



FCE

Future Created by Entrepreneurs

FY2024/9 1Q

Earnings Report

FCE Inc.

February 13, 2024

Tokyo Stock Exchange Standard

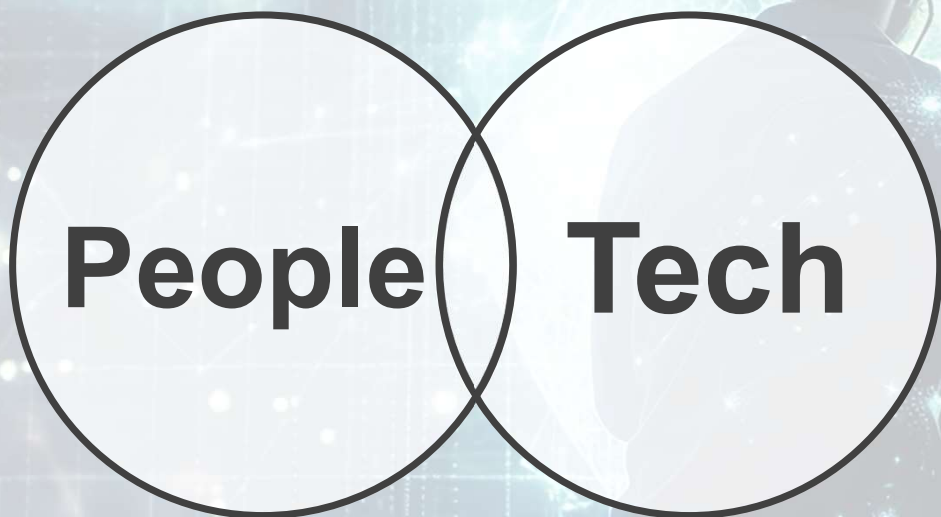
Securities Code: 9564

Purpose



To create a world in which everyone can approach and solve challenges with all their might.

Mission



Maximize Human Capital



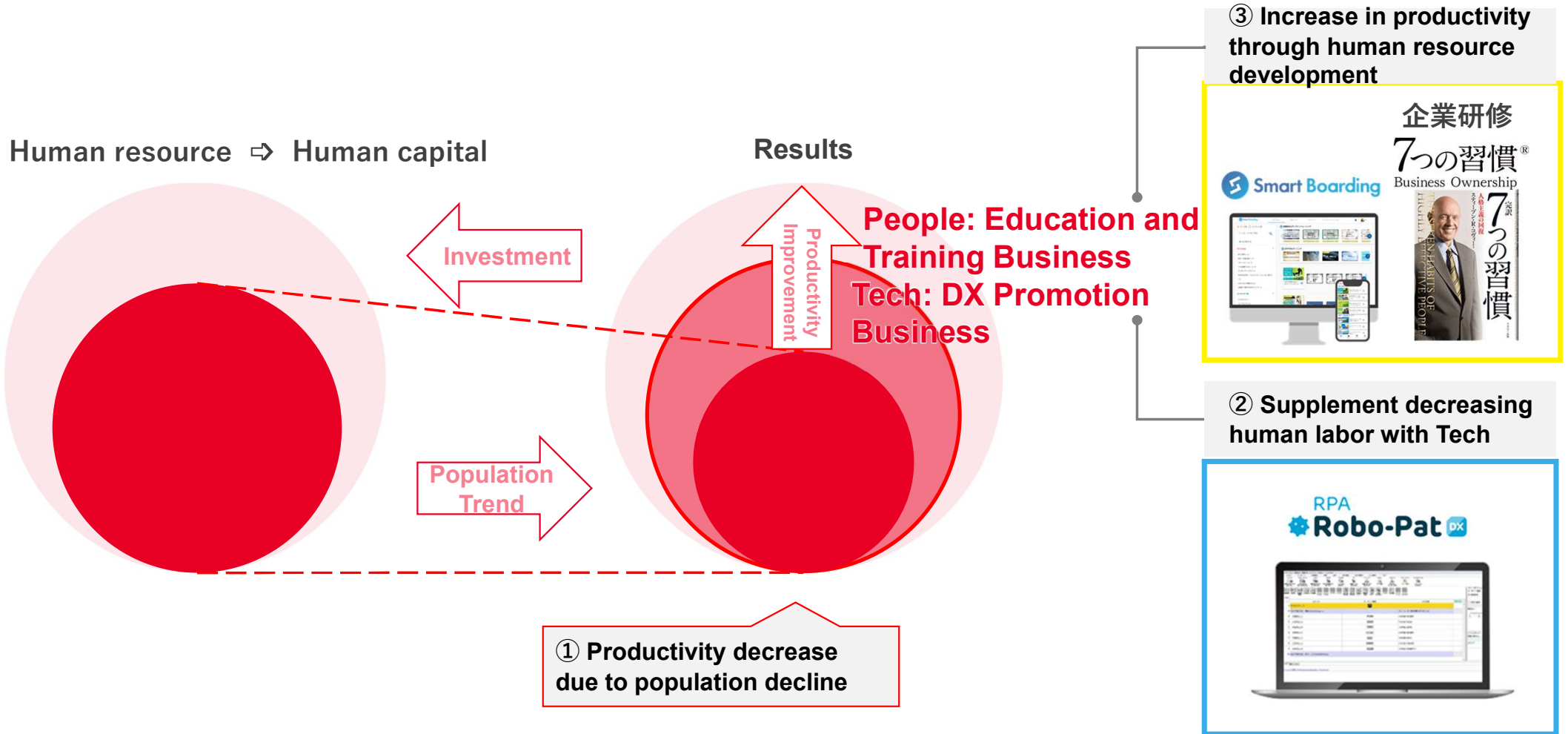
**DX
Promotion
Business**



**Education
and Training
Business**



Decrease in human resources ⇒ Contribute to the maximization of human capital through “People” x “Tech”



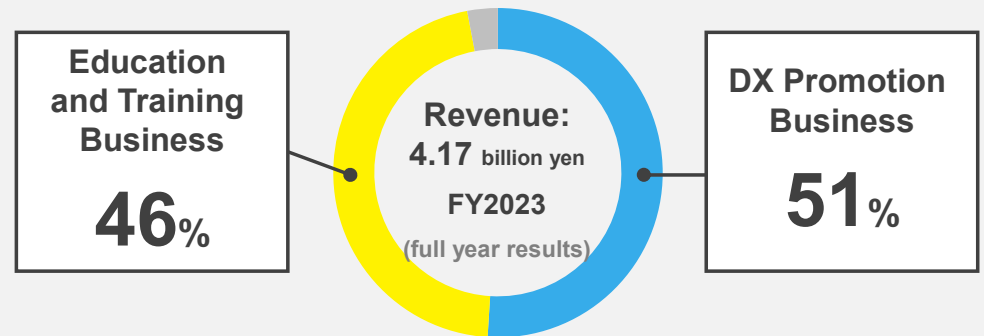


Company Overview

Company Name	FCE Inc.	Securities Code: 9564
Established	April 21, 2017	Group established February 19, 2004
NO. of employees	194 employees	with an additional 19 part time employees

