

FY2024

Apr. 2023 — Mar. 2024
FINANCIAL RESULTS



YOUR GROWTH PARTNER.

for Startups, Inc.

TSE : Growth 7089

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Agenda

1. **FY03/24 Full-year results**
2. **Dissolution of parent-subsidary listing**
3. **State of human capital**
4. **FY03/25 Full-year forecasts**
5. **Appendix**



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1. FY03/24 Full-year results

Company as a whole (consolidated) | Executive summary of FY03/24 full-year results

Results significantly exceeded forecasts despite the deterioration in the funding market, driven by our provision of steady support to companies that continue to have recruitment needs as well as contributory effects from our priority objectives. Net increase in employees is an issue

Net sales

3,416 million yen

YoY +13.9%

- Despite deterioration in the funding market, we were able to provide steady support to companies that still had recruitment needs, and exceeded our forecast
- Talent Agency initiatives began to have an effect and contributed to higher revenue
 - Won new customers
 - Established subsidiary Syngress
 - Restarted dealings with a major customer with which our post-IPO relationship had been weak

Operating income

423 million yen

YoY -27.6%

- Improvements in Talent Agency productivity resulted in profitability in the main business significantly exceeding assumptions
- Although profit declined due to a loss on valuation of operational investment securities and accelerated depreciation, etc. following the relocation of the head office, it considerably exceeded both initial and revised forecasts

Number of regular employees

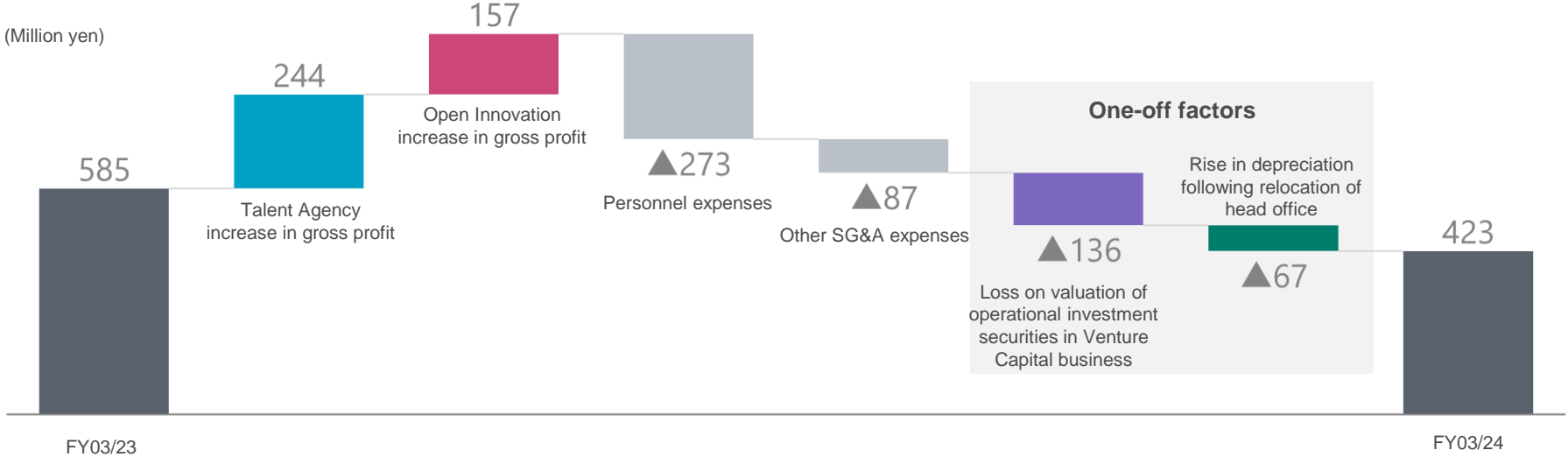
194

+28 vs. end of previous fiscal year

- Recruitment activities △
Despite full-year shortfall, recruitment activity was strong in second half
- Number of resigning ×
Number of people resigning was slightly higher than expected
- Development ○
Development initiatives led to improvements in productivity and in turn to profitability exceeding forecasts

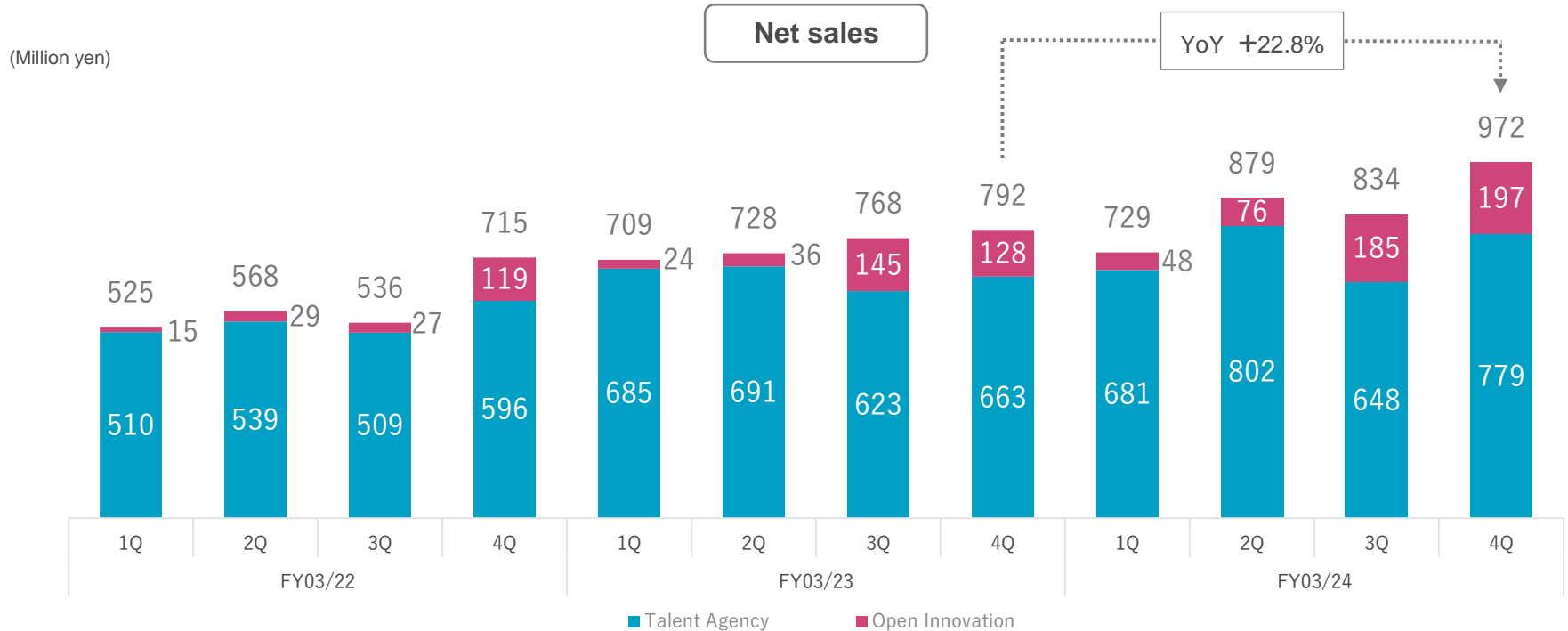
Company as a whole (consolidated) | change in operating income

Although recruitment fell short of expectations, improvements in productivity resulted in profit growth if one-off factors are excluded



Company as a whole (consolidated) | Change in quarterly net sales over time

Due in part to seasonality of Open Innovation, quarterly net sales recorded a new high

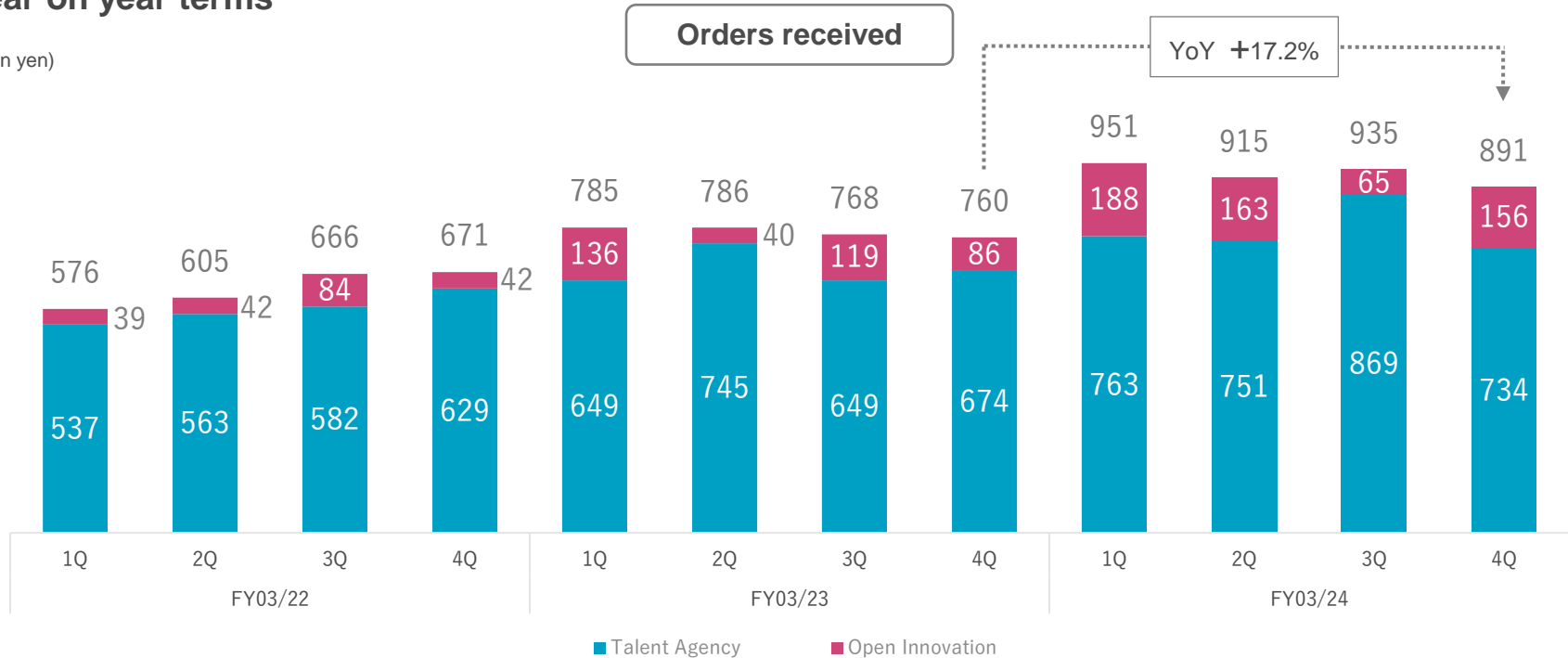


Company as a whole (consolidated) | Change in quarterly orders received over time

Talent Agency orders were low in January, but were steady in February and March

We see this as monthly slippage from the high level of orders in December, but growth was solid in year on year terms

(Million yen)



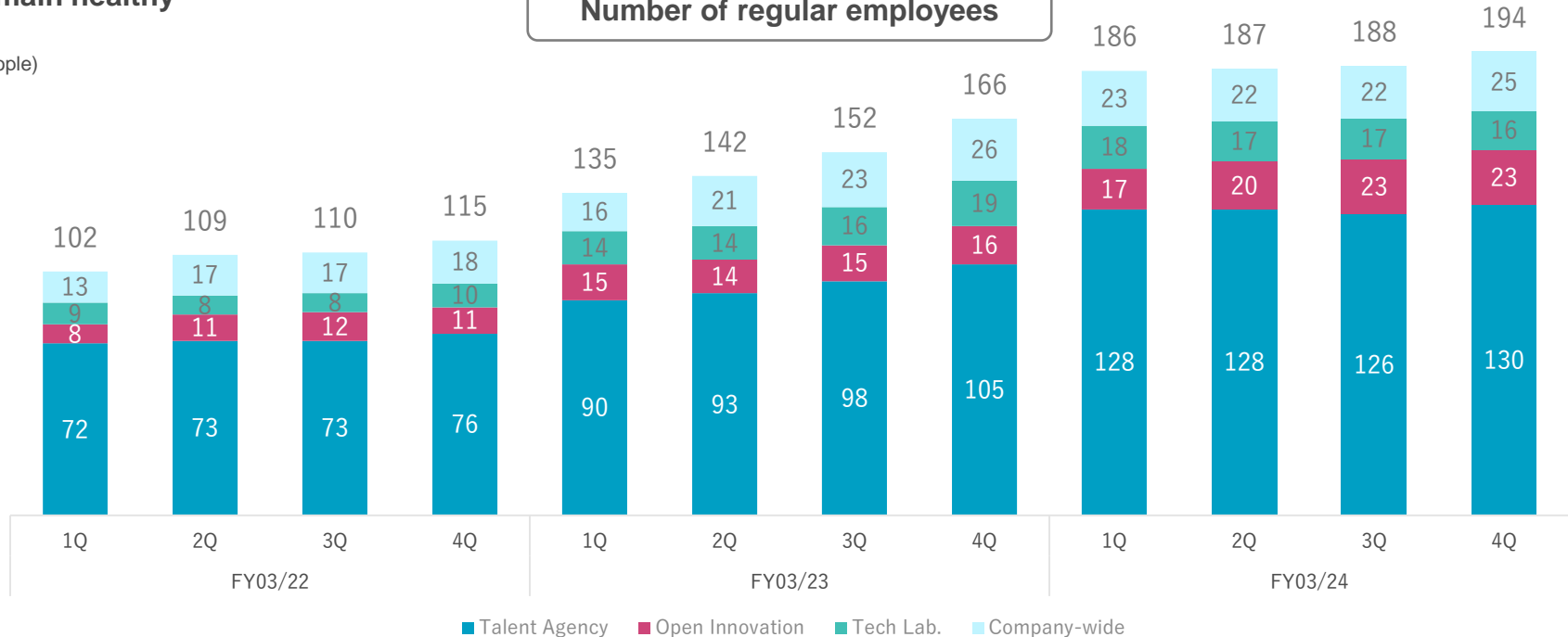
Company as a whole (consolidated) | Change in number of employees over time

