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Consolidated Financial Results for the Three Months Ended November 30, 2021 [Japanese GAAP]

January 11, 2022

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 12, 2022

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, 2021 (September 01, 2021 to November 30, 2021)

(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, 2021	17,216	32.4	1,206	86.9	1,268	88.5	850	89.2
November 30, 2020	13,004	(17.5)	645	(34.8)	673	(24.6)	449	(22.0)

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

Three months ended November 30, 2020: ¥ 552 million [(16.8)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2021	63.72		-	
November 30, 2020	33.71		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of November 30, 2021	58,525		32,339		55.1	
August 31, 2021	56,905		31,951		56.0	

(Reference) Equity: As of November 30, 2021: ¥ 32,224 million

As of August 31, 2021: ¥ 31,841 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, 2021	-	35.00	-	37.00	72.00
Fiscal year ending August 31, 2022	-				
Fiscal year ending August 31, 2022 (Forecast)		37.00	-	37.00	74.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2022(September 01, 2021 to August 31, 2022)

(% 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, 2022	33,000	14.9	2,018	12.3	2,089	14.1	1,440	18.8	107.91
Full year	67,000	9.5	4,300	7.4	4,400	6.3	3,000	8.4	224.72

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended November 30, 2021

(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: Yes

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, 2021: 14,415,319 shares

August 31, 2021: 14,415,319 shares

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

November 30, 2021: 1,065,241 shares

August 31, 2021: 1,065,104 shares

3) Average number of shares during the period:

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

Three months ended November 30, 2020: 13,337,030 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of August 31,2021	As of November 30,2021
Assets		
Current assets		
Cash and deposits	14,879,840	15,826,356
Notes and accounts receivable - trade	10,325,109	9,751,240
Electronically recorded monetary claims - operating	5,688,652	5,698,403
Merchandise and finished goods	10,749,453	11,452,387
Work in process	1,777,287	3,278,890
Raw materials and supplies	929,745	604,559
Other	3,209,892	2,544,389
Allowance for doubtful accounts	(3,863)	(3,579)
Total current assets	47,556,118	49,152,647
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,075,390	2,063,389
Other, net	4,447,625	4,407,345
Total property, plant and equipment	6,523,016	6,470,735
Intangible assets		
Goodwill	47,821	43,039
Other	388,601	464,523
Total intangible assets	436,423	507,563
Investments and other assets		
Investment securities	2,063,807	2,078,161
Other	328,258	317,742
Allowance for doubtful accounts	(1,775)	(1,775)
Total investments and other assets	2,390,290	2,394,128
Total non-current assets	9,349,730	9,372,427
Total assets	56,905,848	58,525,075
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,546,694	10,335,857
Electronically recorded obligations - operating	3,649,457	4,007,550
Short-term borrowings	1,197,700	2,231,700
Current portion of long-term borrowings	19,992	19,992
Income taxes payable	525,017	596,031
Advances received	6,752,169	6,448,820
Provisions	302,989	114,602
Other	896,452	1,443,929
Total current liabilities	23,890,473	25,198,484
Non-current liabilities		
Long-term borrowings	13,408	8,410
Retirement benefit liability	32,241	32,972
Other	1,018,517	945,858
Total non-current liabilities	1,064,166	987,240
Total liabilities	24,954,640	26,185,725

(Thousand yen)

	As of August 31,2021	As of November 30,2021
Net assets		
Shareholders' equity		
Share capital	951,106	951,106
Capital surplus	1,676,950	1,676,950
Retained earnings	29,908,859	30,265,580
Treasury shares	(801,250)	(801,570)
Total shareholders' equity	31,735,665	32,092,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377,531	385,230
Deferred gains or losses on hedges	(3,026)	(56,409)
Revaluation reserve for land	(641,184)	(641,184)
Foreign currency translation adjustment	372,418	444,503
Total accumulated other comprehensive income	105,739	132,139
Non-controlling interests	109,802	115,145
Total net assets	31,951,207	32,339,350
Total liabilities and net assets	56,905,848	58,525,075

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 30,2020	For the three months ended November 30,2021
Net sales	13,004,445	17,216,182
Cost of sales	10,847,236	14,312,444
Gross profit	2,157,208	2,903,738
Selling, general and administrative expenses	1,511,683	1,697,001
Operating profit	645,524	1,206,736
Non-operating income		
Interest income	2,867	4,007
Dividend income	3,400	3,886
Foreign exchange gains	-	52,253
Rental income	12,839	11,261
Other	31,289	6,034
Total non-operating income	50,396	77,442
Non-operating expenses		
Interest expenses	777	14,916
Foreign exchange losses	16,885	-
Other	5,182	543
Total non-operating expenses	22,845	15,459
Ordinary profit	673,075	1,268,719
Extraordinary income		
Gain on sale of non-current assets	403	-
Total extraordinary income	403	-
Extraordinary losses		
Loss on sale and retirement of non-current assets	228	712
Total extraordinary losses	228	712
Profit before income taxes	673,250	1,268,006
Income taxes - current	244,187	449,817
Income taxes - deferred	(24,079)	(36,541)
Total income taxes	220,108	413,276
Profit	453,142	854,730
Profit attributable to non-controlling interests	3,581	4,051
Profit attributable to owners of parent	449,560	850,678

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

(Thousand yen)

	For the three months ended November 30,2020	For the three months ended November 30,2021
Profit	453,142	854,730
Other comprehensive income		
Valuation difference on available-for-sale securities	8,280	7,698
Deferred gains or losses on hedges	14,537	(53,383)
Foreign currency translation adjustment	76,465	72,084
Total other comprehensive income	99,284	26,399
Comprehensive income	552,427	881,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	547,069	875,787
Comprehensive income attributable to non-controlling interests	5,357	5,342