

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 20, 2020 (Based on Japanese GAAP)

December 28, 2020

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 048-652-2131
 Scheduled date to file Quarterly Securities Report: January 4, 2021
 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, 2020 (from February 21, 2020 to November 20, 2020)

(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, 2020	404,453	2.6	31,161	64.5	31,968	64.2	21,551	70.5
Nine months ended November 20, 2019	394,318	(3.8)	18,947	(8.1)	19,467	(8.4)	12,643	(8.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 20, 2020	586.44		–	
Nine months ended November 20, 2019	344.01		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 20, 2020	457,634	380,190	83.1
As of February 20, 2020	407,981	365,901	89.7

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, 2020	–	100.00	–	100.00	200.00
Year ending February 20, 2021	–	100.00	–		
Year ending February 20, 2021 (Forecast)				100.00	200.00

3. Forecast of consolidated financial results for the year ending February 20, 2021 (from February 21, 2020 to February 20, 2021)

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	528,663	1.3	30,889	34.4	31,802	33.3	19,206	46.3	522.62

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 20, 2020
(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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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, 2020	36,913,299 shares	As of February 20, 2020	36,913,299 shares
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Number of treasury shares at the end of the period

As of November 20, 2020	163,452 shares	As of February 20, 2020	162,831 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 20, 2020	36,750,194 shares	Nine months ended November 20, 2019	36,751,406 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2020	As of November 20, 2020
Assets		
Current assets		
Cash and deposits	26,088	26,583
Accounts receivable - trade	5,971	11,491
Securities	152,006	180,000
Merchandise	51,646	61,531
Other	4,400	6,461
Total current assets	240,113	286,068
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	75,308	78,611
Land	49,140	49,148
Other, net	6,633	8,401
Total property, plant and equipment	131,082	136,161
Intangible assets		
Other	1,023	1,002
Total intangible assets	1,023	1,002
Investments and other assets		
Guarantee deposits	21,942	20,255
Other	13,876	15,351
Allowance for doubtful accounts	(57)	(1,205)
Total investments and other assets	35,762	34,402
Total non-current assets	167,868	171,566
Total assets	407,981	457,634
Liabilities		
Current liabilities		
Accounts payable - trade	18,661	41,703
Income taxes payable	4,475	6,835
Provision for bonuses	2,200	51
Provision executive officers' bonuses	37	26
Provision for point card certificates	157	325
Other	11,626	19,767
Total current liabilities	37,158	68,709
Non-current liabilities		
provision for part-time employees retirement	1,041	1,070
Provision for retirement benefits for directors (and other officers)	167	148
Provision for executive officers' retirement benefits	192	149
Retirement benefit liability	1,215	1,321
Asset retirement obligations	2,115	5,833
Other	189	211
Total non-current liabilities	4,921	8,733
Total liabilities	42,079	77,443

(Millions of yen)

	As of February 20, 2020	As of November 20, 2020
Net assets		
Shareholders' equity		
Share capital	17,086	17,086
Capital surplus	18,637	18,637
Retained earnings	327,567	341,690
Treasury shares	(1,400)	(1,406)
Total shareholders' equity	361,890	376,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,766	4,340
Deferred gains or losses on hedges	29	(2)
Foreign currency translation adjustment	295	(107)
Remeasurements of defined benefit plans	(80)	(48)
Total accumulated other comprehensive income	4,011	4,182
Total net assets	365,901	380,190
Total liabilities and net assets	407,981	457,634

