

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 13, 2023

Company name: Shochiku Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo, Fukuoka
 Stock code: 9601 URL <https://www.shochiku.co.jp>
 Representative: President and CEO Toshihiro Takahashi
 Inquiries: Senior Executive Officer Hiroshige Osaki TEL 03-5550-1699
 Scheduled date to file Quarterly Securities Report: July 13, 2023
 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 three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

(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	%
Three months ended May 31, 2023	23,182	24.0	2,411	–	1,928	132.4	1,629	(73.4)
Three months ended May 31, 2022	18,697	30.5	(724)	–	829	–	6,128	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2023	118.61		–	
Three months ended May 31, 2022	446.26		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2023	184,421	90,260	48.9	6,563.93
As of February 28, 2023	178,803	86,482	48.3	6,289.19

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2023	–	0.00	–	30.00	30.00
Year ending February 29, 2024	–				
Year ending February 29, 2024 (Forecast)		0.00	–	30.00	30.00

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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	92,460	18.2	2,230	–	1,380	1.5	1,000	(81.8)	72.80

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2023
 (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
- 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 May 31, 2023	13,937,857 shares	As of February 28, 2023	13,937,857 shares
--------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of May 31, 2023	201,666 shares	As of February 28, 2023	201,406 shares
--------------------	----------------	-------------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2023	13,736,259 shares	Three months ended May 31, 2022	13,733,221 shares
---------------------------------	-------------------	---------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	16,113	17,412
Notes and accounts receivable - trade, and contract assets	7,469	7,717
Merchandise and finished goods	1,701	1,584
Work in process	3,953	4,610
Raw materials and supplies	117	120
Other	2,420	2,156
Allowance for doubtful accounts	(2)	(2)
Total current assets	31,772	33,599
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,836	39,367
Facilities, net	9,712	9,441
Land	39,688	39,688
Other, net	3,799	3,661
Total property, plant and equipment	93,036	92,158
Intangible assets		
Other	1,914	1,899
Total intangible assets	1,914	1,899
Investments and other assets		
Investment securities	33,467	38,136
Retirement benefit asset	159	187
Other	18,539	18,527
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	52,079	56,764
Total non-current assets	147,030	150,822
Total assets	178,803	184,421

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,116	6,930
Short-term borrowings	4,871	5,821
Current portion of long-term borrowings	17,404	19,603
Income taxes payable	865	630
Provision for bonuses	527	398
Other	7,776	8,234
Total current liabilities	37,561	41,617
Non-current liabilities		
Long-term borrowings	33,887	30,686
Provision for retirement benefits for directors (and other officers)	212	218
Retirement benefit liability	1,767	1,787
Asset retirement obligations	1,512	1,519
Other	17,380	18,332
Total non-current liabilities	54,759	52,543
Total liabilities	92,320	94,161
Net assets		
Shareholders' equity		
Share capital	33,018	33,018
Capital surplus	30,157	30,157
Retained earnings	13,576	14,791
Treasury shares	(1,464)	(1,467)
Total shareholders' equity	75,288	76,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,426	13,972
Foreign currency translation adjustment	(63)	(63)
Remeasurements of defined benefit plans	(259)	(245)
Total accumulated other comprehensive income	11,102	13,663
Non-controlling interests	91	96
Total net assets	86,482	90,260
Total liabilities and net assets	178,803	184,421

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Net sales	18,697	23,182
Cost of sales	11,436	12,896
Gross profit	7,261	10,285
Selling, general and administrative expenses	7,986	7,874
Operating profit (loss)	(724)	2,411
Non-operating income		
Interest income	2	2
Dividend income	0	1
Share of profit of entities accounted for using equity method	29	–
Subsidies for employment adjustment	41	5
Subsidy income	1,367	70
Other	386	52
Total non-operating income	1,827	132
Non-operating expenses		
Interest expenses	150	127
Loan fees	45	116
Share of loss of entities accounted for using equity method	–	324
Other	77	47
Total non-operating expenses	273	615
Ordinary profit	829	1,928
Extraordinary income		
Gain on sale of non-current assets	6,985	–
Gain on reversal of asset retirement obligations	15	–
Gain on sale of businesses	–	200
Total extraordinary income	7,000	200
Extraordinary losses		
Loss on retirement of non-current assets	5	1
Loss on disaster	52	–
Total extraordinary losses	58	1
Profit before income taxes	7,771	2,127
Income taxes - current	575	512
Income taxes - deferred	1,412	(19)
Total income taxes	1,987	492
Profit	5,784	1,634
Profit (loss) attributable to non-controlling interests	(343)	5
Profit attributable to owners of parent	6,128	1,629

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	5,784	1,634
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	2,544
Remeasurements of defined benefit plans, net of tax	(2)	14
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	(24)	2,560
Comprehensive income	5,760	4,194
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,104	4,189
Comprehensive income attributable to non-controlling interests	(343)	5