



PORT INC.

# Company Introduction

PORT INC. Securities Code: 7047

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# **01**

# **Company Overview**

# Company Profile

**PORT** INC.

Company name	PORT INC.
Established	April 18, 2011
Head office address	5th Floor, Shinjuku Front Tower, 2-21-1 Kitashinjuku, Shinjuku-ku, Tokyo
Satellite office3-9-5	Iwasaki, Nichinan, Miyazaki
Share capital	944 million yen (as of March 31, 2023)
Representative	Hirofumi Kasuga, Representative Director, President and CEO
Business	Contract support
Number of employees	375 (as of March 31, 2023; consolidated)
Average age of employees	Approx. 29 (as of March 31, 2023)
Ratio of men to women	6 : 4
Securities code	7047 (TSE Growth, FSE Q-Board; listed on December 21, 2018)
Major group companies	INE K.K./DOORS Inc.



FY2011 (1st term)	<b>Founding</b>	<ul style="list-style-type: none"><li>•Kasuga, the founder, founds the Company immediately after graduating from university.</li><li>•Establishes Social Recruiting Co., Ltd. at Shibuya, Shibuya-ku, Tokyo.</li></ul>
FY2014 (4th term)	<b>New product</b>	<ul style="list-style-type: none"><li>•Starts the operation of Career Park!, a job hunting know-how site.</li></ul>
FY2015 (5th term)	<b>Changed the company name</b>	<ul style="list-style-type: none"><li>•Changes the company name to PORT INC.</li><li>•Head office relocated to Nishishinjuku, Shinjuku-ku, Tokyo.</li><li>•Starts operation of Port Medical, a telemedicine platform.</li></ul>
FY2016 (6th term)	<b>Expanding into a region</b>	<ul style="list-style-type: none"><li>•Establishes a satellite office in Nichinan, Miyazaki.</li><li>•Launches Manet, a finance information site.</li></ul>
FY2018 (8th term)	<b>Listed</b>	<ul style="list-style-type: none"><li>•Listed on Tokyo Stock Exchange Mothers and Fukuoka Stock Exchange Q-Board.</li></ul>
FY2020 (10th term)	<b>Announcement of a medium-term management plan and implementation of M&amp;A</b>	<ul style="list-style-type: none"><li>•Acquires Syukatsu Kaigi, a job hunting word-of-mouth website.</li><li>•Acquires DOORS Inc., which operates Gaihekitoso-no-madoguchi, an outer wall painting site.</li><li>•Announces a medium-term management plan.</li></ul>
FY2021 (11th term)	<b>Business alliances and M&amp;A</b>	<ul style="list-style-type: none"><li>•Accelerates business alliances in all domains, such as a capital and business alliance with Change, Inc., etc.</li><li>•Enters the energy domain and acquires INE as a core business through M&amp;A</li></ul>
FY2022 (12th term)	<b>Achievement of the medium-term management plan and launch of a new business</b>	<ul style="list-style-type: none"><li>•Achieves the medium-term management plan and tops 10 billion yen in the Group's revenue</li><li>•Begins full-scale operation of the Staffing Support Services for young people and establishes a new company, aiming to expend the services</li></ul>



**President, CEO and  
Representative Director  
Hirofumi Kasuga**



**Executive Vice-President  
Yusuke Maruyama**



**Outside Director / Audit &  
Supervisory Committee Member  
Kuniyoshi Mabuchi**



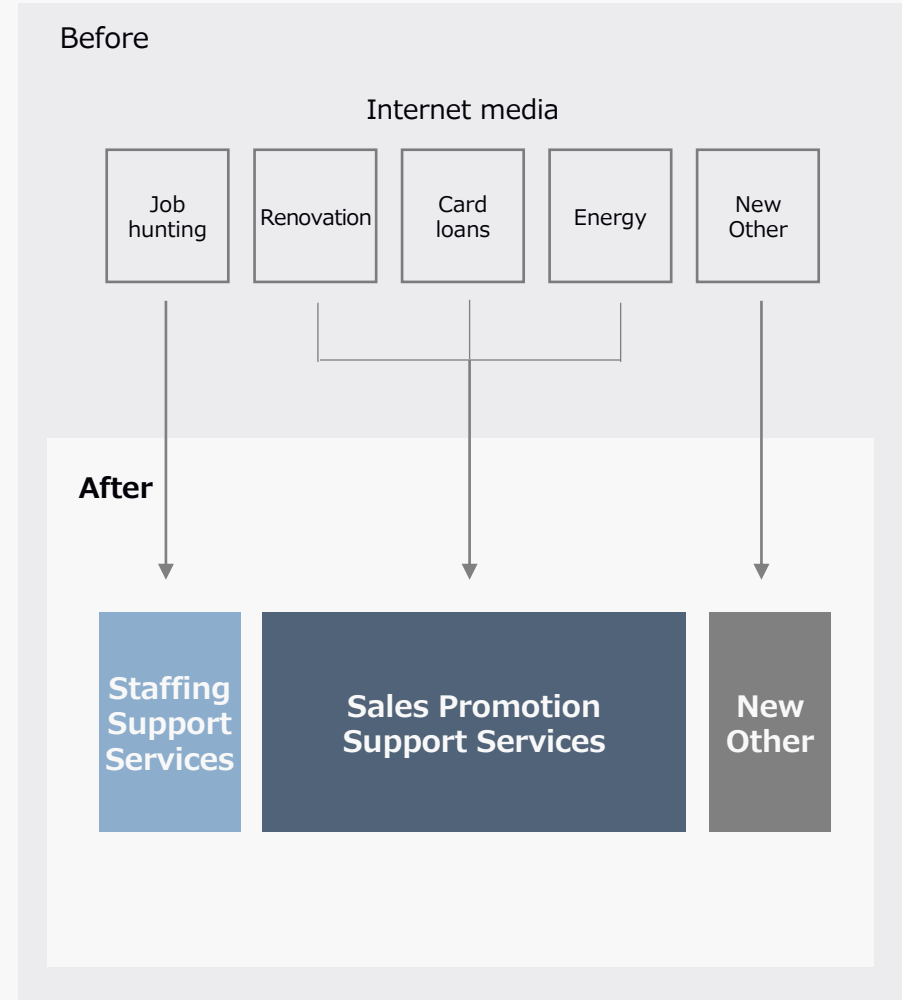
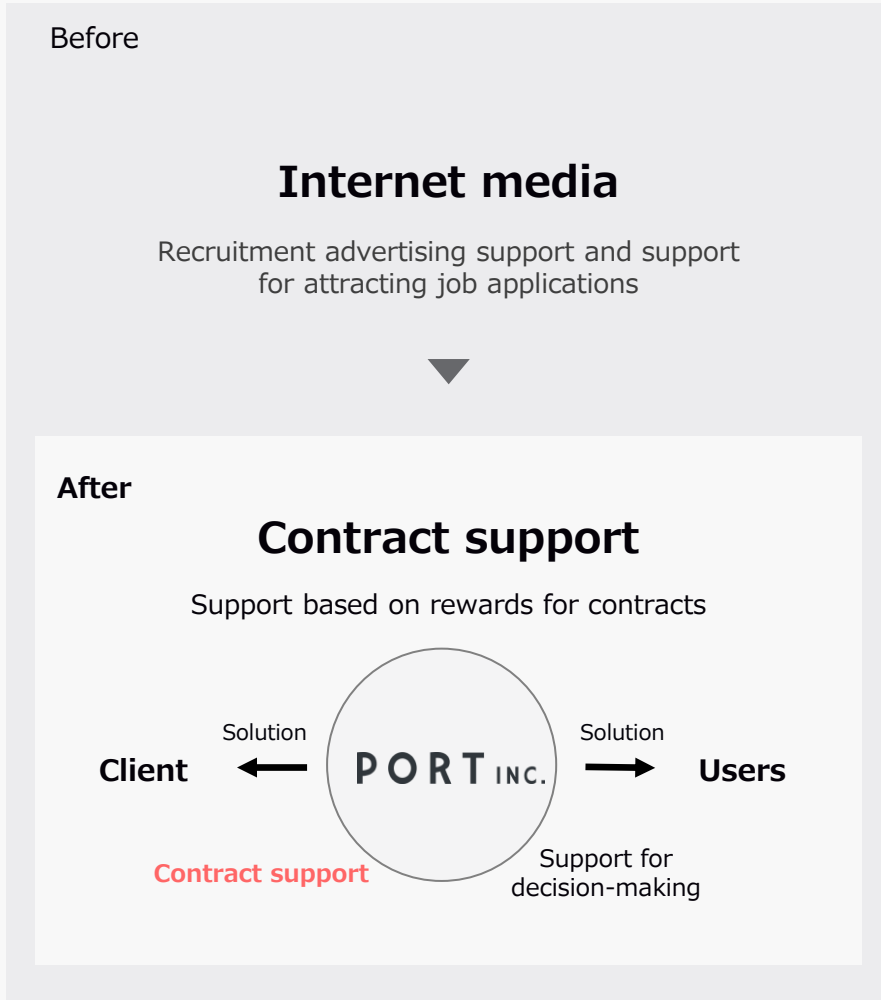
**Outside Director / Audit &  
Supervisory Committee Member  
Daigo Tomioka**



