

Financial Results

for the First Three Quarters of the Fiscal Year
Ending December 31, 2024

ProjectHoldings, Inc. [TSE Growth: 9246]

(Company name changed from ProjectCompany, Inc. in January 2024)

November 14, 2024



Executive Summary

Q3 FY2024 Financial Results

Net Sales	Operating Profit	EBITDA*1	EBITDA Margin
<p>¥1,234 million</p> <p>(-23.6% YoY)</p>	<p>¥-49 million</p> <p>(- YoY)</p>	<p>¥7 million</p> <p>(-97.6% YoY)</p>	<p>0.6%</p> <p>(-17.7pts YoY)</p>

- Net sales decreased QoQ due to the exclusion of ProjectHRSolutions Inc. from the scope of consolidation following the transfer of its shares.
- **Operating loss narrowed QoQ** in the Digital transformation business (Q2: Operating loss of ¥127 million ⇒ Q3: Operating loss of ¥49 million) due to improvement in the gross profit margin as a result of higher-than-planned assignment of new graduate employees to projects.

Situation for the Digital Transformation Business

Net Sales per Client	Number of Employees at the end of the period*2
<p>¥32.1 million/Q3</p> <p>(+5.6% YoY)</p>	<p>147 people</p> <p>(-0.1% QoQ)</p>

- **Turning existing customers into large-scale customers progressed well**, and net sales per client rose 5.6% YoY in Q3 (cumulative).
- **While attrition rate is on a declining trend**, we are aiming to shift to an increasing trend for the number of year-end employees in Q4.

Situation for the DX x Technology Business

- After the integration of ProjectTechnologies Inc. and artwize inc. in April 2024, engineer turnover has been virtually eliminated.
- The recruitment target for this fiscal year was achieved ahead of schedule due to **steady progress in the hiring of engineers**, and the focus is on next fiscal year's recruitment.

Progress toward Financial Results Forecast for FY2024 (announced on September 17)

- The Q3 progress rate for consolidated net sales is approximately 68%. More than 100% of the deficit of the full-year forecast has been recorded for operating profit and ordinary profit, however, the deficit is decreasing.
- We aim to achieve the full-year profit forecast by returning to operating profit in Q4.

*1 EBITDA represents operating profit plus depreciation, amortization of leasehold deposits and share based payment expenses.

*2 Figures compiled for only those engaged in the Digital transformation business. Resignations at period-end are included.

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1. Overview of ProjectHoldings, Inc.

Group Management Philosophy



ProjectHoldings group

Mission

Creating a Project-based Society

Vision

Our vision is to foster and develop a large number of professionals
who will lead the next generation
and provide a variety of solutions that transform companies.

By doing so, we aim to guide each of our client companies to become enterprises
that represent the next generation
and contribute to the revitalization of Japanese society.

Company History



Period of multi-faceted growth through integrated group management

Transition to a pure holding company structure and office relocation

Consolidated Dr.KENKO KEIEI Inc. and artwize inc. Into the Group

Established ProjectDigitalMarketing Inc. (currently DCXforce, Inc.) and ProjectPartners, Inc., shifting to an integrated group management system

Consolidated uloqo Co., Ltd. (currently ProjectHRsolutions, Inc.) into the Group



Listed on the TSE Mothers (currently TSE Growth)

Transferred all shares of ProjectHRsolutions, Inc.

Period of business expansion

Relocated Head Office

Acquired Ulscope business

Relocated Head Office

Established the Company

2016.1

2017.6

2018.6

2019.6

2021.9

Consolidated cuatro technologies Inc. (currently ProjectTechnologies Inc.) into the Group

2022.10

Merged ProjectPartners Co., Inc. into ProjectCompany, Inc. in an absorption-type merger

2023.7

2022.4

2022.7

2023.4

2024.1

2024.5

¥1.5 billion

¥1.0 billion

¥0.5 billion

Quarterly net sales

2016 2017 2018 2019 2020 2021 2022 2023 2024

Group Overview



Project Holdings Co., Ltd.

- Establishment **January 2016**
- Stock market **TSE Growth (9246)**
- Share capital **¥50 million**
- Consolidated employees **268 people**
(As of the end of September 2024)

• Composition of Directors

Representative Director	Yunosuke Doi
Directors	Ryo Matsumura
Outside Directors	Yuki Matsumoto Kazumasa Yanagisawa
Outside Directors (Audit and Supervisory Committee Members)	Aiko Yuki Akiko Hashiguchi Yuji Momosaki Jo Kawazoe

Digital transformation business



Project Company, Inc.

Digital transformation (DX) consulting (development of new businesses, reform of existing businesses)
UI/UX evaluation user test service “UIScope”



DCXforce, Inc.

Marketing strategy consulting

DX x Technology business



artwize inc.

Dispatch of engineers (system development, system testing, etc.)

DX x HR business



Dr. KENKO KEIEI Inc.

Dispatch of occupational physicians and health management consulting

Other affiliated companies

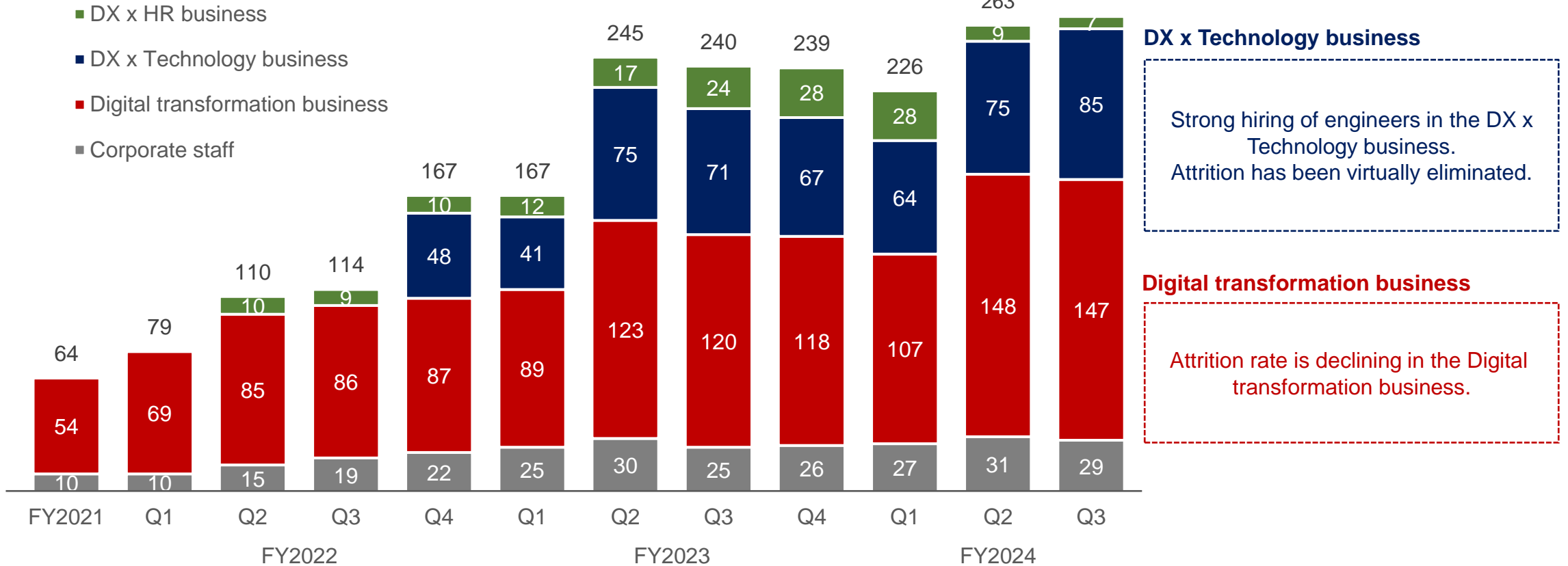


SBI Digital Hub Co., Ltd. 1.43% stake

Situation of Employees (FY2024 Q3)

- The number of Group employees increased by 28 YoY to 268 people due to the declining attrition rate and steady progress in hiring.
- The number of Group employees is increasing, even outside of Q2, when new graduates joined the Group.

