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Consolidated Financial Results for the Six Months Ended August 31, 2024 [Japanese GAAP]

October 11, 2024

Company name: SHIKIGAKU Co.,Ltd.
 Listing: Tokyo
 Securities code: 7049
 URL: <https://corp.shikigaku.jp/>
 Representative: Koudai Ando President and Representative Director
 Inquiries: Ryosuke Ikeura Executive Officer
 Telephone: +81-3-6821-7560
 Scheduled date to file semi-annual securities report: October 11, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended August 31, 2024 (March 1, 2024 to August 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2024	2,628	14.4	179	-	196	-	291	-
August 31, 2023	2,296	5.0	(194)	-	(194)	-	(137)	-

(Note) Comprehensive income: Six months ended August 31, 2024: ¥ 258 million [-%]
 Six months ended August 31, 2023: ¥ (159) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2024	33.72	33.52
August 31, 2023	(15.64)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	4,869	3,254	47.8
February 29, 2024	4,560	3,085	49.0

(Reference) Equity: As of August 31, 2024: ¥ 2,328 million
 As of February 29, 2024: ¥ 2,236 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 29, 2024	-	0.00	-	0.00	0.00
Fiscal year ending February 28, 2025	-	0.00			
Fiscal year ending February 28, 2025 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending February 28, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025(March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,300	9.7	307	-	323	-	393	-	46.12

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

August 31, 2024:	9,132,996 shares
February 29, 2024:	9,132,996 shares

2) Number of treasury shares at the end of the period:

August 31, 2024:	725,001 shares
February 29, 2024:	349,101 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2024:	8,634,095 shares
Six months ended August 31, 2023:	8,784,404 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	2,353,453	2,424,892
Accounts receivable - trade	536,320	588,078
Operational investment securities	643,497	854,100
Merchandise	4,028	7,964
Supplies	1,629	1,712
Prepaid expenses	243,603	238,813
Other	30,597	17,228
Allowance for doubtful accounts	(10,523)	(4,953)
Total current assets	3,802,606	4,127,837
Non-current assets		
Property, plant and equipment	132,749	122,425
Intangible assets	89,965	128,267
Investments and other assets		
Investment securities	83,157	84,367
Deferred tax assets	54,395	53,850
Other	397,353	352,497
Allowance for doubtful accounts	(200)	(200)
Total investments and other assets	534,706	490,515
Total non-current assets	757,421	741,208
Total assets	4,560,027	4,869,046
Liabilities		
Current liabilities		
Current portion of long-term borrowings	295,476	295,476
Accounts payable - other	233,715	204,547
Accrued expenses	234,843	268,474
Income taxes payable	-	149,084
Advances received	292,854	414,498
Other	68,873	88,157
Total current liabilities	1,125,762	1,420,238
Non-current liabilities		
Long-term borrowings	345,139	189,901
Deferred tax liabilities	3,965	4,049
Total non-current liabilities	349,104	193,950
Total liabilities	1,474,867	1,614,189
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	2,287,553	2,287,553
Retained earnings	224,707	515,819
Treasury shares	(290,245)	(490,234)
Total shareholders' equity	2,232,015	2,323,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,201	5,252
Total accumulated other comprehensive income	4,201	5,252
Share acquisition rights	46,996	53,181
Non-controlling interests	801,948	873,284
Total net assets	3,085,160	3,254,857
Total liabilities and net assets	4,560,027	4,869,046

