

Financial Results for the 1st Quarter of Fiscal Year Ending February 28, 2023

June 30, 2022

Tokyo Stock Exchange Growth Market (7049)



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1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

Performance Highlights

Segment	Summary	Topics
Consolidated	<p>Net sales: 1,102 million yen (YoY+30.6%, 103.1% compared with plan)</p> <p>Operating Income : 33 million yen (YoY-52.9%)</p> <p>Net Loss*1 : -26 million yen (21million yen in same period of previous year)</p>	<ul style="list-style-type: none"> Organizational consulting business performed strongly. Operating income was positive due to the timing of some large investments in marketing, which were not recorded until next quarter. Net loss due to extraordinary loss resulting from withdrawal from contract development business
Organizational Consulting	<p>Net sales: 1,001 million yen (YoY+37.3%)</p> <p>Operating profit: 108 million yen (YoY-10.7%)</p> <p>Sales per consultant: 370 million yen/month (QoQ+5.5%)</p> <p>Number of consultants: 77 as of the end May, 2022 *78 as of June, 2022</p> <p>Order backlog : 822 million yen (QoQ+8.7%)</p> <p>*Order backlog for management consulting only</p>	<p>① Organizational consulting business sales exceeded the plan (102.7% of plan)</p> <p>② Platform Service</p> <p>Churn rate for basic services remained within the expected range (about 2-3% on a monthly basis)</p> <p>③ Consultant Recruitment</p> <p>Number of candidate consultants hired was 18, exceeding the quarterly average of 10 in the previous fiscal year</p> <p>④ Effectiveness of investment in advertising</p> <p>Number of new appointments acquired increased QoQ, surpassing the previous record high of 600</p> <p>New management consulting contracts: 174 companies, QoQ increase of 26.1%</p>
Sports Entertainment	<p>Net sales: 87 million yen (YoY+67.8%)</p> <p>Operating profit: -44 million yen (-39 million yen in same period in previous year)</p>	<ul style="list-style-type: none"> Sponsor orders were strong (YoY+64.3%) First B2 playoff appearance in team history since entering B. LEAGUE
VC Fund Hands-on Support	<p>Invested in: 5 companies (4 VC and 1 hands-on support)</p> <p>Investments decided: 1 company</p> <p>Investments under consideration: 5 companies</p>	<ul style="list-style-type: none"> Size of second fund is 710 million yen, greatly exceeding size of first fund.

*1 Net loss attributable to owners of parent company

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

Consolidated Statement of Profit and Loss

- Large-scale marketing initiatives: As a result of thorough deliberations on the content of initiatives in 1Q, some projects have been pushed back in terms of timing→Some advertising expenses will be recorded in 2Q.
- Gross profit margin in the organizational consulting remained in the **upper 80% range**.

(Million yen)	FY2022/02 1Q (QTD)	FY2023/02 1Q (QTD)	YoY	FY2023/02 Forecast	Rate of Progress
Net sales	844	1,102	30.6%	4,962	22.2%
Operating expenses	772	1,068	38.3%	4,561	23.4%
Personnel expenses/recruitment and training costs	359	500	39.1%	2,176	23.0%
Advertising expenses	92	145	57.0%	800	18.1%
Rent expenses on land and buildings	28	39	40.5%	181	22.0%
Team operating expenses/box-office expenses	65	86	32.2%	295	29.2%
Outsourcing expenses	70	65	-6.8%	146	44.6%
Other operating expenses	156	231	48.1%	823	24.3%
Operating profit and loss	71	33	-52.9%	400	8.4%
EBITDA	88	49	-43.7%	474	10.5%
Gross profit margin	72.6%	78.2%	-	75.4%	-

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

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

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

Summary of Results by Segment

- **Organizational Consulting:** Management consulting services progressed at 124.1% compared to plan, contributing to an increase in sales.
- **Sports Entertainment:** Fukushima Firebonds advanced to B2 Playoffs, sponsor orders increased to 160 million yen (YoY+64.3%).
- **Contract Development:** Decided to withdraw from contract development business and concentrate engineering resources on core consulting business.

(Million yen)	FY2021/02				FY2022/02				FY2023/02	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY
Net sales	426	540	729	809	844	957	1,006	1,015	1,102	30.6%
Organizational Consulting	426	515	639	640	729	828	890	873	1,001	37.3%
Sports Entertainment	—	25	47	119	51	39	72	121	87	67.8%
VC Fund	—	—	—	—	—	—	—	—	—	—
Hands-on Support	—	—	—	—	—	—	—	—	—	—
Other (Contract Development)	—	—	42	50	62	89	43	20	13	-78.5%
Segment Profit	-32	8	61	100	71	129	76	82	33	-52.9%
Organizational Consulting	-32	39	103	118	121	173	161	109	108	-10.7%
Sports Entertainment	—	-31	-52	-6	-39	-35	-60	8	-44	—
VC Fund	—	—	—	—	—	-13	-15	-18	-28	—
Hands-on Support	—	—	—	—	—	-0	-1	-1	-3	—
Other (Contract Development)	—	—	-1	-3	-4	-9	10	-9	-10	—

*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).

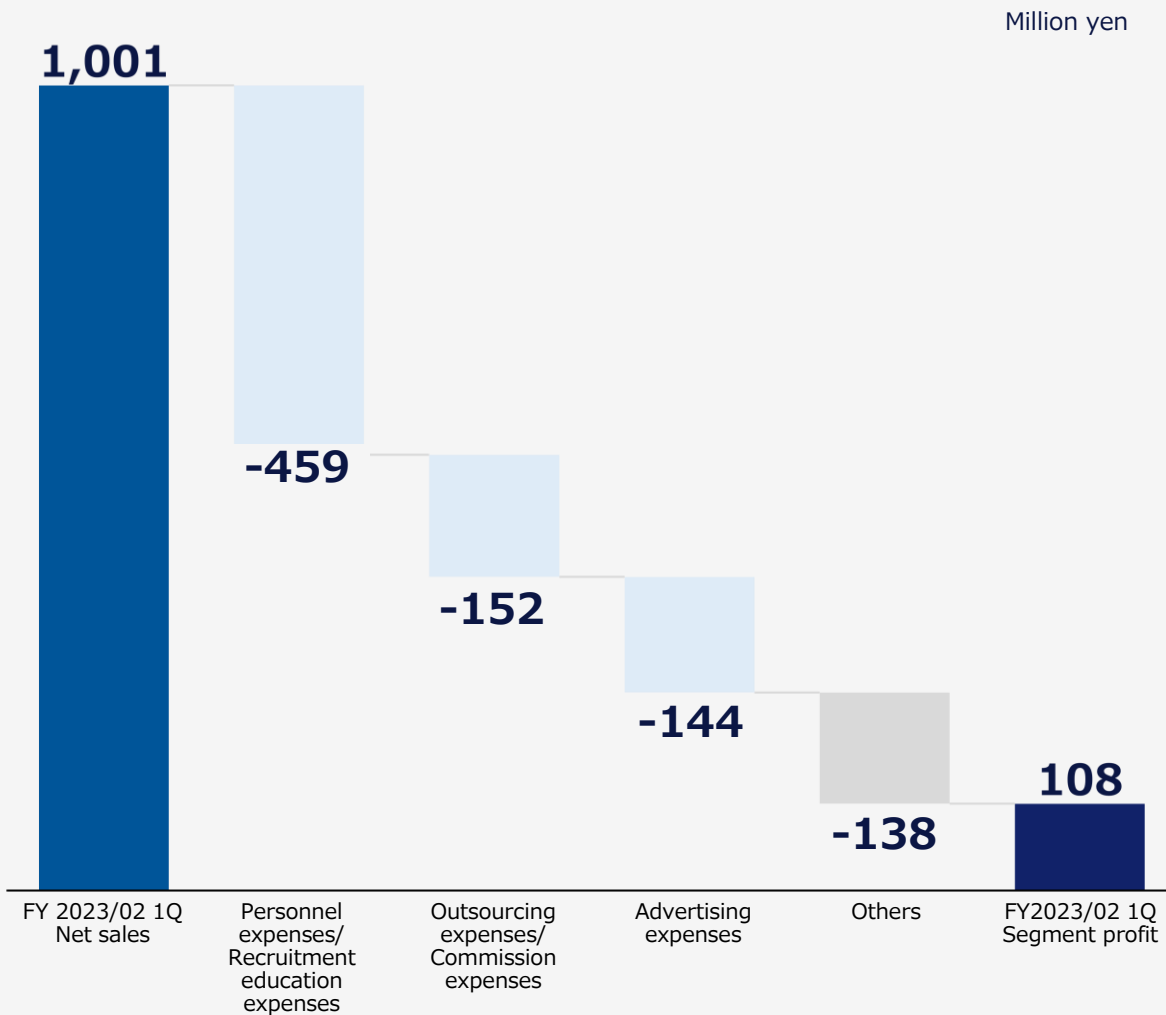
*2 Since Fukushima Sports Entertainment Co., Ltd. has been consolidated since the 2Q of the fiscal year ended February 28, 2021, the figures of the Sports Entertainment business before the 1Q of the fiscal year ended February 28, 2021 are shown as "-".

