

Non-consolidated Financial Results for the Three Months Ended May 31, 2022 [Japanese GAAP]



June 28, 2022

Company name: Halows Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2742
 URL: <http://www.halows.com/en/>
 Representative: Toshiyuki Sato, President and Chief Executive Officer
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 Scheduled date of filing quarterly securities report: July 12, 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. Non-consolidated Financial Results for the Three Months Ended May 31, 2022 (March 1, 2022 – May 31, 2022)

(1) Non-consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Operating income*		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
May 31, 2022	41,655	6.6	2,163	9.3	2,170	9.4	1,479	9.8
May 31, 2021	39,080	2.7	1,980	3.5	1,984	4.0	1,347	1.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 31, 2022	69.25	69.08
May 31, 2021	63.13	62.96

* Operating income is the sum of net sales and operating revenue.

(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the fiscal year under review. Accordingly, each figure for the three months ended May 31, 2022 is based on the amount after the application of the said standard, etc. The percentage of changes from the previous corresponding period is calculated by comparing the results for the fiscal year ended February 28, 2022, before the application of the said standard, etc.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2022	89,837	50,473	56.0
As of February 28, 2022	87,266	49,400	56.5

(Reference) Equity: As of May 31, 2022: ¥50,338 million

As of February 28, 2022: ¥49,279 million

(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the fiscal year under review. Accordingly, each figure for the three months ended May 31, 2022 is based on the amount after the application of the said standard, etc.

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	–	18.00	–	20.00	38.00
Fiscal year ending February 28, 2023	–				
Fiscal year ending February 28, 2023 (Forecast)		20.00	–	20.00	40.00

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

3. Non-consolidated Financial Results Forecasts for the Fiscal Year Ending February 28, 2023 (March 1, 2022 – February 28, 2023)

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	82,810	2.4	4,340	8.0	4,330	7.6	2,940	7.7	137.63
Full year	166,000	1.6	8,700	0.1	8,750	0.4	5,940	0.1	278.07

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

(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the fiscal year under review. Accordingly, the forecasts for the fiscal year ending February 28, 2023 are based on the amounts after the application of the said standard, etc., and the percentage of changes from the previous corresponding period is calculated by comparing the results for the fiscal year ended February 28, 2022, before the application of the said standard, etc.

*** Notes:**

- (1) Accounting methods adopted particularly for the preparation of quarterly non-consolidated financial statements: Yes
(Note) For details, please see “2. Quarterly Non-consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Non-consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly non-consolidated financial statements)” on page 6 of the attached documents (available in Japanese only).
- (2) 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: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) 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):

As of May 31, 2022:	21,423,900 shares
As of February 28, 2022:	21,423,900 shares
 - 2) Total number of treasury shares at the end of the period:

As of May 31, 2022:	62,317 shares
As of February 28, 2022:	62,317 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended May 31, 2022:	21,361,583 shares
Three months ended May 31, 2021:	21,349,283 shares

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

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

- The financial results forecasts and other forward-looking statements contained in this document are based on the information available to the Company and certain assumptions deemed to be reasonable as of the date of publication of this document, and actual results may differ significantly due to various factors. For the assumptions that the financial results forecasts are based on and cautionary notes on the use of the forecasts, please see “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Non-consolidated Financial Results Forecasts and Other Forward-looking Information” on page 2 of the attached documents (available in Japanese only).

2. Quarterly Non-consolidated Financial Statements and Principal Notes
(1) Quarterly Non-consolidated Balance Sheets

(Million yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	13,396	13,490
Accounts receivable - trade	691	892
Merchandise	3,339	3,541
Supplies	4	4
Other	2,200	2,182
Allowance for doubtful accounts	(4)	(4)
Total current assets	19,627	20,106
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,070	55,500
Accumulated depreciation	(21,827)	(22,279)
Buildings and structures, net	32,243	33,221
Land	18,382	18,694
Other	13,748	14,463
Accumulated depreciation	(7,874)	(7,881)
Other, net	5,874	6,581
Total property, plant and equipment	56,500	58,497
Intangible assets		
Other	301	333
Total intangible assets	301	333
Investments and other assets		
Leasehold and guarantee deposits	2,728	2,753
Construction assistance fund receivables	1,364	1,426
Long-term prepaid expenses	4,856	4,834
Other	1,887	1,885
Total investments and other assets	10,836	10,899
Total non-current assets	67,638	69,731
Total assets	87,266	89,837

(Million yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	8,615	9,932
Current portion of long-term borrowings	3,289	3,341
Lease obligations	520	521
Accounts payable - other	1,563	1,906
Accrued expenses	1,297	1,685
Advances received	2,017	-
Income taxes payable	1,910	766
Provision for point card certificates	598	-
Contract liabilities	-	2,607
Other	1,296	1,260
Total current liabilities	21,109	22,022
Non-current liabilities		
Long-term borrowings	9,431	9,957
Lease obligations	847	873
Provision for retirement benefits	748	758
Asset retirement obligations	1,497	1,538
Deposits for construction assistance fund receivables	991	964
Long-term leasehold and guarantee deposits received	2,029	2,050
Long-term unearned revenue	902	890
Other	308	308
Total non-current liabilities	16,756	17,342
Total liabilities	37,865	39,364
Net assets		
Shareholders' equity		
Share capital	5,430	5,430
Capital surplus	5,379	5,379
Retained earnings	38,579	39,638
Treasury shares	(111)	(111)
Total shareholders' equity	49,278	50,337
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Share acquisition rights	121	134
Total net assets	49,400	50,473
Total liabilities and net assets	87,266	89,837

(2) Quarterly Non-consolidated Statements of Income
 Three Months Ended May 31

(Million yen)

	For the three months ended May 31, 2021	For the three months ended May 31, 2022
Net sales	38,089	40,371
Cost of sales	28,414	30,183
Gross profit	9,674	10,187
Operating revenue	991	1,283
Operating gross profit	10,666	11,471
Selling, general and administrative expenses		
Advertising expenses	247	321
Supplies expenses	365	420
Salaries and bonuses	3,713	3,767
Share-based remuneration expenses	5	13
Retirement benefit expenses	17	20
Legal and other welfare expenses	471	494
Rent expenses on land and buildings	1,097	1,193
Rent expenses	51	39
Utilities expenses	541	738
Repair expenses	153	167
Depreciation	840	873
Taxes and dues	261	291
Other	919	965
Total selling, general and administrative expenses	8,685	9,307
Operating profit	1,980	2,163
Non-operating income		
Interest income	5	5
Purchase discounts	6	4
Other	22	20
Total non-operating income	34	31
Non-operating expenses		
Interest expenses	28	23
Other	3	1
Total non-operating expenses	31	24
Ordinary profit	1,984	2,170
Extraordinary income		
Gain on cancellation of leasehold contracts	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Total extraordinary losses	0	1
Profit before income taxes	1,984	2,169
Income taxes	637	689
Profit	1,347	1,479