

# **Financial Results Briefing for the Fiscal Year Ended December 31, 2023**

**February 23, 2023**

## **COACH A Co., Ltd.**

**(Code: 9339, The Standard Market of the TSE)**

### **Coaching Leaders**



COACH A Co., Ltd.

# Company Profile

## Company Profile

Company name	COACH A Co., Ltd.
Established	August 2001
Head office location	2-1-30, Kudan Minami, Chiyoda-ku, Tokyo
CEO	Yoshiyuki Suzuki
Locations	Tokyo, New York, Shanghai, Hong Kong, Bangkok
Number of employees	Consolidated: 147 (As of December 31, 2022)



## History

- 1997
  - Coach 21, Ltd. established as a coach training institute
  - Coach Training Program (CTP) launched
- 1999
  - Executive Coaching launched for business leaders
  - Coach 21, Ltd. restructured into Coach 21 Co., Ltd.
- 2001
  - Coach 21 Co., Ltd. spins off corporate business division to form COACH A Co., Ltd.
- 2007
  - Coaching Research Institute (CRI) established (In 2017, research capabilities transferred to COACH A)
- 2010
  - Subsidiaries established in Shanghai, Hong Kong and Singapore respectively (In 2019, subsidiary in Singapore liquidated) (In 2022, subsidiary in Hong Kong under liquidation)
- 2011
  - COACH A Co., Ltd. and Coach 21 Co., Ltd. merged
  - Shares of COACH A Co., Ltd. acquired (In 2017, liquidated)
  - Driving Corporate Dynamism (DCD) launched
- 2013
  - A subsidiary established in Thailand
- 2015
  - Coachacademia™ (now COACH A Academia) launched
- 2019
  - Coach U, Inc. acquired
- 2020
  - 3-Mimute Coaching Workshop launched
- 2021
  - Dialogue Activation for Innovative Business Execution (DAIBE) launched
- 2022
  - Listed on the Standard Market of the Tokyo Stock Exchange

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# **Our Purpose and Business**

# Our Purpose, Meaning of Existence in Society

## Our Purpose

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**We contribute to society by generating opportunities for people around the world to engage in dialogue.**

# What is Coaching?

- Coaching is an ongoing dialogue process that maximizes the client's capabilities, resources, and potential for achieving goals through “dialogue.”
- The coach works with the client to collaboratively create “new meaning” through “dialogue” and facilitates subjectivation and behavioral changes on the client.

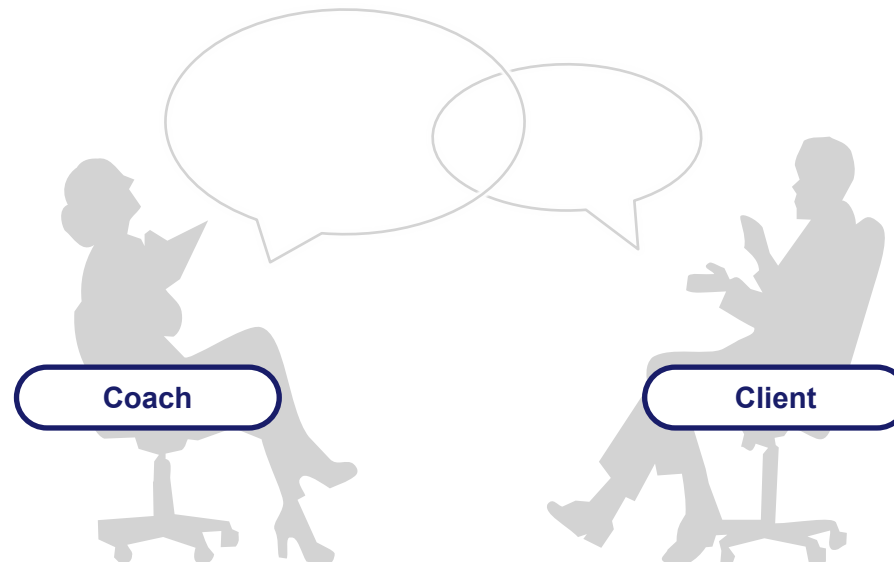
Maximizing the client's capabilities, resources and potential

