Third Quarter of the Fiscal Year Ending September 30, 2023 Financial Results Briefing Materials

Plus Alpha Consulting Co., Ltd.

(Tokyo Stock Exchange Growth: 4071)

August 14, 2023

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01 Company outline

Company outline

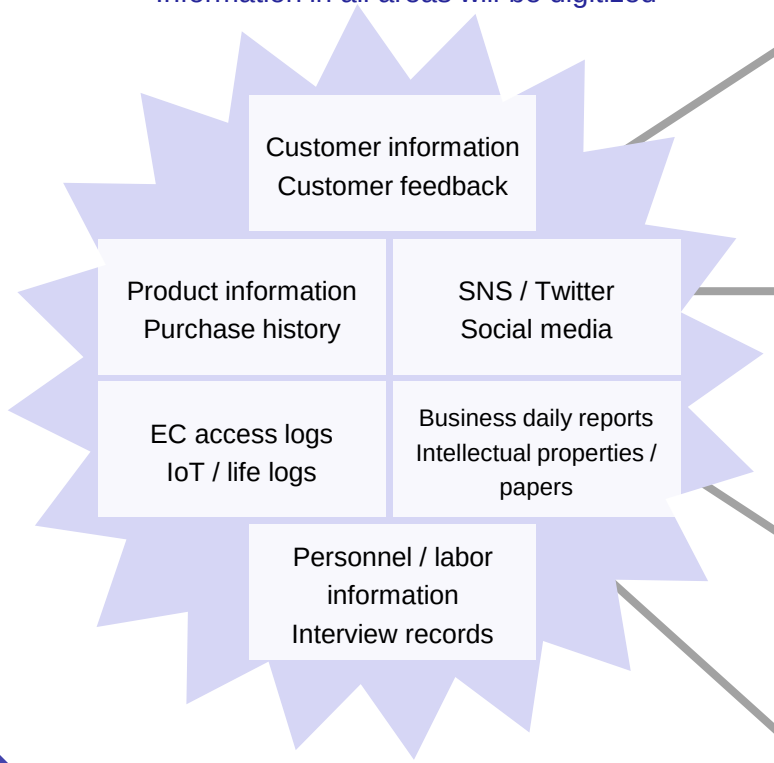
Company name	Plus Alpha Consulting Co., Ltd. (Tokyo Stock Exchange Prime: 4071)
Representative	Katsuya Mimuro, Representative Director and President
Headquarters location	25F Shiodome Sumitomo Building, 1-9-2 Higashi Shimbashi, Minato-ku, Tokyo
Osaka Branch	13F Osaka Nakanoshima Building, 2-2-2 Nakanoshima, 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	313,812 thousand yen (as of June 30, 2023)
Business content	Providing cloud services for data analysis platforms
Number of employees	303 consolidated (as of June 30, 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



Visualize

enormous information through technology

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

Serving various sectors

Marketing area

Visualizing customer needs

見える化エンジン

CRM area

Visualizing client information and actions

CustomerRings カスタマーリングス

HR/personnel area

Visualizing personnel information / employees

Talent Palette タレントパレット

キミスカ

New business

Education/Sales area

ヨリソル

Sales Square

Main services

Developing profitable SaaS businesses in multiple areas

Marketing solutions



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

Monthly subscription according to the amount of analyzed data

CRM solutions



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



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

Monthly subscription according to the number of employees

Subscription products

Technology and expertise behind the services

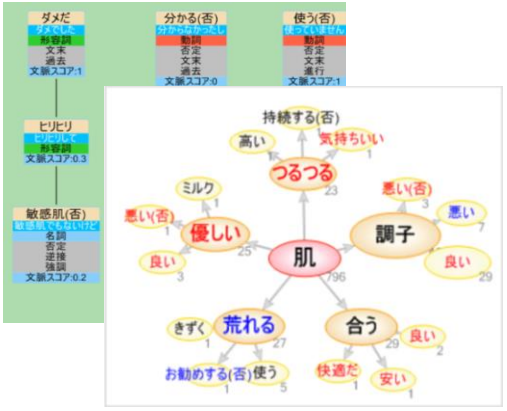
Language processing technologies	Visualized mining technologies	Mass data analysis expertise	Industrial / operational knowledge	Utilization support consulting

Business strengths

Advanced technologies to visualize big data for practical use

見える化エンジン

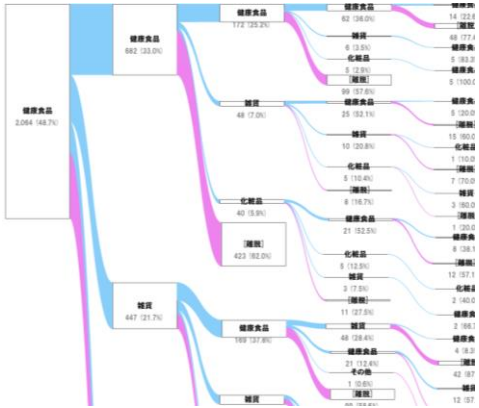
Syntax analysis, word maps



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

CustomerRings カスタマーリングス

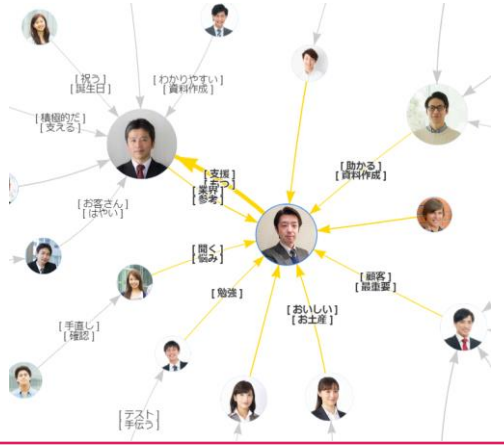
Purchasing pattern analysis



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

Talent Palette タレントパレット

Employee network diagram

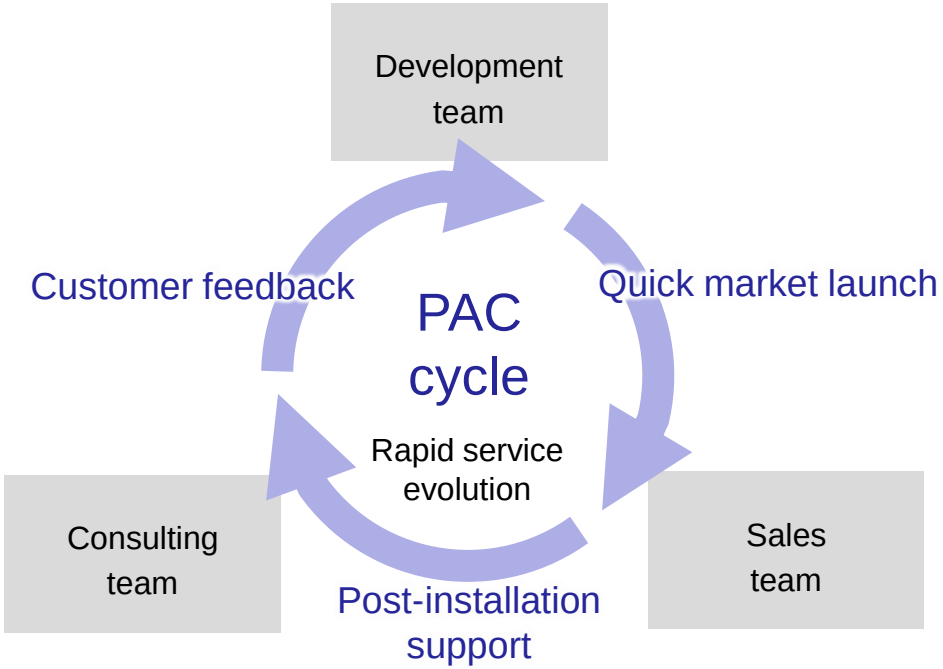


Through collaborative data between employees such as Thanks Points, ascertain volume and quality of communication between employees and departments

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

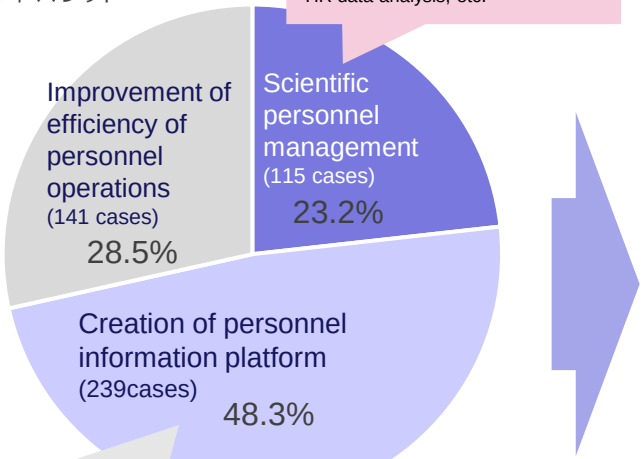
High-speed development of consulting results as a general purpose function

Realizing increased added value of services by leveraging enterprise consulting capabilities

Over 4,300 functions installed as standard over approximately six and a half years through consulting for a variety of leading companies

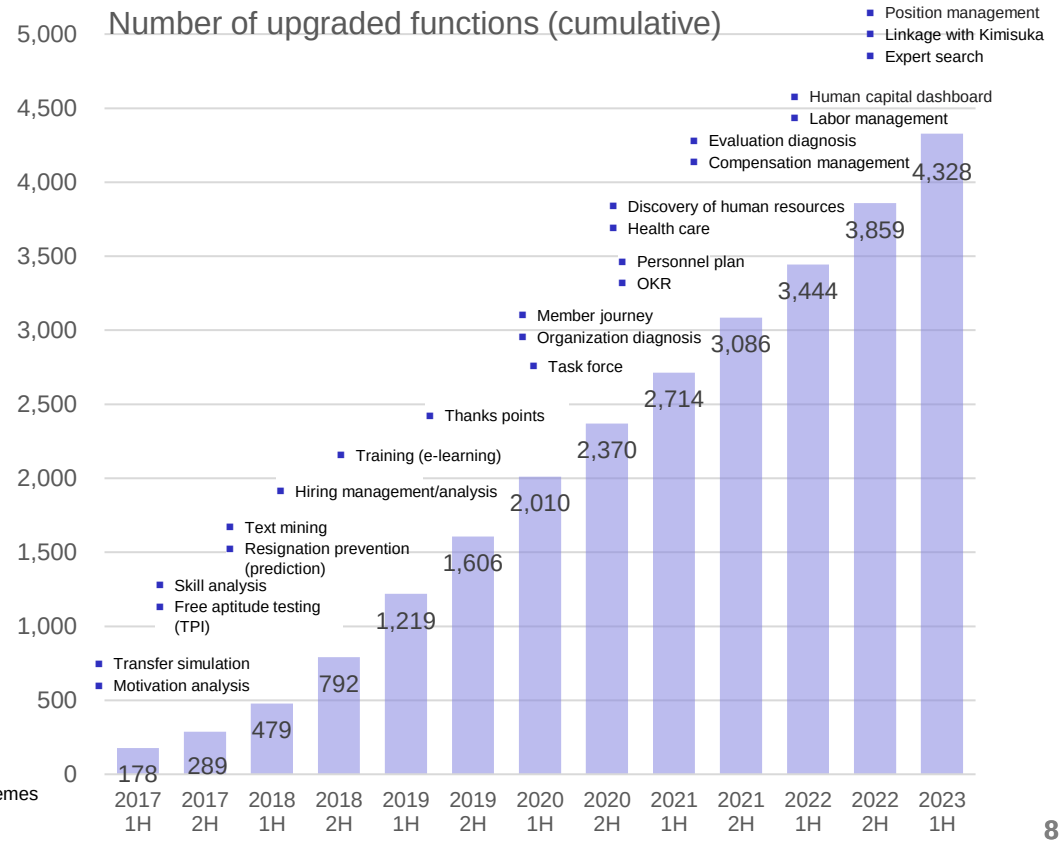
Talent Palette
タレントパレット

- 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
- Creation of group portal, etc.

Approximately 70% of the approx. 200 annual consulting projects and approx. 500 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 approximately 16 years of accumulated expertise in the SaaS business

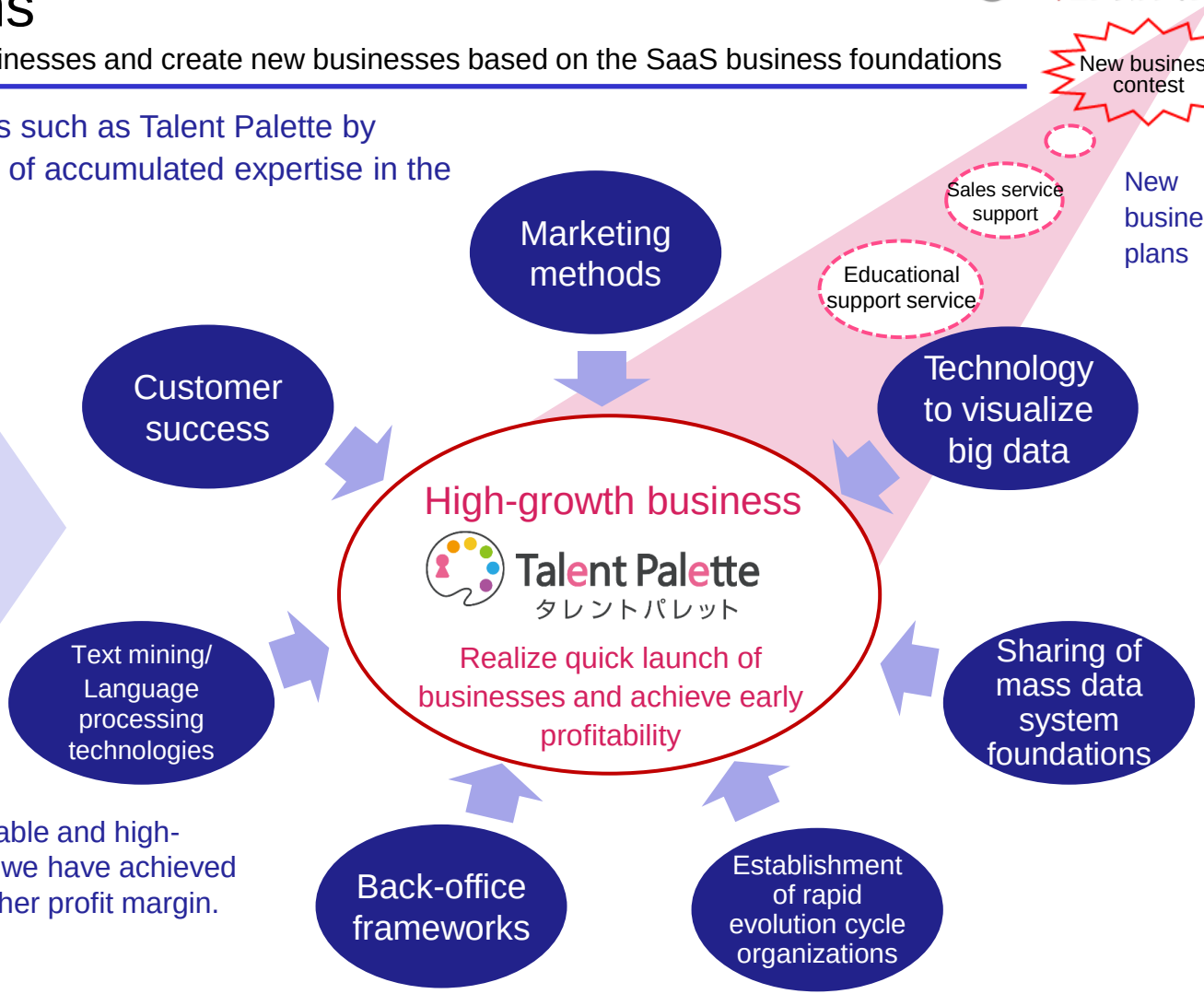
Accumulated SaaS expertise through existing services

Highly profitable business

見える化エンジン

Stable growth business

CustomerRings カスタマーリングス

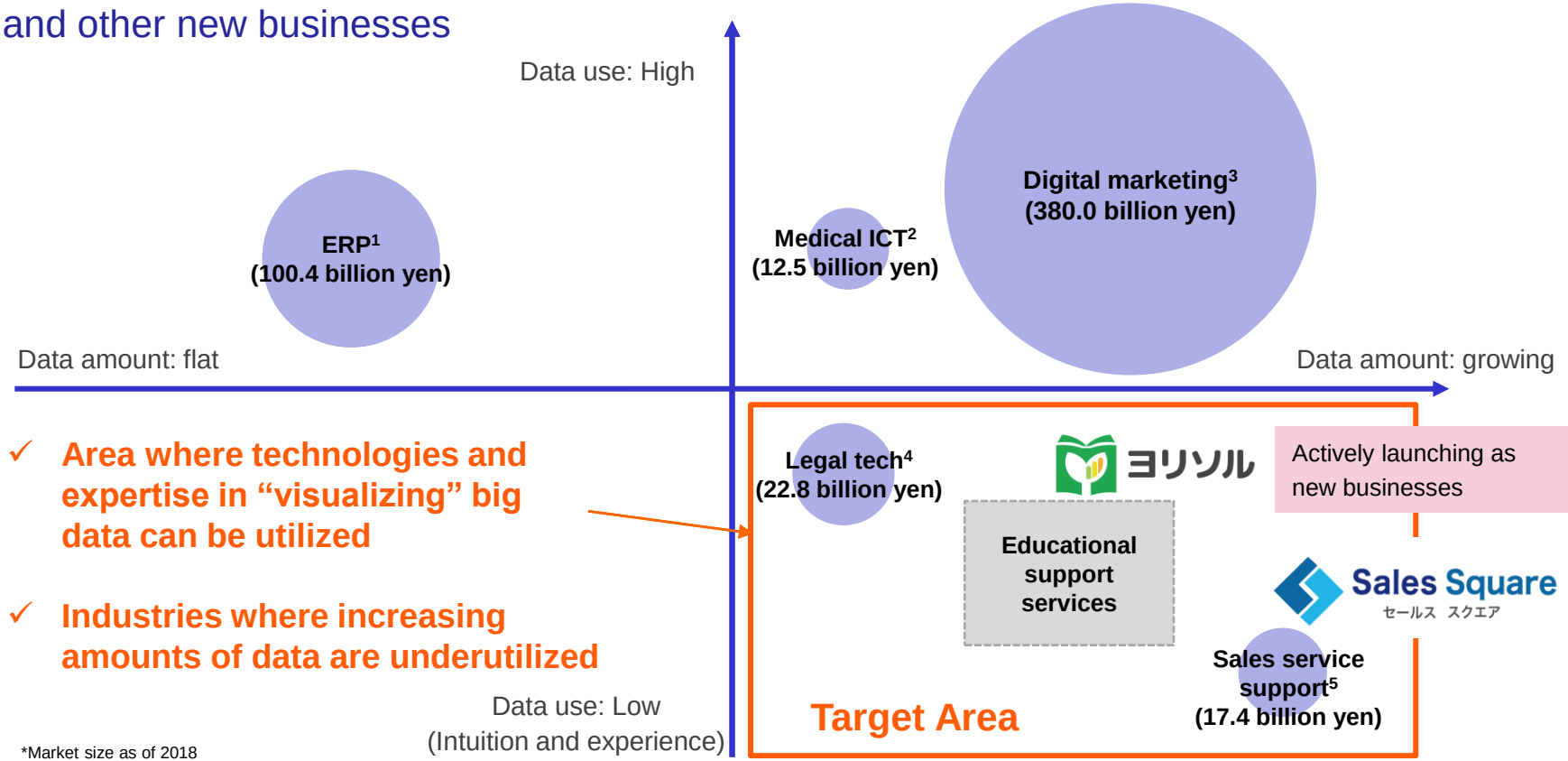


By developing multiple highly profitable and high-growth businesses simultaneously, we have achieved both a higher growth rate and a higher profit margin.

