

Q2 FY2024

First Half Results for Fiscal Year Ending February 29, 2024

October 16th, 2023

TSE Prime **7599**

IDOM Inc.



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FY2024 Financials

1. First Half Results Summary FY2024

Gulliver



First Half FY2024 Results Highlights



Financials Gross profit per retail unit recovered

Gross profit per retail unit

| 2024 Q1 | 2024 Q2 |
|-------------|---------------|
| 330,000 yen | ⇒ 450,000 yen |

- The Company improved gross profit per retail unit to 450,000 yen in the second quarter, up from 330,000 yen in the first quarter, by curbing excessive discounts.

Financials Record retail unit sales for the first half

Retail unit sales

73,777 units
+5.1% YoY

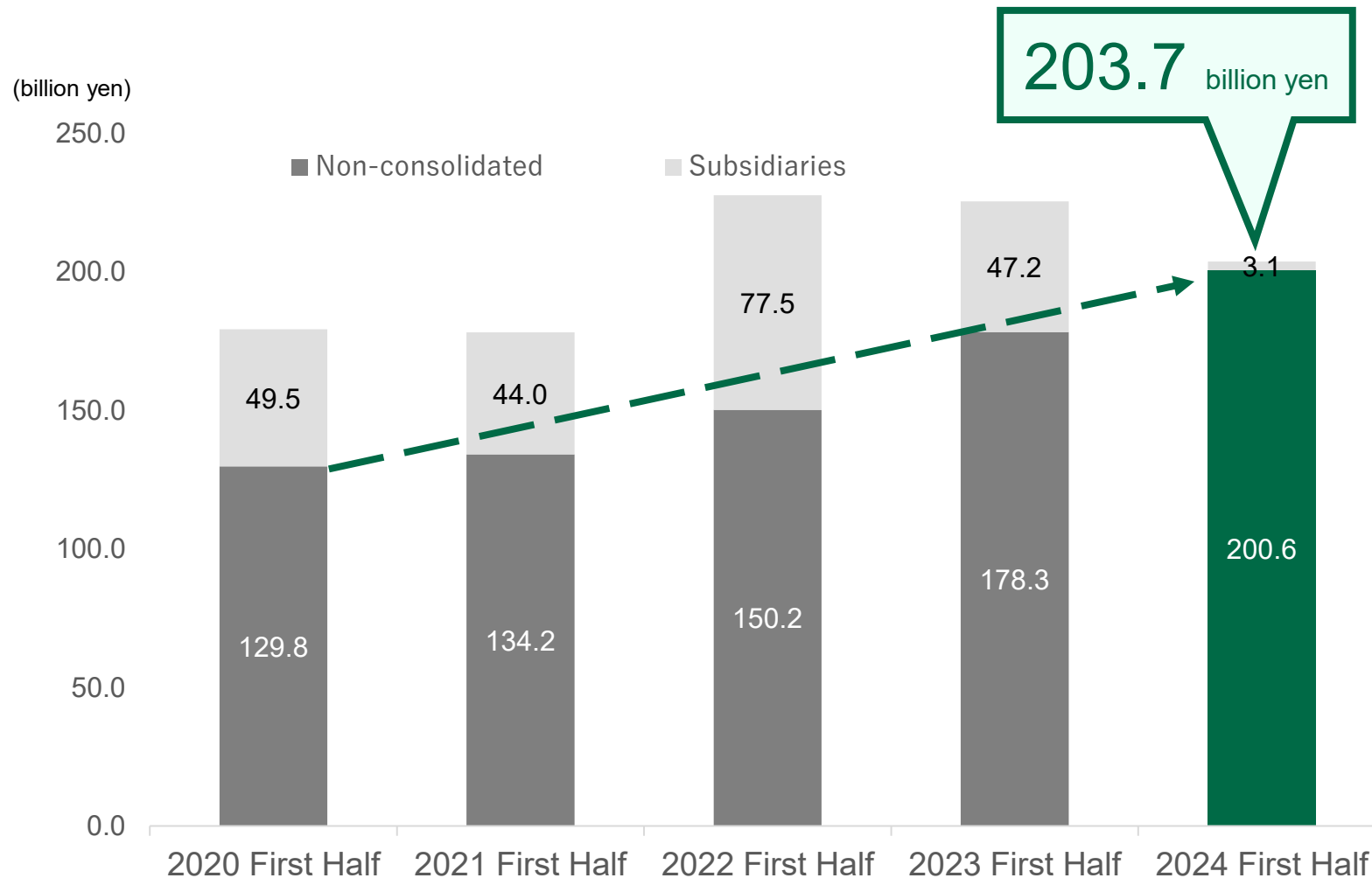
- Retail unit sales at directly managed stores hit a record high for the first half.

Store openings in the second half revised upward

The number of store openings

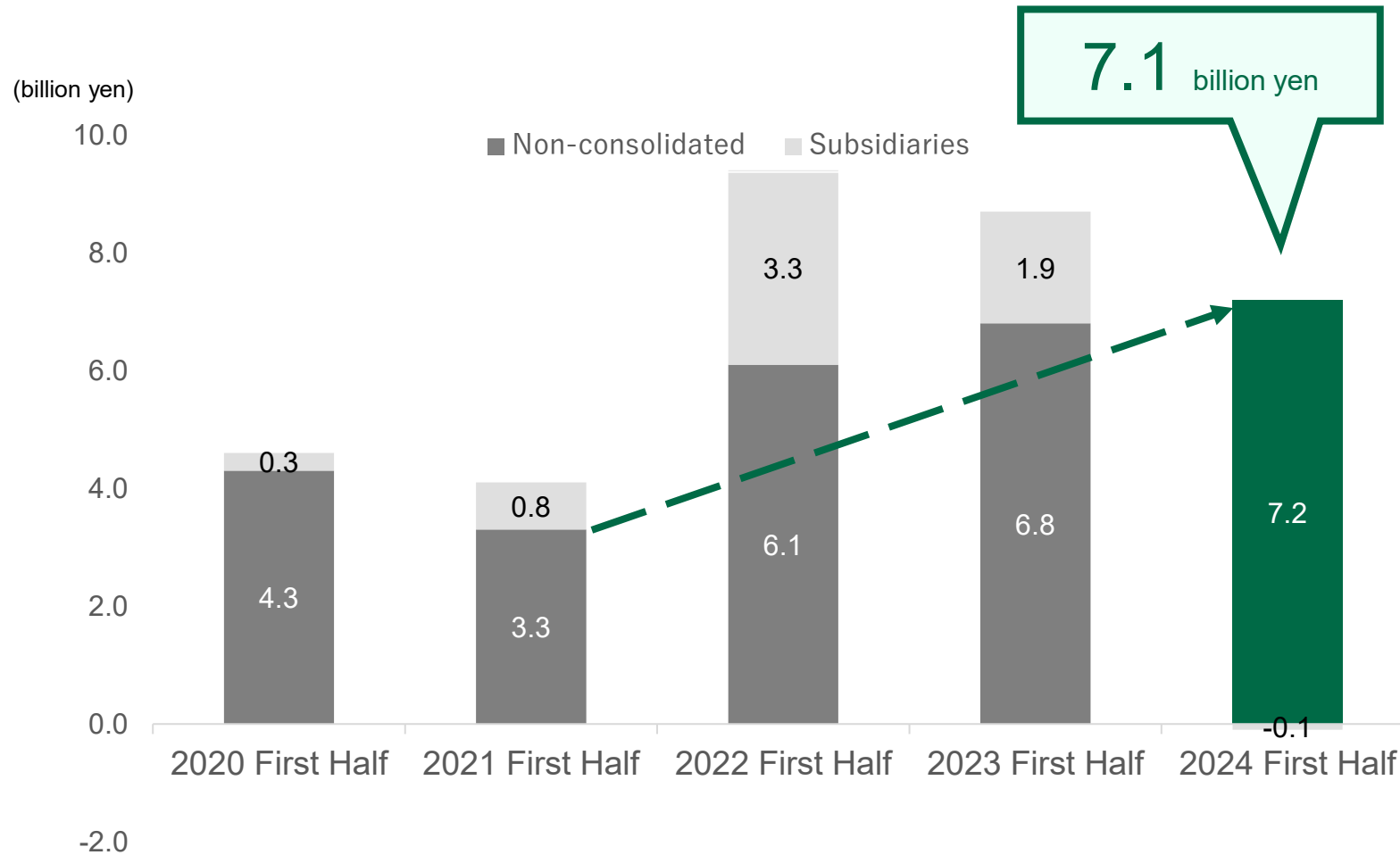
10 stores ⇒ **11 stores**

- The planned number of store openings in the second half was revised up to 11 from 10.



- Non-consolidated net sales increased for four consecutive year.
- Consolidated net sales was 203.7 billion yen due to the sale of Australian business.

First Half FY2024 Trend in Operating Profit

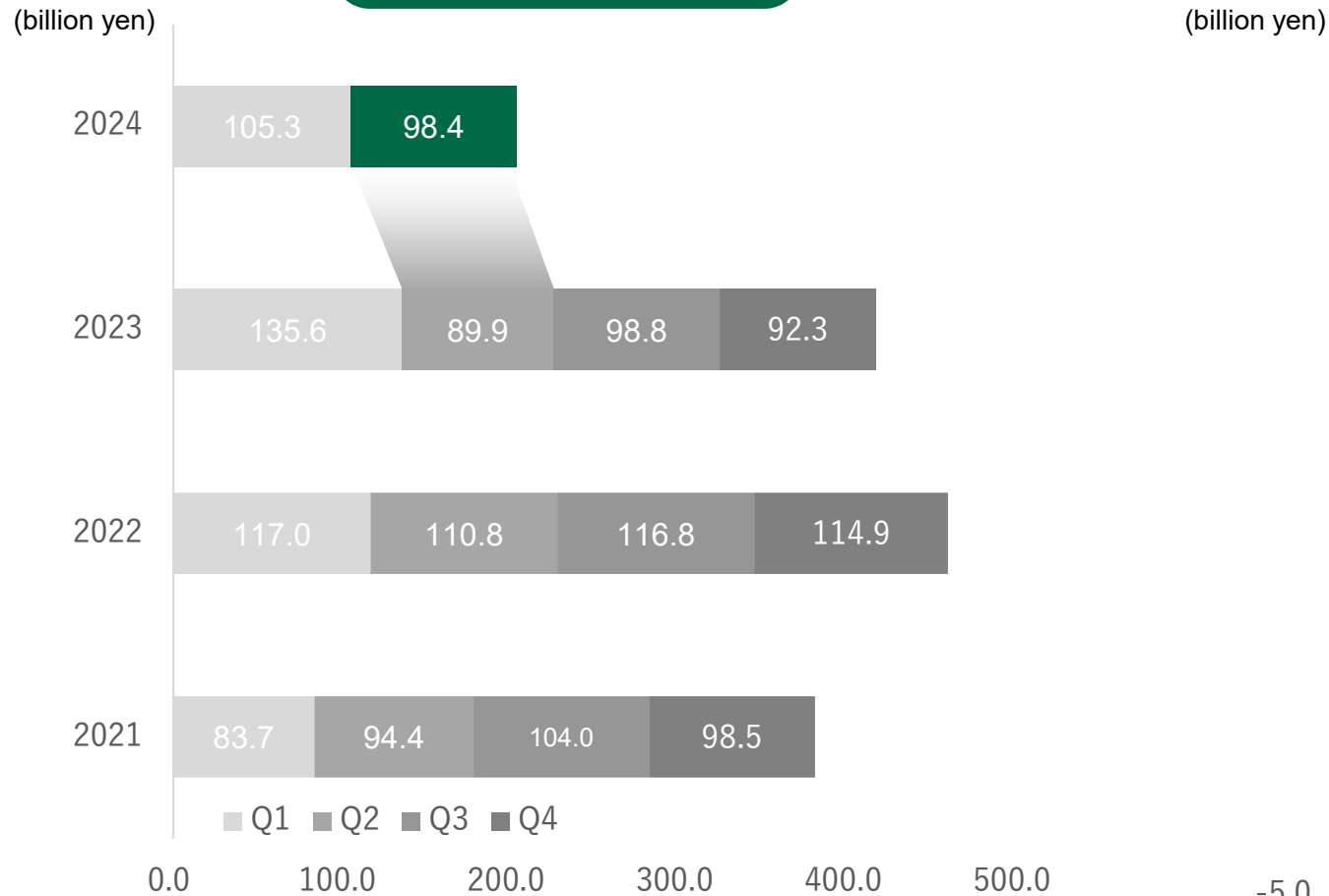


- Non-consolidated operating profit increased for three consecutive year.
- Consolidated operating profit was 7.1 billion yen due to the sale of Australian business.
- Given the sale of the Australian business, there was very little difference between consolidated profit and non-consolidated profit.

