

Financial Results for the Fiscal Year Ended February 28, 2023

Full Year Financial Report

April 14, 2023

Tokyo Stock Exchange Growth Market (7049)



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February 28, 2023**

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Performance Highlights

Segment	Summary	Topics
Consolidated	<p>Sales: 4,458 million yen (YoY+16.6%, 96.9% compared to the plan)</p> <p>Operating income: -57 million yen (compared to the same period of the previous year: 359 million yen)</p> <p>Net loss*1: -252 million yen (compared to the same period of the previous year: current net profit of 224 million yen)</p>	<ul style="list-style-type: none"> In the organizational consulting business, the monthly order value target of 410 million yen was not met, reaching 360 million yen instead. From the second half of the fiscal year, recruitment will be relatively limited and resources will be allocated to the development of existing consultants.
Organizational Consulting	<p>Net Sales: 4,024 million yen (YoY+21.2%)</p> <p>Operating profit: 167 million yen (YoY -70.4%)</p> <p>Sales per consultant: 3.34 million yen / month (QoQ -0.4 %)</p> <p>Number of consultants as of the end of February 2023: 85</p> <p>Order backlog: 651 million yen (compared to the end of the previous fiscal period: -13.9%)</p> <p>* Order backlog for management consulting only</p>	<ul style="list-style-type: none"> Platform Service <p>As a result of sluggish new orders, monthly sales fell short of the plan (down 22.7 % compared to the plan).</p> <p>The cancellation rate has been hovering around 2-3 %</p> <ul style="list-style-type: none"> Consultant numbers: Cumulative total for the fiscal year ending February 2023 - Joined: 49 people; Left: 38 people <p>Although large-scale recruitment was carried out, the vulnerability of the management and training system became apparent, leading to a shift in policy from the second half of the fiscal year to restrain recruitment and allocate resources to the development of existing consultants.</p> <ul style="list-style-type: none"> From the 3rd quarter, internal test standards have been tightened to improve consultant quality. Number of consultants passing the test each quarter: 1Q: 9 people; 2Q: 12 people; 3Q: 1 person; 4Q : 18 people Annual sales of Shikigaku Career: 180 million yen (YoY + 77.3 %)
Sports Entertainment	<p>Sales: 420 million yen (YoY+47.1%)</p> <p>Operating profit: -164 million yen (compared to the same period of the previous year: -126 million yen)</p>	<ul style="list-style-type: none"> Sponsorship orders amounted to 232 million yen (YoY+49.4%), a record high Loss due to continued investment in team operating expenses to strengthen the team Projects commissioned by government agencies have been postponed, and sales forecasts have been pushed back to March or later
VC Fund Hands-on Support	<p>Investment in: 8 companies (7 from the second fund, 1 Hands-on Support case)</p>	<ul style="list-style-type: none"> As of the disclosure of this document, an investment in one company has been executed from the second fund

*1 Net loss attributable to parent company shareholders

Performance Highlights - Organizational Consulting Business Results

- The 4Q monthly order value result fell short of the target (target: 410 million yen, actual: 360 million yen).
- The improvement results and progress status for the 4Q measures are as follows:

Issue	4Q measures	Result	Measures for Q1 FY02/2024
Delays in responding to changing customer needs	<p>(1) Review of service concept We have revised the concept of Shikigaku from that of a service that "communicates" to a service that "installs" Shikigaku in organizations. Specifically, we have shifted from emphasizing management consulting to focusing on the "Shikigaku Basic Service," along with a revision of sales materials.</p> <p>(2) Standardization of "Shikigaku Basic Service"* We have standardized the service, which previously had many individualized aspects like other management consulting services, and have started its operation in this more standardized and effective manner.</p>	<p>Unsatisfactory</p> <ul style="list-style-type: none"> • In February 2023, the new order value reached a record high, and the number of new orders reached the highest level ever. • Despite making improvements to the measures, we were unable to reach the monthly order value target. 	<ul style="list-style-type: none"> • To respond to changing customer needs and focus on acquiring new orders, we have separated sales and consulting roles. • By increasing the man-hours dedicated to new sales, we aim to increase new orders through an increase in the number of demonstrations and sales proposals.
Vulnerability in Consultant Development Department	<p>(1) Tightening the development test standards for consultant candidates</p> <p>(2) Increasing number of staff in the consultant development department (changing from a dedicated one-person system to a three-person system)</p> <p>(3) Reconsidering the number of consultants to be hired in the future</p>	<p>Good</p> <ul style="list-style-type: none"> • As the development test standards for consultant candidates have been tightened since the 3Q, 18 consultants passed in the 4Q. • Annual number of consultants passing the test: 1Q: 9 people; 2Q: 12 people; 3Q: 1 person; 4Q: 18 people 	<p>—</p>
Large Enterprise Development and Advertising Investment	<p>We will refrain from investing in advertising to increase brand recognition and allocate advertising expenses to areas expected to have more direct effects on appointment acquisition.</p>	<p>Good</p> <ul style="list-style-type: none"> • New appointment numbers: • In the 4Q, the number of appointments decreased due to cost control. • Annual target: 3,000 appointments; actual: 3,095 appointments • Large enterprise order numbers: • In the 4Q, orders were received from 11 companies with over 500 employees. 	<ul style="list-style-type: none"> • We will continue to effectively invest in advertising expenses and develop large enterprises.

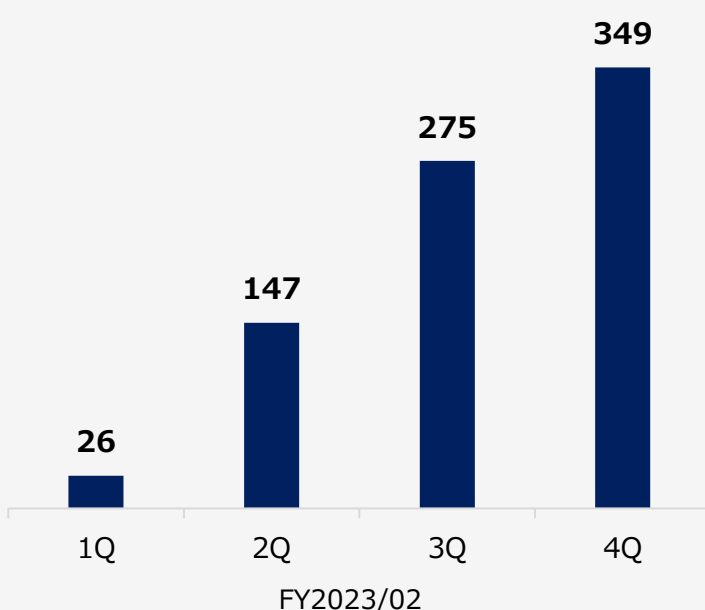
*"Shikigaku Basic Service": A service that provides operational support for organizational management based on "Shikigaku"

Performance Highlights - Orders received by large companies

- Order value from enterprise companies (*) by the end of the fiscal period: **274 million yen (YoY +52.7%)**
- Number of new appointments acquired: Annual cumulative total of **797** enterprise company appointments, with an increasing trend each quarter

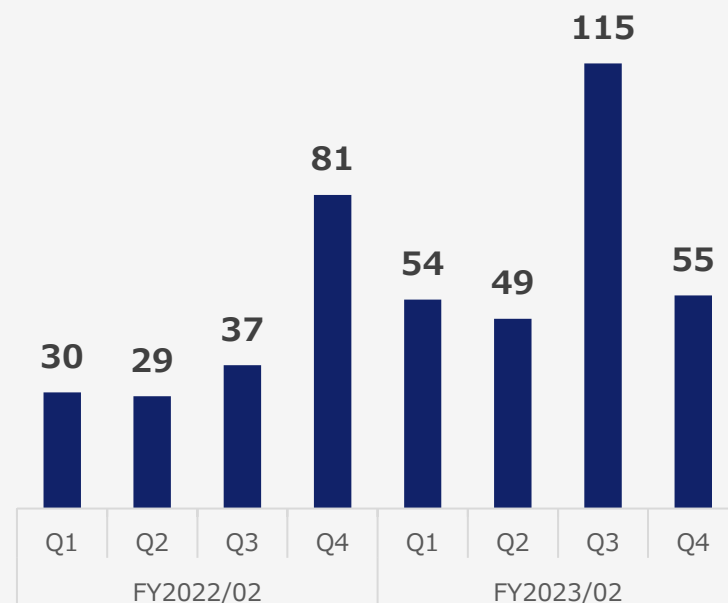
New Appointment Acquisition Numbers (Quarterly Trends)

(Unit: Number of appointments)



Order Value (Quarterly Trends)

(Unit: Million yen)



Examples of Implementation in Enterprise Companies

Aidoma Holdings Co., Ltd. 	ASNOVA Co., Ltd. 	SUS Co., Ltd.
Enjin Co., Ltd. 	Good Life Company Co., Ltd. 	Direct Marketing Mix Co., Ltd.
Fenwal Japan Co., Ltd. 	Peers Co., Ltd. 	Maruhachi Securities Co., Ltd.
Marumae Co., Ltd. 	Mito Securities Co., Ltd. 	Memolead Co., Ltd.
RIZAP Group Co., Ltd. 	Renesas Electronics Corporation 	Ryukyu Astida Sports Club Co., Ltd.