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

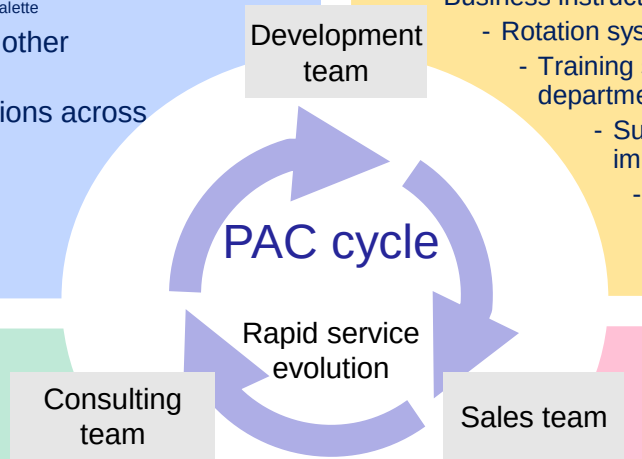
Initiatives to improve the human capital of PAC

Communication measures

- Thanks Points system * Standard function of Talent Palette
  Cultivation of culture for sending each other messages of thanks
- A committee active outside main operations across divisions
  20 teams are currently active
- Employee travel
  Original travel planned by employees

Human resource development

- Business instruction system for new employees
- Rotation system for understanding of other teams
- Training system implemented by occupation across departments
- Support system for book purchases and self-improvement
- Implementation of online education
  *Utilization of Talent Palette
- “Training for Learning Culture” for new employees



Penetration of strategy

- Strategy meetings
  (held once every six months)
  A total of five days by business, all employees can participate
- Overall meeting (held monthly)
  Sharing of company measures and department measures
- “Penguin Contest” for new businesses
  21 people participated last fiscal year

Workplace environment

- Flexible work styles with flex time system
- Refresh holiday system enabling long holidays to be taken
- Measures for promoting employee communication (active support of activities outside operations such as sports activities)
- Improvement of refresh spaces (provision of light meals, etc.)

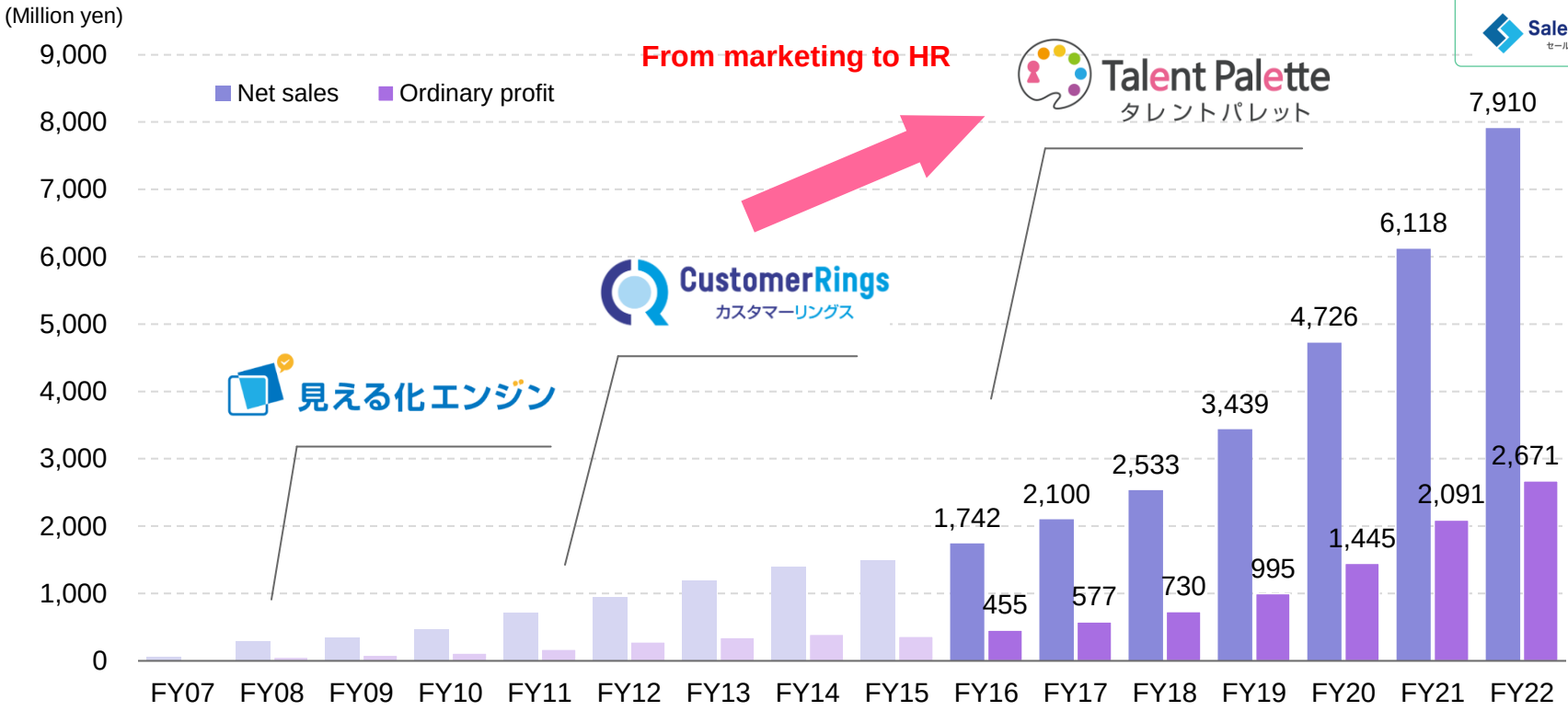
★ Employee awareness survey score (Company vision: 4.4/5.0), company atmosphere: 4.11/5.0, benefits: 4.2/5.0)
★ Annual turnover rate: 7.3%

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

New businesses
ヨリソル
Sales Square セールス スクエア



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 lowing 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.

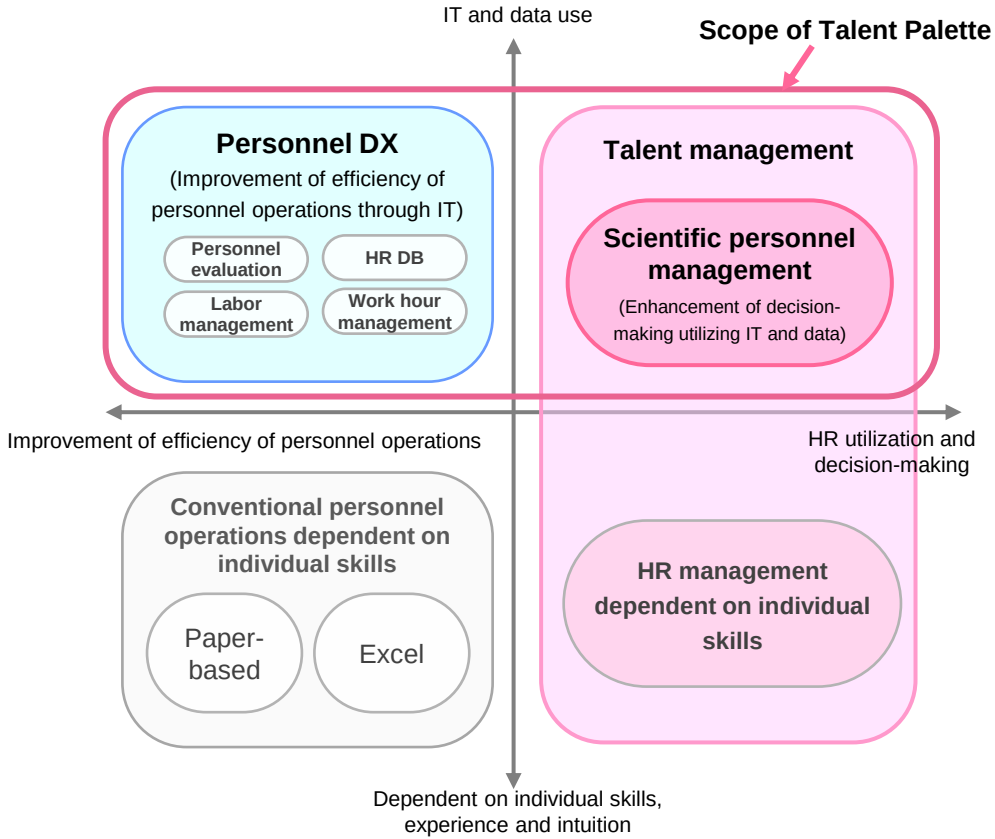
⇒ **Based on this trend, the HRTech cloud market is expected to grow by +32.2% year on year in FY2022.** (Research by Deloitte Tohmatsu MIC Research Institute Co., Ltd.)

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.

Marketing strategy	HR / personnel strategy
Ascertain customer needs	Ascertain employee needs Self-reporting, ES surveys
Develop loyal customers	Develop employee skills Succession planning
Prevent customer defection	Prevent employee resignations Motivation management
Capture new customers	Employee hiring activities
Visualizing customers	Visualizing employees



Characteristics of Talent Palette

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

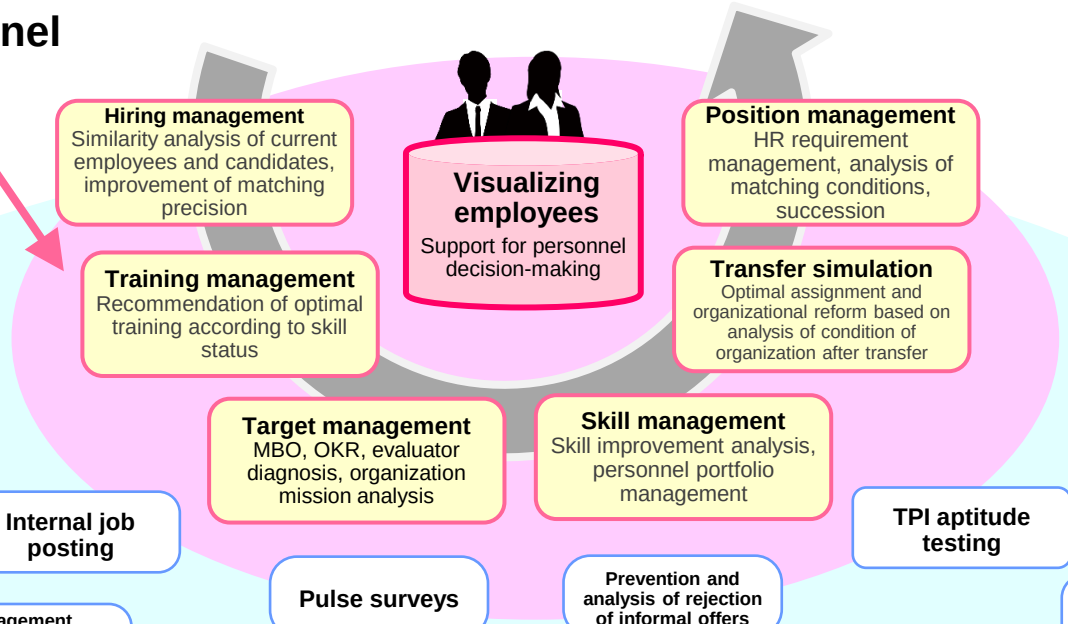
For enterprises, we differentiate with scientific personnel functions through the utilization of data, and for small and medium businesses, we integrate tools required for personnel management and realize the improvement of efficiency of personnel DX through IT

Scientific personnel management

Enhancement of decision-making utilizing IT and data

Personnel DX

Improvement of personnel operations using IT



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

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

Training management
Recommendation of optimal training according to skill status

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

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

Skill management
Skill improvement analysis, personnel portfolio management

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

Internal job posting

Pulse surveys

Prevention and analysis of rejection of informal offers

TPI aptitude testing

Direct recruiting
Enabling direct scouting of students matching the company

Thanks points
Increasing engagement through employees expressing gratitude to each other

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

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

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

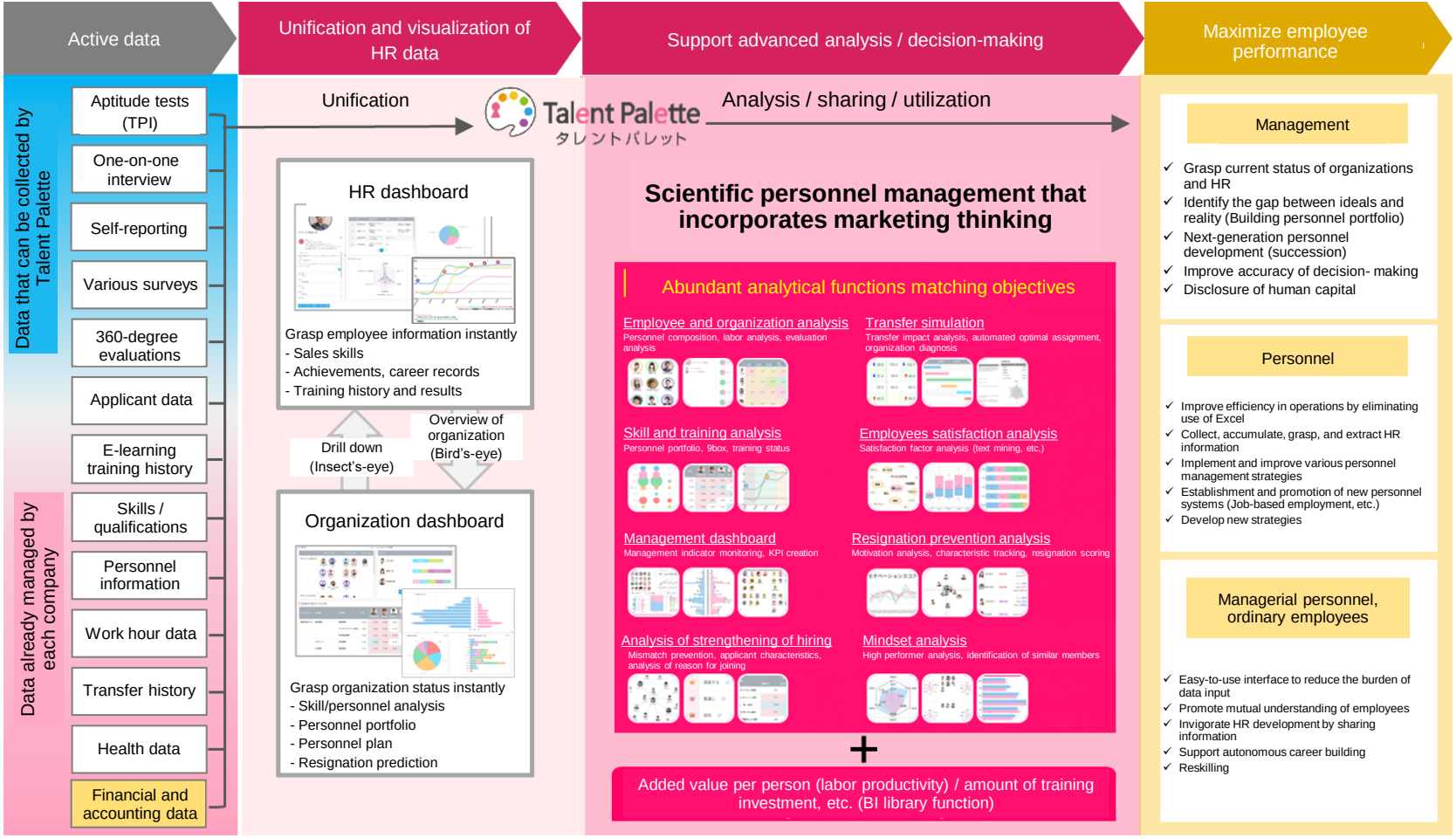
Personnel FAQ
Creation of knowledge on systems and procedures in the Personnel and General Affairs Division

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

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

Talent Palette タレントパレット

プラスアルファコンサルティング

202308-1

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

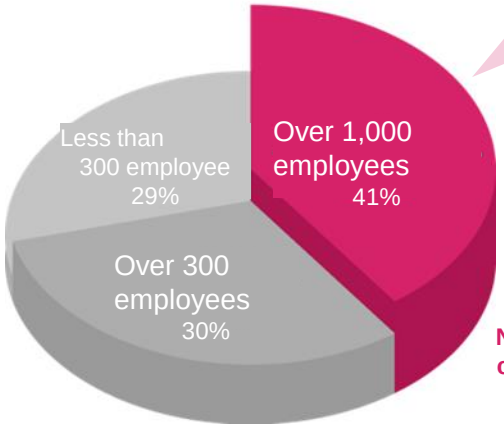
Enterprise penetration and high evaluation

The percentage of implementation in large enterprises with 1,000 of more employees (on a contract basis) is approximately 41%

Detailed functions and advanced consulting for enterprises are highly regarded

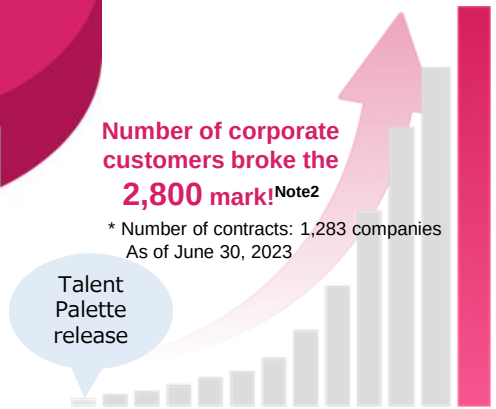
Percentage of contracts by plan

As of June 30, 2023



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

大手・中堅企業 売上高（社員数300人以上） シェア No.1 Note1



Number of corporate customers broke the 2,800 mark! Note2

* Number of contracts: 1,283 companies
As of June 30, 2023

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 2,700 companies are using this service, taking in accounts of single contracts consisting multiple companies’ usage.

