

FCE Inc.*

(TSE Standard:9564)

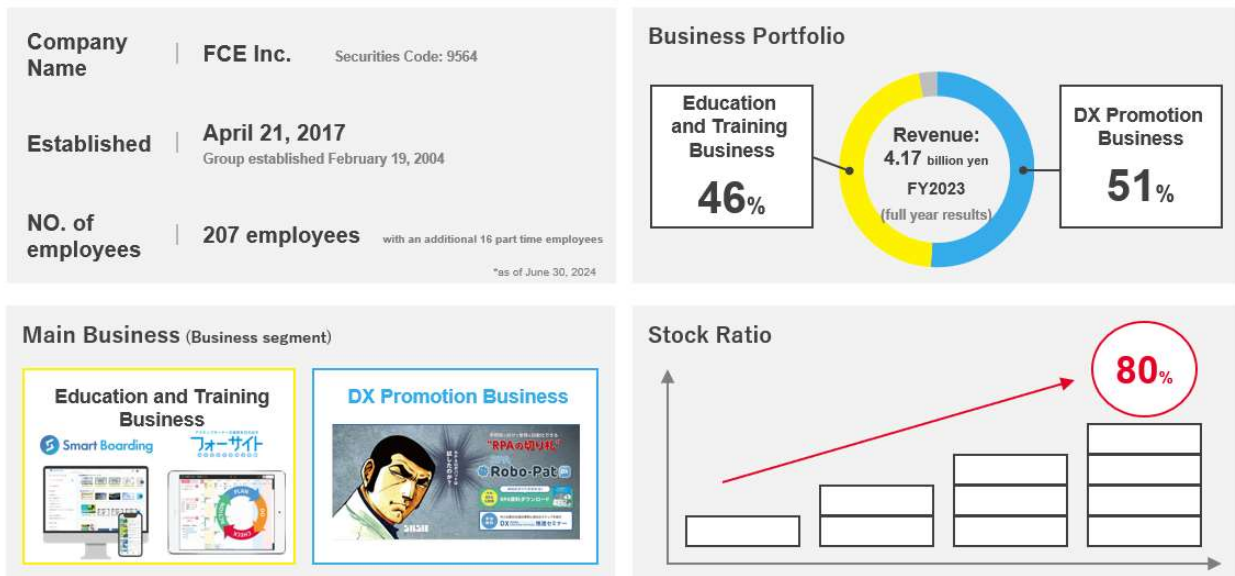
* Company name changed as of January 2024

■ 会社概要

Our company's purpose is **to create a world in which everyone can approach and solve challenges with all their might.**

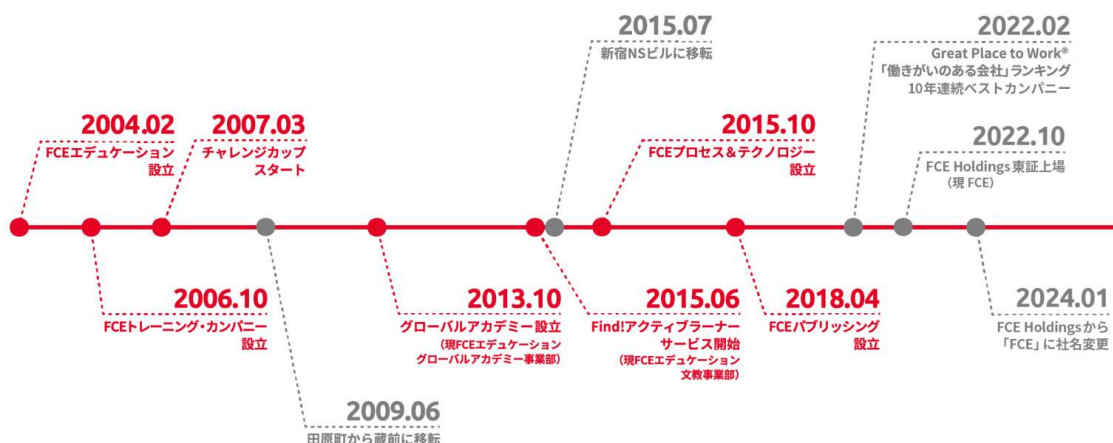
Our mission, to realize our purpose, is **contribute to maximizing human capital through "People" x "Tech"**

We will provide opportunities to maximize human capital through our **DX Promotion Business and Education and Training Businesses.**



As of now, the percentage of sales for our DX Promotion Business exceeds 50% of our company sales. In addition, our recurring revenue streams account for approximately 80% of overall sales, increasing the stability of our operations.

