

Financial Results for the 2nd Quarter of Fiscal Year Ending February 28, 2022

September 30, 2021
TSE Mothers (7049)



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(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

Performance Highlights

Segment	Summary	Topics
Consolidated	<p>Net sales: 1,801 million yen (YoY+86.4% 106% compared with the plan)</p> <p>Operating profit: 201 million yen (FY2021/02 Q2 ▲24 million yen)</p>	<ul style="list-style-type: none"> • Ended the quarter with results improving at a pace that exceeds the entire group's budget • The main contribution came from the booming Organization Consulting business
Organization Consulting	<p>Net sales: 1,558 million yen (YoY+65.5%)</p> <p>Operating profit: 294 million yen (YoY+3,997.2%)</p> <p>Net sales per consultant: 405 million/month (QoQ+4.1%)</p> <p>Number of consultants: 65 as of the end of August 2021 *65 as of September 2021</p> <p>Order backlog: 758 million yen (up 2.8% compared to the end of the previous fiscal year)</p> <p><u>*Order backlog for management consulting service only</u></p>	<ul style="list-style-type: none"> • Both sales and profits surpassed the plan and remained strong • Platform services The number of basic service contracted companies exceeded the plan No change in churn rate a year after the launch of the service • Number of consultants Expected to achieve the planned number of consultants at the end of the fiscal year
Sports Entertainment	<p>Net sales: 91 million yen</p> <p>Operating profit: ▲75 million yen</p>	<ul style="list-style-type: none"> • Sales from sponsorship orders were strong, up 76% from the previous fiscal year • There is a cost-preceding period until Q2 due to the off season • Posted an operating loss, which is within the range of the plan
VC Fund Hands-on support	<p>Recorded extraordinary income of 167 million yen from the gain on sales of securities of Aidma Holdings Inc.,</p> <p>Completed the establishment of Shinsei Shikigaku No.1 Fund</p>	<ul style="list-style-type: none"> • Changed the accounting policy to recognize capital gains on investments made after July as net sales • Shinsei Shikigaku No.1 Fund has one company under consideration for investment



(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

Consolidated Statement of Profit and Loss

● Both net sales and operating income have been on track, outpacing the plan.

(Million yen)	FY2021/02 2Q (QTD)	FY2022/02 2Q (QTD)	YoY	FY2021/02 2Q (YTD)	FY2022/02 2Q (YTD)	YoY	FY2022/02 Plan	Progress rate
Net sales	541	957	77.1%	966	1,801	86.4%	3,798	47.4%
Operating expenses*1	532	827	55.5%	990	1,600	61.5%	3,398	47.1%
Personnel expenses/ Recruitment education expenses*2	242	383	58.5%	472	758	57.4%	1,525	48.7%
Advertising expenses	78	98	24.5%	141	190	34.6%	435	43.8%
Rent expenses on land and buildings	22	37	60.9%	47	66	38.4%	113	58.3%
Team operating expenses/ Box office expenses	32	20	▲39.1%	32	85	158.8%	241	35.2%
Outsourcing expenses	53	104	95.0%	76	174	127.5%	325	53.7%
Other operating expenses	103	183	80.5%	221	324	54.8%	757	44.9%
Operating profit and loss	8	129	1476.8%	▲24	201	-	400	50.3%
EBITDA	21	147	575.8%	3	236	7588.7%	470	50.2%
Gross profit margin	77.7%	73.8%	-	80.6%	73.1%	-	75.4%	-

*1 Operating expenses = Cost of sales + Selling, general and administrative expenses

*2 Personnel expenses = consultant personnel expenses + Personnel expenses other than consultants

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(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

Summary of Results by Segment

- Organization Consulting: Net sales and Segment profit increased from Q1 due to **the monetization of consultants that increased in Q1**
- Sports Entertainment: Sponsorship orders increased substantially from the previous fiscal year to **93.97 million yen (YoY +75.6%)**, which led to the increase in net sales YoY

(Million yen)	FY2020/02				FY2021/02				FY2022/02		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	YoY
Net sales	365	414	472	468	426	540	729	809	844	957	+77.1%
Organization Consulting	365	414	472	468	426	515	639	640	729	828	+60.8%
Sports Entertainment	—	—	—	—	—	25	47	119	51	39	+56.0%
Contract development	—	—	—	—	—	—	42	50	62	89	—
VC Fund	—	—	—	—	—	—	—	—	—	—	—
Hands-on support	—	—	—	—	—	—	—	—	—	—	—
Segment profit	53	80	85	63	▲32	8	61	100	71	129	+1,476.8%
Organization Consulting	53	80	85	63	▲32	39	103	118	121	173	+343.6%
Sports Entertainment	—	—	—	—	—	▲31	▲52	▲6	▲39	▲35	—
Contract development	—	—	—	—	—	—	▲1	▲3	▲4	▲9	—
VC Fund	—	—	—	—	—	—	—	—	—	▲13	—
Hands-on support	—	—	—	—	—	—	—	—	—	▲0	—

*1 As the Sports Entertainment business generates sales of merchandise and ticket revenue during the B-League season (October to April), the net sales and operating profit tend to be skewed toward the Company's second half of the fiscal year (September to February).

*2 Since Fukushima Sports Entertainment Co., Ltd. has been consolidated since Q2 of the fiscal year ended February 28, 2021, the figures of the Sports Entertainment business before Q1 of the fiscal year ended February 28, 2021 are shown as "-".

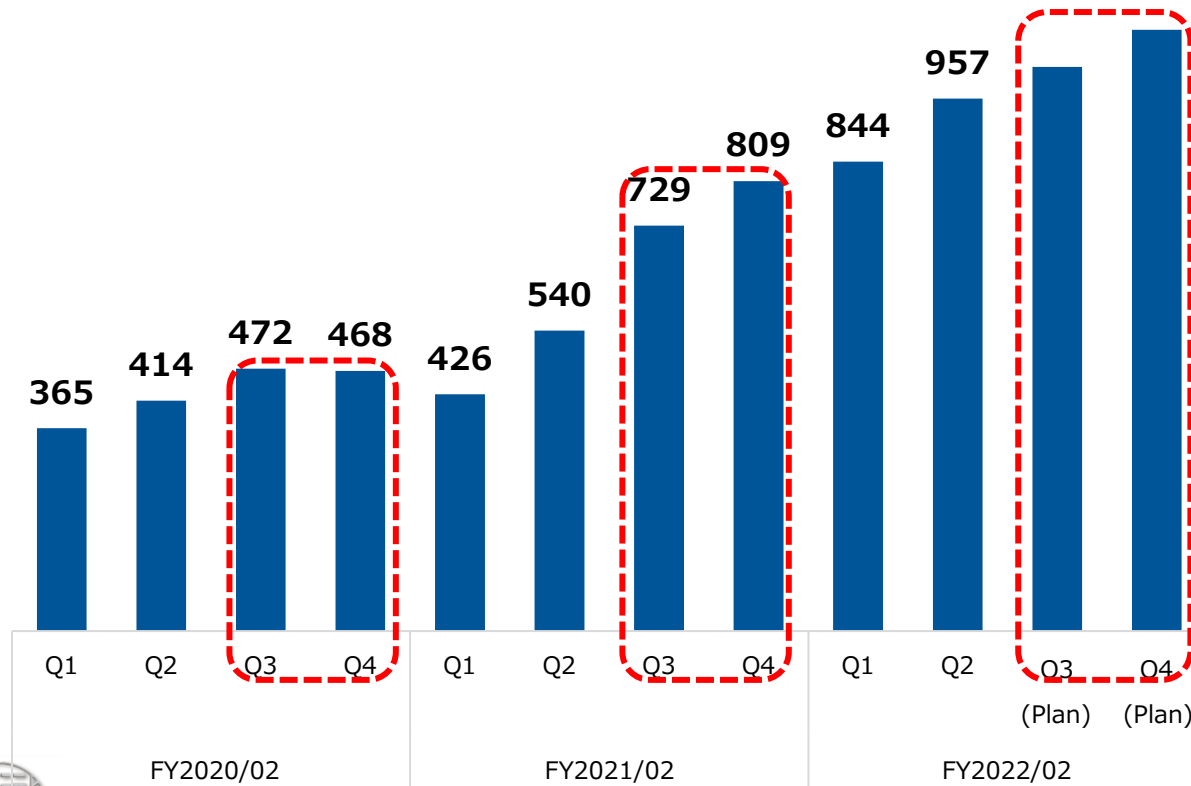
*3 Since MAGES.Lab (currently SHIKI Lab Inc.) has been consolidated since Q3 of the fiscal year ended February 28, 2021, the figures for the Contract development business before Q2 of the fiscal year ended February 28, 2021 are shown as "-".

(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

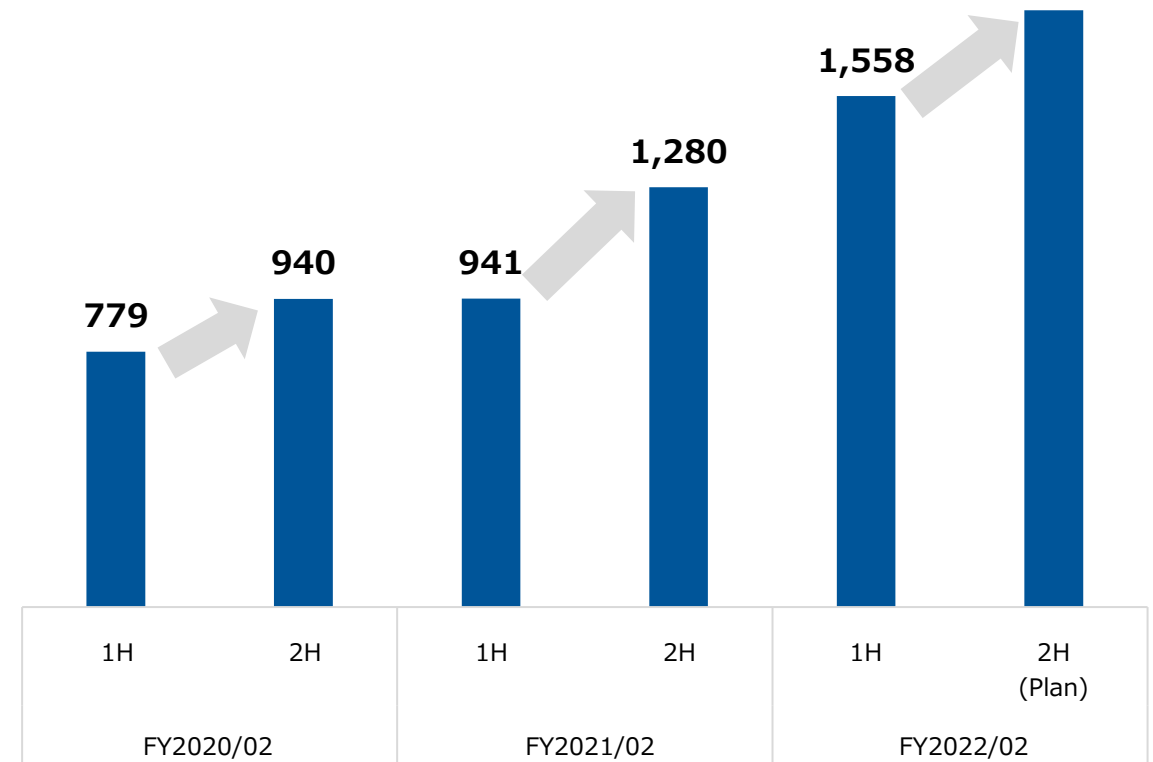
Progress in sales

- First half results ended at **106% against the plan**. The Group's forecast is based on the **budget heavily weighted toward the second half of the year** for the following reasons.
- In the Organization Consulting business, **sales are skewed toward the second half of the year as consultants hired in the first half will begin to demonstrate their performance in the second half of the year**.
- In the Sports Entertainment business, sales will be skewed toward the second half of the year due to **sales of merchandise, ticket revenue, and delivery of contracted work for the corporate version of hometown tax** during the B-League season (October–April).

Trends in Quarterly Consolidated Net Sales (million yen)



Trends in Net Sales in Organization Consulting Business (million yen)

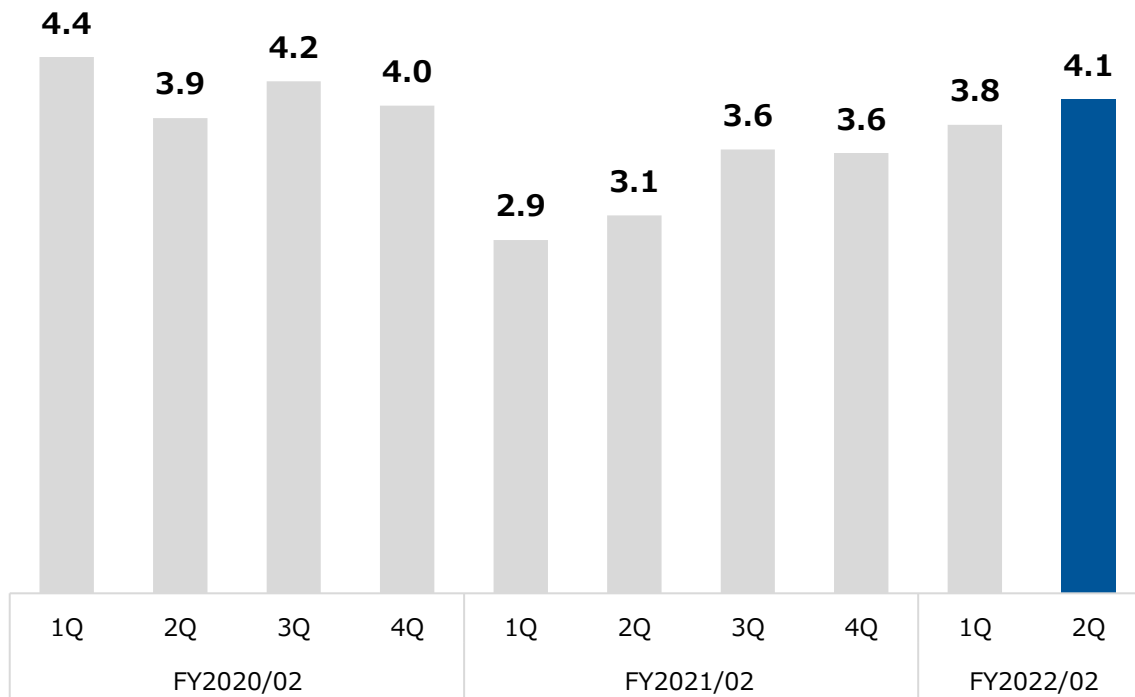


(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

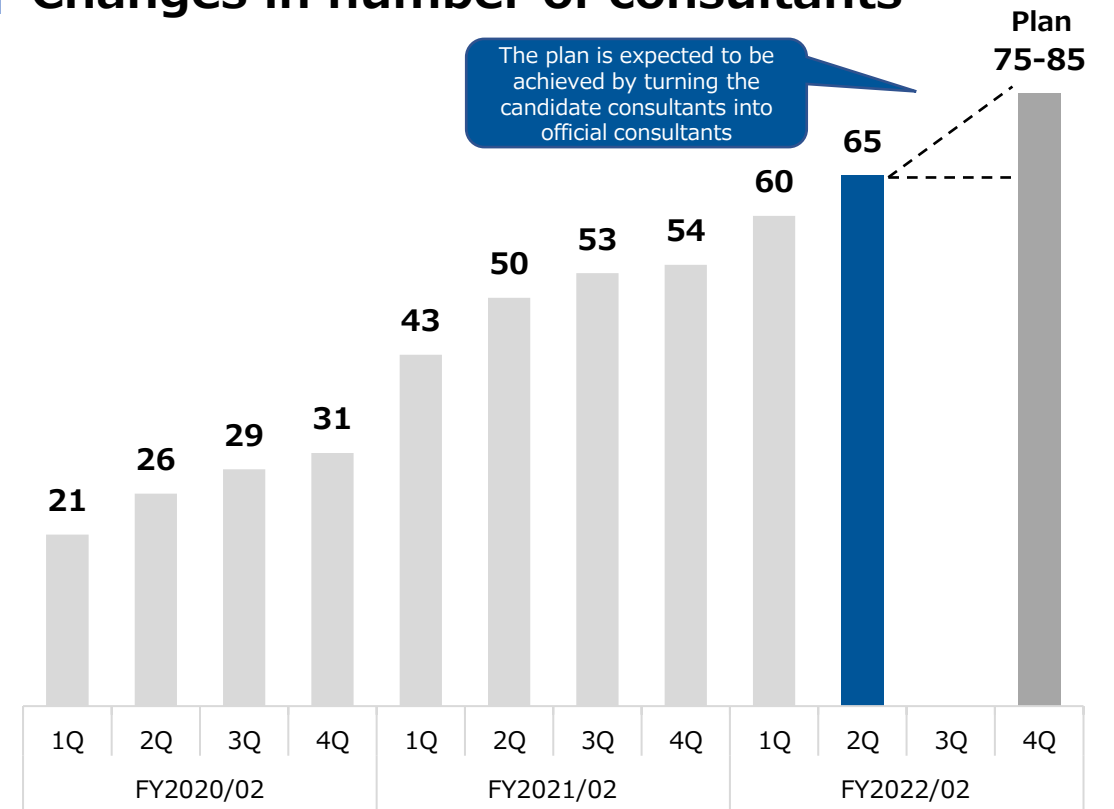
Business KPI(1/2)

- The number of employees was 154 at the end of August 2021 (**65 consultants and 7 consultant candidates**)
- As of September 2021: **65 consultants, 8 consultant candidates and 8 candidates who have already accepted job offers** (**The plan is expected to be achieved by turning the candidate consultants into official consultants**)
- Net sales per consultant over 8 months after joining the company : **2Q average is 4.64 million yen/month**

Net sales per consultant (million yen)



Changes in number of consultants



*1 Calculated based on (net sales of management consulting services(*2) + net sales of platform services) ÷ number of consultants(*3)

*2 Net sales of officer consultants and net sales of consultants of partner companies are excluded from the calculation.

*3 The figures exclude an officer consultant (1 person).

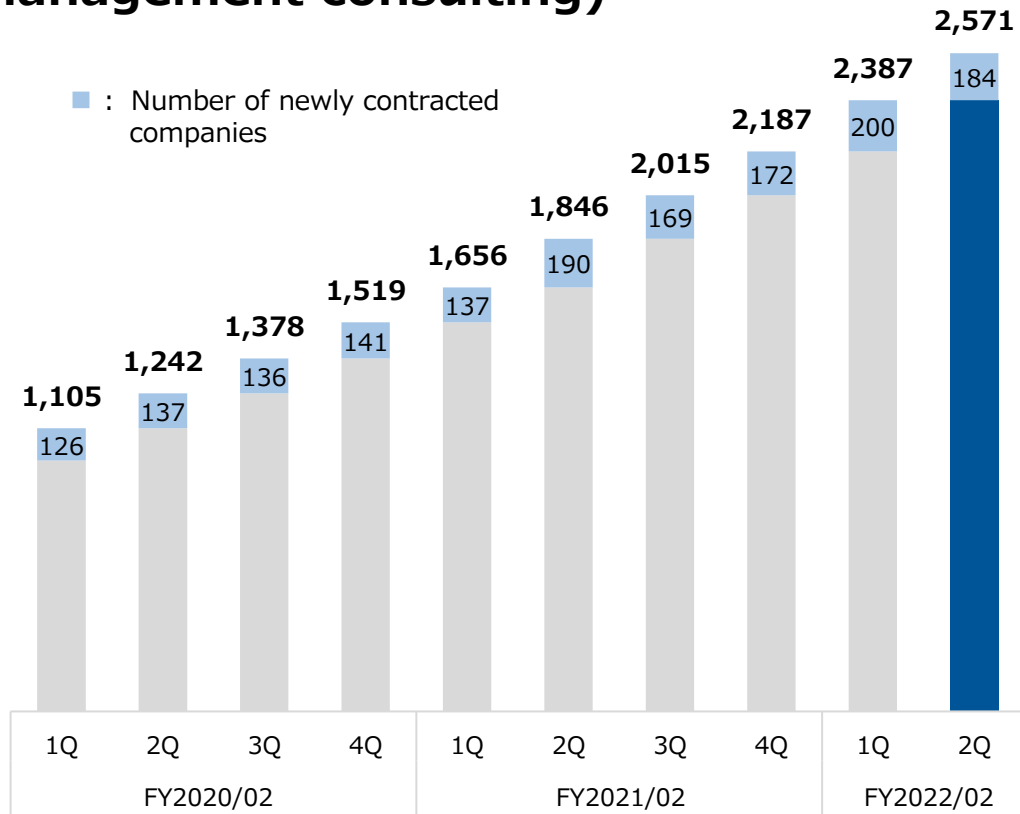
(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

Business KPI(2/2)

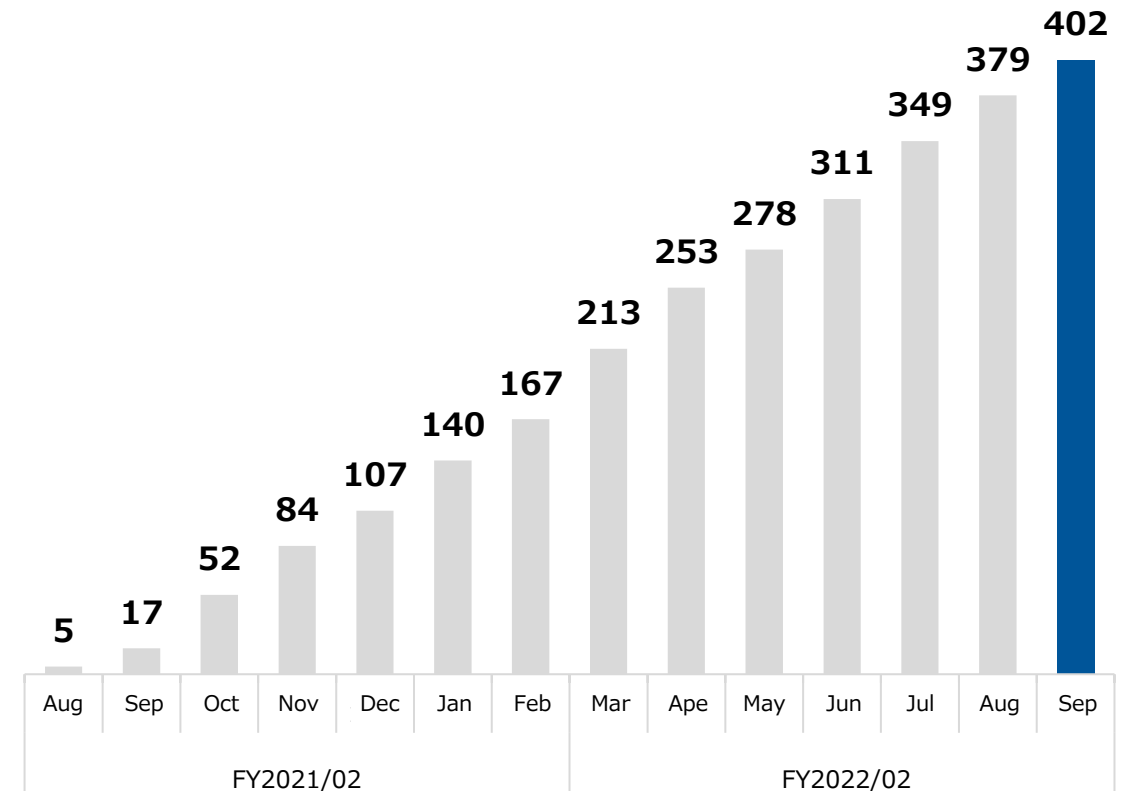
- Management consulting : cumulative total of **2,571 contracted companies (YoY +39.3%)**
- SHIKIGAKU Basic Services : **402 contracted companies** at the time of disclosure of this material

