

Translation

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

October 12, 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: October 12, 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 six months ended August 31, 2023 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	42,899	11.7	2,350	–	1,665	(34.9)	3,315	(56.1)
Six months ended August 31, 2022	38,419	12.3	(168)	–	2,560	–	7,554	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	241.36	–
Six months ended August 31, 2022	550.01	–

(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, 2023	190,255	92,477	48.6	6,723.34
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	Yen	Yen	Yen	Yen
Year ended February 28, 2023	–	0.00	–	30.00	30.00
Year ending February 29, 2024	–	0.00	–	–	–
Year ending February 29, 2024 (Forecast)	–	–	–	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	87,730	12.2	1,300	–	130	(90.4)	1,870	(65.9)	136.10

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 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 August 31, 2023	13,937,857 shares	As of February 28, 2023	13,937,857 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	198,127 shares	As of February 28, 2023	201,406 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, 2023	13,737,842 shares	Six months ended August 31, 2022	13,734,767 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	16,113	22,868
Notes and accounts receivable - trade and contract assets	7,469	7,745
Merchandise and finished goods	1,701	1,656
Work in process	3,953	4,587
Raw materials and supplies	117	115
Other	2,420	4,296
Allowance for doubtful accounts	(2)	(4)
Total current assets	31,772	41,264
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,836	38,848
Facilities, net	9,712	9,321
Land	39,688	39,688
Other, net	3,799	3,682
Total property, plant and equipment	93,036	91,540
Intangible assets		
Other	1,914	1,907
Total intangible assets	1,914	1,907
Investments and other assets		
Investment securities	33,467	37,034
Retirement benefit asset	159	241
Other	18,539	18,374
Allowance for doubtful accounts	(86)	(107)
Total investments and other assets	52,079	55,542
Total non-current assets	147,030	148,990
Total assets	178,803	190,255

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,116	8,232
Short-term borrowings	4,871	4,971
Current portion of long-term borrowings	17,404	19,754
Income taxes payable	865	1,150
Provision for bonuses	527	421
Other	7,776	8,213
Total current liabilities	37,561	42,743
Non-current liabilities		
Long-term borrowings	33,887	32,719
Provision for retirement benefits for directors (and other officers)	212	224
Retirement benefit liability	1,767	1,831
Asset retirement obligations	1,512	1,526
Other	17,380	18,731
Total non-current liabilities	54,759	55,033
Total liabilities	92,320	97,777
Net assets		
Shareholders' equity		
Share capital	33,018	33,018
Capital surplus	30,157	30,174
Retained earnings	13,576	16,478
Treasury shares	(1,464)	(1,440)
Total shareholders' equity	75,288	78,231
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,426	14,440
Foreign currency translation adjustment	(63)	(63)
Remeasurements of defined benefit plans	(259)	(230)
Total accumulated other comprehensive income	11,102	14,145
Non-controlling interests	91	100
Total net assets	86,482	92,477
Total liabilities and net assets	178,803	190,255

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, 2022	Six months ended August 31, 2023
Net sales	38,419	42,899
Cost of sales	22,997	24,620
Gross profit	15,422	18,279
Selling, general and administrative expenses	15,590	15,928
Operating profit (loss)	(168)	2,350
Non-operating income		
Interest income	5	5
Dividend income	365	356
Subsidies for employment adjustment	53	5
Cooperation money income	186	–
Subsidy income	2,570	72
Other	268	82
Total non-operating income	3,450	522
Non-operating expenses		
Interest expenses	287	259
Loan fees	74	133
Share of loss of entities accounted for using equity method	266	743
Other	93	71
Total non-operating expenses	721	1,207
Ordinary profit	2,560	1,665
Extraordinary income		
Gain on sale of non-current assets	6,985	–
Gain on change in equity	321	–
Gain on reversal of asset retirement obligations	15	–
Gain on sale of investment securities	–	2,884
Gain on sale of businesses	–	200
Total extraordinary income	7,322	3,084
Extraordinary losses		
Loss on retirement of non-current assets	6	8
Loss on disaster	52	226
Loss on cancellation of performances	205	–
Impairment losses	–	46
Penalty cost	–	29
Total extraordinary losses	264	310
Profit before income taxes	9,618	4,438
Income taxes - current	818	933
Income taxes - deferred	1,575	179
Total income taxes	2,393	1,113
Profit	7,224	3,325
Profit (loss) attributable to non-controlling interests	(330)	9
Profit attributable to owners of parent	7,554	3,315

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	7,224	3,325
Other comprehensive income		
Valuation difference on available-for-sale securities	618	3,011
Remeasurements of defined benefit plans, net of tax	(4)	29
Share of other comprehensive income of entities accounted for using equity method	(0)	2
Total other comprehensive income	613	3,042
Comprehensive income	7,837	6,368
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,167	6,358
Comprehensive income attributable to non-controlling interests	(330)	9

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	9,618	4,438
Depreciation	2,616	2,305
Increase (decrease) in provision for bonuses	(92)	(105)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(686)	12
Decrease (increase) in retirement benefit asset	55	(81)
Increase (decrease) in retirement benefit liability	21	63
Increase (decrease) in allowance for doubtful accounts	(12)	22
Interest and dividend income	(367)	(361)
Interest expenses	287	259
Share of loss (profit) of entities accounted for using equity method	266	743
Gain on sale of non-current assets	(6,985)	–
Loss on retirement of non-current assets	6	8
Loss (gain) on sale of investment securities	–	(2,884)
Gain on reversal of asset retirement obligations	(15)	–
Loss (gain) on change in equity	(321)	–
Impairment losses	–	46
Loss (gain) on sale of businesses	–	(200)
Penalty costs	–	29
Loss on disaster	52	226
Losses on performance cancelled	205	–
Decrease (increase) in trade receivables	548	(275)
Decrease (increase) in inventories	(550)	(585)
Increase (decrease) in trade payables	360	2,115
Other, net	(978)	689
Subtotal	4,028	6,467
Interest and dividends received	479	416
Interest paid	(321)	(255)
Payments associated with disaster loss	(46)	–
Payments associated with cancellation of performances	(200)	–
Income taxes paid	(370)	(740)
Income taxes refund	300	–
Net cash provided by (used in) operating activities	3,870	5,887
Cash flows from investing activities		
Payments into time deposits	(100)	(100)
Proceeds from withdrawal of time deposits	260	100
Purchase of property, plant and equipment	(619)	(559)
Proceeds from sale of property, plant and equipment	10,406	–
Purchase of intangible assets	(132)	(93)
Purchase of investment securities	(0)	(31)
Proceeds from sale of investment securities	–	4,179
Purchase of shares of subsidiaries and associates	(18)	(1,400)
Loan advances	–	(2,000)
Proceeds from collection of loans receivable	40	26
Proceeds from sale of businesses	–	200
Other, net	(30)	(17)
Net cash provided by (used in) investing activities	9,807	303

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	–	3,000
Repayments of long-term borrowings	(12,126)	(1,717)
Proceeds from share issuance to non-controlling shareholders	1,800	–
Repayments of lease liabilities	(406)	(274)
Repayments of installment payables	(22)	(21)
Purchase of treasury shares	(7)	(11)
Proceeds from sale of treasury shares	0	1
Dividends paid	–	(413)
Net cash provided by (used in) financing activities	(10,762)	563
Net increase (decrease) in cash and cash equivalents	2,915	6,754
Cash and cash equivalents at beginning of period	16,531	16,013
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	6	–
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(2,784)	–
Cash and cash equivalents at end of period	16,668	22,768