*Enterprise companies: Companies with 500 or more employees or listed companies

Financial Summary for the Fiscal Year Ended February 28, 2023

Consolidated Statement of Profit and Loss

- As a result of sluggish new orders, the cumulative revenue for the fiscal year reached 4.4 billion yen (96.9% of targets in plan).
- For operating profit/loss, the result exceeded the revised budget.
- Due to the withdrawal from the contracted development business, the overall gross profit margin of the group improved (gross profit margin of the organizational consulting business: approximately 80% or higher)

(Millions of Yen)	FY2022/02 4Q (QTD)	FY2023/02 4Q (QTD)	YoY	FY2022/02	FY2023/02	YoY	FY2022/02 Plan(revised)	Progress rate
Net Sales	1,015	1,154	13.7%	3,823	4,458	16.6%	4,600	96.9%
Operating Expenses* ¹	933	1,114	19.4%	3,463	4,515	30.4%	4,700	96.1%
Personnel Expenses/Recruitment education expenses* ²	438	511	16.7%	1,598	2,090	30.8%	2,235	93.5%
Advertising expenses	97	111	13.8%	395	724	83.2%	800	90.5%
Rent expenses on land and buildings	36	43	19.5%	140	178	27.5%	185	96.2%
Team operating expenses/Box-office expenses	84	103	22.9%	287	339	18.1%	359	94.5%
Outsourcing expenses	75	39	-47.4%	343	146	-57.3%	150	97.6%
Other operating expenses	200	304	51.9%	698	1,035	48.3%	969	106.8%
Operating profit and loss	82	40	-51.4%	359	-57	—	-100	—
EBITDA	99	64	-35.9%	429	28	-93.3%	-10	—
Gross Profit Margin	74.6%	75.5%	-	72.3%	77.1%	-	74.5%	103.5%

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

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

Financial Summary for the Fiscal Year Ended February 28, 2023

Summary of Profit and Loss by Segment

- **Organizational Consulting:** With the acquisition of large enterprise projects, 4Q sales increased compared to the previous quarter.
- **Shifting from aggressive hiring towards 120 consultants to focusing on developing existing consultants with an improved management system, the 4Q profit resulted in a positive figure.**
- **Sports Entertainment:** With the increase in sponsor orders, revenue reached **420 million yen (YoY+47.1%)**.

(million yen)	Fiscal year ending February 2021				Fiscal year ending February 2022				Fiscal year ending February 2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	426	540	729	809	844	957	1,006	1,015	1,102	1,083	1,117	1,154
Organizational Consulting	426	515	639	640	729	828	890	873	1,001	1,023	987	1,011
Sports Entertainment	—	25	47	119	51	39	72	121	87	60	130	142
VC Fund	—	—	—	—	—	—	—	—	—	—	—	—
Hands-on Support Fund	—	—	—	—	—	—	—	—	—	—	—	—
Others (Contract development)	—	—	42	50	62	89	43	20	13	—	—	—
Segment profit	-32	8	61	100	71	129	76	82	33	-56	-74	40
Organizational Consulting	-32	39	103	118	121	173	161	109	108	7	-27	79
Sports Entertainment	—	-31	-52	-6	-39	-35	-60	8	-44	-49	-39	-30
VC Fund	—	—	—	—	—	-13	-15	-18	-28	-23	-20	-20
Hands-on Support Fund	—	—	—	—	—	-0	-1	-1	-3	-1	-1	-1
Others (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).

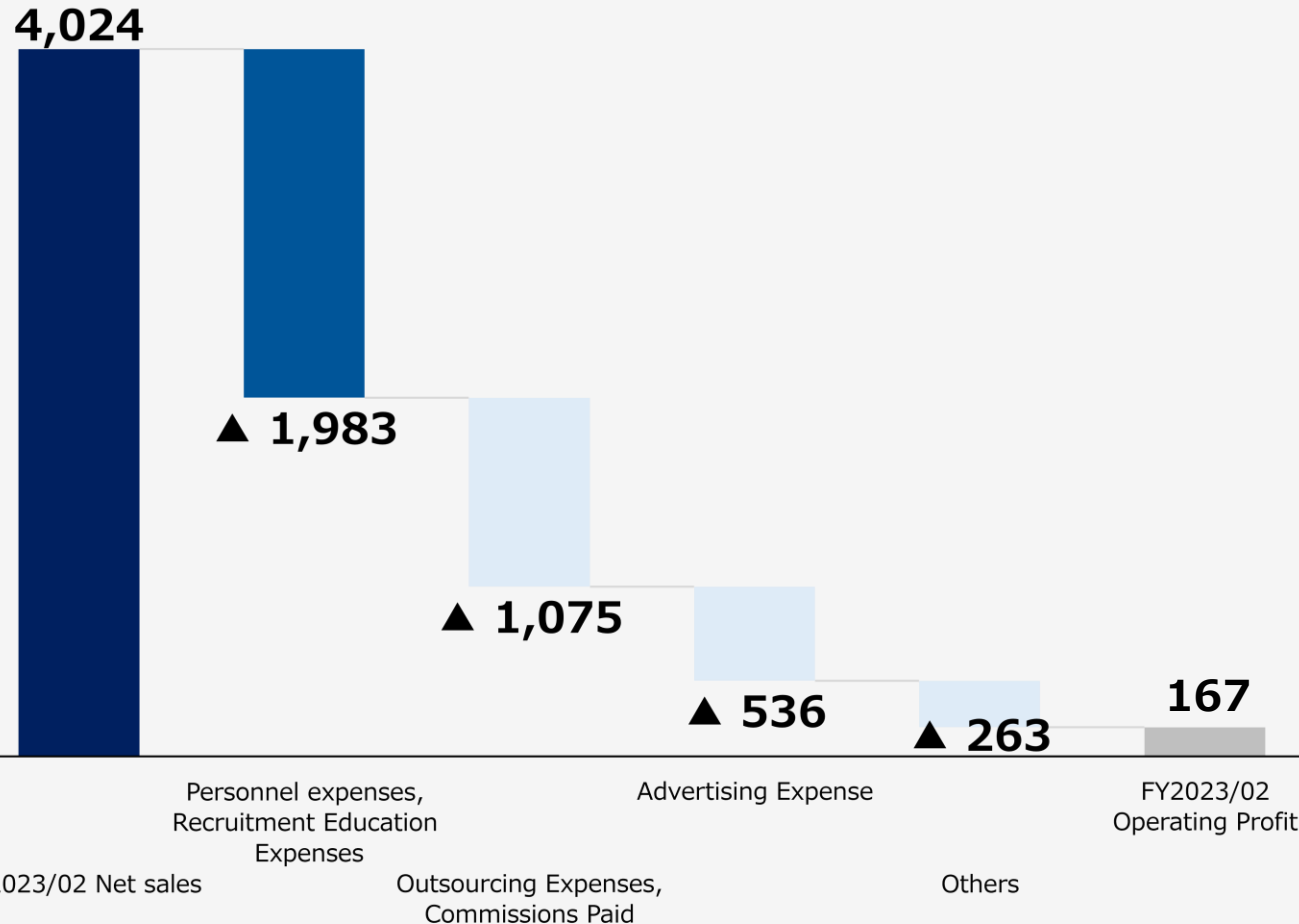
*2 Since Fukushima Sports Entertainment Co., Ltd. has been consolidated since Q2 of the fiscal year ended February 28, 2021, the figures of the Sports Entertainment business before Q1 of the fiscal year ended February 28, 2021 are shown as "-".

*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 "-".

Breakdown of Operating Expenses (Organization Consulting Business)

- To build and strengthen the revenue base for the next fiscal year and beyond, we have been making proactive investments the earlier increase in the number of consultants and the acquisition of new customers, resulting in a decrease in profit margin.
- The review of the consultant development system is complete, and we aim to increase the number of consultants by 10% in the next fiscal year.
- We will not engage in advertising to increase recognition of the brand, which had a limited impact this fiscal year, and instead focus our investment on advertising focused on contract acquisition.

(Unit: million yen)



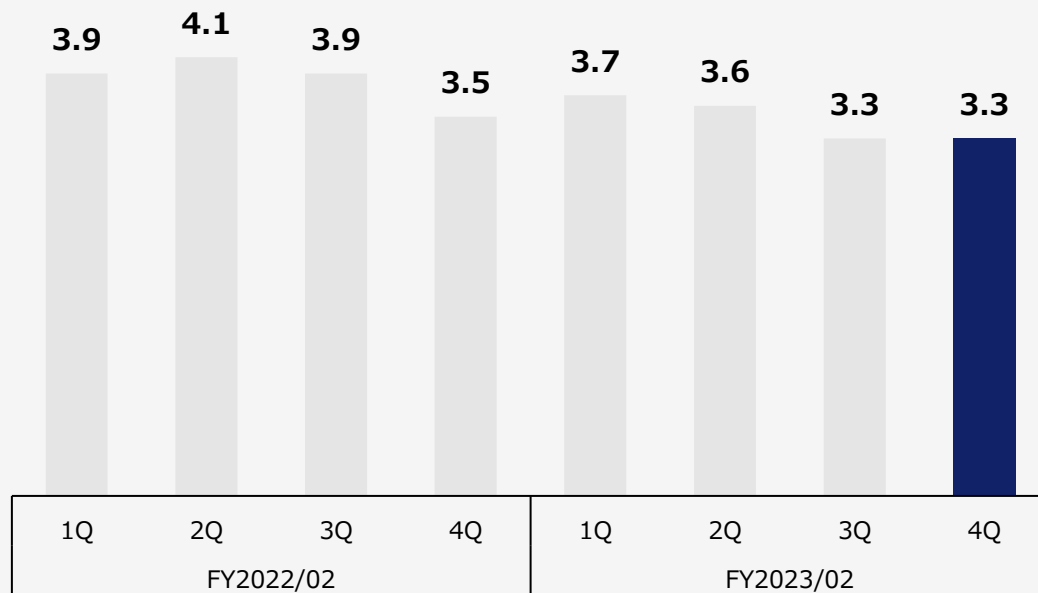
Item	Major increases from the previous year	Purpose
Personnel expenses/ Recruitment education expenses	Increase in salaries and allowances due to personnel expansion Recruitment costs for hiring consultant candidates	Increase in revenue due to securing the number of consultants
Outsourcing expenses & payment fees	Costs for promoting B to G business expansion Costs for building branding strategy Sales support tool expenses	Expanding customer acquisition channels: Improving brand recognition Enhancing sales productivity
Advertising expense	Advertising expenses using SNS Costs for talk show projects with business influencers and exhibiting at trade shows Advertising for Shikigaku Tenshoku on trains and at Shibuya Station square	Improving brand awareness Acquiring leads from potential customers

