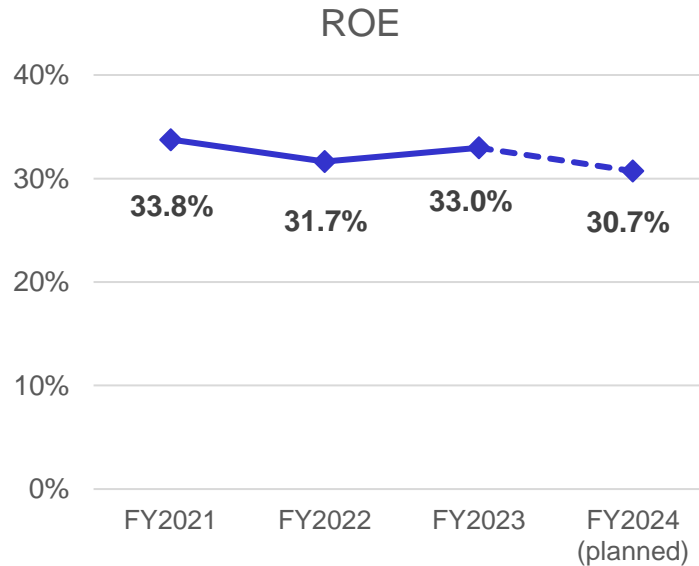


President of a holding company (Michael Tomioka)

Topic (6): Management policy conscious of cost of capital and share price

We have set ROE as an indicator for efficient use of capital and intend to maintain a high level over the medium term through measures to improve profitability and provide shareholder returns

- Return on capital: Recognize ROE as an important indicator and aim to maintain a level of 30% or more
- Shareholder return policy: Continue to pay stable dividends while securing necessary internal reserves (the target dividend payout ratio is 20%)



05 Financial results for the three months ended December 31, 2023

Highlights

■ Overview

- Company-wide performance was in line with plans for both Marketing Solutions and HR Solutions.
- In Marketing Solutions, both net sales and operating profit progressed as planned due to an increase in the number of customers for Visualization Engine and higher ARPU for Customer Rings.
- HR Solutions continued to perform well, and net sales and operating profit were in line with plans due to increases in the number of customers and ARPU for Talent Palette.

■ Financial results for three months ended December 31, 2023

- Consolidated financial results for the three months ended December 31, 2023 showed a **24.3%** increase in net sales and an **35.0%** increase in operating profit from the same period of the previous fiscal year, with an operating profit margin of **33.6%**
- Due to an increase in the number of installations, maintenance of a low revenue churn rate, and stable ARPU growth, the Talent Palette business (including Yorisoar) performed well with MRR of **582** million yen (up **37.6%** year on year), net sales up **35.3%** and operating profit up **50.3%** (profit margin of **49.2%**).
- The rate of progress in 1Q was steady at **22.2%** of the full-year plan for net sales and **21.4%** for operating profit.

■ Earnings forecasts for the fiscal year ending September 30, 2024

- We forecast net sales of **13,800** million yen (up **23.5%** year on year) and operating profit of **4,800** million yen (operating profit margin of **34.8%**)
- In addition to the expansion of Talent Palette's revenue, increases in the number of customers for Visualization Engine and Customer Rings are also expected to contribute to increase revenue

Financial results highlights

Consolidated basis

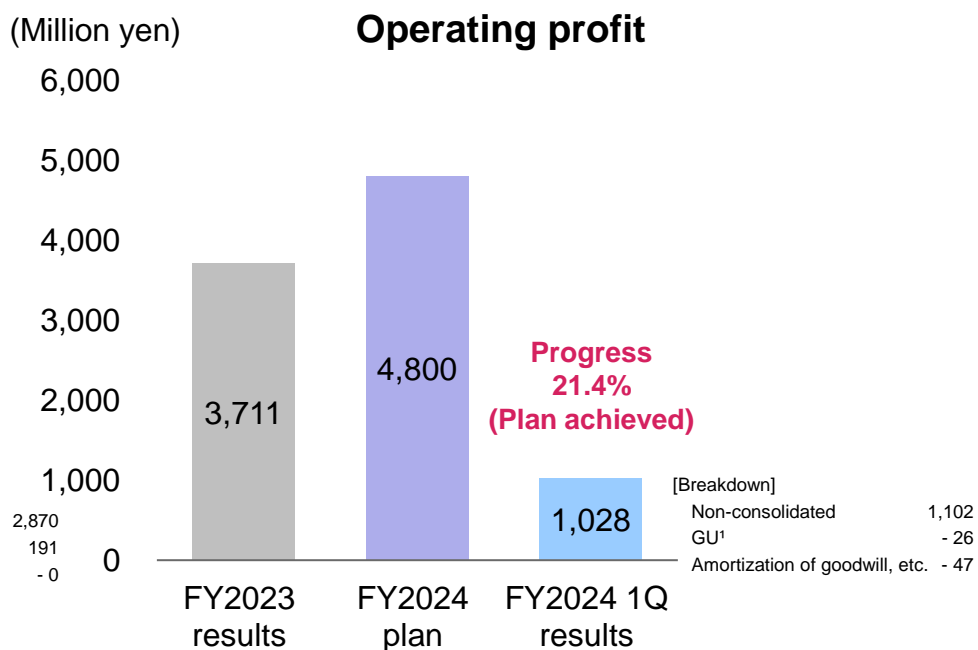
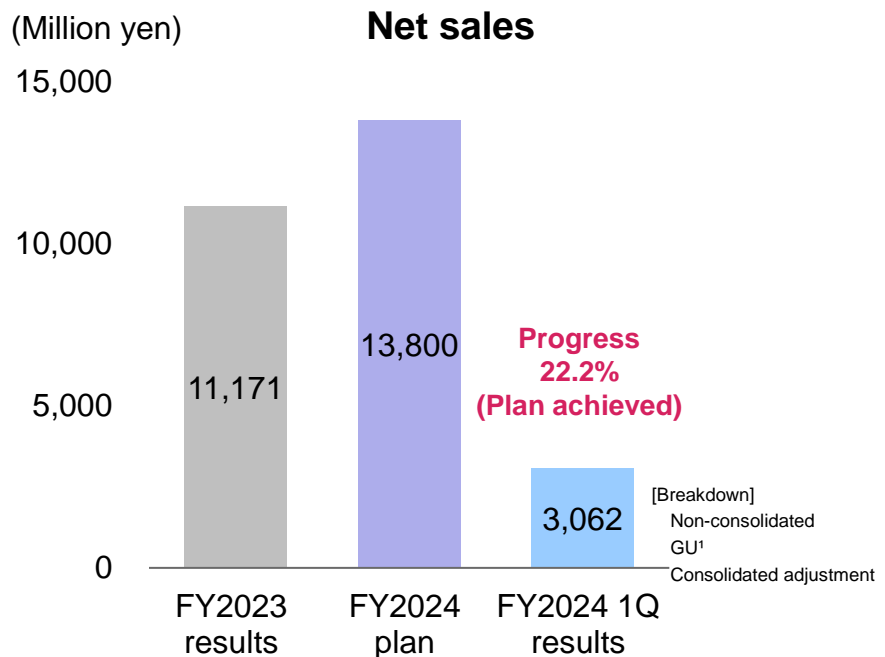
- Net sales increased by 24.3% and operating profit increased by 35.0% in the three months ended December 31, 2023 (1Q)
- Operating profit margin remained high at 33.6%, up 2.7 points year on year <1Q>

Net sales	3,062 million yen	YoY change	24.3 % up
Operating profit	1,028 million yen	YoY change	35.0 % up
Operating profit margin	33.6 %	YoY change	2.7 points up
Ordinary profit	1,030 million yen	YoY change	35.0 % up
Profit	702 million yen	YoY change	38.7 % up

Financial results progress for the three months ended December 31, 2023 (1Q)

Consolidated basis

- The rate of progress in 1Q was 22.2% of the full-year plan for net sales and 21.4% for operating profit, with both sales and operating profit steady



Financial results summary

Consolidated basis

- Performance was steady in 1Q, with a 24.3% increase in net sales, a 35.0% increase in operating profit and an operating profit margin of 33.6%
- Progress against the annual plan was also steady, with net sales at 22.2% and operating profit at 21.4%.

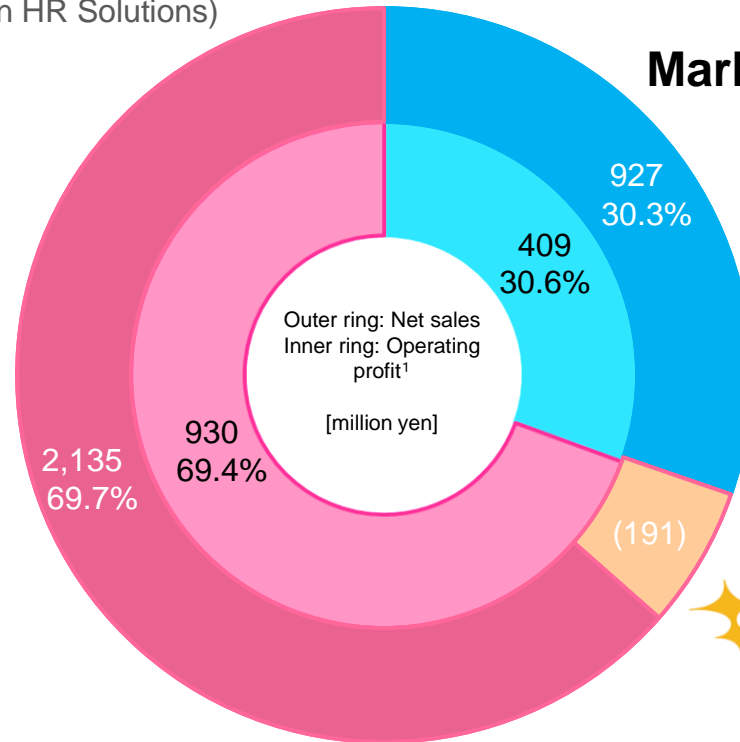
Million yen	FY2024 (Oct.-Dec.)			FY2024 (Oct.-Sep.)	
	1Q	1Q, FY2023	YoY	FY2024 plan	
	Results	Results		Plan	Progress
Net sales	3,062	2,462	24.3%	13,800	22.2%
Cost of sales	829	652	27.1%		
Gross profit	2,232	1,810	23.3%		
Selling, general and administrative expenses	1,203	1,048	14.8%		
Operating profit	1,028	761	35.0%	4,800	21.4%
<i>Operating profit margin</i>	33.6%	30.9%	-	34.8%	-
Ordinary profit	1,030	763	35.0%	4,800	21.5%
Profit	702	506	38.7%	3,250	21.6%

Financial results (by segment) for the three months ended December 31, 2023 (1Q)

- The HR Solutions Business accounted for 69.7% of net sales and 69.4% of profit, driving growth

- Marketing Solutions
- Kimisuka (included in HR Solutions)
- HR solutions

HR solutions



Marketing Solutions



Note 1: Amount of operating profit of the segment in 1Q of FY2024 (before elimination of shared expenses, before amortization of goodwill, etc.)

