

Financial Results for the Fiscal Year Ended February 28, 2022 Full Year Financial Report

April 14, 2022

Tokyo Stock Exchange Growth Market (7049)



Table of Contents

1 | **Financial Summary for the Fiscal Year Ended
February 28, 2022**

2 | **Financial Forecast for the Fiscal Year Ending
February 28, 2023**

3 | **Medium-Term Business Plan (FY2023–FY2025)**

1. Financial Summary for the Fiscal Year Ended February 28, 2022

Performance Highlights

- Landed **record high sales and operating profit** despite continued deliberate upfront investment in personnel and recruitment and training costs.

Segment	Summary	Topics
Consolidated	<p>Net sales: 3,823 million yen (YoY+52.6% 100.7% of planned)</p> <p>Operating profit: 359 million yen (YoY+161.8% 89.9 of plan)</p> <p>Net income*1: 224 million yen (-41 million yen in previous year, 147% of planned)</p>	<ul style="list-style-type: none"> Organization consulting business performed well and contributed to sales growth. Record operating profit, but not achieved as planned due to deliberate upfront investment in recruitment. Net profit for the year landed above plan due to a gain on the sale of investment securities following the exit of a VC fund investee.
Organization Consulting	<p>Net sales: 3,322 million yen (YoY+49.5%)</p> <p>Operating profit: 565 million yen (YoY+147.1%)</p> <p>Net sales per consultant: 3.5 million yen/month (QoQ -7.9%)</p> <p>Number of consultants: 73 as of the end of February 2022 *73 as of April 2022</p> <p>Order backlog : 756 million yen (+2.5% compared with end of previous fiscal year)</p> <p>*Order backlog for management consulting only</p>	<ul style="list-style-type: none"> Platform services Monthly net sales of SHIKIGAKU Basic Services progressed, surpassing the plan (124.9% of plan) Churn rate remained below expectations Number of consultants Recruitment of candidate consultants moved well. <u>Challenges remain in training of candidate consultants.</u> Shikigaku Career annual sales: approx. 100 million yen (YoY+341%)
Sports Entertainment	<p>Net sales : 285 million yen</p> <p>Operating profit : -126 million yen (4th quarter: +9 million yen)</p>	<ul style="list-style-type: none"> Sales from sponsor order were strong, up 63.4% YoY Delays in the delivery of contract business sales, but new sources of revenue also contributed with sales reaching 112.8% of plan
VC Fund Hands-on Support	<p>Investments in: 6 companies(5 VC and 1 Hands-on Support))</p> <p>Investment decisions made: 2 companies</p> <p>Investments being considered: 1 company</p>	<ul style="list-style-type: none"> Decided on first investment case of Shinsei SHIKIGAKU Growth Support I, L.P. →Dispatch of one consultant as a company director for start of hands-on support

*1 Net profit attributable to owners of parent company

1. Financial Summary for the Fiscal Year Ended February 28, 2022

Consolidated Statement of Profit and Loss

- Pursuing proactive upfront investment in personnel and recruitment education as a foundation for medium- and long-term growth.
- Gross profit margin in organization consulting business moved in the high 80% range.

(Million Yen)	FY2021/02 4Q (QTD)	FY2022/02 4Q (QTD)	YoY	FY2021/02	FY2022/02	YoY	FY2022/02 Plan	Progress rate
Net sales	809	1,015	25.4%	2,506	3,823	52.6%	3,798	100.7%
Operating Expenses*1	709	955	34.7%	2,368	3,463	46.2%	3,398	101.9%
Personnel Expenses/Recruitment education expenses*2	294	438	49.0%	1,065	1,598	50.1%	1,525	104.8%
Advertising expenses	98	97	-0.5%	331	395	19.4%	435	90.9%
Rent expenses on land and buildings	27	36	34.9%	101	140	37.9%	113	123.6%
Team operating expenses/Box-office expenses	98	84	-14.4%	258	287	11.3%	241	118.8%
Outsourcing expenses	47	75	57.9%	149	343	129.5%	325	105.5%
Other operating expenses	142	222	55.8%	462	698	51.0%	757	92.3%
Operating profit and loss	100	82	-18.3%	137	359	161.8%	400	89.9%
EBITDA	117	99	-15.2%	199	429	115.9%	470	91.4%
Gross Profit Margin	69.7%	74.6%	-	74.5%	72.3%	-	75.4%	-

*1 Operating expenses=cost of sales+selling, general and administrative expenses

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

1. Financial Summary for the Fiscal Year Ended February 28, 2022

Summary of Profit and Loss by Segment

- **Organization Consulting: Platform Services** progressed, exceeding the plan, leading to an increase in net sales YoY of 124.9%.
- **Sports Entertainment: Sponsorship orders** increased substantially from the previous fiscal year to 155 million yen (YoY +63.4%), which led to the increase in net sales YoY.
- **Contract development: Due to withdrawal from the contract development business and reduction in projects,** sales have decreased YoY.

(Million Yen)	FY2020/02				FY2021/02				FY2022/02				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
Net sales	365	414	472	468	426	540	729	809	844	957	1,006	1,015	25.4%
Organization consulting	365	414	472	468	426	515	639	640	729	828	890	873	36.3%
Sports Entertainment	-	-	-	-	-	25	47	119	51	39	72	121	2.0%
Contract development	-	-	-	-	-	-	42	50	62	89	43	20	-59.1%
VC Fund	-	-	-	-	-	-	-	-	-	-	-	-	—
Hands-on support	-	-	-	-	-	-	-	-	-	-	-	-	—
Segment profit	53	80	85	63	-32	8	61	100	71	129	76	82	-18.3%
Organization consulting	53	80	85	63	-32	39	103	118	121	173	161	109	-7.8%
Sports Entertainment	-	-	-	-	-	-31	-52	-6	-39	-35	-60	8	—
Contract development	-	-	-	-	-	-	-1	-3	-4	-9	10	-9	—
VC Fund	-	-	-	-	-	-	-	-	-	-13	-15	-18	—
Hands-on support	-	-	-	-	-	-	-	-	-	-0	-1	-1	—

*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).

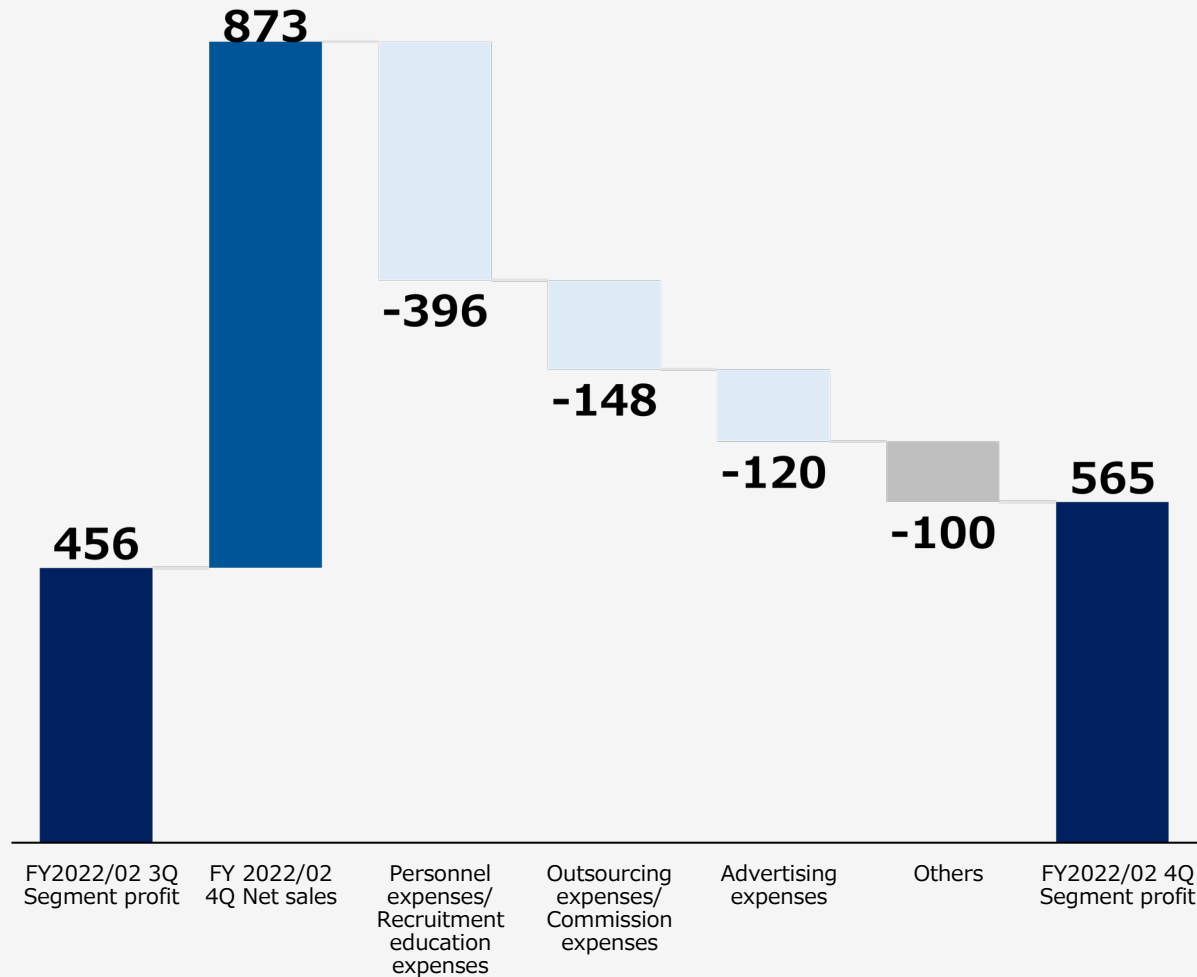
*2 Since Fukushima Sports Entertainment Co., Ltd. has been consolidated since Q2 of the fiscal year ended February 28, 2021, the figures of the Sports Entertainment business before Q1 of the fiscal year ended February 28, 2021 are shown as "-".

*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 "-".

1. Financial Summary for the Fiscal Year Ended February 28, 2022

Breakdown of Operating Expenses (Organization Consulting Business)

- With a view to strengthening the revenue base in the next financial term, upfront investments have been made in increasing the number of consultants and in establishing new contracts, leading to a decrease in profit margins.



Item	Major increases from the previous quarter	Purpose
Personnel expenses· Recruitment education expenses	Increase in salaries and allowances due to the increased number of personnel	To expand sales in the next fiscal year and beyond by increasing the number of consultants
	Recruiting expenses related to the hiring of candidate consultants	
Outsourcing expenses· Commission expenses	Costs for promotion of B to G project development	To expand of customer acquisition channels
	Costs for development of branding strategy	To increase familiarity
	Costs of business assistance tools	To increase sales productivity
Advertising expenses	Advertisement on social media	To increase brand recognition
	Planning fees for media dialogues with prominent figures	To develop active leads from among currently dormant customer base
	Exhibitions at trade shows	

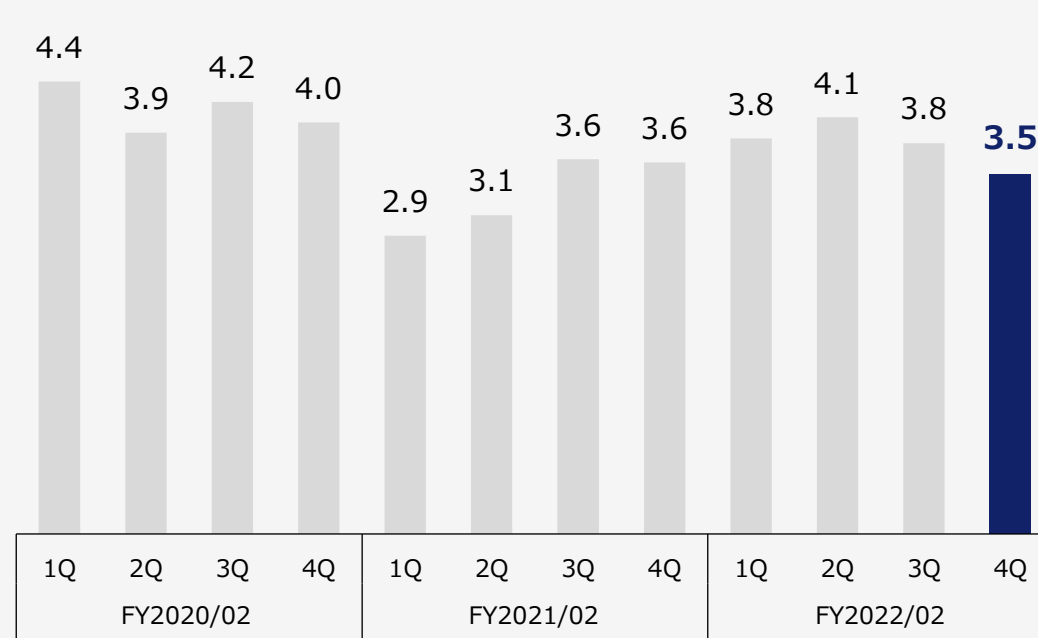
1. Financial Summary of the Fiscal Year Ended February 28, 2022

Business KPI (1/2)

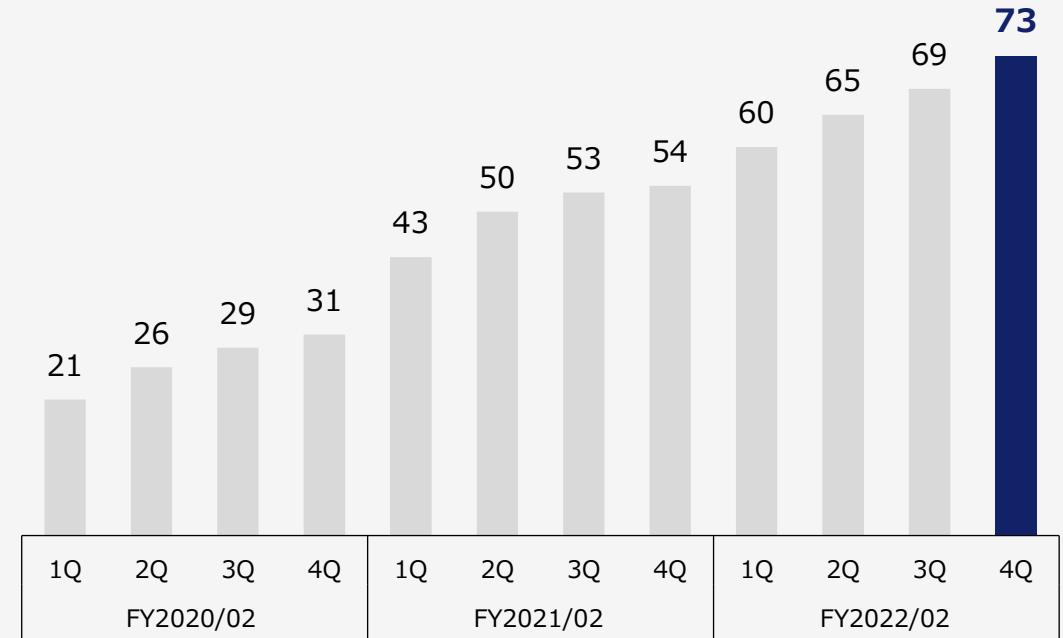
- The number of employees was 186 at the end of February, 2022 (73 consultants and 8 candidate consultants)
- As of April 2022: 73 consultants, 19 candidate consultants, and 12 individuals who have accepted job offers (104 in total)
- Net sales per consultant among those who have been in the company for at least 8 months: Q4 average was 3.89 million yen/month

Net sales per consultant

(million yen)



Trend in number of consultants



*1 (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 officer consultants (2 persons).