Trends in the number of employees (people; as of the end of each period)



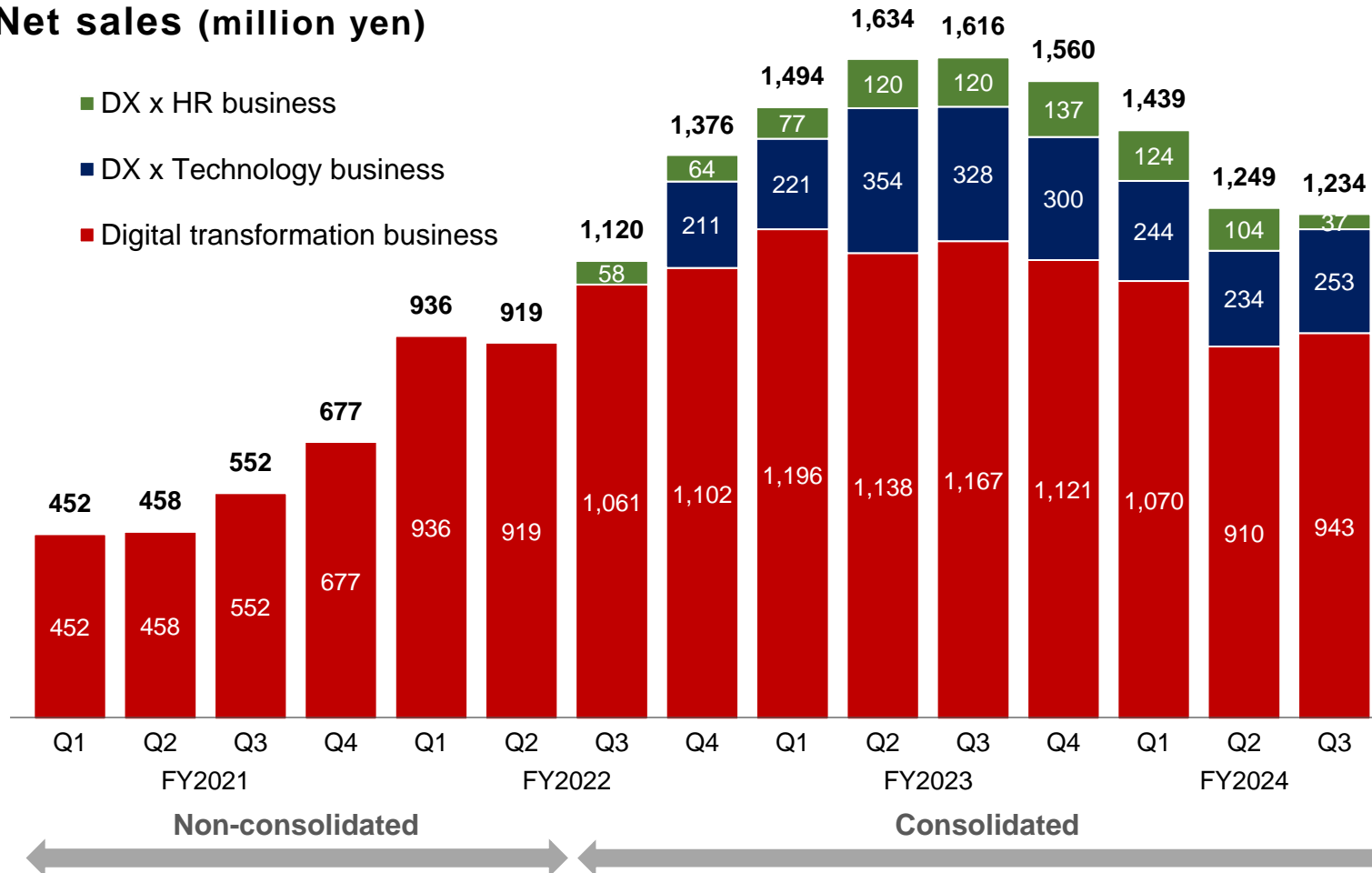


2. Q3 FY2024 Financial Results

Financial Results - Net Sales

- Achieved net sales of ¥1,234 million in Q3 of FY2024, down 1.2% QoQ and down 23.6% YoY.
- The Digital transformation business and the DX x Technology business net sales shifted to an upward trend QoQ.

Net sales (million yen)



DX x HR business

Net sales decreased for the entire segment as ProjectHR Solutions Inc. was excluded from the scope of consolidation following the transfer of its shares.

DX x Technology business

In addition to steady progress in hiring, following the successful integration of ProjectTechnologies Inc. and artwize inc., the attrition rate was low.

Net sales shifted to an upward trend QoQ. Continue to aim for performance growth by expanding the organization.

Digital transformation business

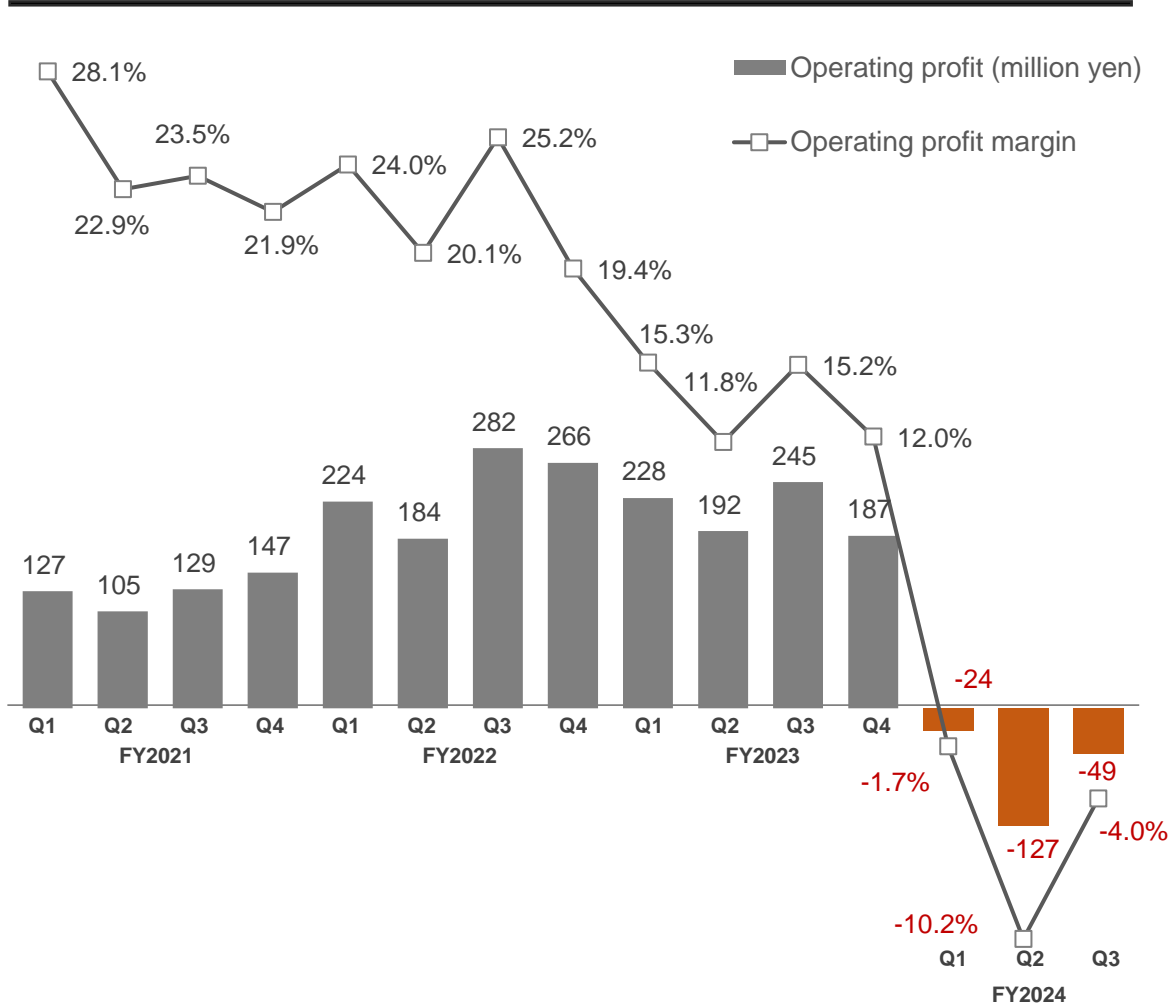
In addition to the declining trend in the attrition rate, the utilization rate of new graduates employees was higher than planned (p.18).

Net sales shifted to an upward trend QoQ.

