



# FY2025.3 Q3 Financial Results Presentation

CELM Inc. | TSE Standard: 7367

February 10, 2025

# Activate Your Potential

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# Consolidated Financial Results for FY2025.3 Q3

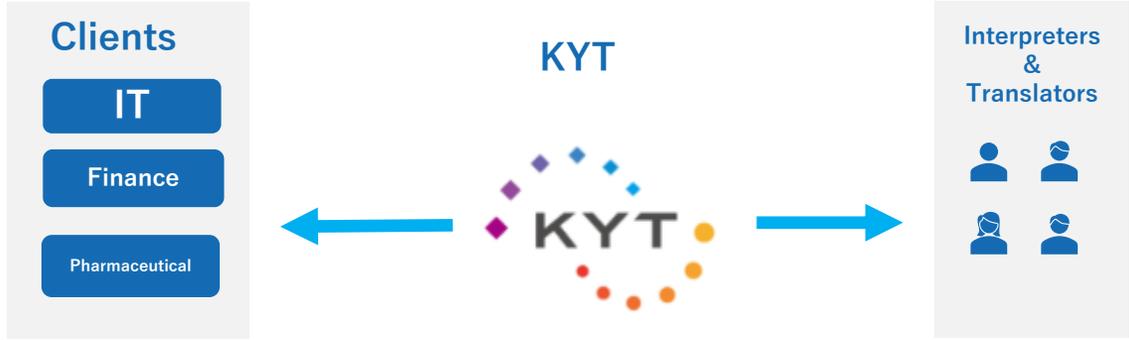
# Turning KYT, a Multilingual Support Assistant Company for Leading Global Companies, a Wholly-Owned Subsidiary (closing date of share transfer: December 27, 2024)

- Name **KYT Co., Ltd.** 
- Headquarters Toranomom Kotohira Tower, 1-2-8 Toranomom, Minato-ku, Tokyo
- No. of Employees 47 (as of December 31, 2024)
- Establishment September 8, 1979
- Business **Simultaneous interpretation, consecutive interpretation, and translation services for global companies, as well as services to dispatch full-time interpreters and translators by utilizing approximately 2,300 registered interpreters and translators**  
**Most Recent Financial Results (FY2024.5)**
- Most Recent Financial Results (FY2024.5)  
(24.5期)

Net sales	2,475million yen
Operating Profit	335million yen
Profit	221million yen
- Acquisition cost 2.8billion yen

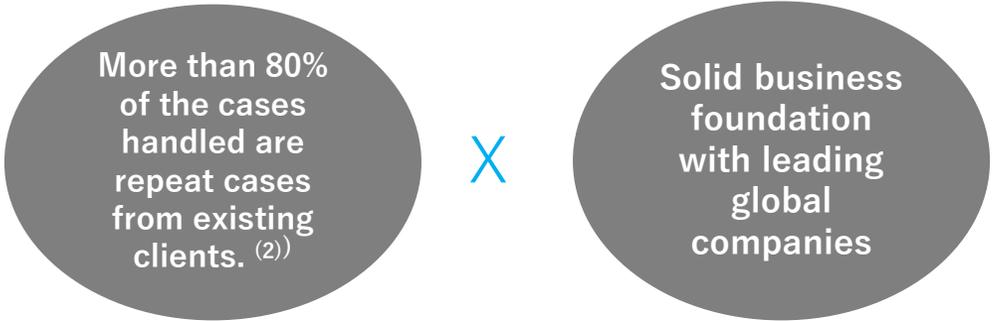
# Two Features of KYT's Business Model

## 1 Utilization of external knowledge similar to that of CELM



- ✓ Assist multilingual support of leading global companies by utilizing approximately 2,300 external specialists (approximately 30 languages)
- ✓ KYT understands industries that require a wide range of expertise such as IT, finance, and pharmaceuticals as well as their customer issues, and exercises the intervening value
- ✓ While our competitors are “centered on translation business,” a market undergoing restructuring due to the influence of AI and other factors, KYT is centered on the “interpretation business”<sup>(1)</sup> as seen in its sales ratio of interpretation and translation, which is about 90% and 10%. The key to the business lies in understanding each customer’s context based on long-term relationship it builds with them and intervening value.

## 2 High repeat customer ratio and unique customer base



- ✓ As an indicator of the high quality that major blue-chip clients are satisfied with, we have a high percentage of repeat customers among existing clients. Among the number of cases handled, more than 80% of orders are received from existing clients
- ✓ Average annual sales with the top 50 companies is about 25 million yen (FY2024.5) and has a solid business foundation with leading companies (customer portfolio with minor overlap with CELM, such as foreign companies, IT firms, consulting firms, investment banks, pharmaceuticals, etc.)

Note:

1. For reference, taking this M&A as an opportunity, the Company will consider future active investment and business development that combines human intervention value and AI.
2. FY2024.5 Actual

0 1

## Strengthen the partnering-type business model of “choosing not to own”

- ✓ By utilizing the knowledge of external specialists and devoting ourselves to familiarity with customer issues, CELM has, so far, refined its “partnering-type business model in the area of human resource and organizational development of large companies”
- ✓ KYT develops a similar business model in multilingual support of leading global companies
- ✓ With the organizational culture that emphasizes ship with clients and having high affinity with the Company, the M&A is positioned as a corporate action that further evolves the “partnering-type business model” and the group’s business growth

0 2

## With a highly complementary customer base, the Company will be a business domain that reaches customers more widely and deeply

- ✓ KYT has abundant track records in assisting top-tier global leading companies and foreign companies in fields such as IT, consulting, investment banks and pharmaceuticals, with which CELM has few customer contact points. The combined customer portfolio is highly complementary in terms of aiming to achieve synergies through cross-selling
- ✓ In addition, while many of CELM’s customer contact points are mainly listed companies’ managers, CHROs and human resource departments which are closely related to human capital management, KYT has a feature of using public relations offices and president’s offices as hooks to handle themes that are directly related to various business strategies
- ✓ As it is important to expand the areas in which we can support and continue to hold various contact points in responding to human resources and organizational development as well as multilingual support needs, which are becoming more diversified in large companies, the M&A directly links to further enhancement of accompanying and assisting client companies, for which the CELM group aims

# Highlights of FY2025.3 Q3 Consolidated Financial Results

- While contribution of inclusion of KYT in the group to the consolidated financial results is from FY2025.3 Q4, upfront financing fee associated with the acquisition of KYT's shares for M&A was posted as 70 million yen of non-operating expenses for Q3 and this temporary expense suppressed profits (adjusted ordinary profit after excluding the impact is YoY +8.4%)
- Quarterly consolidated net sales, EBITDA and operating profit during Q3 reached a record high

