



# BORDERLESS IR CO., LTD ANNOUNCES NEWSLETTER

## SHIKIGAKU CO., LTD (7049, TSE GROWTH) FINANCIAL RESULTS SUMMARY FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING FEBRUARY, 2023

Aug 13, 2022 – Tokyo

**30% increase was seen in revenue in 1Q FY 2023/02. Demand for the implementation of Shikigaku methods for improving organizational performance was strong; demand for service maintained strength.**

### Summary of Results

Through the cumulative consolidated first quarter of the fiscal year ending February 28, 2023, the climate surrounding Shikigaku shows the market is demonstrating strong need for improvement in organizational productivity achieved through means such as results-based employee management and rule-oriented organizational management that generates results regardless of the workplace being utilized. Accordingly, demand for the Company's services remains robust.

Under the Shikigaku Group's corporate vision, "Disseminate Shikigaku and maximize people's potential," the Company provides management consulting services; actively recruiting and training instructors and thoroughly managing instructors' quality and performance, all to realize the penetration of Shikigaku theory in clientele organizations. In Sports Entertainment, during the 2021-2022 season of the B.LEAGUE professional basketball organization which ended in May, 2022, the Company engaged in assertive efforts to secure sponsorships and marketing aimed at raising brand recognition for a locally based club while also participating in aggressive investment into the strengthening of the team for the goal of B1 rank promotion. In VC Fund Business - Hands-On Support Fund business, Shikigaku No. 2 Limited Investment Partnership decided to add four new companies while Shinsei Shikigaku No. 1 Limited Investment Partnership added one new company to invest in, along with other assertive investment activities. In addition, due to the decision for complete withdrawal from contract development the cancellation penalty for canceling outsourcing contracts totaled 30,400 thousand yen, and the expense was recorded as an extraordinary loss. Furthermore, contract development was excluded from reportable segments.

For the first quarter of the current consolidated fiscal year (1Q FY 2023/02) the Company reported net sales of 1,102 million yen, (+30.6% Year-on-Year). EBITDA (net sales + taxes + interest expense + depreciation & amortization) totaled 49 million yen (-43.7% Year-on-Year). Operating profit totaled 33 million yen (-52.9% Year-on-Year). Ordinary profit totaled 20 million

yen (-65.2%Year-on-Year). Net profit attributable to owners of the parent totaled 26 million yen (compared to net profit attributable to owners of the parent for the same period of the previous year was 21 million yen).

Through its organization consulting business, the Company provides management consulting and platform services. In the management consulting service, the Company continued to conduct investments supported by vigorous marketing activities to facilitate active recruitment of consultants and expansion in its customer base. Consequently, consultant count increased to 77, up 4 consultants as of 1Q FY 2023/02. The cumulative number of contracted companies at the end of the 1Q was 3,047 (the previous consolidated FY ended with 2,873). Sales generated for the first quarter totaled 618,533 thousand yen, (+21.3% Year-to-Year). During the period under review (1Q), in the category of platform services, the Company focused on expanding sales of 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. The diagnoses that accompany these services clarify organizational issues and enable support for their eventual resolution. Accordingly, the Company has been striving to improve customer satisfaction associated with Shikigaku Basic Services. The number of contracted companies for “Shikigaku Basic Services” as of the end of the consolidated 1Q was 558 (opposed to 524 of the previous consolidated FY). Meanwhile, the number of Shikigaku Cloud agreements was 99 (opposed to 115 of the previous consolidated FY), and there are a total 232 Shikigaku Basic Services Light agreements (formerly Shikigaku member clients; opposed to 479 of the previous consolidated FY). Platform services generated 383,362 thousand yen in sales (+74.2% Year-to-Year) during the consolidated 1Q. As a result of these factors, sales in the Organization Consulting business amounted to 1,001 million yen (+37.3% Year-to-Year), and an operating profit of 108,371 thousand yen (-10.7% Year-to-Year).

In the Sports Entertainment business, during the consolidated 1Q 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 for the 2022-2023 season,, 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, sponsorship orders for the consolidated 1Q were strong, increasing to 160,505 thousand yen (+64.3% Year-to-Year). However, costs took precedence over profit during the period under review as the Company continued to invest in operations aimed at achieving team strengthening.

Consequently, sales generated through the Sports Entertainment business for the 1Q totaled 87,119 thousand yen (+67.8% Year-to-Year) while operating losses totaled 44,486 thousand yen.

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. Investing in four new companies under Shikigaku No. 2 Limited Investment Partnership capped off other assertive

investment activities. As a result, operating loss in the VC Fund business for the 1Q totaled 28,788 thousand yen.

In the 1Q for 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 exit (IPO, M&A, etc.). The decision was made for Shinsei Shikigaku No. 1 Limited Investment Partnership to invest in one additional company. As a result of the spending associated with these efforts, the Hands-On Support business generated an operating loss of 3,034 thousand yen for the 1Q.

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

Please visit the following URL for the financial results for the first quarter of the fiscal year ending February, 2023.

→ <https://global-assets.irdirect.jp/pdf/tdnet/batch/140120220714599493.pdf>

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### **Release Inquiries**

Borderless IR Co., Ltd. <http://b-ir.co.jp/english/main.php>

Sixth Floor, Toyo Building 1-2-10 Nihonbashi, Chuo-ku, Tokyo 103-0027 JAPAN

TEL: +81-3-4588-6706 POC: Toru Fukuda

Contact form: <http://b-ir.co.jp/english/contact.php>

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