

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2021
(Based on Japanese GAAP)**

April 14, 2021

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <https://221616.com>
 Representative: President Yusuke Hatori
 Inquiries: General Manager, Finance & IR Division Masayuki Matsumoto TEL 03-5208-5503
 Scheduled date of ordinary general meeting of shareholders: May 28, 2021
 Scheduled date to file Securities Report: May 31, 2021
 Scheduled date to commence dividend payments: May 31, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(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 February 28, 2021	380,564	5.2	10,571	16.3	9,642	40.4	1,484	(58.1)
Year ended February 29, 2020	361,684	16.9	9,091	167.3	6,867	231.3	3,545	828.8

	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 February 28, 2021	14.77	—	3.4	5.3	2.8
Year ended February 29, 2020	34.97	—	8.6	3.8	2.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2021	177,222	45,015	24.8	438.18
As of February 29, 2020	183,783	42,586	22.9	415.42

(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 February 28, 2021	19,508	(1,373)	(12,495)	43,179
Year ended February 29, 2020	13,757	(406)	1,142	37,295

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 February 29, 2020	—	0.60	—	0.60	1.20	121	3.4	0.3
Year ended February 28, 2021	—	5.30	—	5.30	10.60	1,064	71.8	2.5
Year ending February 28, 2022 (Forecast)	—	2.30	—	2.30	4.60		8.0	

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 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
Six months ending August 31, 2021	183,300	2.9	5,900	45.6	5,350	70.0	2,700	96.3	26.89
Full year	390,000	2.5	12,500	18.2	11,400	18.2	5,800	290.6	57.76

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2021

(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: No

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 February 28, 2021	106,888,000 shares	As of February 29, 2020	106,888,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2021	6,480,601 shares	As of February 29, 2020	5,480,571 shares
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Average number of shares during the period

Year ended February 28, 2021	100,530,711 shares	Year ended February 29, 2020	101,407,433 shares
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1. Overview of Operating Results, Etc.

(1) Analysis of Operating Results

In the fiscal year under review (March 1, 2020 to February 28, 2021), the number of visitors to stores decreased significantly in the first three months due to the effects of requests that people stay home in response to the COVID-19 pandemic. After the lifting of the state of emergency, however, the number recovered rapidly, partly in reaction to the decrease. In the second half, the number constantly exceeded the year-ago level. Overall, the effect of COVID-19 was minor and insignificant in the full year. The retail unit sales at directly managed stores in Japan announced on August 6, 2020 was 137,382 (up 3.3% year on year), reflecting an improvement in efficiency at the stores.

The Company curbed advertising expenses based on prospects for sales demand that took into account the impact of COVID-19. Cost control, including travel and transport costs, was also implemented and overall SG&A expenses decreased.

Subsidy income related to COVID-19 infections in Japan and overseas was posted in extraordinary income.

The Company posted the following extraordinary losses:

(i) Loss related to infectious disease

In response to requests that people stay home and the declaration of a state of emergency by the central and local governments due to COVID-19, the Company reduced its business hours and temporarily closed stores in Japan and Australia. The fixed costs and expenses (SG&A expenses) incurred during the temporary suspension were posted as an extraordinary loss.

(ii) Loss on retirement of non-current assets and loss on store closings

The losses were recorded due to closures of directly managed stores to improve efficiency.

(iii) Impairment losses

(1) Property, plant and equipment (directly managed stores)

An impairment loss was posted for directly managed stores where expected earnings are not likely to be achieved.

(2) Goodwill (Australia business)

An impairment loss of 3,951 million yen was posted for goodwill accompanied by the acquisition of a subsidiary in Australia. Results at the Australian subsidiary are firm. However, in consideration of the latest trends, a goodwill impairment loss was posted due to the revision of the growth rate in the new car market in Australia and the outlook for a plan to increase stores, which are assumptions for the business plan for the Australian subsidiary.

As a result of the above, the consolidated business results for the fiscal year under review were net sales of 380,564 million yen (up 5.2% year on year), operating profit of 10,571 million yen (up 16.3%), ordinary profit of 9,642 million yen (up 40.4%) and profit attributable to owners of parent of 1,484 million yen (down 58.1%).

Regional segment-specific earnings are as indicated below:

I. Japan

The results of the Japan segment were net sales of 290,551 million yen (up 5.7% year on year) and segment profit (operating profit) of 8,316 million yen (down 13.2% year on year). Retail unit sales at directly managed stores increased, and nonconsolidated sales and profit rose. However, sales and profit fell at certain subsidiaries.

