To our valued shareholders and investors

Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2025

May 9, 2025

BrainPad

Note: This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Executive Summary: Positioning the Current Fiscal Year (FY25)

- In the second year (FY25) of the "Structural Reform," which is the pillar of the Medium-Term Management Plan (FY24-FY26), the business scale continues to expand steadily from the first half towards achieving a sales growth rate of over 10% by shifting to a growth trajectory. We are in a position to aim for 21 consecutive periods of revenue growth and record-high profits.
- We have decided to implement shareholder returns through the acquisition of treasury share on a larger scale than usual, considering the uncertainty of the market environment, along with an upward revision of our profit forecast based on the steady progress of our business performance.

	FY24 Transformation into profitable structure	FY25 Regrowth	FY26 Complete structural reforms
Business policy	Sharp turnaround of sluggish profit margin due to transformation into highly profitable structure	Shift to growth trajectory due to business scale (=net sales) expansion	Accelerate growth through bold investment and break away from the existing IT industry framework
Key indicators (consolidated)	EBITDA margin (Initial plan) 13.6% → (actual) 16.7%	Sales growth rate above 10% Aim to achieve record high profits and to maintain profit margin at FY24 level	Net sales: 14.0-15.0 billion yen EBITDA margin: Higher than 16%
Priority measures	• Improved paid utilization rates at PF Business • Review of SaaS cost structure • Strengthened business tactics through matrix organization	• Strengthen operating base/structure • Strengthen the trinity value proposition • Develop new solutions including Gen AI • Lay the foundation for discontinuous growth (M&A)	• Establish trinity business model • Execute discontinuous growth (M&A) • Develop/ expand into a business with impact on industry beyond the framework of conventional IT corporations
Results	• Achieved profit margins that outperform the plans • Highest profits since the company was founded • Achieved sales growth for 20 consecutive fiscal periods	[3Q results]: Double-digit growth for both sales and profits • Net sales: YoY +13.3% ∟ PF Business YoY +16.6% • Operating profit: YoY +32.7% ・Upward Revision of Full-Year Profit Forecast	—

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Executive Summary
Regarding the Full-Year Earnings Forecast and Shareholder Return Policy for FY25

【FY25 Full-year Earnings Forecast】 Upward Revision in Profit

- Achieving strong performance in the first half and improving the gross profit margin due to continued high utilization rates have contributed to an upward revision of our profit forecast.
  - Operating Profit: +250 million yen compared to the initial forecast (compared to upper limit)
  - EBITDA Margin: +2.4 points compared to the initial forecast (compared to upper limit)
- Sales revenue remains unchanged from the initial forecast due to the high utilization rate of the PF business in response to strong demand.
- Compared to the last two periods, we expect to achieve both sales growth and improved profitability.

Unit: million yen	FY23	FY24	FY25consolidated Forecast (Revised on 5/9,25)
Net Sales	9,798	10,561	11,800
Revenue Growth Rate	4.4%	+7.8%	+11.7%
EBITDA Margin	11.0%	16.7%	From initial forecast 18.0% +2.4pt]
Operating Profit	681	1,349	From initial forecast 1,750 +250]
Operating Profit Growth Rate	△40.6%	+98.2%	+29.7%

【Shareholder Return】 Resolution to Acquire Treasury Shares

- Shareholder Return Policy of the Current Medium-Term Management Plan
  ＝ Consolidated total return ratio of 40% or more
- In addition to realizing the above policy, considering the unstable and uncertain economic situation, we have decided **to acquire treasury share on a larger scale than usual.**

1. **Acquisition Period:** May 12, 2025 - July 31, 2025
2. **Total Number of Shares to be Acquired:** 770,000 shares (upper limit)
   Ratio to Total Number of Issued Shares (excluding treasury stock): 3.59%
3. **Total Acquisition Price:** 700 million yen (upper limit)
4. **Purpose of Acquisition:**
   - ✓ Improvement of capital efficiency
   - ✓ Enhancement of stock price stability in an unstable market environment
   - ✓ Preparation for agile capital policies such as M&A and capital alliances
   - ✓ Expansion of the ratio of stock compensation ratio for our officers and employees

