



BrainPad Inc.

Financial Results Briefing for the Fiscal Year Ended June 2021

August 13, 2021

Event Summary

[Company Name]	BrainPad Inc.
[Company ID]	3655-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for the Fiscal Year Ended June 2021
[Fiscal Period]	FY2020 Annual
[Date]	August 13, 2021
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[Time]	10:00 – 10:48 (Total: 48 minutes, Presentation: 24 minutes, Q&A: 24 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2
	Takafumi Kusano CEO and Representative Director
	Ko Ishikawa Director and CFO

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Tollfree 0120.966.744

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Presentation

Moderator: Good morning, everyone. We will begin the financial results briefing for the fiscal year ended June 2021 of BrainPad Inc. Mr. Takafumi Kusano, CEO and Representative Director, and Mr. Ko Ishikawa, Director and CFO, are present today from BrainPad Inc.

First, Mr. Kusano will provide an overview of the financial results for the fiscal year ended June 2021. Afterwards, we will take your questions. The materials used today are the same as the supplementary explanatory materials for financial results for the fiscal year ended June 2021 posted on our IR website. If you have any further questions, please write them in the Q&A section. We will select and answer your questions from among those submitted. Please be assured that the questions you submit will not be shown to the viewers on the screen.

Now, we will begin the explanation. President Kusano, please.

はじめに ～当社が目指すもの～


創業以来の変わらぬミッション

“データ活用の促進を通じて持続可能な未来をつくる”

ブレインパッドは、2004年の創業当時から、顧客企業のデータを活用した経営改善を支援してきました。ビッグデータ、AI、IoTなど、時代ごとにキーワードは違えど、その根底はデータを分析・活用して価値に変え、企業活動に変化と改善をもたらすことです。

データは蓄積するだけではただのコストです。私たちは、データを価値に変えるために必要な分析力（国内随一のデータサイエンティスト数）エンジニアリング力（市場No.1製品を自社開発・提供できる技術力）ビジネス力（データ活用を支援した企業は業種問わず1,000社超）の3つの力を有した、世界でも稀有な企業です。

世界的に増え続ける人口（減り続ける日本の人口）と、限られた資源、加速する環境変化の中で私たちは「データ活用のプロフェッショナル」として、ビジネスに、データに基づく高度化とイノベーションを与え、世界の持続可能性の向上に寄与してまいります。

 BrainPad Analytics Innovation Company

©BrainPad Inc. 2

Kusano: Good morning, everyone. I'm Kusano, President of BrainPad. I would like to start with an overview of our financial results.

This is our company. Our company was founded 17 years ago, and since its inception, we have consistently supported various companies in their use of data with the mission of "creating a sustainable future through the promotion of data utilization." All of us are developing our business with the hope of making the world a

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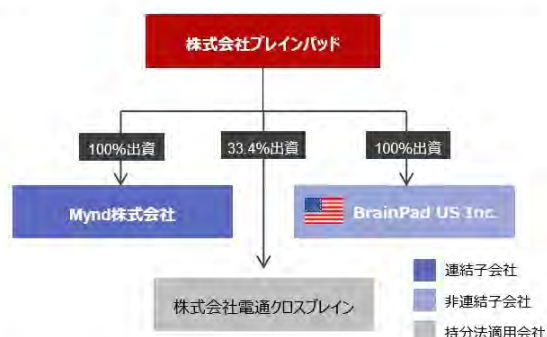
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better place, even if just a little bit, by helping various companies use data effectively to reduce the various losses and waste that occur in their business.

会社概要

商号	株式会社ブレインパッド (英文 BrainPad Inc.)		
本社所在地	東京都港区白金台3-2-10 白金台ビル		
電話番号	03-6721-7001 (代表)		
設立	2004年3月18日		
上場	2011年9月 東京証券取引所 マザーズ上場 2013年7月 同 市場第一部上場 (証券コード: 3655)		
資本金	597百万円 (2021年6月30日現在)		
従業員数	429名 (連結、2021年6月30日現在)		
役員	代表取締役会長	佐藤 清之輔	(創業者)
	代表取締役社長	草野 隆史	(創業者)
	取締役	安田 誠	
	取締役	石川 耕	
	取締役	塩澤 洋一郎	
	取締役	関口 朋宏	
	社外取締役	佐野 哲哉	
	社外取締役	牛島 真希子	
	常勤社外監査役	鈴木 晴夫	
	社外監査役	山口 勝之	
社外監査役	大久保 和孝		
主な加入団体	<ul style="list-style-type: none"> 一般社団法人データサイエンティスト協会 一般社団法人日本ディープラーニング協会 		

グループ体制



認証



JIS Q 15001
認証番号: 10822646



認証・制度
ISO (JIS Q) 27001

認証の登録範囲は、Webレコメンデーションならびに
広告配信技術、データ分析技術を利用したSaaS
サービスです。

Our company has been in business for 17 years and will be 18 years old next March, and we are currently operating in this manner.

1 point I would like to make is that we now have 1 consolidated subsidiary called Mynd. As announced separately in the IR, we are planning to absorb the Company by the end of this year. I have just explained 1 point.

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当期（2021年6月期）からのセグメント変更について

DX*投資、データ活用投資に関する需要に応えるためには、単一のサービス提供ではなく、当社グループのさまざまなサービスを組み合わせた総合提案を行うことが重要と認識。

*デジタルトランスフォーメーション

各サービスを強化しながら、より相互の連携に取り組むことで一層の成長を実現するべく、2021年6月期より報告セグメントを変更し、経営管理のより一層の強化を行う。



In addition, the Company profile in H1 has not changed since the previous presentation, so I will briefly run through it.

Starting from July last year, we have consolidated our IR business segments from 3 to 2.

Primarily, the professional services business that focuses on human services. We provide 2 main types of services: human services, such as consulting and data scientist analysis on consignment; and product services, such as SaaS services, in which we provide companies with products related to data utilization, whether developed in-house or by other companies. We are publicizing in the form of developing 2 businesses to support the data utilization of businesses and companies.

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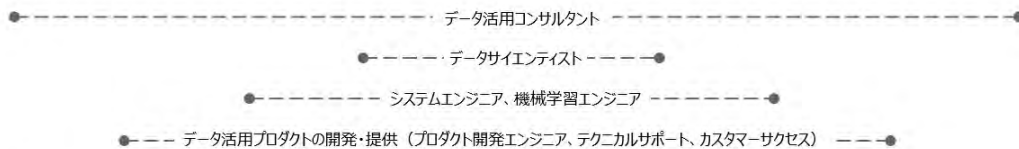
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ブレインパッドの強み

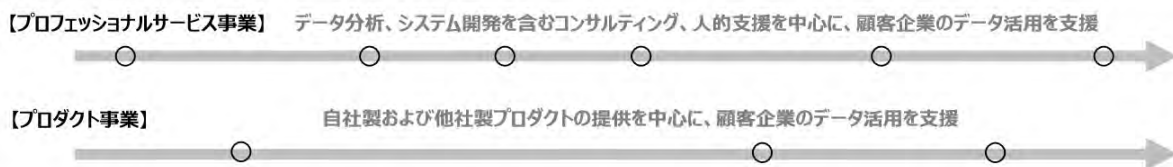
：データ分析力をコアに、データによる価値創造のバリューチェーンを網羅していること



データ活用人材が活躍する主な領域



主な事業領域



This is our strength.

Originally, the Company was founded by contracting data analysis, and derived from that, we have been supporting companies in their use of data for the past 17 years. At present, we have established a 1-stop system for providing services related to data utilization, from consulting on the development of data-based DX concepts to the actual training of human resources.

You can see what kind of services we provide in each of the 2 business domains by looking at the black dots in the bars below the arrow feather in the bottom row.

As I have explained, we are developing our professional services business and product business.