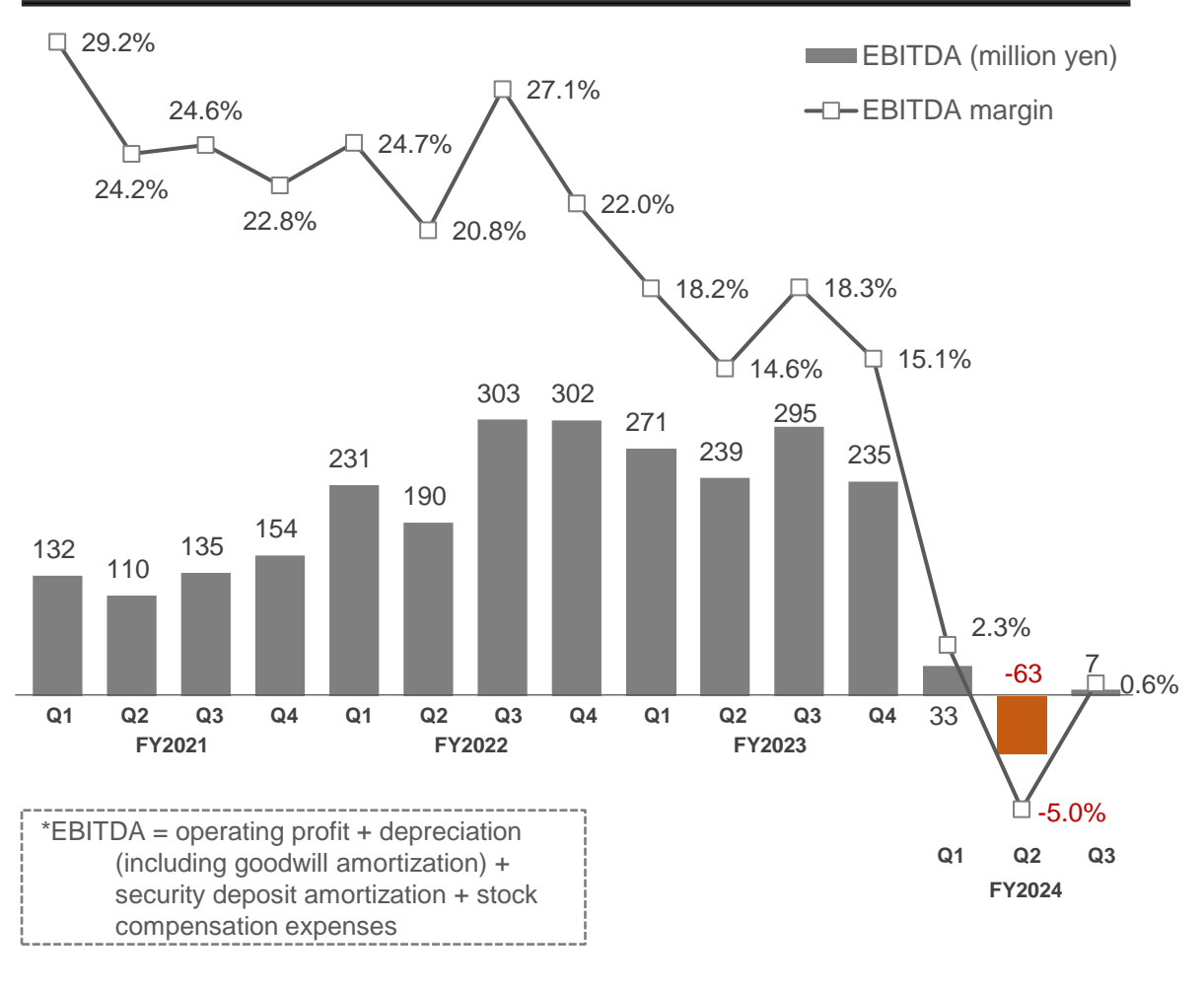
Financial Results – Operating Profit and EBITDA

■ In the Digital transformation business, the assignment of new graduate employees progressed better than planned. As a result, operating loss decreased, and EBITDA turned positive.

Operating Profit



EBITDA



*EBITDA = operating profit + depreciation (including goodwill amortization) + security deposit amortization + stock compensation expenses

Results by Segment - Net Sales

■ Net sales by segment are as follows.

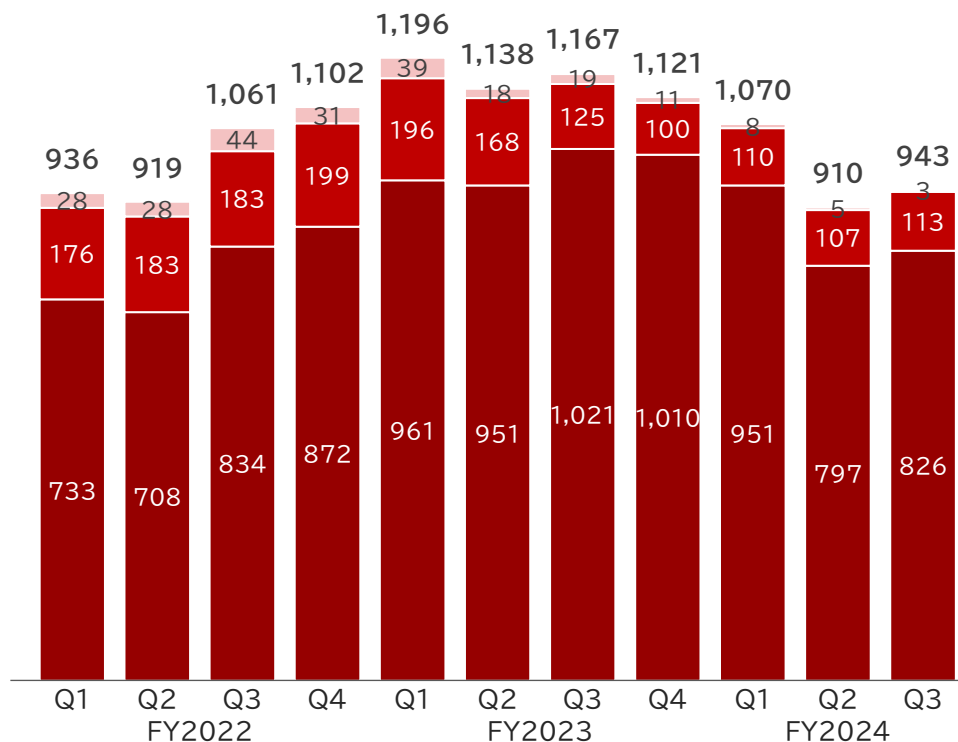
Digital transformation business

*The aggregation standards for marketing services were partially changed in FY2023, and projects involving many consulting aspects were transferred to consulting services.

*Starting with the FY2023 disclosures, the Ulscope service counts Ulscope projects only. Accordingly, the figures have been recalculated retroactively through FY2021.

Shift to an upward trend due to a higher-than-planned utilization rate of new graduate employees.

Unit: million yen

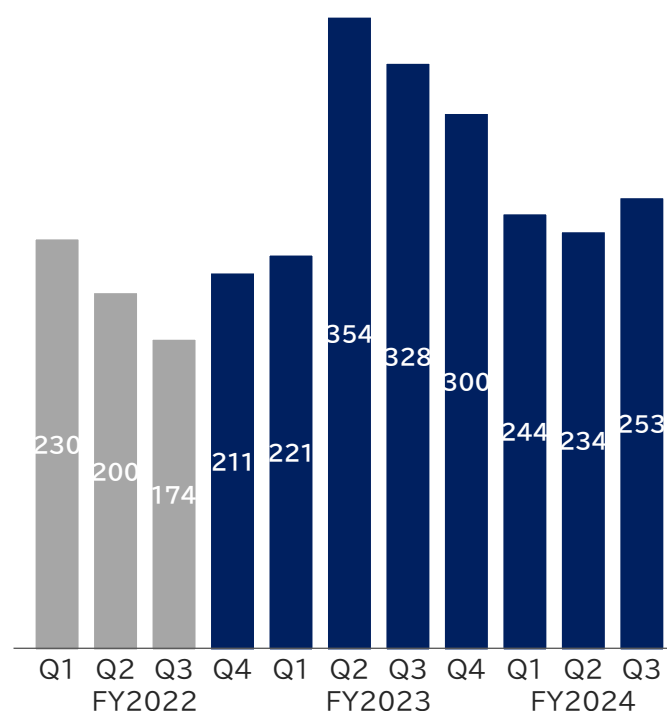


DX x Technology business

*The business was consolidated in Q4 FY2022. Previous figures are shown for reference, indicating net sales of the relevant business of cuatro pistas Ltd. from which the business was transferred.

Shift to an upward trend due to steady progress in recruitment and a decline in attrition rate as a result of business integration.

Unit: million yen

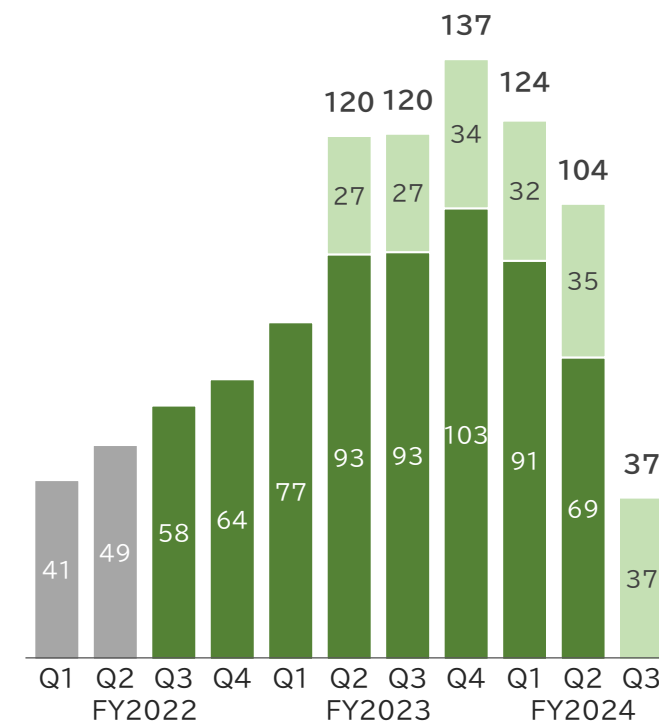


DX x HR business

*The business was consolidated in Q3 FY2022. Previous figures are shown for reference, indicating the financial results of uloqo Co., Ltd.



