

Branding Engineer Co., Ltd.

Financial Results Presentation

FY August 2022

(including Business Plan and Growth Projections)

Disclaimer

The opinions and forecasts contained in this document are based on our judgment at the time the document was prepared. We do not guarantee the accuracy of such information. Please be aware that changes in various factors may cause actual performance or results to differ materially. In addition, information in this document concerning companies other than our company is quoted from publicly available information. We do not guarantee the accuracy of such information.

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1. Executive Summary

Executive Summary ①

Full Year, FY August 2022 Results

- **Full Year Sales: JPY 6,870 million (+JPY 2,587 million, or +60.4% YoY)**
Sales and gross profits **have surpassed past records by a significant margin.**
- In FY Aug. 2022, we made large-scale investments exceeding those of the previous year in anticipation of medium- to long-term business growth. **Investments in advertising, recruitment and M&A to hire engineers caused SG&A expenses to increase by JPY 641 million YoY. But as a result of rapid sales expansion, the company achieved an operating profit of JPY 195 million (+JPY 67 million YoY, or +52.9% YoY)**
- **Net profit was JPY 134 million (+77.7% YoY)**

Executive Summary ②

4th Quarter, FY Aug. 2022 Results

- 4Q Sales was **JPY 2,086 million (+JPY 846 million, or +68.2% YoY)** breaking the **JPY 2,000 million** mark for the first time. Sales and gross profits have increased for the **8th successive quarter, reaching record highs.**
- Using 3Q profits as a source of funding, 4Q investments hit a record and surpassed 3Q levels **in advertisement and recruitment-related expenses.** As a result, SG&A was up JPY 86 million from 3Q. Quarterly operating profit was **JPY 21 million.**
- **In FY Aug. 2023, we continued to take an aggressive form of management and invested heavily to meet our mid- to long-term goals.**



2. Financial Results

Full Year and 4th Quarter, FY August 2022

Full Year Financials (vs. FY Aug. 2021 and Forecast YoY)

Full year sales and profit were **the highest in company history.**

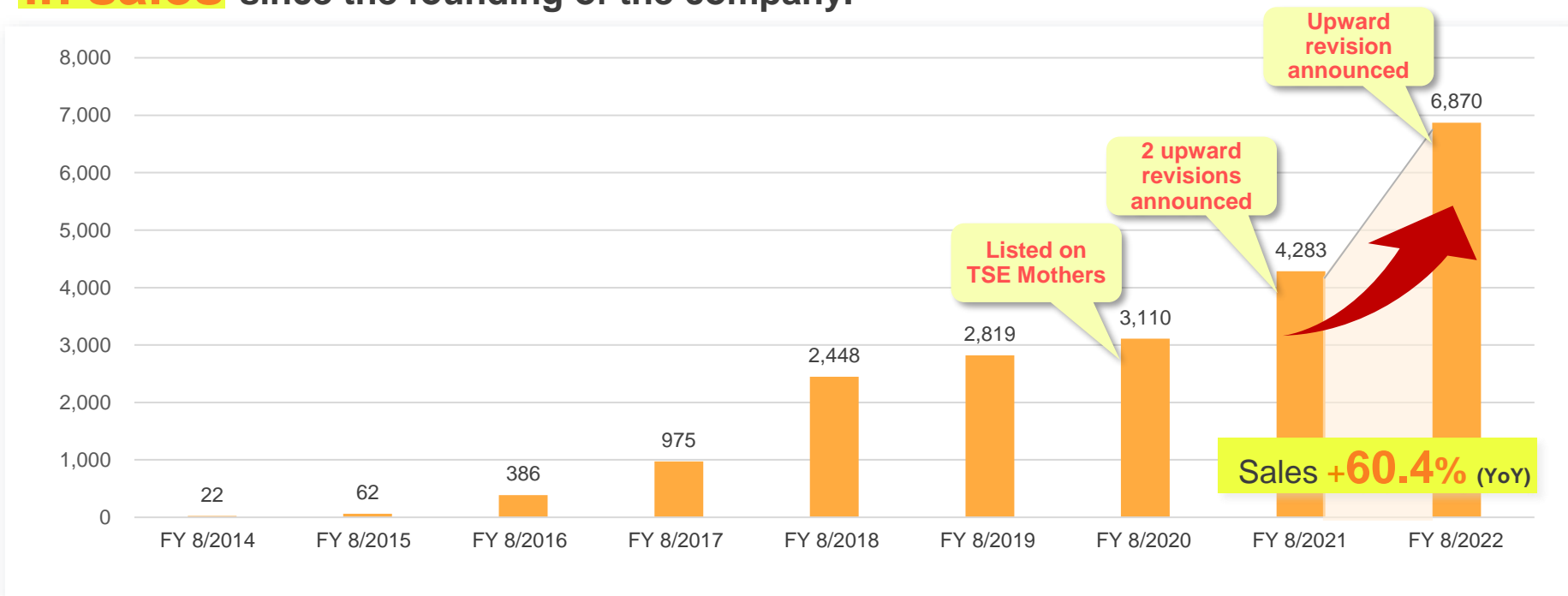
Sales were up **60.4%** YoY, **16.4%** higher than forecast.

	FY Aug. 2022	FY Aug. 2021	Change	Change (%)	FY Aug. 2022 forecast	Change	Change (%)
Sales	6,870	4,283	2,587	+60.4%	5,902	967	+16.4%
Gross margin	2,074	1,365	709	+51.9%	1,941	132	+6.8%
SG&A	1,878	1,237	641	+51.8%	1,761	117	+6.6%
Operating profit	195	127	67	+52.9%	180	15	+8.6%
Net profit	134	75	58	+77.7%	110	24	+22.2%

Unit: JPY million

Full Year Financials (Sales)

Sales were up **JPY 2,587 million** YoY at **JPY 6,870 million** (+60.4% YoY), the highest percentage gain since listing, and the **9th consecutive increase in sales** since the founding of the company.



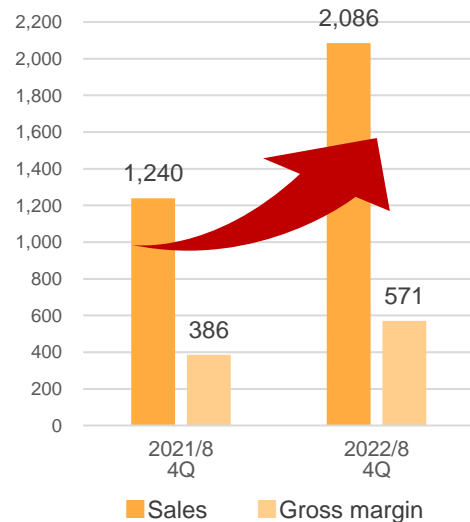
Financials - YoY comparisons

Quarterly sales were **+68.2% YoY**, gross margins were **+47.8% YoY**.

	FY 8/2022 4Q	FY 8/2021 4Q			FY 8/2022 Full year	FY 8/2021 Full year	
	Actual	Actual	Change		Actual	Actual	Change
Sales	2,086	1,240	+68.2%		6,870	4,283	+60.4%
Gross margin	571	386	+47.8%		2,074	1,365	+51.9%
Operating profit	21	6	+224.7%		195	127	+52.9%
Net profit	12	1	+650.7%		134	75	+77.7%

(Unit: JPY million)

Quarterly sales and gross margin
(YoY)



Financials - YoY comparisons (adjusted operating profit)

Excluding one time office relocation costs and M&A expenses, **full year adjusted operating profit was JPY 302 million or double last year's number**

	FY 8/2022 4Q	FY 8/2021 4Q	
	Actual	Actual	Change
Operating profit	21	6	+224.7%
Depreciation, amortization of goodwill	17	5	+196.7%
EBITDA	38	12	+211.6%
Office relocation expenses	0	4	△81.0%
M&A expenses	7	—	—
Adjusted operating profit	46	16	+184.1%

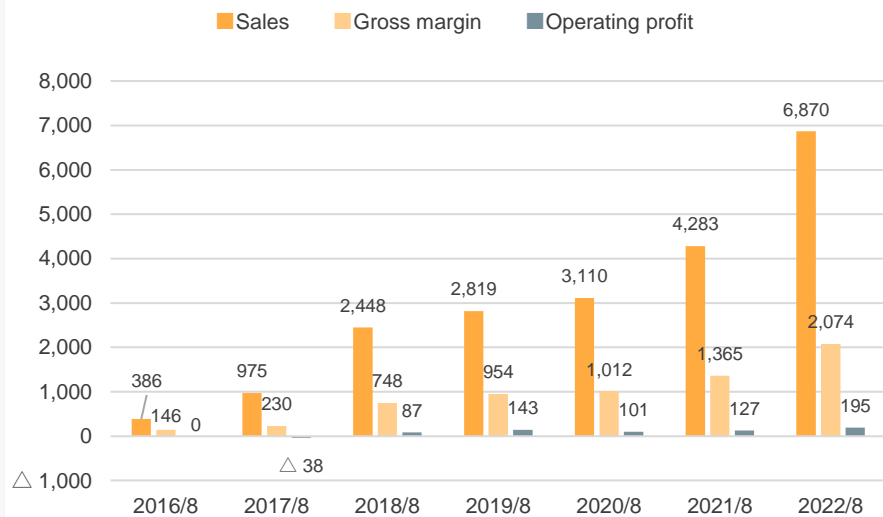
	FY 8/2022 Full year	FY 8/2021 Full year	
	Actual	Actual	Change
Operating profit	195	127	+52.9%
Depreciation, amortization of goodwill	46	12	+284.6%
EBITDA	241	139	+72.9%
Office relocation expenses	27	4	+575.8%
M&A expenses	33	2	+1,416.2%
Adjusted operating profit	302	146	+107.1%

(Unit: JPY million)

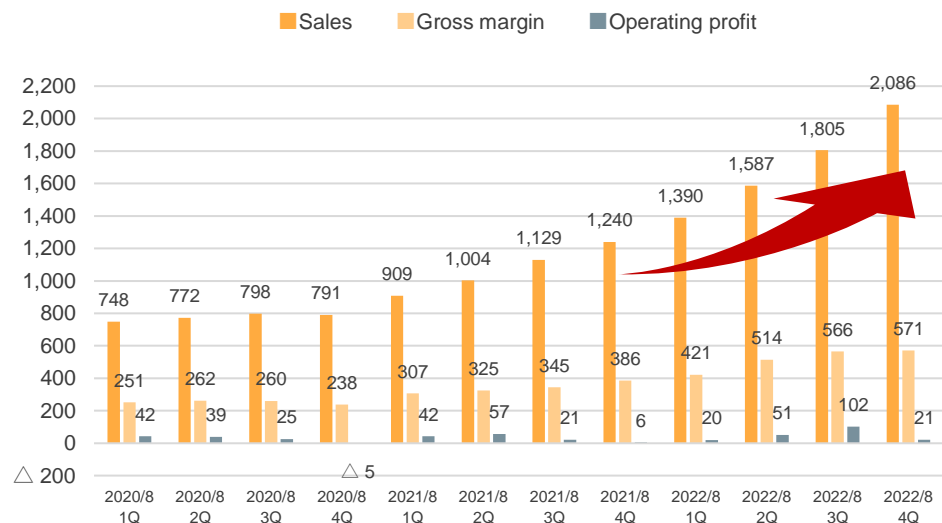
Quarterly earnings

Quarterly sales surpassed **JPY 2,000 million**

Record sales and gross margins for the **8th successive quarter surpassing records**



(Unit: JPY million)



(Unit: JPY million)

SG&A - YoY comparisons

FY Aug. 2022 saw aggressive advertising and recruitment expenses to recruit engineers.

Recruitment stagnated in 4Q which led to higher external labor costs (commissions).

Digital transformation using internal systems improved our labor cost ratio.

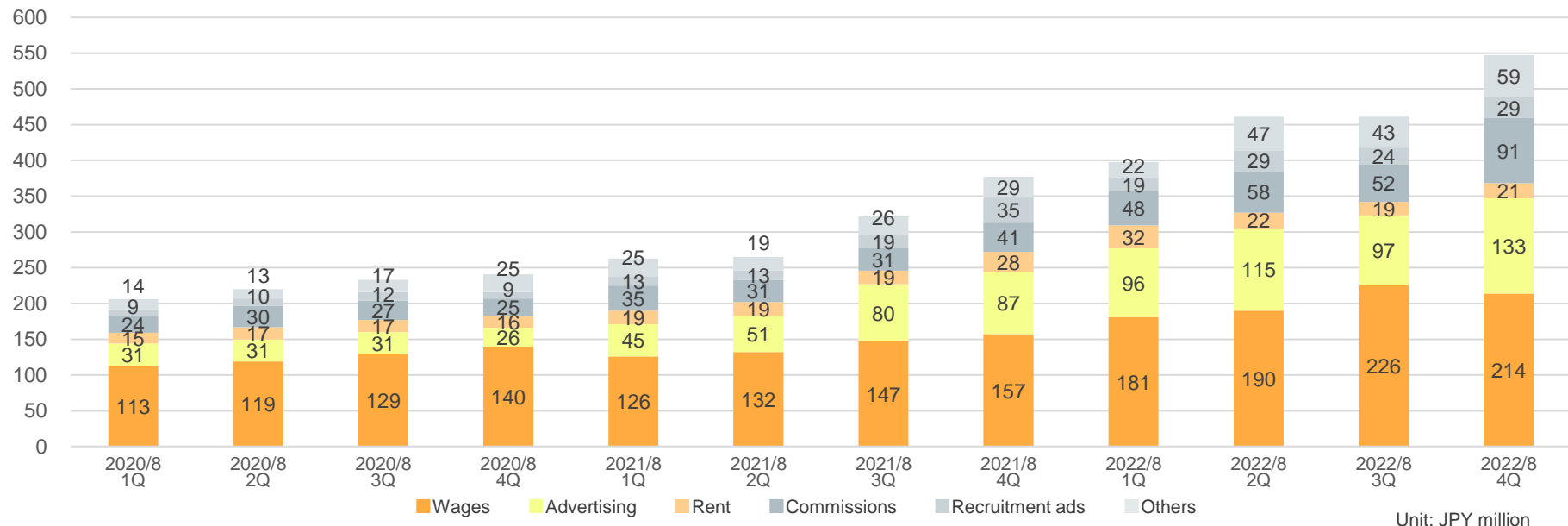
Next year, we intend to raise sales by focusing on recruitment.

	FY 8/2022 4Q	FY 8/2021 4Q			FY 8/2022 Full year	FY 8/2021 Full year	
	Actual	Actual	Change		Actual	Actual	Change
Wages	214	157	+36.1%		812	563	+44.2%
Advertising	133	87	+52.3%		442	264	+67.2%
Rent	21	28	△23.5%		95	86	+10.4%
Commissions	91	41	+118.9%		251	139	+79.8%
Recruitment ads	29	35	△16.8%		102	81	+25.8%
Others	59	29	+103.7%		172	100	+72.5%
Total	550	380	+44.8%		1,878	1,237	+51.8%

(Unit: JPY million)

SG&A - by quarter

Since listing, Branding Engineer has invested heavily for future growth with investments reaching record levels. Advertising expenses have reached **5 times** those of 4Q FY Aug. 2020. **Newly hired engineers are expected to contribute to recurring profits over the medium to long term.**



Office relocation, increase in floor space

Relocated the Head office and Osaka office in response to further business expansion

2021-11

Concentrated Tokyo area offices into one location
Relocated the Head office

2022-08

Increased the Tokyo Head office floor space
Relocated the Osaka office and increased floor space in response to business expansion

Responding to business expansion

Increased floor space and desks in Tokyo & Osaka in response to higher head count needed to expand business

Concentrating offices

To promote management efficiency and alignment between business units

Reducing floor area costs

Reduce floor area unit (per tsubo) rent by increasing floor space through relocation

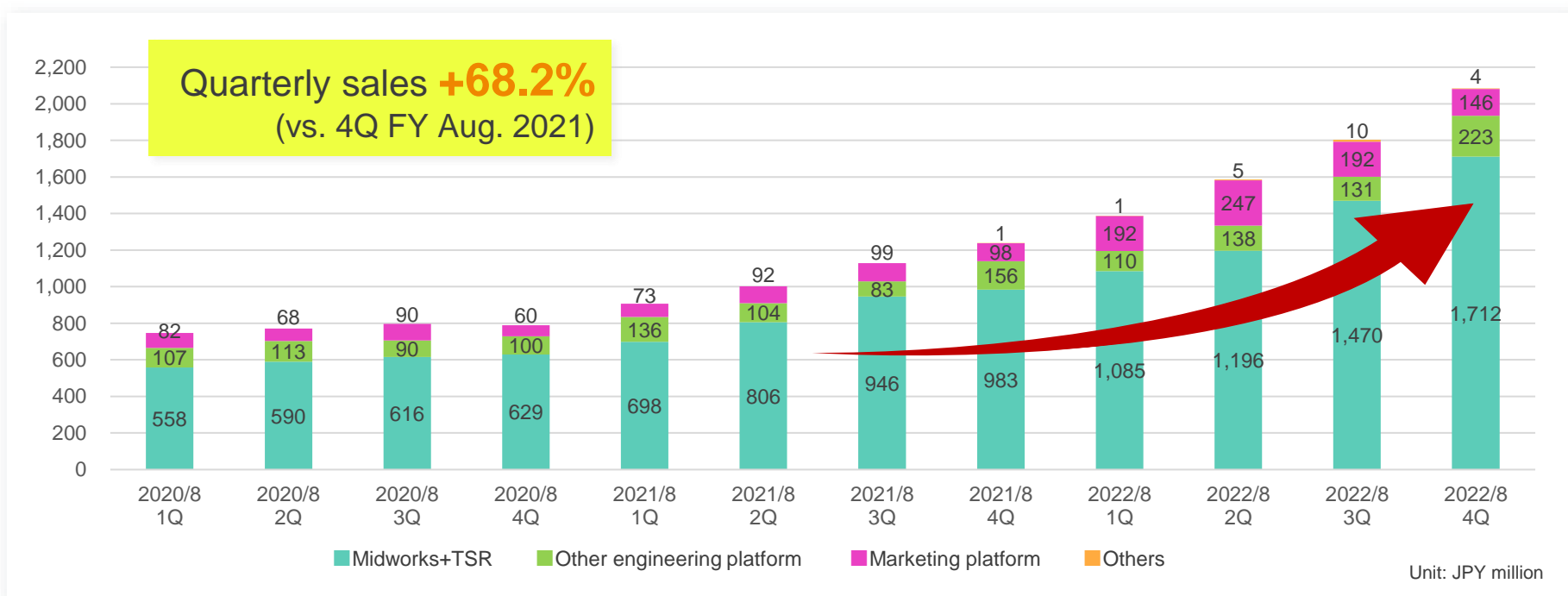
To serve as the foundation for growth in FY Aug. 2023

A photograph of three people sitting around a table in a meeting. On the left, a woman with long brown hair is smiling and looking towards the center. In the middle, a man with glasses and dark hair is also smiling and looking towards the center. On the right, another woman with shoulder-length brown hair is smiling and looking towards the center. They are all wearing light-colored shirts. The background is dark, and there is a small green exit sign on the wall behind them. The overall image has a dark, semi-transparent overlay.