**Outside Director / Audit &  
Supervisory Committee Member  
Manami Ida**

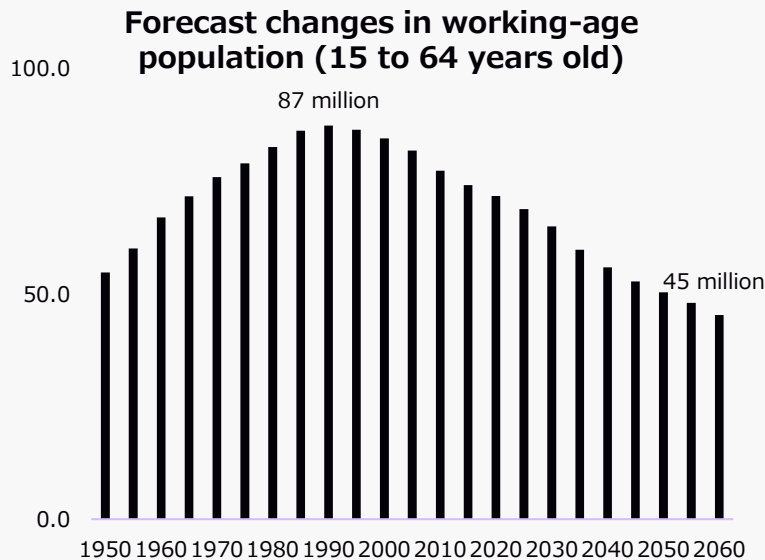
# Changes to Segment and Service Categories

Based on the model featuring advertising to users via Internet media, we have built the contract support business, in which we enhance organizational operations and become deeply involved in issues faced by clients and users to eliminate their pain. In relation to this, we have changed the segment and service categories.



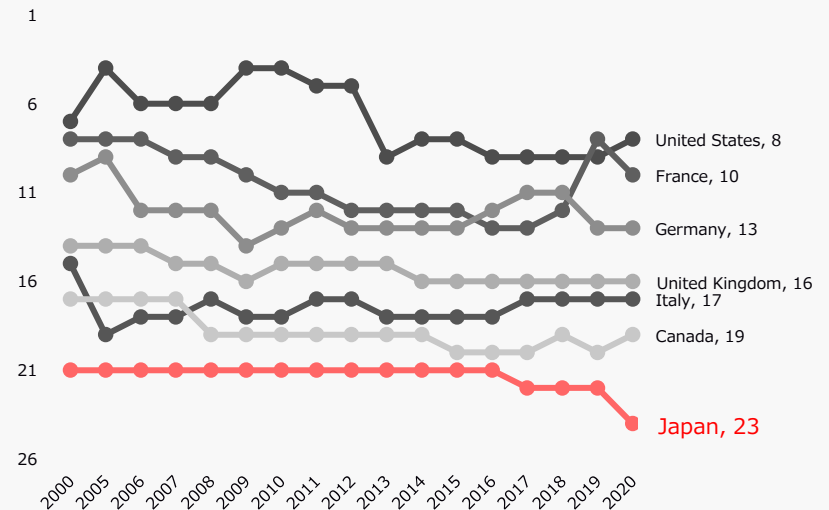
## Declining working population (working-age population)

The working-age population of Japan will decrease due to the declining birthrate and aging population.\*1



## Low labor productivity

The labor productivity of Japan was ranked 23th among 38 OECD countries in FY2020, falling in rank in recent years.\*2



**The working population will inevitably decline. Moreover, Japan also faces a sustainability crisis due to low labor productivity.**

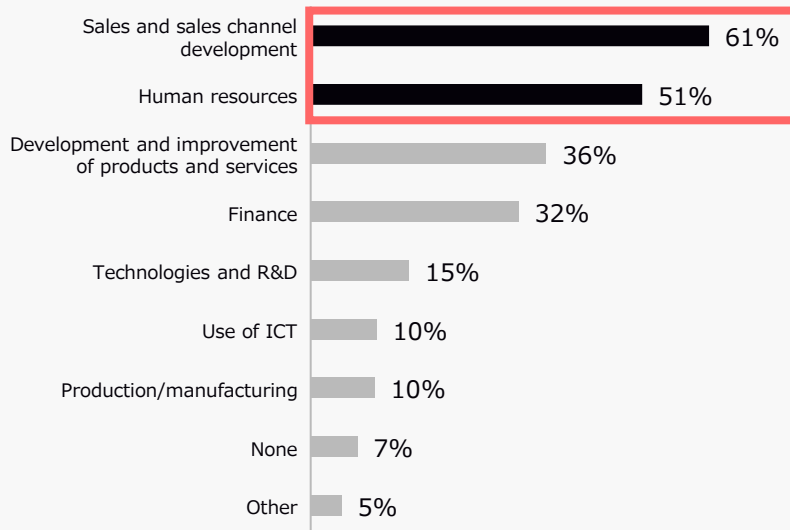
\*1 [https://www.chusho.meti.go.jp/pamflet/hakusyo/H30/h30/html/b2\\_1\\_2\\_1.html](https://www.chusho.meti.go.jp/pamflet/hakusyo/H30/h30/html/b2_1_2_1.html)

\*2 [https://www.jpc-net.jp/research/assets/pdf/international\\_trend\\_summary2021.pdf](https://www.jpc-net.jp/research/assets/pdf/international_trend_summary2021.pdf)



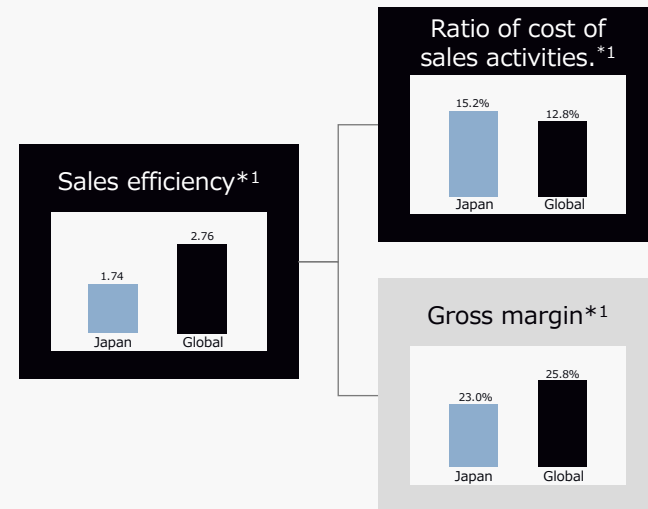
## Management issue of SMEs is sales activities

Management issues for SMEs, which constitute 90% of all Japanese companies\*1, are sales promotion and human resources\*2. In other words, they are issues related to sales activities.



## Low productivity of sales activities

The sales efficiency of Japanese companies is said to be lower than that of companies in other countries. This is attributable to the low profitability and inefficiency of the ratio of cost of sales activities.



**Efficiency improvement of sales promotion activities and recruitment, which are regarded as management issues of companies, were identified as top priority themes of issues to be solved.**

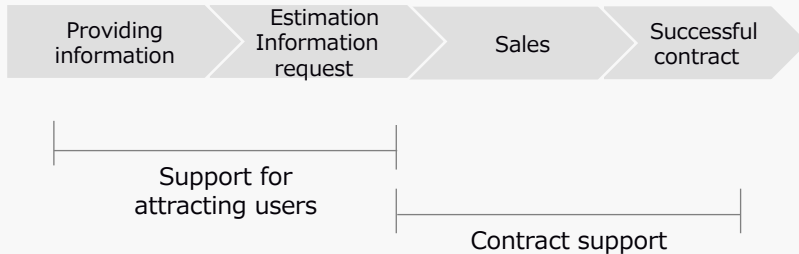
\*1 <https://www.chusho.meti.go.jp/koukai/chousa/chushoKigyozentai9wari.pdf>

\*2 Source: Nomura Research Institute, *Chusho Kigyo Keiei-ni kansuru enquete* (Questionnaire survey on SMEs' management) (March 2021)

\*1 Calculated by determining the simple averages of ROI, etc. by benchmark industry based on *Nihon-no Eigyo Seisensei-ha naze hikui noka* (why sales efficiency of Japanese companies is low) from McKinsey  
[https://www.mckinsey.com/jp/~/\\_media/mckinsey/locations/asia/japan/our%20insights/why%200is%20japan%20sales%20productivity%20so%20low%20japanese.pdf](https://www.mckinsey.com/jp/~/_media/mckinsey/locations/asia/japan/our%20insights/why%200is%20japan%20sales%20productivity%20so%20low%20japanese.pdf)

## What we are required to do

Comprehensive support for processes from activities to attract users to the conclusion of a contract, by integrating technologies with real-life activities



## Potential of the market

Total	Promotion expenses	Recruitment expenses
<b>49</b> trillion yen	<b>39</b> trillion yen	<b>10</b> trillion yen

=      +

**Promotion expenses** = Advertising market<sup>\*1</sup> + Personnel expenses for salespeople (population x average reward/year)<sup>\*2</sup>

**Recruitment expenses** = Recruitment advertising market<sup>\*3</sup> + job placement market<sup>\*3</sup> + temporary staffing market<sup>\*3</sup> + personnel expenses for general affairs and personnel affairs (population x average reward/year)<sup>\*3</sup>

## Establishment of a service based on rewards for contracts

We provide comprehensive support for recruiting and sales promotion activities of companies, from the process of attracting users to the conclusion of a contract. This enables companies to enjoy profit efficiently without risks and aim to increase shares in huge markets.