Dialogue

New meaning

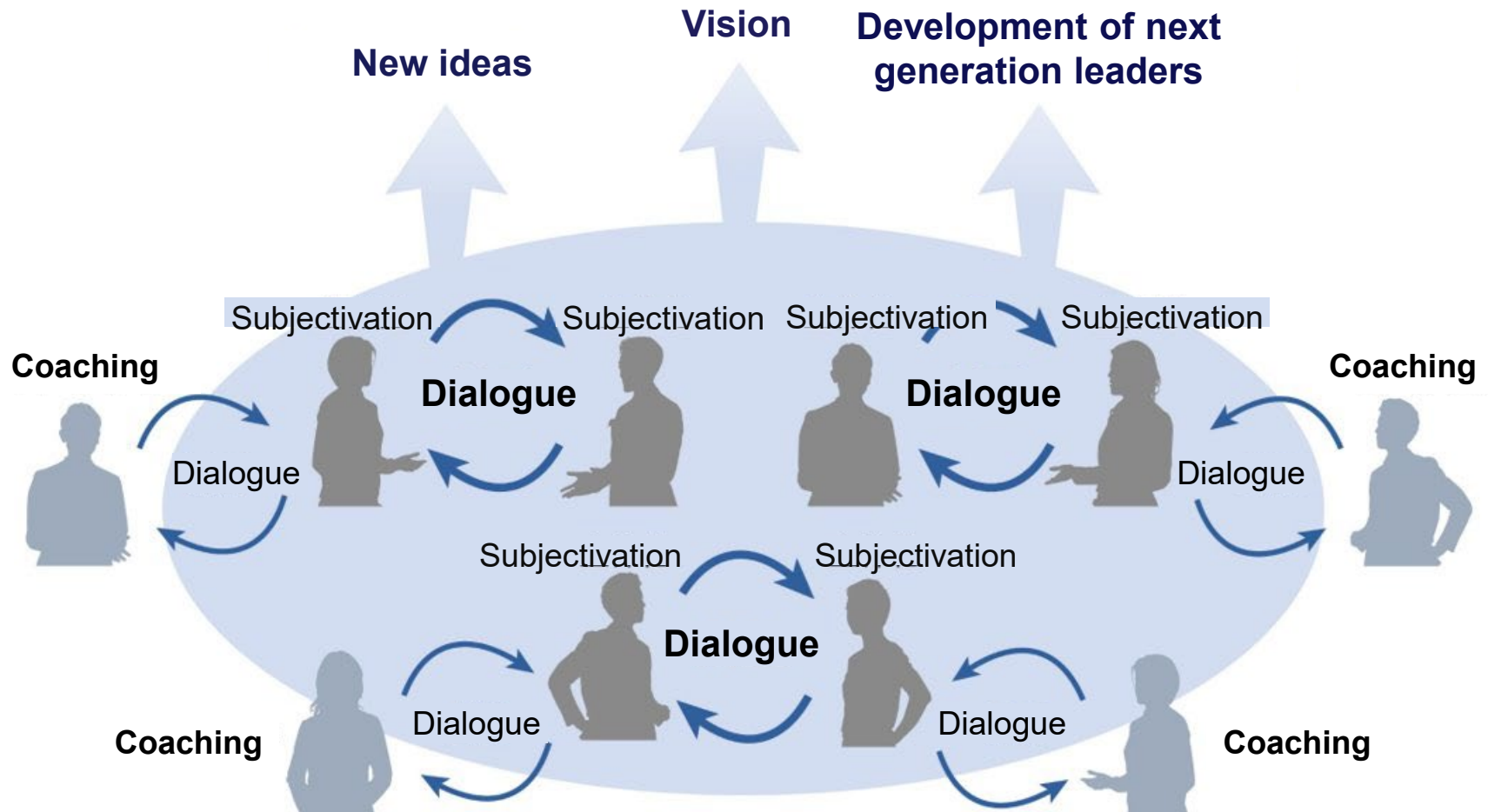
Subjectivation

Behavioral changes



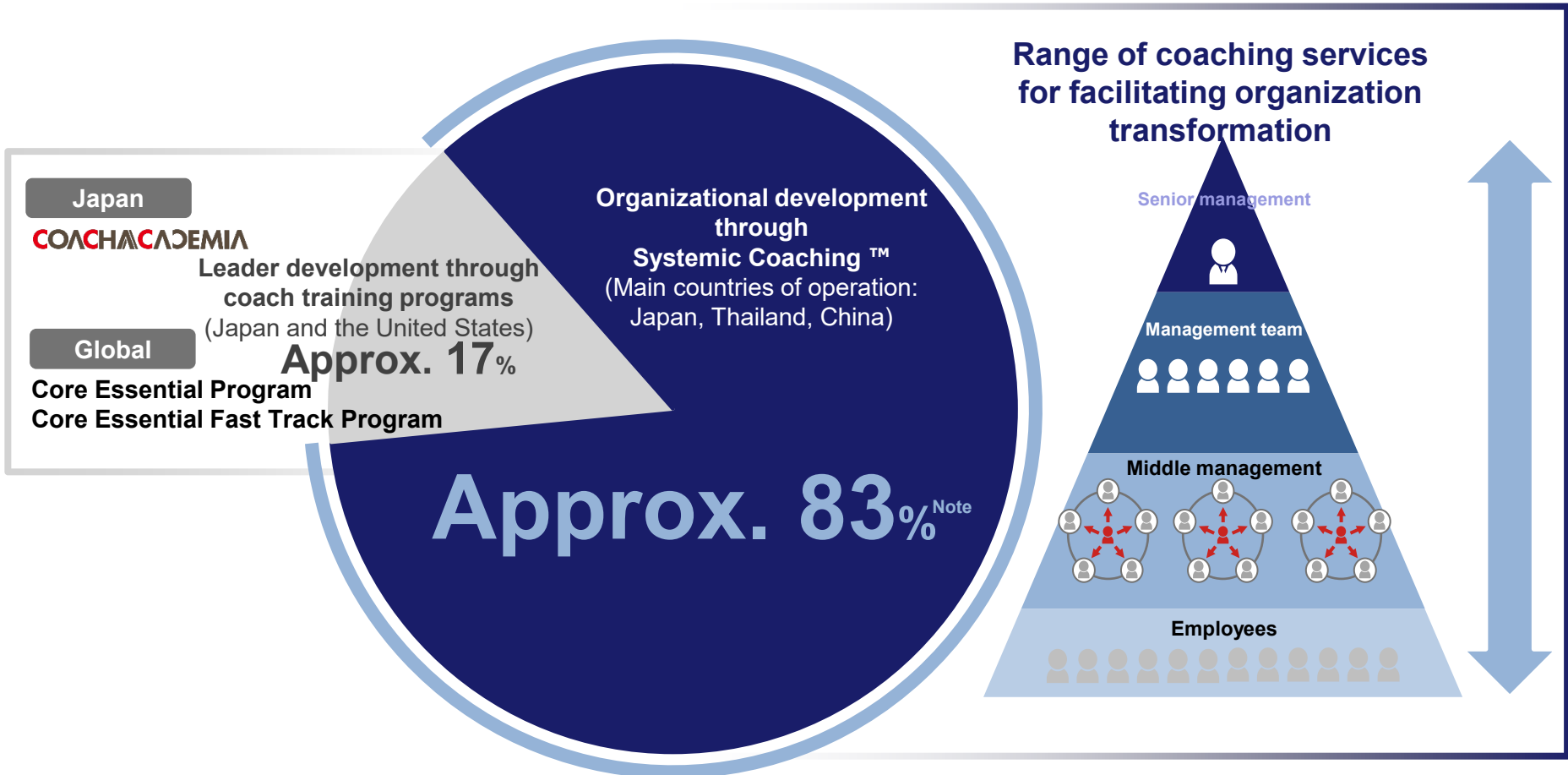
# What is Systemic Coaching™?

- Developing not just the individual but the organization as a whole
- Encouraging dialogue between individuals who have been subjectivated for the creation of new ideas, etc.



# Main Domain: Business of Organizational Development through Systemic Coaching™

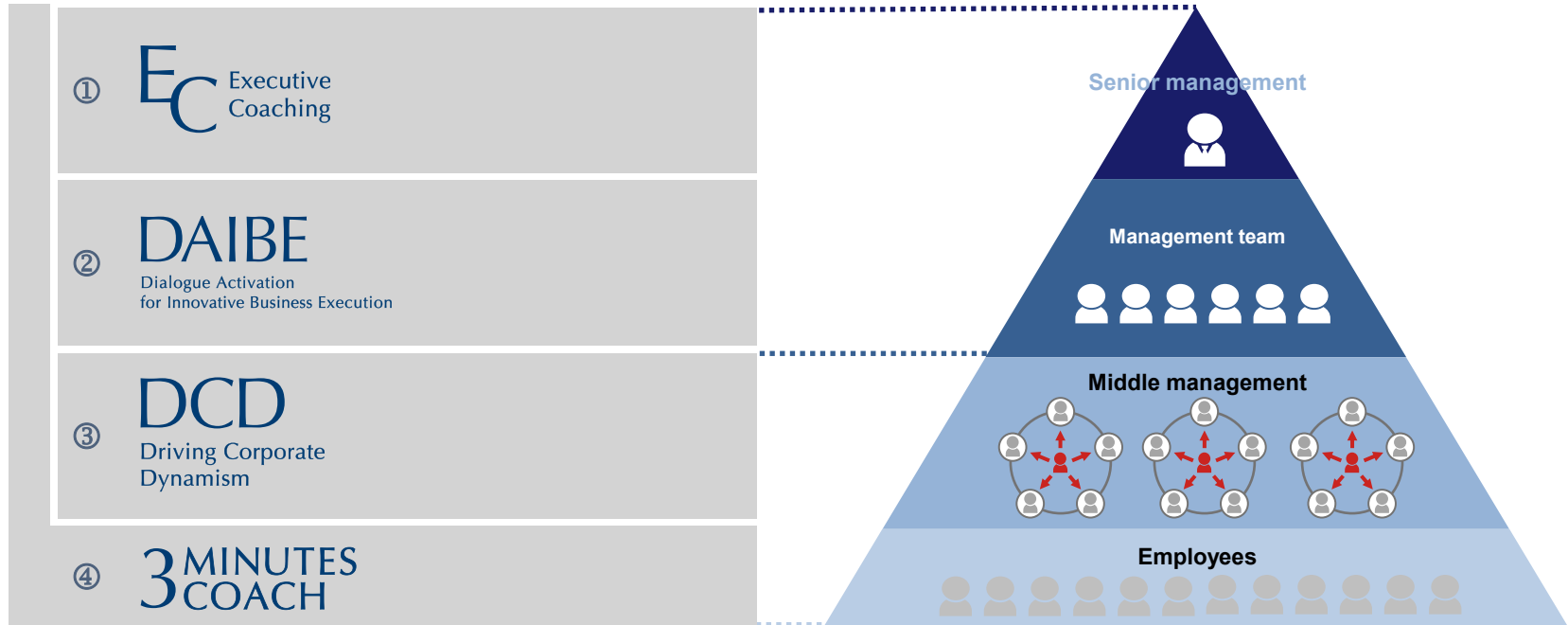
- Our primary focus is on providing organizational development services through Systemic Coaching™ for listed companies and their subsidiaries.



# Main Services

## ■ Our six key services supporting Systemic Coaching™

### Organizational development through Systemic Coaching™



### Leader development through coach training programs

#### ⑤ COACH ACADEMIA



#### ⑥ Core Essential Program Professional Fast Track Program

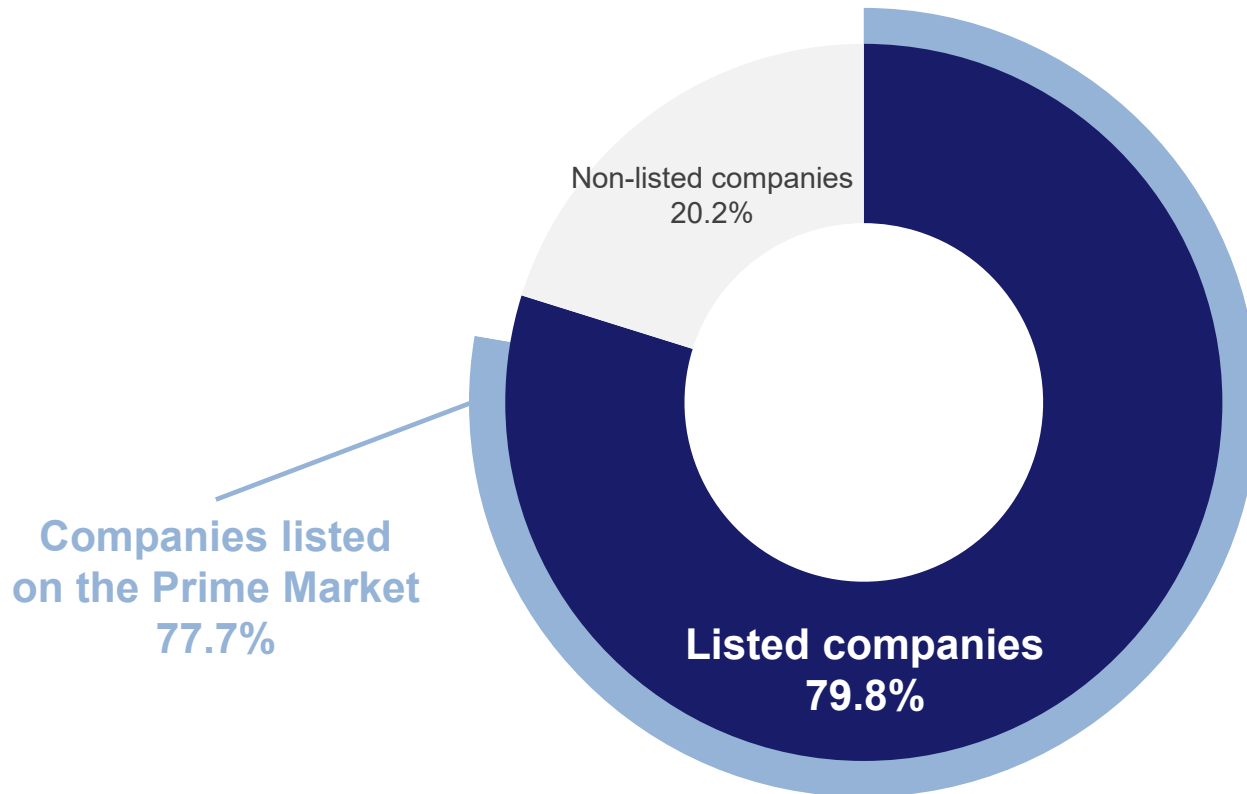


## Feature 1: Stable Client Base

- Approximately 80% of our clients are listed companies and their subsidiaries.

