



BrainPad Inc.

Financial Results Briefing for Q2 FY2021

February 15, 2021

Event Summary

[Company Name]	BrainPad Inc.
[Company ID]	3655-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for Q2 FY2021
[Fiscal Period]	FY2020 Q2
[Date]	February 15, 2021
[Number of Pages]	33
[Time]	14:00 – 14:46 (Total: 46 minutes, Presentation: 12 minutes, Q&A: 34 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2
	Takafumi Kusano CEO/Representative Director
	Ko Ishikawa Director/CFO

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Presentation

Moderator: We will now begin the financial results briefing for BrainPad Inc. for the second quarter of the fiscal year ending June 30, 2021.

Mr. Takafumi Kusano, CEO and Representative Director, and Mr. Ko Ishikawa, Director and CFO, from BrainPad Inc. are participating today. First, Mr. Kusano will explain the summary of the financial results. Afterwards, we will take your questions.

The materials to be used today are the same as the supplementary explanatory materials for the second quarter of the fiscal year ending June 30, 2021, which are posted on the Company's IR website.

Let's begin the explanation. CEO 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: I'm the CEO and Representative Director. I will now explain the financial results for the second quarter.

First, let me introduce our Company's mission. The Company was founded in 2004, 17 years ago, with the mission of creating a sustainable future through the promotion of data utilization.

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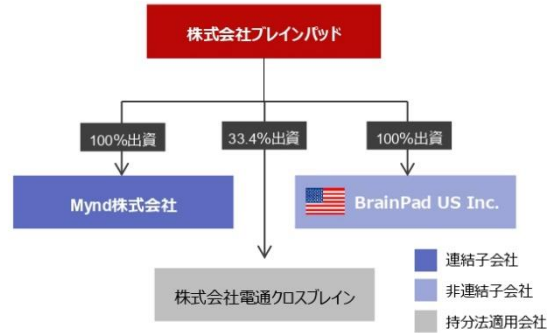
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会社概要

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 (2020年12月31日現在)		
従業員数	382名 (連結、2020年12月31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。

You can see the outline of the Company here, so I will omit an explanation.

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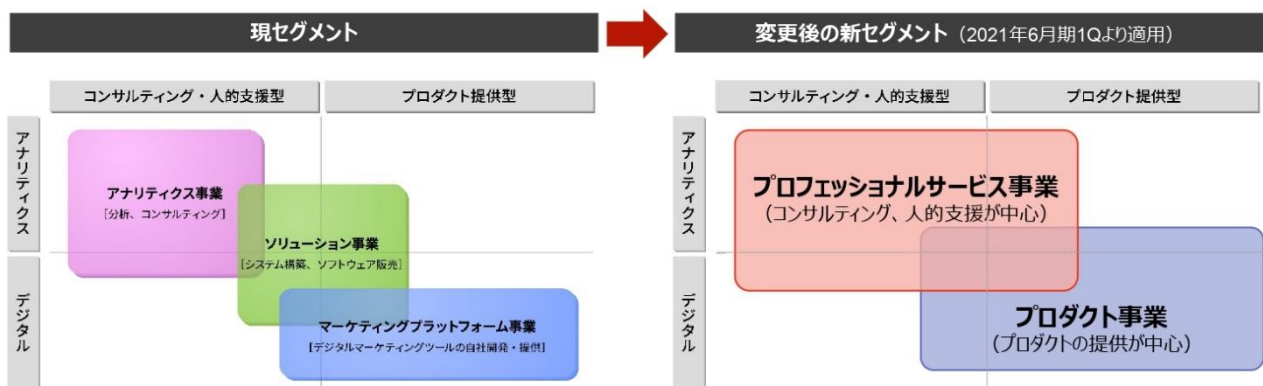
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当期（2021年6月期）からのセグメント変更について

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。



This is a reprint of a document I introduced earlier, but from this fiscal year, we are announcing the progress of our business in two segments instead of three.

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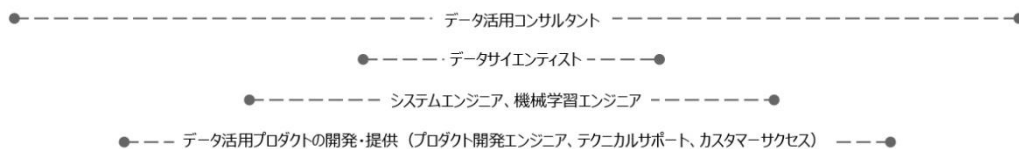
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ブレインパッドの強み

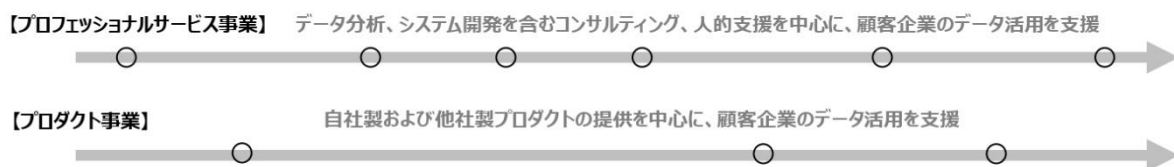
：データ分析力をコアに、データによる価値創造のバリューチェーンを網羅していること



データ活用人材が活躍する主な領域



主な事業領域



This is one of the strengths of our Company. We have been providing corporate support for data utilization for about 17 years, and now have a wide range of service systems.

We are one of the leading companies in Japan that has the capability to provide consulting services for DX promotion and data utilization, from the formulation of plans to actual support, organizational start-up support, and human resource development. This is one of the characteristics of our Company.

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プロフェッショナルサービス事業

データ分析、システム開発を含むコンサルティング、人的支援を通じて、顧客企業のデータ活用支援を行う事業です。売上高の大部分は、業務受託によるフロー型のビジネスモデルです。

直近の収益構造 (2020年6月期 *新セグメント組換後)		特徴、強み				
<ul style="list-style-type: none"> 顧客の経営課題に合わせてプロジェクト単位で受注 プロジェクト期間は、数か月～数年まで様々、プロジェクト体制も、数名～10名近くまで様々 数か月ごとに契約更新し、数年にわたり支援している企業も多い 	<table border="1"> <tr> <td>売上高 43.5億円</td> <td>コスト 26.3億円</td> </tr> <tr> <td></td> <td>利益 17.2億円</td> </tr> </table>	売上高 43.5億円	コスト 26.3億円		利益 17.2億円	<ul style="list-style-type: none"> コストの約53%が社員人件費 システム開発案件は、外注を活用し、利益率をコントロール その他は、他社クラウドサービスやソフトウェア利用料等 セグメント利益率39.5%
	売上高 43.5億円	コスト 26.3億円				
	利益 17.2億円					
<ul style="list-style-type: none"> 業界随一の規模を誇るデータサイエンティスト組織が、多様な分析技術を組み合わせ、顧客ごとに固有の課題に対応 業界でもいち早く新卒採用を開始し、毎年数十名の新卒を育成し続けることのできる組織力 業種に特化せず、幅広い業種に対する支援実績 ベンダーフリーの立場で、課題に合わせたクラウド等の選定力、データやAIの特性を理解したうえでのシステム開発力 						

代表的なサービス			
<h3>データ活用コンサルティング</h3>  <ul style="list-style-type: none"> データ活用テーマの選定 データ活用の適用領域の見極め データ活用の戦略立案・実行計画の策定支援 データ活用投資に対する経営者の意思決定支援 <p>ほか</p>	<h3>データ分析、予測、最適化</h3>  <ul style="list-style-type: none"> 需要予測・販売数予測 価格最適化 配送ルート・車両配置の最適化 故障予知・不良品検知 顧客構造分析 解約要因分析・解約予測 SNS分析 広告投資の最適化 <p>ほか</p>	<h3>データ活用・分析基盤の構築</h3>  <ul style="list-style-type: none"> 最適なハードウェア/ソフトウェアを組み合わせデータ基盤の構築 (SI) 機械学習等のアルゴリズムのシステム組み込み開発 <p>【主な利用製品】 exQuick, Microsoft Azure, Google Cloud, tableau, aws, snowflake, Brain Robo</p> <p>ほか</p>	<h3>データ活用人材の育成、組織・体制の整備</h3>  <ul style="list-style-type: none"> データ活用組織・体制の整備や立ち上げ データ活用人材やデータサイエンティストの育成 メソッドを組み合わせカスタマイズプログラム提供 公開講座 (データ活用人材育成サービス) 提供 <p>ほか</p>

We have two main businesses. The Professional Services business, I mentioned earlier. This business supports corporate data utilization through data analysis, consulting, including system development, and human support.