*as of December 31, 2023

Business Portfolio



Main Business (Business segment)

Education and Training Business

Smart Boarding

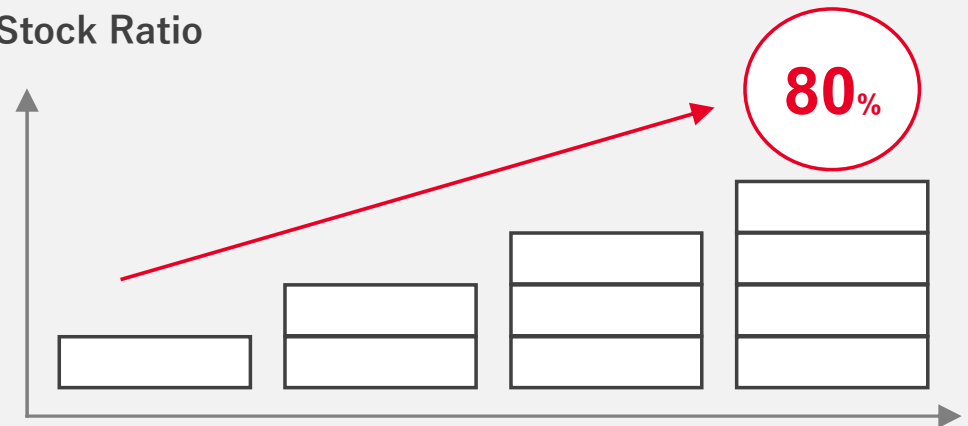
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DX Promotion Business

Robo-Pat

RPAの切り札

Stock Ratio





Executive Summary

FY2024/9 1Q Results

Revenue

1,039 million yen (+11.9% YoY)

Ordinary Income

174 million yen (+71.6% YoY)

Upward Revision of Earnings Forecast

Revenue: 4,464 million yen → **4,600 million yen** | Operating Income: 702 million yen → **707 million yen**

Ordinary Income: 700 million yen → **705 million yen** | Net Income: 450 million yen → **454 million yen**

- ▶ Expected increase in sales and profit through Cosmotopia becoming a wholly-owned subsidiary as of FY2024 2Q
- ▶ Strong performance from the DX Promotion Business (RPA Robo-Pat DX) and Education and Training Business (Smart Boarding)

Topics

- ▶ **Acquired all shares of Japan Cosmotopia Co., Ltd (hereinafter Cosmotopia) to become a wholly-owned subsidiary**
Strengthen access to the digitalization of public education (GIGA school concept), complement each other's sales channels, strengthen business in the field of ICT in education, and expand business areas related to Ed-tech with AI and other scalability.
- ▶ **Progress in dissolving the pure holding company system: Merger agreement signed on February 13 with FCE Training Company**



FY2024/9 1Q | Earnings Overview

Revenue

Revenue for DX Promotion Business and Education and Training Business in 1Q increased at **11.9% YoY**

Ordinary Income

Ordinary Income for 1Q increased by **71.6% YoY** due to higher revenue and the absence of one-time expenses from the previous fiscal year

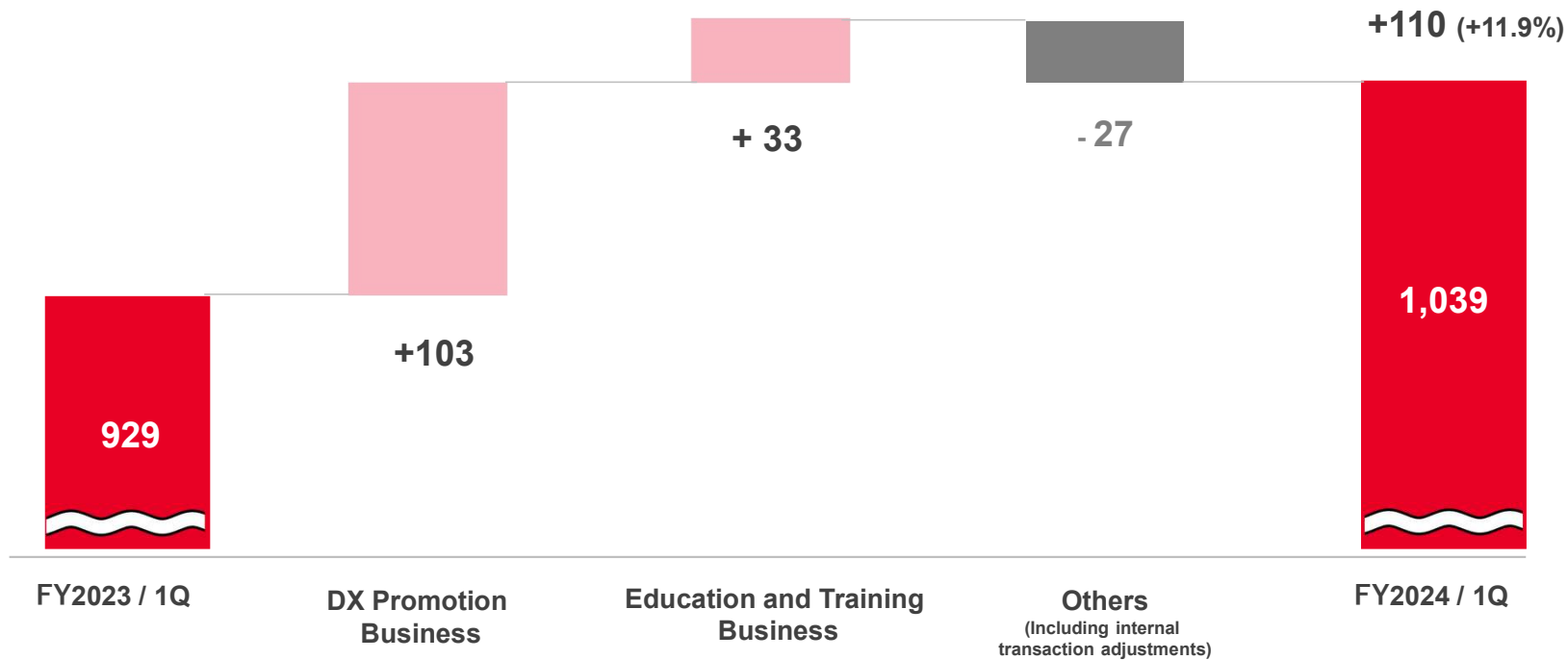
Unit: million yen	FY2023/9	FY2024/9	
	1Q (Oct - Dec)	1Q (Oct - Dec)	YoY
Revenue	929	1,039	+110 (+11.9%)
Operating Income	119	172	+52 (+44.0%)
Ordinary Income	101	174	+72 (+71.6%)
Net Income Attributable to Owners of the Parent	64	111	+47 (+73.2%)
EBITDA*	128	181	+53 (+41.4%)
Ordinary Margin	10.9%	16.8%	+5.8%pts