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

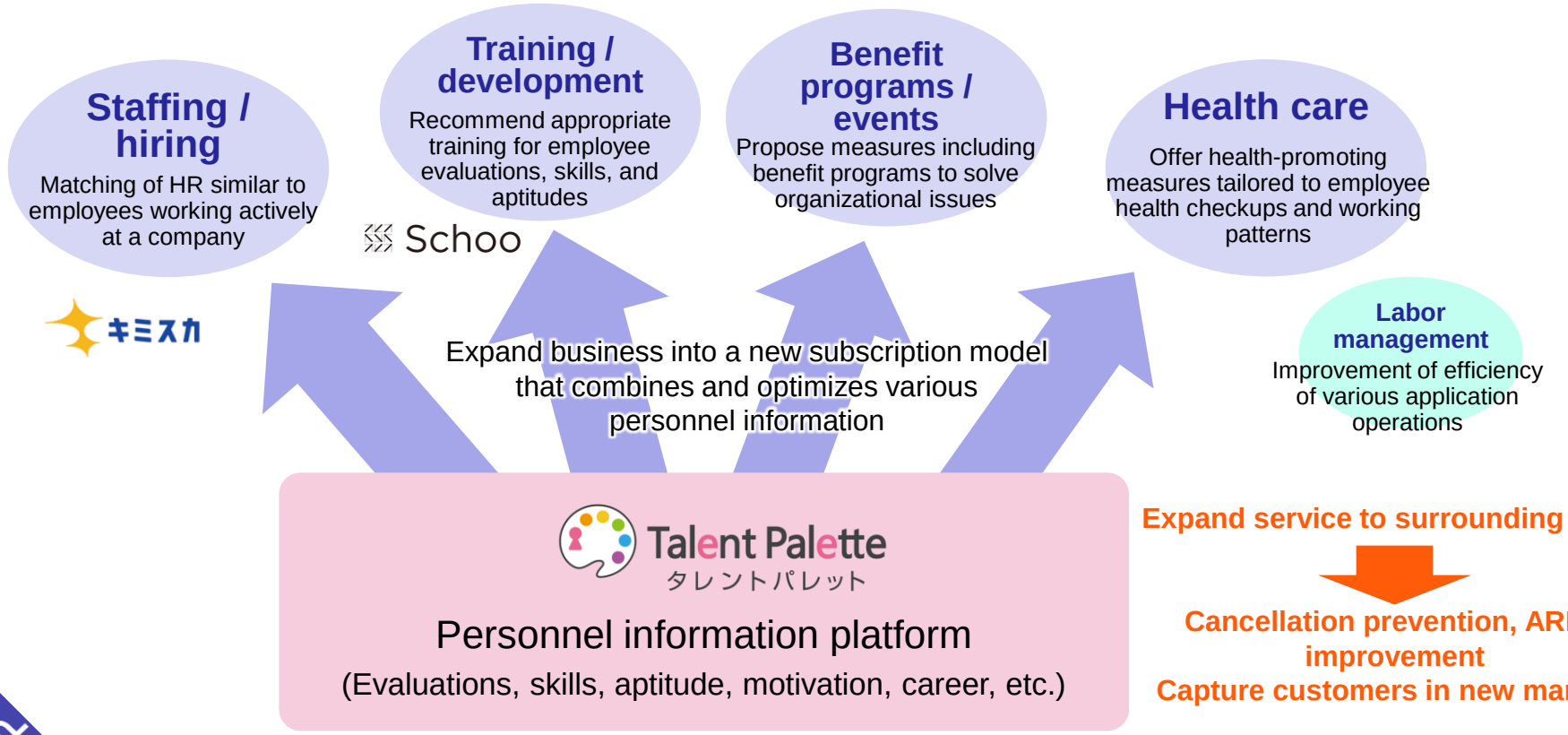
Consulting and concierge services

03 Growth strategy

Further development of Talent Palette Business

Expand services to sectors surrounding HR

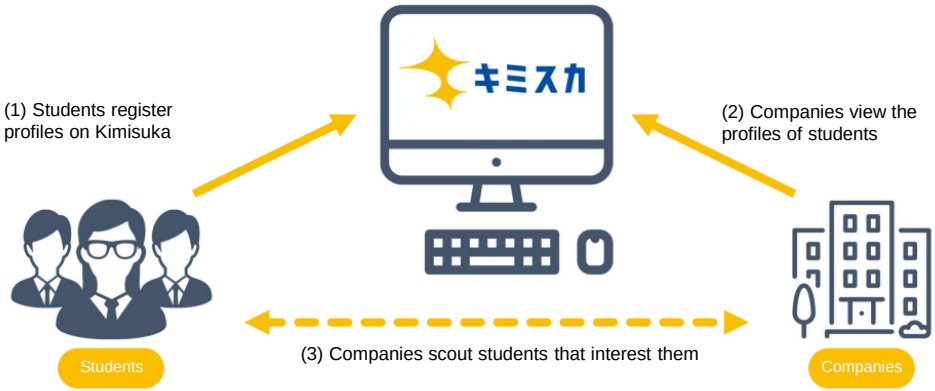
By utilizing HR data accumulated in Talent Palette, we have improved the accuracy of services surrounding personnel. We aim to expand business not only in the company but also by utilizing partnerships and capital alliances with partner companies



Further development of Talent Palette Business

Staffing / Hiring

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



Cross-selling of each other's services

Common aptitude tests are utilized to increase precision of matching with similar active employees

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Hiring management and management of recipients of informal offers
Recommendation of candidates

(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

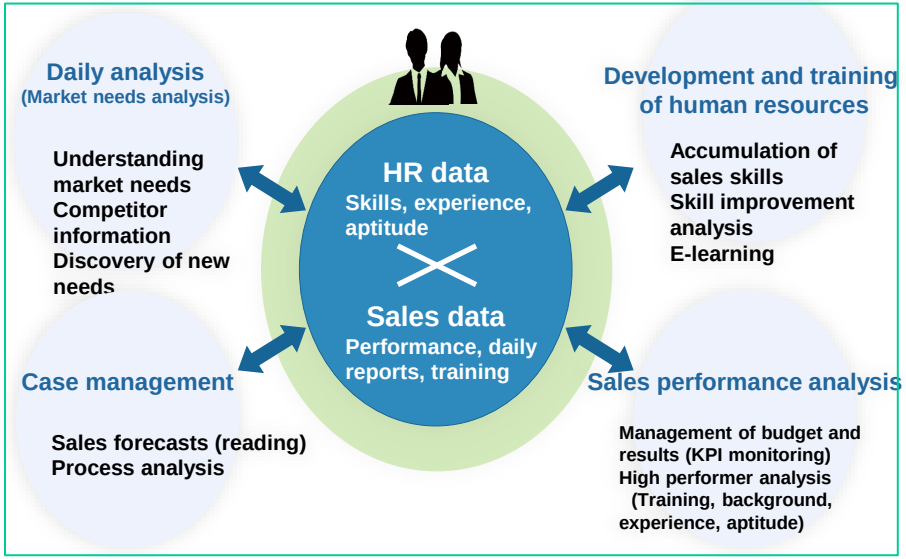
Functional development and sharing of knowhow for accelerating expansion in the hiring area through a high level of coordination of each other's services

Operation of New Businesses

Start of trial introduction in two new businesses

Sales Square

Integrated sales strategy solution for simultaneously realizing maximization of sales results and improvement of organization performance

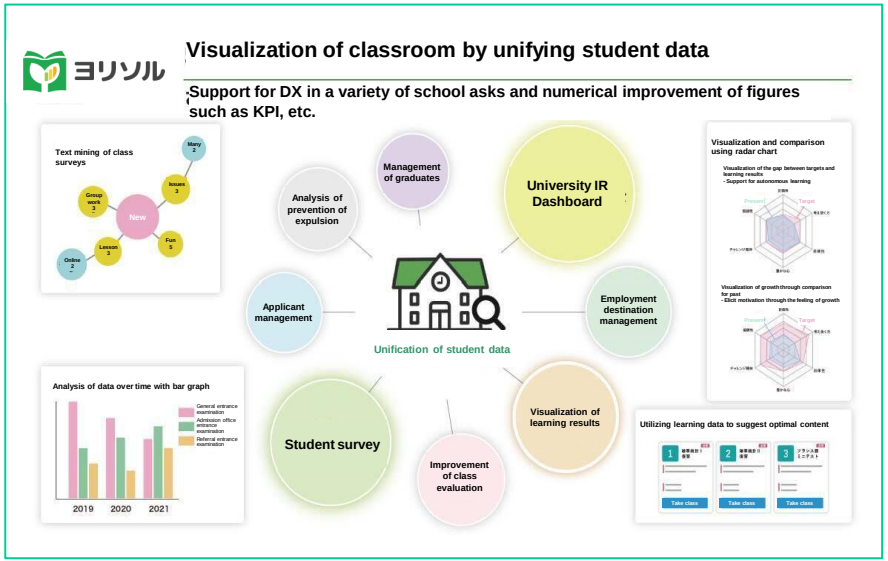


Start of full implementation (including trial implementation)

IT Sales Division (tens of people): HR development, daily analysis (factors leading to closing deals, behavior analysis)
Manufacturing marketing department (tens of people): Operational reform, case management, task management
Manufacturing sales department (several hundred people) Daily analysis, case management, skill visualization

Yorisoar

School management system supporting visualization of classrooms and university IR



Incorporated educational institution (several thousand people): LMS, learning portfolio, teaching staff portfolio
National university (several thousand people): Learning portfolio, university IR General incorporated foundation
Private university (several thousand people): Survey analysis, text mining
General incorporated foundation (several thousand people): LMS, learning analytics, graduate management
Vocational school (several hundred people): Management of applications from applicants, student management, data analysis
Private integrated junior and senior high school (several hundred people): Student and staff management, portfolio, data analysis

04 Latest topics

Latest topics

(1) Change of market category to Prime Market on the Tokyo Stock Exchange

(2) Start of provision of TP Human Capital Quick Board

(3) Strengthening of Talent Palette services for enterprises

- Strengthening of multilingual support functions for global enterprises
- Acquisition of ISO 30414 international standard certification for human capital reporting, and provision of consulting

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

(5) Start of provision of “Talensfer,” a new human resource rental service

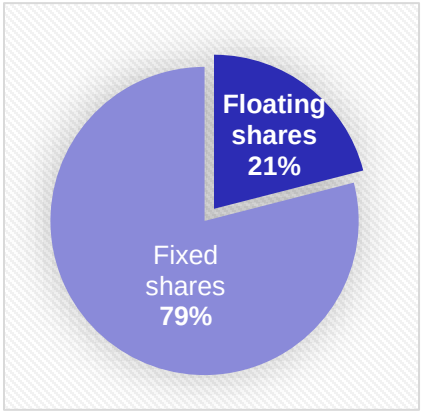
Topics (1): Change of market category to Prime Market on the Tokyo Stock Exchange

The market category was changed from the Tokyo Stock Exchange Growth Market to the Prime Market on July 28, 2023.

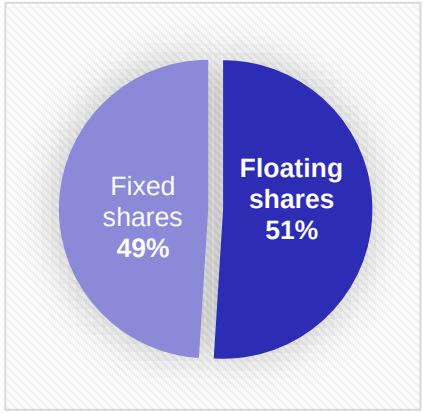


- Strengthening of growth base through the creation of an enhanced governance system
- Improvement and promotion of business environment through improvement of recognition and reliability
- Significant increase in free-float weight due to sales by major shareholders

Pre offering



Post offering



Topics (2): Start of Provision of TP Human Capital Quick Board

Started provision of “TP Human Capital Quick Board” specializing in the visualization of human capital information
Upgrading to the full version of Talent Palette enables more detailed indicators to be set



Talent Palette
人的資本クイックボード

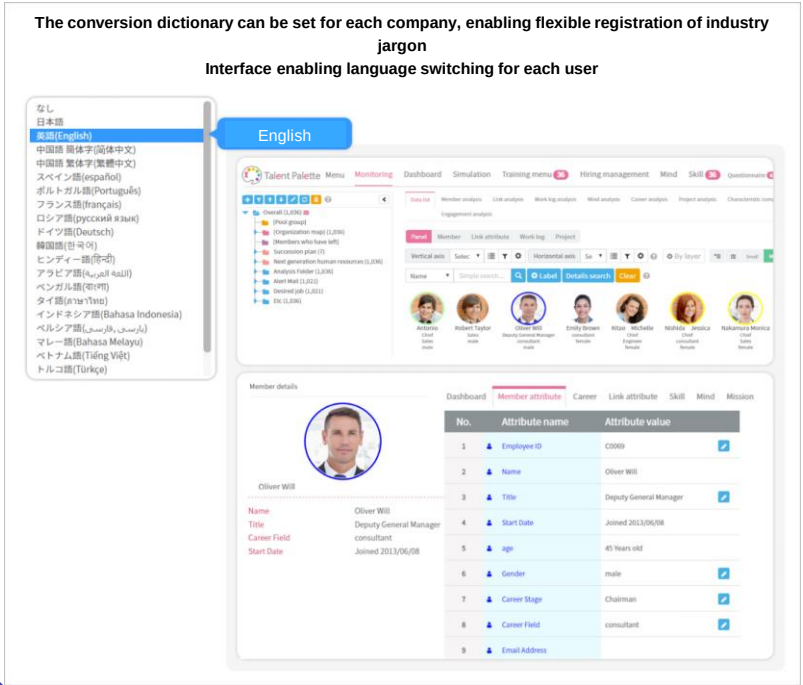
Supports management decisions through speedy visualization of human capital reporting

- Features templates with a wide range of human capital indicators compliant with ISO 30414, enabling easy selection of indicators
- Setup is completed simply by preparing and importing the necessary data according to the specified data format
- Output matching indicators such as graphs and tables, is automatically displayed on the dashboard
- Introducing Talent Palette enables more detailed indicators to be set and automatic linking of data

Topics (3): Strengthening of Talent Palette services for enterprises

Strengthening of multilingual functions required by global companies with overseas offices, and strengthening of consulting menu compliant with ISO 30414 for practical implementation of human capital management

Strengthening of “Global Interface” enabling free switching between over 20 languages for smooth use in overseas offices





- Certified as an official partner company of HC Produce Inc., the only ISO 30414 certifying organization in Japan

- Realization of human capital reporting and human capital management by a Lead Consultant/Assessor, start of consulting services supporting ISO 30414 certification screening and acquisition

Topics (4): “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

Applicants → Primary, junior high and high school students → Undergraduate, graduate, and vocational school students → Job-seeking students → Working adults → Retired persons

Accumulation and utilization of student data

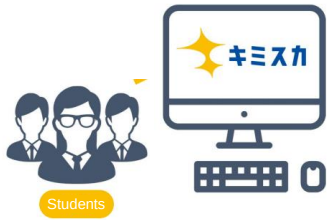
ヨリソル



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

Job matching for students

キミスカ



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

Introduction of Yorisoar is progressing smoothly

National universities, private universities, vocational schools, private integrated junior and senior high schools, adult education, etc.
- LMS, student management and data analysis, learning portfolio, teaching staff portfolio
- Management of applicants’ applications, analysis of dropout trends, analysis of high-performing student trends
- Interview management, disclosure of data to parents, visualization of academic results for use in sales

