

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2022 (Based on Japanese GAAP)

October 13, 2022

Company name: Shochiku Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo, Fukuoka
 Stock code: 9601 URL <https://www.shochiku.co.jp>
 Representative: President and CEO Jay Sakomoto
 Inquiries: Director Hiroshige Osaki TEL 03-5550-1699
 Scheduled date to file Quarterly Securities Report: October 13, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

(1) Consolidated operating results (cumulative)

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, 2022	38,419	12.3	(168)	–	2,560	–	7,554	–
Six months ended August 31, 2021	34,205	73.5	(1,961)	–	(1,525)	–	(2,298)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2022	550.01	–
Six months ended August 31, 2021	(167.35)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2022	184,257	87,949	47.7	6,396.31
As of February 28, 2022	188,781	80,833	42.4	5,827.78

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	–	0.00	–	0.00	0.00
Year ending February 28, 2023	–	0.00			
Year ending February 28, 2023 (Forecast)			–	30.00	30.00

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	85,230	–	(340)	–	1,800	–	6,800	–	495.09

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2022
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

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

As of August 31, 2022	13,937,857 shares	As of February 28, 2022	13,937,857 shares
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Number of treasury shares at the end of the period

As of August 31, 2022	201,112 shares	As of February 28, 2022	204,443 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2022	13,734,767 shares	Six months ended August 31, 2021	13,734,487 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	16,791	16,768
Notes and accounts receivable - trade	8,713	–
Notes and accounts receivable - trade, and contract assets	–	7,981
Merchandise and finished goods	1,648	1,792
Work in process	4,201	4,243
Raw materials and supplies	114	115
Other	2,942	3,014
Allowance for doubtful accounts	(14)	(2)
Total current assets	34,396	33,913
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,151	40,864
Facilities, net	11,254	10,619
Land	41,847	39,695
Other, net	5,051	4,597
Total property, plant and equipment	101,304	95,776
Intangible assets		
Other	2,005	1,954
Total intangible assets	2,005	1,954
Investments and other assets		
Investment securities	31,560	33,441
Retirement benefit asset	136	81
Other	19,475	19,189
Allowance for doubtful accounts	(98)	(99)
Total investments and other assets	51,074	52,612
Total non-current assets	154,384	150,343
Total assets	188,781	184,257

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,963	8,062
Short-term borrowings	4,871	4,871
Current portion of long-term borrowings	16,935	15,211
Income taxes payable	428	1,033
Provision for bonuses	479	371
Other	8,885	8,208
Total current liabilities	39,563	37,758
Non-current liabilities		
Long-term borrowings	48,791	38,388
Provision for retirement benefits for directors (and other officers)	886	199
Retirement benefit liability	1,675	1,697
Asset retirement obligations	1,483	1,497
Other	15,547	16,766
Total non-current liabilities	68,384	58,549
Total liabilities	107,947	96,307
Net assets		
Shareholders' equity		
Share capital	33,018	33,018
Capital surplus	30,136	30,157
Retained earnings	8,476	15,646
Treasury shares	(1,485)	(1,460)
Total shareholders' equity	70,145	77,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,297	10,916
Foreign currency translation adjustment	(63)	(63)
Remeasurements of defined benefit plans	(344)	(349)
Total accumulated other comprehensive income	9,889	10,503
Non-controlling interests	798	84
Total net assets	80,833	87,949
Total liabilities and net assets	188,781	184,257