No significant change is seen in the churn rate a year after the launch of the service. New functions of SHIKIGAKU Cloud are being developed to reduce the churn rate

Cumulative contracted companies (management consulting)



Number of "SHIKIGAKU Basic Services" contracted companies



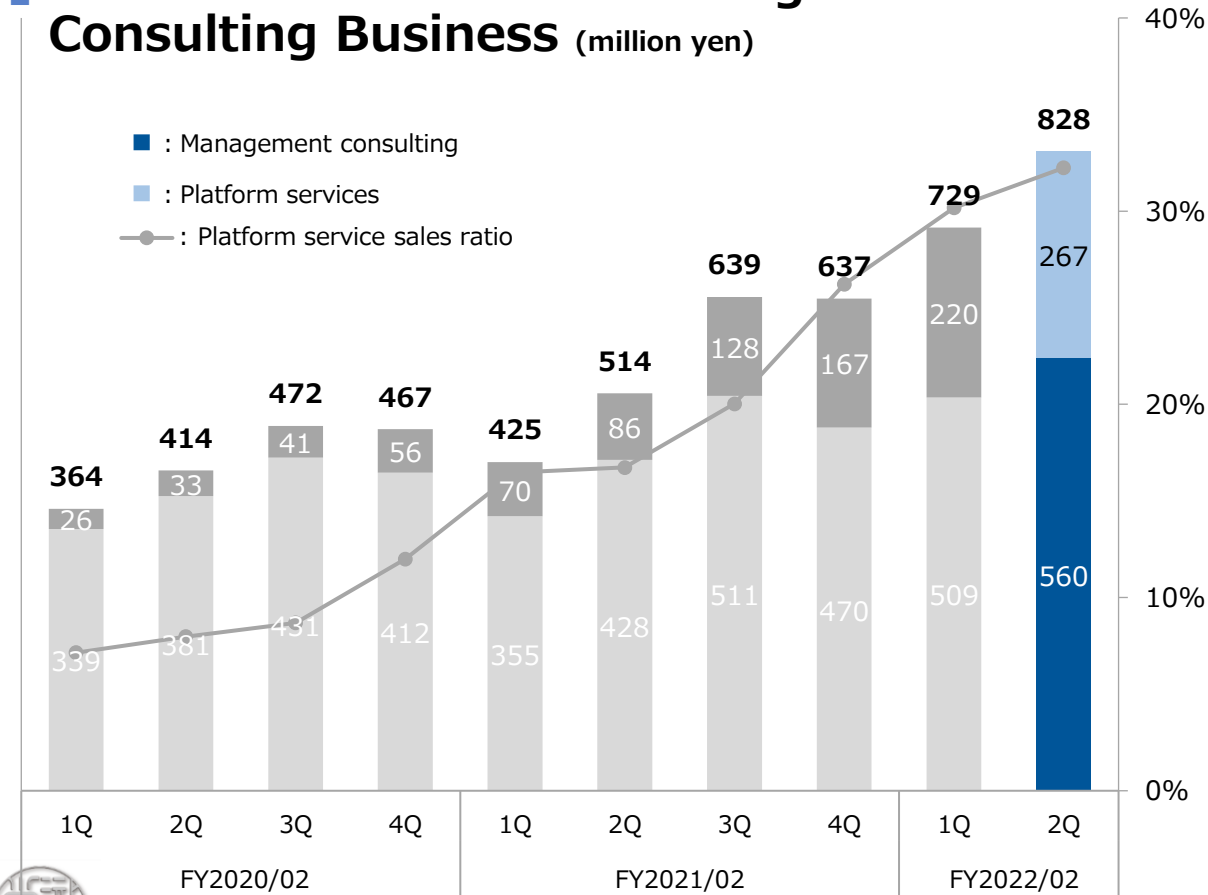
* Number of cumulative contracted companies is limited to paid contracted companies.

(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

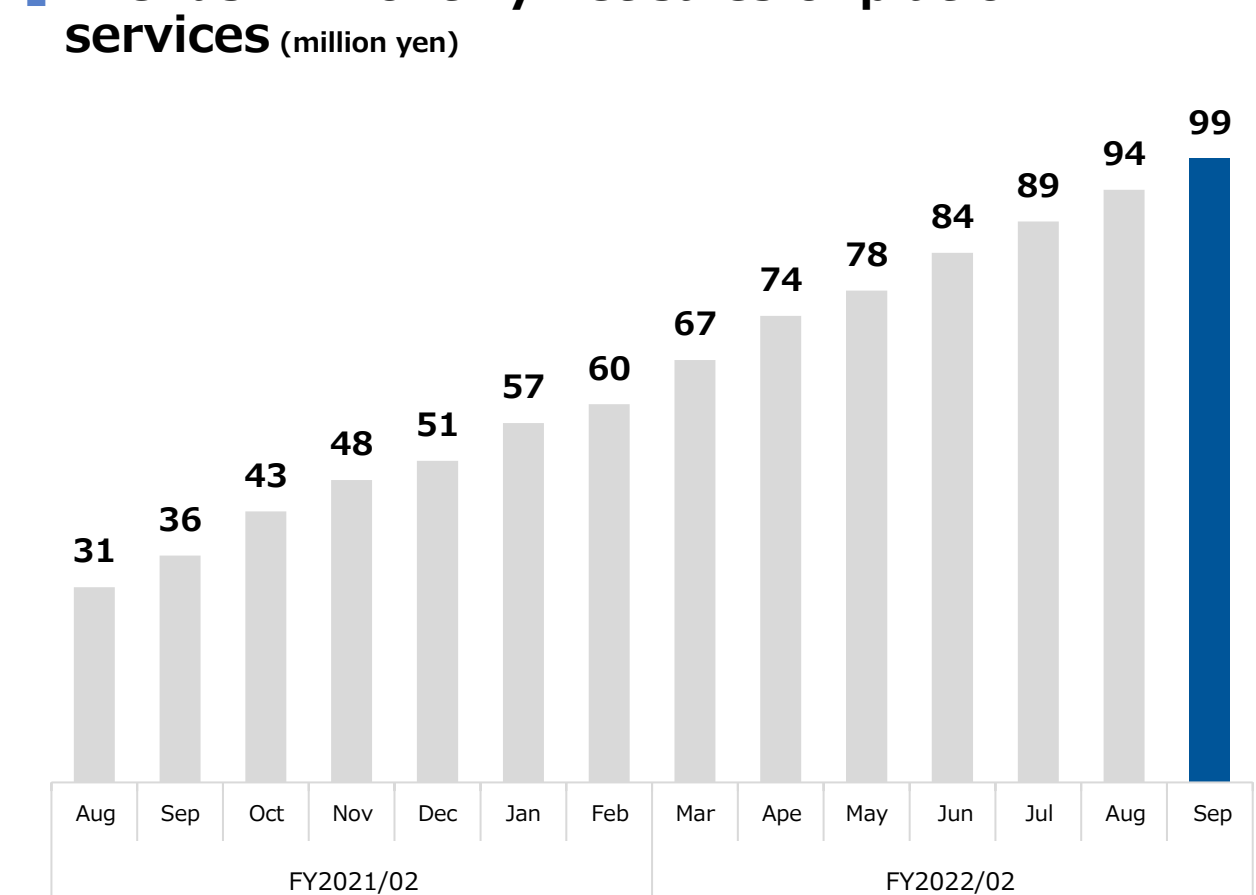
Trends of Net Sales in Organization Consulting Business

- Monthly net sales of platform services increased to over **99 million yen/month** at the time of disclosure of this material (**YoY +170.9%**)
- Platform services net sales ratio **increased to 32.3%**

Trends in net sales in the Organization Consulting Business (million yen)



Trends in monthly net sales of platform services (million yen)



(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

SHIKIGAKU Career - Summary

- Placing the recruiting business at its core, the Company provides “SHIKIGAKU-style recruitment consulting services” and “Recruitment Process Outsourcing” service in order to enhance the accuracy of matching by supporting clients’ recruiting operations
- Net sales of the entire SHIKIGAKU Career in the second quarter were **19 million yen (QoQ +28.9%)**, which is steady and continued growth

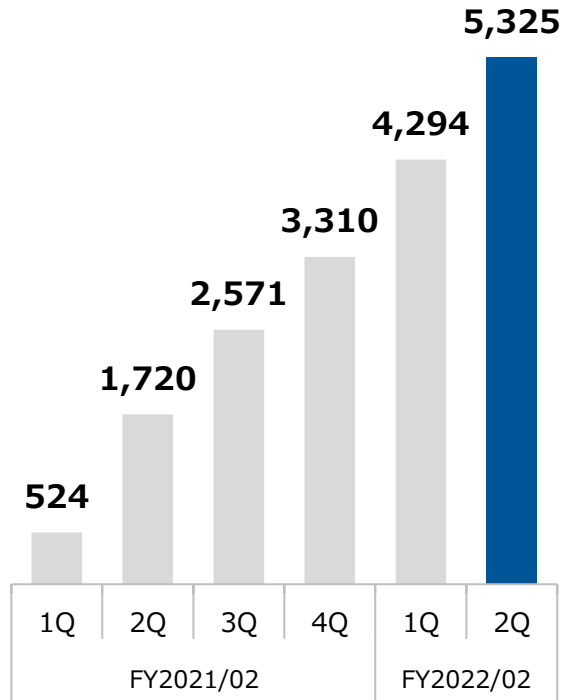
Service	Details	Rate plan	Current status
Recruiting	Matching service between “job seekers who want to work at SHIKIGAKU-based organization” and “companies that have introduced SHIKIGAKU in the organization”	Estimated annual income × rate	(i) The number of informal job offers, which fell in Q1, improved in Q2. (ii) The number of job registrants and referrals continued to grow steadily
SHIKIGAKU-style recruitment consulting	Provide know-how on how to “secure a certain amount of employees with quality above the standard by a targeted time and within a targeted budget” & provide operational support for SHIKIGAKU method recruitment (Services provided) •Development of a basic design and provision of support to improve recruitment activities (monthly) •Meeting to review the recruitment management (biweekly) •Support for touchpoints with job seekers	•Provision of know-how 0.6–0.9 million yen (5 sessions in total) •Continued support Monthly fee (0.2 million yen/ company/month)	(i) Contracted companies: 16 (Up by 11 companies from the end of the previous quarter) (ii) Currently developing a structure to systematize, standardize, and expand sales in the same way as management consulting service
Recruitment Process Outsourcing (RPO)	Acting as an agent for the following recruitment services when there are no specialized HR functions within the company (Services provided) •Selection of targets, drawing up a list •Sending of recruiting messages, updating of job information (to be ranked high in the search results) •DM settings, arrangement of interviews, outbound tasks to reach applicants	Monthly fee (1 million yen/ company/month)	(i) Launch of the service in Q3 There are potential needs and frequent inquiries (ii) Ensure standardization of the process so the SHIKIGAKU Career personnel can be engaged in this service on their own

(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

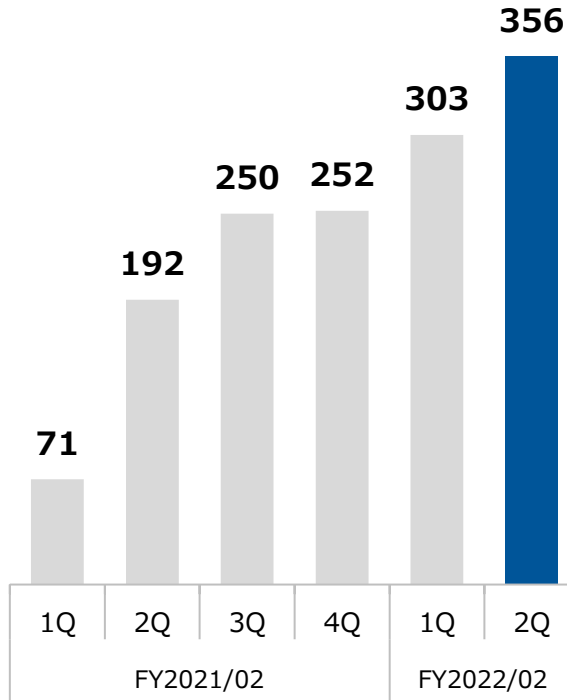
SHIKIGAKU Career – KPIs for Recruiting Service

- KPIs required to close recruitment contracts are steadily progressing
- The number of informal job offers, which fell in Q1, improved significantly in Q2

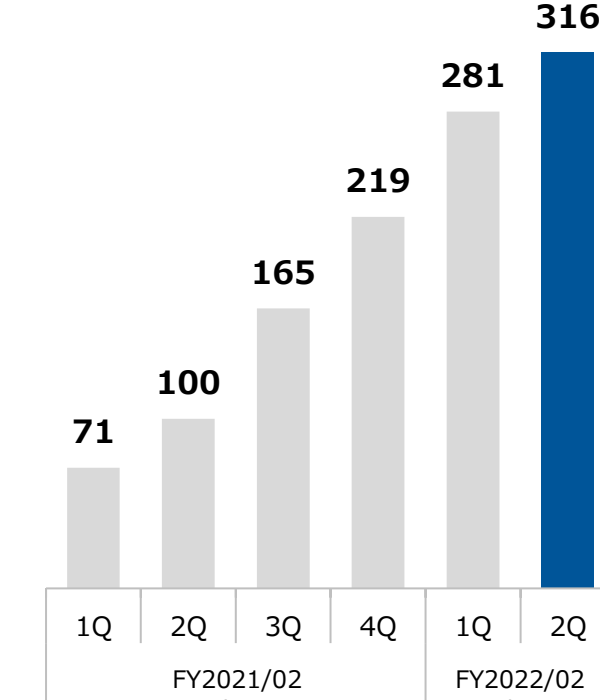
Number of job registrants*1



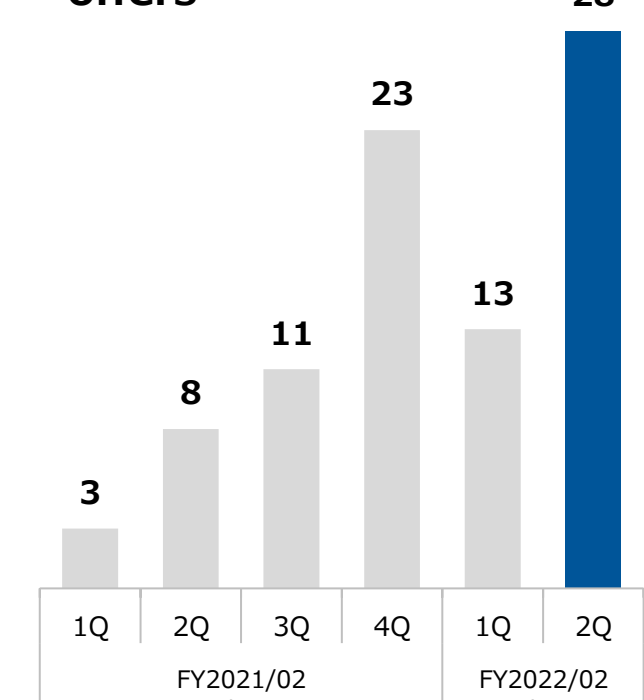
Number of referrals*2



Number of job openings



Number of informal job offers



*1 New Registrants:

Total number of (i), (ii) and (iii) below

(i) Number of people who have registered as friends with the LINE account of SHIKIGAKU Career; (ii) number of people who have applied for job offers; and (iii) number of people who have set up interviews with our career advisors based on our job offers

*2 Number of referrals:

Number of job seekers referred to the recruiting company (screening of documents)

(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022

VC Fund Business・Hands-on support Fund Business - Summary

- SHIKIGAKU No.1 Investment Limited Partnership: Cumulative return on investment was **104%**
- Executed investment in Itami Arts Inc. as the 6th investment by SHIKIGAKU No.1 Fund in August 2021

Fund types	Q2 Topics	Current status
SHIKIGAKU No.1 Investment , L.P. (VC Fund Business)	<ul style="list-style-type: none"> • Cumulative return of 104% by the divestiture of Aidma Holdings Inc. • Changed the accounting policy to recognize capital gains on investments as net sales (only for investments made on or after June 29, 2021) 	<ul style="list-style-type: none"> • Invested in Itami Arts Inc. as the 6th investment • Investee companies confirmed to be invested in: 1 company
SHIKIGAKU No.2 Investment , L.P. (VC Fund Business)	<ul style="list-style-type: none"> • Establishment of the fund completed in June 2021. Currently, fundraising is underway. • The total amount of investment is expected to exceed the amount of the No.1 Fund 	<ul style="list-style-type: none"> • Investee companies confirmed to be invested in: 1 company • Investee companies under consideration: 2 companies
Shinsei Shikigaku Growth Support I , L.P. (Hands-on support Fund Business)	<ul style="list-style-type: none"> • Establishment of the fund completed in June 2021 	<ul style="list-style-type: none"> • Currently performing DD (due diligence) for an investee company under consideration to execute investment



(i) Financial Summary for the 2nd Quarter of the Fiscal Year Ending February 28, 2022 VC Fund Business·Hands-on support Fund Business - SHIKIGAKU No.1 Investment's successful investment results

- SHIKIGAKU No.1 Investment's cumulative return at **104%** at the end of August, 2021 demonstrates successful investment results achieved within 2 years since the establishment of the fund
- **"Usefulness of SHIKIGAKU" has been proved** by the success of SHIKIGAKU No.1 Investment that is unique in **"Making investment focusing on the organizational strength based on SHIKIGAKU"**

Investee companies	Invested amount (million yen) (A)	Recovery (million yen) (B)	Valuation gain (million yen) (C)	Recovery % ((B+C)/A)
GEocode Co., Ltd.	29	101	—	339.3%
Aidma Holdings, Inc.	36	196	58*2	702.6%
Unlisted companies: 4 companies*1	141	—	—	—
Unexecuted investment	133	—	—	—
Total	341	297	58	104.4%

※1 Total invested amount of Surpass Co., Ltd. / WhiteSeed Inc. / Itami arts inc. and another investee company

※2 As of August 31, 2021

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(ii) Future Growth Strategy

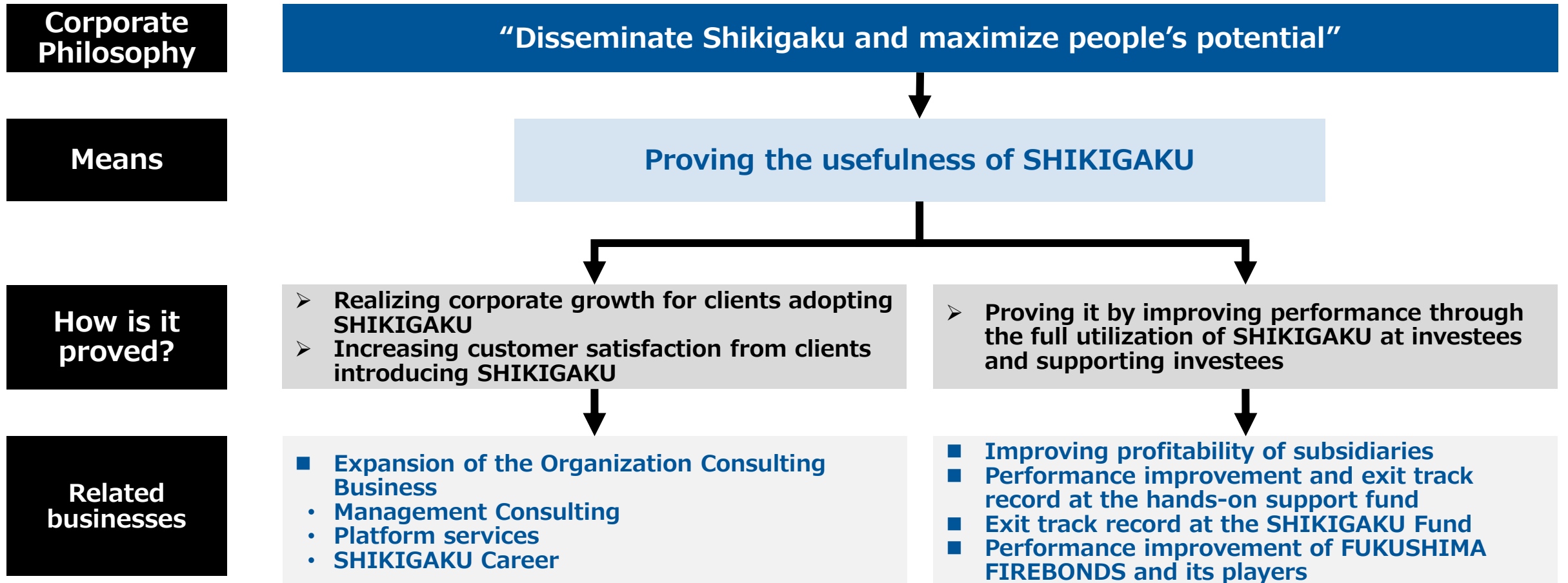
(iii) Financial Forecast for the Fiscal Year Ending February 28, 2022

(iv) References (Company Profile and Business Model)



(ii) Future Growth Strategy Business Direction (Reprint)

- We have a policy of operating all businesses on the basis of “proving the usefulness of SHIKIGAKU” and will prove the usefulness from two perspectives.
- Continuing the business operation policy in the direction of “proving the usefulness” The following businesses will be undertaken during the fiscal year under review.



