

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2023 (Based on Japanese GAAP)

August 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 052-559-0121
 Scheduled date of ordinary general meeting of shareholders: September 28, 2023
 Scheduled date to file Securities Report: September 28, 2023
 Scheduled date to commence dividend payments: September 12, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(1) Consolidated operating results

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	%
Year ended June 30, 2023	244,540	5.3	5,062	(29.2)	6,930	(22.9)	5,469	3.0
Year ended June 30, 2022	232,332	(0.4)	7,153	(52.6)	8,988	(46.6)	5,310	(50.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2023	141.48	–	4.8	3.6	2.1
Year ended June 30, 2022	135.69	–	4.8	4.5	3.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	186,505	115,700	62.0	3,002.60
As of June 30, 2022	193,299	111,328	57.6	2,869.89

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2023	5,785	(6,746)	(9,866)	18,238
Year ended June 30, 2022	(4,700)	(7,546)	(15,916)	29,059

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2022	–	25.00	–	25.00	50.00	1,959	36.8	1.8
Year ended June 30, 2023	–	25.00	–	25.00	50.00	1,936	35.3	1.7
Year ending June 30, 2024 (Forecast)	–	25.00	–	25.00	50.00		45.3	

3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 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
Six months ending December 31, 2023	130,000	8.1	3,370	(15.1)	3,965	(14.5)	2,670	(14.5)	69.29
Full year	265,000	8.4	6,700	32.4	7,960	14.9	4,250	(22.3)	110.29

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2023	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 June 30, 2023	354,666 shares	As of June 30, 2022	96,148 shares
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Average number of shares during the period

Year ended June 30, 2023	38,661,006 shares	Year ended June 30, 2022	39,136,215 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	28,905	17,510
Accounts receivable - trade	9,962	10,876
Merchandise and finished goods	69,891	68,963
Other	4,535	4,387
Allowance for doubtful accounts	(95)	(107)
Total current assets	113,199	101,631
Non-current assets		
Property, plant and equipment		
Buildings and structures	79,800	82,364
Accumulated depreciation	(58,652)	(60,647)
Buildings and structures, net	21,147	21,717
Land	13,548	13,470
Leased assets	6,194	5,156
Accumulated depreciation	(3,523)	(3,188)
Leased assets, net	2,670	1,968
Other	16,209	18,841
Accumulated depreciation	(10,059)	(11,189)
Other, net	6,150	7,651
Total property, plant and equipment	43,517	44,808
Intangible assets	3,718	3,194
Investments and other assets		
Investment securities	2,136	3,564
Guarantee deposits	19,159	19,188
Retirement benefit asset	756	1,213
Deferred tax assets	4,655	6,985
Other	9,157	8,936
Accumulated depreciation	(2,927)	(2,969)
Other, net	6,229	5,967
Allowance for doubtful accounts	(73)	(48)
Total investments and other assets	32,864	36,870
Total non-current assets	80,100	84,873
Total assets	193,299	186,505

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	46,874	40,805
Current portion of long-term borrowings	6,500	3,000
Contract liabilities	2,687	2,731
Provisions	289	300
Other	15,060	14,051
Total current liabilities	71,412	60,888
Non-current liabilities		
Long-term borrowings	3,000	–
Lease liabilities	3,041	2,442
Provisions	936	895
Retirement benefit liability	84	93
Asset retirement obligations	1,657	4,731
Other	1,839	1,754
Total non-current liabilities	10,558	9,916
Total liabilities	81,971	70,804
Net assets		
Shareholders' equity		
Share capital	15,163	15,163
Capital surplus	21,626	21,626
Retained earnings	74,183	77,716
Treasury shares	(182)	(701)
Total shareholders' equity	110,790	113,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	181	1,365
Foreign currency translation adjustment	89	1
Remeasurements of defined benefit plans	266	528
Total accumulated other comprehensive income	538	1,895
Total net assets	111,328	115,700
Total liabilities and net assets	193,299	186,505

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	232,332	244,540
Cost of sales	139,813	150,325
Gross profit	92,519	94,214
Selling, general and administrative expenses		
Employees' salaries and bonuses	23,947	25,037
Retirement benefit expenses	415	358
Provision for bonuses	256	265
Rent expenses	21,844	23,265
Other	38,901	40,225
Total selling, general and administrative expenses	85,366	89,151
Operating profit	7,153	5,062
Non-operating income		
Interest income	112	101
Rental income from real estate	1,021	1,010
Other	1,426	1,399
Total non-operating income	2,561	2,512
Non-operating expenses		
Interest expenses	110	94
Rental expenses on real estate	481	480
Other	134	68
Total non-operating expenses	726	643
Ordinary profit	8,988	6,930
Extraordinary income		
Gain on sale of non-current assets	44	185
settlement money received	–	490
Gain on reversal of foreign currency translation adjustment	–	111
Other	51	30
Total extraordinary income	95	818
Extraordinary losses		
Impairment losses	821	2,840
Other	48	198
Total extraordinary losses	870	3,038
Profit before income taxes	8,214	4,711
Income taxes - current	2,955	2,077
Income taxes - deferred	(51)	(2,836)
Total income taxes	2,903	(758)
Profit	5,310	5,469
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	5,310	5,469