II. Australia

The Australia segment recorded net sales of 88,310 million yen (up 4.8% year on year) and segment profit (operating profit) of 2,999 million yen (as compared to a segment loss (operating profit) of 76 million yen in the same period of the previous fiscal year), a record high.

Despite the effects of COVID-19, profit grew due to the strengthening of the used car business and an improvement in cost efficiency as well as the transfer of personnel expenses corresponding to government subsidies related to COVID-19 to a loss related to infectious disease under extraordinary losses.

Outlook for the Next Fiscal Year

The Company expects that in the next fiscal year, the effect of COVID-19 on the number of visitors to the directly managed stores will be minor and insignificant as in the fiscal year under review.

The Company expects that retail unit sales will increase due to large store openings with an emphasis on capital efficiency and that wholesale gross profit, which declined in the first three months of the fiscal year under review, will recover.

Considering the above, the Company forecasts that in the next fiscal year, it will post net sales of 390,000 million yen, operating profit of 12,500 million yen, ordinary profit of 11,400 million yen and profit attributable to owners of parent of 5,800 million yen.

(2) Analysis of financial position

Status of assets, liabilities and net assets

(Assets)

As of the end of the fiscal year under review, total assets stood at 177,222 million yen (down 3.6% compared to the end of the previous fiscal year).

Current assets were 126,605 million yen (down 1.1% compared to the end of the previous fiscal year), mainly reflecting an increase in cash and deposits (up 5,883 million yen) and a decrease in merchandise (down 6,206 million yen).

Non-current assets were 50,616 million yen (down 9.1% compared to the end of the previous fiscal year) chiefly due to decreases in buildings and structures (down 1,750 million yen) and goodwill (down 3,213 million yen).

(Liabilities)

As of the end of the fiscal year under review, total liabilities were 132,206 million yen (down 6.4% compared to the end of the previous fiscal year).

Current liabilities were 47,534 million yen (down 15.6% compared to the end of the previous fiscal year), mainly reflecting a decline in the current portion of long-term borrowings (down 10,737 million yen).

Non-current liabilities were 84,672 million yen (down 0.3% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 654 million yen), among other factors.

(Net assets)

As of the end of the fiscal year under review, total net assets amounted to 45,015 million yen (up 5.7% compared to the end of the previous fiscal year), largely due to increases in retained earnings (up 891 million yen) and foreign currency translation adjustment (up 1,023 million yen).

Status of cash flows

Cash and cash equivalents (hereinafter, "cash") for the fiscal year under review were 43,179 million yen, an increase of 5,883 million yen (up 15.8%) compared to the end of the previous fiscal year.

The status of cash flows for FY2021 and respective relevant cash flows are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 19,508 million yen.

This was mainly attributable to profit before income taxes of 4,524 million yen, depreciation of 2,951 million yen, an impairment loss of 4,486 million yen and a decrease in inventories of 8,514 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,373 million yen.

This mainly reflected 1,189 million yen used for purchase of property, plant and equipment, and 655 million yen used for purchase of intangible assets, while 560 million yen was provided by collection of construction assistance fund receivables.

(Cash flows from financing activities)

Net cash used in financing activities was 12,495 million yen.

This was mainly attributable to repayments of long-term borrowings of 11,867 million yen and dividends paid of 644 million yen.

(Reference) Changes in cash flow indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	33.9	31.4	22.9	22.9	24.8
Shareholders' equity (mark-to-market) ratio (%)	65.1	55.8	21.9	28.3	35.1
Debt redemption years	—	7.7	—	6.7	4.1
Interest coverage ratio	—	10.1	—	10.2	18.6

Notes: 1. Breakdown of each indicator

Equity ratio = Shareholders' equity/Total assets

Shareholders' equity (mark-to-market) ratio = Market capitalization/Total assets

Debt redemption years = Interest bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest payments

(3) Basic Policy on Profit Distribution and Dividends for Fiscal Years Ended February 2021 and Ending February 2022

(i) Basic policy on dividends and targets

The Company's basic policy on dividends is to pay performance-based dividends. The Company will decide on dividends based on consolidated results. In principle, total dividends will be 30% of consolidated net profit (profit attributable to owners of parent) in the previous fiscal year. Dividends per share are determined accordingly.

(ii) Dividends for the fiscal year under review

Under the policy above, annual dividends per share for the fiscal year under review will be 10.60 yen (5.30 yen at the end of the first half and 5.30 yen at the end of the fiscal year).

