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

January 2024

SERAKU

I. 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: 307,006,300 yen (as of November 31, 2023)

Employees: 3,478 on a consolidated basis (as of November 31, 2023)

Location: Nishishinjuku Prime Square Bldg. 7-5-25 Nishishinjuku, Shinjuku-ku, Tokyo
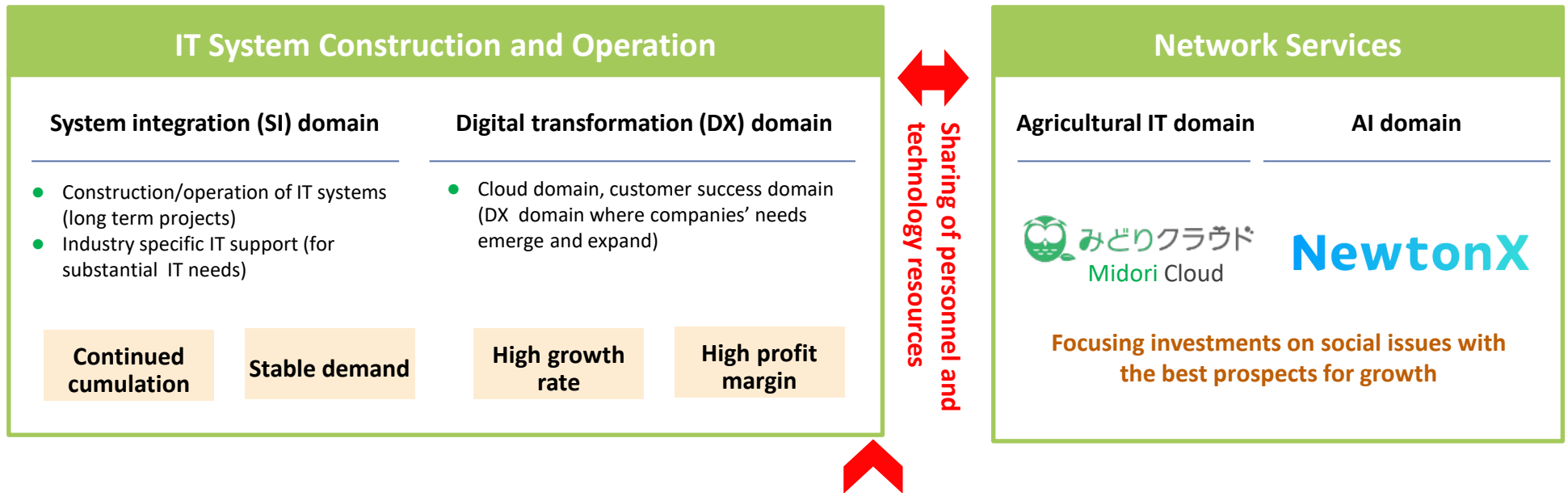
Group companies: SERAKU CCC (wholly owned subsidiary)

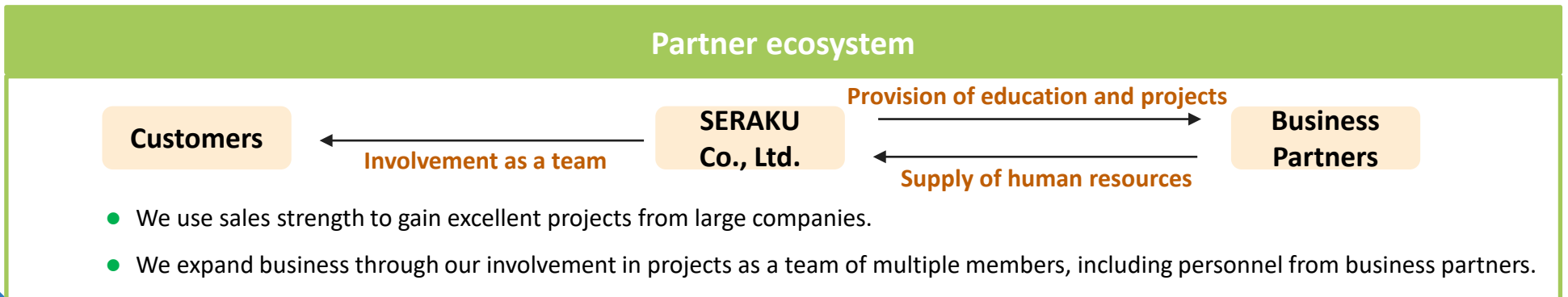SERAKU Business Solutions (wholly owned subsidiary)

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

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

IT System Construction and Operation

System integration (SI) domain

- Construction/operation of IT systems (long term projects)
- Industry specific IT support (for substantial IT needs)

Continued cumulation

Stable demand

Digital transformation (DX) domain

- Cloud domain, customer success domain (DX domain where companies' needs emerge and expand)

High growth rate

High profit margin

Sharing of personnel and technology resources

Network Services

Agricultural IT domain　　**AI domain**

みどりクラウド
Midori Cloud

NewtonX

Focusing investments on social issues with the best prospects for growth

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

Partner ecosystem

Customers ← **Involvement as a team** — **SERAKU Co., Ltd.**

Provision of education and projects → **Business Partners**

Supply of human resources

- We use sales strength to gain excellent projects from large companies.
- We expand business through our involvement in projects as a team of multiple members, including personnel from business partners.

# 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.
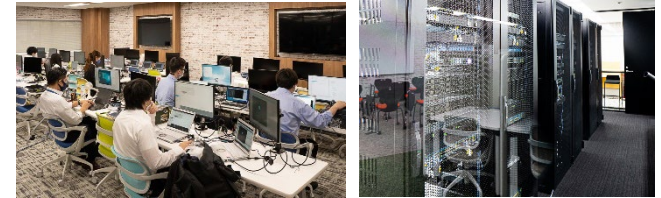
Growth potential in DX field

- 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

みどりクラウド
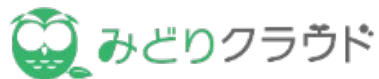
- Agricultural and fisheries DX platform
- DX solutions for the primary industry
- Midori Cloud Rakuraku Shipment
  Cutting labor for collection and shipping of vegetables and fruit by up to 85%

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

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

SERAKU CCC

- Introduction and support services for operation of Salesforce.com
- Design of marketing activities
- Data science

Former SI Segment   **Former DX Segment**

Midori Cloud

Support the primary industry by leveraging the power of IT.

