

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2022
(Based on Japanese GAAP)**

April 14, 2022

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 27, 2022
 Scheduled date to file Securities Report: May 30, 2022
 Scheduled date to commence dividend payments: May 30, 2022
 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, 2022 (from March 1, 2021 to February 28, 2022)

(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, 2022	459,532	20.8	18,485	74.9	17,561	82.1	10,794	627.0
Year ended February 28, 2021	380,564	5.2	10,571	16.3	9,642	40.4	1,484	(58.1)

	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, 2022	107.51	—	22.0	9.6	4.0
Year ended February 28, 2021	14.77	—	3.4	5.3	2.8

(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, 2022	189,766	55,709	28.5	537.97
As of February 28, 2021	177,222	45,015	24.8	438.18

(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, 2022	8,276	(4,500)	(1,332)	45,670
Year ended February 28, 2021	19,508	(1,373)	(12,495)	43,179

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 28, 2021	—	5.30	—	5.30	10.60	1,064	71.8	2.5
Year ended February 28, 2022	—	2.30	—	2.30	4.60	461	4.3	0.9
Year ending February 28, 2023 (Forecast)	—	16.20	—	16.20	32.40		28.0	

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 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
Six months ending August 31, 2022	206,800	(9.2)	8,600	(8.9)	8,150	(9.6)	7,200	35.5	71.71
Full year	366,800	(20.2)	15,500	(16.1)	14,800	(15.7)	11,600	7.5	115.53

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2022

(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, 2022	106,888,000 shares	As of February 28, 2021	106,888,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	6,480,641 shares	As of February 28, 2021	6,480,601 shares
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Average number of shares during the period

Year ended February 28, 2022	100,407,380 shares	Year ended February 28, 2021	100,530,711 shares
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1. Overview of Operating Results, Etc.

(1) Analysis of operating results

In the fiscal year under review (March 1 to February 28, 2022), retail unit sales at directly managed stores in Japan were 140,119 (up 2.0% year on year), a record high for retail unit sales since the Company was founded. This result was primarily attributable to the start of operations of large stores that had opened in the previous fiscal year and the fiscal year under review and an increase in the number of visitors to existing stores, including large stores, achieved through the effective placement of advertisements.

At Buick Holdings, an Australian subsidiary in Western Australia, the number of new cars sold increased in response to growth in the Western Australian market attributable to an increase in the price of iron ore. In addition, sales of used cars remained strong due to the effect of ongoing measures to boost sales. Also, with the yen continuing to weaken from the year-ago level against the Australian dollar, the Australian subsidiary recorded increases in both sales and profit. Selling, general, and administrative expenses increased on a consolidated basis as a reaction to the transfer of part of selling, general, and administrative expenses to an extraordinary loss posted as a loss on COVID-19 due to the receipt of a subsidy in the previous fiscal year, coupled with the impact of a weakened yen. In contrast, even in a situation where retail unit sales hit a record high, individual advertising expense items decreased owing to an improvement in the efficiency of internet-based customer attraction efforts.

Major factors in extraordinary losses include the following three factors.

1. The Company posted a total of 870 million yen as head office relocation expenses for moving out of the former location, which included the balance of unamortized non-current assets at the former head office and the cost of office restoration to its original condition.
2. Given its withdrawal from the domestic new car dealer business, the Company posted a loss on sale of shares of a subsidiary operating a new car dealer, which amounted to 276 million yen, as a loss on sale of shares of subsidiaries and associates.
3. The Company posted loss on retirement of non-current assets of 378 million yen due to the closure of directly managed stores.

As a result of the above, the consolidated business results for the fiscal year under review were net sales of 459,532 million yen (up 20.8% year on year), operating profit of 18,485 million yen (up 74.9%), ordinary profit of 17,561 million yen (up 82.1%) and profit attributable to owners of parent of 10,794 million yen (up 627.0%).

Regional segment-specific earnings are as indicated below:

I. Japan

The results of the Japan segment were net sales of 318,135 million yen (up 9.5% year on year) and segment profit (operating profit) of 13,771 million yen (up 65.6% year on year). Retail unit sales per directly managed store increased due primarily to the opening of large stores with high capital efficiency.

