FY2024/9 2Q

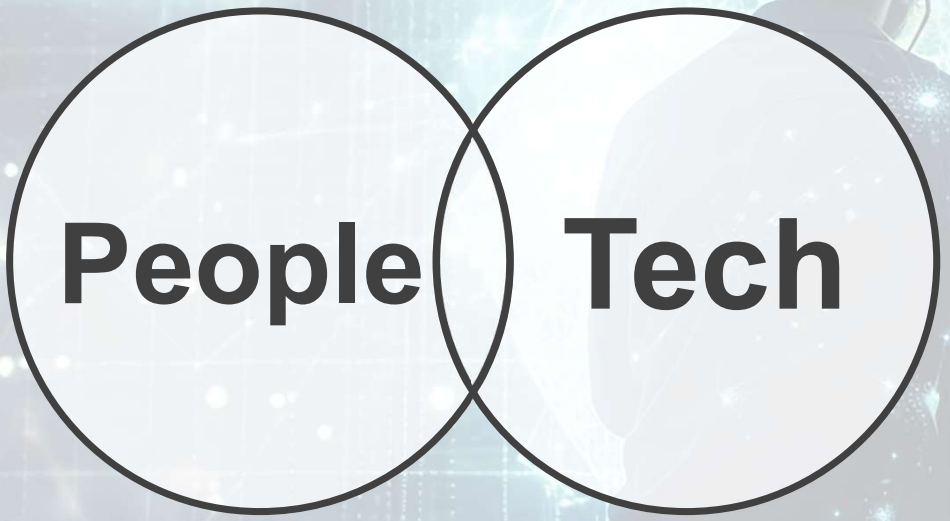
Earnings Report

FCE Inc.
May 28, 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**

© 2024 FCE Inc.

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

Human resource ⇨ Human capital

Results

Investment

Productivity Improvement

Population Trend

People: Education and Training Business

Tech: DX Promotion Business

① Productivity decrease due to population decline

③ Increase in productivity through human resource development



② Supplement decreasing human labor with Tech



© 2024 FCE Inc.

Company Overview

Company Name	FCE Inc.	Securities Code: 9564
Established	April 21, 2017 Group established February 19, 2004	
NO. of employees	191 employees	with an additional 18 part time employees

*as of March 31, 2024

Business Portfolio

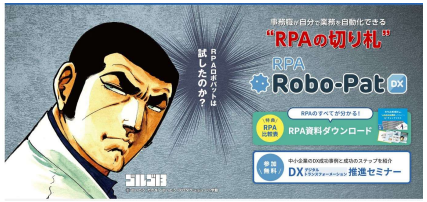


Main Business (Business segment)

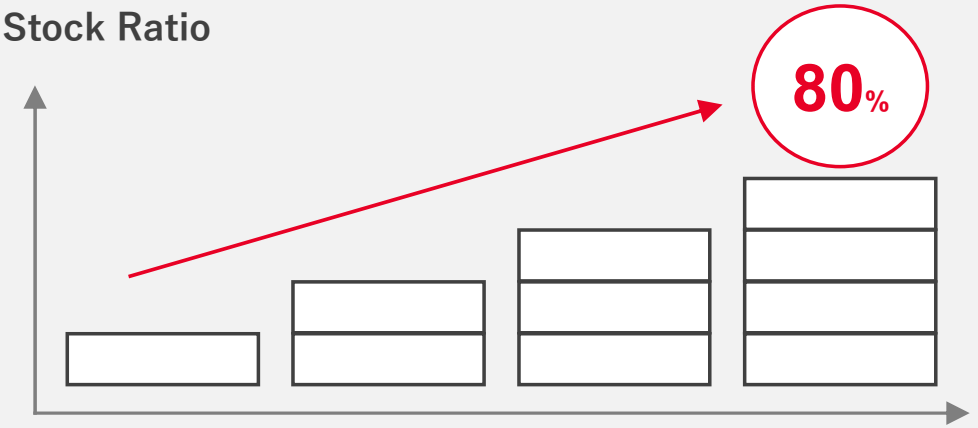
Education and Training Business



DX Promotion Business



Stock Ratio



© 2024 FCE Inc.

Executive Summary

FY2024/9 2Q Results

Revenue

2,387 million yen (+12.4% YoY)

Ordinary Income

534 million yen (+34.7% YoY)

Topics

- ▶Capital and business alliance with Link and Motivation (TSE Prime: 2170)
- ▶Changes in Dividend Policy and Shareholder Benefit Plan
- ▶Generative AI prompt platform "FCE Prompt Gate" (renamed from "ChatFCE")
- ▶Formed a business alliance with ZUU Corporation (TSE Growth: 4387)
- ▶Ranked 5th in "Best Companies to Work For" and awarded Best Company for the 12th consecutive year
- ▶Progress in dissolving the pure holding company system and synergies among businesses

© 2024 FCE Inc.

KPI Summary

SaaS-type Business MRR*1

251 million yen

(+27.5% YoY)

- RPA Robo-Pat DX: **215 million yen**
- Smart Boarding: **36 million yen**

No. of companies installed

- RPA Robo-Pat DX: **1,291 companies**
  (Mid-term*3 progress rate 103.3%)
- Smart Boarding: **744 companies**
  (Mid-term*3 progress rate 110.0%)

ARPU*2

- RPA Robo-Pat DX: **166 thousand yen**
  (+8,235 yen YoY)
- Smart Boarding: **48 thousand yen**
  (+6,882 yen YoY)

*1： MRR（Monthly Recurring Revenue） Monthly recurring sales amount as of the end of the second quarter of the fiscal year ending September 30, 2024

*2： ARPU（Average Revenue Per User） Average amount of sales per installed company as of the end of the second quarter of the fiscal year ending September 30, 2024

*3： Refers to the plan for the number of companies installed as of the end of FY2024/9 in the "3-Year Business Strategy Summary and Key Performance Indicators (KPIs)" of the Medium-Term Management Plan disclosed on May 24, 2023.

© 2024 FCE Inc.

Agenda

01 Topics from FY2024/9 2Q (January – March)

02 Results for FY2024/9 2Q

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

© 2024 FCE Inc.

Capital business alliance with Link and Motivation* (TSE Prime: 2170)

The companies have entered into a basic agreement regarding a capital business alliance (disclosed on May 14, 2024).

Through this alliance, we will accelerate our growth toward realizing our mission of "contributing to the maximization of human capital through 'People' x 'Tech'".

FCE
Future Created by Entrepreneurs

×

Link and Motivation Group

(Disclosure)
https://contents.xj-storage.jp/xcontents/AS05165/61036bdc/79b6/4625/86d5/33236eef5d9d/140120240514595935.pdf

Note: Link and Motivation Inc. (Listed on the Tokyo Stock Exchange Prime Market, Securities Code: 2170)

This is a company that provides corporate transformation consulting and cloud services through motivation engineering, motivation management business (support for training, systems, and culture change), entry management business (recruitment support), and venture incubation.

© 2024 FCE Inc.

Details of business alliance with Link and Motivation

We intend to achieve the following effects by collaborating our five businesses with LM's related businesses.

①Matters related to complementing the customer base

FCE Future Created by Entrepreneurs × Link and Motivation Group

Customer base centered on small- and mid-sized companies

Customer base centered on large companies

②Smart Boarding

Smart Boarding × MOTIVATION CLOUD by Link and Motivation Group

③Education and Training contents



× Career School Business
Tutoring School Business

Average no. of students* **14,216** students

④Foresight



× ALT Assignment Business

No. of customers* Approx. **440** municipalities Approx. **6,440** schools

⑤Further expansion of DX Promotion Business (RPA Robo-pat DX)



× Link and Motivation Group

Approx. **1,500** companies (mainly large companies)

※As of March 31, 2024

© 2024 FCE Inc.

Changes in Dividend Policy and Shareholder Benefit Plan (Disclosed on May 13, 2024)

The Company will change its policy to return profits to shareholders by aiming for a dividend payout ratio of 25% and will also change its shareholder benefit plan.

Change in Dividend Policy

■Change:

While maintaining and improving our sound financial position, we aim to pay dividends to shareholders with a dividend payout ratio of 25%, taking into consideration such factors as profit levels, future capital investment, and free cash flow trends. Retained earnings will be used for investments to enhance corporate value and will be returned to shareholders through future business development.

【Assumptions based on actual results at the end of FY2023/9】*After the 3-for-1 split as of March 31, 2024

Year-end dividend of 8.53 yen per share

■Applicable period:

This will be applied from the dividend payment of FY2024/9

Change in Shareholder Benefit Plan

■Change:

(Before)

"FCE Premium Benefit Club" shareholder benefit points are given in proportion to the number of shares held

(After)

Shareholders to be gifted with QUO cards worth 1,000 yen for each 100 shares or more held

Notes:

"FCE Premium Preference Club" shareholder points will be suspended.

