

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 2023

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <https://221616.com>
 Representative: President Yusuke Hatori
 Inquiries: CFO Ryo Nishihata TEL 03-5208-5503
 Scheduled date of ordinary general meeting of shareholders: May 26, 2023
 Scheduled date to file Securities Report: May 29, 2023
 Scheduled date to commence dividend payments: May 29, 2023
 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, 2023 (from March 1, 2022 to February 28, 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 February 28, 2023 | 416,514 | (9.4) | 18,684 | 1.1 | 18,146 | 3.3 | 14,205 | 31.6 |
| Year ended February 28, 2022 | 459,532 | 20.8 | 18,485 | 74.9 | 17,561 | 82.1 | 10,794 | 627.0 |

| | 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, 2023 | 141.48 | – | 24.5 | 10.0 | 4.5 |
| Year ended February 28, 2022 | 107.51 | – | 22.0 | 9.6 | 4.0 |

(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, 2023 | 173,293 | 62,702 | 35.8 | 618.34 |
| As of February 28, 2022 | 189,766 | 55,709 | 28.5 | 537.97 |

(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, 2023 | 2,275 | (166) | (10,634) | 37,473 |
| Year ended February 28, 2022 | 8,276 | (4,500) | (1,332) | 45,670 |

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, 2022 | – | 2.30 | – | 2.30 | 4.60 | 461 | 4.3 | 0.9 |
| Year ended February 28, 2023 | – | 16.20 | – | 26.30 | 42.50 | 4,267 | 30.0 | 7.4 |
| Year ending February 29, 2024 (Forecast) | – | 14.00 | – | 21.80 | 35.80 | | 30.0 | |

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 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 August 31, 2023 | 190,000 | (15.7) | 7,500 | (13.0) | 7,250 | (12.5) | 4,700 | (37.5) | 46.81 |
| Full year | 400,000 | (4.0) | 19,000 | 1.7 | 18,500 | 1.9 | 12,000 | (15.5) | 119.51 |

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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: Yes

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, 2023 | 106,888,000 shares | As of February 28, 2022 | 106,888,000 shares |
|-------------------------|--------------------|-------------------------|--------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------------|-------------------------|------------------|
| As of February 28, 2023 | 6,480,651 shares | As of February 28, 2022 | 6,480,641 shares |
|-------------------------|------------------|-------------------------|------------------|

Average number of shares during the period

| | | | |
|------------------------------|--------------------|------------------------------|--------------------|
| Year ended February 28, 2023 | 100,407,349 shares | Year ended February 28, 2022 | 100,407,380 shares |
|------------------------------|--------------------|------------------------------|--------------------|

1. Overview of Operating Results, Etc.

(1) Analysis of operating results

In the fiscal year under review (March 1, 2022 to February 28, 2023), total unit sales at directly managed stores in Japan were 247,392 (up 4.2% year on year). Retail unit sales to consumers were 133,599 (down 3.2% year on year), reflecting efforts made with a focus on increasing gross profit per unit. Wholesale unit sales to business operators were 111,793 (up 14.8% year on year), reflecting a rise in the ratio of purchase negotiations successfully closed due to the impact of auction prices. With respect to the ratio between retail unit sales and wholesale unit sales, retail unit sales stood at 54.8% and wholesale unit sales were 45.2%. Total gross profit included gross profit of approximately 54.6 billion yen from retail sales and approximately 11.5 billion yen from wholesale sales.

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc. have been applied since the beginning of the first three months of the consolidated fiscal year under review. Due to the adoption of the Revenue Recognition Accounting Standard and other standards, operating profit, ordinary profit, and profit before income taxes decreased by 1,120 million yen each.

Transfer of shares in the Australian subsidiaries completed in July 2022. The consolidation period for the Australian subsidiary were from March to May 2022, and the Australia segment recorded a decline in profit of 3,651 million yen year on year for the third quarter of this fiscal year.

Selling, general and administrative expenses decreased in spite of increase in advertising expenses, due to the head office relocation which resulted in lower rent expenses. There was also a decline in personnel expenses, attributable to a decrease in the number of employees because of restrained new graduate hiring.