1. Financial Summary of the Fiscal Year Ended February 28, 2022

Business KPI (2/2)- Consultant Recruitment Situation

- Because of proactive recruitment activities, applicants for consultant positions have increased in number.
- In order to maintain quality of services, we implement a careful screening of applicants using surveys on Shikigaku Cloud.
- After joining the company, it generally takes 2 to 3 months to become a consultant. This system enables the training of consultants in great numbers regardless of the increase in our company's scale.

Number of
job applications

4,678

(FY2021/02 **2,162**)

Percentage of
job offers

1.2%

(FY2021/02 **1.6%**)

Period of time
before becoming
consultant-in-training

69.6 days

(FY2021/02 **77.8 days**)

Period of time
before becoming
regular consultant*1

97.8 days

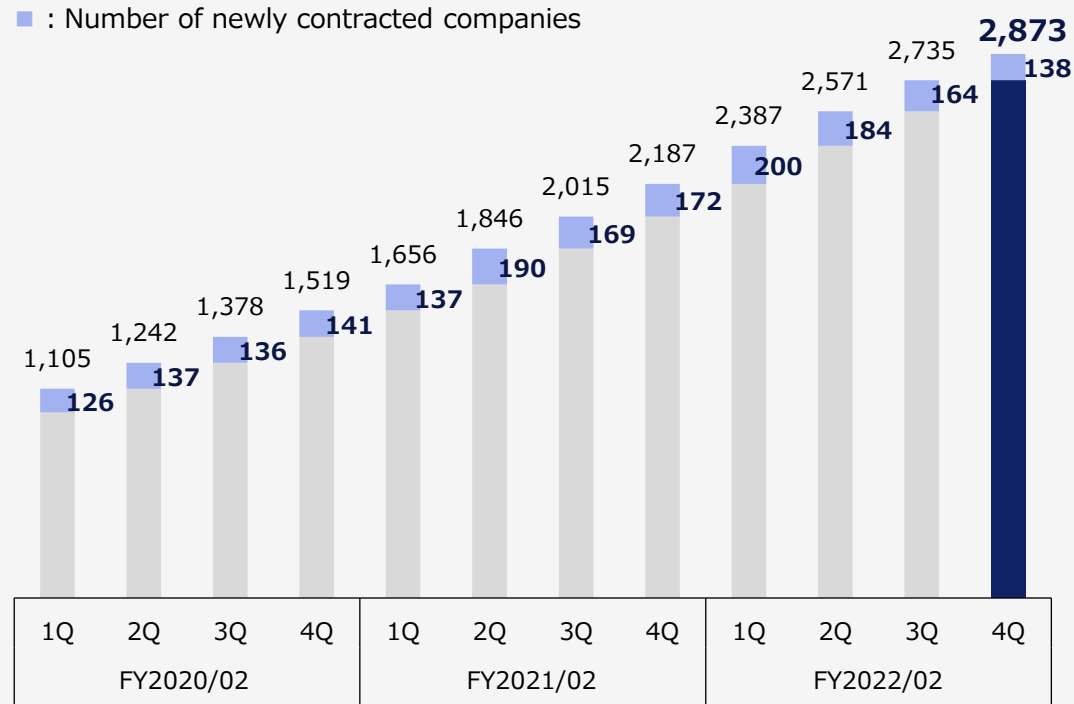
*1 The standards for promotion were changed in Q2 of the fiscal year ended February 28, 2022.

1. Financial Summary of the Fiscal Year Ended February 28, 2022

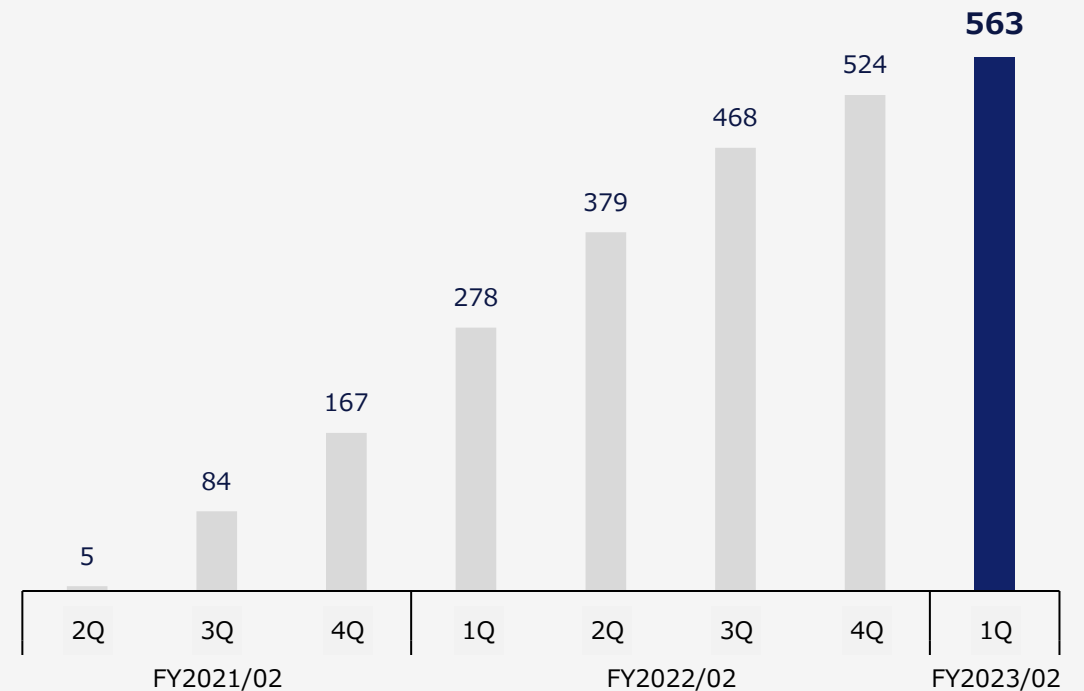
Business KPI (2/2)

- Management consulting: cumulative total of **2,873 companies (YoY +35.7%)**
- SHIKIGAKU Basic Services: **563 contracted companies** at the time of disclosure of this material **(YoY +102.5%)**
- The rate of cancellation for Platform Services contracts has continued to trend in the **2-3% range.*2**

Number of cumulative contracted companies (Management Consulting) *1



Number of basic companies contracted to 'SHIKIGAKU Basic Services'



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

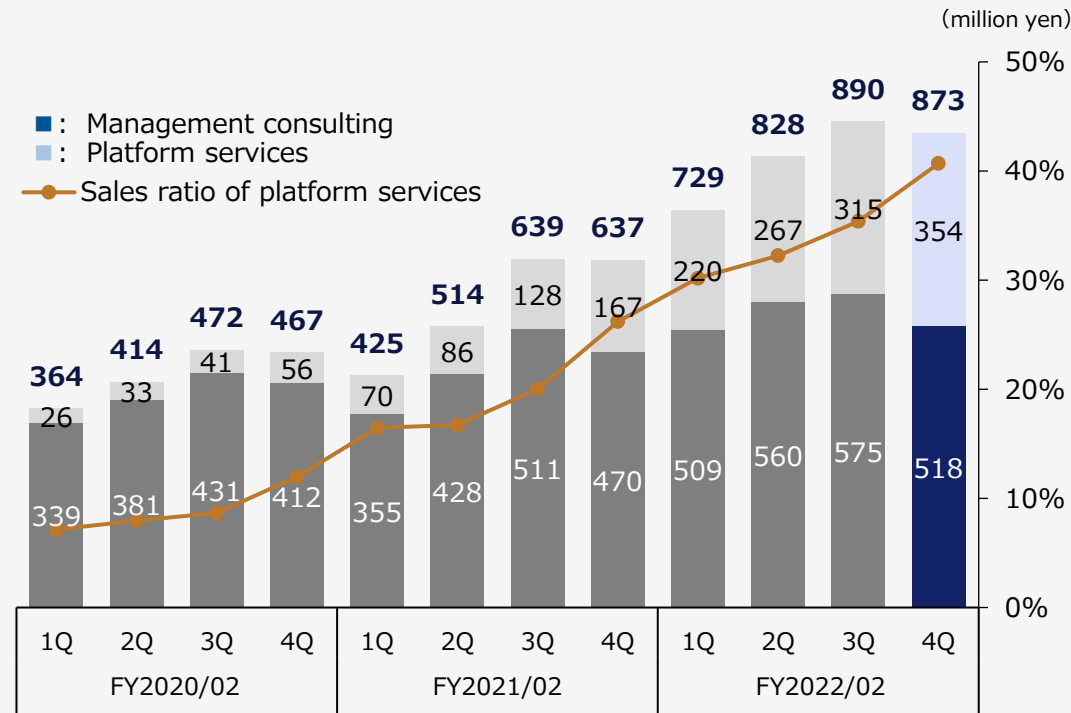
*2 This is the trend for the preceding 12 months.

1. Financial Summary for the Fiscal Year Ended February 28, 2022

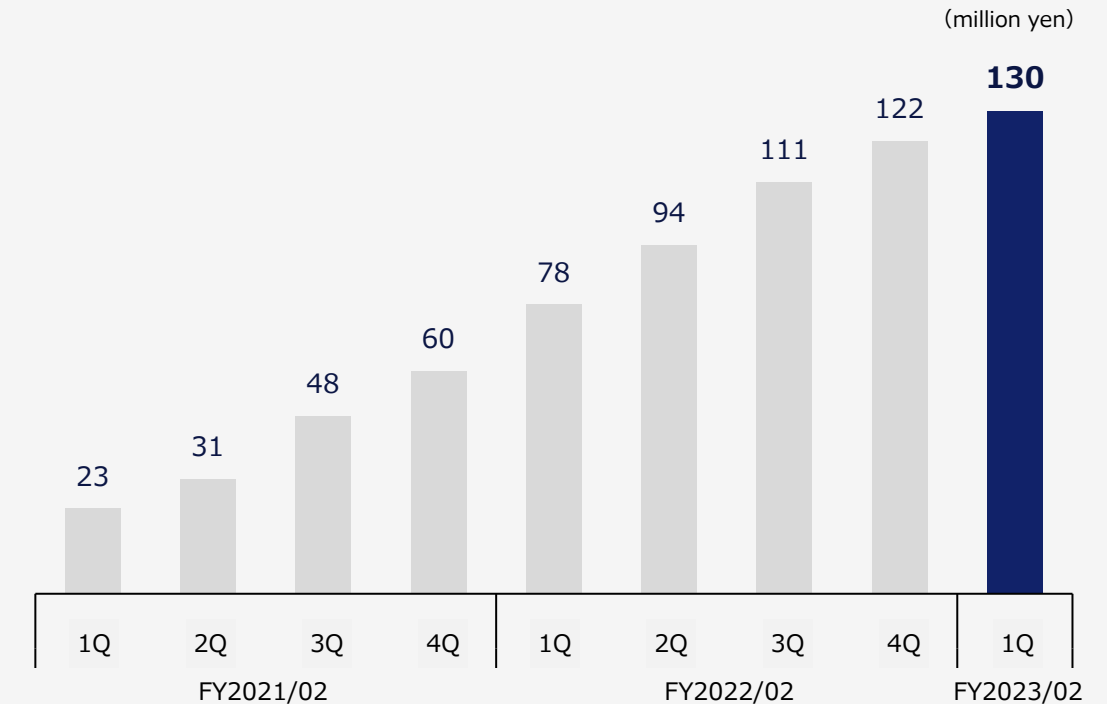
Trends of Net Sales in Organization Consulting Business

- Monthly net sales of platform services increased to over **130 million yen/month** at the time of disclosure of this material (YoY +210.4%).
- Net sales of platform services **increased to 40.6%**.

Trends in net sales in the Organization Consulting Business



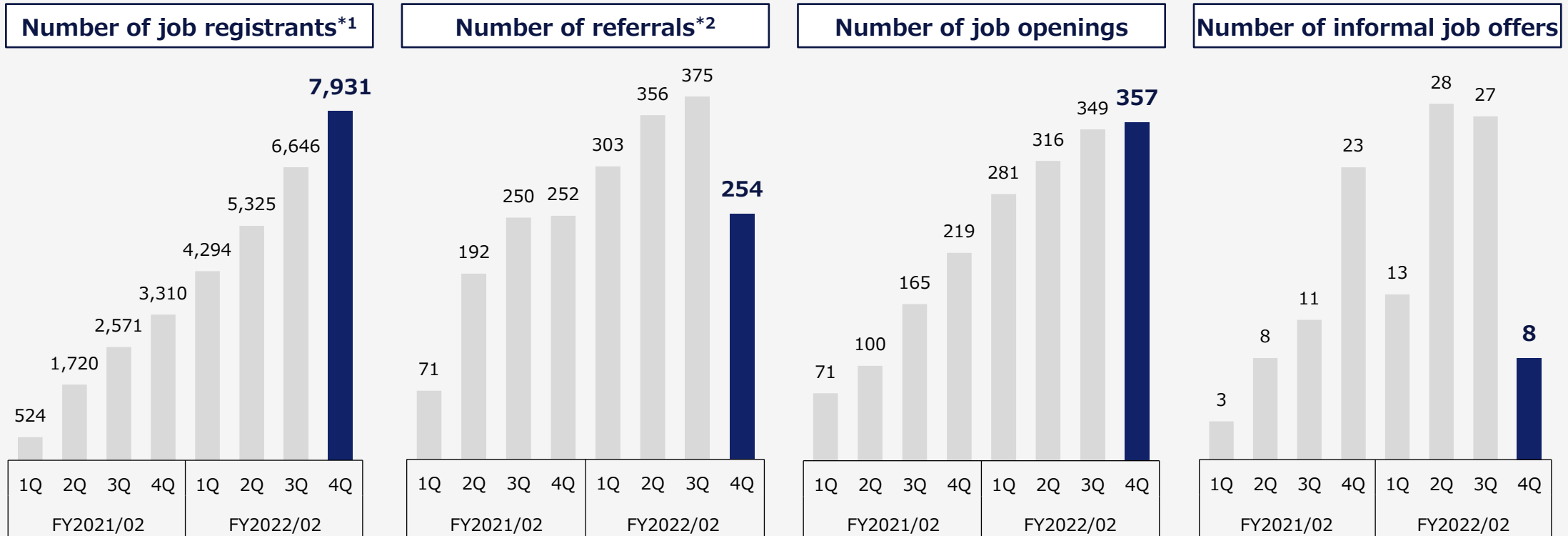
Trends in monthly net sales of Platform Services



1. Financial Summary for the Fiscal Year Ending February 28, 2022

SHIKIGAKU Career: KPIs for Recruiting Service

- Due to one CA*³ becoming reassigned as an RA*⁴, the number of referrals has decreased (the average number of referrals per person was 31.3 in 3Q and 28.2 in 4Q, showing minimal change)
- In addition to the above, the influence delays in the screening process around the year-end and New Year holiday led to a decline in informal job offers in 4Q
- Despite the decline in the number of referrals, the number of corporate recruitment contracts concluded increased by 40 companies, leading to a cumulative total of 273 companies.