Support

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Tollfree	0120.966.744	Email Support	support@scriptstasia.com

プロダクト事業

自社製および他社製プロダクトの提供を通じて、顧客企業のデータ活用支援を行う事業です。売上高の大部分は月額課金のライセンス収入からなる、ストック型のビジネスモデルです。

直近の収益構造 (2020年6月期 *新セグメント組換後)

- ・売上高の約65%が「Rtoaster」関連の売上
- ・売上高の8割以上が、解約が無い限りは積み上がるストック型売上高
- ・カスタマイズ開発やライセンス収入を維持・拡大するための、人的サービスは、ストック売上高には含まない



- ・コストの約40%が社員人件費
- ・その他は、自社製プロダクト運用のためのデータセンター費用、プロダクト開発・保守のための外注費、他社製プロダクトの仕入等
- ・セグメント利益率30.6%

特徴、強み

- ・自社製品には、データ分析力を生かした高精度な自社開発アルゴリズムを搭載
- ・他社製品は、独自性が強い海外ツールを目利き・選定
- ・業界トップクラスのシェアを誇る「Rtoaster」を中心に、他社製品ともベンダーフリーに連携し、多様なデータを活用した、あらゆる顧客接点をカバーするパーソナライズアクションが可能

代表的なサービス

主力製品							
データビジネスプラットフォーム (CDP/プライベートDMP) Rtoaster (アールトースター) 顧客データを統合・分析し、高精度なパーソナライズを実現するトータルソリューション	マーケティングオートメーションプラットフォーム Probance (プロバンス) 機械学習で顧客ニーズを予測し、パーソナライズコミュニケーションを実現	デジタルコンシューマーインテリジェンス Brandwatch (ブランドウォッチ) 業界最大級のデータとAIを搭載したマーケティングリサーチプラットフォーム	自然言語処理エンジン Mynd plus (マインドプラス) 人工知能・機械学習・統計学技術を駆使してテキストデータを解析	マッチングエンジン Conomi (コノミ) 収集・蓄積したデータを活用して、独自のアルゴリズムでセト・モノを複合的にマッチング	拡張分析ツール BrainPad VizTact 機械学習とビジュアル分析を組み合わせてパターンやルールを発見し、意思決定をサポート	統計解析・ビッグデータ加工システム WPS Analytics SAS言語で記述されたプログラム実行とデータ操作が可能	運用型広告支援ツール AdPencil AdNote
■ 自社開発製品 ■ 自社製品 ■ 当社が国内唯一の販売代理店である製品 ■ その他							

The other business is the in-house development of products necessary for analysis and data utilization, and the provision of products from other companies. Our Company is made up of these two businesses.

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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2月12日現在、敬称略、順不同)

小売・流通・卸売	(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、(株)TSUTAYA、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、(株)コナカ、(株)三陽商会、(株)自由が丘フローズ、(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)ディノス・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)ロッピングライフ
製造	トヨタ自動車(株)、三菱電機(株)、資生堂ジャパン(株)、キュービー(株)、キリン(株)、コーセープロビジョン(株)、日本コカ・コーラ(株)、バイエル薬品(株)、(株)ファンケル、(株)富士フイルムヘルスケア ラボラトリー、(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)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)、日本たばこ産業(株)、(株)ピーチ・ジョン、森永乳業(株)、UCCホールディングス(株)、ライオン(株)、(株)フコール
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)ジェーシービー、(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)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)、スターフェスティバル(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)
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)、野村不動産アーバンネット(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)J-WAVE i、(株)JTB/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)セガグループ、(株)セガ、学校法人河合塾、(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)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、(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、シダックス(株)、(株)ワークス

This is a list of major clients that we have done business with in the past, so please look at it when you have time.

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資本業務提携について

2020.11.20発表

伊藤忠商事株式会社との資本業務提携を発表



- 伊藤忠商事が、当社に3%出資。
- 伊藤忠商事とは、2018年より、DX推進のためのデータ活用事例の創出とそのため基盤・体制構築に着手。
- 既に、伊藤忠商事グループの各現場において、サプライチェーン関連のデータを活用した発注・在庫・物流の最適化や、店舗等の消費者接点の強化といったデータ活用の実用化が進む。
- この提携を通じて、伊藤忠商事のグループ企業各社とも連携し、データを活用した既存事業の拡大や、新規事業創出を推進。

2020.7.20設立

株式会社電通グループと合併会社を設立



- 合併会社名：株式会社電通クロスブレイン
(出資比率 電通グループ66.6%、当社33.4%)
※当社にとっては、持分法適用会社。
- 電通グループ各社のマーケティング戦略立案力と実行力、当社のデータ分析力を融合。
- マーケティング領域におけるデータの収集、蓄積、分析、分析結果に基づく施策の立案、実行の支援・代行を行う専門会社として、DX時代に求められる企業のマーケティング活動を強かに支援。
- 2020年10月より営業開始。

We have recently announced two major capital and business alliances for the current fiscal year.

First, in July, we agreed to create a joint venture with Dentsu Inc., and it started operation in October.

In the second quarter of this fiscal year, we announced a capital and business alliance with ITOCHU Corporation, in which we have received a 3% investment. Our dealings with ITOCHU Corporation, as mentioned in our previous securities report, makes them our second-largest customer. We agreed that this alliance would be very meaningful in the sense that it will enable us to strongly promote the DX industry and create case studies that represent Japan.

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(1) 中期経営計画について

現中期経営計画の最終年度（2023年6月期）の計画は、変更なし。
3つの基本方針に対する、前期（2020年6月期）までの進捗は以下の通り。

現・中期経営計画			
	2019年6月期実績	現・中計最終年度 (2023年6月期)	成長率
売上高	5,676	11,500	CAGR 19.3%
経常利益	1,213	2,000	CAGR 13.3%
経常利益率	21.4%	17.4%	—
ROE	前・中計4年間の平均ROE 21.2%	新・中計4年間の平均ROE 20%程度	—
従業員数	306名	580～650名	4年間で約2倍の 規模を目指す

変更なし

変わらず、2023年6月期に
・連結売上高 **115億円**
・連結経常利益 **20億円** を目指す。

2020年6月期
の進捗状況

基本方針
1

ビジネスにインパクトを与える、先進的で実践的なデータ活用の実績を増やすため、データ活用に必要な総合力を提供・発揮していく体制（事業間連携）の強化



総合力を提供・発揮するためのステップとして、同種の機能・職種を同一部門に集約する大規模な組織再編とその定着化を実施。2021年6月期より、「総合力」発揮のステージへ。



2

データ活用に不可欠となる人的サービス、ソリューション提供需要に応えるための多様な人材の採用・育成を含む組織規模の拡大



2020年6月期は、期初目標を上回る66名（前期比+21.8%）の増員に成功。2021年6月期はその育成とさらなる採用を進める。また、デジタルマーケティング領域の強化として、(株)電通グループと合併会社「(株)電通クロスプレイン」を設立。



3

先進的な技術を用いたデータ活用を加速するために、自社でのR&Dは当然として、国内外Tech企業との業務提携・投資等による連携の強化



監視カメラシステムや入室システム等のセキュリティソリューションを提供する株式会社セキュアにマイナー出資するなど、Tech企業との連携を進めている。



Next, I would like to explain the medium-term management plan and the revision of our earnings forecast.

