

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended August 31, 2020 (Based on Japanese GAAP)

October 2, 2020

Company name: SHIMACHU CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8184 URL <http://www.shimachu.co.jp/>
 Representative: President and Representative Director Takaaki Okano
 Director, General Manager of Corporate Planning Kazuya Orimoto TEL 048(851)7711
 Scheduled date of ordinary general meeting of shareholders: November 26, 2020
 Scheduled date to file Securities Report: November 27, 2020
 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. Non-consolidated financial results for the year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended August 31, 2020	153,540	4.9	9,598	6.7	10,094	10.4	6,422	6.2
Year ended August 31, 2019	146,387	0.1	8,994	(9.0)	9,143	(13.3)	6,049	40.6

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/Operating revenue
	Yen	Yen	%	%	%
Year ended August 31, 2020	156.80	—	3.5	4.3	6.3
Year ended August 31, 2019	139.61	—	3.2	3.8	6.1

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2020	237,346	181,584	76.5	4,661.36
As of August 31, 2019	237,305	188,698	79.5	4,439.18

(3) Non-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 August 31, 2020	14,102	(5,764)	(8,886)	14,398
Year ended August 31, 2019	9,227	(6,721)	(11,719)	14,947

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2019	—	40.00	—	40.00	80.00	3,400	57.3	1.8
Year ended August 31, 2020	—	50.00	—	0.00	50.00	2,082	31.9	1.1
Year ending August 31, 2021 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of non-consolidated financial results for the year ending August 31, 2021 (from September 1, 2020 to August 31, 2021)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 28, 2021	79,121	5.9	5,621	45.3	5,854	40.0	3,981	45.9	102.19
Full year	156,490	1.9	11,204	16.7	11,603	14.9	7,434	15.8	190.83

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of August 31, 2020	42,609,104 shares	As of August 31, 2019	47,889,104 shares
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Number of treasury shares at the end of the period

As of August 31, 2020	3,653,817 shares	As of August 31, 2019	5,381,588 shares
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Average number of shares during the period

Year ended August 31, 2020	40,959,061 shares	Year ended August 31, 2019	43,328,318 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of August 31, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	12,509	12,193
Accounts receivable - trade	6,346	8,401
Securities	7,539	7,821
Merchandise and finished goods	18,909	18,961
Prepaid expenses	780	794
Other	3,952	4,025
Allowance for doubtful accounts	(3)	(1)
Total current assets	50,034	52,196
Non-current assets		
Property, plant and equipment		
Buildings	121,587	125,205
Accumulated depreciation	(55,242)	(58,796)
Buildings, net	66,344	66,408
Structures	6,018	6,332
Accumulated depreciation	(4,706)	(4,895)
Structures, net	1,312	1,437
Vehicles	9	9
Accumulated depreciation	(9)	(9)
Vehicles, net	0	0
Tools, furniture and fixtures	5,124	5,521
Accumulated depreciation	(3,699)	(4,166)
Tools, furniture and fixtures, net	1,424	1,355
Land	95,483	95,483
Leased assets	445	608
Accumulated depreciation	(100)	(203)
Leased assets, net	344	405
Construction in progress	4,445	1,435
Total property, plant and equipment	169,355	166,526
Intangible assets		
Software	403	454
Other	60	55
Total intangible assets	464	510

(Millions of yen)