Agriculture and Fisheries DX Platform

みどりクラウド   ファームクラウド

- 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

らくらく出荷

Mechanical Design and Engineering

Expanding services based on mechanical design technologies

SERAKU Business Solutions

SBS

- 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	Industry-specific IT support
- 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 enduing IT infrastructure and system operation projects**	- 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.**

Financial/ social systems

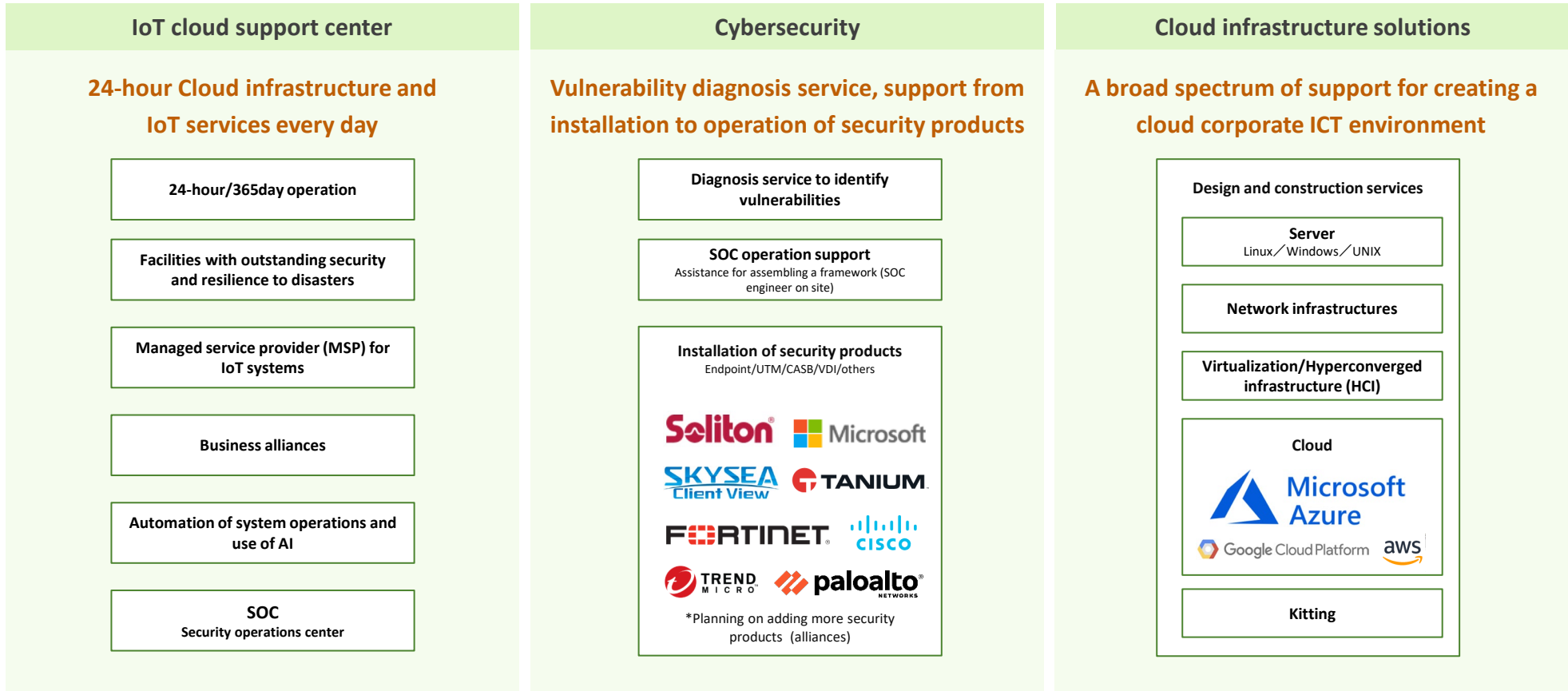Information communication systems

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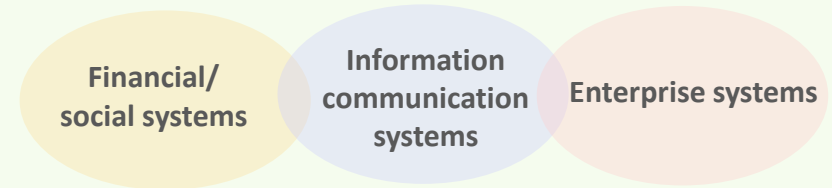
Steady growth under the education-based IT professional creation model and the provision of greater added value by shifting human resource to the DX domain

- SERAKU's exclusive IT professional creation model underpins growth by using introductory lessons and then lessons using actual working environments to train inexperience 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

IoT cloud support center	Cybersecurity	Cloud infrastructure solutions
24-hour Cloud infrastructure and IoT services every day	**Vulnerability diagnosis service, support from installation to operation of security products**	**A broad spectrum of support for creating a cloud corporate ICT environment**

IoT cloud support center

- 24-hour/365day operation
- Facilities with outstanding security and resilience to disasters
- Managed service provider (MSP) for IoT systems
- Business alliances
- Automation of system operations and use of AI
- SOC Security operations center

Cybersecurity

- Diagnosis service to identify vulnerabilities
- SOC operation support — Assistance for assembling a framework (SOC engineer on site)
- Installation of security products — Endpoint/UTM/CASB/VDI/others
  - Soliton, Microsoft, SKYSEA Client View, TANIUM, FORTINET, CISCO, TREND MICRO, paloalto NETWORKS
  - *Planning on adding more security products (alliances)

Cloud infrastructure solutions

- Design and construction services
  - Server — Linux／Windows／UNIX
  - Network infrastructures
  - Virtualization/Hyperconverged infrastructure (HCI)
  - Cloud — Microsoft Azure, Google Cloud Platform, aws
  - Kitting

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

salesforce

- Utilization assessment program
- Utilization support service
- Salesforce manager support service

Data utilization support through data analysis and data visualization

+ableau

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

Support for use of marketing automation tools

salesforce marketing cloud

- 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

SERAKU CCC × NTT DaTa

WingArc1ST The Data Empowerment Company

intage Know today, Power tomorrow

NETYEAR GROUP

SERAKU CCC × intra-mart®

- 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

RESONA

- 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.

CERTIFIED — Administrator
Administrator
277

CERTIFIED — Advanced Administrator
Advanced Administrator
51

CERTIFIED — Marketing Cloud Administrator
Marketing Cloud Administrator
36

CERTIFIED — Marketing Cloud Email Specialist
Marketing Cloud Email Specialist
42

CERTIFIED — Marketing Cloud Consultant
Marketing Cloud Consultant
18

CERTIFIED — Marketing Cloud Account Engagement Consultant
Marketing Cloud Account Engagement Consultant
90

CERTIFIED — Marketing Cloud Account Engagement Specialist
Marketing Cloud Account Engagement Specialist
143

CERTIFIED — Sales Cloud Consultant
Sales Cloud Consultant
173

CERTIFIED — Service Cloud Consultant
Service Cloud Consultant
148

CERTIFIED — Tableau Desktop Specialist
Tableau Desktop Specialist
64

CERTIFIED — Tableau Data Analyst
Tableau Data Analyst
47

CERTIFIED — Tableau Consultant
Tableau Consultant
46

We acquired Expert Level for the Managed Service field

salesforce NAVIGATOR EXPERT Managed Services

- We acquired Expert Level for the Managed Service field[1] in the Salesforce Partner Navigator Program[2].
- 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.

COMPANY

- 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 contractors	Private universities in Kansai
Co-ops	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.

Works Human Intelligence

×

SERAKU

- 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 100 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

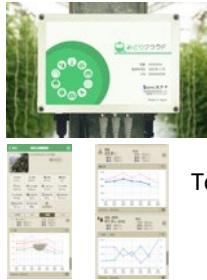## Agriculture and Fisheries DX Platform(IoT device x Cloud service × Data science)

A platform for agriculture

みどりクラウド
Midori Cloud

A platform for pig and chicken farming

ファームクラウド
Farm Cloud

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.
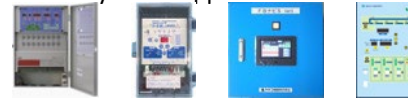
Total installed locations exceeded

3,000

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

160 locations

Production plans and work records

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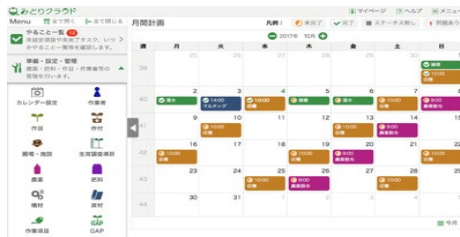
Use PCs and smartphones for production plans and records of work performed.

