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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 11, 2024

Company name: SHIKIBO LTD.
Listing: Tokyo
Securities code: 3109
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Scheduled date to file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: December 4, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	18,911	(2.3)	548	(2.3)	435	(21.0)	308	(23.0)
September 30, 2023	19,351	4.6	561	(3.2)	551	(6.0)	401	(47.8)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 667 million [(21.5)%]
Six months ended September 30, 2023: ¥ 850 million [(26.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	24.75	-
September 30, 2023	34.60	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	82,848	35,213	42.5
March 31, 2024	83,299	34,080	40.9

(Reference) Equity: As of September 30, 2024: ¥ 35,187 million
As of March 31, 2024: ¥ 34,050 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	50.00	50.00
Fiscal year ending March 31, 2025	-	25.00			
Fiscal year ending March 31, 2025 (Forecast)			-	25.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	39,000	0.8	1,300	(9.0)	900	(31.9)	650	(18.8)	52.10

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement: None

(4) Number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2024: 12,810,829 shares
March 31, 2024: 11,810,829 shares

2) Number of treasury shares at the end of the period:
September 30, 2024: 133,789 shares
March 31, 2024: 219,969 shares

3) Average number of shares outstanding during the period:
Six months ended September 30, 2024: 12,475,256 shares
Six months ended September 30, 2023: 11,591,731 shares

(Note) The Company has adopted a stock compensation plan (Board Benefit Trust). For the purpose of calculating basic earnings per share, the number of the shares of the Company remaining in the Board Benefit Trust that are recorded as treasury shares under shareholders' equity is included in the number of treasury shares to be deducted in the calculation of the average number of shares during the period.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters
Financial results forecast and other forward-looking statements included in this material are based on information currently available to the Company and certain assumptions deemed reasonable, and actual performance and other results may differ significantly from these forecasts due to various factors.

(How to obtain supplementary briefing materials on financial results and details of financial results briefing session)
The Company plans to stream a video of a financial results briefing (recording). In addition, materials for the financial results briefing session will be posted on the Company's website.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	5,374	5,557
Notes and accounts receivable - trade	7,031	6,255
Electronically recorded monetary claims - operating	1,919	1,722
Merchandise and finished goods	5,803	5,868
Work in process	1,828	2,097
Raw materials and supplies	1,607	1,723
Short-term loans receivable	70	70
Other	993	783
Allowance for doubtful accounts	(38)	(39)
Total current assets	24,591	24,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,212	45,569
Accumulated depreciation and impairment	(34,113)	(34,798)
Buildings and structures, net	11,099	10,770
Machinery, equipment and vehicles	27,266	28,326
Accumulated depreciation and impairment	(24,935)	(25,843)
Machinery, equipment and vehicles, net	2,330	2,482
Tools, furniture and fixtures	1,610	1,639
Accumulated depreciation and impairment	(1,483)	(1,510)
Tools, furniture and fixtures, net	127	128
Land	37,888	37,949
Leased assets	1,594	1,460
Accumulated depreciation	(636)	(531)
Leased assets, net	958	929
Construction in progress	1,859	2,072
Total property, plant and equipment	54,264	54,334
Intangible assets	626	620
Investments and other assets		
Investment securities	1,363	1,392
Long-term loans receivable	200	200
Deferred tax assets	1,906	1,895
Other	481	499
Allowance for doubtful accounts	(133)	(133)
Total investments and other assets	3,817	3,854
Total non-current assets	58,708	58,809
Total assets	83,299	82,848