### Sales proportion for listed and non-listed companies\*

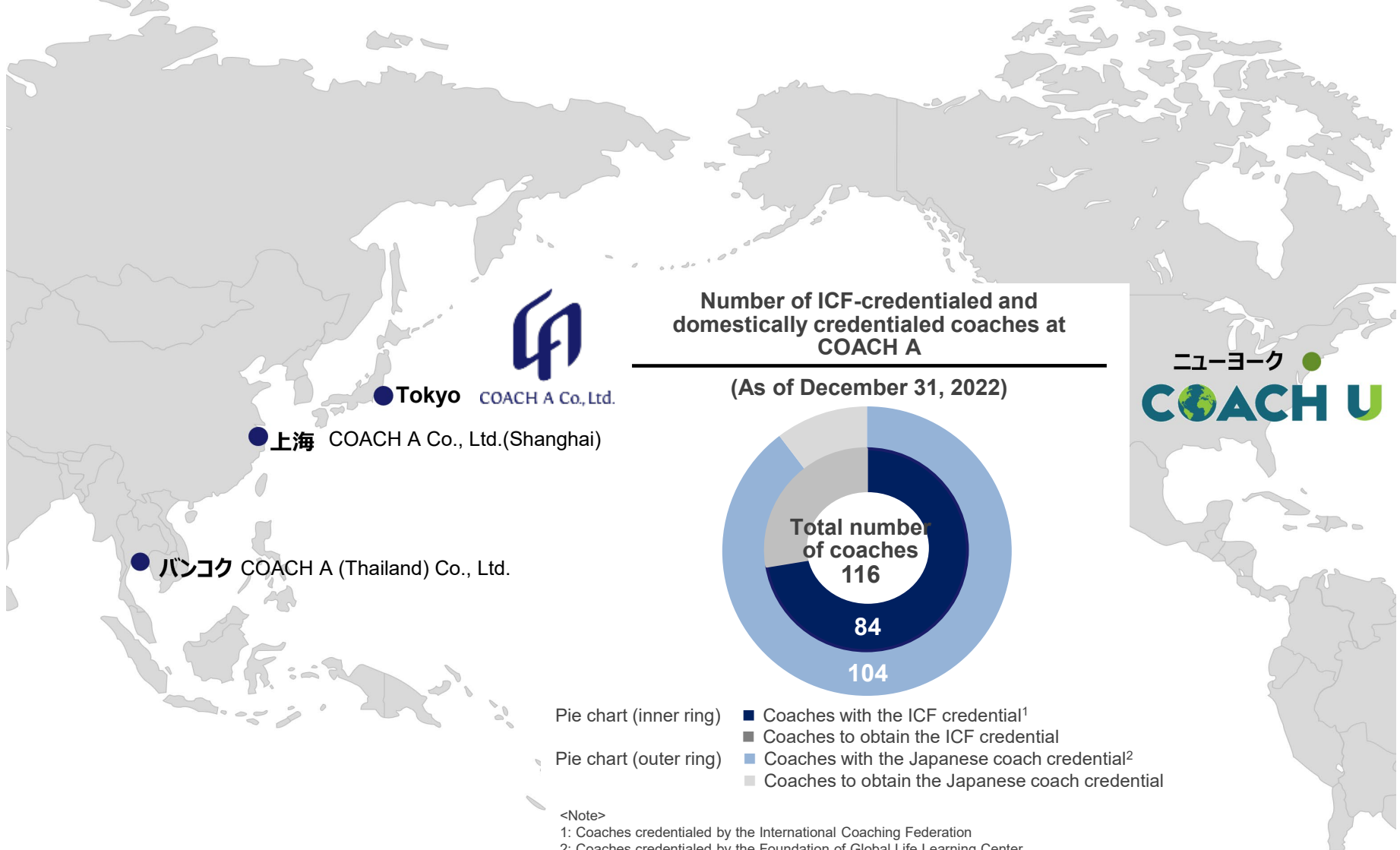
(Fiscal year ended December 31, 2022)



\* Share of total value of transactions with corporate clients in FY ended December 31, 2022  
If the parent company of a consolidated subsidiary is publicly listed, the subsidiary is classified as a listed company.

## Feature 2: Global Coaching Firm

- Offering multilingual services in English, Chinese (Mandarin/ Cantonese) and Thai, enabling us to provide our services to the overseas branches of Japanese companies

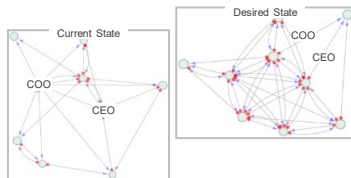


# Feature 3: Coaching Research Institute: Striving to Improve Quality

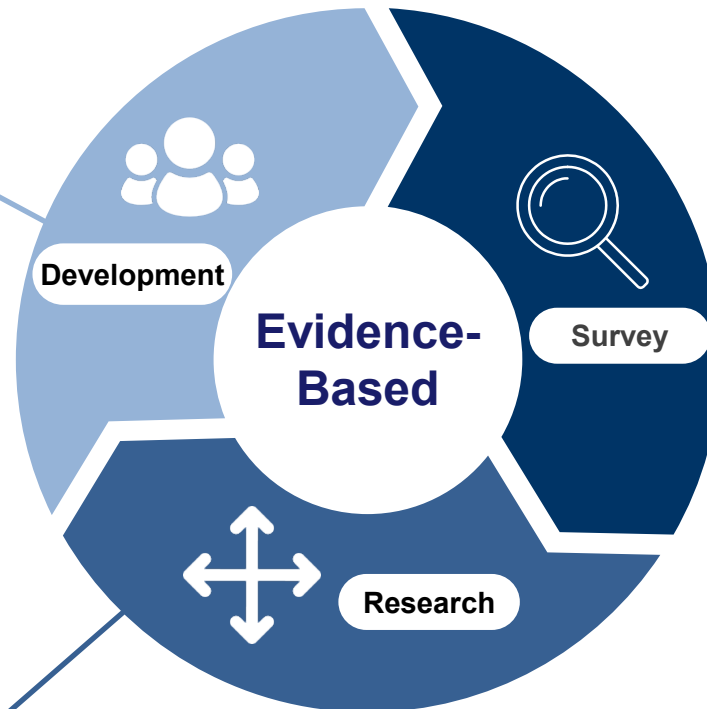
- The cycle of survey, research and development of the Coaching Research Institute delivers evidence-based coaching



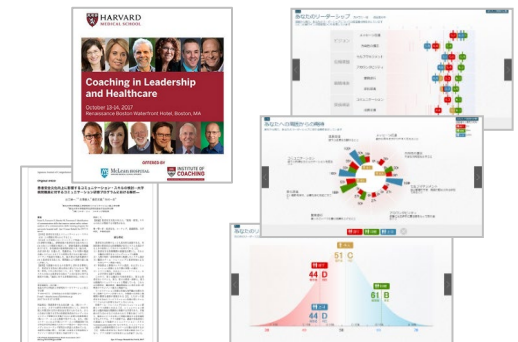
Services and tools are developed based on new knowledge obtained through the research



Clarifying mechanisms of organizational transformation and coaching based on data gathered and accumulated through the surveys