*3 Since MAGES.Lab (currently SHIKI Lab Inc.) has been consolidated since the 3Q of the fiscal year ended February 28, 2021, the figures for the Contract development business before the 2Q of the fiscal year ended February 28, 2021 are shown as "-".

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

Breakdown of Operating Expenses (Organization Consulting Business)

- Aiming to build and strengthen the earnings base for the next three years, upfront investments were made to increase the number of instructors and acquire new clients at an early stage



Breakdown of costs

Item	Main Breakdown	Purpose
Personnel expenses Recruitment and training expenses	Increase in salaries and allowances, etc. due to expansion in personnel	To increase sales by securing consultant numbers
	Direct recruiting expenses	
Outsourcing expenses Fees and commissions	Sales commissions for partners	To expand customer acquisition channels
	Outsourcing costs for lead acquisitions	To increase awareness and brand recognition
Advertising expenses	Advertising costs for print and radio content	To increase customer inflow and awareness
	Exhibiting expenses for trade shows	To acquire leads from potential customer base

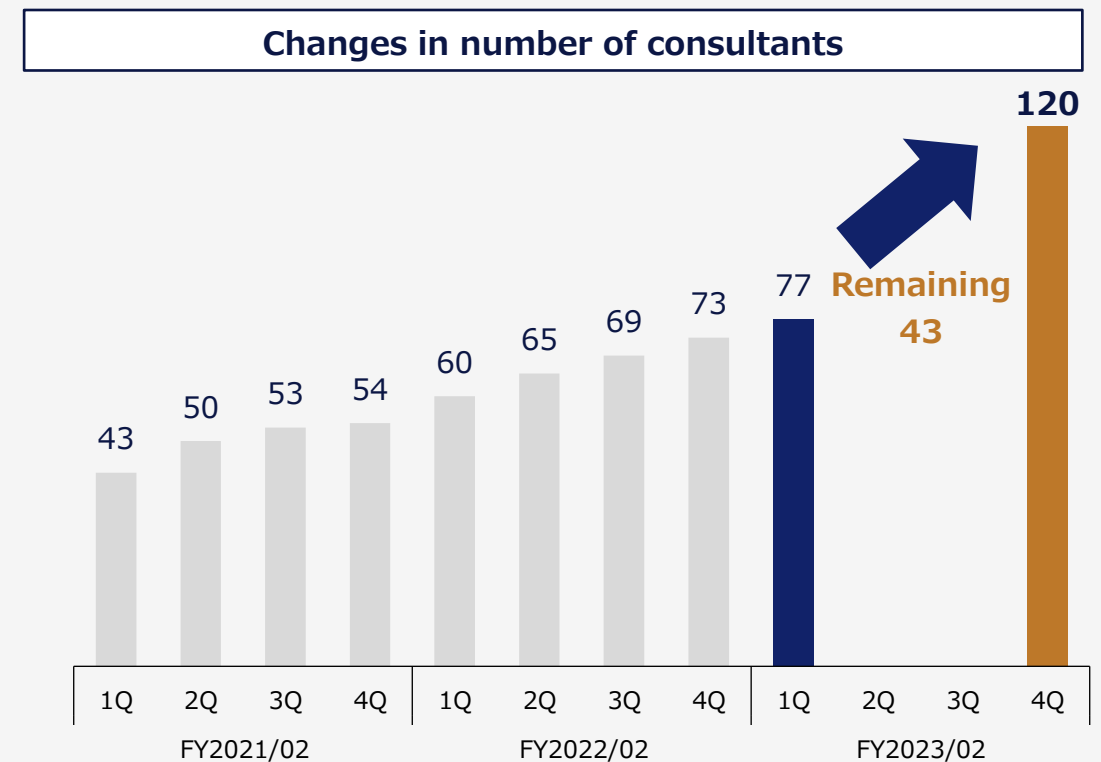
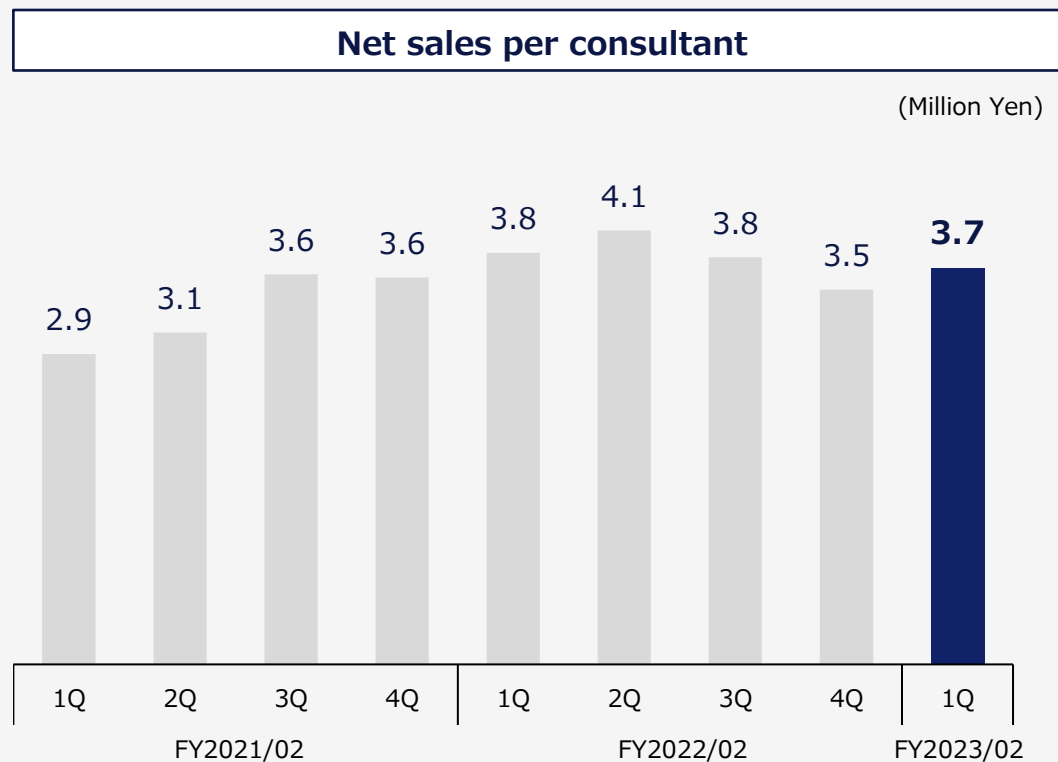
Areas of Advertising Investment

