

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP)

April 14, 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 of ordinary general meeting of shareholders: May 25, 2022
 Scheduled date to file Securities Report: May 26, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(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	%
Year ended February 28, 2022	71,835	37.0	(4,005)	–	(2,801)	–	(1,762)	–
Year ended February 28, 2021	52,434	(46.2)	(5,483)	–	(5,610)	–	(11,407)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2022	(128.33)	–	(2.2)	(1.5)	(5.6)
Year ended February 28, 2021	(830.50)	–	(13.3)	(2.9)	(10.5)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	188,781	80,833	42.4	5,827.78
As of February 28, 2021	191,205	80,608	41.9	5,837.84

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2022	4,806	(1,668)	(4,977)	16,531
Year ended February 28, 2021	(8,144)	(3,106)	8,019	18,017

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ended February 28, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ending February 28, 2023 (Forecast)	–	0.00	–	30.00	30.00	–	6.1	–

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	89,640	–	600	–	1,400	–	6,710	–	488.59

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of February 28, 2022	13,937,857 shares	As of February 28, 2021	13,937,857 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	204,443 shares	As of February 28, 2021	202,719 shares
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Average number of shares during the period

Year ended February 28, 2022	13,734,320 shares	Year ended February 28, 2021	13,735,608 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	18,312	16,791
Notes and accounts receivable - trade	5,434	8,713
Merchandise and finished goods	1,852	1,648
Work in process	4,739	4,201
Raw materials and supplies	108	114
Advance payments to suppliers	632	720
Prepaid expenses	867	1,134
Advances paid	399	158
Consumption taxes receivable	820	42
Other	2,168	886
Allowance for doubtful accounts	(25)	(14)
Total current assets	35,310	34,396
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,491	43,151
Facilities, net	11,660	11,254
Machinery, equipment and vehicles, net	1,856	1,589
Tools, furniture and fixtures, net	787	902
Land	41,784	41,847
Leased assets, net	2,641	2,511
Construction in progress	126	15
Other, net	28	31
Total property, plant and equipment	103,377	101,304
Intangible assets		
Leasehold interests in land	1,660	1,451
Trademark right	8	6
Software	596	501
Other	62	46
Total intangible assets	2,327	2,005
Investments and other assets		
Investment securities	30,070	31,560
Long-term loans receivable	692	1,045
Long-term prepaid expenses	12,563	12,479
Deferred tax assets	295	428
Retirement benefit asset	118	136
Guarantee deposits	5,847	4,812
Other	763	709
Allowance for doubtful accounts	(161)	(98)
Total investments and other assets	50,189	51,074
Total non-current assets	155,895	154,384
Total assets	191,205	188,781

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,491	7,963
Short-term borrowings	4,281	4,871
Current portion of long-term borrowings	9,908	16,935
Lease obligations	783	1,213
Accounts payable - other	1,545	2,611
Accrued expenses	1,354	957
Accrued business office tax	163	113
Income taxes payable	860	428
Accrued consumption taxes	163	1,165
Provision for bonuses	464	479
Other	4,240	2,824
Total current liabilities	29,257	39,563
Non-current liabilities		
Long-term borrowings	61,266	48,791
Lease obligations	2,017	1,414
Deferred tax liabilities	4,801	4,838
Provision for retirement benefits for directors (and other officers)	1,036	886
Retirement benefit liability	1,568	1,675
Asset retirement obligations	1,394	1,483
Guarantee deposits received	8,474	8,715
Other	778	579
Total non-current liabilities	81,339	68,384
Total liabilities	110,597	107,947
Net assets		
Shareholders' equity		
Share capital	33,018	33,018
Capital surplus	30,136	30,136
Retained earnings	10,322	8,476
Treasury shares	(1,470)	(1,485)
Total shareholders' equity	72,006	70,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,450	10,297
Foreign currency translation adjustment	(59)	(63)
Remeasurements of defined benefit plans	(213)	(344)
Total accumulated other comprehensive income	8,176	9,889
Non-controlling interests	424	798
Total net assets	80,608	80,833
Total liabilities and net assets	191,205	188,781

