

First half of the fiscal year ending
February 20, 2024

Financial Results Presentation Material

OKUWA Co., Ltd. (8217)
October 4, 2023

First half of the fiscal year ending February 20, 2024

[Consolidated] ➤ An increase in sales and a decrease in profits

Operating income: (forecast: 102.8% year on year)
100.7% year on year

Ordinary profit: (forecast: 900 million yen)
810 million yen

[Non-consolidated] ➤ An increase in sales and a decrease in profits

Operating income: (forecast: 105.5% year on year)
103.2% year on year

Gross profit margin: 27.7% (down 0.4% year on year)

Selling, general and administrative expenses increased by approx.
850 million yen year on year.

Ordinary profit: 710 million yen (forecast: 900 million yen)

• Gross profit margin represents a figure before the application of the “Accounting Standard for Revenue Recognition.”

Consolidated Sales Results



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Forecast	Year-on-year change	Comparison against forecast
Operating income	120,653	121,520	124,000	100.7	98.0
Operating profit	1,026	706	800	68.8	88.3
Ordinary profit	1,179	819	900	69.5	91.0
Profit attributable to owners of parent	635	399	400	62.9	99.8
Basic earnings per share (yen)	14.48	9.10	—	—	—

- Treatment of fractions in this material: Fractions less than one million yen are rounded down and percentage points for year-on-year changes, comparison against forecast, etc. are rounded off.

Consolidated Operating Income by Company



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change
OKUWA	117,107	120,801	103.2
Hiramatsu	2,907	—	—
OAK FOODS	658	656	99.7
Retail Backoffice Support	176	152	86.5
SUNRISE	2,321	2,337	100.7
Consolidation adjustment	(2,517)	(2,427)	—
Consolidated total	120,653	121,520	100.7

- Treatment of fractions in this material: Fractions less than one million yen are rounded down and percentage points for year-on-year changes, comparison against forecast, etc. are rounded off.
- Hiramatsu was merged into OKUWA on November 21, 2022.

Consolidated Ordinary Profit by Company



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change
OKUWA	1,309	711	54.4
Hiramatsu	(31)	—	—
OAK FOODS	40	32	80.7
Retail Backoffice Support	48	31	64.9
SUNRISE	10	37	342.5
Consolidation adjustment	(209)	(37)	—
Share of loss (profit) of entities accounted for using equity method	10	42	397.8
Consolidated total	1,179	819	69.5

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- Hiramatsu was merged into OKUWA on November 21, 2022.

Consolidated Management Indicators



	Six months ended August 20, 2021	Six months ended August 20, 2022	Six months ended August 20, 2023
Operating profit/Operating income (%)	1.86	0.85	0.58
Ordinary profit/Operating income (%)	1.96	0.98	0.67
Return on equity (ROE, %)	1.86	0.81	0.51
Return on assets (ROA, %)	1.91	0.89	0.61
Basic earnings per share (EPS, yen)	33.04	14.48	9.10
Dividend per share (DPS, yen)	13	13	13
Book value per share (BPS, yen)	1,788.76	1,778.52	1,765.56
Dividend payout ratio (DPS/EPS, %)	39.35	89.79	142.89
Equity ratio (%)	57.90	59.13	57.12
Debt-to-equity (D/E) ratio (times)	0.25	0.23	0.28
Net D/E ratio (times)	0.03	0.05	0.05

Consolidated Cash Flows



(Million yen)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change
Cash and cash equivalents at beginning of period	16,668	15,386	(1,282)
Operating CF	4,127	7,011	2,883
Investing CF	(3,911)	(5,084)	(1,173)
Financing CF	(3,534)	268	3,803
Cash and cash equivalents at end of period	13,351	17,581	4,230

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Non-consolidated Sales Results



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Forecast	Year-on-year change	Comparison against forecast
Operating income	117,107	120,801	123,500	103.2	97.8
Net sales from direct operation	113,965	117,721	—	103.3	—
Gross profit	32,026	32,607	—	101.8	—
Gross profit margin	28.1	27.7	—	—	—
Selling, general and administrative expenses	35,671	36,529	—	102.4	—
Operating profit	976	609	800	62.4	76.1
Ordinary profit	1,309	711	900	54.4	79.1
Profit	768	335	400	43.7	83.9