Item	Contents
Strengthening of outbound activities (expansion of reach)	Focus on regional and offline strategies Implementation of seminars by President in regional areas, letters to company owners in regional areas, delivery of complimentary books written by President
Diversification of lead acquisition methods (create larger population of potential clients)	Expand the house list by investing in channels where Shikigaku has not been able to invest significantly in the past. Ex.) Event sponsorships, ads in print, partnership measures (business matching), etc.
Streamlining of Inside Sales resources/Efficient KPI management	Consolidate data such as the number of leads, connection rates based day of week/time of day, etc. on Salesforce to efficiently manage lead allocation and approach
Expand awareness through social media exposure (brand recognition, increased trust and credibility)	Plans to develop marketing PR measures to attract media attention, such as SNS campaigns linked to research reports and advertising plans Aiming to increase trust and credibility through media exposure, and spur more business negotiations. Ex.) Usage of all advertisement space in several carriages of Tokyo Metro Ginza Line and Marunouchi Line.

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

Business KPI (1/4)

- The number of employees was 223 at the end of May 2023 (77 consultants and 20 candidate consultants).
- As of July 2022: 78 consultants, 19 candidate consultants and 13 candidates who have already accepted job offers (110 in total)
- Net sales per consultant who have been with company for at least 8 months: 1Q average was 4.07 million yen/month



*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 officer consultants (2 persons).

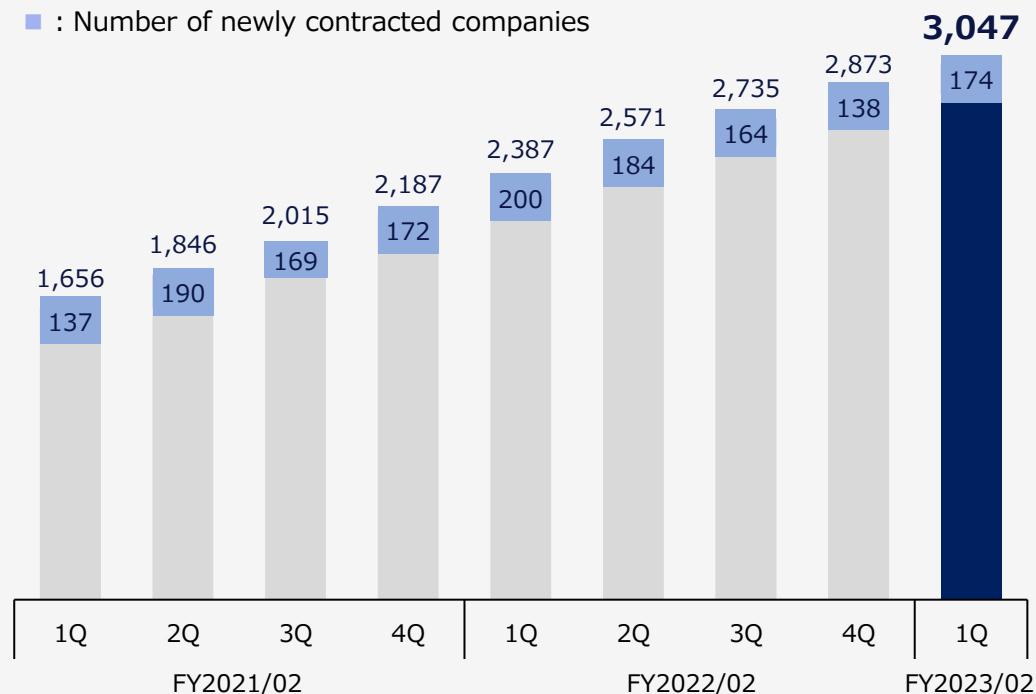
1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28th, 2023

Business KPI (2/4)

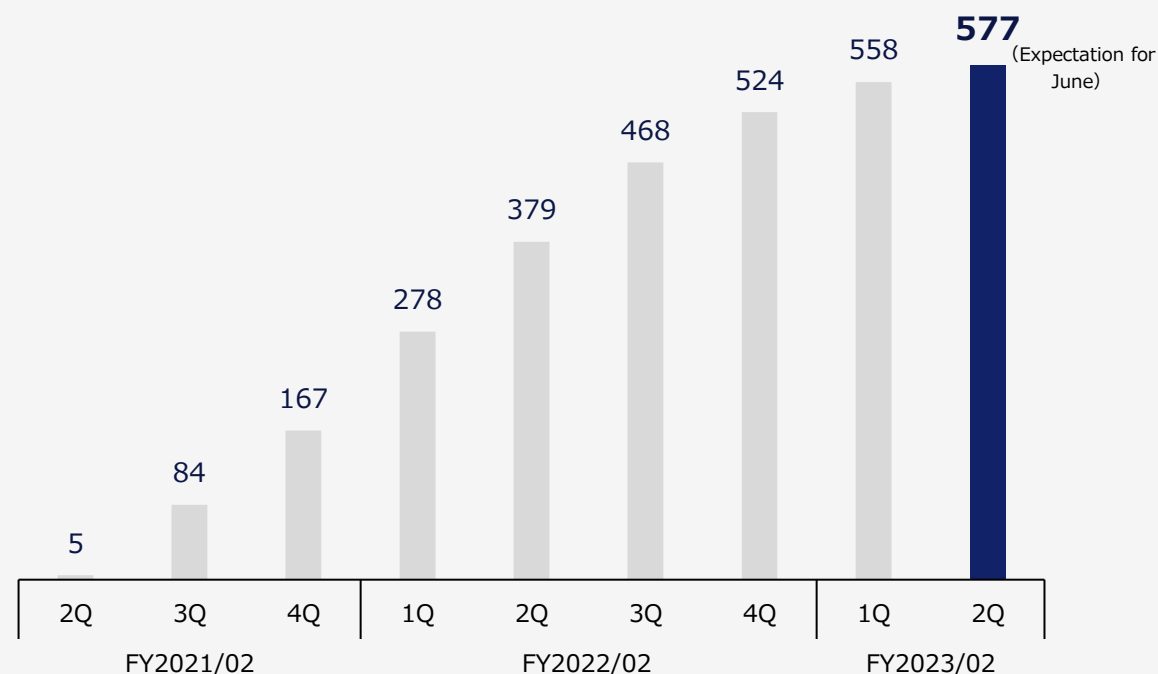
- **Management Consulting: Increase in new contracts QoQ** due to an increase in number of consultants and new appointments
- **Platform Service: Churn rate continues to be 2-3%.*2**

