

Financial results for the first quarter of the fiscal year ending June 2022

BrainPad Inc.

November 12, 2021

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Introduction

Unchanged mission since the foundation

"Create a sustainable future by advanced data utilization"

Since its establishment in 2004, BrainPad has been supporting client companies to improve their business management by utilizing data.

Big data, AI, IoT, etc., although the keywords are different for each era, the basis of this is to analyze and utilize data and turn it into value to bring about change and improvement in corporate activities.

Data is just a cost when you just accumulate it. We need to turn data into value by Analytical capabilities (the largest number of data scientists in Japan)

Engineering capability (technological capability to develop and provide the No.1 product in the market)

Business capabilities (we have supported over 1,000 companies in all industries in the use of data)

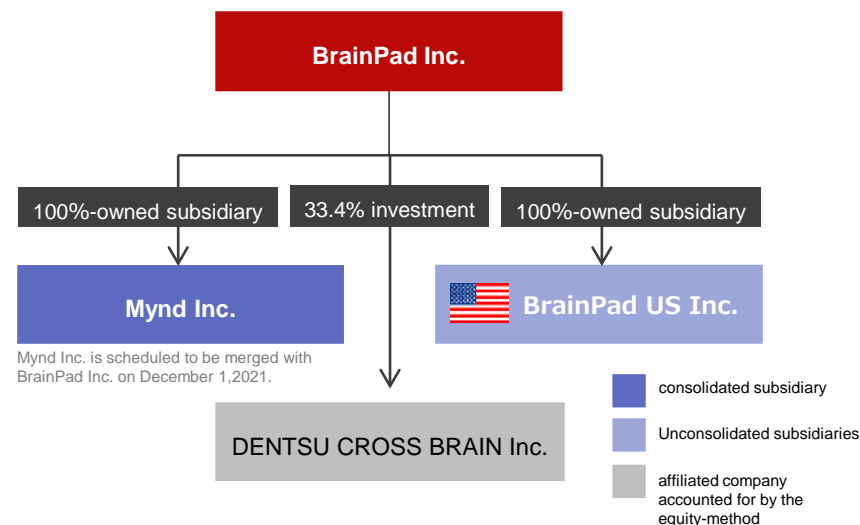
We are one of the few companies in the world that possesses all three of these strengths.

With the world's ever-increasing population (and Japan's ever-decreasing population), limited resources, and accelerating environmental changes, we are committed to give businesses the data-driven sophistication and innovation as "Data Professionals". We will contribute to the improvement of sustainability in the world.

Corporate Overview

Trading name	BrainPad Inc.	
Headquarters	Shirokanedai Building, 3-2-10 Shirokanedai, Minato-ku, Tokyo	
Phone number	03-6721-7001 (Representative)	
Established	March 18, 2004.	
Listed Section	September 2011: Listed on the Mothers section of the Tokyo Stock Exchange July 2013: Listed on the First Section of the Tokyo Stock Exchange (Securities Code: 3655)	
Capital stock	597 million yen (as of September 30, 2021)	
Employees	437 (Consolidated, as of September 30, 2021)	
Management Team	Seinosuke Sato	Chairman/Representative Director/Co-Founder
	Takafumi Kusano	CEO/Representative Director Co-Founder
	Ko Ishikawa	Director/CFO
	Tomohiro Sekiguchi	Director
	Tetsuya Sano	Director (External/Independent Director)
	Makiko Ushijima	Director (External/Independent Director)
	Haruo Suzuki	Director (External/Full-time member of the Audit and Supervisory Committee/Independent Director)
	Katsuyuki Yamaguchi	Director (External/Member of the Audit and Supervisory Committee)
Kazutaka Okubo	Director (External/Member of the Audit and Supervisory Committee/Independent Director)	

Group Organization



Certification



JIS Q 15001
Auth.No: 10822646

PrivacyMark for enterprise is approved as taking appropriate measures to protect personal information.

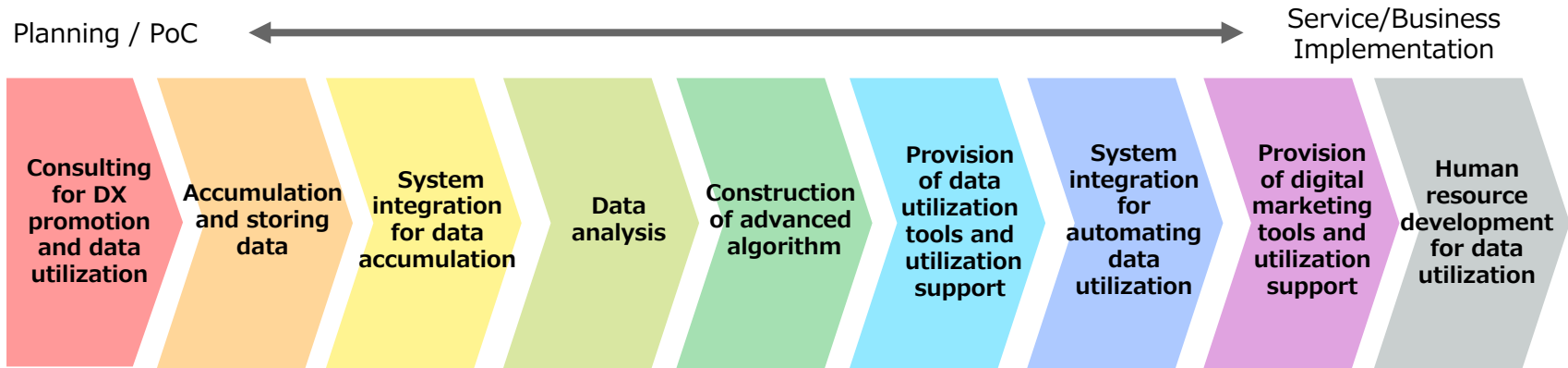


Certification • System
ISO(JIS Q) 27001

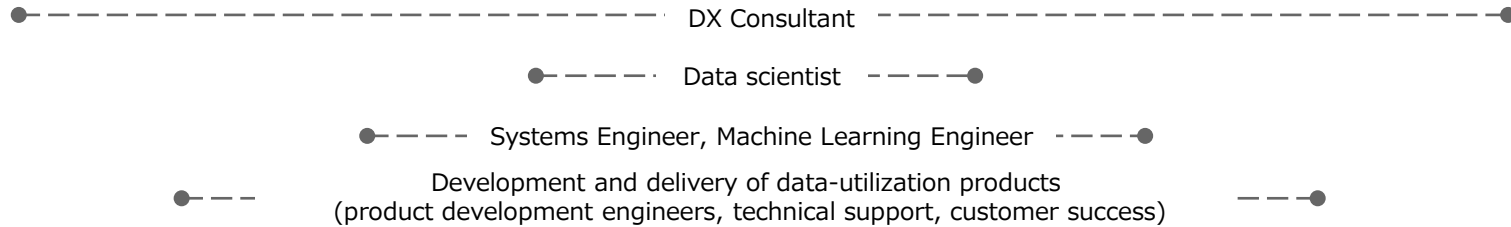
Web recommendation • advertisement distribution technology • SaaS service used data analysis technology are certificated and registered to Japan Quality assurance organization

Our Strengths:

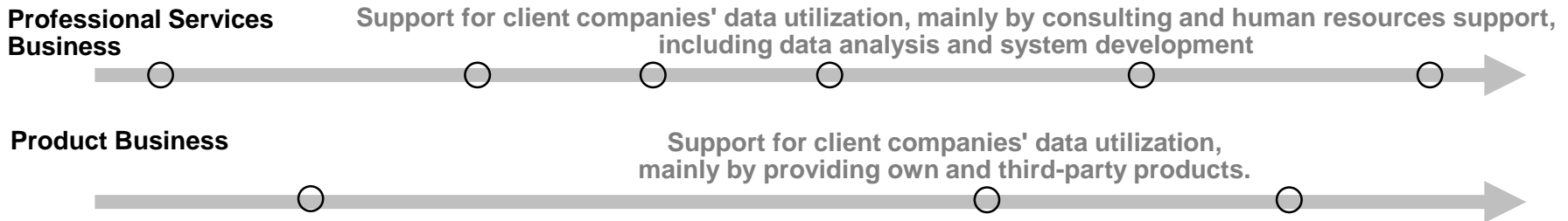
Data analytics at the core, covering the value chain of value creation through data



Key areas where our Data Professionals play an active role



Main Business Areas



Professional Services Business

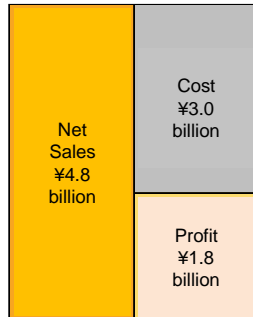
We support our clients' data utilization through consulting, data analysis, system development. The majority of sales are generated through a flow-type business model based on outsourcing.

Latest Earnings Structure (Fiscal Year Ending June 30, 2021)

Receive orders and tackle projects according to the business challenges of each customer

Project periods varies from several months to multiple years, team structures varies from a few people to around 10 people

Totals are calculated as flow-type sales, but many customers re-contracting us every few months whom we support over long terms



Approximately 60% of costs are employee labor costs.

Resources of system development projects are outsourced to control profit ratio.

Other includes fees for cloud services and software, etc.

Segment profitability 37.8%

Characteristics/strengths

- Our data scientist organization, which boasts the industry's largest scale combining a variety of analytical techniques to address the unique challenges of each client
- Organizational strength that allows us to start hiring new graduates quicker than other companies in the industry, and to continue training around 30 to 40 new graduates each year
- Experience in supporting broad range of businesses, without specializing in specific field
- Ability to select cloud computing and AI other services to meet the challenges from a vendor-free perspective.

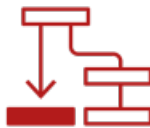
Primary Services

Improve marketing and CRM based on real time data



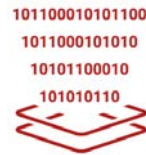
Apprehension of customer business structure through analysis;
Establishment of customer growth strategies;
Optimal distribution of resources (time, costs);
Construction of marketing systems;
Measurement of effects of policies ...and more.

Reorganize and innovate businesses processes through the use of AI and machine learning

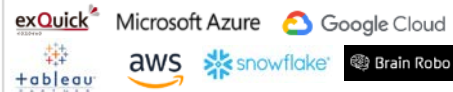


Optimization of supply chains (Distribution, dispatch, staffing, demand prediction, etc.);
Optimization of production processes (Fault detection, yield improvements, etc.);
Detection of unauthorized transactions;
Logic development utilizing AI;
Image analysis by using deep learning ...and more.

System integration for data accumulation and utilization



Integration of Data Ware House through choosing optimal hardware/software;
Build an AI system incorporating algorithms ...and more.



Training data utilization personnel / structuring organizations and systems



Structuring and start-up support of organizations and systems for data utilization;
Training data utilization personnel and providing customized programs incorporating data scientist training methods ...and more.

Product Business

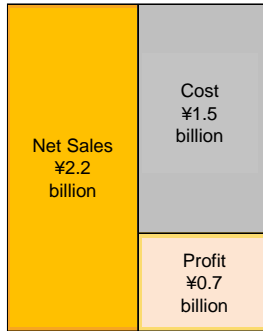
We support our clients' data utilization through the provision of our own and third-party products. The majority of sales are generated through a stock-type business model based on monthly licensing fees.