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, 2019	Nine months ended November 20, 2020
Net sales	394,318	404,453
Cost of sales	264,042	266,491
Gross profit	130,275	137,961
Operating revenue	696	716
Operating gross profit	130,971	138,678
Selling, general and administrative expenses	112,024	107,517
Operating profit	18,947	31,161
Non-operating income		
Interest income	196	159
Dividend income	141	148
Gain on sales of investment securities	–	218
Miscellaneous income	275	345
Total non-operating income	613	872
Non-operating expenses		
Provision of allowance for doubtful accounts	16	–
Foreign exchange losses	65	59
Miscellaneous loss	11	5
Total non-operating expenses	93	65
Ordinary profit	19,467	31,968
Extraordinary income		
Gain on reversal of foreign currency translation adjustment	–	398
Total extraordinary income	–	398
Extraordinary losses		
Loss on sales and retirement of non-current assets	104	89
Impairment loss	70	172
Loss on disaster	213	106
Early termination fee	91	–
Loss on valuation of investment securities	–	191
Loss on store closings	–	118
Other	1	24
Total extraordinary losses	481	702
Profit before income taxes	18,986	31,664
Income taxes	6,343	10,112
Profit	12,643	21,551
Profit attributable to owners of parent	12,643	21,551

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 20, 2019	Nine months ended November 20, 2020
Profit	12,643	21,551
Other comprehensive income		
Valuation difference on available-for-sale securities	(73)	574
Deferred gains or losses on hedges	(3)	(32)
Foreign currency translation adjustment	33	(402)
Remeasurements of defined benefit plans, net of tax	19	32
Total other comprehensive income	(24)	171
Comprehensive income	12,618	21,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,618	21,723
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 20, 2019	Nine months ended November 20, 2020
Cash flows from operating activities		
Profit before income taxes	18,986	31,664
Depreciation	4,121	4,085
Impairment loss	70	172
Loss on store closings	–	118
Increase (decrease) in allowance for doubtful accounts	19	–
Increase (decrease) in provision for bonuses	(2,162)	(2,148)
Increase(decrease) in provision for executive officer's bonuses	(5)	(10)
Increase (decrease) in provision for point card certificates	35	168
increase (decrease) in provision for part-time employees retirement	29	28
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	(18)
Increase(decrease) in provision for executive officers' retirement benefits	44	(42)
Increase (decrease) in retirement benefit liability	174	153
Interest and dividend income	(337)	(308)
Foreign exchange losses (gains)	64	21
Loss (gain) on sales and retirement of non-current assets	37	6
Loss (gain) on valuation of investment securities	–	191
Loss (gain) on sales of investment securities	–	(218)
Gain on reversal of foreign currency translation adjustment	–	(398)
Decrease (increase) in trade receivables	(6,025)	(5,521)
Decrease (increase) in inventories	(17,521)	(9,900)
Decrease (increase) in other current assets	(1,365)	(2,302)
Increase (decrease) in trade payables	21,868	23,098
Increase (decrease) in other current liabilities	7,277	7,923
Other, net	73	120
Subtotal	25,387	46,884
Interest and dividends received	170	172
Income taxes paid	(6,803)	(7,545)
Net cash provided by (used in) operating activities	18,754	39,511
Cash flows from investing activities		
Payments into time deposits	(8,000)	(8,000)
Proceeds from withdrawal of time deposits	8,000	8,000
Purchase of securities	(141,000)	(340,000)
Proceeds from redemption of securities	157,000	247,006
Purchase of property, plant and equipment	(2,634)	(5,556)
Proceeds from sales of property, plant and equipment	33	41
Purchase of investment securities	(168)	(295)
Proceeds from sales of investment securities	–	310
Payments of guarantee deposits	(904)	(412)
Proceeds from refund of guarantee deposits	2,556	2,384
Other, net	3	(6)
Net cash provided by (used in) investing activities	14,886	(96,528)

(Millions of yen)

	Nine months ended November 20, 2019	Nine months ended November 20, 2020
Cash flows from financing activities		
Purchase of treasury shares	(9)	(5)
Dividends paid	(6,593)	(7,333)
Net cash provided by (used in) financing activities	(6,602)	(7,338)
Effect of exchange rate change on cash and cash equivalents	(23)	31
Net increase (decrease) in cash and cash equivalents	27,014	(64,323)
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	80,275	18,583