

Translation

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Summary of Consolidated Financial Results for the Year Ended February 20, 2023 (Based on Japanese GAAP)

April 3, 2023

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 of ordinary general meeting of shareholders: May 12, 2023
 Scheduled date to file Securities Report: May 15, 2023
 Scheduled date to commence dividend payments: May 15, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)

(1) Consolidated operating results

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	%
Year ended February 20, 2023	616,125	5.6	53,302	7.9	54,383	7.5	38,021	7.3
Year ended February 20, 2022	583,618	7.6	49,420	30.0	50,567	28.3	35,428	35.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 20, 2023	1,034.57	–	8.9	11.1	8.7
Year ended February 20, 2022	964.04	–	8.9	10.9	8.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 20, 2023	502,552	440,048	87.6	11,973.98
As of February 20, 2022	474,811	410,995	86.6	11,183.58

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 20, 2023	41,552	2,325	(9,198)	217,157
Year ended February 20, 2022	37,213	143,137	(8,460)	182,427

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 20, 2022	–	110.00	–	130.00	240.00	8,820	24.9	2.2
Year ended February 20, 2023	–	120.00	–	140.00	260.00	9,555	25.1	2.2
Year ending February 20, 2024 (Forecast)	–	130.00	–	140.00	270.00		25.1	

3. Forecast of consolidated financial results for the year ending February 20, 2024 (from February 21, 2023 to February 20, 2024)

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, 2023	311,106	3.2	28,171	(2.6)	28,647	(3.5)	19,317	(6.3)	525.62
Full year	635,088	3.1	54,571	2.4	55,522	2.1	39,522	3.9	1,075.41

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2023

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

(2) 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

(3) Number of issued shares (common shares)

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

As of February 20, 2023	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 February 20, 2023	162,885 shares	As of February 20, 2022	163,431 shares
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Average number of shares during the period

Year ended February 20, 2023	36,750,956 shares	Year ended February 20, 2022	36,749,975 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2022	As of February 20, 2023
Assets		
Current assets		
Cash and deposits	185,427	186,157
Accounts receivable - trade	8,509	10,217
Securities	49,000	77,000
Merchandise	52,599	54,266
Other	7,089	4,775
Total current assets	302,626	332,416
Non-current assets		
Property, plant and equipment		
Buildings and structures	176,031	179,078
Accumulated depreciation	(88,572)	(93,563)
Buildings and structures, net	87,459	85,515
Machinery, equipment and vehicles	11,841	11,957
Accumulated depreciation	(10,305)	(10,705)
Machinery, equipment and vehicles, net	1,535	1,251
Tools, furniture and fixtures	3,723	3,955
Accumulated depreciation	(3,153)	(3,208)
Tools, furniture and fixtures, net	570	747
Land	49,170	49,170
Construction in progress	296	628
Total property, plant and equipment	139,033	137,314
Intangible assets		
Other	904	928
Total intangible assets	904	928
Investments and other assets		
Investment securities	9,852	10,437
Deferred tax assets	3,624	3,537
Guarantee deposits	17,739	17,144
Other	2,177	817
Allowance for doubtful accounts	(1,146)	(44)
Total investments and other assets	32,247	31,893
Total non-current assets	172,184	170,135
Total assets	474,811	502,552

(Millions of yen)

	As of February 20, 2022	As of February 20, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	28,425	24,285
Income taxes payable	8,794	9,252
Provision for bonuses	3,927	4,268
Other	13,286	14,691
Total current liabilities	54,433	52,498
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 officer's retirement benefits	175	231
Retirement benefit liability	1,483	1,814
Asset retirement obligations	6,047	6,255
Other	449	444
Total non-current liabilities	9,382	10,005
Total liabilities	63,815	62,503
Net assets		
Shareholders' equity		
Share capital	17,086	17,086
Capital surplus	18,641	18,645
Retained earnings	373,278	402,112
Treasury shares	(1,409)	(1,409)
Total shareholders' equity	407,595	436,434
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,586	4,005
Deferred gains or losses on hedges	11	4
Foreign currency translation adjustment	(196)	(265)
Remeasurements of defined benefit plans	(2)	(130)
Total accumulated other comprehensive income	3,399	3,614
Total net assets	410,995	440,048
Total liabilities and net assets	474,811	502,552

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Net sales	583,618	616,125
Cost of sales	384,687	406,129
Gross profit	198,930	209,996
Operating revenue	1,153	1,394
Operating gross profit	200,084	211,391
Selling, general and administrative expenses	150,663	158,088
Operating profit	49,420	53,302
Non-operating income		
Interest income	171	128
Dividend income	186	190
Gain on sale of investment securities	5	–
Foreign exchange gains	347	290
Gain on sales of packaging materials	160	167
Miscellaneous income	294	312
Total non-operating income	1,166	1,088
Non-operating expenses		
Loss on processed gift certificates	1	1
Miscellaneous losses	17	5
Total non-operating expenses	19	7
Ordinary profit	50,567	54,383
Extraordinary income		
Subsidy income	223	–
Subsidies for employment adjustment	1	45
Total extraordinary income	225	45
Extraordinary losses		
Loss on sale and retirement of non-current assets	158	136
Impairment losses	302	405
Loss on disaster	98	215
Other	9	33
Total extraordinary losses	568	790
Profit before income taxes	50,224	53,638
Income taxes - current	14,789	15,649
Income taxes - deferred	5	(32)
Total income taxes	14,795	15,617
Profit	35,428	38,021
Profit attributable to owners of parent	35,428	38,021