Number of cumulative contracted companies (management consulting) * 1

■ : Number of newly contracted companies



Number of companies contracted to SHIKIGAKU Basic Services



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

*2 Most recent 12-month trend

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28th, 2023

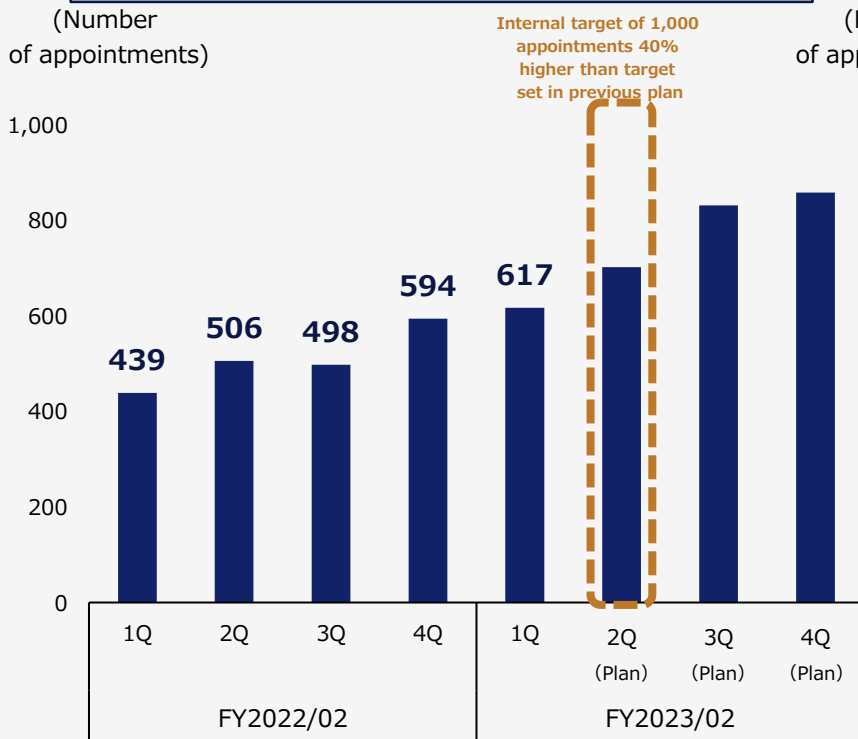
Business KPI (3/4) - Effectiveness of Advertising Investment (Status of Demand)

- Return on investment in advertising: monitored by **new appointments acquired**
- Number of new appointments acquired*: **617 in 1Q**, exceeding internal targets (**YoY+40.5%**)

Proceeding towards internal target of 1,000 new appointments in 2Q (40% greater than previous plan)

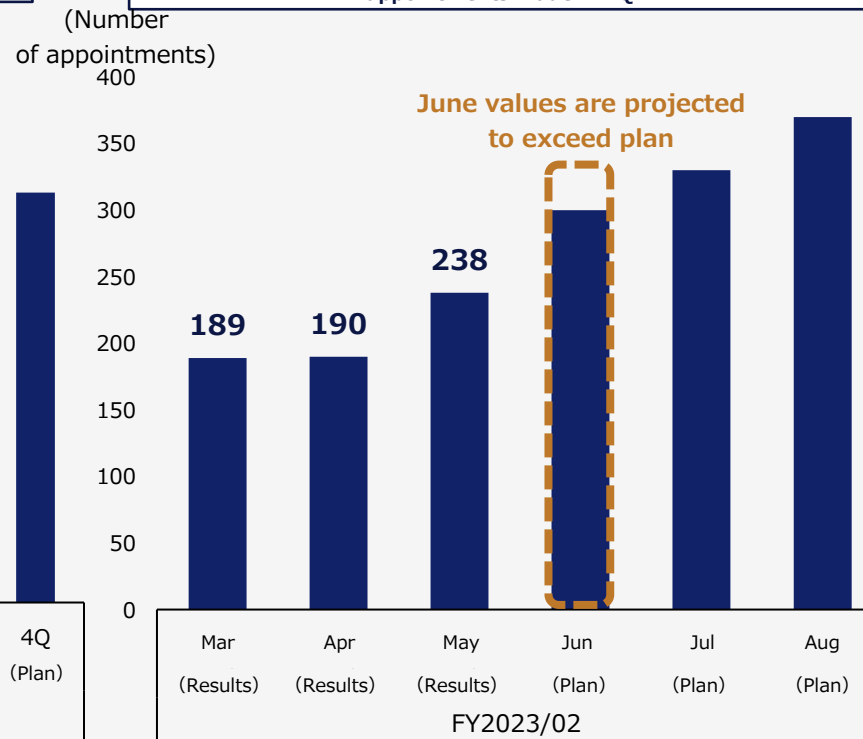
- Annual number of new appointments* (Target): Implement investment in advertising expenses with a target of **3,000, 50% higher than the previous fiscal year.**

Number of new appointments acquired (quarterly change)

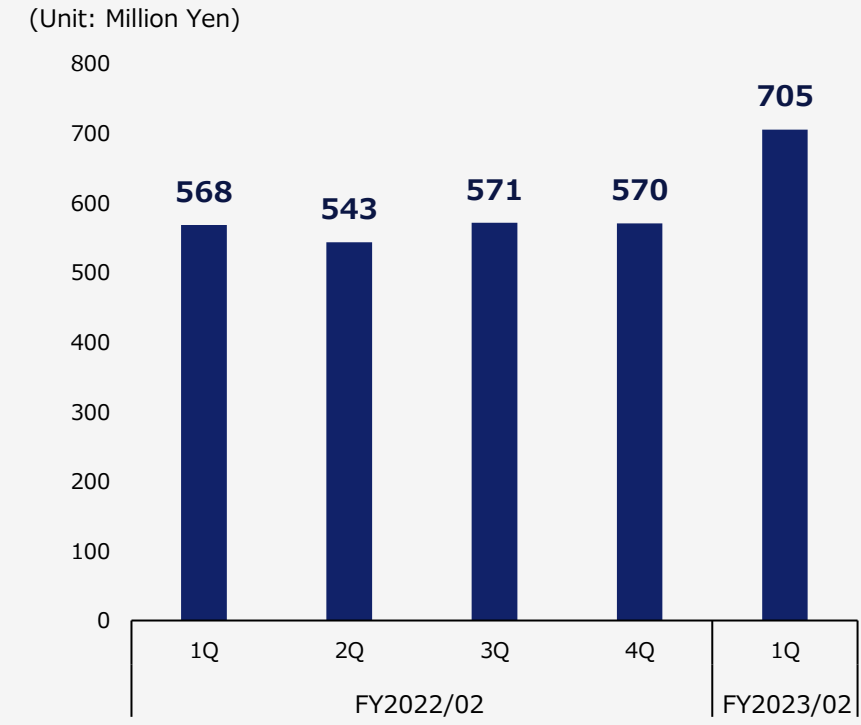


Number of new appointments acquired (monthly)

※June-August : Based on assumption of internal plan of 1,000 appointments made in 2Q



Order amount (quarterly change)