(Unit : million yen)	FY2024.3	FY2025.3	
	Q3 Actual	Q3Actual	YoY
<b>Net Sales</b>	2,256	2,344	+3.9%
<b>EBITDA<sup>(1)</sup></b>	526	570	+8.3%
<b>Operating Profit</b>	459	489	+6.7%
<b>Ordinary Profit</b>	460	415	-9.7%
<b>Adjusted ordinary profit excluding M&amp;A financing expenses (for reference)</b>	460	<b>485</b>	<b>+5.5%</b>

Note : (1)EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based payment expense

# Progress of Net Sales and EBITDA for FY2025.3 Q3 against Full-Year Plan

- Although the progress of net sales through Q3 has been slow, mainly in the Executives & Middle Management segment, EBITDA progress is at same speed with last fiscal year’s result and continued to achieve highly profitable business growth
- For the full-year forecast (net sales of 8,008 mil and EBITDA of 1,406 mil), KYT, a new member of the Group, will contribute to the consolidated financial results from Q4. Including this effect, both net sales and EBITDA are expected to reach the target

## Progress of net sales

<b>FY25.3 Q3Actual</b>	<b>5,886mil 73.5%</b>	<b>Full-year 8,008mil</b>
FY24.3 Q3Actual	5,687mil 75.8%	Full-year 7,504mil

## Progress of EBITDA

<b>FY25.3 Q3Actual</b>	<b>1,205mil 85.7%</b>	<b>Full-year 1,406mil</b>
FY24.3 Q3Actual	1,131mil 85.9%	Full-year 1,317mil

- **SG&A:** As a result of recording the aforementioned M&A financing upfront fee for KYT in non-operating expenses, the profits leading to ordinary profit was suppressed. On the other hand, as for SG&A expenses in Q3, there were no notable expenses other than due diligence expenses (approximately 7 million yen) and EBITDA margin for Q3 resulted in a level higher than last year's Q3

(単位：百万円)	FY24.3				FY25.3		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	1,527	1,903	2,256	1,816	1,624	1,917	2,344
EBITDA <sup>(1)</sup>	242	362	526	185	293	341	570
<i>EBITDA margin (%)</i>	<i>15.9%</i>	<i>19.1%</i>	<i>23.3%</i>	<i>10.2%</i>	<i>18.1%</i>	<i>17.8%</i>	<i>24.3%</i>
SG&A	625	633	703	854	672	713	742
<i>Sales ratio (%)</i>	<i>40.9%</i>	<i>33.3%</i>	<i>31.2%</i>	<i>47.0%</i>	<i>41.4%</i>	<i>37.2%</i>	<i>31.7%</i>

Note : (1)EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based payment expense

# FY2025.3 Q3 Cumulative Sales by Business Segment

- **First Career:** In this fiscal year, there is an impact from the non-continuation of a one-off large-scale project conducted last year (approximately 110 million yen,) and the adjusted growth rate excluding this impact was 15.2%. Deep-relationship building transactions with major customers remained steady.
- **Executives & Middle:** The reasons for the slow progress are that there is a room for improvement in making the next moves for major customers after large projects and in training and securing the number of front desk staff who are responsible for the management of the large projects. Including cross-selling with KYT, the Company will strive to rebuild the human resources and organizational development domain

(Unit: million yen)			FY25.3Q3	YoY
Domain	Segment	Entity		
HR • Organizational Development	Executives • Middle	CELM/CELM Shanghai, CELM ASIA	4,566	-0.4%
	First Career	First Career	1,142	+3.6% <i>(When excluding the impact of the one-off large-scale project implemented in the previous fiscal year: +15.2%)</i>
	Human Strategies	Human Strategies Japan	177	(Consolidated from FY2024.3 Q4)
Multilingualization	Multilingualization	KYT	*Contribute to business performance as a new domain from FY2025.3 Q4 (plan)	

	FY2024.3 (Actual)	FY2025.3 (Full-year plan)	(Unit)	Comment on progress as of FY 2025.3 Q3
1 Average annual sales of top 150 client group (including subsidiaries) <sup>(1)</sup>	38.0	40.1	Million yen	While it is expected to be behind the initial plan, the Company plans to overcome the situation through mutual cross-selling measures with KYT (group synergies) targeting FY2026.3 and beyond.
2 First Career: The number of clients with annual sales of over 10 million yen	27	29	Clients	Deep-relationship building transactions with key customers are solidly progressing. Forecast to surpass FY25.3 plan of 29 clients and likely to result in around 32 clients
3 Human Strategies: Sales from competency test	-	150	Million yen	As of Q3, it is 110 million, proceeding in-line with the plan
4 EBITDA per employee	7.0	7.0	Million yen	As an assumption for the KPI for FY2025.3, the Company initially assumed number of employees on a consolidated basis to be around 200 at the end of FY2025.3. The number of employees on a consolidated basis increased significantly to about 240 due to KYT joining the group and will continue to develop highly profitable organization for FY2026.3 and beyond, when the KYT will start to contribute to the consolidated business results on a full-year basis

Note: (1) CELM's sale as non-consolidated figure

- We have made the following changes in order to clarify the policy of prioritizing the continuation of stable dividends in the handling of dividends in case a one-time profit or loss occurs when implementing M&A and strategic investments, which are the core of our growth strategy, in the future
- The fiscal year-end dividend per share for FY2025.3 is expected to be paid out as planned, which was previously forecasted as 9 yen as of November 2024

## Capital Policy

- ✓ The Company believes that achieving sustainable profit growth and improving enterprise value through the execution of strategic investment, including M&A, based on the utilization of financial leverage, will contribute to the common interest of shareholders.
- ✓ After setting aside internal reserves necessary, the Company intends to conduct stable and continuous dividend payments based on the dividend pay ratio of about 40% to 50%. Additionally, the Company will seek improvement in shareholder return considering capital efficiency at a level of 25% or higher as the target ROE (return on equity) for the end of FY2029.3. In the event that net income attributable to owners of parent fluctuates as a one-time gain or loss due to special factors such as M&A or strategic investment, the Company will give priority to the implementation of stable dividends, taking into account the level excluding the impact of such fluctuations.
- ✓ The Company will flexibly consider whether to repurchase shares using the earnings retained over a long period of time based on the market environment and financial status from the perspectives of shareholder return, M&A consideration, talent acquisition, employee incentives, etc., and return profits to shareholders.

# Outlook for FY2026.3 Aiming for Consolidated Sales of 10 Billion Yen Range and Current Position in the Mid-Term Plan

- Current outlook for FY2026.3: Focusing on the two major business domains of human resources and organization development and multilingual support assistant, plans on the premise that sales will exceed the 10 billion yen mark for the first time
- Current position in the mid-term plan for FY2026.3 and beyond: Since the probability of achieving the mid-term ordinary profit target (FY2029.3) ahead of schedule has increased due to the M&A of KYT and other factors, the Company is currently considering an update. The Company plans to announce mid-term policy at the next announcement, which is on the full-year financial results for FY2025.3, based on the results of consideration and examination on transition to IFRS, and the direction of its growth investment for strengthening business domains and M&A strategy.

