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September 29, 2023

Non-consolidated Financial Results for the Six Months Ended August 31, 2023 (Under Japanese GAAP)

Company name: Keiyo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8168
 URL: <https://www.keiyo.co.jp>
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 Scheduled date to file quarterly securities report: October 6, 2023
 Scheduled date to commence dividend payments: November 6, 2023
 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, 2023, (from March 1, 2023 to August 31, 2023)

(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, 2023	48,180	(5.0)	2,716	(18.6)	2,872	(18.4)	1,950	(18.2)
August 31, 2022	50,700	(7.0)	3,337	(4.8)	3,521	(5.6)	2,385	0.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
August 31, 2023	33.45	—
August 31, 2022	39.97	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
August 31, 2023	81,229	47,325	58.3
February 28, 2023	78,575	44,413	56.5

Reference: Equity

As of August 31, 2023: ¥47,325 million
 As of February 28, 2023: ¥44,413 million

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, 2023	—	7.25	—	7.25	14.50
Fiscal year ending February 29, 2024	—	7.25			
Fiscal year ending February 29, 2024 (Forecast)			—	0.00	7.25

Note: Revisions to the forecast of cash dividends most recently announced: Yes

For details on dividend forecasts, please refer to the “Notice Concerning Revisions to Dividend Forecasts of the Fiscal Year Ending February 29, 2024 and Abolishment of Shareholder Benefit Plan” which was announced today (September 29, 2023)

3. Forecasts of non-consolidated financial results for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	93,300	(2.4)	5,250	0.2	5,450	(1.3)	3,600	(2.6)	61.74

Note: Revisions to the forecast most recently announced: Yes

* 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: None
 - (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, 2023	65,140,184 shares
As of February 28, 2023	65,140,184 shares

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

As of August 31, 2023	6,827,457 shares
As of February 28, 2023	6,827,258 shares

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

Six months ended August 31, 2023	58,312,809 shares
Six months ended August 31, 2022	59,676,481 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, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	1,943	2,056
Notes and accounts receivable trade, and contract assets	966	1,364
Merchandise	26,991	27,352
Other	1,859	1,803
Total current assets	31,761	32,576
Non-current assets		
Property, plant and equipment		
Buildings	24,819	25,106
Land	13,271	13,807
Other	14,392	14,183
Accumulated depreciation	(28,864)	(28,928)
Total property, plant and equipment	23,618	24,168
Intangible assets	1,598	1,469
Investments and other assets		
Investment securities	12,314	14,213
Guarantee deposits	6,815	7,022
Other	2,783	2,095
Allowance for doubtful accounts	(231)	(231)
Allowance for investment loss	(86)	(86)
Total investments and other assets	21,596	23,014
Total non-current assets	46,813	48,653
Total assets	78,575	81,229

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,300	10,094
Short-term borrowings	1,100	1,500
Current portion of long-term borrowings	4,095	3,345
Income taxes payable	861	1,084
Provision for loss on store closings	2	0
Provision for loss on disaster	4	—
Asset retirement obligations	52	29
Other	4,202	4,503
Total current liabilities	19,618	20,557
Non-current liabilities		
Long-term borrowings	6,797	5,500
Provision for retirement benefits	5,059	5,068
Asset retirement obligations	811	902
Other	1,875	1,875
Total non-current liabilities	14,542	13,346
Total liabilities	34,161	33,904
Net assets		
Shareholders' equity		
Share capital	16,505	16,505
Capital surplus	13,953	13,953
Retained earnings	16,050	17,578
Treasury shares	(5,881)	(5,881)
Total shareholders' equity	40,628	42,155
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,785	5,169
Total valuation and translation adjustments	3,785	5,169
Total net assets	44,413	47,325
Total liabilities and net assets	78,575	81,229

(2) Quarterly Statements of income

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Net sales of goods	50,700	48,180
Cost of goods sales	31,803	30,331
Gross profit	18,897	17,849
Operating revenue	556	607
Gross operating revenue	19,453	18,456
Selling, general and administrative expenses	16,115	15,739
Operating profit	3,337	2,716
Non-operating income		
Interest income	6	4
Dividend income	146	106
Other	83	77
Total non-operating income	236	188
Non-operating expenses		
Interest expenses	33	28
Other	18	5
Total non-operating expenses	52	33
Ordinary profit	3,521	2,872
Extraordinary income		
Gain on sale of non-current assets	17	—
Gain on sale of investment securities	4	109
Contribution for construction	17	—
Other	0	1
Total extraordinary income	40	110
Extraordinary losses		
Loss on retirement of non-current assets	21	11
Loss on store closings	439	3
Loss on abandonment of goods	658	—
Impairment losses	138	99
Other	65	6
Total extraordinary losses	1,323	120
Profit before income taxes	2,238	2,861
Income taxes - current	788	880
Income taxes - deferred	(935)	30
Total income taxes	(146)	911
Profit	2,385	1,950

(3) Quarterly Statements of cash flows

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,238	2,861
Depreciation and amortization	815	851
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for retirement benefits	39	9
Interest and dividend income	(153)	(111)
Interest expenses	33	28
Loss (gain) on sale of non-current assets	(17)	—
Impairment losses	138	99
Loss on retirement of non-current assets	21	11
Loss on store closings	439	3
Loss on abandonment of goods	658	—
Loss (gain) on sale of investment securities	(4)	(109)
Decrease (increase) in trade receivables	(268)	(397)
Decrease (increase) in inventories	149	(356)
Increase (decrease) in trade payables	1,424	793
Other, net	(446)	353
Subtotal	5,068	4,037
Interest and dividends income received	147	106
Interest expense paid	(33)	(28)
Income taxes paid	(204)	(672)
Net cash provided by (used in) operating activities	4,976	3,442
Cash flows from investing activities		
Purchase of property, plant and equipment	(142)	(793)
Proceeds from sale of property, plant and equipment	18	—
Purchase of software	(102)	(43)
Payments for asset retirement obligations	—	(4)
Proceeds from sale of investment securities	16	188
Proceeds from collection of loans receivable	3	2
Payments of leasehold and guarantee deposits	(4)	(303)
Proceeds from refund of leasehold and guarantee deposits	266	99
Other, net	(9)	(0)
Net cash provided by (used in) investing activities	45	(854)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	1,500
Repayments of short-term borrowings	—	(1,100)
Repayments of long-term borrowings	(1,172)	(2,047)
Repayments of finance lease liabilities	(425)	(407)
Cash dividends paid	(371)	(421)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(1,970)	(2,475)
Net increase (decrease) in cash and cash equivalents	3,052	112
Cash and cash equivalents at beginning of period	1,757	1,943
Cash and cash equivalents at end of period	4,809	2,056