Main Business KPIs (1/5)

- As of the end of February 2023, the total number of employees is 252 (**85 consultants, 9 consultant candidates, and 3 accepted job offers**).
- Average monthly sales per consultant with more than 8 months after joining the company in the 4th quarter: **3.81 million yen**.
- From the fiscal year ending February 2024, the service provision structure will be changed, separating the sales representatives and consulting representatives (for details, please refer to page 12).

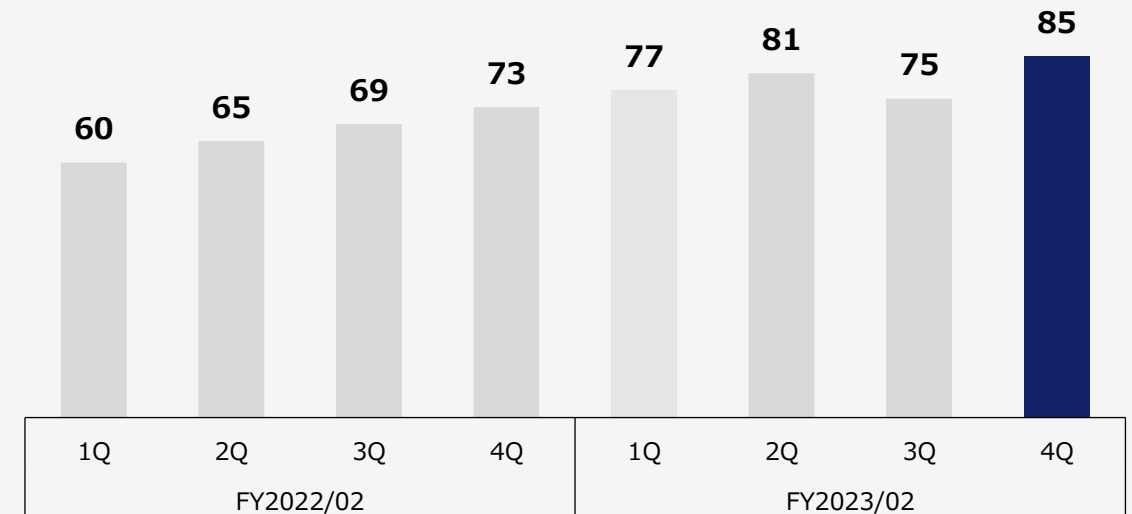
Sales per Consultant

(Unit: Millions of Yen)



Number of Consultants

(Unit: persons)



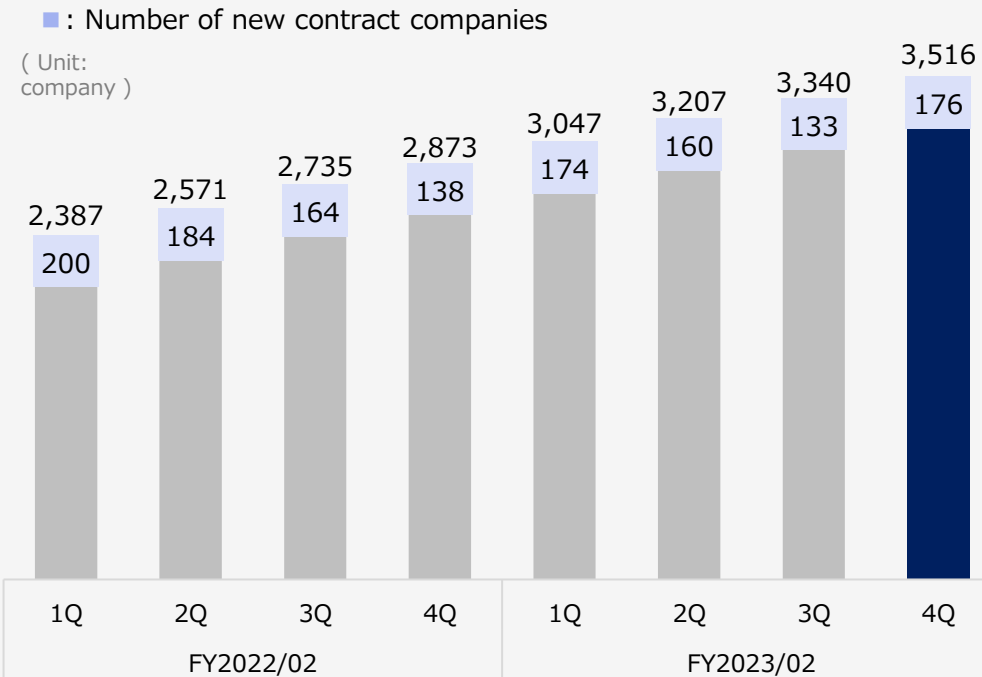
*Sales per person = (sales of management consulting services (excluding Shikigaku careers) + sales of platform services) ÷ number of consultants

*Calculated by excluding the sales of consultants at partner companies

Main Business KPIs (2/5)

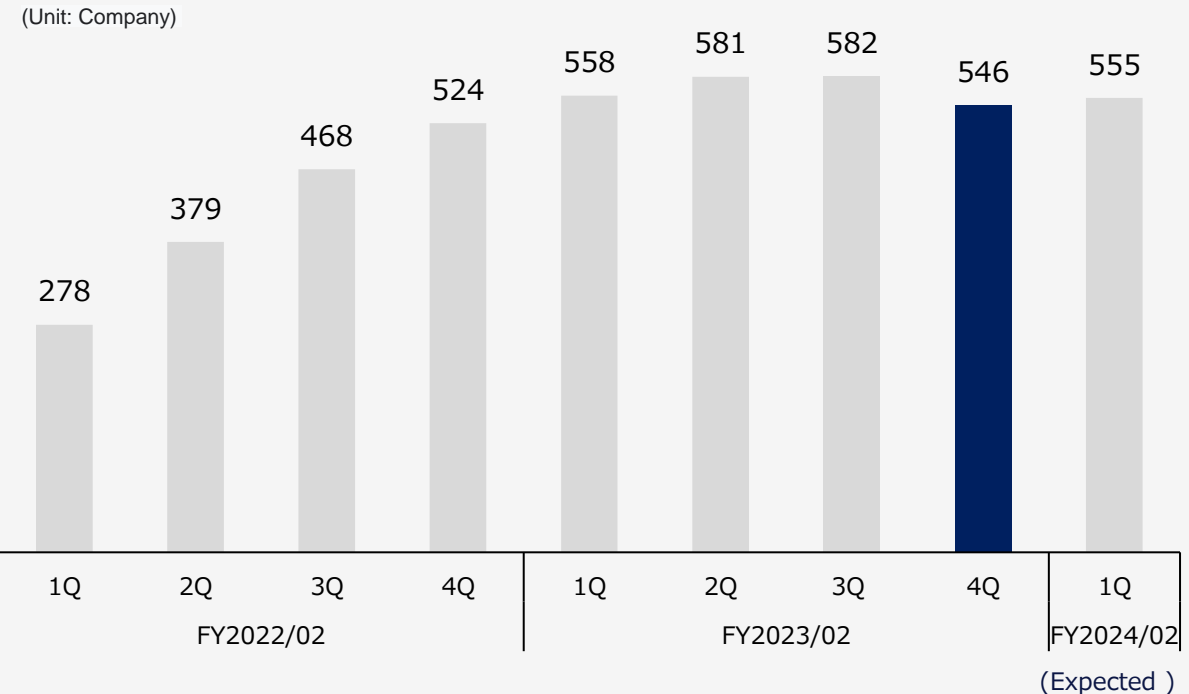
- **Management Consulting:** With the improvement in the pace of sales and consultant training, and the improvement in the project order rate, the trend in the number of new contract companies is **increasing trend quarter-on-quarter**.
- **Platform Services:** Since the 3rd quarter, there have been many suspensions and cancellations, and the number of companies contracted to Basic Services decreased in the 4th quarter. The cancellation rate continues to be around **2% to 3%**.

