

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 20, 2022 (Based on Japanese GAAP)

June 27, 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 to file Quarterly Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: –
 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 three months ended May 20, 2022 (from February 21, 2022 to May 20, 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	%
Three months ended May 20, 2022	149,319	4.8	14,615	12.3	14,959	12.5	10,212	15.1
Three months ended May 20, 2021	142,539	33.2	13,019	–	13,299	–	8,875	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 20, 2022	277.87		–	
Three months ended May 20, 2021	241.51		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 20, 2022	486,959	416,339	85.5
As of February 20, 2022	474,811	410,995	86.6

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, 2022	–	110.00	–	130.00	240.00
Year ending February 20, 2023	–	–	–	–	–
Year ending February 20, 2023 (Forecast)	–	120.00	–	130.00	250.00

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 three months ended May 20, 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 May 20, 2022	36,913,299 shares	As of February 20, 2022	36,913,299 shares
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Number of treasury shares at the end of the period

As of May 20, 2022	161,761 shares	As of February 20, 2022	163,341 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 20, 2022	36,751,017 shares	Three months ended May 20, 2021	36,748,956 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2022	As of May 20, 2022
Assets		
Current assets		
Cash and deposits	185,427	184,996
Accounts receivable - trade	8,509	12,934
Securities	49,000	49,000
Merchandise	52,599	61,866
Other	7,089	5,743
Total current assets	302,626	314,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,459	87,130
Land	49,170	49,170
Other, net	2,402	2,596
Total property, plant and equipment	139,033	138,897
Intangible assets		
Other	904	913
Total intangible assets	904	913
Investments and other assets		
Guarantee deposits	17,739	18,208
Other	15,654	14,445
Allowance for doubtful accounts	(1,146)	(46)
Total investments and other assets	32,247	32,607
Total non-current assets	172,184	172,418
Total assets	474,811	486,959
Liabilities		
Current liabilities		
Accounts payable - trade	28,425	36,499
Income taxes payable	8,794	5,230
Provision for bonuses	3,927	4,722
Provision executive officers' bonuses	–	13
Other	13,286	14,646
Total current liabilities	54,433	61,113
Non-current liabilities		
provision for part-time employees retirement	1,108	1,112
Provision for retirement benefits for directors (and other officers)	117	118
Provision for executive officers' retirement benefits	175	200
Retirement benefit liability	1,483	1,527
Asset retirement obligations	6,047	6,106
Other	449	441
Total non-current liabilities	9,382	9,506
Total liabilities	63,815	70,619

(Millions of yen)

	As of February 20, 2022	As of May 20, 2022
Net assets		
Shareholders' equity		
Share capital	17,086	17,086
Capital surplus	18,641	18,645
Retained earnings	373,278	378,712
Treasury shares	(1,409)	(1,396)
Total shareholders' equity	407,595	413,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,586	3,534
Deferred gains or losses on hedges	11	(2)
Foreign currency translation adjustment	(196)	(237)
Remeasurements of defined benefit plans	(2)	(3)
Total accumulated other comprehensive income	3,399	3,290
Total net assets	410,995	416,339
Total liabilities and net assets	474,811	486,959

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 20, 2021	Three months ended May 20, 2022
Net sales	142,539	149,319
Cost of sales	93,710	97,669
Gross profit	48,829	51,649
Operating revenue	255	336
Operating gross profit	49,085	51,986
Selling, general and administrative expenses	36,065	37,371
Operating profit	13,019	14,615
Non-operating income		
Interest income	45	30
Dividend income	34	35
Gain on sale of investment securities	4	–
Gain on sales of packaging materials	31	38
Foreign exchange gains	121	181
Miscellaneous income	44	59
Total non-operating income	280	345
Non-operating expenses		
Loss on processed gift certificates	0	0
Miscellaneous losses	0	0
Total non-operating expenses	1	1
Ordinary profit	13,299	14,959
Extraordinary income		
Subsidies for employment adjustment	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	46	18
Impairment losses	92	3
Loss on disaster	22	18
Loss on valuation of investment securities	114	–
Other	–	8
Total extraordinary losses	275	49
Profit before income taxes	13,024	14,911
Income taxes	4,149	4,699
Profit	8,875	10,212
Profit attributable to owners of parent	8,875	10,212

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 20, 2021	Three months ended May 20, 2022
Profit	8,875	10,212
Other comprehensive income		
Valuation difference on available-for-sale securities	94	(51)
Deferred gains or losses on hedges	(8)	(13)
Foreign currency translation adjustment	(22)	(41)
Remeasurements of defined benefit plans, net of tax	9	(1)
Total other comprehensive income	72	(108)
Comprehensive income	8,947	10,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,947	10,103
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Three months ended May 20, 2021	Three months ended May 20, 2022
Cash flows from operating activities		
Profit before income taxes	13,024	14,911
Depreciation	1,478	1,453
Impairment losses	92	3
Increase (decrease) in provision for bonuses	(228)	794
Increase(decrease)in provision for executive officer's bonuses	11	13
increase (decrease) in provision for part-time employees retirement	10	3
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	1
Increase(decrease)in provision for executive officer's retirement benefits	9	24
Increase (decrease) in retirement benefit liability	30	32
Increase (decrease) in provision for point card certificates	(260)	-
Interest and dividend income	(80)	(66)
Foreign exchange losses (gains)	(116)	(174)
Loss (gain) on sale and retirement of non-current assets	46	18
Loss (gain) on sale of investment securities	(4)	-
Loss (gain) on valuation of investment securities	114	-
Decrease (increase) in trade receivables	(6,582)	(4,423)
Decrease (increase) in inventories	(8,766)	(9,245)
Decrease (increase) in other current assets	3,254	1,324
Increase (decrease) in trade payables	11,071	8,065
Increase (decrease) in other current liabilities	(2,794)	1,321
Other, net	(315)	(216)
Subtotal	9,998	13,842
Interest and dividends received	45	39
Income taxes paid	(10,058)	(7,952)
Net cash provided by (used in) operating activities	(14)	5,929
Cash flows from investing activities		
Purchase of securities	(141,000)	(27,000)
Proceeds from redemption of securities	158,000	22,000
Purchase of property, plant and equipment	(4,614)	(1,242)
Proceeds from sale of property, plant and equipment	0	0
Payments of guarantee deposits	(283)	(1,191)
Proceeds from sale of investment securities	31	-
Proceeds from refund of guarantee deposits	863	798
Other, net	(45)	(17)
Net cash provided by (used in) investing activities	12,952	(6,651)
Cash flows from financing activities		
Purchase of treasury shares	(5)	(2)
Dividends paid	(4,366)	(4,729)
Net cash provided by (used in) financing activities	(4,372)	(4,731)
Effect of exchange rate change on cash and cash equivalents	19	23
Net increase (decrease) in cash and cash equivalents	8,584	(5,431)
Cash and cash equivalents at beginning of period	10,486	182,427
Cash and cash equivalents at end of period	19,071	176,996