

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 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 Jay Sakomoto
 Inquiries: Director Hiroshige Osaki TEL 03-5550-1699
 Scheduled date of ordinary general meeting of shareholders: May 23, 2023
 Scheduled date to file Securities Report: May 24, 2023
 Scheduled date to commence dividend payments: May 24, 2023
 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, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023 | 78,212 | 8.9 | (776) | – | 1,359 | – | 5,484 | – |
| Year ended February 28, 2022 | 71,835 | 37.0 | (4,005) | – | (2,801) | – | (1,762) | – |

| | 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, 2023 | 399.30 | – | 6.6 | 0.7 | (1.0) |
| Year ended February 28, 2022 | (128.33) | – | (2.2) | (1.5) | (5.6) |

(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, 2023 | 178,803 | 86,482 | 48.3 | 6,289.19 |
| As of February 28, 2022 | 188,781 | 80,833 | 42.4 | 5,827.78 |

(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, 2023 | 6,061 | 9,706 | (13,507) | 16,013 |
| Year ended February 28, 2022 | 4,806 | (1,668) | (4,977) | 16,531 |

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, 2022 | – | 0.00 | – | 0.00 | 0.00 | – | – | – |
| Year ended February 28, 2023 | – | 0.00 | – | 30.00 | 30.00 | 414 | 7.5 | 0.5 |
| Year ending February 29, 2024 (Forecast) | – | 0.00 | – | 30.00 | 30.00 | | 41.2 | |

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 year ended February 28, 2023
(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: 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, 2023 | 13,937,857 shares | As of February 28, 2022 | 13,937,857 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|-------------------------|----------------|
| As of February 28, 2023 | 201,406 shares | As of February 28, 2022 | 204,443 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period

| | | | |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended February 28, 2023 | 13,735,604 shares | Year ended February 28, 2022 | 13,734,320 shares |
|------------------------------|-------------------|------------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 16,791 | 16,113 |
| Notes and accounts receivable - trade | 8,713 | – |
| Notes and accounts receivable - trade and contract assets | – | 7,469 |
| Merchandise and finished goods | 1,648 | 1,701 |
| Work in process | 4,201 | 3,953 |
| Raw materials and supplies | 114 | 117 |
| Advance payments to suppliers | 720 | 484 |
| Prepaid expenses | 1,134 | 1,071 |
| Advances paid | 158 | 582 |
| Consumption taxes refund receivable | 42 | – |
| Other | 886 | 281 |
| Allowance for doubtful accounts | (14) | (2) |
| Total current assets | 34,396 | 31,772 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 43,151 | 39,836 |
| Facilities, net | 11,254 | 9,712 |
| Machinery, equipment and vehicles, net | 1,589 | 1,222 |
| Tools, furniture and fixtures, net | 902 | 783 |
| Land | 41,847 | 39,688 |
| Leased assets, net | 2,511 | 1,729 |
| Construction in progress | 15 | 15 |
| Other, net | 31 | 48 |
| Total property, plant and equipment | 101,304 | 93,036 |
| Intangible assets | | |
| Leasehold interests in land | 1,451 | 1,451 |
| Trademark right | 6 | 3 |
| Software | 501 | 408 |
| Other | 46 | 50 |
| Total intangible assets | 2,005 | 1,914 |
| Investments and other assets | | |
| Investment securities | 31,560 | 33,467 |
| Long-term loans receivable | 1,045 | 956 |
| Long-term prepaid expenses | 12,479 | 11,953 |
| Deferred tax assets | 428 | 444 |
| Retirement benefit asset | 136 | 159 |
| Guarantee deposits | 4,812 | 4,806 |
| Other | 709 | 378 |
| Allowance for doubtful accounts | (98) | (86) |
| Total investments and other assets | 51,074 | 52,079 |
| Total non-current assets | 154,384 | 147,030 |
| Total assets | 188,781 | 178,803 |

