

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Nine Months Ended May 31, 2024 [Japanese GAAP]

July 12, 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

Scheduled date of filing quarterly securities report: July 16, 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

President & CEO

Executive Officer

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

1. Consolidated Financial Results for the Nine Months Ended May 31, 2024 (September 1, 2023 to May 31, 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	%
Nine months ended May 31, 2024	56,991	(2.6)	2,340	(43.9)	2,634	(35.5)	1,812	(36.2)
May 31, 2023	58,499	5.9	4,174	(8.1)	4,082	(13.6)	2,841	(11.0)

(Note) Comprehensive income: Nine months ended May 31, 2024: ¥ 2,754 million [(1.4)%]
Nine months ended May 31, 2023: ¥ 2,794 million [(32.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2024	135.41	-
May 31, 2023	212.49	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	63,706	40,698	63.7
August 31, 2023	58,924	39,246	66.4

(Reference) Equity: As of May 31, 2024: ¥ 40,551 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 3rd 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 nine months ended May 31, 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):

May 31, 2024:	14,415,319 shares
August 31, 2023:	14,415,319 shares

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

May 31, 2024:	1,025,694 shares
August 31, 2023:	1,038,500 shares

3) Average number of shares outstanding during the period:

Nine months ended May 31, 2024:	13,384,740 shares
Nine months ended May 31, 2023:	13,372,173 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	17,795,843	17,201,480
Notes receivable - trade	956,019	83,348
Accounts receivable - trade	10,414,919	11,596,049
Electronically recorded monetary claims - operating	6,175,433	8,197,887
Merchandise and finished goods	6,362,089	9,104,106
Work in process	1,432,710	1,260,748
Raw materials and supplies	785,064	696,438
Other	3,084,765	2,954,383
Allowance for doubtful accounts	(3,995)	(4,999)
Total current assets	47,002,849	51,089,443
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,016,504	3,235,475
Other, net	4,946,731	4,818,692
Total property, plant and equipment	7,963,235	8,054,168
Intangible assets		
Goodwill	9,564	20,273
Other	1,043,947	913,220
Total intangible assets	1,053,511	933,493
Investments and other assets		
Investment securities	2,534,231	3,020,629
Other	372,410	610,694
Allowance for doubtful accounts	(1,775)	(2,100)
Total investments and other assets	2,904,867	3,629,223
Total non-current assets	11,921,614	12,616,884
Total assets	58,924,463	63,706,328
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,300,905	11,928,463
Electronically recorded obligations - operating	3,259,164	3,407,242
Income taxes payable	388,464	277,959
Contract liabilities	2,535,186	3,750,951
Provisions	383,911	147,379
Other	1,149,689	1,559,081
Total current liabilities	18,017,321	21,071,078
Non-current liabilities		
Retirement benefit liability	42,581	46,683
Other	1,618,311	1,890,498
Total non-current liabilities	1,660,893	1,937,181
Total liabilities	19,678,214	23,008,259

(Thousands of yen)

	As of August 31, 2023	As of May 31, 2024
Net assets		
Shareholders' equity		
Share capital	951,106	951,106
Capital surplus	1,711,740	1,735,112
Retained earnings	35,166,941	35,637,228
Treasury shares	(781,470)	(771,685)
Total shareholders' equity	37,048,318	37,551,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	723,088	1,104,149
Deferred gains or losses on hedges	-	2,852
Revaluation reserve for land	(641,184)	(641,184)
Foreign currency translation adjustment	1,974,691	2,534,281
Total accumulated other comprehensive income	2,056,595	3,000,099
Non-controlling interests	141,334	146,207
Total net assets	39,246,249	40,698,068
Total liabilities and net assets	58,924,463	63,706,328

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

	For the nine months ended May 31, 2023	For the nine months ended May 31, 2024
Net sales	58,499,995	56,991,115
Cost of sales	48,439,622	48,299,256
Gross profit	10,060,373	8,691,858
Selling, general and administrative expenses	5,886,063	6,351,016
Operating profit	4,174,309	2,340,842
Non-operating income		
Interest income	29,791	39,556
Dividend income	23,531	31,623
Foreign exchange gains	-	10,863
Rental income	27,182	25,824
Refund income	1,656	154,396
Other	43,326	35,197
Total non-operating income	125,488	297,462
Non-operating expenses		
Interest expenses	1,307	1,191
Foreign exchange losses	168,592	-
Loss on cancellation of leases	-	947
Other	46,920	1,841
Total non-operating expenses	216,821	3,981
Ordinary profit	4,082,977	2,634,323
Extraordinary income		
Gain on sale of non-current assets	9,168	11,254
Total extraordinary income	9,168	11,254
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,094	4,578
Other	-	618
Total extraordinary losses	1,094	5,197
Profit before income taxes	4,091,050	2,640,380
Income taxes - current	1,176,917	993,901
Income taxes - deferred	67,014	(164,597)
Total income taxes	1,243,932	829,303
Profit	2,847,118	1,811,076
Profit (loss) attributable to non-controlling interests	5,731	(1,383)
Profit attributable to owners of parent	2,841,387	1,812,460

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

(Thousands of yen)

	For the nine months ended May 31, 2023	For the nine months ended May 31, 2024
Profit	2,847,118	1,811,076
Other comprehensive income		
Valuation difference on available-for-sale securities	49,236	381,061
Deferred gains or losses on hedges	-	2,852
Foreign currency translation adjustment	(101,816)	559,590
Total other comprehensive income	(52,580)	943,504
Comprehensive income	2,794,538	2,754,580
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,795,614	2,749,666
Comprehensive income attributable to non-controlling interests	(1,075)	4,914