

Translation

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

December 26, 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: December 27, 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 nine months ended November 20, 2022 (from February 21, 2022 to November 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 | % |
| Nine months ended November 20, 2022 | 463,903 | 6.2 | 44,547 | 14.9 | 45,527 | 14.6 | 31,711 | 17.8 |
| Nine months ended November 20, 2021 | 436,817 | 8.0 | 38,785 | 24.5 | 39,729 | 24.3 | 26,926 | 24.9 |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended November 20, 2022 | 862.86 | | – | |
| Nine months ended November 20, 2021 | 732.70 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of November 20, 2022 | 515,925 | 433,652 | 84.1 |
| 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 | – | 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 nine months ended November 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 November 20, 2022 | 36,913,299 shares | As of February 20, 2022 | 36,913,299 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|-------------------------|----------------|
| As of November 20, 2022 | 162,403 shares | As of February 20, 2022 | 163,431 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended November 20, 2022 | 36,751,094 shares | Nine months ended November 20, 2021 | 36,749,968 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of February 20, 2022 | As of November 20, 2022 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 185,427 | 179,058 |
| Accounts receivable - trade | 8,509 | 16,705 |
| Securities | 49,000 | 68,500 |
| Merchandise | 52,599 | 71,496 |
| Other | 7,089 | 8,681 |
| Total current assets | 302,626 | 344,442 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 87,459 | 86,857 |
| Land | 49,170 | 49,170 |
| Other, net | 2,402 | 2,376 |
| Total property, plant and equipment | 139,033 | 138,404 |
| Intangible assets | | |
| Other | 904 | 912 |
| Total intangible assets | 904 | 912 |
| Investments and other assets | | |
| Guarantee deposits | 17,739 | 17,563 |
| Other | 15,654 | 14,646 |
| Allowance for doubtful accounts | (1,146) | (44) |
| Total investments and other assets | 32,247 | 32,165 |
| Total non-current assets | 172,184 | 171,482 |
| Total assets | 474,811 | 515,925 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 28,425 | 44,251 |
| Income taxes payable | 8,794 | 6,635 |
| Provision for bonuses | 3,927 | 63 |
| Provision executive officers' bonuses | – | 41 |
| Other | 13,286 | 21,515 |
| Total current liabilities | 54,433 | 72,507 |
| Non-current liabilities | | |
| provision for part-time employees retirement | 1,108 | 1,138 |
| Provision for retirement benefits for directors (and other officers) | 117 | 119 |
| Provision for executive officers' retirement benefits | 175 | 221 |
| Retirement benefit liability | 1,483 | 1,599 |
| Asset retirement obligations | 6,047 | 6,241 |
| Other | 449 | 444 |
| Total non-current liabilities | 9,382 | 9,764 |
| Total liabilities | 63,815 | 82,272 |

(Millions of yen)

| | As of February 20, 2022 | As of November 20, 2022 |
|---|-------------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 17,086 | 17,086 |
| Capital surplus | 18,641 | 18,645 |
| Retained earnings | 373,278 | 395,801 |
| Treasury shares | (1,409) | (1,403) |
| Total shareholders' equity | 407,595 | 430,129 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,586 | 3,851 |
| Deferred gains or losses on hedges | 11 | (37) |
| Foreign currency translation adjustment | (196) | (286) |
| Remeasurements of defined benefit plans | (2) | (5) |
| Total accumulated other comprehensive income | 3,399 | 3,523 |
| Total net assets | 410,995 | 433,652 |
| Total liabilities and net assets | 474,811 | 515,925 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Nine months ended November 20, 2021 | Nine months ended November 20, 2022 |
|---|--|--|
| Net sales | 436,817 | 463,903 |
| Cost of sales | 286,947 | 304,103 |
| Gross profit | 149,870 | 159,800 |
| Operating revenue | 827 | 1,055 |
| Operating gross profit | 150,697 | 160,855 |
| Selling, general and administrative expenses | 111,911 | 116,308 |
| Operating profit | 38,785 | 44,547 |
| Non-operating income | | |
| Interest income | 131 | 92 |
| Dividend income | 156 | 158 |
| Gain on sale of investment securities | 5 | – |
| Gain on sales of packaging materials | 112 | 120 |
| Compensation income | 14 | 14 |
| Foreign exchange gains | 323 | 392 |
| Miscellaneous income | 216 | 206 |
| Total non-operating income | 961 | 985 |
| Non-operating expenses | | |
| Loss on processed gift certificates | 1 | 1 |
| Miscellaneous losses | 15 | 4 |
| Total non-operating expenses | 17 | 5 |
| Ordinary profit | 39,729 | 45,527 |
| Extraordinary income | | |
| Subsidy income | 217 | – |
| Subsidies for employment adjustment | 1 | 1 |
| Total extraordinary income | 219 | 1 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 131 | 89 |
| Impairment losses | 225 | 166 |
| Loss on disaster | 98 | 183 |
| Loss on valuation of investment securities | 124 | – |
| Other | 3 | 32 |
| Total extraordinary losses | 583 | 471 |
| Profit before income taxes | 39,365 | 45,057 |
| Income taxes | 12,438 | 13,345 |
| Profit | 26,926 | 31,711 |
| Profit attributable to owners of parent | 26,926 | 31,711 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended November 20, 2021 | Nine months ended November 20, 2022 |
|--|--|--|
| Profit | 26,926 | 31,711 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (144) | 265 |
| Deferred gains or losses on hedges | (13) | (48) |
| Foreign currency translation adjustment | (60) | (89) |
| Remeasurements of defined benefit plans, net of tax | 28 | (2) |
| Total other comprehensive income | (189) | 123 |
| Comprehensive income | 26,737 | 31,835 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 26,737 | 31,835 |
| Comprehensive income attributable to non-controlling interests | — | — |

