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Consolidated Financial Results for the Nine Months Ended November 30, 2022 [Japanese GAAP]

January 10, 2023

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: January 13, 2023

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 Nine Months Ended November 30, 2022 (March 01, 2022 to November 30, 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 | % |
| Nine months ended November 30, 2022 | 3,303 | 17.7 | (35) | (110.7) | (97) | - | (115) | - | (117) | - |
| Nine months ended November 30, 2021 | 2,808 | 65.6 | 330 | 305.4 | 277 | 657.7 | 263 | 134.1 | 141 | - |

(Note) Comprehensive income: Nine months ended November 30, 2022: ¥ (176) million [-%]
 Nine months ended November 30, 2021: ¥ 322 million [-%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| Nine months ended | Yen | Yen |
| Nine months ended November 30, 2022 | (14.57) | - |
| Nine months ended November 30, 2021 | 18.59 | 17.77 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|-------------------|--------------|-------------|------------------------|
| As of | Million yen | Million yen | % |
| November 30, 2022 | 4,247 | 2,623 | 46.5 |
| February 28, 2022 | 4,089 | 2,731 | 57.8 |

(Reference) Equity: As of November 30, 2022: ¥ 1,973 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 3rd 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: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended November 30, 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):

November 30, 2022: 8,276,100 shares

February 28, 2022: 8,196,900 shares

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

November 30, 2022: 349,101 shares

February 28, 2022: 55,215 shares

3) Average number of shares during the period:

Nine months ended November 30, 2022: 8,063,627 shares

Nine months ended November 30, 2021: 7,614,269 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

| | As of February 28,2022 | As of November 30,2022 |
|---|------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,625,498 | 2,036,092 |
| Accounts receivable - trade | 306,926 | 399,973 |
| Operational investment securities | 118,400 | 506,693 |
| Merchandise | 17,565 | 7,218 |
| Supplies | 1,493 | 2,879 |
| Other | 181,993 | 406,787 |
| Allowance for doubtful accounts | (5,719) | (7,979) |
| Total current assets | 3,246,158 | 3,351,665 |
| Non-current assets | | |
| Property, plant and equipment | 98,036 | 153,931 |
| Intangible assets | | |
| Goodwill | 92,229 | 65,254 |
| Other | 128,136 | 130,709 |
| Total intangible assets | 220,366 | 195,964 |
| Investments and other assets | | |
| Investment securities | 270,487 | 236,073 |
| Other | 254,664 | 309,915 |
| Allowance for doubtful accounts | (200) | (200) |
| Total investments and other assets | 524,951 | 545,788 |
| Total non-current assets | 843,355 | 895,684 |
| Total assets | 4,089,513 | 4,247,349 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 19,677 | - |
| Current portion of long-term borrowings | 146,484 | 110,000 |
| Income taxes payable | 161,410 | - |
| Provision for bonuses | 3,910 | 26,400 |
| Advances received | 252,364 | 275,277 |
| Other | 528,280 | 371,758 |
| Total current liabilities | 1,112,126 | 783,435 |
| Non-current liabilities | | |
| Long-term borrowings | 238,350 | 831,210 |
| Other | 7,082 | 9,203 |
| Total non-current liabilities | 245,432 | 840,413 |
| Total liabilities | 1,357,559 | 1,623,848 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 866,284 | 15,184 |
| Capital surplus | 936,859 | 1,782,419 |
| Retained earnings | 591,311 | 457,124 |
| Treasury shares | (41,754) | (290,245) |
| Total shareholders' equity | 2,352,700 | 1,964,481 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 11,075 | 9,427 |
| Total accumulated other comprehensive income | 11,075 | 9,427 |
| Share acquisition rights | 600 | 36,212 |
| Non-controlling interests | 367,577 | 613,378 |
| Total net assets | 2,731,954 | 2,623,500 |
| Total liabilities and net assets | 4,089,513 | 4,247,349 |

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

| | For the nine months ended November 30,2021 | For the nine months ended November 30,2022 |
|---|---|---|
| Net sales | 2,808,198 | 3,303,913 |
| Cost of sales | 799,619 | 737,681 |
| Gross profit | 2,008,579 | 2,566,231 |
| Selling, general and administrative expenses | 1,731,013 | 2,663,716 |
| Operating profit (loss) | 277,565 | (97,485) |
| Non-operating income | | |
| Interest income | 7 | 11 |
| Commission income | 721 | - |
| Subsidy income | 7,633 | 1,140 |
| Surrender value of insurance policies | - | 2,919 |
| Gain on investments in investment partnerships | 3,331 | 918 |
| Other | 1,852 | 1,998 |
| Total non-operating income | 13,547 | 6,987 |
| Non-operating expenses | | |
| Interest expenses | 3,715 | 2,384 |
| Share issuance costs | 3,429 | 2,594 |
| Share of loss of entities accounted for using equity method | 20,108 | 4,447 |
| Amortization of restricted stock remuneration | - | 14,497 |
| Other | 701 | 973 |
| Total non-operating expenses | 27,954 | 24,896 |
| Ordinary profit (loss) | 263,158 | (115,394) |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 20 |
| Gain on sale of investment securities | 217,321 | - |
| Gain on sale of shares of subsidiaries and associates | 8,921 | - |
| Total extraordinary income | 226,242 | 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 | 489,401 | (181,754) |
| Income taxes | 187,504 | (5,550) |
| Profit (loss) | 301,896 | (176,203) |
| Profit (loss) attributable to non-controlling interests | 160,327 | (58,756) |
| Profit (loss) attributable to owners of parent | 141,569 | (117,447) |

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

(Thousand yen)

| | For the nine months ended November 30,2021 | For the nine months ended November 30,2022 |
|--|---|---|
| Profit (loss) | 301,896 | (176,203) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 20,918 | (490) |
| Total other comprehensive income | 20,918 | (490) |
| Comprehensive income | 322,815 | (176,694) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 150,754 | (119,095) |
| Comprehensive income attributable to non-controlling interests | 172,060 | (57,599) |