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,973	2,818
Electronically recorded obligations - operating	896	946
Short-term borrowings	10,029	9,305
Current portion of bonds payable	1,950	940
Accrued expenses	564	566
Income taxes payable	352	139
Accrued consumption taxes	298	142
Provision for bonuses	615	635
Other	1,219	1,291
Total current liabilities	18,901	16,784
Non-current liabilities		
Bonds payable	1,460	1,530
Long-term borrowings	10,931	11,546
Lease liabilities	880	836
Deferred tax liabilities	194	189
Deferred tax liabilities for land revaluation	6,163	6,163
Retirement benefit liability	6,153	6,116
Provision for retirement benefits for directors (and other officers)	65	69
Provision for repairs	94	105
Long-term leasehold and guarantee deposits received	4,143	4,143
Other	230	149
Total non-current liabilities	30,317	30,850
Total liabilities	49,219	47,635
Net assets		
Shareholders' equity		
Share capital	11,336	11,820
Capital surplus	896	1,381
Retained earnings	9,254	8,978
Treasury shares	(242)	(156)
Total shareholders' equity	21,244	22,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	468	483
Deferred gains or losses on hedges	30	(22)
Revaluation reserve for land	13,385	13,385
Foreign currency translation adjustment	(864)	(459)
Remeasurements of defined benefit plans	(213)	(224)
Total accumulated other comprehensive income	12,806	13,163
Share acquisition rights	6	-
Non-controlling interests	23	25
Total net assets	34,080	35,213
Total liabilities and net assets	83,299	82,848

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	19,351	18,911
Cost of sales	15,988	15,433
Gross profit	3,363	3,477
Selling, general and administrative expenses	2,801	2,929
Operating profit	561	548
Non-operating income		
Interest income	5	12
Dividend income	13	17
Insurance claim income	18	-
Foreign exchange gains	56	-
Subsidy income	24	42
Miscellaneous income	44	18
Total non-operating income	162	91
Non-operating expenses		
Interest expenses	109	119
Foreign exchange losses	-	33
Miscellaneous expenses	63	51
Total non-operating expenses	172	203
Ordinary profit	551	435
Extraordinary income		
Insurance claim income	128	-
Other	7	-
Total extraordinary income	136	-
Extraordinary losses		
Loss on retirement of non-current assets	14	3
Loss due to disaster	5	-
Loss on valuation of investment securities	29	-
Other	0	-
Total extraordinary losses	49	3
Profit before income taxes	638	432
Income taxes - current	126	85
Income taxes - deferred	109	39
Total income taxes	235	124
Profit	402	307
Profit (loss) attributable to non-controlling interests	1	(1)
Profit attributable to owners of parent	401	308

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	402	307
Other comprehensive income		
Valuation difference on available-for-sale securities	122	15
Deferred gains or losses on hedges	60	(52)
Foreign currency translation adjustment	211	409
Remeasurements of defined benefit plans, net of tax	53	(11)
Total other comprehensive income	448	360
Comprehensive income	850	667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	845	666
Comprehensive income attributable to non-controlling interests	4	1

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	638	432
Depreciation	899	955
Amortization of long-term prepaid expenses	14	17
Increase (decrease) in retirement benefit liability	(188)	(154)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	3
Increase (decrease) in provision for repairs	11	11
Increase (decrease) in allowance for doubtful accounts	(9)	0
Increase (decrease) in provision for bonuses	20	19
Interest and dividend income	(18)	(29)
Interest expenses	109	119
Foreign exchange losses (gains)	(23)	4
Insurance claim income	(128)	-
Loss on disaster	5	-
Loss (gain) on disposal of non-current assets	14	3
Loss (gain) on sale of non-current assets	(0)	-
Loss (gain) on valuation of investment securities	29	-
Decrease (increase) in trade receivables	139	1,033
Decrease (increase) in inventories	384	(278)
Increase (decrease) in trade payables	(51)	(128)
Incrase (decrease) in consumption taxes receivable payable	227	(156)
Other, net	70	(64)
Subtotal	2,146	1,791
Interest and dividends received	18	18
Interest paid	(108)	(120)
Income taxes refund (paid)	104	(279)
Proceeds from insurance income	191	-
Amount payment of loss on fire	(114)	-
Payments associated with disaster loss	(2)	(2)
Net cash provided by (used in) operating activities	2,236	1,406
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,034)	(478)
Proceeds from sale of property, plant and equipment	0	0
Purchase of investment securities	(3)	(3)
Proceeds from sale of investment securities	1	-
Loan advances	(200)	-
Proceeds from withdrawal of time deposits	36	35
Payments into time deposits	(35)	(36)
Other, net	(48)	(63)
Net cash provided by (used in) investing activities	(1,284)	(545)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(54)	(554)
Proceeds from long-term borrowings	2,140	2,430
Repayments of long-term borrowings	(2,153)	(1,987)
Proceeds from issuance of bonds	784	588
Redemption of bonds	(650)	(1,540)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	963
Purchase of treasury shares	(0)	(0)
Dividends paid	(580)	(581)
Other, net	(98)	(103)
Net cash provided by (used in) financing activities	(612)	(785)
Effect of exchange rate change on cash and cash equivalents	46	103
Net increase (decrease) in cash and cash equivalents	386	179
Cash and cash equivalents at beginning of period	4,922	5,303
Cash and cash equivalents at end of period	5,308	5,483

Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

During the six months ended September 30, 2024, the Company exercised the 1st round of share acquisition rights with moving strike. As a result, share capital increased by ¥484 million and legal capital surplus increased by ¥484 million, resulting in share capital of ¥11,820 million and capital surplus of ¥1,381 million as of the end of the semi-annual period under review.

(Changes in accounting policies)

(Adoption of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter "2022 Revised Accounting Standard") and other standards from the beginning of the semi-annual period under review.

Revisions to the classification of income taxes, etc. (taxation on other comprehensive income) are in accordance with the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment provided for in the proviso to Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter "2022 Revised Guidance"). The change in accounting policies has no impact on the consolidated financial statements for the six months ended September 30, 2024.

Regarding the revisions related to the revision of the treatment in consolidated financial statements in cases where sales gains or losses arising from the sale of shares of subsidiaries, etc. among consolidated companies are deferred for tax purposes, the 2022 Revised Guidance has been applied from the beginning of the semi-annual period under review. The change in accounting policies has been applied retrospectively, and the consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024 have been prepared on a retrospective basis. The change in accounting policies have no impact on the consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

(Segment information, etc.)
[Segment information]
I For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 2)
	Textile	Industrial Materials	Real Estate Business & Service Industry	Total		
Net sales						
Net sales to external customers	10,023	6,643	2,684	19,351	−	19,351
Inter-segment net sales or transfers	4	−	297	301	(301)	−
Total	10,028	6,643	2,982	19,653	(301)	19,351
Segment profit (loss)	(271)	201	1,025	955	(394)	561

(Notes) 1. The ¥(394) million adjustment for segment profit (loss) consists of corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of selling, general and administrative expenses not attributable to any reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the Semi-annual Consolidated Statements of Income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment
Not applicable.

II For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 2)
	Textile	Industrial Materials	Real Estate Business & Service Industry	Total		
Net sales						
Net sales to external customers	9,495	6,656	2,759	18,911	−	18,911
Inter-segment net sales or transfers	4	−	322	326	(326)	−
Total	9,499	6,656	3,081	19,238	(326)	18,911
Segment profit (loss)	(53)	80	1,038	1,065	(517)	548

(Notes) 1. The ¥(517) million adjustment for segment profit (loss) consists of corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of selling, general and administrative expenses not attributable to any reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the Semi-annual Consolidated Statements of Income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment
Not applicable.

Reference

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025

(Fiscal year ending March 31, 2025) (Millions of yen)

	Reportable segment			Elimination and Corporate	Total
	Textile	Industrial Materials	Real Estate Business & Service Industry		
Net sales	20,000	13,600	6,000	(600)	39,000
Operating profit	150	200	2,000	(1,050)	1,300
Ordinary profit					900
Profit attributable to owners of parent					650