There are no changes to the medium-term management plan, so it is as you can see.

Support

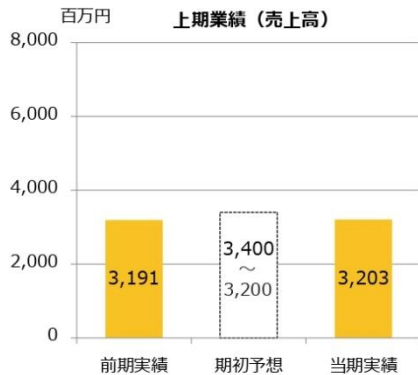
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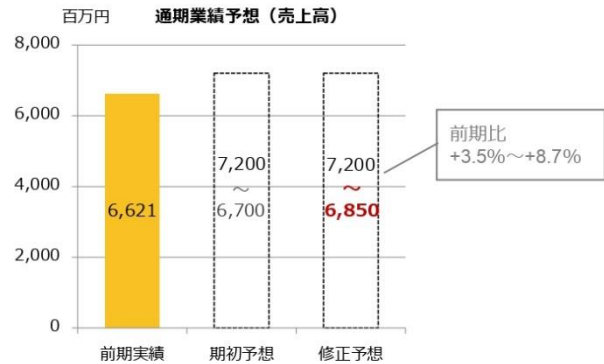
(2) 連結業績予想（売上高）について

期初予想では、コロナ影響により、売上高が前期並みに留まる場合をワーストケースとしていたが、**足元では受注活動が活発化し、受注金額の停滞が底打ち。**

これをふまえ、通期売上高予想は、下限値を引き上げ。



上期売上高は、
期初予想の下限値で着地。



通期は、売上高予想の
下限値を引き上げ。

Regarding the earnings forecast for the current fiscal year, first let's look at sales.

In the initial forecast for the fiscal year, the worst-case scenario was that sales would remain at the same level as the previous fiscal year due to the impact of COVID-19, but stagnation in the value of orders has bottomed out amid recent revitalization in order activity. Based on this, we have decided to raise the lower limit of our full-year sales forecast.

(3) 連結業績予想（利益面）について

当期1Qからコストの節減・適正化が進んだ結果、利益面は期初予想を上回って推移。

下期も同様の傾向が続くことが見込まれるため、利益予想を上方修正。

受注活動が活発化している中、**人材採用は強力に推進中**。

しかし、当期中の入社となる人数が目標に到達しない可能性もあり、その可能性も予想値に反映。
(従業員数の推移は、次頁参照)



Profits have exceeded the initial forecast as a result of cost reduction and optimization from the first quarter of the current fiscal year. Since the same trend is expected in the second half, we have revised the profit forecast upward.

We are strongly promoting the hiring of human resources because we are receiving more orders. However, as you will see on the next page, there is a possibility that the number of employees who will join the Company during the current fiscal year may not reach the target. We have reflected this possibility in the forecast and continue to disclose it as a range. If we are unable to hire employees, profit will increase by that amount.

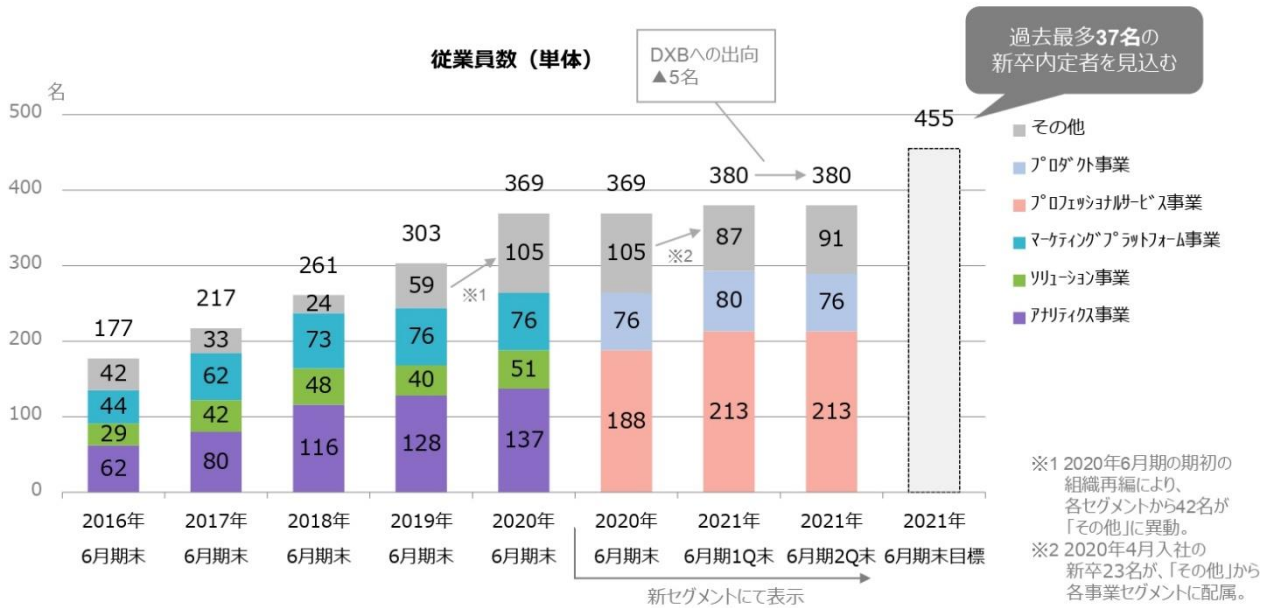
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従業員数の推移（単体）

期末目標の455名に向け、積極的な採用活動を継続中。退職率もこれまでと同程度で推移。
2021年2月12日現在の従業員数は、386名。



We continue to actively recruit in order to reach our year-end target of 455 employees.

The severance rate has remained at the same level, with 386 employees as of February 12, 2021. At the end of December, there were 380, which seems to be the same as the end of the first quarter, but as of February, there was an increase.

As I mentioned earlier, five employees have been seconded to Dentsu Cross Brain Inc., our joint venture with Dentsu. So, the number of employees has increased slightly, but that amount is being used for secondments.