## Mid-Term Management Policy

FY25.3 to 29.3

Remarks

<b>To be updated</b>		
<b>Mid-Term Ordinary Profit Target</b>	<b>FY29.3 Target : 1,879mil</b>	Under re-examination, as the probability of achieving the target ahead of schedule has increased. Scheduled to update at the next announcement, which is on the full-year financial results for FY2025.3
<b>Target ROE</b>	<b>29.3 Target : Ovedr25%</b>	-
<b>Dividend pay-out ratio</b>	<b>40-50%</b>	-
<b>M&amp;A strategic investment</b>	<b>6-8bil</b>	<b>As of Today : 2.8bil</b>

### Key points of the mid-term outlook for FY2026.3 and beyond

#### ① Investment in examination and establishment of a system for consideration of the transition to IFRS

With a focus on resolving issues associated with the discrepancy between the Company’s cash flow and accounting profits, the Company will accelerate the examination on costs such as audit fees and the consideration of system development

#### ② Growth investment to strengthen the organization development of the two major business domains

Fundamental growth investment in the two major business domains of “human resource and organizational development” and “multilingual support assistant” to create an organization with a view to mid-term growth

#### ③ Continuous reinforcement of M&A strategy and structure

Strengthen the system to continuously evolve business strategies through M&As, based on the basic premise of thoroughly complying with the terms and conditions of contracts for synergy quality and profit contribution

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# APPENDIX

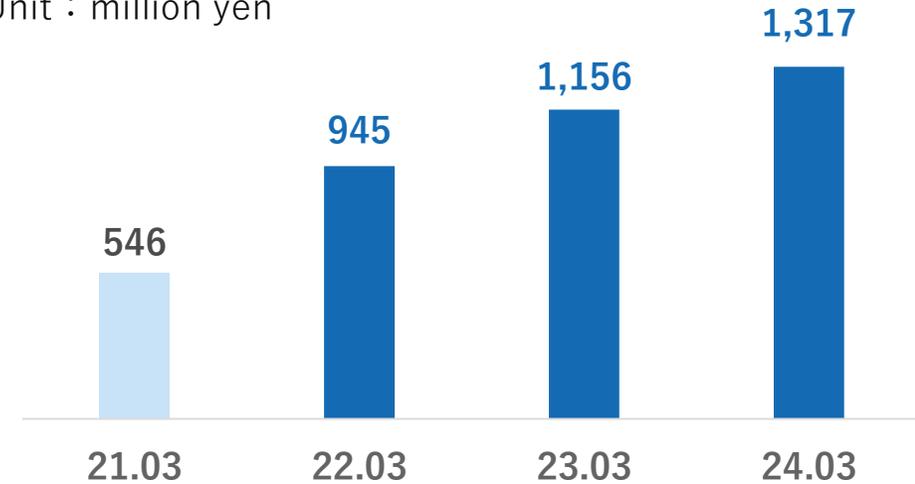
ヒューマネスの力で、  
ビジネスをより「らしく」、  
より「いきいき」と。  
More human, more powerful.

# Company Outline

- **Name** CELM Inc.
- **Business** Comprehensive support for HR & Organizational Development tailored to business and management strategies
- **No. of Employees** 187 (as of March 31.2024)
- **Establishment** November 01, 2016 (Founded on November 22/,995)
- **Head Office** Ebisu, Shibuya-ku, Tokyo

**EBITDA<sup>(1)</sup> grew at a pace of approximately 34% CAGR since listing**

Unit : million yen



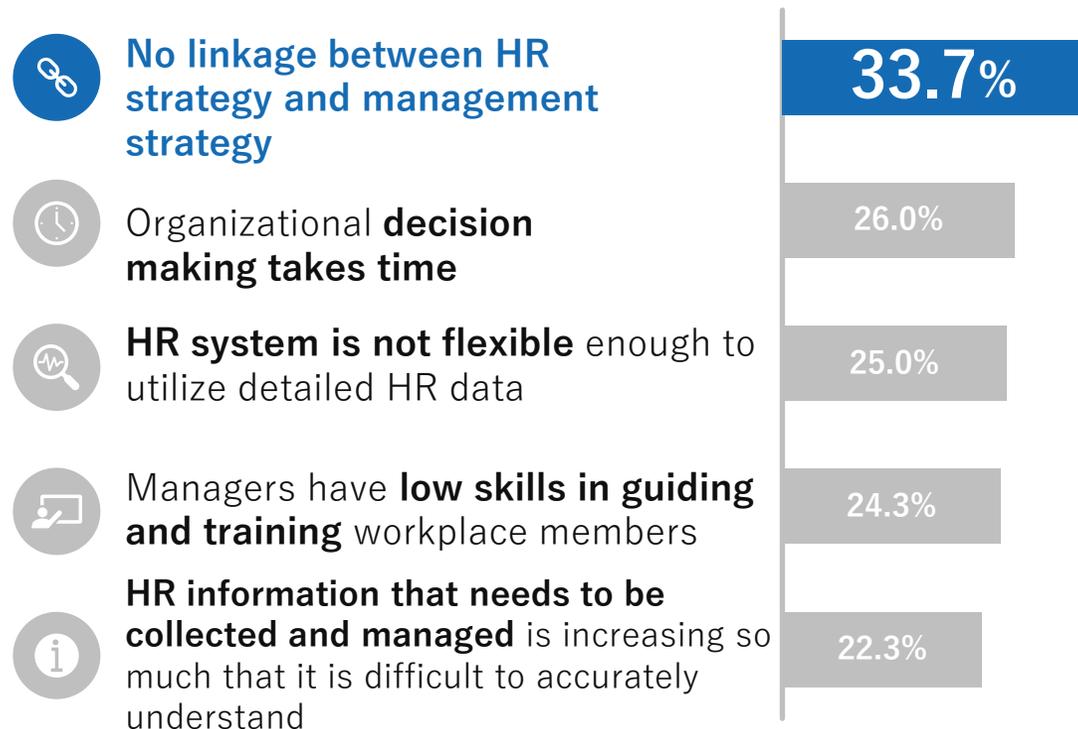
Note : (1) EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based payment expense