As a result of the transfer of the shares of the Australian subsidiary, the Company posted a gain on sales of shares of subsidiaries of 795 million yen for the consolidated results and 2,871 million yen for the nonconsolidated results as extraordinary income. Furthermore, goodwill impairment loss posted for 2021 deducted from taxable income after the transfer of shares of the Australian subsidiaries reduced corporation tax, resident tax, and business taxes.

As a result of the above, the consolidated business results for the fiscal year under review were net sales of 416,514 million yen (down 9.4% year on year), operating profit of 18,684 million yen (up 1.1%), ordinary profit of 18,146 million yen (up 3.3%) and profit attributable to owners of parent of 14,205 million yen (up 31.6%).

Regional segment-specific earnings are as indicated below:

I. Japan

The results of the Japan segment were net sales of 369,510 million yen (up 16.1% year on year) and segment profit (operating profit) of 17,428 million yen (up 26.6% 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 were net sales of 44,607 million yen (down 68.0% year on year) and segment profit (operating profit) of 1,284 million yen (up 74.0% year on year). Results of the Australian subsidiary underperformed the year-ago level because the consolidation period has become three months due to the share transfer.

Starting with the first quarter under review, the domestic used car sales business and the new car sales business conducted in Australia including non-consolidated sales of subsidiaries Tokyo My Car and Gulliver Insurance are voluntarily disclosed as the domestic core business segment and the Australian business segment, respectively.

I. Domestic Core Business

The results of the domestic core business segment were net sales of 365,685 million yen (up 18.7% year on year) and segment profit (operating profit) of 17,547 million yen (up 30.2% year on year). Retail unit sales at directly managed domestic stores decreased due to prioritized efforts to increase gross profit per unit. However, gross profit per retail unit increased. An increase in wholesale volume and a decline in selling, general and administrative expenses increased both sales and profit.

Previous first quarter period (From March 1, 2021 to February 28, 2022)

| | Domestic core | Australia | Other (Differences) | Amortization of goodwill | Consolidated |
|-----------------------------------|---------------|-----------|---------------------|--------------------------|--------------|
| Net sales | 308,019 | 139,364 | 12,148 | - | 459,532 |
| Segment profit (Operating profit) | 13,478 | 4,935 | 516 | (444) | 18,485 |

First quarter under review (From March 1, 2022 to February 28, 2023)

| | Domestic core | Australia | Other (Differences) | Amortization of goodwill | Consolidated |
|-----------------------------------|---------------|-----------|---------------------|--------------------------|--------------|
| Net sales | 365,685 | 44,607 | 6,221 | - | 416,514 |
| Segment profit (Operating profit) | 17,547 | 1,284 | 36 | (110) | 18,684 |

Outlook for the Next Fiscal Year

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

(i) Parent company and Japan segment

It is assumed that auction prices will decrease in the next fiscal year. Despite that, the Company will steadily take steps to control gross profit and increase incidental earnings associated with retail sales. By doing so, it expects gross profit on the basis of the number of sold vehicles to be on par with the previous year's level. Retail unit sales are expected to rise year on year due to the opening of 10 large, capital efficiency-focused stores in the second half, as well as the contribution by large stores opened in the previous fiscal year.

(ii) Consolidated

It is assumed that IDOM Innovations Pty Ltd., which researches and develops new services in Australia, will be included in consolidated results by the end of the next fiscal year.

Based on the above assumptions, the Company forecasts that in the next fiscal year, it will post net sales of 400,000 million yen, operating profit of 19,000 million yen, ordinary profit of 18,500 million yen and profit attributable to owners of parent of 12,000 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 173,293 million yen (down 8.7% compared to the end of the previous fiscal year).

Current assets were 131,478 million yen (down 6.8% compared to the end of the previous fiscal year), mainly reflecting an decrease in cash and deposits (down 8,196 million yen).

Non-current assets were 41,815 million yen (down 14.0% compared to the end of the previous fiscal year) chiefly due to a decrease in goodwill (down 5,908 million yen), while an increase in buildings and structures (up 4,204 million yen).

(Liabilities)

As of the end of the fiscal year under review, total liabilities were 110,591 million yen (down 17.5% compared to the end of the previous fiscal year).

