

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

## Consolidated Financial Results for the Nine Months Ended November 20, 2023 [Japanese GAAP]



December 27, 2023

Company name: OKUWA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8217

URL: <http://www.okuwa.net>

Representative: Hirotugu Okuwa, President and Representative Director

Contact: Kozo Togawa, Director; Managing Executive Officer; General Manager, Administration Headquarters; and  
General Manager, IR Office

Phone: +81-73-425-2481

Scheduled date of filing quarterly securities report: December 27, 2023

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Nine Months Ended November 20, 2023 (February 21, 2023 - November 20, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

|                   | Operating income |     | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|-------------------|------------------|-----|------------------|--------|-----------------|--------|---|--------|
| Nine months ended | Million yen      | %   | Million yen      | %      | Million yen     | %      | Million yen                             | %      |
| November 20, 2023 | 182,636          | 0.6 | 1,193            | (11.6) | 1,327           | (13.3) | 662                                     | (16.7) |
| November 20, 2022 | 181,529          | –   | 1,350            | (60.6) | 1,531           | (57.4) | 794                                     | (57.5) |

(Note) Comprehensive income: Nine months ended November 20, 2023: ¥772 million [0.5%]

Nine months ended November 20, 2022: ¥768 million [(59.6)%]

|                   | Basic earnings per share |  | Diluted earnings per share |  |
|-------------------|--------------------------|--|----------------------------|--|
| Nine months ended | Yen                      |  | Yen                        |  |
| November 20, 2023 | 15.09                    |  | 15.09                      |  |
| November 20, 2022 | 18.12                    |  | 18.12                      |  |

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ended February 20, 2023. Therefore, the figure of operating income for the nine months ended November 20, 2022 shows the amount after the relevant accounting standards are applied, and the change from the previous corresponding period is not described.

### (2) Consolidated Financial Position

|                         | Total assets | Net assets  | Equity ratio |
|-------------------------|--------------|-------------|--------------|
|                         | Million yen  | Million yen | %            |
| As of November 20, 2023 | 131,754      | 77,574      | 58.6         |
| As of February 20, 2023 | 132,526      | 77,928      | 58.6         |

(Reference) Equity: As of November 20, 2023: ¥77,247 million

As of February 20, 2023: ¥77,623 million

## 2. Dividends

|   | Annual dividends |                 |                 |          |       |
|---|------------------|-----------------|-----------------|----------|-------|
|   | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
|   | Yen              | Yen             | Yen             | Yen      | Yen   |
| Fiscal year ended<br>February 20, 2023                | –                | 13.00           | –               | 13.00    | 26.00 |
| Fiscal year ending<br>February 20, 2024               | –                | 13.00           | –               |          |       |
| Fiscal year ending<br>February 20, 2024<br>(Forecast) |                  |                 |                 | 13.00    | 26.00 |

(Note) Revision to the dividend forecast announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2024 (February 21, 2023 - February 20, 2024)

(% indicates changes from the previous corresponding period.)

|           | Operating income |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Basic earnings per share |
|-----------|------------------|-----|------------------|------|-----------------|------|---|------|--------------------------|
| Full year | Million yen      | %   | Million yen      | %    | Million yen     | %    | Million yen                             | %    | Yen                      |
|           | 253,000          | 2.5 | 3,400            | 16.1 | 3,600           | 14.3 | 1,200                                   | 29.2 | 27.35                    |

(Note) Revision to the financial results forecast announced most recently: None

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: – (                                      ), Excluded: – (                                      )
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes  
For details, please refer to “(3) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 7 of the Attachments to this report.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement  
1) Changes in accounting policies due to the revision of accounting standards: None  
2) Changes in accounting policies other than 1) above: None  
3) Changes in accounting estimates: None  
4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)  
1) Total number of issued shares at the end of the period (including treasury shares):  
November 20, 2023: 45,237,297 shares  
February 20, 2023: 45,237,297 shares  
  
2) Total number of treasury shares at the end of the period:  
November 20, 2023: 1,345,137 shares  
February 20, 2023: 1,363,053 shares  
  
3) Average number of shares outstanding during the period (cumulative total):  
Nine months ended November 20, 2023: 43,885,153 shares  
Nine months ended November 20, 2022: 43,865,579 shares

\* These consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on certain information available to the Company as of the date of publication of this document and on certain assumptions deemed reasonable. As such, actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions used as the basis for the financial results forecast and notes on the use of the forecast, please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 2 of the Attachments to this report.