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Net sales	2,296,563	2,628,304
Cost of sales	621,806	758,722
Gross profit	1,674,756	1,869,582
Selling, general and administrative expenses	1,869,207	1,689,686
Operating profit (loss)	(194,450)	179,896
Non-operating income		
Interest income	13	156
Subsidy income	2,856	14,972
Surrender value of insurance policies	1	9
Penalty income	-	6,000
Gain on investments in investment partnerships	1,751	638
Other	2,963	3,260
Total non-operating income	7,587	25,038
Non-operating expenses		
Interest expenses	2,808	2,325
Share issuance costs	158	708
Share of loss of entities accounted for using equity method	2,031	2,377
Foreign exchange losses	452	2,327
Amortization of restricted stock remuneration	2,499	-
Other	-	897
Total non-operating expenses	7,950	8,636
Ordinary profit (loss)	(194,813)	196,298
Extraordinary income		
Gain on sale of investment securities	-	200,123
Gain on reversal of share acquisition rights	35,947	-
Gain on sale of intellectual property rights	-	10,000
Total extraordinary income	35,947	210,123
Extraordinary losses		
Impairment losses	34,022	-
Total extraordinary losses	34,022	-
Profit (loss) before income taxes	(192,888)	406,422
Income taxes	(44,408)	149,411
Profit (loss)	(148,479)	257,010
Loss attributable to non-controlling interests	(11,110)	(34,101)
Profit (loss) attributable to owners of parent	(137,368)	291,111

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Profit (loss)	(148,479)	257,010
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,482)	1,188
Total other comprehensive income	(11,482)	1,188
Comprehensive income	(159,962)	258,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(143,321)	292,163
Comprehensive income attributable to non-controlling interests	(16,641)	(33,964)

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(192,888)	406,422
Depreciation	25,278	33,181
Impairment losses	34,022	-
Amortization of goodwill	20,774	-
Increase (decrease) in allowance for doubtful accounts	4,296	(5,570)
Increase (decrease) in provision for bonuses for directors (and other officers)	2,620	-
Interest and dividend income	(13)	(156)
Subsidy income	(2,856)	(14,972)
Interest expenses	2,808	2,325
Gain on transfer of intellectual property rights	-	(10,000)
Loss (gain) on investments in investment partnerships	(1,751)	(638)
Share issuance costs	158	708
Gain on reversal of share acquisition rights	(35,947)	-
Share of loss (profit) of entities accounted for using equity method	2,031	2,377
Amortization of restricted stock remuneration	2,499	-
Loss (gain) on sale of investment securities	-	(200,123)
Decrease (increase) in trade receivables	32,341	(51,757)
Decrease (increase) in prepaid expenses	(46,053)	4,789
Decrease (increase) in operational investment securities	(76,467)	(210,602)
Increase (decrease) in advances received	(15,461)	121,643
Increase (decrease) in accrued expenses	19,335	33,630
Increase (decrease) in accrued consumption taxes	21,467	-
Other, net	48,258	23,103
Subtotal	(155,546)	134,361
Interest and dividends received	13	156
Subsidies received	2,856	14,972
Interest paid	(2,808)	(2,325)
Income taxes paid	(6,343)	(1,453)
Income taxes refund	47,129	21,509
Net cash provided by (used in) operating activities	(114,699)	167,220
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,562)	(6,562)
Purchase of intangible assets	-	(54,597)
Proceeds from transfer of intellectual property right	-	10,000
Purchase of investment securities	(6,000)	-
Proceeds from sale of investment securities	-	200,123
Payments of leasehold and guarantee deposits	(6,412)	(1,627)
Proceeds from refund of leasehold and guarantee deposits	-	10,474
Other, net	(3,388)	(3,105)
Net cash provided by (used in) investing activities	(20,362)	154,705
Cash flows from financing activities		
Repayments of long-term borrowings	(195,238)	(155,238)
Purchase of issuance of share acquisition rights	(158)	-
Purchase of treasury shares	-	(199,091)
Proceeds from share issuance to non-controlling shareholders	198,300	105,300
Payment of dividends to non-controlling interests	(27,892)	-
Net cash provided by (used in) financing activities	(24,988)	(249,029)
Effect of exchange rate change on cash and cash equivalents	-	(1,458)
Net increase (decrease) in cash and cash equivalents	(160,049)	71,438
Cash and cash equivalents at beginning of period	2,637,895	2,353,453
Cash and cash equivalents at end of period	2,477,845	2,424,892