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主なクライアント

これまでに当社との取引実績があり企業名等の公表を許可いただいている、または、プレスリリースやメディア掲載等で取引実績のあることが公知となっている顧客を抜粋したものです。

(2021年8月12日現在、敬称略、順不同)

小売・流通・卸売	伊藤忠商事(株)、(株)すかいらーくホールディングス、(株)ゲオ、(株)高島屋、(株)ローソン、カルチュア・コンビニエンス・クラブ(株)、アスクル(株)、(株)I-ne、エノテカ(株)、(株)オークローンマーケティング、(株)オートバックスセブン、国分グループ本社(株)、(株)コナカ、(株)三陽商会、(株)自由が丘フーズ、(株)セレクトスクエア、全日空商事(株)、(株)そごう・西武、(株)タイムマシン、(株)セシール、(株)ドラマ、バルシステム生活協同組合連合会、(株)パロックジャパンリミテッド、(株)B4F、(株)フェリシモ、(株)ロッピングライブ
製造	トヨタ自動車(株)、三菱電機(株)、資生堂ジャパン(株)、キユーピー(株)、アサヒグループホールディングス(株)、コーセープロビジョン(株)、日産自動車(株)、日本コカ・コーラ(株)、日本たばこ産業(株)、(株)ファンケル、(株)明治、アサヒビール(株)、(株)オンワードホールディングス、キッコーマン(株)、(株)キリンホールディングス、(株)SABON Japan、サンスター(株)、タピオ(株)、ディーゼルジャパン(株)、西川(株)、(株)ピーチ・ジョン、(株)富士フイルムヘルスケア ラボラトリー、森永乳業(株)、UCCホールディングス(株)、ライオン(株)、(株)ワコール
金融	SMBC日興証券(株)、(株)りそな銀行、(株)山口フィナンシャルグループ、みずほ証券(株)、(株)ジェシービー、(株)伊予銀行、(株)新生銀行、三井住友信託銀行(株)、(株)三菱UFJ銀行、(株)横浜銀行、大和証券(株)、松井証券(株)、(株)オリエントコーポレーション、ポケットカード(株)、(株)マネースクエア
旅行・航空・運輸	日本航空(株)、全日本空輸(株)、(株)日本旅行、九州旅客鉄道(株)、ヤマト運輸(株)、ゆこゆこホールディングス(株)、(株)読売旅行、ヒルトン・ワールドワイド、(株)プリンスホテル
IT・情報・通信	グーグル合同会社、ヤフー(株)、(株)大塚商会、GMOリサーチ(株)、ニフティ(株)、(株)アイスタイル、エアロセンス(株)、(株)エイトレッド、オーエムネットワーク(株)、(株)クラウドワークス、(株)JR東日本ネットステーション、CCCマーケティング(株)、ダイワボウ情報システム(株)、トレンドマイクロ(株)、富士通クラウドテクノロジーズ(株)、メディカル・データ・ビジョン(株)、(株)ユニメディア
電力・エネルギー・建設	大東建託(株)、ミサワホーム(株)、八千代エンジニアリング(株)、積水ハウス(株)、野村不動産ソリューションズ(株)、三井不動産レジデンシャル(株)
メディア・広告・インタメ・その他	NIKKEI STYLE、(株)WOWOW、びあ(株)、農林水産省、国立大学法人大阪大学、(株)MS-Japan、(株)マイナビ、アイティメディア(株)、(株)朝日新聞社、(株)読売新聞東京本社、(株)フジテレビジョン、(株)JT/Bパブリッシング、スターツ出版(株)、(株)日本ビジネスプレス、大日本印刷(株)、(株)デルフィス、(株)博報堂プロダクツ、ビーコンコミュニケーションズ(株)、(株)マツキャンエリクソン、(株)セガ、(株)Z会、(株)ベネッセコーポレーション、(株)エキスパートスタッフ、エン・ジャパン(株)、(株)スタッフブリッジ、(株)デイスコ、テクノプロ・ホールディングス(株)、(株)日経HR、(株)パソナテック、(株)ビズリーチ、(株)ビーネックステクノロジーズ、プロファイルズ(株)、(株)リクルートスタッフィング、(株)イタミアート、(株)インタースペース、クックパッド(株)、(株)さとふる、シタックス(株)、(株)ワークス

In the past, we have listed our clients as companies that have given us permission to name them, including press releases. They are very diverse businesses. We do not specialize in any particular business, but we are able to provide full support for the utilization of data in all kinds of businesses and business categories, which I think is 1 of our major strengths.

With regard to capital and business alliances, we announced 2 major capital and business alliances in July and November of last year, which we have already explained, so I will not go into them here.

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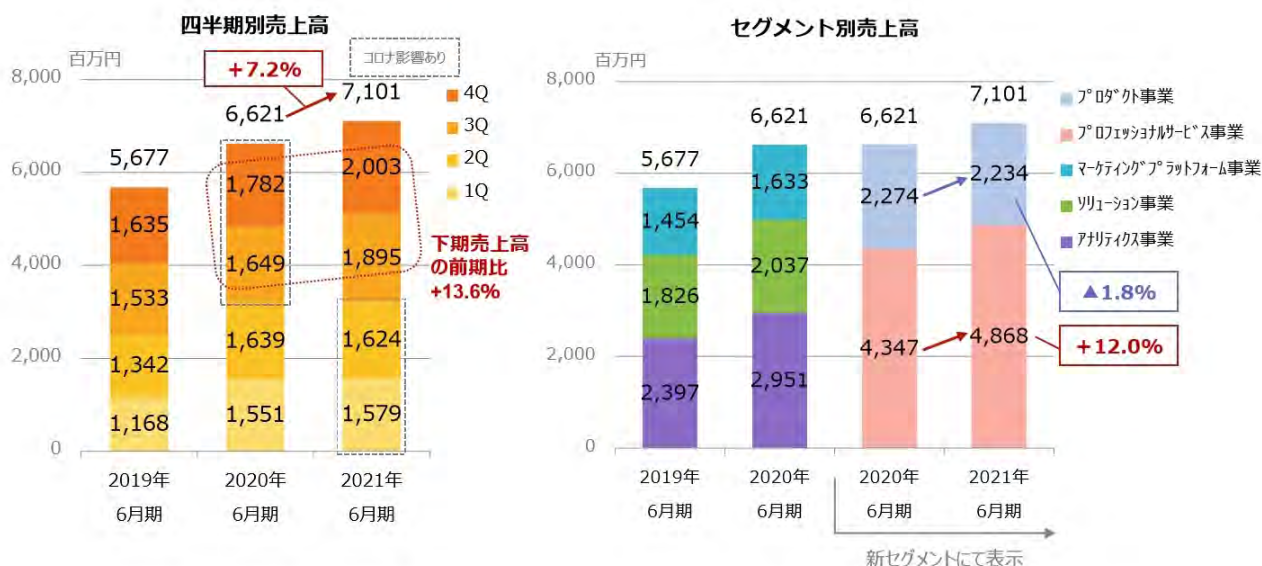
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3期比較（連結売上高：四半期別／セグメント別）

売上高は、上期までは、受注リードタイムの長期化や案件開始時期の遅れ等の影響があったが、2Q以降の受注活発化により、下期の売上高は、前期比+13.6%の水準にまで回復。

4Qは、過去最高となる四半期売上高20億円を突破。



I will now move on to the highlights of the financial results for the fiscal year ended June 2021.

First of all, in terms of sales, until H1 of the year, there was a prolonged lead time for orders caused by COVID-19. And the delay in the start of the project affected the results. However, from Q2 onward, we have been active in receiving orders, and sales in H2 of the year, when those orders start to be recorded, have recovered to a level of 13.6% YoY.

In addition, in Q4 last year, we were able to achieve our highest ever sales of over JPY2 billion, and I think it's safe to say that our business performance is on a recovery trend.

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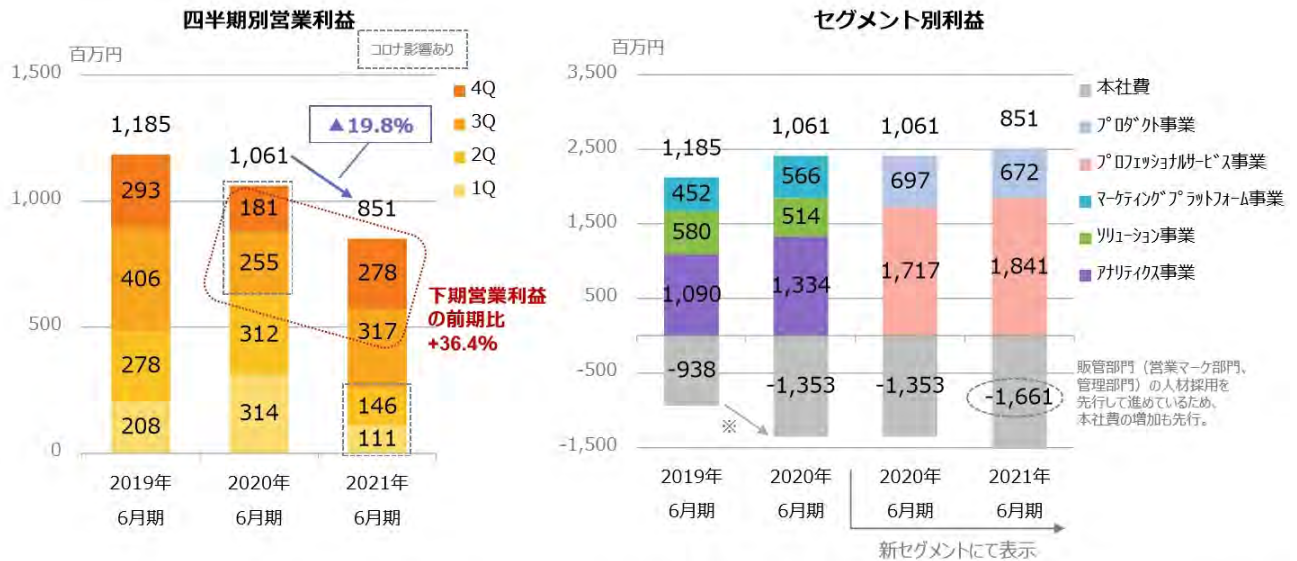
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3期比較（連結営業利益：四半期別／セグメント別）

下期の営業利益は、前期比+36.4%と急回復。

下期の営業利益率は15.2%となり、目指すべき水準に回復してきている。



※営業・マーケティング人員を、各事業セグメントから本社費に集約する組織変更を行ったこと、今後の組織規模拡大を見据え、販管部門を積極増員したため。

In terms of operating income, H2 of the fiscal year saw a sharp recovery in operating income, up 36.4% YoY. The operating income margin for H2 of the fiscal year was 15.2%, and I think it is fair to say that it is back to the level we should be aiming for.