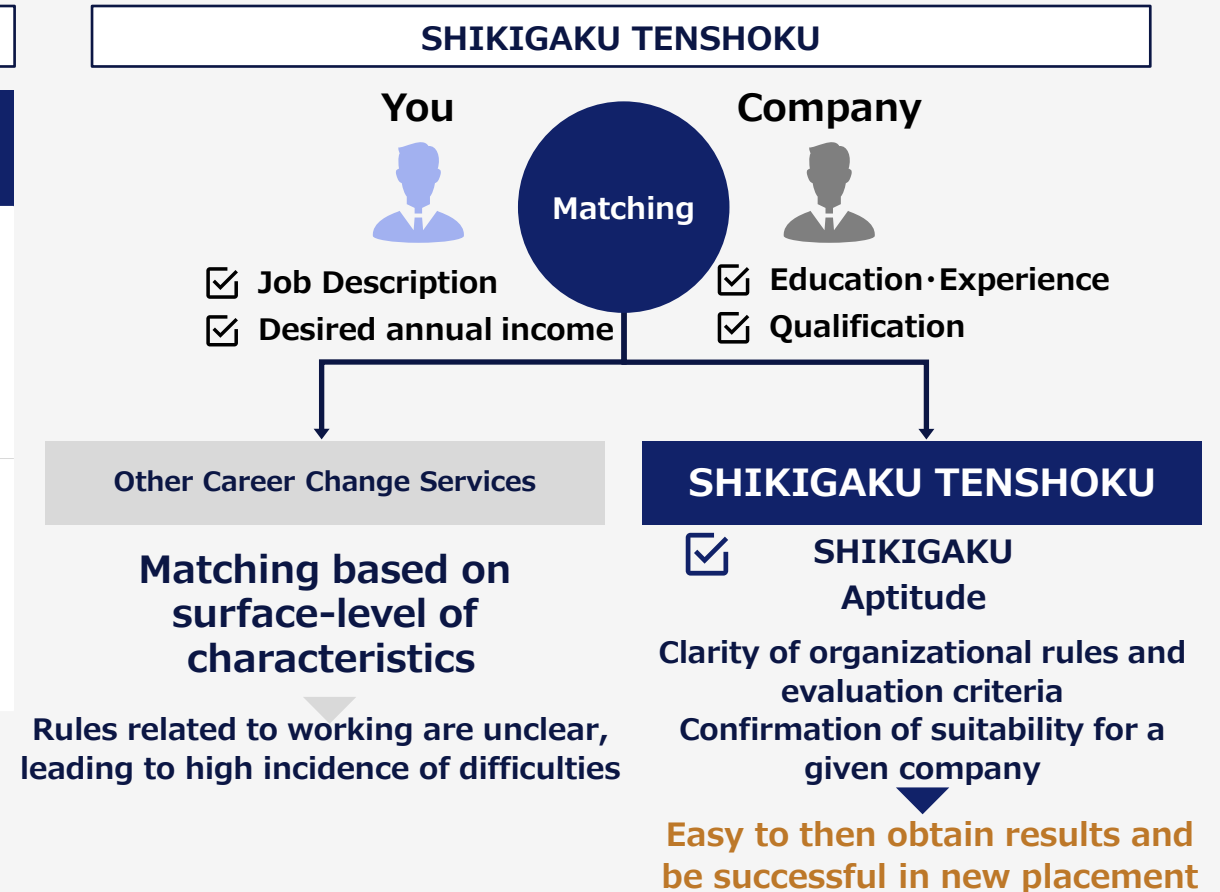
*1 New Registrants : Total number of ①、②、③ as follows: ①Number of people who have registered as friends with the LINE account of SHIKIGAKU Career, ②number of people who have accepted job offers, and ③number of people who have set up interviews with our career advisors based on our job offers
 *2 Number of referrals: number of job seekers referred to the recruiting company (screening of documents)
 *3 CA : Career Advisor *4 RA : Recruiting Advisor

1. Financial Summary for the Fiscal Year Ending February 28, 2022

SHIKIGAKU Career: Recruitment Consulting·Structure/SHIKIGAKU Tenshoku

- Active recruitment and expansion of personnel in charge of the careers department to meet growing demand for each service (**end of previous fiscal year: 6 → End of current year: 15**)
- Feb 2022 Pre-launch of 'SHIKIGAKU TENSHOKU' for jobseekers → **Direct recruitment platform functionality to be launched this spring.**

Recruitment Training·Process Outsourcing		
Service	Fee Structure	Recent Figures
Recruitment Training	<ul style="list-style-type: none"> • Provision of knowledge on best practices 0.6-0.9 million yen (6 sessions in total) • Continued support Monthly fee (0.2 million yen/company/month) 	Number of companies with concluded contracts : 26
SHIKIGAKU-style Recruitment Process Outsourcing (RPO)	<ul style="list-style-type: none"> • Recruitment Agent Monthly fee (First month 600,000 yen, thereafter 1,200,000yen/month) 	Number of companies with concluded RPO contracts : 13 (Sales began in 3Q)



1. Financial Summary for the Fiscal Year Ending February 28, 2022

VC Fund Business·Hands-on support fund business-VC Fund Investment Outcomes

- The beneficial nature of Shikigaku has been proved by the success of SHIKIGAKU No.1 Investment Fund, which is unique in its focus on organizational strength based on Shikigaku principles (cumulative returns of 108%)
- The total investment amount in SHIKIGAKU No.2 Investment has far surpassed that of SHIKIGAKU No.1 Investment, reaching 660 million yen.
- In March 2022, a consultant from Shikigaku was dispatched to FUJIYUATSU SEIKI, CO., LTD. the first investment case for the SHINSEI SHIKIGAKU fund.

SHIKIGAKU No.1 Investment, L.P.	Invested amount (million yen) (A)	Recover (million yen) (B)	Valuation gain (million yen) (C)	Recovery % ((B+C)/A)
Geocode Co., Ltd.	29	101	—	339.3%
Aidma Holdings, Inc.	35	250	18*2	748.1%
Unlisted companies: 6*1	181	—	—	—
Unexecuted investment	93	—	—	—
Total	341	352	18	108.7%

*1 Total invested amount of Surpass Co., Ltd./WhiteSeed Inc./Itami Arts Inc., and three other investee companies.

*2 The difference between the valuation gain based on the stock price as of the end of February 2022 and the acquisition price.

SHIKIGAKU No.2 Investment, L.P.	Invested amount (million yen) (A)	Recovery (million yen) (B)	Valuation gain (million yen) (C)	Recovery % ((B+C)/A)
Unlisted companies: 6*3	172	—	—	—
Unexecuted investment	494	—	—	—
Total	666	—	—	—

*3 Total invested amount of Garnet Co., Ltd, Guidable Co., Ltd., H.I.F. Co., Ltd., and three other companies.

2. Financial Forecast for the Fiscal Year Ending February 28, 2023

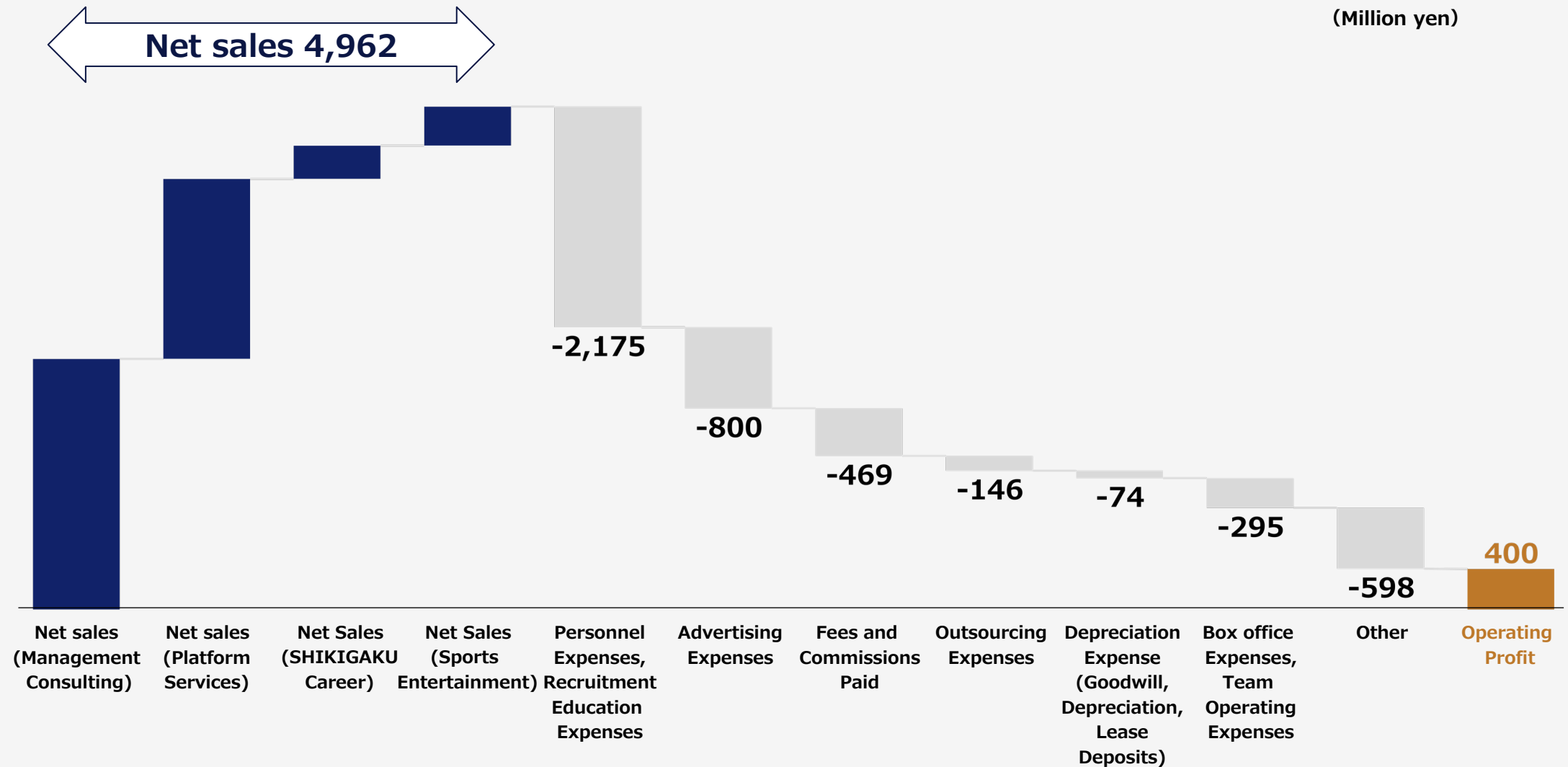
Financial Forecast Summary

- The period from **FY2023/02–FY2025/02** is being positioned as a **foundation-building period**.
- While maintaining a certain level of profits, our policy is to invest aggressively in advertising and personnel costs.

(Million yen)	FY2022/02 (Results)	FY2023/02 (Forecast)	YoY Percentage Change	Main Sources of Increase/Decrease
Net sales	3,823	4,962	29.8%	•Expansion of the organisational consulting business in line with the increase in the number of lecturers
Operating expenses	3,463	4,561	31.7%	
Personnel expenses	1,598	2,176	36.1%	•Increase due to net increase of 50 lecturers (YoY+68.3%)
Advertising expenses	395	800	102.3%	•Marketing to large companies •Marketing investment to increase awareness amongst non-managers
Commission payable	229	318	38.8%	•Increase in fees for use of internal tools, technology linked to increase in staff
Team operating expenses/Box office expenses	287	295	2.8%	
Outsourcing expenses	343	146	-57.3%	•Decrease in outsourcing costs due to withdrawal from contracting business
Share-based payment expenses	—	77	—	•Expenses from the granting of stock options to directors and employees for purpose of increased commitment to improving performance
Other operating expenses	608	823	35.3%	
Operating profit	359	400	11.3%	
EBITDA	429	471	9.6%	
Net income attributable to owners of parent	224	204	-9.1%	•Decrease in YoY due to the exit of a VC fund investee that occurred in FY2022/02 not being factored into prior forecast

2. Financial Forecast for the Fiscal Year Ending February 28, 2023

Profit Structure Envisioned for the Year Ending February 28, 2023

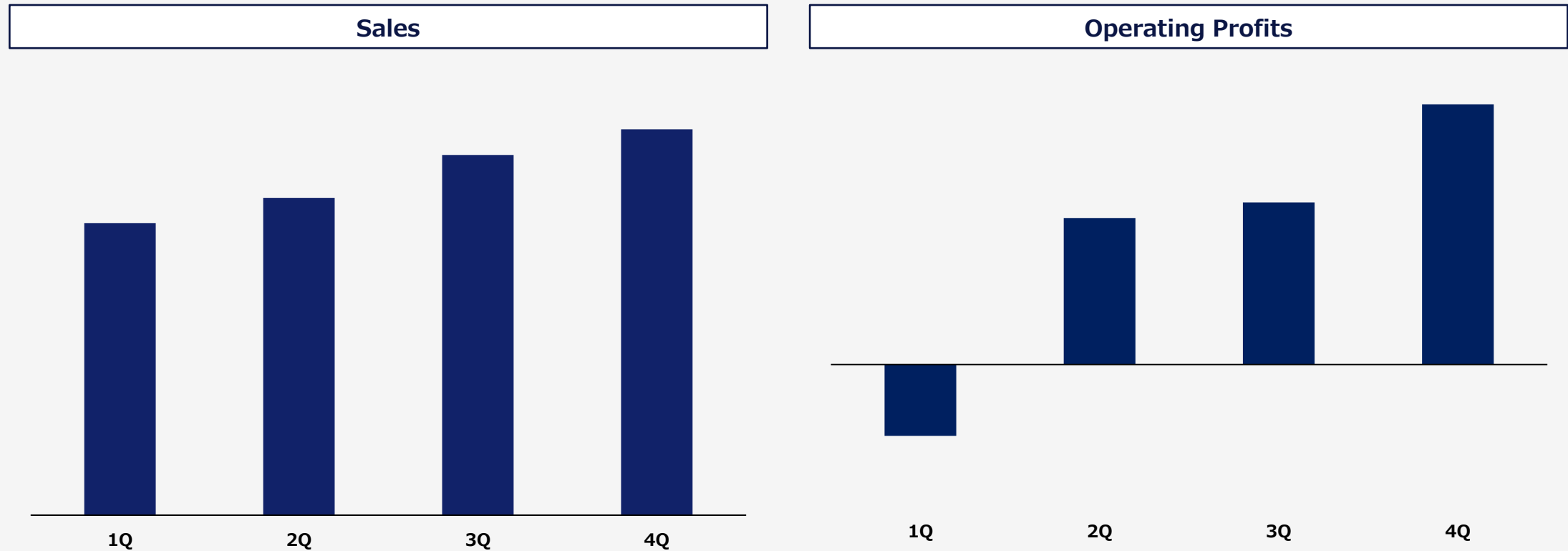


2. Performance Forecast for FY2023/02

Conceptual Image of Sales and Operating Profits in Each Quarter

- Sales: **weighted towards second half of fiscal year** due to increase in number of consultants
- Operating profit: **timing of investment is fluid**, as **investment** is based on the **achievement of the full-year operating profit plan**

At present, a deficit is expected for 1Q due to two factors: the large number of consultants to be recruited and focused investment in advertising and publicity in this quarter.