Consolidated statements of cash flows

(Millions of yen)

| | Nine months ended November 20, 2021 | Nine months ended November 20, 2022 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 39,365 | 45,057 |
| Depreciation | 4,434 | 4,416 |
| Impairment losses | 225 | 166 |
| Increase (decrease) in allowance for doubtful accounts | (52) | – |
| Increase (decrease) in provision for bonuses | (4,707) | (3,865) |
| Increase(decrease) in provision for executive officer's bonuses | 33 | 41 |
| Increase (decrease) in provision for point card certificates | (315) | – |
| increase (decrease) in provision for part-time employees retirement | 40 | 29 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 1 | 2 |
| Increase(decrease) in provision for executive officers' retirement benefits | 29 | 45 |
| Increase (decrease) in retirement benefit liability | 113 | 90 |
| Interest and dividend income | (288) | (251) |
| Foreign exchange losses (gains) | (310) | (378) |
| Loss (gain) on sale and retirement of non-current assets | 129 | 88 |
| Loss (gain) on valuation of investment securities | 124 | – |
| Loss (gain) on sale of investment securities | (5) | – |
| Decrease (increase) in trade receivables | (7,014) | (8,194) |
| Decrease (increase) in inventories | (12,373) | (18,849) |
| Decrease (increase) in other current assets | (1,040) | (1,801) |
| Increase (decrease) in trade payables | 19,727 | 15,807 |
| Increase (decrease) in other current liabilities | 3,146 | 8,157 |
| Other, net | 74 | 187 |
| Subtotal | 41,338 | 40,750 |
| Interest and dividends received | 186 | 180 |
| Income taxes paid | (16,897) | (15,231) |
| Net cash provided by (used in) operating activities | 24,627 | 25,700 |
| Cash flows from investing activities | | |
| Payments into time deposits | (8,000) | (8,000) |
| Proceeds from withdrawal of time deposits | 8,000 | 16,000 |
| Purchase of securities | (265,500) | (121,000) |
| Proceeds from redemption of securities | 428,000 | 98,000 |
| Purchase of property, plant and equipment | (6,663) | (3,693) |
| Proceeds from sale of property, plant and equipment | 39 | 0 |
| Purchase of investment securities | (39) | – |
| Proceeds from sale of investment securities | 42 | – |
| Payments of guarantee deposits | (418) | (1,746) |
| Proceeds from refund of guarantee deposits | 2,253 | 2,084 |
| Other, net | (62) | (90) |
| Net cash provided by (used in) investing activities | 157,651 | (18,445) |

(Millions of yen)

| | Nine months ended November 20, 2021 | Nine months ended November 20, 2022 |
|---|--|--|
| Cash flows from financing activities | | |
| Purchase of treasury shares | (9) | (10) |
| Dividends paid | (8,428) | (9,163) |
| Net cash provided by (used in) financing activities | (8,437) | (9,173) |
| Effect of exchange rate change on cash and cash equivalents | 51 | 50 |
| Net increase (decrease) in cash and cash equivalents | 173,893 | (1,869) |
| Cash and cash equivalents at beginning of period | 10,486 | 182,427 |
| Cash and cash equivalents at end of period | 184,379 | 180,558 |