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October 3, 2024

## Consolidated Financial Results for the Six Months Ended August 20, 2024 (Under Japanese GAAP)



Company name: HEIWADO CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 8276  
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Scheduled date to file semi-annual securities report: October 4, 2024  
 Scheduled date to commence dividend payments: November 1, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended August 20, 2024 (from February 21, 2024 to August 20, 2024)

#### (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	%
Six months ended August 20, 2024	216,645	4.2	6,306	(1.3)	7,070	2.2	4,564	10.5
August 20, 2023	207,960	2.3	6,386	32.3	6,916	24.2	4,129	38.5

Note: Comprehensive income For the six months ended August 20, 2024: ¥5,607 million [18.4%]  
 For the six months ended August 20, 2023: ¥4,734 million [8.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2024	88.22	—
August 20, 2023	78.74	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 20, 2024	309,598	190,437	60.8
February 20, 2024	309,461	188,266	60.2

Reference: Equity  
 As of August 20, 2024: ¥188,350 million  
 As of February 20, 2024: ¥186,258 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 20, 2024	—	19.00	—	23.00	42.00
Fiscal year ending February 20, 2025	—	30.00			
Fiscal year ending February 20, 2025 (Forecast)			—	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated financial result forecasts for the fiscal year ending February 20, 2025 (from February 21, 2024 to February 20, 2025)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	444,000	4.4	13,700	3.3	14,700	1.5	9,100	34.1	173.50

Note: Revisions to the financial result forecast most recently announced: None

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(2) Accounting methods adopted particularly for the preparation of interim consolidated financial statements: Yes

Note: For details, please see “2. Interim Consolidated Financial Statements and Principal Notes (4) Notes to Interim Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of interim consolidated financial statements)” on page 8 of the attachments.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of August 20, 2024	52,546,470 shares
As of February 20, 2024	52,546,470 shares

(ii) Number of treasury shares at the end of the period

As of August 20, 2024	1,098,424 shares
As of February 20, 2024	98,338 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended August 20, 2024	51,739,905 shares
Six months ended August 20, 2023	52,448,415 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

\* Explanation regarding proper use of earnings forecasts and other special matters

Forward-looking statements such as earnings forecasts in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to guarantee that the Company will achieve them. Actual operating results may differ substantially from these forecasts due to a variety of factors.

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## 1. Qualitative Information on Interim Financial Results

### (1) Explanation of Operating Results

During the six months under review (from February 21, 2024 to August 20, 2024), the Japanese economy faced global inflation, rising interest rates, exchange rate fluctuations, sustained increases in resource and energy prices, as well as the emergence of prolonged geopolitical risks, and the outlook for domestic and international markets surrounding the Company's business remains uncertain.

Regarding the environment surrounding the retail industry, inflation caused by factors such as soaring import prices has led to consumers becoming even more conscious of protecting their daily lives when it comes to everyday shopping, and a preference for low prices continued. In the supermarket industry, net sales at existing stores showed a year on year recovery against a backdrop of rising commodity prices caused by soaring raw material prices.

As a result of the foregoing, the operating results for the six months under review were operating revenue of ¥216,645 million (up 4.2% year on year), operating profit of ¥6,306 million (down 1.3% year on year), ordinary profit of ¥7,070 million (up 2.2% year on year), and profit attributable to owners of parent of ¥4,564 million (up 10.5% year on year).

### (2) Explanation of Financial Position

Total assets as of the end of the second quarter under review increased by ¥136 million from the end of the previous fiscal year to ¥309,598 million. The main factors included increases in notes and accounts receivable - trade, and contract assets of ¥1,593 million, property, plant and equipment of ¥485 million, and leasehold and guarantee deposits of ¥200 million, which was partially offset primarily by a decrease in cash and deposits of ¥2,046 million.

Liabilities decreased by ¥2,033 million from the end of the previous fiscal year to ¥119,160 million. The main factors included increases in notes and accounts payable - trade of ¥4,572 million and other current liabilities (deposits received, accrued expenses, etc.) of ¥1,945 million, which was partially offset primarily by a decrease in short-term borrowings of ¥7,954 million.

Net assets increased by ¥2,170 million from the end of the previous fiscal year to ¥190,437 million. The main factors included the purchase of treasury shares of ¥2,195 million, which was partially offset primarily by increases in retained earnings of ¥3,358 million and foreign currency translation adjustment of ¥932 million.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Forecasted figures for the consolidated operating results for the fiscal year ending February 20, 2025 remain unchanged from those announced on April 4, 2024.

