

# Consolidated Financial Results for the Six Months Ended August 31, 2023 [Japanese GAAP]



October 11, 2023

Company name: Belc CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9974

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Scheduled date of filing quarterly securities report: October 12, 2023

Scheduled date of commencing dividend payments: November 1, 2023

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Six Months Ended August 31, 2023 (March 1, 2023 – August 31, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended August 31, 2023	170,026	12.7	9,248	30.4	9,542	31.2	6,859	40.7
August 31, 2022	150,825	–	7,093	–	7,271	(6.6)	4,875	(7.1)

(Note) Comprehensive income: Six months ended August 31, 2023: ¥6,869 million [40.4%]

Six months ended August 31, 2022: ¥4,891 million [(7.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	329.05	–
August 31, 2022	233.68	–

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29) and other related accounting standards from the beginning of the fiscal year ended February 28, 2023. While the above consolidated operating results reflect the application of these accounting standards, changes from the previous corresponding period for operating income and operating profit for the six months ended August 31, 2022 are not provided as the figures for the previous fiscal year were prepared using a different accounting process.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2023	180,945	97,150	53.7
As of February 28, 2023	169,306	91,304	53.9

(Reference) Equity: As of August 31, 2023: ¥97,150 million

As of February 28, 2023: ¥91,304 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2023	–	45.00	–	49.00	94.00
Fiscal year ending February 29, 2024	–	50.00			
Fiscal year ending February 29, 2024 (Forecast)			–	50.00	100.00

(Note) Revision to the forecast for dividends announced most recently: Yes

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	327,381	5.3	13,677	(2.4)	13,808	(3.4)	9,231	(4.0)	442.85

(Notes) Revision to the financial results forecast announced most recently: None

**\* Notes:**

- (1) Changes in significant subsidiaries during the period: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: –  
Excluded: –
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) 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):

August 31, 2023:	20,867,800 shares
February 28, 2023:	20,867,800 shares
  - 2) Total number of treasury shares at the end of the period:

August 31, 2023:	22,619 shares
February 28, 2023:	22,587 shares
  - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended August 31, 2023:	20,845,183 shares
Six months ended August 31, 2022:	20,862,210 shares

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

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

The business outlook and other forward-looking statements in these materials are based on information currently available to the Company and certain assumptions that are deemed reasonable. Actual financial results, etc. may significantly vary from these forecasts due to various factors. For the assumptions used in the above financial results forecasts and other related matters, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the six months ended August 31, 2023, the Japanese economy experienced improvements in the employment and income situation. Under the circumstances, the economy is expected to recover modestly, along with support from various government policies. However, the economic outlook remains uncertain as a downturn in overseas economies triggered by global monetary tightening and other factors as well as a concern due to the slowdown of China's economy could put downward pressure on the domestic economy. This is coupled with the impact of rising prices on household finances and companies, supply-side constraints, among other factors.

In the retail industry, despite signs of recovery in consumer spending, conditions remain harsh as a global surge in energy prices has led to a rise in selling, general and administrative expenses and purchase prices for food products have increased repeatedly.

In this environment, the Belc Group (the "Group") has worked to sell delicious and fresh products, emphasize our price appeal, and create stores that are supported and trusted by customers, led by our motto of "Better Quality & Lower Price," so that we, as a supermarket, can provide members of local communities with richer lives.

Below is an overview of the main initiatives we have implemented.

As for our sales measures, we have enhanced point card sales promotion measures, improved competitiveness of our flier prices, and implemented product promotions on social media in an effort to give a wider-range of customers more incentives to visit our stores. In April, to commemorate the achievement of ¥300 billion in net sales, we launched a massive promotional campaign in which customers won big prizes. We have also been enhancing the convenience of our customers by continuously expanding the stores that support "Belc otodoke (delivery) pack," our online grocery shopping service, and "smabelc," a service that enables smart shopping and eases the lines at the check-out counters. Furthermore, we have pushed ahead with our efforts to provide shopping assistance to the elderly and other customers through increasing the availability of our mobile supermarket, "Tokushimaru."

As for our product measures, we have further expanded our offering of products developed in-house, including our private label, "kurabelc (Belc for everyday life)," successively launching reasonably priced products that help improve people's daily lives.

As for our store operations, we have used the Company's greatest feature, our standardized corporate structure, as a foundation on which we have appropriately allocated personnel, leveraged labor-saving equipment, and reviewed and improved the conventional work to promote efficient chain operations.

As for our store investments, we newly opened two stores, Forte Hachioji Store in Hachioji City, Tokyo Prefecture in May 2023, and Hikarigaoka Store in Wako City, Saitama Prefecture in June 2023. In addition, we renovated three existing stores, expanded their deli and convenience food selections, and updated the facilities to provide more pleasant shopping environments. Of the three stores renovated, we reopened Egi Store in Takasaki City, Gunma Prefecture as "CLBE Egi," our new store model, in July 2023. We closed Kamisato SC Store in Kamisato-machi, Kodama-gun, Saitama Prefecture in August 2023. As a result, we operate 134 stores as of August 31, 2023.

As for our logistics system, through large-scale batch procurement of products from production sites and manufacturers, we have improved our delivery efficiency leveraging our in-house logistics, with the aim of improving product price competitiveness while achieving more consistent product quality. We have also continued to review and revise our delivery system based on the work performed at stores, and to improve the efficiency of store operations.

Meanwhile, our consolidated subsidiary Home Delica Co., Ltd. has increased the production capacity and built a supply system for products that taste good, improving the efficiency of our stores. In addition, Joytech, Inc. strived to reinforce the Group's service business by developing and supplying equipment, supplies, and sales materials and through its store cleaning service business.

