

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



January 7, 2022

Company name: Belc CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9974

URL: <https://www.belc.jp>

Representative: Issei Harashima, President and Representative Director

Contact: Hideo Ueda, Senior Managing Director; Associate GM of Compliance Office; Responsible for Finance and Accounting Department and Operations Support Department, and in charge of Legal Affairs

Phone: +81-49-287-0111

Scheduled date of filing quarterly securities report: January 11, 2022

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended November 30, 2021 (March 1, 2021 – November 30, 2021)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
November 30, 2021	222,935	6.2	10,105	9.2	10,700	8.8	7,188	3.1
November 30, 2020	209,844	19.3	9,253	30.2	9,832	29.8	6,971	36.3

(Note) Comprehensive income: Nine months ended November 30, 2021: ¥7,229 million [3.1%]

Nine months ended November 30, 2020: ¥7,014 million [37.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
November 30, 2021	344.49	–
November 30, 2020	334.11	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2021	148,113	81,656	55.1
As of February 28, 2021	136,558	76,283	55.9

(Reference) Equity: As of November 30, 2021: ¥81,656 million

As of February 28, 2021: ¥76,283 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 February 28, 2021	–	40.00	–	46.00	86.00
Fiscal year ending February 28, 2022	–	43.00	–		
Fiscal year ending February 28, 2022 (Forecast)				43.00	86.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	283,597	(0.3)	11,308	(5.2)	11,996	(5.4)	8,031	(9.0)	384.88

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Changes in significant subsidiaries during the period: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: –
Excluded: –
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
 - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

November 30, 2021:	20,867,800 shares
February 28, 2021:	20,867,800 shares
 - 2) Total number of treasury shares at the end of the period:

November 30, 2021:	1,207 shares
February 28, 2021:	1,153 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Nine months ended November 30, 2021:	20,866,632 shares
Nine months ended November 30, 2020:	20,866,733 shares

* These quarterly consolidated financial results are outside the scope of quarterly reviews by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecasts and other notes

The business outlook and other forward-looking statements in these materials are based on information currently available to the Company and certain assumptions that are deemed reasonable. Actual financial results, etc. may significantly vary from these forecasts due to various factors. For the assumptions used in the above financial results forecasts and other related matters, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements ..	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statements of Income	6
Quarterly Consolidated Statements of Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on going concern assumption)	8
(Notes in case of significant changes in shareholders' equity)	8

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the nine months ended November 30, 2021, expectations are high for the Japanese economy to recover as the level of social and economic activity gradually increases, with efforts, including the COVID-19 vaccination rollout. However, due care must still be taken with respect to the risk of the trends of COVID-19 causing downturns in the domestic or overseas economies, and the economic outlook, including the impact of changes in the financial and capital markets, remains uncertain.

In the retail industry, amid the changes in lifestyle and still continuing decline in consumer spending due to the spread of COVID-19, conditions remain harsh, with increasingly fierce competition across business types and categories.

In this environment, the Belc Group (the “Group”) has worked to sell delicious and fresh products, emphasize our price appeal, and create stores that are supported and trusted by customers, led by our motto of “Better Quality & Lower Price,” so that we, as a supermarket, can provide members of local communities with richer lives.

Below is an overview of the main initiatives we have implemented.

In our sales measures, we have continued with business as usual, supplied products, and fulfilled our role as a lifeline in communities while employing various measures to prevent the spread of COVID-19. In April, to commemorate the number of Belc card members exceeding two million, we made efforts to give customers more incentives to visit our stores, including a massive promotional campaign in which customers won big prizes. We have also been enhancing the convenience of our customers by gradually expanding the stores that support “Belc otodoke (delivery) pack,” our online grocery shopping service, and “smabelc,” a service that enables smart shopping and eases the lines at the check-out counters. Furthermore, we have pushed ahead with our efforts to provide shopping assistance to the elderly and other customers through increasing the availability of our mobile supermarket, “Tokushimaru.”

In our product measures, we have promoted our select products by creating conceptual flyers that focus on the products. We also have expanded our offering of products in our private brand, “kurabelc (Belc for everyday life),” successively launching new and reasonably priced products that help improve people’s daily lives.

In our store operations, we have used the Company’s greatest feature, our standardized corporate structure, as a foundation on which we have firmly established our labor scheduling program (LSP), appropriately allocated personnel, and leveraged labor-saving equipment to promote efficient chain operation.

As for our store investments, we newly opened Toda Hikawa-cho Store in Toda City, Saitama Prefecture in July 2021, Forte Ota Store in Ota City, Gunma Prefecture in October 2021 and Sagamihara Miyashimohoncho Store in Sagamihara City, Kanagawa Prefecture in November 2021. In addition, we renovated five existing stores, expanded their deli and convenience food selections, and updated the facilities to provide more pleasant shopping environments. In March 2021, we closed Satte Minami Store in Satte City, Saitama Prefecture. As a result, we operate 125 stores as of November 30, 2021.

We have leveraged our in-house logistics strengths to carry out large-scale batch procurement of products from production sites and manufacturers, through which we aim to improve our delivery efficiency and product price competitiveness while achieving more consistent product quality. We have also continued to review and revise our delivery system based on the work performed at stores, and to improve the efficiency of store operations.

As a result, operating income (net sales and operating revenue combined) for the nine months ended November 30, 2021 was ¥222,935 million (106.2% of that of the same period of the previous fiscal year), operating profit was ¥10,105 million (109.2% of that of the same period of the previous fiscal year), ordinary profit was ¥10,700 million (108.8% of that of the same period of the previous fiscal year) and profit attributable to owners of parent was ¥7,188 million (103.1% of that of the same period of the previous fiscal year).