■ Company History



- February 2004: FCE Education established
- October 2006: FCE Trading Company established
- March 2007: Start of the Challenge Cup
- June 2009: Moved office from Tawaramachi to Kuramae
- October 2013: Global Academy established (current FCE Education's Global Academy Division)
- June 2015: Started offering the Find! Active Learner service (current FCE Education's Education Division)
- July 2015: Moved office to Shinjuku NS Building
- October 2015: FCE Process & Technology established
- April 2018: FCE Publishing established
- February 2022: Named Great Place to Work[®]'s "Best Company to Work" for ten consecutive years
- October 2022: FCE Holdings listed on Tokyo Stock Exchange (current FCE Inc.)
- January 2024: Company name changed to FCE Inc.

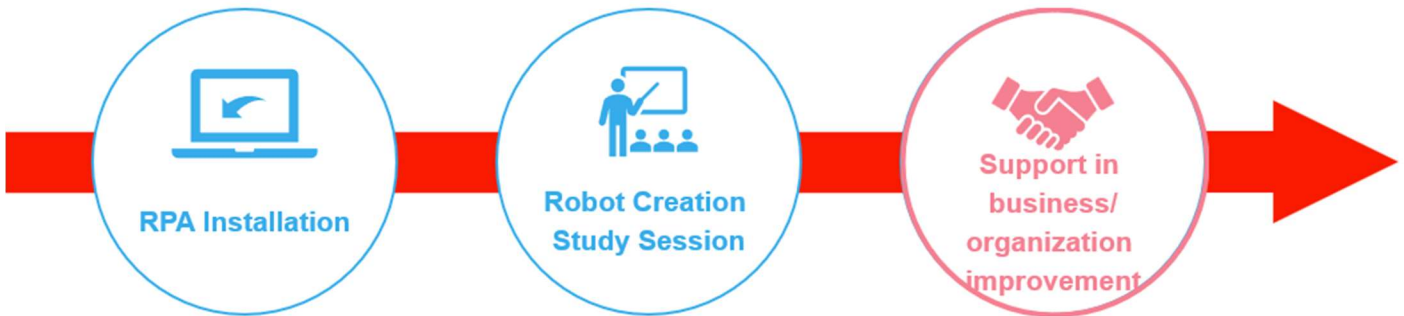
Our company began with our Education Business in 2004 and has expanded into several businesses. In the process, we began to see an increase in requests from companies for training and consulting services to improve their productivity. We thought about how we could help increase productivity, not only through training and consulting, but also through technology, which is how we came across the RPA Business (the current DX Promotion Business). Thanks to current trends, the RPA Business, which uses a recurring sales business model, achieved rapid growth. Through the pandemic, our Education and Training Business is also transforming to a stock-type business like e-Learning.

■ Main Business

1. DX Promotion Business

We offer one-stop introduction, study sessions and business improvement consulting services for "RPA Robo-Pat DX," a domestically produced RPA software. The "RPA Robo-Pat DX" is a "personal RPA" that allows atomization of computer work without the need of programming knowledge. This is popular with small and medium-sized companies as well as large companies that are considering implementing the system on a departmental basis who otherwise see this implementation as a challenge. The current churn rate is maintained at a low rate of around 1%.

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



2. Education and Training Business

In our Education and Training Business, we offer lesson programs based on “Seven Habits of Highly Efficient People J®” as well as sales of the “Foresight Handbook,” a business handbook for junior high and high school students. Our “Foresight Handbook” has the top market share in the market for handbooks for junior high and high school students, and in line with the GIGA school concept, we developed an app, while also jointly developing educational DX with the Board of Education of Nomi City, Ishikawa Prefecture, etc. In our Training Business, we offer online training system “Smart Boarding” for employee training as well as training and consultation. The number of companies adopting “Smart Boarding” is steadily increasing due to the increase in market demand for e-learning as well as demand for reskilling.



Installed across approx. 350,000 people / 1,100 schools

The Foresight Handbook was developed to improve the ability to reflect and to cultivate the PDCA cycle by writing daily.