Financial Highlights (Talent Palette: including Yorisoar)

Non-consolidated basis

- The Talent Palette Business continued to perform well, showing a 35.3% increase in net sales and a 50.3% increase in operating profit
- Operating profit margin remained high at 49.2%, up 4.9 points year on year

	FY2023 1Q		FY2024 1Q		YoY change
Net sales¹	1,436 million yen		1,943 million yen		35.3 % up
Operating profit²	636 million yen		956 million yen		50.3 % up
Operating profit margin	44.3 %		49.2 %		4.9 points up
MRR³	423 million yen		582 million yen		37.6 % up
Number of customers⁴	1,103 cases		1,473 cases		33.5 % up
Revenue churn rate⁵	0.37 %		0.30 %		0.07 points down
ARPU⁶	387 thousand yen		402 thousand yen		3.9 % up

Note 1: Results for 1Q of FY2023 and 1Q of FY 2024 (cumulative)

Note 2: Amount of operating profit of the segment in 1Q of FY2023 and 1Q of FY2024 (cumulative: before elimination of shared expenses)

Note 3: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in December 2022 and in December 2023

Note 4: Number of monthly billed contracts as of December 31, 2022 and December 31, 2023

Note 5: Ratio of reductions as a result of cancellations to total monthly billed amounts as of December 2022 and December 2023 (average for the past 12 months).

This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.

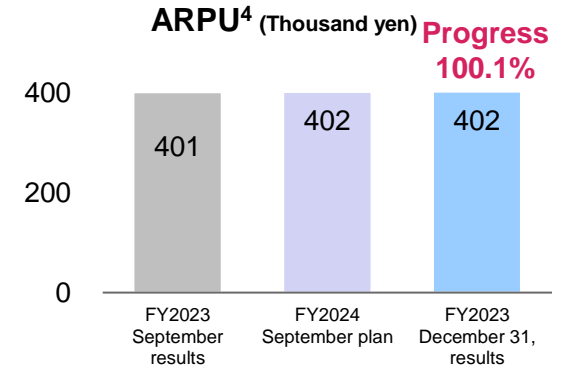
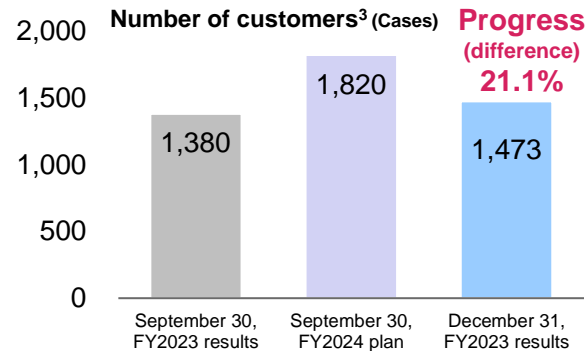
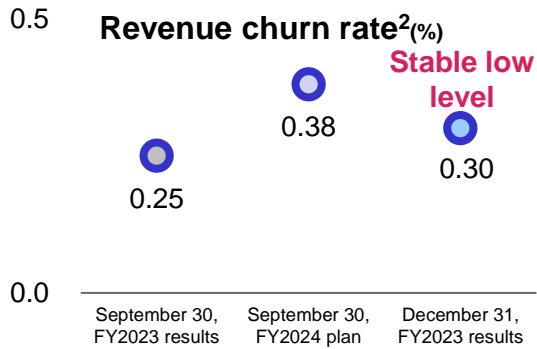
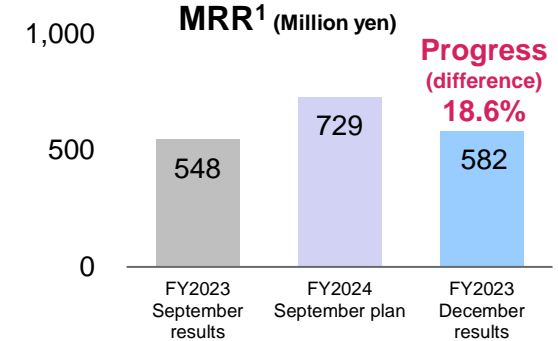
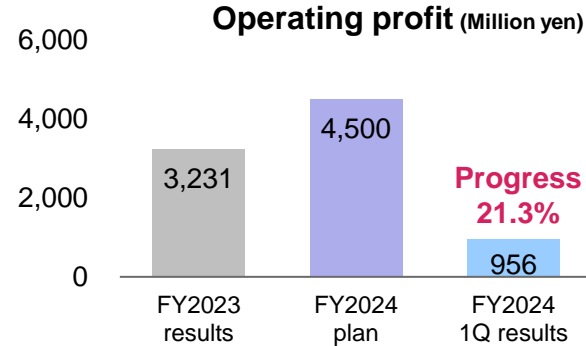
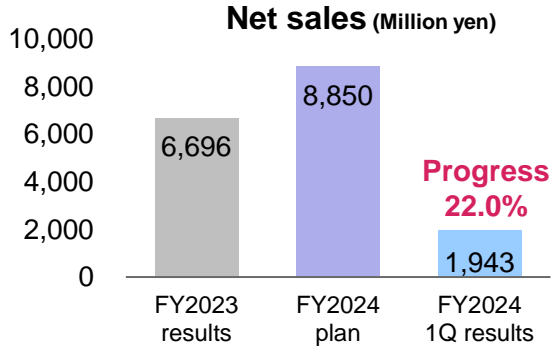
Note 6: Average Revenue Per User. Calculated by dividing the average MRR for 1Q of FY 2023 and 1Q of FY 2024 by the average number of paid billing enterprise users of each month for the same period.

Performance (Talent Palette: including Yorisoar)

Non-consolidated basis

- Major KPIs are generally progressing well in terms of both number of customers and ARPU

Combined figures for Talent Palette and Yorisoar



Note 1: Monthly Recurring Revenue. Total of the monthly fees of contracted subscription users.
 Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average for the past 12 months)

Note 3: Number of monthly billed contracts
 Note 4: Average Revenue Per User. Calculated by dividing MRR by the number of customers at the end of the month.

Net sales trends (By segment)

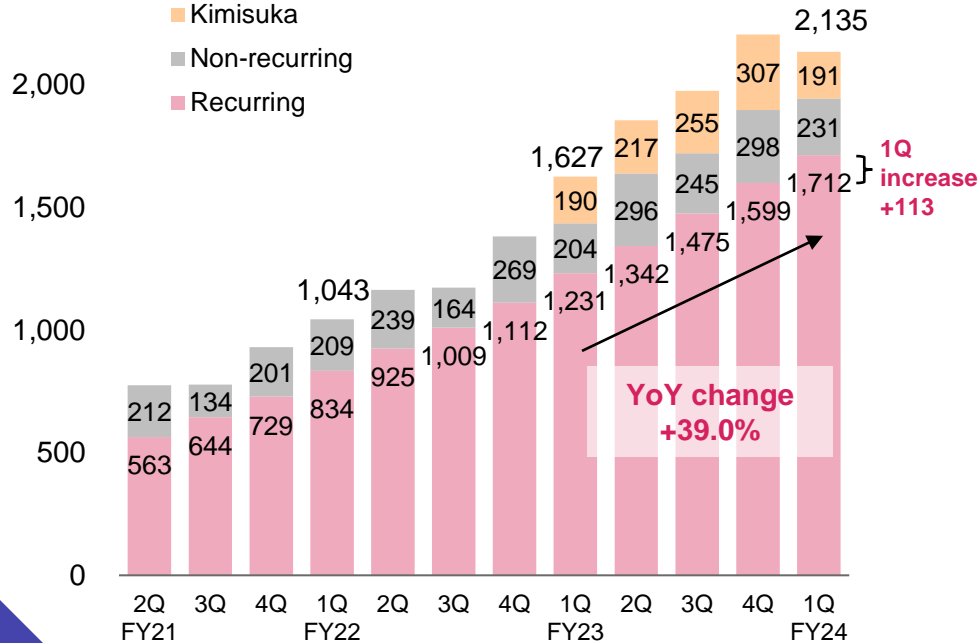
Consolidated basis

- HR Solutions recurring revenue steadily increased and expanded to 1,712 million yen (+39.0% year on year) in 1Q
- Kimisuka's sales tend to be biased toward the second half of the year, resulting in a decline in 1Q
- Marketing Solutions recurring revenue expanded steadily for both of the two services

(Million yen)