Latest Earnings Structure (Fiscal Year Ending June 30, 2021)

Approximately 65% of net sales related to "Rtoaster"

More than 85% of our sales are stock-type sales.

Personnel services to maintain and expand customized development and license revenue are not included in stock-type sales.



Approximately 40% of costs are employee labor costs.

Other expenses include data center costs for product development and maintenance, and subcontracting costs for product development and maintenance, purchase of products from other companies, etc.

Segment profitability 30.1%

Characteristics/strengths

- Our products are equipped with high-precision, in-house developed algorithms
- For other companies' products, we look for and select overseas tools with strong originality.
- Personalized action using "Rtoaster", which boasts a top-class market share in the industry, and third-party products in a vendor-free manner. It is possible to cover all customer contact points by utilizing various data.

Products

primary product

<p>CDP Private DMP</p> <p>Rtoaster</p> <p>A total solution that integrates and analyzes customer data to achieve highly accurate personalization.</p>	<p>Marketing Automation</p> <p>Probance</p> <p>Marketing automation for B2C market. Web visitors preference prediction by machine learning, get highest ROI.</p>	<p>Digital Consumer Intelligence</p> <p>Brandwatch</p> <p>Discover the underlying perceptions of consumers with social media data insights using AI.</p>	<p>Natural Language Processing</p> <p>Mynd plus</p> <p>Natural language processing engine. Analyze context, abridge, etc.</p>	<p>Recommend engine</p> <p>Conomi</p> <p>An algorithm find the most effective combination of an individual and a product from various combinations by utilizing collected and accumulated data source.</p>	<p>Augmented Analytics</p> <p>VizTact</p> <p>Support business decisions with visual analytics enhanced by Machine Learning and Natural Language Processing.</p>	<p>SAS-compatible system</p> <p>WPS Analytics</p> <p>An Integrated Modular System perform statistical and graphing functionality, and makes it possible to run many applications written in the SAS language.</p>
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- In-house developed product
- In-house product
- BrainPad is the exclusive reseller in Japan
- The others

Our Clients & Portfolios

These listed clients have conducted business with us and permitted the use and publication of their name, or have already had their name published alongside our own in press releases or other publications.

(as of November 15, 2021; titles omitted; in no particular order)

Retail, Wholesale	ITOCHU Corporation, SKYLARK HOLDINGS CO.,LTD., GEO CORPORATION, Takashimaya Company,Limited, Lawson,Inc., Culture Convenience Club Co.,Ltd., ASKUL Corporation, I-ne CO.,LTD, ENOTECA CO.,LTD., OAK LAWN MARKETING, INC., AUTOBACS SEVEN CO.,LTD, KOKUBU GROUP CORP., KONAKA CO.,LTD., SANYO SHOKAI LTD., ANA TRADING CO. LTD., Sogo & Seibu Co., Ltd., Cecile Co., Ltd., DORAMA INC., Palsystem Consumers' Co-operative Union, Baroque Japan Limited., K.K.B4F, FELISSIMO CORPORATION,
Manufacturing	TOYOTA MOTOR CORPORATION, Mitsubishi Electric Corporation, Shiseido Japan Co., Ltd., Kewpie Corporation Limited, Asahi Group Holdings, Ltd., KOSÉ PROVISION CO., LTD., Nissan Motor Co., Ltd., COCA-COLA(JAPAN)COMPANY,LIMITED, JAPAN TOBACCO INC., FANCL CORPORATION, Meiji Co., Ltd., Asahi Group Holdings, Ltd., ONWARD HOLDINGS, KIKKOMAN CORPORATIONSABON Japan Inc., Kirin Holdings Company, Limited, SABON Japan Inc., Tabio Corporation, DIESEL JAPAN CO.,LTD, NISHIKAWA Co., Ltd., PEACH JOHN CO.,LTD, FUJIFILM Healthcare Laboratory Co., Ltd., MORINAGA MILK INDUSTRY CO.,LTD., UCC HOLDINGS CO.,LTD, Lion Corporation, Wacoal Corp.
Financial Business	SMBC Nikko Securities Inc., Resona Bank, Limited, Yamaguchi Financial Group, Inc., Mizuho Securities Co., Ltd., JCB Co., Ltd., The Iyo Bank,Ltd., Shinsei Bank,Limited, Sumitomo Mitsui Trust Bank, Limited, MUFG Bank, Ltd., The Bank of Yokohama,Ltd., Daiwa Securities Co. Ltd., MATSUI SECURITIES CO.,LTD., Orient Corporation, POCKET CARD CO., LTD., MONEY SQUARE, INC.
Travel, Aviation, Transportation	Japan Airlines Co.,Ltd., ALL NIPPON AIRWAYS CO., LTD., Nippon Travel Agency Co.,Ltd., Kyushu Railway Company, YAMATO TRANSPORT CO., LTD, Yuko Yuko Holdings Inc., Yomiuri Travel Service Co.,Ltd., Hilton WorldWide, PRINCE HOTELS, INC.
Information & Communication	Google Cloud Japan G.K., Yahoo Japan Corporation, OTSUKA CORPORATION, GMO Research, Inc., NIFTY Corporation, istyle Inc., Aerosense Inc, ATLED CORP., OM Network Co., Ltd., CrowdWorks Inc., JR East Net Station Co.,Ltd., CCC Marketing Co.,Ltd., DAIWABO INFORMATION SYSTEM CO., LTD., Trend Micro Incorporated, FUJITSU CLOUD TECHNOLOGIES LIMITED, Medical Data Vision Co.,Ltd., UNIMEDIA INC.
Construction	DAITO TRUST CONSTRUCTION CO.,LTD., MISAWA HOMES CO.,LTD., Yachiyo Engineering Co., Ltd., Sekisui House,Ltd., Nomura Real Estate Solutions Co., Ltd., Mitsui Fudosan Residential Lease Co.,Ltd.
Media, Advertising, Entertainment, and Others	NIKKEI STYLE, WOWOW INC., PIA Corporation, Ministry of Agriculture, Forestry and Fisheries, OSAKA UNIVERSITY, Matching Service Japan Co., Ltd., Mynavi Corporation, ITmedia Inc., The Asahi Shimbun Company, THE YOMIURI SHIMBUN (Tokyo head office) , Fuji Television Network, Inc., JTB Publishing,Inc., Starts Publishing Corporation, Japan Business Press Co., Ltd., Dai Nippon Printing Co., Ltd., Delphys inc., HAKUHODO PRODUCT'S INC., Beacon Communications K.K., Ltd., SEGA Corporation, Benesse Corporation, EXPERT STAFF INC., en-japan inc., DISCO CORPORATION, TechnoPro Holdings,Inc., Nikkei HR,Inc., Pasona Tech, Inc., BizReach, Inc., BeNEXT Technologies Inc., Profiles Japan, Inc., Recruit Staffing Co.,Ltd., Itamiarts.Inc., Interspace Co.,Ltd., Satofull Co., Ltd., SHiDAX CORPORATION,

Capital and Business Alliance

Announcement on
11/20/2020

Capital and business alliance with ITOCHU Corporation



- ITOCHU Corporation made a 3% investment in BrainPad Inc.
- In 2018, we began working to create examples of data use to promote DX and to build the infrastructure and systems for this purpose.
- We're already making progress in the practical use of data to optimize ordering, inventory, and logistics and to enhance contact with consumers, such as in stores, by using supply chain-related data at each of its sites.
- Through this alliance, we'll also collaborate with other ITOCHU Group companies to promote the expansion of existing businesses and the creation of new businesses through the use of data.

Established on
7/20/2020

Established a joint venture with Dentsu Group Inc.



- Name of joint venture: Dentsu Crossbrain Inc.
(Investment ratio: Dentsu Group Inc. 66.6%, BrainPad Inc. 33.4%)
- Combining the marketing strategy planning and execution capabilities of Dentsu Group companies with the data analysis capabilities of BrainPad Inc.
- Dentsu Crossbrain Inc. provide powerful support for corporate marketing through the collection, accumulation, and analysis data and planning and execution of measures based on the analysis results required in the DX era.
- It will start operation in October 2020.

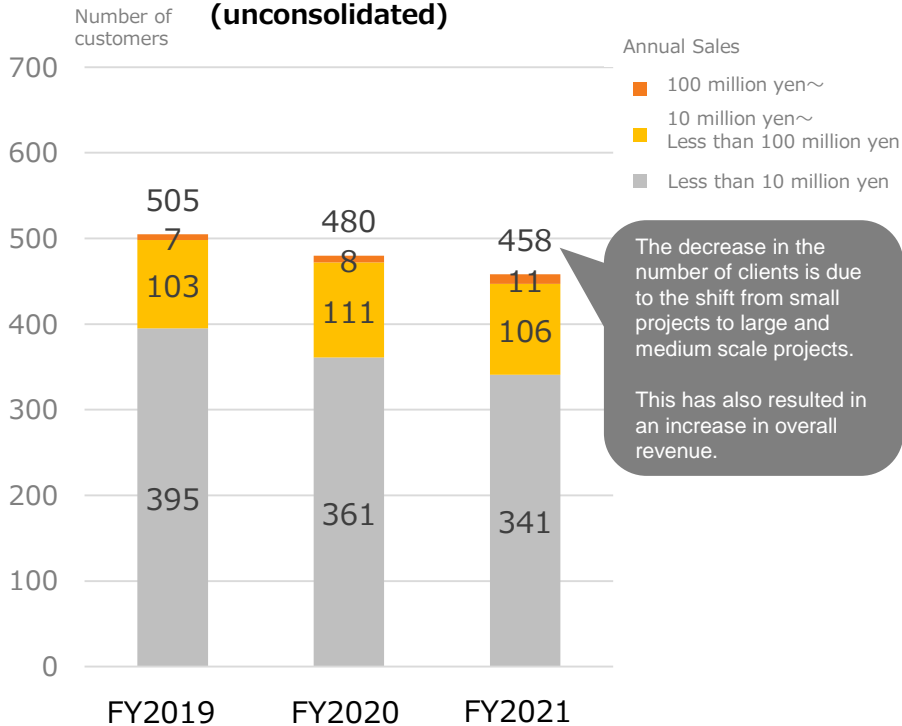
Sales composition by project size

(updated only at the end of the fiscal year)

Increased both the number of customers and sales with annual sales above 100 million yen.

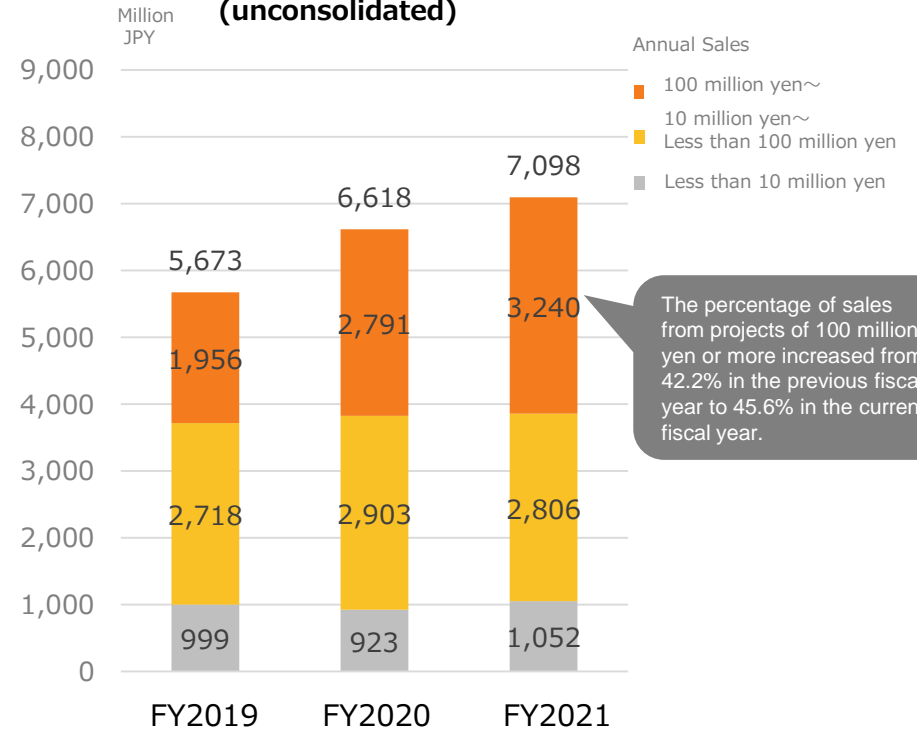
Despite the impact of covid-19, we has been able to move ahead with the development of large-scale projects.