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3期比較（連結経常利益、当期純利益：四半期別）

経常利益、当期純利益も、前述の営業利益と同じ傾向で推移している。

※ 当期純利益の減益幅が大きいのは、前期に特別利益として投資有価証券売却益98百万円の計上があった一方で、当期には次期に計画中のオフィス集約・本社移転に伴う特別損失26百万円が計上されているため。



Ordinary income and net income are also following the same trend as operating income described above. I will skip the details.

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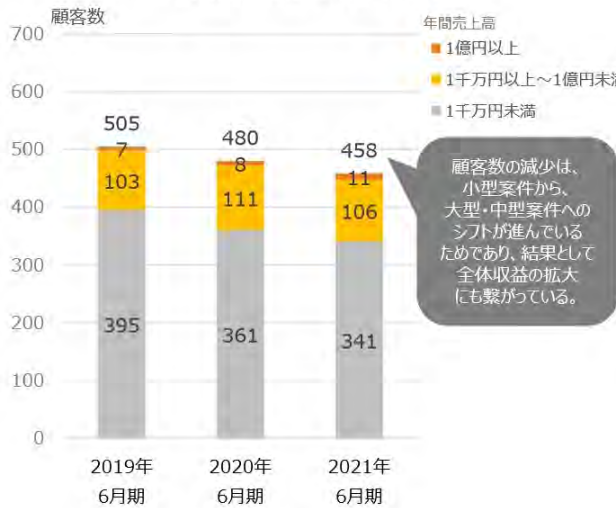
案件規模別の売上構成

※データ活用の総合力を発揮して案件の大型化を進める、という当社グループの成長方針の進捗を測るための参考指標

年間売上高1億円以上の顧客件数、売上高ともに増加。

コロナ影響がある中でも、中期経営計画にて推進中の大型案件開拓を進めることができている。

案件規模別の顧客数（単体）



案件規模別の売上構成（単体）



As for the sales composition by project size, these figures have been announced since last fiscal year, but as part of our mid-term plan, we have set a major, quantitative goal of increasing the size of our projects.

The number of clients with annual sales of JPY100 million or more is steadily increasing. The number of cases and net sales both increased. Therefore, even with the impact of COVID-19, I think it is safe to say that we are making steady progress in increasing the size of our projects in line with the mid-term plan.

This is the number of customers by project size. As you can see in the graph on the left, the decrease in the number of clients is due to a shift from small projects to medium and large projects, and as a result, I believe that this has led to an increase in overall revenue.

Our professional services business accounts for about 2/3s of our sales, and when we have a large number of small projects here, we inevitably have vacancies between projects, and the utilization rate drops. This tends to put pressure on the profit side, so the larger the project, the more stable the manpower utilization will be, and the more positive the profit side will be.

Our company is aiming to increase the size of large projects and human services as much as possible, and in addition to that, to provide product businesses and product services, so that we can generate a variety of sales from a single client. I think it is fair to say that we are doing well at the moment.

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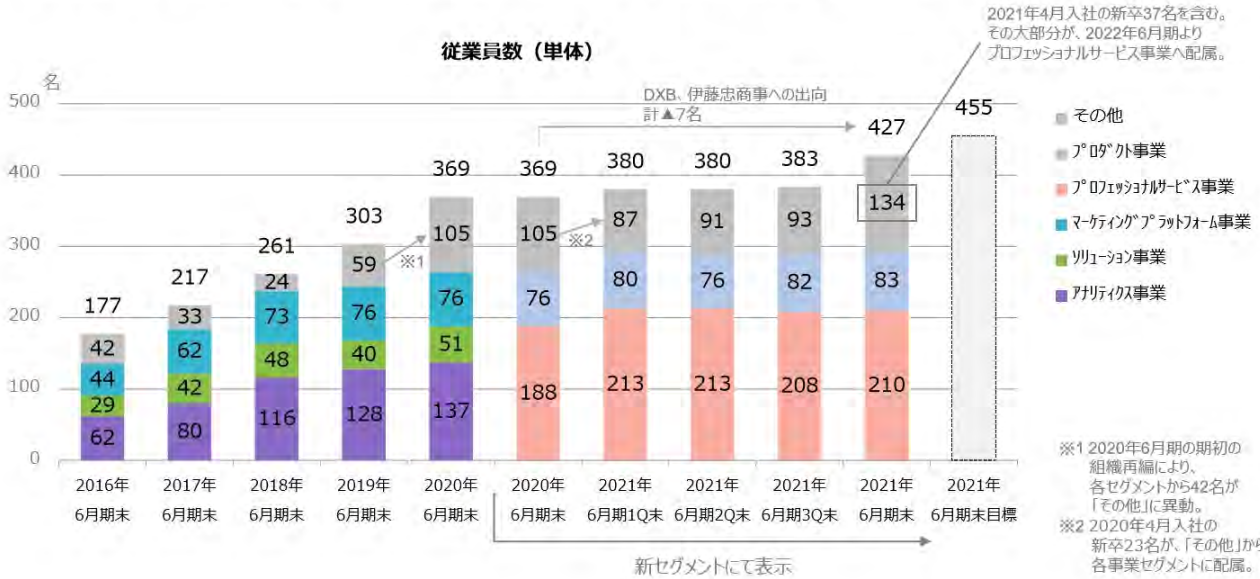
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従業員数の推移（単体）

採用難易度の高い職種の採用競争が激しくなっており、中途採用は苦戦のまま推移。当期末の従業員数は427名となり、目標値に届かず。

退職率は、前期の水準（10%弱）に比べ、やや低めに推移している。



This is a transition of employees.

We had set a target of 455 employees at the end of the current fiscal year, but the result was 427 employees. The total number of employees, including those seconded to affiliated companies, is 434, which is about 20 short of the total number of employees, including seconded employees.

The reason for this is that we are now hiring for positions that are very difficult to hire for, so competition has become very fierce, and we are struggling with mid-career hiring. On the other hand, I am very pleased that we were able to welcome 37 excellent new graduates this year.

The retirement rate was kept at a low level compared to the previous fiscal year's level of less than 10%, so we recognize that this sluggish growth is purely a reflection of our struggles in hiring new graduates and mid-career workers.

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連結損益の状況

(単位：百万円)

	2020年 6月期	2021年 6月期	増減額	増減率
売上高	6,621	7,101	480	7.2%
売上原価	3,605	3,922	318	8.8%
売上総利益	3,017	3,179	162	5.4%
販管費	1,956	2,328	372	19.0%
営業利益	1,061	851	-210	-19.8%
営業外収益	23	45	22	97.0%
営業外費用	6	13	8	135.9%
経常利益	1,079	884	-195	-18.1%
特別利益	98	0	-98	-99.9%
特別損失	-	26	26	-
税金等調整前当期純利益	1,176	857	-319	-27.1%
法人税等合計	319	256	-63	-19.7%
当期純利益	858	601	-257	-29.9%
非支配株主利益	-	-	-	-
親会社株主に帰属する当期純利益	858	601	-257	-29.9%

従業員数の増加等により、売上高の増加率に比べ、売上原価の増加率が高くなっている。

販管部門の従業員数の増加に加え、受注活動の活発化により、原価部門人員によるリセール等の販管活動が増加した結果、売上高・売上原価の増加率に比べ、販管費の増加率が高くなっている。

研究活動の補助金（公的研究費）の収入などにより営業外収益が増加

株式会社電通クロスブレインの持分法による投資損失は、11.6百万円。（2020/7/20設立、同10月より営業開始）

前期の特別利益は、主に、投資有価証券の売却益 97.8百万円。当期の特別損失は、主に、事務所移転費用引当金繰入額 26百万円。

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連結貸借対照表

(単位：百万円)

	2020年 6月期末	2021年 6月期末	増減額	増減率	主な増減要因
資産	4,984	5,779	795	15.9%	
流動資産	4,109	4,938	830	20.2%	<ul style="list-style-type: none"> ・現金及び預金 446 ・差入保証金 200 ・受取手形および売掛金 166 ・仕掛品 14
固定資産	875	841	-35	-4.0%	<ul style="list-style-type: none"> ・投資有価証券 129 ・繰延税金資産 56 ・ソフトウェア、ソフトウェア仮勘定 59 ・差入保証金 -200 ・建物（純額） -40 ・投資その他の資産の「その他」 -32
負債	955	1,104	149	15.6%	
流動負債	873	1,104	231	26.5%	<ul style="list-style-type: none"> ・資産除去債務 80 ・賞与引当金 71 ・未払法人税等 68 ・事務所移転費用引当金 26 ・前受収益 -34
固定負債	82	0	-82	-99.8%	<ul style="list-style-type: none"> ・資産除去債務 -80
純資産	4,029	4,674	646	16.0%	<ul style="list-style-type: none"> ・利益剰余金 601 ・資本金、資本剰余金 45
自己資本比率	80.8%	80.9%			

