

Non-consolidated Financial Results for the Three Months Ended May 31, 2021 [Japanese GAAP]



June 28, 2021

Company name: Halows Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2742

URL: <http://www.halows.com/en/>

Representative: Toshiyuki Sato, President and Chief Executive Officer

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Scheduled date of filing quarterly securities report: July 13, 2021

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, 2021 (March 1, 2021 – May 31, 2021)

(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, 2021	39,080	2.7	1,980	3.5	1,984	4.0	1,347	1.6
May 31, 2020	38,035	17.6	1,913	74.9	1,907	76.1	1,326	82.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 31, 2021	63.13	62.96
May 31, 2020	67.01	66.84

* Operating income is the sum of net sales and operating revenue.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2021	84,041	45,186	53.6
As of February 28, 2021	90,845	44,217	48.5

(Reference) Equity: As of May 31, 2021: ¥45,051 million

As of February 28, 2021: ¥44,087 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, 2021	–	16.00	–	18.00	34.00
Fiscal year ending February 28, 2022	–				
Fiscal year ending February 28, 2022 (Forecast)		18.00	–	18.00	36.00

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

(Note 2) The year-end dividend of 18 yen for the fiscal year ended February 28, 2021 includes a commemorative dividend of 2 yen for achieving operating income of 150 billion yen.

3. Non-consolidated Financial Results Forecasts for the Fiscal Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(% 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	76,500	(0.2)	3,260	(15.9)	3,250	(15.9)	2,190	(18.5)	102.58
Full year	156,800	3.2	7,330	(3.6)	7,300	(3.7)	4,920	(10.5)	230.45

(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, 2021:	21,423,900 shares
As of February 28, 2021:	21,423,900 shares
 - 2) Total number of treasury shares at the end of the period:

As of May 31, 2021:	74,617 shares
As of February 28, 2021:	74,617 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended May 31, 2021:	21,349,283 shares
Three months ended May 31, 2020:	19,790,017 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, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	21,568	13,448
Accounts receivable - trade	544	810
Merchandise	3,185	3,300
Supplies	4	4
Other	2,567	2,191
Allowance for doubtful accounts	(3)	(3)
Total current assets	27,866	19,752
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,567	50,858
Accumulated depreciation	(19,922)	(20,378)
Buildings and structures, net	29,645	30,480
Land	17,247	17,637
Other	12,359	12,743
Accumulated depreciation	(7,458)	(7,775)
Other, net	4,901	4,967
Total property, plant and equipment	51,795	53,086
Intangible assets		
Other	389	355
Total intangible assets	389	355
Investments and other assets		
Leasehold and guarantee deposits	2,743	2,773
Construction assistance fund receivables	1,478	1,447
Long-term prepaid expenses	4,833	4,883
Other	1,739	1,741
Total investments and other assets	10,794	10,846
Total non-current assets	62,978	64,288
Total assets	90,845	84,041

(Million yen)

	As of February 28, 2021	As of May 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	14,868	9,343
Current portion of long-term borrowings	3,622	3,550
Lease obligations	612	594
Accounts payable - other	2,077	1,201
Accrued expenses	1,403	1,777
Advances received	1,694	1,717
Income taxes payable	1,663	702
Provision for point card certificates	570	582
Other	1,266	1,234
Total current liabilities	27,779	20,703
Non-current liabilities		
Long-term borrowings	11,718	10,866
Lease obligations	935	935
Provision for retirement benefits	704	714
Asset retirement obligations	1,408	1,436
Deposits for construction assistance fund receivables	953	1,026
Long-term leasehold and guarantee deposits received	1,872	1,916
Long-term unearned revenue	928	927
Other	328	328
Total non-current liabilities	18,849	18,151
Total liabilities	46,628	38,854
Net assets		
Shareholders' equity		
Share capital	5,430	5,430
Capital surplus	5,374	5,374
Retained earnings	33,415	34,378
Treasury shares	(133)	(133)
Total shareholders' equity	44,086	45,050
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Share acquisition rights	129	134
Total net assets	44,217	45,186
Total liabilities and net assets	90,845	84,041

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

(Million yen)

	For the three months ended May 31, 2020	For the three months ended May 31, 2021
Net sales	37,171	38,089
Cost of sales	27,637	28,414
Gross profit	9,534	9,674
Operating revenue	863	991
Operating gross profit	10,397	10,666
Selling, general and administrative expenses		
Advertising expenses	215	247
Supplies expenses	409	365
Salaries and bonuses	3,736	3,713
Share-based remuneration expenses	5	5
Retirement benefit expenses	16	17
Legal and other welfare expenses	462	471
Rent expenses on land and buildings	1,019	1,097
Rent expenses	64	51
Utilities expenses	548	541
Repair expenses	174	153
Depreciation	765	840
Taxes and dues	217	261
Other	847	919
Total selling, general and administrative expenses	8,483	8,685
Operating profit	1,913	1,980
Non-operating income		
Interest income	6	5
Purchase discounts	8	6
Other	14	22
Total non-operating income	29	34
Non-operating expenses		
Interest expenses	31	28
Other	4	3
Total non-operating expenses	35	31
Ordinary profit	1,907	1,984
Extraordinary income		
Gain on sales of non-current assets	6	-
Gain on donation of non-current assets	5	-
Gain on cancellation of leasehold contracts	2	1
Compensation for expropriation	83	-
Total extraordinary income	98	1
Extraordinary losses		
Loss on retirement of non-current assets	35	0
Differences between the asset retirement liability balance and the actual retirement	3	-
Total extraordinary losses	38	0
Profit before income taxes	1,967	1,984
Income taxes	641	637
Profit	1,326	1,347