

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 5, 2023

Company name: ICHIBANYA CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7630 URL <https://www.ichibanya.co.jp/>
 Representative: President Mamoru Kuzuhara
 General Manager of Corporate Planning
 Inquiries: Yasutaka Hirao TEL (0586) 81 - 0792
 Dept.
 Scheduled date of ordinary general meeting of shareholders: May 30, 2023
 Scheduled date to file Securities Report: May 31, 2023
 Scheduled date to commence dividend payments: May 16, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2023	48,286	7.3	3,613	26.5	4,042	(3.0)	2,538	(13.1)
Year ended February 28, 2022	45,022	1.8	2,855	11.6	4,168	34.3	2,921	68.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2023	79.54	–	8.3	9.5	7.5
Year ended February 28, 2022	91.55	–	9.7	9.9	6.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	42,432	30,945	72.0	957.78
As of February 28, 2022	42,467	30,607	71.3	949.02

(3) 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2023	3,958	(932)	(2,969)	17,678
Year ended February 28, 2022	5,238	(466)	(3,075)	17,420

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2022	–	40.00	–	40.00	80.00	2,553	87.4	8.4
Year ended February 28, 2023	–	40.00	–	40.00	80.00	2,553	100.6	8.4
Year ending February 29, 2024 (Forecast)	–	40.00	–	40.00	80.00		88.7	

3. Forecast of consolidated financial results for the 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 attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	25,500	11.5	1,810	37.3	1,930	17.5	1,140	11.6	35.72
Full year	53,000	9.8	4,300	19.0	4,540	12.3	2,880	13.4	90.23

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

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

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of February 28, 2023	31,926,000 shares	As of February 28, 2022	31,926,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	6,836 shares	As of February 28, 2022	13,637 shares
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Average number of shares during the period

Year ended February 28, 2023	31,917,030 shares	Year ended February 28, 2022	31,913,481 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	17,587,451	17,690,428
Accounts receivable - trade	2,685,529	3,161,681
Merchandise and finished goods	971,149	1,001,425
Work in process	52,355	47,519
Raw materials and supplies	234,843	260,984
Other	836,502	819,759
Total current assets	22,367,833	22,981,799
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,652,471	4,844,872
Machinery, equipment and vehicles, net	692,365	687,188
Land	5,486,172	5,375,658
Leased assets, net	933,398	702,255
Other, net	576,106	585,195
Total property, plant and equipment	12,340,514	12,195,170
Intangible assets		
Software	1,000,514	789,524
Goodwill	267,775	223,145
Other	41,120	55,500
Total intangible assets	1,309,410	1,068,170
Investments and other assets		
Investment securities	402,100	372,560
Deferred tax assets	1,196,561	1,089,040
Guarantee deposits	4,592,379	4,495,207
Other	260,962	233,104
Allowance for doubtful accounts	(2,420)	(2,153)
Total investments and other assets	6,449,582	6,187,759
Total non-current assets	20,099,507	19,451,100
Total assets	42,467,340	42,432,899

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,132,004	2,312,523
Lease liabilities	381,424	450,329
Accounts payable - other	1,399,125	1,455,617
Income taxes payable	1,107,443	574,309
Contract liabilities	243,161	231,368
Provision for bonuses	319,505	329,732
Provision for shareholder benefit program	95,848	99,117
Other	279,888	462,120
Total current liabilities	5,958,403	5,915,119
Non-current liabilities		
Lease liabilities	603,018	293,193
Retirement benefit liability	1,075,141	1,150,350
Long-term guarantee deposits	3,630,726	3,540,954
Asset retirement obligations	542,229	532,591
Other	50,064	55,101
Total non-current liabilities	5,901,180	5,572,192
Total liabilities	11,859,584	11,487,311
Net assets		
Shareholders' equity		
Share capital	1,503,270	1,503,270
Capital surplus	1,388,470	1,389,226
Retained earnings	27,104,944	27,090,313
Treasury shares	(65,253)	(32,701)
Total shareholders' equity	29,931,431	29,950,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,516	53,977
Foreign currency translation adjustment	305,715	577,421
Remeasurements of defined benefit plans	(26,057)	(9,980)
Total accumulated other comprehensive income	354,173	621,417
Non-controlling interests	322,150	374,061
Total net assets	30,607,755	30,945,588
Total liabilities and net assets	42,467,340	42,432,899