Accumulation and utilization of employee data

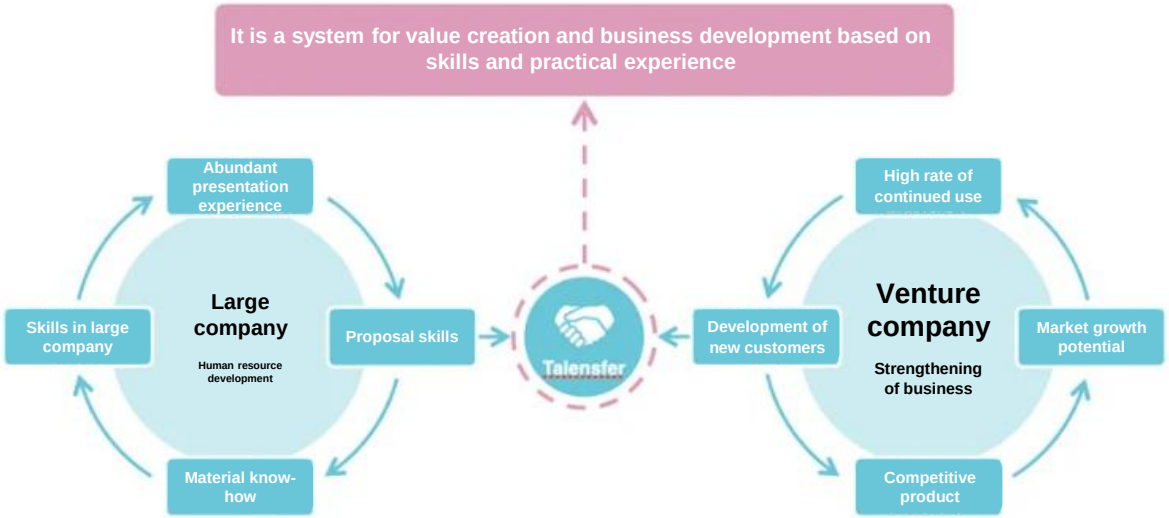
Talent Palette
タレントパレット

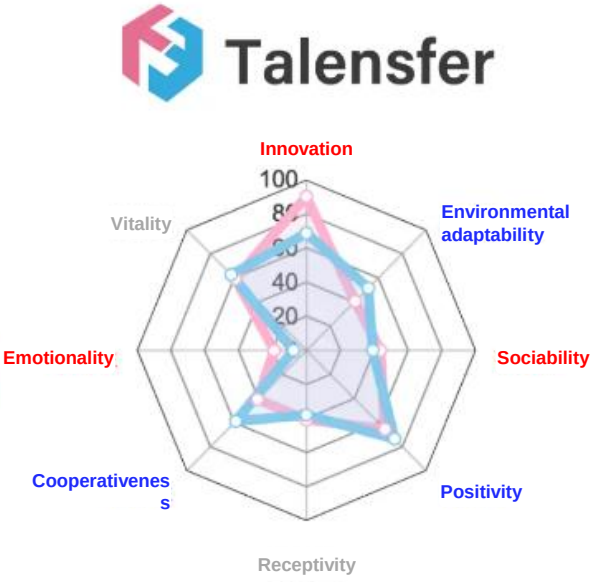


Talent Palette
- Employee’s skills and evaluations
- Career path, aptitude test
- Characteristics of high-achieving employees
- Health care
- Organization, company culture

Topics (5): Start of trial of “Talensfer” personnel rental

Started a trial of the new “Talensfer” business utilizing “visualization” of personnel
It provides new career development opportunities by increasing mobility of personnel through the rental of personnel between companies





Utilization of Talent Palette aptitude tests, etc. for matching

Renting personnel of a large company to a venture company for a fixed period simultaneously resolves issues on both sides such as development of personnel launching new businesses and shortages of personnel

05 Financial results for the nine months ended June 30, 2023

Highlights

Consolidated basis

Overview

- Talent Palette continues to perform well. The number of customers continued to grow, and performance exceeded targets
- Net sales and operating profit for Visualization Engine and Customer Rings exceeded plans
- Grow Up was included in the scope of consolidation from the three months ended December 31, 2022, and is reflected in consolidated results (recorded in the Talent Palette Business)

Financial results for the nine months ended June 30, 2023 (3Q)

- Consolidated financial results for the nine months ended June 30, 2023 showed a **41.2**% increase in net sales and a **41.4**% increase in operating profit from the same period of the previous fiscal year, with an operating profit margin of **31.9**%
  The three months ended June 30, 2023 alone showed a **66.7**% increase in operating profit
- Non-consolidated financial results for the nine months ended June 30, 2023 showed a **29.5**% increase in net sales and an **45.2**% increase in operating profit from the same period of the previous fiscal year, with an operating profit margin of **35.7**%
- On a non-consolidated basis, the increase in the number of customers, the revenue churn rate kept low and the stable rise of revenue per user of Talent Palette resulted in a favorable MRR of **788** million yen (up **31.7**% year on year)
- Grow Up coming under the scope of consolidation contributed to sales and income. Although amortization of goodwill, etc. arose, the consolidated operating profit margin and increase in profit were high.

Earnings forecasts for the fiscal year ending September 30, 2023 (Revised on July 7, 2023)

- We forecast net sales of **11,000** million yen (up **39.1**% year on year) and operating profit of **3,700** million yen (operating profit margin of **33.6**%)
- 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 and earnings

Financial results highlights

Consolidated basis

- Financial results for the nine months ended June 30, 2023 (3Q) showed a 41.2% increase in net sales and a 41.4% increase in operating profit from the same period of the previous fiscal year.
- Grow Up came under the scope of consolidation in the first quarter, and it contributed to growth in net sales. Although amortization of goodwill, etc. arose, the operating profit margin was strong at 31.9%.

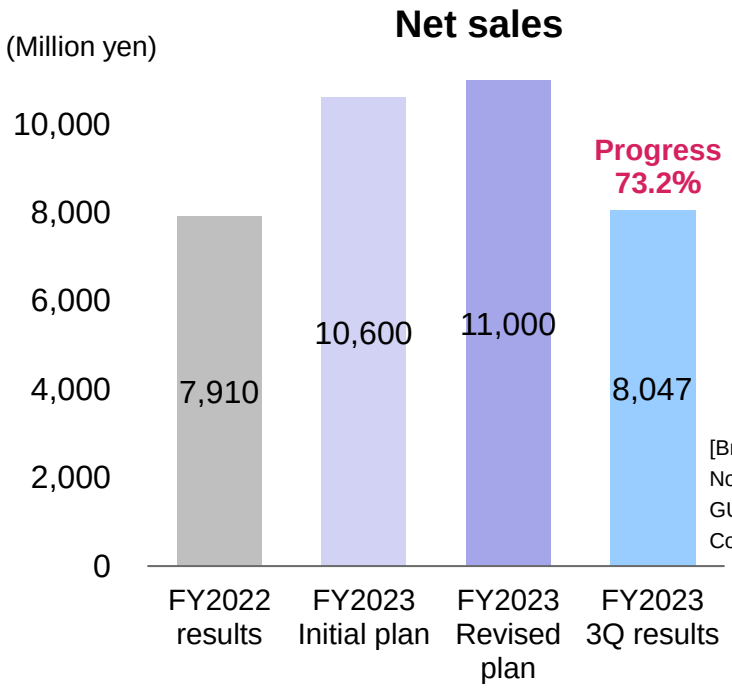
<Cumulative 3Q>

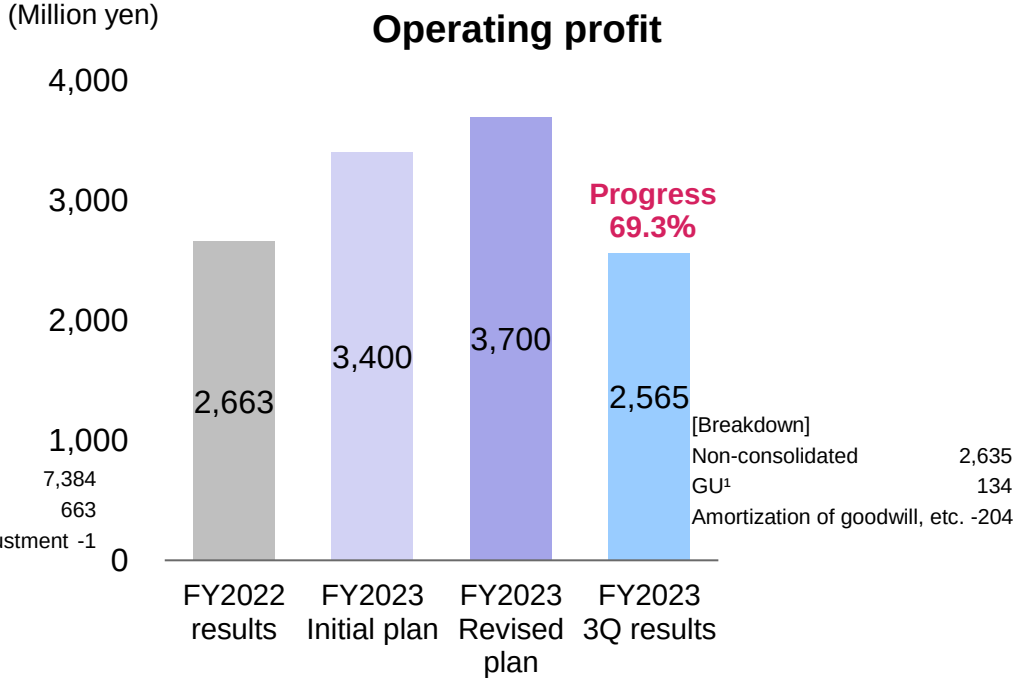
Net sales	**8,047**	million yen	YoY change	**41.2**	% up
Operating profit	**2,565**	million yen	YoY change	**41.4**	% up
Ordinary profit margin	**31.9**	%	YoY change	**0.0**	points up
Ordinary profit	**2,568**	million yen	YoY change	**42.1**	% up
Profit	**1,792**	million yen	YoY change	**50.5**	% up

Financial results progress for the nine months ended June 30, 2023 (3Q)

Consolidated basis

- Net sales and operating profit both exceeded plans in 3Q, and the full-year plan was revised upward (July 7)
- The rate of progress in 3Q was 73.2% of the full-year plan for net sales and 69.3% for operating profit.





Note 1: Grow Up

Financial results summary

Consolidated basis

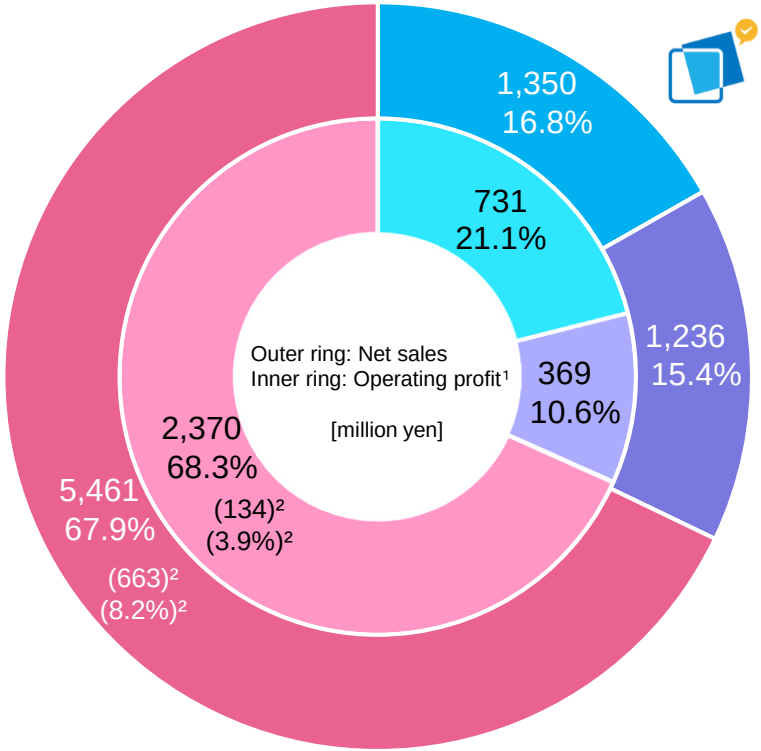
- Performance was steady in 3Q, with a 46.1% increase in net sales, a 66.7% increase in operating profit and an operating profit margin of 30.0%
- Performance was steady for the nine months ended June 30, 2023, with a 41.2% increase in net sales, a 41.4% increase in operating profit and an operating profit margin of 31.9%

Million yen	FY2023 (Apr.-Jun.)			FY2023 (Oct.-Jun.)			FY2023 (Oct.-Sep.)	
	3Q			Cumulative 3Q			FY2023 plan	
	Results	FY2022 3Q results	YoY	Results	FY2022 3Q results	YoY	Revised plan	Progress
Net sales	**2,849**	1,950	46.1%	**8,047**	5,700	41.2%	11,000	73.2%
Cost of sales	**794**	571	38.9%	**2,156**	1,652	30.5%		
Gross profit	**2,055**	1,378	49.1%	**5,891**	4,048	45.5%		
Selling, general and administrative expenses	**1,200**	866	38.7%	**3,326**	2,233	48.9%		
Operating profit	**854**	512	66.7%	**2,565**	1,814	41.4%	3,700	69.3%
Ordinary profit	***30.0%***	*26.3%*	-	***31.9%***	*31.8%*	-	*33.6%*	-
Ordinary profit	**856**	513	66.6%	**2,568**	1,807	42.1%	3,650	70.4%
Profit	**628**	335	87.0%	**1,792**	1,190	50.5%	2,650	67.6%

Financial results (by segment) for the nine months ended June 30, 2023 (3Q)

Consolidated basis

- The Talent Palette business including Kimisuka accounted for 67.9% of companywide sales and 68.3% of profit, driving growth
- The high profit margin Talent Palette contributed to the improvement of companywide profitability



見える化エンジン

Talent Palette
タレントパレット

キミスカ

CustomerRings
カスタマーリングス

Note 1: Amount of operating profit of the segment in 3Q of FY2023 (before elimination of shared expenses, before amortization of goodwill)
Note 2: The figures in parentheses are for Kimisuka (inclusive)

Financial Highlights (Talent Palette)

Non-consolidated basis

- The Talent Palette Business continued to perform well, showing a 41.9% increase in net sales and a 52.2% increase in operating profit

	Cumulative FY2022 3Q		Cumulative FY2023 3Q		YoY change	
Net sales[1]	3,381	million yen	4,798	million yen	41.9	% up
Operating profit[2]	1,469	million yen	2,236	million yen	52.2	% up
Ordinary profit margin	43.5	%	46.6	%	3.2	points up
MRR[3]	347	million yen	503	million yen	45.2	% up
Number of customers[4]	906	cases	1,283	cases	41.6	% up
Revenue churn rate[5]	0.43	%	0.29	%	0.14	points down
ARPU[6]	380	thousand yen	394	thousand yen	3.7	% up

Note 1: Results for 3Q of FY 2022 and 3Q of FY 2023 (cumulative)

Note 2: Amount of operating profit of the segment in 3Q of FY2022 and 3Q of FY2023 (cumulative: before elimination of shared expenses)

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

Note 4: Number of monthly billed contracts as of June 30, 2022 and June 30, 2023

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

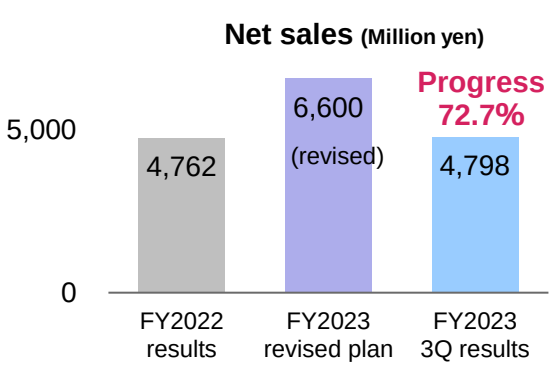
This ratio is calculated as the reduced subscription fee due to cancellations divided by the sum of the monthly fee revenue of the former month.

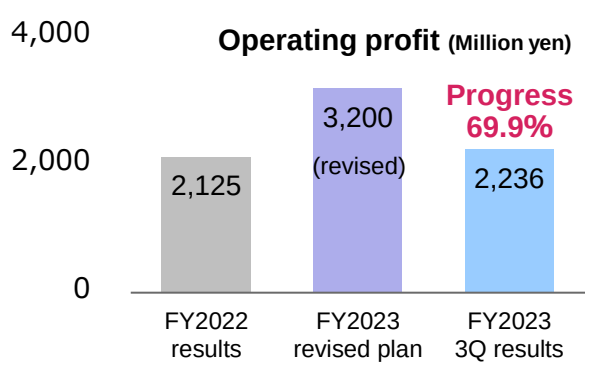
Note 6: Average Revenue Per User. Calculated by dividing the average MRR for 3Q of FY 2022 and 3Q of FY 2023 by the average number of paid billing enterprise users of each month for the same period.