We controlled recruitment activities in the first half, and because the number of people retiring was slightly higher than expected the net increase in personnel was 28

Conversely in the second half recruitment activity/number of joiners was steady, and our recruitment capabilities remain healthy

Number of regular employees

(people)

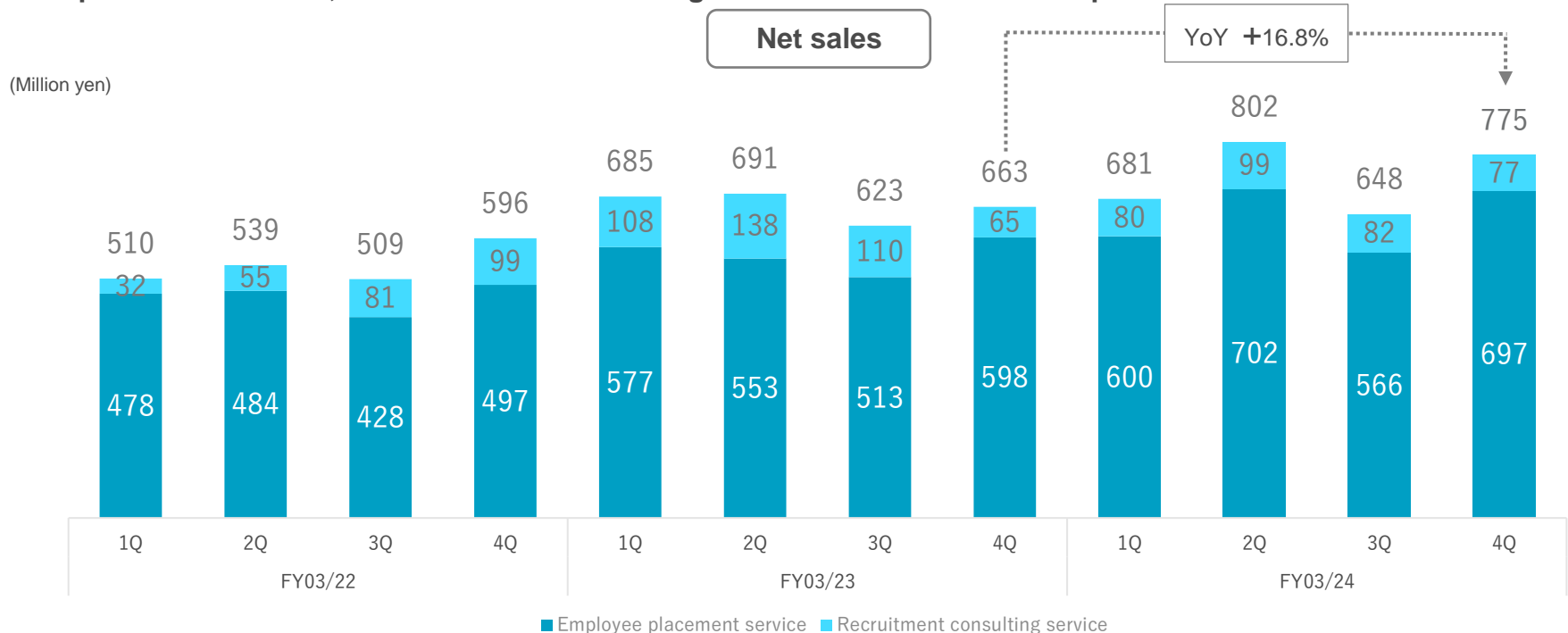


Note: includes employees on leave for maternity, childcare, etc.

Talent Agency | Net sales

Employee placements recorded its second-highest quarterly sales ever. The subsidiary that began operation in October recorded its first sales in 4Q

Despite lower revenue, the recruitment consulting service came in ahead of expectations



Talent Agency | Orders received

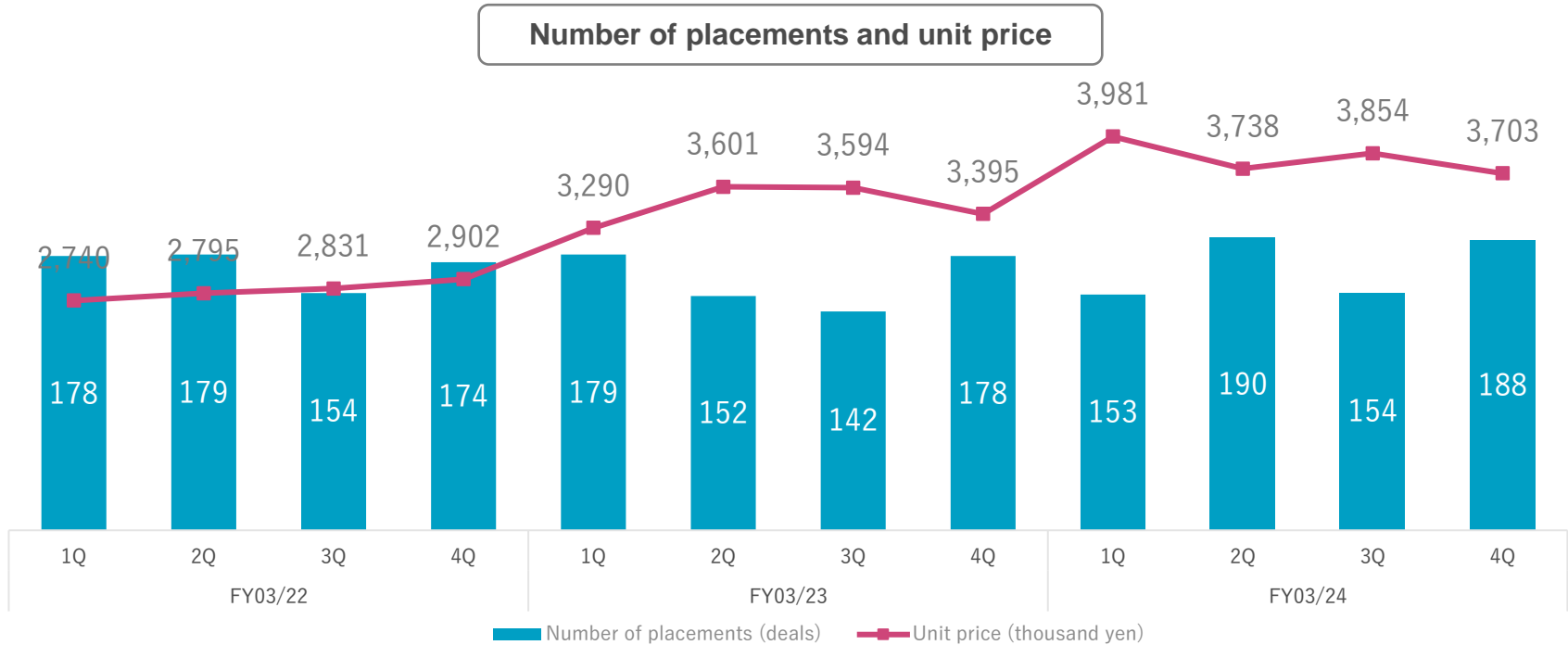
Employee placement orders fell in January in reaction to a concentration of orders in December, but February and March were strong

This may also have been affected by the number of employees undershooting forecasts, and we will seek to improve this by focusing on attracting personnel



Talent Agency | Breakdown of net sales - change in number of employee placements and unit price over time

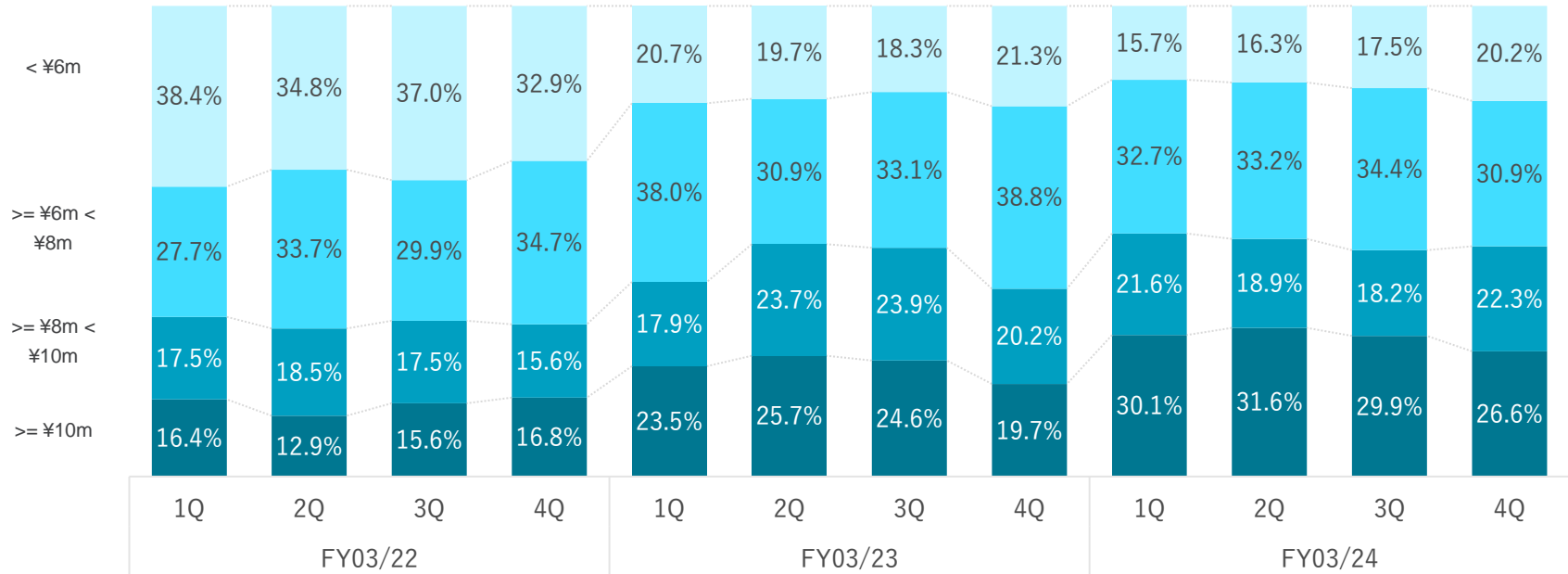
Made progress in winning new customers, and maintained high unit price despite upward trend in number of placements



Note: Excludes part of employee placement service sales (operations outsourced to the Company, etc.)

Talent Agency | Breakdown of net sales - change in finalized annual salary over time

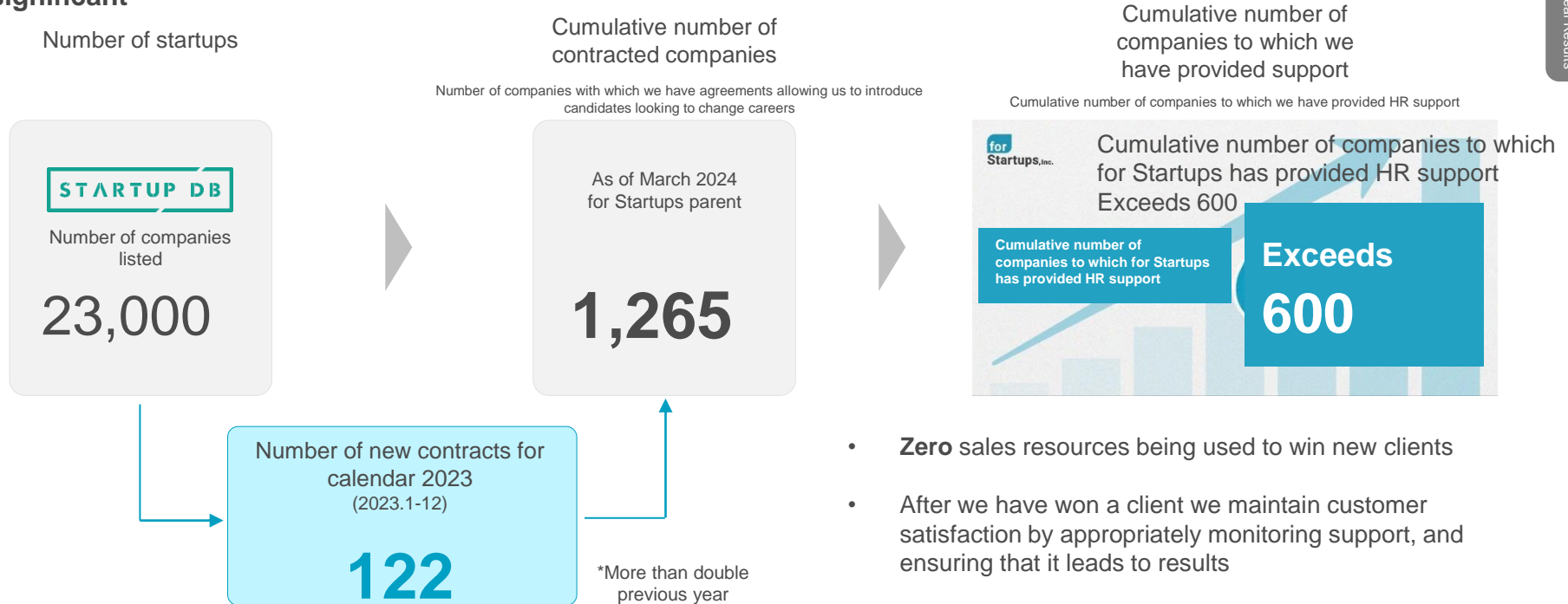
We made progress in winning new customers, and although the number of placements for inexperienced/mid-level individuals is trending upward, the ratio of support provided to high-level people remains high