Net sales decreased as HR Solution Services was excluded from the scope of consolidation from June.

Unit: million yen



Results by Segment - Cost of Sales & Gross Profit

- Gross profit margin in the Digital transformation business improved due to steady assignment of new graduate employees to projects and a decrease in the ratio of outsourcing partners.


	Digital transformation business		DX x Technology business		DX x HR business	
	Results [million yen]	QoQ	Results [million yen]	QoQ	Results [million yen]	QoQ
Net sales	943	+3.6%	253	+8.1%	37	-64.4%
Personnel expenses (cost of sales)	265	+6.4%	85	+16.4%	0	-
Outsourcing expenses (cost of sales)	289	 -21.3%	105	-0.9%	0	-
Other costs	3	-	0	-	0	-
Gross profit *	385	+32.8%	61	+15.1%	37	-50.7%
Gross profit margin	40.8%	 +8.9 pt	24.1%	+1.5 pt	100.0%	+27.9 pt
SG&A expenses	534					QonQ -2.2%
Operating profit	-49					
Operating profit margin	-4.0%					

*The figures are before allocation of SG&A expenses such as rent expenses to cost of sales, and accordingly do not correspond to gross profit as stated in the summary of financial results.

*Dr. KENKO KEIEI in DX x HR business has recorded the net amount obtained by deducting the payment to the industrial physician, etc. from the revenue to customers as sales, and there are no personnel to be recorded in cost of sales. ProjectHoldings,Inc.

Breakdown of SG&A Expenses

- Hiring expenses that had increased at the timing of job offers for new graduate employees joining the Company in April 2025 have eased for now.

	Results [million yen]	SG&A expenses to net sales	QoQ	Description
Personnel expenses (SG&A expenses)	105	8.5%	+14.1%	Salaries for back-office employees and executive compensation, etc.
Outsourcing expenses (SG&A expenses)	58	4.7%	+9.4%	Use of external human resources and training costs, etc. for strengthening development
Hiring expenses	55	4.5%	 -26.7%	Agent fees and event expenses, etc.
Rent expenses	169	13.7%	-6.1%	Office rent, etc.
Depreciation etc. (including amortization of goodwill)	57	4.6%	-9.5%	Amortization of goodwill and depreciation of other non-current assets etc.
Other SG&A expenses	88	7.1%	+11.4%	
Total SG&A expenses	534	43.3%	-2.2%	



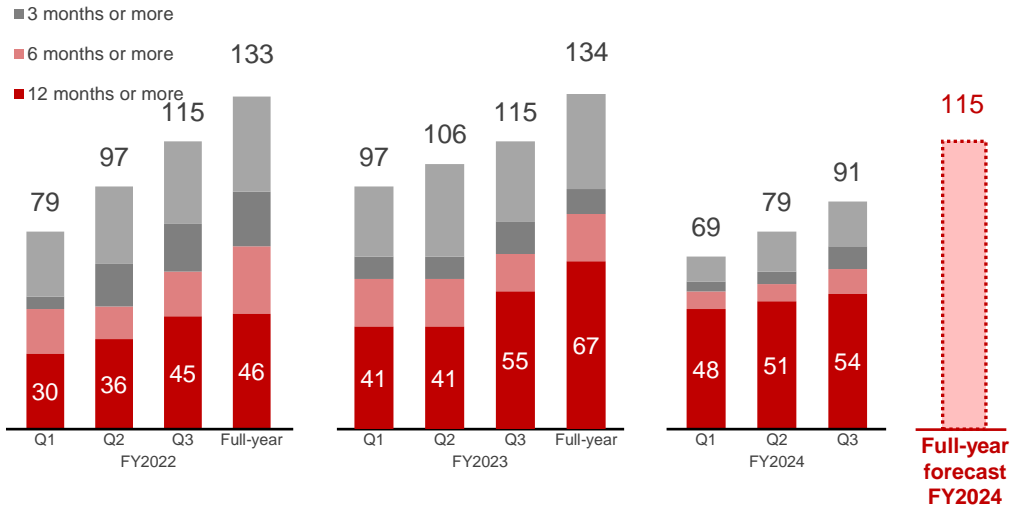
3. Situation of the Digital Transformation Business

Business KPI Trends | Number of Clients & Net Sales per Client

- The number of Ulscope projects and number of clients remained weak due to careful assignment with priority given to human resource development.
- Net sales per client remained steady, and demand continued to be strong amid efforts to expand existing clients.

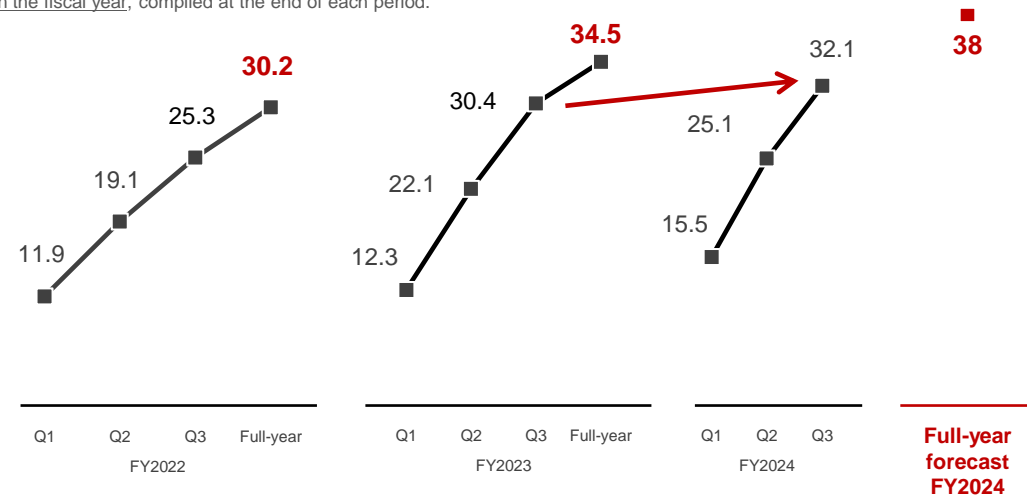
Number of clients (by period of continued orders)

Figures indicate the number of clients with which the Company had transactions in the fiscal year, compiled at the end of each period.



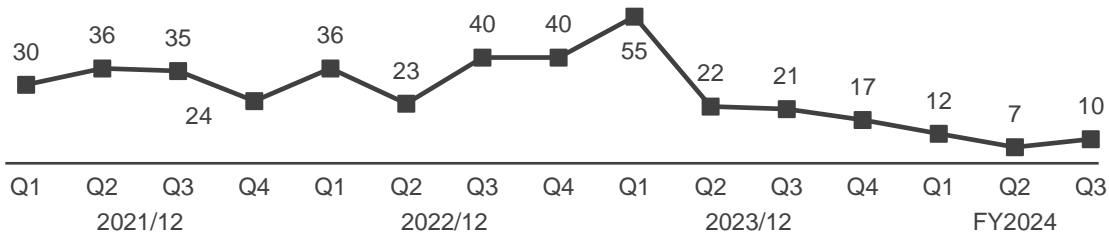
Net sales per client (million yen)

Figures indicate the number of clients with which the Company had transactions in the fiscal year, compiled at the end of each period.



Number of Ulscope projects

From the second half of FY2023, we prioritized human resource development and the acquisition of new customers through Ulscope, etc. was reduced.