Number of customers by project size (unconsolidated)



The decrease in the number of clients is due to the shift from small projects to large and medium scale projects. This has also resulted in an increase in overall revenue.

Sales composition by project size (unconsolidated)



The percentage of sales from projects of 100 million yen or more increased from 42.2% in the previous fiscal year to 45.6% in the current fiscal year.

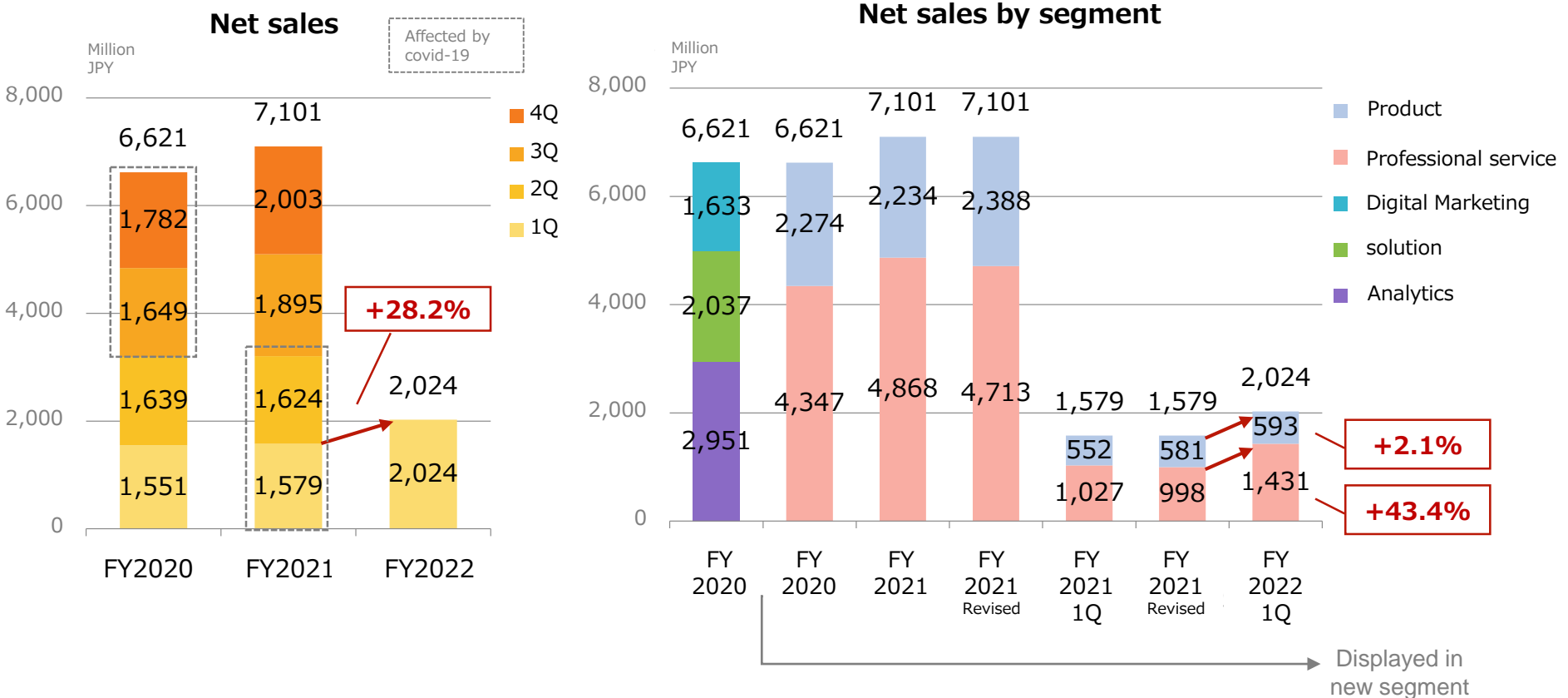
Consolidated financial highlights for the first quarter of the fiscal year ending June 2022

Three-Year Comparison (Consolidated Sales by Quarter/Segment)

Sales grew by 28.2% YoY, driven by the professional services business.

(One of the reasons for the high growth in the first quarter is that sales in the first quarter of the previous fiscal year were didn't grew due to the impact of covid-19.)

In most years, sales in the first quarter are lower than in the fourth quarter of the previous fiscal year. But in the first quarter, sales were higher than in the fourth quarter of the previous fiscal year, and record quarterly sales achieved.



Three-Year Comparison

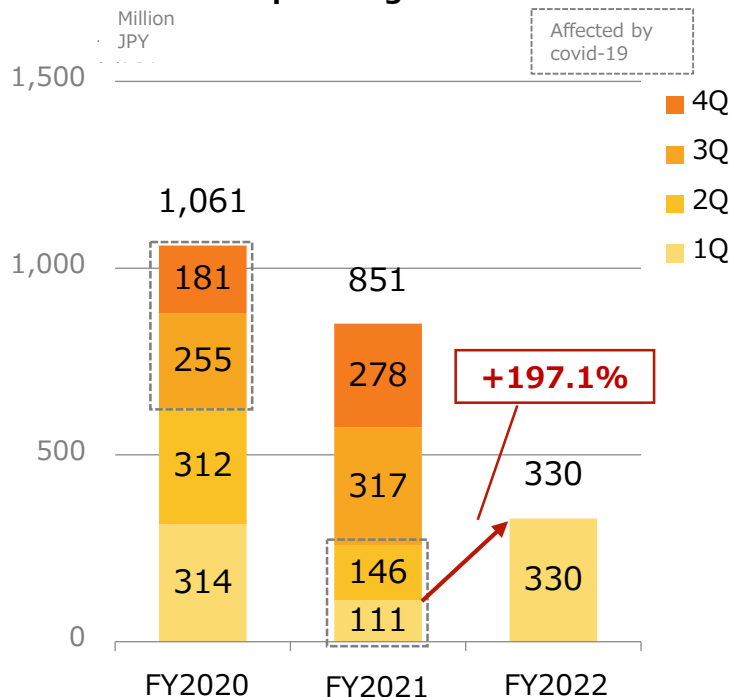
(Consolidated Operating Income by Quarter/Segment)

Operating income grew by 197.1% YoY.

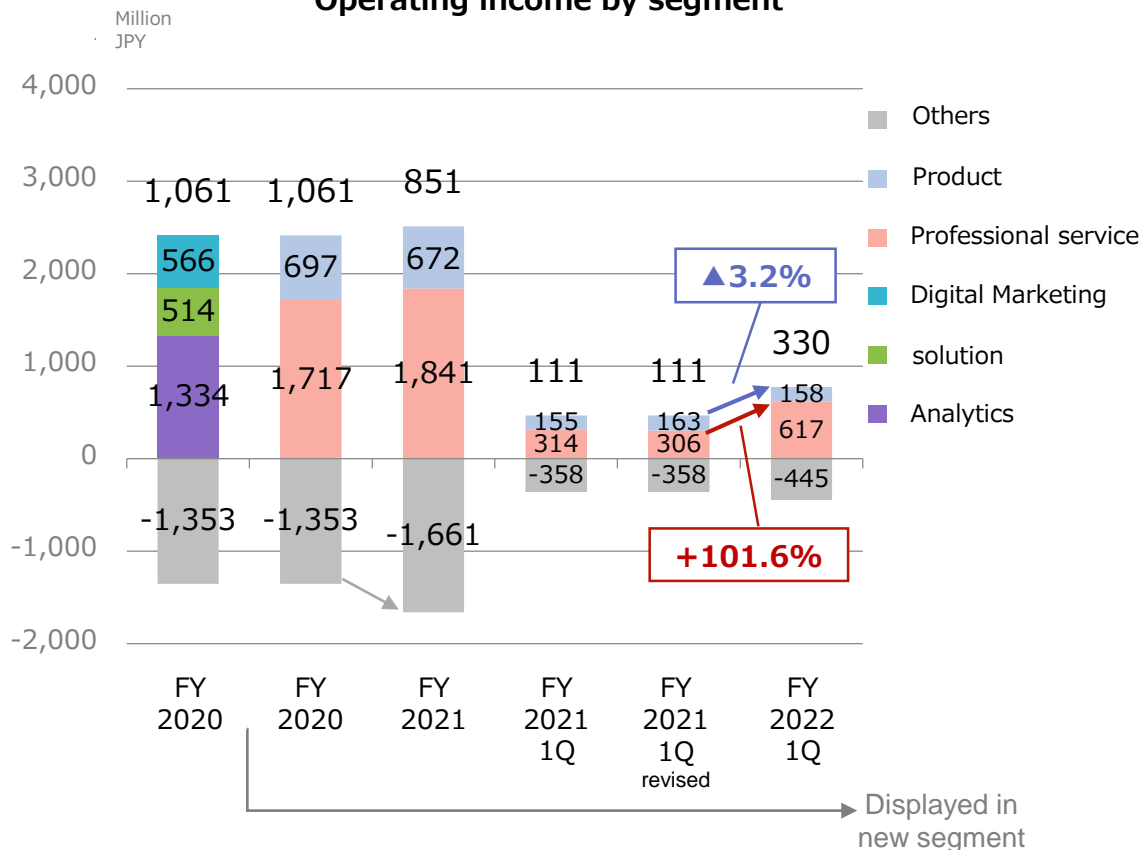
In addition to strong sales in the professional services business, some expenses, such as advertising expenses, were lower than expected.

The operating profit margin in the first quarter was 16.3%, recovering to the level it should be.