Talent Agency | Number of client companies

Winning new customers is a priority objective, and by leveraging our strengths we entered into agreements with more than 120 companies a year

The number of clients to which we have provided HR support is still only 600 companies, so the upside is significant



- **Zero** sales resources being used to win new clients
- After we have won a client we maintain customer satisfaction by appropriately monitoring support, and ensuring that it leads to results
- There is significant potential to expand the number of customers/companies to which we provide support

Operational structures have been put in place to prevent a recurrence, and the problems that led to a correction to financial results in previous fiscal years have all been resolved

We have maintained positive relationships with all database operators

<Measures to prevent a recurrence mentioned at the time the correction to financial results was announced>
January 2023

1. Hold regular risk management meetings
2. Reestablish educational system aimed at ensuring that all personnel have a thorough knowledge of the rules for using databases
3. Formed dedicated team to communicate with each database operator
4. Put in place appropriate management structures, including additional management systems

<Current operational status>

May 2024

1. Established **Risk Assessment Committee**, and hold regular meetings to discuss risks that affect the Company as a whole
2. Implemented ongoing training in rules for the use of databases
3. Formed dedicated team, maintaining communications
4. Introduced additional management systems, built appropriate decision-making workflow for payees, implemented effectiveness monitoring in internal audits

Measures are functioning effectively, and a recurrence has been prevented

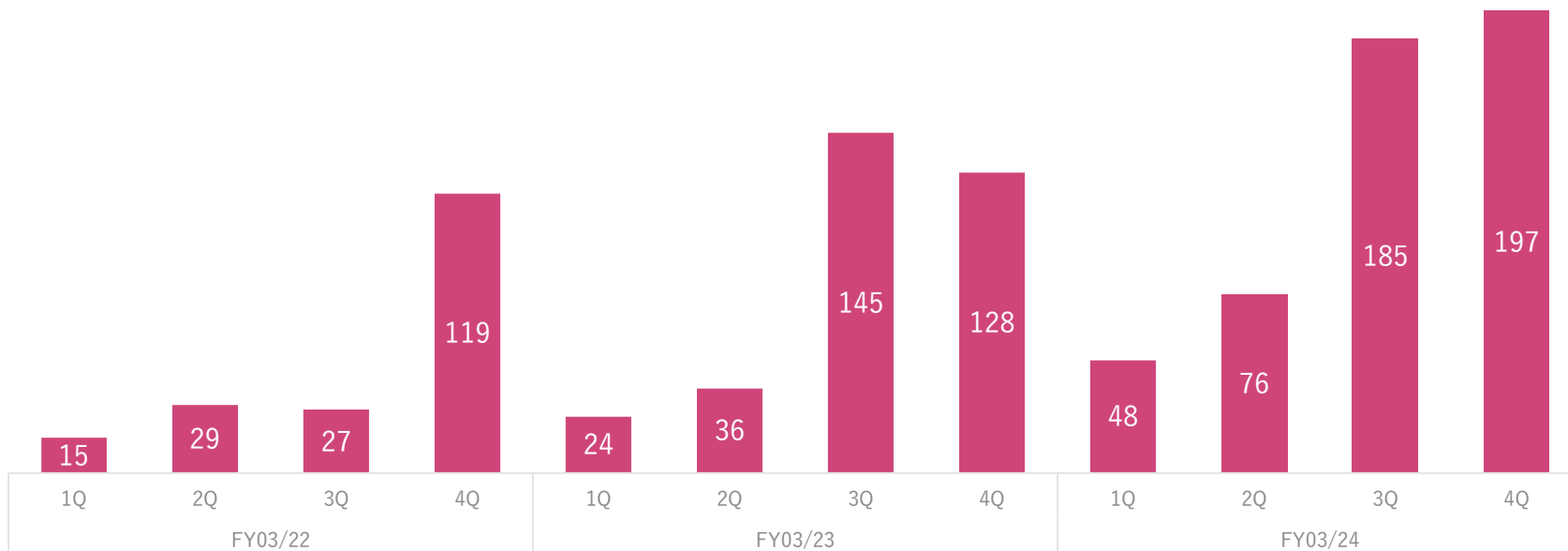
Excluding damages, etc. arising from the correction to financial results, the cost of sales ratio for employee placement service has increased by 0.8 points year on year

Open Innovation | Change in net sales over time

The Open Innovation service as a whole is growing steadily

Due to the impact of revenue recognition in Public Affairs, net sales tend to be high in 4Q

(Million yen)



Open Innovation | Status of each service

We contribute to the development of the startup ecosystem through each of these services

Public Affairs

Pacemaker role for startup-related projects by governmental agencies and regional public bodies. Began operating in Fukuoka



Hiroshima Unicorn 10 Demo Day (FY2023)



Press conference to announce new "FGN" hub operating structure for Fukuoka City

STARTUP DB

Number of users increasing steadily every year. Networking events limited to members started in this fiscal year have been well received



STARTUP DB



Regular meetings held to enable members and startups to network

Conference

Annual event held to enable Japanese startups to connect with the rest of the world



Scene from GRIC 2023 venue

EVENT PARTNERS



GRIC 2023 event partners include major French technology conference company Viva Technology and LVMH

After marking to market shares in which we have invested, we recorded (in cost of sales) a loss on valuation of operational investment securities of ¥136 million

This is the result of taking a conservative approach to accounting estimates for valuation, and at this point the operational status of the investee companies is sound

(Million yen)	FY03/23	FY03/24
Loss on valuation of operational investment securities Cost of sales	—	136
Management expenses (SG&A expenses)	7	7
Operating income	-7	-143

- Incorporated loss on valuation for multiple companies
- We have invested in companies for which some of Japan's leading VCs have high expectations for returns, and all these companies are growing steadily. These include some that are preparing for listing
- We have hitherto passed on multiple investments based on a variety of valuation benchmarks, and will take an even more rigorous approach to decisions going forward

2. Dissolution of parent-subsidary listing

Dissolution of capital relationship with WILL GROUP, INC. and parent-subsidary listing

We are dissolving the parent-subsidary listing that has been a governance issue since being listed. WILL GROUP, INC., which has adopted a new management structure, will reduce their holding of 1,925,400 shares to 0 shares through a secondary offering and transfers to third parties

Overview of offering

Offering structure	Domestic offering of shares
Number of shares offered	1,023,900
Over-allotment	153,500
Lead underwriter	Nomura Securities Co., Ltd.
Pricing date	March 4, 2024 (Monday)
Offering price	1,333 yen

Overview of third-party transferees

Third-party transferees	Number of shares	Third-party transferees	Number of shares
Nihon Kotsu	250,000	GLOBIS CAPITAL PARTNERS HOLDINGS. & CO.	50,000
M3	73,000	IncubateFund	50,000
Strike	50,000	WiL	50,000
Warehouse TERRADA	50,000	Other corporates	50,000
YAMASHITA	50,000	Other individuals	75,000
		Total	748,000

New shareholders with whom we can expect to generate business synergies

Capital relationship aside there was little synergistic effect with the WILL GROUP, but we anticipate being able to generate business synergies through operational alliances with the VCs and operating companies that are our new shareholders

VC

Three of Japan's notable VC companies are shareholders
Will further strengthen cooperation on providing support to startups

 **GLOBIS CAPITAL PARTNERS**

INCUBATEFUND



*In each case the investment comes from the entity itself rather than from funds they manage, and so there is no redemption date, etc.

Operating company

M3

- Collaborating with startup entrepreneurs and management teams on pre-illness and preventive medicine
- Strengthen HR support provided to startups in which this company has invested/cooperation on information

Strike

- Promotes the ecosystem by creating startup M&A deals
- Sourcing using STARTUP DB, holding of joint events

Warehouse TERRADA

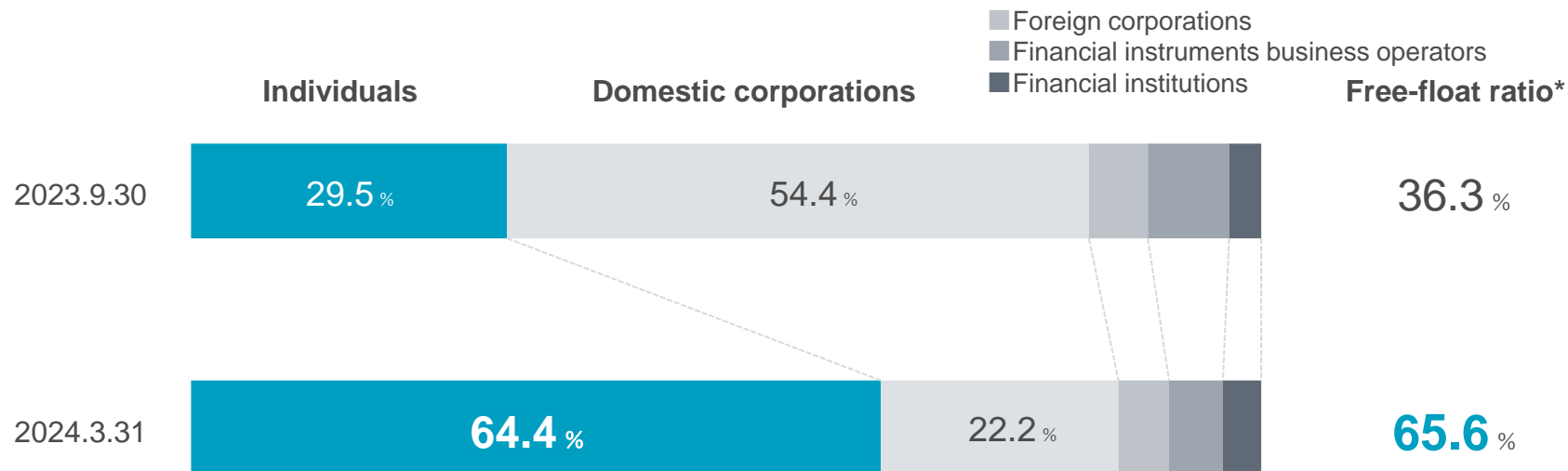
Support the "Isle of Creation TENNOZ" project that seeks to make Tennozu, Tokyo a business hub

FUKUOKA JISHO*

- Joint promotion of Open Innovation activities at incubation facilities
- Bidirectional business and mutual referrals of startups for which synergistic effects can be expected

Number of shareholders/Free-float ratio data

The ratio of individuals has increased and the free-float ratio has improved.
Aim is to improve liquidity through sustainable growth

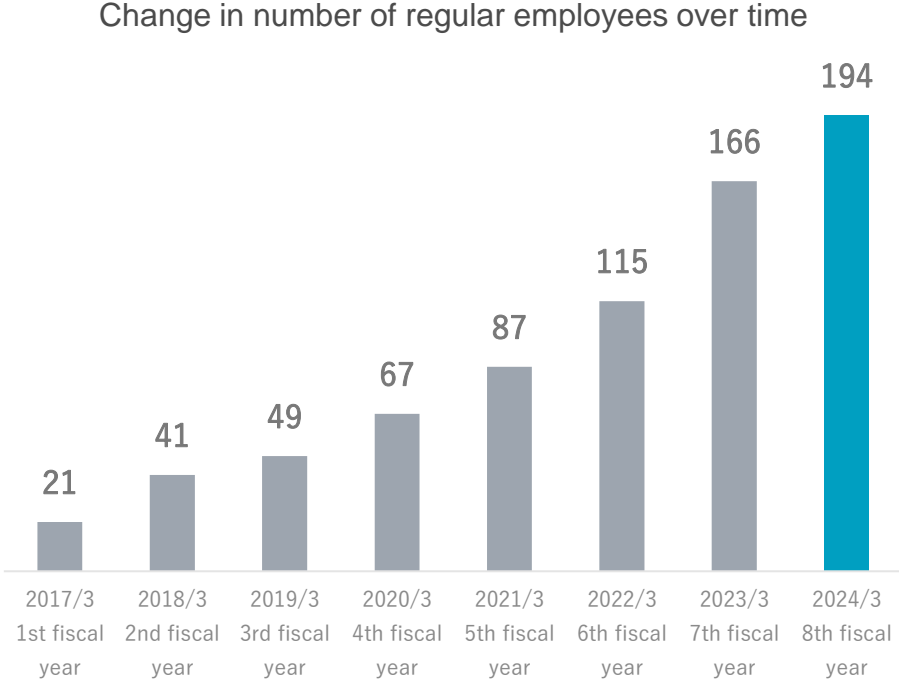
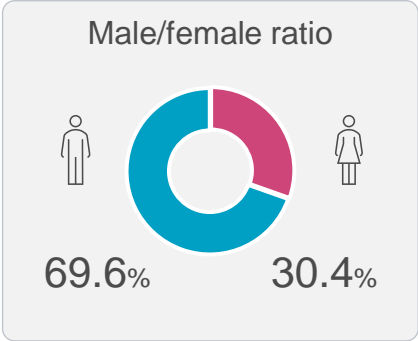