Number of clients by net sales (full-year) per client

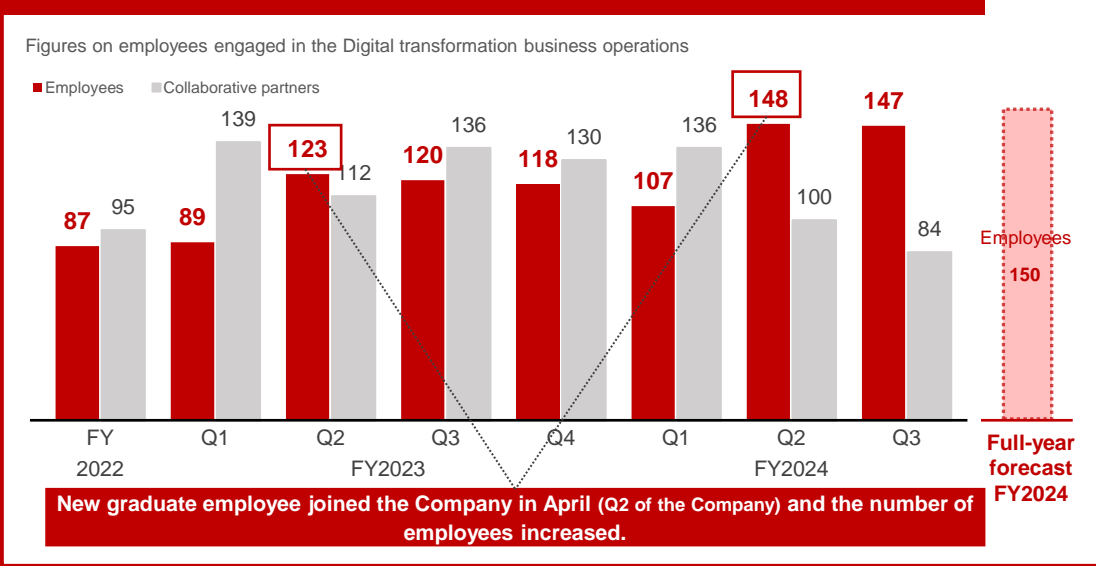
Deepening relationships with existing clients to turn them into large-scale customers.

	Up to ¥30 million	Up to ¥100 million	Up to ¥300 million	Over ¥300 million
2020/12	98 companies	8 companies	2 companies	0 companies
2021/12	103 companies	11 companies	2 companies	1 company
2022/12	103 companies	23 companies	5 companies	2 companies
2023/12	101 companies	22 companies	9 companies	2 companies

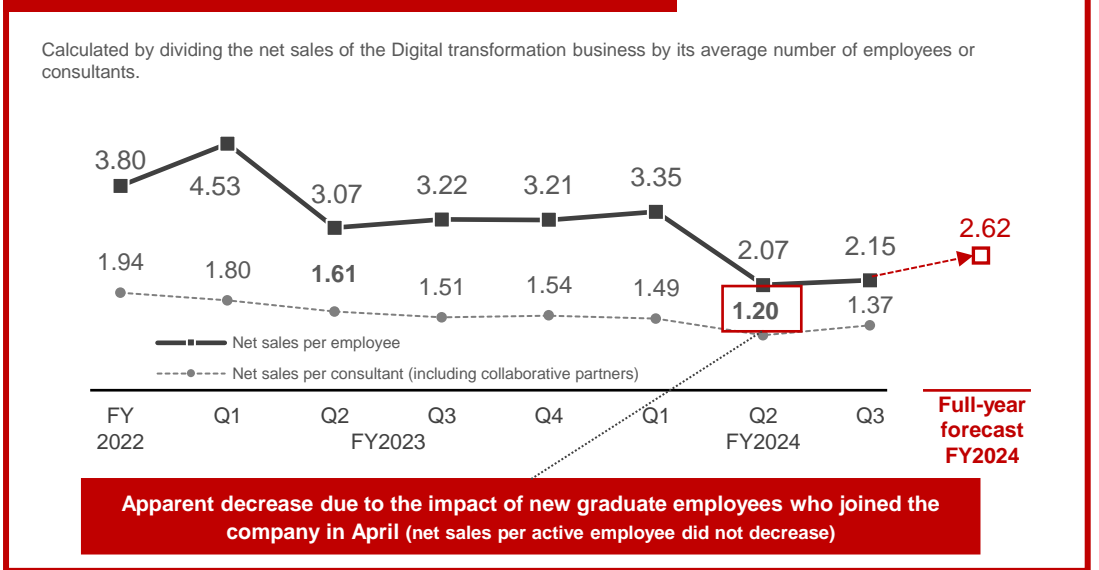
Business KPI Trends | Number of Employees & Net Sales per Employee

- Since FY2022, the Company has been aiming for organizational expansion (increase in net sales and profits) by strengthening new graduate recruitment in addition to continuous mid-career recruitment.
- Net sales per employee slightly increased due to the assignment of new graduate employees progressing better than planned and a decrease in the number of partners.

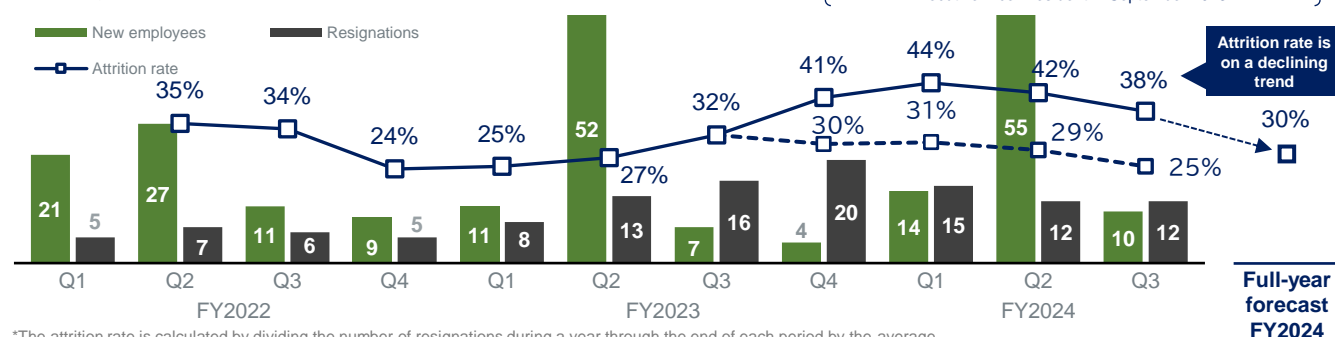
Number of employees at end of period and number of partners (people)



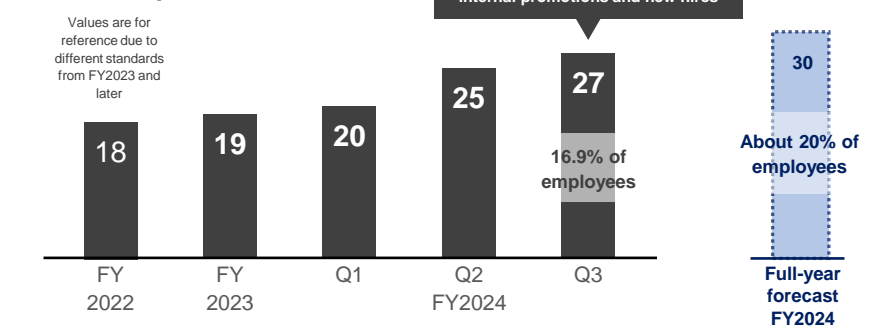
Net sales per employee (million yen/month)



Number of new employees/resignations and attrition rate (Digital transformation business and Corporate staff)



Number of managers at the end of the period (people)



*The attrition rate is calculated by dividing the number of resignations during a year through the end of each period by the average number of employees during the same period.

Topics: New Graduate Recruitment and Training

- The Company recruited new graduate employees, including those from top-level universities, and conducted practical training that emphasized basic strengths for business promotion.
- As of September, more than 80% of this fiscal year's new graduate employees were assigned, exceeding the plan.

Results of recruitment

	2023 graduates (results)	2024 graduates (results)	2025 graduates (job offers)
Former Imperial Universities, Hitotsubashi University, and the Tokyo Institute of Technology	14	16	8
Waseda, Keio, and Sophia University	15	17	7
Other	4	4	9
Total	33	37	24

Based on the size of the organization, the number of 2025 graduates has been reduced. The company plans to increase the number of new hires again from 2026 graduation in consideration of the state of graduate development.

New graduate training

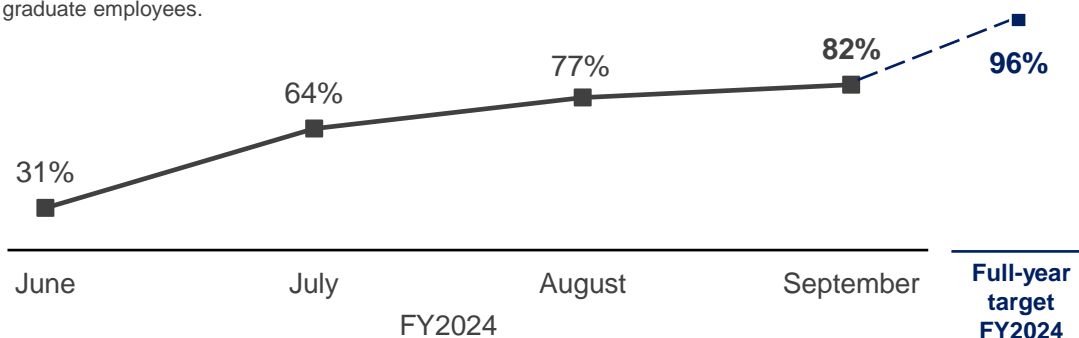
- Philosophy** Rather than providing in-depth knowledge and experience for a specific industry or job type, the value the Company provides is the driving force for entering client companies and growing their business.
 ➔ First of all, basic strengths such as driving force and speed are extremely important.
- Content** First, new graduates acquire basic skills such as system-related knowledge, business knowledge, and a professional mindset. After that, they put these into practice by participating in dummy projects and actual projects with experienced employees.

