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April 12, 2022

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (Under Japanese GAAP)

Company name: Keiyo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8168
 URL: <https://www.keiyo.co.jp>
 Representative: Shigeo Daigo, President
 Inquiries: Keiichi Kitamura, Director, Supervising General Manager of Corporate Planning Department,
 and General Manager of Public Relations Department
 Telephone: +81-43-255-1111
 Scheduled date of annual general meeting of shareholders: May 24, 2022
 Scheduled date to commence dividend payments: May 25, 2022
 Scheduled date to file annual securities report: May 25, 2022
 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, 2022 (from March 1, 2021 to February 28, 2022)

(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, 2022	102,076	(10.0)	4,749	(2.9)	5,493	(2.0)	3,773	24.0
February 28, 2021	113,411	5.4	4,889	831.8	5,602	359.3	3,043	145.4

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, 2022	58.60	—	8.5	7.0	4.7
February 28, 2021	46.73	—	7.0	7.1	4.3

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

For the fiscal year ended February 28, 2022: ¥— million

For the fiscal year ended February 28, 2021: ¥— million

(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, 2022	76,875	42,643	55.5	714.57
February 28, 2021	81,088	46,445	57.3	713.06

Reference: Equity

As of February 28, 2022: ¥42,643 million

As of February 28, 2021: ¥46,445 million

(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, 2022	1,166	(3,983)	(1,889)	1,757
February 28, 2021	9,140	(579)	(6,919)	6,464

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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 28, 2021	—	6.25	—	6.25	12.50	814	26.7	1.9
February 28, 2022	—	6.25	—	6.25	12.50	780	21.3	1.8
February 28, 2023 (Forecast)	—	7.25	—	7.25	14.50		22.2	

3. Forecasts of non-consolidated financial results for the fiscal year ended 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
Six months ending August 31, 2022	53,100	(2.6)	3,750	13.3	3,900	4.5	2,600	9.8	43.57
Full year	100,000	(2.0)	6,000	26.3	6,300	14.7	3,900	3.3	65.35

The Company has decided to adopt Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending February 28, 2022. 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.

*** 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: None
- (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, 2022	65,140,184 shares
As of February 28, 2021	65,140,184 shares

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

As of February 28, 2022	5,463,627 shares
As of February 28, 2021	3,986 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 28, 2022	64,402,939 shares
Fiscal year ended February 28, 2021	65,136,534 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 28,2021	As of February 28,2022
Assets		
Current asset		
Cash and deposits	6,464	1,757
Accounts receivable - trade	1,028	866
Merchandise	24,376	25,226
Prepaid expenses	1,003	957
Accounts receivable - other	941	855
Other	662	613
Total current assets	34,477	30,276
Non-current assets		
Property, plant and equipment		
Buildings	24,607	24,683
Accumulated depreciation	(16,498)	(16,721)
Buildings, net	8,108	7,962
Structures	8,248	8,197
Accumulated depreciation	(7,497)	(7,491)
Structures, net	750	706
Machinery and equipment	588	587
Accumulated depreciation	(444)	(481)
Machinery and equipment, net	143	105
Vehicles	2	2
Accumulated depreciation	(2)	(2)
Vehicles, net	0	0
Tools, furniture and fixtures	2,065	2,025
Accumulated depreciation	(1,921)	(1,879)
Tools, furniture and fixtures, net	144	146
Land	10,205	13,394
Leased assets	3,468	3,347
Accumulated depreciation	(1,692)	(1,854)
Leased assets, net	1,775	1,492
Construction in progress	6	69
Total property, plant and equipment	21,134	23,877
Intangible assets		
Leasehold interests in land	460	460
Trademark right	2	2
Software	677	1,312
Leased assets	40	20
Telephone subscription right	13	13
Total intangible assets	1,195	1,809
Investments and other assets		
Investment securities	15,764	12,269
Shares of subsidiaries and associates	98	98
Long-term loans receivable	24	17
Distressed receivables	234	208
Long-term prepaid expenses	100	86
Long-term prepaid rent	196	132
Deferred tax assets	238	1,058
Guarantee deposits	7,857	7,162
Other	104	196
Allowance for doubtful accounts	(252)	(231)
Allowance for investment loss	(86)	(86)
Total investments and other assets	24,281	20,911
Total non-current assets	46,610	46,598
Total assets	81,088	76,875

	As of February 28,2021	As of February 28,2022
Liabilities		
Current liabilities		
Accounts payable - trade	9,854	9,097
Current portion of long-term borrowings	2,545	2,345
Lease obligations	789	784
Accounts payable - other	1,485	773
Accrued bonuses	1,638	1,578
Accrued expenses	948	813
Income taxes payable	1,677	374
Accrued consumption taxes	1,304	198
Advances received	84	91
Deposits received	142	65
Provision for loss on store closings	371	2
Provision for loss on disaster	55	-
Asset retirement obligations	93	17
Total current liabilities	20,991	16,142
Non-current liabilities		
Long-term borrowings	6,237	10,892
Lease obligations	1,466	1,061
Provision for retirement benefits	4,829	4,998
Asset retirement obligations	679	652
Other	437	484
Total non-current liabilities	13,651	18,089
Total liabilities	34,642	34,231
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	50	38
Retained earnings brought forward	10,151	13,122
Total retained earnings	10,201	13,161
Treasury shares	(2)	(4,670)
Total shareholders' equity	40,658	38,949
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,787	3,693
Total valuation and translation adjustments	5,787	3,693
Total net assets	46,445	42,643
Total liabilities and net assets	81,088	76,875