September 2023: Calculation excludes shares held by WILL GROUP, shares held by officers, shares held by employee shareholding association, and treasury shares
March 2024: Calculation excludes shares held by officers, shares held by employee shareholding association, shares held by third-party transferees, and treasury shares

3. State of human capital

State of human capital (as of end FY03/24 - consolidated)

Number of regular employees is increasing every year in line with the increase in the scale of the business, and we intend to continue accelerating recruitment going forward



State of human capital (as of end FY03/24 - consolidated)

The female manager ratio already exceeds publicly announced target, and we aim to maintain and increase this figure

Female manager ratio

28.1 %

Target is 25.0% or higher by FY03/25

Female wages as percentage of male wages

84.4 %

- Some high-flying employees from the first cohort of new graduates have already become managers, and people are actively promoted to managerial roles in accordance with their actual abilities
- We also implement initiatives aimed at maintaining and improving the ratio of female managers, such as providing specific coaching for such employees

Ratio of men taking childcare leave

66.7 %

Ratio of women taking childcare leave

—

Not applicable as of end March
Two individuals returned to work in April 2024



Officers and managers of the Talent Agency division

State/analysis of joiners and leavers

Due to controlling recruitment activities in the first half the number of people joining the Company was fewer than planned, but as a result of boosting activities in the second half we achieved the same number as in the previous fiscal year

The number of people resigning was slightly higher than expected, which we are treating as a management issue and in relation to which we are implementing various personnel initiatives

	Number of employees at end of previous fiscal year	Number of mid-career joiners <small>*including changes in form of employment</small>	Number of new graduate joiners	Number resigning	Number of employees at end of fiscal year
FY03/22	87	45	8	25	115
FY03/23	115	60	13	22	166
FY03/24	166	52	21	45	194

- **Recruitment is our strength, and our recruitment capabilities remain healthy**
- The percentage of recruitment and leavers by division is almost the same as the percentage of employees by division
- We have been able to prevent resignations by key employees, but one of the main reasons given by leavers recently is that they are interested in the challenge of working at startups, VCs, or CVCs, **so there is a substantial impact from the “environmental factor” of coming into frequent contact with entrepreneurs and management teams**
- For as long as this remains a stimulating environment it is possible that we will continue to see a certain level of resignations going forward, but in addition to bolstering recruitment we will execute initiatives to encourage employees to participate fully over the medium to long term

Recruitment activities

Given the labor-intensive nature of the business model, we will form a body of talent centered on the younger generation

We controlled recruitment activities in the first quarter of FY03/24, but the number of those attending first-stage interviews was still more than three times the number of employees

Mid-career hires

Number attending first-stage interviews in FY03/24 (April 1, 2023 to March 31, 2024)

687

We controlled recruitment activities in 1Q, but the number of people attending interviews was more than three times the number of employees

Recruitment standards are stringent, with only 30% or so passing the first-stage interview

New graduate hires

Number actually hired

2021 graduates	2022 graduates	2023 graduates	2024 graduates
8	13	21	16*

*3 individuals scheduled to join the firm later in the fiscal year due to being graduates of overseas universities, etc.

Examples of actual institutions from which new graduates have joined us

University of Tokyo Graduate School	Osaka University	Kwansei Gakuin University
Kyoto University Graduate School	Keio University	Rikkyo University
Hitotsubashi University Graduate School	Waseda University	Ritsumeikan University
Tokyo Institute of Technology Graduate School	Sophia University	<Overseas>
Kyushu University Graduate School	Tokyo University of Science	Shanghai Fudan University
Yokohama City University Graduate School	Meiji University	UC Berkeley
Tokyo University of Foreign Studies	Aoyama Gakuin University	BCIT
Osaka City University	Doshisha University	

We have formulated a personnel policy that constitutes our basic approach to human resources and systems
As advisor we invited Yoshihiko Takubo, the leading authority on “Kokorozashi Management,” who also has a thorough understanding of the distinctive environment of the Company

It is vital that for Startups employees each develop and realize their aspirations in order for the Company to achieve MVV

Basic approach to human resources and systems at for Startups

Personnel Policy

Design/decide whether or not to continue or introduce HR initiatives and systems in accordance with the policy

- Example initiative:
- Paid leave system using hourly units
 - Employee shareholding association (20% subsidy)
 - Coaching for female managers



Dean of Graduate School of Management, GLOBIS University
Yoshihiko Takubo

I believe that one of the important things when supporting growth industries is for **each team member to have aspirations in terms of what they are working for, who they are working for, and why they want to do the work, and to bear this in mind when interacting with all stakeholders, such as entrepreneurs or candidates.** I have become convinced of this view through my past discussions with management teams. I hope that as advisor I will be able to contribute to further enhancements in the ability of for Startups to support growth industries through my involvement in evolving and refining the mechanisms used to foster the aspirations and develop the skills of its team members.

Development and calculation of “Kokorozashi Indicator” to visualize employee aspirations

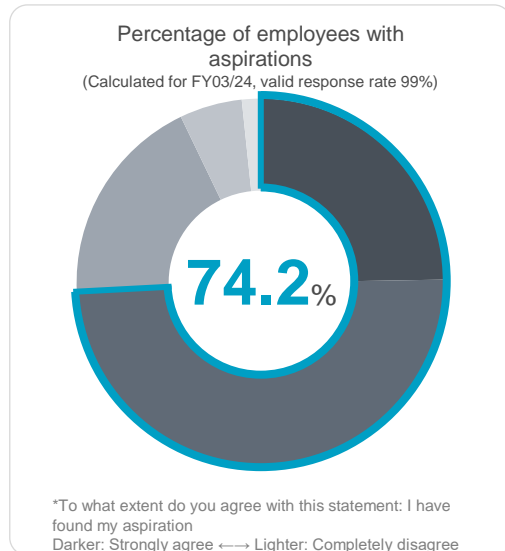
Just as it is for the entrepreneurs and VCs of a startup with high aspirations, it is important for employees to also have aspirations to challenge

According to our proprietary “Kokorozashi Indicator,” the percentage of employees with aspirations is a fairly high **74.2%**

*Kokorozashi: something that one greatly desires to achieve through work, by committing all of one's efforts

Kokorozashi Indicator

A proprietary indicator based on fixed-point observations of employee aspirations from 5 different perspectives



Initiatives to nurture and achieve the aspirations of employees going forward

We will analyze comments in answers submitted by employees, and devise measures to maintain and increase the percentage of employees with aspirations

Initiatives that have a positive impact on aspirations of employees and will be continued	New initiatives that should be implemented going forward
<p>Study meetings/“evolution workshops”</p> <p>Direct contact with entrepreneurs and other experts</p>	<p>Increase opportunities for dialogue about aspirations</p> <p>Increase opportunities to get to know your own aspirations and those of your coworkers</p>
<p>Maintain and enhance the culture created by other people and team members</p> <p>Synergistic effect of people with aspirations coming together and stimulating each other</p>	<p>Creation of networking opportunities between employees that transcend barriers between different departments</p> <p>Generate connections between employees and synergies between departments</p>
<p>Assignment of challenging work</p> <p>Trust in the potential of individuals and delegate high-level work to them</p>	<p>Provide backing for the personal development and evolution of the individual</p> <p>Provide and support opportunities for the individual to learn</p>

The stimulating environment resulting from frequent visits to the Company by entrepreneurs and managements from startups with high aspirations, VCs, and other experts, is the source of our human capital management and aspirations

Study meetings



Sample of some of those who have visited the Company to present at study meetings



Entrepreneurs and managers presenting at a study meeting

- Entrepreneurs, management teams, and VCs visit our offices and share fresh information
- Employees can ask questions directly about founding ideas, growth strategies, and management issues, and use this in their own HR support
- These meetings are held at a rate of more than 160 events every year, meaning that **entrepreneurs and management teams are visiting for half of the week**

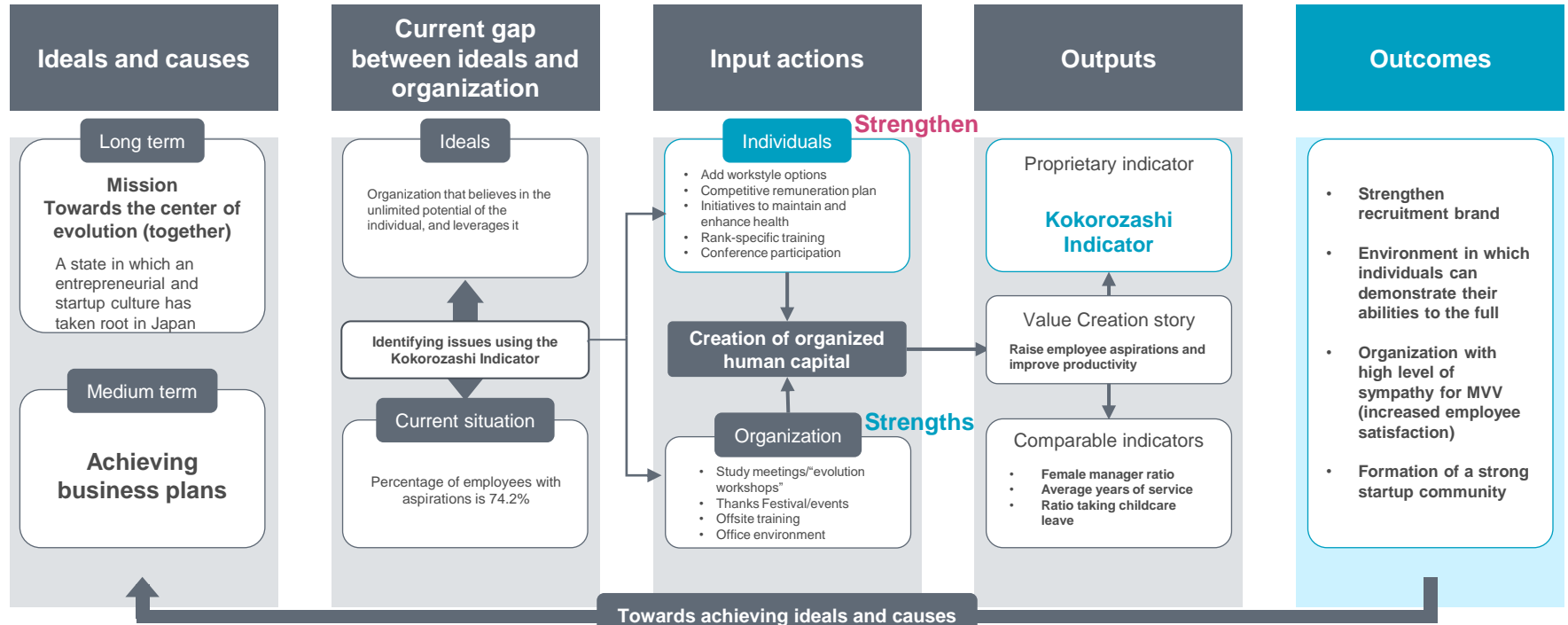
Thanks Festival



- Invitees include entrepreneurs, management teams, VCs, and ecosystem builders
- All employees participate, and carry out their individual duties while mingling with guests

Human Capital Management Framework

A policy of utilizing the corporate environment that is our strength to the maximum while reinforcing the actions of individuals



4. FY03/25 Full-year forecasts

Summary of FY03/25 full-year forecasts

Net sales to grow 20%, operating income growth to be maintained despite impact of one-off expenses associated with head office relocation

Net sales

4,100 million yen

YoY +**20.0%**

- Concentrate management resources in Talent Agency, create synergies with Open Innovation
- Previous initiatives to be continued this fiscal year
 - Winning of new pre-IPO customers
 - HR recruitment and development

Operating income

450 million yen

YoY +**6.3%**

- Profits to grow despite anticipating one-off expenses of around 180 million yen associated with relocation of head office
- If one-off expenses are excluded, this would maintain the 15% margin level set as a medium-term performance target