HR Solutions net sales

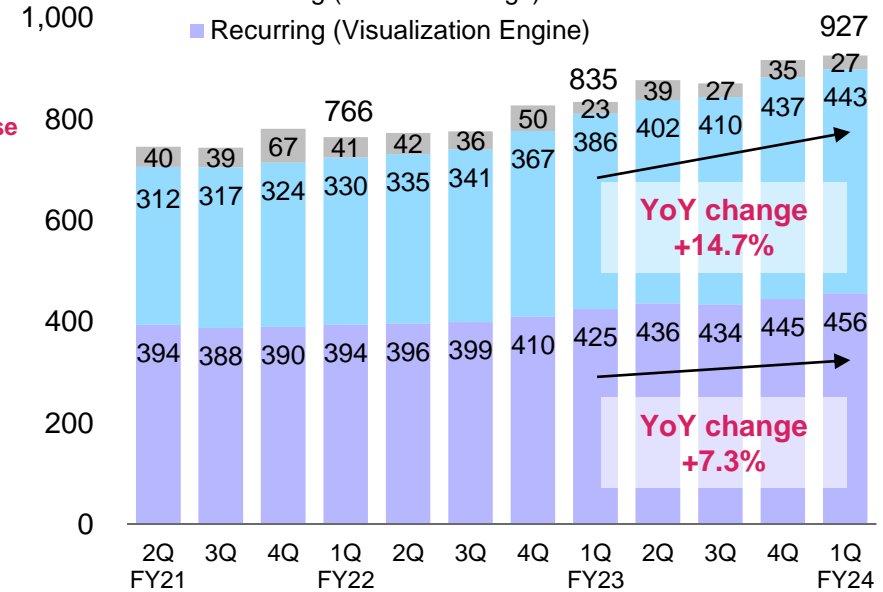
- Kimisuka
- Non-recurring
- Recurring



(Million yen)

Marketing Solutions net sales

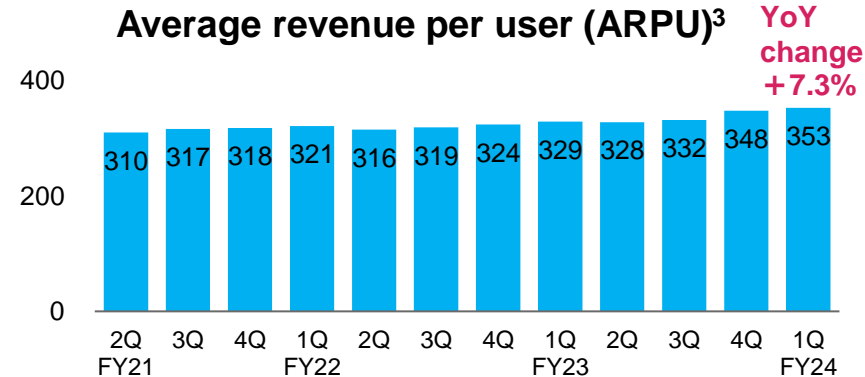
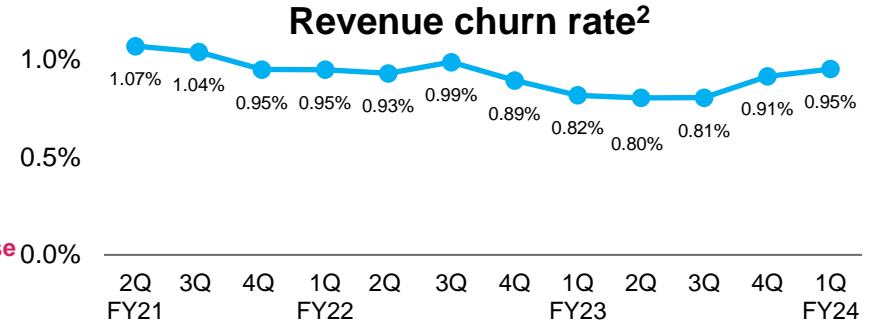
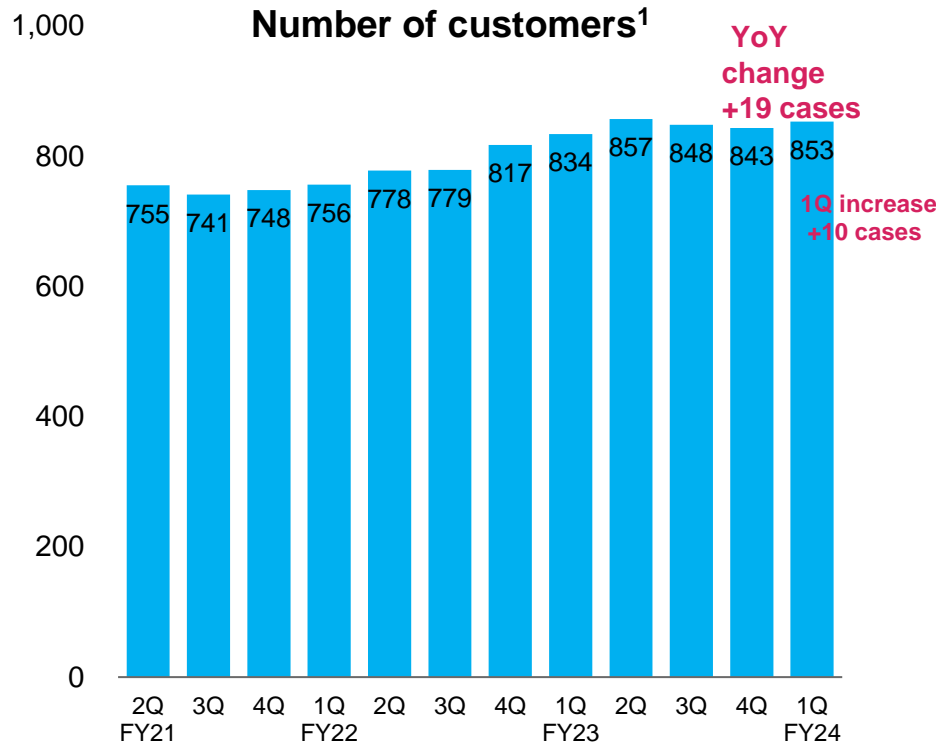
- Non-recurring
- Recurring (Customer Rings)
- Recurring (Visualization Engine)



Number of customers, revenue churn rate, ARPU (Marketing Solutions)

- An increase in the number of Visualization Engine customers contributed to the increase in the number of Marketing Solutions customers
- ARPU³ is gradually rising due to factors such as up selling to existing customers

(Cases)



Note 1: Number of monthly billed contracts

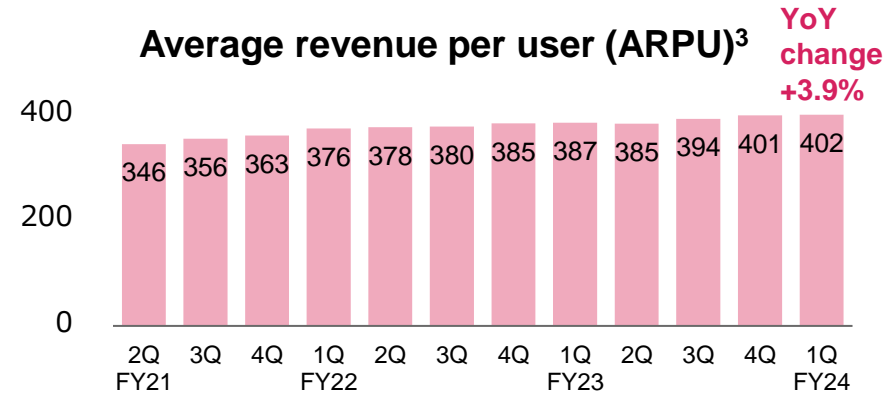
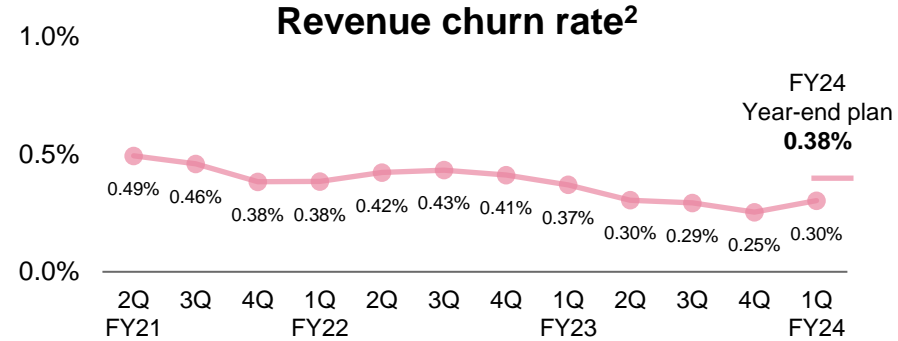
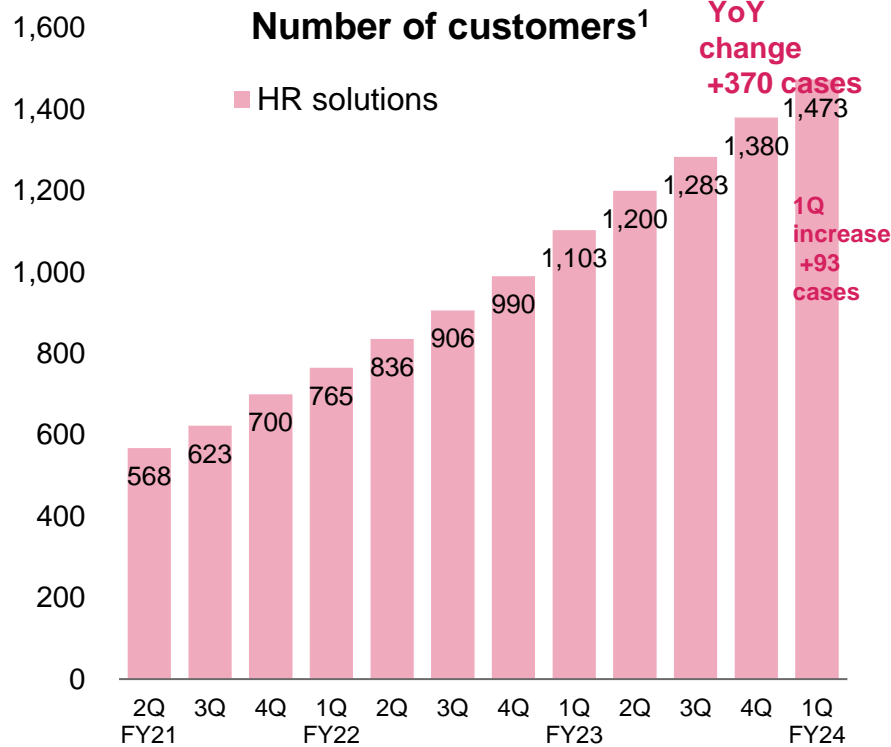
Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average of the past 12 months at the end of each quarter)

Note 3: Average Revenue Per User. Average monthly revenue per paid billing enterprise user. Calculated as dividing the average MRR for each quarter by the average number of paid billing enterprise users of each month for the same period.