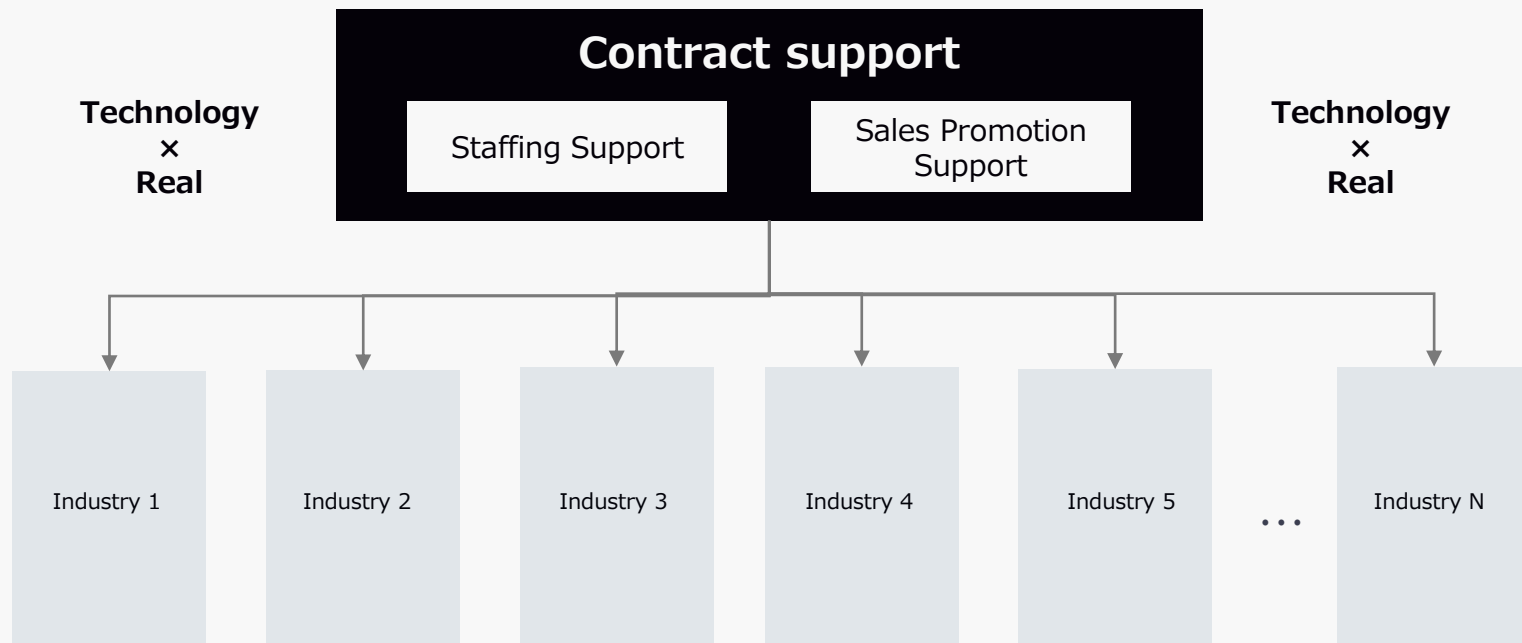
\*1 <https://www.dentsu.co.jp/news/release/2022/0224-010496.html>

\*2 Estimated by the PORT INC. based on *Rodoryoku Chosa* (labor force survey) from the Ministry of Health, Labour and Welfare/*Nihon-no Toukei "Shuyo Shokushu-betsu heikin nennrei, kinzoku nensu, jitsu-rodo jikansu to gekkan kyuyogaku"* (information about average age, length of service, actual working hours, and amount of monthly salary by major job category from a book on statistics in Japan)

\*3 [https://j-hr.or.jp/wp/wp-content/uploads/JHR\\_JHR\\_2030\\_report\\_20210125.pdf](https://j-hr.or.jp/wp/wp-content/uploads/JHR_JHR_2030_report_20210125.pdf)

# Creating possibilities in a society facing a declining working population

Supplying human resources to each industry and improving industry productivity with the **contract support business**, thus creating possibilities in a society facing a declining working population

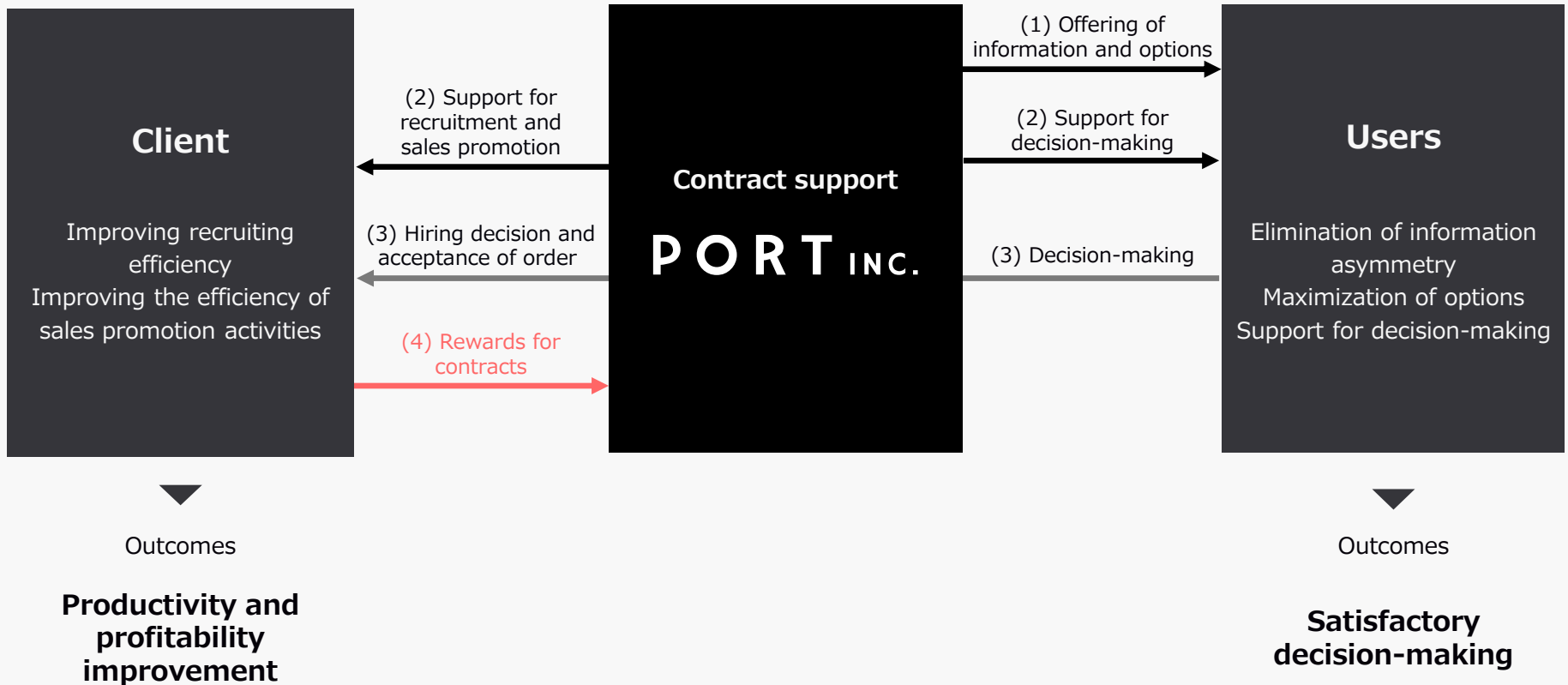


**Improving productivity in society as a whole**  
by improving the efficiency and profitability of each industry

# Contract Support Business: Common Business Model

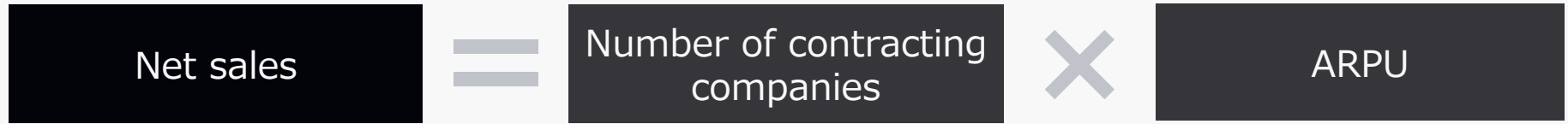
We adopt a common business model in which we are deeply involved in clients' recruitment and sales promotion processes to earn rewards for their new contracts.