Number of employees at end of fiscal year

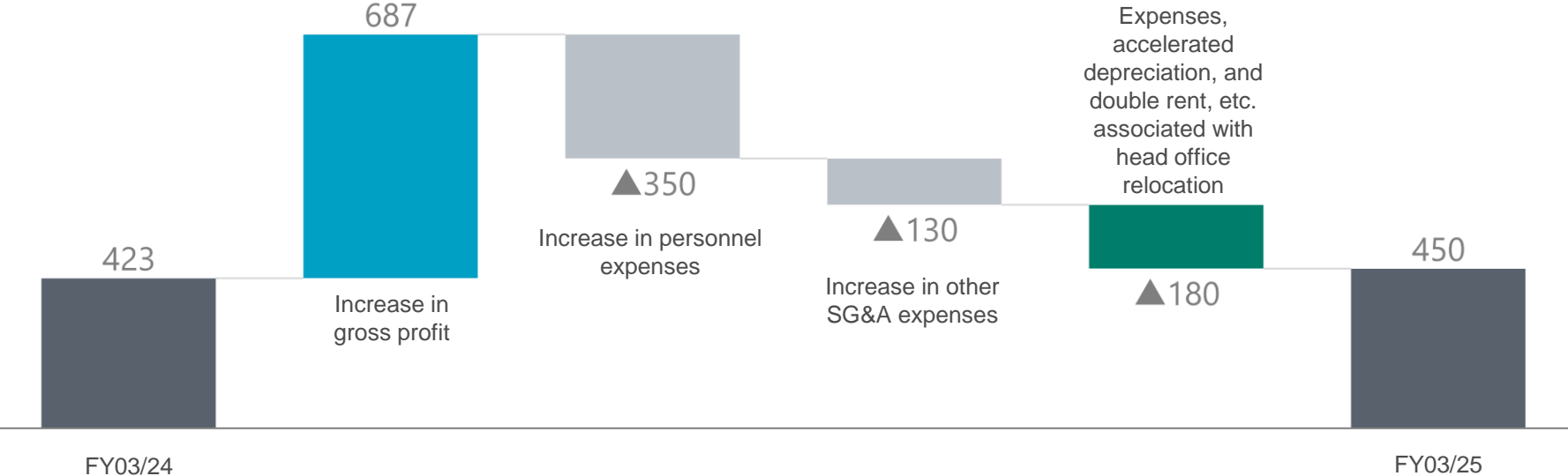
250

YoY +**56**

- Formation of a Talent Agency team to recruit talent for the Company
- Relocation of head office to Azabudai Hills expected to boost recruitment capabilities
- Although not included in the above figures, we are also actively working to recruit new graduates from the 2025 cohort

Year-on-year variance in full-year operating profit forecast for FY03/25

If we exclude one-off expenses associated with the relocation of the head office, we estimate that the operating margin would reach the previously set 15% level



Assumptions on which earnings forecasts are based

The startup recruitment market is starting to shift to a more positive environment, and we expect this to be underpinned by government policy

Funding market



- Provisional figures for January-March 2024 suggest total funding amount -10% YoY. As registration information is progressively updated going forward this could result in a **slight increase year on year**
- The average funding amount per deal is trending upward as **investments are being concentrated in the startups with the most growth potential** (our customer base)

Recruitment demand



- **Recruitment activity at major customers** who have suspended such activities for the past 1-2 years **is beginning to pick up**
 - We expect to continue to win new customers
 - We will bolster support of the post-IPO startups that are our existing customers
- > **Startup recruitment demand is beginning to strengthen considerably**

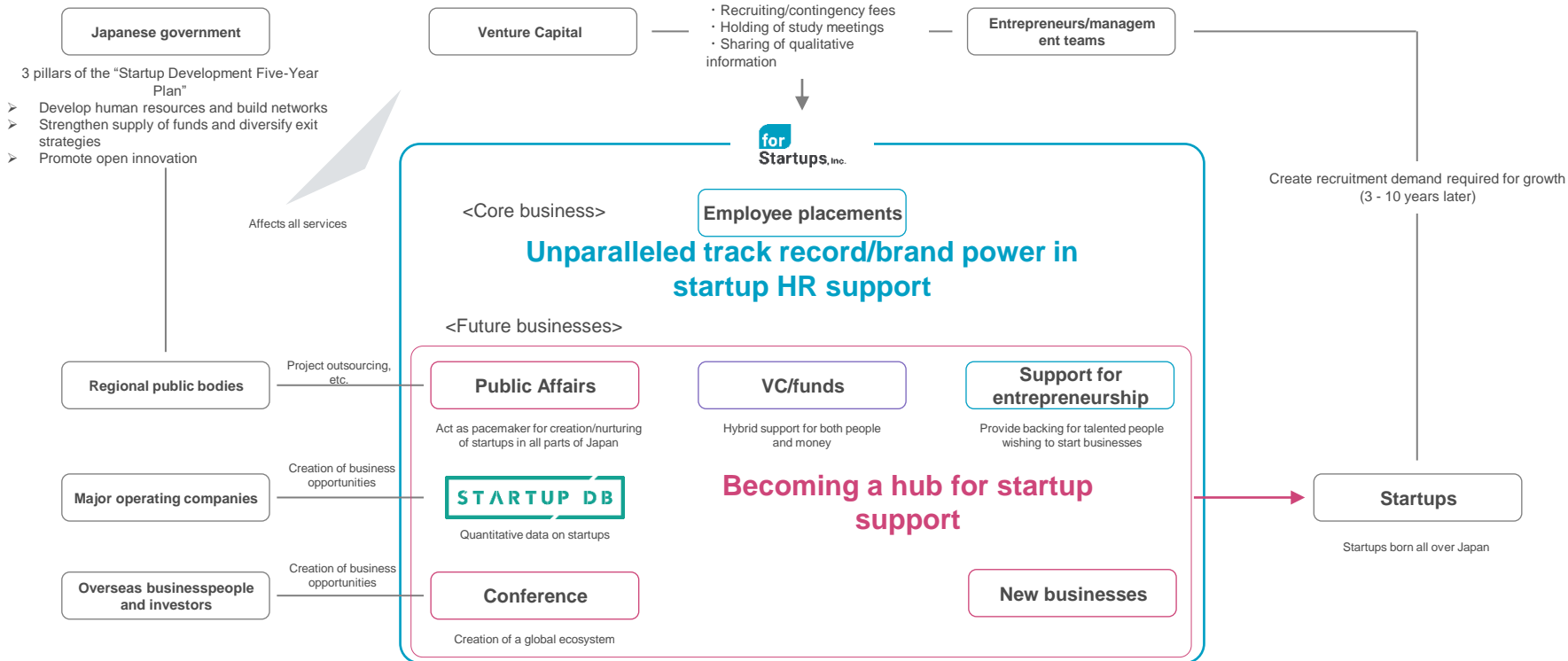
*Source: STARTUP DB



Underpinned by “Startup Development Five-Year Plan” governmental policy

Recap of the Company's activities thus far

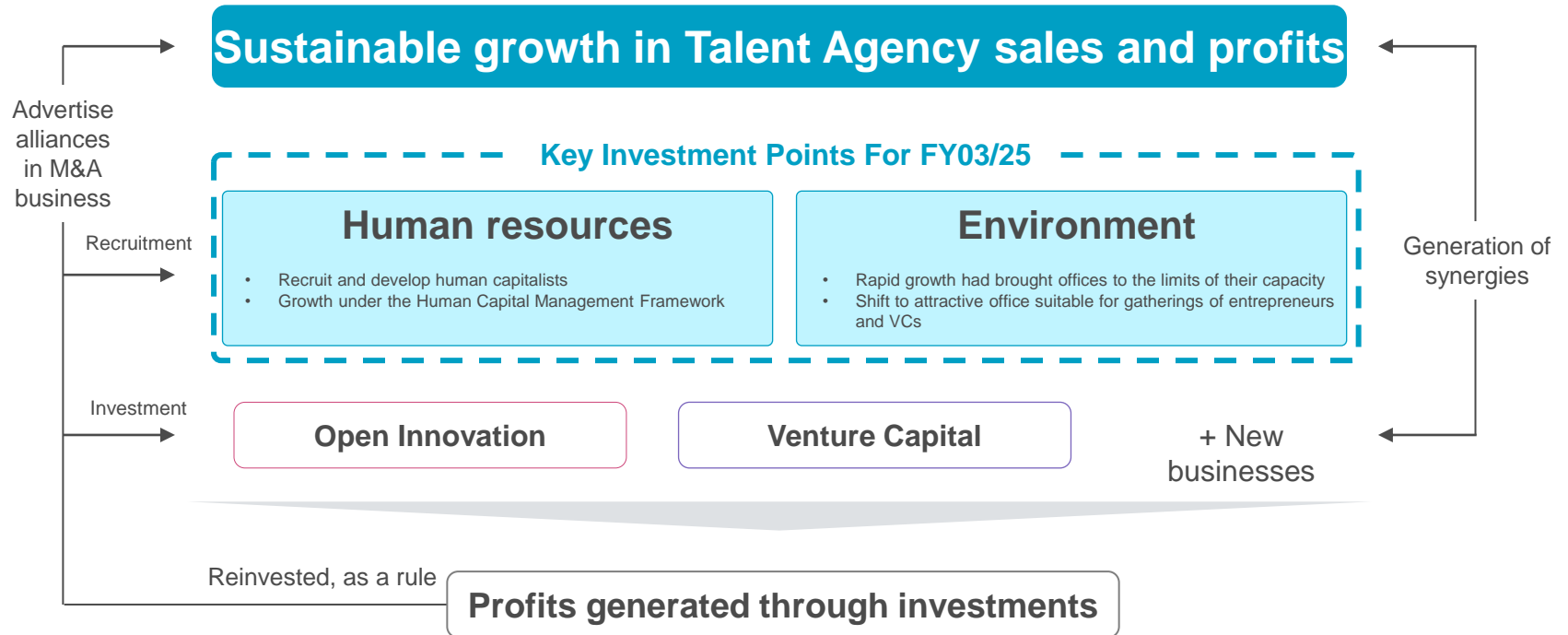
Against the background of an unparalleled track record and overwhelming brand power in the core business of HR support, the Company has sown seeds in many different business areas. We believe that the return on investment for these activities over the next 3 to 10 years will be substantial



Key investment points for FY03/25

Execute investments to ensure that the core Talent Agency business remains the dominant No.1 in the industry
In FY03/25, we will prioritize investments in human resources and the environment, and will continue to investigate a variety of investment approaches going forward

Priority issues based on the medium-term policy



Talent Agency | Priority areas (continued)

HR support is centered on Pre-IPO startups. We maintain relationships with entrepreneurs and management teams even after listing, and even after companies to which we have already provided support are listed we win business based on their management recruitment needs, and are expanding in the post-IPO area

3 pillars of the “Startup Development Five-Year Plan”

● · ▲ : Existing areas

Area	People	Money	Open Innovation
Starting business	●	●	—
Pre-IPO	●	●	●
Post-IPO	▲	—	●
R&D-type startup	▲	—	●
Regional revitalization	—	—	●
Global	—	—	●

Focus areas (highlighted in blue box): Starting business, Pre-IPO, Post-IPO, R&D-type startup

“People” is the most important area

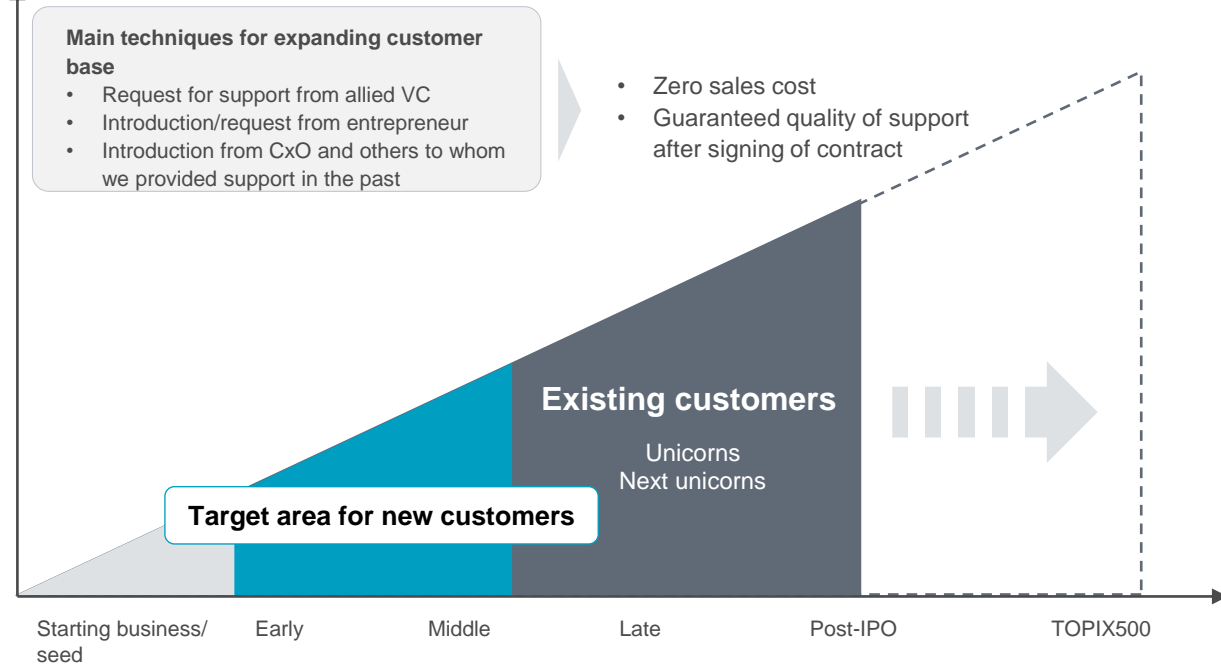
- Concentrate management resources in areas with high added-value
- With regard to area of pre-IPO startups, we will broaden our customer base, and provide support
- Increasingly we are receiving requests from companies with which our relationship had weakened after listing, asking us to strengthen dealings with them
- Launch of new brands (remains under consideration)
Subsidiary Syngress, which specializes in the executive area, is steadily making a contribution to the business

FY03/25 key initiatives - winning pre-IPO customers (continued)

HR support for pre-IPO companies, where we walk alongside the entrepreneurs, contains within it the potential for future large-scale recruitment

We will take into account the balance between the speed at which we win new customers and the speed of personnel recruitment

Business size
(recruitment demand)



Initiatives that have continued from the past

Provides support right from the pre-IPO phase for the **aspirations of startup and entrepreneurs** in the form of human resources

Example: the number of companies with which we have concluded contracts that are ranked in the top 10 in Forbes Japan's Startup of the Year
2024: 9, 2023: 10, 2022: 9

Cases like these have been increasing recently

Partly because many of the people to whom we provide support are promoted to management teams, **we end up providing support for recruiting executive human resources (including on an unannounced basis) to help achieve higher growth after the IPO**

Image of the future

Largest HR partner for growth companies in the TOPIX500

Full-Year Forecasts

Standard for startup recruitment is high and so is level of difficulty. The most important thing is the HR development of the human capitalists who are responsible both for individuals looking for jobs and companies recruiting individuals

Issues with development

A market in which trends and needs are changing all the time

Changes in markets and trends can lead to drastic changes in recruitment activity, including changes in management strategy, etc.