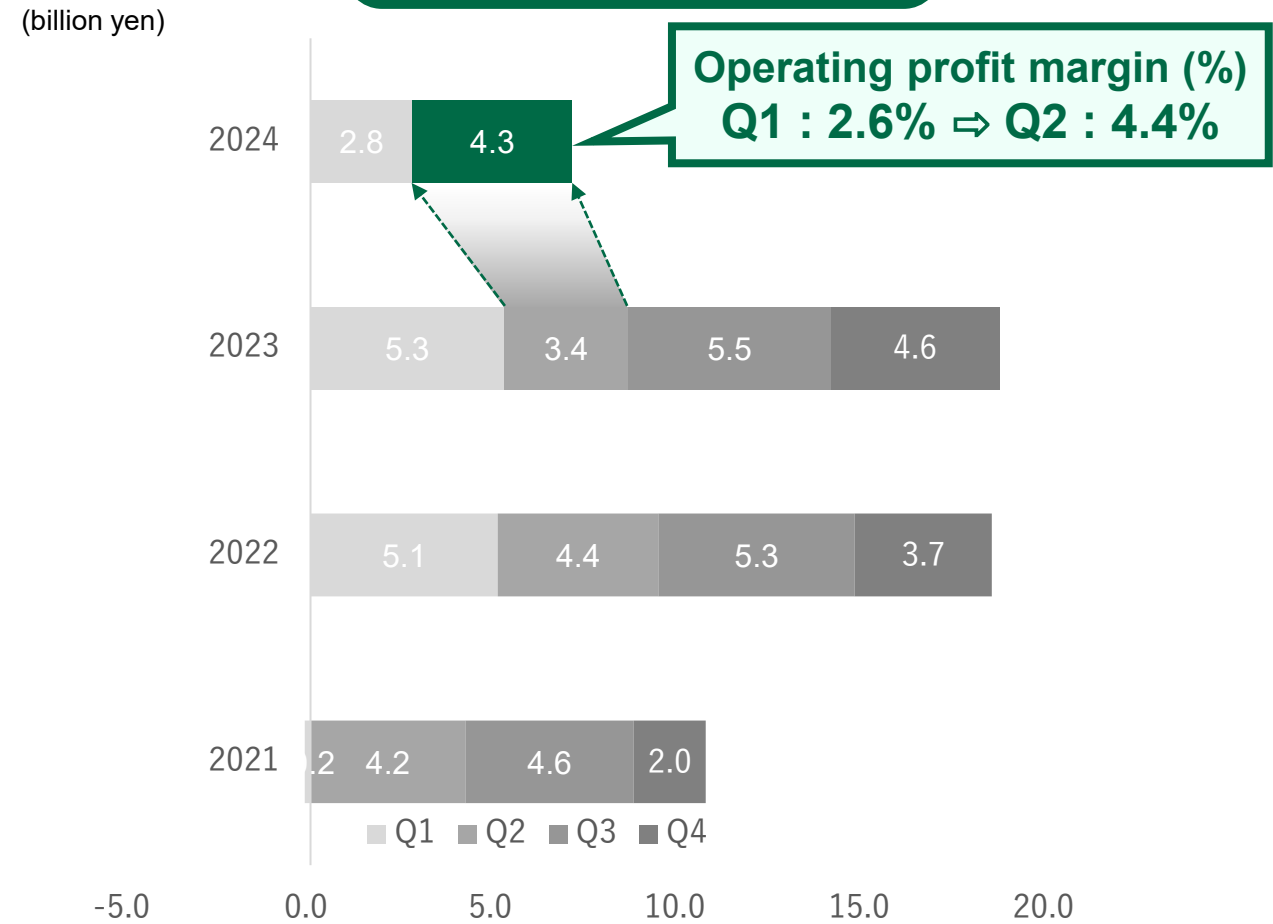
Quarterly Trend in Results (Results over the recent four periods)



Trend in net sales



Trend in operating profit



| | (billion yen) | | YoY changes Percent change |
|---|---|---|-------------------------------|
| | Previous Fiscal Year FY2023 First Half | Fiscal Year Under Review FY2024 First Half | |
| Net sales | 225.5 | 203.7 | -21.8 -9.7% |
| Operating profit | 8.6 | 7.1 | -1.5 |
| Operating profit margin (%) | 3.8% | 3.5% | -17.6% |
| Ordinary profit | 8.3 | 6.9 | -1.4 |
| Ordinary profit margin (%) | 3.7% | 3.4% | -16.4% |
| Profit attributable to owners of parent | 7.5 | 4.8 | -2.7 |
| Profit margin (%) | 3.3% | 2.4% | -35.8% |

- Profit at all levels decreased year on year due to the sale of Australian business.
- Profit attributable to owners of parent in the previous fiscal year reflects tax effects recognized in connection with the transfer of shares in the Australia business.
- The tax burden for the current period is at the normal level.

First Half FY2024 Results (Year-on-Year)



| (billion yen) | Previous Fiscal Year | Fiscal Year Under Review | YoY changes |
|---|----------------------|--------------------------|-----------------|
| | FY2023 First Half | FY2024 First Half | Percent change |
| Net sales | 178.3 | 200.6 | +22.3 +12.5% |
| Operating profit | 6.8 | 7.2 | +0.5 |
| Operating profit margin (%) | 3.8% | 3.6% | +6.9% |
| Ordinary profit | 6.6 | 7.0 | +0.5 |
| Ordinary profit margin (%) | 3.7% | 3.5% | +6.9% |
| Profit attributable to owners of parent | 8.6 | 4.9 | -3.7 |
| Profit margin (%) | 4.8% | 2.4% | -43.2% |

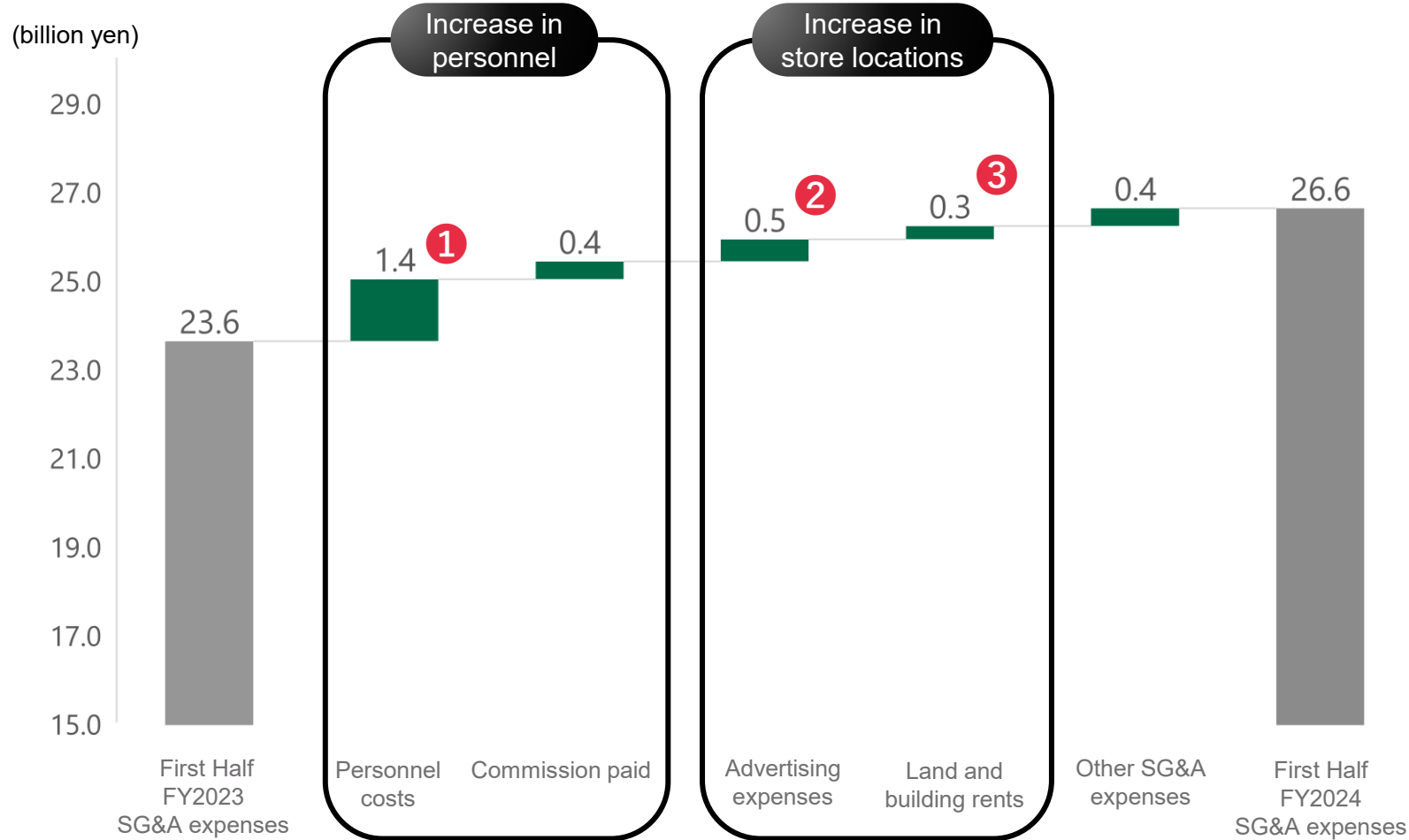
- Net sales, operating profit and ordinary profit **increased.**
- Profit attributable to owners of parent fell from a year ago, reflecting the absence of extraordinary income from the transfer of shares of Australian subsidiaries in the previous fiscal year.

First Half FY2024 Analysis of Factors in YoY Change in Gross Profit



- 1 Gross profit increased by 0.5 billion yen due to increased wholesale units and decreased gross profit per wholesale unit.
- 2 Gross profit increased by 0.6 billion yen due to increased retail unit sales.
- 3 **Gross profit increased by 1.6 billion yen** due to recovered gross profit per retail unit.
- 4 Gross profit increased by 0.8 billion yen due to a subsidiary merger.