FY2024/9 1Q | Revenue

Revenue increase in both DX Promotion Business and Education and Training Business
Strong performance from DX Promotion Business (RPA Robo-Pat DX) and Education and Training Business (Smart Boarding)

Unit: million yen

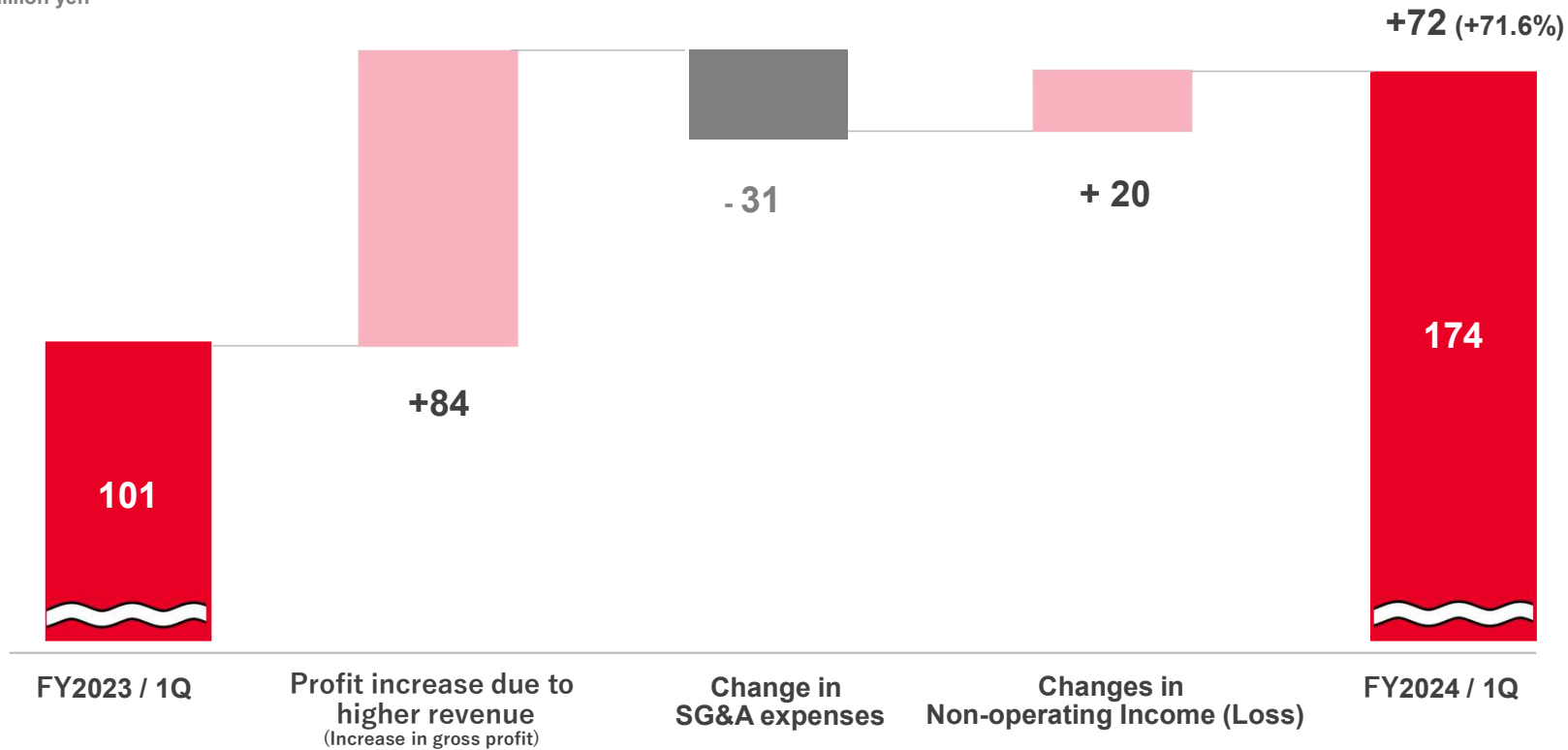




FY2024/9 1Q | Ordinary Income

Ordinary income increased mainly due to higher profits from increased revenues
Non-operating income increased due to the absence of one-time factors such as listing-related expenses incurred in the previous fiscal year

Unit: million yen





Balance Sheet Overview

Unit: Million yen	End of September 2023	End of December 2023	Change (YoY)
Cash and deposits	2,247	1,938	-308
Other current assets	635	640	+5
Total current assets	2,882	2,579	-303
Total fixed assets	415	429	+13
Total assets	3,298	3,008	-290
Total liabilities	1,593	1,195	-397
Shareholder's Equity	1,688	1,801	+112
Other net assets	15	11	-4
Net assets	1,704	1,812	+107
Total liabilities and net asset	3,298	3,008	-290
Equity ratio	51.6%	60.2%	+8.6% pts

Due to bonus payments and tax payments for FY23/9, cash and deposits are -308 million yen

Accounts payable – other -42 million yen
 Contract liabilities -83 million yen
 Reserve for bonuses -180 million yen
 Reserve for shareholder benefits -5 million yen