- Furthermore, the dividend of surplus at the end of FY25 is expected to remain unchanged from the initial policy, with a stable dividend (ordinary dividend) of 8 yen per share.
- After the above implementation, **the consolidated total return ratio is expected to exceed 70%.**

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Executive Summary ～ Continuing to achieve over 10% growth in both revenue and profit

Unit: million yen	a FY24-3Q	b FY25-3Q		b/a-1 Percentage increase/decrease	c FY25 forecast Revised on 5/9,25		b/c Rate of progress
Net Sales	7,851	Record high*1	8,897	13.3%		11,800	75.4%
PF business	5,444	Record high*1	6,346	16.6%	—		—
PD business	2,407	Record high*1	2,552	6.0%	—		—
EBITDA Margin	18.6%		20.2%	—	Upward revision	18.0%	—
Operating profit	1,147	Record high*1	1,513	32.0%	Upward revision	1,750	86.5%
[Operating profit ratio]	[14.6%]		[17.0%]	—			—
PF business	2,141		2,828	32.1%	—		—
PD business	624		725	16.2%	—		—
Adjusted amount *2	-1,619		-2,040	—	—		—
Ordinary profit	1,153		1,581	37.1%	Upward revision	1,800	87.8%
Net income	773		1,059	37.0%	Upward revision	1,200	88.3%

Evaluation

- Net Sales
  - ・PF business
  - ・PD business
- Profit
  - ・PF business
  - ・PD business

*1 Refers to record high amount per third quarter

*2 Adjusted amount: Company-wide expenses not allocated to each segment (mainly, SGA expenses at sales and admin departments that do not belong to any reportable segment)

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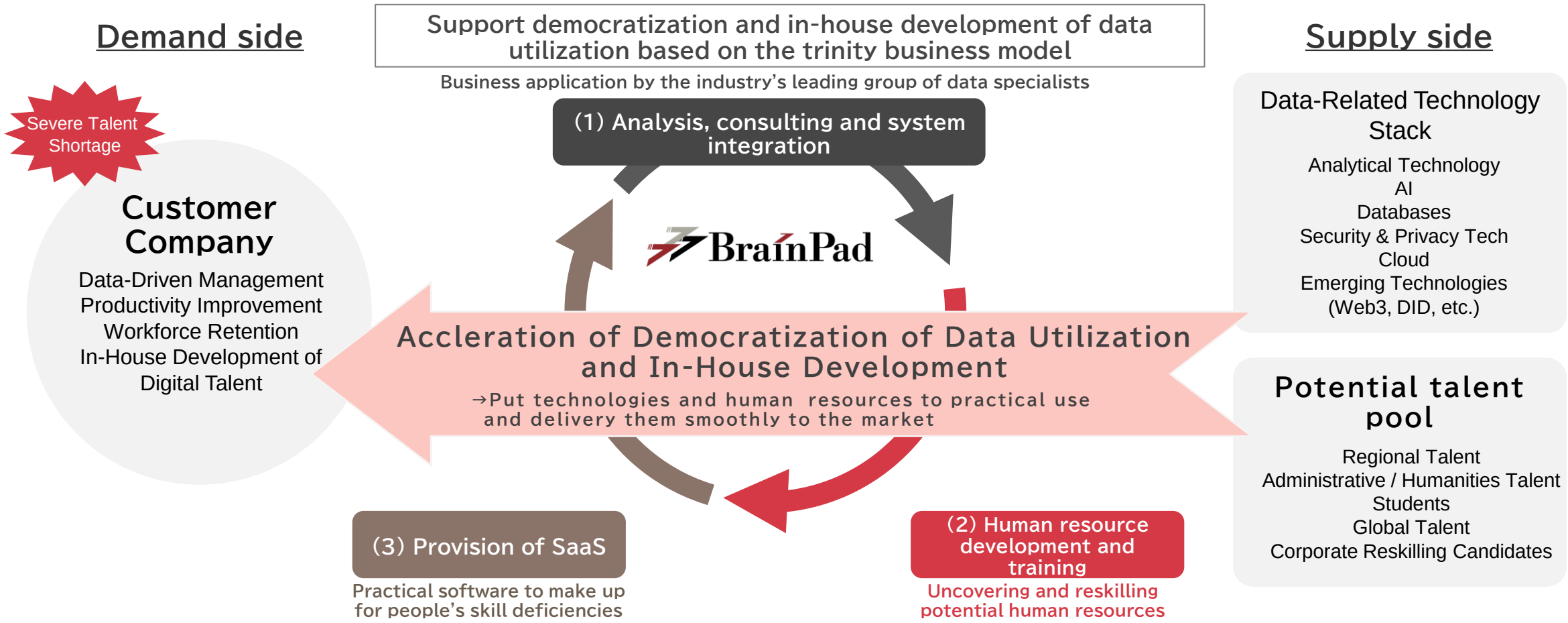
(Reference) Initiatives for FY25: Differentiation through a unique “Trinity” business model