Support

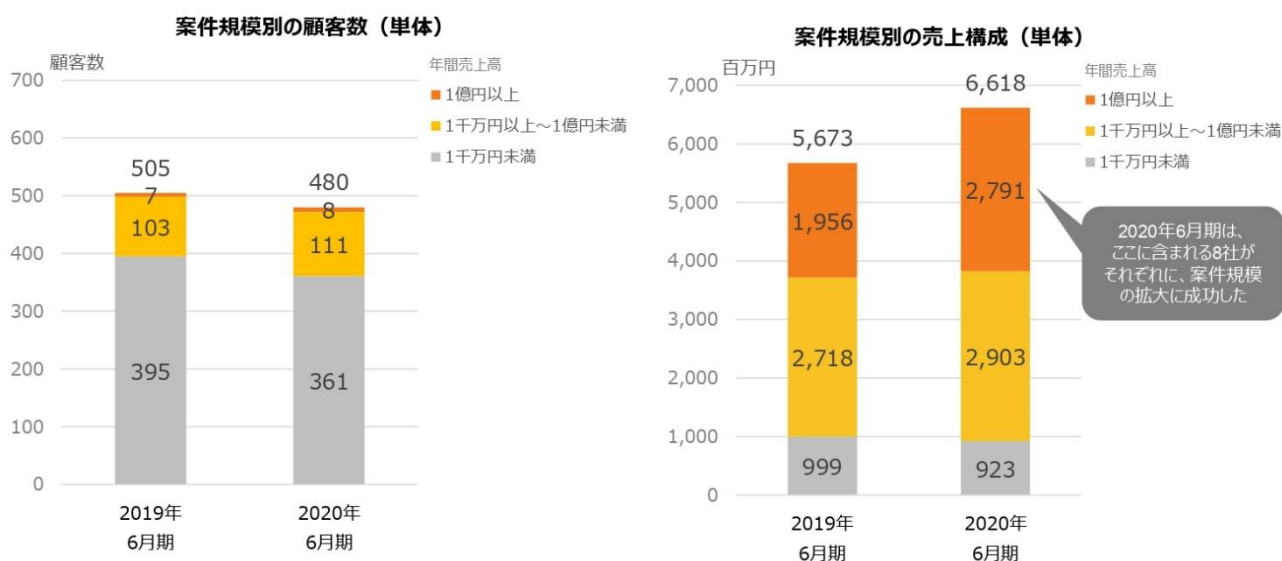
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【新指標】案件規模別の売上構成（期末のみ更新）

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をふまえ、その進捗を測る新指標として、案件規模別の顧客数、売上構成の公表を開始。

以下の通り、直近2年で、年間売上高1億円以上の顧客の売上が増加。この中計期間は、引き続き1億円以上の顧客数の増加に注力。そのためには総合提案の推進が重要。



The next page is information that is disclosed only at the end of the fiscal year, so there is no update at this time. It is reprinted here.

Support

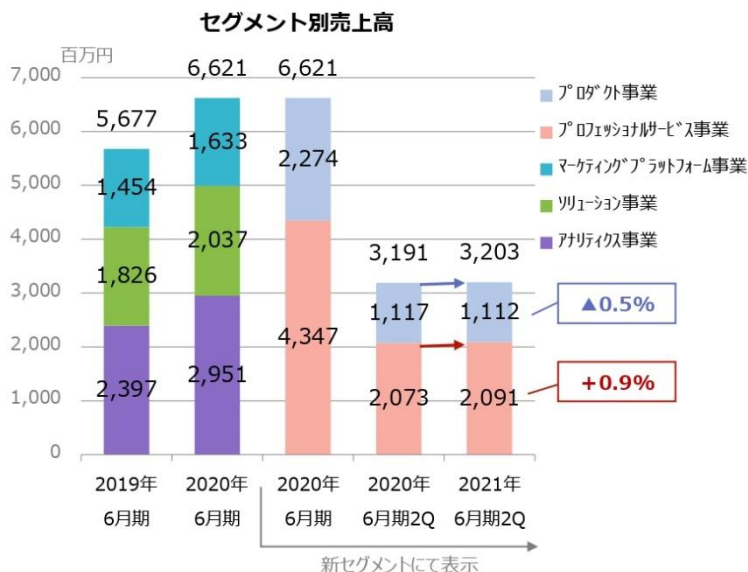
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3期比較（連結売上高：四半期別／セグメント別）

売上高は、コロナ影響を強く受ける業界から受託する既存案件の規模縮小を、新規案件の受注で補い、前年同四半期並みを達成。

※前期下期以降の売上抑制要因であった他社製機械学習ソフトウェアのリブランド影響は、当期2Qでほぼ一巡。



I will now move on to the highlights of the consolidated financial results for the second quarter.

In terms of sales, existing projects commissioned by industries that are strongly affected by the new coronavirus have shrunk in scale, but new projects have compensated for that shrinkage, resulting in sales on par with the same quarter of the previous year.

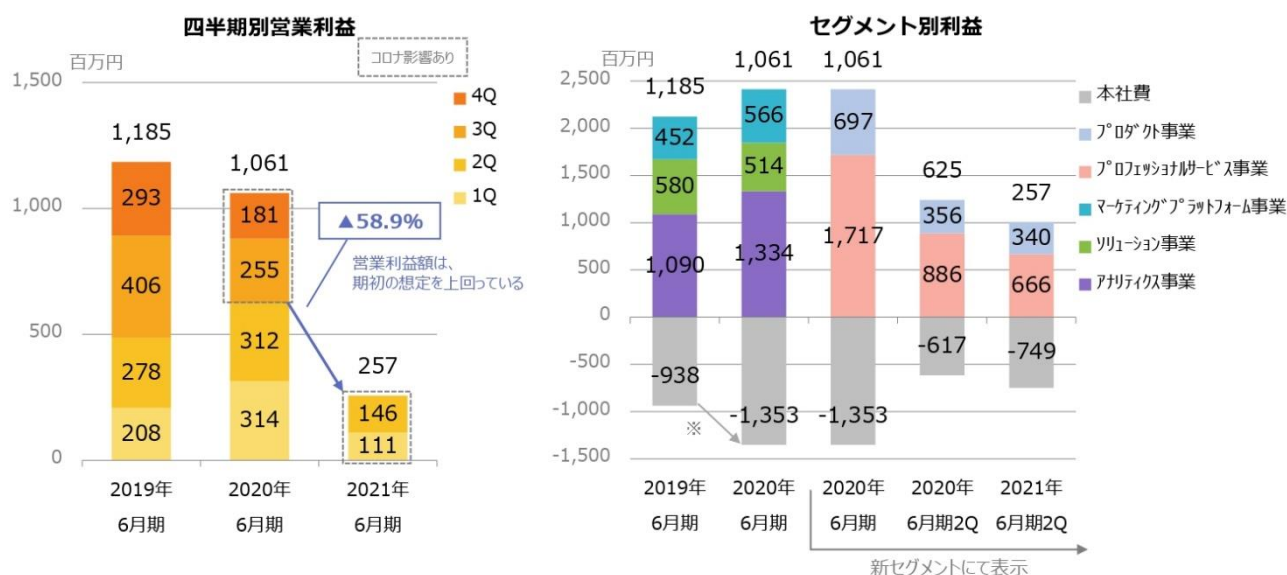
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3期比較（連結営業利益：四半期別／セグメント別）

売上高が前年並みとなる中、人員増などによるコスト増のため営業利益は減益となったが、当期1Qに続きコストの節減・適正化を進めた結果、期初の想定利益を上回る水準で推移。



While net sales were on par with the previous fiscal year, operating income decreased due to higher costs caused by increased personnel and other factors. Following the first quarter of the current fiscal year, we have continued to reduce and optimize costs, and as a result, profits have been higher than what we anticipated at the beginning of the fiscal year.

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3期比較（連結経常利益、当期純利益：四半期別）

前述の営業利益と同じく、経常利益、当期純利益も減益。

なお、当期より、株式会社電通クロスブレイン（株式会社電通グループとの合弁会社）の持分法による投資損失が営業外費用に計上されているが、当期2Qは合弁会社の立ち上げ期であるため、当社グループの業績に与えた影響は軽微。



Next, we will look at consolidated ordinary income. As with operating income, ordinary income and net income have also decreased.

From the current fiscal year, investment loss on equity in joint ventures with Dentsu Cross Brain Inc. and the Dentsu Group have been recorded as non-operating expenses, but since the second quarter of the current fiscal year is the start-up period of the joint ventures, the impact of this on our Group's performance is minimal.