(iii) Dividends for next fiscal year

Based on the above, the Company has calculated dividends per share (forecast) for the next fiscal year based on profit attributable to owners of parent in the fiscal year under review. It is planned that annual dividends per share for the next fiscal year will be 4.60 yen (2.30 yen at the end of the first half and 2.30 yen at the end of the fiscal year).

2. Basic Policy for the Selection of Accounting Standards

The Group has been considering the adoption of IFRS primarily to enhance the international comparability of financial information in the capital market. In light of the convergence of Japanese GAAP and IFRS, however, the Company will create financial statements using Japanese GAAP for the time being.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	37,295	43,179
Notes and accounts receivable - trade	6,715	6,875
Merchandise	79,119	72,913
Other	5,143	3,966
Allowance for doubtful accounts	(158)	(328)
Total current assets	128,115	126,605
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,000	36,918
Accumulated depreciation	(14,742)	(16,411)
Buildings and structures, net	22,257	20,507
Vehicles	256	153
Accumulated depreciation	(21)	(32)
Vehicles, net	234	121
Tools, furniture and fixtures	4,196	4,335
Accumulated depreciation	(3,487)	(3,606)
Tools, furniture and fixtures, net	708	729
Land	218	218
Construction in progress	97	121
Total property, plant and equipment	23,517	21,697
Intangible assets		
Software	1,877	1,717
Goodwill	10,911	7,698
Other	4,604	4,996
Total intangible assets	17,393	14,412
Investments and other assets		
Investment securities	152	139
Shares of subsidiaries and associates	119	131
Long-term loans receivable	13	30
Leasehold and guarantee deposits	5,938	5,835
Construction assistance fund receivables	5,142	4,614
Deferred tax assets	2,811	3,253
Other	625	544
Allowance for doubtful accounts	(48)	(43)
Total investments and other assets	14,756	14,506
Total non-current assets	55,667	50,616
Total assets	183,783	177,222

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	21,002	20,940
Short-term borrowings	935	1,117
Current portion of long-term borrowings	11,079	342
Accounts payable - other	4,034	4,586
Income taxes payable	1,624	2,052
Advances received	9,773	9,010
Deposits received	274	205
Provision for bonuses	823	1,167
Provision for merchandise warranties	662	737
Other provisions	544	715
Other	5,544	6,658
Total current liabilities	56,299	47,534
Non-current liabilities		
Long-term borrowings	79,824	79,169
Long-term guarantee deposits	432	506
Asset retirement obligations	2,633	2,546
Deferred tax liabilities	1,386	1,616
Other provisions	426	584
Other	193	249
Total non-current liabilities	84,897	84,672
Total liabilities	141,196	132,206
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,032	4,384
Retained earnings	38,773	39,665
Treasury shares	(3,947)	(4,344)
Total shareholders' equity	43,016	43,862
Accumulated other comprehensive income		
Foreign currency translation adjustment	(889)	134
Total accumulated other comprehensive income	(889)	134
Share acquisition rights	3	–
Non-controlling interests	456	1,018
Total net assets	42,586	45,015
Total liabilities and net assets	183,783	177,222

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

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	361,684	380,564
Cost of sales	287,724	307,754
Gross profit	73,959	72,810
Selling, general and administrative expenses	64,868	62,239
Operating profit	9,091	10,571
Non-operating income		
Interest income	54	40
Foreign exchange gains	–	114
Interest on tax refund	18	–
Other	35	105
Total non-operating income	108	260
Non-operating expenses		
Interest expenses	1,377	1,040
Foreign exchange losses	305	–
Share of loss of entities accounted for using equity method	627	56
Other	22	91
Total non-operating expenses	2,333	1,189
Ordinary profit	6,867	9,642
Extraordinary income		
Compensation income	35	–
Subsidy income	22	1,737
Gain on liquidation of subsidiaries	54	–
Gain on sale of businesses	57	–
Gain on reversal of share acquisition rights	–	3
Other	1	7
Total extraordinary income	171	1,747
Extraordinary losses		
Loss on retirement of non-current assets	619	346
Loss on valuation of investment securities	29	–
Loss on valuation of shares of subsidiaries and associates	240	–
Impairment loss	1,847	4,486
Settlement package	144	–
Loss on store closings	211	114
Loss on COVIT19	–	1,821
Other	27	98
Total extraordinary losses	3,120	6,866
Profit before income taxes	3,917	4,524
Income taxes - current	1,781	3,002
Income taxes - deferred	(1,454)	(398)
Total income taxes	327	2,603
Profit	3,590	1,920
Profit attributable to non-controlling interests	44	435
Profit attributable to owners of parent	3,545	1,484