Current liabilities stood at 64,165 million yen (up 5.0% from the end of the previous fiscal year) due to an increase in contract liabilities (up 25,336 million yen from the end of the previous year), despite a decrease in accounts payable - trade (down 18,796 million yen).

Non-current liabilities were 46,426 million yen (down 36.4% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 24,523 million yen), among other factors.

(Net assets)

As of the end of the fiscal year under review, total net assets amounted to 62,702 million yen (up 12.6% compared to the end of the previous fiscal year), largely due to an increase in retained earnings (up 7,065 million yen).

Status of cash flows

Cash and cash equivalents (hereinafter, "cash") for the fiscal year under review were 37,473 million yen, a decrease of 8,196 million yen (down 17.9%) compared to the end of the previous fiscal year.

The status of cash flows for FY2023 and respective relevant cash flows are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 2,275 million yen.

This was mainly attributable to profit before income taxes of 18,752 million yen and depreciation of 2,581 million yen and an increase in inventories of 24,349 million yen and a decrease in trade receivables of 4,660 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 166 million yen.

This mainly reflected 5,441 million yen used for purchase of property, plant and equipment, 2,910 million yen used for payments for loans receivable, while 8,597 million yen was provided by the sale of shares of subsidiaries accompanying changes in the scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities was 10,634 million yen.

This was mainly attributable to repayments of long-term borrowings of 10,169 million yen.

(Reference) Changes in cash flow indicators

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|
| Equity ratio (%) | 22.9 | 22.9 | 24.8 | 28.5 | 35.8 |
| Shareholders' equity (mark-to-market) ratio (%) | 21.9 | 28.3 | 35.1 | 34.8 | 49.1 |
| Debt redemption years | — | 6.7 | 4.1 | 9.5 | 31.5 |
| Interest coverage ratio | — | 10.2 | 18.6 | 9.0 | 3.7 |

Notes:

1. Breakdown of each indicator

Equity ratio = Shareholders' equity/Total assetsx

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 2023 and Ending February 2024

(i) Basic policy on dividends and targets

The Company adopted performance-linked dividends as its dividend policy, based on which dividends are determined in sync with consolidated results. While this policy will remain unchanged going forward, it has decided to partially review its dividend determination method, starting from the end of the fiscal year under review (fiscal year ended February, 2023). Traditionally, in principle, the Company had been using 30% of profit attributable to owners of parent in the previous fiscal year as total dividends for the determination of dividends per share for the current fiscal year. Going forward (starting with the end of the fiscal year under review), however, it will use, in principle, 30% of profit attributable to owners of parent in the current fiscal year as total dividends to determine dividends per share for the said current year. The advantage of the previous dividend determination method was that initial dividend forecasts, once announced, remained unchanged in principle because dividends for the current year were decided based on results for the previous fiscal year. However, we have reached the conclusion that the revision is appropriate considering our latest consolidated business results.

(ii) Dividends for the fiscal year under review

Under the policy above, annual dividends per share for the fiscal year under review will be 42.50 yen (16.20 yen at the end of the first half and 26.30 yen at the end of the fiscal year).

In consideration of the above partial review of the dividend determination method, annual dividends per share for the fiscal year under review will be 42.50 yen (16.20 yen at the end of the first half and 26.30 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 35.80 yen (14.00 yen at the end of the first half and 21.80 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, 2022 | As of February 28, 2023 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 45,670 | 37,473 |
| Notes and accounts receivable - trade | 5,620 | 3,927 |
| Merchandise | 85,363 | 84,432 |
| Other | 4,907 | 6,173 |
| Allowance for doubtful accounts | (416) | (528) |
| Total current assets | 141,146 | 131,478 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 37,102 | 41,306 |
| Accumulated depreciation | (16,061) | (16,873) |
| Buildings and structures, net | 21,040 | 24,433 |
| Vehicles | 298 | 236 |
| Accumulated depreciation | (60) | (148) |
| Vehicles, net | 238 | 88 |
| Tools, furniture and fixtures | 4,279 | 5,077 |
| Accumulated depreciation | (3,114) | (3,362) |
| Tools, furniture and fixtures, net | 1,164 | 1,715 |
| Land | 136 | 136 |
| Construction in progress | 1,083 | 67 |
| Total property, plant and equipment | 23,663 | 26,441 |
| Intangible assets | | |
| Software | 1,465 | 1,300 |
| Goodwill | 5,995 | 86 |
| Other | 4,314 | 2 |
| Total intangible assets | 11,775 | 1,389 |
| Investments and other assets | | |
| Investment securities | 20 | 0 |
| Shares of subsidiaries and associates | 129 | 29 |
| Long-term loans receivable | 228 | 76 |
| Leasehold and guarantee deposits | 4,405 | 5,045 |
| Construction assistance fund receivables | 4,289 | 3,955 |
| Deferred tax assets | 3,677 | 4,435 |
| Other | 438 | 449 |
| Allowance for doubtful accounts | (8) | (6) |
| Total investments and other assets | 13,181 | 13,984 |
| Total non-current assets | 48,620 | 41,815 |
| Total assets | 189,766 | 173,293 |