We form a population of users and provide support until new contracts are concluded, aiming to minimize risks in clients' recruiting and sales promotion activities.



Total sales are calculated by multiplying the number of contracting companies by the average revenue per user (ARPU).

To increase the above indicator, we position the capability of winning contracts, sales capability, and capability of attracting users as important factors.



## Important factors

### Capability to win contracts

- Concluding contracts which are optimal for both clients and users
- Increasing the number of successful contracts through cross-selling

### Sales capabilities

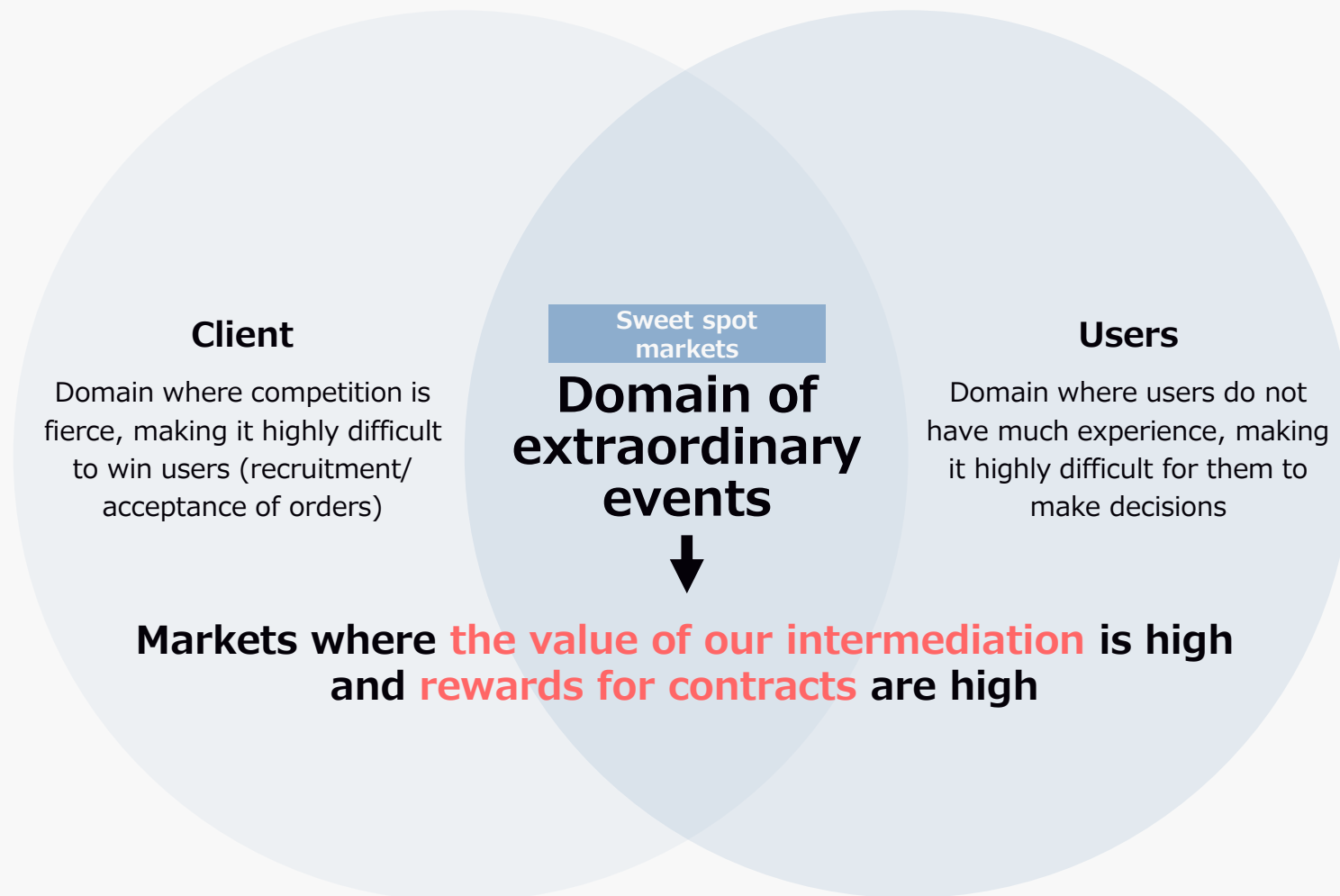
- Finding new clients to maximize the number of options
- Increasing rewards for contracts based on successful contracts achieved actually

### Capability to attract users

- Providing useful information and options based on the user-first principle
- Continuing to attract users through the stock of data

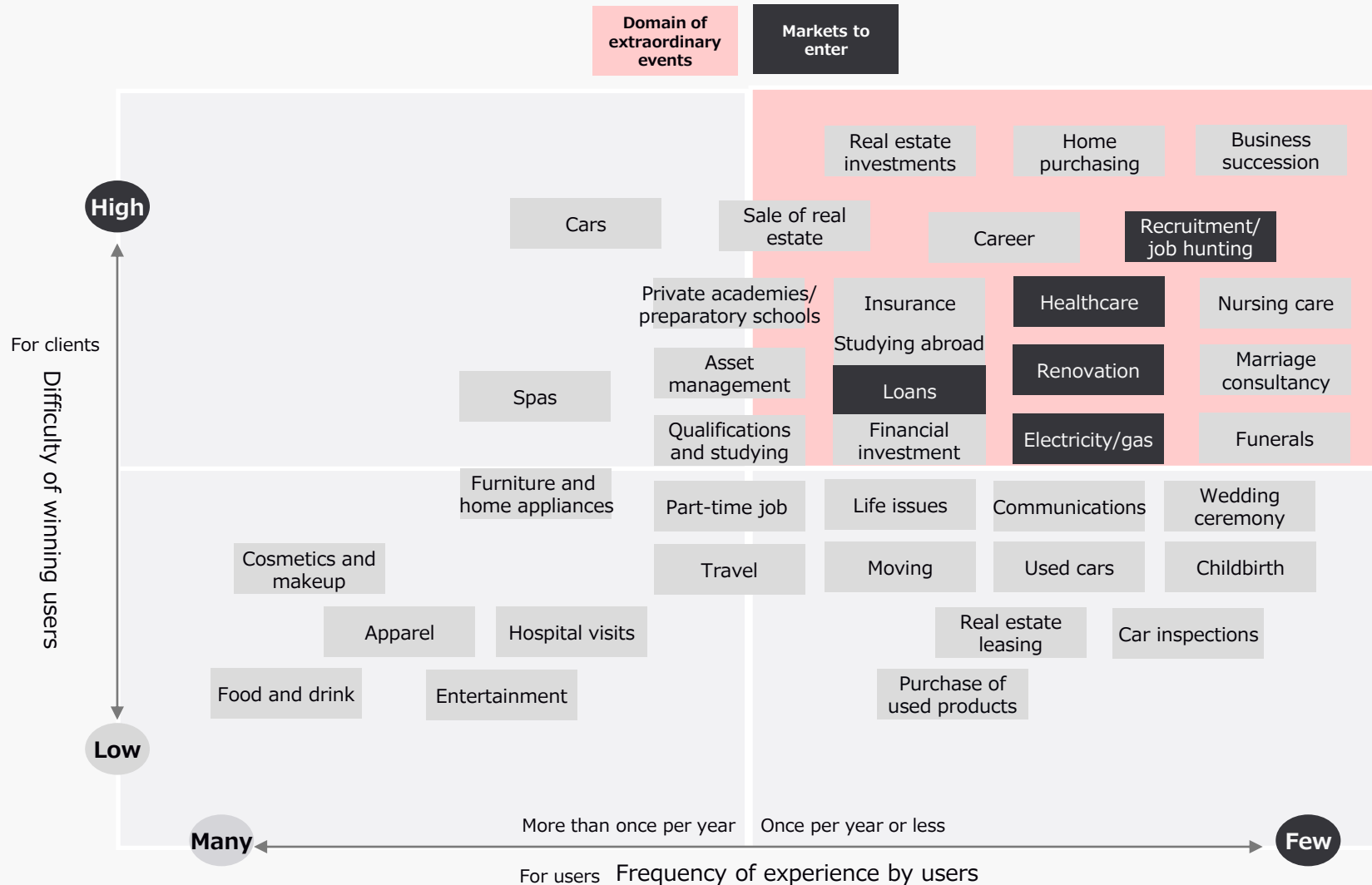
# Contract Support Business: Target Markets (Domain of Extraordinary Events)

We have defined markets where issues of clients and users overlap as the domain of extraordinary events.  
We operate the contract support business by positioning those markets as sweet spot markets.



