



# Results of Operations for the Third Quarter of the Fiscal Year Ended August 31, 2024

July 2024



# Agenda

1

3Q FY8/24 Results of Operations (P.3~P.11)

2

FY8/24 Plan and Shareholder Returns (P.12~P.16)

3

Medium-Term Growth Vision (P.17~P.25)

Appendix (P.26~)

# 1. 3Q FY8/24 Results of Operations

## 3Q FY8/24 Highlights

## Quarterly net sales

# 5.6 billion yen

Net sales grew 6.0% year on year.  
Progress was roughly as planned.

## Engineer utilization rate

\* Covers to in-house engineers excluding initial trainees

# 98.1%

(As of Q3 of FY2024)

We maintained a high engineer utilization rate  
through proactive sales activities.

## Operating profit margin

# 10.9%

We recorded a year-on-year increase of 0.3%  
due to the curbing of SG&A expenses, primarily  
hiring expenses.

## Total number of engineers

\*In-house engineers and working partner engineers

# 3,314名

The number began to rise in the Q2 of  
FY2024, particularly in that of working  
partner engineers.

## 1H FY8/24 Financial Highlights (1)

- Due to higher engineer utilization rates and a hike in unit prices for projects, net sales rose year on year.
- While we curbed the hiring of in-house engineers, we promoted the utilization of business partners.

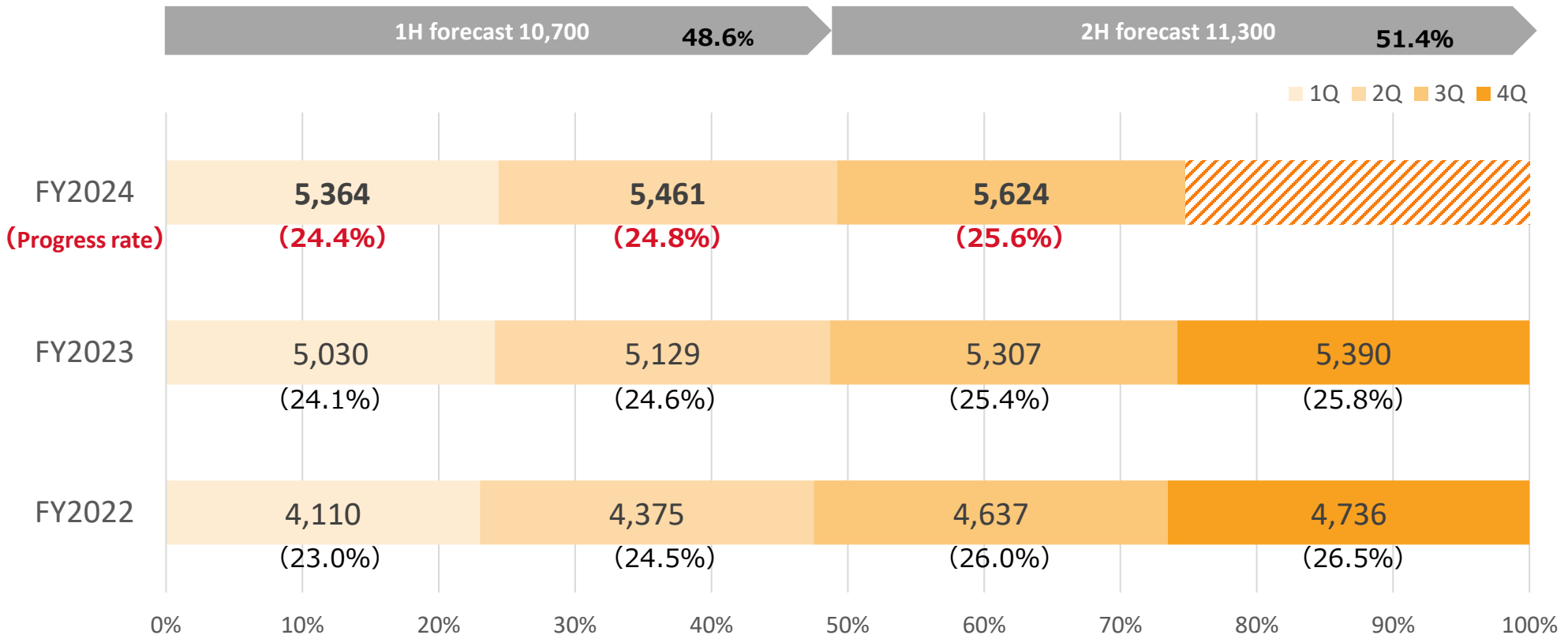
	3Q FY8/23 results		3Q FY8/24 results		
	(Millions of yen)	(% to sales)		(% to sales)	(YoY change)
Net sales	15,467	-	<b>16,450</b>	-	<b>+6.4%</b>
Gross profit	3,969	25.7%	<b>4,209</b>	<b>25.6%</b>	<b>+6.0%</b>
SG&A expense	2,331	15.1%	<b>2,422</b>	<b>14.7%</b>	<b>+3.9%</b>
Operating profit	1,638	10.6%	<b>1,786</b>	<b>10.9%</b>	<b>+9.1%</b>
Ordinary profit	1,844	11.9%	<b>1,803</b>	<b>11.0%</b>	<b>△2.2%</b>
Profit	1,194	7.7%	<b>1,151</b>	<b>7.0%</b>	<b>△3.6%</b>

## 3Q FY8/24 Financial Highlights (2)

- Progress was made largely as planned, reflecting growth in net sales mainly in the IT infrastructure field, which has a high degree of continuity.
- We will aim to achieve the full-year results by increasing the number of working engineers, including that of business partners, and their unit prices.

Progress in net sales in comparison with the full-year forecast\*

(Millions of yen)



## 1H FY8/24 Financial Highlights (3)

- The scope of operations is expanding, particularly in the digital integration segment.

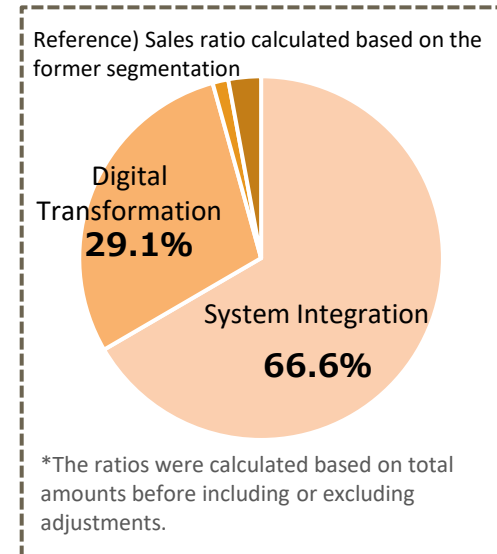
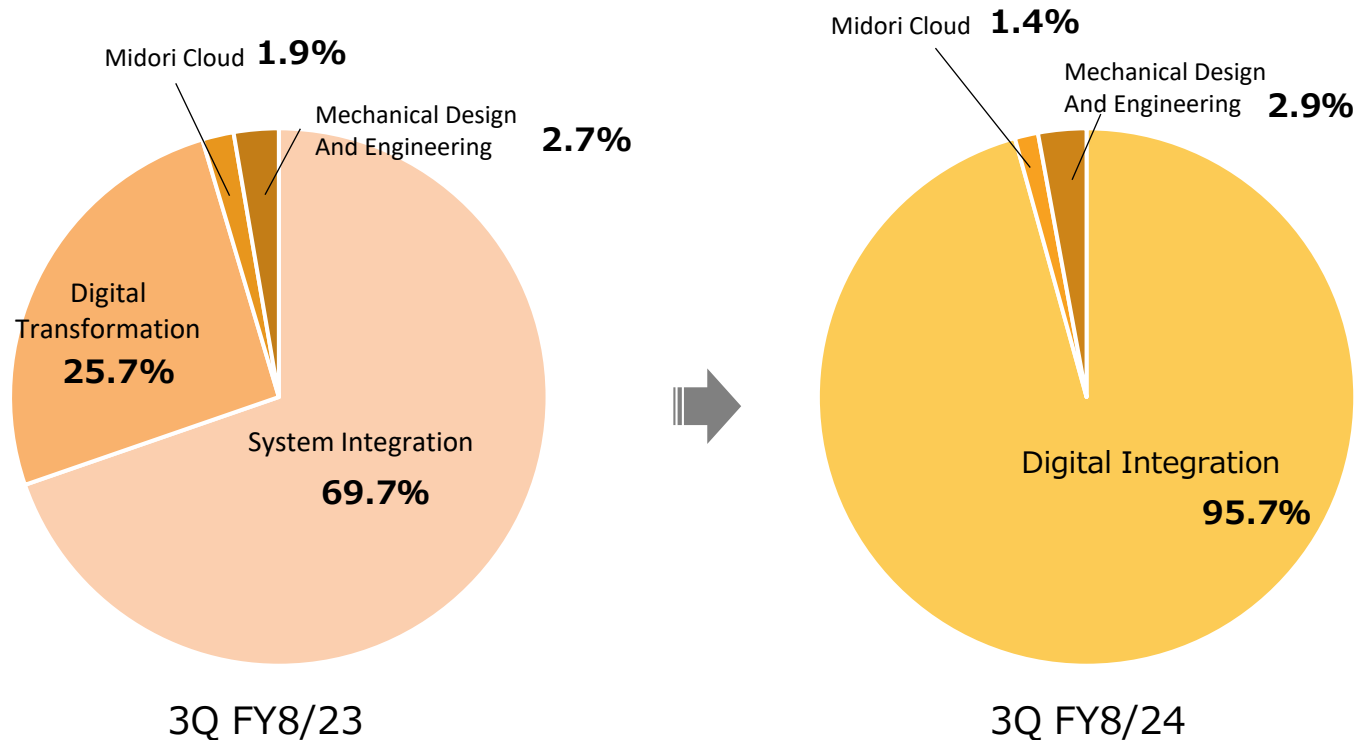
		3Q FY8/23 results		3Q FY8/24 results		Increase and Decrease	
		Amount of money	% to Total	Amount of money	% to Total	Amount of money	Percentage increase
Net sales	(Millions of yen)						
	<b>Digital Integration</b>	14,747	95.1%	15,741	95.2%	+994	+6.7%
	Midori Cloud	296	1.9%	223	1.4%	△73	△24.7%
	<b>Mechanical Design and Engineering</b>	464	3.0%	562	3.4%	+98	+21.2%
	<b>Total</b>	15,508	100.0%	16,527	100.0%	+1,019	+6.6%
Segment profit/loss	<b>Digital Integration</b>	1,609	98.6%	1,788	100.8%	+179	11.1%
	Segment profit margin (10.9%)	(10.9%)		(11.3%)			
	Midori Cloud	△20	△1.3%	△50	△2.8%	△29	-
	<b>Mechanical Design and Engineering</b>	42	2.6%	35	2.0%	△7	△17.0%
	Segment profit margin (9.3%)	(9.3%)		(6.3%)			
	<b>Total</b>	1,631	100.0%	1,774	100.0%	+142	+8.7%
	profit margin (10.5%)	(10.5%)		(10.7%)			

\*The above total amounts are those before including or excluding adjustments.