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 7,963 | 6,116 |
| Short-term borrowings | 4,871 | 4,871 |
| Current portion of long-term borrowings | 16,935 | 17,404 |
| Lease liabilities | 1,213 | 697 |
| Accounts payable - other | 2,611 | 2,010 |
| Accrued expenses | 957 | 1,244 |
| Accrued business office tax | 113 | 114 |
| Income taxes payable | 428 | 865 |
| Accrued consumption taxes | 1,165 | 947 |
| Provision for bonuses | 479 | 527 |
| Other | 2,824 | 2,763 |
| Total current liabilities | 39,563 | 37,561 |
| Non-current liabilities | | |
| Long-term borrowings | 48,791 | 33,887 |
| Lease liabilities | 1,414 | 1,422 |
| Deferred tax liabilities | 4,838 | 6,734 |
| Provision for retirement benefits for directors (and other officers) | 886 | 212 |
| Retirement benefit liability | 1,675 | 1,767 |
| Asset retirement obligations | 1,483 | 1,512 |
| Guarantee deposits received | 8,715 | 8,054 |
| Other | 579 | 1,168 |
| Total non-current liabilities | 68,384 | 54,759 |
| Total liabilities | 107,947 | 92,320 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 33,018 | 33,018 |
| Capital surplus | 30,136 | 30,157 |
| Retained earnings | 8,476 | 13,576 |
| Treasury shares | (1,485) | (1,464) |
| Total shareholders' equity | 70,145 | 75,288 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,297 | 11,426 |
| Foreign currency translation adjustment | (63) | (63) |
| Remeasurements of defined benefit plans | (344) | (259) |
| Total accumulated other comprehensive income | 9,889 | 11,102 |
| Non-controlling interests | 798 | 91 |
| Total net assets | 80,833 | 86,482 |
| Total liabilities and net assets | 188,781 | 178,803 |

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

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Net sales | 71,835 | 78,212 |
| Cost of sales | 46,403 | 46,295 |
| Gross profit | 25,432 | 31,917 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 3,096 | 3,876 |
| Personnel expenses | 10,064 | 10,432 |
| Business office tax | 111 | 113 |
| Provision of allowance for doubtful accounts | 14 | 21 |
| Provision for bonuses | 381 | 444 |
| Retirement benefit expenses | 403 | 466 |
| Provision for retirement benefits for directors (and other officers) | 108 | 42 |
| Rent expenses on land and buildings | 4,680 | 4,996 |
| Depreciation | 2,425 | 2,312 |
| Other | 8,152 | 9,987 |
| Total selling, general and administrative expenses | 29,437 | 32,693 |
| Operating loss | (4,005) | (776) |
| Non-operating income | | |
| Interest income | 13 | 11 |
| Dividend income | 574 | 679 |
| Subsidies for employment adjustment | 340 | 79 |
| Cooperation money income | 1,045 | 238 |
| Subsidy income | 713 | 2,615 |
| Miscellaneous income | 299 | 309 |
| Total non-operating income | 2,986 | 3,934 |
| Non-operating expenses | | |
| Interest expenses | 621 | 536 |
| borrowing fee | 193 | 143 |
| Share of loss of entities accounted for using equity method | 735 | 937 |
| Miscellaneous expenses | 233 | 181 |
| Total non-operating expenses | 1,783 | 1,798 |
| Ordinary profit (loss) | (2,801) | 1,359 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 295 | 6,996 |
| Gain on sale of investment securities | 170 | – |
| 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 | 593 | 7,333 |

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 67 | 22 |
| Loss on valuation of shares of subsidiaries and associates | 22 | – |
| Loss on disaster | 35 | 52 |
| Loss on cancellation of performances | 560 | 205 |
| Loss on temporary closure and other | 340 | – |
| Impairment losses | – | 852 |
| Loss on disposal of inventories | – | 288 |
| Total extraordinary losses | 1,026 | 1,421 |
| Profit (loss) before income taxes | (3,234) | 7,271 |
| Income taxes - current | 204 | 753 |
| Income taxes for prior periods | (211) | – |
| Income taxes - deferred | (894) | 1,356 |
| Total income taxes | (901) | 2,110 |
| Profit (loss) | (2,333) | 5,161 |
| Loss attributable to non-controlling interests | (570) | (323) |
| Profit (loss) attributable to owners of parent | (1,762) | 5,484 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Profit (loss) | (2,333) | 5,161 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,848 | 1,128 |
| Foreign currency translation adjustment | (3) | – |
| Remeasurements of defined benefit plans, net of tax | (130) | 84 |
| Share of other comprehensive income of entities accounted for using equity method | (0) | 1 |
| Total other comprehensive income | 1,713 | 1,214 |
| Comprehensive income | (619) | 6,376 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (48) | 6,699 |
| Comprehensive income attributable to non-controlling interests | (570) | (323) |