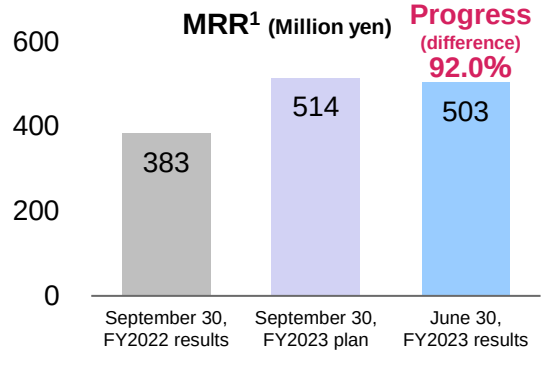
Performance (Talent Palette)

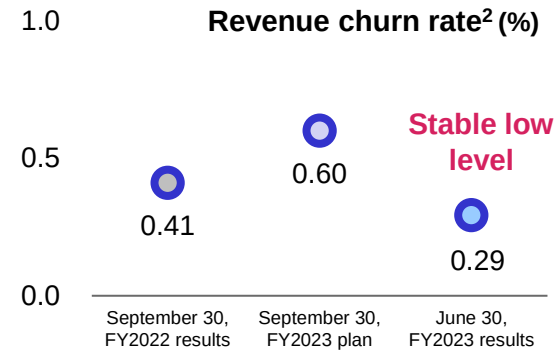
Non-consolidated basis

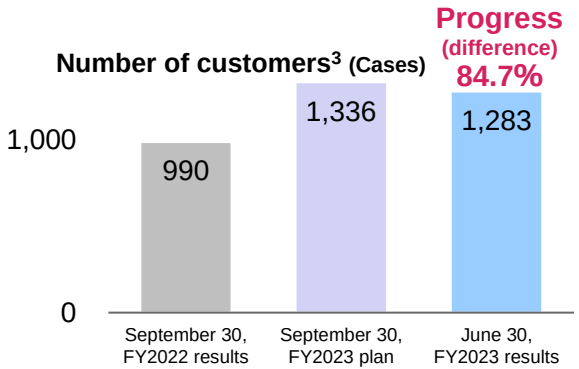
- In Talent Palette, all major KPIs exceeded initial plans
- In addition to the number of customers, an increase in ARPU contributed to increases in net sales and MRR

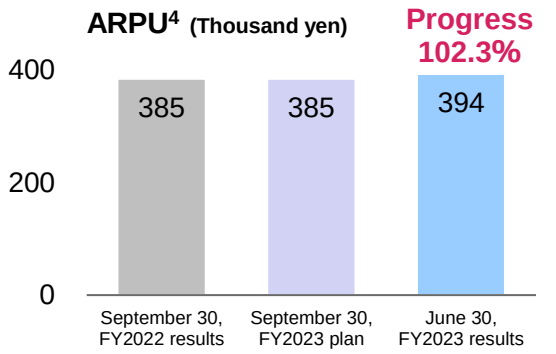












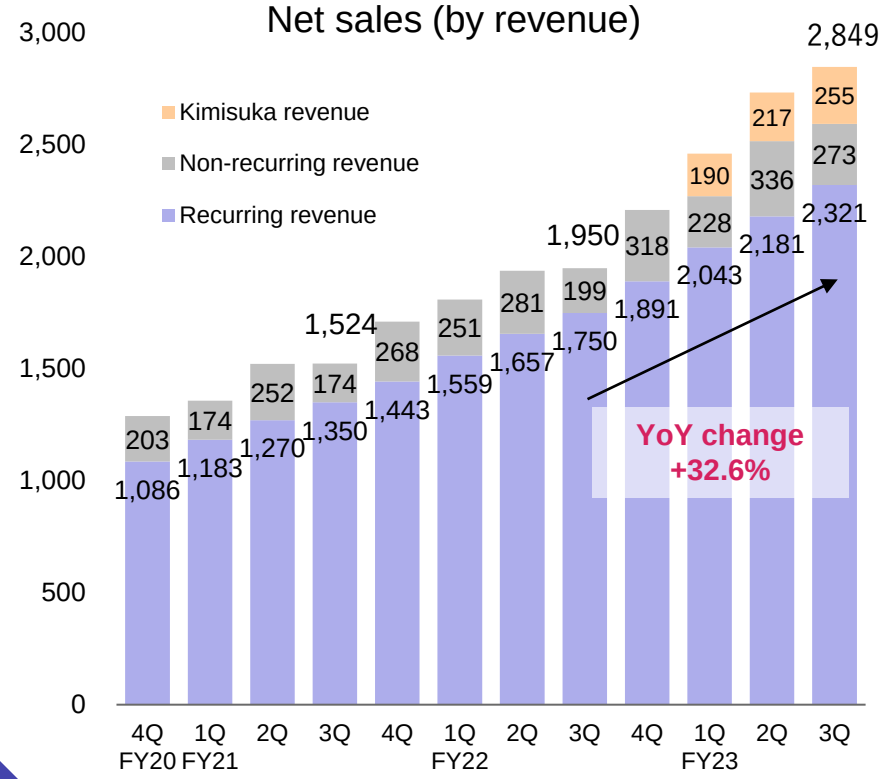
Note 1: Monthly Recurring Revenue. Total of the monthly fees of contracted subscription users.
Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average for the past 12 months)
Note 3: Number of monthly billed contracts
Note 4: Average Revenue Per User. Calculated by dividing MRR by the number of customers at the end of the month.
Note 5: The figures for "September 30 plan" for MRR, revenue churn rate, number of customers and ARPU are based on the figures assumed at the start of the fiscal year.

Net sales trends (Companywide)

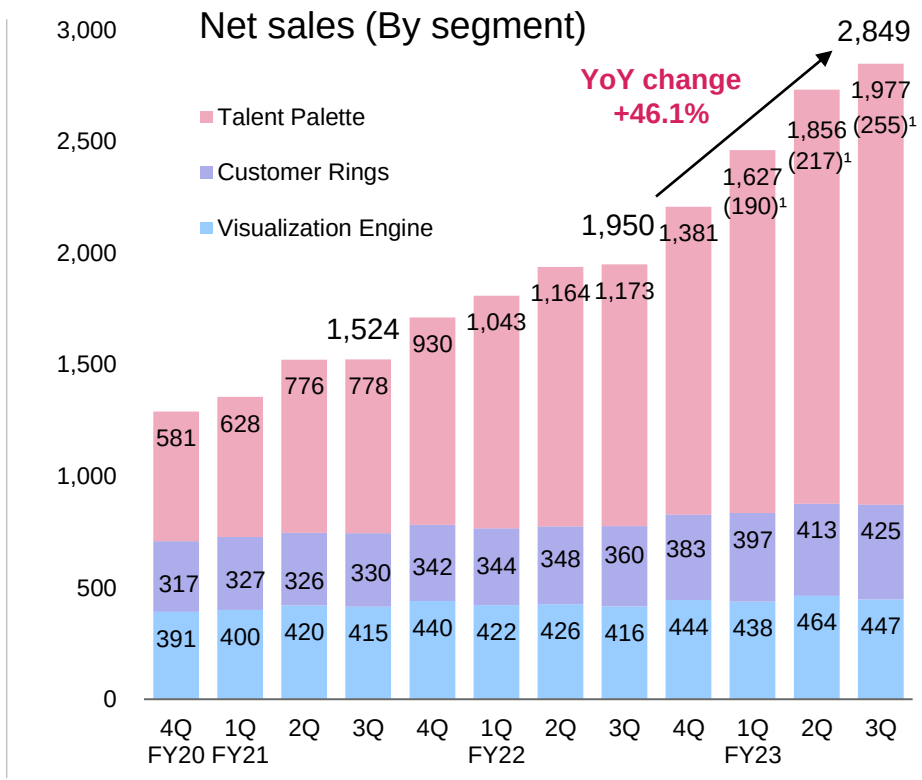
Consolidated basis

- Recurring revenue steadily increased and expanded to 2,321 million yen (+32.6% year on year) in 3Q
- Net sales of all businesses exceeded those of the previous fiscal year, and with the inclusion of Kimisuka, expanded to 2,849 million yen in 3Q (up 46.1% year on year)

(Million yen)



(Million yen)

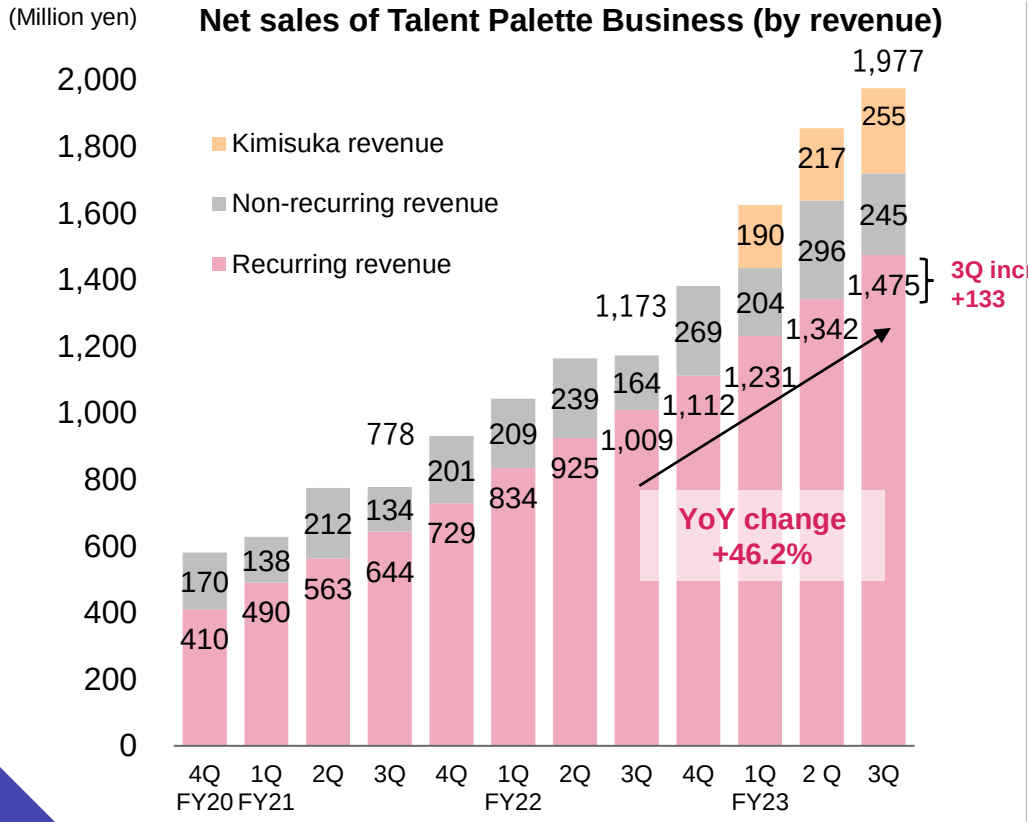


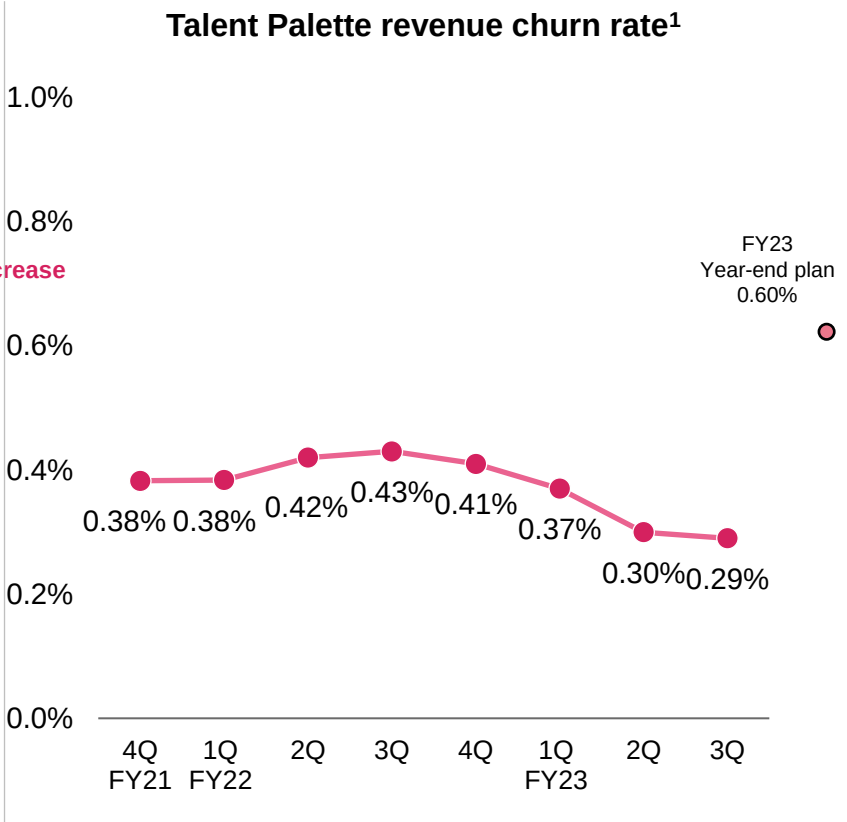
Note 1: The figure in parentheses is for Kimisuka (inclusive)

Net sales trends (Talent Palette Business)

Consolidated basis

- Recurring revenue steadily increased and expanded to 1,475 million yen (+46.2% year on year) in 3Q
- The churn rate was stable at the low level of 0.29%, which was lower than the FY2023 year-end plan of 0.60%



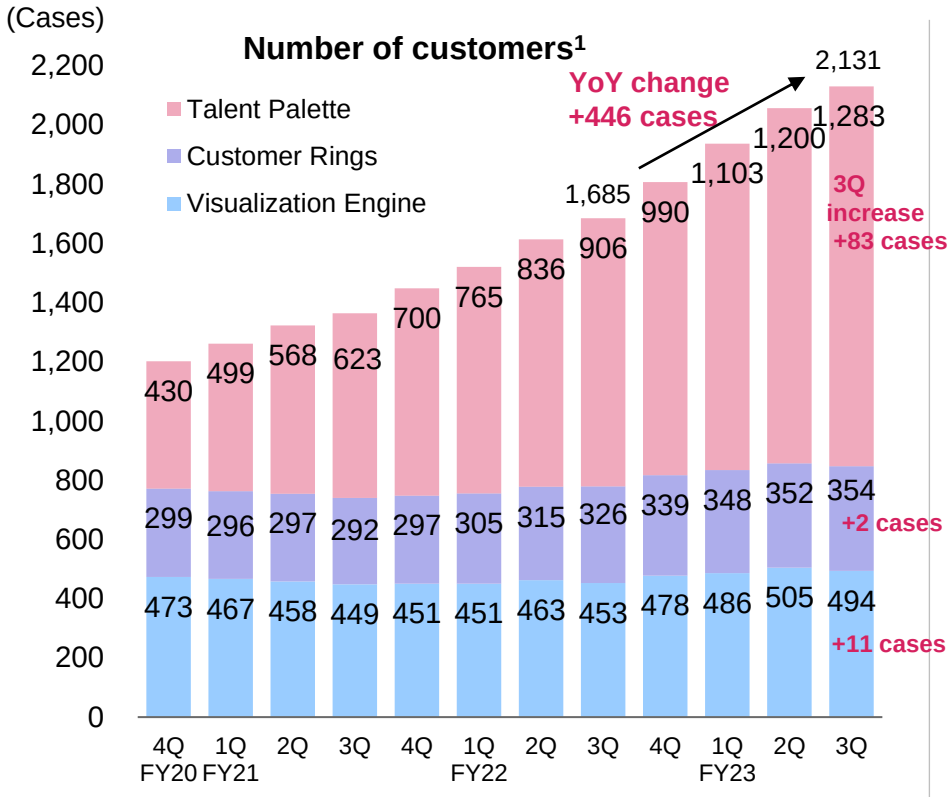


Note 1: Ratio of reductions as a result of cancellations to total monthly billed amounts (average of the past 12 months at the end of each quarter), excluding Kimisuka

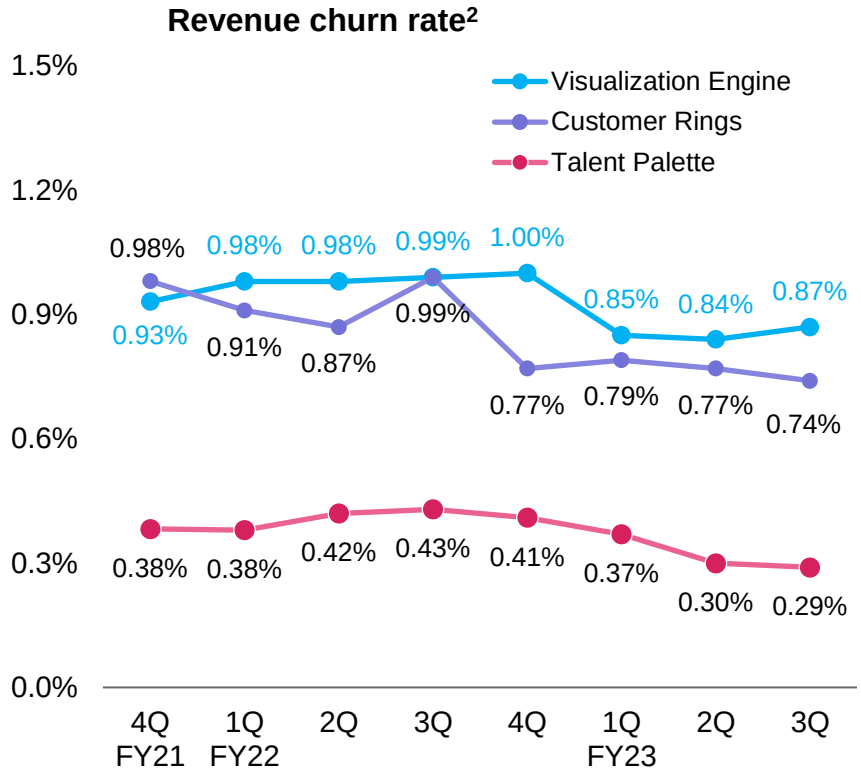
Trends in number of customers and revenue churn rate

Non-consolidated basis

- The number of Talent Palette customers per quarter increased steadily even during strengthening of enterprise business
- 3Q is a weak period, but Visualization Engine and Customer Rings both increased year on year as the trend of recovery continued



Note 1: Number of monthly billed contracts

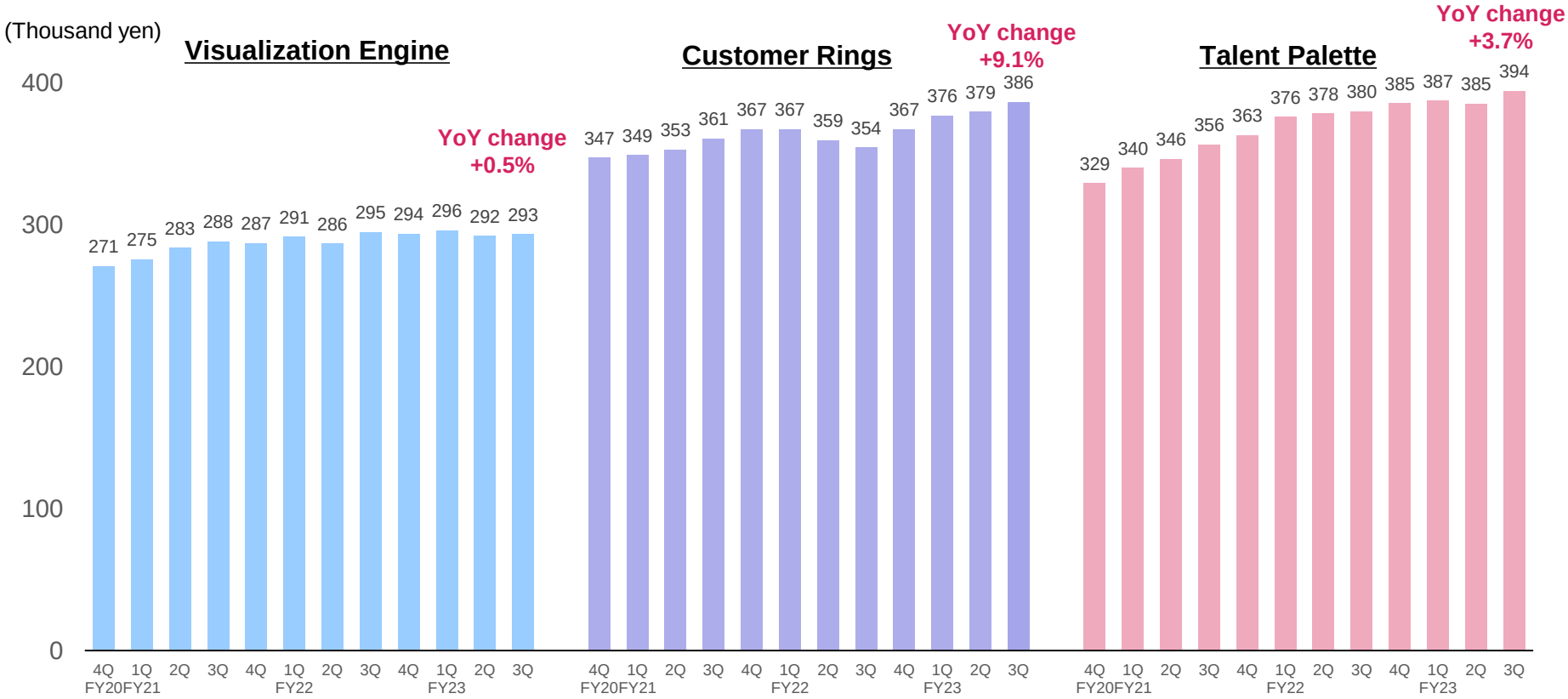


Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average of the past 12 months at the end of each quarter)