Cumulative Number of Contracted Companies (Management Consulting)*1



*1 Cumulative number of contracted companies only covers paid contracted companies
*2 Recent 12-month trend

Number of Basic Service Contract Companies

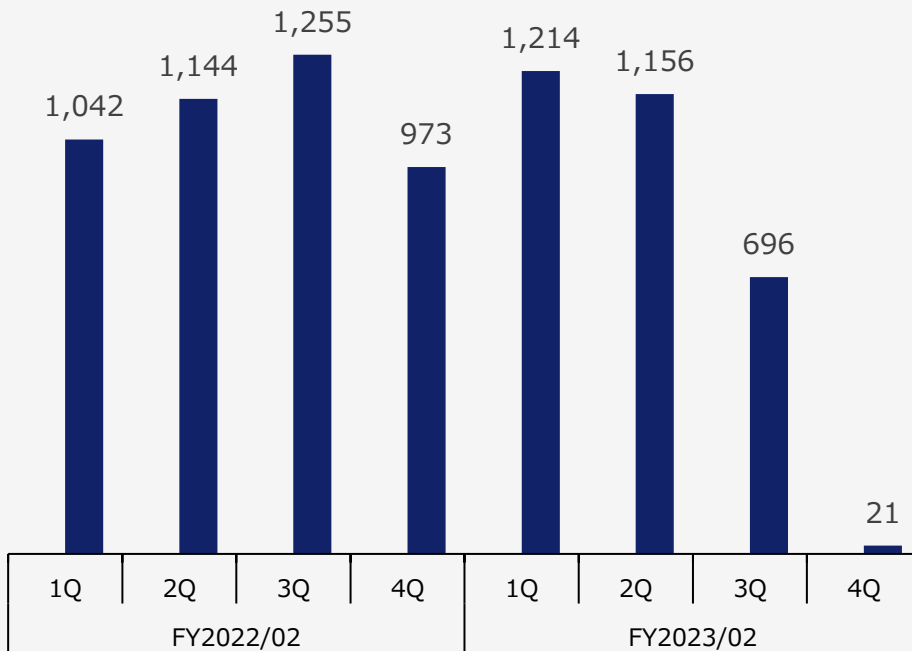


Main Business KPIs (3/5) – Recruitment and Training of Consultants

- The number of job applications decreased since the 3rd quarter, as the company shifted its focus from new hiring to the development of existing consultants and assistant consultants. From the 3rd quarter, the consultant training management was handled by three staff members, which led to an improvement in the pace of training and a decrease in resignations. As a result, there were 18 successful consultant candidates in the 4th quarter.
- The annual number of successful consultant candidates is as follows: 1Q: 9 people, 2Q: 12 people, 3Q: 1 person, **4Q: 18 people, totaling 40 people.**

Number of Job Applications for Candidate Consultant Positions

(Unit: applications)



Length of training period for consultants in primary stages

Average time required from entering company becoming junior consultant **107.3 days**

* Average time required in FY2022/02: 77.8 days

Average time required for promotion from junior consultant to associate consultant **106.6 days**

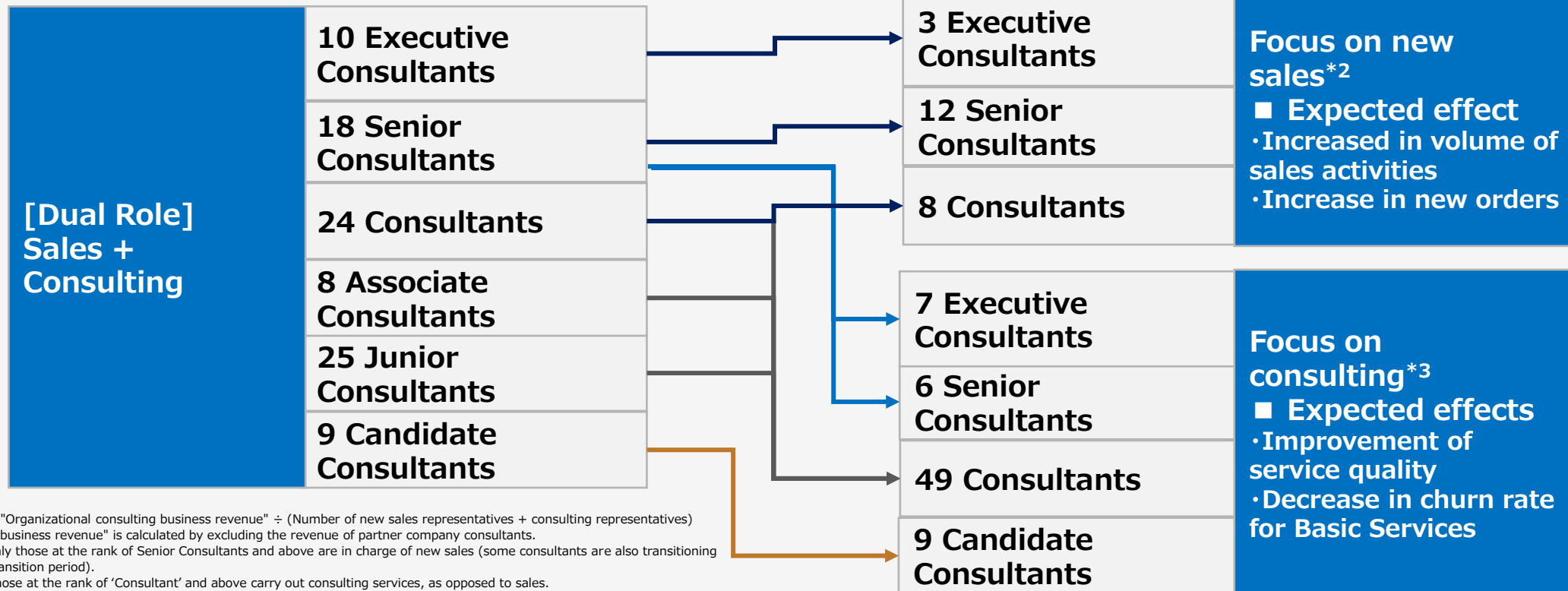
* Average time required in FY2022/02: 97.8 days

Main Business KPIs (4/5) Changes in service provision

- To maximize productivity in sales activities and consulting service provision, the sales and consultant roles have been separated into "new sales representatives" and "consulting representatives."
- The company will continue to disclose the "revenue per person"*1 as a key KPI.
- The company is currently implementing a strategy to train existing customer success representatives as consultant candidates, allowing for an increase in consultants without incurring additional hiring costs. For the fiscal year ending February 2024, it is planned to limit the hiring of new consultants to 10 to 15 people, as the company has judged that higher productivity can be achieved with such levels.

Before change in plan (Information as of the end of February 2023)

After change (Information as of the end of February 2023)

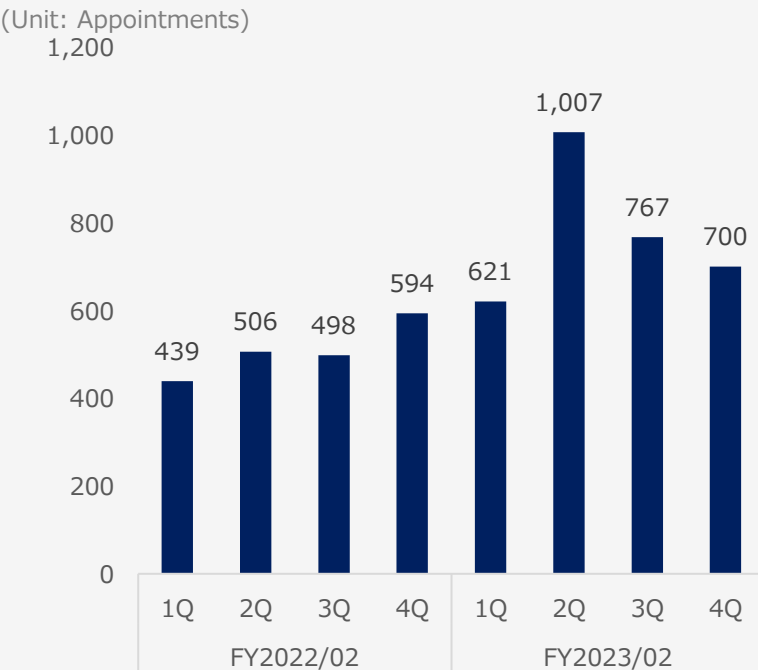


*1 "Revenue per person"="Organizational consulting business revenue" ÷ (Number of new sales representatives + consulting representatives)
 "Organizational consulting business revenue" is calculated by excluding the revenue of partner company consultants.
 *2 Focus on new sales: Only those at the rank of Senior Consultants and above are in charge of new sales (some consultants are also transitioning to sales roles due to the transition period).
 *3 Focus on consulting: Those at the rank of 'Consultant' and above carry out consulting services, as opposed to sales.