Operating income



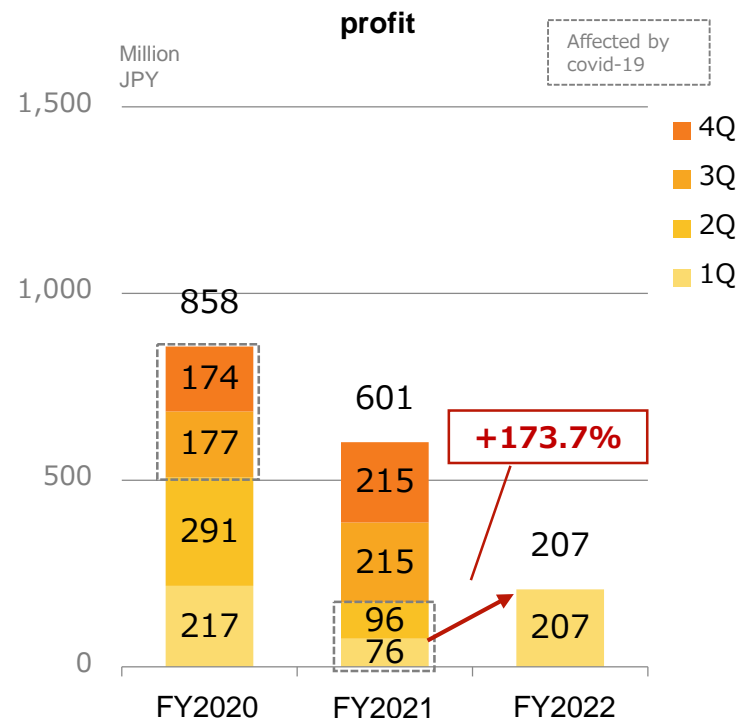
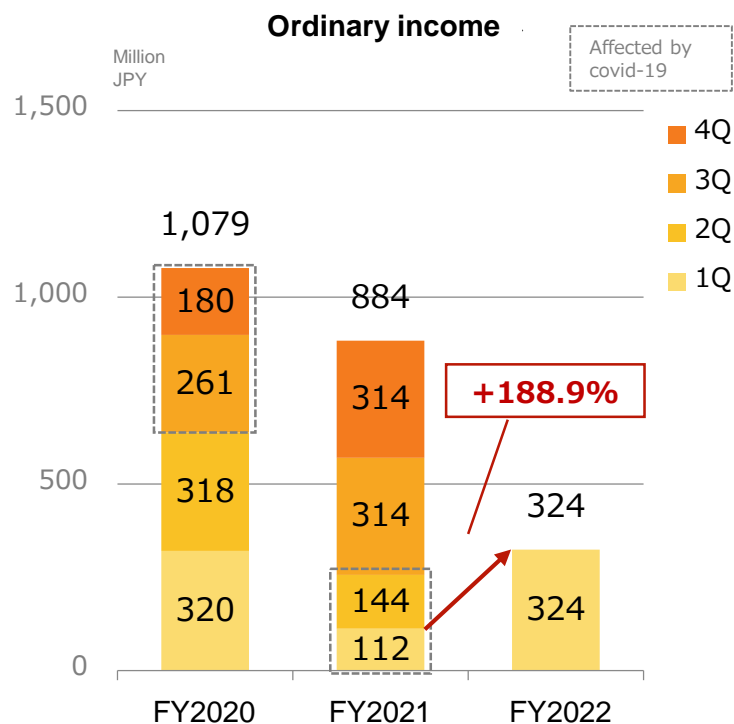
Operating income by segment



Three-Year Comparison

(Consolidated ordinary income and profit by Quarter)

Ordinary income and profit have followed the same trend as operating profit.



The number of employees (non-consolidated)

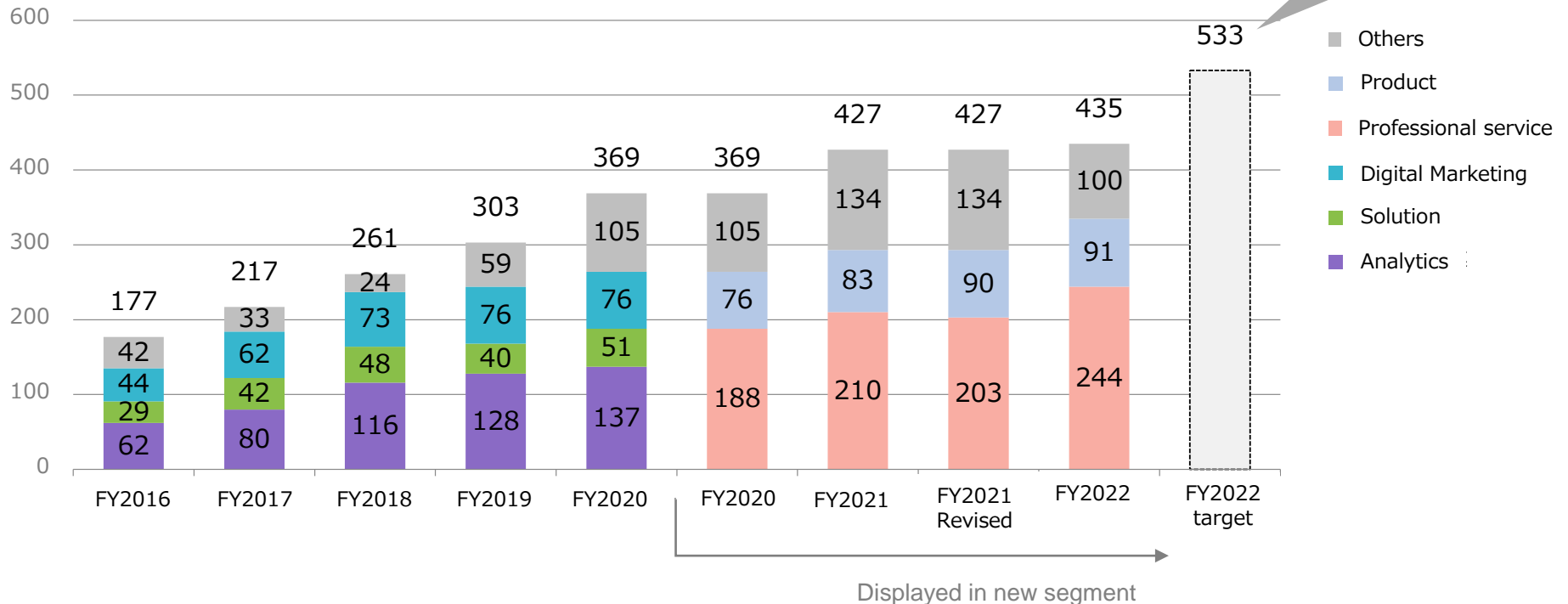
Compared with the previous fiscal year, when we were unable to increase the number of mid-career hires, mid-career hiring in the current fiscal year is progressing within the expected range.

As of today (November 12, 2021), we **have 443** employees.

About 40 new graduates are expected to join the company in April next year.

The retirement rate has remained at about the same level as in the past (just under 10%).

The number of employees



Consolidated Profit and Loss

Million JPY

	FY2021 1Q	FY2022 1Q	Increase / decrease amount	Rate of change
Net sales	1,579	2,024	445	28.2%
Cost of sales	944	1,083	139	14.7%
Gross profit	635	941	306	48.2%
SG&A	524	611	87	16.6%
Operating income	111	330	219	197.1%
Non-operating income	2	10	8	332.6%
Non-operating expenses	1	16	15	1149.9%
Ordinary income	112	324	212	188.9%
Extraordinary income	0	—	-0	-100.0%
Extraordinary loss	—	—	—	—
Income (loss) before income taxes	112	324	212	188.7%
Income taxes	36	117	80	219.9%
Profit (loss)	76	207	132	173.7%
Profit (loss) attributable to non-controlling interests	—	—	—	—
Profit (loss) attributable to owners of parent	76	207	132	173.7%

Compared to the previous fiscal year, when sales were stagnant due to the impact of covid-19, the utilization rate of employees has also increased.

The rate of increase in sales is significantly higher than the rate of increase in cost of sales.

The rate of increase in SG&A expenses was also much lower than the rate of increase in net sales, and the balance between net sales and expenses is normalizing.

Non-operating income includes
Commission fees: 2.7 million yen,
Sales incentives received: 1.2 million yen, and
Subsidy income: 1.0 million yen, etc.

Non-operating expenses includes
Commissions paid for the purchase of treasury stock:
14.5 million yen,
Loss on investment partnership management: 0.9
million yen, etc.

In the first quarter, Dentsu Crossbrain Inc. equity in losses of affiliates was 0.5 million yen.

Consolidated Balance Sheet

Million JPY

	FY2021 4Q	FY2022 1Q	Increase / decrease amount	Rate of change	Reason for increase / decrease
Assets	5,779	5,090	-689	-11.9%	
Current Assets	4,938	3,927	-1,011	-20.5%	Work in process 50 Cash and deposits -932 Notes and accounts receivable - trade -99 Prepaid expenses -19 Other -11
Non-Current Assets	841	1,163	322	38.3%	Investments and other assets 340 Property, plant and equipment -11 Other -3 Software -3
Liabilities	1,104	907	-198	-17.9%	
Current liabilities	1,104	904	-201	-18.2%	Accounts payable - trade 19 Income taxes payable -111 Provision for bonuses -46 Contract liabilities -26 Accrued expenses -24 Accounts payable - other -12
Non-Current liabilities	0	3	3	1985.2%	Other 3
Net assets	4,674	4,183	-491	-10.5%	Retained earnings 207 Treasury shares -698

Purchase of treasury stock, and payment of security deposit for new office, etc.

Payment of the deposit for the new office, and the acquisition of investment securities, etc.

We acquired 130,000 shares of treasury stock.

Capital adequacy ratio 82.2%

Unconsolidated financial highlights for the first quarter of the fiscal year ending June 2022



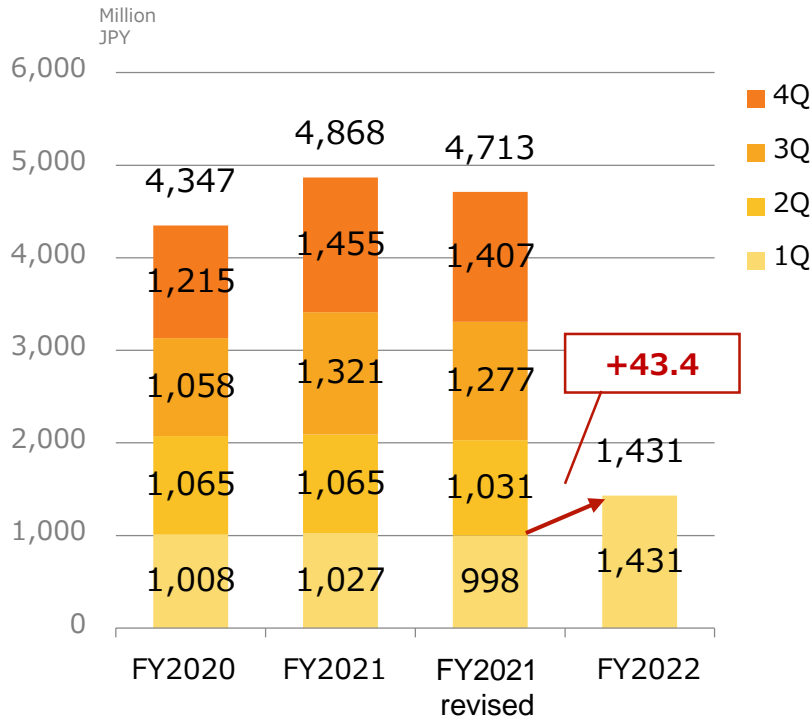
Professional Services Business (Non-consolidated)