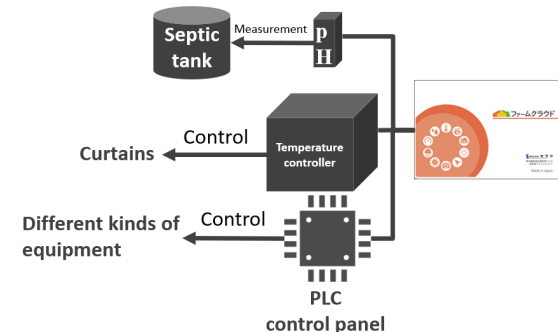Total number of users is **52**.

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 **4,600**
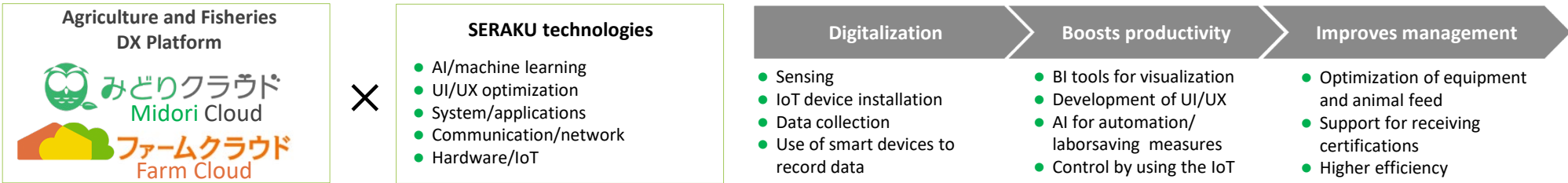
Livestock building environment control

Septic tank — Measurement — pH

Curtains ← Control — Temperature controller

Different kinds of equipment ← Control

PLC control panel

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

Midori Cloud Business

Agriculture and Fisheries solutions

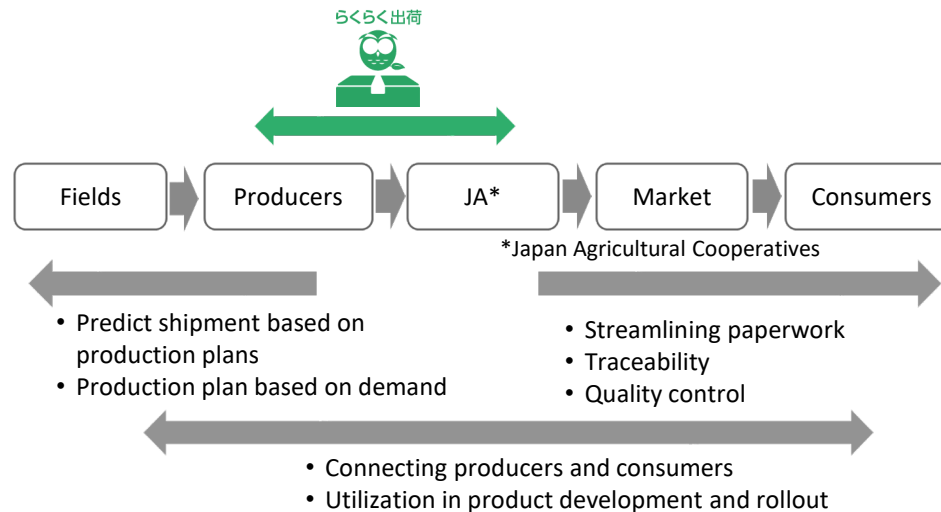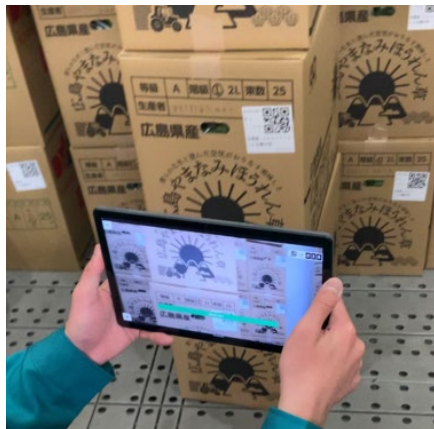### Agriculture and Fisheries DX Platform and SERAKU technologies will enable DX in various industries

Agriculture and Fisheries DX Platform

みどりクラウド
Midori Cloud

ファームクラウド
Farm Cloud

×

SERAKU technologies
- AI/machine learning
- UI/UX optimization
- System/applications
- Communication/network
- Hardware/IoT

Digitalization	Boosts productivity	Improves management
• Sensing • IoT device installation • Data collection • Use of smart devices to record data	• BI tools for visualization • Development of UI/UX • AI for automation/laborsaving measures • Control by using the IoT	• Optimization of equipment and animal feed • Support for receiving certifications • Higher efficiency • Sales channel optimization

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.

らくらく出荷

Fields → Producers → JA* → Market → Consumers

*Japan Agricultural Cooperatives

- Predict shipment based on production plans
- Production plan based on demand

- Streamlining paperwork
- Traceability
- Quality control

- Connecting producers and consumers
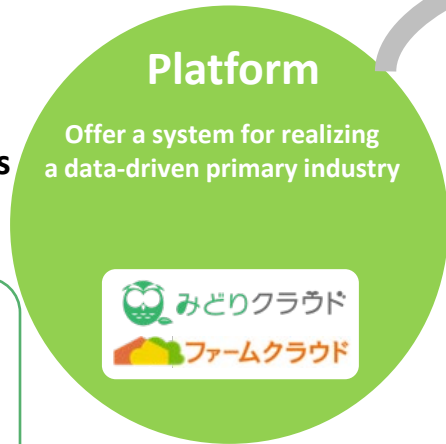- Utilization in product development and rollout

*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

Use the platform

Platform
Offer a system for realizing a data-driven primary industry

みどりクラウド
ファームクラウド

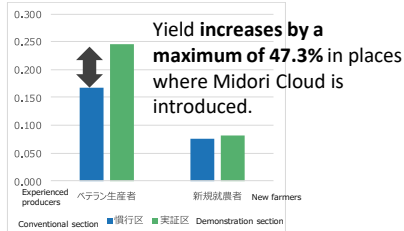**Producers, Distributors, Consumers**

Sales agencies

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

Increase added value

Solutions
Solve problems in the primary industry and other industrial sectors

Support activities aimed at ubiquitizing smart agriculture in Shimane Prefecture
Develop connectivity functions for environmental control equipment
System for digital livestock management and more.

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

Incorporate functions to increase added value

Provide technology assets

Study DX in agri-fisheries
Introduce seeds to society to solve problems in the primary industry

Ministry of Agriculture, Forestry and Fisheries' smart agriculture demonstration project
Ministry of Agriculture, Forestry and Fisheries' project for increasing international competitiveness
DX platform for distribution of fruits vegetables and more

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

Yield **increases by a maximum of 47.3%** in places where Midori Cloud is introduced.

