

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended February 20, 2022 (Based on Japanese GAAP)

April 4, 2022

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 of ordinary general meeting of shareholders: May 13, 2022
 Scheduled date to file Securities Report: May 16, 2022
 Scheduled date to commence dividend payments: May 16, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 20, 2022 (from February 21, 2021 to February 20, 2022)

(1) Consolidated operating results

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	%
Year ended February 20, 2022	583,618	7.6	49,420	30.0	50,567	28.3	35,428	35.4
Year ended February 20, 2021	542,608	4.0	38,026	65.4	39,404	65.2	26,163	99.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 20, 2022	964.04	–	8.9	10.9	8.5
Year ended February 20, 2021	711.93	–	7.0	9.2	7.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 20, 2022	474,811	410,995	86.6	11,183.58
As of February 20, 2021	451,798	384,388	85.1	10,459.72

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 20, 2022	37,213	143,137	(8,460)	182,427
Year ended February 20, 2021	46,234	(111,324)	(7,362)	10,486

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 20, 2021	–	100.00	–	120.00	220.00	8,084	30.9	2.2
Year ended February 20, 2022	–	110.00	–	130.00	240.00	8,820	24.9	2.2
Year ending February 20, 2023 (Forecast)	–	120.00	–	130.00	250.00		24.7	

3. Forecast of consolidated financial results for the year ending February 20, 2023 (from February 21, 2022 to February 20, 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
Six months ending August 20, 2022	296,385	4.1	25,598	1.0	26,070	0.9	18,263	4.8	496.95
Full year	606,608	3.9	52,058	5.3	52,998	4.8	37,197	5.0	1012.16

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(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 20, 2022	36,913,299 shares	As of February 20, 2021	36,913,299 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of February 20, 2022	163,431 shares	As of February 20, 2021	163,942 shares
-------------------------	----------------	-------------------------	----------------

Average number of shares during the period

Year ended February 20, 2022	36,749,975 shares	Year ended February 20, 2021	36,750,009 shares
------------------------------	-------------------	------------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2021	As of February 20, 2022
Assets		
Current assets		
Cash and deposits	18,486	185,427
Accounts receivable - trade	6,622	8,509
Securities	193,000	49,000
Merchandise	50,612	52,599
Other	7,649	7,089
Total current assets	276,371	302,626
Non-current assets		
Property, plant and equipment		
Buildings and structures	172,970	176,031
Accumulated depreciation	(85,101)	(88,572)
Buildings and structures, net	87,868	87,459
Machinery, equipment and vehicles	11,527	11,841
Accumulated depreciation	(10,061)	(10,305)
Machinery, equipment and vehicles, net	1,466	1,535
Tools, furniture and fixtures	3,712	3,723
Accumulated depreciation	(3,083)	(3,153)
Tools, furniture and fixtures, net	628	570
Land	49,148	49,170
Construction in progress	547	296
Total property, plant and equipment	139,659	139,033
Intangible assets		
Other	903	904
Total intangible assets	903	904
Investments and other assets		
Investment securities	10,317	9,852
Deferred tax assets	3,494	3,624
Guarantee deposits	19,733	17,739
Other	2,521	2,177
Allowance for doubtful accounts	(1,201)	(1,146)
Total investments and other assets	34,865	32,247
Total non-current assets	175,427	172,184
Total assets	451,798	474,811

(Millions of yen)

	As of February 20, 2021	As of February 20, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	24,024	28,425
Income taxes payable	10,996	8,794
Provision for bonuses	4,760	3,927
Provision for point card certificates	333	–
Other	18,510	13,286
Total current liabilities	58,625	54,433
Non-current liabilities		
Provision for part-time employees retirement	1,071	1,108
Provision for retirement benefits for directors (and other officers)	115	117
Provision for executive officer's retirement benefits	137	175
Retirement benefit liability	1,332	1,483
Asset retirement obligations	5,824	6,047
Other	304	449
Total non-current liabilities	8,785	9,382
Total liabilities	67,410	63,815
Net assets		
Shareholders' equity		
Share capital	17,086	17,086
Capital surplus	18,637	18,641
Retained earnings	346,301	373,278
Treasury shares	(1,411)	(1,409)
Total shareholders' equity	380,614	407,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,912	3,586
Deferred gains or losses on hedges	16	11
Foreign currency translation adjustment	(132)	(196)
Remeasurements of defined benefit plans	(22)	(2)
Total accumulated other comprehensive income	3,773	3,399
Total net assets	384,388	410,995
Total liabilities and net assets	451,798	474,811

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Net sales	542,608	583,618
Cost of sales	358,515	384,687
Gross profit	184,092	198,930
Operating revenue	952	1,153
Operating gross profit	185,045	200,084
Selling, general and administrative expenses	147,018	150,663
Operating profit	38,026	49,420
Non-operating income		
Interest income	214	171
Dividend income	175	186
Gain on sale of investment securities	459	5
Foreign exchange gains	98	347
Gain on sales of packaging materials	134	160
Miscellaneous income	303	294
Total non-operating income	1,384	1,166
Non-operating expenses		
Loss on processed gift certificates	2	1
Miscellaneous losses	4	17
Total non-operating expenses	7	19
Ordinary profit	39,404	50,567
Extraordinary income		
Subsidy income	–	223
Subsidies for employment adjustment	51	1
Gain on reversal of foreign currency translation adjustment	398	–
Total extraordinary income	450	225
Extraordinary losses		
Loss on sale and retirement of non-current assets	233	158
Impairment losses	706	302
Loss on disaster	129	98
Loss on store closings	118	–
Loss on valuation of investment securities	185	–
Other	33	9
Total extraordinary losses	1,408	568
Profit before income taxes	38,446	50,224
Income taxes - current	13,867	14,789
Income taxes - deferred	(1,585)	5
Total income taxes	12,282	14,795
Profit	26,163	35,428
Profit attributable to owners of parent	26,163	35,428