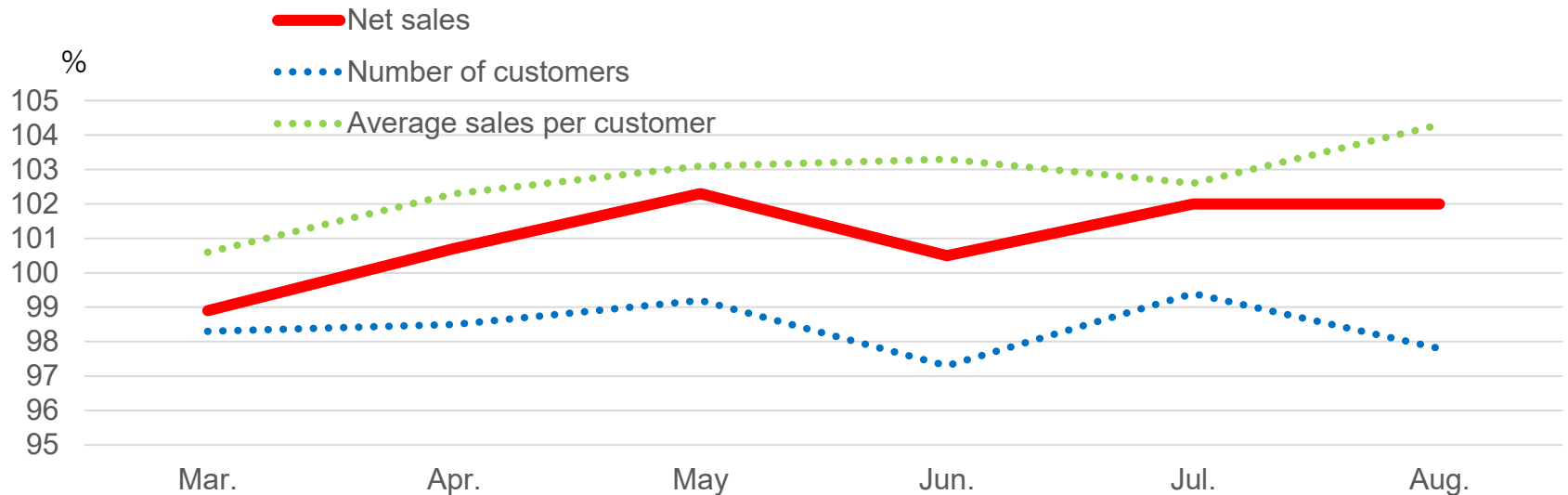
• For changes in gross profit margin, differences between gross profit margins for the previous fiscal year and the current fiscal year, which were rounded off to the nearest two decimal place, were calculated for each product category. There may be calculation errors caused by the rounding off.

• Net sales from direct operation, gross profit amount, and gross profit margin represent figures before the application of the “Accounting Standard for Revenue Recognition.”

Non-consolidated Net Sales from Existing Stores



Year-on-year change for existing stores (%)	Net sales	Number of customers	Average sales per customer	Number of products purchased	Unit price per product
1Q	100.7	98.7	102.0	97.1	105.1
2Q	101.5	98.2	103.4	98.0	105.5
2Q cumulative	101.1	98.4	102.7	97.6	105.3

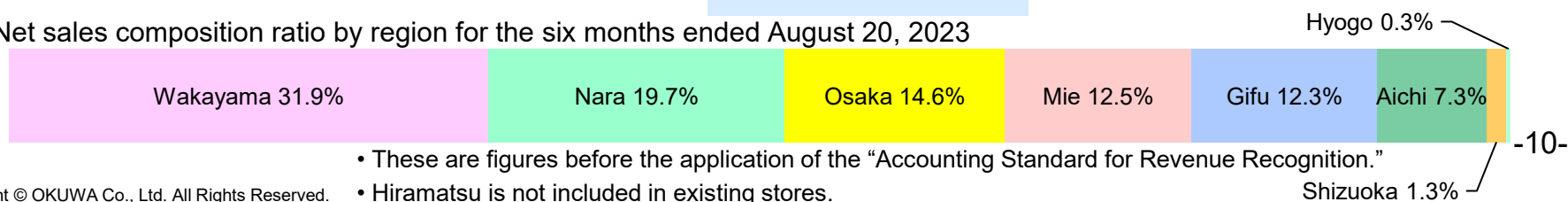


Non-consolidated Net Sales by Region



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change	Year-on-year change for existing stores
Wakayama	34,681	37,573	108.3	100.5
Nara	23,210	23,209	100.0	101.1
Osaka	16,464	17,215	104.6	101.4
Hyogo	390	316	81.0	93.8
(Kinki area)	74,747	78,314	104.8	100.8
Mie	14,730	14,679	99.7	101.4
Gifu	14,288	14,484	101.4	101.1
Aichi	8,053	8,592	106.7	103.1
Shizuoka	1,524	1,569	102.9	102.9
(Tokai area)	38,596	39,325	101.9	101.7
Total	113,965	117,721	103.3	101.1

Net sales composition ratio by region for the six months ended August 20, 2023



- These are figures before the application of the “Accounting Standard for Revenue Recognition.”
- Hiramatsu is not included in existing stores.

Non-consolidated Net Sales by Business Type



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change	Year-on-year change for existing stores
SC	4,607	4,742	102.9	102.9
SSM	54,182	55,518	102.5	101.0
SM	4,088	4,340	106.2	103.0
Regular	62,878	64,601	102.7	101.2
Super Center	38,882	39,263	101.0	101.0
Price Cut	6,324	7,784	123.1	100.8
MESA	5,258	5,990	113.9	101.0
Total	113,965	117,721	103.3	101.1

Net sales composition ratio by business type for the six months ended
August 20, 2023



SC: Shopping center
SSM: Super supermarket (1,000 m² or larger)
SM: Supermarket (smaller than 1,000 m²)
Super Center: Allows one-stop shopping on one floor
Price Cut: Discount store
MESA: High quality supermarket (four MESA stores and three Pare Marche stores)

Non-consolidated Net Sales by Department



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change	Year-on-year change for existing stores
Fresh foods	47,820	49,554	103.6	100.8
Processed foods	49,668	51,478	103.6	101.8
Foods	97,488	101,033	103.6	101.3
Household supplies	13,184	13,119	100.0	99.2
Clothing	3,291	3,568	106.1	102.6
Total	113,965	117,721	103.3	101.1

Net sales composition ratio by department for the six months ended August 20, 2023



