

# Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Year Ended December 31, 2022

February 10, 2023

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Stock code: 9339

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Stock exchange listing: Tokyo Stock Exchange

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Scheduled date of Annual General Meeting of Shareholders: March 30, 2023

Scheduled date of commencement of dividend payment: March 31, 2023

Scheduled date of filing of Annual Securities Report: March 31, 2023

Supplementary materials for financial results: Yes

Information meeting for financial results: Yes

(Figures are rounded down to the nearest one million yen.)

## 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)

### (1) Consolidated Results of Operations

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	3,600	8.9	473	30.7	517	24.2	418	70.8
December 31, 2021	3,306	35.9	361	—	416	—	245	—

(Note) Comprehensive income: 494 million yen (64.6%) for the year ended December 31, 2022

300 million yen (-%) for the year ended December 31, 2021

	Profit per share (basic)	Profit per share (diluted)	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Year ended	Yen	Yen	%	%	%
December 31, 2022	238.61	—	18.6	13.8	13.1
December 31, 2021	142.10	—	16.6	15.5	10.9

(Notes) 1. Due to the 2-for-1 share split of common stock on September 16, 2022, profit per share is calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

2. Diluted profit per share is not stated because there is no dilutive share.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2022	4,399	2,873	65.3	1,310.62
December 31, 2021	3,121	1,643	52.6	943.07

(Reference) Shareholders' equity: As of December 31, 2022: 2,873 million yen

As of December 31, 2021: 1,643 million yen

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2022	470	(55)	708	3,260
December 31, 2021	957	(62)	33	2,146

## 2. Dividends

	Dividend per share					Total amounts of dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2022	—	0.00	—	30.00	30.00	26	10.6	3.2
December 31, 2021	—	0.00	—	20.00	20.00	43	8.4	1.8
Year ending December 31, 2023 (forecasts)	—	0.00	—	20.00	20.00		12.2	

(Notes) 1. Year-end dividend per share for the fiscal year ended December 31, 2022 has changed from 18 yen to 20 yen.

2. The payout ratio (consolidated), which the Company uses as a guideline for determining dividends, is based on the formula "Total amount of dividends / Profit attributable to owners of parent x 100." The payout ratios for the fiscal year ended December 31, 2021 and the fiscal year ended December 31, 2022 calculated based on this calculation method are 10.7% and 10.5%, respectively.

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 – December 31, 2023)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	3,938	9.4	560	18.4	541	4.5	376	(10.0)	164.14

(Note) Profit per share is calculated based on the scheduled average number of shares outstanding during the period, including a capital increase through private placement in connection with the secondary offering through over-allotment (109,500 shares).

#### \* Notes

(1) Changes in important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement

(i) Changes in accounting policies caused by revision of accounting standards: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

As of December 31, 2022: 2,192,400 shares

As of December 31, 2021: 1,742,400 shares

(ii) Number of treasury shares at end of period

As of December 31, 2022: – shares

As of December 31, 2021: – shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2022: 1,755,961 shares

Fiscal year ended December 31, 2021: 1,725,928 shares

(Note) Due to the 2-for-1 share split of common stock on September 16, 2022, the number of shares outstanding at end of period and the average number of shares outstanding during the period are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

\* Summaries of consolidated financial results are not subject to audit by certified public accountants or audit corporations.

\* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements in these materials, including financial prospects included in this report, are based on information available to the Company when this report was prepared and assumptions that the management considers reasonable, which do not guarantee the achievement of such projected results. Actual results may differ significantly from these statements for a number of reasons.

## 1. Overview of Results of Operations, Etc.

### (1) Overview of Results of Operations for the Fiscal Year under Review (January 1, 2022 to December 31, 2022)

#### Progress and Results of Operations

The business environment of the Group during the fiscal year under review continued to face an uncertain outlook, with rising prices against a backdrop of the rapid depreciation of the yen caused by higher interest rates in the United States and surging resource prices due to the situation in Ukraine. However, the year saw a gradual improvement in personal consumption with the normalization of economic activities resulting from the easing of the severe restrictions that had been imposed during the COVID-19 pandemic.

In this environment, the “White Paper on Labour Economy 2018 (Analysis of Labour Economy): Human Resource Development to Meet Diversifying Working Style” published by the Ministry of Health, Labour and Welfare in September 2018 states that “The ratio of corporate skill development expenditures to GDP remains remarkably low in Japan by international standards (Note 1),” and we believe that investment in human resources development is lagging behind that of European and US companies. However, it is also stated that “management should formulate and implement a human resources strategy that is linked to the management strategy, after clarifying the corporate philosophy, meaning of existence (purpose) and management strategy (Note 2),” and we believe that investment in human resources will further increase in Japan in the future.

In this environment, in our core business of organizational development through Systemic Coaching™, sales remained strong as we focused on sales activities centered on Executive Coaching (EC) and Driving Corporate Dynamism (DCD). In the coaching personnel training business, demand also remained high in the previous fiscal year thanks to the impact of an increase in telecommuting as a result of the outbreak of the pandemic, but the demand has run its course in the fiscal year under review.

As a result of the above, net sales for the fiscal year under review amounted to 3,600,607 thousand yen (up 8.9% year on year), operating profit was 473,149 thousand yen (up 30.7%), ordinary profit was 517,614 thousand yen (up 24.2%), and profit attributable to owners of parent was 418,991 thousand yen (up 70.8%).

