

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended February 29, 2020 (Based on Japanese GAAP)

April 9, 2020

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
 Inquiries: TEL 048(851)7711
 Scheduled date to file Quarterly Securities Report: April 10, 2020
 Scheduled date to commence dividend payments: May 25, 2020
 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. Non-consolidated financial results for the six months ended February 29, 2020 (from September 1, 2019 to February 29, 2020)

(1) Non-consolidated operating results (cumulative)

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	%
Six months ended February 29, 2020	74,702	4.0	3,869	(8.4)	4,182	(1.8)	2,728	(7.0)
Six months ended February 28, 2019	71,802	0.5	4,225	(13.5)	4,258	(17.4)	2,934	(16.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 29, 2020	64.41	—
Six months ended February 28, 2019	66.64	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 29, 2020	239,644	187,080	78.1
As of August 31, 2019	237,305	188,698	79.5

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, 2019	—	40.00	—	40.00	80.00
Year ending August 31, 2020	—	50.00	—	—	—
Year ending August 31, 2020 (Forecast)	—	—	—	50.00	100.00

3. Forecast of non-consolidated financial results for the year ending August 31, 2020 (from September 1, 2019 to August 31, 2020)

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
Full year	—	—	—	—	—	—	—	—	—

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 29, 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 February 29, 2020	964,406 shares	As of August 31, 2019	5,381,588 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 29, 2020	42,358,065 shares	Six months ended February 28, 2019	44,031,649 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of August 31, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	12,509	14,681
Notes and accounts receivable - trade	6,346	6,194
Securities	7,539	7,682
Merchandise and finished goods	18,909	19,176
Other	4,732	4,961
Allowance for doubtful accounts	(3)	(1)
Total current assets	50,034	52,694
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	67,656	69,658
Land	95,483	95,483
Other, net	6,214	3,029
Total property, plant and equipment	169,355	168,171
Intangible assets	464	486
Investments and other assets		
Other	17,547	18,387
Allowance for doubtful accounts	(96)	(96)
Total investments and other assets	17,451	18,291
Total non-current assets	187,271	186,949
Total assets	237,305	239,644
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,687	21,476
Short-term borrowings	—	6,000
Income taxes payable	1,461	1,512
Provision for bonuses	800	792
Business restructuring reserves	382	295
Other	9,397	7,216
Total current liabilities	33,729	37,294
Non-current liabilities		
Provision for retirement benefits	3,415	3,590
Asset retirement obligations	7,277	7,361
Other	4,185	4,316
Total non-current liabilities	14,877	15,269
Total liabilities	48,607	52,563

	(Millions of yen)	
	As of August 31, 2019	As of February 29, 2020
Net assets		
Shareholders' equity		
Share capital	16,533	16,533
Capital surplus	19,344	19,344
Retained earnings	170,089	154,786
Treasury shares	(16,643)	(3,035)
Total shareholders' equity	189,324	187,629
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(625)	(548)
Total valuation and translation adjustments	(625)	(548)
Total net assets	188,698	187,080
Total liabilities and net assets	237,305	239,644

Non-consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended February 28, 2019	Six months ended February 29, 2020
Net sales	68,743	71,286
Cost of sales	45,701	47,500
Gross profit	23,042	23,785
Operating revenue		
Real estate lease revenue	3,059	3,415
Operating gross profit	26,101	27,201
Selling, general and administrative expenses	21,876	23,331
Operating profit	4,225	3,869
Non-operating income		
Interest income	7	51
Dividend income	7	8
Commission income	69	68
Vending machine commission	79	80
Other	92	138
Total non-operating income	257	347
Non-operating expenses		
Interest expenses	—	1
Loss on investments in investment partnerships	—	5
Rental payments	191	16
Other	32	12
Total non-operating expenses	224	35
Ordinary profit	4,258	4,182
Extraordinary income		
Gain on sales of non-current assets	60	—
Other	0	—
Total extraordinary income	60	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	7	12
Loss on disaster	—	40
Loss on store closings	—	98
Total extraordinary losses	7	150
Profit before income taxes	4,312	4,031
Income taxes	1,377	1,302
Profit	2,934	2,728

Non-consolidated statements of cash flows

(Millions of yen)

	Six months ended February 28, 2019	Six months ended February 29, 2020
Cash flows from operating activities		
Profit before income taxes	4,312	4,031
Depreciation	2,116	2,419
Increase (decrease) in allowance for doubtful accounts	2	(1)
Interest and dividend income	(15)	(59)
Interest expenses	—	1
Loss (gain) on sales of property, plant and equipment	(60)	—
Decrease (increase) in trade receivables	507	152
Decrease (increase) in inventories	(855)	(266)
Increase (decrease) in trade payables	(256)	(210)
Increase (decrease) in accounts payable - other	(741)	772
Increase (decrease) in advances received	185	(387)
Other, net	388	344
Subtotal	5,582	6,796
Interest and dividends received	15	57
Interest paid	—	(1)
Income taxes paid	(1,458)	(1,254)
Net cash provided by (used in) operating activities	4,139	5,596
Cash flows from investing activities		
Purchase of securities	—	(40)
Purchase of property, plant and equipment	(2,481)	(3,625)
Proceeds from sales of property, plant and equipment	244	—
Purchase of investment securities	(100)	—
Payments of guarantee deposits	(118)	(1,036)
Proceeds from refund of guarantee deposits	0	50
Other, net	(60)	(72)
Net cash provided by (used in) investing activities	(2,516)	(4,724)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	6,000
Purchase of treasury shares	(8,137)	(2,818)
Dividends paid	(1,807)	(1,698)
Other, net	(31)	(48)
Net cash provided by (used in) financing activities	(9,976)	1,433
Net increase (decrease) in cash and cash equivalents	(8,352)	2,306
Cash and cash equivalents at beginning of period	24,160	14,947
Cash and cash equivalents at end of period	15,808	17,254