Number of customers, revenue churn rate, ARPU (HR Solutions)

- The number of customers steadily increased, partly due to low and stable revenue churn rate of Talent Palette
- ARPU³ is gradually rising due to factors such as up selling to existing customers

(Cases)



Note 1: Number of monthly billed contracts

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

Note 3: Average Revenue Per User. Average monthly revenue per paid billing

enterprise user. Calculated as dividing the average MRR for each quarter by the average number of paid billing enterprise users of each month for the same period.

Major KPIs for 1Q of FY2024

Non-consolidated basis

MRR¹

Companywide

885 million yen

- Marketing Solutions 303 million yen
- HR Solutions 582 million yen

MRR growth rate²

Companywide

26.5%

- Marketing Solutions 9.7%
- HR solutions 37.6%

Average monthly revenue churn rate³

Companywide

0.54%

- Marketing Solutions 0.95%
- HR Solutions 0.30%

Number of users⁴

Companywide

2,326 companies

- Marketing Solutions 853 companies
- HR Solutions 1,473 companies

Recurring ratio⁵

Companywide

91.0%

- Marketing Solutions 97.1%
- HR Solutions 88.1%

ARPU⁶

Companywide

384 thousand yen

- Marketing Solutions 353 thousand yen
- HR Solutions 402 thousand yen

Note 1: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in December 2023 (excluding temporary sales)

Note 2: MRR growth rate from December 2022 to December 2023

Note 3: Ratio of reductions as a result of cancellations to total amounts of the existing monthly billed contracts as of December 2023 (average for the past 12 months). This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.

Note 4: Number of monthly billed contracts as of December 31, 2023

Note 5: Calculated as dividing total monthly billed amounts for the first quarter of the fiscal year ending September 30, 2024 by net sales for the same period.

Note 6: Average Revenue Per User. Calculated as dividing the average MRR for the first quarter of the fiscal year ending September 30, 2024 by the average number of paid billing enterprise users of each month for the same period.

Companywide result is calculated by dividing total amounts of the average MRRs of all businesses for the same period by the average number of total enterprise users for all businesses of each month for the same period.

Major KPIs: Year on year change

Consolidated basis

<1Q non-consolidated>	FY2023 1Q	FY2024 1Q	YoY change
Net sales ¹	2,462 million yen	3,062 million yen	24.3 % up
Ordinary profit ²	761 million yen	1,028 million yen	35.0 % up
Ordinary profit	30.9 %	33.6 %	2.7 points up
MRR ³	700 million yen	866 million yen	26.5 % up
Number of customers ⁴	1,937 cases	2,326 cases	389 cases up
Revenue churn rate ⁵	0.56 %	0.54 %	0.02 points down
ARPU ⁶	362 thousand yen	384 thousand yen	6.1 % up

Note 1: Results for 1Q of FY2023 and 1Q of FY2024

Note 2: Results for 1Q of FY2023 and 1Q of FY2024

Note 3: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in December 2022 and in December 2023. Excluding Kimisuka.

Note 4: Number of monthly billed contracts as of December 31, 2022 and December 31, 2023. Excluding Kimisuka.

Note 5: Ratio of reductions as a result of cancellations to total monthly billed amounts as of December 2022 and December 2023 (average for the past 12 months).

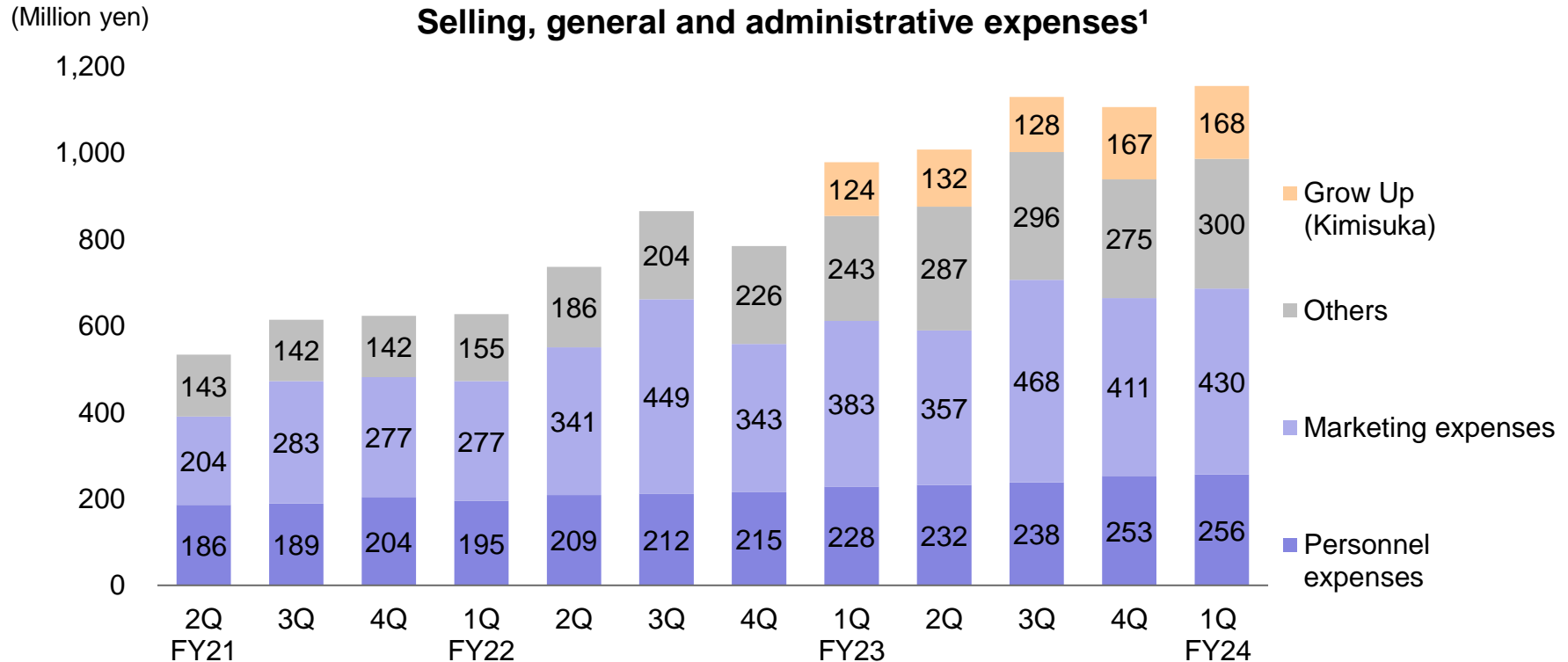
This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month. Excluding Kimisuka.

Note 6: Average Revenue Per User. Calculated by dividing the average MRR for 1Q of FY2023 and 1Q of FY2024 by the average number of paid billing enterprise users of each month for the same period. Excluding Kimisuka.

Trends in selling, general and administrative expenses

Consolidated basis

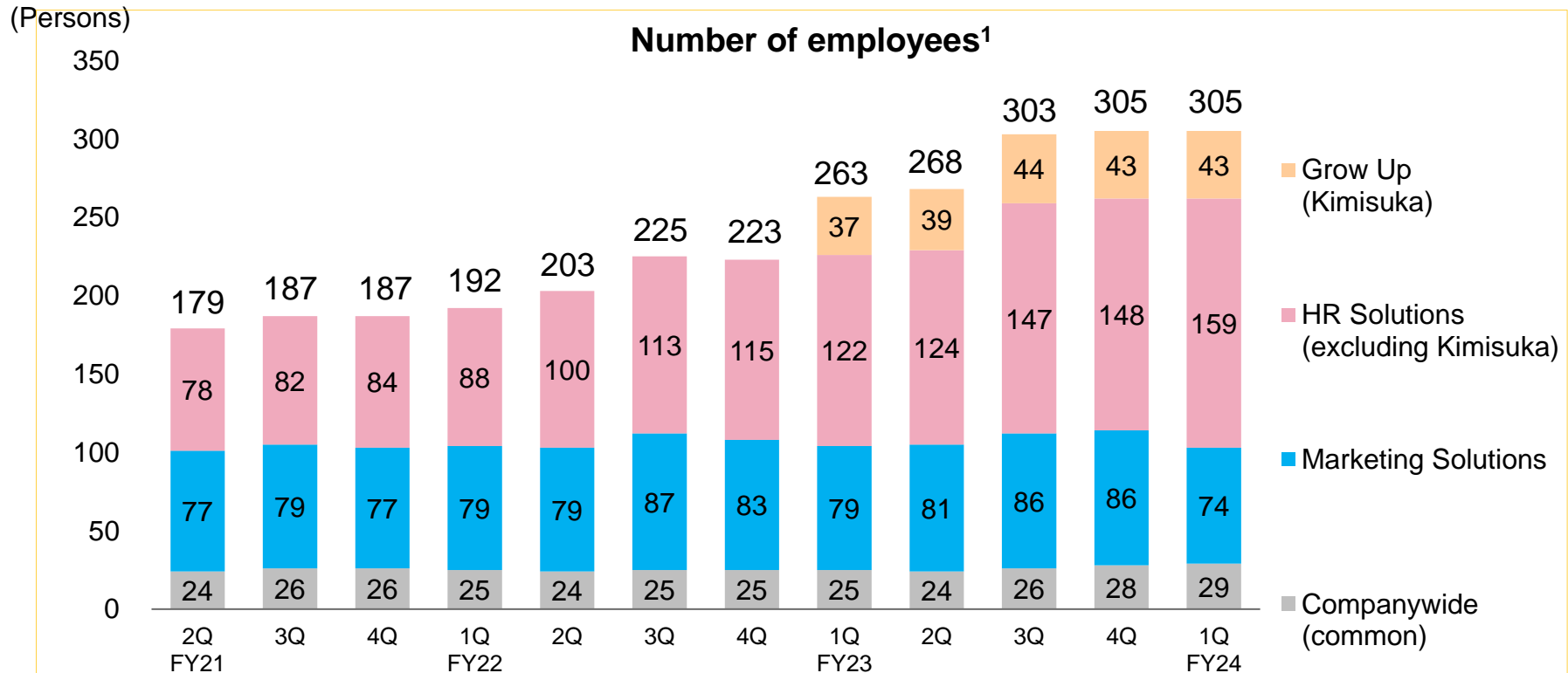
- Personnel expenses and marketing expenses were largely in line with plans



Note 1: Amortization of goodwill, etc. is not included in the above figures.