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連結損益の状況

(単位：百万円)

	2020年 6月期2Q	2021年 6月期2Q	増減額	増減率
売上高	3,191	3,203	13	0.4%
売上原価	1,686	1,867	181	10.7%
売上総利益	1,505	1,336	-168	-11.2%
販管費	879	1,079	200	22.8%
営業利益	625	257	-369	-58.9%
営業外収益	13	5	-8	-63.0%
営業外費用	1	5	5	618.2%
経常利益	638	256	-382	-59.8%
特別利益	98	0	-98	-99.9%
特別損失	-	-	-	-
税金等調整前当期純利益	736	256	-479	-65.2%
法人税等合計	228	84	-144	-63.0%
当期純利益	508	172	-336	-66.1%
非支配株主利益	-	-	-	-
親会社株主に帰属する当期純利益	508	172	-336	-66.1%

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。

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。

合併会社 株式会社電通クロスブレインへの持分法による投資損失は、約5百万円と軽微。
(2020/7/20設立、同10月より営業開始のため)

前期(2020年6月期2Q)の特別利益は、主に、保有投資有価証券の売却益。

Consolidated profit and loss is as you can see, so I will spare you the explanation.

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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2Q末	増減額	増減率	主な増減要因
資産	4,984	4,993	9	0.2%	
流動資産	4,109	4,038	-71	-1.7%	・現金及び預金 76 ・仕掛品 20 ・受取手形及び売掛金 -94 ・流動資産その他 -75
固定資産	875	955	80	9.1%	・投資その他の資産 80 ・ソフトウェア 10 ・無形固定資産その他 9 ・有形固定資産 -19
負債	955	748	-207	-21.7%	
流動負債	873	668	-205	-23.5%	・未払費用 20 ・賞与引当金 18 ・前受収益 -113 ・流動負債その他 -49 ・未払金 -44 ・未払法人税等 -33
固定負債	82	80	-2	-2.3%	・固定負債その他 -2
純資産	4,029	4,245	216	5.4%	・利益剰余金 172 ・資本金、資本剰余金 45
自己資本比率	80.8%	85.0%			

合併会社
株式会社電通クロスブレイン
への出資を含む。

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)

The consolidated balance sheet is also shown.

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連結キャッシュ・フローの状況

(単位：百万円)

	2020年 6月期2Q	2021年 6月期2Q	2021年6月期2Qの主な内訳	
営業CF	268	246	・税金等調整前四半期純利益	256
			・減価償却費	98
			・売上債権の減少	94
			・賞与引当金の増加	18
			・未払費用の増加	15
			・法人税等の支払額	-119
			・前受収益の減少	-113
			・未払金の減少	-23
			・たな卸資産の増加	-20
投資CF	-169	-214	・投資有価証券の取得	-100
			・無形固定資産の取得	-98
			・有形固定資産の取得	-17
財務CF	296	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	395	76		
現金および現金同等物の残高	2,472	3,061		

合併会社
株式会社電通クロスブレイン
への出資を含む。

There is nothing special to add regarding the consolidated cash flow situation.

Support

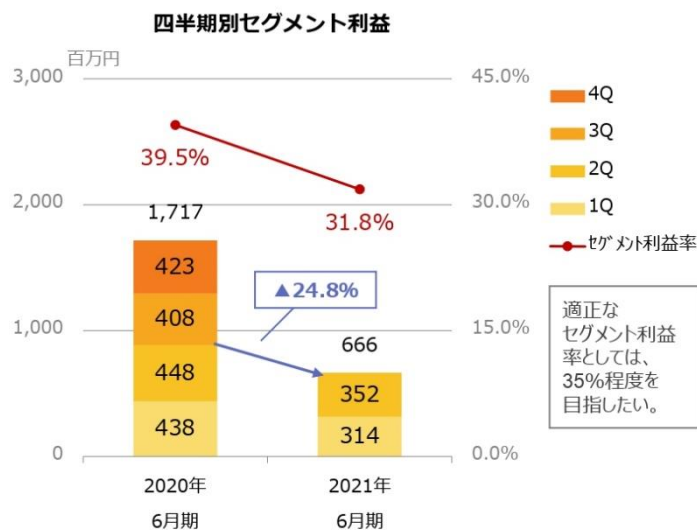
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プロフェッショナルサービス事業（単体）2期比較

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、これを、データ活用環境の構築を目的とするシステム開発プロジェクトや、新規のデータ分析案件で補い、前年同四半期並みの売上高を達成。

人員増などによるコスト増により、セグメント利益は減少。



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

In the Professional Services Business, sales from existing data analysis projects from industries that are strongly affected by the coronavirus shrank. This was compensated for by system development projects and new data analysis projects aimed at building an environment for data utilization, resulting in sales on par with the same quarter of the previous year.

However, segment income decreased due to higher costs resulting from an increase in personnel and other factors.

Support

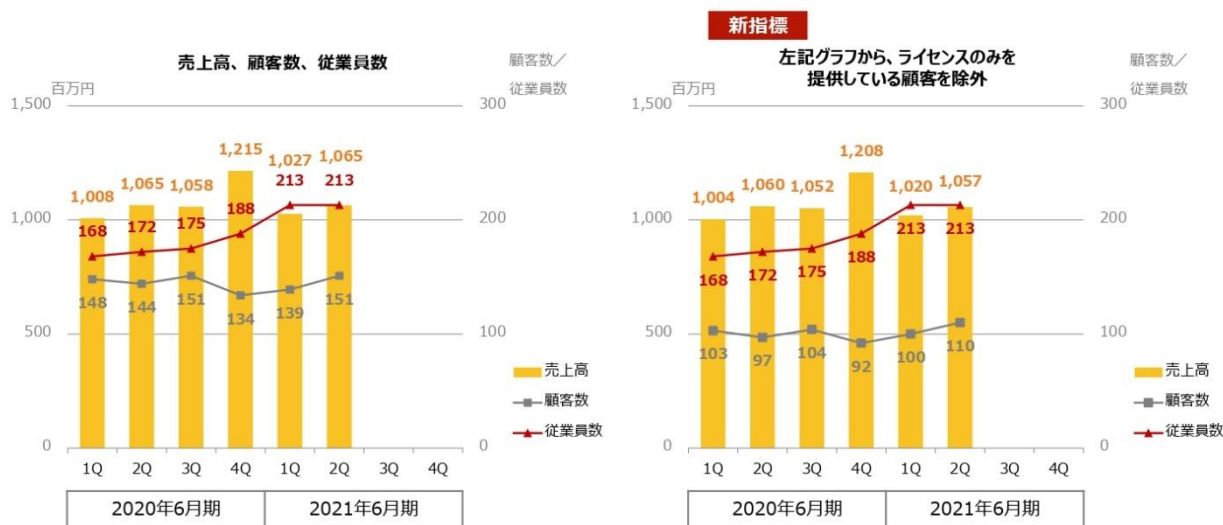
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プロフェッショナルサービス事業（単体）売上高、顧客数、従業員数

従業員1人あたり売上高は、前期4Qをピークに、当期1Q・2Qは下落。
旧アナリティクス事業の大型案件にて、コロナ影響による売上縮小が発生していることが主因。
代替りの大型案件の新規受注には時間を要するため、当面は、この水準が続く見込み。

プロフェッショナルサービスの案件規模の推移を示すため、
小規模なライセンスのみを提供している顧客を除いたグラフを、新指標として追加。



This graph summarizes non-consolidated sales, the number of customers, and number of employees in the Professional Services Business.

Net sales per employee peaked in the fourth quarter of the previous fiscal year and declined in the first and second quarters of the current fiscal year.