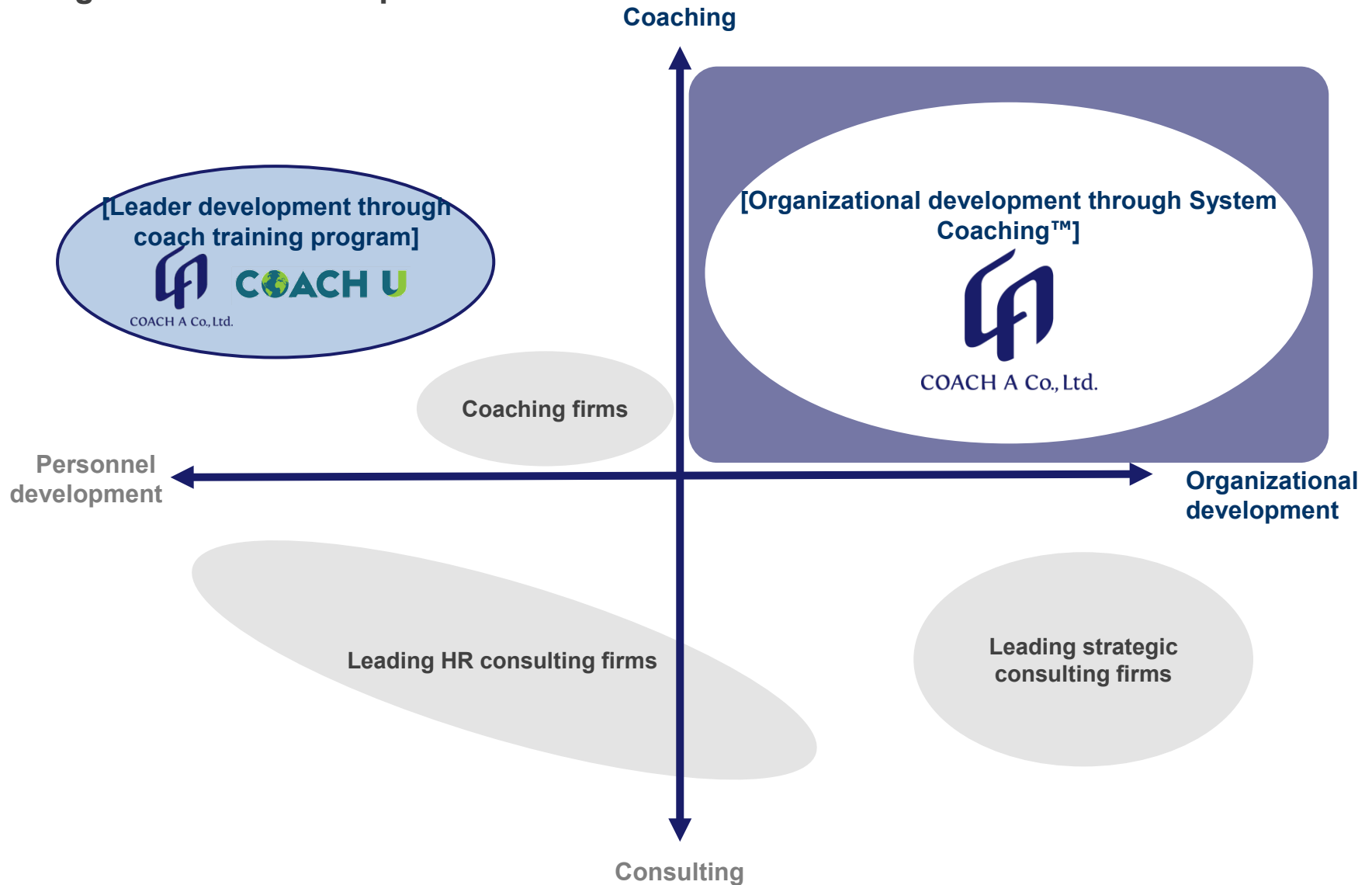


Gathering and accumulating new data about leaders and organizations through our services and tools



# Our Business Strategies and Positioning

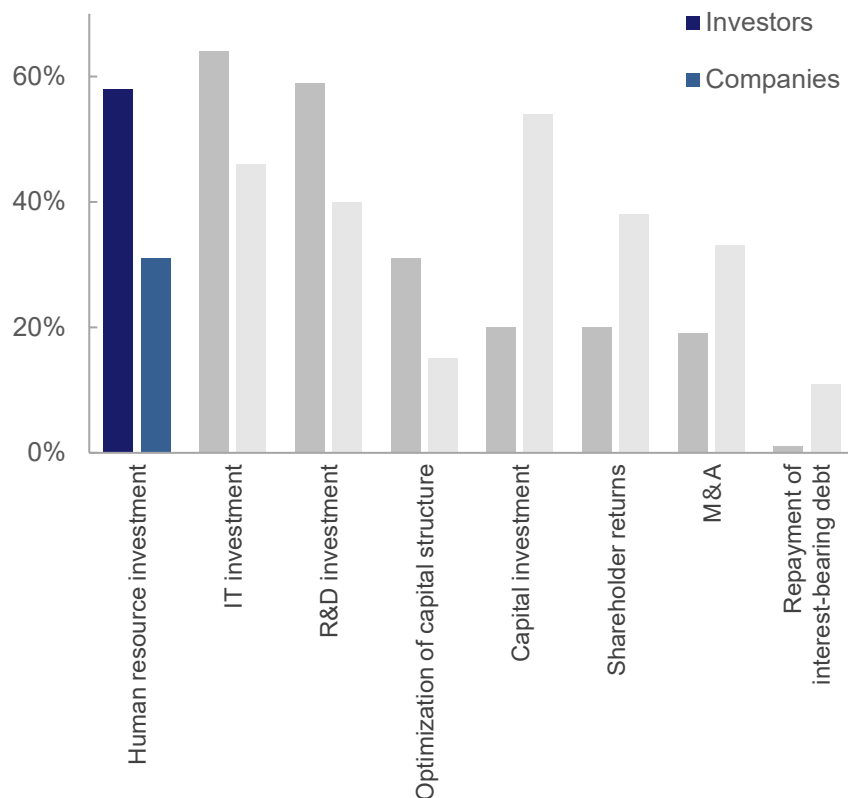
- There are few competitors offering coaching services specifically targeted towards organizational development



# Focuses and Expectations for Human Capital Investment

- Although investors place high importance on investing in human resources, Japanese companies tend to allocate a lower percentage of their budget towards this compared to companies in other countries.
- Supplementary Principle 3-1-3 of the Corporate Governance Code requires companies to disclose information about their investment in human capital. Therefore, there is an expectation that such investment will continue to rise in the future.

Themes which should be considered important in medium-and-long-term investment and financial strategies (2021)



## Corporate Governance Code, Supplementary Principle 3-1-3

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in **human capital** and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

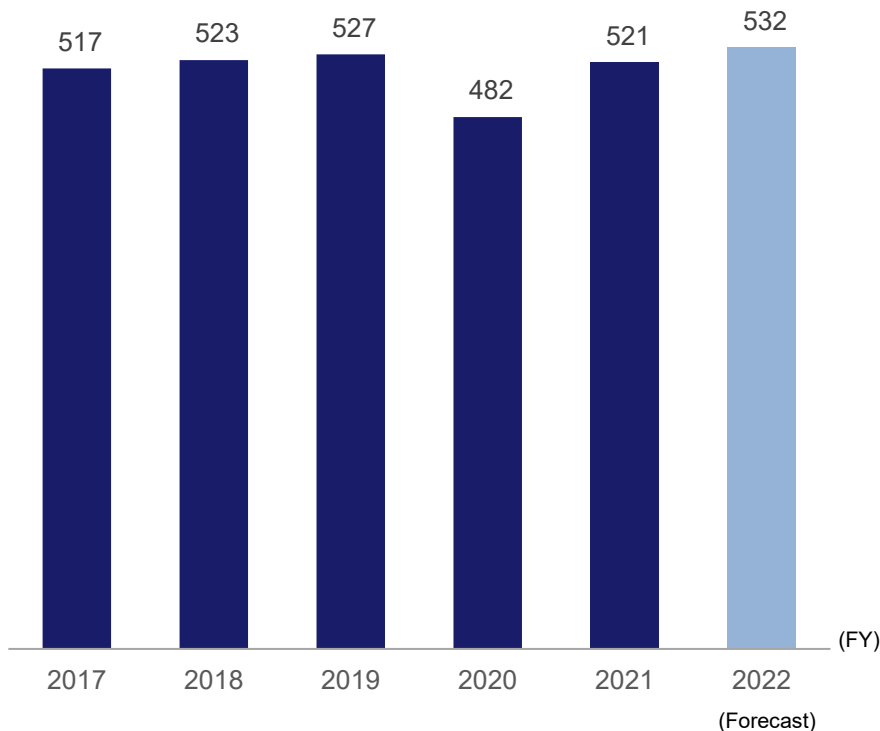


# Current Status of Human Resource Investment

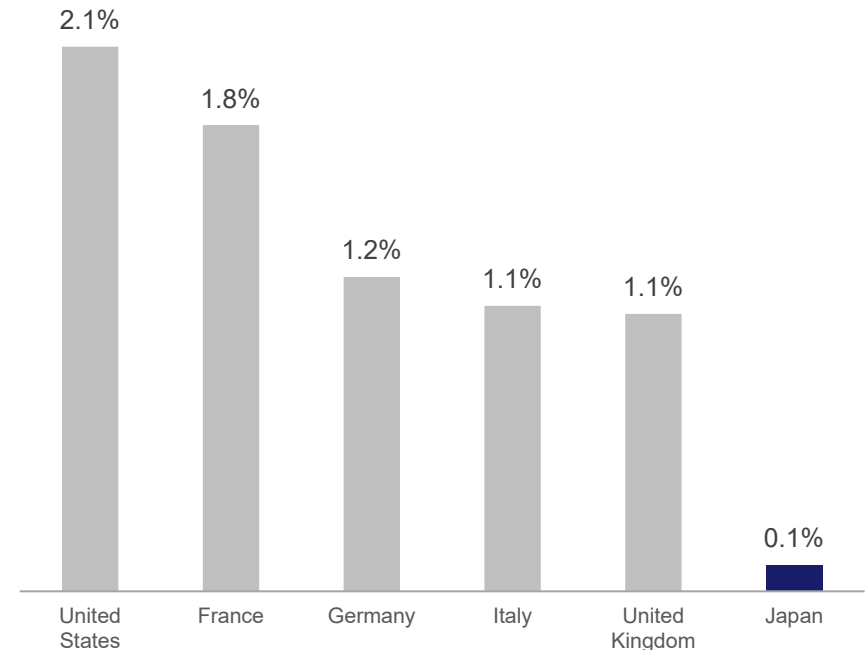
- The size of the Japanese corporate training service market is expected to remain around 500 billion yen.
- Investment in HR development among Japanese companies lags significantly behind that of their European and American counterparts.