Repost

- To address the challenge of the shortage of data and digital talent, we provide a holistic three-pronged approach: in addition to (1) support from specialized talent, (2) talent development and education to bridge skill gaps, and (3) SaaS (PD business).,which will compensate for lack of skills. Through this integrated approach, we strongly support the democratization and in-house development of data utilization for enterprises.
- Our unique business model, which emphasizes ”in-house development” as the core of our value proposition, differentiates us from major DX support companies.



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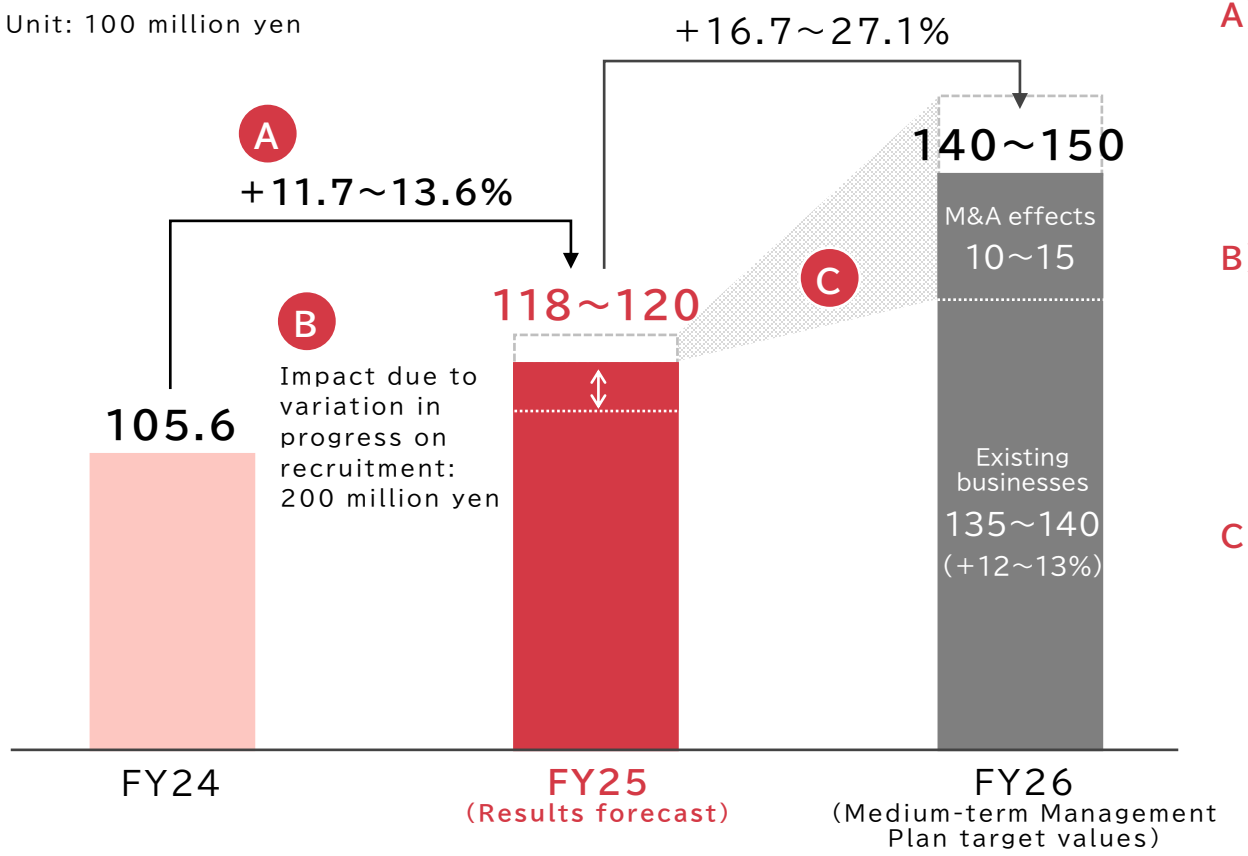
(Reference) FY25 Initiatives: Approach to Sales Growth Aimed at Achieving the Medium-term Management Plan