Trends in average revenue per user (ARPU)

Non-consolidated basis

- ARPU[1] was steady due to up-selling to existing customers in each business



Note 1: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 3Q of FY2023

プラスアルファ コンサルティング

Non-consolidated basis

MRR[1]

Companywide

788 million yen

- Visualization Engine 145 million yen
- Customer Rings 139 million yen
- Talent Palette 503 million yen

MRR growth rate[2]

Companywide

31.7%

- Visualization Engine 8.4%
- Customer Rings 18.7%
- Talent Palette 45.2%

Average monthly revenue churn rate[3]

Companywide

0.49%

- Visualization Engine 0.87%
- Customer Rings 0.74%
- Talent Palette 0.29%

Number of users[4]

Companywide

2,131 companies

- Visualization Engine 494 companies
- Customer Rings 354 companies
- Talent Palette 1,283 companies

Recurring ratio[5]

Companywide

89.5%

- Visualization Engine 97.1%
- Customer Rings 96.5%
- Talent Palette 85.7%

ARPU[6]

Companywide

369 thousand yen

- Visualization Engine 293 thousand yen
- Customer Rings 386 thousand yen
- Talent Palette 394 thousand yen

Note 1: Monthly Recurring Revenue. Total of the monthly fee of contracted subscription users in June 2023 (excluding temporary sales)
Note 2: MRR growth rate from June 2022 to June 2023
Note 3: Ratio of reductions as a result of cancellations to total amounts of the existing monthly billed contracts as of June 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 June 30, 2023
Note 5: Calculated as dividing total monthly billed amounts for the third quarter of the fiscal year ending September 30, 2023 by net sales for the same period.
Note 6: Average Revenue Per User. Calculated as dividing the average MRR for the third quarter of the fiscal year ending September 30, 2023 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 the three businesses for the same period by the average number of total enterprise users for the three businesses of each month for the same period.

Major KPIs: Year on year change

プラスアルファコンサルティング

Consolidated basis

<Consolidated Cumulative 3Q>	Cumulative FY2022 3Q	Cumulative FY2023 3Q	YoY change
Net sales[1]	5,700 million yen	8,047 million yen	41.2 % up
Ordinary profit[2]	1,814 million yen	2,565 million yen	41.4 % up
Ordinary profit	31.8 %	31.9 %	0.0 points up
MRR[3]	598 million yen	788 million yen	31.8 % up
Number of customers[4]	1,685 cases	2,131 cases	446 cases up
Revenue churn rate[5]	0.69 %	0.49 %	0.19 points down
ARPU[6]	352 thousand yen	369 thousand yen	4.9 % up

Note 1: Results for 3Q of FY 2022 and 3Q of FY 2023 (cumulative)

Note 2: Results for 3Q of FY 2022 and 3Q of FY 2023 (cumulative)

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

Note 4: Number of monthly billed contracts as of June 30, 2022 and June 30, 2023. Excluding Kimisuka.

Note 5: Ratio of reductions as a result of cancellations to total monthly billed amounts as of June 2022 and June 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.

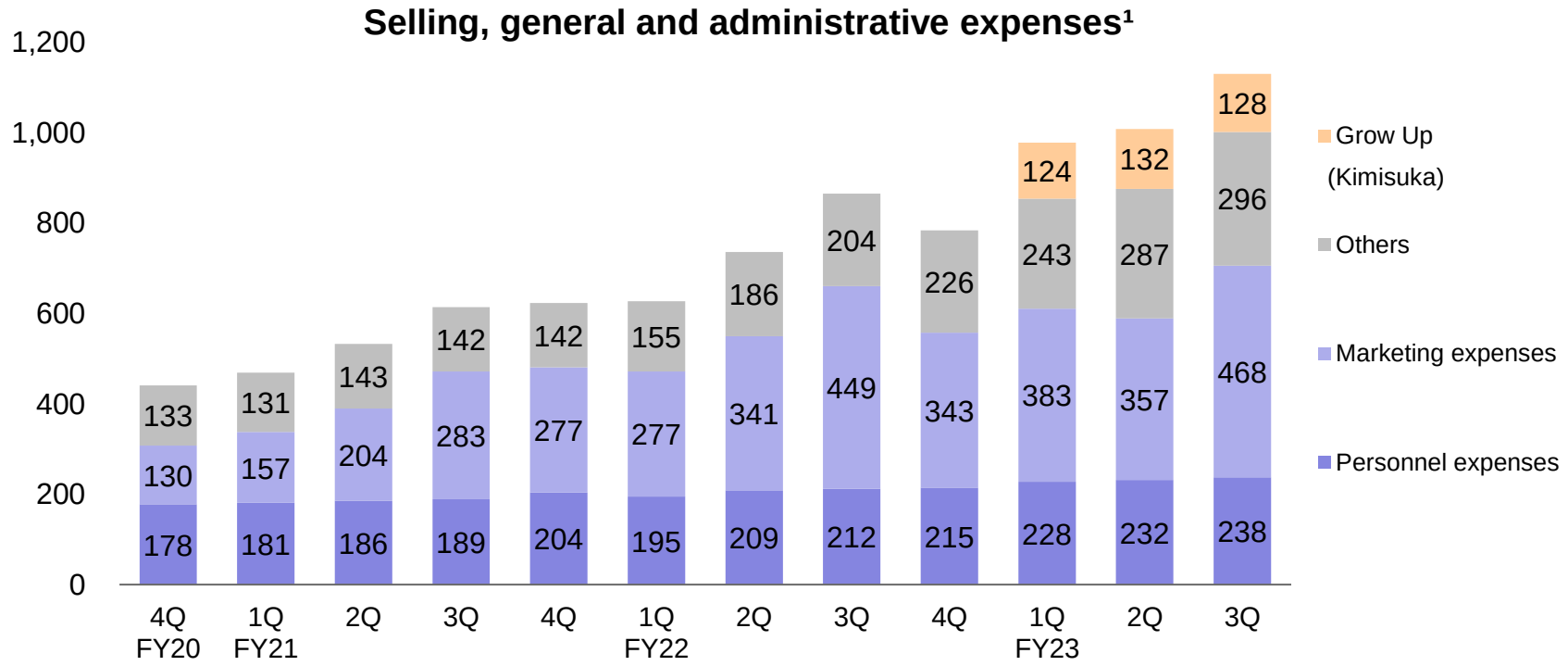
Note 6: Average Revenue Per User. Calculated by dividing the average MRR for 3Q of FY 2022 and 3Q of FY 2023 by the average number of paid billing enterprise users of each month for the same period. Excluding Kimisuka.

Trends in selling, general and administrative expenses

Consolidated basis

- Marketing expenses were generally in line with the annual plan (3Q is a period with a concentration of exhibitions)
- “Others” also increased as planned compared to the plan due to strengthening of inside sales and outbound sales

(Million yen)

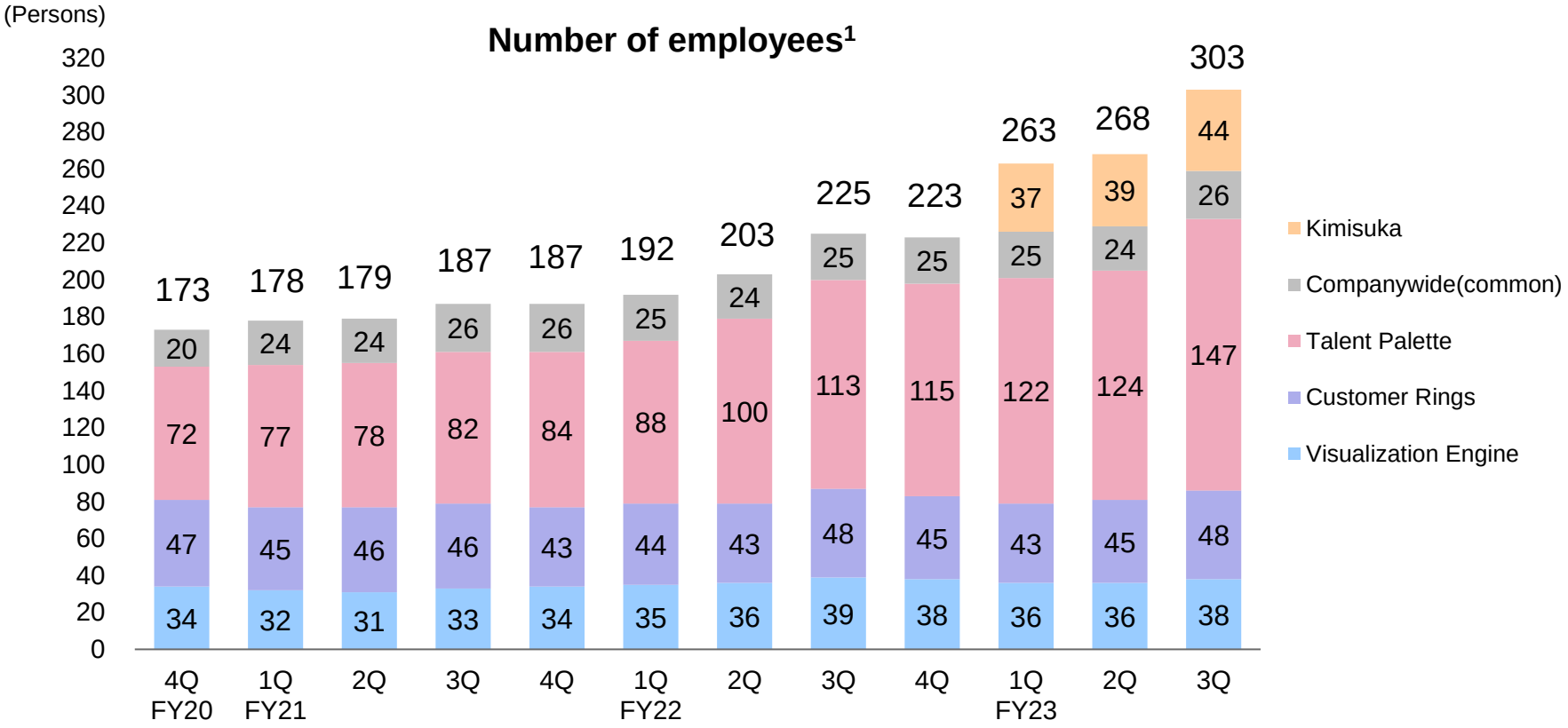


Note 1: Amortization of goodwill, etc. arose from 1Q of FY2023 (67 million yen per quarter), but this has not been included in the above figures.

Trends in the number of employees

Consolidated basis

- Increased the number of personnel, especially in consultant positions, due to the need to respond to the increasing number of Talent Palette customers
- 22 newly graduated employees joined the company in 3Q, and we are continuously hiring sales personnel to acquire new business and engineers for strengthening functions



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

Status of Balance Sheets

Consolidated basis

- Part of this is due to the impact of consolidation of GU, but net assets increased by 1,888 million yen from the end of the previous fiscal year due to continually recording profits
- The slim financial structure was maintained, and the equity ratio was maintained at the high level of 79.7%

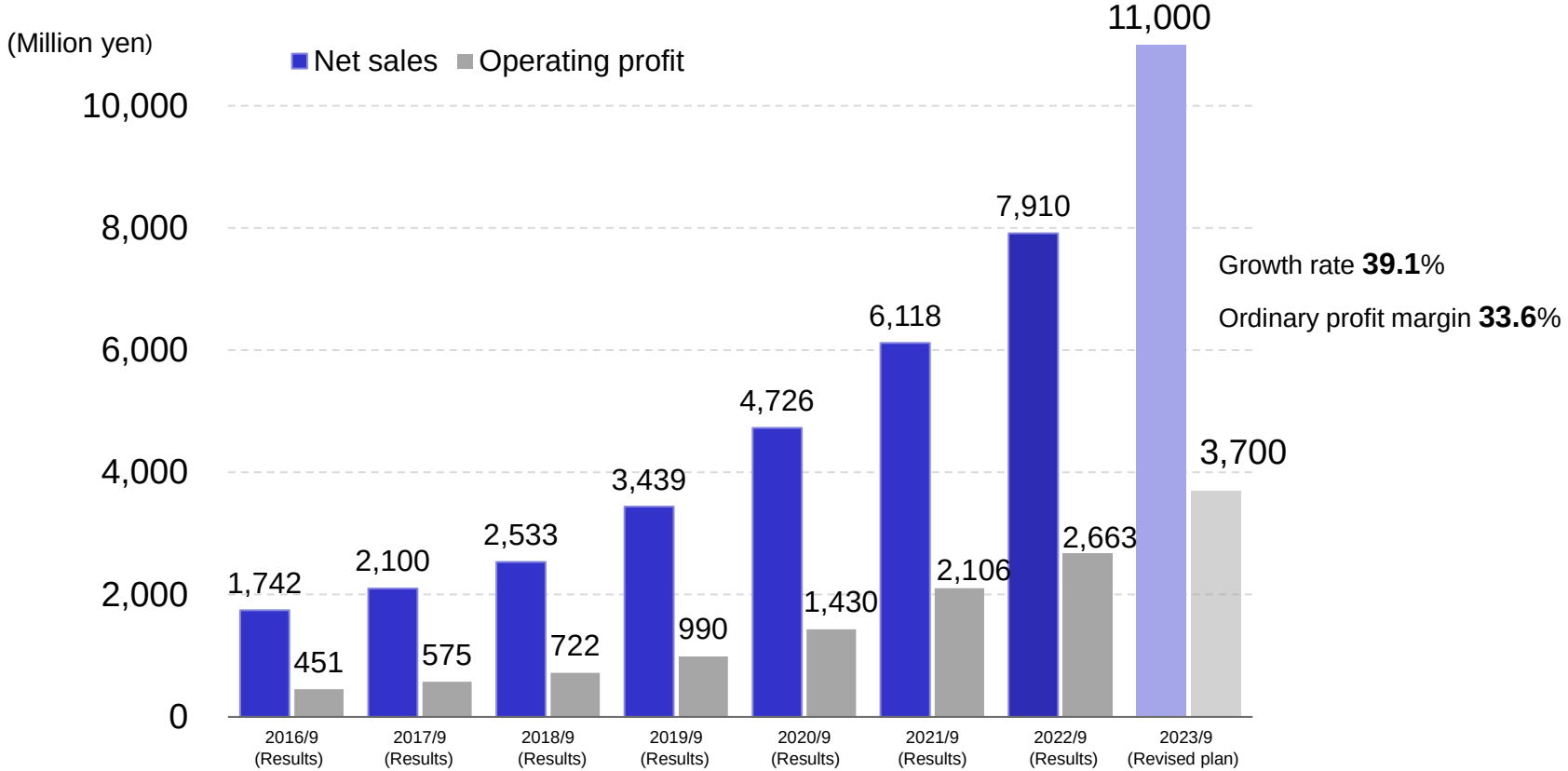
(Million yen)	Sep. 30, 2022	Jun. 30, 2023	Changes from Sep. 30, 2022
Current assets	6,598	**8,100**	up 1,501
(Cash and deposits)	5,478	**6,747**	up 1,268
(Accounts receivable-trade)	941	**1,074**	up 132
Non-current assets	1,345	**2,376**	up 1,030
Total assets	7,944	**10,477**	up 2,532
Current liabilities	1,480	**2,006**	up 526
Non-current liabilities	0	**118**	up 118
Net assets	6,464	**8,352**	up 1,888
Equity ratio	81.2%	**79.7%**	

06 Earnings forecasts for the fiscal year ending September 30, 2023

Earnings forecasts for the fiscal year ending September 30, 2023

Consolidated basis

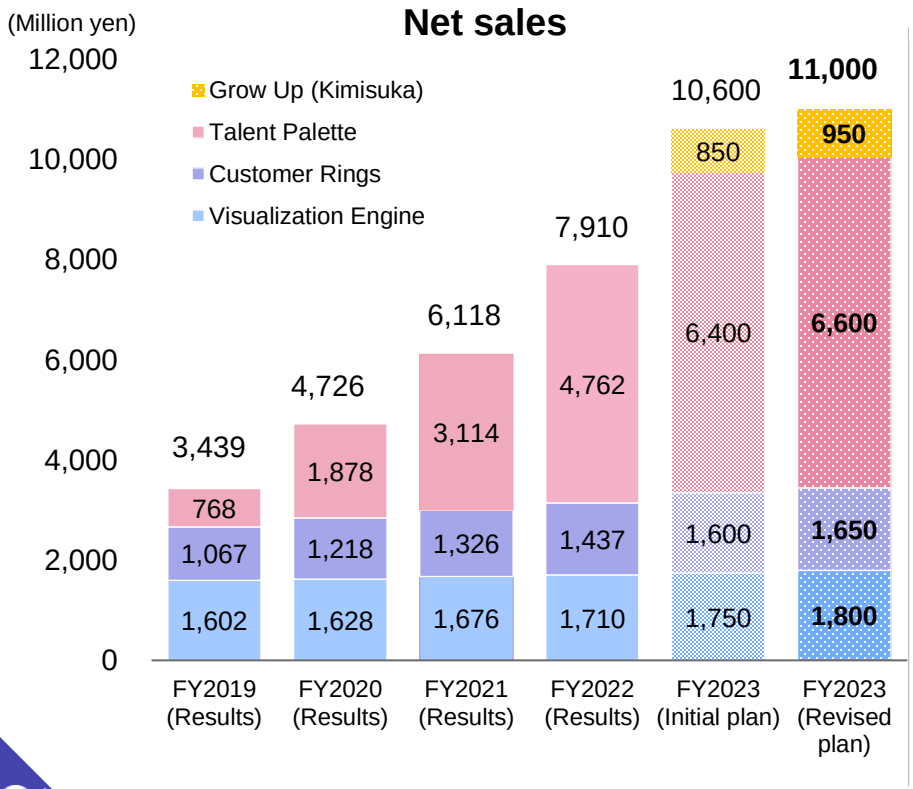
- The forecast year-on-year increase in revenues and profits was revised further upward, with sales growth mainly in the Talent Palette Business
- We are aiming for a 39.1% growth in net sales and an operating profit margin of 33.6%

