

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2022 (Based on Japanese GAAP)

February 8, 2023

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, 2023
 Scheduled date to commence dividend payments: March 10, 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 December 31, 2022 (from July 1, 2022 to December 31, 2022)

(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, 2022	120,258	6.5	3,971	(32.9)	4,636	(32.4)	3,123	(27.9)
Six months ended December 31, 2021	112,900	(6.3)	5,915	(46.7)	6,855	(43.0)	4,333	(44.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2022	80.59	–
Six months ended December 31, 2021	110.57	–

(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, 2022	202,753	113,421	55.9	2,933.58
As of June 30, 2022	193,299	111,328	57.6	2,869.89

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, 2022	–	25.00	–	25.00	50.00
Year ending June 30, 2023	–	25.00	–	–	–
Year ending June 30, 2023 (Forecast)	–	–	–	25.00	50.00

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

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	248,000	6.7	7,200	0.7	8,650	(3.8)	5,020	(5.5)	129.41

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2022
(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: 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 December 31, 2022	38,888,000 shares	As of June 30, 2022	38,888,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	224,666 shares	As of June 30, 2022	96,148 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2022	38,754,009 shares	Six months ended December 31, 2021	39,189,721 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	28,905	23,414
Accounts receivable - trade	9,962	12,782
Merchandise and finished goods	69,891	79,880
Other	4,535	7,306
Allowance for doubtful accounts	(95)	(95)
Total current assets	113,199	123,287
Non-current assets		
Property, plant and equipment		
Buildings and structures	79,800	80,543
Accumulated depreciation	(58,652)	(59,658)
Buildings and structures, net	21,147	20,884
Other	35,952	36,182
Accumulated depreciation	(13,582)	(13,664)
Other, net	22,369	22,517
Total property, plant and equipment	43,517	43,402
Intangible assets	3,718	3,364
Investments and other assets		
Guarantee deposits	19,159	19,058
Other	16,706	16,662
Accumulated depreciation	(2,927)	(2,948)
Other, net	13,778	13,714
Allowance for doubtful accounts	(73)	(73)
Total investments and other assets	32,864	32,699
Total non-current assets	80,100	79,466
Total assets	193,299	202,753

(Millions of yen)

	As of June 30, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	46,874	58,471
Income taxes payable	889	2,094
Contract liabilities	2,687	2,735
Provisions	289	278
Other	20,671	16,717
Total current liabilities	71,412	80,298
Non-current liabilities		
Long-term borrowings	3,000	2,000
Provisions	936	915
Retirement benefit liability	84	87
Other	6,537	6,029
Total non-current liabilities	10,558	9,033
Total liabilities	81,971	89,331
Net assets		
Shareholders' equity		
Share capital	15,163	15,163
Capital surplus	21,626	21,626
Retained earnings	74,183	76,336
Treasury shares	(182)	(450)
Total shareholders' equity	110,790	112,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	181	477
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	89	8
Remeasurements of defined benefit plans	266	260
Total accumulated other comprehensive income	538	745
Total net assets	111,328	113,421
Total liabilities and net assets	193,299	202,753

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, 2021	Six months ended December 31, 2022
Net sales	112,900	120,258
Cost of sales	66,290	71,838
Gross profit	46,609	48,420
Selling, general and administrative expenses	40,694	44,449
Operating profit	5,915	3,971
Non-operating income		
Rental income from real estate	511	505
Other	792	789
Total non-operating income	1,304	1,295
Non-operating expenses		
Rental expenses on real estate	244	241
Loss on valuation of derivatives	–	287
Other	119	101
Total non-operating expenses	363	630
Ordinary profit	6,855	4,636
Extraordinary income		
Gain on reversal of foreign currency translation adjustments settlement received	–	111
Other	–	267
Other	53	0
Total extraordinary income	53	379
Extraordinary losses		
Loss on valuation of investment securities	–	162
Impairment losses	–	91
Other	28	7
Total extraordinary losses	28	261
Profit before income taxes	6,881	4,755
Income taxes - current	2,547	1,631
Total income taxes	2,547	1,631
Profit	4,333	3,123
Profit attributable to owners of parent	4,333	3,123

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Profit	4,333	3,123
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	296
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	11	(81)
Remeasurements of defined benefit plans, net of tax	16	(6)
Total other comprehensive income	10	207
Comprehensive income	4,343	3,330
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,343	3,330
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,881	4,755
Depreciation	2,648	2,849
Amortization of goodwill	70	70
Increase Contract Liabilities	388	48
Increase (decrease) in provision for loss on subleases	(20)	(20)
Offset of house rental and other guarantee money deposits paid	188	190
Interest and dividend income	(60)	(58)
Interest expenses	61	51
Loss (gain) on valuation of derivatives	–	287
Loss (gain) on valuation of investment securities	–	162
Loss (gain) on sale of non-current assets	13	6
Gain on reversal of foreign currency translation adjustments	–	(111)
Impairment losses	–	91
Loss on store closings	11	–
Decrease (increase) in trade receivables	(2,958)	(2,819)
Decrease (increase) in inventories	(5,099)	(10,009)
Increase (decrease) in trade payables	1,946	10,006
Increase (decrease) in accrued consumption taxes	(748)	1,565
Other, net	(1,756)	(667)
Subtotal	1,566	6,396
Interest and dividends received	10	8
Interest paid	(37)	(31)
Income taxes paid	(4,088)	(446)
Income taxes refund	176	5
Net cash provided by (used in) operating activities	(2,373)	5,932
Cash flows from investing activities		
Purchase of investment securities	(500)	–
Proceeds from redemption of investment securities	500	–
Purchase of property, plant and equipment	(2,242)	(3,803)
Proceeds from sale of property, plant and equipment	21	0
Purchase of intangible assets	(274)	(184)
Purchase of long-term prepaid expenses	(11)	(0)
Payments of guarantee deposits	(1,899)	(254)
Proceeds from refund of guarantee deposits	99	35
Other, net	–	(21)
Net cash provided by (used in) investing activities	(4,306)	(4,228)

(Millions of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(1,500)	(2,500)
Refund of deposits received from members	(14)	(22)
Repayments of lease liabilities	(525)	(457)
Purchase of treasury shares	–	(286)
Dividends paid	(979)	(968)
Other, net	(38)	(0)
Net cash provided by (used in) financing activities	(3,058)	(4,235)
Effect of exchange rate change on cash and cash equivalents	11	8
Net increase (decrease) in cash and cash equivalents	(9,726)	(2,523)
Cash and cash equivalents at beginning of period	57,159	29,059
Cash and cash equivalents at end of period	47,432	26,536