- The above diagram is based on current assumptions.
- The timing of cost investments may be reviewed at any time in light of cost-effectiveness and may therefore diverge from the actual operating profit expectations.



Medium-Term Business Plan 2023–2025

Table of Contents

- 1** | Reflections on Previous Medium-Term Business Plan
- 2** | New Medium-Term Business Plan
- 3** | Management Strategies
- 4** | Investment Strategies, Financial Strategies
- 5** | Corporate Governance, ESG/SDG Initiatives

1. Reflections on Previous Medium-Term Business Plan

First Year (Ended February 28, 2022) of Medium-Term Business Plan: Plan and Actual Results

- Despite the first year's results being **generally in line with the plan's projections**, several areas have been identified in which **investments should be made for even better growth**.

Item	FY2022/02 (Plan)	FY2022/02 (Results)	Judgment	Themes for further development going forward	Initiatives for next and subsequent fiscal years
Net sales	37.8 hundred million yen	38.2 hundred million yen	Excellent		
Operating profit	4 hundred million yen	3.59 hundred million yen	Less than expected	<ul style="list-style-type: none"> Development of consultants' sales expertise Decrease rate of cancellation of Basic Service contracts 	<ul style="list-style-type: none"> Establishment of system for increasing sales skills of consultants-in-training Decrease rate of contract cancellation
Current net income belonging to parent company shareholders	1.53 hundred million yen	2.24 hundred million yen	Excellent		
Number of consultants	75~85	73	Less than expected	<ul style="list-style-type: none"> Risk that predicted number of consultants in end of term will not reach expectations, in the case that candidate consultants enter the company in the second half of the fiscal year 	<ul style="list-style-type: none"> Pro-active employment of candidate consultants in first half of the fiscal year in order to maintain the number of consultants in place at the end of the fiscal year
Candidate consultants	8	8	Good		
Average sales per consultant	4 million yen/month	3.81 million yen/month	Less than expected	<ul style="list-style-type: none"> Development of sales skills of consultants-in-training 	<ul style="list-style-type: none"> Establishment of system for increasing sales skills of consultants-in-training
Topics	<ul style="list-style-type: none"> Acquisition of web leads with large companies*1 Sales of 320,000 copies of President Ando's book <i>Leader's Mask</i> 		Excellent	<ul style="list-style-type: none"> Finding a new market in the realm of large companies, put effort into increasing word-of-mouth among such companies 	<ul style="list-style-type: none"> Marketing towards large companies Division director responsible for sales directed to large companies

*1 corporations with over 500 employees

1. Reflections on Previous Medium-Term Business Plan

Initial Year of Medium-Term Business Plan (Fiscal Year Ended February 2022): Review of Each Segment

- With the exception of contract development projects, development in the initial year is **generally proceeding in line with plan**.

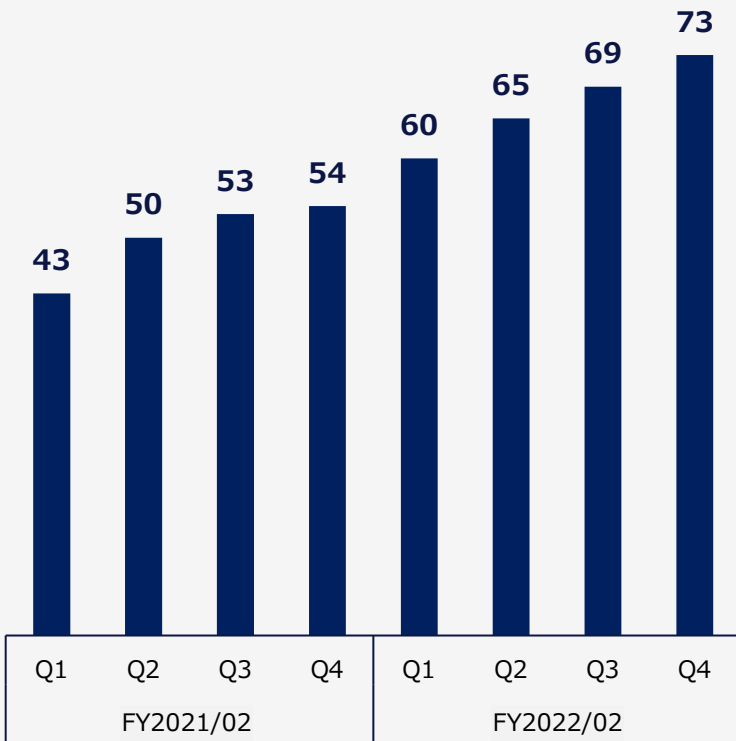
Business Segment	Strategy	Result
Organization Consulting	<ul style="list-style-type: none"> • Aiming for company structure with 100 consultants, increasing number of consultants by 20-25 • Expansion of Platform Services sales and number of companies under contract • Maintenance of average sales per consultant of 4 million yen per month • Further increase in sales of SHIKIGAKU Career 	<ul style="list-style-type: none"> • The number of lecturers increased by 19, generally in line with plans. • Monthly stock exceeding the plan: 120 million yen per month / more than 500 contracted companies. • Average of 3.81 million, largely in line with plans. • Yearly sales of SHIKIGAKU Career: approximately 100 million (YoY +341%)
Hands-On Support Fund	<ul style="list-style-type: none"> • Establishment of Hands-on Support Fund and procurement of funds for its establishment 	<ul style="list-style-type: none"> • Completion of 1 billion yen in necessary fundraising • Completion of 1st investment case (Fuji Yuatsu Seiki) in March 2022
Sports Entertainment	<ul style="list-style-type: none"> • Increase in sponsorship income (increase in number of companies acquired / higher unit costs) <ul style="list-style-type: none"> -Maximising the volume of action by further strengthening the sales management system -Increase in unit costs through increase in sponsorship options • Further growth of revenue streams through partnerships with local government bodies • -Further expansion of the corporate version of hometown taxation ('furusato tax system') and new sources of income • Early promotion to B1 League through strengthening of team 	<ul style="list-style-type: none"> • Sponsor sales: growth of 1.5 times YoY • Sales of commissioned projects with government: growth of 1.5 times compared to the previous year (established as a source of income) • Team confirmed for play-offs for promotion to B1 (first time in team's existence)
Contract Development	<ul style="list-style-type: none"> • Monetisation of the new business "Entry Experience DX". • Stable orders for contracted development projects 	<ul style="list-style-type: none"> • Evacuation from contract development business • Migrate engineering resources to the core organisational consulting business. • Several orders received after selling the product under the name "Presentation Talk" • Low gross margins and a factor in group's lower gross margins
VC Fund	<ul style="list-style-type: none"> • Aim for early completion of investment in the Fund No.1 • Start of discussions on setting up Fund No.2 	<ul style="list-style-type: none"> • First fund's investment execution completed • Second fund formed, and currently in sourcing and investment phase.

1. Reflections on Previous Medium-Term Business Plan

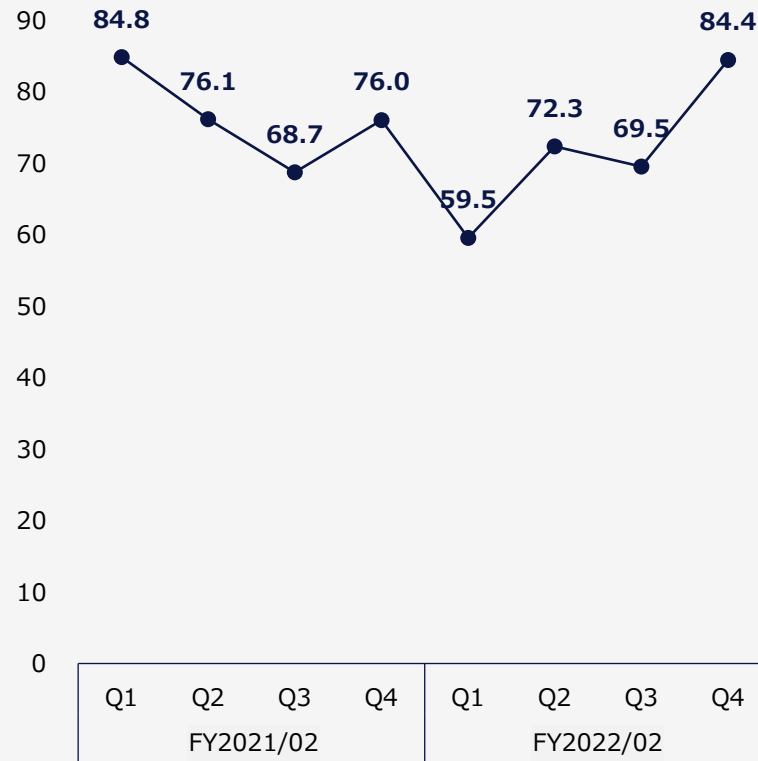
Business KPI: Organization Consulting

- A system has been established that ensures an increase of about 20 consultants per year.
- With the increase in consultant numbers, we are attentive to the importance of maintaining average net sales per consultant.

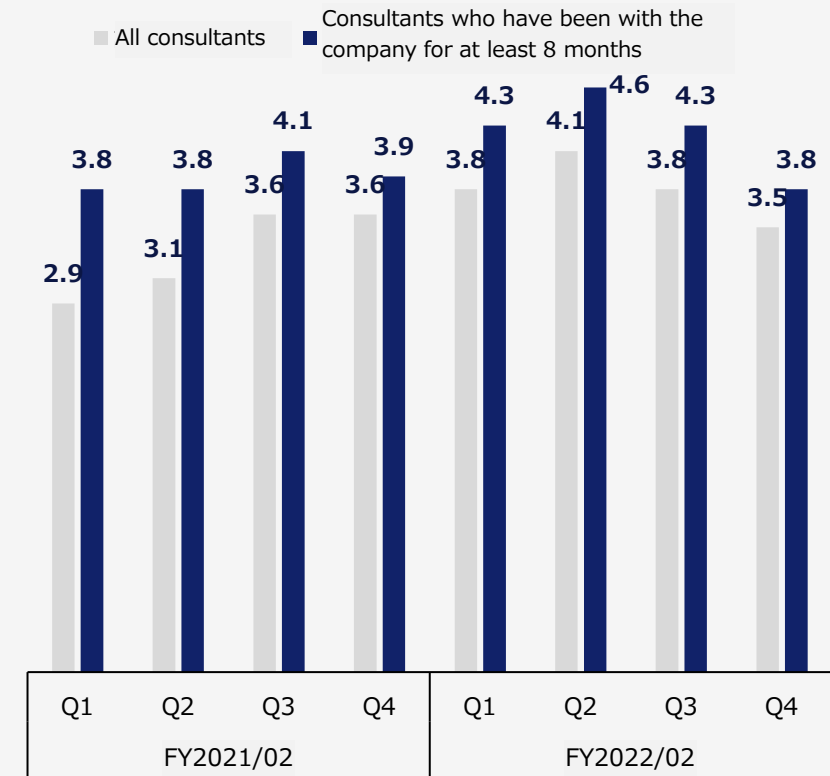
Number of consultants



Period of time before becoming a consultant (days)



Average sales per consultant (million yen)



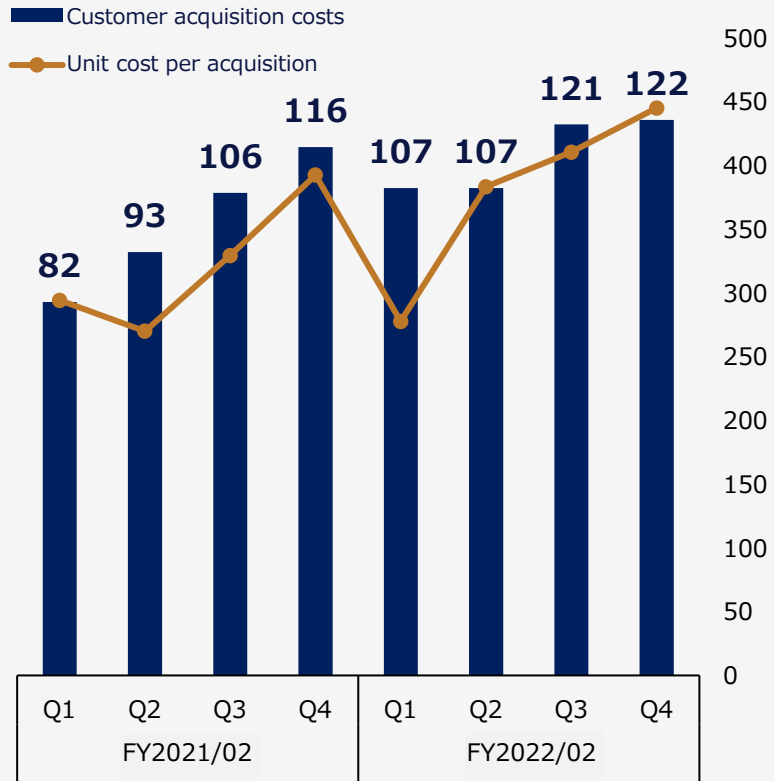
1. Reflections on Previous Medium-Term Business Plan

Business KPI: Organization Consulting (Management Consulting)

- The order value exceeded that of the previous year, while the ratio of platform sales rapidly increased to **40% of total sales**.
- Unit price per order*1: over **2 million yen per project*2**
- Acquisition efficiency: levels above 400%. Trending at high acquisition efficiency levels*4