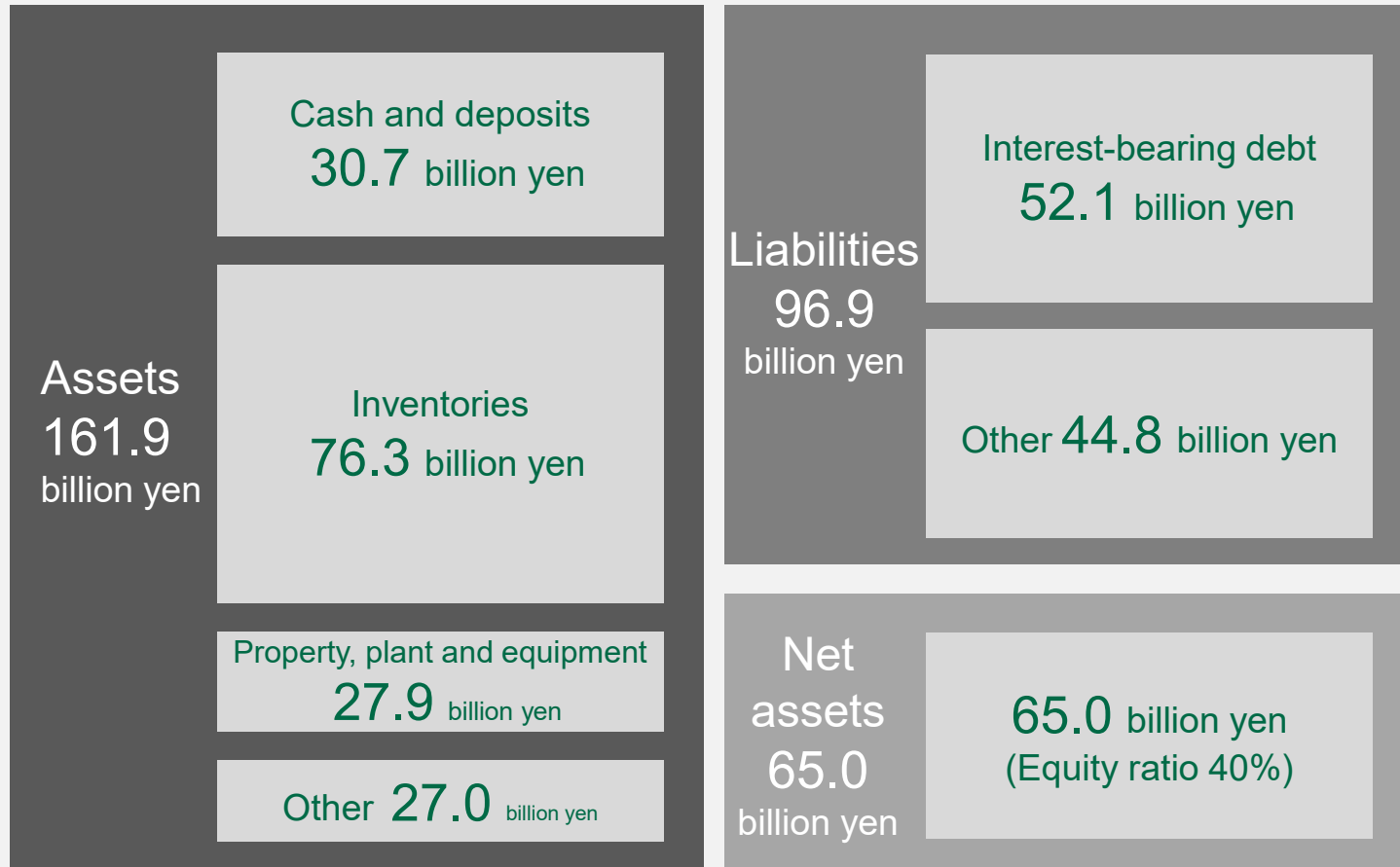
First Half FY2024 Analysis of Factors in YoY Change SG&A Expenses



SG&A expenses increased, reflecting up-front investment in **11 store openings planned in the second half.**

- 1 Personnel costs increased especially due to hiring fixed-term employees.
- 2 Advertising expenses increased to promote sales volume.
- 3 Land and building rents increased due to head office relocation and an increase in the number of stores.

Consolidated Balance Sheet
(As of August 31, 2023)

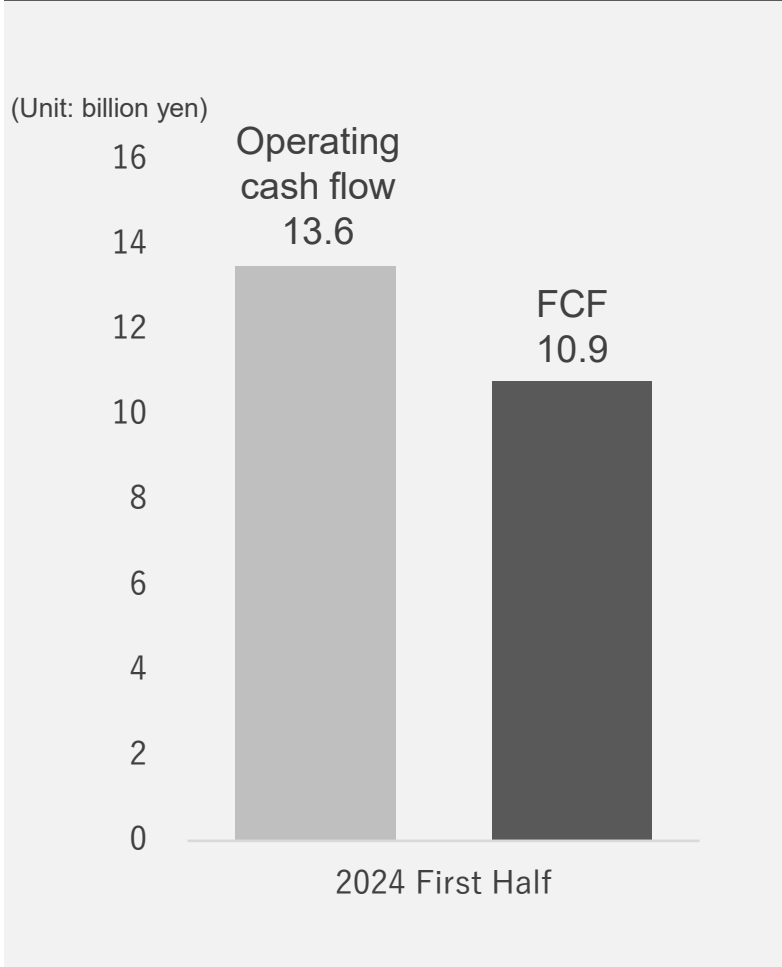


- Total assets were 161.9 billion yen.
- Inventory decreased by 8.1 billion yen from the end of February.
- **Consolidated equity ratio increased from 36% at the end of February to 40%.**

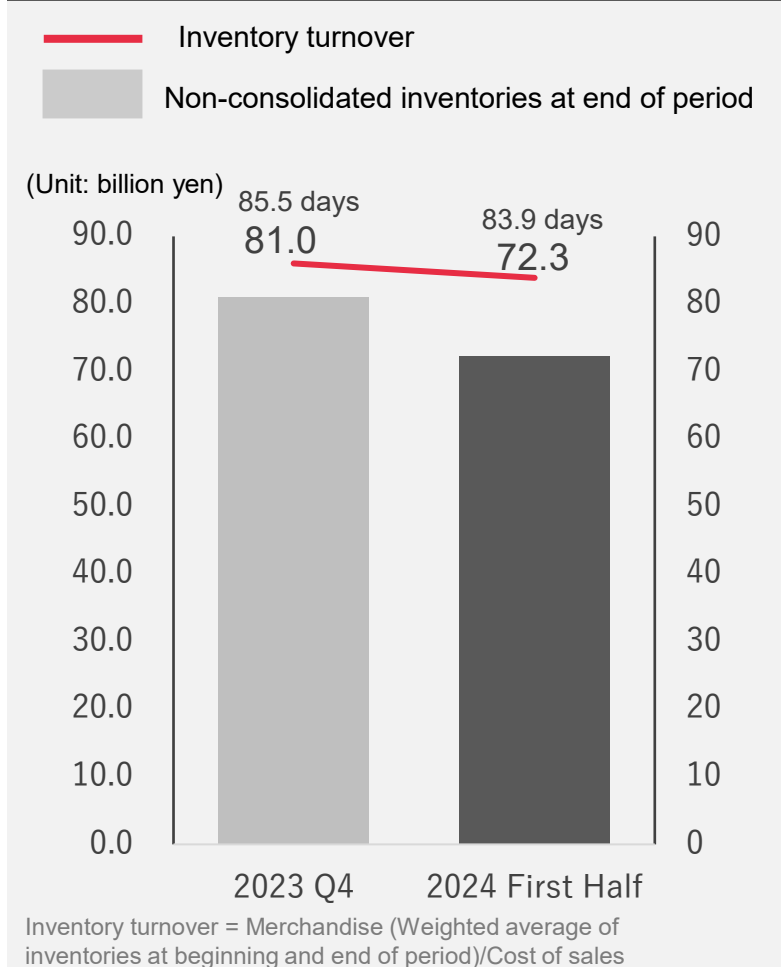
Cash Flow and Inventory Status



First Half consolidated cash flows

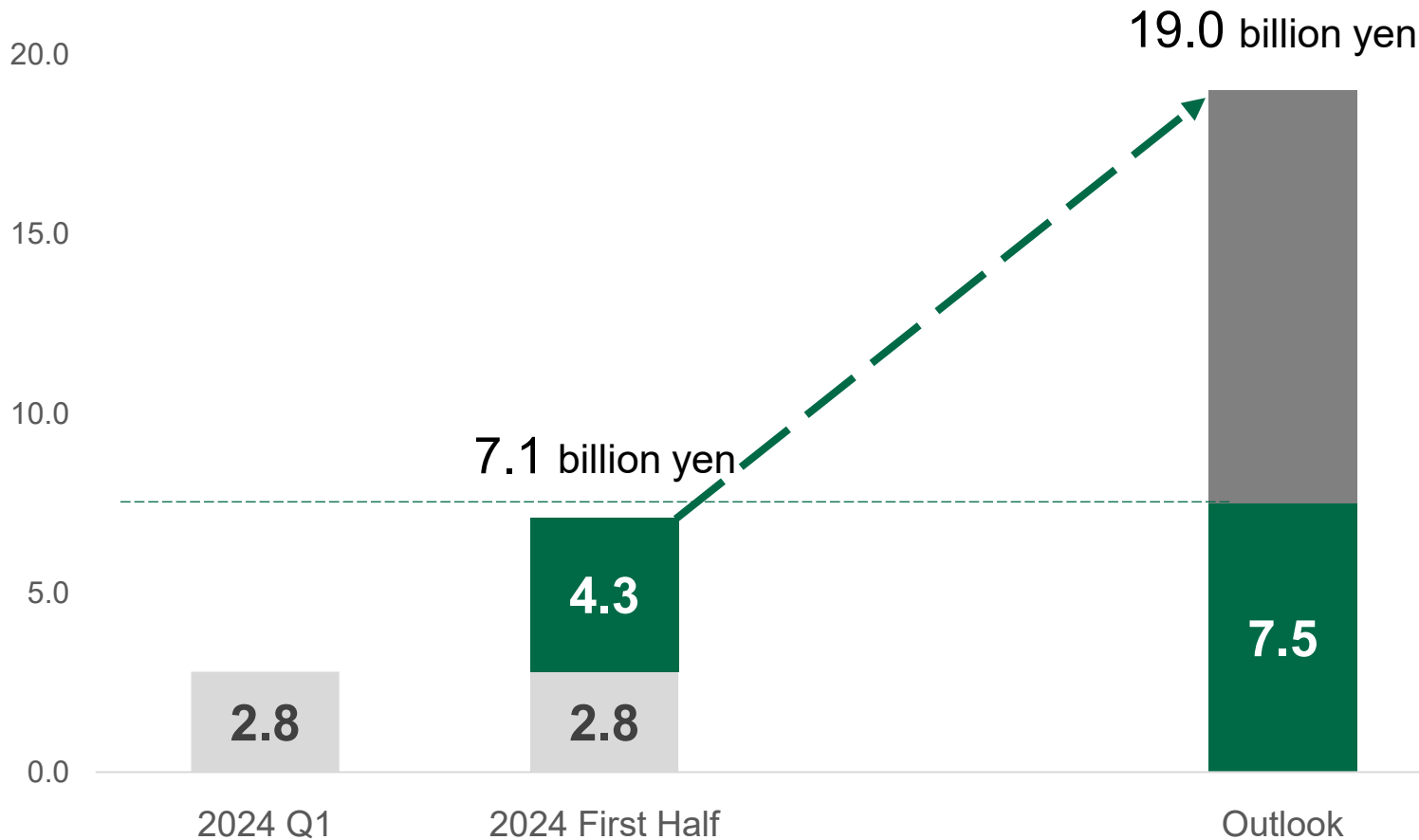


Non-consolidated inventories at end of period and inventory turnover



- Free cash flow stood at 10.9 billion yen.
- Inventories at the end of the previous fiscal year were sold and replaced, and the value of inventories decreased. Inventory turnover was 83.9 days, reflecting preparations for store openings in the second half.