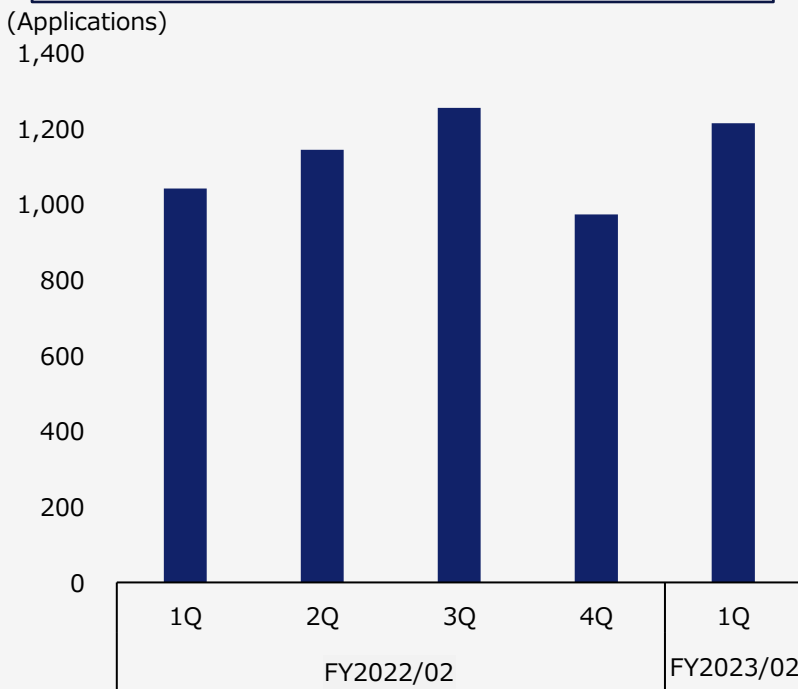
*Number of new appointments acquired: after inquiries from prospective clients to the company, the number of chances to make a sales proposal after Inside Sales department makes contact with prospective client.

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28th, 2023

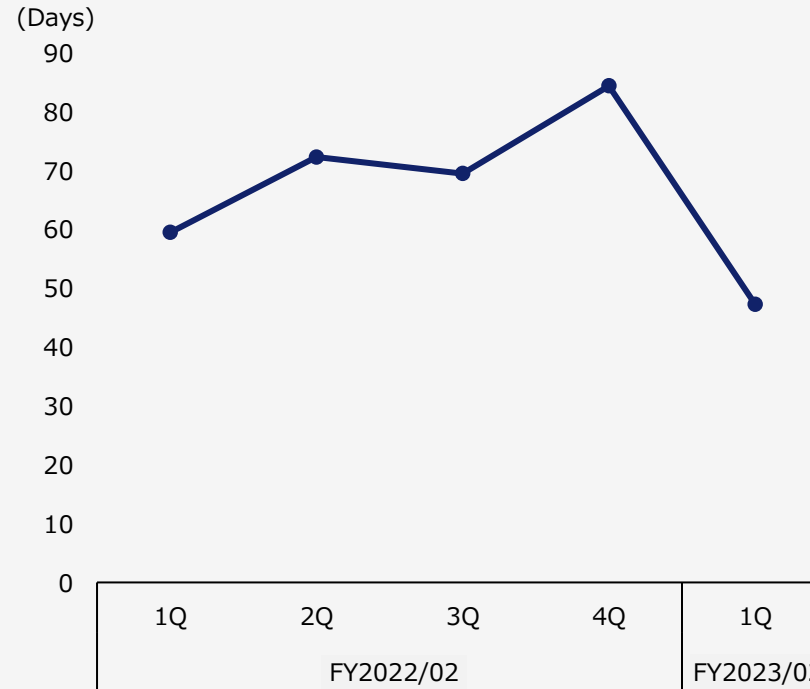
Business KPI (4/4) - Recruitment and Training of Consultants

- Number of job applications: Due to proactive recruiting, **over 1,000 applications per quarter**
- Hiring criteria: no changes from previous year. Setting of high criteria of potential consultants through use of Shikigaku Cloud testing.
- Period of time before becoming junior consultant: **approximately 2-3 months** after joining company, no significant change
- Period of time before becoming a associate consultant: training period in 1Q was prolonged due to influence of rule that only those who had been
- a Junior Consultant for a longer period of time could become become a associate consultant (internal target is within 3 months)

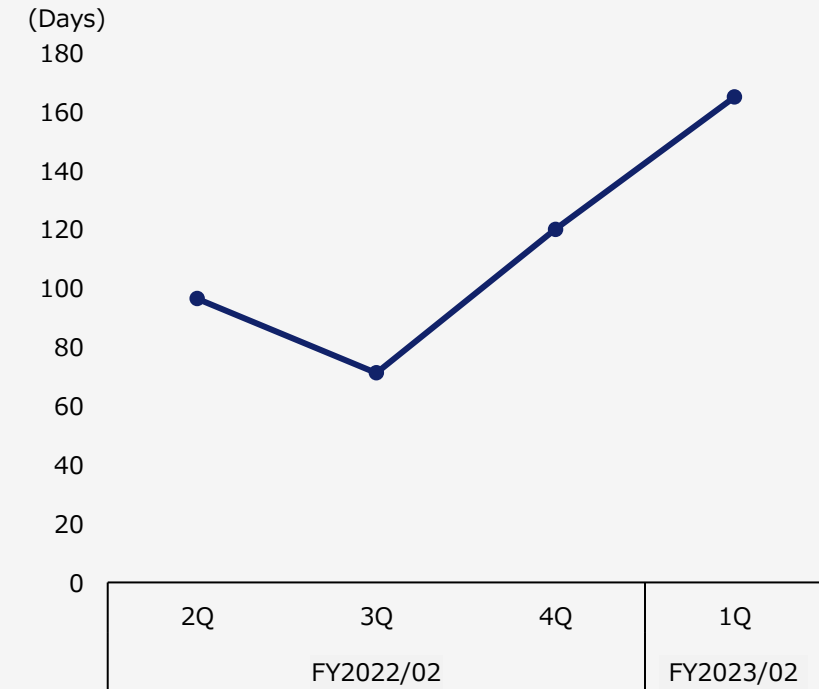
Number of job applications to become consultants



Period of time between joining company and becoming junior consultant*1



Period of time before junior consultant is promoted to becoming associate consultant*2



*1 Total number of days of enrollment of candidate consultants who are promoted in a quarter ÷ Total number of candidate consultants who are promoted in a quarter

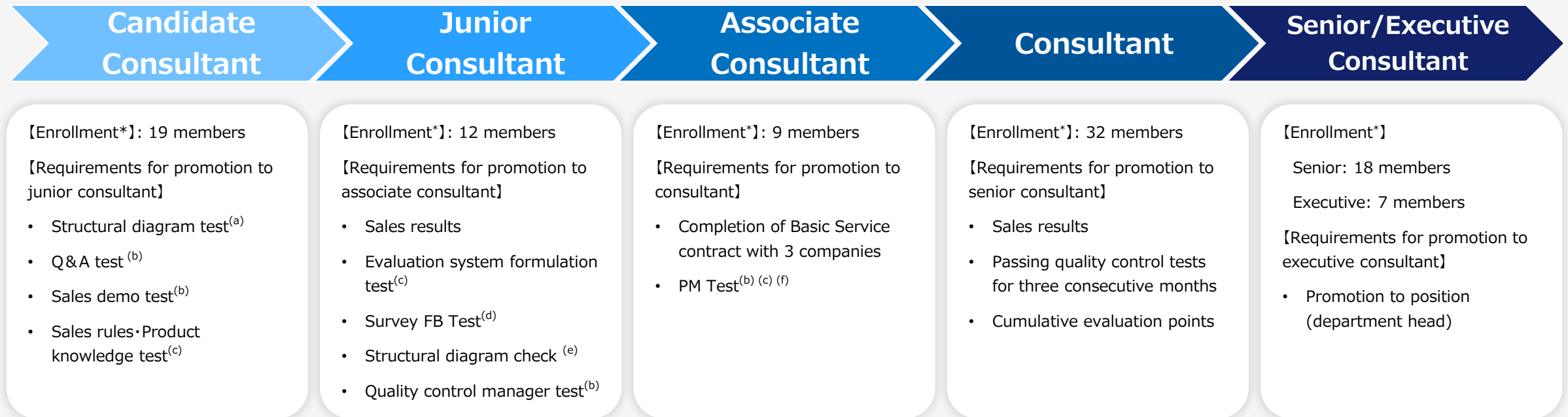
*2 Total number of days of consultants-in-training promoted in a quarter ÷ Total number of consultants-in-training promoted quarterly (The criteria for promotion was changed from the second quarter of the fiscal year ending February 28th, 2023. Number of days increases or decreases depending on the number of days the promoted person is enrolled and the number of people promoted.)