Repost

- As we shift course to scaling up our business, we will steadily implement growth-oriented investments with the aim of achieving double-digit growth in sales
- We have set growth targets that exceed the growth of existing businesses in our FY26 targets, and during FY25 we will lay the groundwork for expanded size through M&A activities

FY25 Sales Forecast and Sales Targets



Approach to FY25 Sales Forecast

A) Restore double-digit growth

- Heading toward FY26, we will steadily restore the growth rate into the double digits
- We will create an advantageous situation for BrainPad: advances in generative AI and ongoing shortages of human resources skilled in data utilization and AI

B) Consider the impact on variation in progress on recruitment (= 200 million yen)

- We will work to strengthen mid-career hiring, but progress is susceptible to the environment in the recruitment market, which continues to heat up
- If progress is underwhelming, sales growth will be limited, particularly in the platform business

C) M&A activities ＊Not factored into the results forecast

- For organic growth from existing businesses, a growth rate of 12-13% is reasonable to strike a balance between recruitment and the quality maintenance
- In the current Medium-term Management Plan, we have factored in inorganic growth due to M&A activities, and will aim to achieve at least one such acquisition in FY25
- We will actively pursue M&A to make up for the uncertainty in recruitment

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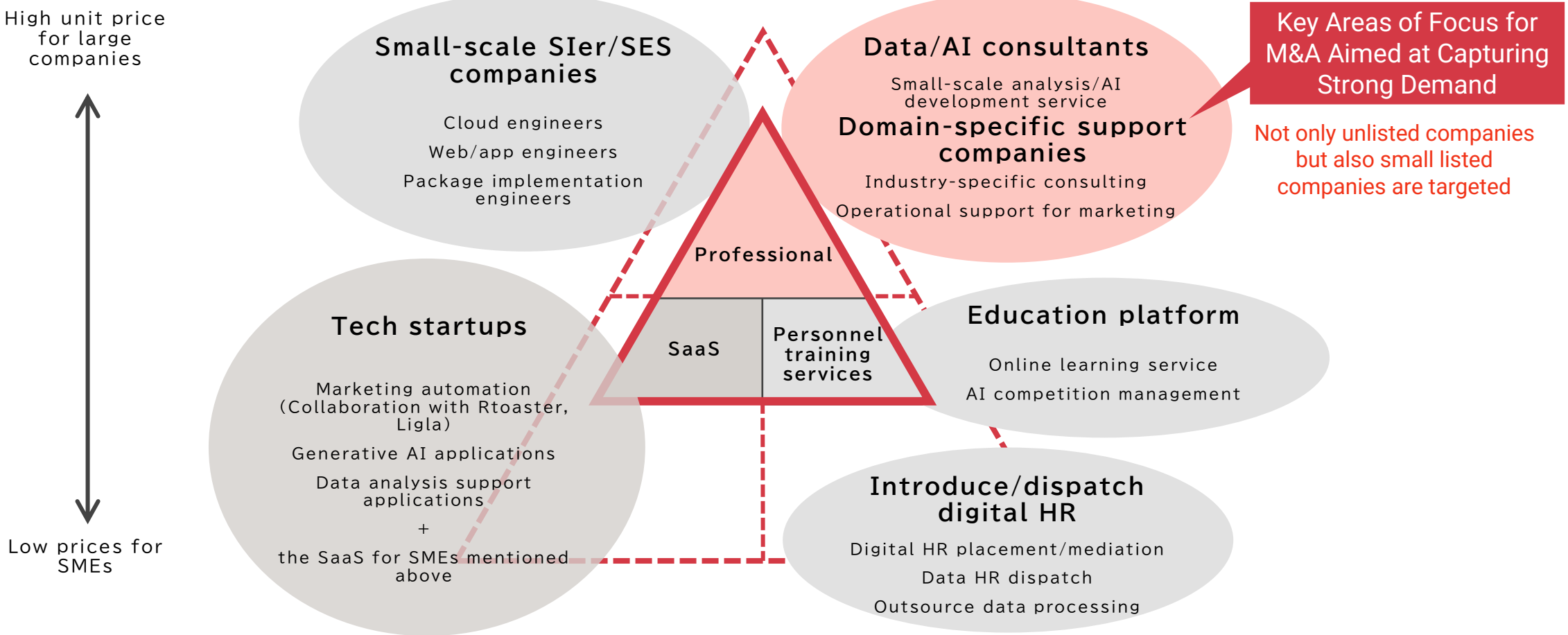
(Reference) Promising M&A Activities and Capital Alliances

Repost & update

- The main targets for M&A and capital alliances are related to the trinity business model. They are similar high-priced services and peripheral services aimed at major corporations which already constitute our main area of business
- The recent key focus areas are companies, whether unlisted or listed, that possess specialized personnel contributing to the expansion of our PF service business.
- From FY25, we have established a specialized organization to deepen collaboration with financial institutions and specialized services, and the number of projects under consideration since the beginning of the fiscal year exceeds 200 companies."