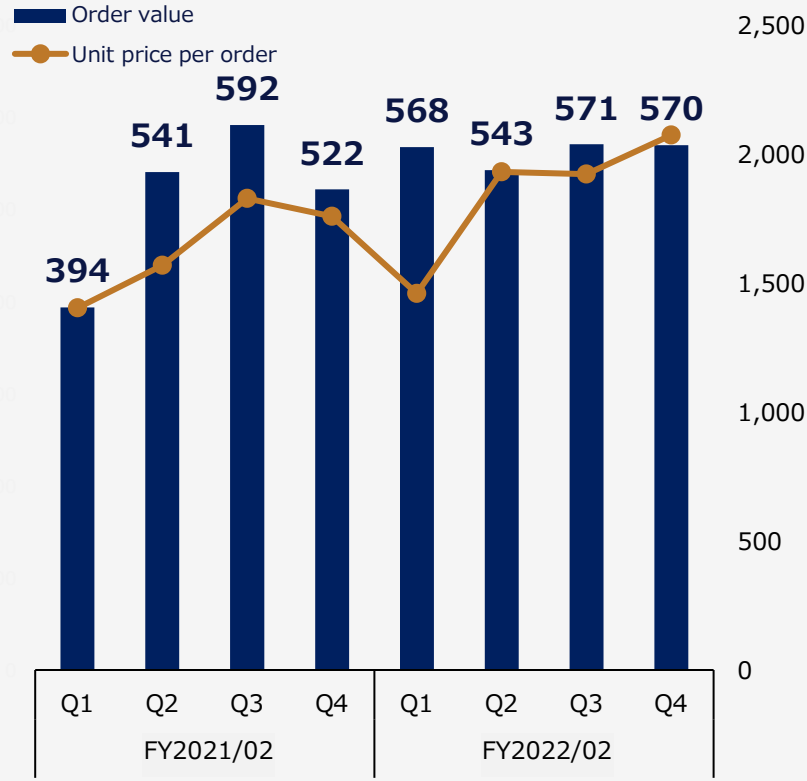
Customer acquisition costs (in millions) and acquisition costs per unit *3

(Unit cost per acquisition in thousands of yen)

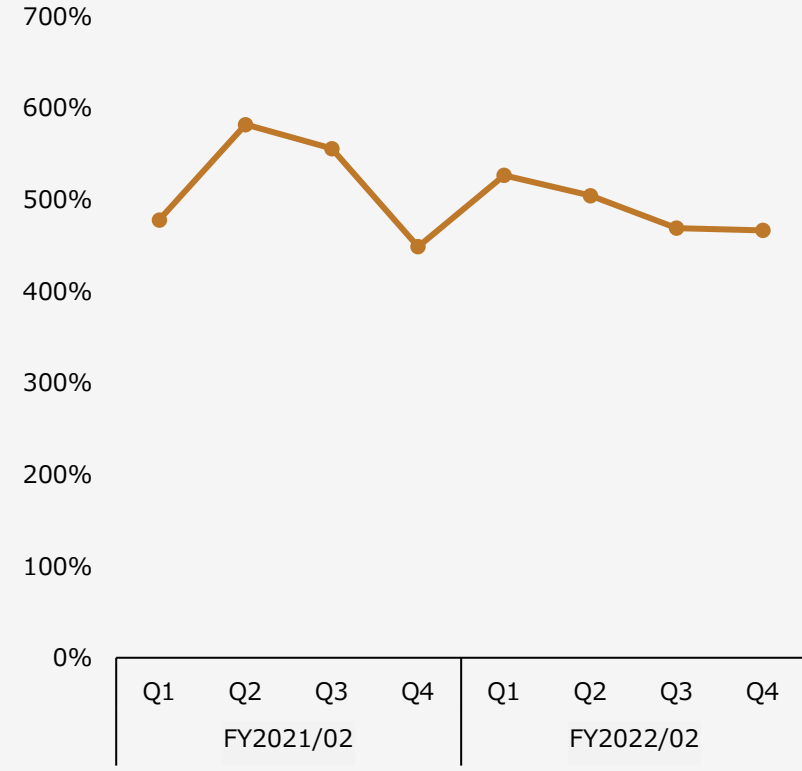


Order value (in millions of yen) and order unit price (in thousands of yen) *1

(Unit price per order in thousands of yen)



Acquisition Efficiency*4



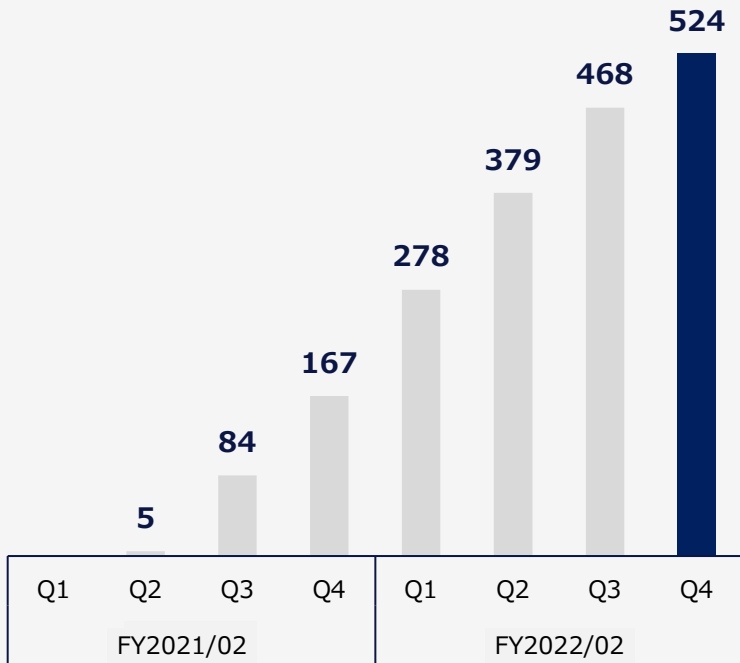
*1 Unit price per order=order value / (number of new contracts + number of repeat orders)
 *2 Projects=number of new companies receiving orders + number of repeat orders from existing companies.
 *3 Acquisition unit costs=customer acquisition costs (advertising + referral agency commissions) / (number of new contracts + number of repeat orders)
 *4 Acquisition efficiency = order unit cost / customer acquisition costs

1. Reflections on Previous Medium-Term Business Plan

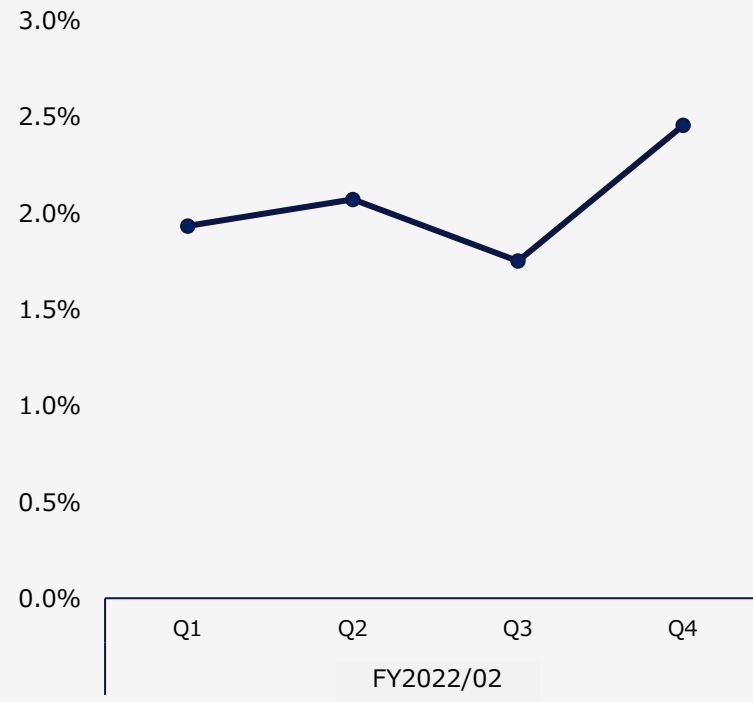
Business KPI: Organization Consulting (Platform Service)

- Number of Basic Service Company Subscriptions: Rapidly Growth
- Churn rate: 2% on average annually : 1%-3% on a monthly basis with potential for improvement in the churn rate
- Monthly stock sales: 122 million yen/month and growing to 1.4 billion yen/year

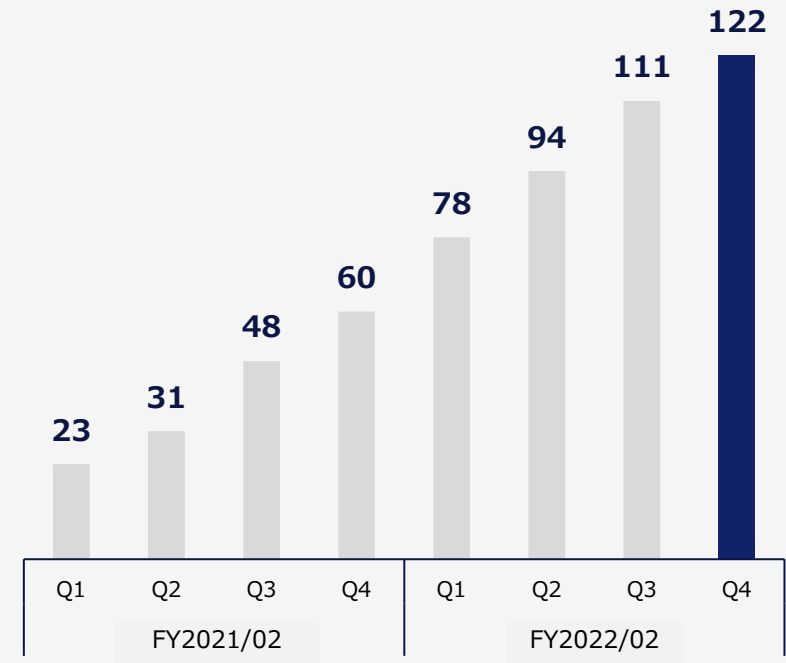
Number of Companies with Basic Service Contracts



Churn Rate Trends



Monthly Stock Sales (million yen)



1. Reflections on Previous Medium-Term Business Plan External Business Environment Landscape and The Harnessing of Our Strengths as an Organization

External Business Environment		Accumulated Assets	
Market Awareness	Market Size : 3.59 million companies (Current Share 0.08%)	Know-How	<ul style="list-style-type: none"> • A Unique Method: Shikigaku <ul style="list-style-type: none"> – Versatile method that can be applied to any type of organization – Strong sales of book based on Shikigaku (320,000 copies sold of <i>Leader's Mask</i>)
Grasping the Market	<ul style="list-style-type: none"> • Every company faces its own challenges with regard to organizational management. • Potential clients: All companies from SME to large enterprises • Many companies aim to increase productivity as the population of the workforce declines. 	Customer Base	<ul style="list-style-type: none"> • Customer base of over 2,800 companies <ul style="list-style-type: none"> – Easy to offer additional services to existing customer case
Demand	<p>Demand in market strong, assumed to have room for even more expansion</p> <ul style="list-style-type: none"> • Enquires received: 28,000 per year • Orders are being received from large companies (change from past years). • Customer base is mainly small and medium-sized companies, but establishment with large companies can be achieved through implementation within certain departments in these companies 	Efficiency in Customer Acquisition	<ul style="list-style-type: none"> • Inbound-centric customer acquisition channels <ul style="list-style-type: none"> – Over 2,000 enquiries per month – High customer acquisition efficiency of over 400%
		Recruitment Capacity	<ul style="list-style-type: none"> • Ability to recruit 20 consultants each term
		Reproducibility	<ul style="list-style-type: none"> • A system of consultant training lasting 80 days on average

Our Company's Fundamental Strategy

- Invest in changing environment (opportunities) surrounding the company in terms of orders from large companies, and further expand market share while utilizing our strengths in terms of customer acquisition
- Further recruitment of personnel required in order to expand more aggressively than in the past

1. Reflections on Previous Medium-Term Business Plan

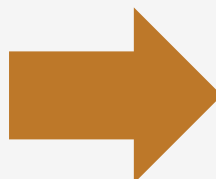
Background of Plan Revision

- The medium-term business plan was revised in light of the points below.
- Shift to policy of foundation-building for a period of 3 years, with strategic and large-scale investment in consultant recruitment

1

Two market changes not envisioned in the previous medium-term business plan led to new opportunities:

1. Establishment of large company contracts
2. Strong sales of President Ando's book *Leader's Mask* (320,000 copies)



2

Lack of investment in new opportunities, leading to potential loss of chances for growth

- Maintenance of high efficiency of customer acquisition
 - Risk of not making investments in possible markets with large scope of possible customer acquisition
- *Missing opportunities for growth**



1. Reflections on Previous Medium-Term Business Plan

Changes in assumptions from medium-term business plan

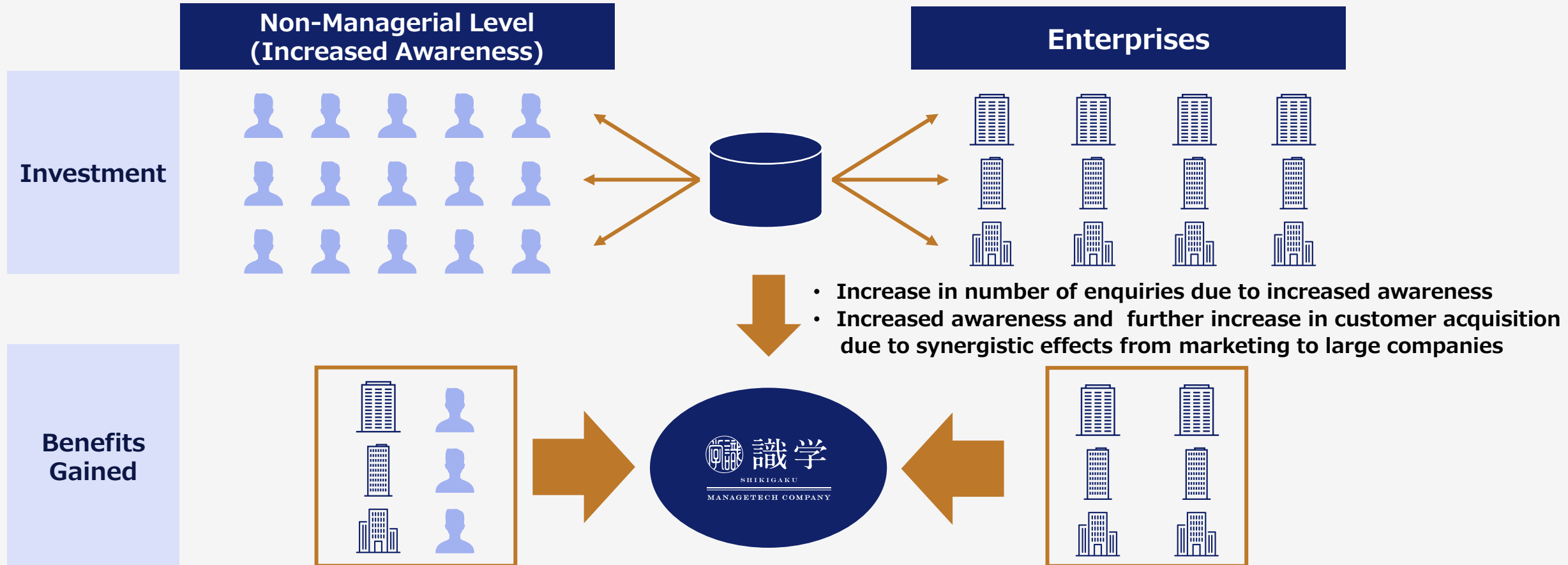
- Based on the results of two points not envisaged in the previous medium-term management plan, **further growth opportunities have** been identified
- Decision to **invest further in marketing spend to develop customer base and** hire the **necessary staff** to take advantage of opportunities