# Contract Support Business: Expandability of the Domain of Extraordinary Events

There are a large number of markets we can enter as the domain of extraordinary events. There is potential for expansion into huge markets in many areas with an identical business model.



In the contract support business, we provide services that help increase the efficiency of corporate recruitment and sales promotion activities.

## Contract support

### Staffing Support Services

Sales ratio

Approx. **35%**



Personnel referral services

Recruitment support services in an alliance with staffing agencies

### Sales Promotion Support Services

Sales ratio

Approx. **65%**



Sales and sales promotion support services

Services supporting streamlining of sales and sales promotion processes

\* The sales ratio has been calculated exclusive of sales of new and other businesses.



# 02

## Business Overview

### Contract support

Staffing Support  
Services

Sales Promotion  
Support Services

## Reskilling-oriented staffing support dedicated to young human resources who have never been employed or have no experience

Size of and population in the market of staffing support	Approaches	Outcomes
<p><b>Young human resources</b></p> <p>Human resources who have never been employed Market size: 128.0 billion yen*1</p> <p>New graduates (approx. 600,000 people/year)*2</p> <p>Those who have already graduated (approx. 50,000 people/year)*3</p> <p>Human resources with no experience Market size: 168.0 billion yen*4</p> <p>Young people with no experience (Approx. 10 million people)*5</p>	<p><b>Supporting the recruitment of young human resources who have never been employed or have no experience by increasing their added value and committing ourselves to successful contracts</b></p> <p>We supply human resources by increasing the added value of human resources who have never been employed or have no experience, through career training, reskilling, and other measures and by committing ourselves to successful contracts in each industry.</p>	<p><b>Improving recruiting efficiency</b></p> <p><b>Increase in working population in the overall society</b></p> <p><b>Optimal allocation of human resources to growth industries</b></p>

\*1 [https://www.yano.co.jp/press-release/show/press\\_id/2946](https://www.yano.co.jp/press-release/show/press_id/2946)

\*2 [https://www.mext.go.jp/content/20221221-mxt\\_chousa01-000024177\\_001.pdf](https://www.mext.go.jp/content/20221221-mxt_chousa01-000024177_001.pdf)

\*3 <https://saponet.mynavi.jp/column/detail/20210425105821.html>

\*4 Calculated by PORT INC. by multiplying the size of the recruitment advertising market+ job placement market, which is one trillion yen, by the percentage of people aged 15 to 34 years old who have changed their careers and by assuming the percentage of those with no experience as 35% based on [https://www.recruit.co.jp/newsroom/pressrelease/2021/0805\\_9201.html](https://www.recruit.co.jp/newsroom/pressrelease/2021/0805_9201.html)

\*5 [https://www.mhlw.go.jp/file/05-Shingikai-12602000-Seisakutoukatsukan-Sanjikanshitsu\\_Roudouseisakutantou/0000058034.pdf](https://www.mhlw.go.jp/file/05-Shingikai-12602000-Seisakutoukatsukan-Sanjikanshitsu_Roudouseisakutantou/0000058034.pdf)

# Staffing Support Services: Business Flow

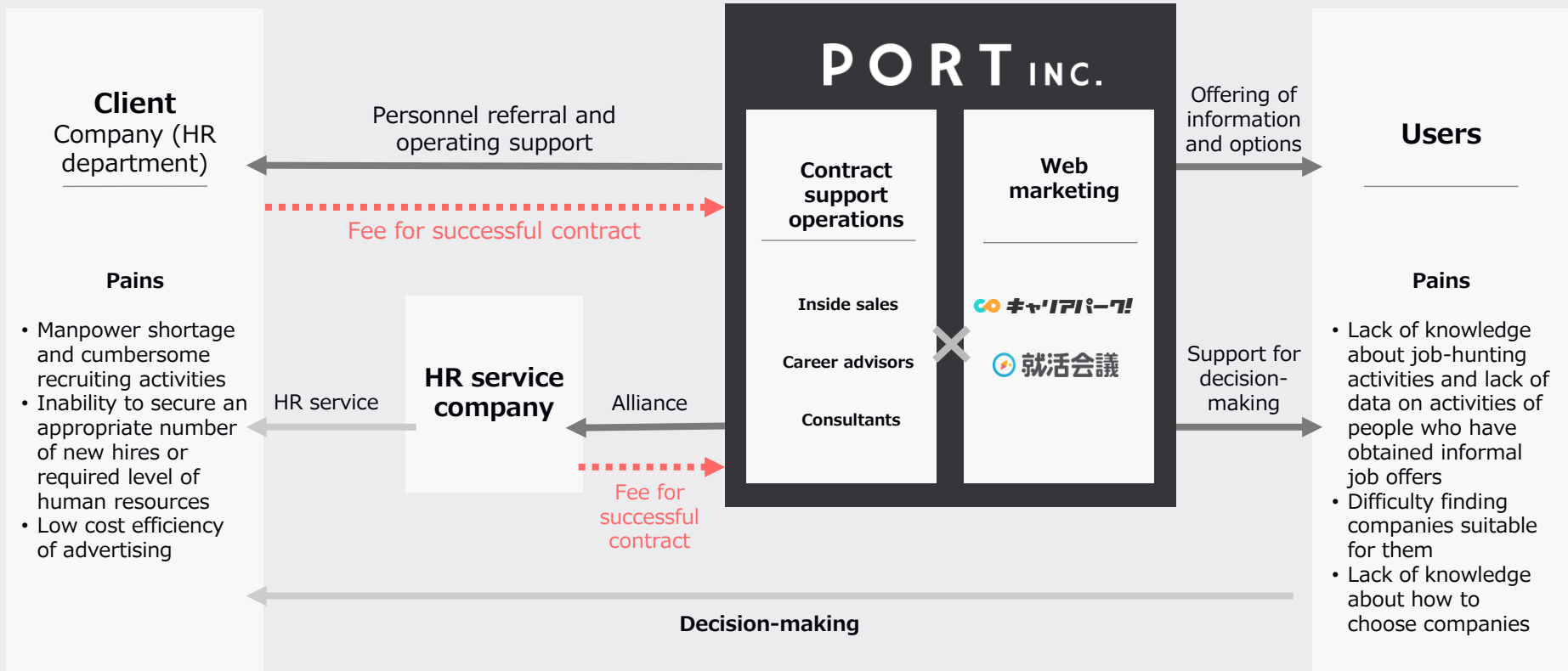
Staffing Support Services

Sales Promotion Support Services

PORT INC.

Providing personnel referral and operating support services and offer various solutions with alliance partners, mainly to the HR department of each company.

Attracting users and making them members by means of web marketing and helping with decision making with contract support.



## Providing support for sales activities and sales promotion in huge markets, where digitalization is needed due to manpower shortages

Sizes of target markets	Approaches	Outcomes
<div data-bbox="112 568 537 691"> <p><b>Energy</b> Pro forma market size: 300 billion yen*<sup>1</sup></p> </div> <div data-bbox="112 739 537 862"> <p><b>Card loans</b> Pro forma market size: 149 billion yen*<sup>3</sup></p> </div> <div data-bbox="112 911 537 1033"> <p><b>Renovation</b> Pro forma market size: 270 billion yen*<sup>2</sup></p> </div>	<p><b>Providing business operators in each market with sales promotion support by attracting a huge number of users and committing ourselves to successful contracts</b></p> <p>In markets where a huge amount of money is spent on sales promotion, we realize more efficient user acquisition with the contract support business.</p>	<p><b>Improving the productivity of sales promotion activities</b></p> <p><b>Improving profitability of each industry</b></p> <p><b>Greater productivity of society as a whole</b></p>

\*1 Market size = Calculated by multiplying the total amount of electric power sales for 2021, which is 13 trillion yen (created based on data from Electricity and Gas Market Surveillance Commission) by the actual stock margin rate of 3%

\*2 Market size = Calculated by multiplying the size of the overall renovation market, which is seven trillion yen (Yano Research Institute, *Home Renovation Market 2021*) by the average ratio of cost for attracting users, which is 4% (*Korekara-no jidai-no reform business* (renovation business in the coming era))