(2) Explanation of Financial Position

(Assets)

Total assets as of November 30, 2021 were ¥148,113 million, an increase of ¥11,554 million compared with the end of the previous fiscal year.

Current assets were ¥24,630 million, an increase of ¥1,375 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,385 million in cash and deposits.

Non-current assets were ¥123,483 million, an increase of ¥10,179 million compared with the end of the previous fiscal year, due mainly to increases of ¥4,670 million in land and ¥1,407 million in guarantee deposits.

(Liabilities)

Liabilities were ¥66,457 million, an increase of ¥6,182 million compared with the end of the previous fiscal year.

Current liabilities were ¥36,044 million, an increase of ¥1,296 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,249 million in accounts payable - trade.

Non-current liabilities were ¥30,412 million, an increase of ¥4,886 million compared with the end of the previous fiscal year, due mainly to an increase of ¥4,996 million in long-term borrowings.

(Net assets)

Net assets were ¥81,656 million, an increase of ¥5,372 million compared with the end of the previous fiscal year, due mainly to an increase of ¥5,331 million in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

As for the future outlook, in an environment of the daily fluctuations in the spread of COVID-19, expectations are high for economic activities to resume, as the vaccination was generally completed and discussions about the third (booster) shots are taking place. Nevertheless, given the difficulty of predicting when the pandemic will actually be contained and the prevailing economic instability, the economic outlook is expected to remain uncertain.

Taking into consideration the above circumstances, the Company has decided not to revise the financial results forecast for the fiscal year ending February 28, 2022 announced on April 9, 2021. Out of five new stores planned to be opened during the fiscal year ending February 28, 2022, we have decided to postpone the opening of one store that was planned to be opened in late February 2022. However, its impact on our business performance will be immaterial as we plan to renovate one existing store additionally. Going forward, the Company will disclose any events that could significantly impact its business performance as soon as they occur.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	7,369	8,755
Accounts receivable - trade	4,282	4,667
Merchandise and finished goods	7,013	7,975
Raw materials and supplies	258	256
Other	4,331	2,975
Total current assets	23,255	24,630
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	58,997	58,782
Land	33,083	37,754
Other, net	6,294	10,506
Total property, plant and equipment	98,376	107,043
Intangible assets	1,443	1,599
Investments and other assets		
Deferred tax assets	2,371	2,056
Guarantee deposits	8,152	9,559
Other	3,016	3,279
Allowance for doubtful accounts	(56)	(55)
Total investments and other assets	13,484	14,839
Total non-current assets	113,303	123,483
Total assets	136,558	148,113

(Million yen)

	As of February 28, 2021	As of November 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	17,349	18,598
Short-term borrowings	800	500
Current portion of long-term borrowings	5,311	5,764
Lease obligations	906	651
Income taxes payable	2,375	1,425
Provision for bonuses	1,065	381
Provision for bonuses for directors (and other officers)	83	60
Provision for point card certificates	398	424
Provision for loss on store closings	10	–
Other	6,447	8,238
Total current liabilities	34,748	36,044
Non-current liabilities		
Long-term borrowings	13,911	18,908
Lease obligations	1,074	618
Provision for retirement benefits for directors (and other officers)	179	180
Retirement benefit liability	307	257
Guarantee deposited	4,496	4,768
Asset retirement obligations	5,048	5,218
Other	509	461
Total non-current liabilities	25,526	30,412
Total liabilities	60,274	66,457
Net assets		
Shareholders' equity		
Share capital	3,912	3,912
Capital surplus	4,102	4,102
Retained earnings	68,549	73,881
Treasury shares	(3)	(3)
Total shareholders' equity	76,562	81,893
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8)	2
Remeasurements of defined benefit plans	(269)	(239)
Total accumulated other comprehensive income	(278)	(236)
Total net assets	76,283	81,656
Total liabilities and net assets	136,558	148,113

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended November 30, 2020 and 2021

(Million yen)

	For the nine months ended November 30, 2020	For the nine months ended November 30, 2021
Net sales	207,690	220,405
Cost of sales	155,311	165,473
Gross profit	52,378	54,931
Operating revenue	2,153	2,530
Operating costs	782	908
Operating gross profit	53,749	56,553
Selling, general and administrative expenses	44,496	46,448
Operating profit	9,253	10,105
Non-operating income		
Interest income	28	28
Dividend income	1	1
Administrative service fee income	424	462
Penalty income from leaving tenants	8	—
Gain on adjustment of account payable	21	15
Other	174	150
Total non-operating income	659	659
Non-operating expenses		
Interest expenses	68	60
Other	11	3
Total non-operating expenses	79	63
Ordinary profit	9,832	10,700
Extraordinary income		
Gain on sales of non-current assets	0	5
Gain on reversal of asset retirement obligations	14	—
Insurance claim income	567	—
Total extraordinary income	581	5
Extraordinary losses		
Loss on sales of non-current assets	—	12
Loss on retirement of non-current assets	30	67
Impairment loss	35	—
Loss on fire	681	—
Provision for loss on store closings	10	—
Total extraordinary losses	759	80
Profit before income taxes	9,655	10,626
Income taxes - current	2,629	3,141
Income taxes - deferred	54	297
Total income taxes	2,683	3,438
Profit	6,971	7,188
Profit attributable to owners of parent	6,971	7,188

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended November 30, 2020 and 2021

(Million yen)

	For the nine months ended November 30, 2020	For the nine months ended November 30, 2021
Profit	6,971	7,188
Other comprehensive income		
Valuation difference on available-for-sale securities	7	11
Remeasurements of defined benefit plans, net of tax	34	30
Total other comprehensive income	42	41
Comprehensive income	7,014	7,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,014	7,229
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.