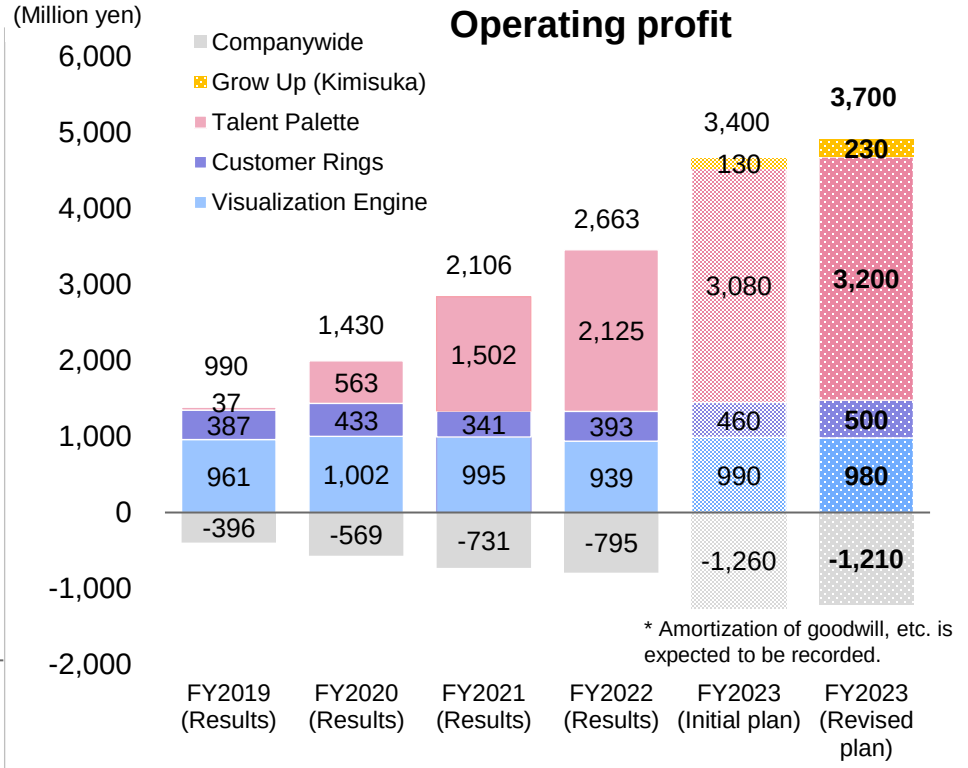


Earnings forecasts for the fiscal year ended September 30, 2023 (By segment)

Consolidated basis

- Companywide growth in revenues and profits revised further upward, driven by sales and profit growth in Talent Palette
- In addition to revenue and profits being expected to increase for Visualization Engine and Customer Rings, the consolidation of Grow Up will also contribute to profit. Companywide costs will increase due to the amortization of goodwill, etc.

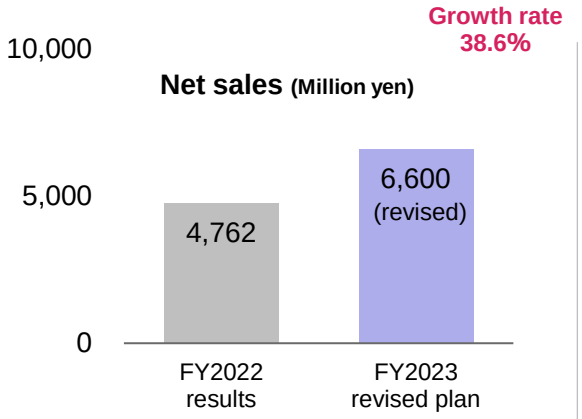


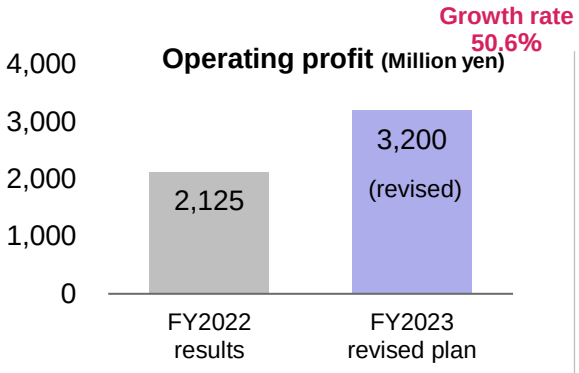


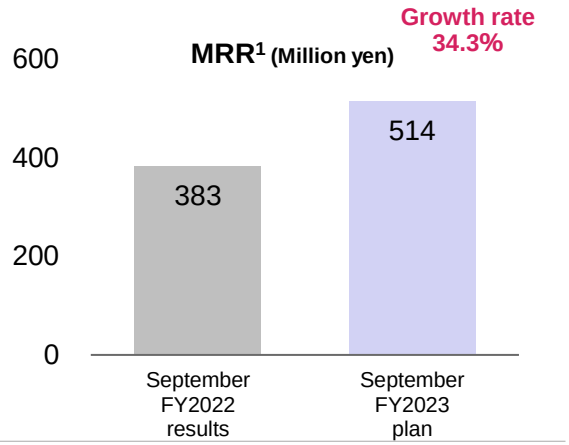
Earnings forecast assumptions (Talent Palette Business)

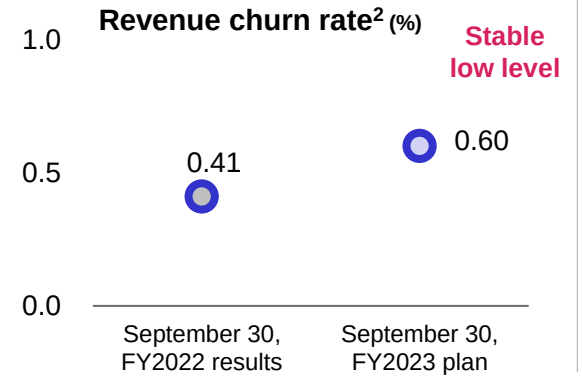
プラスアルファ コンサルティング

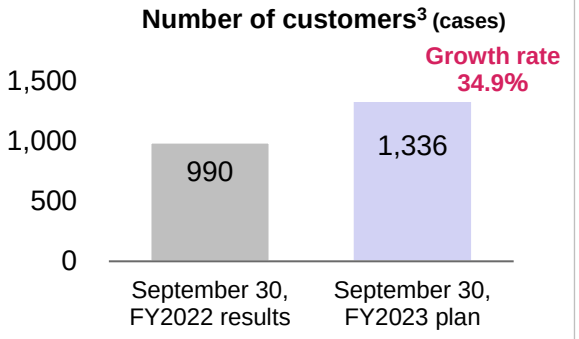
Non-consolidated basis

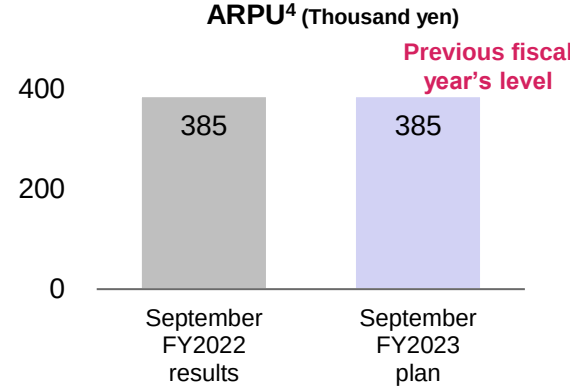












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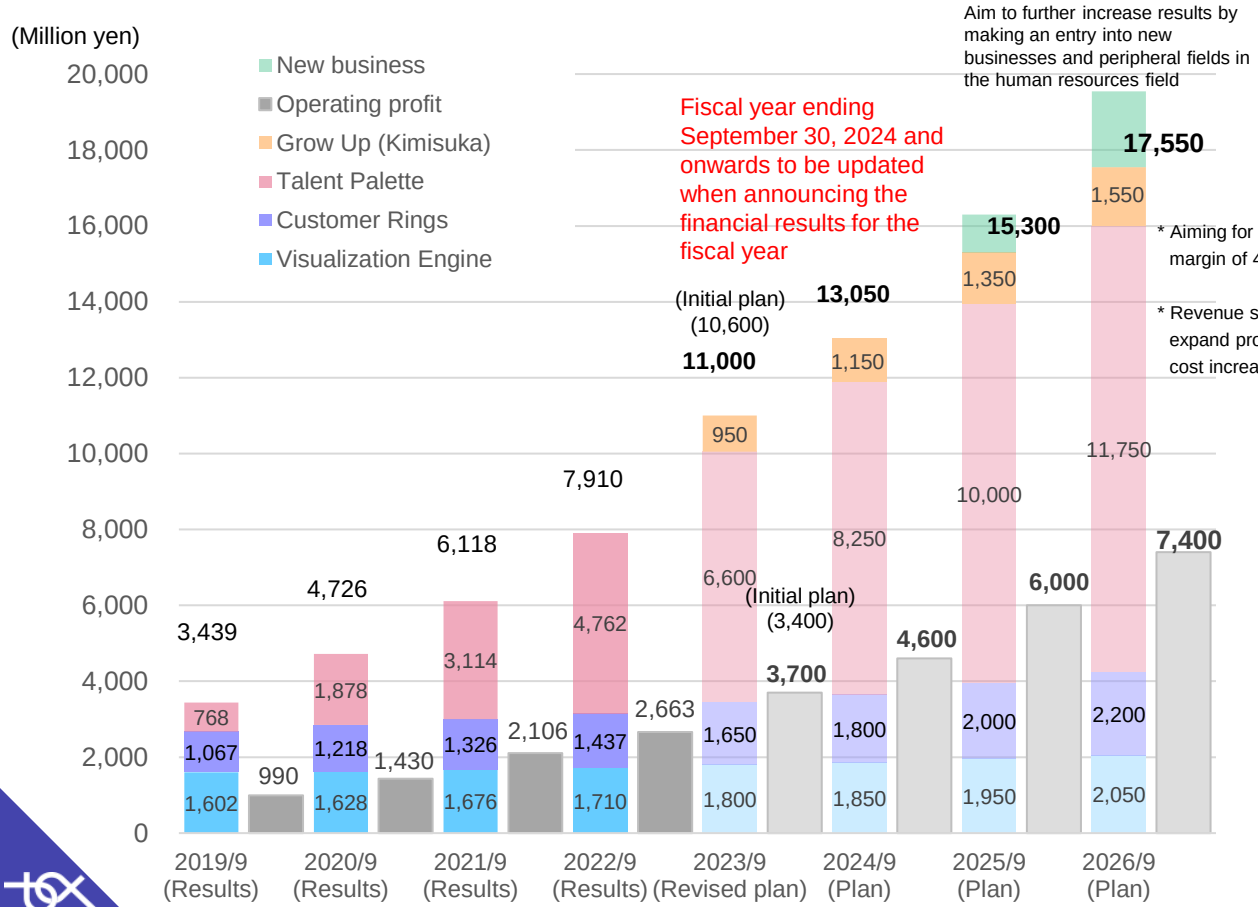
Note 2: Ratio of reductions as a result of cancellations to total monthly billed amounts (average for the past 12 months)
Note 3: Number of monthly billed contracts
Note 4: Average Revenue Per User. Calculated by dividing MRR by the number of customers at the end of the month.
Note 5: The figures for "September 30 plan" for MRR, revenue churn rate, number of customers and ARPU are based on the figures assumed at the start of the fiscal year.

Medium-term growth image (to be updated when announcing the financial results for the fiscal year)

Consolidated basis

- Sales of 17.5 billion yen or more, operating profit of 7.4 billion yen or more and operating profit margin of 40% or more expected in existing business in 2026/9
- Aim to further increase sales by promoting a full-scale entry into new businesses and peripheral fields in the human resources field



* Aiming for an operating profit margin of 40 or more in 2026/9

* Revenue structure that can expand profits without significant cost increase

Key performance indicators

・Number of customers

	2022/9 (Results)	2026/9 (Increase)
Visualization Engine	478	+140
Customer Rings	339	+170
Talent Palette	990	+1,430

・ARPU (thousand yen)

	2022/9 (Results)	2026/9 (Forecast)
Visualization Engine	294	295
Customer Rings	367	370
Talent Palette	385	400

07 Reference materials

Service characteristics

	Visualization platform	Marketing automation tool	HR utilization platform
	見える化エンジン	CustomerRings カスタマーリングス	Talent Palette タレントパレット
Service overview	Text mining analysis of massive amounts of customer feedback from surveys, call logs, voice recognition data, social media, 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 digital 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 11th 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.
Number of users[1] Rate of recurring revenue[2]	Number of contracts (494 companies) Rate of recurring revenue (97.1%)	Number of contracts (354 companies) Rate of recurring revenue (96.5%)	Number of contracts (1,283 companies) Rate of recurring revenue (85.7%)

Note 1: Number of contracts as of June 30, 2023
Note 2: Ratio of total monthly billed amounts to net sales (average of the third quarter of the fiscal year ending September 30, 2023)

Characteristics of Visualization Engine

見える化エンジン

プラスアルファ コンサルティング

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 UIUX 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

ここがポイント！

- Text mining analysis of massive amounts of diverse customer feedback from social media such as Twitter, call logs, voice recognition data and surveys
- Customer insight: Visualization of sentiments such as requests, dissatisfaction, and satisfaction
- One-stop support using dashboard functions, from tracking customer experience to 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

Customers

Changing environment

- Diversifying needs
- Digitalization
- New normal

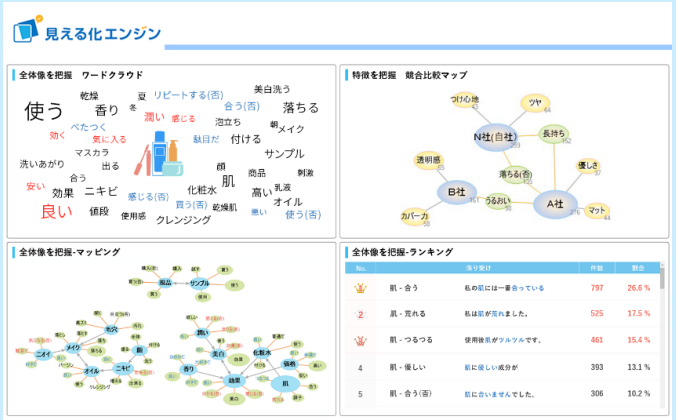
Provision of customer experience (CX) through products and services

Feedback on CX (customer experience) felt by customers

Integration and visualization of data

Call logs	SNS
Surveys	Audio recognition
Business daily reports	Review

Creation of portal for customers’ voice data



Feedback to business units/front line

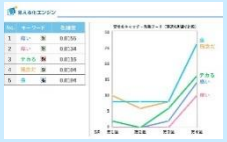
Establish an organized planning improvement cycle



Ascertain effects of new products, promotions, etc.



Wants and feelings toward products and services



Immediate detection of potential risks

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

All-in-one support from voice capture to conversation analysis with Visualization Engine

Capturing voice data

Diverse audio data

Conversion into audio file (Audio data)

- Call centers call recordings
- Interviews MROC
- Video calls
- In-store conversations
- Customer service dialogue

Text conversion of audio data (Voice recognition processing)



Voice recognition data utilization

Processing specialized in utilization of audio data
(Cleansing/speaker separation)

発話者	内容
CU	ちょっと操作について･･･うーんそれだと･･･ありがとうございました。
発話者	内容
OP	お電話ありがとう･･･申し訳ありません･･･失礼いたします。
発話者	内容
OP&CU	お電話･･･ちょっと操作･･･うーん。それ･･･申し訳･･･本日は･･･ありがとうございました。

Grouping of information converted into text required for analysis along call axis, comment axis and speaker axis

Text mining (Natural language processing)



Quantification of call reason forming basis for utilization of voice
Risk detection, important voice analysis

Visualization of conversation flow
Specific action such as review of responses



Utilization characteristic of voice
Visualization of conversation transitions, dialogue trends and talk gaps

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

*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"

Manufacturing

SUNTORY | 雪印メグミルク | SUBARU | YAMAHA
Nestlé Good Food, Good Life | おいしさと健康 Glico | 湖 KOIKEYA | 今日を愛する。LION
Panasonic | KOKUYO | nippn | KAI

Food/Service

JTB 感動のそばに、いつも。 | ハンバーグレストラン びっくりドンキー
CBON To create and produce the beauty

Retail distribution business

洋服の青山 | OIOI | ADASTRIA Play fashion! | Belle Maison | SHOP CHANNEL
ORBIS | DOME | BOOK-OFF | CO-OP 日本生活協同組合連合会

Pharmaceutical

NEVER SAY NEVER ロート製薬 | SARAYA
Daiichi-Sankyo | P!