Started as paper media and achieved top share in the industry in FY23.

Released an app version from 2023; free trials are being offered to schools nationwide.



Platform for building an employee training system

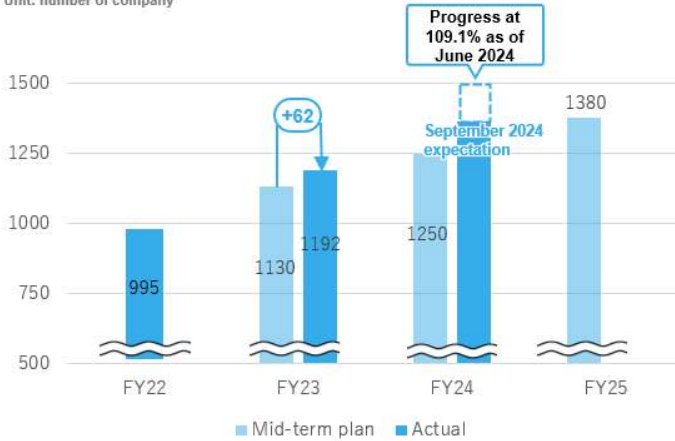
An employee training platform that enables OJT, training, and e-learning through a single system. Dedicated consultants also provide support for building an education system.

< Awards >

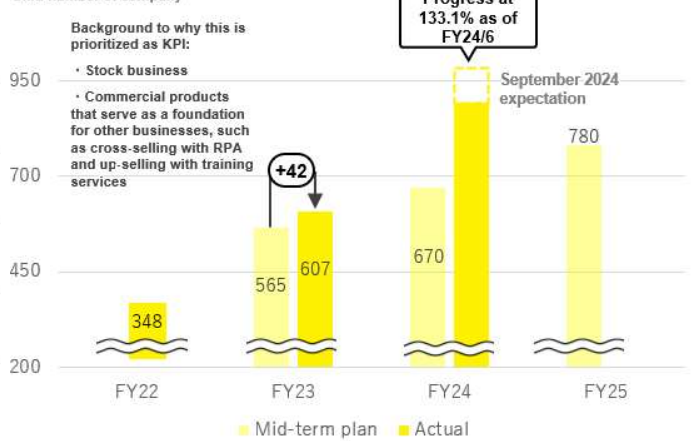
- Japan's HR Awards 2018: Professional Division, Human Resource Development and Training Category Grand Prize Winner
- BOXIL SaaS AWARD e-Learning (system) Category Good Service 2023 Winter, 2023 Autumn, 2023 Summer, 2023 Spring
- BOXIL SaaS AWARD 2022 Overall Ranking Nominee in the Human Resources and Payroll category (6 Best Evaluation Awards)

(Main KPI Status for DX Promotion Business and Education and Training Business)

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



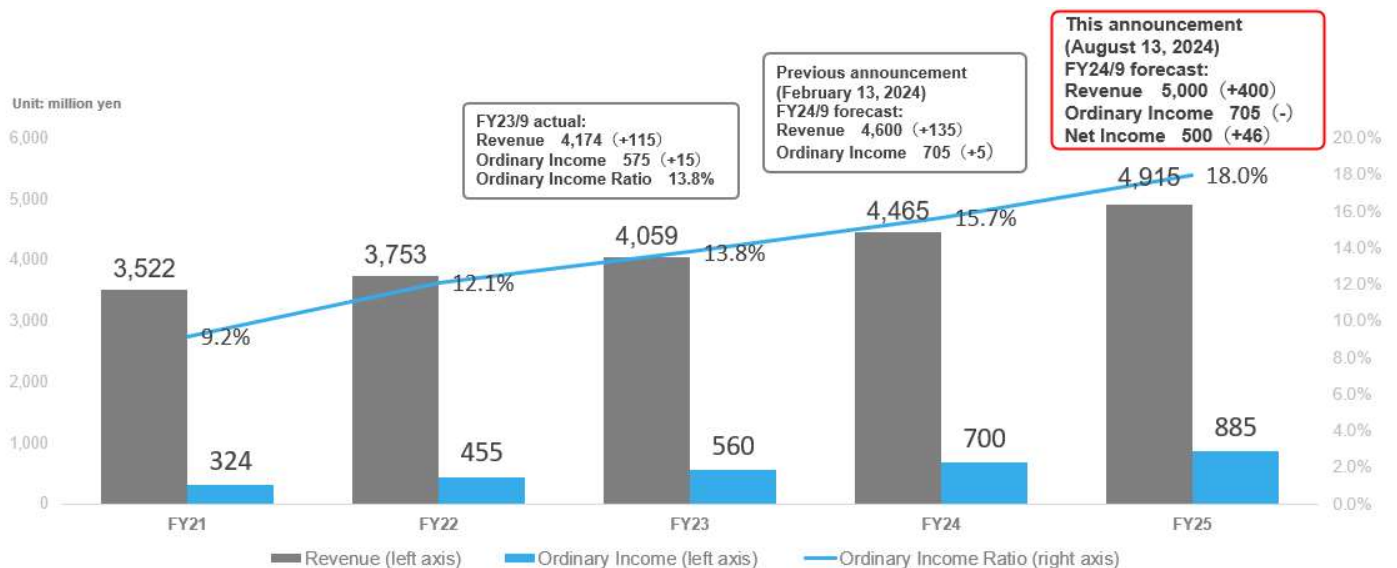
Number of companies that installed Smart Boarding
(disclosed May 24, 2023; compared against mid-term management plan)
Unit: number of company