合併会社
株式会社電通クロスプレイン
への出資等による。

ストックオプションの行使が
進んだことによる。

(なお、2020年9月30日を以て、
発行済のストックオプションの
行使期間が終了)

Support

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North America 1.800.674.8375
Email Support support@scriptasia.com

連結キャッシュ・フローの状況

(単位：百万円)

	2020年 6月期	2021年 6月期	2021年6月期の主な内訳	
営業CF	761	780	・税金等調整前四半期純利益	857
			・減価償却費	208
			・賞与引当金の増加	71
			・未払金の増加	33
			・事務所移転費用引当金の増加	26
			・持分法による投資損失	12
			・法人税の支払額	-249
			・売上債権の増加	-166
			・前受収益の減少	-34
			・たな卸資産の増加	-14
投資CF	-243	-378	・無形固定資産の取得	-208
			・投資有価証券の取得	-140
			・有形固定資産の取得	-29
財務CF	389	44	・新株予約権の行使による株式の発行	44
現金および現金同等物の増減額	908	446		
現金および現金同等物の残高	2,985	3,431		

コロナ影響の中でも、
営業CFは前期を上回り、
キャッシュは増加が続く。

There is nothing else worth mentioning regarding the consolidated profit and loss situation, etc., so please take a look at this balloon when you have time.

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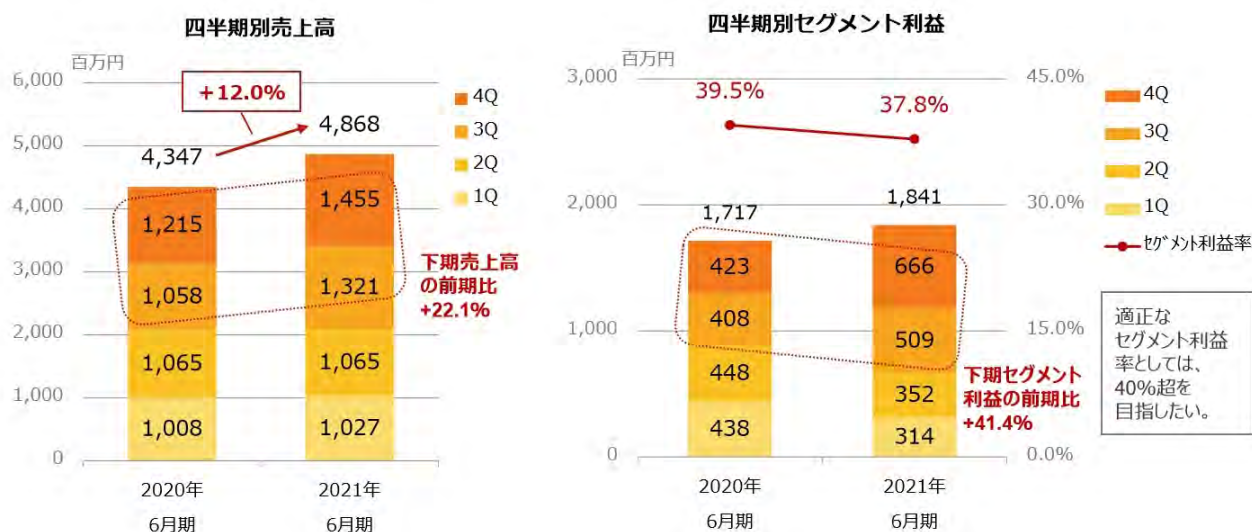
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プロフェッショナルサービス事業（単体）2期比較

上期は、コロナ影響を強く受ける業界からの既存のデータ分析案件の売上高が縮小したが、2Q以降の受注活動活発化に伴い、下期の売上高は前期比+22.1%、下期のセグメント利益は前期比+41.4%の水準まで急回復。

下期のセグメント利益率は42.3%。今後は40%超を目指すべき利益率水準としたい。



I will now move on to the highlights of non-consolidated results and non-consolidated segment results.

First, let's look at the professional services business.

In the previous fiscal year, there was a contraction in sales of existing data analysis projects from industries that are strongly affected by COVID-19, but with increased order activity from Q2 onward, sales in H2 of the fiscal year accounted for 22.1% YoY. We are aiming for 20% growth during the period of this mid-term plan in terms of the scale of our organization and sales, and I think we have returned to the level we should be aiming for.

So, the segment profit for H2 of the fiscal year has also recovered rapidly to a figure of positive 41% compared to the previous fiscal year, and the segment profit margin for H2 of the fiscal year is now 42.3%. In the future, we would like to pursue a level of profit that exceeds 40%, which is the level we should aim for in this business.

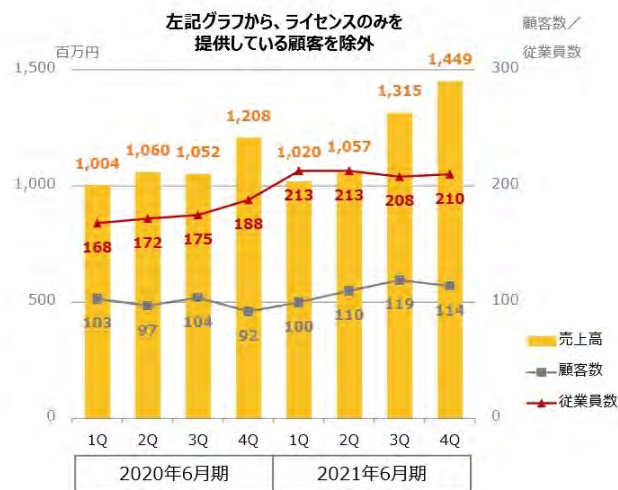
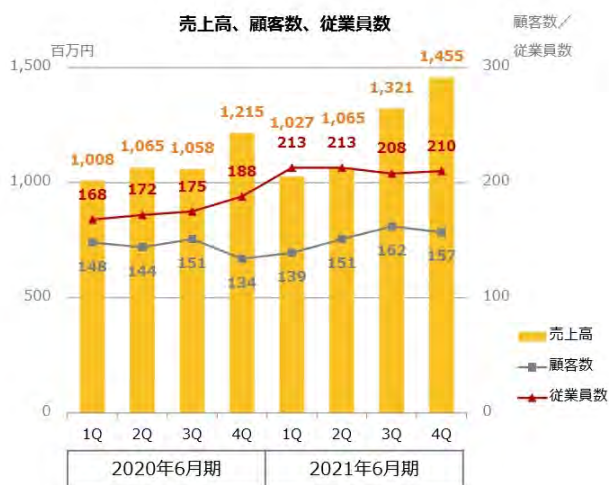
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プロフェッショナルサービス事業（単体）売上高、顧客数、従業員数

売上伸長に伴い、4Qの従業員1人あたり売上高、顧客1社あたり売上高は、過去最高となった。一方、他社への出向者の増加もあり、従業員数は微増に留まる。DX支援に関する強い引き合いに対応するため、次期も積極的な採用を継続。



This section provides information on sales, number of customers, and number of employees in the professional services business.

As a result of sales growth, sales per employee and sales per customer in Q4 reached record highs.

On the other hand, due to an increase in the number of employees seconded to other companies, the number of employees has only slightly increased. We have received strong inquiries about DX support, so we will continue to actively recruit in the next fiscal year and the following fiscal year in order to respond to these inquiries.

Support

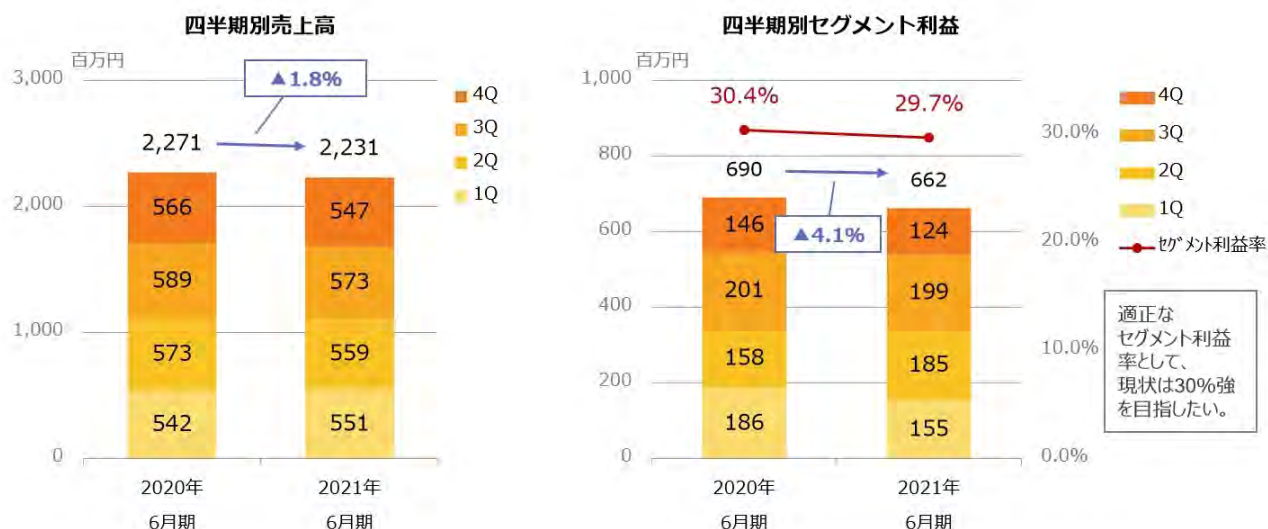
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プロダクト事業（単体）2期比較

コロナ影響を強く受ける業界からの売上高縮小を、新規受注、既存顧客へのアップセルで補ったが、新規受注による売上増が想定に届かず、売上高は前年比微減。

主要プロダクトへのリソース集中や、各種コストの適正化が進んだことで、前期の人員増などによるコスト増を吸収し、セグメント利益は前年同四半期並みを維持。



On the other hand, this is the product business. The industries that are strongly affected by COVID-19, especially the human resources and travel industries, are areas where we had great strength as a sales destination for our products. Both of these 2 industries are greatly affected by COVID-19. Although we made up for it with new orders and up-selling to existing customers, the increase in sales from new orders still did not reach our expectations, and sales were down slightly from the previous year.