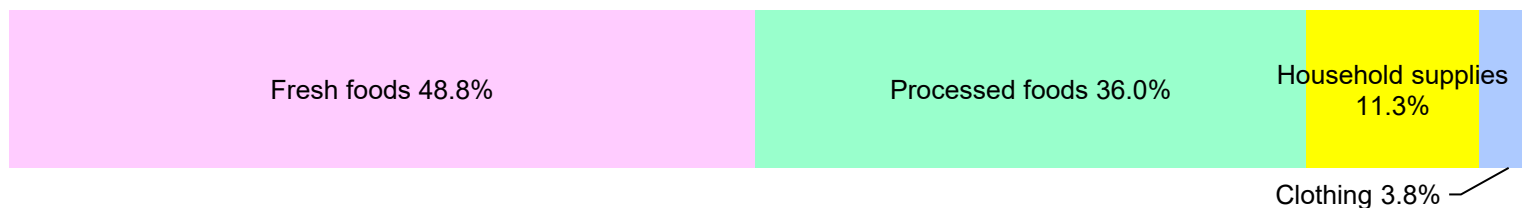
Fresh foods represent a total of agricultural products, livestock products, marine products, delicatessen foods, and in-store bakeries.

Non-consolidated Gross Profit Margin by Department



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change
Fresh foods	32.5	32.1	(0.4)
Processed foods	23.4	22.8	(0.6)
Foods	27.8	27.4	(0.5)
Household supplies	28.1	28.2	+0.1
Clothing	36.0	35.1	(0.9)
Total	28.1	27.7	(0.4)

Product gross profit amount composition ratio for the six months ended August 20, 2023



Fresh foods represent a total of agricultural products, livestock products, marine products, delicatessen foods, and in-store bakeries.

• These are figures before the application of the “Accounting Standard for Revenue Recognition.”

Non-consolidated SG&A Expenses

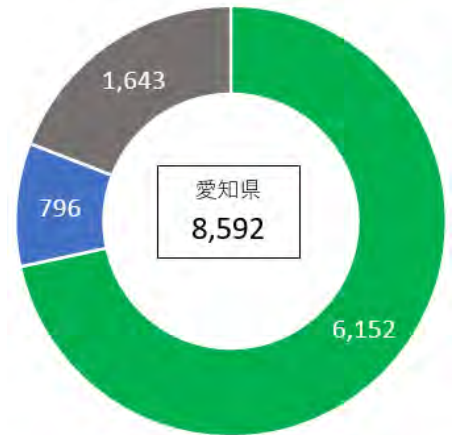
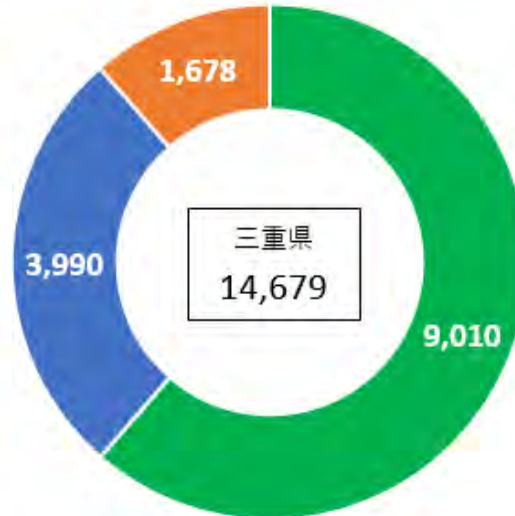
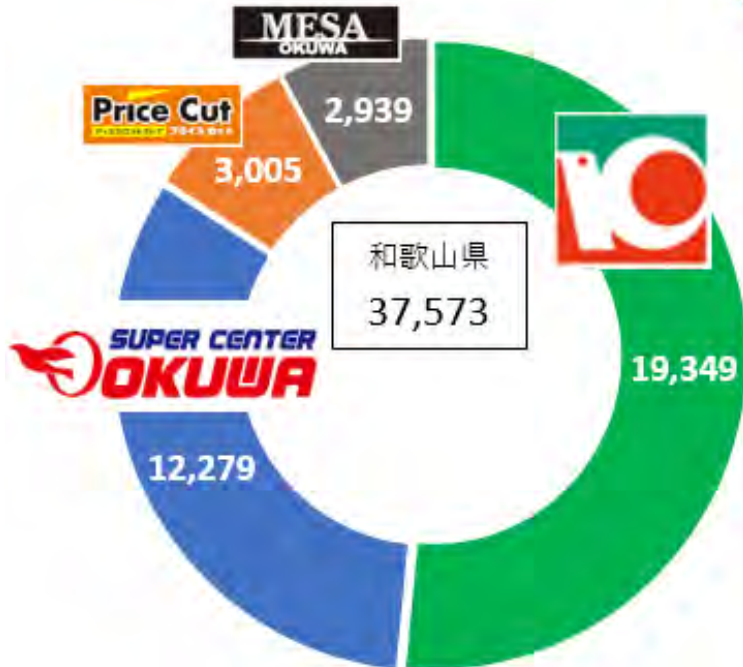
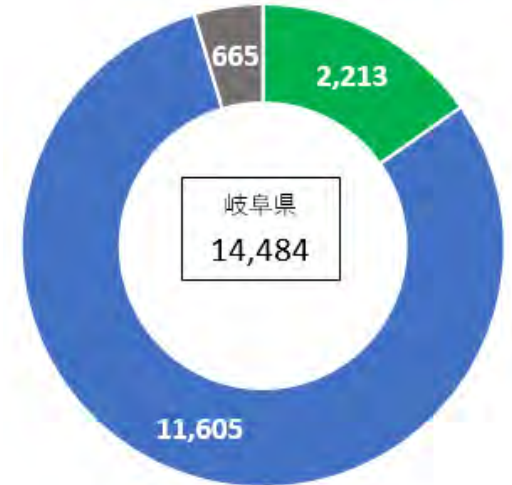
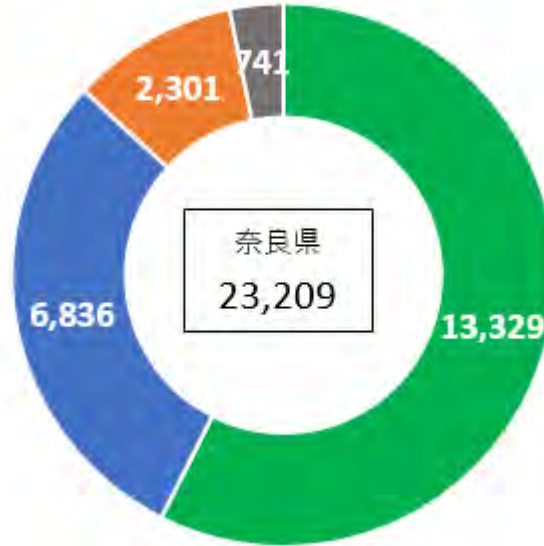
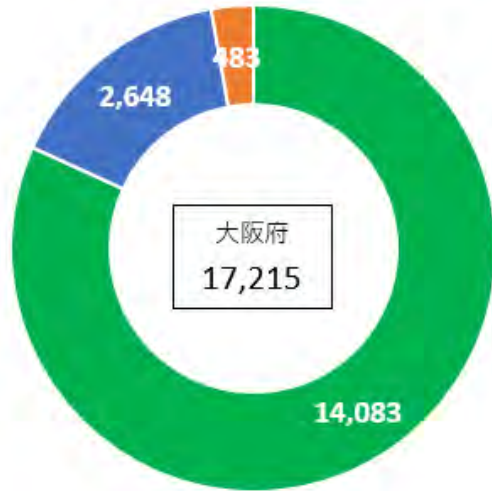


