

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 20, 2021 (Based on Japanese GAAP)

September 27, 2021

Company name: SHIMAMURA Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8227 URL <https://www.shimamura.gr.jp/>
 Representative: President and Representative Director Makoto Suzuki
 Inquiries: Planning Section General Manager Makoto Oota TEL 048-631-2131
 Scheduled date to file Quarterly Securities Report: September 28, 2021
 Scheduled date to commence dividend payments: October 29, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 20, 2021 (from February 21, 2021 to August 20, 2021)

(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 August 20, 2021	284,592	11.9	25,342	58.6	25,835	57.8	17,427	65.6
Six months ended August 20, 2020	254,253	(3.8)	15,976	11.3	16,371	12.2	10,525	9.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 20, 2021	474.22		-	
Six months ended August 20, 2020	286.41		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 20, 2021	455,254	397,618	87.3
As of February 20, 2021	451,798	384,388	85.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 20, 2021	-	100.00	-	120.00	220.00
Year ending February 20, 2022	-	110.00	-	-	-
Year ending February 20, 2022 (Forecast)	-	-	-	110.00	220.00

3. Forecast of consolidated financial results for the year ending February 20, 2022 (from February 21, 2021 to February 20, 2022)

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	570,520	5.1	45,684	20.1	46,647	18.4	31,239	19.4	850.04

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 20, 2021
 (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: No
- 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 August 20, 2021	36,913,299 shares	As of February 20, 2021	36,913,299 shares
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Number of treasury shares at the end of the period

As of August 20, 2021	162,796 shares	As of February 20, 2021	163,942 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 20, 2021	36,749,764 shares	Six months ended August 20, 2020	36,750,278 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2021	As of August 20, 2021
Assets		
Current assets		
Cash and deposits	18,486	71,722
Accounts receivable - trade	6,622	8,306
Securities	193,000	147,000
Merchandise	50,612	48,564
Other	7,649	5,567
Total current assets	276,371	281,160
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,868	87,965
Land	49,148	49,168
Other, net	2,642	2,296
Total property, plant and equipment	139,659	139,430
Intangible assets		
Other	903	895
Total intangible assets	903	895
Investments and other assets		
Guarantee deposits	19,733	18,697
Other	16,333	16,269
Allowance for doubtful accounts	(1,201)	(1,200)
Total investments and other assets	34,865	33,767
Total non-current assets	175,427	174,093
Total assets	451,798	455,254
Liabilities		
Current liabilities		
Accounts payable - trade	24,024	24,253
Income taxes payable	10,996	9,119
Provision for bonuses	4,760	2,587
Provision executive officers' bonuses	–	23
Provision for point card certificates	333	39
Other	18,510	12,641
Total current liabilities	58,625	48,663
Non-current liabilities		
provision for part-time employees retirement	1,071	1,093
Provision for retirement benefits for directors (and other officers)	115	116
Provision for executive officers' retirement benefits	137	156
Retirement benefit liability	1,332	1,386
Asset retirement obligations	5,824	5,914
Other	304	304
Total non-current liabilities	8,785	8,972
Total liabilities	67,410	57,636

(Millions of yen)

	As of February 20, 2021	As of August 20, 2021
Net assets		
Shareholders' equity		
Share capital	17,086	17,086
Capital surplus	18,637	18,641
Retained earnings	346,301	359,319
Treasury shares	(1,411)	(1,403)
Total shareholders' equity	380,614	393,643
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,912	4,140
Deferred gains or losses on hedges	16	(6)
Foreign currency translation adjustment	(132)	(156)
Remeasurements of defined benefit plans	(22)	(3)
Total accumulated other comprehensive income	3,773	3,974
Total net assets	384,388	397,618
Total liabilities and net assets	451,798	455,254