3. Results by Segment

Quarterly sales by segment

Our engineering platform led by Midworks drove sales higher. Total quarterly sales for the company were **+68.2% YoY**

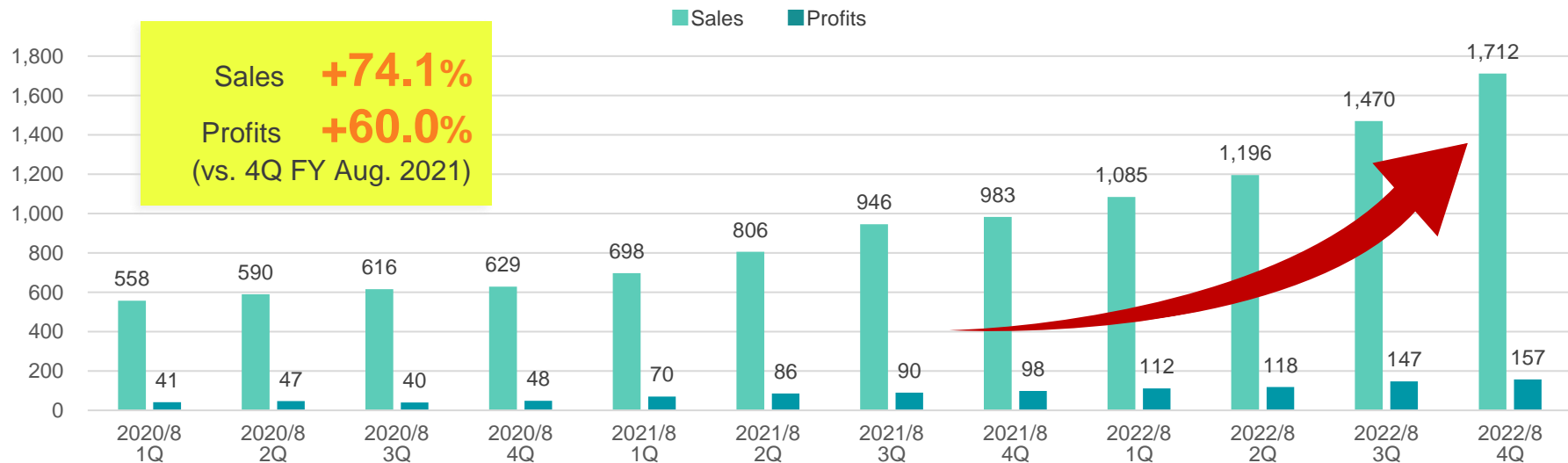


Midworks

Quarterly sales were **JPY 1,712 million.**

Together with profits, they **continued to surpass record highs.**

With continued investment in advertising for mid- to long-term business growth, sales were **+74.1%** and profits were a record **+60.0% YoY.**



Note: From 3Q FY Aug. 2022, consolidated figures including TSR Co., Ltd. are disclosed.

Unit: JPY million

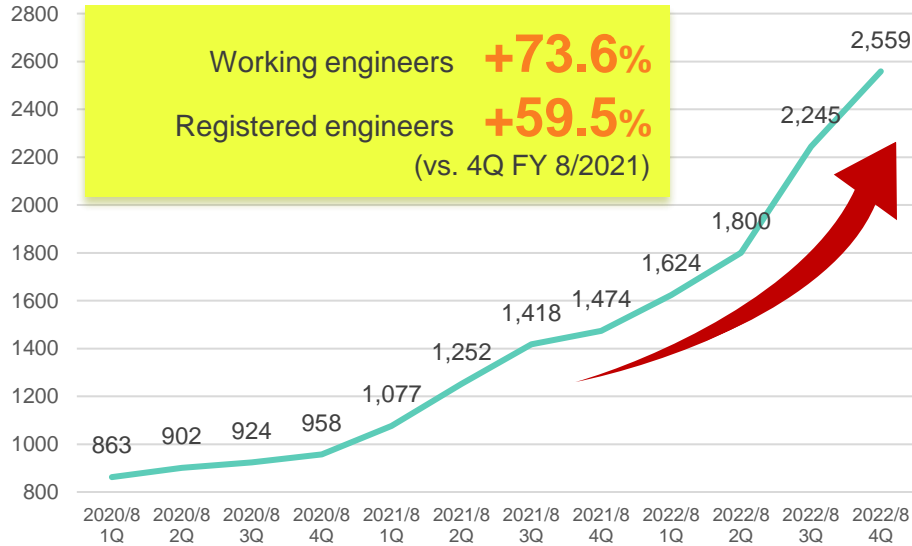
Midworks

The number of working engineers continues to surpass record highs.

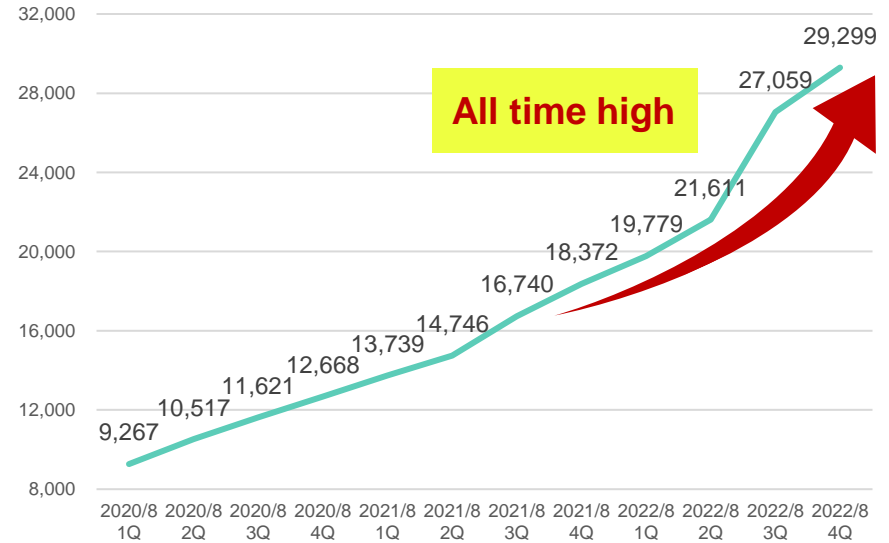
And the number of registered engineers has grown steadily.

We will continue to invest aggressively in engineer recruitment next year and hope to surpass record highs.

No. of working engineers (consolidated basis)



No. of registered engineers (consolidated basis)



Note: From 3Q FY Aug. 2022, consolidated figures including TSR Co., Ltd. are disclosed.



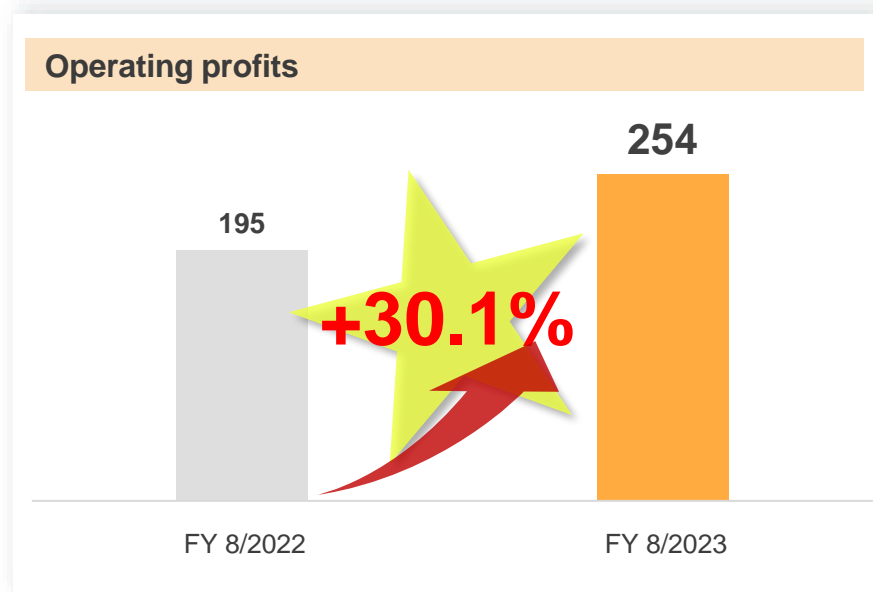
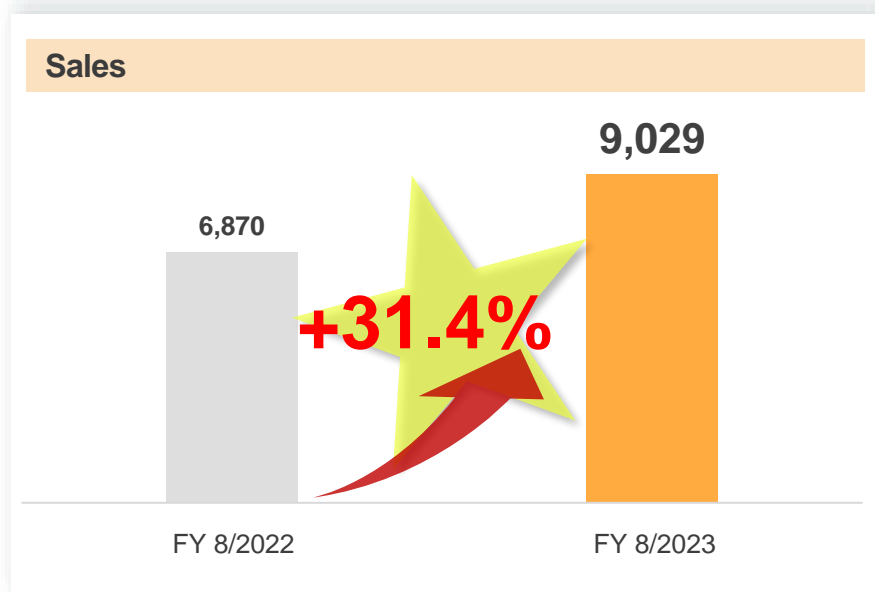
4. Forecast for FY August 2023

FY Aug. 2023 - Consolidated earnings forecast

Significant growth in sales and profits.

Management will look beyond FY Aug. 2023 and seek mid- to long-term growth.

Invest heavily in advertisement and recruitment from 1Q onwards.



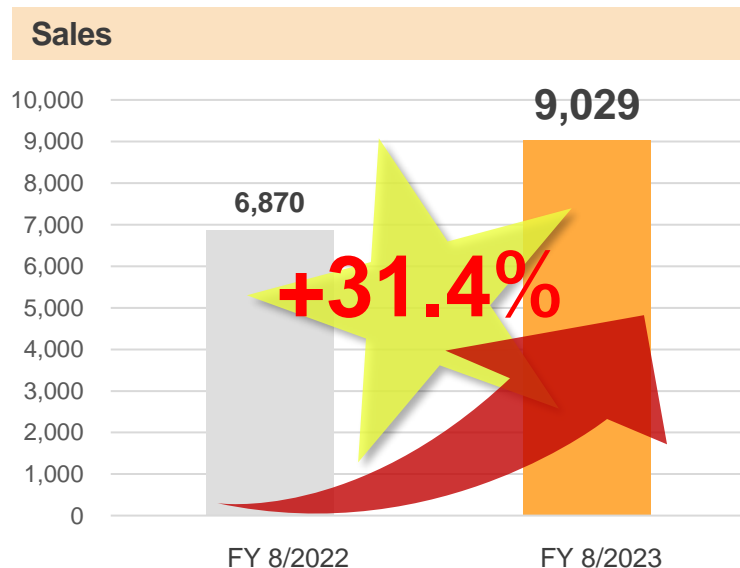
Unit: JPY million

FY Aug. 2023 - Consolidated earnings forecast

We forecast sales growth of **JPY 2,159 million** for FY Aug. 2023. While we will continue to invest for the mid- to long-term, surpassing last year's investment amount, **operating profits and net profits are expected to reach record levels.**

	FY Aug. 2023 forecast	FY Aug. 2022 actual	Change	Change (%)
Sales	9,029	6,870	2,159	+31.4%
Gross margin	2,505	2,074	430	+20.8%
SG&A	2,250	1,878	371	+19.8%
Operating profit	254	195	58	+30.1%
Net profit	168	134	33	+25.2%

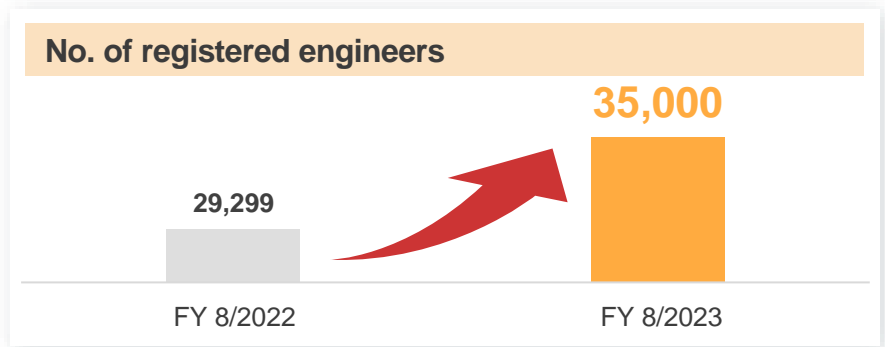
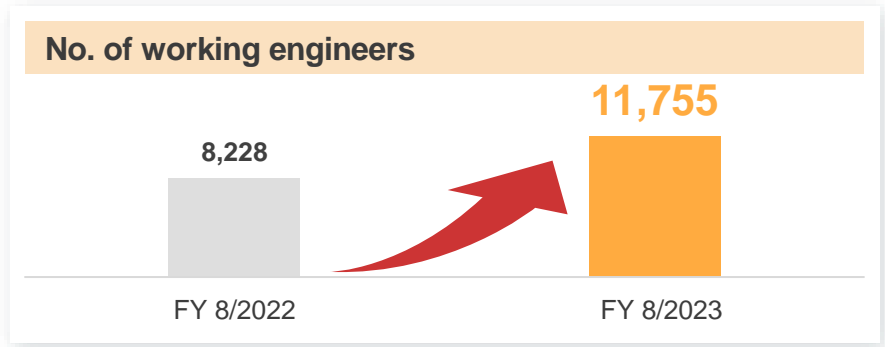
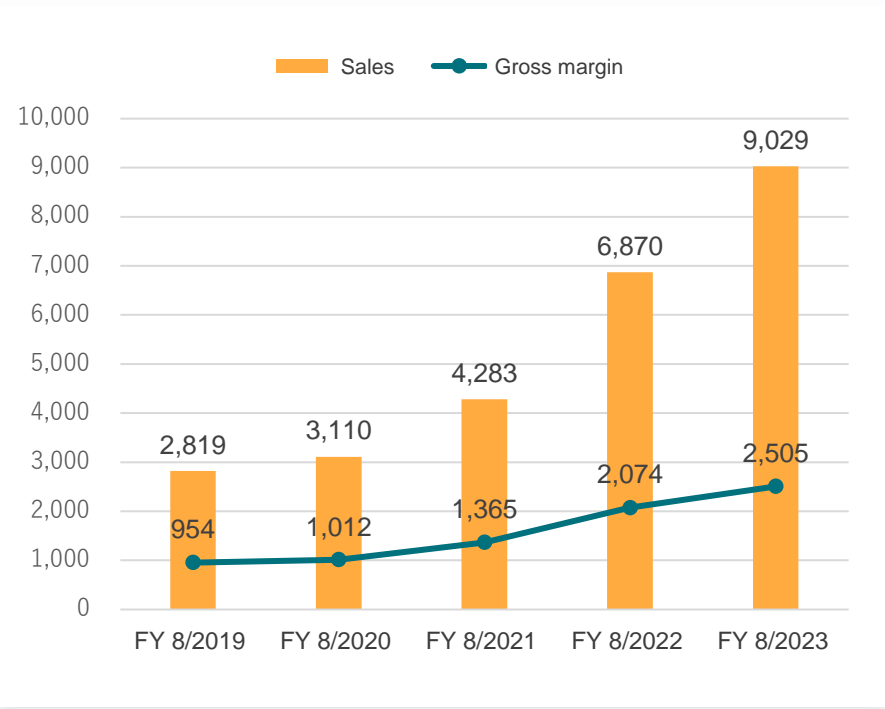
Unit: JPY million



Sales and KPI

We forecast **record** sales again in FY Aug. 2023

The Working engineers to Registered engineers ratio, our main KPI, will drive sales.