(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change	Ratio to net sales	Ratio to net sales (Six months ended August 20, 2022)
Net sales	111,062	114,808	103.4	100.0	100.0
Selling expenses	966	1,030	+64	0.9	0.9
Personnel expenses	15,293	16,038	+744	14.0	13.8
Rent	3,620	3,742	+122	3.3	3.3
Depreciation	2,982	3,046	+64	2.7	2.7
Utilities expenses	2,637	2,477	(159)	2.2	2.4
Other general and administrative expenses	10,171	10,193	+21	8.9	9.2
Total SG&A expenses	35,671	36,529	+858	31.8	32.1

SG&A expenses composition ratio for the six months ended August 20, 2023



Non-consolidated Net Sales by Region and Business Type



Shizuoka 1,569

Hyogo 316

(Million yen)

Non-consolidated Store Distribution



(As of Aug. 20, 2023)



Total by region

Wakayama	30	7	9	3	49
Nara	21	5	5	1	32
Osaka	17	2	1	—	20
Hyogo	—	—	1	—	1
(Kinki area)	68	14	16	4	102
Mie	14	3	5	—	22
Gifu	4 (PM: 1)	10	—	1 (PM: 1)	15
Aichi	9 (PM: 3)	1	—	2 (PM: 2)	12
Shizuoka	1 (PM: 1)	1	—	—	2
(Tokai area)	28	15	5	3	51
Total by business type	96	29	21	7	153

• The figures within parentheses () represent the numbers of Pare Marche (PM) stores.

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New Store Openings



Date of opening	Store name	Prefecture	Business type (directly-operated sales floor area)
April 12	Kasugai Store	Aichi	SSM 3,224 m ²
April 28	Yao Korigawa Store	Osaka	SSM 1,671 m ²

(Yao Korigawa Store)

Opened in the Forest Mall Yao as a tenant. This is the first time in nine years to open a store in Osaka. We aim to attract customers with appealing products, targeting a wide range of customers from the child-rearing generation to senior citizens.



Major Renovations

Date of opening

Store name

Prefecture

Business type
(directly-operated sales floor area)

June 9

Oyodo-nishi

Nara

SSM 1,767 m²

Oyodo-nishi Store has marked its 26th anniversary. We aim to secure profits by increasing sales through renewal of refrigerated showcases, change of sales floor configuration, etc., and by improving work efficiency through workplace renovation.



(Concept of minor renovations)

- A greater lineup of products through the adoption of reach-in showcases and restructuring of clothing sales floors

Make the renovation effects even higher return on investment through partial renovations, such as adopting scratch bakeries to attract new customers and adopting fishmonger's sushi for differentiation.

Date of opening	Store name	Prefecture	Renovated area
March 21	Kawachinagano Store	Osaka	Bakery
March 24	Super Center Mie Asahi Store	Mie	Household/clothing
April 21	Super Center Doki Store	Gifu	Bakery
April 21	Pare Marche Ikeshita Store	Aichi	Marine products (sushi)
May 19	Super Center Inabe Store	Mie	Household/clothing
May 26	Aisai Plaza Store	Aichi	Reach-in showcases
June 28	Super Center Yoro Store	Gifu	Reach-in showcases
July 21			Household/clothing
July 6	Kiinagashima Store	Mie	Marine products (sushi)
July 7	MESA Takamatsu Store	Wakayama	Bakery

Initiatives for minor renovations (1)

<Reach-in showcases>

Promoted the introduction of reach-in showcases amid increasing demand for ready-to-eat meals.

