

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 11, 2021

Company name: YAOKO CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8279
 URL: <https://www.yaoko-net.com/>
 Representative: Kawano Sumito, President and Representative Director
 Contact: Kamiike Masanobu, Managing Director and Chief Director of Business Management
 Phone: +81-49-246-7000
 Scheduled date of filing quarterly securities report: November 11, 2021
 Scheduled date of commencing dividend payments: December 6, 2021
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

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

	Total revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	269,426	4.2	17,250	9.0	17,000	8.0	11,406	6.8
September 30, 2020	258,456	14.7	15,827	45.6	15,744	46.0	10,685	49.2

(Note) Comprehensive income: Six months ended September 30, 2021: ¥11,455 million [5.8%]

Six months ended September 30, 2020: ¥10,832 million [49.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	293.71	275.94
September 30, 2020	275.16	258.57

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2021	304,258	126,001	41.4	3,244.29
As of March 31, 2021	269,121	116,625	43.3	3,003.15

(Reference) Equity: As of September 30, 2021: ¥126,001 million

As of March 31, 2021: ¥116,625 million

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen -	Yen 32.50	Yen -	Yen 53.00	Yen 85.50
Fiscal year ending March 31, 2022	-	36.25			
Fiscal year ending March 31, 2022 (Forecast)			-	36.25	72.50

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	508,600	0.1	22,300	(0.7)	21,800	(1.9)	14,200	(2.7)	365.67

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: - company (Name of company) Exclusion: - company (Name of company)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to page 8 of the Attachment, "Consolidated Financial Statements and Primary Notes, (3) Notes to the Consolidated Financial Statements, Changes in accounting policies."

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stocks):

September 30, 2021: 40,013,722 shares

March 31, 2021: 40,013,722 shares

2) Total number of treasury stocks at the end of the period:

September 30, 2021: 1,175,863 shares

March 31, 2021: 1,179,180 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 38,836,691 shares

Six months ended September 30, 2020: 38,832,266 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

* 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 assumptions in light of information currently available and deemed reasonable and are not a guarantee of future performance. Actual results may differ significantly from these forecasts due to a wide range of factors. For details on conditions for the assumptions of financial results forecasts and notes for the use of financial results forecasts, please refer to page 4 of the Japanese version of the Attachment, “1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2021, (3) Explanation of financial results forecast and forward-looking information.”

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and bank deposits	32,080	56,785
Accounts receivable—trade	7,044	7,671
Merchandise and finished products	8,126	8,643
Raw materials and supplies	244	238
Other	10,596	10,345
Total current assets	58,091	83,685
Non-current assets		
Tangible fixed assets		
Buildings and structures (net)	68,312	70,707
Land	72,922	77,022
Other (net)	28,399	31,124
Total tangible fixed assets	169,634	178,854
Intangible fixed assets		
Goodwill	1,015	507
Other	7,014	6,715
Total intangible fixed assets	8,030	7,223
Investments and other assets		
Deferred tax assets	7,019	6,888
Guarantee deposits paid	19,998	21,295
Other	6,316	6,285
Total investments and other assets	33,333	34,469
Total non-current assets	210,999	220,548
Deferred assets	29	25
Total assets	269,121	304,258

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable—trade	31,314	31,376
Current portion of long-term loans payable	12,639	11,484
Income taxes payable	4,138	6,038
Provision for bonuses for employees	2,611	3,284
Other	18,584	12,374
Total current liabilities	69,287	64,559
Long-term liabilities		
Bonds payable	15,047	15,040
Long-term loans payable	45,437	74,935
Deferred tax liabilities	1,111	1,070
Deferred tax liabilities on revaluation	34	34
Provision for retirement benefits for directors	225	227
Provision for retirement benefits for executive officers	31	33
Provision for stock compensation for employees	1,980	1,949
Provision for stock compensation for directors	179	198
Liability for retirement benefits	4,039	4,141
Asset retirement obligations	4,914	4,906
Other	10,205	11,161
Total long-term liabilities	83,207	113,698
Total liabilities	152,495	178,257
Net assets		
Shareholders' equity		
Common stock	4,199	4,199
Capital surplus	7,017	7,017
Retained earnings	113,716	123,026
Treasury stock	(4,767)	(4,750)
Total shareholders' equity	120,166	129,492
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	194	184
Revaluation reserve for land	(3,370)	(3,370)
Remeasurements of defined benefit plans	(364)	(305)
Total accumulated other comprehensive income	(3,540)	(3,491)
Total net assets	116,625	126,001
Total liabilities and net assets	269,121	304,258

