

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2021 (Based on Japanese GAAP)

January 11, 2022

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: January 12, 2022
 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, 2021 (from March 1, 2021 to November 30, 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	%
Nine months ended November 30, 2021	335,324	(0.0)	21,755	(17.1)	20,454	(19.4)	13,721	(11.1)
Nine months ended November 30, 2020	335,448	19.2	26,238	59.3	25,378	63.5	15,441	66.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2021	428.73	428.60
Nine months ended November 30, 2020	461.28	461.15

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2021	403,958	140,377	34.8
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	Yen	Yen	Yen	Yen
Year ended February 28, 2021	–	29.00	–	32.00	61.00
Year ending February 28, 2022	–	35.00	–		
Year ending February 28, 2022 (Forecast)				35.00	70.00

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
Full year	442,600	0.1	25,500	(17.5)	24,000	(19.4)	16,300	(12.6)	490.55

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 2021	3,260,018 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)

Nine months ended November 30, 2021	32,003,846 shares	Nine months ended November 30, 2020	33,474,969 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	14,681	10,096
Accounts receivable - trade	8,569	12,414
Merchandise and finished goods	88,245	96,921
Raw materials and supplies	788	1,009
Other	7,141	7,882
Allowance for doubtful accounts	(2)	(4)
Total current assets	119,422	128,320
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	110,921	110,562
Land	49,623	50,223
Leased assets, net	22,287	21,289
Construction in progress	699	680
Other, net	6,236	6,204
Total property, plant and equipment	189,767	188,959
Intangible assets		
Trademark right	3,743	3,494
Customer-related Assets	2,762	2,593
Goodwill	16,403	15,534
Other	5,884	6,779
Total intangible assets	28,793	28,401
Investments and other assets		
Investment securities	3,687	3,732
Guarantee deposits	45,910	46,927
Deferred tax assets	6,018	6,054
Other	1,825	1,841
Allowance for doubtful accounts	(329)	(280)
Total investments and other assets	57,111	58,276
Total non-current assets	275,673	275,637
Total assets	395,095	403,958

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	37,525	36,239
Electronically recorded obligations - operating	3,445	8,855
Short-term borrowings	6,437	6,725
Current portion of long-term borrowings	26,113	25,503
Lease obligations	2,411	2,458
Income taxes payable	7,375	2,382
Provision for bonuses	2,134	3,345
Provision for point card certificates	650	684
Other	18,571	15,785
Total current liabilities	104,665	101,980
Non-current liabilities		
Long-term borrowings	85,941	92,538
Lease obligations	26,154	24,921
Guarantee deposits received	10,846	10,668
Provision for loss on voluntary recall of goods	757	685
Provision for share-based remuneration	—	232
Asset retirement obligations	16,095	16,414
Other	17,347	16,139
Total non-current liabilities	157,143	161,600
Total liabilities	261,808	263,581
Net assets		
Shareholders' equity		
Share capital	17,658	17,658
Capital surplus	17,922	17,923
Retained earnings	105,532	117,077
Treasury shares	(8,062)	(12,540)
Total shareholders' equity	133,051	140,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	159	98
Deferred gains or losses on hedges	(16)	(37)
Foreign currency translation adjustment	58	165
Remeasurements of defined benefit plans	34	31
Total accumulated other comprehensive income	235	258
Total net assets	133,287	140,377
Total liabilities and net assets	395,095	403,958

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, 2020	Nine months ended November 30, 2021
Net sales	324,312	323,729
Cost of sales	202,318	201,411
Gross profit	121,993	122,318
Operating revenue	11,136	11,595
Selling, general and administrative expenses	106,891	112,157
Operating profit	26,238	21,755
Non-operating income		
Interest income	72	117
Insurance claim income	130	58
Foreign exchange gains	313	124
Gain on investments in silent partnerships	139	140
Income from fees for business	170	–
Other	147	154
Total non-operating income	973	595
Non-operating expenses		
Interest expenses	1,657	1,671
Other	175	225
Total non-operating expenses	1,833	1,896
Ordinary profit	25,378	20,454
Extraordinary income		
Gain on Cancellation of Guaranteed Deposits Received	0	22
Other	0	–
Total extraordinary income	0	22
Extraordinary losses		
Impairment loss	2,267	62
Loss on retirement of non-current assets	42	48
Other	26	–
Total extraordinary losses	2,336	110
Profit before income taxes	23,042	20,366
Income taxes - current	8,996	6,806
Income taxes - deferred	(1,394)	(161)
Total income taxes	7,601	6,645
Profit	15,441	13,721
Profit attributable to owners of parent	15,441	13,721

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Profit	15,441	13,721
Other comprehensive income		
Valuation difference on available-for-sale securities	91	(61)
Deferred gains or losses on hedges	27	(21)
Foreign currency translation adjustment	(42)	107
Remeasurements of defined benefit plans, net of tax	(1)	(2)
Total other comprehensive income	75	22
Comprehensive income	15,516	13,743
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,516	13,743
Comprehensive income attributable to non-controlling interests	—	—