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Consolidated Financial Results for the Six Months Ended February 28, 2022 [Japanese GAAP]

April 11, 2022

Company name: Shinwa Co., Ltd.
Stock exchange listing: Tokyo, Nagoya
Code number: 7607
URL: <https://www.shinwa-jpn.co.jp/>
Representative: Tetsuo Nemoto
Contact: Seiji Miwa
Phone: 052-796-2533

President & CEO
Executive Officer

Scheduled date of filing quarterly securities report: April 12, 2022
Scheduled date of commencing dividend payments: May 09, 2022
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended February 28, 2022 (September 01, 2021 to February 28, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended February 28, 2022	37,162	29.4	2,883	60.5	3,006	64.2	2,021	66.7
February 28, 2021	28,717	(22.8)	1,796	(30.2)	1,831	(27.6)	1,212	(29.5)

(Note) Comprehensive income: Six months ended February 28, 2022: ¥ 2,428 million [67.8%]
Six months ended February 28, 2021: ¥ 1,447 million [(16.4)%]

	Basic earnings per share	Diluted earnings per share
Six months ended February 28, 2022	Yen 151.36	Yen -
February 28, 2021	90.86	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of February 28, 2022	Million yen 61,864	Million yen 33,920	54.6
August 31, 2021	56,905	31,951	56.0

(Reference) Equity: As of February 28, 2022: ¥ 33,797 million
As of August 31, 2021: ¥ 31,841 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 August 31, 2021	-	35.00	-	37.00	72.00
Fiscal year ending August 31, 2022	-	37.00			
Fiscal year ending August 31, 2022 (Forecast)			-	37.00	74.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2022 (September 01, 2021 to August 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	67,000	9.5	4,300	7.4	4,400	6.3	3,000	8.4	224.72

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended February 28, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

February 28, 2022: 14,415,319 shares

August 31, 2021: 14,415,319 shares

2) Total number of treasury shares at the end of the period:

February 28, 2022: 1,051,177 shares

August 31, 2021: 1,065,104 shares

3) Average number of shares during the period:

Six months ended February 28, 2022: 13,356,403 shares

Six months ended February 28, 2021: 13,342,964 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of August 31,2021	As of February 28,2022
Assets		
Current assets		
Cash and deposits	14,879,840	18,669,736
Notes and accounts receivable - trade	10,325,109	12,058,550
Electronically recorded monetary claims - operating	5,688,652	5,844,786
Merchandise and finished goods	10,749,453	9,652,974
Work in process	1,777,287	3,219,957
Raw materials and supplies	929,745	597,218
Other	3,209,892	2,186,958
Allowance for doubtful accounts	(3,863)	(3,879)
Total current assets	47,556,118	52,226,302
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,075,390	2,043,736
Other, net	4,447,625	4,387,493
Total property, plant and equipment	6,523,016	6,431,229
Intangible assets		
Goodwill	47,821	38,257
Other	388,601	623,310
Total intangible assets	436,423	661,567
Investments and other assets		
Investment securities	2,063,807	2,219,571
Other	328,258	327,712
Allowance for doubtful accounts	(1,775)	(1,775)
Total investments and other assets	2,390,290	2,545,508
Total non-current assets	9,349,730	9,638,305
Total assets	56,905,848	61,864,608
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,546,694	10,720,841
Electronically recorded obligations - operating	3,649,457	3,505,075
Short-term borrowings	1,197,700	-
Current portion of long-term borrowings	19,992	19,992
Income taxes payable	525,017	896,214
Advances received	6,752,169	10,108,502
Provisions	302,989	335,718
Other	896,452	1,193,501
Total current liabilities	23,890,473	26,779,846
Non-current liabilities		
Long-term borrowings	13,408	5,078
Retirement benefit liability	32,241	29,750
Other	1,018,517	1,129,069
Total non-current liabilities	1,064,166	1,163,897
Total liabilities	24,954,640	27,943,744

(Thousand yen)

	As of August 31,2021	As of February 28,2022
Net assets		
Shareholders' equity		
Share capital	951,106	951,106
Capital surplus	1,676,950	1,695,421
Retained earnings	29,908,859	31,436,503
Treasury shares	(801,250)	(791,040)
Total shareholders' equity	31,735,665	33,291,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377,531	486,712
Deferred gains or losses on hedges	(3,026)	(55,318)
Revaluation reserve for land	(641,184)	(641,184)
Foreign currency translation adjustment	372,418	715,755
Total accumulated other comprehensive income	105,739	505,964
Non-controlling interests	109,802	122,909
Total net assets	31,951,207	33,920,864
Total liabilities and net assets	56,905,848	61,864,608