As the Group has a single segment of the coaching business, the description of each segment has been omitted.

The analysis of results of operations for the fiscal year under review is as follows.

#### (Net sales)

In the fiscal year ended December 31, 2022, orders for the coaching personnel training business were sluggish as home learning associated with the spread of COVID-19 has run its course. On the other hand, in the organizational development business through Systemic Coaching™, the number of orders for the main services, Executive Coaching (EC) and Driving Corporate Dynamism (DCD), increased steadily in response to corporate demand for organizational development. As a result, net sales for the fiscal year under review came to 3,600,607 thousand yen (up 8.9% year on year).

#### (Cost of sales)

Cost of sales for the fiscal year under review was 1,673,106 thousand yen (down 9.0% year on year) due to a decrease in labor costs resulting from organizational and personnel changes made to expand back-office personnel and the organization in anticipation of the listing of the Company, and a decrease in rent expenses on land and buildings due to the floor reduction at the head office in April 2022.

#### (Selling, general and administrative expenses)

Selling, general and administrative expenses for the fiscal year under review were 1,454,351 thousand yen (up 31.4% year on year) due to an increase in labor costs as a result of organizational and personnel changes, as mentioned above, an increase in the provision for bonuses as a return to employees in line with the strong performance, and the posting of enterprise taxes due to the application of pro forma standard taxation in connection with a capital increase through public offering.

#### (Non-operating income and expenses)

Non-operating income for the fiscal year under review was 89,241 thousand yen (up 62.9% year on year). The main item was a foreign exchange gain of 79,268 thousand yen due to the depreciation of the yen.

Non-operating expenses for the fiscal year under review amounted to 44,777 thousand yen (up 60,677.8% year on year). The main item was listing expenses of 44,038 thousand yen associated with the listing on the Standard Market of the Tokyo Stock Exchange on December 22, 2022.

#### (Extraordinary income and losses, profit attributable to owners of parent)

Extraordinary losses for the fiscal year under review were 8,237 thousand yen (down 72.5% year on year). The main items were a loss on retirement of non-current assets of 5,086 thousand yen and a loss on valuation of golf club membership of 2,722 thousand yen.

Extraordinary income was not recorded in the fiscal year under review.

As a result, profit attributable to owners of parent came to 418,991 thousand yen (up 70.8% year on year).

(Note 1) Source: The Ministry of Health, Labour and Welfare. “White Paper on Labour Economy 2018 (Analysis of Labour Economy): Human Resource Development to Meet Diversifying Working Style,” September 2018

(Note 2) Source: The Ministry of Economy, Trade and Industry. “Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital,” September 2020

## (2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review were 4,399,922 thousand yen (up 1,278,495 thousand yen from the end of the previous fiscal year). This primarily reflects an increase of 1,114,989 thousand yen in cash and deposits resulting from the public offering in connection with the listing on the Standard Market of the Tokyo Stock Exchange, and an increase of 145,800 thousand yen in investment securities resulting from an increase in the market value of listed shares held.

Liabilities were 1,526,512 thousand yen (up 48,302 thousand yen from the end of the previous fiscal year). This was mainly due to an increase of 84,441 thousand yen in income taxes payable on income for the period.

Net assets were 2,873,409 thousand yen (up 1,230,192 thousand yen from the end of the previous fiscal year). This was due to an increase in share capital and capital surplus resulting from a capital increase of 761,760 thousand yen raised through the public offering.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year totaled 3,260,933 thousand yen, an increase of 1,114,199 thousand yen from the end of the previous fiscal year.

The following is a summary of cash flows and major factors for the fiscal year under review.

### 1) Cash flows from operating activities

Cash provided by operating activities was 470,246 thousand yen, compared with 957,440 thousand yen provided in the previous fiscal year. This was mainly due to the posting of profit before income taxes.

### 2) Cash flows from investing activities

Cash used in investing activities was 55,042 thousand yen, compared with 62,115 thousand yen used in the previous fiscal year. This was mainly due to the purchase of intangible assets.

### 3) Cash flows from financing activities

Cash provided by financing activities amounted to 708,501 thousand yen, compared with 33,109 thousand yen provided in the previous fiscal year. This was mainly due to proceeds from the issuance of shares in connection with the public offering.

## (4) Future Outlook

With regard to its forecast of results for the fiscal year ending December 31, 2023, the Group expects stable growth and increased sales in its core business of organizational development through Systemic Coaching™, centered on Executive Coaching (EC) and Driving Corporate Dynamism (DCD), as its systemic coaching to effectively promote change in client corporate organizations is likely to expand.

In addition, as the Group expects to actively hire mid-career workers in the current fiscal year in order to secure the human resources that will support the Company's growth over the medium to long term, the Group anticipates an increase in personnel and hiring expenses for mid-career workers.

As a result of the above, net sales for the fiscal year ending December 31, 2023 are expected to be 3,938 million yen, up 9.4% year on year, with operating profit at 560 million yen, up 18.4%, ordinary profit at 541 million yen, up 4.5%, and profit attributable to owners of parent at 376 million yen, down 10.0%.

## (5) Important Events Related to the Going Concern Assumption, etc.

None

## 2. Basic Approach to Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements based on Japanese General Accounting Standards for the present time, taking the comparability of the consolidated financial statements between terms and between companies into consideration.

Regarding the application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately, taking into account trends in the ratio of foreign shareholders and various domestic and international circumstances.