In many cases success depends on the ability of individual employees

Differences in ability between human capitalists in charge of different clients have an impact on results and also on customer satisfaction, etc.

Initiatives being implemented

Study meetings/“evolution workshops”

Entrepreneurs and experts visit the Company and, in addition to directly sharing basic information about recruitment at startups, there are also opportunities for them to provide input on management strategy, and related knowledge and trends.

Actively promote unusually able employees to management

We actively promote high-flying personnel to management, and have them sit in on meetings (OJT) not only with candidates looking to change career but also with entrepreneurs and VCs. This results in a temporary decline in productivity, but the positive effects of this development are starting to emerge

On the assumption that headcount increases will take the current office over capacity, we will relocate to Azabudai Hills in the autumn

Both the floor area and the rent will roughly double, but we also expect it to strengthen relationships with VCs and help with recruitment

Background to relocation of head office

Rapid growth has taken us to the limits of capacity

- We have had to install desks in free space area
- “Workplace expansion” was one of the items incorporated into medium-term performance targets for FY03/25

Creating an environment for “the center of evolution”

- A single-floor environment that will encourage entrepreneurs and VCs to visit frequently
- Selected Azabudai Hills after looking ahead to further increases in headcount

Costs

Fixed costs

Rent: approximately double
(*Floor space: approximately double)

One-off expenses

Double rent: 4 months' worth
Depreciation, etc.:
approximately 55 million yen
Consumables/relocation
expenses, etc.

Estimated total: 180 million yen

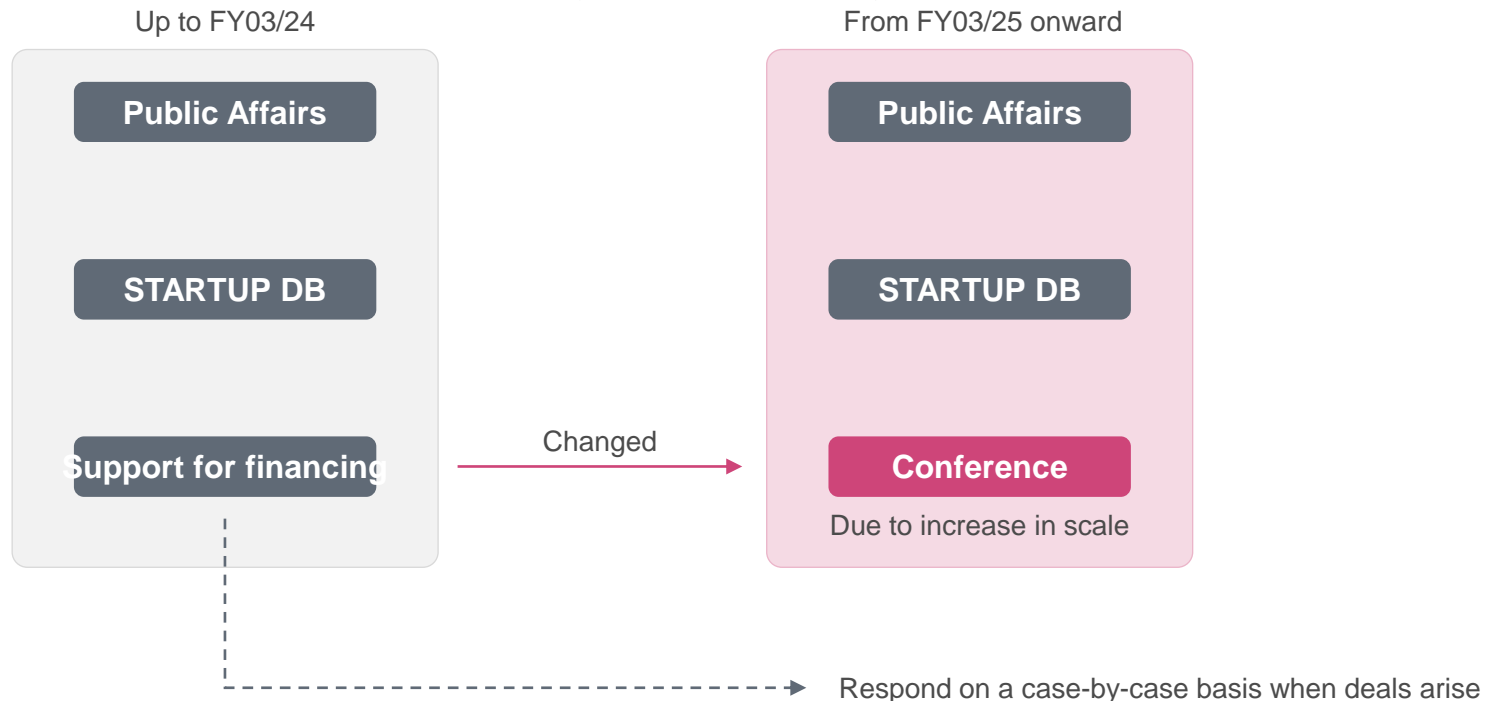
Expected results

1. **Enhanced recruitment capabilities (branding)**
2. **Strengthening of relationships with VCs**
3. **Environment in which entrepreneurs and management teams can visit every day**

Open Innovation | Change in service lineup

Taking into account the size of sales and order of investment priority, support for financing will be changed to provision on a case-by-case basis

In principle, we will focus on Public Affairs, STARTUP DB, and Conference



New management structure

Yukiko Tsuneda has been selected as Deputy CEO, and will pursue growth in the existing businesses, including the Talent Agency

CEO Yuichiro Shimizu will explore new businesses that generate synergy with the human resources operations, as well as business alliances, M&A, and other matters



President and CEO

Yuichiro Shimizu

- Will work to strengthen relationships with the operating companies and VCs that have become new shareholders of the Company, and work to maximize the startup ecosystem with operating companies, etc. that could become shareholders in future
- Will promote new businesses and business alliances, etc. that will boost the human resources operations



Director and Deputy CEO

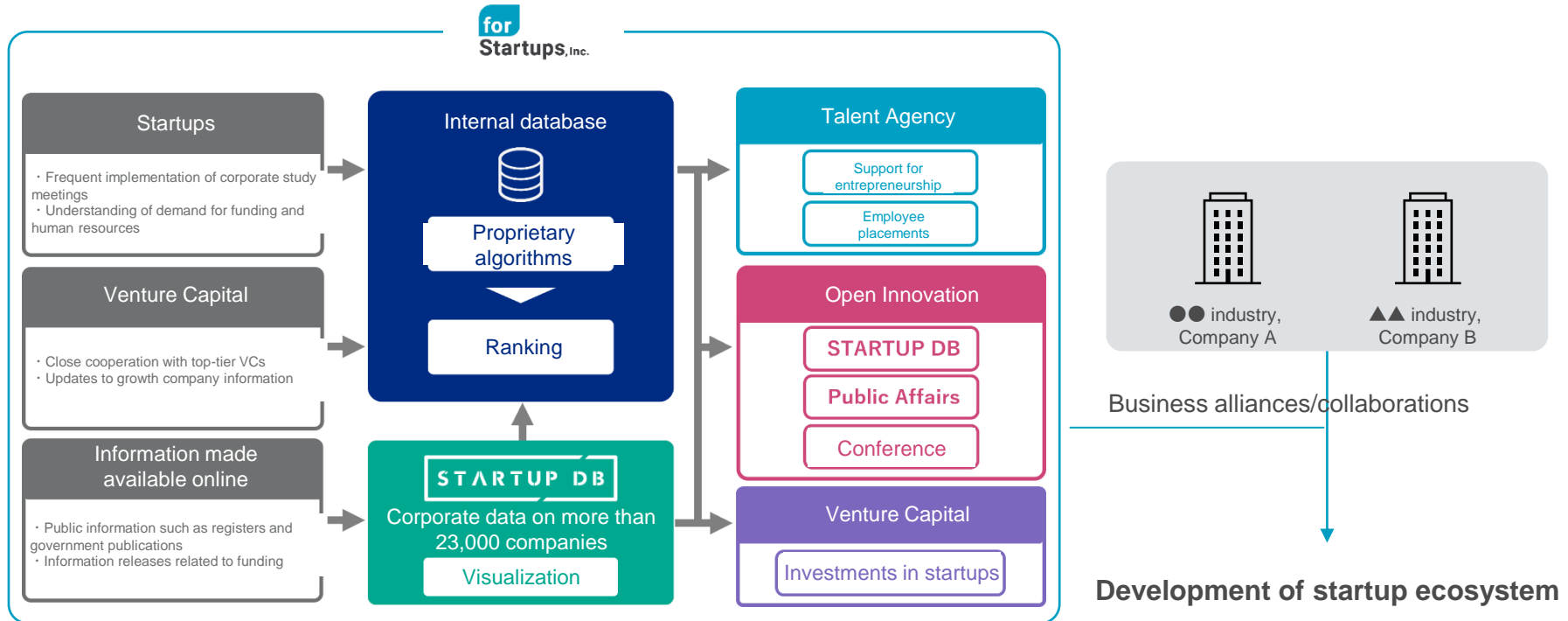
Yukiko Tsuneda

- Will be responsible for existing revenue businesses, and for cementing the position of the organization as a leading company in the area of HR support for startups
- Will aim to achieve rapid growth through the generation of synergies with Open Innovation

Promoting business alliances and collaborations that hinge on our strengths in information

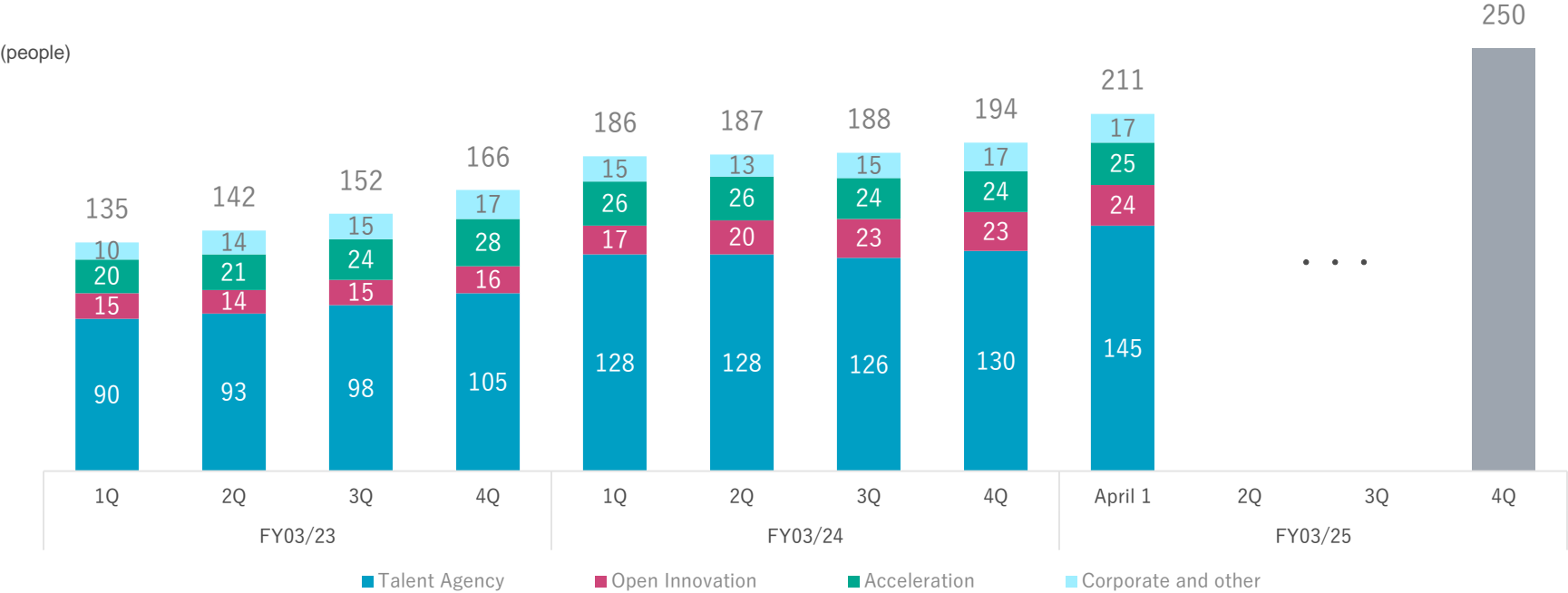
There is deep-rooted demand for business alliances and collaborations with the Company, which is a repository of the latest information on startups

We aim to maximize the startup ecosystem through our role as a hub



Company as a whole (consolidated) | Changes in headcount over time since the organizational changes, and fiscal year-end target

Past changes in headcount over time since the organizational changes are as presented below
 We started April with 211 employees, and aim to expand this to 250 by the end of the fiscal year