## 3Q FY8/24 Financial Highlights (4)

- Sales accounted for by the Former DX Segment, the profitability of which is high, expanded to 29.1%.
- In the Midori Cloud business, we focused on orders-oriented sales activities for the Midori Cloud Rakuraku Shukka.

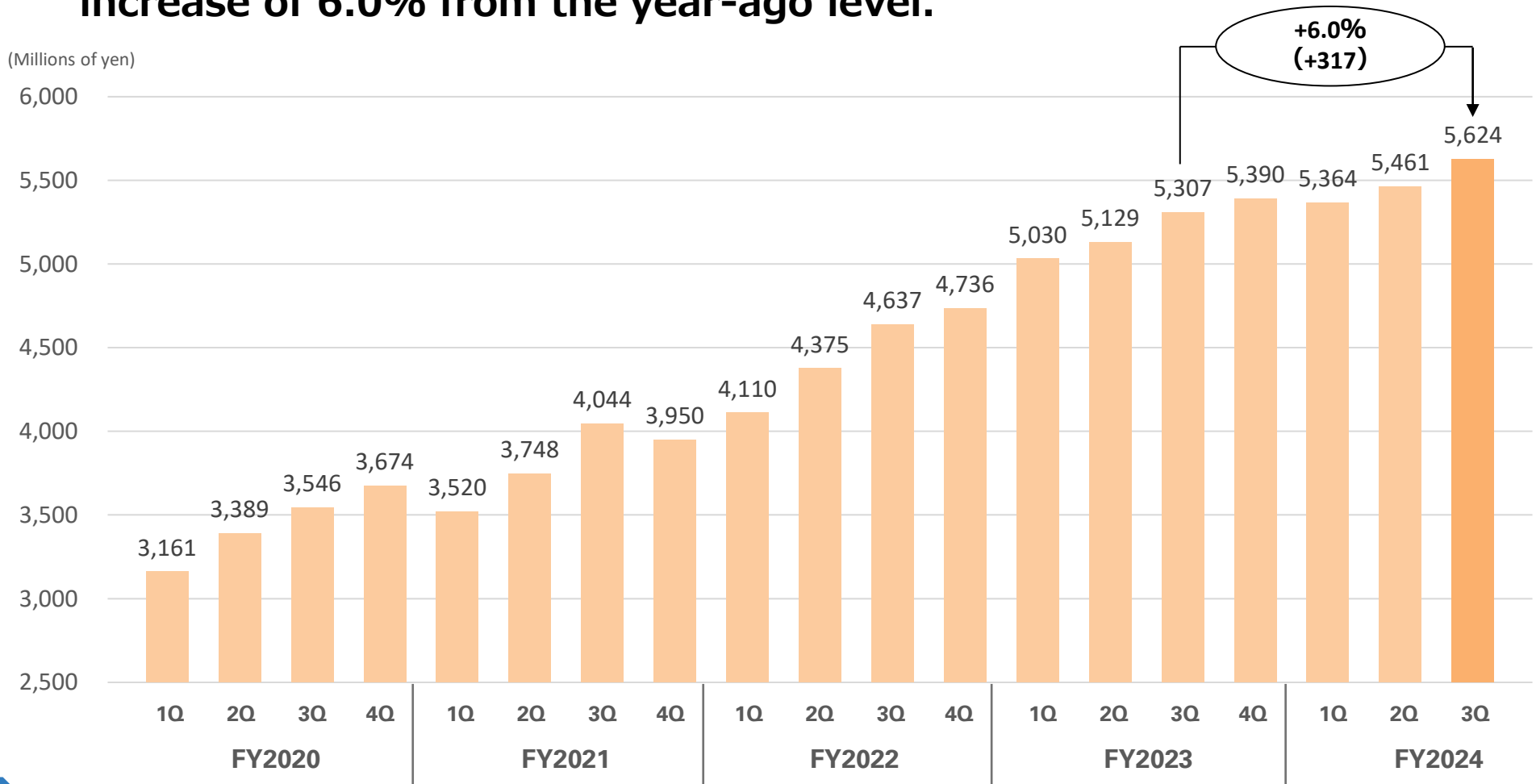
### Sales by Business Segment





## Quarterly Sales Growth

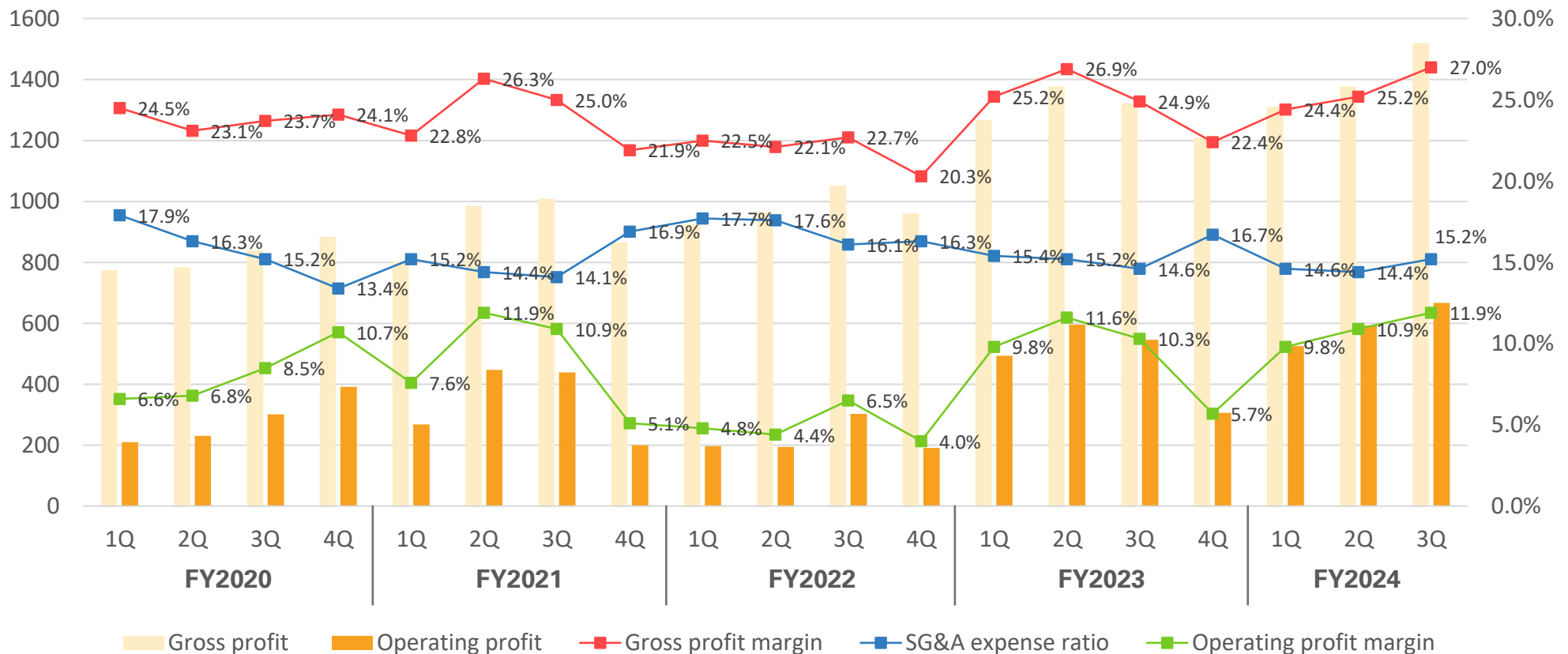
- In terms of full-year consolidated results forecasts, net sales are projected to be 22 billion yen (up 5.5% year on year).
- Net sales climbed steadily in the third quarter of FY2024, resulting in an increase of 6.0% from the year-ago level.



## Quarterly Earnings Growth

- We continued to balance the hiring of engineers with the use of partners while focusing our efforts on the improvement profit margins.
- Both the gross profit ratio to net sales and operating profit margin improved in the third quarter of the fiscal year ending August 31, 2024.

(Millions of yen)



# TOPICS

- Aug. 25, 2023 **Release of NewtonX, a ChatGPT service for companies**  
We released a secure generative and conversational AI service tailored for business use, featuring data leakage protection and enhanced operational productivity.
- Sep. 25, 2023 **Stepping into the cloud BPM domain in collaboration with NTT Data Intramart Corporation**  
We released the Accel-Mart Quick cloud low-code development service combined with Seraku CCC's customer success function.
- Oct. 26, 2023 **We launched a data utilization support service using Salesforce Data Cloud as the core of the service**  
The service will be provided along with the utilization of the Salesforce Data Cloud that facilitates the integration and commonality of different types of customer data and increase customer experience.
- Nov. 15, 2023 **We announced a treasury stock acquisition of up to 400,000 shares (the total acquisition price of 400 million yen)**  
We repurchase our own shares for the purpose of implementing our capital policy, utilizing them in mergers and acquisitions, using them in incentive plans and returning profits to shareholders.
- Dec. 12, 2023 **We launched a utilization support service for companies that have introduced Salesforce's AI services**  
As a pioneer in incorporating generative AI into the operation of SFA and GRM, we seek to strengthen the development of human resources with successful track records of AI operations and realize advanced data utilization.
- Jan. 19, 2024 **Acquired Expert certification under the Salesforce Navigator Program**  
Achieved Expert certification in the field of Managed Services in recognition of our expertise and extensive track record in promoting the spread and utilization of Salesforce
- Mar. 19, 2024 **Released the new Knowledge Connect feature for NewtonX**  
The new feature integrates a company's own data to generate responses based on internal files, broadening applications for use as an organization to boost productivity and maximize business streamlining.
- Apr. 5, 2024 **Opened the second domestic managed services center in the Kyushu area**  
The center will enhance service structure for information systems operational support and offer 24-hour, 365-day corporate IT infrastructure and information system operational support services.
- Jun. 3, 2024 **The Midori Cloud Rakuraku Shukka was selected as an excellent example by the Organization for Improvement of Food-distribution System.**  
The project aimed at improving efficiency in fruit and vegetable distribution, which was promoted in collaboration with JA Zen-Noh Hiroshima and JA Hiroshima, was selected as an excellent example in the category of demonstration projects for supply chain enhancement.

