

Translation

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## Summary of Consolidated Financial Results for the Year Ended February 20, 2021 (Based on Japanese GAAP)

April 5, 2021

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 14, 2021  
 Scheduled date to file Securities Report: May 17, 2021  
 Scheduled date to commence dividend payments: May 17, 2021  
 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, 2021 (from February 21, 2020 to February 20, 2021)

(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, 2021 | 542,608         | 4.0   | 38,026           | 65.4  | 39,404          | 65.2  | 26,163                                  | 99.3   |
| Year ended February 20, 2020 | 521,982         | (4.4) | 22,985           | (9.7) | 23,855          | (9.1) | 13,125                                  | (17.9) |

|                              | 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, 2021 | 711.93             | –                          | 7.0  | 9.2                          | 7.0                        |
| Year ended February 20, 2020 | 357.15             | –                          | 3.6  | 5.9                          | 4.4                        |

(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, 2021 | 451,798         | 384,388         | 85.1         | 10,459.72            |
| As of February 20, 2020 | 407,981         | 365,901         | 89.7         | 9,956.38             |

(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, 2021 | 46,234                               | (111,324)                            | (7,362)                              | 10,486                                     |
| Year ended February 20, 2020 | 22,803                               | 13,658                               | (6,631)                              | 83,088                                     |

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, 2020             | –                          | 100.00          | –               | 100.00          | 200.00 | 7,350                        | 56.0                                 | 2.0   |
| Year ended February 20, 2021             | –                          | 100.00          | –               | 120.00          | 220.00 | 8,084                        | 30.9                                 | 2.2   |
| Year ending February 20, 2022 (Forecast) | –                          | 110.00          | –               | 110.00          | 220.00 |                              | 30.8                                 |   |

3. Forecast of consolidated financial results for the year ending February 20, 2022 (from February 21, 2021 to February 20, 2022)

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, 2021 | 273,430         | 7.5 | 19,654           | 23.0 | 19,826          | 21.1 | 13,098                                  | 24.4 | 356.41             |
| Full year                         | 554,837         | 2.3 | 38,646           | 1.6  | 39,594          | 0.5  | 26,277                                  | 0.4  | 715.03             |

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2021

(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:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

Yes

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, 2021 | 36,913,299 shares | As of February 20, 2020 | 36,913,299 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

|                         |                |                         |                |
|-------------------------|----------------|-------------------------|----------------|
| As of February 20, 2021 | 163,942 shares | As of February 20, 2020 | 162,831 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period

|                              |                   |                              |                   |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended February 20, 2021 | 36,750,009 shares | Year ended February 20, 2020 | 36,751,190 shares |
|------------------------------|-------------------|------------------------------|-------------------|

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|  | As of February 20, 2020 | As of February 20, 2021 |
|--|-------------------------|-------------------------|
| Assets                                 |                         |                         |
| Current assets                         |                         |                         |
| Cash and deposits                      | 26,088                  | 18,486                  |
| Accounts receivable - trade            | 5,971                   | 6,622                   |
| Securities                             | 152,006                 | 193,000                 |
| Merchandise                            | 51,646                  | 50,612                  |
| Other                                  | 4,400                   | 7,649                   |
| Total current assets                   | 240,113                 | 276,371                 |
| Non-current assets                     |                         |                         |
| Property, plant and equipment          |                         |                         |
| Buildings and structures               | 156,139                 | 172,970                 |
| Accumulated depreciation               | (80,831)                | (85,101)                |
| Buildings and structures, net          | 75,308                  | 87,868                  |
| Machinery, equipment and vehicles      | 11,170                  | 11,527                  |
| Accumulated depreciation               | (9,713)                 | (10,061)                |
| Machinery, equipment and vehicles, net | 1,456                   | 1,466                   |
| Tools, furniture and fixtures          | 3,653                   | 3,712                   |
| Accumulated depreciation               | (3,002)                 | (3,083)                 |
| Tools, furniture and fixtures, net     | 651                     | 628                     |
| Land                                   | 49,140                  | 49,148                  |
| Construction in progress               | 4,525                   | 547                     |
| Total property, plant and equipment    | 131,082                 | 139,659                 |
| Intangible assets                      |                         |                         |
| Other                                  | 1,023                   | 903                     |
| Total intangible assets                | 1,023                   | 903                     |
| Investments and other assets           |                         |                         |
| Investment securities                  | 10,164                  | 10,317                  |
| Deferred tax assets                    | 1,991                   | 3,494                   |
| Guarantee deposits                     | 21,942                  | 19,733                  |
| Other                                  | 1,720                   | 2,521                   |
| Allowance for doubtful accounts        | (57)                    | (1,201)                 |
| Total investments and other assets     | 35,762                  | 34,865                  |
| Total non-current assets               | 167,868                 | 175,427                 |
| Total assets                           | 407,981                 | 451,798                 |