Consolidated statements of changes in equity

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 |
| Cumulative effects of changes in accounting policies | | | | | – |
| Restated balance | 33,018 | 30,136 | 10,322 | (1,470) | 72,006 |
| Changes during period | | | | | |
| Profit (loss) attributable to owners of parent | | | (1,762) | | (1,762) |
| Change in scope of consolidation | | | (83) | | (83) |
| Purchase of treasury shares | | | | (8) | (8) |
| Disposal of treasury shares | | | | | |
| 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 |
| Cumulative effects of changes in accounting policies | | | | | | – |
| Restated balance | 8,450 | (59) | (213) | 8,176 | 424 | 80,608 |
| Changes during period | | | | | | |
| Profit (loss) attributable to owners of parent | | | | | | (1,762) |
| Change in scope of consolidation | | | | | | (83) |
| Purchase of treasury shares | | | | | | (8) |
| Disposal of treasury shares | | | | | | |
| 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 |

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 (loss) 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 (loss) 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 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (3,234) | 7,271 |
| Depreciation | 5,614 | 5,147 |
| Increase (decrease) in provision for bonuses | 14 | 63 |
| Decrease (increase) in retirement benefit asset | (159) | 112 |
| Increase (decrease) in retirement benefit liability | 107 | 91 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (150) | (673) |
| Increase (decrease) in allowance for doubtful accounts | (73) | (24) |
| Interest and dividend income | (588) | (691) |
| Interest expenses | 621 | 536 |
| Share of loss (profit) of entities accounted for using equity method | 735 | 937 |
| Loss on retirement of property, plant and equipment | 67 | 22 |
| Loss (gain) on sale of property, plant and equipment | (295) | (6,996) |
| Loss on valuation of shares of subsidiaries and associates | 22 | – |
| Loss (gain) on sale of investment securities | (170) | – |
| Gain on reversal of asset retirement obligations | – | (15) |
| Loss (gain) on change in equity | (9) | (321) |
| Impairment losses | – | 852 |
| Losses on performance cancelled | 560 | 205 |
| Loss on temporary closure and other | 340 | – |
| Loss on disaster | 35 | 52 |
| Loss on disposal of inventories | – | 288 |
| Decrease (increase) in trade receivables | (3,278) | – |
| Decrease (increase) in trade receivables and contract assets | – | 1,071 |
| Decrease (increase) in inventories | 735 | (458) |
| Decrease (increase) in advance payments to suppliers | (80) | 235 |
| Increase (decrease) in trade payables | 2,472 | (1,585) |
| Decrease (increase) in guarantee deposits | 1,056 | (57) |
| Increase (decrease) in guarantee deposit received | (698) | (387) |
| Increase (decrease) in accrued consumption taxes | 1,052 | (164) |
| Decrease (increase) in other current assets | 728 | (279) |
| Increase (decrease) in other current liabilities | (86) | (322) |
| Other, net | (86) | 1,155 |
| Subtotal | 5,250 | 6,068 |
| Interest and dividends received | 689 | 805 |
| Interest paid | (619) | (572) |
| Payments associated with disaster loss | (211) | (46) |
| Payments associated with cancellation of performances | (542) | (200) |
| Payments associated with temporary closure and other | (199) | – |
| Income taxes refund | 1,132 | 300 |
| Income taxes paid | (692) | (293) |
| Net cash provided by (used in) operating activities | 4,806 | 6,061 |

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Cash flows from investing activities | | |
| Payments into time deposits | (260) | (100) |
| Proceeds from withdrawal of time deposits | 294 | 260 |
| Purchase of property, plant and equipment | (2,263) | (864) |
| Proceeds from sale of property, plant and equipment | 628 | 10,296 |
| Purchase of intangible assets | (132) | (194) |
| Proceeds from sale of intangible assets | 162 | – |
| Payments for asset retirement obligations | (61) | – |
| Purchase of investment securities | (303) | (98) |
| Proceeds from sale of investment securities | 552 | 30 |
| Purchase of shares of subsidiaries and associates | (0) | (18) |
| Loan advances | (396) | – |
| Proceeds from collection of loans receivable | 58 | 72 |
| Other, net | 53 | 322 |
| Net cash provided by (used in) investing activities | (1,668) | 9,706 |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | 590 | – |
| Proceeds from long-term borrowings | 4,460 | – |
| Repayments of long-term borrowings | (9,908) | (14,435) |
| Proceeds from share issuance to non-controlling shareholders | 800 | 1,800 |
| Repayments of lease liabilities | (859) | (816) |
| Purchase of treasury shares | (8) | (10) |
| Proceeds from sale of treasury shares | – | 0 |
| Repayments of installment payables | (51) | (45) |
| Net cash provided by (used in) financing activities | (4,977) | (13,507) |
| Net increase (decrease) in cash and cash equivalents | (1,839) | 2,260 |
| 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 | 16,531 | 16,013 |