The Company will suspend its shareholder special benefit plan after September 2025 and will enhance the return of profits through dividends.

■Applicable Period:

This will be applied to shareholders listed or recorded in the shareholders' register as of September 30,

© 2024 FCE Inc.

(Disclosure) https://contents.xj-storage.jp/xcontents/AS05165/05420576/c9ea/4fbe/b829/e9bc157645e6/140120240513592891.pdf

Generative AI prompt platform "FCE Prompt Gate"

The generative AI prompt platform "ChatFCE", which started trial operation in November 2023, was renamed to "FCE Prompt Gate".
Full-scale development of the product began with the appointment of TV personality Rena Yamazaki* as its image character.

8+1 Formula of AI Prompts

FCE PROMPT GATE



* Born on May 21, 1997 in Edogawa-ku, Tokyo, graduated from Keio University, and graduated from Nogizaka46 in 2022.

She is a radio personality on TOKYO FM's "Rena Yamazaki's Things I Wanted to Tell Someone, as is also known as a history buff and has appeared on numerous quiz shows and educational programs. She has been writing a series of essays since the publication of "Shishi no Jikan" (Gentosha).

© 2024 FCE Inc.

Business alliance with ZUU Corporation* / Best Company award

Training Business

Formed a business alliance

Business alliance with ZUU, the company behind the best-selling book “Super Speed PDCA"



The know-how from the best-selling book “SuperSpeed PDCA" will be incorporated into xDrive, a conference-type consulting service offered by FCE, to develop “Super Speed PDCA xDrive"

* ZUU Corporation (Listed on the Growth Market of Tokyo Stock Exchange, Securities Code: 4387).It is a fintech company that operates a financial media platform with more than 24 million monthly visitors, centered on the financial media "ZUU online".

FCE Group

Awarded Best Company in “Best Company to Work For*” Award



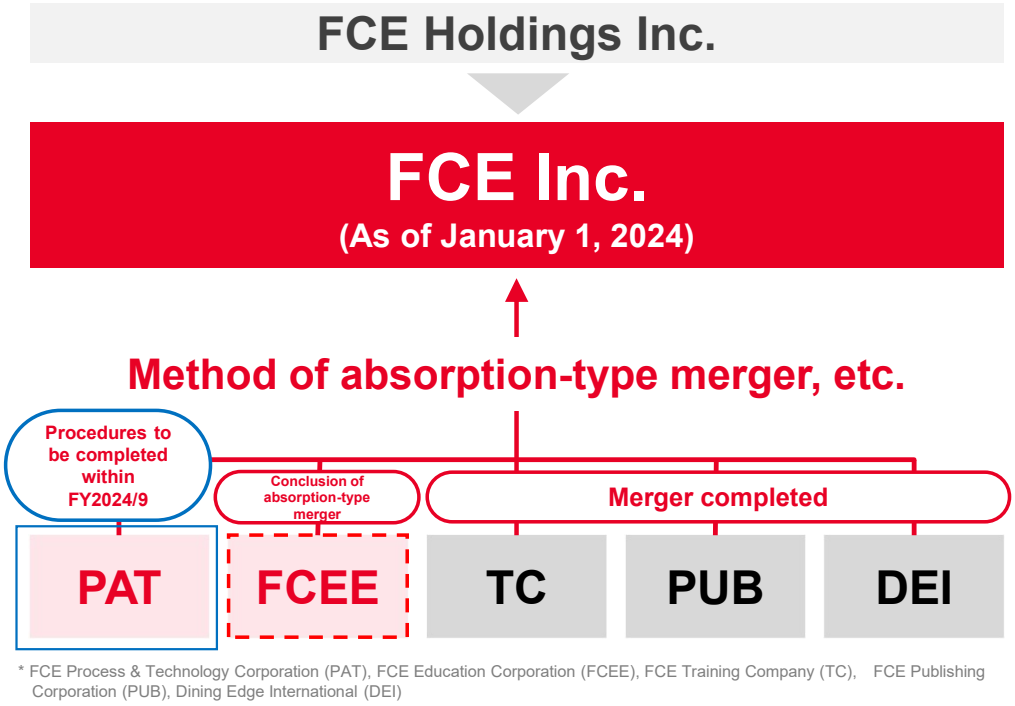
In 2024, the Company was awarded 5th place in the “Medium Size Category" and "Best Company" for the 12th consecutive year.

Press release: https://prtimes.jp/main/html/rd/p/000000208.000029370.html
Best Company to Work For award is determined by Great Place to Work® Institute Japan's overall evaluation of "Trust” and Maximization of Human Potential”, “Values, Leadership Effectiveness and Innovation" based on the "Questionnaire for Workers“ and the "Questionnaire for Companies“.

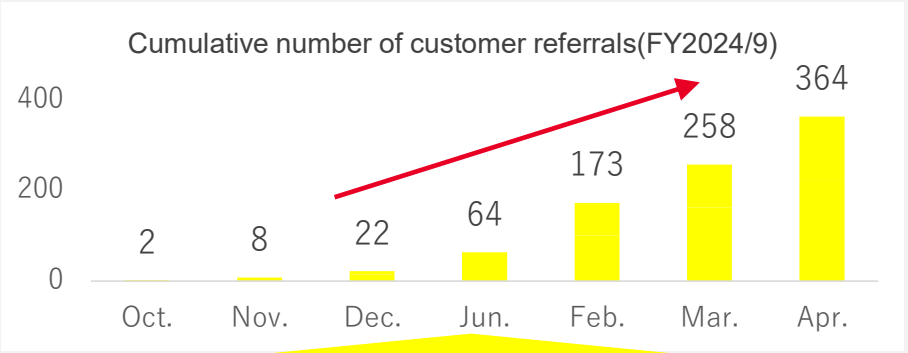
© 2024 FCE Inc.

Progress in dissolving the pure holding company system and synergies among businesses

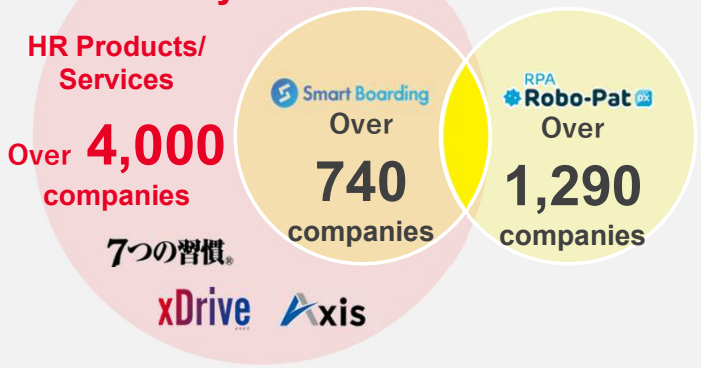
Dissolution of the pure holding company system is progressing smoothly. Proactive efforts to introduce customers from other business units within the group (inter-group synergies) were successful, and business expansion through the development of new lead channels was promoted.



* FCE Process & Technology Corporation (PAT), FCE Education Corporation (FCEE), FCE Training Company (TC), FCE Publishing Corporation (PUB), Dining Edge International (DEI)



Accelerate mutual introduction of customers owned by each business division



※ There will be no direct impact on the group's consolidated results.

© 2024 FCE Inc.

Agenda

01 Topics from FY2024/9 2Q (January – March)

02 Results for FY2024/9 2Q

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

© 2024 FCE Inc.

FY2024/9 2Q | Earnings Overview

Revenue

2Q Revenue increased by 12.7% YoY, a 12.4% increase to date.

Ordinary Income

2Q Ordinary Income increased by 21.9% YoY, achieving a 34.7% increase to date.

Full Year Forecast

Expect to achieve full-year sales and profit forecasts due to higher sales and an increase in stock-type business buildup.