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended February 28,2021	For the six months ended February 28,2022
Net sales	28,717,863	37,162,614
Cost of sales	23,838,603	30,891,658
Gross profit	4,879,259	6,270,956
Selling, general and administrative expenses	3,083,039	3,387,156
Operating profit	1,796,220	2,883,799
Non-operating income		
Interest income	6,901	13,924
Dividend income	12,561	15,305
Foreign exchange gains	-	80,907
Rental income	25,413	18,874
Other	39,257	42,182
Total non-operating income	84,134	171,194
Non-operating expenses		
Interest expenses	5,194	22,548
Foreign exchange losses	37,752	-
Compensation expenses	-	24,548
Other	6,343	1,289
Total non-operating expenses	49,289	48,386
Ordinary profit	1,831,064	3,006,607
Extraordinary income		
Gain on sale of non-current assets	1,258	1,219
Total extraordinary income	1,258	1,219
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,387	2,443
Loss on sale of investment securities	765	-
Total extraordinary losses	2,152	2,443
Profit before income taxes	1,830,171	3,005,382
Income taxes - current	611,081	885,569
Income taxes - deferred	(787)	91,517
Total income taxes	610,293	977,086
Profit	1,219,877	2,028,296
Profit attributable to non-controlling interests	7,499	6,694
Profit attributable to owners of parent	1,212,378	2,021,601

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended February 28,2021	For the six months ended February 28,2022
Profit	1,219,877	2,028,296
Other comprehensive income		
Valuation difference on available-for-sale securities	44,840	109,181
Deferred gains or losses on hedges	(10,281)	(52,292)
Foreign currency translation adjustment	192,885	343,336
Total other comprehensive income	227,443	400,225
Comprehensive income	1,447,321	2,428,521
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,436,073	2,415,392
Comprehensive income attributable to non-controlling interests	11,248	13,128

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended February 28,2021	For the six months ended February 28,2022
Cash flows from operating activities		
Profit before income taxes	1,830,171	3,005,382
Depreciation	370,041	339,062
Amortization of goodwill	9,564	9,564
Increase (decrease) in allowance for doubtful accounts	23,382	16
Increase (decrease) in provision for bonuses	44,145	49,928
Increase (decrease) in provision for bonuses for directors (and other officers)	(20,760)	(18,400)
Interest and dividend income	(19,463)	(29,230)
Foreign exchange losses (gains)	4,017	(64,603)
Interest expenses	5,194	22,548
Loss (gain) on sale of property, plant and equipment	(1,247)	(1,142)
Loss (gain) on sale of investment securities	765	-
Decrease (increase) in trade receivables	357,516	(1,653,323)
Decrease (increase) in inventories	(2,269,564)	382,168
Increase (decrease) in trade payables	978,218	(230,332)
Increase (decrease) in accrued consumption taxes	17,485	593,204
Decrease (increase) in advance payments to suppliers	935,250	893,242
Increase (decrease) in advances received	759,548	3,001,020
Other, net	(288,977)	22,991
Subtotal	2,735,289	6,322,097
Interest and dividends received	13,363	23,922
Interest paid	(5,204)	(22,298)
Income taxes paid	(672,825)	(525,718)
Income taxes refund	2,261	465
Net cash provided by (used in) operating activities	2,072,885	5,798,468
Cash flows from investing activities		
Payments into time deposits	(3,588,077)	(3,096,588)
Proceeds from withdrawal of time deposits	41,487	108,135
Purchase of property, plant and equipment and intangible assets	(324,148)	(512,562)
Proceeds from sale of property, plant and equipment and intangible assets	3,721	3,030
Purchase of investment securities	(604,959)	-
Proceeds from sale and redemption of investment securities	306,090	-
Proceeds from maturity of insurance funds	88,330	-
Other, net	(8,214)	252
Net cash provided by (used in) investing activities	(4,085,769)	(3,497,733)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	388,250	(1,224,300)
Repayments of long-term borrowings	(118,072)	(8,330)
Dividends paid	(506,884)	(493,313)
Repayments of lease obligations	(14,684)	(16,172)
Purchase of treasury shares	(278)	(393)
Dividends paid to non-controlling interests	(23)	(21)
Net cash provided by (used in) financing activities	(251,694)	(1,742,531)
Effect of exchange rate change on cash and cash equivalents	104,919	228,008
Net increase (decrease) in cash and cash equivalents	(2,159,659)	786,212
Cash and cash equivalents at beginning of period	16,446,632	14,567,717
Cash and cash equivalents at end of period	14,286,973	15,353,930