## 2. FY8/24 Plan and Shareholder Returns

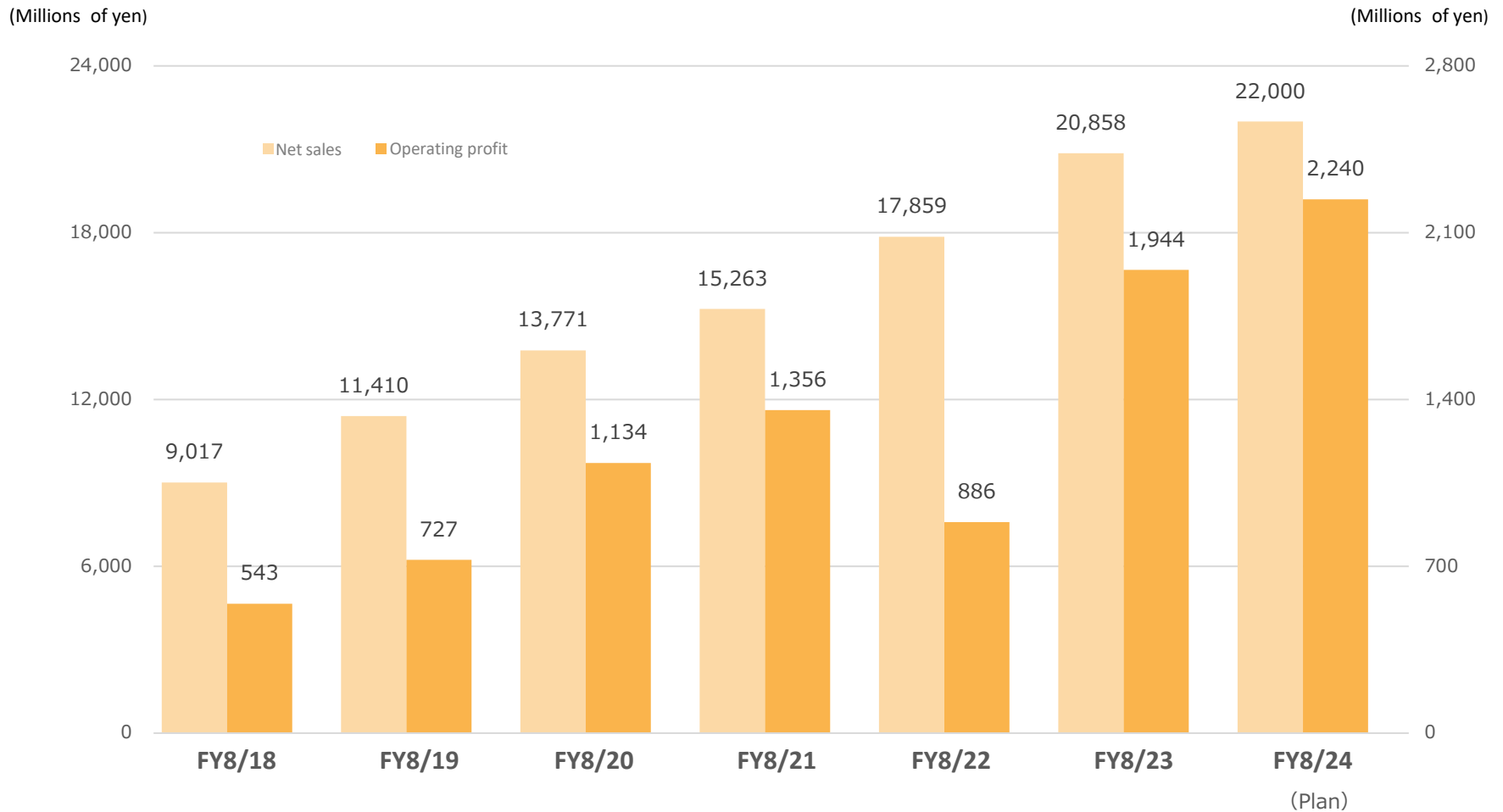
## FY8/24 Plan (1)

- Net sales are expected to rise 5.5% year on year. We will establish a partner ecosystem and reform the customer portfolio.
- We will increase the utilization of partners and win more projects from prime contractors in order to boost the operating profit margin.
- We will step up shareholder returns, planning to increase dividends to 13.00 yen per share.

	FY8/23 results		FY8/24 plan		
	(Millions of yen)	(% to sales)		(% to sales)	(YoY change)
Net sales	20,858	-	22,000	-	+5.5%
Operating profit	1,944	9.3%	2,240	10.2%	+15.2%
Ordinary profit	2,156	10.3%	2,240	10.2%	+3.9%
Profit	1,472	7.1%	1,500	6.8%	+1.9%
Dividends	10.40yen	-	13.00yen	-	-

# FY8/24 Plan (2)

- We will focus on structural changes with a view to the medium- and long-term maximization of net sales and operating profit growth.



# Growth Forecast in Fiscal Year Ending August 31, 2024 (Summary)

## DX domain

**Become the Japanese leader in operating and utilization support the widespread use of cloud systems**

- Increase the number of supported platforms

**Expansion in the information system operating segment**

- Expand due to increased demand for IoT cloud support centers and managed services

## SI domain

**Expand the size of the partner ecosystem**

- Expand the total number of working engineers (including business partners)
- Enhance hiring, sales and training capabilities

**Improvement of operating profit margin**

- Implement structural reforms aimed at customers and projects

## AI/Automation Segment

**Creative productivity improvements to IT operation through AI/automation**

- NewtonX ChatGPT operating service for enterprise
- Focus on R&D and customer development in the AI/Automation segment

## Midori Cloud

**Become the primary industry DX leader**

- Focus on expanding sales of the Rakuraku Shukka collection and shipment support service

## Human resources

**Development of leader candidates**

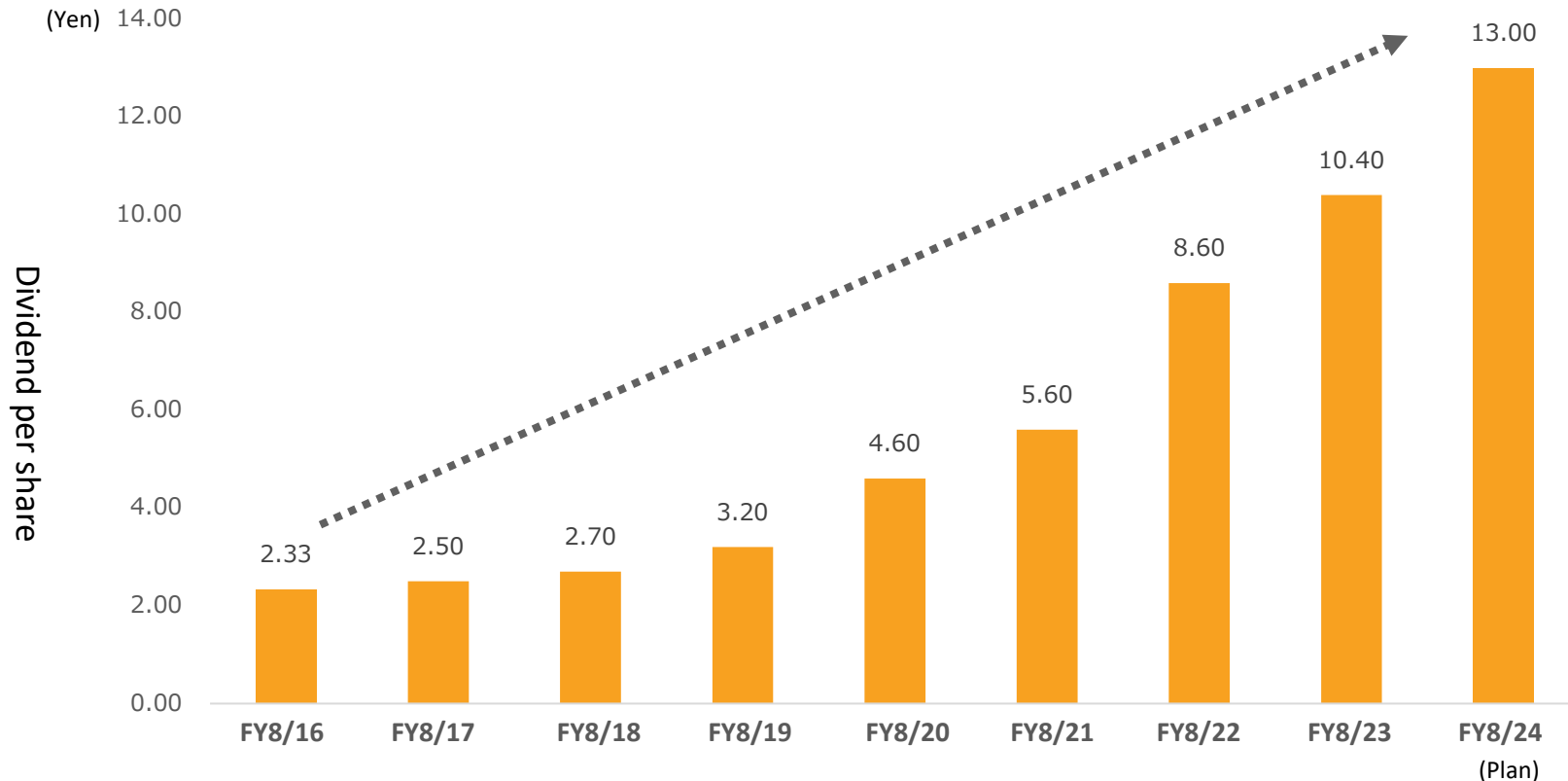
- Increase from the current 200 people to 600 people
- Redesign "three-year stories" for engineers

## Corporate Philosophy

**Promotion of health and productivity management**

# Shareholder Return and Improving Relationships With Stakeholders

- For the fiscal year ending August 31, 2024, we plan to issue dividends of 13.00 yen per share (a payout ratio of 12.1%), a 2.60 yen year-on-year increase
- Dividend amounts per shares have increased by over five times since SERAKU was publicly listed (fiscal year ended August 31, 2016)
- We plan a treasury stock acquisition of up to 400,000 shares (the total acquisition price of 400 million yen) by the end of October 2024.
- In the future we will increase opportunities for dialog with individual investors



\* On March 1, 2017 SERAKU conducted a four-for-one stock split of common stock, and per-share dividend amounts are listed based on figures after adjustments to reflect the stock split.



# 3. Medium-Term Growth Vision

**Transformation  
Toward a Second Growth Era  
as the Monetization of  
In-house Services Begins**

# Medium-Term Growth Vision

**We will position a market capitalization of 50.0 billion yen as one of the indicators as we strive to grow in scale and improve earnings.**

- We will accelerate our expanded scale through an IT personnel platform model.
- Invest in the Midori Cloud business, AI area and DX services to increase additional value and profit margins

	FY8/24-
Vision	(1) Market capitalization 50.0 billion yen (2) Net sales: 50.0 billion yen (3) Operating profit margin: 15% * (1) to (3) will be achieved at different times
Growth Strategy	<ul style="list-style-type: none"> <li>• Growth in the number of people through an IT personnel platform</li> <li>• Generating additional value from the shift to DX and contracting</li> <li>• Generating revenue from new businesses</li> <li>• M&amp;A</li> </ul>
Strengths	<ul style="list-style-type: none"> <li>• IT personnel platform (procurement, education, project/personnel matching)</li> <li>• DX service</li> <li>• AI/Automation</li> <li>• Agricultural IT</li> </ul>

# Initiatives in Past Years and Growth Vision

While focusing on the growth of profitability, we will work to achieve the current milestone, an operating profit of 4.0 billion yen and market capitalization of 50 billion yen, as well as growth after achieving the milestone.

