

Non-consolidated Financial Results for the Nine Months Ended November 30, 2023 [Japanese GAAP]



December 27, 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: January 12, 2024

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, 2023 (March 1, 2023 – November 30, 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	%
Nine months ended								
November 30, 2023	144,543	12.6	7,743	18.0	7,757	17.1	5,293	17.3
November 30, 2022	128,334	5.8	6,562	7.8	6,625	8.7	4,511	9.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
November 30, 2023	247.80	246.89
November 30, 2022	211.16	210.65

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2023	102,504	59,181	57.5
As of February 28, 2023	99,148	54,806	55.1

(Reference) Equity: As of November 30, 2023: ¥58,974 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	–	20.00	–		
Fiscal year ending February 29, 2024 (Forecast)				24.00	44.00

(Note 1) Revision to the forecast for dividends announced most recently: Yes

(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.

(Note 3) The year-end dividend for the fiscal year ending February 29, 2024 is ¥24 per share, consisting of an ordinary dividend of ¥22 per share and a commemorative dividend of ¥2 per share for the 65th anniversary of the foundation.

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
Full year	182,977	5.1	9,170	1.3	9,150	0.1	6,480	4.5	303.34

(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 November 30, 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 November 30, 2023:	72,275 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):

Nine months ended November 30, 2023:	21,362,325 shares
Nine months ended November 30, 2022:	21,364,976 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 November 30, 2023
Assets		
Current assets		
Cash and deposits	16,705	16,468
Accounts receivable - trade	1,113	1,621
Merchandise	3,785	4,578
Supplies	5	4
Other	2,144	2,017
Allowance for doubtful accounts	(6)	(6)
Total current assets	23,747	24,683
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,934	65,256
Accumulated depreciation	(23,817)	(25,595)
Buildings and structures, net	34,116	39,661
Land	19,973	20,464
Other	18,109	14,829
Accumulated depreciation	(8,307)	(8,932)
Other, net	9,801	5,896
Total property, plant and equipment	63,891	66,022
Intangible assets		
Other	539	927
Total intangible assets	539	927
Investments and other assets		
Leasehold and guarantee deposits	2,837	2,940
Construction assistance fund receivables	1,393	1,304
Long-term prepaid expenses	4,716	4,600
Other	2,021	2,025
Total investments and other assets	10,969	10,871
Total non-current assets	75,400	77,821
Total assets	99,148	102,504

(Million yen)

	As of February 28, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	9,485	11,392
Current portion of long-term borrowings	4,153	4,019
Lease liabilities	473	432
Accounts payable - other	1,491	1,604
Accrued expenses	1,407	2,215
Income taxes payable	1,764	1,048
Contract liabilities	2,966	3,219
Other	1,145	801
Total current liabilities	22,886	24,733
Non-current liabilities		
Long-term borrowings	14,057	11,067
Lease liabilities	754	675
Provision for retirement benefits	805	841
Asset retirement obligations	1,574	1,655
Deposits for construction assistance fund receivables	938	925
Long-term leasehold and guarantee deposits received	2,101	2,170
Long-term unearned revenue	934	972
Other	288	281
Total non-current liabilities	21,454	18,589
Total liabilities	44,341	43,322
Net assets		
Shareholders' equity		
Share capital	5,430	5,430
Capital surplus	5,383	5,383
Retained earnings	43,930	48,326
Treasury shares	(102)	(166)
Total shareholders' equity	54,641	58,973
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Share acquisition rights	164	207
Total net assets	54,806	59,181
Total liabilities and net assets	99,148	102,504

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

(Million yen)

	For the nine months ended November 30, 2022	For the nine months ended November 30, 2023
Net sales	124,412	140,469
Cost of sales	93,076	104,555
Gross profit	31,336	35,914
Operating revenue	3,922	4,073
Operating gross profit	35,258	39,987
Selling, general and administrative expenses		
Advertising expenses	951	1,026
Supplies expenses	1,196	1,370
Salaries and bonuses	11,377	12,815
Share-based payment expenses	41	43
Retirement benefit expenses	61	54
Legal and other welfare expenses	1,470	1,642
Rent expenses on land and buildings	3,590	3,752
Rent expenses	136	166
Utilities expenses	2,877	3,181
Repair expenses	549	803
Depreciation	2,712	3,113
Taxes and dues	762	793
Other	2,968	3,480
Total selling, general and administrative expenses	28,696	32,244
Operating profit	6,562	7,743
Non-operating income		
Interest income	15	16
Purchase discounts	16	17
Insurance claim income	18	31
Income from contribution to facilities	47	-
Other	46	56
Total non-operating income	144	122
Non-operating expenses		
Interest expenses	71	98
Other	10	10
Total non-operating expenses	81	108
Ordinary profit	6,625	7,757
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on receipt of donated non-current assets	-	33
Gain on cancellation of leasehold contracts	0	7
Total extraordinary income	2	40
Extraordinary losses		
Loss on sale of non-current assets	6	0
Loss on retirement of non-current assets	6	1
Total extraordinary losses	12	2
Profit before income taxes	6,614	7,796
Income taxes	2,103	2,503
Profit	4,511	5,293