

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2020 (Based on Japanese GAAP)

January 12, 2021

Company name: KOHNAN SHOJI CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7516 URL <https://www.hc-kohnan.com/>  
 Representative: PRESIDENT NAOTARO HIKIDA  
 Inquiries: MANAGING DIRECTOR SHUNICHIRO MIYANAGA TEL 06(6397)1621  
 Scheduled date to file Quarterly Securities Report: January 13, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended November 30, 2020 (from March 1, 2020 to November 30, 2020)

#### (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	%
Nine months ended November 30, 2020	335,448	19.2	26,238	59.3	25,378	63.5	15,441	66.0
Nine months ended November 30, 2019	281,462	10.9	16,472	(1.1)	15,524	2.3	9,299	5.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2020	461.28		461.15	
Nine months ended November 30, 2019	269.78		269.70	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2020	392,666	130,105	33.1
As of February 29, 2020	378,263	124,080	32.8

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2020	–	27.00	–	27.00	54.00
Year ending February 28, 2021	–	29.00	–		
Year ending February 28, 2021 (Forecast)				29.00	58.00

### 3. Forecast of consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

Percentages indicate year-on-year changes

	Operating revenue		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	428,000	14.2	29,800	48.6	28,500	50.6	17,800	50.5	523.97

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2020  
(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: No
- (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 November 30, 2020	34,682,113 shares	As of February 29, 2020	34,682,113 shares
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Number of treasury shares at the end of the period

As of November 30, 2020	2,210,534 shares	As of February 29, 2020	211,090 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2020	33,474,969 shares	Nine months ended November 30, 2019	34,470,772 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	11,978	14,106
Accounts receivable - trade	7,958	9,753
Merchandise and finished goods	78,519	86,403
Raw materials and supplies	884	750
Other	7,539	7,681
Allowance for doubtful accounts	(6)	(2)
Total current assets	106,873	118,693
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,803	111,545
Land	48,304	48,402
Leased assets, net	21,311	20,946
Construction in progress	3,082	690
Other, net	5,508	6,079
Total property, plant and equipment	185,009	187,665
Intangible assets		
Trademark right	4,076	3,826
Customer-related Assets	2,987	2,818
Goodwill	17,561	16,692
Other	6,155	5,921
Total intangible assets	30,781	29,259
Investments and other assets		
Investment securities	3,340	3,586
Guarantee deposits	45,782	45,925
Deferred tax assets	4,857	6,077
Other	1,995	1,801
Allowance for doubtful accounts	(378)	(342)
Total investments and other assets	55,598	57,047
Total non-current assets	271,389	273,972
Total assets	378,263	392,666

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	34,397	43,001
Electronically recorded obligations - operating	3,020	2,252
Short-term borrowings	14,987	16,625
Current portion of long-term borrowings	26,846	25,511
Lease obligations	2,168	2,231
Income taxes payable	3,241	6,622
Provision for bonuses	1,906	3,056
Provision for point card certificates	610	640
Other	14,866	16,599
<b>Total current liabilities</b>	<b>102,045</b>	<b>116,542</b>
<b>Non-current liabilities</b>		
Long-term borrowings	81,634	76,557
Lease obligations	24,998	25,054
Guarantee deposits received	11,231	10,931
Provision for loss on voluntary recall of goods	847	771
Asset retirement obligations	15,639	16,079
Other	17,785	16,623
<b>Total non-current liabilities</b>	<b>152,136</b>	<b>146,018</b>
<b>Total liabilities</b>	<b>254,182</b>	<b>262,560</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	17,658	17,658
Capital surplus	17,922	17,922
Retained earnings	88,755	102,323
Treasury shares	(443)	(8,062)
<b>Total shareholders' equity</b>	<b>123,893</b>	<b>129,843</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	111	202
Deferred gains or losses on hedges	(44)	(16)
Foreign currency translation adjustment	93	51
Remeasurements of defined benefit plans	26	25
<b>Total accumulated other comprehensive income</b>	<b>187</b>	<b>262</b>
<b>Total net assets</b>	<b>124,080</b>	<b>130,105</b>
<b>Total liabilities and net assets</b>	<b>378,263</b>	<b>392,666</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Net sales	270,513	324,312
Cost of sales	171,036	202,318
Gross profit	99,477	121,993
Operating revenue	10,948	11,136
Selling, general and administrative expenses	93,953	106,891
Operating profit	16,472	26,238
Non-operating income		
Interest income	51	72
Insurance claim income	488	130
Foreign exchange gains	198	313
Gain on investments in silent partnerships	138	139
Income from fees for business	–	170
Other	162	147
Total non-operating income	1,038	973
Non-operating expenses		
Interest expenses	1,766	1,657
Other	219	175
Total non-operating expenses	1,986	1,833
Ordinary profit	15,524	25,378
Extraordinary income		
Gain on Cancellation of Guaranteed Deposits Received	9	0
Other	–	0
Total extraordinary income	9	0
Extraordinary losses		
Impairment loss	1,629	2,267
Loss on retirement of non-current assets	16	42
Other	–	26
Total extraordinary losses	1,646	2,336
Profit before income taxes	13,887	23,042
Income taxes - current	5,112	8,996
Income taxes - deferred	(524)	(1,394)
Total income taxes	4,587	7,601
Profit	9,299	15,441
Profit attributable to owners of parent	9,299	15,441

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Profit	9,299	15,441
Other comprehensive income		
Valuation difference on available-for-sale securities	63	91
Deferred gains or losses on hedges	29	27
Foreign currency translation adjustment	27	(42)
Remeasurements of defined benefit plans, net of tax	–	(1)
Total other comprehensive income	120	75
Comprehensive income	9,420	15,516
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,420	15,516
Comprehensive income attributable to non-controlling interests	–	–