

Translation

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

October 3, 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: October 4, 2022
 Scheduled date to commence dividend payments: October 31, 2022
 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, 2022 (from February 21, 2022 to August 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	%
Six months ended August 20, 2022	301,348	5.9	28,919	14.1	29,680	14.9	20,620	18.3
Six months ended August 20, 2021	284,592	11.9	25,342	58.6	25,835	57.8	17,427	65.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2022	561.08	–
Six months ended August 20, 2021	474.22	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 20, 2022	491,012	427,003	87.0
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	Yen	Yen	Yen	Yen
Year ended February 20, 2022	–	110.00	–	130.00	240.00
Year ending February 20, 2023	–	120.00			
Year ending February 20, 2023 (Forecast)			–	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
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 six months ended August 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 August 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 August 20, 2022	162,112 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)

Six months ended August 20, 2022	36,751,173 shares	Six months ended August 20, 2021	36,749,764 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2022	As of August 20, 2022
Assets		
Current assets		
Cash and deposits	185,427	180,175
Accounts receivable - trade	8,509	10,202
Securities	49,000	67,000
Merchandise	52,599	53,070
Other	7,089	8,780
Total current assets	302,626	319,229
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,459	86,960
Land	49,170	49,170
Other, net	2,402	2,319
Total property, plant and equipment	139,033	138,450
Intangible assets		
Other	904	913
Total intangible assets	904	913
Investments and other assets		
Guarantee deposits	17,739	17,863
Other	15,654	14,601
Allowance for doubtful accounts	(1,146)	(45)
Total investments and other assets	32,247	32,419
Total non-current assets	172,184	171,783
Total assets	474,811	491,012
Liabilities		
Current liabilities		
Accounts payable - trade	28,425	26,241
Income taxes payable	8,794	9,739
Provision for bonuses	3,927	2,609
Provision executive officers' bonuses	–	27
Other	13,286	15,748
Total current liabilities	54,433	54,367
Non-current liabilities		
provision for part-time employees retirement	1,108	1,121
Provision for retirement benefits for directors (and other officers)	117	119
Provision for executive officers' retirement benefits	175	210
Retirement benefit liability	1,483	1,566
Asset retirement obligations	6,047	6,179
Other	449	444
Total non-current liabilities	9,382	9,641
Total liabilities	63,815	64,009

(Millions of yen)

	As of February 20, 2022	As of August 20, 2022
Net assets		
Shareholders' equity		
Share capital	17,086	17,086
Capital surplus	18,641	18,645
Retained earnings	373,278	389,121
Treasury shares	(1,409)	(1,400)
Total shareholders' equity	407,595	423,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,586	3,843
Deferred gains or losses on hedges	11	3
Foreign currency translation adjustment	(196)	(290)
Remeasurements of defined benefit plans	(2)	(5)
Total accumulated other comprehensive income	3,399	3,550
Total net assets	410,995	427,003
Total liabilities and net assets	474,811	491,012

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, 2021	Six months ended August 20, 2022
Net sales	284,592	301,348
Cost of sales	186,920	197,614
Gross profit	97,671	103,733
Operating revenue	541	702
Operating gross profit	98,212	104,435
Selling, general and administrative expenses	72,870	75,516
Operating profit	25,342	28,919
Non-operating income		
Interest income	89	61
Dividend income	117	117
Gain on sale of investment securities	4	–
Gain on sales of packaging materials	72	79
Compensation income	6	11
Foreign exchange gains	132	409
Miscellaneous income	72	84
Total non-operating income	495	764
Non-operating expenses		
Loss on processed gift certificates	1	0
Miscellaneous losses	1	1
Total non-operating expenses	2	2
Ordinary profit	25,835	29,680
Extraordinary income		
Subsidy income	178	–
Subsidies for employment adjustment	1	1
Total extraordinary income	180	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	86	37
Impairment losses	142	140
Loss on disaster	89	70
Loss on valuation of investment securities	117	78
Other	0	20
Total extraordinary losses	436	348
Profit before income taxes	25,579	29,334
Income taxes	8,151	8,713
Profit	17,427	20,620
Profit attributable to owners of parent	17,427	20,620

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 20, 2021	Six months ended August 20, 2022
Profit	17,427	20,620
Other comprehensive income		
Valuation difference on available-for-sale securities	228	257
Deferred gains or losses on hedges	(22)	(8)
Foreign currency translation adjustment	(24)	(94)
Remeasurements of defined benefit plans, net of tax	19	(3)
Total other comprehensive income	200	151
Comprehensive income	17,628	20,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,628	20,771
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2021	Six months ended August 20, 2022
Cash flows from operating activities		
Profit before income taxes	25,579	29,334
Depreciation	2,962	2,928
Impairment losses	142	140
Increase (decrease) in provision for bonuses	(2,174)	(1,319)
Increase(decrease)in provision for executive officer's bonuses	23	27
Increase (decrease) in provision for point card certificates	(294)	–
increase(decrease) in provision for part-time employees retirement	21	12
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	1
Increase(decrease)in provision for executive officer's retirement benefits	19	34
Increase (decrease) in retirement benefit liability	74	57
Interest and dividend income	(206)	(178)
Foreign exchange losses (gains)	(126)	(397)
Loss (gain) on sale and retirement of non-current assets	83	37
Loss (gain) on valuation of investment securities	117	78
Loss (gain) on sale of investment securities	(4)	–
Decrease (increase) in trade receivables	(1,683)	(1,691)
Decrease (increase) in inventories	2,062	(421)
Decrease (increase) in other current assets	1,946	(1,786)
Increase (decrease) in trade payables	220	(2,203)
Increase (decrease) in other current liabilities	(3,009)	2,463
Other, net	263	401
Subtotal	26,019	27,519
Interest and dividends received	137	135
Income taxes paid	(10,072)	(7,967)
Net cash provided by (used in) operating activities	16,084	19,687

(Millions of yen)

	Six months ended August 20, 2021	Six months ended August 20, 2022
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	(235,000)	(81,000)
Proceeds from redemption of securities	281,000	58,000
Purchase of property, plant and equipment	(5,689)	(2,251)
Proceeds from sale of property, plant and equipment	0	0
Proceeds from sale of investment securities	34	–
Payments of guarantee deposits	(289)	(1,336)
Proceeds from refund of guarantee deposits	1,544	1,412
Other, net	(53)	(40)
Net cash provided by (used in) investing activities	41,546	(25,215)
Cash flows from financing activities		
Purchase of treasury shares	(7)	(6)
Dividends paid	(4,407)	(4,773)
Net cash provided by (used in) financing activities	(4,415)	(4,780)
Effect of exchange rate change on cash and cash equivalents	19	55
Net increase (decrease) in cash and cash equivalents	53,235	(10,252)
Cash and cash equivalents at beginning of period	10,486	182,427
Cash and cash equivalents at end of period	63,722	172,175