*Employees engaged in the Digital transformation business operations

2024 graduate development

Change in charge rate*

*Charge rate: rate of actual operating sales amount to standard sales amount for 2024 new graduate employees.



Promoted the assignment of 2024 graduates through training and achieved more than 80% utilization as of September.

Higher-than-planned progress toward the full-year target of 96% for FY2024.



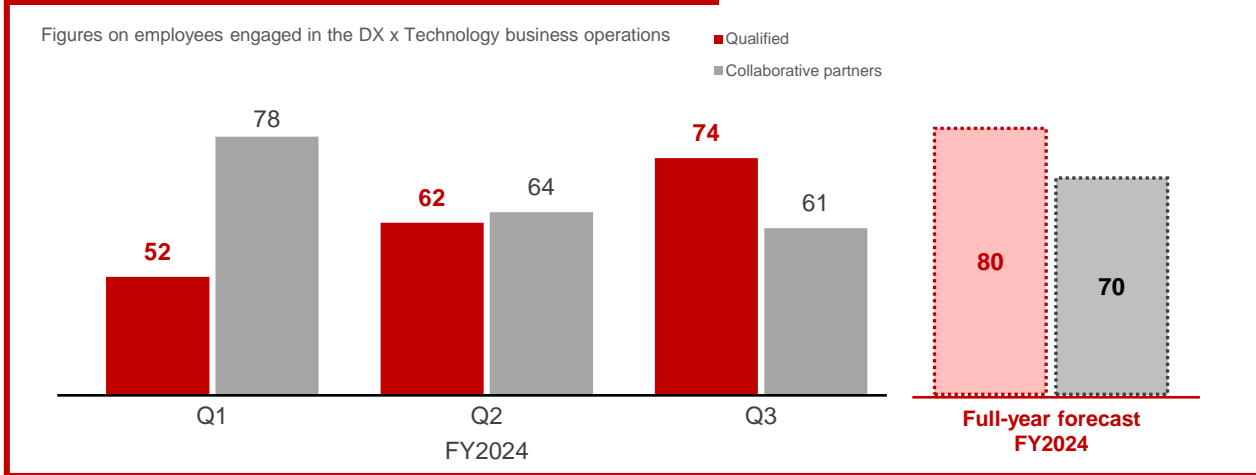
4. Status of Other Businesses

4. Situation of other businesses

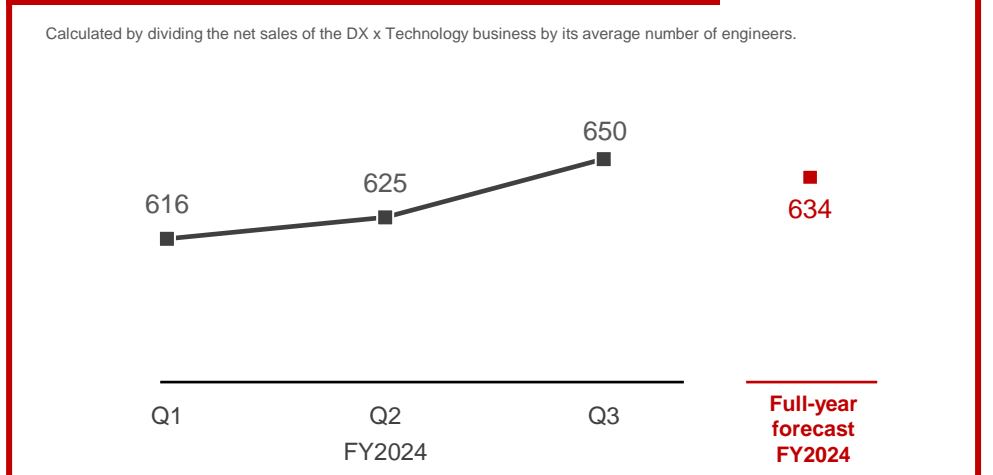
DX x Technology Business | artwize

- Engineers at artwize inc. developed support services for system development and software testing.
- The company is making efforts to create a comfortable working environment for engineers. Recruitment has been steady due to unique initiatives, including the media coverage of the trial company trip.

Number of engineers at end of period (people)



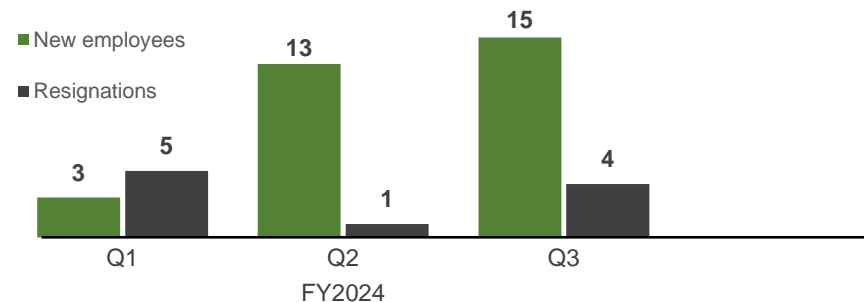
Net sales per engineer (thousand yen/month)



Number of new employees/resignations (DX x Technology business)

*Until FY2024 Q1, the total number of artwize inc. and ProjectTechnologies Inc.

The recruitment target for this fiscal year was achieved ahead of schedule due to steady progress in the hiring of engineers, and the focus in on recruitment in the next fiscal year.



By creating a comfortable working environment for engineers, which is a strength of artwize inc., we have made good progress in recruiting engineers.

We will prioritize the hiring and assignment of qualified engineers who are more profitable than collaborative partners.

Media Coverage	artwize inc.'s company trip was covered by <i>AERA dot.</i> published by Asahi Shimbun Publications Inc. Are "company trips" a thing of the past? The forefront of Reiwa era company trips enjoyed even by young people who didn't want to go. (Japanese only)
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DX x HR Business | 健康経営

- Dr. KENKO KEIEI Inc. provides services to support corporate health management centered on an occupational physician matching services.
- Since joining the Group in April 2023, the company has been working to acquire large-scale projects by strengthening its sales capabilities and through cross-selling operations. In addition, it has recently expanded its support menu with the release of a human resources support service by public health nurses.

Expanding sales of existing services

Strengthen marketing capabilities by leveraging the Group's assets and increase the size of cross-selling to acquire new projects

Customer composition upon joining the Group

Mainly companies with 50 or so employees that are required to have an occupational physician by law.

Current situation

Continue to work with companies with around 50 employees while accumulating large-scale projects through proposal-based sales centered on large companies with multiple business locations.

Expanding service menu

Development of a new support menu for corporate human resource and labor divisions issues

1. **Public health nurse dispatch service**
Reduce the burden on human resource and labor departments by sending public health nurses to client companies and taking the first step toward consultation regarding occupational physicians.
2. **Service to improve employee engagement through collaboration with major human resources companies (undergoing verification testing)**



5. Progress toward Financial Results Forecast for FY2024

5. Progress toward Financial Results Forecast for FY2024 (announced on September 17)

Progress toward Financial Results Forecast

- Although the Q3 progress rate for consolidated net sales is lower than 75%, mainly because the progress rate for the Digital transformation business is only 66%, the assignment of new graduate employees was higher than planned. However, the achievement of the full-year net sales forecast is somewhat uncertain due to the decrease in partner projects.
- Although losses in operating income and ordinary profit that are larger than those in forecast have already been recorded, we aim to achieve the full-year profit forecasts by returning to profitability in Q4.

Unit: million yen	Forecast (Announced September 17)	Q3 results (cumulative)	Progress rate	Current Situation and Outlook
Consolidated net sales	5,750	3,923	68.2%	✓ The progress rate in the Digital transformation business is only 66%, however, the assignment of new graduate employees is progressing faster than planned. The achievement of the full-year net sales forecast is somewhat uncertain due to the decrease in partner projects. ✓ Steady progress in other businesses.
Digital transformation business	4,390	2,924	66.6%	
Other operations	1,360	998	73.3%	
Consolidated operating profit (operating profit margin)	-190 (-%)	-201 (-%)	100.6%	✓ More than 100% of the deficit of the forecast has already been recorded for operating profit and ordinary profit.
Consolidated ordinary profit (ordinary profit rate)	-220 (-%)	-239 (-%)	108.6%	✓ By returning to profitability in Q4, we aim to achieve the full-year profit forecasts.
Profit attributable to owners of parent (profit rate)	20 (-%)	-17 (-%)	-	✓ Loss of ¥17 million in Q3.