Size of corporate training service market in Japan

(Billion yen)



Corporate spending on HR development as percent of GDP by country



Source: Corporate Training Service Market 2022 published by Yano Research Institute Ltd. (July 2021)

Source: Analysis of Labor Economy published by Ministry of Health, Labour and Welfare, 2018

# **Executive Summary**



# Executive Summary

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## **Business**

Our main business domain is the organizational development through Systemic Coaching™

## **Important Management Indicators**

Net sales and operating profit

## **Summary of Results in the Fiscal Year Ended December 31, 2022**

Our results were higher than estimated at the time of listing, with 8.9% year-on-year increase in net sales and 30.7% increase in operating profit.

## **Business Priorities for the Fiscal Year Ending December 31, 2023**

- Hiring and training of coaches
- Preparation for overseas business expansion

## **Forecasts for the Fiscal Year Ending December 31, 2023**

Growth of approximately 9.4% in net sales and 18.4% in operating profit.

# **Summary of Results in the Fiscal Year Ended December 31, 2022**

# Consolidated Profit & Loss Statement for the Fiscal Year Ended December 31, 2022 (Summary)

(Million yen)

	FY 2021	FY 2022		YoY	Factors for changes
			Ratio to net sales		
Net Sales	3,306	3,600	100.0%	+8.9%	<ul style="list-style-type: none"> <li>Strong performance in the business of organizational development through Systemic Coaching™, including EC and DCD, reflecting the concentration of efforts on sales activities targeting large transactions/priority clients</li> </ul>
Gross Profit	1,468	1,927	53.5%	+31.2%	
Selling, General and Administrative Expenses	1,106	1,454	40.4%	+31.4%	<ul style="list-style-type: none"> <li>Increase in employees' bonuses as a result of strong business performance</li> <li>Increase in personnel expenses due to redeployment of personnel to strengthen back-office operations in connection with listing</li> <li>Recording of pro forma standard taxation in connection with a capital increase</li> </ul>
Operating Profit	361	473	13.1%	+30.7%	
Non-operating profit and expenses	54	44	—	—	<ul style="list-style-type: none"> <li>Increase in foreign exchange gain due to loan to overseas subsidiary</li> <li>Increase in listing expenses</li> </ul>
Ordinary Profit	416	517	14.4%	+24.2%	
Extraordinary income and loss	(28)	(8)	—	—	
Total corporate tax, etc.	143	90	—	—	<ul style="list-style-type: none"> <li>Temporary drop in effective tax rate due to the application of tax effect accounting in connection with the liquidation of dormant subsidiary</li> </ul>
Net Profit	245	418	11.6%	+70.8%	
ROE	16.6%	18.6%	—	—	

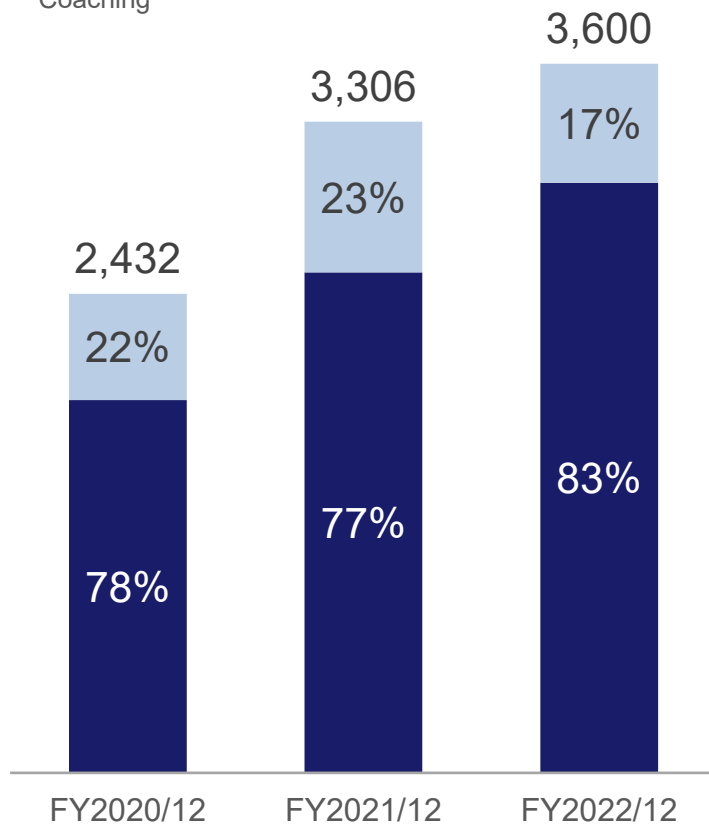
Amount: Fractions less than one million yen are omitted.  
YoY: Percentages are rounded to the second decimal place.

# Changes in Consolidated Business Results

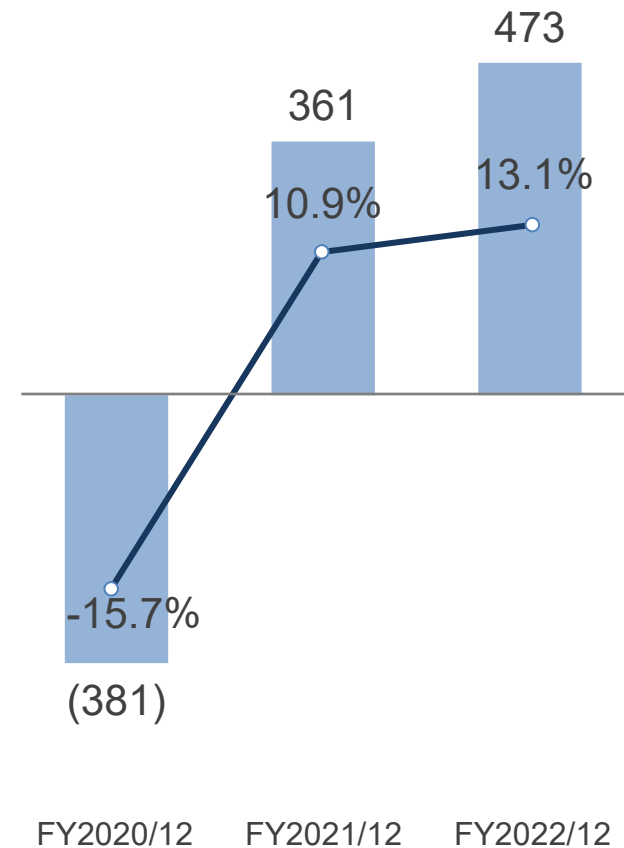
(Million yen)

## Changes in composition of net sales

- Coaching personnel development business
- Business of organizational development through Systemic Coaching™



## Changes in operating profit and operating margin



Note: Sales component ratios are rough estimates

# Consolidated Balance Sheet for the Fiscal Year Ended December 31, 2022 (Summary)

- Strengthened financial base through listing to enable further investment in growth

(Million yen)

December 31, 2021

<b>Current Assets</b> 2,340	<b>Current Liabilities</b> 1,449
<b>Fixed Assets</b> 780	<b>Fixed Liability</b> 28
	<b>Net Assets</b> 1,643

Equity Ratio

**52.6%**

December 31, 2022

<b>Current Assets</b> 3,467	<b>Current Liabilities</b> 1,496
<b>Fixed Assets</b> 932	<b>Fixed Liability</b> 29
	<b>Net Assets</b> 2,873