Experienced producers ベテラン生産者 　New farmers 新規就農者
Conventional section 慣行区　Demonstration section 実証区

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

Government and research Institutions Alliance companies

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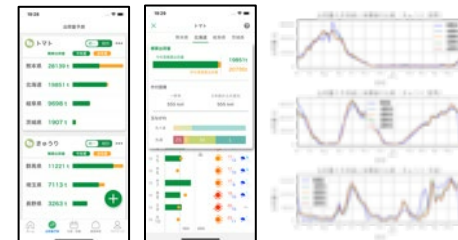
We will start to sell a system using weather data to forecast the timing and volume of shipments of vegetables to JA and volume retailers

*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)

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.
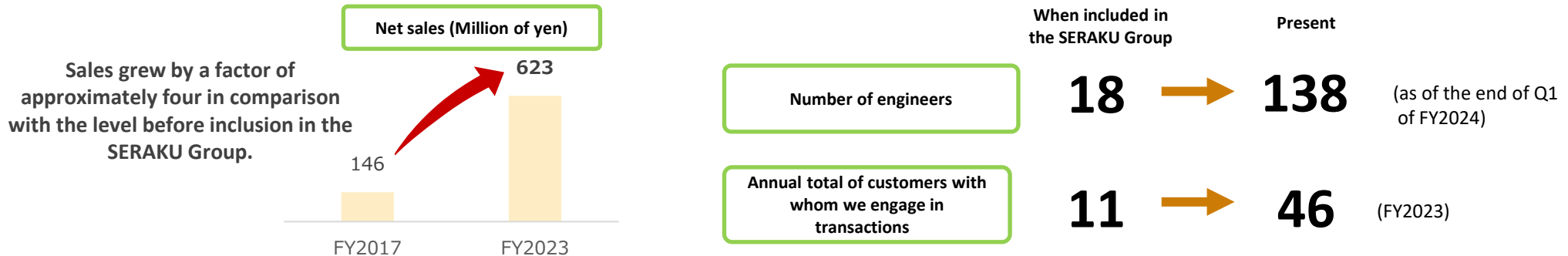
Mechanical Design and Engineering

- 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.
- Expand areas in which it can develop businesses into the Tohoku, Chubu, Kinki and Kyushu areas, in addition to the Tokyo 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.

Sales grew by a factor of approximately four in comparison with the level before inclusion in the SERAKU Group.

Net sales (Million of yen)

	FY2017	FY2023
	146	623

	When included in the SERAKU Group	Present	
Number of engineers	18	138	(as of the end of Q1 of FY2024)
Annual total of customers with whom we engage in transactions	11	46	(FY2023)

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.

Ⅱ. 1Q FY8/24 Results of Operations

Quarterly net sales

5.3 billion yen

Net sales grew 6.6% year on year.
Progress was roughly as planned.

Engineer utilization rate

(As of Q1 of FY2024)

97.5%

We will focus on maintaining a balance between
workforce and its deployment
by implementing hiring controls in this fiscal year.

Operating profit margin

9.8%

The operating profit margin was almost the same as
the year-ago level due to the curbing of SG&A expenses,
mainly hiring expenses.

Total number of engineers

*In-house engineers and working partner engineers

3,310

We will aim to increase the number of working engineers
through the use of partner engineers.

- **Net sales grew 6.6% year on year due to higher unit prices and an increase in the number of transactions by business partners.**
- **Progress was made gradually in the assignment to projects of engineers hired in the previous fiscal year.**
- **The operating profit margin of 9.8% was secured as a result of curbing SG&A expenses including recruitment expenses.**

(Millions of yen)	1Q FY8/23 results	(% to sales)	1Q FY8/24 results	(% to sales)	(YoY change)
Net sales	5,030	-	**5,364**	-	**+6.6%**
Gross profit	1,268	25.2%	**1,310**	**24.4%**	**+3.3%**
SG&A expense	773	15.4%	**784**	**14.6%**	**+1.5%**
Operating profit	494	9.8%	**525**	**9.8%**	**+6.2%**
Ordinary profit	636	12.6%	**529**	**9.9%**	**-16.7%**
Profit	405	8.1%	**300**	**5.6%**	**-25.8%**

1Q FY8/24 Financial Highlights (2)

- **With many projects expected to be undertaken on a long-term basis, our business model is based on an approach of continuing to accumulate sales.**
- **Sales are projected to be slightly greater in the second half than in the first half and this trend will not change significantly in the fiscal year ending August 31, 2024.**
- **The rate of progress in the achievement of net sales up to the first quarter of the fiscal year ending August 31, 2024 was 24.4% , which was almost in line with the plan.**

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

(Millions of yen)

	1H forecast 10,700	48.6%	2H forecast 11,300	51.4%

FY8/24
（Progress rate）

5,364
(1Q)
→24.4%

FY8/23

5,030 (1Q) →24.1%	5,129 (2Q) →24.6%	5,307 (3Q) →25.5%	5,390 (4Q) →25.8%

FY8/22

4,110 (1Q) →23.0%	4,375 (2Q) →24.5%	4,637 (3Q) →26.0%	4,736 (4Q) →26.5%
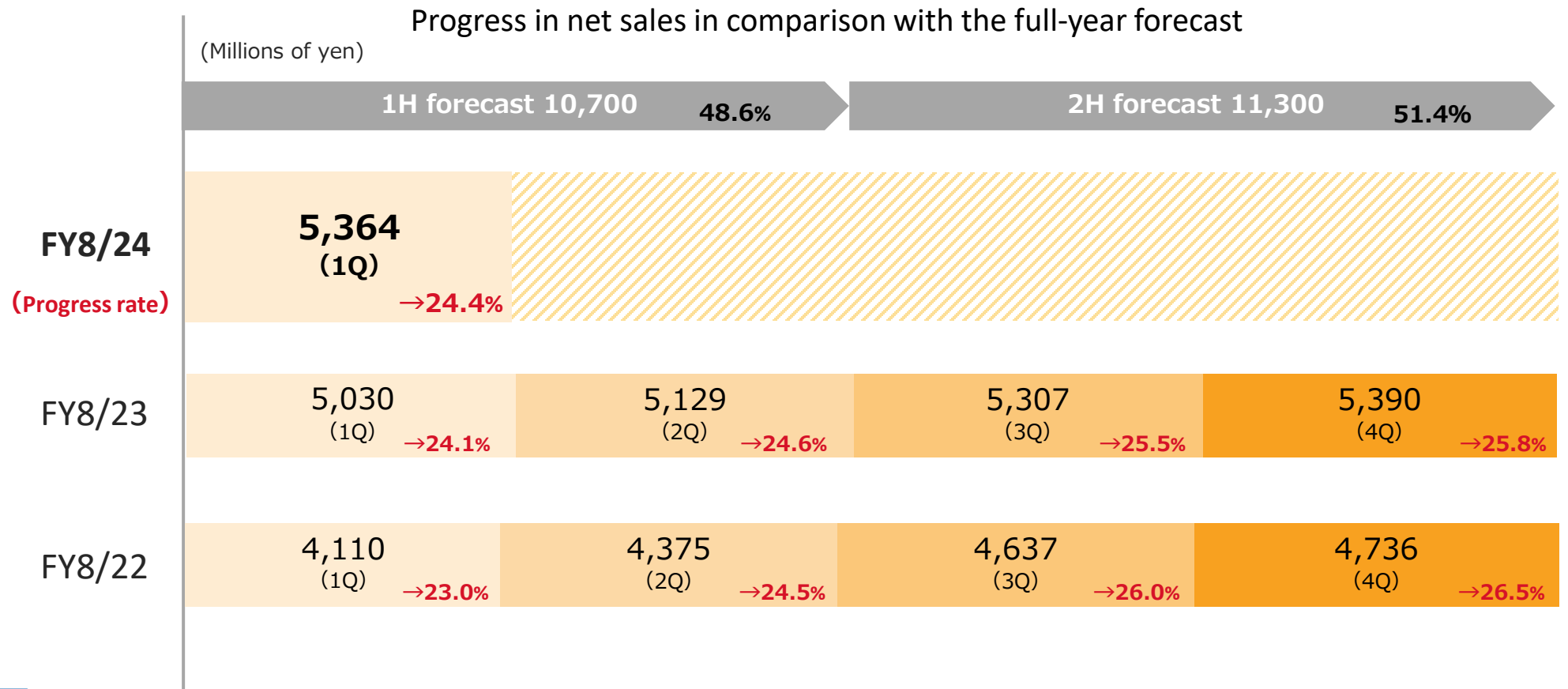
1Q FY8/24 Financial Highlights (3)