\*3 Market size = Calculated by multiplying the outstanding balance of new lending to individuals (calculated by PORT INC. based on statistics from Japan Financial Services Association and the Bank of Japan) by the percentage of advertising cost to the amount of new lending (the average value was calculated based on actual values from results presentation materials of three major financial institutions)

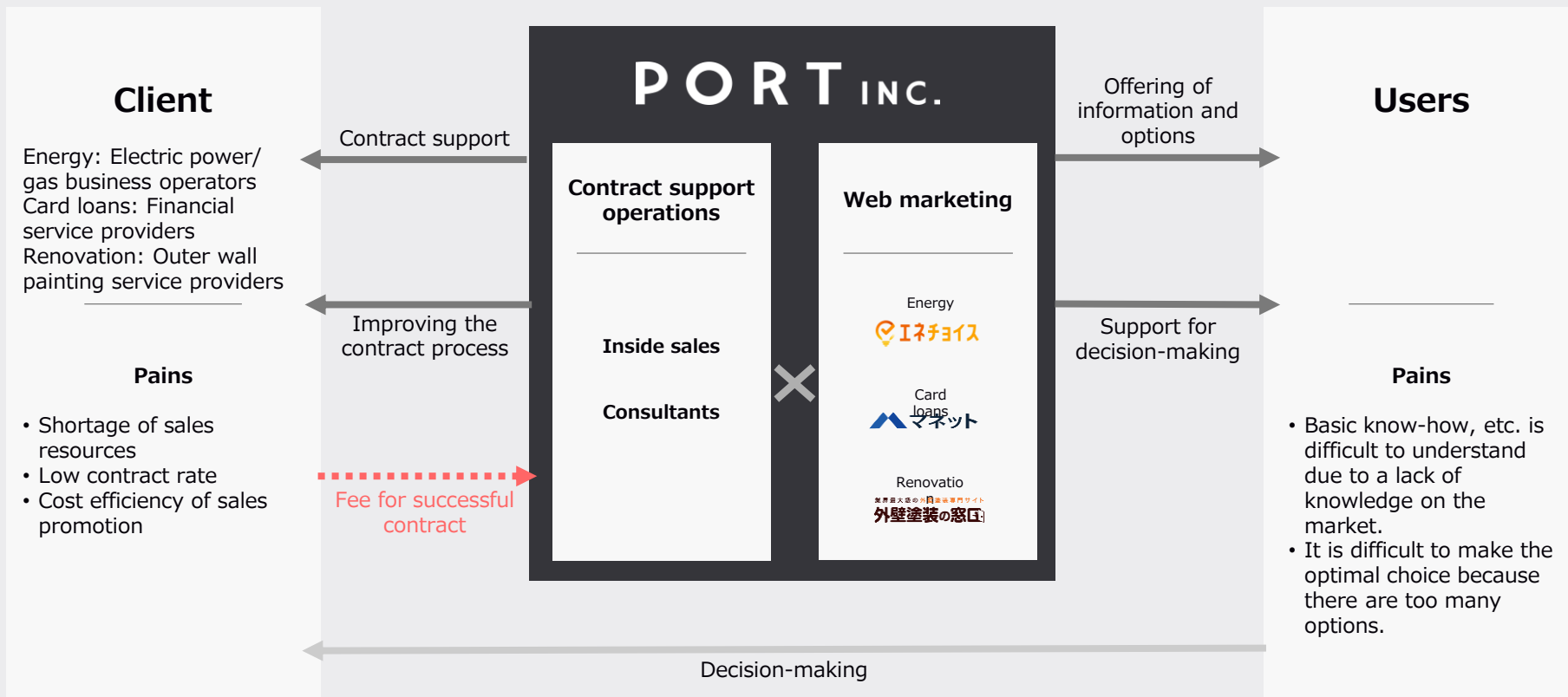
# Sales Promotion Support Services: Business Flow

Staffing Support Services

Sales Promotion Support Services

PORT INC.

After forming a population of users by attracting them through web marketing, we help users make decisions through inside sales, etc. and support clients' sales promotion activities.