## 2. Interim Consolidated Financial Statements and Principal Notes

### (1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of February 20, 2024	As of August 20, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	33,051	31,004
Notes and accounts receivable - trade, and contract assets	10,180	11,773
Merchandise and finished goods	19,124	19,226
Raw materials and supplies	200	204
Other	5,917	5,934
Allowance for doubtful accounts	(60)	(63)
Total current assets	68,413	68,080
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	90,613	90,725
Land	98,640	98,722
Other, net	11,532	11,824
Total property, plant and equipment	200,786	201,272
Intangible assets		
Goodwill	607	573
Leasehold interests in land	5,513	5,649
Other	3,925	3,891
Total intangible assets	10,046	10,114
Investments and other assets		
Investment securities	4,460	4,488
Leasehold and guarantee deposits	18,003	18,203
Deferred tax assets	4,963	5,042
Other	3,142	2,752
Allowance for doubtful accounts	(355)	(355)
Total investments and other assets	30,214	30,131
Total non-current assets	241,047	241,517
<b>Total assets</b>	<b>309,461</b>	<b>309,598</b>

	As of February 20, 2024	As of August 20, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	29,810	34,382
Short-term borrowings	17,330	9,375
Income taxes payable	2,303	2,710
Provision for bonuses	1,937	1,501
Contract liabilities	11,598	10,894
Refund liabilities	7,674	7,832
Provision for loss on interest repayment	23	18
Provision for loss on shop close	371	419
Provision for bonuses for directors (and other officers)	36	—
Provision for loss on disaster	1,114	329
Other	17,087	19,033
Total current liabilities	89,287	86,497
Non-current liabilities		
Long-term borrowings	10,825	11,650
Retirement benefit liability	8,127	7,885
Asset retirement obligations	4,426	4,551
Leasehold and guarantee deposits received	8,250	8,312
Deferred tax liabilities	59	56
Other	218	207
Total non-current liabilities	31,907	32,663
Total liabilities	121,194	119,160
Net assets		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus	19,748	19,748
Retained earnings	150,087	153,445
Treasury shares	(198)	(2,393)
Total shareholders' equity	181,251	182,414
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,284	1,307
Foreign currency translation adjustment	3,424	4,357
Remeasurements of defined benefit plans	298	271
Total accumulated other comprehensive income	5,007	5,935
Non-controlling interests	2,008	2,087
Total net assets	188,266	190,437
Total liabilities and net assets	309,461	309,598

(2) Interim Consolidated Statements of Income and Comprehensive Income  
Interim Consolidated Statements of Income

(Millions of yen)

	For the six months ended August 20, 2023	For the six months ended August 20, 2024
Operating revenue		
Net sales	190,825	198,478
Operating revenue	17,134	18,166
Total operating revenue	207,960	216,645
Cost of sales	132,449	138,335
Gross profit	58,376	60,142
Operating gross profit	75,511	78,309
Selling, general and administrative expenses	69,125	72,003
Operating profit	6,386	6,306
Non-operating income		
Interest income	100	87
Commission income	284	283
Receipt subsidy	77	151
Other	221	315
Total non-operating income	683	838
Non-operating expenses		
Burden charge payment	44	1
Interest expenses	15	29
Foreign exchange losses	—	15
Provision of allowance for doubtful accounts	75	—
Other	17	26
Total non-operating expenses	153	73
Ordinary profit	6,916	7,070
Extraordinary income		
Reversal of asset retirement obligations	4	—
Reversal of provision loss on store closing	10	2
Gain on sale of investment securities	4	1
Insurance claim income	—	194
Other	1	1
Total extraordinary income	19	199
Extraordinary losses		
Loss on retirement of non-current assets	308	110
Loss on disaster	—	6
Provision for loss on stores closing	52	53
Loss on valuation of investment securities	69	—
Other	49	13
Total extraordinary losses	479	183
Profit before income taxes	6,456	7,087
Income taxes	2,277	2,460
Profit	4,179	4,626
Profit attributable to non-controlling interests	49	62
Profit attributable to owners of parent	4,129	4,564



## Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended August 20, 2023	For the six months ended August 20, 2024
Profit	4,179	4,626
Other comprehensive income		
Valuation difference on available-for-sale securities	168	22
Foreign currency translation adjustment	329	984
Remeasurements of defined benefit plans, net of tax	58	(26)
Total other comprehensive income	555	980
Comprehensive income	4,734	5,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,668	5,493
Comprehensive income attributable to non-controlling interests	66	114

## (3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 20, 2023	For the six months ended August 20, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,456	7,087
Depreciation	5,897	6,280
Amortization of goodwill	33	33
Increase (decrease) in retirement benefit liability	51	(279)
Increase (decrease) in provision for loss on store closing	(81)	48
Interest income	(100)	(87)
Interest expenses	15	29
Loss on retirement of non-current assets	308	110
Decrease (increase) in trade receivables	(1,620)	(1,567)
Decrease (increase) in inventories	146	10
Increase (decrease) in trade payables	3,056	4,512
Increase (decrease) in deposits received	3,457	929
Increase (decrease) in provision for loss on disaster	—	(784)
Other, net	677	(89)
Subtotal	18,301	16,233
Interest and dividends received	276	138
Interest paid	(14)	(27)
Income taxes paid	(1,819)	(2,138)
Net cash provided by (used in) operating activities	16,742	14,206
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	3,517	—
Purchase of property, plant and equipment and intangible assets	(10,384)	(6,445)
Purchase of long-term prepaid expenses	(224)	(69)
Payments of leasehold and guarantee deposits	(105)	(48)
Proceeds from refund of leasehold and guarantee deposits	138	167
Other, net	(667)	(107)
Net cash provided by (used in) investing activities	(7,726)	(6,502)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	—	(3,000)
Proceeds from long-term borrowings	1,000	4,000
Repayments of long-term borrowings	(640)	(8,129)
Purchase of treasury shares	(0)	(2,195)
Dividends paid	(1,206)	(1,206)
Other, net	(218)	(44)
Net cash provided by (used in) financing activities	(1,065)	(10,575)
Effect of exchange rate change on cash and cash equivalents	63	382
Net increase (decrease) in cash and cash equivalents	8,014	(2,489)
Cash and cash equivalents at beginning of period	25,096	29,426
Cash and cash equivalents at end of period	33,111	26,937