## Table of Contents - Attachments

|  |   |
|--|---|
| 1. Qualitative Information on Quarterly Financial Results.....   | 2 |
| (1) Explanation of Operating Results.....  | 2 |
| (2) Explanation of Financial Position .....  | 2 |
| (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information.....              | 2 |
| 2. Quarterly Consolidated Financial Statements and Primary Notes .....   | 3 |
| (1) Quarterly Consolidated Balance Sheets .....  | 3 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income .....                                     | 5 |
| (3) Notes to Quarterly Consolidated Financial Statements.....  | 7 |
| (Notes on going concern assumption).....   | 7 |
| (Notes in case of significant changes in shareholders' equity) .....   | 7 |
| (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) ..... | 7 |

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended November 20, 2023 (February 21, 2023 - November 20, 2023), the environment surrounding OKUWA Co., Ltd. (the “Company”) is becoming one in which the effects of COVID-19 are subsiding, and a recovery in flow of people and domestic consumption is expected due in part to the easing of restrictions on domestic activities and entry into Japan from overseas. On the other hand, the outlook for the global economy remains uncertain due to factors such as prolonged tensions in Russia and Ukraine, persistent inflation in various countries as a result of monetary policy shifts, and financial sector turmoil in the U.S. and Europe.

The retail industry, too, continues to struggle with the harsh environment, which is exemplified by the fluctuations in raw material prices due to the imbalance between supply and demand and the hikes in market prices, higher costs caused by a rising trend in energy costs and a rise in labor costs, and the need for labor saving and productivity improvement to prepare for the 2024 logistics problem.

Against this backdrop, the Company has decided the slogan for the fiscal year as “Let us cope with the drastically changing social environment by expanding our market share through reorganization of store formats and reducing costs through operational reform.” In order to increase share in the market territories of the Company, we have restructured the four business types we offer and worked to provide products and services that can respond to changing lifestyles through such efforts as improving operational efficiency in order to reduce costs and responding diversifying customer needs.

As for the new store openings for the period under review, we opened the Kasugai Store (Kasugai-shi, Aichi) and the Yao Korigawa Store (Yao-shi, Osaka) in April. As for the revitalization of existing stores, we renovated the Oyodo-nishi Store (Oyodo-cho, Yoshino-gun, Nara) in June.

With regards to our consolidated subsidiaries, SUNRISE., CO. LTD., which handles the processing and delivery of agricultural and other products, saw a slight increase in sales and a rise in profits due to operational improvement, while OAK FOODS CO. LTD., which operates restaurants, saw both sales and profits decrease.

As a result, for the nine months ended November 20, 2023, the Company and its consolidated subsidiaries (the “Group”) posted operating income (net sales and operating revenue) of 182,636 million yen (up by 0.6% year-on-year), operating profit of 1,193 million yen (down by 11.6% year-on-year), ordinary profit of 1,327 million yen (down by 13.3% year-on-year), and profit attributable to owners of parent of 662 million yen (down by 16.7% year-on-year).

### (2) Explanation of Financial Position

Total assets at the end of the third quarter of the fiscal year under review decreased by 771 million yen from the end of the previous fiscal year to 131,754 million yen. Current assets decreased by 845 million yen, primarily due to a decrease of 1,559 million yen in cash and deposits, despite an increase of 1,125 million yen in merchandise and finished goods. Non-current assets increased by 73 million yen, primarily due to an increase of 362 million yen in land under property, plant and equipment and an increase of 180 million yen in software in progress included in other under intangible assets, despite a decrease of 496 million yen in leased assets, net included in other, net, under property, plant and equipment.