(billion yen)



- The Company corrected course in the second quarter and recorded an operating profit of 7.1 billion yen versus 7.5 billion yen, the plan for the first half.
- The full-year plan, 19.0 billion yen, remains unchanged.

The number of maintenance shops and sheet-metal workshops

| | | Number of workshops operating before 2014 | Number of new workshops included in Medium-Term Business Plan | Number of workshops as of August 31 |
|-------------------------|--------------------------------|---|---|-------------------------------------|
| The number of workshops | Designated maintenance shops | 5 | 10 | 15 |
| | Certified designated workshops | 3 | 4 | 7 |
| | Sheet-metal workshops | 1 | 7 | 8 |

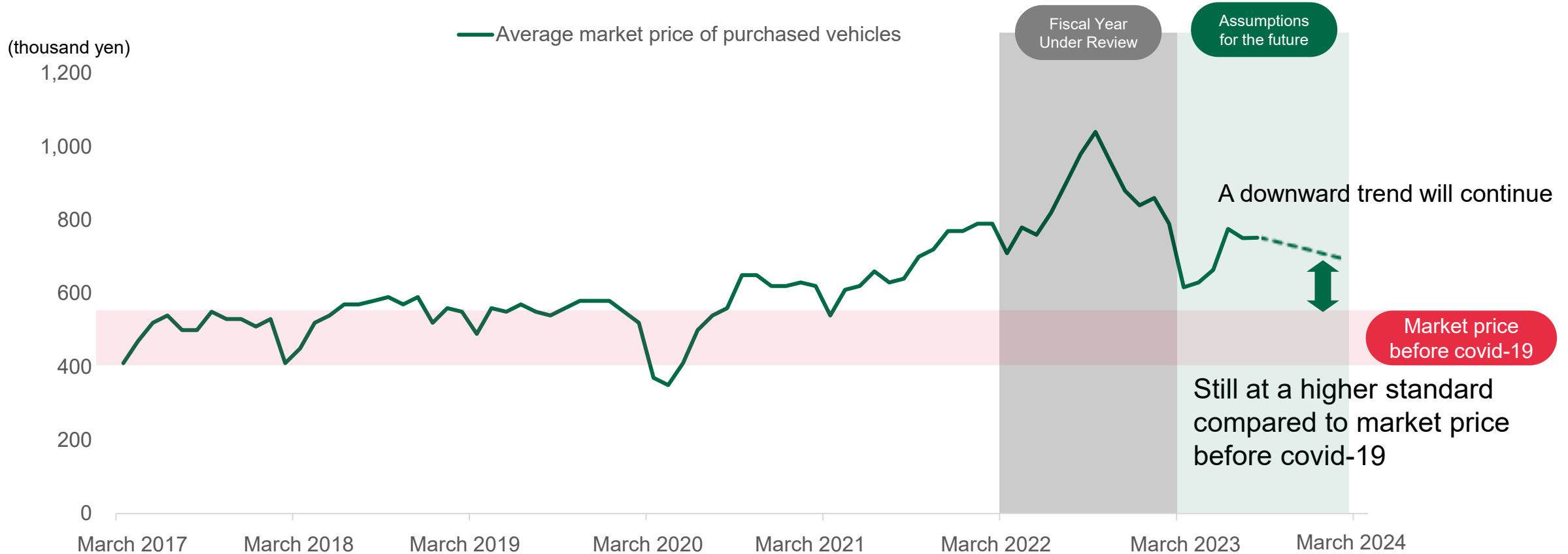
The Company has disclosed the number of workshops included in the Medium-Term Business Plan as a KPI. From now on, the Company will disclose the numbers of all workshops.

FY2024 Business

2. Initiatives in First Half of FY2024

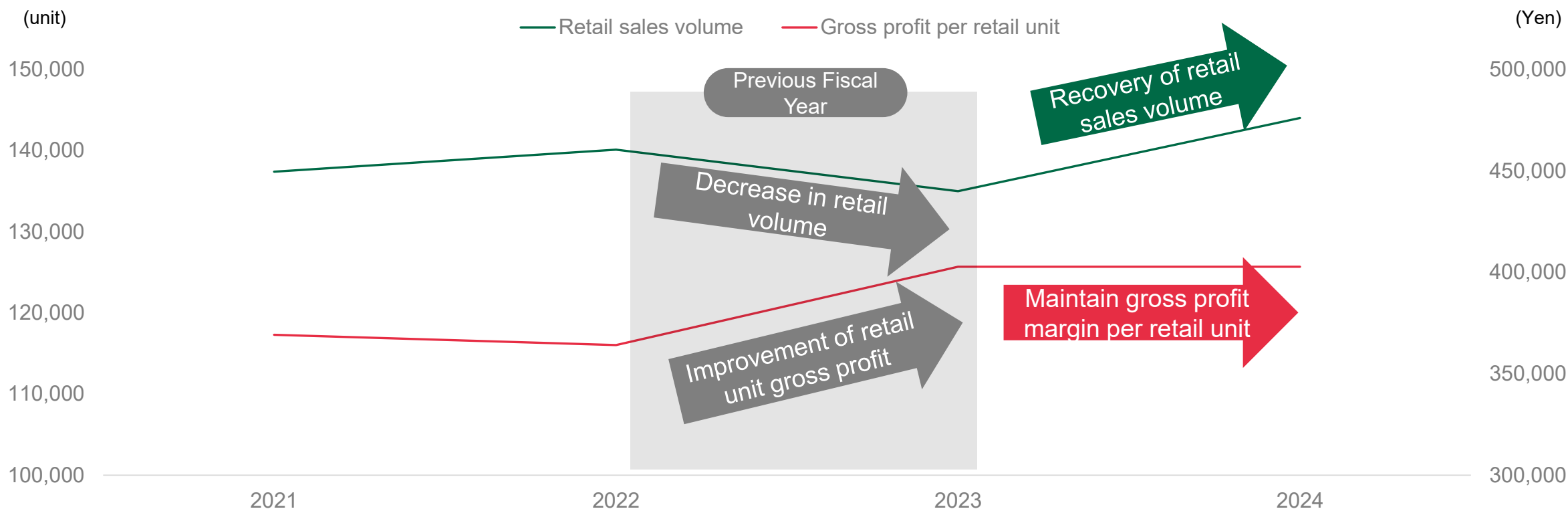
Gulliver





Market prices rose in the second quarter.

There are still many factors putting downward pressure on market prices, and in the medium to long term, used car market prices are expected to continue falling moderately.



*Gross profit per retail unit is profit per unit from the retail sale of used cars including incidental items such as auto insurance.

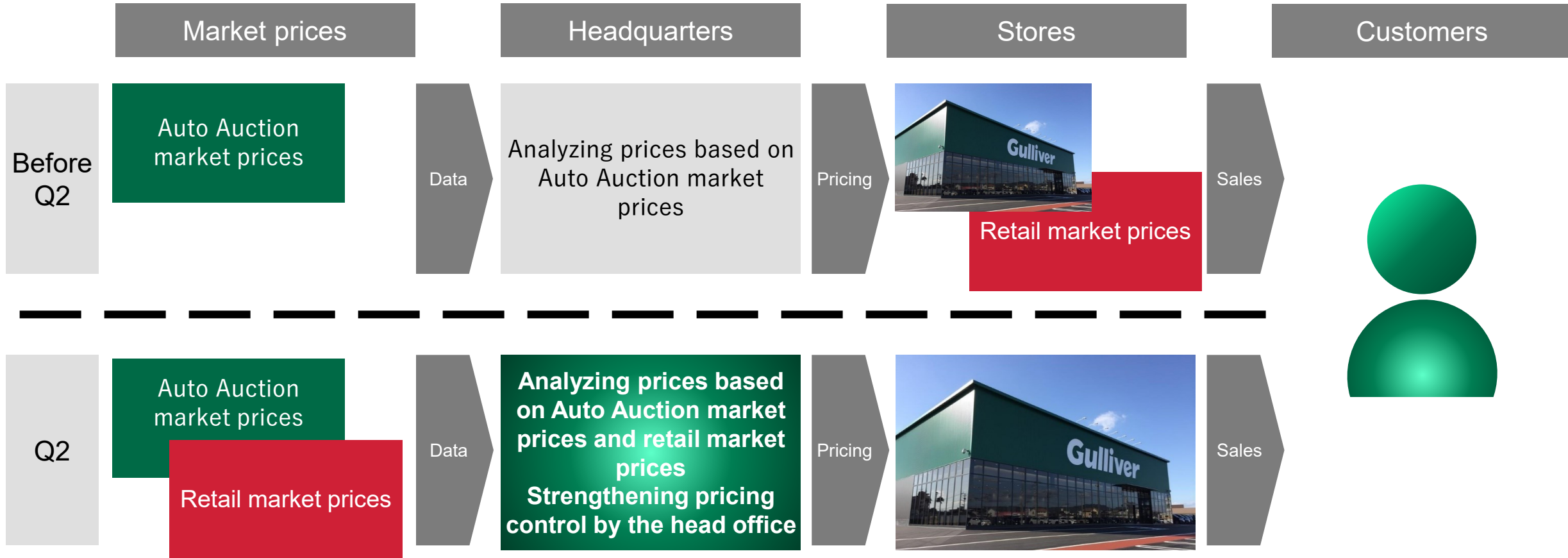
Focused on incidental gross profit, which is less susceptible to the market, improved unit gross profit in FY2023. The company will focus on recovering retail sales volume to the planned level while maintaining the gross profit per unit in FY2024.