	FY2023/9		FY2024/9 1H				FY2024/9 Full Year	
	2Q (Jan - Mar)	1H (Cumulative)	2Q (Jan - Mar)	1H (Cumulative)	YoY (3 months)	YoY (6 months)	Full Year Forecast (announced on 2024/2/13)	Progress rate
Revenue	1,195	2,124	1,347	2,387	+151 (+12.7%)	+262 (+12.4%)	4,600	51.9%
Operating Income	292	412	358	530	+65 (+22.5%)	+118 (+28.7%)	707	75.0%
Ordinary Income	295	397	360	534	+64 (+21.9%)	+137 (+34.7%)	705	75.9%
Net Income Attributable to Owners of the Parent	197	261	233	345	+36 (+18.4%)	+83 (+31.9%)	454	76.0%
EBITDA*	301	429	372	554	+70 (+23.5%)	+124 (+28.9%)	—	—
Ordinary Margin	24.7%	18.7%	26.7%	22.4%	+2.0%pts	+3.7%pts	15.3%	—

Unit: million yen (rounded down)

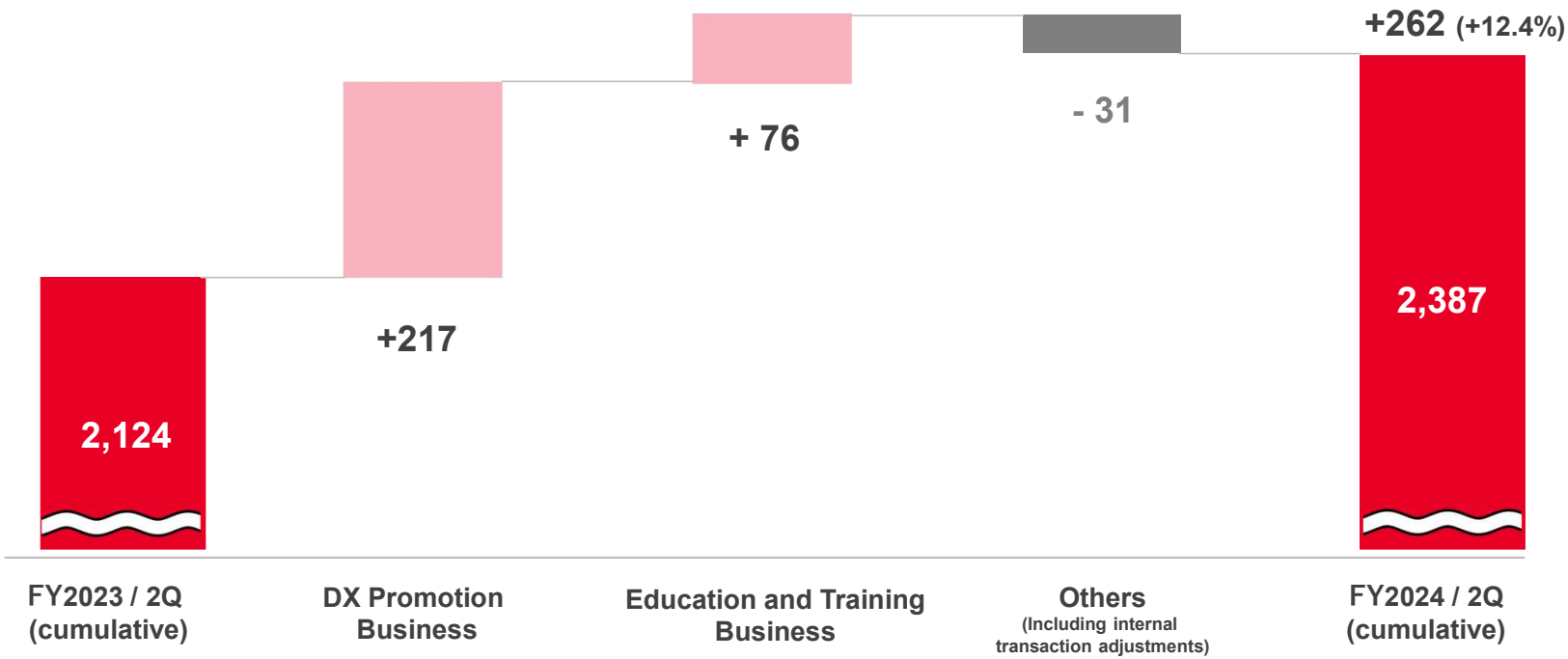
* EBITDA = Operating Income + Amortization (Depreciation + Amortization of Goodwill + Amortization of Guarantee Deposits + Amortization of Long-term Prepaid Expenses)

© 2024 FCE Inc.

FY2024/9 2Q | 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

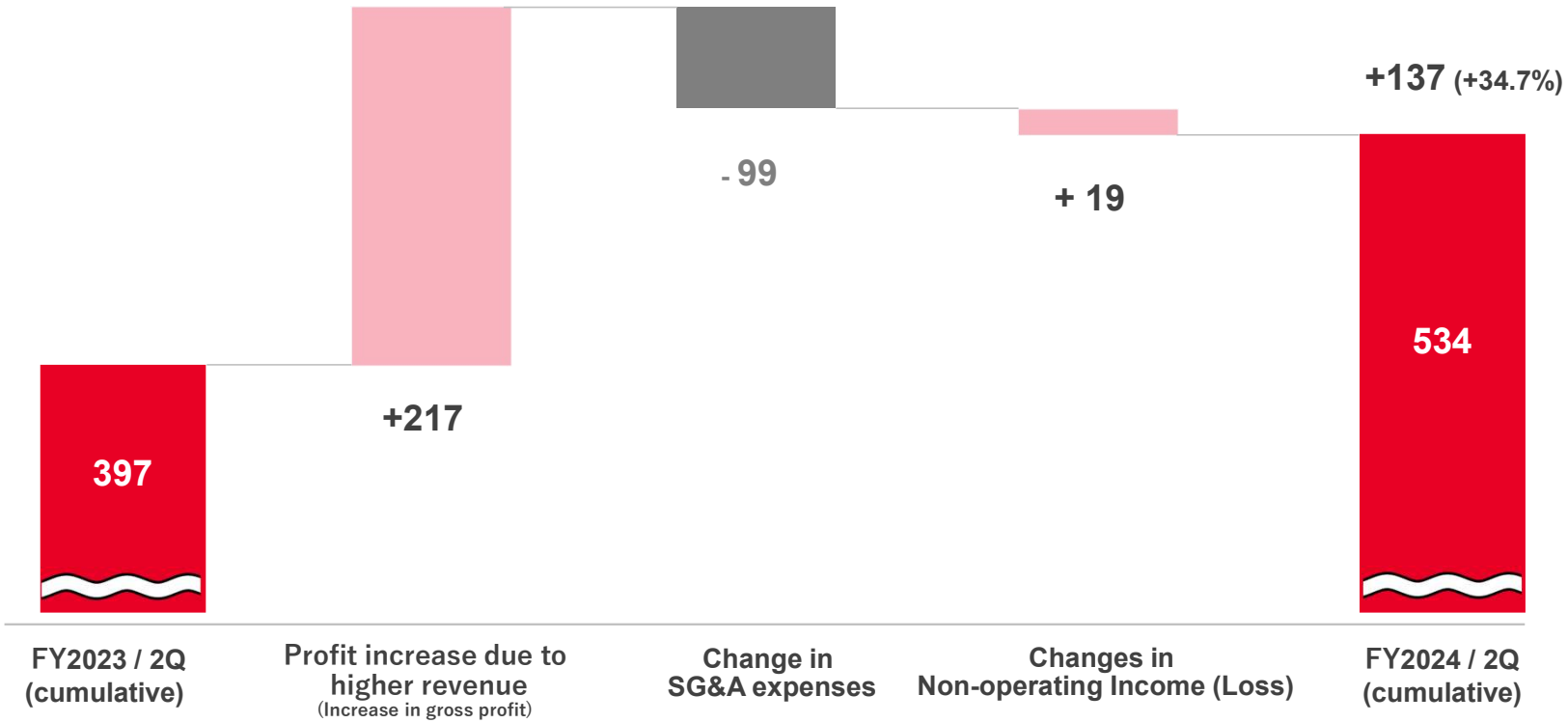


© 2024 FCE Inc.

FY2024/9 2Q | 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



© 2024 FCE Inc.

Balance Sheet Overview

Unit: Million yen	End of September 2023	End of December 2023	End of March 2024	Change (YoY)
Cash and deposits	2,247	1,938	1,883	-363
Other current assets	635	640	955	+319
Total current assets	2,882	2,579	2,838	44
Total fixed assets	415	429	539	+123
Total assets	3,298	3,008	3,378	+79
Total liabilities	1,593	1,195	1,324	-269
Shareholder's Equity	1,688	1,801	2,036	+348
Other net assets	15	11	17	+1
Net assets	1,704	1,812	2,054	+349
Total liabilities and net asset	3,298	3,008	3,378	+79
Equity ratio	51.6%	60.2%	60.8%	+9.12% pts

Net income was 345 million yen, but cash and deposits were -363 million yen due to the following factors:

・Bonus payments, tax payments, etc. for FY2023/9

・Increase in accounts receivable due to seasonality and decrease in contract liabilities (unearned revenue)

Accounts receivable: +295 million yen

Accounts payable/accrued expenses: -37 million yen

Contract liabilities: -110 million yen

Allowance for bonuses: -165 million yen

Income taxes payable: +17 million yen

Retained earnings: +345 million yen

© 2024 FCE Inc.