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 23,618 | 4,822 |
| Short-term borrowings | 1,101 | – |
| Current portion of long-term borrowings | 10,000 | 24,145 |
| Accounts payable - other | 4,713 | 3,812 |
| Income taxes payable | 3,960 | 864 |
| Advances received | 9,548 | – |
| Contract liabilities | – | 25,336 |
| Deposits received | 215 | 309 |
| Provision for bonuses | 1,965 | 897 |
| Provision for merchandise warranties | 884 | – |
| Other provisions | 1,327 | 342 |
| Other | 3,750 | 3,635 |
| Total current liabilities | 61,085 | 64,165 |
| Non-current liabilities | | |
| Long-term borrowings | 67,523 | 43,000 |
| Long-term guarantee deposits | 587 | 599 |
| Asset retirement obligations | 2,236 | 2,643 |
| Deferred tax liabilities | 1,535 | – |
| Other provisions | 680 | – |
| Other | 407 | 183 |
| Total non-current liabilities | 72,972 | 46,426 |
| Total liabilities | 134,057 | 110,591 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,157 | 4,157 |
| Capital surplus | 4,361 | 5,250 |
| Retained earnings | 49,673 | 56,738 |
| Treasury shares | (4,344) | (4,344) |
| Total shareholders' equity | 53,847 | 61,801 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 168 | 284 |
| Total accumulated other comprehensive income | 168 | 284 |
| Share acquisition rights | – | 147 |
| Non-controlling interests | 1,693 | 468 |
| Total net assets | 55,709 | 62,702 |
| Total liabilities and net assets | 189,766 | 173,293 |

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

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Net sales | 459,532 | 416,514 |
| Cost of sales | 373,519 | 341,964 |
| Gross profit | 86,013 | 74,549 |
| Selling, general and administrative expenses | 67,528 | 55,865 |
| Operating profit | 18,485 | 18,684 |
| Non-operating income | | |
| Interest income | 31 | 107 |
| Subsidy income | 54 | 26 |
| Other | 106 | 67 |
| Total non-operating income | 191 | 202 |
| Non-operating expenses | | |
| Interest expenses | 917 | 571 |
| Foreign exchange losses | 72 | 71 |
| theft loss | 11 | 87 |
| Share of loss of entities accounted for using equity method | 92 | – |
| Other | 21 | 9 |
| Total non-operating expenses | 1,115 | 739 |
| Ordinary profit | 17,561 | 18,146 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 23 | 54 |
| Gain on sale of shares of subsidiaries and associates | – | 795 |
| Gain on liquidation of subsidiaries | – | 19 |
| Subsidy income | 5 | 91 |
| Compensation income | 25 | – |
| Other | 5 | 48 |
| Total extraordinary income | 59 | 1,008 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 378 | 222 |
| Loss on valuation of investment securities | 109 | – |
| Loss on sale of shares of subsidiaries and associates | 276 | – |
| Impairment losses | 114 | 103 |
| Loss on store closings | 82 | – |
| Loss on COVIT19 | 4 | – |
| Head office relocation expenses | 870 | – |
| Other | 32 | 76 |
| Total extraordinary losses | 1,870 | 402 |
| Profit before income taxes | 15,750 | 18,752 |
| Income taxes - current | 4,836 | 2,859 |
| Income taxes - deferred | (516) | 1,621 |
| Total income taxes | 4,319 | 4,480 |
| Profit | 11,430 | 14,272 |
| Profit attributable to non-controlling interests | 635 | 67 |
| Profit attributable to owners of parent | 10,794 | 14,205 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Profit | 11,430 | 14,272 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | (7) | 303 |
| Share of other comprehensive income of entities accounted for using equity method | 58 | — |
| Total other comprehensive income | 50 | 303 |
| Comprehensive income | 11,481 | 14,576 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,829 | 14,321 |
| Comprehensive income attributable to non- controlling interests | 651 | 255 |

Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,157 | 4,384 | 39,665 | (4,344) | 43,862 |
| Changes during period | | | | | |
| Dividends of surplus | | | (763) | | (763) |
| Profit attributable to owners of parent | | | 10,794 | | 10,794 |
| Purchase of treasury shares | | | | (0) | (0) |
| Change in scope of consolidation | | | (24) | | (24) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (23) | | | (23) |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | (23) | 10,007 | (0) | 9,984 |
| Balance at end of period | 4,157 | 4,361 | 49,673 | (4,344) | 53,847 |

| | Accumulated other comprehensive income | | Non-controlling interests | Total net assets |
|---|---|--|---------------------------|------------------|
| | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 134 | 134 | 1,018 | 45,015 |
| Changes during period | | | | |
| Dividends of surplus | | | | (763) |
| Profit attributable to owners of parent | | | | 10,794 |
| Purchase of treasury shares | | | | (0) |
| Change in scope of consolidation | | | | (24) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | (23) |
| Net changes in items other than shareholders' equity | 34 | 34 | 674 | 709 |
| Total changes during period | 34 | 34 | 674 | 10,693 |
| Balance at end of period | 168 | 168 | 1,693 | 55,709 |

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,157 | 4,361 | 49,673 | (4,344) | 53,847 |
| Cumulative effects of changes in accounting policies | | | (5,288) | | (5,288) |
| Restated balance | 4,157 | 4,361 | 44,384 | (4,344) | 48,558 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,857) | | (1,857) |
| Profit attributable to owners of parent | | | 14,205 | | 14,205 |
| Purchase of treasury shares | | | | (0) | (0) |
| Change in scope of consolidation | | 23 | 6 | | 29 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 866 | | | 866 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 889 | 12,354 | (0) | 13,243 |
| Balance at end of period | 4,157 | 5,250 | 56,738 | (4,344) | 61,801 |

| | 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 | 168 | 168 | – | 1,693 | 55,709 |
| Cumulative effects of changes in accounting policies | | | | | (5,288) |
| Restated balance | 168 | 168 | – | 1,693 | 50,420 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (1,857) |
| Profit attributable to owners of parent | | | | | 14,205 |
| Purchase of treasury shares | | | | | (0) |
| Change in scope of consolidation | | | | | 29 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | 866 |
| Net changes in items other than shareholders' equity | 115 | 115 | 147 | (1,224) | (961) |
| Total changes during period | 115 | 115 | 147 | (1,224) | 12,281 |
| Balance at end of period | 284 | 284 | 147 | 468 | 62,702 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 15,750 | 18,752 |
| Depreciation | 2,797 | 2,581 |
| Amortization of goodwill | 454 | 110 |
| Increase (decrease) in provision for bonuses | 858 | (1,067) |
| Increase (decrease) in allowance for doubtful accounts | 53 | 197 |
| yyy | 147 | (884) |
| Interest and dividend income | (31) | (107) |
| Share of loss (profit) of entities accounted for using equity method | 92 | – |
| Share-based payment expenses | – | 143 |
| Interest expenses | 917 | 571 |
| Foreign exchange losses (gains) | 51 | 576 |
| Subsidy income | (5) | (91) |
| Loss on retirement of non-current assets | 378 | 222 |
| Loss (gain) on valuation of investment securities | 109 | – |
| Loss (gain) on sale of shares of subsidiaries and associates | 276 | (795) |
| Impairment losses | 114 | 103 |
| Loss on COVID19 | 4 | – |
| Loss (gain) on liquidation of subsidiaries | – | (19) |
| Headquarters relocation cost | 870 | – |
| Decrease (increase) in trade receivables | 3,083 | 4,660 |
| Decrease (increase) in inventories | (13,978) | (24,349) |
| Decrease (increase) in consumption taxes refund receivable | (160) | 96 |
| Decrease (increase) in accounts receivable - other | (1,021) | 708 |
| Increase (decrease) in accrued consumption taxes | (3,083) | 179 |
| Increase (decrease) in trade payables | 2,995 | 1,847 |
| Increase (decrease) in accounts payable - other | 306 | 431 |
| Increase (decrease) in accrued expenses | 0 | 431 |
| Other, net | 1,157 | 3,009 |
| Subtotal | 12,141 | 7,309 |
| Interest and dividends received | 31 | 107 |
| Interest paid | (915) | (571) |
| Income taxes paid | (2,980) | (4,661) |
| Subsidies received | 5 | 91 |
| Payments for loss on COVID-19 | (4) | – |
| Net cash provided by (used in) operating activities | 8,276 | 2,275 |