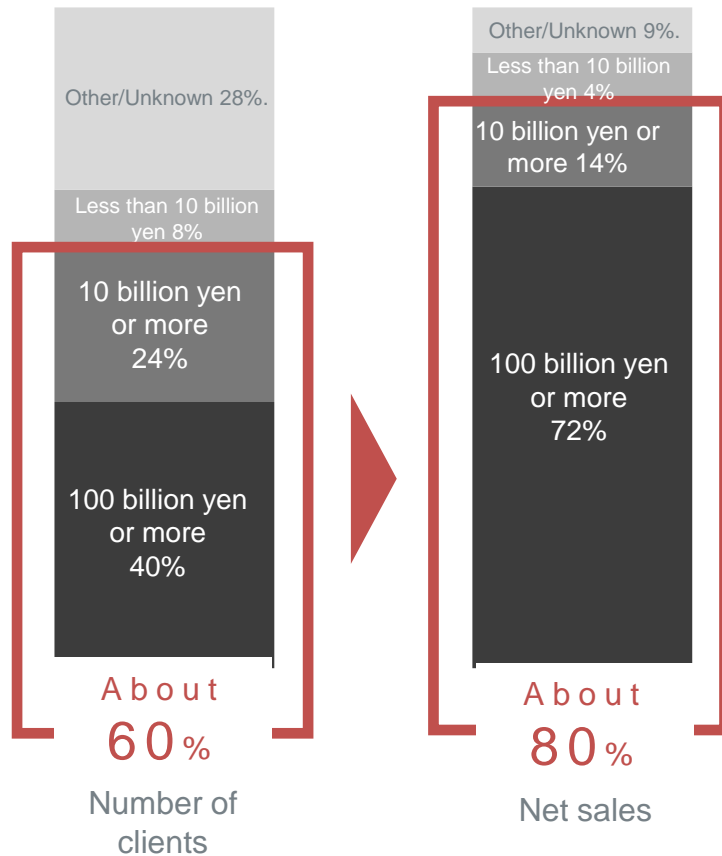


Appendix Overview of Digital Transformation Business

Feature | 1) Strong Customer Base Centered on Major Companies

- About 60% of all clients are large companies with sales of 100 billion yen or more accounting for about 80% of our total net sales.
- We do business with a wide range of major companies in IT, communications, finance and other industries.

Customer sales breakdown by size (FY2023 results)



Trading performance

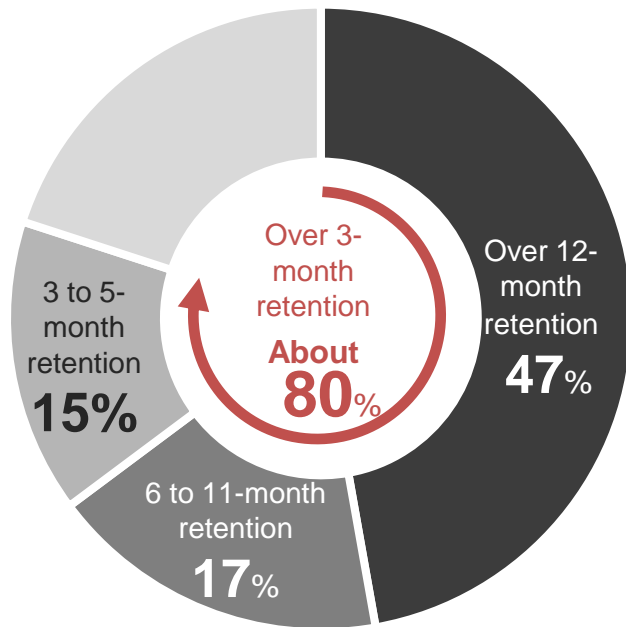


Feature | 2) Accumulation of Long-term Customers through Recurring-type Business Model

- We recognize that consulting companies generally have a sales structure that emphasizes spot and flow projects.
- We have bolstered net sales by building a recurring-type business model that is predicated on continued support backed by integrated services. The recurring sales ratio for Q4 FY2023 was approx. 94% (total for Digital transformation business).

Order retention ratio* (%)

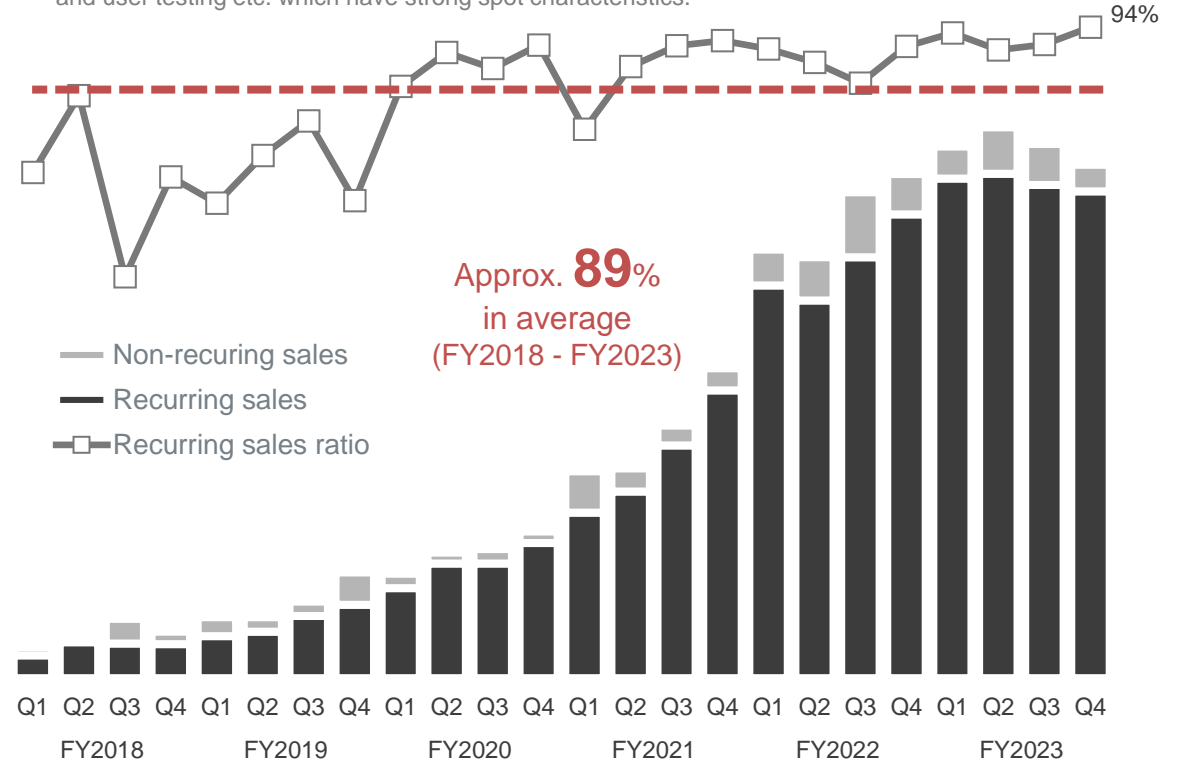
*Percentage of clients with sales of 10 billion yen or more who signed contracts over multiple months between January 2018 and December 2023



*Figures are only for digital transformation business and exclude Ulscope spot project clients.