- **Compilation were made according to the new segment classification, starting from the second quarter of the fiscal year ending August 31, 2023.**
- **Growth was attained in the former SI domain and in the DX domain. We will take steps to enrich our services and increase added value.**

| (Millions of yen) | 1Q FY8/23 results | | 1Q FY8/24 results | | Increase and Decrease | |
	Amount of money	% to Total	Amount of money	% to Total	Amount of money	Percentage increase
Net sales						
Digital Integration	4,791	95.0%	5,141	95.5%	+349	+7.3%
Midori Cloud	96	1.9%	71	1.3%	-24	-25.7%
Mechanical Design and Engineering	154	3.1%	170	3.2%	+15	+10.4%
Total	5,042	100.0%	5,383	100.0%	+341	+6.8%
Segment profit/loss						
Digital Integration Segment profit margin	490 10.2%	99.3%	531 10.3%	101.9%	+40	8.3%
Midori Cloud	-12	-2.5%	-18	-3.5%	-6	-
Mechanical Design and Engineering Segment profit margin	15 10.3%	3.2%	8 4.9%	1.6%	-7	-47.7%
Total profit margin	494 9.8%	100.0%	521 9.7%	100.0%	+27	+5.5%

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

1Q FY8/24 Financial Highlights (4)

- **Stable growth in the construction, operation and maintenance businesses of IT systems underpinned growth in new business.**
- **Regarding the sales ratio of the DX segment calculating based on the former segmentation is 30.0%.**
- **The size of business continued to expand in the business area of Mechanical Design and Engineering as well.**
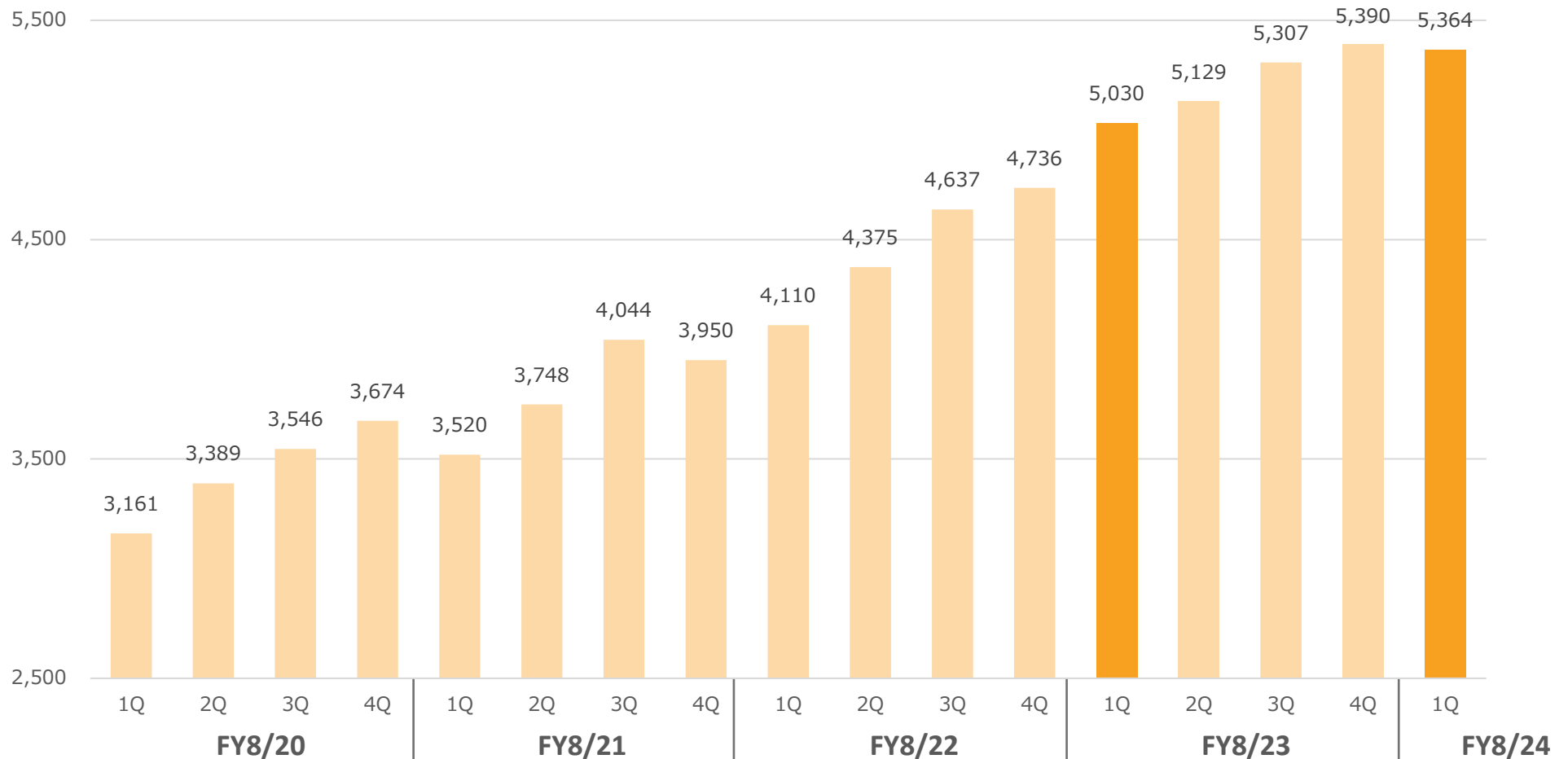
## Sales by Business Segment

Reference) Sales ratio calculated based on the former segmentation

Digital Transformation **30.0%**

System Integration **65.8%**

*The ratios were calculated based on total amounts before including or excluding adjustments.

Midori Cloud **1.9%**

Mechanical Design And Engineering **3.1%**

Digital Transformation **24.3%**

System Integration **70.7%**

1Q FY8/23

Midori Cloud **1.3%**

Mechanical Design And Engineering **3.2%**

Digital Integration **95.5%**

1Q FY8/24

Quarterly Sales Growth

- **Sales in the first quarter under review decreased from the fourth quarter of the previous fiscal year mainly in departments for contract-based businesses.**
- **We plan to increase the number of working business partners, as well as that of in-house engineers for this fiscal year.**

(Millions of yen)

	FY8/20				FY8/21				FY8/22				FY8/23				FY8/24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	3,161	3,389	3,546	3,674	3,520	3,748	4,044	3,950	4,110	4,375	4,637	4,736	5,030	5,129	5,307	5,390	5,364