(ii) Future Growth Strategy

What We are Aiming for Towards 2024 (Reprint)

What we are aiming for at the time of achieving the medium-term vision and medium-term management plan

1. To firmly position SHIKIGAKU as an essential tool for corporate and organizational management
2. To achieve the market capitalization, performance and governance system that meets the criteria for the TSE Prime Market

Growth strategy (i)

Establishing a solid position for the Organization Consulting Business

Expanding the Organization Consulting Business by
achieving an organization of 100 consultants

Growth strategy (ii)

Expanding the business domain

Growth potential by promoting new businesses

**Growth potential in the market is high.
Demand is expected to increase further in the face of intensifying competition
among companies and a shrinking workforce.**



(ii) Future Growth Strategy Positioning and Strategy by Business Portfolio (Reprint)

Growth strategy	Business segment	Policy	Strategy
Establishing a solid position for existing businesses	Organization Consulting Business	Focus	Continuing to increase by 20–25 consultants to achieve an organization of 100 consultants Further increasing net sales and the number of contracted companies of platform services Maintaining net sales of ¥4 million per consultant Further increasing net sales of SHIKIGAKU Career
Expanding the business domain	Hands-on support business	New	Establishing the hands-on support fund and financing for the establishment
	Sports Entertainment Business	Strengthening	Increasing sponsor revenue (Increase in the number of companies obtained/Increase in unit price) <ul style="list-style-type: none"> • Maximizing activities by further strengthening the sales management system • Increasing unit price by increasing sponsor menus Further growing revenue sources utilizing the relationship with the government <ul style="list-style-type: none"> • Further expanding the corporate version of the hometown tax payment and new income sources Early promotion to B1 by strengthening the team
	Contract development business	New	Monetizing a new business, “Work Experience DX” Receiving stable contract development orders
	VC fund business	Strengthening	Aiming for early completion of investment for the No.1 Fund Beginning to consider the establishment of the No.2 Fund



(ii) Future Growth Strategy Management Indicators to Be Targeted (Reprint)

- The indicators to be targeted for the expansion of the Organization Consulting Business are as follows.
- We aim to achieve sustainable sales growth and high operating profit margins.

FY2024/02

- Net sales ¥6 billion or more
- Operating profit ¥1.5 billion or more
- ROE 15% or more

- Other quantitative targets under the medium-term management plan and beyond (after FY2024/02)

Sales growth rate

**Over 20%
every term**

Operating profit
margin

Over 20%

Debt-to-equity
ratio

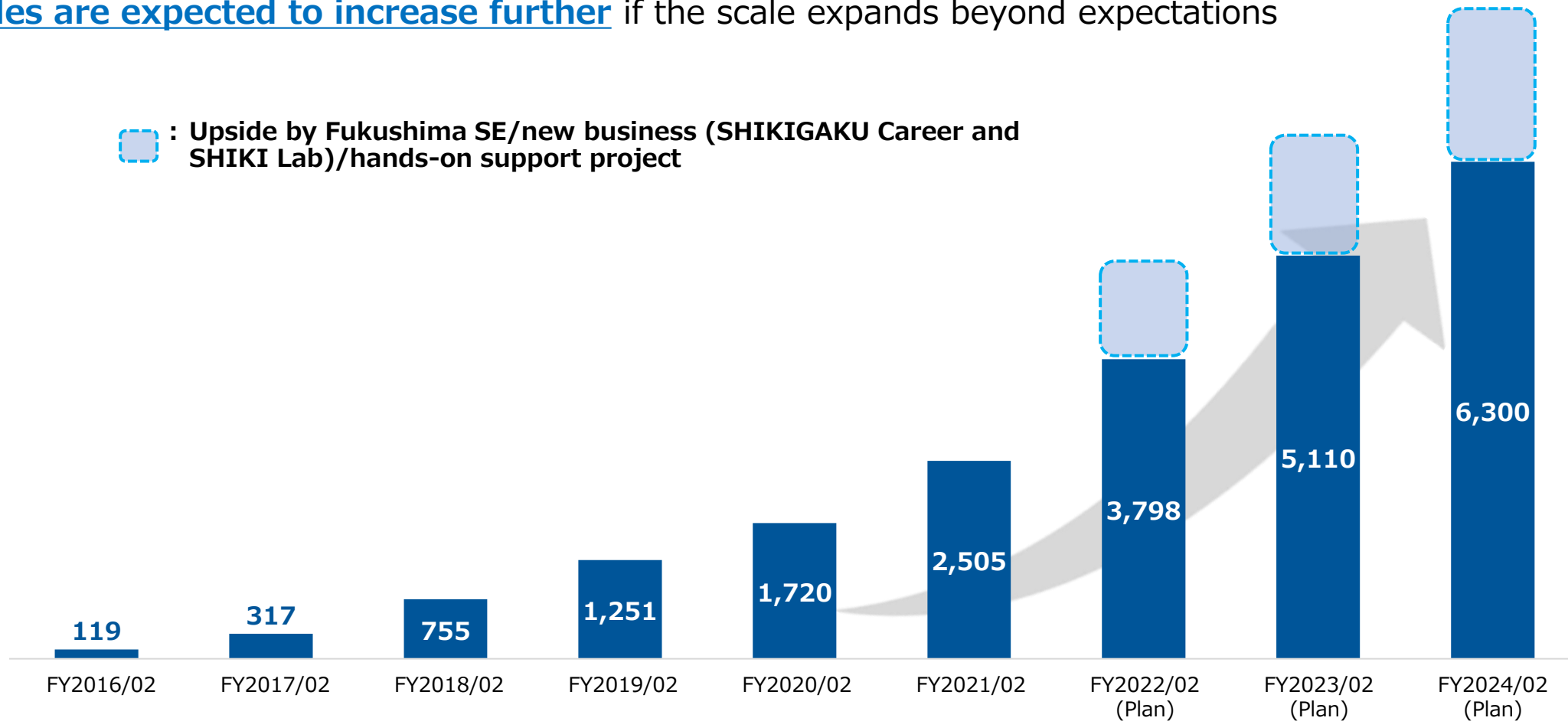
Under 50%



(ii) Future Growth Strategy Conceptual image of net sales growth (Reprint)

- Conservatively expect revenue from business expansion (Fukushima SE/SHIKI Lab new business/hands-on support)
- Net sales are expected to increase further if the scale expands beyond expectations

 : Upside by Fukushima SE/new business (SHIKIGAKU Career and SHIKI Lab)/hands-on support project



*1: Forecasts have not been audited by an auditing firm and may differ from actual figures

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(ii) Future Growth Strategy 3-year Performance Targets (Reprint)

- We aim for **net sales of 6.3 billion yen and operating profit of 1.5 billion yen** in the fiscal year ending February 29, 2024.
- As for sales by business segment, figures are conservatively estimated for businesses other than the Organization Consulting Business.
- There is a possibility of further improvement through the establishment of a revenue base in line with the expansion of our business domain.

(Million yen)	FY2021/02 (Results)	FY2022/02 (Plan)	FY2023/02 (Plan)	FY2024/02 (Plan)
Net sales	2,506	3,798	5,110	6,300
Compared with the previous fiscal year (%)	+45.7%	+51.6%	+34.6%	+23.4%
Operating profit	137	400	980	1,560
Operating profit margin (%)	5.5%	10.5%	19.8%	24.9%
Ordinary profit	199	353	972	1,527
Net income	▲41	153	645	1,049
EPS (Yen)	▲5	20	86	139
ROE (%)	▲4.5%	5%	19%	25%



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(iii) Financial Forecast for the Fiscal Year Ending February 28, 2022

Financial Forecast Summary

- We expect net sales of **3.79 billion yen (YoY+51.6%)** due to growth mainly in the Organization Consulting Business.
- We expect operating profit of **0.4 billion yen, which is a record high**, while investing to achieve medium- to long-term growth.

(Million yen)	FY2021/02 (Results)	FY2022/02 (Plan)	YoY	Remarks
Net sales	2,506	3,798	51.6%	• Expecting increased net sales mainly in the Organization Consulting Business.
Operating expenses	2,368	3,398	43.5%	-
Personnel expenses/ Recruitment education expenses	1,064	1,525	43.3%	-
Advertising expenses	331	435	31.3%	-
Rent expenses on land and buildings	98	113	15.2%	-
Team operating expenses/ Box office expenses	204	241	18.2%	• Continuing to invest to a certain extent for promotion to B1
Outsourcing expenses	149	325	117.5%	• Investment in new businesses such as SHIKIGAKU Career and Work Experience DX • Compensation for experts through financing
Other operating expenses	520	757	45.5%	-
Operating profit	137	400	191.2%	-
EBITDA	199	470	136.2%	-
Net income attributable to owners of parent	▲41	153	-	-



(iii) Financial Forecast for the Fiscal Year Ending February 28, 2022

Profit Structure for the Fiscal Year Ending February 28, 2022

■ Profit structure for the full-year financial forecast

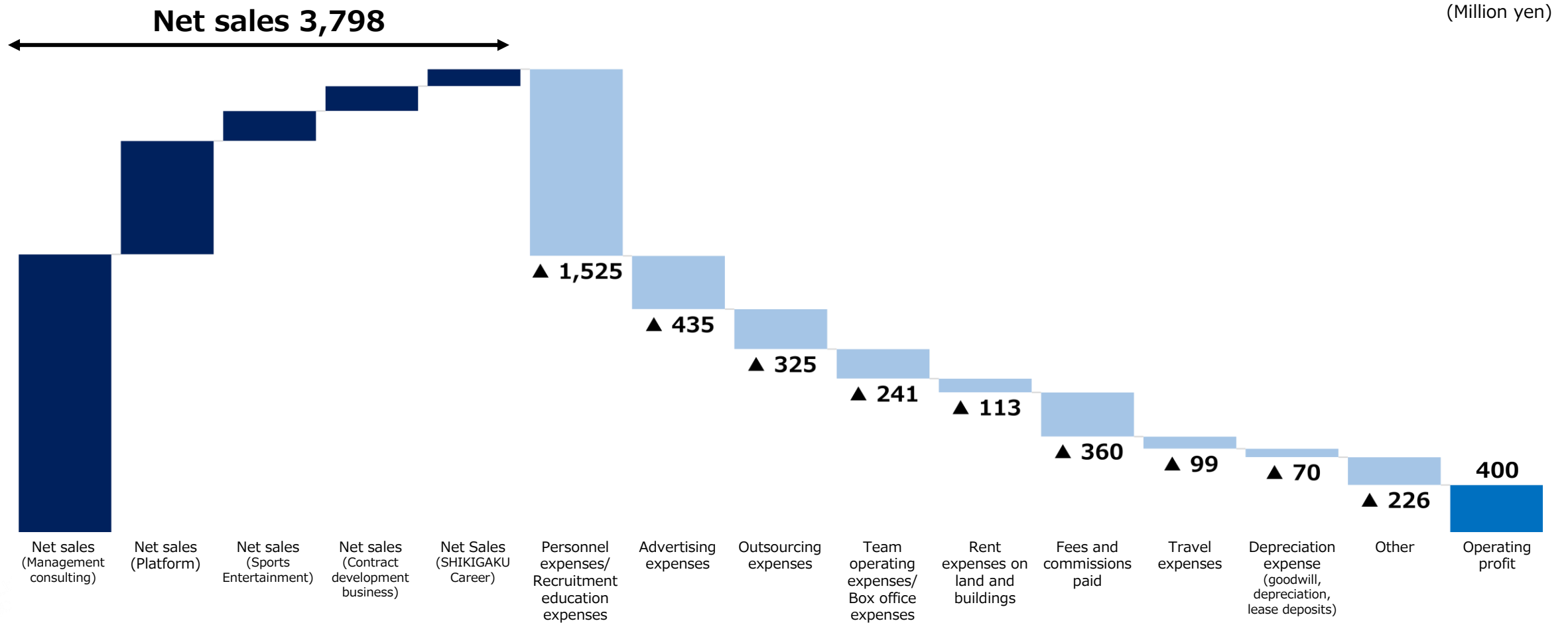


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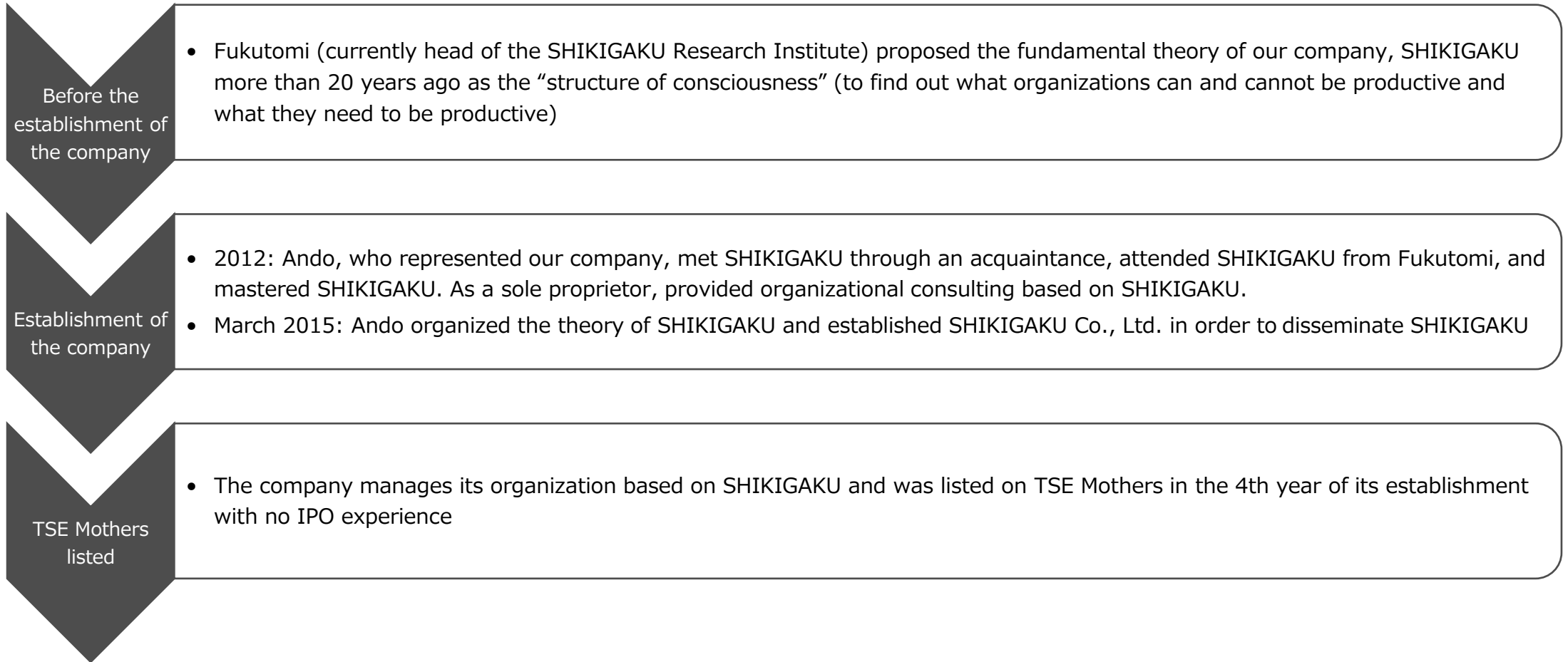
Corporate Philosophy

**“Disseminate Shikigaku and maximize
people’s potential”**



(iv)References (Company Profile and Business Model)

Organization Consulting Business - Brief History from Establishment to Present



(iv)References (Company Profile and Business Model)

Organization Consulting Business - History

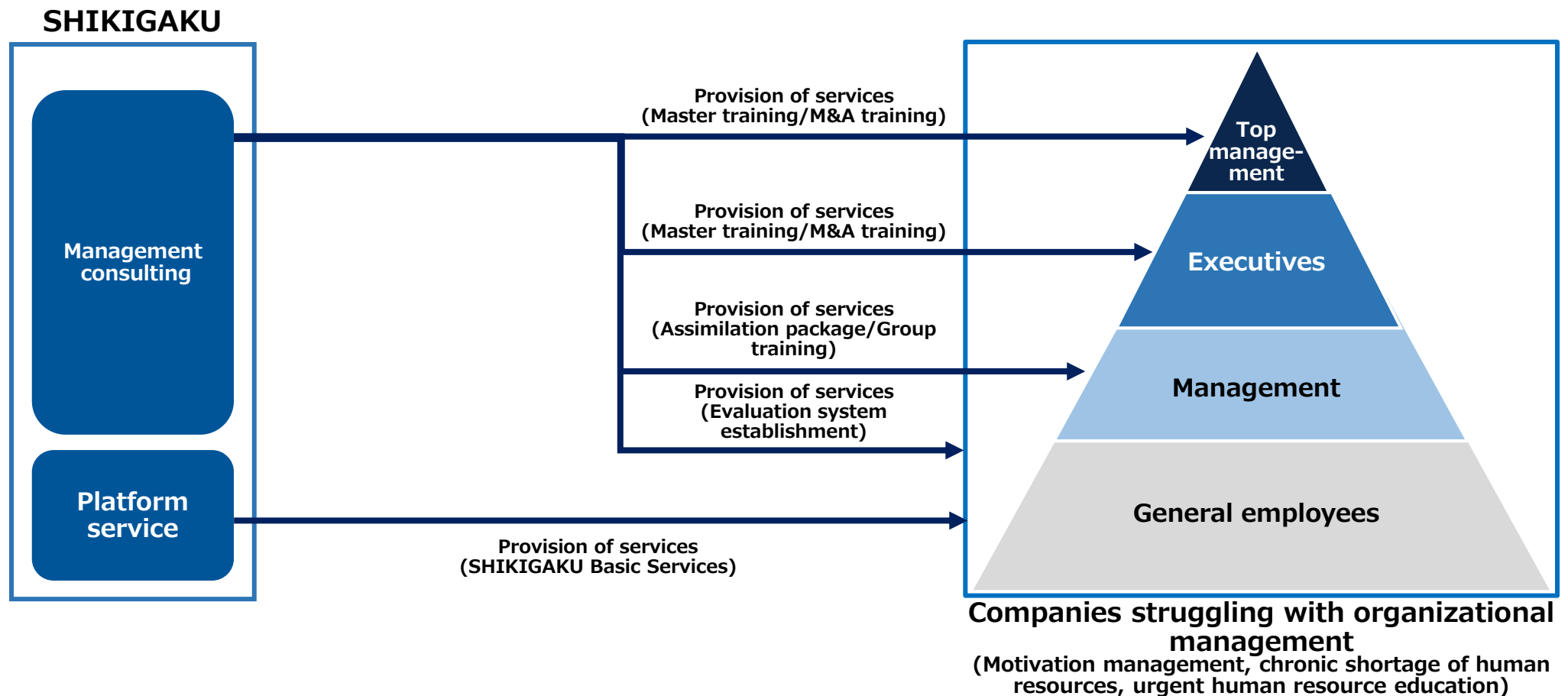
- March 2015** Established SHIKIGAKU. Co., Ltd in Shibuya-ku, Tokyo (share capital: ¥500,000, currently Nishigotanda, Shinagawa-ku)
Began offering management consulting services “Master Training” to companies
- October 2016** Opened Osaka Branch
- Mar** Began providing management consulting services “Evaluation System Establishment”
- May** Began providing management consulting services for professional sport teams and other sports fields
- Jul** Began providing a platform service “SHIKIGAKU Cloud Organization Diagnostics”
- Sep** Opened Fukuoka Branch
- February 2018** Began providing a platform service “SHIKIGAKU Cloud Video Review”
- Mar** Began providing a platform service “SHIKIGAKU Cloud Evaluation System Operation Support”
Began fee-based platform service contracts
- May** Began providing a platform service “SHIKIGAKU Cloud Daily Business Support”
- Aug** Began providing a platform service “Organizational Due Diligence Service” for business succession and M&As
- February 2019** TSE Mothers listed
- Jun** Began providing “M&A Advisory Services (currently M&A Training for Top management & Executives)” for Top management & Executives
- Jul** Established Nagoya Branch and established SHIKI Lab Inc.
Launched “SHIKIGAKU Matching Platform,” a platform for realizing M&As and capital tie-ups by utilizing companies that have already introduced SHIKIGAKU
- Sep** Established SHIKIGAKU No. 1 Investment Limited Partnership
Moved headquarters to Osaki Office
- Oct** Launched fee-based employment placement services “SHIKIGAKU Career” to promote work-style reform
- April 2020** Consolidation of FUKUSHIMA FIREBONDS
- Jul** Opened Koriyama Sales Office
- Aug** Renovated services for organization consulting business and began providing SHIKIGAKU Basic Services
- Oct** Surpass Inc. becomes an equity method affiliate.
- Dec** SHIKI Lab and MAGES.Lab in an absorption-type merger.