Establishment	MBO	IPO	Market changes	M&A No.1	M&A No.2
1995	2016	2021	2022	2024	
December Founded in Chuo-ku, Tokyo (Founders: Y. Matsukawa & T. Isono)	November CELM Group and Partners, Inc. served as a wholly owing company to merge CELM Group Holdings, Inc. and CELM, Inc., and then renamed as CELM, Inc. (President and CEO: T.Kashima)	April Listed on JASDAQ of Tokyo Stock Exchange (securities code: 7367)	April Transition to the Standard Market of the Tokyo Stock Exchange	January Turned Human Strategies Japan, a company that provides solutions related to human resource evaluation and training, into a wholly owned subsidiary	December Turned KYT, a multilingual support assistant company for leading global companies, into a wholly-owned subsidiary

"Management issues" and "strategies related to HR and organizations" are inherently related, and many companies recognize the **difficulty of linking the two.**

## Difficulty linking with real business strategy

Many companies have problems incorporating business issues into HR strategies <sup>(1)</sup>



## Various challenges

Many challenges to overcome before incorporating them into HR and organizational strategies

- Solving such issues requires clear definitions**  
There are many company-specific factors that cannot be generalized. It is especially difficult to identify the problems of large companies due to their complex business structures
- Identifying the complex business issues of each specific company**  
Even if issues were identified, it is still difficult to decide on appropriate policies to address them
- Implementing specific and effective solutions**  
It takes time to find specific solutions that match the company's situation and problems
- Updating continuously in response to trends and the environment**  
In response to the constantly changing environment, updates must be made at regular intervals

Note: (1) PERSOL RESEARCH AND CONSULTING CO., LTD. "Survey on talent management" (HITO REPORT October 2019)

# CELM Business Model

CELM is dedicated to accurately handling customer issues and project executions. By utilizing an external network of experts, CELM is able to provide optimal programs tailored to each client's specific situation. The business model can adapt and develop in a continuously changing environment.



Note: 1) As of March 2024.

# Strong Partnership with External Professional Talent

An external talent network with over 1,600 professionals<sup>(1)</sup> enables CELM to offer a wide range of solutions while operating with a leaner cost structure, delivering truly client-centric solutions.

### Platformization of over 1,600 professionals<sup>(1)</sup>



Attractive network of personnel that adjusts to unique challenges and issues

### Responding to a wide range of management issues that are constantly changing

Corporate Governance	DX
ESG	Next Business Leaders
Careers of Junior and Senior Workers	Diversity

CELM is constantly developing themes that meet the cutting-edge needs of recent trends and is able to respond to a wide range of issues

### Truly customer-oriented system with variable features



Payments to external professionals only occur when projects are running<sup>(1)</sup>. CELM's purpose is not just to run projects for external talents but to provide client-orientated solutions

Provide a wide range of solutions



Variable cost management

Note: (1) As of March 2024, roughly 600 of all the professional talent are running projects

# Business Domain

Covering wide range from management executives to entry-level employees.

CELM has a competitive advantage in addressing company-specific issues that are becoming increasingly important for **the executives and middle management of large companies.**



# CELM's Strengths (1/3): High Recurring Business Structure

Since human capital investment is never-ending theme, we foster trusting relationships with clients, resulting in a high-recurring business structure. As a result, sales from clients with long relationship (3 years or more) account for more than 50% of sales<sup>(1)</sup>.

## CELM

Since we have built long-term business relationships, clients of three or more years account for over 50% of sales <sup>(1)</sup>



**Front office covering top management & several departments**

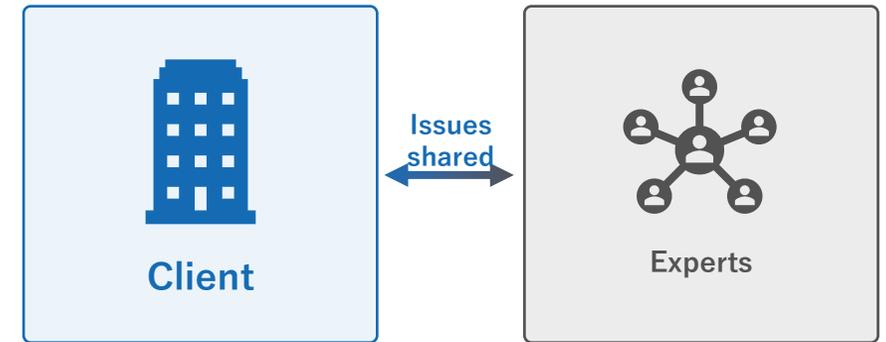
Planning, implementation, follow-ups are conducted by **same account manager who commit from very start till the end of project management, building a trust relationship**

**Using external professionals**

Various talents are assigned on project basis and even replaced to create competitive environment, **which helps both CELM and experts earn high reputation**

## Typical expert matching service

Primary service is introducing external experts, so solving issues is left to experts and the client companies



**Introduction of experts is the main role**

**Expert Matching Service**

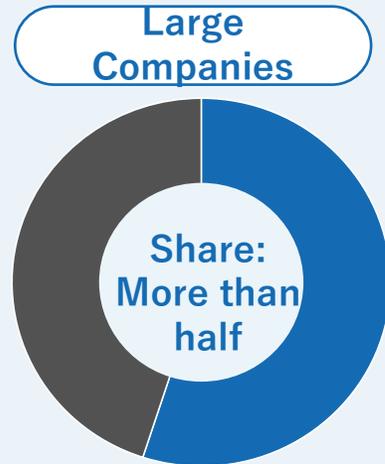
Note : (1)24/03 non-consolidated figure

## CELM's Strengths (2/3): Strong Customer Base Centered on Major Companies

CELM is highly regarded for offering “tailor-made support” that addresses the specific challenges of large Japanese companies, which require swift responses in every situation.



CELM's tailor-made support has earned a high reputation among large companies facing complex issues



CELM has transaction with more than half <sup>(1)</sup> of the TOP 100 TSE Prime companies (by market cap)

