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Consolidated Financial Results for the Three Months Ended November 30, 2022 [Japanese GAAP]

January 12, 2023

Company name: Shinwa Co., Ltd.
Stock exchange listing: Tokyo, Nagoya
Code number: 7607

URL: <https://www.shinwa-jpn.co.jp/>

Representative: Tetsuo Nemoto

President & CEO

Contact: Seiji Miwa

Executive Officer

Phone: 052-796-2533

Scheduled date of filing quarterly securities report: January 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended November 30, 2022 (September 01, 2022 to November 30, 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	%
Three months ended November 30, 2022	23,879	38.7	2,280	89.0	2,255	77.8	1,508	77.3
November 30, 2021	17,216	32.4	1,206	86.9	1,268	88.5	850	89.2

(Note) Comprehensive income: Three months ended November 30, 2022: ¥ 1,522 million [72.8%]
Three months ended November 30, 2021: ¥ 881 million [59.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2022	112.89	-
November 30, 2021	63.72	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of November 30, 2022	57,200	37,131	64.7
August 31, 2022	62,699	36,249	57.6

(Reference) Equity: As of November 30, 2022: ¥ 36,985 million
As of August 31, 2022: ¥ 36,109 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, 2022	-	37.00	-	48.00	85.00
Fiscal year ending August 31, 2023	-				
Fiscal year ending August 31, 2023 (Forecast)		36.00	-	36.00	72.00

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

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending August 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2023 (September 01, 2022 to August 31, 2023)

(% 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
Six months ended February 28, 2023	38,179	2.7	2,420	(16.1)	2,534	(15.7)	1,708	(15.5)	127.81
Full year	73,000	2.7	4,200	(19.4)	4,400	(21.2)	3,000	(20.7)	224.48

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended November 30, 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: No

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):

November 30, 2022: 14,415,319 shares

August 31, 2022: 14,415,319 shares

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

November 30, 2022: 1,051,798 shares

August 31, 2022: 1,051,291 shares

3) Average number of shares during the period:

Three months ended November 30, 2022: 13,363,956 shares

Three months ended November 30, 2021: 13,350,126 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of August 31,2022	As of November 30,2022
Assets		
Current assets		
Cash and deposits	19,337,843	18,639,853
Notes receivable - trade	482,384	524,281
Accounts receivable - trade	10,857,162	11,884,698
Electronically recorded monetary claims - operating	4,094,727	4,639,841
Merchandise and finished goods	11,335,436	6,079,565
Work in process	2,375,103	1,461,288
Raw materials and supplies	725,989	803,244
Other	3,092,749	2,398,299
Allowance for doubtful accounts	(3,195)	(3,294)
Total current assets	52,298,200	46,427,776
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,995,971	1,964,057
Other, net	4,889,995	5,208,524
Total property, plant and equipment	6,885,967	7,172,582
Intangible assets		
Goodwill	28,693	23,910
Other	1,027,980	1,135,493
Total intangible assets	1,056,674	1,159,404
Investments and other assets		
Investment securities	2,093,681	2,072,225
Other	366,395	370,518
Allowance for doubtful accounts	(1,775)	(2,225)
Total investments and other assets	2,458,301	2,440,518
Total non-current assets	10,400,943	10,772,506
Total assets	62,699,144	57,200,282
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,851,151	9,760,428
Electronically recorded obligations - operating	2,456,118	3,400,759
Current portion of long-term borrowings	13,408	8,410
Income taxes payable	779,028	794,020
Contract liabilities	9,544,018	2,865,534
Provisions	360,998	133,375
Other	1,166,131	1,688,080
Total current liabilities	25,170,855	18,650,608
Non-current liabilities		
Retirement benefit liability	33,131	35,596
Other	1,245,162	1,382,994
Total non-current liabilities	1,278,293	1,418,591
Total liabilities	26,449,149	20,069,199

(Thousand yen)

	As of August 31,2022	As of November 30,2022
Net assets		
Shareholders' equity		
Share capital	951,106	951,106
Capital surplus	1,695,421	1,695,421
Retained earnings	32,704,884	33,572,063
Treasury shares	(791,277)	(791,288)
Total shareholders' equity	34,560,135	35,427,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	482,037	468,639
Deferred gains or losses on hedges	-	(417)
Revaluation reserve for land	(641,184)	(641,184)
Foreign currency translation adjustment	1,708,295	1,731,569
Total accumulated other comprehensive income	1,549,147	1,558,606
Non-controlling interests	140,711	145,173
Total net assets	36,249,994	37,131,082
Total liabilities and net assets	62,699,144	57,200,282

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousand yen)

	For the three months ended November 30,2021	For the three months ended November 30,2022
Net sales	17,216,182	23,879,071
Cost of sales	14,312,444	19,647,042
Gross profit	2,903,738	4,232,029
Selling, general and administrative expenses	1,697,001	1,951,732
Operating profit	1,206,736	2,280,296
Non-operating income		
Interest income	4,007	9,206
Dividend income	3,886	4,048
Foreign exchange gains	52,253	-
Rental income	11,261	10,028
Other	6,034	15,765
Total non-operating income	77,442	39,048
Non-operating expenses		
Interest expenses	14,916	460
Foreign exchange losses	-	60,827
Other	543	2,820
Total non-operating expenses	15,459	64,107
Ordinary profit	1,268,719	2,255,237
Extraordinary income		
Gain on sale of non-current assets	-	3,877
Total extraordinary income	-	3,877
Extraordinary losses		
Loss on sale and retirement of non-current assets	712	161
Total extraordinary losses	712	161
Profit before income taxes	1,268,006	2,258,953
Income taxes - current	449,817	605,425
Income taxes - deferred	(36,541)	140,397
Total income taxes	413,276	745,822
Profit	854,730	1,513,131
Profit attributable to non-controlling interests	4,051	4,478
Profit attributable to owners of parent	850,678	1,508,652

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

(Thousand yen)

	For the three months ended November 30,2021	For the three months ended November 30,2022
Profit	854,730	1,513,131
Other comprehensive income		
Valuation difference on available-for-sale securities	7,698	(13,397)
Deferred gains or losses on hedges	(53,383)	(417)
Foreign currency translation adjustment	72,084	23,274
Total other comprehensive income	26,399	9,458
Comprehensive income	881,130	1,522,589
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	875,787	1,518,128
Comprehensive income attributable to non-controlling interests	5,342	4,461