

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 6, 2023

Company name: ICHIBANYA CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7630 URL <https://www.ichibanya.co.jp/>
 Representative: President Mamoru Kuzuhara
 General Manager of Corporate Planning
 Inquiries: Yasutaka Hirao TEL (0586) 81 - 0792
 Dept.
 Scheduled date to file Quarterly Securities Report: October 13, 2023
 Scheduled date to commence dividend payments: November 17, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		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 31, 2023	26,822	17.3	2,467	87.2	2,606	58.6	1,418	38.8
Six months ended August 31, 2022	22,874	4.2	1,317	10.2	1,642	(13.3)	1,021	(32.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	44.45	—
Six months ended August 31, 2022	32.01	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2023	43,749	31,379	70.7	970.05
As of February 28, 2023	42,432	30,945	72.0	957.78

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, 2023	—	40.00	—	40.00	80.00
Year ending February 29, 2024	—	40.00			
Year ending February 29, 2024 (Forecast)			—	40.00	80.00

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

Percentages indicate year-on-year changes

	Net sales		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	55,100	14.1	4,900	35.6	5,150	27.4	3,100	22.1	97.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2023
(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 August 31, 2023	31,926,000 shares	As of February 28, 2023	31,926,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	21,043 shares	As of February 28, 2023	6,836 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2023	31,906,530 shares	Six months ended August 31, 2022	31,914,920 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	17,690,428	16,916,881
Accounts receivable - trade	3,161,681	3,722,677
Merchandise and finished goods	1,001,425	997,148
Work in process	47,519	50,483
Raw materials and supplies	260,984	277,270
Other	819,759	1,026,682
Total current assets	22,981,799	22,991,143
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,844,872	5,095,414
Machinery, equipment and vehicles, net	687,188	673,406
Land	5,375,658	5,326,062
Leased assets, net	702,255	518,243
Other, net	585,195	599,741
Total property, plant and equipment	12,195,170	12,212,868
Intangible assets		
Goodwill	223,145	835,863
Other	845,024	1,283,080
Total intangible assets	1,068,170	2,118,944
Investments and other assets		
Investment securities	372,560	413,494
Deferred tax assets	1,089,040	1,140,545
Guarantee deposits	4,495,207	4,542,255
Other	233,104	332,514
Allowance for doubtful accounts	(2,153)	(2,086)
Total investments and other assets	6,187,759	6,426,722
Total non-current assets	19,451,100	20,758,535
Total assets	42,432,899	43,749,679

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,312,523	2,824,751
Current portion of long-term borrowings	—	5,236
Accounts payable - other	1,455,617	1,441,473
Income taxes payable	574,309	936,349
Provision for bonuses	329,732	353,542
Provision for shareholder benefit program	99,117	108,201
Other	1,143,819	1,108,905
Total current liabilities	5,915,119	6,778,460
Non-current liabilities		
Long-term borrowings	—	34,764
Lease liabilities	293,193	184,427
Retirement benefit liability	1,150,350	1,186,001
Long-term guarantee deposits	3,540,954	3,501,010
Asset retirement obligations	532,591	557,819
Other	55,101	127,229
Total non-current liabilities	5,572,192	5,591,252
Total liabilities	11,487,311	12,369,712
Net assets		
Shareholders' equity		
Share capital	1,503,270	1,503,270
Capital surplus	1,389,226	1,389,950
Retained earnings	27,090,313	27,231,660
Treasury shares	(32,701)	(108,714)
Total shareholders' equity	29,950,108	30,016,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,977	82,438
Foreign currency translation adjustment	577,421	858,434
Remeasurements of defined benefit plans	(9,980)	(7,621)
Total accumulated other comprehensive income	621,417	933,251
Non-controlling interests	374,061	430,549
Total net assets	30,945,588	31,379,966
Total liabilities and net assets	42,432,899	43,749,679