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Profit	35,428	38,021
Other comprehensive income		
Valuation difference on available-for-sale securities	(325)	419
Deferred gains or losses on hedges	(4)	(7)
Foreign currency translation adjustment	(64)	(69)
Remeasurements of defined benefit plans, net of tax	20	(127)
Total other comprehensive income	(374)	215
Comprehensive income	35,054	38,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,054	38,236
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended February 20, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,086	18,637	346,301	(1,411)	380,614
Changes during period					
Dividends of surplus			(8,452)		(8,452)
Profit attributable to owners of parent			35,428		35,428
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		3		15	19
Net changes in items other than shareholders' equity					-
Total changes during period	-	3	26,976	1	26,981
Balance at end of period	17,086	18,641	373,278	(1,409)	407,595

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,912	16	(132)	(22)	3,773	384,388
Changes during period						
Dividends of surplus						(8,452)
Profit attributable to owners of parent						35,428
Purchase of treasury shares						(14)
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	(325)	(4)	(64)	20	(374)	(374)
Total changes during period	(325)	(4)	(64)	20	(374)	26,607
Balance at end of period	3,586	11	(196)	(2)	3,399	410,995

Fiscal year ended February 20, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,086	18,641	373,278	(1,409)	407,595
Changes during period					
Dividends of surplus			(9,187)		(9,187)
Profit attributable to owners of parent			38,021		38,021
Purchase of treasury shares				(16)	(16)
Disposal of treasury shares		3		16	20
Net changes in items other than shareholders' equity					
Total changes during period		3	28,833	0	28,838
Balance at end of period	17,086	18,645	402,112	(1,409)	436,434

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,586	11	(196)	(2)	3,399	410,995
Changes during period						
Dividends of surplus						(9,187)
Profit attributable to owners of parent						38,021
Purchase of treasury shares						(16)
Disposal of treasury shares						20
Net changes in items other than shareholders' equity	419	(7)	(69)	(127)	215	215
Total changes during period	419	(7)	(69)	(127)	215	29,053
Balance at end of period	4,005	4	(265)	(130)	3,614	440,048

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Cash flows from operating activities		
Profit before income taxes	50,224	53,638
Depreciation	5,911	5,891
Impairment losses	302	405
Foreign exchange losses (gains)	(329)	(291)
Loss (gain) on sale and retirement of non-current assets	158	135
Loss (gain) on sale of investment securities	(5)	–
Increase (decrease) in allowance for doubtful accounts	(55)	–
Increase (decrease) in provision for bonuses	(836)	339
Increase (decrease) in provision for point card certificates	(333)	–
Increase(decrease) in provision for part-time employees retirement	37	29
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	2
Increase(decrease)in provision for executive officer's retirement benefits	38	56
Increase (decrease) in retirement benefit liability	161	129
Interest and dividend income	(358)	(318)
Decrease (increase) in trade receivables	(1,886)	(1,706)
Decrease (increase) in inventories	(1,949)	(1,629)
Decrease (increase) in other current assets	320	2,040
Increase (decrease) in trade payables	4,379	(4,153)
Increase (decrease) in other current liabilities	(2,400)	1,410
Other, net	495	561
Subtotal	53,876	56,540
Interest and dividends received	220	225
Income taxes paid	(16,884)	(15,214)
Net cash provided by (used in) operating activities	37,213	41,552
Cash flows from investing activities		
Payments into time deposits	(16,000)	(8,000)
Proceeds from withdrawal of time deposits	16,000	16,000
Purchase of securities	(291,500)	(166,000)
Proceeds from redemption of securities	440,500	164,000
Purchase of property, plant and equipment	(8,248)	(4,384)
Proceeds from sale of property, plant and equipment	39	0
Purchase of investment securities	(39)	–
Proceeds from sale of investment securities	42	–
Payments for guarantee deposits, advances of construction	(590)	(1,933)
Proceeds from collection of guarantee deposits, advances of construction	3,023	2,780
Other, net	(89)	(137)
Net cash provided by (used in) investing activities	143,137	2,325
Cash flows from financing activities		
Purchase of treasury shares	(14)	(16)
Dividends paid	(8,446)	(9,182)
Net cash provided by (used in) financing activities	(8,460)	(9,198)
Effect of exchange rate change on cash and cash equivalents	51	49
Net increase (decrease) in cash and cash equivalents	171,941	34,729
Cash and cash equivalents at beginning of period	10,486	182,427
Cash and cash equivalents at end of period	182,427	217,157