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September 28, 2023

Consolidated Financial Results for the Six Months Ended August 20, 2023 (Under Japanese GAAP)



Company name: HEIWADO CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8276
 URL: <https://www.heiwado.jp/>
 Representative: Masashi Hiramatsu, Representative Director and Executive President
 Inquiries: Norimasa Wada, Corporate Officer and General Manager of Finance & Accounting Div.
 Telephone: +81-749-23-3111
 Scheduled date to file quarterly securities report: September 29, 2023
 Scheduled date to commence dividend payments: November 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended August 20, 2023 (from February 21, 2023 to August 20, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Operating revenue | | 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 August 20, 2023 | 207,960 | 2.3 | 6,386 | 32.3 | 6,916 | 24.2 | 4,129 | 38.5 |
| August 20, 2022 | 203,210 | — | 4,825 | — | 5,567 | — | 2,982 | — |

Note: Comprehensive income For the six months ended August 20, 2023: ¥4,734 million [8.9%]
 For the six months ended August 20, 2022: ¥4,348 million [-%]

| | Basic earnings per share | Diluted earnings per share |
|----------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended August 20, 2023 | 78.74 | — |
| August 20, 2022 | 56.87 | — |

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the previous fiscal year. Figures for the six months ended August 20, 2022 reflect these accounting standards, and year-on-year percentage changes are not provided.

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|-----------------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| As of August 20, 2023 | 311,089 | 185,837 | 59.1 |
| February 20, 2023 | 300,422 | 182,297 | 60.0 |

Reference: Equity

As of August 20, 2023: ¥183,853 million
 As of February 20, 2023: ¥180,380 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended February 20, 2023 | — | 19.00 | — | 23.00 | 42.00 |
| Fiscal year ending February 20, 2024 | — | 19.00 | | | |
| Fiscal year ending February 20, 2024 (Forecast) | | | — | 23.00 | 42.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending February 20, 2024 (from February 21, 2023 to February 20, 2024)

(Percentages indicate year-on-year changes.)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-------------------|-----|------------------|------|-----------------|-----|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 427,000 | 2.7 | 13,000 | 15.3 | 14,100 | 7.9 | 8,300 | 10.4 | 158.25 |

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: –

Excluded: –

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

Note: For details, please see “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 8 of the attachments.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please see “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 8 of the attachments.

(4) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of August 20, 2023 | 52,546,470 shares |
| As of February 20, 2023 | 52,546,470 shares |

(ii) Number of treasury shares at the end of the period

| | |
|-------------------------|---------------|
| As of August 20, 2023 | 98,191 shares |
| As of February 20, 2023 | 98,019 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|----------------------------------|-------------------|
| Six months ended August 20, 2023 | 52,448,415 shares |
| Six months ended August 20, 2022 | 52,448,692 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation regarding proper use of earnings forecasts and other special matters

Forward-looking statements such as earnings forecasts in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to guarantee that the Company will achieve them. Actual operating results may differ substantially from these forecasts due to a variety of factors.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months under review (from February 21, 2023 to August 20, 2023), the Japanese economy was expected to recover following the reclassification of the category of COVID-19 to Class 5. However, consumers are becoming more conscious than ever before of protecting their daily lives due to concerns over persistently high energy prices and inflation, and as a result, the economic situation remains uncertain.

In the retail and restaurant industries in Japan, as restrictions were eased in the wake of the reclassification of COVID-19, operating revenue grew in line with a recovery in demand for going out, an increase in the number of customers, and a rise in unit prices due to continuous price hikes. Furthermore, profits increased as selling and administrative expenses were controlled due to effective use of advertising expenses and the impact of productivity improvement on personnel expenses, in addition to efforts to reduce the utility costs and a less-than-expected rise in fuel adjustment costs.

As a result of the foregoing, the operating results for the six months under review were operating revenue of ¥207,960 million (up 2.3% year on year), operating profit of ¥6,386 million (up 32.3% year on year), ordinary profit of ¥6,916 million (up 24.2% year on year), and profit attributable to owners of parent of ¥4,129 million (up 38.5% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the second quarter under review increased by ¥10,667 million from the end of the previous fiscal year to ¥311,089 million. The main factors included increases in cash and deposits of ¥4,732 million, property, plant and equipment of ¥4,629 million and notes and accounts receivable - trade, and contract assets of ¥1,625 million.