Comparison of KPI Results in First Half of FY2024 with Plans

| | | First Half FY2023 | First Half FY2024 Outlook | First Half FY2024 Results | YoY change | Difference from the plan |
|-----------------------|--|-------------------|---------------------------|---------------------------|------------|--------------------------|
| Number of stores | Store opening of large stores (store) | 4 | 0 | 0 | -4 | 0 |
| Number of units | Number of unit sales (ten thousand unit) | 12.5 | 12.6 | 13.6 | +1.1 | +1.0 |
| | Number of retail unit sales (ten thousand unit) | 7.0 | 7.1 | 7.4 | +0.4 | +0.3 |
| | Number of wholesales unit (ten thousand unit) | 5.5 | 5.5 | 6.2 | +0.7 | +0.7 |
| Gross profit per unit | Gross profit per retail unit (ten thousand yen) | 36 | 40 | 38 | +2 | -2 |
| | Gross profit per wholesale unit (ten thousand yen) | 10 | 10 | 10 | 0 | 0 |

The total number of car sales went as initially planned. However, gross profit per unit declined significantly in **Q1, and the Company put more emphasis on gross profit per unit.**

Improving Gross Profit per Unit: An Initiative to Curb Discounts

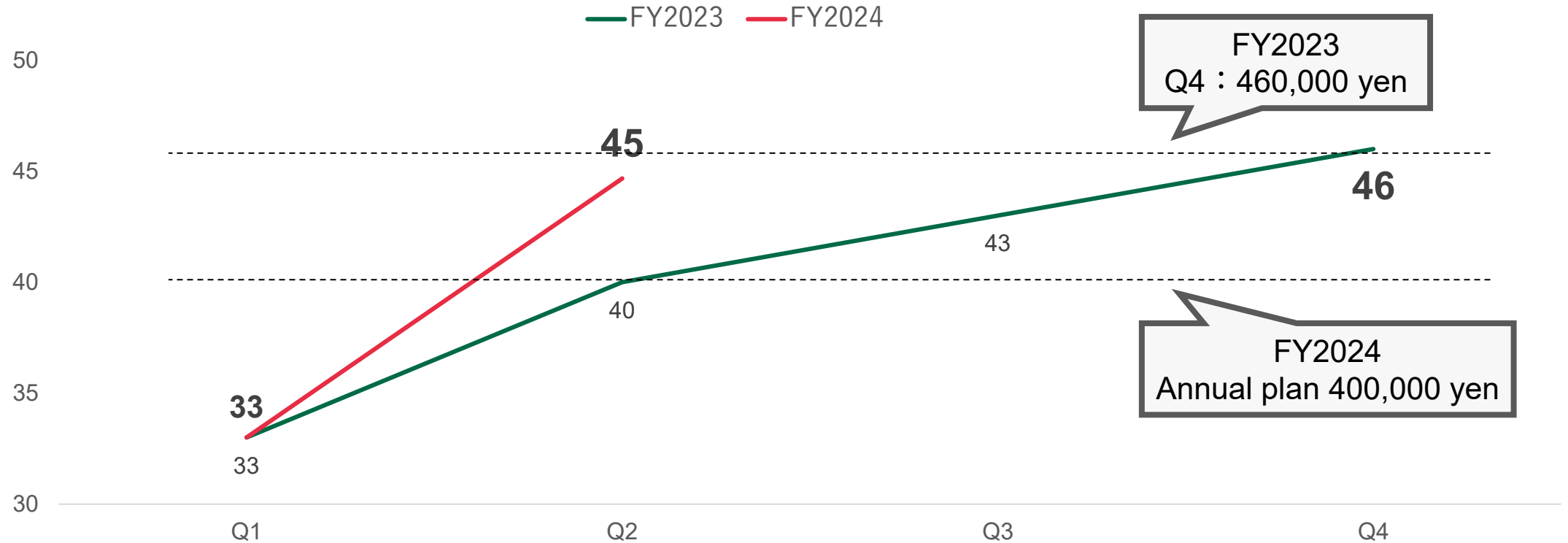


The head office now analyzes prices of all vehicles and has strengthened its control to curb excessive discounts.

Improving Gross Profit per Unit: Quarterly Changes in Gross Profit per Unit



(ten thousand unit)



In Q1, gross profit per retail unit was 70,000 yen lower than the plan due to discounts for increasing unit sales. In Q2, excessive discounts were curbed, and gross profit per unit recovered to the standard level at the end of the previous fiscal year.

日産
セレナ
e-パワー ハイウェイスター V

車両価格
xxx.x (税込) 万円

諸費用
11.2 (税込) 万円

支払総額

xxxxx (税込) 万円

装備
360° 全周カメラ ナビゲーション ドライブレコーダー オートライト
ハーブレーザーシート コーナーセンサー 両側パワー スライドドア TV

初年度登録 Rxx年xx月 (20xx) ミッション IAT 排気量 1200 cc 走行距離 xxx km 累積有効期間 Rxx/xx/xx

使用区分 自家用 営業用
 レンタカー その他()
前使用者の定期点検整備記録簿 有(無)
修復歴 有(無)

販売形態 保証付き
保証費用は車両価格に含まれます。
保証内容: 部分保証
保証期間: 3ヶ月保証
走行距離は無制限
 保証なし

リサイクル料金 預託済み
預託時にワケ目料金の返付が必要となります。
 未預託
車庫料に支払が必要となります。

整備内容 定期点検整備付き
整備費用は車両価格に含まれます。
+点検整備記録簿が交付されます。
 定期点検整備なし
 車庫使用料が別付です。
+車庫状態を表示した書類にて車位・状態を記録いたします。

価格は支払い総額(消費税込)となります。価格には、リサイクル預託金相当額、自賠責保険、税金、登録に伴う諸費用、車両運搬費が含まれております。支払総額は20 年 月 日時点、店舗所在地の管轄内登録(届出)で店頭納車の場合の価格です。お客様の要望に基づく整備や輸送費、遠方納車、ETCセットアップ費用、オプション等の費用は含まれておりません。ご希望の場合は別途有料で承ります。

Displaying Total Payments

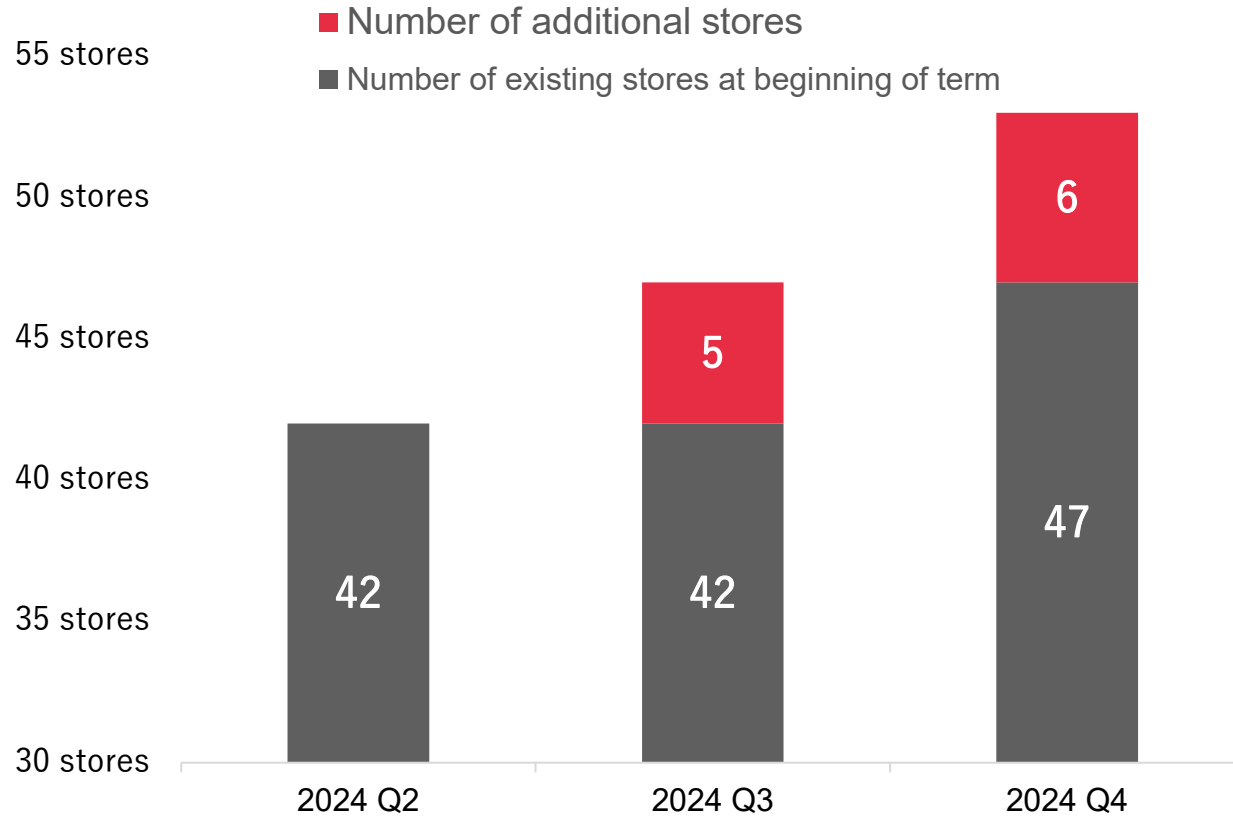
Displaying a total payment, which is the price of a vehicle plus expenses

Expenses related to insurance, taxes, registration, and the like are categorized as miscellaneous expenses

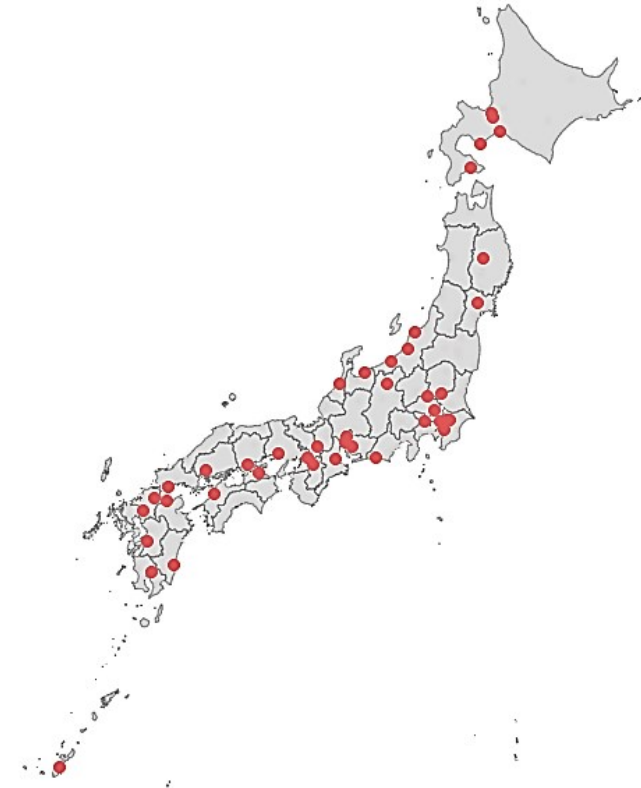
Creating a price board that shows warranties, maintenance, and equipment

We have transitioned from traditional price displays to showing the total payment amount, including all associated fees that should be included in the vehicle price. This change allows for a clearer and more user-friendly vehicle selection, as customers can instantly see the total payment amount.