Comparison of three fiscal years

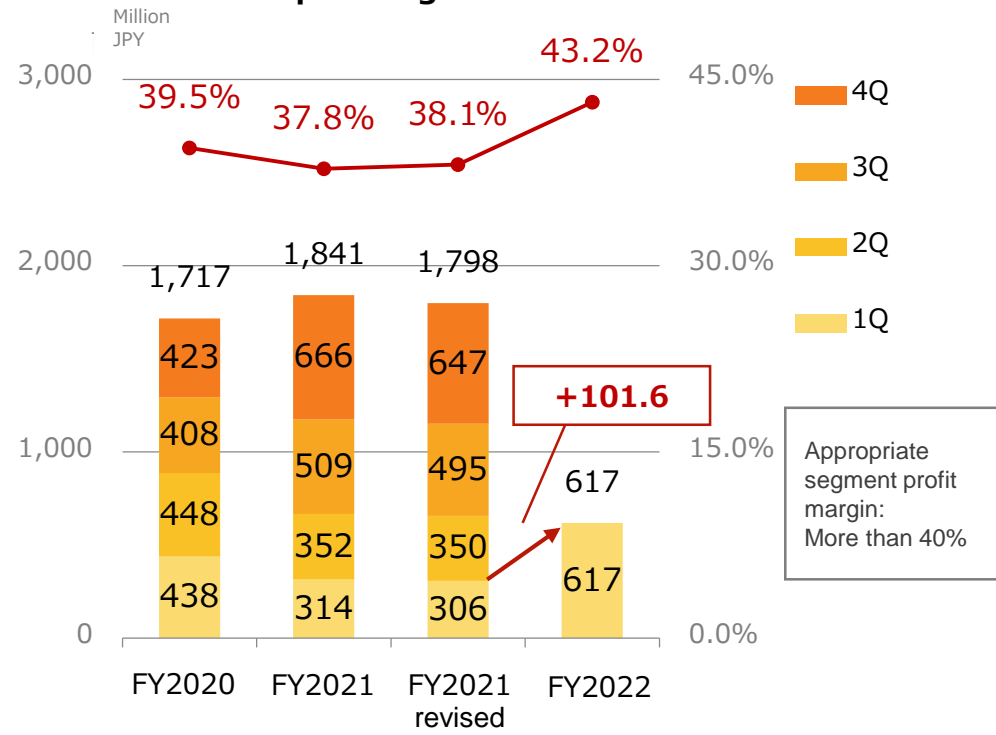
As demand for DX and data utilization continues to rise, orders are becoming more active, and projects are becoming longer and larger, and both sales and profits are significantly higher than in the same period of the previous fiscal year.

The segment profit margin was 43.2%, which is the profit margin level we should aim for. In order to respond to strong demand, we will further strengthen our recruitment activities.

Net sales



Operating income

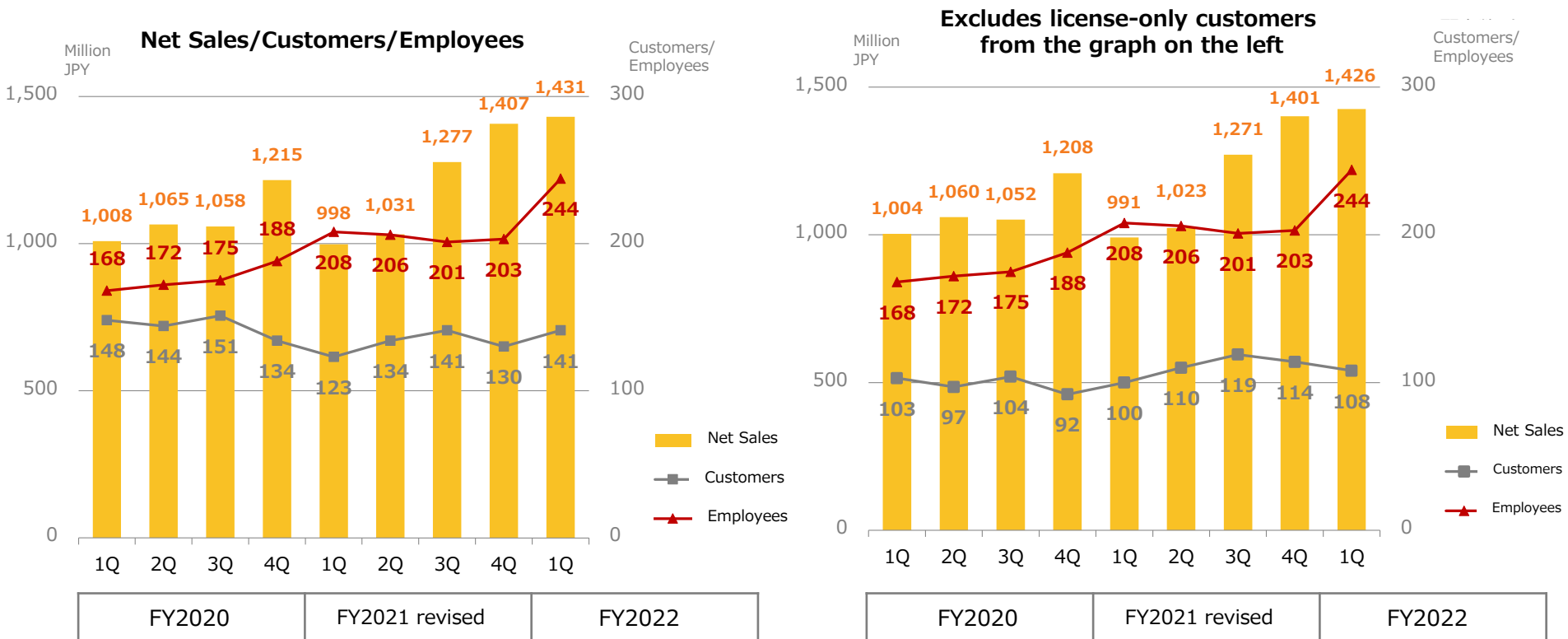


Professional Services Business (Non-consolidated) Net Sales, Number of Clients, Number of Employees

Sales in the first quarter and sales per client reached record highs as projects became longer and larger.

The number of available employees increased due to the assignment of new graduates at the beginning of the period, as a result, sales per employee temporarily declined.

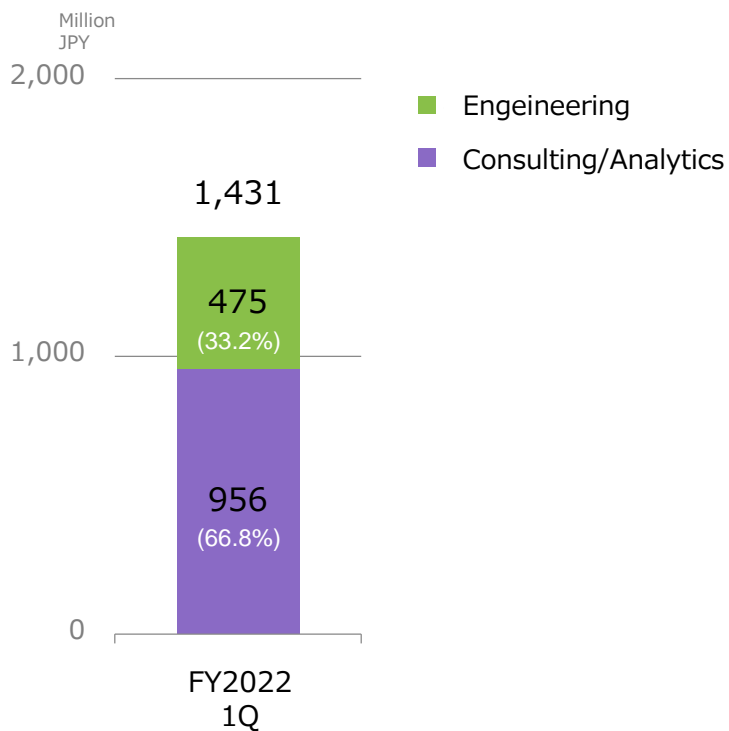
In the second half of the fiscal year, we'll increase the project assignment of our new graduates.



Decomposition of revenue in the professional services business (non-consolidated)

new

Breaking down the revenue arising from contracts with customers, the business's revenue is broken down into two main categories.



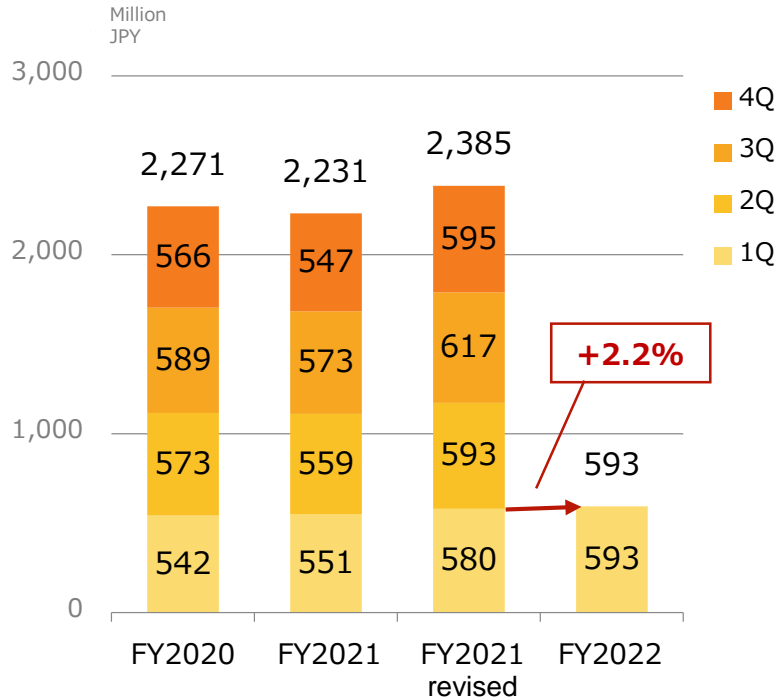
Product Business (Non-consolidated)

Comparison of three fiscal years

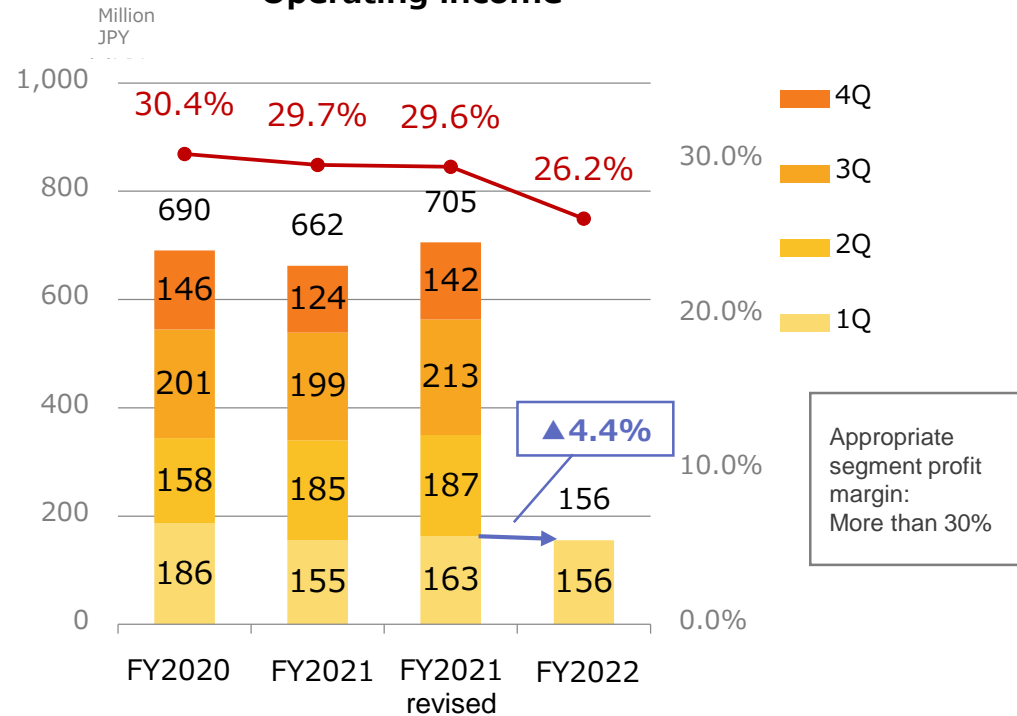
We believe that it will take a certain period of time before we start to see the results of the initiatives we are promoting for the renewed growth of the products business, and sales in the first quarter increased only slightly.