(iv)References (Company Profile and Business Model)

Organization Consulting Business - Business Model/Revenue Structure

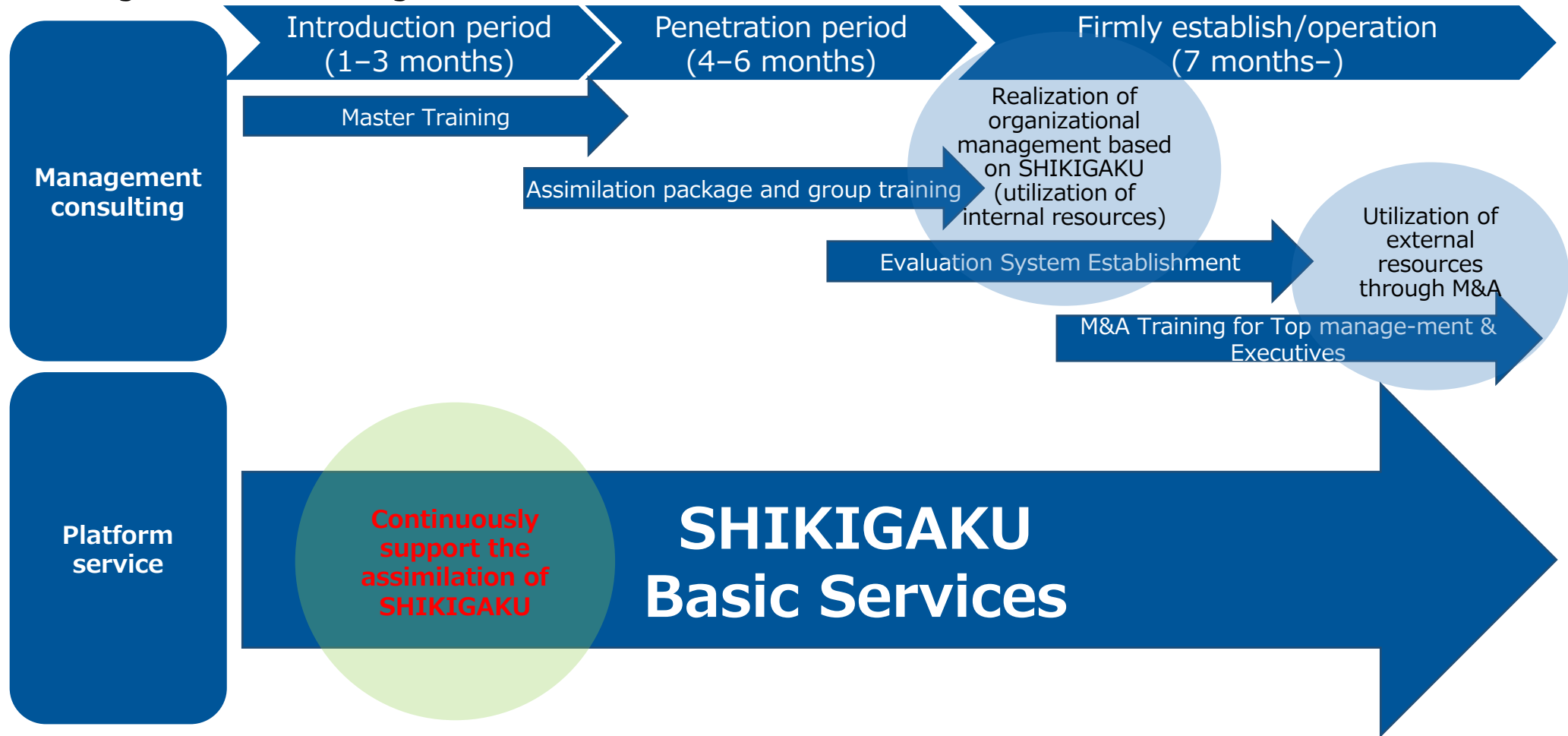
- The major revenue sources for the Organization Consulting Business consist of the following two points.
- In management consulting, organization consulting based on the unique method called SHIKIGAKU, **revenues increase in accordance with an increase in the number of consultants providing services.**
- In stock-type “platform services,” which support continuous organizational management based on SHIKIGAKU, **revenues increase in accordance with an increase in the number of contracted companies.**



(iv)References (Company Profile and Business Model)

Organization Consulting Business - Service Description (i)

- A conceptual image of using the services provided by us from the introduction period to establishment and continuous operation is as follows
- Provide intensive training to top management through management consulting, and Support the spread of SHIKIGAKU organizations through Basic Services



(iv)References (Company Profile and Business Model) Organization Consulting Business - Service Description (ii)

- Specific services and price ranges for management consulting and platforms are as follows.

Service category	Service details	Revenue structure	Price
Management consulting	Master training (for Top management & Executives)* <ul style="list-style-type: none"> • Base training in one-to-one style SHIKIGAKU 	Service provision type	From 1.2 million yen (in the case of 12 courses)
	Assimilation package <ul style="list-style-type: none"> • Learn the theory of master training through group training and video learning 		From 100,000 yen per hour
	Evaluation system establishment <ul style="list-style-type: none"> • Consulting for evaluation system establishment 		From 1.2 million yen (in the case of 12 courses)
	Group training (for management, general employees and new graduates) <ul style="list-style-type: none"> • Lecture type, focusing on "position" and "outcome" in SHIKIGAKU 		
	M&A training for Top management & Executives <ul style="list-style-type: none"> • One-to-one training for Top management & Executives 		
Platform service	SHIKIGAKU Basic Services* Comprehensive package including management consulting output follow-up, SHIKIGAKU Cloud function and regular study sessions. Essential services for the introduction of SHIKIGAKU	Subscription	Billing per company From 200,000 yen per month

*: Essential services when introducing SHIKIGAKU

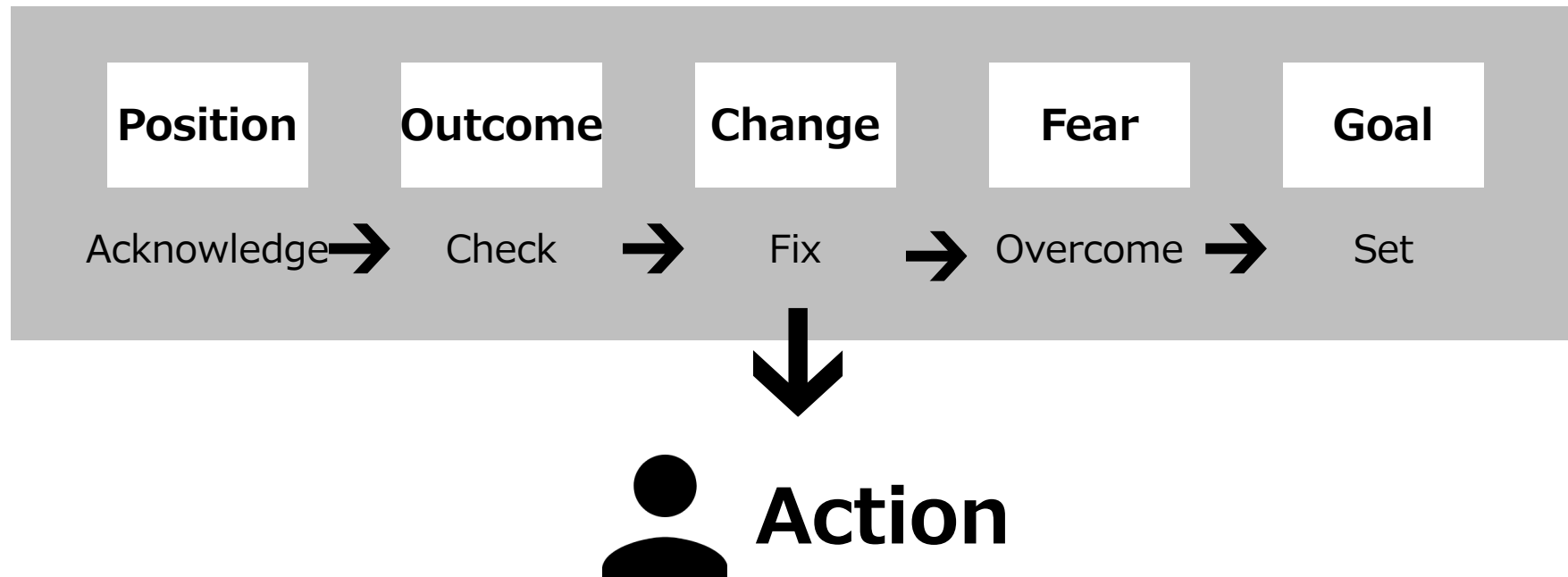


(iv)References (Company Profile and Business Model) Organization Consulting Business - What is SHIKIGAKU?

Below are the five steps to the process of thinking before an individual takes action.

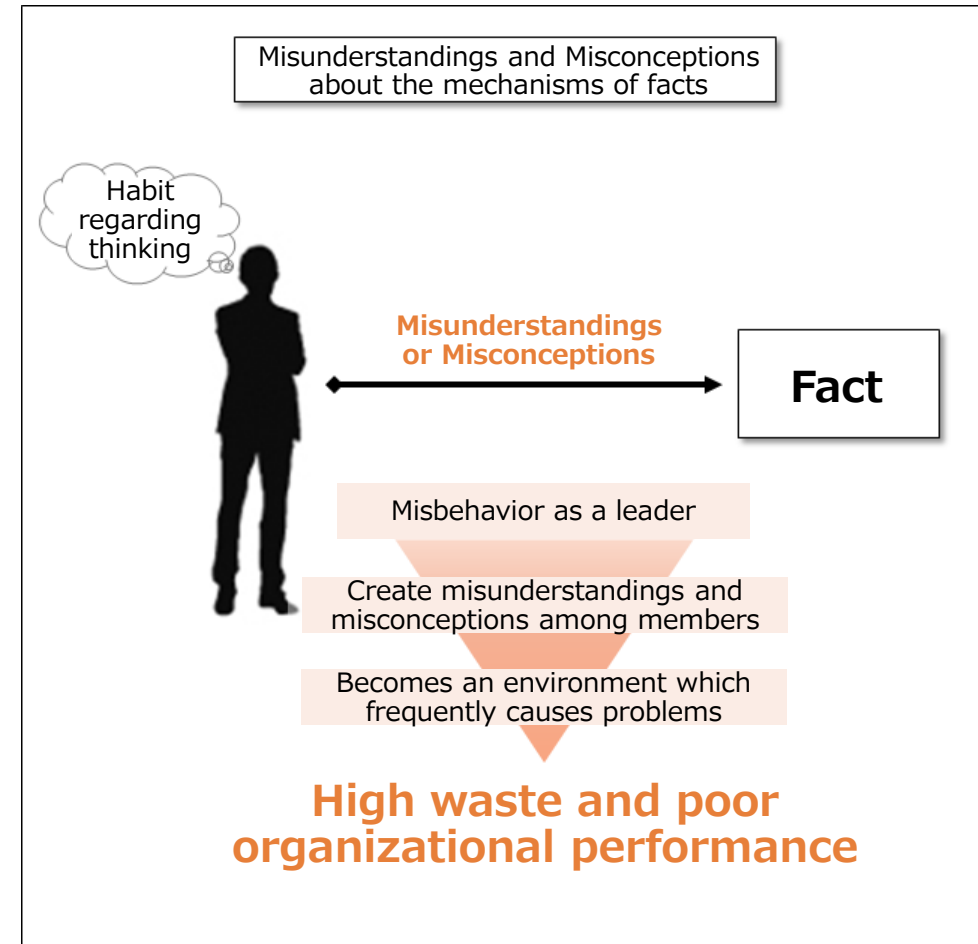
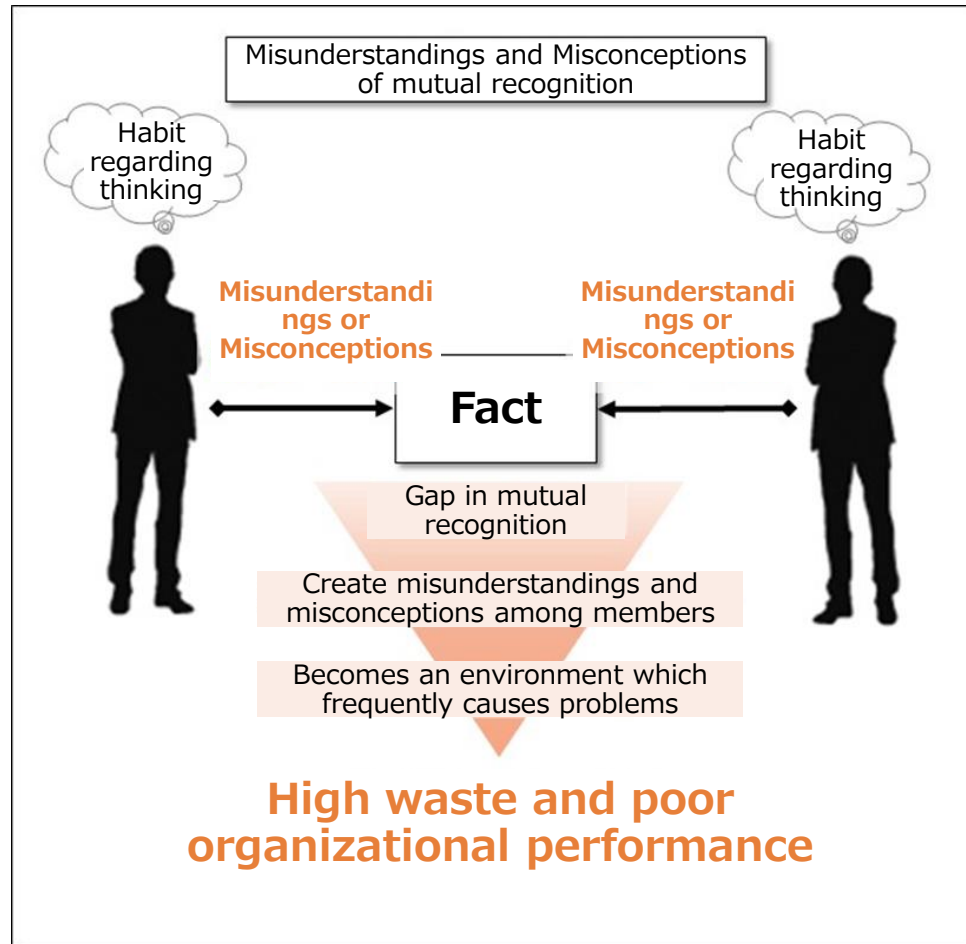
Each individual develops a habitual way of thinking based on their past experience and knowledge.

This habitual way of thinking can be the cause of problems in an organization.



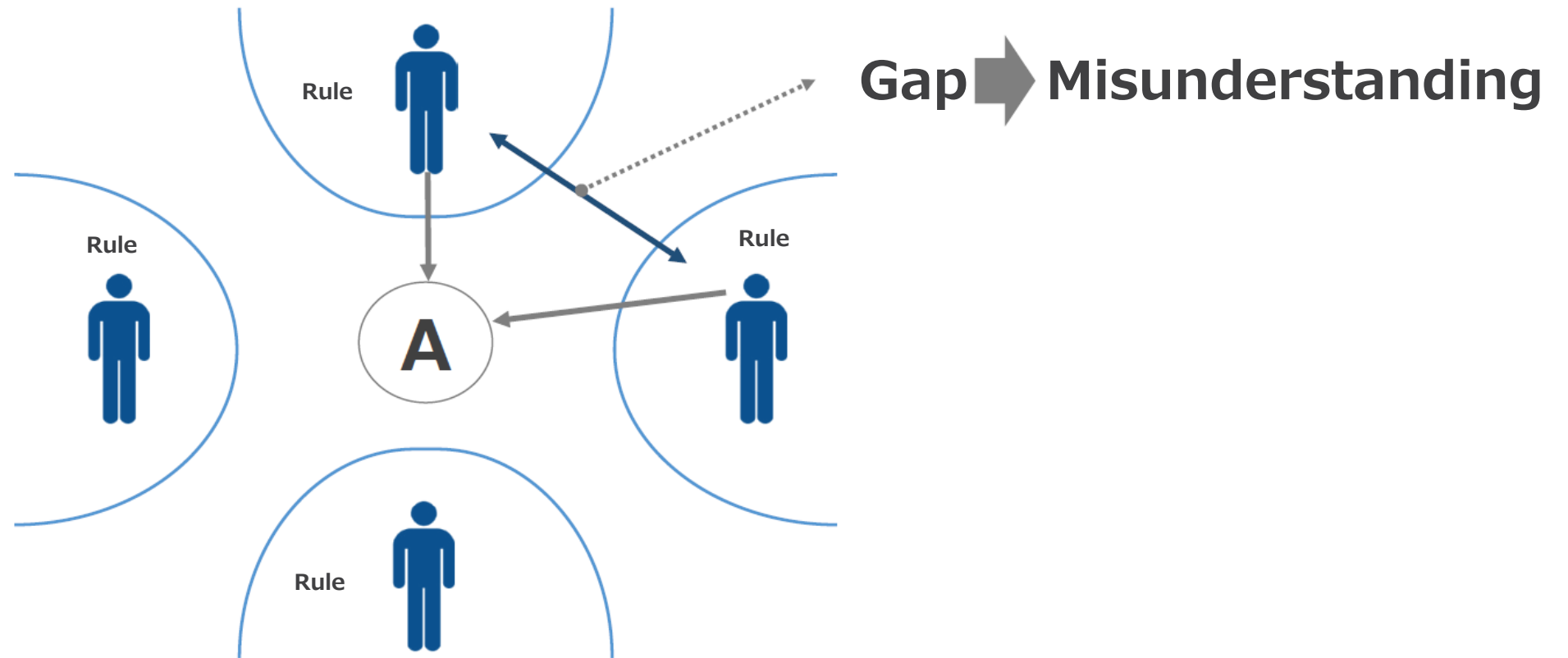
(iv)References (Company Profile and Business Model) Organization Consulting Business (management consulting) - Misunderstandings and Misconceptions (i)

- People have individual habits regarding thinking that cause misunderstandings and misconceptions and interfere with their behavior
- SHIKIGAKU is a method of eliminating misunderstandings and misconceptions to improve people's productivity through common recognition and improved speech and behavior.



(iv)References (Company Profile and Business Model) Organization Consulting Business (management consulting) - Misunderstandings and Misconceptions (ii)

- Since individual rules are different even when the same event is observed, a recognition gap occurs.
- This recognition gap is a misunderstanding, and the act of matching itself is lost time.

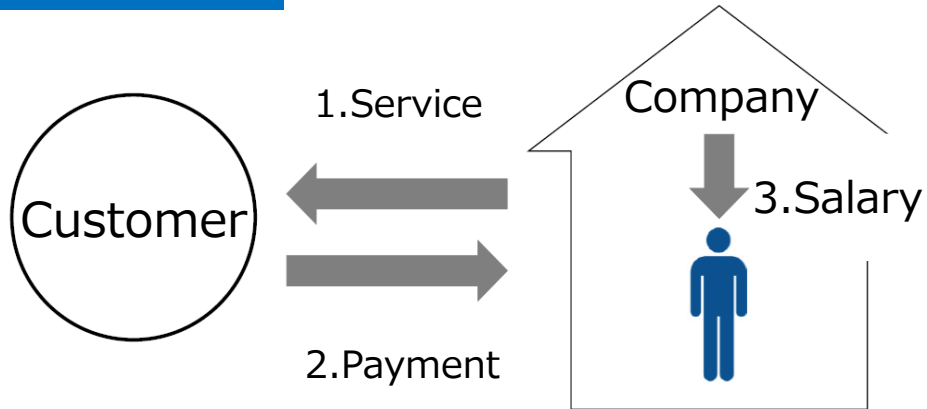


(iv)References (Company Profile and Business Model) Organization Consulting Business (management consulting) - Misunderstandings and Misconceptions (iii)

- The recognition that people work because they get paid is not consistent with the mechanism of the fact (the state of being misunderstood)
- Misunderstandings and Misconceptions about the mechanisms of facts can lead to a gap in the quality and quantity of behavior.
Example) I can do my best because you do ●● = I can't do my best because you don't do ●●.

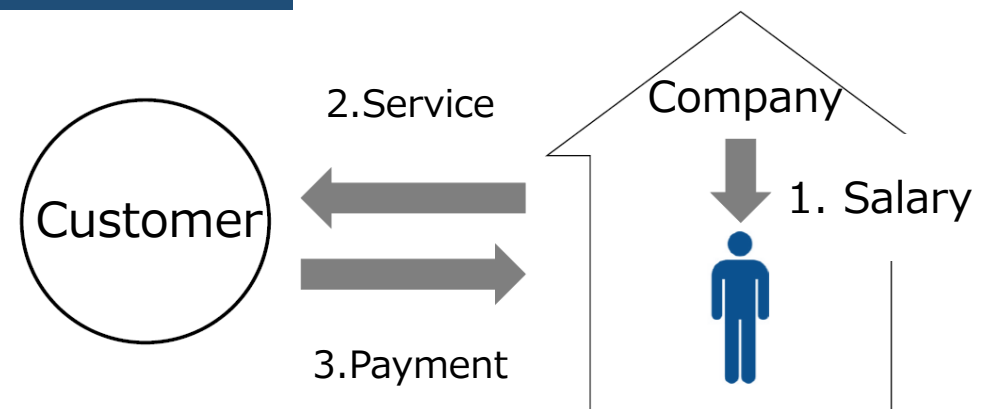
Misunderstandings and Misconceptions about facts

Correct order



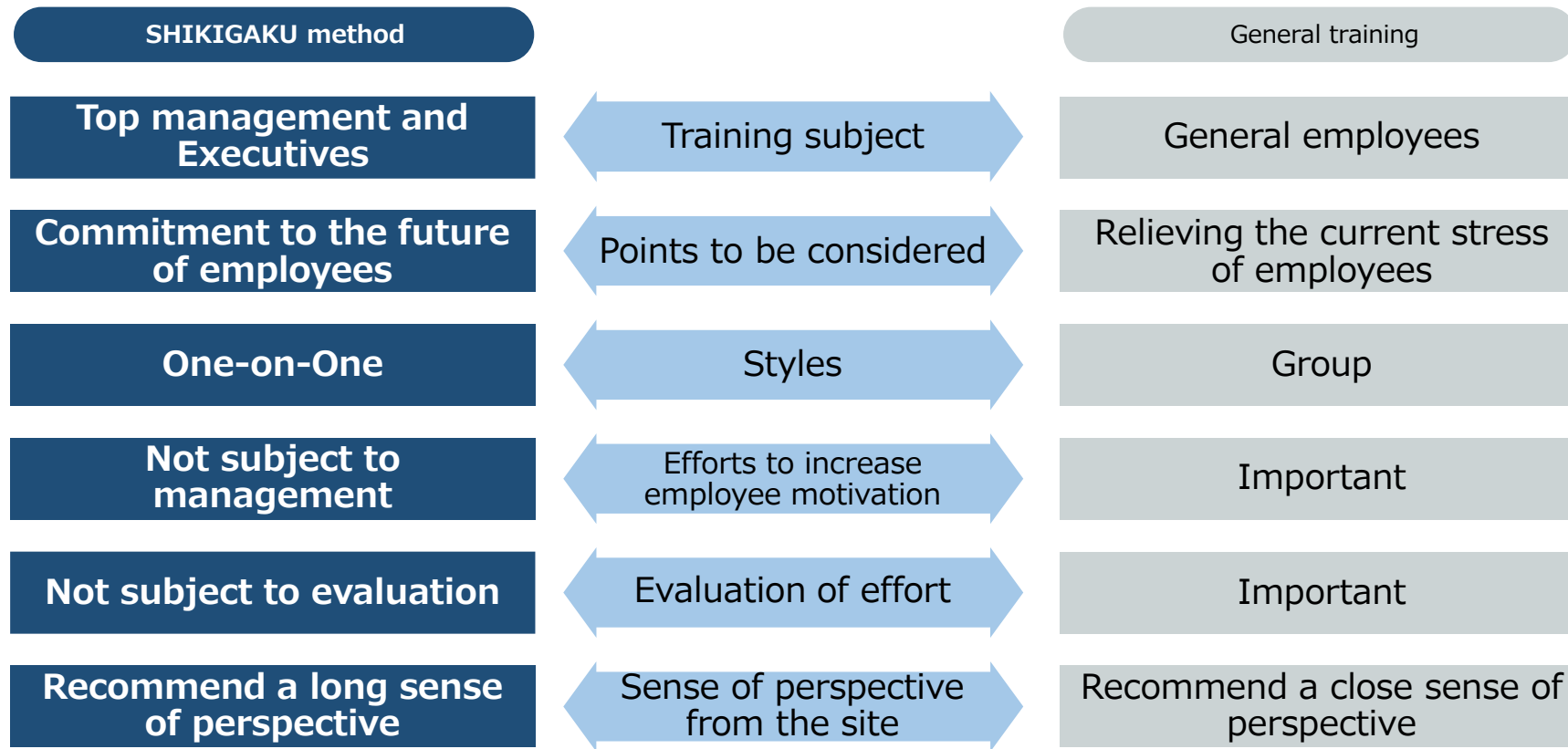
Misunderstandings and Misconceptions about facts

Misunderstood order



(iv)References (Company Profile and Business Model) Organization Consulting Business (management consulting) - Comparison of SHIKIGAKU and general training businesses

- Organizational management utilizing the SHIKIGAKU method is at the opposite end of the range of organizational management recommended by general training
- The focus is on the difference between commitment to the future and the present stress relief



(iv)References (Company Profile and Business Model)

Organizational Consulting Business (Platform) - SHIKIGAKU Basic Services (i)

- SHIKIGAKU Basic Services aim to improve an organization in such a way that it can continuously expand its business by classifying “the state of SHIKIGAKU assimilating the organization” into three major themes and achieving each theme.