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28th, 2023

Business KPI (4/4) - Promotion path for candidate consultants

Strengthening of training system for candidate consultants through increasing number of persons responsible for training subdividing training functions

- Assigned one senior consultant to training department, increase in training resources
- Separation of training department for candidate consultants into two sections and subdividing scope of responsibilities → Aiming for further improvements in speed and quality of training.



*The enrollment numbers are calculated as of the date of release of this document.

*Person in charge of each test is as follows: (a)Person in charge of human resource development (b)Person in charge of quality control (c)Sales planning and management staff (d)Customer success management staff (e)Direct supervisor (f)Quality Control Manager

[About the contents of the test].

①Structural diagram test: Test to see if the participants can memorize and write about 100 diagrams illustrating the theory of Shikigaku, and can explain the diagrams in accordance with the manual.

②Q&A Test: Oral test with 5 questions randomly selected from 400 questions in the company's Q&A collection (all questions must be answered correctly to pass)

③Sales Demonstration Test: Test to see if a sales representative can explain the product information in an appropriate manner without hesitation

④Sales rule and product knowledge test: Tests on contents such as training report deadlines, Master Training fees, and training periods.

⑤Evaluation system establishment test: Written test on product content and role-playing on the introduction of the evaluation system (overall picture and points to keep in mind when introducing the system)

⑥Survey Feedback Test: Test in the form of a role-play in which one reacts to Shikigaku Survey results testing whether they can understand the results and provide feedback correctly to the client

⑦Organizational chart check: Check for any deficiencies by explaining the 12 Master Training sessions' structural diagrams to the supervisor or together with the supervisor

⑧Quality Control Manager Test: Conduct role-play training for the manager in charge of quality control

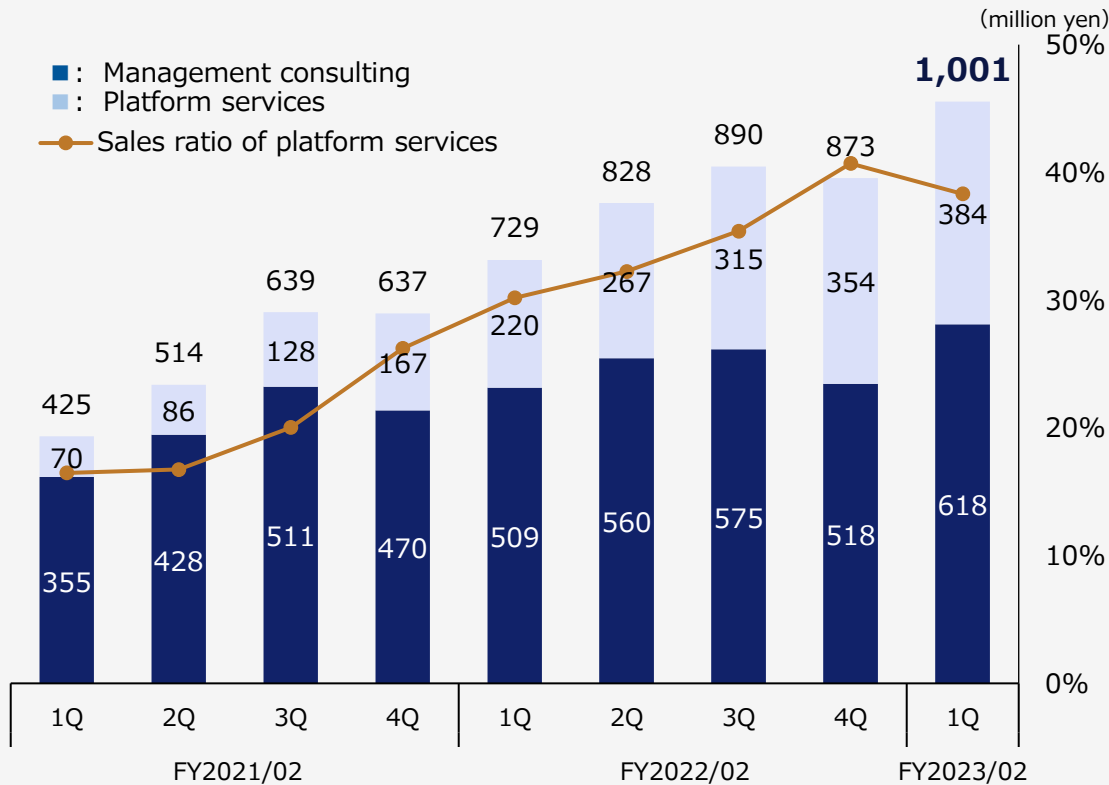
⑨PM Test: Role-play of Basic Service roadmap creation and proposal to a given company

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

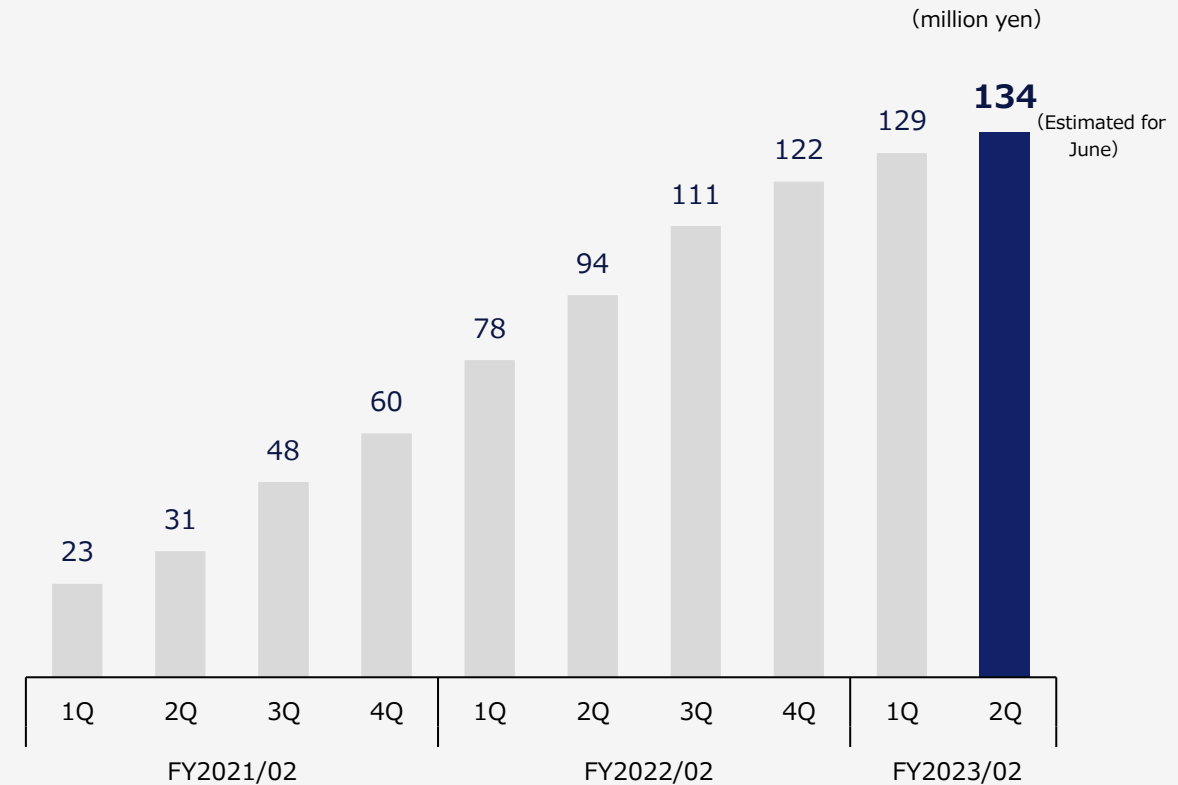
Trends of Net Sales in Organization Consulting Business