Quarterly Earnings Growth

- **Increase/decrease in investment in growth relating to engineer recruitment had a significant impact on the gross profit margin.**
- **Profitability increased at all levels in the first quarter of the fiscal year ending August 31, 2024 due to the systematic curbing of the recruitment of engineers.**
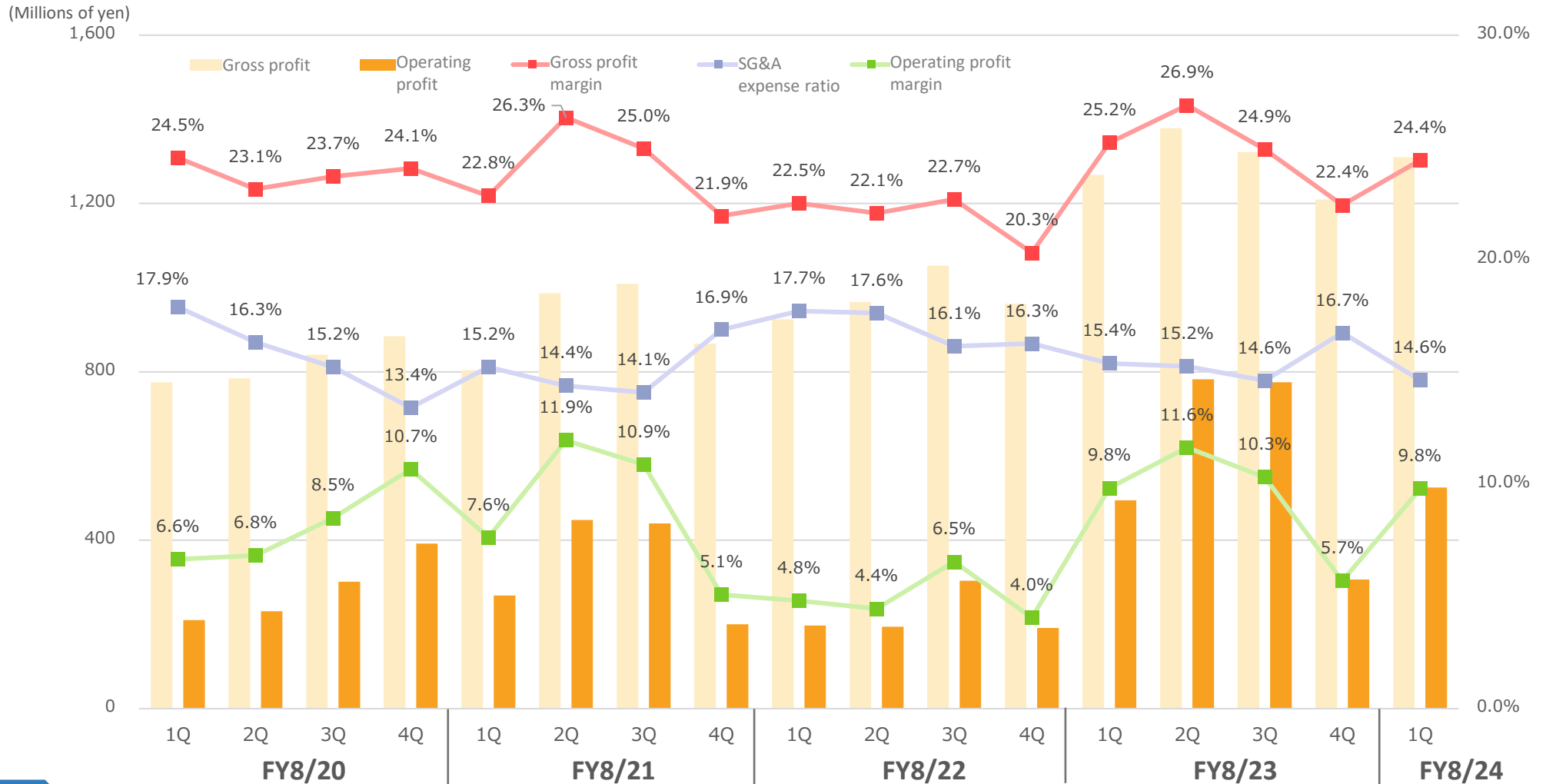
Shareholder Return and Improving Relationships With Stakeholders

- **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**

(Yen)								
FY8/16	FY8/17	FY8/18	FY8/19	FY8/20	FY8/21	FY8/22	FY8/23	FY8/24 (Plan)
2.33	2.50	2.70	3.20	4.60	5.60	8.60	10.40	13.00
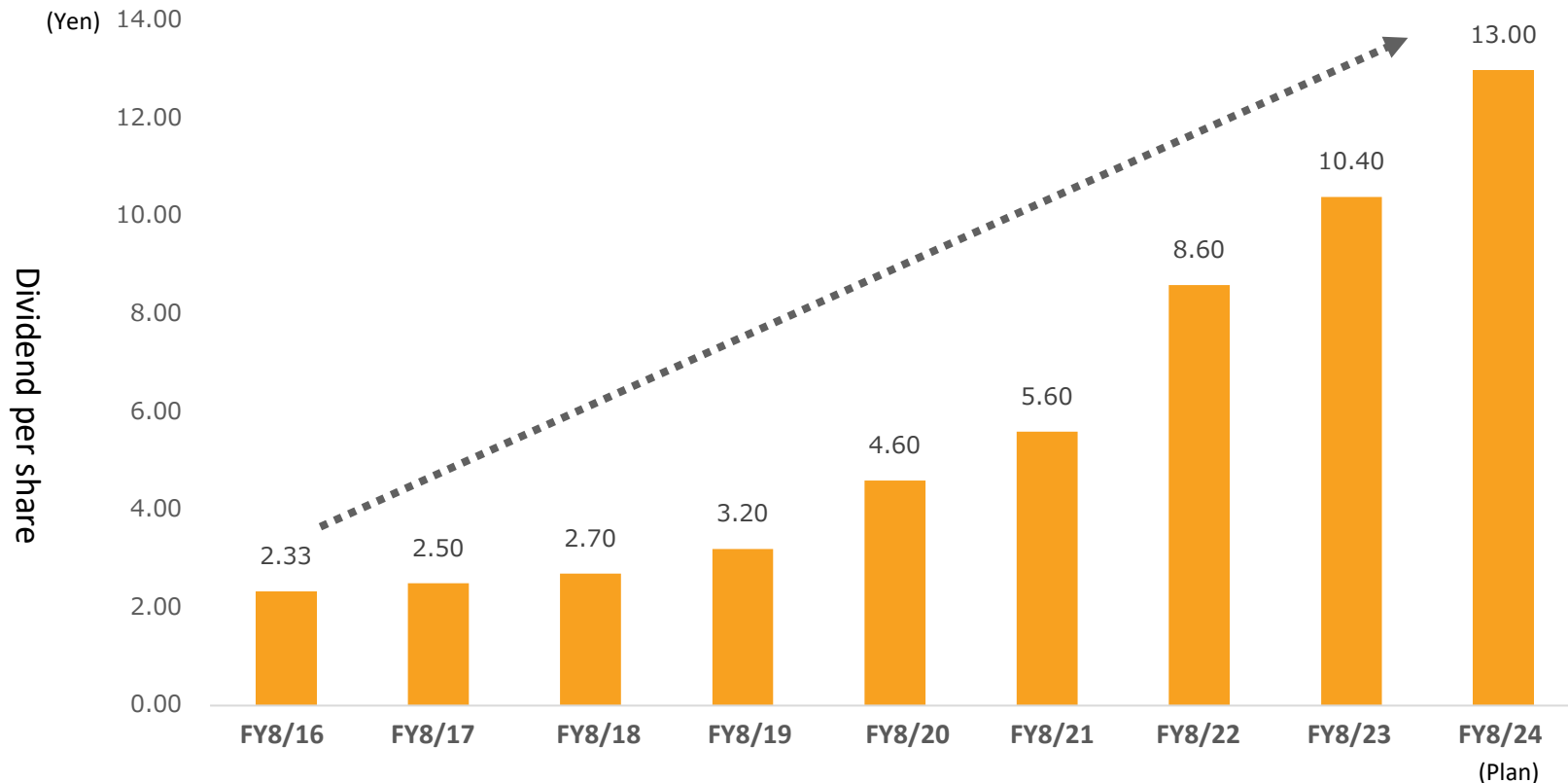
Dividend per share

* On March 1, 2016 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.