Three major themes



SHIKIGAKU assimilation model

— Goal for the 1st year

- ◆ The company-wide rules are fully complied with.
- ◆ The command and order function works in accordance with the organization chart.
- ◆ Weekly meetings are held throughout the company.
- ◆ The roles, responsibilities and authorities of all departments are clearly defined.

(i) Creating an environment where you can concentrate on what you have to do

- Conceptual image of results:
- % decline in turnover rate
 - % reduction in overtime hours

— Goal for the 2nd year

- ◆ An in-house system (such as checks) has been established to comply with the rules.
- ◆ The evaluation system is reviewed every fiscal year.
- ◆ Weekly reports/meetings are continuously made/held throughout the company.

(ii) Creating an environment where growth is sustained with a mechanism

- Conceptual image of results:
- % increase in net sales

— Goal for the 3rd year

- ◆ There is a system by which measures to solve issues are taken in a timely and appropriate manner.

(iii) The growth cycle takes root as an organizational culture.

- Conceptual image of results:
- % increase in the number of employees
 - Increase in net sales for ● consecutive fiscal years
 - Attainment of the listing

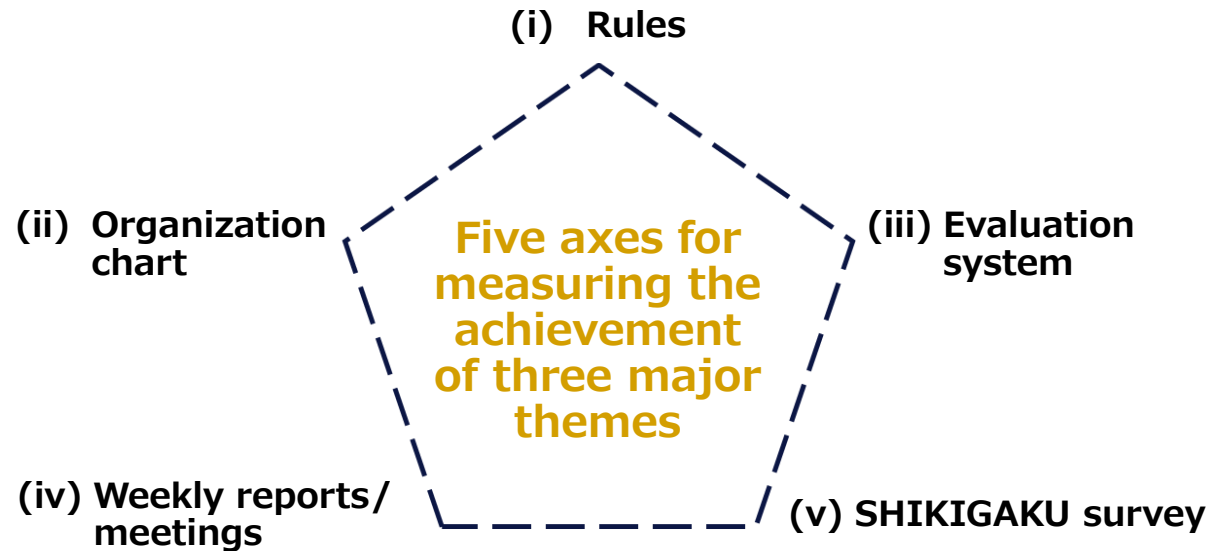


(iv)References (Company Profile and Business Model)

Organizational Consulting Business (Platform) - SHIKIGAKU Basic Services (ii)

- Classifying “the state of SHIKIGAKU assimilating the organization” into six phases by measuring the achievement of three major themes on five axes.
- Measuring the degree of assimilation of SHIKIGAKU in an organization by diagnosing the status of each axis by item.

5 axes



The status of the above five axes is pursued in phases.
(*All six phases of phase 1 to 6 are diagnosed.)

Conceptual image of items

Phases	Phase 1	Phase 2	...	Phase 6
Item				
Rules	There are no company-wide rules.	The company-wide rules have been established and disseminated throughout the company.	—	There is a system by which rules are complied with.
Organization chart	There is no organization chart.	The organization chart is prepared correctly.	—	The command and order function works in accordance with the organization chart.
Weekly reports/meetings	Reporting functions do not exist or have lost their substance.	A weekly report format is completed and begins to be used.	—	Weekly meetings are held throughout the company.
• • •	—	—	—	—

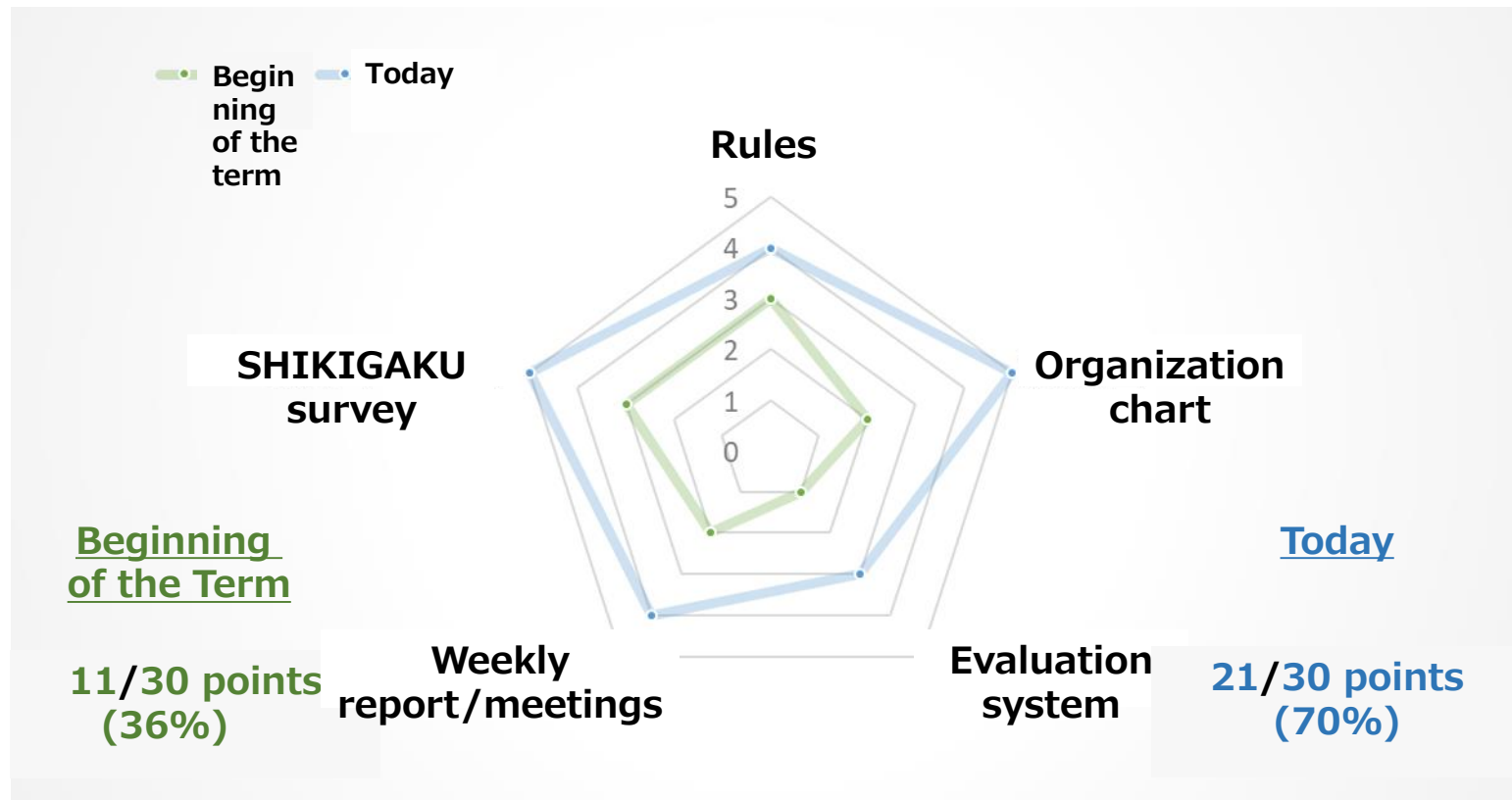


(iv)References (Company Profile and Business Model) Organizational Consulting Business (Platform) - SHIKIGAKU Basic Services (iii)

- Implementing “Phase Diagnosis” on an ongoing basis will help customers to clearly recognize their organizational issues, which enables them to run PDCA cycle more quickly

→ Contribution to solving customers’ organizational issues and enhancement of customer satisfaction leads to **“Proving the usefulness of SHIKIGAKU”**

■ Phase Diagnostic Chart (Sample)



(iv)References (Company Profile and Business Model)

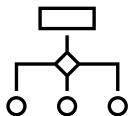
Organizational Consulting Business (Platform) - SHIKIGAKU Basic Services (iv)

- In order to ensure that SHIKIGAKU is assimilated throughout the organization, it is important not only to input knowledge, but also to use the knowledge to output and produce results (responses), and to follow the cycle of recognizing deficiencies from the desired state and making corrections.
- As specific service menus for this purpose, we provide (i) interviews necessary for the assimilation of SHIKIGAKU, (ii) SHIKIGAKU Cloud, and (iii) other services (group training).

Interviews	Details
SHIKIGAKU-style "completion of results"	Measuring the degree of assimilation of SHIKIGAKU with the original "organization phase diagnosis," and scoring the present state of your company. Sharing issues for the next time and making organization improvements.
Meeting checks	Attending (or recording) a meeting and identifying issues. Helping the organization implement the SHIKIGAKU-style "right way to proceed with meetings" so that employees can grow at multiple levels.
SHIKIGAKU theory review pack	Helping the organization create "continuously successful teams" by having it review important points with special texts and deepen understanding.
On-site interviews	Conducting on-site interviews (such as at stores or branches and with lower-level members) with CSM to confirm the actual degree of Assimilation of SHIKIGAKU.

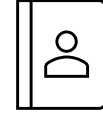
Tip for preparing the organization chart

Preparing the organization chart based on the principles of SHIKIGAKU. Clarifying the positions within the organization.



Tip for preparing the role definition table

Preparing the role definition table based on the principles of roles learned in training.




Tip for preparing weekly reports

Preparing weekly reports based on the "completion of results" learned in training.



Tip for creating rules

Creating rules based on the principles of rules learned in training.




Support for assimilation of the evaluation system

Assimilation support after establishment of the evaluation system.
** Only for companies that have introduced the services for establishing the evaluation system.*



Organization diagnosis

Analyzing the organization status on eight axes. Reducing employee turnover and identifying factors that prevent the organization from functioning.




(iv)References (Company Profile and Business Model)

Organizational Consulting Business (Platform) - SHIKIGAKU Basic Services (v)

SHIKIGAKU Cloud	Details
Organization chart	A system that enables anyone to confirm in the cloud at any time the organization chart that clearly specifies the rules and roles created by each department
Organization Survey and New Graduates Survey	A service that scores the peculiarities of participants' and applicants' thinking based on eight evaluation axes
Theoretical video learning	Learning to deepen understanding with video training
Reporting management	A system where results can be completed in the cloud
Evaluation	A system that provides unified management of target setting, results reporting and superior's approval
Dedicated pages	Used for viewing members-only videos of study meetings, and storing the SHIKIGAKU terminology and case studies

Other	Details
Group training	Providing lectures mainly for the "position" and "Outcome" parts in SHIKIGAKU for untrained managers, general employees and new employees.
Other services	Questions and consultations by phone/e-mail to the consultants Holding study meetings for members

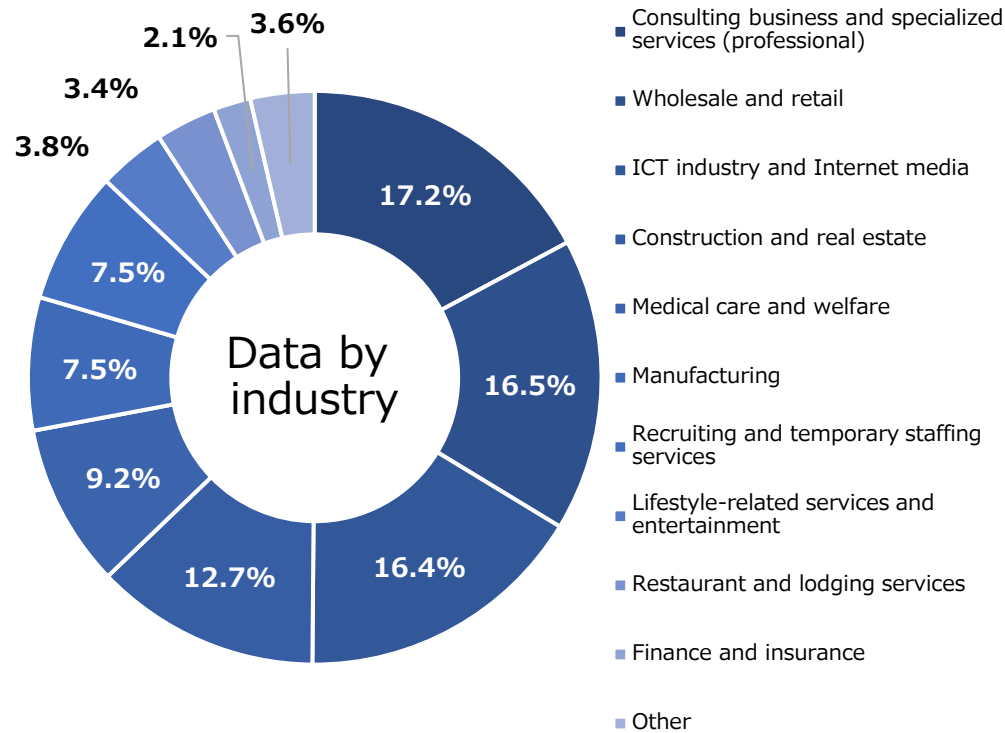


(iv)References (Company Profile and Business Model)

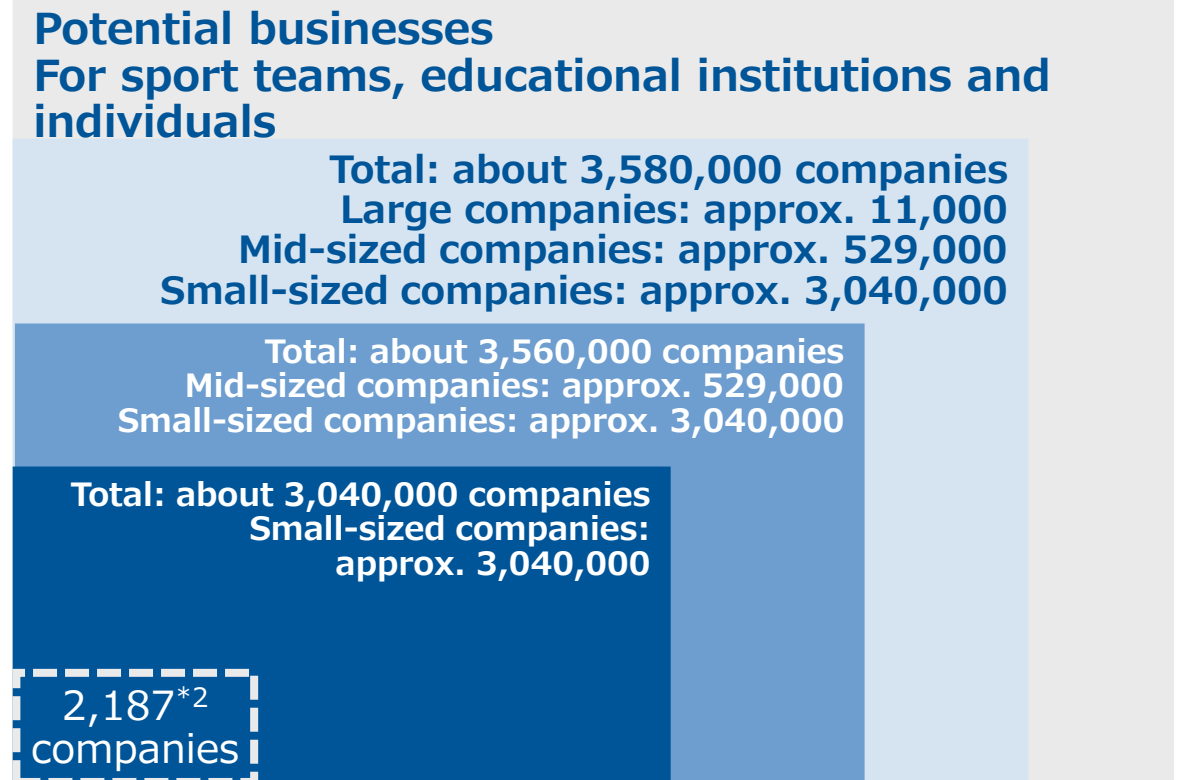
Organizational Consulting Business - Market size and growth potential

- The growth potential in the domestic market based on the current unit price of customers in our company is estimated to be **1.1 trillion yen*1**
- Proof that there is little bias toward industry and that it can be practiced in any industry

Contracted companies by industry



Number of Japanese companies and our share



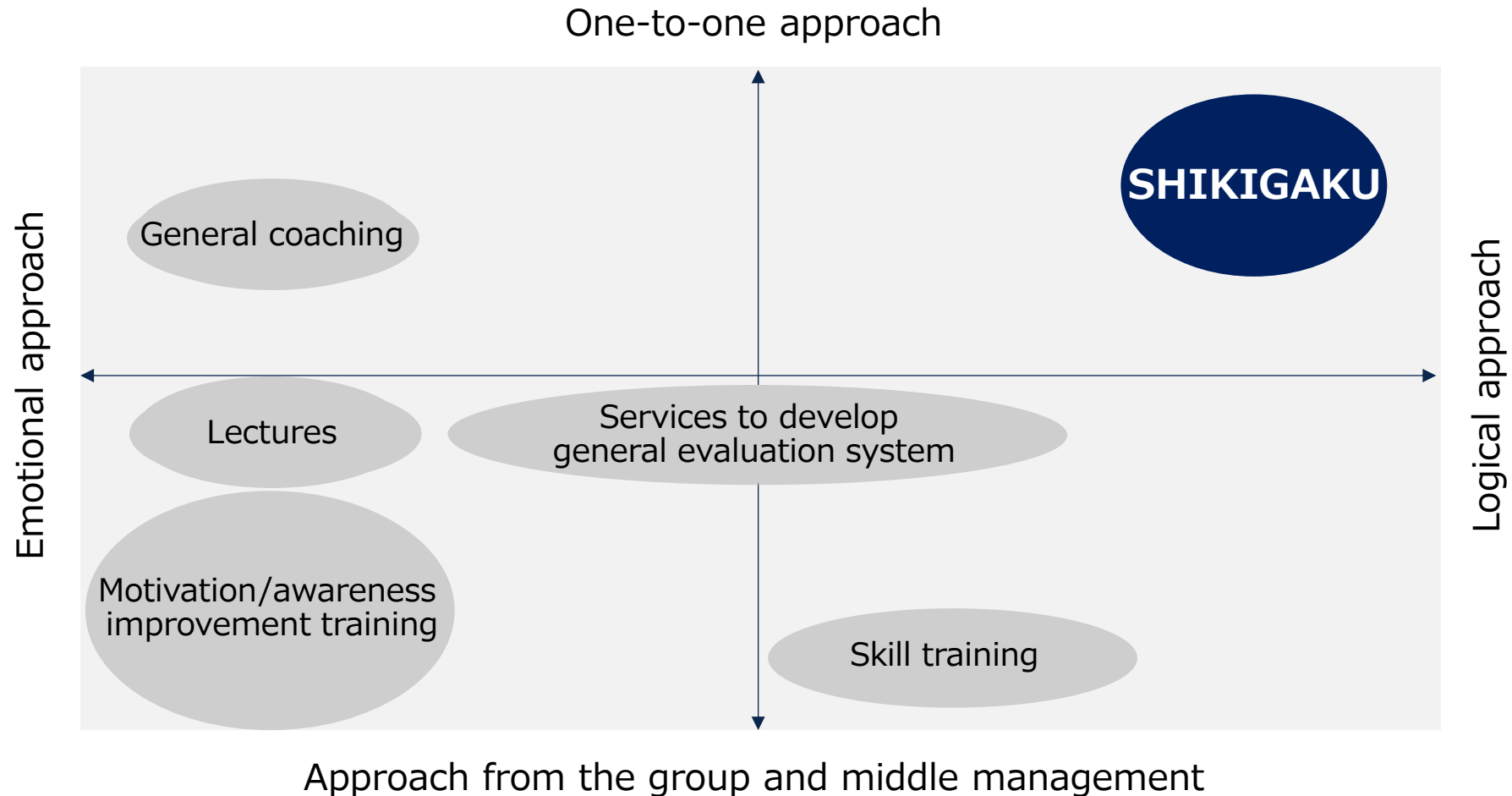
*1: Mid-sized companies × Unit order price per customer (using average order amount per company for the fiscal year ended February 28, 2021)
 (Source) Small and Medium Enterprise Agency, "2019 White Paper on Small and Medium Enterprises in Japan"