Liabilities decreased by 416 million yen from the end of the previous fiscal year to 54,180 million yen. Current liabilities decreased by 228 million yen, primarily due to a decrease of 1,070 million yen in electronically recorded obligations-facilities included in other under current liabilities, despite an increase of 1,121 million yen in in notes and accounts payable - trade. Non-current liabilities decreased by 188 million yen, primarily due to a decrease of 283 million yen in lease liabilities and a decrease of 201 million yen in long-term leasehold deposits received, both included in other under non-current liabilities, despite an increase of 300 million yen in long-term borrowings.

Net assets decreased by 354 million yen from the end of the previous fiscal year to 77,574 million yen. This was primarily due to a decrease of 478 million yen in retained earnings.

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

Given the operating results for the nine months ended November 20, 2023 and other factors, the Company has not revised its earlier consolidated financial results forecast for the fiscal year ending February 20, 2024, which was announced on April 3, 2023.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

|   | As of February 20, 2023 | As of November 20, 2023 |
|---|-------------------------|-------------------------|
| <b>Assets</b>                           |                         |                         |
| Current assets                          |                         |                         |
| Cash and deposits                       | 15,751                  | 14,191                  |
| Notes and accounts receivable - trade   | 6,294                   | 6,439                   |
| Merchandise and finished goods          | 9,483                   | 10,609                  |
| Other                                   | 2,371                   | 1,820                   |
| Allowance for doubtful accounts         | (0)                     | (7)                     |
| Total current assets                    | 33,899                  | 33,054                  |
| Non-current assets                      |                         |                         |
| Property, plant and equipment           |                         |                         |
| Buildings and structures, net           | 47,232                  | 47,206                  |
| Land                                    | 28,044                  | 28,406                  |
| Other, net                              | 6,817                   | 6,300                   |
| Total property, plant and equipment     | 82,093                  | 81,912                  |
| Intangible assets                       |                         |                         |
| Other                                   | 3,691                   | 3,805                   |
| Total intangible assets                 | 3,691                   | 3,805                   |
| Investments and other assets            |                         |                         |
| Other                                   | 12,854                  | 12,994                  |
| Allowance for doubtful accounts         | (12)                    | (12)                    |
| Total investments and other assets      | 12,841                  | 12,981                  |
| Total non-current assets                | 98,626                  | 98,700                  |
| Total assets                            | 132,526                 | 131,754                 |
| <b>Liabilities</b>                      |                         |                         |
| Current liabilities                     |                         |                         |
| Notes and accounts payable - trade      | 12,684                  | 13,805                  |
| Short-term borrowings                   | 4,660                   | 4,660                   |
| Current portion of long-term borrowings | 6,129                   | 6,198                   |
| Income taxes payable                    | 373                     | 353                     |
| Refund liability                        | 1,321                   | 1,502                   |
| Contract liabilities                    | 2,649                   | 2,483                   |
| Other                                   | 11,145                  | 9,730                   |
| Total current liabilities               | 38,963                  | 38,734                  |
| Non-current liabilities                 |                         |                         |
| Long-term borrowings                    | 9,174                   | 9,474                   |
| Retirement benefit liability            | 73                      | 71                      |
| Asset retirement obligations            | 3,170                   | 3,222                   |
| Other                                   | 3,215                   | 2,677                   |
| Total non-current liabilities           | 15,634                  | 15,445                  |
| Total liabilities                       | 54,597                  | 54,180                  |

