

Translation

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Summary of Consolidated Financial Results for the Year Ended February 29, 2024 (Based on Japanese GAAP)

April 15, 2024

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 of ordinary general meeting of shareholders: May 28, 2024
 Scheduled date to file Securities Report: May 29, 2024
 Scheduled date to commence dividend payments: May 29, 2024
 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 29, 2024 (from March 1, 2023 to February 29, 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	%
Year ended February 29, 2024	85,428	9.2	3,584	–	2,866	110.8	3,016	(45.0)
Year ended February 28, 2023	78,212	8.9	(776)	–	1,359	–	5,484	–

	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 29, 2024	219.56	–	3.3	1.5	4.2
Year ended February 28, 2023	399.30	–	6.6	0.7	(1.0)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	211,140	94,466	44.7	6,868.61
As of February 28, 2023	178,803	86,482	48.3	6,289.19

(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 29, 2024	8,134	(15,236)	11,781	20,692
Year ended February 28, 2023	6,061	9,706	(13,507)	16,013

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, 2023	–	0.00	–	30.00	30.00	414	7.5	0.5
Year ended February 29, 2024	–	0.00	–	30.00	30.00	414	13.7	0.5
Year ending February 28, 2025 (Forecast)	–	0.00	–	30.00	30.00		29.4	

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	92,900	8.7	2,300	(35.8)	2,000	(30.2)	1,400	(53.6)	101.90

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 29, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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 29, 2024	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 February 29, 2024	198,877 shares	As of February 28, 2023	201,406 shares
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Average number of shares during the period

Year ended February 29, 2024	13,738,499 shares	Year ended February 28, 2023	13,735,604 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	16,113	20,195
Notes and accounts receivable - trade and contract assets	7,469	10,714
Merchandise and finished goods	1,701	1,783
Work in process	3,953	4,155
Raw materials and supplies	117	117
Advance payments to suppliers	484	509
Prepaid expenses	1,071	1,083
Advances paid	582	373
Consumption taxes refund receivable	-	89
Other	281	3,125
Allowance for doubtful accounts	(2)	(4)
Total current assets	31,772	42,142
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,836	39,353
Facilities, net	9,712	11,919
Machinery, equipment and vehicles, net	1,222	1,145
Tools, furniture and fixtures, net	783	852
Land	39,688	52,011
Leased assets, net	1,729	1,787
Construction in progress	15	877
Other, net	48	54
Total property, plant and equipment	93,036	108,001
Intangible assets		
Leasehold interests in land	1,451	1,451
Trademark right	3	1
Software	408	459
Other	50	41
Total intangible assets	1,914	1,954
Investments and other assets		
Investment securities	33,467	40,852
Long-term loans receivable	956	924
Long-term prepaid expenses	11,953	11,807
Deferred tax assets	444	183
Retirement benefit asset	159	185
Guarantee deposits	4,806	4,801
Other	378	380
Allowance for doubtful accounts	(86)	(93)
Total investments and other assets	52,079	59,042
Total non-current assets	147,030	168,998
Total assets	178,803	211,140

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,116	8,501
Short-term borrowings	4,871	4,871
Current portion of long-term borrowings	17,404	18,971
Lease liabilities	697	607
Accounts payable - other	2,010	2,858
Accrued expenses	1,244	1,111
Accrued business office tax	114	115
Income taxes payable	865	1,146
Accrued consumption taxes	947	925
Provision for bonuses	527	553
Other	2,763	3,853
Total current liabilities	37,561	43,516
Non-current liabilities		
Long-term borrowings	33,887	45,335
Lease liabilities	1,422	1,483
Deferred tax liabilities	6,734	9,561
Provision for retirement benefits for directors (and other officers)	212	239
Retirement benefit liability	1,767	1,854
Asset retirement obligations	1,512	5,229
Guarantee deposits received	8,054	8,400
Other	1,168	1,052
Total non-current liabilities	54,759	73,158
Total liabilities	92,320	116,674
Net assets		
Shareholders' equity		
Share capital	33,018	33,018
Capital surplus	30,157	30,187
Retained earnings	13,576	16,178
Treasury shares	(1,464)	(1,447)
Total shareholders' equity	75,288	77,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,426	16,739
Foreign currency translation adjustment	(63)	(63)
Remeasurements of defined benefit plans	(259)	(246)
Total accumulated other comprehensive income	11,102	16,429
Non-controlling interests	91	98
Total net assets	86,482	94,466
Total liabilities and net assets	178,803	211,140