The main reason for this was a contraction in sales due to the impact of the coronavirus on large projects in the former Analytics Business. This level is expected to continue for the time being, as it will take time to receive new orders for large-scale projects.

In order to illustrate the trend in the scale of Professional Services projects, we have newly included a graph that excludes customers for only small-scale licenses.

If you look at the graph, you can see that the number of customers has decreased by about 40 companies, which is the gray line. In contrast, there was almost no change in sales, and there were some customers to whom we provided only a small amount of licenses, so we decided it would be more useful to exclude them in order to see the expansion of project scale, so we added the new indicator.

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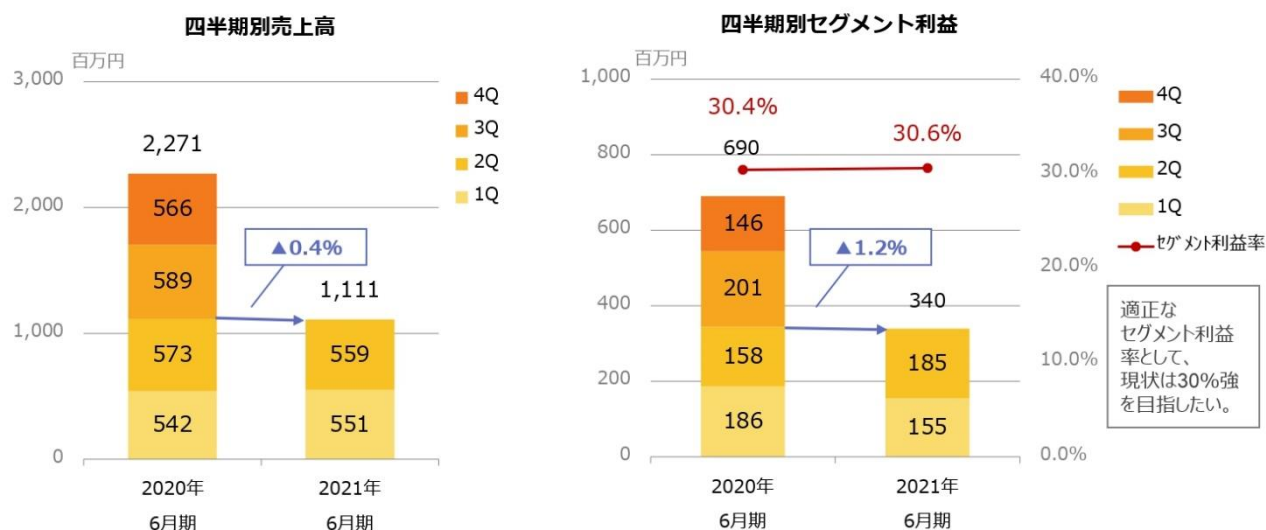
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プロダクト事業（単体）2期比較

前期3Q以降の売上抑制要因となった他社製機械学習ソフトウェアのリブランド影響が残る中、コロナ影響を強く受ける業界からの売上縮小もあったが、これらの売上減を、新規受注、既存顧客へのアップセルで補った結果、前年同四半期並みの売上高を達成。 ※上記リブランド影響は当期2Qではばー巡。

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、セグメント利益も前年同四半期並みを維持。



We will now move on to a comparison of two fiscal years in the Product Business.

While the impact of the rebranding of machine-learning software made by other companies, which had been a factor in restraining sales since the third quarter of the previous fiscal year, remained, there was a contraction in sales from industries that were strongly affected by the coronavirus. As a result, we achieved sales on par with the same quarter of the previous fiscal year.

As a result of the concentration of resources on major products and the optimization of various costs, we were able to absorb the higher costs caused by the increase in the number of personnel in the previous fiscal year and keep segment profit at the same level as the same quarter of the previous year.

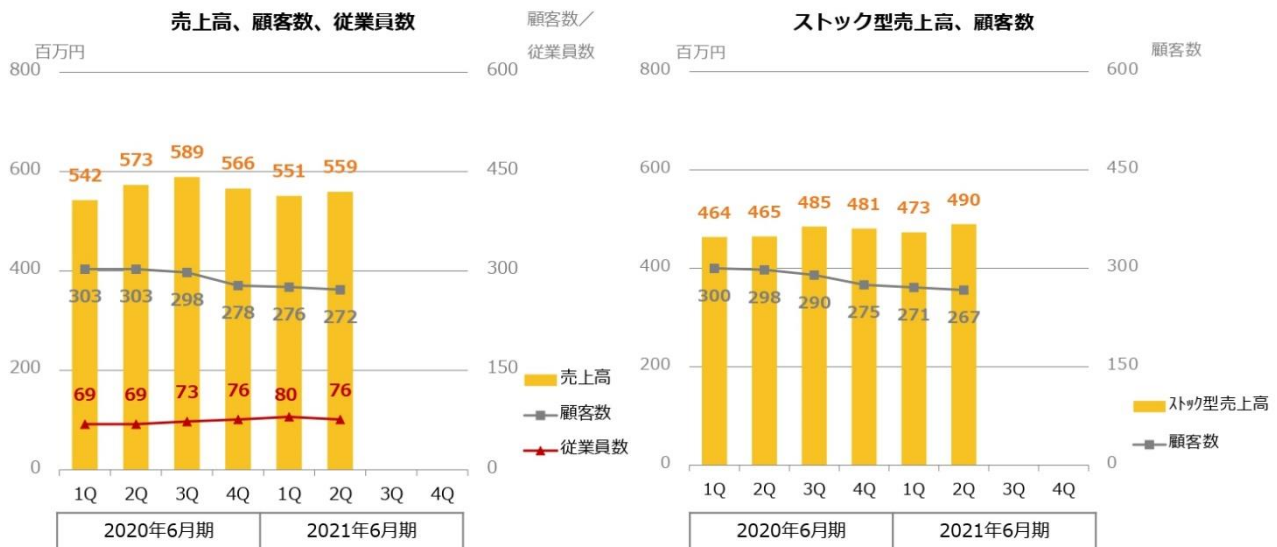
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プロダクト事業（単体）顧客数、従業員数、ストック型売上高

1顧客あたり売上高は、前期の水準を維持。ストック型売上高は、過去最高を更新。
 マーケティングツール関連市場の競争環境の激化の中、より大型の案件へ注力しており、顧客数は減少しているが、1顧客あたりのストック型売上高は増加している。



I would like to explain the number of customers, number of employees, and stock-type sales for the Product Business.

Sales per customer remained at the level as the previous fiscal year, and stock-type sales reached a new record high.

Amid intensifying competition in the marketing tool-related market, we have been focusing on larger projects, and although the number of customers has been decreasing, stock-type sales per customer have been increasing.

This concludes my explanation.

After this, press releases and other information will be posted, so please take a look at those materials when you have time.

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Question & Answer

Moderator: We will now move on to the question-and-answer session.

Please submit your questions via the Zoom webinar. Please enter your company name, your name, and your question in the Q&A section. We will select and answer questions from among those submitted. Please be assured that your question will not be shown to viewers on the screen. Please enter your questions.

Thank you. We have received questions, so please begin answering them.

Kusano: That brings us to the first question.

The Company is maintaining its medium-term plan, and sales are expected to grow by 26% to 30% in the next fiscal year and beyond. Is the current number of staff sufficient to achieve that?

The original plan to increase the number of employees, by 455 as of the end of this fiscal year, was calculated backwards in order to achieve the mid-term plan. So, if we can reach that number, there will be no problem. As I mentioned earlier, there is a possibility of falling slightly short in this area.

We are aware of the importance of this issue, and we are discussing ways to hire or acquire personnel to fill this need. That is the answer to the question.

Moderator: We are still waiting to receive your questions.

Kusano: We have a new question.