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit	5,310	5,469
Other comprehensive income		
Valuation difference on available-for-sale securities	56	1,184
Foreign currency translation adjustment	65	(88)
Remeasurements of defined benefit plans, net of tax	(205)	261
Total other comprehensive income	(84)	1,356
Comprehensive income	5,226	6,826
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,226	6,826
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended June 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,163	21,626	73,877	(2,482)	108,184
Changes during period					
Dividends of surplus			(1,959)		(1,959)
Profit attributable to owners of parent			5,310		5,310
Purchase of treasury shares				(759)	(759)
Cancellation of treasury shares		(6)	(3,045)	3,051	–
Restricted stock payment		5		8	13
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	306	2,300	2,605
Balance at end of period	15,163	21,626	74,183	(182)	110,790

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	125	24	472	622	108,807
Changes during period					
Dividends of surplus					(1,959)
Profit attributable to owners of parent					5,310
Purchase of treasury shares					(759)
Cancellation of treasury shares					–
Restricted stock payment					13
Net changes in items other than shareholders' equity	56	65	(205)	(84)	(84)
Total changes during period	56	65	(205)	(84)	2,521
Balance at end of period	181	89	266	538	111,328

Fiscal year ended June 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,163	21,626	74,183	(182)	110,790
Changes during period					
Dividends of surplus			(1,936)		(1,936)
Profit attributable to owners of parent			5,469		5,469
Purchase of treasury shares				(537)	(537)
Cancellation of treasury shares					–
Restricted stock payment			(0)	18	18
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,533	(518)	3,014
Balance at end of period	15,163	21,626	77,716	(701)	113,805

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	181	89	266	538	111,328
Changes during period					
Dividends of surplus					(1,936)
Profit attributable to owners of parent					5,469
Purchase of treasury shares					(537)
Cancellation of treasury shares					–
Restricted stock payment					18
Net changes in items other than shareholders' equity	1,184	(88)	261	1,356	1,356
Total changes during period	1,184	(88)	261	1,356	4,371
Balance at end of period	1,365	1	528	1,895	115,700

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	8,214	4,711
Depreciation	5,535	5,692
Amortization of goodwill	140	140
Decrease/Increase/Contract Liabilities	665	44
Increase (decrease) in provision for loss on subleases	(41)	(41)
Decrease (increase) in retirement benefit asset	(31)	(79)
Offset of house and other guarantee money deposits paid	455	352
Interest and dividend income	(115)	(141)
Interest expenses	110	94
Loss (gain) on valuation of derivatives	(2)	2
Loss (gain) on sale and retirement of non-current assets	(24)	(178)
Gain on reversal of foreign currency translation adjustment	-	(111)
Impairment losses	821	2,840
Decrease (increase) in trade receivables	(1,598)	(926)
Decrease (increase) in inventories	(8,611)	850
Increase (decrease) in trade payables	(726)	(7,967)
Increase (decrease) in accrued consumption taxes	(2,482)	2,635
Other, net	(197)	(162)
Subtotal	2,112	7,752
Interest and dividends received	12	46
Interest paid	(64)	(55)
Income taxes refund	176	5
Income taxes paid	(6,936)	(1,963)
Net cash provided by (used in) operating activities	(4,700)	5,785
Cash flows from investing activities		
Purchase of investment securities	(1,499)	-
Proceeds from redemption of investment securities	500	-
Purchase of property, plant and equipment	(3,856)	(5,628)
Proceeds from sale of property, plant and equipment	63	185
Purchase of intangible assets	(620)	(551)
Purchase of long-term prepaid expenses	(94)	(44)
Payments of guarantee deposits	(2,120)	(710)
Proceeds from refund of guarantee deposits	204	51
Other, net	(123)	(47)
Net cash provided by (used in) investing activities	(7,546)	(6,746)
Cash flows from financing activities		
Repayments of lease liabilities	(1,032)	(848)
Repayments of long-term borrowings	(12,100)	(6,500)
Purchase of treasury shares	(759)	(537)
Dividends paid	(1,958)	(1,935)
Other, net	(66)	(44)
Net cash provided by (used in) financing activities	(15,916)	(9,866)
Effect of exchange rate change on cash and cash equivalents	64	6
Net increase (decrease) in cash and cash equivalents	(28,099)	(10,820)
Cash and cash equivalents at beginning of period	57,159	29,059
Cash and cash equivalents at end of period	29,059	18,238