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

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Net sales	78,212	85,428
Cost of sales	46,295	49,450
Gross profit	31,917	35,977
Selling, general and administrative expenses		
Advertising expenses	3,876	2,617
Personnel expenses	10,432	10,921
Business office tax	113	115
Provision of allowance for doubtful accounts	21	28
Provision for bonuses	444	459
Retirement benefit expenses	466	584
Provision for retirement benefits for directors (and other officers)	42	26
Rent expenses on land and buildings	4,996	4,905
Depreciation	2,312	1,959
Other	9,987	10,775
Total selling, general and administrative expenses	32,693	32,393
Operating profit (loss)	(776)	3,584
Non-operating income		
Interest income	11	20
Dividend income	679	767
Subsidies for employment adjustment	79	5
Cooperation money income	238	–
Subsidy income	2,615	110
Business compensation income	–	373
Miscellaneous income	309	177
Total non-operating income	3,934	1,455
Non-operating expenses		
Interest expenses	536	590
borrowing fee	143	168
Share of loss of entities accounted for using equity method	937	1,237
Miscellaneous expenses	181	176
Total non-operating expenses	1,798	2,173
Ordinary profit	1,359	2,866
Extraordinary income		
Gain on reversal of asset retirement obligations	15	–
Gain on sale of non-current assets	6,996	–
Gain on change in equity	321	401
Gain on sale of investment securities	–	2,956
Compensation income	–	540
Gain on sale of businesses	–	200
Gain on liquidation of subsidiaries	–	12
Total extraordinary income	7,333	4,110

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Extraordinary losses		
Loss on retirement of non-current assets	22	42
Loss on disaster	52	655
Loss on cancellation of performances	205	–
Impairment losses	852	886
Loss on disposal of inventories	288	–
Litigation settlement	–	192
Penalty cost	–	37
Loss on valuation of shares of subsidiaries and associates	–	2
Total extraordinary losses	1,421	1,818
Profit before income taxes	7,271	5,158
Income taxes - current	753	1,273
Income taxes - deferred	1,356	846
Total income taxes	2,110	2,119
Profit	5,161	3,038
Profit (loss) attributable to non-controlling interests	(323)	22
Profit attributable to owners of parent	5,484	3,016

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	5,161	3,038
Other comprehensive income		
Valuation difference on available-for-sale securities	1,128	5,308
Remeasurements of defined benefit plans, net of tax	84	13
Share of other comprehensive income of entities accounted for using equity method	1	4
Total other comprehensive income	1,214	5,326
Comprehensive income	6,376	8,365
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,699	8,342
Comprehensive income attributable to non-controlling interests	(323)	22

Consolidated statements of changes in equity

Fiscal year ended February 28, 2023

(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	8,476	(1,485)	70,145
Cumulative effects of changes in accounting policies			(370)		(370)
Restated balance	33,018	30,136	8,106	(1,485)	69,775
Changes during period					
Profit attributable to owners of parent			5,484		5,484
Change in scope of consolidation			(13)		(13)
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		20		32	52
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	-	20	5,470	21	5,512
Balance at end of period	33,018	30,157	13,576	(1,464)	75,288

	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	10,297	(63)	(344)	9,889	798	80,833
Cumulative effects of changes in accounting policies						(370)
Restated balance	10,297	(63)	(344)	9,889	798	80,463
Changes during period						
Profit attributable to owners of parent						5,484
Change in scope of consolidation						(13)
Purchase of treasury shares						(10)
Disposal of treasury shares						52
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	1,128		84	1,213	(706)	506
Total changes during period	1,128	-	84	1,213	(706)	6,019
Balance at end of period	11,426	(63)	(259)	11,102	91	86,482