While concentrating resources on mainstay products and optimizing various costs, segment income decreased slightly due to the impact of an increase in personnel expenses resulting from an increase in the number of employees since the previous fiscal year.

Net sales



Operating income



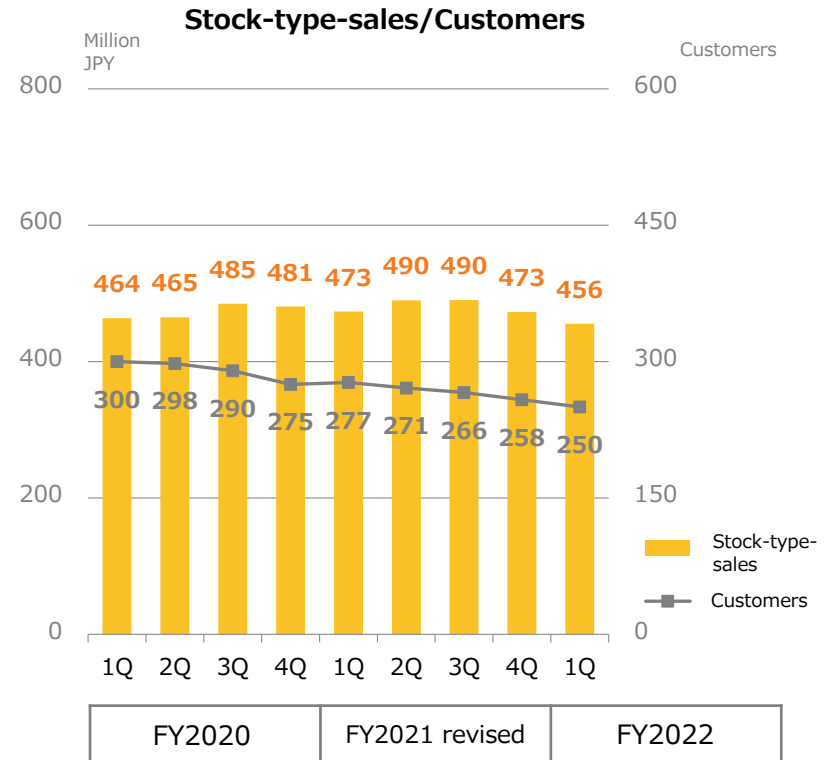
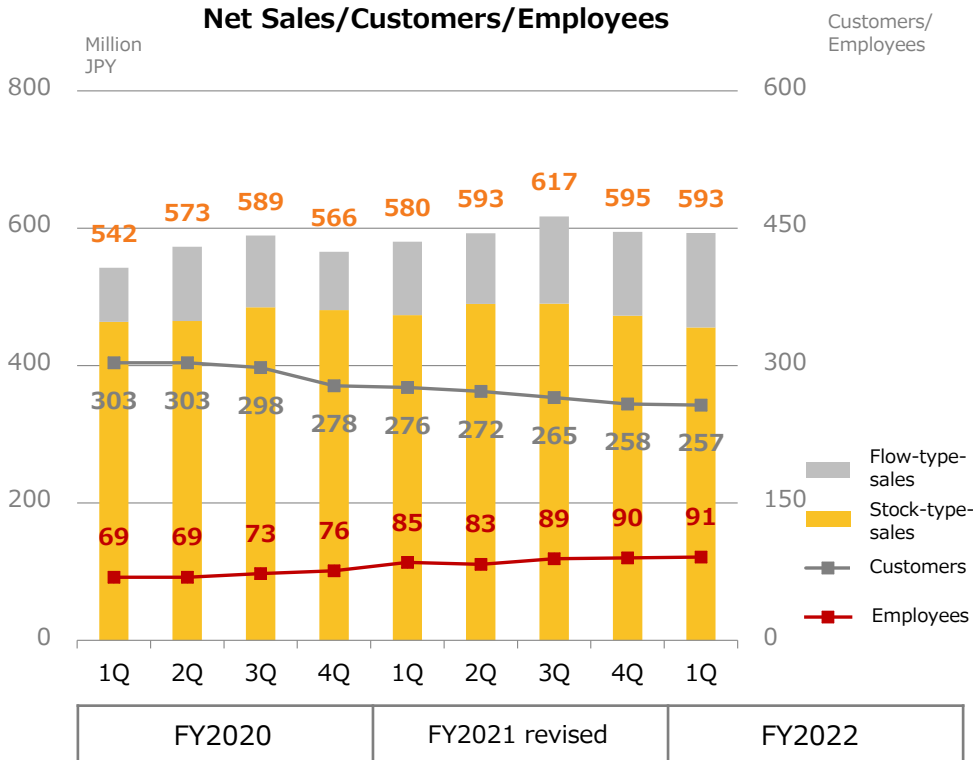
Product Business (Non-consolidated)

Number of customers, number of employees, stock-type sales

In the first quarter, there was a decrease in stock-type sales due to a lack of growth in new orders, while contracts for medium-scale projects were terminated.

At the beginning of the period, we made organizational changes to consolidate related divisions and reorganize its sales structure to facilitate the acquisition of medium-sized projects.

By strengthening its sales promotion functions and sales capabilities, we'll focus on recovering the number of customers and stock sales.



Recently published press releases and articles about 「Rtoaster」

Awards

Rtoaster awarded "Leader" in three categories in ITreview for four consecutive terms (2021.10.13)

- In the IT product review platform "ITreview Grid Award 2021 Fall" by ITcrowd Corp, Rtoaster awarded "Leader" in three categories for four consecutive terms.
- The flexibility of setting conditions to maximize effectiveness and the high quality of the support system are highly evaluated.

Continuously published interviews with client companies using Rtoaster for marketing DX.

4/17/2021
Baroque Japan Ltd.
<https://markezine.jp/article/detail/36069>



6/30/2021
en Japan Inc.
<https://markezine.jp/article/detail/36411>



6/14/2021
FELISSIMO CORPORATION
<https://markezine.jp/article/detail/36286>



10/27/2021
ONWARD HOLDINGS CO., Ltd.
<https://markezine.jp/article/detail/37130>



Earnings Forecast and Capital Policy

(1-1) Consolidated Earnings Forecast (Upwardly revised only for 1H profit)

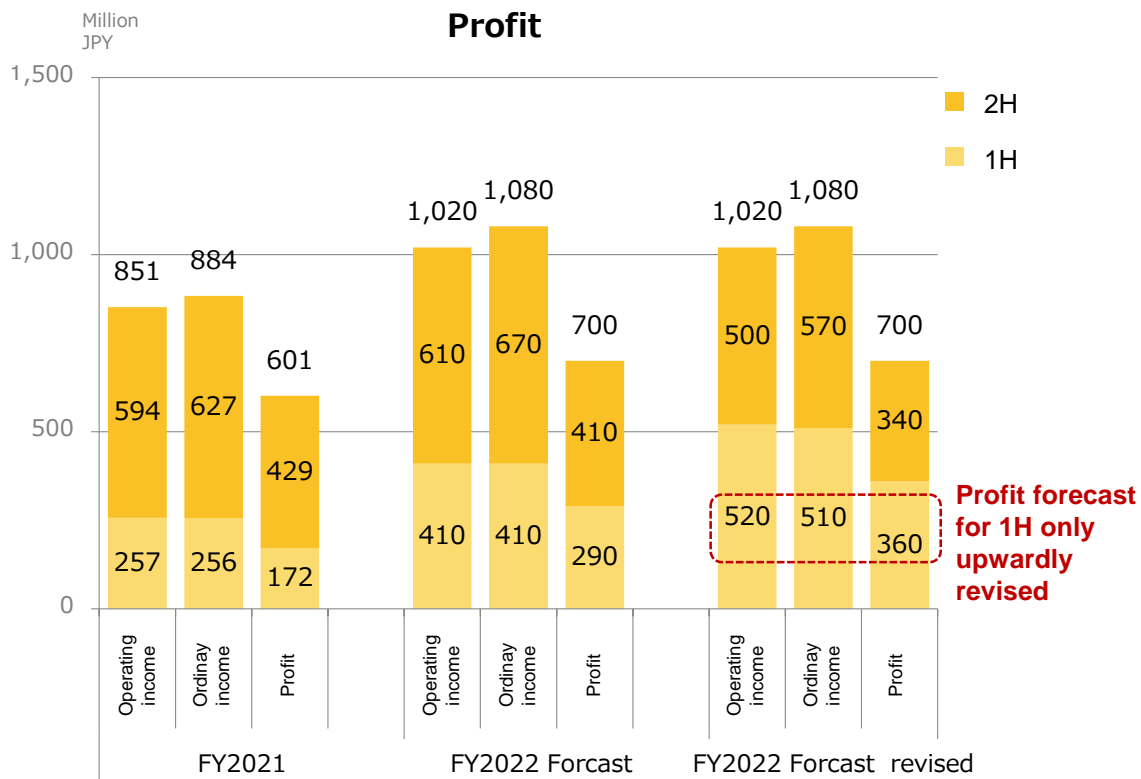
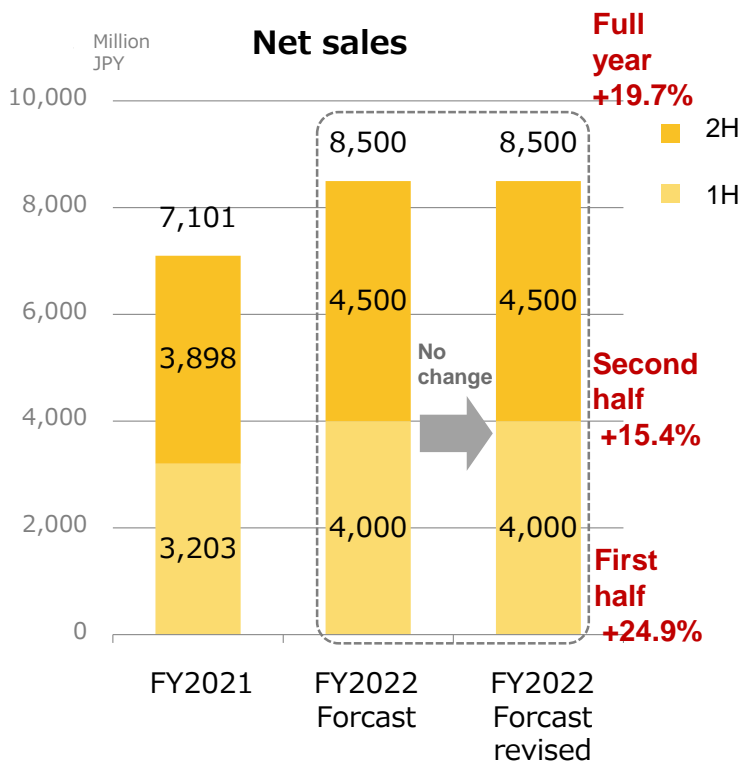
Net sales:

Based on the fact that order activity has reached a level higher than that of the pre-covid19, we aim to achieve sales growth of around 20% per year, which is the target in the medium-term management plan.