- **Nov.17,2022** **Strengthened collaboration with WHI from the perspective of solution partners.**

  Operation support services were strengthened from the perspective of promoting the widespread use of COMPANY by companies that introduce the service. We will develop 300 dedicated engineers for COMPANY over the next three years.

- **Jan. 19, 2023** **Launched the service for training human resources in the utilization of Tableau in collaboration with Salesforce Japan**

  Started offering Tableau Data Cruise, a service pack for training human resources in data utilization, to the companies that were interested in the full-scale introduction and utilization of Tableau.

- **Mar. 29, 2023** **Launched Midori Cloud Rakuraku Shipment, a digital service for fruit and vegetable distribution**

  Digital technologies were introduced in fruit and vegetable distribution so that the fruits and vegetables could enter smart food chains to increase the value of farm produce.

- **Jun. 26, 2023** **The Midori Cloud Rakuraku Shukka service received the Excellence Award of the SX and GX Category in the Japan DX Grand Prix.**

  The service was highly evaluated due to initiatives for addressing supply and demand issues at agricultural frontlines by leveraging expertise on smart agriculture, which resulted in receiving the Excellence Award.

- **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.

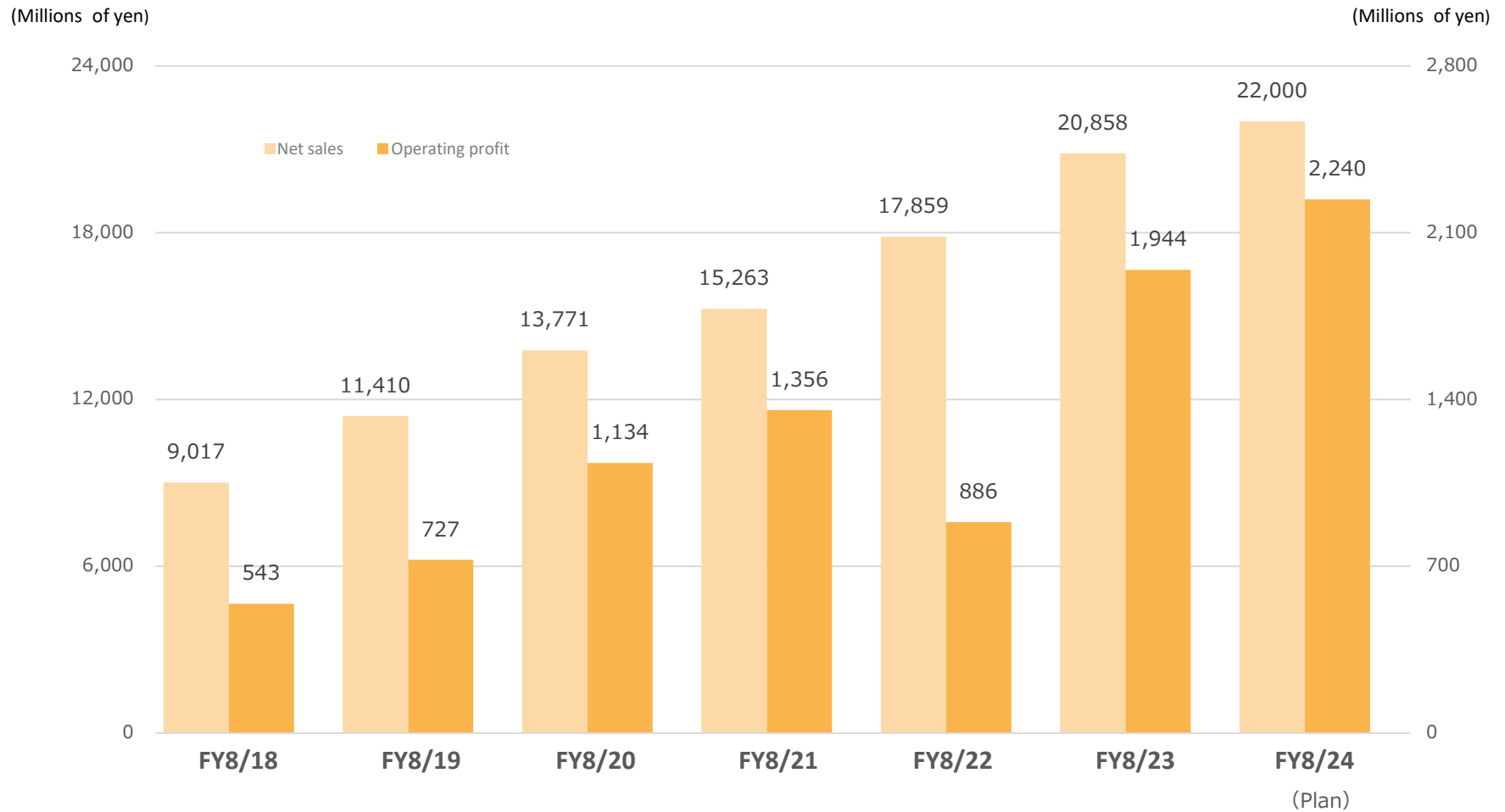# III. FY8/24 Initiatives and Growth Forecast

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.

(Millions of yen)	FY8/23 results	(% to sales)	FY8/24 plan	(% 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	-	-

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

(Millions of yen) · (Millions of yen)

Net sales · Operating profit

	FY8/18	FY8/19	FY8/20	FY8/21	FY8/22	FY8/23	FY8/24 (Plan)
Net sales	9,017	11,410	13,771	15,263	17,859	20,858	22,000
Operating profit	543	727	1,134	1,356	886	1,944	2,240

Medium-Term Growth Vision

Step up our growth strategy and shift to the long-term maximization of net sales and operating profit growth

- Apply our strengths in recruitment, education and sales not only to employed engineers but also to the establishment of a partner ecosystem to secure capacity for growth from a long-term perspective
- Invest in the Midori Cloud business, Seraku CCC and DX services to increase additional value and profit margins

	-FY8/23	FY8/24-
Vision	Net sales: 50.0 billion yen	(1) Net sales: 50.0 billion yen (2) Operating profit margin: 15%
Growth Strategy	· Increase employed engineers to expand the scale of operations · Focus on net sales growth	· Establish a partner ecosystem to expand the scale of operations · High added value · Build a profit structure that does not depend on the number of engineers
Strengths	· Recruiting capability · Training capability · Sales capability	· Partner ecosystem (Procurement, education and matching) · DX service · Recruiting capability · AI/Automation · Training capability · Agricultural IT · Sales capability

* We had a goal of reaching 50 billion yen in net sales by the fiscal year ending August 31, 2027. We will prioritize maximization of the figure of operating profit and the margin and establishment of our strengths and change the period for achieving the target.

We will move to the TSE Standard Market on October 20, 2023.