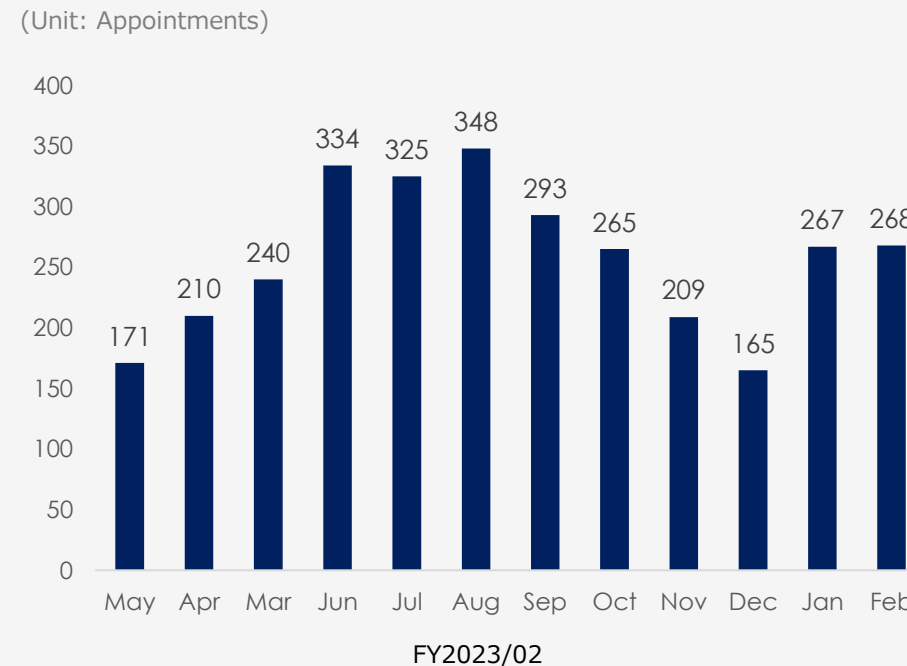
Main Business KPIs (5/5) - Advertising Investment Results Measured by Demand

- Investment effect of advertising and promotional expenses is monitored through **the number of new appointments acquired**.*
- New appointment acquisition***: Due to the limiting of advertising and promotional expenses, the number of new appointments acquired in Q4 was **700 (YoY +16.9%)**.
- Annual new appointment acquisition***: The target of 3,000 new appointments was achieved, with **3,095 appointments** secured.
- Although advertising and promotional expenses were limited, the efficiency of appointment acquisition has improved. The company aims to **increase the order amount by improving the order rate**.

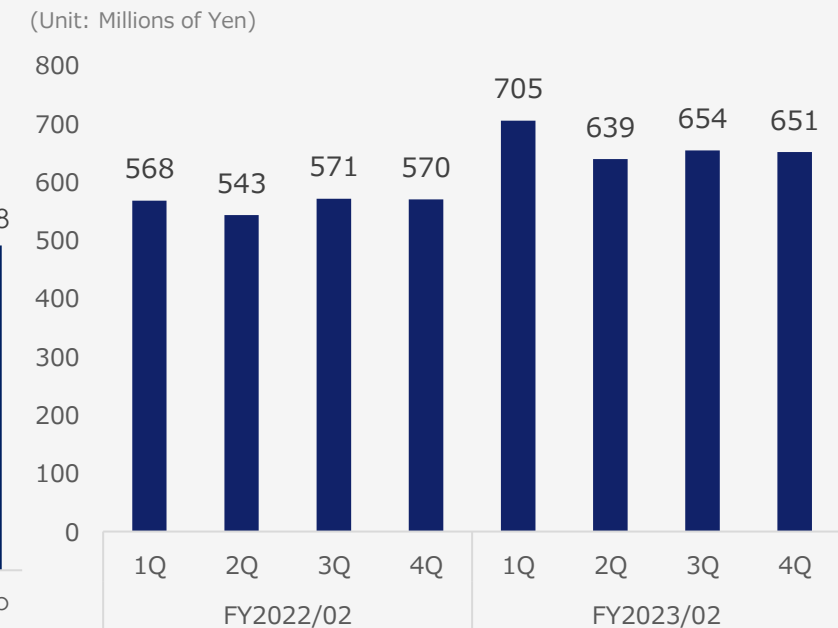
Number of new appointments acquired (Quarterly Change)



Number of new appointments acquired (Monthly Change)



Order amount (Quarterly Change)

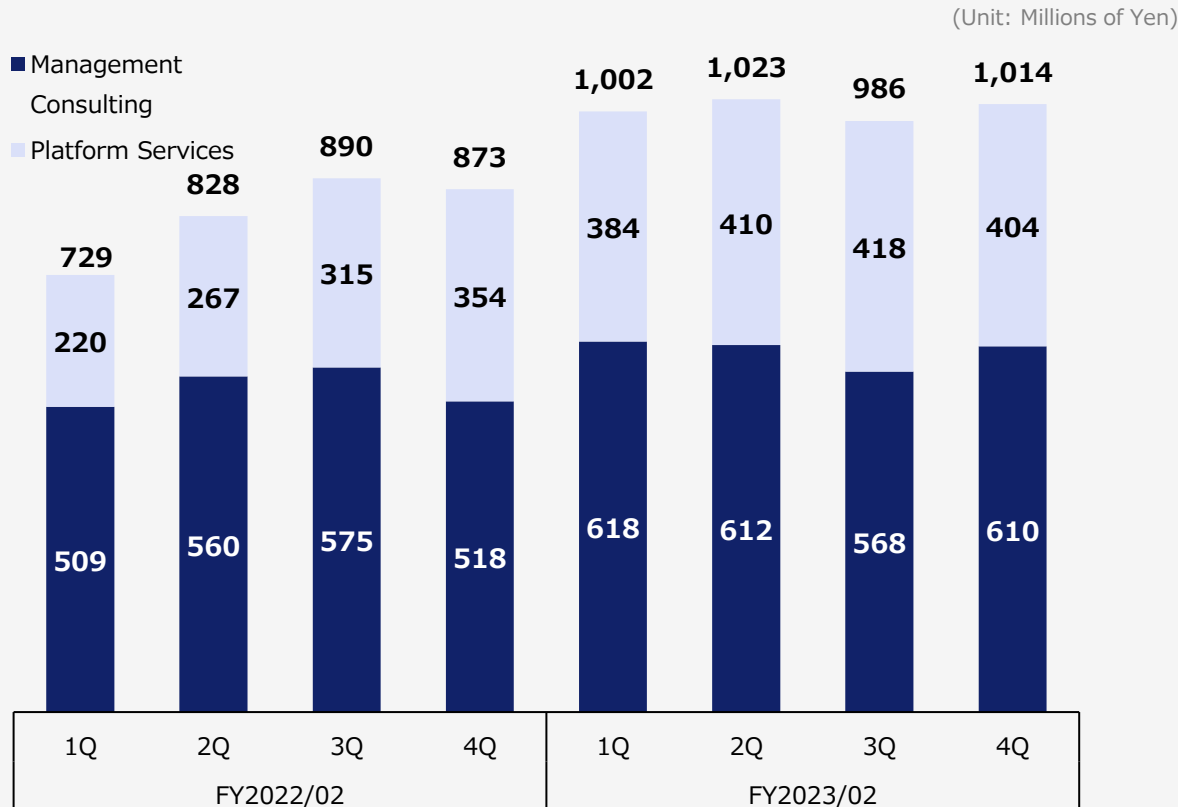


*Number of new appointments acquired: after inquiries from prospective clients to the company, the number of opportunities to make a sales proposal after Inside Sales Department initially contacts a prospective client.

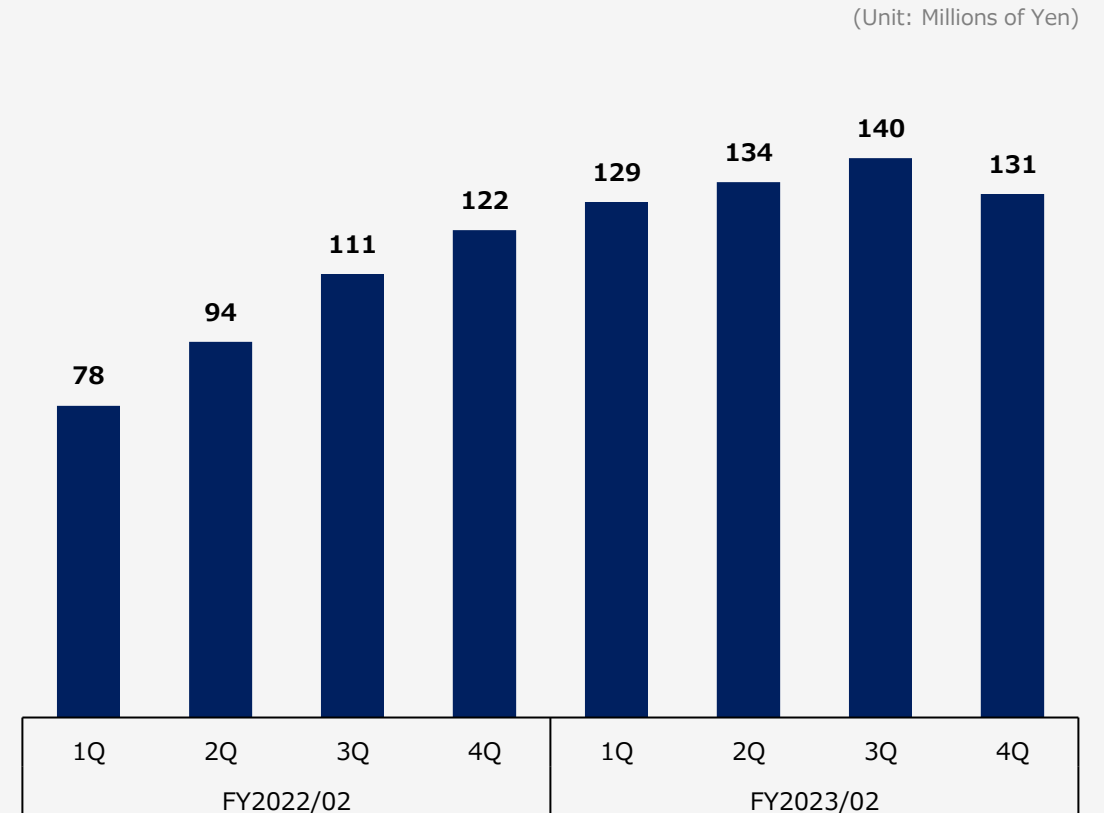
Trends of Net Sales in Organization Consulting Business

- **Monthly sales of Platform Services:** Due to the lack of improvement in acquiring new contract companies, monthly sales have decreased.
- **Management Consulting Sales:** With the acquisition of enterprise company projects, there has been an increase in sales on a QoQ basis.