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Profit	3,590	1,920
Other comprehensive income		
Foreign currency translation adjustment	(814)	1,249
Share of other comprehensive income of entities accounted for using equity method	68	(148)
Total other comprehensive income	(745)	1,101
Comprehensive income	2,844	3,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,900	2,475
Comprehensive income attributable to non-controlling interests	(56)	545

Consolidated statements of changes in equity

Fiscal year ended February 29, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,157	4,032	35,842	(3,947)	40,084
Changes during period					
Dividends of surplus			(618)		(618)
Profit attributable to owners of parent			3,545		3,545
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			4		4
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,931	(0)	2,931
Balance at end of period	4,157	4,032	38,773	(3,947)	43,016

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(243)	(243)	3	512	40,357
Changes during period					
Dividends of surplus					(618)
Profit attributable to owners of parent					3,545
Purchase of treasury shares					(0)
Change in scope of consolidation					4
Net changes in items other than shareholders' equity	(645)	(645)	–	(56)	(701)
Total changes during period	(645)	(645)	–	(56)	2,229
Balance at end of period	(889)	(889)	3	456	42,586

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,157	4,032	38,773	(3,947)	43,016
Changes during period					
Dividends of surplus			(592)		(592)
Profit attributable to owners of parent			1,484		1,484
Purchase of treasury shares				(397)	(397)
Change in ownership interest of parent due to transactions with non-controlling interests		352			352
Net changes in items other than shareholders' equity					
Total changes during period	–	352	891	(397)	846
Balance at end of period	4,157	4,384	39,665	(4,344)	43,862

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(889)	(889)	3	456	42,586
Changes during period					
Dividends of surplus					(592)
Profit attributable to owners of parent					1,484
Purchase of treasury shares					(397)
Change in ownership interest of parent due to transactions with non-controlling interests					352
Net changes in items other than shareholders' equity	1,023	1,023	(3)	562	1,582
Total changes during period	1,023	1,023	(3)	562	2,429
Balance at end of period	134	134	–	1,018	45,015

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	3,917	4,524
Depreciation	3,140	2,951
Amortization of goodwill	668	684
Increase (decrease) in provision for bonuses	2	343
Increase (decrease) in allowance for doubtful accounts	(2)	158
yyy	99	75
Interest and dividend income	(54)	(40)
Share of loss (profit) of entities accounted for using equity method	627	56
Interest expenses	1,377	1,040
Foreign exchange losses (gains)	(150)	(503)
Subsidy income	(22)	(1,737)
Loss on retirement of non-current assets	619	346
Settlement package	144	–
Loss (gain) on valuation of investment securities	29	–
Loss on valuation of shares of subsidiaries and associates	240	–
Impairment loss	1,847	4,486
Loss on COVID19	–	1,821
Decrease (increase) in trade receivables	(2,020)	(885)
Decrease (increase) in inventories	(5,539)	8,514
Decrease (increase) in consumption taxes refund receivable	1,721	69
Decrease (increase) in accounts receivable - other	2,323	693
Increase (decrease) in accrued consumption taxes	2,333	998
Increase (decrease) in trade payables	1,439	(2,079)
Increase (decrease) in accounts payable - other	224	356
Increase (decrease) in accrued expenses	1,257	(280)
Other, net	1,305	1,502
Subtotal	15,532	23,096
Interest and dividends received	57	40
Interest paid	(1,346)	(1,050)
Income taxes paid	(508)	(2,494)
Subsidies received	22	1,737
Payments for loss on COVID-19	–	(1,821)
Net cash provided by (used in) operating activities	13,757	19,508
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,226)	(1,189)
Proceeds from sales of property, plant and equipment	–	43
Purchase of intangible assets	(891)	(655)
Payments for asset retirement obligations	(125)	(100)
Loan advances	–	(77)
Payments of leasehold and guarantee deposits	(130)	(163)
Proceeds from refund of leasehold and guarantee deposits	276	265
Payments of construction assistance fund receivables	(57)	(32)
Collection of construction assistance fund receivables	665	560
Purchase of shares of subsidiaries and associates	–	(11)
Proceeds from liquidation of subsidiaries	1,955	–
Other, net	127	(12)
Net cash provided by (used in) investing activities	(406)	(1,373)

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,096)	35
Proceeds from long-term borrowings	22,525	7
Repayments of long-term borrowings	(12,667)	(11,867)
Purchase of treasury shares	–	(397)
PPP	(618)	(644)
Proceeds from share issuance to non-controlling shareholders	–	370
Other, net	(0)	–
Net cash provided by (used in) financing activities	1,142	(12,495)
Effect of exchange rate change on cash and cash equivalents	(184)	244
Net increase (decrease) in cash and cash equivalents	14,308	5,883
Cash and cash equivalents at beginning of period	22,970	37,295
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	17	–
Cash and cash equivalents at end of period	37,295	43,179

Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	33,224	35,231
Accounts receivable - trade	5,696	6,230
Merchandise	57,155	51,546
Supplies	23	32
Prepaid expenses	1,579	1,330
Other	1,824	1,836
Allowance for doubtful accounts	(1,553)	(1,975)
Total current assets	97,949	94,233
Non-current assets		
Property, plant and equipment		
Buildings	17,249	16,135
Structures	4,184	3,742
Vehicles	3	16
Tools, furniture and fixtures	429	376
Land	218	218
Construction in progress	85	105
Total property, plant and equipment	22,171	20,594
Intangible assets		
Trademark right	0	0
Software	1,863	1,478
Other	14	14
Total intangible assets	1,878	1,492
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	12,650	6,239
Long-term loans receivable from subsidiaries and associates	11,661	11,804
Distressed receivables	48	43
Long-term prepaid expenses	446	367
Leasehold and guarantee deposits	5,536	5,442
Construction assistance fund receivables	5,142	4,614
Deferred tax assets	2,826	3,236
Other	124	128
Allowance for doubtful accounts	(243)	(301)
Total investments and other assets	38,192	31,576
Total non-current assets	62,242	53,663
Total assets	160,191	147,897

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	4,620	5,432
Short-term borrowings from subsidiaries and associates	–	212
Current portion of long-term borrowings	10,680	–
Accounts payable - other	2,782	2,676
Income taxes payable	1,351	1,637
Accrued consumption taxes	2,384	2,816
Accrued expenses	1,938	1,732
Advances received	9,573	8,208
Deposits received	223	936
Provision for bonuses	806	1,152
Provision for merchandise warranties	662	737
Accounts payable - facilities	125	80
Unearned revenue	248	362
Other provisions	544	715
Total current liabilities	35,941	26,702
Non-current liabilities		
Long-term borrowings	77,145	77,145
Long-term guarantee deposits	432	506
Asset retirement obligations	2,380	2,329
Other	191	188
Total non-current liabilities	80,149	80,169
Total liabilities	116,091	106,872
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus		
Legal capital surplus	4,032	4,032
Total capital surpluses	4,032	4,032
Retained earnings		
Legal retained earnings	39	92
Other retained earnings		
Retained earnings brought forward	39,815	37,087
Total retained earnings	39,854	37,180
Treasury shares	(3,947)	(4,344)
Total shareholders' equity	44,096	41,025
Share acquisition rights	3	–
Total net assets	44,100	41,025
Total liabilities and net assets	160,191	147,897

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	258,008	275,710
Cost of sales	199,406	219,258
Gross profit	58,602	56,451
Selling, general and administrative expenses		
Advertising expenses	8,081	6,685
Salaries and allowances	12,423	12,787
Provision for bonuses	747	1,075
Depreciation	2,652	2,400
Rent expenses on land and buildings	10,347	9,969
Provision of allowance for doubtful accounts	43	121
Other	16,569	15,553
Total selling, general and administrative expenses	50,867	48,593
Operating profit	7,735	7,858
Non-operating income		
Interest and dividend income	156	154
Foreign exchange gains	–	88
Interest on tax refund	18	–
Other	34	12
Total non-operating income	209	255
Non-operating expenses		
Interest expenses	640	443
Foreign exchange losses	307	–
Other	32	27
Total non-operating expenses	979	471
Ordinary profit	6,964	7,642
Extraordinary income		
Compensation income	35	–
Gain on liquidation of subsidiaries	54	–
Gain on sale of businesses	57	–
Subsidy income	22	305
Gain on reversal of share acquisition rights	–	3
Other	–	7
Total extraordinary income	169	316
Extraordinary losses		
Loss on retirement of non-current assets	619	283
Loss on valuation of investment securities	29	–
Loss on valuation of shares of subsidiaries and associates	240	6,710
Impairment loss	1,847	535
Settlement package	144	–
Loss on store closings	211	70
Provision of allowance for doubtful accounts	555	362
Loss on COVID19	–	389
Other	26	65
Total extraordinary losses	3,676	8,416
Profit (loss) before income taxes	3,457	(458)
Income taxes - current	1,325	2,033
Income taxes - deferred	(1,368)	(410)
Total income taxes	(42)	1,622
Profit (loss)	3,500	(2,081)