Retained earnings +111 million yen



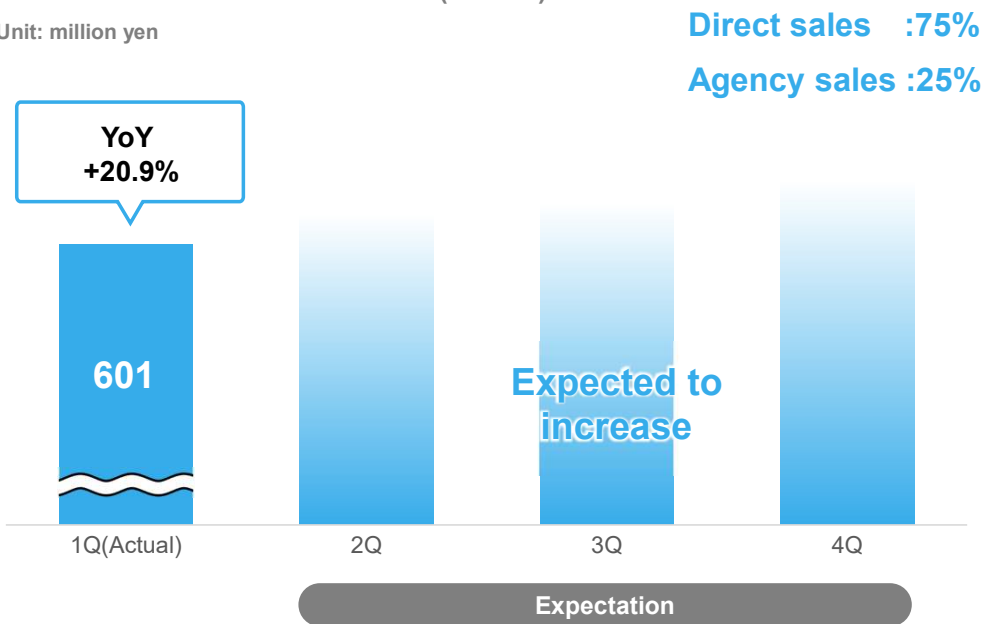
FY2024/9 1Q

DX Promotion Business Performance and Main KPI

- Revenue increases +20.9% YoY
- Continuous revenue increase is expected due to the increase in the number of companies installing our system
- 1,219 companies have installed the RPA Robo-Pat DX as of December 31, 2023

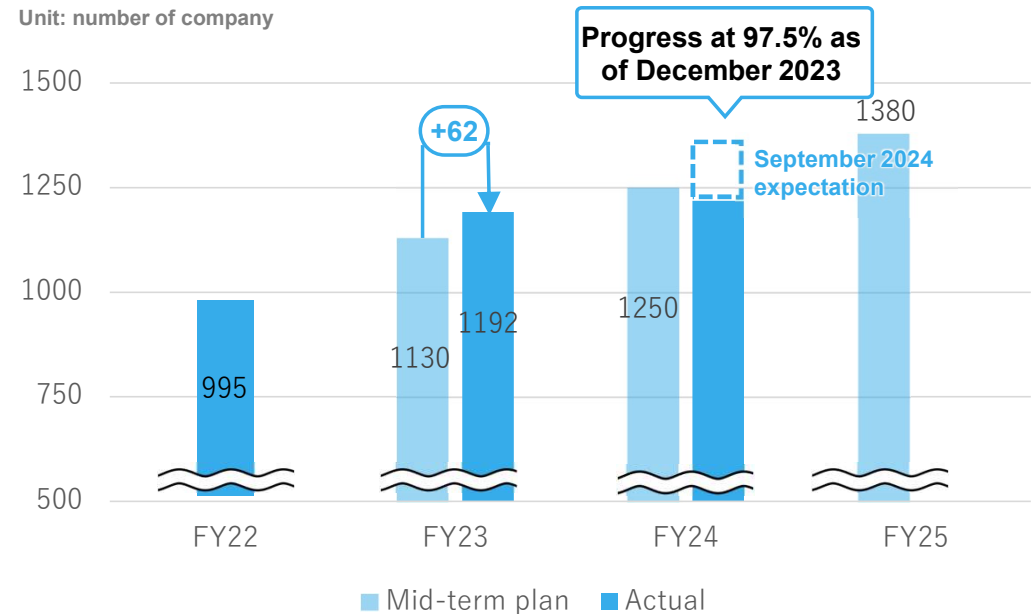
DX Promotion Business revenue (FY24/9)

Unit: million yen



Number of companies that installed RPA Robo-Pat DX (disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company





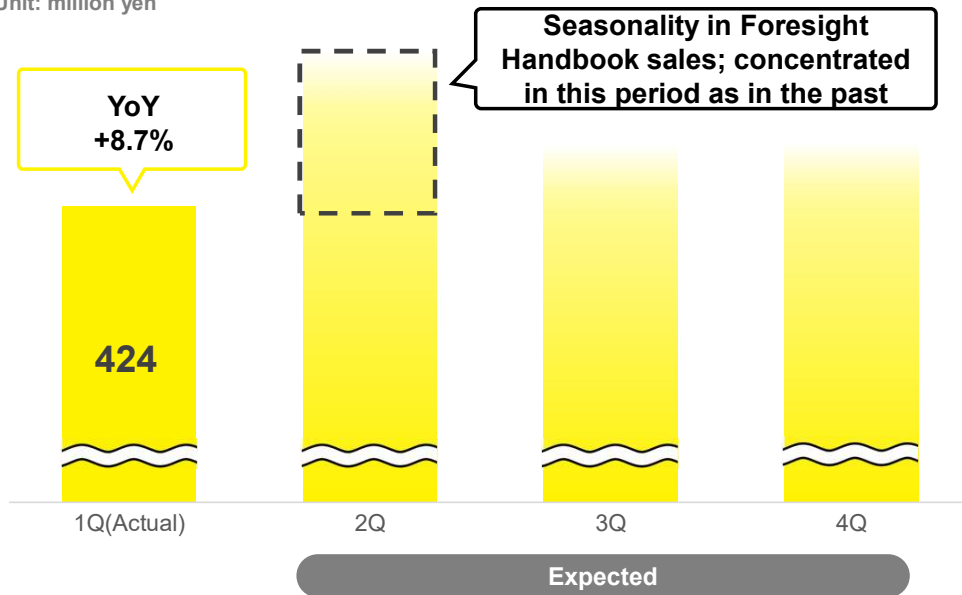
FY2024/9 1Q

Education and Training Business Performance and Main KPI

- Education and Training Business revenue increased by +8.7% YoY, mainly due to an increase in revenues from Smart Boarding
- Seasonality in Foresight Handbook for schools; revenue expected to build in 2Q
- Expected increase in revenue from Cosmotopia becoming a wholly-owned subsidiary beyond 2Q

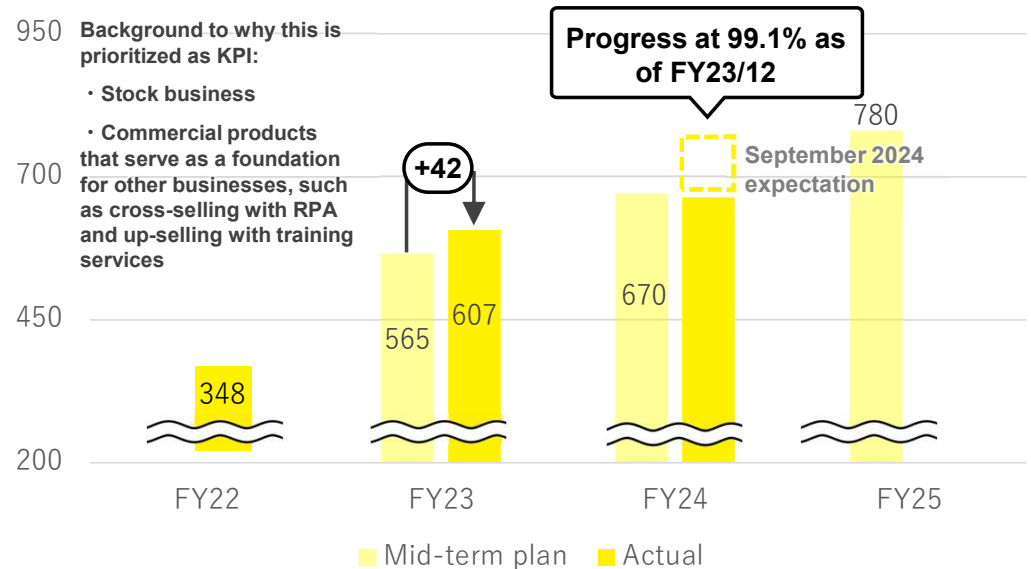
Education and Training Business revenue (FY24/9)