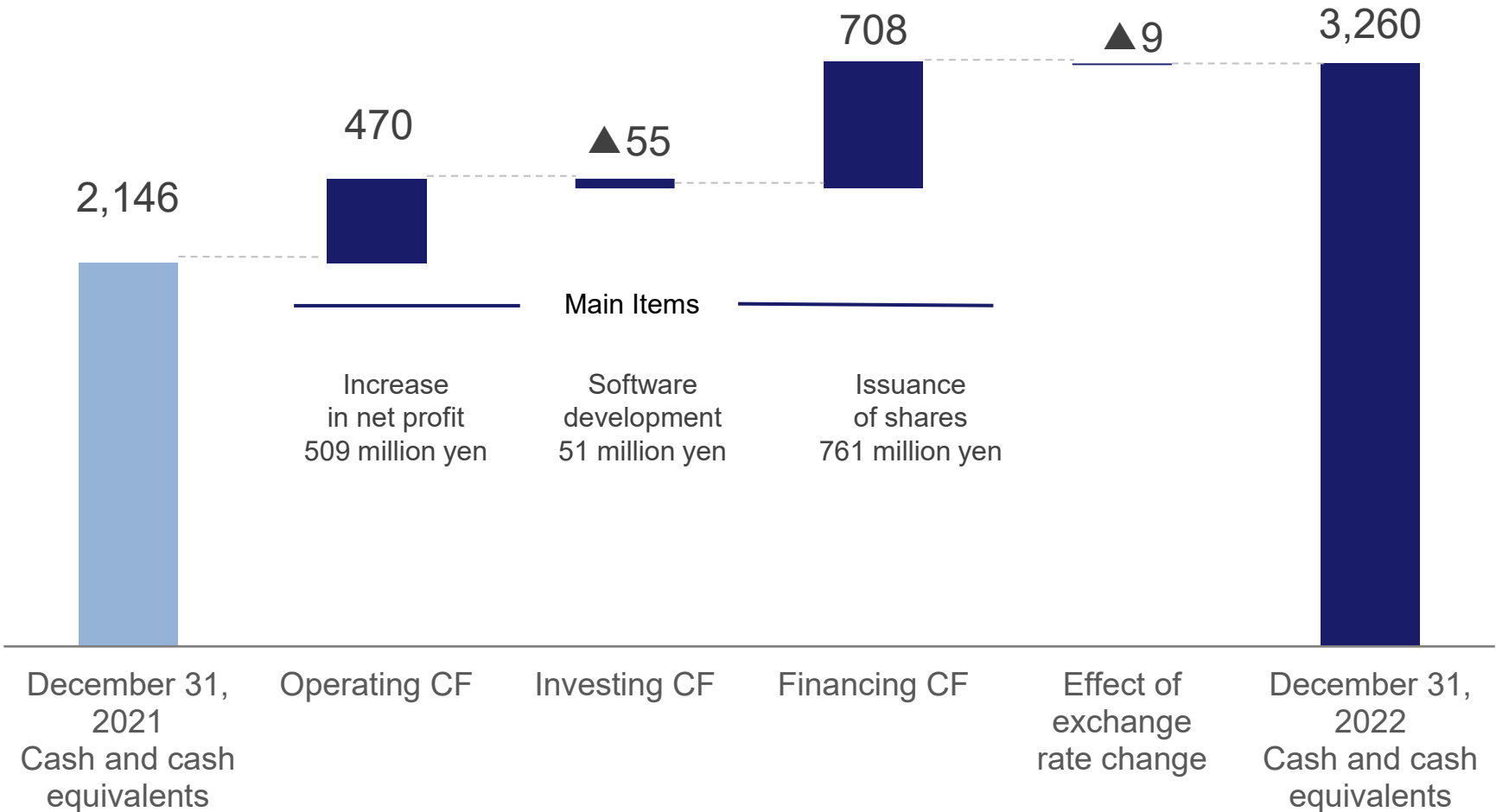
[Stock listing]  
 • Share capital + Capital surplus +0.76 billion  
 • Retained earnings +0.39 billion

Equity Ratio

**65.3%**

# Consolidated Cash Flow Statement for the Fiscal Year Ended December 31, 2022 (Summary)

(Million yen)



# **Business Plan for the Fiscal Year Ending December 31, 2023**

# Medium-to-long-term Growth Projection

- Growing not only as a Japanese coaching firm but also as a global coaching firm

Target for medium-term  
sales growth rate

Approx. **10**%

Provision of services to non-  
Japanese companies overseas

Provision of services to Japanese  
companies overseas

Provision of services to Japanese  
companies in Japan

Present

202X

**Upfront investment for development of  
solid business base in anticipation of  
growth in medium to long term**

## Focus Areas for the Fiscal Year Ending December 31, 2023

**Increase in number  
of coaches**

**Approx.  
15% UP**

**Increase in number  
of overseas locations**

**+2  
new locations**

(under consideration)

## Focus Area: Increase in Number of Coaches - Main Measures

**Increase in number  
of coaches**

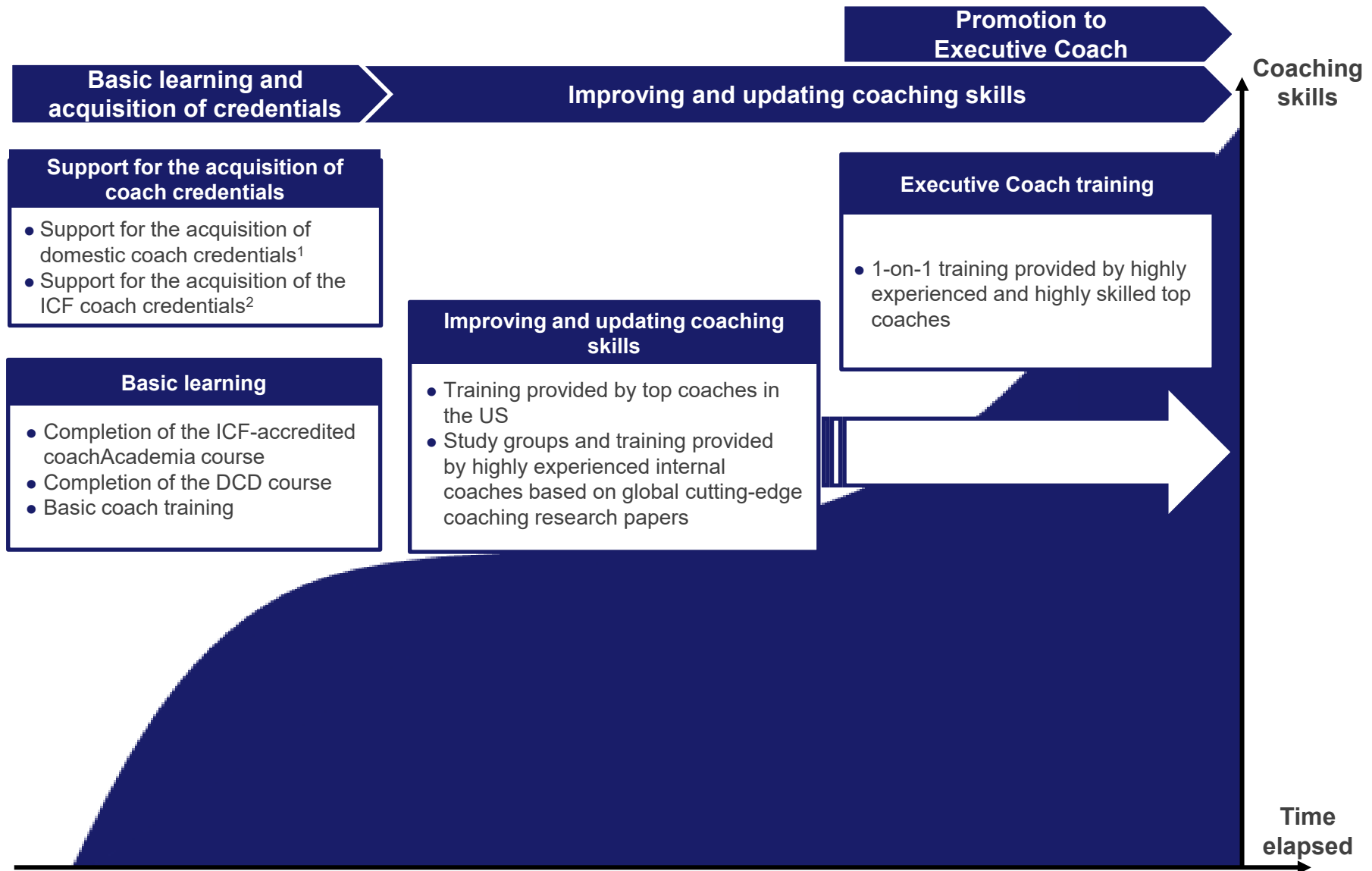
**Approx.**

**15% UP**

- ❑ Strengthen referral recruiting especially of Executive Coach candidates
- ❑ Accelerate recruitment PR activities
- ❑ Enhance our recruitment approaches for the coachAcademia graduates
- ❑ Enhance the quality of coaching staffs

# Focus Area: Increase in Number of Coaches

## - Internal System for Enhancing the Quality of Coaching Staffs



<Note>1: Coach credentials accredited by the Foundation of Global Life Learning Center

2: Coach credentials accredited by the International Coaching Federation

## Focus Area : Increase in Number of Overseas Locations - Main Measures

**Increase in number  
of overseas locations**

**+2**

**new locations**

(under consideration)

- ❑ Establish new locations in Europe and North America (under consideration)
- ❑ Intensify efforts to expand services to overseas locations of existing clients
- ❑ Strengthen approaches to local companies with Japanese capital participation

# Focus Area : Increase in Number of Overseas Locations - Main Measures



COACH A Co., Ltd.