(Million yen)

|   | As of February 20, 2023 | As of November 20, 2023 |
|---|-------------------------|-------------------------|
| Net assets  |                         |                         |
| Shareholders' equity                                  |                         |                         |
| Share capital   | 14,117                  | 14,117                  |
| Capital surplus                                       | 15,009                  | 15,003                  |
| Retained earnings                                     | 50,513                  | 50,034                  |
| Treasury shares                                       | (1,629)                 | (1,608)                 |
| Total shareholders' equity                            | 78,010                  | 77,547                  |
| Accumulated other comprehensive income                |                         |                         |
| Valuation difference on available-for-sale securities | 280                     | 332                     |
| Remeasurements of defined benefit plans               | (667)                   | (631)                   |
| Total accumulated other comprehensive income          | (387)                   | (299)                   |
| Share acquisition rights                              | 38                      | 38                      |
| Non-controlling interests                             | 267                     | 287                     |
| Total net assets                                      | 77,928                  | 77,574                  |
| Total liabilities and net assets                      | 132,526                 | 131,754                 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine Months Ended November 20

(Million yen)

|   | For the nine months ended<br>November 20, 2022 | For the nine months ended<br>November 20, 2023 |
|---|--|--|
| Net sales   | 172,466  | 173,491  |
| Cost of sales   | 124,086  | 125,474  |
| Gross profit  | 48,379   | 48,016   |
| Operating revenue   |  |  |
| Real estate lease revenue   | 3,021  | 2,961  |
| Other operating revenue   | 6,041  | 6,182  |
| Total operating revenue   | 9,062  | 9,144  |
| Operating gross profit  | 57,442   | 57,161   |
| Selling, general and administrative expenses  | 56,092   | 55,968   |
| Operating profit  | 1,350  | 1,193  |
| Non-operating income  |  |  |
| Share of profit of entities accounted for using equity method                                       | 7  | 40   |
| Gain on sale of recycled materials  | 54   | 48   |
| Dividend income   | 51   | 42   |
| Sponsorship money income  | 21   | -  |
| Other   | 111  | 81   |
| Total non-operating income  | 246  | 212  |
| Non-operating expenses  |  |  |
| Interest expenses   | 46   | 63   |
| Other   | 18   | 15   |
| Total non-operating expenses  | 65   | 78   |
| Ordinary profit   | 1,531  | 1,327  |
| Extraordinary income  |  |  |
| Gain on sale of non-current assets  | 10   | 1  |
| Compensation income   | -  | 20   |
| Gain on differences between the asset retirement obligation balance and the actual retirement costs | 234  | -  |
| Other   | -  | 10   |
| Total extraordinary income  | 245  | 32   |
| Extraordinary losses  |  |  |
| Loss on retirement of non-current assets  | 192  | 111  |
| Impairment losses   | 14   | 9  |
| Loss on cancellation of rental contracts  | 113  | 14   |
| Other   | 14   | 10   |
| Total extraordinary losses  | 334  | 145  |
| Profit before income taxes  | 1,441  | 1,214  |
| Income taxes  | 629  | 529  |
| Profit  | 811  | 684  |
| Profit attributable to non-controlling interests  | 17   | 22   |
| Profit attributable to owners of parent   | 794  | 662  |



Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended November 20

(Million yen)

|  | For the nine months ended<br>November 20, 2022 | For the nine months ended<br>November 20, 2023 |
|--|--|--|
| Profit   | 811  | 684  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | (45)   | 51   |
| Remeasurements of defined benefit plans, net of tax            | 1  | 35   |
| Total other comprehensive income                               | (43)   | 87   |
| Comprehensive income   | 768  | 772  |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 751  | 749  |
| Comprehensive income attributable to non-controlling interests | 17   | 22   |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

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

There is no relevant information.

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

(Calculation of taxes)

Taxes are calculated by multiplying profit before income taxes for the nine months ended November 20, 2023 by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit before income taxes for the current fiscal year ending February 20, 2024, including the third quarter of the fiscal year under review. Should it be deemed to be significantly irrational to calculate taxes by the effective tax rate thus estimated, the normal effective statutory tax rate will be used for calculation.