## (ii) Operation of cloud systems and facilitation of their widespread use

Facilitated the growth of high growth and high profitability businesses by promoting DX.



## (iii) Midori Cloud Rakuraku Shukka

Created a highly profitable service through ten years of continuous investment in the business following its launch in 2014.



## (iv) NewtonX, a new in-house service

Launched a new in-house service in the sharply growing AI-related market.



## (i) IT personnel platform

Through structural reforms, we have been working to establish a revenue structure not dependent on the number of employee engineers and to shift to a high profit business structure.

**Increase in the amount of work undertaken by partner engineers**

**Increase profit through the reduction of hiring and training costs.**

**Systematization and contracting**

**Increase profit margins per project.**

We transitioned to a profit growth-oriented business model in sync with the changes in the market conditions (increased hiring costs/human resource mobility).



**Listed on the Tokyo Stock Exchange's Mothers Market (former name) in 2016**

Since the establishment of the IT professional creation model in 2002, we have been growing steadily through our employee engineers' efforts aimed at expanding the scale of business.

### Recruiting capability



### Training capability



### Sales capability

The number of engineers increasing by an average of more than 300 annually.

Training program that enables new employees to be competitive two months after joining the Company.

Assigning of engineers to projects with a continuous, build-up nature, that match their technical capabilities

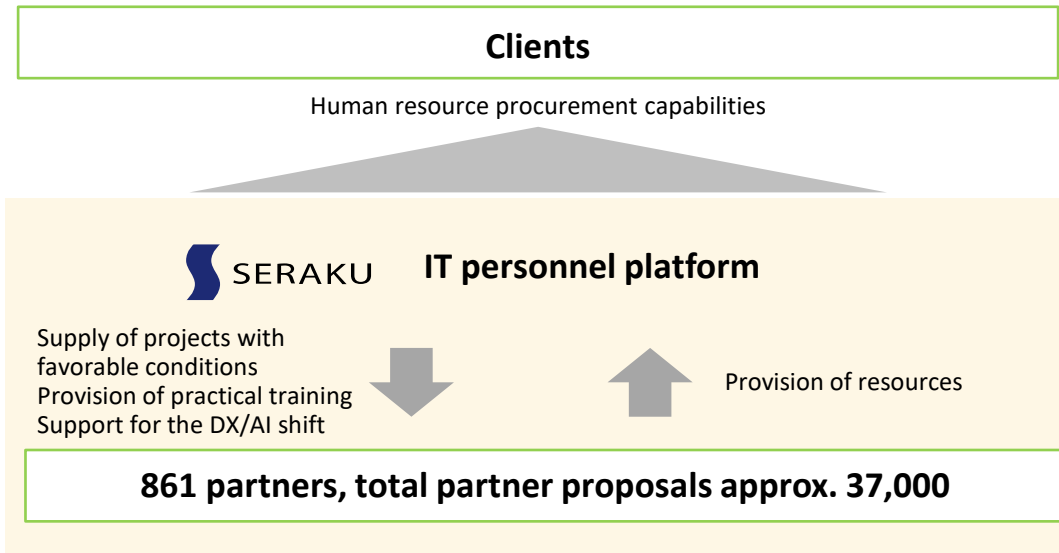
# Growth Strategy (1) IT Personnel Platform

## Business model

**Engineer utilization unit price x Number of working engineers**

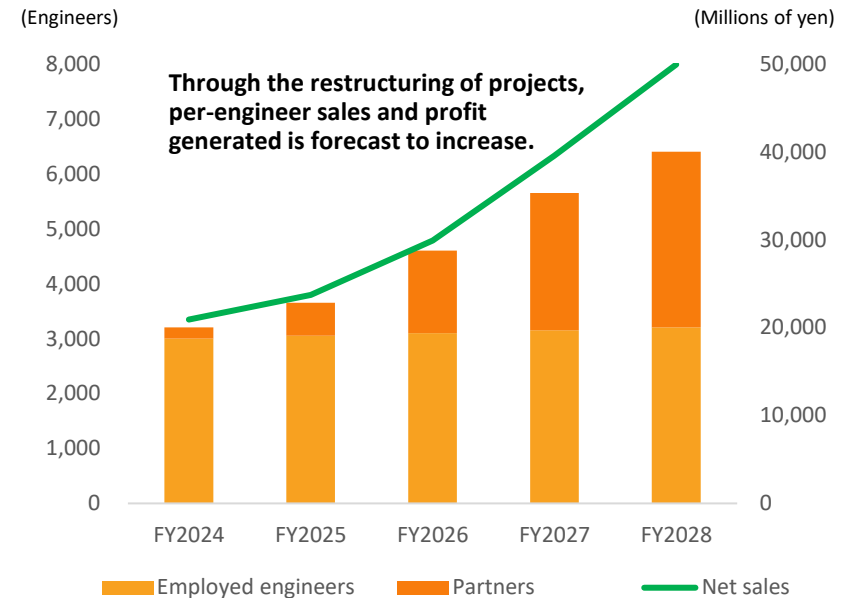
\* We maintain a high engineer utilization rate because many of our operating projects are of a continuous, build-up nature.

- With the structural reform progressing steadily in line with the establishment of the IT personnel platform, the amount of work undertaken by partner engineers is expected to increase rapidly going forward.



- The number of working engineers will increase at a higher rate.
- With hiring and training costs for SERAKU expected to decline, profit will increase.

## Growth Outlook



\* Net sales are predicted values for the Digital Integration Segment.

**The number of partner companies has increased by around 350 over the past six months.**

**We will aim for 50,000 registrations with a focus on system development companies.**

# Growth Strategy (2) Outlook for the service of operating and facilitating the widespread use of cloud systems



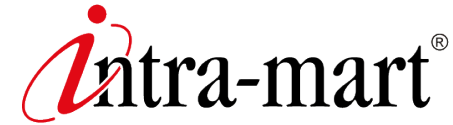
Annual net sales growth rate: **+28%**  
**3.2-fold** revenue growth from domestic-related market forecast

\* From materials released by Salesforce.com



**Number one** domestic market share **(18.7%)**  
 Adopted by one in every three major companies

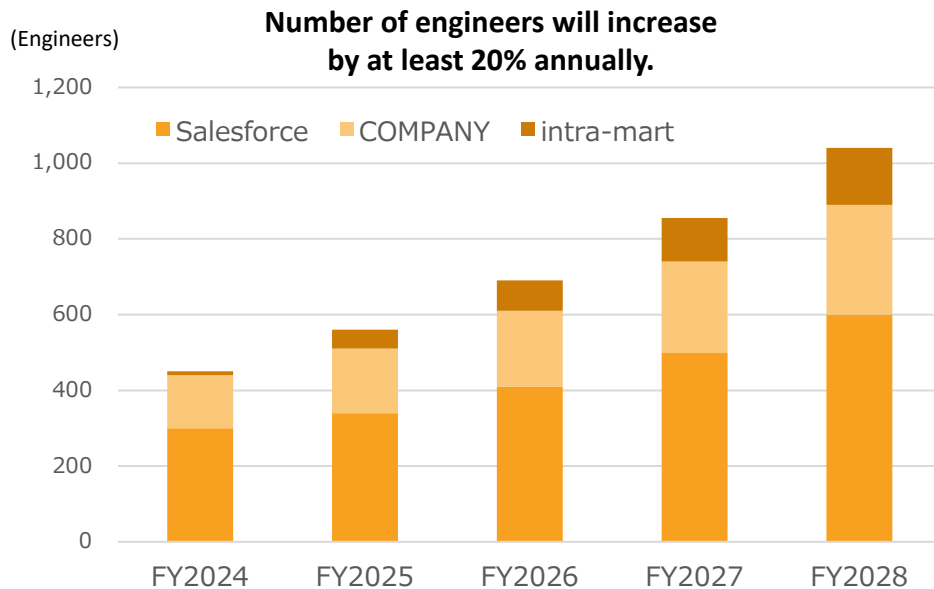
\* From materials released by Works Human Intelligence



**Number one** domestic market share **(29.5%)**  
 New market creation with cloud migration

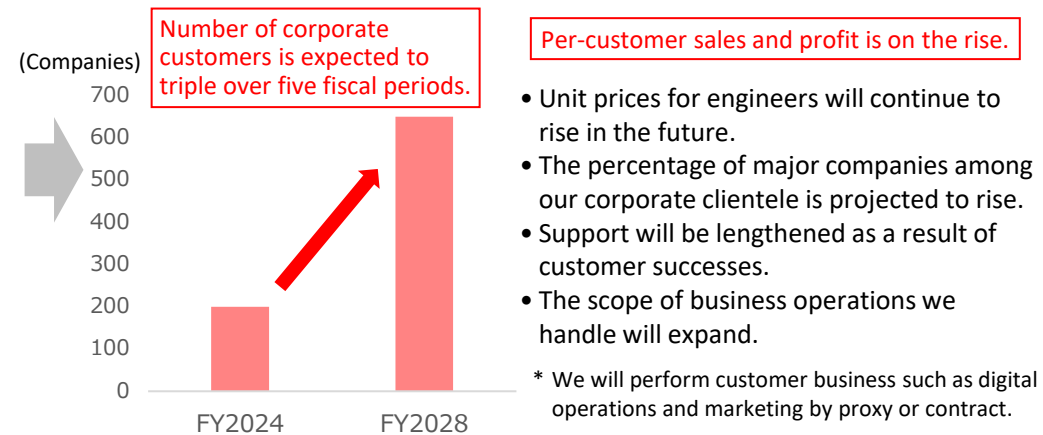
\* From materials released by NTT DATA INTRAMART

**No.1 in Japan for customer successes supporting the overall system utilization of corporate clients, with a focus on major companies**