	Changes in the assumptions of the previous medium-term management plan	To be implemented through amendments to the medium-term management plan
Marketing towards large companies	<ul style="list-style-type: none">• Measures taken during current period<ul style="list-style-type: none">✓ On-demand media and seminars related to books published by President Ando✓ Further strengthening of web marketing• Result<ul style="list-style-type: none">✓ Orders from large companies that were not initially anticipated (foreign SaaS companies, implementation within certain divisions of TSE prime companies)	<ul style="list-style-type: none">• Measures not envisioned in previous medium-term business plan<ul style="list-style-type: none">✓ Further investment repeatable marketing activities to acquire contracts with large companies• Intended effects<ul style="list-style-type: none">✓ Increase number of leads with large companies✓ Increase in proportion of implementation within large companies
Increased awareness beyond expectations	<ul style="list-style-type: none">• Measures taken during current period<ul style="list-style-type: none">✓ Writing and publishing of books <i>Leader's Mask</i> and <i>A Friendly CEO Can Destroy a Company</i>• Result<ul style="list-style-type: none">✓ 320,000 copies of <i>Leader's Mask</i> sold✓ Recognition that awareness has increased more than expected	<ul style="list-style-type: none">• Measures not envisioned in previous medium-term business plan<ul style="list-style-type: none">✓ Invest in marketing measures that are broader in scope, focusing not only on the management level within the organization, but also on non-management levels.• Intended effects<ul style="list-style-type: none">✓ Achieving an increased awareness of Shikigaku's methods leading to better ways of working✓ Dispelling criticism about Shikigaku's methods that may be based on misconceptions regarding the method

1. Reflections on Previous Medium-Term Business Plan

Effects of Investments in Marketing Costs

- Increased awareness amongst non-managers: further increase in awareness in the market leading to increased customer inflow
- Marketing to large companies: increase in enquiries from large companies as well as increased awareness, further increase in rapid customer inflows



1. Reflections on Previous Medium-Term Business Plan

Effects of Acquiring Large Company Contracts

- Differences between customer acquisition among large companies and other companies are outlined below
- Taking into consideration benefits to be gained, shift to a strategy of acquiring customers among all types of companies, including large ones

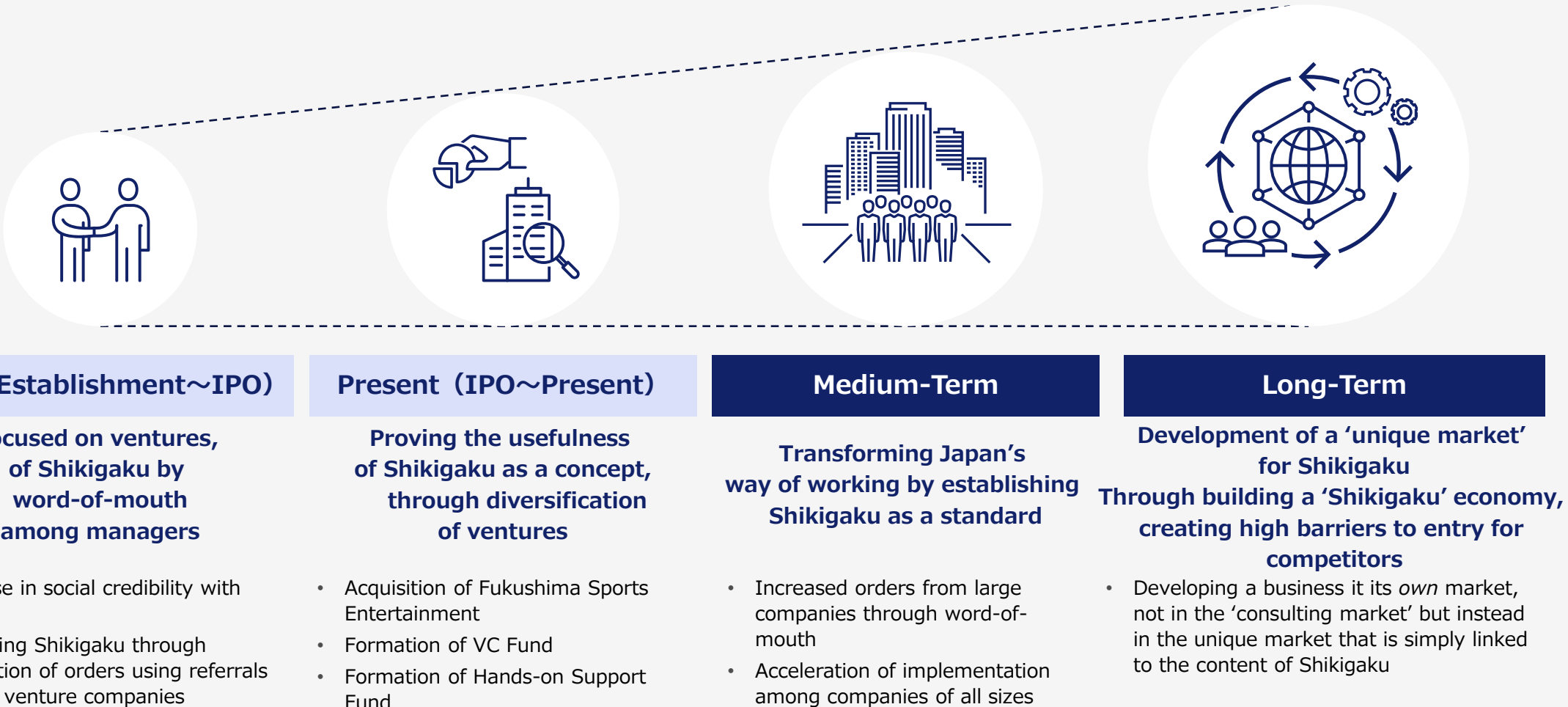
	Non-Large Companies	Enterprises* ¹	Benefits Gained
Initial target audience for introduction	<ul style="list-style-type: none"> • Management and executive levels 	<ul style="list-style-type: none"> • Introduced at executive level and in departments (e.g. sales department) 	
Scope of coverage	<ul style="list-style-type: none"> • Depending on size of company, 1-3 persons 	<ul style="list-style-type: none"> • 5-10 persons, due to larger scale of organization and since the number of people targeted in management levels and above is higher • With increase in number of target departments, increase in number of people covered 	<ul style="list-style-type: none"> ■ Increase in unit price of orders received
Order volume	<ul style="list-style-type: none"> • 1.2 million-4 million yen 	<ul style="list-style-type: none"> • 10-30 million yen <p>*Based on past performance</p>	<ul style="list-style-type: none"> ■ Large scope of implementation, high possibility of large order sizes
Room for expansion	<ul style="list-style-type: none"> • Opportunities for additional orders linked to the increase in number of managers as company grows 	<ul style="list-style-type: none"> • Implementation within group companies and other departments has led to further increase in order intake 	

*1 Enterprises : companies with more than 500 people

2. New Medium-Term Business Plan

Future Direction

- **Medium- to Long-Term Goal : Establishment of a 'unique market' for SHIKIGAKU**
- **To this end, efforts will be made so that there is a proper awareness of Shikigaku among managers and workers throughout Japan, from those in small and medium-sized enterprises to those in large corporations.**



2. New Medium-Term Management Plan

Long-term Conceptual Image

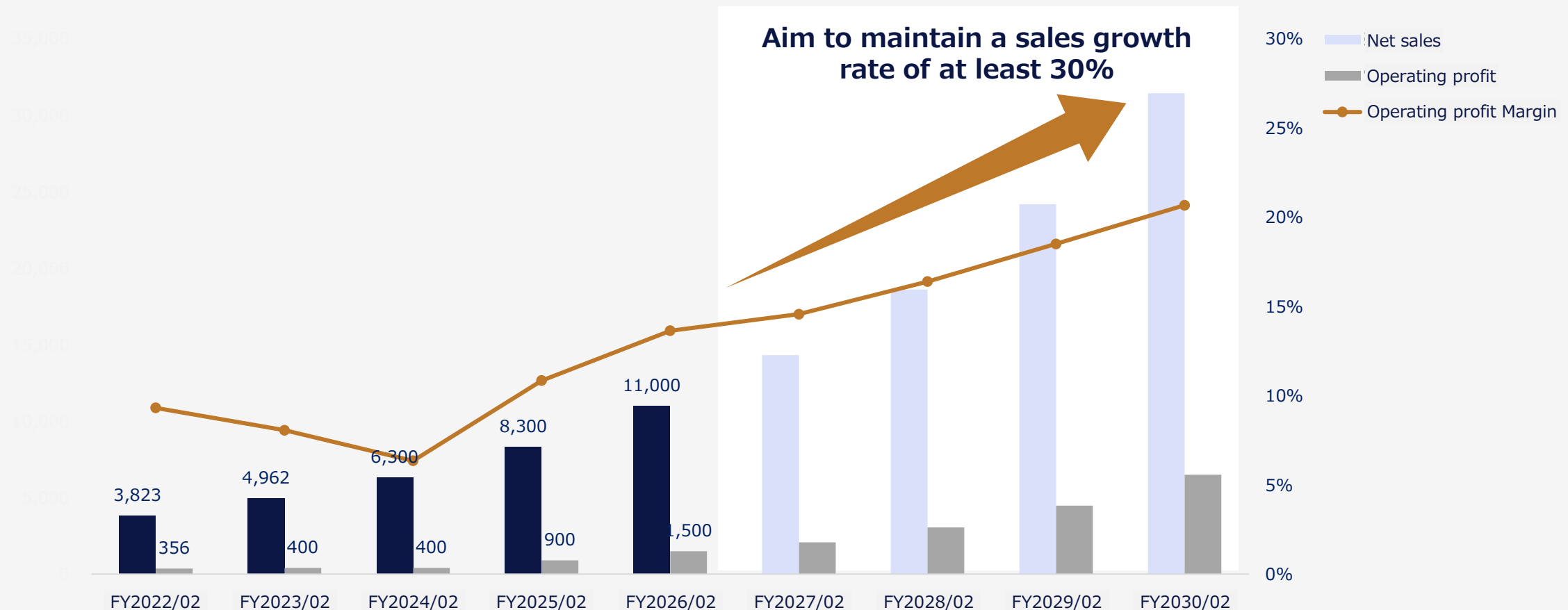
- In long-term view, services based on Shikigaku will spread to 'government, local public organizations, educational institutions, and overseas companies'
- Realization of company's corporate vision of 'manifesting people's potential'



2. New Medium-Term Business Plan

Conceptual Image of Medium- to Long-Term Growth

- The period between FY2023/02 and FY2025/02 will be a **period for laying the foundations for sustainable growth** from FY2026/02 onwards.
 - Aim to achieve **sales of 11 billion yen and operating profit of 1.5 billion yen in FY2026** by maintaining a sales growth rate of at least 30% from FY2025 onwards.
 - Invest aggressively, assuming gradual improvement in operating margins with a steady increase in the amount of profit



2. New Medium-Term Business Plan

Strategies of New Medium-Term Business Plan

- The period from FY2023/02 to FY2025/02 is positioned as a period of **foundation building**, with a certain amount of profit to be generated.
- Policy of **Active Investment**

1

Large-scale investment in advertising and promotion to achieve sustained sales growth over the medium to long term

(1.19 billion yen increase in active investment compared with previous mid term business business plan)

2

Strengthening system of hiring consultants in advance

(650 million yen increase compared to previous medium-term business plan)

3

Focus on development of existing businesses

* Withdrawal from contract development business, no plans to implement new large-scale projects or M&As.

2. New Medium-Term Business Plan

Performance/KPI Targets

- Strategy of positioning the period from **FY2023/02 to FY2025/02** as an **investment** period; actively investing while generating a certain level of profit
- Shift to a policy of increasing operating profit while making major investments required for growth in the medium- to long-term.

	(million yen)			
	FY2022/02 (Results)	FY2023/02 (Plan)	FY2024/02 (Plan)	FY2025/02 (Plan)
Net sales	3,823	4,962	6,300	8,300
YoY (%)	52.6%	30.0%	27.4%	31.8%
Operating Expenses	3,463	4,561	5,899	7,399
(Personnel costs)	(1,598)	(2,027)	(2,470)	(3,082)
(Advertising expenses)	(395)	(800)	(1,500)	(1,500)
(Other)	(1,470)	(1,734)	(1,929)	(2,817)
Operating profit	359	400	400	900
Operating profit margin (%)	9.4%	8.1%	6.4%	10.9%
Ordinary profit	346	382	396	900
Net profit for term	224	204	238	560
EPS (yen)	29.0	24.9	29.1	68.3
ROE (%)	13.8%	9.3%	9.8%	19.9%
Number of consultants	73	120	140	160
Average sales per consultant	3.81 million yen/month	3.1~4.0 million yen/month	3.8~4.1 million yen/month	3.8~4.1 million yen/month

2. New Medium-Term Business Plan

Differences with Initial Plan

- **Sales:** Revised upward with the exception of contract development business
- **Costs:** increased costs due to significant investment in personnel and advertising costs

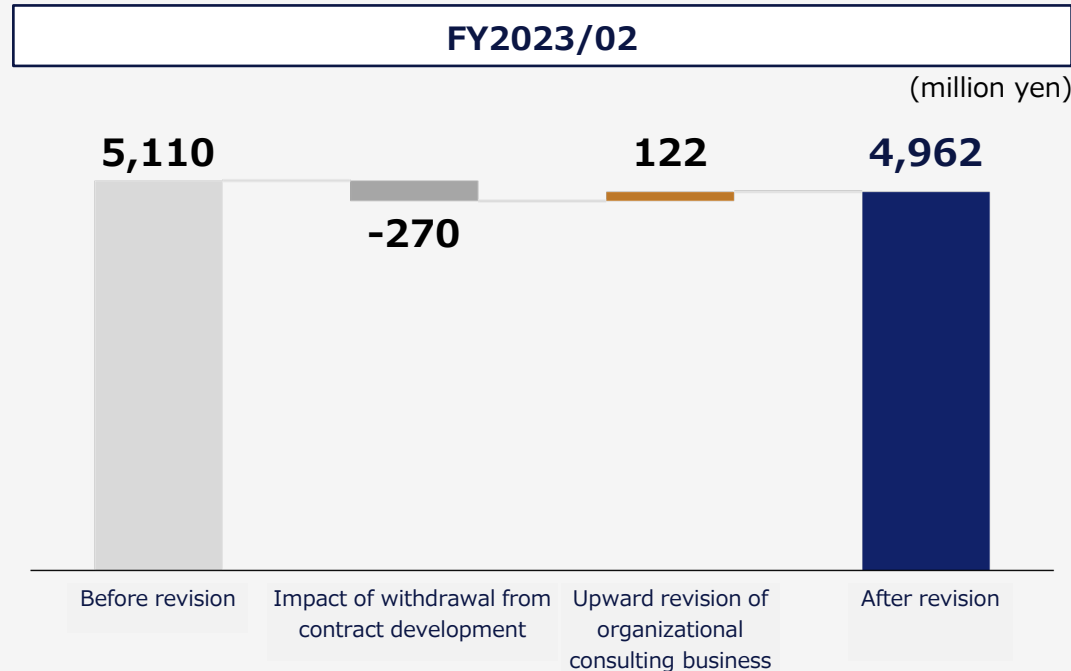
(million yen)