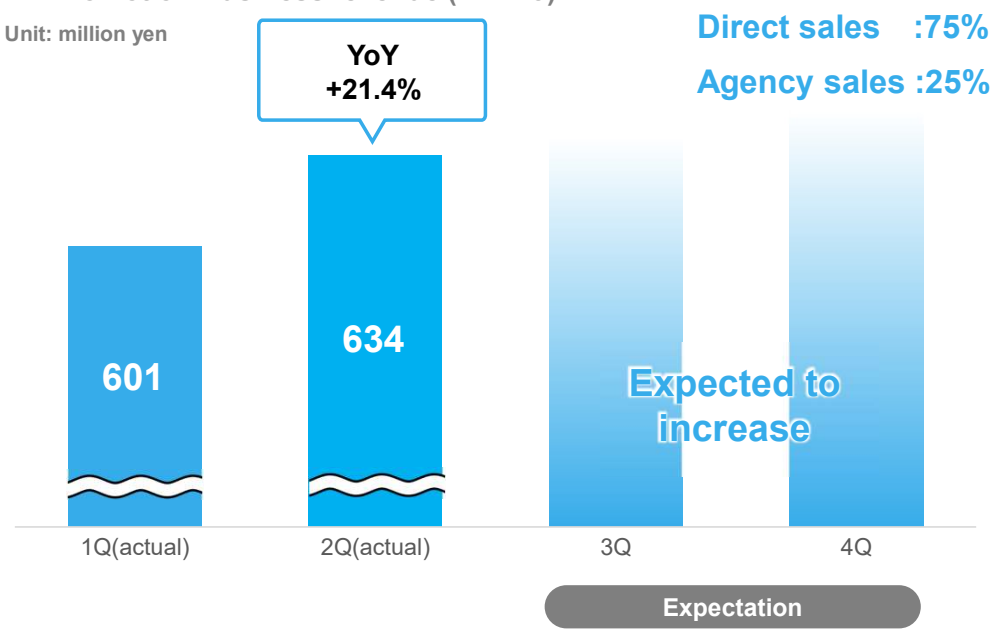
* unit: million yen (rounded down) *as of December 31, 2023

FY2024/9 | DX Promotion Business Performance and Main KPI

- Revenue increased by +21.4% YoY
- Continuous revenue increase is expected due to the increase in the number of companies installing our system
- 1,291 companies have installed the RPA Robo-Pat DX as of March 31, 2024

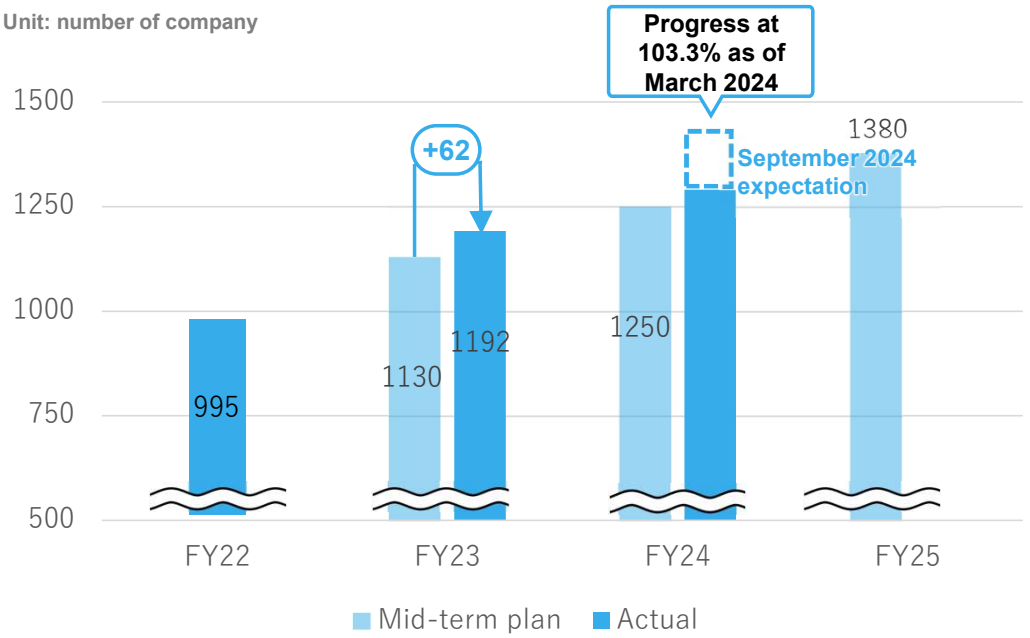
DX Promotion Business revenue (FY24/9)

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



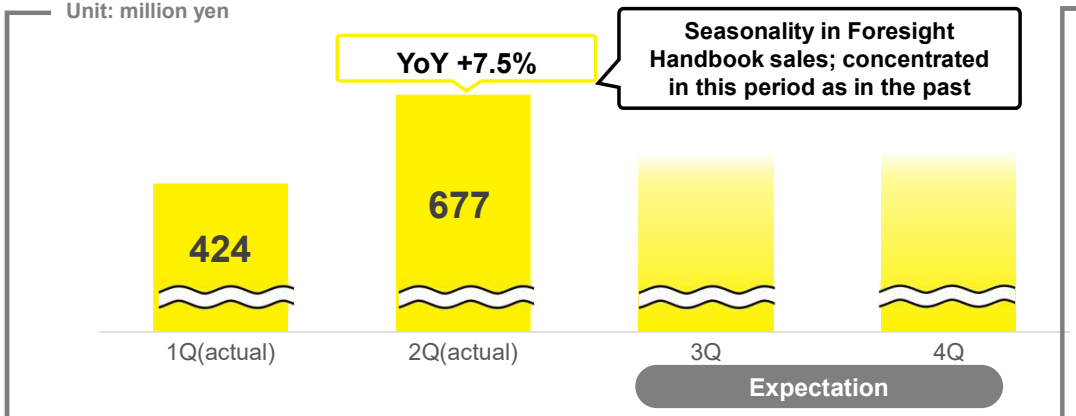
© 2024 FCE Inc.

FY2024/9 2Q | Education and Training Business Performance and Main KPI

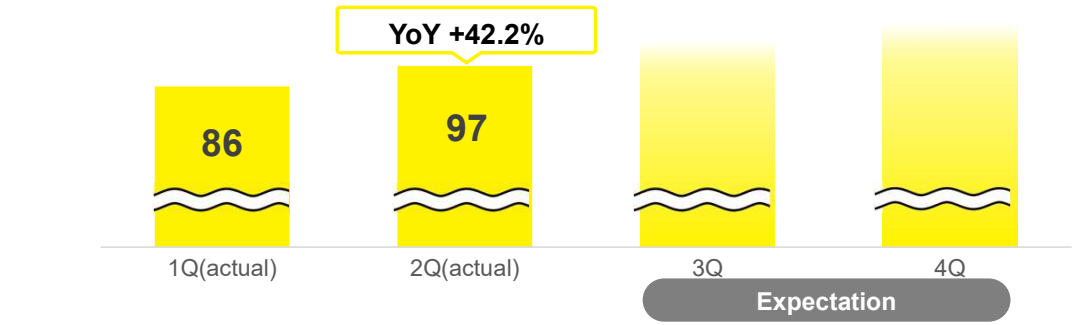
- **Education and Training Business revenue increased by +7.5% YoY, mainly due to an increase in revenues from Smart Boarding**
- **Seasonality in Foresight Handbook for schools; revenue builds in 2Q**
- **744 companies have installed Smart Boarding as of March 31, 2023**

Education and Training Business revenue (FY24/9)

Unit: million yen

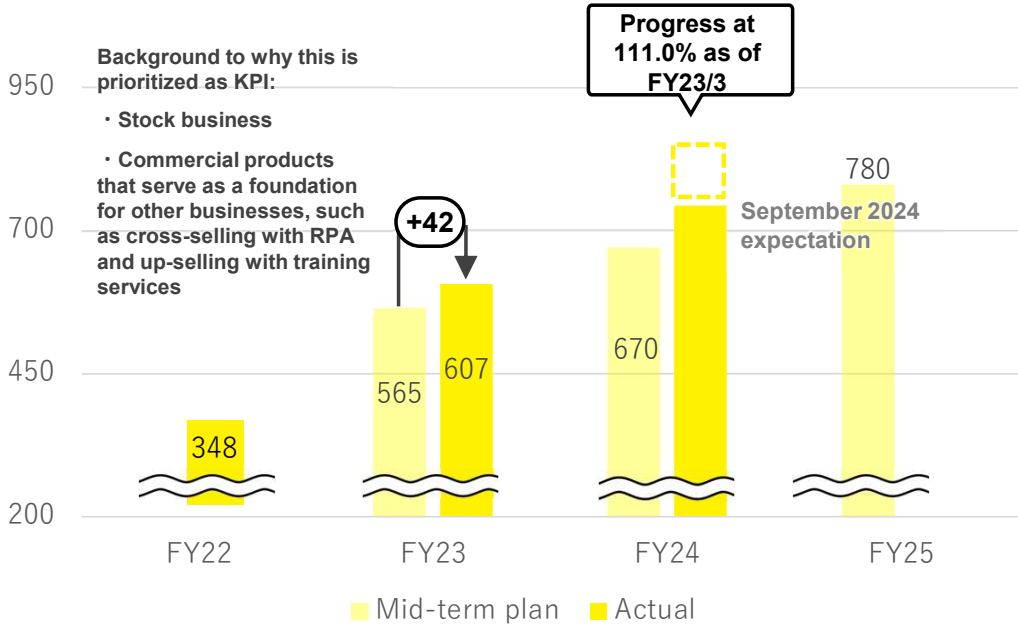


Smart Boarding revenue (FY24/9)