As a result of the concentration of resources on major products and the optimization of various costs, we were able to absorb the increase in costs due to the increase in the number of employees in the previous fiscal year and maintain segment income at the same level YoY, but sales growth was sluggish or rather, we were unable to increase sales, resulting in negative growth. This was a disappointing period for us.

Support

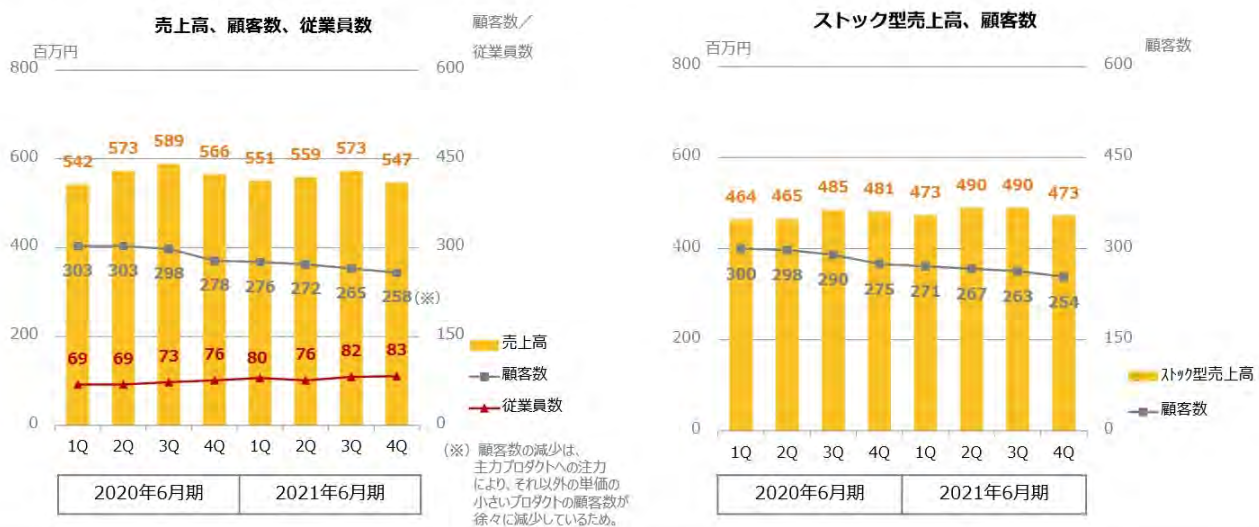
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プロダクト事業（単体）顧客数、従業員数、ストック型売上高

4Qは、中規模案件の契約終了があった一方で、新規受注が伸びず、売上が減少。マーケティングツール関連市場の競争環境の激化の中、より大型の案件獲得に注力してきたため、1顧客あたりのストック型売上高は、当期2Q以降、増加傾向にある。

次期以降は、大型案件に並行して中規模案件の獲得も進むような営業体制に組み替えており、顧客数、ストック売上高の回復に注力していく。



Number of customers, number of employees, and stock-type sales in the product business.

We've been providing SaaS services for a long time with a lot of products. Basically, it is a stock type of sales that we can record over a long period of time. As we are reporting the figures here, in Q4, while there was a termination of a contract for a medium-sized project, new orders did not grow and sales declined.

Amid the intensifying competitive environment in the marketing tool-related market, we focused on acquiring larger projects, and as a result, stock-type sales per customer have been on an upward trend since Q2 of the current fiscal year. From the next fiscal year onward, we will work to recover the number of customers and stock-type sales, as we have also reorganized our sales structure to promote the acquisition of medium-scale projects in parallel with large-scale projects.

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「経営者の隣にデータサイエンスを。」をテーマに、本年6月16日、「DOORS - BrainPad DX Conference 2021 - 」をオンライン開催



堀内 真人氏
伊藤忠商事株式会社
情報・金融カンパニー 情報・経営部門長代行



岡川 潔氏
伊藤忠商事株式会社
IT・デジタル戦略部 デジタル戦略室長



中林 紀彦氏
ヤマト運輸株式会社
執行役員
(デジタル推進本部 デジタルデータ戦略担当)

各業界のDXをリードし、クライアントとしてもブレインパッドを熟知する以下の企業のDX推進のキーマンが出演。当社役員との対談により、データサイエンスを軸とした各社のデータ活用についてセッション。2,000名を超える視聴申込により、盛況のうちにイベント終了。



伊佐 真一郎氏
株式会社りそなホールディングス
執行役員
DX企画部長
カスタマーサクセス推進部長
データサイエンス部長



佐々木 潔氏
Zホールディングス株式会社
営業執行役員
グループチーフアドバイザー (GCDO)



小林 琢磨氏
オルビス株式会社
代表取締役社長

＜出演いただいた当社クライアント＞ (順不同)

- 伊藤忠商事株式会社
- ヤマト運輸株式会社
- 株式会社りそなホールディングス
- Zホールディングス株式会社
- オルビス株式会社



戸川 尚樹氏
株式会社日経BP
日経BP 総合研究所 イノベーションCTラボ
所長



草野 隆史
株式会社ブレインパッド
代表取締役社長



関口 朋宏
株式会社ブレインパッド
取締役
ビジネス推進本部長

In addition, we hold an online conference in June this year.

In June, we invited Senior Executives from these partner companies and clients that we had recruited to speak at our conference.

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直近に発表したプレスリリース

評価・受賞	「Rtoaster」が、ITreviewの4部門にて、3期連続「Leader」を受賞 (2021.7.21)	<ul style="list-style-type: none"> IT製品レビュープラットフォームを運営するアイテイククラウド㈱の「ITreview Grid Award 2021 Summer」において、「DMP部門」「CDP部門」「レコメンドエンジン部門」「ABテスト部門」にて、3期連続「Leader」を獲得。 効果を最大化できるカスタマイズの柔軟性と、きめ細かなサポート体制が評価。
日産自動車との取り組み	日産自動車の研究開発部門のデータ活用・人材育成を支援 (2021.7.28)	<ul style="list-style-type: none"> 日産自動車株式会社の研究開発部門に所属する全従業員が対象となる、大規模なイーラーニングカリキュラムを開発。 自動車産業の研究開発で必要となる学習項目の追加や、実業務での利用がイメージしやすい事例やデータを用いるなど、日産自動車専用カリキュラムをカスタマイズ。
サステナビリティ	脱炭素社会の実現等を目指す、日本初の「ESGアクセラレータープログラム」に協賛 (2021.7.9)	<ul style="list-style-type: none"> ベンチャー・キャピタルのインクルージョン・ジャパン株式会社による「ICJ2号ファンド」に出資するとともに、同社が主催する日本初のESGアクセラレータープログラム「ICJ ESG アクセラレーター2021」に協賛。 「ICJ2号ファンド」は、投資先の事業を通じた社会・環境面のインパクトと経済的なリターンを両立させるため、投資先のESGマネジメントを重視。世界基準に照らしたESG投資を行うために国連責任投資原則（PRI）へ署名するとともに、独自のESGポリシーを制定しているのが特長。 「ICJ2号ファンド」「ICJ ESG アクセラレーター2021」とともに、当社の他には、株式会社三菱UFJ銀行などが参加。

Here are some press releases we have released recently.

1 thing I would like to pick up on is the evaluation and award section, which is in pink. Rtoaster is our flagship product. We provide a comprehensive tool that spans multiple divisions of our products, and we have announced that in ITreview, an online review site, this tool has won leadership positions in 4 categories for 3 consecutive quarters.

What this means is that, as I mentioned earlier in my disappointing report on the product business, it is not that the strength of the product has declined, but rather that the product itself has been highly evaluated. I wonder if we were late in responding to some of the effects of COVID-19 or to the intensifying competitive environment.

I believe that we can still recover from this situation by changing the system and other means, and that our products have been evaluated well, so we will continue to work on this basis in the next term to achieve regrowth of our business.