Trends in the number of employees

- Due to the formation of a team by transfers from each business for the launch of the Yorisoar business, the number of employees in Marketing Solutions decreased, while that in HR Solutions increased.



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

Status of Balance Sheets

- Net assets increased by 161 million yen from the end of the previous fiscal year due to continuously recording profits
- The slim financial structure was maintained, and the equity ratio was maintained at the high level of 80.6%

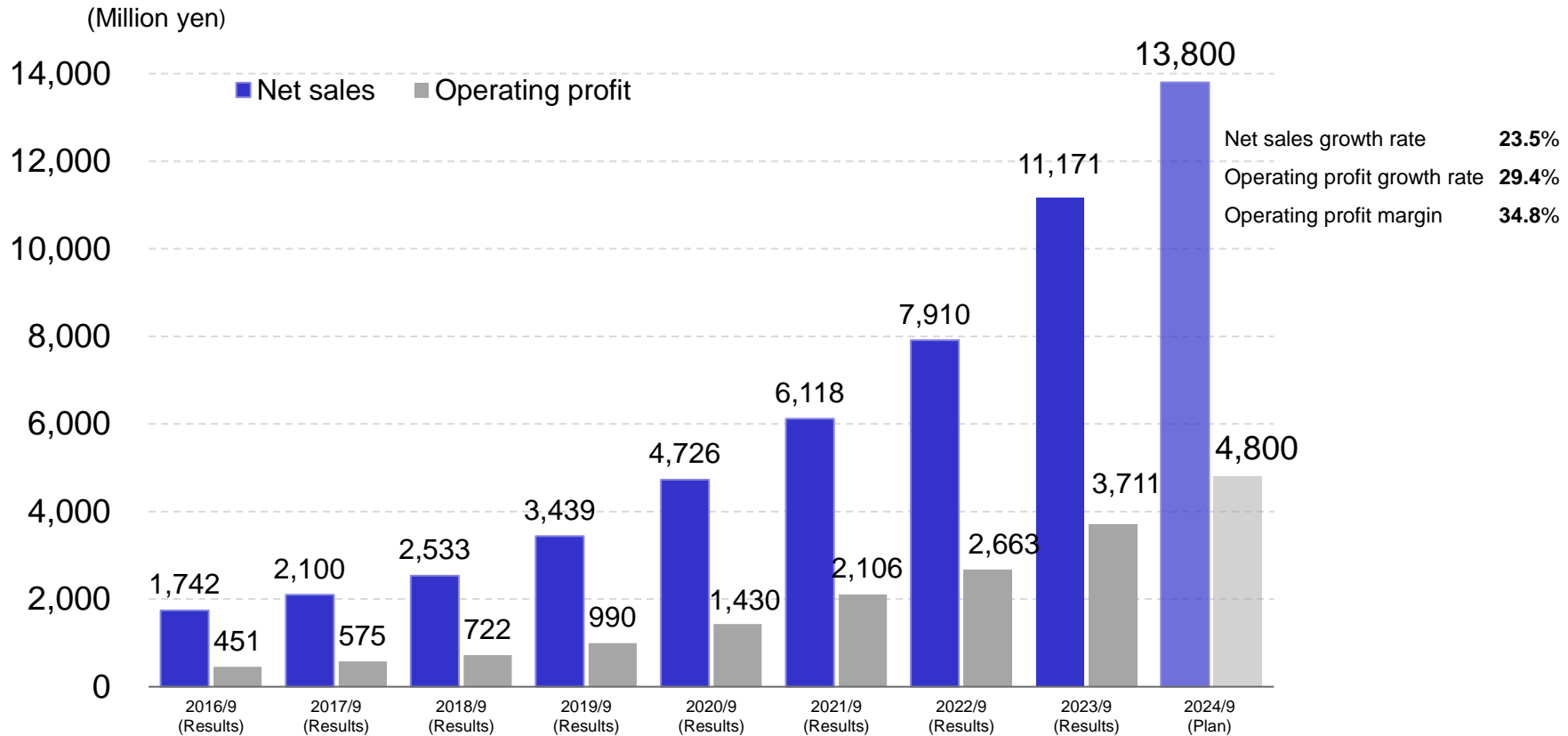
(Million yen)	Sep. 30, 2023	Dec. 31, 2023	Changes from Sep. 30, 2023
Current assets	9,702	9,554	down 147
(Cash and deposits)	8,278	8,181	down 96
(Accounts receivable-trade)	1,219	1,210	down 9
Non-current assets	2,313	2,362	up 48
Total assets	12,016	11,917	down 98
Current liabilities	2,464	2,209	down 254
Non-current liabilities	106	100	down 5
Net assets	9,445	9,606	up 161
Equity ratio	78.6%	80.6%	

06 Earnings forecasts for the fiscal year ending September 30, 2024

Earnings forecasts for the fiscal year ending September 30, 2024

Consolidated basis

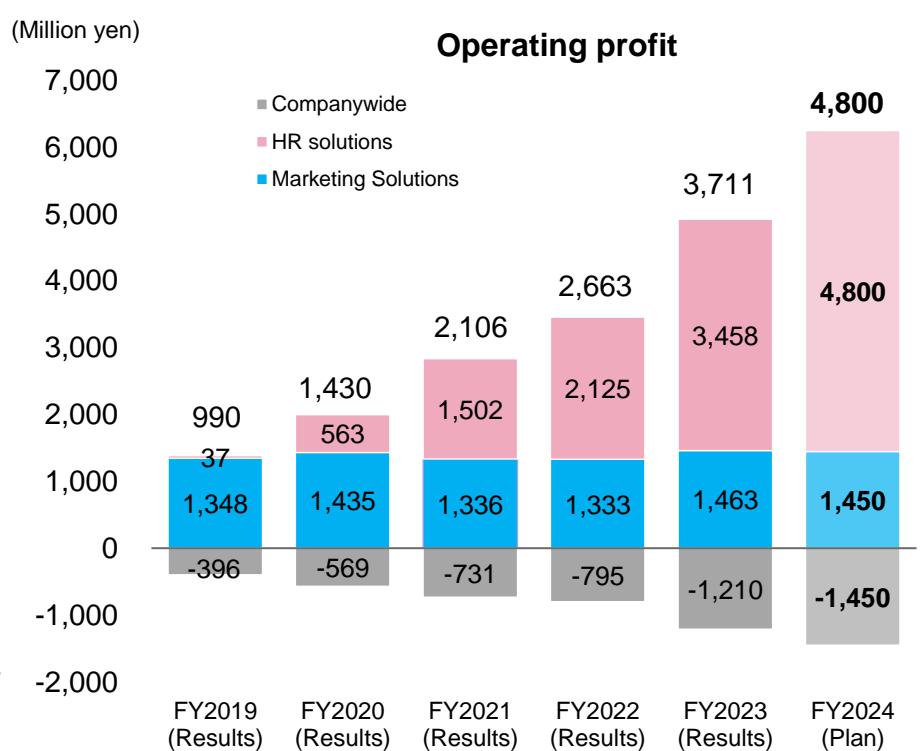
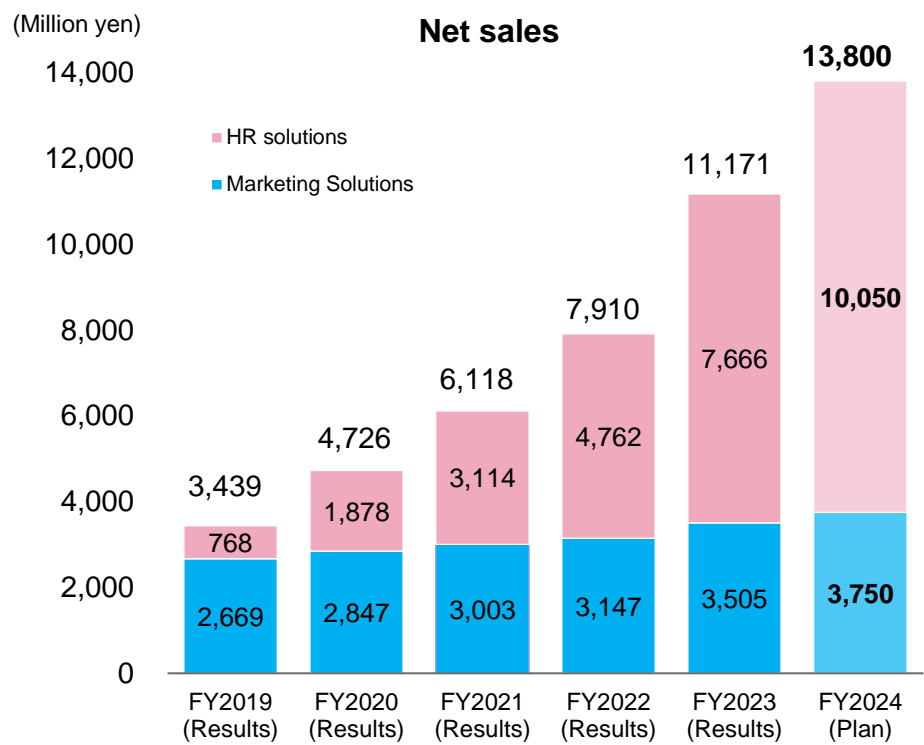
- As initially planned, we are aiming for a 23.5% growth in net sales, 29.4% growth in operating profit and an operating profit margin of 34.8%