Liabilities increased by ¥7,127 million from the end of the previous fiscal year to ¥125,252 million. The main factors included increases in short-term borrowings of ¥7,564 million, notes and accounts payable - trade of ¥3,077 million, and other current liabilities of ¥3,501 million, which were partially offset primarily by a decrease in long-term borrowings of ¥7,204 million.

Net assets increased by ¥3,540 million from the end of the previous fiscal year to ¥185,837 million. The main factors included an increase in retained earnings of ¥2,915 million.

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

Please refer to “Notice Regarding Revisions to Financial Results Forecast” disclosed on September 22, 2023 for the financial results forecast for the fiscal year ending February 20, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of February 20, 2023 | As of August 20, 2023 |
|--|-------------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,011 | 36,744 |
| Notes and accounts receivable - trade, and contract assets | 7,365 | 8,991 |
| Merchandise and finished goods | 18,426 | 18,300 |
| Raw materials and supplies | 157 | 184 |
| Other | 6,959 | 6,286 |
| Allowance for doubtful accounts | (77) | (82) |
| Total current assets | 64,842 | 70,424 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 87,296 | 91,146 |
| Land | 96,024 | 96,975 |
| Other, net | 11,979 | 11,807 |
| Total property, plant and equipment | 195,300 | 199,929 |
| Intangible assets | | |
| Goodwill | 673 | 640 |
| Leasehold interests in land | 5,524 | 5,551 |
| Other | 4,337 | 4,276 |
| Total intangible assets | 10,536 | 10,468 |
| Investments and other assets | | |
| Investment securities | 3,553 | 3,726 |
| Leasehold and guarantee deposits | 18,545 | 18,555 |
| Deferred tax assets | 4,960 | 4,962 |
| Other | 3,079 | 3,453 |
| Allowance for doubtful accounts | (395) | (430) |
| Total investments and other assets | 29,742 | 30,266 |
| Total non-current assets | 235,579 | 240,665 |
| Total assets | 300,422 | 311,089 |

| | As of February 20, 2023 | As of August 20, 2023 |
|--|-------------------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 28,811 | 31,888 |
| Short-term borrowings | 12,445 | 20,009 |
| Income taxes payable | 1,926 | 2,496 |
| Provision for bonuses | 1,438 | 1,493 |
| Contract liabilities | 10,822 | 10,870 |
| Refund liabilities | 7,791 | 7,706 |
| Provision for loss on interest repayment | 44 | 34 |
| Provision for loss on shop close | 1,021 | 945 |
| Provision for bonuses for directors (and other officers) | 24 | — |
| Provision for loss on guarantees | 48 | — |
| Other | 16,834 | 20,335 |
| Total current liabilities | 81,207 | 95,780 |
| Non-current liabilities | | |
| Long-term borrowings | 14,980 | 7,775 |
| Retirement benefit liability | 8,573 | 8,541 |
| Asset retirement obligations | 4,390 | 4,438 |
| Leasehold and guarantee deposits received | 8,468 | 8,381 |
| Deferred tax liabilities | 62 | 61 |
| Other | 441 | 273 |
| Total non-current liabilities | 36,917 | 29,471 |
| Total liabilities | 118,124 | 125,252 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 11,614 | 11,614 |
| Capital surplus | 19,748 | 19,748 |
| Retained earnings | 145,505 | 148,420 |
| Treasury shares | (197) | (198) |
| Total shareholders' equity | 176,670 | 179,585 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 603 | 771 |
| Foreign currency translation adjustment | 3,115 | 3,447 |
| Remeasurements of defined benefit plans | (9) | 48 |
| Total accumulated other comprehensive income | 3,710 | 4,268 |
| Non-controlling interests | 1,917 | 1,983 |
| Total net assets | 182,297 | 185,837 |
| Total liabilities and net assets | 300,422 | 311,089 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended August 20

(Millions of yen)

