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## Consolidated Financial Results for the Three Months Ended November 30, 2023 [Japanese GAAP]

January 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

President & CEO

Contact: Seiji Miwa

Executive Officer

Phone: +81-52-796-2533

Scheduled date of filing quarterly securities report: January 12, 2024

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, 2023 (September 1, 2023 to November 30, 2023)

#### (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                         | %      |
| Three months ended November 30, 2023 | 16,997          | (28.8) | 534              | (76.6) | 739             | (67.2) | 487                                     | (67.7) |
| November 30, 2022                    | 23,879          | 38.7   | 2,280            | 89.0   | 2,255           | 77.8   | 1,508                                   | 77.3   |

(Note) Comprehensive income: Three months ended November 30, 2023: ¥ 739 million [ (51.4)%]  
Three months ended November 30, 2022: ¥ 1,522 million [ 72.8%]

|                                      | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
|                                      | Yen                      | Yen                        |
| Three months ended November 30, 2023 | 36.45                    | -                          |
| November 30, 2022                    | 112.89                   | -                          |

#### (2) Consolidated Financial Position

|                         | Total assets    | Net assets      | Capital adequacy ratio |
|-------------------------|-----------------|-----------------|------------------------|
|                         | Millions of yen | Millions of yen | %                      |
| As of November 30, 2023 | 57,883          | 39,316          | 67.7                   |
| August 31, 2023         | 58,924          | 39,246          | 66.4                   |

(Reference) Equity: As of November 30, 2023: ¥ 39,170 million  
As of August 31, 2023: ¥ 39,104 million

## 2. Dividends

|  | Annual dividends   |                    |                    |          |        |
|--|--------------------|--------------------|--------------------|----------|--------|
|  | 1st<br>quarter-end | 2nd<br>quarter-end | 3rd<br>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               | -                  |                    |                    |          |        |
| Fiscal year ending August 31, 2024<br>(Forecast) |                    | 50.00              | -                  | 50.00    | 100.00 |

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

(Note) Breakdown of the 1st 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                      |
| Six months ending February 29, 2024 | 35,000          | (15.7) | 1,600            | (52.5) | 1,650           | (50.5) | 1,100                                   | (52.0) | 82.23                    |
| 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 three months ended November 30, 2023

(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):

November 30, 2023: 14,415,319 shares

August 31, 2023: 14,415,319 shares

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

November 30, 2023: 1,039,747 shares

August 31, 2023: 1,038,500 shares

3) Average number of shares outstanding during the period:

Three months ended November 30, 2023: 13,376,615 shares

Three months ended November 30, 2022: 13,363,956 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousands of yen)

|   | As of August 31, 2023 | As of November 30, 2023 |
|---|-----------------------|-------------------------|
| <b>Assets</b>                                       |                       |                         |
| 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              |
| <b>Liabilities</b>                                  |                       |                         |
| 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<br>ended November 30, 2022 | For the three months<br>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<br>ended November 30, 2022 | For the three months<br>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   |