	FY2023/02 (Before revision)	FY2023/02 (After revision)	FY2023/02 (Increase/ Decrease)	FY2024/02 (Before Revision)	FY2024/02 (After Revision)	FY2024/02 (Increase/ Decrease)	Modifications
Net sales	5,110	4,962	-148	6,300	6,300	-	See following page
(Other than contract development)	4,826	4,948	+122	5,985	6,300	315	Upward revision of sales of Platform Service
(Contract development sales)	284	14	-270	315	-	-315	Decrease in revenues due to withdrawal from contracted development
YoY(%)	33.6%	29.8%	-3.8pt	23.3%	27.4%	-	
Operating expenses	4,129	4,561	+432	4,799	5,899	+1,159	
(Personnel costs)	(1,784)	(2,027)	+243	(2,062)	(2,470)	+408	Increased costs due to advance recruiting of consultants
(Advertising costs)	(500)	(800)	+300	(606)	(1,500)	+894	Increased marketing costs for acquiring large company customers, increasing awareness, etc.
(Other)	(1,844)	(1,734)	-110	(2,071)	(1,929)	-142	Reduction in costs due to revised timing of share-based payment costs following the redesign of
Operating profit	980	400	-580	1,560	400	-1,159	
Operating profit margin(%)	19.2%	8.1%	-11.1%	24.8%	6.4%	-18.4%	
Ordinary profit	972	382	-589	1,527	396	-1,130	
Net profit for fiscal year	645	204	441	1,049	238	-811	Decrease linked to revision of operating profit figures
Number of consultants	100	120	+20	120	140	+20	

2. New Medium-Term Business Plan

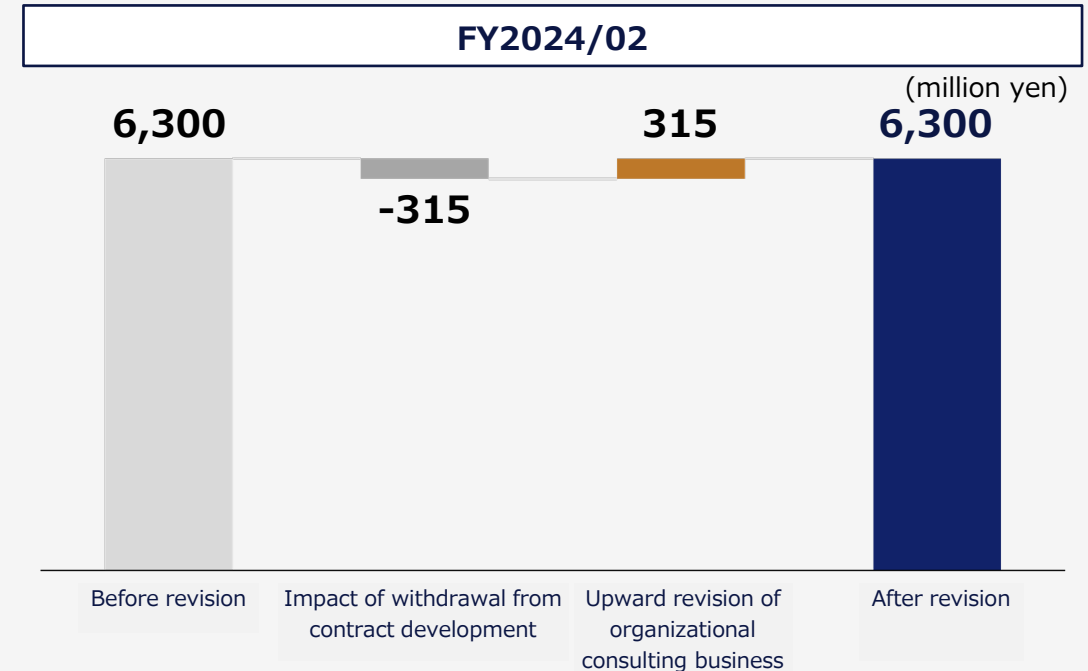
Revisions of previous medium-term business plan (Details of revised to sales figures)

- Upwardly revised with exception of contract development business
- Contract development figures reflect lower sales due to withdrawal



< Revised details for FY2023/02 >

- Sale due to withdrawal from contract development -270 million yen
- Upward revision of organization consulting business reflects upturn in Platform Service sales in FY2022/02 compared to previous plan



< Revised details for FY2024/02 >

- Sales due to withdrawal from contract development -315 million yen
- Upward revision of organization consulting business reflects upturn in Platform Service sales in FY2022/02 compared to previous plan

*Effect of increased sales revenue from upfront investment is not factored into calculations until FY2024/02

2. New Medium-Term Business Plan

Conceptual Image: Structure of Sales Within New Medium-Term Business Plan

Changes from Previous Medium-Term Business Plan

- **Organization Consulting Business**

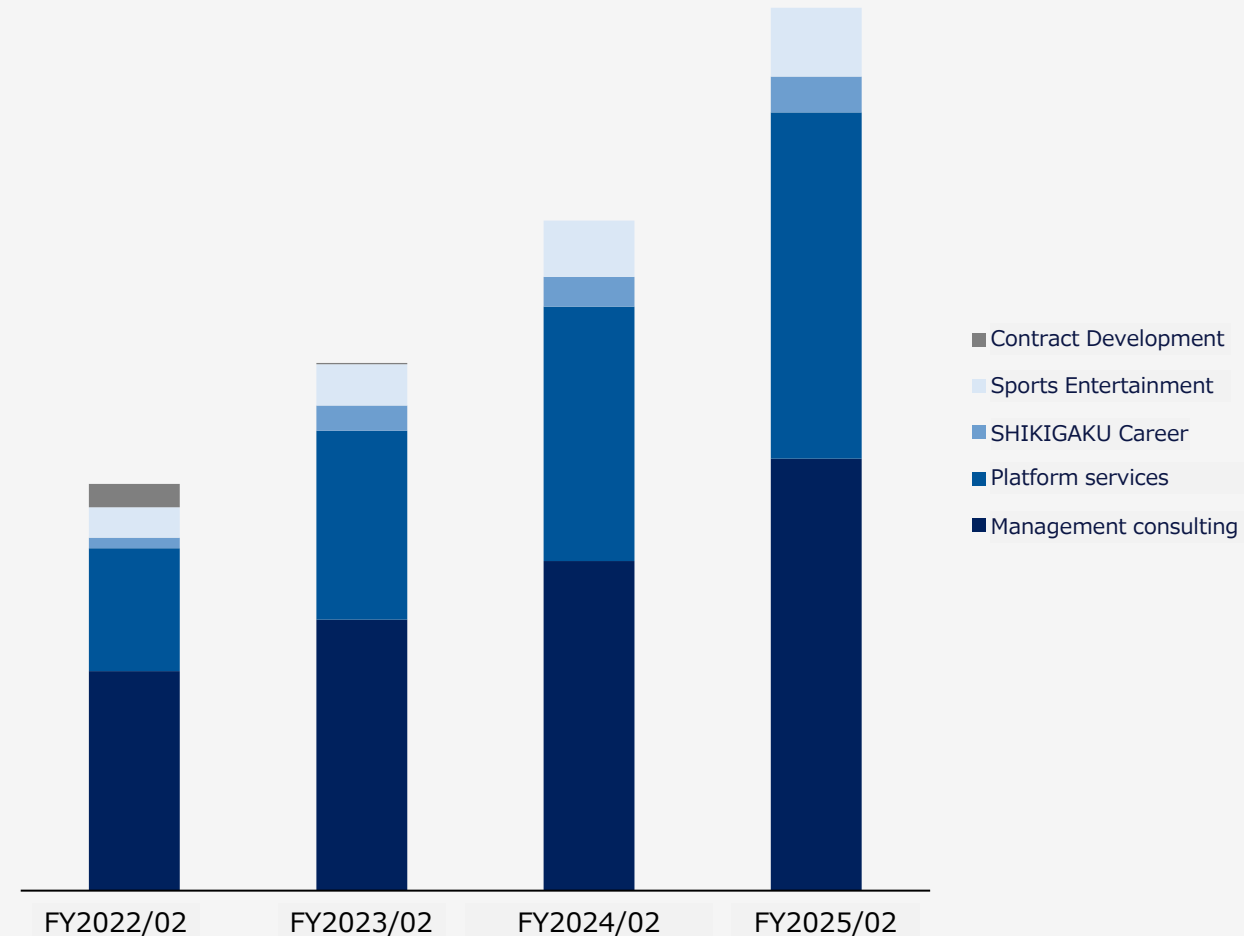
- Sales upside potential from prior investment is not yet reflected
- Does reflect increase in sales due to increase in number of consultants since previous plan (all years calculated on the basis of an increase in 20 consultants for each year compared to each year in previous plan)
- Sales per consultant are calculated in the range of 3.1 million yen/month to 4 million yen/month (Does indeed reflect temporary downside risk to productivity due to increase in the number of consultants)

- **Contract development business**

- FY2023/02: Withdrawal from contract development during this period
- FY2024/02 onwards: Decline to zero in sales due to complete withdrawal from contract development business

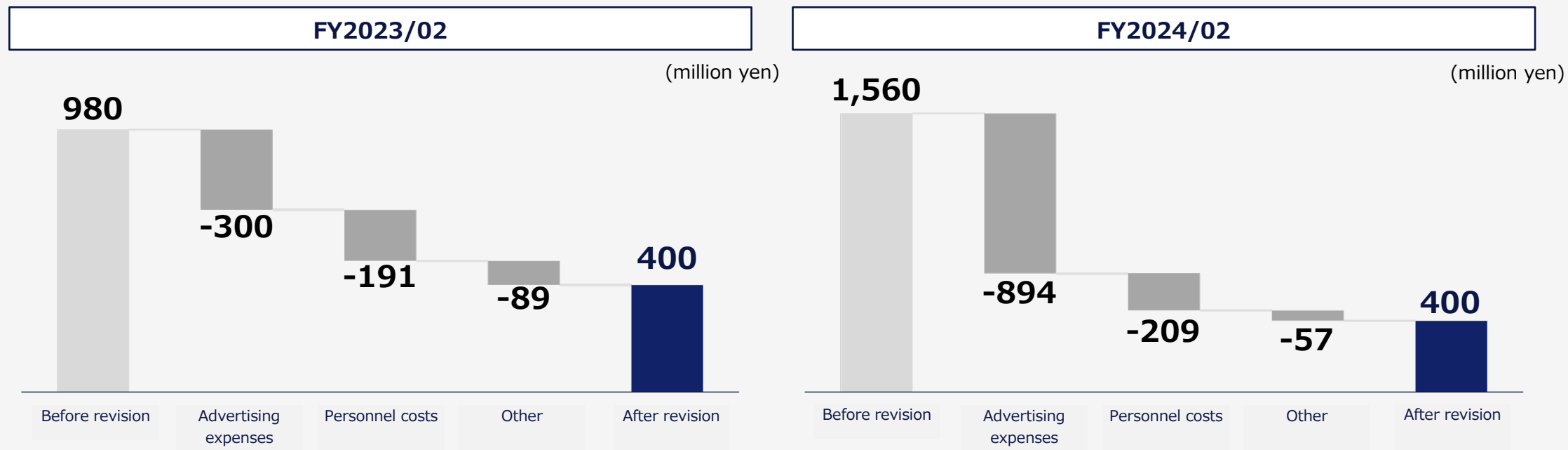
- **VC Fund/Hands-on Support Fund Business**

- Not reflected in plan as timing of exit cannot be reasonably estimated
- *Exit would lead to an upside in sales when it occurs



2. New Medium-Term Business Plan

Revisions from Previous Medium-Term Business Plan (Details of Operating Profit Revisions)



< Revised Details for FY2023 >

- **Advertising expenses**
 - Costs for marketing directed towards large corporations
 - Increase in costs for marketing related to SHIKIGAKU TENSHOKU, increasing awareness and overseas expansion
- **Personnel and recruitment costs**
Increase in personnel costs and recruitment/referral remuneration rewards due to net increase of 50 consultants

< Revised Details for FY2024 >

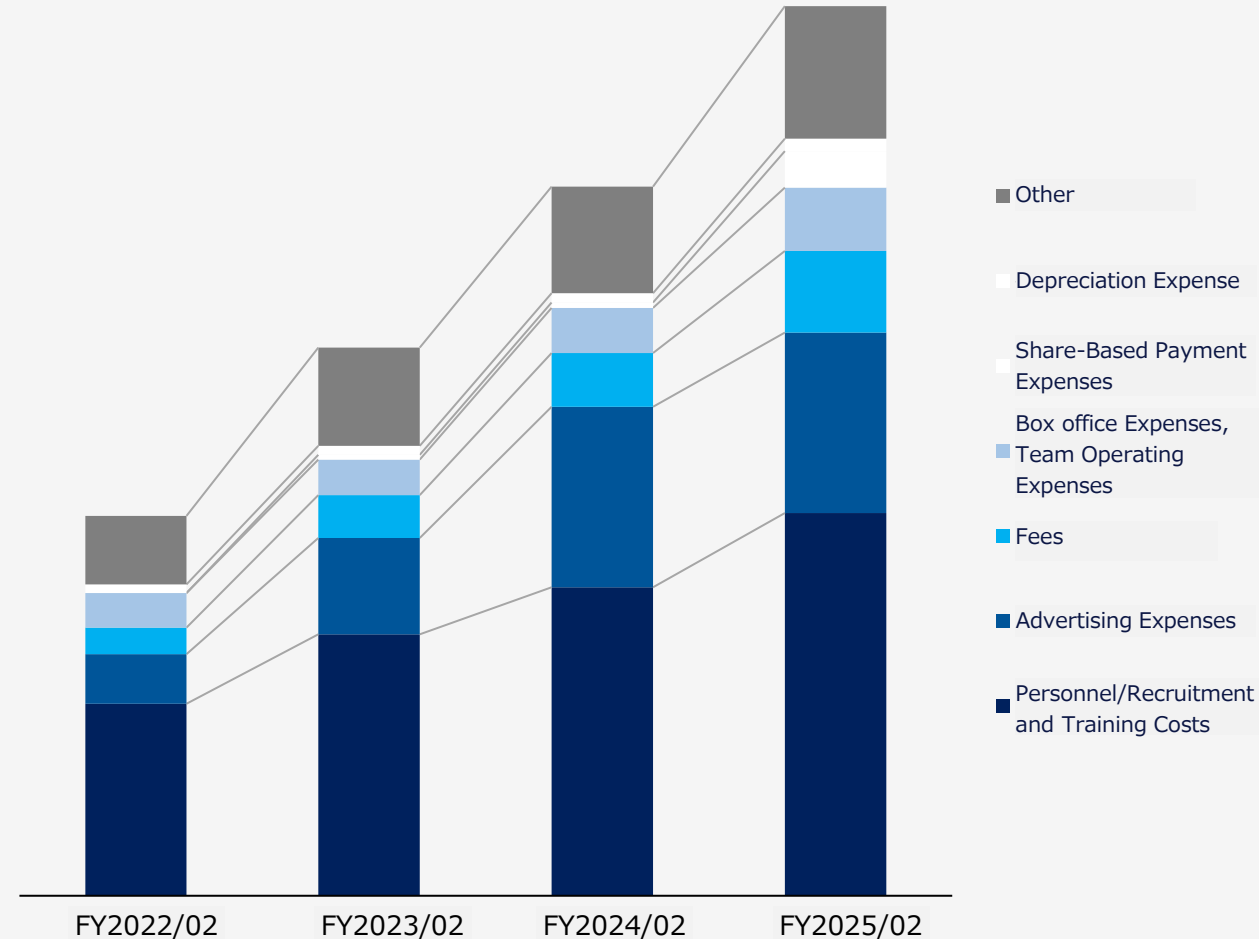
- **Advertising Expenses**
 - Costs for marketing directed towards large corporations
 - Increased marketing costs, such as increased awareness, SHIKIGAKU TENSHOKU, overseas expansion
- **Personnel and Recruitment Costs**
Increase in personnel costs due to impact of the increase in number of consultants has been factored in to FY2023/02