*2: Cumulative number of contracted companies as of the end of February 2021



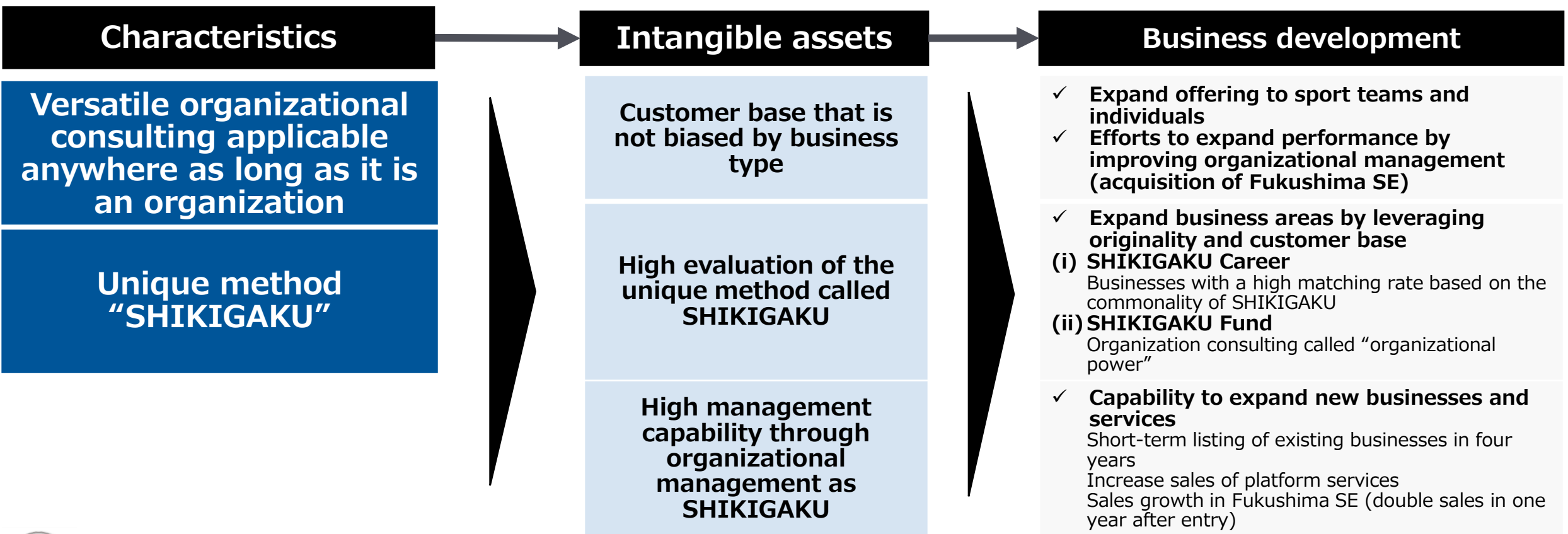
(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (i) Unique Positioning

- Three characteristics: an approach to top management, logic, and one-on-one training
- There are many players who provide organizational management consulting, but our position is differentiated



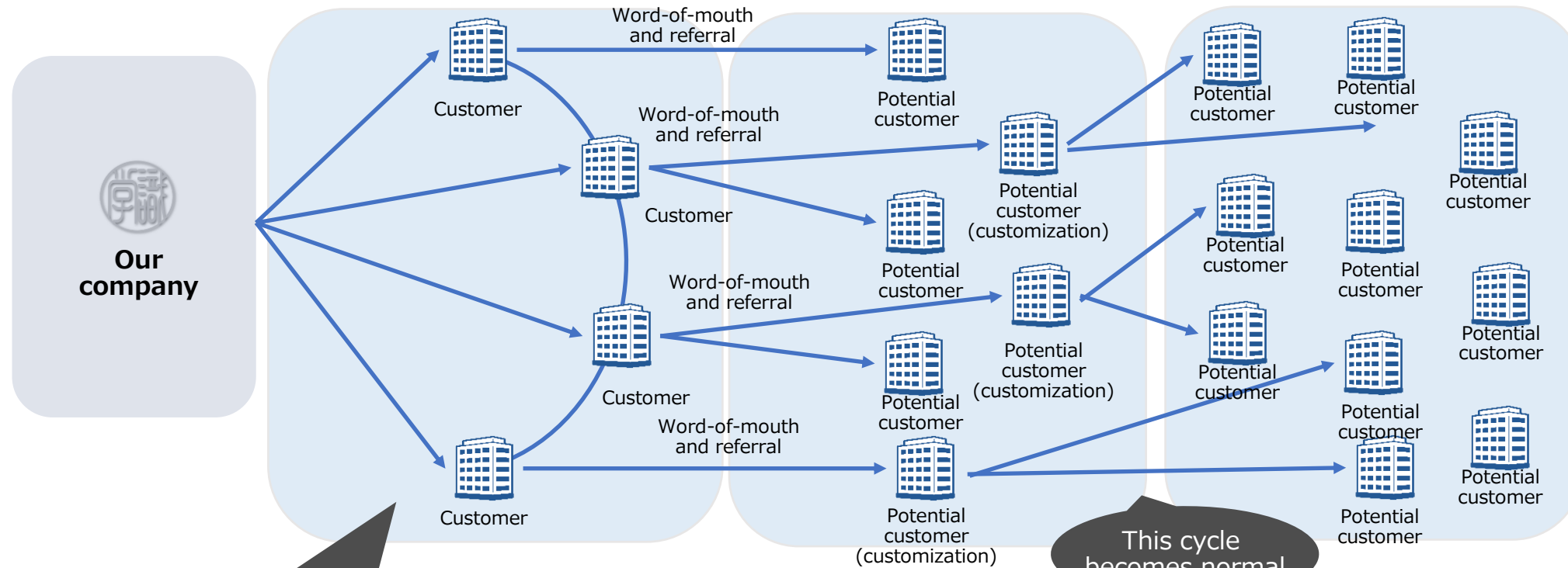
(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (ii) Versatility and uniqueness of SHIKIGAKU methods

- SHIKIGAKU is called unique method
- Since it is a logical method, it can be applied to any business as long as it is an organization. As a result, we will have a customer base that is not biased by business type
- Has management results and achievements through proactive business development and SHIKIGAKU, high new business development capabilities, and business expansion capabilities

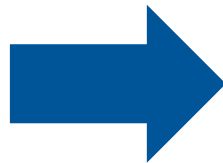


(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (iii) Model in which the number of contracted companies piles up like stock

- Mainly through word-of-mouth referrals from management consulting service contracted companies
- Further stable customer growth is expected if the number of companies that have taken SHIKIGAKU courses increases (half-stock type located between flow and stock)



Acquire new customers through word-of-mouth referrals from companies that have already taken the course



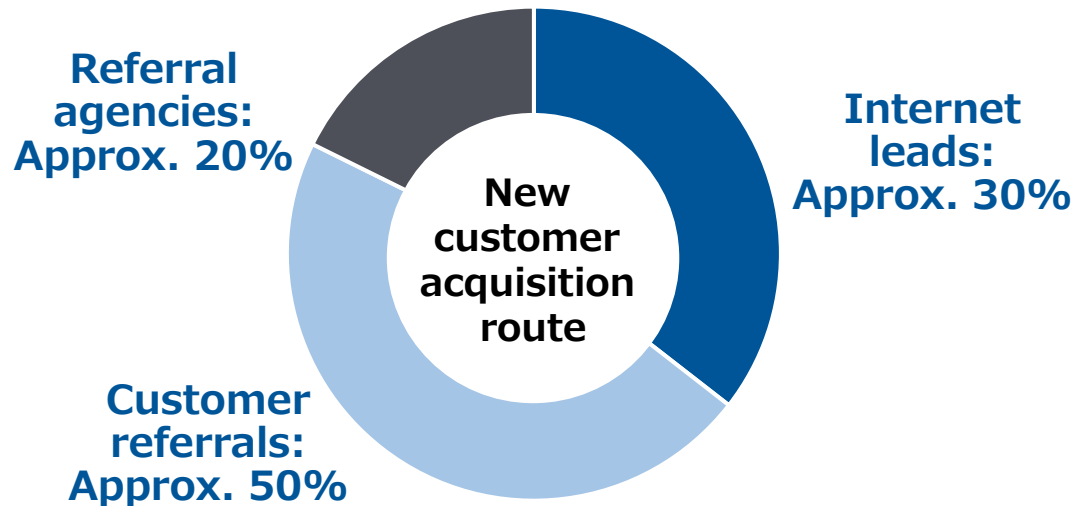
As a basis for efficient new business development, strategic investment in advertising expenses is now possible.



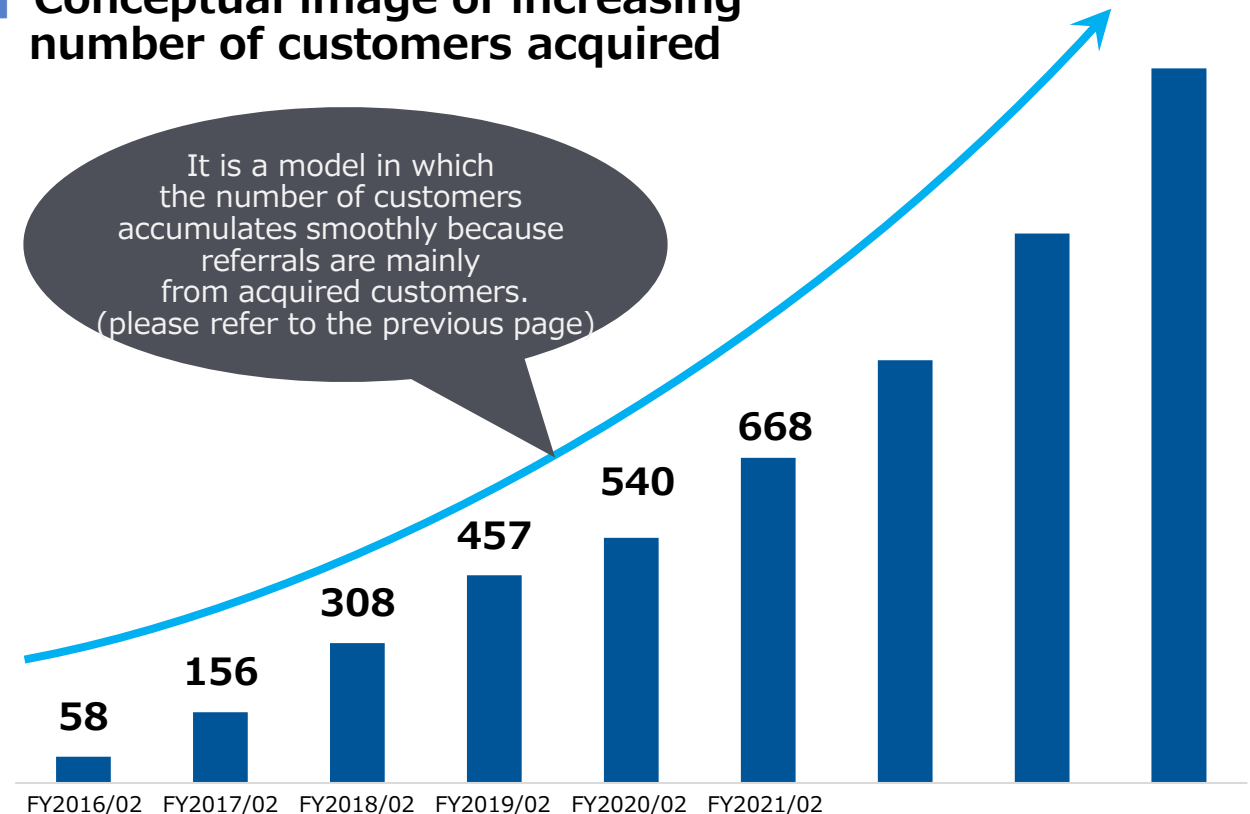
(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (iv) Customer acquisition route

- **Approx. 70%** of customer acquisition is virtually through referrals (referrals + referral agencies)
- Due to the high rate of referrals, **the satisfaction of SHIKIGAKU is estimated to be high**
- 70% referrals from existing customers, so acquisition efficiency is very high

Customer acquisition route results

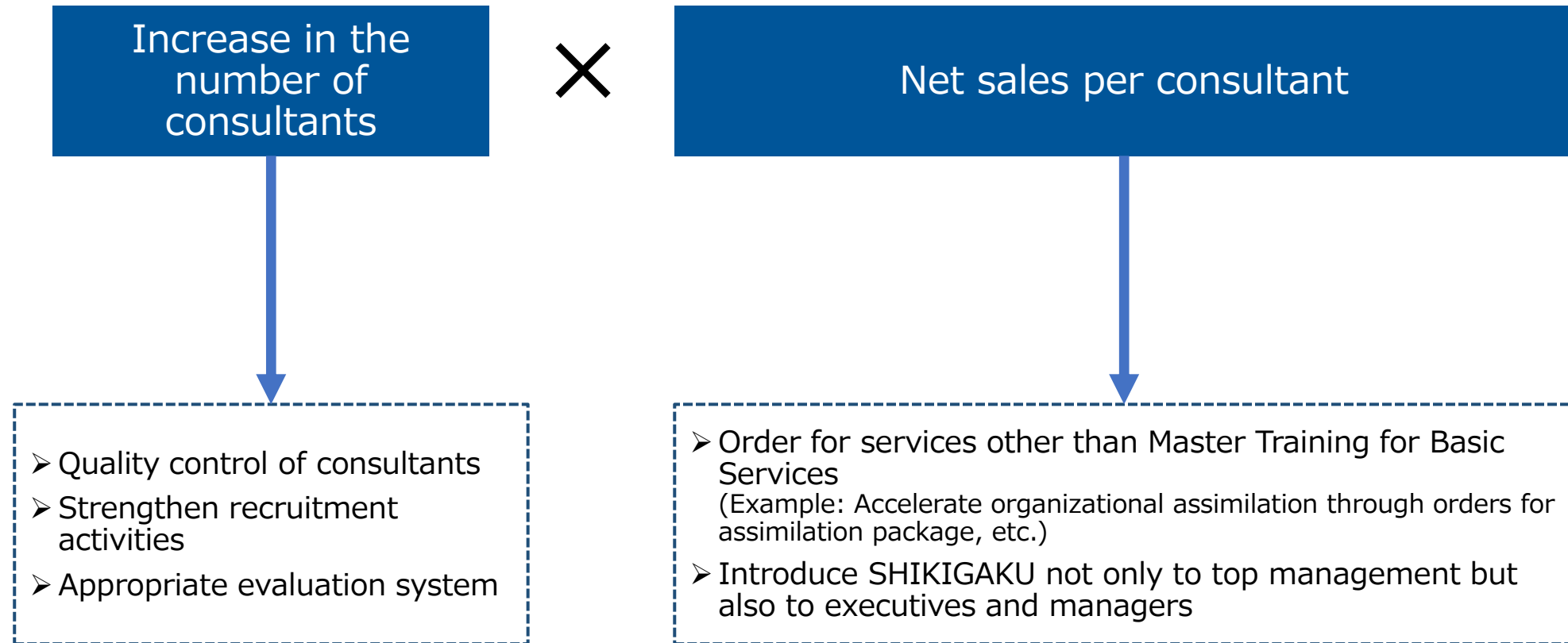


Conceptual image of increasing number of customers acquired



(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (v) Strategies for Sustained Net Sales Growth

- **Key KPIs: “Number of consultants” and “net sales per consultant”**
- SHIKIGAKU method has a high degree of versatility, and thanks to our quality control system, it is possible to train consultants that possess qualities exceeding certain standards
- The increase in the number of consultants and the increase in net sales per consultant will enable us to aim for further sales growth

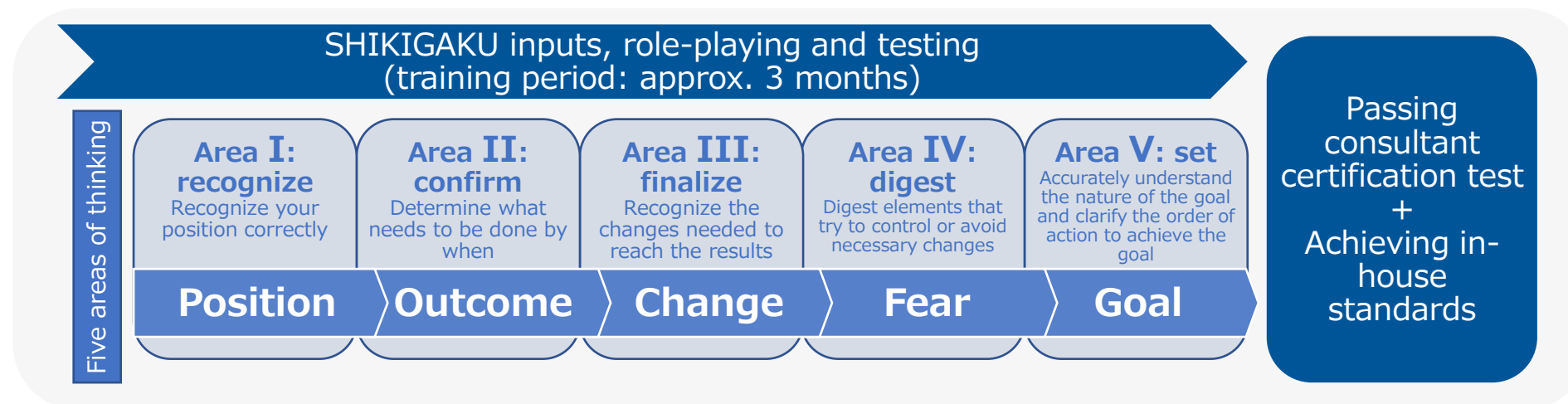


(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (vi) Ability to Develop Content Making It Possible to Train consultants Who Exceed Certain Standards

- The logical and highly versatile SHIKIGAKU method and consultant training system make it possible to train consultants who possess a certain level of quality without depending on the abilities of individual consultants



■ Training curriculum



(iv)References (Company Profile and Business Model) Organizational Consulting Business - Competitive Advantages (vi) Ability to Develop Content Making It Possible to Train consultants Who Exceed Certain Standards

- The number of applicants for our instructors is expanding due to aggressive recruitment activities
- In order to maintain the quality of our services, we use SHIKIGAKU Cloud to set high recruitment standards for surveys of applicants and consultant candidates, and carefully select candidates
- After joining the company, it takes 2 to 3 months to become a consultant. This training system enables mass production of consultants regardless of the increase in our company's scale

Number of job applications
2,162 persons
(FY2020/02: **1,468 persons**)

Period of time before becoming a consultant
78 days
(FY2020/02 : **108 days**)

Percentage of job offers
1.6%



(iv)References (Company Profile and Business Model)

Organization Consulting Business - Overview

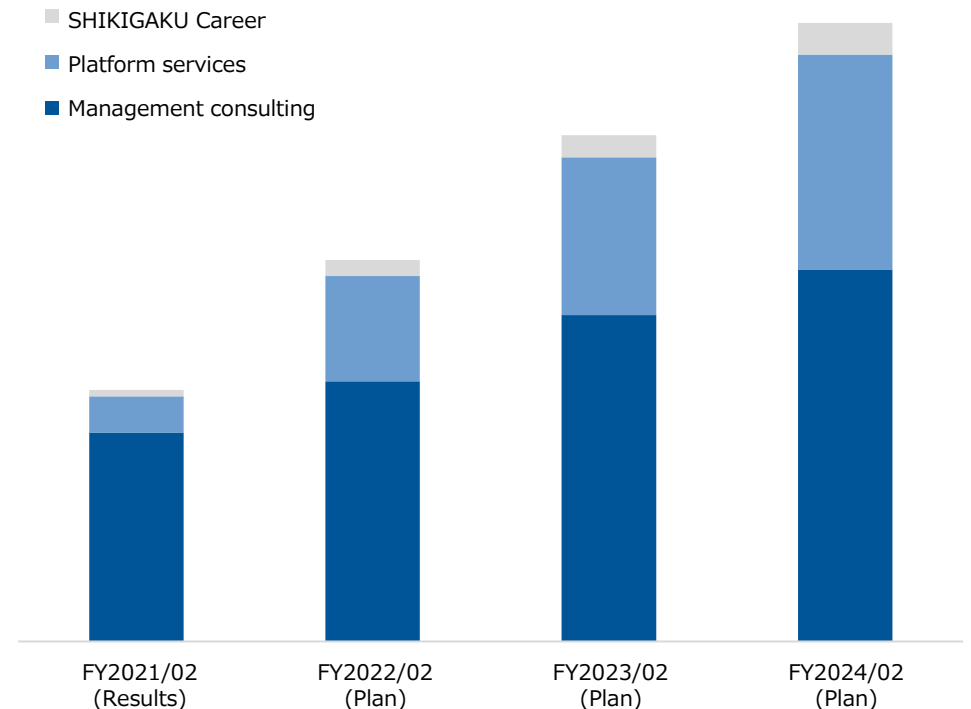
Basic policy

- Further expand platform services
- Maintain monthly sales of 4 million yen per consultant
- Recruitment plan based on the assumption that consultants will be dispatched for hands-on support projects and that the number of consultants will increase by between 20 and 25 per fiscal year

Priority measures

- In order to firmly establish the SHIKIGAKU in organizational management, we will introduce the management consulting service package (Master Training/Assimilation Package/Evaluation System Establishment) and aim to increase the per-customer unit price per company
- In line with the increase in the number of consultants, SHIKIGAKU Basic Services are expected to further increase the number of contracted companies
Platform service sales will further increase as the number of contracted companies grows
- Increase the number of consultants/recruit customer success personnel to achieve a high retention rate for platform services
- The number of job seekers who want to work in SHIKIGAKU-introduced company which “evaluates their employees only on the basis of results” or “is a highly productive organization” is expected to increase, and by the fiscal year ending in February 2024, the number of cases of SHIKIGAKU Career is expected to grow to about 300 million yen.