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4,961) | (5,441) |
| Proceeds from sale of property, plant and equipment | 154 | 85 |
| Purchase of intangible assets | (463) | (402) |
| Payments for asset retirement obligations | (681) | (29) |
| Loan advances | (206) | (2,910) |
| Proceeds from collection of loans receivable | 200 | 138 |
| Payments of leasehold and guarantee deposits | (277) | (834) |
| Proceeds from refund of leasehold and guarantee deposits | 1,350 | 196 |
| Payments of construction assistance fund receivables | (209) | (115) |
| Proceeds from collection of construction assistance fund receivables | 534 | 450 |
| Purchase of shares of subsidiaries and associates | (8) | – |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | 71 | 8,597 |
| Proceeds from liquidation of subsidiaries | – | 119 |
| Other, net | (2) | (21) |
| Net cash provided by (used in) investing activities | (4,500) | (166) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,285 | – |
| Proceeds from long-term borrowings | 82 | – |
| Repayments of long-term borrowings | (1,932) | (10,169) |
| Purchase of treasury shares | (0) | (0) |
| Proceeds from issuance of share acquisition rights | – | 3 |
| ppp | (768) | (1,856) |
| Proceeds from share issuance to non-controlling shareholders | – | 1,387 |
| Net cash provided by (used in) financing activities | (1,332) | (10,634) |
| Effect of exchange rate change on cash and cash equivalents | 31 | 328 |
| Net increase (decrease) in cash and cash equivalents | 2,474 | (8,196) |
| Cash and cash equivalents at beginning of period | 43,179 | 45,670 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 16 | – |
| Cash and cash equivalents at end of period | 45,670 | 37,473 |

Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 38,089 | 35,393 |
| Accounts receivable - trade | 5,470 | 7,497 |
| Merchandise | 60,216 | 80,978 |
| Supplies | 45 | 45 |
| Prepaid expenses | 1,297 | 1,413 |
| Other | 2,447 | 4,588 |
| Allowance for doubtful accounts | (484) | (691) |
| Total current assets | 107,082 | 129,225 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 16,860 | 19,867 |
| Structures | 3,614 | 4,486 |
| Vehicles | 176 | 88 |
| Tools, furniture and fixtures | 817 | 1,683 |
| Land | 136 | 136 |
| Construction in progress | 1,082 | 67 |
| Total property, plant and equipment | 22,687 | 26,327 |
| Intangible assets | | |
| Trademark right | 0 | — |
| Software | 1,305 | 1,206 |
| Other | 0 | 0 |
| Total intangible assets | 1,305 | 1,206 |
| Investments and other assets | | |
| Investment securities | 0 | 0 |
| Shares of subsidiaries and associates | 6,242 | 690 |
| Long-term loans receivable | — | 3 |
| Long-term loans receivable from subsidiaries and associates | 6,881 | 2,486 |
| Distressed receivables | 7 | 6 |
| Long-term prepaid expenses | 297 | 297 |
| Leasehold and guarantee deposits | 4,382 | 5,005 |
| Construction assistance fund receivables | 4,289 | 3,955 |
| Deferred tax assets | 3,695 | 4,467 |
| Other | 132 | 133 |
| Allowance for doubtful accounts | (42) | (18) |
| Total investments and other assets | 25,887 | 17,028 |
| Total non-current assets | 49,881 | 44,562 |
| Total assets | 156,964 | 173,787 |