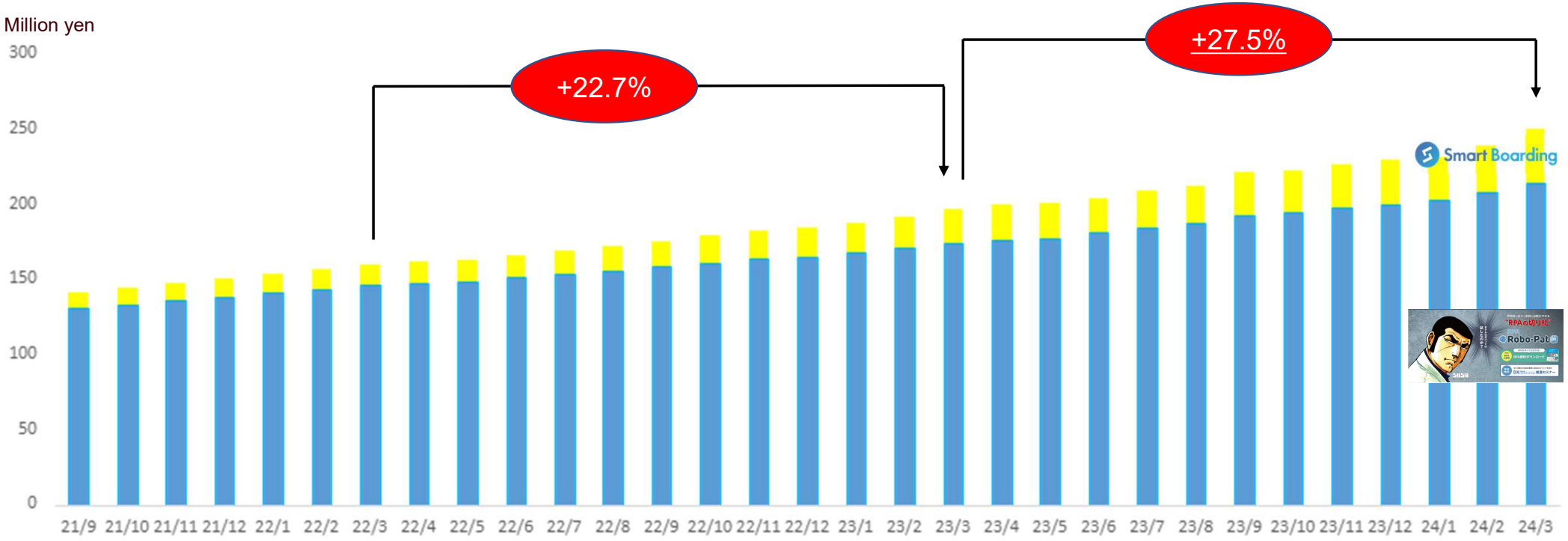


Number of companies that installed Smart Boarding (disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company



MRR Trends and Recent ARR for SaaS-type Businesses



►Continued growth of RPA Robo-Pat DX in addition to accelerated growth rate of Smart Boarding

►27.5% MRR (Monthly Recurring Revenue) growth rate for March 2024 (YoY)

March 2023 growth rate (22.7%), March 2024 AAR (Annual Recurring Revenue) was 3 billion yen

►Although it is one part of our business, we recognize that it is at the level of the 40% rule*, which is one of the SaaS-type KPIs.

* 40% Rule: An indicator of the health of a SaaS company's growth, measuring whether the sum of its revenue growth rate and operating margin exceeds 40%.

© 2024 FCE Inc.

Agenda

01 Topics from FY2024/9 2Q (January – March)

02 Results for FY2024/9 2Q

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

© 2024 FCE Inc.

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

Revenue = Number of companies installed × Average unit price (monthly fee)

Cost = License fees to development partners + Sales fee to sales agencies

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

License types / fee structure

Full functionality version

Robot operation scenarios can be created and registered for actual operation

120,000 yen/month

*excluding tax

Selective functionality version

Scenarios for the full-featured version license can be run on a separate PC.

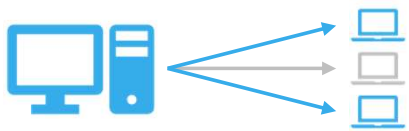
40,000 yen/month

*excluding tax

+ Installation support consultation — Free

Floating license

Floating licenses can be shared by multiple PCs, so they can be used at remote locations. It also contributes to cost reduction.



© 2024 FCE Inc.

External evaluation of RPA “Robo-Pat DX”



ITreview Best Software in Japan 2023

Users’ Choice Ranking of the “50 Most Powerful IT Tools”

Ranked No. 1

out of approx. 7,300 products!

(Review site “ITreview” / May 24, 2023)



“BOXIL SaaS AWARD 2024”, an award which recognizes the most highly rated SaaS

No. 1 in BOXIL SaaS Section RPA Category

No. 1 in Case Study Section Medical and Pharmaceutical Industry Category

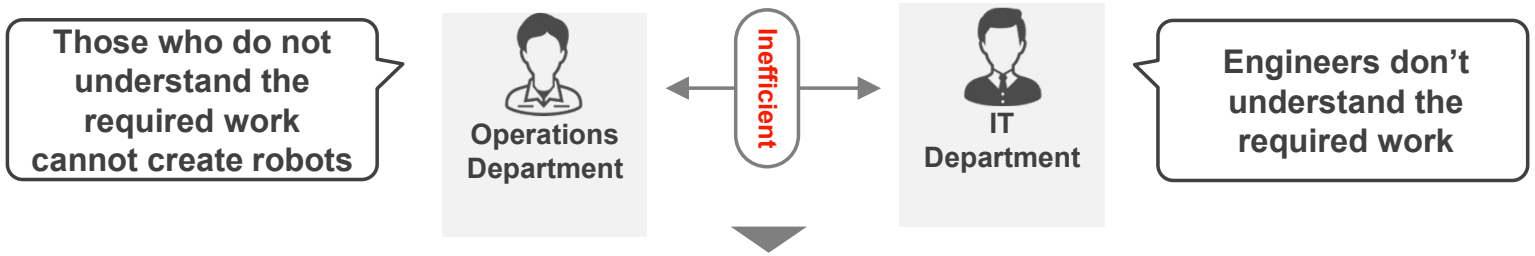
(SaaS comparison website “BOXIL SaaS” / March 5, 2024)

© 2024 FCE Inc.

Personal RPA

【Challenges of traditional RPA】

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



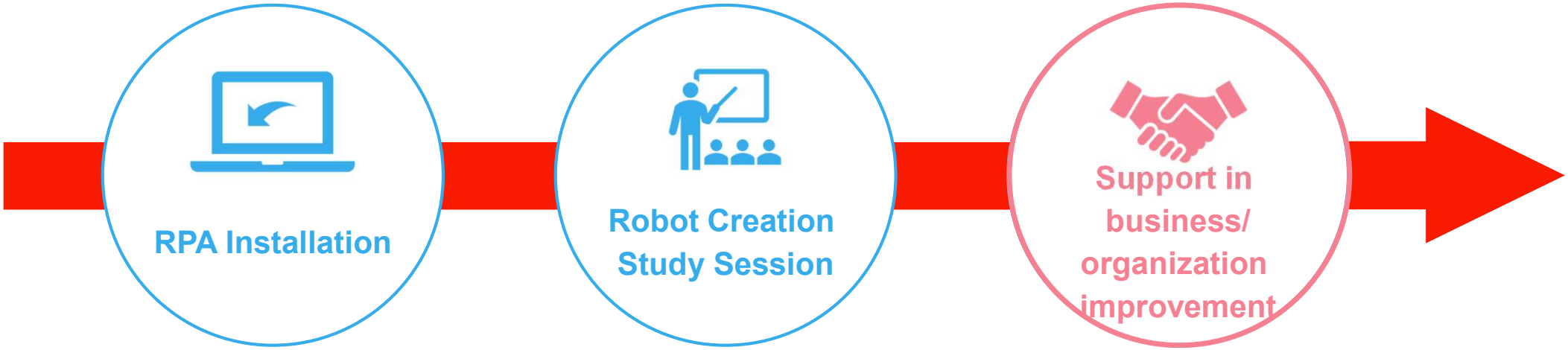
RPA "Robo-Pat DX" is a "Personal RPA" that can be created by anyone who understands the required work

RPA "Robo-Pat DX"	Traditional RPA
☑ Can be used in each PC	☐ Requires a specialized system environment, such as a server
☑ No need for programming knowledge	☐ Requires programming knowledge
☑ Users can create their own robots	☐ IT department not involved in actual work creates the robot
☑ Robots can be customized according to required work	☐ Inability to make timely corrections to changes in required work

© 2024 FCE Inc.