	As of August 31, 2019	As of August 31, 2020
Investments and other assets		
Investment securities	572	519
Investments in capital	0	0
Long-term prepaid expenses	1,088	1,060
Prepaid pension costs	469	426
Deferred tax assets	3,883	3,904
Other	11,533	12,298
Allowance for doubtful accounts	(96)	(96)
Total investments and other assets	17,451	18,113
Total non-current assets	187,271	185,150
Total assets	237,305	237,346
Liabilities		
Current liabilities		
Notes payable - trade	286	159
Accounts payable - trade	21,401	23,184
Short-term borrowings	—	5,000
Lease obligations	96	129
Accounts payable - other	2,688	3,894
Accrued expenses	1,400	1,531
Income taxes payable	1,461	1,959
Advances received	2,577	3,262
Deposits received	387	338
Provision for bonuses	800	827
Business restructuring reserves	382	94
Other	2,247	2
Total current liabilities	33,729	40,382
Non-current liabilities		
Lease obligations	288	312
Provision for retirement benefits	3,415	3,793
Asset retirement obligations	7,277	7,380
Other	3,897	3,892
Total non-current liabilities	14,877	15,378
Total liabilities	48,607	55,761

	(Millions of yen)	
	As of August 31, 2019	As of August 31, 2020
Net assets		
Shareholders' equity		
Share capital	16,533	16,533
Capital surplus		
Legal capital surplus	19,344	19,344
Total capital surpluses	19,344	19,344
Retained earnings		
Legal retained earnings	1,295	1,295
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	135	130
General reserve	144,400	144,400
Retained earnings brought forward	24,259	10,572
Total retained earnings	170,089	156,398
Treasury shares	(16,643)	(10,220)
Total shareholders' equity	189,324	182,056
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(625)	(471)
Total valuation and translation adjustments	(625)	(471)
Total net assets	188,698	181,584
Total liabilities and net assets	237,305	237,346

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Net sales	139,980	146,694
Cost of sales		
Beginning merchandise inventory	18,042	18,909
Cost of purchased goods	93,886	97,509
Total	111,929	116,418
Transfer to other account	170	206
Ending merchandise inventory	18,909	18,961
Total cost of sales	92,849	97,251
Gross profit	47,130	49,443
Operating revenue		
Real estate lease revenue	6,407	6,845
Gross operating profit	53,538	56,289
Selling, general and administrative expenses	44,543	46,691
Operating profit	8,994	9,598
Non-operating income		
Interest income	15	8
Dividend income	24	98
Commission income	148	143
Vending machine commission	154	155
Gain on sales of goods	60	19
Miscellaneous income	116	203
Total non-operating income	520	629
Non-operating expenses		
Interest expenses	—	6
Loss on investments in investment partnerships	11	11
Commission for purchase of treasury shares	10	13
Rental payments	240	33
Miscellaneous loss	109	69
Total non-operating expenses	371	133
Ordinary profit	9,143	10,094
Extraordinary income		
Gain on sales of non-current assets	60	—
Gain on revision of retirement benefit plan	24	—
Insurance claim income	—	38
Other	1	—
Total extraordinary income	85	38
Extraordinary losses		
Loss on disposal of non-current assets	48	23
Impairment loss	91	—
Loss on valuation of investment securities	159	—
Loss on disaster	—	46
Loss on store closings	—	98
Loss on COVID-19	—	482
Total extraordinary losses	299	652
Profit before income taxes	8,929	9,480
Income taxes - current	2,826	3,160
Income taxes - deferred	53	(102)
Total income taxes	2,880	3,057
Profit	6,049	6,422

Non-consolidated statements of changes in equity

Fiscal year ended August 31, 2019

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	16,533	19,344	—	19,344	1,295	140	164,400	1,713
Changes during period								
Dividends of surplus								(3,508)
Profit								6,049
Reversal of reserve for tax purpose reduction entry of non-current assets						(4)		4
Reversal of general reserve							(20,000)	20,000
Purchase of treasury shares								
Cancellation of treasury shares								
Disposal of treasury shares								
Transfer of loss on disposal of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	(4)	(20,000)	22,545
Balance at end of period	16,533	19,344	—	19,344	1,295	135	144,400	24,259

(Millions of yen)