Introduced at 52 stores as of August 20, 2023.

With the introduction, SKUs increased by approximately three times.

Frozen food sales in the first fiscal year after the introduction
Approx. 130% year on year



Initiatives for minor renovations (2)

<Clothing>

Conducted minor renovations of clothing areas alone, mainly for “increasing appeal through layout changes” and “introducing new categories,” at 18 stores in fiscal 2021 and onward.

Sales in Clothing Department
Up approx. 12%

The composition ratio improved to 4.0%, contributing to sales increase in overall store sales.



Non-consolidated Capital Expenditures



(Million yen, %)	Six months ended August 20, 2022	Six months ended August 20, 2023	Year-on-year change	Full-year plan
New stores	762	1,502	197.0	2,100
Existing stores, etc.	2,199	1,980	90.0	5,200
Systems	401	372	92.8	1,750
Construction basis	3,363	3,855	114.6	9,050

Key descriptions

New stores	Investment in new store openings (Kasugai Store/Yao Korigawa Store)
Existing stores, etc.	Investment in renovations of existing stores (Super Center Nanki, Oyodo-nishi, etc.)
Systems	Replacement of cash registers, etc.

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<Restructuring of SuC business formats>

As a part of initiatives for the reorganization of store formats, Kani Mitake Interchange Store was renovated and reopened on June 14.

<Concept of renovations>

- (1) “Price” in customer attraction + “attractiveness” in differentiation + overall strength = “convenience/satisfaction”
- (2) Stores supported by a wide range of customers
- (3) Greater convenience for customers in their shopping areas + stores where customers are satisfied with “once-a-week” shopping



- Changes in figures, particularly in the fresh foods department, have been apparent, and therefore these efforts will be expanded to other stores in 2H. -23-

Enhancement of OKUWA brand products

Developed the first foods with function claims under our private brand

Aim to contribute to local communities through health



産地・素材・製法にこだわり抜いたブランド
オークワプレミアム

※写真はイメージです。

食後の中性脂肪の上昇を抑えます。

紀州の恵み青汁

香汁 紀州の恵み

MGR

14日分

The advertisement features a central image of a glass filled with green juice and ice, with a green straw. To the right is a product box for 'Shikoku's Blessing Green Juice'. The background is a dark, curved shape with a yellow border. Text is in Japanese, with some parts in bold and larger fonts.

Policies and Financial Results Forecast for 2H

<Restructuring of Price Cut/SL stores>

September 22: Price Cut Tanabe Shimomaro Store was renovated and reopened.

Price Cut
ディスカウントストア プライス カット

毎得宣言
コストを抑えて
価格に還元!!

●地域の皆様から「感謝」・「称賛」・「安心」
そして「喜び」を毎日お届けします。

●毎日「感謝」を「受け」たい皆様へ！
●自社プライベートブランド「おまじみ」・「おまじみ」
「おまじみ」を毎日お届けします。

●資材を最小限にして価格に還元!!
●売場陳列を簡素化して価格に還元!!

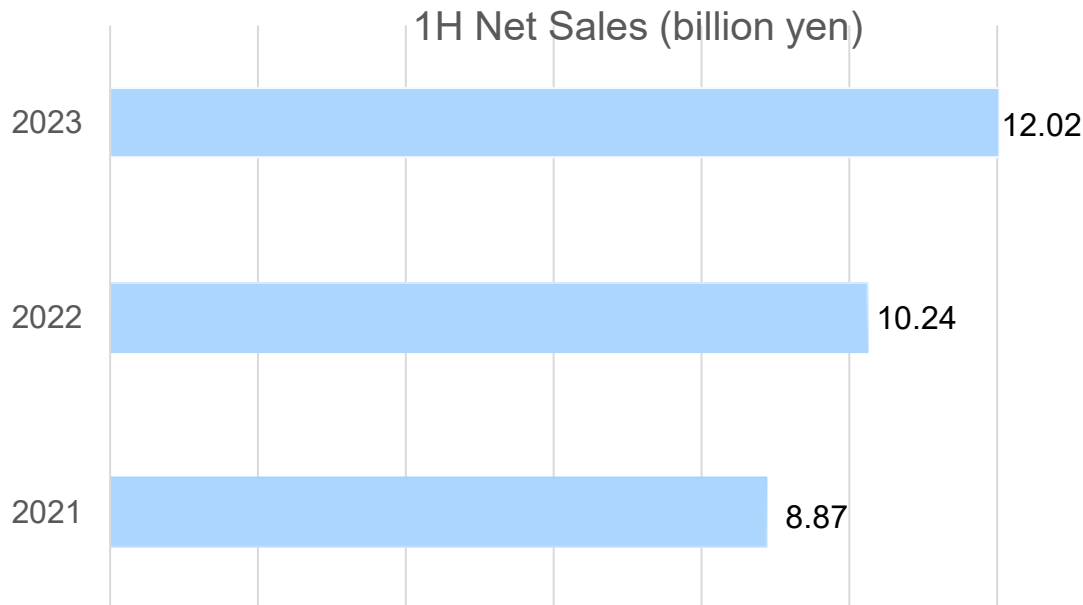
果物・野菜 精肉 鮮魚 惣菜 おなじみ食品
暮らしの品々



Sales results of OKUWA brand products

This year marks the fourth anniversary of the brand, launched in 2020, and sales have been steadily growing.