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



© 2024 FCE Inc.

Future DX Promotion Business Expansion Strategy

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



✓ Sales Partners

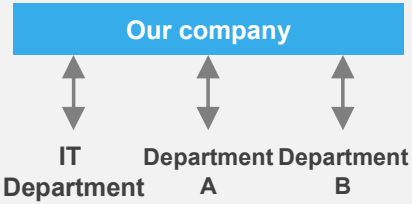
✓ Introductory Partners

Increase in number of companies installed × **Improvement of unit price**

Expansion of recognition in regional areas Strengthen/build sales structure

Scale out within customers' companies

Our approach

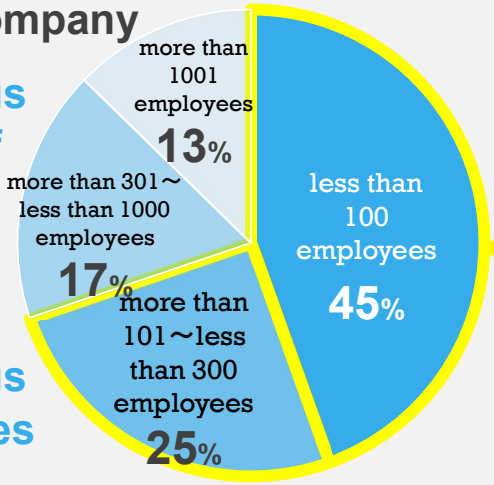


Extensive experience with small and mid-sized companies allows us to smoothly handle interactions with onsite departments

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

Personal RPA Market Size
RPA Robo-Pat Potential
3,321.6 billion yen*3

30% 996.4 billion

10% 332.1 billion

RPA Robo-Pat DX
2.14 billion yen*2

*1: calculated by the Company according to below formula

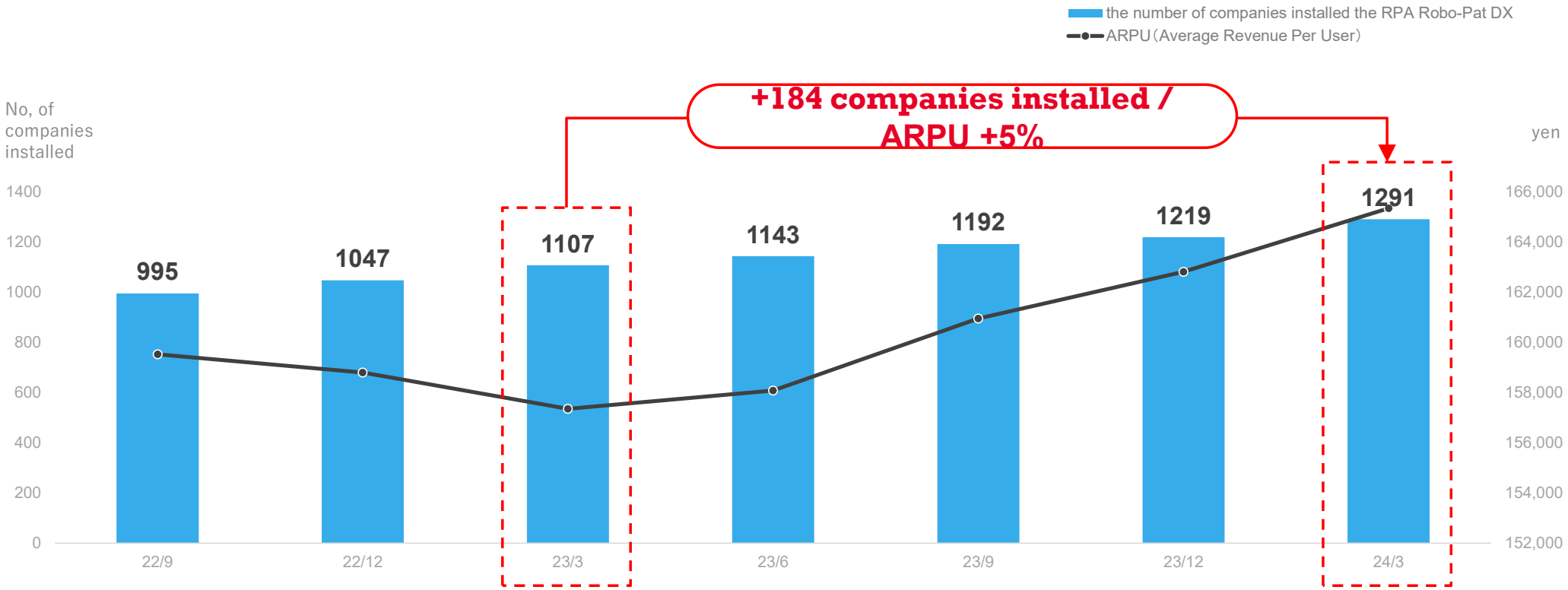
*2: DX Promotion Business Net Sales of the Company for the fiscal year ending September 30, 2023

*3: The "personal RPA market" is defined as domestic companies with less than 300 employees, and is calculated by multiplying

© 2024 FCE Inc.

Number of companies installing RPA Robo-Pat DX and ARPU trends

The number of companies installed the RPA Robo-Pat DX increased from 1,107 (as of the end of March 2023) to 1,291 (as of the end of March 2024), representing a net increase of 184 companies (+16.2% YoY) and ARPU growth of 5% over the one-year period.



© 2024 FCE Inc.

Progress of future DX Promotion Business expansion strategy

We will create new business expansion opportunities by expanding the referral partner program and introducing clients in the same industry.

RPA Robo-Pat DX



Partnerships

- **Tax Accountant Office** (professional sector)
- **Yamada Denki** (retail sector)
- **Kintone** (information and communication sector)
- **WILLOF Work** (temporary employment agency)
- **Aomori Creation Partners** (regional banking)
- **Other Industry Co-sponsored Seminars**

Distributing information on the RPA Robo-Pat DX through various channels

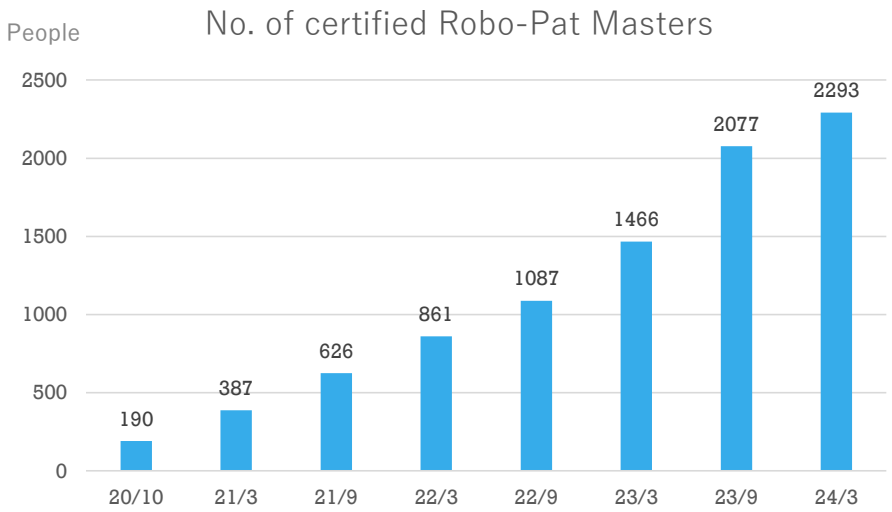
© 2024 FCE Inc.

Establishment and DX promotion activities within installed companies

Churn rate around 1%

・The Robo-Pat Master Certification Program increases the number of DX personnel who can create robots within installed companies.

・ RPA use cases and DX promotion activities are shared at the Top Management Seminar (presentation of use cases for existing client companies)



The number of certified Robo-Pat Masters promoting "DX" within the companies that have adopted the system has reached 2,293, and the system is now firmly established in these organizations!