- Focus on creating an environment in which our shares can be continuously owned and traded without worries
- Concentrate management resources on business growth in an effort to expand results over the medium and long terms.
- Continue dialogues with shareholders and investors to improve our total market value

Achieve medium- and long-term growth in corporate value with a focus on shareholder value and on the continued expansion of business results

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

Growth Strategy (1) Become the Leader in operating and utilization support the Widespread Use of Cloud Systems

| Market trends |
|---|
| ● IT investments at companies is shifting from standalone system development and building to the use of cloud systems and expanded achievements |
| ● The market is shifting to an era of business growth driven by combining and operating multiple cloud systems and utilizing data |

Our initiatives
● At SERAKU, human resources who combine knowledge of cloud systems with the ability to develop and implement proposals support the success of clients

salesforce

Expertise in operation and utilization support of widespread use established through customer successes with Salesforce **is being rolled out to other platforms**

Microsoft 365

Number one domestic share in office cloud (46.7%)Research by Keyman's Net

intra-mart®
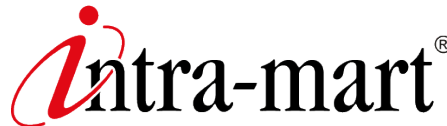
Developed and marketed by an NTT Data affiliate
Used by over 9,500 companies in Japan

servicenow

Installations are expanding with an average annual growth rate of over 30%
Regards Japan as a key market

COMPANY

Major personnel and payroll system in Japan
Established a joint venture structure with the developer WHI

We will extend our service areas to high-growth platforms and expand in size through collaboration with platform operators

● In September 2023, SERAKU jointly launched the Accel-Mart Quick service installation and establishment support service in collaboration with NTT Data Intramart Corporation

Market trends

- From IT infrastructure and device management to business systems and in-house support, the tasks performed by the information systems departments of companies are becoming increasingly complex
- As the shift to cloud computing proceeds, there has been a shift away from the use of maintaining services from first-party provides, and an expanded utilization of third-party operation such as SERAKU provides

Our initiatives

- SERAKU not only provides routine maintenance and operation; we offer one-stop solutions for non-routine problem solving, trouble handling, automation and more

IoT, Cloud Support Center / Expanded Managed Services

- Providing IT infrastructure and information system operation with a round-the-clock and year-round structure
- Maintaining a decided facility fully equipped with security in the Tokyo metropolitan area
- Plans to open a second site to expand and enhance services

- Engineers with problem solving capabilities are stationed in our continually staffed center
- Promoting operational automation and AI utilization in the IT infrastructure segment
- Currently contracted to handle operation for around 100 companies

We expand to increase projects for long-term and continuous operation at a pace of around 10 clients a year, with a focus on major companies

IoT and Cloud Support Center operated in a dedicated facility complete with earthquake resistance and backup power supply

Examples of companies contracting SERAKU for operation

Major online shopping website operator: server operation

Operation and maintenance of data center for a local government

Multi-site network equipment installation and operation for a university

E-commerce site (cloud server) operation

Approx. 100 companies

Growth Strategy (3) AI and Automation

Market trends

- With the emergence of ChatGPT, the utilization of AI in corporate activities is proceeding a rapid pace
- The future holds the promise of being able to reuse corporate information assets through fine tuning (in-house data specialization, field-specific AI utilization)

Our initiatives

- SERAKU possesses technical capabilities related to AI and automation technologies, and developed these capabilities into services at an early stage

NewtonX

Release of the NewtonX ChatGPT utilization service for enterprise in August 2023
- In-company utilization under security management schemes
- Cost reductions (cheaper than individual use)
- Support for utilization based on customer successes
* Similar needs as the corporate use of smartphones are expected

Support for field- and company-specific AI utilization through fine tuning
- Field-specific services
- Content generation using in-company data

Development of AI-proficient human resources in SERAKU businesses Utilization of AI and automation assets

Roll-out of AI and automation to various fields including program development, support desk services, IT operation and monitoring, and digital marketing
* Developing added value and promoting higher profit margins in SERAKU's businesses

In addition to our future vision to fully commercialize AI utilization support for companies, we will also pursue the utilization of AI and automation in our own businesses to develop high levels of productivity

# Growth Strategy (4) Agricultural IT Segment

Market trends

- There continue to be high social expectations for agricultural DX, and DX implementation from a long-term perspective is anticipated
- While there are many companies competing in and entering the market, they are forced to withdraw or downsize in the long-term due to a lack of ongoing investment capacity

Our initiatives

- SERAKU has a track record in platforms and solutions, and is working to expand new services for the huge fruit and vegetable distribution market

Platform

Realizing a data-driven primary industry

みどりクラウド

ファームクラウド
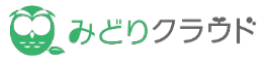
Solutions

Conduct extensive research and development with local governments, JA and agricultural production companies
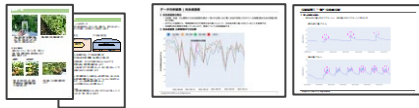
New services

Shipping work (3) The QR code is canned to register shipping

Midori Cloud Rakuraku Shukka

Fruit and vegetable collection and shipping tasks have been streamlined with the use of cardboard box stickers with QR codes printed on them and a mobile app

- **High barriers to entry**
  - Combination of agricultural knowledge and IT service capabilities
  - Patents are pending for major parts of the business
- **Marketability**
  - 100 billion cardboard boxes with fruit and vegetables are distributed each year in Japan
    * SERAKU estimate based on industry group data

For Rakuraku Shukka, we will focus on expanding sales to deal with actual demand, primarily from JA
We will continue to help solve long-term social issues with platforms and solutions

JA branches covered
Approx. 550 nationwide

Business negotiations are underway for multiple projects based on the results from Hiroshima Prefecture where initial introduction was completed

Streamlining shipping tasks
Up to 85%

Based on actual measures in an initial case of introduction, effects of shortening work times by up to 85% were obtained

Growth Strategy (5) Establish a Partner Ecosystem and Implement Structural Reforms Aimed at Customers and Projects
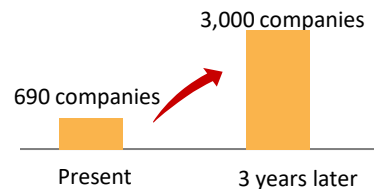
Market trends

- Current demand for IT personnel has been strong, and there are plenty of potential projects

Our initiatives

- Establishing a Partner Ecosystem
- Growth the hiring, training and sales capabilities we possess in a way that reflects current market conditions

Number of partners

Present 690 companies

The number of partner companies is expected to rapidly expand

3,000 companies

690 companies

Present | 3 years later

Involvement as a team

Provision of education and projects

Customers ← SERAKU Co., Ltd. ↔ Partners

Supply of human resources

- Focus on developing and cultivating excellent partners and matching them with the right projects
- Enter markets with a combination of SERAKU leaders and partner personnel

Based on investment in hiring and education to date, we will focus on expanding the size of business in terms of the total number of engineers including partners, aiming to improve profit markets on a per-project basis

We receive 5,000 human resource proposes from partners each month

Utilize partner platforms to promote matching between proposals to customers and projects

Implement nationwide partner meetings

Held in Tokyo, Nagoya and Osaka

Many partners took part
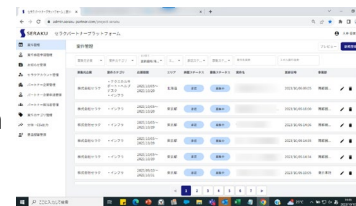
SERAKU Partner Platform

Information on SERAKU-owned projects are distributed online to match them with partners

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.