

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended February 28, 2019 (Based on Japanese GAAP)

April 11, 2019

Company name: SHIMACHU CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8184 URL <http://shimachu.co.jp/>
 Representative: President and Representative Director Takaaki Okano
 Director, General Manager of Corporate Planning Kazuya Orimoto TEL 048(623)7711
 Scheduled date to file Quarterly Securities Report: April 12, 2019
 Scheduled date to commence dividend payments: May 24, 2019
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended February 28, 2019 (from September 1, 2018 to February 28, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2019	71,802	0.5	4,225	(13.5)	4,258	(17.4)	2,934	(16.1)
Six months ended February 28, 2018	71,455	(1.7)	4,885	9.5	5,158	(0.4)	3,497	(3.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2019	66.64	—
Six months ended February 28, 2018	75.81	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2019	235,568	187,246	79.5
As of August 31, 2018	241,650	194,288	80.4

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 August 31, 2018	—	40.00	—	40.00	80.00
Year ending August 31, 2019	—	40.00			
Year ending August 31, 2019 (Forecast)			—	40.00	80.00

3. Forecast of non-consolidated financial results for the year ending August 31, 2019 (from September 1, 2018 to August 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	148,389	1.4	9,014	(8.8)	9,279	(12.0)	6,310	46.7	139.57

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(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: No

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, 2019	47,889,104 shares	As of August 31, 2018	47,889,104 shares
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Number of treasury shares at the end of the period

As of February 28, 2019	5,381,117 shares	As of August 31, 2018	2,680,550 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2019	44,031,649 shares	Six months ended February 28, 2018	46,126,906 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of August 31, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	22,057	13,644
Notes and accounts receivable - trade	5,474	4,967
Securities	7,567	7,593
Merchandise and finished goods	18,042	18,898
Other	3,937	4,077
Allowance for doubtful accounts	(1)	(3)
Total current assets	57,078	49,177
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	65,656	68,987
Land	95,742	95,553
Other, net	4,679	3,285
Total property, plant and equipment	166,078	167,826
Intangible assets	420	449
Investments and other assets		
Other	18,277	18,300
Allowance for doubtful accounts	(203)	(184)
Total investments and other assets	18,073	18,115
Total non-current assets	184,572	186,391
Total assets	241,650	235,568
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,687	21,431
Income taxes payable	1,686	1,614
Provision for bonuses	877	935
Business restructuring reserves	641	523
Other	7,785	8,615
Total current liabilities	32,677	33,119
Non-current liabilities		
Provision for retirement benefits	4,214	4,303
Asset retirement obligations	7,007	7,259
Other	3,463	3,639
Total non-current liabilities	14,685	15,203
Total liabilities	47,362	48,322

	(Millions of yen)	
	As of August 31, 2018	As of February 28, 2019
Net assets		
Shareholders' equity		
Capital stock	16,533	16,533
Capital surplus	19,344	19,344
Retained earnings	167,549	168,675
Treasury shares	(8,505)	(16,642)
Total shareholders' equity	194,922	187,910
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(633)	(664)
Total valuation and translation adjustments	(633)	(664)
Total net assets	194,288	187,246
Total liabilities and net assets	241,650	235,568

Non-consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended February 28, 2018	Six months ended February 28, 2019
Net sales	68,466	68,743
Cost of sales	45,649	45,701
Gross profit	22,817	23,042
Operating revenue		
Rent income of real estate	2,988	3,059
Operating gross profit	25,805	26,101
Selling, general and administrative expenses	20,919	21,876
Operating profit	4,885	4,225
Non-operating income		
Interest income	76	7
Dividend income	7	7
Commission fee	109	69
Vending machine commission	68	79
Other	161	92
Total non-operating income	423	257
Non-operating expenses		
Foreign exchange losses	122	—
Rental payments	0	191
Other	27	32
Total non-operating expenses	150	224
Ordinary profit	5,158	4,258
Extraordinary income		
Gain on sales of non-current assets	—	60
Asset retirement obligations reversal of gains	5	—
Other	—	0
Total extraordinary income	5	60
Extraordinary losses		
Loss on sales and retirement of non-current assets	8	7
Total extraordinary losses	8	7
Profit before income taxes	5,155	4,312
Income taxes	1,658	1,377
Profit	3,497	2,934

Non-consolidated statements of cash flows

(Millions of yen)

	Six months ended February 28, 2018	Six months ended February 28, 2019
Cash flows from operating activities		
Profit before income taxes	5,155	4,312
Depreciation	2,232	2,116
Increase (decrease) in allowance for doubtful accounts	(0)	2
Interest and dividend income	(83)	(15)
Foreign exchange losses (gains)	122	–
Loss (gain) on sales of property, plant and equipment	–	(60)
Decrease (increase) in notes and accounts receivable - trade	770	507
Decrease (increase) in inventories	181	(855)
Increase (decrease) in notes and accounts payable - trade	161	(256)
Increase (decrease) in accounts payable - other	55	(741)
Other, net	514	573
Subtotal	9,109	5,582
Interest and dividend income received	83	15
Income taxes paid	(1,136)	(1,458)
Net cash provided by (used in) operating activities	8,057	4,139
Cash flows from investing activities		
Purchase of property, plant and equipment	(396)	(2,481)
Proceeds from sales of property, plant and equipment	–	244
Purchase of investment securities	–	(100)
Payments for guarantee deposits	(5)	(118)
Proceeds from collection of guarantee deposits	122	0
Other, net	(111)	(60)
Net cash provided by (used in) investing activities	(389)	(2,516)
Cash flows from financing activities		
Purchase of treasury shares	(6,002)	(8,137)
Cash dividends paid	(1,880)	(1,807)
Other, net	(4)	(31)
Net cash provided by (used in) financing activities	(7,886)	(9,976)
Effect of exchange rate change on cash and cash equivalents	(122)	–
Net increase (decrease) in cash and cash equivalents	(341)	(8,352)
Cash and cash equivalents at beginning of period	25,281	24,160
Cash and cash equivalents at end of period	24,939	15,808