Top Management Seminar

Lecture by Group Leader, Production Control Dept., Company A

・Successfully converted 17,280 hours of work to RPA

・The point is not to save time, but to create time

・How to increase the number of people who want to be seriously involved in DX and how to accelerate the speed of DX promotion

Share the results of RPA utilization and the increase in DX promotion activities

© 2024 FCE Inc.

Strengthening product capabilities of the RPA “Robo-Pat” DX

Released RPA “Robo-Pat DX” ver. 1.5 in October 2023

Renewed the overall UI design



Added commands and plug-ins



Major update to become more intuitive and easier to understand

Based on the results of more than 300 hours of testing by more than 100 user monitors, we have improved the user-friendliness and design of the system.

Implementation of the “library function” to select and add new functions

Following many requests, we have developed and released commands to operate Google Spreadsheets with more ease.

© 2024 FCE Inc.

Agenda

01 Topics from FY2024/9 2Q (January – March)

02 Results for FY2024/9 2Q

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

© 2024 FCE Inc.

HR DX | Smart Boarding

Smart Boarding



Supported over

740companies

As of March 2024

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

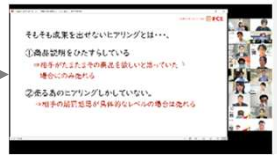
Provide thorough support for "building an organization where each and every employee begins to learn on their own”

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

© 2024 FCE Inc.

HR DX | Smart Boarding: an immediate asset

Smart Boarding is a live online training system paired with video, with more than 3,000 people per month participating at any given time.

Repeated INPUT		Numerous OUTPUT	
	Watch a video on **Receiving Instructions**		Receive online training on **Receiving Instructions and Reporting**
	Watch a video on **Strengthening Interviewing Capabilities**		Receive online training on **Interviewing Sales Needs**
	Watch a video on **7 Management Skills / Asking Questions**		Receive online training on **Coaching-style Questioning Skills**
	Watch a video on **What is a General that Attracts People?**		Receive online training on **What Kind of Leader Sustains Results and Attracts People?**

© 2024 FCE Inc.

External evaluation of Smart Boarding

Smart Boarding has won consecutive BOXIL SaaS AWARD awards on the review site “BOXIL SaaS”.

Churn rate around 1%

Smart Boarding

BOXIL SaaS AWARD 2021 Autumn

Human Resources and Payroll Awards



BOXIL SaaS AWARD 2022



BOXIL SaaS AWARD Autumn 2022

Received "Good Service" award

in the e-Learning category



BOXIL SaaS AWARD Autumn 2023

Received "Good Service" award

in the e-Learning (System) category



BOXIL SaaS AWARD Winter 2023

Received "Good Service" and "No.1 Customizability“ awards

in the e-Learning (System) category



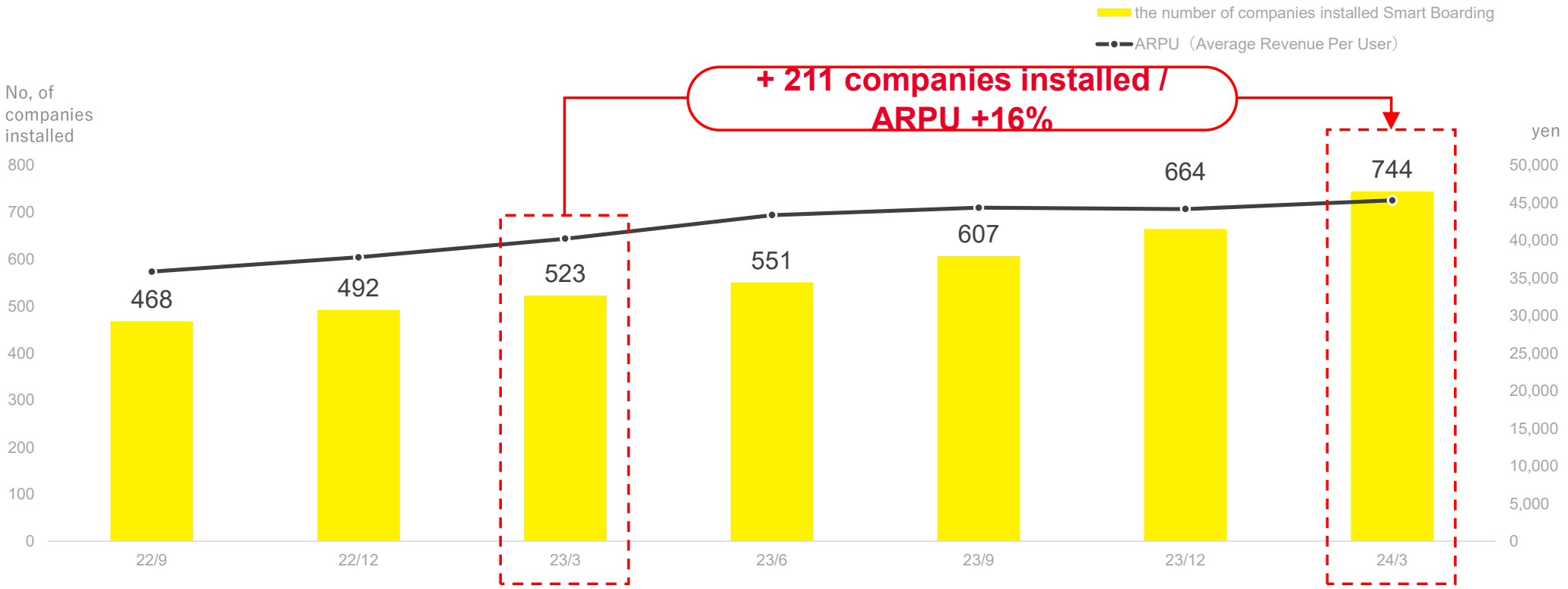


© 2024 FCE Inc.

* The BOXIL SaaS AWARD is an event in which the SaaS comparison site "BOXIL SaaS" operated by Smart Camp Inc. awards the most highly regarded SaaS of the time.
To support the spread of SaaS, March 4 has been designated as "SaaS Day," a commemorative day independently set by Smart Camp, and the event has been held annually since March 2019.

Number of companies installing Smart Boarding and ARPU trends

The number of companies installed Smart Boarding increased from 523 (as of the end of March 2023) to 774 (as of the end of March 2024), representing a net increase of 221 companies (+42.2% YoY) and ARPU growth of 16% over the one-year period.



© 2024 FCE Inc.

Cosmotopia Company Overview

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

Company Overview

株式会社 日本コスモトピア

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

Main Products

みんなの学習クラブ® Selfee

Digital educational materials for elementary and junior high school students

カルチャーレストラン culture restaurant

Lifelong learning content for seniors

Number of schools (public and private schools)

Elementary and junior high schools

over **600** schools

Private tutoring schools

over **400** schools

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

© 2024 FCE Inc.

Synergy between Cosmotopia and FCE's markets

The development of mutual products between Cosmotopia and FCE will expand sales channels in the short term. In the medium term, we will lead to the establishment of an education and learning method that promotes independent learning through Everybody's Learning Club and Selfee, in a state of independence through the use of the 7 Habits J® and Foresight.

Short term synergy

株式会社 日本コスモトピア

Elementary and junior high schools: over 600 schools / private tutoring schools: over 400 schools

Subject-based Education: Selfee / みんなの学習クラブ®

Cross-selling

Independence Education: 7つの習慣J. / フォーサイト

Elementary and junior high schools: 1,000 schools

FCE Future Created by Entrepreneurs

Medium term synergy

株式会社 日本コスモトピア

Selfee / みんなの学習クラブ® / 7つの習慣J. / フォーサイト

Package offering of Independence Education x Subject-based Education

(Establishment of teaching and learning methods)

FCE Future Created by Entrepreneurs

© 2024 FCE Inc.

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

© 2024 FCE Inc.

Status of synergy development with Cosmotopia

Cosmotopia became a wholly-owned subsidiary as of January 4, 2024, and we are promoting speedy integration and collaboration.



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.

Integration Status

・Completed establishment of common internal infrastructure
・Completed establishment of a consolidated accounting system
・Conducting morning meetings to disseminate philosophy and values
・Began sales collaboration
・Cost reductions through office consolidations
・Enhancement of Cosmotopia's products

etc.

© 2024 FCE Inc.

Generative AI prompt platform "FCE Prompt Gate"

The generative AI prompt platform "ChatFCE", which started trial operation in November 2023, was renamed to "FCE Prompt Gate".
Full-scale development of the product began with the appointment of TV personality Rena Yamazaki* as its image character.

8+1 Formula of AI Prompts

FCE PROMPT GATE



* Born on May 21, 1997 in Edogawa-ku, Tokyo, graduated from Keio University, and graduated from Nogizaka46 in 2022.