II. Australia

The Australia segment recorded net sales of 139,364 million yen (up 57.8% year on year) and segment profit (operating profit) of 4,935 million yen (up 64.6% year on year), a record high. In addition to an increase in the number of new cars sold at Buick Holdings in Western Australia in response to growth in the Western Australian market based on an increase in the price of iron ore, sales of used cars remained strong thanks to ongoing measures to boost sales. Also, with the yen continuing to weaken from the year-ago level against the Australian dollar, the segment recorded an increase in sales and profit.

Outlook for the Next Fiscal Year

The forecasts for the next fiscal year are based on the following assumptions.

1) Non-consolidated and Japan Segment

The increase in wholesale gross profit due to the surge in used car auction market prices following the delay in the supply of new cars in the fiscal year under review will not occur in the next fiscal year, and is assumed to be a factor of approximately 1,000 million yen in the decrease in profit. In addition, the adoption of the new Revenue Recognition Standard (deferral of revenue to the next fiscal year and beyond) is expected to have a negative impact of approximately 900 million yen. However, operating income is expected to remain at the same level as in the fiscal year under review, reflecting a rise in profit due to an anticipated increase in retail unit sales resulting from large store openings with an emphasis on capital efficiency.

The Company expects that 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.

2) Australia Segment

At a meeting of the Board of Directors held today (April 14, 2022), the Company decided to transfer all shares of its consolidated subsidiaries IDOM Automotive Group Pty Ltd. and Gulliver Australia Pty Ltd. The Company's consolidated

financial results reflect the results of IDOM Automotive Group Pty Ltd. and Gulliver Australia Pty Ltd. for the period from March 1 until the end of February of the next year. The date of the share transfer has not been decided yet. Therefore, based on the assumption that the share transfer will take place at the end of June, the consolidated results forecasts for the next fiscal year (fiscal year ending February 28, 2023) reflect the two companies' presumed profitability for the four-month period from March until June. Consequently, due to factors adversely affecting both sales and profit, the Company expects that net sales, operating profit and ordinary profit will decrease by approximately 85,000 million yen, 3,000 million yen and 2,800 million yen year on year.

Meanwhile, as a result of the share transfer, the Company expects to post a gain on sales of shares of subsidiaries and associates of approximately 800 million yen for the consolidated results and approximately 2,900 million yen for the non-consolidated results as extraordinary income for the first six month-period of the next fiscal year.

For details, please see the Notice of Share Transfer of Consolidated Subsidiaries and Posting of Extraordinary Income announced today (April 14, 2022).

* The above estimated amounts are calculated at this time and are subject to change depending on the Australian dollar exchange rate and other factors.

(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 189,766 million yen (up 7.1% compared to the end of the previous fiscal year).

Current assets were 141,146 million yen (up 11.5% compared to the end of the previous fiscal year), mainly reflecting an increase in cash and deposits (up 2,491 million yen) and an increase in merchandise (up 12,450 million yen).

Non-current assets were 48,620 million yen (down 3.9% compared to the end of the previous fiscal year) chiefly due to an increase in construction in progress (up 961 million yen), while decreases in goodwill (down 1,703 million yen) and leasehold and guarantee deposits (down 1,430 million yen).

(Liabilities)

As of the end of the fiscal year under review, total liabilities were 134,057 million yen (up 1.4% compared to the end of the previous fiscal year).

Current liabilities were 61,085 million yen (up 28.5% compared to the end of the previous fiscal year), mainly reflecting increases in accounts payable trade (up 2,678 million yen), income taxes payable (up 1,907 million yen), current portion of long term borrowings (up 9,657 million yen).

Non-current liabilities were 72,972 million yen (down 13.8% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 11,645 million yen), among other factors.

(Net assets)

As of the end of the fiscal year under review, total net assets amounted to 55,709 million yen (up 23.8% compared to the end of the previous fiscal year), largely due to an increase in retained earnings (up 10,007 million yen).

Status of cash flows

Cash and cash equivalents (hereinafter, "cash") for the fiscal year under review were 45,670 million yen, an increase of 2,491 million yen (up 5.8%) compared to the end of the previous fiscal year.

The status of cash flows for FY2022 and respective relevant cash flows are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 8,276 million yen.

This was mainly attributable to profit before income taxes of 15,750 million yen and depreciation of 2,797 million yen and an increase in inventories of 13,978 million yen and a decrease in trade receivables of 3,083 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 4,500 million yen.

