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Consolidated Financial Results for the Six Months Ended August 31, 2022 [Japanese GAAP]

September 30, 2022

Company name: SHIKIGAKU Co., Ltd.

Stock exchange listing: Tokyo

Code number: 7049

URL: <https://corp.shikigaku.jp/>

Representative: Koudai Ando President and Representative Director

Contact: Daisuke Sasaki Executive Officer

Phone: 03-6821-7560

Scheduled date of filing quarterly securities report: October 14, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended August 31, 2022 (March 01, 2022 to August 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended August 31, 2022	2,186	21.4	15	(93.5)	(22)	-	(38)	-	(57)	-
August 31, 2021	1,801	86.4	236	-	201	-	197	-	120	-

(Note) Comprehensive income: Six months ended August 31, 2022: ¥ (111) million [-%]
Six months ended August 31, 2021: ¥ 276 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended August 31, 2022	Yen (7.10)	Yen -
August 31, 2021	15.95	15.20

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of August 31, 2022	Million yen 4,002	Million yen 2,746	% 53.2
February 28, 2022	4,089	2,731	57.8

(Reference) Equity: As of August 31, 2022: ¥ 2,129 million
As of February 28, 2022: ¥ 2,363 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	-	0.00	-	0.00	0.00
Fiscal year ending February 28, 2023	-	0.00			
Fiscal year ending February 28, 2023 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending February 28, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2023(March 01, 2022 to February 28, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,600	20.3	(10)	-	(100)	-	(120)	-	(180)	-	(21.78)

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended August 31, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New	-	(Company name:)
Exclusion:	1	(Company name: SHIKI Lab Inc.)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

August 31, 2022: 8,276,100 shares

February 28, 2022: 8,196,900 shares

2) Total number of treasury shares at the end of the period:

August 31, 2022: 184,101 shares

February 28, 2022: 55,215 shares

3) Average number of shares during the period:

Six months ended August 31, 2022: 8,075,699 shares

Six months ended August 31, 2021: 7,544,208 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of February 28,2022	As of August 31,2022
Assets		
Current assets		
Cash and deposits	2,625,498	1,979,752
Accounts receivable - trade	306,926	351,638
Operational investment securities	118,400	473,693
Merchandise	17,565	5,862
Supplies	1,493	1,918
Other	181,993	287,062
Allowance for doubtful accounts	(5,719)	(9,104)
Total current assets	3,246,158	3,090,822
Non-current assets		
Property, plant and equipment	98,036	150,204
Intangible assets		
Goodwill	92,229	75,711
Other	128,136	138,852
Total intangible assets	220,366	214,563
Investments and other assets		
Investment securities	270,487	229,934
Other	254,664	317,481
Allowance for doubtful accounts	(200)	(200)
Total investments and other assets	524,951	547,216
Total non-current assets	843,355	911,984
Total assets	4,089,513	4,002,807
Liabilities		
Current liabilities		
Accounts payable - trade	19,677	-
Current portion of long-term borrowings	146,484	110,000
Income taxes payable	161,410	14,130
Provision for bonuses	3,910	-
Advances received	252,364	235,281
Other	528,280	515,271
Total current liabilities	1,112,126	874,684
Non-current liabilities		
Long-term borrowings	238,350	374,667
Other	7,082	6,568
Total non-current liabilities	245,432	381,235
Total liabilities	1,357,559	1,255,919
Net assets		
Shareholders' equity		
Share capital	866,284	15,184
Capital surplus	936,859	1,782,419
Retained earnings	591,311	517,205
Treasury shares	(41,754)	(195,939)
Total shareholders' equity	2,352,700	2,118,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,075	10,543
Total accumulated other comprehensive income	11,075	10,543
Share acquisition rights	600	19,897
Non-controlling interests	367,577	597,577
Total net assets	2,731,954	2,746,887
Total liabilities and net assets	4,089,513	4,002,807