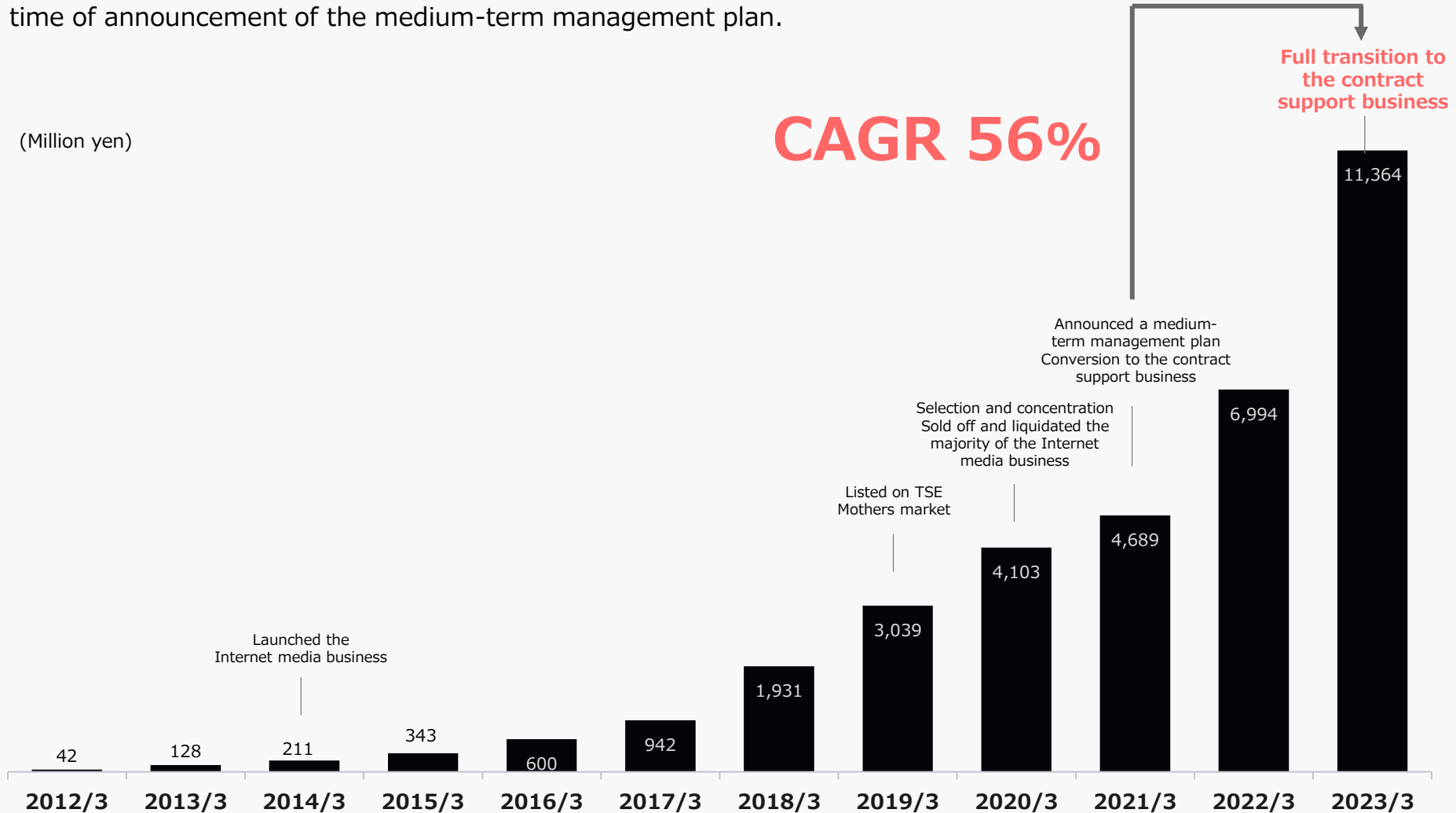


# **03**

# **Financial Results**

# Change in Sales Revenue

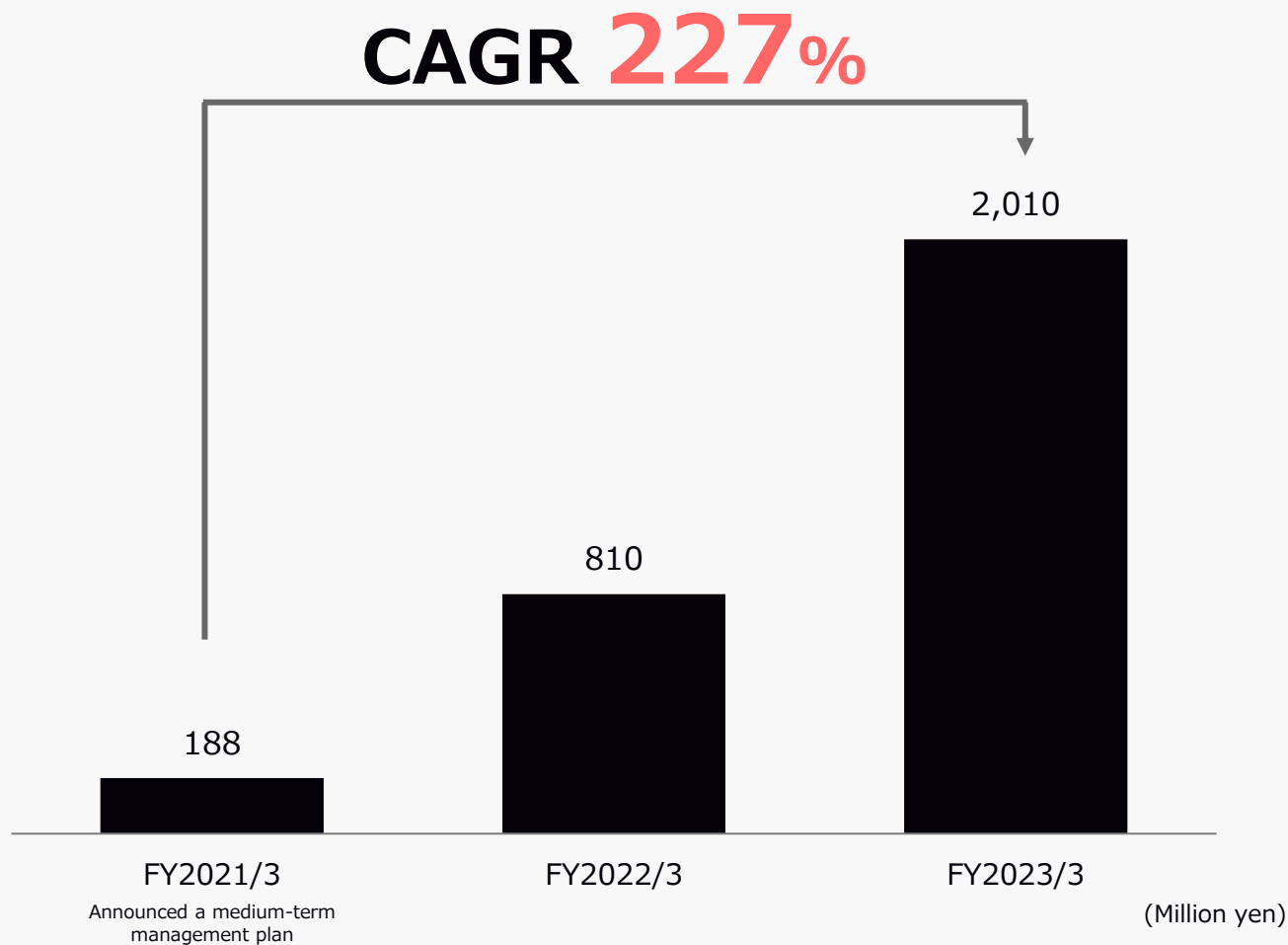
Having realized full transition to the contract support business, we achieved CAGR of 56% in the period from the time of announcement of the medium-term management plan.



## Change in EBITDA

We achieved an outstanding profit growth rate because large-scale business investment in each service began to produce effects.

For the period since the announcement of the medium-term management plan, we achieved CAGR of 227%.

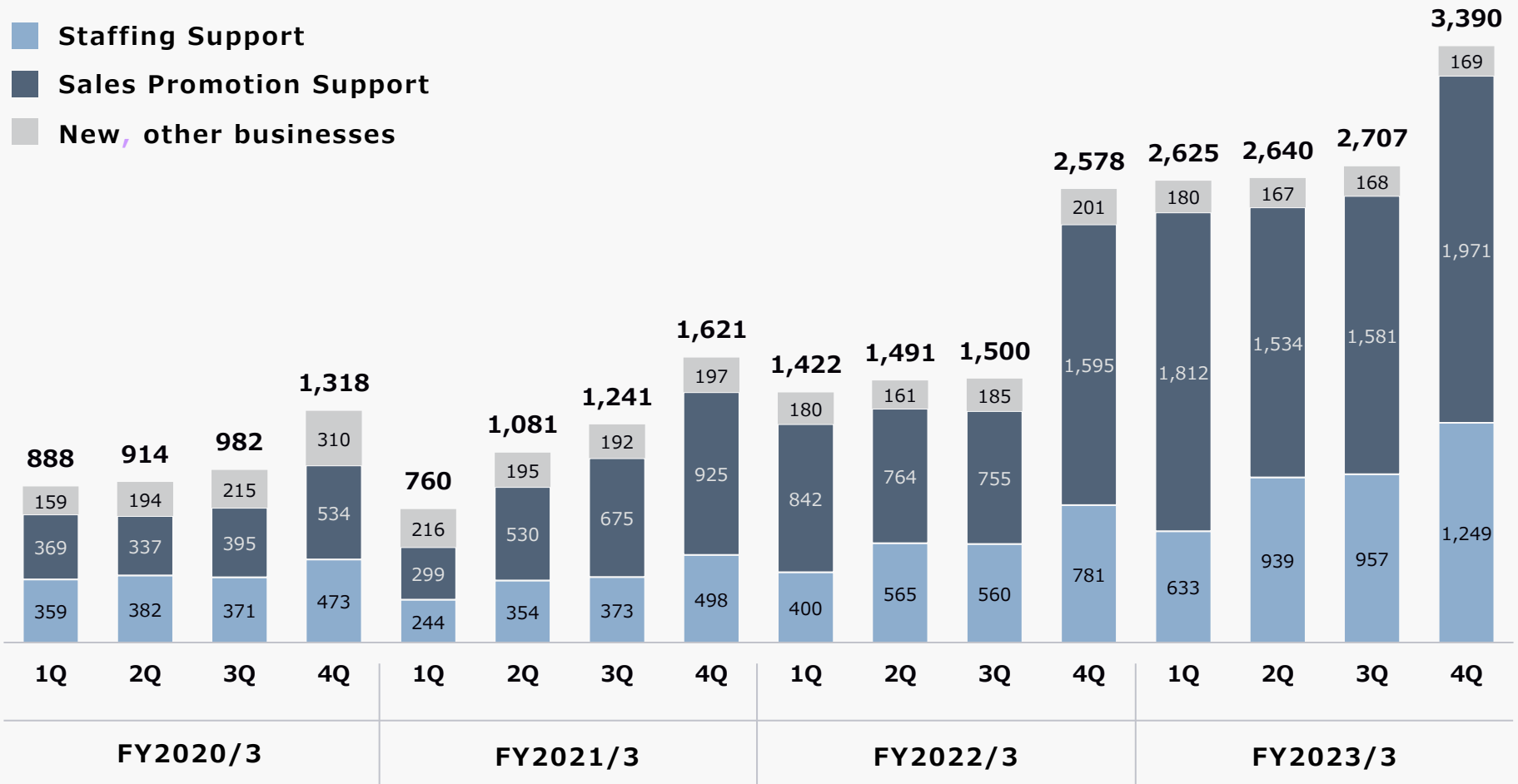




# Trends in Quarterly Sales Revenue by Service Segment

Revenue hit a record high, surpassing the level for Q3 of the fiscal year ended March 2023 and having grown significantly year on year, by 31%.

(Million yen)



# 04

# Medium-Term Management Plan

# Policy of the Medium-term Management Plan

As stated in the material on the Medium-term Management Plan that we disclosed on May 12, 2023, we will take initiatives under the following policies.

## Long-term policy

Maximizing free cash flow



## Policy of the Mid-Term Management Plan

Maximizing EBITDA in the medium to long term

### Organic investment

In huge markets, we will establish the position of the contract support business by combining technologies with real-life activities to make it possible to continue increasing market share.

## Medium-term Growth Strategy

### Establishing a portfolio of revenue sources

We attach importance to recurring revenue to establish a portfolio of revenue sources and increase the probability of continuous growth while assuming growth of revenue and profit.

### Inorganic investment

To achieve 10.0 billion yen in a single business as soon as possible, we will implement aggressive, large-scale M&A in existing businesses or new domains and develop new businesses.

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## **Making bold investments by assuming growth of revenue and profit**

During the period of the medium-term management plan, we will make bold investments for the future, including organic investment for establishing the position of the contract support business, inorganic investment, and investment for establishing a portfolio of revenue sources, which are also aimed at acquiring long-term free cash flows, while assuming growth of revenue and profit.

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## **Adding EBITDA including future earnings to key indicators**

We will increase the probability of growth by increasing not only one-time revenue but also the ratio of recurring revenue in our revenue structure. For this purpose, we have added EBITDA including future earnings, which includes earnings to be generated in the future whose sources were acquired in the current fiscal year (earnings which would be generated in the current fiscal year under ordinary circumstances) as well as EBITDA for the fiscal year, to key indicators.

