



BORDERLESS IR CO., LTD. ANNOUNCES NEWSLETTER

SHIKIGAKU CO., LTD.(7049 TSE GROWTH)SUMMARY OF FINANCIAL RESULTS FOR THE FISCAL YEAR ENDING FEBRUARY 2022

May 18, 2022—Tokyo

The mainstay organizational consulting business performed well and landed with a significant increase in sales and profits. The full-year company plan for the fiscal year ending February 2023 is expected to continue to increase sales and profits.

Summary of results

Based on the February 2022 accounting of consolidated financial statements, the Japanese economic outlook remained uncertain due to the impact of the COVID-19 pandemic. However, the market is demonstrating a strong need for improvement in organizational productivity achieved by Managing employees based on their results, and rule-oriented organizational management that generates results regardless of the workplace being utilized. Accordingly, demand for the Company's services remains high.

The company believes through educating Shikigaku theory, one's potential will be increased. In its organization consulting business, this group recruits instructors and trains them. Instructors' performance and quality are constantly checked by the group. Trained instructors provide service to clients to expand the knowledge of "Shikigaku".

In the Sports Entertainment business, the 2021-22 season of the B.LEAGUE has started. The Company has engaged in marketing and actively conducted sales activities in order to acquire sponsors. In the VC Fund business, Aidma Holdings, Inc., the first company in which SHIKIGAKU No. 1 Investment Limited Partnership invested, successfully listed shares on the TSE Mothers Index. With this listing, two investee companies of SHIKIGAKU No. 1 Investment Limited Partnership have conducted IPOs within the year and a half since its establishment. The Company considers these results to be proof that the Shikigaku method supports organizational management aimed at achieving public listings.

Current consolidated fiscal year,, the Company reported net sales of JPY3,823,773 thousand (+52.6% YoY), EBITDA (operating profit + depreciation + amortization of goodwill + amortization of leasehold deposits) of JPY429,927 thousand (+115.9% YoY), operating profit of JPY359,917 thousand (+161.8% YoY), ordinary profit of JPY346,988 thousand (+74.0% YoY),

and JPY224,911 thousand in net income attributable to owners of parent (versus JPY41,581 thousand in net loss in the previous consolidated fiscal year).

The organizational consulting business includes management consulting services and platform services. In the management consulting service, the group continuously invested in marketing in order to recruit more instructors and expand in its customer base. As a result 19 instructors joined the board and in total 73 members are in the group in the current consolidated fiscal year. The cumulative number of contracted companies at the end of the current consolidated fiscal year was 2,873 (2,187 at the end of the previous consolidated fiscal year). Sales for the current consolidated fiscal year were JPY 2,165,318 thousand (up 22.5% YoY). In the current consolidated fiscal year, the platform consulting service has focused on expanding sales on its “SHIKIGAKU Basic Services”, which provide ongoing operational support until organizational management grounded in its Shikigaku theory (corresponding service launched in September 2020) take hold. With this service the platform consulting service tried to gain clients’ fulfillment by making the client’s organizational issues clear and providing guidance on how to solve those problems. The number of contracted companies for “SHIKIGAKU Basic Services” as of the end of the current consolidated fiscal year was 524 (versus 167 previous consolidated accounting). Meanwhile, the number of SHIKIGAKU Cloud agreements was 115 (versus 229 previous consolidated accounting), and there are a total 248 Shikigaku Member clients (versus 479 previous consolidated accounting). In the current consolidated fiscal year, platform services generated JPY1,156,809 thousand sales (+155.1% YoY). As a result of these factors, sales in the Organization Consulting business amounted to JPY3,322,127 thousand (+49.5% YoY) while operating profit came to JPY565,373 thousand (+147.1% YoY).

In the current consolidated fiscal year, In the Sports Entertainment business, the Company fulfilled its function as a community- based club by conducting initiatives aimed at stimulating and expanding interest in local sports while also striving to facilitate team strengthening in pursuit of promotion to the B1 League level. The Company expanded sales activities aimed at acquiring sponsors, increased the scope of its sales personnel recruitment, and strengthened its collaboration with local governments to raise tax payments made under the corporate version of Japan’s hometown tax system, which has become a new revenue base. Due in part to these efforts, 2021-22 sponsorship orders were strong, increasing to JPY155,915 thousand (+63.4% YoY). However, costs took precedence over profit during the period under review as the Company continued to invest in operations aimed at strengthening the team. Consequently, sales generated through the Sports Entertainment business amounted to JPY285,637 thousand while operating loss in the business came to JPY126,919 thousand.

In the Contract Development business, the Company leveraged its expertise and engineer sources cultivated while developing the platform services of its own corporate group and contracted development related to e-learning systems linked to certification courses. In March 2021, the Company released Work Experience DX, a recruitment matching service that allows users to simulate the experience of joining participating companies, thereby gaining knowledge of the work they do and an understanding of how compatible they are with these companies. In October 2021, the Company launched “Digital Interview,” a service that digitizes corporate presentations. As a result of these factors, sales generated through the Contract Development business amounted to JPY216,009 thousand, while the corresponding operating loss came to JPY13,090 thousand.

In the VC Fund business, the Company conducted investment focused on establishing and expanding organizational power and becoming a growth-generating organization. Meanwhile, it also operated venture capital funds that support growth by facilitating organizational improvements at companies in which they invest by implementing the

Company's Shikigaku theory. In June 2021, the Company established the SHIKIGAKU No. 2 Investment Limited Partnership, converted it into a subsidiary, and began including its performance in consolidated financial results. In October 2021, the Company sold a portion of the shares held by SHIKIGAKU No. 1 Investment Limited Partnership and booked a JPY217 million gain on sales of investment securities, categorizing this gain as extraordinary income because it was generated by investment conducted on or prior to June 29, 2021. Consequently, operating loss in the VC Fund business amounted to JPY47,091 thousand.

In the Hands-On Support Fund business, the Company operated hands-on support funds that provide organizational improvement and finance support and draw income from capital gains generated through investment exits (IPO, M&A, etc.). In June 2021, the Company established Shinsei Shikigaku Growth Support I Investment Limited Partnership and converted it into an equity-method affiliate. The goal of this fund is to invest in companies that are expected to grow, provide hands-on support aimed at improving their financial performance and facilitating this growth, and raise investment capital through their subsequent sale. As a result of spending associated with these efforts, the Hands-On Support Fund business generated an operating loss of JPY4,476 thousand.

The full-year consolidated earnings forecast for the fiscal year ending February 28, 2023 is net sales of JPY4,962,000 thousand (+29.8% from the previous year), operating income of JPY400,000 thousand (+11.3% from the previous year), and ordinary income of JPY382 thousand (+10.4% from the previous year). Net income attributable to owners of the parent company was JPY204,000 thousand (-9.1% from the previous year).

Shikigaku Co., Ltd. (7049, TSE GROWTH) <https://ir.shikigaku.jp/en/>

Please visit the following URL for the financial results for the third quarter of the fiscal year ending February 2022.

→ https://global-assets.irdirect.jp/pdf/menu_file/7049/20220422144208_3008.pdf

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