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April 11, 2023

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (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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 General Manager of Business Strategy Office, and General Manager of Public Relations
 Department

Telephone: +81-43-255-1111
 Scheduled date of annual general meeting of shareholders: May 23, 2023
 Scheduled date to commence dividend payments: May 24, 2023
 Scheduled date to file annual securities report: May 24, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of 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 fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	95,592	(6.4)	5,241	2.0	5,520	0.5	3,694	(2.1)
February 28, 2022	102,076	(10.0)	5,136	(2.0)	5,493	(2.0)	3,773	24.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
February 28, 2023	62.10	—	8.5	7.1	5.5
February 28, 2022	58.60	—	8.5	7.0	5.0

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended February 28, 2023: ¥— million

For the fiscal year ended February 28, 2022: ¥— 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 current fiscal year 2023. The percentages indicating year-on-year changes are based on the figures for the fiscal year ended February 28, 2023 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 fiscal year ended February 28, 2023 reflect this change.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2023	78,575	44,413	56.5	761.64
February 28, 2022	76,875	42,643	55.5	714.57

Reference: Equity

As of February 28, 2023: ¥44,413 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 current fiscal year 2023.

(3) Non-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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2023	4,291	52	(4,157)	1,943
February 28, 2022	1,166	(3,983)	(1,889)	1,757

2. Cash dividends

	Annual dividends per share					Total cash dividends	Payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2022	—	6.25	—	6.25	12.50	780	21.3	1.8
Fiscal year ended February 28, 2023	—	7.25	—	7.25	14.50	855	23.3	2.0
Fiscal year ending February 29, 2024 (Forecast)	—	7.25	—	7.25	14.50		22.5	

3. Forecasts of non-consolidated financial results for the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(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
Six months ending August 31, 2023	50,218	(1.0)	3,400	1.9	3,550	0.8	2,400	0.6	41.16
Full year	95,600	0.0	5,400	3.0	5,650	2.3	3,750	1.5	64.31

*** Notes**

(1) 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

(2) Number of issued shares (common shares)

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

As of February 28, 2023	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 February 28, 2023	6,827,258 shares
As of February 28, 2022	5,463,627 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 28, 2023	59,493,327 shares
Fiscal year ended February 28, 2022	64,402,939 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

1.Non-consolidated Financial Statements

(1)Balance sheets

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	1,757	1,943
Accounts receivable - trade	866	966
Merchandise	25,226	26,991
Prepaid expenses	957	1,079
Accounts receivable - other	855	699
Other	613	80
Total current assets	30,276	31,761
Non-current assets		
Property, plant and equipment		
Buildings	24,683	24,819
Accumulated depreciation	(16,721)	(17,073)
Buildings, net	7,962	7,746
Structures	8,197	8,140
Accumulated depreciation	(7,491)	(7,482)
Structures, net	706	658
Machinery and equipment	587	596
Accumulated depreciation	(481)	(505)
Machinery and equipment, net	105	91
Vehicles	2	8
Accumulated depreciation	(2)	(1)
Vehicles, net	0	6
Tools, furniture and fixtures	2,025	1,887
Accumulated depreciation	(1,879)	(1,727)
Tools, furniture and fixtures, net	146	160
Land	13,394	13,271
Leased assets	3,347	3,740
Accumulated depreciation	(1,854)	(2,074)
Leased assets, net	1,492	1,665
Construction in progress	69	18
Total property, plant and equipment	23,877	23,618
Intangible assets		
Leasehold interests in land	460	460
Trademark right	2	1
Software	1,312	1,122
Leased assets	20	—
Telephone subscription right	13	13
Total intangible assets	1,809	1,598