Unit: million yen



Number of companies that installed Smart Boarding (disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company





FY24/9 Revision of Forecast

- Revenue will increase from FY24/9 2Q due to Cosmotopia becoming a wholly-owned subsidiary
- Strong performance from DX Promotion Business (RPA Robo-Pat DX) and Education and Training Business (Smart Boarding)
- Upward revision of earnings forecast upward as both sales and profits are expected to exceed the initial plan

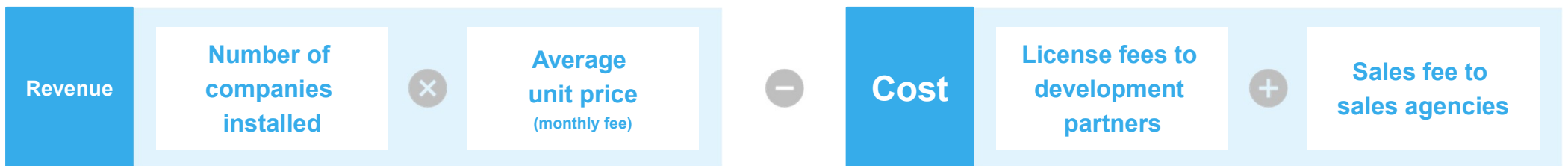
Unit: million yen	Previously (November 13, 2023) announced FY24/9	Newly (February 13, 2024) announced FY24/9	Comparison against previous announcement (November 13, 2023)		(Reference) FY23/9	YoY	
	Forecast	Forecast	Changes	Percentage Change	Actual	Changes	Percentage Change
Revenue	4,464	4,600	+135	+3.0%	4,174	+425	+10.2%
Operating Income	702	707	+5	+0.7%	581	+125	+21.5%
Ordinary Income	700	705	+5	+0.7%	575	+129	+22.5%
Net Income Attributable to Owners of the Parent	450	454	+4	+0.9%	318	+135	+42.3%
Earnings per Share (yen)	144.34	145.38	+1.04	+0.7%	104.60	+40.78	+39.0%



RPA “Robo-Pat DX”

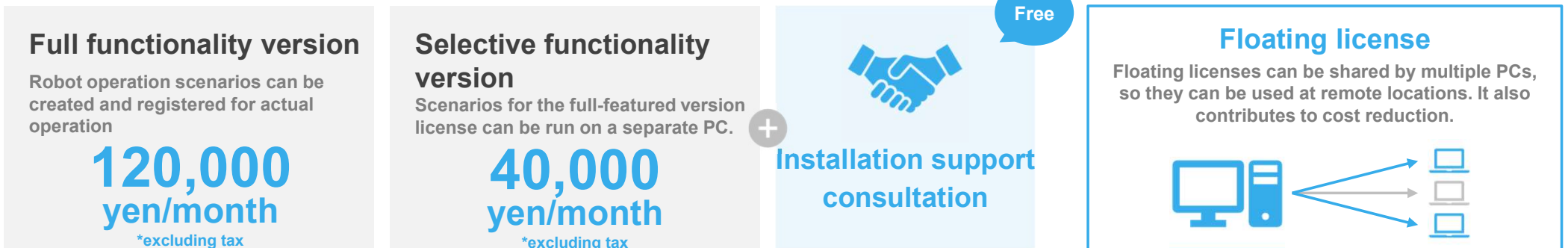
We will provide support for human resource development and organization building for RPA(Robotic Process Automation) and DX promotion

Profit structure of RPA Robo-Pat DX



* Average unit price (monthly fee) = weighted average of full functionality version and selective functionality version

License types / fee structure

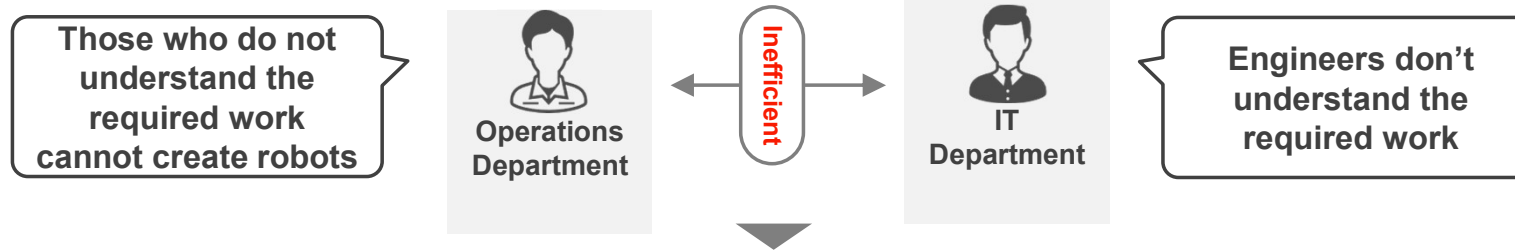




Personal RPA

【Challenges of traditional RPA】

Assumption that "engineers with high IT skills build robots."