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 6,081 | 4,785 |
| Short-term borrowings from subsidiaries and associates | 231 | 545 |
| Current portion of long-term borrowings | 10,000 | 24,690 |
| Accounts payable - other | 2,910 | 3,172 |
| Accounts payable - facilities | 184 | 636 |
| Income taxes payable | 2,671 | 817 |
| Accrued consumption taxes | 346 | 548 |
| Accrued expenses | 1,551 | 1,639 |
| Advances received | 9,409 | – |
| Contract liabilities | – | 25,305 |
| Deposits received | 1,844 | 3,358 |
| Provision for bonuses | 1,965 | 896 |
| Provision for merchandise warranties | 884 | – |
| Unearned revenue | 660 | – |
| Other provisions | 1,327 | 342 |
| Other | – | 1,370 |
| Total current liabilities | 40,068 | 68,108 |
| Non-current liabilities | | |
| Long-term borrowings | 67,145 | 42,454 |
| Long-term guarantee deposits | 587 | 599 |
| Asset retirement obligations | 2,163 | 2,605 |
| Other | 183 | 183 |
| Total non-current liabilities | 70,079 | 45,842 |
| Total liabilities | 110,148 | 113,950 |
| 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 | 169 | 354 |
| Other retained earnings | | |
| Retained earnings brought forward | 42,801 | 55,489 |
| Total retained earnings | 42,970 | 55,844 |
| Treasury shares | (4,344) | (4,344) |
| Total shareholders' equity | 46,816 | 59,689 |
| Share acquisition rights | – | 147 |
| Total net assets | 46,816 | 59,836 |
| Total liabilities and net assets | 156,964 | 173,787 |

Non-consolidated statements of income

(Millions of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Net sales | 306,733 | 366,069 |
| Cost of sales | 245,661 | 301,226 |
| Gross profit | 61,071 | 64,842 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 5,952 | 6,974 |
| Salaries and allowances | 12,933 | 12,698 |
| Provision for bonuses | 1,838 | 515 |
| Depreciation | 2,220 | 2,374 |
| Rent expenses on land and buildings | 10,210 | 9,798 |
| Provision of allowance for doubtful accounts | 53 | 185 |
| Other | 15,955 | 15,882 |
| Total selling, general and administrative expenses | 49,164 | 48,430 |
| Operating profit | 11,907 | 16,412 |
| Non-operating income | | |
| Interest and dividend income | 162 | 141 |
| Other | 19 | 14 |
| Total non-operating income | 182 | 155 |
| Non-operating expenses | | |
| Interest expenses | 415 | 415 |
| Foreign exchange losses | 79 | 64 |
| theft loss | 11 | 87 |
| Other | 9 | 2 |
| Total non-operating expenses | 516 | 569 |
| Ordinary profit | 11,573 | 15,998 |
| Extraordinary income | | |
| Gain on extinguishment of tie-in shares | – | 5,035 |
| Gain on sale of shares of subsidiaries and associates | – | 2,871 |
| Gain on sale of non-current assets | 23 | 54 |
| Gain on liquidation of subsidiaries | 106 | 19 |
| Subsidy income | 4 | 91 |
| Other | 3 | 48 |
| Total extraordinary income | 137 | 8,119 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 326 | 229 |
| Loss on sale of shares of subsidiaries and associates | 855 | – |
| Impairment losses | 114 | 103 |
| Loss on store closings | 82 | – |
| Loss on COVIT19 | 3 | – |
| Head office relocation expenses | 870 | – |
| Other | 6 | 76 |
| Total extraordinary losses | 2,260 | 408 |
| Profit before income taxes | 9,450 | 23,709 |
| Income taxes - current | 3,356 | 2,118 |
| Income taxes - deferred | (458) | 1,571 |
| Total income taxes | 2,897 | 3,689 |
| Profit | 6,553 | 20,020 |