

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 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: SENIOR EXECUTIVE OFFICER NORIO IISAKA TEL 06(6397)1621
 Scheduled date to file Quarterly Securities Report: July 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 three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(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	%
Three months ended May 31, 2021	114,635	0.7	9,225	(14.8)	8,603	(16.5)	5,817	(17.5)
Three months ended May 31, 2020	113,791	29.5	10,830	68.4	10,307	68.5	7,054	70.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2021	179.14		179.09	
Three months ended May 31, 2020	204.66		204.60	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2021	407,399	138,151	33.9
As of February 28, 2021	395,095	133,287	33.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2021	–	29.00	–	32.00	61.00
Year ending February 28, 2022	–				
Year ending February 28, 2022 (Forecast)		32.00	–	32.00	64.00

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

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
Six months ending August 31, 2021	222,900	(2.9)	17,000	(21.1)	16,100	(22.7)	10,000	(21.2)	300.95
Full year	442,600	0.1	27,400	(11.4)	25,800	(13.3)	16,300	(12.6)	490.55

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2021
 (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 May 31, 2021	34,682,113 shares	As of February 28, 2021	34,682,113 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	2,210,614 shares	As of February 28, 2021	2,210,566 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2021	32,471,533 shares	Three months ended May 31, 2020	34,471,058 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	14,681	14,789
Accounts receivable - trade	8,569	12,353
Merchandise and finished goods	88,245	94,991
Raw materials and supplies	788	844
Other	7,141	8,607
Allowance for doubtful accounts	(2)	(3)
Total current assets	119,422	131,583
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	110,921	110,080
Land	49,623	49,623
Leased assets, net	22,287	22,247
Construction in progress	699	1,326
Other, net	6,236	6,331
Total property, plant and equipment	189,767	189,609
Intangible assets		
Trademark right	3,743	3,660
Customer-related Assets	2,762	2,705
Goodwill	16,403	16,113
Other	5,884	5,911
Total intangible assets	28,793	28,391
Investments and other assets		
Investment securities	3,687	3,675
Guarantee deposits	45,910	46,750
Deferred tax assets	6,018	5,874
Other	1,825	1,843
Allowance for doubtful accounts	(329)	(328)
Total investments and other assets	57,111	57,815
Total non-current assets	275,673	275,816
Total assets	395,095	407,399

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	37,525	44,840
Electronically recorded obligations - operating	3,445	2,424
Short-term borrowings	6,437	8,900
Current portion of long-term borrowings	26,113	25,537
Lease obligations	2,411	2,451
Income taxes payable	7,375	3,048
Provision for bonuses	2,134	3,184
Provision for point card certificates	650	660
Other	18,571	16,255
Total current liabilities	104,665	107,304
Non-current liabilities		
Long-term borrowings	85,941	91,355
Lease obligations	26,154	26,012
Guarantee deposits received	10,846	10,790
Provision for loss on voluntary recall of goods	757	731
Asset retirement obligations	16,095	16,109
Other	17,347	16,943
Total non-current liabilities	157,143	161,943
Total liabilities	261,808	269,247
Net assets		
Shareholders' equity		
Share capital	17,658	17,658
Capital surplus	17,922	17,922
Retained earnings	105,532	110,310
Treasury shares	(8,062)	(8,062)
Total shareholders' equity	133,051	137,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	159	152
Deferred gains or losses on hedges	(16)	(7)
Foreign currency translation adjustment	58	144
Remeasurements of defined benefit plans	34	33
Total accumulated other comprehensive income	235	322
Total net assets	133,287	138,151
Total liabilities and net assets	395,095	407,399

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Net sales	110,088	110,780
Cost of sales	68,143	68,655
Gross profit	41,944	42,124
Operating revenue	3,703	3,855
Selling, general and administrative expenses	34,817	36,754
Operating profit	10,830	9,225
Non-operating income		
Interest income	15	13
Insurance claim income	22	21
Foreign exchange gains	72	7
Other	55	46
Total non-operating income	166	88
Non-operating expenses		
Interest expenses	565	569
Other	124	141
Total non-operating expenses	689	710
Ordinary profit	10,307	8,603
Extraordinary income		
Gain on Cancellation of Guaranteed Deposits Received	0	7
Other	0	-
Total extraordinary income	0	7
Extraordinary losses		
Loss on retirement of non-current assets	17	4
Other	0	-
Total extraordinary losses	18	4
Profit before income taxes	10,289	8,606
Income taxes - current	3,467	2,694
Income taxes - deferred	(232)	94
Total income taxes	3,234	2,789
Profit	7,054	5,817
Profit attributable to owners of parent	7,054	5,817

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit	7,054	5,817
Other comprehensive income		
Valuation difference on available-for-sale securities	100	(7)
Deferred gains or losses on hedges	34	9
Foreign currency translation adjustment	(43)	86
Remeasurements of defined benefit plans, net of tax	(0)	(0)
Total other comprehensive income	90	87
Comprehensive income	7,145	5,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,145	5,904
Comprehensive income attributable to non-controlling interests	—	—