RPA “Robo-Pat DX” is a “**Personal RPA**” that can be created by anyone who understands the required work

RPA “Robo-Pat DX”

- Can be used in each PC
- No need for programming knowledge
- Users can create their own robots
- Robots can be customized according to required work

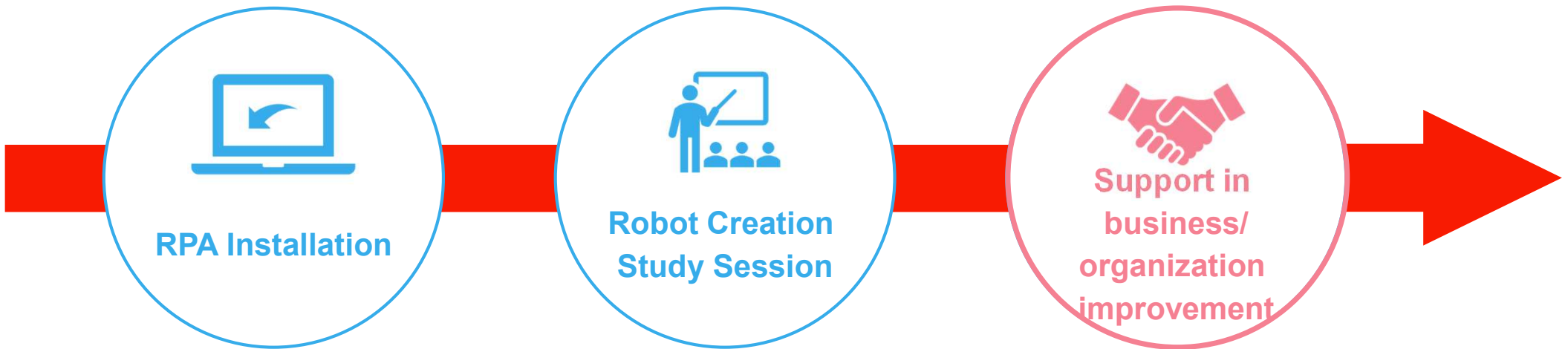
Traditional RPA

- Requires a specialized system environment, such as a server
- Requires programming knowledge
- IT department not involved in actual work creates the robot
- Inability to make timely corrections to changes in required work



One-stop service catered for RPA “Robo-Pat DX”

The RPA “Robo-Pat DX” is a one-stop service that provides support from RPA installation to robot creation study sessions through business and organizational improvements





Future DX Promotion Business Expansion Strategy

Sales channels are expanding, catering to a wide range of industries and company sizes



- ✓ Sales Partners
- ✓ Introductory Partners

Increase in number of companies installed

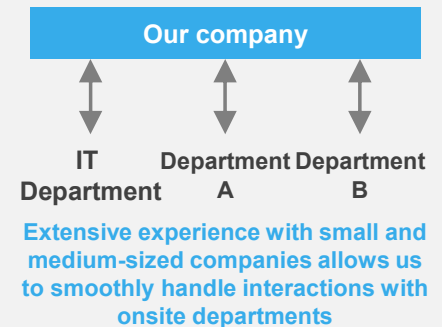
Expansion of recognition in regional areas
Strengthen/build sales structure

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Improvement of unit price

Scale out within customers' companies

Our approach

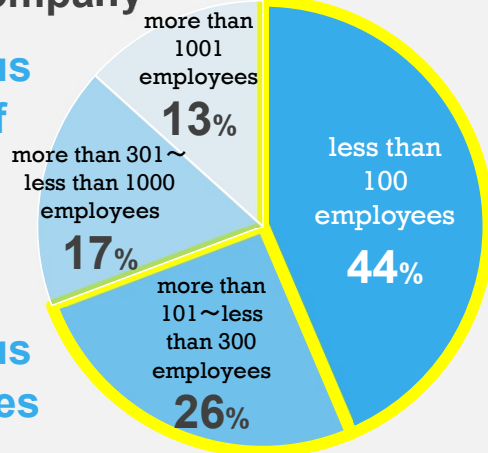


Percentage by size of company

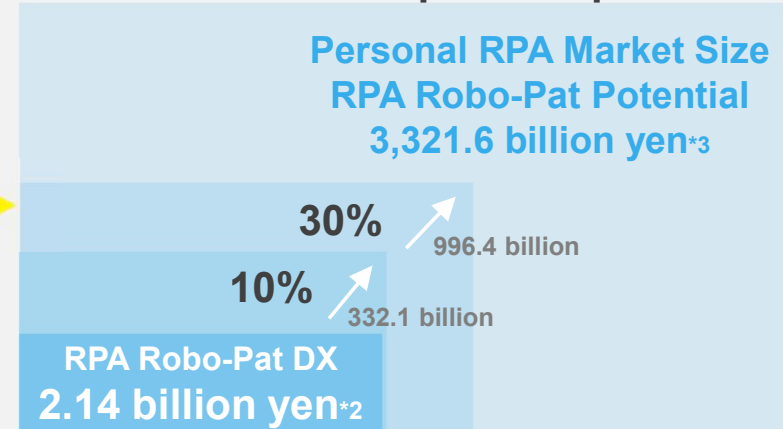
✓ Installed across various companies regardless of its size

(companies with less than 300 employees take up over 70%)

✓ Installed across various businesses and industries



RPA "Robo-Pat DX" expansion potential *1



*1: calculated by the Company according to below formula

*2: DX Promotion Business Net Sales of the Company for the Fiscal Year Ending September 30, 2023

*3: The "personal RPA market" is defined as domestic companies with less than 300 employees, and is calculated by multiplying approximately 1.73 million companies x RPA Robo-Pat DX average monthly unit price of 160,000 yen x 12 months.