■ Mid-Term Management Plan (September 2023 – September 2025)

Under the three-year mid-term management plan, net sales are expected to grow by over 10% each fiscal year, to over 4.9 billion yen by the fiscal year ending September 30, 2025. Ordinary income is expected to grow at least 25% per year and is projected to exceed 880 million yen in the fiscal year ending September 30, 2025.

Profit margins are expected to improve each fiscal year, especially as our recurring revenue businesses continue to expand, and profits will increase more than sales growth, with an ordinary income margin of 18% expected in the fiscal year ending September 2025.




Financial Highlights of the Third Quarter Ended June 30, 2024

FY2024/9 3Q Results

Revenue

3,680 million yen (+17.0% YoY) 

Ordinary Income

735 million yen (+28.2% YoY) 

SaaS-type Business MRR^{*1}

263 million yen
(+28.7% YoY)

RPA
Robo-Pat DX

224 million yen

Smart Boarding

39 million yen

No. of companies installed

RPA
Robo-Pat DX **1,364** companies
(Mi-term^{*3} progress rate 109.1%)

Smart Boarding **892** companies
(Mid-term^{*3} progress rate 133.1%)

ARPU^{*2}

RPA
Robo-Pat DX **165** thousand yen
(+5% YoY)

Smart Boarding **44** thousand yen
(+2% YoY)

*1: MRR (Monthly Recurring Revenue) Monthly recurring sales amount as of the end of the third 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 third 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.

Others

✓ Revision of full-year earnings forecast for the fiscal year ending September 30, 2024 (disclosed on August 13, 2024)

Revision of FY2024/9 full-year earnings forecast

Revenue

5,000 million yen (+8.7% vs. 2/13 Forecast) 

Net Income

500 million yen (+10.1% vs. 2/13 Forecast) 

Net sales are revised to 5,000 million yen, exceeding the mid-cycle target for the next fiscal year ending September 30, 2025, due to the progress of the RPA Robo-Pat DX and Smart Boarding SaaS-type businesses.

Although profits will increase due to higher revenues, recurring profit will remain unchanged at 705 million yen due to (1) investments in new businesses for continued growth (mainly FCE Prompt Gate) and (2) planned investments in advertising, sales promotion, and human resources. Net income is revised to 500 million yen due to an expected decrease in tax payments resulting from the absorption of a subsidiary.

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

● Dividend Policy

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.

● Shareholder Benefit Plan

• Eligible for shareholders who hold one unit (100 shares) or more of the Company's stock as recorded in the Company's shareholder registry as of September 30.

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

*QUO cards featuring the FCE 20th anniversary design and Rena Yamazaki, the image character of the "FCE Prompt Gate" will be presented.

*"FCE Premium Preference Club" shareholder points distributed in FY2023/9 will be suspended.

For details, please refer to the following disclosure.

<https://contents.xj-storage.jp/xcontents/AS05165/05420576/c9ea/4fbc/b829/e9bc157645e6/140120240513592891.pdf>

FCE GROUP

FCE Inc. IR website

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



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