**Fiscal 2023 sales target
25.0 billion yen (114% year on year)**



(Composition ratio in foods)

11.9%



10.4%



8.8%



• Total sales of foods (excluding household supplies and clothing).

Fish delicatessen foods (fish and seasonable vegetables)



Introduced for the first time by the Company at MESA Iwade Store in May and MESA Takamatsu Store in July

<Composition ratio in marine products>

MESA Iwade Store: Approx. 13%, MESA Takamatsu Store: Approx. 7%

Expect to grow into a flagship category following fishmonger's sushi

Contribute to reducing food waste and increasing freshness by improving inventory turnover

➤ Plan to introduce the products to three more stores in 2H

Addressing logistics 2024 issues

(1) Mihama Center: Reduce the number of truck trips

(Mihama area)	Fiscal 2023 forecast	Fiscal 2024 target	Expected annual reduction
Mileage	552,241 km	384,596 km	167,654 km
Light oil	122,760 ℓ	85,494 ℓ	37,267 ℓ
CO ₂	316,219 kg	220,224 kg	95,995 kg

30% reduction

➤ Implement initiatives to achieve the fiscal 2024 targets in 2H.

Approx. 150 km reduction in mileage per delivery

(2) Izumisano Center: Streamline delivery routes

Nanki Course ⇒ Receive cargo at Wakayama Center, and then deliver it to the Nanki area

Develop a heat recovery device

Develop a special device to use waste hot water to heat water for boilers.

Plan to introduce the device to all factories and centers within fiscal 2023.

**Expected reduction in fuel cost:
13,000 thousand yen per year**



Initiatives to reduce meat paper

Develop a special workbench for draining raw materials with a punched top plate.

**Expected reduction in meat paper cost:
3,359 thousand yen per year**

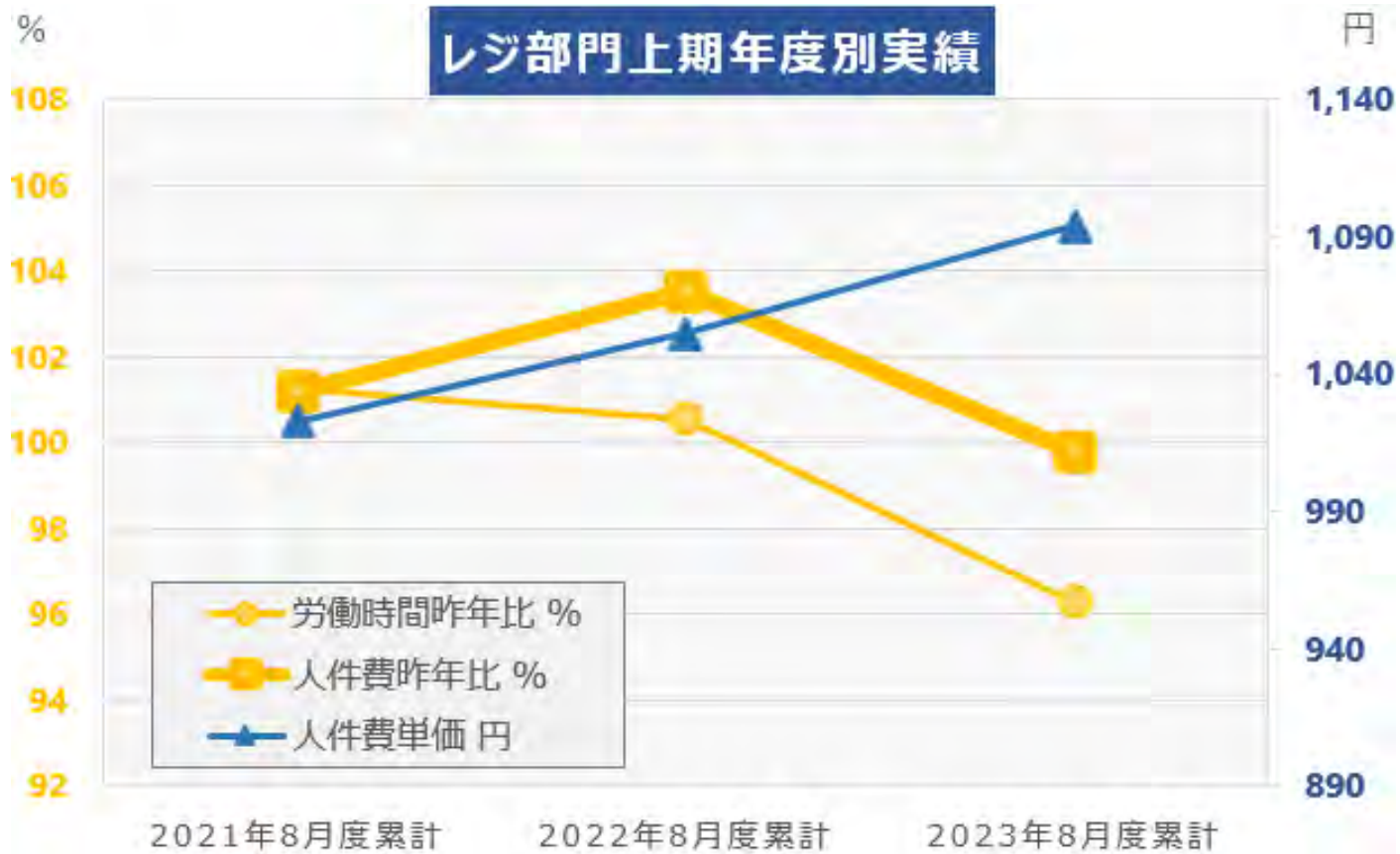
**Expected reduction in waste disposal cost:
1,460 thousand yen per year**



Prediction of assignment of staff to cash registers

Implement a trial at 130 stores to calculate the number of cash registers that need to be in operation and assign staff to the cash registers, based on the number of customers predicted by AI.