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,018	30,157	13,576	(1,464)	75,288
Cumulative effects of changes in accounting policies					–
Restated balance	33,018	30,157	13,576	(1,464)	75,288
Changes during period					
Dividends of surplus			(414)		(414)
Profit attributable to owners of parent			3,016		3,016
Purchase of shares of consolidated subsidiaries		13			13
Purchase of treasury shares				(18)	(18)
Disposal of treasury shares		17		35	52
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	–	30	2,601	17	2,650
Balance at end of period	33,018	30,187	16,178	(1,447)	77,938

	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	11,426	(63)	(259)	11,102	91	86,482
Cumulative effects of changes in accounting policies						–
Restated balance	11,426	(63)	(259)	11,102	91	86,482
Changes during period						
Dividends of surplus						(414)
Profit attributable to owners of parent						3,016
Purchase of shares of consolidated subsidiaries						13
Purchase of treasury shares						(18)
Disposal of treasury shares						52
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	5,312	–	13	5,326	7	5,333
Total changes during period	5,312	–	13	5,326	7	7,983
Balance at end of period	16,739	(63)	(246)	16,429	98	94,466

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	7,271	5,158
Depreciation	5,147	4,619
Increase (decrease) in provision for bonuses	63	25
Decrease (increase) in retirement benefit asset	112	(90)
Increase (decrease) in retirement benefit liability	91	86
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(673)	26
Increase (decrease) in allowance for doubtful accounts	(24)	9
Interest and dividend income	(691)	(788)
Interest expenses	536	590
Share of loss (profit) of entities accounted for using equity method	937	1,237
Loss on retirement of property, plant and equipment	22	42
Loss (gain) on sale of property, plant and equipment	(6,996)	–
Loss on valuation of shares of subsidiaries and associates	–	2
Loss (gain) on sale of investment securities	–	(2,956)
Gain on reversal of asset retirement obligations	(15)	–
Loss (gain) on change in equity	(321)	(401)
Impairment losses	852	886
Loss (gain) on sale of businesses	–	(200)
Penalty costs	–	37
Litigation settlement	–	192
Losses on performance cancelled	205	–
Compensation income	–	(540)
Loss on disaster	52	655
Loss on disposal of inventories	288	–
Loss (gain) on liquidation of subsidiaries	–	(12)
Decrease (increase) in trade receivables and contract assets	1,071	(3,248)
Decrease (increase) in inventories	(458)	(284)
Decrease (increase) in advance payments to suppliers	235	(25)
Increase (decrease) in trade payables	(1,585)	2,384
Decrease (increase) in guarantee deposits	(57)	4
Increase (decrease) in guarantee deposit received	(387)	141
Increase (decrease) in accrued consumption taxes	(164)	32
Decrease (increase) in other current assets	(279)	(211)
Increase (decrease) in other current liabilities	(322)	1,213
Other, net	1,155	215
Subtotal	6,068	8,806
Interest and dividends received	805	901
Interest paid	(572)	(557)
Proceeds from compensation	–	540
Payments associated with disaster loss	(46)	(530)
Payments associated with cancellation of performances	(200)	–
Income taxes refund	300	5
Income taxes paid	(293)	(1,030)
Net cash provided by (used in) operating activities	6,061	8,134

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
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	(864)	(15,475)
Proceeds from sale of property, plant and equipment	10,296	–
Purchase of intangible assets	(194)	(232)
Purchase of investment securities	(98)	(1,223)
Proceeds from sale of investment securities	30	4,779
Purchase of shares of subsidiaries and associates	(18)	(1,402)
Proceeds from liquidation of subsidiaries	–	64
Loan advances	–	(2,000)
Proceeds from collection of loans receivable	72	51
Proceeds from sale of businesses	–	200
Other, net	322	1
Net cash provided by (used in) investing activities	9,706	(15,236)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	17,000
Repayments of long-term borrowings	(14,435)	(3,984)
Proceeds from share issuance to non-controlling shareholders	1,800	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1)
Repayments of lease liabilities	(816)	(757)
Purchase of treasury shares	(10)	(18)
Proceeds from sale of treasury shares	0	1
Repayments of installment payables	(45)	(43)
Dividends paid	–	(413)
Net cash provided by (used in) financing activities	(13,507)	11,781
Net increase (decrease) in cash and cash equivalents	2,260	4,679
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	16,013	20,692