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Net sales	22,874,883	26,822,463
Cost of sales	12,281,067	13,873,615
Gross profit	10,593,815	12,948,847
Selling, general and administrative expenses	9,275,838	10,481,436
Operating profit	1,317,977	2,467,410
Non-operating income		
Interest and dividend income	5,880	19,476
Rental income from buildings	433,014	442,546
Subsidy income	219,429	—
Other	39,068	61,148
Total non-operating income	697,393	523,171
Non-operating expenses		
Interest expenses	6,445	6,619
Rental expenses	346,096	366,169
Other	20,118	11,681
Total non-operating expenses	372,660	384,470
Ordinary profit	1,642,710	2,606,111
Extraordinary income		
Gain on sales of stores	37,316	20,364
Other	2,560	587
Total extraordinary income	39,876	20,951
Extraordinary losses		
Loss on sale of non-current assets	33,806	—
Loss on retirement of non-current assets	4,100	2,782
Impairment losses	67,450	383,475
Loss on valuation of shares of subsidiaries and associates	4,932	—
Total extraordinary losses	110,290	386,258
Profit before income taxes	1,572,296	2,240,804
Income taxes - current	518,495	858,166
Income taxes - deferred	39,067	(60,977)
Total income taxes	557,562	797,188
Profit	1,014,733	1,443,616
Profit (loss) attributable to non-controlling interests	(6,883)	25,502
Profit attributable to owners of parent	1,021,617	1,418,113

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	1,014,733	1,443,616
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,401)	28,461
Foreign currency translation adjustment	456,968	314,409
Remeasurements of defined benefit plans, net of tax	11,342	2,358
Total other comprehensive income	463,908	345,229
Comprehensive income	1,478,642	1,788,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,435,271	1,729,946
Comprehensive income attributable to non-controlling interests	43,371	58,898

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,572,296	2,240,804
Depreciation	758,105	828,095
Impairment losses	67,450	383,475
Amortization of goodwill	22,314	42,799
Increase (decrease) in provision for bonuses	2,149	20,059
Increase (decrease) in retirement benefit liability	49,263	39,044
Interest and dividend income	(5,880)	(19,476)
Interest expenses	6,445	6,619
Loss (gain) on sale of non-current assets	31,246	(587)
Loss (gain) on sales of stores	(37,316)	(20,364)
Loss on retirement of non-current assets	4,100	2,782
Loss on valuation of shares of subsidiaries and associates	4,932	—
Decrease (increase) in trade receivables	(484,173)	(509,023)
Decrease (increase) in inventories	(53,771)	(2,139)
Increase (decrease) in trade payables	198,872	472,469
Increase (decrease) long-term guarantee deposits received	(66,712)	(39,943)
Other, net	41,084	(167,854)
Subtotal	2,110,406	3,276,759
Interest and dividends received	4,637	16,004
Interest paid	(6,445)	(6,619)
Income taxes paid	(1,020,897)	(532,752)
Net cash provided by (used in) operating activities	1,087,700	2,753,392
Cash flows from investing activities		
Payments into time deposits	(10,800)	(180,410)
Proceeds from withdrawal of time deposits	10,800	11,150
Purchase of securities	(7,998,756)	(7,996,528)
Proceeds from redemption of securities	8,000,000	8,000,000
Purchase of property, plant and equipment	(485,197)	(802,587)
Purchase of intangible assets	(84,995)	(440,503)
Proceeds from sale of property, plant and equipment	104,427	—
Proceeds from sales of stores	60,129	27,933
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(816,813)
Other, net	(12,436)	(30,020)
Net cash provided by (used in) investing activities	(416,829)	(2,227,780)
Cash flows from financing activities		
Dividends paid	(1,275,732)	(1,275,821)
Other, net	(198,689)	(385,920)
Net cash provided by (used in) financing activities	(1,474,421)	(1,661,742)
Effect of exchange rate change on cash and cash equivalents	280,883	178,672
Net increase (decrease) in cash and cash equivalents	(522,666)	(957,458)
Cash and cash equivalents at beginning of period	17,420,555	17,678,123
Cash and cash equivalents at end of period	16,897,888	16,720,665