

Consolidated Financial Results for the Three Months Ended May 31, 2024 [Japanese GAAP]



July 10, 2024

Company name: Belc CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9974

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Scheduled date of filing quarterly securities report: July 12, 2024

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 Three Months Ended May 31, 2024 (March 1, 2024 – May 31, 2024)

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

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
May 31, 2024	93,456	12.7	3,731	(11.3)	3,884	(12.9)	2,613	(13.1)
May 31, 2023	82,912	12.0	4,204	40.8	4,457	42.8	3,007	44.7

(Note) Comprehensive income: Three months ended May 31, 2024: ¥2,639 million [(12.2)%]

Three months ended May 31, 2023: ¥3,005 million [44.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 31, 2024	125.35	–
May 31, 2023	144.12	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2024	188,136	101,394	53.9
As of February 29, 2024	184,363	99,965	54.2

(Reference) Equity: As of May 31, 2024: ¥101,394 million

As of February 29, 2024: ¥99,965 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 February 29, 2024	–	50.00	–	58.00	108.00
Fiscal year ending February 28, 2025	–				
Fiscal year ending February 28, 2025 (Forecast)		58.00	–	58.00	116.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	376,724	7.1	17,509	20.8	17,630	17.8	11,906	11.5	571.18

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

*** Notes:**

- (1) Changes in significant subsidiaries during the period: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: –
Excluded: –
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (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 and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

May 31, 2024:	20,867,800 shares
February 29, 2024:	20,867,800 shares
 - 2) Total number of treasury shares at the end of the period:

May 31, 2024:	22,619 shares
February 29, 2024:	22,619 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended May 31, 2024:	20,845,181 shares
Three months ended May 31, 2023:	20,866,486 shares

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

* Explanation of the proper use of financial results forecasts and other notes

The business outlook and other forward-looking statements in these materials are based on information currently available to the Company and certain assumptions that are deemed reasonable. Actual financial results, etc. may significantly vary from these forecasts due to various factors. For the assumptions used in the above financial results forecasts and other related matters, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended May 31, 2024, the Japanese economy experienced improvements in the employment and income situation. The economy is expected to continue its gradual recovery due to the effects of various government policies. However, the economic outlook remains uncertain as a downturn in overseas economies triggered by impact of the global monetary tightening and concerns about the future of the Chinese economy could put downward pressure on the domestic economy.

In the retail industry, conditions remain harsh with rising product purchase prices due to the soaring raw material prices and production costs, as well as a standstill recovery in consumer spending.

In this environment, the Belc Group (the “Group”) has worked to sell delicious and fresh products, emphasize our price appeal, and create stores that are supported and trusted by customers, led by our motto of “Better Quality & Lower Price,” so that we, as a supermarket, can provide members of local communities with richer lives.

Below is an overview of the main initiatives we have implemented.

As for our sales measures, we have implemented point card sales promotion and various campaign measures, and delivered information on social media in an effort to give a wider range of customers more incentives to visit our stores. We have also been enhancing the convenience of our customers by expanding the stores that support “Belc otodoke (delivery) pack,” our online grocery shopping service, and “Belc Pay,” our proprietary e-money card. Furthermore, we have pushed ahead with our efforts to provide shopping assistance to the elderly and other customers through increasing the availability of our mobile supermarket, “Tokushimaru.”

As for our product measures, we worked to increase customers who shop intentionally at our stores by further expanding our offering of products developed in-house, including our private label, “kurabelc (Belc for everyday life).”

As for our store operations, we have used the Company’s greatest feature, our standardized corporate structure, as a foundation on which we have appropriately allocated personnel and conducted daily reviews of the use of labor-saving equipment to promote highly productive chain operations.

As for our store investments, we newly opened two stores, Nerima Takamatsu Store in Nerima-ku, Tokyo Prefecture in March 2024, and Nakanojo Store in Nakanojo Town, Gunma Prefecture in April 2024. In addition, we renovated one existing store, expanded its deli and convenience food selections, and updated the facilities to provide more pleasant shopping environments. As a result, we operate 140 stores as of May 31, 2024.

As for our logistics system, through large-scale batch procurement of products from production sites and manufacturers and enhancing our delivery efficiency by leveraging our in-house logistics, we have improved product price competitiveness while achieving more consistent product quality. We have also continued to review and revise our delivery system based on the work performed at stores, and to improve the efficiency of store operations.

Meanwhile, our Group company Home Delica Co., Ltd. has increased the production capacity and built a supply system for products that taste good, enhancing our product appeal. In addition, Joytech, Inc. strived to reinforce the Group’s service business by developing and supplying equipment, supplies, and sales materials.

As a result, operating income (net sales and operating revenue combined) for the three months ended May 31, 2024 was ¥93,456 million (112.7% of that of the same period of the previous fiscal year), operating profit was ¥3,731 million (88.7% of that of the same period of the previous fiscal year), ordinary profit was ¥3,884 million (87.1% of that of the same period of the previous fiscal year) and profit attributable to owners of parent was ¥2,613 million (86.9% of that of the same period of the previous fiscal year).