- Monthly net sales of platform services **increased to over 134 million yen/month** at the time of disclosure of this material (**YoY +60.4%**)
- Management consulting services performed well compared to the annual plan (**124.1% of plan**)

Trends in net sales in the Organization Consulting Business



Platform Services Monthly Sales Trends



1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

SHIKIGAKU Career – Summary

- Net sales of the entire SHIKIGAKU Career business were **45 million yen (YoY+206.3%)**
- Recruitment: CA*¹ headcount decreased due to resignations, leading to a decrease in referrals and job offers→thorough management of activity and focusing of efforts on referrals as a company*²
- Construction of recruitment training and flow: increase number of RAs*³ to meet demand of from companies for recruitment services.

Segment	Summary	Topics
Recruiting	<p>Number of job-seeker registrations*⁴: 8,287 (+4.5% QoQ)</p> <p>Number of referrals*⁵: 143 companies (QoQ -43.7%)</p> <p>Number of jobs: 442 companies (QoQ+23.8%)</p> <p>Number of job offers: 5 (-37.5% QoQ)</p>	<ul style="list-style-type: none"> • Due to decrease in CA headcount,*⁶ and subsequently volume of activity, there has been a decrease in the number of referrals and job offers. (Number of referrals per person decreased from 28.2 in 4Q of previous fiscal year to 17.9 in 1Q of current fiscal year)
Recruitment Training	<p>Number of companies contracted for recruitment consulting: 7 companies (compared to 5 in previous quarter)</p>	<ul style="list-style-type: none"> • With resuming of business activities, the number of contracted companies increased due to increased demand for services and various companies proactive recruitment activities
Formulation of Shikigaku-Style Recruitment Flow	<p>Number of companies contracted for recruitment process outsourcing: 9 companies (compared with 6 companies in previous quarter)</p>	
SHIKIGAKU TENSHOKU	<p>Direct recruiting platform features currently in development</p>	<ul style="list-style-type: none"> • Employer registration to begin in July 2022 • Plans to implement large-scale marketing activities in September 2022 to increase brand recognition of Shikigaku Tenshoku

*1 CA : Career Advisor

*2 Focus on referrals: Initiatives that promise the number of job offers by promising the number of referrals.

*3 RA : Recruiting advisor

*4 Job registrants: Total of (1), (2), and (3) below (1) Number of people who registered as friends on Sogaku Career's LINE account (2) Number of people who applied for jobs (3) Number of job offers made by our company and interviews set up with our career advisors.

*5 Number of job seekers introduced to employers (document screening)

*6 In the direct recruiting platform service, accounts could not be issued to CAs who had not been introduced in the past six months, resulting in a substantial decrease in the number of CAs who joined the company in 1Q because they could not start working.

1. Financial Summary for the 1st Quarter of the Fiscal Year Ending February 28, 2023

VC Fund Business/ Hands-on Support Fund Business—VC Fund Investment Results

- Total investment amount of SHIKIGAKU No. 2 fund exceed **710 million yen** with fundraising completed, far exceeding amount of SHIKIGAKU No. 1 fund.
- From following quarter onwards, focus on finding targets for investment, aiming to make investment decisions for VC and Hands-on Support Fund.

Shikigaku No.1 Investment, L.P.	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.	35	250	20 ^{*2}	752.4%
Unlisted companies: 6 ^{*1}	181	—	—	—
Investment not yet executed	93	—	—	—
Total	341	352	20	109.1%

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

*2 Difference between the valuation amount based on the stock price as of the end of May, 2022, and the acquisition price

Shikigaku No. 2 Investment, L.P.	Invested Amount (million yen) (A)	Recover (million yen) (B)	Valuation Gain (million yen) (C)	Recovery % ((B+C)/A)
Unlisted companies: 7 ^{*3}	222	—	—	—
Investment not yet executed	488	—	—	—
Total	711	—	—	—