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(1) 2022年6月期 連結業績予想について

- 売上高：** 受注活動がコロナ前を上回る水準に達してきていることをふまえ、中計で目標としている年率20%前後の売上成長へ回復させることを目指す。
- 利益面：** 投資を伴う3つの重点アクション（詳細は次頁）を実行しながらも、営業利益率を維持し、売上成長同等の利益成長を目指す。



I would like to continue with the earnings forecast and capital policy for the fiscal year ending June 2022.

First of all, consolidated earnings forecast for the fiscal year ending June 2022.

In light of the fact that order activity has reached a level higher than that before COVID-19, we are aiming to recover to an annual sales growth rate of around 20% as our line of target in the mid-term plan.

In terms of profit, as explained in detail on the next page, we will aim to achieve the same level of profit growth as sales growth by maintaining the operating profit margin while implementing the 3 major priority actions. Therefore, we are aiming for sales of JPY8.5 billion and profits of JPY1.02 billion in the next fiscal year ending June 2022.

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(2) 投資を伴う、3つの重点アクション



積極的な 人材採用の 継続

当社単体で、
中途・新卒合わせ、**106名**
(当期末比24.8%増)
の増員を計画。

5億円程度の費用増
(社員人件費、人材採用費等)



プロダクト事業 の再成長

同事業に係る部門を集約する
組織変更を実施するとともに、
主力プロダクトに人材をはじめ、
経営資源を集中させる計画。

従来を大きく上回る支出の
計画はないものの、セールス・
マーケティング機能、プロセスを
強化するための各種取り組み
に注力。

→ 主力プロダクト以外にかかる
費用の適正化も図る

→ 組織間の連携促進による
販売力強化を図る



移転先の六本木タワーキューブ (東京都港区六本木)

組織力強化の ためのオフィス 集約・移転

2022年5月を目途に、
東京都港区白金台の当社・
品川区目黒オフィスの2拠点を、
新オフィス1拠点へ集約する
本社移転を計画。

1億円～1.5億円程度の
費用増
(うち、特別損失として90百万円
前後を想定)

→ 人員拡大・事業成長と、
アフターコロナの働き方の変化に対応

These are the 3 key actions that I just mentioned.

First, we will continue to actively recruit human resources. On a non-consolidated basis, we are planning to increase the number of mid-career workers and new graduates by 106, an increase of about 25% from the end of the current fiscal year. This will lead to an increase in expenses of about JPY500 million, but we recognize that there is no reason to stop hiring personnel here for the long-term growth of the Company.

Second, the regrowth of the project business. As I mentioned earlier in my disappointing report, we have the strength of the products themselves, so we are working on a plan to consolidate the divisions involved in this business, make organizational changes, and concentrate human resources and management resources on our core products in order to achieve renewed growth. We have already started on some of them.

Of course, we had to make sure that the cost of non-core products was optimized at the same time. I think there were a lot of product logos in the product page at the beginning. There are many necessary tools for data analysis, but we have so many of them that the resources are somewhat dispersed. So we will try to optimize this part. We are making decisions in the direction of expanding the product business as a whole with our mainstay products while properly narrowing down our focus.

Therefore, we do not plan to spend much more than before, but we will focus on various initiatives to strengthen our sales and marketing functions and processes.

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The third one. We have already publicized this separately, but we will be consolidating and relocating our offices to strengthen our organization. By May 2022, we are planning to relocate our current head office in Shirokanedai and 2 offices in Meguro, totaling 4 floors, to Roppongi 1-chome to consolidate our offices.

With an eye on the post-COVID-19 and with-COVID-19 eras, we would like to combine remote work and office work in a good way. In that case, in order to maximize the value when we come to work, we decided to consolidate the offices because we believe that we cannot operate the organization efficiently if the offices are scattered or the facilities are in the status before COVID-19. This is expected to lead to an increase in costs of about JPY100 million to JPY150 million.

(3) 資本政策について

中計における前提

資本活用による最優先課題を、既存ビジネスの成長を加速させるようなM&Aをはじめとする事業成長投資とし、その活用が進まない場合は株主還元の可能性を検討する。

中計前半2年を終えた現状と次期の見通し

少額出資・投資は実行したものの、人材獲得目的のM&Aのような大型の投資はなし。
コロナによる業績へのマイナス影響が甚大なものにはならず済んでいるため、手元資金が積み上がる状態が続く。

次期は本社移転を計画しているが、前述の業績予想をふまえると、手元資金が大幅に減少していく状況ではないと考えられる。

2021年8月～ 自己株式取得 を実行

M&Aの準備資金として一定程度の資金を確保したうえで、なお余剰となる資金の一部を活用し、本年8月より自己株式の取得を実行。
株主還元と資本効率の向上に加え、役員・従業員への株式報酬への活用、自己株式を利用したM&A・資本提携等の遂行への活用などを目的。

その後も、引き続き、配当・自己株式取得等の実施を検討していく予定。

Next, I will tell you about our capital policy.

First of all, at the time we announced our mid-term plan 2 years ago, our assumption was that our top priority would be to invest in M&A and other business growth investments that would accelerate the growth of our existing businesses through the use of capital. We announced that in the event that these investments are not utilized, we would consider the possibility of returning profits to shareholders.

At present, after completing the first 2 years of the mid-term plan, we have not made any large-scale investments such as M&A for the purpose of acquiring human resources, although we have made some small investments.

Last year, we were in the same situation, but we were not sure what the negative impact of COVID-19 on our business performance would be, so we kept a large amount of cash on hand and did not make a decision on

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shareholder returns. However, a year has passed since then, and the negative impact of COVID-19 on our business performance has been minimal, and our cash reserves continue to increase.

Although we are planning to relocate our head office in the next fiscal year, we do not believe that our cash reserves will decrease significantly in light of the aforementioned business forecast. As we announced in our IR yesterday, we have secured a certain amount of funds for M&A preparations and will use some of the surplus funds to repurchase our own shares starting this August.

In addition to returning profits to shareholders and improving capital efficiency, the Company intends to use the funds for stock-based compensation for directors and employees, and for M&A and capital tie-ups utilizing the treasury stock.

(参考) 直近に開示した事項

市場変更	新市場区分 「プライム市場」に適合	<ul style="list-style-type: none"> 2021年7月9日付にて株式会社東京証券取引所より新市場区分における上場維持基準への適合状況に関する一次判定結果を受領。 「<u>プライム市場の上場維持基準に適合している旨を確認。</u> 今後、取締役会決議を経て、新市場区分の選択申請に係る所定の手続きを進めていく予定。
機関設計の移行	監査等委員会設置会社へ移行	<ul style="list-style-type: none"> 2021年9月開催予定の定時株主総会の承認を条件に、監査等委員会設置会社へ移行。 <u>任意の機関として、指名報酬委員会を設置予定。</u> 役員候補者は、取締役（監査等委員であるものを除く）6名、監査等委員である取締役3名。 <u>全9名のうち、5名が独立社外取締役となる予定。</u>
株主還元	自己株式の取得	<ul style="list-style-type: none"> 取得対象株式の種類 普通株式 取得し得る株式の総数 130,000株（上限） <small>┆ 発行済株式総数（自己株式を除く）に対する割合 1.75%</small> 株式の取得価額の総額 8億円（上限） 取得する期間 2021年8月13日～2021年12月31日 取得方法 東京証券取引所における市場買付（証券会社による取引一任形式）
組織再編	連結子会社 Mynd株式会社を 吸収合併	<ul style="list-style-type: none"> 2021年12月1日を効力発生日として、吸収合併。 これに先立ち、当社がMynd株式会社に対して有する債権の一部を放棄。 本合併は、当社の完全子会社との合併であるため、当社の連結業績に与える影響は軽微。

Also, as we have announced the other day, as for the market change, we have been informed by the TSE that we are in compliance with the new Prime Market category.

In addition, the Company is planning to shift to a company with an audit and supervisory committee, and if approved at the next general meeting of shareholders, we would like to make the transition. As a result, we will have 3 directors who are members of the audit and supervisory committee, and 5 of the 9 directors will be independent outside directors.

With regard to shareholder returns, as I have explained, we will repurchase up to 130,000 shares at a cost of up to JPY800 million.