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Investments and other assets		
Investment securities	12,269	12,228
Shares of subsidiaries and associates	98	86
Long-term loans receivable	17	11
Distressed receivables	208	207
Long-term prepaid expenses	86	135
Long-term prepaid rent expenses	132	92
Deferred tax assets	1,058	2,161
Guarantee deposits	7,162	6,815
Other	196	175
Allowance for doubtful accounts	(231)	(231)
Allowance for investment loss	(86)	(86)
Total investments and other assets	20,911	21,596
Total non-current assets	46,598	46,813
Total assets	76,875	78,575

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	9,097	9,300
Short-term borrowings	—	1,100
Current portion of long-term borrowings	2,345	4,095
Lease liabilities	784	710
Accounts payable - other	773	864
Accrued bonuses	1,578	1,615
Accrued expenses	813	770
Income taxes payable	374	861
Accrued consumption taxes	198	59
Contract liabilities	—	24
Advances received	91	90
Deposits received	65	68
Provision for loss on store closings	2	2
Provision for loss on disaster	—	4
Asset retirement obligations	17	52
Total current liabilities	16,142	19,618
Non-current liabilities		
Long-term borrowings	10,892	6,797
Lease liabilities	1,061	1,320
Provision for retirement benefits	4,998	5,059
Asset retirement obligations	652	811
Other	484	554
Total non-current liabilities	18,089	14,542
Total liabilities	34,231	34,161
Net assets		
Shareholders' equity		
Share capital	16,505	16,505
Capital surplus		
Legal capital surplus	8,073	8,073
Other capital surplus	5,880	5,880
Total capital surplus	13,953	13,953
Retained earnings		
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	38	29
Retained earnings brought forward	13,122	16,021
Total retained earnings	13,161	16,050
Treasury shares	(4,670)	(5,881)
Total shareholders' equity	38,949	40,628
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,693	3,785
Total valuation and translation adjustments	3,693	3,785
Total net assets	42,643	44,413
Total liabilities and net assets	76,875	78,575

(2)Statements of income

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales of goods	102,076	95,592
Cost of goods sold		
Beginning merchandise inventory	24,376	25,226
Cost of purchased goods	66,271	62,418
Subtotal	90,648	87,644
Goods transfer to other account	268	748
Ending merchandise inventory	25,226	26,991
Cost of goods sold	65,153	59,904
Gross profit	36,922	35,688
Operating revenue	1,059	1,136
Gross operating revenue	37,981	36,824
Selling, general and administrative expenses		
Advertising expenses	905	732
Remuneration for directors (and other officers)	140	126
Salaries and allowances	10,145	9,400
Bonuses	1,545	1,593
Retirement benefit expenses	332	351
Welfare expenses	1,308	1,305
Utilities expenses	937	1,132
Rent expenses on real estate	11,098	10,767
Rent expenses on instrument and equipmet	197	186
Depreciation	1,658	1,635
Other expenses	4,574	4,351
Total selling, general and administrative expenses	32,844	31,583
Operating profit	5,136	5,241
Non-operating income		
Interest income	18	12
Dividend income	207	245
Commission income	37	18
Other	194	108
Total non-operating income	457	384
Non-operating expenses		
Interest expenses	66	63
Other	34	41
Total non-operating expenses	100	104
Ordinary profit	5,493	5,520

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Extraordinary income		
Gain on sale of non-current assets	19	17
Gain on sale of investment securities	40	37
Contribution for construction	—	25
Other	0	4
Total extraordinary income	59	85
Extraordinary losses		
Loss on retirement of non-current assets	44	244
Loss on valuation of investment securities	116	—
Loss on abandonment of goods	—	655
Loss on store closings	262	459
Impairment losses	84	222
Other	21	118
Total extraordinary losses	529	1,700
Profit before income taxes	5,024	3,905
Income taxes - current	1,084	1,219
Income taxes - deferred	166	(1,008)
Total income taxes	1,250	211
Profit	3,773	3,694