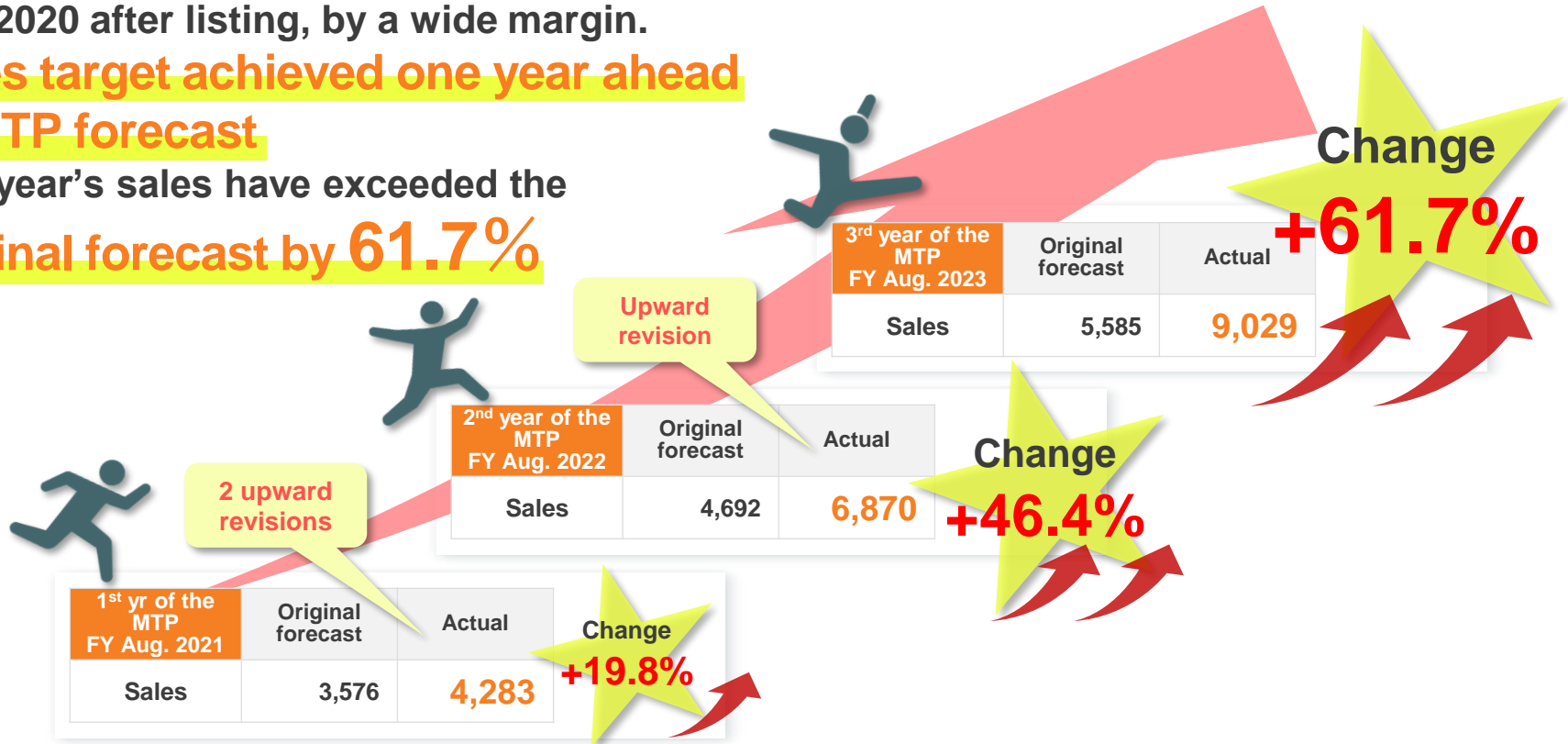


A comparison with the Mid Term Plan issued at the time of listing (Sales)

Sales have exceeded the Mid Term Plan (MTP) forecast issued in July 2020 after listing, by a wide margin.

Sales target achieved one year ahead of MTP forecast

This year's sales have exceeded the original forecast by **61.7%**

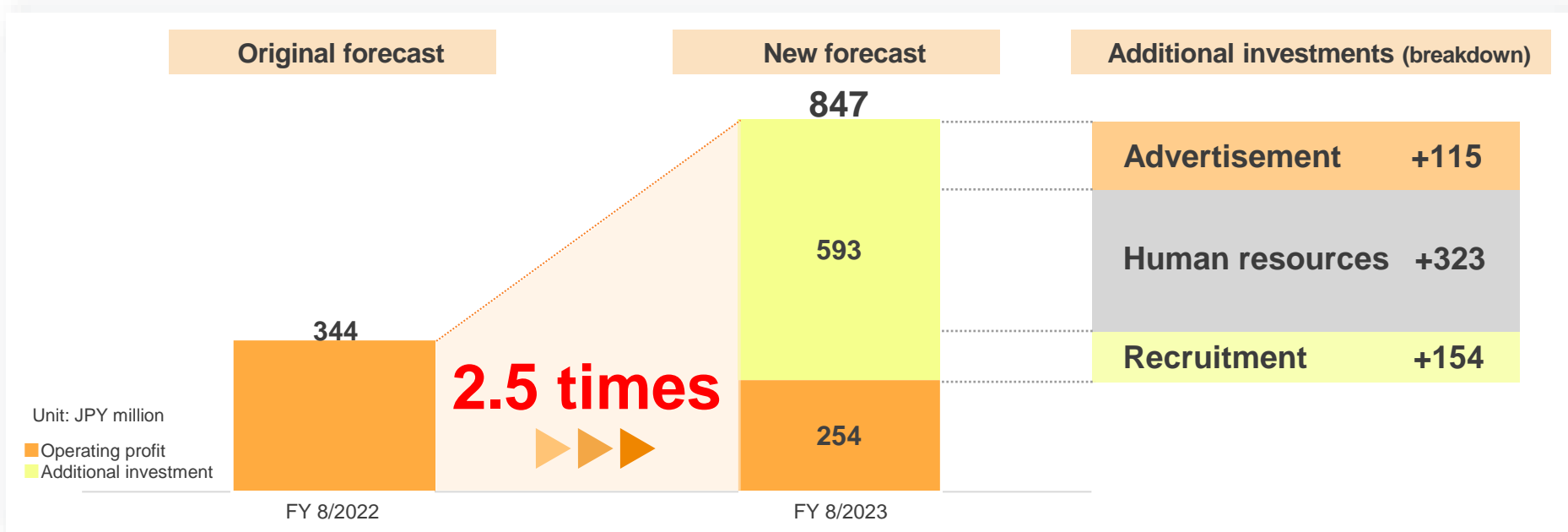


A comparison with the Mid Term Plan issued at the time of listing (Additional investments and Operating profits)

Invested an additional JPY 600 million as compared to initial forecast

Operating profits and additional investments combined was

2.5 times forecast operating profits.



Key features of FY Aug. 2023

Creating a holding company structure

Accelerate growth of the group by adopting a holding company structure, and improving the agility and flexibility of group management.

Continued investments

(advertisement & human resources)

Continued investments to accelerate growth. Starting in 1Q, invest aggressively in advertising to acquire engineers, and in human resources to support mid- to long-term growth of the company.

M&A

Strategic M&A to raise the growth curve.
Focus on areas surrounding the engineering platform.
Generate growth by creating synergy effects.

Branding Engineer will adopt a holding company structure



TWOSTONE & Sons



※The Japanese word for “purpose (or will)” (意志) and “stone (or rock)” (石) is “**ishi**”.
We want to have a sense of purpose that is as hard and strong (determined) as stone.

Increase “**Sons**” who have a strong will and believe in each other

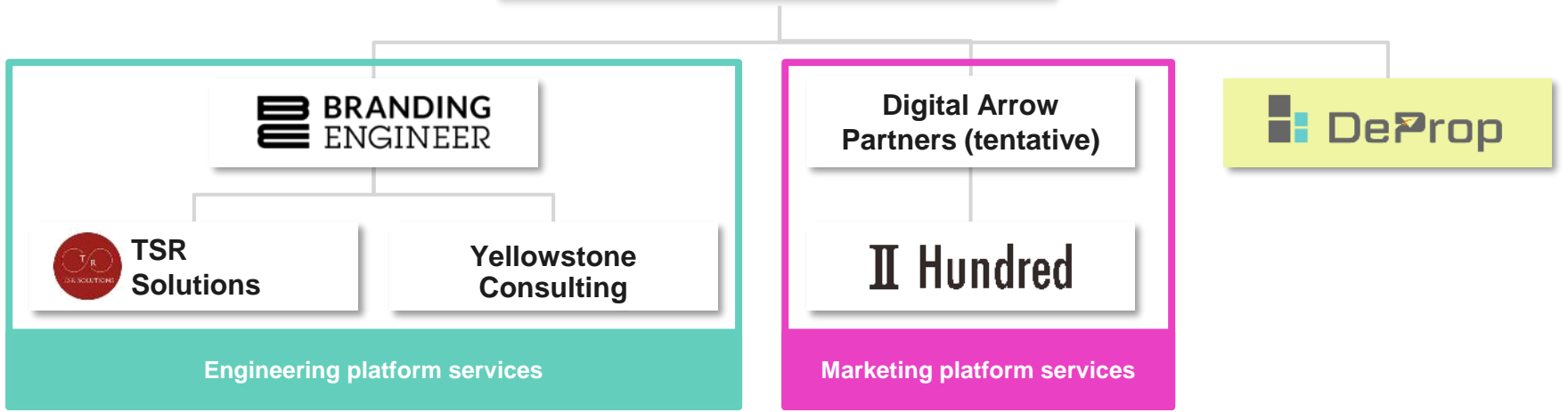
Branding Engineer will adopt a holding company structure

Restructure to grow and advance further

Advantages

- To make group management agile and flexible
- Promote quick management decisions

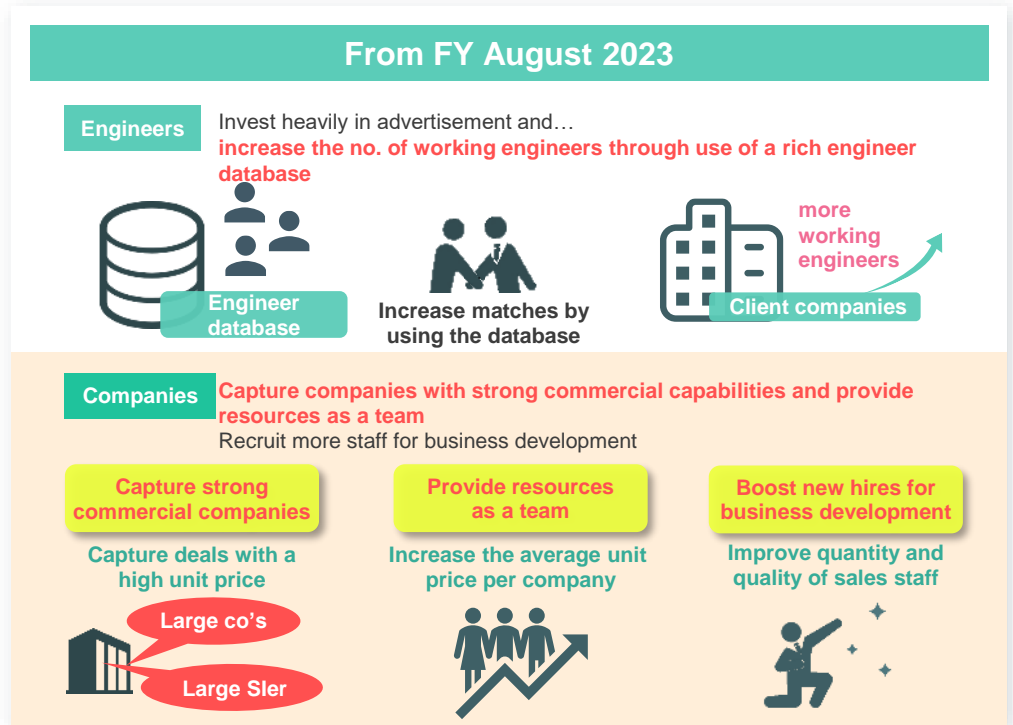
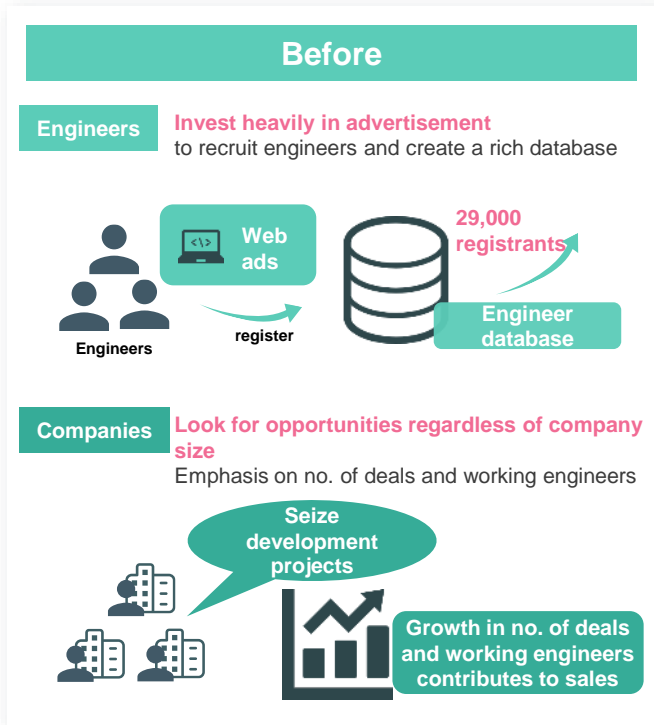
TWOSTONE & Sons



Engineer Platform Service

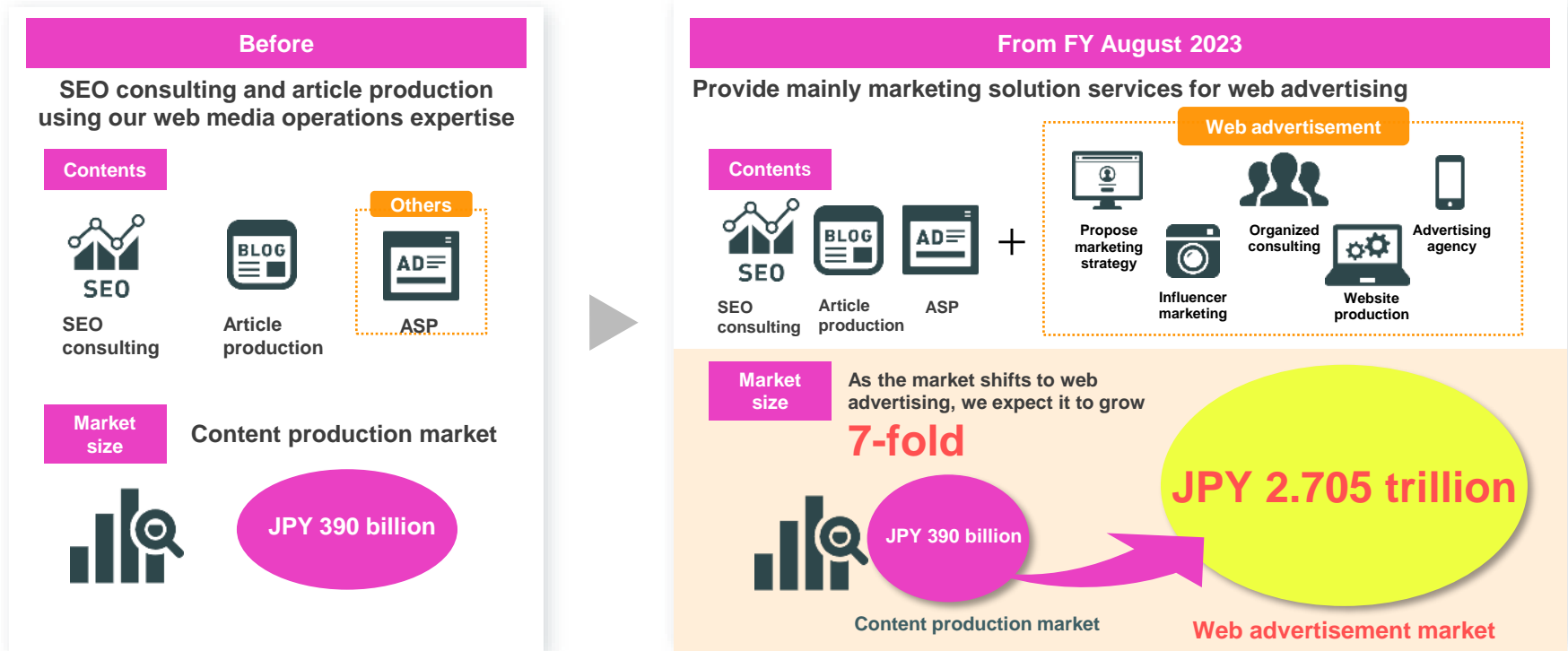
Increase the number of working engineers through the use of a rich engineer database