Profit:

While implementing the three priority actions involving investments (see next page for details), maintain the operating margin and aim for profit growth equivalent to sales growth.

➔ Net sales and profit are no change in the left policy.



(1-2) Reasons for leaving the full-year profit forecast unchanged

new

The reasons for the full-year profit forecast remains unchanged are as follows.

- While demand for the professional services business has been strong, there have been some delays in hiring activities for some positions, resulting in a tight staffing situation.

Despite the tight staffing situation, we're making progress in acquiring and implementing projects. As a result, we expects an increase in outsourcing costs and delays in the recording of sales for some projects. In addition, as projects become larger, the risk of costs exceeding initial estimates is greater than in the past.

- We plans to use unused advertising and recruiting expenses to achieve growth in 2H and next fiscal year.
- The results of our initiatives for the renewed growth of the products business will not become apparent until the second half of the fiscal year.
There is a possibility that sales growth and profit contribution in the current fiscal year will be limited.

(2) Three key actions involving investment

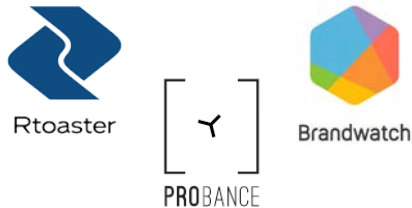


Aggressive recruitment

We plan to increase the number of employees to 106.

(up 24.8% from the end of the current fiscal year)

Cost increase
: about 500 million yen



Re-growth of Product Business

In addition to implementing organizational changes to consolidate divisions related to this business, and we plan to concentrate management resources into primary products

Strengthen inter-organizational collaboration to improve sales promotion functions and processes



Relocation of offices

We have two offices in Shirogane-dai, Minato-ku, and Meguro, Shinagawa-ku.

By May 2022, we consolidate to one new office location.

Cost increase
: about 100 million yen to 150 million yen

(Of which, about 90 million yen will be recorded as an extraordinary loss.)

The new location is Roppongi, Minato-ku, Tokyo

(3-1) Capital Policy

In the mid-term plan assumption

Our top priorities for capital utilization are investment in business growth, including M&A, that will accelerate the growth of existing businesses.
If the use of capital does not progress, we will consider the possibility of returning capital to shareholders.

Forecast for the next fiscal year

Although we have made small investments, we have not made large-scale investments such as M&A for the purpose of acquiring human resources.

As the negative impact of covid-19 has been less than devastating, our cash reserves continue to accumulate.

However we plan to relocate its head office in the next fiscal year, we does not expect its cash reserves to decline significantly.

August 2021-
Execution of share
buyback

After securing a certain level of funds to prepare for M&A, we will use a portion of the surplus funds to repurchase treasury stock from August of this year.

In addition to returning profits to shareholders and improving capital efficiency, the Company aims to use treasury stock for stock-based compensation for directors and employees, as well as for the execution of M&A and capital alliances.

Thereafter, we plan to continue to consider the payment of dividends, share buybacks, and other measures.

(3-2) Results of Repurchase of Treasury Stock and Stock Split

new

Results of repurchase of treasury stock

1. Acquisition Period August 13, 2021 to September 14, 2021 (based on the execution date)
2. Total number of shares repurchased 130,000 shares
→ Of these, 8,150 shares were disposed of as restricted stock on October 29, 2021.
3. Total amount of acquisition price of shares 698,297,491 yen

Implementation of stock split

1. The record date December 31, 2021
2. Split ratio 1:3 (each share of common stock will be split at a ratio of 3 shares)
3. Effective date January 1, 2022

(4) Current Approach to Achieving the Medium-Term Management Plan

Our current thinking is as follows.

- In the next fiscal year (ending June 30, 2022), sales of ¥8.5 billion is a must. → If we grow by 20% per year from 8.5 billion yen, sales will reach 10.2 billion yen.
- Therefore, the key to achieving the Medium-Term Management Plan is to achieve sales growth of more than 20%.

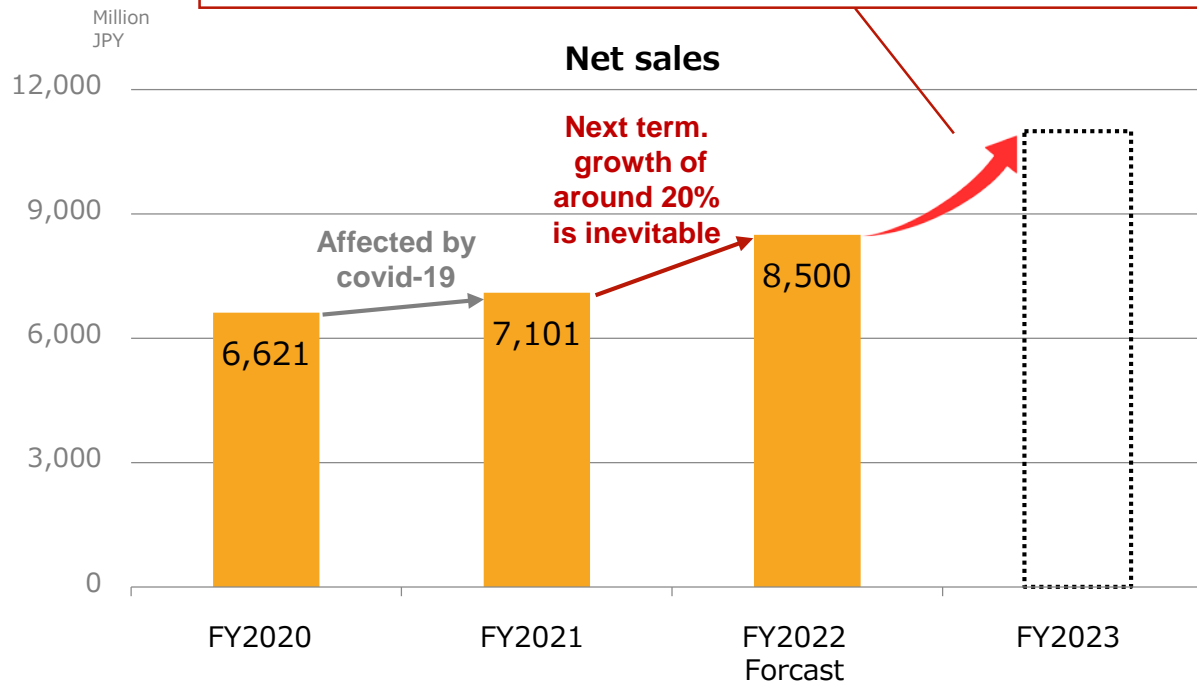
<Requirements for sales growth exceeding 20%>

- Securing uninterrupted sales (Maintaining paid operating rates)
- Strengthen human resources through early personnel expansion and flexible use of outsourcing
- Re-growth of Product Business

Organic growth of existing business



M&A



Achievement of the profit level will depend on the scale of investment (hiring of personnel, etc.) in the final year.

As we accelerate sales growth, we want to ensure that our profit margins increase as well.

Re-posted:

Medium-Term Management Plan

(Four-year period from the fiscal year ending June 30, 2020 to the fiscal year ending June 30, 2023)

Basic Policies of the Medium-Term Management Plan

Business Environment

- ❑ The market surrounding data utilization-related businesses (AI, data analytics, digital marketing, etc.) is expected to continue growing at an annual rate of more than 20% while involving peripheral domains.
- ❑ As the market is expected to expand, and with the entry of new companies and adjacent industries expected, the demand for human resources and human services to support data utilization will continue to grow.

Basic Policies

1

Strengthen the system (inter-business collaboration) to provide and demonstrate the comprehensive capabilities necessary for data utilization in order to increase the number of advanced and practical data utilization results that have an impact on business.

2

Expand the scale of the organization, including the hiring and training of diverse human resources, in order to meet the demand for human services and solutions that are indispensable for data utilization.

3

To accelerate the use of data using advanced technologies, we will strengthen our collaboration with domestic and overseas Tech companies through business alliances and investments, as well as our own R&D.

Targets of the Medium-Term Management Plan (Consolidated)

(Amounts less than one million yen are rounded down.)

	Results for FY2019	Final year of mid-term plan (FY2023)	growth rate
Net sales	5,676	11,500	CAGR 19.3%
Ordinary income	1,213	2,000	CAGR 13.3%
Ordinary income ratio	21.4%	17.4%	—
ROE	Average ROE for the previous four years of the previous mid-term plan 21.2%	Average ROE over the four years of the new medium-term management plan About 20%.	—
Number of employees	306	580-650	Almost doubled in four years

The above figures do not factor in the impact of M&A and other investments described below.

In order to achieve the numerical targets in excess, we will proceed with various studies, including M&A and business alliances.

APPENDIX

CORPORATE VISION

Analytics Innovation Company

Bringing
benefits of analytics / AI
to enterprises

Our values: The best way to create valuable data

A variety of IT related vocabulary has nowadays become popular and commonplace.

“It is however necessary to utilize this vocabulary in order to obtain efficiency and innovation.”

Big Data	Machine Learning	IoT/loE Internet of Things Internet of Everything	AI Artificial Intelligence	Prediction • Optimization
Data Scientist	Deep Learning	Data Analytics Data Utilization	FinTech	MA (Marketing Automation)

- BrainPad is a leading company of data utilization. We have been engaged with Business Creation& Management Improvement since our establishment in 2004.
- Business Creation& Management Improvement are driven by the use of data derived from Analytics and Engineering.

3 competences BrainPad can add unique value

Data utilization for more than **1,000** companies

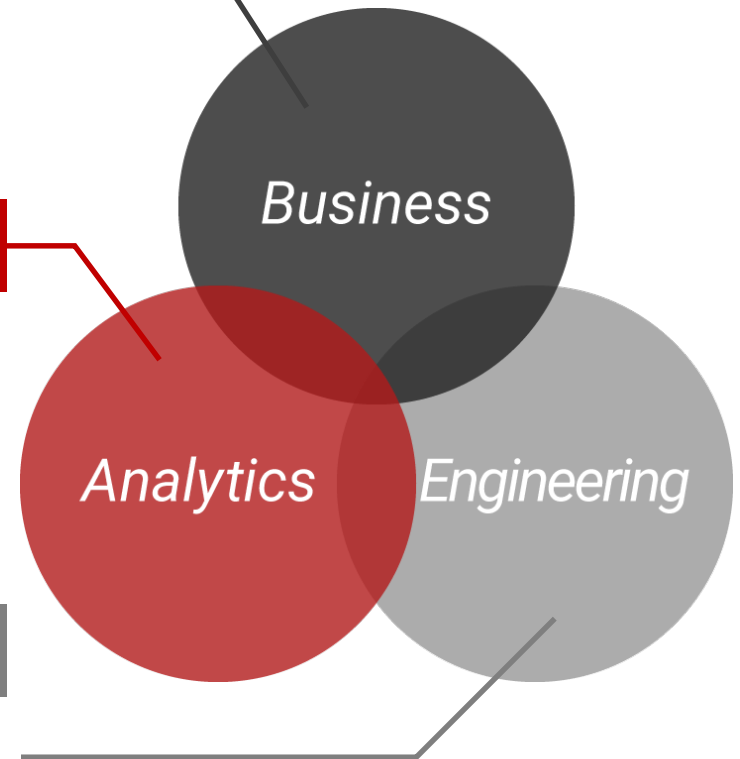
Since its founding in 2004, BrainPad have supported utilizing data for more than 1,000 companies. By utilizing an abundance of accumulated knowledge, we can solve management issues for a wide range of industries.