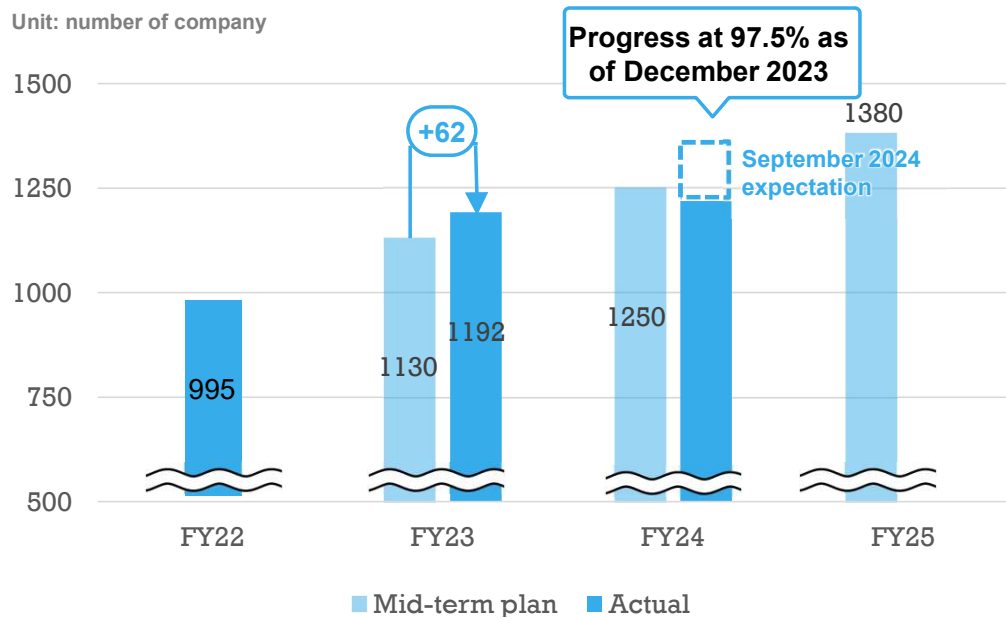
FY2024/9 1Q

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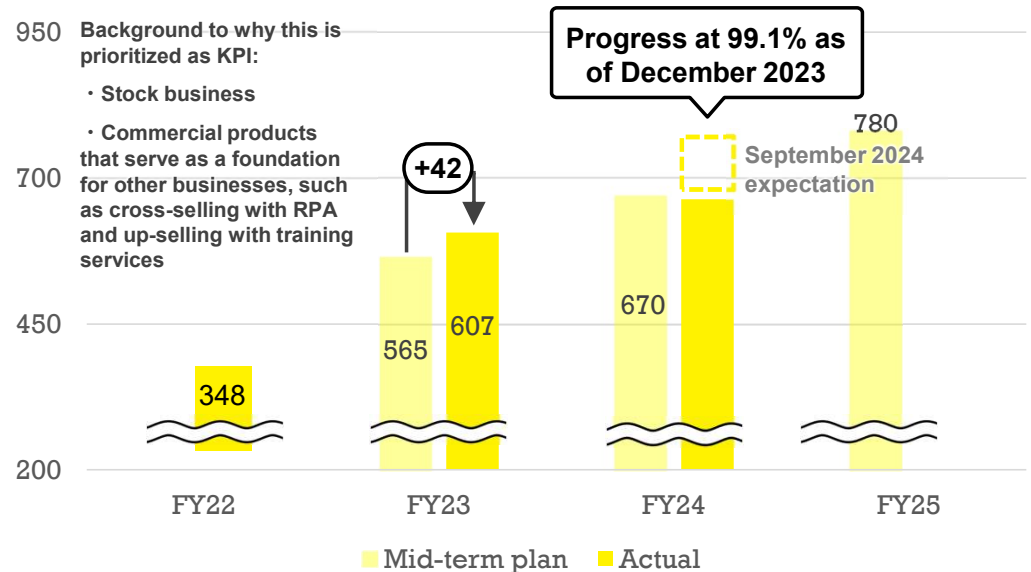
Number of companies that installed RPA Robo-Pat DX (disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company



Number of companies that installed Smart Boarding (disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company





HR DX

Smart Boarding



Supported over **660** companies
As of December 2023

Focusing on the differences in individual's growth rate

Job Seeker "Readiness" Platform

An onboarding DX system that is distinct from typical e-learning

Created an original educational program to nurture the "required human resources" to realize the company's vision for growth

Provide thorough support for "building an organization where each and every employee begins to learn on their own"

Optimized for a wide range of needs, from early-stage training to continuous learning, by combining online and face-to-face training

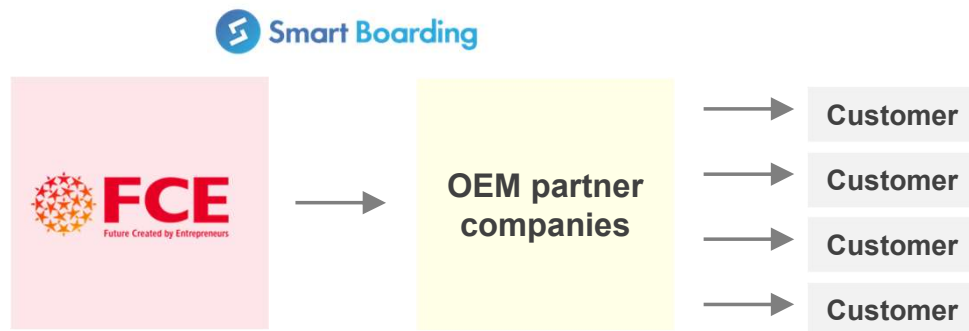


Progress on Smart Boarding Expansion Strategy

We are increasing the number of companies with Smart Boarding installed through OEM partnerships

We have started working with the HR service Kaonavi*1 (TSE Growth 4435)

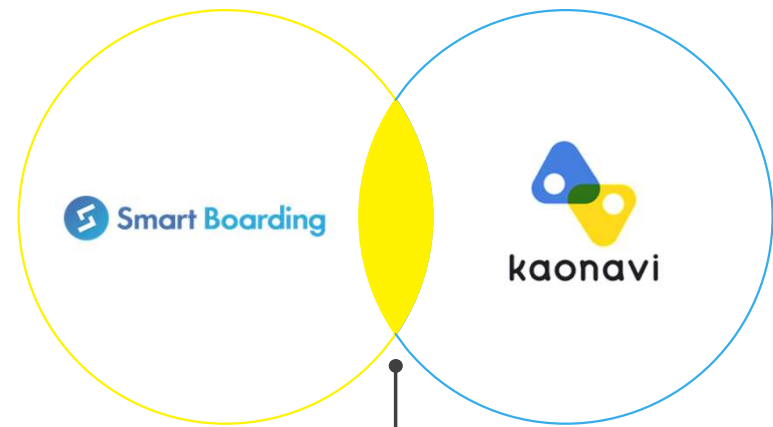
Expansion through OEM partnership collaboration



Efficient and effective provision of know-how to companies in need of know-how sharing and skills training*2

*2: For example, companies that operate chains or multiple stores, or companies that are in the business of developing human resources and providing skills, such as coaching schools.

System integration with other HR services



Smart Boarding user information and course history are centrally managed for efficient and effective human resource management and training

*1: Kaonavi, Inc. (Listed on the Tokyo Stock Exchange Growth Market, Securities Code: 4435) Provides the talent management system "Kaonavi"



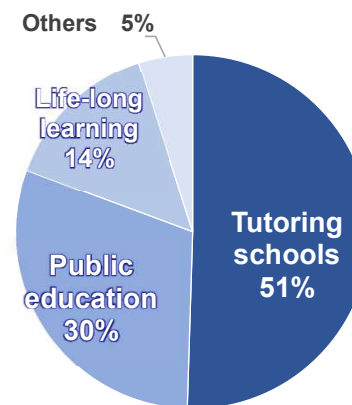
Cosmotopia Company Overview

Became a wholly-owned subsidiary as of January 4, 2024



Established	1982
Headquarters	Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka
Annual Revenue	Approx. 200 million yen (fiscal year ending March 31, 2023)
No. of Employees	24 employees
Main Business	Planning/development/sales of software to support academic improvement

Sales composition ratio (FY23/3)



Half of all sales are to tutoring schools

Also focusing on the field of public education

Number of schools (public and private schools)



Elementary and junior high schools
over **600** schools



Private tutoring schools
over **400** schools


Product Overview of Cosmotopia

3 businesses: Public Education Business, Private Education Business, and Lifelong Learning Business
We respond appropriately to the changing circumstances surrounding each of our industries and solve our clients' problems through independent learning.