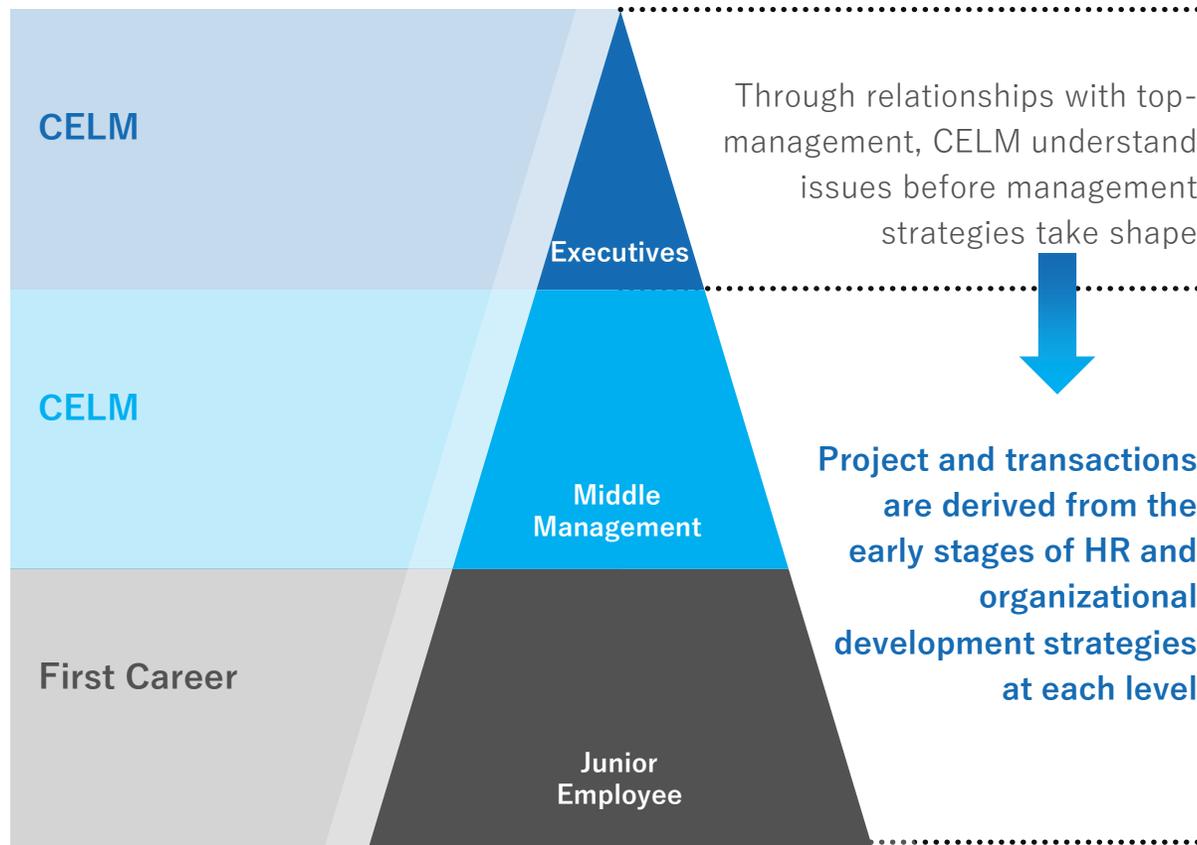
### Representative Clients of CELM

Kubota Corporation	KDDI
Sumitomo Rubber Industries	Sojitz
Sony Group	SOMPO Holdings
Daikin Industries	TANAKA Kikinzoku Kogyo
Honda Motor	Murata Manufacturing
Yamato Holdings	and others

Note: (1) non-consolidated figure

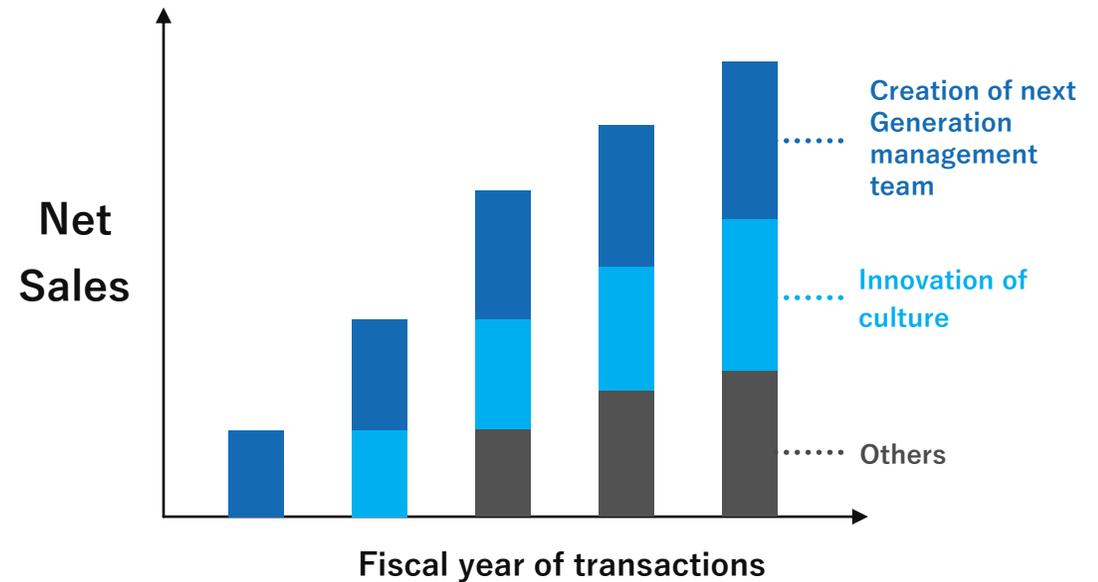
# CELM's Strengths (3/3): Ability to Develop Projects through Contacts with Key Client Executives and Next-Generation Executive Candidates

Contact with key client executives and next-generation executive candidates allows CELM to develop projects from the earliest stage of a client's potential strategy development. We expand support areas and increase transaction scale based on the trust we have built and our understanding of the client's strategies.



## Vision of increasing transaction

Expanding scale of transactions while branching out into various initiatives



Average sales of TOP 150 client company groups is **38 million**<sup>(1)</sup>

Note : (1) FY2024.3 non-consolidated figure

# Increased Awareness Following Corporate Governance Code Revisions

The 2021 revision of the CG code emphasizes creating succession plans not only for the CEO but also for other management members, highlighting the growing awareness of HR issues related to management leaders.

## Management and organizational issues emerging with the revision of CG Code



All HR-related issues are handled by the HR department and business side, while **the top management team remains unaware of the details regarding each management leader candidate**



No consensus among directors on the **evaluation criteria for management leader suitability or the ideal image of a leader for the company**



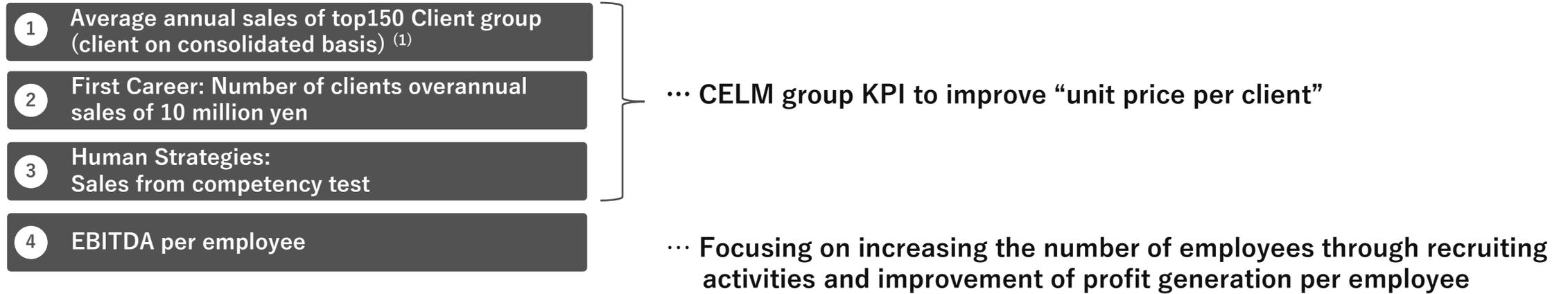
Narrowing down candidates from the talent pool is challenging without bias, as **in-house top management teams lack developed skills for evaluating leaders**