(Millions of yen)

|  | As of February 20, 2020 | As of February 20, 2021 |
|--|-------------------------|-------------------------|
| <b>Liabilities</b>   |                         |                         |
| <b>Current liabilities</b>   |                         |                         |
| Accounts payable - trade   | 18,661                  | 24,024                  |
| Income taxes payable   | 4,475                   | 10,996                  |
| Provision for bonuses  | 2,200                   | 4,760                   |
| Provision executive officer's bonuses                                | 37                      | –                       |
| Provision for point card certificates                                | 157                     | 333                     |
| Other  | 11,626                  | 18,510                  |
| <b>Total current liabilities</b>                                     | <b>37,158</b>           | <b>58,625</b>           |
| <b>Non-current liabilities</b>                                       |                         |                         |
| Provision for part-time employees retirement                         | 1,041                   | 1,071                   |
| Provision for retirement benefits for directors (and other officers) | 167                     | 115                     |
| Provision for executive officer's retirement benefits                | 192                     | 137                     |
| Retirement benefit liability   | 1,215                   | 1,332                   |
| Asset retirement obligations   | 2,115                   | 5,824                   |
| Other  | 189                     | 304                     |
| <b>Total non-current liabilities</b>                                 | <b>4,921</b>            | <b>8,785</b>            |
| <b>Total liabilities</b>   | <b>42,079</b>           | <b>67,410</b>           |
| <b>Net assets</b>  |                         |                         |
| <b>Shareholders' equity</b>  |                         |                         |
| Share capital  | 17,086                  | 17,086                  |
| Capital surplus  | 18,637                  | 18,637                  |
| Retained earnings  | 327,567                 | 346,301                 |
| Treasury shares  | (1,400)                 | (1,411)                 |
| <b>Total shareholders' equity</b>                                    | <b>361,890</b>          | <b>380,614</b>          |
| <b>Accumulated other comprehensive income</b>                        |                         |                         |
| Valuation difference on available-for-sale securities                | 3,766                   | 3,912                   |
| Deferred gains or losses on hedges                                   | 29                      | 16                      |
| Foreign currency translation adjustment                              | 295                     | (132)                   |
| Remeasurements of defined benefit plans                              | (80)                    | (22)                    |
| <b>Total accumulated other comprehensive income</b>                  | <b>4,011</b>            | <b>3,773</b>            |
| <b>Total net assets</b>  | <b>365,901</b>          | <b>384,388</b>          |
| <b>Total liabilities and net assets</b>                              | <b>407,981</b>          | <b>451,798</b>          |

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

(Millions of yen)

|   | Fiscal year ended<br>February 20, 2020 | Fiscal year ended<br>February 20, 2021 |
|---|--|--|
| Net sales   | 521,982                                | 542,608                                |
| Cost of sales   | 352,307                                | 358,515                                |
| Gross profit  | 169,675                                | 184,092                                |
| Operating revenue   | 912                                    | 952                                    |
| Operating gross profit                                      | 170,587                                | 185,045                                |
| Selling, general and administrative expenses                | 147,602                                | 147,018                                |
| Operating profit  | 22,985                                 | 38,026                                 |
| Non-operating income  |  |  |
| Interest income   | 261                                    | 214                                    |
| Dividend income   | 180                                    | 175                                    |
| Gain on sales of investment securities                      | –                                      | 459                                    |
| Compensation for transfer                                   | 15                                     | 155                                    |
| Foreign exchange gains                                      | 84                                     | 98                                     |
| Gain on sales of packaging materials                        | 167                                    | 134                                    |
| Miscellaneous income  | 179                                    | 147                                    |
| Total non-operating income                                  | 888                                    | 1,384                                  |
| Non-operating expenses                                      |  |  |
| Provision of allowance for doubtful accounts                | 9                                      | –                                      |
| Loss on processed gift certificates                         | 2                                      | 2                                      |
| Miscellaneous loss  | 5                                      | 4                                      |
| Total non-operating expenses                                | 18                                     | 7                                      |
| Ordinary profit   | 23,855                                 | 39,404                                 |
| Extraordinary income  |  |  |
| Subsidies for employment adjustment                         | –                                      | 51                                     |
| Gain on reversal of foreign currency translation adjustment | –                                      | 398                                    |
| Total extraordinary income                                  | –                                      | 450                                    |
| Extraordinary losses  |  |  |
| Loss on sales and retirement of non-current assets          | 129                                    | 233                                    |
| Impairment loss   | 2,577                                  | 706                                    |
| Loss on disaster  | 262                                    | 129                                    |
| Loss on store closings                                      | –                                      | 118                                    |
| Loss on valuation of investment securities                  | –                                      | 185                                    |
| Other   | 91                                     | 33                                     |
| Total extraordinary losses                                  | 3,061                                  | 1,408                                  |
| Profit before income taxes                                  | 20,793                                 | 38,446                                 |
| Income taxes - current                                      | 8,085                                  | 13,867                                 |
| Income taxes - deferred                                     | (418)                                  | (1,585)                                |
| Total income taxes  | 7,667                                  | 12,282                                 |
| Profit  | 13,125                                 | 26,163                                 |
| Profit attributable to owners of parent                     | 13,125                                 | 26,163                                 |