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## **Limiting M&A to rollup M&A or M&A in new domains, in principle**

Regarding M&A, we will concentrate on rollup M&A in existing domains, or in the domains of human resources and energy in particular, or large-scale M&A in new domains that will have an impact of at least 10% on the overall performance.

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## **Management system with a clear investment policy**

We will invest management resources intensively in businesses with a market share of 10% or more in the performance of the overall Company, which can grow continuously at a rate of 30%, including both existing and new businesses. We will strengthen the system for monitoring each company and each business for maintaining high growth.

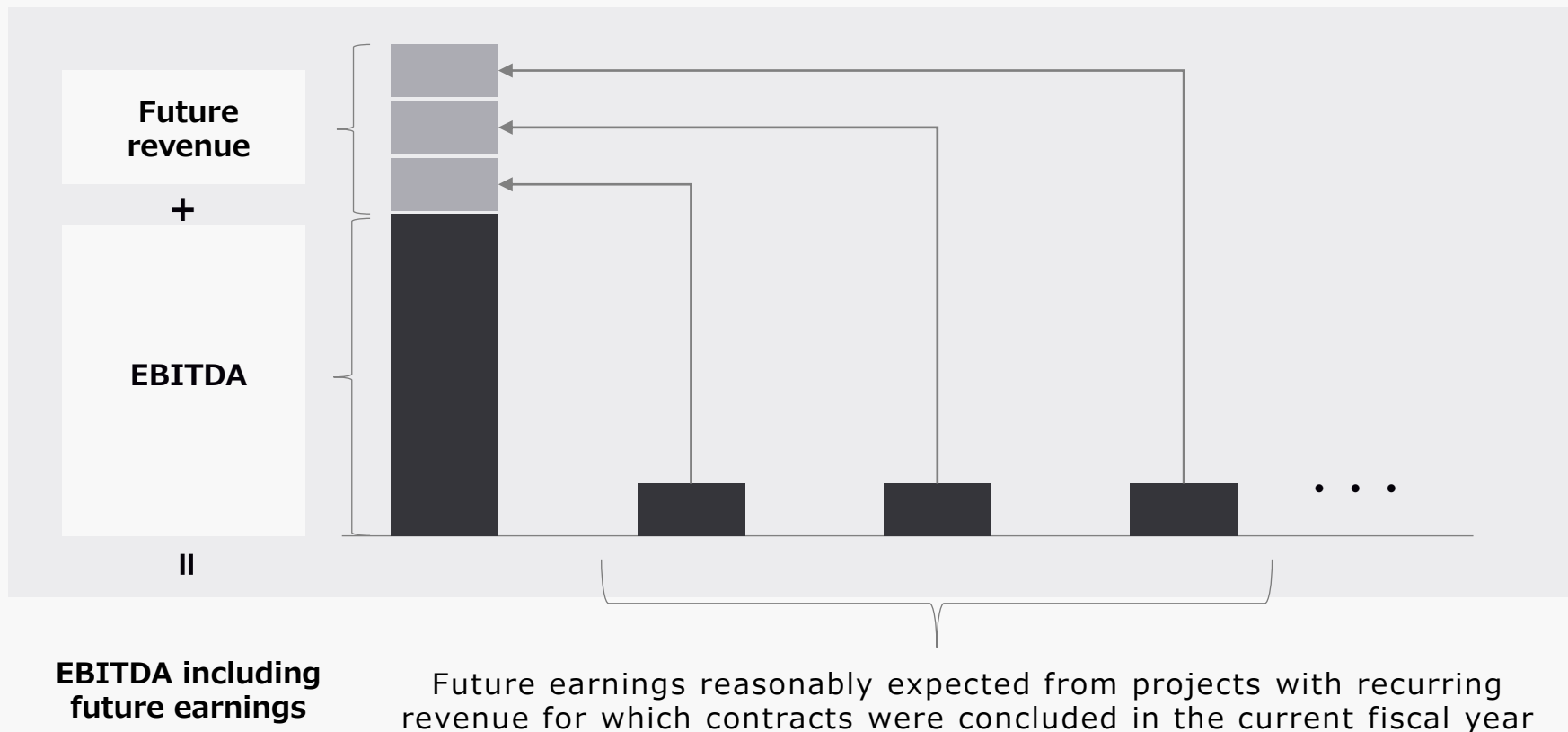
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## **Disclosure policy aimed at taking flexible corporate actions**

To achieve the performance targets for the final fiscal year by taking the above and various other corporate actions speedily, we will not disclose quarterly performance plans for the current fiscal year, the performance plan for the second fiscal year, and the performance plan for each business.

# What is EBITDA including future earnings?

- EBITDA including future earnings is calculated by adding to ordinary EBITDA the amount of future earnings from projects with recurring revenue for which contracts were concluded in the current fiscal year. The amount is one that can be reasonably expected based on the current contract cancellation rate, etc.
- We regard future earnings as similar to ordinary EBITDA because they would be posted in the current fiscal year if the contracts were based on one-time earnings under ordinary circumstances.



# Medium-term Management Plan: Financial Guidance

We aim for significant growth in revenue and profit and set an ambitious plan. While we assume 30% growth of CAGR for revenue, we aim for 30% growth of EBITDA including future earnings because we will be conscious of future earnings during the period.

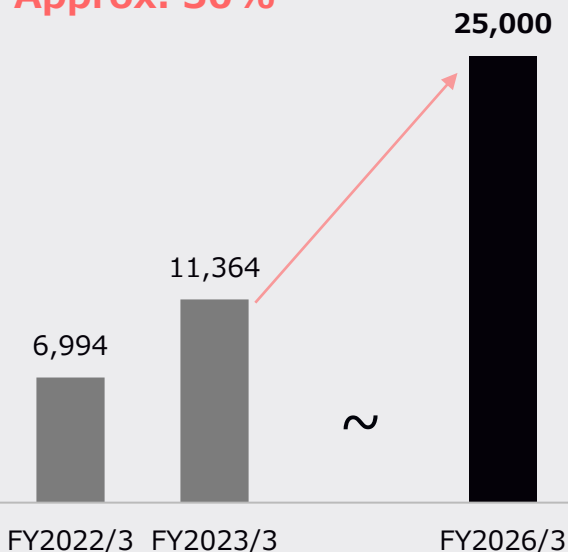
## Sales revenue

## EBITDA

## EBITDA including future earnings\*

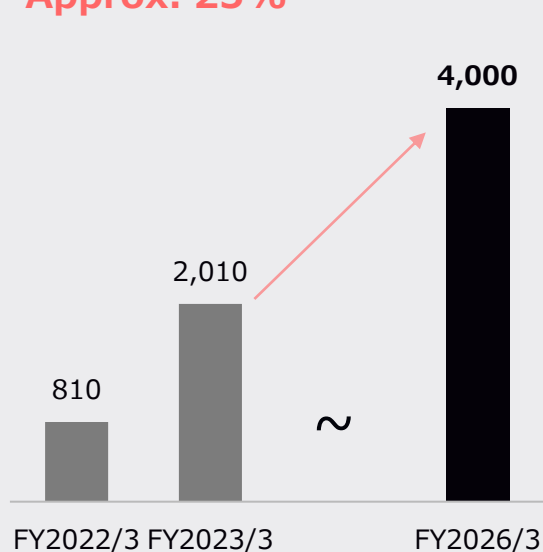
(Million yen)

3-year CAGR:  
Approx. 30%



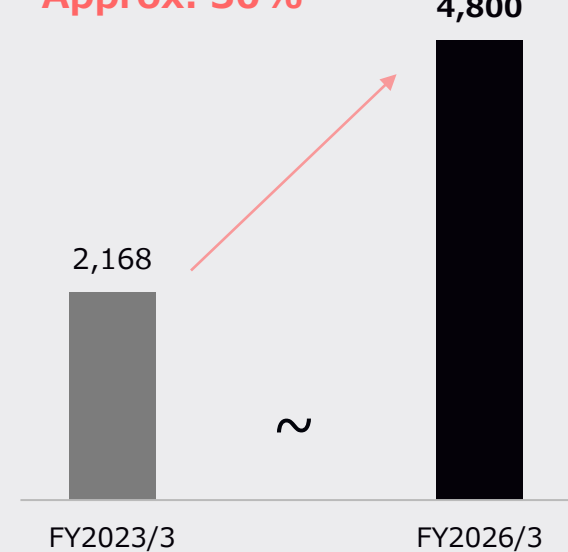
(Million yen)

3-year CAGR:  
Approx. 25%



(Million yen)

3-year CAGR:  
Approx. 30%



\*EBITDA including future earnings = EBITDA + Earnings which would be posted for the current fiscal year as one-time earnings under ordinary circumstances

# PORT INC.

社会的負債を、次世代の可能性に。