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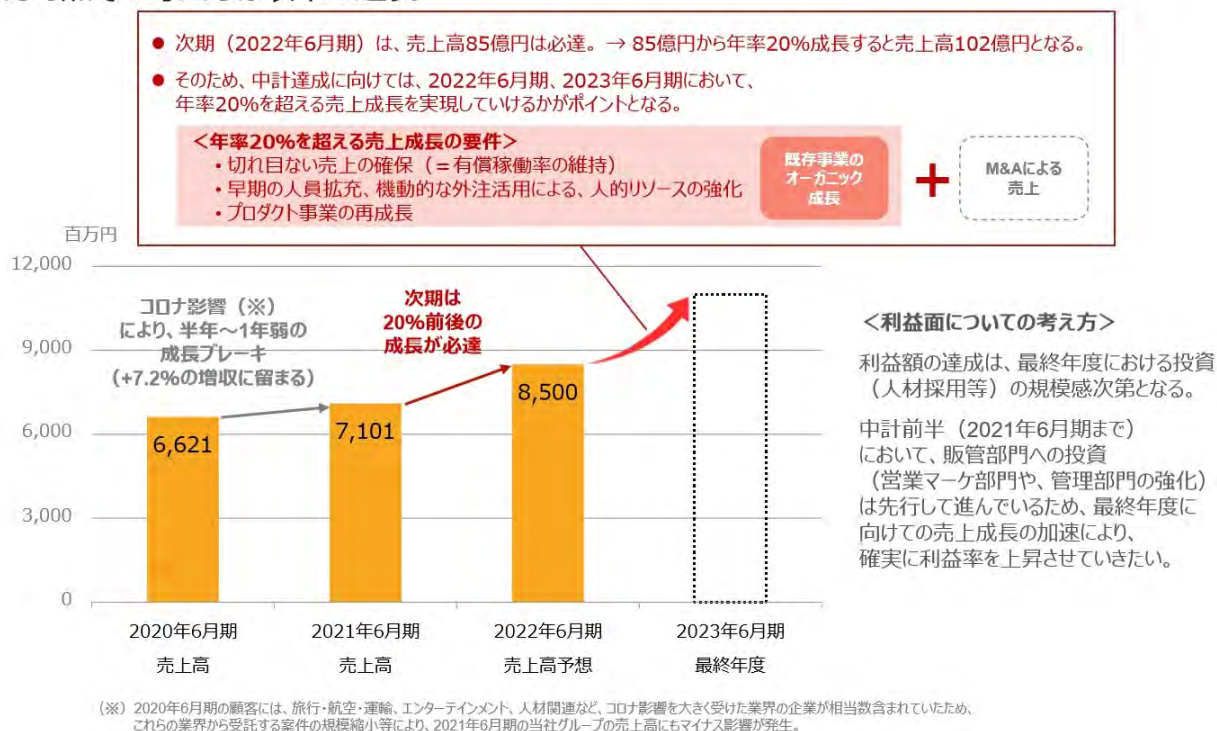
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Also, as I briefly mentioned at the beginning, we would like to merge Mynd, a consolidated subsidiary, by December of this year. As this merger is with an affiliated subsidiary of the Company, we recognize that the impact on consolidated business results will be minimal.

(4) 中期経営計画の達成に向けての現時点の考え方

現時点での考え方は以下の通り。



Finally, there is 1 important thing. We would like to share with you our current thinking on how to achieve our mid-term management plan.

For the next fiscal year ending June 2022, as I mentioned earlier, we are targeting sales of JPY8.5 billion as 1 of our goals. In the final year of our mid-term plan, we are aiming for sales of JPY11.5 billion and profit of JPY2 billion. To achieve the medium-term plan, even if we grow at an annual rate of 20% in the fiscal year ending June 2023 from the JPY8.5 billion, we will only be able to achieve JPY10.2 billion, so we are aware that there is a gap here.

Therefore, we have set a target of JPY8.5 billion for growth of about 20% next fiscal year, but in order to achieve the goal of JPY11.5 billion in 2 years, we need to go beyond the 20% growth rate and see how far we can grow.

In order to achieve this, I think it is very important to maintain the paid utilization rate, especially in the professional services business, in order to ensure continuous sales, and to expand the workforce and the organization at an early stage. I also believe that we need to strengthen our human resources through flexible use of outsourcing.

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Moreover, it is a very important issue to put the product business, which is not as dependent on the growth of the human resource base as the professional services business, on the path to renewed growth. This is an action related to the organic growth of existing businesses.

In addition to this, there will inevitably be shortages as I mentioned earlier, so I think we need to work on increasing sales through M&A and other means. Here is the idea, especially in terms of sales.

In terms of profit, as you can see in the text at the bottom right of this page, the achievement of the profit plan will depend on the scale of investment in the final year. As I mentioned earlier, we are aiming to expand our organization by 25% in the next fiscal year, and we are expecting an increase in expenses equivalent to about JPY500 million. After all, if we give priority to expanding the scale of our organization, we will inevitably incur expenses. In the final year of the project, I think we will make a decision to use appropriate costs while watching the situation of the business environment.

However, the market as a whole is growing by 20%, so we are working with the idea that we need to invest in order to properly capture this growth. Therefore, since investment in SG&A expenses has been progressing ahead of schedule in the first half of the mid-term plan, we would like to aim for a steady increase in profit margin by accelerating sales growth toward the final year of the plan.

This concludes my explanation.

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Question & Answer

Moderator: Thank you very much, President Kusano. We will now move on to questions and answers.

We will select and answer your questions from among those submitted by the management. Please take a moment to fill out this form.

There are some questions that we have already received, so we would like to answer them in order. Thank you for your cooperation.

Kusano: We have received 3 questions. First of all, the hiring. The hiring targets for this fiscal year seem ambitious, even though hiring seems to continue to be below target. With regard to the background of this outlook, whether there are any measures that can accelerate hiring this fiscal year?

During the current fiscal year, the hiring environment was very difficult, but we were able to hire in the previous year, so it is not a continuous problem. Therefore, in order to adapt to the current harsh hiring environment, we have set this target as a realistic and achievable goal while discussing with the frontline staff and improving some of the hiring conditions.

Ishikawa: I would like to add 2 points. 1 of the reasons is that we were a little worried about the business performance in H1 of the last fiscal year, so we actually loosened the reins of recruitment in H1 of last year. We didn't know if the product would actually be in operation, and we were worried about whether there would be work, so we have relaxed our hiring policy as the professional services business will only grow if there is work.

Another point is that, as we mentioned earlier, part of the reinforcement of the administrative division is the expansion of the human resources division, especially the mid-career hiring division, which we have been working on during the last fiscal year, and it doesn't mean that these people will generate value immediately after hiring them. In the current fiscal year, value has been generated since H2 of last year, and I believe that we are now in a structure to move forward with strong hiring, but I also believe that this will be further accelerated this fiscal year.

Kusano: Secondly, to what extent do you think you can achieve your sales guidance for this fiscal year by promoting a net increase in human resources? Can we understand this as a plan based on achievable levels, even if hiring is behind the target? Mr. Ishikawa, please.

Ishikawa: The sales for this fiscal year, especially for H1 of the year, will be achievable even if we do not make much progress in hiring personnel. However, in H2 of the fiscal year, if we do not make any progress at all, it will become a little difficult, but if hiring proceeds to a certain extent within a sensible range, for example, even if the number of hires is reduced by about half, we will be able to achieve our goal.

However, if the number of hires is sluggish, it will have a significant negative impact on the growth of the next fiscal year, so the reason why the sales growth in H2 of this fiscal year is not as large as the current fiscal year is because the current utilization of human resources and hiring has not progressed as much as planned in the past. Since the growth in H2 of the year has been small, we recognize that if we are able to hire sufficient human resources in H1 of the year, conversely, we may be able to see further expansion of sales in H2.

Kusano: Thirdly, does the image of clients with more than JPY100 million per year indicate an increase in the number of large 1-shot deals, or does it indicate that you are able to win multiple deals from the same client

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throughout the year? Could you explain including the background of the increasing number of large-scale projects?

First, regarding the background, our main objective is to acquire such projects, as I mentioned earlier. So, it would be a bit of a misnomer to say that we select our clients from the initial stages of a project, including whether or not they are likely to lead to a major project. As to whether we can make such proposals to our customers, we have been receiving an increasing number of inquiries, so we are giving priority to those customers with whom we can have a long-term relationship.

So basically, it's not a 1-shot sale. When it comes to JPY100 million scale, in our company, there are few cases that end there. Of course, we sometimes receive a single order for system development that exceeds JPY100 million, though. After creating such an environment and mechanism, we will utilize the data on it. Originally, many of the companies that contact us for system development are not simply good at creating systems, but rather are interested in working with us as a partner in utilizing data on top of the completed system.

The purpose is different from that of a traditional IT system that is created all at once and then passed on to the rest of the Company. A traditional IT system can fulfill its intended function to a certain extent if the software works as it is installed.

However, for tools that are designed to utilize data, once the environment is installed, the result is an environment where data is accumulated on a regular basis and an environment where it can be analyzed if you want to. After preparing this environment, there will be a large number of customers who still need our help in terms of how to grow their business using this data.

In this way, we are able to have a long-term relationship with our clients, as we are able to receive a large amount of money for a system development project and then provide regular support with our staff. This is how we do business, and I think that the increase in the number of large-scale projects is due to the increase in the number of customers with whom we have long relationships.

The next question. In the fiscal year ended June 2021, as shown on page 14, the unit price per customer for projects of JPY100 million or more seems to have decreased due to the impact of COVID-19. From this fiscal year onward, is it possible to achieve positive growth compared to the fiscal year ended June 2019? Or would it not? Also, could you tell me about the business environment and your company's initiatives as to why you think so?

Ishikawa: If anything, we have very large clients. Companies more than 10% that have been disclosed in the past include Yahoo! and ITOCHU. Other than that, as the number of customers whom we receive more than JPY100 million per year from increases, the appearance of the unit price will inevitably decrease.