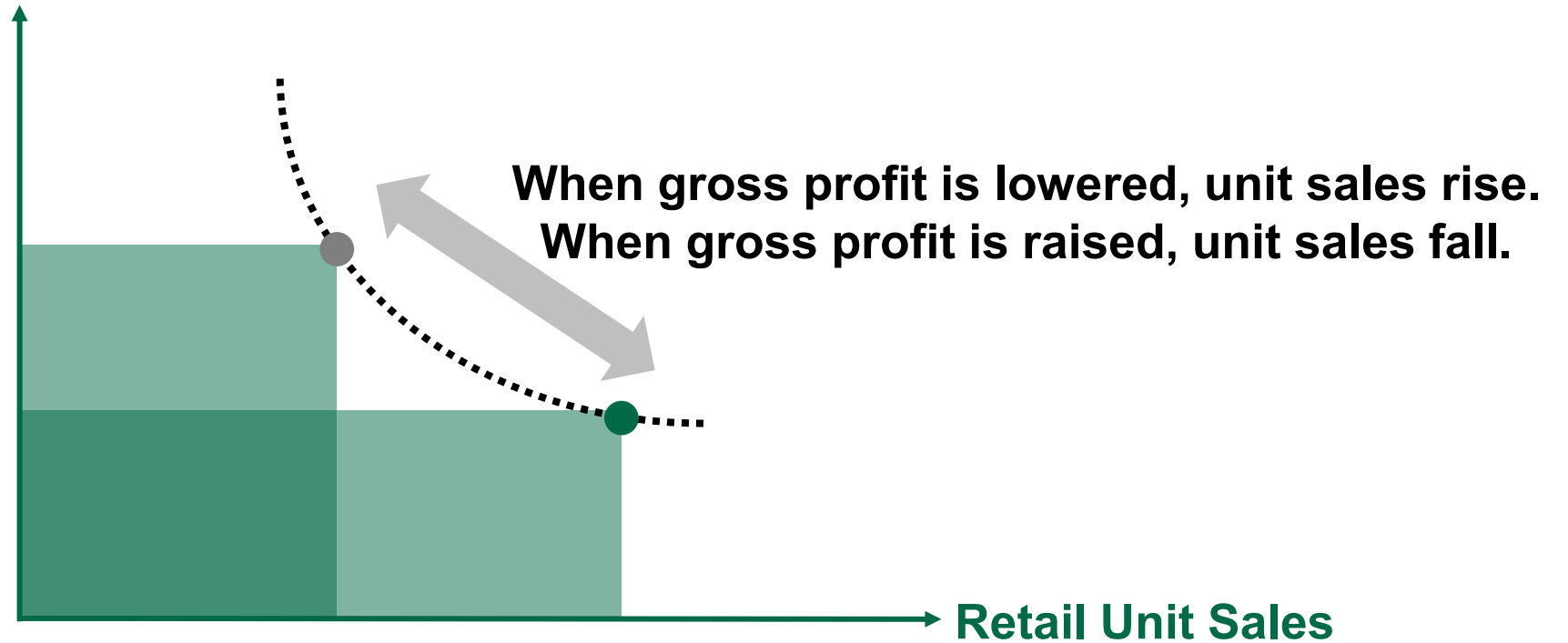
Store Openings in the Second Half



Existing large stores

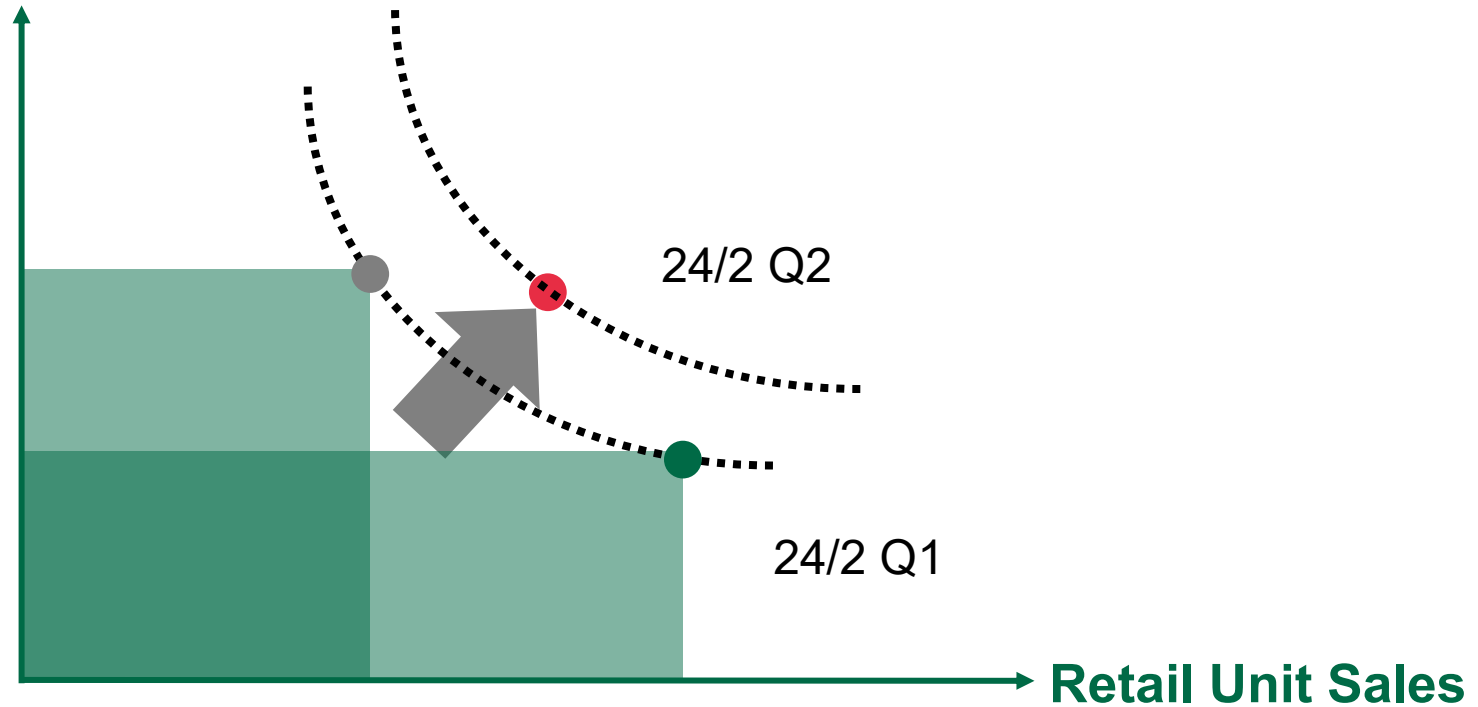


The Company will open 11 stores, one store more than initially planned.
 Store openings are going according to the Medium-Term Business Plan.

Gross Profit per Unit

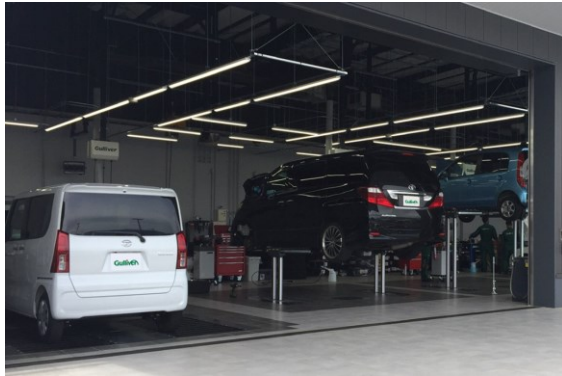
Until now, there has been a trade-off relationship between gross profit per retail unit and retail unit sales.

Gross Profit per Unit

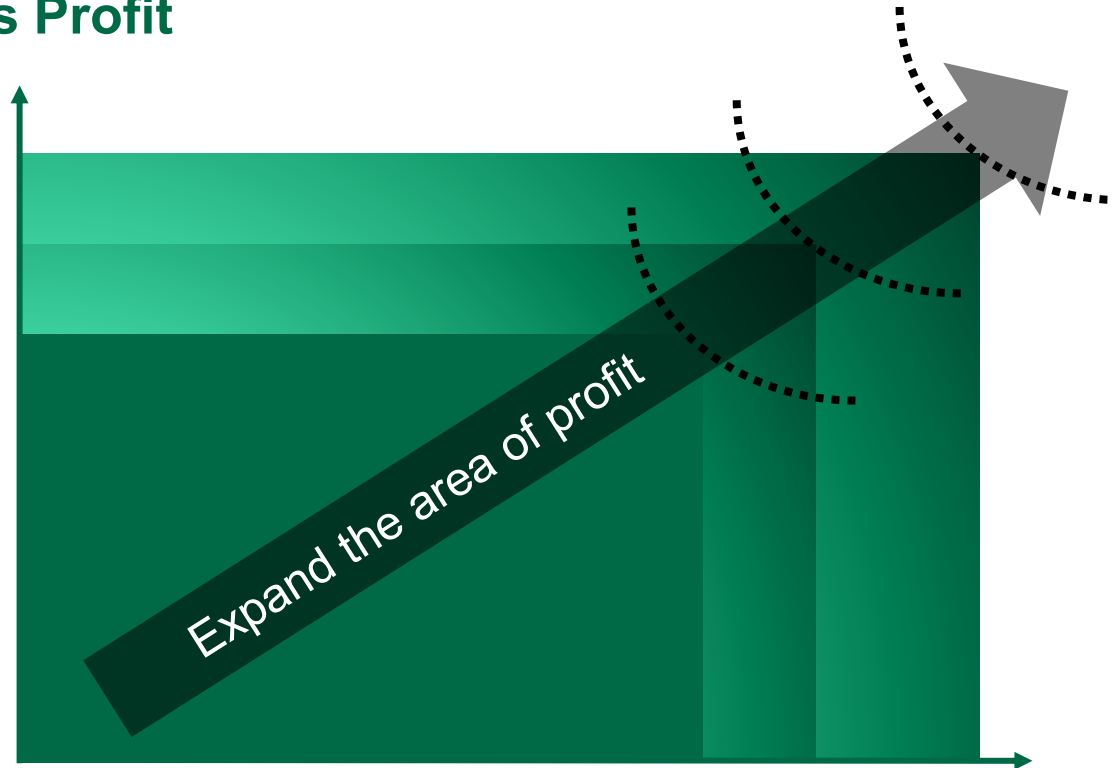


In the second quarter, our initiative produced good results. We succeeded in increasing gross profit, while keeping unit sales unchanged.

Gross Profit



Expansion of additional services.
Expansion of the number of maintenance shops and sheet metal works.



Brand integration strategy.
Expansion of the number of large stores.

Unit Sales

Increasing unit sales by opening large stores and raising LTV gross profit by adding maintenance, sheet metal work and incidental items as new services

This enables us to expand the "area of profit."

3. IDOM's Initiatives





We aim to continue to grow together with our five key stakeholder groups to achieve a prosperous future through the embodiment of IDOM-ism.



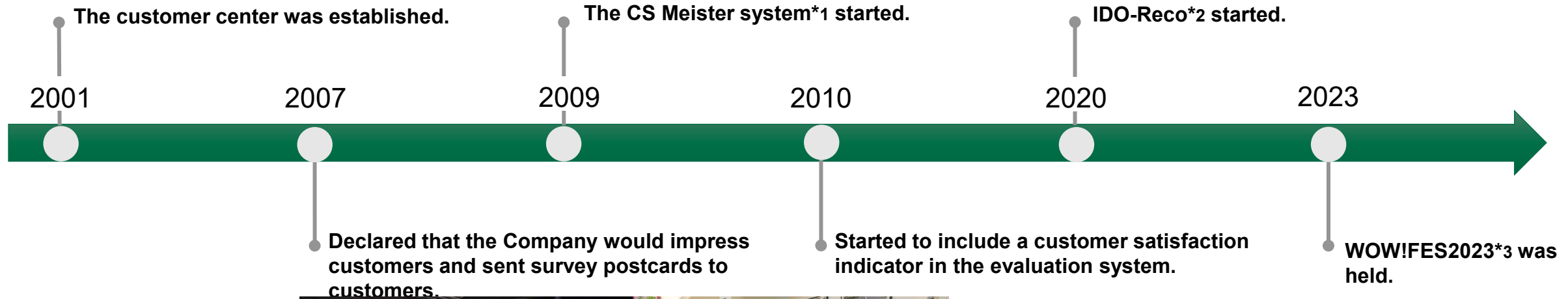


Customer Satisfaction

Employee Satisfaction

Used Car Sales

Governance at Workshops



From the early stage after the foundation, the Company took steps to enhance customer satisfaction. Improvements were made at work sites.