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended August 31,2021	For the six months ended August 31,2022
Net sales	1,801,483	2,186,369
Cost of sales	484,421	452,047
Gross profit	1,317,061	1,734,321
Selling, general and administrative expenses	1,115,769	1,756,887
Operating profit (loss)	201,292	(22,566)
Non-operating income		
Interest income	6	9
Commission income	721	-
Subsidy income	7,633	1,140
Surrender value of insurance policies	-	2,914
Gain on investments in investment partnerships	614	-
Other	1,343	1,561
Total non-operating income	10,319	5,625
Non-operating expenses		
Interest expenses	2,525	1,171
Share issuance costs	830	1,043
Share of loss of entities accounted for using equity method	10,703	3,948
Amortization of restricted stock remuneration	-	14,497
Other	282	650
Total non-operating expenses	14,341	21,311
Ordinary profit (loss)	197,270	(38,252)
Extraordinary income		
Gain on sale of non-current assets	-	20
Gain on sale of investment securities	167,463	-
Total extraordinary income	167,463	20
Extraordinary losses		
Impairment losses	-	225
Loss on valuation of investment securities	-	35,755
Cancellation penalty	-	30,400
Total extraordinary losses	-	66,380
Profit (loss) before income taxes	364,734	(104,612)
Income taxes	116,487	3,061
Profit (loss)	248,246	(107,673)
Profit (loss) attributable to non-controlling interests	127,913	(50,306)
Profit (loss) attributable to owners of parent	120,333	(57,366)

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended August 31,2021	For the six months ended August 31,2022
Profit (loss)	248,246	(107,673)
Other comprehensive income		
Valuation difference on available-for-sale securities	28,401	(3,625)
Total other comprehensive income	28,401	(3,625)
Comprehensive income	276,648	(111,299)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	130,615	(57,898)
Comprehensive income attributable to non-controlling interests	146,033	(53,400)

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended August 31,2021	For the six months ended August 31,2022
Cash flows from operating activities		
Profit (loss) before income taxes	364,734	(104,612)
Depreciation	10,648	15,532
Impairment losses	-	225
Amortization of goodwill	22,740	20,704
Increase (decrease) in allowance for doubtful accounts	(17)	3,517
Increase (decrease) in provision for bonuses	2,337	(3,910)
Interest and dividend income	(6)	(9)
Subsidy income	(7,633)	(1,140)
Interest expenses	2,525	1,171
Loss (gain) on investments in investment partnerships	(614)	-
Share issuance costs	830	1,043
Share of loss (profit) of entities accounted for using equity method	10,703	3,948
Amortization of restricted stock remuneration	-	14,497
Loss (gain) on sale of investment securities	(167,463)	-
Loss (gain) on valuation of investment securities	-	35,755
Decrease (increase) in trade receivables	21,208	(44,712)
Decrease (increase) in prepaid expenses	(37,231)	(93,111)
Increase (decrease) in advances received	60,706	(17,082)
Increase (decrease) in accrued expenses	38,653	53,353
Increase (decrease) in accrued consumption taxes	(23,483)	(94,026)
Other, net	(9,090)	25,039
Subtotal	289,546	(183,814)
Interest and dividends received	6	9
Subsidies received	1,633	1,140
Interest paid	(2,525)	(1,171)
Income taxes paid	(42,174)	(161,410)
Net cash provided by (used in) operating activities	246,487	(345,246)
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,094)	(34,758)
Purchase of intangible assets	(21,246)	(24,132)
Purchase of investment securities	(55,793)	(355,293)
Proceeds from sale of investment securities	195,764	-
Payments of leasehold and guarantee deposits	(37,822)	(36,890)
Other, net	(10,987)	(5,930)
Net cash provided by (used in) investing activities	33,819	(457,006)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	300,000	-
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	(73,468)	(200,167)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	182,080	10,336
Proceeds from issuance of share acquisition rights	7,770	-
Purchase of issuance of share acquisition rights	-	(1,612)
Purchase of treasury shares	-	(199,939)
Proceeds from share issuance to non-controlling shareholders	104,400	257,900
Payment of dividends to non-controlling interests	(86,248)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(10,112)
Net cash provided by (used in) financing activities	434,534	156,405
Effect of exchange rate change on cash and cash equivalents	-	101
Net increase (decrease) in cash and cash equivalents	714,840	(645,746)
Cash and cash equivalents at beginning of period	1,243,050	2,625,498
Cash and cash equivalents at end of period	1,957,891	1,979,752