150 Data scientists

BrainPad employs more data scientists than the any other company in Japan - 150 in-house specialists in total. Our Data scientists specialize in various disciplines, and technical expertise across all industries, with a wealth of analytical experience. We organize teams according to our customer's needs at the highest analytical level.

Top-class product in DMP Area

Through technical experience and cutting-edge technology, BrainPad boasts the ability to effectively "shape" systems and software. The high level of technology and expertise has been effectively proven with the creation of top-class product "Rtoaster" in the digital marketing domain



Our USP & Cutting Edge Capabilities

Our services can be applied to whole stages where big data analysis is necessary for solving business challenges.

The stages include concept design through to actual operations.

Our services



The other company's
Business domain

Strategic consulting firm









Related product vendors specialize in digital marketing and analysis

Major systems integrated company (Current condition: lack of Analysis specialists)

Major consulting firm (Strategy, organization, technology Outsourcing)
(Current condition: pool of specialists analysis is small, and still accumulating knowledge of IT)

Our Service① : Big Data Utilization Service

BrainPad provides services that solve the following problems by utilizing the knowledge of many professionals who specialize in managing big data.

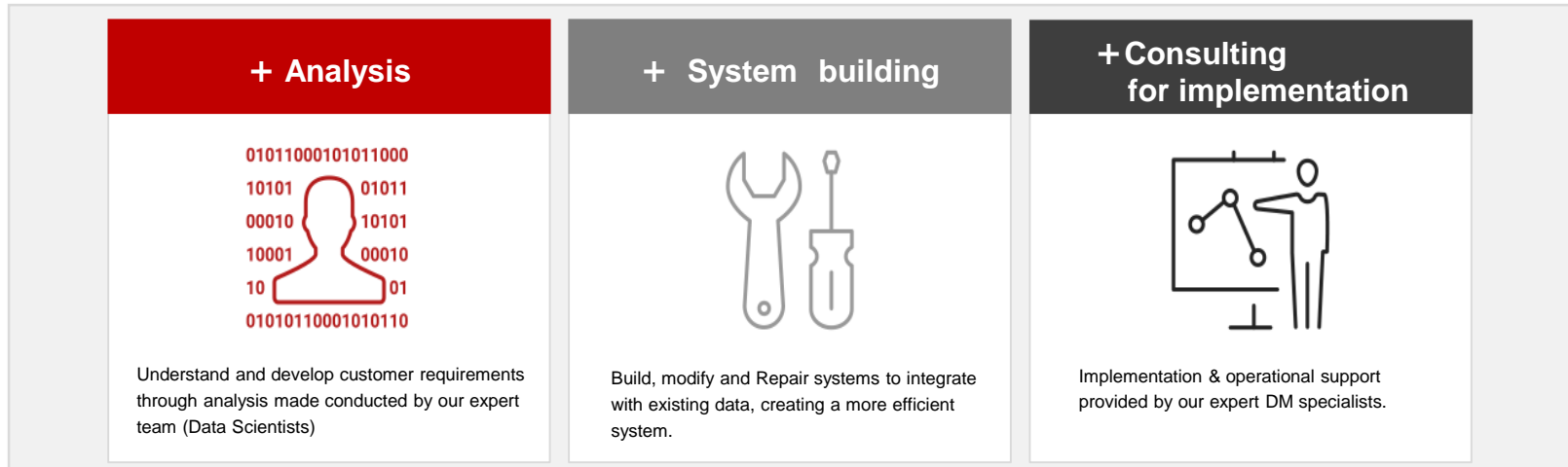
<p>Improve marketing and CRM based on real time data</p>	<p>Reorganize and innovate businesses processes through the use of AI and machine learning</p>	<p>Build platform for big data analysis</p>	<p>• Develop human resources to manage and utilize data professionally and accurately • Built Organization/ structure</p>
<p>Improve overall of PDCA (in terms of marketing)</p>  <ul style="list-style-type: none"> • Understand customer behavior • Lead nurturing • Measure effectiveness • Optimization 	<p>Optimize business processes using analytics</p>  <ul style="list-style-type: none"> • Sales • Manufacturing • Supply chain management • New business 	<p>Build the entire infrastructure for data utilization</p>  <ul style="list-style-type: none"> • Plan data utilization • Build analysis infrastructure • Operations support 	<p>Develop human resource, Build specialized structure</p>  <ul style="list-style-type: none"> • A roadmap for autonomous data utilization • Train human resources to be able to utilize data • Develop specialized organization and structure
 <p>Marketing Analytics Specialists (Consultant/advisor • Data Scientist)</p>	 <p>Machine Learning /Deep Learning, IoT, AI Specialist (Data Scientist · Engineer)</p>	 <p>Analysis Environment & Software Production Specialist (Product consultant · System engineer)</p>	 <p>Corporate Training & HR Development Specialist (Consultant/advisor • Instructor)</p>

Specialists provide these services

Our Service② : Digital Marketing Service


BrainPad provides expert digital marketing services.

These service includes; data analysis, system builds and implementation, and expert consultancy, with the option of our Top-class digital marketing product:"Rtoaster" .



High Value Products & Services

CDP Private DMP



Rtoaster

A total solution that integrates and analyzes customer data to achieve highly accurate personalization

Marketing Automation




Probance

Marketing automation for B2C market.

Web visitors preference prediction by machine learning, get highest ROI.


Digital Consumer Intelligence



Brandwatch

Discover the underlying perceptions of consumers with social media data insights using AI. Share your new insights easily with informative graphics. Enable your team to from long term strategies, and act on real time tactics.

Recommend engine



Conomi

An algorithm find the most effective combination of an individual and a product from various combinations by utilizing collected and accumulated data source.

Natural Language Processing



Mynd plus

Natural language processing engine.

Analyze context, abridge, etc.

Our Product : Specialist of utilizing data

Marketing

CDP
Private DMP



Rtoaster

A total solution that integrates and analyzes customer data to achieve highly accurate personalization.

Marketing
Automation



Probance

Marketing automation for B2C market.
Web visitors preference prediction by machine learning, get highest ROI.

Digital Consumer
Intelligence



Brandwatch

Discover the underlying perceptions of consumers with social media data insights using AI.

Data mining & Machine learning

SAS-compatible
system



WPS Analytics

An Integrated Modular System perform statistical and graphing functionality, and makes it possible to run many applications written in the SAS language.

Recommend engine



Conomi

An algorithm find the most effective combination of an individual and a product from various combinations by utilizing collected and accumulated data source.

Natural Language
Processing



Mynd plus

Natural language processing engine.
Analyze context, abridge, etc.

Analytical Infrastructure

Cloud
platform

Microsoft Azure

Microsoft Azure

Provide necessary functions for utilization of Big Data on Cloud Platform.

Cloud
Data Ware House



Google Cloud™

A cloud-based platform that features advanced technologies including big data analysis and machine learning

Cloud
platform



Amazon Web Service

A cloud-based platform with high availability that facilitates flexible resource adjustment

Cloud
Data Ware House



Snowflake

Data warehouse and data sharing solutions having completely new cloud-native architectures that are completely different from the existing data warehouses

Visualization & Business Intelligence · Augmented Analytics

Intuitive
data extraction



exQuick

Without using SQL, marketer, business person can obtain necessary data intuitively.

Visualization



Tableau

Interactive data visualizations.

Augmented
Analytics



VizTact

Support business decisions with visual analytics enhanced by Machine Learning and Natural Language Processing.

Optimization & RPA applications

Optimization
engine



UltiPad

Optimization tool, satisfying large number of constraints working with predictive scores.

Robot process
automation



BrainRobo

RPA (Robot Process Automation) software.
Improve efficiency of enterprises' business process.

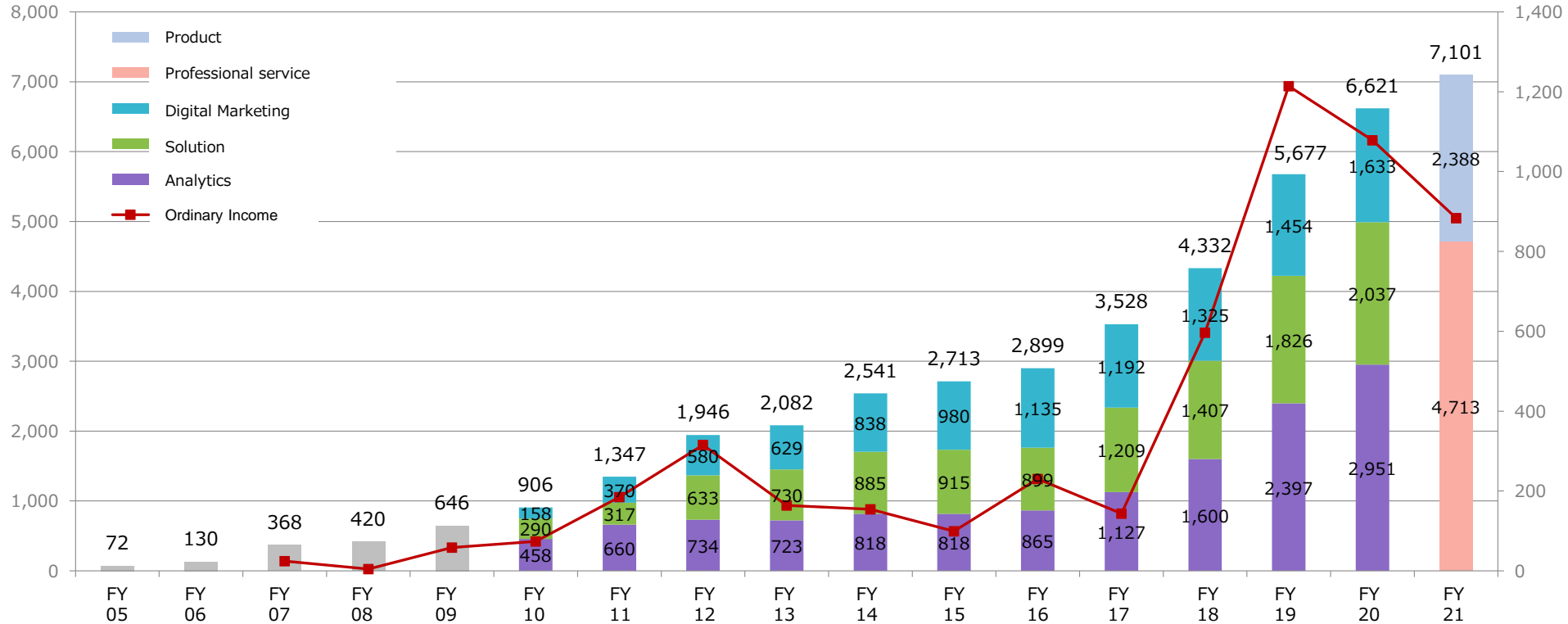
■ In-house developed product ■ In-house product ■ BrainPad is the exclusive reseller in Japan

Financial Results

Net Sales
(Million JPY)

Net Sales / Ordinary Income / Number of Customers

Ordinary Income
(Million JPY)



Customers	94	114	152	178	234	278	330	370	434	505	480	458
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