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	45,022,168	48,286,993
Cost of sales	24,070,804	25,517,637
Gross profit	20,951,363	22,769,356
Selling, general and administrative expenses		
Freight and packing costs	2,222,775	2,326,095
Provision of allowance for doubtful accounts	(455)	(267)
Remuneration for directors (and other officers)	274,886	287,099
Salaries and allowances	3,913,755	4,040,691
Bonuses	211,136	232,772
Provision for bonuses	277,283	284,840
Other salaries	2,207,070	2,106,519
Retirement benefit expenses	122,910	116,690
Legal welfare expenses	780,135	815,919
Provision for shareholder benefit program	89,185	93,617
Utilities expenses	547,325	646,687
Supplies expenses	822,138	851,489
Depreciation	1,038,378	1,135,335
Amortization of goodwill	68,538	44,629
Rent expenses	2,144,779	2,253,679
Other	3,375,924	3,919,894
Total selling, general and administrative expenses	18,095,768	19,155,692
Operating profit	2,855,594	3,613,663
Non-operating income		
Interest and dividend income	39,035	13,843
Rental income from buildings	848,880	874,416
Subsidy income	1,025,856	246,733
Other	180,283	83,235
Total non-operating income	2,094,056	1,218,229
Non-operating expenses		
Interest expenses	14,888	13,131
Rental expenses	689,547	688,935
Other	77,215	86,860
Total non-operating expenses	781,651	788,927
Ordinary profit	4,168,000	4,042,965
Extraordinary income		
Gain on sale of investment securities	679,652	–
Gain on sales of stores	73,864	142,875
Other	–	2,560
Total extraordinary income	753,516	145,435

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Extraordinary losses		
Loss on sale of non-current assets	5,706	33,806
Loss on retirement of non-current assets	8,936	24,573
Impairment losses	393,177	197,750
Loss on valuation of shares of subsidiaries and associates	41,167	4,932
Other	2,902	–
Total extraordinary losses	451,889	261,063
Profit before income taxes	4,469,626	3,927,337
Income taxes - current	1,504,958	1,248,406
Income taxes - deferred	24,209	125,205
Total income taxes	1,529,168	1,373,612
Profit	2,940,458	2,553,725
Profit attributable to non-controlling interests	18,660	15,093
Profit attributable to owners of parent	2,921,798	2,538,631

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	2,940,458	2,553,725
Other comprehensive income		
Valuation difference on available-for-sale securities	(462,672)	(20,539)
Foreign currency translation adjustment	378,790	308,523
Remeasurements of defined benefit plans, net of tax	23,539	16,076
Total other comprehensive income	(60,342)	304,061
Comprehensive income	2,880,116	2,857,787
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,829,174	2,805,875
Comprehensive income attributable to non-controlling interests	50,942	51,911

Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,503,270	1,388,470	26,916,521	(2,574)	29,805,687
Cumulative effects of changes in accounting policies			(179,621)		(179,621)
Restated balance	1,503,270	1,388,470	26,736,900	(2,574)	29,626,065
Changes during period					
Dividends of surplus			(2,553,505)		(2,553,505)
Profit attributable to owners of parent			2,921,798		2,921,798
Purchase of treasury shares				(96,595)	(96,595)
Disposal of treasury shares		(248)		33,916	33,668
Transfer of loss on disposal of treasury shares		248	(248)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	368,044	(62,678)	305,365
Balance at end of period	1,503,270	1,388,470	27,104,944	(65,253)	29,931,431

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	537,189	(40,793)	(49,597)	446,797	272,399	30,524,884
Cumulative effects of changes in accounting policies				–		(179,621)
Restated balance	537,189	(40,793)	(49,597)	446,797	272,399	30,345,263
Changes during period						
Dividends of surplus						(2,553,505)
Profit attributable to owners of parent						2,921,798
Purchase of treasury shares						(96,595)
Disposal of treasury shares						33,668
Transfer of loss on disposal of treasury shares						–
Net changes in items other than shareholders' equity	(462,672)	346,508	23,539	(92,623)	49,751	(42,872)
Total changes during period	(462,672)	346,508	23,539	(92,623)	49,751	262,492
Balance at end of period	74,516	305,715	(26,057)	354,173	322,150	30,607,755