Conceptual image of sales growth



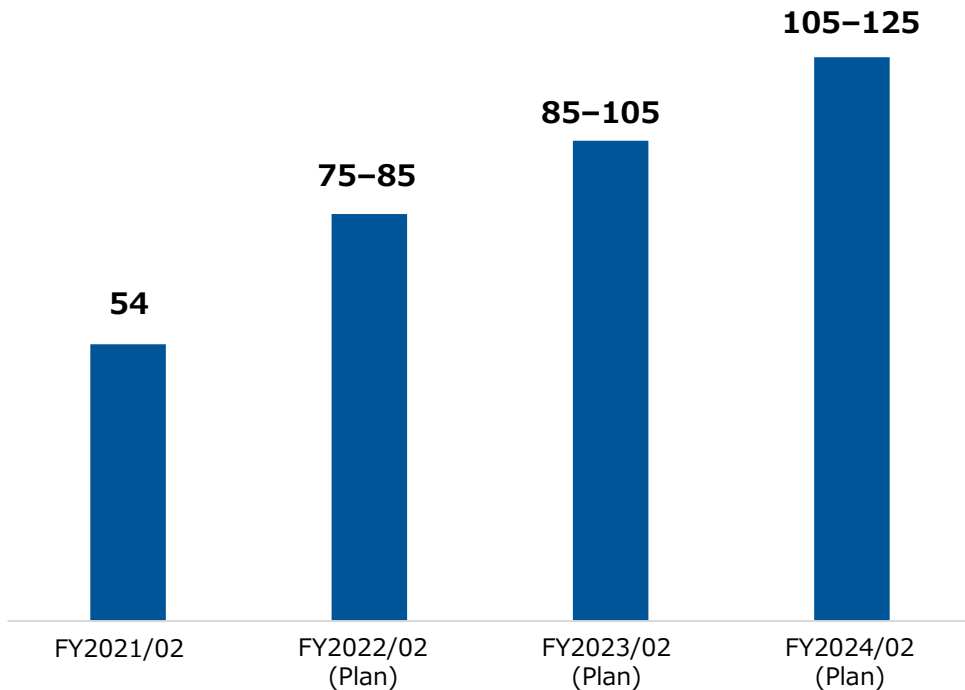
(iv)References (Company Profile and Business Model)

Organization Consulting Business - Business Strategy (Number of consultants)

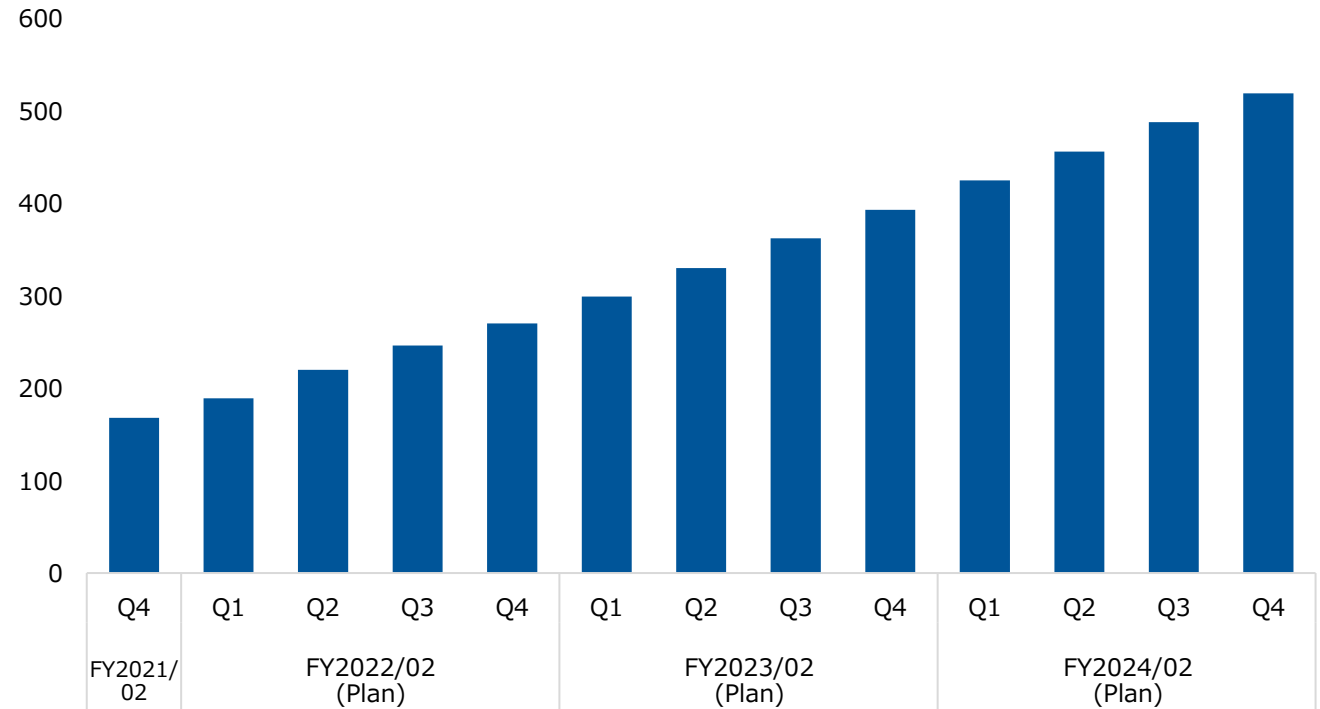
Basic policy

- Maintain number of consultants to increase at a pace of between 20 and 25 per fiscal year
- With the increase in the number of consultants, it is expected that the number of customers for whom “organizational management based on SHIKIGAKU” will be firmly established will increase by providing operational support through SHIKIGAKU Basic Services
- We expect to increase platform service sales by achieving a high retention rate through the achievement of high customer satisfaction as shown above

Conceptual image of increasing number of consultants



Conceptual image of platform services growth



(iv)References (Company Profile and Business Model) Organization Consulting Business - Business Strategy (Cost)

Basic policy

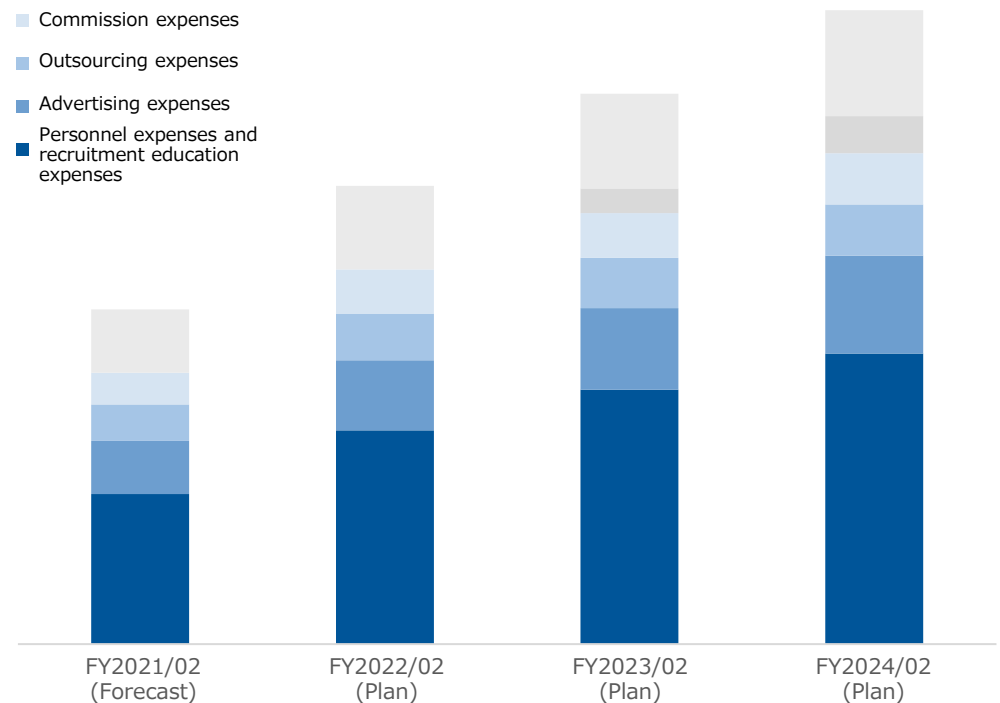
- Of the cost structure, 60% consists of personnel expenses and advertising expenses; we will maintain a similar structure
- As net sales increase due to the increase in the number of consultants, the operating profit margin will exceed 25% in the fiscal year ending February 29, 2024

Cost concept

- Continue hiring consultants, middle office workers and back office workers at the same pace as at present, and expect to increase personnel expenses and recruitment education expenses by 250 million yen to 300 million yen per fiscal year
- Increase advertising expenses to within 100 million yen per fiscal year with the aim of gaining recognition of potential customers who are not aware of SHIKIGAKU and increasing the number of customers
- Assuming the vesting conditions for trust-type stock options (performance terms) are met, we expect to incur share-based payment expenses in the fiscal years ending February 28, 2023 and February 29, 2024

Conceptual image of cost structure

- Other
- Share-based payment expenses
- Commission expenses
- Outsourcing expenses
- Advertising expenses
- Personnel expenses and recruitment education expenses



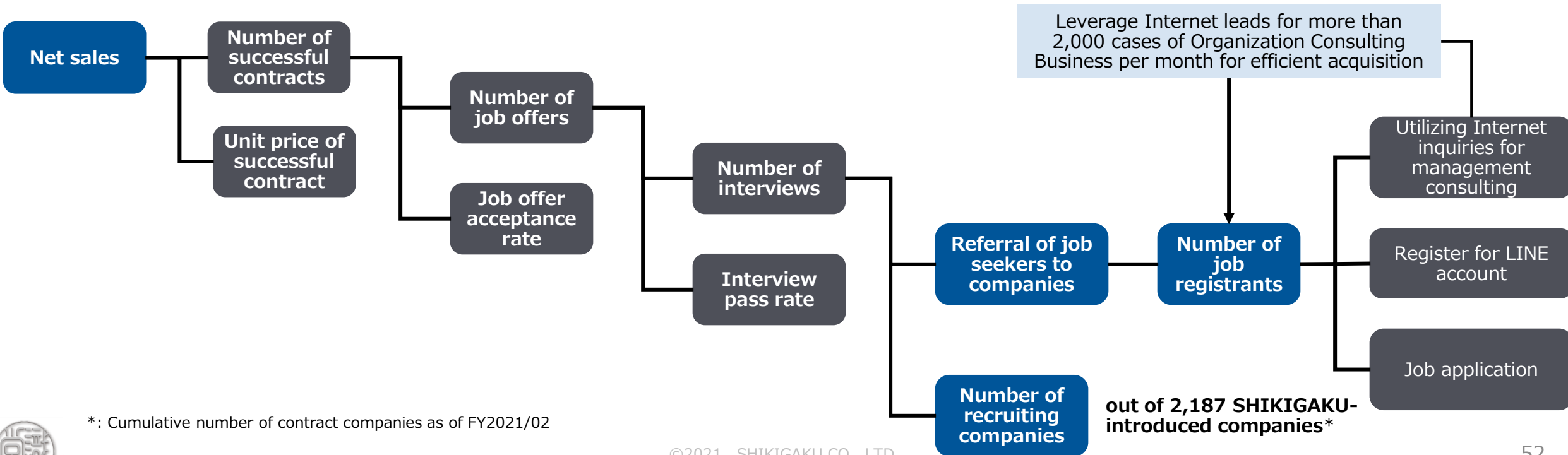
(iv)References (Company Profile and Business Model) Organization Consulting Business - Business Strategy (SHIKIGAKU Career)

Business characteristics

- The strength of SHIKIGAKU Career lies in the fact that the matching rate between registrants and recruiting companies is high due to the commonality of SHIKIGAKU
- Strategy of increasing the number of successful contracts by increasing the number of job seekers referred to recruiting companies
- The number of interviews, offers, and successful contracts will occur with a certain probability due to an increase in the number of referrals. Therefore, measures will be taken to increase the KPI of “number of job seekers referred to companies” and we will aim for business expansion

Financial figures

Business KPI



*: Cumulative number of contract companies as of FY2021/02

(iv)References (Company Profile and Business Model) Organization Consulting Business - Business Strategy (SHIKIGAKU Career)

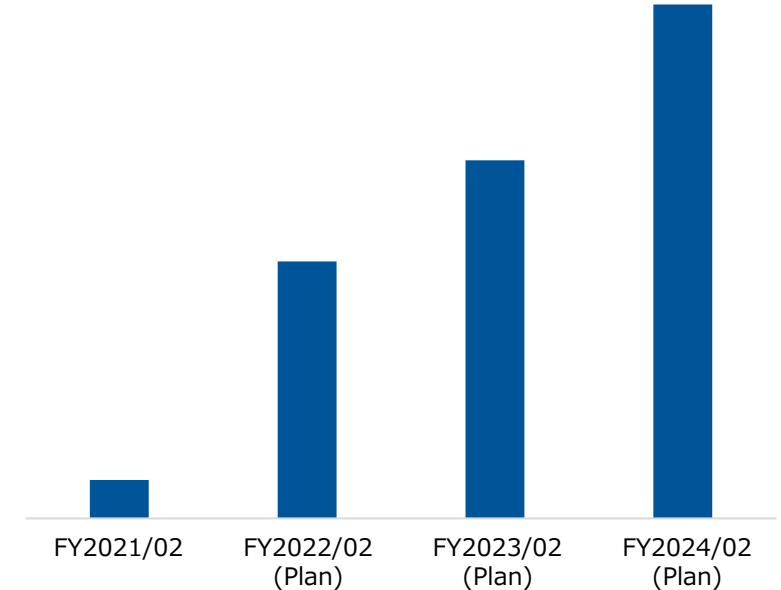
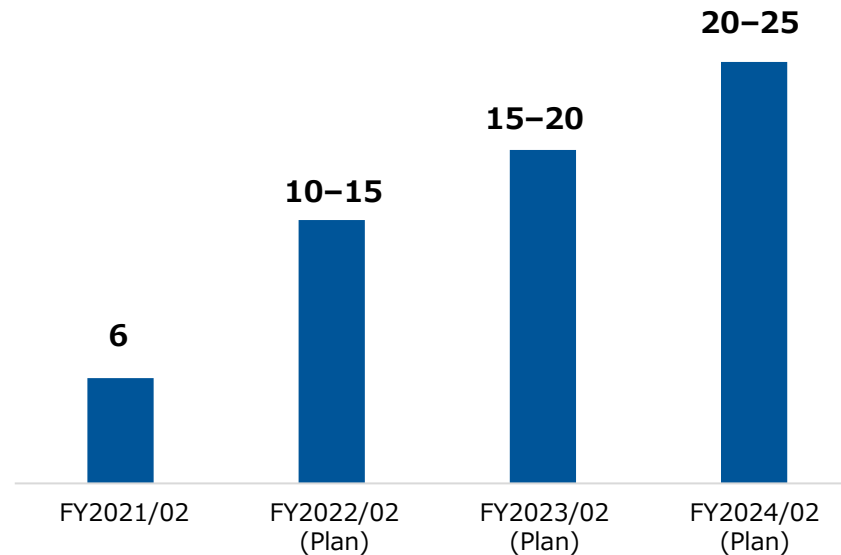
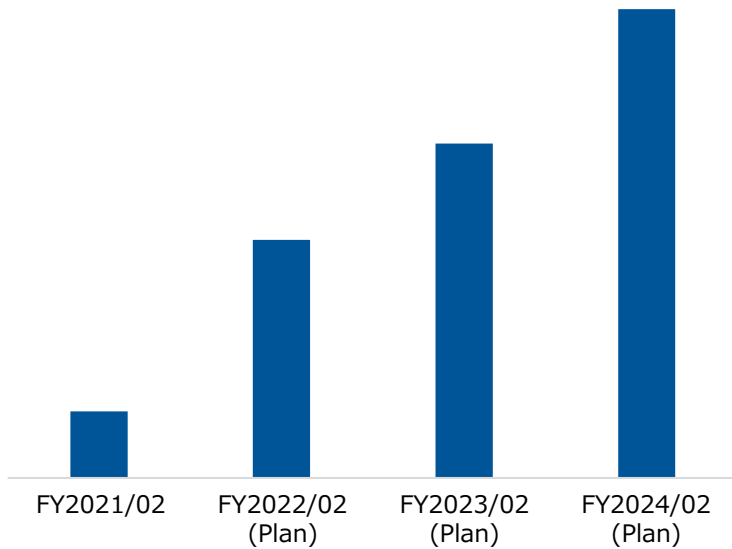
Individual strategy

- Continue to hire 5 to 10 people per fiscal year to increase referrals
- Expect an increase in the number of referrals and a certain probability of successful contracts without factoring in per capita productivity gains
- In the fiscal year ending February 29, 2024, aim to achieve net sales of approximately 300 million yen to 400 million yen

Conceptual image of an increase in the number of job seekers referred to companies

Conceptual image of increasing number of personnel

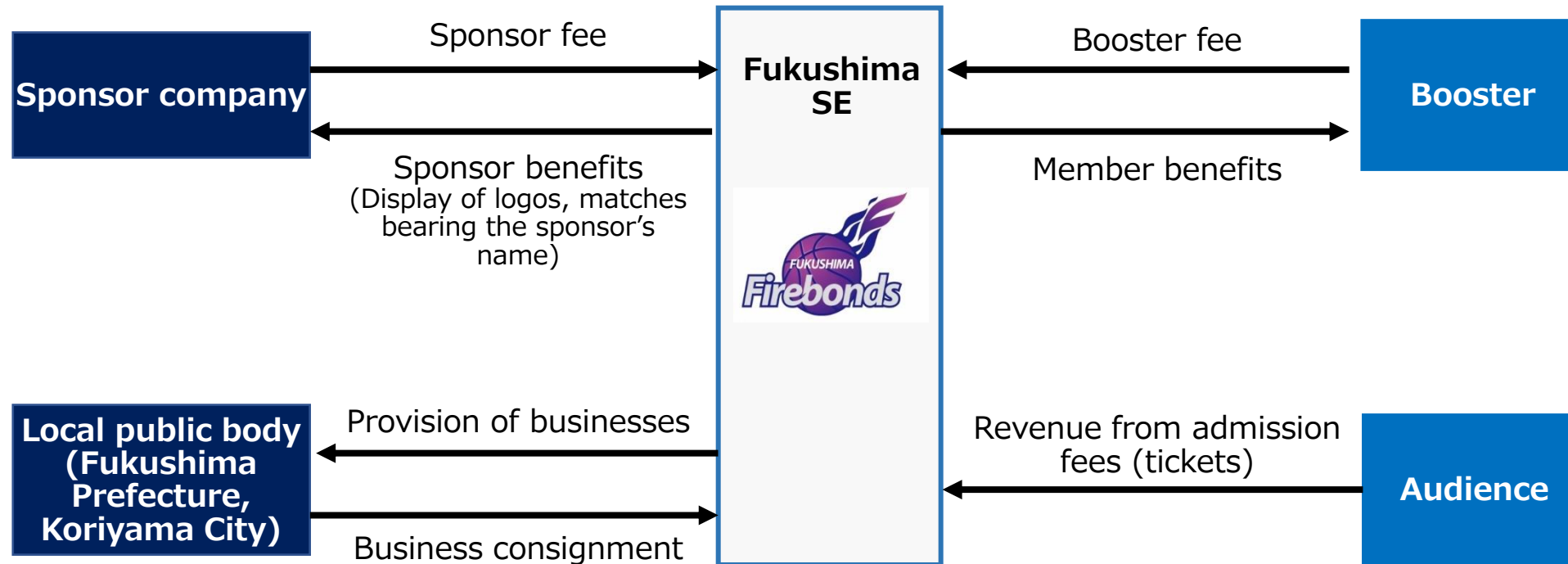
Conceptual image of net sales growth



(iv) References (Company Profile and Business Model)

Sports Entertainment Business - Business Model/Profit Structure

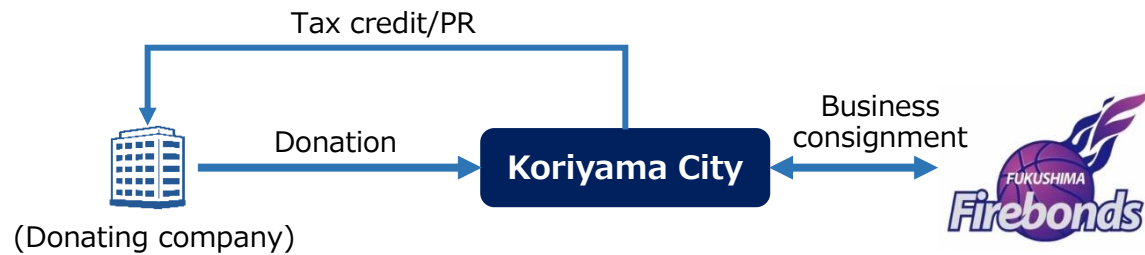
- The Sports Entertainment Business's main revenues consist of **"sponsor revenue"** **"revenue from admission fees"** and **"commissioned revenue from the government"**.
- Commissioned revenue from local public bodies are from the contract business utilizing the corporate version of the hometown tax payment.