(3) Statements of changes in equity

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of the period	16,505	8,073	5,880	13,953	50	10,151	10,201
Changes of items during period							
Dividends of surplus						(814)	(814)
Profit						3,773	3,773
Reversal of reserve for tax purpose reduction entry of non-current assets					(11)	11	—
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes of items during the period	—	—	—	—	(11)	2,971	2,959
Balance at end of the period	16,505	8,073	5,880	13,953	38	13,122	13,161

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of the period	(2)	40,658	5,787	5,787	46,445
Changes of items during period					
Dividends of surplus		(814)			(814)
Profit		3,773			3,773
Reversal of reserve for tax purpose reduction entry of non-current assets		—			—
Purchase of treasury shares	(4,667)	(4,667)			(4,667)
Net changes in items other than shareholders' equity			(2,094)	(2,094)	(2,094)
Total changes of items during the period	(4,667)	(1,708)	(2,094)	(2,094)	(3,802)
Balance at end of the period	(4,670)	38,949	3,693	3,693	42,643

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of the period	16,505	8,073	5,880	13,953	38	13,122	13,161
Changes of items during period							
Dividends of surplus						(805)	(805)
Profit						3,694	3,694
Reversal of reserve for tax purpose reduction entry of non-current assets					(9)	9	—
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes of items during the period	—	—	—	—	(9)	2,898	2,889
Balance at end of the period	16,505	8,073	5,880	13,953	29	16,021	16,050

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of the period	(4,670)	38,949	3,693	3,693	42,643
Changes of items during period					
Dividends of surplus		(805)			(805)
Profit		3,694			3,694
Reversal of reserve for tax purpose reduction entry of non-current assets		—			—
Purchase of treasury shares	(1,210)	(1,210)			(1,210)
Net changes in items other than shareholders' equity			91	91	91
Total changes of items during the period	(1,210)	1,678	91	91	1,770
Balance at end of the period	(5,881)	40,628	3,785	3,785	44,413

(4) 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	5,024	3,905
Depreciation and amortization	1,658	1,635
Increase (decrease) in allowance for doubtful accounts	(20)	(0)
Increase (decrease) in provision for retirement benefits	168	61
Interest and dividend income	(225)	(257)
Interest expenses	66	63
Loss (gain) on sale of non-current assets	(19)	(17)
Impairment losses	84	222
Loss on retirement of non-current assets	44	244
Loss on store closings	262	459
Loss on abandonment of goods	—	655
Loss (gain) on valuation of investment securities	116	—
Loss (gain) on sale of investment securities	(40)	(37)
Decrease (increase) in trade receivables	161	(99)
Decrease (increase) in inventories	(817)	(1,740)
Increase (decrease) in trade payables	(757)	202
Increase (decrease) in accounts payable - bonuses	(60)	36
Increase (decrease) in accrued consumption taxes	(1,106)	(138)
Other, net	(1,183)	(337)
Subtotal	3,355	4,857
Interest and dividends income received	208	245
Interest expense paid	(66)	(64)
Income taxes paid	(2,331)	(746)
Net cash provided by (used in) operating activities	1,166	4,291
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,255)	(264)
Proceeds from sale of property, plant and equipment	310	18
Purchase of software	(850)	(108)
Payments for asset retirement obligations	(21)	(11)
Proceeds from sale of investment securities	338	75
Proceeds from collection of loans receivable	6	6
Payments of leasehold and guarantee deposits	(3)	(5)
Proceeds from refund of leasehold and guarantee deposits	488	362
Other, net	4	(20)
Net cash provided by (used in) investing activities	(3,983)	52
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	1,100
Proceeds from long-term borrowings	7,000	—
Repayments of long-term borrowings	(2,545)	(2,345)
Repayments of finance lease liabilities	(863)	(899)
Cash dividends paid	(813)	(802)
Purchase of treasury shares	(4,667)	(1,210)
Net cash provided by (used in) financing activities	(1,889)	(4,157)
Net increase (decrease) in cash and cash equivalents	(4,707)	186
Cash and cash equivalents at beginning of period	6,464	1,757
Cash and cash equivalents at end of period	1,757	1,943