Fiscal year ended February 28, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,503,270	1,388,470	27,104,944	(65,253)	29,931,431
Cumulative effects of changes in accounting policies					–
Restated balance	1,503,270	1,388,470	27,104,944	(65,253)	29,931,431
Changes during period					
Dividends of surplus			(2,553,262)		(2,553,262)
Profit attributable to owners of parent			2,538,631		2,538,631
Purchase of treasury shares				(364)	(364)
Disposal of treasury shares		756		32,916	33,672
Transfer of loss on disposal of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	756	(14,631)	32,551	18,677
Balance at end of period	1,503,270	1,389,226	27,090,313	(32,701)	29,950,108

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	74,516	305,715	(26,057)	354,173	322,150	30,607,755
Cumulative effects of changes in accounting policies				–		–
Restated balance	74,516	305,715	(26,057)	354,173	322,150	30,607,755
Changes during period						
Dividends of surplus						(2,553,262)
Profit attributable to owners of parent						2,538,631
Purchase of treasury shares						(364)
Disposal of treasury shares						33,672
Transfer of loss on disposal of treasury shares						–
Net changes in items other than shareholders' equity	(20,539)	271,706	16,076	267,244	51,911	319,155
Total changes during period	(20,539)	271,706	16,076	267,244	51,911	337,832
Balance at end of period	53,977	577,421	(9,980)	621,417	374,061	30,945,588

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	4,469,626	3,927,337
Depreciation	1,494,512	1,580,205
Impairment losses	393,177	197,750
Amortization of goodwill	68,538	44,629
Increase (decrease) in allowance for doubtful accounts	(455)	(267)
Increase (decrease) in provision for bonuses	(10,677)	7,259
Increase (decrease) in retirement benefit liability	113,793	98,330
Increase (decrease) in provision for shareholder benefit program	4,316	3,268
Interest and dividend income	(39,035)	(13,843)
Interest expenses	14,888	13,131
Loss (gain) on sale of non-current assets	5,706	31,246
Loss (gain) on sales of stores	(70,962)	(142,875)
Loss on retirement of non-current assets	8,936	24,573
Loss on valuation of shares of subsidiaries and associates	41,167	4,932
Loss (gain) on sale of investment securities	(679,652)	–
Decrease (increase) in trade receivables	(101,155)	(451,091)
Decrease (increase) in inventories	(101,953)	(44,401)
Decrease (increase) in guarantee deposits	168,596	99,768
Increase (decrease) in trade payables	64,688	159,978
Increase (decrease) in accrued consumption taxes	(15,742)	190,041
Increase (decrease) long-term guarantee deposits received	(91,270)	(89,771)
Other, net	115,186	87,160
Subtotal	5,852,229	5,727,363
Interest and dividends received	37,526	10,024
Interest paid	(14,888)	(13,131)
Income taxes paid	(636,604)	(1,765,414)
Net cash provided by (used in) operating activities	5,238,263	3,958,842
Cash flows from investing activities		
Payments into time deposits	(171,641)	(22,051)
Proceeds from withdrawal of time deposits	323,530	184,130
Purchase of securities	(15,998,490)	(15,996,180)
Proceeds from redemption of securities	16,000,000	16,000,000
Purchase of property, plant and equipment	(923,038)	(1,244,746)
Proceeds from sale of property, plant and equipment	71	107,729
Purchase of intangible assets	(446,113)	(151,990)
Payments for restorations due to closing of stores	(59,260)	(57,544)
Proceeds from sales of stores	116,430	230,688
Proceeds from sale of investment securities	692,113	–
Other, net	–	17,626
Net cash provided by (used in) investing activities	(466,399)	(932,339)

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(30,000)	–
Purchase of treasury shares	(96,595)	(364)
Repayments of lease liabilities	(395,344)	(418,150)
Dividends paid	(2,552,300)	(2,551,266)
Dividends paid to non-controlling interests	(1,190)	–
Net cash provided by (used in) financing activities	(3,075,431)	(2,969,781)
Effect of exchange rate change on cash and cash equivalents	212,940	200,845
Net increase (decrease) in cash and cash equivalents	1,909,373	257,568
Cash and cash equivalents at beginning of period	15,511,182	17,420,555
Cash and cash equivalents at end of period	17,420,555	17,678,123