Trends in Net Sales for Organizational Consulting Business



Monthly Sales Trends for Platform Services



Shikigaku Career - Achievement Highlights

- Shikigaku Career annual cumulative sales reached **213 million yen (YoY+105.2%)**, and the 4Q individual sales were **63 million yen (YoY+39.7%)**.
- **Recruitment Consulting & Recruitment Process Building:** Sales have expanded due to increased demand.
- **Talent Introduction:** In 4Q, the number of job offers decreased due to the stagnation of the selection process during the year-end and New Year holidays, and the low pass rate from document screening to the first interview for specific companies where introductions were concentrated.

Segment	Summary	Topics
Recruitment	<p>Number of job registrations*3: 9,394 (QoQ+5.0%)</p> <p>Number of referrals*4: 310 companies (QoQ+56.6%)</p> <p>Number of companies offering jobs: 592 (QoQ+35.8%)</p> <p>Number of job offers: 9 (QoQ-35.7%)</p>	<ul style="list-style-type: none"> • As a result of efforts to improve the number of introductions, the number of introductions per person increased significantly (number of introductions per person: 3Q: 28.3 → 4Q: 51.7).
Recruitment Training Establishment of Shikigaku-Style Recruitment Flow	<p>Number of companies contracted for recruitment consulting: 14 (10 in previous quarter)</p> <p>Number of contracts for establishment of recruitment flow: 4 (5 in previous quarter)</p>	<ul style="list-style-type: none"> • Due to the division of labor between the agent business*5 and recruitment consulting business*6, we have been able to focus on acquiring new projects, resulting in a strong 14 contracts for recruitment consulting in 4Q alone.
Shikigaku Tenshoku (Career Change)	<p>Direct recruiting platform for job seekers</p> <p>Platform to meet the needs for increasing number of people who wish to work at companies implementing Shikigaku concepts.</p>	<ul style="list-style-type: none"> • In 4Q, marketing expenses were temporarily suspended in order to reduce costs. • The number of contracted companies is also steadily increasing.

*1 CA : Career Advisor

*2 RA : Recruiting Advisor

*3 Job registrants: Total of (1), (2), and (3) below (1) Number of people who registered as friends on Shikigaku 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.

*4 Number of referrals: Number of job seekers introduced to employers (document screening)

*5 Agent business: Recruitment agency (CA/RA) *6 Recruitment consulting business: Support services for companies including both recruitment proxy services and establishment of recruitment flow

VC Fund Business - VC Fund Investment Results

- Shikigaku Fund No. 1, which focused on the organizational strength based on “Shikigaku”, has helped to prove the usefulness of Shikigaku’s concepts (cumulative return of 113.4%)
- Shikigaku No. 2 Fund **will invest in 7 companies** this term and will shift to support investment these destinations in the future
- Continue to build relationships with investees from the next quarter onwards and provide support for investment exits

Shigaku No. 1 Fund	Investment amount (million yen) (A)	Collected amount (million yen) (B)	Appraisal value (million yen) (C)	Recovery rate ((B+C)/A)
Geocode Inc.	29	101	—	339.3%
Aidoma Holdings Co., Ltd.	35	250	34 *2	792.5%
6 unlisted companies*1	181	—	—	—
Investment not executed	93	—	—	—
Total	341	352	34	113.4%

*1 Surpass Co. Ltd., White Seed Co. Ltd., Itami Art Co. Ltd., and the total investment amount of three other companies

*2 Indicates difference between the appraisal value based on the stock price as of the end of February 2023 and the acquisition price.

Shigaku No. 2 Fund	Investment amount (million yen) (A)	Collected amount (million yen) (B)	Appraisal value (million yen) (C)	Recovery rate ((B+C)/A)
10 unlisted companies*3	356	—	—	—
Unexecuted investments	354	—	—	—
Total	711	—	—	—

*3 Garnet Co. Ltd., Guidable Co., Ltd., HIF Co., Ltd., Hadlas Holdings Co. Ltd., Retriever Co. Ltd., NanoBridge Semiconductor Co. Ltd., Petit Job Co. Ltd., and three other companies.

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Withdrawal of the Medium-Term Management Plan

Withdrawal of the Medium-term Management Plan due to changes in background and assumptions

Upon reviewing the results of the fiscal year ending February, 2023, it was determined that there was a significant deviation from the assumptions in the medium-term management plan, and achieving the plan became unfeasible. As a result, the medium-term management plan was withdrawn. The company revised its business strategy to achieve its long-term goals and formulated a plan for the fiscal year ending February, 2024.

item	Assumptions in the Medium-Term Management Plan	Results	Changes in Assumptions	Policy for the Fiscal Year Ending February, 2024
Medium/Long-Term Direction	<ul style="list-style-type: none"> Long-term goals: Establish a unique market of Shikigaku. To achieve this, it is necessary to have Shikigaku correctly recognized by managers and workers across Japan, from small companies to large enterprises. 	<ul style="list-style-type: none"> Increased orders from large corporations By continuously increasing orders from large corporations, resources will be allocated to realize the long-term direction. 	None	<ul style="list-style-type: none"> Continuously invest in marketing costs to acquire contracts with large companies
External Environment	<p>There are organizational management challenges regardless of company size.</p> <p>The positive demand environment is driven by strong book sales.</p>	<ul style="list-style-type: none"> Due to the popularization of "Shikigaku" through President Ando's books and YouTube appearances, the need for learning "Shikigaku" through our services can be perceived to have decreased. The company has not been able to respond to the change in customer needs, resulting in sluggish growth in new orders. 	Changes Planned	<ul style="list-style-type: none"> Formulate and implement strategies based on the understanding there is a need among many clients' company environments for realizing organizational improvement through implementation Shikigaku services Concentrate on standardizing and improving the quality of "Shikigaku Basic Services" to meet customer needs
Business strategy	<p>Realizing continuous sales growth through large-scale advertising investments</p> <p>Strengthening the organization by hiring consultants ahead of schedule</p> <p>Focusing on the growth of existing businesses</p>	<ul style="list-style-type: none"> However, the investment in advertising with low cost-effectiveness did not lead to an expansion of orders. The lack of resources in the training department resulted in a fragile training system. These factors contributed to the decline in consultant quality and stagnation in new orders. 	Changes Planned	<ul style="list-style-type: none"> Advertising expenses are invested only in acquisition-type advertising where return on investment is expected Hiring only 10 to 15 consultants and focusing on improving the productivity of existing consultants

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Future Direction

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



Past (Establishment~IPO)	Present (IPO~Present)	Medium-Term	Long-Term
<p>Focused on ventures, of Shikigaku by word-of-mouth among managers</p> <ul style="list-style-type: none"> • Increase in social credibility with IPO • Spreading Shikigaku through acquisition of orders using referrals among venture companies 	<p>Proving the usefulness of Shikigaku as a concept, through diversification of ventures</p> <ul style="list-style-type: none"> • Acquisition of Fukushima Sports Entertainment • Formation of VC Fund • Formation of Hands-on Support Fund 	<p>Transforming Japan’s way of working by establishing Shikigaku as a standard</p> <ul style="list-style-type: none"> • Increased orders from large companies through word-of-mouth • Acceleration of implementation among companies of all sizes 	<p>Development of a ‘Unique Market’ for Shikigaku through building a ‘Shikigaku’ economy, creating high barriers to entry for competitors</p> <ul style="list-style-type: none"> • Developing a business in its <i>own</i> market, differentiating itself from the more general ‘consulting market’ and instead developing the unique market that is linked to the content of Shikigaku

Group Business Portfolio

- To achieve the long-term vision, the company will build its business portfolio based on the direction of three core businesses.
- For the fiscal year ending February, 2024, the focus will be on growing the current portfolio and launching the new service, "Shikigaku M&A Brokerage."