Improve unit pricing by providing resources to companies with strong commercial capabilities



Marketing Platform Service

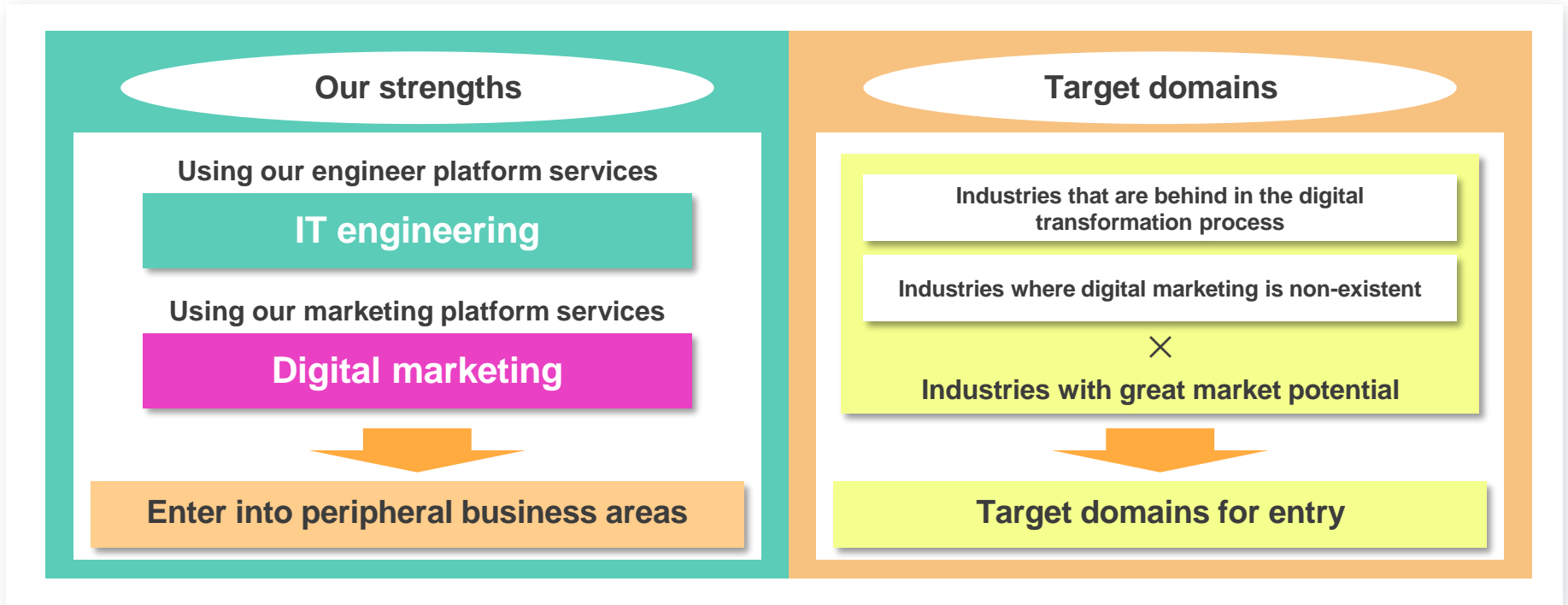
Companies urgently require digital marketing solution services for all aspects of web advertising



Source: Dentsu Inc., "Advertising fees in Japan; 2021"

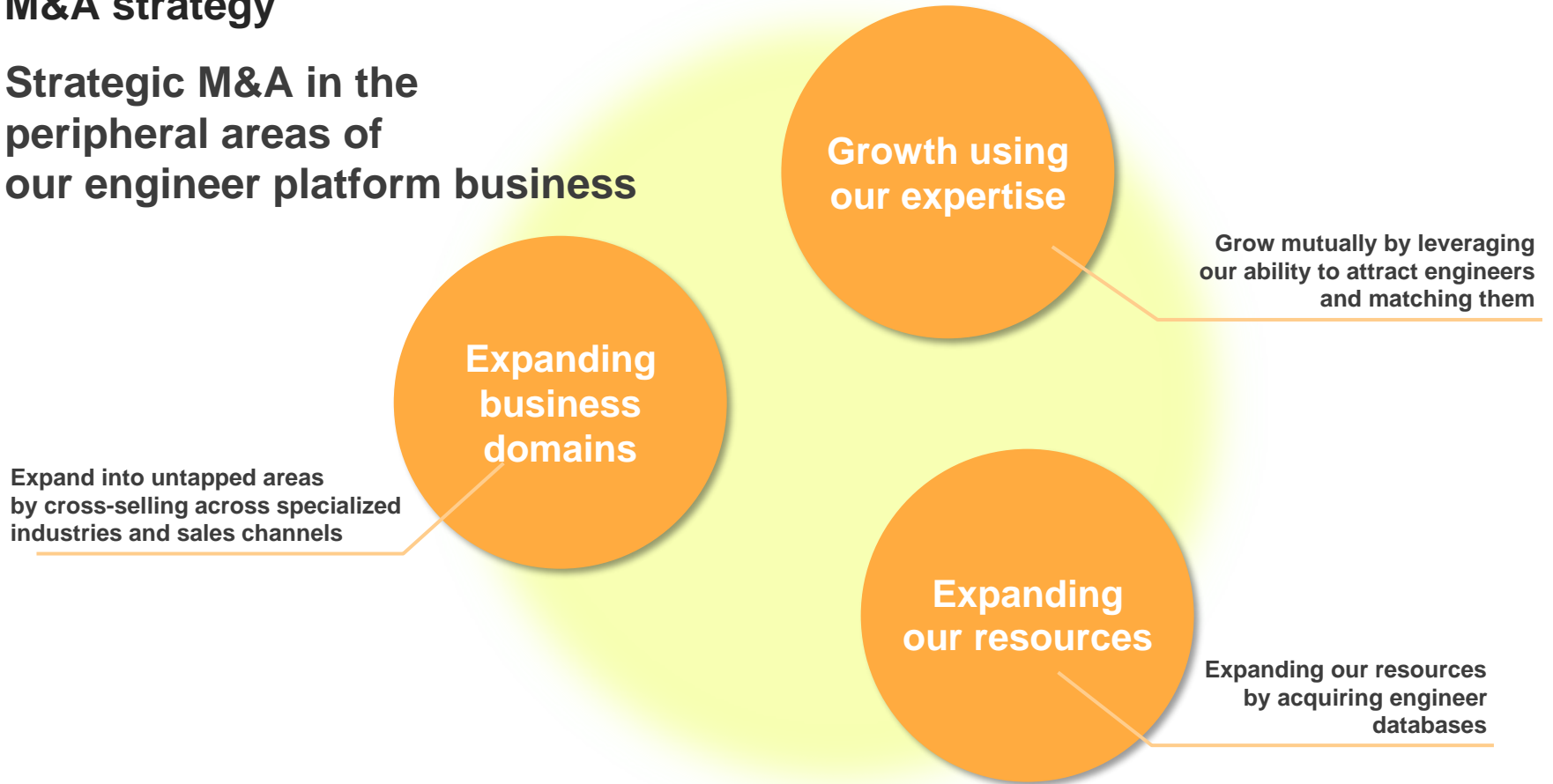
New businesses

Actively expand into domains that are peripheral to our engineering and marketing platforms, as well as into domains where we can leverage our strengths



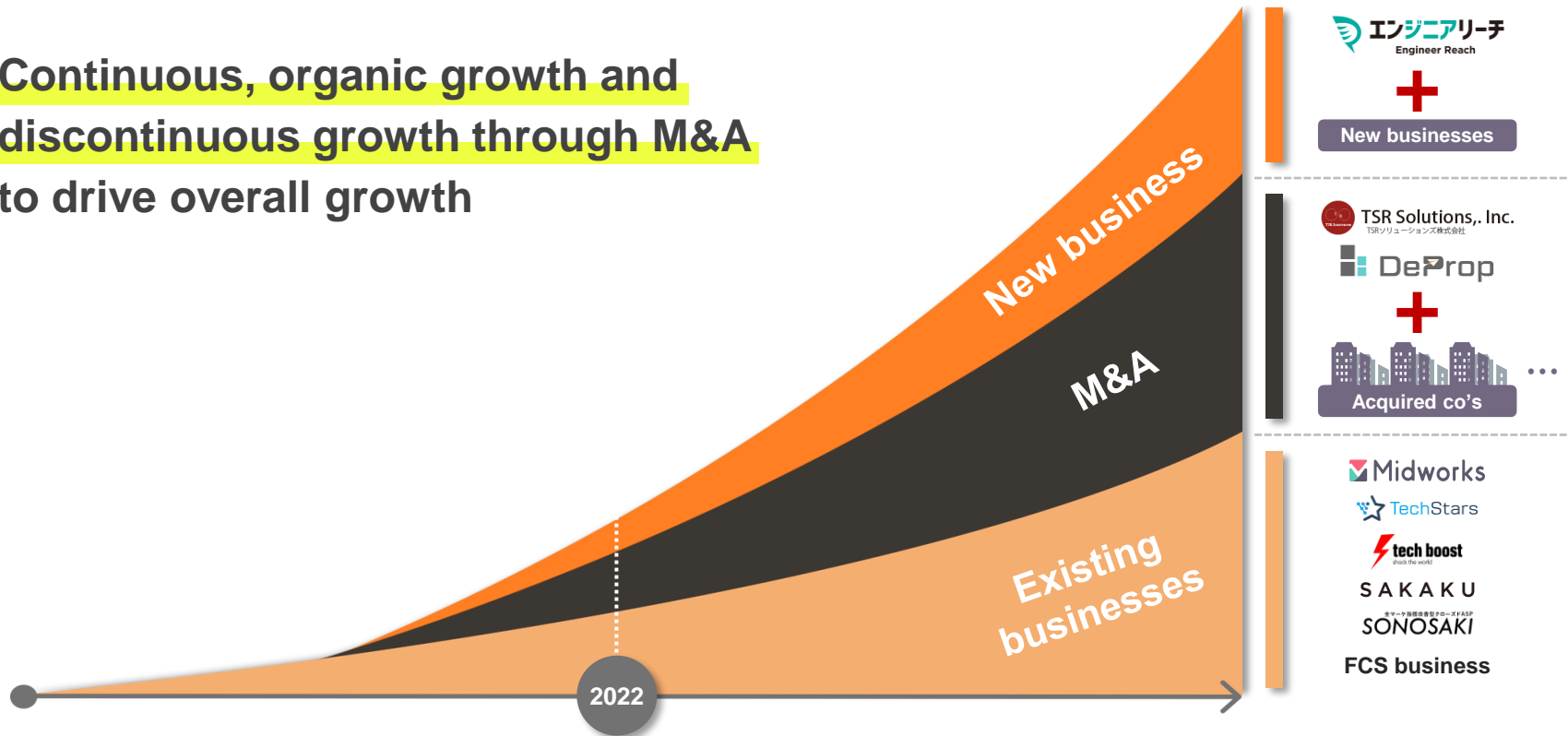
M&A strategy

Strategic M&A in the peripheral areas of our engineer platform business



Branding Engineer's mid- to long-term management vision

Continuous, organic growth and discontinuous growth through M&A to drive overall growth



エンジニアリーチ
Engineer Reach



New businesses

TSR Solutions, Inc.
TSRソリューションズ株式会社

DeProp



Acquired co's

Midworks

TechStars

tech boost
around the world

SAKAKU

SONOSAKI

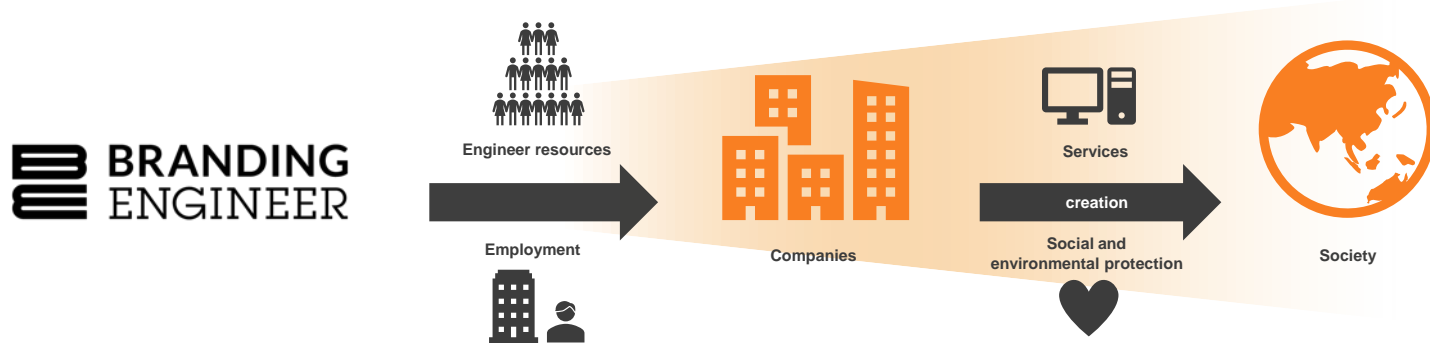
FCS business

A woman with long brown hair, wearing a dark green long-sleeved top, is sitting at a table in a meeting room. She is looking towards a man whose back is to the camera. The room has white walls with numbers 02, 03, and 04 visible on the wall panels. The scene is dimly lit, with a dark overlay.

5. ESG initiatives

ESG

Eliminating IT staffing shortages by matching companies with IT engineers
Promoting DX in society and supporting the creation of new services
New services bring environmental protection and social revitalization



Social & Environment	Governance
<ul style="list-style-type: none">• Propose new ways of work for engineers, including support for freelancers• Provide engineering resources to companies and create new services• Creating services to enrich people's lives and revitalize society	<ul style="list-style-type: none">• Enhancing corporate governance• Compliance with the relevant laws and regulations

ESG initiatives

Grow together with society by proactively promoting ESG

Environmental protection through creative services

- ◆ Reduce resource costs by going paperless
- ◆ Efficient waste disposal associated with DX
- ◆ Promote remote work to reduce carbon gas emissions

Environment



Social revitalization through our services

- ◆ Promoting diverse work styles including more freelance engineers
- ◆ Eliminating the shortage of IT engineers in Japan; produce more IT engineers

Social revitalization through creative services

- ◆ Provide engineering resources to create new value and services
- ◆ Create services to enrich people's lives and revitalize society

Social



Enhancement of Corporate Governance

- ◆ Compliance with the relevant laws & regulations
- ◆ Build an appropriate escalation process & organization
- ◆ Implementing regular compliance training

Governance




Environment

Indirectly contribute to carbon reduction by providing engineers to companies promoting DX. There are **numerous examples of carbon reduction through DX at all types of companies.**

Case ①


Digitization of documents stored and managed on servers



CO2 reduction
Before: 571 tonnes/annum
After: 100 tonnes/annum

Case ②


On-line web-based meetings



CO2 reduction
Before: 275.8 tonnes/annum
After: 4.3 tonnes/annum

Case ③

Collecting and analyzing information on agricultural land through remote sensing



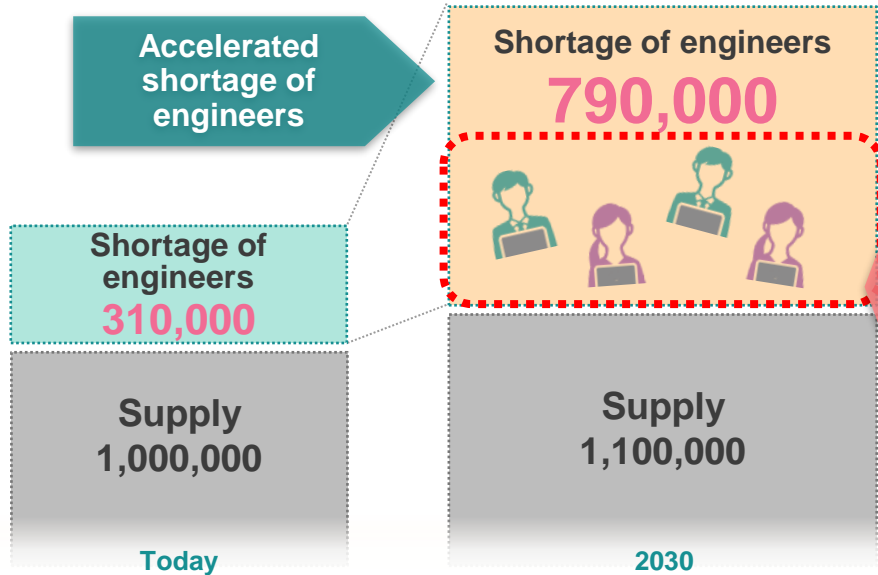
CO2 reduction
Before: 2.03 tonnes/annum
After: 0.11 tonnes/annum