Reduce total working hours for cash registers to 96.3% year on year.

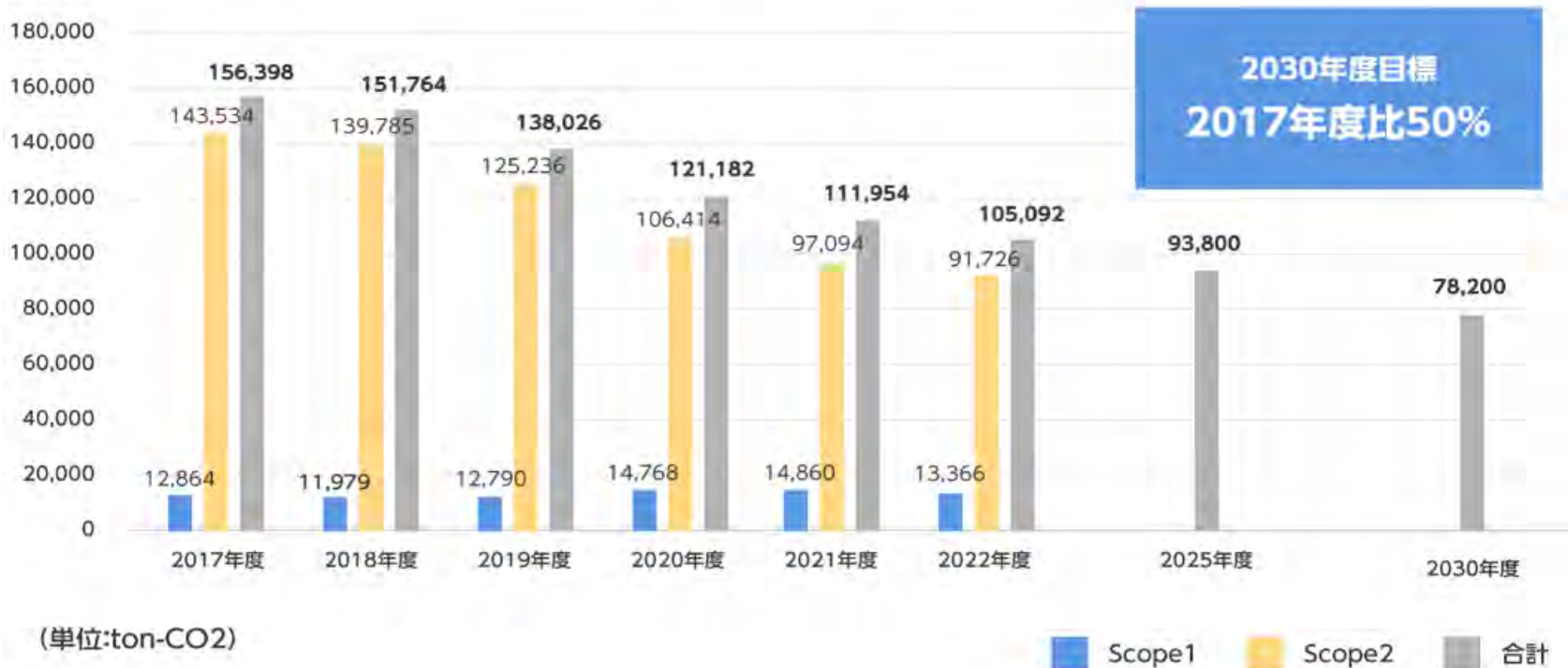


Response to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations

We disclosed information on “Response to the TCFD recommendations” on July 31.

In particular, we will work to build a decarbonized society by expanding the procurement of renewable energy.

GHG排出量



Off-site PPA services ( × )

In August 2023, we started off-site PPA services at six stores in the Tokai area, utilizing electricity from a dedicated solar power plant.

We expect to procure approx. 2.1 million kWh of electricity annually, and reduce CO₂ emissions by approx. 830 tons.



Solar power plant in Nagano

(Supply stores)

Super Center Kani Mitake Interchange Store

Super Center Mino Interchange Store

Super Center Kani Sakado Store

Super Center South Kameyama Store

Super Center Mie Asahi Interchange Store

Super Center Koda Store

Kuwanomi-chan Charity

From June 21 to July 20,

all of our stores conducted a charity

event in which a portion of sales of

OKUWA brand products were donated

to children's cafeterias in the area

where the stores are located.

The amount raised was enough to

provide 2,319 children with a delicious

meal.