| | For the six months ended August 20, 2022 | For the six months ended August 20, 2023 |
|---|---|---|
| Operating revenue | | |
| Net sales | 186,199 | 190,825 |
| Operating revenue | 17,010 | 17,134 |
| Total operating revenue | 203,210 | 207,960 |
| Cost of sales | 130,301 | 132,449 |
| Gross profit | 55,897 | 58,376 |
| Operating gross profit | 72,908 | 75,511 |
| Selling, general and administrative expenses | 68,082 | 69,125 |
| Operating profit | 4,825 | 6,386 |
| Non-operating income | | |
| Interest income | 138 | 100 |
| Commission income | 299 | 284 |
| Receipt subsidy | 77 | 77 |
| Other | 259 | 221 |
| Total non-operating income | 775 | 683 |
| Non-operating expenses | | |
| Burden charge payment | 2 | 44 |
| Interest expenses | 11 | 15 |
| Cost of repairs | 6 | 2 |
| Compensation expense | 0 | 1 |
| Provision of allowance for doubtful accounts | — | 75 |
| Other | 12 | 12 |
| Total non-operating expenses | 34 | 153 |
| Ordinary profit | 5,567 | 6,916 |
| Extraordinary income | | |
| Reversal of asset retirement obligations | 49 | 4 |
| Gain on sale of non-current assets | 132 | 0 |
| Grant income | 129 | — |
| Reversal of provision loss on store closing | 221 | 10 |
| Gain on sale of investment securities | 120 | 4 |
| Other | 43 | 1 |
| Total extraordinary income | 696 | 19 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 9 | — |
| Loss on retirement of non-current assets | 176 | 308 |
| Impairment losses | 729 | 13 |
| Provision for loss on stores closing | 424 | 52 |
| Loss on valuation of investment securities | — | 69 |
| Other | 128 | 36 |
| Total extraordinary losses | 1,469 | 479 |
| Profit before income taxes | 4,794 | 6,456 |
| Income taxes | 1,823 | 2,277 |
| Profit | 2,970 | 4,179 |
| Profit (loss) attributable to non-controlling interests | (12) | 49 |
| Profit attributable to owners of parent | 2,982 | 4,129 |

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended August 20

(Millions of yen)

| | For the six months ended August 20, 2022 | For the six months ended August 20, 2023 |
|--|---|---|
| Profit | 2,970 | 4,179 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 35 | 168 |
| Foreign currency translation adjustment | 1,343 | 329 |
| Remeasurements of defined benefit plans, net of tax | (1) | 58 |
| Total other comprehensive income | 1,377 | 555 |
| Comprehensive income | 4,348 | 4,734 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,290 | 4,668 |
| Comprehensive income attributable to non-controlling interests | 57 | 66 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | For the six months ended August 20, 2022 | For the six months ended August 20, 2023 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,794 | 6,456 |
| Depreciation | 5,442 | 5,897 |
| Amortization of goodwill | 33 | 33 |
| Increase (decrease) in retirement benefit liability | (115) | 51 |
| Increase (decrease) in provision for loss on store closing | 115 | (81) |
| Interest income | (138) | (100) |
| Interest expenses | 11 | 15 |
| Loss on retirement of non-current assets | 176 | 308 |
| Decrease (increase) in trade receivables | 83 | (1,620) |
| Decrease (increase) in inventories | 471 | 146 |
| Increase (decrease) in trade payables | 1,963 | 3,056 |
| Increase (decrease) in deposits received | 1,708 | 3,457 |
| Other, net | (1,886) | 677 |
| Subtotal | 12,659 | 18,301 |
| Interest and dividends received | 130 | 276 |
| Interest paid | (11) | (14) |
| Income taxes paid | (2,280) | (1,819) |
| Net cash provided by (used in) operating activities | 10,497 | 16,742 |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | (2,490) | 3,517 |
| Purchase of property, plant and equipment and intangible assets | (6,178) | (10,384) |
| Purchase of long-term prepaid expenses | (52) | (224) |
| Payments of leasehold and guarantee deposits | (24) | (105) |
| Proceeds from refund of leasehold and guarantee deposits | 574 | 138 |
| Other, net | 111 | (667) |
| Net cash provided by (used in) investing activities | (8,059) | (7,726) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (1,900) | — |
| Proceeds from long-term borrowings | 3,000 | 1,000 |
| Repayments of long-term borrowings | (3,463) | (640) |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (1,206) | (1,206) |
| Other, net | (78) | (218) |
| Net cash provided by (used in) financing activities | (3,648) | (1,065) |
| Effect of exchange rate change on cash and cash equivalents | 512 | 63 |
| Net increase (decrease) in cash and cash equivalents | (698) | 8,014 |
| Cash and cash equivalents at beginning of period | 30,137 | 25,096 |
| Cash and cash equivalents at end of period | 29,439 | 33,111 |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year that includes the second quarter under review, and multiplying profit before income taxes by the said estimated effective tax rate. In addition, income taxes deferred are included in "Income taxes."

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Implementation Guidance") from the beginning of the first quarter, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Implementation Guidance in accordance with the transitional treatment provided for under Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This does not affect the quarterly consolidated financial statements for the six months ended August 20, 2023 under review.