## Recent trend

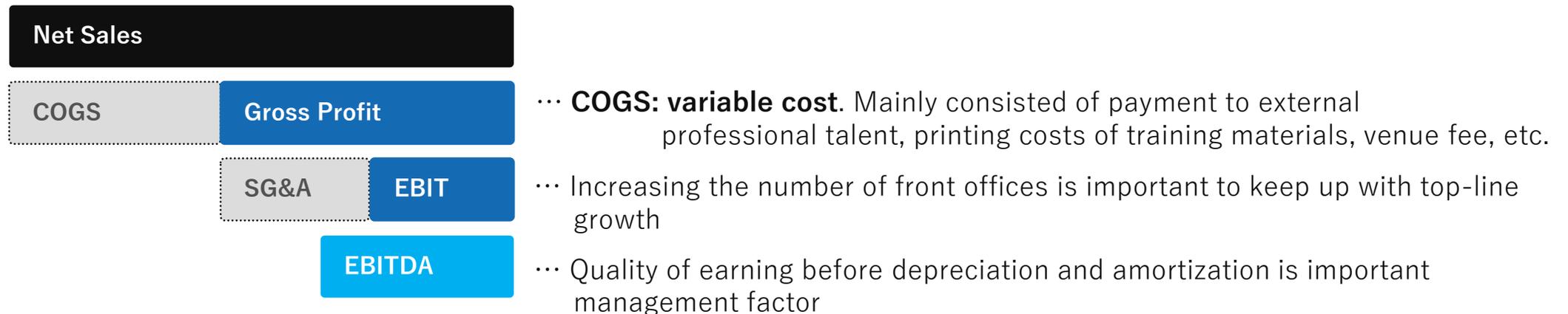


**Management leaders have growing awareness of HR issues for next leader candidates**

## Main KPIs



## Cost Structure



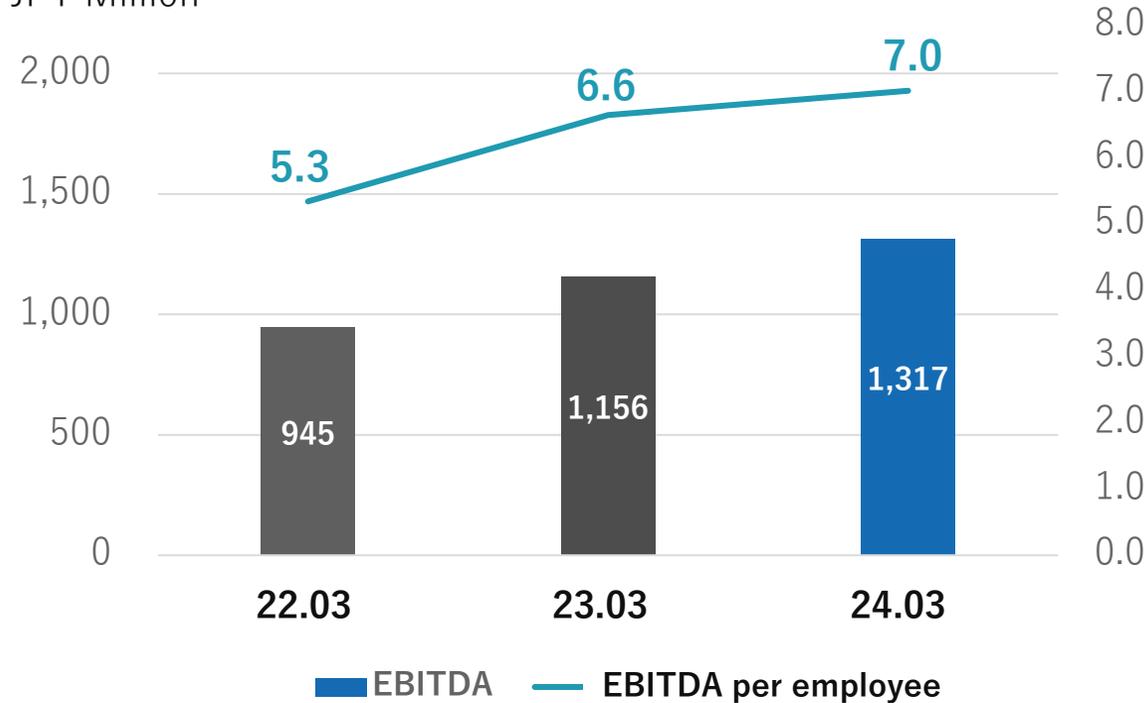
Note: (1) CELM's sale as non-consolidated figure

# Sustainable Growth of Profit Generation per Employee

Since IPO, CELM had worked on improving profit generation (EBITDA per employee) and this will also be the key metrics going forward

## EBITDA<sup>(1)</sup>/EBITDA per headcount

JPY Million



	22.03	23.03	24.03
<b>No. Of employees</b>	177	174	187

### How we grew profit generation per headcount

#### ① Increased unit price per client

Unit price and gross profit has increased through not only executive /middle segment, but also through First Career and other CELM group

#### ② Reformation of business portfolio

Discontinuation as of 23/03 had decreased fixed cost

#### ③ Fundamental review of business operation

Corporate operation including recruiting department has been under fundamental review which has increased productivity

#### ④ Acceleration of ROI improvement measure

Prioritization of all investment criteria and organizational measure had improved ROI

#### ⑤ M&A

Commenced profit generation through different business from CELM <sup>(2)</sup>

Note: (1) EBITDA = Operating Profit + Depreciation + Amortization + Share-based compensation expenses

(2) 100% Acquisition of Human Strategies Japan

# Growth Plan for FY25/03 to FY29/03 (Ordinary Profit Target)

- Setting ordinary profit goal which is one of the requirement for TSE Prime (Aggregated profits over the last 2 years 2.5 billion)
- 29/03 Ordinary Profit Plan:1,879mil. Accelerates Human capital Investment, growth & M&A

Ordinary Profit  
(JPY millions)



## Organizational/Sales Strategy for mid-term growth

### Expanding Demand/Management Issues

- ✓ Demand for “top-management-led organizational investment continues to be strong
- ✓ Quality of CELM’s front office that could propose clients intrinsic management issues is the key for further growth



### Human Capital Investment and Strategy

- ✓ (3year total:0.1billion) Improving the quality of front office through human capital investment
- ✓ 25.03:focus on our middle manager and above to improve management skills etc.