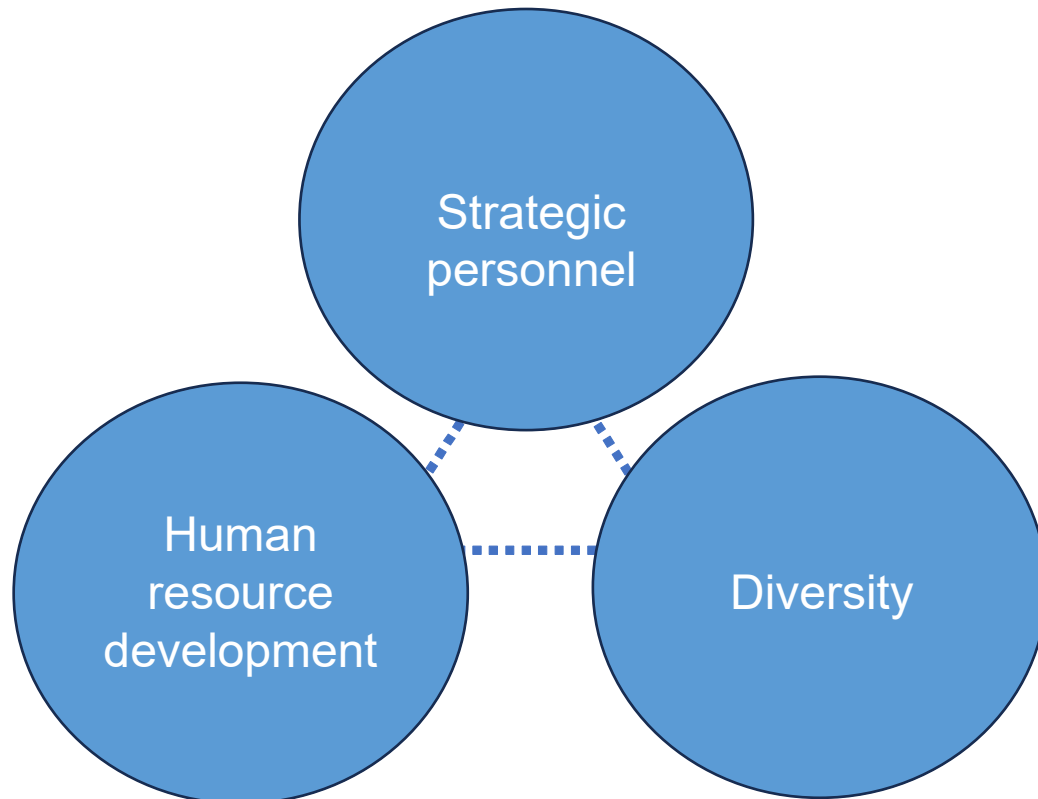
The poster features the OKUWA logo and the text '食と食をつなげよう!' (Let's connect food and eating!). The main title is 'クワミちゃん チャリティ' (Kuwanomi-chan Charity). Below the title, it says '下記内容で実施させていただいたチャリティーに たくさんのご協力をいただき ありがとうございました。' (Thank you for your cooperation in the charity event held under the following conditions). The event dates are '6月21日(木) - 7月20日(木)'. It mentions that a portion of the sales of OKUWA brand products were donated to children's cafeterias. The poster also includes a photo of children eating at a table and the OKUWA logo.

2,319人の子ども達が
こども食堂でおいしい食事をする事ができる
金額相当となりました。

※今回いただいたご寄付は、【認定NPO法人 全国こども食堂支援センター・むすびえ】を通じて、こども食堂への様々な支援のために活用させていただきます

Human capital management (1) —Personnel framework—

- (1) Laying the foundation by the Personnel Strategy Department
- (2) Sustainable growth by strengthening human resource development
- (3) Promoting human capital management, with active work of diverse human resources through diversity promotion as a framework



Human capital management (2)

—Strengthening human resource development—

We believe that active work of diverse human resources is essential for sustainable growth.

In fiscal 2023, we have significantly increased the number of training programs, participants, etc. to focus more on human resource development.

	1H of fiscal 2022	1H of fiscal 2023	Full year (plan)
Number of training programs	39	51	81
Number of training days	84	128	228
Total number of participants in training	2,682	4,167	7,800
Total hours of training	18,382	24,924	43,670

Start a trial of the mobile supermarket

OKUWA, TOYOTA COROLLA

WAKAYAMA, and TOYOTA

CONIQ Pro will start a trial of

the mobile supermarket from

October 12.

We will continue our activities to

contribute to local communities.



65th Anniversary

In collaboration with our business partners, we will implement anniversary plans, such as campaigns and sales of commemorative products.



Financial Results Forecast



Consolidated	(Million yen)	Fiscal year ended February 20, 2023	Fiscal year ending February 20, 2024	Year-on-year change (%)
Operating income		246,877	253,000	102.5
Operating profit		2,927	3,400	116.1
Ordinary profit		3,148	3,600	114.3
Profit*		928	1,200	129.2

*Profit represents profit attributable to owners of parent.

Non-consolidated	(Million yen)	Fiscal year ended February 20, 2023	Fiscal year ending February 20, 2024	Year-on-year change (%)
Operating income		241,174	252,000	104.5
Operating profit		2,824	3,300	116.8
Ordinary profit		3,222	3,500	108.6
Profit		1,031	1,200	116.4

With regard to the request from the Tokyo Stock Exchange dated March 31, 2023, the Company is preparing to formulate countermeasures through continuing discussions at the Board of Directors, in light of the current situation where PBR is well below 1x. The Company plans to disclose those countermeasures against the request by **“the date of announcement of financial results for the fiscal year ending February 20, 2024.”**

■ Notes regarding the handling of this material

The plans, strategies, predictions of future business performance and business outlook of the Company described in this material rest on assumptions and beliefs determined based on information available to the Company at this point in time.

Please be advised that actual business performance may differ due to various factors.

The Company may revise the descriptions regarding the future outlook and/or modify the assumptions and factors which served as the basis for the future outlook without prior notice, unless such notice is legally required.