#### (4) Notes to Interim Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Based on a resolution approved at a meeting of the Board of Directors on February 19, 2024, the Company purchased 1,000,000 shares of treasury shares. As a result, treasury shares increased by ¥2,195 million during the six months ended August 20, 2024, bringing treasury shares to ¥2,393 million as of August 20, 2024.

(Accounting methods adopted particularly for the preparation of interim consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year that includes the second quarter under review, and multiplying profit before income taxes by the said estimated effective tax rate. In addition, income taxes deferred are included in "Income taxes."

(Notes on segment information, etc.)

(Segment information)

#### I. For the six months ended August 20, 2023

##### 1. Information on operating revenue and profit or loss by reportable segment, and revenue breakdown information

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on interim consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	182,694	402	183,097	7,728	190,825	—	190,825
Service revenue	7,189	1,833	9,022	33	9,056	—	9,056
Revenue from contracts with customers	189,884	2,236	192,120	7,762	199,882	—	199,882
Other revenue	6,860	947	7,807	270	8,078	—	8,078
Net sales to outside customers	196,744	3,183	199,928	8,032	207,960	—	207,960
Intersegment net sales or transfers	1,642	20,597	22,240	161	22,401	(22,401)	—
Total	198,387	23,780	222,168	8,193	230,362	(22,401)	207,960
Segment profit	6,693	315	7,008	473	7,482	(565)	6,916

(Notes)

1. The "Other" category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(565) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the interim consolidated statements of income.
4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

2. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment  
No significant occurrences or changes.

II. For the six months ended August 20, 2024

1. Information on operating revenue and profit or loss by reportable segment, and revenue breakdown information  
(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on interim consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	189,894	477	190,371	8,106	198,478	—	198,478
Service revenue	7,817	1,918	9,735	39	9,774	—	9,774
Revenue from contracts with customers	197,711	2,395	200,107	8,145	208,252	—	208,252
Other revenue	7,195	929	8,124	267	8,392	—	8,392
Net sales to outside customers	204,907	3,324	208,232	8,412	216,645	—	216,645
Intersegment net sales or transfers	1,763	23,547	25,310	157	25,468	(25,468)	—
Total	206,671	26,872	233,543	8,569	242,113	(25,468)	216,645
Segment profit	6,472	915	7,387	492	7,879	(808)	7,070

(Notes)

- The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
- The adjustment of ¥(808) million to segment profit is from the elimination of dividend income transactions, etc.
- Segment profit has been adjusted with ordinary profit on the interim consolidated statements of income.
- Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

2. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment  
No significant occurrences or changes.

(Significant subsequent events)

(Purchase of treasury shares)

The Company, at the Board of Directors meeting held on June 27, 2024, resolved matters concerning the purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and purchased treasury shares.

1. Details of the Board of Directors resolution regarding the purchase of treasury shares

(1) Reason for purchasing treasury shares

The Company is currently in the first year of its “Fifth Medium-Term Management Plan FY2024–FY2026,” a plan that calls for accelerating growth toward 2030 while at the same time ensuring stable returns to shareholders. Our basic cash allocation policy is to strive to improve the total return ratio by increasing dividends and implementing treasury shares purchases in line with business performance, while securing internal reserves to continue investments aimed at investment for growth.

Based on the above policy, the Company will purchase treasury shares to improve capital efficiency and increase the level of shareholder returns.

(2) Details of matters related to the purchase

- (i) Class of shares to be purchased: Common shares of the Company
- (ii) Total number of shares to be purchased: Up to 2,000,000 shares
- (iii) Total amount of share purchase costs: Up to 6,000 million yen
- (iv) Purchase period: From August 21, 2024, to August 20, 2025
- (v) Purchase method: Market purchase on the Tokyo Stock Exchange

2. Details of the acquisition of treasury shares

- (1) Class of shares purchased: Common shares of the Company
- (2) Total number of shares purchased: 223,100 shares
- (3) Total amount of share purchase costs: 541,776,900 yen
- (4) Purchase period: From August 21, 2024, to September 20, 2024 (on a delivery date basis)
- (5) Purchase method: Market purchase on the Tokyo Stock Exchange

(Cancellation of treasury shares)

The Company, at the Board of Directors meeting held on October 3, 2024, resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

- 1. Class of shares cancelled: Common shares of the Company
- 2. Total number of shares cancelled: 1,000,000 shares (percentage of total issued shares before cancellation: 1.90%)
- 3. Scheduled cancellation date: October 18, 2024
- 4. Total number of issued shares after cancellation: 51,546,470 shares