	Business direction		
	<i>Increase the number of people working in Shikigaku-based organizations.</i>	<i>Prove usefulness and effectiveness of Shikigaku.</i>	<i>Support the strengthening of management within client companies</i>
	<i>Management Consulting · Platform service</i>		
Shikigaku (Existing Services)	<i>Shikigaku Career (Recruitment/Recruitment Training)</i>		<i>Shikigaku Career (Recruitment/Recruitment Training)</i> <i>M&A consulting</i>
Shikigaku (New Services)	<i>Shikigaku M&A Brokerage</i> <i>Shikigaku Tenshoku (Career Change)</i>		<i>Shikigaku M&A Brokerage</i>
Fukushima Sports Entertainment		<i>Sports Entertainment Business</i>	
Shikigaku Fund		<i>VC fund business</i>	
Shinsei Shikigaku Growth Support Fund		<i>Hands-on Support Fund Business</i>	

Strategies by Business Segment

- The strategies for each segment will be as follows (table below).
- For the core organizational consulting business, we aim to further improve profitability by increasing the productivity of existing resources

Business Segment	Focus point	Strategy
Organizational Consulting	<ul style="list-style-type: none"> • Improve productivity per consultant • Increase the number of new orders 	<ul style="list-style-type: none"> • Separate sales and consulting to "standardize and improve customer service" • Increase the time allocated to new sales by separating sales and consulting roles, aiming to increase new orders through more demonstrations and sales proposals • Discontinue advertising focused on brand awareness (such as train advertisements) with unclear investment effectiveness; allocate costs only to marketing activities in which appointment acquisition can be anticipated
Hands-on Support Fund VC Fund	<ul style="list-style-type: none"> • Investee management support: • Build relationships with investees 	<ul style="list-style-type: none"> • Shikigaku VC Fund (1st): Support investees' IPOs • Shikigaku VC Fund (2nd): Sourcing & investing, and support investees' IPOs • Hands-on support: Sourcing & investing, and improving the structure of investees
Sports Entertainment	<ul style="list-style-type: none"> • Expand the amount and number of sponsor orders • Proactively use marketing to showcase successful management improvement cases through the introduction of Shikigaku (refer to p.23) 	<ul style="list-style-type: none"> • Further expansion of sponsor revenue (increase in the number of acquired companies/ higher unit prices) • Further growth of the commissioned contracts using relations with local government bodies • Continued investment in basketball team • Collaborate with local government authorities to realize the construction of Bonds Arena that meets the requirements of new B1 League system

Strategy for Sports Entertainment Business - Review since Acquisition

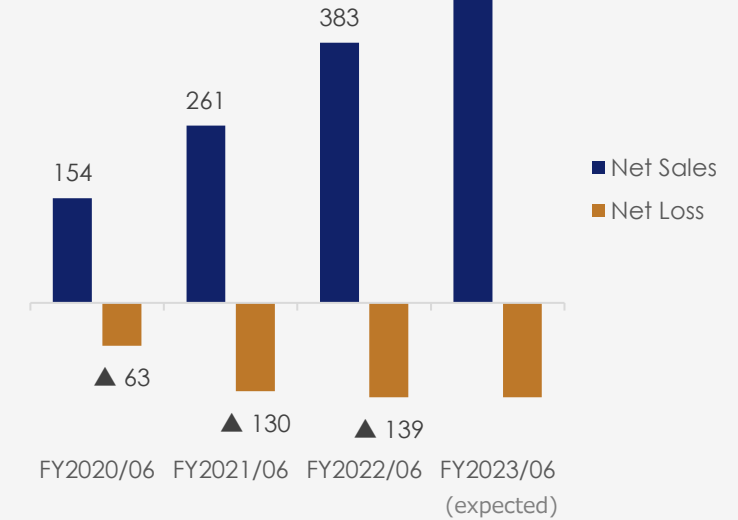
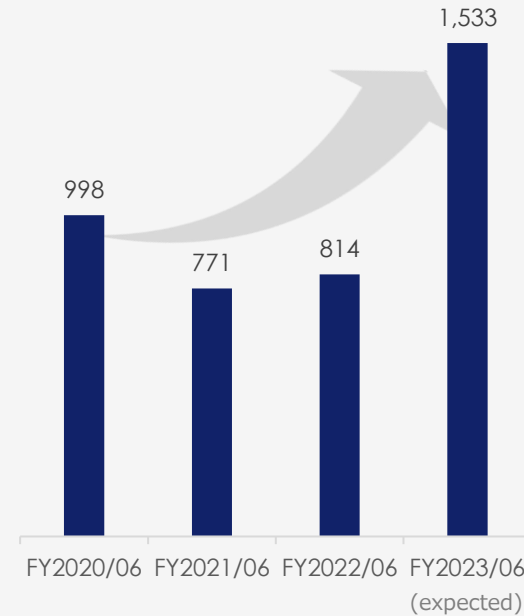
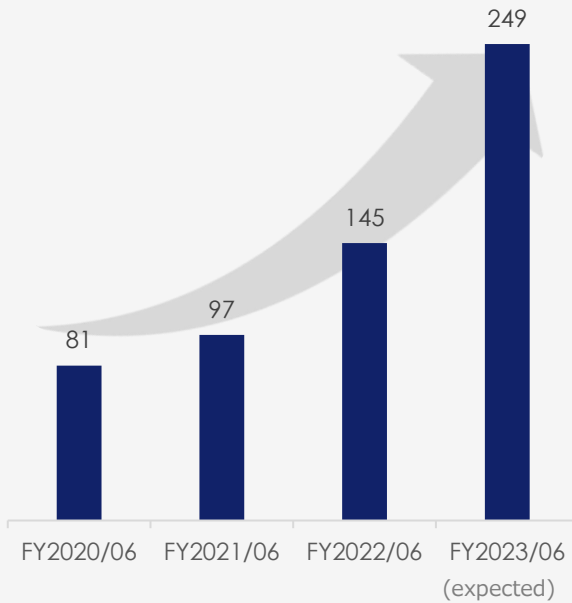
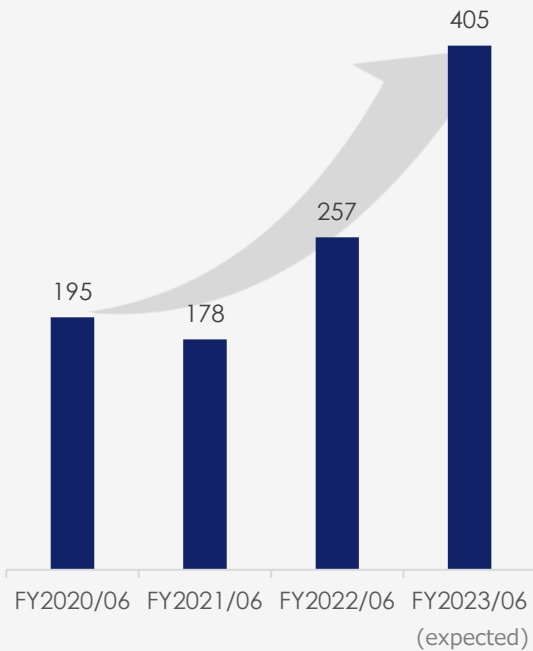
- In April 2020, Shikigaku acquired Fukushima Sports Entertainment, which operates a professional basketball team. We dispatched consultants as executives and implemented investments to strengthen the business foundation, promoting management improvement. The number of sponsor contracts, sponsor revenue, and average attendance, which are indicators of business expansion, have reached their highest levels ever.

Number of Sponsors

Sponsor Income (Millions of Yen)

Changes in Average Number of Visitors

Performance Trends (Millions of Yen)

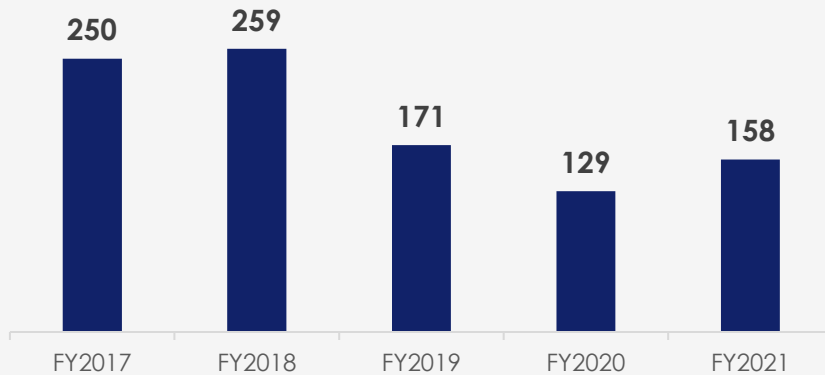


Strategy for Sports Entertainment Business - External Environment

- Growing companies including listed corporations are joining the league one after another, and the overall revenue scale of the league is expanding year by year. A new league system, in which teams are assigned to different leagues/divisions based on their "club management strength and business scale," will begin in 2026. As competition among clubs arises, the market size of the B-League they belong to is expected to expand even further.

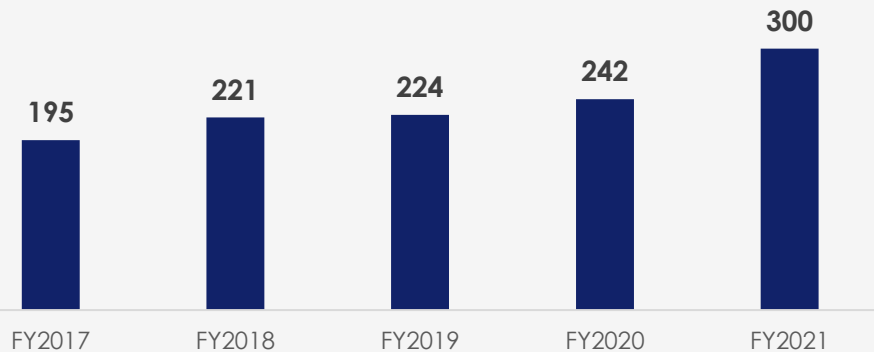
■ B-League attendance

(Unit: 10,000 people)



■ B-League club business scale

(Unit: billion yen)



■ New league requirements

New B1 Criteria

- Attendance: 4,000 people
- Revenue Standard: 1.2 billion yen
- Arena Standard: Fulfilling the newly established arena criteria / 5,000 seats, etc.