Infrastructure/IT

ANA | SKY | AIR DO | NTT東日本 | PayPay
NEXCO 中日本 | 西武鉄道 | 阪神高速道路株式会社 | 大東建託パートナーズ | LIFENET INSURANCE COMPANY

BtoB/BPO

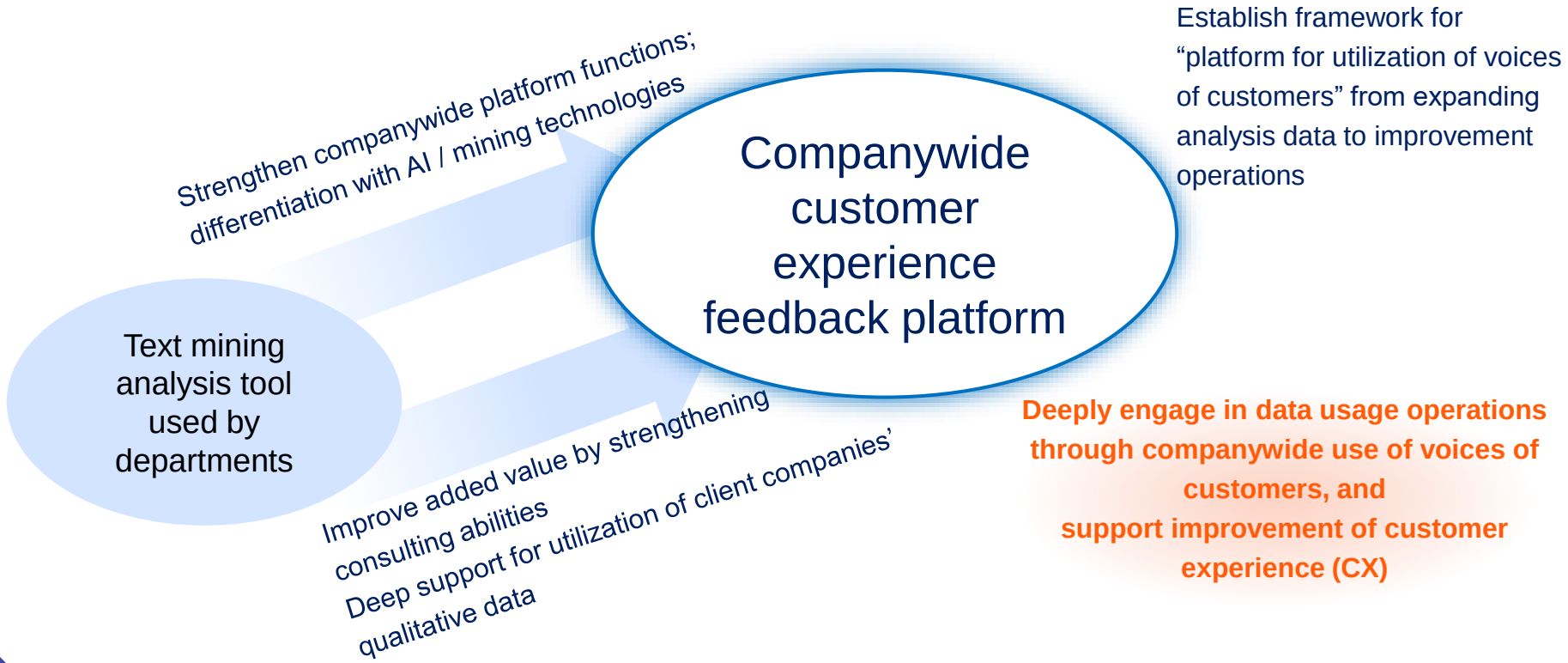
WOWOW COMMUNICATIONS | Designing The Future KDDI
SPN Security Protection Network

Growth strategy for Visualization Engine Business

見える化エンジン

プラスアルファコンサルティング

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.



Establish framework for "platform for utilization of voices of customers" from expanding analysis data to improvement operations

Deeply engage in data usage operations through companywide use of voices of customers, and support improvement of customer experience (CX)

Characteristics of Customer Rings

CustomerRings カスタマーリングス

プラスアルファ コンサルティング

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

ここがポイント！

- Supports the planning and execution of 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 digital marketing strategies in any industry or business type, including EC, finance, and retail businesses.
- Consultants provide comprehensive support by aiding in strategy and analysis.

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

Data integration (CDP) | Analysis (BI: understanding customers) | Use (MA)



Automation (allows users to focus on more creative work)

Companies that have introduced Customer Rings

CustomerRings カスタマーリングス

プラスアルファコンサルティング

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

Health foods

everlife
KAGOMO
Manda fermentation
Ajinomoto
株式会社あじかん
金氏高麗人参
株式会社 京福堂
ZENCARE
TeaLife
ワダカルシウム製薬
Otsuka
株式会社九州自然館
OM-X
Sixth sense Lab.
フジッコ

Cosmetics/ salon

utena
SUNSTAR
mandom
ファンファレ
アンファー
euglena
NATURES WAY
エステティック MISS PARIS
アートネイチャー
DECENCIA
Vitabrid C12
NEAL'S YARD REMEDIES
BOTANIST
FAITH Beauty
Beautiful Skin
FABIUS
VERNAL
MTG
ALAVITA
CHURACOS
REDVision

Apparel

PAL GROUP
FAST RETAILING
REGAL
WEGO YOUR FAN
JIONE
It's a beautiful day. The SAZABY LEAGUE
DESIGNPHIL
NEUVE A
HRC
PUNYUS
TAKAGI
RAVIJOUR
ATSUGI
RENEXY

Food

morinaga
LeTAO
豊洲の海鮮市場
虎ノ門市場
Orion
餃子の王将
JOYL Joy for Life
KOIKEYA

Travel and tourism

びゅう
VALUE MANAGEMENT
不死王閣
VELTRA

Insurance and finance

ポケットカード株式会社
りそな銀行
au 損保
メディケア生命 住友生命グループ

Media and publishing

中國新聞社
高知新聞社
徳島新聞社
西日本新聞
DeAGOSTINI

General mail order sales, other mail order sales

B to P S
SARAYA
キャスティング
GREEN DOG
藤巻百貨店
LESTAS

BtoB mail order sales

EXEA
配管部品.com
Orie Printing Supplies
TAT

Member services

JAL
SHIMAUMA PRINT
CCC
Hiroo Thoroughbred Club

HR/ career

資格キャリカレ
bstyle
KRASYS

Contact

Mbrand
TeAmo
Lcode
G-move

Real estate

TECRA
野原ホールディングス株式会社

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Growth strategy for Customer Rings Business

Expand differentiated “customer feeling” functions, create high added value for analysis consulting, and evolve into a marketing platform that can be linked with various marketing actions.

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

Expand industries by expanding services through high value-added consulting

Create a platform that also enables various marketing actions

A digital marketing platform highly sensitive to customer needs

- LINE linkage App linkage
- EC website linkage Web customer
- Sending e-mail Sending SMS
- Inventory management Various core systems

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

Characteristics of Talent Palette

Talent Palette タレントパレット

プラスアルファ コンサルティング

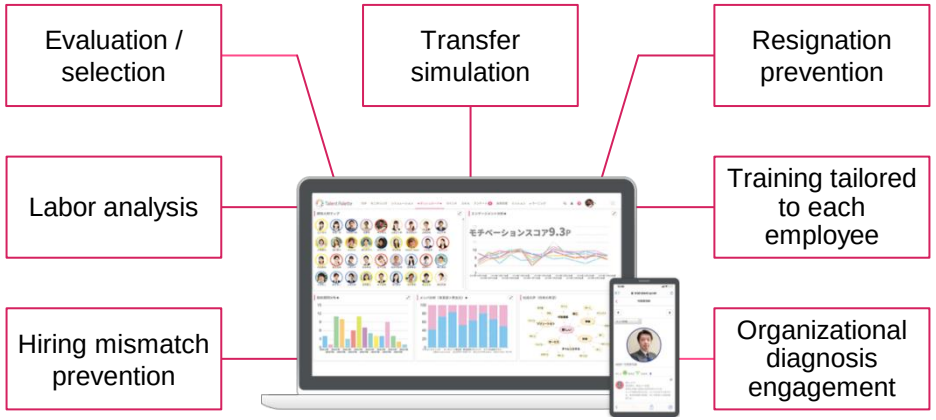
Service characteristics

- 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

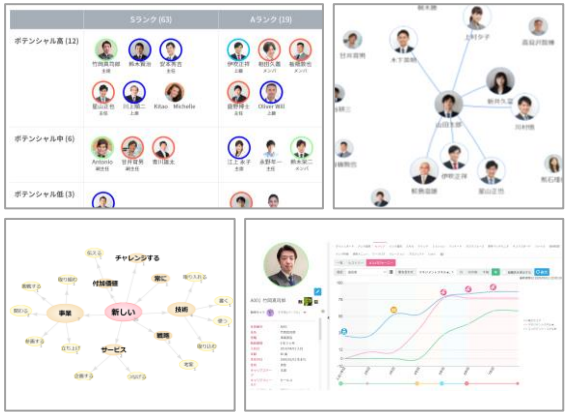
ここがポイント！

- 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

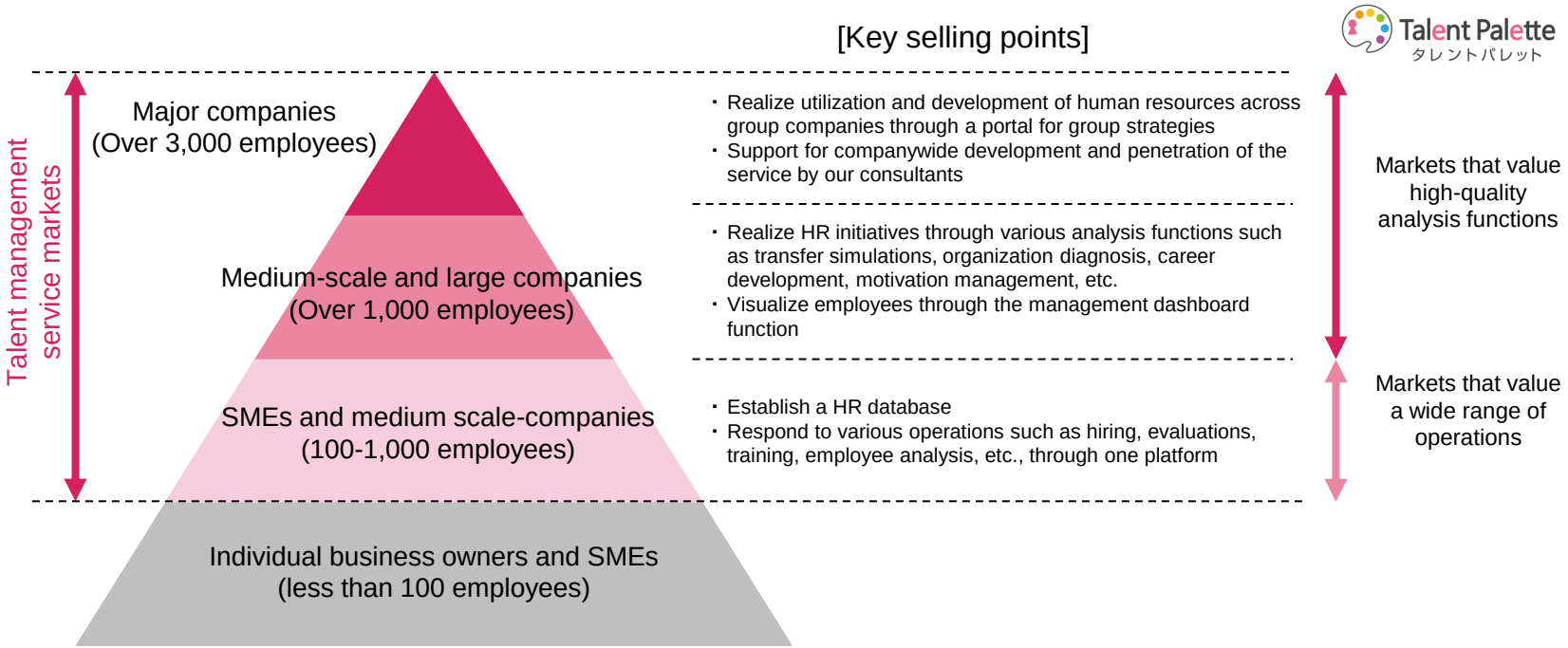


Experience and intuition × Visualization of employee information = **Realize scientific personnel management strategy (Data-driven creative personnel strategy)**

Talent Palette's target market

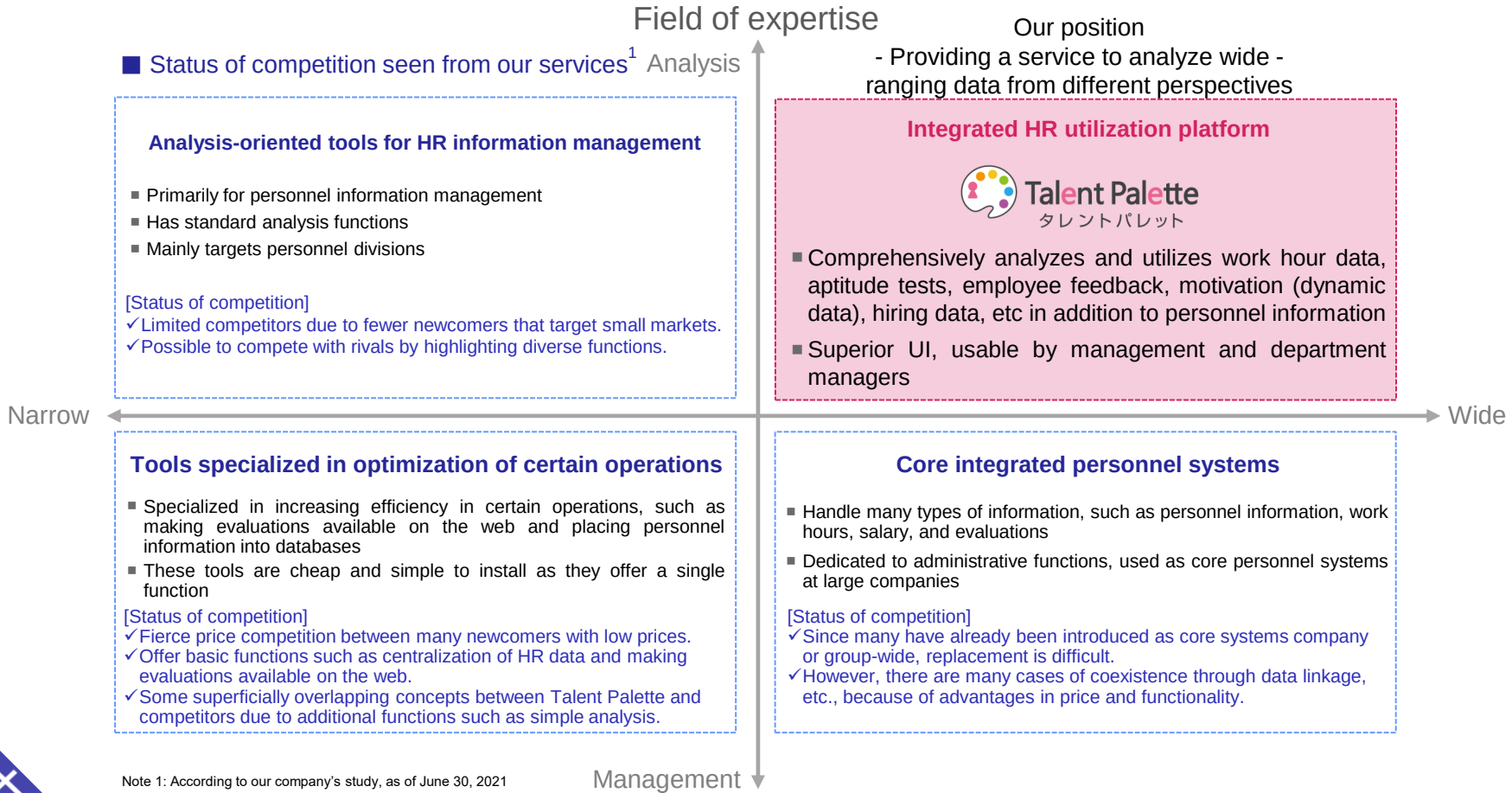
The talent management service is targeted for companies with 100 or more employees.
Since market characteristics differ depending on the number of employees, we adopt a method of approach focusing on selling points suitable for each market.

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



Note 1: According to our company's study, as of June 30, 2021

Growth strategy for Talent Palette Business

Talent Palette タレントパレット

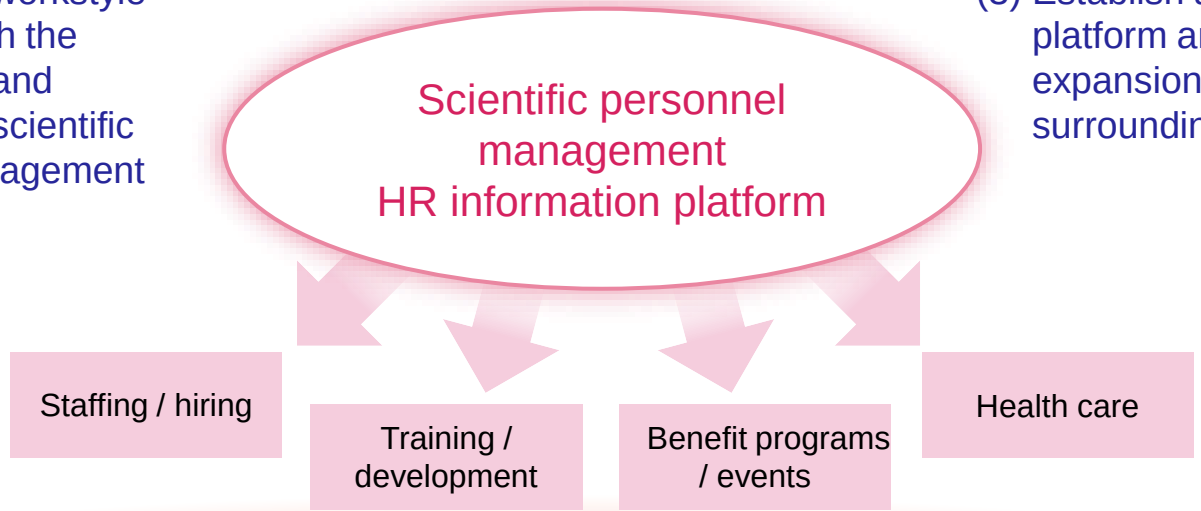
プラスアルファ コンサルティング

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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