**The number of corporate clients will continue to increase in the future in step with market growth.**

**We will increase per-customer sales and profit by establishing accompanying runner-type customer support.**

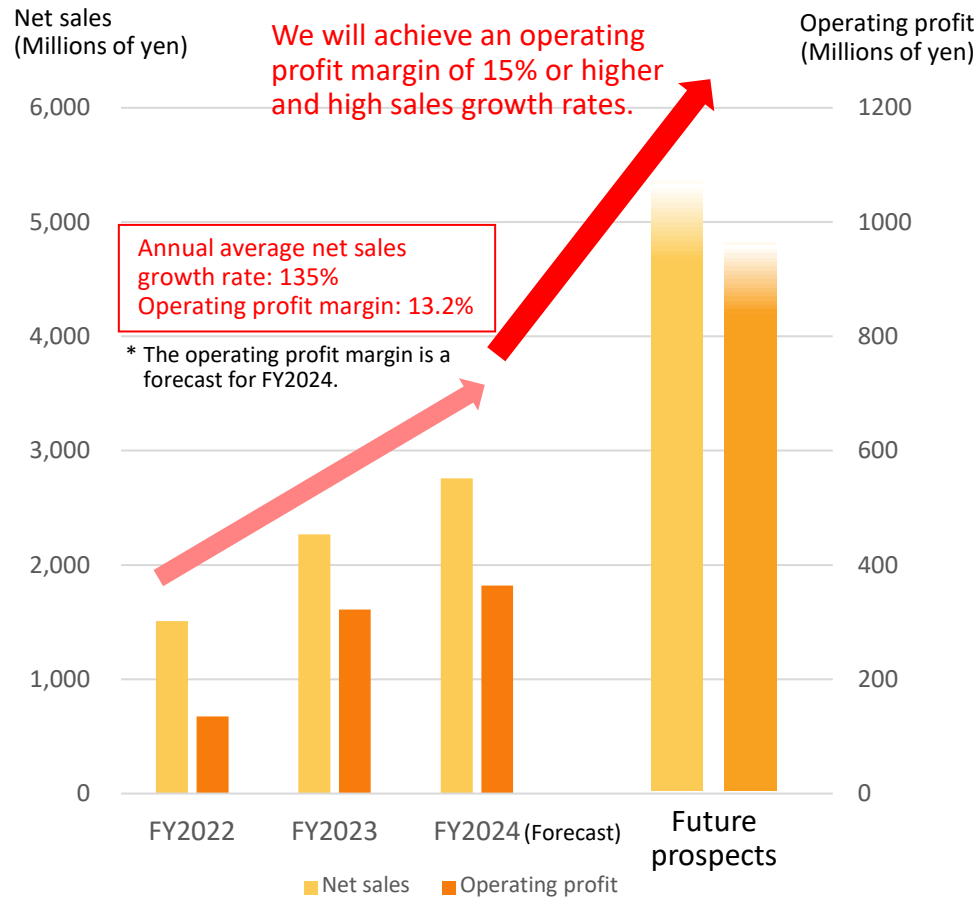


\* Number of corporate customers for Salesforce, COMPANY and intra-mart combined

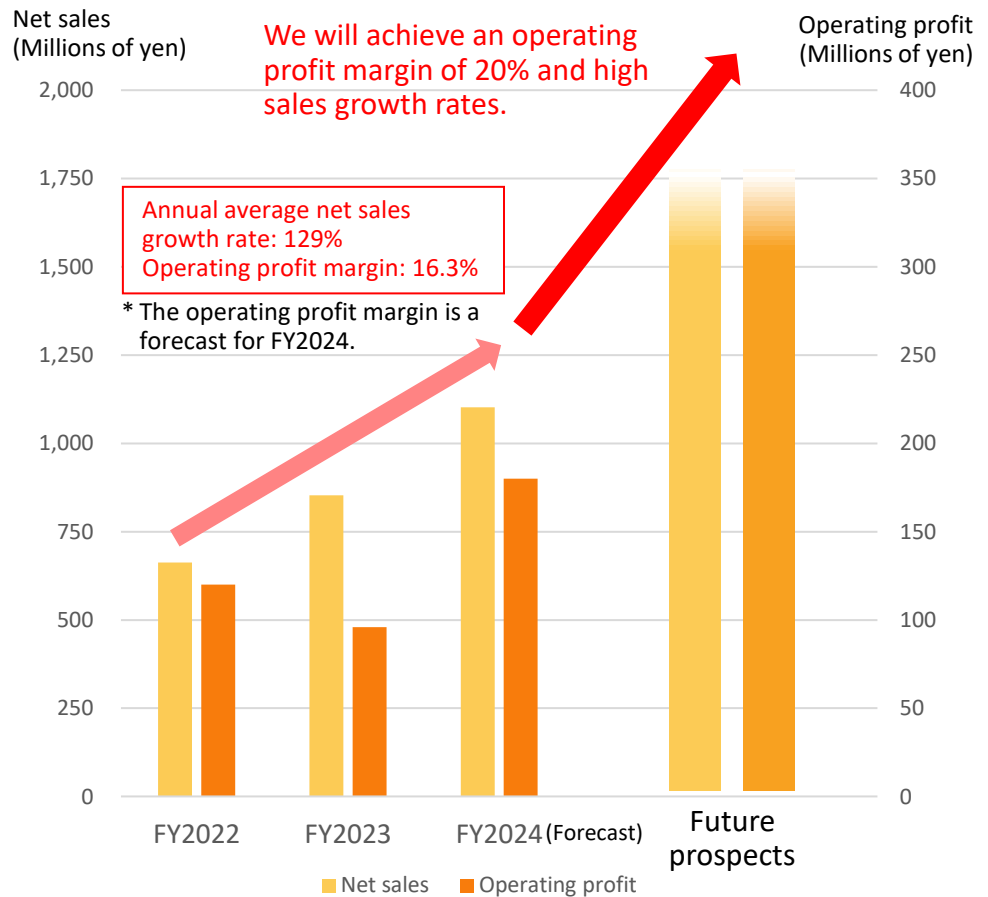
# Growth Strategy (2) Outlook for the service of operating and facilitating the widespread use of cloud systems

- The service of operating and facilitating the widespread use of cloud systems has achieved at high growth rate and high profit margin that exceed company-wide averages.
- We will further increase the operating profit margin going forward, while also moving forward with initiatives to achieve high growth rates.

**Seraku CCC (Salesforce/intra-mart)**



**COMPANY**



# Growth strategy (3) In-house Rakuraku Shukka service

## Rakuraku Shukka

Initial Introduction Cost + (number of distribution labels × label unit price)

### Midori Cloud Rakuraku Shukka

Streamline fruit and vegetable collection and shipping operations with the use of QR codes, smartphones and tablet devices



Streamlining shipping tasks

**As much as 85% or higher**

Billing based on distribution volume

**Per-label conversion: up to 40 yen**

\* Unit prices vary depending on the contract with the customer and the distribution volume

### Growth scenario

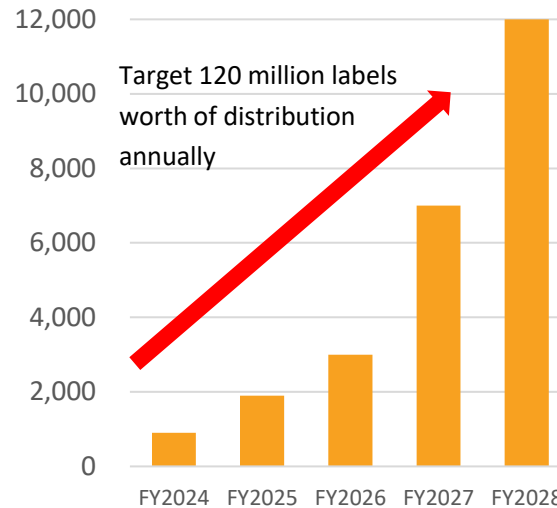
Next 3 to 5 years

**Focus on introduction by nationwide JA organizations (roughly 500 organizations)**

Medium- and long-term target

**Becoming the No. 1 platform operator of distribution DX for primary industry**

(10 thousand labels / year)



**(1) Expansion to processes after collection and shipping**

→ The food-related distribution market is worth **35 trillion yen\***

**(2) Distribution of fisheries products and other produce**

→ Domestic fisheries production is worth **1.3 trillion yen\***

**(3) Agricultural produce distribution and export overseas**

**(4) Distribution data marketing**

\* From Agriculture, Forestry and Fisheries Compact Notes, published in 2023 by the Ministry of Agriculture, Forestry and Fisheries

**Building upon the successful results with JA Hiroshima, we will proceed with preparations for introduction at multiple JA organizations and focus on expanding the number of distribution labels. In the medium- and long-term, we will aim to expand into related fields as the No.1 platform operator providing distribution DX for primary industry.**



# Growth Strategy: Utilization of Generative AI

NewtonX

## Monthly usage fees (subscription model)

# NewtonX

ChatGPT utilization service for companies

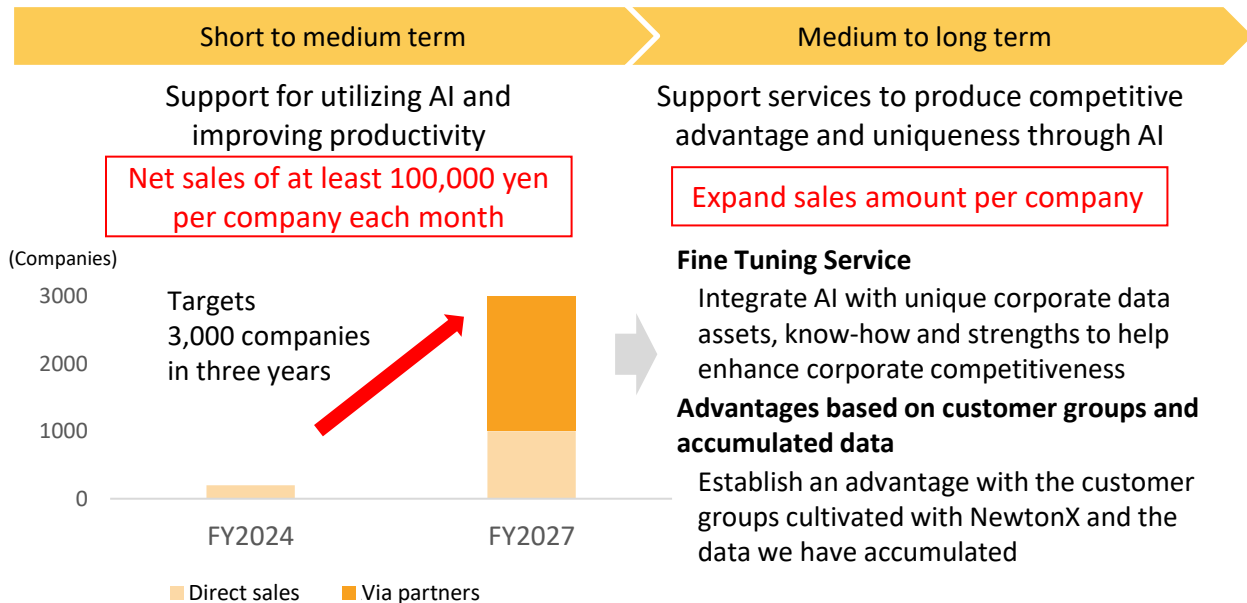
- Low-cost in-company utilization under security management schemes
- Support for AI utilization based on customer successes
- Official launch as a paid service
- Release of Knowledge Connect linking in-house data with AI

### Targets

100,000 companies mainly comprising SMEs that have a need to differentiate from the competition using AI but face difficulties introducing AI on their own