It is important to win large orders in order to return to top-line growth, but have there been any signs of this happening? So, the question is about our assumptions around the timing of a recovery in investment sentiment.

In the first half of this fiscal year, the first and second quarters were not good in terms of sales because sales activities inevitably stagnated after March last year, when a state of emergency was declared due to the coronavirus. We continued to make contact online, but customers and clients continued to hold off on making decisions in light of the situation.

In our Company, there is usually a delay of three to four months, up to a maximum of six months, from the time we receive an order to the time it is actually reflected in our sales, so we are aware that the stagnation in activities during this period was reflected in the severe figures for the first and second quarters.

In terms of sales, we have revised the lower limit of our forecast for the end of the current fiscal year, but we believe that demand has returned to the market as we continue to receive orders at a very good level.

I felt a sense of crisis over the new declaration of a state of emergency, but so far there has been no impact from this. If this trend continues, I think that investment sentiment is recovering to some extent. However, we are aware that the fundamentals [Inaudible] are still weak, so we are keeping our eyes open. But I think that that is what can be said based on the current situation of orders.

Moderator: We are still awaiting your questions.

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Kusano: We have one. Please tell us about the background to being slightly behind in the expansion of your workforce. This question is asking if we have any factor analysis about whether staffing liquidity is low due to the coronavirus pandemic, or if the hiring momentum of our competition is strong.

Recruitment of personnel was strong until the end of the previous fiscal year. While other companies were cutting back on hiring, we continued to hire aggressively, and this was relatively positive and we were able to hire a large number of employees. However, as the situation with the coronavirus became somewhat clearer and other companies resumed hiring, we were not able to maintain the same level of momentum in the first and second quarters as we did in the third and fourth quarters.

At the same time, as the organization expands, we are prioritizing the hiring of high-level personnel who can organize the organization, managers, and those who can provide cutting-edge consulting services. We are prioritizing the hiring of personnel who are difficult to hire, and we are aware that we are behind in the hiring of this type of staff.

If there anything to add?

Ishikawa: As mentioned in the question, there is no doubt that the hiring momentum of our competitors is strong, and as demand for our services has recovered, at other companies also, there is a high level of willingness to hire, so we are in a very competitive situation.

Moderator: We are still awaiting your questions.

Kusano: While we wait for a question, on the screen now you can see a press release.

The part in the middle, about data science and medical care during disasters, was featured in a special by the national broadcaster NHK. When an earthquake strikes a city, some people die from the effects of the earthquake, but when injured people go to the hospital afterwards, the hospitals are full and there are not enough medical supplies, including human resources. Some people die due to lack of treatment, which has been a problem since the great Kobe earthquake.

The special looks at how bad it would be if that happened in Tokyo. In particular, we were able to help with the simulation of what would happen in a situation like the coronavirus pandemic, where the number of hospital beds is extremely tight. We are cooperating in research by providing human resources for simulations that explore how to prepare for such problems that may occur in the event of a disaster.

With regard to the supply chain DX with ITOCHU Corporation that was mentioned above, we also entered into a capital and business alliance with ITOCHU Corporation to accelerate the implementation of this type of project.

In line with our Company's mission of creating a sustainable society and building the future, reducing food waste is one of our major goals. It is very significant to eliminate waste by optimizing the entire supply chain.

In order to create as many of these cases as possible, we think it is very important to work with large-capital companies, so I think it was very meaningful to be able to announce these initiatives.

We have received a question. What kinds of industries are experiencing a recovery in orders at the moment? Has the composition of your customer base changed significantly compared to the pre-COVID period? Another question asks to also explain about projects in which the scale and unit price have not changed.

In terms of these orders, some industries that have been strongly affected by the coronavirus are naturally not moving fast, but in other industries, the importance of DX has recently been recognized even more

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strongly because of the coronavirus pandemic, and because the government is moving to create a Digital Agency. In response to this, there is a growing sense of urgency on the part of the private sector to accelerate DX, and we are working on DX projects, or rather, consulting projects from rather high upstream on how companies can promote DX and utilize DX data, as well as building environments for storing data related to these projects.

In addition, we have seen a resurgence in the number of consultations about improving processes and other aspects of our business using AI technology, which had once stalled due to the spread of the coronavirus. There is also an increase in consultations about DX. As for current customer composition-

Ishikawa: That's right. Travel, entertainment, and some consumer goods, which were hurt by the coronavirus pandemic, are down, while others are growing all over. I think the growth includes large corporations, as well as financial institutions, and other areas where we have been well represented in the past.

Kusano: In terms of the scale of projects, there hasn't been any noticeable movement in unit price yet. However, as part of the Company's policy, we are trying to increase the number of large-scale projects, and we are making progress in this area. At this point in time, we are not able to identify any significant changes, but we are still using our internal resources for large projects and, relatively more, for customers.

The next question is that orders are strong at the moment, but how do they compare to the same period last year? This asks us about trends in order backlogs and other information.

Compared to the same period of the previous year, the situation is very strong. We discussed within the Company about whether we should disclose information such as order backlogs, but some parts are misleading. We have decided to limit the information to qualitative information, so we cannot disclose any more detailed figures. We ask for your understanding.

We have another question.

Ishikawa: This is related to ESGs. The first question is [Inaudible] the ratio of directors being below one-third, and whether the addition of a female or foreign member is being considered. Kusano has previously explained this, but it is being considered.

We have not made any decisions at this time, but we understand the recommendations of the Corporate Governance Code, and we continue to consider them.

Another question asks whether we are considering a voluntary advisory committee, and a nominating and compensation committee, and we are also continuing to consider them. With regard to the results of the internal survey on the status of governance and the effectiveness of the Board of Directors, which were all disclosed at the same time last week, I hope you will understand that we are just now starting full-scale discussions within the Company, because we believe that we should have more [Inaudible] discussions in this area.

With regard to a third question, about compensation linked to medium- to long-term performance, we are deepening our discussions based on the recognition that we must discuss this matter within the context of governance, as well as management incentives, and include internal executives in the discussion. Thank you.

Kusano: Here is the next question. From a medium- to long-term perspective, you have talked about the possibility of getting more work due to the coronavirus pandemic.

Yes, that is what I said, and the sales activities in the first and second quarters, amid the coronavirus pandemic have been successful, as I explained earlier. In the form of an upward revision to the lower limit of the full-

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year results, the angle of sales and business is rising at the top, and the situation is that it is increasing due to the demand for DX, including the impact of the coronavirus.

Moderator: We still have time, so we will continue to accept questions.

Kusano: This question asks about that response. I think this supplements an earlier question.

From a medium- to long-term perspective, there is a possibility of getting more work amid the coronavirus pandemic, but what has been the response?

As I just explained, our sales activities in the first and second quarters have been successful, and we are getting a good response. First of all, the progress of orders has completely bottomed out in areas that were affected by the coronavirus pandemic. From here on, if there are no major macroeconomic changes, I believe that orders will grow.

Moderator: Thank you very much. We look forward to receiving more questions from you. There are still a few dozen people participating, so we would like to wait for more questions.

Kusano: We have received another question. Thank you. You said that it was somewhat difficult because other companies were starting to hire. Please tell us, from a strategic point of view, how are you going to achieve your plan, perhaps, for example, by changing your recruitment methods? What do you think?

Ishikawa: The current situation is that we are carefully doing all the obvious things. For example, you can use an agent that you have not used before, or you can raise the agent's fee because other companies are raising those fees.

Of course, since referral hiring has been booming in recent years, we will be increasing our internal awareness of referral hiring. In the second half of the fiscal year, we are working on these areas, including areas that have already improved, especially in response to the poor first-half figures.