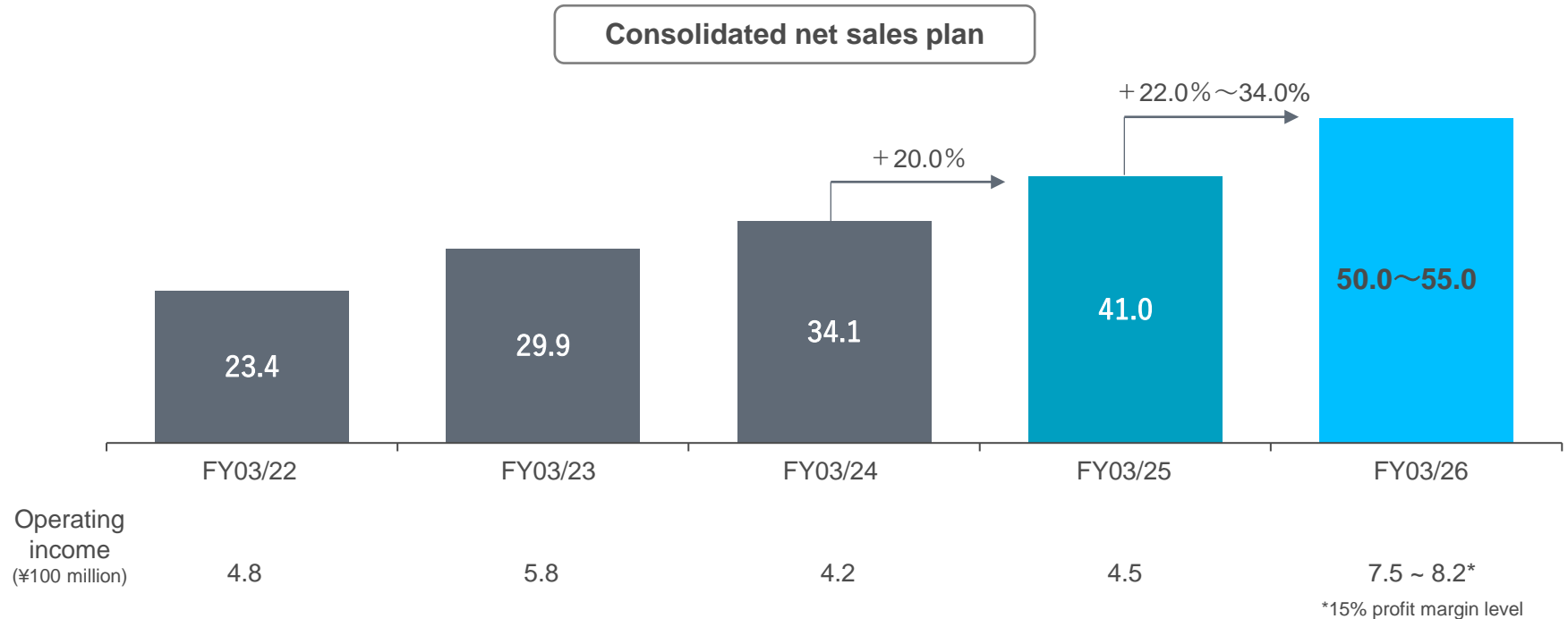


Note: includes employees on leave for maternity, childcare, etc.
 The Acceleration Division is responsible for the Human Resources Division and the Development and Design Division.

Company as a whole (consolidated) | Medium-term performance targets

We do not use rolling targets, and we are aiming for more than 5,000 million yen in consolidated net sales by FY03/26 (no change)

One-off costs will be incurred in FY03/25 as a result of the office relocation



5. Appendix

Company overview

Company name	for Startups, Inc.
Established	September 2016
Location of head office	36F, Izumi Garden Tower, 1-6-1 Roppongi, Minato-ku, Tokyo
Number of regular employees	194 (as of March 31, 2024)
Capital	¥238 million (as of March 31, 2024)
Nature of business	Growth industry support -Talent Agency & Open Innovation business -Venture Capital business
Listed market	Tokyo Stock Exchange Growth market (securities code: 7089)
Employment placement business authorization no.	13-Yu 307946
Group companies	for Startups Capital Inc. Syngress, Inc.
Member organizations	Member of the Japan Business Federation (Keidanren) Member of the Japan Association of New Economy (Shinkeiren) Supporting Member of the Japan Venture Capital Association (JVCA) Selected as a supporter company of J-Startup by the Ministry of Economy, Trade and Industry



Group photo of officers and employees of the Company at the “for Startups Thanks Festival” held on April 10, 2024

We support startups by matching entrepreneur candidates with VCs and universities (seven companies disclosed + several undisclosed)

- In the event that the person we introduce starts a business, we receive a contingency fee from the party to whom they have been introduced (mostly VCs)
- There are only several such deals per year, at most, and they account for a small percentage of net sales

Our track record of support for entrepreneurship



Established August 2016
YOURMYSTAR, Inc.



Established July 2017
Graffer, Inc.



Established February 2019
Blue Practice Co., Ltd.



Established April 2019
TERASS Inc.



Established November 2020
Yuimedi, Inc.



Established April 2021
NABLA Mobility Inc.

FAEGER

株式会社フェイガー

Established July 2022
FAEGER Co., Ltd.

Talent Agency | Track record in supporting employee placements

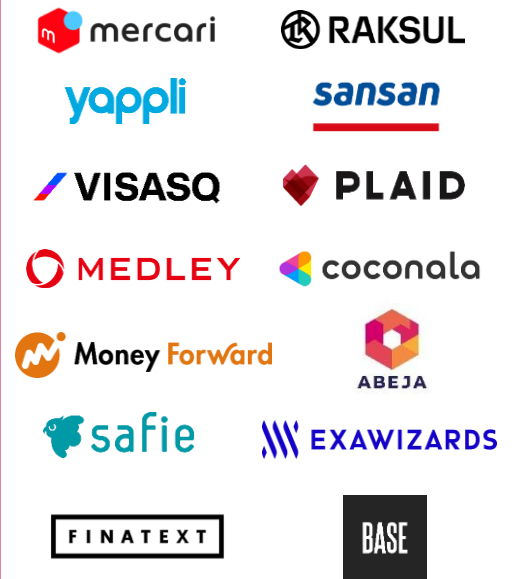
Unlisted startups



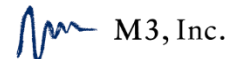
Ecosystem builders (VC, innovation campuses)



Startups that were listed while we were providing support



Companies already listed



Talent Agency | The ideal high-flying employees

The people flying high as human capitalists are not only people from a human resources industry background but also individuals from a variety of industries, and with experience in a range of different roles, who use that background as a weapon



<Industry of origin (not exhaustive)>

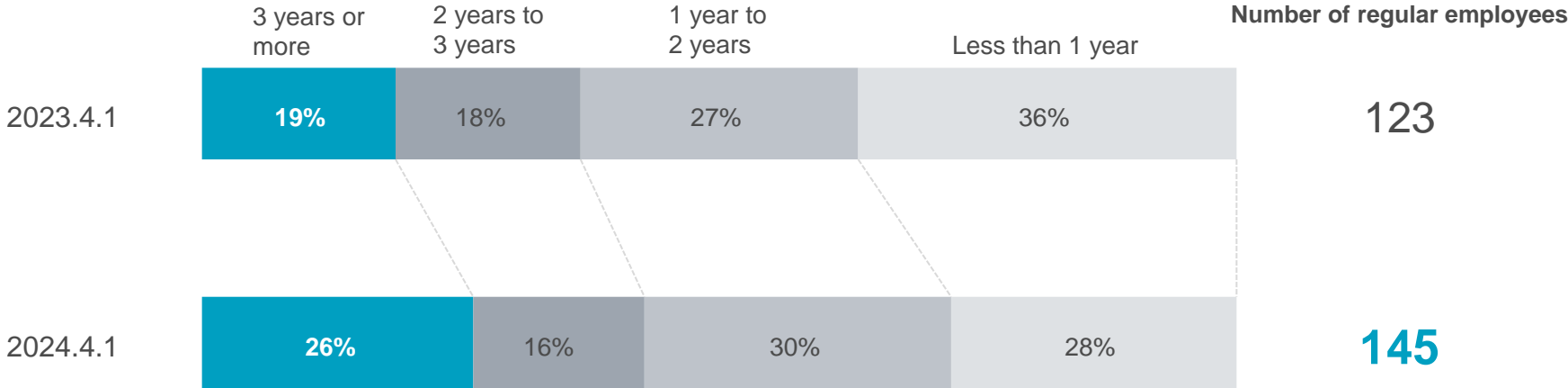
Human resources, trading companies, foreign consulting firms, banks, securities companies, media, IT, communications, food, manufacturing, startups, national public official, etc.

<Job history (not exhaustive)>

Consultant, sales, person with experience in starting a recruitment business, systems engineer, journalist, elementary school teacher, waterworks employee, air traffic controller, etc.

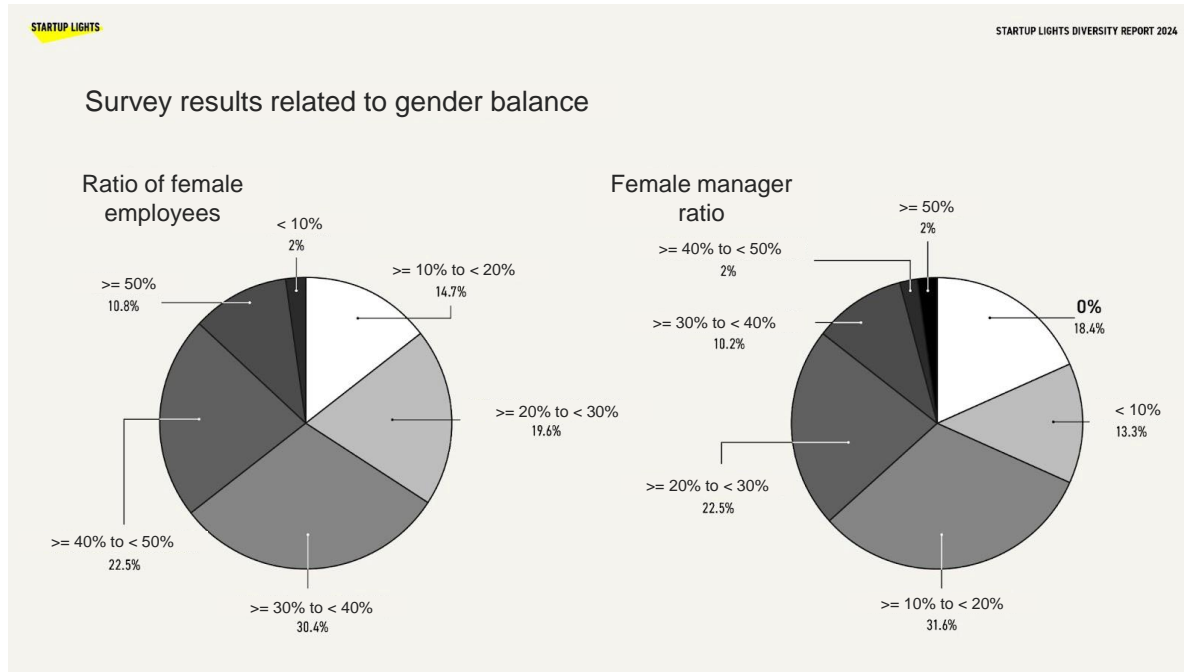
Talent Agency | Employee years of service

The ratio of employees who have served for three years or more and who are able to produce a certain level of results is gradually rising
Going forward, we will continue to implement personnel policies that encourage employees to fully participate over long periods of time



In the FY03/24 report, more than half the responding companies said that they were implementing measures to create a diverse organization

Startups in which female managers accounted for more than 30% of the total came to 14 out of the total of 101 (13.8%)



Report can be found here: <https://speakerdeck.com/startuplights/startup-lights-diversity-report-2024>

Open Innovation | Public Affairs: collaboration with government offices, etc.

Cooperation led by Public Affairs carried out with the government, governmental offices, local governments, universities, economic organizations, etc.

The Company will contribute to the development of the startup ecosystem through business by further deepening cooperation going forward

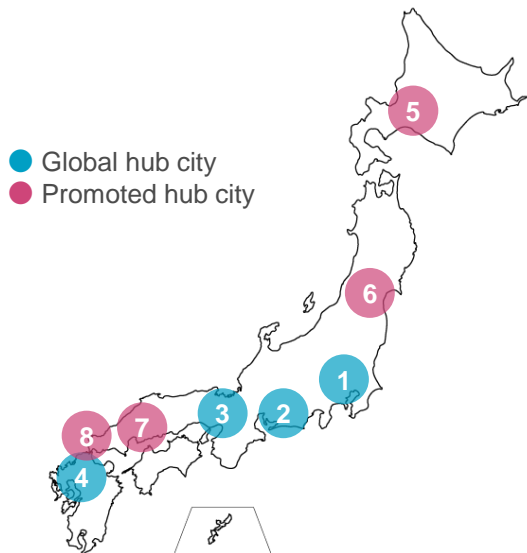
Member organizations	
Japan Business Federation (Keidanren)	Member, Committee on Startups Planning Subcommittee/Task Force on Startup Policy
Japan Association of New Economy (Shinkeiren)	Member
Japan Association of Corporate Executives	Member, Roundtable/Cross-reach project deputy chair
Japan Venture Capital Association	Member, Venture Ecosystem Committee member

Examples of selection for central government projects	
Cabinet Office	“Fiscal 2020 Startup Ecosystem International Communication Survey” project
Ministry of Economy, Trade and Industry	Selected as a supporter company of J-Startup, general advisory to the fiscal 2021 “SHIFTx” project of the Ministry of Economy, Trade and Industry
NEDO	Project to investigate the status of initiatives for human resources support businesses aimed at startups
JETRO	Public relations activities and surveys for disseminating information on the startup ecosystem in Japan to other countries

Examples of collaboration with universities/technical high schools	
MICHINOKU ACADEMIA STARTUP PLATFORM	Platform formed by 10 universities in Tohoku and Niigata. Participating as a collaborating institution in the creation of university startups in Tohoku that contribute to the resolution of issues in Japan and overseas
Intercollegiate workshops for technical high schools	Delivered lectures on developing a more entrepreneurial mindset for students at technical high schools for an event sponsored by SMBC Nikko Securities

Have been outsourced projects from / are participating as a collaborating institution in six out of the eight startup ecosystem hub cities

Startup ecosystem hub cities



1 Startup Ecosystem Tokyo Consortium

Project for the Support of Next-Generation Communications Technology Startups

Startup Business Growth Program

2 Central Japan Startup Ecosystem Consortium

- Startup Business Growth Project
- Next Innovator Development Project
- Joint project with National University of Singapore
- Deep Tech Promotion Project (Jointly with CIC Institute and Leave a Nest Co., Ltd.)