### Growth scenario



# Appendix

## Company Overview

### Management Policy

**Create and foster businesses through IT education/training services and contribute to the advancement of society.**

**Company name:** SERAKU Co., Ltd.

**Established:** December 1987

**Representative:** Tatsumi Miyazaki, Representative Director

**Capital:** 311,129,309 yen (as of May 31, 2024)

**Employees:** 3,432 on a consolidated basis (as of May 31, 2024)

**Location:** Nishishinjuku Prime Square Bldg. 7-5-25 Nishishinjuku, Shinjuku-ku, Tokyo

**Group companies:** SERAKU CCC (wholly owned subsidiary)

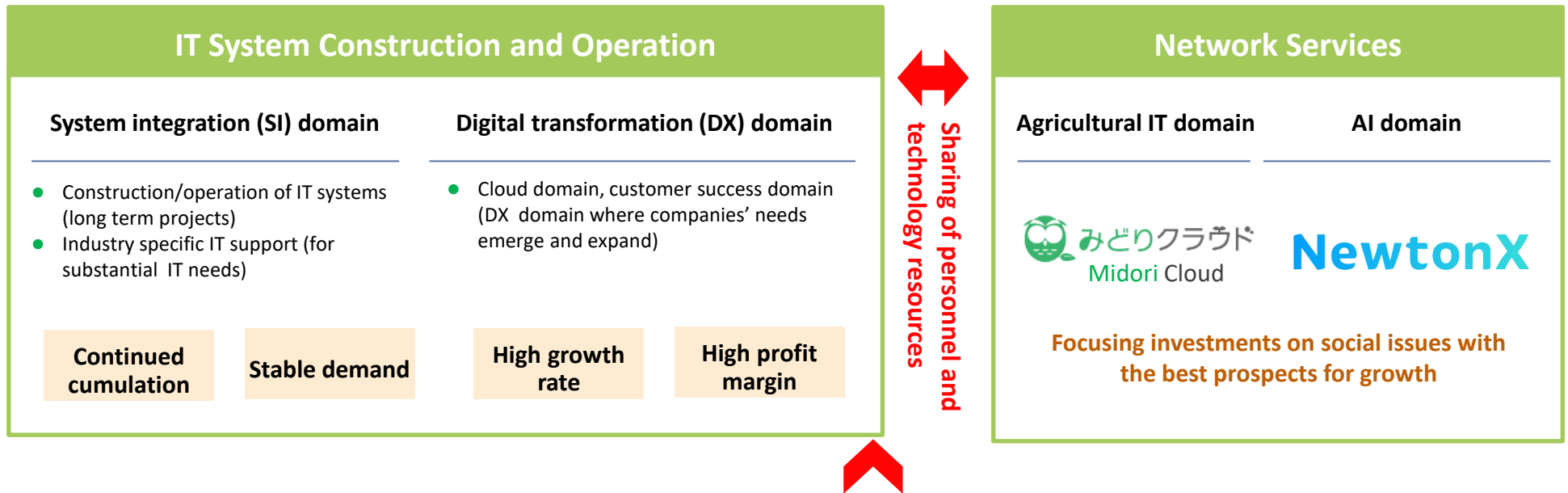
SERAKU Business Solutions (wholly owned subsidiary)

AND Think (wholly owned subsidiary)

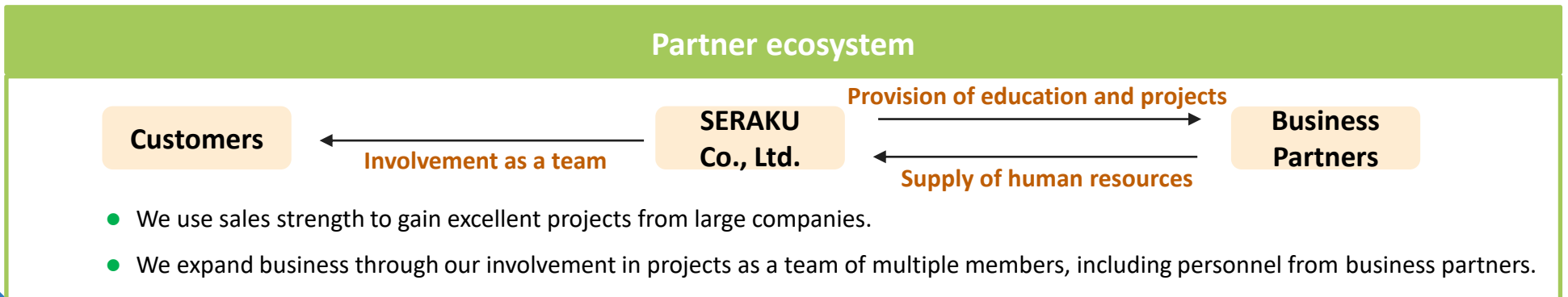
**Listed exchange:** Tokyo Stock Exchange, Standard Market (stock code 6199)

# Our Business Model

Working as “Digital Integrator,” we implement and operate IT systems and DX in society.



Use our own education programs to create experts in new technology domains where markets are growing and there is a shortage of people



# SERAKU's Competitive Strengths

## Partner ecosystem

- We use sales strength to gain excellent projects from large companies. In collaboration with partners, we form a team of several members to take part in projects.
- We receive more than 5,000 proposals from partners.
- We provide partners with practical project training.



## Growth potential in DX field

- Cloud system operation and support services by Seraku CCC
- Managed services at the IoT Cloud Support Center (24/7 operation of IT infrastructure and systems)
- We are increasing the number of cloud platforms we can deal with and apply our expertise in operation and support services.

## Agricultural IT



- Agricultural and fisheries DX platform
- DX solutions for the primary industry
- Midori Cloud Rakuraku Shukka  
Cutting labor for collection and shipping of vegetables and fruit by up to 85%



## AI/ Automation

# NewtonX

- ChatGPT utilization support service for companies
- AI utilization support with fine tuning

# Business Segments and Service Domain

We have integrated the SI and DX sectors into one organization and re-defined it as the Digital Integration business segment.

## Digital Integration

Create high value-added and achieve high growth in new technology areas by building on our strength, namely, operating and maintaining IT systems with stability over the long term.

### Construction, operation and maintenance of IT systems

- Operation of IT infrastructures
- Operation of IT systems
- Infrastructure solutions

### IT support

- Financial/social systems
- Information communication systems
- Enterprise systems
- Service management
- Quality assurance

Former SI Segment

### Cloud & Solutions Business

- IoT cloud support center
- Cybersecurity

### Operate cloud systems and facilitate their widespread use

- Supporting the introduction and operation of COMPANY\*
  - Operate cloud systems and facilitate their widespread use
- \*HR software
- 
- Introduction and support services for operation of Salesforce.com
  - Design of marketing activities
  - Data science

Former DX Segment

## Midori Cloud

Support the primary industry by leveraging the power of IT.

### Agriculture and Fisheries DX Platform



- Measurement, recording and control of the farm / livestock building environments
- Sales support

### Agriculture and Fisheries solutions

- DX solutions
- Digital transformation service of the farming and sales business



## Mechanical Design and Engineering

Expanding services based on mechanical design technologies

### SERAKU Business Solutions



- Mechanical design, analysis and production technologies

# Construction, operation and maintenance of IT systems

- Expand services matched to wide-ranging market needs using abundant resources according to the education-type IT professional development model
- Operate a stock-type business centering on the enduring operation of IT infrastructure and systems to achieve stable growth

## Operation of IT infrastructure/systems

- One-stop services including system construction, operation and maintenance
- More than 75% of business are large scale operation projects that require long term continuous operation.
- The number of customers at locations other than Tokyo (Yokohama, Nagoya, Osaka, Fukuoka) is growing.

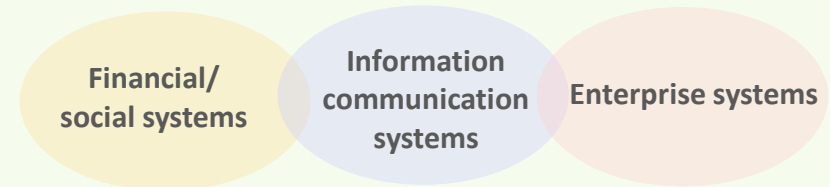
**Assigning engineers matched to customer needs to enduring IT infrastructure and system operation projects**



## Industry-specific IT support

- Promoting projects working as a subcontractor for large projects of major system integrators or receiving orders from prime contractors.
- Aim for growth by using collaboration and alliances with partners.
- Train IT professionals with operational knowledge.

**Expand business by enlarging trading platforms with major system integrators.**



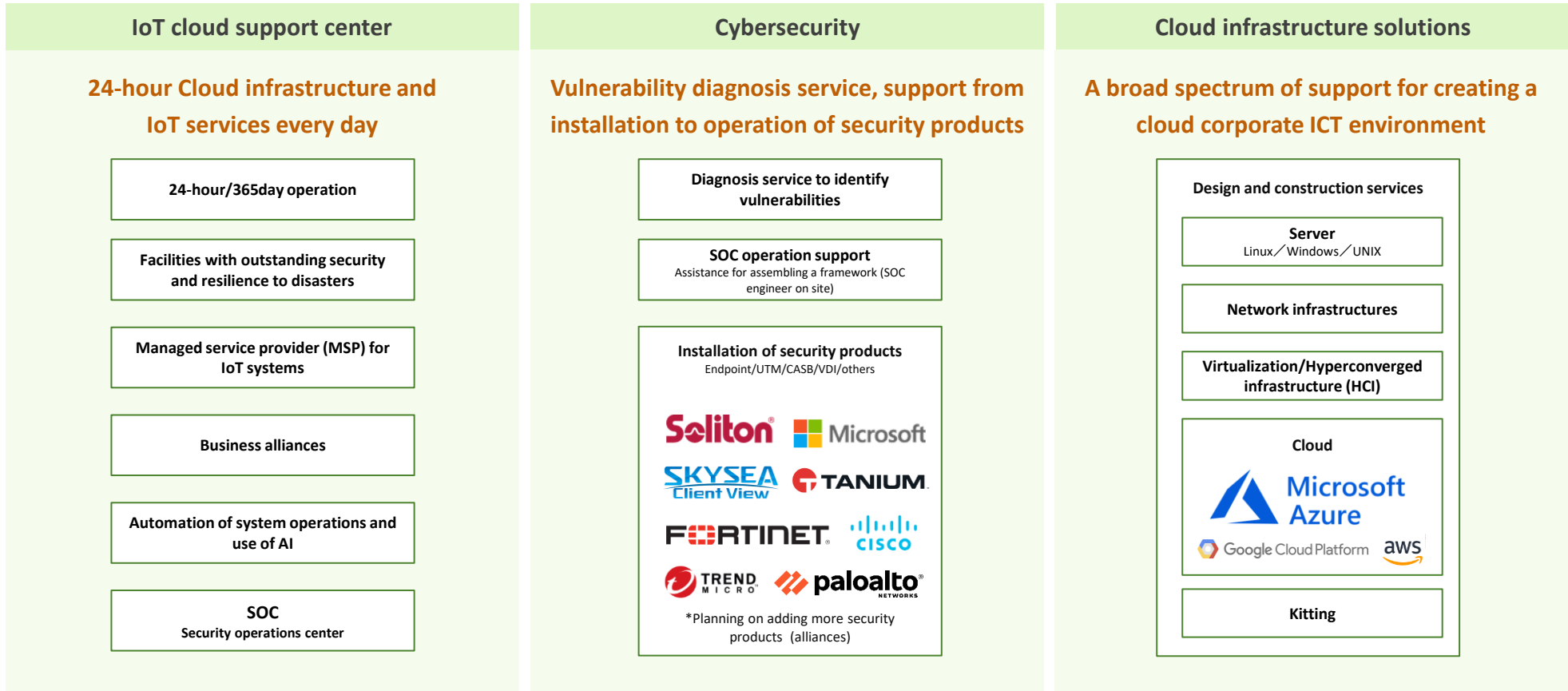
### Steady growth under the education-based IT professional creation model and the provision of greater added value by shifting human resource to the DX domain