In 2010, the Company added a customer satisfaction indicator to indicators for incentives to curb excessive emphasis on performance.



Initiatives to Increase Employee Satisfaction (ES)



Establishment of a Hotline in 2006

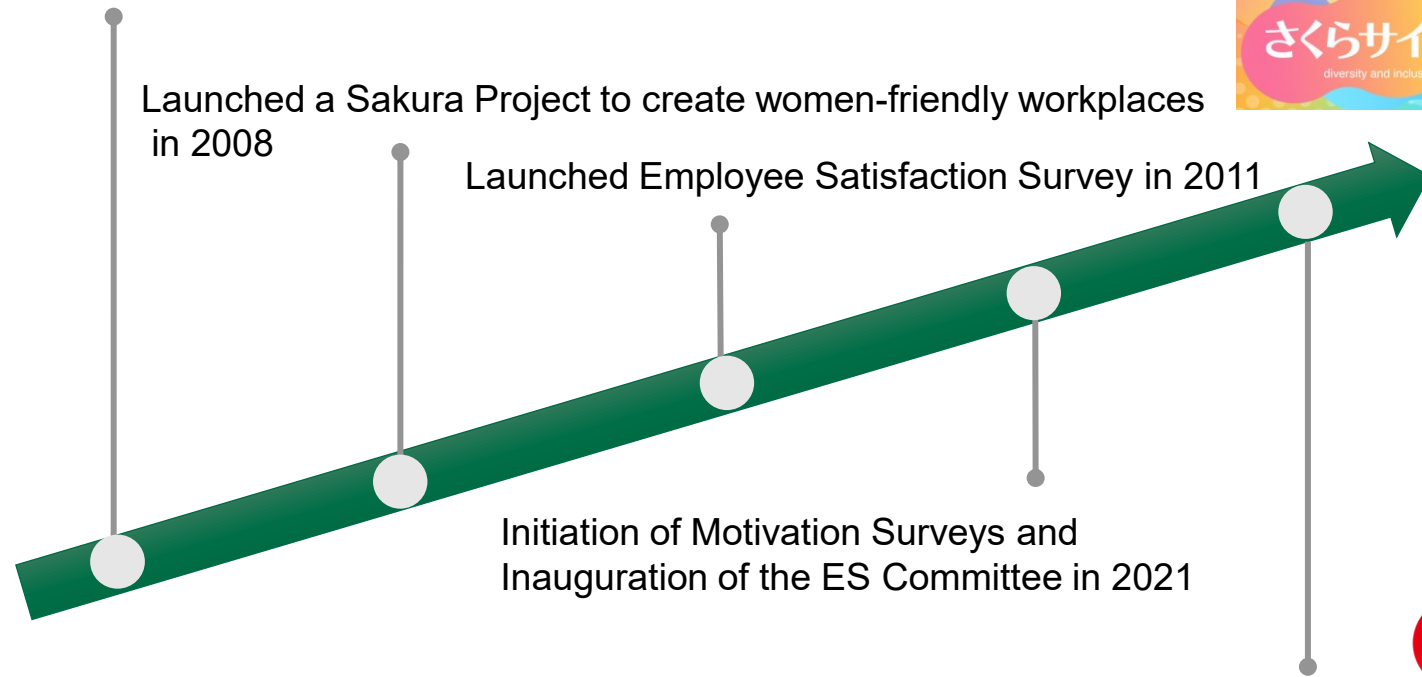
Launched a Sakura Project to create women-friendly workplaces in 2008



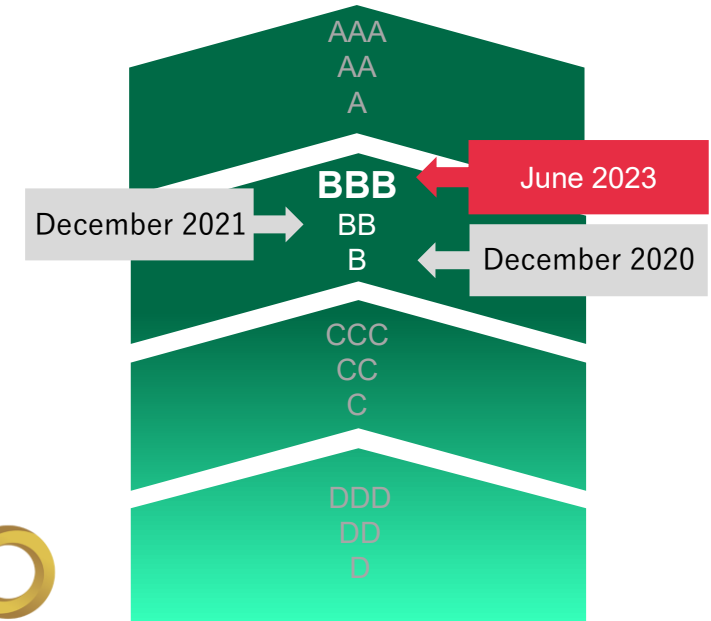
Launched Employee Satisfaction Survey in 2011

Initiation of Motivation Surveys and Inauguration of the ES Committee in 2021

Awarded the Best Motivation Company Award in 2023



Motivation Cloud Rating



In the 15 years since it was launched, the Sakura Project has been promoting the active participation of women.

Ten years ago, the Company asked an external organization to conduct employee satisfaction surveys.

Since then, the Company has been improving its corporate culture.

In 2021, the Company began conducting motivation surveys, which earned high marks from an external organization in 2023.



**Pursuit of a sense of security
0-10-100**

Repaired cars 0*

Paid Long-Term Warranty
Up to 10 years*

Returning Japanese cars
100 days*

**External organizations checking
the quality of vehicles sold**



**“Displaying Total Payments”
for all vehicles**

日産
セレナ
e-パワー ハイウェイスターV

車両価格 xxx.x 万円
諸費用 11.2 万円
支払総額 XXXXX 万円

360° 全周視カメラ
ナビゲーション
ドライブレコーダー
オートライト
ハーブレザーシート
コーナーセンサー
両側パワースライドドア
TV

年式 Rxx年xx月 (20xx) 型式 IAT 排気量 1200 cc 走行距離 xxx km 登録料 Rxx/xx/xx

使用区分: 自家用/営業用, レンタカー/その他
整備済否: 整備済/整備済不
定期点検整備記録簿: 有/無
保証: 保証付き/保証なし
預託済み: 預託済み/未預託
定期点検整備付き: 定期点検整備付き/定期点検整備なし

In the early stages after the foundation, there was concern over the purchase of used cars, and the Company took steps to enable customers to purchase vehicles without concern. The Company has been ensuring a sense of security by asking external organizations to check the quality of all vehicles sold.



Customer Satisfaction

Employee Satisfaction

Used Car Sales

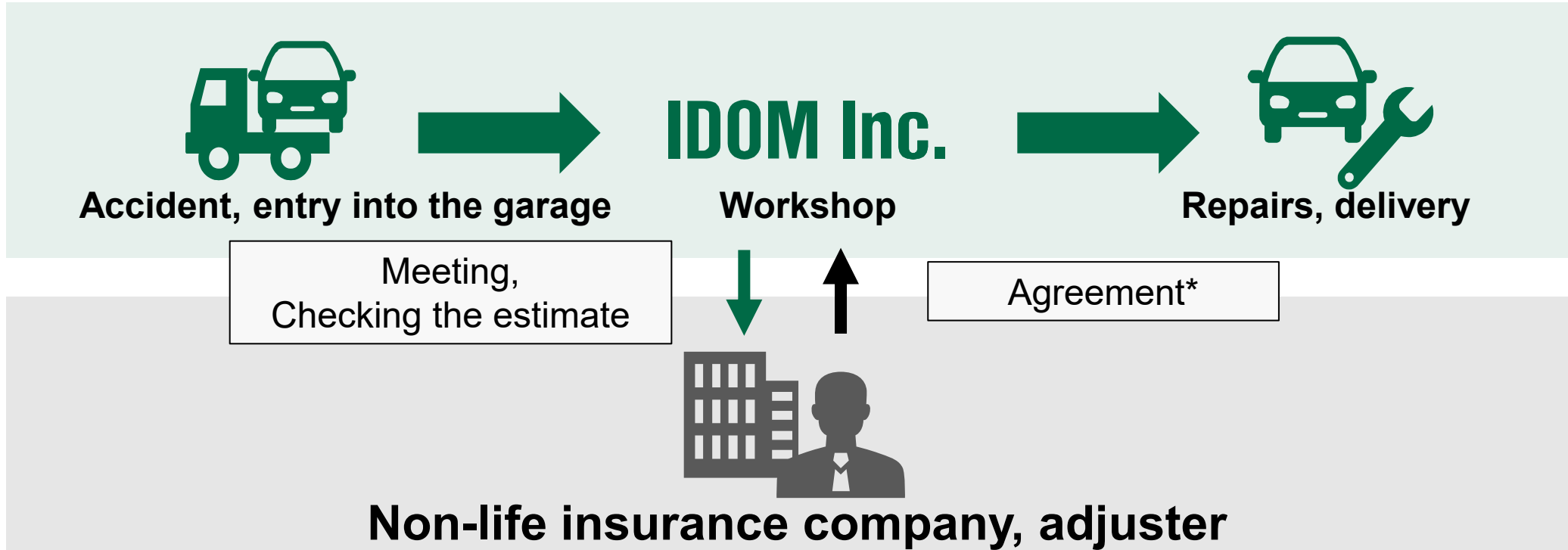
Governance at Workshops

Initiatives to Enhance Governance at Workshops: Safety Inspections



At maintenance shops that meet the national government's criteria for approval and which are designated by the district transport bureau as designated automobile maintenance facilities, these three positions* each perform their respective tasks, creating a robust system of checks and balances.

Initiatives to Enhance Governance at Workshops: Handling of Accidents



For all cases referred, agreements are reached with the insurance company's adjusters on repair estimates to establish reasonable repair costs.



*Video recordings of work



*Cameras installed in a workshop

At workshops, the number of which is increasing, the Company ensures transparency and enables customers to directly see work there.

Cameras are being installed at workshops one by one to expand the scope of work that customers can see.

NEXT GENERATION MOBILITY CHALLENGE

The start of new challenges

Since its founding, IDOM has been pursuing initiatives to become a used car dealer that is trusted by customers.

We think that this year is an important year for the used car industry. The important thing is to take steps to earn the trust of customers, such as displaying total payments.

We think that this year is an important year for the used car industry. The important thing is to take steps to earn the trust of customers, such as displaying total payments.

We hope that you will continue to support IDOM's plans for growth.

FY2024 Business

4. Appendix

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Dividend per Share Overview

| | Dividend per share | | |
|--|--------------------|--------------------|-----------|
| Recording date | End of first half | End of fiscal year | Total |
| Previous forecasts | 14.00 yen | 21.80 yen | 35.80 yen |
| Revised forecasts | — | 21.39 yen | 35.80 yen |
| Dividends paid for the current fiscal year | 14.41 yen | — | — |
| Previous fiscal year (Ended February 2023) | 16.20 yen | 26.30 yen | 42.50 yen |

The Company's policy on dividends is to pay performance-based dividends under which the Company will decide on dividends based on consolidated results. Based on this policy, the Company will pay an interim dividend of 14.41 yen per share. As the consolidated earnings forecast for the full year remains unchanged, the year-end dividend forecast has been revised.