Net sales progressed steadily as thorough improvement of the price competitiveness gained support of our customers. However, due to the rising costs of product purchase prices and wages, income increased and profits decreased.

(2) Explanation of Financial Position

(Assets)

Total assets as of May 31, 2024 were ¥188,136 million, an increase of ¥3,772 million compared with the end of the previous fiscal year.

Current assets were ¥37,346 million, an increase of ¥438 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,000 million in securities.

Non-current assets were ¥150,789 million, an increase of ¥3,333 million compared with the end of the previous fiscal year, due mainly to increases of ¥1,441 million in land and ¥625 million in buildings and structures.

(Liabilities)

Liabilities were ¥86,741 million, an increase of ¥2,343 million compared with the end of the previous fiscal year.

Current liabilities were ¥45,725 million, an increase of ¥281 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,417 million in accounts payable - trade.

Non-current liabilities were ¥41,015 million, an increase of ¥2,061 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,968 million in long-term borrowings.

(Net assets)

Net assets were ¥101,394 million, an increase of ¥1,429 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,402 million in retained earnings.

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

The Company has decided not to revise the financial results forecast for the fiscal year ending February 28, 2025 announced on April 11, 2024. Going forward, the Company will disclose any events that could significantly impact its business performance as soon as they occur.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 29, 2024	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	17,028	17,173
Accounts receivable - trade	5,168	6,036
Securities	-	1,000
Merchandise and finished goods	8,957	9,616
Raw materials and supplies	471	421
Other	5,282	3,098
Total current assets	36,908	37,346
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	75,335	75,960
Land	43,375	44,817
Other, net	9,540	9,844
Total property, plant and equipment	128,251	130,622
Intangible assets	2,407	2,425
Investments and other assets		
Retirement benefit asset	168	169
Deferred tax assets	2,754	3,022
Guarantee deposits	9,001	9,055
Other	4,878	5,499
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	16,796	17,741
Total non-current assets	147,455	150,789
Total assets	184,363	188,136

(Million yen)

	As of February 29, 2024	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	23,208	24,625
Current portion of bonds payable	428	428
Current portion of long-term borrowings	7,445	7,441
Lease liabilities	72	72
Income taxes payable	2,126	1,684
Contract liabilities	624	627
Provision for bonuses	1,276	2,297
Provision for bonuses for directors (and other officers)	93	22
Other	10,170	8,525
Total current liabilities	45,444	45,725
Non-current liabilities		
Bonds payable	2,142	2,142
Long-term borrowings	24,252	26,221
Lease liabilities	172	154
Provision for share awards for directors (and other officers)	63	71
Guarantee deposited	5,234	5,263
Asset retirement obligations	6,526	6,616
Other	561	545
Total non-current liabilities	38,954	41,015
Total liabilities	84,398	86,741
Net assets		
Shareholders' equity		
Share capital	3,912	3,912
Capital surplus	4,102	4,102
Retained earnings	91,985	93,388
Treasury shares	(118)	(118)
Total shareholders' equity	99,882	101,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	46
Remeasurements of defined benefit plans	60	62
Total accumulated other comprehensive income	83	109
Total net assets	99,965	101,394
Total liabilities and net assets	184,363	188,136

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three months ended May 31, 2023 and 2024

(Million yen)

	For the three months ended May 31, 2023	For the three months ended May 31, 2024
Net sales	81,517	91,921
Cost of sales	59,369	67,808
Gross profit	22,147	24,112
Operating revenue	1,394	1,535
Operating gross profit	23,542	25,647
Selling, general and administrative expenses	19,337	21,916
Operating profit	4,204	3,731
Non-operating income		
Interest and dividend income	9	9
Administrative service fee income	39	45
Penalty income from leaving tenants	2	0
Subsidy income	183	68
Other	51	78
Total non-operating income	286	201
Non-operating expenses		
Interest expenses	28	39
Interest expenses on bonds	2	2
Other	1	6
Total non-operating expenses	33	48
Ordinary profit	4,457	3,884
Extraordinary losses		
Loss on retirement of non-current assets	30	20
Total extraordinary losses	30	20
Profit before income taxes	4,426	3,864
Income taxes - current	1,673	1,531
Income taxes - deferred	(253)	(279)
Total income taxes	1,419	1,251
Profit	3,007	2,613
Profit attributable to owners of parent	3,007	2,613

Quarterly Consolidated Statements of Comprehensive Income

Three months ended May 31, 2023 and 2024

(Million yen)

	For the three months ended May 31, 2023	For the three months ended May 31, 2024
Profit	3,007	2,613
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	24
Remeasurements of defined benefit plans, net of tax	3	2
Total other comprehensive income	(1)	26
Comprehensive income	3,005	2,639
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,005	2,639
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.