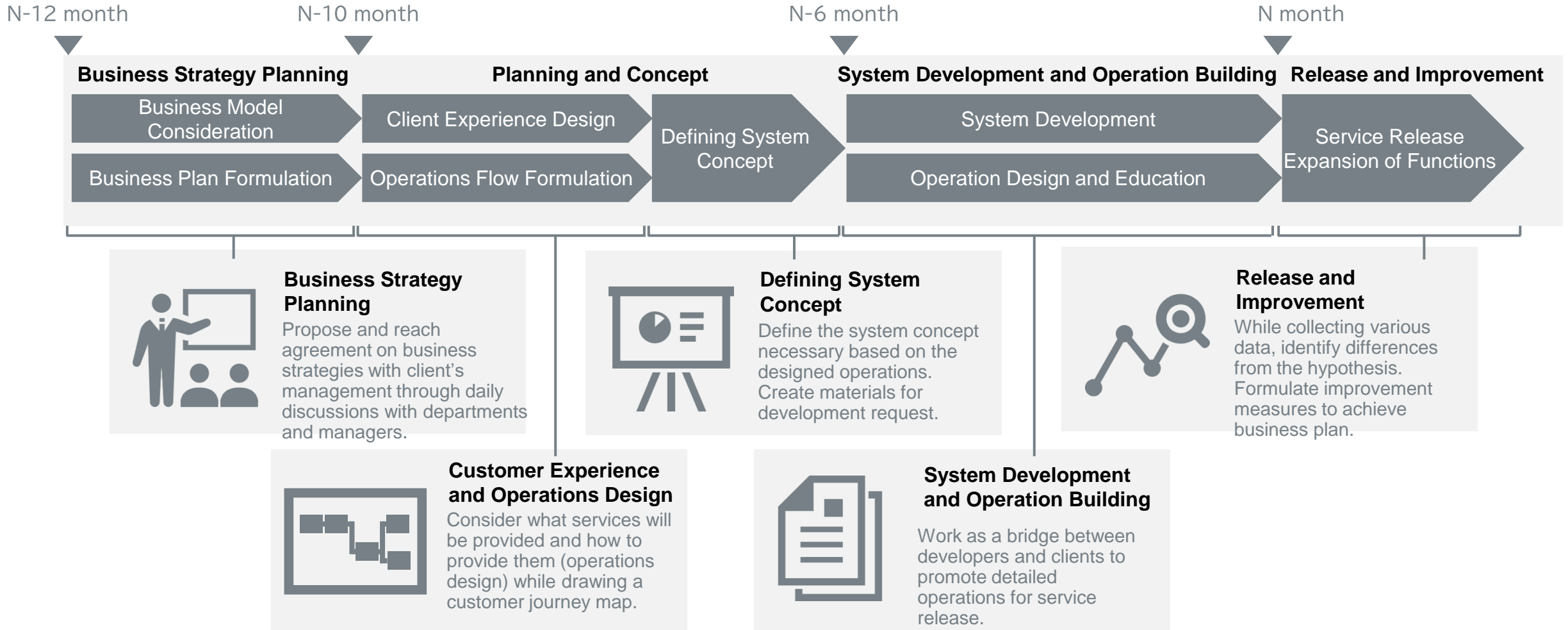
Recurring sales* ratio

* Recurring sales: Sales from clients with an order retention of over 6 months, excluding ad placement and user testing etc. which have strong spot characteristics.



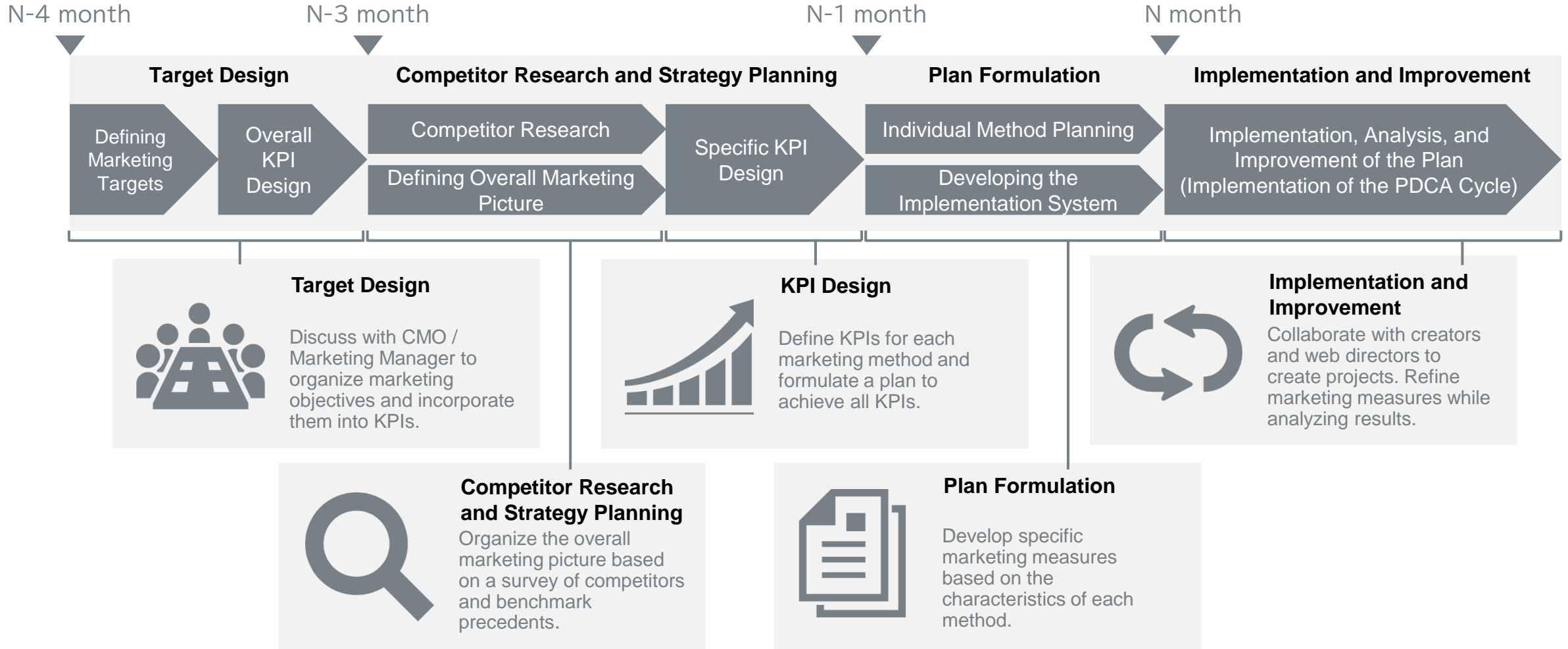
Case Introduction | Consulting Services (New Business Development)

- Business Strategy Planning provides support for new business development projects, such as considering business models and formulating business plans.
- We develop and manage the overall schedule until the service release and take charge, leading problem solving and meeting facilitation.



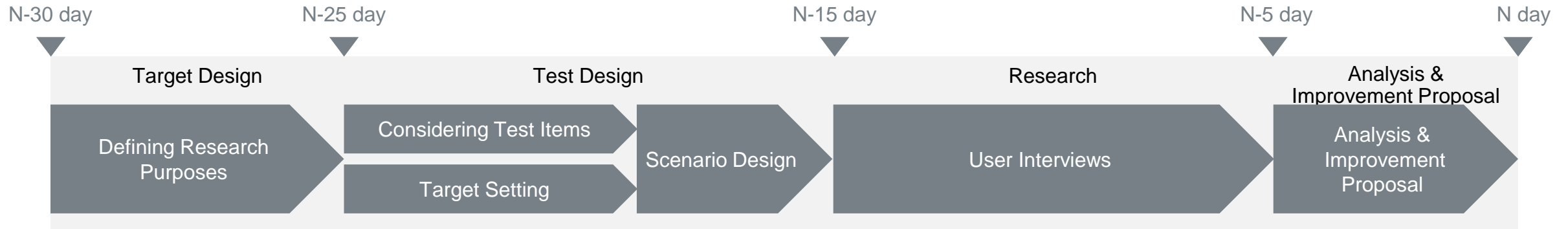
Case Introduction | Marketing Services (Marketing Strategy Planning to Implementation Support)

- In planning a marketing strategy, it is important to clarify the purpose of marketing by defining specific targets.
- Furthermore, the value of our marketing support is not only in strategy planning but also in achieving tangible results through repeated PDCA cycles.

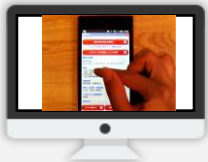


Case Introduction | Ulscope Services

- In UI research, we collect unfiltered opinions from target users regarding the usability of applications and websites.
- By identifying bottlenecks that cannot be fully understood through quantitative data alone, we develop effective proposals for improvement.



Hand movement



In-house monitors capture screen transitions and finger movements from the start of service use to CVs.



Voice (muttering)



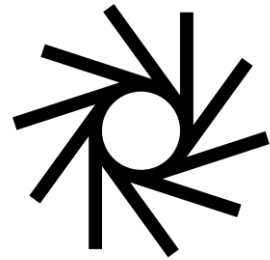
Record the experiences users obtained, including complaints and questions they felt and had during user tests, as voices (mutterings).



Realize improvement proposals from the user's perspective by qualitatively understanding the reasons for users' actions and disengagement, which cannot be noticed only with quantitative data such as traffic data.

Points to Note

- Information in this document other than information on the Company is derived from publicly available information, and the Company makes no representations or warranties regarding its authenticity, accuracy or completeness.
- This document also refers to the future prospects of the Company's industry trends and business contents based on current plans, estimates, prospects or forecasts. There are various risks and uncertainties inherent in these forward-looking statements.
Known or unknown risks and uncertainties or other factors may cause results to differ from those contained in the forward-looking statements.
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ProjectHoldings