- SERAKU's exclusive IT professional creation model underpins growth by using introductory lessons and then lessons using actual working environments to train inexperienced people so they can be assigned to projects within two to three months
- To provide greater added value, experienced people acquire more advanced skills for DX activities, project management and other challenging positions

**Expanding well-developed training and sales systems helps inexperienced engineers grow into competitive at an early stage.**

# Cloud & Solutions Business

- Total support for cloud computing in the corporate ICT environment (infrastructure, the Internet of Things) from designing and building to operation, monitoring and security.
- Shifting the focus to DX and cultivating engineers, while strengthening alliances to achieve growth in response to rapidly expanding market demand post the COVID-19 pandemic



The IoT/Cloud Support Center work to improve the quality of services using automation and AI.



# Customer Success Solution (SERAKU CCC)

Specializing in the Salesforce platform, which has a high market share in the SFA/CRM domain and strengthening the shift from engineers in the SI domain to those in the DX domain

## SFA/CRM utilization support services

Already assisting more than 400 companies due to rapid market growth  
Providing utilization support both on site and remotely



Utilization assessment program

Utilization support service

Salesforce manager support service

## Data utilization support through data analysis and data visualization



- Tableau operation using data science engineers
- Data science and business intelligence support centered on customer data

## Support for use of marketing automation tools



- Marketing Cloud Account Engagement operation
- Digital marketing support using a company's customer data

## Strengthening collaboration with NTT Data and others, DX acceleration support through utilization support services



- In April 2021, SERAKU jointly launched a business reform support service with NTT Data Corporation.
- In July 2021, SERAKU strengthened Pardot utilization support service in collaboration with Netyear Group Cooperation.



- In July 2021, SERAKU extended utilization support services in collaboration with WingArc1st Inc.
- In December 2021, SERAKU increased Tableau utilization support service in collaboration with Intage Technosphere Inc.



- In September 2023, SERAKU jointly launched the Accel-Mart Quick operation support with NTT Data Intramart Corporation.

## Capital participation in Resona Digital Hub, a solution provider answering the diverse DX needs of small and medium enterprises



- SERAKU invested in Resona Digital Hub Co., Ltd. (RDH), established on April 1, 2022, to commence the operations of the joint venture.
- RDH will construct a platform to open the way for one-stop proposals of diverse IT solutions to the Resona Group's small and medium corporate customers to help them increase productivity and competitiveness.
- SERAKU staff will provide Salesforce.com utilization support through RDH's unique customer success plan. SERAKU will promote use of the cloud services of Salesforce, Microsoft and others that it has developed.

# Customer Success Solution (SERAKU CCC)

Engineers' skills have improved due to the assignment of full-time trainers, support for acquisition of qualifications, and knowledge sharing.



## We acquired Expert Level for the Managed Service field



Managed Services

- We acquired Expert Level for the Managed Service field<sup>\*1</sup> in the Salesforce Partner Navigator Program<sup>\*2</sup>.
- We were recognized as a partner achieving top-level customer satisfaction in the field.
- The managed service, which is essential for the utilization of systems, is a growth area in the world and its market is expanding in Japan as well.
- We worked to develop engineers specializing in utilizing Salesforce to address significant market demand.
- Going forward, we will seek to support the use of more advanced data by developing individuals who can use generative AI.

\*1 A program that comprehensively evaluates and certifies the professional capability of Salesforce partners in specific areas based on their knowledge, experience and quality

\*2 The area of services that facilitate the introduction and full deployment of systems by providing support totally including utilization strategy planning and actual operation.

**We will continue to lead the market in the Salesforce Managed service field in Japan.**

**Our ambition is to establish ourselves as the number one brand in the cloud system operation and utilization market.**

# Supporting the introduction and operation of COMPANY

We have about 150 COMPANY engineers, making us one of the largest employers of COMPANY engineers in Japan.



- Largest share of the ERP product market (personnel affairs and salary)
- Introduced by about 1,200 corporate groups
- Used by many companies with annual sales greater than 100 billion yen

The ERP products have gained extensive support from major companies

Targeting large-scale customers, COMPANY has large transaction needs and a large size

## Supporting the introduction and operation of COMPANY, an integrated personnel affairs system

We provide extensive support services ranging from the introduction to the improvement, standardization, maintenance and operation of COMPANY

Our services have been provided to:

- |                                |                                     |
|--------------------------------|-------------------------------------|
| Major pharmaceutical companies | Large-scale healthcare corporations |
| Major general chemical company | Major general trading company       |
|                                | Major staffing companies ...etc     |

- The service started in 2016
- We have about 150 COMPANY engineers
- Established support track record and abundant knowledge

Our biggest advantage in the DX COMPANY business is our many engineers capable of handling COMPANY.

As one of the largest employers of COMPANY engineers in Japan, we will become a top company providing services supporting COMPANY operations

## As a solution partner, we started collaborating with Works Human Intelligence Co., Ltd.



- In November 2022, we started collaborating with Works Human Intelligence Co., Ltd. (WHI) as a solution partner\*
- With WHI providing the training environment, we have established an original training program for the development of professionals
- To date, we have produced more than 150 COMPANY engineers, making us one of the largest employers of this type of engineer in Japan.
- We will develop 300 COMPANY engineers over the next three years and contribute to meeting the growing demand for COMPANY

\*Solution partner:

A partner company that collaborates in supporting the introduction, utilization and upgrading of systems and the design and operation for outsourcing

A dedicated division was separately established in March 2023 in pursuit of the continued expansion of the business

Leveraging one of the largest resources of COMPANY engineers in Japan, we will increase our preparedness so that we are able to receive large-scale orders, make the service available in wider regions and handle more difficult orders

# Midori Cloud Business

## Agriculture and Fisheries DX Platform(IoT device x Cloud service X Data science)



A platform for pig and chicken farming



### Environmental measurement and records

#### Midori monitor/Midori box



IoT devices measure environmental parameters at an agricultural operation, store data in the cloud and generate notices of abnormalities.

Total installed locations exceeded **3,080**

### Remote automated environmental control

#### Midori Monitoring Environmental Control Option



Controlling windows, curtains, ventilation and other equipment automatically in combination with other companies' products and remotely via an app



Coordination opportunities environmental control

### Livestock environment measurement and records

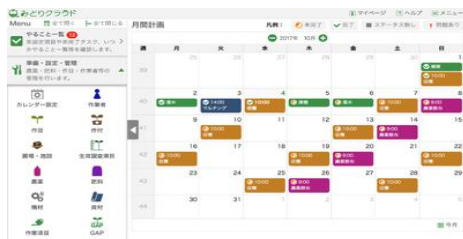


Measuring the environment in livestock buildings using IoT devices and storing measurement data on the cloud to detect abnormal environments and equipment in livestock buildings

Used at more than **177** locations

### Production plans and work records

#### Midori note



Use PCs and smartphones for production plans and records of work performed.

Total number of users is **46**.

### Sales support

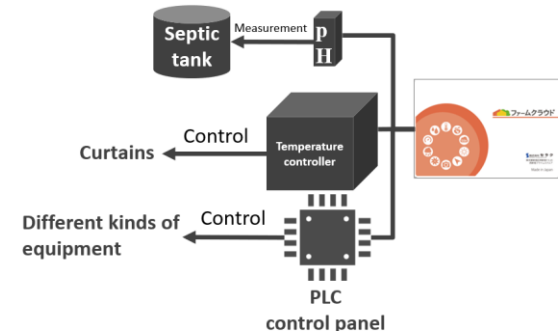
#### Farming support app



Visually displaying latest market data and price trends in the past ten years or more, and offering chemicals search and weather forecasts

Number of registered users is **4,700**

### Livestock building environment control

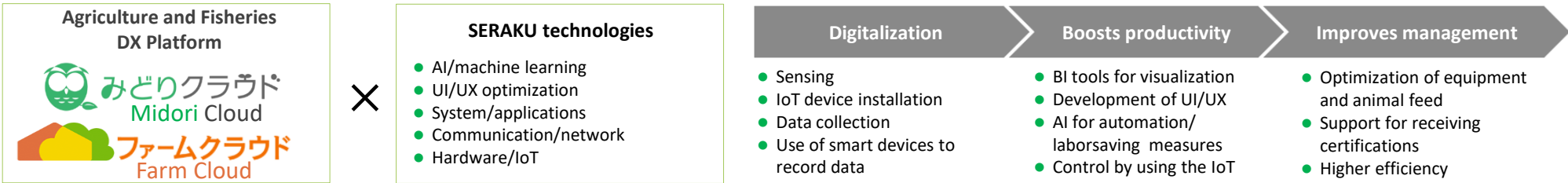


Automatically controlling the environment in connection with curtains and PLC systems used in livestock farming