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Net sales	34,205	38,419
Cost of sales	21,891	22,997
Gross profit	12,314	15,422
Selling, general and administrative expenses	14,275	15,590
Operating loss	(1,961)	(168)
Non-operating income		
Interest income	5	5
Dividend income	311	365
Subsidies for employment adjustment	217	53
Cooperation money income	220	186
Subsidy income	129	2,570
Other	209	268
Total non-operating income	1,094	3,450
Non-operating expenses		
Interest expenses	317	287
Loan fees	101	74
Share of loss of entities accounted for using equity method	120	266
Other	118	93
Total non-operating expenses	657	721
Ordinary profit (loss)	(1,525)	2,560
Extraordinary income		
Gain on sale of non-current assets	–	6,985
Gain on change in equity	9	321
Gain on reversal of asset retirement obligations	–	15
Reversal of provision for loss on disaster	117	–
Total extraordinary income	127	7,322
Extraordinary losses		
Loss on retirement of non-current assets	3	6
Loss on disaster	35	52
Loss on cancellation of performances	526	205
Loss on temporary closure and other	383	–
Total extraordinary losses	948	264
Profit (loss) before income taxes	(2,346)	9,618
Income taxes - current	110	818
Income taxes for prior periods	(169)	–
Income taxes - deferred	84	1,575
Total income taxes	25	2,393
Profit (loss)	(2,372)	7,224
Loss attributable to non-controlling interests	(73)	(330)
Profit (loss) attributable to owners of parent	(2,298)	7,554

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit (loss)	(2,372)	7,224
Other comprehensive income		
Valuation difference on available-for-sale securities	1,260	618
Foreign currency translation adjustment	11	–
Remeasurements of defined benefit plans, net of tax	(16)	(4)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	1,254	613
Comprehensive income	(1,117)	7,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,043)	8,167
Comprehensive income attributable to non-controlling interests	(73)	(330)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(2,346)	9,618
Depreciation	2,890	2,616
Increase (decrease) in provision for bonuses	(119)	(92)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(195)	(686)
Decrease (increase) in retirement benefit asset	(68)	55
Increase (decrease) in retirement benefit liability	27	21
Increase (decrease) in allowance for doubtful accounts	(72)	(12)
Interest and dividend income	(317)	(367)
Interest expenses	317	287
Share of loss (profit) of entities accounted for using equity method	120	266
Gain on sale of non-current assets	–	(6,985)
Loss on retirement of non-current assets	3	6
Gain on reversal of asset retirement obligations	–	(15)
Loss (gain) on change in equity	(9)	(321)
Loss on disaster	35	52
Losses on performance cancelled	526	205
Loss on temporary closure and other	383	–
Decrease (increase) in trade receivables	(2,256)	548
Decrease (increase) in inventories	852	(550)
Increase (decrease) in trade payables	1,295	360
Other, net	1,549	(978)
Subtotal	2,613	4,028
Interest and dividends received	426	479
Interest paid	(357)	(321)
Payments associated with disaster loss	(176)	(46)
Payments associated with cancellation of performances	(508)	(200)
Payments associated with temporary closure and other	(242)	–
Income taxes paid	(636)	(370)
Income taxes refund	1,092	300
Net cash provided by (used in) operating activities	2,210	3,870
Cash flows from investing activities		
Payments into time deposits	(260)	(100)
Proceeds from withdrawal of time deposits	260	260
Purchase of property, plant and equipment	(621)	(619)
Proceeds from sale of property, plant and equipment	340	10,406
Purchase of intangible assets	(24)	(132)
Purchase of investment securities	(12)	(0)
Purchase of shares of subsidiaries and associates	(0)	(18)
Payments for asset retirement obligations	(61)	–
Loan advances	(396)	–
Proceeds from collection of loans receivable	29	40
Other, net	8	(30)
Net cash provided by (used in) investing activities	(738)	9,807

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	210	–
Proceeds from long-term borrowings	4,300	–
Repayments of long-term borrowings	(6,750)	(12,126)
Proceeds from share issuance to non-controlling shareholders	800	1,800
Repayments of lease obligations	(423)	(406)
Repayments of installment payables	(26)	(22)
Purchase of treasury shares	(4)	(7)
Proceeds from sale of treasury shares	–	0
Net cash provided by (used in) financing activities	(1,895)	(10,762)
Net increase (decrease) in cash and cash equivalents	(423)	2,915
Cash and cash equivalents at beginning of period	18,017	16,531
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	352	6
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(2,784)
Cash and cash equivalents at end of period	17,947	16,668