### Previous Strategic Assumption

- ✓ Classification of “major” & “semi-major client” based on customer’s size, which led to ineffecient distribution of resources



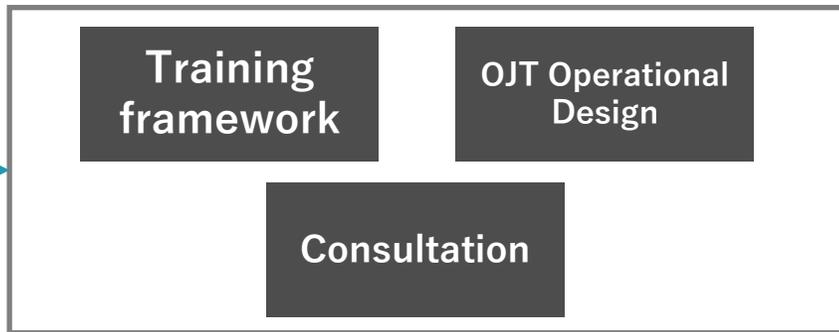
### Updated Strategy Going Forward

- ✓ Instead of client size strategic assumption, strategy will be built with prioritization of those clients with higher demand for organizational investment
- ✓ Reformation of sales organization, which will improve quality of account management and improve unit price for each client

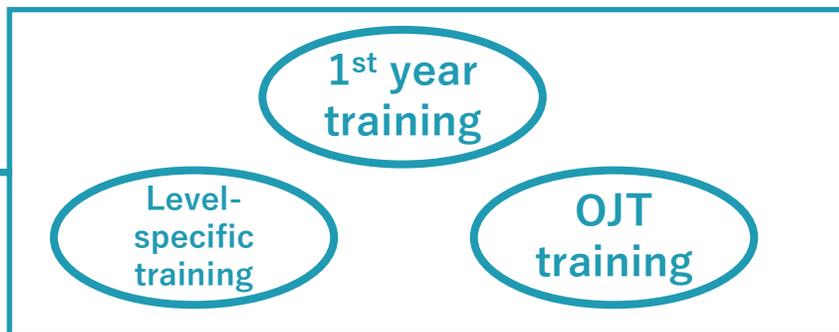
# Mid-term Strategy (2) First Career Segment

Developing multilayered business starting HR support with increasing demand

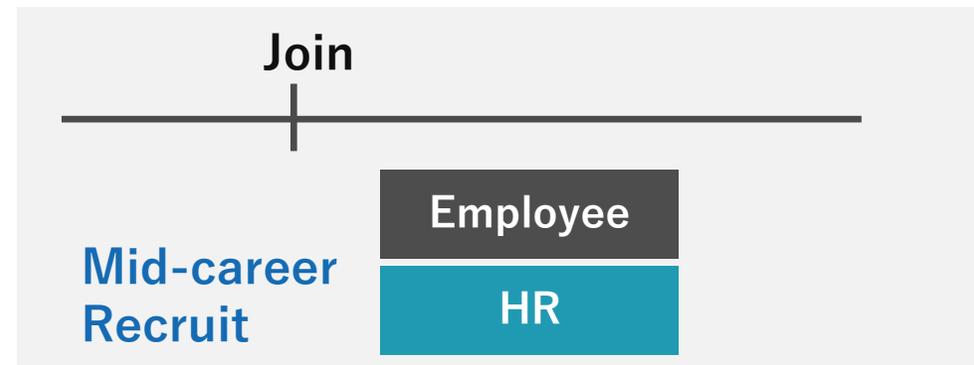
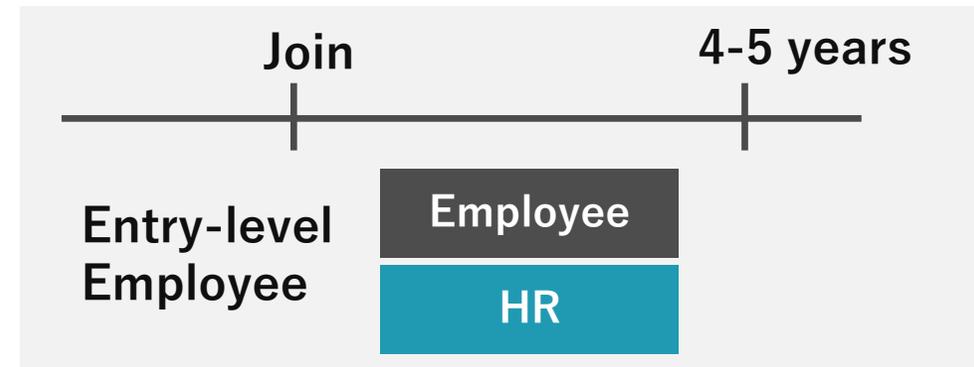
## Support to HR