This mainly reflected 4,961 million yen used for purchase of property, plant and equipment, and 681 million yen used for payments for asset retirement obligations, while 1,350 million yen was provided by proceeds from refund of leasehold and guarantee deposits.

(Cash flows from financing activities)

Net cash used in financing activities was 1,332 million yen.

This was mainly attributable to repayments of long-term borrowings of 1,932 million yen.

(Reference) Changes in cash flow indicators

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity ratio (%)	31.4	22.9	22.9	24.8	28.5
Shareholders' equity (mark-to-market) ratio (%)	55.8	21.9	28.3	35.1	34.8
Debt redemption years	7.7	—	6.7	4.1	9.5
Interest coverage ratio	10.1	—	10.2	18.6	9.0

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

2. Each index is calculated from consolidated figures.

3. Market capitalization is calculated using the following formula: closing share price at period-end x number of shares issued (excluding treasury stock)

4. Debt redemption years and interest coverage ratio for FY2019 are not shown in the above table due to a negative figure for operating cash flow.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal Years Ended February 2022 and Ending February 2023

(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. 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 4.60 yen (2.30 yen at the end of the first half and 2.30 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 32.40 yen (16.20 yen at the end of the first half and 16.20 yen at the end of the fiscal year).

2. Basic Policy for the Selection of Accounting Standards

In light of the convergence of Japanese GAAP and IFRS, the Group intends to create financial statements using Japanese GAAP for the time being.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	43,179	45,670
Notes and accounts receivable - trade	6,875	5,620
Merchandise	72,913	85,363
Other	3,966	4,907
Allowance for doubtful accounts	(328)	(416)
Total current assets	126,605	141,146
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,918	37,102
Accumulated depreciation	(16,411)	(16,061)
Buildings and structures, net	20,507	21,040
Vehicles	153	298
Accumulated depreciation	(32)	(60)
Vehicles, net	121	238
Tools, furniture and fixtures	4,335	4,279
Accumulated depreciation	(3,606)	(3,114)
Tools, furniture and fixtures, net	729	1,164
Land	218	136
Construction in progress	121	1,083
Total property, plant and equipment	21,697	23,663
Intangible assets		
Software	1,717	1,465
Goodwill	7,698	5,995
Other	4,996	4,314
Total intangible assets	14,412	11,775
Investments and other assets		
Investment securities	139	20
Shares of subsidiaries and associates	131	129
Long-term loans receivable	30	228
Leasehold and guarantee deposits	5,835	4,405
Construction assistance fund receivables	4,614	4,289
Deferred tax assets	3,253	3,677
Other	544	438
Allowance for doubtful accounts	(43)	(8)
Total investments and other assets	14,506	13,181
Total non-current assets	50,616	48,620
Total assets	177,222	189,766

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	20,940	23,618
Short-term borrowings	1,117	1,101
Current portion of long-term borrowings	342	10,000
Accounts payable - other	4,586	4,713
Income taxes payable	2,052	3,960
Advances received	9,010	9,548
Deposits received	205	215
Provision for bonuses	1,167	1,965
Provision for merchandise warranties	737	884
Other provisions	715	1,327
Other	6,658	3,750
Total current liabilities	47,534	61,085
Non-current liabilities		
Long-term borrowings	79,169	67,523
Long-term guarantee deposits	506	587
Asset retirement obligations	2,546	2,236
Deferred tax liabilities	1,616	1,535
Other provisions	584	680
Other	249	407
Total non-current liabilities	84,672	72,972
Total liabilities	132,206	134,057
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,384	4,361
Retained earnings	39,665	49,673
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	43,862	53,847
Accumulated other comprehensive income		
Foreign currency translation adjustment	134	168
Total accumulated other comprehensive income	134	168
Non-controlling interests	1,018	1,693
Total net assets	45,015	55,709
Total liabilities and net assets	177,222	189,766