## Consolidated statements of comprehensive income

(Millions of yen)

|  | Fiscal year ended<br>February 20, 2020 | Fiscal year ended<br>February 20, 2021 |
|--|--|--|
| Profit   | 13,125                                 | 26,163                                 |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 231                                    | 145                                    |
| Deferred gains or losses on hedges                             | 26                                     | (13)                                   |
| Foreign currency translation adjustment                        | 13                                     | (427)                                  |
| Remeasurements of defined benefit plans, net of tax            | 57                                     | 58                                     |
| Total other comprehensive income                               | 328                                    | (237)                                  |
| Comprehensive income   | 13,454                                 | 25,926                                 |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 13,454                                 | 25,926                                 |
| Comprehensive income attributable to non-controlling interests | —                                      | —                                      |

## Consolidated statements of changes in equity

Fiscal year ended February 20, 2020

(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          | 321,056           | (1,387)         | 355,393                    |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (6,615)           |                 | (6,615)                    |
| Profit attributable to owners of parent              |                      |                 | 13,125            |                 | 13,125                     |
| Purchase of treasury shares                          |                      |                 |                   | (13)            | (13)                       |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | –                    | –               | 6,510             | (13)            | 6,497                      |
| Balance at end of period                             | 17,086               | 18,637          | 327,567           | (1,400)         | 361,890                    |

|  | 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                       | 3,534   | 3                                  | 282                                     | (138)                                   | 3,682  | 359,076          |
| Changes during period                                |   |                                    |   |   |  |                  |
| Dividends of surplus                                 |   |                                    |   |   |  | (6,615)          |
| Profit attributable to owners of parent              |   |                                    |   |   |  | 13,125           |
| Purchase of treasury shares                          |   |                                    |   |   |  | (13)             |
| Net changes in items other than shareholders' equity | 231   | 26                                 | 13                                      | 57                                      | 328  | 328              |
| Total changes during period                          | 231   | 26                                 | 13                                      | 57                                      | 328  | 6,825            |
| Balance at end of period                             | 3,766   | 29                                 | 295                                     | (80)                                    | 4,011  | 365,901          |

Fiscal year ended February 20, 2021

(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          | 327,567           | (1,400)         | 361,890                    |
| Changes during period   |                      |                 |                   |                 |                            |
| Dividends of surplus  |                      |                 | (7,350)           |                 | (7,350)                    |
| Profit attributable to owners of parent   |                      |                 | 26,163            |                 | 26,163                     |
| Purchase of treasury shares   |                      |                 |                   | (11)            | (11)                       |
| Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation |                      |                 | (78)              |                 | (78)                       |
| Net changes in items other than shareholders' equity                                      |                      |                 |                   |                 |                            |
| Total changes during period   | –                    | –               | 18,734            | (11)            | 18,723                     |
| Balance at end of period  | 17,086               | 18,637          | 346,301           | (1,411)         | 380,614                    |

|   | 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  | 3,766   | 29                                 | 295                                     | (80)                                    | 4,011  | 365,901          |
| Changes during period   |   |                                    |   |   |  |                  |
| Dividends of surplus  |   |                                    |   |   |  | (7,350)          |
| Profit attributable to owners of parent   |   |                                    |   |   |  | 26,163           |
| Purchase of treasury shares   |   |                                    |   |   |  | (11)             |
| Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation |   |                                    |   |   |  | (78)             |
| Net changes in items other than shareholders' equity                                      | 145   | (13)                               | (427)                                   | 58                                      | (237)  | (237)            |
| Total changes during period   | 145   | (13)                               | (427)                                   | 58                                      | (237)  | 18,486           |
| Balance at end of period  | 3,912   | 16                                 | (132)                                   | (22)                                    | 3,773  | 384,388          |



