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Consolidated Financial Results for the Six Months Ended February 29, 2024 [Japanese GAAP]

April 11, 2024

Company name: Shinwa Co., Ltd.
Stock exchange listing: Tokyo, Nagoya
Code number: 7607
URL: <https://www.shinwa-jpn.co.jp/>
Representative: Tetsuo Nemoto
Contact: Seiji Miwa
Phone: +81-52-796-2533

President & CEO
Executive Officer

Scheduled date of filing quarterly securities report: April 12, 2024
Scheduled date of commencing dividend payments: May 7, 2024
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended February 29, 2024 (September 1, 2023 to February 29, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	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 February 29, 2024	38,434	(7.4)	1,603	(52.4)	1,836	(44.9)	1,275	(44.3)
February 28, 2023	41,514	11.7	3,365	16.7	3,333	10.9	2,291	13.3

(Note) Comprehensive income: Six months ended February 29, 2024: ¥ 1,591 million [(20.2)%]
Six months ended February 28, 2023: ¥ 1,994 million [(17.9)%]

	Basic earnings per share	Diluted earnings per share
Six months ended February 29, 2024	Yen 95.33	Yen -
February 28, 2023	171.39	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of February 29, 2024	Millions of yen 61,664	Millions of yen 40,198	65.0
August 31, 2023	58,924	39,246	66.4

(Reference) Equity: As of February 29, 2024: ¥ 40,056 million
As of August 31, 2023: ¥ 39,104 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, 2023	-	36.00	-	54.00	90.00
Fiscal year ending August 31, 2024	-	50.00			
Fiscal year ending August 31, 2024 (Forecast)			-	50.00	100.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending August 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2024 (September 1, 2023 to August 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	72,000	(5.4)	3,500	(29.9)	3,650	(29.1)	2,500	(30.3)	186.89

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended February 29, 2024

(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):

February 29, 2024: 14,415,319 shares

August 31, 2023: 14,415,319 shares

2) Number of treasury shares at the end of the period:

February 29, 2024: 1,025,437 shares

August 31, 2023: 1,038,500 shares

3) Average number of shares outstanding during the period:

Six months ended February 29, 2024: 13,382,183 shares

Six months ended February 28, 2023: 13,369,795 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	17,795,843	16,713,237
Notes receivable - trade	956,019	231,913
Accounts receivable - trade	10,414,919	11,020,826
Electronically recorded monetary claims - operating	6,175,433	6,105,956
Merchandise and finished goods	6,362,089	6,011,289
Work in process	1,432,710	1,669,996
Raw materials and supplies	785,064	759,302
Other	3,084,765	3,617,566
Allowance for doubtful accounts	(3,995)	(3,897)
Total current assets	47,002,849	46,126,191
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,016,504	2,955,004
Other, net	4,946,731	4,912,200
Total property, plant and equipment	7,963,235	7,867,204
Intangible assets		
Goodwill	9,564	4,782
Other	1,043,947	995,378
Total intangible assets	1,053,511	1,000,160
Investments and other assets		
Investment securities	2,534,231	2,509,095
Other	372,410	383,540
Allowance for doubtful accounts	(1,775)	(2,238)
Total investments and other assets	2,904,867	2,890,397
Total non-current assets	11,921,614	11,757,761
Total assets	58,924,463	57,883,953
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,300,905	9,354,753
Electronically recorded obligations - operating	3,259,164	2,808,369
Income taxes payable	388,464	311,347
Contract liabilities	2,535,186	2,691,976
Provisions	383,911	146,856
Other	1,149,689	1,636,320
Total current liabilities	18,017,321	16,949,624
Non-current liabilities		
Retirement benefit liability	42,581	43,078
Other	1,618,311	1,574,270
Total non-current liabilities	1,660,893	1,617,348
Total liabilities	19,678,214	18,566,972

(Thousands of yen)

	As of August 31, 2023	As of November 30, 2023
Net assets		
Shareholders' equity		
Share capital	951,106	951,106
Capital surplus	1,711,740	1,711,740
Retained earnings	35,166,941	34,981,893
Treasury shares	(781,470)	(781,581)
Total shareholders' equity	37,048,318	36,863,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	723,088	750,644
Revaluation reserve for land	(641,184)	(641,184)
Foreign currency translation adjustment	1,974,691	2,198,281
Total accumulated other comprehensive income	2,056,595	2,307,741
Non-controlling interests	141,334	146,080
Total net assets	39,246,249	39,316,980
Total liabilities and net assets	58,924,463	57,883,953

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Net sales	23,879,071	16,997,695
Cost of sales	19,647,042	14,398,697
Gross profit	4,232,029	2,598,997
Selling, general and administrative expenses	1,951,732	2,064,956
Operating profit	2,280,296	534,040
Non-operating income		
Interest income	9,206	10,378
Dividend income	4,048	4,857
Foreign exchange gains	-	25,147
Rental income	10,028	8,399
Refund income	66	149,151
Other	15,698	8,627
Total non-operating income	39,048	206,561
Non-operating expenses		
Interest expenses	460	402
Foreign exchange losses	60,827	-
Other	2,820	1,130
Total non-operating expenses	64,107	1,532
Ordinary profit	2,255,237	739,069
Extraordinary income		
Gain on sale of non-current assets	3,877	884
Total extraordinary income	3,877	884
Extraordinary losses		
Loss on sale and retirement of non-current assets	161	2,748
Total extraordinary losses	161	2,748
Profit before income taxes	2,258,953	737,205
Income taxes - current	605,425	298,678
Income taxes - deferred	140,397	(50,123)
Total income taxes	745,822	248,554
Profit	1,513,131	488,651
Profit attributable to non-controlling interests	4,478	1,019
Profit attributable to owners of parent	1,508,652	487,631

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

(Thousands of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Profit	1,513,131	488,651
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,397)	27,555
Deferred gains or losses on hedges	(417)	-
Foreign currency translation adjustment	23,274	223,590
Total other comprehensive income	9,458	251,145
Comprehensive income	1,522,589	739,796
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,518,128	735,051
Comprehensive income attributable to non-controlling interests	4,461	4,745