2. New Medium-Term Business Plan

Conceptual Image: Structure of Costs in New Medium-Term Business Plan

Costs that have changed since previous medium-term business plan

- **Personnel/Recruitment and Training Costs**
 - Salespeople/consultants (dual position): Net increase of 50 members in FY2023/02 and increase of 20 members in each term thereafter
- **Advertising Expenses**
 - FY2023/02: estimate of 800 million yen
 - FY2024/02-FY2025/02: estimate of 1.5 billion yen
 - *Strategy of increasing profits while investing at a large scale in every term
- **Share-Based Payment Expenses**
 - FY2023/02-FY2024/02: Expectations of share-based remuneration in stock options for directors in order to commit to earnings growth
 - FY2025/02: includes costs of fulfillment of exercise conditions of trust stock options for employees (redesign of trust stock options and assumption of timing of cost accruing 2 years earlier than in original medium-term plan)



3. Management Strategies

Strategy by Business Segment

Business Segment	Policy	Strategy
Organization Consulting	Emphasis	<ul style="list-style-type: none"> • Due to accelerated recruitment of consultants, 120 members in FY2023/02 and 160 members in 2025/02 • Reduction in churn rates for Platform Services • Maintenance of average sales of 4 million yen per consultant • Further of expansion of sales of Shikigaku Career Business (recruitment, recruitment consultancy, recruitment agency, SHIKIGAKU TENSHOKU project) • Large-scale investment in advertising and promotion at gaining contract with large companies and raising awareness of Shikigaku
Hands-on Support Fund VC Fund	Emphasis	<ul style="list-style-type: none"> • Shikigaku VC Fund (No.1): support for IPOs of companies invested in • Shikigaku VC Fund (No.2): sourcing and investment, support for IPOs of portfolio companies • Hands-on Support: sourcing and structural improvement of companies invested in
Sports Entertainment	Emphasis	<ul style="list-style-type: none"> • Further expansion of sponsorship income (increase in number of corporate contracts and increase in unit price) • Further growth of contracted projects through utilization of links with government organizations • Aim to return to full-year operating profit in FY2025/02 while investing in team • Government cooperation in order to realize construction of Bonds Arena for new B1 League System
Contract Development	Withdrawal	<ul style="list-style-type: none"> • Complete withdrawal from contract development • Investment of resources from contract development segment to be redirected to organization consulting business to aid in its expansion

4. Investment Strategies/Financial Strategies

Investment Strategy – Business Investment

- Investment policy for main business investment areas in medium-term business plans is as follows
 - **Business Investment Policy**

Investment Area	Contents	Investment Policy	KPI
Investment in Human Resources	Recruitment of consultants to be implemented as follows: <ul style="list-style-type: none"> • FY2023/02: Net increase of 50 • FY2024/02: Net increase of 20 	① Controlling investment to the extent that planned profits can be realized ② In the case that operating profit budget is exceeded, the equivalent of the excess amount is to be invested in areas necessary for medium- and long-term growth	<ul style="list-style-type: none"> • Number of consultants and candidate consultants
Investment in Marketing	Investment envisaged in following areas <ul style="list-style-type: none"> • Large-scale online and offline advertising • Joint research with universities • Marketing for the purpose of large company contracts • Raising awareness of Shikigaku through use of SNS and Youtube • Marketing SHIKIGAKU TENSHOKU service to jobseekers • Investigation into costs related to overseas expansion 	① Controlling investment to the extent that planned profits can be realized ② In the case that operating profit budget is exceeded, the equivalent of the excess amount is to be invested in areas necessary for medium- and long-term growth ③ Implementation of investments in advertising and publicity to a degree that the efficiency of customer acquisition does not fall below internal standards (subject to compliance with ① and ②)	<ul style="list-style-type: none"> • Customer acquisition efficiency (ratio of unit price of order to unit price of order acquisition)

4. Investment Strategies/Financial Strategies

Financial Strategies

- Basic strategy is to secure funding through operating cash flow and debt financing

Investment Source Funding Policy

Cash Flow from Operating Activities

Generation of operating cash flow through growth in profits

Interest-Bearing Liabilities

Review conducted on the basis of whether the target D/E ratio criteria are met and whether it is possible to raise funds at interest rates that are cheaper than the cost of capital.

Interest-bearing debt financing in accordance with the investment, where the above criteria are met.

Procurement Through Equity

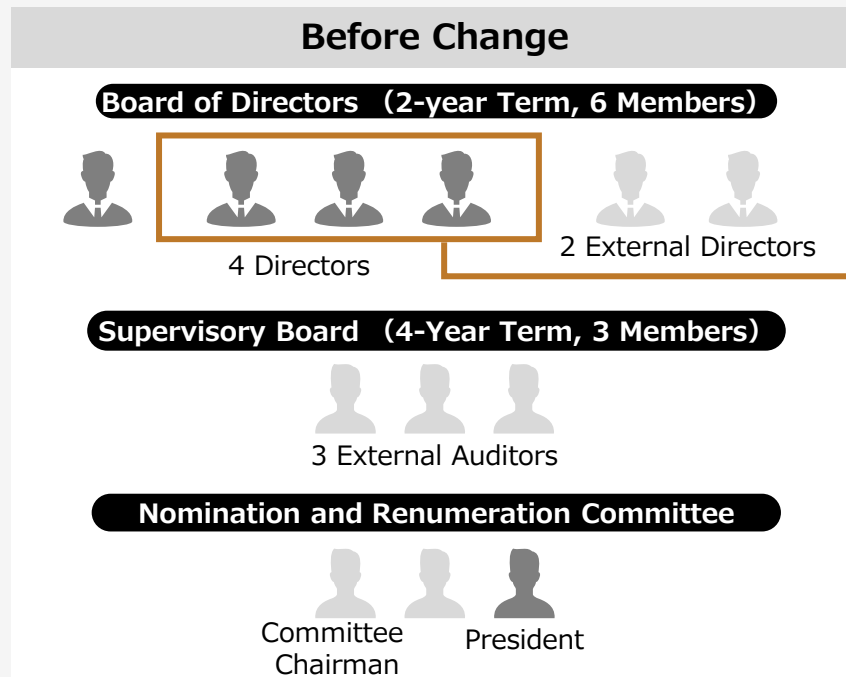
After a comprehensive assessment of the share price level, market environment and financial situation, capital procurement is considered as an option on the basis of improving EPS through investment implementation.

Capital Allocation Policy

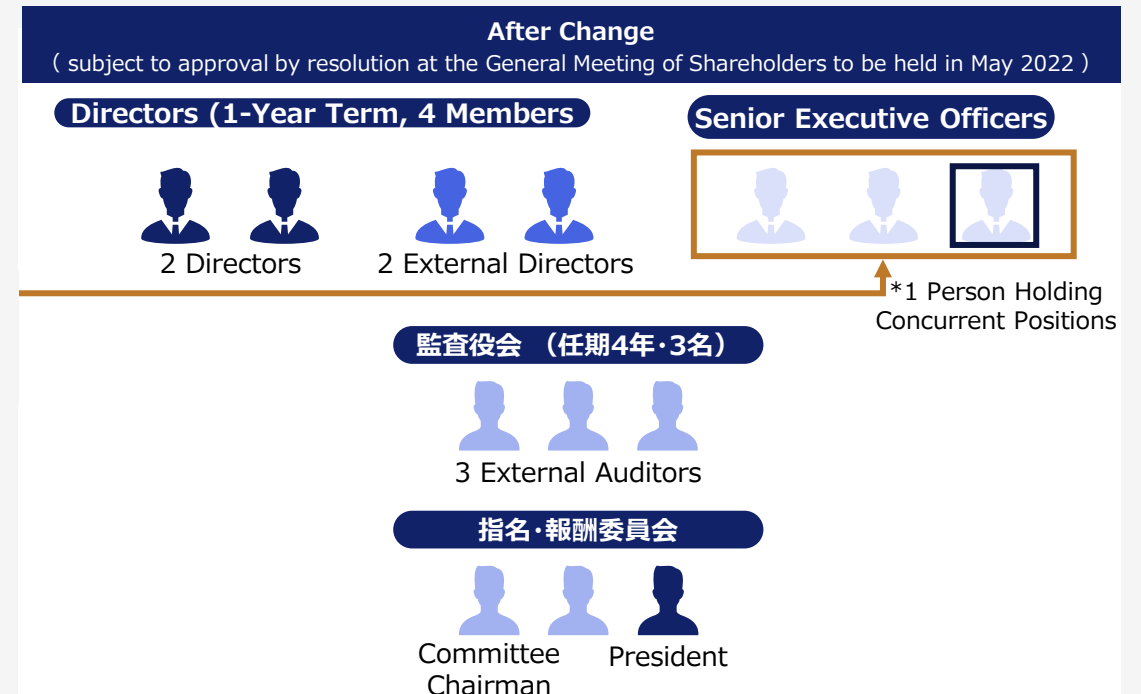
Investment Area	Priority Investment	Expected Returns
Organization Consulting Business	<ul style="list-style-type: none"> • Recruitment and training of consultants • Investment in advertising 	<ul style="list-style-type: none"> • Generation of solid profits as a pillar of management
Hands-on Support Fund Business	<ul style="list-style-type: none"> • Majority investment for Hands-on Support by dispatching consultants to board 	<ul style="list-style-type: none"> • Creation leveraged profits through exits
Sports Entertainment Business	<ul style="list-style-type: none"> • Recruitment of sales personnel • Recruitment of personnel to strengthen cooperation with government bodies • Investment in team operating costs 	<ul style="list-style-type: none"> • Increase in sponsorship income • Contract development with corporate version of 'hometown tax' system • Increased awareness due to promotion to B1 League.
VC Fund Investment	<ul style="list-style-type: none"> • Investment in companies with potential for growth through strengthening their 'organizational capabilities' 	<ul style="list-style-type: none"> • Creation leveraged profits through exits
Shareholder Return	<ul style="list-style-type: none"> • No dividend during the period of the medium-term management plan. Use of cash for investment in business growth. • If net income exceeds that expected in the medium-term business plan, reinvest in working capital requirements, share buybacks, special dividends and business investments 	

Strengthening of Corporate Governance System

- Further improve governance, transparency and objectivity of management with the aim of increasing corporate value
 - Transition to a monitoring board to **strengthen the supervisory function of the board and separate the supervisory and executive functions**
 - Appointment of a **'senior executive officer', a delegated executive officer who is responsible for the execution of operations.**
 - **The term of office of directors has been shortened from two years to one year** in order to clarify their management responsibilities and to create a management structure that can respond flexibly to changes in the business environment.
 - Change in board composition to one in which **independent non-executive directors make up half of the board**
 - Establishment and continued operation of the **Nomination and Remuneration Committee, chaired and majority-owned by an external director.**





Separation of
Supervision
And
Enforcement



5. Corporate Governance, ESG/SDGs

ESG/SDGs

- While increasing corporate value through increased performance is a prerequisite, at the same time it is necessary to contribute to solving social problems, thus contributing to the realization of a sustainable society.

	Policy on ESG/SDGs	Matters to be addressed as ESG/SDGs
<p>Shikigaku Group</p> 	<p>Based on the philosophy of 'maximizing people's potential by spreading Shikigaku,' the company's policy is to realise both sustainable development of society as a whole and its own growth by solving social problems.</p>	<ul style="list-style-type: none"> • Human resource development through organisational management based on Shikigaku and a fair working environment. <ul style="list-style-type: none"> – Employee growth through evaluation system based on results – Creation of a fair and equitable working environment
<p>FUKUSHIMA FIREBONDS</p> 	<p>The policy of the Fukushima Firebonds, a professional sports team with a strong sense of public interest, is to achieve corporate and club growth, together with solutions to local issues by creating a partnership and spreading activities through the power of sport, in which we, as a local professional sports club, tackle local issues and contribute to their solution.</p>	<ul style="list-style-type: none"> • BONDS for Earth <ul style="list-style-type: none"> – Development of safe and secure water and energy in cooperation with corporate partners, as well as dissemination of related information • BONDS for Education <ul style="list-style-type: none"> – Development of a high-quality sports coaching environment through youth development projects.

ESG/SDGs

- Development of human resources through organizational management based on Shikigaku and a fair work environment



- Development and growth through result-based evaluation based on clear goal-setting
 - ex 2.5% salary increase and a system whereby employees' incomes are linked to growth. Stock options are granted according to internal evaluations, regardless of when the employee joined the company.
- Creation of a working environment that eliminates differences due to life stage (childcare/caregiving)
 - ex Company subsidies for childcare and nursing costs up to a certain amount per year
- Creation of an equal working environment, eliminating gender and individual differences
 - ex System: use of Smarna to prescribe medication through online consultations.
- Systems which allow for diverse ways of working
 - ex System: short-time regular employees, hourly paid work system.

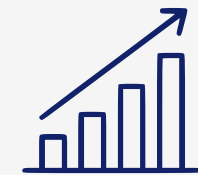
Equal and enabling environment for growth.



Assistance with care costs
Paid leave available for nursing



Childcare assistance



Average pay rise 2.5%
Increased income from growth



Online medical consultation;
use of 'Smarna' system for prescriptions



Diverse ways of working
(hourly paid work system, etc.)

ESG/SDGs

• Environmental initiatives undertaken by FUKUSHIMA FIREBONDS



• BONDS for Earth

- Deployment of safe and secure water and energy in cooperation with corporate partners and dissemination of related information
- Contribution to community development measures in cooperation with local communities.
- Spreading implementation and awareness of 3 Rs: reduce, reuse and recycle.
- Participation in local environmental protection activities

• BONDS for Education

- Development of a high quality sports coaching environment through youth development projects.
- Basketball coaching and provision of minibuses for school clubs
- In local school visits and on various other occasions, education about the positive aspects of sport for development and the importance of children having a dream.
- Creation of opportunities for active roles regardless of nationality and gender

Environmental Initiatives Undertaken by the FUKUSHIMA FIREBONDS



Participation in simultaneous clean-up activities within Fukushima Prefecture



Collecting plastic bottle caps in collaboration with corporate partners

