

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 15, 2022 (Based on Japanese GAAP)

October 26, 2022

Company name: CAWACHI LIMITED
 Stock exchange listing: Tokyo
 Stock code: 2664 URL <https://www.cawachi.co.jp/>
 Representative: President Shinji Kawachi
 Inquiries: Corporate Officer Hiroshi Asuke TEL 0285-32-1131
 Director Administration Manager
 Scheduled date to file Quarterly Securities Report: October 27, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 15, 2022 (from March 16, 2022 to September 15, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 15, 2022	142,559	–	4,030	–	4,568	–	2,811	–
Six months ended September 15, 2021	144,384	(2.8)	4,458	(31.8)	4,955	(29.4)	3,256	(29.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 15, 2022	125.90		125.76	
Six months ended September 15, 2021	145.91		145.65	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 15, 2022	197,166	106,351	53.9	4,757.32
As of March 15, 2022	191,721	104,649	54.5	4,682.61

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 15, 2022	–	0.00	–	50.00	50.00
Year ending March 15, 2023	–	0.00			
Year ending March 15, 2023 (Forecast)			–	50.00	50.00

3. Forecast of consolidated financial results for the year ending March 15, 2023 (from March 16, 2022 to March 15, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	280,000	–	7,000	–	8,100	–	4,600	–	205.96

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 15, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 15, 2022	24,583,420 shares	As of March 15, 2022	24,583,420 shares
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Number of treasury shares at the end of the period

As of September 15, 2022	2,249,122 shares	As of March 15, 2022	2,261,722 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 15, 2022	22,334,298 shares	Six months ended September 15, 2021	22,315,801 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 15, 2022	As of September 15, 2022
Assets		
Current assets		
Cash and deposits	38,959	45,598
Accounts receivable - trade	5,850	6,154
Merchandise	31,402	31,050
Supplies	30	30
Other	5,179	4,861
Total current assets	81,422	87,694
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,826	39,223
Land	49,601	49,554
Other, net	3,438	3,281
Total property, plant and equipment	92,867	92,059
Intangible assets		
Other	5,087	5,188
Total intangible assets	5,087	5,188
Investments and other assets		
Leasehold and guarantee deposits	7,832	7,746
Other	4,510	4,476
Total investments and other assets	12,343	12,223
Total non-current assets	110,298	109,471
Total assets	191,721	197,166
Liabilities		
Current liabilities		
Accounts payable - trade	40,625	44,388
Current portion of long-term borrowings	9,200	8,355
Income taxes payable	1,217	1,700
Provision for bonuses	1,188	1,200
Provision for point card certificates	1,352	–
Contract liabilities	–	1,938
Provision for loss on store closings	–	44
Other	7,081	7,203
Total current liabilities	60,665	64,831
Non-current liabilities		
Long-term borrowings	13,719	13,584
Retirement benefit liability	8,217	8,452
Provision for point card certificates	524	–
Asset retirement obligations	2,996	3,008
Other	948	937
Total non-current liabilities	26,406	25,983
Total liabilities	87,071	90,814

(Millions of yen)

	As of March 15, 2022	As of September 15, 2022
Net assets		
Shareholders' equity		
Share capital	13,001	13,001
Capital surplus	14,901	14,902
Retained earnings	81,008	82,704
Treasury shares	(4,387)	(4,362)
Total shareholders' equity	104,524	106,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	5
Total accumulated other comprehensive income	(0)	5
Share acquisition rights	126	99
Total net assets	104,649	106,351
Total liabilities and net assets	191,721	197,166

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 15, 2021	Six months ended September 15, 2022
Net sales	144,384	142,559
Cost of sales	112,231	110,275
Gross profit	32,153	32,283
Selling, general and administrative expenses	27,694	28,253
Operating profit	4,458	4,030
Non-operating income		
Interest income	13	11
Dividend income	1	1
Commission income	409	417
Revenue from sales of electric power	120	116
Other	153	181
Total non-operating income	698	727
Non-operating expenses		
Interest expenses	27	21
Commission expenses	77	71
Depreciation	32	29
Other	63	66
Total non-operating expenses	201	189
Ordinary profit	4,955	4,568
Extraordinary income		
Gain on sale of non-current assets	–	10
Insurance claim income	–	100
Total extraordinary income	–	110
Extraordinary losses		
Loss on sale of non-current assets	21	9
Loss on retirement of non-current assets	15	23
Impairment losses	–	220
Loss on disaster	–	160
Other	8	37
Total extraordinary losses	46	452
Profit before income taxes	4,909	4,226
Income taxes	1,653	1,415
Profit	3,256	2,811
Profit attributable to owners of parent	3,256	2,811

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 15, 2021	Six months ended September 15, 2022
Profit	3,256	2,811
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	5
Total other comprehensive income	(1)	5
Comprehensive income	3,254	2,817
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,254	2,817

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 15, 2021	Six months ended September 15, 2022
Cash flows from operating activities		
Profit before income taxes	4,909	4,226
Depreciation	2,131	2,103
Impairment losses	–	220
Loss on retirement of non-current assets	5	8
Increase (decrease) in provision for bonuses	(128)	12
Increase (decrease) in retirement benefit liability	221	235
Increase (decrease) in provision for loss on store closings	–	44
Increase (decrease) in provision for loss on disaster	(134)	–
Interest and dividend income	(14)	(12)
Interest expenses	27	21
Loss (gain) on sale of non-current assets	21	(1)
Increase(decrease) in contract liabilities	–	61
Increase (decrease) in provision for point card certificates	145	–
Decrease (increase) in trade receivables	(343)	(303)
Decrease (increase) in inventories	180	352
Increase (decrease) in trade payables	4,876	3,763
Other, net	538	1,147
Subtotal	12,437	11,879
Interest and dividends received	1	2
Interest paid	(27)	(21)
Income taxes paid	(2,683)	(940)
Net cash provided by (used in) operating activities	9,728	10,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,610)	(1,818)
Proceeds from sale of property, plant and equipment	108	33
Purchase of intangible assets	(171)	(309)
Purchase of long-term prepaid expenses	(16)	(5)
Payments of leasehold and guarantee deposits	(72)	(142)
Proceeds from refund of leasehold and guarantee deposits	12	50
Other, net	0	6
Net cash provided by (used in) investing activities	(1,750)	(2,186)
Cash flows from financing activities		
Proceeds from long-term borrowings	5,000	4,000
Repayments of long-term borrowings	(5,801)	(4,979)
Purchase of treasury shares	(0)	–
Proceeds from disposal of treasury shares	0	0
Dividends paid	(1,114)	(1,115)
Other, net	(0)	–
Net cash provided by (used in) financing activities	(1,917)	(2,094)
Net increase (decrease) in cash and cash equivalents	6,060	6,638
Cash and cash equivalents at beginning of period	41,235	38,959
Cash and cash equivalents at end of period	47,295	45,598