Another point is that, for some time, we have been improving conditions for our employees as a whole, so I think we need to take full advantage of that and implement it, including raising [Inaudible] for new personnel. If we do too much of this, we will have problems with our internal cost structure and the problem that the people who actually do good work will not stay with the Company. At the moment, we are focusing on improving the process rather than making drastic changes.

However, we are taking steps to raise agent fees, which we have not done in the past, and we are doing this in recognition of the importance of hiring people even if we have to raise agent fees in order to achieve medium- to long-term growth.

If I were to go into more detail, it would reveal too much, so I will stop here. Thank you for your understanding.

Kusano: To add to that, the Human Resources Department worked very hard in the first half of the year to evaluate human resources, so in that sense, I would say that the bottleneck in resources there has disappeared. This makes it easier for us to try various trials and approaches.

We have received another question. Could you tell us about your collaboration with ITOCHU Corporation? How much do you expect it to contribute to business performance over the next few years? Another way of asking this is to request our thoughts on whether this is an upside factor for the mid-term plan or support for achieving it. It's difficult.

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Ishikawa: That's right. If we look at the basic content of the alliance, it will support the achievement of the medium-term management plan, and we will gradually promote the businesses we have been doing, especially through the alliance with ITOCHU Corporation. As an add-on, we are of course planning and considering different businesses in cooperation with ITOCHU, so if we can implement something that we have not done before, we cannot deny the possibility for the upside.

The basic idea is to introduce to ITOCHU on a large scale what we have been doing so far, so I understand that this is the kind of thing that will support the achievement of the medium-term plan.

Kusano: I would also like to add that the major goal of the mid-term business plan is to achieve business results, as well as to commit ourselves internally and externally to doing work that has an impact on the world. In order to increase the certainty of this, we recognize that working with ITOCHU, a large-capital company, is very meaningful in terms of ensuring the completion of large jobs.

Since the number of DX projects and their budgets are increasing, we talk about various things with the management of our client companies, but it is inevitable that the more the top management has a sense of urgency or a strong commitment to promoting the project, the easier it is to proceed, but that depends on the character of the company. A bottom-up DX project from the front line inevitably runs the risk of stopping at some point, but we're going to make strong progress together with ITOCHU Corporation and its group companies.

In the case of the food supply chain that I mentioned earlier, rather than improving data only within a single company, it is only possible to grasp the data within the entire supply chain and make major improvements to the entire chain through this kind of structure.

For us, of course, it helps to hedge against the risk of losing a large project or stopping in the middle of a project, and I think this approach makes it easier to achieve results due to the nature of the project. If this results in a positive outcome, I think it will be a good case study that will have a positive impact on subsequent sales and other activities. In that way, I am thinking of it largely as a form of achievement support.

Continuing with questions: you have been reviewing the improvement of job conditions for some time. In that context, what is the trend in the turnover rate amid the coronavirus pandemic?

Ishikawa: It hasn't changed much from before. Of course, as a result of the coronavirus pandemic, the turnover rate has been somewhat low, but it has not dropped or risen to a completely different level than in the past.

In fact, we won't know the actual turnover rate until the pandemic settles down. Regarding whether we expect a turnover rate like that of the past that easily tops 10%, I believe that things have calmed down on the organizational front and that we have a steadier system in place amid the coronavirus pandemic.

Kusano: We have received a question. The question is: how will the IT companies of the ITOCHU Group, including CTC, be separated?

Of course, we were well aware of (ITOCHU Techno-Solutions Corporation) CTC's presence when entering this partnership, so we are discussing how we will or will not clash with them. Basically, our Company focuses on data analysis and system development related to that, and the environment we build is mainly in the cloud environment. In that sense, I believe that there are not many specific projects in which we would come in contact.

However, on the other hand, we are also working to explore various business opportunities where we can complement each other in a way that is beneficial to both parties.

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Moderator: Do you have any more questions? We continue to welcome them.

Kusano: So, I'm going to [Inaudible] until we get another question.

Rtoaster, our self-developed product, was evaluated by ITreview as a leader in four categories. I was very happy to hear this news.

I have already mentioned that competition is very fierce. However, reviews from customers who have used the product have been very positive. In this area, there are tools from foreign companies and venture companies, but since our products are satisfying customers in terms of function and price, I think our products continue to be competitive in the market. It was very good news.

Likewise, with regard to evaluation, although it is another company's product that we sell, and not one of our own. It's a tool for analyzing social networking sites called Brandwatch. It has also been chosen as a leader in this area.

This is also very good news in that the tools we chose were very good, and that we have been able to maintain a certain level of competence in the area of discernment of analytical tools. It is easier to sell a product that has product appeal. We are very happy to have received such a positive evaluation of this part of our business, and we recognize that it will give momentum to our sales activities.

Moderator: Does anyone have any questions?

Kusano: We have received two questions. The automation of [Inaudible] seems like it can be expanded horizontally. However, other companies are also working on various projects, so competition will probably be tough for [Inaudible]. The question is, will you continue to accelerate its development?

The field of inspection is a very relative area where AI can be easily applied and where so-called deep learning technology can be utilized, so I think the competition is quite fierce in this area. For us, we are working in this area within the scope of working together with our partners, and rather than developing solutions as a Company, we are working closely with our customers and moving forward with whatever projects we can.

As for the next question: the field of data scientists is expanding. And an increasing number of universities are now setting up faculties to train data scientists. The question is, from the perspective of your Company, how do you think the scarcity value of data scientists is changing? Thank you.

I also serve as the president of the Japan Data Scientist Society, so I am aware of exchanges with universities and the status of various national initiatives. Basically, we are already working to make data science a compulsory subject, and there is also a movement by the government to encourage excellent educational programs. Basically, I think it is a mid- to long-term trend that people with a background in data science will be better placed in society.

In this sense, though, I think there will be a relative decrease in scarcity value. On the other hand, from our point of view, the number of people who understand the importance of data science in those client companies will increase. In addition, I think there will be a positive aspect in that there will be an increase in the number of people who understand the value of the advanced analysis that we can do.

For us, if we focus on delivering more advanced products in a valuable form, rather than data science that anyone can do, and if we train our personnel, I think we can still make progress in this area. This trend is positive for our Company, and I think we need to work to make it positive.

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We still don't have enough data scientists in absolute numbers. I have been in contact with professors from Shiga University, Yokohama City University, and Musashino University, but the total number of students in the Data Science Department is still less than a few hundred. Therefore, I believe that the supply from universities and the output from faculties cannot keep up with actual demand, including potential demand.

Moderator: Thank you very much. I'd like to wait another minute or two and then finish. If you have any questions that you were not able to ask today, or if you have individual questions, please feel free to contact the IR staff for an interview.

We have received a question.

Ishikawa: You have been doing business with ITOCHU for a long time. The question is, how will the relationship change as a result of receiving the investment?

If you have been working with one company for a long time, there may be discussions within the partner company about whether or not it is necessary to work with other companies. However, I think it is easier to enter a group that is managed as a group if we have a certain level of capital relationship with it.

There is a reason why ITOCHU is pushing for this, and we have heard from the front line that it would be easier to proceed with future business in various areas if we had such a relationship. We decided that it would be better to move forward with this after considering it as a management decision.

So, I think this relationship makes it easier for us to move forward in our efforts to expand DX in a more group-oriented way. The work we have done so far has tended to be more like assisting work within the ITOCHU Corporation. I realize that trying to expand this to the group as well, may be seen as an attempt for justification or reasoning.

Moderator: Thank you very much. I think everyone has had a chance to ask questions, so we will now conclude today's financial results briefing. Thank you very much for your participation in this event.

Kusano: Thank you very much.

Ishikawa: Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
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