Consolidated basis

(By segment)

- Companywide growth in revenues and profits is expected to be driven by sales and profit growth in HR Solutions

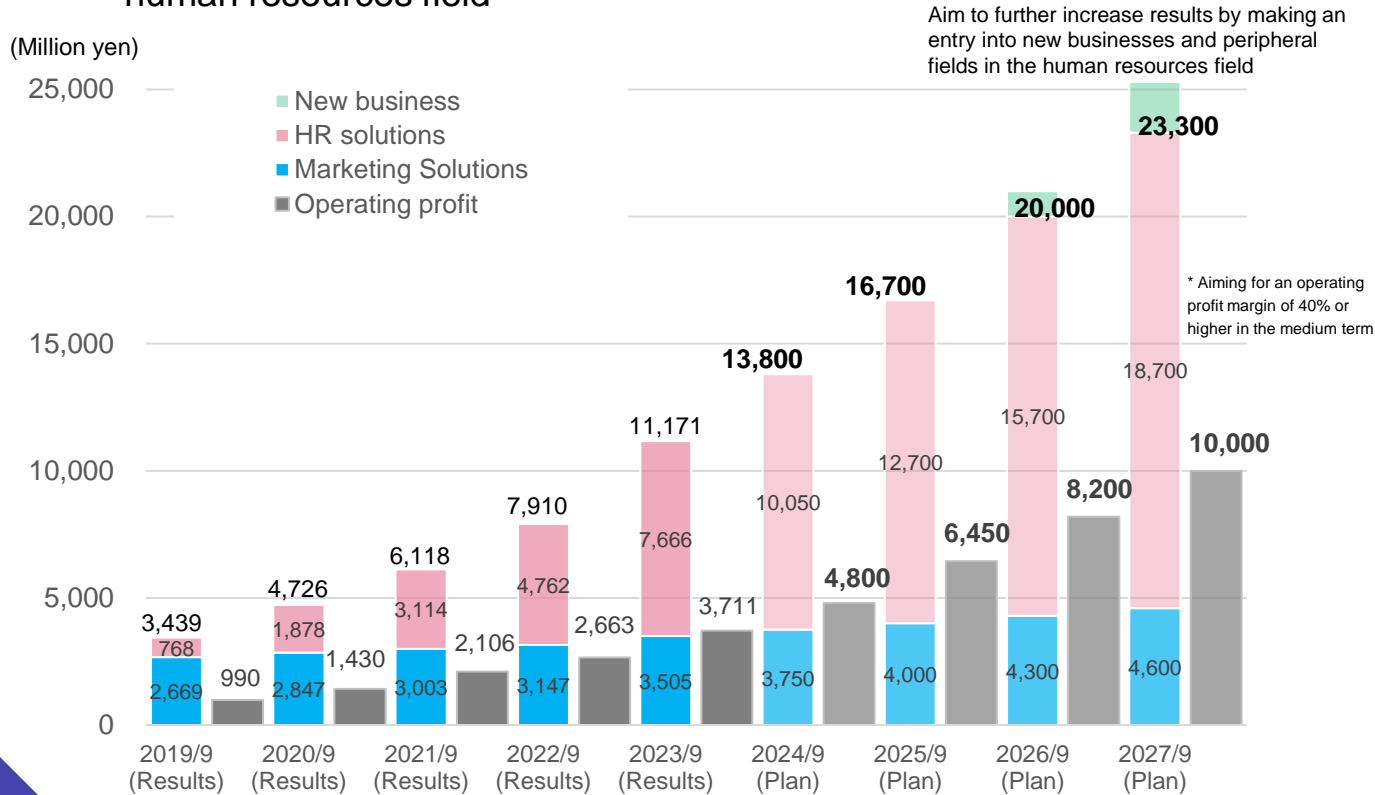


* Figures for FY2023 and earlier are retroactively restated according to the new segment classifications.

* Companywide includes amortization of goodwill, etc.

Medium-term growth image

- Sales of 23.3 billion yen or more, operating profit of 10.0 billion yen or more and operating profit margin of 40% or more expected in existing business in 2027/9
- Aim to further increase sales by promoting a full-scale entry into new businesses and peripheral fields in the human resources field






Key performance indicators

	2023/9 (Results)	2027/9 (Forecast)
Number of customers		
Marketing Solutions	843	1,120
Visualization Engine	493	650
Customer Rings	350	470
HR Solutions	1,380	3,170
Talent Palette	1,380	2,970
Yorisoar	-	200
Average unit price (thousands of yen)		
Marketing Solutions	348	342
Visualization Engine	300	300
Customer Rings	416	400
HR Solutions	401	416
Talent Palette	401	420
Yorisoar	-	360

* Figures for FY2023 and earlier are retroactively restated according to the new segment classifications.

07 Reference materials

Service characteristics

	Visualization platform	Marketing automation tool	HR utilization platform
			
Service overview	Text mining analysis of massive amounts of diverse customer feedback and conversation data from surveys, call logs, voice recognition data, social media and X (formerly Twitter), etc.	Support for optimal communication with customers based on analysis results gained from integrated data for customer attributes and action histories	Utilized for talent management by visualizing personnel information such as employee skills, aptitude, evaluations, and survey results and hiring related data
Users and usage	Introduced mainly into companies' contact centers and marketing and DX/digital marketing divisions Used for strengthening CS, improving services and planning and developing new products	Introduced mainly into companies in EC (apparel, health foods, cosmetics, general goods, etc.) and retail industries Used for planning and implementing measures for online marketing	Introduced mainly into personnel divisions Used for personnel planning and strategies to improve employee performance by utilizing human resources
Major characteristics	No. 1 market share in Japan for the 12th consecutive year in the text mining tool area with functions of supporting a wide range of data sources centered on qualitative data, highly accurate natural language processing, an intuitive user interface, etc.	Intuitive interface, various functions to analyze and visualize customer actions, and support for multiple channels such as e-mail, social media and apps	Personnel database on employee information, evaluations, and skills. Support for optimal placement, HR selection, resignation analysis/prediction, and improvement in matching efficiency
Fee system	Monthly fee: Monthly subscription plan according to data amount, etc. Initial cost: For establishing system at service introduction, etc. Fee for on demand services: Paid consulting, etc.	Monthly fee: Monthly subscription plan according to the number of members and distribution, etc. Initial cost: For establishing system at service introduction, etc. Fee for on demand services: Paid consulting, etc.	Monthly fee: Monthly subscription plan according to the number of employees Initial cost: For establishing system at service introduction, etc. Fee for on demand services: Paid consulting, etc.

Characteristics of Visualization Engine

Service characteristics

- Instantly visualize big data (customer feedback, purchase reasons, etc.) in the digital age
- Platform for utilization of voices of customers with leading share used by over 1,600 companies
- Latest UI/UX with usability enabling intuitive overview and in-depth investigation of voices of customers
- Proprietary natural language analysis technology supporting prominent comments on social media and posts by Gen Z



- Text mining analysis of massive amounts of diverse customer feedback from call logs, voice recognition data, surveys and social media such as X (formerly Twitter)
- Customer insight: Visualization of sentiments such as requests, dissatisfaction, and satisfaction
- One-stop support using dashboard functions, from tracking customer experience to insight analysis and systematic implementation of companywide improvement activities, based on the voices of customers as evidence

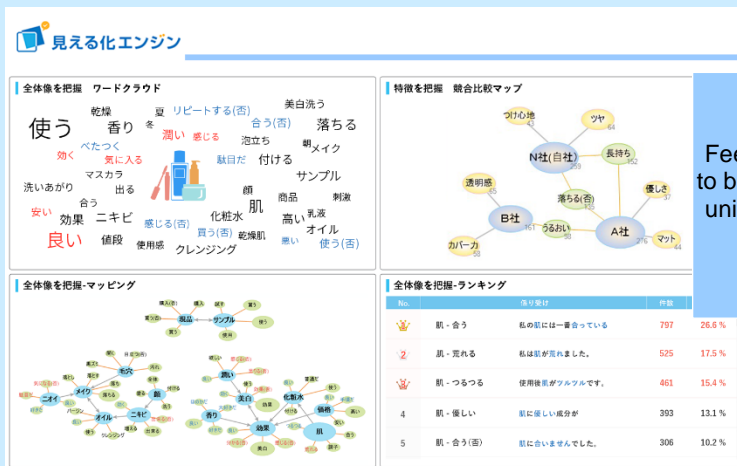
A “customer experience feedback platform” to maximize a company’s customer experience (CX) by understanding consumer voices

Establishing a “customer experience feedback platform” with the Visualization Engine

