

Digital Transformation Promotion Business



This segment follows a business model similar to that of Slers and consulting firms, providing one-stop support from organizing the client's business situation to proposing a solution, building it, and supporting its operation and establishment.

Among these, the company is unique in its focus on "data utilization," which is indispensable for DX promotion.

We are developing a system that aggregates data generated in business processes using data platforms from major vendors in Japan and overseas, which can be used to visualize current conditions and predict the future.

The group also plays a role in expanding the group's commercial offerings by promoting the training of engineers specializing in data utilization and the in-house development of data utilization infrastructure products.

Products developed

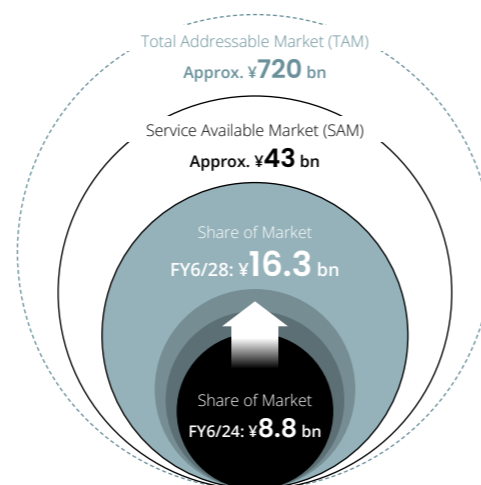


Competitive Edge

- Zeal, the operating company in this segment, was one of the first to recognize the potential of BI and has led the industry as a solution vendor specializing in BI and DWH (Data Warehouse) for about 30 years since the dawn of BI in Japan. Our greatest advantage is our accumulated know-how in data utilization.
- We have partner agreements with many vendors, and we have built a particularly strong relationship with Microsoft, even before the move to cloud computing began. Currently, as the number one partner in the data platform field, we have quickly mastered the technology and are supporting many customers' DX with the cloud service "Microsoft Azure."

Market Environment Analysis

- We are aware that the DX market is worth approximately ¥720 bn for TAM and over ¥43 bn for SAM, but we are certain that the market will expand further as investment in data utilization is expanding, especially among large companies, and there is a marked trend toward promoting DX not only in specific businesses but also throughout the entire group. The market is certain to expand further.
- In the past year or two, companies have reaffirmed the importance of data essential to the functioning of generative AI, and the market for the area of data utilization infrastructure has expanded markedly. The Group will focus on this area, which has been the mainstay of its business development for many years, to capture the growth of the market.



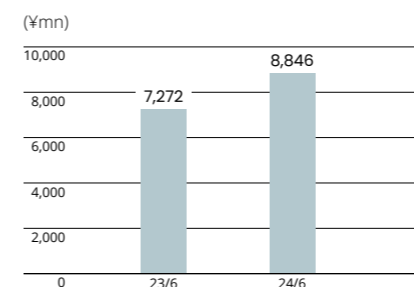
Targets in the Medium-Term Management Plan

Net sales: Growing at a 17.8% CAGR as the business scale expands in line with market growth
Operating profit margin: Improved to the same level as consulting firms

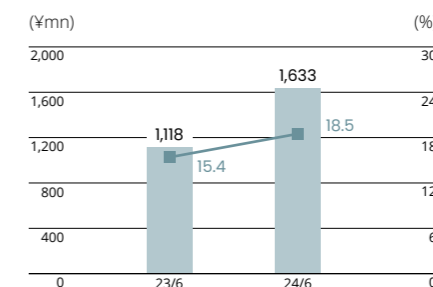
Progress in the First Year of the Medium-Term Management Plan

- In FY6/24, net sales rose 21.7% y-y and operating profit rose 46.1% y-y, a significant increase in both net sales and operating profit, due to a booming market in the area of data utilization and a successful revision of pricing to reflect personnel costs.
- Another major factor behind the increase in sales and profit is the "expansion of client contribution value," as stated in the CSF. In particular, for clients who are rebuilding their data utilization infrastructures, we have expanded the provision of consulting services in the conceptual phase, which is the upstream process, outsourcing of data utilization after the infrastructures are built, and AI-assisted support, resulting in a significant increase in the operating margin from 15.4% in the prior year to 18.5% in the fiscal year ended June 30, 2024. From FY6/25, we have set the expansion of our business portfolio in areas other than these data platforms as a new CSF and have changed our organizational structure.
- On the other hand, progress in "expansion of the number of employees" is slightly below the plan, as it has become increasingly difficult to hire IT personnel due to aggressive hiring by other companies. To this end, we are also investing heavily in human resources development, creating an environment in which employees can grow quickly, and strengthening collaboration with our business partners. Although the recruitment of consulting and AI personnel has been strengthened by fully explaining management policies and focus areas during the hiring process, securing human resources is expected to remain the biggest challenge for this segment in the future.

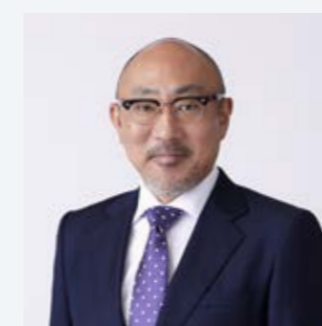
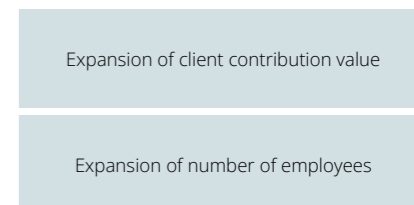
Net sales



Operating profit



CSF



Yoshiyuki Numata

President and Representative Director, Zeal Corporation

Business Owner Message

We are transforming to achieve sustainable high earnings growth

The first year of the medium-term management plan got off to a strong start, but it is precisely because we are now in a strong position that we need to make changes ourselves in order to respond to the situation in which the SI business is undergoing major changes. To this end, two organizational changes were implemented in July 2024.

The first is to create a structure in line with the business portfolio we are aiming for. In addition to data platform construction, which is the pillar of our business, we have clearly differentiated business areas such as consulting in the DX concept phase,

AI, software, and in-house production support, and have created a structure in which the person in charge committed to each area leads each business.

The other is to reform the sales department. We created a department dedicated to sales for existing clients, which conducts so-called account sales. We aim to bring long-term business success by working diligently with clients to provide optimal solutions. We are increasingly providing quality services and various proposals to each and every client, and we intend to make this a part of our culture.