Source: Report by the Study Group on ICT Policy addressing Global Warming Issues

Social

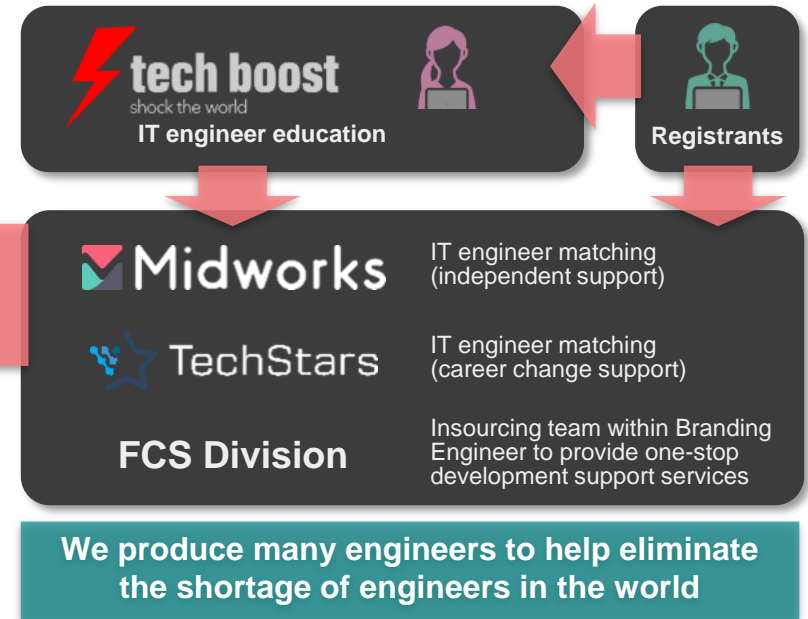
In response to the shortage of IT engineers, which is expected to become a serious issue in Japan in the future, we train **a large number of engineers** and ensure their mobility by providing freelance and career change support.

IT staff demand



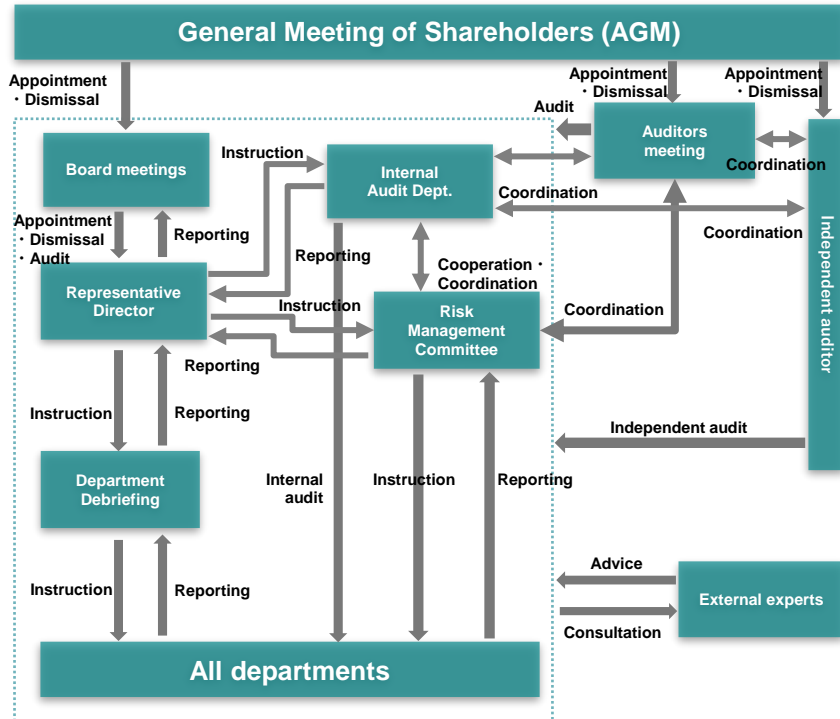
Source: Survey Results on the Latest Trends and Future Estimates of IT Human Resources, METI (2019 edition)

Branding Engineer's businesses



Governance

Management based on robust organizational structure,
risk management and labor protection measures.



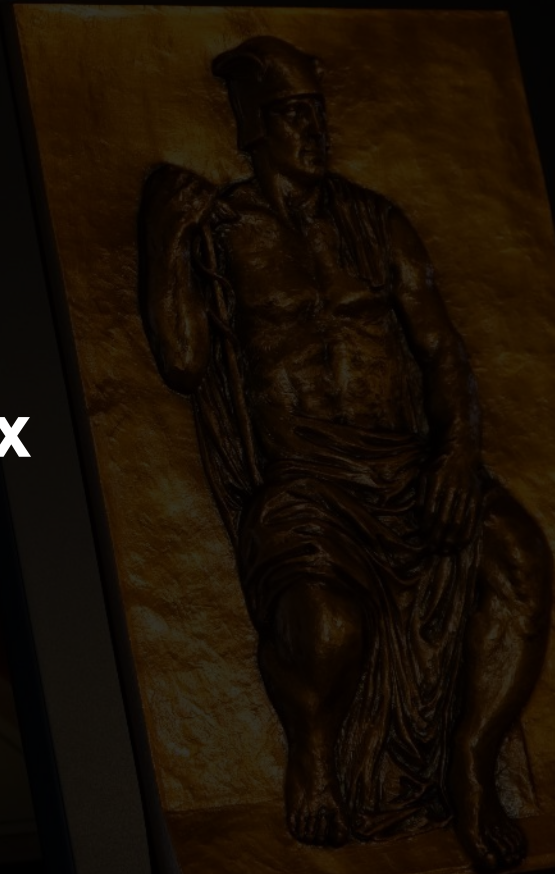
Management Structure

The Company has set up a General Meeting of Shareholders, Board of Directors, Board of Corporate Auditors and Accounting Auditors as stipulated under the Companies Act. The Representative Director appoints the head of the Internal Audit Office which conducts internal audits. In addition, a business unit meeting is held at the beginning of each month. A structure has been set up to quickly grasp the performance and prospects of each business unit and to make efficient decisions.

Implementation of management measures

A Risk Management Committee has been established to minimize losses by preventing the occurrence of risks and responding to them appropriately. We have implemented measures for risk management, including periodic training (i.e. insider trading prevention, personal information protection, compliance training) In addition, a work environment protection system has been established through periodic employee surveys and the establishment of a whistle-blowing and internal/external consultation service.

6. Appendix



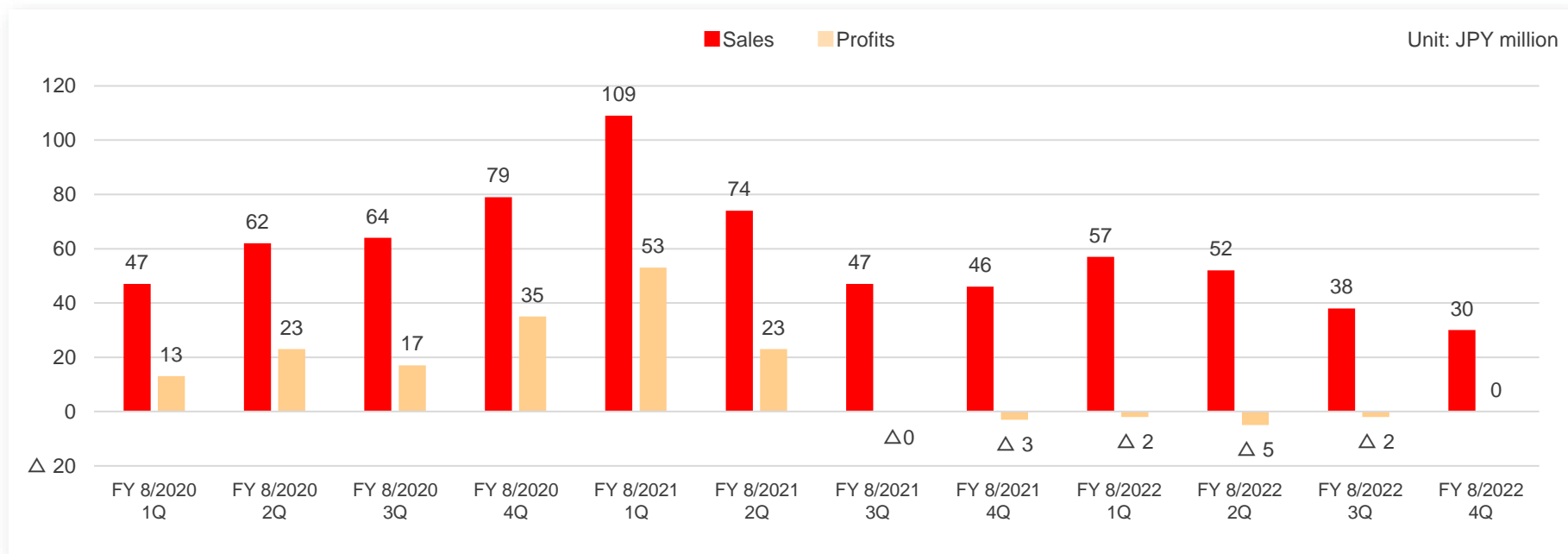


FY Aug. 2022 4Q results - additional info

Quarterly results - tech boost

In 4Q, we focused on rebranding the service.

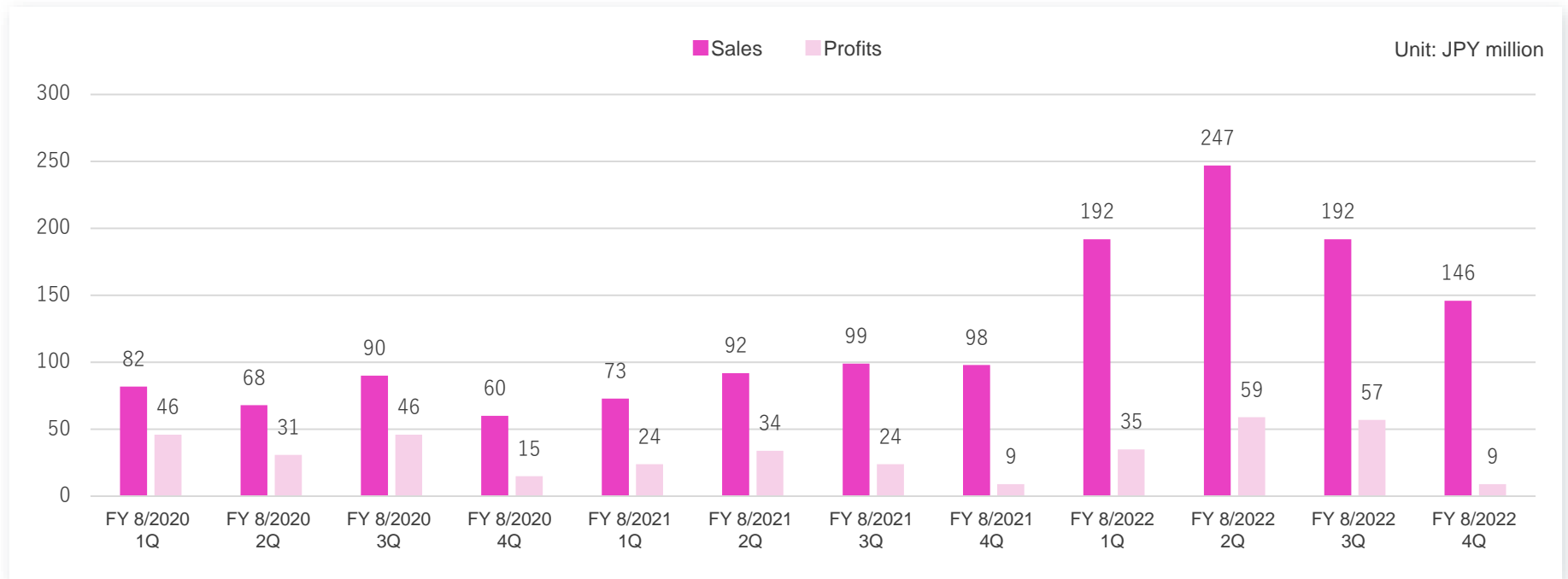
Designated by the Ministry of Health, Labor and Welfare (MHLW) as a specialized practical education and training program. We hope to see a sales recovery next year.



Quarterly results - Marketing platform services

Expansion into web marketing consulting has been successful.

Sales were **JPY 146 million (+48.2% YoY)**



Annual results - the balance sheet

With the acquisition of TSR, fixed assets (amortization of goodwill) and fixed liabilities (debts) rose sharply.

	FY 8/202	FY 8/2021	
	Actual	Actual	Change
Current assets	1,947	1,171	+66.2%
Cash & deposits	874	481	+81.6%
Fixed assets	561	147	+279.7%
Total assets	2,511	1,324	+89.6%
Current liabilities	1,127	638	+76.5%
Fixed liabilities	646	104	+521.5%
Net assets	736	581	+26.7%

Unit: JPY million

Acquisition of DeProp

DeProp Overview

Company name	DeProp Co., Ltd. (Acquired 100% of shares on Sept. 14 th , 2022)
Head office	2-5A Astale, 2-24-10 Nakazawa, Tama-shi, Tokyo-to, Japan
Established	18th June 2010
Paid-up capital	JPY 800 million
Type of business	Systems development for the financial industry
No. of employees	7
Sales	JPY 77 million (FY May 2022)
Registration	General Worker Dispatching Agency (Registration no.: Ha13-313797)
Main clients	Aflac, Re · Birth, others

Sales opportunities through cross-selling

Introducing Branding Engineer's IT engineers to DeProp's clients

DeProp has provided PM and PMO staff to its clients. However, it is now possible to include Branding Engineer's engineer programmers on a project basis, offering the client a high value-added proposition.

Taking advantage of DeProp's expertise in PM and PMO

By working together with DeProp, Branding Engineer can train its staff to take part in PM and PMO projects, and offer its existing clients PM and PMO staff which enables us to meet the clients' complex needs.

Growth Potential: Progress on Existing Businesses

Engineer Platform

Last year

We not only match engineers with companies, but also educate companies on **new work styles for engineers.**

Results

Increased the number of remote projects and cases of shorter work hours by **146%** creating new work styles.

This year

Search for companies with higher business flows and submit **proposals that provide team-based resources and bolster recruitment of corporate sales staff.**

Note: See slide 28 for details on FY Aug. 2023.

Marketing Platform

Last year

Expand the scope of web marketing consulting

Web media consulting

+

- Web advertisement consulting
- SNS consulting
- D2C consulting

Results

Web marketing consulting has grown broadly and steadily. Marketing platform sales has grown **+113% YoY**

This year

We will continue to **expand our web marketing consulting business.**

Note: See slide 29 for details on FY Aug. 2023.

Growth Potential: Progress on New Businesses and M&A

New Businesses

2 new businesses

全マーケ指標改善型クロードASP
SONOSAKI

As part of our web marketing consulting expansion, we have begun providing closed ASP services.