She is a radio personality on TOKYO FM's "Rena Yamazaki's Things I Wanted to Tell Someone, as is also known as a history buff and has appeared on numerous quiz shows and educational programs. She has been writing a series of essays since the publication of "Shishi no Jikan" (Gentosha).

© 2024 FCE Inc.

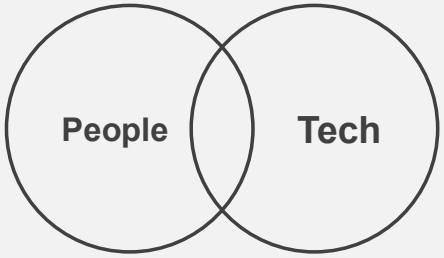
"FCE Prompt Gate" Business

FCE Prompt Gate is a service that provides a platform for training prompt engineers using generative AI for a fixed monthly fee.

Supervision: Mr. Shunsuke Hayashi, who is well known for disseminating know-how on domestic prompts as "Shunsuke Method," and Mr. Yota Ishikawa of ChatGPT Research Institute

Maximizing Human Capital of the Future

Now



Contribute to the maximization of human capital

Introduction of generative AI

The future

Human capital training → Human capital capable of using generative AI

Improve the productivity of Japanese people

Improve the productivity of Japan as a whole

What FCE Prompt Gate can achieve

- Learn essential skills and earn certifications in an e-learning format
- Be an auxiliary tool to create prompts
- Prompts can be saved and shared
- Templates for prompts can be used

© 2024 FCE Inc.

Characteristics of the FCE Prompt Gate

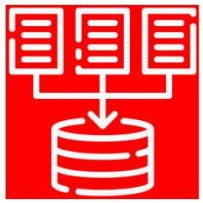
You can learn the basics of the "8+1 Formula for AI Prompts" through video, create prompts with the template feature, and manage and share them in a database.

Basic learning contents



The program is equipped with content for learning the basic formulas and usage of generative AI, including the “8+1 Formula for AI Prompts". These enable the production of prompts that lead to accurate output.

Managing prompts



A database function is provided to enable collective management and sharing of prompts created by individuals within a company. Through the knowledge sharing, prompt creation skills can be improved throughout the entire company.

Templates database

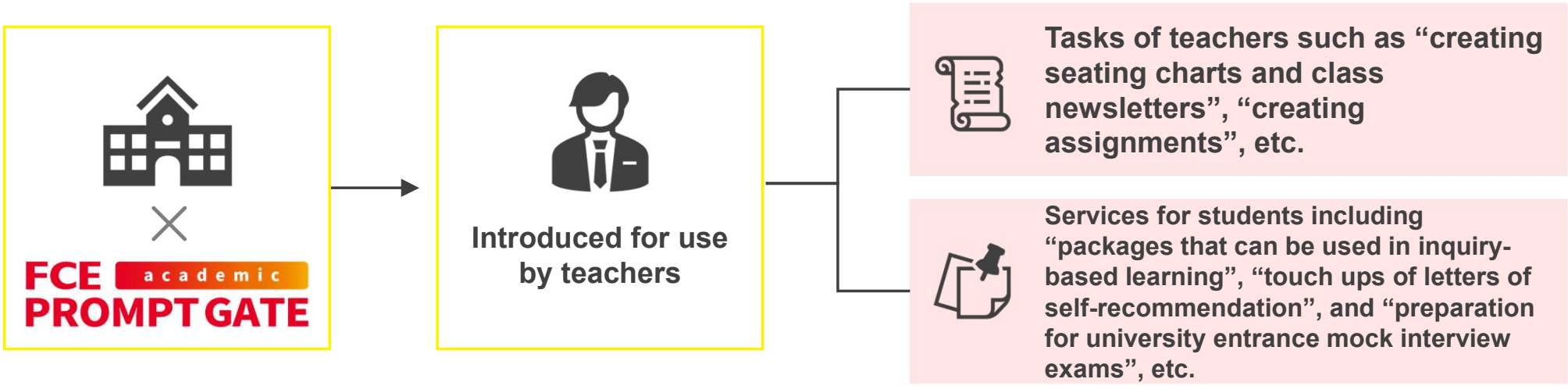


In addition to managing its own prompts, the system includes more than 100 prompt templates in highly versatile genres such as "sales," "marketing," "text generation," “social media," etc.

© 2024 FCE Inc.

“FCE Prompt Gate” will now be introduced in schools!

Generative AI prompt platform “FCE Prompt Gate Academic” will be introduced to Waseda Setsuryo High School, Okayama Gakugeikan High School, Okayama Gakugeikan Seishu Junior & Senior High School. (Disclosed on April 24, 2024)



We will first introduce FCE Prompt Gate Academic to approximately 1,100 schools nationwide. At the same time, we will start proposing FCE Prompt Gate Academic to boards of education and 35,000 elementary, junior high and high schools across Japan.

(Disclosure)
https://contents.xj-storage.jp/xcontents/AS05165/591f3127/ad80/4295/8bda/ed48f2346ebd/140120240424575124.pdf

© 2024 FCE Inc.

Expansion strategy for the FCE Prompt Gate

We will accelerate the expansion of FCE Prompt Gate by leveraging the Group's customer base and building a distributor network.

Leveraging our sales base

Smart Boarding

RPA Robo-Pat DX

Over 4,000 corporate clients

×

アクティブラーナーの資質を引き出す フォーサイト ふりかえり力向上手帳

ウェブで授業研究 Find! アクティブラーナー

Over 1,100 schools as clients

Already began direct sales. Early adoption is expected, as is the theme of productivity improvement.

Building a distributor network



We will build a distributor network in parallel with direct sales

© 2024 FCE Inc.

Agenda

01 Topics from FY2024/9 2Q (January – March)

02 Results for FY2024/9 2Q

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

© 2024 FCE Inc.

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

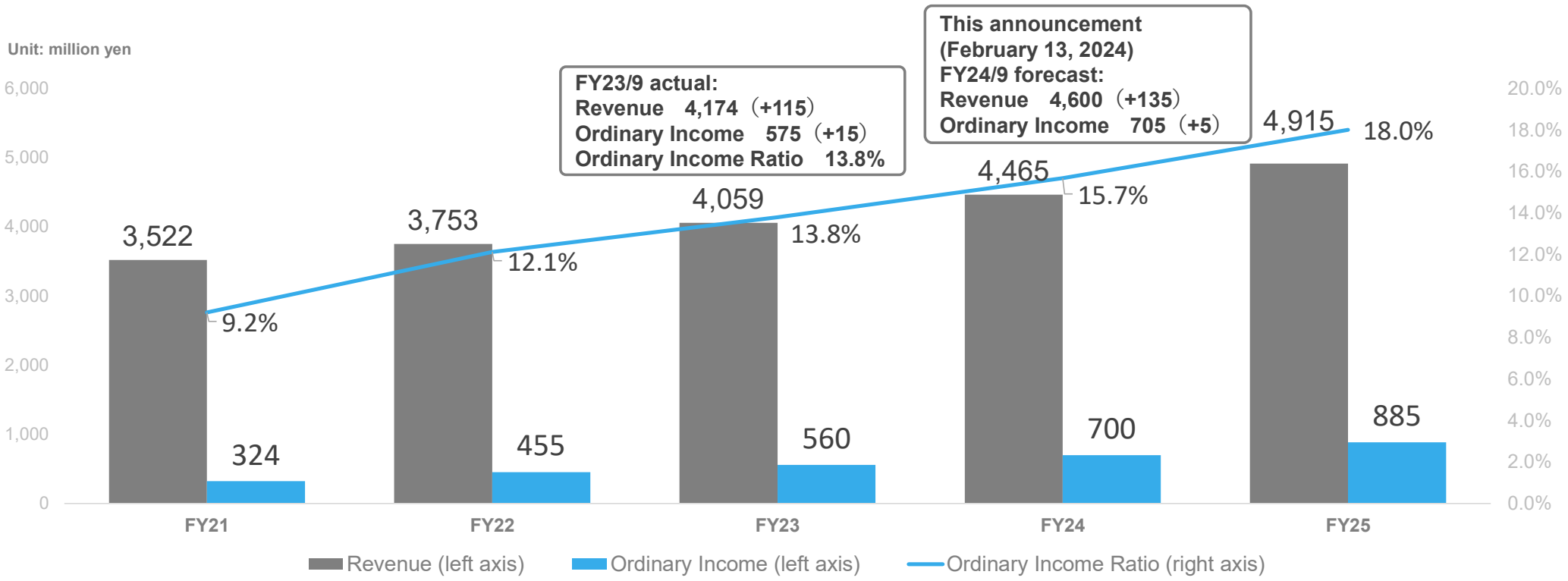
Revenue

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



© 2024 FCE Inc.

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

© 2024 FCE Inc.

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

© 2024 FCE Inc.

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.

© 2024 FCE Inc.