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(Reference) FY25 Initiatives: Investment Action for Growth ~ Structural Reforms Brought Forward ~

Repost

■ The probability of achieving the medium-term management plan has increased as we achieved the transformation into a profitable structure earlier than expected, allowing us to bring forward the initial structural reform plan to accelerate growth investment

Aim	Priority measures	Overview of measures
Accelerate non-consecutive growth	**M&A /capital alliance with adjacent industry**	• Establish new Strategy Investment Office as of FY25 • M&A, capital participation, start-up investment in similar companies and in adjacent industry companies • Large-scale investment premised on financing based on leverage
Strengthen trinity value proposition	**Expand value chain through alliances**	• Alliances with companies providing adjacent services (low-cost business support, temp staffing, educational services etc.) • Supplement service coverage through joint proposals
	Regrow product business	• Accelerate development of new functions using generative AI and other advanced technologies • Increase added value of services beyond the PF Business/ PD Business boundaries (combine SaaS and business support)
Strengthen operating base	**Strengthen sales structure and promotion**	• Further develop industry-specific sales structure based on matrix organization • Create project pipeline by increasing recognition through advertising, exhibiting at fairs, media exposure
	Restart mid-career hiring	• Strengthen hiring of mid-level and higher employees by realizing high paid utilization rates at the PF Business *Continue new • Appropriate control of hiring numbers in view of utilization rates

Sales promotion cost, recruitment cost, etc.
YoY + **more than 250 million yen**

BrainPad

Analytics Innovation Company

BrainPad Inc.
Roppongi T-CUBE 11F, 3-1-1 Roppongi Minato-Ku Tokyo, Japan 106-0032
Tel: 03-6721-7701（direct number for IR inquiries), Fax: 03-6721-7010
www.brainpad.co.jp ir@brainpad.co.jp

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