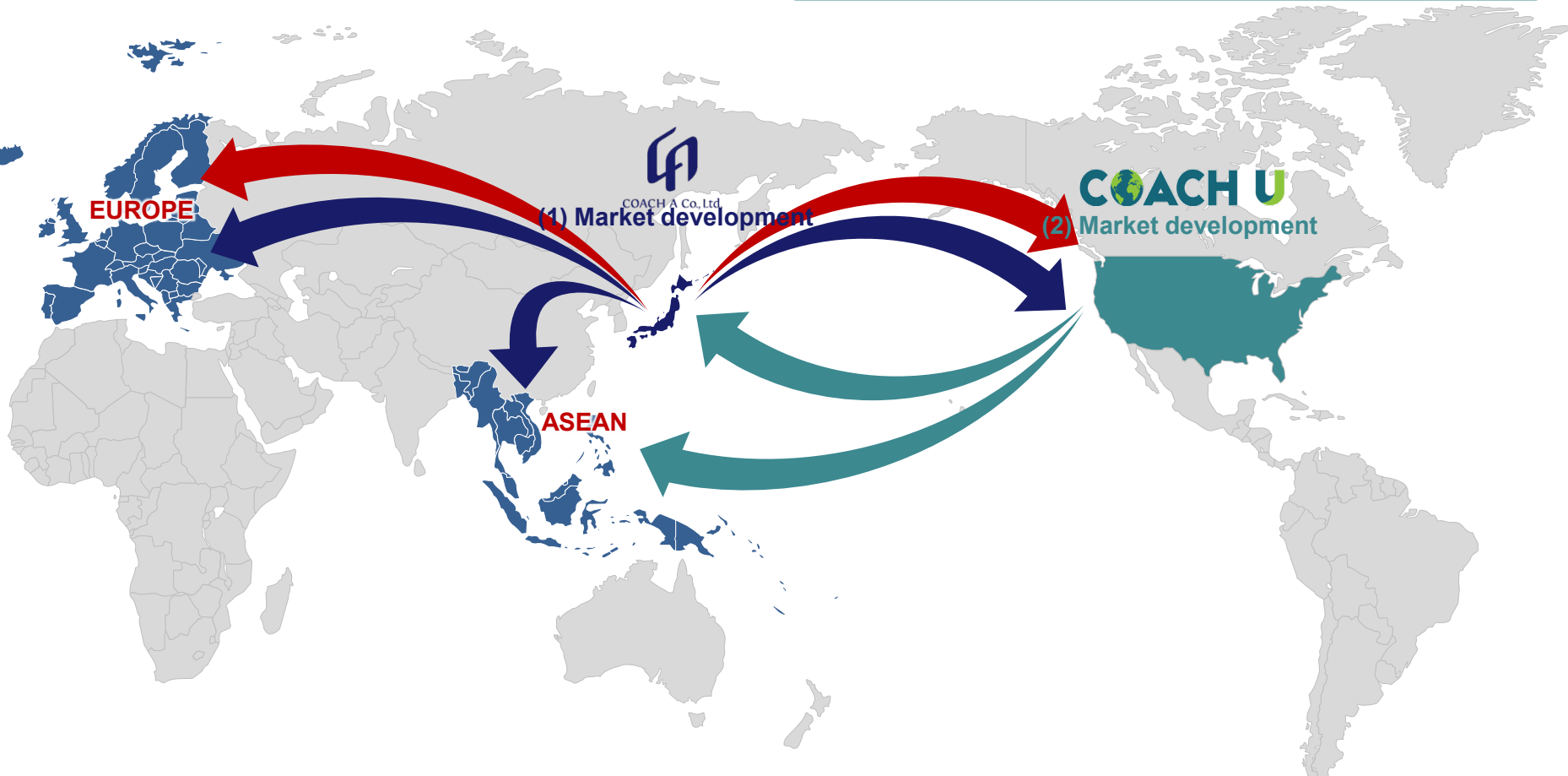
## (1) Expansion of the market for Japanese companies

- Expand the market for Japanese companies in the United States, ASEAN and China



## (2) Expansion of market for non-Japanese companies (B2C Business)

- Expand the market for non-Japanese companies in the United States, ASEAN and Japan



COACH A Co., Ltd.

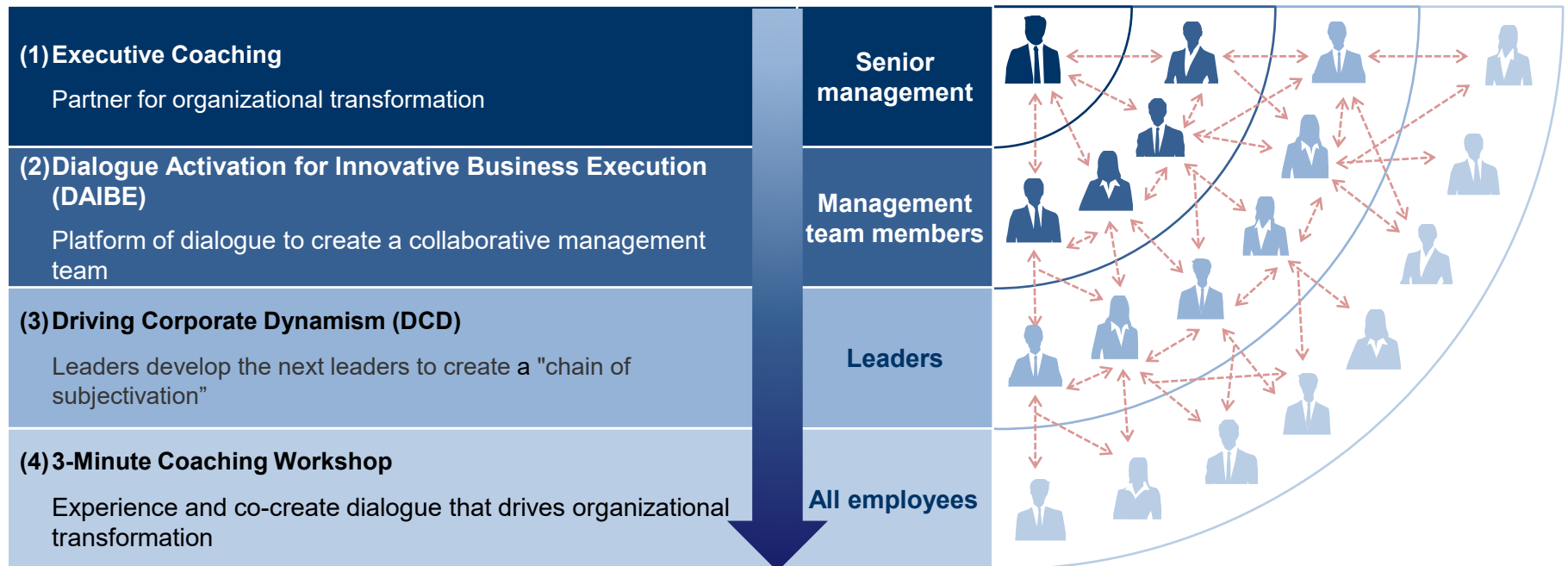


## (3) Expansion of the market for non-Japanese companies (B2B Business)

- Expand Systemic Coaching through collaboration combining COACH A's human resources and knowledge and COACH U's human resources who are well-versed in the B2B coaching business