3 Osaka-Kyoto-Hyogo-Kobe Consortium

Kansai Startup Ecosystem Information Dissemination Project

- Life Science Entrepreneurship HR Development and Commercialization Promotion Project
- Overseas Promotion Model Project

"Operation to Promote Strategic Cooperation with Tokyo Metropolitan Area Companies" Planning and operating services

4 Fukuoka Startup Consortium

- Startup Acceleration Program Operating Services
- Fukuoka City Startup Support Facilities Operator Project

6 Sendai Startup Ecosystem Promotion Council

Participation as a collaborating institution in MICHINOKU ACADEMIA STARTUP PLATFORM

7 Hiroshima Strategy Council to Promote Regional Innovation

Services for establishing "Hiroshima Unicorn 10" project environment

Chugoku Region Monozukuri Small and Medium-Sized Enterprise Business Startup Support Project (Open Innovation Ecosystem Building Project)

Invests to facilitate further growth potential in startups to which for Startups has provided HR support. The fund was formed to provide support in terms of the two most important elements for the growth of a startup, namely people and money

Overview of fund

Name of fund	for Startups No.1 Limited Liability Investment Partnership
Purpose for which formed	To create synergies with the Talent Agency service of the Company, and to provide even more robust support to growth industries
Total investment	Up to 1,500 million yen
Investors	for Startups Capital Inc. Sumitomo Mitsui Banking Corporation SMBC Strategic Equity Stake No.4 Investment Project Limited Partnership
Investment targets	Primarily domestic startups and venture companies <Middle/late stage startups and startups receiving support for entrepreneurship>



for Startups Capital

No.1 fund investees



★ ★ YOURMYSTAR



POCKETALK



_KNOWLEDGE WORK

Venture Capital | List of investee companies



FEZ Inc.

A startup that offers Urumo, one of the largest retail data platforms in Japan, and other services

Valuation **13.6** billion yen



READYFOR INC.

A startup that is developing the READYFOR crowdfunding service

Valuation **15.1** billion yen



KAKEHASHI Inc.

A startup applying a combination of pharmacy and IT knowledge to develop the Musubi pharmacy experience assistant

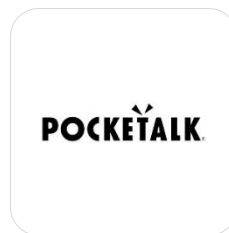
Valuation **42.3** billion yen



YOURMYSTAR, Inc.

A startup that operates YOURMYSTAR, one of Japan's largest platforms for facilitating increased use of IT in the service industry

Valuation **16.9** billion yen



POCKETALK CORPORATION

A startup that operates the POCKETALK AI multilingual translation device that enables users to converse with each other using their own native languages

Valuation **24.2** billion yen



Knowledge Work Inc.

Operates the Knowledge Work sales enablement cloud to support the sharing and utilization of in-house knowledge

Valuation **16.5** billion yen

Valuation taken from STARTUP DB as of April 16, 2024

(Reference) Direct investees



SmartNews

Valuation **205.0** billion yen

Company name SmartNews, Inc.

Established June 2012

A startup that operates the SmartNews news app, which has exceeded 50 million downloads in Japan and the U.S.
In January 2024, it sourced ¥10 billion in venture debt from Sumitomo Mitsui Banking Corporation.



ANDPAD

Valuation **85.2** billion yen

Company name ANDPAD Inc.

Established September 2011

A startup offering the ANDPAD cloud-based app for managing construction projects, and others.
In 2023 it held the No.1 market share due to its use by 170,000 companies and over 440,000 users involved in the construction industry.

Company as a whole (consolidated) | Our strength is a network that includes some of Japan's leading players

Customers of the Company account for 90% of the entrepreneurs and startups ranked in the top 10 in Forbes Japan's Startup of the Year, making it an environment in which we can obtain a variety of qualitative information

*Entrepreneurs and investors who have visited the Company (sample)



Study Meetings: Frequently hold study meetings with entrepreneurs and investors. Promote support based on a deep understanding built on primary information through sharing of the latest information and mutual discussion



Thanks Festival: Leading entrepreneurs, investors, government officials and media in Japan are invited to our Group offices several times a year. Strengthening the growth industry community through information exchange



Networking Events: Networking events for investors at one of the world's largest startup conferences, as well as open innovation events for large companies held at our offices

Company as a whole (consolidated) | Change in quarterly profit and loss/SG&A expenses over time

(Million yen)	FY03/22				FY03/23				FY03/24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	525	569	537	716	709	728	768	792	729	879	834	972
Cost of sales	110	126	110	126	123	137	125	154	110	148	265	167
Gross profit	414	442	426	590	585	591	643	637	618	730	568	805
SG&A expenses	302	301	327	454	421	437	473	539	517	527	615	639
Personnel expenses	230	229	240	255	301	302	326	365	376	386	379	427
Recruitment expenses	8	7	6	13	15	19	10	26	11	17	14	27
Rent expenses on land and buildings	19	23	28	42	32	32	32	32	32	32	32	32
Depreciation	1	1	14	15	4	5	3	3	3	3	20	29
Other	41	39	39	127	67	77	101	111	93	88	168	122
Operating income	112	140	98	136	163	153	169	97	101	202	-46	165

Note: Amounts of less than ¥1m are omitted; preparation of consolidated accounts began in 2Q FY03/22; recruitment expenses is the sum of introduction fees and fees for advertising positions

Company as a whole (consolidated) | Profit and loss over time

(Million yen)	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24
Net sales	1,262	1,273	2,348	2,998	3,416
Cost of sales	233	279	474	541	692
Gross profit	1,029	993	1,874	2,457	2,723
SG&A expenses	789	917	1,386	1,872	2,299
Operating income	240	76	488	585	423
Ordinary profit	219	79	492	586	428
Profit before income taxes	219	57	492	586	397
Profit	155	38	372	416	250
Loss attributable to non-controlling interests	—	—	-10	-25	-135
Profit attributable to owners of parent	—	—	382	442	385

Note: Amounts of less than ¥1m are omitted; preparation of consolidated accounts began in 2Q FY03/22

Company as a whole (consolidated) | Balance sheet

(Million yen)	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24
Total current assets	953	1,309	2,167	2,567	2,582
Cash and deposits	816	1,042	1,717	1,745	1,655
Operational investment securities	–	–	154	463	378
Total non-current assets	177	148	401	402	659
Total current liabilities	325	466	1,016	779	696
Total non-current liabilities	–	83	66	–	–
Total net assets	805	908	1,485	2,190	2,545
Shareholders' equity	804	907	1,317	1,767	2,174
Non-controlling interests	–	–	165	405	338
Equity ratio (%)	71.2	62.3	51.3	59.5	67.1

Note: Amounts of less than ¥1m are omitted; preparation of consolidated accounts began in 2Q FY03/22

Company as a whole (consolidated) | Cash flows

(Million yen)	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24
CF from operating activities	209	28	605	(35)	179
Profit before income taxes	219	57	492	586	397
Decrease (increase) in trade receivables	(33)	(67)	(81)	(59)	(181)
Decrease (increase) in operational investment securities	—	—	(154)	(308)	85
Increase (decrease) in accounts payable - other	79	108	233	(105)	(190)
CF from investing activities	(48)	(13)	(168)	(90)	(293)
CF from financing activities	313	212	237	153	24
Change in long-term borrowings	—	150	33	(116)	(66)
Proceeds from share issuance to non-controlling shareholders	—	—	176	266	68
Net (decrease) increase in cash and cash equivalents	474	226	674	27	(89)
Cash and cash equivalents at the end of period	816	1,042	1,717	1,745	1,655

Our perception of the current share price

Our perception is that a combination of the following three negative one-off factors has influenced the share price

Office relocation

Although it is a forward-looking investment we failed to properly convey this, and it is the recording of expenses that has made the greater impression

FY03/24 3Q results

Recording of valuation losses in the VC business. Although this was a temporary and technical piece of accounting treatment, the Tokyo Stock Exchange's JPX Market Explorer rated it as "Very Bad"

Finance

Imbalance between supply and demand caused by the secondary offering of approximately 30% of the number of shares issued by our former parent company

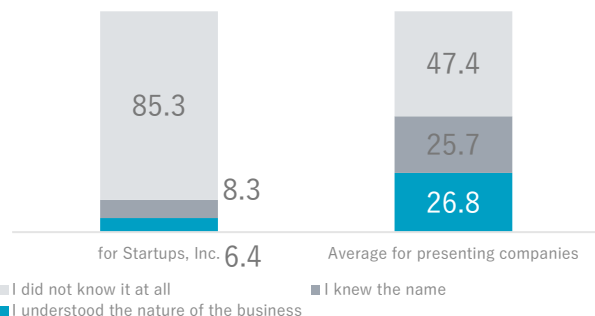
- Not only were we unable to tell our growth story, and provide information such as the number of employees recruited and turnover rates appropriately, in order to overcome these three elements, but also this coincided with a lack of visibility regarding the funding market for startups, the significant decline in the Tokyo Stock Exchange Growth market, and other external environmental factors
- We are aware that the share price and investor relations are important management issues, and all officers of the Company, including Outside Directors, will engage with these matters

Investor relations policy taking into account the current share price and the composition of shareholders

Policy for executing appropriate IR measures in the light of the rising percentage of individual investors

IR issues and countermeasures

- Awareness of the stock among the investors is extremely low, but the fact that we have been able to attract a recruitment population centered on the younger generation suggests that the gap could be filled
- Because there has been a tendency for explanations related to the Company to be conducted in excessively general terms, we will enhance the materials and refocus them on content more appropriate to IR



- Responses from 109 participants at the Nomura IR Asset Management Fair 2024 Pre&Real held on December 16, 2023
- The average age of the respondents was 50s-60s.
- The average for companies presenting uses the average from a questionnaire survey of 15 companies at the Nomura IR Asset Management Fair 2024 Pre&Real

Shareholder returns

- Having considered the composition of shareholders, this is an ongoing agenda item for the Board of Directors
- Given that it is only seven and half years since the Company was founded and that the scale of the business is still small, as are profits and funds, if we cannot demonstrate rapid growth in earnings it is highly likely that shareholder returns would have only a short-term effect, even if we were to implement them

It is important that we allocate management resources optimally, and work to regain the high rates of growth that are required of companies listed on the Growth market

Based on the above assumptions, in the event that we generate funds that exceed expected returns, we will consider specific amounts, details, and timing with regard to shareholder returns

Analyst reports



Analyst report published by Shared Research Inc.
Analytical report on the Company from a third-party perspective

QA Station



Past Q&A information has been uploaded to the QA Station developed by Mutual Inc., which organizes IR-related questions and answers for listed companies in database format for viewing

Published in “IR note Magazine”



We participate in “IR note Magazine,” a new initiative that utilizes the “note” media platform with the aim of transcending the corporate framework and using co-creation to deliver articles to investors, and through which we proactively disseminate information

Registering for IR emails

We invite you to register for IR emails

for Startups, Inc. distributes IR information such as timely disclosure and statutory disclosure items by email.

Registration can be made through the following URL or through a 2D barcode.

<https://www.magicalir.net/7089/irmail/index.php>



Emails similar to the one below will be distributed in timely fashion

【フォースタートアップス株式会社】適時開示情報のお知らせ
受信トレイ ×

フォースタートアップス株式会社 6月30日(金)

フォースタートアップス株式会社からIR情報のお知らせです。

日時：2023/06/30 15:00
カテゴリ：その他
文書名：支配株主等に関する事項について
ファイル：<https://fs2.magicalir.net/tdnet/2023/7089/20230626510582.pdf>

日時：2023/06/30 15:00
カテゴリ：その他
文書名：事業計画及び成長可能性に関する事項
ファイル：<https://fs2.magicalir.net/tdnet/2023/7089/20230626510584.pdf>

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Factors that could affect the actual results mentioned above include but are not limited to economic conditions both in Japan and overseas, and trends in the industries in which the Company is involved.

Going forward, in the event that new information emerges or future developments, etc. arise, the Company accepts no responsibility for updating or revising any forward looking information whatsoever contained in these materials.

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