# Midori Cloud Business

## Agriculture and Fisheries solutions

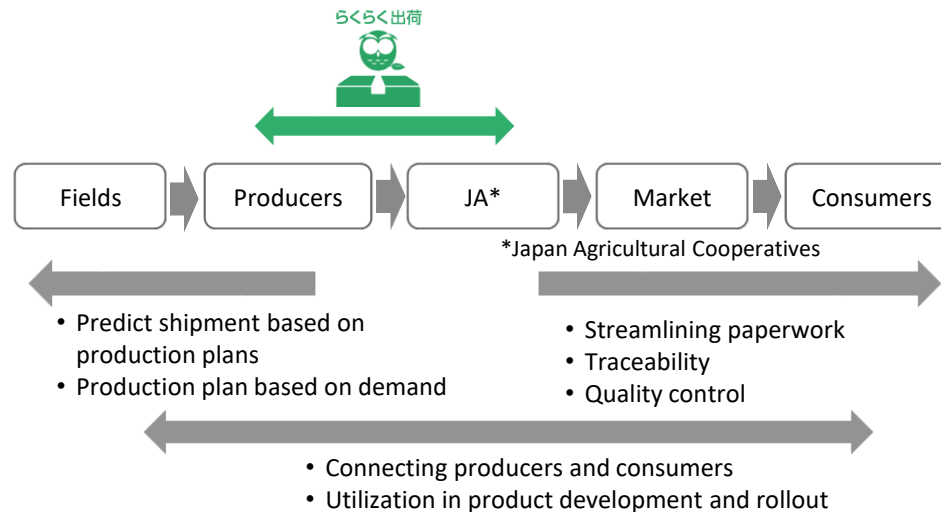
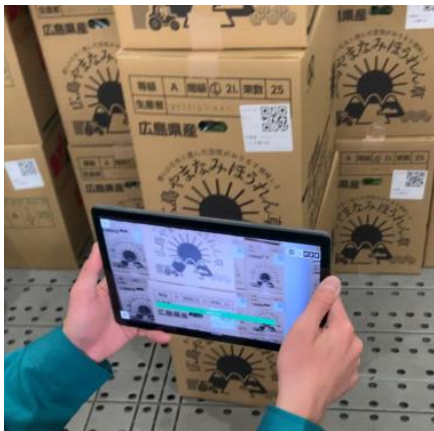
### Agriculture and Fisheries DX Platform and SERAKU technologies will enable DX in various industries



**NEW!** Midori Cloud Rakuraku Shukka:

### Up to 85% reduction of the working hours that farm instructors spend on the collecting and shipping goods

Previously, fruit and vegetable distribution was basically done using handwritten documents and manual counting. A digital technology system combining barcodes, cloud systems, smartphone apps and other technologies will be introduced to dramatically reduce the labor required to collect and ship goods. DX has been shown to help producers and farm instructors (JA) shorten the working hours spent collecting and shipping goods a maximum of 24% and 85%, respectively, and significantly reduce risks related to miscounting and other undesirable events. As the service allocates individual identification codes to fruits and vegetables, it increase access to smart food chains\* to enhance the value of farm produce.



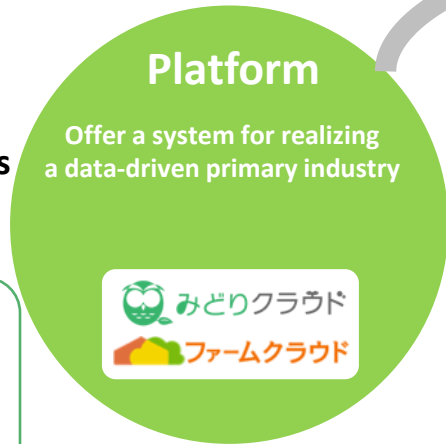
**\*Smart food chain:**  
 Makes all processes of the food chain, from breeding to production, processing, distribution and consumption, "smart" using AI, data linking platforms and other technologies to, for example, enhance productivity, eliminate waste, reduce total costs, add high value to farm produce and foods and match needs and seeds

# Midori Cloud Business

Interaction between services and research and development develops the whole Midori Cloud business

**Producers,  
Distributors,  
Consumers**

**Sales  
agencies**



**Use the platform**



**Manufacturers,  
system integrators,  
local governments,  
Japan Agricultural  
Cooperatives (JA)  
and agricultural  
production  
corporations**

**Increase  
added value**

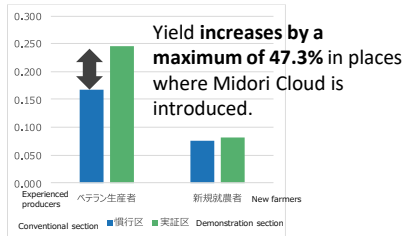
Applying the Ministry of Agriculture, Forestry and Fisheries' introduction support project for nationwide spread of smart agriculture, forestry and fisheries.

**Incorporate functions to  
increase added value**



**Provide technology assets**

**Agricultural production area**  
Smart agriculture technology applied on asparagus production system (Minamishimabara, Nagasaki Prefecture)



\*Ministry of Agriculture, Forestry and Fisheries' project for development and demonstration of smart agriculture technologies (Task Number: Shi-2H04)

**Fruit and vegetable distribution area**

Visualization of macroscopic data (weather, past results and changes in growing area) affecting the distribution of fruits and vegetables and forecast of shipments from individual areas of production



**We will start to sell a system using weather data to forecast the timing and volume of shipments of vegetables to JA and volume retailers**

\*Ministry of Agriculture, Forestry and Fisheries' technology development project for increasing international competitiveness (Task Number: Mo-3-Ya-3, Task Title: Development of Innovative Farming Support Model)

**Government and research  
Institutions Alliance companies**

# Mechanical Design and Engineering (SERAKU Business Solutions)

- The segment has been growing steadily thanks to group synergies in recruitment, training and sales since it was included in the SERAKU Group in April 2018.
- It seeks to expand its business domain and areas in which it can develop businesses by leveraging its mechanical design and engineering skills.

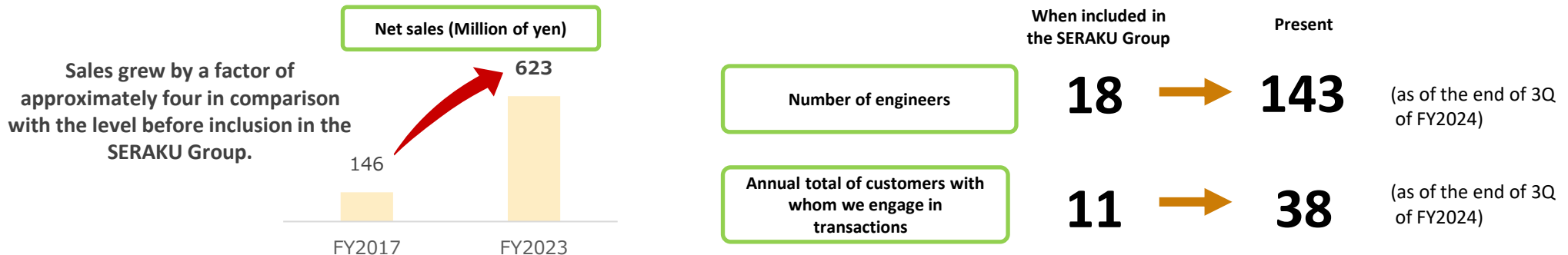
## Mechanical Design and Engineering

- Provide the manufacturing and construction industries with a range of services such as the design, analysis and creation of various types of data.
- Expand the scope of engineers' activities into other areas related to field engineering, equipment maintenance, quality assurance, communication facility construction and telecommunications, as well as mechanical design and engineering.

## Achievement of continuous growth

- Improve engineers' skills and expand the scope of services that can be offered, through the implementation of training on CAD and basic IT-related skills.
- Efforts are being made to expand the business service area to the Kitakanto and Chubu areas, excluding the Tokyo/Kanagawa area.
- Enhance engineers' skills and added value by continuously providing them with training.

The business size has been increasing since the segment was included in the Group, aided by the SERAKU Group's strengths in recruiting, training and sales.



**We will focus on developing engineers through the enhancement of training programs and other means. The company seeks to further expand its businesses by fully leveraging the SERAKU Group's resources.**

# Maximizing Human Resources and Practicing Our Management Philosophy

## Social trends

- The difficulty in hiring IT human resources and retaining them in the long-term continues to grow in the current environment

## Our initiatives

- Continue to refine programs that are able to provide commensurate compensation and career advancement to human resources with strong potential
- Realize an environment in which employees can develop their careers in the long-term through health & productivity management and the practicing of our management philosophy aimed at realizing the happiness of employees

### Obtain further room to increase compensation

- Improve sales and gross profit per employee
- Increase the current gross margin of 30% by 40% or greater three years from now
- Raise profit margins by increasing commercial distribution and modifying contracts

### Visualize skills and careers for each engineer

- Management skill improvement records, future plans and project assignments for each individual
- Develop careers for each individual based on dialogue with supervisors and future plans

### Switch to working styles that emphasize in-person and interpersonal relationships

- Thoroughly implement a policy emphasizing work attendance, fostering an awareness of fellowship and personal relationships between supervisors and subordinates

### Leader human resource development program

- We have formulated a development program to be implemented from the fiscal year ending August 2024 that will produce 600 leader human resources in three years' time
- Select promising candidates to establish their track records and experiences in leadership roles early on

### Establishing "three-year stories" for engineers

- Redesign training programs covering the period up to three years after joining the company
- Create added value at an early stage, increasing compensation and contributing to profit

### Management philosophy: Pursue happiness for employees

- Implement several in-house events on the theme of "walking"

**Promote increased employee compensation and career development, forming of a community through work, and improvements to an environment that will allow employees to be healthy and flourish in the long-term, thereby achieving our management philosophy**



# SERAKU's Initiatives for ESG and SDGs

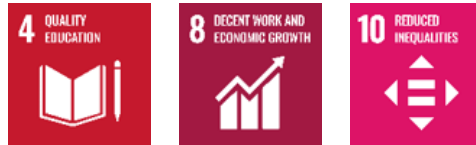
The SERAKU Group will build a long-term foundation for growth by promoting ESG activities. As a company that creates social value, the Group will strengthen initiatives to help achieve a sustainable society.

## Safe operation of systems in the IT society



- Building sustainable and strong IT security
- Providing IT environments and services tailored to customers
- Helping maintain social activities using IT

## Human resources development



- Cultivating human resources who have advanced expertise
- Providing ongoing education for IT engineers
- Ensuring employment for young people and utilizing a variety of human resources

## Creation of new value in society



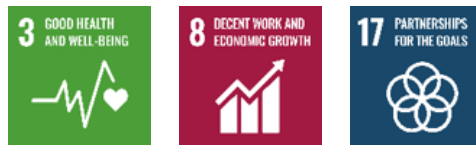
- Enhancing the value of industry using IT technology
- Achieving regional revitalization through recruitment and IT technology
- Achieving high productivity and low workload by using IT

## Use of IT in agriculture field



- Advancing smart agriculture to improve productivity in agriculture
- Revitalizing the primary industry using IT
- Producing abundant food stably

## Realization of a physically and mentally healthy society



- Providing digital healthcare services
- Solving social issues using IT
- Cooperating with academic institutions

## Sophistication of corporate governance



- Ensuring compliance
- Strengthening corporate governance
- Improving information disclosure

## Forward looking Statements

---

Documents and information provided at today's presentation include forward-looking statements.

These statements are based on assumptions that include current expectations, forecasts and risk factors. As a result, forward-looking statements include many uncertainties that may cause actual performance to differ from these statements.

Risk factors and uncertainties include the condition of industries and markets where SERAKU operates, changes in interest rates and foreign exchange rates, and other items involving the Japanese and global economies.

SERAKU has no obligation to update or correct these forward-looking statements even if there is subsequently new information or an event that affects these statements.

An announcement will be made promptly if there are revisions to the FY8/24 forecasts or differences between the results of operations and these forecasts that require disclosure.