Offering DX consulting services using the engineer database and management expertise of Branding Engineer



X Investors

II Hundred

Real estate B-to-C matching service

Steady expansion



Nursing care business

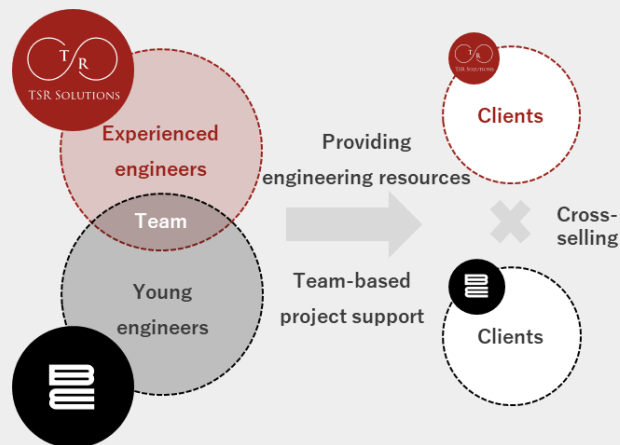
Acquisition on 1st July 2022


M&A



Acquisition of TSR Solutions

- ◆ Cross-selling opportunities
- ◆ Providing high value-added proposals by a team, taking advantage of each other's engineering backgrounds

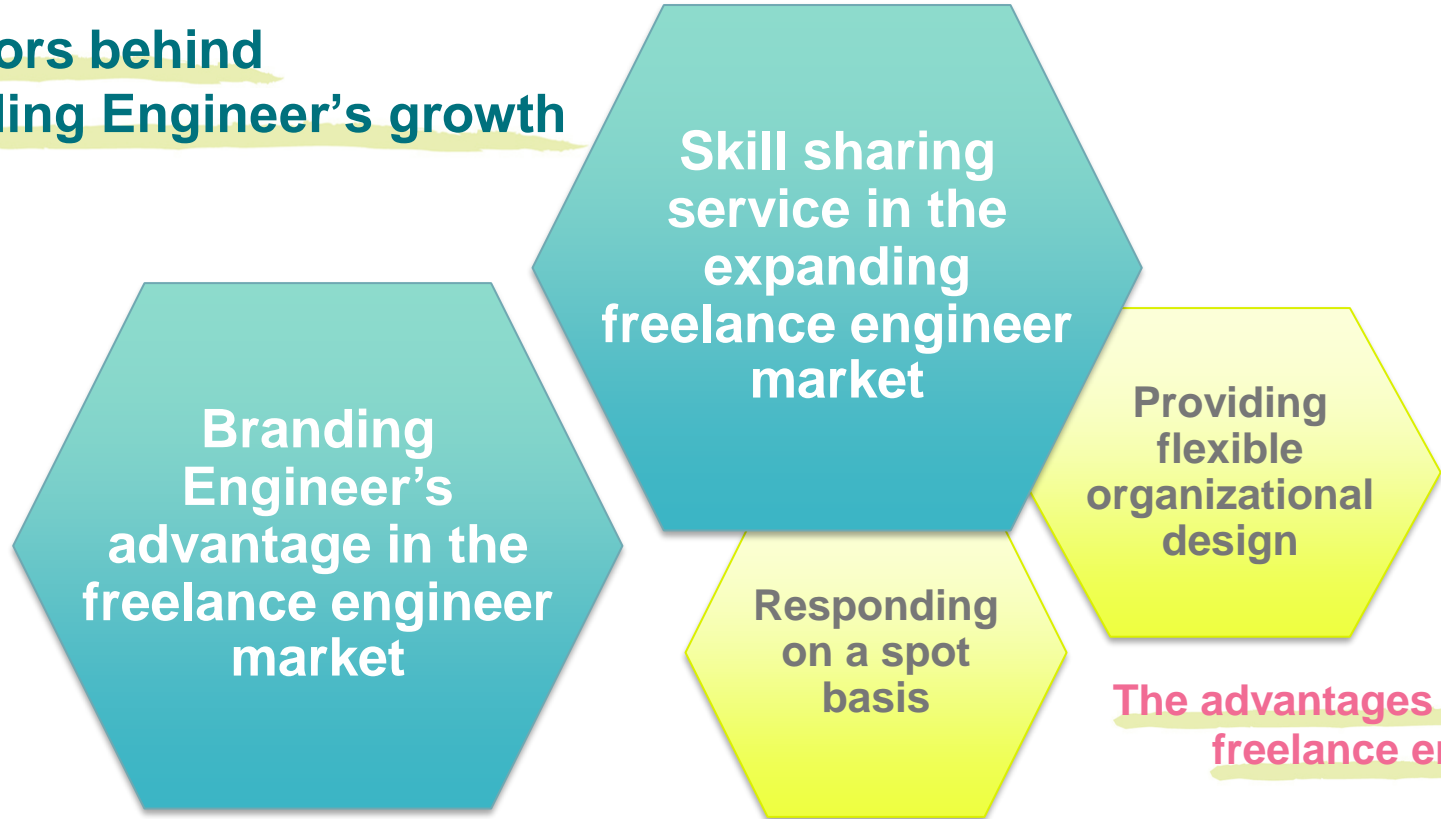




**Market trends and
Branding Engineer's
competitive edge**

Market trends and Branding Engineer's edge

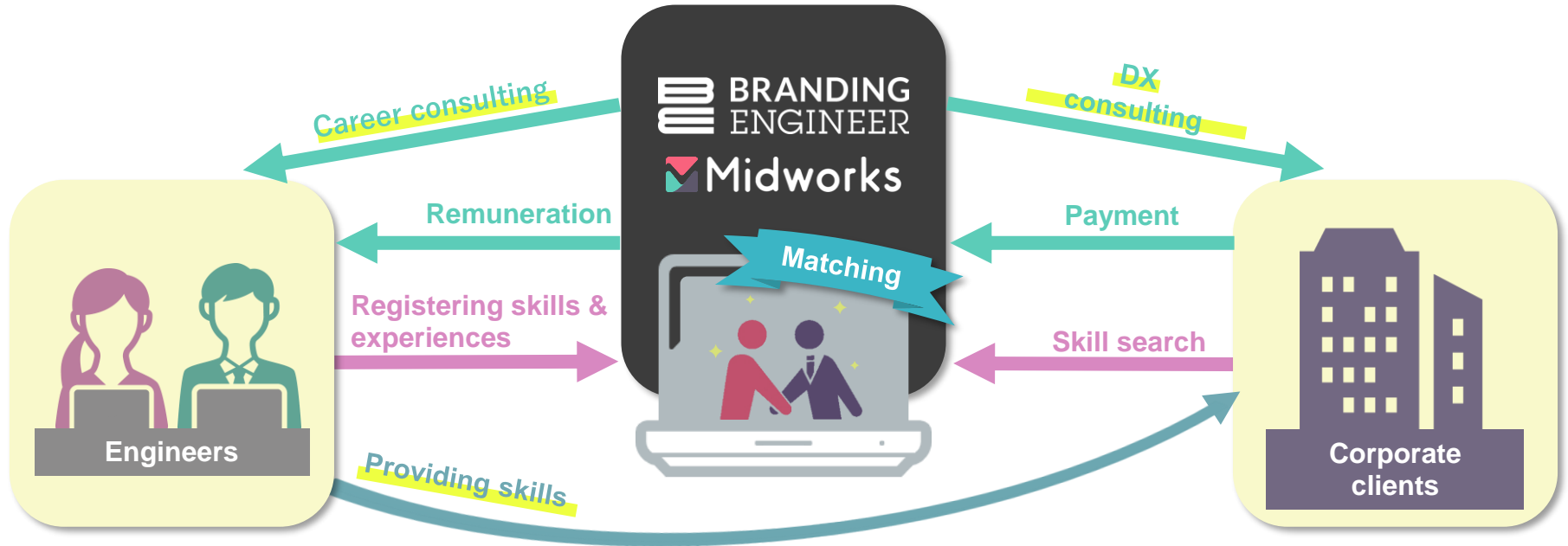
2 factors behind Branding Engineer's growth



Our Business Model

We provide comprehensive **DX consulting services** to companies.

Midworks, our core business, provides freelance engineer **skill-sharing services** to companies in the expanding freelance engineer market.



What is Midworks?

Connecting freelance engineers with companies
Matching service (skill sharing service)
We offer **a wide variety of package plans** to
remove your fears of becoming independent.

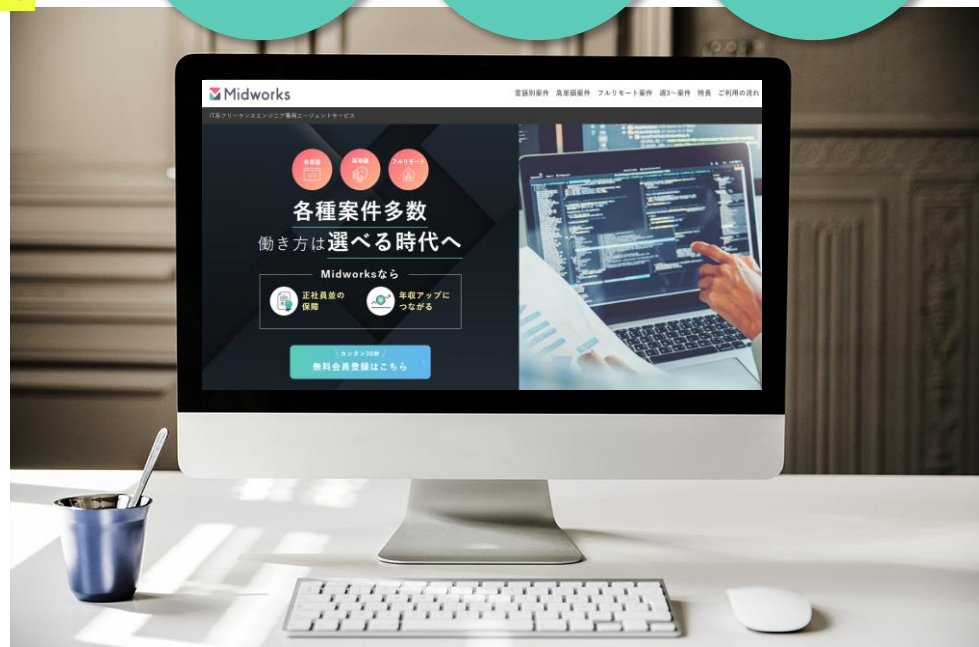
Large number
of projects

Guarantees of
a full-time
employee

Follow-up by
consultants with
extensive
knowledge of
the industry

Midworks Package plan

- Business transportation allowance
- Career advancement support expenses
- Accounting support system expenses
- Free membership to freelance association
- Use of welfare services
- Co-payment (50%) of life insurance premiums

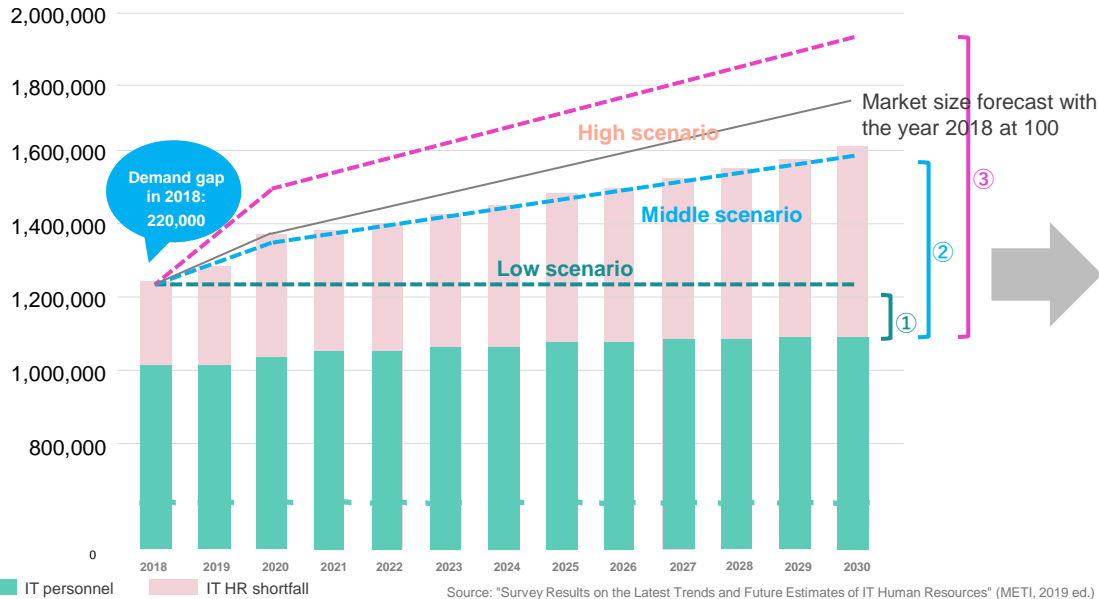


The expanding freelance engineer market

Reason ①

IT engineer job demand remains steady despite COVID

- IT personnel are in short supply due to strong demand stemming from digitalization and higher IT budgets at major corporations
- 60% of major corporations are willing to hire outsourced engineers (according to our survey)



IT personnel demand gap in 2030

Between 160,000-790,000

- ① low scenario
- ② middle scenario
- ③ high scenario

IT HR trends

The demand for IT personnel outstrips supply. By 2030 there will be a shortage of up to 790,000 people. We believe that the shortage of engineers will increase, and that **the value of our company, which offers various engineering services such as training and freelance engineer matching services, will rise.**

The expanding freelance engineer market

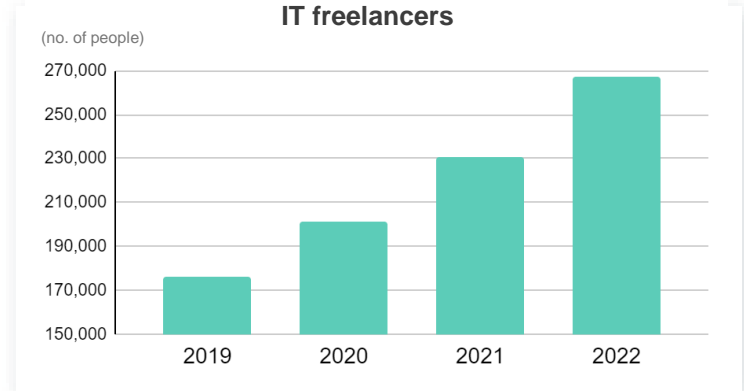
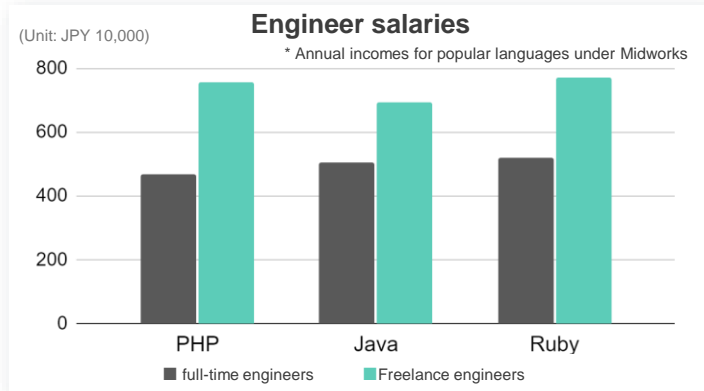
Reason ② A rising number of freelance engineers

Diversification of workstyles

Higher pay than full-time employees

Ability to acquire a variety of skills

- In response to **the reform of work styles** promoted by the Ministry of Health, Labour and Welfare of Japan, an increasing number of engineers are choosing to **work without being tied down by time or location**.
- **Average compensation** for freelance engineers is **50% higher** than that of full-time engineers (according to our research)
- **The psychological hurdle to independence is low** because the risk of losing one's job is low due to the high job-to-employment ratio.
- Freelancers are not tied to one workplace, **allowing them to acquire skills and languages**.
- Freelancers can **participate in various phases of any company**, allowing them to improve their skills.



Full-time employees: (Reference) TECH Street, "2020 Annual Income ranking by Programming Language", data among those in their 30's. Freelance: Annual salaries calculated from monthly pay at Midworks (2021-07-01-2021-09-30)

Source: Brocante Inc., "IT Freelance Human Resources and IT Freelance Agent Market Research 2021"

Our advantage in the freelance engineer market

Advantage ①

A high level of satisfaction and number of months of continuous service due to services designed from an engineer's point of view

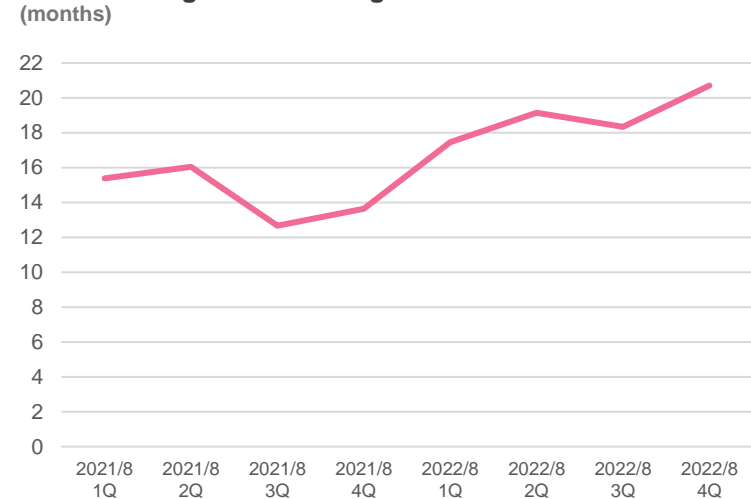
- Branding Engineer's founder is a former engineer who has **provided services from an engineer's point of view** from day one.
- **Midworks** offers a package of benefits and salary guarantees to freelance engineers who sign up for our service. **This eradicates any feelings of uncertainty that freelancers may have.**



As a result.....

We maintain a high level of satisfaction and a high average number of months of continuous service

Engineers - average continuous months



We have established an advantage in a business model where LTV (Life Time Value) is measured by the unit price x no. of continuous months

Our advantage in the freelance engineer market

Advantage ②

Efficient acquisition of freelance engineers through marketing

- Visualize the return on investment for each advertising medium until a contract is signed, and **reinforcing the placement of ads with the highest returns on investment.**
- Promote to engineers who register, **the advantages of Midworks**, such as its benefit programs, low commissions and guaranteed salaries.