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Profit	26,163	35,428
Other comprehensive income		
Valuation difference on available-for-sale securities	145	(325)
Deferred gains or losses on hedges	(13)	(4)
Foreign currency translation adjustment	(427)	(64)
Remeasurements of defined benefit plans, net of tax	58	20
Total other comprehensive income	(237)	(374)
Comprehensive income	25,926	35,054
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,926	35,054
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended February 20, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,086	18,637	327,567	(1,400)	361,890
Changes during period					
Dividends of surplus			(7,350)		(7,350)
Profit attributable to owners of parent			26,163		26,163
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares					-
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation			(78)		(78)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	18,734	(11)	18,723
Balance at end of period	17,086	18,637	346,301	(1,411)	380,614

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,766	29	295	(80)	4,011	365,901
Changes during period						
Dividends of surplus						(7,350)
Profit attributable to owners of parent						26,163
Purchase of treasury shares						(11)
Disposal of treasury shares						-
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation						(78)
Net changes in items other than shareholders' equity	145	(13)	(427)	58	(237)	(237)
Total changes during period	145	(13)	(427)	58	(237)	18,486
Balance at end of period	3,912	16	(132)	(22)	3,773	384,388

Fiscal year ended February 20, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,086	18,637	346,301	(1,411)	380,614
Changes during period					
Dividends of surplus			(8,452)		(8,452)
Profit attributable to owners of parent			35,428		35,428
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		3		15	19
Net changes in items other than shareholders' equity					-
Total changes during period	-	3	26,976	1	26,981
Balance at end of period	17,086	18,641	373,278	(1,409)	407,595

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,912	16	(132)	(22)	3,773	384,388
Changes during period						
Dividends of surplus						(8,452)
Profit attributable to owners of parent						35,428
Purchase of treasury shares						(14)
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	(325)	(4)	(64)	20	(374)	(374)
Total changes during period	(325)	(4)	(64)	20	(374)	26,607
Balance at end of period	3,586	11	(196)	(2)	3,399	410,995

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Cash flows from operating activities		
Profit before income taxes	38,446	50,224
Depreciation	5,471	5,911
Impairment losses	706	302
Loss on store closings	118	–
Foreign exchange losses (gains)	(123)	(329)
Loss (gain) on sale and retirement of non-current assets	101	158
Loss (gain) on sale of investment securities	(459)	(5)
Loss (gain) on valuation of investment securities	185	–
Gain on reversal of foreign currency translation adjustment	(398)	–
Increase (decrease) in allowance for doubtful accounts	(2)	(55)
Increase (decrease) in provision for bonuses	2,559	(836)
Increase(decrease) in provision for executive officer's bonuses	(37)	–
Increase (decrease) in provision for point card certificates	176	(333)
Increase(decrease) in provision for part-time employees retirement	29	37
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(51)	2
Increase(decrease)in provision for executive officer's retirement benefits	(55)	38
Increase (decrease) in retirement benefit liability	194	161
Interest and dividend income	(389)	(358)
Decrease (increase) in trade receivables	(652)	(1,886)
Decrease (increase) in inventories	1,036	(1,949)
Decrease (increase) in other current assets	(3,497)	320
Increase (decrease) in trade payables	5,412	4,379
Increase (decrease) in other current liabilities	4,024	(2,400)
Other, net	764	495
Subtotal	53,561	53,876
Interest and dividends received	210	220
Income taxes paid	(7,538)	(16,884)
Net cash provided by (used in) operating activities	46,234	37,213

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Cash flows from investing activities		
Payments into time deposits	(16,000)	(16,000)
Proceeds from withdrawal of time deposits	16,000	16,000
Purchase of securities	(442,000)	(291,500)
Proceeds from redemption of securities	336,006	440,500
Purchase of property, plant and equipment	(8,280)	(8,248)
Proceeds from sale of property, plant and equipment	104	39
Proceeds from sale of intangible assets	2	–
Purchase of investment securities	(295)	(39)
Proceeds from sale of investment securities	622	42
Payments for guarantee deposits, advances of construction	(679)	(590)
Proceeds from collection of guarantee deposits, advances of construction	3,206	3,023
Other, net	(10)	(89)
Net cash provided by (used in) investing activities	(111,324)	143,137
Cash flows from financing activities		
Purchase of treasury shares	(11)	(14)
Dividends paid	(7,351)	(8,446)
Net cash provided by (used in) financing activities	(7,362)	(8,460)
Effect of exchange rate change on cash and cash equivalents	31	51
Net increase (decrease) in cash and cash equivalents	(72,420)	171,941
Cash and cash equivalents at beginning of period	83,088	10,486
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(181)	–
Cash and cash equivalents at end of period	10,486	182,427