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

(Millions of Yen)

	Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)
Net sales	248,013	258,444
Cost of sales	184,410	192,027
Gross profit	63,603	66,416
Operating revenue	10,443	10,982
Operating gross profit	74,046	77,398
Selling, general and administrative expenses	58,219	60,148
Operating income	15,827	17,250
Non-operating income		
Interest income	48	52
Dividend income	4	4
Subsidy income	103	92
Other	38	34
Total non-operating income	195	184
Non-operating expenses		
Interest expenses	271	426
Other	6	8
Total non-operating expenses	277	434
Ordinary income	15,744	17,000
Extraordinary income		
Gain on sales of fixed assets	–	1
Penalty income on lease contracts	72	–
Total extraordinary income	72	1
Extraordinary losses		
Loss on sales of fixed assets	–	0
Loss on disposal of fixed assets	14	24
Loss on impairment	14	–
Total extraordinary losses	29	24
Income before income taxes	15,787	16,977
Income taxes - current	5,032	5,502
Income taxes - deferred	69	68
Total income taxes	5,102	5,570
Net income	10,685	11,406
Net income attributable to owners of parent	10,685	11,406

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)
Net income	10,685	11,406
Other comprehensive income		
Unrealized gains on available-for-sale securities	64	(10)
Remeasurements of defined benefit plans	83	58
Total other comprehensive income	147	48
Comprehensive income	10,832	11,455
Comprehensive income attributable to		
Owners of parent	10,832	11,455

(3) Notes to the Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Notes in the event of material changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “Fair Value Measurement Accounting Standard”), etc. from the beginning of the first quarter of the fiscal year under review, and will apply new accounting policies prescribed by the Fair Value Measurement Accounting Standard, etc. into the future in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The adoption has no impact on quarterly consolidated financial statements.

Important subsequent events

(Capital and business tie-up with Sendo Co., Ltd.)

At a meeting of Board of Directors held on September 13, 2021, the Company resolved to sign a capital and business tie-up deal with Sendo Co., Ltd. (hereinafter referred to as “Sendo”). The Company concluded a share transfer agreement with Sendo’s shareholders on the same day.

The Company obtained some of Sendo’s shares under the agreement on October 14, 2021.

1. Reason for business tie-up

The Group is working to create corporate value and maintain sustainable growth under a long-term vision of “more abundant and enjoyable dietary lives for everyone in the region.”

Sendo’s management philosophy is to “sell at low prices,” “high-quality products,” “while they are fresh,” and “with sincere customer service.” It operates food supermarkets whose fresh foods have a dominant market position with an aim to “contribute to more abundant dietary lives” of customers in the region. Sendo has established a dominant position in the local market centered on Ichihara City in Chiba Prefecture (with 24 food supermarkets and one drug store).

The business environment for the food supermarket industry is expected to become increasingly challenging, affected by such factors as the declining birthrate and aging population and the threat of growing e-commerce. However, after a series of discussions, the Company and Sendo agreed they share the same business goal of “making dietary lives of regional customers more abundant” through the food supermarket business. Accordingly, they decided to join hands to seek further growth by competing with and complementing each other, signing a capital and business tie-up deal.

2. Details of capital and business tie-up

(1) Details of business tie-up

Specific details of the business tie-up are currently being worked out.

(2) Details of capital tie-up

The Company acquired 8,636 shares of Sendo from its existing shareholders through a negotiation transaction and, as a result, the Company’s voting rights ratio at Sendo came to 43.18%. Therefore, Sendo became an equity method affiliate of the Company.

While the acquisition value is not disclosed, the Company had external experts conduct due diligence of Sendo on its financial position, etc. and appraise the value of its shares (using discounted cash flow and other methods). Based on these results and discussions with Sendo, the Company reached a deal with Sendo.

3. Outline of capital and business tie-up partner

- (1) Name: Sendo Co., Ltd.
- (2) Business description: Retail
- (3) Capital stock: ¥10 million

4. Future outlook

The Company estimates the impact of this capital and business tie-up on its Group earnings is insignificant at this point but believes it will contribute to increasing the Group’s corporate value over a medium to long term.