

Translation

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.

Summary of Consolidated Financial Results for the Six Months Ended December 31, 2021 (Based on Japanese GAAP)

February 3, 2022

Company name: Alpen Co.,Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 3028 URL: <https://store.alpen-group.jp/corporate>
 Representative: President Atsushi Mizuno
 Inquiries: Director and Head of Administration Yasuhiko Mizumaki TEL 052-559-0138
 Scheduled date to file Quarterly Securities Report: February 10, 2022
 Scheduled date to commence dividend payments: March 7, 2022
 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 December 31, 2021 (from July 1, 2021 to December 31, 2021)

(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 December 31, 2021	112,900	(6.3)	5,915	(46.7)	6,855	(43.0)	4,333	(44.7)
Six months ended December 31, 2020	120,539	5.0	11,092	237.3	12,024	193.3	7,829	229.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2021	110.57	–
Six months ended December 31, 2020	199.80	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	207,388	112,185	54.1	2,862.41
As of June 30, 2021	207,909	108,807	52.3	2,776.53

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 June 30, 2021	–	20.00	–	25.00	45.00
Year ending June 30, 2022	–	25.00	–	–	–
Year ending June 30, 2022 (Forecast)	–	–	–	25.00	50.00

3. Forecast of consolidated financial results for the year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

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	238,000	–	10,000	–	11,450	–	7,070	–	180.39

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2021
(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: Yes
- (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: Yes
- 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 December 31, 2021	39,288,000 shares	As of June 30, 2021	40,488,000 shares
-------------------------	-------------------	---------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2021	95,527 shares	As of June 30, 2021	1,299,781 shares
-------------------------	---------------	---------------------	------------------

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

Six months ended December 31, 2021	39,189,721 shares	Six months ended December 31, 2020	39,187,030 shares
------------------------------------	-------------------	------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	56,948	44,418
Notes and accounts receivable - trade	8,368	11,327
Merchandise and finished goods	61,310	66,402
Other	3,118	6,656
Allowance for doubtful accounts	(74)	(74)
Total current assets	129,670	128,729
Non-current assets		
Property, plant and equipment		
Buildings and structures	78,013	78,605
Accumulated depreciation	(56,730)	(57,672)
Buildings and structures, net	21,282	20,933
Other	33,713	34,273
Accumulated depreciation	(12,120)	(12,872)
Other, net	21,592	21,401
Total property, plant and equipment	42,875	42,334
Intangible assets	4,303	3,959
Investments and other assets		
Guarantee deposits	17,950	19,382
Other	16,073	15,946
Accumulated depreciation	(2,903)	(2,905)
Other, net	13,169	13,041
Allowance for doubtful accounts	(59)	(59)
Total investments and other assets	31,059	32,364
Total non-current assets	78,238	78,658
Total assets	207,909	207,388

(Millions of yen)

	As of June 30, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,113	49,378
Income taxes payable	4,750	2,910
Provisions	2,376	352
Other	26,775	27,401
Total current liabilities	81,016	80,043
Non-current liabilities		
Long-term borrowings	9,500	7,000
Provisions	977	956
Retirement benefit liability	76	82
Other	7,532	7,121
Total non-current liabilities	18,085	15,160
Total liabilities	99,102	95,203
Net assets		
Shareholders' equity		
Share capital	15,163	15,163
Capital surplus	21,626	21,626
Retained earnings	73,877	74,945
Treasury shares	(2,482)	(182)
Total shareholders' equity	108,184	111,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	125	107
Foreign currency translation adjustment	24	36
Remeasurements of defined benefit plans	472	489
Total accumulated other comprehensive income	622	632
Total net assets	108,807	112,185
Total liabilities and net assets	207,909	207,388

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Net sales	120,539	112,900
Cost of sales	68,465	66,290
Gross profit	52,074	46,609
Selling, general and administrative expenses	40,981	40,694
Operating profit	11,092	5,915
Non-operating income		
Rental income from real estate	508	511
Other	804	792
Total non-operating income	1,312	1,304
Non-operating expenses		
Interest expenses	81	61
Rental expenses on real estate	271	244
Other	27	58
Total non-operating expenses	381	363
Ordinary profit	12,024	6,855
Extraordinary income		
Compensation for expropriation	–	50
Other	12	3
Total extraordinary income	12	53
Extraordinary losses		
Loss on store closings	199	11
Loss on sale and retirement of non-current assets	19	16
Other	32	–
Total extraordinary losses	251	28
Profit before income taxes	11,785	6,881
Income taxes - current	3,955	2,547
Total income taxes	3,955	2,547
Profit	7,829	4,333
Profit attributable to owners of parent	7,829	4,333

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Profit	7,829	4,333
Other comprehensive income		
Valuation difference on available-for-sale securities	152	(17)
Deferred gains or losses on hedges	(36)	–
Foreign currency translation adjustment	(17)	11
Remeasurements of defined benefit plans, net of tax	39	16
Total other comprehensive income	138	10
Comprehensive income	7,968	4,343
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,968	4,343
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	11,785	6,881
Depreciation	2,655	2,648
Amortization of goodwill	70	70
Increase (decrease) in provision for point card certificates	295	–
Increase Contract Liabilities	–	388
Increase (decrease) in provision for loss on disaster	(0)	–
Increase (decrease) in provision for loss on subleases	(20)	(20)
Offset of house rental and other guarantee money deposits paid	320	188
Interest and dividend income	(75)	(60)
Interest expenses	81	61
Loss (gain) on sale of non-current assets	6	13
Impairment losses	24	–
Loss on store closings	199	11
Decrease (increase) in trade receivables	(2,020)	(2,958)
Decrease (increase) in inventories	4,638	(5,099)
Increase (decrease) in trade payables	20,139	1,946
Increase (decrease) in accrued consumption taxes	(785)	(748)
Other, net	1,069	(1,756)
Subtotal	38,384	1,566
Interest and dividends received	5	10
Interest paid	(55)	(37)
Income taxes paid	(714)	(4,088)
Income taxes refund	173	176
Net cash provided by (used in) operating activities	37,793	(2,373)
Cash flows from investing activities		
Purchase of investment securities	(249)	(500)
Proceeds from redemption of investment securities	–	500
Purchase of property, plant and equipment	(1,749)	(2,242)
Proceeds from sale of property, plant and equipment	160	21
Purchase of intangible assets	(575)	(274)
Purchase of long-term prepaid expenses	(40)	(11)
Payments of guarantee deposits	(80)	(1,899)
Proceeds from refund of guarantee deposits	68	99
Other, net	1	–
Net cash provided by (used in) investing activities	(2,464)	(4,306)
Cash flows from financing activities		
Repayments of long-term borrowings	–	(1,500)
Refund of deposits received from members	(20)	(14)
Repayments of lease obligations	(643)	(525)
Purchase of treasury shares	(0)	–
Dividends paid	(783)	(979)
Other, net	3	(38)
Net cash provided by (used in) financing activities	(1,444)	(3,058)
Effect of exchange rate change on cash and cash equivalents	(19)	11
Net increase (decrease) in cash and cash equivalents	33,866	(9,726)
Cash and cash equivalents at beginning of period	20,756	57,159
Cash and cash equivalents at end of period	54,622	47,432