## Consolidated statements of cash flows

(Millions of yen)

|   | Fiscal year ended<br>February 20, 2020 | Fiscal year ended<br>February 20, 2021 |
|---|--|--|
| Cash flows from operating activities  |  |  |
| Profit before income taxes  | 20,793                                 | 38,446                                 |
| Depreciation  | 5,374                                  | 5,471                                  |
| Impairment loss   | 2,577                                  | 706                                    |
| Loss on store closings  | –                                      | 118                                    |
| Foreign exchange losses (gains)   | (82)                                   | (123)                                  |
| Loss (gain) on sales and retirement of non-current assets                                   | 41                                     | 101                                    |
| Loss (gain) on sales of investment securities   | –                                      | (459)                                  |
| Loss (gain) on valuation of investment securities   | –                                      | 185                                    |
| Gain on reversal of foreign currency translation adjustment                                 | –                                      | (398)                                  |
| Increase (decrease) in allowance for doubtful accounts                                      | 13                                     | (2)                                    |
| Increase (decrease) in provision for bonuses  | (16)                                   | 2,559                                  |
| Increase(decrease) in provision for executive officer's bonuses                             | 6                                      | (37)                                   |
| Increase (decrease) in provision for point card certificates                                | 42                                     | 176                                    |
| Increase(dcrease) in provision for part-time employees retirement                           | 22                                     | 29                                     |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 1                                      | (51)                                   |
| Increase(decrease)in provision for executive officer's retirement benefits                  | 65                                     | (55)                                   |
| Increase (decrease) in retirement benefit liability   | 236                                    | 194                                    |
| Interest and dividend income  | (441)                                  | (389)                                  |
| Decrease (increase) in trade receivables  | (1,285)                                | (652)                                  |
| Decrease (increase) in inventories  | (1,085)                                | 1,036                                  |
| Decrease (increase) in other current assets   | 393                                    | (3,497)                                |
| Increase (decrease) in trade payables   | 67                                     | 5,412                                  |
| Increase (decrease) in other current liabilities  | 2,132                                  | 4,024                                  |
| Other, net  | 519                                    | 764                                    |
| Subtotal  | 29,376                                 | 53,561                                 |
| Interest and dividends received   | 224                                    | 210                                    |
| Income taxes paid   | (6,797)                                | (7,538)                                |
| Net cash provided by (used in) operating activities   | 22,803                                 | 46,234                                 |
| Cash flows from investing activities  |  |  |
| Payments into time deposits   | (16,000)                               | (16,000)                               |
| Proceeds from withdrawal of time deposits   | 16,000                                 | 16,000                                 |
| Purchase of securities  | (222,000)                              | (442,000)                              |
| Proceeds from redemption of securities  | 237,000                                | 336,006                                |
| Purchase of property, plant and equipment   | (3,568)                                | (8,280)                                |
| Proceeds from sales of property, plant and equipment  | 33                                     | 104                                    |
| Proceeds from sales of intangible assets  | –                                      | 2                                      |
| Purchase of investment securities   | (168)                                  | (295)                                  |
| Proceeds from sales of investment securities  | –                                      | 622                                    |
| Payments for guarantee deposits, advances of construction                                   | (1,174)                                | (679)                                  |
| Proceeds from collection of guarantee deposits, advances of construction                    | 3,526                                  | 3,206                                  |
| Other, net  | 10                                     | (10)                                   |
| Net cash provided by (used in) investing activities   | 13,658                                 | (111,324)                              |

(Millions of yen)

|   | Fiscal year ended<br>February 20, 2020 | Fiscal year ended<br>February 20, 2021 |
|---|--|--|
| Cash flows from financing activities  |  |  |
| Purchase of treasury shares   | (13)                                   | (11)                                   |
| Dividends paid  | (6,617)                                | (7,351)                                |
| Net cash provided by (used in) financing activities   | (6,631)                                | (7,362)                                |
| Effect of exchange rate change on cash and cash equivalents                                       | (2)                                    | 31                                     |
| Net increase (decrease) in cash and cash equivalents  | 29,827                                 | (72,420)                               |
| Cash and cash equivalents at beginning of period  | 53,260                                 | 83,088                                 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | –                                      | (181)                                  |
| Cash and cash equivalents at end of period  | 83,088                                 | 10,486                                 |