Advantage ③

Efficiency through Branding Engineer's unique matching system

- As an organization with its own engineers and expertise, we have developed a platform that achieves **efficient matching.**
- With our time efficient matching system based on the needs of the company and engineers, we have **prevented lost opportunities on both sides.**

The advantages of employing freelance engineers

With the changing social landscape and scaling of projects, having flexible freelance engineers can bring **benefits to companies.**

Enabling flexible business design

- **Create an organization** comprising full-time engineers with freelance engineers.
- Easy cost adjustment which **reduces the Risk of cost overruns.**



Available on a spot basis

- Assign engineers with the necessary skills only when necessary **with the necessary skills only when necessary**
- **Assign engineers** with the skills required for each phase of the project



The advantages of becoming a freelance engineer

With new trends and change of the times, there are

many advantages to becoming a freelance engineer.

Unbounded workstyle

- Workstyles that enable work **from anywhere at anytime**



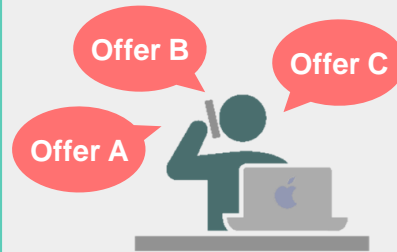
Higher pay than full time employees

- **Average compensation** tends to be higher for freelance engineers than for full-time engineers



Lower hurdles to independence

- **The psychological hurdle to independence** is low due to a higher number of job offers



Comprehensive skill development

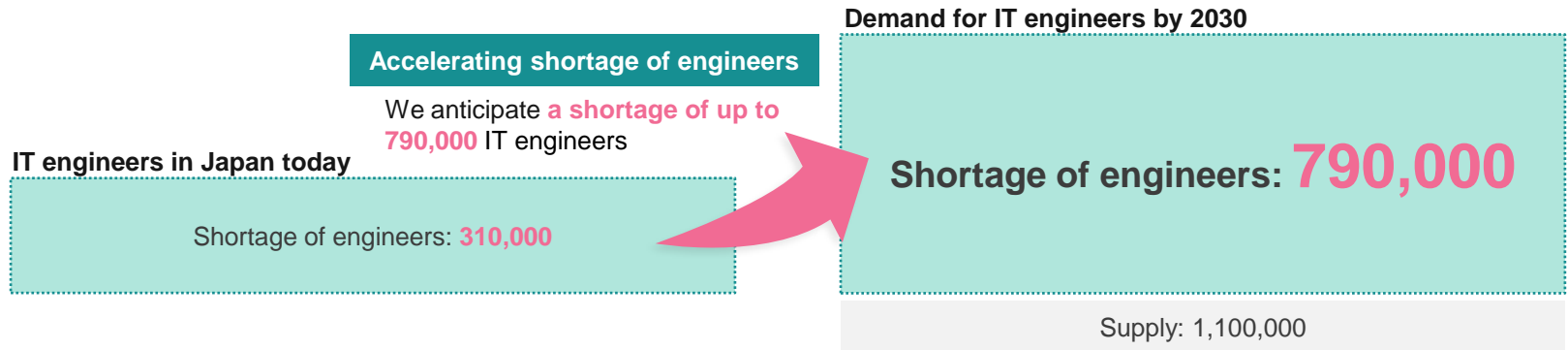
- Compared to full-time engineers, freelance engineers can work in different sites/phrases, and it is easier to **acquire various languages and skills**



The market for Engineering Platform Services

The market for engineer training and employment support is expanding due to the shortage of engineers. Demand for consulting services using engineers is also expected to increase.

Source: Ministry of Economy, Trade and Industry, "Survey on the Latest Trends and Future Estimates of IT Human Resources" (2019)



Creating IT talent

tech boost
Programming training to create IT engineers

Sending IT personnel

Midworks
Matching service and independence support for IT engineers

TechStars
Outplacement of IT engineers

Organizing a structure for IT personnel

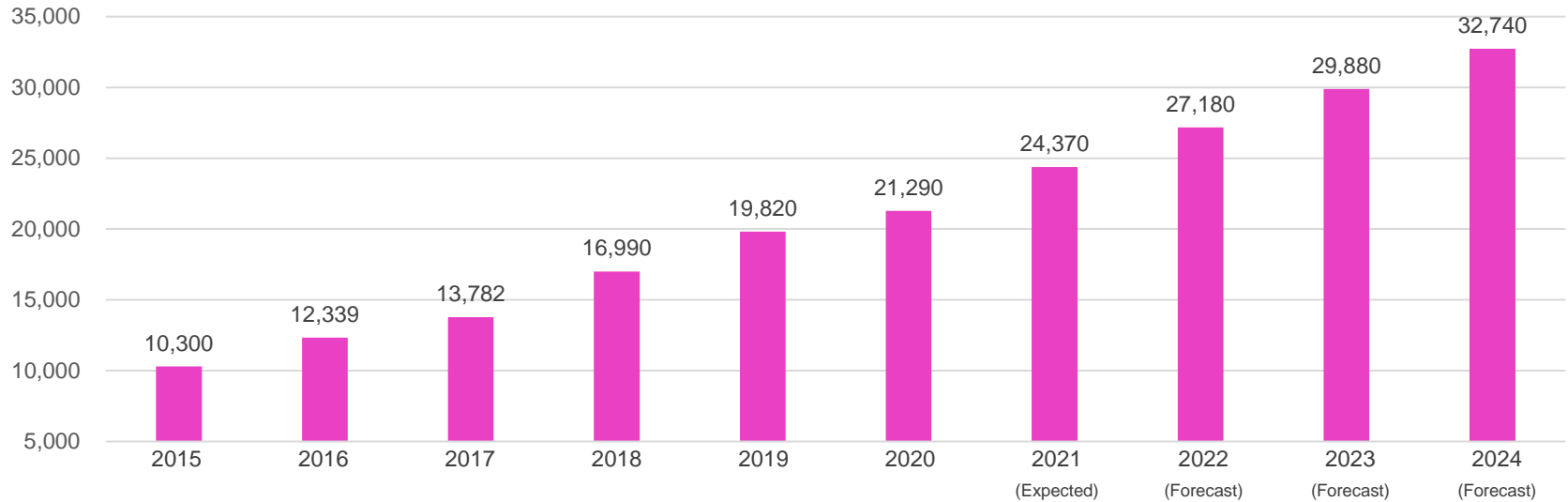
FCS
Consulting for companies hiring engineers

The market for Marketing Platform Services

The internet advertising market is expanding every year and should reach JPY 3.2 trillion by 2024. Web marketing methods are diversifying and demand for web marketing consulting is expected to grow.

Internet advertising market

(Unit: JPY billion)



Source: Yano Research Institute, "2019 Internet Advertising Market Facts and Outlook"

A dark, low-key photograph of two men standing side-by-side. The man on the left is wearing a dark jacket over a light-colored shirt. The man on the right is wearing a dark t-shirt. The background is a dark, neutral color. The text 'Company Profile' is overlaid in the center in a white, bold, sans-serif font.

Company Profile



V i s i o n

“ B r e a k i n g C o m m o n S e n s e ”

Breaking the rules to create true value

A strong entrepreneurial spirit that continues to create new ideas and defy conventional wisdom

Company description

Company: Branding Engineer Co., Ltd.
(TSE code: 7352)

Established: October 2013

Representatives: Yasushi Kawabata (CEO)
Katsuya Takahara (COO)

Capital: JPY 139.589 million
(as of Aug. 31st, 2022)

No. of employees: 168 (consolidated; as of Aug. 31st, 2022)

Business: 1) Engineer platform business
2) Marketing platform business
3) Others

Permits: General Worker Dispatching Co. [Ha 13-306090]
Employment Agency Business Permit [13-Yu-307261]

Offices:

< Head Office >

6th floor, Shibuya Higashi-guchi Bldg. 2-22-3 Shibuya
Shibuya-ku, Tokyo-to 150-0002 Japan

<Shibuya Satellite Office >

4th floor, Aioi Nissay Dowa Insurance Shibuya Building
2-14-18 Shibuya, Shibuya-ku, Tokyo-to 150-0002 Japan

<Osaka Office >

504 Hanshin-sankei-sakurabashi Building, 2-4-13 Umeda
Kita-ku, Osaka-shi, Osaka-fu 530-0001 Japan

<Miyazaki Office >

1st floor, Kurono Building, 3-6-34 Tachibana-dori-higashi
Miyazaki-shi, Miyazaki-ken 880-0805 Japan

<tech boost School >

6th floor, ST Shibuya Building, 1-15-14 Dogenzaka
Shibuya-ku, Tokyo-to 150-0043 Japan

History

2013.10

Branding Engineer Co., Ltd. was established at Ebisu-nishi, Shibuya-ku, Tokyo-to as an IT engineering company specializing in HR technology and systems consulting. We started our FCS business.

2014.9

Issued 3rd party allocation of shares amounting to JPY 20.007 million

2015.1

Set up Midworks

2015.10

Set up [TechStars](#), a direct recruiting service specializing in IT engineers

2016.3

Launched [Midworks](#), an IT-support services provider

2016.7

Issued 3rd party allocation of shares amounting to JPY 101.99 million

2016.9

Relocated head office to Maruyama-cho, Shibuya-ku, Tokyo-to

2016.10

Launched [Mayonez](#), a career magazine for IT specialists

2017.5

Launched [Tap-biz](#), a career magazine for business people

2017.10

Opened [tech boost](#), a programming school specializing in the latest AI, blockchain and IoT technologies

2019.8

Launched [SAKAKU](#), a media consulting provider

2020.7

Listed on the Tokyo Stock Exchange Mothers market (TSE ticker code: 7352)

2021.2

Acquired 100% share of a media company making it a wholly-owned subsidiary, and consolidated the accounts

2021.11

Relocated head office to Shibuya, Shibuya-ku, Tokyo-to

2022.2

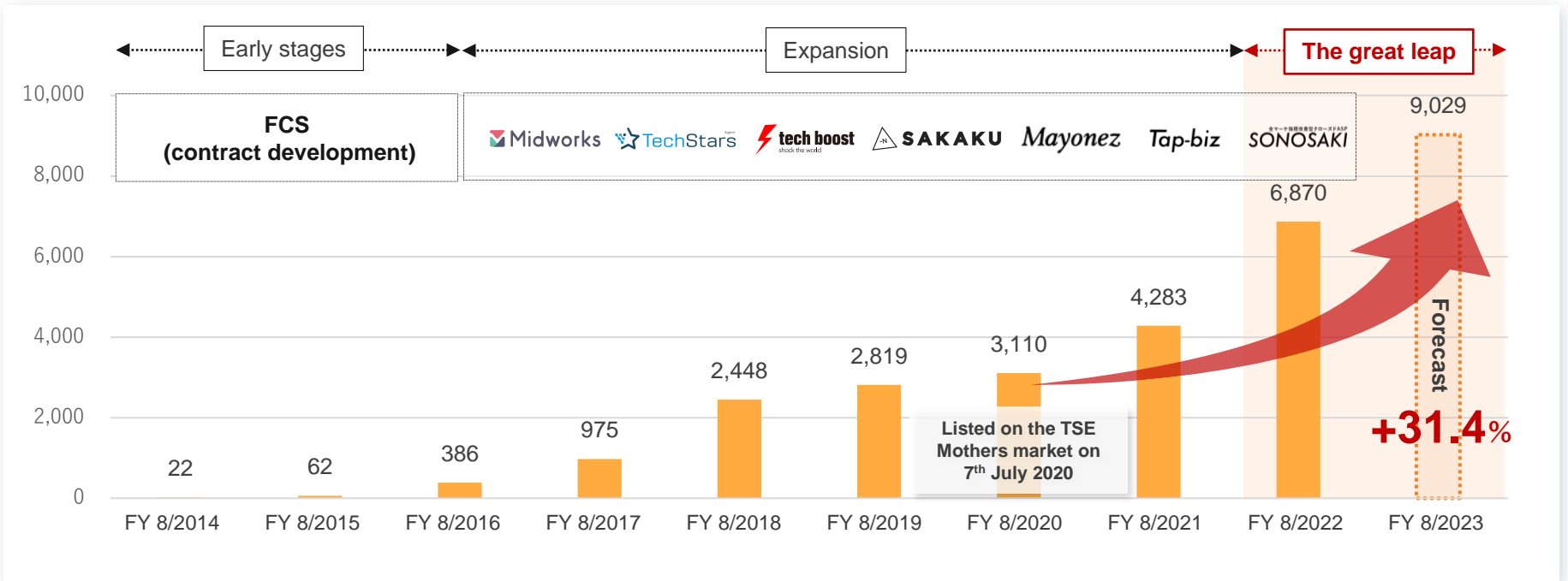
Acquired TSR Solutions Co., Ltd. as a wholly-owned subsidiary

Historical earnings

9 successive years of higher sales since the company was founded in 2013.

Sales set to grow 31.4% this year.

Years 5 to 7 saw management reinforcement. Listed in July 2020.



Branding Engineer's businesses

Engineer platform service and Marketing platform service are the two main services offered

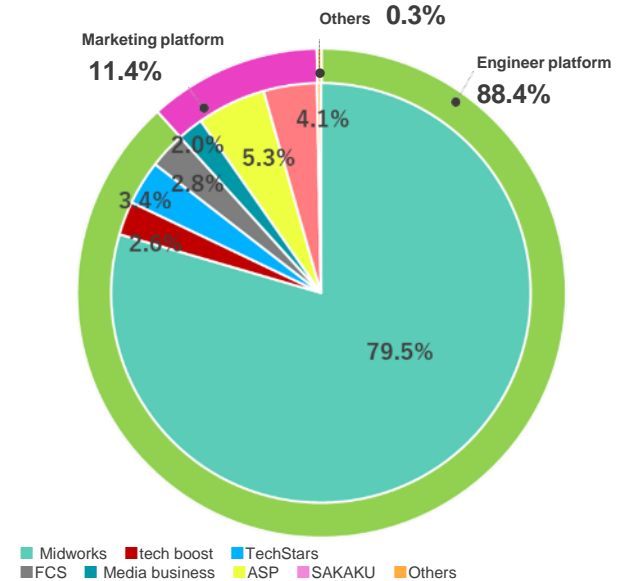
Engineer platform service

Midworks	Independent support for IT engineers Matching service for freelance engineers
tech boost	Programming school
FCS	DX consulting and development contracts
TechStars	IT engineer outplacement and career support services

Marketing platform service

Media business	More than 10 media companies including Mayonez and Tap-biz
SAKAKU	Web marketing consulting service
SONOSAKI	Closed ASP service

Sales by segment (as of Aug. 2022)

