

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 15, 2023 (Based on Japanese GAAP)

October 26, 2023

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, 2023
 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, 2023 (from March 16, 2023 to September 15, 2023)

(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, 2023	145,934	2.4	4,392	9.0	4,917	7.6	3,047	8.4
Six months ended September 15, 2022	142,559	–	4,030	–	4,568	–	2,811	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 15, 2023	136.46		136.31	
Six months ended September 15, 2022	125.90		125.76	

(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, 2023	199,676	109,623	54.9	4,905.98
As of March 15, 2023	194,496	107,725	55.3	4,818.93

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, 2023	–	0.00	–	50.00	50.00
Year ending March 15, 2024	–	0.00			
Year ending March 15, 2024 (Forecast)			–	50.00	50.00

3. Forecast of consolidated financial results for the year ending March 15, 2024 (from March 16, 2023 to March 15, 2024)

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	286,500	1.6	7,000	5.9	8,000	4.3	4,800	14.9	214.92

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 15, 2023
(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: No
- 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, 2023	24,583,420 shares	As of March 15, 2023	24,583,420 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 15, 2023	2,249,163 shares	As of March 15, 2023	2,249,122 shares
--------------------------	------------------	----------------------	------------------

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

Six months ended September 15, 2023	22,334,291 shares	Six months ended September 15, 2022	22,334,298 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 15, 2023	As of September 15, 2023
Assets		
Current assets		
Cash and deposits	38,450	44,626
Accounts receivable - trade	6,604	6,722
Merchandise	32,961	33,251
Supplies	32	35
Other	5,474	4,885
Total current assets	83,523	89,521
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,126	39,996
Land	49,292	49,368
Other, net	3,969	3,225
Total property, plant and equipment	93,388	92,590
Intangible assets		
Other	5,243	5,223
Total intangible assets	5,243	5,223
Investments and other assets		
Leasehold and guarantee deposits	7,633	7,623
Other	4,708	4,718
Total investments and other assets	12,342	12,341
Total non-current assets	110,973	110,155
Total assets	194,496	199,676
Liabilities		
Current liabilities		
Accounts payable - trade	41,923	46,230
Current portion of long-term borrowings	7,909	7,181
Income taxes payable	1,424	1,782
Provision for bonuses	1,204	1,200
Contract liabilities	2,046	2,140
Other	7,927	8,340
Total current liabilities	62,435	66,875
Non-current liabilities		
Long-term borrowings	11,640	10,310
Retirement benefit liability	8,693	8,864
Asset retirement obligations	3,078	3,071
Other	922	930
Total non-current liabilities	24,335	23,177
Total liabilities	86,771	90,052

(Millions of yen)

	As of March 15, 2023	As of September 15, 2023
Net assets		
Shareholders' equity		
Share capital	13,001	13,001
Capital surplus	14,902	14,902
Retained earnings	84,070	86,001
Treasury shares	(4,362)	(4,363)
Total shareholders' equity	107,612	109,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	28
Total accumulated other comprehensive income	15	28
Share acquisition rights	98	52
Total net assets	107,725	109,623
Total liabilities and net assets	194,496	199,676

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, 2022	Six months ended September 15, 2023
Net sales	142,559	145,934
Cost of sales	110,275	112,751
Gross profit	32,283	33,182
Selling, general and administrative expenses	28,253	28,790
Operating profit	4,030	4,392
Non-operating income		
Interest income	11	10
Dividend income	1	1
Commission income	417	409
Revenue from sales of electric power	116	107
Other	181	189
Total non-operating income	727	718
Non-operating expenses		
Interest expenses	21	18
Commission expenses	71	69
Depreciation	29	28
Other	66	77
Total non-operating expenses	189	193
Ordinary profit	4,568	4,917
Extraordinary income		
Gain on sale of non-current assets	10	–
Insurance claim income	100	–
Gain on reversal of share acquisition rights	–	45
Other	–	25
Total extraordinary income	110	71
Extraordinary losses		
Loss on sale of non-current assets	9	12
Loss on retirement of non-current assets	23	9
Impairment losses	220	140
Loss on disaster	160	41
Loss on store closings	–	233
Other	37	–
Total extraordinary losses	452	437
Profit before income taxes	4,226	4,550
Income taxes	1,415	1,502
Profit	2,811	3,047
Profit attributable to owners of parent	2,811	3,047

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 15, 2022	Six months ended September 15, 2023
Profit	2,811	3,047
Other comprehensive income		
Valuation difference on available-for-sale securities	5	13
Total other comprehensive income	5	13
Comprehensive income	2,817	3,060
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,817	3,060

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 15, 2022	Six months ended September 15, 2023
Cash flows from operating activities		
Profit before income taxes	4,226	4,550
Depreciation	2,103	2,047
Impairment losses	220	140
Loss on store closings	–	233
Loss on retirement of non-current assets	8	9
Increase (decrease) in provision for bonuses	12	(4)
Increase (decrease) in retirement benefit liability	235	171
Increase (decrease) in provision for loss on store closings	44	–
Interest and dividend income	(12)	(12)
Interest expenses	21	18
Loss (gain) on sale of non-current assets	(1)	12
Increase(decrease) in contract liabilities	61	94
Decrease (increase) in trade receivables	(303)	(118)
Decrease (increase) in inventories	352	(292)
Increase (decrease) in trade payables	3,763	4,307
Other, net	1,147	1,665
Subtotal	11,879	12,824
Interest and dividends received	2	1
Interest paid	(21)	(18)
Income taxes paid	(940)	(1,144)
Net cash provided by (used in) operating activities	10,919	11,662
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,818)	(2,130)
Proceeds from sale of property, plant and equipment	33	5
Purchase of intangible assets	(309)	(168)
Purchase of long-term prepaid expenses	(5)	(13)
Payments of leasehold and guarantee deposits	(142)	(155)
Proceeds from refund of leasehold and guarantee deposits	50	150
Other, net	6	(0)
Net cash provided by (used in) investing activities	(2,186)	(2,311)
Cash flows from financing activities		
Proceeds from long-term borrowings	4,000	2,300
Repayments of long-term borrowings	(4,979)	(4,358)
Purchase of treasury shares	–	(0)
Proceeds from disposal of treasury shares	0	–
Dividends paid	(1,115)	(1,115)
Net cash provided by (used in) financing activities	(2,094)	(3,174)
Net increase (decrease) in cash and cash equivalents	6,638	6,176
Cash and cash equivalents at beginning of period	38,959	38,450
Cash and cash equivalents at end of period	45,598	44,626