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Net sales	254,253	284,592
Cost of sales	169,259	186,920
Gross profit	84,993	97,671
Operating revenue	466	541
Operating gross profit	85,459	98,212
Selling, general and administrative expenses	69,483	72,870
Operating profit	15,976	25,342
Non-operating income		
Interest income	107	89
Dividend income	112	117
Gain on sales of investment securities	–	4
Gain on sales of packaging materials	59	72
Compensation income	144	6
Foreign exchange gains	–	132
Miscellaneous income	44	72
Total non-operating income	467	495
Non-operating expenses		
Foreign exchange losses	68	–
Loss on processed gift certificates	1	1
Miscellaneous loss	2	1
Total non-operating expenses	72	2
Ordinary profit	16,371	25,835
Extraordinary income		
Subsidy income	–	178
Subsidies for employment adjustment	–	1
Total extraordinary income	–	180
Extraordinary losses		
Loss on sales and retirement of non-current assets	63	86
Impairment loss	166	142
Loss on disaster	100	89
Loss on valuation of investment securities	201	117
Loss on store closings	142	–
Other	12	0
Total extraordinary losses	685	436
Profit before income taxes	15,685	25,579
Income taxes	5,159	8,151
Profit	10,525	17,427
Profit attributable to owners of parent	10,525	17,427

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Profit	10,525	17,427
Other comprehensive income		
Valuation difference on available-for-sale securities	1,833	228
Deferred gains or losses on hedges	(35)	(22)
Foreign currency translation adjustment	15	(24)
Remeasurements of defined benefit plans, net of tax	22	19
Total other comprehensive income	1,835	200
Comprehensive income	12,360	17,628
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,360	17,628
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Cash flows from operating activities		
Profit before income taxes	15,685	25,579
Depreciation	2,703	2,962
Impairment loss	166	142
Loss on store closings	142	–
Increase (decrease) in provision for bonuses	225	(2,174)
Increase(decrease)in provision for executive officer's bonuses	(19)	23
Increase (decrease) in provision for point card certificates	143	(294)
increase(decrease) in provision for part-time employees retirement	21	21
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(19)	1
Increase(decrease)in provision for executive officer's retirement benefits	(53)	19
Increase (decrease) in retirement benefit liability	110	74
Interest and dividend income	(219)	(206)
Foreign exchange losses (gains)	78	(126)
Loss (gain) on sales and retirement of non-current assets	3	83
Loss (gain) on valuation of investment securities	201	117
Loss (gain) on sales of investment securities	–	(4)
Decrease (increase) in trade receivables	(1,640)	(1,683)
Decrease (increase) in inventories	4,543	2,062
Decrease (increase) in other current assets	(684)	1,946
Increase (decrease) in trade payables	3,905	220
Increase (decrease) in other current liabilities	1,595	(3,009)
Other, net	290	263
Subtotal	27,178	26,019
Interest and dividends received	128	137
Income taxes paid	(3,734)	(10,072)
Net cash provided by (used in) operating activities	23,572	16,084

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Cash flows from investing activities		
Payments into time deposits	(8,000)	(8,000)
Proceeds from withdrawal of time deposits	8,000	8,000
Purchase of securities	(211,000)	(235,000)
Proceeds from redemption of securities	151,004	281,000
Purchase of property, plant and equipment	(3,937)	(5,689)
Proceeds from sales of property, plant and equipment	41	0
Purchase of investment securities	(295)	–
Proceeds from sales of investment securities	–	34
Payments of guarantee deposits	(143)	(289)
Proceeds from refund of guarantee deposits	1,652	1,544
Other, net	(4)	(53)
Net cash provided by (used in) investing activities	(62,683)	41,546
Cash flows from financing activities		
Purchase of treasury shares	(2)	(7)
Dividends paid	(3,676)	(4,407)
Net cash provided by (used in) financing activities	(3,678)	(4,415)
Effect of exchange rate change on cash and cash equivalents	(23)	19
Net increase (decrease) in cash and cash equivalents	(42,811)	53,235
Cash and cash equivalents at beginning of period	83,088	10,486
Cash and cash equivalents at end of period	40,276	63,722