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	167,549	(8,505)	194,922	(633)	(633)	194,288
Changes during period						
Dividends of surplus	(3,508)		(3,508)			(3,508)
Profit	6,049		6,049			6,049
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—			—
Reversal of general reserve	—		—			—
Purchase of treasury shares		(8,138)	(8,138)			(8,138)
Cancellation of treasury shares						—
Disposal of treasury shares						—
Transfer of loss on disposal of treasury shares						—
Net changes in items other than shareholders' equity				8	8	8
Total changes during period	2,540	(8,138)	(5,597)	8	8	(5,589)
Balance at end of period	170,089	(16,643)	189,324	(625)	(625)	188,698

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	16,533	19,344	—	19,344	1,295	135	144,400	24,259
Changes during period								
Dividends of surplus								(3,782)
Profit								6,422
Reversal of reserve for tax purpose reduction entry of non-current assets						(4)		4
Reversal of general reserve								
Purchase of treasury shares								
Cancellation of treasury shares								(16,329)
Disposal of treasury shares			(1)	(1)				
Transfer of loss on disposal of treasury shares			1	1				(1)
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	(4)	—	(13,686)
Balance at end of period	16,533	19,344	—	19,344	1,295	130	144,400	10,572

(Millions of yen)

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	170,089	(16,643)	189,324	(625)	(625)	188,698
Changes during period						
Dividends of surplus	(3,782)		(3,782)			(3,782)
Profit	6,422		6,422			6,422
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—			—
Reversal of general reserve						—
Purchase of treasury shares		(10,003)	(10,003)			(10,003)
Cancellation of treasury shares	(16,329)	16,329	—			—
Disposal of treasury shares		97	95			95
Transfer of loss on disposal of treasury shares	(1)		—			—
Net changes in items other than shareholders' equity				154	154	154
Total changes during period	(13,691)	6,423	(7,268)	154	154	(7,113)
Balance at end of period	156,398	(10,220)	182,056	(471)	(471)	181,584

Non-consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	8,929	9,480
Depreciation	4,424	4,992
Impairment loss	91	—
Increase (decrease) in allowance for doubtful accounts	2	(1)
Increase (decrease) in provision for retirement benefits	(799)	377
Interest and dividend income	(40)	(106)
Interest expenses	—	6
Insurance claim income	—	(38)
Loss (gain) on sales of non-current assets	(60)	—
Loss (gain) on disposal of non-current assets	48	23
loss on COVID-19	—	482
Changes in the amount of business structure improvement allowance (decrease)	(258)	(284)
Share-based remuneration expenses	—	53
Decrease (increase) in trade receivables	(872)	(2,054)
Decrease (increase) in inventories	(867)	(51)
Increase (decrease) in trade payables	0	1,655
Increase (decrease) in accounts payable - other	36	1,085
Increase (decrease) in advances received	347	664
Other, net	1,255	726
Subtotal	12,238	17,013
Interest and dividends received	40	104
Interest paid	—	(7)
Proceeds from insurance income	—	38
Payments for loss on COVID-19	—	(366)
Income taxes paid	(3,050)	(2,679)
Net cash provided by (used in) operating activities	9,227	14,102
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,516)	(4,371)
Proceeds from sales of property, plant and equipment	244	—
Purchase of intangible assets	(190)	(206)
Purchase of investment securities	(200)	—
Proceeds from withdrawal of time deposits	1,500	—
Payments of guarantee deposits	(1,624)	(1,232)
Proceeds from refund of guarantee deposits	0	50
Other, net	65	(4)
Net cash provided by (used in) investing activities	(6,721)	(5,764)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	6,000
Repayments of short-term borrowings	—	(1,000)
Purchase of treasury shares	(8,138)	(10,003)
Dividends paid	(3,505)	(3,776)
Other, net	(75)	(106)
Net cash provided by (used in) financing activities	(11,719)	(8,886)
Net increase (decrease) in cash and cash equivalents	(9,212)	(549)
Cash and cash equivalents at beginning of period	24,160	14,947
Cash and cash equivalents at end of period	14,947	14,398