

Non-consolidated Financial Results for the Nine Months Ended November 30, 2022 [Japanese GAAP]



December 27, 2022

Company name: Halows Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2742
 URL: <https://www.halows.com/en/>
 Representative: Toshiyuki Sato, President and Chief Executive Officer
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 Scheduled date of filing quarterly securities report: January 12, 2023
 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 Nine Months Ended November 30, 2022 (March 1, 2022 – November 30, 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	%
Nine months ended November 30, 2022	128,334	5.8	6,562	7.8	6,625	8.7	4,511	9.1
Nine months ended November 30, 2021	121,252	6.6	6,087	11.3	6,093	11.6	4,134	9.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2022	211.16	210.65
Nine months ended November 30, 2021	193.59	193.11

* 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 nine months ended November 30, 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 November 30, 2022	92,943	53,102	57.0
As of February 28, 2022	87,266	49,400	56.5

(Reference) Equity: As of November 30, 2022: ¥52,952 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 nine months ended November 30, 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	–	20.00	–		
Fiscal year ending February 28, 2023 (Forecast)				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
Full year	166,000	1.6	8,700	0.1	8,750	0.4	5,940	0.1	278.03

(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 November 30, 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 November 30, 2022:	57,217 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):

Nine months ended November 30, 2022:	21,364,976 shares
Nine months ended November 30, 2021:	21,357,423 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 November 30, 2022
Assets		
Current assets		
Cash and deposits	13,396	13,551
Accounts receivable - trade	691	1,181
Merchandise	3,339	3,889
Supplies	4	4
Other	2,200	1,996
Allowance for doubtful accounts	(4)	(4)
Total current assets	19,627	20,618
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,070	55,660
Accumulated depreciation	(21,827)	(23,288)
Buildings and structures, net	32,243	32,372
Land	18,382	18,788
Other	13,748	17,897
Accumulated depreciation	(7,874)	(8,126)
Other, net	5,874	9,771
Total property, plant and equipment	56,500	60,932
Intangible assets		
Other	301	556
Total intangible assets	301	556
Investments and other assets		
Leasehold and guarantee deposits	2,728	2,829
Construction assistance fund receivables	1,364	1,455
Long-term prepaid expenses	4,856	4,663
Other	1,887	1,889
Total investments and other assets	10,836	10,837
Total non-current assets	67,638	72,325
Total assets	87,266	92,943

(Million yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	8,615	9,947
Current portion of long-term borrowings	3,289	3,419
Lease obligations	520	455
Accounts payable - other	1,563	1,624
Accrued expenses	1,297	1,746
Advances received	2,017	-
Income taxes payable	1,910	720
Provision for point card certificates	598	-
Contract liabilities	-	2,882
Other	1,296	1,339
Total current liabilities	21,109	22,135
Non-current liabilities		
Long-term borrowings	9,431	10,410
Lease obligations	847	662
Provision for retirement benefits	748	789
Asset retirement obligations	1,497	1,552
Deposits for construction assistance fund receivables	991	963
Long-term leasehold and guarantee deposits received	2,029	2,087
Long-term unearned revenue	902	951
Other	308	288
Total non-current liabilities	16,756	17,705
Total liabilities	37,865	39,841
Net assets		
Shareholders' equity		
Share capital	5,430	5,430
Capital surplus	5,379	5,383
Retained earnings	38,579	42,240
Treasury shares	(111)	(102)
Total shareholders' equity	49,278	52,951
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Share acquisition rights	121	150
Total net assets	49,400	53,102
Total liabilities and net assets	87,266	92,943

(2) Quarterly Non-consolidated Statements of Income
 Nine Months Ended November 30

(Million yen)

	For the nine months ended November 30, 2021	For the nine months ended November 30, 2022
Net sales	118,156	124,412
Cost of sales	88,547	93,076
Gross profit	29,608	31,336
Operating revenue	3,095	3,922
Operating gross profit	32,704	35,258
Selling, general and administrative expenses		
Advertising expenses	707	951
Supplies expenses	1,167	1,196
Salaries and bonuses	11,125	11,377
Share-based payment expenses	14	41
Retirement benefit expenses	51	61
Legal and other welfare expenses	1,415	1,470
Rent expenses on land and buildings	3,358	3,590
Rent expenses	165	136
Utilities expenses	1,990	2,877
Repair expenses	485	549
Depreciation	2,615	2,712
Taxes and dues	720	762
Other	2,798	2,968
Total selling, general and administrative expenses	26,617	28,696
Operating profit	6,087	6,562
Non-operating income		
Interest income	17	15
Purchase discounts	18	16
Income from contribution to facilities	-	47
Other	54	64
Total non-operating income	90	144
Non-operating expenses		
Interest expenses	80	71
Other	4	10
Total non-operating expenses	85	81
Ordinary profit	6,093	6,625
Extraordinary income		
Gain on sale of non-current assets	-	1
Gain on receipt of donated non-current assets	0	-
Gain on cancellation of leasehold contracts	1	0
Total extraordinary income	1	2
Extraordinary losses		
Loss on sale of non-current assets	-	6
Loss on retirement of non-current assets	6	6
Total extraordinary losses	6	12
Profit before income taxes	6,088	6,614
Income taxes	1,954	2,103
Profit	4,134	4,511