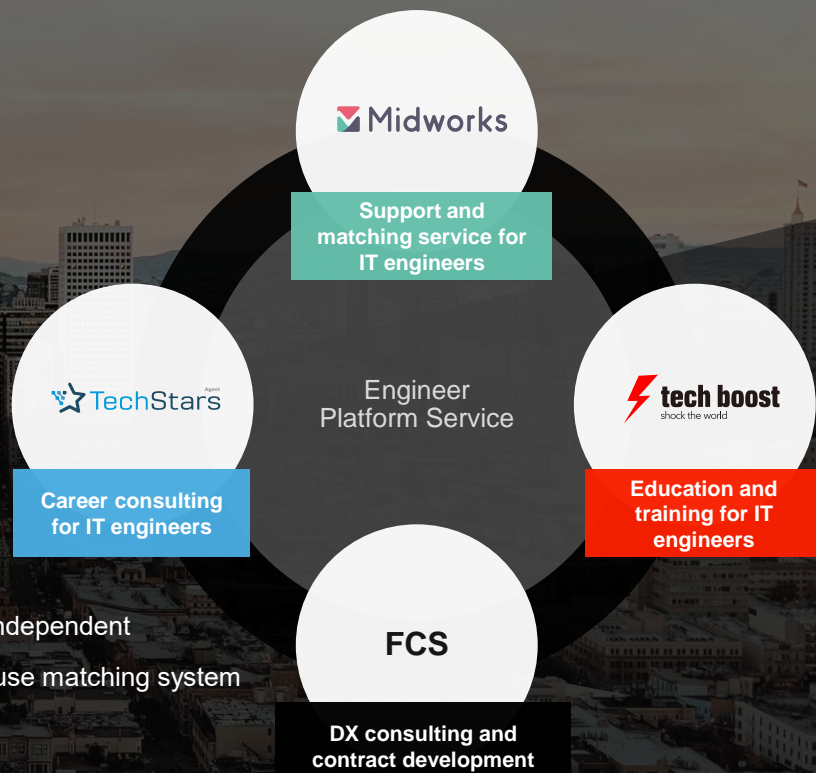


Platform service for engineers

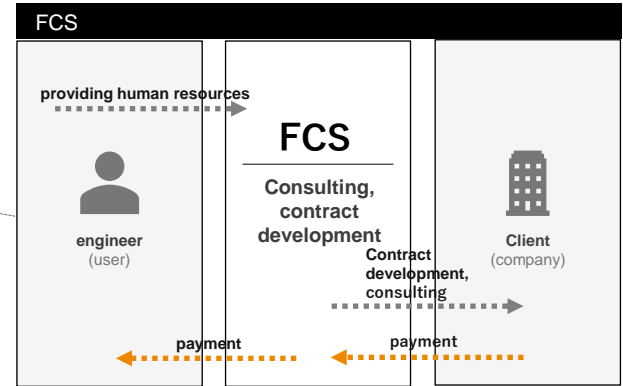
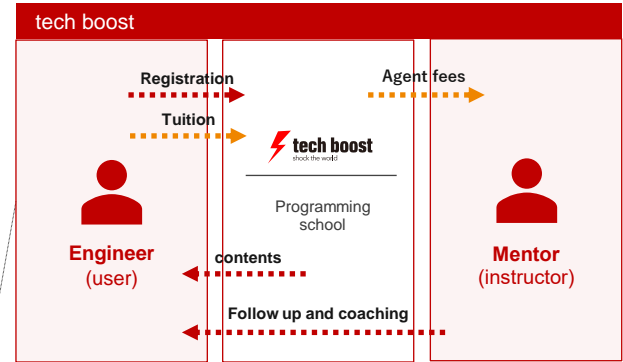
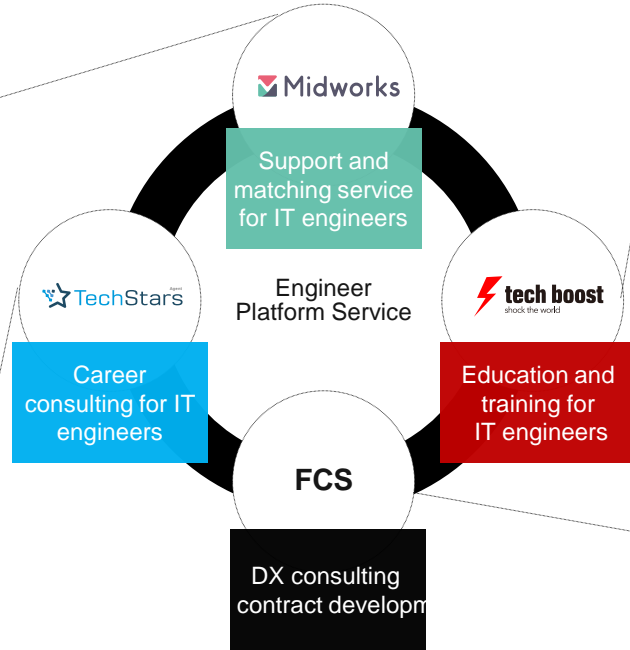
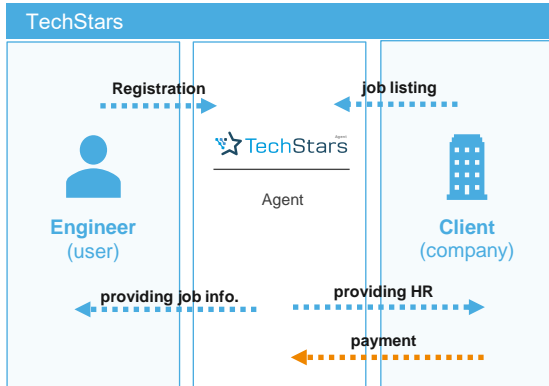
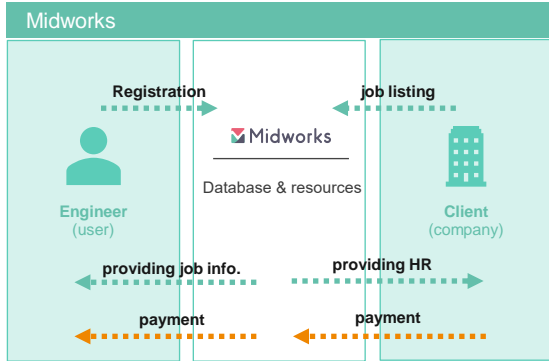
Career cycle

Platform

- ▶ Providing services tailored to all work styles, needs and values of IT engineers
- ▶ Covering and supporting the entire career cycle from education/training to going independent
- ▶ Propose and introduce engineers suitable to the company's needs using an in-house matching system
- ▶ Match IT engineers with a variety of company projects



Platform service for engineers - summary



Platform business for engineers - list of businesses



Midworks

Freelance engineer matching service. Database of over 29,000 freelance IT professionals (as of Aug. 2022)
Provide IT engineer human resources and DX support for companies
Receive a variety of projects from companies and promote new ways of working with IT professionals



FCS

Provide various consulting services to companies on DX, ranging from contracted system development to providing recruitment consulting services to set up systems development divisions.



tech boost

Programming education for freelance engineers is offered in both classroom and online formats.
Engineers with practical experience act as instructors and provide practical IT training necessary for business people to cope with DX. We offer a wide range of training programs to meet the needs of our customers.



TechStars

Job search service for IT engineers
By having a single consultant in charge of both the company and the job seeker, we are able to provide positions that match the values and needs of each individual job seeker from a wide variety of job openings.

Platform business for engineers - scope of business

Our in-house engineer database

×

Marketing prowess to source a variety of engineers

...are our competitive strengths. We provide a wide variety of services to meet client needs.

		Branding Engineer	Company A	Company B	Company C	Company D
Sending human resources, organization building	Strategy formulation	-		-	-	
	Defining requirements	FCS		-	-	
	Team design	Midworks		-		
	System design					
	Development					-
	Operations, maintenance		-		-	-
	Testing	-		-	-	
HR creation	Programming school	tech boost	-	-		-
	(B-to-B)		-	-	-	-
	(B-to-C)		-	-		-

Platform business for engineers (Midworks) - the business model

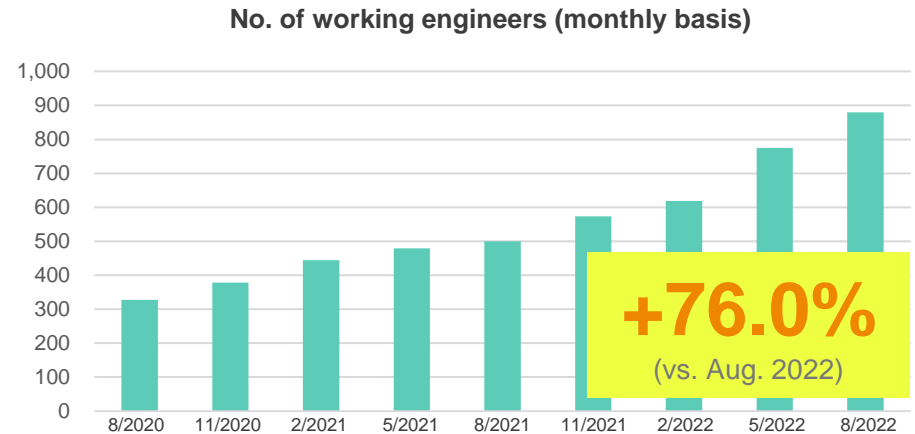
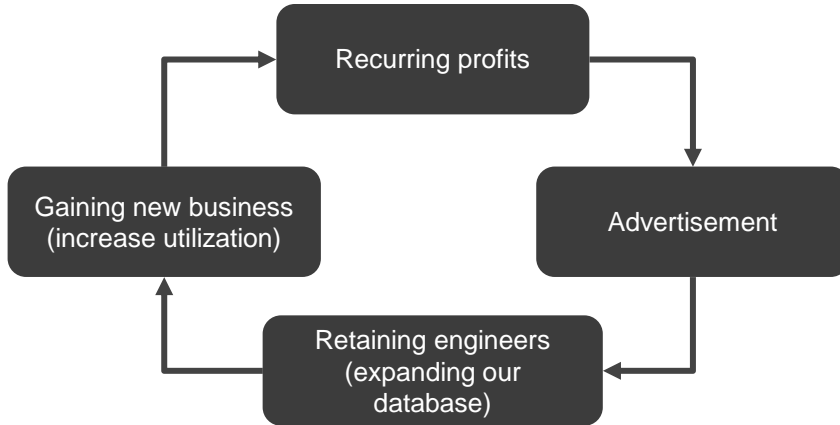
The engineer platform service is a recurring business model.

By increasing the number of clients (projects) and engineers, we have achieved stable sales growth. And by investing heavily in advertisement,

we have been able to increase the monthly number of working engineers by 76.0%

(as of end-4Q or end-Aug. 2022 YoY)

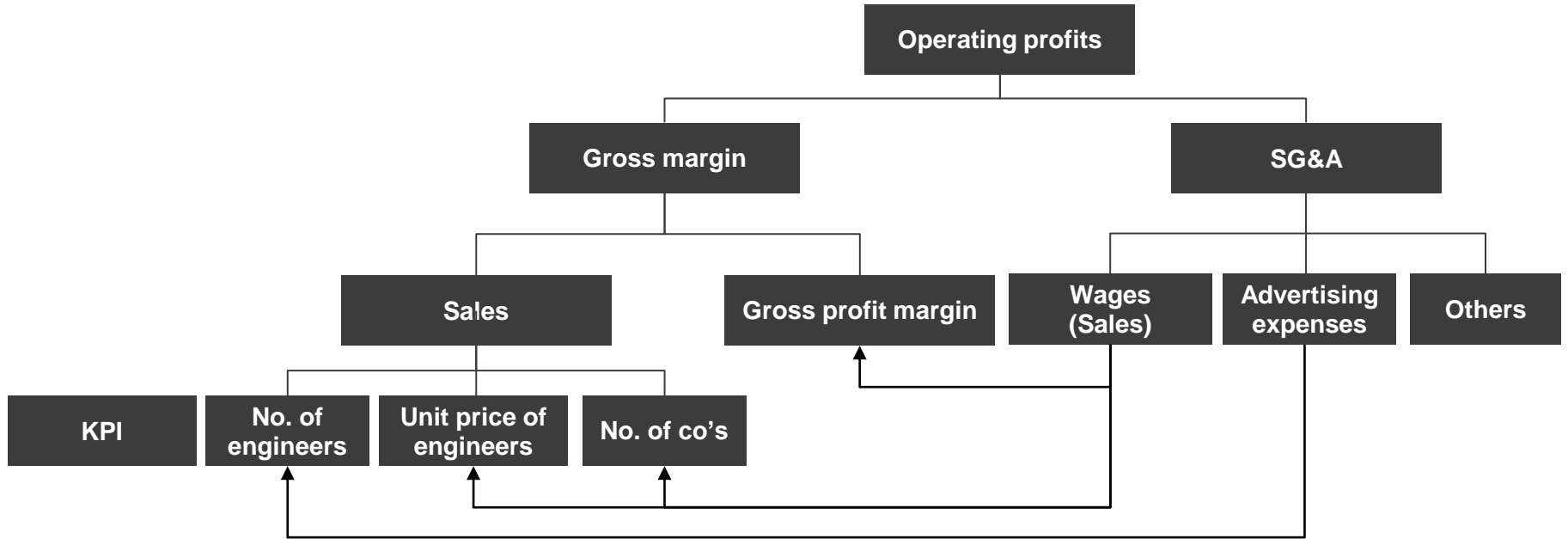
The rise in working engineers contributes to our recurring profit growth.



Engineer platform business (Midworks) - the business model

Advertising has contributed to the higher number of engineers.

Higher wages (sales) have contributed to the higher number of companies (projects) and have supported the unit price of engineers.



Marketing platform services

Based on our knowledge of web marketing

Expand into new areas

- ▶ We operate over 10 media companies including Mayonez and Tap-biz
- ▶ Using our web marketing know-how through the operation of media companies, we provide web market consulting services to company's via SAKAKU

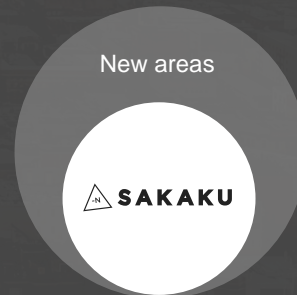
Web Marketing/Client Solutions

Our media companies



Web marketing consulting services

Using our web marketing know-how



Marketing platform service - business divisions



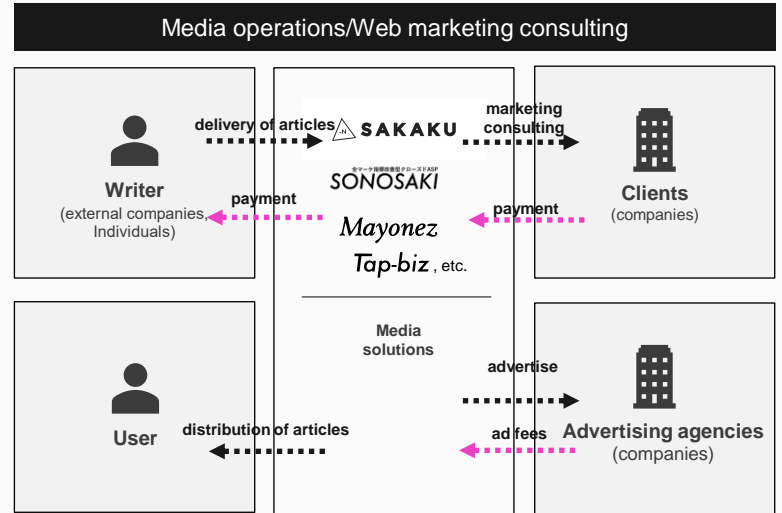
Media operations

We operate over 10 media companies including Mayonez, a lifestyle magazine for IT professionals, and Tap-biz, which provides information and knowledge to business people.



Web marketing consulting

Using our web marketing expertise through the operation of media companies, we provide web market consulting services that include SEO consulting, media start-up and publishing articles.





Major business risks and countermeasures

Major business risks and countermeasures (1)

Below are the major risks we have identified that could have a significant impact on our ability to achieve growth and execute our business plan. For other risks, please refer to "Business and Other Risks" in the Annual Securities Report.

Securing freelance and employee engineers	Probability of occurring	Impact	Countermeasures against major risks
<p>At Midworks, the Group's main business, IT engineers, employee engineers, and freelance engineers from external partner companies are stationed at our clients as part of their human resources. Since the IT market is expected to continue to grow and corporate investment needs are projected to rise in the future, we believe that competition will intensify in securing IT engineers. In this environment, if we are unable to respond to changes and secure sufficient IT engineers, including those from outside contractors, and if our competitors provide more effective services than we do, our business and earnings could be severely affected.</p>	<p>low to medium</p>	<p>medium to high</p>	<p>We will strive to secure a stable supply of IT engineers by providing independent support services to freelance engineers, and by offering a full range of employee benefits to our employee engineers.</p>

Major business risks and countermeasures (2)

Competitors entering the internet advertising market	Probability of occurring	Impact	Countermeasures against major risks
<p>The internet advertising market, the main source of revenue for the Group's media business, has relatively low barriers to entry. Therefore, should the competitive environment intensify due to the emergence of new competitors, there is the risk that our sales maybe adversely impacted due to a decline in the unit price of advertisements.</p>	<p>low to medium</p>	<p>medium</p>	<p>Maximize advertising revenues through the operation of our own media, in addition to securing new services such as consulting for media management and publishing articles for other media companies.</p>

Investing in new businesses	Probability of occurring	Impact	Countermeasures against major risks
<p>Our Group is aggressively developing new businesses but a certain amount of investment is required before stable earnings can be generated, which may hinder our profit margins. In addition, our earnings may be affected if the new business does not develop as planned and we are unable to fully recover our investment.</p>	<p>medium</p>	<p>low to medium</p>	<p>We will make our decisions on new businesses only after observing and analyzing market trends and carefully examining business plans. In addition, we will take into account the balance with other existing businesses and make our decisions based on all acceptable risks.</p>

Major business risks and countermeasures (3)

Business expansion through M&A	Probability of occurring	Impact	Countermeasures against major risks
<p>Our Group will pursue strategic M&A as an effective means of accelerating business expansion. Such M&A will be decided by the Board of Directors after conducting detailed due diligence on the target company's business operations, financial position and contractual relationships. However, if there are contingent or unrecognized liabilities identified during the due diligence process, or if the integration or development of the business does not proceed as planned after the M&A, we may be forced to write down the goodwill which may adversely affect the group's business performance.</p>	<p>low to medium</p>	<p>high</p>	<p>We will reduce the risk by conducting due diligence not only internally, but also through an external organization, before the Board of Directors makes the final decision. In addition, we will consider acceptable risks based on the balance with earnings from existing businesses as well as the level of debt.</p>

Disclaimer

This document contains forward-looking statements, plans and management objectives related to Branding Engineer (“the Company”)

These forward-looking statements are based on current assumptions about future events and trends, and do not guarantee that such assumptions will prove accurate, and may involve risks and uncertainties. Please note that actual results may differ materially from these forward-looking statements due to changes in the business environment and other factors.

Unless otherwise indicated, the financial data presented in this document are presented in accordance with accounting principles generally accepted in Japan.

The information contained in this document regarding companies other than the Company is based on publicly available information. The Company has not verified and does not guarantee the accuracy or adequacy of such information.

This document does not constitute or form the basis of any contract or obligation to make any solicitation or offer to sell or to solicit an offer to buy any securities (hereinafter referred to as "Solicitation")

Future disclosure

An updated version of this material will be disclosed around the time of the financial results announcement. The next update is scheduled for October 2023 when the FY August 2023 full year results are announced. We will make every effort to disclose information by actively engaging in IR activities including the disclosure on the status of business.