

Non-consolidated Financial Results for the Three Months Ended May 31, 2023 [Japanese GAAP]



June 28, 2023

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: July 11, 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 Three Months Ended May 31, 2023 (March 1, 2023 – May 31, 2023)

(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, 2023	45,990	10.4	2,451	13.3	2,449	12.8	1,662	12.4
May 31, 2022	41,655	6.6	2,163	9.3	2,170	9.4	1,479	9.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 31, 2023	77.81	77.61
May 31, 2022	69.25	69.08

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2023	100,111	56,013	55.8
As of February 28, 2023	99,148	54,806	55.1

(Reference) Equity: As of May 31, 2023: ¥55,834 million

As of February 28, 2023: ¥54,642 million

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, 2023	–	20.00	–	22.00	42.00
Fiscal year ending February 29, 2024	–				
Fiscal year ending February 29, 2024 (Forecast)		20.00	–	22.00	42.00

(Note 1) Revision to the forecast for dividends announced most recently: None

(Note 2) The year-end dividend for the fiscal year ended February 28, 2023 is ¥22 per share, consisting of an ordinary dividend of ¥20 per share and a commemorative dividend of ¥2 per share for achieving 100 stores.

3. Non-consolidated Financial Results Forecasts for the Fiscal Year Ending February 29, 2024 (March 1, 2023 – February 29, 2024)

(% 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	90,511	6.2	4,550	5.1	4,540	4.6	3,100	4.9	145.09
Full year	182,977	5.1	9,170	1.3	9,150	0.1	6,480	4.5	303.28

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

*** 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: None
 - 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, 2023:	21,423,900 shares
As of February 28, 2023:	21,423,900 shares
 - 2) Total number of treasury shares at the end of the period:

As of May 31, 2023:	57,255 shares
As of February 28, 2023:	57,255 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended May 31, 2023:	21,366,645 shares
Three months ended May 31, 2022:	21,361,583 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, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	16,705	16,794
Accounts receivable - trade	1,113	1,542
Merchandise	3,785	3,956
Supplies	5	4
Other	2,144	1,854
Allowance for doubtful accounts	(6)	(6)
Total current assets	23,747	24,145
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,934	63,280
Accumulated depreciation	(23,817)	(24,391)
Buildings and structures, net	34,116	38,888
Land	19,973	20,155
Other	18,109	13,737
Accumulated depreciation	(8,307)	(8,462)
Other, net	9,801	5,275
Total property, plant and equipment	63,891	64,319
Intangible assets		
Other	539	660
Total intangible assets	539	660
Investments and other assets		
Leasehold and guarantee deposits	2,837	2,844
Construction assistance fund receivables	1,393	1,363
Long-term prepaid expenses	4,716	4,755
Other	2,021	2,023
Total investments and other assets	10,969	10,986
Total non-current assets	75,400	75,966
Total assets	99,148	100,111

(Million yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	9,485	11,208
Current portion of long-term borrowings	4,153	4,125
Lease liabilities	473	457
Accounts payable - other	1,491	1,409
Accrued expenses	1,407	1,869
Income taxes payable	1,764	865
Contract liabilities	2,858	2,725
Other	1,252	930
Total current liabilities	22,886	23,591
Non-current liabilities		
Long-term borrowings	14,057	13,028
Lease liabilities	754	721
Provision for retirement benefits	805	813
Asset retirement obligations	1,574	1,591
Deposits for construction assistance fund receivables	938	944
Long-term leasehold and guarantee deposits received	2,101	2,121
Long-term unearned revenue	934	996
Other	288	288
Total non-current liabilities	21,454	20,507
Total liabilities	44,341	44,098
Net assets		
Shareholders' equity		
Share capital	5,430	5,430
Capital surplus	5,383	5,383
Retained earnings	43,930	45,122
Treasury shares	(102)	(102)
Total shareholders' equity	54,641	55,834
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Share acquisition rights	164	178
Total net assets	54,806	56,013
Total liabilities and net assets	99,148	100,111

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

(Million yen)

	For the three months ended May 31, 2022	For the three months ended May 31, 2023
Net sales	40,371	44,661
Cost of sales	30,183	33,164
Gross profit	10,187	11,497
Operating revenue	1,283	1,328
Operating gross profit	11,471	12,826
Selling, general and administrative expenses		
Advertising expenses	321	385
Supplies expenses	420	420
Salaries and bonuses	3,767	4,121
Share-based payment expenses	13	13
Retirement benefit expenses	20	18
Legal and other welfare expenses	494	537
Rent expenses on land and buildings	1,193	1,232
Rent expenses	39	40
Utilities expenses	738	973
Repair expenses	167	258
Depreciation	873	990
Taxes and dues	291	275
Other	965	1,108
Total selling, general and administrative expenses	9,307	10,374
Operating profit	2,163	2,451
Non-operating income		
Interest income	5	5
Purchase discounts	4	5
Other	20	26
Total non-operating income	31	37
Non-operating expenses		
Interest expenses	23	34
Other	1	4
Total non-operating expenses	24	38
Ordinary profit	2,170	2,449
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	2,169	2,448
Income taxes	689	786
Profit	1,479	1,662