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	52,434	71,835
Cost of sales	33,293	46,403
Gross profit	19,141	25,432
Selling, general and administrative expenses		
Advertising expenses	1,872	3,096
Personnel expenses	9,073	10,064
Business office tax	109	111
Provision of allowance for doubtful accounts	5	14
Provision for bonuses	389	381
Retirement benefit expenses	268	403
Provision for retirement benefits for directors (and other officers)	102	108
Rent expenses on land and buildings	3,619	4,680
Depreciation	2,000	2,425
Other	7,182	8,152
Total selling, general and administrative expenses	24,625	29,437
Operating loss	(5,483)	(4,005)
Non-operating income		
Interest income	5	13
Dividend income	551	574
Subsidies for employment adjustment	307	340
Cooperation money income	–	1,045
Subsidy income	–	713
Miscellaneous income	294	299
Total non-operating income	1,159	2,986
Non-operating expenses		
Interest expenses	617	621
borrowing fee	166	193
Share of loss of entities accounted for using equity method	259	735
Miscellaneous expenses	241	233
Total non-operating expenses	1,285	1,783
Ordinary loss	(5,610)	(2,801)
Extraordinary income		
Gain on sale of non-current assets	–	295
Gain on sale of investment securities	–	170
Gain on change in equity	–	9
Reversal of provision for loss on disaster	–	117
Total extraordinary income	–	593

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Extraordinary losses		
Loss on sale of non-current assets	48	–
Loss on retirement of non-current assets	190	67
Loss on valuation of investment securities	117	–
Loss on valuation of shares of subsidiaries and associates	–	22
Loss on disaster	310	35
Loss on cancellation of performances	3,667	560
Loss on temporary closure and other	1,048	340
Impairment losses	428	–
Total extraordinary losses	5,810	1,026
Loss before income taxes	(11,420)	(3,234)
Income taxes - current	185	204
Income taxes for prior periods	–	(211)
Income taxes - deferred	(128)	(894)
Total income taxes	57	(901)
Loss	(11,478)	(2,333)
Loss attributable to non-controlling interests	(70)	(570)
Loss attributable to owners of parent	(11,407)	(1,762)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Loss	(11,478)	(2,333)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,727	1,848
Foreign currency translation adjustment	(23)	(3)
Remeasurements of defined benefit plans, net of tax	(481)	(130)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	1,221	1,713
Comprehensive income	(10,256)	(619)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(10,186)	(48)
Comprehensive income attributable to non-controlling interests	(70)	(570)

Consolidated statements of changes in equity

Fiscal year ended February 28, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,018	30,136	22,143	(1,456)	83,841
Changes during period					
Dividends of surplus			(414)		(414)
Loss attributable to owners of parent			(11,407)		(11,407)
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		0		0	1
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	0	(11,821)	(13)	(11,834)
Balance at end of period	33,018	30,136	10,322	(1,470)	72,006

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,723	(36)	268	6,955	495	91,292
Changes during period						
Dividends of surplus						(414)
Loss attributable to owners of parent						(11,407)
Purchase of treasury shares						(14)
Disposal of treasury shares						1
Change in treasury shares arising from change in equity in entities accounted for using equity method						(0)
Net changes in items other than shareholders' equity	1,726	(23)	(481)	1,221	(70)	1,150
Total changes during period	1,726	(23)	(481)	1,221	(70)	(10,684)
Balance at end of period	8,450	(59)	(213)	8,176	424	80,608

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,018	30,136	10,322	(1,470)	72,006
Changes during period					
Loss attributable to owners of parent			(1,762)		(1,762)
Change in scope of consolidation			(83)		(83)
Purchase of treasury shares				(8)	(8)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(6)	(6)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,845)	(15)	(1,861)
Balance at end of period	33,018	30,136	8,476	(1,485)	70,145