Integration and visualization of data

Cross-organizational understanding of customer experience

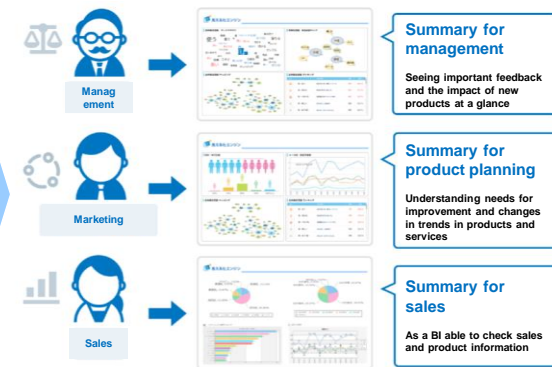
Customer feedback dashboard



Feedback on CX (customer experience) felt by customers

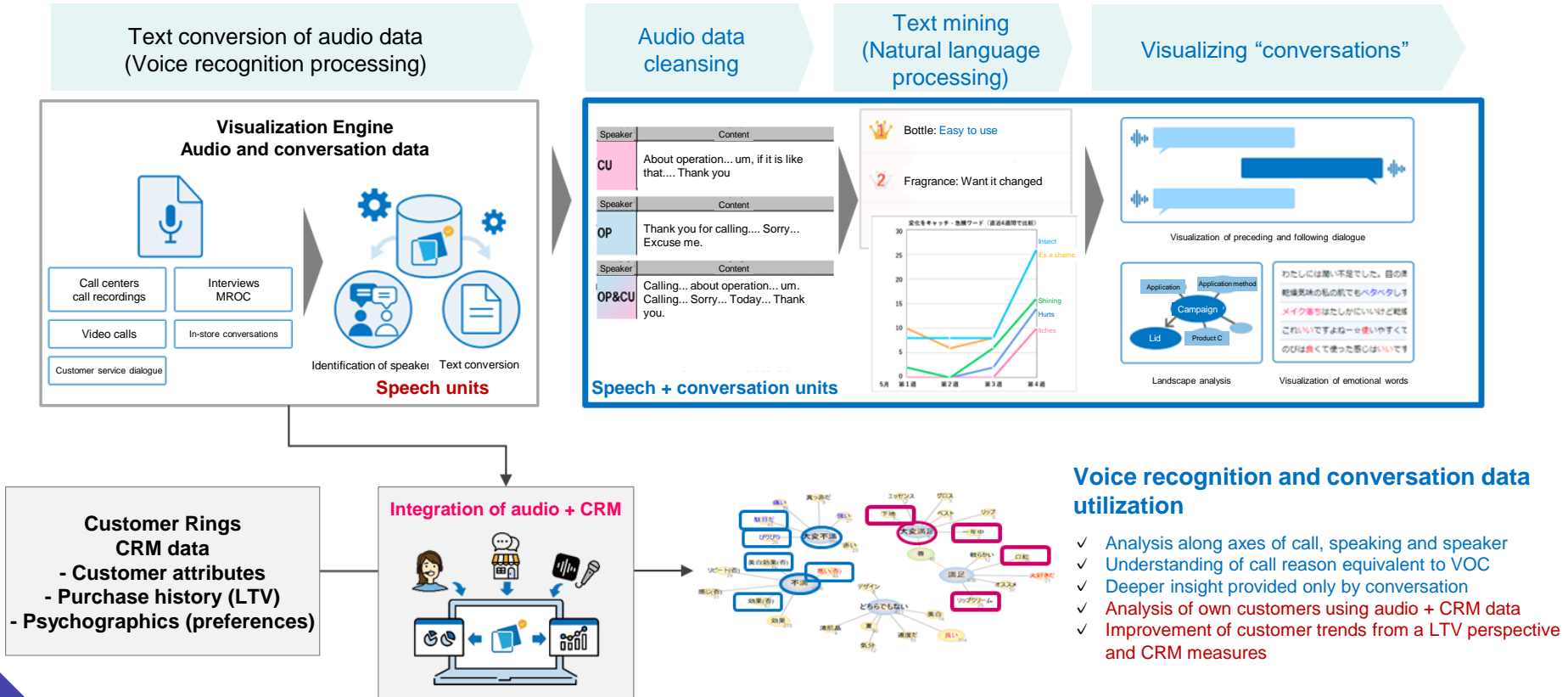
Call logs	SNS
Surveys	Audio recognition
Business daily reports	Review

Feedback to business units/front line



Integrated support spanning from collection of new voices of customers as voice data to analysis of conversations

Full support from text conversion of audio to conversation trend analysis



Companies that have introduced visualization engine Achieved No.1 share of implementation for 12 years



Manufacturing

*Some of the companies' logos are shown here with permission. (In no particular order)
Note 1: Fuji Chimera Research Institute, Inc. "New Markets in the Software Business"

Food/Service

Retail distribution business

Pharmaceutical

Infrastructure/communications/finance

BtoB/BPO

Growth strategy for Visualization Engine Business



Expand platform functions that facilitate customer experience feedback, expand the scope of applicable data, and support the organization of utilization of voices of customers through high value-added consulting services after implementation.



Characteristics of Customer Rings

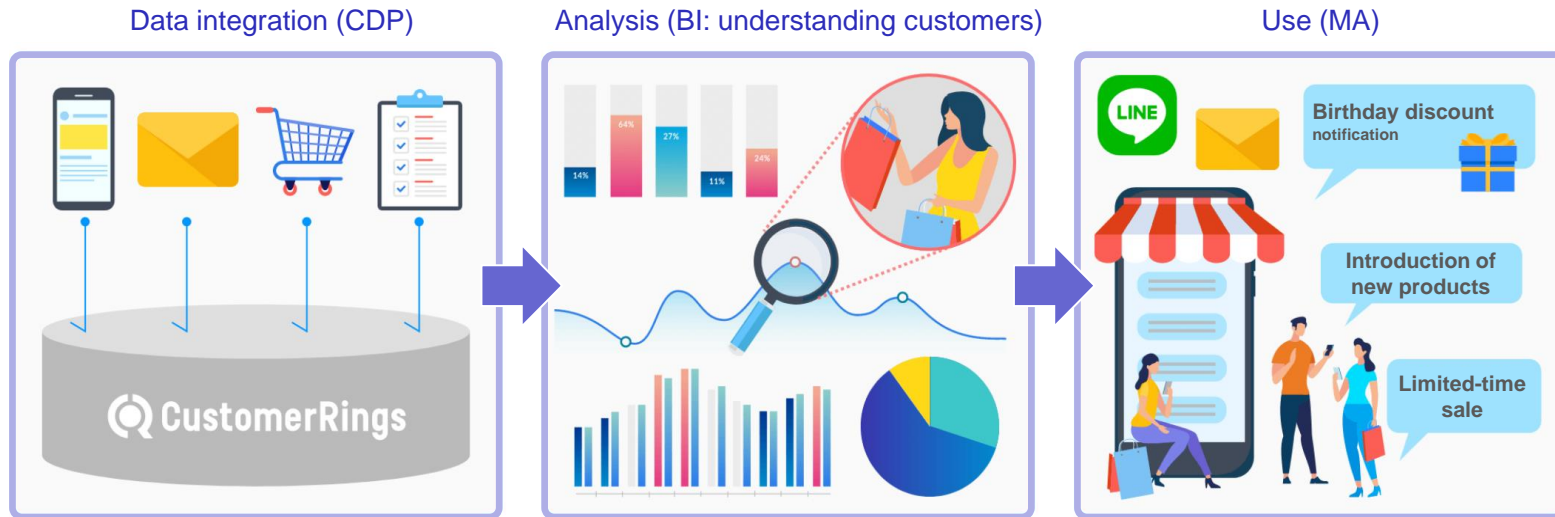
Service characteristics

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



- Supports the planning and execution of one-to-one marketing initiatives via diverse analysis functions and a wealth of visualized output that allow users to gain a firsthand understanding of each customer's behaviors and preferences
- Supports CRM analysis, strengthening of measures and better one-to-one digital marketing strategies such as for EC, finance, and retail businesses
- CRM consultants provide accompanying support for CRM strategy and analysis

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



Automation (allows users to focus on more creative work)

Companies that have introduced Customer Rings



Examples of implementation: Supporting digital marketing / CRM enhancement of more than 750 growing companies in total

Health foods



Cosmetics/ salon



Apparel



Food



Travel and tourism



Insurance and finance



Media and publishing



General mail order sales, other mail order sales



BtoB mail order sales



Member services



HR/ career



Contact



Real estate



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Growth strategy for Customer Rings Business

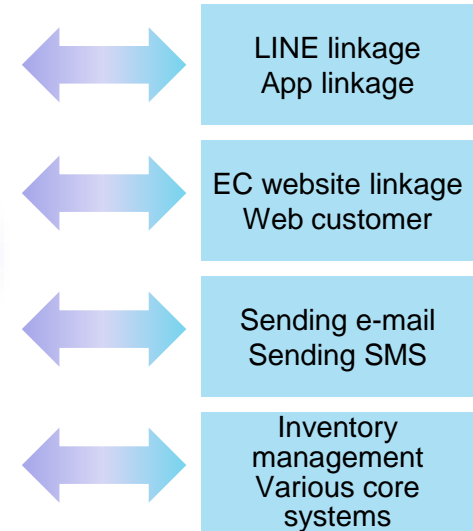


As a “customer feeling” MA, it aims to evolve into a marketing platform that supports the expansion of approximately 30 types of customer analysis functions to visualize each individual customer, the enhancement of high value-added analysis consulting services, and the improvement of the range and accuracy of customer reach through e-mail, LINE, and recommendations.