(iv)References (Company Profile and Business Model) Sports Entertainment Business - Entry Background into Sports Entertainment Business

- In addition to the existing sponsor revenue and box-office revenue, a new source of revenue will be acquired by receiving business consignment from the government
- Create a foundation for business expansion by building close relationships with local communities

Koriyama sports innovation business



Example of business consignment

- Inviting home games (dreams for the children)
- Business to promote the attractiveness of professional sports
- Sports leadership development program
- Yoga exercise program
- Basketball clinic program
- Health check by watching sports

About basketball team management

Number one contestant in the world	Potential market is large and there is a lot of room for development In terms of the number of junior and senior high school students participating in club activities, it ranks first among all the sports and is attracting a lot of attention from young people in Japan
Profitable business model	A business model that can strengthen the team and generate "profit" through increased sponsorship and attendance. (1) Stable ticket revenue is expected. Fewer competing sports due to different seasons from other sports. The number of games per year is as many as 60, and the season is different from other sports (professional baseball: April-October, B League: October-May). Because the games are held indoors, they are not canceled due to weather conditions. (2) It does not require a large amount of team personnel costs. Compared to other team sports, there are only five players in the competition, so personnel costs are not as high.
Achievements	NISHINOMIYA STORKS successfully achieved profitability through management reform Waseda → become No. 1 team in Japan, Rikkyo → promoted from section 2 to section 1 = SHIKIGAKU and sports affinity
PR effect	Restructured an insolvent company = Proved the usefulness of SHIKIGAKU for corporate management Symbol of Fukushima reconstruction



(iv)References (Company Profile and Business Model)

Sports Entertainment Business - Overview

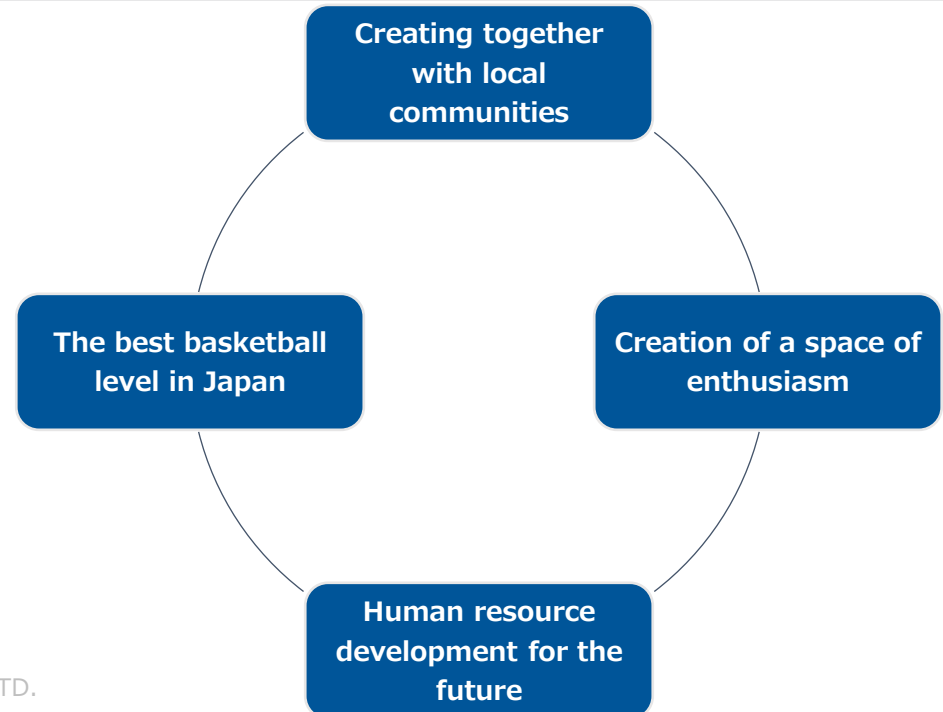
Basic policy

- As a community-based club, maximize the potential of the organization and community, and lead Japan as “proud Fukushima”
- Improve revenue through “four strategies to be nurtured and for nurturing” to become a symbol of Fukushima
- Aim to return to profitability for the full year by further improving revenue through the spiral required for profit expansion
- Achieving the above will lead to [further proof of the usefulness of SHIKIGAKU](#)

Spiral for profit expansion



Four strategies



(iv)References (Company Profile and Business Model)

Sports Entertainment Business - Business Strategy

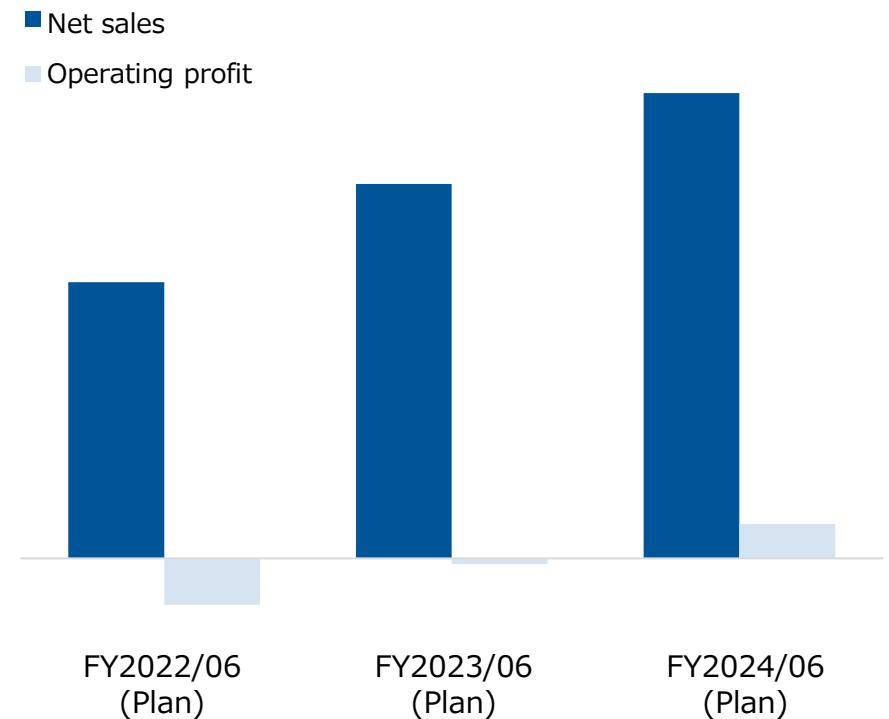
Business strategy

- Co-creation with local communities (cooperation with sponsors and the government)
- Top-level basketball in Japan (clarification of roles, establishment and evaluation, discipline, Japan's best physical training)
- Creating enthusiasm space (SNS/non-SNS attractions)
- Human resource development for the future

Priority measures

- Increase in number of sponsors through further review of sales management system (sales by area, expansion of sales personnel)
- Strengthen cooperation with the government and expand sales by utilizing the corporate version of hometown tax payment for business contract from the government
- Clarify roles and strengthen discipline through Japan's best physical training and SHIKIGAKU-based team management
- Prevent customer alienation through repeated measures, and fan intake in people who do not use SNS in cooperation with Koriyama City
- Expand the base of Firebonds Youth and educate youth athletes throughout Fukushima Prefecture

Conceptual image of medium- and long-term growth



(iv)References (Company Profile and Business Model)

Hands-on Support Fund - Entry Background into Hands-on Support Business

- Achieved success and improvement in the following two business areas through organizational management based on SHIKIGAKU
- Based on these results, launched a hands-on support business to build a further growth pillar for the next three years
- Figures for the hands-on support business are not included in the figures of this medium-term management plan because it is difficult at present to predict exit and return after investment

Successful case of investment focusing on “organizational power”

GEOCODE’s November 2020 IPO, which introduced SHIKIGAKU in fiscal year ended February 28, 2019

Investment decision capability

Discerning capability to invest in IPO stocks out of the 2,187 companies that introduced SHIKIGAKU

Case of improvements through hands-on support (results of revenue improvement at Fukushima SE)

Net sales doubled compared with the previous fiscal year (*1) only through organizational management according to SHIKIGAKU

Hands-on capability

Hands-on support capability to improve corporate value by dispatching our employees to investees and introducing SHIKIGAKU

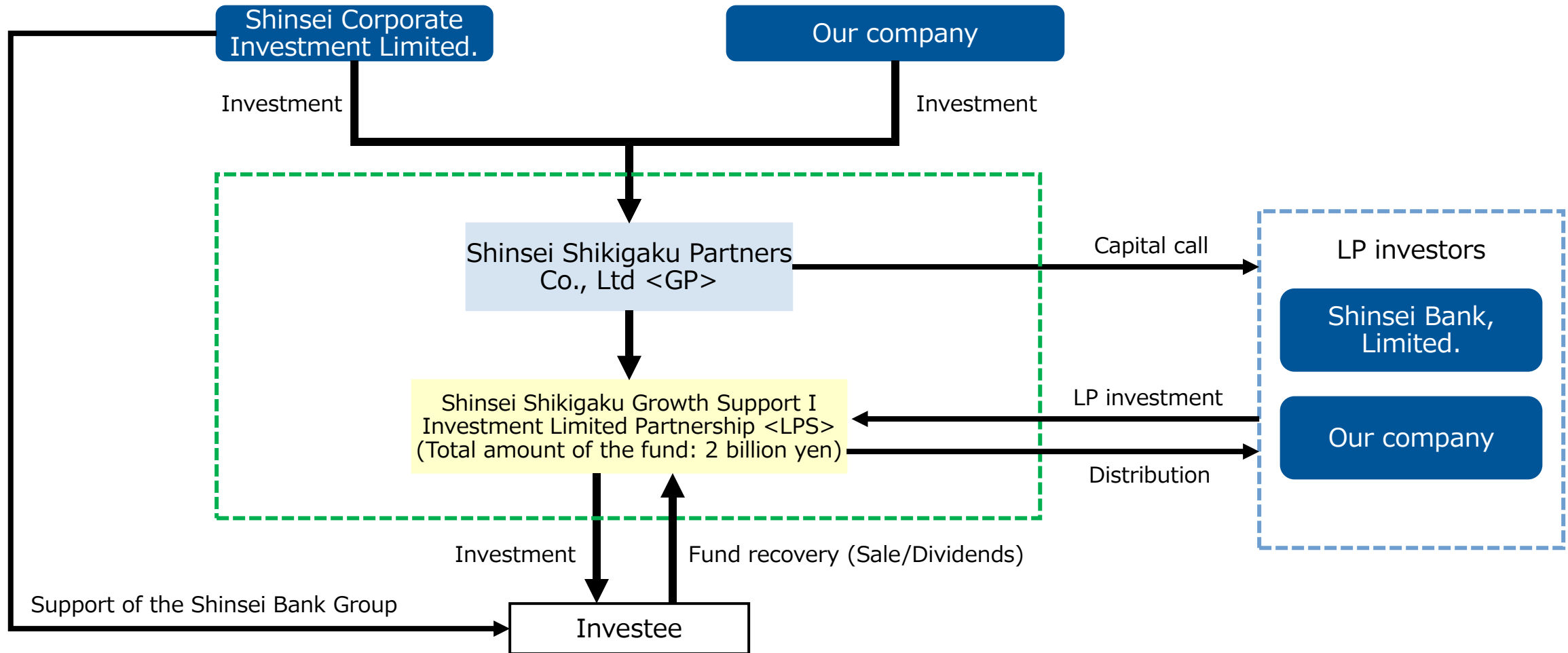
Accelerate the achievement of our medium- and long-term vision and management philosophy through full-scale entry into the hands-on support business

(*1) Comparison with results for July–February



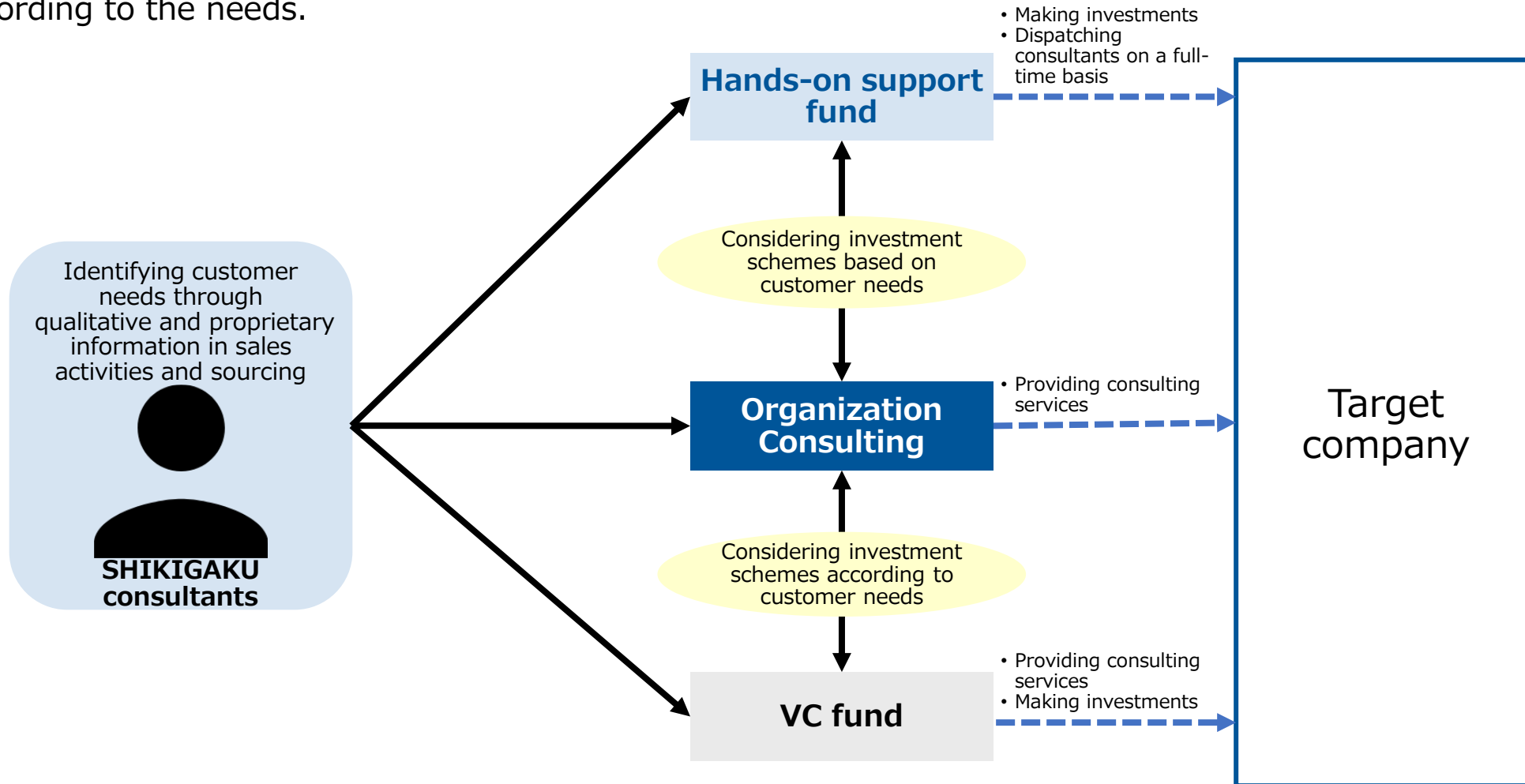
(iv) References (Company Profile and Business Model) Hands-on Support Fund - Fund Scheme

Fund scheme diagram



(iv)References (Company Profile and Business Model) Hands-on Support Fund

Identifying customer needs through sales activities, sourcing activities, and provision of services to existing companies. Shifting to a service structure that enables the provision of management resources other than consulting, that is, "human resources and funds" such as investment in growth funds and the dispatch of consultants on a full-time basis according to the needs.



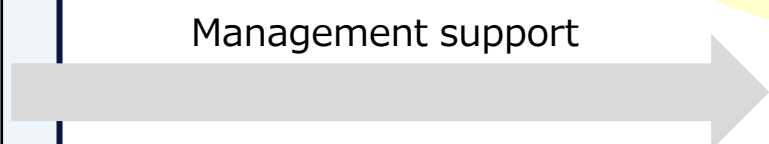
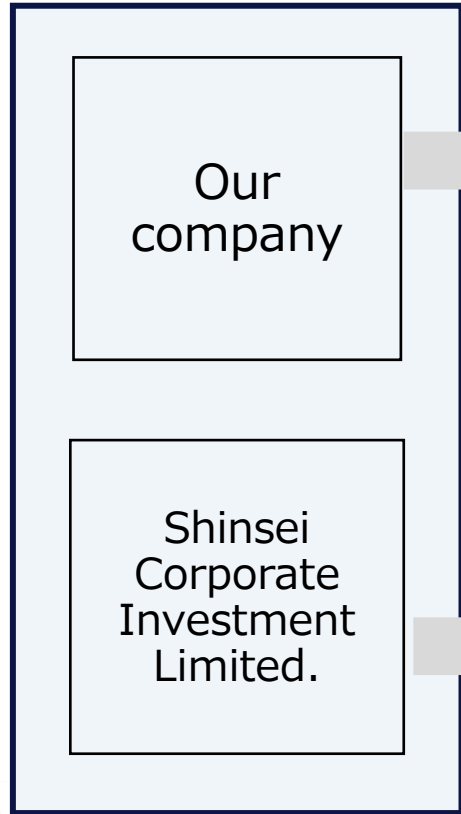
(iv)References (Company Profile and Business Model) Hands-on Support Fund

In collaboration with Shinsei Corporate Investment, we established a joint fund with the originality of “organizational improvement support” and “finance support”.

- By establishing a joint fund with a financial PE fund, we can provide management support from a financial perspective.

Shinsei Shikigaku Growth Support I , L.P.

Dispatching consultants on a full-time basis
Establishing the management system through SHIKIGAKU by persons who have experience in IPOs



Investee



Purpose of this project

Improving the investee's performance through hands-on support

Acquiring capital gains through exit

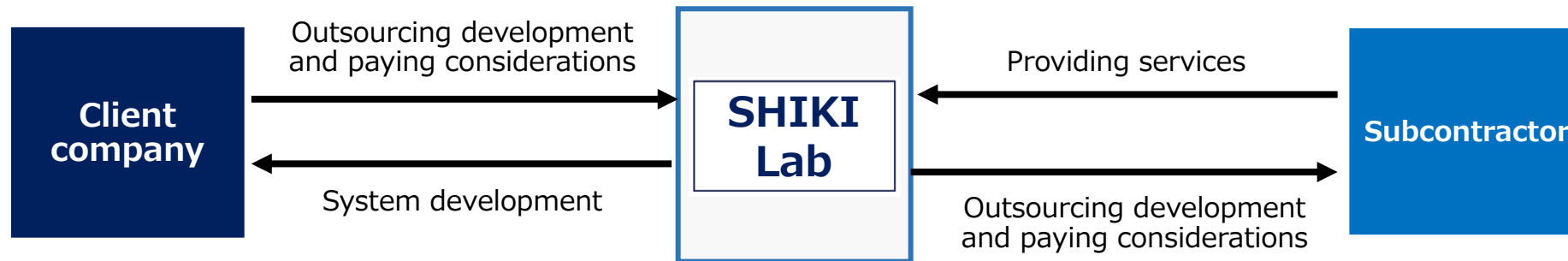
Proving the usefulness of SHIKIGAKU



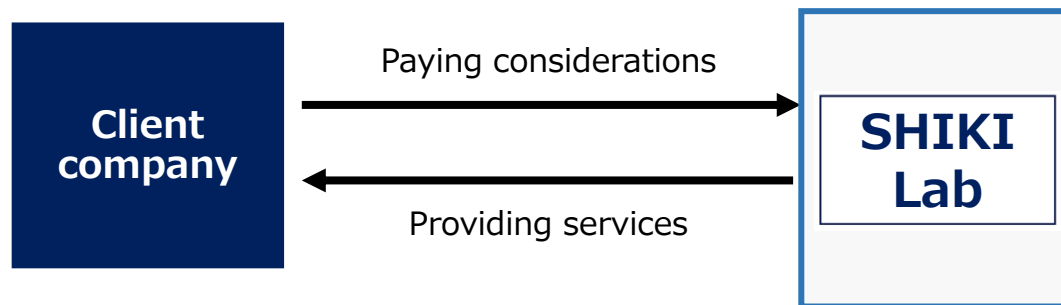
(iv)References (Company Profile and Business Model) Contract Development Business

- Commissioned system development businesses are major revenue sources
- Developing new businesses by leveraging the expertise accumulated in contract development projects

Contract and joint development



Own services (Work Experience DX)



(iv)References (Company Profile and Business Model) Contract Development Business

Basic policy

- Upfront investment to monetize “Work experience DX” which is a new business
- By focusing on “Work experience DX,” the existing Contract Development Business will reduce resource input to a level that maintains the status quo

Priority measures

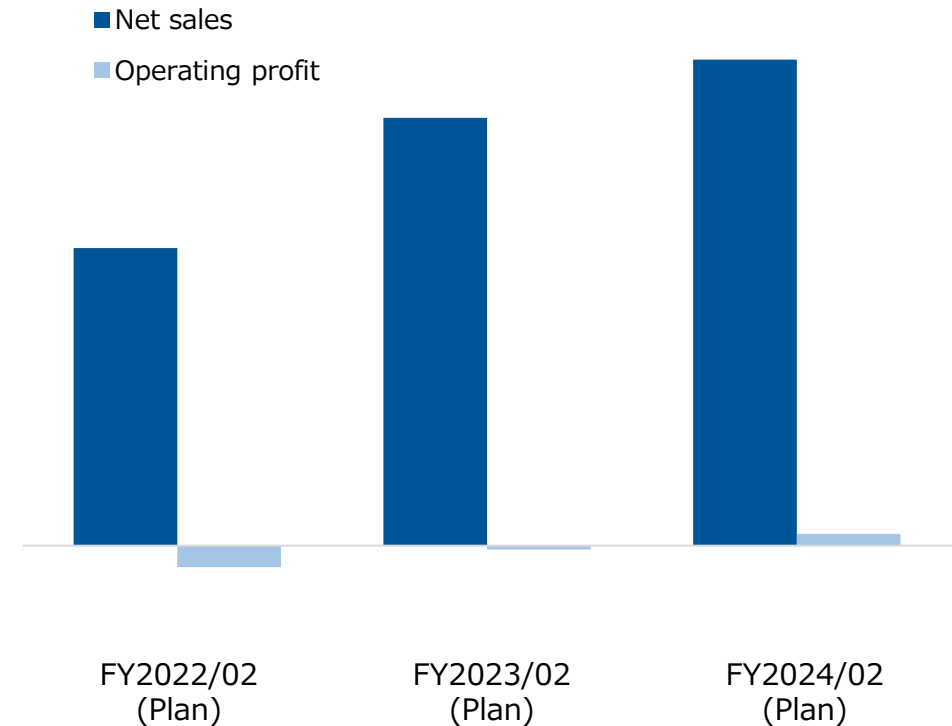
■ New businesses

- ✓ New recruitment content to reduce mismatch between companies and job seekers by allowing job seekers to experience real jobs in a game format as online recruitment firmly becomes established
Expect to exceed existing contract development sales in FY2024/02
- ✓ Because there are uncertainties in the monetization of new businesses, we expect them to be conservative in this medium-term management plan
- ✓ Policy to use profits from existing Contract Development Business projects to invest in new businesses

■ Existing businesses

- ✓ To accumulate development know-how by taking orders in existing Contract Development Business projects at the same pace as current projects

Conceptual image of medium-term growth



Handling of This Material

Disclaimer

- Forward-looking statements contained in this material are prepared based on judgments and assumptions made based on information available at the time of preparing this material and are not intended to guarantee the accuracy of such statements. This material also includes financial figures that have not been audited by an independent certified public accountant or auditing firm.
- Actual results may differ materially from those projected due to various uncertain factors, changes in risk factors or changes in the economic environment contained in these judgments and assumptions.
- The statements in this document are made as of the date hereof (or as otherwise indicated therein), and the Company has no obligation or policy to update such information from time to time.
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