## Support to trainee



Enhancing business domain to “Mid-career Recruit” with increasing demand



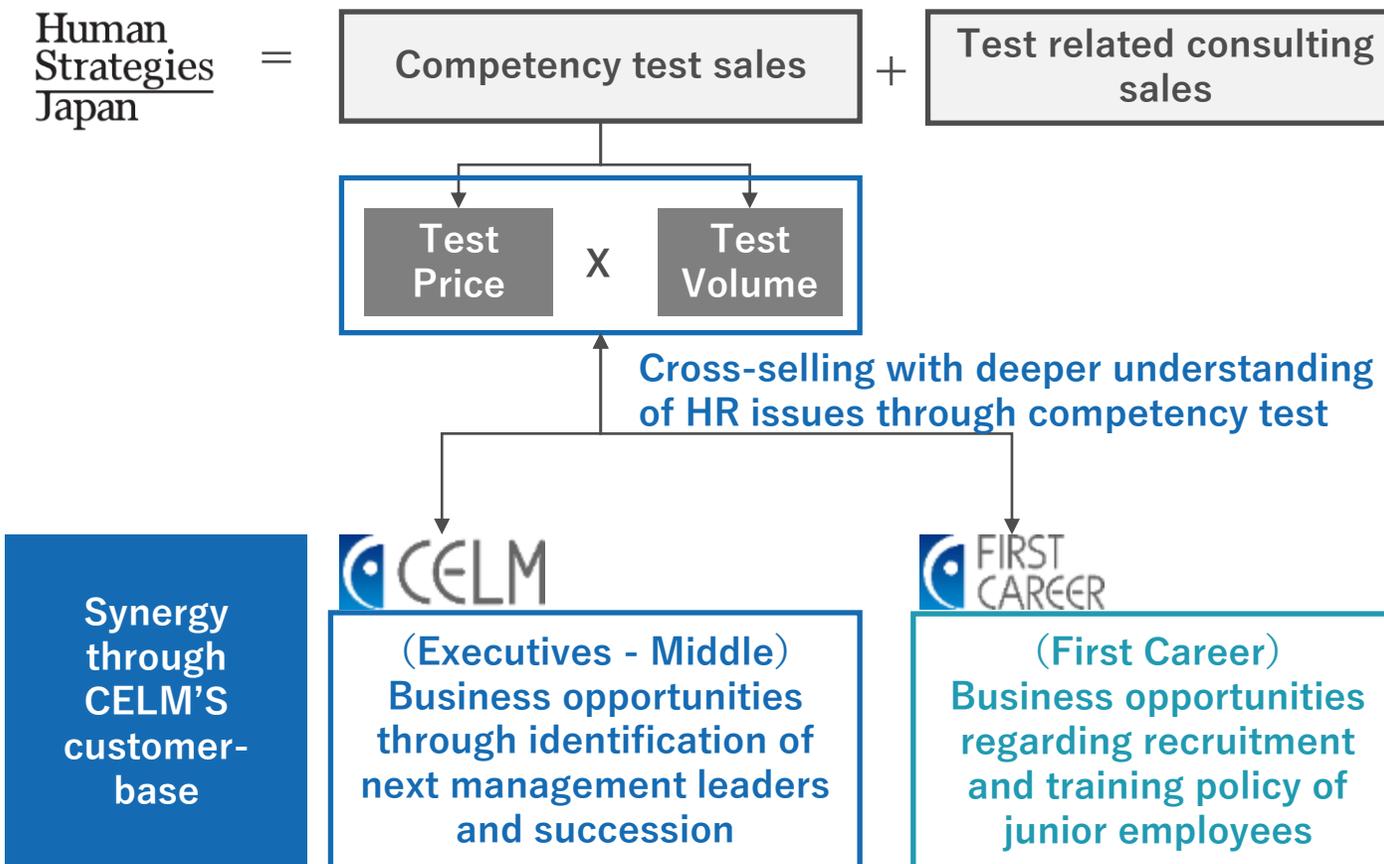
# Mid-term Strategy (3) Human Strategies Segment

- Maximizing the value of CELM’s customer base is the key for Human Strategies’ (joined through M&A) business. Currently in the middle of PMI, targeting upsell and cross sell synergies with CELM’s executive/middle business segment and First Career segment.

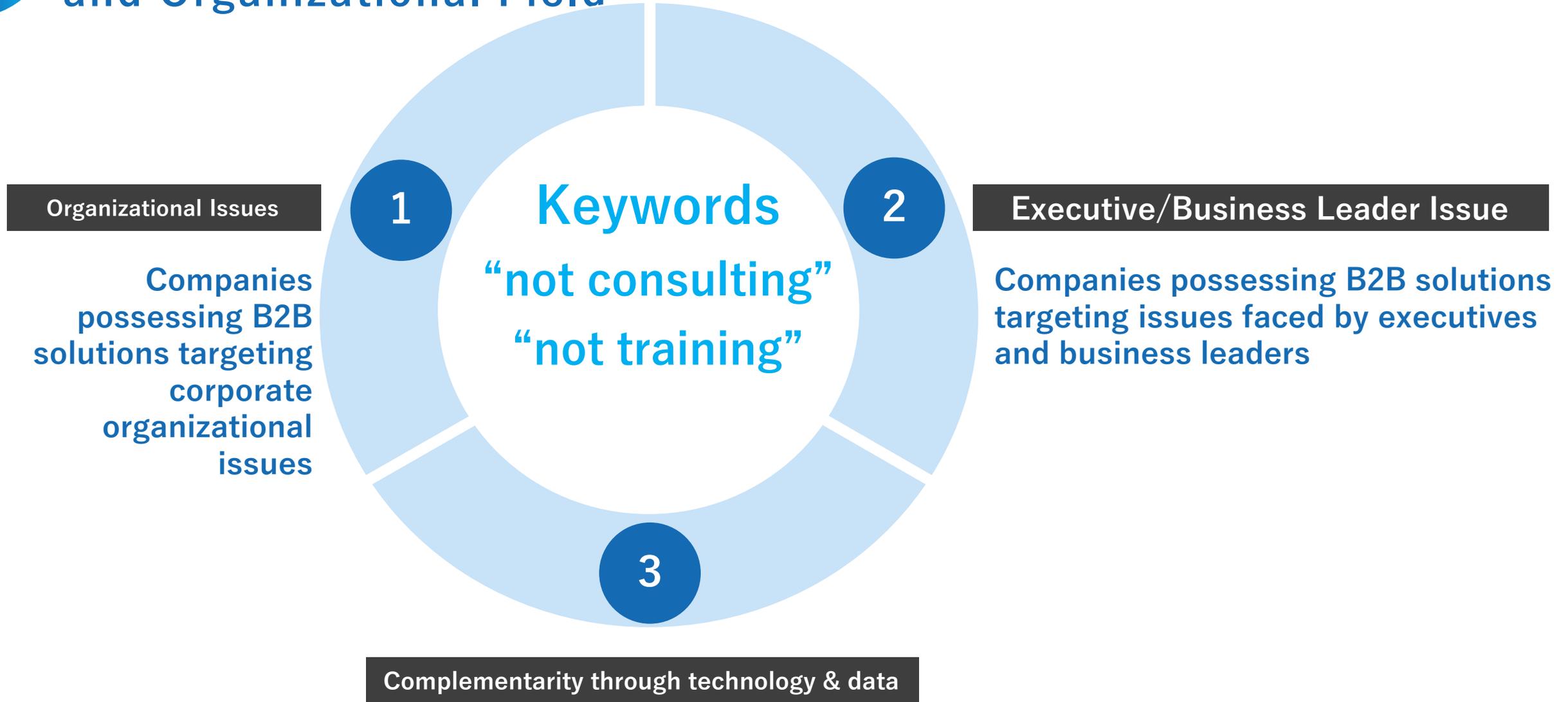
## Outline

<b>Name</b>	Human Strategies Japan Co., Ltd. (Previously Caliper Japan, changed its corporate name as of January 29, 2024)
<b>Business</b>	Human resources evaluation/ personnel consulting
<b>Establishment</b>	March, 1993
<b>Headquarter</b>	7-12, Fujimi 1 – chome, Chiyoda ku Tokyo 102-0071

## Creation of enterprise value through synergies



# M&A Strategy to Expand Business Domain Beyond Existing HR and Organizational Field



Companies possessing strengths in technology and data that complement CELM’s core competencies

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## Contact

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