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September 29, 2022

Non-consolidated Financial Results for the Six Months Ended August 31, 2022 (Under Japanese GAAP)

Company name: Keiyo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8168
 URL: <https://www.keiyo.co.jp>
 Representative: Koji Jitsukawa, President
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 Telephone: +81-43-255-1111
 Scheduled date to file quarterly securities report: October 7, 2022
 Scheduled date to commence dividend payments: November 7, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the six months ended August 31, 2022, (from March 1, 2022 to August 31, 2022)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
August 31, 2022	50,700	△7.0	3,337	△4.8	3,521	△5.6	2,385	0.7
August 31, 2021	54,492	△11.6	3,505	△20.6	3,731	△18.5	2,367	△5.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
August 31, 2022	39.97	—
August 31, 2021	36.35	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year 2023. The percentages indicating year-on-year changes are based on the figures for the second quarter ended August 2022 because the impact of the application of these accounting standards is minor. In addition, the Company has changed its presentation method from the current fiscal year, and the figures and year-on-year changes after reclassification for the second quarter ended August 2022 reflect this change.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
August 31, 2022	80,591	44,903	55.7
February 28, 2022	76,875	42,643	55.5

Reference: Equity

As of August 31, 2022: ¥44,903 million
 As of February 28, 2022: ¥42,643 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year 2023. Accordingly, the amounts of six months ended August 2022 above reflect application of this standard.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	—	6.25	—	6.25	12.50
Fiscal year ending February 28, 2023	—	7.25			
Fiscal year ending February 28, 2023 (Forecast)			—	7.25	14.50

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecasts of non-consolidated financial results for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	97,900	(△4.1)	6,000	16.8	6,300	14.7	3,900	3.3	65.35

Note: 1. Revisions to the forecast most recently announced: Yes

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year 2023. The year-on-year percentage changes comparing in the above-mentioned financial forecasts are based on the previous fiscal year’s figures because the impact of the application of these accounting standards is minor. In addition, the Company has changed its presentation method from the current fiscal year, and the percentages indicating year-on-year changes is calculated using the figures after the retrospective application.

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of August 31, 2022	65,140,184 shares
As of February 28, 2022	65,140,184 shares

(ii) Number of treasury shares at the end of the period

As of August 31, 2022	5,463,855 shares
As of February 28, 2022	5,463,627 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2022	59,676,481 shares
Six months ended August 31, 2021	65,135,991 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

1. Quarterly Non-consolidated Financial Statements

(1) Quarterly Balance sheets

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	1,757	4,809
Notes and accounts receivable - trade	866	—
Notes and accounts receivable - trade, and contract assets	—	1,135
Merchandise	25,226	25,082
Other	2,426	2,317
Total current assets	30,276	33,344
Non-current assets		
Property, plant and equipment		
Buildings	24,683	24,779
Land	13,394	13,276
Other	14,229	14,341
Accumulated depreciation	△28,430	△28,851
Total property, plant and equipment	23,877	23,545
Intangible assets	1,809	1,829
Investments and other assets		
Investment securities	12,367	12,723
Guarantee deposits	7,162	6,919
Other	1,698	2,545
Allowance for doubtful accounts	△231	△231
Allowance for investment loss	△86	△86
Total investments and other assets	20,911	21,871
Total non-current assets	46,598	47,246
Total assets	76,875	80,591

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,097	10,521
Current portion of long-term borrowings	2,345	3,220
Income taxes payable	374	991
Provision for loss on store closings	2	57
Provision for loss on disaster	—	41
Asset retirement obligations	17	29
Other	4,304	4,703
Total current liabilities	16,142	19,565
Non-current liabilities		
Long-term borrowings	10,892	8,845
Provision for retirement benefits	4,998	5,037
Asset retirement obligations	652	784
Other	1,545	1,455
Total non-current liabilities	18,089	16,122
Total liabilities	34,231	35,688
Net assets		
Shareholders' equity		
Share capital	16,505	16,505
Capital surplus	13,953	13,953
Retained earnings	13,161	15,173
Treasury shares	△4,670	△4,670
Total shareholders' equity	38,949	40,961
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,693	3,941
Total valuation and translation adjustments	3,693	3,941
Total net assets	42,643	44,903
Total liabilities and net assets	76,875	80,591

(2)Quarterly Statements of income

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Net sales of good	54,492	50,700
Cost of goods sales	34,756	31,803
Gross profit	19,735	18,897
Operating revenue	533	556
Gross operating revenue	20,268	19,453
Selling, general and administrative expenses	16,763	16,115
Operating profit	3,505	3,337
Non-operating income		
Interest income	9	6
Dividend income	106	146
Other	168	83
Total non-operating income	283	236
Non-operating expenses		
Interest expenses	34	33
Other	22	18
Total non-operating expenses	57	52
Ordinary profit	3,731	3,521
Extraordinary income		
Gain on sale of non-current assets	0	17
Contribution for construction	—	17
Other	—	4
Total extraordinary income	0	40
Extraordinary losses		
Loss on retirement of non-current assets	12	21
Loss on store closings	243	439
Loss on abandonment of goods	—	658
Impairment losses	52	138
Loss on valuation of investment securities	69	—
Other	19	65
Total extraordinary losses	397	1,323
Profit before income taxes	3,334	2,238
Income taxes - current	921	788
Income taxes - deferred	45	△935
Total income taxes	967	△146
Profit	2,367	2,385

(3) Quarterly Statements of cash flows

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,334	2,238
Depreciation and amortization	838	815
Increase (decrease) in allowance for doubtful accounts	△15	△0
Increase (decrease) in provision for retirement benefits	74	39
Interest and dividend income	△115	△153
Interest expenses	34	33
Loss (gain) on sale of non-current assets	△0	△17
Impairment losses	52	138
Loss on retirement of non-current assets	12	21
Loss on store closings	243	439
Loss on abandonment of goods	—	658
Loss (gain) on valuation of investment securities	69	—
Loss (gain) on sale of shares of subsidiaries and associates	—	△4
Decrease (increase) in trade receivables	△181	△268
Decrease (increase) in inventories	△225	149
Increase (decrease) in trade payables	1,286	1,424
Other, net	△1,838	△446
Subtotal	3,569	5,068
Interest and dividends income received	106	147
Interest expense paid	△34	△33
Income taxes paid	△1,441	△204
Net cash provided by (used in) operating activities	2,200	4,976
Cash flows from investing activities		
Purchase of property, plant and equipment	△3,888	△142
Proceeds from sale of property, plant and equipment	0	18
Purchase of software	△57	△102
Payments for asset retirement obligations	△20	—
Proceeds from sale of investment securities	—	16
Proceeds from collection of loans receivable	3	3
Payments of leasehold and guarantee deposits	△1	△4
Proceeds from refund of leasehold and guarantee deposits	284	266
Other, net	10	△9
Net cash provided by (used in) investing activities	△3,669	45
Cash flows from financing activities		
Repayments of long-term borrowings	△1,272	△1,172
Repayments of finance lease obligations	△430	△425
Cash dividends paid	△407	△371
Purchase of treasury shares	△0	△0
Net cash provided by (used in) financing activities	△2,110	△1,970
Net increase (decrease) in cash and cash equivalents	△3,580	3,052
Cash and cash equivalents at beginning of period	6,464	1,757
Cash and cash equivalents at end of period	2,884	4,809