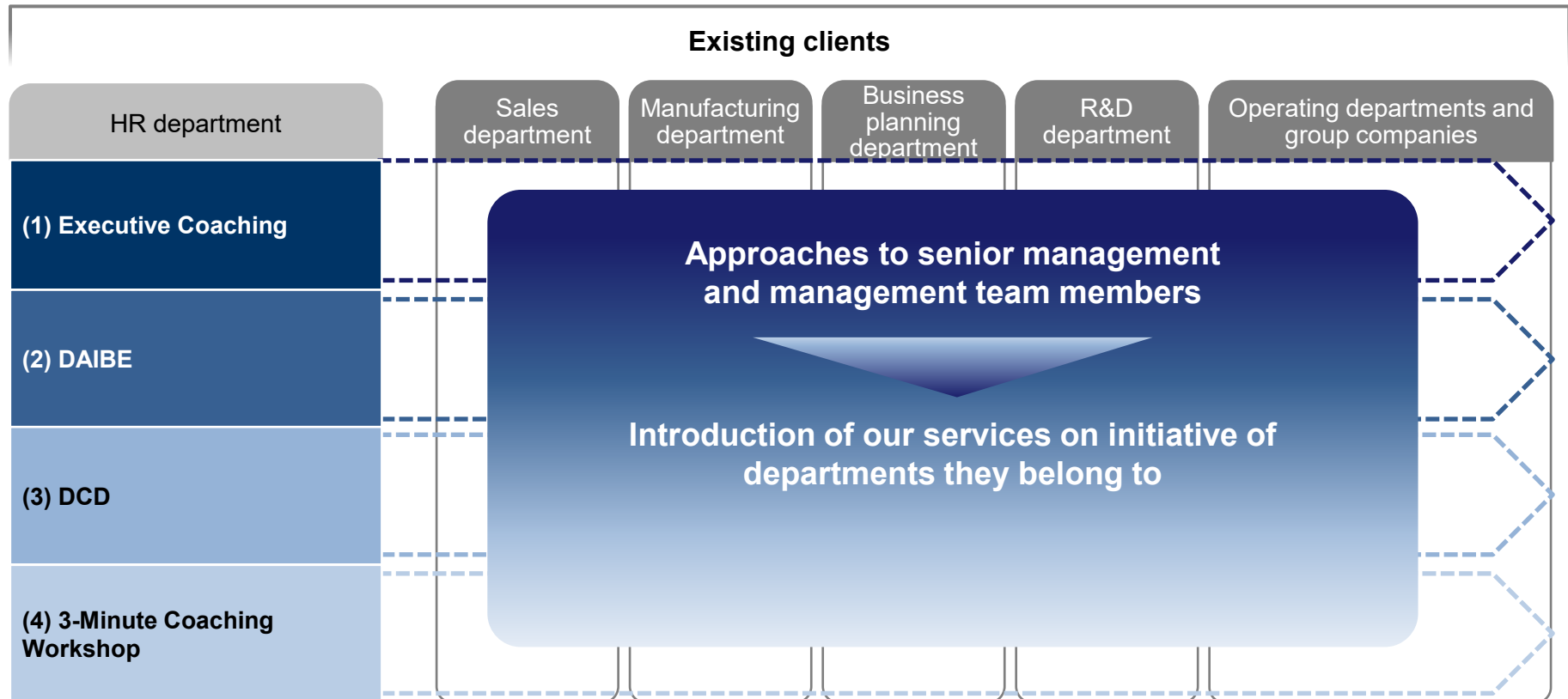
# Measures for Development of Solid Business Base (1)

- Leverage high rating of senior management and management team members who have received Executive Coaching to roll out other services such as DAIBE, DCD and 3-Munite Coaching Workshop through a top-down approach



## Measures for Development of Solid Business Base (2)

- Leverage high rating of senior management and management team members who have received our coaching services to roll out services to every operating department and group company on the initiative of their HR departments



# Consolidated Business Performance Plan for the Fiscal Year Ending December 31, 2023

- We aim for stable growth in net sales and operating profit whilst making upfront investment for the next growth phase

(Million yen)

	FY2022/12	FY2023/12 (Plan)	Ratio to net sales	YoY	Factors
Net sales	3,600	3,938	100.0%	+9.4%	• Continue to focus on organizational development business including EC and DCD
Operating expenses	3,127	3,378	85.8%	+8.0%	• Strengthen recruitment of coach human resources in Japan and overseas
Operating profit	473	560	14.2%	+18.4%	
Ordinary profit	517	541	13.7%	+4.5%	
Profit attributable to owners of parent	418	376	9.6%	(10.0%)	• Assuming effective tax rate at usual level (* ) As stated on p19, in the fiscal year ended December 31, 2022, there was a temporary drop in the effective tax rate due to the application of tax effect accounting in connection with the liquidation of a dormant subsidiary

	December 31, 2021	December 31, 2022
Order backlog	1,157	1,337

Amount: Fractions less than one million yen are omitted.  
YOY: Percentages are rounded to the nearest decimal place.

# Shareholder Returns

- **[Basic policy] We aim to provide continuous and stable returns to shareholders, taking factors such as the business environment and level of profit into consideration**

(Note) The dividend payout ratio in the Summary of Consolidated Financial Results is calculated using the formula “Individual dividend per share/Profit per share (based on average number of shares during the period) × 100” and was 8.4% in the fiscal year ended December 31, 2022; however, the Company calculates its dividend payout ratio using the formula “Individual dividend per share/Profit per share (based on number of shares at the end of the period) × 100.”

**Plan for the fiscal year  
ended December 31, 2022**

**20<sub>yen</sub>**

**Payout ratio 10.5%**

**Forecast for the fiscal year  
ending December 31, 2023**

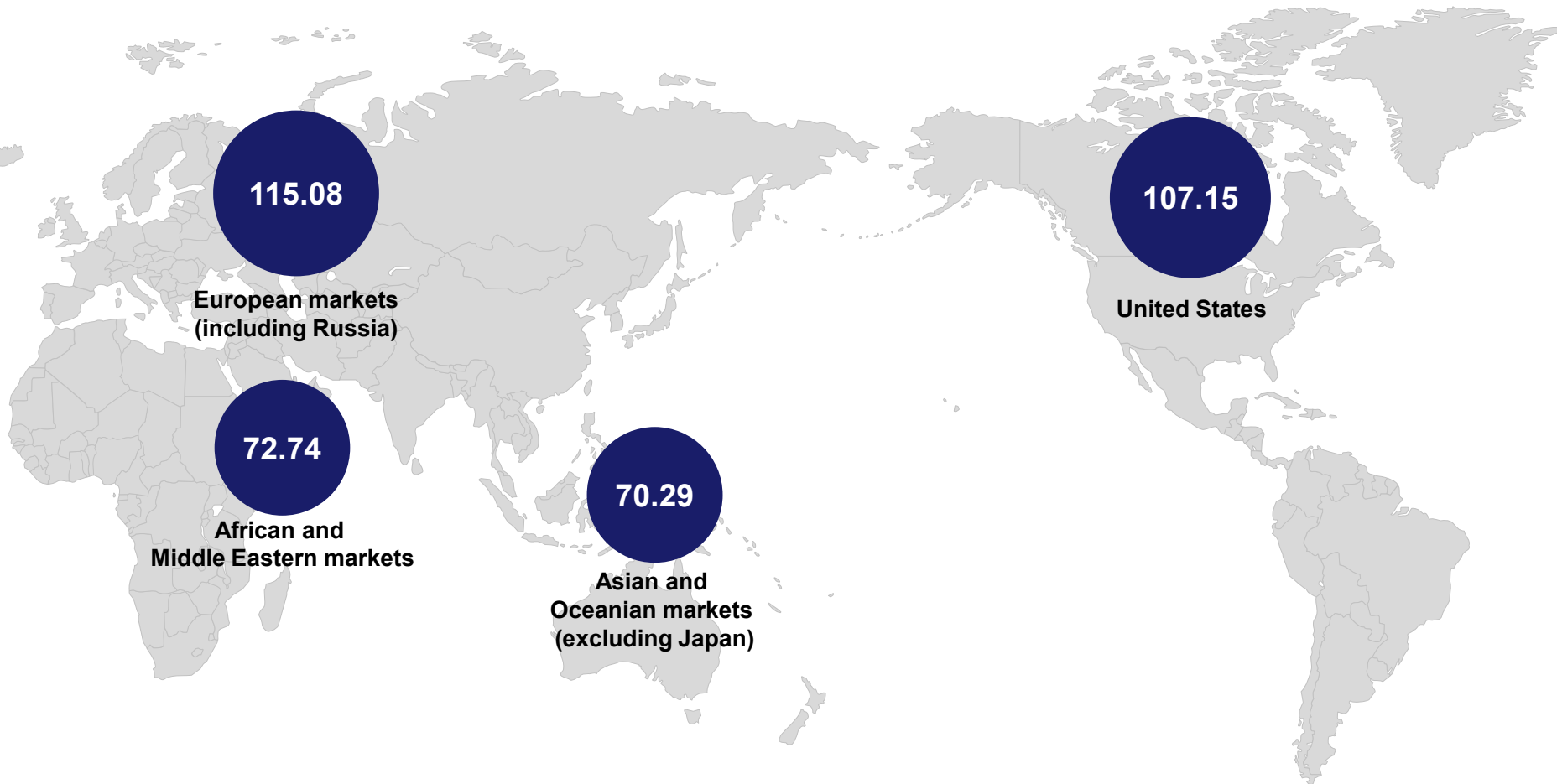
**20<sub>yen</sub>**

**Payout ratio 12.2%**

# (Reference) Human Resource Development Market

- The United States, where coaching originated, has a coaching market forecasted to reach \$14.2 billion in 2022

(USD Billion)



# Disclaimer

- **Notes on forward-looking statements**
  - This document contains forward-looking statements. Forward-looking statements reflect the Company's assumptions, estimates and outlook for the future based on information available to the Company and the Company's plans and expectations as of the date of this material unless the context otherwise indicates. There can be no assurance that the relevant forward-looking statements will be achieved. Please note that significant differences between such forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and business clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other factors. Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this material based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.
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<https://ir.coacha.com/inquiry>