Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 4, 2022

Company name: Shimojima Co.,Ltd.
Stock exchange listing: Tokyo
Stock code: 7482 URL http://www.shimojima.co.jp/
Representative: Representative Director, President Yoshihiko Kasai
Inquiries: Managing Director, Corporate Planning Hitoshi Onodera TEL 03-3862-8626
Scheduled date to file Quarterly Securities Report: November 11, 2022
Scheduled date to commence dividend payments: December 5, 2022
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative) 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	%
Six months ended September 30, 2022	26,017	16.0	431	–	594	–	434	–
Six months ended September 30, 2021	22,427	(1.2)	(335)	–	(171)	–	(107)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	18.67	–
Six months ended September 30, 2021	(4.63)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	37,991	31,803	83.6	1,362.20
As of March 31, 2022	37,817	31,623	83.5	1,356.47

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 March 31, 2022	–	11.00	–	11.00	22.00
Year ending March 31, 2023	–	11.00			
Year ending March 31, 2023 (Forecast)			–	11.00	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	52,800	9.9	1,000	–	1,400	267.9	900	930.3	38.68

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	24,257,826 shares	As of March 31, 2022	24,257,826 shares

Number of treasury shares at the end of the period

As of September 30, 2022	955,318 shares	As of March 31, 2022	986,691 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	23,284,581 shares	Six months ended September 30, 2021	23,262,996 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	6,035	5,163
Notes and accounts receivable - trade	6,293	6,457
Electronically recorded monetary claims - operating	807	1,009
Merchandise and finished goods	5,019	5,790
Raw materials and supplies	494	605
Other	516	847
Allowance for doubtful accounts	(12)	(11)
Total current assets	19,154	19,863
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,866	3,771
Land	7,762	7,761
Other, net	949	1,499
Total property, plant and equipment	12,578	13,032
Intangible assets		
Goodwill	538	476
Other	1,353	1,264
Total intangible assets	1,892	1,740
Investments and other assets		
Other	4,278	3,444
Allowance for doubtful accounts	(87)	(88)
Total investments and other assets	4,191	3,355
Total non-current assets	18,662	18,128
Total assets	37,817	37,991

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,915	2,948
Short-term borrowings	–	25
Current portion of long-term borrowings	6	6
Income taxes payable	141	326
Provision for bonuses	333	459
Provision for bonuses for directors (and other officers)	23	23
Other	1,456	1,124
Total current liabilities	4,876	4,915
Non-current liabilities		
Long-term borrowings	122	118
Retirement benefit liability	315	344
Other	879	809
Total non-current liabilities	1,316	1,272
Total liabilities	6,193	6,188
Net assets		
Shareholders' equity		
Share capital	1,405	1,405
Capital surplus	1,304	1,299
Retained earnings	35,803	35,982
Treasury shares	(1,098)	(1,063)
Total shareholders' equity	37,414	37,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	310	226
Deferred gains or losses on hedges	35	86
Revaluation reserve for land	(6,195)	(6,195)
Remeasurements of defined benefit plans	1	2
Total accumulated other comprehensive income	(5,847)	(5,880)
Non-controlling interests	57	61
Total net assets	31,623	31,803
Total liabilities and net assets	37,817	37,991

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	22,427	26,017
Cost of sales	15,431	17,891
Gross profit	6,995	8,126
Selling, general and administrative expenses	7,331	7,695
Operating profit (loss)	(335)	431
Non-operating income		
Interest income	0	7
Dividend income	1	1
Rental income	99	99
Reversal of allowance for doubtful accounts	6	3
Gain on investments in silent partnerships	–	59
Other	83	86
Total non-operating income	191	258
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	12	77
Other	14	16
Total non-operating expenses	26	95
Ordinary profit (loss)	(171)	594
Extraordinary income		
Surrender value of insurance policies	7	171
Total extraordinary income	7	171
Extraordinary losses		
Impairment losses	–	5
Dismantlement expenses	–	28
Loss on cancellation of insurance policies	–	14
Total extraordinary losses	–	48
Profit (loss) before income taxes	(164)	717
Income taxes	(57)	279
Profit (loss)	(106)	438
Profit attributable to non-controlling interests	0	3
Profit (loss) attributable to owners of parent	(107)	434

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	(106)	438
Other comprehensive income		
Valuation difference on available-for-sale securities	(52)	(83)
Deferred gains or losses on hedges	(36)	51
Remeasurements of defined benefit plans, net of tax	(3)	0
Total other comprehensive income	(92)	(32)
Comprehensive income	(199)	406
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(200)	402
Comprehensive income attributable to non-controlling interests	0	3

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(164)	717
Depreciation	394	460
Amortization of goodwill	32	62
Loss (gain) on sale and retirement of non-current assets	(0)	(1)
Loss (gain) on sale of investment securities	0	–
Impairment losses	–	5
Surrender value of insurance policies	(7)	(171)
Loss on insurance cancellation	–	14
Loss (gain) on investments in silent partnerships	–	(59)
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in retirement benefit liability	34	29
Increase (decrease) in provision for bonuses	16	126
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	–
Interest and dividend income	(1)	(9)
Interest expenses	0	0
Foreign exchange losses (gains)	(0)	(1)
Decrease (increase) in trade receivables	439	(365)
Decrease (increase) in inventories	(450)	(882)
Increase (decrease) in trade payables	(272)	32
Other, net	(435)	(564)
Subtotal	(419)	(605)
Interest and dividends received	1	9
Income taxes paid	(38)	(95)
Interest paid	(0)	(0)
Net cash provided by (used in) operating activities	(457)	(692)
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(497)	(771)
Proceeds from sale of property, plant and equipment	0	5
Payments for retirement of property, plant and equipment	–	(50)
Purchase of intangible assets	(131)	(113)
Purchase of investment securities	(0)	–
Proceeds from sale of investment securities	0	–
Proceeds from collection of loans receivable	10	42
Proceeds from cancellation of insurance funds	100	963
Proceeds from withdrawal of investments in silent partnerships	–	59
Other, net	(55)	(12)
Net cash provided by (used in) investing activities	(574)	122

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	–	25
Repayments of long-term borrowings	(0)	(3)
Repayments of lease liabilities	(65)	(69)
Purchase of treasury shares	(0)	–
Dividends paid	(255)	(255)
Net cash provided by (used in) financing activities	(321)	(302)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(1,353)	(872)
Cash and cash equivalents at beginning of period	7,441	5,848
Cash and cash equivalents at end of period	6,087	4,975