As a result, operating income (net sales and operating revenue combined) for the six months ended August 31, 2023 was ¥170,026 million (112.7% of that of the same period of the previous fiscal year), operating profit was ¥9,248 million (130.4% of that of the same period of the previous fiscal year), ordinary profit was ¥9,542

million (131.2% of that of the same period of the previous fiscal year) and profit attributable to owners of parent was ¥6,859 million (140.7% of that of the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### (Assets)

Total assets as of August 31, 2023 were ¥180,945 million, an increase of ¥11,638 million compared with the end of the previous fiscal year.

Current assets were ¥39,037 million, an increase of ¥6,354 million compared with the end of the previous fiscal year, due mainly to an increase of ¥4,973 million in cash and deposits.

Non-current assets were ¥141,908 million, an increase of ¥5,283 million compared with the end of the previous fiscal year, due mainly to increases of ¥1,863 million in buildings and structures and ¥1,833 million in land.

### (Liabilities)

Liabilities were ¥83,794 million, an increase of ¥5,791 million compared with the end of the previous fiscal year.

Current liabilities were ¥43,465 million, an increase of ¥5,171 million compared with the end of the previous fiscal year, due mainly to an increase of ¥3,418 million in accounts payable - trade.

Non-current liabilities were ¥40,328 million, an increase of ¥620 million compared with the end of the previous fiscal year, due mainly to an increase of ¥496 million in long-term borrowings.

### (Net assets)

Net assets were ¥97,150 million, an increase of ¥5,846 million compared with the end of the previous fiscal year, due mainly to an increase of ¥5,836 million in retained earnings.

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

As for operating results for the six months ended August 31, 2023, the customer numbers at the existing stores remained solid despite the continuing rise of energy and raw material prices. This was due to the implementation of various sales promotion measures as well as continuous in-house development and sales of products, with the aim of obtaining the support from our customers. Operating profit reached 130.4% of that of the same period of the previous fiscal year as a result of lower-than-originally-anticipated electricity costs due to the alleviation of the impact of elevated fuel prices through government subsidies. Going forward, we will work to refurbish stores and maintain their facilities as well as improve the competitiveness of our product prices, with the aim of further enhancing customers' satisfaction.

The Company has decided not to revise the financial results forecast for the fiscal year ending February 29, 2024 announced on April 13, 2023. Going forward, the Company will disclose any events that could significantly impact its business performance as soon as they occur.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2023	As of August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	15,579	20,552
Accounts receivable - trade	4,148	5,553
Merchandise and finished goods	7,891	8,371
Raw materials and supplies	428	400
Other	4,634	4,158
Total current assets	32,682	39,037
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,945	71,809
Land	40,288	42,121
Other, net	8,654	9,553
Total property, plant and equipment	118,888	123,485
Intangible assets	1,646	1,728
Investments and other assets		
Retirement benefit asset	106	111
Deferred tax assets	2,612	2,753
Guarantee deposits	9,522	9,537
Other	3,903	4,348
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	16,089	16,694
Total non-current assets	136,624	141,908
Total assets	169,306	180,945

(Million yen)

	As of February 28, 2023	As of August 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	19,940	23,358
Current portion of bonds payable	428	428
Current portion of long-term borrowings	7,273	7,100
Lease liabilities	258	123
Income taxes payable	2,782	3,064
Contract liabilities	515	561
Provision for bonuses	1,193	1,422
Provision for bonuses for directors (and other officers)	91	40
Other	5,809	7,366
Total current liabilities	38,294	43,465
Non-current liabilities		
Bonds payable	2,571	2,357
Long-term borrowings	25,054	25,551
Lease liabilities	245	209
Provision for share awards for directors (and other officers)	27	45
Guarantee deposited	5,143	5,181
Asset retirement obligations	6,043	6,390
Other	622	593
Total non-current liabilities	39,708	40,328
Total liabilities	78,002	83,794
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,912	3,912
Capital surplus	4,102	4,102
Retained earnings	83,373	89,209
Treasury shares	(118)	(118)
Total shareholders' equity	91,270	97,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	16
Remeasurements of defined benefit plans	21	27
Total accumulated other comprehensive income	34	44
Total net assets	91,304	97,150
Total liabilities and net assets	169,306	180,945



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

Six months ended August 31, 2022 and 2023

(Million yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Net sales	148,252	167,169
Cost of sales	107,390	120,973
Gross profit	40,861	46,196
Operating revenue	2,573	2,856
Operating gross profit	43,434	49,052
Selling, general and administrative expenses	36,341	39,804
Operating profit	7,093	9,248
Non-operating income		
Interest income	20	18
Dividend income	1	1
Administrative service fee income	55	57
Penalty income from leaving tenants	–	2
Gain on adjustment of account payable	12	–
Subsidy income	67	183
Other	74	93
Total non-operating income	231	357
Non-operating expenses		
Interest expenses	46	56
Interest on bonds	–	5
Other	7	0
Total non-operating expenses	53	62
Ordinary profit	7,271	9,542
Extraordinary income		
Gain on sale of investment securities	0	–
Gain on reversal of asset retirement obligations	–	20
Total extraordinary income	0	20
Extraordinary losses		
Loss on retirement of non-current assets	56	96
Total extraordinary losses	56	96
Profit before income taxes	7,216	9,466
Income taxes - current	2,443	2,751
Income taxes - deferred	(102)	(144)
Total income taxes	2,341	2,606
Profit	4,875	6,859
Profit attributable to owners of parent	4,875	6,859

Quarterly Consolidated Statements of Comprehensive Income

Six months ended August 31, 2022 and 2023

(Million yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Profit	4,875	6,859
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	3
Remeasurements of defined benefit plans, net of tax	18	6
Total other comprehensive income	16	10
Comprehensive income	4,891	6,869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,891	6,869
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.