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

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

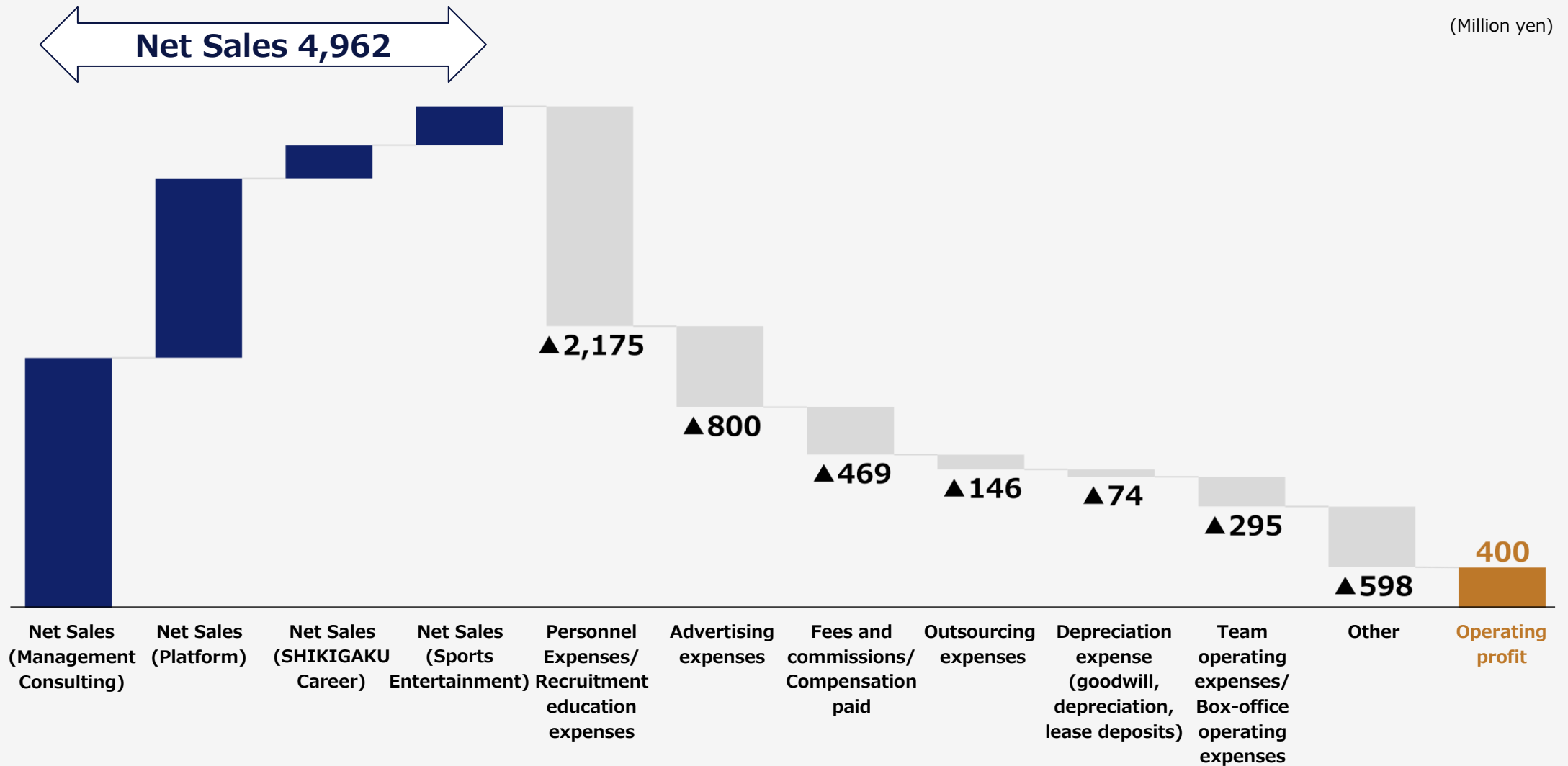
Summary of Financial Forecast

- **Positioning of period from FY2023/02–FY2025/02 as a period of foundation-building**
- **Policy of proactive investment, mainly in advertising and personnel expenses, while maintaining certain level of profit**

(Million yen)	FY2022/02 (Results)	FY2023/02 (Forecast)	YoY	Major Increases/Decreases
Net sales	3,823	4,962	29.8%	•Expansion of organizational consulting business due to increase in number of consultants
Operating expenses	3,463	4,561	31.7%	
Personnel expenses/Recruitment education expenses	1,598	2,176	36.1%	•Increase due to net increase of 50 consultants (YoY+68.3%)
Advertising expenses	395	800	102.3%	•Marketing to large companies •Investment in marketing to increase awareness among non-management personnel
Rent expenses on land and buildings	229	318	38.8%	•Increase in fees for use of internal tools, etc., linked to increase in personnel
Team operating expenses/Box-office expenses	287	295	2.8%	
Outsourcing expenses	343	146	-57.3%	•Decrease in subcontracting expenses due to withdrawal from contract development business
Share-based payment expenses	—	77	—	•Expenses due to granting stock options to executives and employees for the purpose of increased commitment to improving business performance
Other operating expenses	608	823	35.3%	
Operating profit	359	400	11.3%	
EBITDA	429	474	10.4%	
Net income attributable to owners of parent company	224	204	-9.1%	•Decrease YoY due VC fund investee's exit occurring in FY2022/02 not incorporated in forecast

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

Profit Structure for the Fiscal Year Ending February 28, 2023

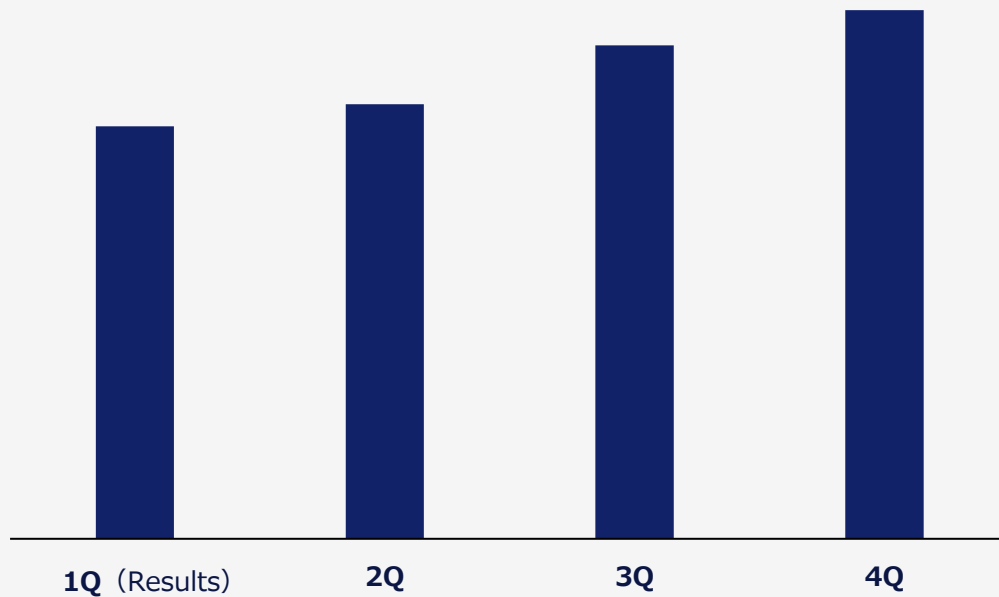


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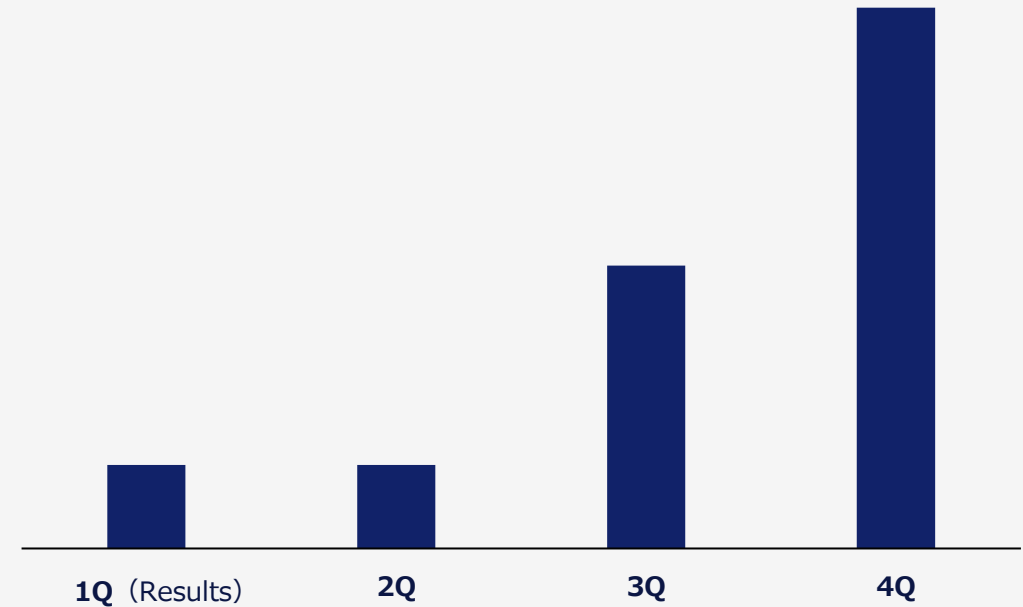
Conceptual image of net sales and operating profit in each quarter

- Net sales: **Weighted towards second half of the fiscal year** due to ongoing increase in number of consultants
- Operating profit: **investment timing is fluid** as investments are made on the assumption that the full-year operating profit plans will be achieved
- Some marketing investment and advertising expenses have been pushed back and will be expenses in 2Q.

Net Sales



Operating profit



*Above figures are based on current assumptions.

Since timing of investment is reviewed periodically in terms of cost effectiveness, deviations in operating profit may occur.