FY2024 Financials

5. Supplementary Information on Results and Financial Matters

Gulliver



[Consolidated / Non-consolidated] Income Statement (half year)



| Consolidated | 6 months ended August 31, 2020 | | 6 months ended August 31, 2021 | | 6 months ended August 31, 2022 | | 6 months ended August 31, 2023 | | | |
|--|-----------------------------------|--------------|-----------------------------------|--------------|-----------------------------------|--------------|-----------------------------------|--------------|-------------------------|------------|
| | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Change (million yen) | Y/Y (%) |
| Sales | 178,109 | 100.0 | 227,775 | 100.0 | 225,478 | 100.0 | 203,696 | 100.0 | -21,782 | -9.7 |
| Cost of sales | 144,145 | 80.9 | 185,308 | 81.4 | 187,209 | 83.0 | 168,792 | 82.9 | -18,417 | -9.8 |
| Gross profit | 33,963 | 19.1 | 42,466 | 18.6 | 38,269 | 17.0 | 34,903 | 17.1 | -3,366 | -8.8 |
| SG&A Expenses | 29,910 | 16.8 | 33,025 | 14.5 | 29,652 | 13.2 | 27,805 | 13.7 | -1,847 | -6.2 |
| Operating profit | 4,053 | 2.3 | 9,440 | 4.1 | 8,616 | 3.8 | 7,098 | 3.5 | -1,518 | -17.6 |
| Ordinary profit | 3,147 | 1.8 | 9,011 | 4.0 | 8,280 | 3.7 | 6,918 | 3.4 | -1,362 | -16.4 |
| Profit before income taxes and minority interests | 2,717 | 1.5 | 7,951 | 3.5 | 9,181 | 4.1 | 6,853 | 3.4 | -2,328 | -25.4 |
| Profit attributable to owners of parent | 1,375 | 0.8 | 5,311 | 2.3 | 7,516 | 3.3 | 4,823 | 2.4 | -2,693 | -35.8 |

| Non-Consolidated | 6 months ended August 31, 2020 | | 6 months ended August 31, 2021 | | 6 months ended August 31, 2022 | | 6 months ended August 31, 2023 | | | |
|----------------------------|-----------------------------------|--------------|-----------------------------------|--------------|-----------------------------------|--------------|-----------------------------------|--------------|-------------------------|------------|
| | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Change (million yen) | Y/Y (%) |
| Sales | 134,150 | 100.0 | 150,239 | 100.0 | 178,303 | 100.0 | 200,597 | 100.0 | 22,294 | 12.5 |
| Cost of sales | 107,145 | 79.9 | 120,147 | 80.0 | 147,944 | 83.0 | 166,737 | 83.1 | 18,793 | 12.7 |
| Gross profit | 27,004 | 20.1 | 30,092 | 20.0 | 30,359 | 17.0 | 33,859 | 16.9 | 3,500 | 11.5 |
| SG&A Expenses | 23,736 | 17.7 | 23,983 | 16.0 | 23,601 | 13.2 | 26,637 | 13.3 | 3,036 | 12.9 |
| Operating profit | 3,267 | 2.4 | 6,108 | 4.1 | 6,757 | 3.8 | 7,222 | 3.6 | 466 | 6.9 |
| Ordinary profit | 3,101 | 2.3 | 5,939 | 4.0 | 6,560 | 3.7 | 7,015 | 3.5 | 455 | 6.9 |
| Profit before income taxes | 2,383 | 1.8 | 4,655 | 3.1 | 9,537 | 5.3 | 6,951 | 3.5 | -2,586 | -27.1 |
| Profit | 2,005 | 1.5 | 3,170 | 2.1 | 8,575 | 4.8 | 4,871 | 2.4 | -3,704 | -43.2 |

[Consolidated / Non-consolidated] Income Statement



| Consolidated | FY ended Feb 29, 2021 | | FY ended Feb 28, 2022 | | FY ended Feb 28, 2023 | | FY ending Feb 28, 2024 | | | |
|--|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|---------------------------|--------------|-------------------------|------------|
| | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Outlook (million yen) | Ratio (%) | Change (million yen) | Y/Y (%) |
| Sales | 380,564 | 100.0 | 459,532 | 100.0 | 416,514 | 100.0 | 400,000 | 100.0 | -16,514 | -4.0 |
| Cost of sales | 307,754 | 80.9 | 373,519 | 81.3 | 341,964 | 82.1 | 327,500 | 81.9 | -14,464 | -4.2 |
| Gross profit | 72,810 | 19.1 | 86,013 | 18.7 | 74,549 | 17.9 | 72,500 | 18.1 | -2,049 | -2.7 |
| SG&A Expenses | 62,239 | 16.4 | 67,528 | 14.7 | 55,865 | 13.4 | 53,500 | 13.4 | -2,365 | -4.2 |
| Operating profit | 10,571 | 2.8 | 18,485 | 4.0 | 18,684 | 4.5 | 19,000 | 4.8 | 316 | 1.7 |
| Ordinary profit | 9,642 | 2.5 | 17,561 | 3.8 | 18,146 | 4.4 | 18,500 | 4.6 | 354 | 1.9 |
| Profit before income taxes and minority interests | 4,524 | 1.2 | 15,750 | 3.4 | 18,752 | 4.5 | 17,500 | 4.4 | -1,252 | -6.7 |
| Profit attributable to owners of parent | 1,484 | 0.4 | 10,794 | 2.3 | 14,205 | 3.4 | 12,000 | 3.0 | -2,205 | -15.5 |

| Non-Consolidated | FY ended Feb 29, 2021 | | FY ended Feb 28, 2022 | | FY ended Feb 28, 2023 | | FY ending Feb 28, 2024 | | | |
|----------------------------|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|---------------------------|--------------|-------------------------|------------|
| | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Results (million yen) | Ratio (%) | Outlook (million yen) | Ratio (%) | Change (million yen) | Y/Y (%) |
| Sales | 275,710 | 100.0 | 306,733 | 100.0 | 366,069 | 100.0 | 389,000 | 100.0 | 22,931 | 6.3 |
| Cost of sales | 219,258 | 79.5 | 245,661 | 80.1 | 301,226 | 82.3 | 319,200 | 82.1 | 17,974 | 6.0 |
| Gross profit | 56,451 | 20.5 | 61,071 | 19.9 | 64,842 | 17.7 | 69,800 | 17.9 | 4,958 | 7.6 |
| SG&A Expenses | 48,593 | 17.6 | 49,164 | 16.0 | 48,430 | 13.2 | 50,200 | 12.9 | 1,770 | 3.7 |
| Operating profit | 7,858 | 2.9 | 11,907 | 3.9 | 16,412 | 4.5 | 19,600 | 5.0 | 3,188 | 19.4 |
| Ordinary profit | 7,642 | 2.8 | 11,573 | 3.8 | 15,998 | 4.4 | 19,100 | 4.9 | 3,102 | 19.4 |
| Profit before income taxes | -458 | - | 9,450 | 3.1 | 23,709 | 6.5 | 18,100 | 4.7 | -5,609 | -23.7 |
| Profit | -2,081 | - | 6,553 | 2.1 | 20,020 | 5.5 | 12,700 | 3.3 | -7,320 | -36.6 |

[Consolidated] Balance Sheets



(Unit: million yen)

| | As of February 28, 2023 | As of August 31, 2023 |
|--|----------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 37,473 | 30,664 |
| Notes and accounts receivable – trade | 3,927 | 6,359 |
| Merchandise | 84,432 | 76,301 |
| Other | 6,173 | 5,480 |
| Allowance for doubtful accounts | -528 | -617 |
| Total current assets | 131,478 | 118,188 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 41,306 | 41,601 |
| Accumulated depreciation | -16,873 | -17,649 |
| Buildings and structures, net | 24,433 | 23,951 |
| Vehicles | 236 | 236 |
| Accumulated depreciation | -148 | -171 |
| Vehicles, net | 88 | 65 |
| Tools, furniture and fixtures | 5,077 | 5,258 |
| Accumulated depreciation | -3,362 | -3,530 |
| Tools, furniture and fixtures, net | 1,715 | 1,727 |
| Land | 136 | 136 |
| Construction in progress | 67 | 1,811 |
| Other | – | 251 |
| Total property, plant and equipment | 26,441 | 27,943 |
| Intangible assets | | |
| Software | 1,300 | 1,334 |
| Goodwill | 86 | 82 |
| Other | 2 | 2 |
| Total intangible assets | 1,389 | 1,418 |
| Investments and other assets | | |
| Investment securities | 0 | 0 |
| Shares of subsidiaries and associates | 29 | 29 |
| Long-term loans receivable | 76 | 1,258 |
| Lease and guarantee deposits | 5,045 | 5,327 |
| Construction assistance fund receivables | 3,955 | 3,740 |
| Deferred tax assets | 4,435 | 3,605 |
| Other | 449 | 440 |
| Allowance for doubtful accounts | -6 | -9 |
| Total investments and other assets | 13,984 | 14,392 |
| Total non-current assets | 41,815 | 43,755 |
| Total assets | 173,293 | 161,943 |

| | As of February 28, 2023 | As of August 31, 2023 |
|--|----------------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 4,822 | 4,613 |
| Current portion of long-term loans payables | 24,145 | 20,445 |
| Accounts payable – other | 3,812 | 3,664 |
| Income taxes payable | 864 | 1,582 |
| Contract liability | 25,336 | 23,412 |
| Deposits received | 309 | 247 |
| Provision for bonuses | 897 | 1,199 |
| Other provision | 342 | 90 |
| Other | 3,635 | 6,289 |
| Total current liabilities | 64,165 | 61,543 |
| Non-current liabilities | | |
| Long-term loans payable | 43,000 | 31,700 |
| Long-term guarantee deposited | 599 | 640 |
| Asset retirement obligations | 2,643 | 2,700 |
| Other | 183 | 340 |
| Total non-current liabilities | 46,426 | 35,381 |
| Total liabilities | 110,591 | 96,924 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 4,157 | 4,157 |
| Capital surplus | 5,250 | 5,250 |
| Retained earnings | 56,738 | 58,920 |
| Treasury shares | -4,344 | -4,344 |
| Total shareholders' equity | 61,801 | 63,984 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 284 | 376 |
| Total accumulated other comprehensive income | 284 | 376 |
| Share acquisition rights | 147 | 255 |
| Minority owner shares worth | 468 | 402 |
| Total net assets | 62,702 | 65,018 |
| Total liabilities and net assets | 173,293 | 161,943 |

[Consolidated] Statements of Cash Flows



(Unit: million yen)

| | 6 months ended August 31, 2022 | 6 months ended August 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Profit before income taxes | 9,181 | 6,853 |
| Depreciation | 1,322 | 1,269 |
| Amortization of goodwill | 106 | 3 |
| Net increase (decrease) in working capital | -2,674 | 3,702 |
| Income taxes paid | -2,786 | -593 |
| Other, net | 2,143 | 2,455 |
| Cash flows from operating activities | 7,292 | 13,691 |
| Cash flows from investing activities | 2,220 | -2,907 |
| Free cash flow | 9,513 | 10,783 |
| Cash flows from financing activities | 986 | -17,638 |
| Net increase (decrease) resulting from exchange rate change and new consolidation | 306 | 45 |
| Net increase (decrease) in cash and cash equivalents | 10,806 | -6,809 |
| Cash and cash equivalents at the beginning of period | 45,670 | 37,473 |
| Cash and cash equivalents at the end of period | 56,477 | 30,664 |