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,450	(59)	(213)	8,176	424	80,608
Changes during period						
Loss attributable to owners of parent						(1,762)
Change in scope of consolidation						(83)
Purchase of treasury shares						(8)
Change in treasury shares arising from change in equity in entities accounted for using equity method						(6)
Net changes in items other than shareholders' equity	1,847	(3)	(130)	1,713	373	2,086
Total changes during period	1,847	(3)	(130)	1,713	373	225
Balance at end of period	10,297	(63)	(344)	9,889	798	80,833

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Loss before income taxes	(11,420)	(3,234)
Depreciation	5,698	5,614
Increase (decrease) in provision for bonuses	(65)	14
Decrease (increase) in retirement benefit asset	40	(159)
Increase (decrease) in retirement benefit liability	91	107
Increase (decrease) in provision for retirement benefits for directors (and other officers)	22	(150)
Increase (decrease) in allowance for doubtful accounts	(42)	(73)
Interest and dividend income	(557)	(588)
Interest expenses	618	621
Share of loss (profit) of entities accounted for using equity method	259	735
Loss on retirement of property, plant and equipment	190	67
Loss (gain) on sale of property, plant and equipment	48	(295)
Loss on valuation of shares of subsidiaries and associates	–	22
Loss (gain) on sale of investment securities	–	(170)
Loss (gain) on valuation of investment securities	117	–
Loss (gain) on change in equity	–	(9)
Impairment losses	428	–
Losses on performance cancelled	3,667	560
Loss on temporary closure and other	1,048	340
Loss on disaster	310	35
Decrease (increase) in trade receivables	2,296	(3,278)
Decrease (increase) in inventories	(1,747)	735
Decrease (increase) in advance payments to suppliers	(119)	(80)
Increase (decrease) in trade payables	(1,227)	2,472
Decrease (increase) in guarantee deposits	(68)	1,056
Increase (decrease) in guarantee deposit received	493	(698)
Increase (decrease) in accrued consumption taxes	(849)	1,052
Decrease (increase) in other current assets	(2,135)	728
Increase (decrease) in other current liabilities	(713)	(86)
Other, net	5	(86)
Subtotal	(3,610)	5,250
Interest and dividends received	643	689
Interest paid	(547)	(619)
Payments associated with disaster loss	–	(211)
Payments associated with cancellation of performances	(3,557)	(542)
Income taxes refund	–	1,132
Payments associated with temporary closure and other	(836)	(199)
Income taxes paid	(237)	(692)
Net cash provided by (used in) operating activities	(8,144)	4,806

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from investing activities		
Payments into time deposits	(294)	(260)
Proceeds from withdrawal of time deposits	294	294
Purchase of property, plant and equipment	(2,120)	(2,263)
Proceeds from sale of property, plant and equipment	–	628
Purchase of intangible assets	(188)	(132)
Proceeds from sale of intangible assets	–	162
Payments for asset retirement obligations	(1)	(61)
Purchase of investment securities	(45)	(303)
Proceeds from sale of investment securities	–	552
Purchase of shares of subsidiaries and associates	(300)	(0)
Loan advances	(500)	(396)
Proceeds from collection of loans receivable	59	58
Other, net	(11)	53
Net cash provided by (used in) investing activities	(3,106)	(1,668)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	95	590
Proceeds from long-term borrowings	19,500	4,460
Repayments of long-term borrowings	(9,173)	(9,908)
Redemption of bonds for responsible property	(1,100)	–
Proceeds from share issuance to non-controlling shareholders	–	800
Repayments of lease obligations	(819)	(859)
Purchase of treasury shares	(14)	(8)
Proceeds from sale of treasury shares	1	–
Repayments of installment payables	(53)	(51)
Dividends paid	(415)	–
Net cash provided by (used in) financing activities	8,019	(4,977)
Net increase (decrease) in cash and cash equivalents	(3,232)	(1,839)
Cash and cash equivalents at beginning of period	21,250	18,017
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	352
Cash and cash equivalents at end of period	18,017	16,531