We would like to increase the number of customers with sales of JPY100 million or more, other than those of the giant companies, so it is not that the average unit price is declining, but that we need to nurture customers who will follow the 2 giant companies. If this progresses, we believe that sales will expand.

Therefore, I hope you understand that the JPY3.2 billion for the 11 companies is not the average, or that the structure is not that there are many average companies.

Kusano: Next, in terms of overall order activity, you said that overall orders will be higher than before COVID-19, but is there still some variation in the recovery of DX investment sentiment depending on the industry? Also, could you update us on the investment trends of the industries and companies affected by COVID-19?

There are still some companies that are not at the stage to make major investments due to the strong influence. So, in terms of whether there will be a strong return to orders for projects in the fiscal year ending

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June 2022, or consultations from the customers who had big business with us before COVID-19 to at least at the previous level, I think the situation is uneven depending on the industry.

Our current re-growth, or return to sales, is due to new orders from customers with whom we had no previous relationship, as well as strong demand from existing customers who have not been affected by COVID-19 or, conversely, have been affected by the tailwind. So, there are variations. Is there any supplementary information?

Ishikawa: I think this is right.

Moderator: Thank you very much. We would still like to take your questions, so please fill in the Q&A section here.

Ishikawa: Now, let me explain a little more about the influence of COVID-19.

When it comes to the impact of COVID-19, we are especially concerned about as distribution and travel. In the area of entertainment, the use of data has progressed quite unexpectedly in some areas. In that respect, I think that in the SaaS service tools and the professional services, quite large customers have been hit pretty hard, and they are still recovering from the damage, and you don't see any recovery in their willingness to invest. What do you think?

Kusano: That's right. There are still struggling in some parts. However, even so, there is a prospect, or rather, a sense of when the situation will be settled, and from a long-term perspective, plans are in motion.

It seems that we will not be able to reach the point of recovery during the fiscal year ending June 2022, but it will not continue for another year. It is my understanding from listening to customers that the plan is starting to move forward based on the judgment that the economy will return to normal by that time.

Ishikawa: Also, the digital shift in the use of channels is becoming more and more apparent in the industry.

Kusano: That's right. So, as the contact points become digital, naturally we will be able to obtain data, and I think there is already a social consensus that we need to utilize that data. In that sense, I think that when it returns, the demand for our business will increase, and if they want to do quick analysis and so on, I think that the demand for product-related services will also come back.

Ishikawa: As I mentioned last year, we released a number of cases and templates of our products for the travel industry just before COVID-19, and once we put a lot of effort into that. So I think it's not impossible that the impact on our products in particular has been prolonged.

Kusano: That's right. Well, thank you for your additional question. In the fiscal year ending June 2023, you said there is a gap of about JPY1 billion between the mid-term plan target and the JPY10.2 billion that is an extension of the plus 20% growth shown on page 31 of the material. If you fill this gap through M&A, I think you will need to bring in multiple companies of a certain size, but first of all, are you thinking about that?

In that case, you will probably need to raise funds. Do you think that borrowing will be enough, or will you need other means? Mr. Ishikawa, please answer.

Ishikawa: If we were to fill all of these through M&A, we would need multiple companies, but if we include the possibility of 1 company with about JPY1 billion, I don't think that multiple companies is something that we have specifically decided on. If anything, if we buy a company that is too small, the management costs will be quite high, so we are considering a good balance, while also thinking that a company with a solid foundation would be better.

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On top of that, when it comes to the need to raise funds, to fill the sales gap of about JPY1 billion, borrowing will be enough, but considering the medium- to long-term future, if we fill the gap larger than that, or if it is a company with a high level of variation and we want to grow together with it, then we may not be able to cover the cost by borrowing alone, but we think that we can fill the gap of JPY1 billion by both borrowing and using cash reserves.

Moderator: Thank you very much. Incidentally, in the first half of the medium-term management plan, M&A did not proceed much, but were you considering it?

Ishikawa: Yes. Of course, we are considering some of them, and some of them have actually been discussed in depth as projects. In such a situation, when it comes to the AI and other fields, there is a high level of variation, and considering the variation we expect, in some cases we think it would be better to accelerate the hiring of human resources.

We are in a situation where we are not sure if we can manage our business adequately because we do not have enough management resources, or where we are losing out to other companies who have put a higher price on their products. We are working on it, but rather than buying too many variations and inconveniencing our shareholders, we would like to look at the variations carefully and make a good purchase for us.

Moderator: Thank you very much. We look forward to your continued questions. We would be very grateful for a broad range of opinions, even if they are basic questions. There are still more than 20 people left, so we will be taking a wide range of questions. Thank you for your support.

Kusano: Are there any other topics that we should talk about? Until the questions come.

Ishikawa: Well.

Moderator: 1 of the reasons for the sluggish recruitment was the intensifying competition. I would like you to supplement in what kind of occupation and where it is intensifying.

Kusano: First of all, in H1 of the fiscal year ended June 2021, as Mr. Ishikawa mentioned earlier, there was a bit of a slowdown in orders, especially in H1 of the fiscal year under the influence of COVID-19. Even if we continued to hire, we focused on hiring high-class leaders or managers above them.

As you can see here, we focused on hiring high-class personnel, so there was a lot of competition, and as the sales orders were not coming in, we tended to stop hiring. I mean, it was a little stagnant.

Ishikawa: Well. I think we raised the level of careful selection of personnel.

Kusano: I regret that this was a major factor after all. Therefore, our current approach is to be able to control the hiring process by monitoring the status of inquiries for projects ahead of the orders. If we hadn't stopped hiring at that stage, or if we hadn't slackened off a bit, we would have been able to hire a few more people. We are strengthening our organization in terms of hiring, so we want to make sure we don't make the same mistake.

Moderator: How about the competition? What kind of companies are you in competition with for hiring talent?

Kusano: Basically, I think that major system integrators, foreign consulting companies, and consulting companies not limited to foreign companies are competing for the human resources we need.

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Moderator: Thank you very much. We look forward to your continued questions. We will wait a few more minutes. If there are no more questions, I would like to end today, but there is still time, so if you would like to write something, please.

Kusano: Thank you for your question. I believe there are 3 points listed on page 31 of the document as requirements for growth of over 20%. What points could be captured in particular?

1 of the first things I would like to tell you is that re-growth of products is quite possible. To be honest, the product business is still strong and competitive, and our strength is that our products are strong enough to handle large scale projects compared to our competitors. Our main product, Rtoaster, has been in business for more than 10 years and has grown into a tool that can meet various visual marketing requirements.

That part is evaluated and, in the review we mentioned earlier, we were evaluated in various product areas and ranked as a leader in each of the 4 areas, so we have very high functionality.

However, because of the large number of functions, it can be a little difficult to use, so I think that while we improve the product in this area, we can also provide a more extensive support system so that people can use it. Through this, we believe that it is possible to increase the number of medium and large projects.

Also, in terms of securing sales, we need to improve the paid utilization rate. As we reported earlier, we have already succeeded in increasing the size of our projects, and if we continue to increase the number of projects over JPY100 million and further increase the size of each project, I think we will be able to increase the paid utilization rate.

So, the other part is the expansion of personnel. In this area, we have already established a system, but since this is a particularly competitive area and there are competitors, we have no choice but to move flexibly while keeping an eye on the market situation.

Thank you for your continued questions. Regarding the number of customers in the product business, I think the departure of medium-sized customers is different from your intention. Could you add a little more about the background of the departure that occurred?

Thank you. We are aiming for stock-type sales, and of course we wanted to keep the medium-sized projects, so as you said, this departure was not what we intended.

As we expected, new orders were not enough to compensate for the cancellation of contracts, the decrease in the scale of sales, and the decrease in the scale of contracts in industries affected by COVID-19, such as distribution, travel, and human resources. We had set up a system to receive orders for large projects, and we were not able to fully prepare a system to pursue small and medium-sized projects. So this was partly the result of the change in system.

Since July, the beginning of this fiscal year, we have made some changes to our organization, and we have started to strengthen our support to prevent existing customers from leaving, and we have also started to review the process from sales to receiving orders to acquire new customers and orders in order to increase sales. We believe that we will be able to bring the business back on a recovery track to some extent.

Ishikawa: I believe that there is a certain number of departures, and it is not that the rate of departure has suddenly increased, but when medium-scale projects are cancelled, it is necessary to acquire the medium-scale projects that will make up for them. However, as we focused on large projects, the acquisition of medium-scale projects stagnated, and this prevented us from making up for the decline in medium-scale projects, which we believe is a big issue.

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Of course, we can't deny that the measures to prevent the cancellation of medium-sized projects, or the customer success measures were 1 step behind. After all, it is inevitable that customers will downsize for various reasons, or switch tools when they change their systems. We have made organizational changes based on our belief that it is important for us to be able to maintain and further expand our sales by compensating for this. I hope you understand.

Moderator: Thank you very much.

Kusano: If there are no further questions, I would like to conclude the meeting.

Thank you very much for taking time out of your busy schedules to attend our financial results presentation today. We will continue to do our best, and we hope that you will pay attention to us. Thank you very much.

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