Differentiation via analysis functions from generative AI / mining technologies and “customer feeling” functions

Expand industries by expanding services through high value-added consulting

Create a platform that enables visualization of CRM data from management to the first line of stores



Shift from EC centric to expand the scope of industries and realize higher MRR and ARPU

Characteristics of Talent Palette

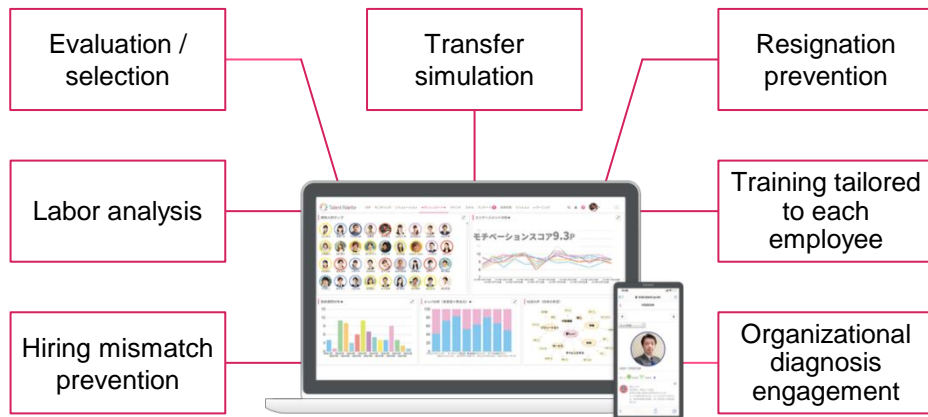
Service characteristics

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



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

Realizes proprietary scientific personnel management that incorporates marketing thinking



Intuitive visualization of human resources and organization status



Experience
and intuition



Visualization of
employee information

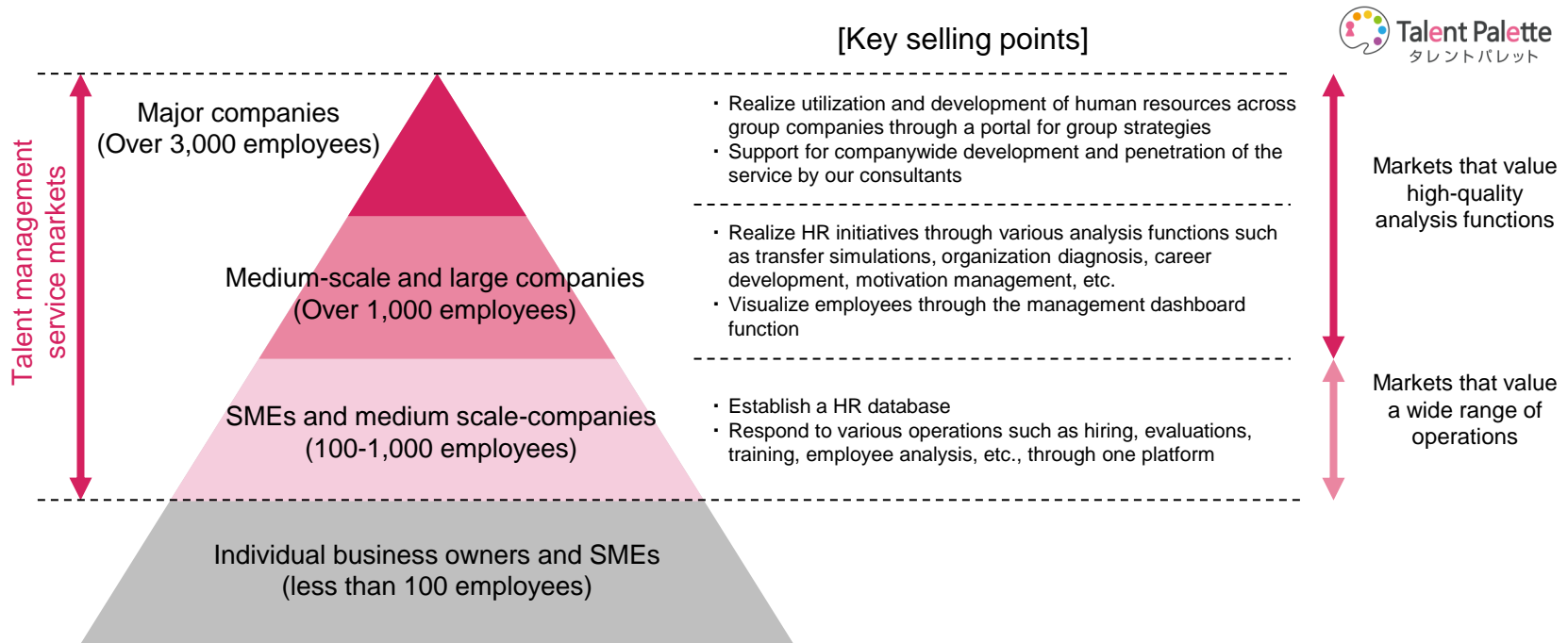


**Realize scientific personnel
management strategy
(Data-driven creative personnel strategy)**

Talent Palette's target market

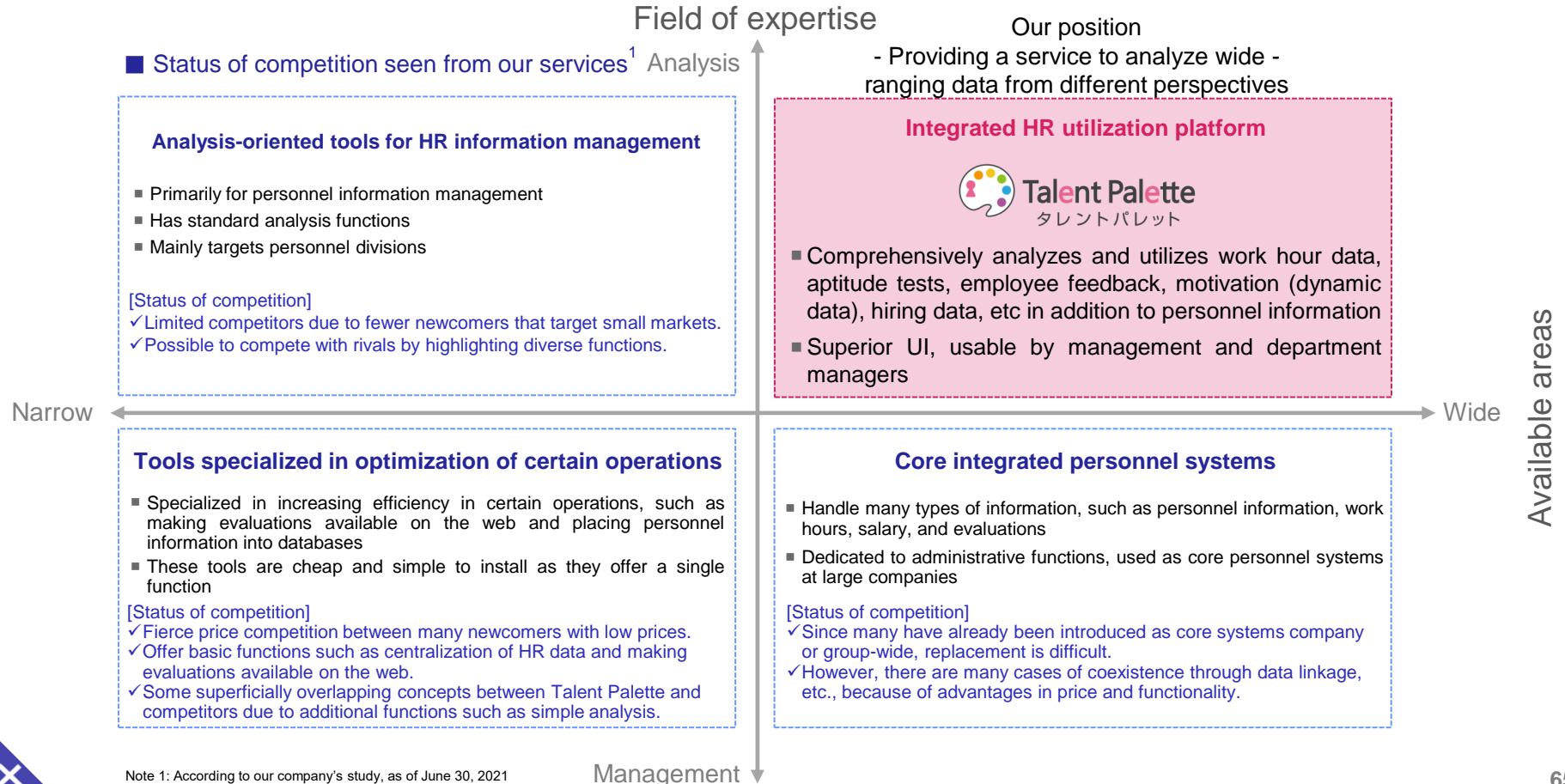
The talent management service is targeted for companies with 100 or more employees. Since market characteristics differ depending on the number of employees, we adopt a method of approach focusing on selling points suitable for each market.

Target markets and selling points of the talent management service



Unique position as an integrated human resource platform

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

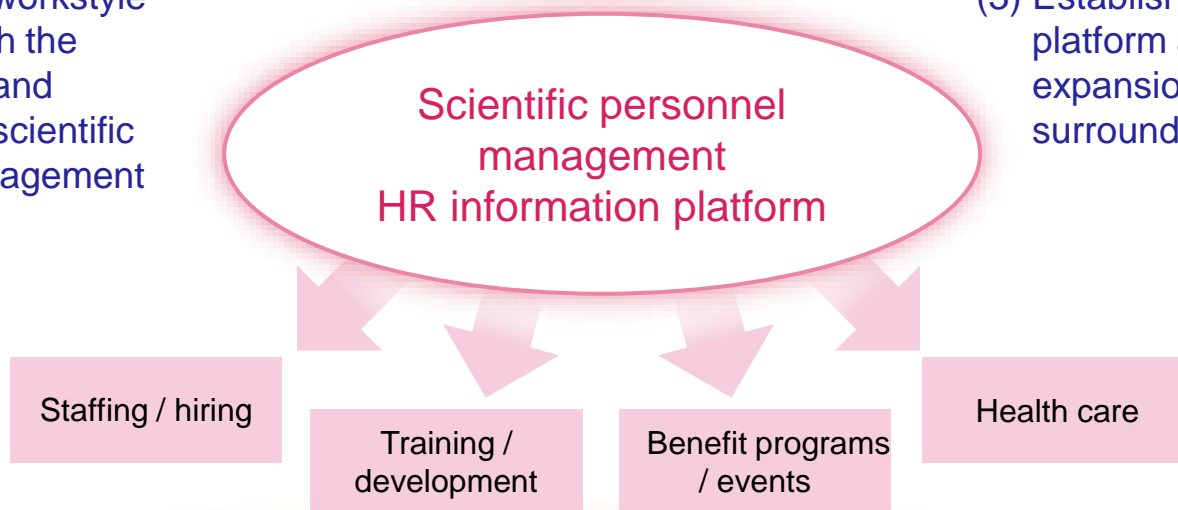


Growth strategy for Talent Palette Business



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

- (1) Expand scientific personnel management analysis methods and functions from a marketing viewpoint
- (2) Promote human resource utilization and workstyle reforms through the entrenchment and penetration of scientific personnel management
- (3) Establish an HR information platform and full-scale expansion into sectors surrounding HR



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

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