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

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	380,564	459,532
Cost of sales	307,754	373,519
Gross profit	72,810	86,013
Selling, general and administrative expenses	62,239	67,528
Operating profit	10,571	18,485
Non-operating income		
Interest income	40	31
Subsidy income	–	54
Foreign exchange gains	114	–
Other	105	106
Total non-operating income	260	191
Non-operating expenses		
Interest expenses	1,040	917
Foreign exchange losses	–	72
Share of loss of entities accounted for using equity method	56	92
Other	91	32
Total non-operating expenses	1,189	1,115
Ordinary profit	9,642	17,561
Extraordinary income		
Gain on sale of property, plant and equipment	–	23
Subsidy income	1,737	5
Compensation income	–	25
Gain on reversal of share acquisition rights	3	–
Other	7	5
Total extraordinary income	1,747	59
Extraordinary losses		
Loss on retirement of non-current assets	346	378
Loss on valuation of investment securities	–	109
Loss on sale of shares of subsidiaries and associates	–	276
Impairment losses	4,486	114
Loss on store closings	114	82
Loss on COVIT19	1,821	4
Head office relocation expenses	–	870
Other	98	32
Total extraordinary losses	6,866	1,870
Profit before income taxes	4,524	15,750
Income taxes - current	3,002	4,836
Income taxes - deferred	(398)	(516)
Total income taxes	2,603	4,319
Profit	1,920	11,430
Profit attributable to non-controlling interests	435	635
Profit attributable to owners of parent	1,484	10,794

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit	1,920	11,430
Other comprehensive income		
Foreign currency translation adjustment	1,249	(7)
Share of other comprehensive income of entities accounted for using equity method	(148)	58
Total other comprehensive income	1,101	50
Comprehensive income	3,021	11,481
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,475	10,829
Comprehensive income attributable to non-controlling interests	545	651

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 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	4,524	15,750
Depreciation	2,951	2,797
Amortization of goodwill	684	454
Increase (decrease) in provision for bonuses	343	858
Increase (decrease) in allowance for doubtful accounts	158	53
yyy	75	147
Interest and dividend income	(40)	(31)
Share of loss (profit) of entities accounted for using equity method	56	92
Interest expenses	1,040	917
Foreign exchange losses (gains)	(503)	51
Subsidy income	(1,737)	(5)
Loss on retirement of non-current assets	346	378
Loss (gain) on valuation of investment securities	–	109
Loss (gain) on sale of shares of subsidiaries and associates	–	276
Impairment losses	4,486	114
Loss on COVID19	1,821	4
Decrease (increase) in trade receivables	(885)	3,083
Headquarters relocation cost	–	870
Decrease (increase) in inventories	8,514	(13,978)
Decrease (increase) in consumption taxes refund receivable	69	(160)
Decrease (increase) in accounts receivable - other	693	(1,021)
Increase (decrease) in accrued consumption taxes	998	(3,083)
Increase (decrease) in trade payables	(2,079)	2,995
Increase (decrease) in accounts payable - other	356	306
Increase (decrease) in accrued expenses	(280)	0
Other, net	1,502	1,157
Subtotal	23,096	12,141
Interest and dividends received	40	31
Interest paid	(1,050)	(915)
Income taxes paid	(2,494)	(2,980)
Subsidies received	1,737	5
Payments for loss on COVID-19	(1,821)	(4)
Net cash provided by (used in) operating activities	19,508	8,276
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,189)	(4,961)
Proceeds from sale of property, plant and equipment	43	154
Purchase of intangible assets	(655)	(463)
Payments for asset retirement obligations	(100)	(681)
Loan advances	(77)	(206)
Payments of leasehold and guarantee deposits	(163)	(277)
Proceeds from collection of loans receivable	–	200
Proceeds from refund of leasehold and guarantee deposits	265	1,350
Payments of construction assistance fund receivables	(32)	(209)
Proceeds from collection of construction assistance fund receivables	560	534
Purchase of shares of subsidiaries and associates	(11)	(8)
Proceeds from sale of shares of subsidiaries and associates	–	71
Other, net	(12)	(2)
Net cash provided by (used in) investing activities	(1,373)	(4,500)

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	35	1,285
Proceeds from long-term borrowings	7	82
Repayments of long-term borrowings	(11,867)	(1,932)
Purchase of treasury shares	(397)	(0)
ppp	(644)	(768)
Proceeds from share issuance to non-controlling shareholders	370	–
Net cash provided by (used in) financing activities	(12,495)	(1,332)
Effect of exchange rate change on cash and cash equivalents	244	31
Net increase (decrease) in cash and cash equivalents	5,883	2,474
Cash and cash equivalents at beginning of period	37,295	43,179
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	16
Cash and cash equivalents at end of period	43,179	45,670

Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	35,231	38,089
Accounts receivable - trade	6,230	5,470
Merchandise	51,546	60,216
Supplies	32	45
Prepaid expenses	1,330	1,297
Other	1,836	2,447
Allowance for doubtful accounts	(1,975)	(484)
Total current assets	94,233	107,082
Non-current assets		
Property, plant and equipment		
Buildings	16,135	16,860
Structures	3,742	3,614
Vehicles	16	176
Tools, furniture and fixtures	376	817
Land	218	136
Construction in progress	105	1,082
Total property, plant and equipment	20,594	22,687
Intangible assets		
Trademark right	0	0
Software	1,478	1,305
Other	14	0
Total intangible assets	1,492	1,305
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	6,239	6,242
Long-term loans receivable from subsidiaries and associates	11,804	6,881
Distressed receivables	43	7
Long-term prepaid expenses	367	297
Leasehold and guarantee deposits	5,442	4,382
Construction assistance fund receivables	4,614	4,289
Deferred tax assets	3,236	3,695
Other	128	132
Allowance for doubtful accounts	(301)	(42)
Total investments and other assets	31,576	25,887
Total non-current assets	53,663	49,881
Total assets	147,897	156,964

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	5,432	6,081
Short-term borrowings from subsidiaries and associates	212	231
Current portion of long-term borrowings	–	10,000
Accounts payable - other	2,676	2,910
Accounts payable - facilities	80	184
Income taxes payable	1,637	2,671
Accrued consumption taxes	2,816	346
Accrued expenses	1,732	1,551
Advances received	8,208	9,409
Deposits received	936	1,844
Provision for bonuses	1,152	1,965
Provision for merchandise warranties	737	884
Unearned revenue	362	660
Other provisions	715	1,327
Total current liabilities	26,702	40,068
Non-current liabilities		
Long-term borrowings	77,145	67,145
Long-term guarantee deposits	506	587
Asset retirement obligations	2,329	2,163
Other	188	183
Total non-current liabilities	80,169	70,079
Total liabilities	106,872	110,148
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus		
Other capital surplus	4,032	4,032
Total capital surplus	4,032	4,032
Retained earnings		
Legal retained earnings	92	169
Other retained earnings		
Retained earnings brought forward	37,087	42,801
Total retained earnings	37,180	42,970
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	41,025	46,816
Total net assets	41,025	46,816
Total liabilities and net assets	147,897	156,964

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	275,710	306,733
Cost of sales	219,258	245,661
Gross profit	56,451	61,071
Selling, general and administrative expenses		
Advertising expenses	6,685	5,952
Salaries and allowances	12,787	12,933
Provision for bonuses	1,075	1,838
Depreciation	2,400	2,220
Rent expenses on land and buildings	9,969	10,210

Provision of allowance for doubtful accounts	121	53
Other	15,553	15,955
Total selling, general and administrative expenses	48,593	49,164
Operating profit	7,858	11,907
Non-operating income		
Interest and dividend income	154	162
Foreign exchange gains	88	–
Other	12	19
Total non-operating income	255	182
Non-operating expenses		
Interest expenses	443	415
Foreign exchange losses	–	79
Other	27	21
Total non-operating expenses	471	516
Ordinary profit	7,642	11,573
Extraordinary income		
Gain on sale of non-current assets	–	23
Gain on liquidation of subsidiaries	–	106
Subsidy income	305	4
Gain on reversal of share acquisition rights	3	–
Other	7	3
Total extraordinary income	316	137
Extraordinary losses		
Loss on retirement of non-current assets	283	326
Loss on sale of investment securities	–	855
Loss on valuation of shares of subsidiaries and associates	6,710	–
Impairment losses	535	114
Loss on store closings	70	82
Provision of allowance for doubtful accounts	362	–
Loss on COVIT19	389	3
Head office relocation expenses	–	870
Other	65	6
Total extraordinary losses	8,416	2,260
Profit (loss) before income taxes	(458)	9,450
Income taxes - current	2,033	3,356
Income taxes - deferred	(410)	(458)
Total income taxes	1,622	2,897
Profit (loss)	(2,081)	6,553