Main Products



Digital educational materials for elementary and junior high school students



Lifelong learning content for seniors

Targets / Services



Elementary and Junior High Schools / Board of Education

Academic achievement support materials for elementary and junior high schools



Tutoring Schools

Comprehensive independent learning support system for major subjects for elementary, junior high and high school students



Other Classroom Businesses, etc.

Educational content for seniors using ICT materials



Cosmotopia's Three Year Business and Synergy Development

First year: we aim to establish a stand-alone structure for Cosmotopia and plant seeds to create synergies

Second year: we will work with FCE to create synergies

Third year: we aim to establish a stable profit structure



First Year (2024.1~2024.9)

Structure Building Phase

- Begin cross-selling
- Investment to improve product competitiveness
- Promote efficiency through commonization of indirect departments and internal infrastructure, etc.



Second Year (2024.10~2025.9)

Synergy Manifestation Phase

- Steady development of new customers and acquisition of bids **contributing to increase in sales**
- Strengthening Cooperation with FCE
- Link between Foresight app and Cosmotopia products (joint development)

Third Year (2025.10~2026.9)

Business Expansion Phase

- Packaging of subjectivity education x subject education (establishment of teaching and learning methods)
- Establishment of a stable profitability structure



3 Year Plan Figures (FY23/9 – FY25/9) (Disclosed May 24, 2023)

Revenue

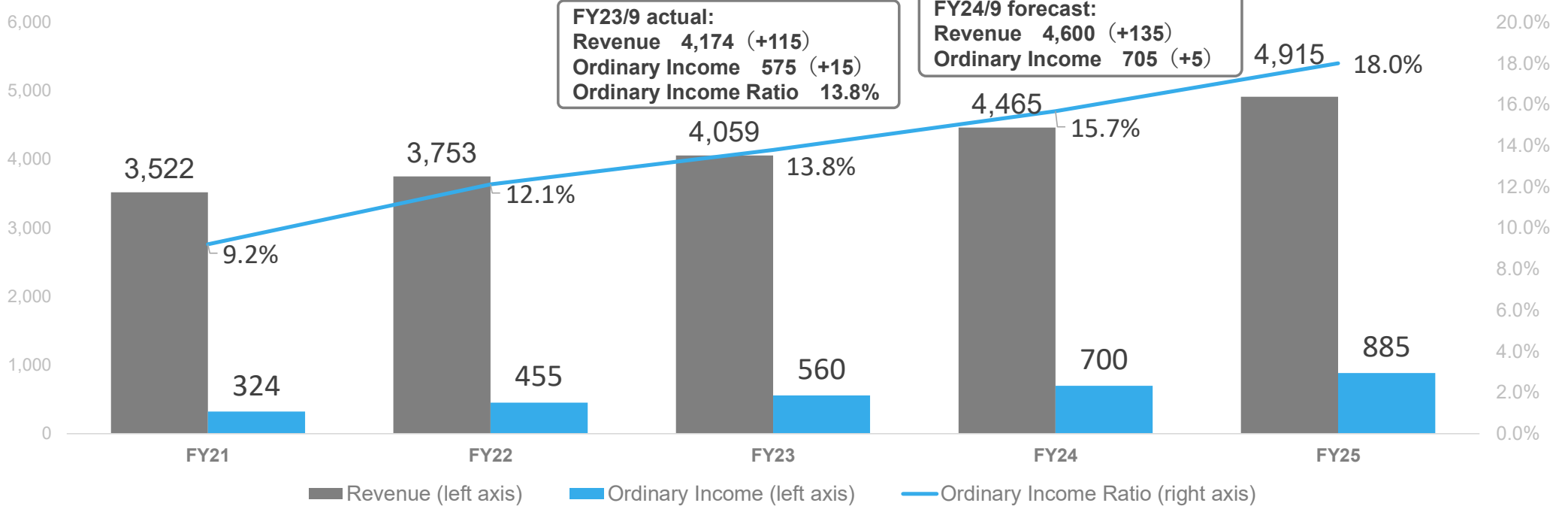
Achieve growth of 10% or more each fiscal year; projected to achieve more than 4.9 billion yen in FY25/9

Ordinary Income (Ratio)

Achieve growth of 25% or more each fiscal year; projected to achieve more than 880 million yen in FY25/9

Profit margin to steadily increase each fiscal year; projected to be 18% in FY25/9

Unit: million yen





Three-Year Business Plan Strategy Summary and Key KPIs (Disclosed on May 24, 2023)

Our three-year business strategy and key KPIs are identified by the number of companies with Robo-Pat DX, the number of companies with Smart Boarding, and the number of schools with the Foresight App.

	Short term – FY23/9 and FY24/9	Mid-term – FY25/9~
No. of companies with Robo-Pat DX installed	Expansion of referral partner system Regional expansion and scale out within the customers' companies End of FY23/9: over 1,130 companies → end of FY24/9: over 1,250 companies	Expansion of clients through industry-specific cases Expand synergies(*) between BtoB businesses in the education and training area End of FY25/9: over 1,380 companies
No. of companies with Smart Boarding installed	Expansion of OEM partner contracts Consulting support for building a system for employee training End of FY23/9: over 565 companies → end of FY24/9: over 670 companies	System integration with cloud services in the HR domain synergies(*) between BtoB businesses in the DX area End of FY25/9: over 780 companies
No. of schools with Foresight App installed	Gain market share by rolling out the 'first year free of charge' offer for schools Promotion and product enhancement in collaboration with the Board of Education	Monetization of private school market (in partnership with POPER) Achieve 1,000 schools with our products due to our overwhelming share of the market

(*) Cross-sell and up-sell, etc. to a customer base of more than 1,000 RPA "Robo-Pat DX" customers and more than 3,000 companies in the education and training business



IR information



If you have any comments or questions regarding this presentation or other IR information, please contact us via e-mail, IR inquiry form, or official IR Twitter.

ir@fce-hd.co.jp



The corporate website contains financial results presentation materials, Q&A sessions, analyst reports, and other information.

<https://fce-hd.co.jp/ir/>



Our official X (Twitter) account is used to disseminate information as appropriate.

https://twitter.com/fce_ir



Forward-Looking Statements

This document contains forward-looking statements regarding our Company and our Group, including forecasts, plans for the future, and management objectives.

These forward-looking statements are based on current assumptions about future events and trends, and there can be no assurance that such assumptions will prove accurate. A number of factors could cause actual results to differ materially from those discussed in this document.

Unless otherwise indicated, the financial data presented in this document are presented in accordance with accounting principles generally accepted in Japan.

The Company and its Group companies do not necessarily revise the forward-looking statements already made, whether as a result of future events or otherwise, except as required by disclosure rules.