New B2 Criteria

- Attendance: 2,400 people
- Revenue Standard: 400 million yen
- Arena Standard: Fulfilling the current B1 criteria / 3,000 seats, etc.

New B3 Criteria

- Attendance: - (not specified)
- Revenue Standard: 200 million yen
- Arena Standard: Fulfilling current B2 criteria / 3,000 seats, etc.

Strategy for Sports Entertainment Business - Future Strategy

- We will focus on the following two items to not only increase sales but also contribute to the overall profit of the group, aiming for segment profit in the sports entertainment business on its own during the 2024-2026 period.

Item	Effects of entry	Future strategy	Anticipated impact on performance
1. Marketing Activities	(1) Increase in media coverage and requests for seminars: Seminar at the Japan Association of Corporate Executives Seminar on Shikigaku concepts for B-League presidents, etc. (2) Increase in the number of companies implementing "Shikigaku" in Fukushima Prefecture since entering the market: (5 companies before entry; 17 companies after entry as of disclosure of these materials)	<ul style="list-style-type: none"> By actively implementing marketing activities as a model case of business revitalization through the introduction of Shikigaku, we will further increase new orders. 	Increase in new orders from the fiscal year ending February 2024
2. Strengthening cooperation with local government	<ul style="list-style-type: none"> Construction of a business using the corporate version of Furusato Tax through collaboration with local governments (Fukushima Prefecture, Koriyama City, Naraha Town, etc.) Carrying out projects needed in the region using donations from outside the prefecture as a funding source Decision to renovate the gymnasium owned by Koriyama City to meet the new B1 standards of the B-League 	<ul style="list-style-type: none"> Decision to become the facility operator for the new arena, which will have the following positive impacts in the future: <ul style="list-style-type: none"> (1) Cost reduction for using the match venue (2) Acquisition of new revenue sources through use of facility outside of basketball matches (3) Increase in admission fee revenue due to increased capacity 	Increase in sales and profits from the fiscal year ending February 2025

Overview of the new arena Completion: 2024 (planned); Capacity: 5,000 people (planned)



Financial Forecast for the Fiscal Year Ending February 28, 2024

Earnings forecast summary

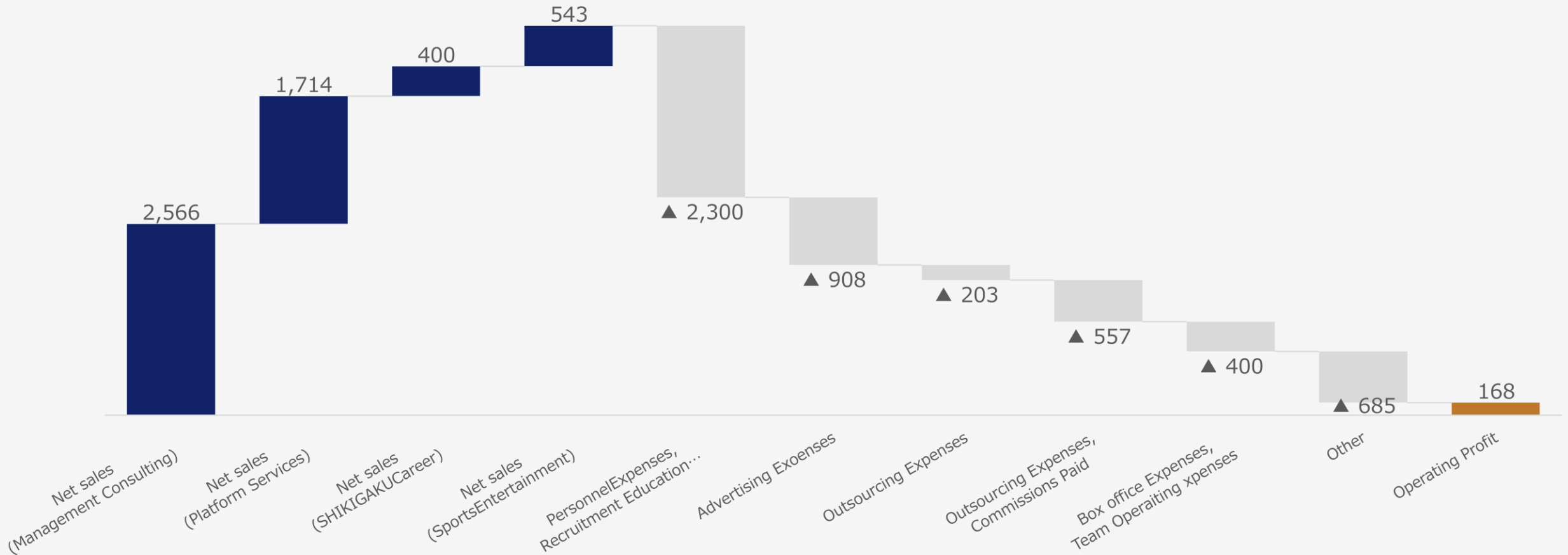
- For the fiscal year ending February 2024, we will adopt a conservative and gradual growth rate for the entire group.
- We will not implement mass hiring or investments with unclear effects; instead, we will focus on increasing sales by improving productivity with existing resources. The following policies will be pursued:

	<i>Fiscal Year Ending February 2023 (Actual)</i>	<i>Fiscal year ending February 2024 (Plan)</i>	<i>Year-on-year change rate</i>	<i>Remarks</i>
Net Sales	4,458	5,224	+17.2%	
<i>(Organization Consulting Business)</i>	<i>(4,024)</i>	<i>(4,680)</i>	<i>+16.3%</i>	<ul style="list-style-type: none"> • Increase in sales in line with the growth of the number of consultants • Conservative planning without significantly considering improvements in productivity • Calculations are based on the sales increase of the past two fiscal years • Assuming that there is still significant room for acquiring sponsor companies in Fukushima Prefecture, and that a similar sales increase to previous years is possible
<i>(Sports Entertainment Business)</i>	<i>(420)</i>	<i>(543)</i>	<i>+29.3%</i>	
<i>(Other)</i>	<i>(13)</i>	<i>(-)</i>	<i>—</i>	
Operating Expenses	4,515	5,055	+12.0%	
<i>(Personnel Expenses / Recruitment Expenses)</i>	<i>(2,090)</i>	<i>(2,256)</i>	<i>+7.9%</i>	<ul style="list-style-type: none"> • Limited hiring of consultants, taking into account the improvement in productivity due to appointment of dedicated consulting personnel • Allocation of advertising and promotion expenses primarily on acquisition-focused advertisements with a high likelihood of direct contributions to sales growth • The increase of approximately JPY 180 million from the previous fiscal year will be mainly allocated to M&A brokerage services and acquiring enterprise companies.
<i>(Advertising Expenses)</i>	<i>(724)</i>	<i>(900)</i>	<i>+24.2%</i>	
<i>(Team Operating Expenses/ Entertainment Expenses)</i>	<i>(339)</i>	<i>(401)</i>	<i>+18.3%</i>	
<i>(Outsourcing Costs)</i>	<i>(146)</i>	<i>(203)</i>	<i>+39.0%</i>	
<i>(Other)</i>	<i>(1,214)</i>	<i>(1,294)</i>	<i>+6.6%</i>	
Operating income	-57	168	—	
Ordinary income	-73	157	—	
Profit attributable to owners of parent	-252	35	—	
Number of consultants	85 people	98 people	+15.3%	

Profit Structure for the fiscal year ending February 2024

← Sales 5,224 million yen →

(Unit: million yen)



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 of 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'/<i>furusato nouzei</i> 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"> • During current fiscal year, no dividend during the period of the medium-term management plan. Use of cash for investment in business growth. • During current fiscal year, if net income exceeds that expected in the medium-term business plan, reinvest in working capital requirements, share buybacks, special dividends and business investments 	

Capital and Business Alliance with TKP Corporation

- In January 2023, we entered into a capital and business alliance agreement with TKP Corporation. The effects of this alliance have not been factored into our performance forecast for the fiscal year ending February 2024.

Details of partnership	Details of Partnership	Current Progress
Sales partnership	<p>(1) Joint development of small to large-scale training services using TKP's facilities</p> <p>(2) Marketing activities aimed at raising awareness of the service mentioned in (1)</p> <p>(3) Sales activities aimed at expanding the distribution of management training based on "The Mask of the Leader" (President Ando's best-selling management book)</p>	We are currently conducting "Shikigaku" training for TKP's sales force in preparation for the sale of the service mentioned in (1).
Fund Business Partnership	Our group provides know-how and resources in hands-on support funds and venture capital (VC) fund businesses.	We are considering initiatives that leverage the strengths of both parties, including providing know-how on the formation and management of our fund.

Disclaimer

Cautionary Note Regarding Forward-Looking Statements

- Forward-looking statements included in this material are based on judgments and assumptions based on information available at the time this material was created, and we do not guarantee its accuracy. In addition, this document includes financial figures that have not been audited by an independent certified public accountant or audit firm.
- Please note that actual performance may differ significantly from the forecast due to various uncertainties included in these judgments and assumptions, changes in risk factors, changes in the economic environment, etc.
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