(2) Statements of income

(Millions of yen)

	Fiscal year ended February 28,2021	Fiscal year ended February 28,2022
Net sales of goods	113,411	102,076
Cost of goods sold		
Beginning merchandise inventory	25,175	24,376
Cost of purchased goods	73,051	66,271
Subtotal	98,227	90,648
Goods transfer to other account	187	268
Ending merchandise inventory	24,376	25,226
Cost of goods sold	73,662	65,153
Gross profit	39,748	36,922
Selling, general and administrative expenses		
Advertising expenses	991	905
Remuneration for directors and other officers	141	140
Salaries and allowances	10,833	10,145
Bonuses	1,744	1,545
Retirement benefit expenses	284	332
Welfare expenses	1,480	1,308
Utilities expenses	922	937
Rent expenses on real estate	10,788	10,442
Rental expenses on equipments	210	197
Depreciation	1,695	1,649
Other expenses	5,765	4,567
Total selling, general and administrative expenses	34,859	32,172
Operating profit	4,889	4,749
Non-operating income		
Interest income	25	17
Dividend income	200	207
Real estate income	939	963
Commission income	168	132
Other	259	256
Total non-operating income	1,594	1,577
Non-operating expenses		
Interest expenses	95	66
Rental costs on real estate	752	733
Other	32	34
Total non-operating expenses	880	834
Ordinary profit	5,602	5,493
Extraordinary income		
Gain on sale of non-current assets	0	19
Gain on sale of investment securities	—	40
Other	—	0
Total extraordinary income	0	59
Extraordinary losses		
Loss on retirement of non-current assets	148	44
Loss on valuation of investment securities	53	116
Loss on store closings	529	262
Impairment losses	412	84
Other	61	21
Total extraordinary losses	1,205	529
Profit before income taxes	4,397	5,024
Income taxes - current	1,781	1,084
Income taxes - deferred	(427)	166
Total income taxes	1,354	1,250
Profit	3,043	3,773

(3) Statements of changes in equity

Fiscal year ended February 28, 2021

(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 current period	16,505	8,073	5,880	13,953	54	7,918	7,972
Changes of items during the period							
Dividends of surplus						△ 814	△ 814
Profit						3,043	3,043
Reversal of reserve for tax purpose reduction entry of non-current assets					(3)	3	—
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes of items during the period	—	—	—	—	(3)	2,233	2,229
Balance at end of current period	16,505	8,073	5,880	13,953	50	10,151	10,201

	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 current period	(2)	38,429	2,282	2,282	40,711
Changes of items during the period					
Dividends of surplus		△ 814			△ 814
Profit		3,043			3,043
Reversal of reserve for tax purpose reduction entry of non-current assets		—			—
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			3,505	3,505	3,505
Total changes of items during the period	(0)	2,229	3,505	3,505	5,734
Balance at end of current period	(2)	40,658	5,787	5,787	46,445

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 current period	16,505	8,073	5,880	13,953	50	10,151	10,201
Changes of items during the 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 current 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 current period	△ 2	40,658	5,787	5,787	46,445
Changes of items during the 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 current period	△ 4,670	38,949	3,693	3,693	42,643

(4) Statements of cash flows

(Millions of yen)

	Fiscal year ended February 28,2021	Fiscal year ended February 28,2022
Cash flows from operating activities		
Profit before income taxes	4,397	5,024
Depreciation and amortization	1,706	1,658
Increase (decrease) in allowance for doubtful accounts	(39)	(20)
Increase (decrease) in provision for retirement benefits	59	168
Interest and dividend income	(226)	(225)
Interest expenses	95	66
Loss (gain) on sale of non-current assets	(0)	(19)
Impairment losses	412	84
Loss on retirement of non-current assets	148	44
Loss on store closings	529	262
Loss (gain) on valuation of investment securities	53	116
Loss (gain) on sale of investment securities	—	(40)
Decrease (increase) in trade receivables	(11)	161
Decrease (increase) in inventories	807	(817)
Increase (decrease) in trade payables	(24)	(757)
Increase (decrease) in accounts payable - bonuses	1,050	(60)
Increase (decrease) in accrued consumption taxes	822	(1,106)
Other, net	81	(1,183)
Subtotal	9,861	3,355
Interest and dividends income received	201	208
Interest expense paid	(113)	(66)
Income taxes paid	(808)	(2,331)
Net cash provided by (used in) operating activities	9,140	1,166
Cash flows from investing activities		
Purchase of property, plant and equipment	(883)	(4,255)
Proceeds from sale of property, plant and equipment	2	310
Purchase of software	(379)	(850)
Payments for asset retirement obligations	(116)	(21)
Proceeds from sale of investment securities	—	338
Proceeds from collection of loans receivable	7	6
Payments of leasehold and guarantee deposits	(140)	(3)
Proceeds from refund of leasehold and guarantee deposits	875	488
Other, net	56	4
Net cash provided by (used in) investing activities	(579)	(3,983)
Cash flows from financing activities		
Proceeds from long-term borrowings	3,000	7,000
Repayments of long-term borrowings	(8,292)	(2,545)
Repayments of finance lease obligations	(816)	(863)
Cash dividends paid	(810)	(813)
Purchase of treasury shares	(0)	(4,667)
Net cash provided by (used in) financing activities	(6,919)	(1,889)
Net increase (decrease) in cash and cash equivalents	1,641	(4,707)
Cash and cash equivalents at beginning of period	4,823	6,464
Cash and cash equivalents at end of period	6,464	1,757